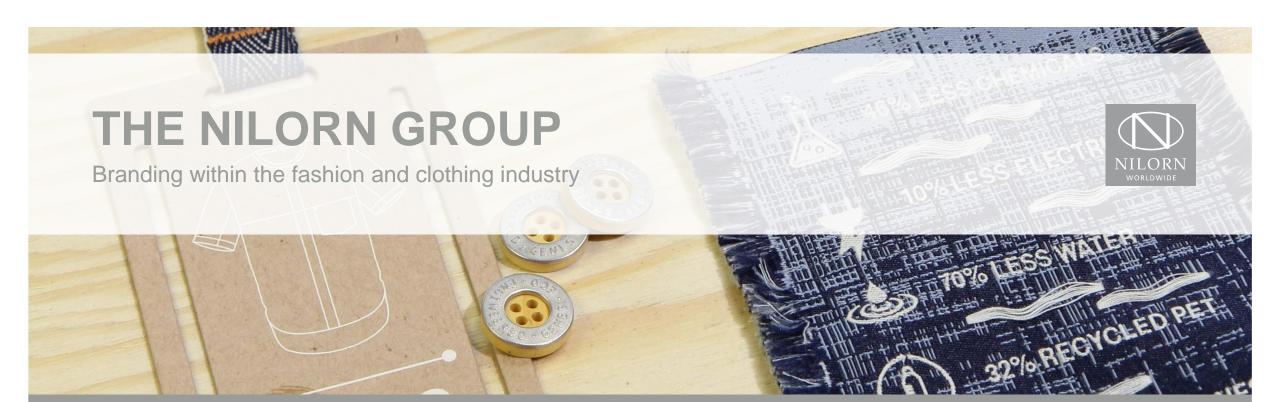




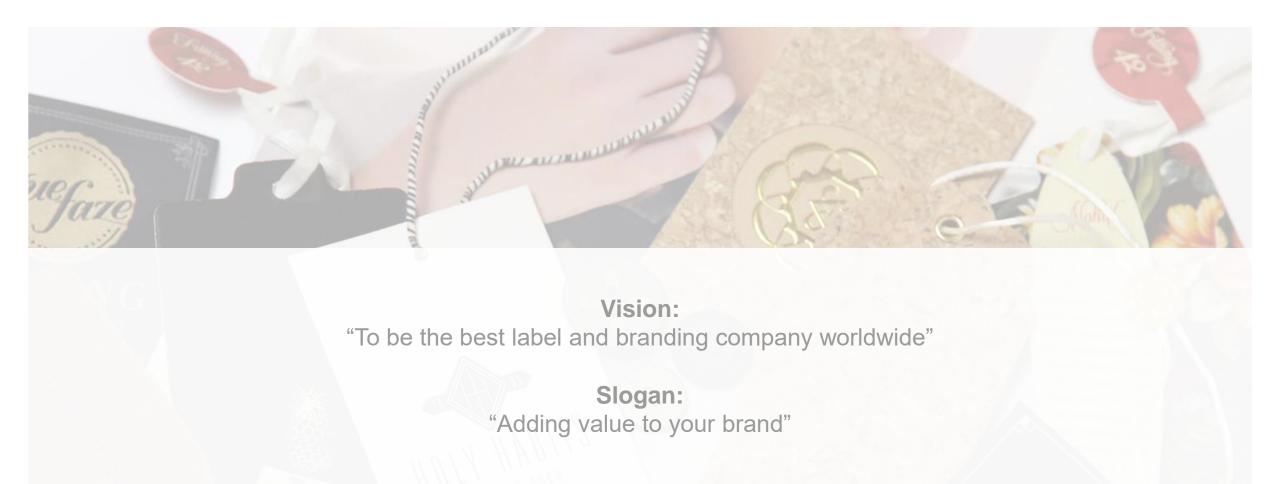
ADDING VALUE TO YOUR BRAND

BRANDING · DESIGN · PRODUCT DEVELOPMENT · LOGISTICS

NILÖRNGRUPPEN 2019



- 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





HISTORICAL OVERVIEW

Operating with extensive experience



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



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

RADIO FREQUENCY IDENTIFICATION











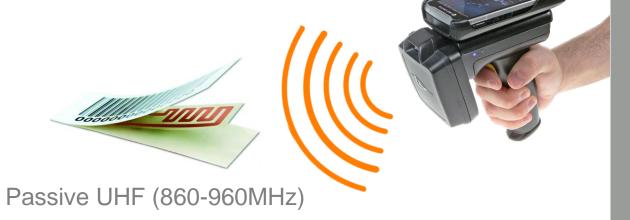
E.g. 70x15, 44x18, 50x30mm

Chip (small memory)

Antenna

Substrate

Inlay



WHY IS RFID ESSENTIAL?





- Increase stock accuracy
- Consumers want to buy whenever and wherever they are, and have it delivered anywhere
 - This becomes a huge logistical challenge for retailers and brand owners
- Next: Add on intelligent mirrors, security, self-checkout cashiers etc.



RFID-SOLUTION



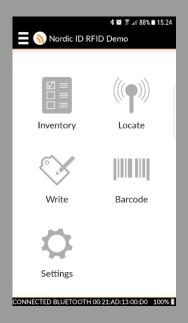


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Hardware



Software



CUSTOMERS

Broad customer base















TIGER OF SWEDEN



POLARN O. PYRET











- 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

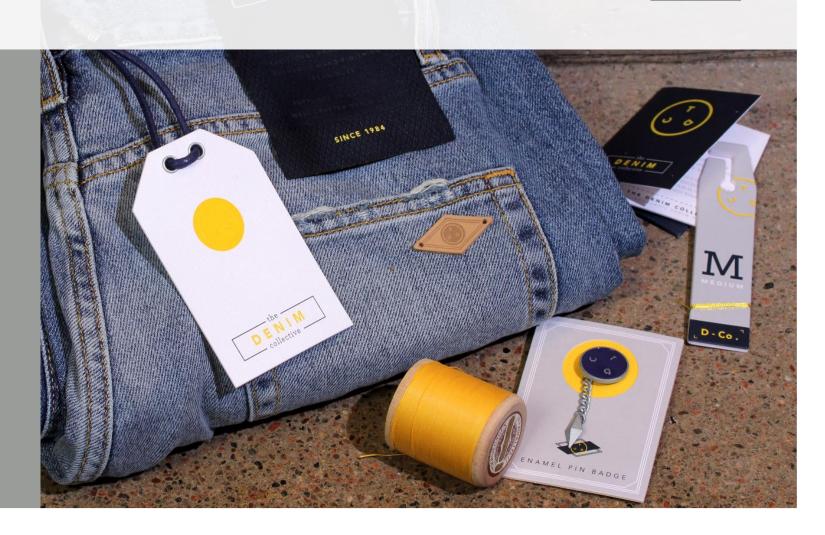


- Has become increasingly global
- Strategic decisions are taken at headquarters
- Production often in low cost regions
- Customers are mainly European branding and fashion companies
- High degree of competition and a large number of suppliers
- Larger groups and many small private companies
- Fragmented

COMPETITORS

NILORN WORLDWIDE

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





FINANCIAL PERFORMANCE



Q4-2019

NILORN WORLDWIDE

- Order Income +3 % to MSEK 188 (182)
- Sales -8 % to MSEK 171 (186)
- Operating profit MSEK 11,6 (25,4)
- Net Profit MSEK 7,1 (26,3)
- Earnings per share SEK 0,62 (2,30)



Accumulated Q4-2019



- Order Income MSEK 749 (738)
- Sales +0,4 % to MSEK 715 (712).
- Sales excl currency effects MSEK 682 (712) = an underlying decrease of 4 %.
- Operating profit MSEK 66,2 (85,2).
- Profit for the period MSEK 47,2 (70,7).
- Earnings per share SEK 4,14 (6,20).
- Cash flow from operating activities MSEK 63,4 (59,7).



INCOME 2019



	3 months				12 months			
	October - December				January - December			
Amounts in SEK thousand	2019		2018		2017		2016	
Net revenue	170 648		185 715		715 354		712 020	
Raw materials, supplies and goods for resale	-95 301		-103 792		-407 623		-396 033	
Gross profit	75 347	44.2%	81 923	44.1%	307 731	43.0%	315 987	44.4%
Other operating revenue	730		4 217		5 114		9 259	
Other external costs	-17 946	10.5%	-20 442	11.0%	-65 157	9.1%	-82 178	11.5%
Personnel costs	-39 318	23.0%	-36 242	19.5%	-153 753	21.5%	-144 770	20.3%
Depreciation, amortisation and impairment charges	-6 428		-2 540		-24 600		-8 362	
Other operating costs	-820		-1 476		-3 162		-4 699	
Operating profit	11 565	6.8%	25 440	13.7%	66 173	9.3%	85 237	12.0%
Net finance items	-1710		532		-3 091		-1 391	
Profit before taxes	9 855		25 972		63 082		83 846	$\overline{}$
Taxes	-2 738	-1.6%	305	0.2%	-15 840	-2.2%	-13 122	-1.8%
Net profit for the period	7 117	4.2%	26 277	14.1%	47 242	6.6%	70 724	9.9%
Earnings per share, SEK	0.62		2.30		4.14		6.20	

CASH FLOW



Consolidated Cash Flow Statement	October -	December	January -	December
Amounts in SEK thousand	2 019	2 018	2 019	2 018
Cash flow from operating activities before changes in working capital	9 289	23 319	59 703	77 940
Cash from changes in working capital	1 915	2 525	3 676	-18 216
Cash flow from operating activities	11 204	25 844	63 379	59 724
Cash flow from investment activities	-7 783	-18 769	-51 461	-28 212
Cash flow from financing activities	-15 379	-17 941	-18 762	-40 060
Cash flow for the year	-11 958	-10 866	-6 844	-8 548

SIGNIFICANT EVENTS Q4

- Lower revenue from a number of major customers, especially in Britain
- Q4 last year contained non=recurring revenue of approximately MSEK
 2.3 related to acquisition of HC Etiketter
- IFRS 16 had the effect of increasing the balance sheet total by about MSEK 55
- Negative effect in Q4 persist during Q1 2020
- Short-term impact of the Corona virus
- Positive signals from the subsidiaries regarding sales to new customer
- The Board of Directors propose a dividend of SEK 2.50 (4.00) per share, equivalent to MSEK 28.5 (45.6) or 60% of the net profit

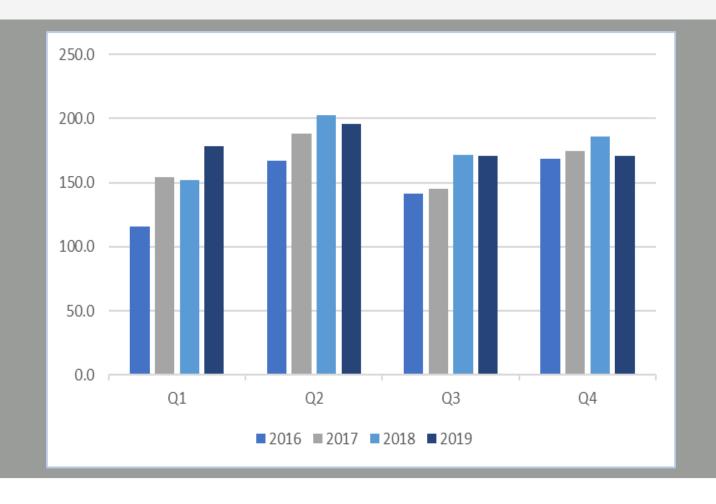




QUARTERLY COMPARISON - Sales

Q2 and Q4 are historically the strongest revenue quarters

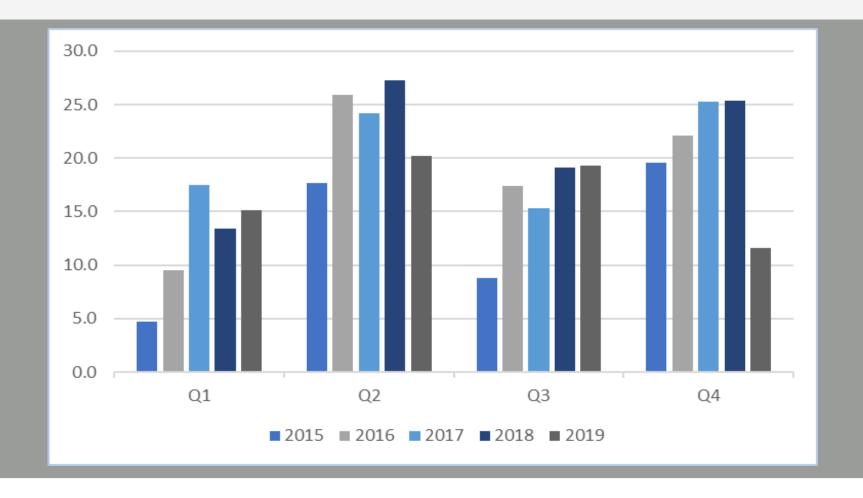




QUARTERLY COMPARISON - Operating Profit

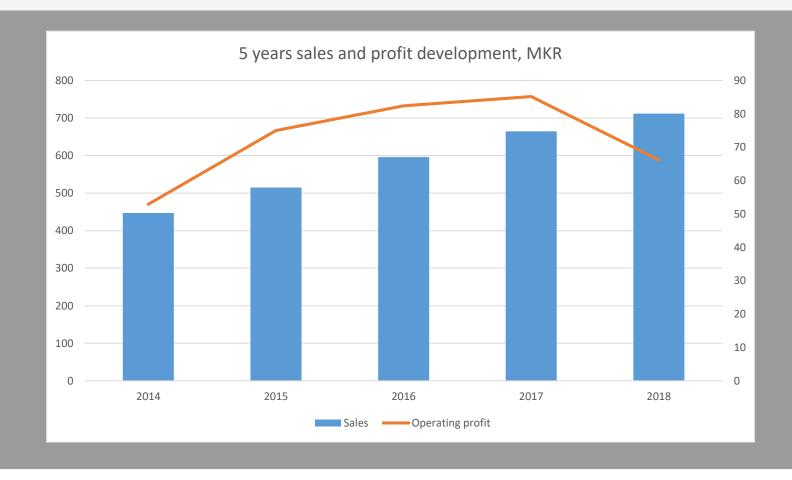


Q2 and Q4 are historically the strongest revenue quarters



HISTORICAL DEVELOPMENT





BALANCE SHEET



Consolidated Balance Sheet					
Amounts in SEK thousand	2019-12	2018-12			
Assets					
Intangible non-current assets	21,251	16,594			
Other non-current assets	159,526	63,696			
Inventories	119,007	107,934			
Trade receiveables	59,382	83,175			
Other current assets	20,571	31,885			
Cash and cash equivalents	32,292	37,935			
Total assets	412,029	341,219			
Equity and liabilities					
Equity	186,700	180,767			
Long-term interest-bearing liabilities	47,833	-			
Long-term non-interest-bearing liabilities	3,084	2,103			
Current interest-bearing liabilities	74,084	40,457			
Current non-interest-bearing liabilities	100,328	117,892			
Total equity and liabilities	412,029	341,219			

KEY FINANCIAL INDICATORS



	1 January – 31 December				
KEY FINANCIAL INDICATORS	2019	2018	2017	2016	2015
Revenue growth, %	0.5	7.5	7.5	15.8	15.2
Operating margin, %	9.3	12.0	12.0	12.3	9.6
Profit margin, %	8.8	11.8	11.8	12.1	9.5
Average equity	183.7	167.3	167.3	125.6	113.8
Return on equity, %	25.7	42.3	42.3	44.8	34.3
Equity ratio, %	45.3	53.0	53.0	50.8	48.8
Interest-bearing net cash (liabilities –), MSEK*	-89.6	-2.5	-2.5	9.7	5
Earnings per share, SEK	4.14	6.20	6.20	4.93	3.42
Equity per share, SEK	16.37	15.85	15.85	12.08	9.94
Dividend per share, SEK	-	4.00	4.00	3.60	3.00
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	494	482	482	358	335

^{*} Interest-bearing net cash (liabilities –), has been effected by 56 MSEK by the introduction of IFRS 16

CEO'S SUMMARY



- Business weaker than expected as more challenging market, especially in Britain
- German and Scandinavia are stable, Italy growing
- Focus on new customers, expect impact in H2
- Week Q4 will impact on the start of 2020 and the
- Uncertainty with Corona as Hong Kong and China are important markets
- RFID continues according to plan
- Bangladesh develop well
- The goal is to be best in CSR in our industry
- 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 2019-12

- Revenue growth of 0,4 percent
- Operating margin 9 percent

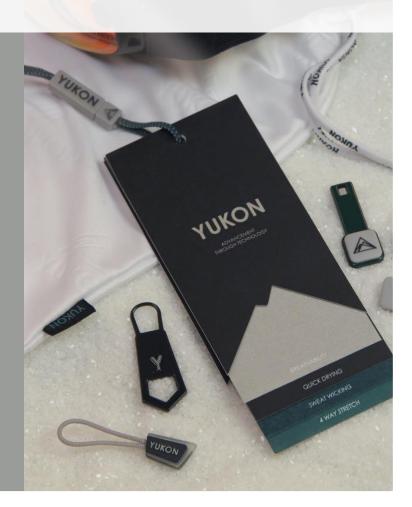
Result 2018-12

- Revenue growth of 7 percent
- Operating margin 12 percent

Result 2017-12

- Revenue growth of 13 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!

