



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

NILÖRNGRUPPEN 2018

THE NILORN GROUP

Branding within the fashion and clothing industry





- 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



Vision: "To be the best label and branding company worldwide"

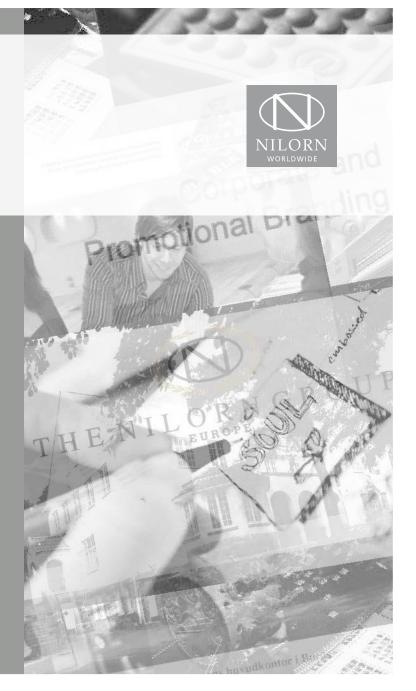
> **Slogan:** "Adding value to your brand"



HISTORICAL OVERVIEW

Operating with extensive experience

- **1970s** Design studio in Borås
- **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

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

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- Cartons, paper bags or plastic packaging
- Buttons, zippers, rivets, buckles, eyelets, molded plastic badges, etc...
- An emerging area: RFID

CUSTOMERS

Broad customer base





- 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



- Trimco Group
- Checkpoint Systems (US)
- Cadica Group (IT)
- Byways Group (UK)
- LabelOn (UK)
- Rudholm & Haak (SWE)
- Mainietti (IT)





FINANCIAL PERFORMANCE



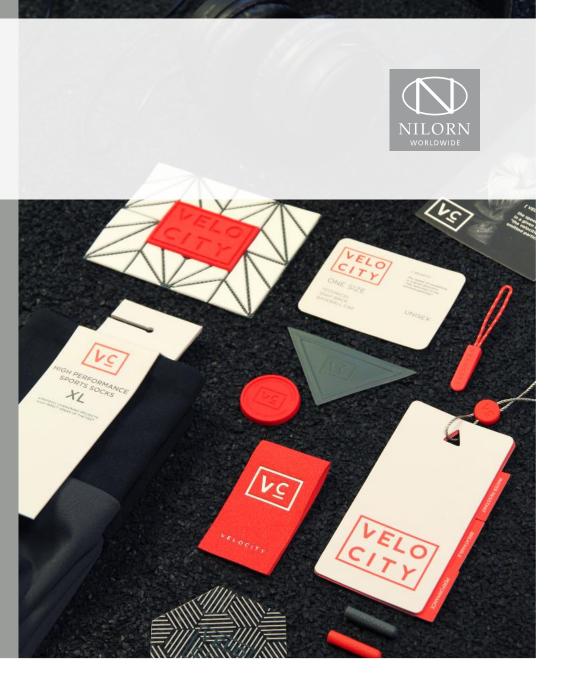
Q4-2018

- Order Income: -1% to MSEK 182 (184)
- Revenue: +5% to MSEK 188(179)
- Operating profit: MSEK 25,4 (25,3)
- The net results: MSEK 26,3 (22,1)
- The result per share: SEK 2,30 (1,93)
- Cash flow from the operating activities: MSEK 21,7 (25,5)



Accumulated Q4-2018

- Order Income: +3% to MSEK 738 (716)
- Revenue: +7% to MSEK 729(680)
- Operating profit: MSEK 85,2 (82,4)
- The net results: MSEK 70,7 (65,0)
- The result per share: SEK 6,20 (5,70)
- Cash flow from the operating activities: MSEK 55,6 (66,2)



INCOME 2018



	3 months							
	October - December			January - December				
Amounts in SEK thousand	2018		2017		2017		2016	
Net revenue	187 942		179 464		729 188		680 388	
Raw materials, supplies and goods for resale	-103 792		-93 902		-396 033		-364 600	
Gross profit	84 150	44.8%	85 562	47.7%	333 155	45.7%	315 788	46.4%
Other operating revenue	4 217		2 327		9 259		6 139	
Other external costs	-22 669	12.1%	-24 750	13.8%	-99 346	13.6%	-96 462	14.2%
Personnel costs	-36 242	19.3%	-35 038	19.5%	-144 770	19.9%	-133 311	19.6%
Depreciation, amortisation and impairment charges	-2 540		-1 784		-8 362		-6 287	
Other operating costs	-1 476		-996		-4 699		-3 458	
Operating profit	25 440	13.5%	25 321	14.1%	85 237	11.7%	82 409	12.1%
Net finance items	532		583		-1 391		-167	
Profit before taxes	25 972		25 904		83 846		82 242	
Taxes	305	0.2%	-3 844	-2.1%	-13 122	-1.8%	-17 219	-2.5%
Net profit for the period	26 277	14.0%	22 060	12.3%	70 724	9.7%	65 023	9.6%
Earnings per share, SEK	2.30		1.93		6.20		5.70	

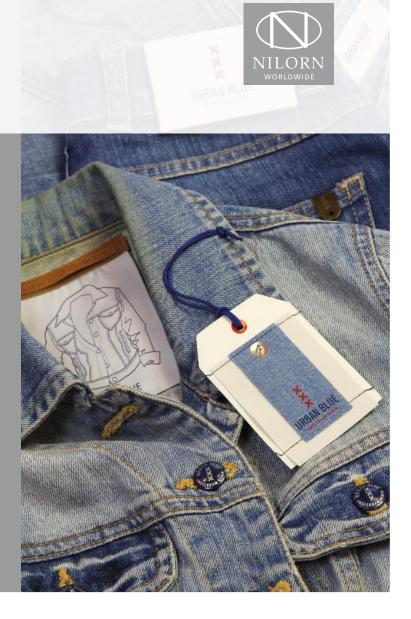
CASH FLOW



Consolidated Cash Flow Statement	October - December		January – December		
Amounts in SEK thousand	2 018	2 017	2 018	2 017	
Cash flow from operating activities before changes in working capital	19 224	23 240	73 845	71 745	
Cash from changes in working capital	2 525	2 275	-18 216	-5 517	
Cash flow from operating activities	21 749	25 515	55 629	66 228	
Cash flow from investment activities	-14 674	-2 520	-24 117	-22 660	
Cash flow from financing activities	-17 941	-28 779	-40 060	-30 870	
Cash flow for the year	-10 866	-5 784	-8 548	12 698	

SIGNIFICANT EVENTS Q4

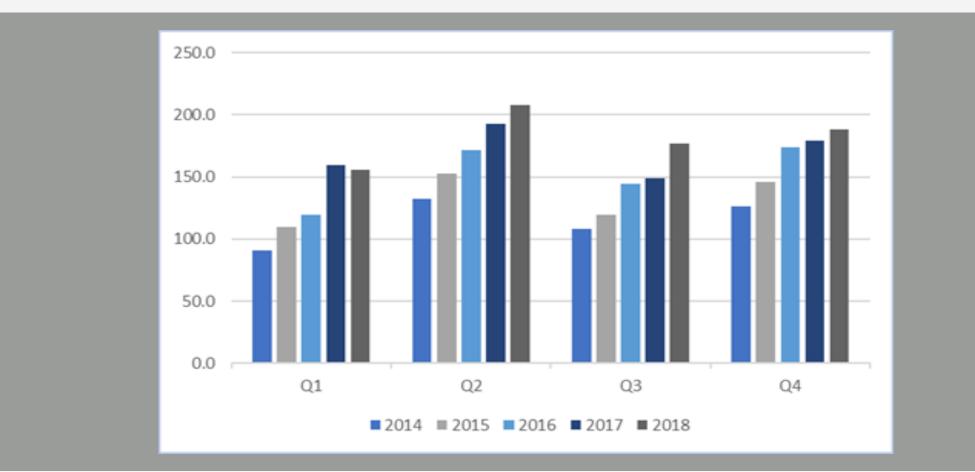
- Negativ currency impact on accumulated revenue MSEK 7
- Delivery of RFID (Radio Frequency Identification) continues develop well
- Stong development from existing as well as new clients
- Nilorn is growing more than the underlying market
- The board had decided to propose a dividend of SEK 4,00 (4,00) per share



QUARTERLY COMPARISON - Sales



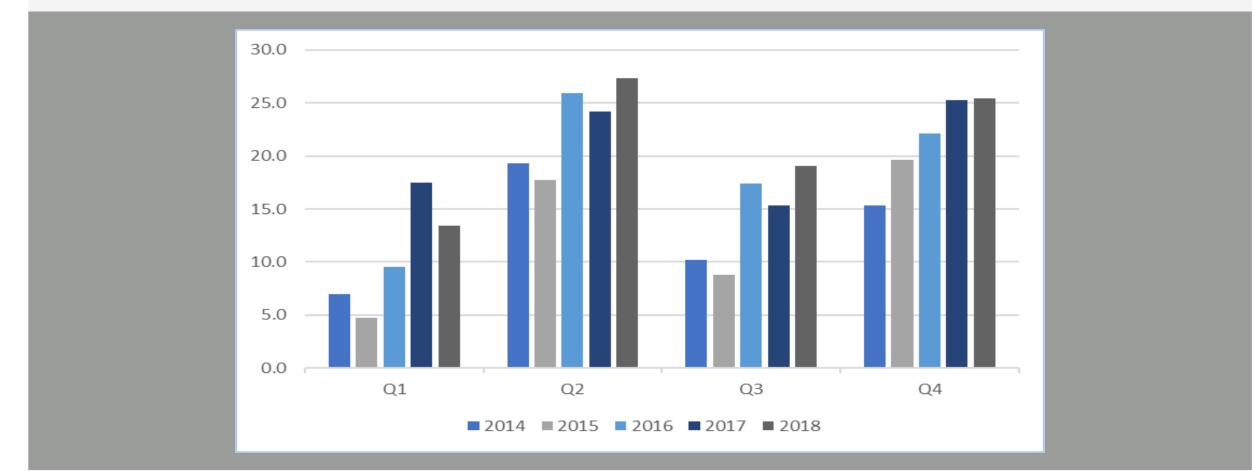
Q2 and Q4 are historically the strongest revenue quarters



QUARTERLY COMPARISON - Operating Profit



Q2 and Q4 are historically the strongest revenue quarters



HISTORICAL DEVELOPMENT





BALANCE SHEET



Amounts in SEK thousand	2018-12	2017-12
Assets		
Intangible non-current assets	16 594	14 673
Other non-current assets	63 696	48 193
Inventories	107 934	110 017
Trade receiveables	83 175	76 238
Other current assets	31 885	18 658
Cash and cash equivalents	37 935	44 837
Total assets	341 219	312 616
Equity and liabilities		
Equity	180 767	153 913
Long-term non-interest-bearing liabilities	2 009	1 242
Current interest-bearing liabilities	40 457	35 677
Current non-interest-bearing liabilities	117 986	121 784
Total equity and liabilities	341 219	312 616

KEY FINANCIAL INDICATORS



	1 January – 31 December						
KEY FINANCIAL INDICATORS	2018	2017	2016	2015	2014		
Revenue growth, %	7.2	11.5	15.8	15.2	19.5		
Operating margin, %	11.7	12.1	12.3	9.6	11.3		
Profit margin, %	11.5	12.1	12.1	9.5	11.2		
Average equity	167.3	145.9	125.6	113.8	104.6		
Return on equity, %	42.3	44.6	44.8	34.3	39.9		
Equity ratio, %	53.0	49.2	50.8	48.8	53.3		
Interest-bearing net cash (liabilities –), MSEK	-2.5	9.2	9.7	5.0	32.1		
Earnings per share, SEK	6.20	5.70	4.93	3.42	3.66		
Equity per share, SEK	15.85	13.50	12.08	9.94	10.02		
Dividend per share, SEK*	4.00	4.00	3.60	3.00	3.50		
Average number of shares outstanding	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		
Average number of employees	482	446	358	335	301		

*Suggested dividend from the board for year 2018

CEO'S SUMMARY



- Operations continue to develop favourable
- Challenging market
- E-commerce clients increase
- Strong trend in Sustainability
- Increasing interest for RFID
- All Nilorn companies' deliver profit
- 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 * ÉBITDA

Result 2018-12

- Revenue growth of 7 percent
- Operating margin 12 percent

Result 2017-12

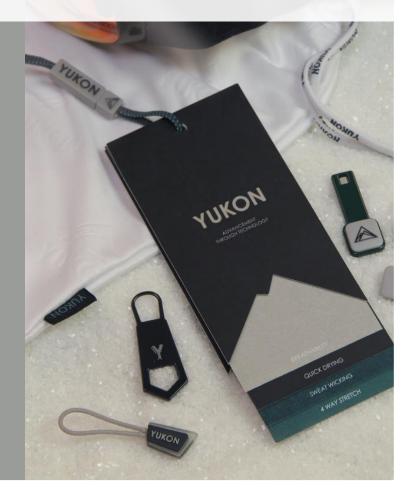
- Revenue growth of 13 percent
- Operating margin 12 percent

Result 2016-12

- Revenue growth of 16 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!

