

Probi AB

Nordea Small Cap Days
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Agenda

1	Introduction
2	Probiotics market
3	Company presentation
4	Half-year update
5	Outlook

Probi – “First in probiotics”



Founded 1991



400 patents



40 markets



626 MSEK Net Sales
183 MSEK EBITDA

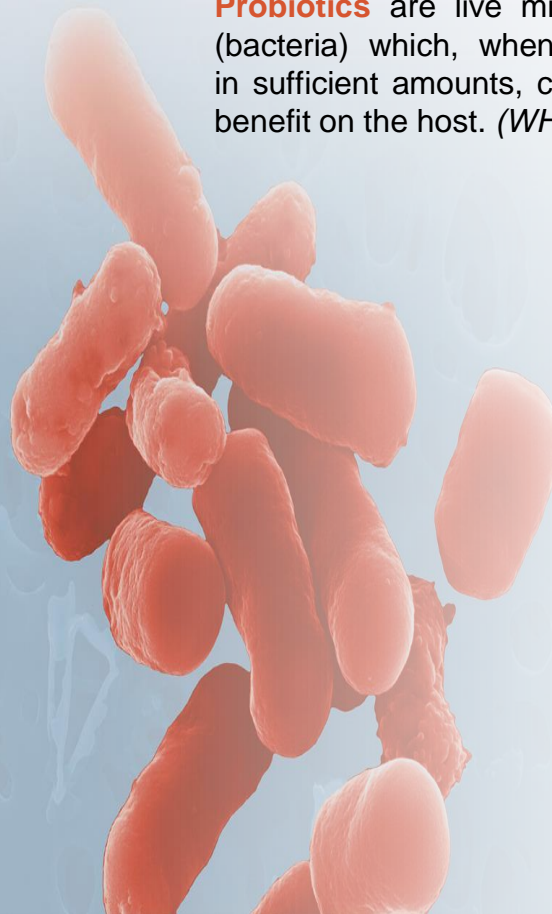


170 employees



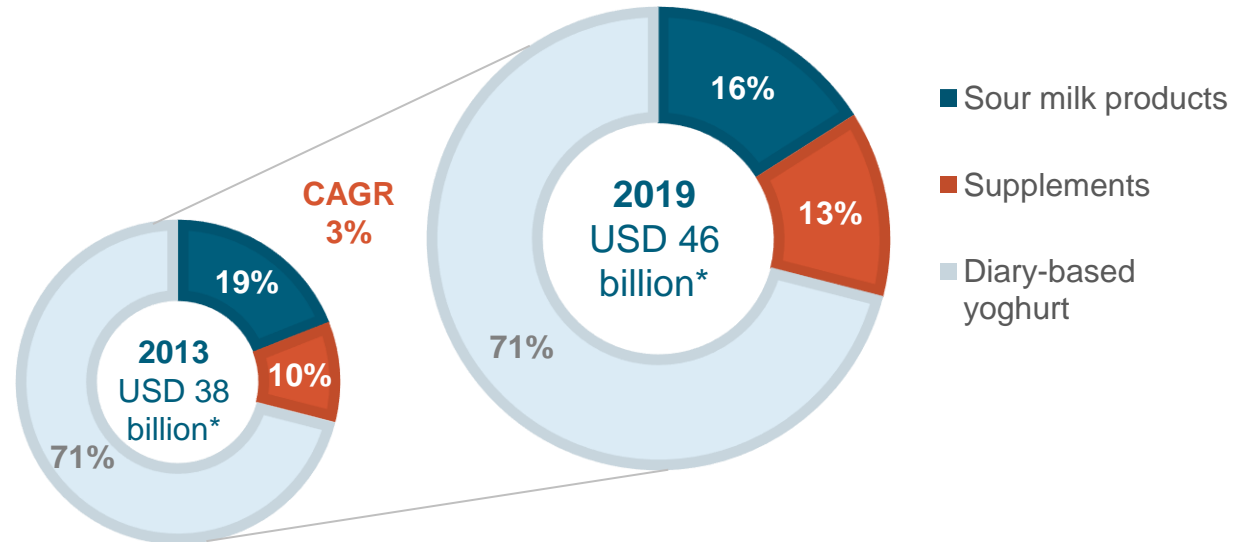
4.400 MSEK Market Cap

Probiotics are live micro-organisms (bacteria) which, when administered in sufficient amounts, confer a health benefit on the host. (WHO)



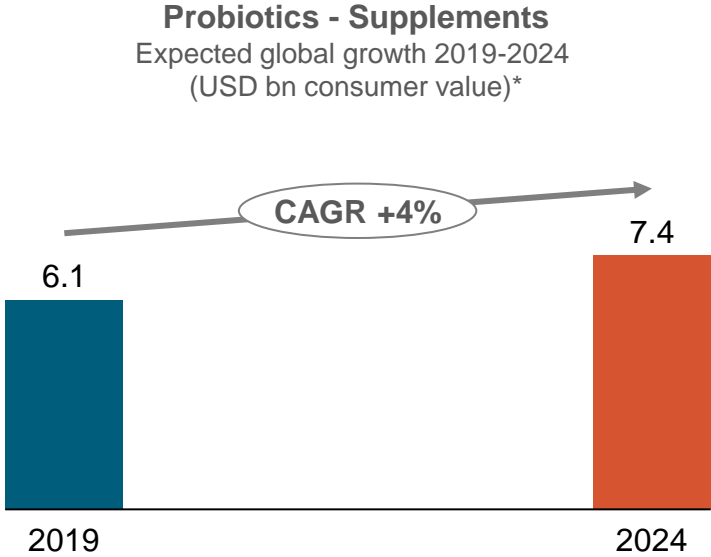
The global Probiotic market

- The probiotics market is dominated by dairy based products
- Probi is mainly active in the Supplement segment
- Supplements account for 13% of the market ~ USD 6 Bn 2019 (CAGR 8%)



*Retail value

Trends driving future probiotics markets



* Source: Global Probiotics Market Insights – Euromonitor December 2019

Geographic market dynamics

Americas	EMEA	APAC
Low digit growth	Stable growth	Recovery to strong growth
<ul style="list-style-type: none">• Highest worldwide spending on supplements per capita• High consumer quality awareness supports demand for premium probiotics• Increased market demand in connection with Covid-19 pandemic – longer term effects unclear	<ul style="list-style-type: none">• Large probiotic markets showing maturing growth while others indicate strong growth potential• Functional Food relatively large share of probiotic market• Market growth driven by supplements	<ul style="list-style-type: none">• China is the dominant market and is estimated to show strongest growth ahead together with Australia• Increasing disposable income and demand for premium probiotics• Near term damping effects from Covid-19 and fear of second wave

Probi AB

One of the leading probiotic
companies in the world



Probi offering



PROBI DEFENDUM®
Secure a balanced immune system.

PROBI FERROSORB®
Iron absorption concept proven to increase iron uptake.

PROBI DIGESTIS®
Proven to support gastro intestinal health.

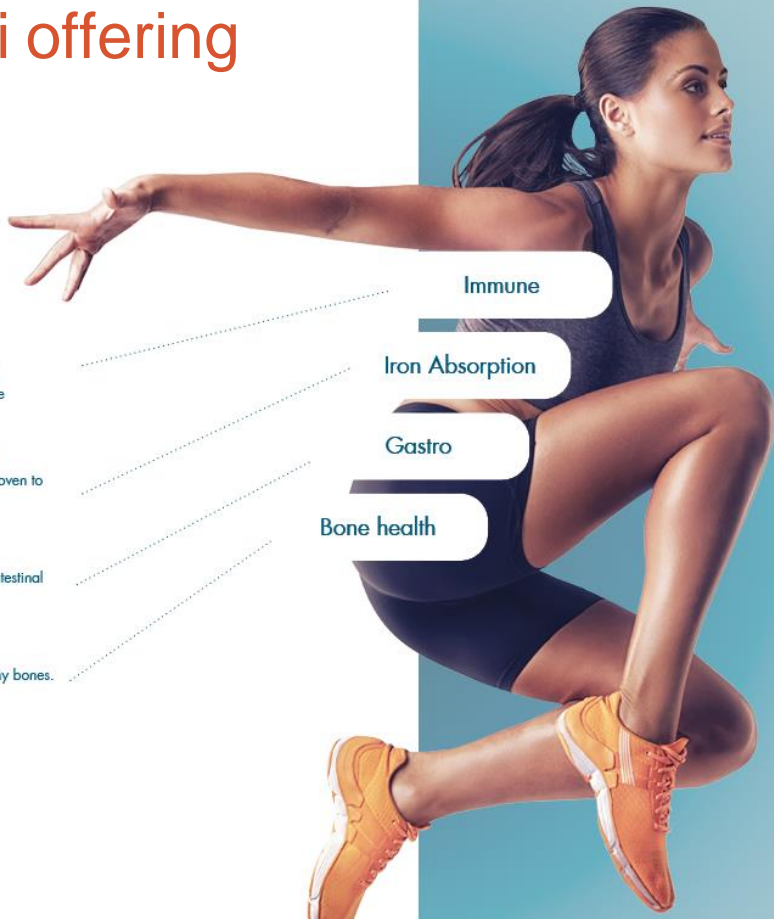
PROBI® OSTEO
Maintain strong and healthy bones.

Immune

Iron Absorption

Gastro

Bone health



Probi® Rhamnosus 6594

Probi® Paracasei 13434

Probi® Plantarum 6595

Probi® LB21



Wide range of live and active cultures.

Lifestage Solutions



Infant



Kids



Adult



Senior



Women



Active

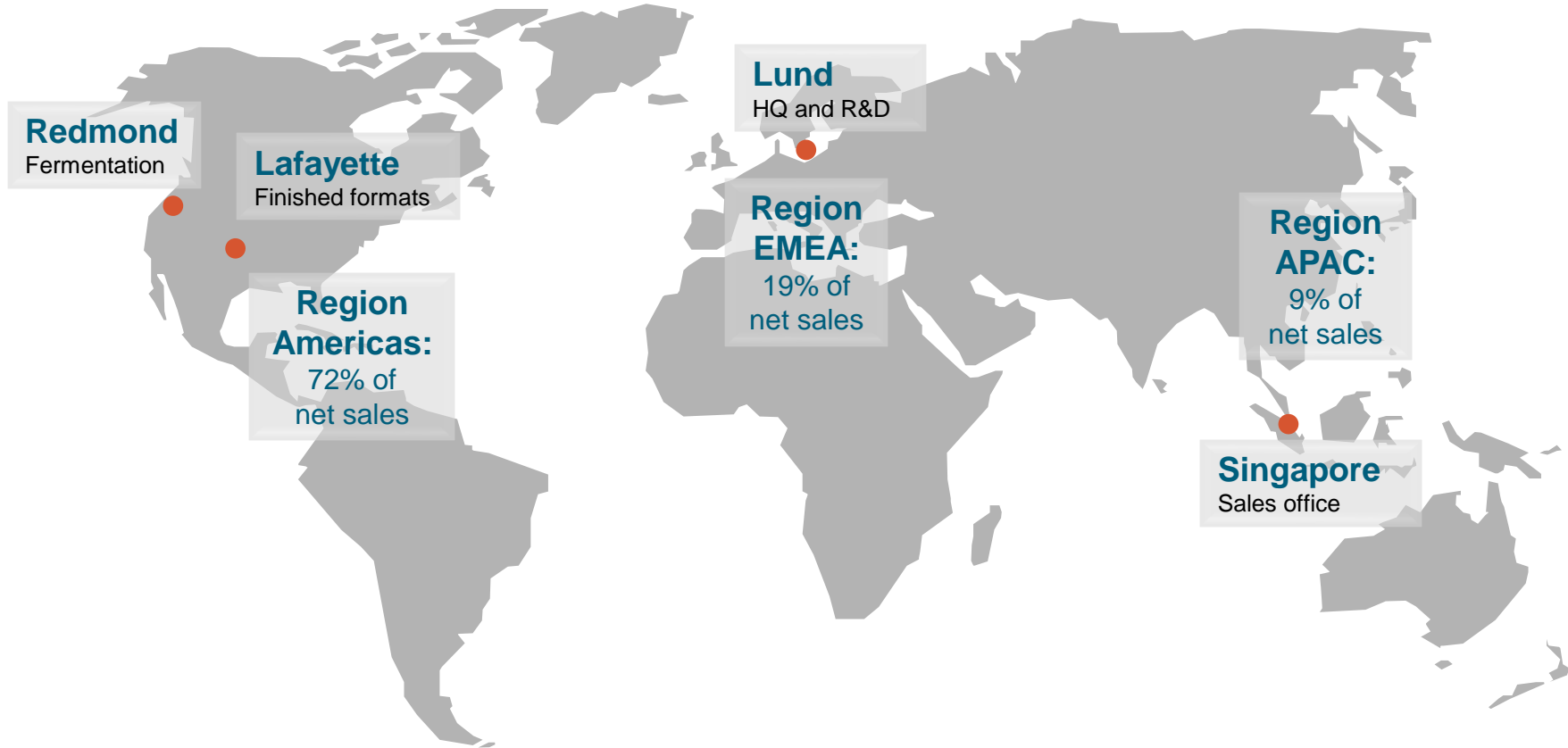


Restore



Pregnancy

Probi global footprint



Probi – a scientific pioneer in probiotics

>100

**Clinical trials have
been carried out**

>270

**Scientific
Publications**

>420

Granted Patents



Ownership structure and board of directors

Owner	Ownership
SYMRISE AG	56,6%
SWEDBANK ROBUR NY TEKNIK	10,7%
FJÄRDE AP FONDEN	9,0%
SEB FONDER	3,3%
AVANZA PENSION	1,0%
TIN NY TEKNIK	0,8%
COMMERZBANK AG	0,7%
BNY MELLON NA	0,6%
HANDELSBANKEN SVERIGE INDEX	0,5%
NORDEA LIVFÖRSÄKRING SVERIGE	0,4%

Jean-Yves Parisot, chairman since 2015

Irène Corthésy Malnoë, member since 2018

Charlotte Hansson, member since 2017

Jörn Andreas, member 2014-2016 and since 2019

Malin Ruijsenaars, elected member 2020

Half-year update

Probi – first six months in 2020

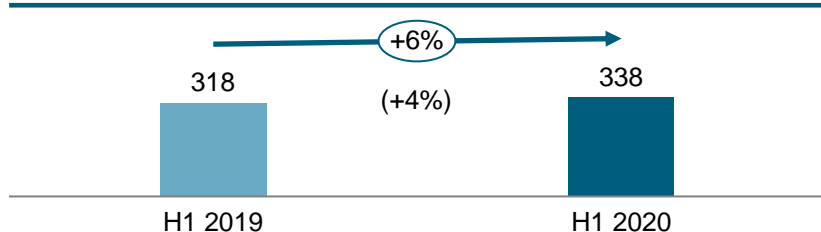
- Strong underlying demand for probiotics
- Strategic Joint Venture with US-based Viva5 Corporation
- Strengthened partnership with one of our largest American customers.
- Pan-European partner agreement with launch in 15 European countries from 2021
- Manufacturing facility upgrade program on schedule
- Updated financial targets



Healthy growth in net sales

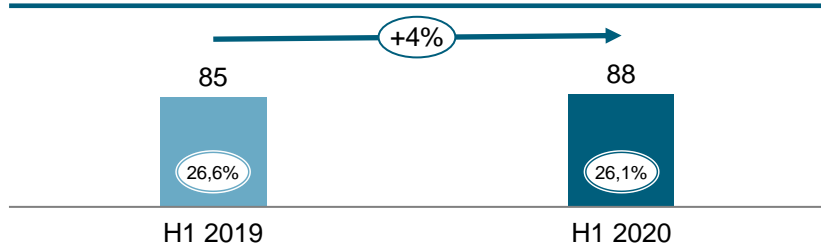
Net sales

SEK m, sales growth in % (constant currency growth)



EBITDA

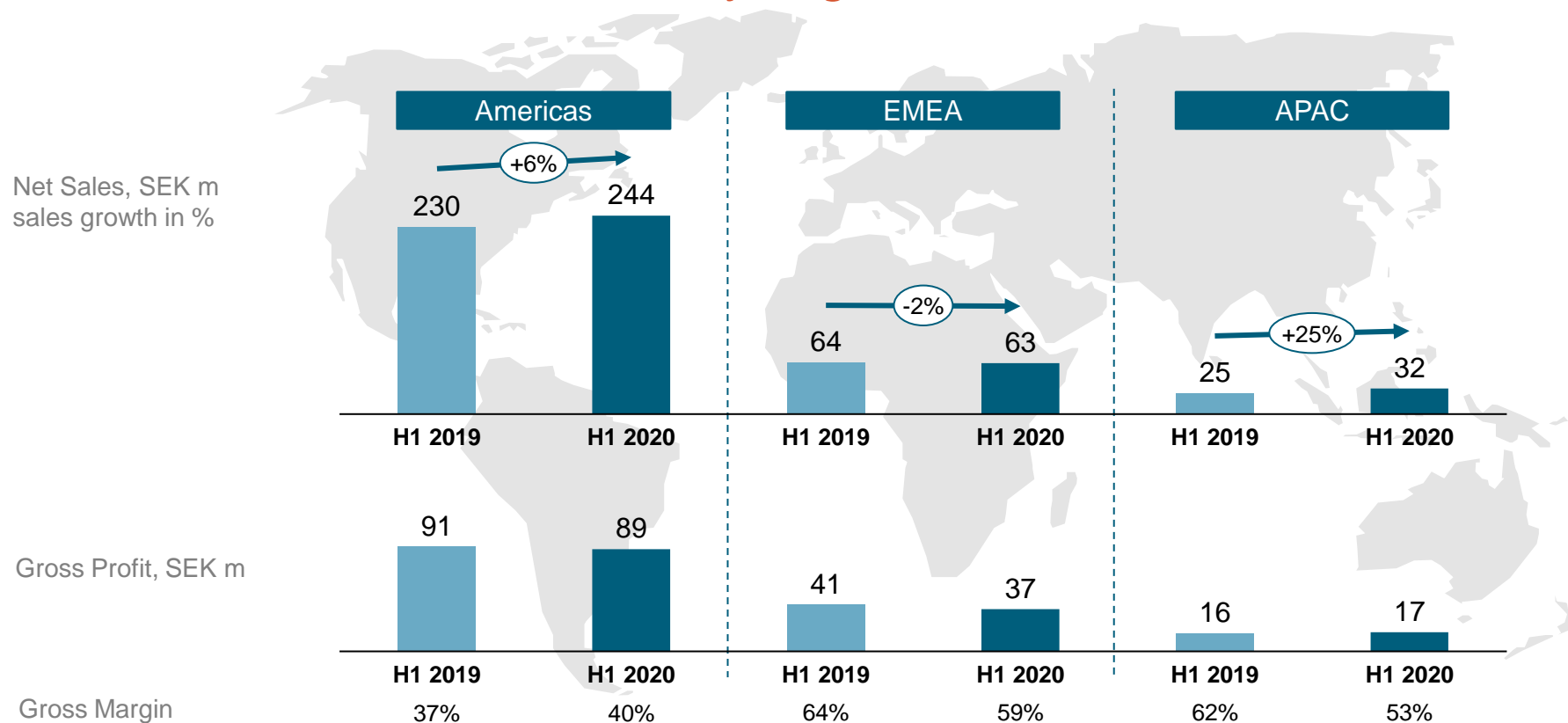
SEK m, EBITDA margin as % of Group net sales



Highlights in the period

- Net sales +6% compared to H1 2019
- Strong underlying demand for probiotics in region Americas
- Product mix and temporary disruptions in production had negative impact on gross margin
- Reduced operational expenses lifting EBITDA-margin to 26%
- Expecting higher volatility in sales revenues coming quarters by Covid-19 effects and large US customer update of product range

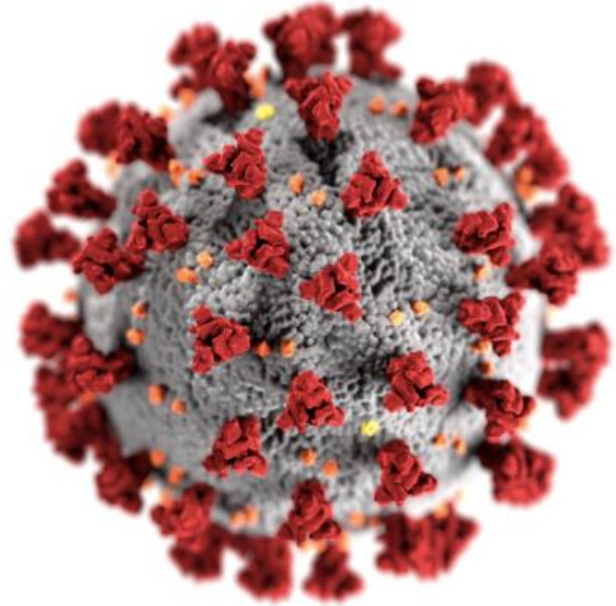
Net Sales and Gross Profit by region



Outlook

Short-term impact on Probi by Covid-19 pandemic

- Increased demand for immune supporting products
- Heightened focus on personal health supports demand in US market
- Societal lock-downs resulted in customer stock building in EMEA and APAC
- Maintaining full operational status at manufacturing facilities
- Limited Covid-19 related cost increases



Expected long term impact by Covid-19 pandemic

Market:

- Heightened focus on personal health
- Increased interest in immune supporting products
- Strong growth in e-commerce channel
- Long term impact of pandemic related financial crisis unclear for supplements

Probi:

- Strong immune supporting probiotic concept
- Well positioned product portfolio and experienced in e-commerce customer needs
- Upgrading production capabilities with Covid-19 precautions in consideration

Strategic focus



Doubled sales



Growth

- Stronger presence in growth markets
- Solidify position in premium probiotic segments
- Strategic partnerships
- Acquisitions



Lead the way in probiotic innovation and science



Accelerate development of new products

- Expand range of clinically documented offerings
- Increase international collaborations
- Evaluate growth potential in probiotic related market segments



Manufacturing excellence



More efficient manufacturing

- High quality production adapted to market needs
- New manufacturing capabilities in growth regions
- Gradually improved gross margins

New financial targets reflecting increased ambitions

Sales
growth

*Average annual organic growth rate >7%
Long-term plan to double annual sales revenue*

EBITDA-
margin

*Annual EBITDA margin expected to be at or
above 29%*

Dividend

*Dividends of 10-30% of net income, provided
stable financial conditions*

Business development focus – acquisitions & partnerships

Geographic expansion

Key markets where Probi has limited penetration

Broaden portfolio

Extending or complementing existing portfolio

Sales channels

New channels, focus on e-commerce

Thank you!