



NewWave

G R O U P

Interim report

January – June

2017

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**.

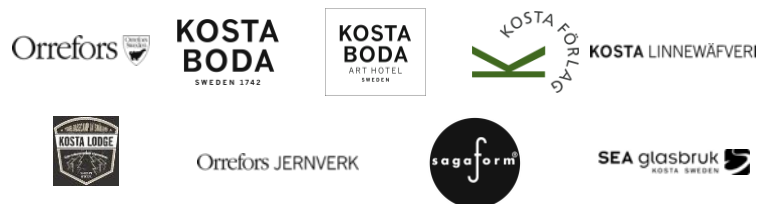
Corporate Promo



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

The vision also entails 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.



CRAFT 

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.



**KOSTA
BODA**
SWEDEN 1742

Financial information



James Harvest & Frost



April – June 2017

★ Sales SEK 1 372 million (1 257)

- ★ Sales increased 9 % (5 % in local currencies).
- ★ Corporate Promo 12 %, Sports & Leisure 6 %, Gifts & Home Furnishings 8 %.
- ★ Growth in all geographical areas
- ★ Promo sales channel 11 %, retail 6 %.

★ Sales per Operating segment

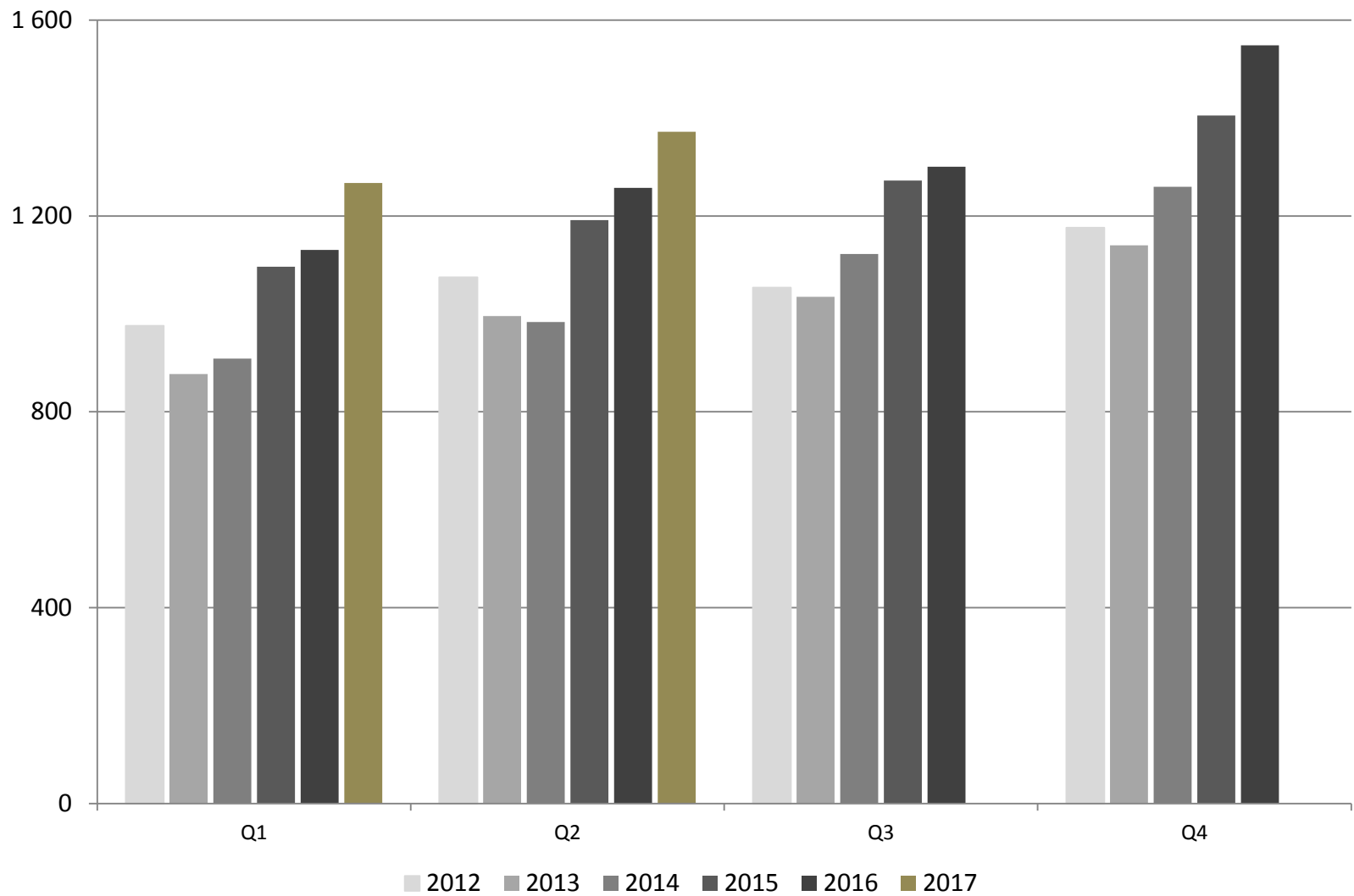
- ★ Corporate Promo 12 % to SEK 679 million (605).
 - Promo sales channel.
 - Growth in the areas Europe and Other countries.
- ★ Sports & Leisure 6 % to SEK 545 million (515).
 - Growth in both sales channels.
 - Growth in all areas
- ★ Gifts & Home Furn. 8 % to SEK 148 million (138).
 - Retail sales channel.
 - Sweden.

April – June

Net income per area

	Apr-Jun 2017	Part of income	Apr-Jun 2016	Part of income	Change MSEK	%
Sweden	318.9	23%	301.2	24%	17.7	6%
USA	363.3	26%	339.2	27%	24.1	7%
Nordic countries excluding Sweden	195.7	14%	191.8	15%	3.9	2%
Central Europe	221.5	16%	211.2	17%	10.3	5%
Southern Europe	150.1	11%	130.3	10%	19.8	15%
Other countries	122.3	9%	83.6	7%	38.7	46%
Total	1 371.8	100%	1 257.3	100%	114.5	9%

Net income



April – June 2017

- ★ Gross profit margin amounted to 45.6 (45.5) %.
- ★ External costs and personnel costs amounted to a total of SEK -503.1 million (-462.6)
 - ★ *Currency effect when translated into SEK.*
 - ★ *Sales and marketing activities*
 - ★ *Employments within sales and customer service*
- ★ Operating profit amounted to SEK 110.5 million (100.2)
 - ★ *Higher turnover.*
- ★ Result for the period amounted to SEK 77.0 million (67.0).



April – June 2017

Income statement

SEK Million	Apr - Jun 2017		Apr - Jun 2016	
Income	1371.7		1257.3	
Goods for resale	-745.7		-685,0	
Gross profit	626,0	45.6%	572.3	45.5%
Other operating income	7.0		12.2	
External costs	-270.1		-249.6	
Personnel costs	-233,0		-213,0	
Depreciation/amortization	-15.7		-13.4	
Other operating costs	-3.9		-8.1	
Associated companies	0.2		-0.2	
Operating profit	110.5	8.1%	100.2	8.0%
Financial income	1,0		0.9	
Financial costs	-14.1		-15.7	
Net financial items	-13.1		-14.8	
Result before tax	97.4		85.4	
Tax for the period	-20.3		-18.4	
Result for the period	77,0		67,0	
Result per share	1.16		1.01	



April – June 2017

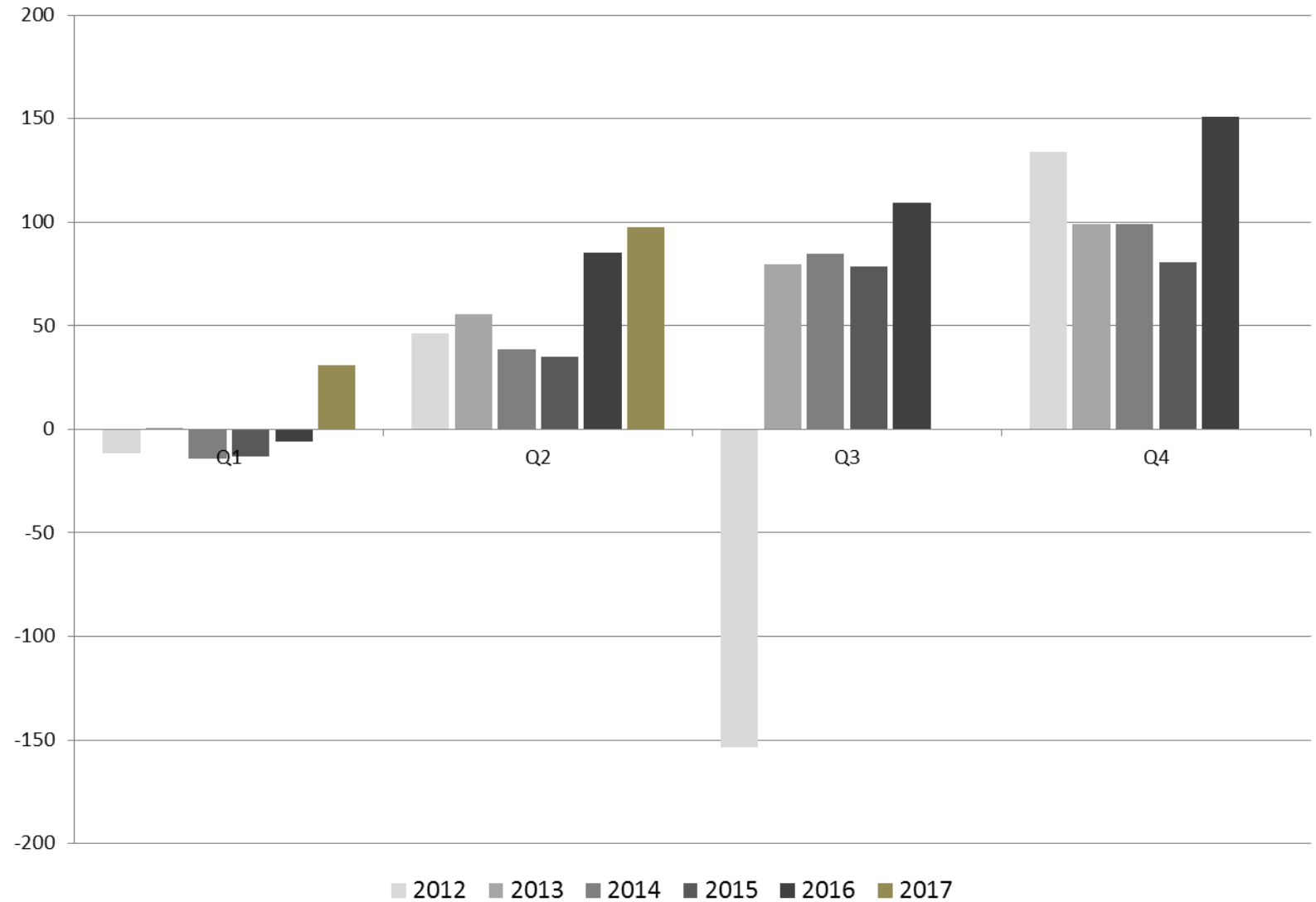
EBITDA per operating segment

- ★ **Corporate Promo** amounted to SEK 95.6 million (90.5).
- ★ **Sports & Leisure** amounted to SEK 28.9 million (24.0).
- ★ **Gifts & Home Furnishings** amounted to SEK 1.8 million (-0.9).

The improvements above are related to higher turnover



Result before tax



April – June 2017

Cash flow

MSEK	Apr-Jun 2017	Apr-Jun 2016
Cash flow from operating act. before changes in working capital	105.0	89.4
Change in working capital	-54.9	-0.8
Cash flow from operations	50.1	88.6
Investing activities	-16.0	-21.2
Cash flow after investing activities	34.1	67.4
Financial activities	-42.5	-50.2
Cash flow for the period	-8.4	17.2

January - June 2017

★ Sales SEK 2 636 million (2 388)

- ★ Sales increased 10% (6% in local currencies)
- ★ Corporate Promo 14%, Sports & Leisure 6%, Gifts & Home Furnishings 11%
- ★ Improvements in all regions
- ★ Promo sales channel 13%, retail 7%

★ Sales per Operating segment

- ★ Corporate Promo 14% to SEK 1 269 million (1 110)
 - Promo sales channel
 - Growth mainly in the regions Other Nordic countries, Europe and Other countries
- ★ Sports & Leisure 6% to SEK 1 098 million (1 035)
 - Both sales channels increased
 - Sweden and Europe
- ★ Gifts & Home Furnishings 11% to SEK 269 million (243)
 - Primarily the Retail sales channel
 - Sweden

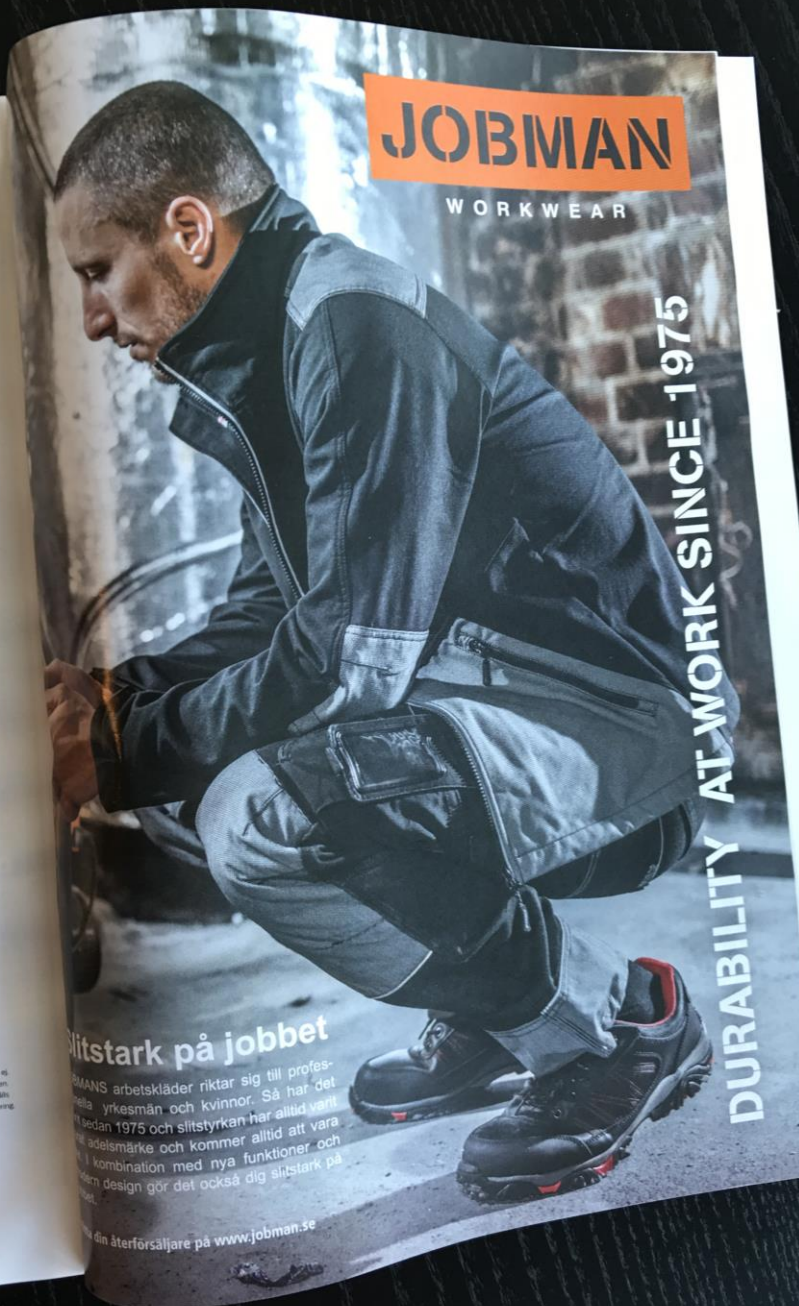


January – June 2017

Sales per area

	Jan-Jun 2017	Part of income	Jan-Jun 2016	Part of income	Change MSEK	%
Sweden	574.7	22%	537.9	23%	36.8	7%
USA	677.6	26%	628.6	26%	49.0	8%
Nordic countries excluding Sweden	371.6	14%	354.8	15%	16.8	5%
Central Europe	496.3	19%	461.4	19%	34.9	8%
Southern Europe	279.4	11%	243.1	10%	36.3	15%
Other countries	236.3	9%	162.3	7%	74.0	46%
Total	2 636.0	100%	2 388.1	100%	247.8	10%

January – June 2017



- ★ Gross profit margin amounted to 45.4% (45.5)
 - ★ *Improvement in Sports & Leisure and Gifts & Home Furnishings. Corporate Promo slightly lower due to change in product mix*
- ★ Total costs amounted to SEK -1 019.8 million (-959.8)
 - ★ *exchange rate when converting to SEK*
 - ★ *higher sales and marketing activities*
 - ★ *more personnel in sales, customer service and marketing*
- ★ Operating profit amounted to SEK 153.7 million (108.3)
 - ★ *higher turnover*
- ★ Result for the period amounted to SEK 101.9 million (62.4)

January – June 2016

Income statement

SEK Million	Jan-Jun 2017		Jan - Jun 2016	
Income	2 635.9		2 388.1	
Goods for resale	-1 438.5		-1 301.3	
Gross profit	1 197.4	45.4%	1 086.8	45.5%
Other operating income	17.9		21.6	
External costs	-558.7		-529.4	
Personnel costs	-461.1		-430.4	
Depreciation/amortization	-30.7		-26.6	
Other operating costs	-11.7		-13.7	
Associated companies	0.6		0,0	
Operating profit	153.7	5.8%	108.3	4.5%
Financial income	2.3		2.1	
Financial costs	-27.9		-30.7	
Net financial items	-25.6		-28.6	
Result before tax	128.1		79.7	
Tax for the period	-26.1		-17.3	
Result for the period	101.9		62.4	
Result per share	1.55		0.95	



January - June 2017

EBITDA per operating segment

- ★ **Corporate Promo** amounted to SEK 129.2 million (104.0)
- ★ **Sports & Leisure** amounted to SEK 61.7 million (46.0)
- ★ **Gifts & Home Furnishings** amounted to SEK -6.5 million (-15.1)

The improvements above are related to higher turnover



January - June 2017

Cash flow

MSEK	Jan-Jun 2017	Jan-Jun 2016
Cash flow from operating act. before changes in working capital	142.8	85.2
Change in working capital	-59.1	67.3
Cash flow from operations	83.7	152.5
Investing activities	-35.9	-37.5
Cash flow after investing activities	47.8	115,0
Financial activities	-81.9	-124.8
Cash flow for the period	-34.1	-9.8

Financial highlights

	Jan-Jun 2017	Jan-Jun 2016	Jan - Dec 2016	Jan - Dec 2015
Sales growth, %	10.4	4.4	5.5	16.2
Number of employees	2 451	2 391	2 396	2 358
Gross profit margin, %	45.4	45.5	46,0	45.1
Operating margin before depreciation, %	7,0	5.7	8.7	6.3
Operating margin, %	5.8	4.5	7.6	5.1
Return on shareholders' equity, %	7.4	4.9	10.4	6,0
Return on capital employed, %	6.6	4.8	8.6	5.8
Equity ratio, %	48.6	45.8	48.4	45.9
Net debt - Equity ratio, %	61.7	75.2	62.1	76.8
Net debt - working capital ratio, %	63.7	71.4	64.7	71.7
Net debt, SEK million	1 713.9	1 909.9	1 748.9	1 929.1
Stock turnover, times	1.1	1.1	1.1	1.2
Shareholders' equity per share, SEK	41.8	38.3	42.5	37.9

CEO summary

★ Sales

- ★ The growth continues; 9% in the quarter and 10% for the first half year

★ Result

- ★ Operating result improved despite investments in new products and marketing

- ★ April-June 10%

- ★ January-June 42%

★ Balance sheet and cash flow

- ★ Strong balance sheet with an equity ratio of 48.6%
- ★ Cash flow from operations amounted to SEK 83.7 million (152.5)

CEO summary - Future

- ★ **CRAFT Teamwear**
- ★ **New warehouse in Canada**
- ★ **New warehouses in Germany and Belgium**
- ★ **New collections for ProJob and Jobman**
- ★ **CRAFT shoes in retail during first quarter 2018**
- ★ **Increased marketing in USA**



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!