



23 Oct. 2020 09:30

Telephone Conference – Interim Management Statement Q3 2020

Isabelle Ducellier. CEO

Alexander Kotsinas. CFO



Quarter 3 2020 – Executive Summary

- Total sales -21% (-17% excluding currency) mainly due to covid-19. BioGaia's distributors' sales forces have not to the same extent as normally, been able to visit doctors and pharmacy staff in most markets where BioGaia operates
- Sales decreased in all regions but less in Americas thanks to omni-channel strategy
- Sales decreased for BioGaia Protectis drops, BioGaia Prodentis and BioGaia Gastrus

Quarter 3 2020 – Key Events

- 10th September: BioGaia's Board of Directors in light of the continued uncertainty in connection to the global spread of covid-19 decided not to convene an Extraordinary General Meeting to decide on the previously proposed extra dividend of SEK 4.25 per share.
- 28th of September: In a newly published systematic review and meta-analysis *L. reuteri* Protectis (DSM 17938) was the only probiotic showing reduced pain intensity as well as an increased number of pain free days compared to placebo. in children with functional abdominal pain (FAP).
- 12th of October: BioGaia estimates that sales and earnings will be negatively affected both in quarter three and quarter four 2020.



Quarter 3 2020 Launches

Distributor	Country	Product
Phillips Pharmaceuticals	Kenya	BioGaia Gastrus
Abbott	Peru	BioGaia Protectis drops with vitamin D
Nestlé	Dominican Republic	BioGaia Protectis minipack
Nestlé	Dominican Republic	<i>B. Lactis</i> drops
Interbat	Indonesia	BioGaia Protectis tablets with new flavour (lemon)
Pemix	Malta	BioGaia Protectis ORS
Pediact	France	BioGaia Gastrus
Everidis	USA	BioGaia Prodentis kids

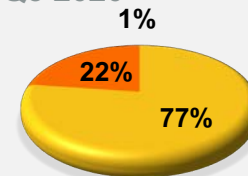
Sales per Segment (MSEK)

- Pediatrics sales -20% mainly due to decreased sales of Protectis drops
- Adult sales -24 % mainly due to decreased sales of BioGaia Prodentis and BioGaia Gastrus

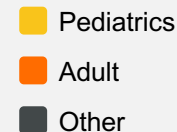
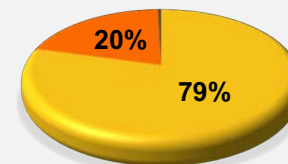
	Q3 2020	Q3 2019	Change	YTD 2020	YTD 2019	Change
Total Pediatrics	102	128	-20%	443	443	0%
Total Adult health	29	39	-24%	114	117	-3%
Other	1	0	127%	2	1	239%
Total	132	167	-21%	559	561	0%

Proportion Sales by segment

Q3 2020



YTD



Gross Margin per Segment

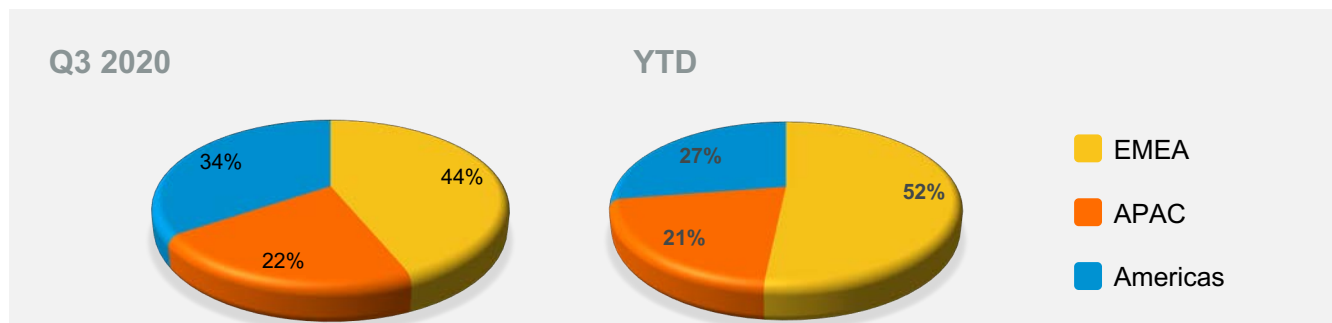
- Pediatrics: lower margin in quarter due to less sales of BioGaia Protectis drops and destruction of a manufacturing batch

	Q3	Q3	YTD	YTD
	2020	2019	2020	2019
Pediatrics products	66%	73%	73%	74%
Adult health products	72%	71%	70%	71%
Total	68%	73%	73%	73%

Sales per Geographical Market (MSEK)

- **EMEA:** declining sales in large markets like Italy and Spain
- **APAC** declining sales in China, South Korea and Vietnam
- **Americas:** declining sales in the US and Mexico
- China and the US: periodization of order effects

	Q3	Q3	Change	YTD	YTD	Change
	2020	2019	%	2020	2019	%
EMEA	58	77	-25%	289	293	-1%
APAC	29	42	-32%	117	122	-4%
Americas	46	48	-6%	154	146	5%
Total	132	167	-21%	559	561	-0.2%





Financials

Alexander Kotsinas. CFO

OPEX (MSEK)

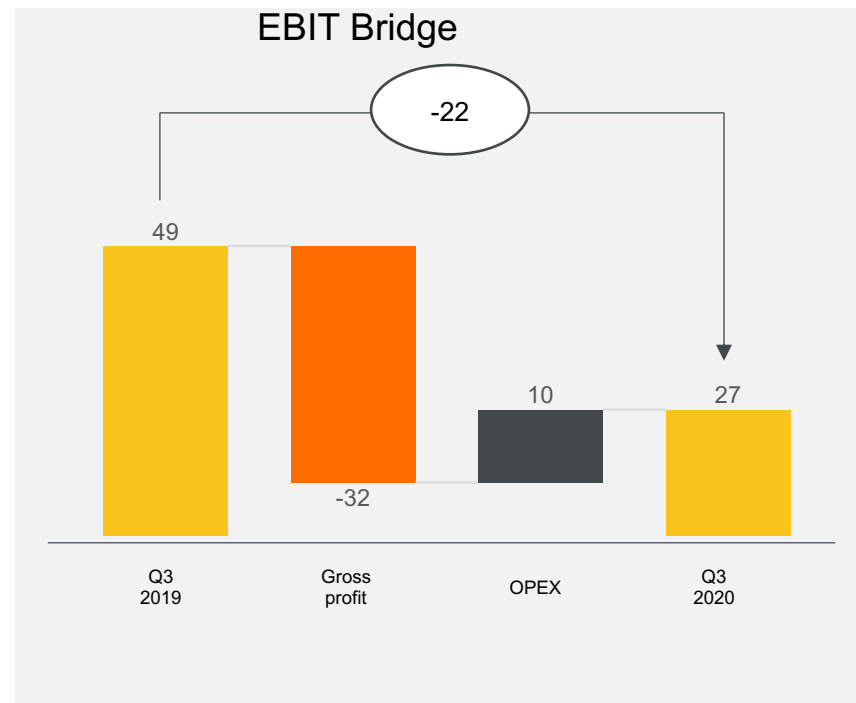
- OPEX -14%
- OPEX Core -16%
- OPEX Non-core +8%

	Q3	Q3	Change	YTD	YTD	Change
	2020	2019	%	2020	2019	%
OPEX	-62.5	-72.5	-14%	-224.1	-235.4	-5%
OPEX Core	-56.7	-67.2	-16%	-205.6	-221.0	-7%
Sales	-32.9	-39.3	-16%	-122.0	-128.7	-5%
Admin	-5.4	-6.1	-10%	-18.9	-17.7	7%
R&D	-14.0	-21.2	-34%	-56.5	-67.1	-16%
Other	-4.3	-0.7	553%	-8.2	-7.4	10%
OPEX Non-Core	-5.7	-5.3	8%	-18.5	-14.4	28%

P&L (MSEK)

- Sales -21%
- OPEX -14%
- EBIT -45% - EBIT Margin 20%

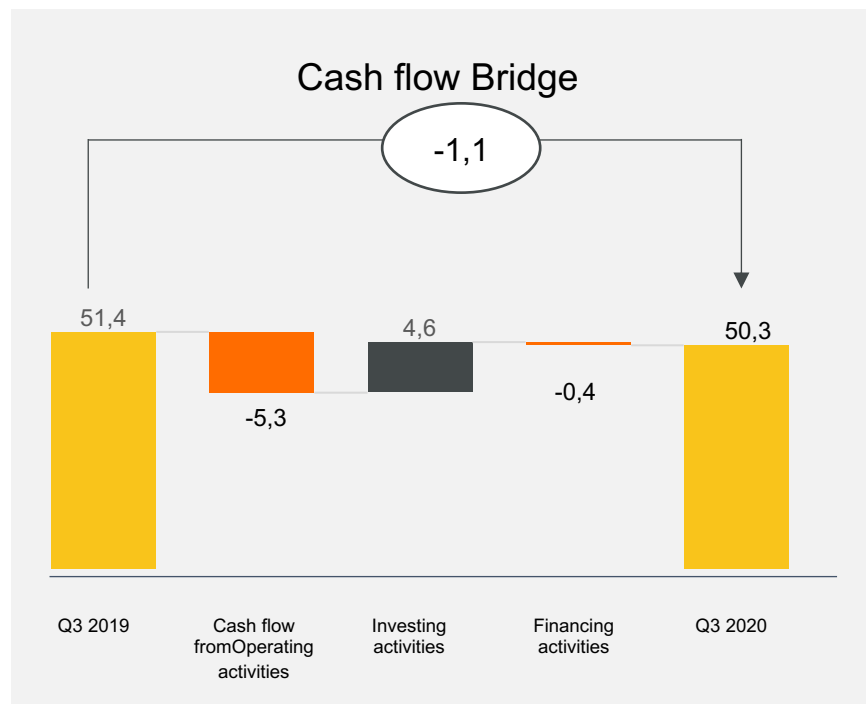
	Q3 2020	Q3 2019	Change %	YTD 2020	YTD 2019	Change %
Sales	132	167	-21%	559	561	0%
Gross Profit	90	122	-27%	407	410	-1%
OPEX	-62.5	-72.5	-14%	-224	-235	-5%
EBIT	27	49	-45%	183	174	5%
EBIT Margin	20%	30%		33%	31%	
Profit after Tax	20	38	-46%	141	135	5%
EPS	1.18	2.19	-46%	8.15	7.78	5%



Cash Flow (MSEK)

- Cash Flow from operating activities 55.4 (60.7) MSEK
- Cash Flow for the period at 50.3 (51.4) MSEK

	Q3 2020	Q3 2019
Cash flow from operating activities before changes in net working capital	14.7	40.8
Changes in working capital	40.8	19.8
Cash flow from operating activities	55.4	60.7
Cash flow from investing activities	-3.0	-7.6
Cash flow from financing activities	-2.1	-1.7
Cash flow for the period	50.3	51.4
Cash at end of period	292.4	213.0





Concluding Remarks
Isabelle Duceillier, CEO

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Conclusion

- Due to “lock-downs” in most of our biggest markets such as Italy or Spain, the consumer has not been able to purchase probiotics at the traditional point of sales (pharmacies, clinics)
- We see better performance in countries where we have initiated an omni-channel strategy such as the US. Together with the fact that prevention and health remain the major consumer trends worldwide, this comforts us that we will be able to go out from this health-economic crisis
- In the meantime, we are monitoring our costs closely
- Even though the lower sales is very unfortunate we believe it is mainly related to covid-19 and we are still confident that our long-term ambitions are achievable



Q&A