



Björn Borg Year-end report 2008



**Some 40 million
men's underwear
in Swedish wardrobes**



The potential of Björn Borg

- **Strategy** process initiated
- Focus on our core business – **underwear**
- Evaluation of **network** – suppliers, distributors, product companies – to develop our cooperations



Q4 in brief

- **Weaker development in a slow market**
 - **Net sales** down mainly from decrease in Swedish distribution and own retail
 - **Operating profit** down due to lower sales, market investments in the US and non-recurring costs
- **Brand sales** affected by market conditions – but still strong interest



2008 in brief

- **A good year – after all**
 - **Net sales** up mainly from rise in export of clothes and footwear
 - **Operating profit** down, mainly due to offensive efforts – but still an **operating margin** of 24.5%
- **Brand sales** up – good growth in several markets, both new and established markets



Established markets – 2008

- Continued good growth in our largest market Holland
- Strong growth in Belgium and Finland
- Weaker development in the other Nordic countries, especially Norway and Denmark

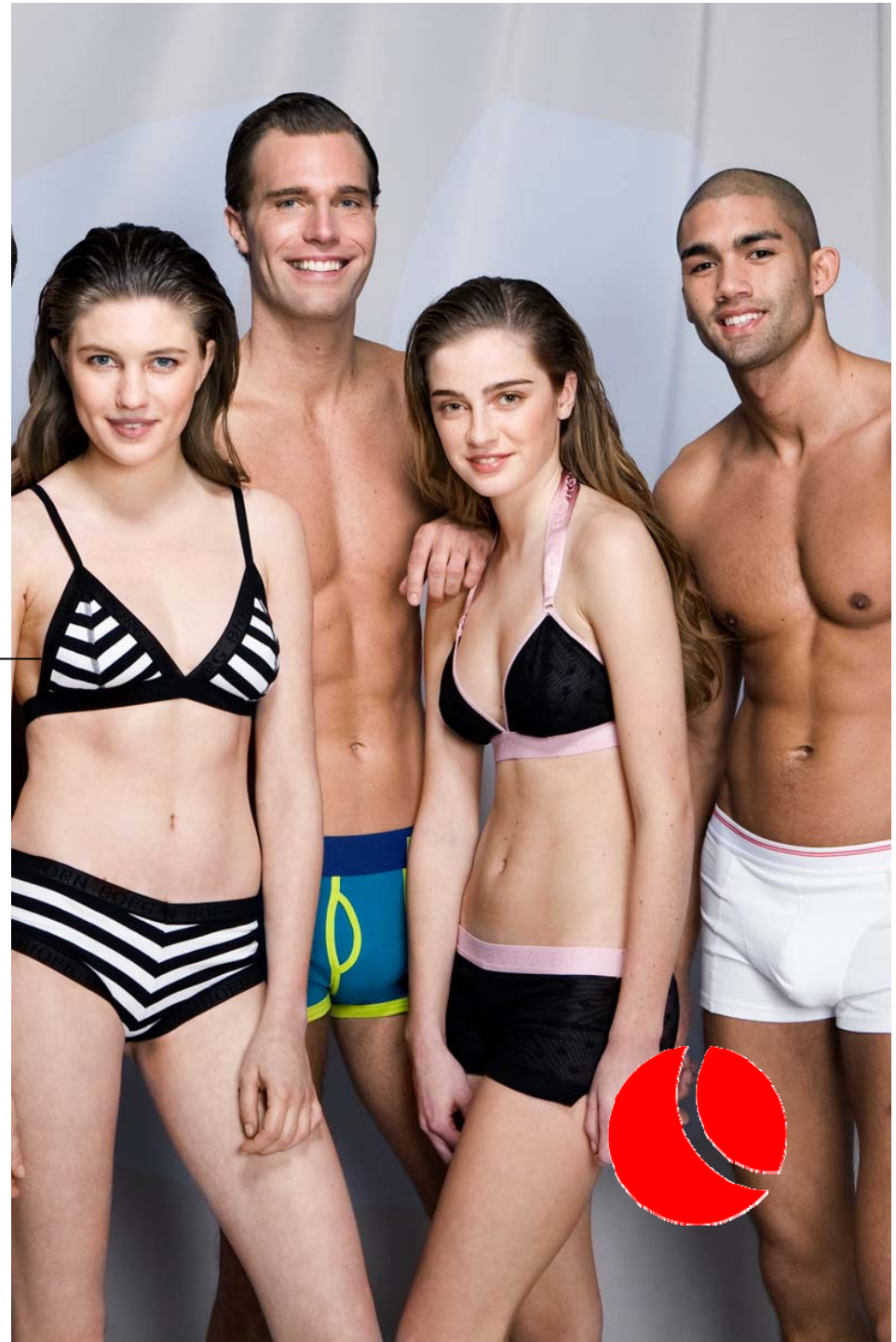


New markets – 2008

- Evaluating all markets and partners – termination of contracts for Germany, France and Switzerland
- England strategically right positioned, Spain good start
- Sales started in the US during fall 2008
- Italy and Greece new markets – sales start planned H2 2009



Financials



Development 2008

	Q4 08	Q4 07	+/-	2008	2007	+/-
• Brand sales SEK M	594	651	−9%	2,463	2,237	+10%
• Net sales SEK M	131.2	139.8	−6%	526.6	494.9	+6%
• Gross profit margin %	54.1	53.8		53.8	53.6	
• Operating expenses SEK M	45.0	33.0	+36%	154.7	122.0	+27%
• Operating profit SEK M	26.0	42.3	−38%	128.8	142.1	−9%
• Operating margin %	19.8	30.2		24.5	28.7	
<i>Adjusted operating margin</i> %	23.7			25.4		
• Earnings per share SEK	0.91	1.22	−26%	3.96	4.18	−5%
• Dividend per share SEK				1.50	1.50	

Brand and other

Primarily royalty revenues, sales of services within the Björn Borg network and intra-group services

2008

Net sales	SEK 142.3 M (126.6)	+12%
Operating profit	SEK 42.7 M (46.1)	−7%

- Sales growth from increased brand sales in the network
- Higher costs for adaption of organization to expansion
- Currency: Invoicing in SEK, Euro, NOK, DKK etc, costs of goods sold in the same currency

Product development

Development, design and production for the clothing and footwear product areas

2008

Net sales SEK 337.2 M (300.7) +12%

Operating profit SEK 50.0 M (38.4) +30%

- Rise in sales and profit from strong export growth
- Footwear product area increased 58%
- Currency: Invoicing in USD/HKD/Euro, costs of goods sold in USD/HKD/Euro

Distribution

Exclusive distributor in the clothing and footwear product areas in Sweden

2008

Net sales	SEK 191.5 M (184.6)	+4%
Operating profit	SEK 31.0 M (39.6)	−22%

- Rise in sales for full year – decrease in Q4
- Profit decrease due to decrease in sales, market investments in the US and higher US dollar rate
- Currency: Invoicing in SEK, costs of goods sold in USD/HKD/Euro

Retail

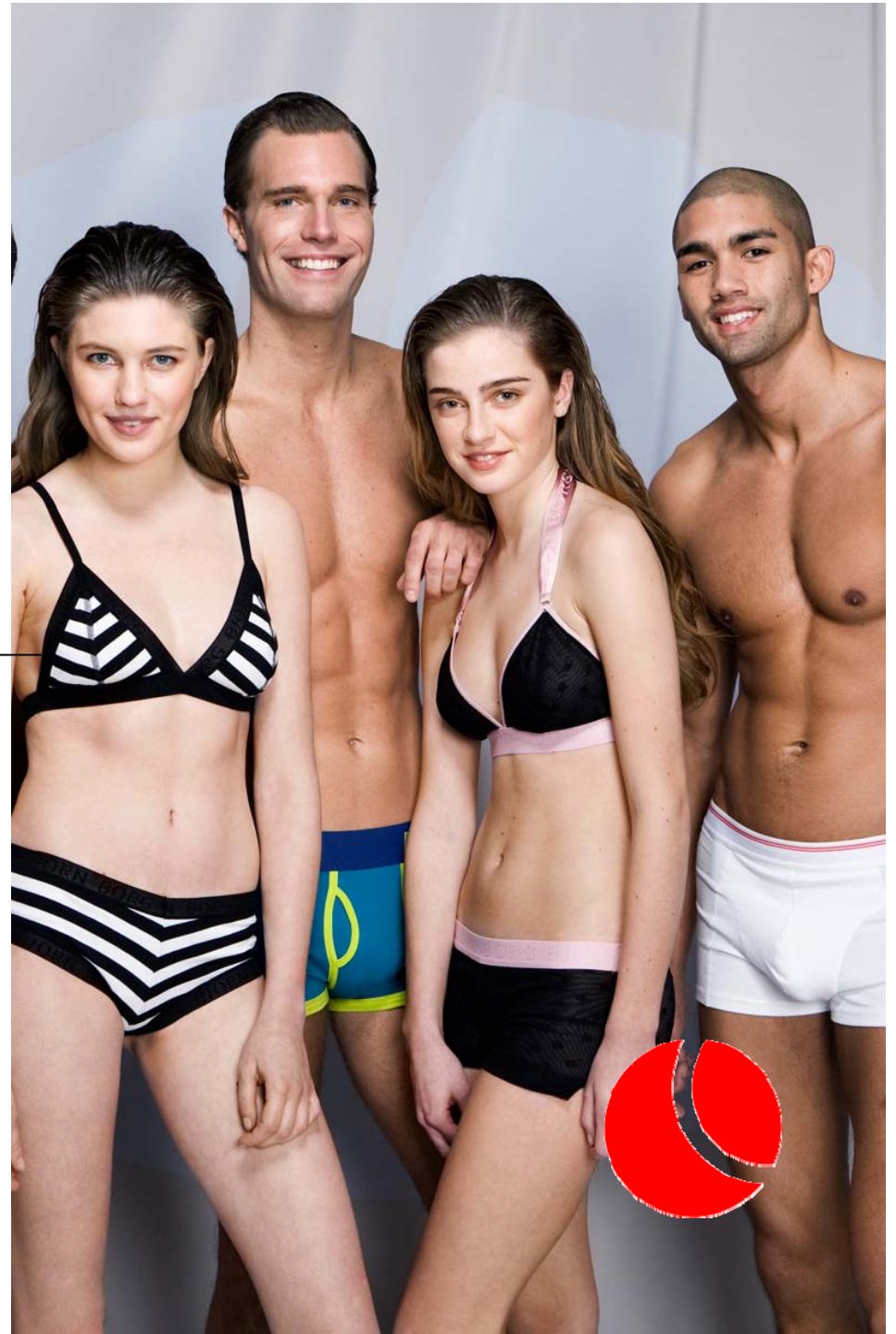
Björn Borg owns and operates 11 Björn Borg stores in Sweden, selling clothing, footwear, bags and fragrances.

2008

Net sales	SEK 55.0 M (60.2)	–8%
Operating profit	SEK 8.6 M (17.9)	–52%

- Net sales like for like –18% full year, –6% Q4
- Decision to close store for clothing in Stockholm
- Actions for better sales and result – new management
- Currency: Invoicing in SEK, costs of goods sold in SEK

Looking forward



Underwear is our best field of game

- 62% of total brand sales
- Strong position in established markets
- Fast moving products – attractive for retailers
- Unique competence within Björn Borg



Reviewing our strategy

A strategy process initiated

- Evaluating all parts of the network
- New requirements for distributors
 - Experience from underwear/fast moving consumer goods
 - Established distribution network
 - Financial resources



2009 – paving for further growth

- Organizational adjustments in line with strategy
 - Improved efficiency
 - One clothing collection – White closed down
- Further investments in product development
- Review newly established, markets incl the US
- Establish new markets
- Björn Borg web shop open in all markets during Q1 2009 (US about to open)



A strong platform to build on

- Established position in our core business – underwear
- Efficient business model
- Solid financial position





**...and some 240 million
men's underwear
in Italy**



Thank you!

