



Hematology
is in our blood



Boule Diagnostics AB
Company presentation
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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 veterinary 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
manufacture's open systems



Reagents



Blood controls and calibrators



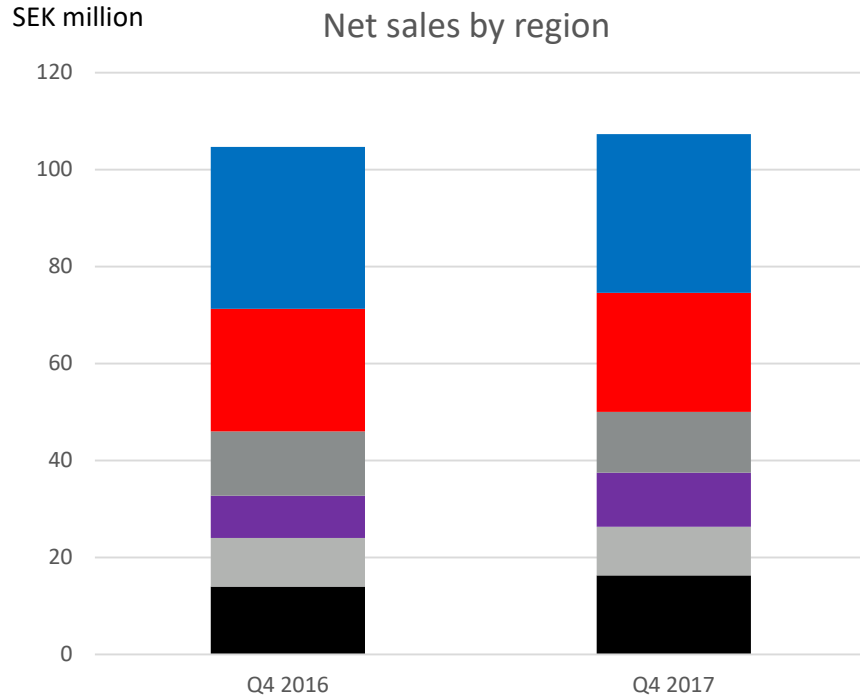
Cleaning products



Reagents rotor



Overview of sales by region



Growth

Q4	2017
-2%	0%
-3%	22%
-6%	16%
29%	-39%
0%	2%
16%	55%

- 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

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
 - Evolving the Executive Team
 - During the year the team has engaged in a comprehensive strategy review, which was concluded during the fourth quarter

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. Targeting sales start 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.**
- **Global veterinary hematology market approximately USD 120 m, Chemistry approximately USD 470 m. Growth rate 5-6%**

Agreement with CellaVision signed

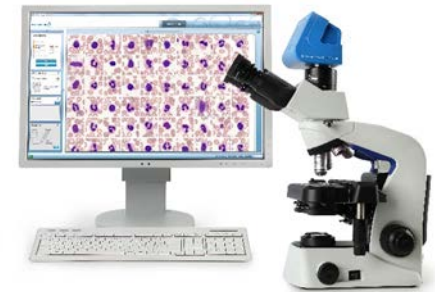
Blood sample



Cell counters



Manual
microscopy



Digital
microscopy

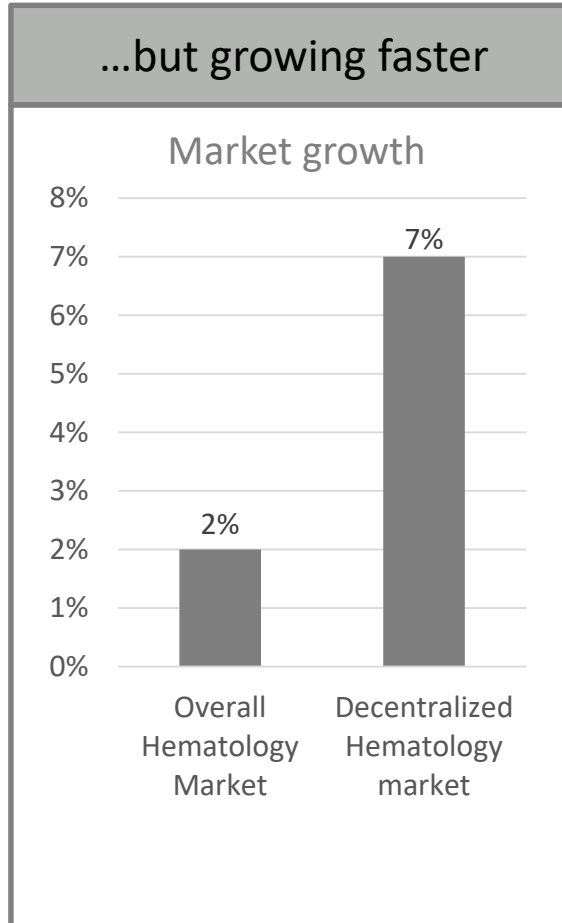
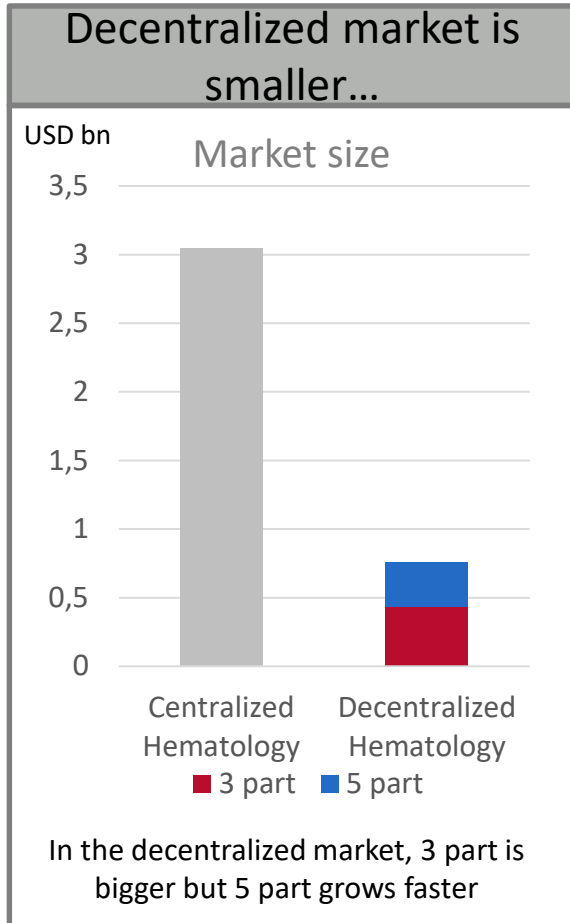


Global distribution agreement with CellaVision:

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

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

Competitive situation hematology- overview

Examples of companies:

Comments:

Major Global IVD companies

- Sysmex
- Siemens
- Abbott
- Beckman Coulter
- Mindray

- Broad IVD product portfolios
- Not focused on decentralized hematology
- Global presence
- Often have direct sales in key markets

Middle Segment

- Horiba
- Nihon Koden
- Boule Diagnostics

- Not always global coverage, strongholds in some markets
- Complete decentralized hematology portfolio (may not have controls), but not always strongly focused on it
- Use distributors

Smaller segment

- Diatron
- Orphee
- Erba/Drew
- Dymind
- Other Chinese

- Local or regional presence, strongholds in some markets
- Many do not have products registered globally
- May not have complete hematology portfolio
- May sell under other companies brand names (OEM)

What differentiates Boule from competitors

- Products and organization focused on the decentralized, near-patient market
- Recognized high quality and reliability, ease of use and low lifecycle cost
- Integrated supplier of the complete system (instruments, reagents, controls and calibrators, cleaners)
- Reputation for strong service and support
- Unique features (shear valve technology, finger stick sample method, efficient autoloader system, etc.)
- Global presence, strong market shares in developed and developing markets
- Two brand strategy, providing better market access, stronger market understanding and improved distributor management

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

Financial targets

Financial targets:

- An annual operating margin (EBIT-margin) above 15 percent.
- Average long term growth in sales above 10 percent per year.
- Net debt (interest bearing debts minus cash and cash equivalents) no greater than three times operating profit (EBIT) on an annualized basis.

Dividend policy:

- The annual dividend should correspond to 25-50 percent of profit for the period, after taking due consideration to company liquidity.

Thank you!