



Craft

Photo by Craft

New Wave

G R O U P

Interim report
January – March
2014

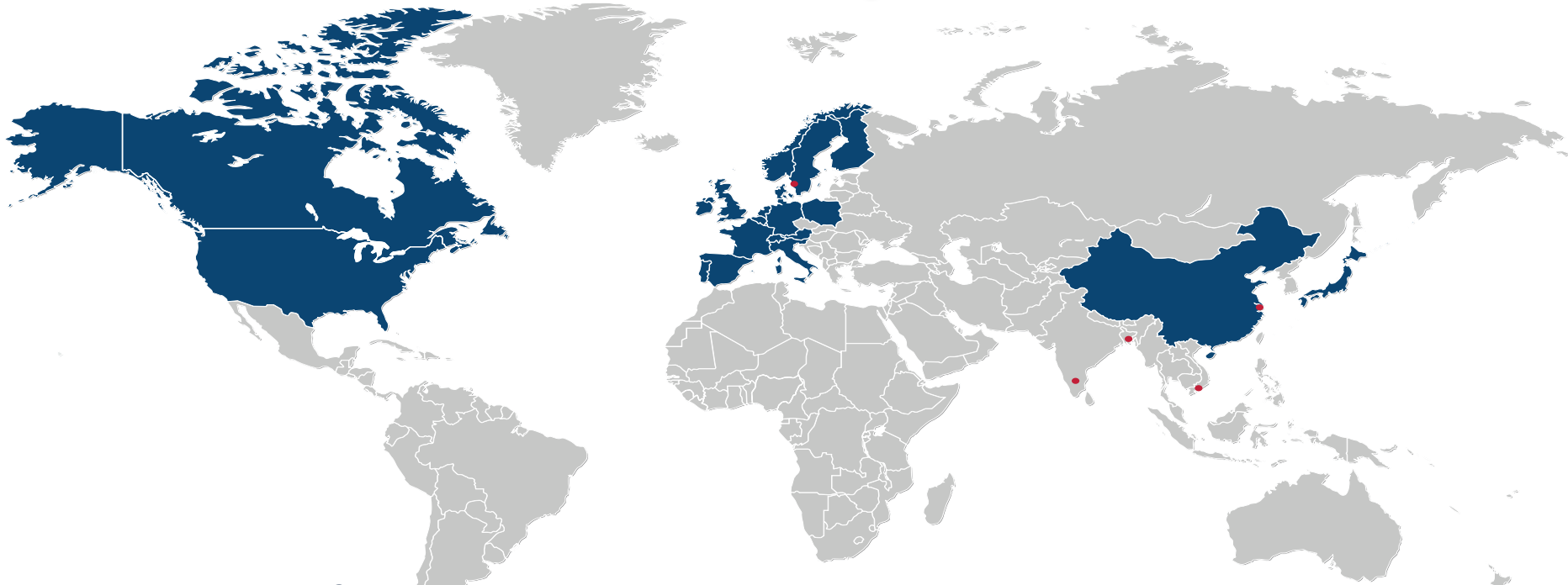
Great succes in Sochi

Craft and Auclair' s athletes took 73 medals !



The brands Craft och Auclair had great success at the Olympics and Paralympics. In total, 73 medals was taken by the Dutch skaters, Canadian teams and the Swedish and Finnish cross country teams.

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**.

Seger



Our brands

Corporate Promo



Sport & Leisure



Gifts & Home Furnishings



Operating segments and markets

New Wave Group distributes more than 40 different brands, 3 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.

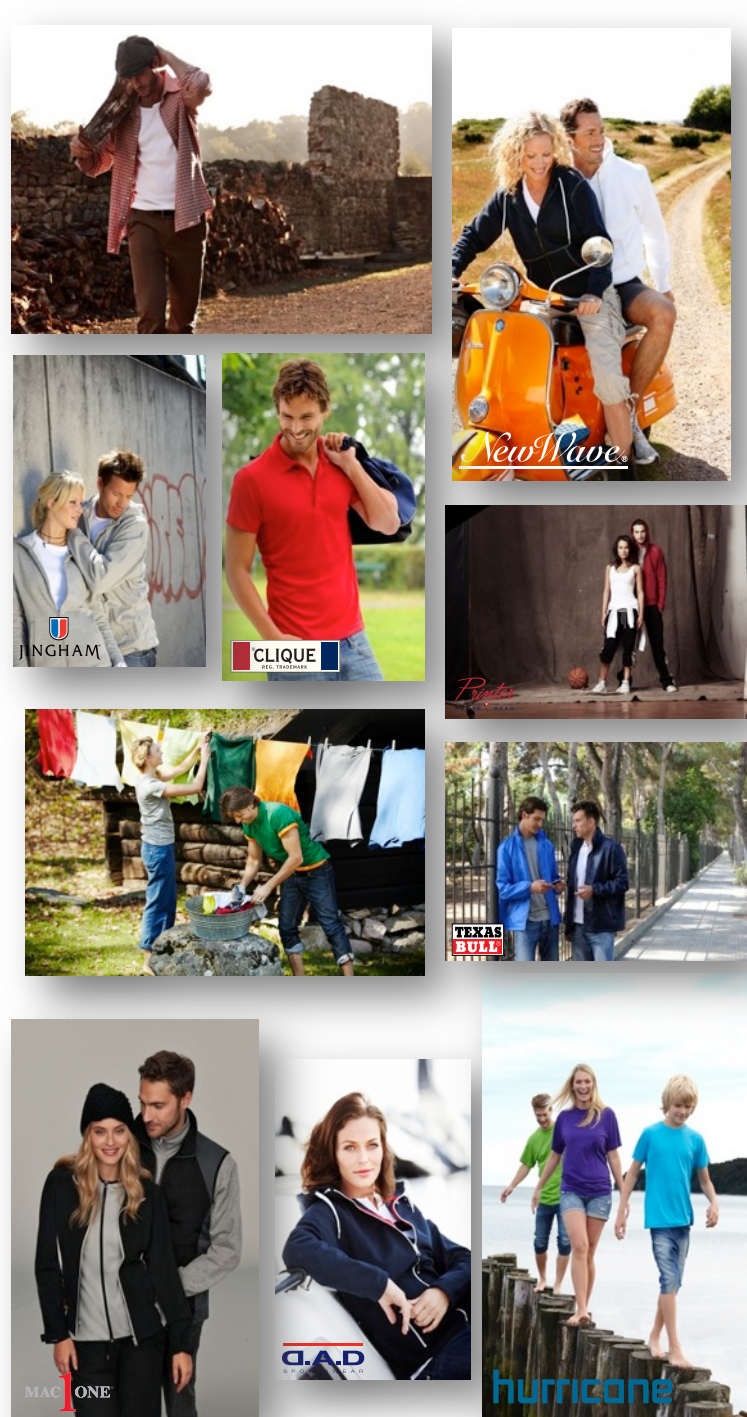
The segment's domestic market is the Nordic countries which also answer for most of the sales. The segment had 39 % of the Group's sales in 2013.

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.

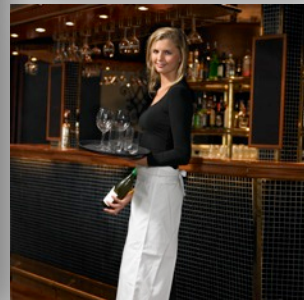
Corporate Promo workwear

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

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.



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

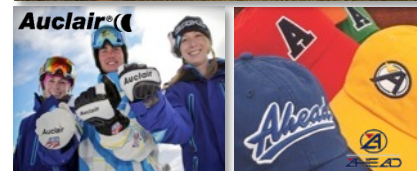
Sports & Leisure

Sports & Leisure consists of 13 different brands. One licensed brand, Speedo, is 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
- ★ **Craft** top of the line x-country, running, cycling and alpine skiing sportswear
- ★ **Seeger** 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 Sejer 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.

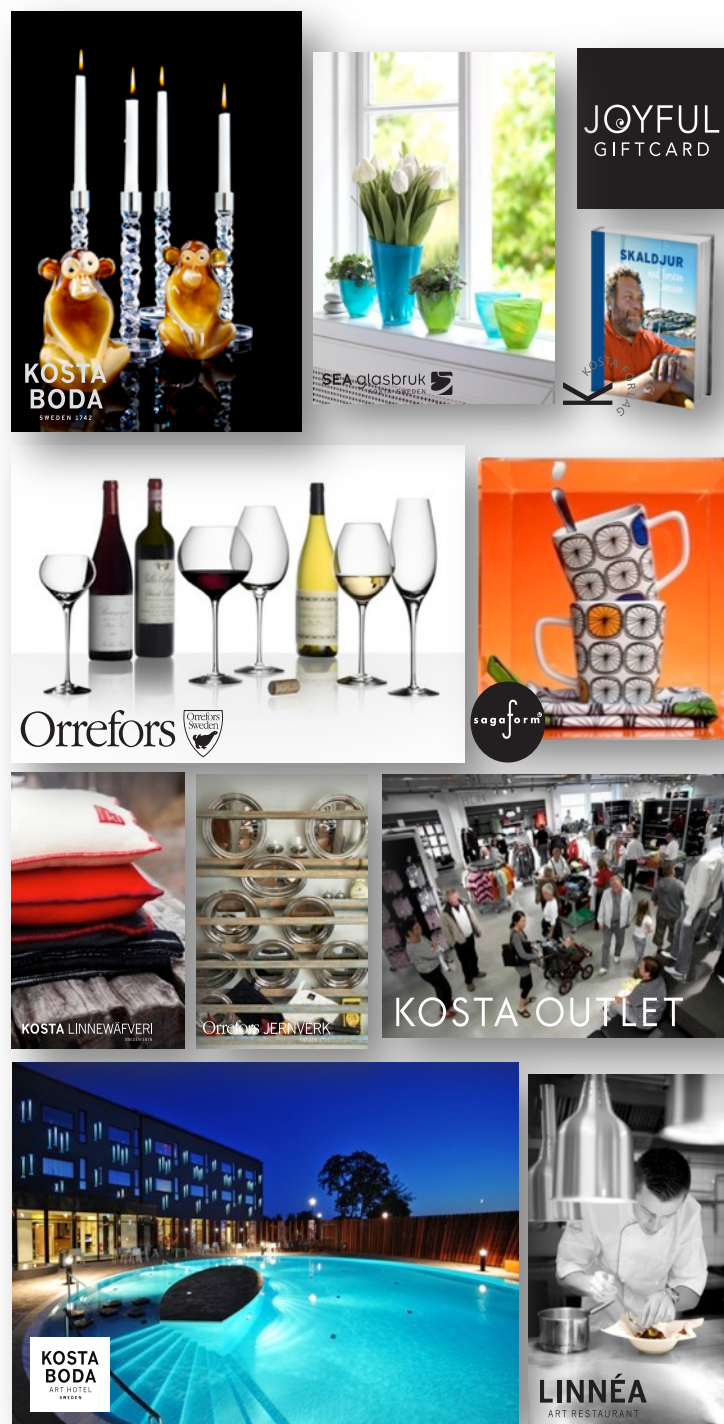
Gifts & Home Furnishings

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 m² 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



January – March 2014

- ★ Sales amounted to SEK 909 million (SEK 877 million), 4%
 - ★ *acquired business SEK 9 million*
- ★ Operating result amounted to SEK -5.9 million (SEK 16.1 million)
 - ★ *lower gross margin and increased costs due to higher activity within sales and marketing.*
 - ★ *acquired business SEK 0.1 million*
- ★ Result after tax amounted to SEK -11.3 million (SEK 0.1 million)
 - ★ *acquired business SEK 0.1 million*
- ★ Cash flow from operations amounted to SEK 88.8 million (SEK 106.1 million). Lower due to more to goods purchased compared to last year.



January – March 2014

★ Sales 4%, SEK 909 million (SEK 877 million)

- ★ Sales in local currencies 3%.
- ★ Acquired business SEK 9 million
- ★ Corporate Promo 5%, Sport & Leisure 3%, Gifts & Home 1%.
- ★ Improvements in Nordic countries, Sweden but weaker in USA
- ★ Sales improved primarily in promo sales channel

★ Operating segments

- ★ Corporate Promo 5% to SEK 362 million (SEK 345 million)
 - Increase primarily in Europe and Sweden but also in Asia.
- ★ Sports & Leisure 3% to SEK 439 million (SEK 425 million)
 - Acquired business SEK 9 million
 - Increase in Nordic countries, USA weak
- ★ Gifts & Home 1% to SEK 108 million (SEK 107 million)
 - Primarily higher in the promo sales channel

January – March 2014

Sales per area

	JAN-MAR 2014	Part of turnover	JAN-MAR 2013	Part of turnover	Change MSEK	%
Sweden	220	24%	213	24%	7	3
USA	221	24%	223	26%	-2	-1
Nordic countries	143	16%	139	16%	4	3
Central Europe	190	21%	178	20%	12	7
South Europe	76	8%	78	9%	-2	-3
Other countries	59	7%	46	5%	13	28
Total	909	100%	877	100%	32	4

January – March 2014

Income statement

SEK Million	Jan-Mar 2014	Jan-Mar 2013
Income	908.5	877.3
Goods for resale	-497.7	-456.8
Gross profit	410.8 45.2%	420.5 47.9%
Other operating income	7.1	8.6
External costs	-229.5	-223.0
Personnel costs	-179.5	-174.7
Depreciation/amortization	-12.4	-11.7
Other operating costs	-2.4	-3.8
Associated companies	0.0	0.2
Operating profit	-5.9 -0.6%	16.1 1.8%
Financial income	1.4	1.8
Financial costs	-9.7	-17.8
Net financial items	-8.3	-16.0
Result before tax	-14.2	0.1
Tax on profit for the period	2.9	0.0
Result for the period	-11.3	0.1
Result per share	-0.17	0.00

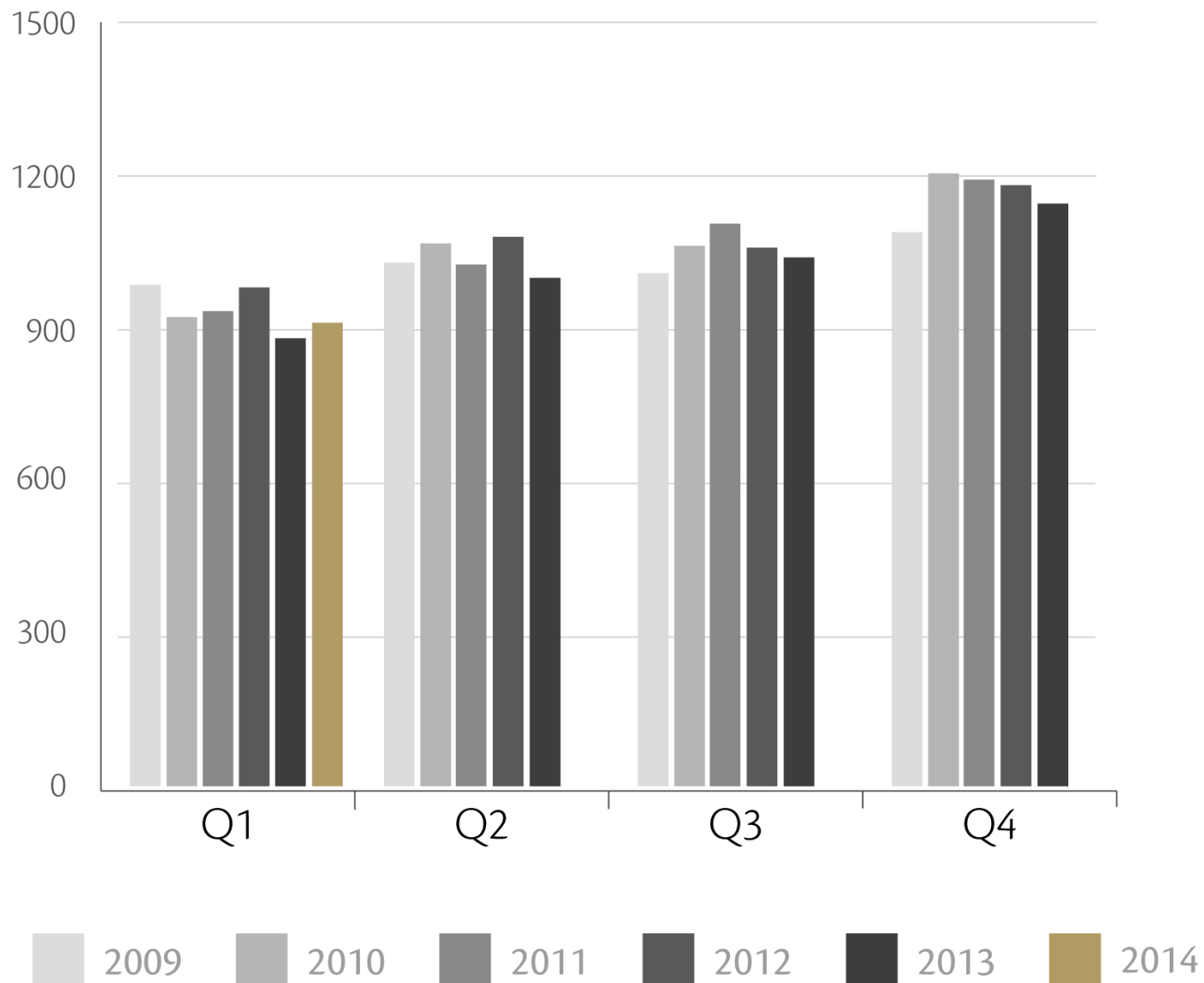


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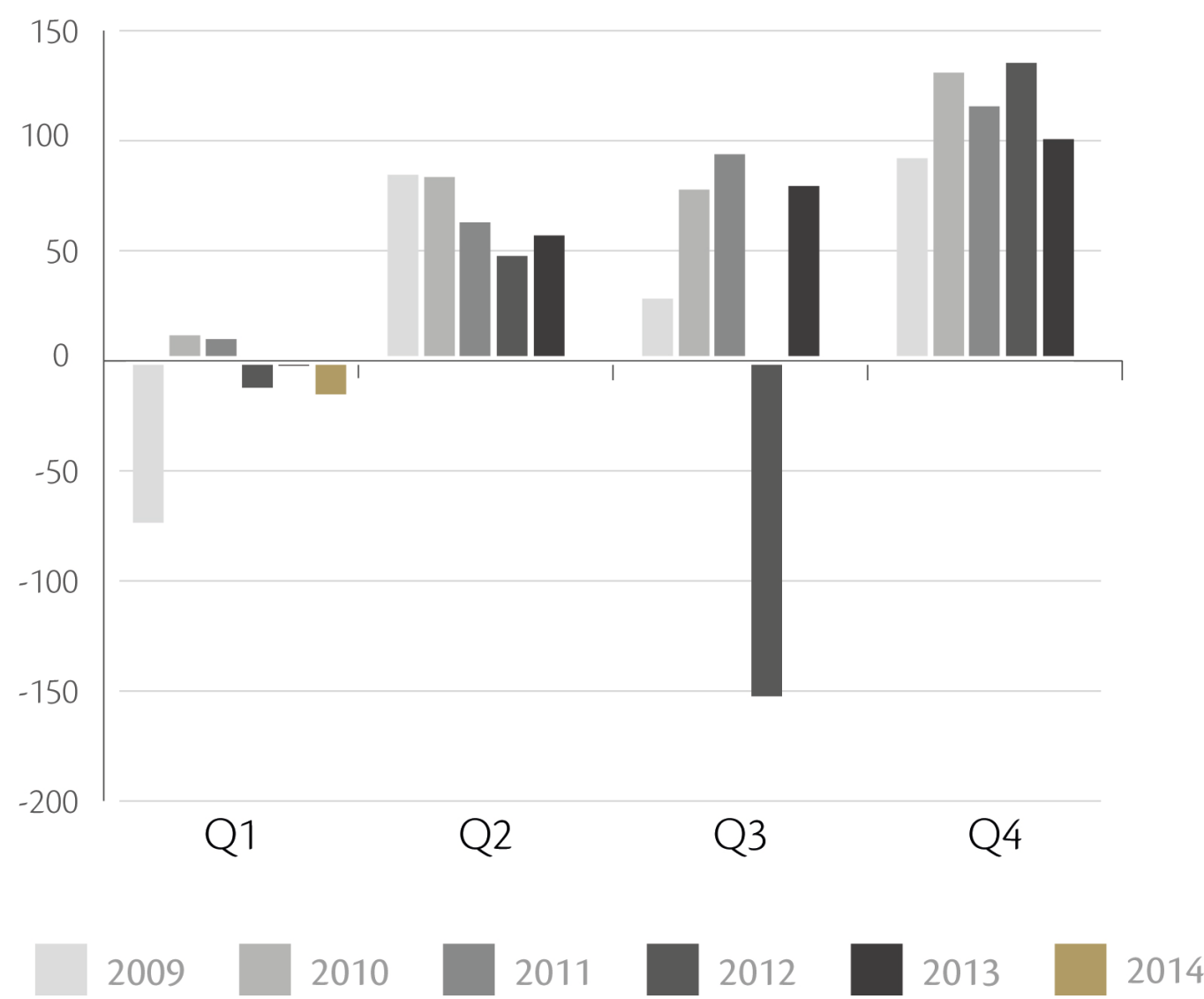
EBITDA per operating segment

- ★ **Corporate promo amounted to SEK 1.4 million (SEK 8.9 million)**
 - ★ Lower gross margin percentage
 - ★ Higher costs due to increased activity in sales and marketing
- ★ **Sports & Leisure amounted to SEK 18.9 million (SEK 25.3 million)**
 - ★ Lower gross margin percentage
 - ★ Higher costs due to increased activity in sales and marketing
 - ★ Acquired business SEK 0.1 million
- ★ **Gifts & Home amounted to SEK -13.8 million (SEK -6.4 million)**
 - ★ Lower gross margin percentage
 - ★ Higher costs due to increased activity in sales and marketing

Sales



Result before tax



January - March 2014

Cash flow

SEK Million	Jan-Mar 2014	Jan-Mar 2013
Cash flow from operating act before changes in working capital	-7.1	-18.7
Changes in working capital	95.9	124.8
Cash flow from operations	88.8	106.1
Investing activities	-15.0	-9.7
Cash flow after investing activities	73.8	96.4
Financial activities	-106.1	-156.4
Cash flow for the period	-32.3	-60.0

Financial highlights - summary

	3 months Jan-Mar 2013	3 months Jan-Mar 2012	12 months Jan-Dec 2013	12 months Jan-Dec 2012	12 months Jan-Dec 2011	12 months Jan-Dec 2010	12 months Jan-Dec 2009
Sales growth, %	3.6	-10.0	-5.4	1.0	-0.2	3.8	-11.2
Number of employees	2 159	2 250	2 123	2 258	2 470	2 196	2 203
Gross profit margin, %	45.2	47.9	46.2	43.6	47.7	47.1	46.5
Operating margin before depreciation, %	0.7	3.2	8.5	3.8	8.9	9.1	5.9
Operating margin, %	-0.7	1.8	7.2	1.7	7.7	7.7	4.2
Profit margin, %	-1.6	0.0	5.8	0.3	6.5	7.1	3.1
Return on shareholders' equity, %	-2.2	0.0	9.3	0.4	9.9	12.1	4.9
Return on capital employed, %	-0.4	2.0	8.2	2.0	8.9	9.4	4.3
Equity ratio, %	51.4	46.0	49.8	44.1	43.5	44.8	41.0
Net debt - Equity ratio, %	56.8	73.4	60.1	77.5	85.9	72.8	96.3
Net debt - working capital ratio, %	66.5	76.8	67.6	77.3	78.6	75.3	87.7
Net debt, SEK million	1 188.2	1 407.8	1 264.0	1 516.7	1 797.3	1 406.6	1 740.8
Stock turnover, times	1.3	1.1	1.4	1.3	1.2	1.4	1.1
Cash flow before investments, SEK million	88.8	106.1	358.5	341.1	66.0	343.6	806.3
Net investments, SEK million	-15.0	-9.7	-46.8	-50.4	-326.5	-57.6	-23.0
Cash flow after investments, SEK million	73.8	96.4	311.7	290.7	-260.5	286.0	783.3
Shareholders' equity per share, SEK	31.55	28.93	31.69	29.51	31.54	29.14	27.24

CEO summary

★ Sales and result

- ★ Slightly better than expected

 - ★ *still shortage in promo stock but positive calendar effect*

 - ★ *more sales people and additional recruitments on its way*

★ Stock

- ★ Purchases in accordance with plan and will be completely in phase during Q3.

★ Balance sheet

- ★ Balance sheet remains very strong

- ★ **Craft and Auclair had great success at Olympics and Paralympics!**



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!