Today’s speakers

Lars-Erik Rydell
Medtech

Kristina Willgård
CEO

Martin Almgren
CFO

Peter Simonsbacka
Labtech
Agenda

• AddLife update
• Financial update
• Vision & Corporate Philosophy in short
• Medtech
• Labtech
• Summary and Q&A
ADDLIFE CAPITAL MARKETS DAY 18 FEBRUARY 2019

- Employees: 873
- Subsidiaries: 40

Labtech: 1,451 MSEK
Medtech: 1,031 MSEK

Total: 2,482 MSEK 2018
Development 2012 - 2018

Net sales

EBITA
Our Market

- Medtech
- Healthcare & Homecare
- Diagnostics
- R&D
- Industrial analysis
- Labtech
Our offering

- Products
- Advice
- Technical Service
- Training
Market Trends

- Population growing & aging
- Diagnostics growing
- Digitalization
- Public procurement
- Entry barriers
- Fragmented market
"Long-term healthy development"

Demands from our customers?

How sustainable are our suppliers?

Employees – our most valuable asset!

Business value

Code of Conduct & Core values
Financial goals

**Profit growth**
Long term 15 percent yearly

**Profitability**
> 45 percent EBITA/WC

**Dividend**
30-50 percent of profit after tax
Strategy

1. Market leading positions in niches
2. Operating mobility in smaller and agile companies
3. Acquisitions adding growth and new knowledge
Aquisitions

• Profitable companies
• New markets & segments
• Trading companies
• Nished own products
• Strong management
Our Nordic home market
Acquisition of Biomedica

- A gateway into the European market
- Great business-related similarities
- 60% Labtech and 40% Medtech
- HQ Vienna, Austria
- 13 countries - 6 countries 80% of Net sales

65 EURm

Net sales 2017/2018
Market expansion to Central- & Eastern Europe with Biomedica
Acquisition of business in surgery and respiration

- A portfolio of market leading own niche products from Wellspect HealthCare
- Acquisition completed Q1 2019
- Integrated into existing business
- Production partner, Nolato in Hungary
- Europe and Australia 90% Net Sales

17 EURm

Net sales 2017
”A game changer!”
New share issue in February 2019

- Rights issue of 500 MSEK
- Continue growth & acquisition strategy
- On February 21, the results will be announced
2018

Figures and facts
"Acquisition-intensive quarter"

Q4
- Net Sales: SEK 685m (668) +3%, which is acquired growth
- EBITA: SEK 74m (79) -6%, incl. acquisition costs 6 MSEK
- EBITA-margin: 10.8% (11.7)

2018
- Net Sales: SEK 2,482 (2,333) +6%, which is acquired growth
- EBITA: SEK 245 (234) +5%, incl. acquisition costs 8 MSEK
- EBITA-margin: 9.9% (10.0)

[Graphs showing Net sales and EBITA trends from 2013 to 2018]
Business Update Q4 2018
Business Update Q4 2018

- Overall, demand is good in the majority of our market and product areas with a stable growth in the recurring part of our business.

- Stable growth continued in Sweden and Norway, with a favourable market situation in both health services, diagnostics and research.

- Sweden’s ambition to be a leading nation within research in Life Science will be positive to the research market moving forward.

- The Norwegian government is continuing to invest in both research, diagnostics and new hospitals. In home care, the demand for products in welfare technology to different elderly homes and institutions is increasing.

- The Danish market is stable, just now a little bit weaker in certain segments, but long term growing with investments in newer hospitals and also large privately financed investments research.

- Our Finnish companies are performing well, especially our diagnostics companies has done a strong 4Q and full year. Medtech – we already discussed on previous slide. The process with the health-care reform is ongoing with still some delays in different projects.

- Businesses outside the Nordic region that mainly sell our own products have performed well during the year as well as during the last quarter in both business areas. Especially Benelux, China and US has shown a good progress.
## Labtech

### Net Sales Q4
- **Q4 2017**: 415
- **Q4 2018**: 410
- YoY: -1%

### EBITA Q4
- **Q4 2017**: 52
- **Q4 2018**: 52
- YoY: 0%

### Net Sales 2018
- **Dec 17**: 1393
- **Dec 18**: 1451
- YoY: +4%

### EBITA 2018
- **Dec 17**: 151
- **Dec 18**: 165
- YoY: +10%

- **Q4 2017 EBITA**:
  - 12,3%
- **Q4 2018 EBITA**:
  - 12,8%

- **Dec 17 EBITA**:
  - 10,8%
- **Dec 18 EBITA**:
  - 11,4%
Medtech

Net Sales Q4

<table>
<thead>
<tr>
<th></th>
<th>Q4 2017</th>
<th>Q4 2018</th>
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<tbody>
<tr>
<td>Net Sales</td>
<td>253</td>
<td>275</td>
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YoY +8%

EBITA Q4

<table>
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<tr>
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<th>Q4 2017</th>
<th>Q4 2018</th>
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</thead>
<tbody>
<tr>
<td>EBITA</td>
<td>29</td>
<td>29</td>
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</table>

YoY 0%

Net Sales 2018

<table>
<thead>
<tr>
<th></th>
<th>Dec 17</th>
<th>Dec 18</th>
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<tbody>
<tr>
<td>Net Sales</td>
<td>940</td>
<td>1031</td>
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</table>

YoY +10%

EBITA 2018

<table>
<thead>
<tr>
<th></th>
<th>Dec 17</th>
<th>Dec 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITA</td>
<td>93</td>
<td>94</td>
</tr>
</tbody>
</table>

YoY +2%

11.6% 10.5%

9.3% 8.7%
Return on working capital (P/WC) amounted to 62% (63)

P/WC has been stable around 65%
## Balance sheet

<table>
<thead>
<tr>
<th>(SEKm)</th>
<th>31 Dec 18</th>
<th>31 Dec 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goodwill</td>
<td>822</td>
<td>646</td>
</tr>
<tr>
<td>Intangible non-current assets</td>
<td>642</td>
<td>507</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>158</td>
<td>88</td>
</tr>
<tr>
<td>Current assets</td>
<td>1,047</td>
<td>650</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>2,669</strong></td>
<td><strong>1,891</strong></td>
</tr>
<tr>
<td>Equity</td>
<td>933</td>
<td>748</td>
</tr>
<tr>
<td>Interest-bearing provisions &amp; liabilities</td>
<td>943</td>
<td>600</td>
</tr>
<tr>
<td>Non-interest-bearing provisions &amp; liabilities</td>
<td>793</td>
<td>543</td>
</tr>
<tr>
<td><strong>Total equity &amp; liabilities</strong></td>
<td><strong>2,669</strong></td>
<td><strong>1,891</strong></td>
</tr>
<tr>
<td>Net debt / equity</td>
<td>0.9</td>
<td>0.8</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>35%</td>
<td>40%</td>
</tr>
<tr>
<td>Financial net liabilities/EBITDA</td>
<td>3.3</td>
<td>2.3</td>
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</table>
Vision & Corporate Philosophy
AddLife strives to improve people’s lives by being a leading and value adding player within Life Science
Our basic requirements

- Growth – 15% per year
- Profitability – >45%
- Development
Growth at AddLife = Profit growth

Group goal > 15% per year

Double profit in 5 years

15% annual profit growth organically and through acquisitions

Financing through high profitability P/WC 45%

Year 0

100 SEKM

Year 5

200 SEKM

Addtech 2002-2015 + 18%

AddLife 2016-2018 + 24%
**Profitability: the art of optimising six parameters**

**Influence profit**
1. Increase sales
   - Sell more!
2. Increase gross margin
   Increase prices and lower purchase prices
3. Lower expenses
   - Be more cost efficient!

**Influence working capital**
4. Increase inventory turnover
   - Reduce inventory!
5. Reduce credit period to customers
   - Make sure they pay on time!
6. Increase credit period for suppliers
   - Negotiate with your suppliers!
“It is not the strongest that survive, but the ones most responsive to change.

- Darwin
We need to think **NEW**

to learn **NEW**

And actually try something **NEW!**
Development within AddLife

• Focus on profitability
  ▶ all six parameters

• Organic growth
  ▶ Increased added value
  ▶ Own products
  ▶ New suppliers

• Acquisitions

• Leaders & employees
Strong cash flow is essential for self-financed growth, both organic and acquisition driven.
Core Values

- Simplicity
- Responsibility
- Commitment
- Innovative
## AddLife Corporate Values

### Simplicity
- Our way of working.
- We want to make it simple for our customers and suppliers to work with us.
- Decentralised organisation
- Simplicity -> efficiency
- Flexible and agile
- “Johansson Analysis”

### Responsibility
- Take responsibility
- Develop our company according to the expectations from our owners.
- Develop yourselves
- Lead the best way possible to promote growth in both the people and the company
- Sustainability
- If you take responsibility – you will get freedom!

### Commitment
- “Green track”
- Dedicated
- Active in developing our business
- Active in developing our organisations/people
- “Walk the talk”

### Innovative
- Change -> Innovative
- Reactive -> Proactive
- Challenge ourselves
- Challenge the way we work and do business and create new possibilities in a changing market

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Responsibility  ➔  Freedom!
AddLife Academy

- AddLife Vision & Corporate Philosophy
- Effective Sales, Business Acumen
- Leadership Training
- Marketing, Finance, Service Technichians
- Supply Chain
Decentralized organization with entrepreneurial business acumen

Combine the small company’s...

“Small scale business – large scale wise”

With the large company’s...

Flexibility

Personality

Effectiveness

Resources

Network

Sustainability
Medtech

Net sales: 1 031 MSEK
EBITA: 94 MSEK
EBITA margin: 9.2%
Medtech - Hospital

- Medical devices and equipment to hospitals, mainly disposables
- Customers are primarily the public healthcare sector
- 95% is subject to public procurement, average length of contract 2-4 years
- 20% of sales own products, i.e. PVC-free products
Medtech - Specialized surgery

- Highly Specialized Hospital Care ("Högspecialiserad sjukvård")
- Neuro-, Thoracic-, Interventional- and Orthopedic Surgery
- Distribution of equipment and disposables
- Both new innovative suppliers and parts of international suppliers product portfolio
- Highly skilled sales force and product management
- 90% is subject to public procurement, average length of contract 2-4 years
Medtech - Home Care

- Vision – "Stay at home"
- Demand for a continuously improving healthcare quality
- Home adaptations, Welfare technology, Aid supplies & Equipment, Preventive care
- 75% is subject to public procurement, average length of contract 2-4 years
- 75% of sales own products
- 1/3 cost compared to institutional care
Own proprietary products

- Geographical expansion
- Complementary to distribution products
- Higher gross margin
- Own production and sub-contractors
- 30% of sales Own products
- Wellspect products adds up to ~45% in coming years
Medtech
- Specialized surgery

- Highly Specialized Hospital Care ("Högspecialiserad sjukvård")
- Neuro-, Thoracic-, Interventional- and Orthopedic Surgery
- Distribution of equipment and disposables
- Both new innovative suppliers and parts of international suppliers product portfolio
- Highly skilled sales force and product management
- 90% is subject to public procurement, average length of contract 2-4 years
Market Update Medtech
Market Update Medtech

Stable market growth in the Nordics due to tender business and increased demand of home care

Sweden
- Larger tenders
- Stronger focus on Sustainability

Denmark
- New health care reform Consolidation, digitalization, reduce administration & increase efficiency in health care
- More flexible market – price agreements and tenders

Norway
- Stronger focus on sustainability – own audits by suppliers
- Investments in new hospitals in Helse Sør/Øst
- NAV (national) tenders - more than one winner

Finland
- Health care- and social services reform has been postponed – “vacuum” in the market for investments
- New hospital projects ongoing
- Not yet same focus on sustainability

Overall
- Consolidation of the market will continue, customers & suppliers
- Customer demands increasing > EDI, just-in-time deliveries, sustainability
- New directive MDR 2020 – Higher threshold for small companies
- Logistic investment in 2017 for Nordic hospital and special surgery
Acquisitions
Acquisition Biomedica – Medtech – 40%
Acquisition - Biomedica

• Cross – fertilization
  ✓ Cooperation between our organizations
  ✓ Proprietary products – both directions
  ✓ More distribution products – both directions
  ✓ Add-on acquisitions
Acquisition of Wellspect’s business in surgery and respiration

- Own products in existing product portfolio
- Integrated into existing business & sales force
- Main production partner, Nolato in Hungary.
- Europe and Australia 90% of Net Sales
- Australia
  - ✓ ENT Ear-Nose-Throat
  - ✓ Existing subsidiary
  - ✓ Distribution urology
Labtech

Net sales: 1 451 MSEK
EBITA: 165 MSEK
EBITA %: 11,4 %
Segments Labtech

- Hematology
- Pathology
- POC
- Reagents
- Cell Biology
- General Lab Instruments
- Plastic Consumables
- Advanced Instruments
- Microbiology
- Molecular
- Clinical Chemistry
- Immunology
- Microbiology
- Advanced Instruments
- Plastic Consumables
- General Lab Instruments
- Cell Biology
- Reagents
- POC
- Pathology
- Hematology

R&D

Industrial Analysis

Diagnostics
Labtech – Diagnostics

- Instruments and products used for IVD diagnostic tests to laboratories
- Customers are primarily the public healthcare sector
- 90% is subject to public procurement, average length of contract 4-6 years
- Instruments 20% of sales
- Reagents 80% of sales
Labtech – Biomedical & Research

- Instruments and reagents used for research at laboratories
- Customers are primarily public and private laboratory research units, both within the healthcare, pharmaceutical and food industry
- 70% is subject to public procurement
- 10% of sales Own products
- Instruments 80% of sales
- Reagents 20% of sales
Market Update Labtech

- **Sweden**
  - Continued investments both from healthcare and private and public research projects.
  - The Swedish Life Science Office - goal to make Sweden a leader in life science.
  - Many new initiatives within Life Science e.g. Genomic Medicine Sweden and antibiotic resistance (Strama).
- **Denmark**
  - Somewhat weaker demand from pharma industry due to Novo Nordisk cut down.
  - Several structural projects ongoing in Danish healthcare sector - New "Super Hospitals".
  - Start of the Danish National Genome Center.
  - Strong Pharmaceutical export, seems to become no.1 in 2019.
- **Norway**
  - High activity in the market both from healthcare and research projects.
  - Positive development in primary care due to "Samhandlingsreformen".
  - New hospitals are planned.
- **Finland & Baltics**
  - Outstanding performance from our Finnish companies.
  - Our first year in the Baltics has started well.
  - New hospital projects.
  - "SOTE" - the comprehensive changes in healthcare and social services reform has been postponed.
  - Academy of Finland grants €12m for research infrastructure development.
- **International**
  - Sales of advanced instruments outside Nordic has developed good especially in China. Our new distributor in US has started out well.
  - Establishment of new distributor markets for our food diagnostic range.
Biomedica & AddLife

A perfect fit!

- Cooperation within the group
- Common suppliers
- Attract new suppliers
- Biomedica Immunoassay
Market Trends

- Consolidation customers and suppliers
- Pan-Nordic distribution - a key success factor
- Higher requirements for services
- Growing need for diagnostics
- Rapid technology development
  - Digitalisation / e-Health / Home Diagnostics / Preventive Health Care
"The new AddLife"
The Share

![Graph showing stock prices over time with AddLife and Stockholm Stock Exchange Index lines.]

- **Stockholm Stock Exchange Index**
- **AddLife**