

2016

INTERIM REPORT  
JANUARY-JUNE

Our Promo brand Clique has invested heavily in product range and contributes strongly to the sales increases during the second quarter 2016.

*NewWave*  
G R O U P

Interim report

April - June

2016

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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**.

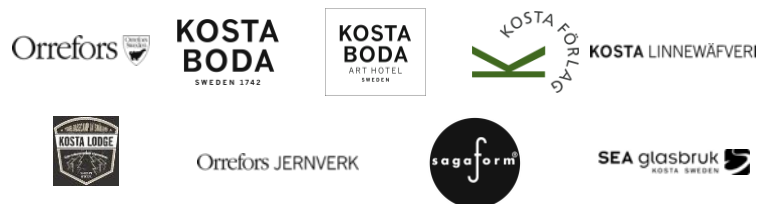
## Corporate Promo



## 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.



# 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 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

*NewWave*  
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# April - June 2016

## ★ Sales SEK 1 257 million (1 191)

- ★ Sales increased 6% (8% in local currencies)
- ★ Corporate Promo 12%, Sports & Leisure -1%, Gifts & Home 7%
- ★ Improvements primarily in Europe and Sweden (promo)
- ★ Promo sales channel 11%, retail +-2%

## ★ Sales per Operating segment

- ★ Corporate Promo 12% to SEK 605 million (540)
  - Growth mainly in Sweden, Other Nordic countries and Europe
- ★ Sports & Leisure -1% to SEK 515 million (522)
  - Promo sales channel increased, retail decreased
  - Sweden, Other Nordic countries increased, USA decreased
- ★ Gifts & Home 7% to SEK 138 million (129)
  - Both sales channel increased
  - Sweden

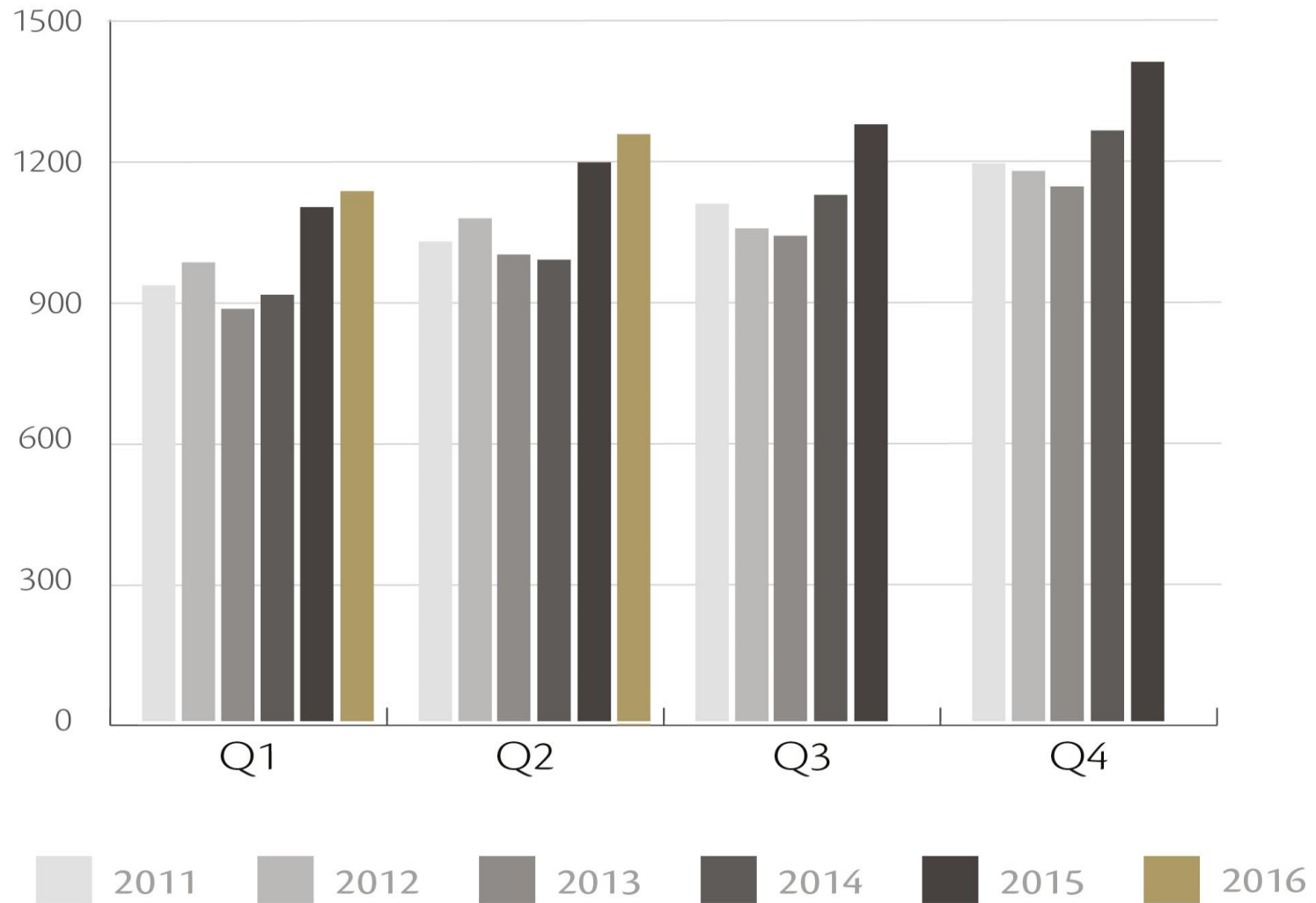


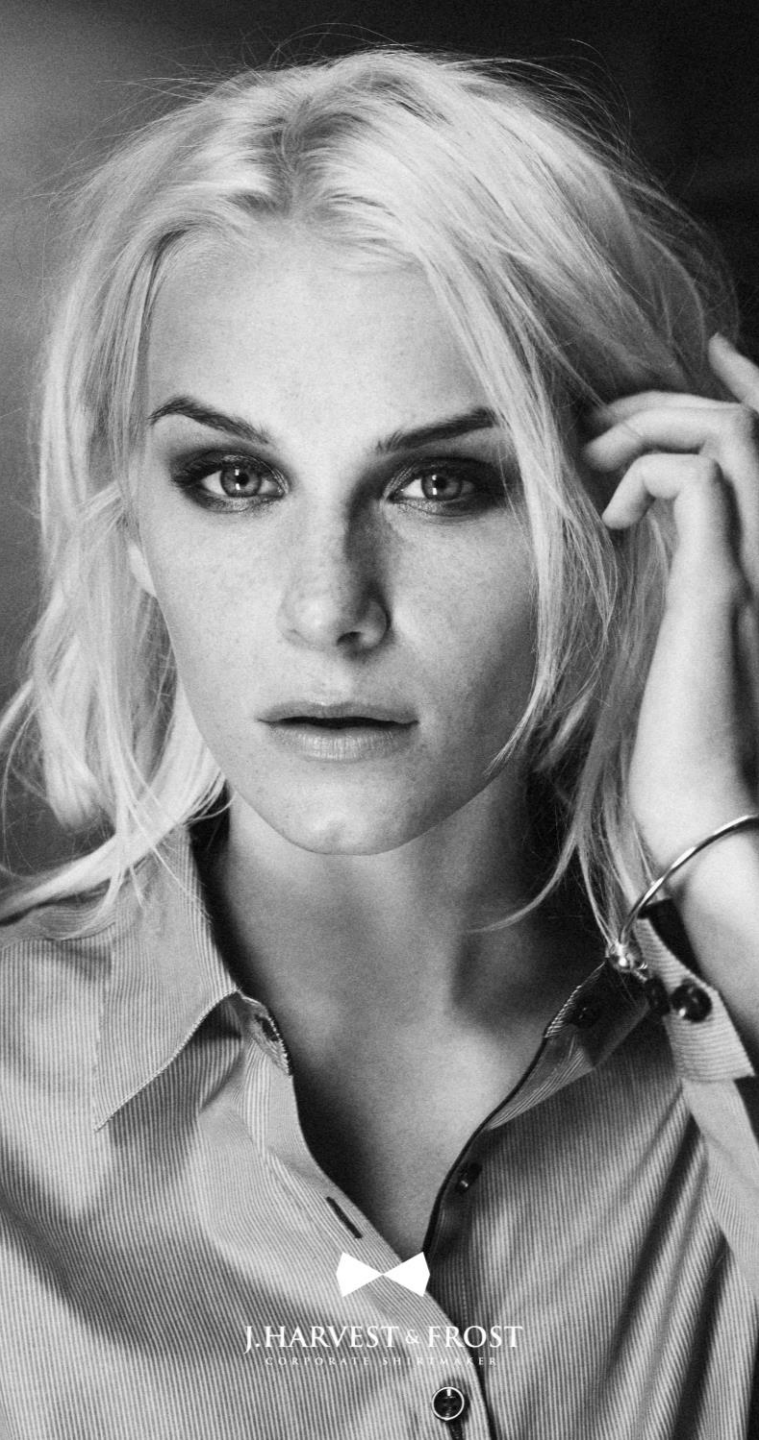
# April – June 2016

## Sales per area

	<b>APR-JUN 2016</b>	<b>Part of turnover</b>	<b>APR-JUN 2015</b>	<b>Part of turnover</b>	<b>Change MSEK</b>	<b>%</b>
Sweden	301.2	24%	269.2	23%	32.0	12
USA	339.2	27%	354.5	30%	-15.3	-4
Nordic countries excl	191.8	15%	170,0	14%	21.8	13
Central Europe	211.2	17%	193.9	16%	17.3	9
Southern Europe	130.3	10%	114.9	10%	15.4	13
Other countries	83.6	7%	88.8	7%	-5.2	-6
<b>Total</b>	<b>1 257.3</b>	<b>100%</b>	<b>1 191.3</b>	<b>100%</b>	<b>66.0</b>	<b>6</b>

# Sales





# April – June 2016

- ★ Gross profit margin amounted to 45.5% (44.7)
  - ★ *Improvement in Corporate Promo and Gifts & Home Furnishings*
  
- ★ Total costs amounted to SEK -462.6 million (-470.9)
  - ★ *Total marketing costs has decreased. However, we still have a high activity in the market, especially Sweden but savings in other marketing areas.*
  
- ★ Operating profit amounted to SEK 100.2 million (48.7)
  - ★ *higher turnover and improved gross profit margin*
  - ★ *lower marketing costs*
  
- ★ Result for the period amounted to SEK 67.0 million (27.8)



# April – June 2016

## Income statement

SEK Million	Apr-Jun 2016	Apr-Jun 2015
Income	1 257.3	1 191.3
Goods for resale	-685,0	-659.1
<b>Gross profit</b>	<b>572.3 45.5%</b>	<b>532.2 44.7%</b>
Other operating income	12.2	7.8
External costs	-249.6	-258.9
Personnel costs	-213.0	-212,0
Depreciation/amortization	-13.4	-14.3
Other operating costs	-8.1	-6.7
Associated companies	-0.2	0.6
<b>Operating profit</b>	<b>100.2 8.0%</b>	<b>48.7 4.1%</b>
Financial income	0.9	3.2
Financial costs	-15.7	-16.9
<b>Net financial items</b>	<b>-14.8</b>	<b>-13.7</b>
<b>Result before tax</b>	<b>85.4</b>	<b>35.0</b>
Tax for the period	-18.4	-7.2
<b>Result for the period</b>	<b>67.0</b>	<b>27.8</b>
Result per share	1.01	0.41

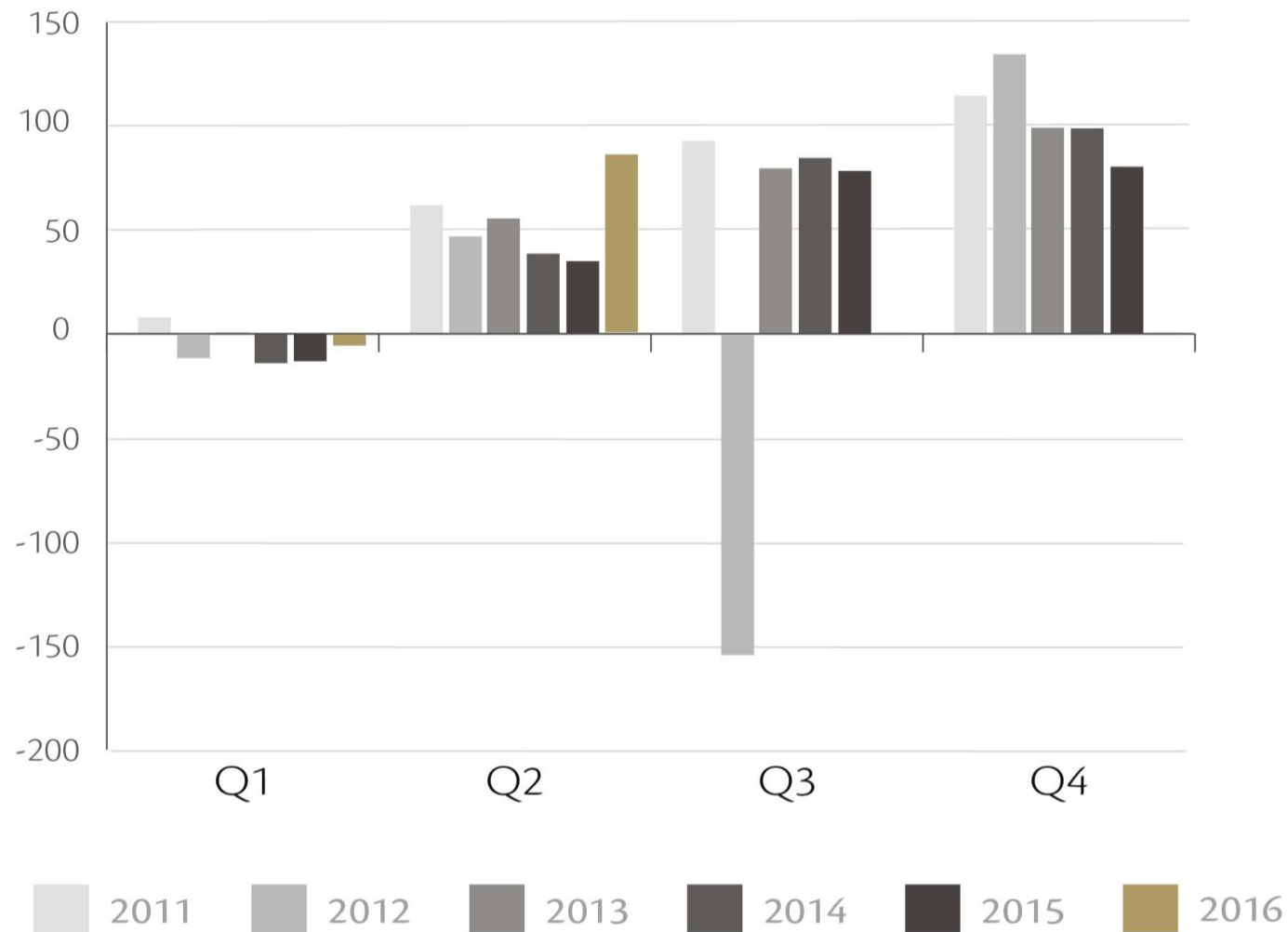


# April - June 2016

## EBITDA per operating segment

- ★ **Corporate Promo amounted to SEK 90.5 million (50.4)**
  - ★ Higher turnover
  - ★ Improved gross margin %
  - ★ Lower costs
  
- ★ **Sports & Leisure amounted to SEK 24.0 million (10.9)**
  - ★ Lower costs
  
- ★ **Gifts & Home Furnishings amounted to SEK -0.9 million (-0.3)**
  - ★ Higher turnover
  - ★ Improved gross margin %
  - ★ Higher costs

# Result before tax





# April - June 2016

## Cash flow

SEK Million	Apr-Jun 2016	Apr-Jun 2015
Cash flow from operating act. before changes in working capital	89.4	54.6
Changes in working capital	-0.8	-110.5
<b>Cash flow from operations</b>	<b>88.6</b>	<b>-55.9</b>
Investing activities	-21.2	-40.7
<b>Cash flow after investing activities</b>	<b>67.4</b>	<b>-96.6</b>
Financial activities	-50.2	112.8
<b>Cash flow for the period</b>	<b>17.2</b>	<b>16.2</b>

# CEO summary - quarter

## ★ Sales

- ★ Highest sales ever in the period April - June.
  - ★ *Rolling 12 months sales over 5 billion SEK*
  - ★ *Sales channel promo 11%*
  - ★ *Sales channel retail -2%*
- ★ Europe and Sweden really strong but USA weaker than expected

## ★ Result

- ★ Operating result SEK 100.2 million. The best result since 2008 but the operating margin shall be better...

# January - June 2016

## ★ Sales SEK 2 388 million (2 287)

- ★ Sales increased 4% (5% in local currencies)
- ★ Corporate Promo 10%, Sports & Leisure -1%, Gifts & Home 3%
- ★ Improvements primarily in the regions Europe and Sweden (promo)
- ★ Promo sales channel 9%, retail -1%

## ★ Sales per Operating segment

- ★ Corporate Promo 10% to SEK 1 110 million (1 007)
  - Growth mainly in Sweden, Other Nordic countries and Europe
- ★ Sports & Leisure -1% to SEK 1 035 million (1 046)
  - Promo sales channel increased and retail sales channel decreased
  - Other Nordic countries and Europe increased, USA decreased
- ★ Gifts & Home Furnishings 3% to SEK 243 million (235)
  - Both sales channel increased



# January – June 2016

## Sales per area

	<b>JAN-JUN 2016</b>	<b>Part of turnover</b>	<b>JAN-JUN 2015</b>	<b>Part of turnover</b>	<b>Change MSEK</b>	<b>%</b>
Sweden	537.9	23%	505,0	22%	32.9	7
USA	628.6	26%	641.6	28%	-13,0	-2
Nordic countries excl Sweden	354.8	15%	333.2	15%	21.6	6
Central Europe	461.4	19%	416.2	18%	45.2	11
Southern Europe	243.1	10%	217.9	10%	25.2	12
Other countries	162.3	7%	173.5	8%	-11.2	-6
<b>Total</b>	<b>2 388.1</b>	<b>100%</b>	<b>2 287.4</b>	<b>100%</b>	<b>100.7</b>	<b>4</b>

# January – June 2016

- ★ Gross profit margin amounted to 45.5% (45.1)
  - ★ *Improvement in Corporate promo and Gifts & Home Furnishings. Sports & Leisure on the same level as last year*
  
- ★ Total costs amounted to SEK -959.8 million (-946.3)
  - ★ *more personnel in sales, customer service and marketing*
  
- ★ Operating profit amounted to SEK 108.3 million (50.5)
  - ★ *higher turnover and gross profit margin*
  
- ★ Result for the period amounted to SEK 62.4 million (16.9)



# January – June 2016

## Income statement

SEK Million	Jan-Jun 2016		Jan-Jun 2015	
Income	2 388.1		2 287.4	
Goods for resale	-1 301.3		-1 254.8	
<b>Gross profit</b>	<b>1 086.8</b>	<b>45.5%</b>	<b>1 032.6</b>	<b>45.1%</b>
Other operating income	21.6		17.1	
External costs	-529.4		-529.0	
Personnel costs	-430.4		-417.3	
Depreciation/amortization	-26.6		-29.2	
Other operating costs	-13.7		-25.2	
Associated companies	0.0		1.5	
<b>Operating profit</b>	<b>108.3</b>	<b>4.5%</b>	<b>50.5</b>	<b>2.2%</b>
Financial income	2.1		5.1	
Financial costs	-30.7		-33.9	
<b>Net financial items</b>	<b>-28.6</b>		<b>-28.8</b>	
<b>Result before tax</b>	<b>79.7</b>		<b>21.7</b>	
Tax for the period	-17.3		-4.8	
<b>Result for the period</b>	<b>62.4</b>		<b>16.9</b>	
Result per share	0.95		0.24	





# January - June 2016

## EBITDA per operating segment

- ★ **Corporate Promo amounted to SEK 104.0 million (61.5)**
  - ★ Higher turnover
  - ★ Improved gross margin % (mix of products)
- ★ **Sports & Leisure amounted to SEK 46.0 million (35.5)**
  - ★ Lower marketing costs
- ★ **Gifts & Home Furnishings amounted to SEK -15.1 million (-17.3)**
  - ★ Higher turnover

# January - June 2016

## Cash flow

SEK Million	Jan-Jun 2016	Jan - Jun 2015
Cash flow from operating act. before changes in working capital	85.2	45.4
Changes in working capital	67.3	-130.2
<b>Cash flow from operating activities</b>	<b>152.5</b>	<b>-84.8</b>
Investing activities	-37.5	-67.4
<b>Cash flow after investing activities</b>	<b>115.0</b>	<b>-152.2</b>
Financial activities	-124.8	98.9
<b>Cash flow for the period</b>	<b>-9.8</b>	<b>-53.3</b>

# Financial highlights – summary 5 years

	Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015	Jan-Dec 2014	Jan-Dec 2013	Jan-Dec 2012	Jan-Dec 2011
Sales growth, %	4.4	20.9	16.2	5.6	-5.4	1.0	-0.2
Number of employees	2 391	2 308	2 368	2 212	2 123	2 258	2 470
Gross profit margin, %	45.5	45.1	45.1	45.7	46.2	43.6	47.7
Operating margin before depreciation, %	5.7	3.5	6.3	7.1	8.5	3.8	8.9
Operating margin, %	4.5	2.2	5.1	5.9	7.2	1.7	7.7
Profit margin, %	3.3	0.9	3.6	4.9	5.8	0.3	6.5
Return on shareholders' equity, %	4.9	1.4	6.0	7.9	9.3	0.4	9.9
Return on capital employed, %	4.8	2.4	5.8	6.4	8.2	2.0	8.9
Equity ratio, %	45.8	43.8	45.9	45.9	49.8	44.1	43.5
Net debt - Equity ratio, %	75.2	86.5	76.8	76.0	60.1	77.5	85.9
Net debt - working capital ratio, %	71.4	75.5	71.7	71.1	67.6	77.3	78.6
Net debt, SEK million	1 909.9	2 086.9	1 929.1	1 828.7	1 264.0	1 516.7	1 797.3
Stock turnover, times	1.1	1.1	1.2	1.3	1.4	1.3	1.2
Cash flow before investments, SEK million	152.5	-84.8	129.5	-284.2	358.5	341.1	66.0
Net investments, SEK million	-37.5	-67.4	-105.5	-74.3	-46.8	-50.4	-326.5
Cash flow after investments, SEK million	115.0	-152.2	24.0	-358.5	311.7	290.7	-260.5
Shareholders' equity per share, SEK	38.30	36.38	37.89	36.25	31.69	29.51	31.54

# CEO summary – first half year

## ★ Sales

- ★ Highest sales ever for the period January - June

## ★ Result

- ★ Operating result at SEK 108.3 million is more than double compared with last year.

## ★ Balance sheet and cash flow

- ★ Strong balance sheet with an equity ratio of 45.8%
- ★ Cash flow from operations amounted to SEK 152.5 million (-84.8)





## ***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!