



New Wave

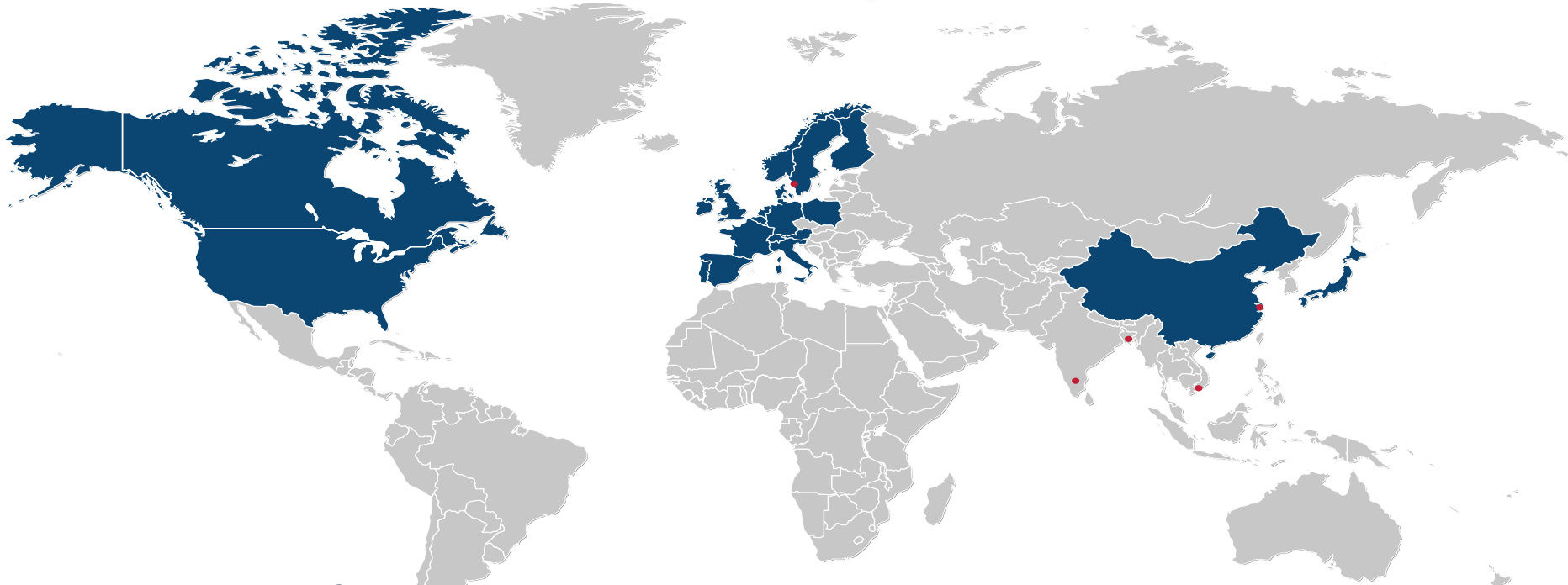
G R O U P

Interim report

April – June

2014

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.



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.



Autumn news

...introduction in august...



J. Harvest & Frost

Autumn news

...introduction in august...



Clique basic – sweatshirt
USA and Europe



Financial information

April – June 2014

★ Sales SEK 983 million (SEK 995 million)

- ★ Sales in local currencies -3%.
- ★ Acquired business SEK 5 million
- ★ Corporate Promo 8%, Sport & Leisure -9%, Gifts & Home -5%.
- ★ Improvements in Europe but weaker in Sweden and USA
- ★ Sales improved primarily in promo sales channel

★ Operating segments

- ★ Corporate Promo 8% to SEK 454 million (SEK 421 million)
 - Increase primarily in Europe and Asia.
- ★ Sports & Leisure -9% to SEK 404 million (SEK 442 million)
 - Acquired business SEK 5 million
 - Umbro agreement ended, USA decreased
- ★ Gifts & Home -5% to SEK 126 million (SEK 133 million)
 - Primarily export markets that decreases



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

April – June 2014

Sales per area

	APR-JUN 2014	Part of turnover	APR-JUN 2013	Part of turnover	Change MSEK	%
Sweden	251	25%	272	27%	-21	-8
USA	261	27%	278	28%	-17	-6
Nordic countries excl Sweden	144	15%	155	16%	-11	-7
Central Europe	168	17%	156	16%	12	8
South Europe	86	9%	80	8%	6	8
Other countries	73	7%	54	5%	19	35
Total	983	100%	995	100%	-12	-1

April – June 2014

- ★ Gross profit margin amounted to 45.9 (46.8)%
 - ★ *mix of countries and customers*
 - ★ *higher freight costs and more expensive substitutes because of shortages in certain segments of our stock*

- ★ Total costs amounted to SEK -393.6 million (SEK -387.6 million)
 - ★ *additional sales and marketing activities*
 - ★ *acquired business SEK -3.6 million*

- ★ Operating profit amounted to SEK 48.0 million (SEK 70.2 million)
 - ★ *lower gross profit margin and additional activities within sales and marketing*
 - ★ *acquired business SEK -1.8 million*

- ★ Result after tax amounted to SEK 29.4 million (SEK 38.9 million).
 - ★ *lower operating profit, improved finance net*
 - ★ *acquired business SEK -1.3 million*



April – June 2014

Income statement

SEK Million	Apr-Jun 2014	Apr-Jun 2013
Income	983.3	995.3
Goods for resale	-531.8	-529.1
Gross profit	451.5 45.9%	466.2 46.8%
Other operating income	5.4	7.7
External costs	-216.9	-209.7
Personnel costs	-176.7	-177.9
Depreciation/amortization	-13.2	-14.6
Other operating costs	-2.6	-1.9
Associated companies	0.5	0.4
Operating profit	48.0 4.9%	70.2 7.1%
Financial income	1.2	1.4
Financial costs	-10.6	-16.1
Net financial items	-9.4	-14.7
Result before tax	38.6	55.5
Tax on profit for the period	-9.2	-16.6
Result for the period	29.4	38.9
Result per share	0.44	0.60

April – June 2014

EBITDA per operating segment

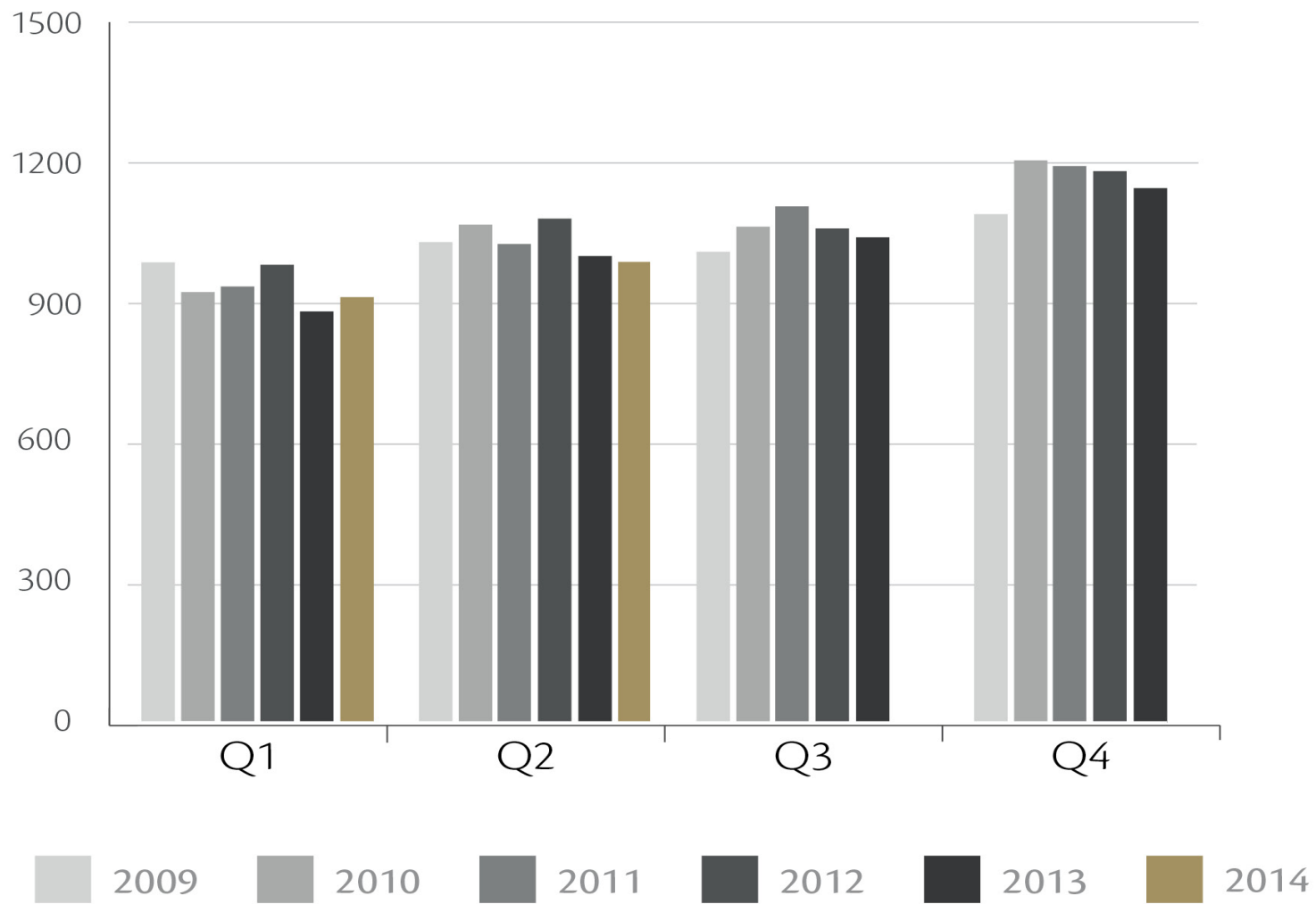
- ★ **Corporate promo amounted to SEK 54.7 million (SEK 48.7 million)**
 - ★ Higher turnover

- ★ **Sports & Leisure amounted to SEK 7.9 million (SEK 27.7 million)**
 - ★ Lower gross profit margin
 - ★ Higher costs due to increased activity within sales and marketing
 - ★ Acquired business SEK -1.8 million

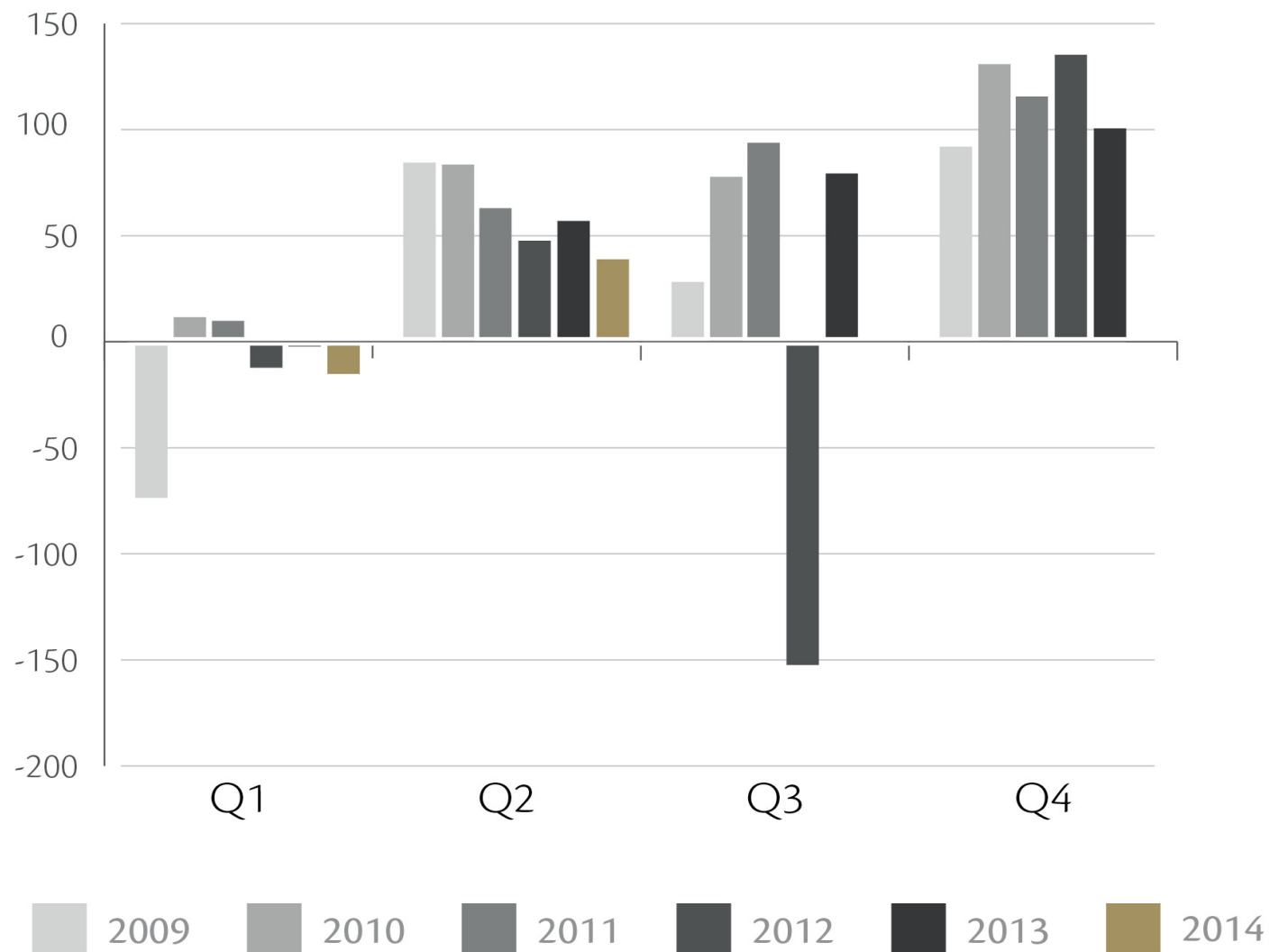
- ★ **Gifts & Home amounted to SEK -1.4 million (SEK 8.4 million)**
 - ★ Lower turnover
 - ★ Higher costs due to increased activity within sales and marketing



Sales



Result before tax



April - June 2014

Cash flow

SEK Million	Apr-Jun 2014	Apr-Jun 2013
Cash flow from operating act before changes in working capital	38.8	55.3
Changes in working capital	-66.5	-13.5
Cash flow from operations	-27.7	41.8
Investing activities	-17.5	-8.9
Cash flow after investing activities	-45.2	32.9
Financial activities	63.3	-42.0
Cash flow for the period	18.1	-9.1



January – June 2014

★ Sales SEK 1 892 million (SEK 1 873 million)

- ★ Exchange rates affected 1%.
- ★ Acquired business SEK 14 million
- ★ Corporate Promo 6%, Sport & Leisure -3%, Gifts & Home -2%.
- ★ Improvements in Europe and Asia
- ★ Sales improved primarily in promo sales channel

★ Operating segments

- ★ Corporate Promo 6% to SEK 816 million (SEK 766 million)
 - Increase primarily in Europe and Asia
- ★ Sports & Leisure -3% to SEK 842 million (SEK 867 million)
 - Acquired business SEK 14 million
 - Sweden (Umbro agreement ended), USA decreased
- ★ Gifts & Home -2% to SEK 234 million (SEK 240 million)
 - Primarily export markets that decreases

January – June 2014

Sales per area

	JAN-JUN 2014	Part of turnover	JAN-JUN 2013	Part of turnover	Change MSEK	%
Sweden	471	25%	485	26%	-14	-3
USA	482	25%	501	27%	-19	-4
Nordic countries excl Sweden	287	15%	294	16%	-7	-2
Central Europe	358	19%	334	18%	24	7
South Europe	162	9%	158	8%	4	3
Other countries	132	7%	100	5%	32	32
Total	1 892	100%	1 872	100%	20	1



January – June 2014

- ★ Gross profit margin amounted to 45.6 (47.3)%
 - ★ *higher freight costs and more expensive substitutes because of shortages in certain segments of our stock*
 - ★ *mix of countries and customers*

- ★ Total costs amounted to SEK -802.6 million (SEK -785.3 million)
 - ★ *higher activities within sales and marketing*
 - ★ *acquired business SEK -7.6 million*

- ★ Operating profit amounted to SEK 42.1 million (SEK 86.3 million)
 - ★ *lower gross profit margin and more activities within sales and marketing*
 - ★ *acquired business SEK -1.7 million*

- ★ Result after tax amounted to SEK 18.1 million (SEK 39.0 million).
 - ★ *lower operating profit, improved finance net*
 - ★ *acquired business SEK -1.2 million*

January – June 2014

Income statement

SEK Million	Jan-Jun 2014	Jan-Jun 2013
Income	1 891.8	1 872.6
Goods for resale	-1 029.5	-985.9
Gross profit	862.3 45.6%	886.7 47.4%
Other operating income	12.5	16.3
External costs	-446.4	-432.7
Personnel costs	-356.2	-352.6
Depreciation/amortization	-25.6	-26.3
Other operating costs	-5.0	-5.7
Associated companies	0.5	0.6
Operating profit	42.1 2.2%	86.3 4.6%
Financial income	2.6	3.2
Financial costs	-20.3	-33.9
Net financial items	-17.7	-30.7
Result before tax	24.4	55.6
Tax on profit for the period	-6.3	-16.6
Result for the period	18.1	39.0
Result per share	0.27	0.60



January – June 2014

EBITDA per operating segment

- ★ **Corporate promo amounted to SEK 56.1 million (SEK 57.6 million)**
 - ★ Lower gross profit margin
 - ★ More activities within sales and marketing
- ★ **Sports & Leisure amounted to SEK 26.8 million (SEK 53.0 million)**
 - ★ Lower turnover and gross profit margin
 - ★ Higher costs due to increased activity within sales and marketing
 - ★ Acquired business SEK -1.7 million
- ★ **Gifts & Home amounted to SEK -15.2 million (SEK 2.0 million)**
 - ★ Lower gross profit margin
 - ★ Higher costs due to increased activity within sales and marketing

January - June 2014

Cash flow

SEK Million	Jan-Jun 2014	Jan-Jun 2013
Cash flow from operating act. before changes in working capital	31.7	36.6
Changes in working capital	29.4	111.3
Cash flow from operating activities	61.1	147.9
Investing activities	-32.5	-18.6
Cash flow after investing activities	28.6	129.3
Financial activities	-42.8	-198.4
Cash flow for the period	-14.2	-69.1

Financial highlights - summary

	6 months Jan-Jun 2014	6 months Jan-Jun 2013	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, %	1.0	-8.7	-5.4	1.0	-0.2	3.8	-11.2
Number of employees	2 185	2 222	2 123	2 258	2 470	2 196	2 203
Gross profit margin, %	45.6	47.3	46.2	43.6	47.7	47.1	46.5
Operating margin before depreciation, %	3.6	6.0	8.5	3.8	8.9	9.1	5.9
Operating margin, %	2.2	4.6	7.2	1.7	7.7	7.7	4.2
Profit margin, %	1.3	3.0	5.8	0.3	6.5	7.1	3.1
Return on shareholders' equity, %	1.7	4.0	9.3	0.4	9.9	12.1	4.9
Return on capital employed, %	2.4	5.0	8.2	2.0	8.9	9.4	4.3
Equity ratio, %	49.2	46.0	49.8	44.1	43.5	44.8	41.0
Net debt - Equity ratio, %	62.9	73.3	60.1	77.5	85.9	72.8	96.3
Net debt - working capital ratio, %	69.5	76.9	67.6	77.3	78.6	75.3	87.7
Net debt, SEK million	1 327.0	1 429.3	1 264.0	1 516.7	1 797.3	1 406.6	1 740.8
Stock turnover, times	1.3	1.2	1.4	1.3	1.2	1.4	1.1
Cash flow before investments, SEK million	61.1	147.9	358.5	341.1	66.0	343.6	806.3
Net investments, SEK million	-32.5	-18.6	-46.8	-50.4	-326.5	-57.6	-23.0
Cash flow after investments, SEK million	28.6	129.3	311.7	290.7	-260.5	286.0	783.3
Shareholders' equity per share, SEK	31.80	29.38	31.69	29.51	31.54	29.14	27.24

CEO summary

★ Sales, marketing and result

- ★ Weak quarter and a disappointment

 - ★ *still shortage in some segments of our promo stock*

 - ★ *positive indications in promo sales channel*

 - ★ *the high activity within sales and marketing continue*

★ Balance sheet

- ★ Strong balance sheet. The increase of our stock continue according to plan. The stock will increase during coming quarters.

★ Future and risk

- ★ Bright future, have done much to position ourselves for growth and good results

- ★ In short term, the risk is that it may take longer than expected before all measures produce results



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!