

2000-02-21

BALANCE SHEET COMMUNIQUÉ FOR NEW WAVE GROUP AB

January – December 1999

- During the period January-December 1999, New Wave increased its sales by 12.5 per cent to SEK 799.0 (710.4) million.
- The profit after financial items increased by 121 per cent and amounted to SEK 54.1 (24.5) million for 1999.
- The Profiling business area increased sales by 18 per cent to SEK 481.7 (408.9) million. The profit for the Profiling business area after net financial items was SEK 44.2 (23.9) million.
- The Retailing business area increased sales by 5 per cent to SEK 317.3 (301.5) million. The profit for the Retailing business area after net financial items was SEK 9.9 (0.6) million.
- On January 19, 2000, New Wave made a public offer to all shareholders in Texet AB. For the year 2000, the calculated total turnover for the corporation is expected to exceed SEK 1,200 million.
- The board has decided to suggest that the Annual General Meeting increases the dividend to SEK 4.00 (1.90) per share for the 1999 financial year, totalling approximately SEK 12.0 million.
- The profit will increase considerably during the year 2000.
- The board has decided to suggest the Annual General Meeting to effect a share splitting of the New Wave Group AB's shares 2:1.

Fourth Quarter

New Wave's sales during the fourth quarter rose by 23 per cent to SEK 210.3 (170.4) million. The Profiling business area's sales increased by 35 per cent. The Retailing business area's sales increased by 3 per cent. The profit after net financial items for the fourth quarter increased by 23 per cent to SEK 14.2 (11.6) million.

Sales

During the period January-December 1999, New Wave's sales rose by 12.5 per cent to SEK 799.0 (710.4) million. The Profiling business area's sales rose by 18 per cent. In the Retailing business area, sales increased by 5 per cent. Sales on the Swedish market increased by 3 per cent to SEK 466.0 (451.0) million. The increase on the foreign markets was 28 per cent.

Financial results

During the period January-December 1999, the profit after financial items increased by 121 per cent to SEK 54.1 (24.5) million. The gross profit margin increased for the corresponding period regarding the previous year to 34 (33) per cent.

External costs increased by 1 per cent and represented 14 (13) per cent and costs for personnel represented 11 (11) per cent of the total invoicing.

Profiling Business Area

During the period January-December 1999, the business area's sales rose by 18 per cent to SEK 481.7 (408.9) million. The profit after financial items for the business area for 1999 was SEK 44.2 (23.9) million. The improvement in profit is principally due to increased sales volumes, improved gross margins and that the subsidiaries established during 1997, present considerably improved profits.

Retailing Business Area

During the period January-December 1999, the business area's sales rose by 5 per cent to SEK 317.3 (301.5) million. The profit after financial items for the business area for 1999 was SEK 9.9 (0.6) million. The improvement in profit is principally due to the program of measures started during 1998. All effects of this program are expected to have an impact during the 2000 financial year.

Establishments abroad

The Netherlands

The acquired business in Town & Country VOF has been part of New Wave since September 1, 1999. The market is prospected from the Dutch company, New Wave Sportswear B.V. New Wave will invest in increased distribution during the first quarter of 2000.

United Kingdom

On November 1, 1999, New Wave acquired the British profile company Jay Kay Group Ltd. Jay Kay has so far distributed the brand Airak in a very slim assortment consisting principally of t-shirts, sweatshirts and shirts. Through this acquisition, New Wave has access to one of the biggest profile markets in Europe. New Wave will, during the first quarter of 2000, introduce Clique and New Wave onto the British market. The distribution of Airak will only continue on the British market. Sales territories will also be established in Scotland and Ireland.

The British Market is expected in the long run to be the business area Profiles biggest market in Europe. The development has after

the acquisition so far been better than expected and the interest from the market is great.

France

The French market is currently being established. The task of recruiting personnel and finding premises is ongoing. Initially the distribution will be from New Wave's subsidiary company in Italy. The French subsidiary will be established during April 2000.

Belgium

A sales office will be established during the second quarter of 2000. Distribution to the Belgian market will be from the Dutch company.

Switzerland

The Establishment in Switzerland will be moved to the end of 2000 or to 2001. The reason for this is that New Wave making the French market a priority in the light of the fact that the French market is considerably bigger than the Swiss market.

Denmark

Both sales and profit trends in Denmark are good and are in line with New Wave's expectations.

Germany

Growth in sales remains good in Germany. The sales for the Profiling business area has exceed last year's figure considerably. The result exceeds the result from 1998. Short-term growth has been given priority over profit on the German market.

Spain

Both sales and profit have improved considerably in Spain compared with last year.

Altogether will probably the market investments in United Kingdom, France and Belgium initially effects the financial results negatively. Nevertheless United Kingdom runs better than expected.

Public Offer for all shares in Textet AB

The board of New Wave has decided to make a public offer to the shareholders of Textet AB for the acquisition of all stock in the company, listed on the IM-list. New Wave has no previous stock in Textet. The main shareholders who hold 87 per cent of the votes and 56 per cent of the capital in Textet are positive to the offer.

Through the acquisition of Textet, New Wave will secure its leading position on the profile market in Northern Europe and become a leading player on the European market generally. Textet's international distribution net work, also provides a strong base for New Wave's continued international expansion.

The Offer

The offer refers to acquisition through a non-cash issue and means that the shareholders in Textet are offered a stock of B-series in New Wave for every 124 A-series shares and 134 B-series shares stock respectively in Textet. The holders of B-series stock in Textet with a holding not evenly divisible by 134 will be offered commission-free purchase or sale for the reverse split to a New Wave share by the aforementioned principal owner. The new capital issue in New Wave carries entitlement to a share dividend from the 2000 financial year.

The Value of the Offer

The average final price paid for Textet's B-series of shares during the past ten business days prior to when trading was suspended was SEK 1.01. The average final price paid for New Wave B-series shares during the same period was SEK 171.45.

The offer corresponds to an offer value of SEK 95.496.621 and a premium of 36.9 per cent (Textet's A-series shares) and 26.7 per cent (Textet's B-series shares) respectively based on these average closing prices.

The Reason for the Offer

Through the acquisition of Textet, New Wave will become one of the largest profile companies in Europe. At the same time, New Wave will acquire one of the strongest brand names on the profile market, James Harvest Sportswear.

New Wave expects major synergy effects through, for example, the co-ordinated purchase of both products and services in the region of SEK 10-15 million within one year of the takeover, which is estimated to take place during the second quarter of 2000. In addition, long-term synergy effects will be achieved within logistics and marketing which, in total, are estimated to reach a further SEK 7-10 million on a yearly basis. In total, this will result in long-term synergy effects of SEK 17-25 million.

The new corporation had over a rolling budget year October 1998 to September 1999 a pro forma turnover of SEK 953.7 million. For the year 2000, the calculated total turnover for the corporation is expected to exceed SEK 1.200 million.

After the acquisition, New Wave will have approximately 260 employees, of which 38 are employed in Textet. Björn Härenstam will remain as President of Textet. The aim is that Textet will continue to work through the current distribution channels.

Investments

The Group's net investments in fixed assets for the year 1999 was SEK 32.5 (55.2) million. These investments has mainly been made in IT and was SEK 6.5 million, brands SEK 6.9 million and acquired business in England and the Netherlands amounted to SEK 10.9 million.

Financing and Liquidity

Cash flow after investments and company acquisitions for the period was -SEK 53.9 (127.2) million. Cash flow after change in accounts payable has been improved with SEK 50.6 million to - SEK 21.4 million. Liquid assets at the end of December 1999 were SEK 41.8 million compared with SEK 32.4 million for the same period in 1998. On December 31, 1999, net borrowing was SEK 290.5 million compared with SEK 245.1 million for the corresponding period in 1998. This is an increase of SEK 45.4 million.

Personnel

The number of people employed on a yearly basis over the past 12 months (January 1999-December 1999) was 237, compared with 221 people in the 1998 financial year. This increase is due to the setting up of subsidiaries.

Preparation before year 2000

There were no operational disturbances due to the Millennium change.

Views for 2000

The turnover will be SEK 1,200-1,300 million during 2000. The board also count with a considerable increase in profit for the 2000 financial year compared with the 1999 financial year.

Refund SPP

Regarding information from SPP the allocated refund will be SEK 6.1 million. The amount has not yet been accounted.

Share splitting

The board has decided to suggest the Annual General Meeting to effect a share splitting of the New Wave Group AB's shares 2:1.

The Parent Company

Sales increased by SEK 5.2 million, or by 16 per cent to SEK 37.5 (32.3) million. The profit after financial items reduced to SEK 9.1 (12.8) million. For the period January-December 1999, net borrowing increased by SEK 65.8 million and investments by SEK 32.3 million.

Annual General Meeting

The Annual General Meeting of New Wave Group AB will take place on May 12, 2000 at 2 p.m. at Föreningsparbanken, Åsbogatan 8, Borås.

An extra Annual General Meeting will take place on March 31, 2000 at 2 p.m. at Föreningsparbanken, Åsbogatan 8, Borås. The reason is the public offer for all shares in Textet AB (publ).

Payment of Dividend

The board has decided to suggest that the Annual General Meeting increases the dividend to SEK 4.00 (1.90) per share for the business year 1999, totalling approximately SEK 12.0 million.

Borås, February 21, 2000
New Wave Group AB (publ)
Board of Directors

Forthcoming information

The 1999 annual report will be distributed to the shareholders during the middle of April 2000.

Report for the period January-March 2000 will be published on April 19, 2000.

Report for the period January-June 2000 will be published on August 1, 2000

Report for the period January-September 2000 will be published on November 1, 2000.

For further information, please contact:

General Manager, Torsten Jansson, telephone +46 708 99 80 50,
+46 33 22 58 55
Financial Manager, Jörgen Bender, telephone +46 708 99 80 55,
+46 33 22 58 54

Fourth quarter results, SEK million

| | Jan-Dec 1999 | Jan-Dec 1998 | Jan-Dec 1997 |
|--|-----------------|-----------------|-----------------|
| Invoiced sales | 799.0 | 710.4 | 351.4 |
| Other income | | 10.1 | |
| <u>Operating expenses</u> | | | |
| Goods for resale | - 530.3 | - 485.8 | - 211.5 |
| Other external expenses | - 102.3 | - 96.0 | - 65.3 |
| Personnel costs | - 86.0 | - 81.9 | - 41.1 |
| Depreciation of tangible and intangible fixed assets | - 13.9 | - 12.7 | - 4.1 |
| Operating profit | 66.5 | 44.1 | 29.4 |
| Net financial items | - 12.4 | - 15.2 | - 7.8 |
| Elimination of the profit reprocessed in the acquired company Hefa for the period 980101-980502 | | - 4.4 | |
| Profit after net financial items | 54.1 | 24.5 | 21.6 |
| Tax on the profit/loss for the period | - 17.4 | - 7.3 | - 4.9 |
| Minority share of the profit/loss for the period | - 0.1 | - | - |
| Result for the period | 36.6 | 17.2 | 16.7 |

Quarterly Results, SEK million

| Quarter | 1999 | | | | 1998 | | | |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Invoiced sales | 176.4 | 214.3 | 198 | 210.3 | 76.7 | 275.4 | 188 | 170.4 |
| other income | | | | | | | | 10.1 |
| Goods for resale | -113.7 | -141.5 | -139.5 | -135.6 | -51.9 | -189.2 | -132.5 | -111.6 |
| Gross profit | 62.7 | 72.8 | 58.5 | 74.7 | 24.8 | 86.2 | 55.5 | 68.9 |
| Gross profit in % | 35.50% | 34.00% | 30.00% | 35.50% | 32.30% | 31.30% | 29.50% | 38.20% |
| External expenses | -32.7 | -22.6 | -17.7 | -29.4 | -17.5 | -33.4 | -20.6 | -24.8 |
| Personnel costs | -21.2 | -20.7 | -21.1 | -23.0 | -13.3 | -27.5 | -17.9 | -23.2 |
| Depreciation | -3.1 | -3.5 | -3.3 | -4.1 | -1.4 | -3.7 | -2.7 | -5.2 |
| Operating profit/loss | 5.7 | 26.0 | 16.4 | 18.2 | -7.4 | 21.6 | 14.3 | 15.7 |
| Interest income | 1.2 | 0.9 | 0.5 | 0.1 | 0.2 | 0.8 | 0.4 | 0.9 |
| Interest expense | -4.7 | -2.5 | -3.7 | -4.1 | -2.5 | -5.2 | -4.9 | -5.0 |
| Hefa, before acquisition | | | | | | -4.4 | | |
| Profit/loss | | | | | | | | |
| Net financial items | 2.2 | 24.4 | 13.2 | 14.2 | -9.7 | 12.8 | 9.8 | 11.6 |
| Tax | -0.8 | -6.8 | -4.0 | -5.8 | -0.1 | -2.1 | -2.5 | -2.6 |
| Minority share | -0.1 | | -0.2 | -0.2 | | 0.1 | -0.3 | 0.2 |
| Profit/loss for the period | 1.3 | 17.6 | 9.0 | 8.6 | -9.8 | 10.8 | 7.0 | 9.2 |

Balance Sheet

SEK million

| | Dec 31 1999 | Dec 31 1998 | Dec 31 1997 |
|--|------------------------|------------------------|------------------------|
| <u>Assets</u> | | | |
| Fixed assets | 98.8 | 79.4 | 34.6 |
| Stock | 275.8 | 241.6 | 146.4 |
| Accounts receivable | 137.6 | 107.6 | 54.0 |
| Other short-term receivables | 15.0 | 20.5 | 17.3 |
| Liquid assets | 41.8 | 32.5 | 13.1 |
| Total assets | 569.0 | 481.6 | 265.4 |
| <u>Total liabilities and shareholders' equity</u> | | | |
| Shareholders' equity | 198.8 | 167.9 | 133.0 |
| Minority interest | 1.2 | 1.1 | - |
| Interest-bearing liabilities | 290.5 | 245.1 | 98.1 |
| Non-interest-bearing liabilities | 78.5 | 67.5 | 34.3 |
| Total liabilities and shareholders' equity | 569.0 | 481.6 | 265.4 |

Funds statement

SEK million

| | Jan 1 - Dec 31 1999 | Jan 1 - Dec 31 1998 | Jan 1 - Dec 31 1997 |
|---|------------------------------------|------------------------------------|------------------------------------|
| <u>Current operations</u> | | | |
| Cash flow before changes in working capital | 53.9 | 24.5 | 20.5 |
| Depreciation | 13.9 | 4.2 | - 4.1 |
| <u>Items not included in the cash flow</u> | | | |
| Tax | - 11.6 | - 4.4 | - 4.9 |
| Cash flow before change in working capital | 56.2 | 24.3 | 20.5 |
| Change in working capital | - 77.6 | - 96.3 | - 85.3 |
| Cash flow after change in working capital | - 21.4 | - 72.0 | - 64.8 |
| Investment in fixed assets | - 35.0 | - 67.6 | - 13.7 |
| Sale of fixed assets, net | 2.5 | 12.4 | 1.7 |
| Cash flow after investments | - 32.5 | - 55.2 | - 12.0 |
| Share issue | - | 23.0 | 8.9 |
| Loans raised | 70.2 | 128.8 | 77.3 |
| Dividend paid | - 5.6 | - 5.3 | - 1.2 |
| Cash flow from the financial business | 64.6 | 146.5 | 85.0 |
| Cash flow for the year | 10.7 | 19.3 | 8.2 |
| Available funds in the beginning of the year | 32.4 | 13.2 | 5.0 |
| Rate difference in the available funds | - 1.3 | - | - |
| Available funds in the end of the year | 41.8 | 32.5 | 13.2 |

Key Figures

| SEK million | January - December | | 1997 |
|-------------------------------------|--------------------|---------|--------|
| | 1999 | 1998 | |
| Sales growth for comparable units | 12.5 | 51.2 | 43.0 |
| Sales per employee | 3.3 | 3.2 | 2.7 |
| Gross profit margin, % | 33.6 | 32.6 | 39.8 |
| Operating margin, % | 8.3 | 6.1 | 8.4 |
| Profit margin, % | 4.6 | 2.4 | 6.1 |
| Return on shareholders' equity, % | 19.9 | 11.5 | 19.3 |
| Return on capital employed, % | 15.3 | 13.0 | 17.5 |
| Return on total capital, % | 13.2 | 11.3 | 14.6 |
| Equity ratio, % | 35.1 | 35.1 | 50.1 |
| Debt/equity ratio, % | 125 | 126 | 73 |
| Interest cover ratio, times | 4.6 | 2.7 | 3.2 |
| Rate of turnover in capital, times | 1.5 | 1.9 | 1.6 |
| Rate of stock turnover, times | 2.1 | 2.5 | 1.8 |
| Investments | 32.5 | 55.2 | 12.0 |
| Cash flow after investments | - 53.9 | - 127.2 | - 76.8 |
| Profit per share, SEK | 12.20 | 5.90 | 6.0 |
| Shareholders' equity per share, SEK | 66.30 | 56.00 | 47.60 |
| Share price, December 31, SEK | 175 | 128 | 114 |
| Dividend per share, SEK | 4.00 | 1.90 | 1.80 |
| P/E-ratio, December 31 | 14.4 | 21.8 | 19.0 |
| P/S-ratio, December 31 | 0.7 | 0.5 | 0.9 |
| Rate/Shareholders' equity | 2.6 | 2.2 | 2.4 |

New Wave Share

The share capital in New Wave amounts to SEK 5.994.808, distributed among a total of 2.997.404 shares, each with a par value of SEK 2. The shares carry identical rights to the Company's assets and profits. Each Series A share carries ten votes, and each Series B share carries one vote.

New Wave's Series B shares have been listed on the Stockholm Stock Exchange's OTC List since December 11, 1997. A trading lot amounts to 100 shares. The introduction price was SEK 110. Since the listing on December 11, 1997, the low has been SEK 72 and the high was SEK 210 (00-01-21).

Financial Objectives

New Wave strives to achieve sustained and profitable growth in sales. This is to be generated primarily by means of continued establishment of operations, mainly in West Europe. The objective is to achieve an operating margin of 15 per cent. In addition, New Wave has set an equity/assets objective of not less than 30 per cent over an economic cycle.

Dividend Policy

The objective set by the Board of directors is that the dividend to the shareholders shall correspond to at least 30 per cent of Group earnings after taxes over an economic cycle.

Shareholders

New Wave had 1,855 (1,643) shareholders at December 31, 1999. Institutional investors accounted for 8 per cent of the capital and 8 per cent of the votes. The ten largest shareholders on the same date held 74.9 per cent of the capital and 95.3 per cent of the votes. Shareholders outside Sweden accounted for 16.7 per cent of the capital and 4.8 per cent of the votes.

New Wave's Share Structure

| Share series | Number of shares | Number of votes | Percentage of capital | Percentage of votes |
|-----------------|------------------|-------------------|-----------------------|---------------------|
| Series A shares | 1 459,230 | 14 592,300 | 48.68% | 90.46% |
| Series B shares | 1 538,174 | 1 538,174 | 51.32% | 9.54% |
| Total | 2 997,404 | 16 130,474 | 100.00% | 100.00% |

New Wave's Ten Major Shareholders

| Shareholder | Number of shares | Percentage of capital | Percentage of votes | Number of votes |
|---------------------------|------------------------|-----------------------|---------------------|-------------------|
| Torsten Jansson | 50,000 B / 1 379,230 A | 47.7% | 85.8% | 13 842,300 |
| Öresund investment AB | 150,000 B | 5.0% | 0.9% | 150,000 |
| Banque Intl a Luxembourg | 141,300 B | 4.7% | 0.9% | 141,300 |
| CR Suisse EQT | 140,000 B | 4.7% | 0.9% | 140,000 |
| Domani | 119,882 B | 4.0% | 0.7% | 119,882 |
| Catella Reavinstfond | 90,000 B | 3.0% | 0.6% | 90,000 |
| Småbolagsfonden | 50,500 B | 1.7% | 0.3% | 50,500 |
| Tord Rosén | 50,000 A | 1.7% | 3.1% | 500,000 |
| Mario Bianchi | 8,330 B / 30,000 A | 1.3% | 1.9% | 308,330 |
| Union Bank of Switzerland | 36,525 B | 1.2% | 0.2% | 36,525 |
| Total | 2 245,767 | 74.9% | 95.3% | 15 378,837 |

Shareholder Distribution in New Wave Dec 31, 1999

| | Number of shares | Number of votes | Percentage of capital | Percentage of votes |
|--|------------------|-------------------|-----------------------|---------------------|
| Sweden | 2 496,624 | 15 359,694 | 83.30% | 95.20% |
| Shareholders residing outside Sweden, excl USA | 486,380 | 756,380 | 16.20% | 4.70% |
| USA | 14,400 | 14,400 | 0.50% | 0.10% |
| Total | 2 997,404 | 16 130,474 | 100.00% | 100.00% |

The New Wave Group in Brief

New Wave is a clothing company that creates, acquires and develops brands in the leisure industry. New Wave operates in two business areas; in the corporate profiling market, selling to independent profiling companies, and the retail market, selling mainly to sportswear retailers. By operating in both of these market sectors, the Group achieves co-ordination advantage and a better risk spread. The Group's best-known brands are Clique, Craft, Grizzly, New Wave and Pax.