

Interim Report, January-September 2018

Strong cash flow, organic sales growth and improved EBITDA

JULY-SEPTEMBER 2018 (THIRD QUARTER)

- Net sales amounted to SEK 773 million (573).
- EBITDA amounted to SEK 68 million (52) before items affecting comparability, corresponding to a margin of 8.8 percent (9.1).
- Profit for the period was SEK 32 million (11), corresponding to earnings per share of SEK 0.70 (0.25) before dilution and SEK 0.69 (0.25) after dilution.
- Free cash flow amounted to SEK 96 million (17).

JANUARY-SEPTEMBER 2018 (NINE MONTHS)

- Net sales amounted to SEK 2,097 million (1,575).
- EBITDA amounted to SEK 182 million (131) before items affecting comparability, corresponding to a margin of 8.7 percent (8.3).
- Profit for the period was SEK 96 million (50), corresponding to earnings per share of SEK 2.09 (1.15) before dilution and SEK 2.07 (1.15) after dilution.
- Free cash flow amounted to SEK 132 million (76).



About Midsona

Midsona holds a strong position in the Nordic market with own strong brands within organic foods, healthfoods and personal care. 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, ESKIMO-3 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

Comment by the CEO

Continued improved sales and earnings

Midsona's sales for the third quarter increased by 35 percent and amounted to SEK 773 million (573). Underlying operating profit, measured as EBITDA before items affecting comparability, amounted to SEK 68 million (52) and was the highest to date in the Group's history. Free cash flow improved to SEK 96 million (17).

Partly challenging conditions during the quarter

The summer of 2018 was unusually hot and, in our assessment, a number of product groups were affected by the weather. We nonetheless managed to achieve organic growth of 2 percent. The Group's eight priority brands showed growth of 4 percent. Friggs, MyggA and the new distribution agreement for HRA Pharma contributed positively. The weakening of the SEK against the EUR continued and had a significant negative effect on earnings in Sweden and the Group as a whole. Although we have initiated price increases to offset this, they will not have an impact on earnings until during the first half of 2019.

Favourable development in acquired Davert

Midsona assumed control of the acquired German company Davert in May 2018. Integration work was intensive during the summer and has progressed as planned, in a highly positive collaborative spirit. We have ascertained synergies in areas like cross-selling, product innovation, purchasing and production. By 2022, these synergies are expected to have an annual positive effect on EBITDA of approximately SEK 40 million. The underlying operations in Davert have also developed well, with increased sales and improved EBITDA margin compared with the same quarter last year.

Consolidation of the European market through acquisitions

The acquisition of Davert was Midsona's first major step outside its home market in the Nordic region. Since we are one of the leading companies in health and well-being in the Nordic region, it has been a natural step to now raise our sights towards Europe. We have found that the European market is fragmented in the same way as the Nordic one was when we began our acquisition journey. The market chiefly consists of privately owned companies with positions in one or more niches. We have identified a number of interesting acquisition targets and are exploring opportunities for new acquisitions in Europe on an ongoing basis.



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Continued opportunities for sales growth and earnings improvement

In spite of the strong development, our assessment is that there are opportunities for continued sales growth and earnings improvement by accelerating the growth of our brands, continued long-term change efforts, integrating the acquired Davert and further acquisitions. We are preparing for new acquisitions outside the Nordic region, with the vision of eventually become one of the leading companies in health and well-being in Europe.

Peter Åsberg, President and CEO

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This is information of the type that Midsona AB is obligated to make public in accordance with the EU Market Abuse Regulation. Midsona submitted the information for publication through the agency of Lennart Svensson on 25 October 2018 at 8 am CET.



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