# **NILÖRNGRUPPEN 2017**







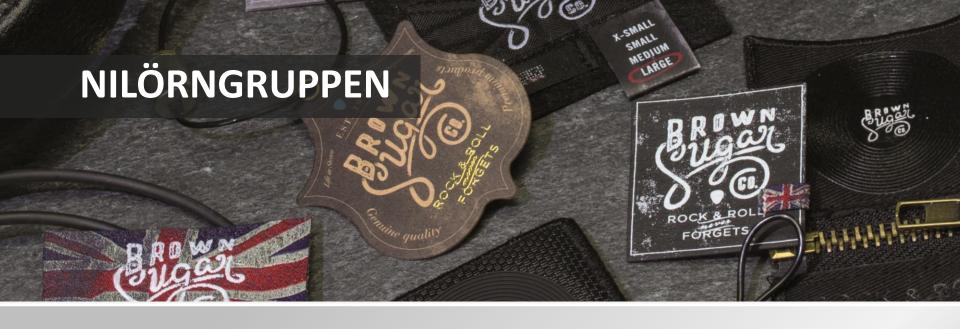


ADDING VALUE TO YOUR BRAND

BRANDING · DESIGN · PRODUCT DEVELOPMENT · LOGISTICS



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



#### 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





# 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



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**



















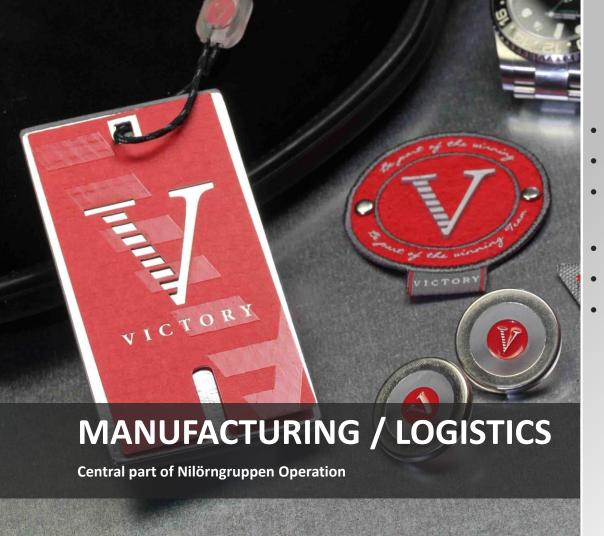








- Sales are mainly to European fashion and textile companies
- Most of them are brand-owners
- · Customers produce garment with external suppliers, thereof mainly based in Asia
- Nilorn has more than 1,000 customers
- Nilorn has a broad customer base within Europes leading fashion and branding companies



- 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 and a competitive advantage

Environmental responsibity 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



- 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)



- 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 organization
- Being global acting local
- Goal to be best in class in Sustainability
- One stop shop

# 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

















STUDIOS



## Q4-2017

- Order Income +9% to MSEK 184 (169)
- Revenue (adjusted for acquisitions and currency effects) +10% to MSEK 191 (174)
- Operating profit: MSEK 26,3 (22,1) (excluding SEK1.0m in cost for changing listing)
- The net results: MSEK 22,1 (15,4)
- The result per share was SEK 1,93 (1,35)
- Cash flow from the current activity was MSEK 25,5 (24,5)

# **INCOME Q4-2017**

	3 months				
	October – December				
Amounts in SEK thousand	2016		2017		
Net revenue	179 464		174 222		
Raw materials, supplies and goods for resale	-93 902		-91 060		
Gross profit	85 562	47.7%	83 162	47.7%	
Other operating revenue	2 327		2 284		
Other external costs	-24 750	13.8%	-24 950	14.3%	
Personnel costs	-35 038	19.5%	-35 397	20.3%	
Depreciation, amortisation and impairment charges	-1 784		-1 229		
Other operating costs	-996		-1 729		
Operating profit	25 321	14.1%	22 141	12.7%	
Net finance items	583		-761		
Profit before taxes	25 904		21 380		
Taxes	-3 844	-2.1%	-5 964	-3.4%	
Net profit for the period	22 060	12.3%	15 416	8.8%	
Earnings per share, SEK	1.93		1.35		

# **CASH FLOW Q4-2017**

Consolidated Cash Flow Statement	oktober – december	
Amounts in SEK thousand	2 017	2 016
Cash flow from operating activities before changes in working capital	23 240	16 625
Cash from changes in working capital	2 275	7 865
Cash flow from operating activities	25 515	24 490
Cash flow from investment activities	-2 520	-2 477
Cash flow from financing activities	-28 779	-22 500
Cash flow for the year	<i>-</i> 5 784	-487



- Negativ currency impact on revenue
  MSEK16 Q4, MSEK20 accumulated
- Cost for changing listing MSEK 1.0m in Q4, MSEK3,7 accumulated
- Nilorn Hong Kong has obtained Bluesign certification
- Strong development in Scandinavia,
  Italy and Germany
- RFID (Radio Frequency Identification)
  - Proposed dividend 4,00 (3,60)

### 2017 accumulated

- Order Income +12 % to MSEK 716 (638)
- Revenue (adjusted for acquisitions and currency effects) +13 % to MSEK 692 (610)
- Operating profit: MSEK 86,1 (75,0) (excluding SEK3,7m in cost for changing listing)
- The net results: MSEK 65,0 (56,2)
- The result per share was SEK 5,70 (4,93)
- Cash flow from the current activity was MSEK 66,2 (54,5)

# **INCOME**

	12 months				
	January – December				
Amounts in SEK thousand	2017 2016				
Netrevenue	680 388		610 477		
Raw materials, supplies and goods for resale	-364 600		-324 372		
Gross profit	315 788	46.4%	286 105	46.9%	
Other operating revenue	6 139		5 616		
Other external costs	-96 462	14.2%	-84 500	13.8%	
Personnel costs	-133 311	19.6%	-123 714	20.3%	
Depreciation, amortisation and impairment charges	-6 287		-4 622		
Other operating costs	-3 458		-3 873		
Operating profit	82 409	12.1%	75 012	12.3%	
Net finance items	-167		-1 073		
Profit before taxes	82 242		73 939		
Taxes	-17 219	-2.5%	-17 717	-2.9%	
Net profit for the period	65 023	9.6%	56 222	9.2%	
Earnings per share, SEK	5.70		4.93		

# 2017 accumulated CASH FLOW

Consolidated Cash Flow Statement	january - december	
Amounts in SEK thousand	2 017	2 016
Cash flow from operating activities before changes in working capital	71 745	61 036
Cash from changes in working capital	-5 517	-6 522
Cash flow from operating activities	66 228	54 514
Cash flow from investment activities	-22 660	-17 397
Cash flow from financing activities	-30 870	-35 218
Cash flow for the year	12 698	1 899

### **QUARTERLY INCOME STATEMENT**

2014

**Q1** 

90.6

-46.8

43.8

0.5

-36.8

-0.5

7.0

0.6

7.7% 14.6%

**O2** 

-70.6

62.0

-42.8

-0.6

19.3

1.7

48.3% 46.8% 48.5% 47.9%

Q3

108.2

-55.7

52.5

0.9

-42.5

-0.7

10.2

0.9

9.4% 12.1%

**O**4

-65.7

-0.8

15.3

1.3

2013

Q1

74.6

-37.0

37.6

0.4

-32.1

-0.5

5.4

0.5

7.2% 13.8%

**O2** 

52.6

50.4% 47.9% 47.8%

0.8

-37.7

-0.5

15.2

1.3

**O3** 

42.3

0.6

-35.4

-0.5

7.0

0.6

7.9% 14.6%

**Q**4

109.9

-54.9

55.0

50.0%

-39.6

-0.5

16.1

1.4

Amount in MSEK)	2017	2016	2015	

**Q4** 

-93.9

-1.8

25.3

2.2

**Q1** 

73.6

1.7

-56.6

-1.2

17.5

1.5

46.2% 43.6%

Net revenue

goods for resale Gross profit

Gross margin

Other income

Operating costs

Operating margin

Raw materials, supplies and

Depreciation, amortisation

Operating profit per share

and impairment charges Operating profit

O2

-108.6

83.8

1.6

-59.6

-1.6

24.2

2.1

11.0% 12.6% 10.2% 14.1%

Q3

-76.4

72.8

0.5

-56.3

-1.7

15.3

1.3

48.8% 47.7%

01

119.7

-61.4

58.3

0.9

-48.4

-1.3

9.5

0.8

7.9%

48.7%

**O2** 

-94.5

77.4

45.0%

1.2

-51.7

-1.0

25.9

2.3

15.1%

**O**3

67.3

1.2

-50.1

-1.0

17.4

1.5

12.0% 12.7%

144.6 174.2

46.5% 47.7%

**Q4** 

-91.1

83.1

2.3

-62.1

-1.2

22.1

1.9

01

109.4

-58.2

51.2

1.2

-46.8

-0.9

4.7

0.4

4.3% 11.6%

46.8% 46.5%

**O2** 

152.6

-81.6

71.0

1.4

-53.7

-1.0

17.7

1.6

Q3

-62.2

57.0

2.6

-49.8

-1.0

8.8

0.8

7.4% 13.4%

119.2 145.9

47.8% 47.4%

O4

-76.8

69.1

-49.5

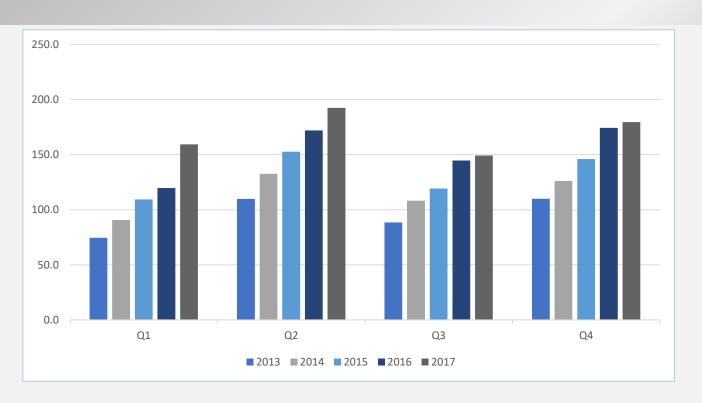
-1.3

19.6

1.7

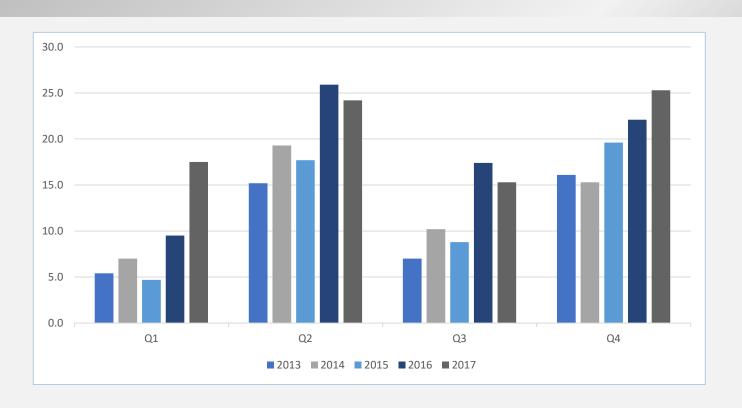
# **QUARTERLY COMPARISON- sales**

Q2 and Q4 are historically the strongest revenue quarters

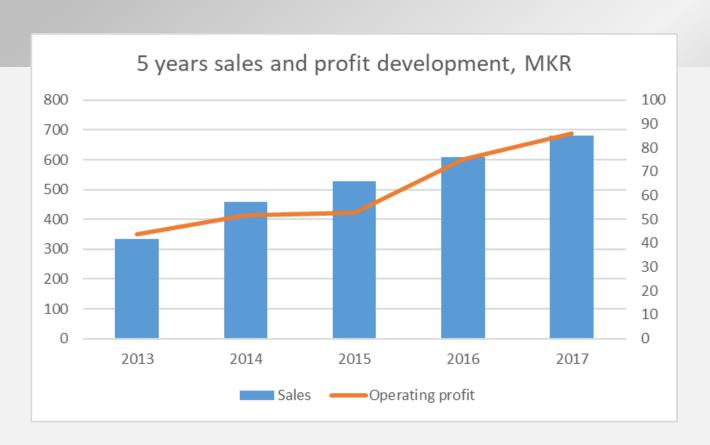


# **QUARTERLY COMPARISON- Operating Profit**

Q2 and Q4 are historically the strongest revenue quarters



### HISTORICAL DEVELOPMENT



# **BALANCE SHEET**

<b>Consolidated Balance Sheet</b>		
Amounts in SEK thousand	2017-12	2016-12
Assets		
Intangible non-current assets	14 673	2 886
Other non-current assets	48 193	46 642
Inventories	110 017	88 891
Trade receiveables	76 238	73 370
Other current assets	18 658	24 282
Cash and cash equivalents	44 837	35 210
Total assets	312 616	271 281
Equity and liabilities		
Equity	153 913	137 791
Long-term non-interest-bearing liabilities	1 242	5 035
Current interest-bearing liabilities	35 677	25 500
Current non-interest-bearing liabilities	121 784	102 955
Total equity and liabilities	312 616	271 281

### **KEY FINANCIAL INDICATORS**

	1 January – 31 December					
KEY FINANCIAL INDICATORS	2017	2016	2015	2014	2013	2012
Revenue growth, %	11.5	15.8	15.2	19.5	15.9	2.9
Operating margin, %	12.1	12.3	9.6	11.3	11.4	10
Profit margin, %	12.1	12.1	9.5	11.2	11.5	10
Average equity	145.9	125.6	113.8	104.6	90.7	92.6
Return on equity, %	44.6	44.8	34.3	39.9	38.2	27
Equity ratio, %	49.2	50.8	48.8	53.3	55.5	55.8
Interest-bearing net cash (liabilities –), MSEK	9.2	9.7	5	32.1	36.6	28.3
Earnings per share, SEK	5.7	4.93	3.42	3.66	3.04	2.37
Equity per share, SEK	13.50	12.08	9.94	10.02	8.33	7.58
Dividend per share, SEK	4.00	3.60	3.00	3.50	3.00	2.25
Average number of employees	446.0	358	335	301	268	246

<sup>\*</sup>Dividend proposed by the Board of Directors for the 2017 financial year.

### **CEO'S SUMMARY**

- Operations continue to develop favourable
- Good increase in revenue and profit
- Good growth in Sweden, Germany and Denmark
- Exiting development in Italy
- Slightly more challenging market
- E-commerce clients increase
- Strong trend in Sustainability
- Increasing interest for RFID
- Well positioned for the future



#### 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!