



ADDING VALUE TO YOUR BRAND BRANDING · DESIGN · PRODUCT DEVELOPMENT · LOGISTICS

NILÖRNGRUPPEN 2020

THE NILORN GROUP

Branding within the fashion and clothing industry





- Nilorn provides labels, packaging and accessories
- Value added by Branding & Design
- Global as well as cost and time effective solutions
- Our slogan is: Adding value to your brand
- Complete service of branding including the design, manufacturing, logistics and service
- Vision: To be the best labeling and branding company worldwide



Vision: "To be the best label and branding company worldwide"

> **Slogan:** "Adding value to your brand"



HISTORICAL OVERVIEW

Operating with extensive experience

- **1970s** Design studio in Borås
- **1980s** Design and production of labels
- **1990s** International expansion through acquisitions
 - 1998 listed at Stockholm stock exchange
- **2000s** Continuing international expansion
 - Closing production
 - Establish in Turkey
 - Increased focus on design, partners and logistic solutions
- **2010s** Focus on the clients
 - Central European warehouse in Germany
 - Establishment in Bangladesh, Shanghai, Hong Kong and Pakistan
 - Good growth and increased profitability
 - Relisted on Stockholm Stock exchange
 - Sustainability is a focus area



PRODUCT DESCRIPTION

Labels





Labels are the core business and accounts for the bulk of sales

- Woven labels
- Textile labels
- Hang tags
- Embossed labels
- Barcode labels
- Labels with care instructions
- RFID

PRODUCT DESCRIPTION

Packaging and accessories

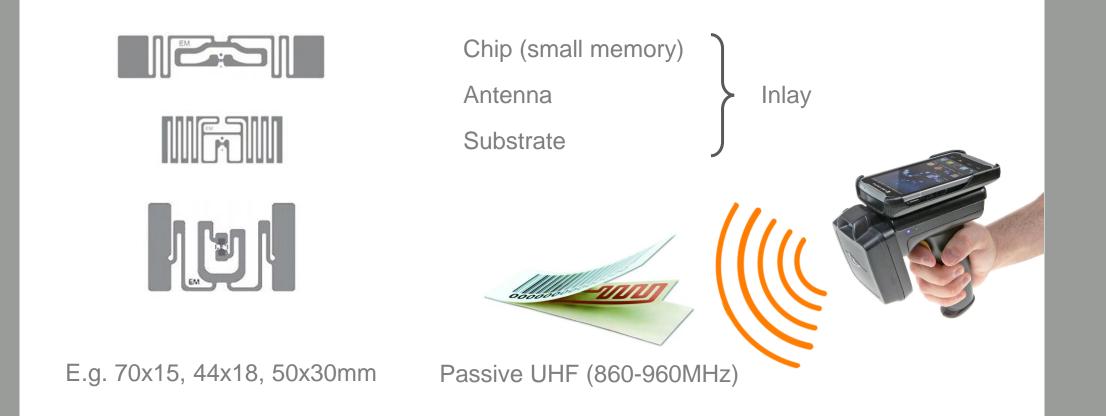
To strengthen the brand and convey a feeling it is important that the product is delivered in a attractive package

sprou

- Cartons, paper bags or plastic packaging
- Buttons, zippers, rivets, buckles, eyelets, molded plastic badges, etc...
- An emerging area: RFID

RADIO FREQUENCY IDENTIFICATION





WHY IS RFID ESSENTIAL?

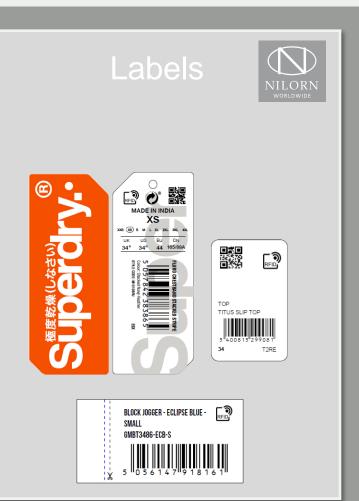


- Increase stock accuracy
- Consumers want to buy whenever and wherever they are, and have it delivered anywhere
 - This becomes a huge logistical challenge for retailers and brand owners
- Next: Add on intelligent mirrors, security, self-checkout cashiers etc.



RFID-SOLUTION

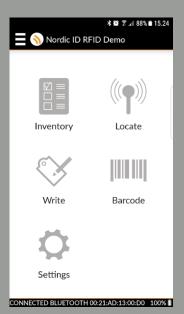




Hardware

Software





CUSTOMERS

Broad customer base





- Nilorn sales are mainly to fashion and clothing companies as well as brand owners
- Nilorn customers have their production with external suppliers, notably, in Asia
- Nilorn had more than a thousand customers and over 20 000 users on our Web order system in 2019
- Nilorn has a broad customer base and a number of leading fashion and apparel companies
- Nilorn had more than 1000 customers in 2019
- Nilorn delivered ca 1.5 Billion labels in 2019

MANUFACTURING/LOGISTICS



Key components of Nilorn's business



- Total solutions
- Local supply
- 85 percent from external production partners
- Wide network of producers
- An efficient logistics system
- A KEY competitive advantage for Nilorn

ENVIRONMENT

An important part of our business



As a responsible company in the fashion and clothing industry, we take an environmentally responsible and sustainable approach as a natural part of the business

Nilorn has prepared an environmental policy which the Group will:

- Offer a good and safe working environment
- Be cautious with the use of environmentally harmful products and reuse and recycle materials
- Sell products that are easy to use, energy efficient and environmentally friendly
- Using power responsibly and with the utmost rigor
- Keep staff informed on environmental issues
- Study the new environmental standards
- Choose suppliers who themselves have a clear environmental policy, and comply with Swedish and European recommendations, laws and regulations
- Continuously monitor and adapt their environment description
- Nilörngruppen environmental policy has a broad perspective on environmental work, both internally and at suppliers



- Has become increasingly global
- Strategic decisions are taken at headquarters
- Production often in low cost regions
- Customers are mainly European branding and fashion companies
- High degree of competition and a large number of suppliers
- Larger groups and many small private companies
- Fragmented

COMPETITORS



- Trimco Group
- Checkpoint Systems (US)
- Cadica Group (IT)
- Byways Group (UK)
- LabelOn (UK)
- Rudholm & Haak (SWE)
- Mainietti (IT)





FINANCIAL PERFORMANCE



Q2-2020



- Order Income -42 % to MSEK 99 (171)
- Sales -27 % to MSEK 142 (196)
- No currency effect
- Operating profit MSEK 0,1 (20,2)
- Net Profit MSEK -1,3 (15,1)
- Earnings per share SEK -0,11 (1,32)



a least

Accumulated 2020



- Sales -20 % to MSEK 298 (374).
- Sales excl currency effects MSEK 294 (374) = an underlying decrease of 21 %.
- Operating profit MSEK 9,1 (35,3).
- Profit for the period MSEK 4,6 (26,1).
- Earnings per share SEK 0,40 (2,29).
- Cash flow from operating activities MSEK 18,9 (29,1).





INCOME 2020



	3 months				6 months			
	April - June							
Amounts in SEK thousand	2020		2019		2020		2019	
Net revenue	142,321		195,783		297,793		373,918	
Raw materials, supplies and goods for resale	-88,167		-113,988		-170,950		-217,921	
Gross profit	54,154	38,1%	81,795	41,8%	126,843	42,6%	155,997	41,7%
Other operating revenue	6,888		726		8,438		3,231	
Other external costs	-18,061	12,7%	-16,894	8,6%	-32,996	11,1%	-31,462	8,4%
Personnel costs	-35,275	24,8%	-39,572	20,2%	-77,871	26,1%	-78,798	21,1%
Depreciation, amortisation and impairment charges	-6,740		-5,849		-13,448		-11,666	
Other operating costs	-881		0		-1,896		-1,996	
Operating profit	86	0,1%	20,206	10,3%	9,070	3,0%	35,306	9,4%
Net finance items	-565		-680		-1,451		-1,447	
Profit before taxes	-479		19,526		7,619		33,859	
Taxes	-798	-0,6%	-4,452	-2,3%	-3,048	-1,0%	-7,748	-2,1%
Net profit for the period	-1,277	-0,9%	15,074	7,7%	4,571	1,5%	26,111	7,0%
Earnings per share, SEK	-0,11		1,32		0,40		2,29	

CASH FLOW



Consolidated Cash Flow Statement	April-June		January-June		
Amounts in SEK thousand	2020	2019	2020	2019	
Cash flow from operating activities before changes in working capital	2,166	15,348	11,189	32,035	
Cash from changes in working capital	12,407	-10,683	7,693	-2,939	
Cash flow from operating activities	14,573	4,665	18,882	29,096	
Cash flow from investment activities	-2,284	-27,039	-8,719	-34,952	
Cash flow from financing activities	-20,465	17,584	-6,430	17,624	
Cash flow for the year	-8,176	-4,790	3,733	11,768	

SIGNIFICANT EVENTS Q2

- Revenue was negatively affected during the quarter due to COVID-19 pandemic
 Big parts of Europe have been closed
- Bangladesh, India and Pakistan were completely closed until the middle of May.
- The result has been affected by termination costs of MSEK 1.0 and write down of client-specific inventory and accounts receivables of MSEK 7.5
 Government contributions for furlough amounts to MSEK 5.8.



Effects attributable to the COVID-19 pandemic

- The demand for the Company's products will be affected even during autumn.
 We monitor the development closely and take continuous measures to limit the adverse effects on the company
- Important to have capacity to take advantage of the possibilities that will occur.
- Employees in Europe have been furloughed but the main part is now back at work.



QUARTERLY COMPARISON - Sales



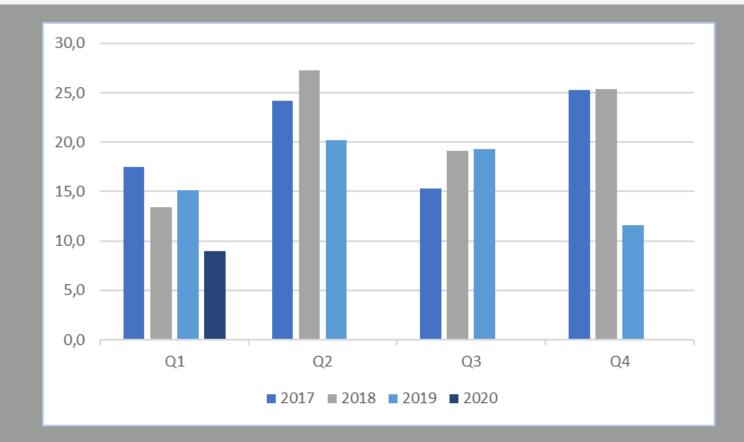
Q2 and Q4 are historically the strongest revenue quarters



QUARTERLY COMPARISON - Operating Profit



Q2 and Q4 are historically the strongest revenue quarters



BALANCE SHEET



Consolidated Balance Sheet				
Amounts in SEK thousand	2020-06	2019-06	2019-12	2018-12
Assets				
Intangible non-current assets	23,356	18,998	21,251	16,594
Other non-current assets	152,340	153,573	159,877	63,696
Inventories	116,881	113,643	119,007	107,934
Trade receiveables	72,479	82,621	59,382	83,175
Other current assets	17,328	28,849	20,571	31,885
Cash and cash equivalents	35,171	50,921	32,292	37,935
Total assets	417,555	448,605	412,380	341,219
Equity and liabilities				
Equity	191,293	164,919	186,700	180,767
Long-term interest-bearing liabilites	39,931	69,816	-	-
Long-term non-interest-bearing liabilities	3,013	2,180	51,336	2,103
Current interest-bearing liabilities	70,662	93,139	74,084	40,457
Current non-interest-bearing liabilities	112,656	118,551	100,260	117,892
Total equity and liabilities	417,555	448,605	412,380	341,219

KEY FINANCIAL INDICATORS



	1 January-	- 30 June					
KEY FINANCIAL INDICATORS	2020	2019	2019	2018	2017	2016	2015
Revenue growth, %	-20,4	5,5	0,5	7,5	11,5	15,8	15,2
Operating margin, %	3,0	9,4	9,3	12,0	12,1	12,3	9,6
Profit margin, %	2,6	9,1	8,8	11,8	12,1	12,1	9,5
Average equity	189,0	172,8	183,7	167,3	145,9	125,6	113,8
Return on equity, %	2,4	15,1	25,7	42,3	44,6	44,8	34,3
Equity ratio, %	45,8	36,8	45,3	53,0	49,2	50,8	48,8
Interest-bearing net cash (liabilities –), MSEK*	-75,4	-112,0	-89,6	-2,5	9,2	9,7	5
Earnings per share, SEK	0,40	2,29	4,14	6,20	5,70	4,93	3,42
Equity per share, SEK	16,78	14,46	16,37	15,85	13,50	12,08	9,94
Dividend per share, SEK	-	4,00	-	4,00	4,00	3,60	3,00
Average number of shares outstanding	11,401,988	11,401,988	11,401,988	11,401,988	11,401,988	11,401,988	11,401,988
Number of shares outstanding at end of period	11,401,988	11,401,988	11,401,988	11,401,988	11,401,988	11,401,988	11,401,988
Average number of employees	503	490	494	482	446	358	335

* Interest-bearing net cash (liabilities –), has been effected by 51 MSEK by the introduction of IFRS 16

NILORN WORLDWIDE

CEO'S SUMMARY

- Business slow due to Covid-19
- Hong Kong and China reopened end of March
- Bangladesh, India and Pakistan has been closed April mid May
- Full activity in the Bangladesh factory and a competitive advantage
- We have managed to move production when countries closed down
- Sales in Europe has been furloughed, but now most are back
- Difficult to estimate the COVID-19 effect for autumn
- No major investments planned forward (only ERP system continues)
- Strong Balance sheet to catch the opportunities that will arise.
- Expect Nilorn to be relatively stronger once the Corona is over



FINANCIAL TARGETS

Aim to grow faster than the market

Nilorn strives for sustainable and profitable growth.

- Revenue growth in excess of 7 percent
- Operating margin of at least 10 percent
- Net debt should not exceed 2 * ÉBITDA

Result 2019-12

- Revenue growth of 0,4 percent
- Operating margin 9 percent

Result 2018-12

- Revenue growth of 7 percent
- Operating margin 12 percent

Result 2017-12

- Revenue growth of 13 percent
- Operating margin 12 percent

Nilörngruppen's goal is that 60-90 percent of profit after tax to be distributed







The goal is that all our customers are satisfied with our creativity, products and services.

If you invest in Nilörngruppen we promise to take care of your investment through long-term thinking, growth, stability and hard work!

