



Hematology  
is in our blood



## **Boule Diagnostics AB**

Company presentation, Q4 and year-end report 2017  
February 16, 2018

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 designed and optimized for 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 concept
  - 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



**Medonic**  
*Human diagnostics*  
3-part system



**Swelab**  
*Human diagnostics*  
3-part system



**Quintus**  
*Human diagnostics*  
5-part system



**Exigo H400**  
*Veterinary hematology*  
3 & 4 part



**Exigo C200**  
*Veterinary Chemistry System*



Tied consumables for  
proprietary instruments



Consumables for  
OEM customers



Open consumables for other  
manufacturer's open systems



Reagents



Blood controls and calibrators



Cleaning products



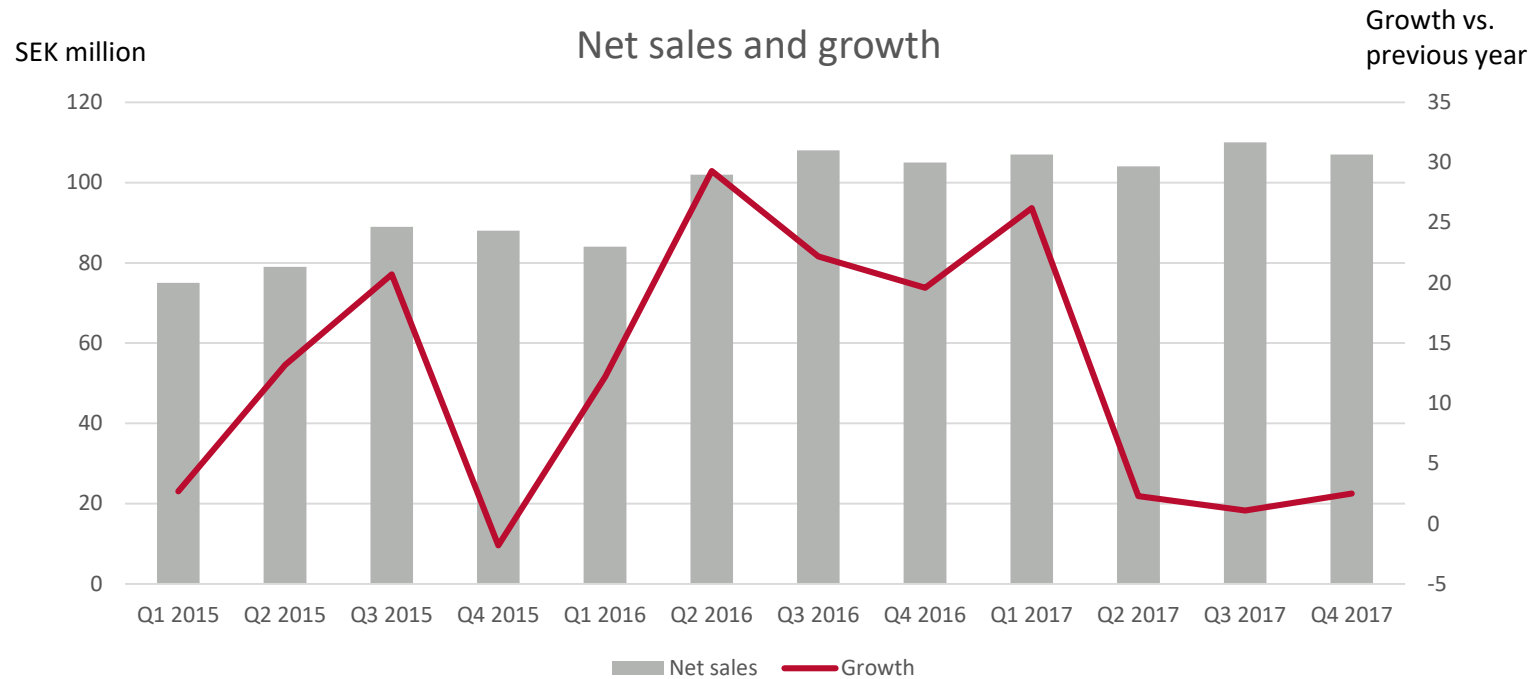
Reagents rotor

# Q4 2017 in summary

- **Continued growth, increased profitability and strong cash flow**
  - Net sales was SEK 107.2 million with a growth of 2.5% compared to the fourth quarter 2016. Adjusted for exchange rates the growth was 3.9%
  - Instrument unit sales declined by 3% to a total of 1,024 (1,060) due to lower number of units deliveries mainly to Russia and Egypt
  - Good gross margin at 48,0% and EBIT margin at 13,9%
  - Cash flow from operating activities was SEK 24.1 million (11.9)
  - Full year Net sales was SEK 427.8 million, a growth of 7.9 % compared to 2016
- **Strengthen distributor network**
  - At year-end, Boule chose not to extend the distribution agreement with the nationwide distributor of the Swelab brand in India. Instead, the company will work directly with regional distributors with the aim of increasing growth and margins as well as working closer to the local market
  - We continue to expand our distributor network and has concluded a distribution agreement with a new distributor for Brazil and another eight Latin American countries for the Medonic brand
- **Key events after the quarter**
  - Kiarash Farr has been appointed Director of Commercial Operations. He succeeds Claes Blanche who has announced that he wants to descend from his current position to instead serve as an advisory role for Boule. Kiarash Farr will take office on March 1, 2018
  - The management team has been strengthened with two new members representing HR and US Sales & Marketing

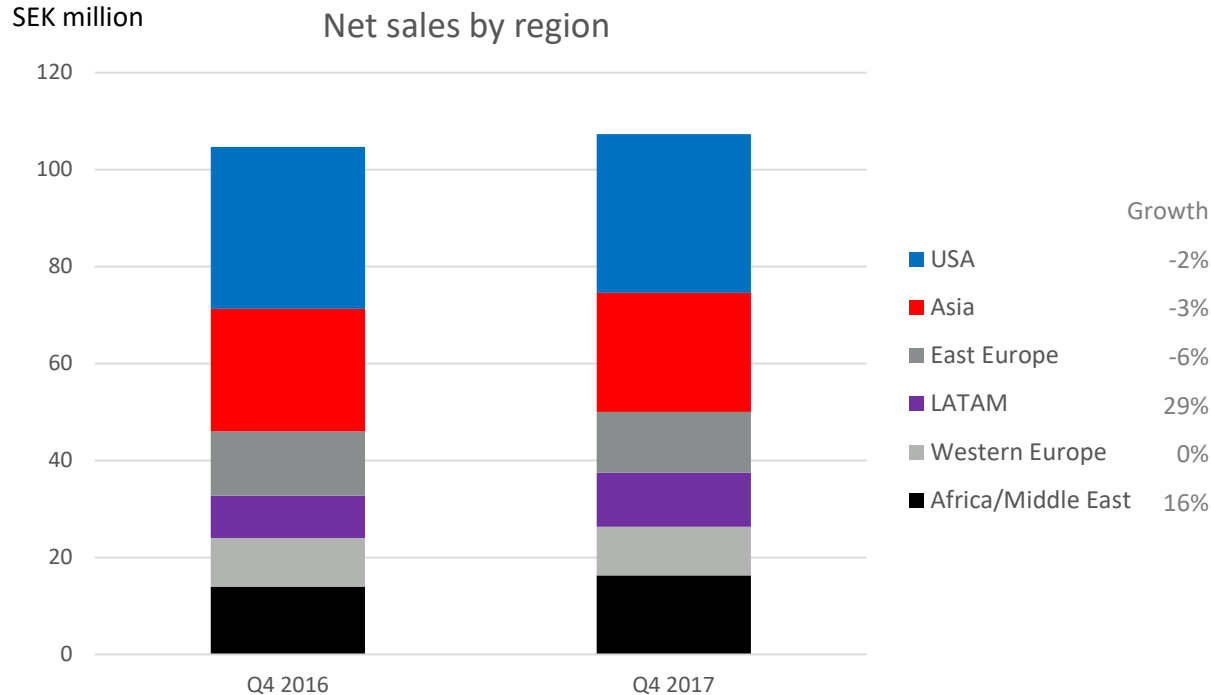
# Quarterly revenues established at a higher level

## Seven quarters in a row with above 100m SEK revenues



- Q4 revenues growing at 2.5% (3.9% currency adjusted)
- Growth for the full year 2017 was 7.9%

# Overview of sales by region



- Africa/Middle East is continuing to show strong growth with 16% increase compared to Q4 2016 and 55% compared to FY 2016
- Asia slightly slower growth in Q4, but 22% growth for the full year
- In Q4 deliveries towards the public tender for hematology systems won in Mexico started
- 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	Oct-Dec 2017	Oct-Dec 2016	Change	Jan-Dec 2017	Jan-Dec 2016	Change
USA	32.7	33.4	-2%	127.8	127.3	0%
Asia	24.6	25.3	-3%	109.3	89.2	22%
Eastern Europe	12.5	13.3	-6%	62.2	53.6	16%
Latin America	11.2	8.7	29%	31.8	52.0	-39%
Western Europe	10.0	10.0	0%	36.4	35.7	2%
Africa/Middle East	16.3	14.0	16%	60.4	39.0	55%
<b>Total</b>	<b>107.2</b>	<b>104.6</b>	<b>2%</b>	<b>427.8</b>	<b>396.7</b>	<b>8%</b>

Net sales by product MSEK	Oct-Dec 2017	Oct-Dec 2016	Change	Jan-Dec 2017	Jan-Dec 2016	Change
Instruments	35.6	44.1	-19%	156.3	155.7	0%
Consumables own instruments	45.7	40.1	14%	169.8	153.3	11%
Consumables OEM and CDS-Brand	12.8	16.0	-20%	61.2	61.8	-1%
Other	13.1	4.4	195%	40.5	26.0	56%
<b>Total</b>	<b>107.2</b>	<b>104.6</b>	<b>1%</b>	<b>427.8</b>	<b>396.7</b>	<b>8%</b>

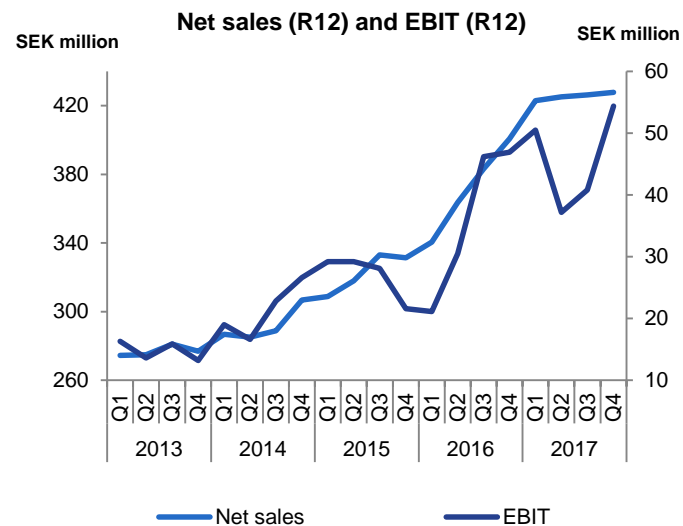


# 2017 in summary

- **Continued growth, increased profitability and strong cash flow**
  - Net sales was SEK 427,8 million (396,7), a growth of 7,9% following the record growth in 2016.
  - Instrument unit sales increased by 12% to the new record of total 4,279 (3,821)
  - Slightly lower gross margins at 47,4% compare to 48,1% last year explained by change in region mix with lower sales to high margin regions like North America and Latam and higher sales to Asia (mainly India)
  - Opex include costs for efficiency improvements and non-recurring costs of in total SEK 9.8 million
  - Operating profit was SEK 54.4 million (47.1) which corresponds to an operating margin of 12.7% (11.9). Operating margin excluding efficiency improvements and non-recurring costs was 15%
  - Cash flow from operating activities was SEK 57.7 million (19.9) and available liquid asset was SEK 137 million
  
- **Growth and efficiency initiatives during 2017**
  - Closing of the production facility in China
  - Launch of two new platforms in the veterinary market
  - Global distribution agreement with CellaVision and distribution of CRP products form Orion Diagnostica in Mexico
  - Agreement about local manufacturing in Russia
  - Start of the development of Boule's next generation platform for the 5-part segment
  - Improvements in the distributor structure
  - During the year the team has engaged in a comprehensive strategy review, which was concluded during the fourth quarter

# Key figures Q4 and full year 2017

Key figures	Oct-Dec 2017	Oct-Dec 2016	Change	Jan-Dec 2017	Jan-Dec 2016	Change
Number of instruments sold	1,024	1,060	<b>-3%</b>	4,279	3,821	<b>+12%</b>
Net sales, SEK million	107.2	104.6	<b>+2.5%</b>	427.8	396.7	<b>+7.9%</b>
Gross margin, %	48.0	46.8		47.4	48.1	
Operating profit/loss, SEK million	14.9	1.3		54.4	47.1	<b>15,5%</b>
Operating margin, %	13.9	1.2		12.7	11.8	
Net debt, SEK million	-113.1	-55.9		-113.1	-55.9	
Return on equity, %	3.2	0.6		15.2	17.2	
Net debt/EBIT (R12), times	-2.1	-1.2		-2.1	-1.2	
Earnings per share, after dilution, SEK	1.67	0.30		7.67	7.45	<b>+3%</b>



# 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 were 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.**

# Agreement with CellaVision signed

Blood sample



Cell counters



~15%



Manual  
microscopy



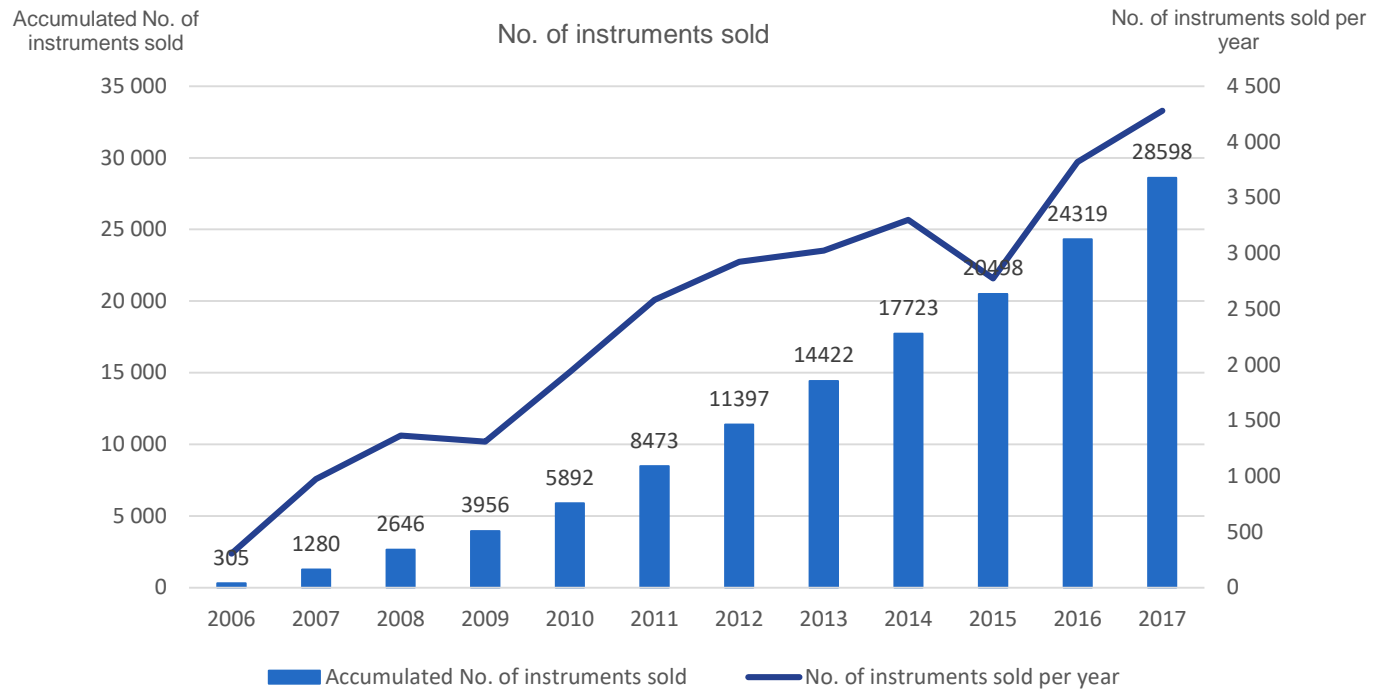
Digital  
microscopy



Global distribution agreement with CellaVision:

- New platform developed for small and medium sized labs, the Boule core customer segment
- Sales start expected second half 2018

# Number of instruments sold 2008 – 2017

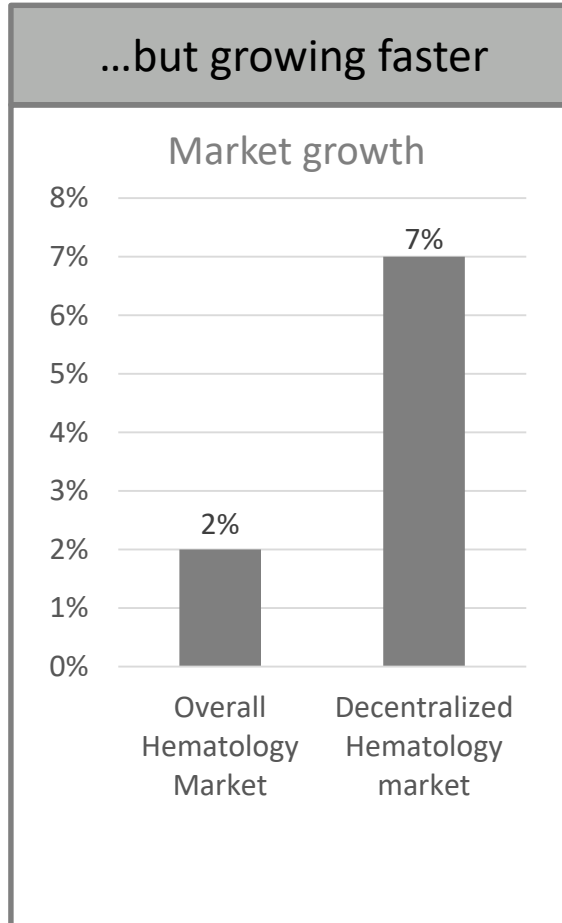
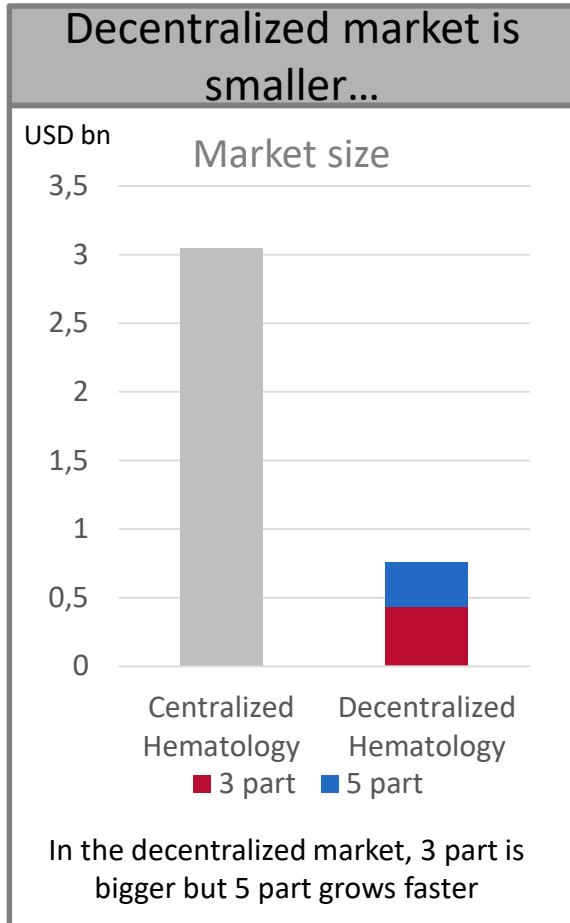


# Shareholders 31 December 2017 (and thereafter known changes)

	Number of shares	Proportion of capital/votes
Svolder AB	515,000	10.61%
AB Grenspecialisten	493,317	10.16%
Thomas Eklund incl. companies	459,638	9.47%
Swedbank Robur Fonder AB	414,896	8.55%
SEB Asset Management	414,086	8.53%
Tredje AP-fonden	356,000	7.33%
Handelsbanken Fonder	282,389	5.82%
Linc Invest AB	197,356	4.07%
SSB Client Omnibus	150,596	3.10%
Länsförsäkringar Småbolag Sverige	149,103	3.07%
Société Générale	143,155	2.95%
Humle Småbolagsfond	117,284	2.42%
Other shareholders (1,277)	1,161,318	23.92%
<b>Total number of shares</b>	<b>4,854,138</b>	<b>100.00%</b>
No. of options outstanding ex. hedging	122,631	
<b>Total number of shares incl. options</b>	<b>4,976,769</b>	

# We are active in an attractive market segment

## *Decentralized, near patient market*



- ...driven by fundamental factors**
- Large market potential: >100,000 small and mediums sized labs globally
  - Aging population globally: increasing demand for diagnostics and health care
  - Increased access to healthcare in emerging markets
    - Emphasis on smaller cities and rural areas
  - Near patient diagnostics is attractive to patients and healthcare systems
    - Cost and speed

Source: Kalorama IVD 2016, Boule data

# Boule strategies

## **Protect and grow our core business:**

Continued efficiency improvements and capacity expansion, developing and launching next generation product platforms.

## **Grow in emerging markets:**

Evolving distributor relationships and strengthening local presence.

## **Grow in new customer segments and markets:**

Resource, sales approaches and partnerships to enter new customer segments and geographical markets.

## **Evolve OEM and CDS brand business:**

Selective initiatives in profitable growth segments.

## **Broaden the product portfolio:**

Develop new product platforms and broaden the product portfolio through partnerships and acquisitions.



# Future challenges and opportunities for Boule Diagnostics

## Challenges

- Fragmented, competitive market
- Some fast growing markets (Asia in particular) have low price levels
- Important to deliver relevant product development to market
- Volatility caused by tenders and market specific variations
  - quarter to quarter variability
  - Instrument sales 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 technologies
- Continued growth in emerging markets
- In developed markets focus on near-patient care to reduce healthcare cost

**Thank you!**