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Swedencare AB (publ) acquires the operations of leading American company in Animal Health care products

Swedencare AB (publ) ("Swedencare") acquires the business conducted by the American animal health company Stratford Pharmaceuticals, LLC ("Stratford"). The purchase price amounts to approximately SEK 159,3 million and will be paid through a cash settlement upon closing, which is expected to take place on July 1st, 2020. Through the acquisition Swedencare will receive a comprehensive product portfolio of supplements in the premium segment for dogs and cats. The products are currently sold to approximately 10,000 veterinary clinics in the United States, partly through a unique co-branding program, as well as in selected European markets.

The acquisition of the business is conditional on certain customary contract terms and is done through a newly established US subsidiary to Swedencare, Stratford Care USA Inc. The closing is expected to take place on July 1st, 2020.

"With this acquisition, we are strengthening our presence and significantly expanding our product offering in the US, a market where we are seeing strong growth, while at the same time reaching a large number of new veterinary channel customers, which complements our existing channel distribution. We also strengthen the organization with a very competent and experienced management team." says Jenny Graflind, CEO of Swedencare.

About the acquisition

The purchase price of approximately 17 million USD, corresponding to approximately 159.3 million SEK, is paid through a cash payment which is financed by own funds and the raising of an acquisition debt of 50 million SEK.

The business acquired by Swedencare's newly formed subsidiary Stratford Care USA Inc. has been operating on the US veterinary market since 2011. Stratford has a broad product portfolio in a variety of therapeutic areas for dogs and cats, including skin and coat, joints as well as stomach/intestines. Sales are made through a multi-channel strategy to 10,000 veterinary clinics, large purchasing organizations and online players. Stratford has been active in selected international markets with major customers for a number of years.

The acquired business had sales of 7.6 million USD, corresponding to approximately 71.5 million SEK in 2019 with an EBITDA profit of 1.6 million USD, corresponding to approximately 15 million SEK, corresponding to an EBITDA margin of 21%. Sales increased by 42% during Q1 2020 to 2.3 million USD, the equivalent of approximately 21.8 million SEK, while EBITDA increased by 40% to 0.4 million USD, the equivalent of approximately 3.6 million SEK.

The Group, as it looks after the acquisition, had sales of approximately 198 million SEK (approximately 21.1 million USD) for the full year 2019 (proforma) with an EBITDA profit of approximately 54.5 million SEK (approximately 5.8 million USD), corresponding to an EBITDA margin of 27,5%. The Group's sales in Q1 2020 (proforma) amounted to approximately 59.5 million SEK (approximately 6.3 million USD) with an EBITDA profit of approximately 14 million SEK (1.5 million USD), corresponding to an EBITDA margin of 23,5%.

Stratford Care USA Inc. will be led by Managing Director Brian Nugent (Stratford founder) and Nicole Ladue (Stratford V.P.) who have built up the business to become a leading player in the US market with 17 employees.

“Stratford management is excited to be part of a growing multinational organization with proven and experienced leadership that has created industry leading products in the oral/dental health sector.” says Brian Nugent, MD, Stratford Care USA Inc.

In the short term, synergies in sales and marketing as well as logistics with the sister company SwedencareUSA Inc. are expected to be achieved. The customers of Stratford Care USA Inc. are in demand for oral and dental health products, an area where SwedencareUSA Inc. is considered the market leader. In the longer term, synergies are expected in connection with the marketing of Stratford's product portfolio internationally.

“Through the acquisition of Stratford's operations, we are advancing positions in the world's largest pet products market - the United States. We are already considered a leading company in dental products and now we are significantly expanding our product portfolio while complementing our strong position in pet and online with 10,000 customers in the vet channel. We are now taking a big step towards our financial goals.” says Per Malmström, Chairman of the Board of Swedencare.

For further information on the acquisition, please refer to Swedencare's website www.swedencare.se, where proforma figures for the Group, including the acquired business, are reported for fiscal year 2018, 2019 and Q1 2020. For more information about Stratford see www.stratfordrx.com

The Law firm Lindahl KB and Pareto Securities AB have assisted Swedencare with advice in the transaction.

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About Swedencare

Swedencare develop, produce, market, and sell premium products on the global and fast-growing market within animal healthcare for cats, dogs and horses. The product groups ProDen PlaqueOff and NutriScience are represented on approximately fifty markets in all parts of the world, including the headquarter in Malmö, seven subsidiaries in the Nordics, United States, France, Spain, Greece, Great Britain and Ireland and through an external distribution network. Swedencare's sales have increased significantly over the last few years with strong margins and results. The board of directors and the management have a wide and extensive experience of international marketing and sales.

This is information that Swedencare AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 5:31 p.m. CET on June 24th, 2020.