



PRESS RELEASE

Malmö July 29, 2016

New Nordic Healthbrands AB

Six month report January - June 2016

SIX MONTHS 2016

- Net sales amounted to MSEK 150.5 (149.4), an increase of 0.7 percent. In local currencies, the increase was 3.6 percent.
- Gross margin decreased to 65.1 percent (66.6).
- EBITDA decreased to MSEK 5.3 (8.9).
- Operating profit decreased to MSEK 4.7 (7.6).
- Profit after tax for the period decreased to MSEK 3.8 (5.3).
- Earnings per share decreased to SEK 0.62 (0.86).

Q2 2016

- Net sales amounted to MSEK 76.0 (76.5), a decrease of 0.7 percent. In local currencies, there was an increase of 2.2 percent.
- Gross margin decreased to 66.4 percent (66.5).
- EBITDA decreased to MSEK 2.1 (4.2).
- Operating profit fell to MSEK 1.8 (3.5).
- Profit after tax for the period decreased to MSEK 1.5 (2.2).
- Earnings per share decreased to SEK 0.24 (0.36).

COMMENTS BY KARL KRISTIAN BERGMAN JENSEN, CEO

In the first half of 2016 we experienced a local organic growth of 3.6%. The growth does not match our higher ambition and does not reflect our opportunities. Our marketing efforts which is our main growth generator has in some cases been too hesitant and lacked continuity. At the same time, we have in many countries been plagued by wholesalers and retail chains internal structural problems and pressure from online retailers. Over the summer we have been working to tighten up our marketing routines and made plans for how we will act towards the structural changes taking place at national and international wholesale and retail level.

At country level, we have experienced very different developments during the year. In the Nordic countries we have had good progress in Sweden and Denmark with new launches, retail activities and an increase in sales of existing products. In Norway, our sales decreased. Sales out of stores to consumers is status quo for our products in Norway but retailers have reduced their inventories. In England, France, Poland, Finland and the Baltic countries, we are experiencing the same trend. Increasing or at least constant consumer sales but lack in purchasing and inventory reductions from the wholesaler and retailers. Our growth in North America has been very satisfactory. The largest sales increase is related to our new cooperation with Costco in Canada. In addition, sales also increased on a wide range of our products with many of our retail customers in Canada. Here our marketing efforts have been very effective this year. In the United States we increased sales to both pharmacy, health shops and online retailers and during the fall we will increase our assortment here.

As a new initiative we now introduce celebrity endorsement. The beautiful Carmen Electra is an enthusiastic Skin Care Collagen Filler™ user. At a meeting with Carmen Electra in Copenhagen, we entered into an agreement that she will act as Skin Care Collagen Filler's model for our international campaign.

In China, we have signed agreements with leading online providers for the sale of New Nordic's assortment. This sale is expected to start in the autumn. In Switzerland, we have established New Nordic AG to start the sale of selected New Nordic products in pharmacies. Here we have the advantage of many Swiss already see the German, French and Italian magazines where we advertise.


Our earnings in the first half year is not satisfactory. The margin is still suffering from the fact that we during a period from November 2015 to April 2016 had sharply increased production costs. During second half of 2016 we will implement our "multi-producer principle" for our major products and we expect that gross margin will rise towards the end of the year. Our costs are under control but we have increased our personnel costs slightly compared to the same period last year as part of preparations for increased sales in Asia and the launch of a new product category in the fall.

In order to improve our level of service we have increased our inventory of raw materials as well as our finished goods inventory. However, our inventory level is a bit too high and we plan to reduce inventory levels by 7-9 million SEK before year end.

In the coming six months we will focus on growing sales, improve our margins and keep overhead costs down so that we can create higher earnings.

The international market for dietary supplements is growing and more and more people become aware of the natural herbs vitalizing abilities. Our business and strategy works internationally and there is great potential for New Nordic. Our staff is dedicated and fully committed to delivering results. Therefore, I am very positive about the future and I look forward to the second half of 2016.

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 its 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.