

NILÖRNGRUPPEN 2018



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

NILÖRNGRUPPEN

Branding within fashion and textile



- Labels, packaging and accessories
- Adding value within Branding & Design
- Global and cost efficient solutions
- Branding including:
 - Design
 - Production
 - Logistic
 - Services

NILÖRNGRUPPEN



Vision:

“To be the best label and branding company worldwide”

Slogan:

“Adding value to your brand”

HISTORICAL OVERVIEW

Long term experience from the business

1970

- Design studio in Borås

1980

- Design and production of labels

1990

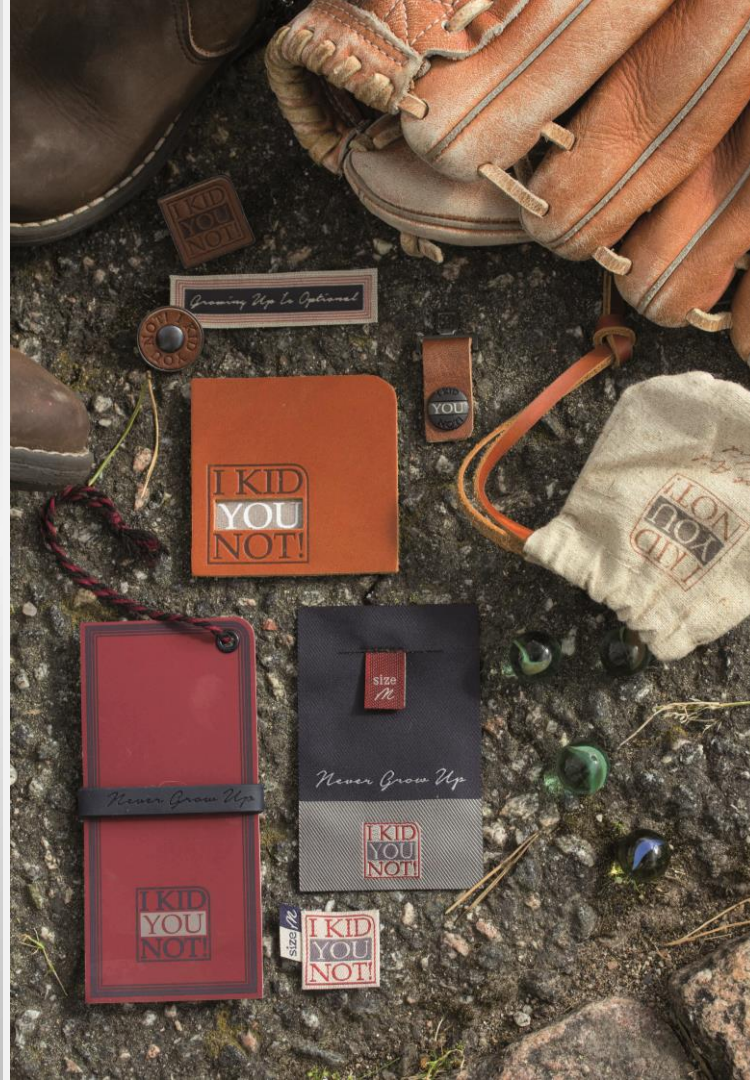
- International expansion through acquisitions
- 1998 listed at Stockholm stock exchange

2000

- Continuing international expansion
- Closing production
- Establish in Turkey
- Increased focus on design, partners and logistic solutions

2010

- 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



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
- 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 containers
- Buttons, zippers, rivets, buckles, eyelets, molded plastic badges, etc.
- An emerging area: RFID

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

極度乾燥(しなさい)
Superdry.

Jonles



- Sales are mainly to European fashion and textile companies
- Most of them are brand-owners
- Customers produce garment with external suppliers, thereof mainly based in Asia
- Nilorn has more than 1,000 customers
- Nilorn has a broad customer base within Europe's leading fashion and branding companies



MANUFACTURING / LOGISTICS

Central part of Nilörngruppen Operation

- Total solutions
- Local supply
- 85 percent from external production partners
- Wide network of producers
- An efficient logistics system
- **A KEY competitive advantage for Nilörn**



ENVIRONMENT

An important part and a competitive advantage

Environmental responsibility and sustainability is a natural part of the business

- Nilorn environmental policy:
 - Good and safe working environment
 - Be cautious with environmentally harmful products
 - Reuse and recycle materials
 - Offer energy efficient and environmentally friendly products
 - Using power in a responsible way and with utmost restraint
 - Keeping staff informed of environmental issues
 - Study the new environmental standards
 - Choosing suppliers that have a clear environmental policy
 - Continuously monitor and adapt the environment Description
 - Nilörngruppen's environmental policy has a wide perspective

MARKET



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



NILÖRN's COMPETITIVE ADVANTAGES

- Efficient logistics and scalable low-cost production
- Local presence to ensure just-in-time deliveries
- A user-friendly system that gives good control
- Design
- Client oriented and flexible organization
- Being global acting local
- Goal to be best in class in Sustainability
- One stop shop

GROWTH STRATEGY

Nilörn provides services that strengthen brands and products

- Focusing on organic growth
 - Offer a broad concept
 - More products to existing customers
 - Attract new customers who want efficient service
- Open to acquisitions
- Further developing the supplier network
- Expansion of sales force
- Establishing a local presence in new markets
- Potential markets: Netherlands, France, Italy and Spain

Nilörngruppen is well positioned for continued profitable growth



FINANCIAL PERFORMANCE



Q2-2018

- Order Income: +3% to MSEK 161 (156) (adjusted for currency effects +4 % to MSEK 163)
- Revenue: +7% to MSEK 205(192) (adjusted for currency effects +8% to MSEK 208)
- Operating profit: MSEK 27,3 (24,2)
- The net results: MSEK 21,3 (18,5)
- The result per share: SEK 1,87 (1,62)
- Cash flow from the operating activities: MSEK 24,5 (31,3)

INCOME Q2-2018

	3 months				12 months			
	April - June				January – December			
Amounts in SEK thousand	2018		2017		2017		2016	
Net revenue	208 100		192 420		364 237		351 699	
Raw materials, supplies and goods for resale	-113 355		-108 578		-198 196		-194 291	
Gross profit	94 745	45.5%	83 842	43.6%	166 041	45.6%	157 408	44.8%
Other operating revenue	1 397		1 602		3 056		3 348	
Other external costs	-26 722		-24 327		-49 239		-47 660	
Personnel costs	-39 265		-34 596		-73 407		-66 692	
Depreciation, amortisation and impairment charges	-2 004		-1 612		-3 746		-2 818	
Other operating costs	-804		-690		-2 002		-1 820	
Operating profit	27 347	13.1%	24 219	12.6%	40 703	11.2%	41 766	11.9%
Net finance items	226		-341		-769		-521	
Profit before taxes	27 573		23 878		39 934		41 245	
Taxes	-6 286		-5 401		-9 323		-9 540	
Net profit for the period	21 287	10.2%	18 477	9.6%	30 611	8.4%	31 705	9.0%
Earnings per share, SEK	1.87		1.62		2.68		2.78	

CASH FLOW Q2-2018

Consolidated Cash Flow Statement	April - June		January - June	
Amounts in SEK thousand	2 018	2 017	2 018	2 017
Cash flow from operating activities before changes in working capital	23 089	16 473	34 135	35 040
Cash from changes in working capital	1 450	14 866	-14 981	-5 514
Cash flow from operating activities	24 539	31 339	19 154	29 526
Cash flow from investment activities	-3 372	-10 816	-4 926	-19 331
Cash flow from financing activities	-26 327	-14 283	-9 881	4 123
Cash flow for the year	-5 160	6 240	4 347	14 318

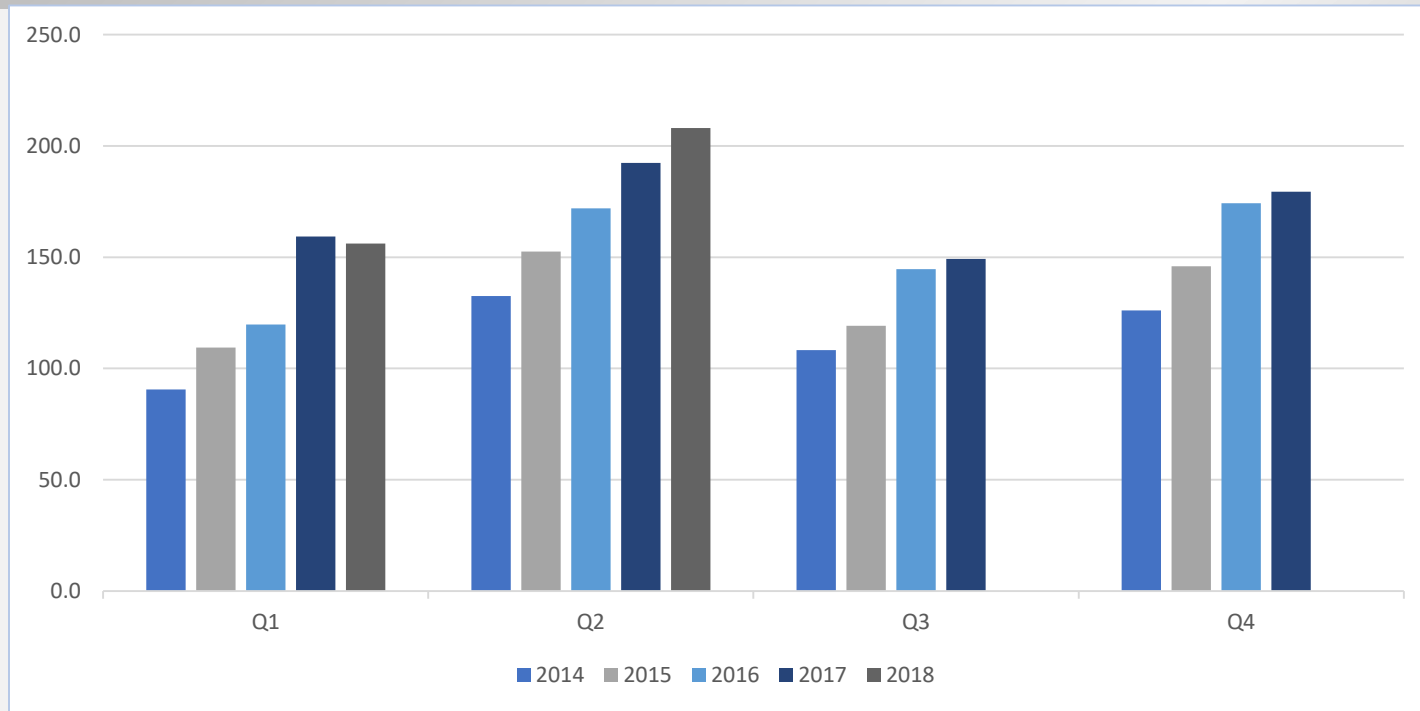


SIGNIFICANT EVENTS Q2

- Negative currency impact on accumulated revenue MSEK12
- Positive currency impact on Q2 revenue MSEK3
- RFID (Radio Frequency Identification)
- Contraction in England, but positive development in Germany, Belgium, Denmark and Italy
- Production facility in Bangladesh develops well

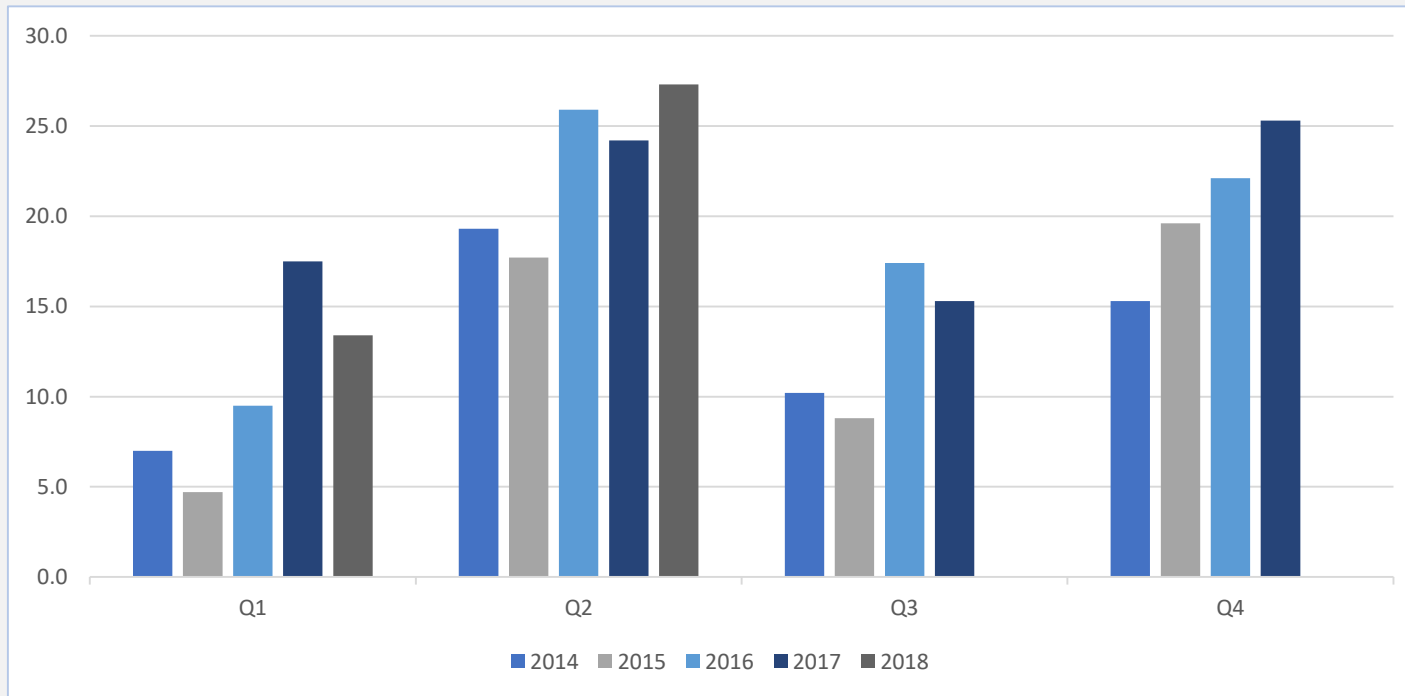
QUARTERLY COMPARISON- sales

Q2 and Q4 are historically the strongest revenue quarters

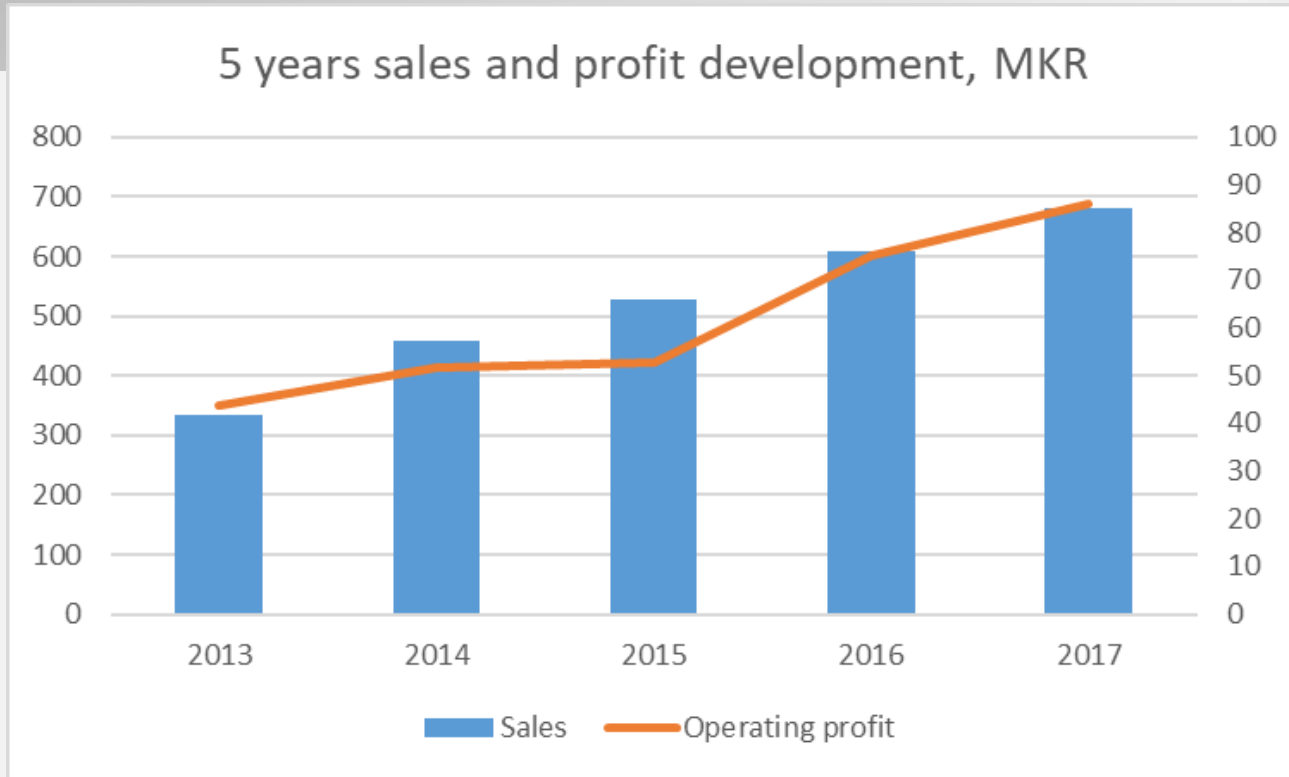


QUARTERLY COMPARISON- Operating Profit

Q2 and Q4 are historically the strongest revenue quarters



HISTORICAL DEVELOPMENT



BALANCE SHEET

Consolidated Balance Sheet

Amounts in SEK thousand	2018-06	2017-06	2017-12	2016-12
Assets				
Intangible non-current assets	16 456	15 120	14 673	2 886
Other non-current assets	48 272	49 362	48 193	46 642
Inventories	107 554	94 932	110 017	88 891
Trade receivables	80 725	79 022	76 238	73 370
Other current assets	28 889	22 989	18 658	24 282
Cash and cash equivalents	51 441	47 211	44 837	35 210
Total assets	333 337	308 636	312 616	271 281
Equity and liabilities				
Equity	145 416	122 663	153 913	137 791
Long-term non-interest-bearing liabilities	1 129	1 874	1 242	5 035
Current interest-bearing liabilities	71 402	70 671	35 677	25 500
Current non-interest-bearing liabilities	115 390	113 428	121 784	102 955
Total equity and liabilities	333 337	308 636	312 616	271 281

KEY FINANCIAL INDICATORS

	1 January – 31 June		1 January – 31 December				
KEY FINANCIAL INDICATORS	2017	2016	2017	2016	2015	2014	2013
Revenue growth, %	3.6	20.6	11.5	15.8	15.2	19.5	15.9
Operating margin, %	11.2	11.9	12.1	12.3	9.6	11.3	11.4
Profit margin, %	11.0	11.7	12.1	12.1	9.5	11.2	11.5
Average equity	149.7	130.2	145.9	125.6	113.8	104.6	90.7
Return on equity, %	20.5	24.3	44.6	44.8	34.3	39.9	38.2
Equity ratio, %	43.6	39.7	49.2	50.8	48.8	53.3	55.5
Interest-bearing net cash (liabilities –), MSEK	-20.0	-23.5	9.2	9.7	5.0	32.1	36.6
Earnings per share, SEK	2.68	2.78	5.70	4.93	3.42	3.66	3.04
Equity per share, SEK	12.75	10.76	13.50	12.08	9.94	10.02	8.33
Dividend per share, SEK	-	-	4.00	3.60	3.00	3.50	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 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	474	421	446	358	335	301	268

CEO'S SUMMARY

- Operations continue to develop favourable
- Good underlying increase
- Slightly more challenging market
- E-commerce clients increase
- Strong trend in Sustainability
- Increasing interest for RFID
- 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 2017-12

- Revenue growth of 13 percent
- Operating margin 12 percent

Result 2016-12

- Revenue growth of 16 percent
- Operating margin 12 percent

Result 2015-12

- Revenue growth of 15 percent
- Operating margin 10 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!