



Q4 2020 Conference Call

Tom Rönnlund, CEO
Henrik Lundkvist, CFO

Lund, 9th February 2021



Safe Harbor Statement

This presentation contains certain forward-looking information that reflects Probi's present view of future events, as well as financial and operational development. Words such as "intend", "assess", "expect", "may", "plan", "believe", "estimate" and other expressions entailing indications or predictions of future development or trends, not based on historical facts, constitute forward-looking information. Forward-looking information is inherently associated with both known and unknown risks and uncertainties as it depends on future events and circumstances. Forward-looking information is not a guarantee of future results or development and actual outcomes may differ materially from the statements set forth in the forward-looking information. Given the risks associated with forward-looking statements, recipients of this presentation are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements referred to above speak only as at the date of the presentation. Probi will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect future events, circumstances, anticipated events, new information or otherwise except as required by law or by any appropriate regulatory authority.

Probi does not make any guarantee, representation or warranty, express or implied, as to the accuracy, completeness or fairness of the information and opinions contained in this presentation, and no reliance should be placed on such information. Probi does not accept any responsibility or liability whatsoever for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection therewith.





Agenda

- 1 **Executive Overview**
- 2 **Financial Review (Q4 & 2020)**
- 3 **Outlook**
- 4 **Q&A**

Strong finish to a successful year

- Net sales growth in Q4 by 11% boosted by strong sales in region Americas. EMEA and APAC weaker development, partly affected by Covid-19.
- Full year growth 15% mainly driven by strong performance in Americas.
- EBITDA margin 25% in Q4 and 27% for the full year.
- In 2020, Covid-19 led to increased demand for probiotics in the Americas, while causing greater sales volatility in EMEA and APAC. Impact on operations were limited.
- The board proposes a dividend of SEK 1,10 (1,00) per share or a total of SEK 12,5 m (11,4)



2020 – a successful, turbulent and busy year

- More than 20 new customers
- Largest product update ever with US customer
- Two important strategic collaborations to broaden scope and volume of our business
- New financial targets to reflect our ambitions
- Upgrade of US production facilities to increase efficiency and capacity
- New management team complete with three new VP's
- Two important clinical studies published on stress and immune health
- Three new clinical studies initiated

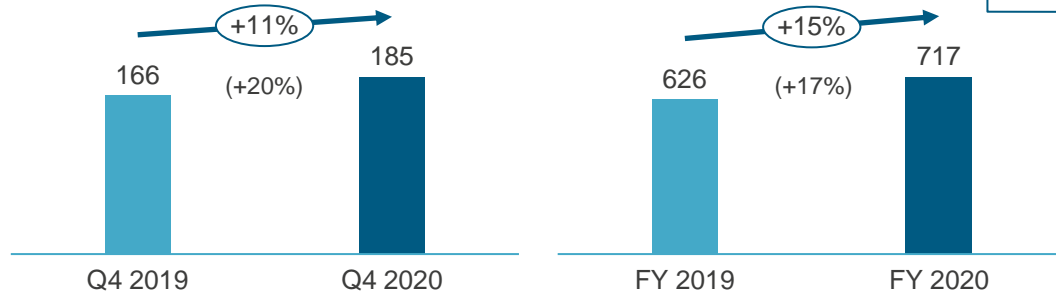


Strong sales growth and slight pressure on margins

Net sales

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

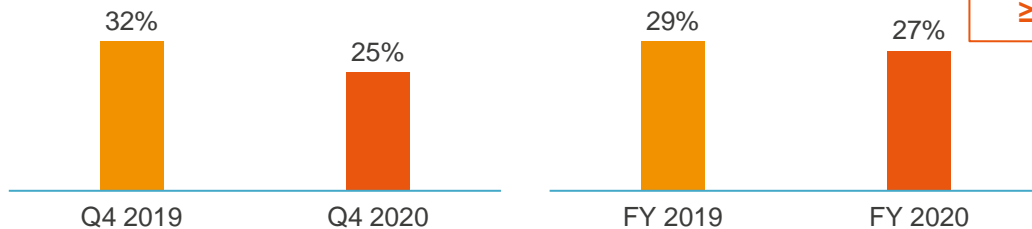
Target
> 7 %



EBITDA %

EBITDA margin as % of Group net sales

Target
≥ 29 %



Highlights in the quarter

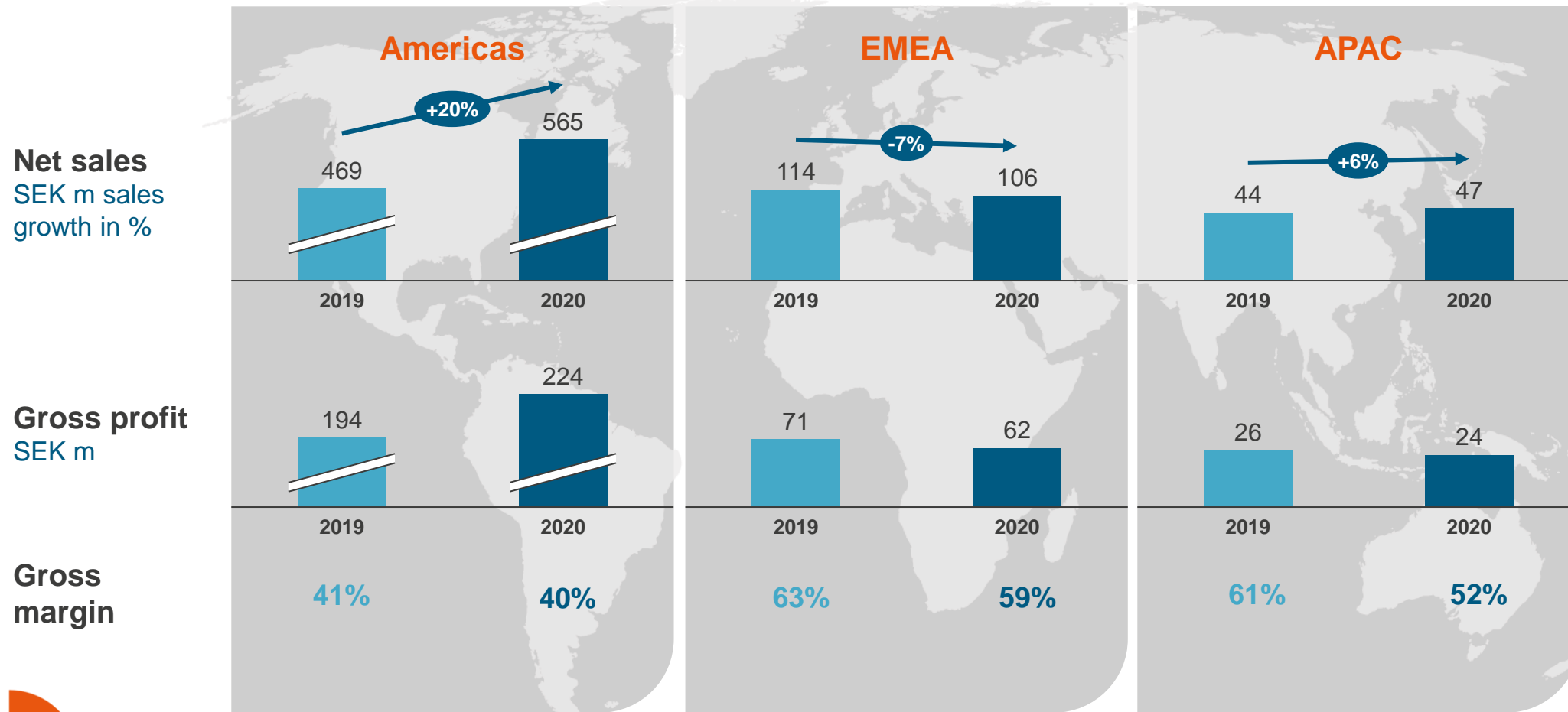
- Net sales (organic) growth by 11% (20% currency adj.)
- EBITDA at 25% explained by product mix and higher OpEx from increased activity in R&D and business development

Summary of 2020

- Net sales (organic) growth by 15% (17% currency adj.)
- EBITDA at 27% explained by product mix and higher OpEx from increased activity in R&D and business development



Net Sales and Gross Profit by region Full Year 2020





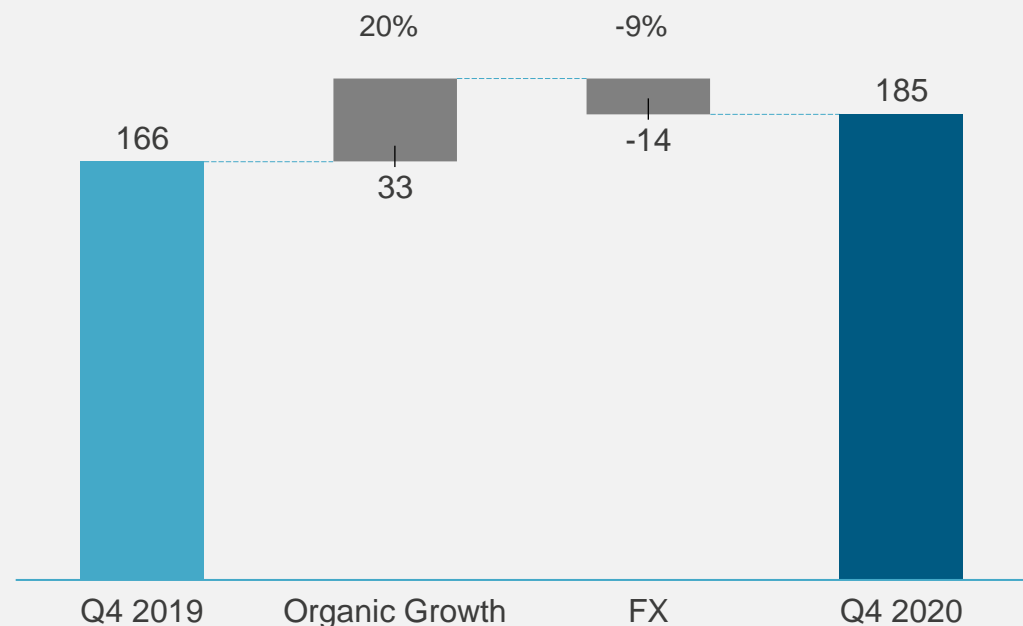
Agenda

- 1 Executive Overview
- 2 Financial Review (Q4 & 2020)
- 3 Outlook
- 4 Q&A

Strong organic growth in the last quarter with FX headwind

Probi sales bridge, Q4

SEK m, sales in %



Condensed P&L

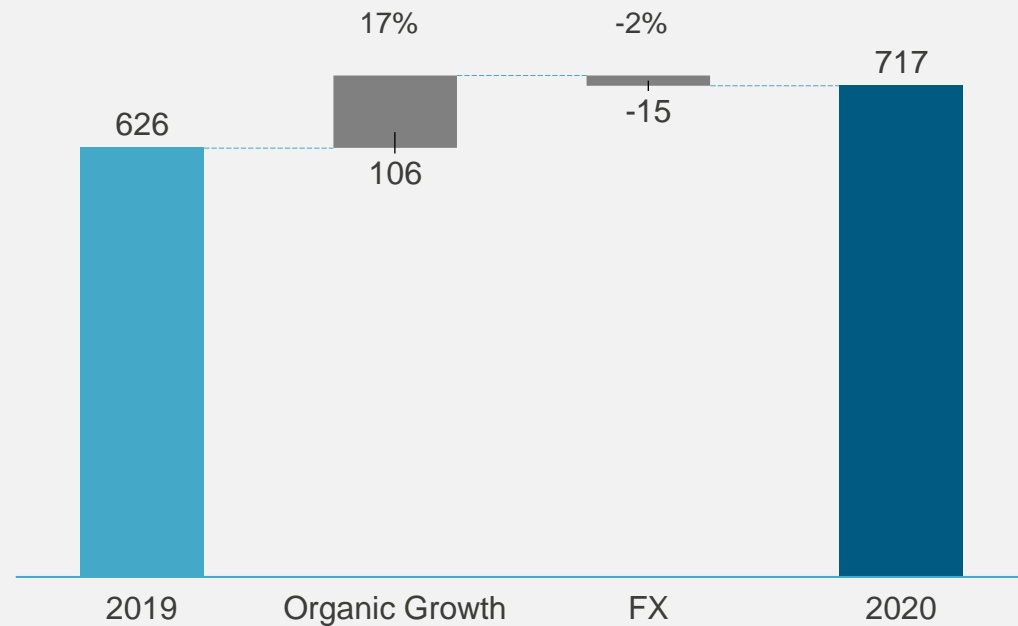
SEK m

	Q4 2020	Q4 2019	Change
Net sales	184.8	166.1	▲ +11%
EBITDA	47.0	53.3	▼ -12%
EBITDA margin	25.4%	32.1%	▼ -6.7pp
EBIT	29.8	34.5	▼ -14%
Net income	21.8	25.8	▼ -15%
EPS	1.92	2.27	▼ -15%



Net sales on all time high in 2020 with strong organic growth

Probi sales bridge, Full Year
SEK m, sales in %



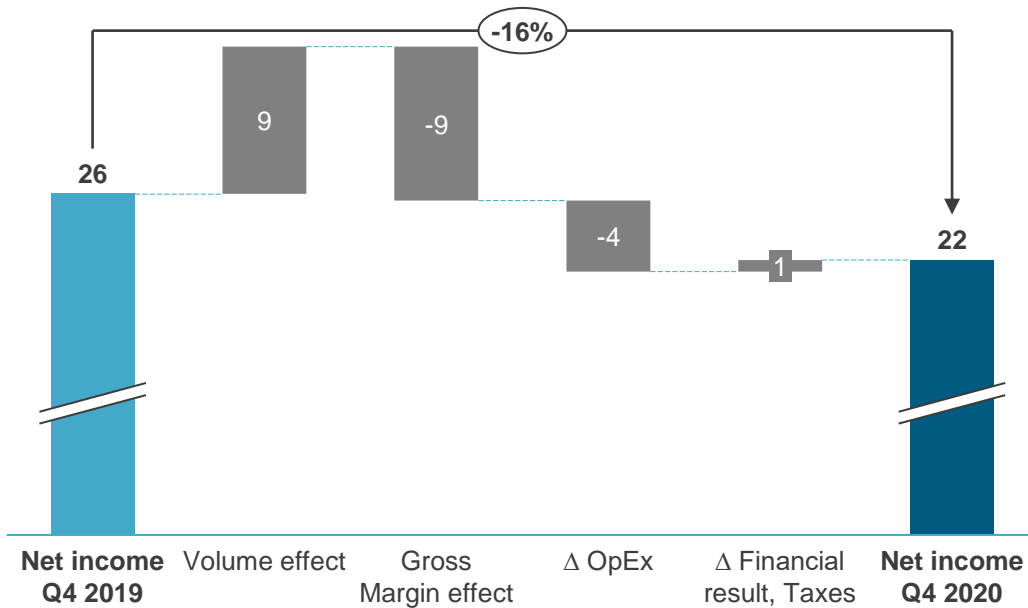
Condensed P&L
SEK m

	2020	2019	Change
Net sales	717.2	626.2	▲ +15%
EBITDA	196.5	183.4	▲ +7%
EBITDA margin	27.4%	29.3%	▼ -1.9pp
EBIT	123.7	111.5	▲ +11%
Net income	92.7	85.9	▲ +8%
EPS	8.14	7.54	▲ +8%



Higher sales volume but unfavorable product mix

Reconciliation of net income, Q4 SEK m



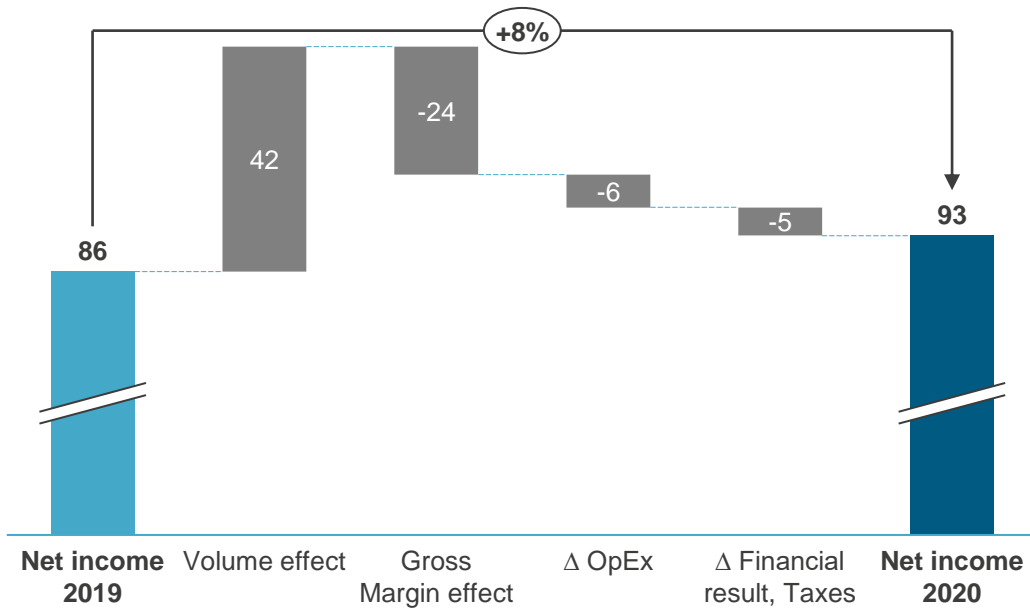
Key aspects

- Net income decreased by SEK 4 m (-16%) compared to previous year
- Higher sales volumes mainly generated from Americas
- Unfavorable product mix in the quarter reduced gross margin
- Operating expenses increased through higher business development and R&D activities



Higher sales volume increases net income

Reconciliation of net income, Full Year SEK m



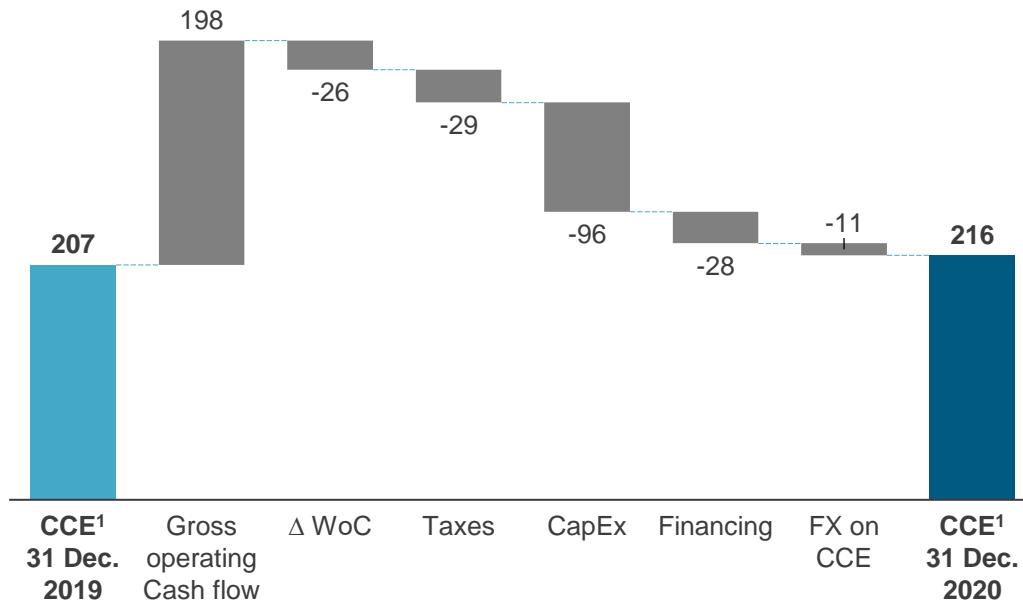
Key aspects

- Net income increased by SEK 7 m (+8%) compared to previous year
- Higher sales volume generates strong contribution to net income
- Product mix and production issues in Q1 caused a negative gross margin effect
- Operating expenses increased through higher activities in R&D and increased business development activities



Strong operational cash-flow has financed strategic investments

Reconciliation of group liquidity SEK m



Key aspects

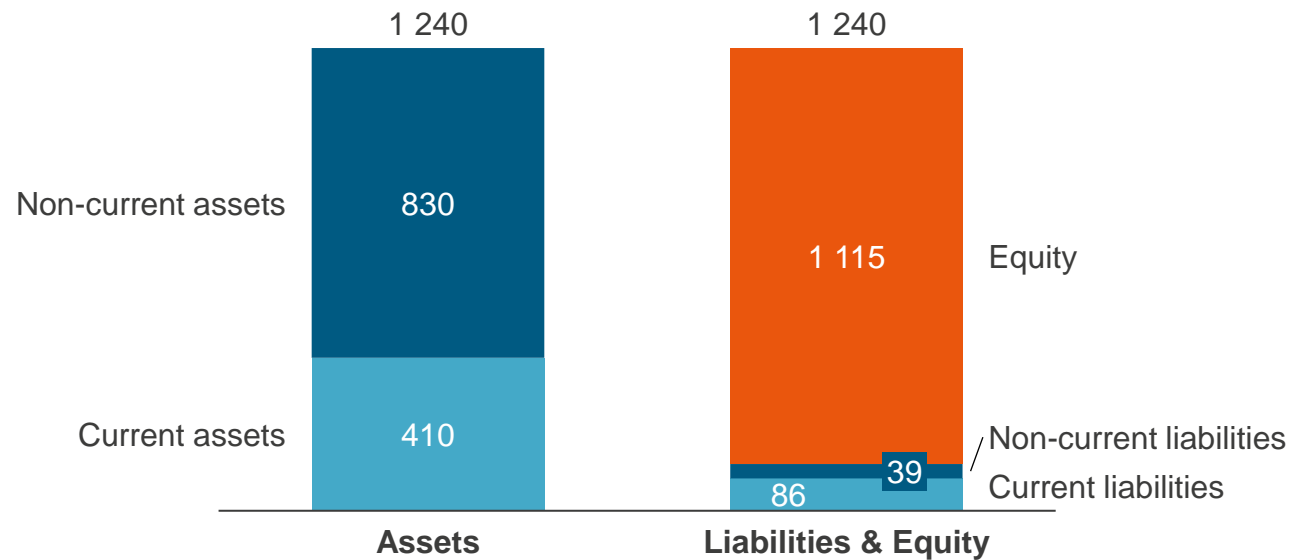
- Gross operating cash flow of SEK 198 m reflects robust business model
- Inventory build-up in connection with launch of updated product range for large US customer
- Capex includes investment in Vital Nutrients of SEK 53 m, manufacturing upgrade program of SEK 30 m and clinical trails, patents and IT SEK 13 m.
- Financing includes payment of dividends of SEK 11 m



¹ CCE = Cash and cash equivalents.

Solid balance sheet with no external loans

Balance sheet as per December 31, 2020
SEK m



Key aspects

- Total equity of SEK 1 115 m
- No external loans
- Equity ratio 90%






Agenda

- 1 Executive Overview
- 2 Financial Review (Q4 & 2020)
- 3 Outlook
- 4 Q&A

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





Agenda

- 1 Executive Overview
- 2 Financial Review (Q4 & 2020)
- 3 Outlook
- 4 Q&A



Financial calendar

Interim report Q1 2021:	April 23, 2021
Annual General Meeting:	May 7, 2021
Interim report Q2 2021:	July 16, 2021
Interim report Q3 2021:	October 22, 2021
Year-end report 2021:	February 2, 2022

