

2015

YEAR END REPORT  
JANUARY - DECEMBER

2015 was a successful year for the Craft dressed Swedish Cross Country Ski Team, here represented by Charlotte Kalla who won gold for 10 km at the World Championships in Falun, Sweden.



*NewWave*  
GROUP

*NewWave*  
GROUP

# Year End Report

## January - December

### 2015

# This is New Wave Group



- ★ New Wave Group is a **growth company**. We **design, acquire and develop brands and products** in the **corporate promotion, sports, 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 48 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.



Seger

# 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.



*Cutter & Buck*



## **Financial information**



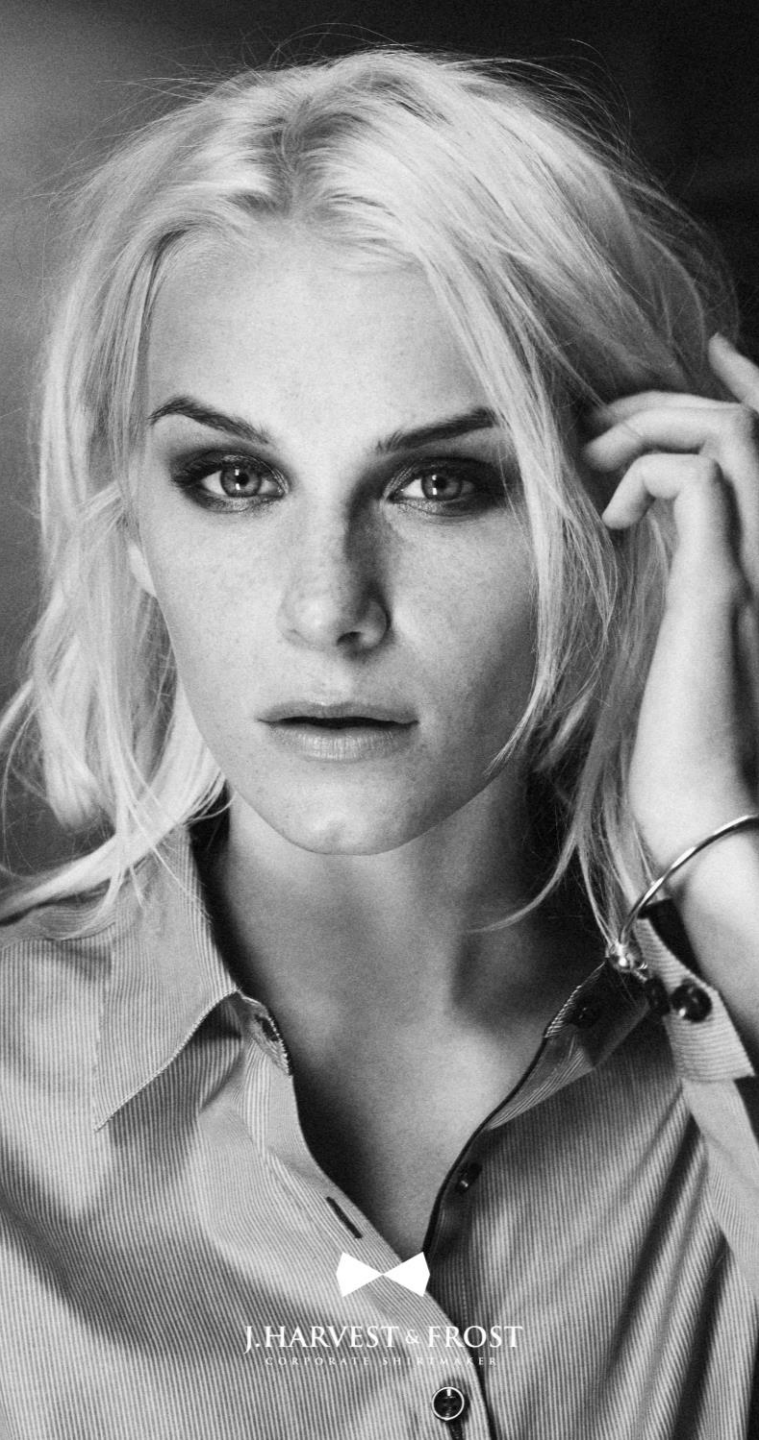
# October - December 2015

## ★ Sales SEK 1 405 (1 260) million

- ★ Sales increased 12% (9% in local currencies)
- ★ Corporate Promo 18%, Sports & Leisure 7%, Gifts & Home 2%
- ★ Improvements in Sweden, Other Nordic countries and Europe
- ★ Promo sales channel 20%, retail 11%

## ★ Sales per Operating segment

- ★ Corporate Promo 18% to SEK 688 (580) million
  - Growth mainly in Sweden and Europe
- ★ Sports & Leisure 7% to SEK 539 (503) million
  - Positive currency effect
  - Promo sales channel increased
  - Retail sales channel decreased
- ★ Gifts & Home 2% to SEK 179 (176) million
  - Promo sales channel in Sweden increased
  - Retail sales channel in USA decreased



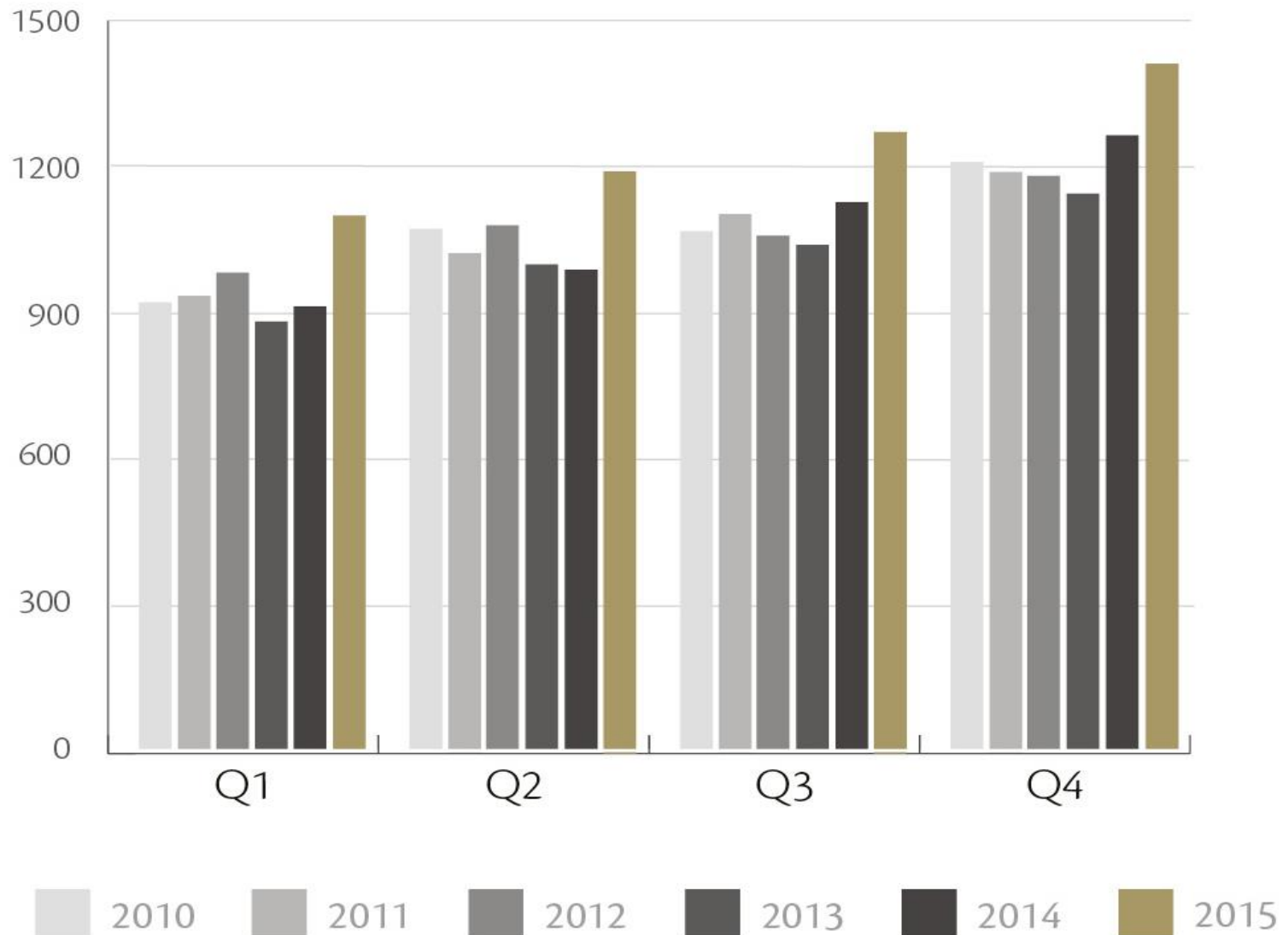


# October – December 2015

## Sales per area

	<b>OCT-DEC 2015</b>	<b>Part of turnover</b>	<b>OCT-DEC 2014</b>	<b>Part of turnover</b>	<b>Change MSEK</b>	<b>%</b>
Sweden	369.5	26%	340.9	27%	28.6	8
USA	344.2	25%	298,0	24%	46.2	16
Nordic countries excl	158.7	11%	149.3	12%	9.4	6
Central Europe	291.1	21%	225.3	18%	65.8	29
Southern Europe	152.3	11%	119.8	9%	32.5	27
Other countries	89.5	6%	126.2	10%	-36.7	-29
<b>Total</b>	<b>1 405.3</b>	<b>100%</b>	<b>1 259.5</b>	<b>100%</b>	<b>145.8</b>	<b>12</b>

# Sales



# October – December 2015

- ★ Gross profit margin amounted to 45.0 (46.8)%
  - ★ *mix of products, countries and customers*
  
- ★ Total costs amounted to SEK -515.5 (-465.2) million
  - ★ *additional sales and marketing activities*
  - ★ *reduced operations in Russia SEK -8.1 million*
  - ★ *currency affected costs negatively with SEK 24 million*
  
- ★ Operating profit amounted to SEK 108.4 (112.2) million
  - ★ *higher turnover but lower gross margin*
  - ★ *more sales and marketing activities*
  - ★ *reduced operations in Russia SEK -8.1 million*
  
- ★ Result for the period amounted to SEK 63.3 (91.9) million
  - ★ *higher net debt / interest costs*
  - ★ *Russia*
  - ★ *prior year included positive changes in def taxes*





# October – December 2015

## Income statement

SEK Million	Oct-Dec 2015	Oct-Dec 2014
Income	1 405.3	1 259.5
Goods for resale	-773.5	-669.6
<b>Gross profit</b>	<b>631.8 45.0%</b>	<b>589.9 46.8%</b>
Other operating income	8.0	10.1
External costs	-284.0	-260.5
Personnel costs	-231.5	-204.7
Depreciation/amortization	-14.2	-14.2
Other operating costs	-1.7	-7.4
Associated companies	0.0	-1.0
<b>Operating profit</b>	<b>108.4 7.7%</b>	<b>112.2 8.9%</b>
Financial income	0.7	1.2
Financial costs	-28.6	-14.5
<b>Net financial items</b>	<b>-27.9</b>	<b>-13.3</b>
<b>Result before tax</b>	<b>80.5</b>	<b>98.9</b>
Tax on profit for the period	-17.2	-7.0
<b>Result for the period</b>	<b>63.3</b>	<b>91.9</b>
Result per share	0.94	1.38

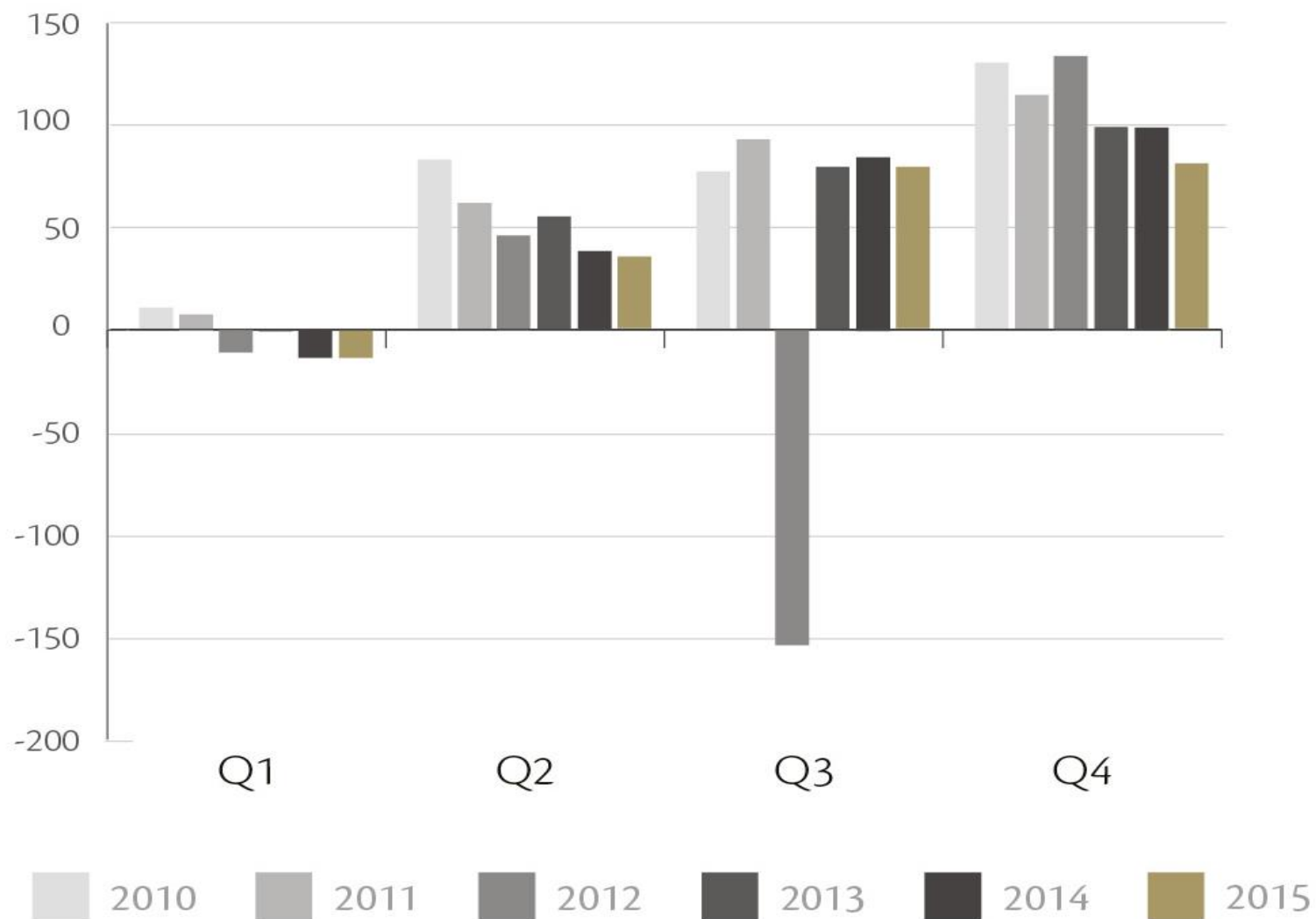


# October - December 2015

## EBITDA per operating segment

- ★ **Corporate Promo** amounted to SEK 78.3 (77.3) million
  - ★ Higher turnover
  - ★ Somewhat lower gross margin % (mix of products)
  - ★ Higher costs due to increased activity within sales and marketing
- ★ **Sports & Leisure** amounted to SEK 29.8 (32.7) million
  - ★ Russia SEK -8.1 million
- ★ **Gifts & Home** amounted to SEK 14.5 (16.4) million
  - ★ Increased costs due to more sales and marketing activities

# Result before tax





# October - December 2015

## Cash flow

SEK Million	Oct-Dec 2015	Oct-Dec 2014
Cash flow from operating act. before changes in working capital	90.6	129.1
Changes in working capital	284.9	-183.7
<b>Cash flow from operations</b>	<b>375.5</b>	<b>-54.6</b>
Investing activities	-24.5	-29.6
<b>Cash flow after investing activities</b>	<b>351.0</b>	<b>-84.2</b>
Financial activities	-348.7	121.5
<b>Cash flow for the period</b>	<b>2.3</b>	<b>37.3</b>

# CEO summary – Q4

## ★ Sales and result

- ★ Growth increased 12% (9% in local currencies)
  - ★ *Promo sales channel 20% (Sweden 21%)*
- ★ Better than expected since warm winter affected negatively
- ★ Result affected by non-recurring cost in Russia
  - ★ *Operating profit SEK -8.1 million*
  - ★ *Result for the period SEK -16.6 million*

## ★ Cash flow and Balance sheet

- ★ Cash flow from operations SEK 375.5 million



# January – December 2015

## ★ Sales SEK 4 965 (4 274) million

- ★ Sales increased 16% (8% in local currencies)
- ★ Corporate Promo 20%, Sports & Leisure 16%, Gifts & Home 4%.
- ★ Improvements in all regions
- ★ Promo sales channel 23%, retail 9%

## ★ Sales per Operating segment

- ★ Corporate Promo 20% to SEK 2 152 (1 788) million
  - Increases in all regions
- ★ Sports & Leisure 16% to SEK 2 258 (1 952) million
  - Increases primarily in USA and Europe
  - Promo sales channel increased
- ★ Gifts & Home 4% to SEK 554 (533) million
  - Improvements in both sales channels and primarily in Sweden



# January - December 2015

## Sales per area

	<b>JAN-DEC 2015</b>	<b>Part of turnover</b>	<b>JAN-DEC 2014</b>	<b>Part of turnover</b>	<b>Change MSEK</b>	<b>%</b>
Sweden	1 145.6	23%	1 063.8	25%	81.8	8
USA	1 389.1	28%	1 124.2	26%	264.9	24
Nordic countries excl Sweden	660.2	13%	605.6	14%	54.6	9
Central Europe	927.3	19%	766.4	18%	160.9	21
Southern Europe	471.5	10%	364.8	9%	106.7	29
Other countries	371.0	7%	348.8	8%	22.2	6
<b>Total</b>	<b>4 964.7</b>	<b>100%</b>	<b>4 273.6</b>	<b>100%</b>	<b>691.1</b>	<b>16</b>



# January - December 2015

- ★ Gross profit margin amounted to 45.1 (45.7)%
  - ★ *improved service level, but the mix of products, countries and customers have influenced gross margin negatively*
- ★ Total costs amounted to SEK -1 937.6 (-1 659.2) million
  - ★ *additional sales and marketing activities*
  - ★ *currency affected costs negatively with SEK 153 million*



100% Organic cotton  
CERES-0201



**cottover**  
people & planet



- ★ Operating profit amounted to SEK 255.2 (250.0) million
  - ★ *higher turnover*
  - ★ *more sales and marketing activities*
- ★ Result for the period amounted to SEK 145.3 (176.9) million
  - ★ *higher interest due to higher net debt*
  - ★ *Russia affected negatively SEK -16.6 million*

# January - December 2015

## Income statement

SEK Million	Jan-Dec 2015	Jan-Dec 2014
Income	4 964.7	4 273.6
Goods for resale	-2 726.1	-2 321.0
<b>Gross profit</b>	<b>2 238.6 45.1%</b>	<b>1 952.6 45.7%</b>
Other operating income	47.2	27.7
External costs	-1 086.0	-923.5
Personnel costs	-851.6	-735.7
Depreciation/amortization	-57.1	-54.2
Other operating costs	-36.2	-16.5
Associated companies	0.3	-0.4
<b>Operating profit</b>	<b>255.2 5.1%</b>	<b>250.0 5.8%</b>
Financial income	7.2	4.9
Financial costs	-81.5	-46.9
<b>Net financial items</b>	<b>-74.3</b>	<b>-42.0</b>
<b>Result before tax</b>	<b>180.9</b>	<b>208.0</b>
Tax on profit for the period	-35.6	-31.1
<b>Result for the period</b>	<b>145.3</b>	<b>176.9</b>
Result per share	2.16	2.66

# January - December 2015

## EBITDA per operating segment



- ★ **Corporate Promo amounted to SEK 166.4 (173.8) million**
  - ★ Higher turnover
  - ★ Higher costs due to increased activity within sales and marketing
  
- ★ **Sports & Leisure amounted to SEK 143.1 (135.3) million**
  - ★ Higher turnover
  - ★ Higher costs due to increased activity within sales and marketing
  - ★ Reduced operation in Russia SEK -8.1 million
  
- ★ **Gifts & Home amounted to SEK 2.8 (-4.9) million**
  - ★ Higher turnover
  - ★ Somewhat higher gross profit margin



# January - December 2015

## Cash flow

SEK Million	Jan-Dec 2015	Jan - Dec 2014
Cash flow from operating act. before changes in working capital	209.8	253.9
Changes in working capital	-80.3	-538.1
<b>Cash flow from operating activities</b>	<b>129.5</b>	<b>-284.2</b>
Investing activities	-105.5	-74.3
<b>Cash flow after investing activities</b>	<b>24.0</b>	<b>-358.5</b>
Financial activities	-78.3	368.3
<b>Cash flow for the period</b>	<b>-54.3</b>	<b>9.8</b>

# Financial highlights - summary

	Jan-Dec 2015	Jan-Dec 2014	Jan-Dec 2013	Jan-Dec 2012	Jan-Dec 2011
Sales growth, %	16.2	5.6	-5.4	1.0	-0.2
Number of employees	2 368	2 212	2 123	2 258	2 470
Gross profit margin, %	45.1	45.7	46.2	43.6	47.7
Operating margin before depreciation, %	6.3	7.1	8.5	3.8	8.9
Operating margin, %	5.1	5.9	7.2	1.7	7.7
Profit margin, %	3.6	4.9	5.8	0.3	6.5
Return on shareholders' equity, %	6.0	7.9	9.3	0.4	9.9
Return on capital employed, %	5.8	6.4	8.2	2.0	8.9
Equity ratio, %	45.9	45.9	49.8	44.1	43.5
Net debt - Equity ratio, %	76.8	76.0	60.1	77.5	85.9
Net debt - working capital ratio, %	71.7	71.1	67.6	77.3	78.6
Net debt, SEK million	1 929.1	1 828.7	1 264.0	1 516.7	1 797.3
Stock turnover, times	1.2	1.3	1.4	1.3	1.2
Cash flow before investments, SEK million	129.5	-284.2	358.5	341.1	66.0
Net investments, SEK million	-105.5	-74.3	-46.8	-50.4	-326.5
Cash flow after investments, SEK million	24.0	-358.5	311.7	290.7	-260.5
Shareholders' equity per share, SEK	37.89	36.25	31.69	29.51	31.54

# CEO summary - 2015

## ★ Sales and result

- ★ Growth increased 16% (9% in local currencies)
  - ★ *Promo sales channel 23%*
- ★ An investment and stock building year which has improved our level of service
- ★ Result 2015 affected by non-recurring cost in Russia SEK -16.6 million

## ★ Cash flow and Balance sheet

- ★ Cash flow from operations SEK 375.5 million
- ★ Strong balance sheet with an equity ratio of 45.9%

## ★ Future

- ★ We are in a strong position with a good service level
- ★ Focus on increase the level of profit and operating margin
- ★ However, some concern regarding the warm weather/winter

# Marketing activities in Sweden

- ★ Evening press/magazines
- ★ Social media
- ★ Web
- ★ Resellers

## Prizes at this year's Swedish promotions gala

This years's winners:

Environmentalist of the year: Torsten Jansson, Cottover  
Product innovation of the year: Squid mini, powerbank, Toppoint





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



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!