

2019

YEAR-END REPORT
January - December

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
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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.



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



NWG ACQUIRES ON INTERIÖR

New Wave Group has, by way of an asset acquisition, acquired ON Interiör's business, including the trademarks ByON, Victorian and Vakinme.



VICTORIAN

vakinme|

DISTRIBUTION UNITS

Improvement of service level



CUTTER & BUCK

Good growth in Canada and Europe and our investments in the market continue!



FINANCIAL INFORMATION

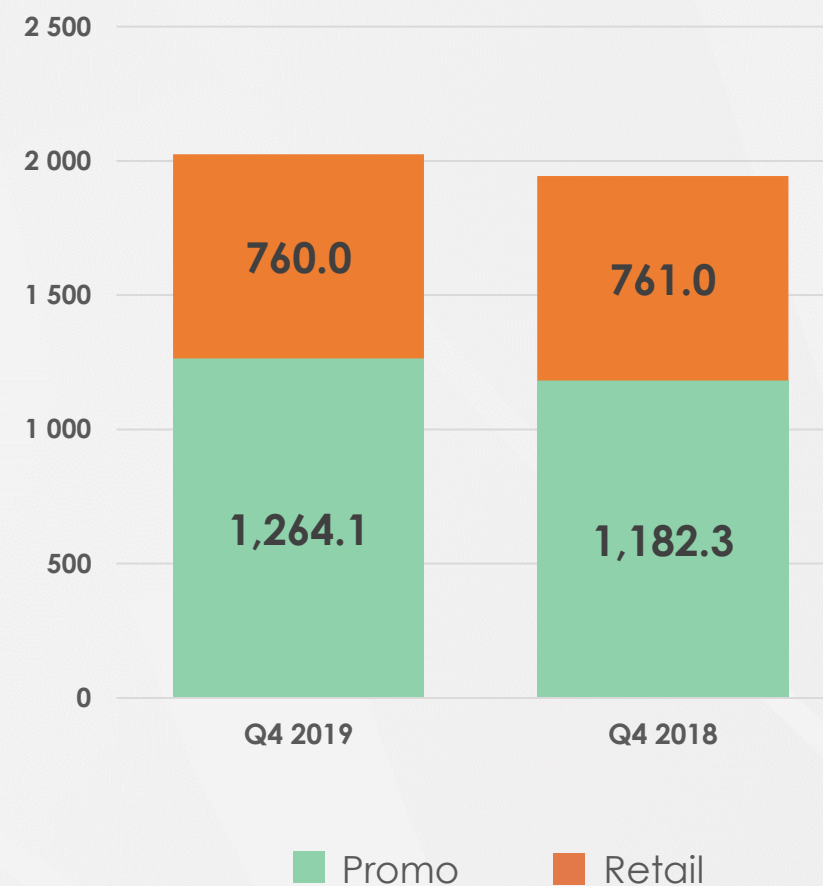
OCTOBER - DECEMBER

NET SALES

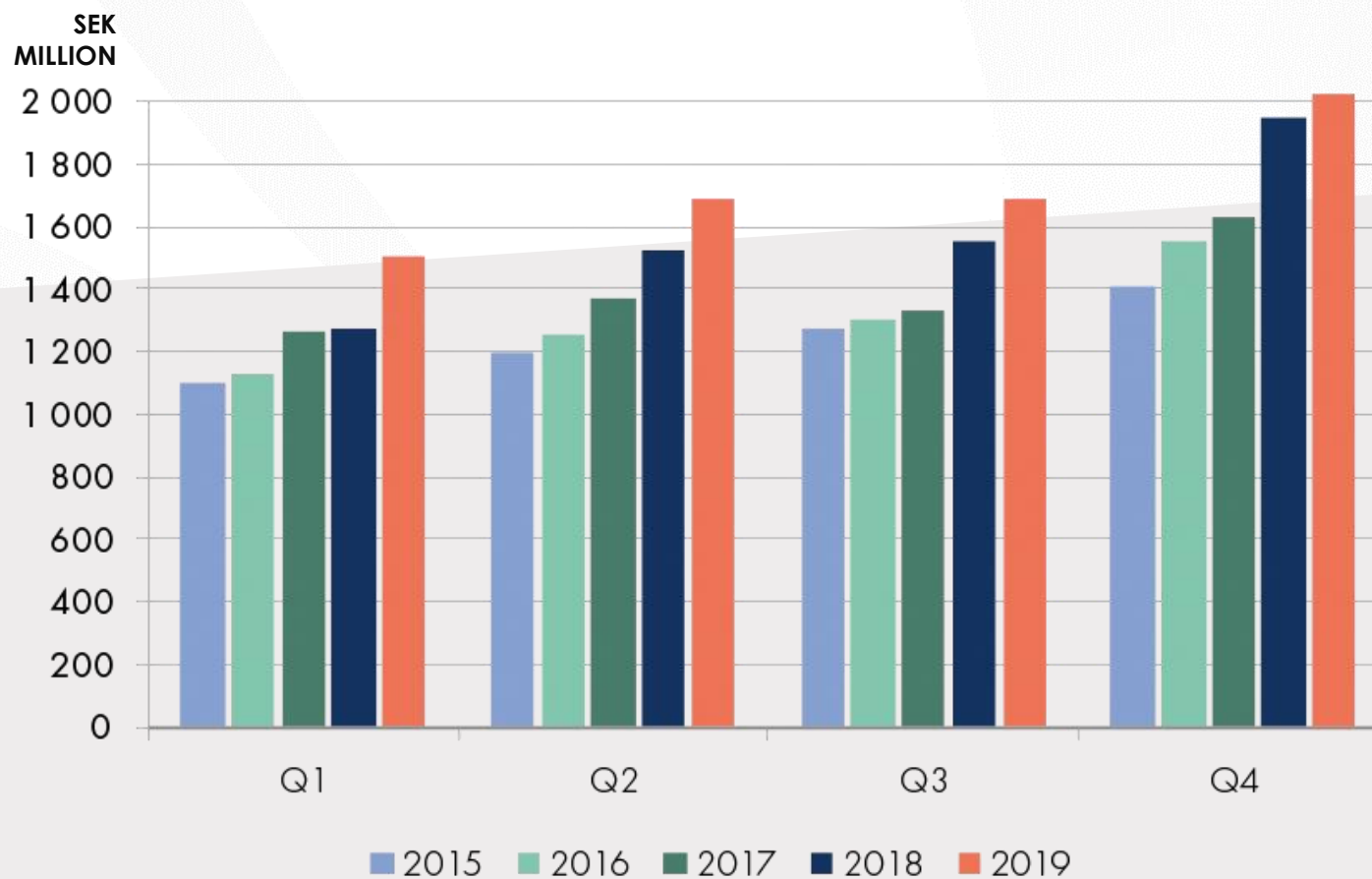
Sales amounted to SEK 2,024.1 (1,943.4) million

Sales increased by **4 %** (1 % in local currencies)

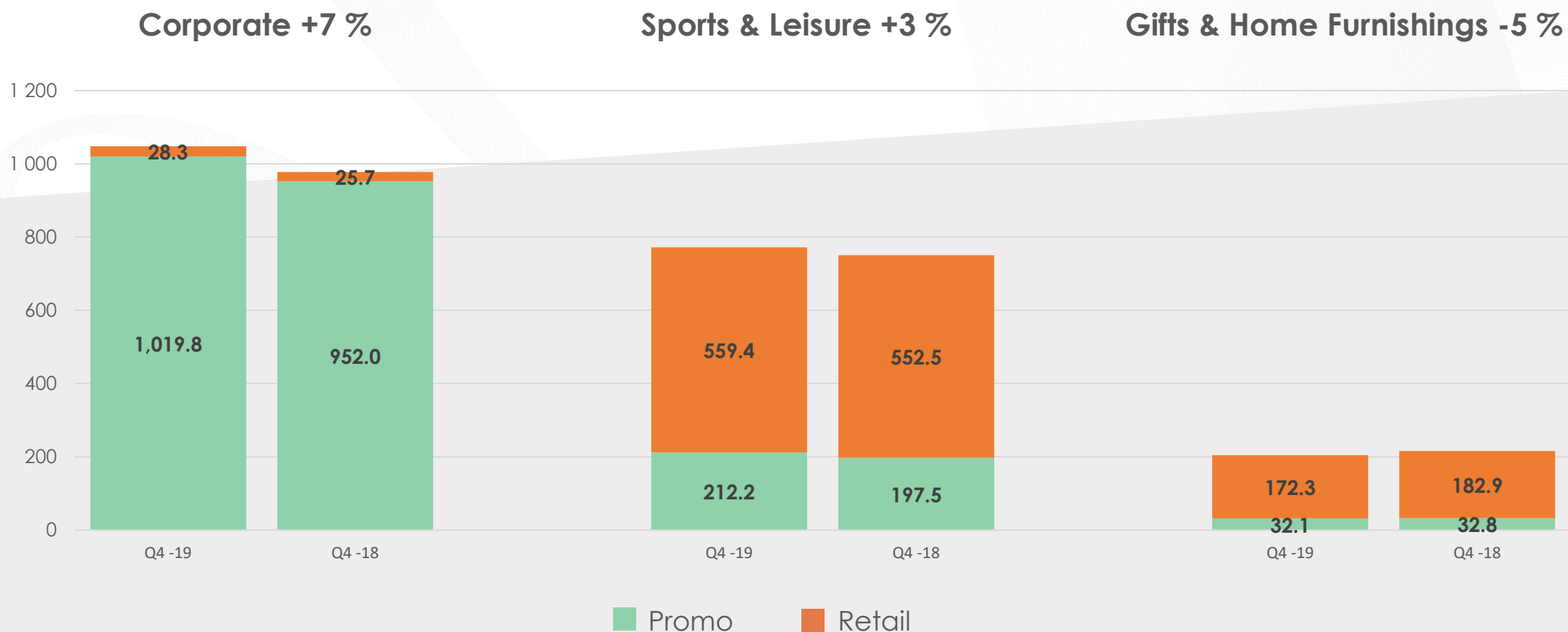
Promo sales channel 7 %, **retail** on same level



NET SALES



NET SALES PER OPERATING SEGMENT



OCTOBER - DECEMBER

NET SALES PER GEOGRAPHIC AREA

SEK million	Oct - Dec 2019	Share of net sales	Oct - Dec 2018	Share of net sales	Change MSEK	Change %
USA	488.1	24%	482.0	25%	6.1	1%
Sweden	504.1	25%	508,5	26%	-4.4	-1%
Central Europe	326.9	16%	297.3	15%	29.6	10%
Nordic countries excl. Sweden	236.5	12%	226.7	12%	9.8	4%
Southern Europe	242.1	12%	223.3	11%	18.8	8%
Other countries	226.4	11%	205.6	11%	20.8	10%
Total	2,024.1	100%	1,943.4	100%	80.7	4%

OCTOBER - DECEMBER

Gross profit margin amounted to 46.7 (46.4) %

External costs and personnel costs amounted to a total of SEK -651.4 (-688.6) million

- Costs in relation to net sales decreased
- Currency exchange rate effects increased costs with SEK 20.7 million
- IFRS 16 decreased external costs by SEK 40.7 million

Operating result amounted to SEK 240.3 (209.4) million

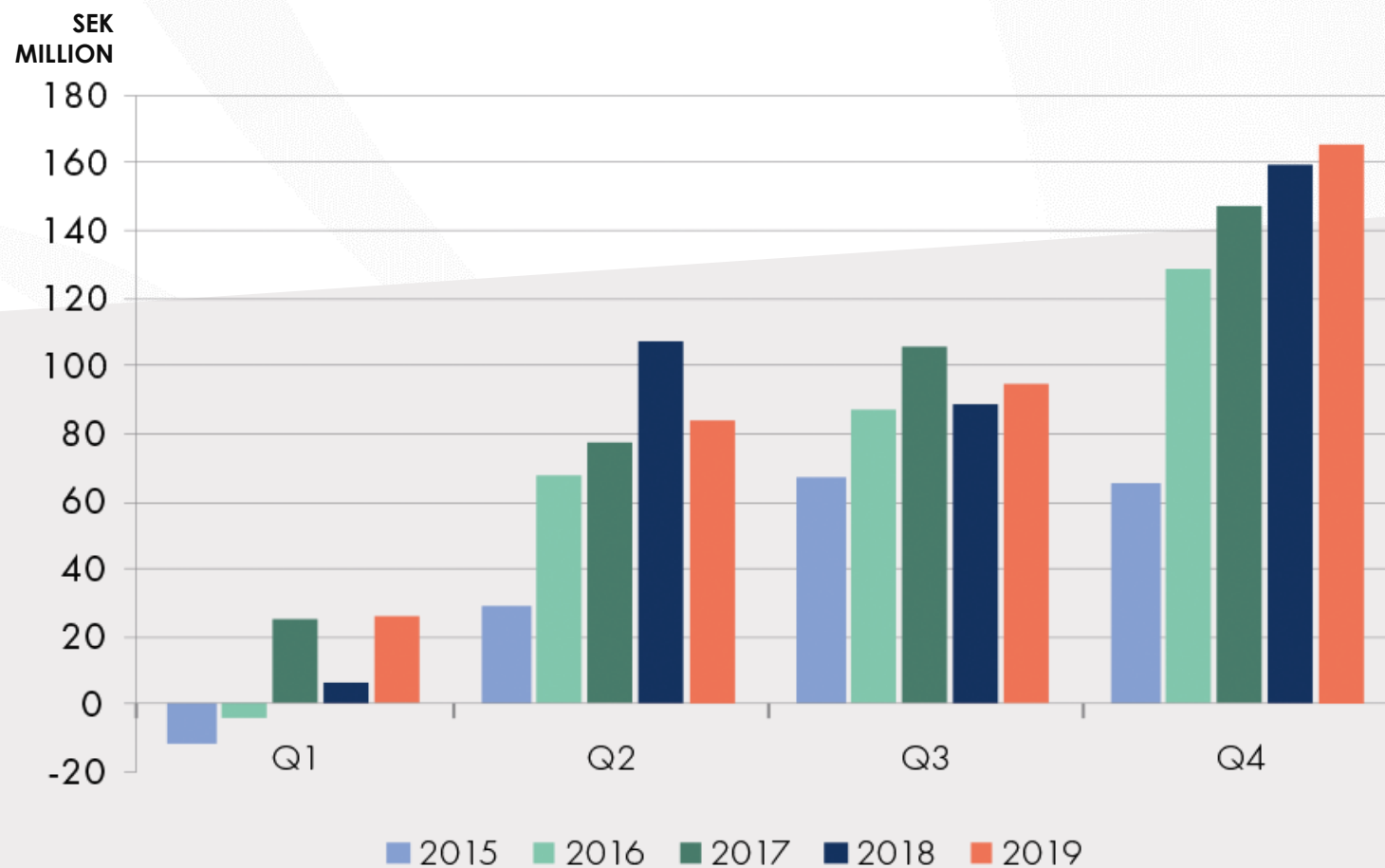
- Higher net sales
- Cost savings
- IFRS 16 had a net impact of SEK 2.0 million

Result for the period amounted to SEK 165.9 (158.9) million

- IFRS 16 had a net impact of SEK -3.4 million on result for the period

SEK million	Oct – Dec 2019		Oct – Dec 2018	
Net sales	2,024.1		1,943.4	
Goods for resale	-1,079.2		-1,042.3	
Gross profit	944.9	46.7%	901.1	46.4%
Other operating income	32.3		28.3	
External costs	-343.8		-390.6	
Personnel costs	-307.6		-298.0	
Depreciation and write-downs of tangible and intangible fixed assets	-73.6		-21.6	
Other operating costs	-12.4		-9.8	
Share of associated companies' result	0.6		0.1	
Operating result	240.3	11.9%	209.4	10.8%
Net financial items	-21.3		-12.8	
Result before tax	219.1		196.6	
Tax on result for the period	-53.1		-37.7	
Result for the period	165.9		158.9	
Result per share (SEK)	2.53		2.42	

RESULT FOR THE PERIOD



OCTOBER - DECEMBER

EBITDA PER OPERATING SEGMENT

Corporate

- Higher net sales
- Higher sales and marketing activities, as well as improvements in distribution units
- IFRS 16 affected SEK 28.2 million

Sports & Leisure

- Higher net sales
- Cost savings
- IFRS 16 affected SEK 8.8 million

Gifts & Home Furnishings

- Lower net sales
- Lower gross profit margin
- Gain in connection with business acquisition
- IFRS 16 affected SEK 4.0 million



OCTOBER - DECEMBER

CASH FLOW

SEK million	Oct - Dec 2019	Oct - Dec 2018
Cash flow from operating activities before changes in working capital	262.1	184.1
Change in working capital	24.7	-9.7
Cash flow from operating activities	286.7	174.4
Investing activities	-42.2	-39.7
Cash flow after investing activities	244.6	134.7
Financial activities	-122.6	-15.9
Cash flow for the period	121.9	118.8

JANUARY - DECEMBER

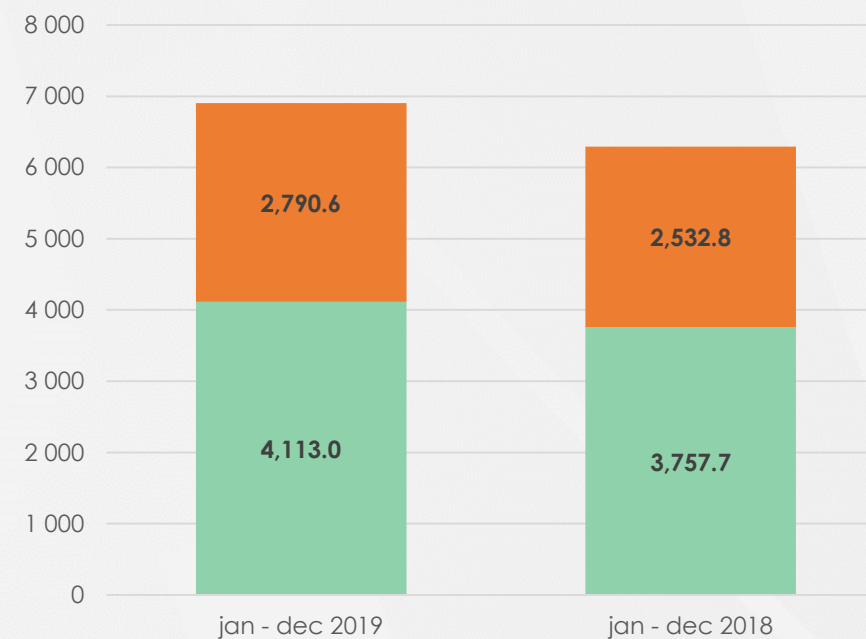
NET SALES

Sales amounted to SEK 6,903.5 (6,290.6) million

Sales increased by **10 %** (5 % in local currencies)

Promo sales channel 9 %, **retail** 10 %

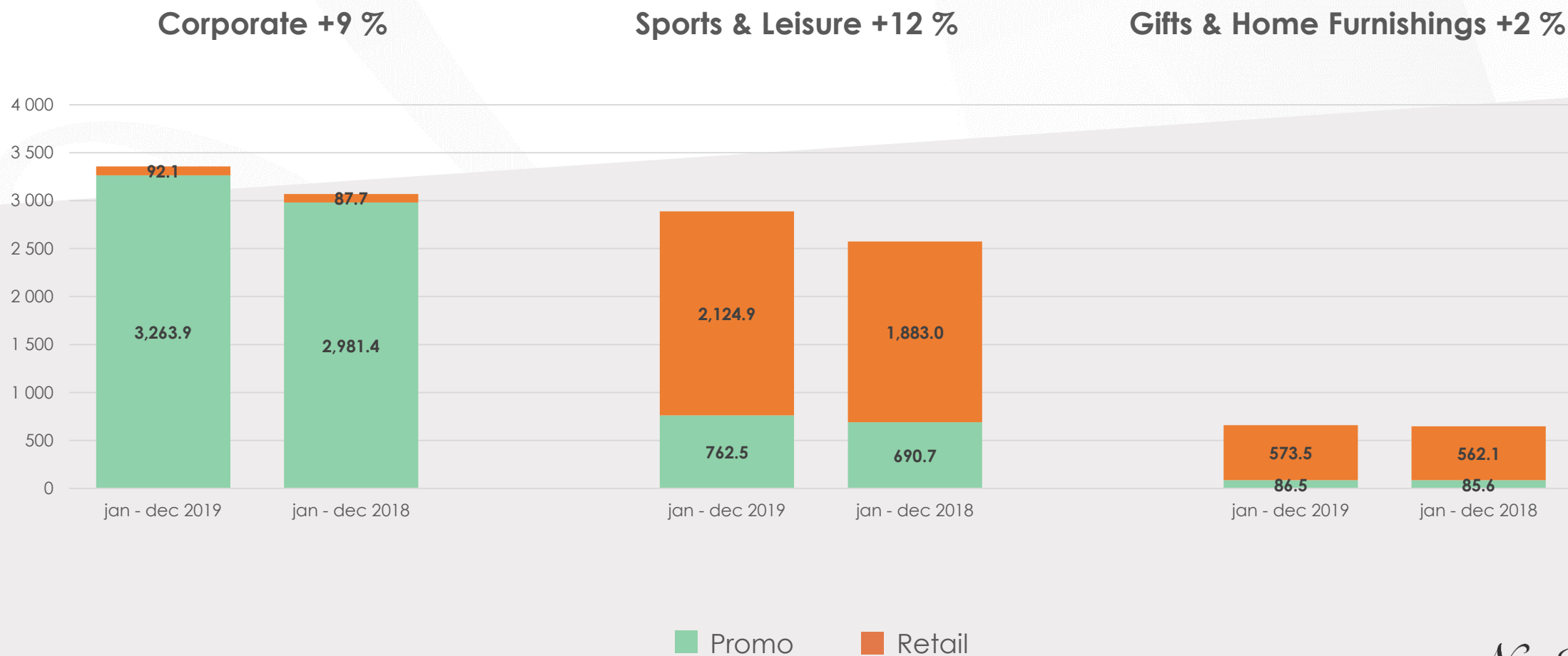
Growth in all segments and regions



Promo

Retail

NET SALES PER OPERATING SEGMENT



JANUARY - DECEMBER

NET SALES PER GEOGRAPHIC AREA

SEK million	Jan - Dec 2019	Share of net sales	Jan - Dec 2018	Share of net sales	Change SEK million	Change %
USA	1,774.5	26%	1,579.7	25%	194.8	12%
Sweden	1,610.0	23%	1,529.9	24%	80.1	5%
Central Europe	1,078.1	16%	986.4	16%	91.7	9%
Nordic countries excl. Sweden	861.0	12%	807.1	13%	53.9	7%
Southern Europe	812.2	12%	716.5	11%	95.7	13%
Other countries	767.7	11%	670.9	11%	96.8	14%
Total	6,903.5	100%	6,290.6	100%	612.9	10%

JANUARY - DECEMBER

Gross profit margin amounted to 46.4 (46.6) %

External costs and personnel costs amounted to a total of SEK -2,472.6 (-2,399.4) 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 100.3 million
- IFRS 16 decreased external costs by SEK 135.6 million

Operating result amounted to SEK 535.0 (482.8) million

- Higher net sales but increased sales and marketing initiatives
- IFRS 16 had a net impact of SEK 9.5 million

Result for the period amounted to SEK 370.1 (360.0) million

- IFRS 16 had a net impact of SEK -8.4 million on result for the period

SEK million	Jan – Dec 2019		Jan – Dec 2018	
Net sales	6,903.5		6 290.6	
Goods for resale	-3,701.0		-3,359.4	
Gross profit	3,202.4	46.4%	2,931.2	46.6%
Other operating income	77.9		74.8	
External costs	-1,312.7		-1,336.4	
Personnel costs	-1,159.9		-1,063.0	
Depreciation and write-downs of tangible and intangible fixed assets	-233.1		-77.9	
Other operating costs	-39.6		-44.8	
Share of associated companies' result	-0.2		-1.1	
Operating result	535.0	7.7%	482.8	7.7%
Net financial items	-68.2		-40.9	
Result before tax	466.7		441.8	
Tax on result for the period	-96.7		-81.8	
Result for the period	370.1		360.0	
Result per share (SEK)	5.66		5.48	

JANUARY - DECEMBER

EBITDA PER OPERATING SEGMENT

All segments have higher net sales

Corporate

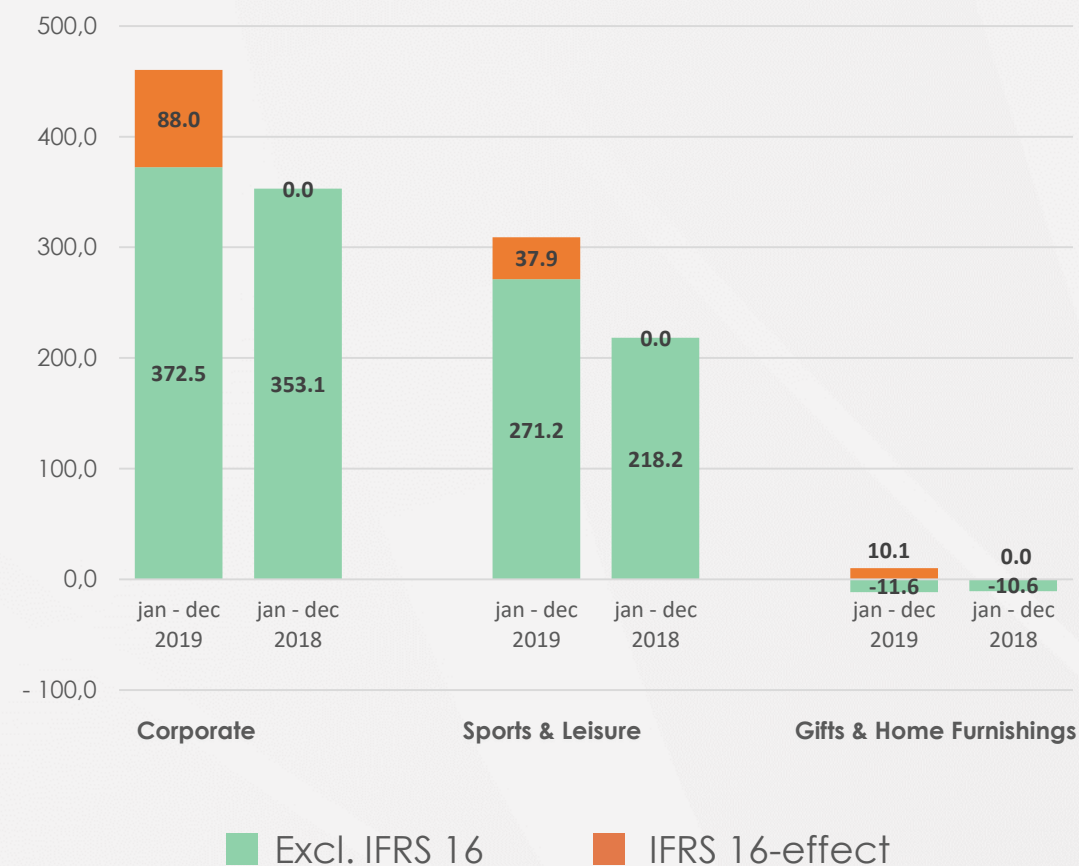
- Higher sales and marketing activities as well as distribution costs
- IFRS 16 affected SEK 88.0 million

Sports & Leisure

- Higher costs for sales, marketing and distribution units
- IFRS 16 affected SEK 37.9 million

Gifts & Home Furnishings

- Lower gross profit margin and higher costs for marketing
- IFRS 16 affected SEK 10.1 million



JANUARY - DECEMBER

CASH FLOW

SEK million

Jan - Dec
2019

Jan - Dec
2018

Cash flow from operating activities before
changes in working capital

605.0

429.7

Change in working capital

-505.6

-207.1

Cash flow from operating activities

99.5

222.6

Investing activities

-148.7

-163.2

Cash flow after investing activities

-49.3

59.4

Financial activities

80.4

39.3

Cash flow for the period

31.2

98.7

FINANCIAL KEY FIGURES

SEK million	Jan – Dec 2019	excl IFRS 16	Jan – Dec 2018
Net sales growth, %	9.7		12.4
Number of employees	2,579		2,566
Gross profit margin, %	46.4		46.6
Operating margin before depreciation, %	11.1	9.2	8.9
Operating margin, %	7.7		7.7
Return on shareholders' equity, %	10.3		11.2
Return on capital employed, %	8.6		9.4
Equity ratio, %	44.9	49.7	48.6
Net debt to equity ratio, %	78.6	57.2	53.3
Net debt in relation to working capital, %	77.1	56.0	57.0
Net debt, SEK million	2,964.8	2,161.1	1,831.0
Stock turnover, times	1.1		1.1
Shareholders' equity per share, SEK	56.59		51.47

CEO COMMENTS



**"Highest net sales
ever in a quarter."**

- Torsten Jansson, CEO

October - December

Highest net sales ever in a quarter.

Costs in line with prior year (excluding IFRS 16).

Full year 2019

Net sales increase by 10 % (5 % in local currencies).

Operating result is 11 % higher than prior year. However, our sales and marketing efforts increase the costs for the period.

CEO COMMENTS



"The major investment we made in club and teamwear brings with it a new market."

- Torsten Jansson, CEO

Balance sheet, Cash flow and Future

We will focus on earnings and positive cash flows instead of strong growth, investments and stock building.

Craft **teamwear** brings with it a new market.

Craft develops very well in **teamwear**.

We are strong in virtually all areas and brands

For the fourth year in a row we propose an **increased dividend**



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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