



PRESS RELEASE

Malmö October 31, 2016

New Nordic Healthbrands AB

Nine month report January - September 2016

NINE MONTHS 2016

- Net sales amounted to MSEK 235.3 (223.3), an increase of 5.4 percent. In local currencies, the increase was 7.5 percent.
- Gross margin decreased to 65.2 percent (65.9).
- EBITDA decreased to MSEK 12.7 (14.4).
- Operating profit decreased to MSEK 11.8 (12.4).
- Profit after tax for the period increased to MSEK 9.3 (9.0).
- Earnings per share increased to SEK 1.50 (1.46).

Q3 2016

- Net sales amounted to MSEK 84.7 (73.9), an increase of 14.7 percent. In local currencies, there was an increase of 15.7 percent.
- Gross margin increased to 65.4 percent (64.5).
- EBITDA increased to MSEK 7.4 (5.5).
- Operating profit increased to MSEK 7.2 (4.9).
- Profit after tax for the period increased to MSEK 5.5 (3.7).
- Earnings per share increased to SEK 0.88 (0.60).

COMMENTS BY KARL KRISTIAN BERGMAN JENSEN, CEO

We had an excellent 3rd quarter. The organic growth in local sales exceeded 15 percent. The execution of our strategy was effective and mainly due to increased marketing efforts and product innovations we reached record sales and record earnings per share.

For the first nine month of the year we had a growth of more than seven percent in local currencies. Converted to Swedish kroner sales grew five percent the first nine months. It is particularly in Canada, Denmark, Germany, Sweden and USA that we reached significant growth. For different reasons we experienced a decrease in sales this year in the Baltic's, Norway, Italy and the UK. However, Norway and the UK was already back on track in the third quarter where it had great growth again. Actions have been taken to turn Italy and the Baltic's around and bring them back on a sound growth track. We expect to see the result of this in 2017.

Our gross margin is still a few percent below target and we are working hard to recover from higher manufacturing costs earlier this year. We managed to bring the gross margin up to 65.2 percent for the first nine months. Our total selling and administration costs increased by six percent from January to September. The higher cost is a reflection of higher marketing efforts and higher cost of personnel. The number of employees for the first nine months increased from 41 to 45 persons. We increased personnel to help us grow our assortment and geographical presence the coming years.

In the quarter we made an EBITDA margin of close to nine percent bringing the nine months EBITDA margin up to 5,4 percent. This is still not satisfactory but we are convinced that we will improve it further in the near future.

Depreciations and financial costs were significantly reduced the first nine months of the year resulting in a nine month record profit after tax of 9.3 million SEK. The return on equity amounted to nearly 22 percent for the first nine months.

As planned we managed to reduce our inventory from earlier this year so the total of raw material and finished goods inventory now amounts to 51 million SEK equal to 170 days of inventory.

During the quarter we have been very active in building local relations in the markets where we operate. This include retailer staff presentations and exhibitions at national health and pharmacy shows. For the first time also in ASIA at the Natural Products Hong Kong exhibition.

In Scandinavia we introduced the first products in our Sports Nutrition range targeted people who exercise more then 3 times weekly and need support for optimal performance and restitution. The herbal Sports Nutrition supplements are the first of it's kind in the market. The first reactions from the trade has been very positive.

In the coming period we will continue to focus on growth in sales, improvement of our gross margins while we keep administration costs down. We are all dedicated and fully committed to deliver excellent results and I am looking to the future with great enthusiasm and joy.

Karl Kristian Bergman Jensen, CEO



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New Nordic Healthbrands AB (publ) was founded in 1990 and is quoted on NASDAQ OMX Stockholm since 2007. The company's business concept is to offer the most effective and safe food supplements and natural medicines for specific health conditions. New Nordic's branded products are now available in 33 countries in pharmacies and health stores. The New Nordic Group has it's own small sales and marketing companies in most European Countries, Canada and the US, to organize local marketing campaigns, serve the pharmacy and health retailers and serve the end consumers. In 2015, sales were 298 MSEK. All New Nordic products sold worldwide are manufactured in Scandinavia. For further information, visit www.newnordic.com.