



Boule Diagnostics AB

Company presentation and Q3 report November 8, 2017

Fredrik Dalborg, CEO and Group President
Christina Rubenhag, CFO

About Boule – a growth company specializing in diagnostics

- Founded in 1996
- The company develops, manufactures and sells complete blood cell counting (CBC) systems
- Business model
 - Boule sells own-developed CBC systems in the global hematology market and earn the recurring revenue streams through the sale of reagents, controls, calibrators and service/support.
 - The instruments are tied to their proprietary reagents, ensuring quality and accurate analysis results and recurring revenue over the life of the instruments.
 - The systems are used both for human and animal diagnostics.
- Business strategy
 - Commercializing high-quality systems to the decentralized market for blood diagnostics.
 - Global sales by parallel distribution channels to quickly and effectively meet local demand.
 - Secure consumable supplies for own instruments to ensure system quality and integrity of business model.
 - Active acquisition and cooperation strategy to broaden the product offering.
- Listed on Nasdaq Stockholm since 2011



Complete blood count (CBC) – how it works

1 Blood sample



Clinical relevance

Red blood cells

- Anemia
- Bleeding
- Pregnancy
- Metabolic disorder

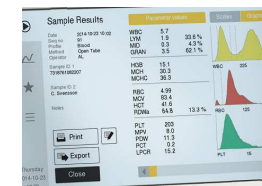
2 Analysis in an automated blood cell counter



Platelets

- Coagulation disorder
- Chemotherapy
- Hemophilia
- Infection

3 Result in one minute



– Red blood cells
(oxygen supply)

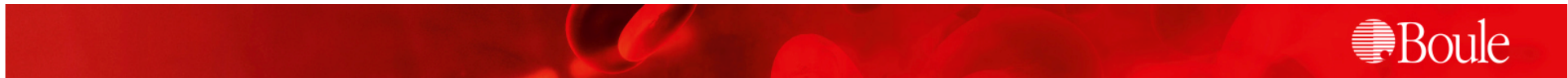
– Platelets
(coagulation)

– White blood cells
(immune system)

White blood cells

- Bacterial infection
- Viral infection
- Parasitic infection
- Leukemia
- Allergy

The Boule offer



Q3 2017 in summary

- **Strong quarter with good margins**
 - Net sales was SEK 109.7 million with a growth of 1.1% compared to the record third quarter of 2016. Adjusted for exchange rates the growth was 2.6%. Growth vs Q2 2017 was 5.2%
 - Instrument unit sales grew by 4% to a total of 1,116 (1,071)
 - In September we shipped 592 instrument, a new record
 - Strong gross margin at 51.8% and EBIT margin at 25.7%
 - The quarterly result has been positively affected by SEK 4.5 million for reversed provisions relating to employee bonus and option programs as well as the shutdown of the Chinese production facility.
 - Rolling 12 months net sales was SEK 426.4 million (383.3), a growth of 11.2%
- **Product launches in the veterinary market**
 - Boule is launching a new generation of hematology instrument together with a new clinical chemistry system – both for the veterinary market.
- **Strategic agreements to strengthen and expand the product portfolio.**
 - Boule has signed a global distribution agreement with CellaVision for their newly developed product for smaller and medium sized laboratories, starting in 2018
 - Boule has signed an agreement with Orion Diagnostica Oy to commence sales and distribution of the QuickRead go CRP system through Boule's own sales organization in Mexico
- **Key events after the quarter**
 - Christina Rubenhag joined Boule as CFO on 9 October
 - Local production of reagents will start in the important Russian market to boost our growth and profitability
 - Major tender won in Mexico for hematology systems with a initial value of SEK 3 million
 - A development project has been started that will lead to the launch of our next generation hematology platform. During the course of the project the share of capitalized R&D is expected to increase

Boule launches new products for the veterinary market

Exigo H400 - Hematology

Complete blood status from just one drop of blood. A maintenance-free hematology instrument with 12 pre-installed animal profiles. Exigo H400 has a reagent based eosinophil method that provides a 4-part differentiation of the white blood cells.



Exigo C200 – Clinical chemistry

A small, fully automated chemistry analyzer for animal health diagnosis. High quality results from only 100 µl of whole blood, serum or plasma. With Exigo C200 it is possible to analyze up to 26 different parameters. Disposable reagent discs containing freeze-dry reagents makes the instrument extremely easy to handle as well as maintenance free.



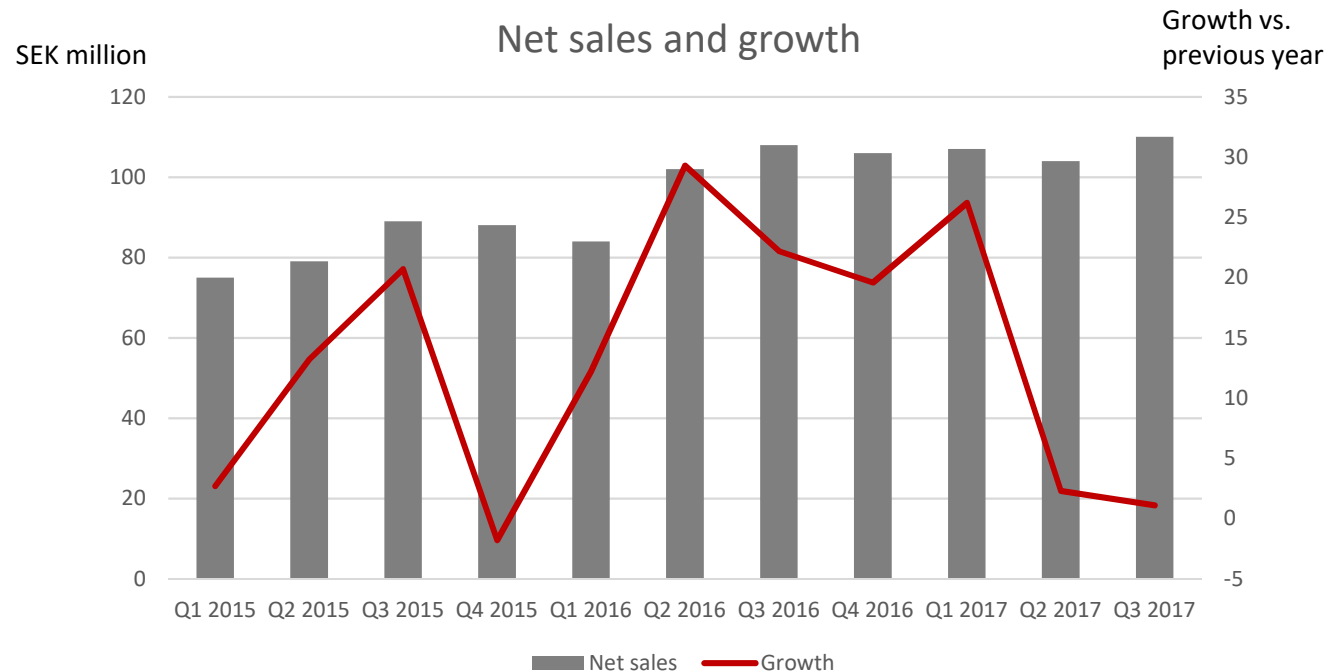
Exigo H400 and Exigo C200 will be launched at the international exhibitions Medica in Düsseldorf and London Vet Show in London, both in November 2017. Sales start will be in Q1 2018 for both instruments.

With the launch of Exigo H400 and Exigo C200, Boule will have a significantly more competitive package to offer the veterinary market.



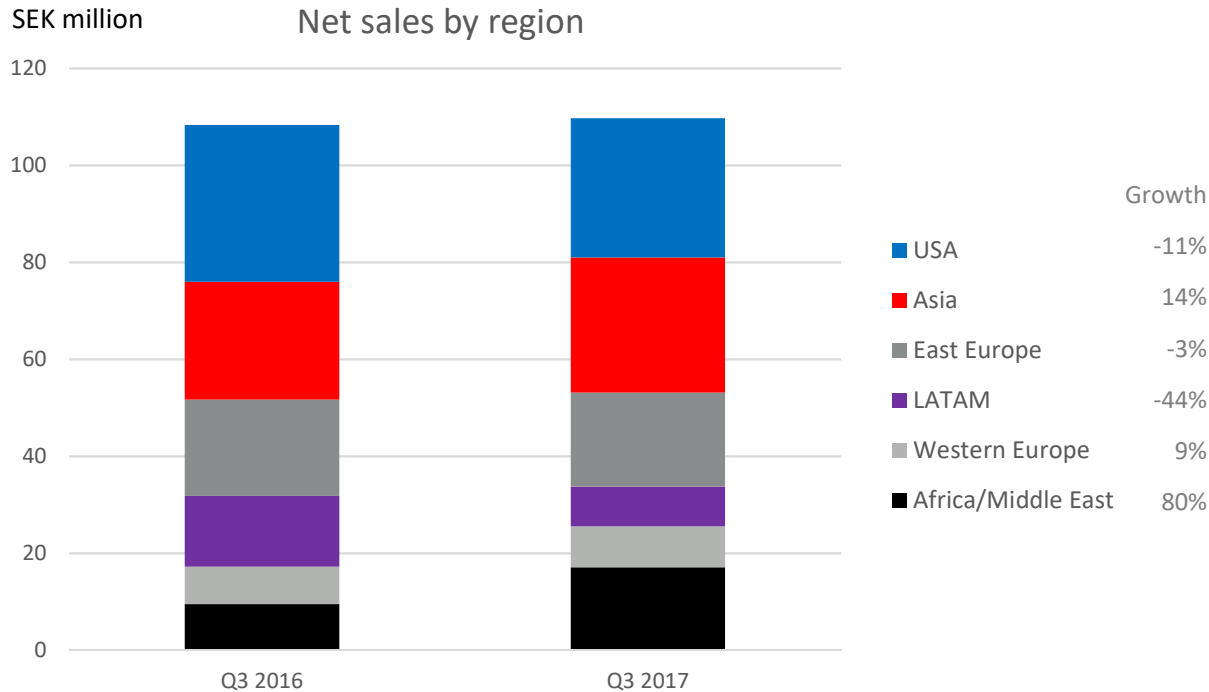
Q3 revenues growing at 1.1% (2.6% currency adjusted) vs previous record quarter 2016

Growth 5.2% compared to Q2 2017



- Growth for the period Jan-Sep 2017 was 8.7%
- Rolling 12 months growth was 11.2%

Overview of sales by region



- Africa/Middle East is growing rapidly, 80% increase compared to Q3 2016 and 68% increase R12
- Continued solid growth in Asia. Lower instrument sales in India, positive impact on gross margin
- Major tenders were won in LATAM last year, explaining the revenue decline in 2017
- In the US market, two out of three main distributors are showing strong growth, while the third is facing some challenges



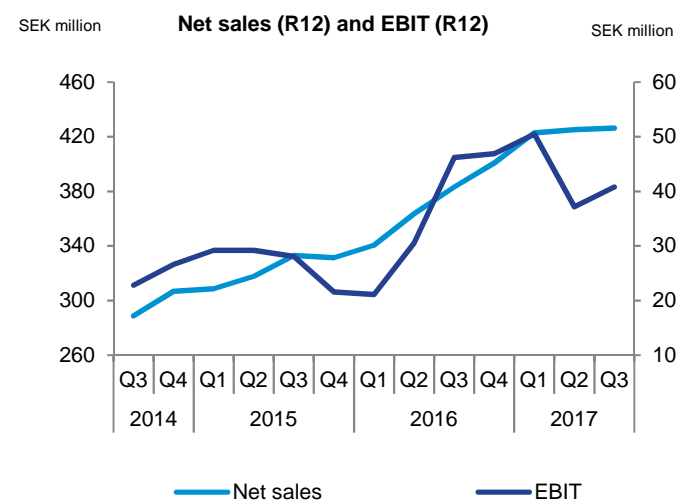
Net sales by region and product

Net sales by region MSEK	Jul-Sep 2017	Jul-Sep 2016	Change	Oct 16- Sep 17 (R12)	Oct 15- Sep 16 (R12)	Change (R12)
USA	28.7	32.3	-11%	128.5	122.7	5%
Asia	27.9	24.3	14%	110.3	85.1	30%
Eastern Europe	19.4	19.9	-3%	63.6	52.6	21%
Latin America	8.2	14.6	-44%	29.3	52.9	-45%
Western Europe	8.4	7.7	9%	36.4	35.5	3%
Africa/Middle East	17.1	9.5	80%	58.3	34.6	68%
Total	109.7	108.5	1%	426.3	383.3	11%

Net sales by product MSEK	Jul-Sep 2017	Jul-Sep 2016	Change	Oct 16- Sep 17 (R12)	Oct 15- Sep 16 (R12)	Change (R12)
Instruments	43.3	42.9	1%	164.8	147.4	12%
Consumables own instruments	43.6	42.1	4%	160.8	145.3	11%
Consumables OEM and CDS-Brand	13.2	15.5	-15%	65.4	58.1	13%
Other	9.6	8.0	15%	35.3	32.5	13%
Total	109.7	108.5	1%	426.3	383.3	11%

Key figures July-September 2017

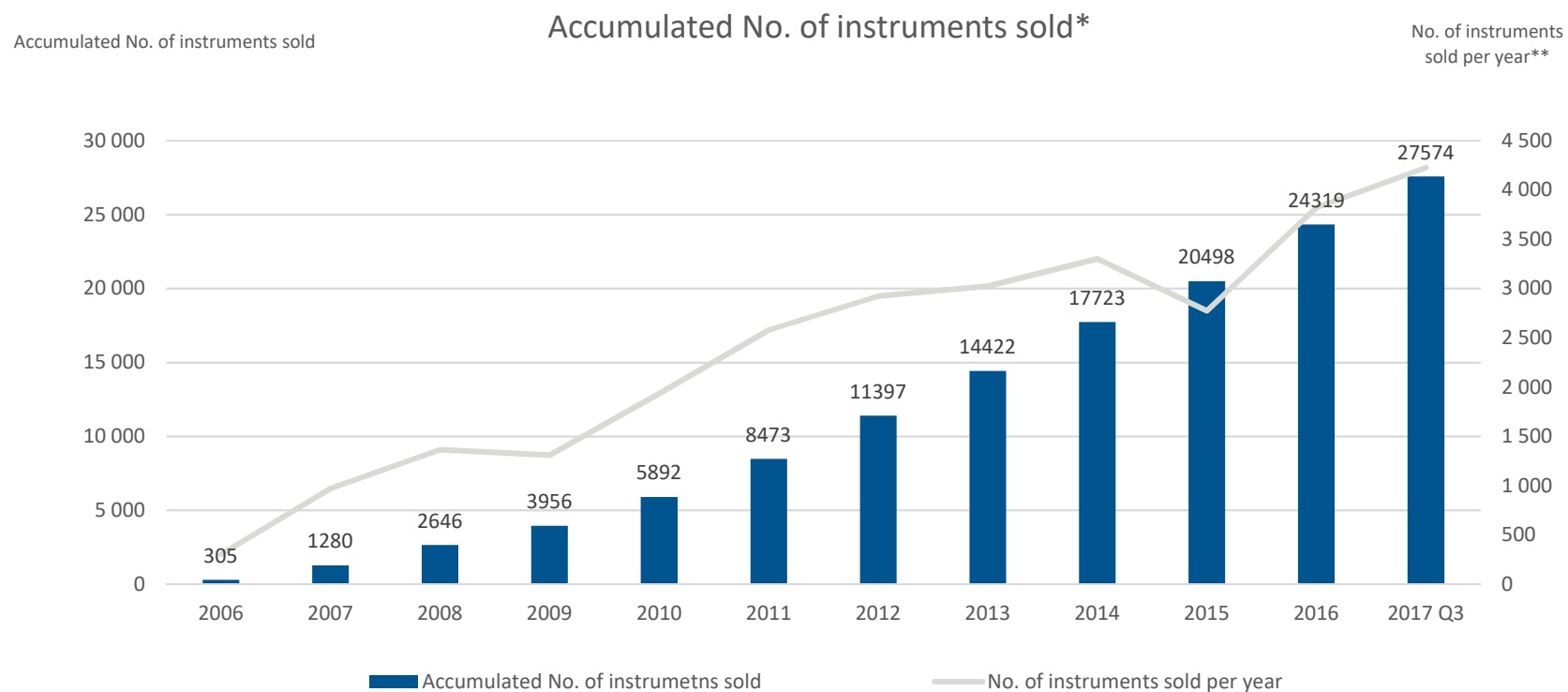
Key figures	Jul-Sep 2017	Jul-Sep 2016	Change	Oct 16- Sep 17 (R12)	Oct 15- Sep 16 (R12)	Change
Number of instruments sold	1,116	1,071	+4%	4,315	3,567	+21%
Net sales, SEK million	109.7	108.5	+1.1%	426.3	383.3	+11.2%
Gross margin, %	51.8	50.2		47.2	47.3	
Operating profit/loss, SEK million	28.2	24.8	+13.7%	40.8	46.4	-12.1%
Operating margin, %	25.7	22.9		9.6	12.1	
Net debt, SEK million	-89.0	-39.6		-89.0	-39.6	
Return on equity, %	9.2	9.1		13.0	17.5	
Net debt/EBIT (R12), times	-2.2	-0.9		-2.2	-0.9	
Earnings per share, after dilution, SEK	4.48	4.02	+11.4%	6.34	7.45	-14.9%



Shareholders 30 September 2017 (and thereafter known changes)

	Number of shares	Proportion of capital/votes
Svolder AB	515,000	10.75%
AB Grenspecialisten	493,317	10.30%
Thomas Eklund incl. companies	449,638	9.39%
Swedbank Robur Fonder AB	414,896	8.66%
SEB Asset Management	414,086	8.65%
Tredje AP-fonden	322,233	6.73%
Handelsbanken Fonder	285,945	5.97%
Linc Invest AB	265,291	5.54%
SSB Client Omnibus	217,557	4.54%
Länsförsäkringar Småbolag Sverige	146,356	3.06%
Société Générale	141,784	2.96%
Humle Småbolagsfond	127,155	2.66%
Other shareholders (1,277)	995,880	20.79%
Total number of shares	4,789,138	100.00%
Number of options outstanding ex. hedging	176,631	
Total number of shares including options	4,965,769	

Number of instruments sold 2006 – Q3 2017*



*) Boule tied instruments.

***) The 2017 No of instruments sold per year are calculated as rolling 12 months.



Future challenges and opportunities for Boule Diagnostics

Challenges

- Fragmented market
- Competitive pricing
- Fast growing markets (Asia in particular) have low price levels
- Important to deliver relevant product development to market
- Instrument tenders play a big role in sales growth,
 - quarter to quarter variability
 - Instruments reduce gross margin
- Falling USD exchange rate puts pressure on revenues and profit

Opportunities

- Veterinary market
- Improvements in manufacturing efficiency and structure
- Broadening portfolio through agreements and/or acquisitions
- More regional/local presence to improve customer experience (service, product specialists, etc.)
- Launching new products based on our reliable platforms
- Continued growth in emerging markets
- In developed markets focus on near-patient care to reduce healthcare cost



Our priorities are clear

1. Further measures to support and strengthen the company's sales and profitability growth.
2. To continue to improve current products and develop new ones.
3. To strengthen and expand our product portfolio via distribution agreements, OEM contracts and possible acquisitions.

In parallel we will continue our process efficiency programs and assess how our manufacturing structure can be optimized, as well as maintaining high levels of quality and regulatory compliance.

Thank you!