



2016

YEAR END REPORT
JANUARY - DECEMBER

NewWave
G R O U P

Year end report
January - December
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.



100% Organic cotton
CERES-0201



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 Craft as a world-leading sportswear brand, and making Cutter & Buck a world-leading golf apparel brand.

The vision also entails to strengthening Speedo in the Swedish, Norwegian and Danish markets.

The brand Auclair should take a leading position on gloves in Europe and we will also use Paris Glove's strong distribution platform to launch the Group's other brands in Canada.

We want to become the leading sports supplier in both Sweden and the other European countries, as well as in the USA. All in all, our brands shall give us a position among the largest sport suppliers in the world.



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.





Financial information



October - December

★ Sales SEK 1 549 million (1 405)

- ★ Sales increased 10% (6% in local currencies)
- ★ Corporate Promo 13%, Sports & Leisure 6%, Gifts & Home 11%
- ★ Improvements primarily in Sweden, Other Nordic countries, Europe
- ★ Promo sales channel 10%, retail 11%

★ Sales per Operating segment

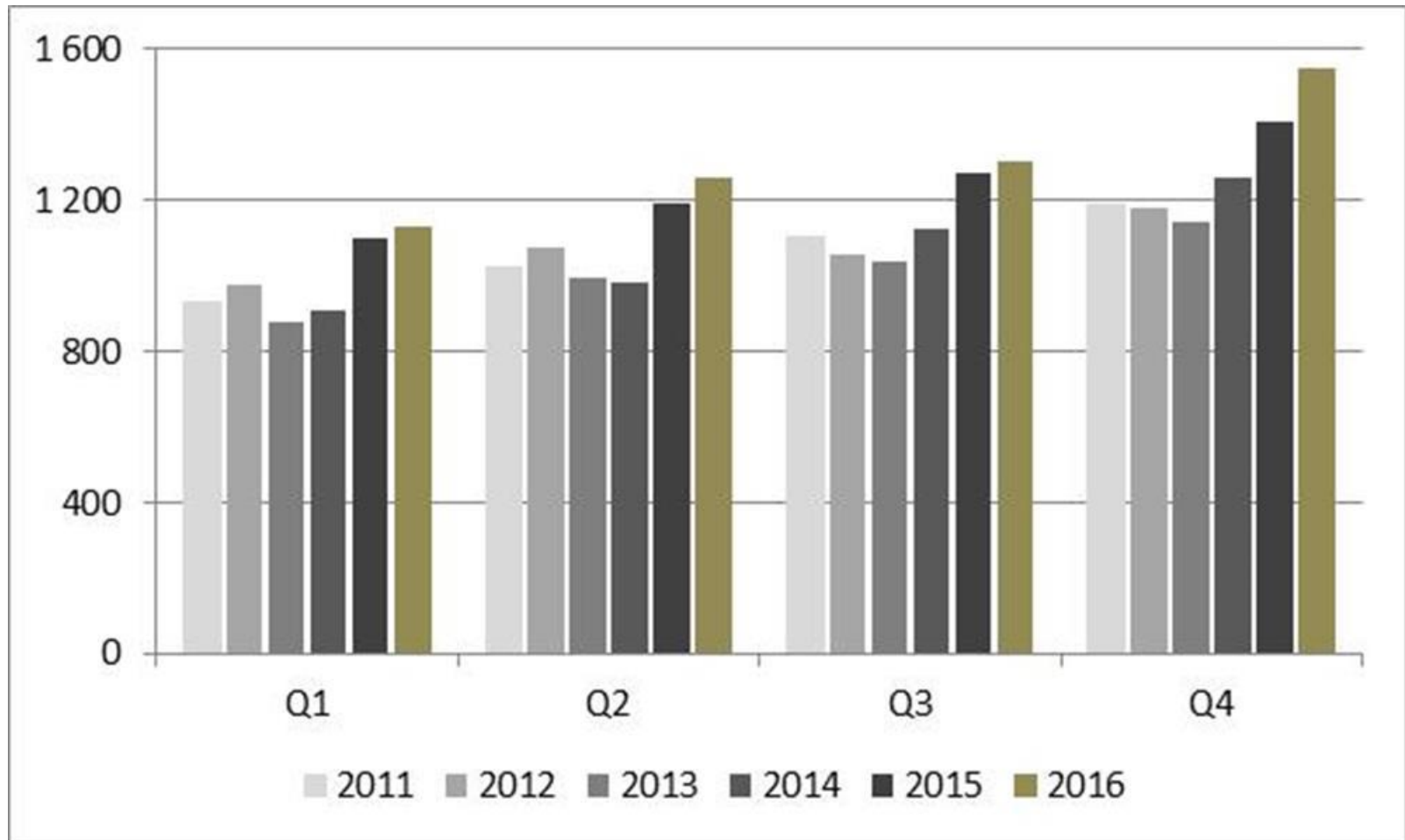
- ★ Corporate Promo 13% to SEK 780 million (688)
 - Promo sales channel
 - Growth in all areas
- ★ Sports & Leisure 6% to SEK 571 million (539)
 - Growth in both sales channels
 - Sweden, Other Nordic countries, Central Europe
- ★ Gifts & Home 11% to SEK 198 million (179)
 - Retail sales channel
 - Sweden

October – December

Sales per area

	OCT-DEC 2016	Part of turnover	OCT-DEC 2015	Part of turnover	Change MSEK	%
Sweden	419.0	27%	369.5	21%	49.4	13
USA	373.1	24%	344.2	32%	28.9	8
Nordic countries excl Sweden	186.8	12%	158.7	13%	28.1	18
Central Europe	306.3	20%	291.1	17%	15.2	5
Southern Europe	167.4	11%	152.3	8%	15.1	10
Other countries	96.0	6%	89.6	8%	6.4	7
Totalt	1 548.6	100%	1 405.4	100%	143.2	10

Sales



October – December

- ★ Gross profit margin amounted to 46.3 (45.0) %
 - ★ *Improvement in all segments*
- ★ Total costs amounted to SEK -542.8 million (-515.5)
 - ★ *We have increased the number of employees within sales and customer service.*
 - ★ *Currency effect*
- ★ Operating profit amounted to SEK 167.0 million (108.4)
 - ★ *higher turnover*
 - ★ *improved gross profit margin*
- ★ Result for the period amounted to SEK 127.8 million (63.3)



Harvest

October – December

Income statement

SEK Million	Oct-Dec 2016	Oct-Dec 2015
Income	1 548.6	1 405.3
Goods for resale	-832.3	-773.5
Gross profit	716.3 46.3%	631.8 45.0%
Other operating income	14.9	8.0
External costs	-299.9	-284.0
Personnel costs	-242.9	-231.5
Depreciation/amortization	-15.2	-14.2
Other operating costs	-6.2	-1.7
Associated companies	0.0	0.0
Operating profit	167.0 10.8%	108.4 7.7%
Financial income	0.0	0.7
Financial costs	-15.9	-28.6
Net financial items	-15.9	-27.9
Result before tax	151.1	80.5
Tax for the period	-23.3	-17.2
Result for the period	127.8	63.3
Result per share	1.90	0.94



October - December

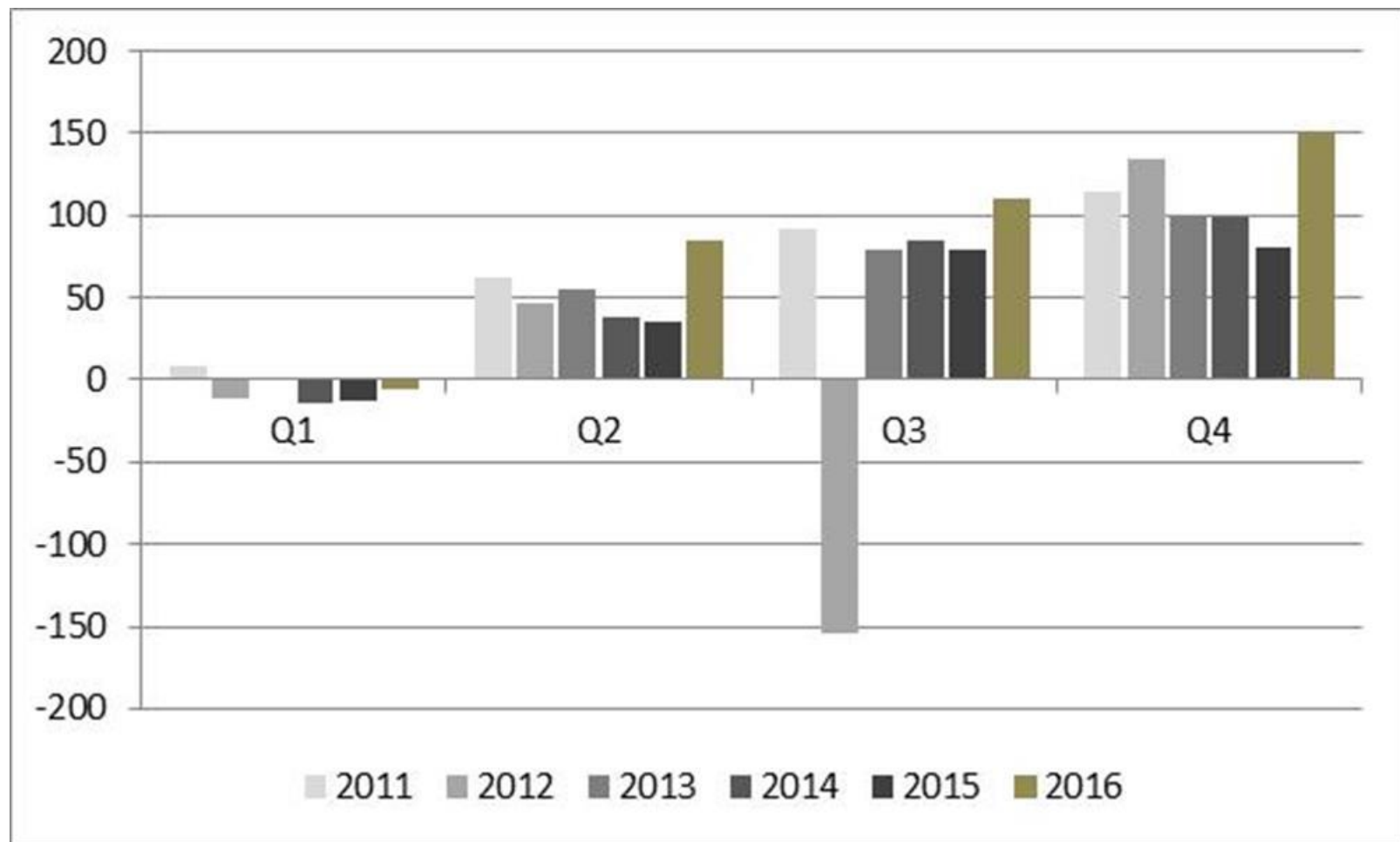
EBITDA per operating segment

- ★ **Corporate Promo amounted to SEK 109.9 million (78.3)**
 - ★ Higher turnover
 - ★ Improved gross margin %
 - ★ Higher costs

- ★ **Sports & Leisure amounted to SEK 55.0 million (29.8)**
 - ★ Higher turnover
 - ★ Lower costs

- ★ **Gifts & Home Furnishings amounted to SEK 17.3 million (14.5)**
 - ★ Higher turnover
 - ★ Improved gross margin %
 - ★ Higher costs

Result before tax



October - December

Cash flow

SEK Million	Oct-Dec 2016	Oct-Dec 2015
Cash flow from operating act. before changes in working capital	132.0	90.6
Changes in working capital	148.9	284.9
Cash flow from operations	280.9	375.5
Investing activities	-24.5	-24.1
Cash flow after investing activities	256.4	351.4
Financial activities	-213.2	-349.1
Cash flow for the period	43.2	2.3

CEO summary - quarter

★ Sales

- ★ I am satisfied with the quarter.

- ★ *Growth of 10 % despite a strong quarter last year (12 %)*

- ★ *Segment Corporate Promo 13 % and also growth in S&P and G&H*

★ Result

- ★ The growth gives a good development on the result

- ★ Operational result improved 54% (SEK 58.6 million) to SEK 167.0 million

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A close-up photograph of a white cotton boll, partially open, revealing the soft, white cotton fibers inside. A small white tag with the word 'cotton' in blue and green text is attached to the boll. The background is a plain, light-colored surface.

January - December

★ Sales SEK 5 237 million (4 965)

- ★ Sales increased 5% (5% in local currencies)
- ★ Corporate Promo 11%, Sports & Leisure 0%, Gifts & Home 6%
- ★ Improvements primarily in the regions Sweden (promo), Other Nordic countries and Europe
- ★ Promo sales channel 9%, retail 1%

★ Sales per Operating segment

- ★ Corporate Promo 11% to SEK 2 389 million (2 152)
 - Growth in all regions
- ★ Sports & Leisure, same level as PY SEK 2 261 million (2 258)
 - Promo sales channel increased and retail sales channel decreased
 - Other Nordic countries and Europe increased, USA decreased
- ★ Gifts & Home Furnishings 6% to SEK 588 million (554)
 - Retail sales channels
 - Sweden

January – December

Sales per area

	JAN-DEC 2016	Part of turnover	JAN-DEC 2015	Part of turnover	Change MSEK	%
Sweden	1 236.4	24%	1 145.6	22%	90.8	8
USA	1 381.1	26%	1 389.1	29%	-8.0	-1
Nordic countries excl Sweden	739.5	14%	660.2	14%	79.3	12
Central Europe	996.8	19%	927.3	18%	69.5	8
Southern Europe	525.5	10%	471.5	9%	53.0	11
Other countries	358.9	7%	371.0	8%	-12.1	-3
Total	5 237.1	100%	4 964.7	100%	272.4	5

January – December

- ★ Gross profit margin amounted to 46.0% (45.1)
 - ★ *Improvement in all segments. Improved service and changed purchase channels in Gifts & Home furnishings*
- ★ Total costs amounted to SEK -1 979.4 million (-1 937.6)
 - ★ *more personnel in sales and customer service*
- ★ Operating profit amounted to SEK 400.2 million (255.2)
 - ★ *higher turnover and improved gross profit margin*
- ★ Result for the period amounted to SEK 276.7 million (145.3)



January – December

Income statement

SEK Million	Jan-Dec 2016		Jan-Dec 2015	
Income	5 237.1		4 964.7	
Goods for resale	-2 826.9		-2 726.1	
Gross profit	2 410.2	46.0%	2 238.6	45.1%
Other operating income	51.0		47.2	
External costs	-1 097.8		-1 086.0	
Personnel costs	-881.6		-851.6	
Depreciation/amortization	-55.9		-57.1	
Other operating costs	-25.7		-36.2	
Associated companies	0.0		0.3	
Operating profit	400.2	7.6%	255.2	5.1%
Financial income	3.1		7.2	
Financial costs	-63.0		-81.5	
Net financial items	-59.9		-74.3	
Result before tax	340.3		180.9	
Tax for the period	-63.6		-35.6	
Result for the period	276.7		145.3	
Result per share	4.16		2.16	



January - December

EBITDA per operating segment

- ★ **Corporate Promo amounted to SEK 250.8 million (166.4)**
 - ★ Higher turnover
 - ★ Improved gross profit margin

- ★ **Sports & Leisure amounted to SEK 194.5 million (143.1)**
 - ★ Lower marketing costs

- ★ **Gifts & Home Furnishings amounted to SEK 10.8 million (2.8)**
 - ★ Higher turnover
 - ★ Improved gross profit margin
 - ★ Higher marketing costs

January - December

Cash flow

SEK Million	Jan-Dec 2016	Jan - Dec 2015
Cash flow from operating act. before changes in working capital	333.4	209.8
Changes in working capital	115.5	-80.3
Cash flow from operating activities	448.9	129.5
Investing activities	-89.6	-106.5
Cash flow after investing activities	359.3	23.0
Financial activities	-313.3	-77.3
Cash flow for the period	46.0	-54.3

Financial highlights – summary 5 years

	2016	2015	2014	2013	2012	2011
Sales growth, %	5.5	16.2	5.6	-5.4	1.0	-0.2
Number of employees	2 396	2 358	2 212	2 123	2 258	2 470
Gross profit margin, %	46.0	45.1	45.7	46.2	43.6	47.7
Operating margin before depreciation, %	8.7	6.3	7.1	8.5	3.8	8.9
Operating margin, %	7.6	5.1	5.9	7.2	1.7	7.7
Profit margin, %	6.5	3.6	4.9	5.8	0.3	6.5
Return on shareholders' equity, %	10.4	6.0	7.9	9.3	0.4	9.9
Return on capital employed, %	8.6	5.8	6.4	8.2	2.0	8.9
Equity ratio, %	48.4	45.9	45.9	49.8	44.1	43.5
Net debt - Equity ratio, %	62.1	76.8	76.0	60.1	77.5	85.9
Net debt - working capital ratio, %	64.7	71.7	71.1	67.6	77.3	78.6
Net debt, SEK million	1 748.9	1 929.1	1 828.7	1 264.0	1 516.7	1 797.3
Stock turnover, times	1.1	1.2	1.3	1.4	1.3	1.2
Cash flow before investments, SEK million	448.9	129.5	-284.2	358.5	341.1	66.0
Net investments, SEK million	-89.6	-106.5	-70.6	-46.8	-50.4	-326.5
Cash flow after investments, SEK million	359.3	23.0	-354.8	311.7	290.7	-260.5
Shareholders' equity per share, SEK	42.46	37.89	36.25	31.69	29.51	31.54

CEO summary 2016

★ Full year 2016

- ★ Almost satisfied...
- ★ Organic growth on almost SEK 1 200 million in three years
- ★ Operating result increased by 57% vs py and amounted to SEK 400.2 million
- ★ Cash flow from operations amounted to SEK 448.9 million
- ★ Equity ration 48.4% and net debt to equity ratio amounted to 60.1%



CEO summary 2016

★ Future and Focus

- ★ Investments made in 2014-2016 are still far from their full potential
- ★ Craft Teamwear and Craft shoes
- ★ Investments in CSR and marketing
- ★ Expanding efforts in Canada and Poland
- ★ Strong position on the market



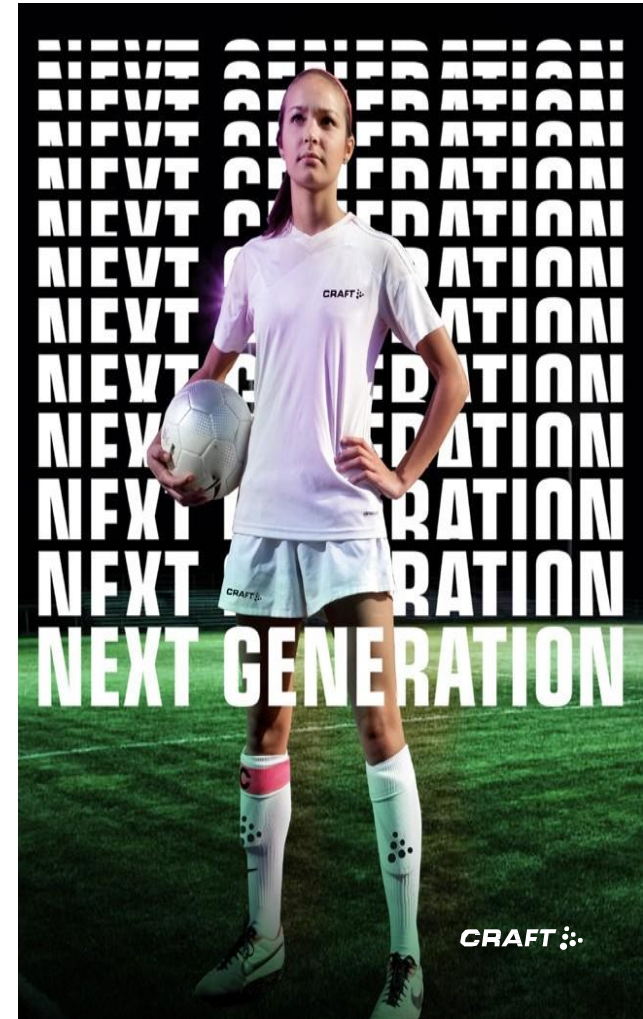
Ongoing activities and news



Jobman



Projob





Kosta Boda
Mattias Stenberg

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!