

NILÖRNGRUPPEN 2017



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

PRODUCT DESCRIPTION

Labels



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

PRODUCT DESCRIPTION

Packaging and accessories



To strengthen the brand and convey a feeling, it is important that the product is delivered in a suitable packaging

- Cartons, paper bags or plastic containers
- Buttons, zippers, rivets, buckles, eyelets, molded plastic badges, etc.
- An emerging area: security features which show authenticity

CUSTOMERS

Great diversity among customers

POLARN O. PYRET



FRED PERRY

GANT®



LYLE & SCOTT
SCOTLAND

CLINTON
Großhandels-GmbH

Jacques Vert



ginatricot

TIGER
OF SWEDEN



TOM TAILOR



HENRI LLOYD

Superdry.

Jonles



- Nilörngruppen's sales are mainly to fashion and textile companies which are brand-owners
- Nilörngruppen's customers have their production with external suppliers, particularly in Asia
- Nilorn has more than a thousand customers
- Nilorn has a broad customer base with several of the leading fashion and branding companies



MANUFACTURING / LOGISTICS

Central part of Nilörngruppen Operation

- Total solutions for branding
- Approx. 85 percent of Nilörngruppen's supply comes from the production partners.
- Delivery through an efficient logistics system
- **A well-functioning logistics system and the network of producers are key competitive advantages for Nilörngruppen**

GROWTH STRATEGY

Nilörngruppen continues to provide services that strengthen our customers' brands and products

- The Nilörngruppen is focusing on organic growth
- Offer a broad concept and sell more products to existing large customers in existing markets
- Expansion of the sales force
- Establishing a local presence in new markets
- Further developing the supplier network
- Examples of key markets where Nilorn currently has a limited presence: Netherlands, France, Italy and Spain
- **Nilörngruppen is well positioned for continued profitable growth**



ENVIRONMENT

An important part of the business



As a responsible company in the fashion and clothing industry, environmental responsibility and sustainability is a natural part of the business

- Nilorn has prepared an environmental policy that the Group should:
 - Provide a good and safe working environment
 - Be cautious with environmentally harmful products and to reuse and recycle materials
 - Selling products which are easy to use, energy efficient and environmentally friendly
 - Using power in a responsible way and with utmost restraint
 - Keeping staff informed of environmental issues
 - Study the new environmental standards
 - Choosing suppliers who themselves have a clear environmental policy, and comply with Swedish and European laws, regulations and recommendations
 - Continuously monitor and adapt the environment Description
 - Nilörngruppen's environmental policy has a broad perspective on environmental work both internally and at suppliers

MARKET



- Fashion and clothing industry is an industry that has become increasingly global
- Strategic decisions concerning trademarks and designs are often taken from the headquarters, where production often takes place in low cost regions
- Local presence required to ensure just-in-time deliveries
- Customers are mainly branding and fashion companies in Europe
- Nilörngruppen's platform with efficient logistics and low-cost production is scalable and well suited to meet customer needs



The market is generally characterized by a high degree of competition and a large number of suppliers.

Some competitors are part of larger groups, while the majority are smaller private companies.

Among the competitors are the following actors:

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

= A fragmented market

FINANCIAL PERFORMANCE

(4X)
NUCHONI
STUDIOS

NUCHONI STUDIOS

NUCHONI STUDIOS



(4X)
NUCHONI
STUDIOS

4X

Q1-2017

- Order Income +35% to MSEK 201 (149)
- Turnover +33% to MSEK 159 (120)
- Operating profit: MSEK 17.5 (9.5)
- The net results: MSEK 13.2 (7.3)
- The result per share was SEK 1.16 (0.64)
- Cash flow from the current activity was MSEK-1.8 (-5.4)



SIGNIFICANT EVENTS Q1 & thereafter

- Continued strong development
 - Turnover & results
 - Orders received
- Positive effect of Easter in Q2
- Turn over and gross margin influenced by major orders
- Production in Bangladesh starts in beginning of Q2-2017
- Nilorn Denmark has acquired assets from HC Etiketter with an estimated sales of DKK10-12m.

INCOME

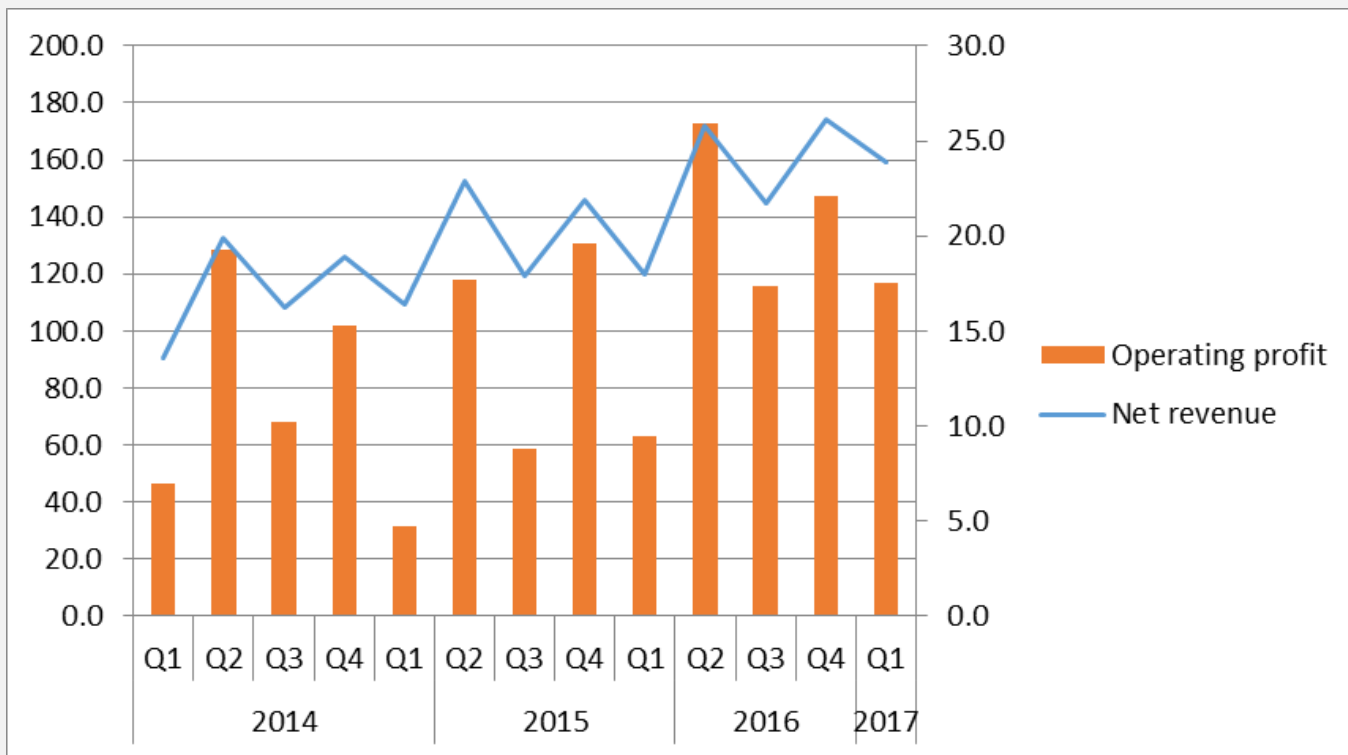
Amounts in SEK thousand	October - December		January - December	
	2017	2016	2016	2015
Net revenue	159 279	119 748	610 477	527 159
Raw materials, supplies and goods for resale	-85 713	-61 481	-324372	-277756
Gross profit	73 566	58 267	286 105	249 403
Other operating revenue	1 746	935	5 616	6 589
Other external costs	-23 333	-19 379	-84500	-81582
Personnel costs	-32 096	-28 537	-123714	-113112
Depreciation, amortisation and impairment charges	-1 206	-1 331	-4622	-4119
Other operating costs	-1 130	-437	-3873	-6353
Operating profit	17 547	9 518	75 012	50 826
Net finance items	-180	-94	-1073	-763
Profit before taxes	17 367	9 424	73 939	50 063
Taxes	-4 139	-2 160	-17717	-11030
Net profit for the period	13 228	7 264	56 222	39 033

QUARTERLY INCOME STATEMENT

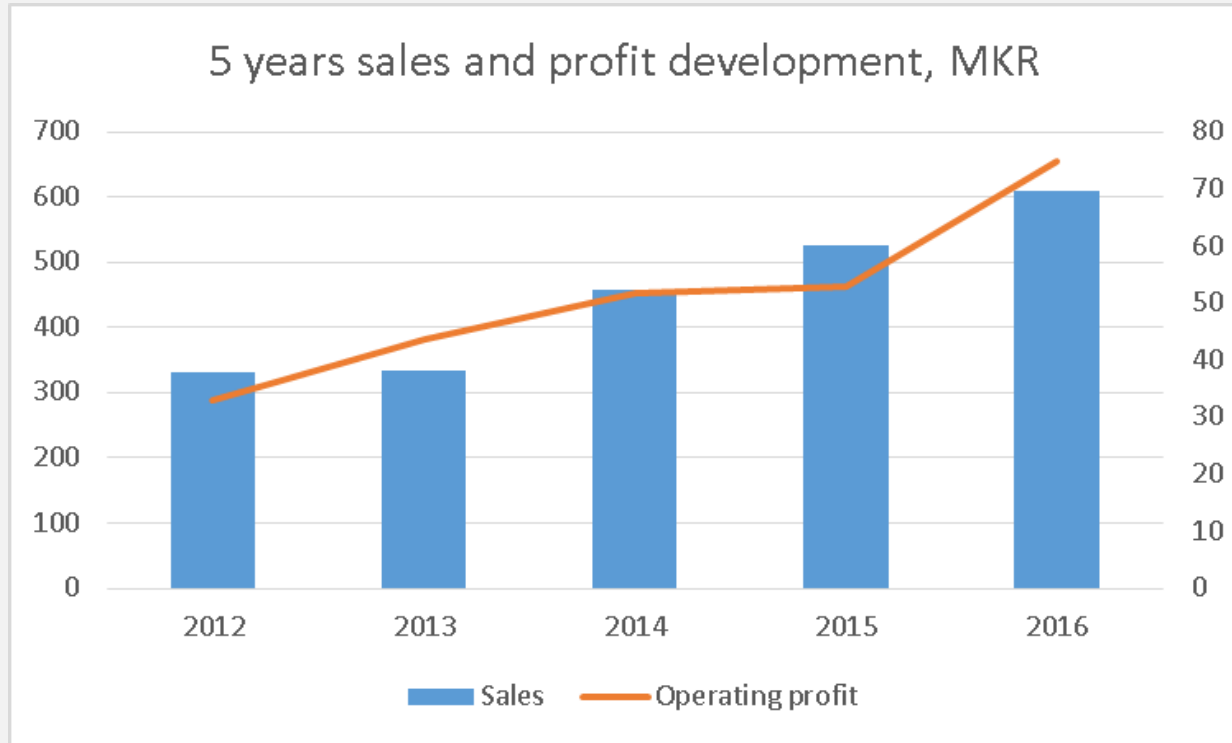
Amount in MSEK)	2017	2016				2015				2014				2013			
	Q1	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net revenue	119.7	119.7	171.9	144.6	174.2	109.4	152.6	119.2	145.9	90.6	132.6	108.2	126.1	74.6	109.8	88.5	109.9
Raw materials, supplies and goods for resale	-85.7	-61.4	-94.5	-77.3	-91.1	-58.2	-81.6	-62.2	-76.8	-46.8	-70.6	-55.7	-65.7	-37.0	-57.2	-46.2	-54.9
Gross profit	73.6	58.3	77.4	67.3	83.1	51.2	71.0	57.0	69.1	43.8	62.0	52.5	60.4	37.6	52.6	42.3	55.0
Gross margin	46.2%	48.7%	45.0%	46.5%	47.7%	46.8%	46.5%	47.8%	47.4%	48.3%	46.8%	48.5%	47.9%	50.4%	47.9%	47.8%	50.0%
Other income	1.7	0.9	1.2	1.2	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
Operating costs	-56.6	-48.4	-51.7	-50.1	-62.1	-46.8	-53.7	-49.8	-49.5	-36.8	-42.8	-42.5	-45.9	-32.1	-37.7	-35.4	-39.6
Depreciation, amortisation and impairment charges	-1.2	-1.3	-1.0	-1.0	-1.2	-0.9	-1.0	-1.0	-1.3	-0.5	-0.6	-0.7	-0.8	-0.5	-0.5	-0.5	-0.5
Operating profit	17.5	9.5	25.9	17.4	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
Operating margin	11.0%	7.9%	15.1%	12.0%	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%
Operating profit per share	1.5	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

QUARTERLY COMPARISON

Q2 and Q4 are historically the strongest revenue quarters



HISTORICAL DEVELOPMENT



BALANCE SHEET

Amounts in SEK thousand	2017-03	2016-03	2016-12	2015-12
Assets				
Intangible non-current assets	5 815	537	2 886	590
Other non-current assets	50 439	44 274	46 642	38 796
Inventories	92 989	81 384	88 891	80 068
Trade receivables	89 949	58 203	73 370	58 640
Other current assets	30 051	24 201	24 282	22 722
Cash and cash equivalents	42 828	17 793	35 210	31 548
Total assets	312 071	226 392	271 281	232 364
Equity and liabilities				
Equity	149 471	118 842	137 791	113 337
Long-term interest-bearing liabilities	-	-	-	-
Long-term non-interest-bearing liabilities	2 150	5 027	5 035	4 970
Current interest-bearing liabilities	43 906	25 573	25 500	26 512
Current non-interest-bearing liabilities	116 544	76 950	102 955	87 545
Total equity and liabilities	312 071	226 392	271 281	232 364

MULTI-YEAR OVERVIEW

Key figures

KEY Numbers	1 January -31 March		1 January – 31 December				
	2017	2016	2016	2015	2014	2013	2012
Revenue growth, %	33.0	15.0	15.8	15.2	19.5	15.9	2.9
Operating margin, %	11.0	7.9	12.3	9.6	11.3	11.4	10
Profit margin, %	10.9	7.9	12.1	9.5	11.2	11.5	10
Average equity	143.6	116.1	125.6	113.8	104.6	90.7	92.6
Return on equity, %	9.2	6.3	44.8	34.3	39.9	38.2	27
Equity ratio, %	47.9	52.5	50.8	48.8	53.3	55.5	55.8
Interest-bearing net cash and cash equivalents (liabilities -), MSEK	-1.1	-7.8	9.7	5	32.1	36.6	28.3
Earnings per share, SEK	1.16	0.64	4.93	3.42	3.66	3.04	2.37
Equity per share, SEK	13.11	10.42	12.08	9.94	10.0225	8.325	7.58
Dividend per share, SEK	-	-	3.6	3	3.5	3	2.25
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	404	335	358	335	301	268	246

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



FINANCIAL TARGETS

Aim to grow faster than the market

- Nilorn strives for sustainable and profitable growth.
- Revenue growth in excess of 5 percent
- Operating margin of at least 10 percent
- Net debt should not exceed 2 * EBITDA

Result 2016-12

- Revenue growth of 16 percent
- Operating margin 12 percent

Result 2015-12

- Revenue growth of 15 percent
- Operating margin 10 percent

Result 2014-12

- Revenue growth of 20 percent
- Operating margin 11 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!