



# Interim Report First Quarter 2011

Stockholm April 20, 2011

# Summary of Q1 2011

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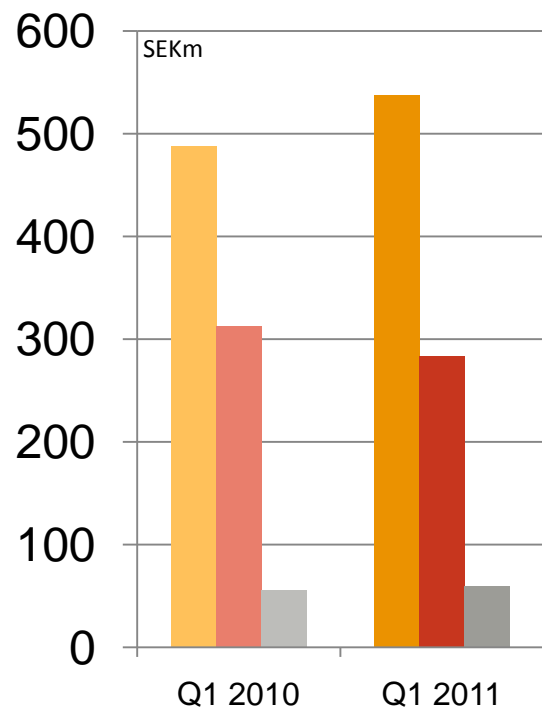
- Good volume growth, revenues up 10% and 17% adjusted for currency
- Negative impact from FX and full effect of price cuts in 2010
- Increased number of product price approvals
- Continued efforts to strengthen Sobi long-term
  - Decision on cost savings
  - Increased business development activities
  - Improved financial flexibility
- All phase III studies run according to plan
  - First patient in Kiobrina study to be treated in Q2 2011
  - Clinical study for Nascobal

# Q1 Report, January – March 2011

## Lars Sandström, CFO



# Highlights Q1 2011

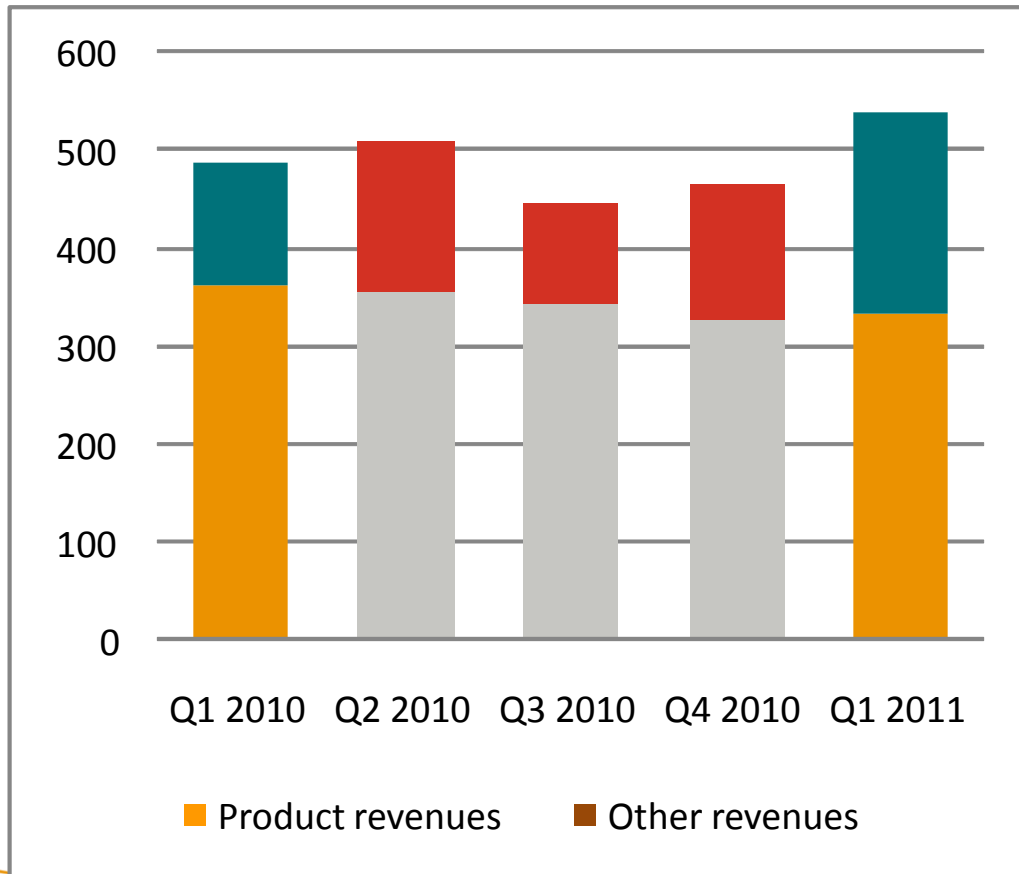


Revenues	488.1	<b>537.4</b>
Gross profit	313.1	<b>283.9</b>
EBITA	55.1	<b>59.7</b>

- Revenues up 10% as reported, and 17% adjusted for FX  
-Higher revenues from ReFacto
- Product sales +4%, adjusted for FX and discontinued products
- Gross margin declined to 52.8% (64.1)
- Lower administrative and R&D expenses
- EBITA before non-recurring items rose by 8% to SEK 59.7 M (55.1)
- Non-recurring items amounted to SEK 70 M

# Revenues trend

## Total revenues Q1 2010 – Q1 2011

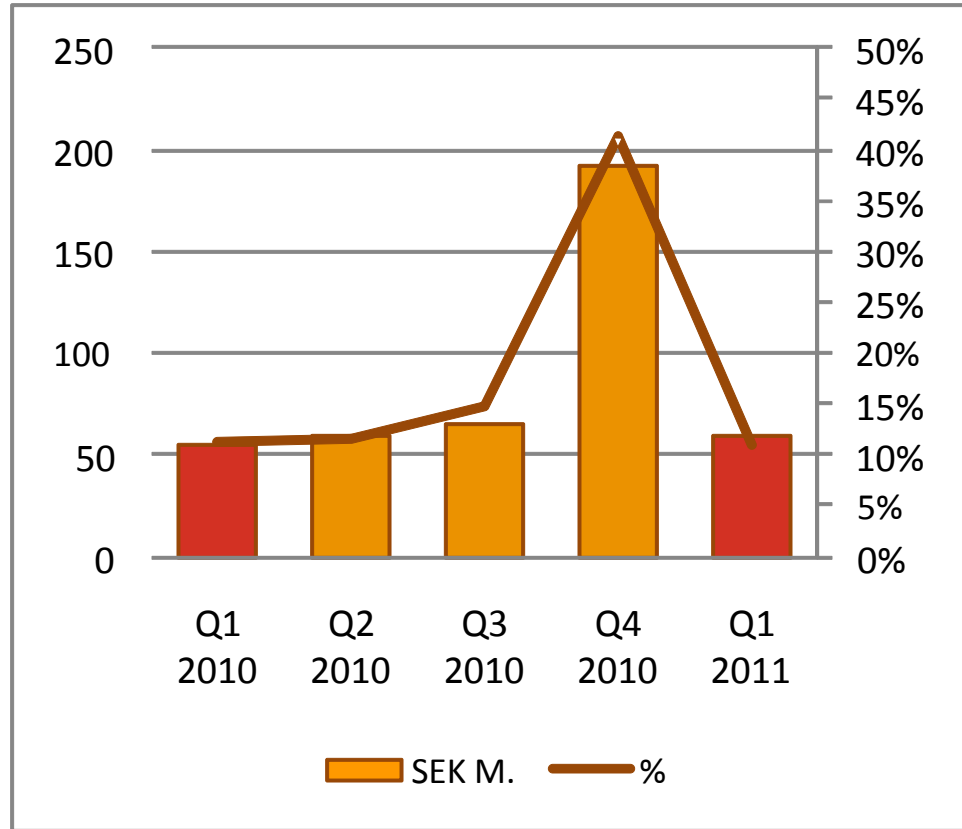


### Comments

- High Manufacturing volumes
- Product sales excl currency and discontinued products +4%
- Milestone last year
- Negative currency effects

# EBITA trend

## Q1 2010 – Q1 2011



### Comments

- EBITA before non recurring items MSEK 59,7 (55,1)
- EBITA Margin 11,1 % (11,3%)

# Gross profit

**+** Deliveries of Refacto  
Royalties  
Underlying product volumes

• Gross profit MSEK  
283,9 vs. 313,1

**—** Milestone last year  
Manufacturing prices  
Tech transfer  
Currency

• Gross margin  
52,8% vs 64,1%

# EBITA

**+** Refacto volume  
Cost containment

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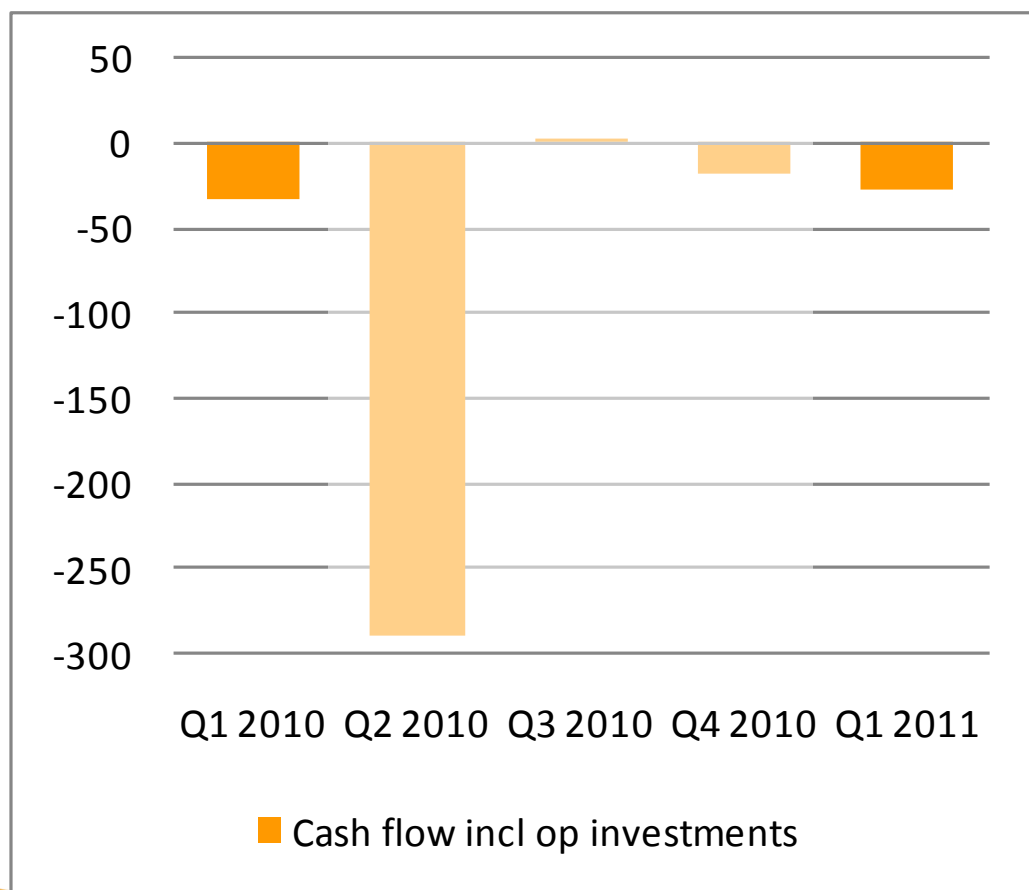
**-** Milestone last year  
Manufacturing prices  
Tech transfer  
Currency

- EBITA Q1 2011:  
+4,6 mSEK
- EBITA margin  
11,1% (11,3)



# Cash Flow before financing (excl Acq)

## Q1 2010 – Q1 2011

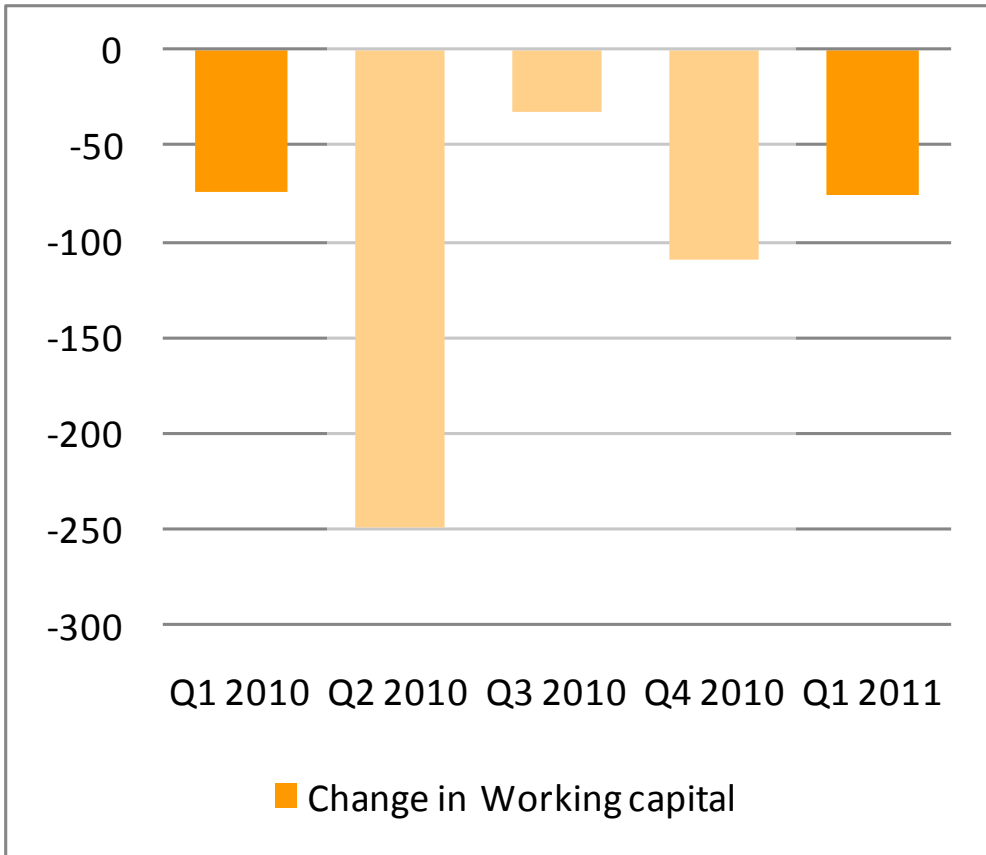


### Comments

- Cash flow before financing (excl acquisitions) -26,4 mSEK (-32,9)
- Net investments
  - 4,5 mSEK (20,3)
- Working Capital
  - -75,3 mSEK (-74,1)

# Working Capital impact on Cash Flow

## Q1 2010 – Q1 2011

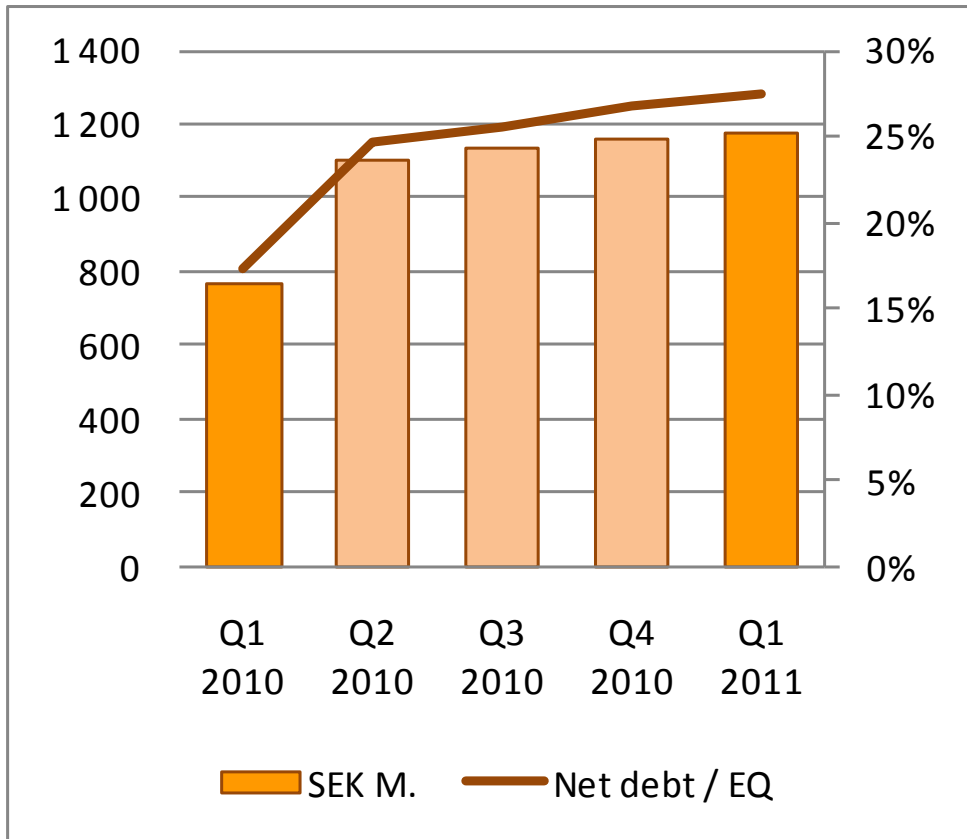


### Comments

- Working Capital
  - -75,3 mSEK (-74,1)
- Kineret inventory build up and payment
- Q1-11
  - Stock reduction
  - High Refacto revenues
  - Last payments of Kineret

# Net debt

## Q1 2010 – Q1 2011



### Comments

- Net debt SEK 1 174 m
- Net debt to equity 27%

# Rights issue terms

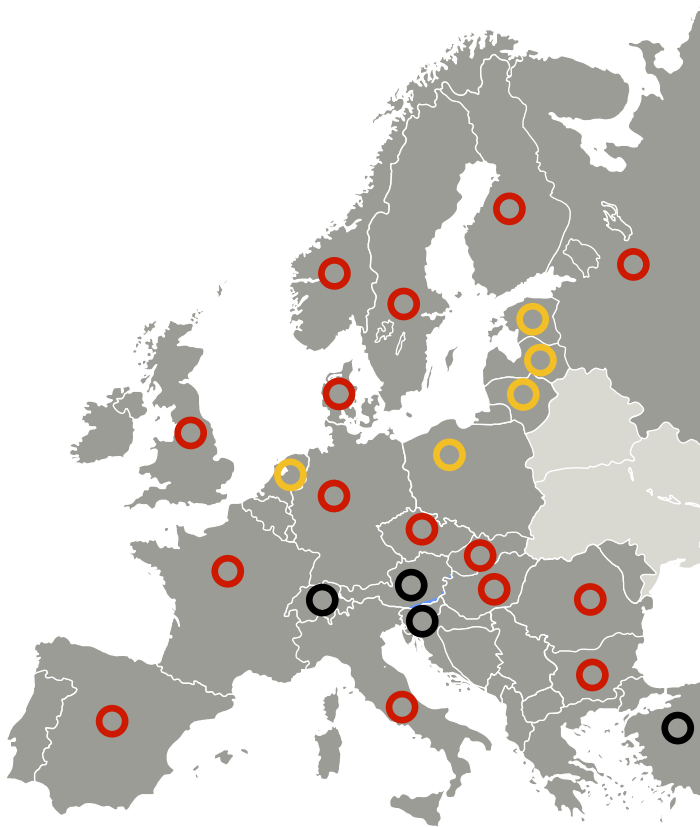
<b>Offering type</b>	<ul style="list-style-type: none"><li>• Fully underwritten rights issue of common shares</li></ul>
<b>Size</b>	<ul style="list-style-type: none"><li>• Gross proceeds of SEK 600 million</li></ul>
<b>Envisaged timetable</b>	<ul style="list-style-type: none"><li>• Rights issue announced: 29 March</li><li>• Q1 report: changed from 28 April to 20 April</li><li>• Rights issue terms announced: 27 April</li><li>• AGM decision on proposed transaction: 28 April</li><li>• Subscription period: 11 May–26 May</li></ul>
<b>Joint lead managers</b>	<ul style="list-style-type: none"><li>• Carnegie Investment Bank and Handelsbanken Capital Markets</li></ul>
<b>Commitment and underwriting process</b>	<ul style="list-style-type: none"><li>• Transaction fully committed and underwritten</li><li>• Initial underwriting on “stand-by” basis, with terms being decided by the Company (and approved by the joint lead managers) just before the AGM (Nordic market practice)</li></ul>

# Q1 Report, January – March 2011

## Kennet Rooth , CEO



# Markets -Europe



- 60 pricing cases in Europe, prices established in 32 cases since November 2010
- Kineret - strong volume growth in most countries, but reported sales growth hampered by strong SEK and mandatory price decreases in 2010
- Parallel export primarily *from* UK  
Parallel import primarily *to* Germany
- Kepivance decrease

# Markets – USA and RoW

Contract organization and  
distribution partner  
In North America



- Strong development in North America + 15% in spite of the weak USD
- Growth in volume for all products in USA
- Low orders from Middle East during Q1

Distribution partner in  
Australia and New Zealand

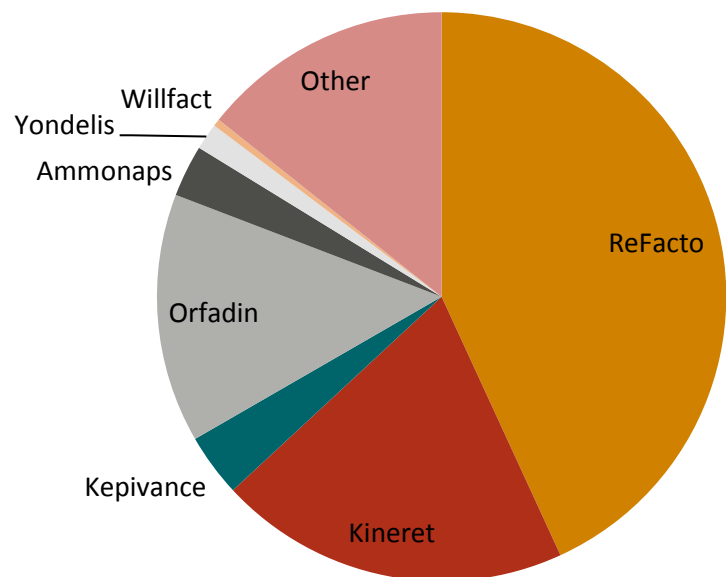
Distribution partner  
in the Middle East

China partner underway

Distribution partner  
in South Korea



# Revenues



- No further price reductions in Q1.
- Product launches progress as planned in most countries
- Orfadin - number of packs sold show strong increase – but less 10 mg packages than expected
- Yondelis - strong monthly volume growth
- Multiferon – 60% volume growth
- Ammonaps sales suffering from shortage of supply



# Operations

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## ReFacto<sup>®</sup>

- High delivery volumes
- Validation batches
- Increased full year volume

## Kineret<sup>®</sup>

- Transfer of production ongoing
- Stock build up 2010 of active substance to be turned to finished goods

## Cost reduction measures

- Most of the planned reduction of staff reversed due to manufacturing of higher volumes

# Cost-reduction measures

## Provision of SEK 70 M in the quarter

- Reduction of 55-60 positions instead of 70
  - Affecting all functions
  - Mostly within preclinical research, CMC and manufacturing, Quality/Control/Assurance
- Cost savings estimated at approx. SEK 90 M instead of SEK 100 M
- Full effect as of 2012
- Retain expertise and competence with option to increase resources in future
  - Use of external resources when needed – increase flexibility and reduce costs
  - Current clinical development projects will not be affected

# Research & Development

Indication	Product/Project	Partner	Phase I	Phase II	Phase III	Reg phase
Hemophilia A	rFVIII Fc	BiogenIdec				
Hemophilia B	rFIX Fc	BiogenIdec				
Prevent growth retardation in premature infants	Kiobrina®					
CAPS	Kineret®					
Pernicious anemia	Nascobal®	Strativa				

Activity	Expected timing
Kiobrina (prevent growth retardation): start dosing phase III	Q2 2011
Nascobal® (pernicious anemia): European registration application	H2 2011
rFIX Fc (hemophilia B): report phase III data	2012
rFVIII Fc (hemophilia A): report phase III data	2012

# R&D Projects

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- Long acting F IXfc – pivotal phase II/III registration study
  - According to plan
  - Fully recruited 2011
  - Data available 2012
- Long acting F VIIIfc – pivotal phase II/III registration study
  - According to plan
  - Fully recruited 2011
  - Data available 2012

# R&D Projects

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- Kiobrina
  - Two phase II studies successfully completed
  - Pivotal phase III study decided to start
  - First prematurely born child planned to be included into the study Q2 2011
- Nascobal
  - Small study for EU regulatory purpose ongoing
  - First regulatory filing planned H2, 2011
- Product improvements/LCM
  - Kineret - New formulation
  - Orfadin - Pediatric formulation
  - Ammonaps - Taste masking

# Business Development

## Products

- BD function significantly strengthened
- Several products being evaluated in parallel

## Geographies

- Priority 1
  - Asia (New business, primarily China, Japan)
  - Middle East (expansion)
- Priority 2
  - South/Middle America (Brazil, Argentina, Chile, Mexico)
- Temporary standstill in Northern Africa due to the political situation

# Outlook 2011

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- Continued uncertainty about the macroeconomy and exchange rates
- No major impact from further price changes foreseen
- Good volume growth and 1-5 % sales growth as reported
- Increased manufacturing and shipments of Refacto during 2011
- Gross margin lower than 2010
- Continued focus on decreasing internal cost base

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