

Q4 2018 Conference Call

Tom Rönnlund, CEO
Henrik Lundkvist, CFO

Lund, 13 February 2019



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New CEO and CFO starting January 2019

Tom Rönnlund, CEO



- More than 20 years of experience in sales, marketing, and general management positions in the healthcare industry
- Most recently CEO for Navamedic ASA, a publicly traded Norwegian pharmaceutical and medtech company

Henrik Lundkvist, CFO



- 18 years of experience in finance
- Most recently CFO at GCE, a global manufacturer of gas equipment
- Initiated his career as auditor with EY

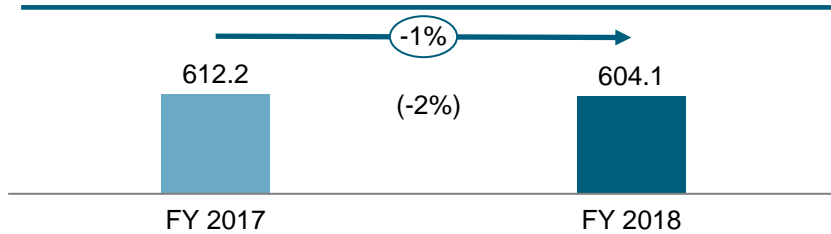
Agenda

1	Executive overview
2	Financial review
3	Outlook
4	Q&A

Strong Q4 performance driven by recovery from the customer specific destocking and growth in Asia

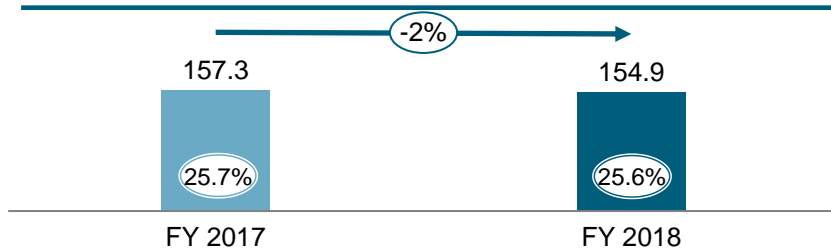
Net sales

MSEK, sales growth in % (constant currency growth in %)



EBITDA

MSEK, EBITDA margin as % of Group net sales



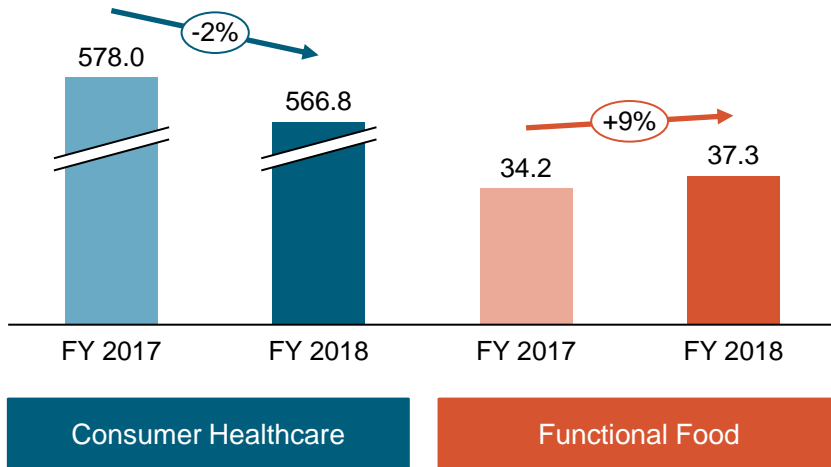
Key developments in the quarter

- Q4 net sales increase to MSEK 163, up 36% or MSEK 44 compared to Q4 2017
- Strong growth in Asia (+43% year-on-year)
- First commercial order after the introduction of Probi's product to improve bone health in postmenopausal women – Probi® Osteo

Consumer Healthcare improving through the year and Functional Foods displaying healthy growth

Net sales by segments

MSEK, sales growth in %



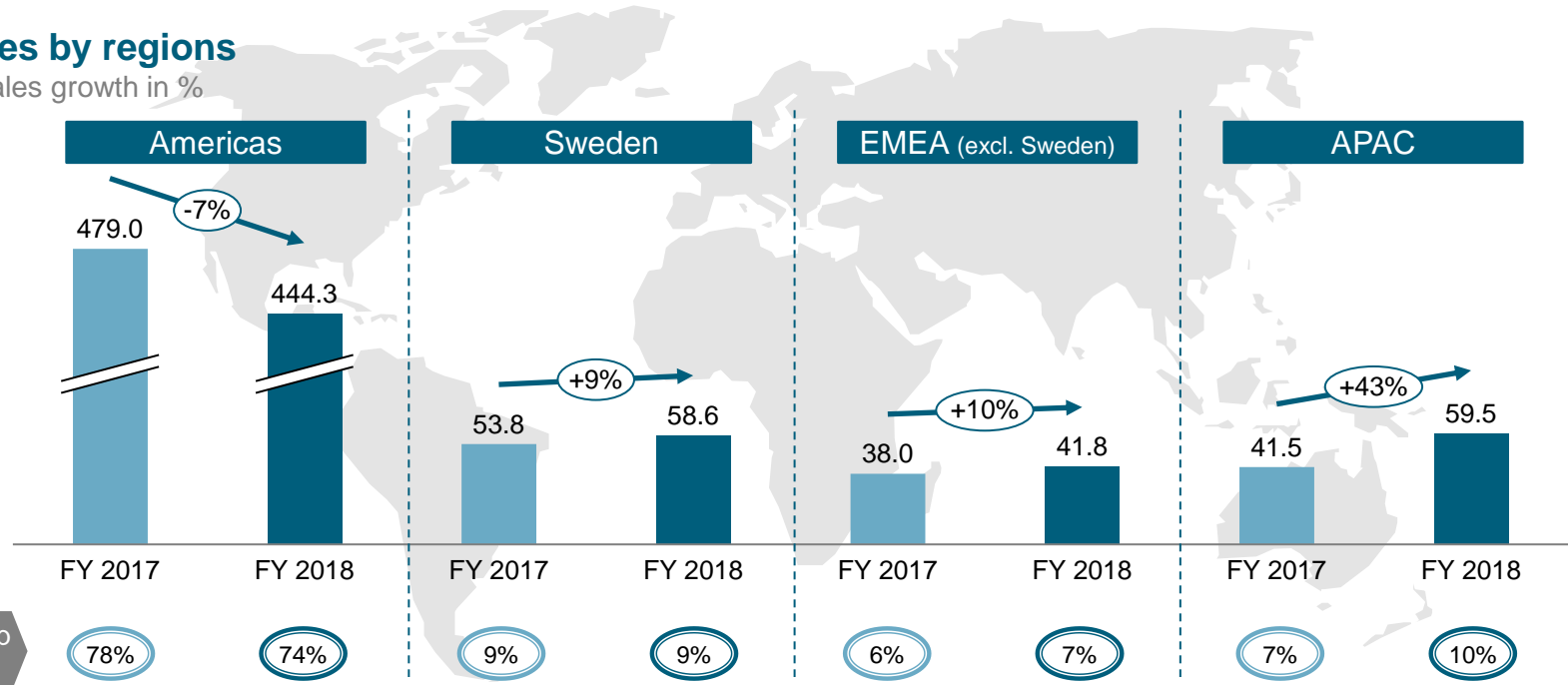
Key aspects

- Full year sales decline in Consumer Healthcare attributable to the US-customer specific destocking effect, stronger second half of the year demonstrates resumed demand
- Functional Food continues to deliver favorable growth driven by APAC and increased royalty revenues

Americas affected by customer specific destocking program – other regions growing

Net sales by regions

MSEK, sales growth in %



% of Group net sales

2018 - Highlights

- Probi Select™ or Probi Premium™ based products launched in various sales channels in US.
- Probi Defendum® and Probi Select™ based products launched by a leading Chinese company specialised in products for mothers and children under a recently established Scandinavian brand.
- Long-term development agreement signed with Cilag (Johnson & Johnson) regarding an OTC probiotic product.
- New distributor agreements in Europa and launch in Turkey.
- Expansion of sales organisations in US and Asia.
- Promising initial results from clinical trials to evaluate the effects of Probi's strains on physical performance and acute stress.
- Successful outcome of clinical trial in postmenopausal women, confirming that probiotics can reduce bone loss after menopause.
- Probi receives a 2018 NutraIngredients Award for its promising research results on the prevention of gluten intolerance in children.
- Launch of a research programme in collaboration with Diana (Symrise) to study the effects of polyphenols and probiotic combinations on gastrointestinal bacterial flora (microbiota) and associated intestinal markers.

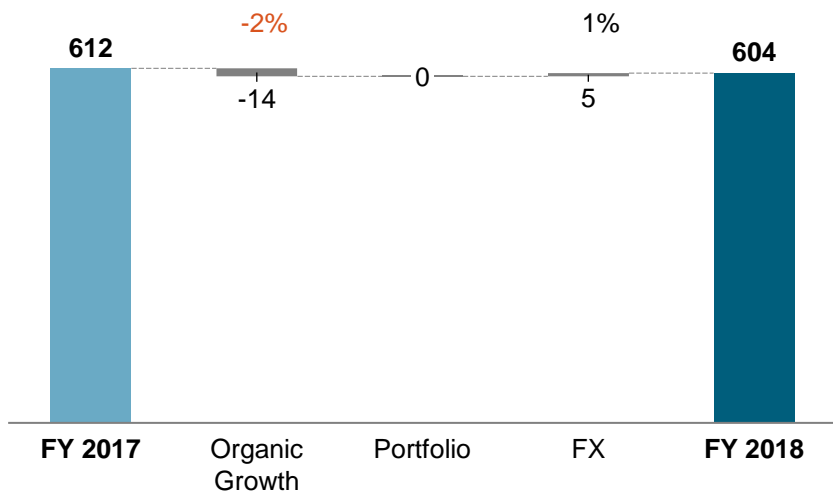
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Sales revenues slightly down – maintained EBITDA margin

Probi sales bridge

MSEK, change in %



Condensed P&L

MSEK, change in %

	FY 2018	FY 2017	Change
Net sales	604.1	612.2	▼ -1%
EBITDA	154,9	157.3	▼ -2%
EBITDA margin	25.6%	25.7%	▼ -0.1pps
EBIT	101.1	104.1	▼ -3%
Net income	76.2	69.1	▲ 10%
EPS	6.69	6.06	▲ 10%

Continued improvement of net income in Q4

Reconciliation of net income

MSEK



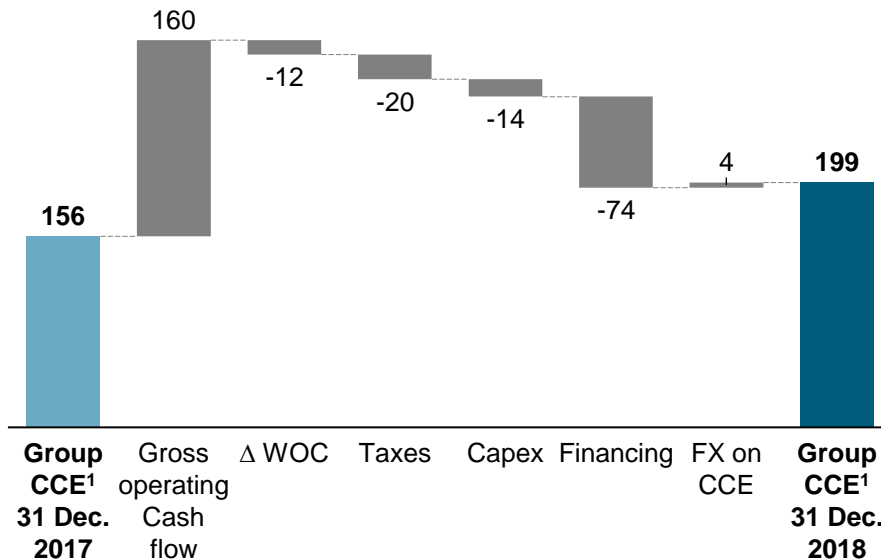
Key aspects

- EBIT affected by lower sales partly offset by slightly improved gross margin
- Improved financial result as a consequence of favorable exchange rate result
- Net income increased by MSEK 7 compared to the previous year

Maintained strong cash flow

Reconciliation of group liquidity FY 2018

MSEK



Key aspects

- Gross operating cash flow of MSEK 160 reflects robust business model
- Working capital at a higher level as a result of strong December sales
- Excess group liquidity used for partial early redemption of bank borrowings. Total redemption amounts to MSEK 70

Strong balance sheet and increased net cash position

Balance sheet Probi Group

MSEK, in % of total assets

Assets	31 Dec 2018	31 Dec 2017	Liabilities and equity	31 Dec 2018	31 Dec 2017
Intangibles (excl. GW)	494	488	Total equity	1,028	885
Goodwill	305	280			
PPE	29	34	Other non-current liabil.	7	6
Deferred tax assets	2	5	Non-current liabilities	7	6
Non-current assets	829	807	Borrowings	118	176
Inventories	69	69	Trade payables	31	27
Trade receivables	106	59	Other current liabilities	24	17
Other current assets	6	20	Current liabilities	174	220
Cash and cash equiv.	199	156	Total liabilities	181	226
Current assets	380	304			
Total assets	1,209	1,111	Liabilities and equity	1,209	1,111

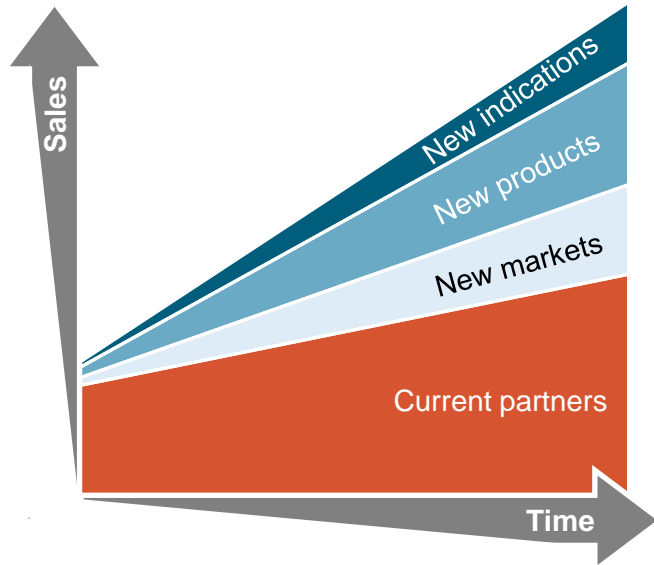
Key aspects

- Net cash flow MSEK 43
- Leverage ratio¹ of -0.52 LTM EBITDA
- Total equity of MSEK 1,028
- Equity ratio 85%

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Strong finish to the year provides momentum into 2019



- Continued global probiotic market growth
- Probi resumed organic net sales growth and margin improvement in 2nd half of 2018
- Increased investments in Research & Development for continued leadership in innovation and clinical excellence
- Geographic expansion and new launches vehicles for growth
- Based on an assessment of Probi's course of business and strategic investment decisions in 2018, the Board and the CEO propose that the 2019 Annual General Meeting resolves that no dividends will be paid for the 2018 financial year

Q&A

Financial calendar

Interim report Q1, 2019	29 Apr 2019
2018 Annual General Meeting	7 May 2019
Interim report Q2, 2019	19 Jul 2019 (new date)
Interim report Q3, 2019	25 Oct 2019 (new date)
Year-end report, 2019	11 Feb 2020