



2016

INTERIM REPORT  
JANUARY-SEPTEMBER

# *NewWave*

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G R O U P

Interim report

July - September

2016

*NewWave*  
G R O U P

# 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.



**cottoVer**  
people & planet



# 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.

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 2016

## ★ Sales SEK 1 300 million (1 272)

- ★ Sales increased 2% (2% in local currencies)
- ★ Corporate Promo 9%, Sports & Leisure -3%, Gifts & Home 4%
- ★ Improvements primarily in Sweden (promo), Other Nordic countries, Europe
- ★ Promo sales channel 9%, retail -4%

## ★ Sales per Operating segment

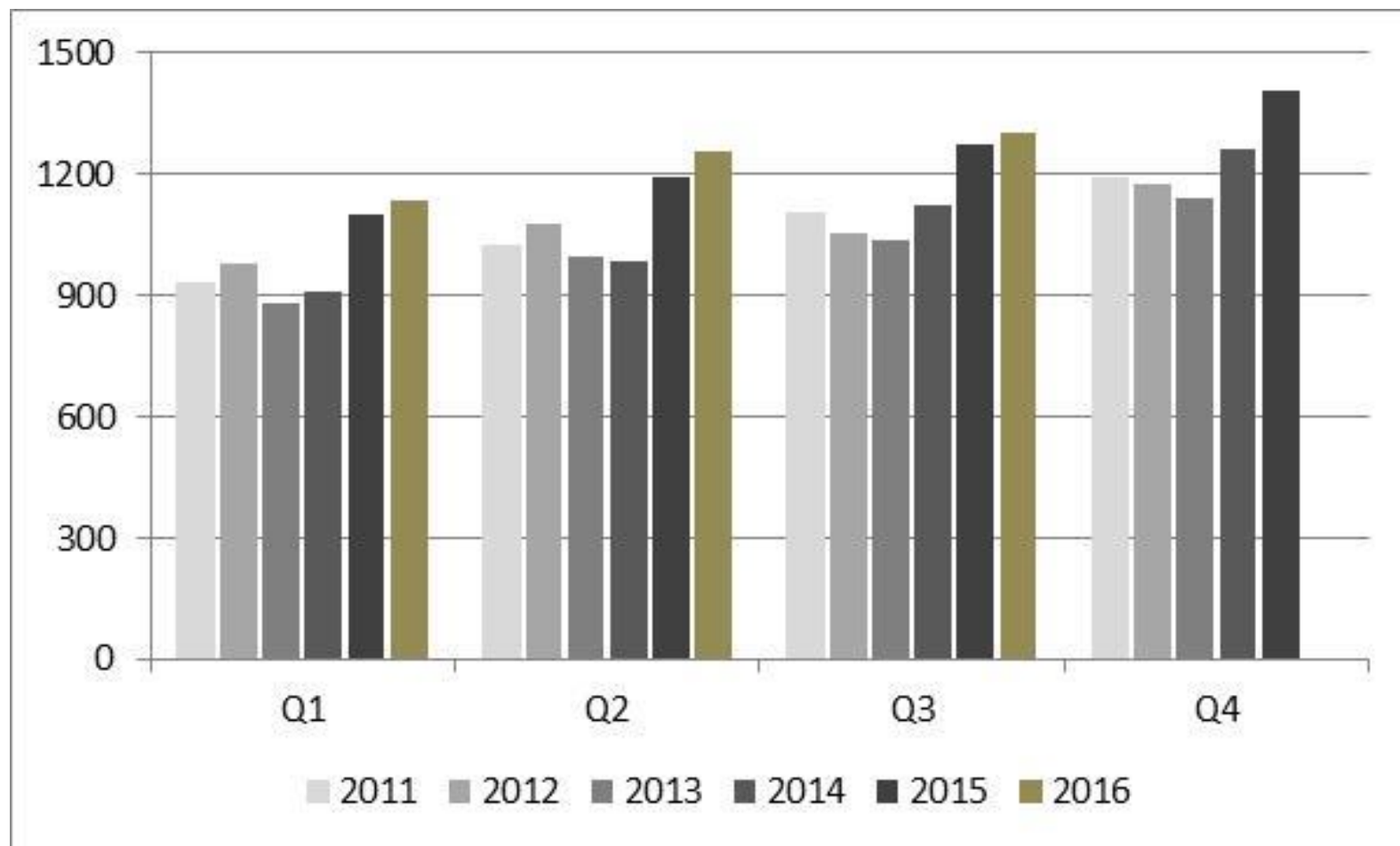
- ★ Corporate Promo 9% to SEK 499 million (457)
  - Growth mainly in Other Nordic countries, Europe and USA
- ★ Sports & Leisure -3% to SEK 656 million (674)
  - Promo sales channel increased, retail decreased
  - Sweden, Other Nordic countries, Southern Europe increased, USA decreased
- ★ Gifts & Home 4% to SEK 146 million (140)
  - Both sales channel increased
  - Sweden

# July – September 2016

## Sales per area

	<b>JUL-SEP 2016</b>	<b>Part of turnover</b>	<b>JUL-SEP 2015</b>	<b>Part of turnover</b>	<b>Change MKR</b>	<b>%</b>
Sweden	279.5	21%	271.1	21%	8.4	3
USA	379.4	29%	403.4	32%	-24.0	-6
Nordic countries excl Sweden	197.8	15%	168.3	13%	29.5	18
Central Europe	229.2	18%	220.0	17%	9.2	4
Southern Europe	114.0	9%	101.3	8%	12.7	12
Other countries	100.5	8%	107.9	8%	-7.4	-6
<b>Total</b>	<b>1 300.4</b>	<b>100%</b>	<b>1 272.0</b>	<b>100%</b>	<b>28.5</b>	<b>2</b>

# Sales



# July – September 2016

- ★ Gross profit margin amounted to 46.7% (45.1)
  - ★ *Improvement in all segments*
  
- ★ Total costs amounted to SEK -476.8 million (-475.8)
  - ★ *Savings in external costs while we have increased the number of employees within sales and customer service.*
  
- ★ Operating profit amounted to SEK 129.4 million (96.3)
  - ★ *higher turnover*
  - ★ *improved gross profit margin*
  - ★ *costs at the same level as py*
  
- ★ Result for the period amounted to SEK 86.5 million (65.1)

# July – September 2016

## Income statement

SEK Million	Jul-Sep 2016	Jul-Sep 2015
Income	1 300.4	1 272.0
Goods for resale	-693.3	-697.8
<b>Gross profit</b>	<b>607.1</b> 46.7%	<b>574.2</b> 45.1%
Other operating income	14.5	22.1
External costs	-268.5	-273.0
Personnel costs	-208.3	-202.8
Depreciation/amortization	-14.1	-13.7
Other operating costs	-5.8	-9.3
Associated companies	0,0	-1.2
<b>Operating profit</b>	<b>124.9</b> 9.6%	<b>96.3</b> 7.6%
Financial income	1,0	1.4
Financial costs	-16.4	-19.0
<b>Net financial items</b>	<b>-15.4</b>	<b>-17.6</b>
<b>Result before tax</b>	<b>109.5</b>	<b>78.7</b>
Tax for the period	-23,0	-13.6
<b>Result for the period</b>	<b>86.5</b>	<b>65.1</b>
Result per share	1.31	0.98

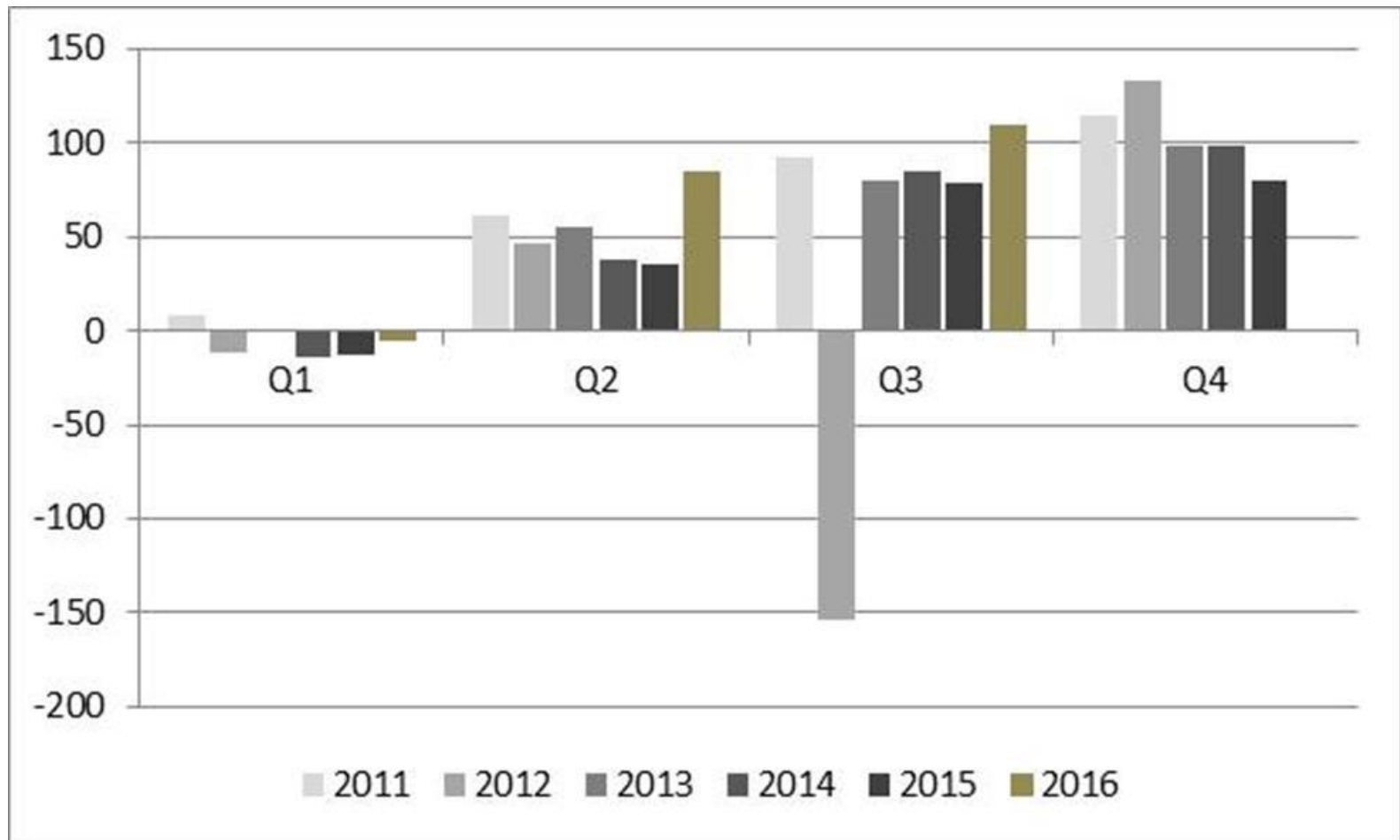


# July - September 2016

## EBITDA per operating segment

- ★ **Corporate Promo amounted to SEK 36.9 million (26.6)**
  - ★ Higher turnover
  - ★ Improved gross margin %
  - ★ Higher costs
  
- ★ **Sports & Leisure amounted to SEK 93.5 million (77.8)**
  - ★ Lower costs
  
- ★ **Gifts & Home Furnishings amounted to SEK 8.6 million (5.6)**
  - ★ Higher turnover
  - ★ Improved gross margin %
  - ★ Higher costs

# Result before tax



# July - September 2016

## Cash flow

SEK Million	Jul-Sep 2016	Jul-Sep 2015
Cash flow from operating act. before changes in working capital	116.2	73.8
Changes in working capital	-100.7	-235.0
<b>Cash flow from operations</b>	<b>15.5</b>	<b>-161.2</b>
Investing activities	-25.8	-15.1
<b>Cash flow after investing activities</b>	<b>-2.9</b>	<b>-176.3</b>
Financial activities	22.9	173.0
<b>Cash flow for the period</b>	<b>12.6</b>	<b>-3.3</b>

# CEO summary - quarter

## ★ Sales

- ★ Lower sales than my expectations.

  - ★ *Despite this, the highest sales in a third quarter ever*

  - ★ *Sales channel promo 9%*

  - ★ *Sales channel retail -4%*

## ★ Result

- ★ Gross profit margin increased and costs under control

- ★ Operational result improved 30% (SEK 28.6 million) to SEK 124.9 million

# January - September 2016

## ★ Sales SEK 3 688 million (3 559)

- ★ Sales increased 4% (5% in local currencies)
- ★ Corporate Promo 10%, Sports & Leisure -2%, Gifts & Home 4%
- ★ Improvements primarily in the regions Sweden (promo), Other Nordic countries and Europe
- ★ Promo sales channel 9%, retail -2%

## ★ Sales per Operating segment

- ★ Corporate Promo 10% to SEK 1 609 million (1 464)
  - Growth in all regions
- ★ Sports & Leisure -2% to SEK 1 690 million (1 720)
  - Promo sales channel increased and retail sales channel decreased
  - Other Nordic countries and South Europe increased, USA decreased
- ★ Gifts & Home Furnishings 4% to SEK 390 million (375)
  - Both sales channels increased in Sweden

# January – September 2016

## Sales per area

	<b>JAN-SEP 2016</b>	<b>Part of turnover</b>	<b>JAN-SEP 2015</b>	<b>Part of turnover</b>	<b>Change MSEK</b>	<b>%</b>
Sweden	817.4	22%	776.1	22%	41.3	5
USA	1 008.0	27%	1 044.9	29%	-36.9	-4
Nordic countries excl Sweden	552.6	15%	501.5	14%	51.1	10
Central Europe	690.5	19%	636.2	18%	54.3	9
Southern Europe	357.1	10%	319.2	9%	37.9	12
Other countries	262.9	7%	281.4	8%	-18.6	-7
<b>Total</b>	<b>3 688.5</b>	<b>100%</b>	<b>3 559.4</b>	<b>100%</b>	<b>129.1</b>	<b>4</b>

# January – September 2016

- ★ Gross profit margin amounted to 45.9% (45.1)
  - ★ *Improvement in all segments. Improved service and changed purchase channels in Gifts & Home furnishings*
- ★ Total costs amounted to SEK -1 436.6 million (-1 422.1)
  - ★ *more personnel in sales and customer service*
- ★ Operating profit amounted to SEK 233.2 million (146.8)
  - ★ *higher turnover and improved gross profit margin*
- ★ Result for the period amounted to SEK 148.9 million (82.0)



# January – September 2016

## Income statement

SEK Million	Jan-Sep 2016	Jan-Sep 2015
Income	3 688.5	3 559.4
Goods for resale	-1 994.6	-1 952.6
<b>Gross profit</b>	<b>1 693.9</b> 45.9%	<b>1 606.8</b> 45.1%
Other operating income	36.1	39.2
External costs	-797.9	-802.0
Personnel costs	-638.7	-620.1
Depreciation/amortization	-40.7	-42.9
Other operating costs	-19.5	-34.5
Associated companies	0.0	0.3
<b>Operating profit</b>	<b>233.2</b> 6.3%	<b>146.8</b> 4.1%
Financial income	3.1	6.5
Financial costs	-47.1	-52.9
<b>Net financial items</b>	<b>-44.0</b>	<b>-46.4</b>
<b>Result before tax</b>	<b>189.2</b>	<b>100.4</b>
Tax for the period	-40.3	-18.4
<b>Result for the period</b>	<b>148.9</b>	<b>82.0</b>
Result per share	2.26	1.22



# January - September 2016

## EBITDA per operating segment

- ★ **Corporate Promo amounted to SEK 140.9 million (88.1)**
  - ★ Higher turnover
  - ★ Improved gross profit margin
- ★ **Sports & Leisure amounted to SEK 139.5 million (113.3)**
  - ★ Lower marketing costs
- ★ **Gifts & Home Furnishings amounted to SEK -6.5 million (-11.7)**
  - ★ Higher turnover
  - ★ Improved gross profit margin
  - ★ Higher marketing costs

# January - September 2016

## Cash flow

SEK Million	Jan-Sep 2016	Jan - Sep 2015
Cash flow from operating act. before changes in working capital	201.4	119.2
Changes in working capital	-33.4	-365.2
<b>Cash flow from operating activities</b>	<b>168.0</b>	<b>-246.0</b>
Investing activitites	-65.1	-82.4
<b>Cash flow after investing activities</b>	<b>102.9</b>	<b>-328.4</b>
Financial activities	-100.1	271.8
<b>Cash flow for the period</b>	<b>2.8</b>	<b>-56.6</b>

# Financial highlights – summary 5 years

	Jan-Sep 2016	Jan-Sep 2015	Jan-Dec 2015	Jan-Dec 2014	Jan-Dec 2013	Jan-Dec 2012	Jan-Dec 2011
Sales growth, %	3.6	18.1	16.2	5.6	-5.4	1.0	-0.2
Number of employees	2 397	2 361	2 358	2 212	2 123	2 258	2 470
Gross profit margin, %	45.9	45.1	45.1	45.7	46.2	43.6	47.7
Operating margin before depreciation, %	7.4	5.3	6.3	7.1	8.5	3.8	8.9
Operating margin, %	6.3	4.1	5.1	5.9	7.2	1.7	7.7
Profit margin, %	5.1	2.8	3.6	4.9	5.8	0.3	6.5
Return on shareholders' equity, %	7.7	4.5	6.0	7.9	9.3	0.4	9.9
Return on capital employed, %	6.7	4.4	5.8	6.4	8.2	2.0	8.9
Equity ratio, %	45.4	42.8	45.9	45.9	49.8	44.1	43.5
Net debt - Equity ratio, %	73.5	92.1	76.8	76.0	60.1	77.5	85.9
Net debt - working capital ratio, %	70.0	76.0	71.7	71.1	67.6	77.3	78.6
Net debt, SEK million	1 949.9	2 290.3	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	168.0	-246.0	129.5	-284.2	358.5	341.1	66.0
Net investments, SEK million	-65.1	-82.4	-106.5	-70.6	-46.8	-50.4	-326.5
Cash flow after investments, SEK million	102.9	-328.4	23.0	-354.8	311.7	290.7	-260.5
Shareholders' equity per share, SEK	40.01	37.49	37.89	36.25	31.69	29.51	31.54



# CEO summary

## January - September

### ★ Sales

- ★ Increased by 4%

### ★ Result

- ★ Operating result increased by 59% to SEK 233.2 million (146.8).

### ★ Balance sheet and cash flow

- ★ Strong balance sheet with an equity ratio of 45.4%
- ★ Cash flow from operations amounted to SEK 168.0 million (-246.0)

## ***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!