



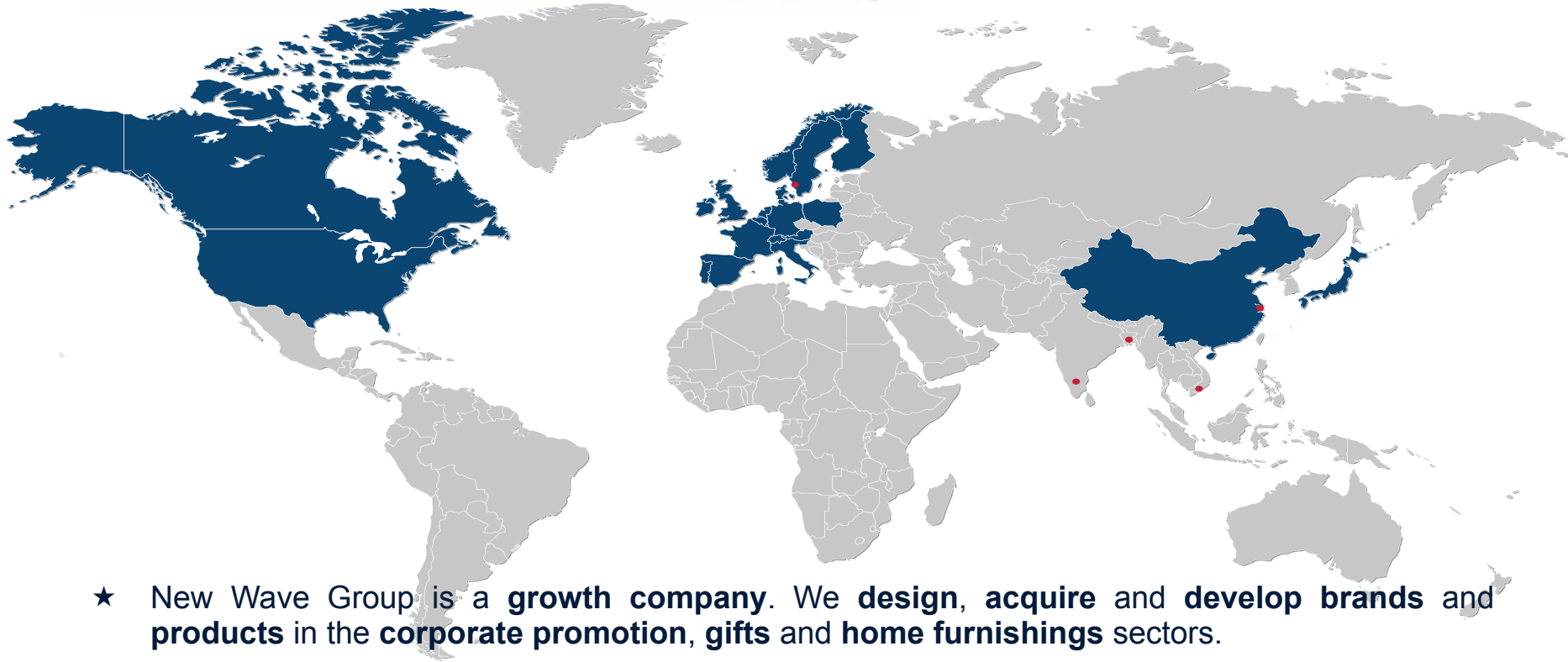
# *NewWave*

---

G R O U P

Year end report  
2013

# This is New Wave Group



- ★ New Wave Group is a **growth company**. We **design, acquire and develop brands and products** in the **corporate promotion, gifts and home furnishings** sectors.
- ★ Our three operating segments are: **Corporate Promo**; promowear, promotional gifts and workwear, **Sports & Leisure** and **Gifts & Home Furnishings**.
- ★ We are active in two sales channels; the **promo market** and the **retail market**. By being active in both markets the Group achieves **good risk diversification**. We also achieve great **synergy advantages** since major parts of our product range can be used in both sales channels.
- ★ New Wave Group's strengths are **design, purchasing, logistics and marketing** of our brands.
- ★ The products are mainly produced in Asia and to a certain, lesser extent in Europe.
- ★ New Wave Group has since the start had **strong growth and good margins**.



**Our brands**

## Corporate Promo



## Sport & Leisure



## Gifts & Home Furnishings



# Operating segments and markets

New Wave Group distributes more than 40 different brands, 4 of which are licensed brands. The rest are fully owned.

Each brand is categorised according to which of our three operating segments it belongs to; Corporate Promo, Sports & Leisure or Gifts & Home Furnishings.

The brands are distributed in both the promo market and the retail market to achieve good risk diversification.





# Corporate Promo

Corporate Promo is divided into three additional segments; promowear, promotional gifts and workwear.

The segment's domestic market is the Nordic countries which also answer for most of the sales. The segment had 39 % of the Group's sales in 2013.

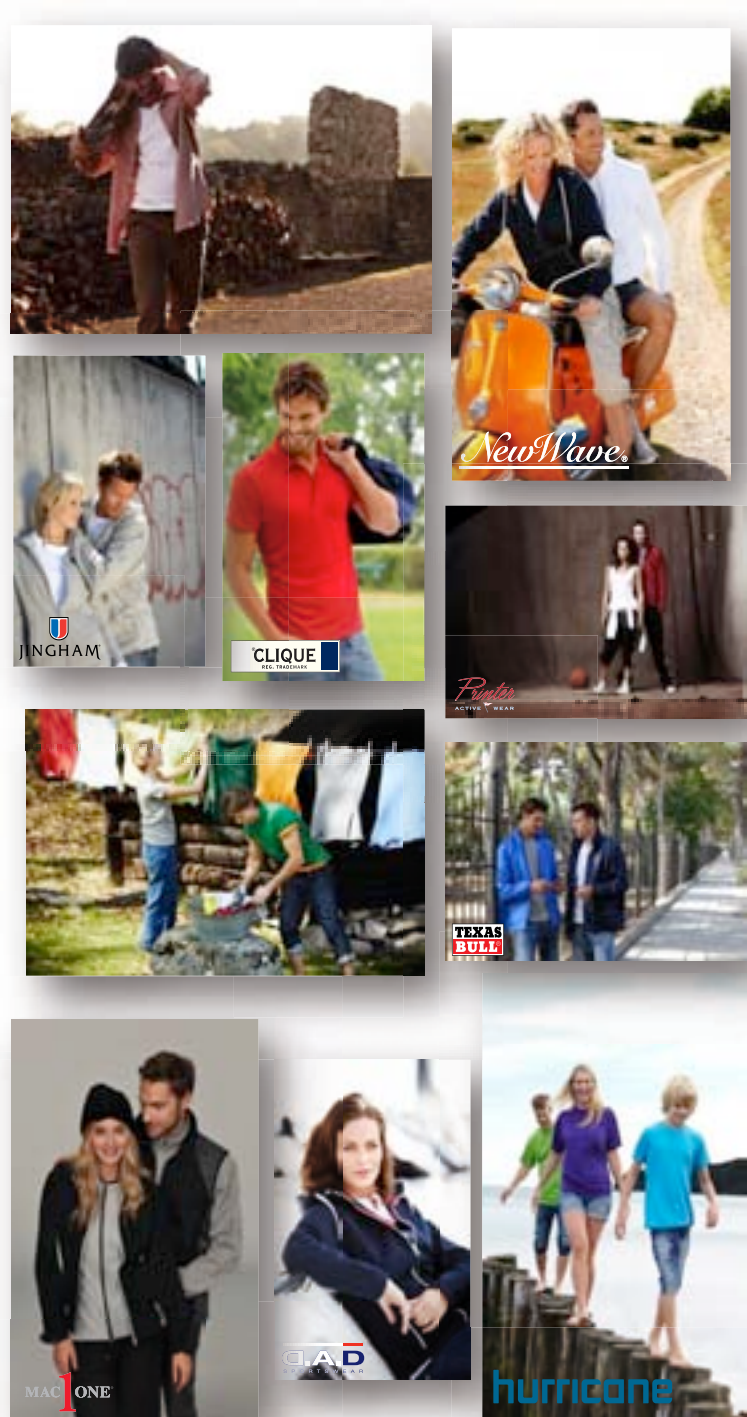
The brands in the Corporate Promo operating segment are sold primarily in the promo sales channel, but some brands are sold in the retail sales channel as well.



# Corporate Promo promowear

New Wave Group offers clothes adapted for printing and embroidery which, in addition to price and quality, also cover all application areas and sizes – from favourably priced basic garments to detailed garments made of exclusive textiles, leisure, work and sports clothes, clothes in classic and trend colours, in sizes from XS to XXXL.

- ★ *Harvest* promowear to create team-spirit
- ★ *Jingham* basic high-volume garments in classic company colours
- ★ *Clique* high-quality basic garments and accessories in a wide range of colours and sizes
- ★ *New Wave* exclusive and refined promowear
- ★ *Printer* simple designs at great prices
- ★ *Grizzly* good quality sporty promowear for active people
- ★ *Texas Bull* basic garments perfect for large-volume activities
- ★ *Mac One* wide range of classic garments for internal and external corporate marketing
- ★ *DAD* maritime promowear for ambitious companies
- ★ *Hurricane* strong basic textiles



# Corporate Promo promotional gifts

The promotional gifts concept is broad and the segment covers a multitude of products and price classes.

New Wave Group can offer everything from pens, USB flash drives and digital picture frames to handbags, bed linen and towels.

- ★ *Lord Nelson* classic high-quality bed, bath and kitchen textiles
- ★ *Queen Anne* bed, bath and home furnishing products at great value for money
- ★ *Wilson Staff* reasonably priced high-performance golf balls suitable for profiling (licensed brand)
- ★ *Toppoint* giveaways such as pens and USB drives used to enhance corporate identity
- ★ *Nightingale* textile products at unbeatable prices
- ★ *Cottover* high-quality terry and fleece promo products
- ★ *Philips* a selection of Philips products available in the promo market (licensed brand)
- ★ *d-vice* innovative latest technology gadgets and devices
- ★ *Lord Nelson* top of the line bed and bath textiles





*There is a vast need for personal protection in some work areas. In Sweden, the issue is intensely promoted by trade unions.*

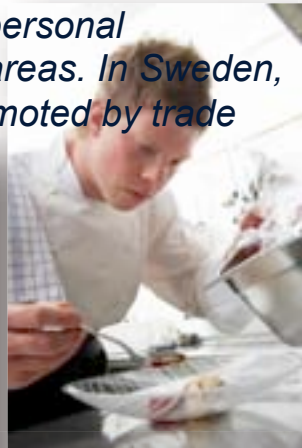
# Corporate Promo workwear

New Wave Group can offer workwear for such professional categories as construction and installation, painters and plasterers, transport and service, and hotel and restaurant.

The collection is all-inclusive, ranging from underwear to outer garments for all seasons and weather conditions, retro-reflexive clothing, shoes, gloves, carrying systems and accessories.

All garments and products are ergonomic and durable and come in sizes for both women and men.

- ★ **Jobman** workwear for construction workers, painters and transport businesses
- ★ **ProJob** complete workwear line, including safety shoes, high-visibility clothing and flame retardant garments



**PROJOB**



**JOBMAN**  
WORKWEAR



*Promowear brand James Harvest  
Sportswear helps companies create a  
winning team-spirit.*

# Corporate Promo vision

The vision for the Corporate Promo operating segment is to become the leading supplier in Europe and one of the leading suppliers in the USA of promotional products by offering retailers a broad product range, strong brands, advanced expertise and service, and a superior all-inclusive concept.



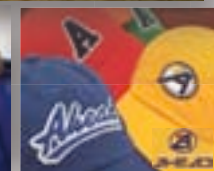
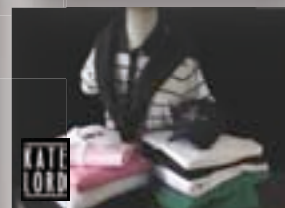
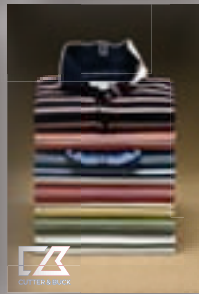
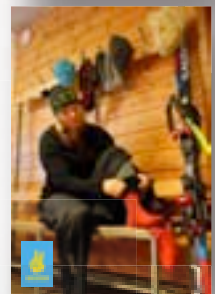
# Sports & Leisure

Sports & Leisure consists of 14 different brands. Two licensed brands – Speedo and Umbro – are sold alongside the company's own brands.

Sports & Leisure answered for 48 % of the Group's sales in 2013.

Most of the sales relate to the retail market (sports retail sector) but some sales also stem from the promo market.

- ★ **Speedo** world-leading competition swimwear (licensed brand)
- ★ **Clique Retail** basic garments for active people
- ★ **Umbro** ground-breaking iconic football gear (licensed brand)
- ★ **Craft** top of the line x-country, running, cycling and alpine skiing sportswear
- ★ **Seger** technically knitted socks and hats
- ★ **Cutter & Buck** impeccable classic golf wear
- ★ **ANNIKA** Cutter & Buck's exclusive golf wear collection designed for Annika Sörenstam
- ★ **Sköna Marie** high-quality comfortable women's shoes
- ★ **Kate Lord** sophisticated and fun women's golf wear
- ★ **Auclair** one of Canada's largest suppliers of gloves for men, women and children
- ★ **AHEAD** golf caps, men's golf wear and accessories
- ★ **PAX** top quality children's shoes
- ★ **Paris Glove** gloves for men, women and children
- ★ **Laurentide** work gloves, protective gloves, protective clothing and rain gear





# Sports & Leisure vision

The vision for the Sports & Leisure operating segment involves establishing the wholly owned brands Craft and Seger as international functional sportswear brands, and making Cutter & Buck a world-leading golf apparel brand.

The vision also entails to strengthening Speedo in the Swedish, Norwegian and Danish markets.

With regards to our most recent acquisitions, we want to launch AHEAD in Europe and in time achieve the same market position as in the USA. The brand Auclair should take a leading position in Europe and we will also use Paris Glove's strong distribution platform to launch the Group's other brands in Canada.

All in all, we want to become the leading sports supplier in both Sweden and the other European countries, as well as in the USA.



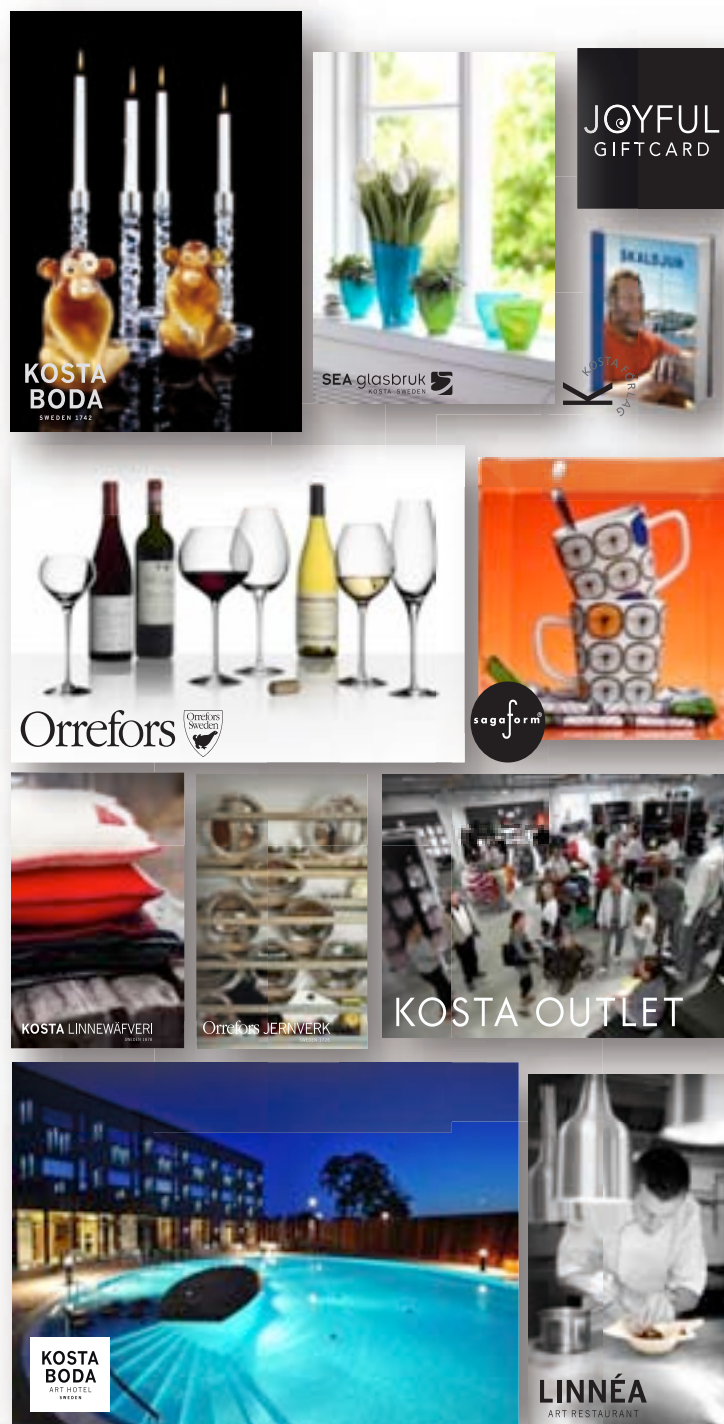
# Gifts & Home Furnishings

The Gifts & Home Furnishings operating segment includes 11 strong brands. In total, the segment's brands are established in 15 countries.

Gifts & Home Furnishings was responsible for 13 % of the Group's sales figures in 2013.

While the brands are mainly sold in the retail market, some sales also occur in the promo market.

- ★ *Kosta Boda*                      handmade glass in bold shapes and striking colours
- ★ *SEA Glasbruk*                colourful and functional glass for everyday use
- ★ *Joyful Giftcard*               select your own gift
- ★ *Kosta Förlag*                   publishing house
- ★ *Orrefors*                        classic and elegant handmade glass
- ★ *Sagaform*                       joyful and innovative gifts
- ★ *Kosta Linnewärfveri*           home textiles for the design-conscious
- ★ *Orrefors Jernverk*              Swedish designed kitchenware
- ★ *Kosta Outlet*                   20 000 m<sup>2</sup> shopping
- ★ *Kosta Boda Art Hotel*           glass hotel, spa and conference centre
- ★ *Linnéa Art Rest.*                gourmet restaurant led by chef Edin Dzemat





# Gifts & Home Furnishings vision

The vision for the Gifts & Home Furnishings operating segment area is to make Orrefors and Kosta Boda world-leading glass and crystal suppliers.

Part of the vision also involves utilising innovative and playful design to make Sagaform a prominent player in Northern Europe in both the promo and retail markets.

The Group's ambition is to become a prominent supplier in the North American promo market through its presence in the USA and Canada.



# **Financial information**



# October – December 2013



- ★ Sales amounted to SEK 1 140 million (SEK 1 176 million), -3%
  - ★ *acquired business SEK 11 million*
- ★ Operating result amounted to SEK 111.6 million (SEK 151.7 million)
  - ★ *lower sales and gross margin, savings*
  - ★ *acquired business SEK -0.2 million*
- ★ Result after tax amounted to SEK 90.3 million (SEK 100.7 million)
  - ★ *lower tax percentage*
  - ★ *acquired business SEK -0.3 million*
- ★ Cash flow from operations amounted to SEK 213.1 million (SEK 276.1 million). Lower due to more to goods purchased compared to last year.

Cutter & Buck är ett ledande sortiment av golfinspirerade kläder för män och kvinnor som uppskattar innovativa, högkvalitativa sportkläder.



# October – December 2013

## ★ Sales -3%, SEK 1 140 million (SEK 1 176 million)

- ★ Sales in local currencies -3%.
- ★ Acquired business SEK 11 million
- ★ Corporate Promo -4%, Sport & Leisure +3%, Gifts & Home -16%.
- ★ Weak market, especially due to mild weather in Nordic countries
- ★ Sales weak primarily in promo sales channel

## ★ Operating segments

- ★ Corporate Promo -4% to SEK 479 million (SEK 501 million)
  - Decrease primarily in Sweden, Norway, Finland while Asia is increasing.
- ★ Sports & Leisure +3% to SEK 500 million (SEK 485 million)
  - Acquired business SEK 11 million
  - USA growth, weak market primarily in Sweden
- ★ Gifts & Home -16% to SEK 161 million (SEK 191 million)
  - Primarily lower in the promo sales channel Sweden and in the export markets.

# October – December 2013

## Sales per region

	<b>OCT-DEC 2013</b>	<b>Part of turnover</b>	<b>OCT-DEC 2012</b>	<b>Part of turnover</b>	<b>Change MSEK</b>	<b>%</b>
Sweden	309	27%	338	29%	-29	-9
USA	288	25%	276	23%	12	4
Nordic countries excl	140	12%	155	13%	-15	-10
Central Europe	198	18%	205	17%	-7	-3
Southern Europe	100	9%	102	9%	-2	-2
Other countries	105	9%	100	9%	5	5
<b>Total</b>	<b>1 140</b>	<b>100%</b>	<b>1 176</b>	<b>100%</b>	<b>-36</b>	<b>-3</b>



# October – December 2013

## Income statement

SEK Million	Oct-Dec 2013	Oct-Dec 2012
Income	1 139.8	1 176.1
Goods for resale	-626.2	-615.7
<b>Gross profit</b>	<b>513.6 45.1%</b>	<b>560.4 47.6%</b>
Other operating income	9.3	9.7
External costs	-215.2	-223.0
Personnel costs	-182.7	-181.9
Depreciation/amortization	-11.9	-11.9
Other operating costs	-2.3	-3.1
Associated companies	0.8	1.5
<b>Operating profit</b>	<b>111.6 9.8%</b>	<b>151.7 12.9%</b>
Financial income	1.8	0.9
Financial costs	-14.2	-18.7
<b>Net financial items</b>	<b>-12.4</b>	<b>-17.8</b>
<b>Result before tax</b>	<b>99.2</b>	<b>133.9</b>
Tax on profit for the period	-8.9	-33.2
<b>Result for the period</b>	<b>90.3</b>	<b>100.7</b>
Result per share	1.35	1.51

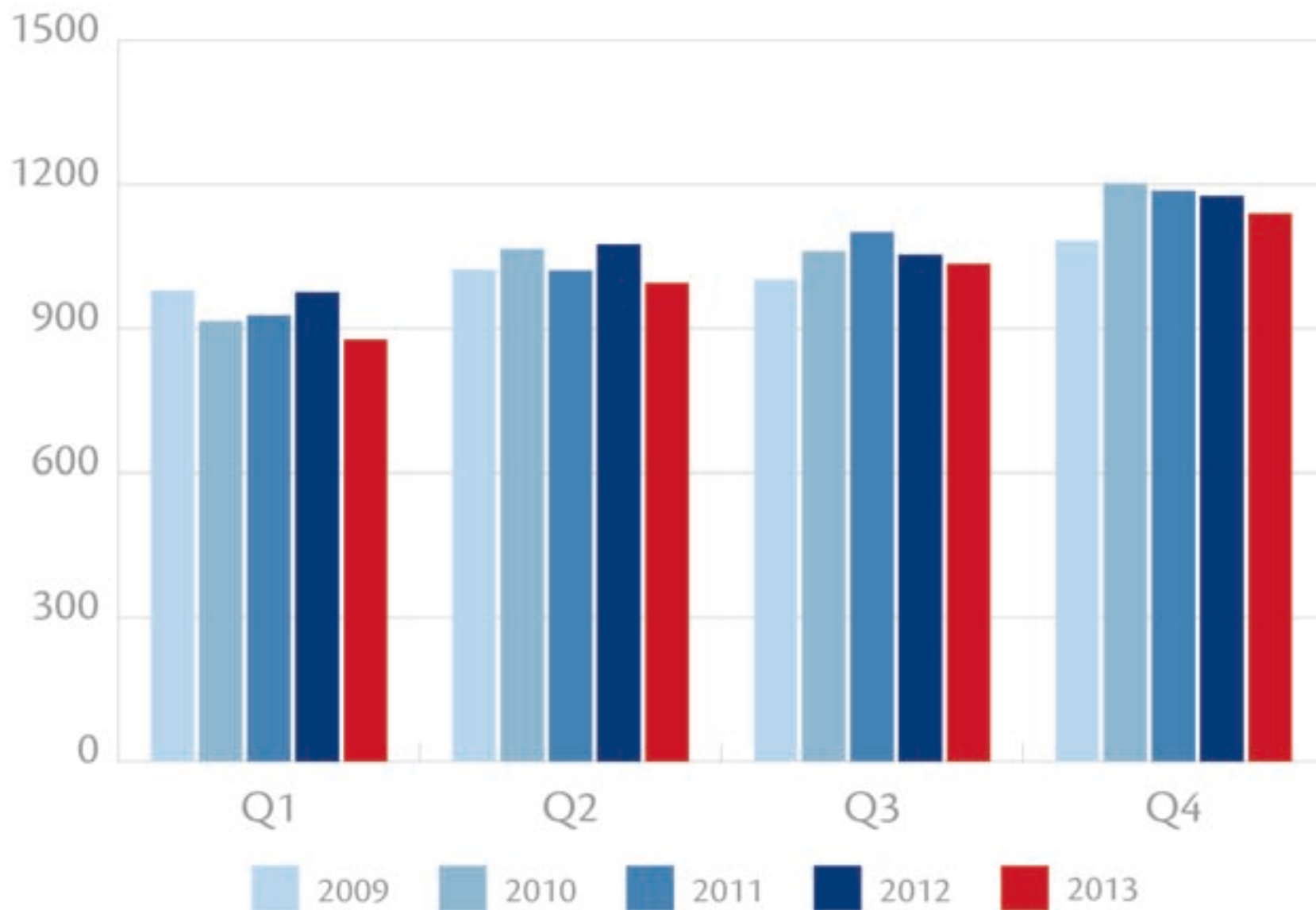


# October – December 2013

## EBITDA per operating segment

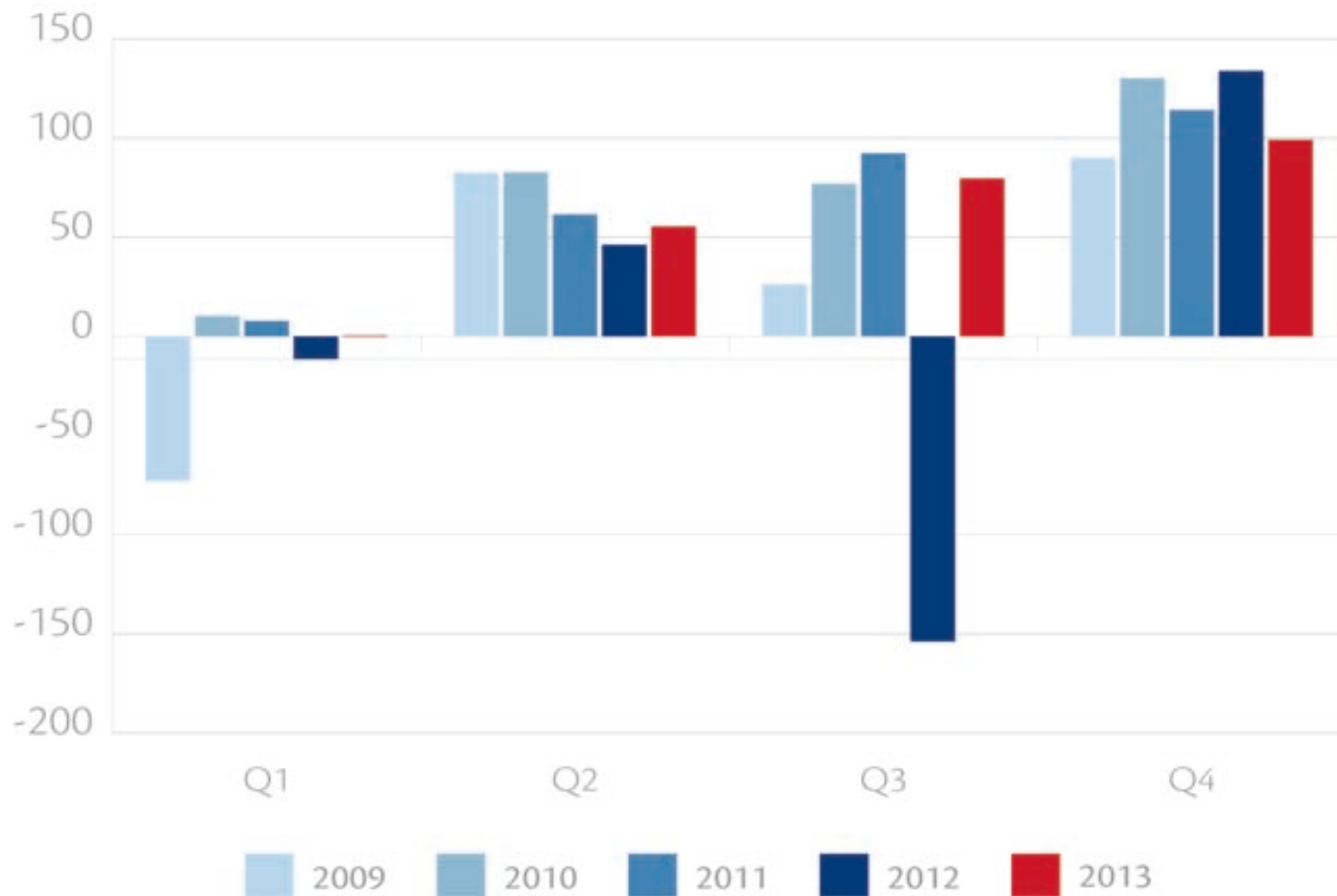
- ★ **Corporate promo amounted to SEK 58.6 million (SEK 67.9 million)**
  - ★ Lower turnover
  
- ★ **Sports & Leisure amounted to SEK 31.2 million (SEK 45.9 million)**
  - ★ Acquired business SEK -0.2 million
  - ★ Lower gross margin, higher marketing.
  
- ★ **Gifts & Home amounted to SEK 33.7 million (SEK 49.8 million)**
  - ★ Lower sales

# Sales





# Result before tax



# October - December 2013

## Cash flow

SEK Million	Oct-Dec 2013	Oct-Dec 2012
Cash flow from operating act before changes in working capital	103.3	83.7
Changes in working capital	109.8	192.4
<b>Cash flow from operations</b>	<b>213.1</b>	<b>276.1</b>
Investing activities	-7.0	-7.3
<b>Cash flow after investing activities</b>	<b>206.1</b>	<b>268.8</b>
Financial activities	-146.9	-196.1
<b>Cash flow for the period</b>	<b>59.2</b>	<b>72.7</b>

# CEO summary – Q4

## ★ Sales

- ★ To low stock -> poor service and delivery performance has affected negatively. Stock will increase the coming months
- ★ Mild weather has affected, primarily Sport & Leisure

## ★ Result

- ★ Result acceptable, especially considering the low stock level and mild weather.



Promowear brand James Harvest  
Sportswear helps companies create a  
winning teamspirit.



# January – December 2013

- ★ Sales amounted to SEK 4 047 million (SEK 4 280 million), -5%
  - ★ *of which currency effect SEK -79 million (-2 %).*
  - ★ *acquired business SEK 27 million*
  
- ★ Operating result amounted to SEK 290.7 million (SEK 73.1 million)
  - ★ *prior year include restructuring costs of SEK 212 million*
  - ★ *acquired business SEK 3.8 million*
  
- ★ Result after tax amounted to SEK 187.1 million (SEK 5.8 million)
  - ★ *prior year include restructuring costs of SEK 161.5 million*
  - ★ *acquired business SEK 2.2 million*
  
- ★ Cash flow from operations amounted to SEK 358.5 million (SEK 341.1 million).

# January – December 2013

## ★ Sales -5%, SEK 4 047 million (SEK 4 280 million)

- ★ Sales in local currencies -3%.
- ★ Acquired business SEK 27 million
- ★ Corporate Promo -5%, Sport & Leisure -3%, Gifts & Home -15%.
- ★ Weak market conditions
- ★ Sales weak in both sales channels

## ★ Operating segments

- ★ Corporate Promo  
-5% to SEK 1 587 million (SEK 1 675 million)
  - Decrease primarily in Sweden, Oth. Nordic countries and Europe
- ★ Sports & Leisure  
-3% to SEK 1 929 million (SEK 1 983 million)
  - Weak market in Sweden, Oth. Nordic countries and Europe
  - Acquired business SEK 27 million
- ★ Gifts & Home  
-15% to SEK 531 million (SEK 623 million)
  - Primarily lower in the promo sales channel and in the export markets.



# January – December 2013

## Sales per region

	<b>JAN-DEC 2013</b>	<b>Part of turnover</b>	<b>JAN-DEC 2012</b>	<b>Part of turnover</b>	<b>Change MSEK</b>	<b>%</b>
Sweden	1 036	26%	1 158	27%	-122	-11
USA	1 095	27%	1 112	26%	-17	-2
Nordic countries	589	15%	628	15%	-39	-6
Central Europe	710	17%	743	17%	-33	-4
Southern Europe	335	8%	356	8%	-21	-6
Other countries	282	7%	283	7%	-1	0
<b>Total</b>	<b>4 047</b>	<b>100%</b>	<b>4 280</b>	<b>100%</b>	<b>-233</b>	<b>-5</b>



# January – December 2013

## Income statement

SEK Million	Jan-Dec 2013	Jan-Dec 2012
Income	4 047.4	4 280.2
Goods for resale	-2 177.0	-2 415.8
<b>Gross profit</b>	<b>1 870.4 46.2%</b>	<b>1 864.4 43.6%</b>
Other operating income	33.3	35.1
External costs	-853.3	-954.0
Personnel costs	-697.8	-765.5
Depreciation/amortization	-52.1	-89.9
Other operating costs	-10.9	-18.7
Associated companies	1.1	1.7
<b>Operating profit</b>	<b>290.7 7.2%</b>	<b>73.1 1.7%</b>
Financial income	6.8	5.0
Financial costs	-63.0	-63.2
<b>Net financial items</b>	<b>-56.2</b>	<b>-58.2</b>
<b>Result before tax</b>	<b>234.5</b>	<b>14.9</b>
Tax on profit for the period	-47.4	-9.1
<b>Result for the period</b>	<b>187.1</b>	<b>5.8</b>
Result per share	2.82	0.08



# January – December 2013

## EBITDA per operating segment

- ★ **Corporate promo amounted to SEK 143.5 million (SEK 159.0 million)**
  - ★ Lower sales and savings that has partly compensated the lower sales
  
- ★ **Sports & Leisure amounted to SEK 154.8 million (SEK 161.8 million)**
  - ★ Lower turnover but savings have improved the result
  - ★ Acquired business contributed SEK 3.8 million
  
- ★ **Gifts & Home amounted to SEK 44.5 million (SEK -157.8 million)**
  - ★ Lower sales but higher gross profit margin and savings
  - ★ Py include restructuring costs of SEK 172 million

# January - December 2013

## Cash flow

SEK Million	Jan-Dec 2013	Jan-Dec 2012
Cash flow from operating act. before changes in working capital	226.6	181.4
Changes in working capital	131.9	159.7
<b>Cash flow from operating activities</b>	<b>358.5</b>	<b>341.1</b>
Investing activities	-46.8	-50.4
<b>Cash flow after investing activities</b>	<b>311.7</b>	<b>290.7</b>
Financial activities	-357.3	-223.5
<b>Cash flow for the period</b>	<b>-45.6</b>	<b>67.2</b>



# Financial highlights - summary

	Jan-Dec 2013	Jan-Dec 2012	Jan-Dec 2011	Jan-Dec 2010	Jan-Dec 2009	Jan-Dec 2008
Sales growth, %	-5.4	1.0	-0.2	3.8	-11.2	9.8
Number of employees	2 123	2 258	2 470	2 196	2 203	2 562
Gross profitmargin, %	46.2	43.6	47.7	47.1	46.5	48.5
Operating margin before depreciation, %	8.5	3.8	8.9	9.1	5.9	9.4
Operating margin, %	7.2	1.7	7.7	7.7	4.2	8.0
Profitmargin, %	5.8	0.3	6.5	7.1	3.1	5.1
Return on shareholders' equity, %	9.3	0.4	9.9	12.1	4.9	9.2
Return on capital employed, %	8.2	2.0	8.9	9.4	4.3	9.0
Equityratio, %	49.8	44.1	43.5	44.8	41.0	34.1
Netdebt- Equityratio, %	60.1	77.5	85.9	72.8	96.3	140.5
Netdebt- working capital ratio, %	67.6	77.3	78.6	75.3	87.7	94.3
Netdebt, SEK million	1 264.0	1 516.7	1 797.3	1 406.6	1 740.8	2 576.3
Stock turnover, times	1.4	1.3	1.2	1.4	1.1	1.2
Cash flow before investments, SEK million	358.5	341.1	66.0	343.6	806.3	-268.0
Netinvestments, SEK million	-46.8	-50.4	-326.5	-57.6	-23.0	-65.2
Cash flow after investments, SEK million	311.7	290.7	-260.5	286.0	783.3	-333.2
Shareholders' equityper share, SEK	31.69	29.51	31.54	29.14	27.24	27.64

# CEO summary – 2013

## ★ Sales

- ★ Not happy with sales -> but we know what went wrong and we will correct it a.s.a.p

## ★ Result for the period

- ★ Pre tax profit of SEK 234.5 million – will be considerably better going forward
- ★ Orrefors Kosta Boda shows profit

## ★ Balance sheet

- ★ Improved working capital
- ★ Strong balance sheet; equity ratio 50%, net debt equity ratio 60%, interest cover ratio 4.7 times

## ★ Dividend

- ★ The Board has decided to propose a dividend of 1.00 (1.00) SEK per share.

## ★ Future

- ★ Positive to 2014 and 2015, especially from third quarter 2014 and onwards
- ★ Stock level will gradually improve / increase.
- ★ Increase of sales and marketing activities
- ★ Initially this will lead to lower cash flow and key numbers but will give growth within 6-12 months

# Final words

We strive to make everyone who buys our products  
a happy customer.

If you choose to invest in New Wave Group  
we want you to know that

we promise to take care of your investment  
in the best possible way we can —

through long-term thinking, growth, stability and hard work!

