



# ERIK PENSER BANK

Penser Access | Food: Specialty/Candy | Sweden | 8 February 2021

## Midsona

### Organic growth of 10%

#### Priority brands grew 9.1%

Sales rose to SEK 1,083m (825), which was 9% above our expectation, primarily driven by acquisitions. The gross margin was 28% against the expected 30%. The difference lay in higher prices for raw materials and that the acquired company has a lower gross margin than the group as a whole. EBITDA of SEK 114m (81) corresponds to a margin of 10.5% (9.8), and was 18% above our expectation of SEK 96.7m.

#### Strengthening the business in plant-based meat alternatives

By investing SEK 45m in the Spanish manufacturing unit, EBITDA is estimated to be able to increase by SEK 50m by 2024 through increased sales and cost synergies. The investment is expected to double sales in plant-based meat alternatives to approximately SEK 300m. An acquisition with a corresponding turnover would have been significantly more expensive, according to the company.

#### Small downward adjustment to EPS

Following the report, we are cutting our EPS estimate for 2021e by 7% as a consequence of somewhat higher depreciation than what we previously calculated. On our estimates, the share is traded at P/E 20.2x for 2021e, which means an 11% premium to its peers. Given the company's ability to make successful acquisitions, we believe that a premium is justified. We maintain our fair value of SEK 85-90.

Estimate Changes (SEK)			Estimates (SEK)				Risk and Potential															
	Now	Before		20e	21e	22e	23e	Motivated value	85.00 - 90.00													
EPS, adj 21e	4.18	4.49	-6.9%	Sales,m	3,709	4,471	4,560	4,651	Current price	SEK84.50												
EPS, adj 22e	4.5	4.65	-3.3%	Sales Growth	20.4%	20.5%	2.0%	2.0%	Risk level	Medium												
EPS, adj 23e	4.78	4.78	0.0%	EBITDA, m	404	551	577	609	<div style="background-color: #004a33; color: white; padding: 5px; text-align: center;">One Year Performance Chart</div>													
<div style="background-color: #004a33; color: white; padding: 5px;">Calendar Events</div> <table border="0"> <tr><td>Q1 rapport</td><td>29 apr 2021</td></tr> <tr><td>Stämman</td><td>5 maj 2021</td></tr> <tr><td>Q2 rapport</td><td>22 juli 2021</td></tr> </table>				Q1 rapport	29 apr 2021	Stämman	5 maj 2021	Q2 rapport			22 juli 2021	EBIT, m	257.0	410.8	436.6	459.3						
				Q1 rapport	29 apr 2021																	
				Stämman	5 maj 2021																	
				Q2 rapport	22 juli 2021																	
				EPS, adj	2.71	4.18	4.50	4.78														
				EPS Growth	81.4%	54.4%	7.6%	6.2%														
				Equity/Share	35.6	38.3	40.8	43.0														
				Dividend	1.25	1.50	2.00	3.00														
				EBIT Marginal	6.9%	9.2%	9.6%	9.9%														
				ROE (%)	7.6%	10.9%	11.0%	11.1%														
ROCE	6.1%	9.4%	9.6%	9.8%																		
<div style="background-color: #004a33; color: white; padding: 5px;">Key Figures (mkr)</div> <table border="0"> <tr><td>Number of Shares</td><td>65.0m</td></tr> <tr><td>Market cap</td><td>5,493</td></tr> <tr><td>Net Debt</td><td>1,394</td></tr> <tr><td>EV</td><td>6,887</td></tr> <tr><td>Free Float</td><td>65.00%</td></tr> <tr><td>Avg. No. of Daily Traded Sh.</td><td>71.0(k)</td></tr> <tr><td>Reuters/Bloomberg</td><td>MSONb.ST/MSONB SS</td></tr> </table>				Number of Shares	65.0m	Market cap	5,493	Net Debt	1,394	EV	6,887	Free Float	65.00%	Avg. No. of Daily Traded Sh.	71.0(k)	Reuters/Bloomberg	MSONb.ST/MSONB SS	EV/Sales	1.86x	1.54x	1.51x	1.48x
				Number of Shares	65.0m																	
				Market cap	5,493																	
				Net Debt	1,394																	
				EV	6,887																	
				Free Float	65.00%																	
				Avg. No. of Daily Traded Sh.	71.0(k)																	
				Reuters/Bloomberg	MSONb.ST/MSONB SS																	
				EV/EBITDA	17.0x	12.5x	11.9x	11.3x														
				EV/EBIT	26.8x	16.8x	15.8x	15.0x														
P/E, adj	31.2x	20.2x	18.8x	17.7x																		
P/Equity	2.4x	2.2x	2.1x	2.0x																		
Dividend yield	1.6%	1.8%	2.4%	3.6%																		
FCF yield	(1.7)%	5.2%	6.6%	7.0%																		
Net Debt/EBITDA	3.9g	2.5g	2.0g	1.5g																		

#### Analysts

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# Overview

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Organic growth of 10%

### Investment Case

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Midsona is a Nordic leader in health and well-being. The company's ambition is to make it easier for people to make their own contribution to a healthier everyday life. The company develops, manufactures and markets products in the areas of dietary supplements, natural remedies and health foods. Midsona currently has a strong position in the Nordic market, with several well-known own brands in its product portfolio. We anticipate growth in excess of 10% per year for the company's eight priority brands over the next two years.

### Valuation approach

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The company is traded on our projections at P/E 20.2x for 2021e, compared with P/E 21.7x for the Nasdaq all share index. The sector (comprising Atria, Cloetta and Olvi) is traded on average at P/E 17.9x for 2021e. We believe that Midsona should be traded at a premium to its peers based on: 1) the strong brand portfolio; 2) the company's successful acquisition strategy and strong cash flows; 3) the niche in health, well-being and organic, which we regard as structurally growing.

### Target Price

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Given the company's growing EPS trend and its ability to make successful acquisitions, we believe the share should be valued at a premium to the sector. We maintain our fair value of SEK 85-90.

## Latest acquisitions

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In Q4 2020, Midsona bought System Frugt, which has sales of approximately SEK 562m and adjusted EBITDA of around SEK 38m in 2020. The purchase price amounts to approximately SEK 298m on a debt-free basis and corresponds to an EV multiple of 7.8x EBITDA for 2020 and 4.1x EBITDA including synergies, which are estimated by the company at SEK 34m annually with full effect from the end of 2022. The acquisition has been financed through existing cash and credit facilities.

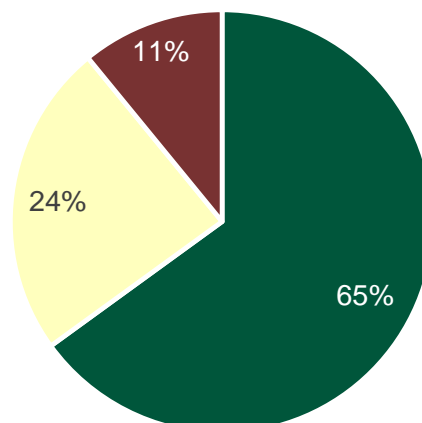
At the end of June 2020, Midsona acquired the Gainomax brand and strengthened its position in sports nutrition. Gainomax had sales in 2019 of SEK 80m and sells in Sweden and Finland. The company's EBITDA margin is in line with Midsona's, leading to an estimated acquisition multiple of 8.2x EV/EBITDA. Through the acquisition, Midsona takes over all trademark rights from 1 September 2020.

In the summer of 2019, Midsona purchased companies that have sales in excess of SEK 530m (Alimentation SEK 420m, Eisblümerl around SEK 100m and Ekko SEK 10m). German Eisblümerl was acquired for SEK 83 million (EV/EBITDA 4.6x) and was financed through bank loans. Eisblümerl will be integrated into Midsona's German operations, Davert, which we believe will lift Davert's EBITDA margin. Alimentation Santé is a leading player in organic and plant-based foods in France and Spain. It is worth pointing out that the company is active in the rapidly growing segment for plant-based meat alternatives. The purchase price for Alimentation corresponded to an EV/EBITDA multiple of 11.5x. Midsona expects to capitalise cost synergies of approximately SEK 21m annually from 2021, leading the acquisition multiple to drop to 8.2x.

## Aktiestruktur, ledning

Största aktirägare	Röster	Aktier
Stena Adactum AB	23,28%	27,94%
Creades AB	5,90%	5,34%
La Financière de l'Echiquier	5,68%	5,17%
Swedbank Robur Fonder	5,14%	4,66%
Övriga	60,00%	56,89%
Ordförande	Ola Erici	
Verkställande direktör	Peter Åsberg	
Finansdirektör	Max Bokander	
Investerarkontakt	-	
Hemsida	midsona.com	

## Försäljning per marknad



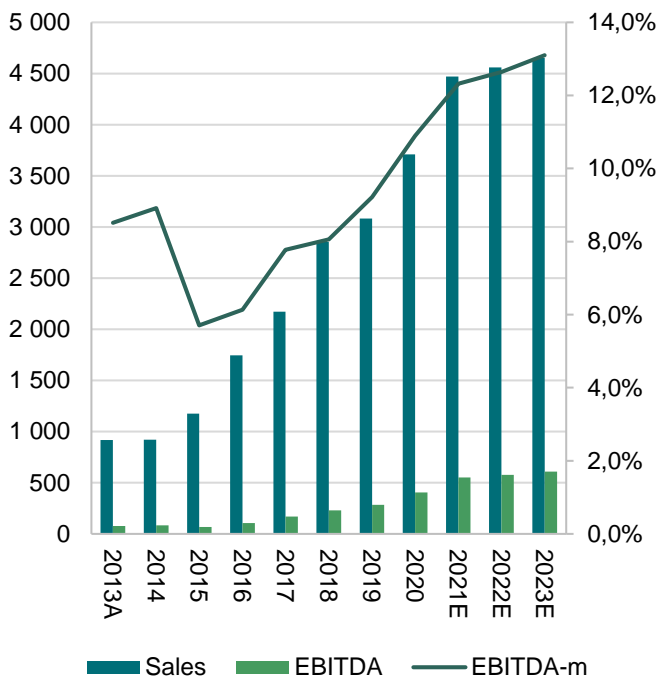
■ Nordics ■ North Europe ■ South Europe

## Midsona – Peers

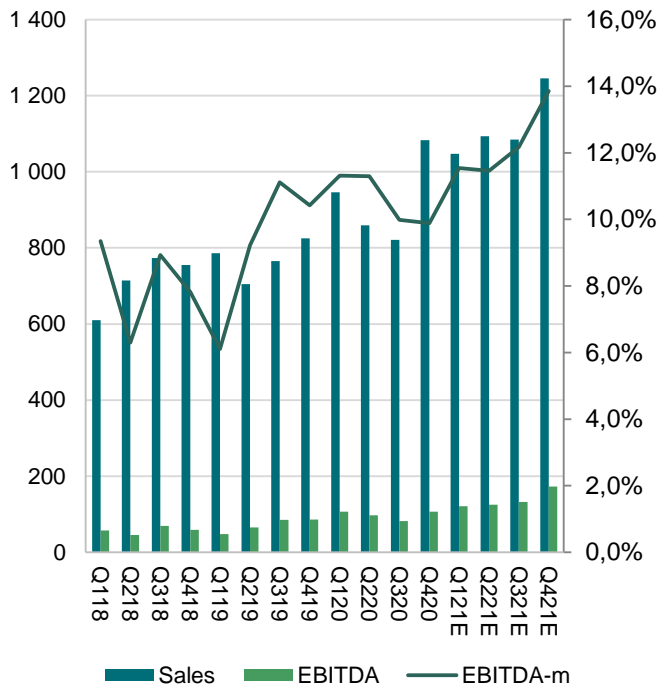
	Kurs		MV	EV/EBIT (just.)			P/E (just.)			Dir.avk.	EBIT-marg.			EPS-växt			EPS-trend		Kursutveckling	
	(lokal)			21e	22e	23e	21e	22e	23e		22e	21e	22e	23e	21e	22e	23e	1mån	6mån	1mån
Atria Oyj	10,7	EUR	3	11,8	11,4	na	10,5	9,6	na	4,7%	3,0%	3,1%	na	na	9%	na	0%	12%	7%	25%
Cloetta	24	SEK	7	14,8	12,3	11,1	16,3	13,8	12,5	4,6%	10,4%	11,6%	12,4%	29%	18%	10%	-11%	-15%	-4%	-2%
Olvi Oyj	45,0	EUR	9	14,2	12,7	na	19,0	17,5	na	2,7%	14,0%	14,5%	na	na	8%	na	0%	2%	-5%	7%
Orkla ASA	84	NOK	82	15,8	15,3	14,3	17,0	16,3	15,0	3,5%	12,0%	12,2%	12,5%	na	4%	8%	2%	8%	-2%	-7%
Scandi Standard	68	SEK	4	12,2	11,8	na	11,3	9,9	na	4,8%	5,2%	5,5%	na	na	14%	na	-3%	2%	-1%	0%
Tyson Foods	66	USD	199	10,6	9,3	na	na	na	na	2,9%	7,1%	7,6%	na	na	na	na	na	na	4%	5%
Unilever	40	EUR	1 205	14,6	14,1	13,4	18,4	17,4	16,6	4,4%	18,8%	19,2%	19,2%	-13%	5%	5%	-5%	-6%	-10%	-15%
Nestle S.A	100	CHF	2 691	20,8	20,0	18,7	22,7	21,3	19,9	2,9%	18,1%	18,4%	18,8%	na	7%	7%	0%	0%	-3%	-7%
Procter & Gamble Company	130	USD	2 677	18,5	17,7	16,8	22,8	21,4	19,9	2,6%	24,4%	24,6%	25,0%	na	na	na	na	na	-7%	-3%
<b>Midsona</b>	<b>85</b>	<b>SEK</b>	<b>5</b>	<b>16,8</b>	<b>15,8</b>	<b>15,0</b>	<b>20,2</b>	<b>18,8</b>	<b>17,7</b>	<b>1,8%</b>	<b>9,2%</b>	<b>9,6%</b>	<b>9,9%</b>	<b>na</b>	<b>11%</b>	<b>na</b>	<b>0%</b>	<b>-11%</b>	<b>7%</b>	<b>33%</b>
Medel				15,2	14,2	15,2	17,9	16,5	17,3	3,3%	12,2%	12,6%	16,3%	8%	10%	7%	-2%	-1%	-1%	4%
Median				14,7	13,4	15,5	18,4	17,4	18,3	2,9%	11,2%	11,9%	15,7%	8%	9%	7%	0%	1%	-2%	-1%

Källa: Factset, Bolagsdata

## Resultatutveckling, helår



## Resultatutveckling, kvartal



## Resultaträkning

	2015A	2016A	2017A	2018A	2019A	2020A	2021E	2022E	2023E
Nettoomsättning	1 174	1 744	2 173	2 852	3 081	3 709	4 471	4 560	4 651
Övriga intäkter	0	0	0	0	0	0	0	0	0
Extraordinära intäkter	0	0	0	0	0	0	0	0	0
Kostnad sålda varor	-699	-1 127	-1 430	-1 980	-2 178	-2 672	-3 179	-3 192	-3 247
<b>Bruttovinst</b>	<b>475</b>	<b>617</b>	<b>743</b>	<b>872</b>	<b>903</b>	<b>1 037</b>	<b>1 292</b>	<b>1 368</b>	<b>1 405</b>
Försäljningskostnader	-323	-377	-425	-473	-505	-542	-617	-652	-660
Administrationskostnader	-103	-149	-179	-212	-240	-284	-326	-342	-349
Övriga intäkter	28	30	38	59	151	199	205	207	218
Övriga kostnader	-10	-14	-8	-16	-25	-6	-4	-4	-4
Extraordinära kostnader	0	0	0	0	0	0	0	0	0
<b>Rörelseresultat (EBITDA)</b>	<b>67</b>	<b>107</b>	<b>169</b>	<b>230</b>	<b>284</b>	<b>404</b>	<b>551</b>	<b>577</b>	<b>609</b>
Avskrivningar	-19	-25	-35	-52	-114	-147	-140	-140	-150
Goodwillnedskrivningar	0	0	0	0	0	0	0	0	0
<b>Resultat (EBIT)</b>	<b>48</b>	<b>82</b>	<b>134</b>	<b>178</b>	<b>170</b>	<b>257</b>	<b>411</b>	<b>437</b>	<b>459</b>
Extraordinära Poster	0	0	0	0	0	0	0	0	0
<b>Justerat Resultat (EBIT)</b>	<b>48</b>	<b>82</b>	<b>134</b>	<b>178</b>	<b>170</b>	<b>257</b>	<b>411</b>	<b>437</b>	<b>459</b>
Finansella intäkter	0	0	0	0	0	0	0	0	0
Finansiella kostnader	-9	-24	-22	-15	-54	-53	-71	-71	-71
<b>Resultat före skatt</b>	<b>39</b>	<b>58</b>	<b>112</b>	<b>163</b>	<b>116</b>	<b>204</b>	<b>340</b>	<b>365</b>	<b>388</b>
Skatter	27	-13	-28	-34	-19	-28	-68	-73	-78
Minoritetsintressen	0	0	0	0	0	0	0	0	0
<b>Nettoresultat Rapporterat</b>	<b>66</b>	<b>45</b>	<b>84</b>	<b>129</b>	<b>97</b>	<b>176</b>	<b>272</b>	<b>292</b>	<b>311</b>
<b>Nettoresultat (just)</b>	<b>66</b>	<b>45</b>	<b>84</b>	<b>129</b>	<b>97</b>	<b>176</b>	<b>272</b>	<b>292</b>	<b>311</b>

## Kassaflödesanalys

	2015A	2016A	2017A	2018A	2019A	2020A	2021E	2022E	2023E
Nettoresultat Rapporterat	64	103	146	182	221	319	480	505	538
Icke kassaflödespåverkande poster	0	0	0	0	0	0	0	0	0
Förändringar i rörelsekapital	23	-34	6	30	-23	-36	31	41	33
<b>Kassaflöde från den operationella verksamheten</b>	<b>87</b>	<b>69</b>	<b>152</b>	<b>212</b>	<b>198</b>	<b>283</b>	<b>511</b>	<b>546</b>	<b>571</b>
Investeringar	-254	-848	-91	-357	-712	-369	-224	-182	-186
Avyttringar	0	0	0	0	0	0	0	0	0
<b>Fritt Kassaflöde</b>	<b>-167</b>	<b>-779</b>	<b>61</b>	<b>-145</b>	<b>-514</b>	<b>-86</b>	<b>287</b>	<b>364</b>	<b>385</b>
Utdelningar	-20	-23	-51	-58	-81	-81	-98	-130	-163
Nyemission/återköp	203	801	-18	247	670	0	0	0	0
Förvärv	0	0	0	0	0	378	0	0	0
Lånefinansiering och övriga justeringar	0	0	0	0	0	0	0	0	0
<b>Kassaflöde</b>	<b>16</b>	<b>-1</b>	<b>-8</b>	<b>44</b>	<b>75</b>	<b>211</b>	<b>190</b>	<b>234</b>	<b>223</b>
Icke kassaflödespåverkande poster	0	0	0	0	0	0	0	0	0
<b>Nettoskuld (just)</b>	<b>258</b>	<b>662</b>	<b>652</b>	<b>1 116</b>	<b>1 353</b>	<b>1 584</b>	<b>1 394</b>	<b>1 160</b>	<b>938</b>

## Balansräkning

	2015A	2016A	2017A	2018A	2019A	2020A	2021E	2022E	2023E
<b>TILLGÅNGAR</b>									
Goodwill	1 067	1 940	2 129	2 466	3 058	3 289	3 221	3 148	3 070
Övriga immateriella tillgångar	0	0	0	0	0	0	0	0	0
Materiella anläggningstillgångar	47	55	58	254	585	548	632	674	710
Räntebärande anläggningstillgångar	0	0	0	0	0	0	0	0	0
Innehav i intresseföretag och andelar	0	0	0	0	0	0	0	0	0
Övriga anläggningstillgångar	81	84	102	78	101	89	89	89	89
<b>Summa anläggningstillgångar</b>	<b>1 195</b>	<b>2 079</b>	<b>2 289</b>	<b>2 798</b>	<b>3 744</b>	<b>3 926</b>	<b>3 942</b>	<b>3 911</b>	<b>3 869</b>
Varulager	151	244	272	482	529	643	497	456	423
Kundfordringar	131	209	213	259	290	290	447	456	465
Övriga omsättningstillgångar	17	23	29	59	44	73	73	73	73
Likvida medel	61	65	54	101	173	195	385	619	841
<b>Summa omsättningstillgångar</b>	<b>360</b>	<b>541</b>	<b>568</b>	<b>901</b>	<b>1 036</b>	<b>1 201</b>	<b>1 402</b>	<b>1 604</b>	<b>1 802</b>
<b>SUMMA TILLGÅNGAR</b>	<b>1 555</b>	<b>2 620</b>	<b>2 857</b>	<b>3 699</b>	<b>4 780</b>	<b>5 127</b>	<b>5 343</b>	<b>5 515</b>	<b>5 671</b>
<b>Eget Kapital och skulder</b>									
Eget Kapital	877	1 349	1 550	1 630	2 322	2 313	2 487	2 650	2 798
Minoritetsintressen	0	0	0	0	0	0	0	0	0
<b>Summa Eget Kapital</b>	<b>877</b>	<b>1 349</b>	<b>1 550</b>	<b>1 630</b>	<b>2 322</b>	<b>2 313</b>	<b>2 487</b>	<b>2 650</b>	<b>2 798</b>
Långfristiga finansiella skulder	250	706	665	1 130	1 382	1 526	1 526	1 526	1 526
Pensionsavsättningar	0	0	0	0	0	0	0	0	0
Uppskjutna skatteskulder	135	207	221	271	321	342	342	342	342
Övriga långfristiga skulder	0	4	5	83	92	38	38	38	38
<b>Summa Långfristiga skulder</b>	<b>385</b>	<b>917</b>	<b>891</b>	<b>1 484</b>	<b>1 795</b>	<b>1 906</b>	<b>1 906</b>	<b>1 906</b>	<b>1 906</b>
Kortfristiga finansiella skulder	69	21	41	87	144	253	253	253	253
Leverantörsskulder	132	212	220	357	288	405	447	456	465
Skatteskulder	0	0	0	0	2	0	0	0	0
Övriga Kortfristiga skulder	92	121	155	141	229	250	250	250	250
<b>Summa kortfristiga skulder</b>	<b>293</b>	<b>354</b>	<b>416</b>	<b>585</b>	<b>663</b>	<b>908</b>	<b>950</b>	<b>959</b>	<b>968</b>
<b>Summa Eget Kapital och skulder</b>	<b>1 555</b>	<b>2 620</b>	<b>2 857</b>	<b>3 699</b>	<b>4 780</b>	<b>5 127</b>	<b>5 343</b>	<b>5 515</b>	<b>5 672</b>

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