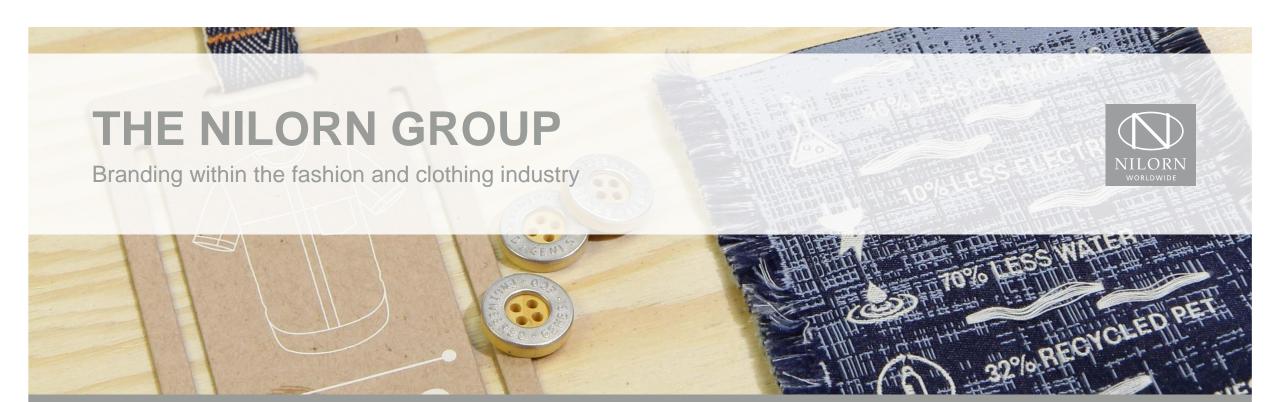




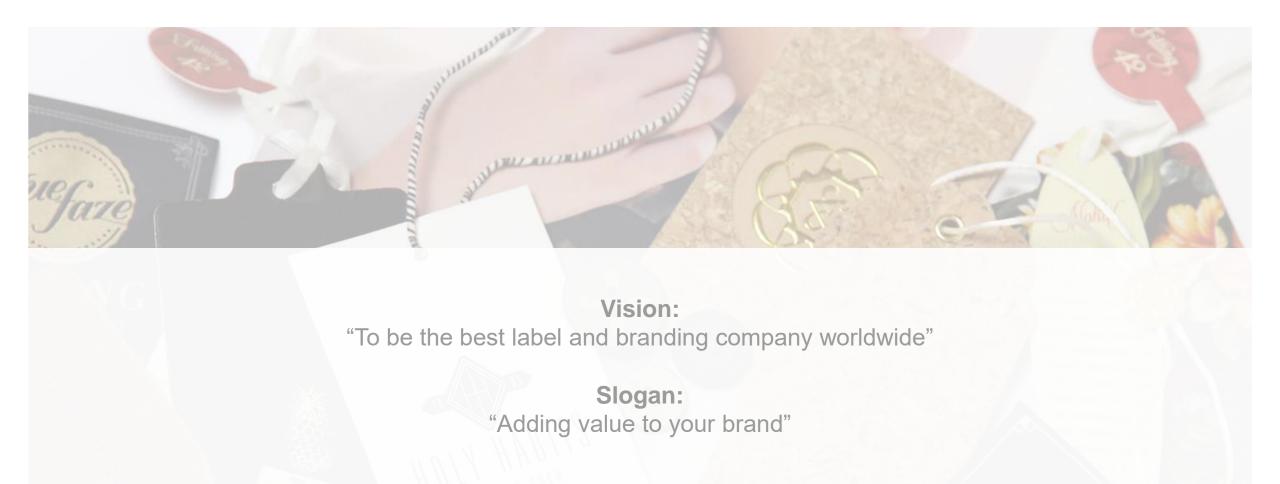
ADDING VALUE TO YOUR BRAND

BRANDING · DESIGN · PRODUCT DEVELOPMENT · LOGISTICS

# NILÖRNGRUPPEN 2019



- 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





### HISTORICAL OVERVIEW

Operating with extensive experience



**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



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

# RADIO FREQUENCY IDENTIFICATION











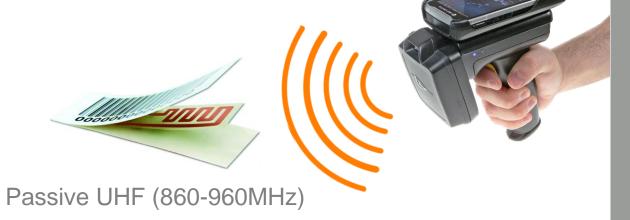
E.g. 70x15, 44x18, 50x30mm

Chip (small memory)

Antenna

Substrate

Inlay



### 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.



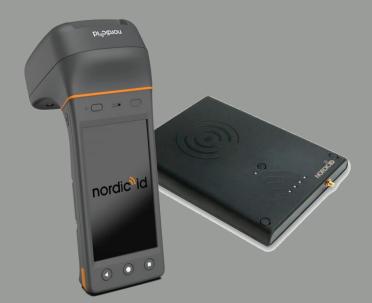
# **RFID-SOLUTION**



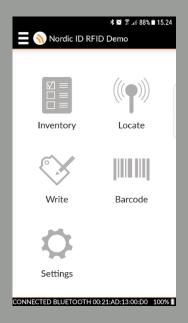


# TOP TITUS SLIP TOP 5"400815"299081" 34 T2RE

### Hardware



### Software



### **CUSTOMERS**

### Broad customer base















TIGER OF SWEDEN



**POLARN O. PYRET** 











- 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 2018
- Nilorn has a broad customer base and a number of leading fashion and apparel companies
- Nilorn had more than 1000 customers in 2018
- Nilorn delivered ca 1.5 Billion labels in 2018

# 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

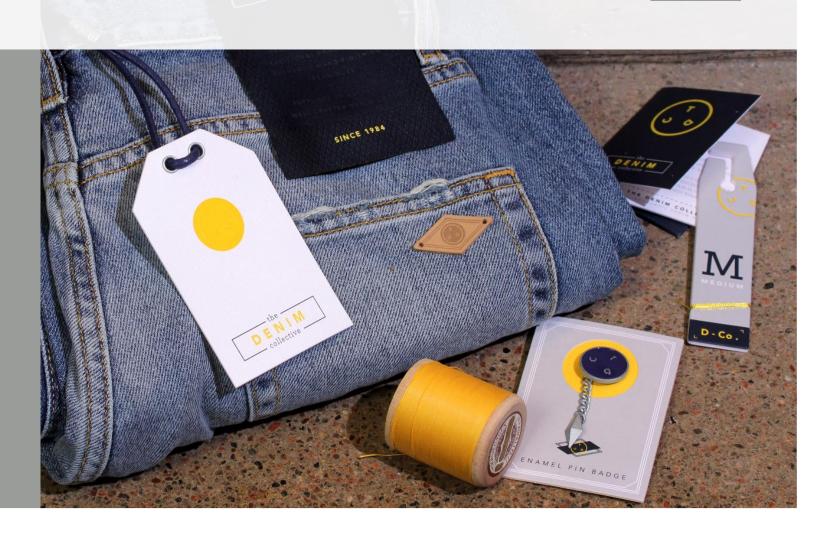


- Has become increasingly global
- Strategic decisions are taken at headquarters
- Production often in low cost regions
- Customers are mainly European branding and fashion companies
- High degree of competition and a large number of suppliers
- Larger groups and many small private companies
- Fragmented

### **COMPETITORS**

NILORN WORLDWIDE

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





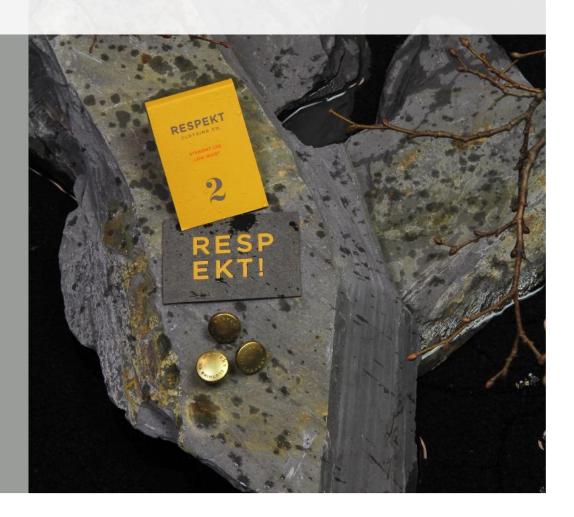
### FINANCIAL PERFORMANCE



### Q3-2019

NILORN WORLDWIDE

- Order Income +2 % to MSEK 195 (191)
- Sales -1 % to MSEK 171 (172)
- Operating profit MSEK 19,3 (19,1)
- Net Profit MSEK 14,0 (13,8)
- Earnings per share SEK 1.23 (1.21)



### Accumulated Q3-2019



- Order Income MSEK 561 (556)
- Sales +4 % to MSEK 545 (526).
- Sales excl currency effects MSEK 521 (526) = an underlying decrease of 1 %.
- Operating profit MSEK 54,6 (59,8).
- Profit for the period MSEK 40,1 (44,4).
- Earnings per share SEK 3,52 (3,90).
- Cash flow from operating activities MSEK 52,2 (33,6).



# **INCOME 2019**



	3 months				9 months			
	July - September				January - September			
Amounts in SEK thousand	2019		2018		2017		2016	
Net revenue	170 788		171 718		544 706		526 305	
Raw materials, supplies and goods for resale	-94 401		-94 045		-312 322		-292 241	
Gross profit	76 387	44.7%	77 673	45.2%	232 384	42.7%	234 064	44.5%
Other operating revenue	1 153		1 986		4 384		5 042	
Other external costs	-15 749	9.2%	-22 147	12.9%	-47 211	8.7%	-61 736	11.7%
Personnel costs	-35 637	20.9%	-35 121	20.5%	-114 435	21.0%	-108 528	20.6%
Depreciation, amortisation and impairment charges	-6 506		-2 076		-18 172		-5 822	
Other operating costs	-346		-1 221		-2 342		-3 223	
Operating profit	19 302	11.3%	19 094	11.1%	54 608	10.0%	59 797	11.4%
Net finance items	66		-1 154		-1 381		-1 923	
Profit before taxes	19 368		17 940		53 227		57 874	
Taxes	-5 354	-3.1%	-4 104	-2.4%	-13 102	-2.4%	-13 427	-2.6%
Net profit for the period	14 014	8.2%	13 836	8.1%	40 125	7.4%	44 447	8.4%
Earnings per share, SEK	1.23		1.21		3.52		3.90	

# **CASH FLOW**



Consolidated Cash Flow Statement	Juli - Se	ptember	January –	September	
Amounts in SEK thousand	2 019	2 018	2 019	2 018	
Cash flow from operating activities before changes in working capital	18 379	20 192	50 414	54 327	
Cash from changes in working capital	4 700	-5 760	1 761	-20 741	
Cash flow from operating activities	23 079	14 432	52 175	33 586	
Cash flow from investment activities	-8 726	-4 223	-43 678	-9 149	
Cash flow from financing activities	-21 007	-12 238	-3 383	-22 119	
Cash flow for the year	-6 654	-2 029	5 114	2 318	

# SIGNIFICANT EVENTS Q3

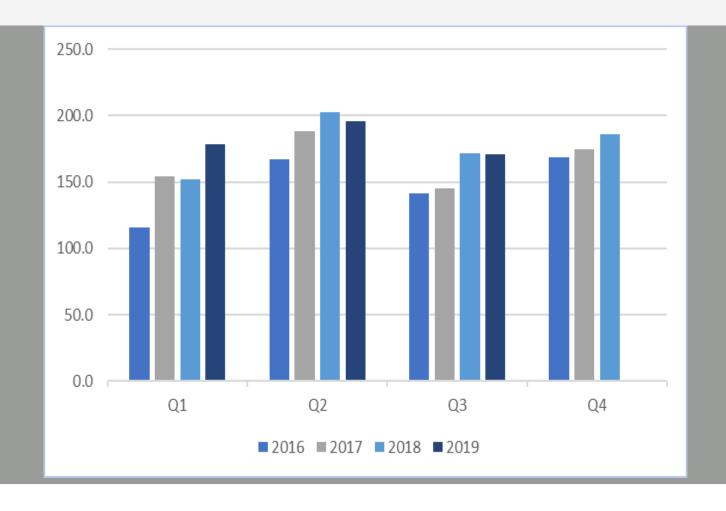
- Decreased sales with low margins led to a higher gross profit margin.
- Continuous positive development on Nilörn's new market, such as Italy and Spain, and several exciting projects in Germany.
- IFRS 16 had the effect of increasing the balance sheet total by about MSEK 60.
- The English and Swedish operations have relocated to their new premises.
- Nilorn Portugal has installed 750 m<sup>2</sup> of solar panels



### **QUARTERLY COMPARISON** - Sales

Q2 and Q4 are historically the strongest revenue quarters

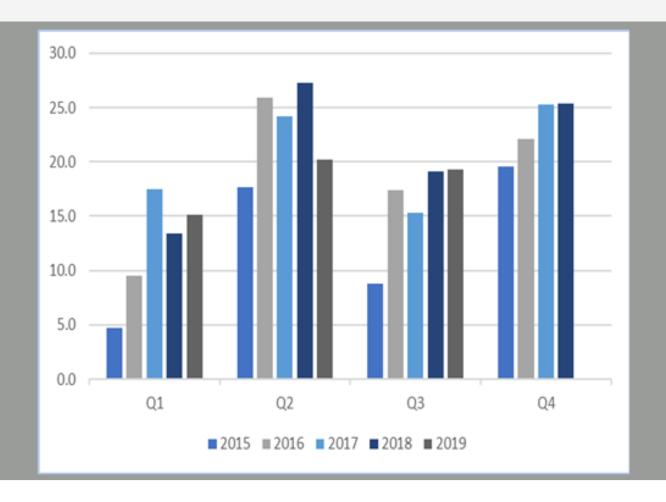




# **QUARTERLY COMPARISON** - Operating Profit



Q2 and Q4 are historically the strongest revenue quarters



### HISTORICAL DEVELOPMENT





# **BALANCE SHEET**



Consolidated Balance Sheet							
Amounts in SEK thousand	2019-09	2018-09	2018-12	2017-12			
Assets							
Intangible non-current assets	19 947	16 803	16 594	14 673			
Other non-current assets	161 467	48 233	63 696	48 193			
Inventories	123 089	104 996	107 934	110 017			
Trade receiveables	76 482	91 539	83 175	76 238			
Other current assets	26 275	27 493	31 885	18 658			
Cash and cash equivalents	45 817	47 722	37 935	44 837			
Total assets	453 077	336 786	341 219	312 616			
Equity and liabilities							
Equity	185 301	151 727	180 767	153 913			
Long-term interest-bearing liabilites	77 943	-	-	-			
Long-term non-interest-bearing liabilities	2 331	997	2 009	1 242			
Current interest-bearing liabilities	64 866	59 409	40 457	35 677			
Current non-interest-bearing liabilities	122 636	124 653	117 986	121 784			
Total equity and liabilities	453 077	336 786	341 219	312 616			

### **KEY FINANCIAL INDICATORS**



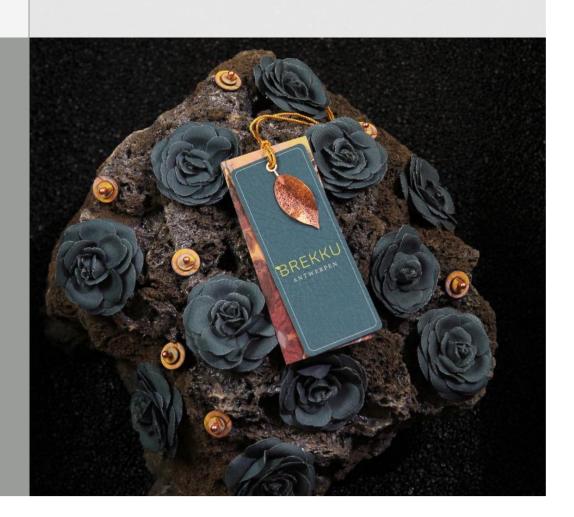
	1 January – 3	0 September	1 January – 31 December					
KEY FINANCIAL INDICATORS	2019	2018	2018	2017	2016	2015	2014	
Revenue growth, %	3.5	3.5	7.5	11.5	15.8	15.2	19.5	
Operating margin, %	10.0	11.4	12.0	12.1	12.3	9.6	11.3	
Profit margin, %	9.8	11.0	11.8	12.1	12.1	9.5	11.2	
Average equity	183.0	152.8	167.3	145.9	125.6	113.8	104.6	
Return on equity, %	21.9	29.1	42.3	44.6	44.8	34.3	39.9	
Equity ratio, %	40.9	45.1	53.0	49.2	50.8	48.8	53.3	
Interest-bearing net cash (liabilities –), MSEK*	-97.0	-11.7	-2.5	9.2	9.7	5.0	32.1	
Earnings per share, SEK	3.52	3.90	6.20	5.70	4.93	3.42	3.66	
Equity per share, SEK	16.25	13.31	15.85	13.50	12.08	9.94	10.02	
Dividend per share, SEK	-	4.00	4.00	4.00	3.60	3.00	3.50	
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	492	478	482	446	358	335	301	

<sup>\*</sup> Interest-bearing net cash (liabilities –), has been effected by 61 MSEK from introduction of IFRS 16

### **CEO'S SUMMARY**



- Slightly lower sales, but higher margin
- Continues challenging climate in the textile and fashion market
- Goal is to sustain the margins at this level
- German market continues to grow and has strengthen the sales organisation
- More challenging in UK due to BREXIT discussions.
- The focus on RFID has been successful and is a focus area
- Continues positive development in Bangladesh.
- Focus on sustainability continues, has given competitive advantage
- Well positioned for the future



### 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 \* EBITDA

### Result 2018-12

- Revenue growth of 7 percent
- Operating margin 12 percent

### Result 2017-12

- Revenue growth of 13 percent
- Operating margin 12 percent

### Result 2016-12

- Revenue growth of 16 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!

