

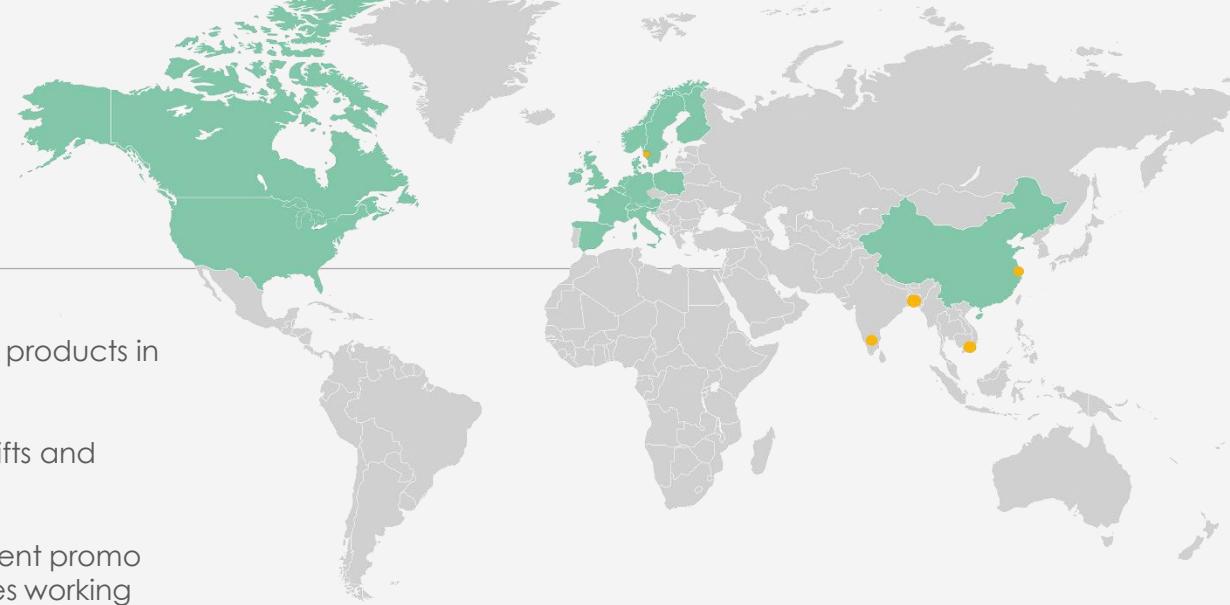


2018

INTERIM REPORT January - June

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, with promowear, promotional gifts and workwear, Sports & Leisure and Gifts & Home Furnishings.

We are active in two sales channels: **the promo market**, with sales mainly to independent promo retailers, and **the retail market**, with sales mainly to consumers through retail companies working with specialized stores.

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.

OPERATING SEGMENTS AND MARKETS

PROMO



SPORTS & LEISURE



GIFTS & HOME FURNISHINGS



Our brands are 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 AND 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 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.

Overall, we want to be one of the leading sports suppliers, both in Sweden and in other European countries and in the United States. 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.





TALKING WITH THE REGION'S TOP CEOS & BUSINESS LEADERS

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Crafting the Perfect Fit for Spartan

When it comes to Spartan racing, how do you dress for success? Mike Lunardelli from Spartan is joined by Eric Schenker, the Craft Clothing CEO for North America. Figuring out how to dress the athletes who compete in these races is a challenge in and of itself. You'll hear about what they are crafting at Craft.

(Published Thursday, Jul 26, 2018)



KAA GENT
— STAMMUMMER 7 —





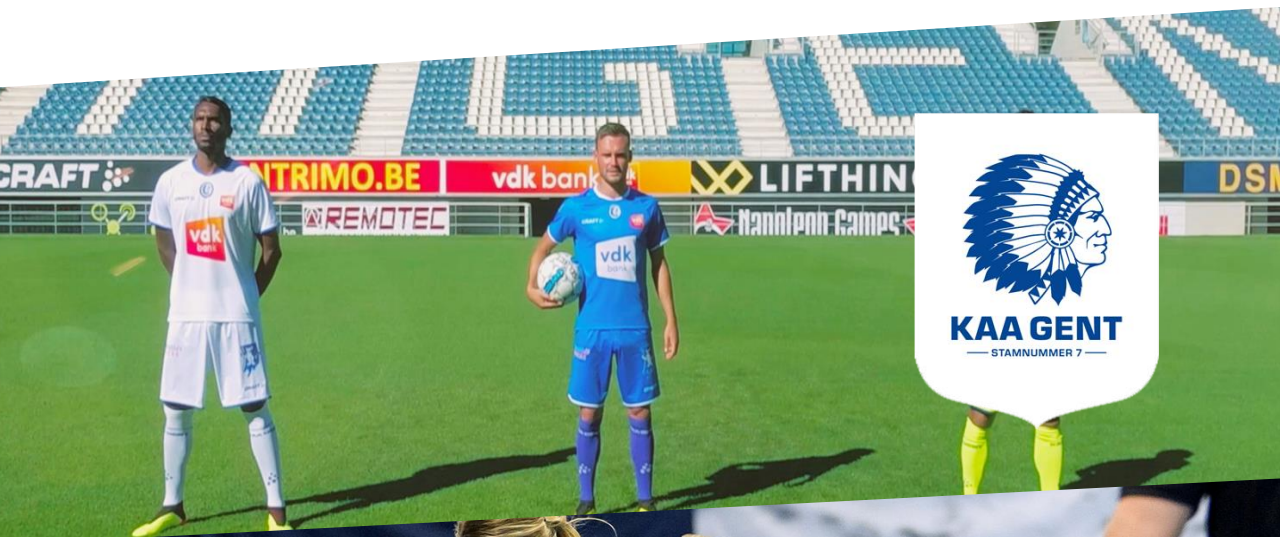
CRAFT TEAMWEAR



CRAFT TEAMWEAR



CRAFT TEAMWEAR



FINANCIAL INFORMATION

APRIL - JUNE

SALES

Sales SEK 1,523.2 (1,371.8) million

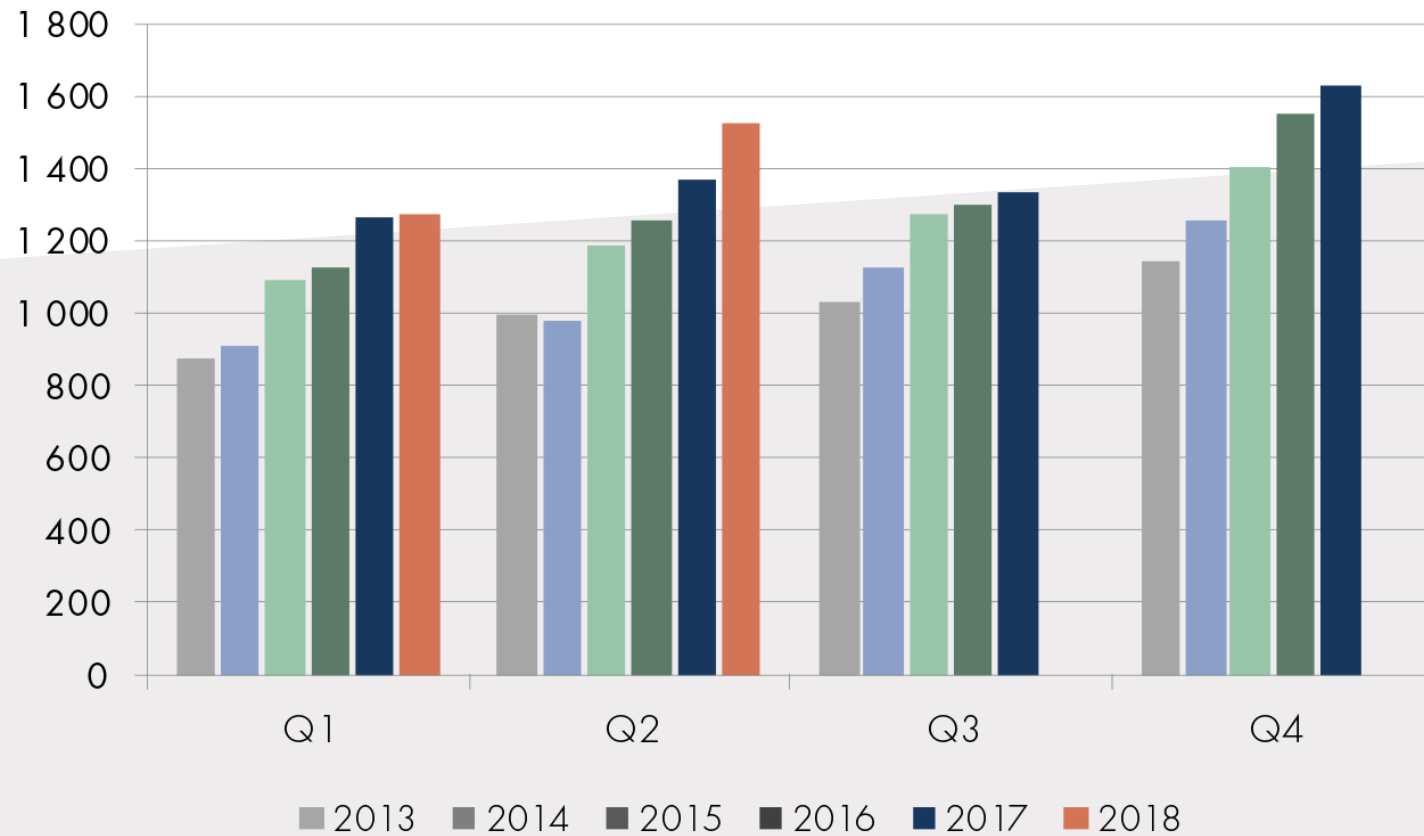
Sales increased by **11 %** (9 % in local currencies)

Corporate Promo 15 %, **Sports & Leisure** 7 %, **Gifts & Home Furnishings** 5 %

Growth in all regions

Promo sales channel 15 %, **retail** 5 %

NET SALES



APRIL - JUNE

NET SALES PER GEOGRAPHIC AREA

SEK million	Apr - Jun 2018	Part of net sales	Apr - Jun 2017	Part of net sales	Change MSEK	Change %
Sweden	374.5	25%	341.7	25%	32.8	10%
USA	375.8	25%	375.4	27%	0.3	0%
Nordic countries excluding Sweden	221.9	15%	188.6	14%	33.3	18%
Central Europe	215.0	14%	193.0	14%	22.0	11%
Southern Europe	184.5	12%	159.8	12%	24.7	15%
Other countries	151.6	10%	113.2	8%	38.4	34%
Total	1 523.2	100%	1 371.7	100%	151.5	11%

APRIL - JUNE

Gross profit margin amounted to 47.2 (45.6) %

External costs and personnel costs amounted to a total of SEK -566.0 (-503.0) million

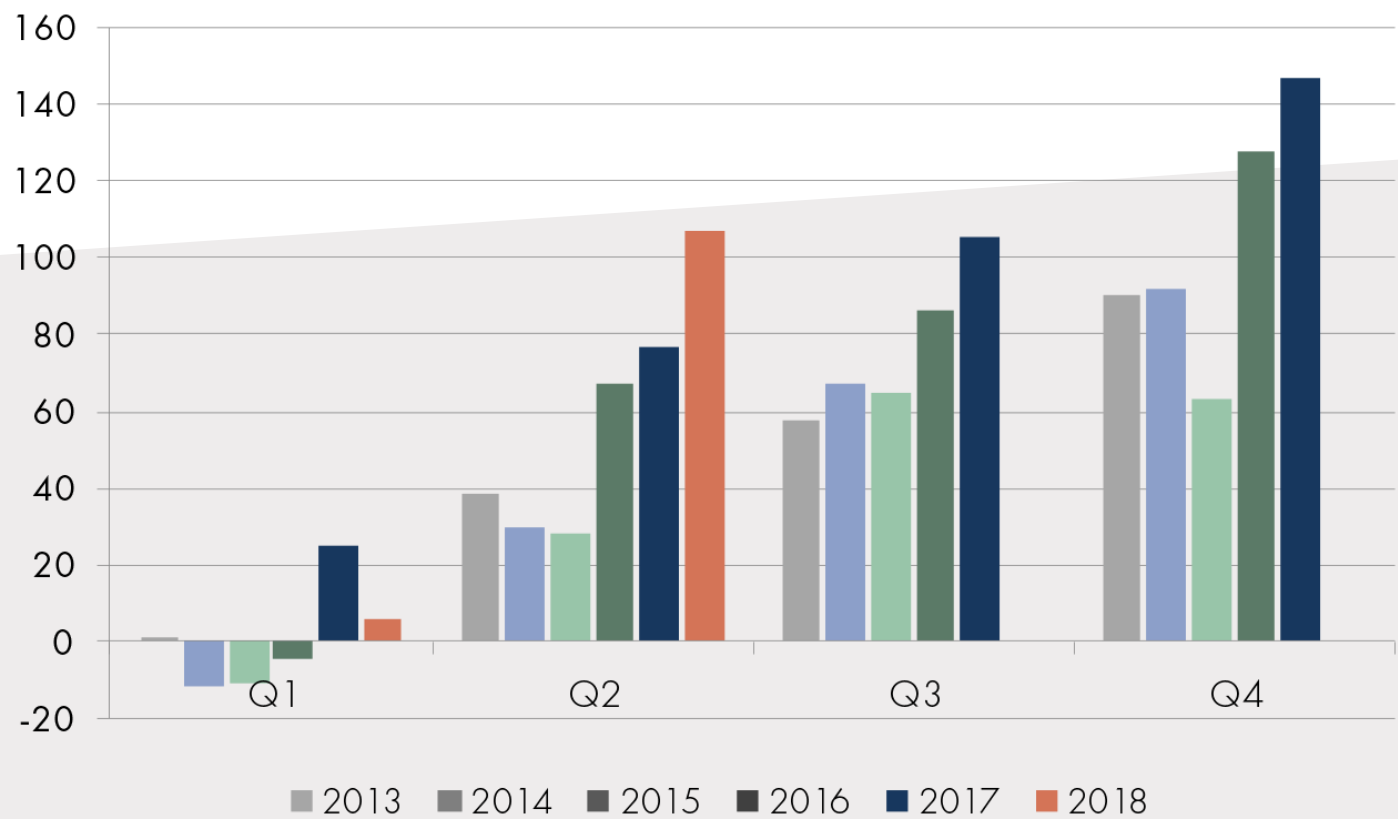
- More market activities
- More employees within sales, inventory and customer service

Operating result amounted to SEK 137.3 (110.4) million

Result for the period amounted to SEK 106.8 (77.1) million

SEK million	Apr – Jun 2018		Apr – Jun 2017	
Net sales	1 523.2		1 371.8	
Goods for resale	-804.2		-745.7	
Gross profit	719.0	47.2%	626.0	45.6%
Other operating income	11.3		7.0	
External costs	-305.1		-270.0	
Personnel costs	-260.9		-233.0	
Depreciation and write-downs of tangible and intangible fixed assets	-18.5		-15.8	
Other operating costs	-8.3		-3.9	
Share of associated companies' result	-0.3		0.2	
Operating result	137.3	9.0%	110.4	8.0%
Net financial items	-6.3		-13.1	
Result before tax	130.9		97.4	
Tax on result for the period	-24.2		-20.3	
Result for the period	106.8		77.1	
Result per share (SEK)	1.60		1.16	

RESULT FOR THE PERIOD



APRIL - JUNE

EBITDA PER OPERATING SEGMENT

Corporate Promo amounted to SEK 109.9 (95.6) million

- Higher turnover
- Increased marketing activities

Gifts & Home Furnishings amounted to SEK 3.7 (1.8) million

- Higher turnover

Sports & Leisure amounted to SEK 42.2 (28.9) million

- Higher turnover
- Improved gross profit margin
- Higher marketing costs



APRIL - JUNE

CASH FLOW

SEK million

Apr - Jun
2018

Apr - Jun
2017

Cash flow from operating activities before
changes in working capital

128.3

105.0

Change in working capital

-3.7

-54.9

Cash flow from operating activities

124.6

50.1

Investing activities

-41.6

-16.0

Cash flow after investing activities

83.0

34.1

Financial activities

-54.8

-42.5

Cash flow for the period

28.2

-8.4

CEO COMMENTS



Our **investments** are rapidly being **paid off**

- Torsten Jansson, CEO

The quarter

Strong growth of 11 % (9 % in local currency)

Promo sales channel increased 15 % (North America 9 % in local currency), retail 5 %.

Positive calendar effect, 16th quarter in a row with growth. Our investments are paying off.

Operating result increased 24 % to SEK 137.3 (110.4) million

Result for the period increased 39 % to SEK 106.8 (77.1) million

JANUARY - JUNE

SALES

Sales amounted to SEK 2 796.0 (2 635.9) million

Sales increased by **6 %** (6 % in local currencies)

Corporate Promo 11 %, **Sports & Leisure** 2 %, **Gifts & Home Furnishings** 3 %

Growth in all regions (in local currency)

Promo sales channel 11 %, **retail** 1 %

JANUARY - JUNE

NET SALES PER GEOGRAPHIC AREA

SEK million	Jan - Jun 2018	Part of net sales	Jan - Jun 2017	Part of net sales	Change MSEK	Change %
Sweden	670.6	24%	645.8	25%	25	4%
USA	689.1	25%	701.7	27%	-13	-2%
Nordic countries excluding Sweden	385.4	14%	351.7	13%	34	10%
Central Europe	439.0	16%	411.2	19%	28	7%
Southern Europe	343.4	12%	307.1	12%	36	12%
Other countries	268.5	10%	218.4	8%	50	23%
Total	2 796.0	100%	2 636.0	100%	160	6%

JANUARY - JUNE

Gross profit margin amounted to 47.0 (45.4) %

External costs and personnel costs amounted to a total of SEK -1,129.6 (-1,019.8) million

- More market activities
- More employees within sales, inventory and customer service

Operating result amounted to SEK 155.9 (153.7) million

Result for the period amounted to SEK 112.7 (101.9) million

SEK million	Jan – Jun 2018		Jan – Jun 2017	
Net sales	2 796.0		2 635.9	
Goods for resale	-1 481.7		-1 438.5	
Gross profit	1 314.4	47.0%	1 197.4	45.4%
Other operating income	27.2		17.9	
External costs	-622.3		-558.7	
Personnel costs	-507.3		-461.1	
Depreciation and write-downs of tangible and intangible fixed assets	-36.1		-30.7	
Other operating costs	-20.1		-11.7	
Share of associated companies' result	0.1		0.6	
Operating result	155.9	5.6%	153.7	5.8%
Net financial items	-16.6		-25.6	
Result before tax	139.3		128.1	
Tax on result for the period	-26.6		-26.1	
Result for the period	112.7		101.9	
Result per share (SEK)	1.70		1.55	

JANUARY - JUNE

EBITDA PER OPERATING SEGMENT

Corporate Promo amounted to SEK 152.6 (129.2) million

- Higher turnover
- Increased marketing activities

Gifts & Home Furnishings amounted to SEK -16.2 (-6.5) million

- More marketing activities
- Somewhat lower gross profit margin

Sports & Leisure amounted to SEK 55.5 (61.7) million

- Improved gross profit margin
- Higher costs



JANUARY - JUNE

CASH FLOW

SEK million

Jan - Jun
2018

Jan - Jun
2017

Cash flow from operating activities before
changes in working capital

129.5

142.8

Change in working capital

1.7

-59.1

Cash flow from operating activities

131.2

83.7

Investing activities

-81.4

-35.9

Cash flow after investing activities

49.8

47.8

Financial activities

-49.7

-81.9

Cash flow for the period

0.1

-34.1

FINANCIAL HIGHLIGHTS

SEK million	Jan – Jun 2018	Jan – Jun 2017	Jan – Dec 2017	Jan – Dec 2016
Net sales growth, %	6.1	10.4	6.9	5.5
Number of employees	2 558	2 451	2 495	2 396
Gross profit margin, %	47.0	45.4	46.1	46.0
Operating margin before depreciation, %	6.9	7.0	9.5	8.7
Operating margin, %	5.6	5.8	8.4	7.6
Return on shareholders' equity, %	7.3	7.4	12.2	10.4
Return on capital employed, %	6.4	6.6	9.8	8.6
Equity ratio, %	49.7	48.6	50.9	48.4
Net debt to equity ratio, %	55.8	61.7	54.1	62.1
Net debt in relation to working capital, %	58.6	63.7	54.7	64.7
Net debt, SEK million	1798.5	1713.9	1 637.3	1 748.9
Stock turnover, times	1.1	1.1	1.2	1.1
Shareholders' equity per share, SEK	48.56	48.84	45.66	42.46

CEO COMMENTS



I would like to mention Craft Teamwear in particular, where we have major growth potential

- Torsten Jansson, CEO

January - June

Sales increased by 6 % and improvement in all segments

Strong gross profit margin by 47.0 % (45.4%)

Result for the period increased by 11 % to SEK 112.7 (101.9) mkr

Strong balance sheet gives room for continued expansion


The future

Good order stocks, well balanced inventories, larger sales forces and intensive marketing

Craft Teamwear

Deal with Spartan – breakthrough for Craft in USA

We head towards an exciting future!



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!

THANK YOU!

NewWave
G R O U P