

Full Year Results 2011

Geoffrey McDonough (CEO) and Lars Sandström (CFO)



Stockholm, 23 February, 2012

Who We Are

Sobi is an innovative bio-pharmaceutical company with a leading position in the commercialization of niche and rare disease products.



Our operations are driven by a diversified and **growth-oriented portfolio** in niche and rare disease therapies.



We have a **late-stage pipeline** with substantial commercial potential.



We are a differentiated partner with world-class capabilities in protein biochemistry and biologics manufacturing development for **rare diseases**.

Actions to Reach Our Goals

We intend to earn our way into our future based on **operational performance**.

1. Revenue growth through focus on key products
 2. Ongoing cost discipline
 3. Gross margin improvement
- ➔ **Improving cash flow from operations and working capital**

Highlights

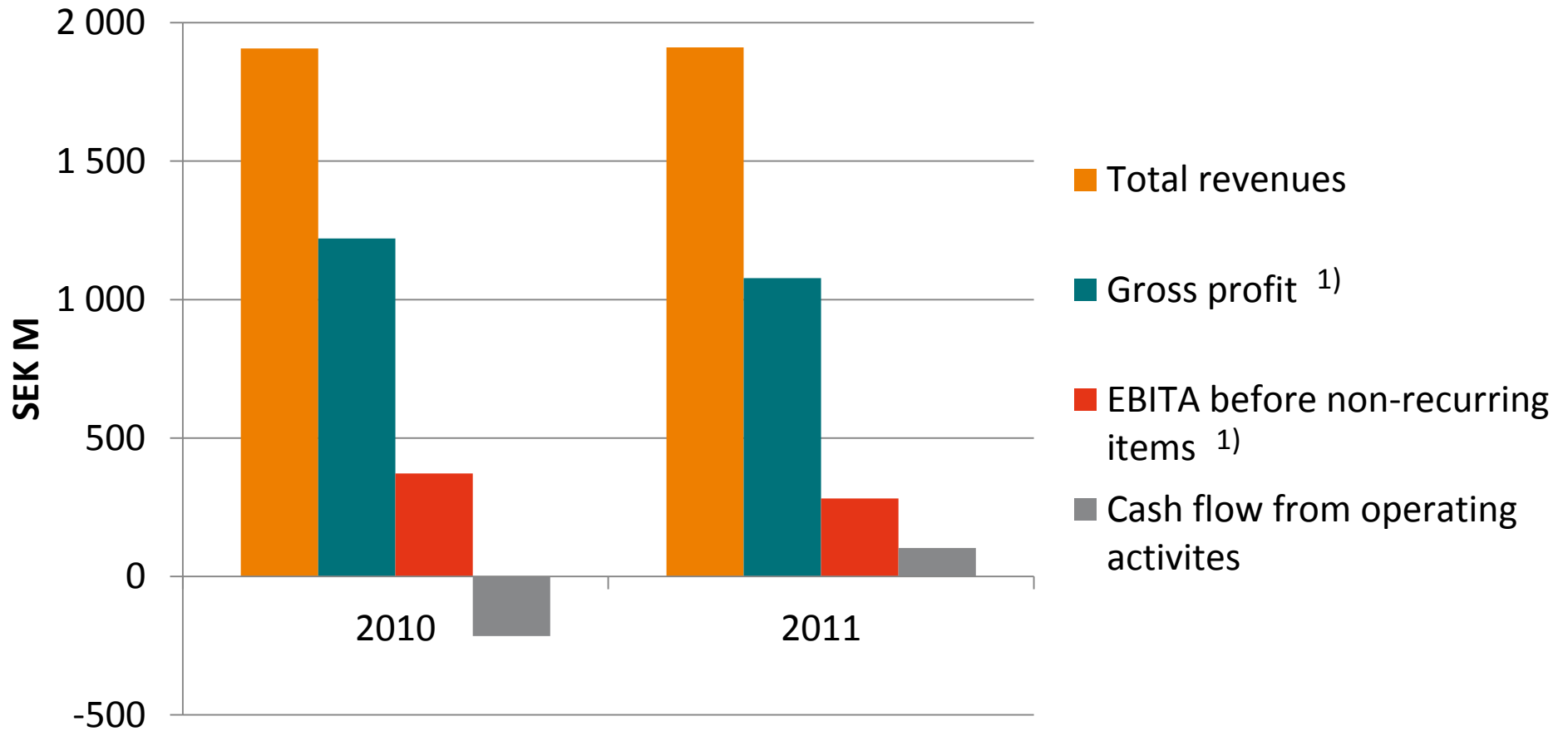
Financial

- Total revenues SEK 1 911 M (1 907)
 - Unchanged vs. last year
 - Increase by 9% adjusted for currency and discontinued products
- Gross margin lower due to reduced margin for manufacturing and currency effects
- Operating expenses reduced reflecting ongoing streamlining of operations
- Financial position strengthened through a rights issue
- Positive cash flow in Q4 2011

Business

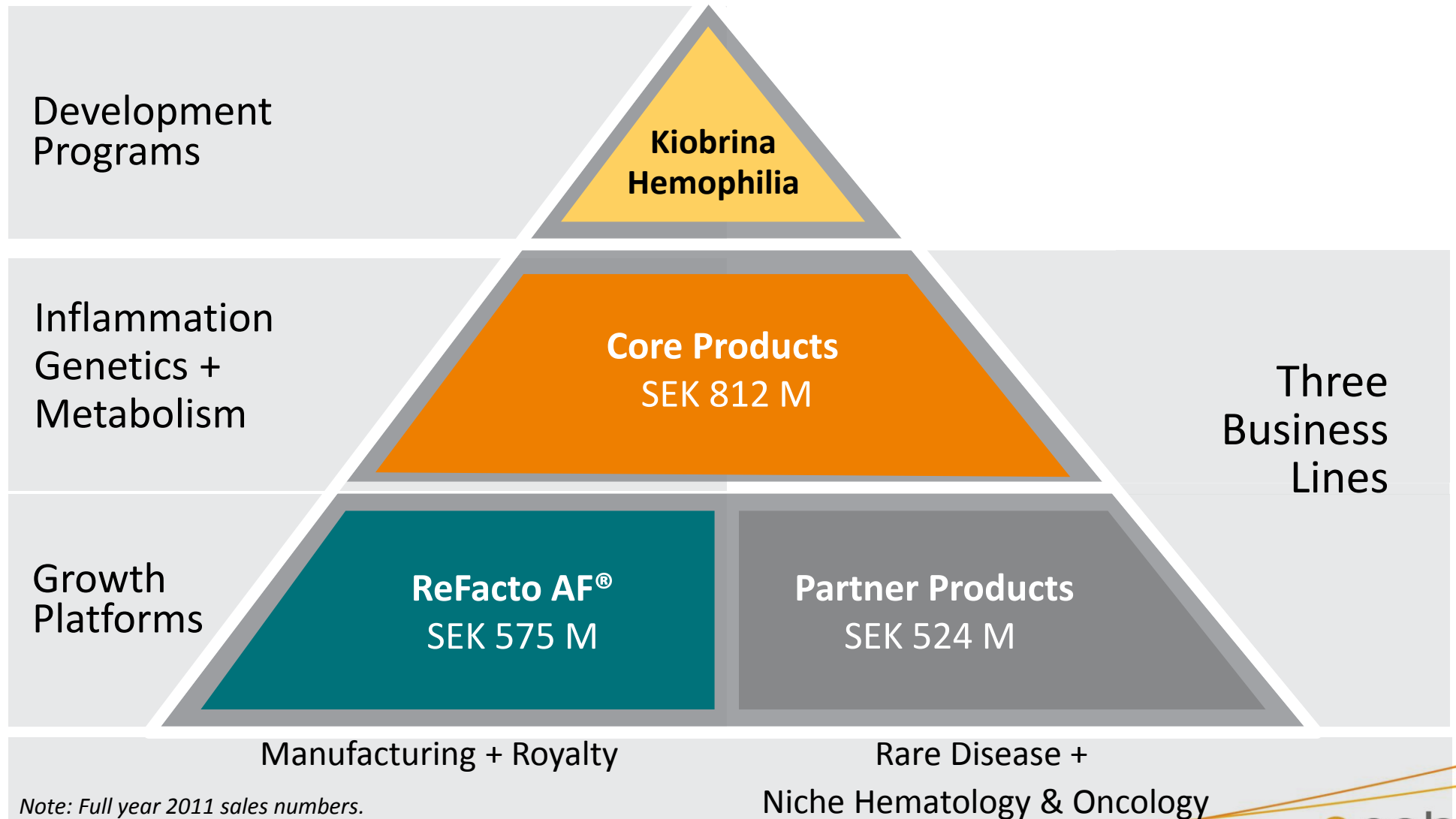
- Strengthened management team
- New organizational focus in three business lines
- US subsidiary in place
- Phase III programs advanced according to plan
 - Kiobrina FPI July
 - Enrollment substantially completed in Factor programs with Biogen Idec
- Extension of ReFacto manufacturing agreement

FY 2011 Consolidated Results



¹⁾ Adjusted for balance sheet write-downs in Q4-11.

FY 2011 Revenues by Business Lines



2011 Product Cross-Walk

Core Products (SEK 812 M)

Inflammation

- Kineret
- Ruconest

Genetics + Metabolism

- Orfadin
- Ammonaps
- Ammonul

Partner Products (SEK 524 M)

- ReFacto AF[®] Co-promotion
- Kepivance
- Yondelis
- Ferriprox
- Betapred
- Buronil
- Aloxi
- Willfact
- > 40 products (each with annual sales < SEK 15 M)

ReFacto AF[®] (SEK 575 M)

- Manufacturing
- Royalty

Note: Order based on full year 2011 sales numbers.

Recent Agreements with Pfizer

Supply Agreement

Facts

- Extended supply agreement for ReFacto AF[®]/XYNTHA[®] until 31 December 2020 (previously 2015)
- Sobi continues to be the global supplier of the drug substance for ReFacto AF[®]/XYNTHA[®]

Financial Implications

- Secures long-term base business and associated cash flows

Divestment of Co-promotion Rights

Facts

- Divestment of co-promotion rights for ReFacto[®] and BeneFIX[®] in the Nordic region as of 15 February 2012 (previously 2016)
- Proceeds of USD 47.5 M (SEK 320 M)

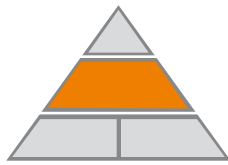
Financial Implications

- Lower revenues and profits (approx. SEK 100 M annually)
- Strengthens balance sheet

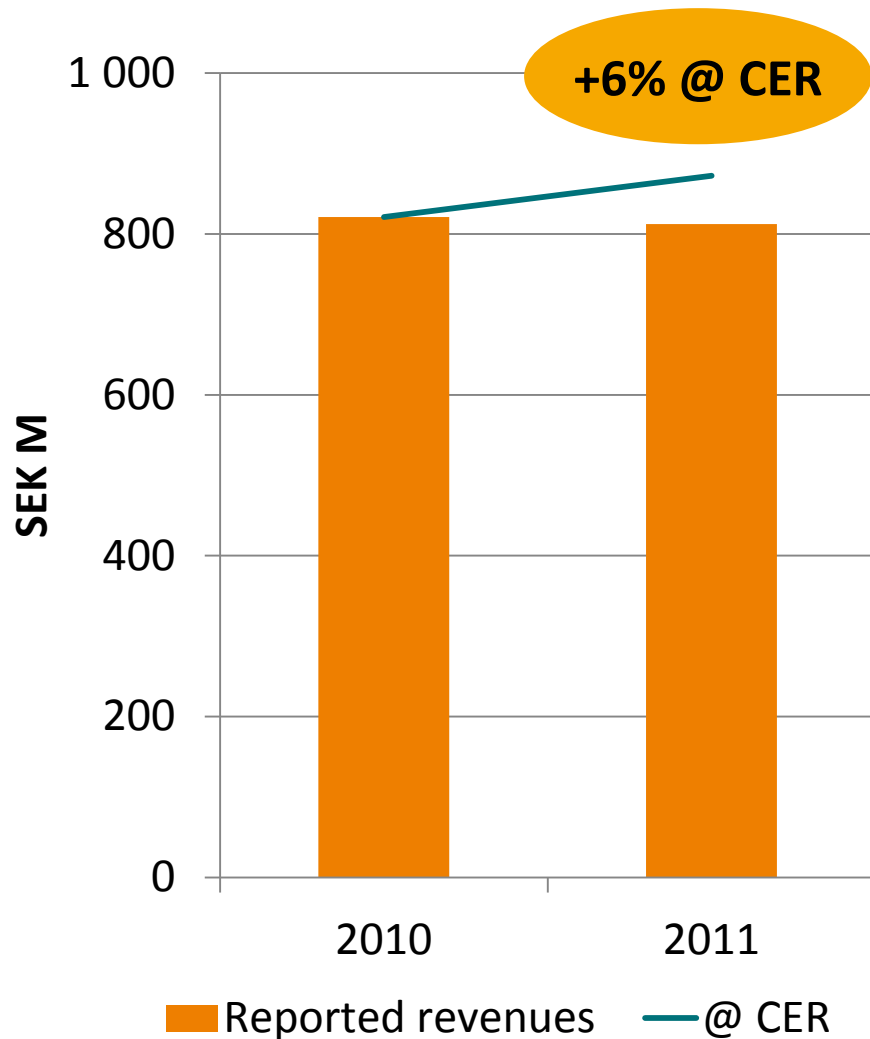
2011 Pro Forma (Adj. for Divestment of Co-promotion Rights)

SEK M	2011	Co-promotion	Pro Forma 2011
Total revenues	1 911	105	1 806
Gross profit ¹⁾	1 078	105	973
Gross margin ¹⁾	56,4%	100,0%	53,9%
EBITA before non-recurring items ¹⁾	282	105	177

¹⁾ Adjusted for balance sheet write-downs in Q4-11.



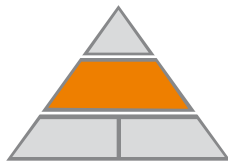
Revenues From Core Products



- Substantial shift in resources H2 2011 to focus on Core Products
- Building broader commercial capabilities
- Life cycle management a key focus in the medium term

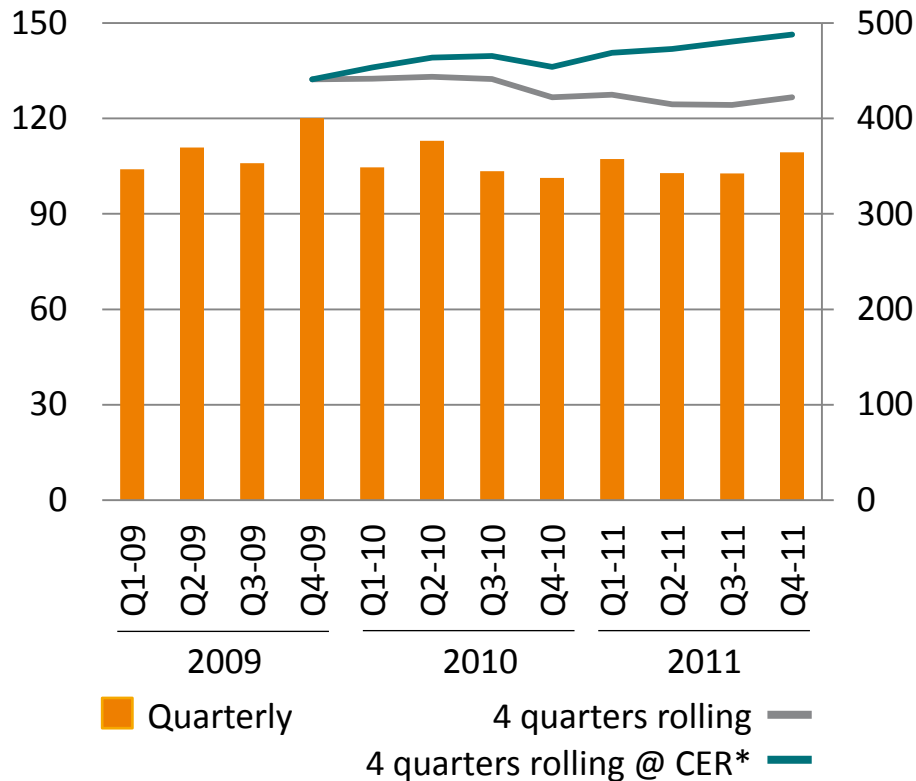
Note: Core Products include Kineret, Orfadin, Ammonaps, Ammonul and Ruconest

Kineret® – Steady Growth



**FY 2011
+8% @ CER**

Sales (SEK M): Kineret

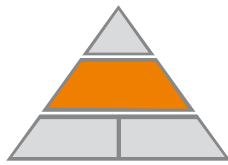


* 4 quarters rolling using average exchange rates for 2009 as base.

- Awareness in Rheumatoid Arthritis space increasing, as is interest in broader inflammation
- A NIH study¹ shows that Kineret (anakinra) effectively stop progression of organ damage in neonatal-onset multisystem inflammatory disease (NOMID)
- Expect EMA response on pediatric investigation plan for CAPS (pediatric inflammation) in H1 2012
- Sobi will file for CAPS in EU 2012
- Sobi will file for NOMID indication in US 2012

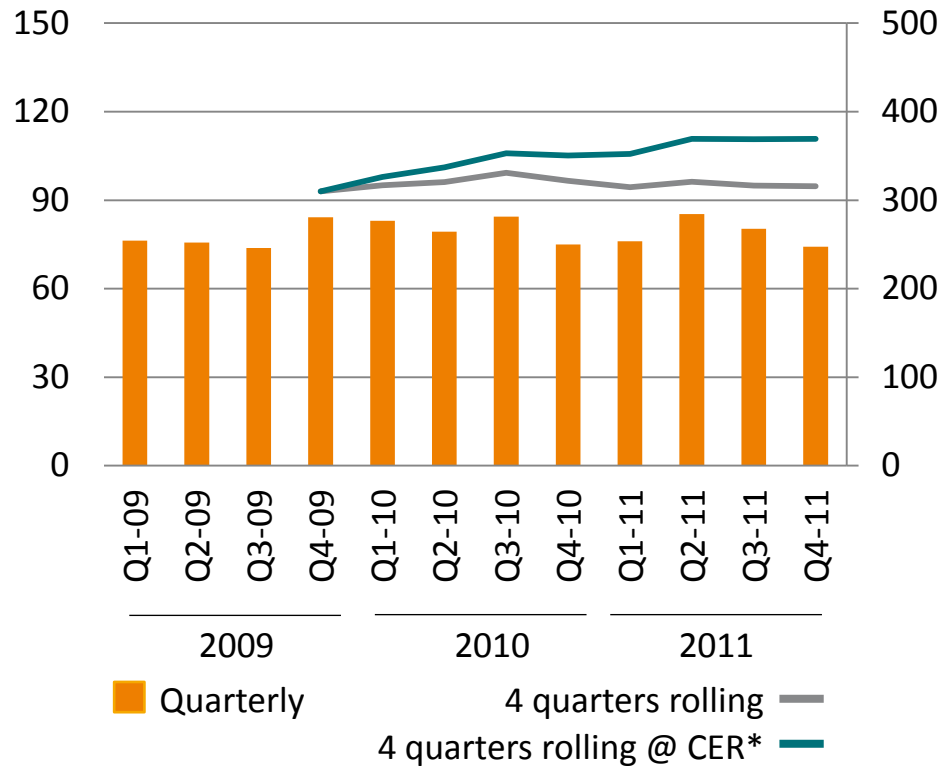
¹ Sibley et al., Sustained Response and Prevention of Damage Progression in Patients with Neonatal-Onset Multisystem Inflammatory Disease (NOMID) Treated with Anakinra; Arthritis & Rheumatism. January 2012

Orfadin[®] – Understanding the Growth Drivers



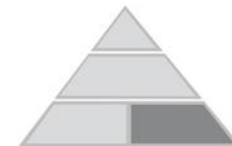
**FY 2011
+5% @ CER**

Sales (SEK M): Orfadin

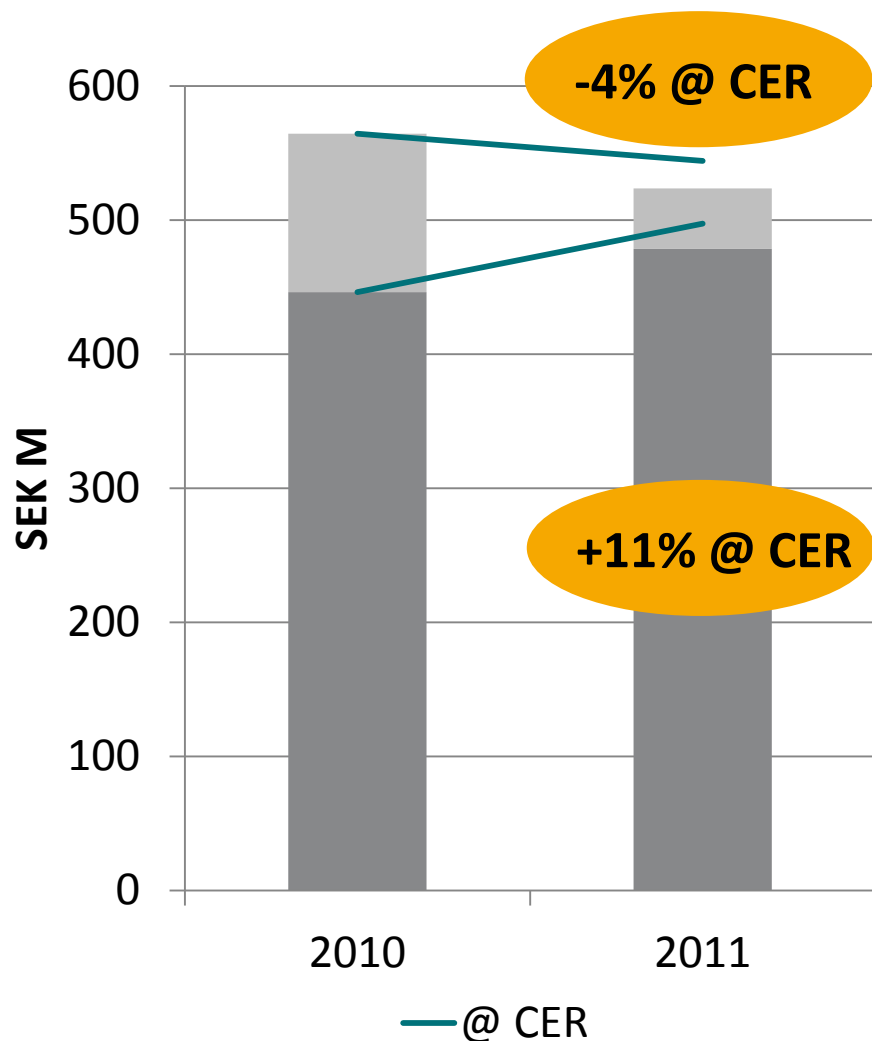


- Strong growth in US due to new born screening, balanced by Obama healthcare Medicaid rebates
- Strong growth in Russia and South America
- Europe focus on dosing and compliance
- Expect EMA response on our pediatric investigation plan submission for liquid formulation in H1 2012
- Liquid formulation in Europe opens opportunity to extend Orphan Drug exclusivity through 2017

* 4 quarters rolling using average exchange rates for 2009 as base.



Revenues From Partner Products

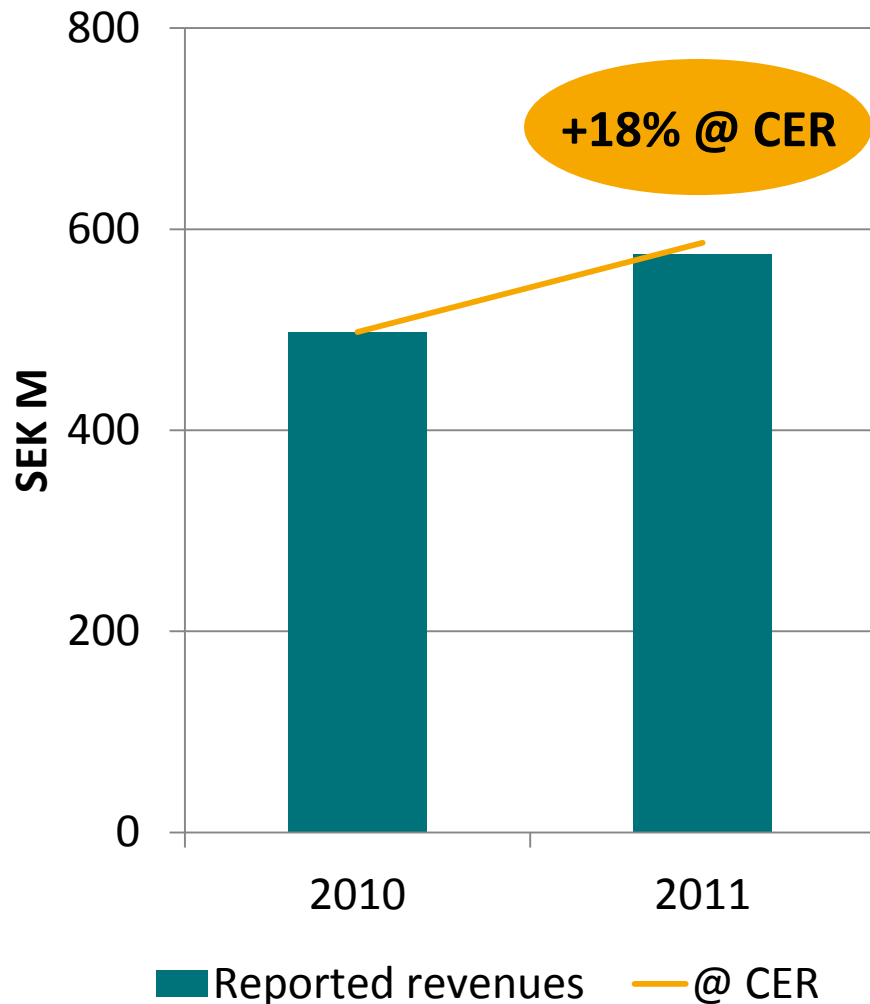
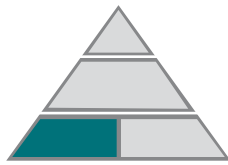


- Dedicated business unit focus in order to drive momentum and deal flow in Nordic and CEE
- Continued strong underlying growth
- 5 discontinued products (SEK 45 M)
 - Shire products: Equasym, Fosrenol and Xagrid
 - Mimpara
 - Tracleer
- New agreement signed
 - Gentium / Defibrotide

- Discontinued products
- Current portfolio, including Co-promotion revenues

Note: Partner Products includes ReFacto® Co-promotion, Kepivance, Yondelis, Ferriprox, Betapred, Buronil, Aloxi, Willfact and additional >40 products.

Revenues From ReFacto AF®



Note: ReFacto AF® includes manufacturing and royalty revenues

- Steady growth in volumes
- Validation batches contributed SEK 42 M to sales in 2011
 - Underlying growth +9% @ CER adjusted for validation batches
- Supply agreement extended from 2015 to 2020, with option to renew
- Due to process improvements, capacity will increase in H2 2012

2011 Revenues by Region

North America

SEK 328 M
+8% @ CER

Nordic

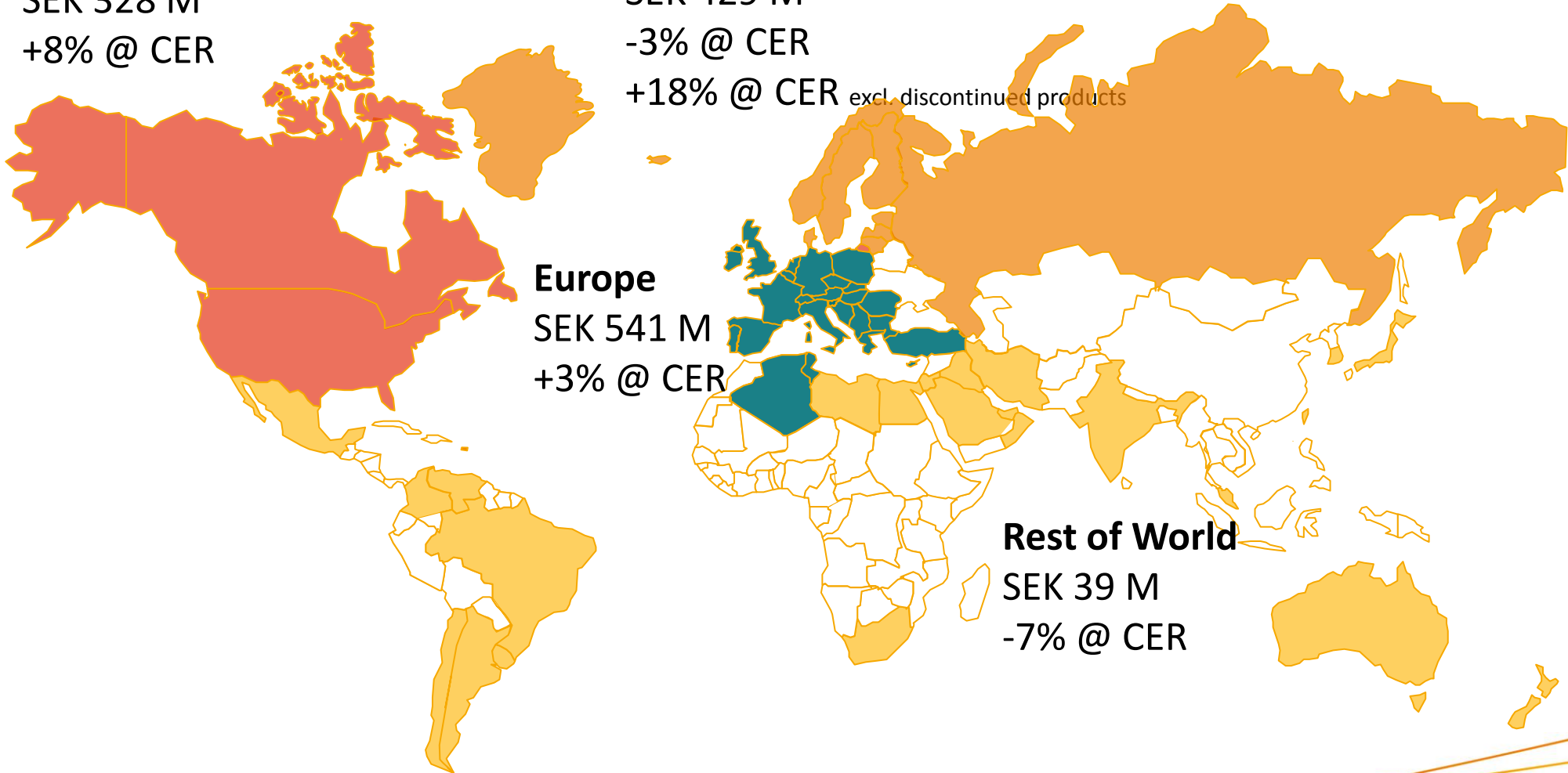
SEK 429 M
-3% @ CER
+18% @ CER excl. discontinued products

Europe

SEK 541 M
+3% @ CER

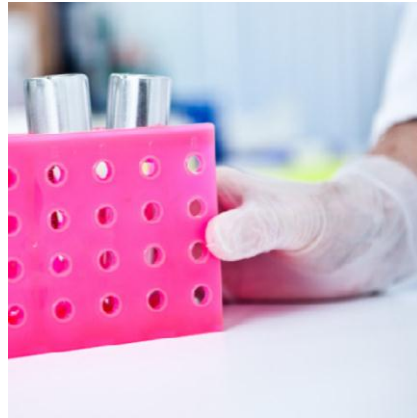
Rest of World

SEK 39 M
-7% @ CER



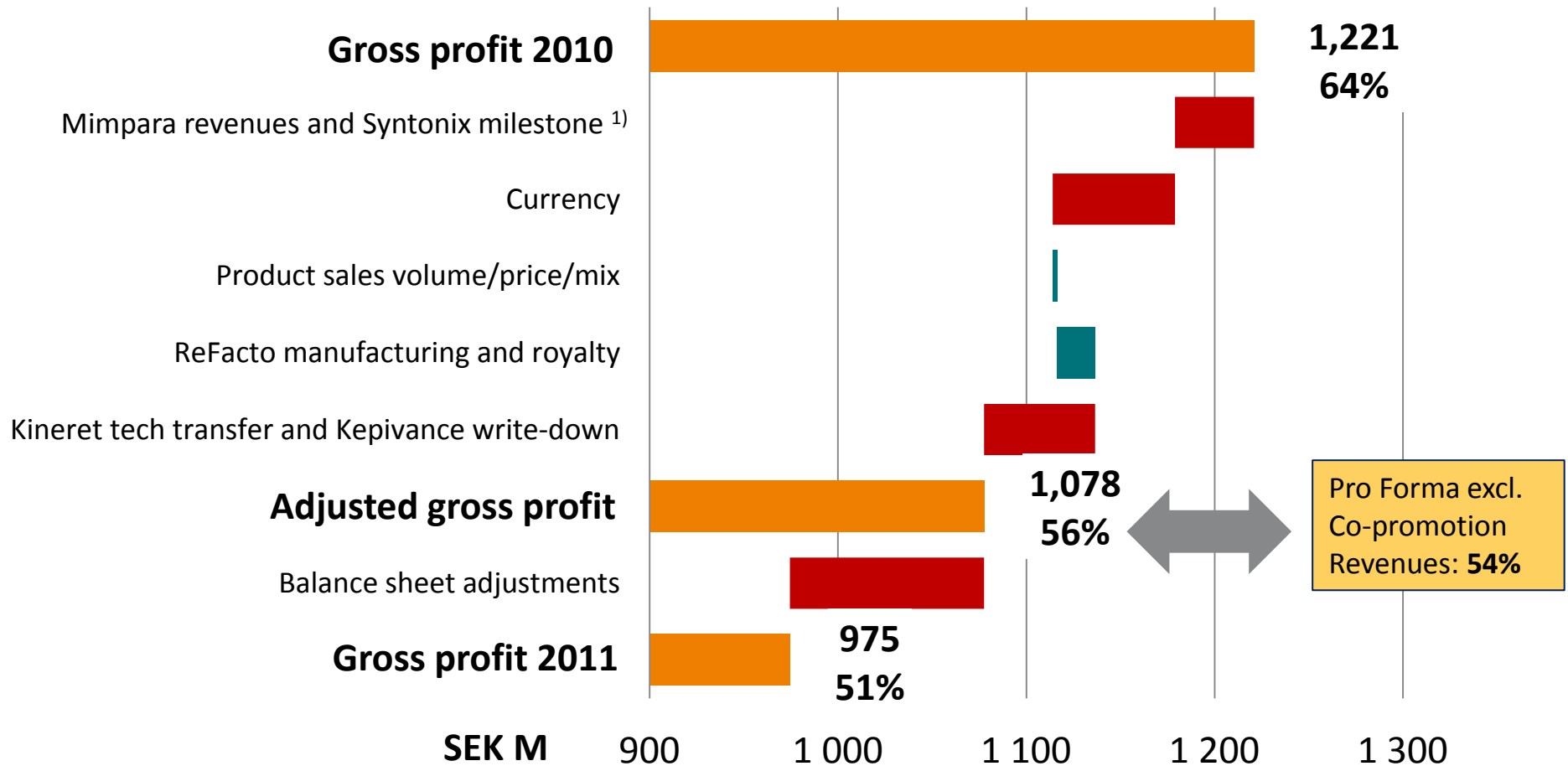
Financials

Lars Sandström (CFO)



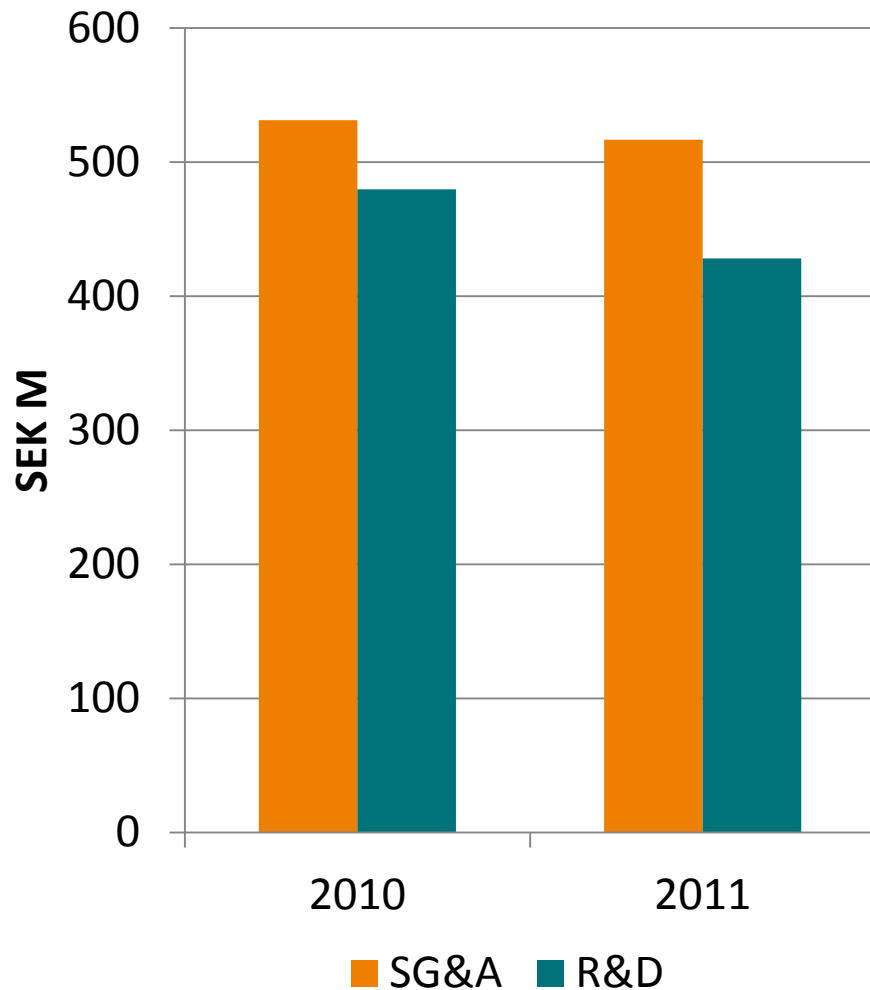
We provide valuable medicines to patients with rare diseases

Gross Profit



¹⁾ Co-promotion revenues from Mimpara (SEK 22.7 M) and Milestone revenues (SEK 23.5) from Syntonix related to factor programs.

Operating Expenses



- Investments in sales organization finalized
- Cost savings within Research & Development offset by increased Kiobrina phase three investment
- Substantial General & Administration cost reductions

Balance Sheet Adjustments

Asset	Product	Amount (SEK M)
Inventory	Kineret® Kepivance®	103.2
Trade receivables		14.8
Intangibles	Leptin modulation program	126.9
Real estate		46.5
Total		291.4

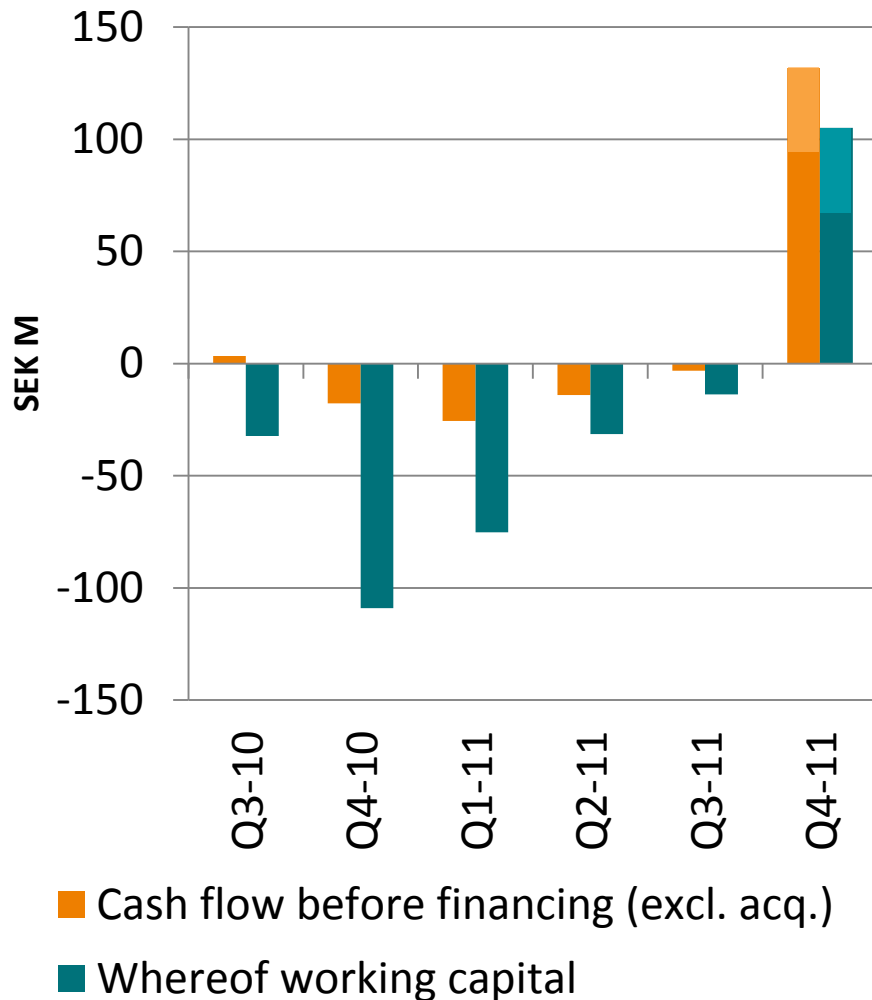
Income Statement – Cross-Walk for Write Downs

SEK M	Reported 2010	Adjusted 2011	Balance Sheet Adjustments	Reported 2011
Total revenues	1 907	1 911	0	1 911
Gross profit	1 221	1 078	-103	975
Gross margin	64,0%	56,4%	-	51,0%
OPEX	-1 011	-945	-50	-995
Other operating revenues/expenses	162	149	-2	147
EBITA before non-recurring items	372	282	-154	127
Non-recurring items	-88	-78	0	-78
Amortizations	-294	-231	-137	-368
EBIT	-10	-27	-291	-319
Net financial items	-82	-52	0	-52
Tax	-12	389	0	389
Profit/loss	-104	309	-291	18

Cash Flow

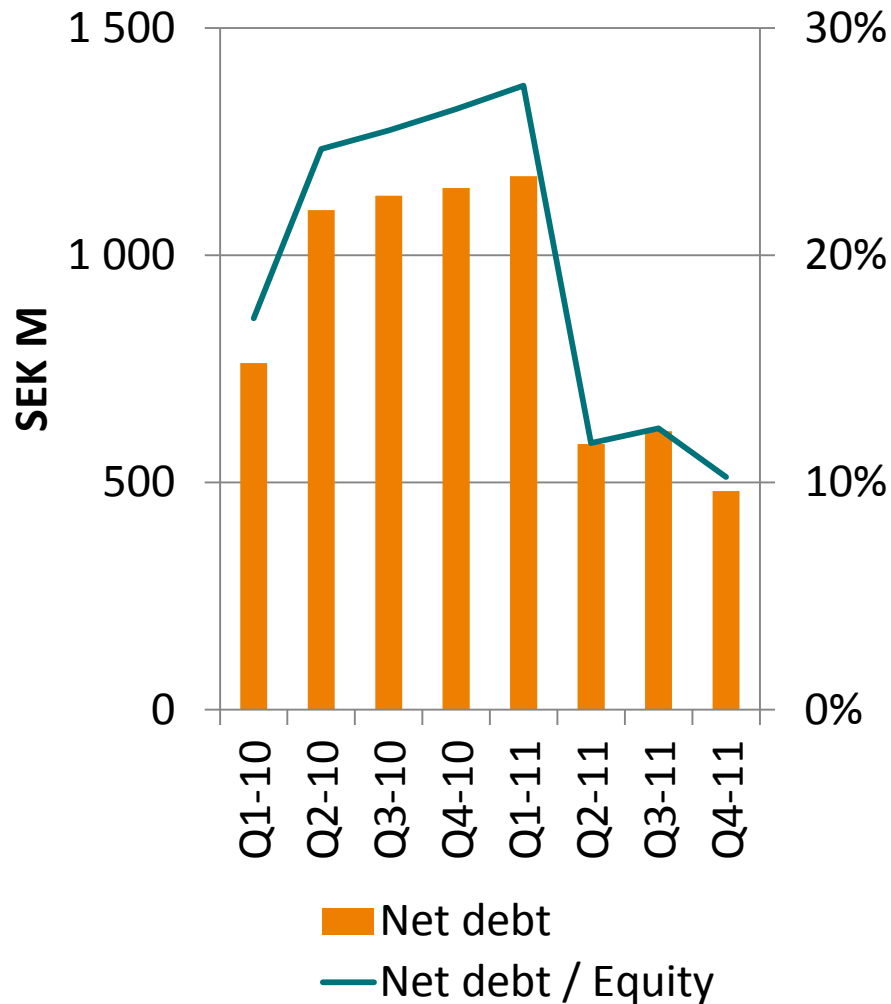
SEK M	Reported 2010	Reported 2011
Cash flow from operations before change in working capital	250	118
Change in working capital	-465	-15
Cash flow from operating activities	-215	103
Cash flow from investing activities	-1 884	-44
Change in external debt	468	-472
Change in equity	1 414	594
Cash flow from financing activities	1 882	122
Period cash flow	-218	181

Cash Flow



- Underlying profitability reflected in cash flow from operations
- Build-up of inventory due to Kineret tech transfer finalized in Q3 2011
- Large payments from Pfizer in Q4 2011 impact working capital positively
 - Lighter colors in Q4 2011 indicate one-time payment (approx. SEK 40 M) to be passed through to Pfizer in Q1 2012

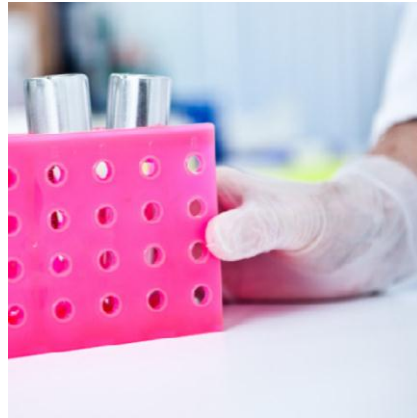
Net Debt



- Rights issue in June substantially improved our financial position
- Divestment of the co-promotion rights for ReFacto® and BeneFIX® (USD 47.5 M / SEK 320 M)
 - Pay down debt
 - Strengthen our cash position

Outlook

Geoffrey McDonough (CEO)



We provide valuable medicines to patients with rare diseases

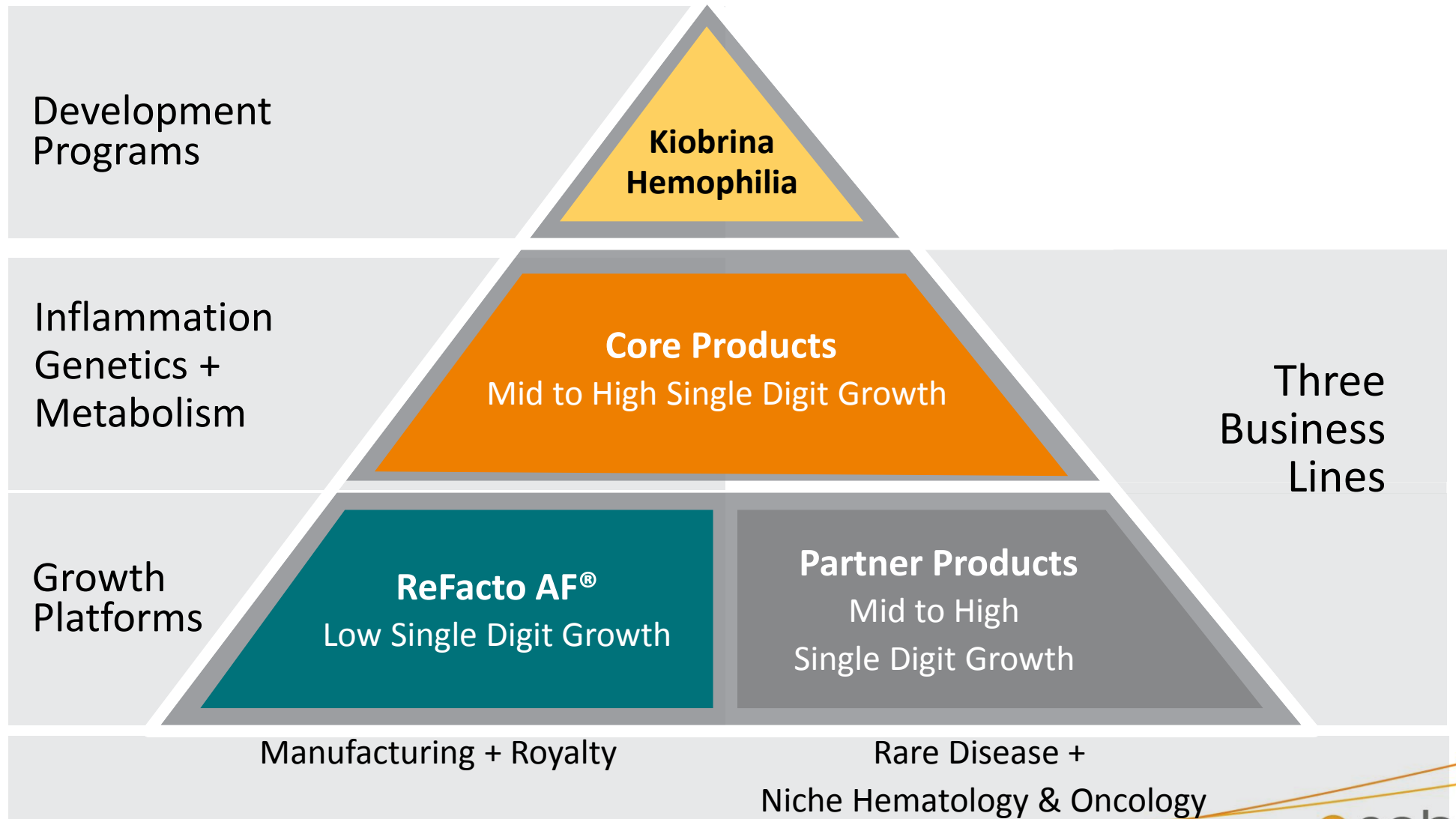
Outlook 2012

- Market conditions are expected to continue to be challenging but do not significantly deteriorate
- The current SEK/USD and SEK/EUR exchange rates prevail during the year
- Total revenues for the full year 2012 are expected to be approximately SEK 100 M lower than 2011, reflecting the divestment of the ReFacto[®] co-promotion rights
 - Revenues for Core Products and Partner Products are expected to show mid to high single digit growth, and revenues for ReFacto[®] manufacturing and royalty are expected to show low single digit growth
 - Revenues in 2011 from validation batches (SEK 42 M) and discontinued products (SEK 45 M) will not recur in 2012

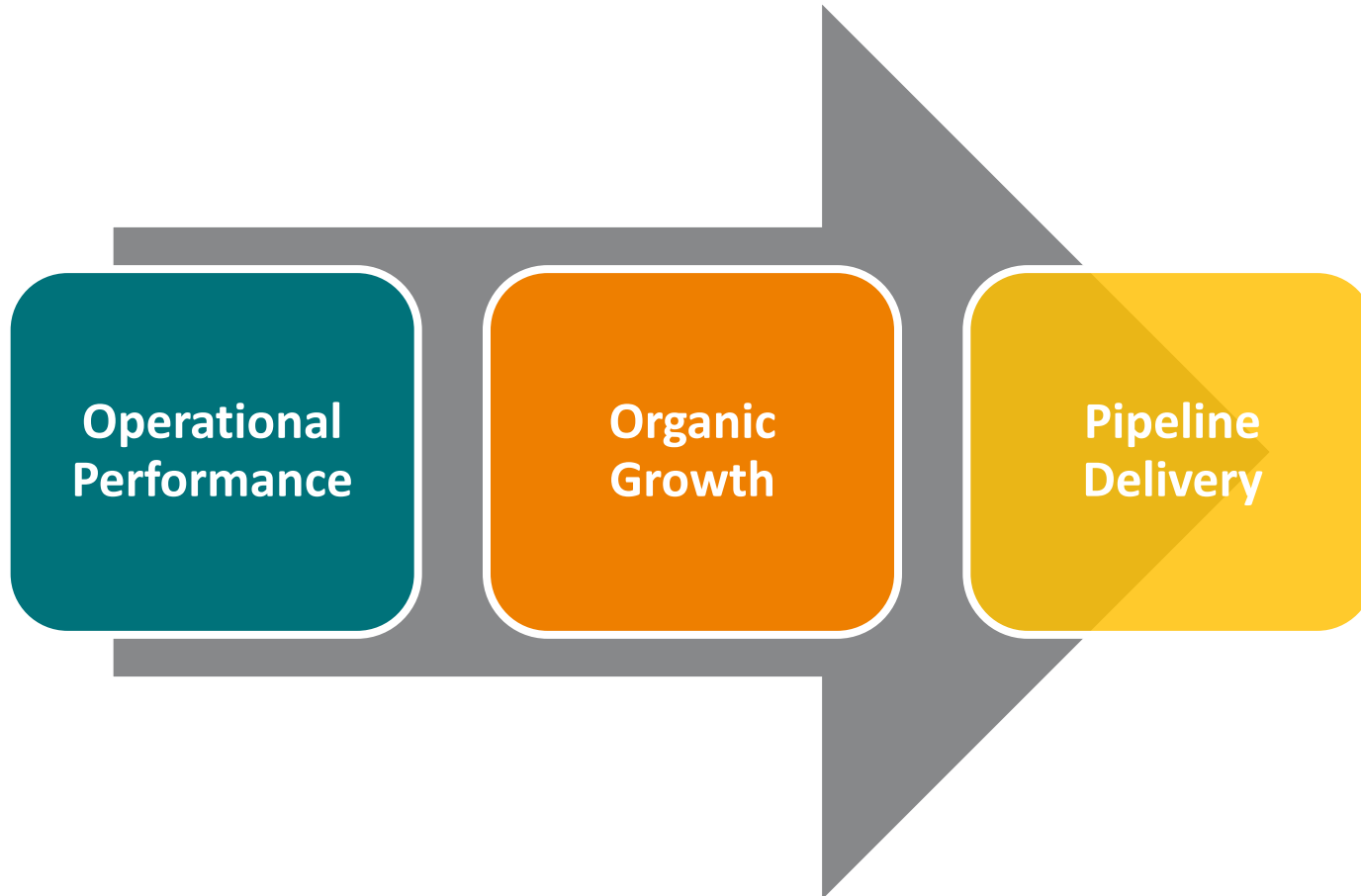
Outlook 2012 cont.

- The gross margin for the full year 2012 is expected to be in line with the 2011 margin, which was 54% after adjustment for the balance sheet write-downs and the divestment of co-promotion rights
- Costs in 2012 related to the transfer of Kineret® production are estimated at SEK 60 M and are expected to impact the gross margin primarily in the first half of the year
- As a result of the renegotiated ReFacto® manufacturing agreement with Pfizer, reduced quarterly variations in the ReFacto® manufacturing gross margin are expected
- Milestone payment to Amgen of USD 55 M expected in Q4 2012 or in Q1 2013
- Operating expenses excluding amortizations are estimated at or below SEK 950 M

Outlook by Business Lines



Focus on Delivery



2012 Calendar Highlights

Event	H1 2012	H2 2012
Orfadin Liquid Formulation PIP Response	<input type="checkbox"/>	
Kineret CAPS PIP Response	<input type="checkbox"/>	
Complete Tech Transfer Kineret Manufacturing	<input type="checkbox"/>	
FPI Pediatric Trials rFVIII Fc + rFIX Fc Programs (BIIB)	<input type="checkbox"/>	
Kineret NOMID Filing FDA	<input type="checkbox"/>	
Kineret CAPS Filing EMA		<input type="checkbox"/>
Data for rFVIII Fc + rFIX Fc Programs (BIIB)		<input type="checkbox"/>
Kiobrina Complete Phase 3 Enrollment		<input type="checkbox"/>

Summary

1. Diversified commercial portfolio focused on **improving cash flow and profitability**
2. Working to efficiently commercialize **our proprietary innovative medicines** for rare disease patients globally
3. Business model oriented to **building value through partnerships** from global early stage biologics development to late stage specialty distribution in Europe



