

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



GANT®



Jacques Vert



ginatricot



極度乾燥(しなさい)
Superdry.



- 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



Q2-2017

- Order Income +4% to MSEK 156 (150)
- Turnover +12% to MSEK 192 (172)
- Operating profit: MSEK 25,6 (25,9) (excluding SEK1.4m in cost for changing listing)
- Operating profit: MSEK 24,2 (25,9) (including SEK1.4m in cost for changing listing)
- The net results: MSEK 18,5 (20,6)
- The result per share was SEK 1,62 (1,81)
- Cash flow from the current activity was MSEK 31,3 (25,2)



SIGNIFICANT EVENTS Q2

- Increased organisation to meet the demand and to be able to continue the growth
- Negative effect of Easter in Q2
- Turn over and gross margin influenced by new major clients and product mix
- Preliminary application for listing on Nasdaq Stockholm's main market
- Production has started at Bangladesh plant
- Cost for changing listing amounted to MSEK 1.4m.

Q2-2017 accumulated

- Order Income +19% to MSEK 357 (300)
- Turnover +21% to MSEK 352 (292)
- Operating profit: MSEK 43.2 (35.4) (excluding SEK1.4m in cost for changing listing)
- Operating profit: MSEK 41.8 (35.4) (including SEK1.4m in cost for changing listing)
- The net results: MSEK 31,7 (27.9)
- The result per share was SEK 2,78 (2,45)
- Cash flow from the current activity was MSEK 29,5 (19,8)

INCOME

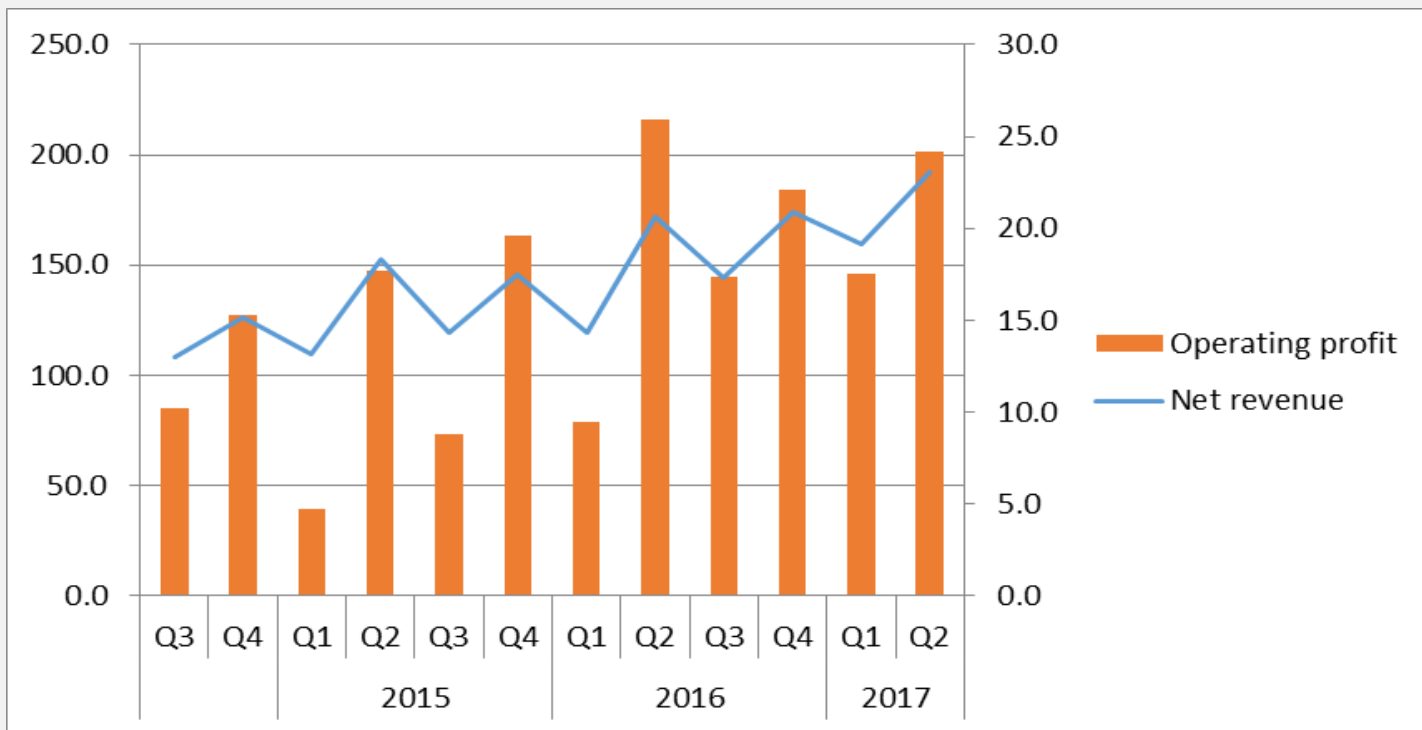
Amounts in SEK thousand	3 months		6 months	
	April - June		January - June	
	2017	2016	2017	2016
Net revenue	192 420	171 892	351 699	291 640
Raw materials, supplies and goods for resale	-108 578	-94 517	-194 291	-155 998
Gross profit	83 842	77 375	157 408	135 642
Other operating revenue	1 602	1 205	3 348	2 140
Other external costs	-24 327	-20 516	-47 660	-39 895
Personnel costs	-34 596	-30 122	-66 692	-58 659
Depreciation, amortisation and impairment charges	-1 612	-914	-2 818	-2 245
Other operating costs	-690	-1 114	-1 820	-1 551
Operating profit	24 219	25 914	41 766	35 432
Net finance items	-341	-44	-521	-138
Profit before taxes	23 878	25 870	41 245	35 294
Taxes	-5 401	-5 252	-9 540	-7 412
Net profit for the period	18 477	20 618	31 705	27 882
Average number of shares outstanding (thousands)	11 402	11 402	11 402	11 402
Earnings per share, SEK	1.62	1.81	2.78	2.45
Earnings per share, SEK after dilution	1.62	1.81	2.78	2.45

QUARTERLY INCOME STATEMENT

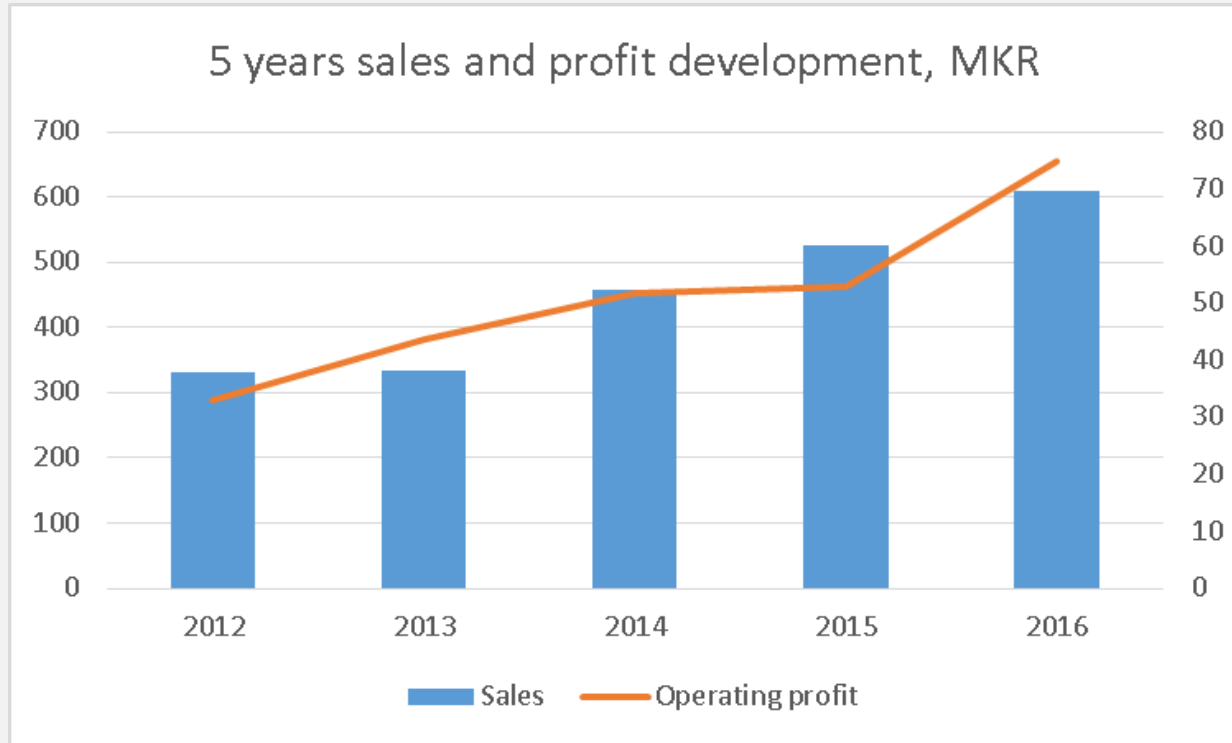
Amount in MSEK)	2017		2016				2015				2014				2013			
	Q1	Q2	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net revenue	119.7	120.7	119.7	171.9	144.6	174.2	109.4	152.6	119.2	145.9	90.6	132.6	108.2	126.1	74.6	109.8	88.5	109.9
Raw materials and goods for resale	-85.7	-108.6	-61.4	-94.5	-77.3	-91.1	-58.2	-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	83.8	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%	43.6%	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	1.6	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	-59.6	-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	-1.6	-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	24.2	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%	12.6%	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/share	1.5	2.1	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	2017-06	2016-06	2016-12	2015-12
Assets				
Intangible non-current assets	15 120	1 022	2 886	590
Other non-current assets	49 362	47 178	46 642	38 796
Inventories	94 932	79 657	88 891	80 068
Trade receivables	79 022	75 637	73 370	58 640
Other current assets	22 989	25 717	24 282	22 722
Cash and cash equivalents	47 211	43 059	35 210	31 548
Total assets	308 636	272 270	271 281	232 364
Equity and liabilities				
Equity	122 663	107 666	137 791	113 337
Long-term non-interest-bearing liabilities	1 874	5 038	5 035	4 970
Current interest-bearing liabilities	70 671	63 233	25 500	26 512
Current non-interest-bearing liabilities	113 428	96 333	102 955	87 545
Total equity and liabilities	308 636	272 270	271 281	232 364

MULTI-YEAR OVERVIEW

Key figures

KEY Numbers	1 January – 30 June		1 January – 31 December				
	2017	2016	2016	2015	2014	2013	2012
Revenue growth, %	20.6	11.3	15.8	15.2	19.5	15.9	2.9
Operating margin, %	11.9	12.1	12.3	9.6	11.3	11.4	10
Profit margin, %	11.7	12.1	12.1	9.5	11.2	11.5	10
Average equity	130.2	110.5	125.6	113.8	104.6	90.7	92.6
Return on equity, %	24.3	25.2	44.8	34.3	39.9	38.2	27
Equity ratio, %	39.7	39.5	50.8	48.8	53.3	55.5	55.8
Interest-bearing net cash (liabilities –), MSEK	-23.5	-20.2	9.7	5	32.1	36.6	28.3
Earnings per share, SEK	2.78	2.45	4.93	3.42	3.66	3.04	2.37
Equity per share, SEK	10.76	9.44	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	421	335	358	335	301	268	246



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 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!