

Year-end Report for Nilörngruppen AB (publ) Q4, January – December 2016



Period October – December

- Order bookings increased by 22 percent to MSEK 169 (138)
- Revenue increased by 19 percent to MSEK 174 (146)
- Operating profit amounted to MSEK 22.1 (19.6)
- Profit for the period amounted to MSEK 15.4 (16.1)
- Earnings per share amounted to SEK 1.35 (1.42)
- Cash flow from operating activities amounted to MSEK 24.5 (18.3)

Period January – December

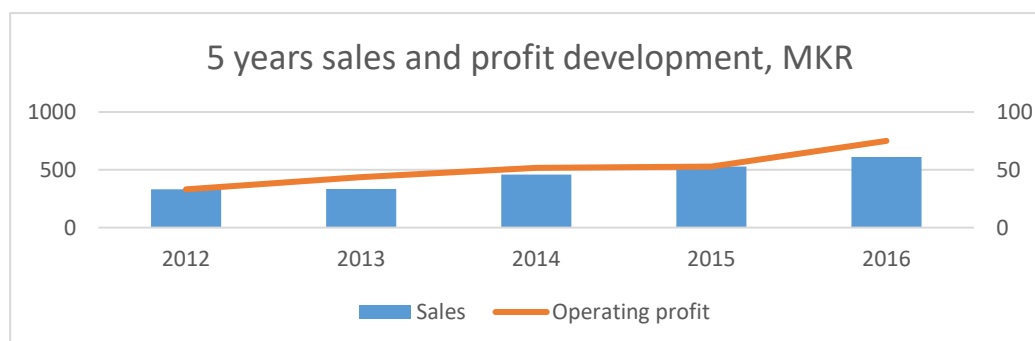
- Order bookings increased by 18 percent to MSEK 638 (540)
- Revenue increased by 16 percent to MSEK 610 (527)
- Operating profit amounted to MSEK 75.0 (50.8)
- Profit for the period amounted to MSEK 56.2 (39.0)
- Earnings per share amounted to SEK 4.93 (3.42)
- Cash flow from operating activities amounted to MSEK 54.5 (32.4)

Significant events during the period

- A strong finish, both in terms of revenue and profit, but also good order bookings, which is expected to give a good start to 2017

Significant events after the end of the period under review

- The Board of Directors has decided to propose to the Annual General Meeting a dividend of SEK 3,60 (3.00) per share
- Anna-Karin Wårfors has been hired to serve as Group Sustainability Manager



President's Statement

The positive development continued during the fourth quarter with order bookings growing by 22 percent and revenue by 19 percent. For the full year revenue increased by MSEK 83, equivalent to 18 percent. This also means that our operating profit increased by 13 percent during the quarter, and by as much as 47 percent for the full year. Strong order bookings during the quarter also portend a good start for 2017.

Our main markets, England, Germany and Scandinavia, continue to develop well, both in terms of increased sales to existing customers as well as several new customers. At the same time the textile and fashion business in these markets have only grown by 1-2 percentage points, which clearly demonstrates our strength and that we are continuing to gain market shares.

We are also continuing to develop well on the Italian market, as well as in Portugal and Spain.

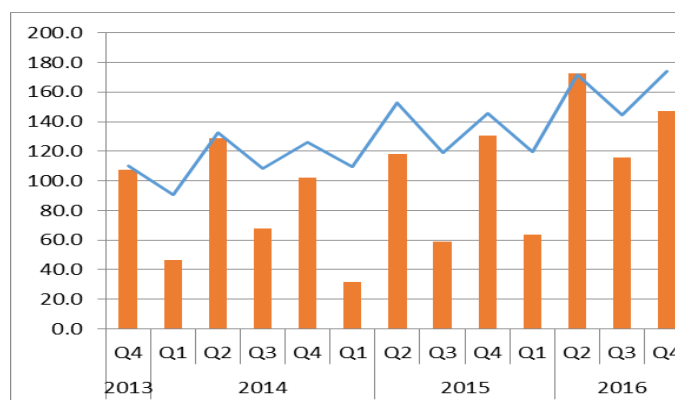
Sustainability is a focus area for Nilörn and in January 2017 Anna-Karin Wårfors was hired to serve as Sustainability Manager for Nilörngruppen. Ana-Karin comes to us from an equivalent position at Gina Tricot.

Since the requirement for short lead times and high levels of service continue to escalate in the industry, we are working diligently on making the production and logistic processes more efficient. During the year we invested in customer-specific IT solutions, both in terms of systems and by adding competent associates, which enables us to have the sharpest offer in the market.

We achieved an all-time-high during 2016 in terms of revenue and profit and we enter 2017 with strong order bookings and with many exciting projects under way.

I am convinced that the prerequisites for a continued exciting journey and a profitable development are in our future.

Claes af Wetterstedt



Period October - December

Order bookings

Order bookings increased by 22 percent compared to the corresponding year-ago quarter, amounting to MSEK 169 (138). The increase is attributable to existing as well as new customers and all markets, which makes for good risk diversification, all of which is positive for the next quarter.

Net revenue and profit

Net revenue increased by 19 percent to MSEK 174 (146). The gross margin was 47.7 (48.1) percent. The slightly lower margin is primarily attributable to customers with large volumes and slightly lower margins.

External costs increased to MSEK 25.0 (20.6) and personnel costs grew to MSEK 35.4 (28.8). Personnel costs were burdened by higher annual bonuses than last year as a consequence of our strong earnings.

Operating profit was MSEK 22.1 (19.6), which gives an operating margin of 12.7 (13.4) percent.

Taxes amounted to MSEK 6.0 (3.3) and profit after taxes amounted to MSEK 15.4 (16.1). The relatively high amount of taxes during the quarter is due to a prior-year adjustment in Bangladesh.

Cash flow, capital expenditures, financing and liquidity

Cash flow from operating activities amounted to MSEK 24.5 (18.3).

Cash flow from investment activities amounted to MSEK -2.5 (-1.3). Net cash and cash equivalents stood at MSEK 9.7 (5.0) at the end of the period.

Period January - December

Order bookings

Order bookings increased by 18 percent, amounting to MSEK 638 (540).

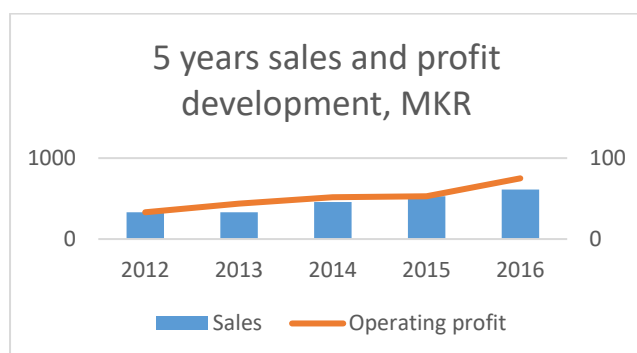
Net revenue and profit

Net revenue increased by 16 percent to MSEK 610 (527). Exchange rates had a negative effect on revenue. The gross margin was 46.9 (47.3) percent.

External costs increased to MSEK 84.5 (81.6) and personnel costs increased to MSEK 123.7 (113.1) MSEK. The average number of employees increased during the year and now stands at 358 (335). Personnel costs grew due to higher annual bonuses as a consequence of strong earnings.

Operating profit amounted to MSEK 75.0 (50.8), generating an operating margin of 12.3 (9.6) percent.

MSEK 17.7 (11.0) was paid in taxes, which resulted in a tax expense of 24 (22) percent. The relatively high level of taxes is attributable to an adjustment in prior years in Bangladesh. Profit after taxes amounted to MSEK 56.2 (39.0).



Cash flow, capital expenditures, financing and liquidity

Cash flow from operating activities amounted to MSEK 54.5 (32.4).

Cash flow from investment activities amounted to MSEK -17.4 (-20.5), of which MSEK 11.0 MSEK is attributable to building a plant in Bangladesh. In the year before a major portion of the amount related to acquiring a property in Borås.

Personnel

The average number of employees in the Group was 358 (335), 173 (161) of whom were women.

Transactions with closely related parties

During the period Nilörngruppen sold services worth SEK 491,000 to the principal owner, AB Traction and its subsidiaries. The Parent Company's transactions with subsidiaries refer to invoicing for design, product development, IT and other services.

Parent Company

The Parent Company's operations largely consist of handling group-wide functions, such as branding and design, product development, finances, administration, information and IT. The average number of employees was 18 (20).

Net revenue for the period amounted to MSEK 16.4 (12.9). The operating result was MSEK -4.3 (-7.6) and the profit was MSEK 24.3 (49.4).

Risks and uncertainty factors

Given its international operations, Nilörngruppen is always subject to a variety of financial risks. The significant risks and uncertainty factors facing Nilörngruppen are described in Nilörngruppen's 2015 Annual Report, note 2. The risks reported are deemed to be essentially unchanged.

Nomination committee

Since the ownership structure is clear, with Traction owning a majority of the voting stock and since there are no other owners with major stakes, Nilörngruppen does not have an appointed nomination committee. However, shareholders are always welcome with opinions and/or suggestions for the composition of the Board of Directors to its Chairman, Petter Stillström telephone +46-8- 506 289 00.

Annual General Meeting

The Annual General Meeting will be held at 5:00 p.m., 3 May 2017 at Nilörngruppen's head office in Borås. The Annual Report will be available on the Company's website no later than three weeks before the Annual General Meeting.

Dividend

The Group's dividend policy states that 60-90 percent of consolidated comprehensive profit is to be paid as dividend. The Board of Directors has decided to propose to the Annual General Meeting a dividend of SEK 3.60 (3.00) per share, equivalent to 41MSEK. The proposal is equivalent to 73 percent net comprehensive profit for the year, which is consistent with the Company's relatively low indebtedness.

Review

This report has not been subject to review by the Company's auditors.

Calendar

- 3 May 2017 Interim Report Q1
- 3 May 2017 Annual General Meeting in Borås
- 22 August 2017 Interim Report Q2
- 17 October 2017 Interim Report Q3
- 16 February 2018 Year-end Report
- 16 May 2018 Interim Report Q1

This information is information that Nilörngruppen is under obligation to publish in accordance with the EU Market Abuse Regulation. Securities Markets Act. The information herein was provided by the contact person named below for publication at 11:00 a.m., 14 February 2017.

The President hereby confirms that this year-end report provides a fair overview of the operations of the Company's and the Group's operations, financial position and results, and describes significant risks and factors of uncertainty facing the Company and the companies in the Group.

Borås, 14 February 2017

Nilörngruppen AB (publ)

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1 January – 31 December

KEY Numbers	2016	2015	2014	2013	2012
Revenue growth, %	15.8	15.2	19.5	15.9	2.9
Operating margin, %	12.3	9.6	11.3	11.4	10.0
Profit margin, %	12.1	9.5	11.2	11.5	10.0
Average equity	125.6	113.8	104.6	90.7	92.6
Return on equity, %	44.8	34.3	39.9	38.2	27.0
Equity ratio, %	50.8	48.8	53.3	55.5	55.8
Interest-bearing net cash and cash equivalents (liabilities –), MSEK	9.7	5.0	32.1	36.6	28.3
Earnings per share, SEK	4.93	3.42	3.66	3.04	2.37
Equity per share, SEK	12.08	9.94	10.0225	8.325	7.58
Dividend per share, SEK	3.60	3.00	3.50	3.00	2.25
Average number of shares outstanding	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
Average number of employees	358	335	301	268	246

**Dividend proposed by the Board of Directors for the 2016 financial year.*

Summary Financial Reports

Amounts in SEK thousand	October - December		January - December	
	2016	2015	2016	2015
Net revenue	174,222	145,945	610,477	527,159
Raw materials, supplies and goods for resale	-91,060	-75,791	-324,372	-277,756
Gross profit	83,162	70,154	286,105	249,403
Other operating revenue	2,284	1,329	5,616	6,589
Other external costs	-24,950	-20,633	-84,500	-81,582
Personnel costs	-35,397	-28,777	-123,714	-113,112
Depreciation, amortisation and impairment charges	-1,229	-1,116	-4,622	-4,119
Other operating costs	-1,729	-1,348	-3,873	-6,353
Operating profit	22,141	19,609	75,012	50,826
Net finance items	-761	-169	-1,073	-763
Profit before taxes	21,380	19,440	73,939	50,063
Taxes	-5,964	-3,303	-17,717	-11,030
Net profit for the period	15,416	16,137	56,222	39,033
Average number of shares outstanding (thousands)	11,402.0	11,402.0	11,402.0	11,402.0
Average number of shares outstanding after dilution (thousands)	11,402.0	11,402.0	11,402.0	11,402.0
Earnings per share, SEK	1.35	1.42	4.93	3.42
Earnings per share, SEK after dilution	1.35	1.42	4.93	3.42

Consolidated Statement of Comprehensive Result

Amounts in SEK thousand	October - December		January - December	
	2016	2015	2016	2015
Net profit for the period	15,416	16,137	56,222	39,033
Other comprehensive result that may be reposted to net profit for the period				
Translation differences	519	-1,563	2,660	-71
Items that cannot be reposted to net profit for the period				
Revaluation of defined benefit pension scheme	-222	-	-222	-
Total profit for the period	15,713	14,574	58,660	38,962
Total profit for the period attributable to:				
The Parent Company's equity holders	15,713	14,574	58,660	38,962

Quarterly Survey

(Belopp i MSEK)	2016				2015				2014				2013			
	Kv1	Kv2	Kv3	Kv4	Kv1	Kv2	Kv3	Kv4	Kv1	Kv2	Kv3	Kv4	Kv1	Kv2	Kv3	Kv4
Nettoomsättning	119,7	171,9	144,6	174,2	109,4	152,6	119,2	145,9	90,6	132,6	108,2	126,1	74,6	109,8	88,5	109,9
Råvaror, förnödenheter och handelsvaror	-61,4	-94,5	-77,3	-91,1	-58,2	-81,6	-62,2	-75,8	-46,8	-70,6	-55,7	-65,7	-37,0	-57,2	-46,2	-54,9
Bruttoresultat	58,3	77,4	67,3	83,1	51,2	71,0	57,0	70,1	43,8	62,0	52,5	60,4	37,6	52,6	42,3	55,0
Bruttomarginal	48,7%	45,0%	46,5%	47,7%	46,8%	46,5%	47,8%	48,0%	48,3%	46,8%	48,5%	47,9%	50,4%	47,9%	47,8%	50,0%
Övriga rörelseintäkter	0,9	1,2	1,3	2,3	1,2	1,4	2,6	1,3	0,5	0,7	0,9	1,6	0,4	0,8	0,6	1,2
Rörelsekostnader	-48,4	-51,7	-50,1	-62,1	-46,8	-53,7	-49,8	-50,7	-36,8	-42,8	-42,5	-45,9	-32,1	-37,7	-35,4	-39,6
Avskrivningar och nedskrivningar	-1,3	-1,0	-1,0	-1,2	-0,9	-1,0	-1,0	-1,1	-0,5	-0,6	-0,7	-0,8	-0,5	-0,5	-0,5	-0,5
Rörelseresultat	9,5	25,9	17,5	22,1	4,7	17,7	8,8	19,6	7,0	19,3	10,2	15,3	5,4	15,2	7,0	16,1
Rörelsemarginal	7,9%	15,1%	12,1%	12,7%	4,3%	11,6%	7,4%	13,4%	7,7%	14,6%	9,4%	12,1%	7,2%	13,8%	7,9%	14,6%
Rörelseresultat / aktie	0,8	2,3	1,5	1,9	0,4	1,6	0,8	1,7	0,6	1,7	0,9	1,3	0,5	1,3	0,6	1,4

Consolidated Balance Sheet

Amounts in SEK thousand	2016-12	2015-12	2015-12	2014-12
Assets				
Intangible non-current assets	2,886	590	590	347
Other non-current assets	46,642	38,796	38,796	23,048
Inventories	88,891	80,068	80,068	73,266
Trade receivables	73,370	58,640	58,640	58,672
Other current assets	24,282	22,722	22,722	20,461
Cash and cash equivalents	35,210	31,548	31,548	38,584
Total assets	271,281	232,364	232,364	214,378
Equity and liabilities				
Equity	137,791	113,337	113,337	114,282
Long-term interest-bearing liabilities	-	-	-	-
Long-term non-interest-bearing liabilities	5,035	4,970	4,970	5,850
Current interest-bearing liabilities	25,500	26,512	26,512	6,462
Current non-interest-bearing liabilities	102,955	87,545	87,545	87,784
Total equity and liabilities	271,281	232,364	232,364	214,378

Changes in Consolidated Equity

Amounts in SEK thousand	2016					Total	Total equity
	Share capital	Other contributed capital	Reserves	Retained earnings including net profit for the period	Total		
OPENING EQUITY 2016-01-01	2,850	43,231	-588	67,844	113,337	113,337	
Translation differences during the period			2,660		2,660	2,660	
Revaluation of pension scheme				-222	-222	-222	
Net profit for the period				56,222	56,222	56,222	
Dividend			-34,206		-34,206	-34,206	
CLOSING EQUITY 2016-12-31	2,850	43,231	-32,134	123,844	137,791	137,791	

Amounts in SEK thousand	2015					Total	Total equity
	Share capital	Other contributed capital	Reserves	Retained earnings including net profit for the period	Total		
OPENING EQUITY 2015-01-01	2,850	43,231	-517	68,718	114,282	114,282	
Translation differences during the period			-71		-71	-71	
Net profit for the period				39,033	39,033	39,033	
Dividend				-39,907	-39,907	-39,907	
CLOSING EQUITY 2015-12-31	2,850	43,231	-588	67,844	113,337	113,337	

Consolidated Cash Flow Statement

Amounts in SEK thousand	October - December		January - December	
	2016	2015	2016	2015
Operating activities				
Operating profit	22,141	19,609	75,012	50,826
<i>Adjustment for items not included in cash flow</i>				
Depreciation, amortisation and impairment charges	1,229	1,116	4,622	4,119
	23,408	20,689	79,672	54,909
Interest income	60	238	347	430
Interest expense	-821	-144	-1,420	-930
Paid taxes	-6,022	-5,249	-17,563	-15,684
Cash flow from operating activities before changes in working capital	16,625	15,534	61,036	38,725
Cash flow from changes in working capital				
Inventories	-3,876	-3,485	-5,529	-6,086
Trade receivables	6,097	-17	-12,136	-181
Other short-term receivables	6,509	3,050	1,253	2,558
Trade payables	1,523	7,041	3,819	217
Other liabilities	-2,388	-3,805	6,071	-2,839
Cash flow from operating activities	24,490	18,318	54,514	32,394
Investment activities				
Acquisition of intangible non-current assets	-1,025	73	-2,526	-492
Acquisition of intangible non-current assets	-1,685	-1,452	-15,264	-19,697
Acquisition of financial non-current assets	53	13	53	-11
Change in long-term receivable	-173	52	-13	-306
Cash flow from investment activities	-2,477	-1,314	-17,397	-20,506
Financing activities				
Repayment/raising loans	-22,500	-14,203	-1,012	20,050
Paid dividend	-	-	-34,206	-39,907
Cash flow from financing activities	-22,500	-14,203	-35,218	-19,857
Cash flow for the year	-487	2,801	1,899	-7,969
Cash and cash equivalents at beginning of period	34,805	28,794	31,548	38,584
Translation difference in cash and cash equivalents	892	-47	1,763	933
Cash and cash equivalents at end of period	35,210	31,548	35,210	31,548

Parent Company Income Statement

Amounts in SEK thousand	October - December		January - December	
	2016	2015	2016	2015
Net revenue	6,320	4,986	16,397	12,863
Other operating income	2,017	1,775	5,854	5,651
Total revenue	8,337	6,761	22,251	18,514
Other external costs	-1,978	-2,215	-7,492	-9,594
Personnel costs	-5,995	-4,217	-18,512	-16,033
Depreciation, amortisation and impairment charges	-146	-142	-536	-510
Operating profit	218	187	-4,289	-7,623
Net finance items	25,603	14,246	25,875	48,868
Profit after finance items	25,821	14,433	21,586	41,245
Year-end appropriations	2,384	8,783	2,384	8,783
Taxes	337	-211	302	-625
Net profit for the period	28,542	23,005	24,272	49,403

Since there are no comprehensive profit items, comprehensive income coincides with the period's results.

Parent Company Balance Sheet

Amounts in SEK thousand	2016-12	2015-12	2015-12	2014-12
Assets				
Intangible non-current assets	2,769	565	565	295
Tangible non-current assets	1,244	1,193	1,193	713
Financial non-current assets	99,580	95,446	95,446	95,196
Short-term receivables	56,784	42,389	42,389	26,550
Cash and cash equivalents	186	1,426	1,426	2,375
Total assets	160,563	141,019	141,019	125,129
Equity and liabilities				
Equity	66,784	76,718	76,718	68,487
Untaxed reserves	5,186	7,086	7,086	9,310
Long-term liabilities	2,818	2,818	2,818	2,818
Current liabilities	85,775	54,397	54,397	44,514
Total equity and liabilities	160,563	141,019	141,019	125,129

Notes

1. Accounting policies

As was the case with the Annual Accounts for 2014, the Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU, the Swedish Securities Market Act, and the provisions of RFR 2.2, Accounting for legal entities. The

Year-end Report is prepared in accordance with IAS 34 and the Swedish Securities Market Act.

New or revised IFRS rules that came into force in 2016 have had no significant effect on the Group.

2. Information by geographic area

Period January - September 2016	Nordic region	Other Europe	Asia	Intra Group	Total
<i>Revenue</i>					
External revenue	64,883	207,614	337,980	-	610,477
Total revenue	64,883	207,614	337,980	0	610,477
<i>Profit</i>					
Operating profit	14,254	31,656	33,394	-4,292	75,012
Interest income				347	347
Interest expense				-1,420	-1,420
Taxes on the on the period's profit				-17,717	-17,717
Net profit for the period	14,254	31,656	33,394	-23,082	56,222
Period January - September 2016					
<i>Revenue</i>					
External revenue	52,759	187,446	286,954	-	527,159
Total revenue	52,759	187,446	286,954	0	527,159
<i>Profit</i>					
Operating profit	7,182	21,201	30,246	-7,803	50,826
Interest income				430	430
Interest expense				-1,193	-1,193
Taxes on the profit for the year				-11,030	-11,030
Net profit for the year	7,182	21,201	30,246	-19,596	39,033

Definitions

Equity per share. Equity divided by the number of shares outstanding.

Average equity. Equity at the beginning of the year plus equity at year-end divided by two.

Cash flow per share. Cash flow from operating activities divided by the number of shares outstanding.

Interest-bearing net liability/cash and cash equivalents. Interest-bearing liabilities less cash and cash equivalents and interest-bearing receivables.

Net debt equity ratio. Interest-bearing net liabilities divided by equity.

Return on equity. Net profit for the year according to the income statement in percent of average equity.

Return on capital employed. Profit before taxes plus

financial expense in percent of average capital employed.

Operating margin. Operating profit in percent of net revenue.

Equity ratio. Equity in percent of total assets.

Capital employed. The balance sheet total less non-interest-bearing liabilities including deferred tax liabilities.

Average capital employed. Capital employed at beginning of year plus capital employed at year-end divided by two.

Earnings per share. Profit for the year divided by the weighted average number of shares outstanding.

Profit margin. Profit before taxes in percent of the period's net revenue.

Revenue growth. Current period's revenue in percent of revenue for the prior period.

Nilörngruppen in brief

Nilörngruppen is a global company founded in the 1970s, with expertise in adding value to trade marks through branding in the form of labels, packaging and accessories, primarily for customers in the fashion and apparel industry. Nilörngruppen offers complete, creative and customised concepts in branding, design, product development and logistic solutions. The Group conducts business via its own subsidiaries in Sweden, Denmark, Great Britain, Germany, Belgium, Portugal, Hong Kong, India, Turkey, China, Bangladesh, Italy and Pakistan. The Group has partner companies in Tunisia and Switzerland.