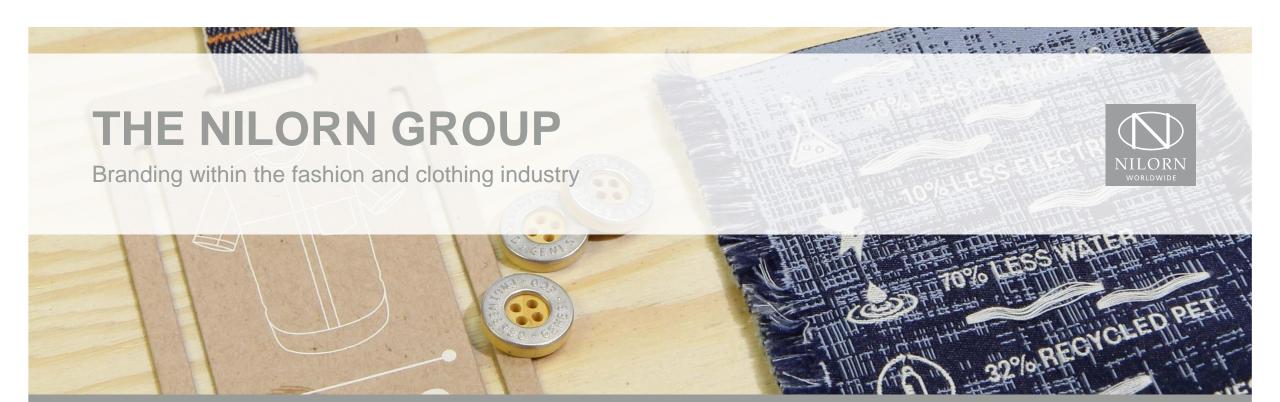




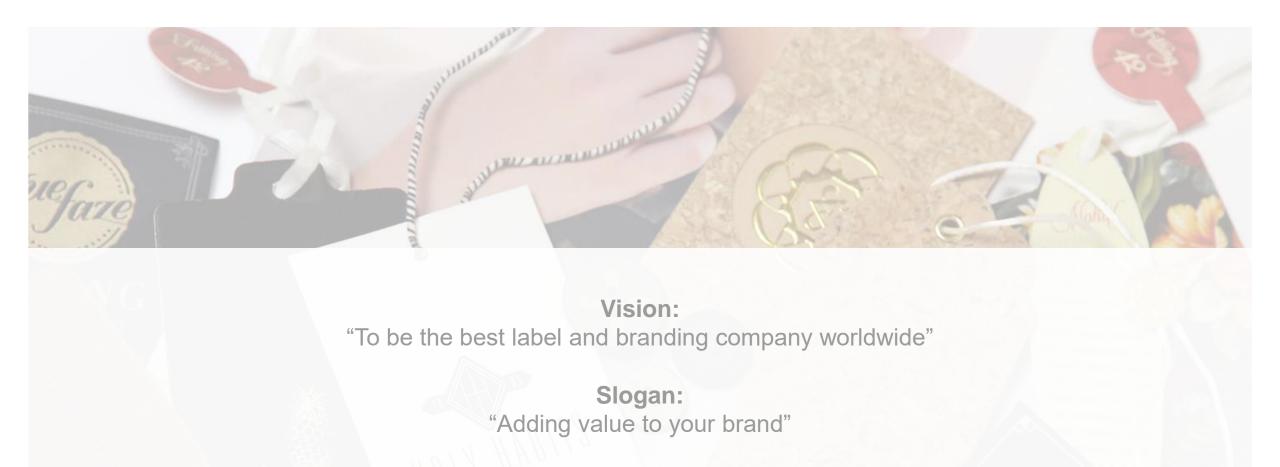
ADDING VALUE TO YOUR BRAND

BRANDING · DESIGN · PRODUCT DEVELOPMENT · LOGISTICS

NILÖRNGRUPPEN 2020



- 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











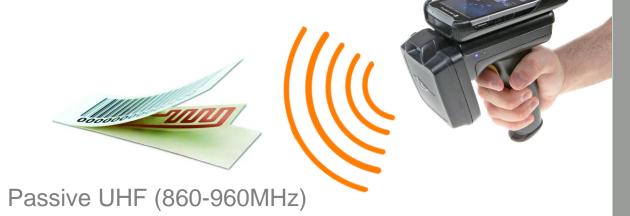
E.g. 70x15, 44x18, 50x30mm

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**



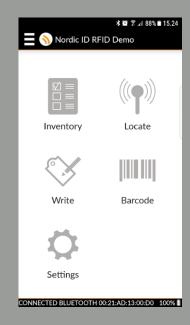




#### Hardware



#### 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

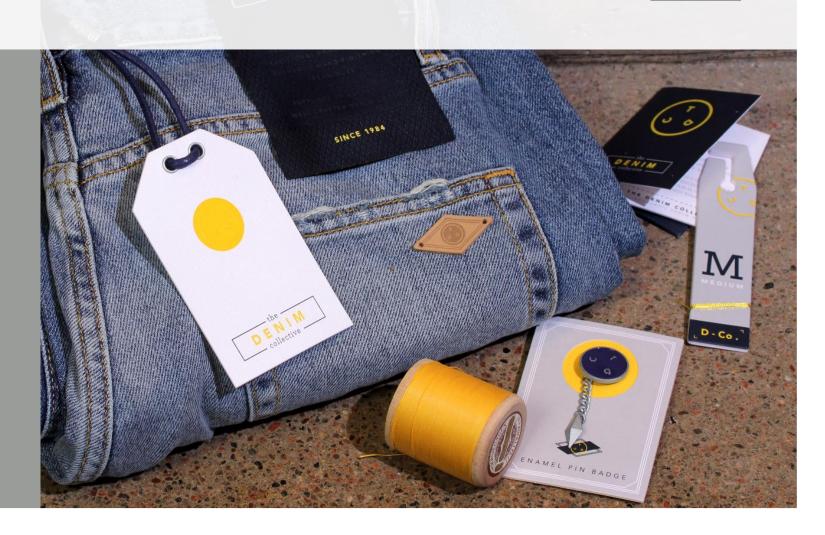


- Has become increasingly global
- Strategic decisions are taken at headquarters
- Production often in low cost regions
- Customers are mainly European branding and fashion companies
- High degree of competition and a large number of suppliers
- Larger groups and many small private companies
- Fragmented

## **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



#### Q1-2020

NILORN WORLDWIDE

- Order Income +4 % to MSEK 203 (195)
- Sales -13 % to MSEK 155 (178)
- Sales, adjusted for currency effects, -16%
- Operating profit MSEK 11,8 (15,1) (excluding termination cost for CEO of MSEK2,8m)
- Net Profit MSEK 5,8 (11,0)
- Earnings per share SEK 0,51 (0,97)



# Full year 2019

NILORN WORLDWIDE

- Order Income MSEK 749 (738)
- Sales +0,4 % to MSEK 715 (712).
- Sales excl currency effects MSEK 682 (712) = an underlying decrease of 4 %.
- Operating profit MSEK 66,2 (85,2).
- Profit for the period MSEK 47,2 (70,7).
- Earnings per share SEK 4,14 (6,20).
- Cash flow from operating activities MSEK 63,4 (59,7).



## **INCOME 2019**



	3 months				12 months			
	January - March				January - December			
Amounts in SEK thousand	2020		2019		2017		2016	
Net revenue	155 472		178 135		715 354		712 020	
Raw materials, supplies and goods for resale	-82 783		-103 933		-407 623		-396 033	
Gross profit	72 689	46.8%	74 202	41.7%	307 731	43.0%	315 987	44.4%
Other operating revenue	1 550		2 505		5 114		9 259	
Other external costs	-14 935	9.6%	-14 568	8.2%	-65 157	9.1%	-82 178	11.5%
Personnel costs	-42 596	27.4%	-39 226	22.0%	-153 753	21.5%	-144 770	20.3%
Depreciation, amortisation and impairment charges	-6 709		-5 817		-24 600		-8 362	
Other operating costs	-1 016		-1 996		-3 162		-4 699	
Operating profit	8 984	5.8%	15 100	8.5%	66 173	9.3%	85 237	12.0%
Net finance items	-887		-767		-3 091		-1 391	
Profit before taxes	8 097		14 333		63 082		83 846	
Taxes	-2 250	-1.4%	-3 296	-1.9%	-15 840	-2.2%	-13 122	-1.8%
Net profit for the period	5 847	3.8%	11 037	6.2%	47 242	6.6%	70 724	9.9%
Earnings per share, SEK	0.51		0.97		4.14		6.20	

# **CASH FLOW**



Consolidated Cash Flow Statement	January - March		January - December		
Amounts in SEK thousand	2 020	2 019	2 019	2 018	
Cash flow from operating activities before changes in working capital	9 023	16 687	59 703	77 940	
Cash from changes in working capital	-4 714	7 744	3 610	-18 216	
Cash flow from operating activities	4 309	24 431	63 313	59 724	
Cash flow from investment activities	-6 435	-7 913	-51 461	-28 212	
Cash flow from financing activities	14 035	40	-18 696	-40 060	
Cash flow for the year	11 909	16 558	-6 844	-8 548	

## SIGNIFICANT EVENTS Q1

- Revenue was negatively affected during the quarter by the Chinese New Year, and which was succeeded by the COVID-19 pandemic which virtually closed China.
- Deliveries from and to customers in China were resumed at the end of March.
- At the end of March all of Bangladesh, India and Pakistan were closed due to COVID-19.
- Accounting in accordance with IFRS 16 affected the balance sheet total and interest—bearing liabilities by MSEK 54.
- On March 4 CEO, Claes af Wetterstedt, resigned at his own request and Krister
  Magnuson (CFO for 12 years back) assumed the position as acting CEO.
- Termination costs amounting to MSEK 2.8 for the former CEO
- Nilorn has and will use the temporarily redundancy funded by governments and renegotiate agreements where possible to minimize the fixed costs.





# Effects attributable to the COVID-19 pandemic



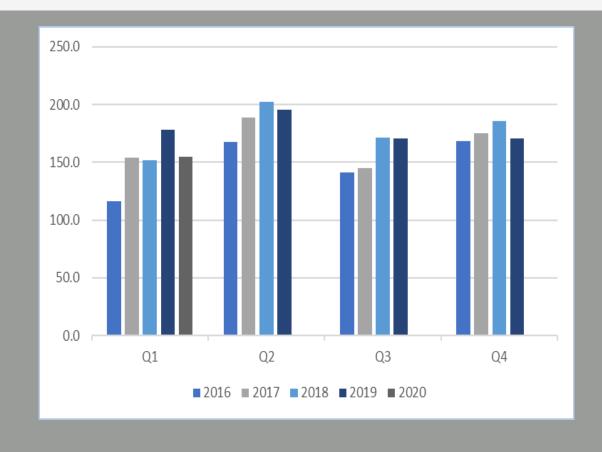
- The effects of the COVID-19 pandemic will have considerable impact on the demand for the Company's products.
- It is very difficult to judge if this major impact is of a short-term nature, i.e. a number of months of the effect, or if the effect will be of a more long-term nature.
- We monitor the development closely and take continuous measures to limit the adverse effects on the company.
- Nilorn has and will use the temporarily redundancy funded by governments and renegotiate agreements where possible to minimize the fixed costs.
- The Board of Directors proposes no dividend for the 2019 financial year.



### **QUARTERLY COMPARISON** - Sales

Q2 and Q4 are historically the strongest revenue quarters

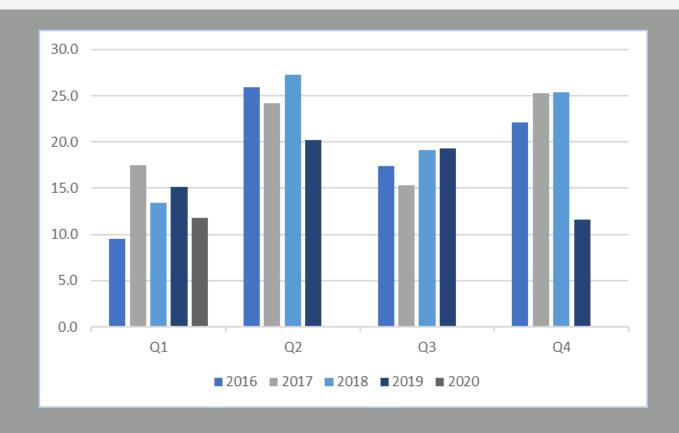




## **QUARTERLY COMPARISON** - Operating Profit



Q2 and Q4 are historically the strongest revenue quarters



## **BALANCE SHEET**



Consolidated Balance Sheet				
Amounts in SEK thousand	2020-03	2019-03	2019-12	2018-12
Assets				
Intangible non-current assets	22,102	17,677	21,251	16,594
Other non-current assets	162,341	129,070	159,526	63,696
Inventories	134,796	106,442	119,007	107,934
Trade receiveables	84,466	83,955	59,382	83,175
Other current assets	28,793	29,501	20,571	31,885
Cash and cash equivalents	46,111	55,726	32,292	37,935
Total assets	478,609	422,371	412,029	341,219
Equity and liabilities				
Equity	198,920	196,403	186,700	180,767
Long-term interest-bearing liabilites	46,089	-	-	-
Long-term non-interest-bearing liabilities	3,036	2,196	50,917	2,103
Current interest-bearing liabilities	88,672	54,161	74,084	40,457
Current non-interest-bearing liabilities	141,892	121,972	100,328	117,892
Total equity and liabilities	478,609	374,732	412,029	341,219

## **KEY FINANCIAL INDICATORS**



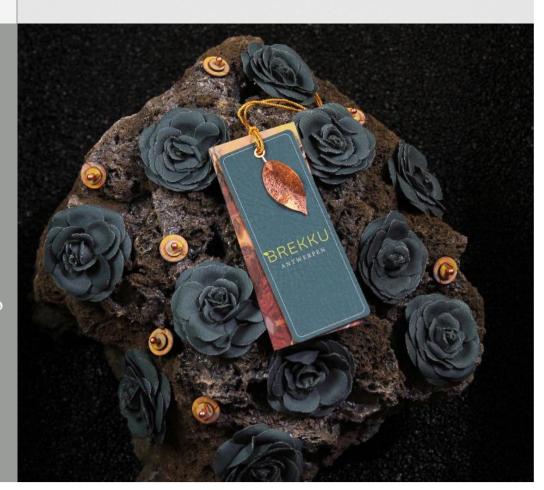
	1 January –	31 March					
KEY FINANCIAL INDICATORS	2020	2019	2019	2018	2017	2016	2015
Revenue growth, %	0.5	17.2	0.5	7.5	11.5	15.8	15.2
Operating margin, %	9.3	8.5	9.3	12.0	12.1	12.3	9.6
Profit margin, %	8.8	8.0	8.8	11.8	12.1	12.1	9.5
Average equity	192.8	188.6	183.7	167.3	145.9	125.6	113.8
Return on equity, %	24.5	5.9	25.7	42.3	44.6	44.8	34.3
Equity ratio, %	41.6	46.5	45.3	53.0	49.2	50.8	48.8
Interest-bearing net cash (liabilities –), MSEK*	-88.7	-46.1	-89.6	-2.5	9.2	9.7	5
Earnings per share, SEK	4.14	15.43	4.14	6.20	5.70	4.93	3.42
Equity per share, SEK	17.45	0.97	16.37	15.85	13.50	12.08	9.94
Dividend per share, SEK	-	17.23	-	4.00	4.00	3.60	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	11 401 988	11 401 988	11 401 988	11 401 988	11 401 988	11 401 988	11 401 988
period Average number of employees	501	496	494	482	446	358	335

<sup>\*</sup> Interest-bearing net cash (liabilities –), has been effected by 56 MSEK by the introduction of IFRS 16

#### **CEO'S SUMMARY**



- Business slow due to Chinese New Year followed by Covid-19
- Hong Kong and China reopened end of March
- Since end of March all Bangladesh, India and Pakistan are closed
- Deliveries to and from our warehouses in Turkey and Europe are still ongoing albeit to lesser extent
- COVID-19 will have major effect on the demand
- No major investments planned forward (only ERP system continues)
- No dividend proposed for 2019 and working intensively to adopt all cost to lower volume
- Some new lager clients signed up in Italy, France and Sweden
- Expect Nilorn to be relatively stronger once the Corona is over



#### 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 2019-12

- Revenue growth of 0,4 percent
- Operating margin 9 percent

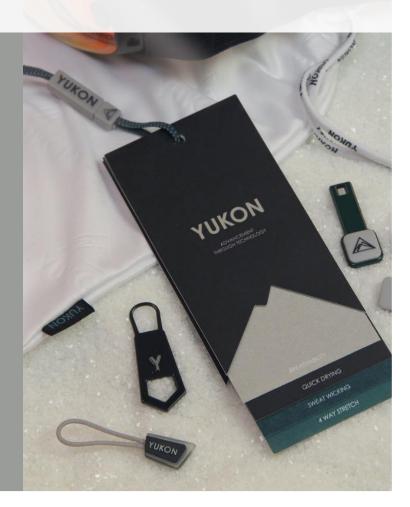
#### Result 2018-12

- Revenue growth of 7 percent
- Operating margin 12 percent

#### Result 2017-12

- Revenue growth of 13 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!

