

2016

INTERIM REPORT
JANUARY – MARCH

NewWave
GROUP

Interim report
January - March
2016

NewWave
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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, 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 49 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.



100% Organic cotton
CERES-0201



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.

cottoVer
people & planet



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 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.



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Financial information

January - March 2016

★ Sales SEK 1 131 (1 096) million

- ★ Sales increased 3% (4% in local currencies)
- ★ Corporate Promo 8%, Sports & Leisure -1%, Gifts & Home +-0%
- ★ Improvements primarily in Europe and Sweden (promo)
- ★ Promo sales channel 6%, retail +-0%

★ Sales per Operating segment

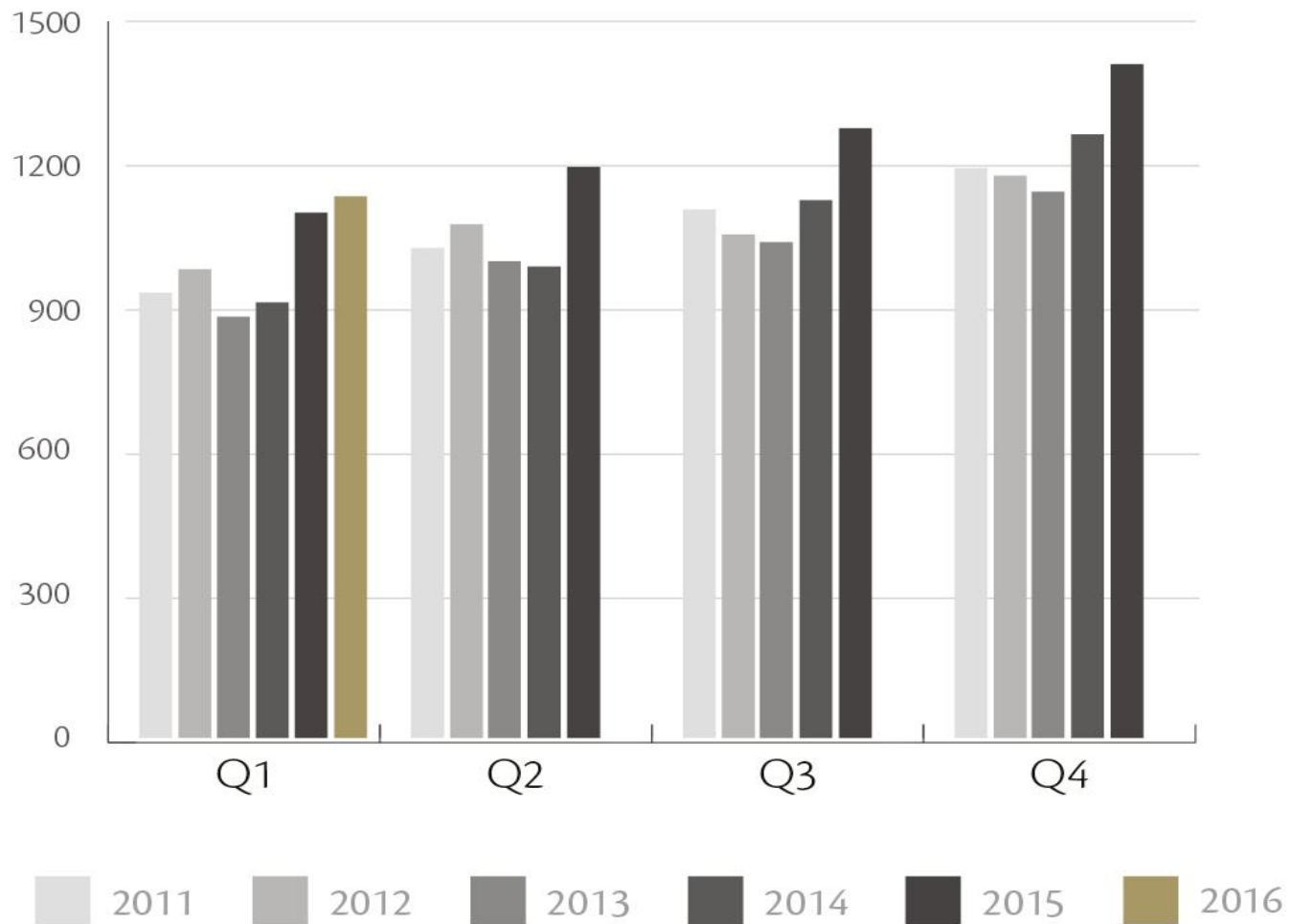
- ★ Corporate Promo 8% to SEK 505 (467) million
 - Growth mainly in Sweden, Europe and USA
- ★ Sports & Leisure -1% to SEK 520 (523) million
 - Promo sales channel increased
 - Retail sales channel decreased
- ★ Gifts & Home +-0% to SEK 106 (106) million
 - Both sales channel on the same level as py

January – March 2016

Sales per area

	JAN-MAR 2016	Part of turnover	JAN-MAR 2015	Part of turnover	Change MSEK	%
Sweden	236.7	21%	235.8	22%	0.9	0
USA	289.4	26%	287.1	26%	2.3	1
Nordic countries excl Sweden	163.0	14%	163.2	15%	-0.2	0
Central Europe	250.2	22%	222.3	20%	27.9	13
Southern Europe	112.8	10%	103.0	9%	9.8	10
Other countries	78.7	7%	84.7	8%	-6.0	-7
Total	1 130.8	100%	1 096.1	100%	34.7	3

Sales





January – March 2016

- ★ Gross profit margin amounted to 45.5 (45.7)%
 - ★ *Slight improvement in Gifts & Home Furnishings and slightly lower in Corporate promo (product mix)*

- ★ Total costs amounted to SEK -497.2 (-475.4) million
 - ★ *additional sales and marketing activities*

- ★ Operating profit amounted to SEK 8.1 (1.8) million
 - ★ *higher turnover*
 - ★ *more sales and marketing activities*
 - ★ *py affected by currency losses*

- ★ Result for the period amounted to SEK -4.6 (-10.9) million
 - ★ *prior year included currency losses*

January – March 2016

Income statement

SEK Million	Jan-Mar 2016	Jan-Mar 2015
Income	1 130.8	1 096.1
Goods for resale	-616.3	-595.7
Gross profit	514.5 45.5%	500.4 45.7%
Other operating income	9.4	9.3
External costs	-279.8	-270.1
Personnel costs	-217.4	-205.3
Depreciation/amortization	-13.2	-14.9
Other operating costs	-5.6	-18.5
Associated companies	0.2	0.9
Operating profit	8.1 0.7%	1.8 0.2%
Financial income	1.2	1.9
Financial costs	-15,0	-17,0
Net financial items	-13.8	-15.1
Result before tax	-5.7	-13.3
Tax for the period	1.1	2.4
Result for the period	-4.6	-10.9
Result per share	-0.06	-0.17

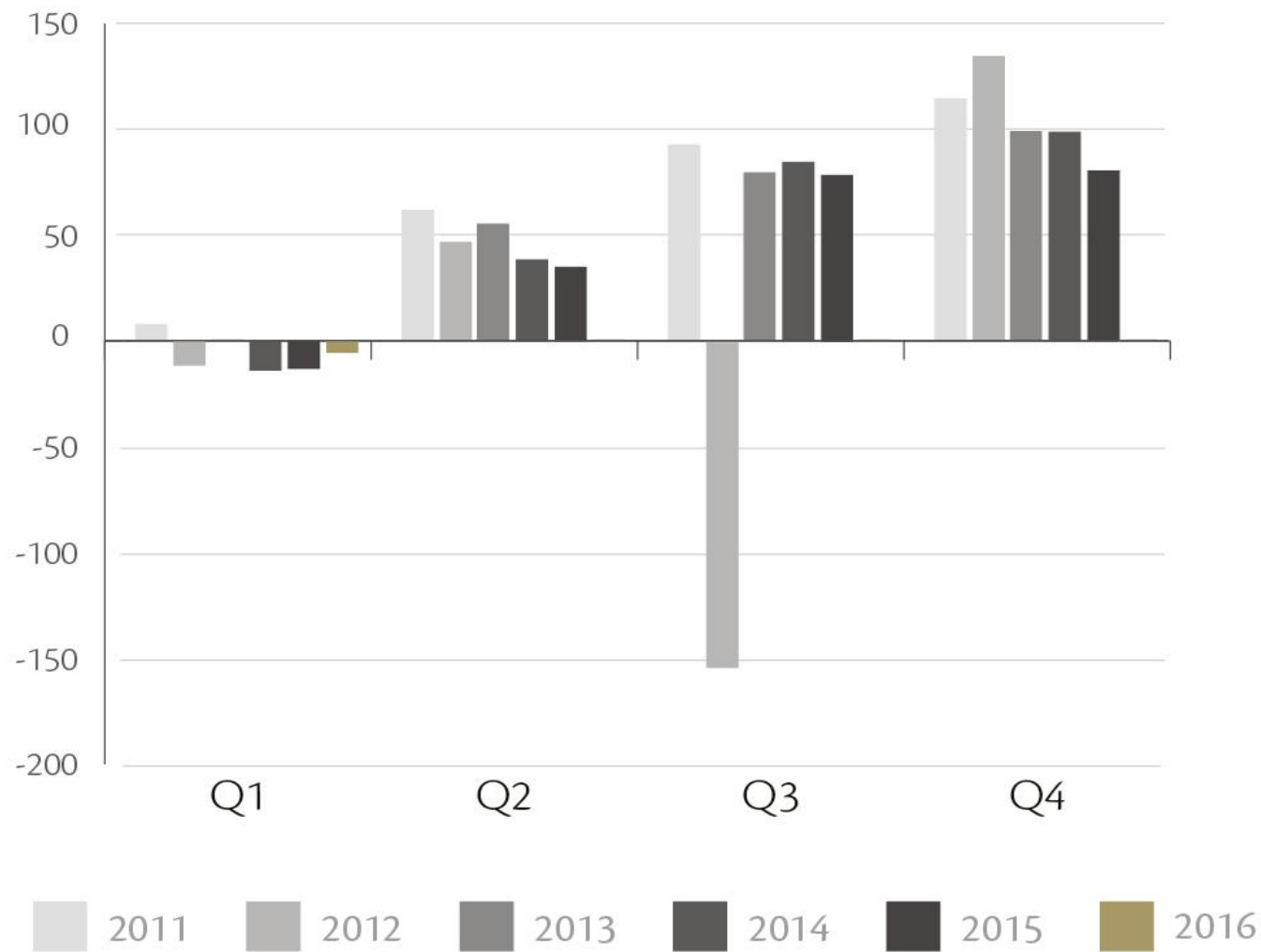


January - March 2016

EBITDA per operating segment

- ★ **Corporate Promo amounted to SEK 13.5 (9.1) 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 22.0 (24.6) million**
 - ★ Turnover related
- ★ **Gifts & Home amounted to SEK -14.2 (-17.0) million**
 - ★ Slightly improved gross margin

Result before tax



January - March 2016

Cash flow

SEK Million	Jan-Mar 2016	Jan-Mar 2015
Cash flow from operating act. before changes in working capital	-4.2	-9.2
Changes in working capital	68.1	-19.7
Cash flow from operations	63.9	-28.9
Investing activities	-16.5	-26.3
Cash flow after investing activities	47.4	-55.2
Financial activities	-74.4	-14.3
Cash flow for the period	-27.0	-69.5

Financial highlights – summary 5 years

	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015	Jan-Dec 2014	Jan-Dec 2013	Jan-Dec 2012	Jan-Dec 2011
Sales growth, %	3.2	20.6	16.2	5.6	-5.4	1.0	-0.2
Number of employees	2 398	2 264	2 368	2 212	2 123	2 258	2 470
Gross profit margin, %	45.5	45.7	45.1	45.7	46.2	43.6	47.7
Operating margin before depreciation, %	1.9	1.5	6.3	7.1	8.5	3.8	8.9
Operating margin, %	0.7	0.2	5.1	5.9	7.2	1.7	7.7
Profit margin, %	-0.5	-1.2	3.6	4.9	5.8	0.3	6.5
Return on shareholders' equity, %	-0.6	-1.8	6.0	7.9	9.3	0.4	9.9
Return on capital employed, %	0.8	0.4	5.8	6.4	8.2	2.0	8.9
Equity ratio, %	46.2	45.8	45.9	45.9	49.8	44.1	43.5
Net debt - Equity ratio, %	75.0	79.1	76.8	76.0	60.1	77.5	85.9
Net debt - working capital ratio, %	71.1	72.9	71.7	71.1	67.6	77.3	78.6
Net debt, SEK million	1 869.5	1 974.0	1 929.1	1 828.7	1 264.0	1 516.7	1 797.3
Stock turnover, times	1.0	1.0	1.2	1.3	1.4	1.3	1.2
Cash flow before investments, SEK million	63.9	-28.9	129.5	-284.2	358.5	341.1	66.0
Net investments, SEK million	-16.5	-26.3	-105.5	-74.3	-46.8	-50.4	-326.5
Cash flow after investments, SEK million	47.4	-55.2	24.0	-358.5	311.7	290.7	-260.5
Shareholders' equity per share, SEK	37.58	37.62	37.89	36.25	31.69	29.51	31.54

CEO summary - 2015

★ Sales

★ Growth “All Time High” for a Q1

★ *Promo sales channel 6% (Sweden 7%), despite last year's increase of 30%*

★ *Retail sales channel on same level as prior year*

★ New products and earlier market investments gives a good position for the future

★ Result

★ Improved but we had expected more....

★ Balance sheet and Cash flow

★ Strong balance sheet with an equity ratio of 46.2% and a net debt to equity ratio of 75.0%

★ Cash flow from operations SEK 63.9 (-28.9) million

Cutter & Buck



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!