



JOBMAN

PROJOB

cottover

CRAFT

Orrefors

KOSTA BODA

ORREFORS



queen  
annel

KOSTA LINNEAFVERI

Orrefors JERNVERK

LORD NELSON  
nightingale

G.A.D.

No Problem

Graphix

DEBBY OF SWEDEN

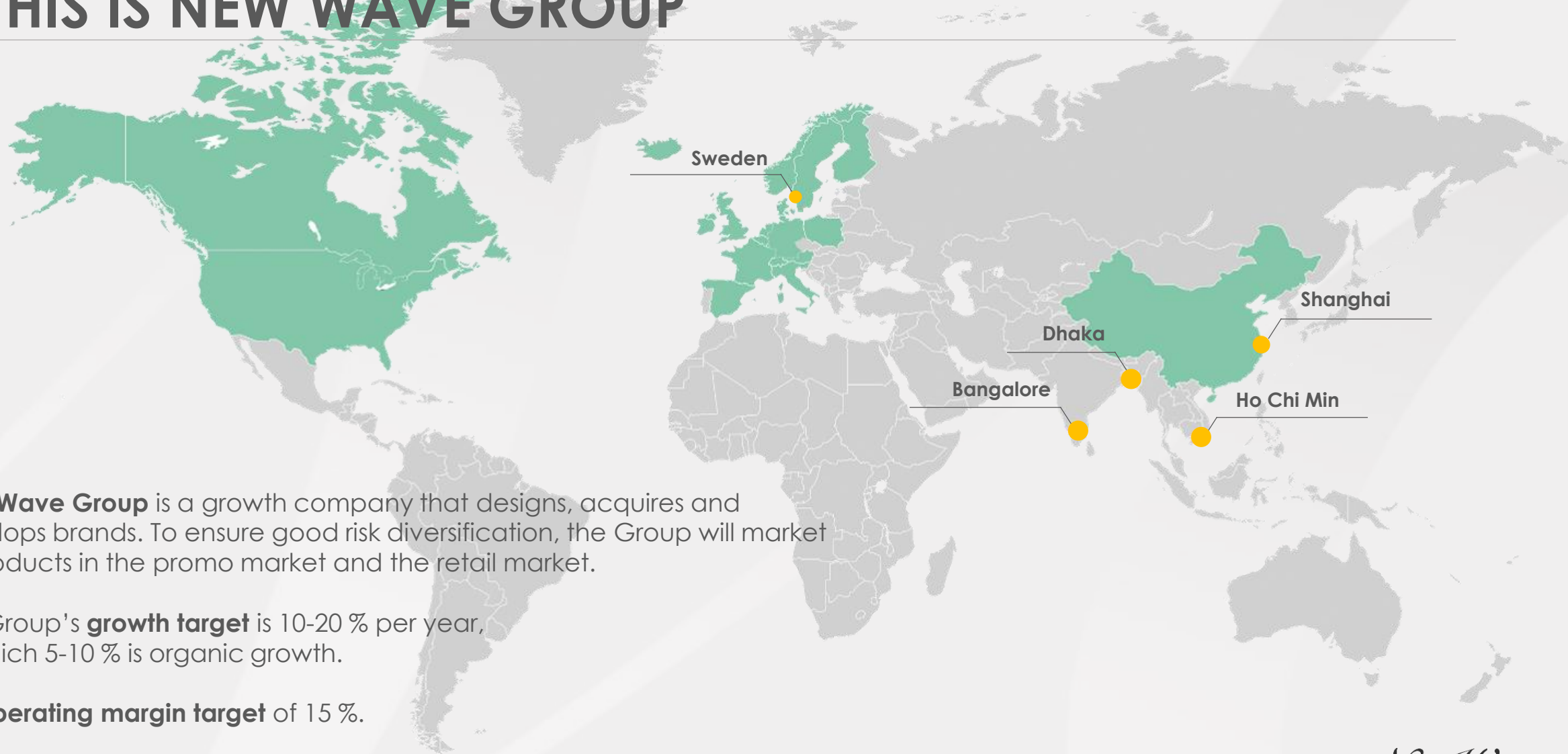
PRIZZLY

# 2019

## INTERIM REPORT April - June

*NewWave*  
GROUP

# THIS IS NEW WAVE GROUP



**New Wave Group** is a growth company that designs, acquires and develops brands. To ensure good risk diversification, the Group will market its products in the promo market and the retail market.

The Group's **growth target** is 10-20 % per year, of which 5-10 % is organic growth.

An **operating margin target** of 15 %.

At least 30 % of an **equity ratio**.

# OPERATING SEGMENTS AND SALES CHANNELS

## Corporate



Our brands are categorized according to which of our three operating segments it belongs to: **Corporate**, **Sports & Leisure** or **Gifts & Home Furnishings**.

The brands are distributed in both **the promo market** and the **retail market** to achieve good risk diversification.

## SPORTS & LEISURE



**Brands with or close to over SEK 1 billion in annual net sales**

## GIFTS & HOME FURNISHINGS



# CORPORATE

## - VISION

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The vision for the Corporate operating segment is to become the leading supplier of promotional products to corporations in Europe and one of the leading suppliers in the United States by offering companies 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 brand Auclair shall 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 become one of the leading sports suppliers, both in Sweden and in other European countries as well as 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 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

# ACTIVITIES IN FOCUS

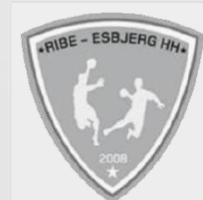
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# CRAFT

TEAMWEAR



HAMMARBY  
FOTBOLL







**CRAFT** ❦

# DISTRIBUTION UNITS

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Improvement of service level



# WORK WEAR

Our investments in the market continue!



# CUTTER & BUCK

Great growth opportunities!



# FINANCIAL INFORMATION



# APRIL – JUNE

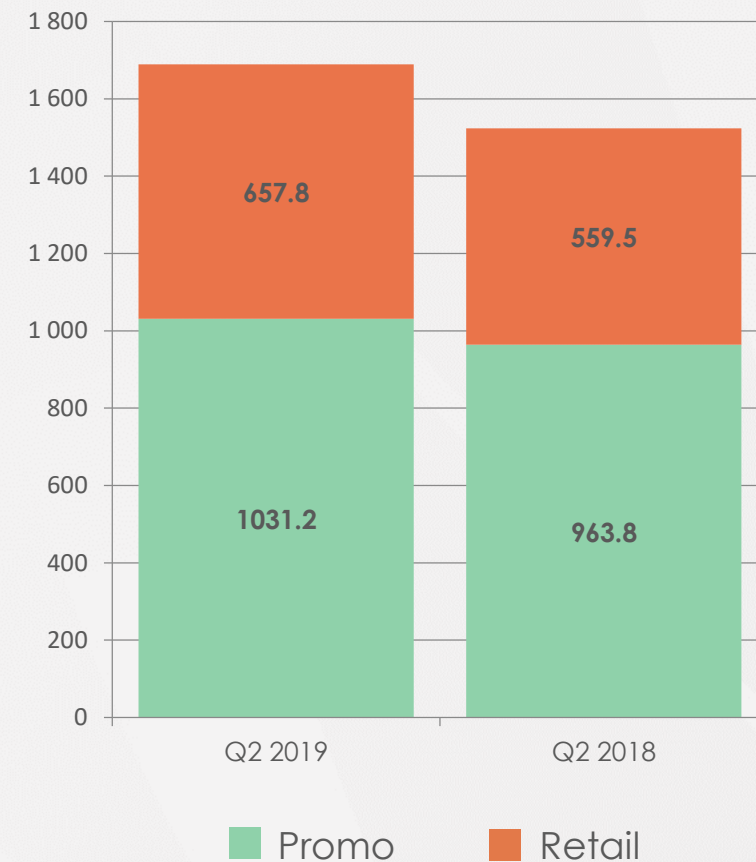
## NET SALES

**Sales amounted to SEK 1,689.0 (1,523.2) million**

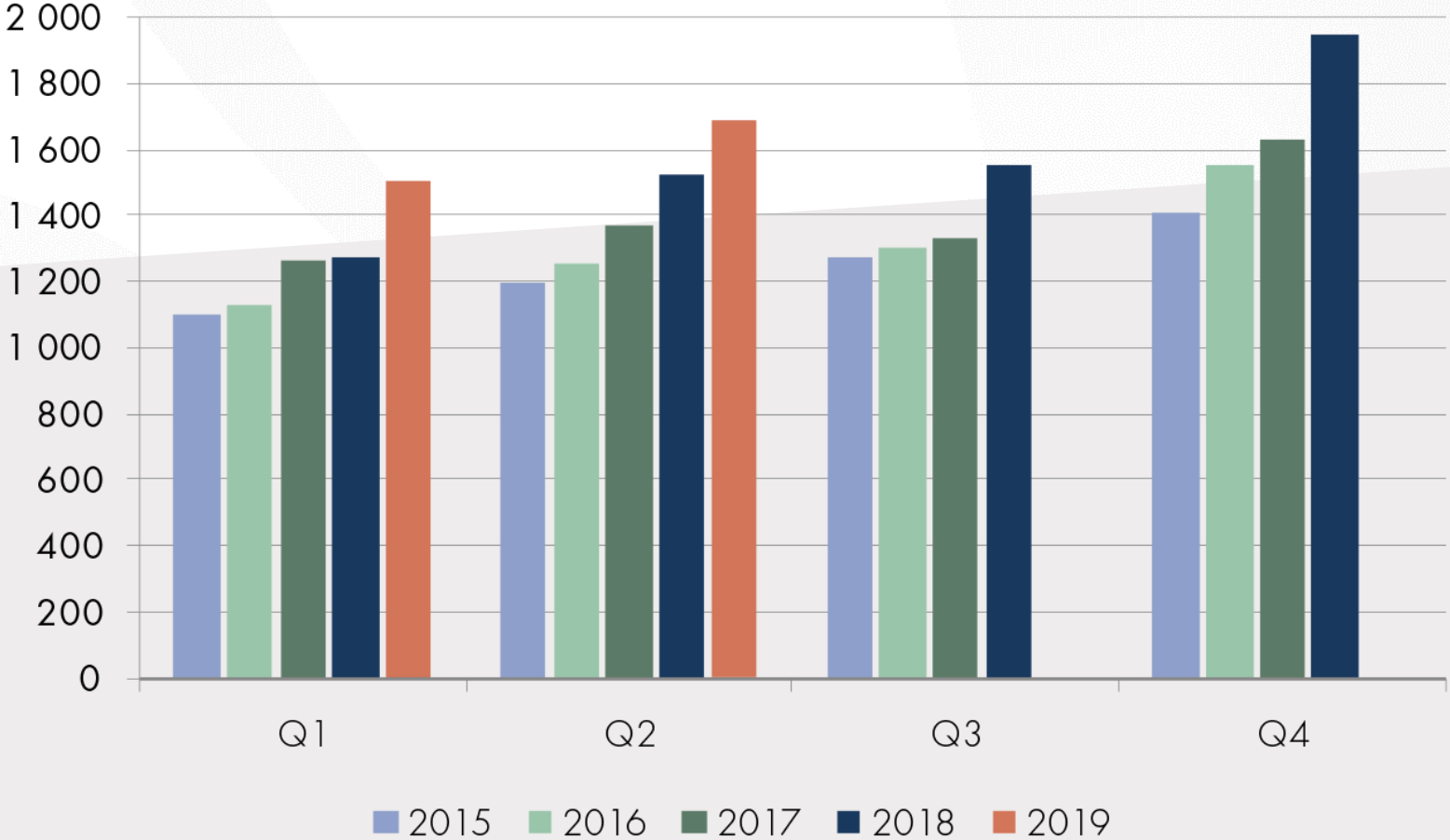
Sales increased by **11 %** (6 % in local currencies)

**Promo** sales channel 7 %, **retail** 18 %

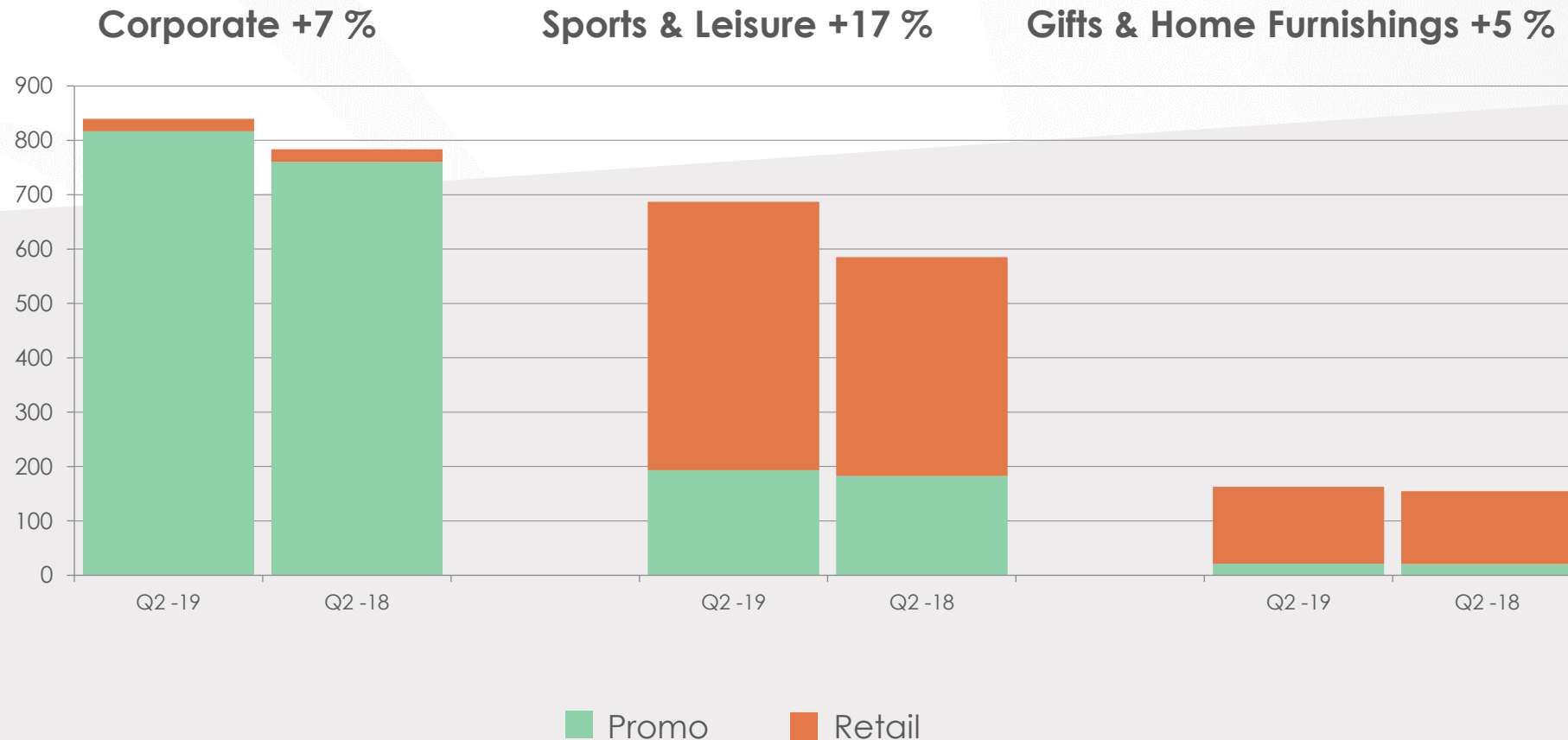
Growth in all regions



# NET SALES



# NET SALES PER OPERATING SEGMENT





# APRIL - JUNE

## NET SALES PER GEOGRAPHIC AREA

SEK million	Apr - Jun 2019	Share of net sales	Apr - Jun 2018	Share of net sales	Change SEK million	Change %
USA	459.3	27%	375.8	25%	83.5	22%
Sweden	395.1	23%	374.5	25%	20.7	6%
Central Europe	231.5	14%	215.0	14%	16.5	8%
Nordic countries excl. Sweden	223.2	13%	221.9	15%	1.3	1%
Southern Europe	208.2	12%	184.5	12%	23.7	13%
Other countries	171.7	10%	151.6	10%	20.1	13%
<b>Total</b>	<b>1689.0</b>	<b>100%</b>	<b>1523.2</b>	<b>100%</b>	<b>165.8</b>	<b>11%</b>

# APRIL - JUNE

**Gross profit margin amounted to 46.5 (47.2) %**

**External costs and personnel costs amounted to a total of SEK -620.7 (-566.0) million**

- More sales and marketing oriented activities
- More employees within sales, warehousing and customer service
- Currency exchange rate effects increased costs with SEK 28.4 million
- IFRS 16 affected external costs by SEK 31.2 million

**Operating result amounted to SEK 119.6 (137.3) million**

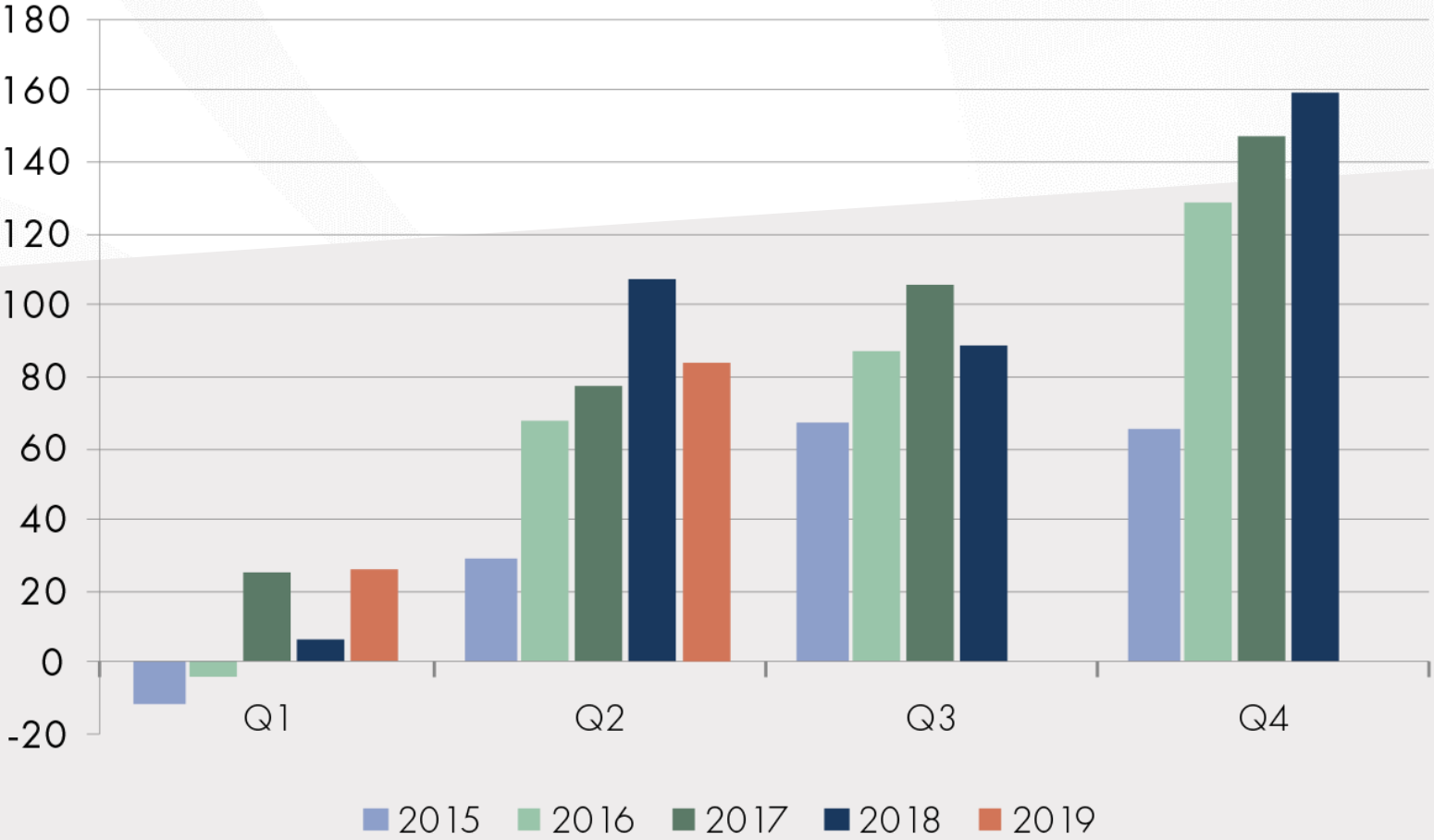
- Higher net sales but increased sales and marketing investments
- IFRS 16 had a net impact of SEK 2.5 million

**Result for the period amounted to SEK 83.7 (106.8) million**

- IFRS 16 had a net impact of SEK -1.3 million on result for the period

SEK million	Apr – Jun 2019		Apr – Jun 2018	
Net sales	1 689.0		1 523.2	
Goods for resale	-903.3		-804.2	
<b>Gross profit</b>	<b>785.7</b>	<b>46.5%</b>	<b>719.0</b>	<b>47.2%</b>
Other operating income	15.5		11.3	
External costs	-330.2		-305.1	
Personnel costs	-290.5		-260.9	
Amortizations, depreciations and write-downs of tangible and intangible fixed assets	-52.8		-18.5	
Other operating costs	-7.7		-8.3	
Share of associated companies' result	-0.3		-0.3	
<b>Operating result</b>	<b>119.6</b>	<b>7.1%</b>	<b>137.3</b>	<b>9.0%</b>
Net financial items	-16.0		-6.3	
<b>Result before tax</b>	<b>103.6</b>		<b>130.9</b>	
Tax expense	-19.9		-24.2	
<b>Result for the period</b>	<b>83.7</b>		<b>106.8</b>	
Result per share (SEK)*	1.28		1.60	

# RESULT FOR THE PERIOD



# APRIL - JUNE

## EBITDA PER OPERATING SEGMENT

### All segments have higher net sales

#### Corporate

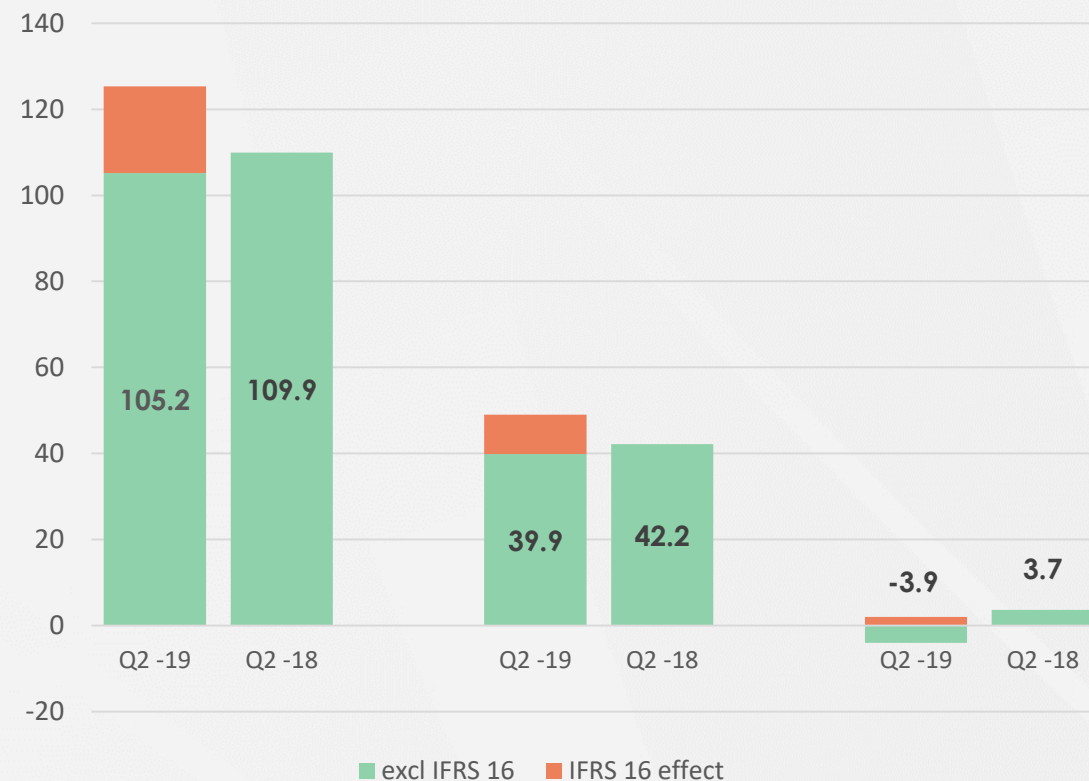
- Higher sales and marketing activities as well as distribution costs
- IFRS 16 affected SEK 20.1 million

#### Sports & Leisure

- Higher sales and marketing activities as well as distribution costs
- IFRS 16 affected SEK 9.1 million

#### Gifts & Home Furnishings

- Lower gross profit margin
- IFRS 16 affected SEK 2.0 million



# APRIL - JUNE

## CASH FLOW

SEK million	Apr - Jun 2019	Apr – Jun 2018
Cash flow from operating activities before changes in working capital	143.8	128.3
Change in working capital	-134.8	-3.7
<b>Cash flow from operating activities</b>	<b>9.0</b>	<b>124.6</b>
Investing activities	-35.6	-41.6
<b>Cash flow after investing activities</b>	<b>-26.6</b>	<b>83.0</b>
Financial activities	-57.4	-54.8
<b>Cash flow for the period</b>	<b>-84.0</b>	<b>28.2</b>

# JANUARY – JUNE

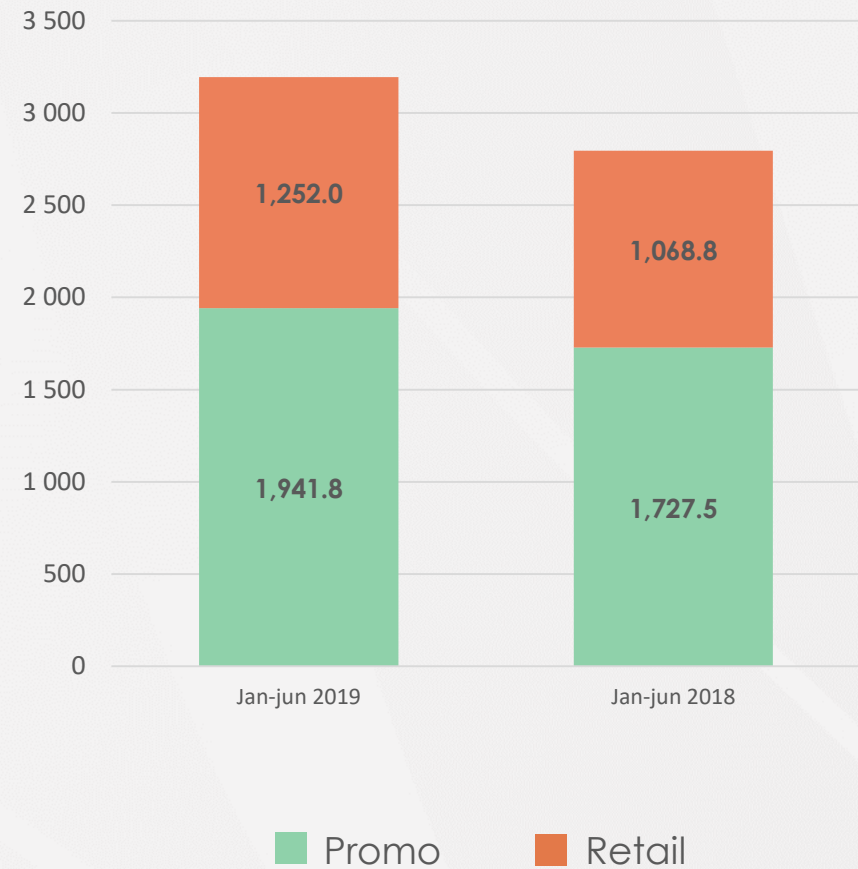
## NET SALES

**Sales amounted to SEK 3,193.9 (1,523.2) million**

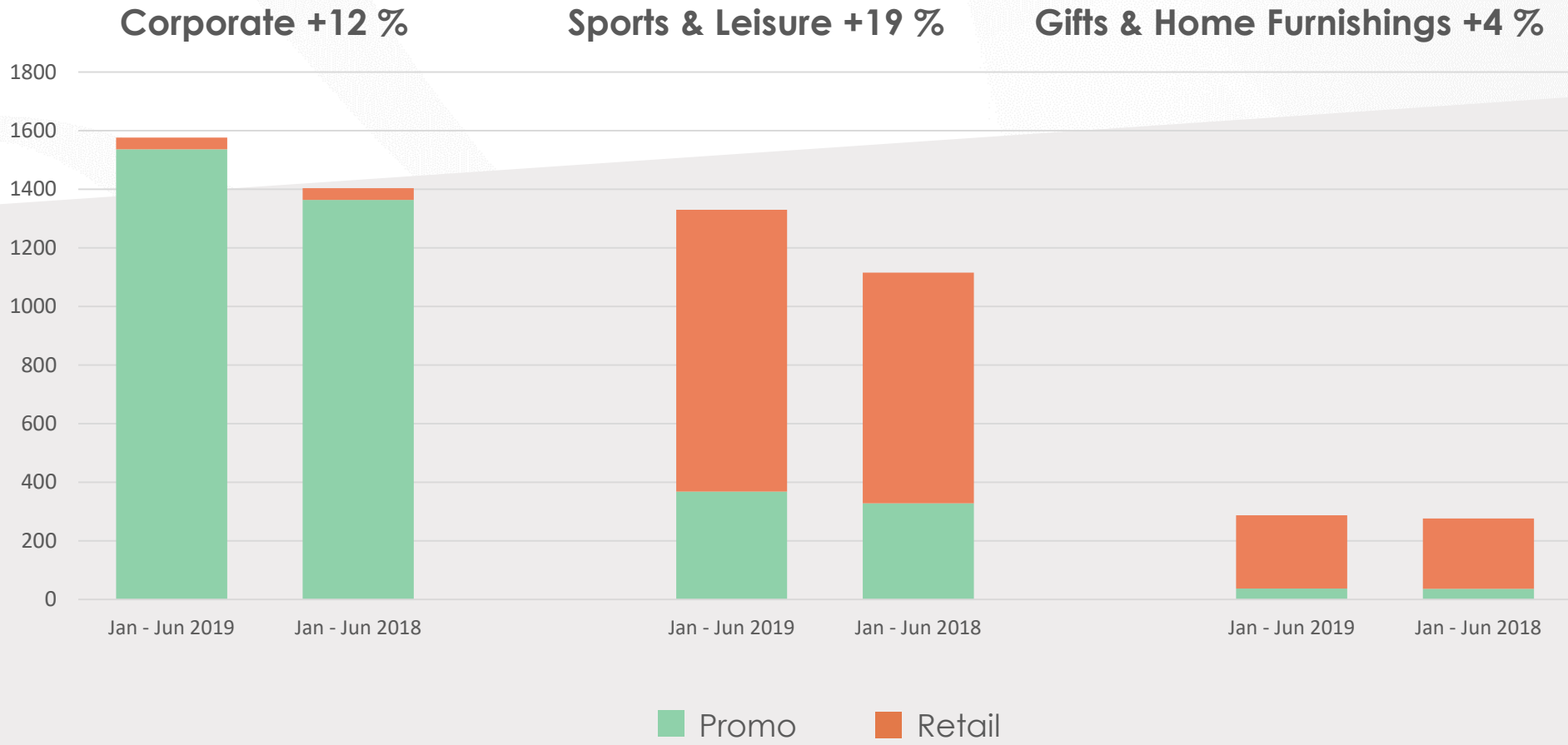
Sales increased by **14 %** (8 % in local currencies)

**Promo** sales channel 12 %, **retail** 17 %

Growth in all regions



# NET SALES PER OPERATING SEGMENT



# JANUARY - JUNE

## NET SALES PER GEOGRAPHIC AREA

SEK million	Jan - Jun 2019	Share of net sales	Jan - Jun 2018	Share of net sales	Change SEK million	Change %
USA	835.0	26%	689.1	25%	145.8	21%
Sweden	723.6	23%	670.6	24%	53.0	8%
Central Europe	492.4	15%	439.0	16%	53.4	12%
Nordic countries excl. Sweden	418.4	13%	385.4	14%	33.0	9%
Southern Europe	398.3	12%	343.4	12%	54.9	16%
Other countries	326.2	10%	268.5	10%	57.7	21%
<b>Total</b>	<b>3 193.9</b>	<b>100%</b>	<b>2 796.0</b>	<b>100%</b>	<b>397.8</b>	<b>14%</b>



# JANUARY - JUNE

**Gross profit margin amounted to 46.8 (47.0) %**

**External costs and personnel costs amounted to a total of SEK -1,242.3 (-1,129.6) million**

- More sales and marketing activities
- More employees within sales, warehousing and customer service
- Currency exchange rate effects increased costs with SEK 65.8 million
- IFRS 16 affected external costs by SEK 61.8 million

**Operating result amounted to SEK 165.6 (155.9) million**

- Higher net sales but increased sales and marketing investments
- IFRS 16 had a net impact of SEK -3.9 million

**Result for the period amounted to SEK 109.7 (112.7) million**

- IFRS 16 had a net impact of SEK -3.1 million on result for the period

SEK million	Jan – Jun 2019		Jan – Jun 2018	
Net sales	3 193.9		2 796.0	
Goods for resale	-1 698.6		-1 481.7	
<b>Gross profit</b>	<b>1 495.3</b>	<b>46.8%</b>	<b>1 314.4</b>	<b>47.0%</b>
Other operating income	32.7		27.2	
External costs	-668.7		-622.3	
Personnel costs	-573.6		-507.3	
Amortizations, depreciations and write-downs of tangible and intangible fixed assets	-103.8		-36.1	
Other operating costs	-15.9		-20.1	
Share of associated companies' result	-0.5		0.1	
<b>Operating result</b>	<b>165.6</b>	<b>5.2%</b>	<b>155.9</b>	<b>5.6%</b>
Net financial items	-29.9		-16.6	
<b>Result before tax</b>	<b>135.6</b>		<b>139.3</b>	
Tax expense	-25.9		-26.6	
<b>Result for the period</b>	<b>109.7</b>		<b>112.7</b>	
Result per share (SEK)	1.68		1.70	

# JANUARY - JUNE

## EBITDA PER OPERATING SEGMENT

### All segments have higher net sales

#### Corporate

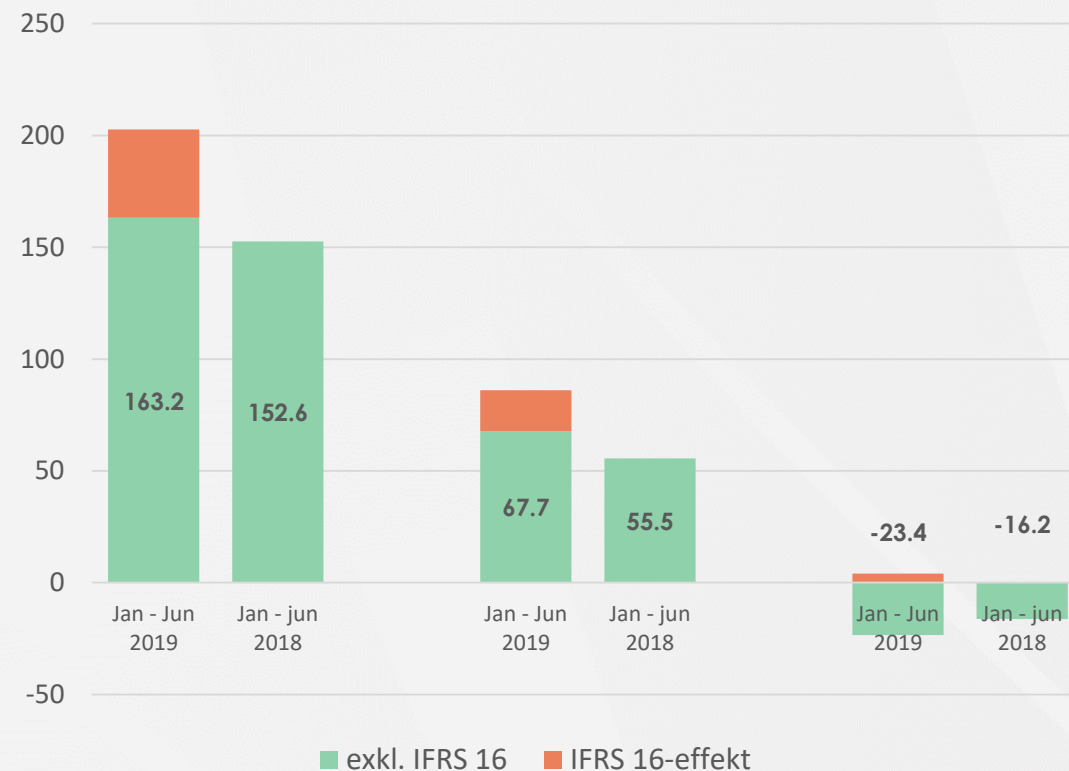
- Higher sales and marketing activities as well as distribution costs
- IFRS 16 affected SEK 39.5 million

#### Sports & Leisure

- Higher gross profit margin
- Higher costs for sales, marketing and distribution units
- IFRS 16 affected SEK 18.3 million

#### Gifts & Home Furnishings

- Lower gross profit margin and higher costs for marketing
- IFRS 16 affected SEK 4.0 million



# JANUARY - JUNE

## CASH FLOW

SEK million	Jan - Jun 2019	Jan – Jun 2018
Cash flow from operating activities before changes in working capital	193.1	129.5
Change in working capital	-249.2	1.7
<b>Cash flow from operating activities</b>	<b>-56.1</b>	<b>131.2</b>
Investing activities	-73.9	-81.4
<b>Cash flow after investing activities</b>	<b>-130.0</b>	<b>49.8</b>
Financial activities	-8.2	-49.7
<b>Cash flow for the period</b>	<b>-138.2</b>	<b>0.1</b>

# FINANCIAL KEY FIGURES

	Jan – Jun 2019	excl IFRS 16	Jan – Jun 2018	Jan – Dec 2018	Jan – Dec 2017
Net sales growth, %	14.2		6.1	12.4	6.9
Number of employees	2 597		2 558	2 605	2 495
Gross profit margin, %	46.8		47.0	46.6	46.1
Operating margin before depreciation, %	8.4	6.5	6.9	8.9	9.5
Operating margin, %	5.2		5.6	7.7	8.4
Return on shareholders' equity, %	6.4		7.3	11.2	12.2
Return on capital employed, %	5.6		6.4	9.4	9.8
Equity ratio, %	44.7	48.5	49.7	48.6	50.9
Net debt to equity ratio, %	79.2	61.7	55.8	53.3	54.1
Net debt in relation to working capital, %	78.2	60.9	58.6	57.0	54.7
Net debt, SEK million	2 783.7	2 168.6	1 798.5	1 831.0	1 637.3
Stock turnover, times	1.0		1.1	1.1	1.2
Shareholders' equity per share, SEK	52.96		48.56	51.76	45.66

# CEO COMMENTS

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**It was the 20<sup>th</sup> consecutive quarter of organic growth, which shows that our investments are delivering results.**

- Torsten Jansson, CEO

## April - June

**Good growth**, 11 % (6 % in local currencies) and the **20th consecutive quarter** with organic growth

**Operating result** lower due to our investments in sales and marketing.

## January - June

**Net sales increase** by 14 % (8 % in local currencies). Improvements in both sales channels, all segments and geographical areas.

Our sales and marketing efforts raise costs and the **operating result** is slightly above prior year.

# CEO COMMENTS

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**It was the 20<sup>th</sup> consecutive quarter of organic growth, which shows that our investments are delivering results.**

- Torsten Jansson, CEO

## The Future

The growth comes from **our investments in market and sales. Not least Craft** as a brand and the investment we have made on teams and clubs is developing well. We already have several national teams within a number of different sports and also large well-known clubs in several countries.

Continued **sales growth will be in focus** but we expect to **gradually increase the operating result** in the upcoming years.

I still look very positively on the future!

# CAPITAL MARKET DAY – WELCOME!

TOMORROW AUGUST 21 HERE AT BARNHUSGATAN

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Start **8:30**

Finish approx **16:30**



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!





*NewWave*  
G R O U P