

2014

INTERIM REPORT
JANUARY–SEPTEMBER

The fourth quarter is strongly influenced by Christmas sales both in profile and Retail, and it is mainly the same products that are in demand in both sales channels.

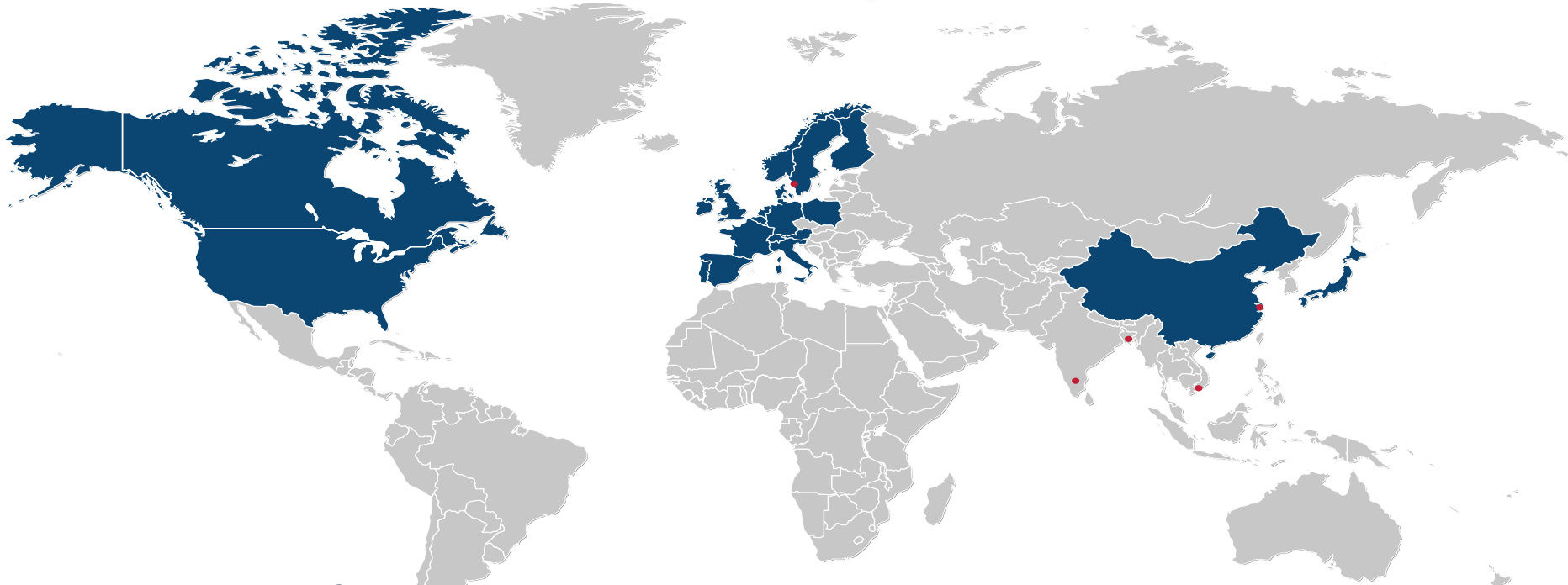
New Wave

G R O U P

Interim report
July – September
2014

New Wave
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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**.

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 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 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 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





July – September 2014

★ Sales SEK 1 122 (1 035) million

- ★ Sales in local currencies 4%.
- ★ Corporate Promo 15%, Sport & Leisure 8%, Gifts & Home -6%.
- ★ Improvements in Nordic countries and USA
- ★ Promo sales channel 16%, retail 3%

★ Operating segments

- ★ Corporate Promo 15% to SEK 392 (342) million
 - Increase primarily in the Nordic countries
- ★ Sports & Leisure 8% to SEK 608 (563) million
 - Increase in the US market
- ★ Gifts & Home -6% to SEK 123 (130) million
 - Primarily export markets that decreases

July – September 2014

Sales per area

	JUL-SEP 2014	Part of turnover	JUL-SEP 2013	Part of turnover	Change MSEK	%
Sweden	252	23%	242	23%	10	4
USA	344	31%	306	30%	38	12
Nordic countries excl Sweden	169	15%	154	15%	15	10
Central Europe	183	16%	178	17%	5	3
Southern Europe	83	7%	77	7%	6	8
Other countries	91	8%	78	8%	13	17
Total	1 122	100%	1 035	100%	87	8



July – September 2014

- ★ Gross profit margin amounted to 44.6 (45.4)%
 - ★ *mix of countries and customers*
- ★ Total costs amounted to SEK -391.4 (367.9) million
 - ★ *additional sales and marketing activities*
- ★ Operating profit amounted to SEK 95.7 (92.8) million
 - ★ *turnover related*
- ★ Result for the period amounted to SEK 66.9 (57.8) million.
 - ★ *higher operating profit, improved finance net and tax*

July – September 2014

Income statement

SEK Million	Jul-Sep 2014	Jul-Sep 2013
Income	1 122.3	1 035.0
Goods for resale	-621.9	-564.9
Gross profit	500.4 44.6%	470.1 45.4%
Other operating income	5.1	7.7
External costs	-216.6	-205.4
Personnel costs	-174.8	-162.5
Depreciation/amortization	-14.4	-13.9
Other operating costs	-4.1	-2.9
Associated companies	0.1	-0.3
Operating profit	95.7 8.5%	92.8 9.0%
Financial income	1.1	1.8
Financial costs	-12.1	-14.9
Net financial items	-11.0	-13.1
Result before tax	84.7	79.7
Tax on profit for the period	-17.8	-21.9
Result for the period	66.9	57.8
Result per share	1.01	0.87

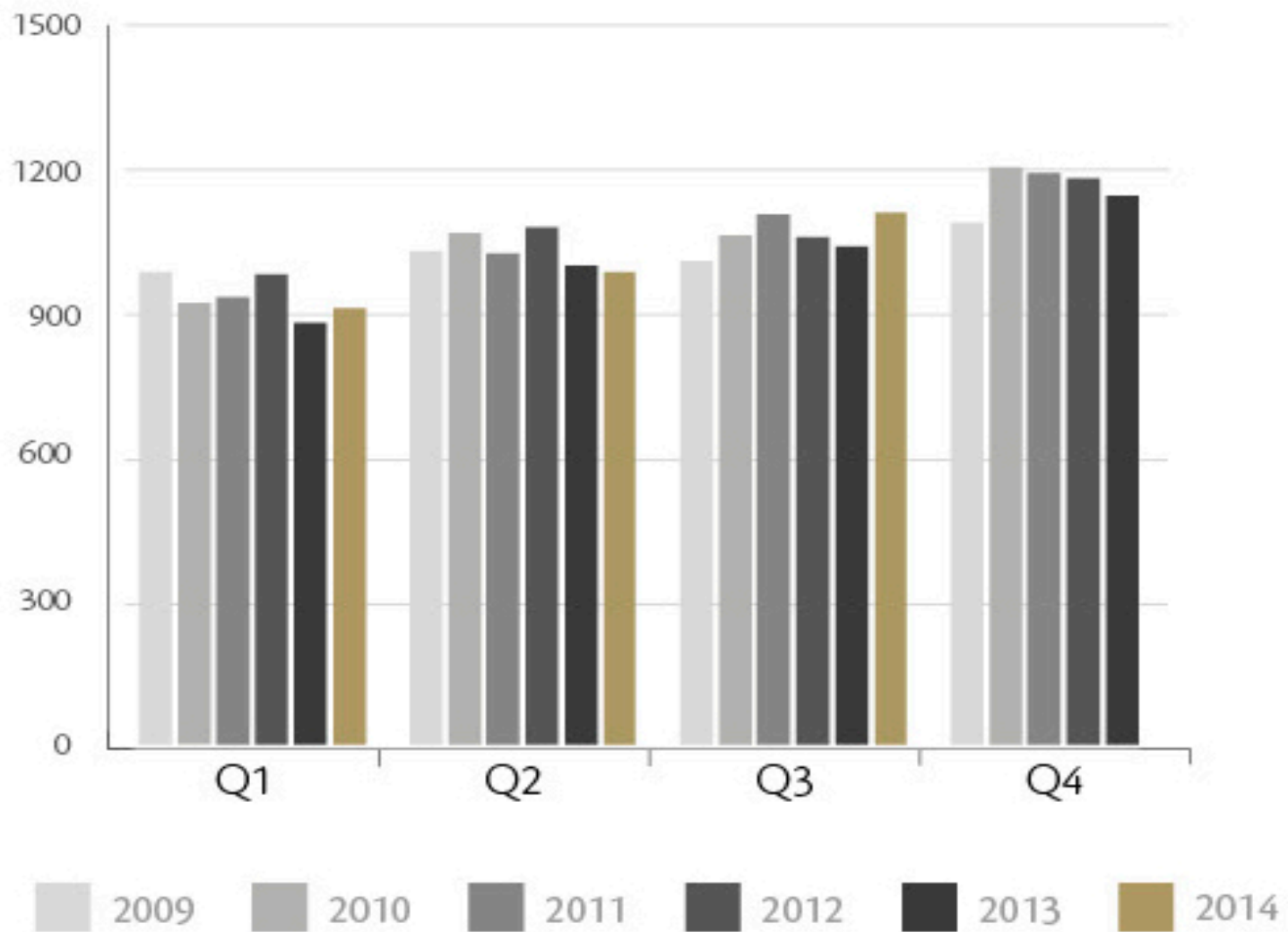
July – September 2014

EBITDA per operating segment

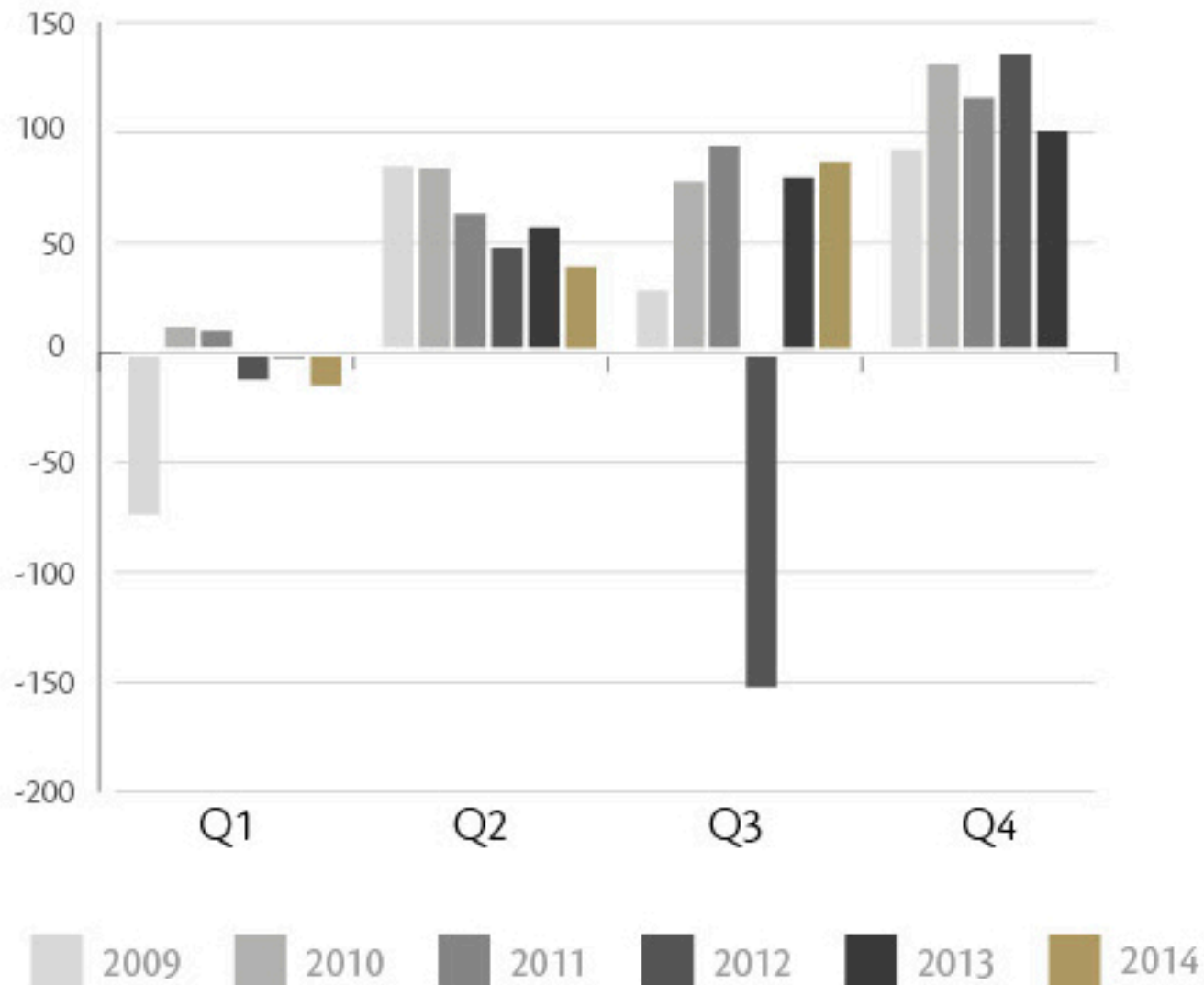
- ★ **Corporate Promo amounted to SEK 40.4 (27.3) million**
 - ★ Higher turnover
- ★ **Sports & Leisure amounted to SEK 75.8 (70.6) million**
 - ★ Higher turnover
 - ★ Lower gross profit margin
 - ★ Higher costs due to increased activity within sales and marketing
- ★ **Gifts & Home amounted to SEK -6.1 (8.8) million**
 - ★ Lower turnover
 - ★ Lower gross profit margin
 - ★ Higher costs due to increased activity within sales and marketing



Sales



Result before tax



July - September 2014

Cash flow

SEK Million	Jul-Sep 2014	Jul-Sep 2013
Cash flow from operating act before changes in working capital	93.1	86.7
Changes in working capital	-383.8	-89.2
Cash flow from operations	-290.7	-2.5
Investing activities	-12.2	-21.2
Cash flow after investing activities	-302.9	-23.7
Financial activities	289.6	-12.0
Cash flow for the period	-13.3	-35.7

CEO summary – third quarter

★ Sales

- ★ Our actions are starting to bite.
 - ★ *Corporate Promo +15%*
 - ★ *Sport & Leisure +8%*
 - ★ *Gifts & Home Furnishings drops though -> reduced the range*
 - ★ *Promo sales channel +16%, retail sales channel +3%*

★ Result for the period

- ★ Despite all the investments we are making for growth, thereby increasing our costs, we still increased operating profit during the quarter.

★ Balance sheet

- ★ Equity of more than SEK 2 200 million and equity ratio 45.9%
- ★ Stock value will increase during coming quarters



January – September 2014

★ Sales SEK 3,014 (2,908) million

- ★ Exchange rates affected 2%.
- ★ Acquired business SEK 14 million
- ★ Corporate Promo 9%, Sport & Leisure 1%, Gifts & Home -4%.
- ★ Improvements in Europe and Asia
- ★ Sales improved primarily in promo sales channel

★ Operating segments

- ★ Corporate Promo 9% to SEK 1,208 (1,109) million
 - Increase primarily in Nordic countries and Asia
- ★ Sports & Leisure 1% to SEK 1,450 (1,429) million
 - Acquired business SEK 14 million
 - Sweden (Umbro agreement ended)
 -
- ★ Gifts & Home -4% to SEK 357 (370) million
 - Primarily export markets that decreases

January – September 2014

Sales per area

	JAN-SEP 2014	Part of turnover	JAN-SEP 2013	Part of turnover	Change MSEK	%
Sweden	723	24%	728	25%	-5	-1
USA	826	28%	807	28%	19	2
Nordic countries excl Sweden	456	15%	449	15%	7	2
Central Europe	541	18%	512	18%	29	6
Southern Europe	245	8%	235	8%	10	4
Other countries	223	7%	177	6%	46	26
Total	3 014	100%	2 908	100%	106	4



January – September 2014

- ★ Gross profit margin amounted to 45.2 (46.7)%
 - ★ *mix of countries and customers*
 - ★ *higher freight costs and more expensive substitutes because of shortages in certain segments of our promo stock during first six months*
- ★ Total costs amounted to SEK -1 194.0 (1 153.2) million
 - ★ *higher activities within sales and marketing*
 - ★ *acquired business SEK -7.6 million*
- ★ Operating profit amounted to SEK 137.8 (179.1) million
 - ★ *lower gross profit margin and more activities within sales and marketing*
 - ★ *acquired business SEK -1.7 million*
- ★ Profit for the period amounted to SEK 85.0 (96.8) million
 - ★ *lower operating profit, improved finance net*
 - ★ *acquired business SEK -1.2 million*

January – September 2014

Income statement

SEK Million	Jan-Sep 2014	Jan-Sep 2013
Income	3 014.1	2 907.6
Goods for resale	-1 651.4	-1 550.8
Gross profit	1 362.7 45.2%	1 356.8 46.7%
Other operating income	17.6	24.0
External costs	-663.0	-638.1
Personnel costs	-531.0	-515.1
Depreciation/amortization	-40.0	-40.2
Other operating costs	-9.1	-8.6
Associated companies	0.6	0.3
Operating profit	137.8 4.6%	179.1 6.2%
Financial income	3.7	5.0
Financial costs	-32.4	-48.8
Net financial items	-28.7	-43.8
Result before tax	109.1	135.3
Tax on profit for the period	-24.1	-38.5
Result for the period	85.0	96.8
Result per share	1.28	1.47



January – September 2014

EBITDA per operating segment

- ★ **Corporate Promo amounted to SEK 96.5 (84.9) million**
 - ★ Turnover related
 - ★ Lower gross profit margin
 - ★ More activities within sales and marketing
- ★ **Sports & Leisure amounted to SEK 102.6 (123.6) million**
 - ★ Lower gross profit margin
 - ★ Higher costs due to increased activity within sales and marketing
 - ★ Acquired business SEK -1.7 million
- ★ **Gifts & Home amounted to SEK -21.3 (10.8) million**
 - ★ Turnover related
 - ★ Lower gross profit margin
 - ★ Higher costs due to increased activity within sales and marketing

January - September 2014

Cash flow

SEK Million	Jan-Sep 2014	Jan-Sep 2013
Cash flow from operating act before changes in working capital	124.8	123.3
Changes in working capital	-354.4	22.1
Cash flow from operating activities	-229.6	145.4
Investing activitites	-44.7	-39.8
Cash flow after investing activities	-274.3	105.6
Financial activities	246.8	-210.4
Cash flow for the period	-27.5	-104.8

Financial highlights - summary

	Jan-Sep 2014	Jan-Sep 2013	Jan-Dec 2013	Jan-Dec 2012	Jan-Dec 2011	Jan-Dec 2010	Jan-Dec 2009
Sales growth, %	3.7	-6.3	-5.4	1.0	-0.2	3.8	-11.2
Number of employees	2 186	2 134	2 123	2 258	2 470	2 196	2 203
Gross profit margin, %	45.2	46.7	46.2	43.6	47.7	47.1	46.5
Operating margin before depreciation, %	5.9	7.5	8.5	3.8	8.9	9.1	5.9
Operating margin, %	4.6	6.2	7.2	1.7	7.7	7.7	4.2
Profit margin, %	3.6	4.7	5.8	0.3	6.5	7.1	3.1
Return on shareholders' equity, %	5.3	6.6	9.3	0.4	9.9	12.1	4.9
Return on capital employed, %	4.9	6.8	8.2	2.0	8.9	9.4	4.3
Equity ratio, %	45.9	46.4	49.8	44.1	43.5	44.8	41.0
Net debt - Equity ratio, %	76.0	73.7	60.1	77.5	85.9	72.8	96.3
Net debt - working capital ratio, %	72.6	75.0	67.6	77.3	78.6	75.3	87.7
Net debt, SEK million	1 689.8	1 456.5	1 264.0	1 516.7	1 797.3	1 406.6	1 740.8
Stock turnover, times	1.3	1.3	1.4	1.3	1.2	1.4	1.1
Cash flow before investments, SEK million	-229.6	145.4	358.5	341.1	66.0	343.6	806.3
Net investments, SEK million	-44.7	-39.8	-46.8	-50.4	-326.5	-57.6	-23.0
Cash flow after investments, SEK million	-274.3	105.6	311.7	290.7	-260.5	286.0	783.3
Shareholders' equity per share, SEK	33.49	29.78	31.69	29.51	31.54	29.14	27.24

CEO summary – fourth quarter and 2015/16

★ Fourth quarter

- ★ I anticipate good growth for the fourth quarter. However the uncertainty is always great in this quarter, as we need both a little cold weather and a good Christmas season.

★ 2015

- ★ Corporate Promo: additional launches during first quarter
- ★ Sport & Leisure: launching several exciting new products whereby we will be able to maintain a high growth
- ★ Gifts & Home Furnishings: stable, focus on result improvements

★ Additional investments in 2015 and 2016

- ★ Our aim is to open a new warehouse in Canada, primarily for promo
- ★ Additional investments in Germany, also here with a larger stock in promo
- ★ Auclair will be launched in Europe, starting in Sweden
- ★ Continued priority to Craft in Germany and North America

Craft offers sports lovers at all levels underwear, insulating mid layer, and outerwear within running, cross country skiing, bicycling and alpine skiing.

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!

