

INTERIM REPORT JANUARY-JUNE 2019

# Strong sales growth for prioritised brands

## April-June 2019 (second quarter)

- Net sales amounted to SEK 705 million (714).
- Growth for prioritised brands amounted to 10.2 percent
- Net sales for the concluded sales assignment Alpro amounted to SEK 2 million (64)
- EBITDA amounted to SEK 59 million (57) before items affecting comparability, corresponding to a margin of 8.4 percent (8.0).
- Profit for the period amounted to SEK 23 million (25), corresponding to earnings per share of SEK 0.50 (0.55) before and after dilution.
- Free cash flow amounted to SEK 75 million (40).
- Long-term financial targets were revised and adopted for the Group by the Board of Directors of Midsona AB (publ).
- Midsona signed an agreement to establish a product company together with the food chain Paradiset.

## January-June 2019 (six months)

- Net sales amounted to SEK 1,491 million (1,324).
- EBITDA amounted to SEK 132 million (114) before items affecting comparability, corresponding to a margin of 8.9 percent (8.6).
- Profit for the period amounted to SEK 27 million (64), corresponding to earnings per share of SEK 0.58 (1.39) before and after dilution.
- Free cash flow amounted to SEK 33 million (36).



### About Midsona

Midsona develops and markets strong brands in health and well-being, with products that help people to a healthier and more sustainable life. Midsona has annual sales of about MSEK 2,852 (2018). The Midsona share (MSON) is listed on NASDAQ OMX Stockholm, Mid Cap. For further information: [www.midsona.com](http://www.midsona.com).

## **Significant events following the end of the report period.**

- Midsona acquired Eisblümerl Naturkost GmbH, with a strong position in Germany within organic sandwich spreads and Ekko Gourmet AB, a company in Sweden within organic frozen meal products.

## **Comment by the CEO**

### **Partly challenging conditions affect earnings**

Although sales for the Group's eight prioritised brands increased by a good 10 percent\* in the quarter, total sales decreased somewhat (down 1 percent). The sales decrease was largely due to us concluding the distribution assignment for Alpro as previously announced, which negatively impacted both earnings and sales. Some of our seasonal products have not benefited from the weather and the exchange rate trend continued to be unfavourable. During the quarter, work on fine-tuning the Nordic organisation continued to proceed according to plan. The planned lower cost base will gradually provide a positive earnings impact in the upcoming quarters.

### **Strong growth for our prioritised brands**

The eight prioritised brands continued strongly and especially for Friggs, which stands out with a high double-digit growth, largely driven by the Popcorn corn cake. Urtekram, Midsona's strongest brand, also showed strong growth.

The portfolio outside our eight prioritised brands consists of a large number of smaller brands, where we had a negative sales trend as expected. In our assessment, these brands do not have the potential to grow significantly larger, but since the profitability in many of the smaller brands is normally very good, they nonetheless have a place in Midsona's product portfolio. An evaluation per brand takes place continuously. Sales of the weather-dependent brands Compeed and Mygga declined during the quarter.

### **Focus on platform acquisitions and add-on acquisitions**

At the end of the quarter, we were able to announce that we are establishing a company together with the food chain Paradiset to broadly launch the consumer brand "Everyday by Paradiset", for easier sustainable choices in supermarkets. The work on the launch began on a high note.

Just after the end of the quarter, we were able to announce the acquisition of Eisblümerl, one of Germany's leading producers of organic nut, nougat and chocolate spreads. Eisblümerl will be integrated into our German business Davert, a platform for continued expansion in Germany, which was acquired in 2018. Davert developed well



#### **About Midsona**

Midsona develops and markets strong brands in health and well-being, with products that help people to a healthier and more sustainable life. Midsona has annual sales of about MSEK 2,852 (2018). The Midsona share (MSON) is listed on NASDAQ OMX Stockholm, Mid Cap. For further information:

[www.midsona.com](http://www.midsona.com)



**midsona**

and we have been able to securely make the very attractive add-on acquisition of Eisblümerl.

Our German acquisitions are in many ways a good example of our European growth strategy; an initial platform acquisition that is followed up by an add-on acquisition of a smaller company, perhaps simpler in structure or more niched, but which constitutes a suitable complement with clear synergies in administration, production or purchasing, but above all with sales synergies. Through the platform company's larger size, we gain access to new markets and sales channels that we can utilise to reach out with the products of the add-on acquisition. Altogether, we expect a very good return for Eisblümerl in the existing structure in Davert.

The same logic also applies to the acquisition of the Swedish company Ekko Gourmet, which was announced soon after the end of the quarter. Ekko Gourmet, which is a smaller acquisition, is specialised on organic and vegan food and by using Midsona's strong distribution network, we also expect a good return for Ekko Gourmet in its new structure.

### **Focus on prioritised brands and acquisitions**

Overall, I am pleased with the underlying sales growth for our prioritised brands during the quarter, but at the same time note that we do not really reach the goal for sales and earnings in total. By focusing our resources on our strongest brands, we believe that we have the best conditions to reach our financial targets in the long term. During the quarter, we devoted quite a lot of time to the acquisitions we recently presented and we are constantly continuing to work to find new platform and add-on acquisitions. I view the rest of the year with confidence.

Peter Åsberg, President and CEO

*\* The prioritised brand Davert is compared in the period April-June with sales in the same period last year, although Midsona did not own the brand during the entire period.*

*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 19 July 2019 at 8 am CET.*



#### **About Midsona**

Midsona develops and markets strong brands in health and well-being, with products that help people to a healthier and more sustainable life. Midsona has annual sales of about MSEK 2,852 (2018). The Midsona share (MSON) is listed on NASDAQ OMX Stockholm, Mid Cap. For further information:

[www.midsona.com](http://www.midsona.com)