

## YEAR-END REPORT 2017

# Increased turnover and significantly improved margins

### October-December 2017 (fourth quarter)

- Net sales amounted to SEK 579 million (521).
- Operating profit before depreciation and amortisation, EBITDA, amounted to SEK million 59 (46), before non-recurring items, corresponding to a margin of 10.2 percent (8.8).
- Profit for the period was SEK 34 million (16), corresponding to earnings per share of SEK 0.74 (0.39) before dilution and SEK 0.74 (0.39) after dilution.
- Cash flow from continuing operations amounted to SEK 54 million (58).
- Midsona signed an agreement with HRA Pharma, to represent some of that company's brands in the Nordic region. The agreement is expected to generate net sales of slightly more than SEK 100 million on an annual basis.

### January-December 2017 (full-year)

- Net sales amounted to SEK 2,173 million (1,744).
- Operating profit before depreciation and amortisation, EBITDA, amounted to SEK million 190 (134), before non-recurring items, corresponding to a margin of 8.7 percent (7.7).
- Profit for the period was SEK 84 million (45), corresponding to earnings per share of SEK 1.91 (1.42) before dilution and SEK 1.89 (1.42) after dilution.
- Cash flow from continuing operations amounted to SEK 152 million (69).
- For 2017, a dividend of SEK 1.25 per share (1.10) is proposed, corresponding to SEK 57,510,080 (46,911,128).



#### About Midsona

Midsona holds a strong position in the Nordic market with own strong brands within healthfoods, personal care and hygiene. Midsona also sells a number of licensed internationally established brands. Our products are sold through grocery and convenience stores, pharmacies, health stores and internet. Midsona's priority trademarks are: DALBLADS, FRIGGS, HELIOS, KUNG MARKATTA, MIWANA, NATURDIET, TRI TOLONEN and URTEKRAM. Midsona has annual sales of about MSEK 2,173 (2017). The Midsona share (MSON) is listed on NASDAQ OMX Stockholm, Mid Cap. For further information: [www.midsona.com](http://www.midsona.com)

## Comment by the CEO

### Increased turnover and significantly improved earnings

The year 2017 was another with favourable sales and earnings trends. Both our earnings in absolute terms and our margins rose significantly. For the first time, Midsona delivered a double-digit EBITDA margin for the fourth quarter of 10.2 percent (8.8) before non-recurring items. Net sales for the fourth quarter amounted to SEK 579 million (521) and EBITDA was SEK 59 million (46), before non-recurring items.

### Effective acquisition model

Six or seven years ago, Midsona embarked on a Nordic journey of acquisition, gradually establishing a leading position in the Nordic region. Having refined our acquisition and integration model, we now have a structured template determining how we implement acquisitions, which companies we acquire and how we integrate them. The acquisition of Bringwell is a good example. Midsona took control at the start of the third quarter, and the integration commenced immediately. Realised synergies contributed positively to earnings already during the autumn. The integration will be completed in the first half of 2018, and we still envisage realising synergies of SEK 50–60 million on an annual basis.

### Nordic platform

Midsona's efficient organisation is based on a broad Nordic platform. Not only have we successfully launched proprietary brands, such as Friggs across the Nordic region, we have also secured new distribution assignments. In December 2017, we signed an important agreement with HRA Pharma, a fast-growing French consumer health company, to represent some of its Nordic brands, among which Compeed® is the largest. The products suit our range, establishing us in the footcare category. The agreement is expected to contribute more than SEK 100 million to Midsona's annual sales, with profitability well in line with the rest of the portfolio. Midsona starts selling Compeed® in February 2018, another brand following in the second quarter.

### Setting sights on Europe

In 2017, we revised our vision of *being the leader in the Nordic region* to *being one of the leaders in Europe* in health and well-being. The starting point for our European initiative is that there is much to suggest that the development in the Nordic region will be repeated elsewhere in Europe. Consumption of healthy and organic products is high in the Nordic region and the graph-curves are also pointing more clearly upwards in other parts of Europe. Six or seven years ago, the Nordic market for health and well-being was fragmented, with many small and medium-sized family companies. There are considerable structural similarities between Western Europe today and the Nordic region back then.

### Focus on sustainability

Sustainability comes naturally to Midsona. In 2017, Urtekram was named Denmark's most sustainable brand, and Kung Markatta ranked ninth in Sweden's *Sustainable Brand Index* survey. As a responsible company, we work with these issues on a broad front but, in particular, we also work with them on a day-to-day basis. Ecology, health and sustainability form key parts of our offering that we deliver through our products and, during 2018, we will clarify our sustainability targets and how we plan to work to achieve them.

### Improved cash flow and proposal for increased dividend

Cash flow from continuing operations is a key indicator of our progress and more than doubled to SEK 152 million (69) in 2017. We have thus begun to build scope for new expansive acquisitions. Strong cash flow is also a prerequisite for a generous dividend policy. The Board of Directors proposes that the dividend be increased to SEK 1.25 (1.10) per share for 2017.



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**Press release**  
Malmö, 9 February 2018

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### Priorities for 2018

The main focus for 2018 will be optimising our Nordic platform, creating the best growth conditions for our brands. In parallel, the integration of Bringwell must be completed and the announced synergies fully realised. Midsona does not exclude additional acquisitions in the Nordic region, but will focus primarily on other parts of Western Europe. Midsona expects sales and EBITDA to increase in 2018.

Peter Åsberg  
President and CEO

*For more information, please contact MD and CEO Peter Åsberg, telephone +46(0)730 26 16 32, or CFO Lennart Svensson, telephone +46(0)767 74 33 04*

*This is information of the type that Midsona AB is obligated to make public in accordance with the EU Market Abuse Regulation and the Securities Market Act. The information was submitted for publication through the agency of Lennart Svensson on 9 February 2018 at 8 am CET.*



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