



New Nordic Healthbrands AB (publ)

Full Year Report 2014

			Q4	Q4
	2014	2013	2014	2013
Net sales, kSEK	271 949	227 983	70 693	59 691
Gross profit, kSEK	173 728	148 789	44 928	37 041
Gross margin, %	63.9	65.3	63.6	62.1
EBITDA kSEK	19 118	12 154	4 933	1 120
EBITDA, %	7.0	5.3	7.0	1.9
Operating profit, kSEK	16 199	9 161	4 007	384
Operating margin, %	6.0	4.0	5.7	0.6
Profit for the period, kSEK	12 375	5 781	3 154	1 156
Earnings per share*, SEK	2.0	0.93	0.51	0.19
EBITDA per share, SEK	3.09	1.96	0.8	0.18

*There are no dilutive effects

Comments by CEO

2014 has been a very good year for New Nordic. Over the full year we increased our sales by 12 percent in local currencies and by 19 percent in Swedish kronor, to SEK 271.9 million. EBITDA grew by 57 percent to SEK 19.1 million and earnings per share by 115 percent to 2.00 SEK per share.

The increase in sales and profit is a result of an effective execution of our strategy. A fine balance of a high product innovation, increase in marketing plus increased distribution and in-store presence in pharmacies and health stores.

Sales have grown satisfactory in the Nordic area, the other European area and North America. There was a slight decrease in sales in the Far East.

The gross margin decreased from 65,3 percent to 63,9 percent. A part of the decrease can be explained by the fact that sales to distributors has increased. As distributors carry the cost and risk of marketing we have a lower gross margin on sales through distributors. Additionally we have been challenged by retailers to participate more in price reduction promotional activities. Marketing and selling expenses has increased in line with the increase in sales. Cost of administration has been kept well under control resulting in an EBITDA margin of 7 percent up from 5,3 percent.

We have a low amount of intangible and tangible assets in our books and have relatively little debt, resulting in low costs of depreciation and interest. The fluctuations in exchange rates has been to our benefit in 2014, where we have had extraordinary positive exchange rate incomes of close to 2 million SEK. Our result after tax increased to SEK 12.4 million which equals 4.6 percent of sales. We are very pleased with the growth in both sales and profitability, but our long term ambition for profitability is higher.

We strive to obtain better profitability by through higher market penetration and thereby better efficiency of our marketing efforts in countries where we are still young. Growing sales with stable administration costs will also contribute to higher profits.

We increased the inventory of raw materials and finished goods with 14 percent to 35 million SEK in 2014 in order to maintain a high level of order-fulfillment with growing sales. Our balance is well trimmed amounting to 101 million SEK by the end of the year. Shareholders equity grew to a solidity of nearly 25 percent. Our financial situation is fine.

We will continue to execute our strategy and we plan for further growth. We have a fine pipeline of product innovations, there is much room for growth in existing markets with existing products, and there are many new markets to enter together with good distributors. We will focus our efforts to create growth in both sales and profit.

New Nordic employees has done a fine job in 2014 and everybody is passionate about our business and international expansion. We have another exciting year ahead of us and I am very confident that New Nordic has the right strategy and that there is lots of opportunities for us to grow.

Karl Kristian Bergman Jensen

Turnover

Sales for the year was SEK 271,9 million (228.0), an increase of 19.3 percent. In local currencies, the increase was 12.3 percent. Sales in the Nordic region increased by 11.5 percent to SEK 114.7 million (102.9). Sales in Other Europe increased by 29.9 percent to SEK 91.5 million (70.4). Sales in North America increased by 24.8 percent to SEK 59.5 million (47.7). Export to Asia decreased to SEK 6.2 million (7.0).

Results for the year

Gross profit for the year amounted to SEK 173.7 million (148.8). This corresponds to a gross margin of 63.9 percent (65.3). Selling and administrative expenses amounted to SEK 154.6 million (136.6), an increase of 13.2 percent. EBITDA increased by 57.3 percent to SEK 19.1 million (12.2). This corresponds to an EBITDA margin of 7.0 percent (5.3). Operating income amounted to SEK 16.2 million (9.2). This corresponds to an operating margin of 6.0 percent (4.0.). Profit after financial items amounted to SEK 16.5 million (7.9). Profit after tax for the year amounted to SEK 12.4 million (5.8).

Comments to the fourth quarter

Sales in local currencies increased by 8.9 percent. Converted into SEK, sales rose 18.4 percent to SEK 70.7 million (59.7). Gross margin increased to 63.6 percent (62.1). EBITDA increased by 340 percent to SEK 4.9 million (1.1). Selling and administrative expenses amounted to SEK 40.0 million (35.9), an increase of 11.4 percent. Profit after financial items amounted to SEK 4.4 million (0.6) and net income increased by 173 percent to SEK 3.2 (1.2). Inventories increased by 14.4 percent compared to the same period last year and amounted to SEK 35.0 million (30.6).

Financial position and cash flow

Total assets as of 31st December, 2014 amounted to SEK 100.7 million (90.3), an increase of 11.5 percent compared to the same time last year. Operating activities during the year generated a positive cash flow of SEK 3.2 million (0.5). Cash and cash equivalents amounted to SEK 6.0 million (6.1).

The Group's equity ratio was 24.9 percent (15.0). Equity apportioned on the outstanding 6,195,200 (6,195,200) shares at 31st December, 2014 amounted to 4.04 SEK (2.19).

Expansion

In 2015, the company will continue a strict execution of their strategy with a strong focus on building brand leaders in a range of condition specific market segments. Profitable condition specific brands will be launched in the markets where New Nordic operate and efforts will be made to broaden the geographical distribution through reputable national exclusive distributors who can market New Nordic's brands on their own account and risk in their country. In the US, the company will focus solely on a few brands for pharmacy distribution.

Simultaneously, New Nordic will start connecting with the US health food trade and build business here. New Nordic expects to increase sales and profit in all markets in which the company operates.

Parent company

In 2014 the parent company had a turnover of SEK 107.3 million (64.6). The reason for the significant increase in sales during the period is that the parent company has taken over invoicing against its subsidiaries.

Comment to this quarter

The company has strengthened the organization for expansion by employing an Export Area Manager for the Far East and a Regulatory Manager.

Transactions with related parties

There have been no material related party transactions during the period.

Accounting principles

This report has been prepared in accordance with the Annual Accounts Act (1995:1554) and BFNAR 2012:1 Annual Accounts Act and Group Accounts (K3).

Certified Adviser

New Nordic Healthbrands AB's Certified Adviser, Mangold Fondkommission AB.

Future reports

14th April, 2015	Annual Report 2014
29th April, 2015	Three month report 2015
29th April, 2015	General Meeting 2015
31st July, 2015	Six months Report 2015
30th October, 2015	Nine months Report 2015

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This report has not been audited.

Malmö March 6, 2015

New Nordic Healthbrands AB (publ)

New Nordic Healthbrands AB

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Income Statement

(kSEK)	2014	2013	Q4 2014	Q4 2013
Sales	271 949	227 983	70 693	59 691
Cost of goods sold	-98 221	-79 194	-25 765	-22 650
Gross profit	173 728	148 789	44 928	37 041
Personnel expenses	-28 387	-26 429	-8 567	-6 906
Other external expenses	-126 223	-110 206	-31 428	-29 015
EBITDA	19 118	12 154	4 933	1 120
Depreciations	-2 919	-2 993	-926	-736
Operating profit (EBIT)	16 199	9 161	4 007	384
Interest and other financial items	326	-1 267	403	210
Profit after financial items	16 525	7 894	4 410	594
Tax	-4 150	-2 113	-1 256	562
Profit for the period	12 375	5 781	3 154	1 156
Average number of shares	6 195 200	6 195 200	6 195 200	6 195 200
Number of shares by the end of the period*	6 195 200	6 195 200	6 195 200	6 195 200
Earnings per share, SEK	2.0	0.93	0.51	0.19
EBITDA per share, SEK	3.09	1.96	0.8	0.18

*There are no dilutive effects

Balance Sheet

(kSEK)	2014	2013
Assets		
FIXED ASSETS		
Intangible fixed assets	2 977	5 246
Tangible fixed assets	1 834	1 514
Financial assets	9 014	6 732
Total fixed assets	13 825	13 492
CURRENT ASSETS		
Inventories	34 995	30 602
Current receivables	45 847	40 122
Liquid funds	5 995	6 072
Total current assets	86 837	76 796
Total assets	100 662	90 288
Equity and liabilities		
EQUITY	25 059	13 549
Deferred tax	1 618	1 466
Long-term debt	1 198	785
Short term liabilities – interest bearing	9 439	10 324
Short term liabilities – non interest bearing	63 348	64 164
Current liabilities	72 787	74 488
TOTAL LIABILITIES AND EQUITY	100 662	90 288

Change in Equity

2014

(kSEK)	Share capital	Restricted reserves	Free equity	Total equity
Balance	6 195	3 935	3 419	13 549
Transfer between restricted and unrestricted reserves	0	1 313	-1 313	0
Exchange rate differences	0	0	-865	-865
Profit for the period	0	0	12 375	12 375
Balance	6 195	5 248	13 616	25 059

2013

(kSEK)	Share capital	Restricted reserves	Free equity	Total equity
Balance	6 195	3 165	-888	8 472
Transfer between restricted and unrestricted reserves	0	770	-770	0
Exchange rate differences	0	0	-704	-704
Profit for the period	0	0	5 781	5 781
Balance	6 195	3 935	3 419	13 549

Cash Flow Statements

(kSEK)	2014	2013	Q4 2014	Q4 2013
CURRENT OPERATIONS				
Profit after financial items	16 199	9 161	4 007	384
Adjustments for				
Depreciations	2 919	2 993	926	736
Other provisions	0	2 032	-255	455
	19 118	14 186	4 678	1 575
Interest recieved	270	330	81	77
Interest expense	-1 740	-1 597	-425	-892
Taxation paid	-2 489	-2 419	778	826
Cash flow from current operations before changes in working capital	15 159	10 500	5 112	1 586
Cash flow from changes in working capital				
Inventories	-3 064	-1 351	-3 295	-1 255
Current receivables	-1 777	-1 461	-1 059	1 431
Current liabilities	-7 114	-7 205	-947	-2 289
Cash flow from current operations	3 204	483	-189	-527
INVESTMENT ACTIVITIES				
Investment in intangible fixed assets	-1	-36	-1	-5
Investments in tangible fixed assets	-587	-472	130	-47
Long term receivables	-1 588	543	1 356	-259
Cash flow from investment activities	-2 176	35	1 485	-311
FINANCING ACTIVITIES				
Changes in long term debt	-1 483	406	-790	-708
Cash flow from financing activities	-1 483	406	-790	-708
Changes in liquid funds	-455	924	506	-1 546
Liquid funds at the beginning of the period	6 072	5 186	5 357	7 623
Exchange rate effect	378	-38	132	-5
Liquid funds at the end of the period	5 995	6 072	5 995	6 072

Key Figures

(kSEK)	2014	2013	Q4 2014	Q4 2013
Sales	271 949	227 983	70 693	59 691
Gross profit	173 728	148 789	44 928	37 041
EBITDA	19 118	12 154	4 933	1 120
Operating profit	16 199	9 161	4 007	384
Profit after financial items	16 525	7 894	4 410	594
Profit after tax	12 375	5 781	3 154	1 156
Total assets	100 662	90 288	100 662	90 288
Return on capital employed, %	46.1	38.5	12.5	2.0
Return on shareholders equity, %	49.4	42.7	12.6	8.5
Equity	25 059	13 549	25 059	13 549
Equity ratio, %	24.9	15.0	24.9	15.0
Debt ratio	3.02	5.66	3.02	5.66
Interest coverage ratio	9.5	3.5	9.62	0.52
Investments	901	508	87	52
Cash flow from current operations	3 204	483	-189	-527
Cash flow from financing activities	-1 483	406	-790	-708
Gross margin, %	63.9	65.3	63.6	62.1
EBITDA margin, %	7.0	5.3	7.0	1.9
Operation margin, %	6.0	4.0	5.7	0.6
Profit margin, %	6.1	3.5	6.2	1.0
Number of employees, average	37	37	38	37
Number of employees by the end of the period	38	37	38	37
Sales per employee	7 350	6 162	1 860	1 613
Gross margin per employee	4 695	4 021	1 182	1 001
Profit per employee	447	213	116	16
Average number of shares in the period	6 195 200	6 195 200	6 195 200	6 195 200
Number of shares by the end of the period*	6 195 200	6 195 200	6 195 200	6 195 200
EBITDA per share, SEK	3.09	1.96	0.8	0.18
Profit per share*, SEK	2.00	0.93	0.51	0.19
Equity per share, SEK	4.04	2.19	4.04	2.19

*There are no dilutive effects

New Nordic geographic and product segments

Sales divided by geographic area, SEK

	2014		2013	
	MSEK	PERCENT	MSEK	PERCENT
Nordic	115	42	103	45
Other Europe	92	34	70	31
North America	59	22	48	21
Other World	6	2	7	3

Gross profit: Net sales less cost of sold goods.

Equity: Equity as a percentage of total assets.

Leverage ratio: The ratio of total liabilities and equity.

Profit margin: Profit after financial items plus financial expenses divided by financial expenses.

Return on equity: Net income as a percentage of shareholders' equity at period end.

Capital employed: Total assets less non-interest-bearing provisions and liabilities.

Return on capital employed: Profit after financial items plus financial expenses divided by capital employed.

Investments: Investments in tangible and intangible assets.

Gross margin: Gross profit as a percentage of net sales.

EBITDA margin: Operating income before depreciation and amortization as a percentage of net sales.

Operating margin: Operating profit after depreciation and amortization as a percentage of net sales.

Profit margin: Profit after financial items as a percentage of net sales.

Revenue per employee: Net sales divided by the average number of employees.

Gross profit per employee: Gross profit divided by the average number of employees.

Profit per employee: Profit after financial items divided by the average number of employees.

Earnings per share: Profit after tax divided by the average number of shares.

Equity per share: Shareholders' equity divided by shares outstanding at period end.