

Q2 2018 Conference Call

Regained business momentum and strong margin improvement

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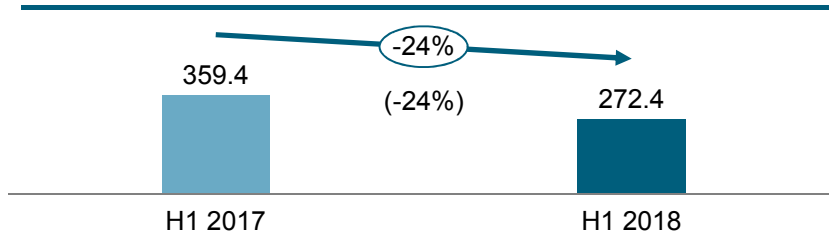
Agenda

1	Executive overview
2	Financial review
3	Outlook
4	Q&A

Improved net sales performance and strong increase in profit margin compared to first quarter of 2018

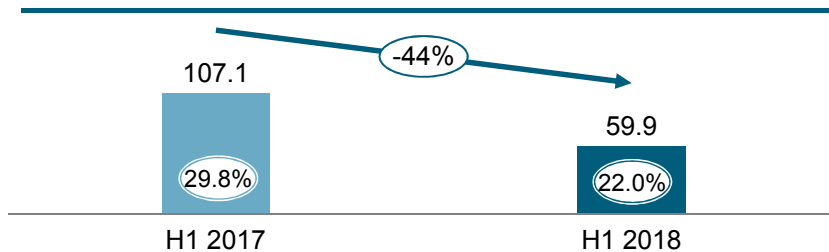
Net sales

MSEK, sales growth in % (constant currency growth in %)



EBITDA

MSEK, EBITDA margin as % of Group net sales



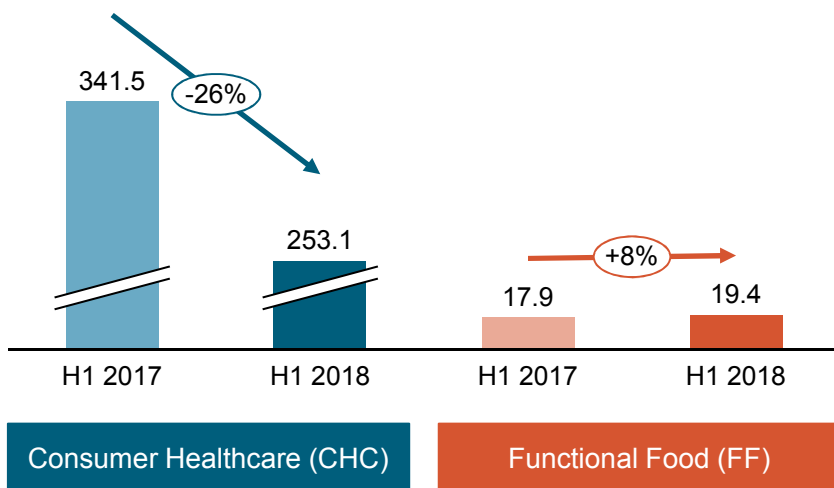
Key developments in the quarter

- Net sales increase from MSEK 119 to MSEK 153 compared to the previous quarter and improvement of EBITDA margin quarter-over-quarter from 14% to 28%
- Major US customer returned to regular order pattern
- Market launch of Probi® Osteo, the new premium concept in bone health and osteoporosis, at Probi's 6th Annual Partner Conference
- Probi receives a 2018 NutraIngredients Award for its promising research results on the prevention of gluten intolerance in children

Business has regained momentum in second quarter

Net sales by segments

MSEK, sales growth in %



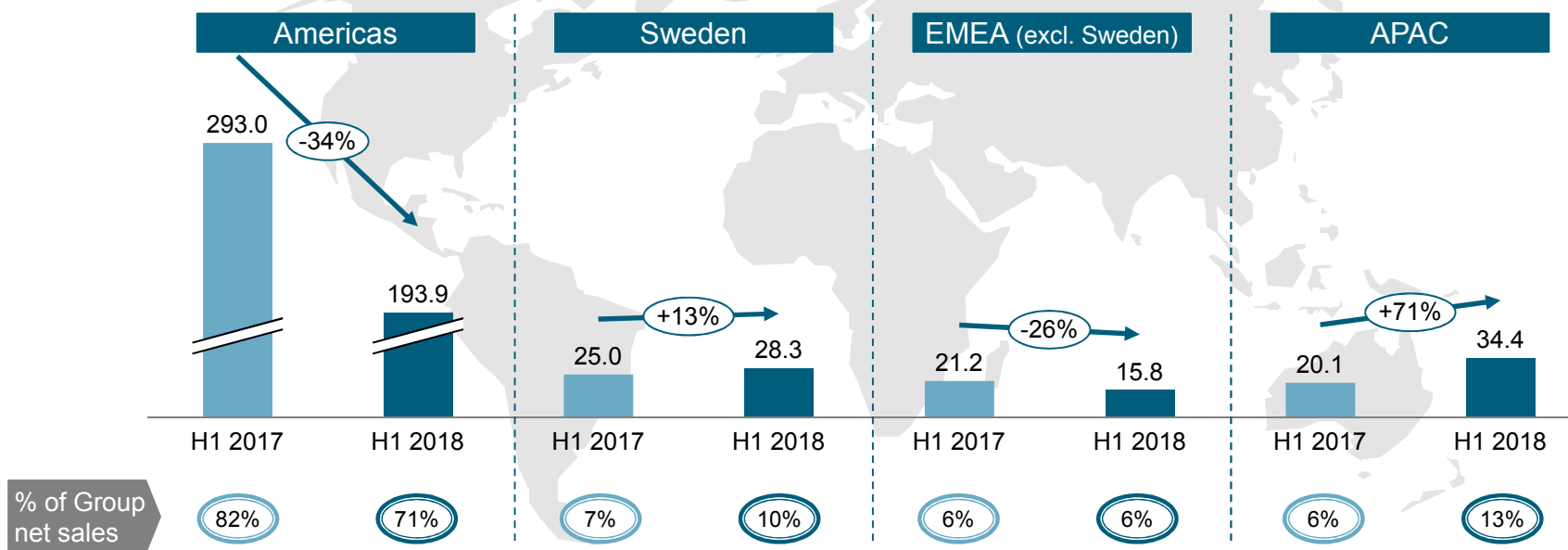
Key aspects

- CHC was negatively impacted by the destocking in the amount of MSEK 78 and a soft quarter in Europe
- North American market resumed to solid growth and order intake grew successively during the second quarter
- FF achieved important milestones in agreement with global FMCG company and is advancing well towards new agreements

Continued strong growth and expansion activities in APAC

Net sales by regions

MSEK, sales growth in %



Launch of Probi[®] Osteo – the new premium concept in bone health



- Targeting women and mobility as a top health concern among consumers to keep an active lifestyle for as long as possible
- A probiotic bone health concept with proven health effects and state-of-the-art clinical documentation
 - New health area for probiotics
 - New proposition for a growing bone health market
- Combination of three strains and Vitamin D3
 - *Lactobacillus plantarum* HEAL9, *Lactobacillus plantarum* Heal 19 and *Lactobacillus paracasei* 8700:2
 - Supporting ingredient (Vitamin D3) to use claim opportunities in EU
- Available in several application formats

Accelerated execution of commercial initiatives

Record attendance of 6th Partner Conference



- Gathering of top influencers and opinion leaders under the theme of “From Clinical Study to Commercialization”
- Presentation of latest findings in market trends and consumer behavior among record number of participants
- Launch of Probi[®] Osteo and presentation of award-winning research results on gluten intolerance

Initiative to establish footprint in China



- New agreements in cross-border e-commerce in China
- Launch of gut health product ProbiMage[®] in Taiwan
- Recruiting additional sales resources and taking steps to open a sales office in China

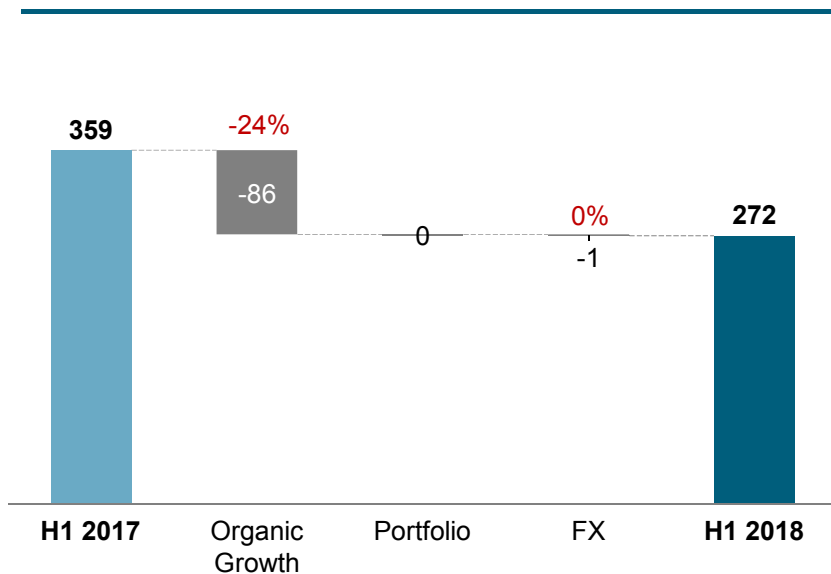
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Six months results in line with expectations and against a tough comparable

Probi sales bridge

MSEK, change in %



Condensed P&L

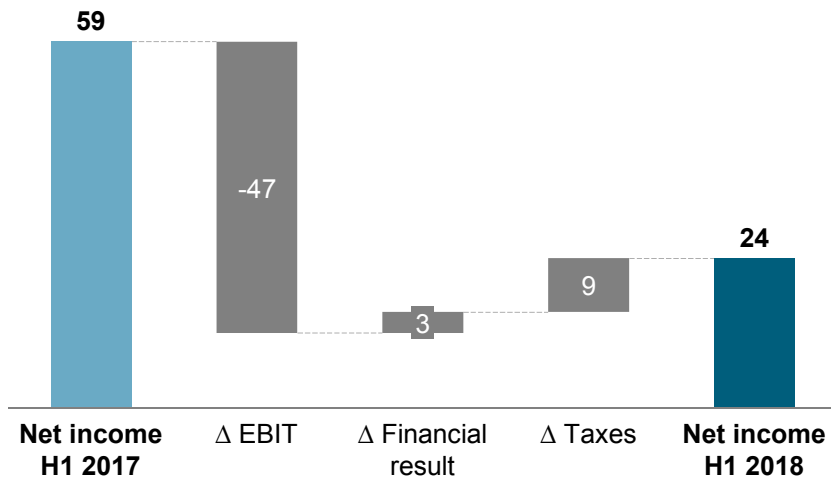
MSEK, change in %

	H1 2018	H1 2017	Change
Net sales	272.4	359.4	▼ -24%
EBITDA	59.9	107.1	▼ -44%
EBITDA margin	22.0%	29.8%	▼ -7.8pps
EBIT	32.6	79.8	▼ -59%
Net income	24.3	59.3	▼ -59%
EPS	2.13	5.21	▼ -59%

Net income increased compared to second quarter 2017 but declines on a year-to-date basis

Reconciliation of net income

MSEK



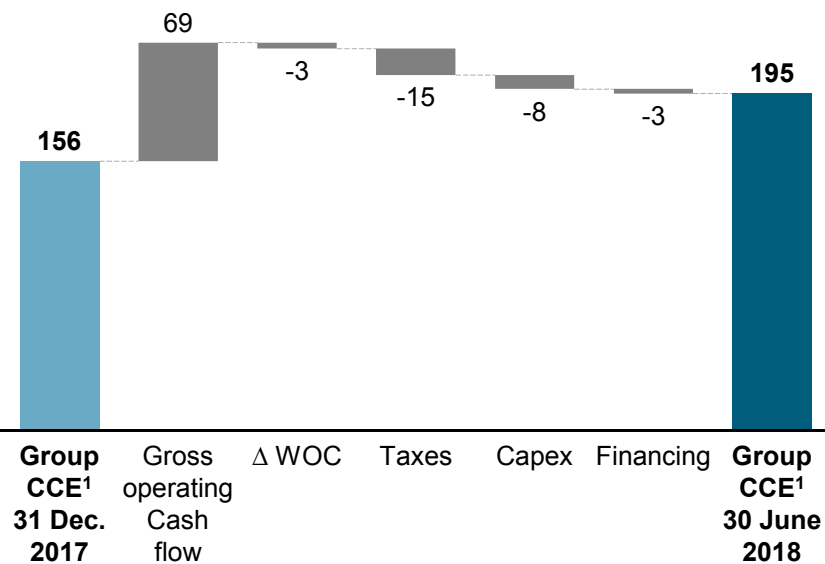
Key aspects

- Net income for the six months down MSEK 35 compared to previous year; second-quarter net income up MSEK 5 or 30% compared to Q2 2017
- Decrease in Group EBIT due to lower sales activity and personnel-related provisions of MSEK 3
- Favorable financial result as a consequence of exchange result from financing activities

Continued robust and strong cash flow generation

Reconciliation of group liquidity H1 2018

MSEK



Key aspects

- Gross operating cash flow increased to MSEK 69 during the first six months of 2018 demonstrating our high cash conversion and operating leverage
- Working capital increased in anticipation of stronger quarter-over-quarter growth
- Continued investments in R&D and process efficiency

Probi returns to net cash position excluding treasury shares

Balance sheet Probi Group

MSEK, in % of total assets

Assets	30 June 2018	31 Dec 2017	Liabilities and equity	30 June 2018	31 Dec 2017
Intangibles (excl. GW)	511	488	Total equity	972	885
Goodwill	304	280			
PPE	33	34	Other non-current liabil.	6	6
Deferred tax assets	4	5	Non-current liabilities	6	6
Non-current assets	852	807	Borrowings	192	176
Inventories	79	69	Trade payables	32	27
Trade receivables	84	59	Other current liabilities	28	17
Other current assets	20	20	Current liabilities	252	220
Cash and cash equiv.	195	156	Total liabilities	258	226
Current assets	378	304			
Total assets	1,230	1,111	Liabilities and equity	1,230	1,111

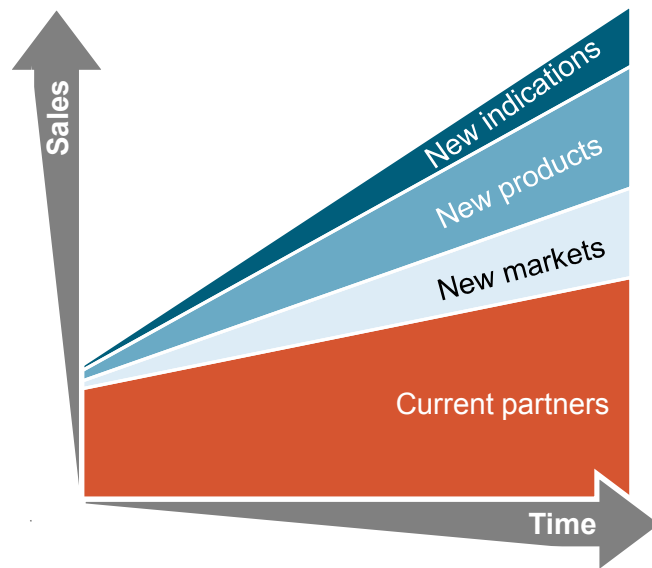
Key aspects

- Net cash of MSEK 2 (excl. treasury shares)
- Leverage ratio¹ of -0.02 LTM EBITDA
- Total equity of MSEK 972
- Equity ratio 79%

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Outlook for 2018 confirmed



- Continue building on our regained business momentum
- Focus in 2018 remains on achieving improved net sales growth trends by continued expansion of geographical reach and faster commercialization of our innovation portfolio
- We confirm our outlook for 2018 to generate profitable quarter-on-quarter organic growth in the second half of the year

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