



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

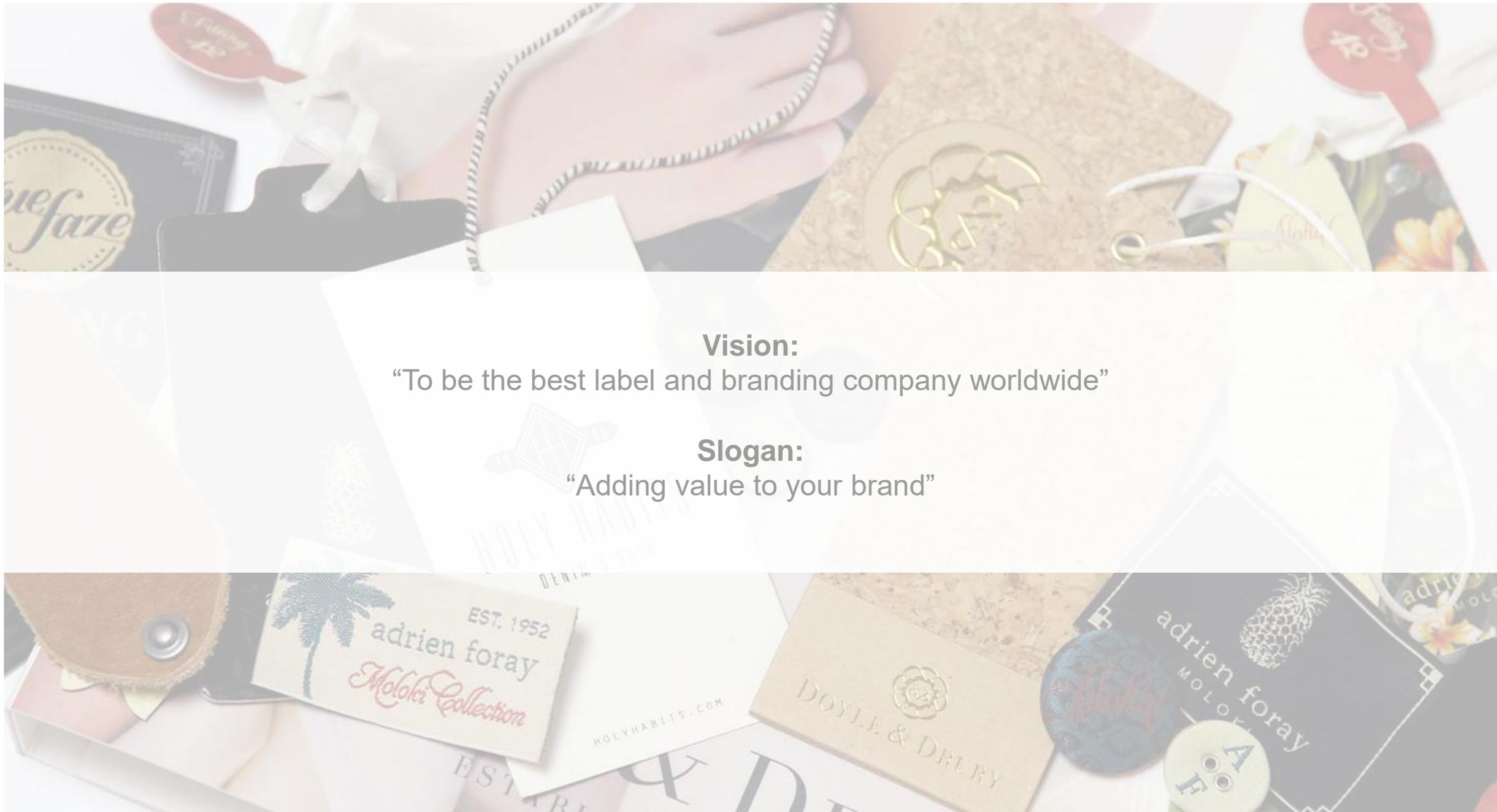
**NILÖRNGRUPPEN**  
**2018**

# 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

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

# CUSTOMERS

Broad customer base



J I G S A W

TIGER OF SWEDEN

GANT

POLARN O. PYRET



Dressmann



gina tricot

極度乾燥(しなさい) Superdry®

- 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

OEKO-TEX®  
CONFIDENCE IN TEXTILES



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

# MARKETS

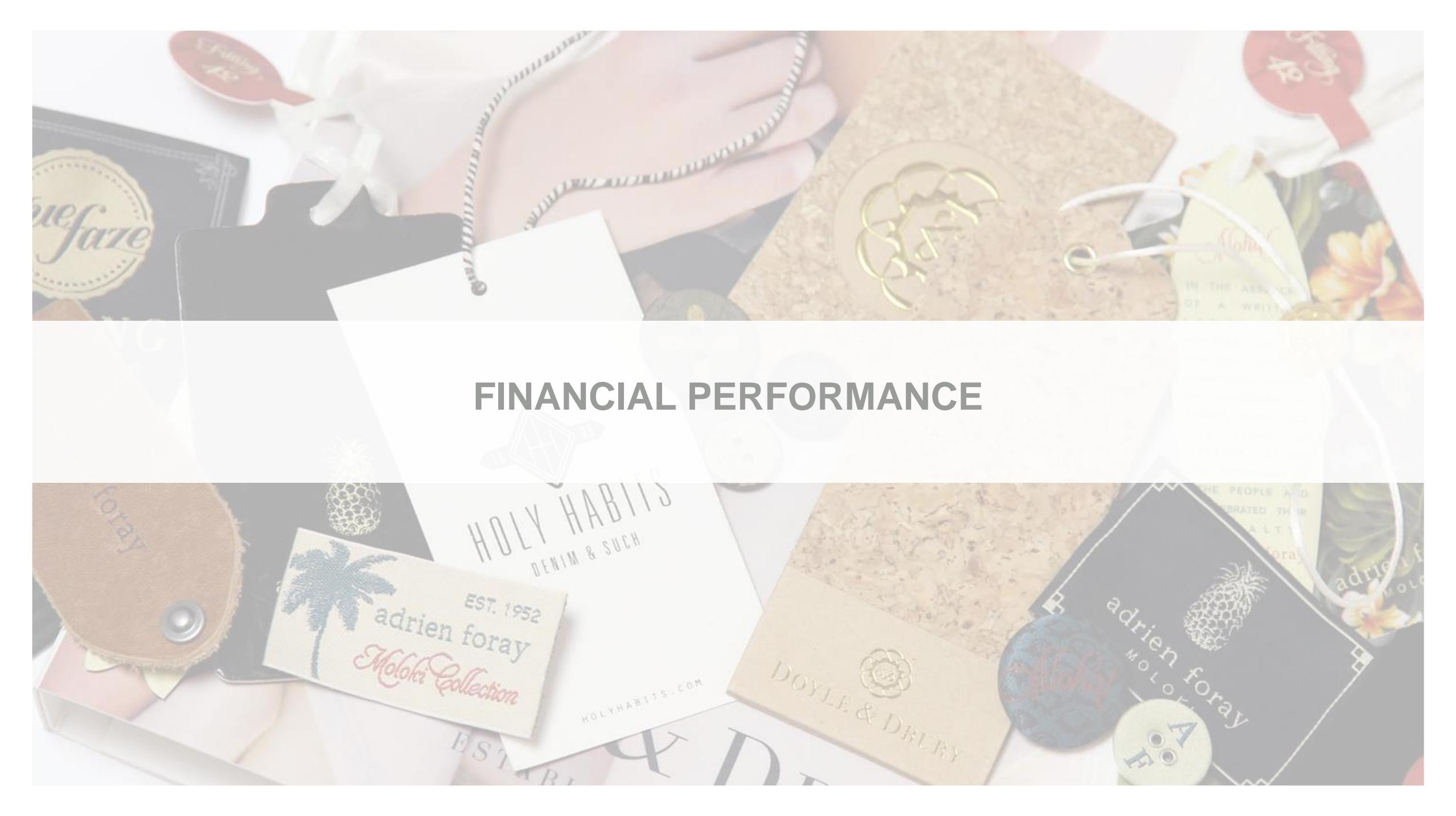


- Has become increasingly global
- Strategic decisions are taken at headquarters
- Production often in low cost regions
- Customers are mainly European branding and fashion companies
- High degree of competition and a large number of suppliers
- Larger groups and many small private companies
- Fragmented

# COMPETITORS

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





# FINANCIAL PERFORMANCE

# Q1-2019

- Order Income: -1% to MSEK 195 (202)
- Revenue: +17% to MSEK 178 (152)
- Adjusted for currency Revenue +9% to MSEK 165
- Operating profit: MSEK 15,1 (13,4)
- The net results: MSEK 11,0 (9,3)
- The result per share: SEK 0,97 (0,82)
- Cash flow from the operating activities: MSEK 24,4 (-5,4)



# INCOME 2019



Amounts in SEK thousand	3 months				12 months			
	January - March				January - December			
	2018		2017		2017		2016	
Net revenue	178 135		152 016		712 020		662 564	
Raw materials, supplies and goods for resale	-103 933		-84 841		-396 033		-364 600	
<b>Gross profit</b>	<b>74 202</b>	<b>41.7%</b>	<b>67 175</b>	<b>44.2%</b>	<b>315 987</b>	<b>44.4%</b>	<b>297 964</b>	<b>45.0%</b>
Other operating revenue	2 505		1 659		9 259		6 139	
Other external costs	-14 568	8.2%	-18 396	12.1%	-82 178	11.5%	-78 638	11.9%
Personnel costs	-39 226	22.0%	-34 142	22.5%	-144 770	20.3%	-133 311	20.1%
Depreciation, amortisation and impairment charges	-5 817		-1 742		-8 362		-6 287	
Other operating costs	-1 996		-1 198		-4 699		-3 458	
<b>Operating profit</b>	<b>15 100</b>	<b>8.5%</b>	<b>13 356</b>	<b>8.8%</b>	<b>85 237</b>	<b>12.0%</b>	<b>82 409</b>	<b>12.4%</b>
Net finance items	-767		-995		-1 391		-167	
<b>Profit before taxes</b>	<b>14 333</b>		<b>12 361</b>		<b>83 846</b>		<b>82 242</b>	
Taxes	-3 296	-1.9%	-3 037	-2.0%	-13 122	-1.8%	-17 219	-2.6%
<b>Net profit for the period</b>	<b>11 037</b>	<b>6.2%</b>	<b>9 324</b>	<b>6.1%</b>	<b>70 724</b>	<b>9.9%</b>	<b>65 023</b>	<b>9.8%</b>
Earnings per share, SEK	0.97		0.82		6.20		5.70	

# CASH FLOW



<b>Consolidated Cash Flow Statement</b>	<b>January - March</b>		<b>January - December</b>	
	<b>2 019</b>	<b>2 018</b>	<b>2 018</b>	<b>2 017</b>
<b>Amounts in SEK thousand</b>				
Cash flow from operating activities before changes in working capital	16 687	11 046	73 845	71 745
Cash from changes in working capital	7 744	-16 431	-18 216	-5 517
Cash flow from operating activities	24 431	-5 385	55 629	66 228
Cash flow from investment activities	-7 913	-1 554	-24 117	-22 660
Cash flow from financing activities	40	16 446	-40 060	-30 870
Cash flow for the year	16 558	9 507	-8 548	12 698

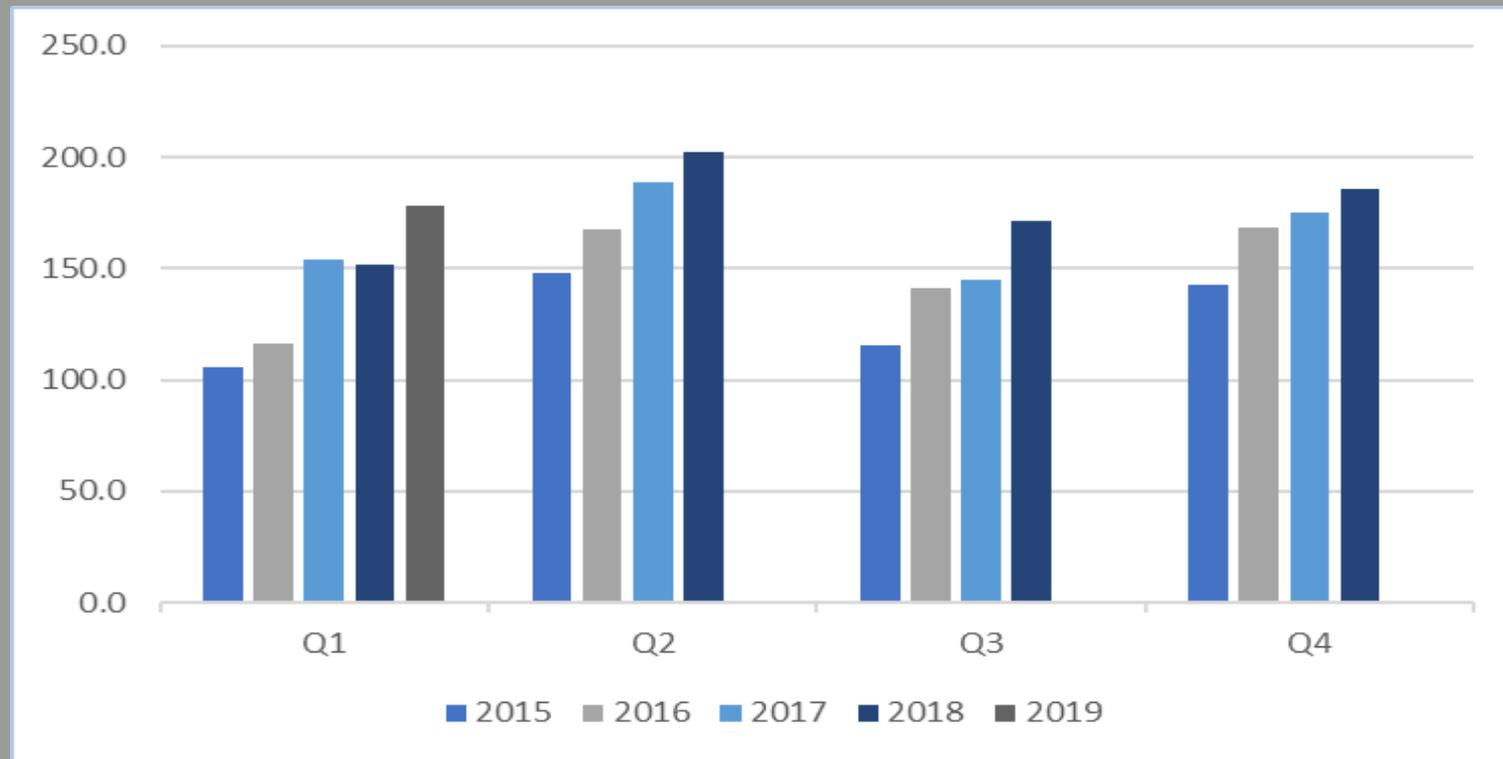
# SIGNIFICANT EVENTS Q1

- Positively currency impact on accumulated revenue MSEK 13
- Positive calendar effect due the Easter holidays
- IFRS 16 has impact on balance sheet and profit
- Rebooking of “discounts and rebates” to customer as lower revenue rather than Other operating expenses.
- Delivery of RFID (Radio Frequency Identification) continues develop well
- Strong development from existing as well as new clients
- Nilorn is growing more than the underlying market



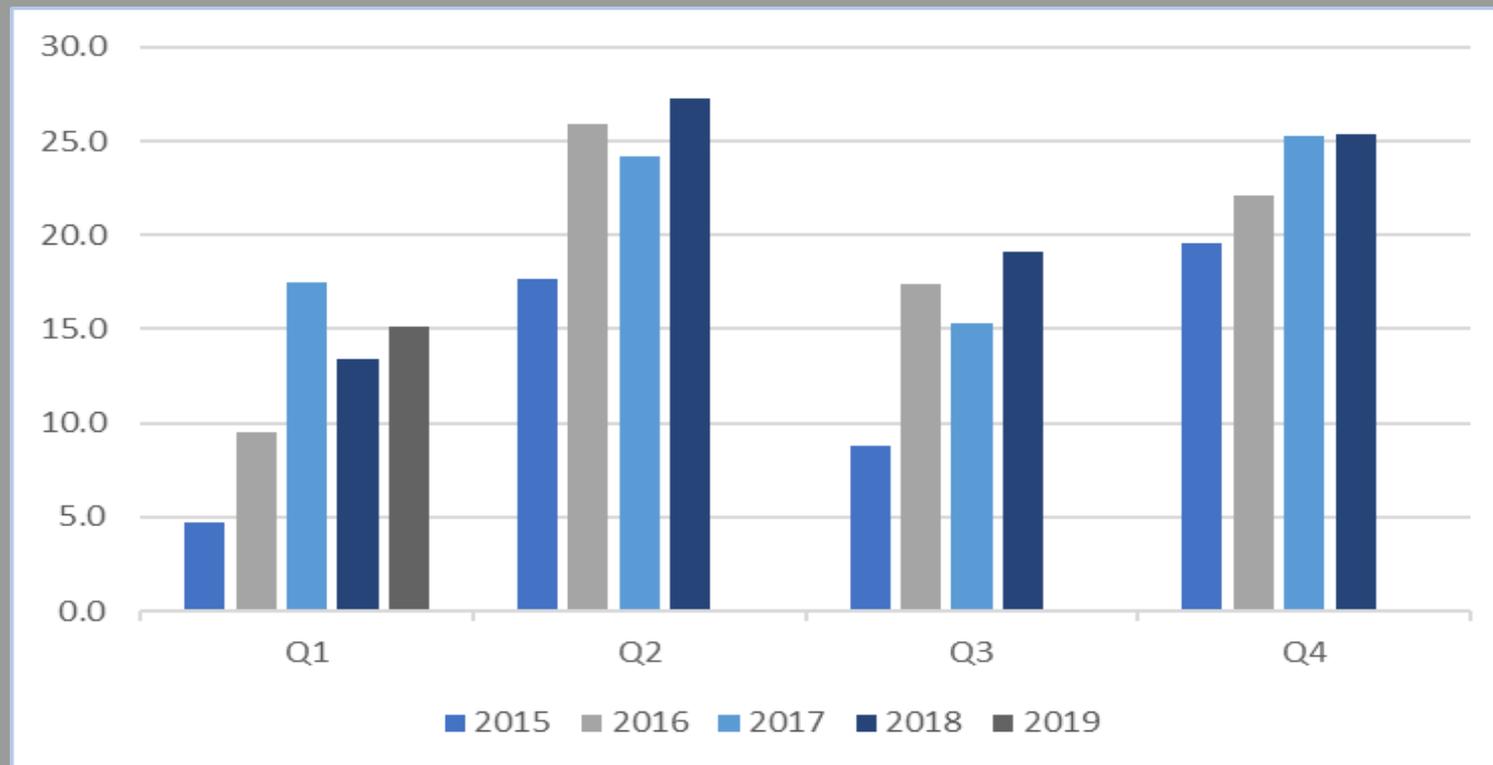
# QUARTERLY COMPARISON - Sales

Q2 and Q4 are historically the strongest revenue quarters

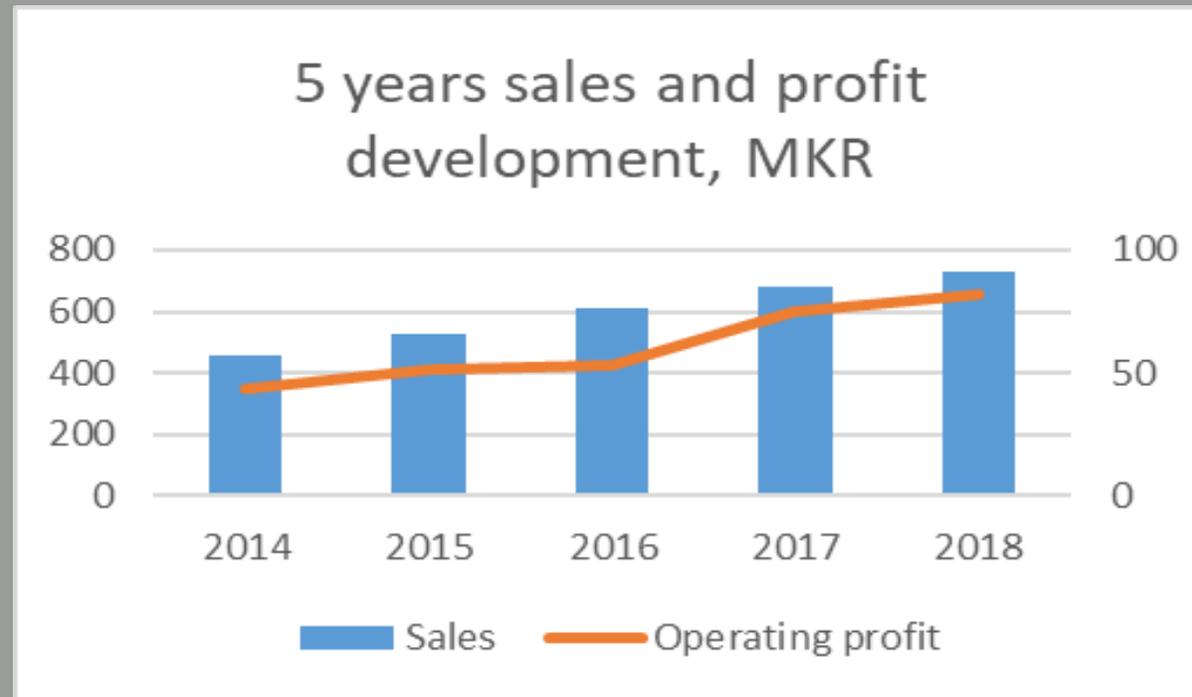


# QUARTERLY COMPARISON - Operating Profit

Q2 and Q4 are historically the strongest revenue quarters



# HISTORICAL DEVELOPMENT



# BALANCE SHEET



## Consolidated Balance Sheet

Amounts in SEK thousand	2019-03	2018-03	2018-12	2017-12
<b>Assets</b>				
Intangible non-current assets	17 677	15 420	16 594	14 673
Other non-current assets	129 070	47 148	63 696	48 193
Inventories	106 442	111 672	107 934	110 017
Trade receivables	83 955	91 049	83 175	76 238
Other current assets	29 501	21 838	31 885	18 658
Cash and cash equivalents	55 726	54 818	37 935	44 837
<b>Total assets</b>	<b>422 371</b>	<b>341 945</b>	<b>341 219</b>	<b>312 616</b>
<b>Equity and liabilities</b>				
Equity	196 403	166 569	180 767	153 913
Long-term non-interest-bearing liabilities	2 196	1 312	2 009	1 242
Current interest-bearing liabilities	54 161	52 123	40 457	35 677
Current non-interest-bearing liabilities	121 972	121 941	117 986	121 784
<b>Total equity and liabilities</b>	<b>422 371</b>	<b>341 945</b>	<b>341 219</b>	<b>312 616</b>

# KEY FINANCIAL INDICATORS



KEY FINANCIAL INDICATORS	1 January – 31 March		1 January – 31 December				
	2019	2018	2018	2017	2016	2015	2014
Revenue growth, %	17.2	-1.0	7.5	11.5	15.8	15.2	19.5
Operating margin, %	8.5	8.8	12.0	12.1	12.3	9.6	11.3
Profit margin, %	8.0	8.1	11.8	12.1	12.1	9.5	11.2
Average equity	188.6	160.2	167.3	145.9	125.6	113.8	104.6
Return on equity, %	5.9	5.8	42.3	44.6	44.8	34.3	39.9
Equity ratio, %	46.5	48.7	53.0	49.2	50.8	48.8	53.3
Interest-bearing net cash (liabilities –), MSEK	-46.1	2.7	-2.5	9.2	9.7	5.0	32.1
Interest-bearing net cash (liabilities –), adjusted for IFRS 16, MSEK	15.4	2.7	-2.5	9.2	9.7	5.0	32.1
Earnings per share, SEK	0.97	0.82	6.20	5.70	4.93	3.42	3.66
Equity per share, SEK	17.23	14.61	15.85	13.50	12.08	9.94	10.02
Dividend per share, SEK*	-	-	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	496	470	482	446	358	335	301

\*Suggested dividend from the board for year 2018

# CEO'S SUMMARY



- The year has started well
- Uncertainty in Great Britain
- Good development in Germany
- Pricing pressure due to challenging market
- Focus on new clients paying off
- Focus on Sustainability continues = attracting outdoor clients
- Nilorn continue its efforts in RFID
- Production operation in Bangladesh continues to develop well
- 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**

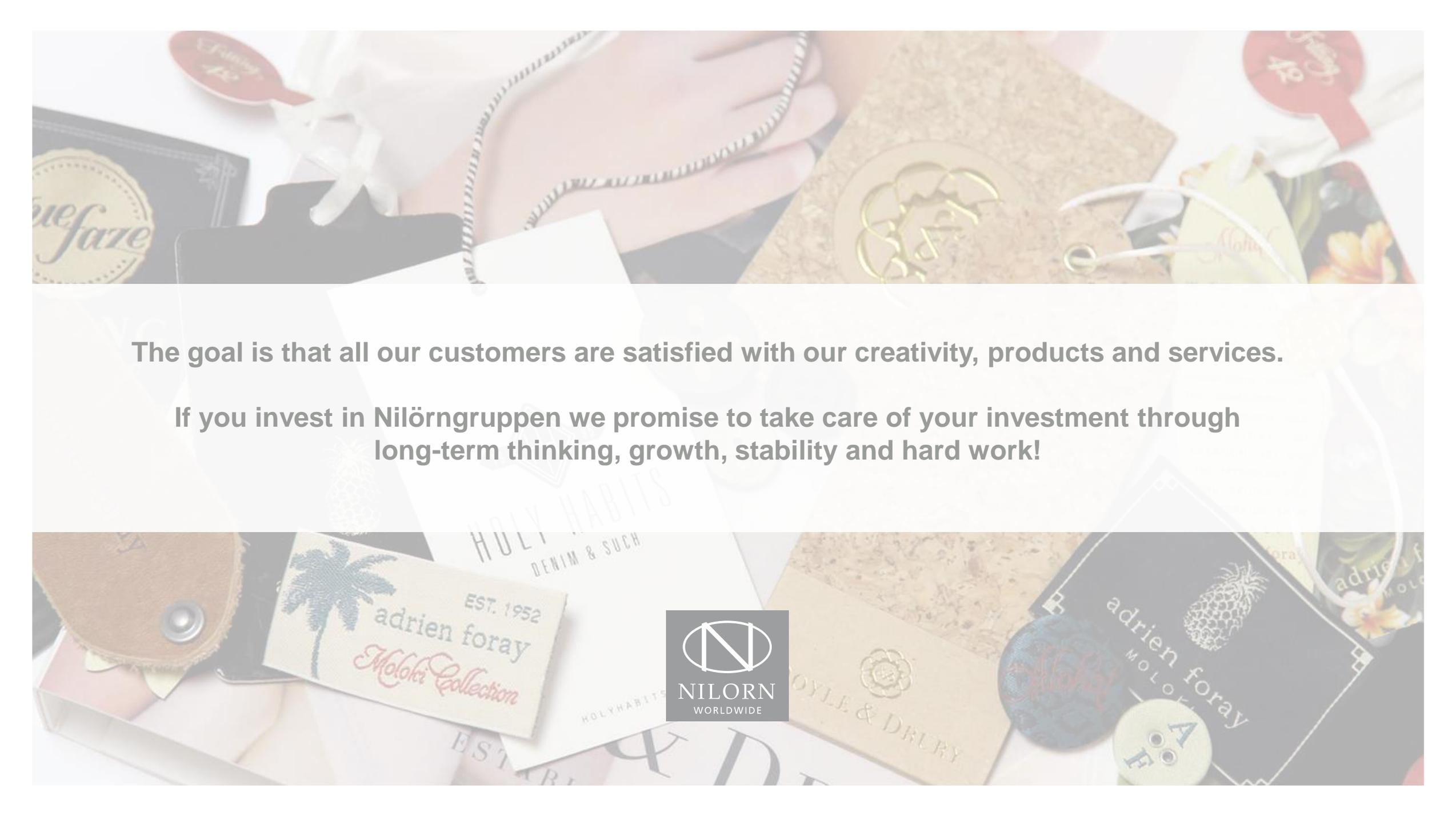
- Revenue growth of 13 percent
- Operating margin 12 percent

**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!

