



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

NILÖRNGRUPPEN 2020

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
- Complete service of branding including the design, manufacturing, logistics and service



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
- Anti counterfeit

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

RADIO FREQUENCY IDENTIFICATION



Software



ECONNECTED BLUETOOTH 00:21-AD:13:00:D0 100%

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.



CUSTOMERS

Broad customer base



- A broad customer base and a number of leading fashion and apparel companies
- Nilorn customers have their production with external suppliers
- More than 1000 customers and 20 000 users on our Web Ordering System
- Nilorn delivered ca 1.5 Billion labels in 2019

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

Nilorn's Unique Selling Points



An important part of our business

Be global, act local Design RIS (Retail Information Services) Distribution network RFID Sustainability











- Global
- Strategic decisions at headquarters
- Production often in low cost regions
- Mainly European branding and fashion companies
- Competitors: 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



Q3-2020



- Order Income -17 % to MSEK 162 (195)
- Sales -14 % to MSEK 147 (171)
- Sales, excluding currency effect, -5 % to MSEK 162
- Operating profit MSEK 20,4 (19,3)
- Net Profit MSEK 14,4 (14,0)
- Earnings per share SEK 1,26 (1,23)



Accumulated 2020



- Order Income MSEK 464 (561)
- Sales -18 % to MSEK 445 (545).
- Sales excl currency effects MSEK 456 (545) = an underlying decrease of 16 %.
- Operating profit MSEK 29,5 (54,6).
- Profit for the period MSEK 19,0 (40,1).
- Earnings per share SEK 1,66 (3,52).
- Net cash (liability) at the end of the period, excluding IFRS 16, MSEK 4 (-36).



INCOME 2020



	3 months July - September			9 months January - September				
Amounts in SEK thousand	2020		2019		2020		2019	
Netrevenue	147 048		170 788		444 841		544 706	
Raw materials, supplies and goods for resale	-78 198		-94 401		-249 148		-312 322	
Gross profit	68 850	46.8%	76 387	44.7%	195 693	44.0%	232 384	42.7%
Other operating revenue	5 257		1 153		13 695		4 384	
Other external costs	-13 554	9.2%	-15 749	9.2%	-46 550	10.5%	-47 211	8.7%
Personnel costs	-32 571	22.1%	-35 637	20.9%	-110 442	24.8%	-114 435	21.0%
Depreciation, amortisation and impairment charges	-6 646		-6 506		-20 094		-18 172	
Other operating costs	-887		-346		-2 783		-2 342	
Operating profit	20 449	13.9%	19 302	11.3%	29 519	6.6%	54 608	10.0%
Net finance items	-1 272		66		-2 723		-1 381	
Profit before taxes	19 177		19 368	_	26 796		53 227	
Taxes	-4 773	-3.2%	-5 354	-3.1%	-7 821	-1.8%	-13 102	-2.4%
Net profit for the period	14 404	9.8%	14 014	8.2%	18 975	4.3%	40 125	7.4%
Earnings per share, SEK	1.26		1.23		1.66		3.52	

CASH FLOW



Consolidated Cash Flow Statement	July - Se	ptember	January - September		
Amounts in SEK thousand	2020	2019	2020	2019	
Cash flow from operating activities before changes in working capital	19 675	18 379	30 864	50 414	
Cash from changes in working capital	12 871	4 700	20 564	1 761	
Cash flow from operating activities	32 546	23 079	51 428	52 175	
Cash flow from investment activities	-1 526	-8 726	-10 245	-43 678	
Cash flow from financing activities	-1 890	-21 007	-8 320	-3 383	
Cash flow for the year	29 130	-6 654	32 863	5 114	

SIGNIFICANT EVENTS Q3

- Revenue was negatively affected during the quarter due to COVID-19 pandemic
 Parts of Europe have been closed
- The result has been affected by write down of client-specific inventory and accounts receivables of MSEK 2,6
- Government contributions for furlough amounts to MSEK 2,3.



Effects attributable to the COVID-19 pandemic

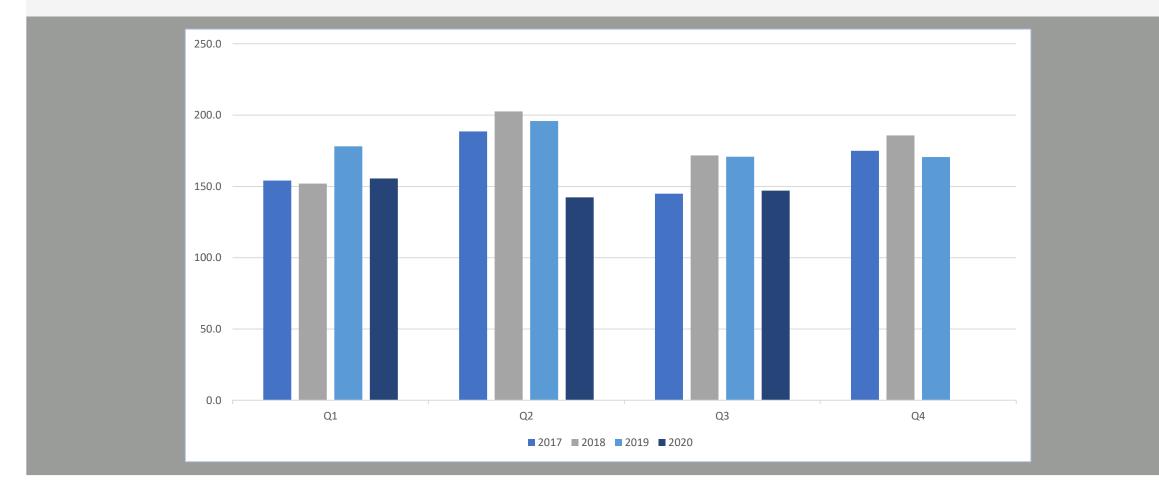
- The demand for the Company's products will be affected even during autumn.
 We monitor the development closely and take continuous measures to limit the adverse effects on the company
- At the same time we have capacity to take advantage of the possibilities that will occur.
- Employees in Europe have been furloughed but the main part is now back at work.



QUARTERLY COMPARISON - Sales



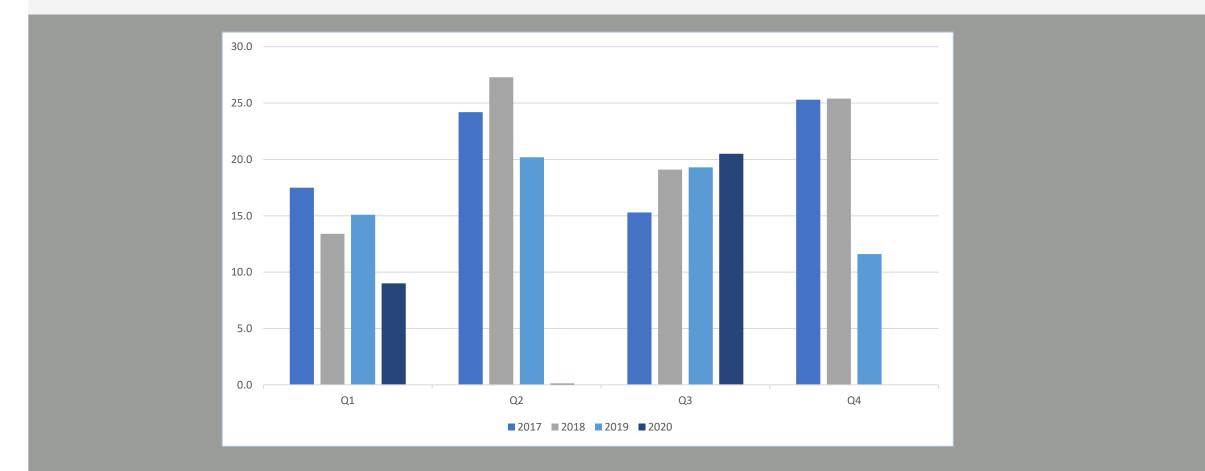
Q2 and Q4 are historically the strongest revenue quarters



QUARTERLY COMPARISON - Operating Profit



Q2 and Q4 are historically the strongest revenue quarters



BALANCE SHEET



Consolidated Balance Sheet							
Amounts in SEK thousand	2020-09	2019-09	2019-12	2018-12			
Assets							
Intangible non-current assets	23 817	19 947	21 251	16 594			
Other non-current assets	145 956	161 467	159 877	63 696			
Inventories	117 157	123 089	119 007	107 934			
Trade receiveables	83 071	76 482	59 382	83 175			
Other current assets	21 142	26 275	20 571	31 885			
Cash and cash equivalents	62 224	45 817	32 292	37 935			
Total assets	453 368	453 077	412 380	341 219			
Equity and liabilities							
Equity	202 749	185 301	186 700	180 767			
Long-term interest-bearing liabilites	34 925	77 943	-	-			
Long-term non-interest-bearing liabilities	2 951	2 331	51 336	2 103			
Current interest-bearing liabilities	70 180	64 866	$74\ 084$	40 457			
Current non-interest-bearing liabilities	142 563	122 636	100 260	117 892			
Total equity and liabilities	453 368	453 077	412 380	341 219			

KEY FINANCIAL INDICATORS



	1 January-	- 30 Sept					
KEY FINANCIAL INDICATORS	2020	2019	2019	2018	2017	2016	2015
Revenue growth, %	-18.3	3.5	0.5	7.5	11.5	15.8	15.2
Operating margin, %	6.6	10.0	9.3	12.0	12.1	12.3	9.6
Profit margin, %	6.0	9.8	8.8	11.8	12.1	12.1	9.5
Average equity	194.7	183.0	183.7	167.3	145.9	125.6	113.8
Return on equity, %	9.7	21.9	25.7	42.3	44.6	44.8	34.3
Equity ratio, %	44.7	40.9	45.3	53.0	49.2	50.8	48.8
Interest-bearing net cash (liabilities –), MSEK*	-42.9	-97.0	-89.6	-2.5	9.2	9.7	5
Earnings per share, SEK	1.66	3.52	4.14	6.20	5.70	4.93	3.42
Equity per share, SEK	17.78	16.25	16.37	15.85	13.50	12.08	9.94
Dividend per share, SEK	-	4.00	-	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	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	502	492	494	482	446	358	335

* Interest-bearing net cash (liabilities –), has been effected by 47 MSEK by the introduction of IFRS 16

CEO'S SUMMARY

- Business slow due to Covid-19, but improvements month by month
- UK partially furlough, remaining business running
- Total government contribution 8,1 MSEK,
- Total provision of stock and A/R of 9,5 MSEK
- Full activity in the Bangladesh factory and a competitive advantage
- We have managed to move production when countries closed down
- Difficult to estimate the COVID-19 effect going forward
- No major investments planned (only ERP system continues)
- Strong Balance sheet to catch the opportunities that will arise.
- Expect Nilorn to be relatively stronger once the Corona is over
- Maria Fogelström CFO and Krister Magnusson as CEO





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 2019-12

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

Result 2018-12

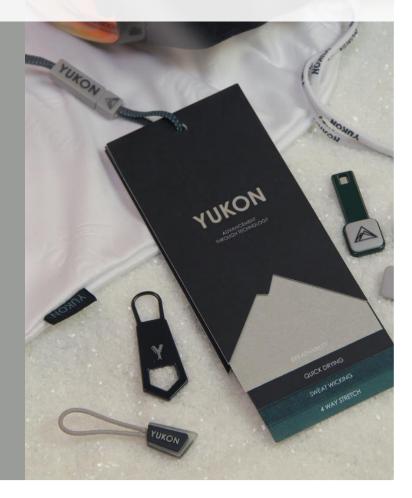
- Revenue growth of 7 percent
- Operating margin 12 percent

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!

