

# Q1 2019

## QUARTERLY REPORT

**189.9** SEK m

The Group's sales increased to SEK 189.9 (155.7) million during the first quarter of 2019

**21.4** SEK m

The Group's operating profit increased to SEK 21.4 (10.9) million during the first quarter of 2019



# Q1 2019

## QUARTERLY REPORT

### CONTINUED HEALTHY GROWTH AND IMPROVED OPERATING MARGIN

#### January - March 2019

- Net sales for the quarter increased and amounted to SEK 189.9 (155.7) million, which corresponds to organic growth of 22.0%. After currency adjustments, our growth rate was 15.2%. During the quarter, a finished goods warehouse of SEK 13.3 million was sold to Bruel & Kjaer.
- Excluding sales of finished goods, organic growth was 13.4% and adjusted for currency effects 6.8%.
- Operating profit amounted to SEK 21.4 (10.9) million. Operating margin in the first quarter of 2019 was 11.3%, compared to 7.0% in the first quarter of 2018.
- Profit after net financial items was SEK 20.6 (9.6) million. There was a positive impact of 2.4 (0.8) million on net financial items from exchange differences.
- Profit after tax amounted to SEK 15.3 (7.1) million, which corresponds to SEK 1.90 (1.15) per share.
- Cash flow from operating activities was SEK 9.4 (8.7) million, and amounted to SEK -13.5 (-6.2) million after investments.

Key performance indicators	Jan-March 2019	Jan-March 2018	April-March 2018/19	Jan-Dec 2018
Net sales, SEK m	189.9	155.7	678.9	644.7
Growth,%	22.0	10.5	14.5	11.6
EBITDA, SEK m*	35.3	23.3	107.3	95.3
EBITDA, %*	18.6	15.0	15.8	14.8
EBIT, SEK m*	21.4	10.9	49.4	38.9
EBIT, %*	11.3	7.0	7.3	6.0
Profit after financial items, SEK m	20.6	9.6	39.5	28.5
Profit after tax, SEK m	15.3	7.1	29.1	20.9
Earnings (after tax) per share, SEK	1:90	1:15	3:61	2:76

Quarterly growth  
**+22.0%**  
After currency conversions,  
our growth rate was 15.2%.

\*EBITDA in the first quarter 2019 has been affected by the transition IFRS 16 as depreciations related to Right-to-Use assets and interest expenses related to the lease liabilities are excluded in the KPI. In the comparative period 2018, EBITDA includes operating lease expenses, thus the EBITDA indicator is not fully comparable between the years. The depreciations regarding Right-to-Use assets and interest expense related to IFRS 16 amounts to 1.1 million, which has increased the EBITDA in the first quarter 2019 with the corresponding amount. Operating profit was positively affected by SEK 0.2 million

# COMMENTS ON Q1 FROM JAN WAHLSTRÖM, CEO



What a fantastic start to 2019. Sales have increased faster than our long-term goal of 10%. During the quarter we grew by 22% and all business areas contributed strongly positively. We have continued to take market shares and achieved an all-time-high for quarterly earnings, with EBIT of 11.3%, which is the highest level of profitability in Elos Medtech's history. This is because all units now contribute to the good development.

Our efforts with Operational Excellence and lower scrap costs have continued with very good results. We've significantly reduced the volume of scraped materials, which has a direct positive impact on our earnings.

The transfer to Bruel & Kjaer has progressed in accordance with plan. The inventory has now been sold and during the next quarter, all production will be moved there as well.

In line with our plans to develop more proprietary products, we've had a patent approved by the US Patent and Trademark Office. The patent covers a drilling system that is used during implant surgery, leading to greater precision that requires fewer instruments. We've also benefited from EU funding for research on white titanium surfaces in our efforts to develop proprietary products. Receipt of the grant is confirmation of our high competence as well.

With rapid growth, there is a need to recruit new employees. So, to meet customer requirements on delivery, above all in USA, we will focus our efforts on this quite a bit in the near future.

We've started an exciting journey that involves comprehensive changes to take Elos Medtech to the next level. We have our sights on higher profitability, which we feel is attainable due to the positive trend in orthopedics (particularly robotic surgery), expanded production capacity, better coordination of our global units and investments in attractive segments. Growth in all of our business areas is healthy and I'm looking forward to the next quarter with enthusiasm.

## DENTAL

The dental market has responded positively to our offering during the first quarter. Growth is more than 9%, which is a significant increase compared to last year. The goal is to achieve a sharper focus and higher efficiency. We are working to achieve better coordination between our global units and the entire distribution chain is involved in these efforts. The work involving the digital product range is just one important component of this not least in the work with new product launches. Our new patent on the dental drilling system is confirmation of our focus on dental. The system will be offered globally to dental implant companies.

## ORTHOPEDICS

The pace in Orthopedics is still very high, with an increase of 21% in the first quarter and an all-time-high of SEK 209 million. The increase is attributable to both higher demand and new product launches. Via focused efforts on specialization and cross site collaboration, we can offer a more compelling CDMO partner solution and grow our business at a higher rate than the overall market growth. This recently resulted in a major agreement with a customer for robotic surgery. We're working diligently to meet our customers' needs and we are very optimistic about the level of growth we can achieve going forward.

## LIFE SCIENCE

Our new business segment is growing steadily and performing very well. Not including the inventory sale to Bruel & Kjaer, the growth rate for Life Science was 10%. Our China unit has had healthy growth, enabling it to compensate for the prior downward pressure on prices with higher volume. The focus now is on relationships and growth with existing customers, where we have an excellent reputation for continuity of supply (98%).

# THIS IS ELOS MEDTECH

## General information about the business

Elos Medtech specializes in medical technology and it has extensive expertise in development and design, along with contract manufacturing of medical devices. Customers are primarily global medical technology companies. Operations are conducted at facilities in Sweden, Denmark, China and the US with Group-wide functions for strategic marketing and IT support, production and quality management, risk management, financing and financial control in Gothenburg. The Group runs operations in the following three business areas: Dental, Orthopedics and Life Science.

## Vision

To transform medical technology and improve quality of life across the globe.

## Mission

In collaboration with our customers, we provide sustainable, innovative products and solutions for the global medical technology market. Our aim is to set up profitable, long-term partnerships and we strive for excellence in everything we do, for the purpose of helping people all over the world lead healthier, more active lives.

## Targets

Elos Medtech's long-term financial targets are: an average annual growth rate of more than 10%, average operating margin (EBIT) of over 13% and for proprietary products to account for at least 13%.

## Value-creating business model

Elos Medtech's business model is based on extensive experience and expertise that it has acquired in the development and contract manufacturing of medical devices and components. Customers are offered quality, expertise and innovation in a partner-based overall solution – Complete Performance™. The cornerstones of Elos Medtech's value creation are higher efficiency, improved profitability and high-quality products in partnership with its customers.

## Strategy

Elos Medtech's strategy is based on a sharper focus on selected market segments and in both metals and polymer. The strategy also includes a higher level of specialization and expertise in design & development, manufacturing, logistics with the highest quality assurance. With a stronger offering, it will be easier to achieve the strategic targets of more distinct positioning and continued growth.

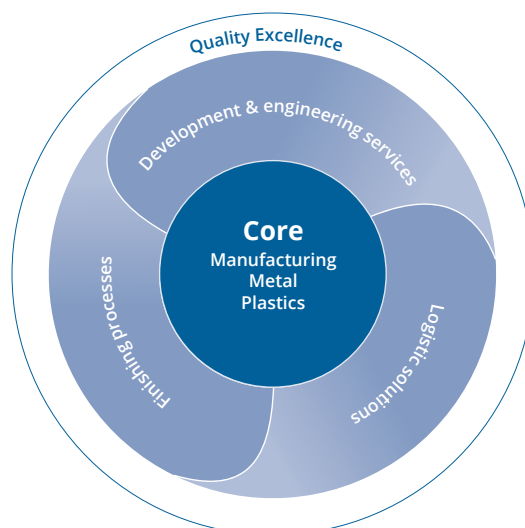
## Sustainable focus

Elos Medtech has a sustainable focus and responsibility that extends beyond just delivering high-quality products. The company applies a long-term approach to economic, social and environmental responsibility for how its operations impact its stakeholders. Elos Medtech has specified certain strategic targets to ensure that there is continual improvement in these areas. For more information, please see: [elosmedtech.com/whoweare/sustainability](http://elosmedtech.com/whoweare/sustainability).

VISION • MISSION • VALUE-BASED CULTURE • SUSTAINABLE FOCUS

## Business areas:

Dental  
Orthopedics  
Life Science



## Life Science is comprised of:

Diagnostics  
Hearing Device & Vibration  
Other Medical Areas

VALUE CREATION FOR THE COMPANY AND OUR STAKEHOLDERS

# THE GROUP'S PERFORMANCE

## Sales January - March 2019

The Group's net sales during the quarter increased to SEK 189.9 (155.7) million. The increase of 22.0% compared to the first quarter of 2018 is attributable to all of the business areas: Dental (+9%), Orthopedics (+22%) and Life Science (+36%). As previously communicated, we have reached agreement with a specific customer, Bruel & Kjaer, to move the assembly of a product to their organization. In conjunction with that, Bruel & Kjaer purchased a finished goods inventory worth SEK 13.3 million. Adjusted for that transaction, the growth rate for Life Science was 9%.

Revenue from proprietary products during the first quarter amounted to SEK 21.3 million, which corresponds to a growth of 24.5%. Proprietary products now account for 11.2 (10.8)% of the Group's net sales.

## Earnings January-March 2019

Operating profit for the first quarter amounted to SEK 21.4 (10.9) million, corresponding to an operating margin of 11.3 (7.0)%. The Group's net financial items were positively affected by exchange rate differences corresponding to SEK 2.4 (0.8) million and amounted to SEK -0.8 (-1.3) million. Profit after financial items amounted to SEK 20.6 (9.6) million. Profit after tax amounted to SEK 15.3 (7.1) million, which corresponds to SEK 1.90 (1.15) per share. The Group's comprehensive income amounted to SEK 25.9 (18.5) million.

## Investments

During the first quarter, the Group's investments in buildings, land, machinery, equipment, capitalized development costs and other property, plant and equipment amounted to SEK 22.9 (14.9) million and the purpose was primarily to increase machine capacity.

## Financial position and liquidity

The Group's balance sheet total increased during the period and amounted to SEK 1,023.6 (951.3) million. The Group's equity amounted to SEK 534.4 (489.6) million. Equity per share, calculated on 8,068,000 shares, amounted to SEK 66.24 (60.68). At the end of the year, own risk capital amounted to SEK 567.1 (520.1) million, which corresponds to 55.4 (54.8) percent of total capital. The Group's equity ratio was 52.2 (51.5) percent.

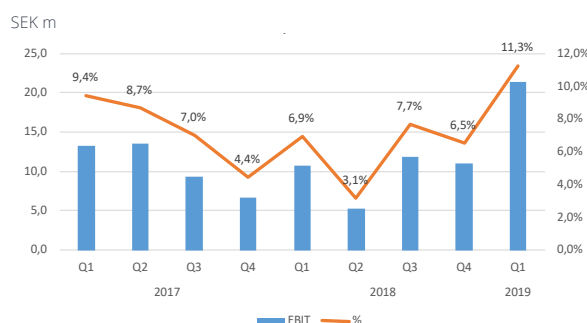
The Group's cash flow from operating activities during the financial year amounted to SEK 9.4 (8.7) million. Cash flow after investments and divestiture of fixed assets amounted to SEK -13.5 (-6.2) million.

The Group's net debt increased during the period and amounted to SEK 327.4 (260.2) million. Cash and cash equivalents including unutilized bank overdraft facility amounted to SEK 92.8 (133.8) million.

Sales, SEK m



Operating profit, SEK m



## Segment reporting

The Board and management have decided to organize the business based on three business areas: Dental, Orthopedics and Life Science. At the same time, it has been decided to introduce segment reporting based on this business area structure. Historical comparison data for sales are reported. Quality-assured historical information regarding results is missing, so we do not report comparable data at profit level.

higher capacity and improving the competitiveness of our offering to customers. We are now investing even more in this area by appointing Conny Jakobsson as Operational Excellence Director. Elos Medtech has appointed Ewa Linsäter as new CFO and she will take up the position at the end of June 2019.

## Employees

The Group's average number of employees during the first quarter was 578 compared to 538 in the previous year.

## Events during the quarter

Elos Medtech appointed Conny Jakobsson, Managing Director for Elos Medtech Tianjin in China, to Operational Excellence Director for Elos Medtech.

Elos Medtech is focused on growth and continual improvement of the organization. To achieve our growth targets on both profitability and sales, we have set up a strategic focus area called Operational Excellence and Continual Improvements. It will involve systematically developing our operations, ensuring

## Net sales per segment

SEK m	Jan-March 2019	Jan-March 2018	Growth Q1 %	April-March 2018/19	Jan-Dec 2018
Dental	61.2	56.2	8.9%	211.7	206.7
Orthopedics	55.8	46.0	21.3%	209.8	200.0
Life Science	72.9	53.5	36.3%	257.4	238.0
<b>Total net sales</b>	<b>189.9</b>	<b>155.7</b>	<b>22%</b>	<b>678.9</b>	<b>644.7</b>

There was no sales between the segments

Key performance indicators	EBITDA Q1 2019	EBITDA % Q1 2019	EBIT Q1 2019	EBIT % Q1 2019
Dental	13.6	22,2%	8.8	14.3%
Orthopedics	10.9	19,5%	6.5	11.6%
Life Science	12.5	17,2%	7.9	10.9%
Unallocated Group-wide revenue and expenses	-	-	-1.7	-
<b>Total</b>	<b>37.0</b>	<b>18,6%</b>	<b>21.4</b>	<b>11.3%</b>

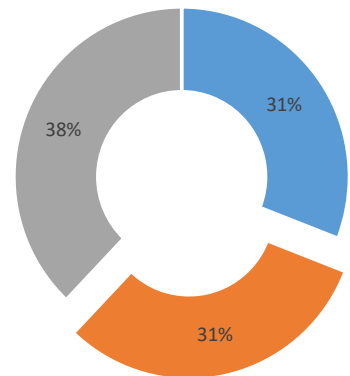
# OUR THREE BUSINESS AREAS



## DENTAL

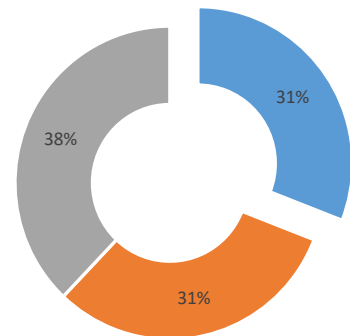
Elos Medtech is a qualified partner to globally leading companies. We offer design, development, serial production and global distribution. We are specialized in dental implants.

We also offer proprietary products in digital dental care and instruments as either OEM products or under our own brand, Elos Accurate®.



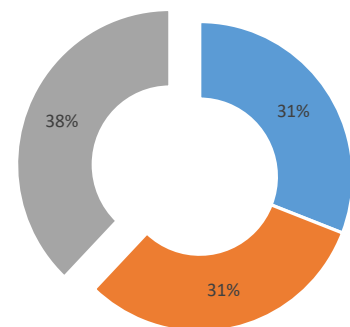
## ORTHOPEDICS

Elos Medtech is a focused partner for everything from design and prototypes to serial production and global distribution. We have opted to specialize in the following markets: spine, trauma and reconstruction. We collaborate with the world's leading orthopedic companies.



## LIFE SCIENCE

Elos Medtech is a specialized global partner for injection molding of high-tech polymer and cutting techniques for primarily steel and brass. We also offer tool design and combination products made from polymer and aluminum, for example. The markets we focus on are diagnostics, hearing aids, diabetes, cardiovascular and neurosurgery.



## BUSINESS AREA DENTAL



**SALES** SEK 61.2 million

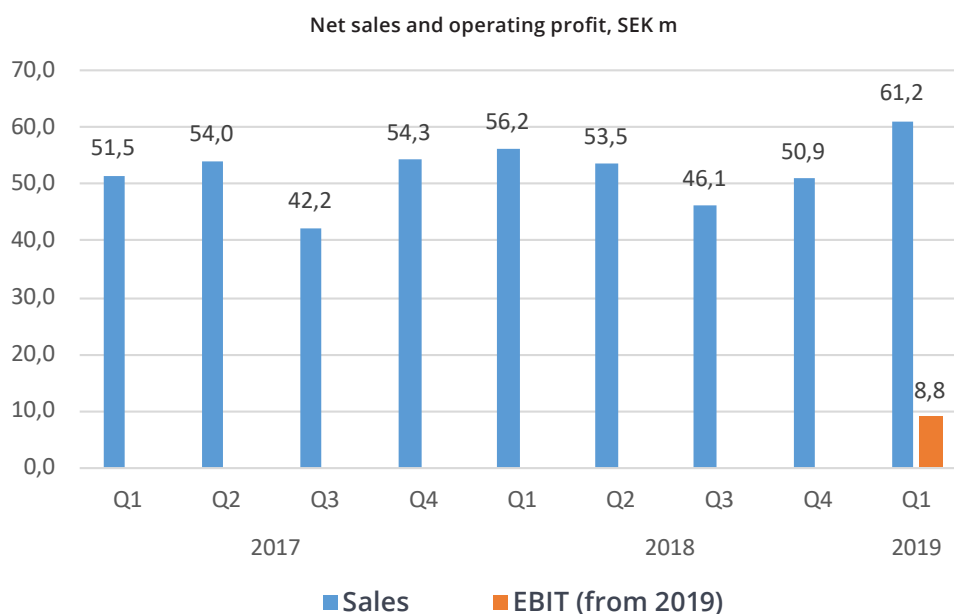
**EBITDA** SEK 13.6 million (22.2%)

**EBIT** SEK 8.8 million (14.3%)

Organic Growth  
**+9%**

### Important events in the business area during the quarter

- Sales of proprietary products increased and amounted to SEK 21.3 million (17.1), which corresponds to an organic growth of 24.5%
- Successful launch of several new products under the company's own brand, Elos Accurate® in the area of Digital Dentistry
- Elos Medtech obtained patent approval for its Dental Drilling System from the US Patent and Trademark Office.
- In collaboration with researchers at Technical University of Denmark (DTU) and the Interdisciplinary Nanoscience Center (iNANO) at Aarhus University, Elos Medtech has started a new development project to create a white surface on titanium. Innovation Fund Denmark has invested DKK 10 million in the research project, which will be concluded in 2022.





## BUSINESS AREA ORTHOPEDICS



**SALES** SEK 55.8 million  
**EBITDA** SEK 10.9 million (19.5%)  
**EBIT** SEK 6.5 million (11.6%)

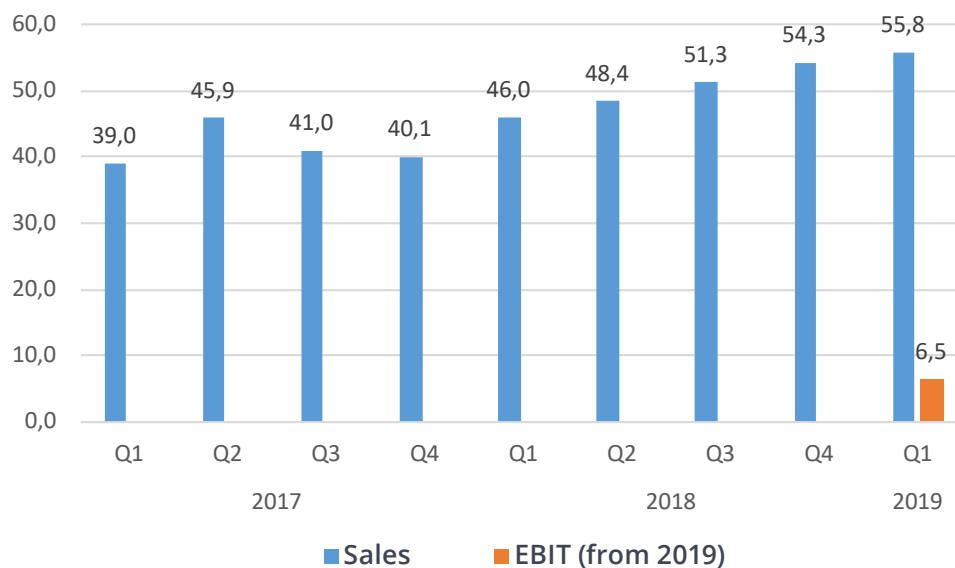
Organic Growth

**+21%**

### Important events in the business area during the quarter

- A new customer, which is one of the top 10 companies in spine, has allocated several new projects to Elos Medtech
- Elos Medtech was awarded new business for manufacturing new products in the area of robotic surgery
- Expansion of the factory in Memphis is progressing as planned

Net sales and operating profit, SEK m



## BUSINESS AREA LIFE SCIENCE

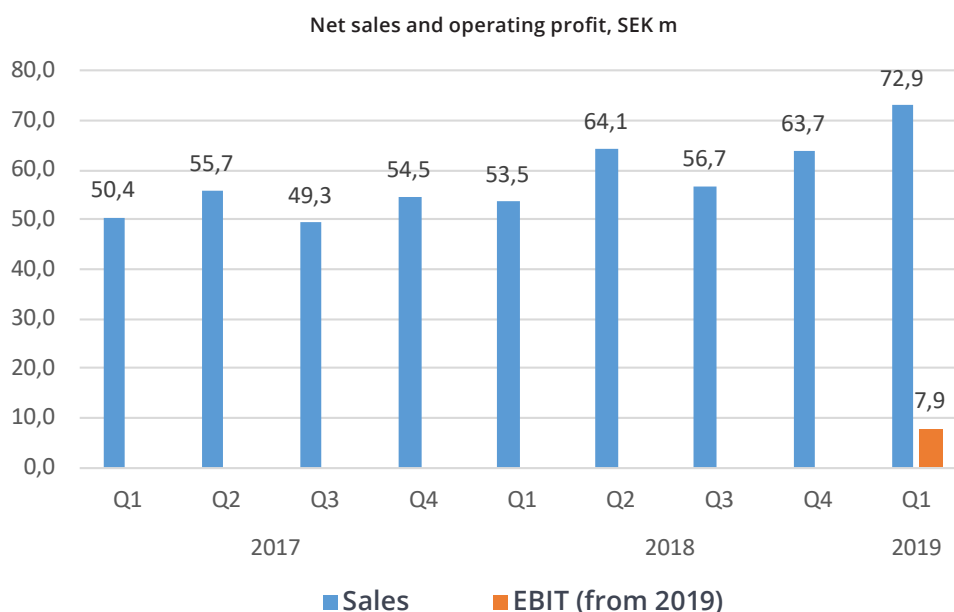


SALES	SEK 72.9 million
EBITDA	SEK 12.5 million (17.2%)
EBIT	SEK 7.9 million (10.9%)

Organisk tillväxt  
**+36%**  
(excl. B&K +9%)

### Important events in the business area during the quarter

- Elos Medtech won a new customer and business in the area of polymer
- Within our production site in
- China, a larger environmental improvement facility was put into full operation.
- Elos Medtech signed an agreement to transfer assembly and calibration of products in the sound and vibration market to Bruel & Kjaer. In 2018, Elos Medtech sharpened its focus on medical technology and the transfer is thus in line with our strategy. The transfer will not impact the Group's earnings in 2019.



# OTHER INFORMATION

## Parent Company

The Parent Company is focused on key management issues and it also provide Group-wide support in IT and marketing, manufacturing, quality management, risk management, financing and financial control.

The Parent Company's net sales amounted to SEK 4.6 (6.1) million. Profit after financial items amounted to SEK 1.8 (0.4) million. The Parent Company's comprehensive income amounted to SEK 1.3 (0.4). The share of own risk capital amounted to 81.6 (79.1) percent. The equity ratio was 81.3 (78.8) percent.

## Significant risks and uncertainties

The Group's significant risks and uncertainties include the business risks associated with customers and suppliers and other external factors, such as the price risks for input goods. The Group also faces financial risks associated with changes in exchange rates and interest rates. A detailed description of the Group's risks and uncertainties, along with how it manages them, is provided in the Directors' Report and in Note 1 and Note 42 in the 2018 Annual Report.

Onyx Medical LLC ("Onyx"), which is a US subsidiary of Elos Medtech has become the subject of a lawsuit. The lawsuit does not specify the amount of claimed damages. Elos Medtech considers the lawsuit to be unfounded and will contest the lawsuit in its entirety.

## Future prospects

The company does not make forecasts.

## Financial information

The 2019 AGM will be held on 23 April 2019.

The Interim Report for Q2 2019 will be published on 18 July 2019.

The Interim Report for Q3 2019 will be published on 24 October 2019.

The Year-End Report for 2019 will be published on 18 February 2020.

## Related party transactions

During the reporting period, the company has not had any transactions with senior executives.

## Accounting principles

The consolidated financial statements for 2019 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Swedish Annual Accounts Act. The same applied to the company's preparation of its annual financial statements for 2018. The Parent Company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and RFR 2, Accounting for Legal Entities. This interim report has been prepared in accordance with IAS 34. The information on pages 1-20 is an integral part of

this financial report. The term "IFRS" used in this document refers to the application of both IAS and IFRS as well as interpretations of these standards published by the IASB Standards Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

## Transitional information regarding IFRS 16

The Group uses the same accounting policies, just as they have been described in the 2018 Annual Report, except for what is stated below.

IFRS 16 Leasing Agreements entered into force on 1 January 2019. The new standard abolishes the categorization of leases as either operating or financing for the lessee (as was the case in IAS 17). Instead, it introduces a single model for reporting all leases. In this model the lessee shall report (a) assets and liabilities for all leasing agreements where the leasing period exceeds 12 months, with the exception of assets of low value, and (b) depreciation of the leased assets separate from the leasing interest expense in the income statement.

Elos Medtech does not apply the standard retroactively, which means that the 2018 financial statements have not been restated. For rental agreements, the company has applied the marginal lending rate as the discount rate, taking into consideration the duration of the lease agreement. For the transition, the simplified approach has been applied, which means that the value of right-of-use asset equals the lease liability. The exception, whereby short-term leases and assets with a low value are not reported, has also been applied.

When applying IFRS16, the component of lease payments, which were previously included in operating expenses in the consolidated income statement, has been transferred to depreciation and the interest component is included in financial expenses. Initially, the standard has had an effect on how the Group reports its operating leases, increasing the balance sheet total and resulting in certain changes to KPIs. The company's transition to IFRS 16 has resulted in the recognition of additional right-of-use assets and related lease liabilities of approximately SEK 20 million as per 1 January 2019.

## New accounting principles regarding lease agreements from 2019

The Group's leases mainly comprise the right-of-use regarding premises and equipment. The leases are recognised as a right-of-use asset with a corresponding lease liability when the leased asset is available for use by the Group. Short-term leases and leases for which the underlying asset is of low value are exempted. Each lease payment should be divided between amortisation of the lease liability and a financial cost. The financial cost should be allocated over the lease term, so that each reporting period is charged with an amount corresponding to a fixed interest rate for the liability recognised under each period.

The lease term is determined as the non-cancellable period of

the lease, together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The Group's lease liabilities are recognised at the present value of the Group's fixed lease payments (including in-substance fixed lease payments). Purchase options are included if it is reasonably certain that the Group will exercise the option to acquire the underlying asset. Penalties for terminating the lease are included if the lease term reflects that the lessee will exercise an option to cancel the lease. Lease payments are discounted with the interest rate implicit in the lease, if this rate can easily be determined. Otherwise, the Group's incremental borrowing rate is applied. The Group's right-of-use assets are recognised at cost, and include initial present value of the lease liability, adjusted for lease payment made at or before the commencement date and any initial direct expenses. Restoration costs are included in the asset if a corresponding provision for restoration costs exists. The right-to-use asset is depreciated on a straight-line basis over the asset's useful life and the lease term, whichever is the shortest.

#### **Examination by the auditors**

This interim report has not been examined by the company's auditors.

Elos Medtech AB (publ)  
Gothenburg, 23 April 2019

Board of Directors

# CONSOLIDATED INCOME STATEMENT AND SUMMARY STATEMENT OF COMPREHENSIVE INCOME

SEK m Income Statement	Jan-March 2019	Jan-March 2018	April-March 2018/19	Jan-Dec 2018
Net sales	189.9	155.7	678.9	644.7
Cost of goods sold	-129.9	-111.8	-484.4	-466.3
<b>Gross profit</b>	<b>60.0</b>	<b>43.9</b>	<b>194.5</b>	<b>178.4</b>
Selling expenses	-10.6	-9.6	-41.2	-40.2
Administrative expenses	-23.7	-19.9	-84.4	-80.6
Development costs	-5.3	-3.7	-20.9	-19.3
Other operating income/expenses	1.0	0.2	1.4	0.6
<b>Operating profit</b>	<b>21.4</b>	<b>10.9</b>	<b>49.4</b>	<b>38.9</b>
Financial income	-	-	0.1	0.1
Financial expenses	-3.2	-2.1	-12.1	-11.0
Exchange differences	2.4	0.8	2.1	0.5
<b>Profit after financial items</b>	<b>20.6</b>	<b>9.6</b>	<b>39.5</b>	<b>28.5</b>
Taxes	-5.3	-2.5	-10.4	-7.6
<b>Profit after tax</b>	<b>15.3</b>	<b>7.1</b>	<b>29.1</b>	<b>20.9</b>
<b>Profit attributable to:</b>				
Parent Company shareholders	15.3	7.1	29.1	20.9
<b>Statement of comprehensive income</b>				
<b>Profit after tax</b>	<b>15.3</b>	<b>7.1</b>	<b>29.1</b>	<b>20.9</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Actuarial gains and losses	-	-	-5.1	-5.1
Tax	-	-	1.1	1.1
	-	-	-4.0	-4.0
<b>Items that may be reclassified to profit or loss</b>				
Translation differences for the period	11.2	11.7	22.4	22.9
Tax	-0.6	-0.3	-2.1	-1.8
	10.6	11.4	20.3	21.1
<b>Other comprehensive income, net</b>	<b>10.6</b>	<b>11.4</b>	<b>16.3</b>	<b>17.1</b>
<b>Comprehensive income</b>	<b>25.9</b>	<b>18.5</b>	<b>45.4</b>	<b>38.0</b>
<b>Comprehensive income attributable to:</b>				
Parent Company shareholders	25.9	18.5	45.4	38.0
EBITDA	18.6%	15.0%	15.8%	14.8%
EBIT	11.3%	7.0%	7.3%	6.0%
Depreciation/amortization charged to earnings	13.9	12.4	57.9	56.4
Earnings (after tax) per share, SEK *	1:90	1:15	3:61	2:76
Average number of shares (thousands)	8,068	6,163	8,068	7,598
Number of shares (thousands) at the end of the period	8,068	8,068	8,068	8,068

\* Attributable to Parent Company shareholders' share of profit after tax.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IN SUMMARY

SEK m

Balance sheet	2019-03-31	2018-03-31	2018-12-31
<b>Assets</b>			
Intangible assets	285.3	271.5	278.5
Property, plant and equipment	407.4	345.2	374.0
Financial fixed assets	8.0	7.9	2.4
Other current assets	296.9	250.6	253.4
Cash and bank balances	26.0	76.1	49.0
<b>Total assets</b>	<b>1,023.6</b>	<b>951.3</b>	<b>957.3</b>
<b>Equity and liabilities</b>			
Equity	534.4	489.6	508.5
Non-current liabilities	321.3	275.4	294.0
Current liabilities	167.9	186.3	154.8
<b>Total equity and liabilities</b>	<b>1,023.6</b>	<b>951.3</b>	<b>957.3</b>

# SUMMARY STATEMENT OF CHANGES IN EQUITY

SEK m	2019-03-31	2018-12-31
Opening Balance	508.5	369.0
New issue	-	101.7
Redemption of warrants	-	-0.2
Dividends	-	-
Total comprehensive income	25.9	38.0
<b>Closing equity</b>	<b>534.4</b>	<b>508.5</b>

# KEY PERFORMANCE INDICATORS GROUP

		Jan-March 2019	Jan-March 2018	Jan-Dec 2018
Return on operating capital	%	10.6	5.8	5.1
Return on equity	%	16.1	6.6	4.8
Share of own risk capital	%	55.4	54.8	56.0
Solvency	%	52.2	51.5	53.1
Net debt *	SEK m	327.4	260.2	287.4
Investments excl. acquisitions and lease assets	SEK m	22.9	14.9	79.9
Average number of employees		578	538	571
Equity per share	SEK	66:24	60:68	63:02
Dividends	SEK	0:00	0:00	0:78

\* Net debt includes non-interest-bearing financial liabilities.

# KEY PERFORMANCE INDICATORS PER SEGMENT

## Net sales per segment

SEK m	Jan-March 2019	Jan-March 2018	Growth Q1 %	April-March 2018/19	Jan-Dec 2018
Dental	61.2	56.2	8.9%	211.7	206.7
Orthopedics	55.8	46.0	21.3%	209.8	200.0
Life Science	72.9	53.5	36.3%	257.4	238.0
<b>Total net sales</b>	<b>189.9</b>	<b>155.7</b>	<b>22%</b>	<b>678.9</b>	<b>644.7</b>

There was no sales between the segments

Key performance indicators	EBITDA Q1 2019	EBITDA % Q1 2019	EBIT Q1 2019	EBIT % Q1 2019
Dental	13.6	22,2%	8.8	14,3%
Orthopedics	10.9	19,5%	6.5	11,6%
Life Science	12.5	17,2%	7.9	10,9%
Unallocated Group-wide revenue and expenses	-	-	-1.7	-
<b>Total</b>	<b>37.0</b>	<b>11,3%</b>	<b>21.4</b>	<b>18.6</b>

# QUARTERLY RESULTS FOR THE GROUP

SEK m	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
<b>Quarterly results</b>					
Net sales	189.9	168.9	154.1	166.0	155.7
Cost of goods sold	-129.9	-120.9	-110.3	-123.3	-111.8
<b>Gross profit</b>	<b>60.0</b>	<b>48.0</b>	<b>43.8</b>	<b>42.7</b>	<b>43.9</b>
Sales, admin and development costs	-39.6	-37.4	-32.7	-36.8	-33.2
Other operating items	1.0	0.4	0.7	-0.7	0.2
<b>Operating profit</b>	<b>21.4</b>	<b>11.0</b>	<b>11.8</b>	<b>5.2</b>	<b>10.9</b>
Net financial items	-3.2	-3.2	-3.2	-2.4	-2.1
Exchange differences	2.4	-1.8	-0.9	2.4	0.8
<b>Profit after financial items</b>	<b>20.6</b>	<b>6.0</b>	<b>7.7</b>	<b>5.2</b>	<b>9.6</b>
Taxes	-5.3	-2.0	-1.3	-1.8	-2.5
<b>Profit after tax</b>	<b>15.3</b>	<b>4.0</b>	<b>6.4</b>	<b>3.4</b>	<b>7.1</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS, IN SUMMARY

SEK m	Jan-March	Jan-March	April-March	Jan-Dec
Cash flow	2019	2018	2018/19	2018
Profit after net financial items	20.6	9.6	39.5	28.5
Reversal of depreciation and impairments	13.9	12.4	57.9	56.4
Adjustment entries	5.2	-0.4	8.5	2.9
Tax paid	-3.0	-3.2	-11.6	-11.8
Change in working capital	-27.3	-9.7	-27.5	-9.9
<b>Cash flow from operating activities</b>	<b>9.4</b>	<b>8.7</b>	<b>66.8</b>	<b>66.1</b>
Investments in fixed assets	-22.9	-14.9	-87.9	-79.9
<b>Remaining after investments in fixed assets</b>	<b>-13.5</b>	<b>-6.2</b>	<b>-21.1</b>	<b>-13.8</b>
New issue	-	101.6	-	101.6
New share issue/redemption of warrants	-	-0.2	-	-0.2
Change in bank overdraft facility	-8.4	-31.7	-17.1	-40.4
Borrowings	10.4	9.9	54.8	54.3
Amortization of loans	-12.2	-7.0	-67.4	-62.2
Dividends	-	-	-	-
<b>Cash flow for the period</b>	<b>-23.7</b>	<b>66.4</b>	<b>-50.8</b>	<b>39.3</b>
<b>Cash flow for the period, in total</b>	<b>-23.7</b>	<b>66.4</b>	<b>-50.8</b>	<b>39.3</b>
Cash and cash equivalents at the beginning of the period	49.0	9.6	76.1	9.6
Exchange difference in cash and cash equivalents	0.7	0.1	0.7	0.1
<b>Cash and cash equivalents at the end of the period</b>	<b>26.0</b>	<b>76.1</b>	<b>26.0</b>	<b>49.0</b>



# PARENT COMPANY INCOME STATEMENT AND SUMMARY STATEMENT OF COM- PREHENSIVE INCOME

SEK m	Jan-March	Jan-March	April-March	Jan-Dec
Income Statement	2019	2018	2018/19	2018
Net sales	4.6	6.1	23.1	24.6
Cost of goods sold	-0.2	-	-0.2	-
<b>Gross profit</b>	<b>4.4</b>	<b>6.1</b>	<b>22.9</b>	<b>24.6</b>
Selling expenses	-2.1	-2.5	-10.7	-11.1
Administrative expenses	-7.1	-6.0	-27.4	-26.3
Other operating income/expenses	0.1	-	0.2	0.1
<b>Operating profit</b>	<b>-4.7</b>	<b>-2.4</b>	<b>-15.0</b>	<b>-12.7</b>
Financial income	3.2	2.3	12.6	11.7
Financial expenses	-1.2	-0.9	-4.4	-4.1
Exchange differences	4.5	1.3	12.8	9.6
<b>Profit after financial items</b>	<b>1.8</b>	<b>0.4</b>	<b>5.9</b>	<b>4.5</b>
Appropriations	-	-	0.4	0.4
Taxes	-0.5	-	-1.9	-1.4
<b>Profit after tax</b>	<b>1.3</b>	<b>0.4</b>	<b>4.4</b>	<b>3.5</b>

\* Profit after tax is the same as comprehensive income for the year

# PARENT COMPANY BALANCE SHEET, IN SUMMARY

SEK m	2019-03-31	2018-03-31	2018-12-31
Balance sheet			
<b>Assets</b>			
Intangible assets	3.9	3.9	3.8
Property, plant and equipment	0.6	0.8	0.7
Financial fixed assets	426.3	390.2	417.3
Other current assets	22.6	23.2	13.5
Cash and bank balances	15.6	65.1	34.3
<b>Total assets</b>	<b>469.0</b>	<b>483.1</b>	<b>469.6</b>
<b>Equity and liabilities</b>			
Equity	375.6	371.7	374.3
Untaxed reserves	7.2	7.5	7.2
Provisions	5.7	5.1	5.5
Non-current liabilities	49.5	47.9	51.4
Current liabilities	31.0	50.8	31.2
<b>Total equity and liabilities</b>	<b>469.0</b>	<b>483.1</b>	<b>469.6</b>

# RECONCILIATION BASIS FOR ALTERNATIVE PERFORMANCE MEASURES

SEK m	Jan-March 2019	Jan-March 2018	April-March 2018/19	Jan-Dec 2018
<b>Organic growth</b>				
Reported net sales	189.9	155.7	678.9	644.7
Net sales compared to the same period last year	155.7	140.9	592.7	577.9
<b>Change in net sales</b>	<b>34.2</b>	<b>14.8</b>	<b>86.2</b>	<b>66.8</b>
<b>Growth,%</b>	<b>22.0</b>	<b>10.5</b>	<b>14.5</b>	<b>11.6</b>
Net sales from acquired operations	-	-	-	-
Adjusted net sales from acquisition effects	189.9	155.7	678.9	644.7
<b>Organic growth,%</b>	<b>22.0</b>	<b>10.5</b>	<b>14.5</b>	<b>11.6</b>
<b>Sales adjusted for currency fluctuations</b>				
Currency fluctuations	9.1	0.5	27.6	19.0
Currency-adjusted net sales of the same period last year	164.8	141.4	620.3	596.9
<b>Change,%</b>	<b>15.2</b>	<b>10.1</b>	<b>9.4</b>	<b>8.0</b>
<b>Operating profit before non-recurring items</b>	<b>Jan-March 2019</b>	<b>Jan-March 2018</b>	<b>April-March 2018/19</b>	<b>Jan-Dec 2018</b>
Reported operating profit	21.4	10.9	49.4	38.9
Non-recurring items	-	-	8.5	8.5
<b>Operating profit before non-recurring items</b>	<b>21.4</b>	<b>10.9</b>	<b>57.9</b>	<b>47.4</b>
<b>EBITDA before non-recurring items</b>	<b>Jan-March 2019</b>	<b>Jan-March 2018</b>	<b>April-March 2018/19</b>	<b>Jan-Dec 2018</b>
Reported operating profit	21.4	10.9	49.4	38.9
Depreciation/amortization and impairment	13.9	12.4	57.9	56.4
<b>EBITDA</b>	<b>35.3</b>	<b>23.3</b>	<b>107.3</b>	<b>95.3</b>
Non-recurring items	-	-	4.4	4.4
<b>EBITDA before non-recurring items</b>	<b>35.3</b>	<b>23.3</b>	<b>111.7</b>	<b>99.7</b>
<b>Own risk capital</b>			<b>2019-03-31</b>	<b>2018-12-31</b>
Equity			534.4	508.5
Deferred tax liability			32.7	27.3
<b>Own risk capital</b>			<b>567.1</b>	<b>535.8</b>
<b>Net debt</b>			<b>2019-03-31</b>	<b>2018-12-31</b>
Non-current interest-bearing provisions for pensions			45.4	44.7
Non-current interest-bearing liabilities			241.3	222.1
Current interest-bearing liabilities			66.7	69.6
<b>Total liabilities</b>			<b>353.4</b>	<b>336.4</b>
Cash and cash equivalents			-26.0	-49.0
<b>Net debt</b>			<b>327.4</b>	<b>287.4</b>
<b>Cash and cash equivalents including unutilized bank over-draft facility</b>			<b>2019-03-31</b>	<b>2018-12-31</b>
Cash and cash equivalents			26.0	49.0
Utilized bank overdraft facility			-1.1	-9.4
Bank overdraft facilities granted and framework agree-ments			67.9	67.5
<b>Cash and cash equivalents including unutilized bank overdraft facility and framework agreements</b>			<b>92.8</b>	<b>107.1</b>

### Definitions of Alternative Performance Measures

Alternative Performance Measures are financial measures of the company's earnings trend, financial position and cash flow that are not defined in IFRS. These key performance indicators are intended to serve as important supplementary performance indicators of the Group's earnings and position and the purpose is to provide a better understanding of the business. Alternative Performance Measures that are presented in the interim reports should not be regarded as a replacement to terms and concepts in accordance with IFRS. They are instead intended as a supplement. These key performance indicators do not need to be comparable with similar performance indicators used by other companies. The reconciliation basis for calculating some of these performance indicators is provided on page 18 of this report.

### *Sales adjusted for currency fluctuations*

Change in net sales adjusted for exchange differences compared to the same period last year.

### *Organic growth*

Change in net sales adjusted for sales from acquired and divested operations compared to the same period last year.

### *Non-recurring items*

Items that are not considered to be ordinary business transactions and where the amount has a significant impact on earnings and key performance indicators.

### *Operating profit (EBIT) before non-recurring items*

Profit before financial income and expenses along with taxes, adjusted for non-recurring items.

### *Operating profit (EBIT)*

Profit before financial income and expenses and taxes.

### *Operating margin, %*

Operating profit as a percentage of the net sales from operations.

### *EBITDA before non-recurring items*

Operating profit before depreciation/amortization and impairment.

### *EBITDA, %*

Operating profit before depreciation/amortization and impairment as a percentage of the net sales from operations.

### *Own risk capital*

The total of the reported amount of equity, any minority interests and deferred tax liability.

### *Net debt*

Interest-bearing financial liabilities, non-interest-bearing financial liabilities and provisions for pensions less cash and cash equivalents.

### *Cash and cash equivalents including unutilized bank overdraft facility*

Cash and bank balances plus the amount of granted overdraft facility less the amount of utilized bank overdraft facility.

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### **Publication**

This information in this report is information that Elos Medtech AB (publ) is required to publish under the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted (by the contact person specified above) for publication on 23 April 2019 at 13:30 (CET).

Elos Medtech AB (publ) is a Swedish limited liability company, whose B shares are listed on Small Cap, NASDAQ Stockholm AB. Elos Medtech's corporate governance is based on Swedish legislation and the listing agreement with NASDAQ Stockholm AB.

### **Future-oriented information**

Future-oriented information in this report is based on management's expectations at the time of the report. Although the Board of Directors and management feel that these expectations are reasonable, it is no guarantee that the expectations are, or will prove to be, correct. Consequently, future outcomes may vary significantly compared to the future-oriented information due to such things as changes in the market conditions for the Group's services or changes in the overall situation concerning the economy, market and competition, changes in legal requirements and other policy measures as well as fluctuations in exchange rates. The company does not undertake to update or correct any future-oriented information except as stipulated by law.

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