

Q4 2019 Conference Call

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Agenda

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

Stable business leads the way ahead

- High operational activity
- Focus on high value segments
- Strengthened market presence
- Growth in line with expectations
- Improved profitability



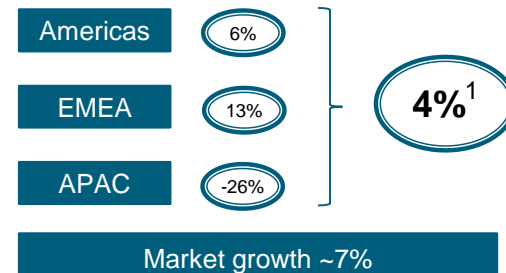
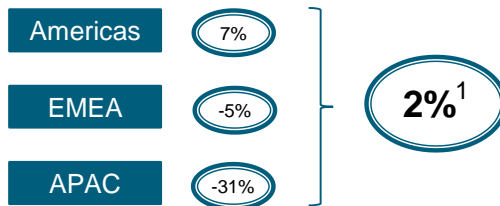
Good profitability but growth target not met in 2019

Long-term objectives

Q4 2019

FY 2019

Outperforming
market growth



EBITDA
exceeding
20%



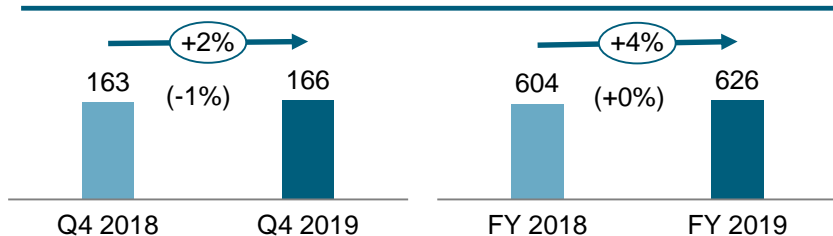
¹ Not adjusted for currency effects

² Adjusted for IFRS 16: 27%

Recovery in the fourth quarter

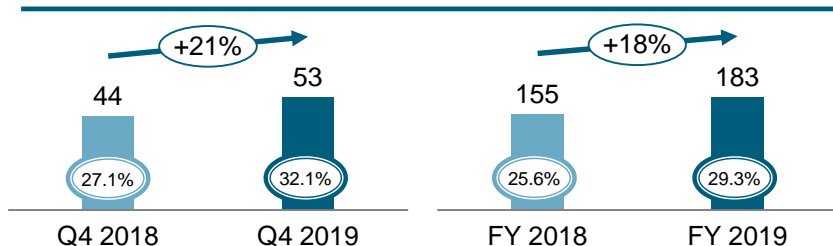
Net sales

MSEK, sales growth in % (constant currency growth)



EBITDA¹

MSEK, EBITDA margin as % of Group net sales

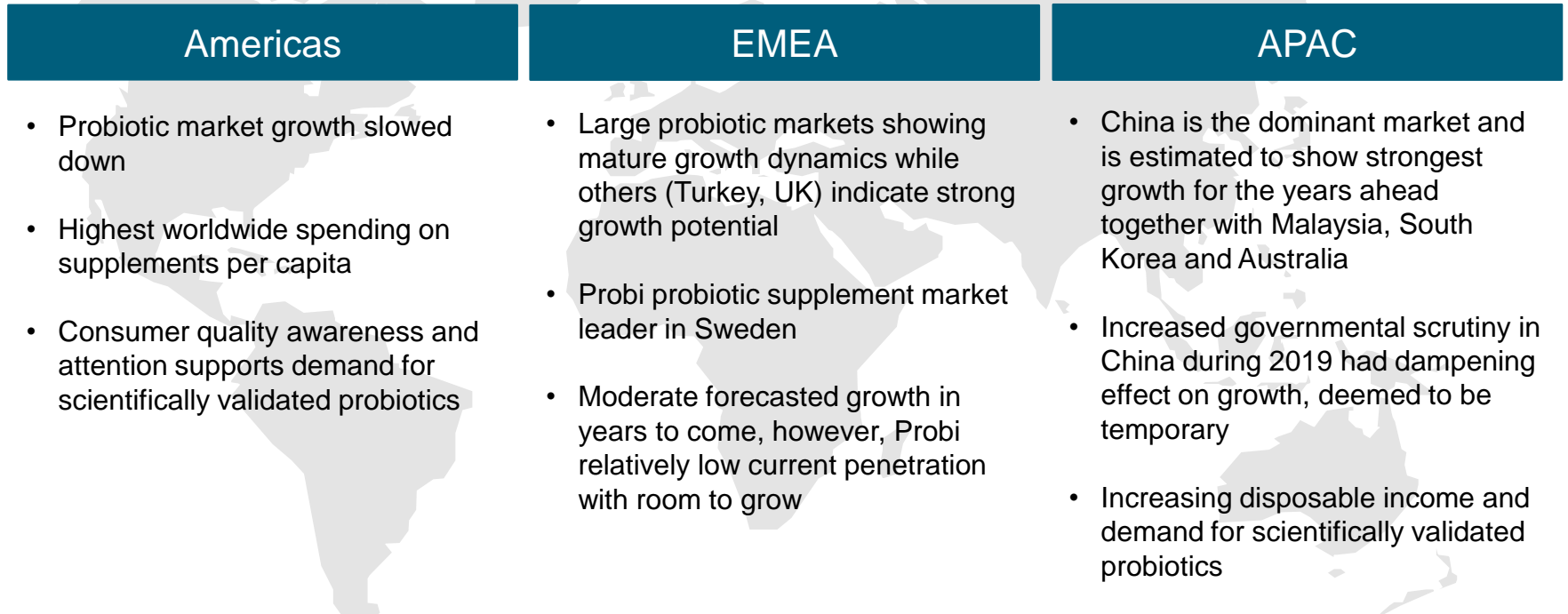


¹ Positive impact on EBITDA by MSEK 3.8 in Q4 and 14.7 in 12M 2019 due to IFRS 16

Highlights in the quarter

- Net sales comparable to Q4 2018 (currency adjusted)
- Sales of higher margin products improved EBITDA margin, 32% compared to 27% Q4 2018
- Volumes in Americas normalized and back to growth
- Important step into Italy, the largest European probiotic market
- Exclusive supply agreements with two major customers in the US market
- Proposed dividend of SEK 1.00 per share

Geographic market dynamics

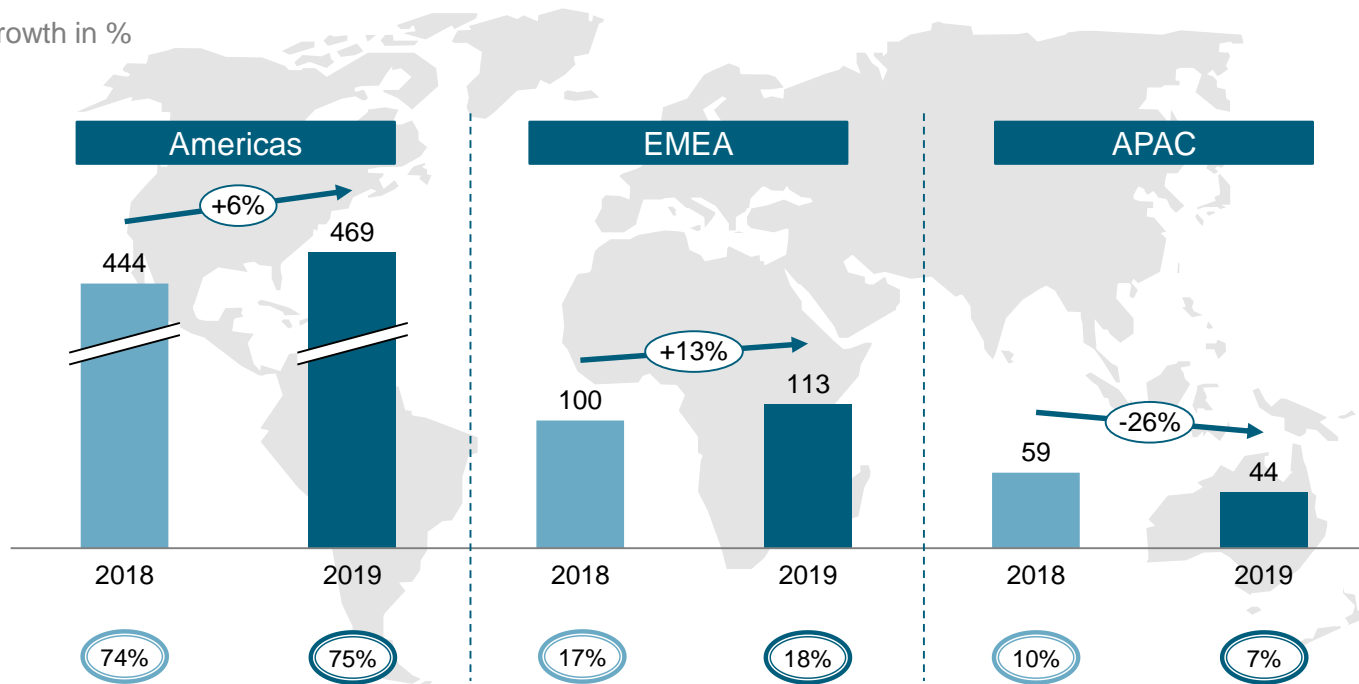


Americas	EMEA	APAC
<ul style="list-style-type: none">• Probiotic market growth slowed down• Highest worldwide spending on supplements per capita• Consumer quality awareness and attention supports demand for scientifically validated probiotics	<ul style="list-style-type: none">• Large probiotic markets showing mature growth dynamics while others (Turkey, UK) indicate strong growth potential• Probiotic supplement market leader in Sweden• Moderate forecasted growth in years to come, however, Probi relatively low current penetration with room to grow	<ul style="list-style-type: none">• China is the dominant market and is estimated to show strongest growth for the years ahead together with Malaysia, South Korea and Australia• Increased governmental scrutiny in China during 2019 had dampening effect on growth, deemed to be temporary• Increasing disposable income and demand for scientifically validated probiotics

Global market growth in probiotic supplements approximately +7 % in 2019

Net sales by region

MSEK, sales growth in %

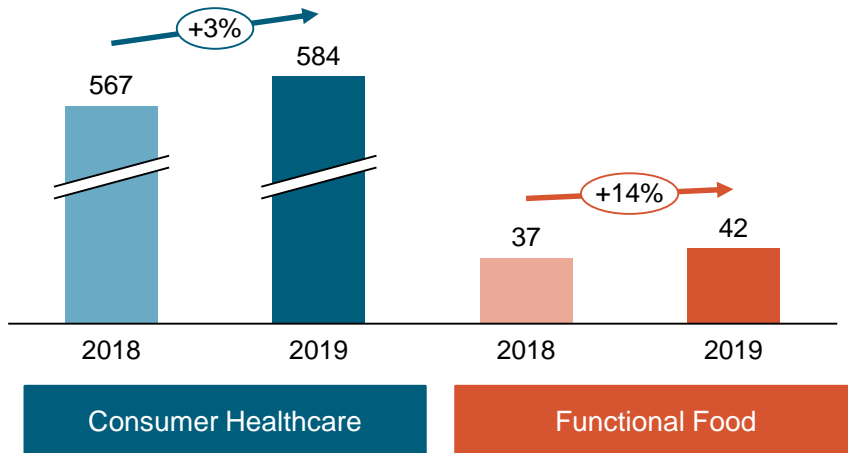


% of Group net sales

FY 2019 net sales in line with last year (currency adjusted)

Net sales by segments

MSEK, sales growth in %

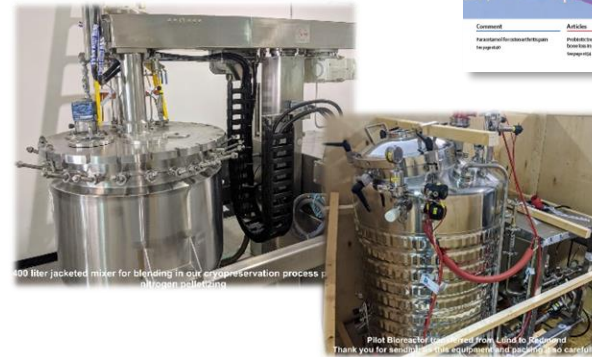
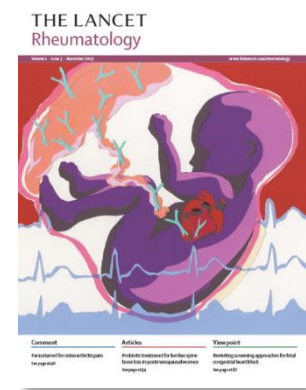


Key aspects

- Consumer Healthcare (CH), Probi's largest business segment had flat currency adjusted growth FY 2019
- Americas and EMEA contribute to growth in Consumer Healthcare
- Functional Food (FF) positively affected by non-recurring income of MSEK 4 (from discontinued collaboration)
- Probi Osteo was launched as CH product in all three regions, and as an FF product in the US

Q4 2019 – Highlights

- Indian customer won important tender with Indian authorities, guaranteeing a two-year supply of Probi Digestis
- Australian launch. Our customer Activated Probiotics launched probiotic product range with a medical marketing strategy. Probi premium products play an important part of the new range.
- Scientific recognition through publication of Probi's clinical study on bone health in The Lancet Rheumatology
- Continued investments in Redmond plant and implementation of upgraded quality systems in our packaging facilities in Lafayette



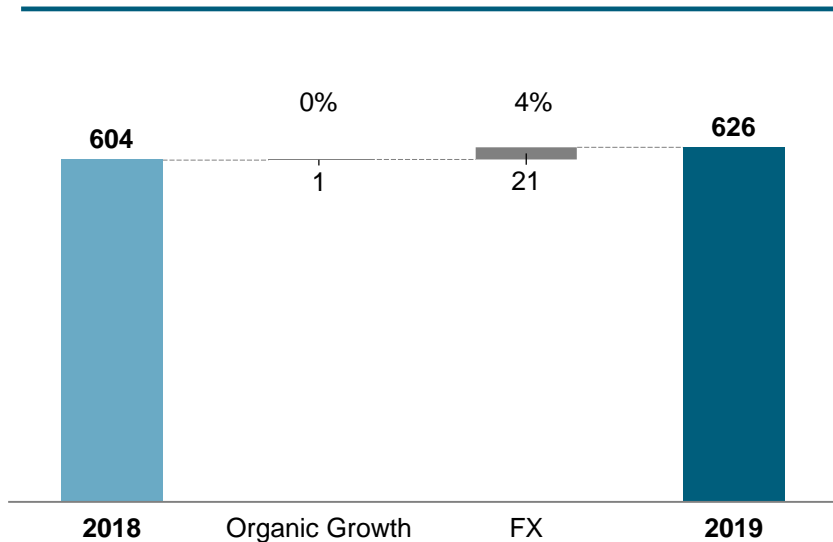
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Increased Sales revenue due to FX but improved EBITDA margin

Probi sales bridge

MSEK, change in %



Condensed P&L

MSEK, change in %

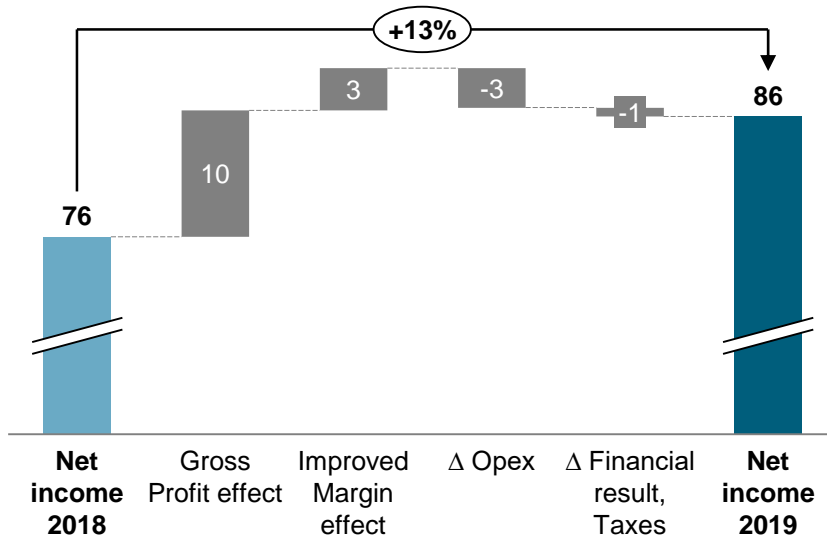
	2019	2018	Change
Net sales	626.2	604.1	▲ 4%
EBITDA ¹	183.4	154.9	▲ 18%
EBITDA margin	29.3%	25.6%	▲ 3.7pps
EBIT	111.5	101.1	▲ 10%
Net income	85.9	76.3	▲ 13%
EPS	7.54	6.69	▲ 13%

¹ Positive impact on EBITDA by MSEK 14.7 in 2019 due to IFRS 16

Increased Net income due to improved Gross Profit

Reconciliation of net income

MSEK



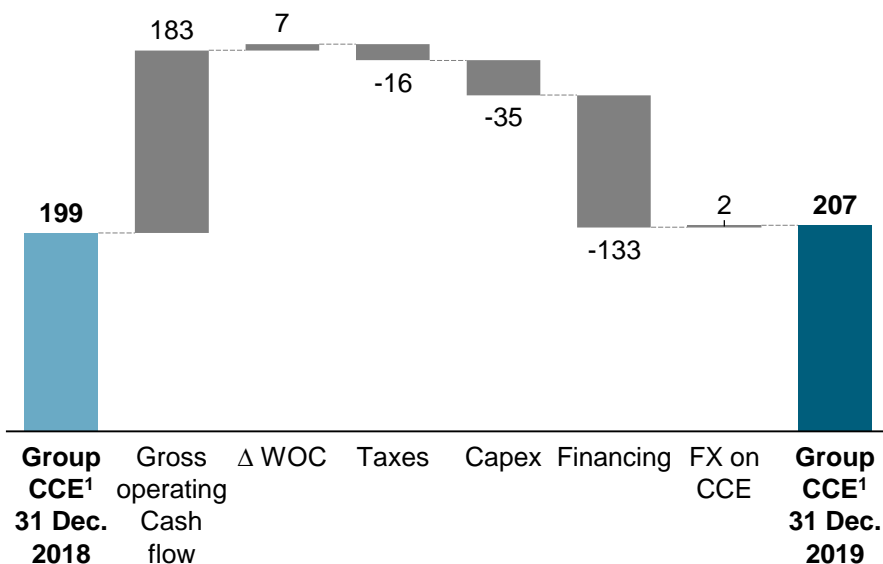
Key aspects

- Net income increased by MSEK 10 (+13%) compared to previous year
- Positive Gross Profit effect from higher Net Sales
- More high margin product sales generated an improved Gross Margin
- Expanded sales team increased the Operating expenses

Strong cash flow enables early redemption of bank borrowings

Reconciliation of group liquidity

MSEK



Key aspects

- Gross operating cash flow of MSEK 183 reflects robust business model
- Favourable working capital effect mainly due to decreased Trade receivables
- Capex mainly related to upgrade program in Redmond, USA
- Excess liquidity used for early redemption of bank borrowings. Total redemption amounts to MSEK 119
- MSEK 15 movement from operating to financing activities due to IFRS16

Strong balance sheet with no remaining bank debts

Balance sheet Probi Group

MSEK, in % of total assets

Assets	31 Dec 2019	31 Dec 2018	Liabilities and equity	31 Dec 2019	31 Dec 2018
Intangibles (excl. GW)	472	494	Total equity	1,152	1,028
Goodwill	316	305			
PPE	107	29	Other non-current liabil.	52	7
Deferred tax assets	6	2	Non-current liabilities	52	7
Non-current assets	901	829	Borrowings	0	118
Inventories	79	69	Trade payables	38	31
Trade receivables	83	106	Other current liabilities	48	24
Other current assets	18	6	Current liabilities	86	174
Cash and cash equiv.	207	199	Total liabilities	137	181
Current assets	388	380			
Total assets	1,290	1,209	Liabilities and equity	1,290	1,209

Key aspects

- Net cash flow MSEK 8 after redemption of bank borrowings of MSEK 119
- PPE increased by MSEK 61 due to implementation of IFRS16 (leasing) which also affects current and non-current liabilities
- Total equity of MSEK 1,152
- Equity ratio 89%
- Proposed dividend of SEK 1.00 per share

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Outlook geographic markets

Americas

EMEA

APAC

Market sentiment:

- Low single digit growth rate

- Mid single digit growth rate

- High growth rate

Probi focus:

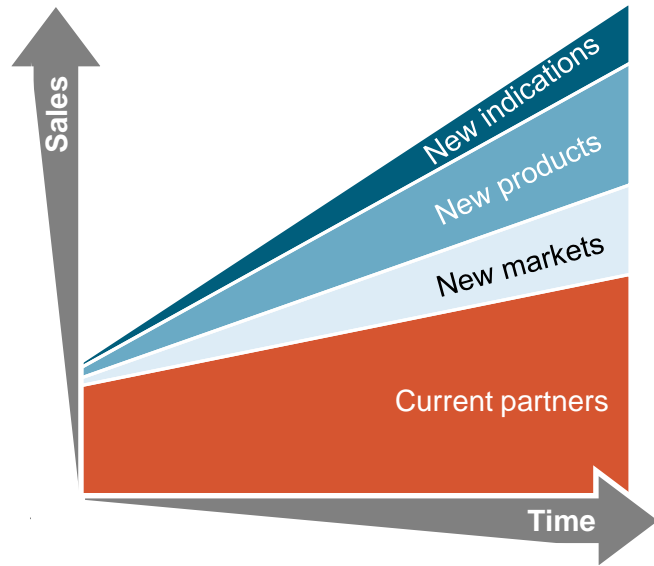
- Increase market share
- Grow in premium probiotic segments
- Enter new market channels

- Expand footprint in key markets
- Expand partnership network

- Partnering for growth
- Focus on China, Korea, Australia and India
- Return to growth

Probiotic supplement forecasted annual growth rate ~4% with regional variability

Probi strategy



- Dynamic and attractive market
- Leading the way in probiotic innovation and science
- Doubled market footprint
 - Focus on premium probiotic market segments
 - Geographic expansion
 - Partnerships & acquisitions
- Manufacturing excellence

Q&A

Financial calendar

Interim report Q1, 2020	24 Apr 2020
2019 Annual General Meeting	13 May 2020
Interim report Q2, 2020	17 Jul 2020
Interim report Q3, 2020	21 Oct 2020
Year-end report, 2020	9 Feb 2021