

CELLAVISION

Interim report Jan-Sept 2018

Zlatko Rihter
President and Chief Executive Officer

Interim report Jan-Sept 2018



Agenda

CellaVision in short

2018 Q3 Highlights

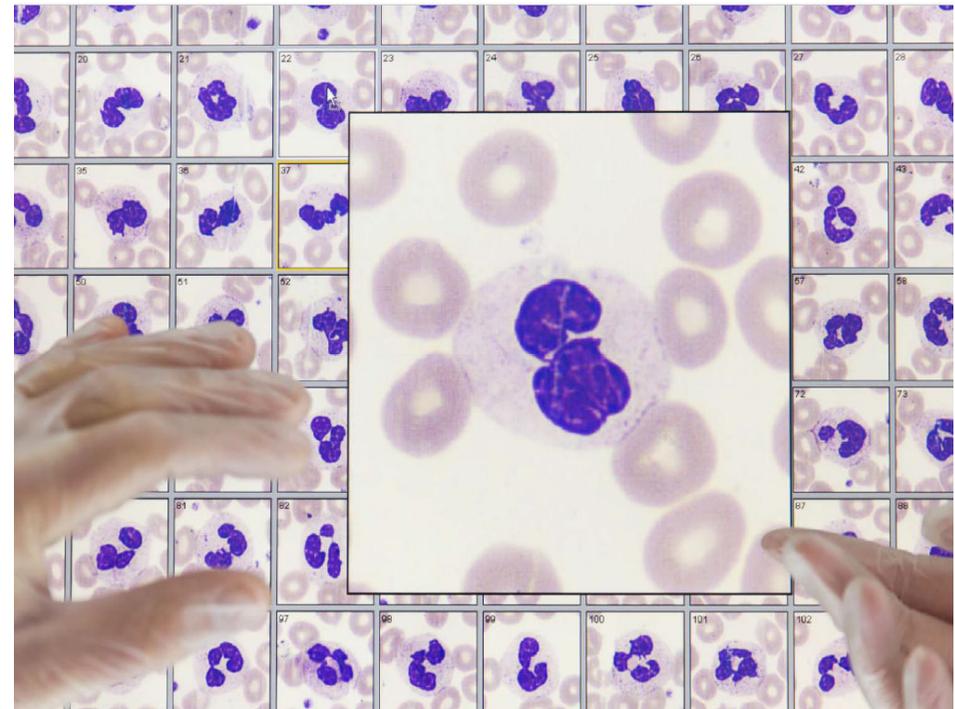
Financials

Board and Financial Calendar

Creating Value in Healthcare

Our vision is to be a leader in global digitalization and automation of blood analyses for both the human and veterinary segments.

Our method contributes to improved patient diagnostics, streamlining and reduced healthcare costs.



In other words: Our mission is to replace traditional microscopes in laboratories.

World Leading Supplier of Digital Solutions for Blood and Body Fluid Analysis



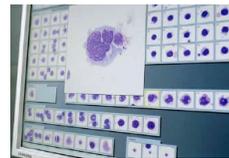
Market drivers and benefits of digital microscopy

Demography



- Ageing population
- Increased prosperity
- Increasing number of blood samples

Demand for efficiency



- Labor shortage of biomedical scientists
- Reduced health care spending

Consolidation & Standardization



- Consolidation of laboratories
- Focus on standardization and efficiency

Patient value



- Patients are diagnosed faster (**6,5 to 1,5 hours**)
- Treatment is initiated quicker (**4 hours saving**)
- Digital cell images can be stored and patients monitored during treatment (**no storage limit**)
- Remote expert assistance (**access anywhere anytime**)

Higher quality



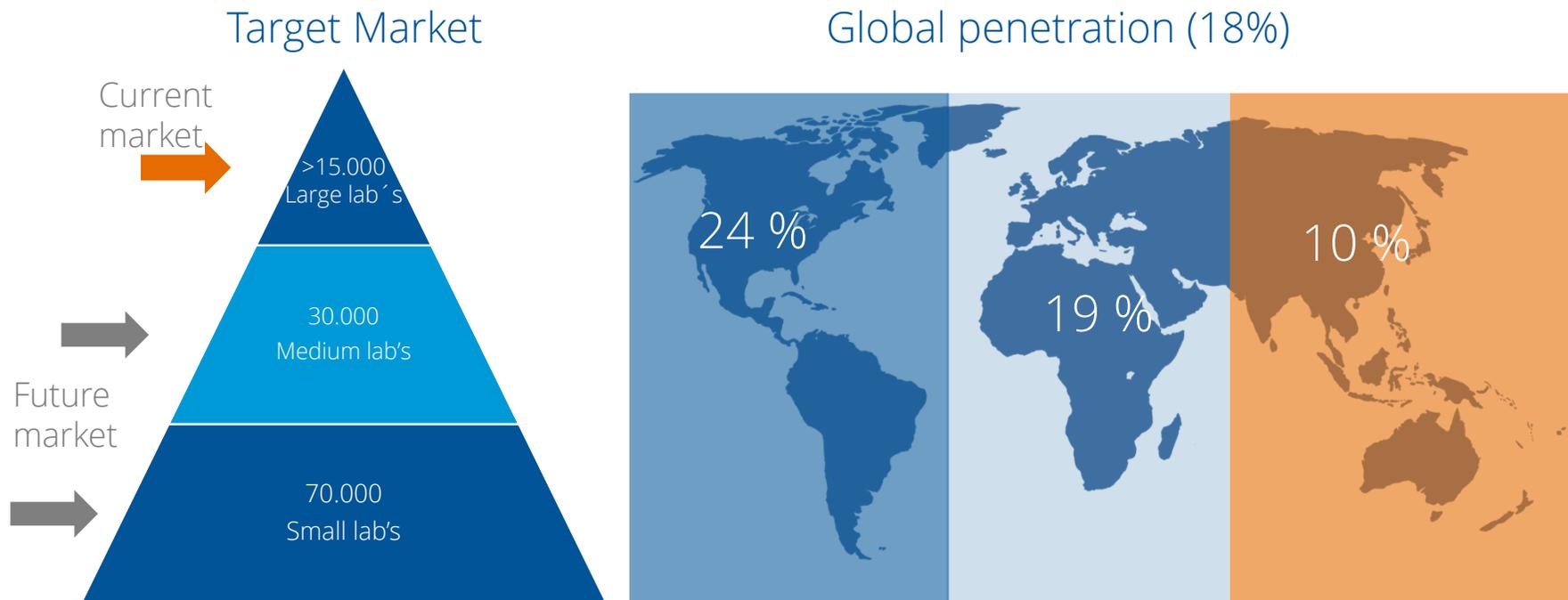
- Security and traceability in the test results (**cleared by FDA**)
- Cells on a screen are optimal for knowledge sharing (**unlimited viewers**)
- CellaVision classifies cells automatically (**all relevant cells**)

Cost efficiency



- Enables lab chain collaboration by connectivity (**unlimited number of labs**)
- Freeing up resources (**saves 2 jobs**)
- Saves time (**50% of manual analysis time**)
- Improved staff ergonomics (**reduction of sick leave**)

Human laboratory segment – CellaVision's core market



Overall hematology market value of SEK >30 billion (CAGR of 4-5%) of which digital imaging large lab's market value SEK >1 billion year
 New technology platform to address mid- and small hematology lab segment under development and to be launched end 2018
 Emerging replacement market in EMEA and Americas

Commercial operations through an Indirect Business Model

CellaVision's indirect model is based upon global distribution partners that offer a complete product range for hematology labs. The distributors takes responsibility for installations and after sales service

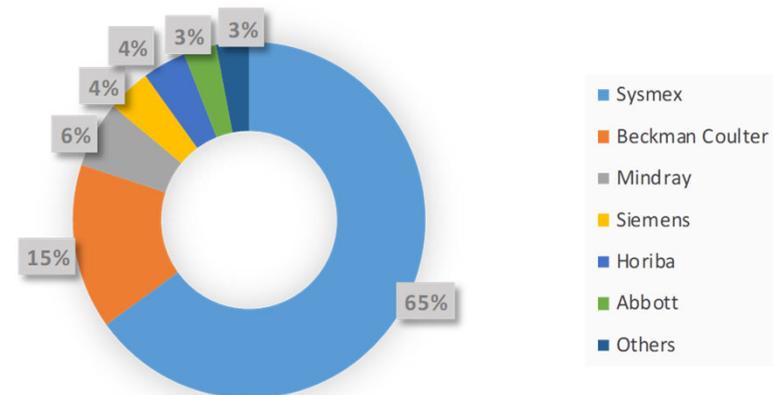
Market support offices in 14 markets and presence in 26 countries; USA, Canada, Brazil, Mexico, the Nordic countries, France, DACH, UK/Ireland, Middle East, China, South Korea, Japan, Oceania and India

Manufacturing outsourced to Kitron AB, Sweden

HQ in Sweden (Lund), >100 employees world wide



Large laboratories hematology market



Commercial Operations through an Indirect Business Model

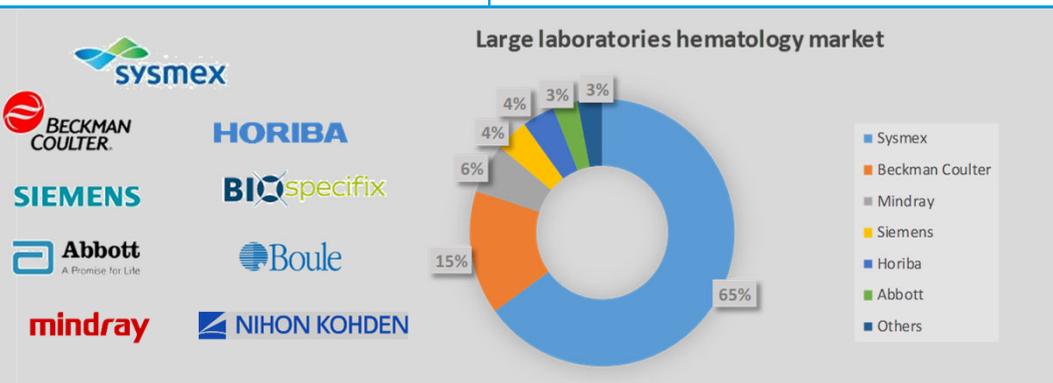
CellaVisions scalable business model: focus on core function and strong partnerships



CellaVision's indirect model is based on global distribution partners that offer a complete product range for hematology labs

CellaVision's partners cover almost 100% of large labs

The distributors takes responsibility for installations and after sales service



CellaVision – The strategic agenda



Agenda

2018 Q3 Highlights

Third quarter highlights

Q3 2018 Total organic growth +33% (excluding Fx +4%); Stable growth in all three regions

Americas (28%):

Strong development during the quarter with a continuous strong underlying demand both in USA and Canada
High activities in newly established markets; Brazil and Mexico

APAC (22%):

Continuous strong sales development in China and Japan. China is the number 2 country in sales revenue after USA
Breakthrough in Australia by being awarded the New South Wales tender with over 60 laboratories. Installations will take several years.
Market support function expansion in India, with Mumbai as base, is operational as of September
Market support function expansion initiated for South East Asia that will be based in Thailand

EMEA (73%):

The newly established market support functions in UK, DACH and France shows good signs of commercial success
Market support function expansion initiated for Italy and Iberia

Third quarter highlights

CellaVision® DC-1 launch

- Development of mid- and small hematology labs (100,000 laboratories) technology platform project is progressing
 - The new technology platform, CellaVision® DC-1, is currently in phase for external clinical studies in five European labs, with the objective to achieve CE registration at the end of 2018
 - Global distribution agreement signed with Sysmex and thereby all relevant distributors have signed up to distribute CellaVision® DC-1
 - The project has now entered an intensive phase with commercialization preparation planning with key distribution partners prior to the upcoming launch at the end of 2018.
 - Manufacturing initiation and ramp up planning of CellaVision® DC-1 is initiated

Acceleration of innovation pipeline requires highly skilled engineers

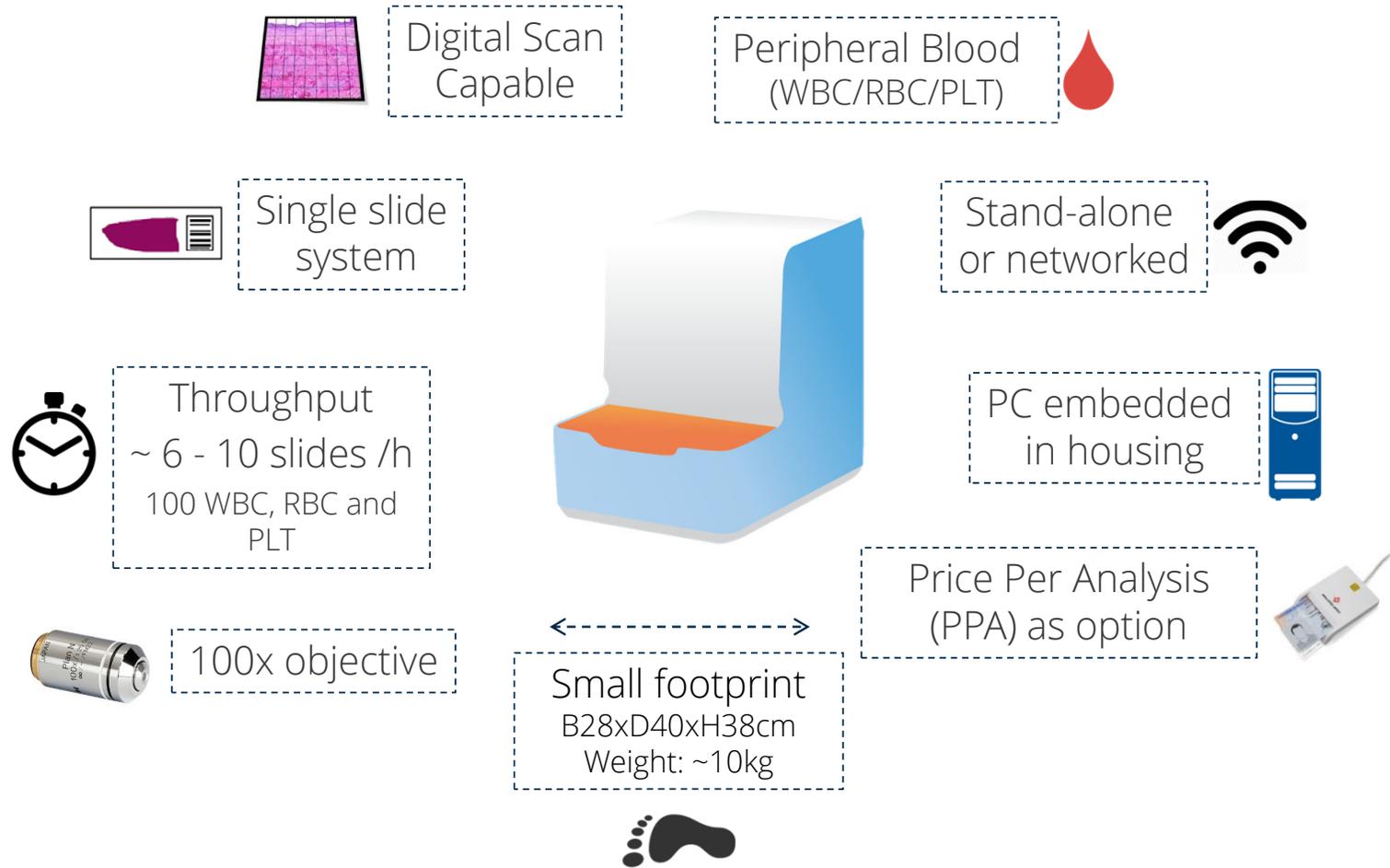
- Increased investment ambitions into innovation capabilities by acceleration in hiring of engineers in Lund

CellaVision's portfolio will be extended to cover all labs



* Launch end of 2018 (CE-mark), ** Not available on CellaVision® DC-1
(Human and vet variants will be available for all platforms)

Small and medium sized labs: CellaVision®DC-1 – High Level Spec



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Financials

Financial development 2018-Q3

(MSEK)	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18
Net sales	61,3	76,1	77,6	91,9	84,3
Growth	-10%	5%	-17%	17%	37%
Gross margin	70,4%	72,8%	74,4%	75,1%	73,8%
Operating expenses/sales	53%	44%	45%	41%	49%
Operating profit	10,2	21,7	23,2	31,6	21,0
Operating margin	16,7%	28,5%	29,9%	34,3%	24,9%

Key insights

- Net sales of 84,3 MSEK (61,3) +37% compared to Q2 2017
- Gross margin 73,8% (70,4)
- Operating expenses under control. Capitalized R&D expenses low due to DC-1 project finalization.
- Operating profit 21,0 MSEK (10,2) and operating margin 24,9% (16,7)

Financial overview

(MSEK)	2013	2014	2015	2016	2017	2018*
Net sales	180,0	216,9	239,0	265,0	309,3	329,9
Growth	6%	21%	10%	11%	17%	8%
Gross margin	63%	67%	73%	71%	72%	74%
Operating expenses/sales	48%	47%	46%	43%	43%	45%
Operating profit	26,0	42,8	65,5	74,2	90,9	97,5
Operating margin	14%	20%	27%	28%	29%	30%

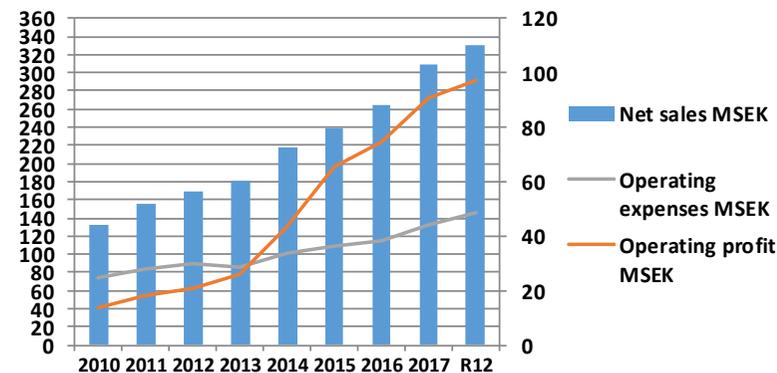
Financial targets (over economic life cycle):

- 15% sales growth
- 20% operating margin

Share price: SEK 250,00**

Num. Shares: 23,85 million

Market Cap: 6,0 BSEK



* Rolling 12 months; ** 2018-10-18

Further comments on finance 2018- Q3

Currency effect

- +4% currency exchange effect vs. LY

Gross profit

- Gross margin 73,8% (70,4%)

Expenses

- Total expenses 41,2 MSEK (32,9)
- Focus on sales and marketing activities as well as product development.

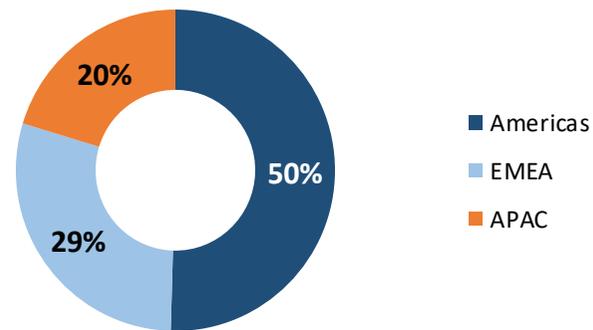
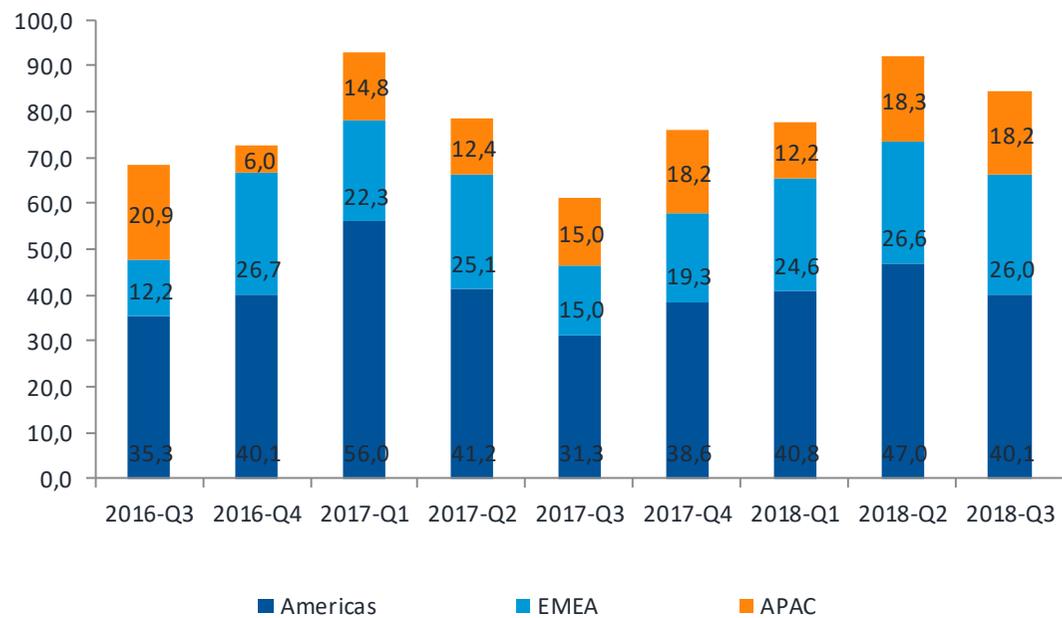
Capitalized R&D

- Capitalized R&D 2,9 (5,0)
- Capitalized R&D expenses low due to DC-1 project finalization.
- Focus on new technology platform for small and medium sized labs.

Cash flow

- Total cash flow 22,2 (5,6)
- Cash flow from operations 26,1 (12,2)

Sales by quarter and by market



Agenda

Financial Calendar

Financial calendar



Year-end bulletin	7 February
Interim Report Jan-March	6 May
Annual General Meeting	8 May
Interim Report Jan-June	16 July
Interim Report Jan-Sept	23 October
Year-end bulletin 2018	5 February 2020

THANK YOU