



# BJÖRN BORG

BJÖRN BORG AB YEAR-END REPORT  
JANUARY – DECEMBER 2012

## Positive fourth quarter – continued weak market

### OCTOBER 1 – DECEMBER 31, 2012

- The Group's net sales increased by 13 percent to SEK 138.7 million (123.1). Excluding currency effects, sales increased by 14 percent.
- The gross profit margin was 51.6 percent (52.4).
- Operating profit amounted to SEK 15.1 million (14.1).
- Investments in Björn Borg Sport, China and England reduced operating profit by SEK 3.5 million (1.5).
- Profit after tax amounted to SEK 11.9 million (49.0).\*
- Earnings per share before and after dilution amounted to SEK 0.45 (1.92).\*
- Brand sales\*\* (excluding VAT) decreased by 2 percent to SEK 376 million (384). Excluding currency effects, brand sales were unchanged.
- Björn Borg has recently announced the acquisition of its Finnish distributor.

### JANUARY 1 – DECEMBER 31, 2012

- The Group's net sales increased by 3 percent to SEK 551.4 million (536.5). Excluding currency effects, sales rose 2 percent.
- The gross profit margin was 50.2 percent (51.5).
- Operating profit amounted to SEK 69.8 million (83.7).
- Investments in Björn Borg Sport, China and England reduced operating profit by SEK 21.4 million (15.1).
- Profit after tax amounted to SEK 47.2 million (100.2).\*
- Earnings per share before and after dilution amounted to SEK 2.11 (4.19).\*
- Brand sales\*\* (excluding VAT) decreased by 5 percent to SEK 1,598 million (1,681). Excluding currency effects, the decrease was 3 percent.
- The Board of Directors has recommended that the Annual General Meeting approve a distribution of SEK 3.00 (4.00) per share, totaling SEK 75.4 million (100.6).

### QUOTE FROM THE CEO

"On the whole, Björn Borg reported stable development in 2012. We had a tough start to the year, but finished with a strong fourth quarter with increased sales and improved operating profit compared with the previous year, despite a weak market. The recently announced acquisition of the Finnish operations is another component in our continued expansion. It is our sixth largest market and we see good opportunities to further develop our operations," said CEO Arthur Engel.

SEK thousands	Oct-dec 2012	Oct-dec 2011	Full-year 2012	Full-year 2011
Net sales	138.7	123.1	551.4	536.5
Gross profit margin, %	51.6	52.4	50.2	51.5
Operating profit	15.1	14.1	69.8	83.7
Operating margin, %	10.9	11.5	12.7	15.6
Profit after tax*	11.9	49.0	47.2	100.2
Earnings per share, before and after dilution, SEK	0.45	1.92	2.11	4.19
Earnings per share excluding deferred tax assets, Dec. 31, 2011, SEK	0.45	0.40	2.11	2.66
Brand sales**	376	384	1,598	1,681

\* During the comparable periods deferred tax assets of approximately SEK 38 million were recognized.

\*\* Estimated total sales of Björn Borg products at the consumer level, excluding VAT, based on reported sales at the wholesale level.



# BJÖRN BORG SAYS JA! TO UNFORGETTABLE NIGHTS

OUR NEW APPAREL COLLECTION  
PREPARED FOR WHATEVER

BJÖRN BORG

## CEO'S COMMENT

### Positive development in a continued weak market

In summing up 2012, we are pleased with what Björn Borg has delivered: further investments in future growth, strong growth in e-commerce, high-profile branding campaigns, efficiency improvements to internal processes and a stronger organization. In a continued weak retail market we can also report growth during the year with a strong finish in the fourth quarter, when operating profit increased compared with the previous year.

Underwear is our core business and we are maintaining a fast pace of product development. In the fourth quarter we saw the positive effects of higher sales of the winter collection at the wholesale level. Holiday sales were also relatively good, with increased sales through Björn Borg's stores.

Björn Borg's e-commerce has developed strongly in recent years, including 2012, and we are now beginning to reach levels that have an impact on both sales and profit. During the second half-year we launched a new e-commerce platform, after which we saw a significant sales gain. We hope and believe that this distribution channel will eventually assume greater importance for Björn Borg.

### Future investments contribute to growth

An important effort in recent years is the sportswear operations within Björn Borg Sport. The first collections, launched in 2012, have been positively received to date in nearly ten markets. Sales are steadily increasing and we see the potential for fine development in 2013 as well.

The Group's operations in England also developed well during the year, with more sales locations and increased sales. We have found the right organization and ways of working and have a good platform for further growth in the country. As we now establish our operations in China, we bring with us valuable experience from England. During the second half of 2012 we opened our first sales locations in Shanghai and are working to structure a continued expansion. The rate at which this happens will be determined in large part by access to attractive retail locations.

Through the recently announced acquisition of the Finnish operations, we took another important step in our growth aims. Finland, our sixth largest market, has performed positively and we see the potential to grow with more stores and in more product areas. When we had the opportunity to take over our former distributor together with an experienced local partner, we saw it as a good opportunity for everyone involved.

We are pleased with the Group's stable development in 2012. At the same time we are conscious in every way of the continued weak retail market in many parts of Europe, which is affecting us, our partners and customers. In this situation we are more convinced than ever of the importance of focusing on projects that contribute to growth and profitability in the long term.

Arthur Engel, Chief Executive Officer



## OPERATIONS

### Brand sales

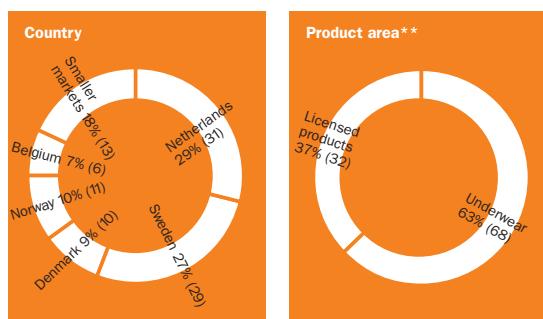
Brand sales (excluding VAT) decreased by 2 percent to SEK 376 million (384) in the fourth quarter and by 5 percent to SEK 1,598 million (1,681) for the full-year 2012. A weaker euro has negatively affected brand sales. Adjusted for currency effects, brand sales were unchanged for the quarter and down 3 percent for the full-year.

### Product areas full-year 2012

Brand sales in the underwear product area fell by 13 percent for the full-year. Underwear accounted for 63 percent (68) of brand sales.

Sportswear developed strongly during the year. In our licensed product areas, footwear noted a solid increase, while eyewear sales were about unchanged. Two product areas, bags and fragrances, reported declines, in the latter case partly due to a temporary delivery stop during the fall. Earlier in the year Björn Borg took over responsibility for fragrances from the previous licensee. In total, sales of licensed products rose by 12 percent during the year.

### Brand sales\* of Björn Borg products Jan-Dec 2012. Total SEK 1,598 million (1,681)



\* Estimated total sales of Björn Borg products at the consumer level, excluding VAT, based on reported sales at the wholesale level.

\*\* Underwear: Men's and women's underwear, swimwear, socks and adjacent products. Licensed products: Footwear, bags, fragrances, eyewear and sportswear.

### Markets full-year 2012

Brand sales in smaller markets increased during the year to 18 percent (13) of total brand sales. Among larger markets, Belgium reported an increase, while brand sales decreased in Sweden, the Netherlands, Norway and Denmark. Among smaller markets, Finland and the Group-owned operations in England posted positive growth.

### Björn Borg stores

During the quarter Björn Borg opened a store in the new Emporia mall in Malmö, its first store in England at Bluewater outside central London, a third store in Oslo, Norway, and a second store in China in the department store Cloud 9 in Shanghai. At the same time two stores were closed in Germany and one in Chile. As of December 31, 2012 there were a total of 60 (56) Björn Borg stores, of which 17 (15) are Group-owned.

### Björn Borg in Finland

Björn Borg has recently announced the acquisition of its distributor in Finland, Fashion Case. The Finnish operations currently consist of the sale of underwear, sportswear and bags at the wholesale level, as well as one Björn Borg store. The brand has a strong position in Finland, which today is Björn Borg's sixth largest market. The company sees the potential for continued growth. Through the acquisition, Björn Borg becomes the principal owner (75 percent), while an experienced local partner becomes a minority owner. The total acquisition price is approximately SEK 9.1 million. Against the backdrop of the recently signed agreement, Björn Borg is now preparing an acquisition analysis, which is not yet complete. Further information will be presented in the annual report for 2012.

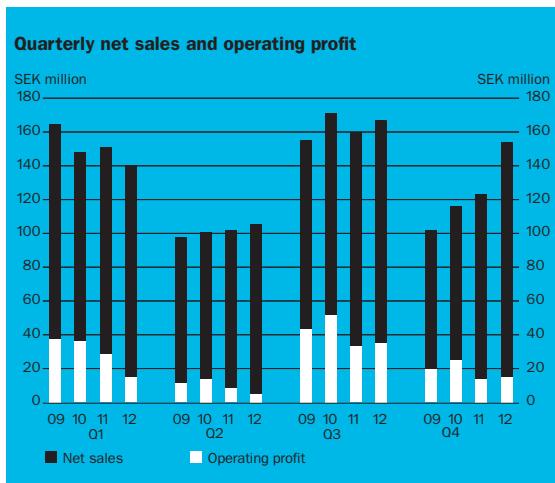
Björn Borg expects the acquired Finnish operations to contribute positively to the Group's operating profit in 2013.

### Björn Borg in China

Björn Borg has been active in China since fall 2012 through a new company with Björn Borg as principal owner (75%) and a local partner as minority owner. The plan is to establish Björn Borg stores and shop-in-shops in large department stores as well as online sales of underwear, sportswear, footwear and bags.

## THE GROUP'S DEVELOPMENT

Sales and operating profit increased during the fourth quarter year-on-year.



### Sales

#### Fourth quarter, October–December 2012

Group sales during the fourth quarter amounted to SEK 138.7 million (123.1), an increase of 13 percent. Excluding currency effects, sales rose by 14 percent.

The product company for underwear posted strong sales of its winter collection. Björn Borg Sport also contributed to the increase, while the Swedish wholesale operations declined in a continued weak Swedish retail market. Swedish footwear sales at the wholesale level had a good quarter and the British wholesale operations also continued to develop positively. Retail sales increased slightly due to the addition of more stores than in 2011. In e-commerce we continue to see good growth. Royalties decreased slightly in line with lower brand sales during the quarter.

#### Full-year 2012

Group sales for the full year amounted to SEK 551.4 million (536.5). Björn Borg Sport, the underwear product company and the Group's British wholesale operations all developed positively during the year. The Group's retail operations contributed a slight increase, mainly through growth in e-commerce and from new stores. At the same time the Swedish wholesale operations posted lower collection sales, mainly during the first half-year.

### Profit

#### Fourth quarter, October–December 2012

The gross profit margin for the fourth quarter decreased to 51.6 percent (52.4). Excluding currency effects, the margin was unchanged compared with the previous year.

Operating profit increased during the quarter by 7 percent to SEK 15.1 million (14.1) with an operating margin of 10.9 percent (11.5). Operating expenses increased by 12 percent, largely due to investments in new operations. The investments in Björn Borg Sport, China and the British operations reduced operating profit by SEK 3.5 million (1.5). The net financial expense increased to SEK 3.9 million (0.9). The realized and unrealized return on investments and cash and cash equivalents, less interest on the bond loan, affected the Group's financial net positively by SEK 4.1 million. Profit before tax increased to SEK 18.9 million (15.0).

Net profit amounted to SEK 11.9 million (49.0). In the previous year Björn Borg reported deferred tax assets of about SEK 38 million, which explains the big difference in reported tax between periods. In 2012 the tax expense was negatively affected by SEK 1.1 million as a result of the revaluation of deferred taxes based on the reduction in the Swedish tax rate from 26.3 percent to 22 percent.

#### Full-year 2012

The gross profit margin for the full-year decreased to 50.2 percent (51.5). Excluding exchange rate effects, the margin would have been 50.9 percent. Other than the negative currency effect, the decrease is largely due to one-time effects in the Swedish wholesale operations, especially during the first quarter in the form of temporarily higher discounts, inventory write-offs and discounted sales to customers.

Operating profit decreased by 17 percent to SEK 69.8 million (83.7) during the year with an operating margin of 12.7 percent (15.6). The reasons for the lower profit include higher operating expenses according to plan for marketing, personnel and premises due to investments in new operations, not least the new operations in China, which reduced operating profit by SEK 7.0 million during the year. In total, the investments in Björn Borg Sport, China and the British operations reduced operating profit by SEK 21.4 million (15.1). Recruitments and other staff costs in the Swedish Parent Company during the year led to an increase in operating expenses of SEK 5.2 million. Net financial items decreased to SEK -0.9 million (0.9), largely due to changes in exchange rates on receivables in foreign currency. The realized and unrealized return on investments and cash and cash equivalents, less interest on the bond loan, affected the Group's financial net positively by SEK 4.6 million. Profit before tax decreased to SEK 68.9 million (84.6).

Net profit amounted to SEK 47.2 million (100.2). In the previous year Björn Borg reported deferred tax assets of approximately SEK 38 million, which explains the big difference in reported tax between the periods. The tax expense for 2012 was negatively affected by SEK 1.1 million as a result of the revaluation of deferred taxes based on the reduction in the company tax rate in Sweden from 26.3 percent to 22 percent.

#### Development by business segment

The Group consists of a total of 13 companies, of which ten operate under the Björn Borg brand on every level from

Business segment	Revenue source	Sales, SEK thousands		Operating profit, SEK thousands		Operating margin	
		2012	2011	2012	2011	2012	2011
Brand	Royalties	81,292	80,317	16,281	16,613	20%	21%
Product development	Products	385,343	377,448	48,589	35,915	13%	10%
Wholesale	Wholesale revenues	221,327	230,778	14,636	37,010	7%	16%
Retail	Retailers	72,965	62,191	-9,720	-5,832	-13%	-9%
Less internal sales		-209,495	-214,225	-	-	-	-
<b>Total</b>		<b>551,432</b>	<b>536,509</b>	<b>69,786</b>	<b>83,706</b>	<b>13%</b>	<b>16%</b>

product development to wholesale operations and consumer sales in its own Björn Borg stores.

#### **Brand**

*The Brand segment primarily consists of royalty revenue and expenses associated with the brand.*

Net sales reached SEK 81.3 million (80.3) in 2012, an increase of 1 percent. External sales decreased to SEK 42.9 million (47.4), in line with the year's decline in brand sales. It should be noted that the royalties Björn Borg Sport receives from its customers are also reported in the Brand segment.

Operating profit amounted to SEK 16.3 million (16.6), a decrease of 2 percent for the year. The decline is due to lower royalty revenue, although expenses for brand-related activities were lower during the year.

#### **Product development**

*The Björn Borg Group has global responsibility for development, design and production of underwear and adjacent products, as well as sportswear through Björn Borg Sport.*

The business segment's net sales amounted to SEK 385.3 million (377.4) in 2012, an increase of 2 percent. External sales amounted to SEK 277.2 million (251.3), an increase of 10 percent compared with 2011. Weaker sales of the summer collection through the Group's product company were offset by stronger sales of the fall and winter collections mainly during the second half-year. Sales by Björn Borg Sport increased by 14 percent year-on-year.

Operating profit increased to SEK 48.6 million (35.9) due to increased external sales and lower operating expenses in the segment compared with 2011.

#### **Wholesale**

*The Björn Borg Group is the exclusive wholesaler for underwear and adjacent products in Sweden and England as well as for footwear in Sweden, Finland and the Baltic countries.*

Net sales in the wholesale operations decreased by 4 percent to SEK 221.3 million (230.8) in 2012. External sales amounted to SEK 168.6 million (179.3). The British operations reported good growth, while the Swedish wholesale operations performed weakly in 2012 in a tough retail climate. The Group's wholesale footwear operations had a positive sales trend compared with 2011.

Operating profit was SEK 14.6 million (37.0). The decrease is mainly due to lower sales and a lower gross profit margin in the Swedish wholesale operations at the beginning of the year, as announced in the previous interim report, as well as higher expenses from the investments in the Group's British operations. A stronger USD reduced gross profit and operating profit in this segment by SEK 3.5 million.

#### **Retail**

*The Björn Borg Group owns and operates twelve stores in the Swedish market that sell underwear, adjacent products, sportswear and other licensed products. Additionally, Björn Borg manages two factory outlets and the e-commerce operations.*

External net sales in the Retail segment rose by 7 percent in 2012 to SEK 62.7 million (58.5). The increase is due to new stores opened after the first half of 2011 as well as the continued strong performance of the e-commerce operations. For outlets and comparable Björn Borg stores, sales fell by 14 percent, however. The decrease is largely due to intentionally shorter discount periods and lower discount levels, which positively affected gross profit margins by about 5 percentage points.

The operating loss for 2012 amounted to SEK 9.7 million, against a year-earlier loss of SEK 5.8 million, partly due to increased operating expenses for several new stores as well

as investments in the web shop. A new version was launched during the fall, and impairment losses of SEK 2.6 million on the old web shop were charged against the year's result.

#### **Intra-Group sales**

Intra-Group sales amounted to SEK 209.5 million (214.2) for 2012.

### **SEASONAL VARIATIONS**

The Björn Borg Group is active in an industry with seasonal variations. Sales and earnings vary by quarter. See the figure on quarterly net sales and operating profit on page 4.

### **INVESTMENTS AND CASH FLOW**

Cash flow from operating activities in the Group amounted to SEK 31.2 million (91.2) in 2012. The full-year 2011 included a higher operating profit, but lower tied-up working capital than 2012. Increased sales by both product companies in December 2012 contributed to temporarily higher accounts receivable as of December 31, 2012 compared with the previous year. Inventories were approximately in line with the same period in 2011, despite the new operations in China, growth in Björn Borg Sport and England, and the opening of new Group-owned stores. The company has worked actively to reduce tied-up capital, which has resulted in lower inventory volumes for comparable operations.

Total investments in tangible and intangible non-current assets amounted to SEK 6.5 million (25.4) for 2012. The higher investments in 2011 were largely due to the establishment of Björn Borg Sport in the Netherlands, store renovations and the move to a new head office.

### **FINANCIAL POSITION AND LIQUIDITY**

The Björn Borg Group's cash & cash equivalents and investments amounted to SEK 280.2 million (158.0) at the end of the year. In 2012 cash & cash equivalents and investments increased by SEK 122.1 million, compared with a year-earlier decrease of SEK 71.8 million. The change is mainly due to the bond loan issued in the spring with a nominal value of SEK 200 million, less the year's distribution to shareholders of SEK 100.6 million (130.8).

The bond loan is listed on NASDAQ OMX Stockholm and carries an annual coupon rate corresponding to the 3-month STIBOR rate + 3.25 percentage points, maturing in April 2017. In 2012 the company repurchased corporate bonds with a nominal value of SEK 5 million, due to which the recognized value of the bond loan after the repurchase and transaction expenses of about SEK 3 million amounts to SEK 192.3 million as of December 31.

The surplus liquidity from the issuance of the bond loan was placed in interest-bearing financial instruments, highly liquid corporate bonds, within the framework of the financial policy laid down by the Board of Directors. As of December 31 investments had been made in bonds with a book value of SEK 164.0 million, which represents the fair value on the same date. As a rule, bonds in foreign currency are hedged.

### **COMMITMENTS AND CONTINGENT LIABILITIES**

As a commitment for the above-mentioned bond loan, the company has pledged to, among other things, ensure that the ratio between the Group's net debt and operating profit before depreciation and amortization on the last day of each quarter does not exceed 3.00 and that the Group at any given time maintains an equity/assets ratio of at least 30 percent. As of December 31, 2012 the ratio between net debt and operating profit was -0.75 (positive net cash) with an equity/assets ratio of 49.6 percent (72.1). A complete description of commitments and conditions of the bond loan is provided in the

prospectus, which is available on the company's website and from the Swedish Financial Supervisory Authority.

No changes were otherwise made with regard to pledged assets and contingent liabilities compared with December 31, 2011.

## **PERSONNEL**

The average number of employees in the Group in 2012 was 139 (114), of whom 84 (70) are women. The increase in the number of employees is mainly due to the new operations in Björn Borg Sport, England and China.

## **TRANSACTIONS WITH RELATED PARTIES**

No transactions with related parties were executed during the year.

## **SIGNIFICANT RISKS AND UNCERTAINTIES**

In its operations, the Björn Borg Group is exposed to risks and uncertainties. The Group's interest rate risk has increased since December 31, 2011 due to the issuance of the SEK 200 million bond loan. The establishment of new subsidiaries in the Netherlands in 2011 and China in 2012 has increased the currency exposure. Other information on the Group's risks and uncertainties can be found on pages 41-42 and in note 3 in the annual report 2011.

## **EVENTS AFTER THE BALANCE SHEET DATE**

In February the company announced the acquisition of its Finnish distributor, which currently manages wholesale operations and sales through the Björn Borg store in the Finnish market. There are otherwise no significant events to report following the conclusion of the report period.

## **PARENT COMPANY**

Björn Borg AB (publ) is primarily engaged in intra-Group activities. The company also owns 100 percent of the shares in Björn Borg Brands AB, Björn Borg Footwear AB, Björn Borg Inc. and Björn Borg Services AB. In addition, the company owns 80 percent of the shares in Björn Borg UK, 51 percent of the shares in Björn Borg Sport BV and 75 percent of the shares in Björn Borg (China) Ltd.

The Parent Company's net sales for the fourth quarter amounted to SEK 11.9 million (15.9). In 2012 the Parent Company's net sales amounted to SEK 49.7 million (46.2).

Profit before tax amounted to SEK 107.1 million (130.5) for the fourth quarter and SEK 76.9 million (101.9) for the full-year 2012. Cash & cash equivalents and investments amounted to SEK 250.2 million (122.3) on December 31, 2012. Investments in tangible and intangible non-current assets amounted to SEK 1.2 million (6.1) in 2012.

## **NUMBER OF SHARES**

Björn Borg currently has 25,148,384 shares outstanding.

## **FINANCIAL OBJECTIVES**

The financial objectives of Björn Borg's operations for the period 2010-2014 are as follows:

- Average annual organic growth of at least 10 percent
- An average annual operating margin of at least 20 percent
- An annual dividend of at least 50 percent of net profit
- Long-term cash reserves equivalent to 10-20 percent of annual sales.

## **Comments to the financial objectives:**

The long-term objective will be achieved if established markets grow slightly below the average growth target and new markets contribute stronger growth. At the start of the period sales growth could fall below the target, since several new markets are being added.

Surplus liquidity generated by meeting the new financial objectives will be distributed gradually over the forecast period.

Operating investments are expected to annually fall in the range of 2-5 percent of net sales depending on the addition of any new Björn Borg stores.

## **DIVIDEND**

The Board of Directors has decided to recommend to the Annual General Meeting 2013 that a distribution of SEK 3.00 (4.00) per share be paid for the financial year 2012, corresponding to 142 percent of net income; see above regarding financial objectives and dividend. As proposed, the distribution would be paid through an automatic redemption, where every share is divided into a common share and a redemption share. The redemption share will then automatically be redeemed for SEK 3.00 per share. Payment for the redemption share, contingent on the approval of the AGM, is expected to be made around May 24, 2013.

The Board of Directors' proposal corresponds to a transfer to shareholders of SEK 75.4 million (100.6). For 2011 a distribution of SEK 4.00 was paid per share, corresponding to 95 percent of net income.

## **ANNUAL REPORT**

The annual report for 2012 will be available on the company's website in late March 2013.

## **ANNUAL GENERAL MEETING**

The Annual General Meeting for the financial year 2012 will be held in Stockholm on April 17, 2013.

## **ACCOUNTING PRINCIPLES**

The year-end report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. The year-end report for the Parent Company has been prepared in accordance with the Annual Accounts Act and RFR 2 Accounting in Legal Entities. The same accounting principles and calculation methods have been applied as in 2011, which are described on page 51 in the 2011 annual report. The new and revised IFRS and the interpretations from IFRS IC applied as of January 1, 2012 have not had a significant impact on the Group's results or financial position.

## **AUDIT REPORT**

This year-end report has not been reviewed by the company's auditors.

## **OUTLOOK 2013**

As a policy, the company does not issue earnings forecasts.

## CONSOLIDATED INCOME STATEMENT

### Condensed

SEK thousands	Oct-Dec 2012	Oct-Dec 2011	Full year 2012	Full year 2011
<b>Net sales</b>	<b>138,655</b>	<b>123,100</b>	<b>551,432</b>	<b>536,509</b>
Cost of goods sold	-67,060	-58,562	-274,803	-260,295
<b>Gross profit</b>	<b>71,595</b>	<b>64,538</b>	<b>276,628</b>	<b>276,214</b>
Distribution expenses	-39,663	-31,548	-144,694	-124,773
Administrative expenses	-13,766	-15,487	-51,016	-54,524
Development expenses	-3,081	-3,360	-11,133	-13,211
<b>Operating profit</b>	<b>15,085</b>	<b>14,143</b>	<b>69,786</b>	<b>83,706</b>
Net financial items	3,864	883	-909	920
<b>Profit before tax</b>	<b>18,948</b>	<b>15,026</b>	<b>68,877</b>	<b>84,626</b>
Tax	-7,064	33,934	-21,650	15,524
<b>Profit for the period</b>	<b>11,884</b>	<b>48,960</b>	<b>47,227</b>	<b>100,150</b>
<b>Profit for the period attributable to:</b>				
Parent Company's shareholders	11,406	48,371	52,963	105,468
Non-controlling interests	478	589	-5,736	-5,318
Earnings per share, before and after dilution, SEK	0.45	1.92	2.11	4.19
Pro forma earnings per share excl. deferred tax assets posted Dec. 31, 2011, SEK	0.45	0.40	2.11	2.66
Number of shares	25,148,384	25,148,384	25,148,384	25,148,384
Weighted average number of shares	25,148,384	25,148,384	25,148,384	25,148,384
Effect of dilution*	-	-	-	32,190
Weighted average number of shares after dilution	25,148,384	25,148,384	25,148,384	25,180,574

\* Björn Borg had an incentive program (2008:2) based on warrants in Björn Borg AB, which expired in November 2011. For more detailed information, see page 57 of the annual report 2011.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### Condensed

SEK thousands	Oct-Dec 2012	Oct-Dec 2011	Full year 2012	Full year 2011
<b>Net profit for the period</b>	<b>11,884</b>	<b>48,960</b>	<b>47,227</b>	<b>100,150</b>
Currency effect on translation of foreign operations	-234	298	892	-131
<b>Total comprehensive income for the period</b>	<b>11,650</b>	<b>49,258</b>	<b>48,119</b>	<b>100,019</b>
<b>Total comprehensive income for the period attributable to</b>				
Parent Company's shareholders	11,172	48,669	53,855	105,337
Non-controlling interests	478	589	-5,736	-5,318

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### Condensed

SEK thousands	Dec 31 2012	Dec 31 2011
<b>Non-current assets</b>		
Goodwill	13,944	13,944
Trademarks	187,532	187,532
Other intangible assets	4,572	6,311
Tangible non-current assets	13,952	14,741
Deferred tax assets	35,283	43,194
<b>Total non-current assets</b>	<b>255,283</b>	<b>265,722</b>
<b>Current assets</b>		
Inventories, etc.	35,688	34,559
Accounts receivable	93,994	57,843
Other current receivables	29,250	34,134
Investments	163,979	-
Cash & cash equivalents	116,195	158,042
<b>Total current assets</b>	<b>439,106</b>	<b>284,578</b>
<b>Total assets</b>	<b>694,389</b>	<b>550,300</b>
<b>Equity and liabilities</b>		
Equity	344,216	396,962
Deferred tax liabilities	44,544	47,539
Other non-current liabilities	30,985	28,754
Bond loan	192,283	-
Accounts payable	32,780	25,703
Other current liabilities	49,581	51,342
<b>Total equity and liabilities</b>	<b>694,389</b>	<b>550,300</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Condensed

SEK thousands	Equity attributable to Parent Company's shareholders	Non-controlling interests	Total equity
<b>Opening balance, January 1, 2011</b>	<b>426,250</b>	<b>1,026</b>	<b>427,276</b>
Total comprehensive income for the year	105,337	-5,318	100,019
Distribution for 2010	-130,772	-	-130,772
Non-controlling interests that arose through formation of subsidiaries	-	438	438
<b>losing balance, December 31, 2011</b>	<b>400,815</b>	<b>-3,854</b>	<b>396,962</b>
<b>Opening balance, January 1, 2012</b>	<b>400,815</b>	<b>-3,854</b>	<b>396,962</b>
Total comprehensive income for the year	53,854	-5,736	48,119
Distribution for 2011	-100,594	-	-100,594
Acquisition of minority shares	-26	-79	-105
Dividend to non-controlling interests	-	-168	-168
Non-controlling interests that arose through formation of subsidiaries	-	2	2
<b>losing balance, December 31, 2012</b>	<b>354,050</b>	<b>-9,835</b>	<b>344,216</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

Condensed

TSEK	Oct-Dec 2012	Oct-Dec 2011	Full year 2012	Full year 2011
<b>Cash flow from operating activities</b>				
Before changes in working capital	18,508	27,210	62,460	85,705
Changes in working capital	437	54,027	-31,220	5,517
<b>Cash flow from operating activities</b>				
Investments in intangible non-current assets	-470	-2,007	-2,679	-12,110
Investments in tangible non-current assets	-1,721	-5,350	-3,843	-13,325
Sale of tangible non-current assets	-	-436	-	-
Investments	-17,550	-	-161,211	-
Sale of investments	-	16,291	-	35,567
<b>Cash flow from investing activities</b>				
Dividend/distribution	-	-	-100,594	-130,772
Amortization of loans	-1,666	-1,602	-6,667	-6,411
Change in long-term liabilities	8,899	-	8,899	441
Issuance of bond loan	-	-	196,778	-
Repurchase of bond loan	-	-	-4,950	-
<b>Cash flow from financing activities</b>				
<b>Cash flow for the period</b>	<b>6,435</b>	<b>88,133</b>	<b>-43,028</b>	<b>-35,387</b>
Cash & cash equivalents at beginning of period	109,882	70,467	158,042	194,275
Translation difference in cash & cash equivalents	-122	-558	1,182	-846
<b>Cash &amp; cash equivalents at end of period</b>	<b>116,195</b>	<b>158,042</b>	<b>116,195</b>	<b>158,042</b>

## KEY FIGURES

Group

TSEK	Oct-Dec 2012	Oct-Dec 2011	Full year 2012	Full year 2011
Gross profit margin, %	51.6	52.4	50.2	51,5
Operating margin, %	10.9	11.5	12.7	15,6
Profit margin, %	13.7	12.2	12.5	15,8
Return on capital employed, %	15.9	19.5	15.9	19,5
Return on average equity, %	14.3	25.6	14.3	25,6
Profit attributable to Parent Company's shareholders	11,406	48,371	52,963	105,468
Equity/assets ratio, %	49.6	72.1	49.6	72.1
Equity per share, SEK	13.69	15.78	13.69	15.78
Investments in intangible non-current assets	470	2,007	2,679	12,110
Investments in tangible non-current assets	1,721	5,350	3,843	13,325
Depreciation, amortization and impairment losses for the period	-1,512	-2,424	-6,438	-17,165
Average number of employees	160	131	139	114

## SUMMARY BY SEGMENT

Group	SEK thousands	Oct-Dec 2012	Oct-Dec 2011	Full year 2012	Full year 2011
<b>Operating revenue</b>					
<b>Brand</b>					
External revenue	9,333	9,510	42,900	47,435	
Internal revenue	9,841	6,968	38,392	32,882	
	<b>19,174</b>	<b>16,478</b>	<b>81,292</b>	<b>80,317</b>	
<b>Product development</b>					
External revenue	70,198	50,818	277,236	251,277	
Internal revenue	26,496	30,136	108,107	126,171	
	<b>96,694</b>	<b>80,954</b>	<b>385,343</b>	<b>377,448</b>	
<b>Wholesale</b>					
External revenue	38,243	43,139	168,626	179,341	
Internal revenue	12,739	12,523	52,701	51,437	
	<b>50,982</b>	<b>55,662</b>	<b>221,327</b>	<b>230,778</b>	
<b>Retail</b>					
External revenue	20,881	19,633	62,669	58,456	
Internal revenue	3,598	1,782	10,296	3,735	
	<b>24,479</b>	<b>21,415</b>	<b>72,965</b>	<b>62,191</b>	
Less internal sales	-52,674	-51,409	-209,495	-214,225	
<b>Operating revenue</b>	<b>138,655</b>	<b>123,100</b>	<b>551,432</b>	<b>536,509</b>	
<b>Operating profit</b>					
Brand	1,775	-359	16,281	16,613	
Product development	11,377	6,503	48,589	35,915	
Wholesale	2,039	7,300	14,636	37,010	
Retail	-106	699	-9,720	-5,832	
<b>Operating profit</b>	<b>15,085</b>	<b>14,143</b>	<b>69,786</b>	<b>83,706</b>	

## QUARTERLY DATA

Group	SEK thousands	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Net sales	138,655	166,761	105,478	140,538	123,100	160,150	101,937	151,321	
Gross profit margin, %	51.6	49.5	52.1	48.0	52.4	50.6	53.3	50.4	
Operating profit	15,085	35,222	4,848	14,631	14,143	32,976	8,190	28,398	
Operating margin, %	10.9	21.1	4.6	10.4	11.5	20.6	8.0	18.8	
Profit after financial items	18,948	33,368	3,830	12,730	15,026	32,664	8,903	28,033	
Profit margin, %	13.7	20.0	3.6	9.1	12.2	20.4	8.7	18.5	
Earnings per share, SEK	0.45	1.11	0.10	0.44	1.92	1.05	0.33	0.89	
Earnings per share after dilution, SEK	0.45	1.11	0.10	0.44	1.92	1.05	0.33	0.88	
Number of Björn Borg stores at end of period of which Björn Borg-owned stores	60	59	57	56	56	54	54	50	
Brand sales	17	13	13	14	15	13	12	10	
	376,244	484,938	288,360	447,640	384,133	551,267	314,967	431,029	

## PARENT COMPANY INCOME STATEMENT

Condensed

SEK thousands	Oct-Dec 2012	Oct-Dec 2011	Full-year 2012	Full-year 2011
<b>Net sales</b>	<b>11,931</b>	<b>15,919</b>	<b>49,667</b>	<b>46,208</b>
Cost of goods sold	-45	-151	-740	-550
<b>Gross profit</b>	<b>11,884</b>	<b>15,768</b>	<b>48,927</b>	<b>45,658</b>
Distribution expenses	-13,754	-11,639	-49,304	-43,076
Administrative expenses	-5,289	-4,477	-18,963	-16,568
Development expenses	-2,115	-1,790	-7,585	-6,627
<b>Operating loss</b>	<b>-9,274</b>	<b>-2,138</b>	<b>-26,925</b>	<b>-20,613</b>
Dividend from subsidiary	75,000	100,000	75,000	100,000
Group contributions received	41,047	35,235	41,047	35,235
Net financial items	354	-2,636	-12,194	-12,724
<b>Profit before tax</b>	<b>107,127</b>	<b>130,461</b>	<b>76,928</b>	<b>101,898</b>
Appropriations	355	4,002	355	4,002
Tax	-609	-	-2,207	-
<b>Profit for the period</b>	<b>106,873</b>	<b>134,463</b>	<b>75,076</b>	<b>105,900</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>106,873</b>	<b>134,463</b>	<b>75,076</b>	<b>105,900</b>

## PARENT COMPANY BALANCE SHEET

Condensed

SEK thousands	Dec 31 2012	Dec 31 2011
<b>Non-current assets</b>		
Intangible non-current assets	753	1,220
Tangible non-current assets	5,876	6,617
Shares in Group companies	327,132	321,227
<b>Total non-current assets</b>	<b>333,761</b>	<b>329,064</b>
<b>Current assets</b>		
Receivables from Group companies	103,444	201,914
Current receivables	5,399	6,737
Investments	163,979	-
Cash & cash equivalents	86,172	122,271
<b>Total current assets</b>	<b>358,994</b>	<b>330,922</b>
<b>Total assets</b>	<b>692,754</b>	<b>659,986</b>
<b>Equity and liabilities</b>		
Equity	138,784	164,302
Untaxed reserves	2,183	2,538
Deferred tax	609	-
Bond loan	192,283	-
Due to Group companies	345,377	476,120
Accounts payable	2,766	7,200
Other current liabilities	10,752	9,826
<b>Total equity and liabilities</b>	<b>692,754</b>	<b>659,986</b>

## PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

Condensed

SEK thousands	Full-year 2012	Full-year 2011
<b>Opening balance</b>	<b>164,302</b>	<b>189,174</b>
Dividend/distribution	-100,594	-130,772
Total comprehensive income for the period	75,076	105,900
<b>Closing balance</b>	<b>138,784</b>	<b>164,302</b>

## DEFINITIONS

### **Gross profit margin**

Net sales less cost of goods sold divided by net sales.

### **Operating margin**

Operating profit as a percentage of net sales.

### **Profit margin**

Profit before tax as a percentage of net sales.

### **Equity/assets ratio**

Equity as a percentage of total assets.

### **Return on capital employed**

Profit after financial items (over a rolling 12-month period) plus financial expenses as a percentage of average capital employed.

### **Return on equity**

Net profit (over a rolling 12-month period) according to the income statement as a percentage of average equity. Average equity is calculated by adding equity at January 1 to equity at December 31 and dividing by two.

### **Earnings per share**

Earnings per share in relation to the weighted average number of shares during the period.

### **Earnings per share after dilution**

Earnings per share adjusted for any dilution effect.

### **Brand sales**

Estimated total sales of Björn Borg products at the consumer level, excluding VAT, based on reported sales at the wholesale level.

The Board of Directors and the CEO certify that the year-end report provides a true and fair overview of the operations, financial position and results of the Parent Company and the Group and describes the material risks and uncertainties faced by the Parent Company and the companies in the Group.

Stockholm, February 14, 2013

Fredrik Lövstedt  
Chairman

Kerstin Hessius  
Board Member

Fabian Månsson  
Board Member

Mats H Nilsson  
Board Member

Vilhelm Schottenius  
Board Member

Michael Storåkers  
Board Member

Arthur Engel  
President and CEO

## ABOUT THE BJÖRN BORG GROUP

The Group owns the Björn Borg trademark and its core business is underwear. It also offers sportswear through a subsidiary in the Netherlands and footwear, luggage & bags and eyewear through licensees. Björn Borg products are sold in around twenty markets, of which Sweden and the Netherlands are the largest. The Björn Borg Group has operations at every level from branding to consumer sales in its own Björn Borg stores. Total sales of Björn Borg products in 2012 amounted to around SEK 1.6 billion, excluding VAT, at the consumer level. Group net sales amounted to SEK 551 million in 2012, with 139 employees. The Björn Borg share has been listed on NASDAQ OMX Nordic in Stockholm since 2007.



#### **Upcoming information dates**

The annual report will be published in March 2013.

The Annual General Meeting 2013 will be held on April 17, 2013.

The interim report January–March 2013 will be released on May 17, 2013.

The interim report January–June 2013 will be released on August 23, 2013.

The interim report January–September 2013 will be released on November 8, 2013.

For further information, please contact:

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Björn Borg is required to make public the information in this year-end report in accordance with the Securities Market Act.  
The information was released for publication on February 14, 2013 at 7:30 am (CET).