



NewWave

G R O U P

INTERIM REPORT

JANUARY – SEPTEMBER

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



SPORTS & 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 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.



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.





FINANCIAL INFORMATION





JULY – SEPTEMBER 2017

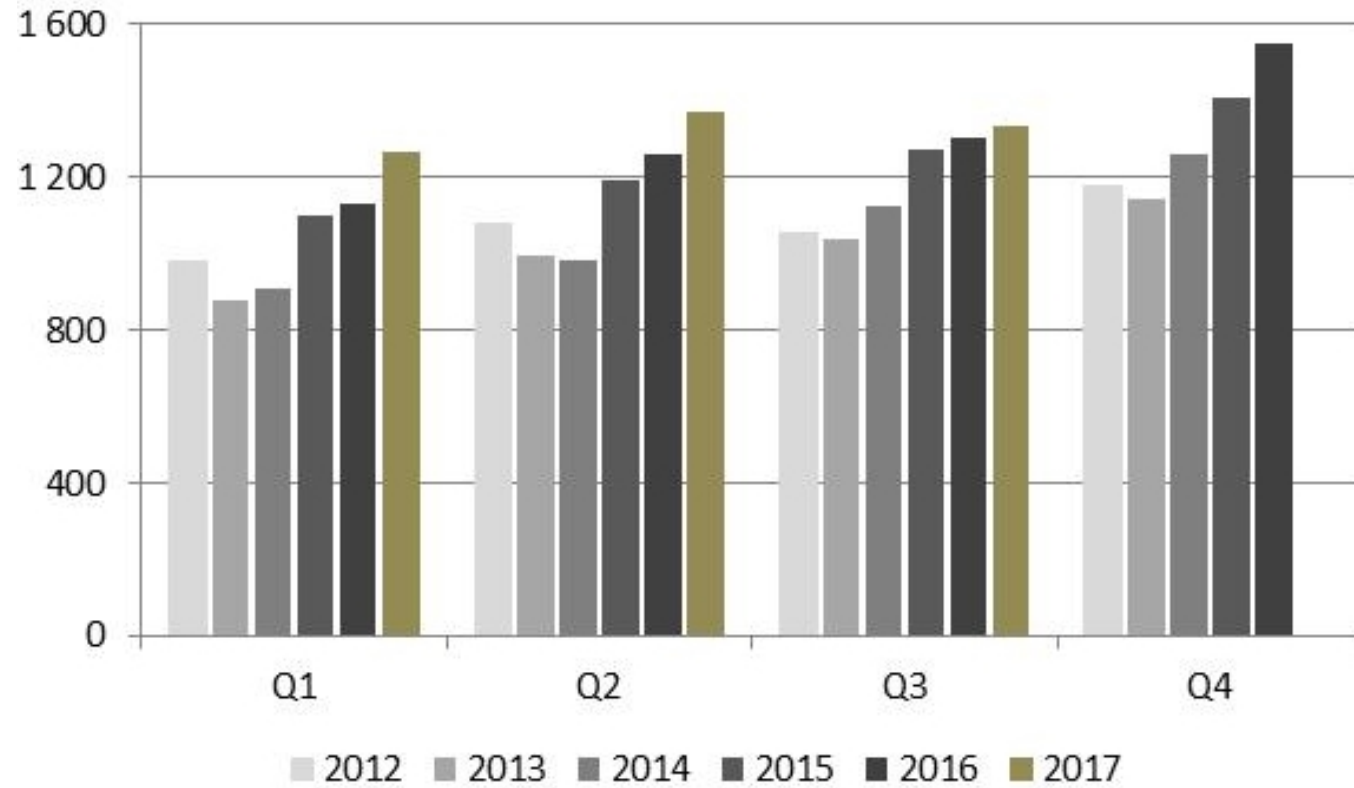
- **Sales SEK 1 331 million (1 300)**
 - Sales increased 2% (4% in local currencies).
 - Corporate Promo 11%, Sports & Leisure -6%, Gifts & Home Furnishings 11%.
 - Growth in most of the geographical areas
 - Promo sales channel 9%, retail -4%.
- **Sales per Operating segment**
 - Corporate Promo 11% to SEK 551 million (499).
 - *Promo sales channel.*
 - *Growth in most of our geographical areas.*
 - Sports & Leisure -6% to SEK 617 million (656).
 - *Growth in promo, decrease in retail.*
 - *Growth in Europe, decrease in other geographical areas.*
 - Gifts & Home Furnishings 11% to SEK 163 million (146).
 - *Retail sales channel.*
 - *Sweden and USA*

JULY – SEPTEMBER 2017

Net sales per geographical area

SEK million	Jul-Sep 2017	Part of income	Jul-Sep 2016	Part of income	Change SEK million	%
Sweden	293,0	22%	279.5	21%	13.5	5%
USA	352.3	26%	379.4	29%	-27.1	-7%
Nordic countries excluding Sweden	204.6	15%	197.8	15%	6.8	3%
Central Europe	243.0	18%	229.2	18%	13.8	6%
Southern Europe	121.0	9%	114.0	9%	7.0	6%
Other countries	117.2	9%	100.5	8%	16.7	17%
Total	1 331.1	100%	1 300.4	100%	30.7	2%

NET SALES



JULY – SEPTEMBER 2017

- Gross profit margin amounted to 47.9 (46.7) %.
- External costs and personnel costs amounted to a total of SEK -482.5 million (-476.8)
 - *Employments within sales, warehouse and customer service*
- Operating result amounted to SEK 143.0 million (124.9)
 - *Higher net sales and improved gross profit margin*
- Result for the period amounted to SEK 105.3 million (86.5)

JULY – SEPTEMBER 2017

Income statement

SEK Million	Jul-Sep 2017		Jul-Sep 2016	
Net sales	1 331.1		1 300.4	
Goods for resale	-692.8		-693.3	
Gross profit	638.2	47.9%	607.1	46.7%
Other operating income	10.4		14.5	
External costs	-265.4		-268.5	
Personnel costs	-217.1		-208.3	
Depreciation/amortization	-16.4		-14.1	
Other operating costs	-7.4		-5.8	
Associated companies	0.6		0,0	
Operating result	143.0	10.7%	124.9	9.6%
Financial income	1.6		1,0	
Financial costs	-14.8		-16.4	
Net financial items	-13.2		-15.4	
Result before tax	129.8		109.5	
Tax for the period	-24.5		-23,0	
Result for the period	105.3		86.5	
Earnings per share	1.60		1.31	



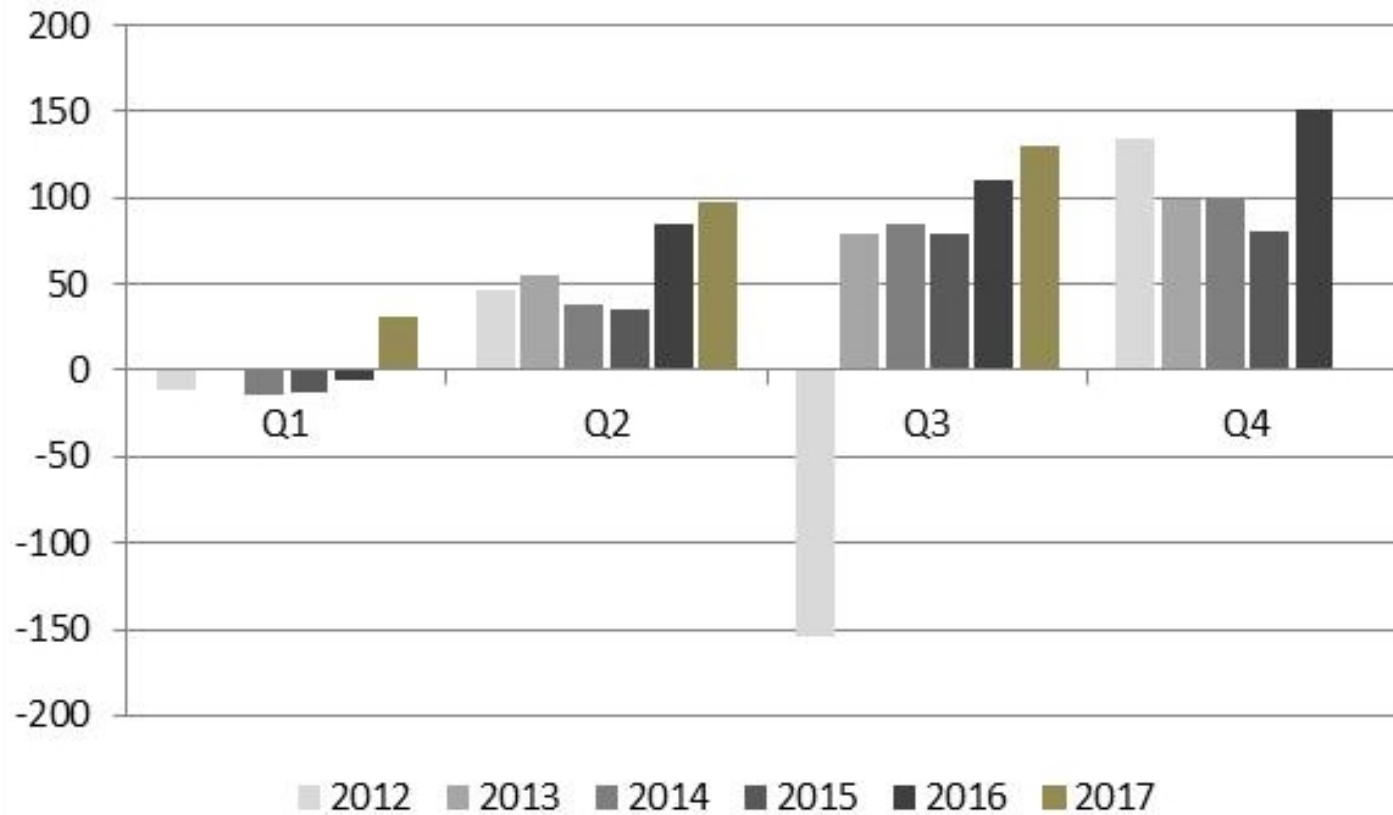
JULY – SEPTEMBER 2017

EBITDA per operating segment

- **Corporate Promo** amounted to SEK 49.9 million (36.9).
 - *Higher turnover*
- **Sports & Leisure** amounted to SEK 98.9 million (93.5).
 - *Improved gross profit margin*
 - *Lower costs*
- **Gifts & Home Furnishings** amounted to SEK 10.5 million (8.6).
 - *Higher turnover*
 - *Higher marketing costs*



RESULT BEFORE TAX



JULY - SEPTEMBER 2017

Cash flow

SEK million	Jul-Sep 2017	Jul-Sep 2016
Cash flow from operating activities before changes in working capital	153.3	116.2
Change in working capital	-163.7	-100.7
Cash flow from operating activities	-10.4	15.5
Investing activities	-36.9	-25.8
Cash flow after investing activities	-47.3	-10.3
Financial activities	30.2	22.9
Cash flow for the period	-17.1	12.6

JANUARY – SEPTEMBER 2017

■ Sales SEK 3 967 million (3 689)

- Sales increased 8% (6% in local currencies)
- Corporate Promo 13%, Sports & Leisure 1%, Gifts & Home Furnishings 11%
- Improvements in all geographical areas
- Promo sales channel 12%, retail 2%

■ Sales per Operating segment

- Corporate Promo 13% to SEK 1 820 million (1 609)
 - *Promo sales channel*
 - *Growth in all geographical areas*
- Sports & Leisure 1% to SEK 1 715 million (1 690)
 - *Increase in promo sales channels, decrease in retail*
 - *Europe*
- Gifts & Home Furnishings 11% to SEK 432 million (390)
 - *Primarily the retail sales channel*
 - *Sweden and USA*

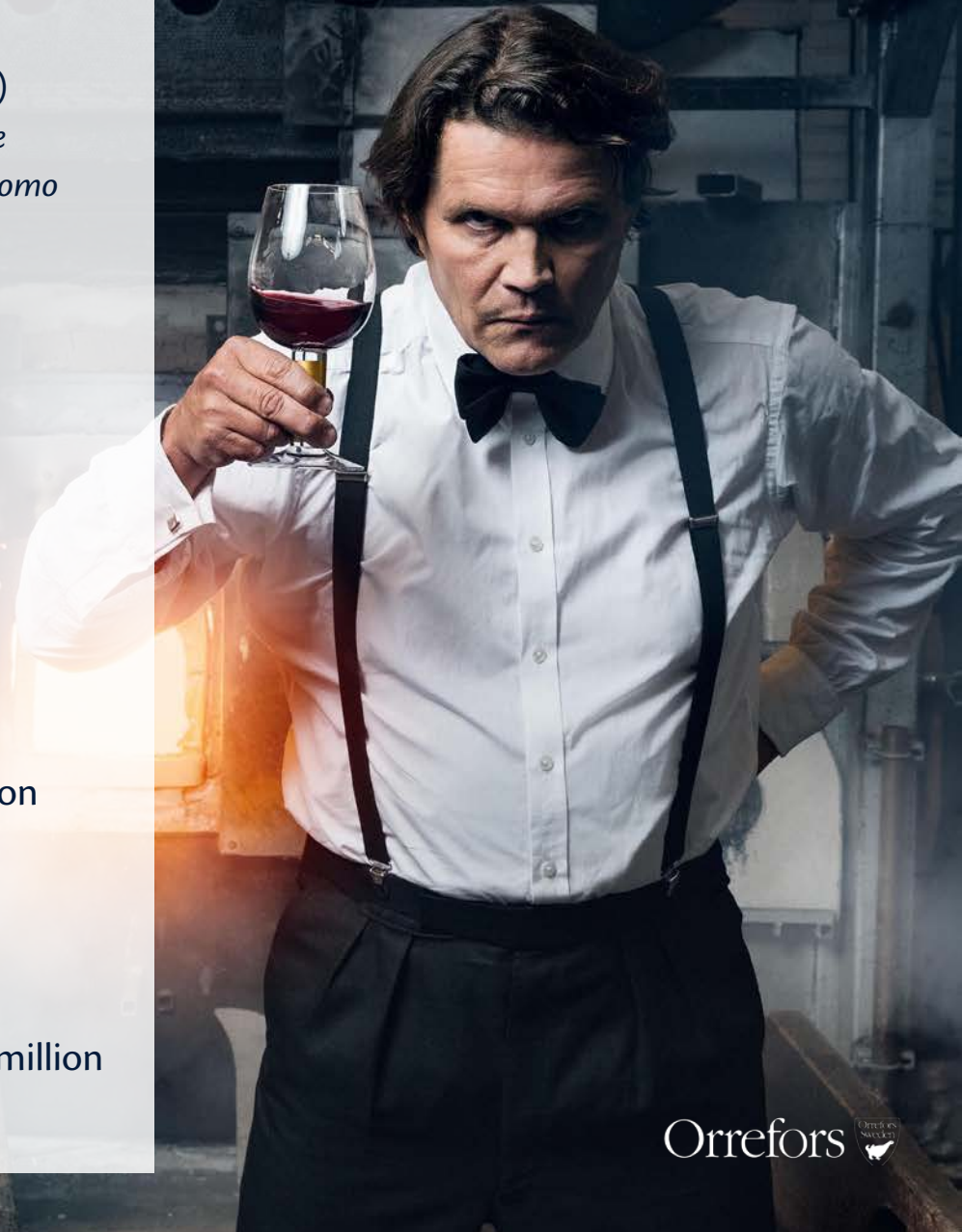
JANUARY – SEPTEMBER 2017

Net sales per geographical area

SEK million	Jan-Sep 2017	Part of income	Jan-Sep 2016	Part of income	Change SEK million	%
Sweden	867.7	22%	817.4	22%	50.3	6%
USA	1 029.9	26%	1 008.0	27%	21.9	2%
Nordic countries excluding Sweden	576.2	15%	552.6	15%	23.6	4%
Central Europe	739.3	19%	690.5	19%	48.8	7%
Southern Europe	400.3	10%	357.1	10%	43.2	12%
Other countries	353.5	9%	262.9	7%	90.6	34%
Total	3 967.0	100%	3 688.5	100%	278.5	8%

JANUARY – SEPTEMBER 2017

- Gross profit margin amounted to 46.3% (45.9)
 - *Improvement in Sports & Leisure, Gifts & Home Furnishings on the same level and Corporate Promo slightly lower due to change in product mix*
- Total costs amounted to SEK -1 502.3 million (-1 436.6)
 - *currency effect when converting into SEK*
 - *higher sales costs*
 - *more personnel in sales, warehouse and customer service*
- Operating result amounted to SEK 296.6 million (233.3)
 - *higher net sales*
- Result for the period amounted to SEK 207.2 million (148.9)



JANUARY – SEPTEMBER 2017

Income statement

SEK Million	Jan-Sep 2017	Jan-Sep 2016
Net sales	3 967.0	3 688.5
Goods for resale	-2 131.3	-1 994.6
Gross profit	1 835.7 46.3%	1693.9 45.9%
Other operating income	28.3	36.1
External costs	-824.1	-797.9
Personnel costs	-678.2	-638.7
Depreciation/amortization	-47.1	-40.7
Other operating costs	-19.1	-19.5
Associated companies	1.1	0,0
Operating result	296.6 7.5%	233.2 6.3%
Financial income	3.9	3.1
Financial costs	-42.7	-47.1
Net financial items	-38.8	-44,0
Result before tax	257.8	189.2
Tax for the period	-50.6	-40.3
Result for the period	207.2	148.9
Earnings per share	3.14	2.26



JANUARY – SEPTEMBER 2017 EBITDA per operating segment

- **Corporate Promo** amounted to SEK 179.1 million (140.9)
 - *Higher net sales*
- **Sports & Leisure** amounted to SEK 160.6 million (139.5)
 - *Improved gross profit margin*
 - *Lower costs*
- **Gifts & Home Furnishings** amounted to SEK 4.0 million (-6.5)
 - *Higher net sales*
 - *Higher marketing costs*

JANUARY - SEPTEMBER 2017

Cash flow

SEK million	Jan-Sep 2017	Jan-Sep 2016
Cash flow from operating activities before changes in working capital	296.1	201.4
Change in working capital	-222.8	-33.4
Cash flow from operating activities	73.3	168.0
Investing activities	-72.8	-65.1
Cash flow after investing activities	0.5	102.9
Financial activities	-51.7	-100.1
Cash flow for the period	-51.2	2.8

FINANCIAL HIGHLIGHTS

	Jan-Sep 2017	Jan-Sep 2016	Jan - Dec 2016	Jan - Dec 2015
Net sales growth, %	7.6	3.6	5.5	16.2
Number of employees	2 469	2 397	2 396	2 358
Gross profit margin, %	46.3	45.9	46.0	45.1
Operating margin before depreciation, %	6.3	7.4	8.7	6.3
Operating margin, %	7.5	6.3	7.6	5.1
Return on shareholders' equity, %	9.9	7.7	10.4	6,0
Return on capital employed, %	8.4	6.7	8.6	5.8
Equity ratio, %	48.0	45.4	48.4	45.9
Net debt - Equity ratio, %	60.7	73.5	62.1	76.8
Net debt - working capital ratio, %	61.7	70.0	64.7	71.7
Net debt, SEK million	1 721.9	1 949.9	1 748.9	1 929.1
Stock turnover, times	1.1	1.1	1.1	1.2
Shareholders' equity per share, SEK	42.8	40.0	42.5	37.9

CEO SUMMARY

■ Sales

- 13th consecutive quarter of growth in net sales
- Turnover for 9 months 8 % and “all time high” in absolute numbers
- > SEK 5,500 million on R12 and increased by SEK 1 242 million since 2014

■ Result

- Seventh consecutive quarter with increases in operating result (and in 12 of 13)
- Operating result for 9 months increased by 27% till SEK 296,6 million (233,2)
- In 2015 the operation result for Januari-September was SEK146,8 million

■ Balance sheet and cash flow

- Strong balance sheet and a debt to equity ratio of 48.0%
- Cash flow from operating activities amounted to SEK 73.3 million (168.0) in spite of growth and investments

CEO SUMMARY

Future

- **CRAFT Teamwear**
- **Increased marketing in USA which starts in the fourth quarter**
- **New collections for ProJob and Jobman**
- **CRAFT shoes in retail first quarter 2018**
- **New warehouses in Germany and Belgium**

NEW DISTRIBUTION CENTRE IN CANADA

- **Toronto**
- **77,000 sq ft**
- **1,6 milion units or 66,000 boxes**





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!

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