

Press release, February 13th, 2020 08:30

Swedencare AB (publ) YEAREND REPORT OCTOBER 1st – DECEMBER 31st 2019

Once again a strong year for Swedencare!

SUMMARY OF THE PERIOD

FOURTH QUARTER: OCTOBER 1ST – DECEMBER 31ST 2019

Numbers in parentheses refers to outcomes during the corresponding period of the previous year.

- Net revenue amounted to 34,084 KSEK (27,778 KSEK), an increase of 23%
- Organic, currency-adjusted growth amounted to 13%
- Operating profit before depreciation (EBITDA) amounted to 8,246 KSEK (7,684 KSEK), corresponding to an increase of 7% and an EBITDA margin of 24,2% (27.7%)
- Operating profit after depreciation (EBIT) amounted to 6,584 KSEK (7,332 KSEK), corresponding to a decrease about 10% and an EBIT margin of 19,3% (26.4%)
- Profit after tax amounted to 5,722 KSEK (5,742 KSEK)
- Earnings per share calculated on 15,801,980 shares 0,36 SEK (0,36 SEK)
- As of December 31st 2019, cash amounted to 45,737 KSEK (28,435 KSEK)

FULL YEAR 2019: JANUARY 1ST – DECEMBER 31ST 2019

Numbers in parentheses refers to outcomes during the corresponding period of the previous year.

- Net revenue amounted to 126,769 KSEK (99,136 KSEK), an increase of 28%
- Organic, currency-adjusted growth amounted to 22%
- Operating profit before depreciation (EBITDA) amounted to 39,531 KSEK (29,711 KSEK), corresponding to an increase of 33% and an EBITDA margin of 31.2% (29.9%)
- Operating profit after depreciation (EBIT) amounted to 36,914 KSEK (29,428 KSEK), corresponding to an increase of 25% and an EBIT margin of 29.1% (29.6%)
- Profit after tax amounted to 29,913 KSEK (23,320 KSEK)
- Earnings per share calculated on 15,778,462 shares 1,90 SEK (1,48 SEK)
- Cash flow from operating activities amounted to 33,128 KSEK (21,951 KSEK)
- Foreign exchange gains amounted to 541 KSEK (843 KSEK)
- The Board of Directors proposes a dividend of 0.70 SEK per share for 2019 (0)

SIGNIFICANT EVENTS DURING THE FOURTH QUARTER

Swedencare AB (publ) acquires the Greek animal health distributor Biovet.

Swedencare AB (publ) present new CEO to lead the company for the financial goals in 2024 and adopts new dividend policy.

Swedencare AB (publ) strengthens the organization with a Global Marketing Manager as part of the increased marketing effort.

SIGNIFICANT EVENTS AFTER THE FOURTH QUARTER

There are no significant events after the end of the fourth quarter.

WORDS FROM THE CEO

Continued global growth and increased market initiatives

Last year's closing quarter generated sales of 34.1 MSEK, 23% higher than the corresponding quarter of 2018. For the full year, we recorded net sales of 126.8 MSEK, an increase of 28%. Sales are positively affected by the acquisition of Biovet, which is why currency-adjusted organic growth amounted to 13% during Q4, while the full-year equivalent totals 22%.

We continued the high growth in most markets, including that the record order from China in Q3 was followed by an even larger order in Q4, resulting in that China accounted for as much as 13% of our total sales in the quarter. We continue to have good growth in the US and the Nordic countries as well. The US increased by 26% in the quarter and 47% for the year! A strong Q3 in the UK led to a somewhat weaker development during Q4 and an expected large order from Korea was postponed to Q1 2020. With that delivery in Q1, our Korean distributor now has our entire PlaqueOff range and they report that they have had great success with, especially, the ProDen PlaqueOff® cat Powder and our Dental Bones.

Our partner Canagan reports success with the pet food collaboration, which has resulted in our Powder Ingredient sales increasing - even though it is still small volumes, this product group also recorded record sales during the quarter.

Launches are made of both new products, Minibones are now launched in several markets in Europe and we expect their sales to take off during H1 2020, and in new markets when we delivered Dental Bites to Chile for the first time in Q4.

EBITDA increased by 7% during Q4, partly affected by increased marketing initiatives, while the strengthening of the Swedish krona during the quarter contributed to EBIT decreasing by 10% to 6.6 MSEK. A decreased result compared to the corresponding quarter last year, but one should keep in mind the investments we make in marketing and that larger orders sometimes are pushed forward a couple of weeks into the following quarter. For the full year, EBIT increased by 25% to 36.9 MSEK, corresponding to a margin of 29.1%.

During Q4, we set strategic and financial targets until 2024, which were published on October 23rd. To achieve the goals, there is a significantly increased focus on marketing activities, which began during the past quarter. Now we take the next step as our Global Marketing Manager, Sara Ahlström, joined us in mid-January. Under Sara's leadership, we will make ProDen PlaqueOff® the leading brand within dental and oral health for the pet market, which is to deliver on our vision.

The rest of the world has started this year with a decision on Brexit, which we will see the full effects of only after the yearend, and that China has been crippled by the Corona virus. How long, and to what extent the current situation in China affects Swedencare is difficult to say at this point, but since our products are not purchased on a weekly basis, we do not expect sales to be affected more than with a possible time delay. At the same time as the retail trade is adversely affected by the current situation, online demand is increasing. Our local distributor meets this by running special digital campaigns which we look forward to seeing the results of.

We now have yet another exciting year behind us, a year that has offered continued sales success and high profitability. We have products and brands that we are proud of and that more and more customers around the world are discovering. The growth trend in the pet industry continues and we have taken an important role in the dental area, a role that we will further improve by increasing our investments in marketing. When this report is published, I have been CEO for just over three months and I look forward to continue to develop our company together with my colleagues, the Board, distributors and of course our customers around the world.

Jenny Graflind, CEO
Malmö February 13th 2020

The complete yearend report is attached to this press release and is available at www.swedencare.se

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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 08:30 CET on February 13th, 2020.