# Substantial increase in net sales and operating profit

## OCTOBER-DECEMBER 2016 (FOURTH QUARTER)

- Net sales amounted to SEK 521 million (352).
- Operating profit before depreciation/amortisation and impairment, EBITDA, amounted to SEK 46 million (27), before non-recurring items.
- Profit for the period was SEK 16 million (16), corresponding to earnings per share, before and after dilution, of SEK 0.39 (0.57).
- Cash flow from continuing operations amounted to SEK 58 million (20).
- A new share issue provided Midsona with SEK 402 million after issue expenses. The issue was oversubscribed.

## JANUARY-DECEMBER 2016 (FULL-YEAR)

- Net sales amounted to SEK 1,744 million (1,174).
- Operating profit before depreciation/amortisation and impairment, EBITDA, amounted to SEK 134 million (87), before non-recurring items.
- Profit for the period was SEK 45 million (66), corresponding to earnings per share, before and after dilution, of SEK 1.42 (2.71).
- Cash flow from continuing operations amounted to SEK 69 million (87).
- For 2016, a dividend of SEK 1.10 per share (1.10) is proposed, corresponding to 46,911,128 (31,274,085).

## Comment by the CEO

The strong health trend continued in 2016. With the acquisition of the brands Urtekram, Kung Markatta and Helios, Midsona is well-positioned for the particularly favourable trend in organic food. Midsona also ended the year strong. Net sales for the fourth quarter amounted to SEK 521 million (352), an increase of 48 percent. The consolidated operating profit before depreciation/amortisation and impairment, EBITDA, was SEK 46 million (27) before non-recurring items and was the best to date in the Group's history.

### Strong development for leading brands in prioritised categories

In recent years, Midsona has focused its activities on three main product categories: organic, health food products and dietary supplements. These categories are expected to grow in the coming years, and Midsona has a number of market-leading Nordic brands in key segments. The eight proprietary brands that the Group prioritise showed growth of 11 percent in the fourth quarter*. Similarly, two of the three largest brands represented by the Group had double-digit growth in the quarter. While focusing on those categories, we simultaneously completed some sales assignments in other categories, which primarily had a negative impact on organic growth in Norway. Development in the Group's organic brands remained strong. Of these brands, Urtekram performed the best. The efforts to export outside the Nordic region have begun to show results. We have received several new listings that have now resulted in increased sales for the fourth quarter. Friggs was the prioritised brand with the highest level of growth. The launch of a new series of corn cakes in Sweden, Finland and Norway was the single most important factor, although new products within health teas and dietary supplements also contributed to the growth.

### Synergies through integration

An important part of Midsona's strategy is to acquire companies, integrate them and achieve synergies. In the autumn, intensive integration efforts were carried out for the acquired Internatural, with the brands Kung Markatta and Helios. Synergy impacts will occur gradually in 2017, and we remain steadfast in our commitment to achieve at least SEK 25 million in administrative synergies. Another SEK 10 million will be achieved through joint purchasing, relocation of the production of parts of the product range of King Markatta and Helios to own factory, and coordinated logistics. We have said previously that these synergies will begin to show in the results in 2018, but we can already see that some of the synergies will be achieved as early as the end of 2017.

### Improved cash flow from continuing operations

Cash flow from continuing operations is a key indicator of Midsona's progress. In addition to measures for improving profitability, we continually strive to optimise working capital. It is also worth noting that the actual tax paid is significantly lower than reported, as Midsona can utilise a tax loss carryforward in Sweden and Norway. Cash flow from operating activities amounted to a solid SEK 58 million (20) in the fourth quarter.

The Board will propose an unchanged dividend of SEK 1.10 (1.10) per share in 2016. Due to an increase in the number of shares during the year, this entails an increase in the total dividend to SEK 47 million (31).

**Priorities for 2017**

The main focus in 2017 will be on continuing development through innovation, marketing and effective sales processing. Midsona sees continued growth opportunities in the Nordic region through acquisitions. We will also increase our European export efforts for Urtekram. Acquisition opportunities outside the Nordic region will be subjected to in-depth analysis. In 2016, we have made further progress in becoming a Nordic leader in health and well-being, and we intend to take additional steps towards this in 2017 as we simultaneously prepare for a European expansion. Midsona expects its net sales and profit before depreciation and amortisation (EBITDA) to increase in 2017.

Peter Åsberg, President and CEO

**Acquired brands, Kung Markatta and Helios, are compared in the fourth quarter with the same period last year in which Midsona did not yet own the brands.*

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