



## JANUARY 1 – MARCH 31, 2014

- The Group's net sales increased by 9 percent to SEK 142.8 million (130.8). Excluding currency effects, sales rose by 8 percent.
- The gross profit margin was 52.8 percent (50.1).
- Operating profit amounted to SEK 19.0 million (9.2).
- Profit after tax amounted to SEK 15.6 million (6.0).
- Earnings per share before and after dilution amounted to SEK 0.62 (0.30).
- Brand sales\* (excluding VAT) decreased by 12 percent to SEK 382 million (432). Excluding currency effects, the decrease was 14 percent.
- During the quarter it was announced that Henrik Bunge has been appointed the new CEO of Björn Borg. Henrik Bunge will assume the position on August 1, 2014.

## QUOTE FROM THE CEO

"This year's first quarter was mixed. We saw increases in revenue, gross profit margin and operating margin, mainly because of shipment delays from the previous quarter until the first quarter of 2014. Better profitability in the Swedish wholesaling operations and a strong performance by our operations in England and Finland contributed positively at the same time that sales of our spring and summer collections decreased compared with the previous year," said Henrik Fischer, Acting CEO.

SEK thousands	January– March 2014	January– March 2013	April 2013– March 2014	Full-year 2013
Net sales**	142,8	130,8	508,0	496,0
Gross profit margin**, %	52,8	50,1	52,2	51,5
Operating profit	19,0	9,2	30,1	21,2
Operating margin, %	13,3	7,1	6,1	4,3
Profit after tax	15,6	6,0	19,3	13,9
Earnings per share, SEK	0,62	0,30	0,52	0,86
Brand sales*	382	432	1 471	1 521

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

\*\* As of 2014 the company has changed its income statement format based on type of cost instead of function as done before. As net sales and cost of goods sold are defined with the new format, net sales and the gross profit margin for comparative periods in 2013 may deviate slightly from reported values in 2013.

# BJÖRN BORG SAYS JA! TO CLIMAX CHANGE

HS14 COLLECTION



## CEO'S COMMENT

During this year's first quarter we reported higher sales and an increased operating margin, from 7 percent to slightly over 13 percent. This positive development is mainly due to shipment delays from the fourth quarter 2013 until the first quarter this year. Better profitability in the Swedish wholesaling operations and a strong performance by our operations in England and Finland also contributed positively. We are pleased with this. At the same time we had lower total sales of the spring/summer underwear collections, and it was also tough for sportswear and footwear.

Our cost control remains good. Total operating expenses are according to plan and slightly higher than the same period in 2013. The discontinued operations in China have resulted in lower expenses at the same time that our new stores in Sweden, Finland and England, as well as certain modifications in the Finnish operations, have added expenses.

In the Netherlands, where retail operations were reduced from 28 to seven stores in 2013, the market is still weak, although there are signs of stabilization. The Dutch distributor's reduced retail presence, which we commented on in previous

reports, is naturally part of the reason for the lower sales of the spring/summer collections during the quarter. Our distributor is aggressively investing in branding activities and shows to regain the momentum and consolidate the strong position Björn Borg has in the Dutch market.

Of our own stores, several performed well during the quarter, but the trend varies between units, which we are monitoring closely. Our aim is to continue to grow by adding more physical Björn Borg stores in prime locations. At the same time we are investing in e-commerce, our own as well as external e-commerce sites, which continues to grow. During the quarter we also continued to create an even stronger, more uniform brand – with a consistency across all our product groups.

As we look ahead, we anticipate a continued mix of bright spots and challenges. In the year-end report for 2013 we wrote that we saw good opportunities for improved revenue and earnings in 2014 in a market that was possibly recovering slightly. We still feel the same way.

Henrik Fischer, Acting CEO



## OPERATIONS

### Brand sales

Distributors and licensees reported weak sales for most product areas during the first quarter 2014. As a result, brand sales (excluding VAT) decreased by 12 percent to SEK 382 million (432). Adjusted for currency effects, brand sales were down 14 percent for the quarter.

### Product areas first quarter 2014

Brand sales in the underwear product area fell by 13 percent for the first quarter. Underwear accounted for 53 percent (54) of brand sales.

Sportswear also saw a decline in brand sales. Sales also decreased in the footwear, eyewear and fragrances product areas, while sales of luggage & bags were relatively unchanged. In total, sales of licensed products fell by 10 percent during the first quarter.

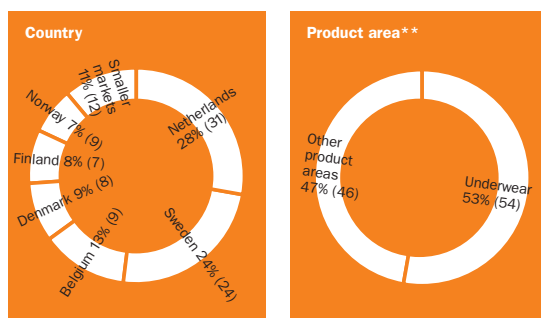
### Markets first quarter 2014

Among large markets, Belgium and Finland saw good growth. The Netherlands, Sweden and Norway reported declines, while Denmark was relatively unchanged. Among Björn Borg's smaller markets, England posted good growth numbers.

### Björn Borg stores

No new Björn Borg stores were opened during the first quarter. As of March 31, 2014 there were a total of 38 (57) Björn Borg stores, of which 17 (17) are Group-owned. The smaller number of stores is largely due to the previously announced retail reconstruction by the Dutch distributor, which has closed 19 stores since March 31, 2013.

### Brand sales\* of Björn Borg products January–March 2014. Total SEK 382 million (432)



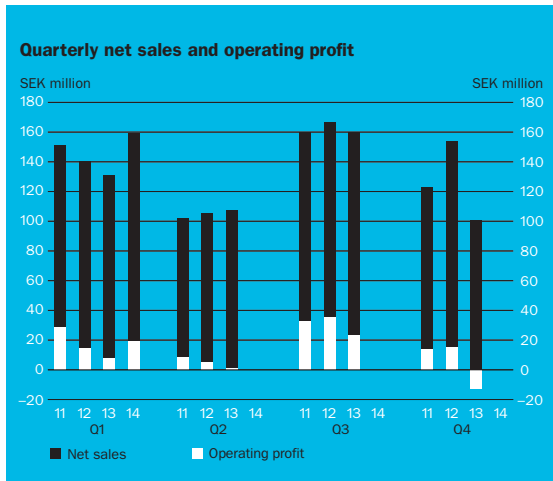
\* Estimated total sales of Björn Borg products at the consumer level, excluding VAT, based on reported sales at the wholesale level.

\*\* **Underwear:** Men's and women's underwear, swimwear, socks and adjacent products.  
**Other product areas:** Sportswear, fragrances, footwear, bags and eyewear.



## THE GROUP'S DEVELOPMENT

Sales were higher during the first quarter and operating profit improved compared with the same period in 2013.



### Sales

#### First quarter, January–March 2014

The Group's net sales amounted to SEK 142.8 million (130.8) during the first quarter, an increase of 9 percent. The increase excluding currency effects was 8 percent.

As announced in the year-end report for 2013, about SEK 25 million in shipments from both product companies was delayed at the turn of the year and thus contributed positively to the first quarter's sales. At the same time quarterly sales of the summer underwear collection decreased year-on-year, partly due again to the situation in the Netherlands, but also because Norway and Denmark reduced their preorders for the collection. The British and Finnish wholesaling operations continued to perform positively, while the Swedish wholesale company for footwear had a tougher quarter. The Swedish wholesaling operations for underwear were essentially unchanged, as were Group-owned retail operations, while e-commerce reported continued growth. Royalties decreased as a result of lower brand sales during the quarter.

### Profit

#### First quarter, January–March 2014

The gross profit margin for the first quarter increased to 52.8 percent (50.1).

Higher revenue mainly in the underwear and sportswear product companies, combined with an improved gross profit margin, contributed to an increase in operating profit to SEK 19.0 million (9.2) during the quarter. The operating margin was 13.3 percent (7.1). Operating expenses were slightly higher year-on-year. The discontinued operations in China reduced costs at the same time that new stores opened in Sweden, Finland and England, as well as certain modifications in the Finnish operations, added expenses.

Net financial items amounted to SEK 0.9 million (–2.1). The realized and unrealized return on investments, less interest on the bond loan, positively affected the financial net by SEK 1.4 million (–0.8). Profit before tax increased to SEK 20.0 million (7.1).

### Development by business segment

The Group consists of a total of 13 companies, nine of which operate under the Björn Borg brand on every level from product development to wholesaling and consumer sales in its own Björn Borg stores.

### Brand

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

The business segment's operating revenue amounted to SEK 21.8 million (21.8) during the first quarter 2014. External operating revenue decreased to SEK 9.7 million (10.9) as a result of the quarter's lower 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 4.9 million (4.6), an increase of 8 percent for the quarter. The slightly improved operating result is due to lower operating expenses in this segment during the quarter.

### 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 operating revenue amounted to SEK 98.1 million (74.0) during the first quarter, an increase of 33 percent. External operating revenue amounted to SEK 63.2 million (50.0). This increase of 26 percent compared with the first quarter 2013 is mainly due to the previously announced shipment delays in both product companies at the turn of the year compared with the same period a year earlier. The reason why the increase in this segment wasn't bigger was the decrease in sales of the summer underwear collection during the quarter.

Business segment	Revenue source	Operating revenue, SEK thousands		Operating profit, SEK thousands		Operating margin	
		2014	2013	2014	2013	2014	2013
Brand	Royalties	21,820	21,772	4,939	4,582	23%	21%
Product development	Products	98,052	74,001	15,509	5,757	16%	8%
Wholesale	Wholesale revenues	62,319	71,800	4,394	5,659	7%	8%
Retail	Retailers	17,050	14,805	–5,794	–6,773	–34%	–46%
Less internal sales		–56,232	–50,964	–	–	–	–
<b>Total</b>		<b>143,009</b>	<b>131,414</b>	<b>19,048</b>	<b>9,225</b>	<b>13%</b>	<b>7%</b>

Operating profit increased to SEK 15.5 million (5.8) due to the higher sales. Operating expenses in the segment were in line with the first quarter 2013. Currency effects were limited during the quarter.

#### **Wholesale**

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

The business segment's operating revenue decreased by 13 percent to SEK 62.3 million (71.8) during the first quarter. External sales amounted to SEK 55.8 million (58.0). The British and Finnish operations saw sales growth, while the Group's footwear wholesaling had a weaker quarter year-on-year. External sales for Swedish underwear wholesaling were in line with the same period in 2013.

Operating profit amounted to SEK 4.4 million (5.7) due to the lower sales. Currency effects were limited during the quarter.

#### **Retail**

*The Björn Borg Group owns and operates a total of 17 stores and factory outlets in Sweden, Finland and England that sell underwear, adjacent products, sportswear and other licensed products. Björn Borg also sells online through [www.bjornborg.com](http://www.bjornborg.com).*

As of January 1, 2014 revenue and expenses attributable to the Group-owned stores in Finland and England are also reported in this segment. These items previously were not reported separately from the wholesaling operations above due to the insignificant amounts.

Operating revenue in the Retail segment increased by 15 percent during the first quarter to SEK 17.1 million (14.8). External net sales rose by 15 percent during the first quarter to SEK 14.4 million (12.5). The increase is mainly due to continued positive development in e-commerce, but also to more Group-owned stores (including new stores in Helsinki and in the Hornstull section of Stockholm). Sales for outlets and comparable Björn Borg stores in Sweden were significantly higher year-on-year.

The operating loss for the first quarter amounted to SEK 5.8 million, against a year-earlier loss of SEK 6.8 million. The result is no longer charged with the operations in China. At the same time staff costs have increased from 2013 due to the addition of more Group-owned stores.

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

Intra-Group sales for the first quarter amounted to SEK 56.2 million (51.0).

#### **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**

The Group's cash flow from operating activities amounted to SEK -8.9 million (-11.7) in the first quarter. A significantly improved operating result year-on-year was accompanied by increased tied-up working capital, mainly in the form of higher accounts receivable from increased invoicing, at the same time that accounts payable decreased during the

quarter. Inventory increased slightly to SEK 41.2 million compared with December 31, 2013 (39.0) and is about the same level as March 31, 2013 (41.0).

Total investments in tangible and intangible non-current assets amounted to SEK 0.6 million (1.5) for the period, where the previous year included higher investments in new and renovated stores in Sweden and Finland.

#### **FINANCIAL POSITION AND LIQUIDITY**

The Björn Borg Group's cash & cash equivalents and investments amounted to SEK 208.0 million (258.2) at the end of the period. During the quarter cash & cash equivalents and investments decreased by SEK 10.8 million, compared with a year-earlier decrease of SEK 22.0 million. As of March 31, 2014, the group had a positive net cash balance of SEK 14.9 million.

In April 2012 the company issued a bond loan on NASDAQ OMX Stockholm that carries an annual coupon rate corresponding to the 3-month STIBOR rate +3.25 percentage points, maturing in April 2017. To date the company has repurchased corporate bonds with a nominal value of SEK 5 million, due to which the carrying amount of the bond loan after the repurchase and transaction expenses of about SEK 1.9 million amounted to SEK 193.1 million as of March 31, 2014.

The surplus liquidity from the issuance of the bond loan is 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 March 31 investments had been made in bonds with a book value of SEK 180.2 million, which represents the fair value on the same date, compared with SEK 136.5 million on December 31, 2013. 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 ensure that the ratio between the Group's net debt and operating profit before depreciation and amortization does not exceed 3.00 on the last day of each quarter and that the Group maintains an equity/assets ratio of at least 30 percent at any given time. As of March 31, 2014 the ratio was -0.39 (-0.54), i.e., a positive net cash balance, and the equity/assets ratio was 48.4 percent (50.0). 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, 2013.

#### **PERSONNEL**

The average number of employees in the Group was 152 (151) for the 12-month period ended March 31, 2014, of whom 61 percent (64) are women.

#### **NEW CEO**

In March it was announced that Henrik Bunge has been appointed the new CEO. He was formerly CEO of Peak Performance and head of Adidas Group in the Nordic region. Henrik Bunge will assume the new position on August 1, 2014.

## TRANSACTIONS WITH RELATED PARTIES

No transactions with related parties have been executed during the period.

## SIGNIFICANT RISKS AND UNCERTAINTIES

In its operations the Björn Borg Group is exposed to risks and uncertainties. Information on the Group's risks and uncertainties can be found on pages 42–43 and in note 3 in the annual report 2013.

## EVENTS AFTER THE BALANCE SHEET DATE

There are no significant events to report following the conclusion of the reporting 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, 75 percent of the shares in Björn Borg (China) Ltd and 75 percent of the shares in Björn Borg Finland Oy.

The Parent Company's net sales for the first quarter amounted to SEK 13.3 million (12.7).

The loss before tax amounted to SEK 9.1 million for the first quarter, against a year-earlier loss of SEK 11.9 million. Cash & cash equivalents and investments amounted to SEK 174.1 million (199.6) as of March 31, 2014. For the period, investments in tangible and intangible non-current assets amounted to SEK 0.1 million (0.4).

## 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 objectives will be achieved if established markets grow slightly below the average growth target and new markets contribute stronger growth.

The surplus liquidity generated while taking into account the new financial objectives will be distributed gradually during the forecast period.

Operating investments are estimated annually at 2–5 percent of net sales depending on whether any new Björn Borg stores are opened.

## ANNUAL GENERAL MEETING

The Annual General Meeting held on April 10, 2014 resolved to pay a distribution of SEK 1.50 (3.00) per share to the shareholders for the financial year 2013. Payment for redemption shares is expected to be issued around May 20, 2014.

Kerstin Hessius, Fredrik Lövestedt, Mats H Nilsson and Isabelle Ducellier were re-elected to the Board of Directors with Fredrik Lövestedt as Chairman of the Board. Vilhelm Schottenius and Michael Storåkers stepped down as Directors, while Martin Bjäringer, Nathalie Schuterman and Anders Slettengren were elected as new Directors.

## ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. This condensed interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable provisions of the Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with chapter 9 of the Annual Accounts Act on interim reporting and RFR 2 Accounting in Legal Entities. The accounting principles applied in the interim report conform to the accounting principles applied in the preparation of the consolidated accounts and annual report for 2013, as described on page 54 in the annual report 2013.

### New and amended accounting principles

New or amended IFRS and IFRIC interpretations effective as of January 1, 2014 have not had a significant effect on the interim report or consolidated financial statements. For further information, see the annual report 2013.

During the winter and spring 2013–2014, in connection with the implementation of a new enterprise system, Björn Borg conducted a review of its external financial statements. Against this backdrop, management has determined that an income statement format based on type of cost instead of function as done before creates a more relevant and reliable income statement for users of Björn Borg's financial reports. Comparative figures in this interim report have been restated in accordance with the revised classification by cost.

## AUDIT REPORT

This interim report has not been reviewed by the company's auditors.

## OUTLOOK 2014

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

**CONSOLIDATED INCOME STATEMENT**  
Condensed

SEK thousands	Note	January– March 2014	January– March 2013	April 2013– March 2014	Full-year 2013
Net sales		142,783	130,786	508,045	496,048
Other operating revenue		226	628	2,796	3,198
<b>Operating revenue</b>		<b>143,009</b>	<b>131,414</b>	<b>510,841</b>	<b>499,246</b>
Goods for resale		-67,440	-65,268	-242,746	-240,574
Other external expenses	1	-30,444	-29,721	-125,104	-124,381
Staff costs		-23,609	-23,530	-100,498	-100,419
Depreciation/amortization of tangible/intangible non-current assets			-1,927	-1,611	-7,144
-6,828					
Other operating expenses		-541	-2,059	-4,366	-5,884
<b>Operating profit</b>		<b>19,048</b>	<b>9,225</b>	<b>30,983</b>	<b>21,160</b>
Net financial items		939	-2,138	2,490	3,689
<b>Profit before tax</b>		<b>19,987</b>	<b>7,086</b>	<b>33,473</b>	<b>24,849</b>
Tax		-4,356	-1,079	-14,220	-10,943
<b>Profit for the period</b>		<b>15,631</b>	<b>6,007</b>	<b>19,253</b>	<b>13,906</b>
<b>Profit for the period attributable to:</b>					
Parent Company's shareholders		15,643	7,453	12,980	21,613
Non-controlling interests		-12	-1,446	-6,273	-7,707
Earnings per share before and after dilution, SEK		0.62	0.30	0.52	0.86
Number of shares		25,148,384	25,148,384	25,148,384	25 148,384

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
Condensed

SEK thousands	January– March 2014	January– March 2013	April 2013– March 2014	Full-year 2013
<b>Net profit for the period</b>	<b>15,631</b>	<b>6,007</b>	<b>19,253</b>	<b>13,906</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Components that may be reclassified to profit or loss</b>				
Translation difference for the period	-212	608	-2,842	-2,035
Accumulated translation difference reclassified to profit or loss for discontinued operations	-	-	-	12
<b>Total other comprehensive income for the period</b>	<b>-212</b>	<b>608</b>	<b>-2,842</b>	<b>-2,023</b>
<b>Total comprehensive income for the period</b>	<b>15,419</b>	<b>6,615</b>	<b>16,411</b>	<b>11,883</b>
<b>Total comprehensive income for the period attributable to</b>				
Parent Company's shareholders	15,431	8,061	22,684	19,590
Non-controlling interests	-12	-1,446	-6,273	-7,707

## KONCERNENS FINANSIELLA STÄLLNING

### Condensed

SEK thousands	Note	March 31 2014	March 31 2013	Dec 31 2013
<b>Non-current assets</b>				
Goodwill		18,966	18,348	18,966
Trademarks		187,532	187,532	187,532
Other intangible assets		4,375	4,867	4,748
Tangible non-current assets		15,593	14,347	16,519
Long-term receivable	2	12,500	–	13,400
Deferred tax assets		31,131	35,138	31,126
<b>Total non-current assets</b>		<b>270,097</b>	<b>260,232</b>	<b>272,291</b>
<b>Current assets</b>				
Inventories, etc.		41,193	40,939	39,031
Accounts receivable		62,812	104,190	52,321
Other current receivables		30,064	38,521	34,104
Investments	2	180,175	168,983	136,519
Cash & cash equivalents		27,836	89,171	82,304
<b>Total current assets</b>		<b>342,080</b>	<b>441,804</b>	<b>344,279</b>
<b>Total assets</b>		<b>612,177</b>	<b>702,036</b>	<b>616,570</b>
<b>Equity and liabilities</b>				
Equity		296,069	350,831	280,650
Deferred tax liabilities		39,970	44,769	39,694
Other non-current liabilities		22,162	28,755	24,115
Bond loan	2	193,086	192,442	192,927
Accounts payable		13,489	31,067	26,549
Other current liabilities		47,401	54,172	52,635
<b>Total equity and liabilities</b>		<b>612,177</b>	<b>702,036</b>	<b>616,570</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, 2013</b>	<b>354,050</b>	<b>-9,835</b>	<b>344,216</b>
Total comprehensive income for the period	8,061	-1,446	6,615
<b>Closing balance, March 31, 2013</b>	<b>362,111</b>	<b>-11,281</b>	<b>350,831</b>
<b>Opening balance, January 1, 2013</b>	<b>354,050</b>	<b>-9,835</b>	<b>344,216</b>
Total comprehensive income for the year	19,590	-7,707	11,883
Distribution for 2012	-75,445	–	-75,445
Non-controlling interests that arose through acquisition	–	6	6
Translation difference	-12	–	-12
Discontinued business	-4,003	4,003	–
<b>Closing balance, December 31, 2013</b>	<b>294,180</b>	<b>-13,533</b>	<b>280,650</b>
<b>Opening balance, January 1, 2014</b>	<b>294,180</b>	<b>-13,533</b>	<b>280,650</b>
Total comprehensive income for the period	15,431	-12	15,419
<b>Closing balance, March 31, 2014</b>	<b>309,611</b>	<b>-13,545</b>	<b>296,069</b>



## CONSOLIDATED STATEMENT OF CASH FLOWS

### Condensed

SEK thousands	Note	January– March 2014	January– March 2013	Full-year 2013
<b>Cash flow from operating activities</b>				
Before changes in working capital		30 629	1 939	13 382
Changes in working capital		–39 501	–13 680	24 617
<b>Cash flow from operating activities</b>		<b>–8 872</b>	<b>–11 741</b>	<b>37 999</b>
Investments in intangible non-current assets		–106	–247	–1 533
Investments in tangible non-current assets		–474	–1 257	–8 088
Business combinations		–	–6 547	–6 547
Disposal of subsidiaries		–	–	–2 369
Investments/divestments	2	–43 043	–5 553	28 886
<b>Cash flow from investing activities</b>		<b>–43 623</b>	<b>–13 604</b>	<b>10 349</b>
Distribution		–	–	–75 445
Amortization of loans		–1 961	–2 071	–7 207
<b>Cash flow from financing activities</b>		<b>–1 961</b>	<b>–2 071</b>	<b>–82 652</b>
<b>Cash flow for the period</b>		<b>–54 456</b>	<b>–27 416</b>	<b>–34 304</b>
Cash & cash equivalents at beginning of period		82 304	116 195	116 195
Translation difference in cash & cash equivalents		–12	392	413
<b>Cash &amp; cash equivalents at end of period</b>		<b>27 836</b>	<b>89 171</b>	<b>82 304</b>

## KEY FIGURES

### Group

SEK thousands	January– March 2014	January– March 2013	April 2013– March 2014	Full-year 2013
Gross profit margin, %	52.8	50.1	52.2	51.5
Operating margin, %	13.3	7.1	6.1	4.3
Profit margin, %	14.0	5.4	6.6	5.0
Return on capital employed, %	8.1	12.6	8.1	7.0
Return on average equity, %	4.0	13.0	4.0	6.9
Profit attributable to Parent Company's shareholders	15,643	7,453	12,980	21,613
Equity/assets ratio, %	48.4	50.0	48.4	45.5
Equity per share, SEK	11.77	13.95	11.77	11.16
Investments in intangible non-current assets	106	247	1,392	1,533
Investments in tangible non-current assets	474	1,257	7,305	8,088
Business combinations	–	6,585	–	6,547
Depreciation, amortization and impairment losses for the period	–1,927	–1,611	–7,141	–6,825
Average number of employees	–	–	152	159

## SUMMARY BY SEGMENT

### Group

SEK thousands	January– March 2014	January– March 2013	April 2013– March 2014	Full-year 2013
<b>Operating revenue</b>				
<b>Brand</b>				
External revenue	9,650	10,912	37,109	38,371
Internal revenue	12,170	10,860	40,438	39,128
	<b>21,820</b>	<b>21,772</b>	<b>77,547</b>	<b>77,499</b>
<b>Product development</b>				
External revenue	63,150	50,046	200,194	187,090
Internal revenue	34,902	23,955	118,005	107,058
	<b>98,052</b>	<b>74,001</b>	<b>318,199</b>	<b>294,148</b>
<b>Wholesale</b>				
External revenue	55,847	57,978	204,052	204,386
Internal revenue	6,472	13,822	44,650	52,000
	<b>62,319</b>	<b>71,800</b>	<b>248,702</b>	<b>256,386</b>
<b>Retail</b>				
External revenue	14,362	12,478	69,486	69,399
Internal revenue	2,688	2,327	11,443	11,081
	<b>17,050</b>	<b>14,805</b>	<b>80,929</b>	<b>80,480</b>
Less internal sales	-56,232	-50,964	-214,536	-209,267
<b>Operating revenue</b>	<b>143,009</b>	<b>131,414</b>	<b>510,841</b>	<b>499,246</b>
<b>Operating profit</b>				
Brand	4,939	4,582	15,054	14,697
Product development	15,509	5,757	14,176	4,043
Wholesale	4,394	5,659	13,922	15,526
Retail	-5,794	-6,773	-12,169	-13,106
<b>Operating profit</b>	<b>19,048</b>	<b>9,225</b>	<b>30,983</b>	<b>21,160</b>

#### Reconciliation between operating profit and profit before tax

The difference between operating profit for segments for which information must be disclosed, SEK 19,048 thousand (9,225), and profit before tax, SEK 19,987 thousand (7,086), is net financial items, SEK 939 thousand (-2,138).

## QUARTERLY DATA

### Group

SEK thousands	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Net sales	142,783	99,275	160,228	105,759	130,786	138,735	165,963	104,078
Gross profit margin, %	52.8	52.1	51.8	52.1	50.1	51.9	50.9	51.4
Operating profit/loss	19,048	-12,534	23,610	860	9,225	15,085	35,222	4,848
Operating margin, %	13.3	neg	14.7	0.8	7.1	10.9	21.2	4.7
Profit/loss after financial items	19,987	-9,399	22,695	4,467	7,086	18,948	33,368	3,830
Profit margin, %	14.0	neg	14.2	4.2	5.4	13.7	20.1	3.7
Earnings per share before/after dilution, SEK	0.62	-0.40	0.74	0.23	0.30	0.45	1.11	0.10
Number of Björn Borg stores at end of period	38	38	54	57	57	60	59	57
of which Group-owned Björn Borg stores	17	17	16	17	17	17	13	13
Brand sales	382,081	331,665	482,268	275,379	431,815	376,244	484,938	288,360

## PARENT COMPANY INCOME STATEMENT

### Condensed

SEK thousands	Note	January– March 2014	January– March 2013	April 2013– March 2014	Full-year 2013
Net sales		13,293	12,656	50,614	49,977
Other operating revenue		40	64	173	198
<b>Operating revenue</b>		<b>13,333</b>	<b>12,720</b>	<b>50,787</b>	<b>50,175</b>
Goods for resale		-29	-101	-170	-242
Other external expenses	1	-12,802	-11,138	-48,661	-46,997
Staff costs		-7,481	-7,666	-31,239	-31,425
Depreciation/amortization of tangible/intangible non-current assets		-564	-575	-2,092	-2,103
Other operating expenses		-41	-249	-484	-692
<b>Operating loss</b>		<b>-7,584</b>	<b>-7,009</b>	<b>-31,859</b>	<b>-31,284</b>
Result from shares in subsidiaries		-	-	50,725	50,725
Group contributions received		-	-	43,755	43,755
Net financial items		-1,509	-4,872	-5,877	-9,239
<b>Profit/loss before tax</b>		<b>-9,093</b>	<b>-11,881</b>	<b>56,744</b>	<b>53,957</b>
Appropriations		-	-	295	295
Tax		-	403	-108	296
<b>Profit/loss for the period</b>		<b>-9,093</b>	<b>-11,478</b>	<b>56,931</b>	<b>54,548</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>-9,093</b>	<b>-11,478</b>	<b>56,931</b>	<b>54,548</b>

## PARENT COMPANY BALANCE SHEET

### Condensed

SEK thousands	Note	March 31 2014	March 31 2013	Dec 31 2013
<b>Non-current assets</b>				
Intangible non-current assets		584	637	595
Tangible non-current assets		4,179	5,847	4,627
Long-term receivable	2	12,500	-	13,400
Shares in Group companies		321,243	330,267	321,243
<b>Total non-current assets</b>		<b>338,506</b>	<b>336,751</b>	<b>339,865</b>
<b>Current assets</b>				
Receivables from Group companies		182,321	177,552	182,141
Current receivables		10,594	5,398	10,749
Investments	2	180,175	168,983	136,519
Cash & cash equivalents		-	30,654	41,559
<b>Total current assets</b>		<b>373,090</b>	<b>382,587</b>	<b>370,968</b>
<b>Total assets</b>		<b>711,596</b>	<b>719,338</b>	<b>710,833</b>
<b>Equity and liabilities</b>				
Equity		108,794	127,306	117,887
Untaxed reserves		1,888	2,183	1,888
Deferred tax		314	609	314
Bond loan	2	193,086	192,442	192,927
Due to Group companies		378,761	382,171	382,447
Accounts payable		4,401	3,901	5,407
Bank overdraft facilities		6,065	-	-
Other current liabilities		18,287	10,726	9,963
<b>Total equity and liabilities</b>		<b>711,596</b>	<b>719,338</b>	<b>710,833</b>

## PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

### Condensed

SEK thousands	January– March 2014	January– March 2013	Full-year 2013
<b>Opening balance</b>	<b>117,887</b>	<b>138,784</b>	<b>138,784</b>
Distribution	-	-	-75,445
Total comprehensive income for the period	-9,093	-11,478	54,548
<b>Closing balance</b>	<b>108,794</b>	<b>127,306</b>	<b>117,887</b>

## SUPPLEMENTARY DISCLOSURES

### NOTE 1 OTHER EXTERNAL EXPENSES

	Group		Parent Company	
	Jan-Mar 2014	Jan-Mar 2013	Jan-Mar 2014	Jan-Mar 2013
Cost of premises	6,891	6,597	2,220	2,107
Selling expenses	6,265	6,464	490	2,299
Marketing expenses	9,168	8,561	5,662	4,075
Administrative expenses	7,229	5,959	3,897	3,349
Other	891	2,140	533	-692
<b>Total</b>	<b>30,444</b>	<b>29,721</b>	<b>12,802</b>	<b>11,138</b>

### NOTE 2 FINANCIAL ASSETS AND LIABILITIES

Level 1 fair value is determined using observable (unadjusted) quoted prices on an active market for identical assets and liabilities.

Level 2 fair value is determined using valuation models based on other observable inputs for the asset or liability other than quoted prices included in level 1.

Level 3 fair value is determined using valuation models where significant inputs are based on non-observable data.

Securities held for trading relate to investments in corporate bonds quoted on NASDAQ OMX and have been measured at their quoted prices. Forward exchange contracts are measured according to level 2 based on observable information as of the closing date with respect to exchange rates and market interest rates for the remaining maturities.

Net investments in the company's portfolio of corporate bonds amounted to SEK 43,043 thousand during the quarter.

#### Financial assets at fair value through profit or loss

	Level 1	Level 2	Level 3
Securities held for trading	180,143	-	-
Derivatives held for trading	-	32	-
<b>Total assets</b>	<b>180,143</b>	<b>32</b>	<b>-</b>

Björn Borg currently has no liabilities measured at fair value. The carrying amount of financial instruments at amortized cost coincides with their fair value as of December 31, 2013, with the exception of the bond loan, whose fair value amounted to SEK 189,150 thousand, compared with a carrying amount of SEK 193,086 thousand.

In 2013 the company granted an interest-bearing, SEK 17 million collateralized loan to the Dutch distributor expiring on March 31, 2017 with quarterly amortizations of SEK 900,000 as of December 31, 2013.

## 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 after dilution

Earnings in relation to the weighted average number of shares during the period and 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 interim 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, May 19, 2014

Fredrik Lövestedt  
Chairman

Martin Bjäringer  
Board Member

Isabelle Ducellier  
Board Member

Kerstin Hessius  
Board Member

Mats H Nilsson  
Board Member

Nathalie Schuterman  
Board Member

Anders Slettengren  
Board Member

Henrik Fischer  
Acting CEO

#### **Upcoming information dates**

The interim report January–June 2014 will be released on August 20, 2014.  
The interim report January–September 2014 will be released on November 14, 2014.  
The year-end report for 2014 will be released on February 19, 2015.

For further information, please contact:  
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Björn Borg is required to make public the information in this interim report in accordance with the Securities Market Act.  
The information was released for publication on May 19, 2014 at 7:30 am (CET).

## **ABOUT THE BJÖRN BORG GROUP**

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The Group owns the Björn Borg trademark and its core business is underwear. It also offers sportswear and fragrances as well as footwear, luggage & bags and eyewear through licensees. Björn Borg products are sold in around thirty 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 2013 amounted to around SEK 1.5 billion, excluding VAT, at the consumer level. Group net sales amounted to SEK 496 million in 2013, with 159 employees. The Björn Borg share has been listed on NASDAQ OMX Nordic in Stockholm since 2007.