



2019

INTERIM REPORT January - September

NewWave
G R O U P

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**.

Sweden

Dhaka

Bangalore

Shanghai

Ho Chi Minh

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**

CRAFT



GIFTS & HOME FURNISHINGS



NewWave
G R O U P

CORPORATE

- VISION

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.

A woman is running on a dark, rocky path in a mountainous landscape. She is wearing a white and black jacket, black leggings, and a white headband. The background shows snow-capped mountains under a cloudy sky.

CRAFT 

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.



ACTIVITIES IN FOCUS



HAMMARBY
FOTBOLL



SVENSK FRIIDROTT





FULL SCORE IN SUSTAINABILITY FOR NEW WAVE GROUP

New Wave Group is one of eight companies that received full marks - six points out of six possible - when Dagens Industri, Aktuell Hållbarhet and the School of Economics and Management at Lund University ranked how over 170 listed companies related to Agenda 2030 and the UN Global Goals for Sustainable Development.

Samtliga bolag med 6 av 6 poäng:

Arctic Paper
Atlas Copco
Billerud Korsnäs
Hexpol
New Wave Group
Qliro
Rottneros
Swedol



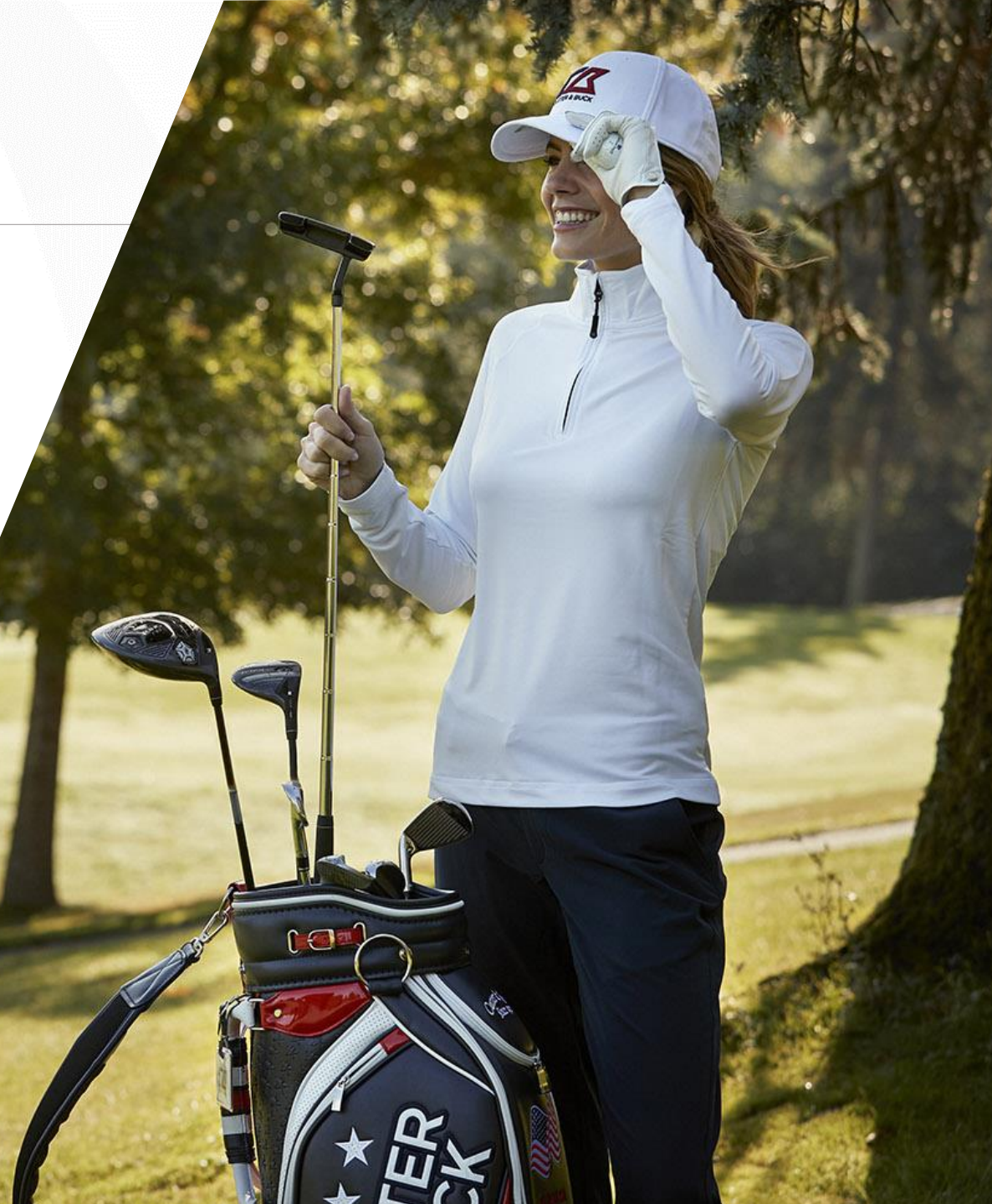
DISTRIBUTION UNITS

Improvement of service level



CUTTER & BUCK

Great growth opportunities
and our investments in the
market continue!



FINANCIAL INFORMATION

JULY - SEPTEMBER

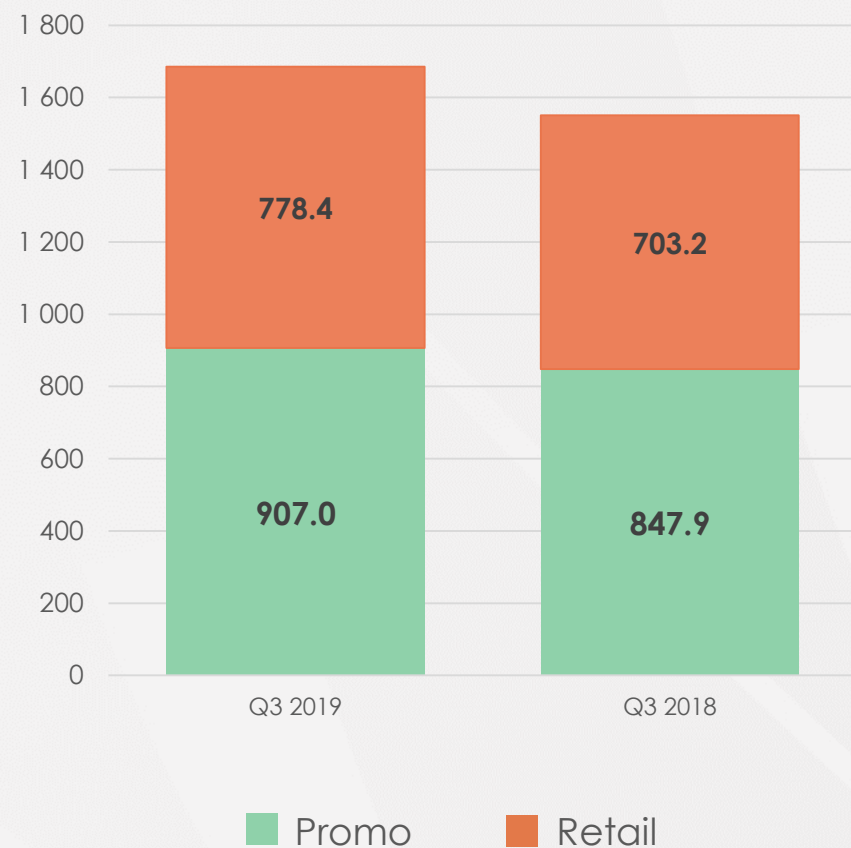
NET SALES

Sales amounted to SEK 1,685.5 (1,551.2) million

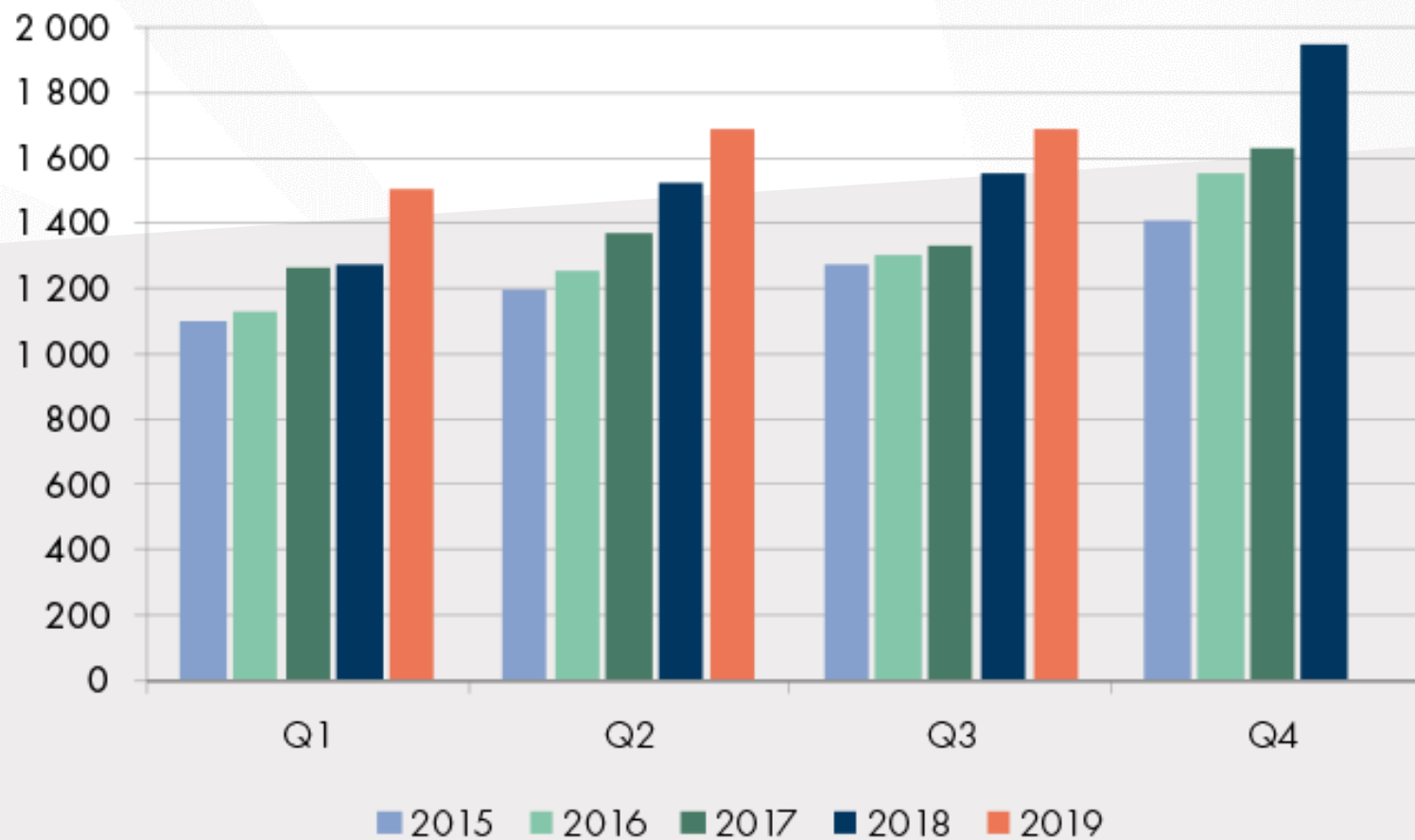
Sales increased by **9 %** (**5 %** in local currencies)

Promo sales channel **7 %**, **retail** **11 %**

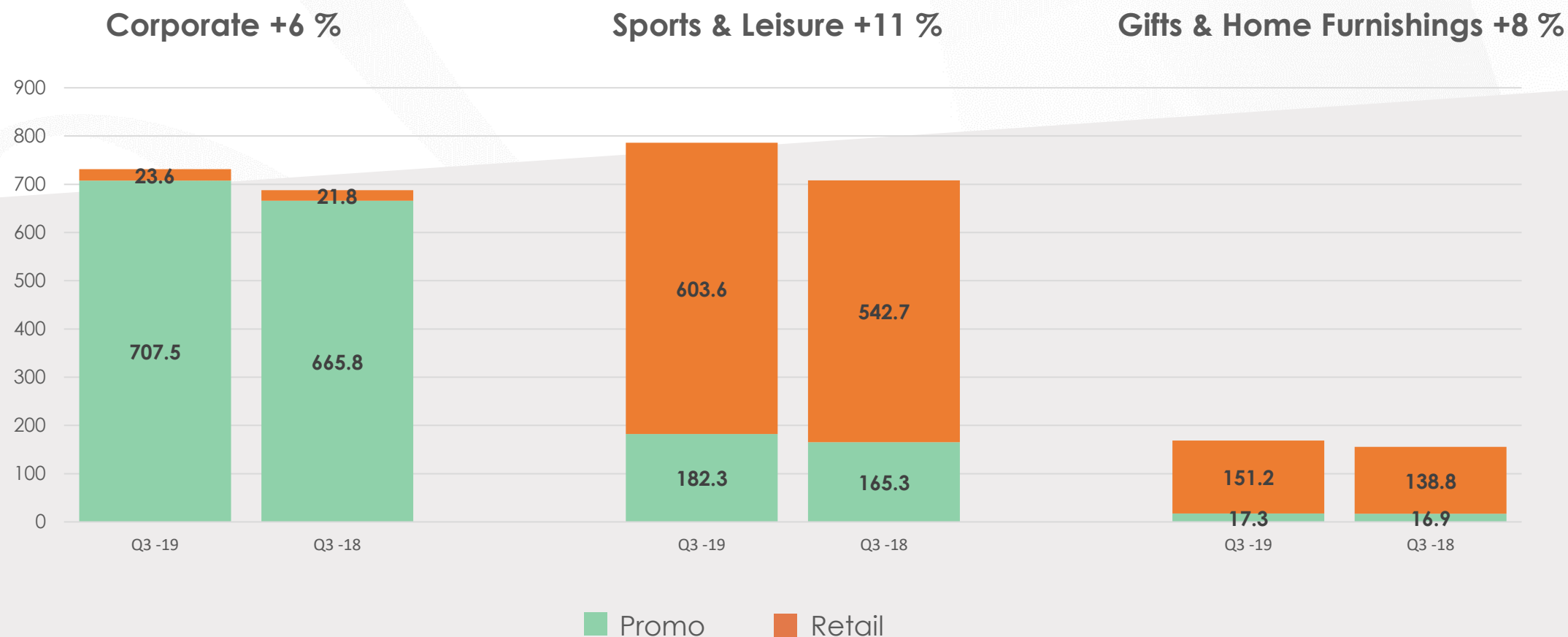
Growth in all segments and regions



NET SALES



NET SALES PER OPERATING SEGMENT



JULY - SEPTEMBER

NET SALES PER GEOGRAPHIC AREA

SEK million	Jul - Sep 2019	Share of net sales	Jul - Sep 2018	Share of net sales	Change SEK million	Change %
USA	451.4	27%	408.6	26%	42.8	10%
Sweden	382.4	23%	350.9	23%	31.4	9%
Central Europe	258.8	15%	250.1	16%	8.7	3%
Nordic countries excl. Sweden	206.1	12%	195.0	13%	11.1	6%
Southern Europe	171.7	10%	149.7	10%	22.0	15%
Other countries	215.1	13%	196.8	13%	18.3	9%
Total	1 685.5	100%	1 551.2	100%	134.3	9%

JULY - SEPTEMBER

Gross profit margin amounted to 45.2 (46.1) %

External costs and personnel costs amounted to a total of SEK -579.0 (-581.2) million

- More employees primarily within sales and warehousing
- Currency exchange rate effects increased costs with SEK 21.9 million
- IFRS 16 affected external costs by SEK 33.1 million

Operating result amounted to SEK 129.1 (117.5) million

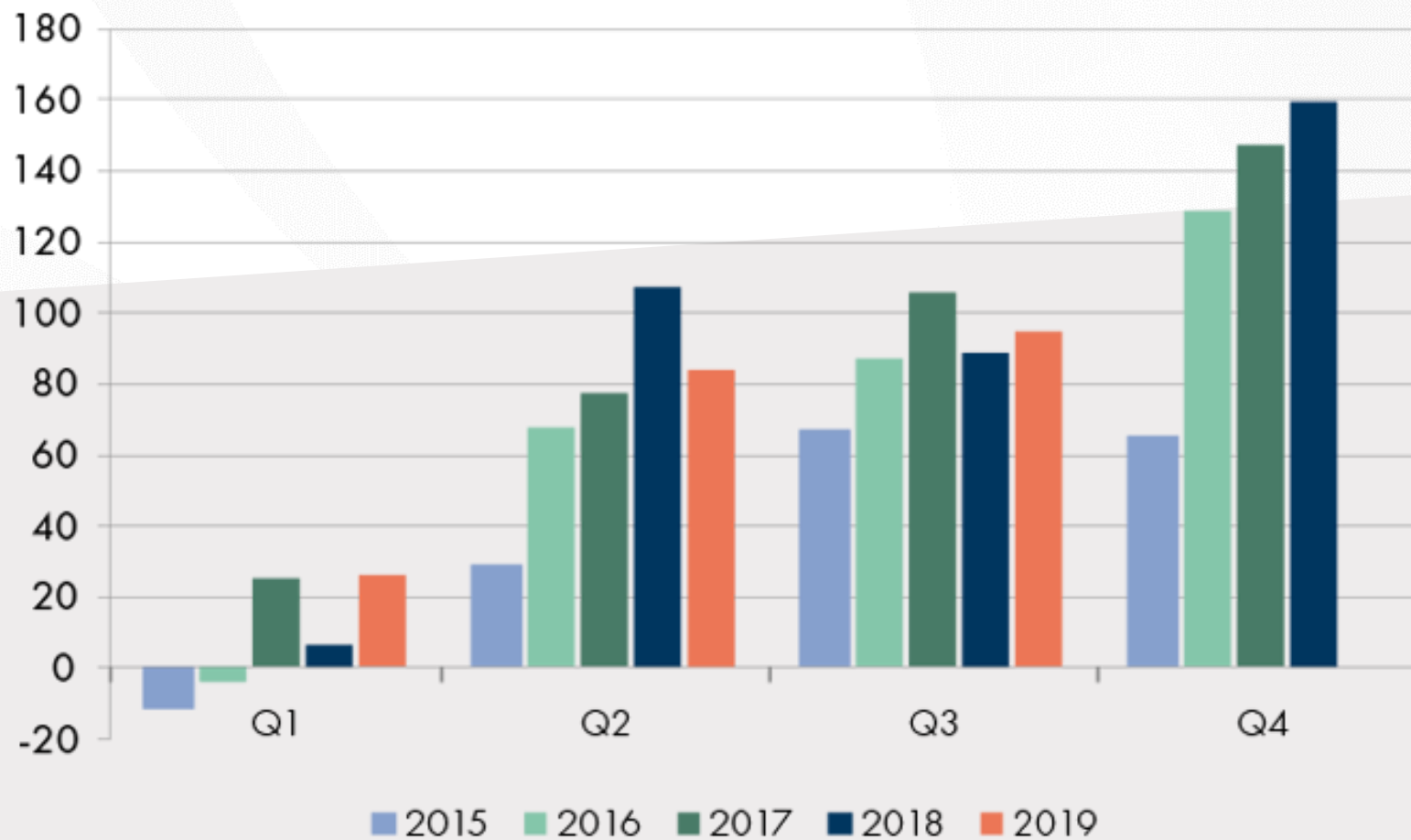
- Higher net sales
- More employees primarily within sales and warehousing
- IFRS 16 had a net impact of SEK 2.5 million

Result for the period amounted to SEK 94.4 (88.4) million

- IFRS 16 had a net impact of SEK -1.9 million on result for the period

SEK million	Jul – Sep 2019		Jul – Sep 2018	
Net sales	1 685.5		1 551.2	
Goods for resale	-923.2		-835.3	
Gross profit	762.3	45.2%	715.8	46.1%
Other operating income	12.9		19.3	
External costs	-300.3		-323.5	
Personnel costs	-278.7		-257.7	
Amortizations, depreciations and write-downs of tangible and intangible fixed assets	-55.7		-20.2	
Other operating costs	-11.3		-15.0	
Share of associated companies' result	-0.2		-1.3	
Operating result	129.1	7.7%	117.5	7.6%
Net financial items	-17.0		-11.6	
Result before tax	112.1		105.9	
Tax expense	-17.6		-17.5	
Result for the period	94.4		88.4	
Result per share (SEK)*	1.45		1.36	

RESULT FOR THE PERIOD



JULY - SEPTEMBER

EBITDA PER OPERATING SEGMENT

All segments have higher net sales

Corporate

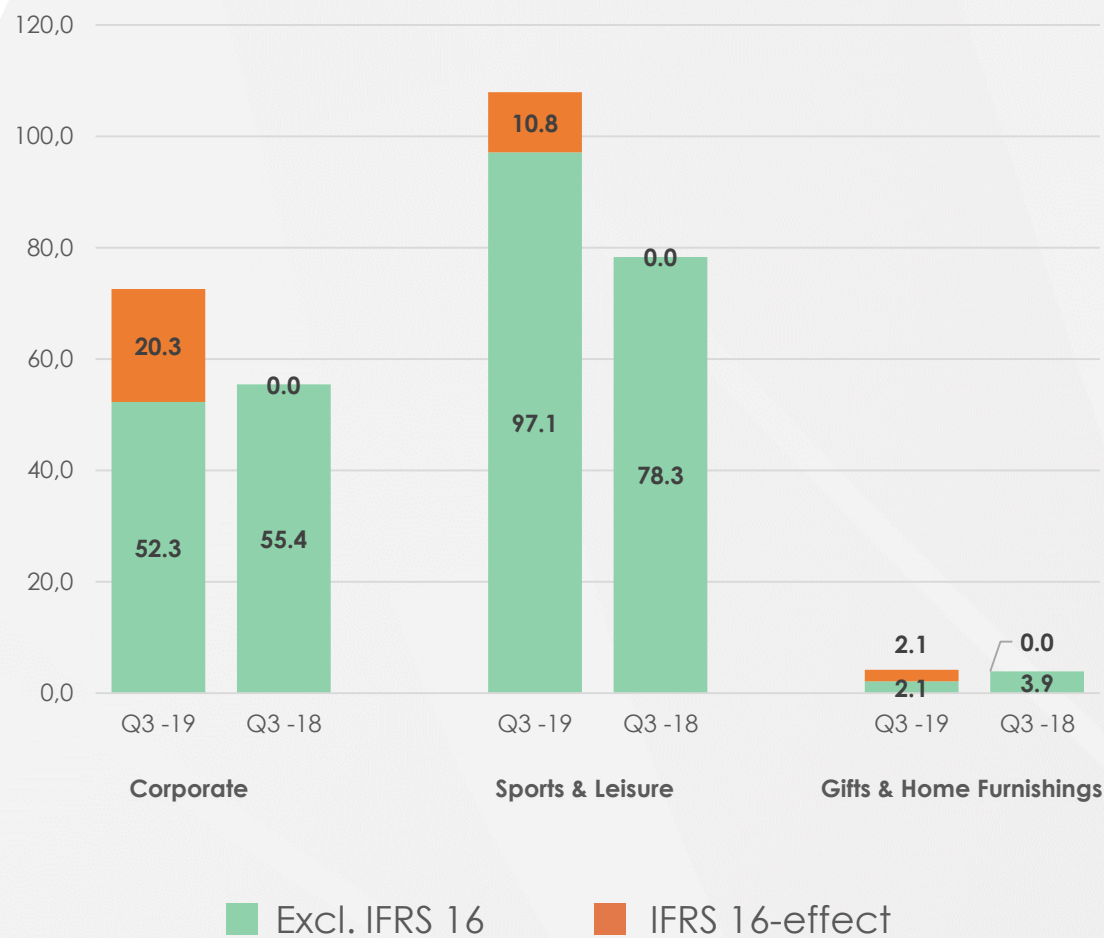
- Higher sales and marketing activities as well as distribution costs
- IFRS 16 affected SEK 20.3 million

Sports & Leisure

- Higher sales and marketing activities as well as distribution costs
- IFRS 16 affected SEK 10.8 million

Gifts & Home Furnishings

- Lower gross profit margin
- IFRS 16 affected SEK 2.1 million



JULY - SEPTEMBER

CASH FLOW

SEK million

Cash flow from operating activities before
changes in working capital

Jul – Sep
2019

Jul – Sep
2018

149.9

116.1

Change in working capital

-281.0

-199.1

Cash flow from operating activities

-131.1

-83.0

Investing activities

-32.6

-42.1

Cash flow after investing activities

-163.8

-125.1

Financial activities

211.2

104.9

Cash flow for the period

47.4

-20.2

JANUARY - SEPTEMBER

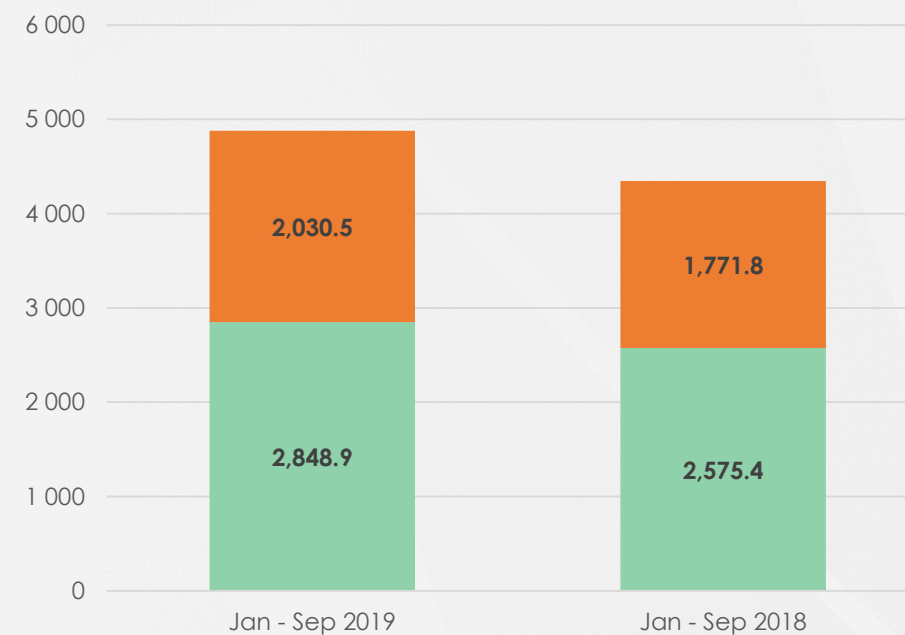
NET SALES

Sales amounted to SEK 4,879.3 (4,347.2) million

Sales increased by **12 %** (7 % in local currencies)

Promo sales channel 11 %, **retail** 15 %

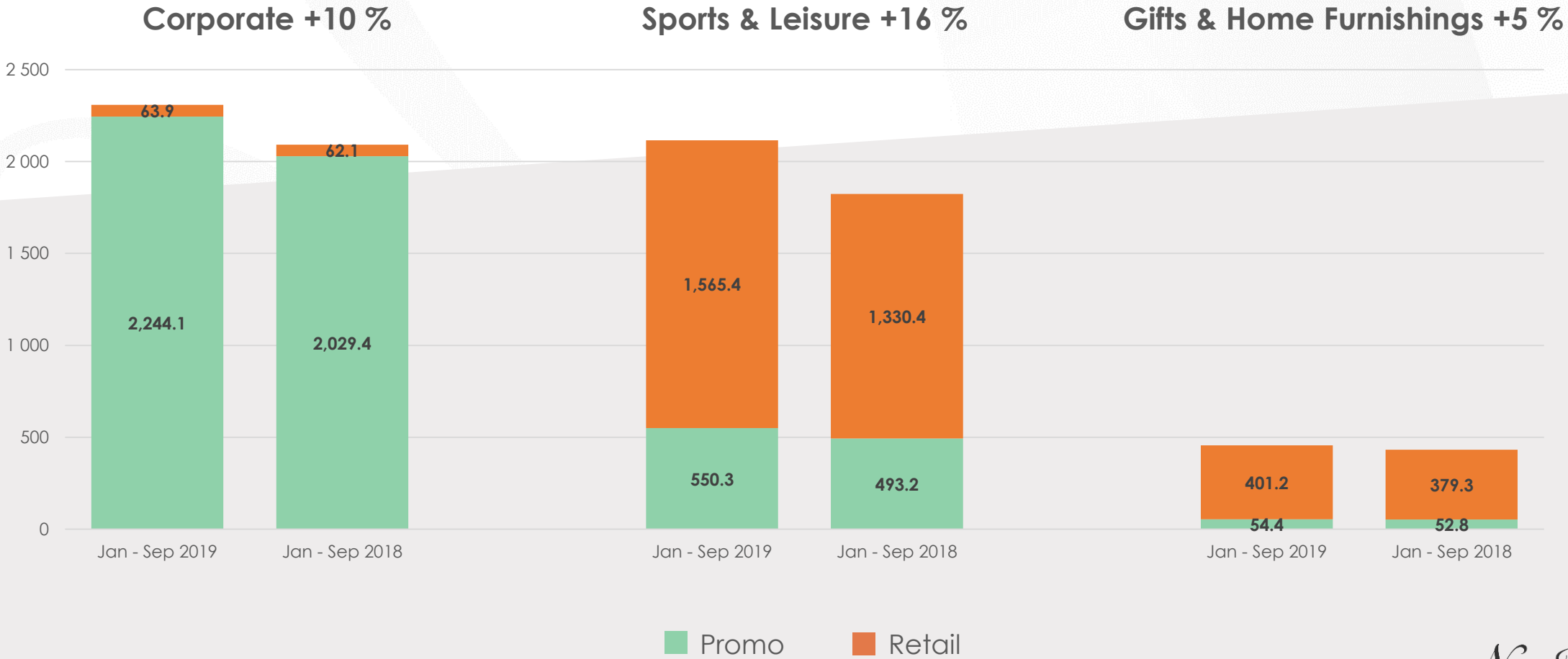
Growth in all segments and regions



Promo

Retail

NET SALES PER OPERATING SEGMENT



JANUARY - SEPTEMBER

NET SALES PER GEOGRAPHIC AREA

SEK million	Jan - Sep 2019	Share of net sales	Jan - Sep 2018	Share of net sales	Change SEK million	Change %
USA	1 286.4	26%	1 097.7	25%	188.6	17%
Sweden	1 105.9	23%	1 021.5	23%	84.4	8%
Central Europe	751.2	15%	689.1	16%	62.1	9%
Nordic countries excl. Sweden	624.5	13%	580.4	13%	44.1	8%
Southern Europe	570.0	12%	493.1	11%	76.9	16%
Other countries	541.3	11%	465.3	11%	76.0	16%
Total	4 879.3	100%	4 347.2	100%	532.1	12%

JANUARY - SEPTEMBER

Gross profit margin amounted to 46.3 (46.7) %

External costs and personnel costs amounted to a total of SEK -1,821.2 (-1,710.8) million

- Higher sales and marketing activities as well as volume-related costs
- More employees primarily within sales and warehousing
- Currency exchange rate effects increased costs with SEK 86.0 million
- IFRS 16 affected external costs by SEK 94.9 million

Operating result amounted to SEK 294.6 (273.4) million

- Higher net sales but increased sales and marketing initiatives
- IFRS 16 had a net impact of SEK 7.5 million

Result for the period amounted to SEK 204.1 (201.1) million

- IFRS 16 had a net impact of SEK -5.1 million on result for the period

SEK million	Jan – Sep 2019		Jan – Sep 2018	
Net sales	4 879.3		4 347.2	
Goods for resale	-2 621.8		-2 317.0	
Gross profit	2 257.5	46.3%	2 030.2	46.7%
Other operating income	45.6		465	
External costs	-969.0		-945.8	
Personnel costs	-852.2		-765.0	
Amortizations, depreciations and write-downs of tangible and intangible fixed assets	-159.5		-56.3	
Other operating costs	-27.2		-35.1	
Share of associated companies' result	-0.7		-1.2	
Operating result	294.6	6.0%	273.4	6.3%
Net financial items	-46.9		-28.2	
Result before tax	247.7		245.2	
Tax expense	-43.5		-44.1	
Result for the period	204.1		201.1	
Result per share (SEK)	3.13		3.06	

JANUARY - SEPTEMBER

EBITDA PER OPERATING SEGMENT

All segments have higher net sales

Corporate

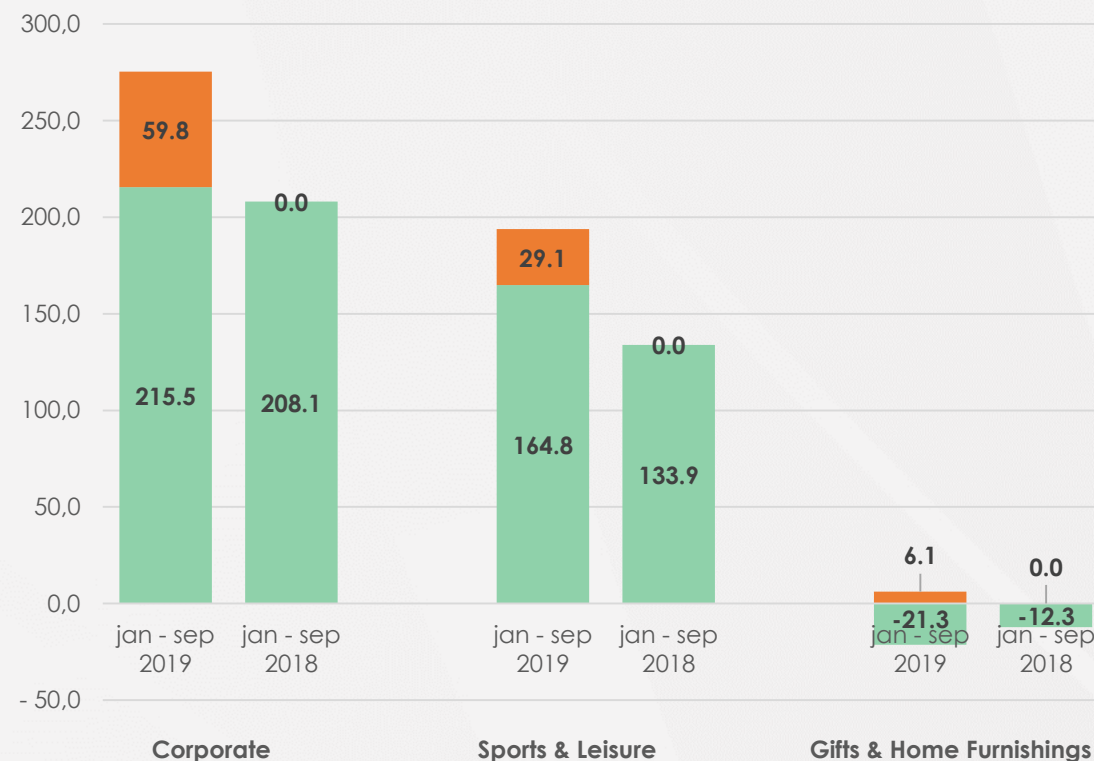
- Higher sales and marketing activities as well as distribution costs
- IFRS 16 affected SEK 59.8 million

Sports & Leisure

- Higher costs for sales, marketing and distribution units
- IFRS 16 affected SEK 29.1 million

Gifts & Home Furnishings

- Lower gross profit margin and higher costs for marketing
- IFRS 16 affected SEK 6.1 million



Excl. IFRS 16

IFRS 16-effect

JANUARY - SEPTEMBER

CASH FLOW

SEK million

Jan - Sep
2019

Jan – Sep
2018

Cash flow from operating activities before
changes in working capital

342.9

245.6

Change in working capital

-530.2

-197.4

Cash flow from operating activities

-187.3

48.2

Investing activities

-106.5

-123.5

Cash flow after investing activities

-293.8

-75.3

Financial activities

203.0

55.2

Cash flow for the period

-90.8

-20.1

FINANCIAL KEY FIGURES

	Jan – Sep 2019	excl IFRS 16	Jan – Sep 2018	Jan – Dec 2018	Jan – Dec 2017
Net sales growth, %	12.2		9.6	12.4	6.9
Number of employees	2 592		2 571	2 605	2 495
Gross profit margin, %	46.3		46.7	46.6	46.1
Operating margin before depreciation, %	9.3	7.4	7.6	8.9	9.5
Operating margin, %	6.0		6.3	7.7	8.4
Return on shareholders' equity, %	7.6		8.6	11.2	12.2
Return on capital employed, %	6.3		7.2	9.4	9.8
Equity ratio, %	44.0	48.0	47.7	48.6	50.9
Net debt to equity ratio, %	82.8	64.2	58.4	53.3	54.1
Net debt in relation to working capital, %	78.8	61.0	59.4	57.0	54.7
Net debt, SEK million	3 093.5	2 401.4	1 910.5	1 831.0	1 637.3
Stock turnover, times	1.0		1.0	1.1	1.2
Shareholders' equity per share, SEK	56.07		49.01	51.47	45.32

CEO COMMENTS



“Net sales reached an all-time high for a third quarter and it was the 21st quarter in a row with sales growth.”

- Torsten Jansson, CEO

July - September

We now have **another strong quarter** behind us, with growth of 9 % (5 % in local currencies).

Expenses increased during the quarter at a slower pace than previous quarters (excluding IFRS 16).

January - September

Net sales increase by 12 % (7 % in local currencies).

Operating result is 8 % higher than prior year. However, our sales and marketing efforts increase the costs for the period.

CEO COMMENTS




“Net sales reached an all-time high for a third quarter and it was the 21st quarter in a row with sales growth.”

- Torsten Jansson, CEO

The Future

We want to continue growing and we will grow even in 2020 – but we are changing the focus somewhat. Our main focus for 2020 is to **increase the operating margin** and to simultaneously **strengthen the balance sheet** further by focusing on a good cash flow.

I look with great delight and confidence in the 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!



NewWave
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