# **NILÖRNGRUPPEN 2018**









ADDING VALUE TO YOUR BRAND

BRANDING · DESIGN · PRODUCT DEVELOPMENT · LOGISTICS



- Labels, packaging and accessories
- Adding value within Branding & Design
- Global and cost efficient solutions
- Branding including:
  - Design
  - Production
  - Logistic
  - Services



### Vision:

"To be the best label and branding company worldwide"

Slogan:

"Adding value to your brand"

### **HISTORICAL OVERVIEW**

#### Long term experience from the business

1970

• Design studio in Borås

1980

Design and production of labels

1990

- International expansion through acquisitions
- 1998 listed at Stockholm stock exchange

2000

- Continuing international expansion
- Closing production
- Establish in Turkey
- Increased focus on design, partners and logistic solutions

2010

- 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





# Labels are the core business, accounting for the bulk of sales

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



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

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

### **CUSTOMERS**

#### **Great diversity among customers**





















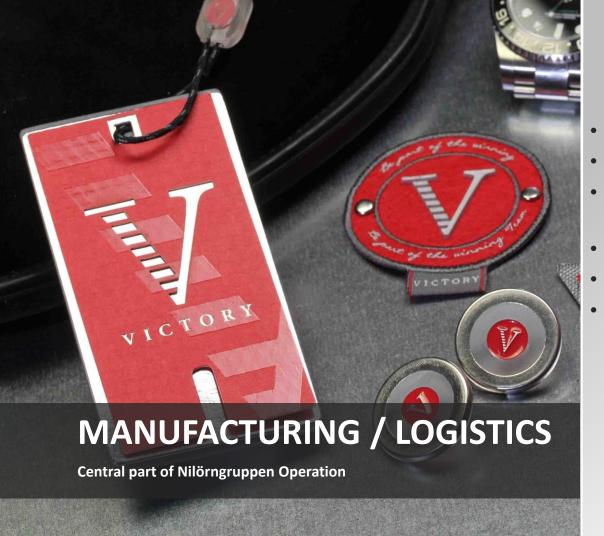








- Sales are mainly to European fashion and textile companies
- Most of them are brand-owners
- Customers produce garment with external suppliers, thereof mainly based in Asia
- Nilorn has more than 1,000 customers
- Nilorn has a broad customer base within Europes leading fashion and branding companies



- 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 and a competitive advantage

Environmental responsibity and sustainability is a natural part of the business











- Nilorn environmental policy:
  - Good and safe working environment
  - Be cautious with environmentally harmful products
  - Reuse and recycle materials
  - Offer energy efficient and environmentally friendly products
  - Using power in a responsible way and with utmost restraint
  - Keeping staff informed of environmental issues
  - Study the new environmental standards
  - Choosing suppliers that have a clear environmental policy
  - Continuously monitor and adapt the environment Description
  - Nilörngruppen's environmental policy has a wide perspective



- 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:**

- Avery Dennison (US)
- A-TEX (DK)
- Checkpoint Systems (US)
- Cadica Group (IT)
- Byways Group (UK)
- LabelOn (UK)
- Rudholm & Haak (SWE)



- Efficient logistics and scalable low-cost production
- Local presence to ensure just-in-time deliveries
- A user-friendly system that gives good control
- Design
- Client oriented and flexible organization
- Being global acting local
- Goal to be best in class in Sustainability
- One stop shop

# Nilörn provides services that strengthen brands and products

- Focusing on organic growth
  - Offer a broad concept
  - More products to existing customers
  - Attract new customers who want efficient service
- Open to acquisitions
- Further developing the supplier network
- Expansion of sales force
- Establishing a local presence in new markets
- Potential markets: Netherlands, France, Italy and Spain

Nilörngruppen is well positioned for continued profitable growth

















STUDIOS



## Q3-2018

- Order Income: +11% to MSEK 191 (172) (adjusted for currency effects +10 % to MSEK 189)
- Revenue: +19% to MSEK 177(149) (adjusted for currency effects +16% to MSEK 173)
- Operating profit: MSEK 19,1 (15,3)
- The net results: MSEK 13,8 (11,3)
- The result per share: SEK 1,21 (0,99)
- Cash flow from the operating activities: MSEK 14,4 (11,2)

# **INCOME Q3-2018**

	3 months							
	July - September				Jan			
Amounts in SEK thousand	2018		2017		2017		2016	
Net revenue	177 009		149 225		541 246		500 924	
Raw materials, supplies and goods for resale	-94 045		-76 407		-292 241		-270 698	
Gross profit	82 964	46.9%	72 818	48.8%	249 005	46.0%	230 226	46.0%
Other operating revenue	1 986		464		5 042		3 812	
Other external costs	-27 438	15.5%	-24 052	16.1%	-76 677	14.2%	-71 712	14.3%
Personnel costs	-35 121	19.8%	-31 581	21.2%	-108 528	20.1%	-98 273	19.6%
Depreciation, amortisation and impairment charges	-2 076		-1 685		-5 822		-4 503	
Other operating costs	-1 221		-642		-3 223		-2 462	
Operating profit	19 094	10.8%	15 322	10.3%	59 797	11.0%	57 088	11.4%
Net finance items	-1 154		-229		-1 923		-750	
Profit before taxes	17 940		15 093		57 874		56 338	
Taxes	-4 104	-2.3%	-3 835	-2.6%	-13 427	-2.5%	-13 375	-2.7%
Net profit for the period	13 836	7.8%	11 258	7.5%	44 447	8.2%	42 963	8.6%
Earnings per share, SEK	1.21		0.99		3.90		3.77	

# **CASH FLOW Q2-2018**

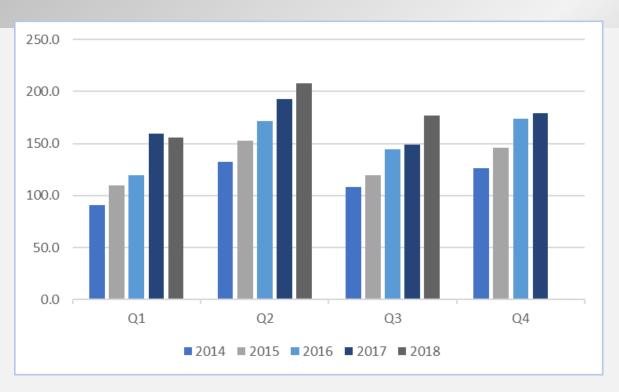
Consolidated Cash Flow Statement	July – September		January – Septembe	
Amounts in SEK thousand	2 018	2 017	2 018	2 017
Cash flow from operating activities before changes in working capital	20 192	13 465	54 327	48 505
Cash from changes in working capital	-5 760	-2 278	-20 741	-7 792
Cash flow from operating activities	14 432	11 187	33 586	40 713
Cash flow from investment activities	-4 223	-809	-9 149	-20 140
Cash flow from financing activities	-12 238	-6 214	-22 119	-2 091
Cash flow for the year	-2 029	4 164	2 318	18 482



- Negativ currency impact on accumulated revenue MSEK8
- Positive currency impact on Q3 revenue MSEK4
- Delivery of RFID (Radio Frequency Identification) has started
- Gross margin amounted to 46,9% vs 45,5% in Q2.
- Stong development from existing as well as new clients
- Nilorn is growing more than the underlying market

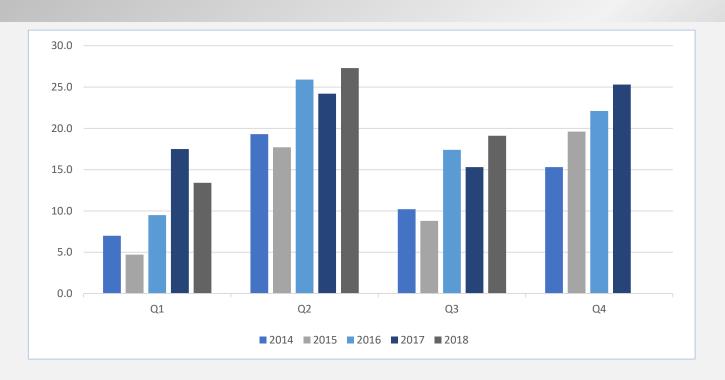
# **QUARTERLY COMPARISON- sales**

Q2 and Q4 are historically the strongest revenue quarters

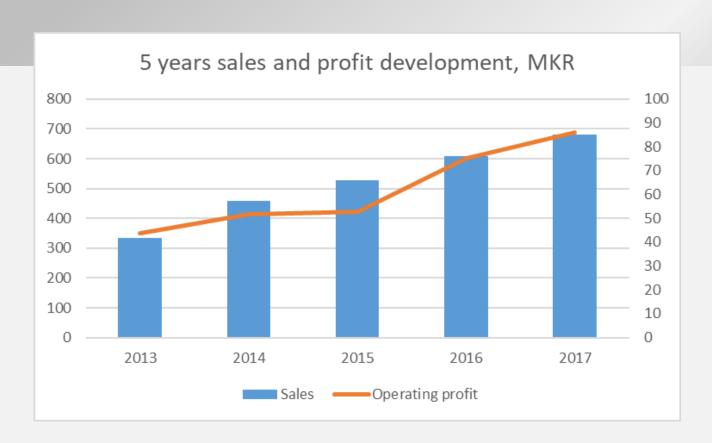


# **QUARTERLY COMPARISON- Operating Profit**

Q2 and Q4 are historically the strongest revenue quarters



### HISTORICAL DEVELOPMENT



# **BALANCE SHEET**

Consolidated Balance Sheet						
Amounts in SEK thousand	2018-09	2017-09	2017-12	2016-12		
Assets						
Intangible non-current assets	16 803	13 758	14 673	2 886		
Other non-current assets	48 233	48 526	48 193	46 642		
Inventories	104 996	96 672	110 017	88 891		
Trade receiveables	91 539	74 028	76 238	73 370		
Other current assets	27 493	24 244	18 658	24 282		
Cash and cash equivalents	47 722	49 796	44 837	35 210		
Total assets	336 786	307 024	312 616	271 281		
Equity and liabilities						
Equity	151 727	129 443	153 913	137 791		
Long-term interest-bearing liabilities	-	-	-	-		
Long-term non-interest-bearing liabilities	997	1 858	1 242	5 035		
Current interest-bearing liabilities	59 409	64 456	35 677	25 500		
Current non-interest-bearing liabilities	124 653	111 267	121 784	102 955		
Total equity and liabilities	336 786	307 024	312 616	271 281		

### **KEY FINANCIAL INDICATORS**

	1 January – 3	0 September	1 January – 31 December					
KEY FINANCIAL INDICATORS	2017	2016	2017	2016	2015	2014	2013	
Revenue growth, %	8.0	20.6	11.5	15.8	15.2	19.5	15.9	
Operating margin, %	11.0	11.4	12.1	12.3	9.6	11.3	11.4	
Profit margin, %	10.7	11.2	12.1	12.1	9.5	11.2	11.5	
Average equity	152.8	133.6	145.9	125.6	113.8	104.6	90.7	
Return on equity, %	29.1	32.2	44.6	44.8	34.3	39.9	38.2	
Equity ratio, %	45.1	42.2	49.2	50.8	48.8	53.3	55.5	
Interest-bearing net cash (liabilities –), MSEK	-11.7	-14.7	9.2	9.7	5.0	32.1	36.6	
Earnings per share, SEK	3.90	3.77	5.70	4.93	3.42	3.66	3.04	
Equity per share, SEK	13.31	11.35	13.50	12.08	9.94	10.02	8.33	
Dividend per share, SEK	-	-	4.00	3.60	3.00	3.50	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	478	436	446	358	335	301	268	

### **CEO'S SUMMARY**

- Operations continue to develop favourable
- Good underlying increase
- Slightly more challenging market
- E-commerce clients increase
- Strong trend in Sustainability
- Increasing interest for RFID
- Well positioned for the future



#### 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 \* EBITDA

#### Result 2017-12

- Revenue growth of 13 percent
- Operating margin 12 percent

#### Result 2016-12

- Revenue growth of 16 percent
- Operating margin 12 percent

#### Result 2015-12

- Revenue growth of 15 percent
- Operating margin 10 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!