

# 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

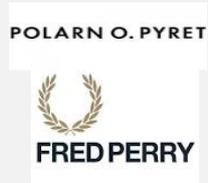


To strengthen the brand and convey a feeling, it is important that the product is delivered in a suitable packaging

- 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



- 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



# Q3-2017

- Order Income +4% to MSEK 176 (170)
- Turnover +3% to MSEK 149 (145)
- Operating profit: MSEK 16,6 (17,4) (excluding SEK1.3m in cost for changing listing)
- The net results: MSEK 11,3 (12,9)
- The result per share was SEK 0,99 (1,13)
- Cash flow from the current activity was MSEK 11,2 (10,3)

## SIGNIFICANT EVENTS Q3

- Longer lead time, postponed orders and UK market more slowly than expected
- Strong development in Scandinavia, Italy and Germany
- Increased organisation to meet the demand and to be able to continue the growth
- Cost for changing listing amounted to MSEK 1.3m
- Development of RFID (Radio Frequency Identification) has been intensified.

# Q3-2017 accumulated

- Order Income +13% to MSEK 532 (469)
- Turnover +15% to MSEK 501 (436)
- Operating profit: MSEK 59,8 (52,9) (excluding SEK2,7m in cost for changing listing)
- The net results: MSEK 43,0 (40,8)
- The result per share was SEK 3,77 (3,58)
- Cash flow from the current activity was MSEK 40,7 (30,0)

# INCOME

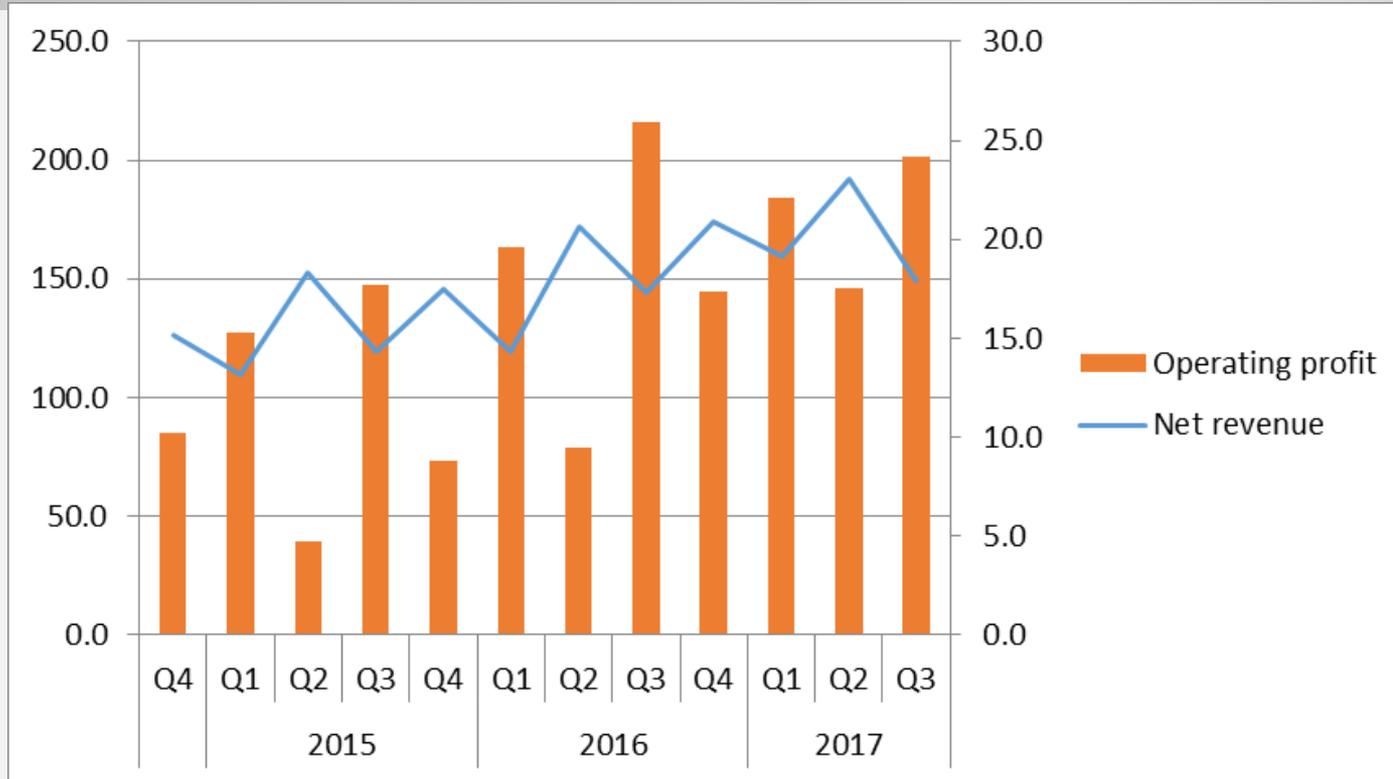
Amounts in SEK thousand	3 months		9 months	
	April - June		January - June	
	2017	2016	2017	2016
Net revenue	149 225	144 615	351 699	291 640
Raw materials, supplies and goods for resale	-76 407	-77 314	-194 291	-155 998
<b>Gross profit</b>	<b>72 818</b>	<b>67 301</b>	<b>157 408</b>	<b>135 642</b>
Other operating revenue	464	1 192	3 348	2 140
Other external costs	-24 052	-19 655	-47 660	-39 895
Personnel costs	-31 581	-29 658	-66 692	-58 659
Depreciation, amortisation and impairment charge	-1 685	-1 148	-2 818	-2 245
Other operating costs	-642	-593	-1 820	-1 551
<b>Operating profit</b>	<b>15 322</b>	<b>17 439</b>	<b>41 766</b>	<b>35 432</b>
Net finance items	-229	-174	-521	-138
<b>Profit before taxes</b>	<b>15 093</b>	<b>17 265</b>	<b>41 245</b>	<b>35 294</b>
Taxes	-3 835	-4 341	-9 540	-7 412
<b>Net profit for the period</b>	<b>11 258</b>	<b>12 924</b>	<b>31 705</b>	<b>27 882</b>
Average number of shares outstanding (thousands)	11 402	11 402	11 402	11 402
<b>Earnings per share, SEK</b>	<b>0.99</b>	<b>1.13</b>	<b>2.78</b>	<b>2.45</b>
<b>Earnings per share, SEK after dilution</b>	<b>0.99</b>	<b>1.13</b>	<b>2.78</b>	<b>2.45</b>

# QUARTERLY INCOME STATEMENT

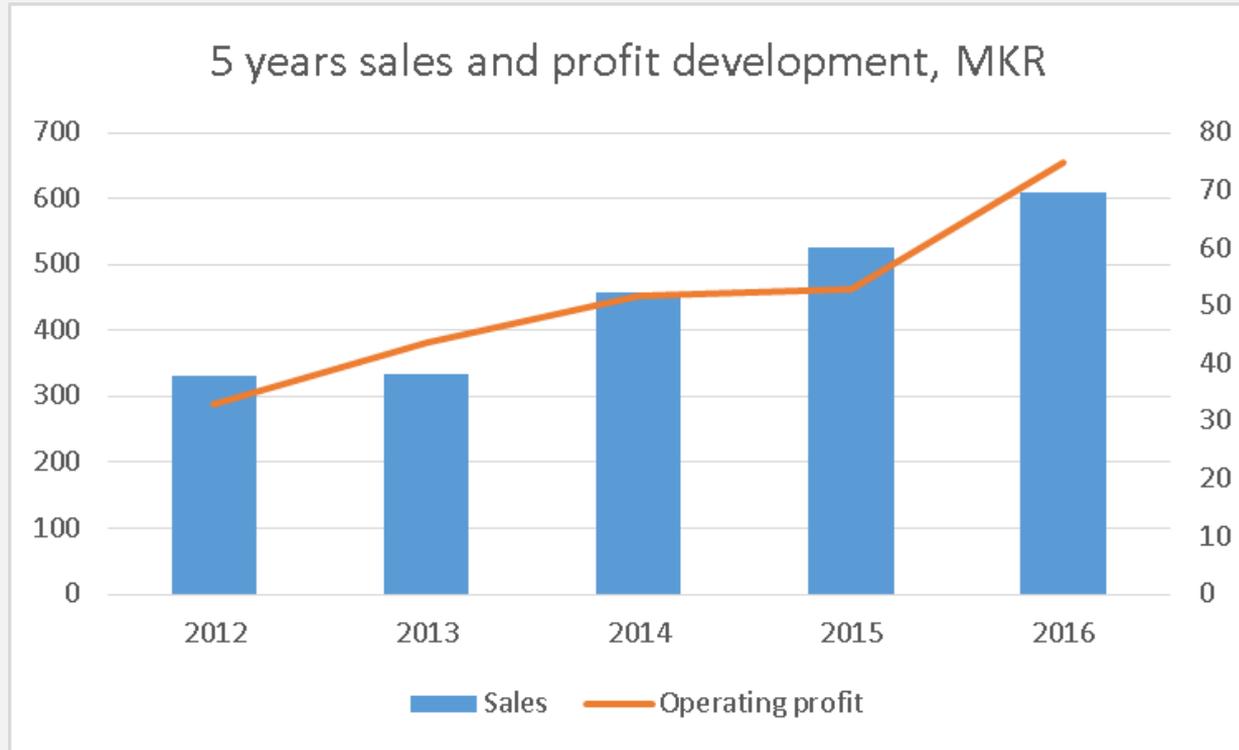
Amount in MSEK)	2017			2016				2015				2014				2013			
	Q1	Q2	Q3	Q1	Q2	Q3	Q4												
Net revenue	119.7	192.4	192.4	119.7	171.9	144.6	174.2	109.4	152.6	119.2	145.9	90.6	132.6	108.2	126.1	74.6	109.8	88.5	109.9
Raw materials, supplies and goods for resale	-85.7	-108.6	-76.4	-61.4	-94.5	-77.3	-91.1	-58.2	-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	72.8	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%	48.8%	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	0.5	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	-56.3	-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	-1.7	-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	15.3	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%	10.2%	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	2.1	1.3	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

<b>Amounts in SEK thousand</b>	<b>2017-09</b>	<b>2016-09</b>	<b>2016-12</b>	<b>2015-12</b>
<b>Assets</b>				
Intangible non-current assets	13 758	1 927	2 886	590
Other non-current assets	48 526	48 995	46 642	38 796
Inventories	96 672	83 832	88 891	80 068
Trade receivables	74 028	78 886	73 370	58 640
Other current assets	24 244	27 728	24 282	22 722
Cash and cash equivalents	49 796	34 805	35 210	31 548
<b>Total assets</b>	<b>307 024</b>	<b>276 173</b>	<b>271 281</b>	<b>232 364</b>
<b>Equity and liabilities</b>				
Equity	129 443	122 078	137 791	113 337
Long-term interest-bearing liabilities	-	-	-	-
Long-term non-interest-bearing liabilities	1 858	5 044	5 035	4 970
Current interest-bearing liabilities	64 456	48 000	25 500	26 512
Current non-interest-bearing liabilities	111 267	101 051	102 955	87 545
<b>Total equity and liabilities</b>	<b>307 024</b>	<b>276 173</b>	<b>271 281</b>	<b>232 364</b>

# MULTI-YEAR OVERVIEW

## Key figures

KEY Numbers	1 January – 30 September		1 January – 31 December				
	2017	2016	2016	2015	2014	2013	2012
Revenue growth, %	14.8	14.4	15.8	15.2	19.5	15.9	2.9
Operating margin, %	11.4	12.1	12.3	9.6	11.3	11.4	10
Profit margin, %	11.2	12.0	12.1	9.5	11.2	11.5	10
Average equity	133.6	117.7	125.6	113.8	104.6	90.7	92.6
Return on equity, %	32.2	34.7	44.8	34.3	39.9	38.2	27
Equity ratio, %	42.2	44.2	50.8	48.8	53.3	55.5	55.8
Interest-bearing net cash (liabilities –), MSEK	-14.7	-13.2	9.7	5	32.1	36.6	28.3
Earnings per share, SEK	3.77	3.58	4.93	3.42	3.66	3.04	2.37
Equity per share, SEK	11.35	10.71	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	436	347	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!