

Hematology
is in our blood



Boule Diagnostics AB

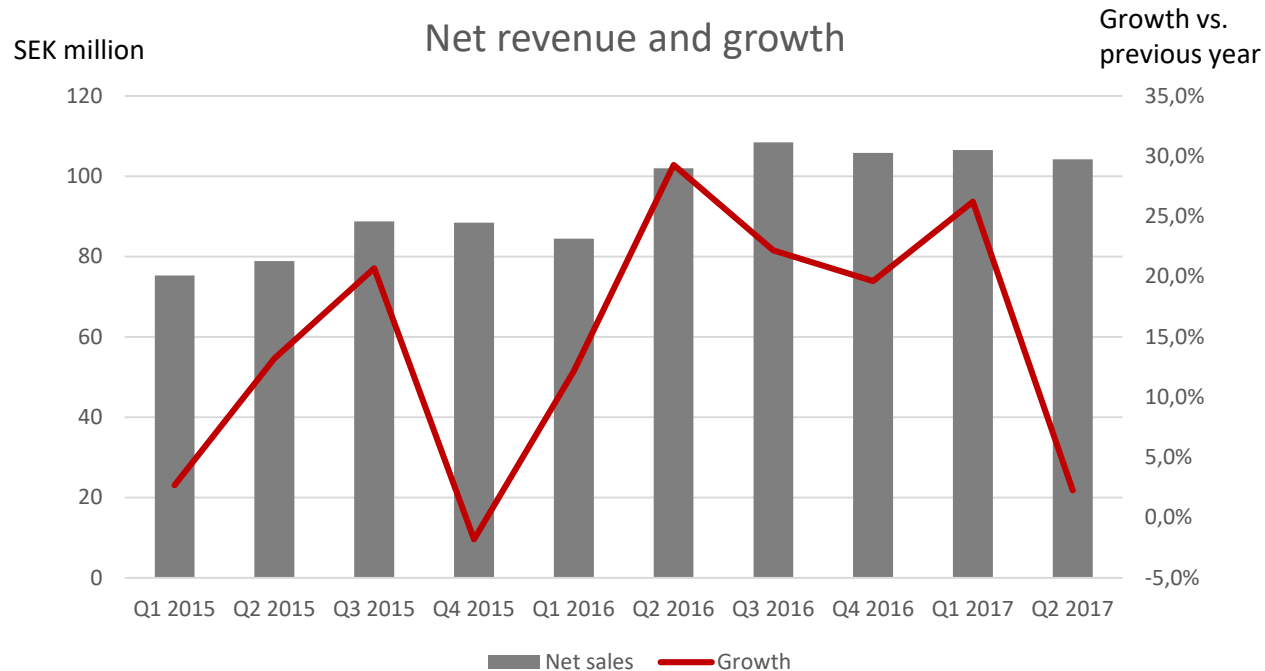
Company presentation and Q2 report August 25, 2017

Fredrik Dalborg, CEO and Group President

Q2 2017 in summary

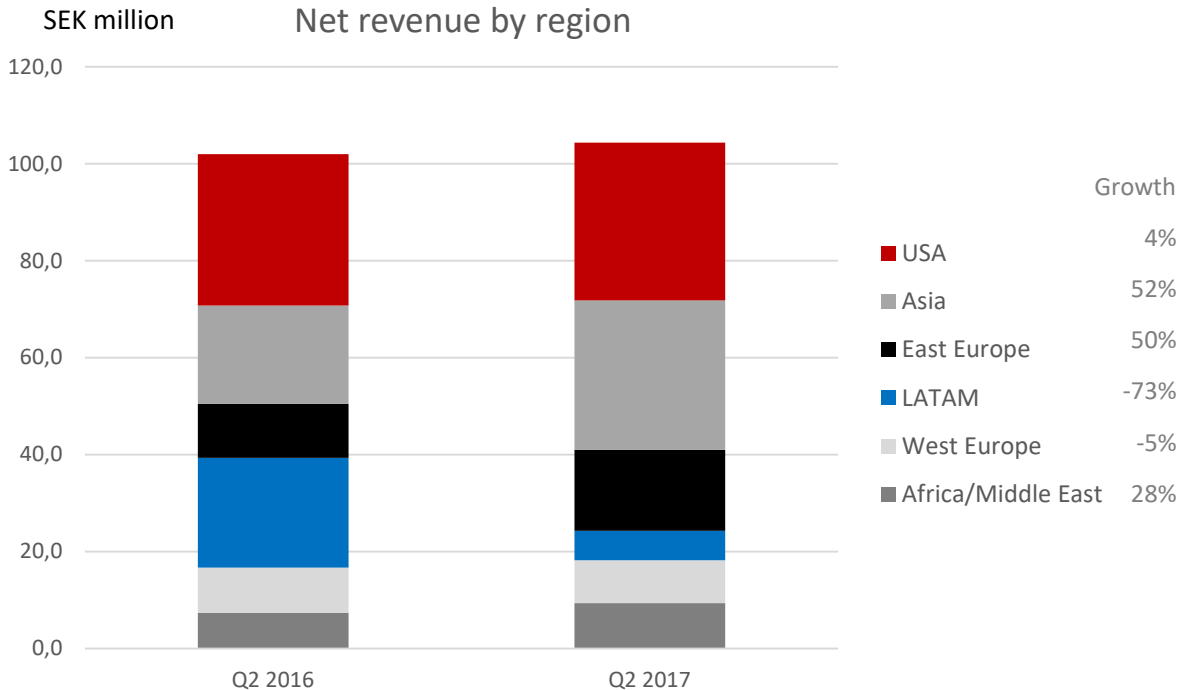
- Tender revenues are highly variable by quarter. In Q1 we had a 26% growth and we now see a slower growth in Q2
 - Instrument unit sales grew by 65% in Q1 and -4% in Q2. H1 growth 22%
 - Revenues in line with recent quarters, but compared to the strong Q2 2016 growth is 2%
 - Rolling 12 months revenue growth is 17%, and H1 growth 13%
- Profitability in the quarter is weak for three main reasons:
 - Geography mix: Asia larger share, LATAM smaller share due to major tenders in 2016
 - Business efficiency improvement actions: China manufacturing shutdown, elimination of positions in US, etc.
 - One off items: Employee option program, final items CEO change, write down of accounts receivables
- Other key events
 - Won yet another tender in India, this time for 140 units intended for mobile use (delivery Q2)
 - Instrument growth in Asia is now followed by consumables growth (>50% growth in Q2)
 - China manufacturing shutdown completed June 30
 - CFO departing, process to find replacement has started
 - Continuing the work to improve efficiency and support short and long term growth

Following multiple high growth quarters, Q2 revenues relatively stable with growth at 2%



- Growth for the first half of 2017 is 13%
- Rolling 12 months growth is 17%

Geographical mix is changing, impact on average selling price and margin



- Asia (low price market) is growing rapidly
- Eastern Europe (high price market) is growing rapidly
- LATAM (high price market) has decreased, following a big tender in 2016
- **Net effect is reduced average selling price for instruments**

Instrument growth in Asia has been strong, and has been followed by strong reagent sales growth. Reagent sales in Asia grew by 53% in Q2 2017.

Reasons for reduced gross margin

Reasons	Approximate impact	Comment
Geographical mix	-2%	<ul style="list-style-type: none">• Asia larger share of business (strong growth, lower prices)• LATAM lower share of business (major tenders Q2 2016)
Product mix	-1%	<ul style="list-style-type: none">• Higher share external distributed products• Increased share lower margin consumables categories
Low utilization China plant	-1%	<ul style="list-style-type: none">• Low utilization of plant before closure had negative impact on gross margin
Other	-1%	<ul style="list-style-type: none">• Currencies, manufacturing variances, etc.
Total	-5%	

Non recurring restructuring and efficiency improvement costs

Action	Approximate impact (MSEK)	Comment
China manufacturing shutdown	3	<ul style="list-style-type: none"> Reduce operating expenses and improve gross margin Reduce complexity and increase overall efficiency
Other efficiency improvement measures	1	<ul style="list-style-type: none"> Efficiency improvements, elimination of redundant roles
Option programs and CEO change costs	7	<ul style="list-style-type: none"> Costs for employee option program Final costs CEO change
Write down of accounts receivables	1	<ul style="list-style-type: none"> Write down of uncertain accounts receivable according to policy
Total	12	

Adjusting for the non recurring restructuring and efficiency improvement costs, EBIT would have been MSEK 11.3 which corresponds to an EBIT-margin of 10.8%.

High level overview of actions to improve gross margin

- China manufacturing shutdown, completed June 30. Will start to generate savings Q3
- Process improvements in reagent and control manufacturing
- Implementing plans to drive more business in North America and LATAM
- Assessing cost reductions in growth markets: Optimizing logistics, distributor arrangements, etc
- Pricing review

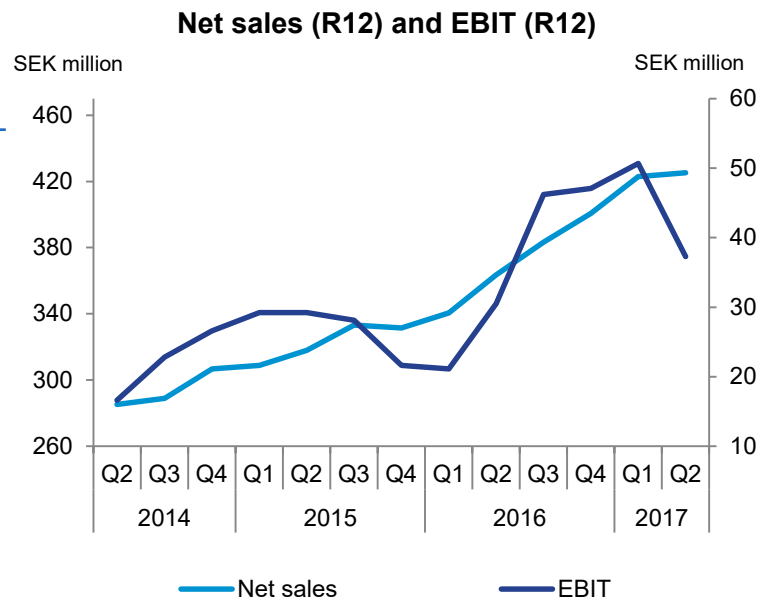
Net sales by region and product

Net sales by region MSEK	Apr-Jun 2017	Apr-Jun 2016	Change	Jul 16- Jun 17 (R12)	Jul 15- Jun 16 (R12)	Change (R12)
USA	32.6	31.3	4%	132.1	122.7	8%
Asia	30.8	20.3	52%	106.8	80.4	33%
Eastern Europe	16.7	11.2	50%	64.2	43.8	46%
Latin America	6.1	22.7	-73%	35.7	49.3	-28%
Western Europe	8.8	9.3	-5%	35.8	34.6	3%
Africa/Middle East	9.4	7.4	28%	50.7	32.6	56%
Total	104.3	102.0	2%	425.2	363.6	17%

Net sales by product MSEK	Apr-Jun 2017	Apr-Jun 2016	Change	Jul 16- Jun 17 (R12)	Jul 15- Jun 16 (R12)	Change (R12)
Instruments	36.3	40.6	-10%	164.4	136.0	21%
Consumables own instruments	40.8	37.6	9%	159.3	135.3	18%
Consumables OEM and CDS-Brand	17.5	15.1	16%	67.7	60.8	11%
Other	9.7	8.8	15%	33.8	31.5	13%
Total	104.3	102.0	2%	425.2	363.6	17%

Key figures Apr-June 2017

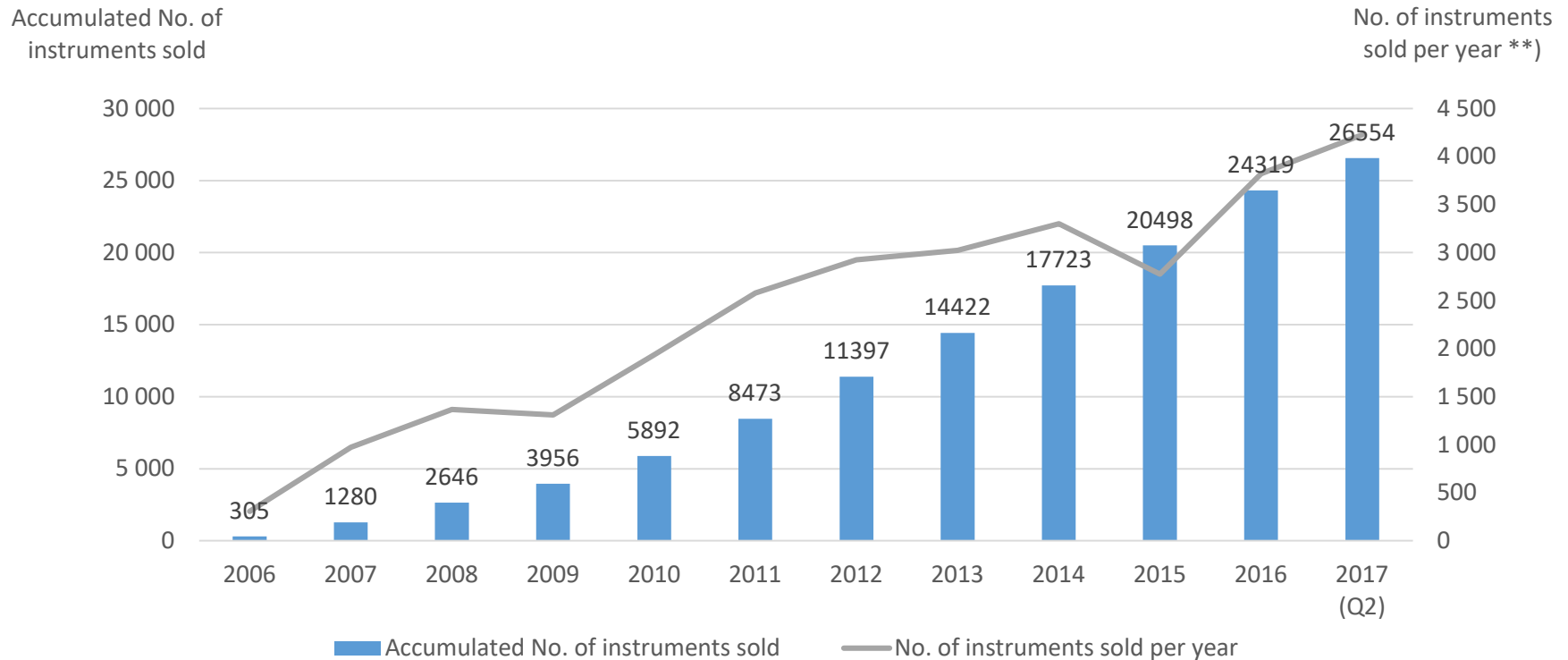
Key figures	Apr-Jun 2017	Apr-Jun 2016	Change	Jul 16-Jun 17 (R12)	Jul 15-Jun 16 (R12)	Change
Number of instruments sold	1 092	1 143	-4%	4,218	3 355	+26%
Net sales, SEK million	104.3	102.0	+2%	425.2	363.6	+17%
Gross margin, %	41.8	46.8		46.8	46.3	
Operating profit/loss, SEK million	-0.7	12.6	-106%	37.3	25.3	+47%
Operating margin, %	-0.7	12.3		8.8	6.9	
Net debt, SEK million	-71.4	-20.0		-71.4	-20.0	
Return on equity, %	-0.5	4.5		13.3	7.9	
Net debt/EBIT (R12), times	-1.9	-0.8		-1.9	-0.8	
Earnings per share, after dilution, SEK	-0.24	1.89	-113%	5.35	3.77	+42%



Shareholders 30 June 2017 (and thereafter known changes)

	Number of shares	Proportion of capital/votes
Svolder AB	515,000	10.87%
AB Grenspecialisten	493,317	10.41%
Thomas Eklund incl. bolag	461,577	9.74%
Swedbank Robur Fonder AB	414,896	8.75%
SEB Asset Management	414,086	8.74%
Tredje AP-fonden	381,707	8.05%
Handelsbanken Fonder	286,098	6.04%
Linc Invest AB	265,291	5.60%
Humle Kapitalförvaltning	167,155	3.53%
Länsförsäkringar Småbolag Sverige	144,770	3.05%
Société Générale	129,548	2.73%
Other shareholders (1,616)	1,065,693	22.49%
Total number of shares	4,739,138	100.00%
Number of options outstanding	121,000	
Total number of shares including options	4,860,138	

Number of instruments sold 2006 – Q2 2017*



*) Boule tied instruments.

***) The 2017 No of instruments sold per year are calculated as rolling 12 months.



Future challenges and opportunities for Boule Diagnostics

Challenges

- Fragmented market
- Competitive pricing
- Fast growing markets (Asia in particular) have low price levels
- Important to deliver relevant product development to market
- Instrument tenders play a big role in sales growth,
 - quarter to quarter variability
 - Instruments reduce gross margin
- Falling USD exchange rate puts pressure on revenues and profit

Opportunities

- Veterinary market
- Improvements in manufacturing efficiency and structure
- Broadening portfolio through agreements and/or acquisitions
- More regional/local presence to improve customer experience (service, product specialists, etc.)
- Launching new products based on reliable platforms
- Continued growth in emerging markets
- In developed markets focus on near-patient care to reduce healthcare cost

Our priorities are clear

1. Support and strengthen revenue and profit growth momentum (strengthen ability to drive sales in promising markets)
2. Improve current products and develop new products
3. Strengthen and extend product portfolio through distribution agreements, supply agreements and potential acquisitions

In parallel we will continue our process efficiency programs and assess how our manufacturing structure can be optimized, as well as maintaining high levels of quality and regulatory compliance.

Thank you!