Q3 2018 Results

31 October 2018

AGENDA

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Business review

Emapalumab

Financials

Summary

PRESENTERS

Guido Oelkers
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Forward looking statements

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Q3 highlights

- Total revenues of SEK 2,315 M (1,601) in Q3 and SEK 6,568 M (4,636) YTD
- 45 per cent sales growth in the quarter compared with Q3 2017 (34 per cent at constant exchange rates (CER))
- EBITA increased by 74 per cent to SEK 933 M (536) in Q3 and 85 per cent to SEK 2,655 M (1,434) YTD
- Net cash position of SEK 2,483 M (1,472 as of 31 December 2017)
- Revenues for Elocta® and Alprolix® were SEK 873 M (417) and SEK 255 M (98) respectively for Q3[1]
- Kineret® revenues were SEK 347 M (272) in Q3, an increase of 28 per cent
- Orfadin® revenues were SEK 217 M (202) in Q3, an increase of 8 per cent
- Sobi strengthened inflammation franchise by acquiring the global rights to emapalumab
- First patients dosed in the phase 1/2 study with SOBI003

[1] Revenues as well as EBITA were positively affected by SEK 56 M, in Q3 2018, related to adjusted pharmaceutical taxes in France from 2017, whereof SEK 52 M relates to Elocta.

Business review Q3

Guido Oelkers

Haemophilia - capitalise on strong position and substantial potential

Drive Haemophilia commercial effectiveness and international-isation

Expand access to patients in markets where treatment not yet available

- ✓ Reimbursement for Alprolix gained in Sweden and Slovakia
- ✓ Portfolio with the most extensive EHL product real world experience

Extend position in EMENAR

Achieve a leadership position in Europe, the Middle East and Africa

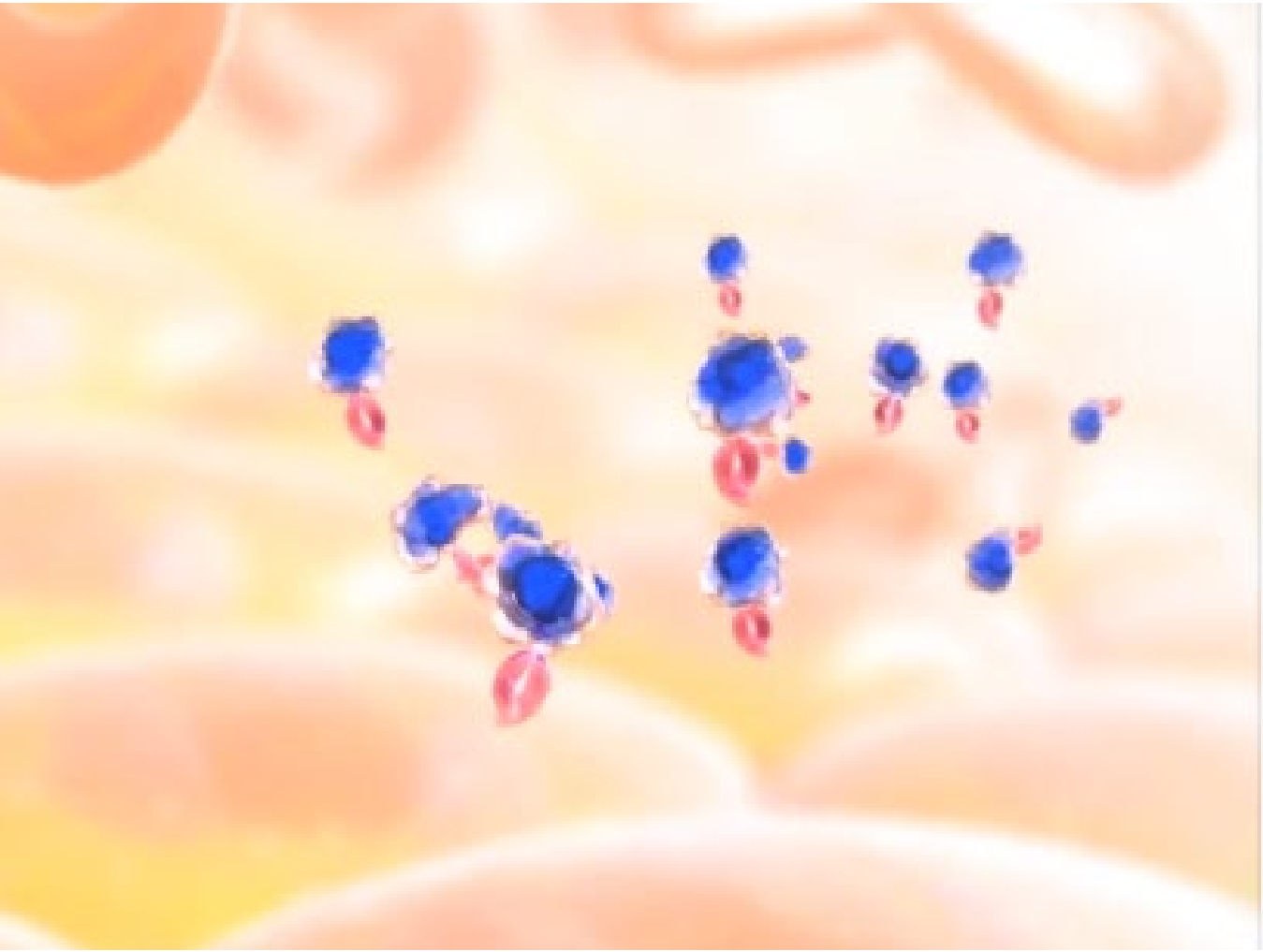
- ✓ + 12 per cent new patients on Elocta and Alprolix in Q3
- ✓ Elocta and Alprolix recognised as the standard of care in many countries

Strengthen pipeline

Research into follow-on compounds and advancing care

- ✓ Advancing the BIVV001 clinical programme in collaboration with Bioverativ, a Sanofi company
- ✓ Phase 3 studies demonstrate improved joint health
- ✓ Phase 4 studies ongoing to further accrue real world evidence

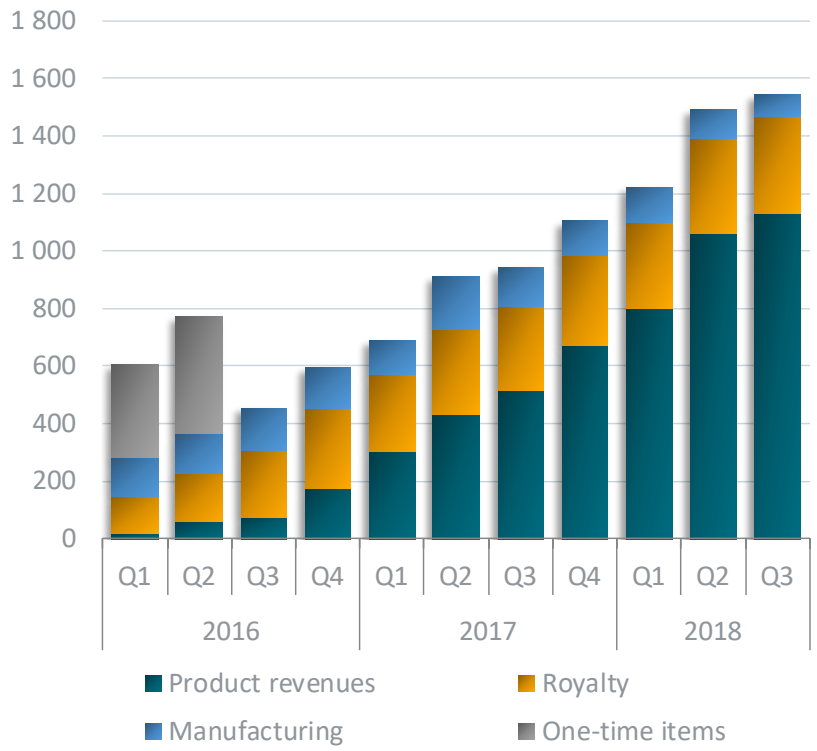
Elocta and Alprolix – enable people with haemophila to live well



- Well established safety and efficacy profiles - real-world experience from thousands of patients
- Replacing the missing factor – fundamental in haemophilia treatment
- Standard of care in many countries
- Suitability for all patient groups and ages and flexibility to truly match treatment to outcomes
- Creates possibilities to live an active life with less worry about the safety and effectiveness of their therapy

Haemophilia – over SEK 1.5 Bn in revenues in Q3

Total Revenues (SEK M)



- Q3 revenues of SEK 1,545 M (948)
- Revenue growth of 63 per cent (52 per cent increase at CER)
  - SEK 1,128 M (515) in product revenues
  - SEK 338 M (298) in royalty revenues
  - SEK 79 M (135) in manufacturing revenues

Elocta – increasingly becoming the standard of care

Sales Revenues (SEK M)

- Q3 product revenues of SEK 873 M[1] (417)
  - Revenue growth of 110 per cent (93 per cent at CER)
  - EU5 markets accounted for 76 per cent of the growth
- Reimbursed in 25 countries

[1] Revenues as well as EBITA were positively affected by SEK 56 M, in Q3 2018, related to adjusted pharmaceutical taxes in France from 2017, whereof SEK 52 M relates to Elocta.

Alprolix – continued strong patient conversion

Sales Revenues (SEK M)

- Q3 product revenues of SEK 255 M (98)
  - Revenue growth of 161 per cent (140 per cent at CER)
  - 77 per cent of the growth derived from France, Germany, Italy and the UK
- Reimbursed in 18 countries

Specialty Care - Acquisitions to further drive growth

Develop Specialty Care

World-class commercialisation platform

✓ Launches for Ravicti and Kineret for the treatment of Still's disease continued during the quarter

Expand US business and extend position in EMENAR

Active strategic partnership management in order to continuously introduce novel therapies into our key markets: moving from distribution to ownership

✓ The acquisition of the global rights to emapalumab strengthen Specialty care franchise and US presence

Strengthen pipeline

Expand portfolio by strengthening R&D pipeline and business development efforts in order to further drive growth of the Specialty Care business

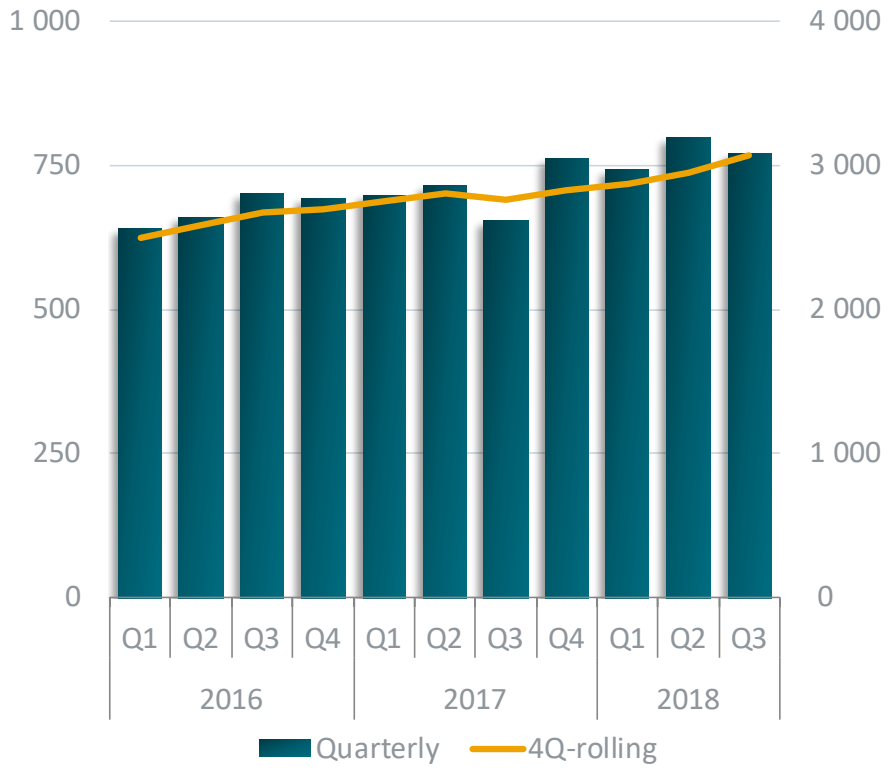
✓ The acquisition of the global rights to emapalumab strengthen pipeline

Lifecycle management & indication expansion

✓ New indications for Kineret: Still's and gout

Specialty Care - solid performance across portfolio

Sales Revenues (SEK M)



- Q3 revenues SEK 770 M (653)
  - Revenue growth of 18 per cent (8 per cent at CER)

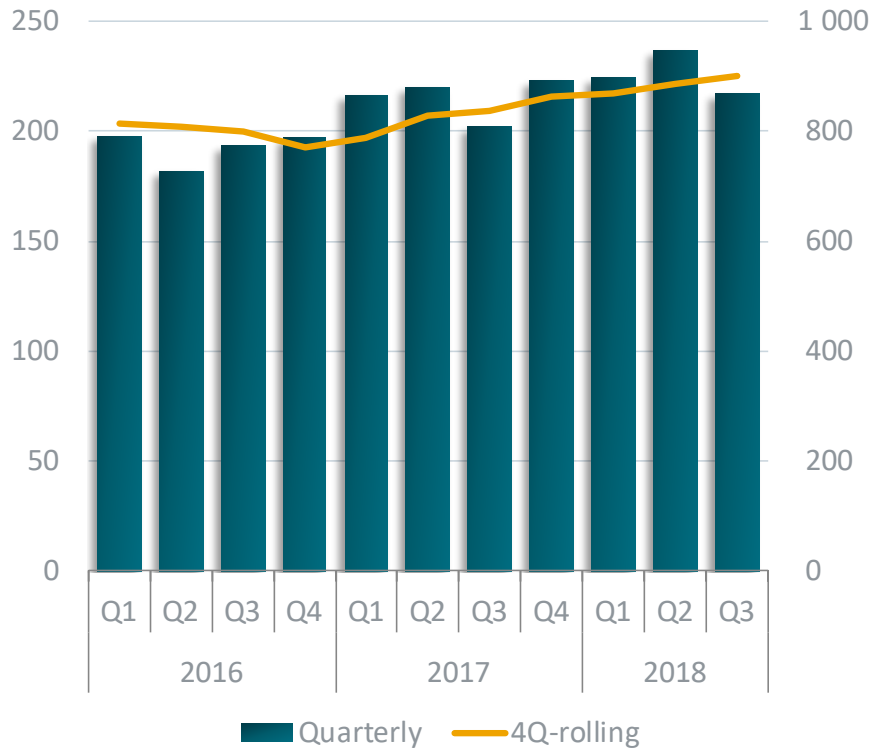
Kineret – new indications drive growth

Sales Revenues (SEK M)

- Q3 revenues SEK 347 M (272)
  - Revenue growth of 28 per cent (17 per cent at CER)
- Continued solid growth across NA and EMENAR
- Stable double-digit growth across EU5 and Turkey
- Commercial launch for Kineret Still's disease ongoing
- Primary efficacy results from anaGO, the phase 2 study of anakinra in patients with acute gout, were released

Orfadin – continued solid performance

Sales Revenues (SEK M)



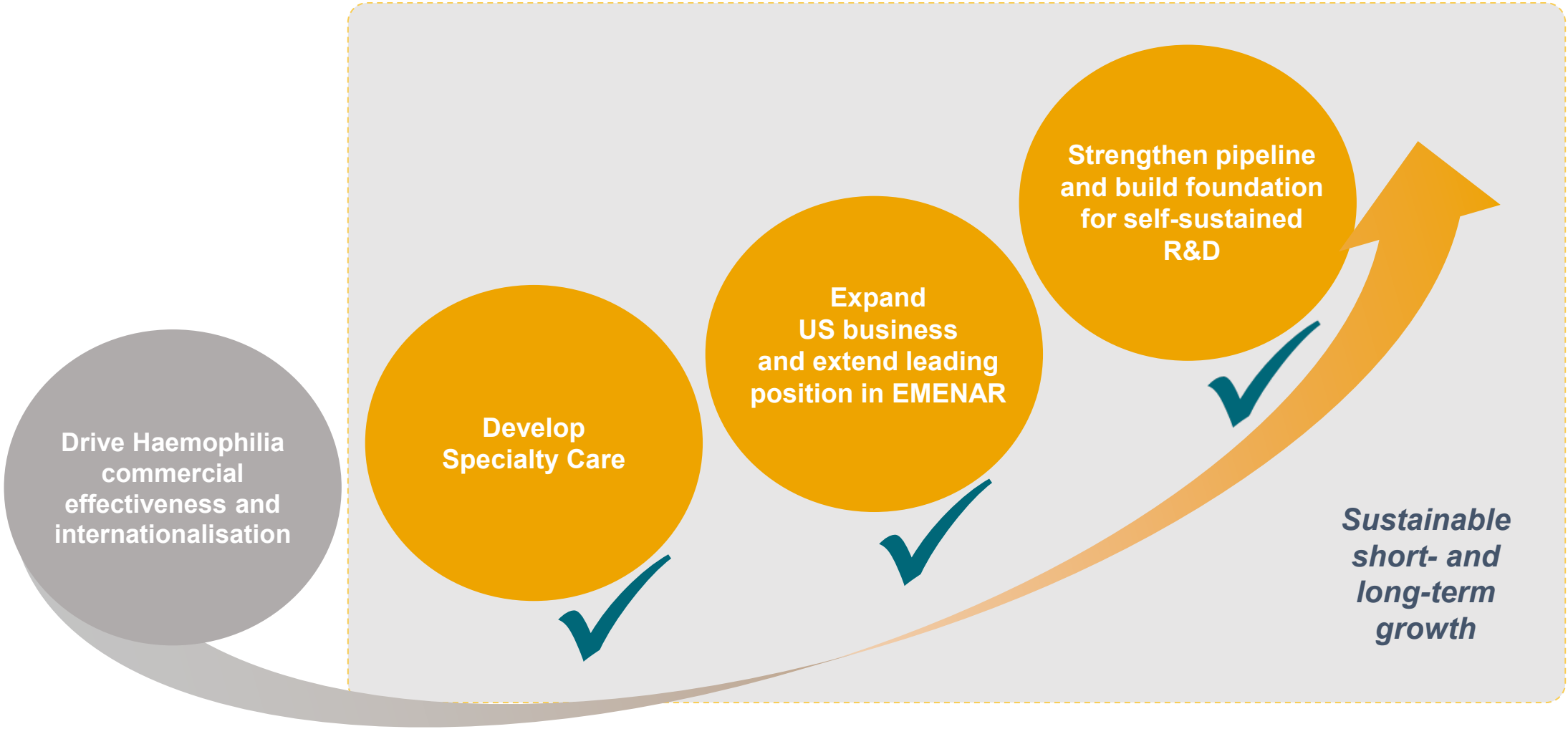
- Q3 revenues SEK 217 M (202)
  - Revenue growth of 8 per cent (decrease of -2 per cent at CER)
- The first generics have entered the market, however the impact was not material

Emapalumab – a strategic deal

Sobi licenses emapalumab from Novimmune

- Progress toward becoming a global leader in rare diseases
  - Builds Specialty Care and strengthens immunology focus
  - Increases US footprint
  - Bolsters R&D pipeline
- Emapalumab in review for rare disease primary haemophagocytic lymphohistiocytosis (HLH)
  - FDA approval expected H2 2018
  - MAA filing to EMA validated Aug 2018
- Purchase price of CHF 450 M (CHF 50 M cash upon signing)
- The license agreement to emapalumab is expected to add of around SEK 200 M to the Sobi cost base in 2018.

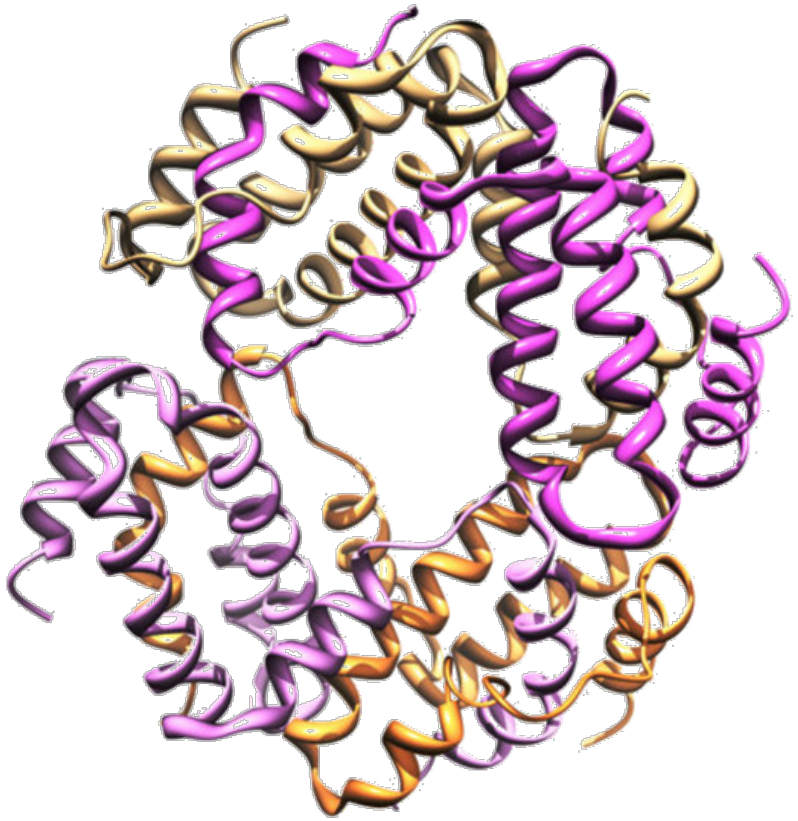
Emapalumab – a product that is right on our strategic focus



Emapalumab

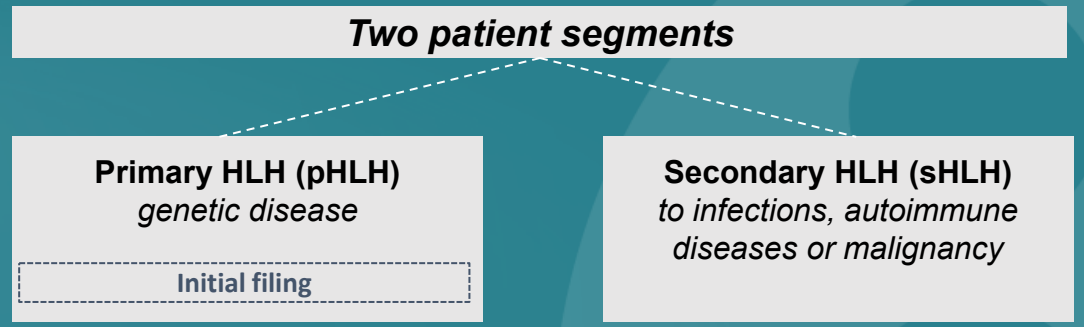
Fully human monoclonal antibody that targets IFN-gamma, a central mediator of inflammation

- Strategic partnership to develop and commercialise emapalumab, a highly attractive late stage orphan drug candidate that addresses a high unmet medical need in Haemophagocytic lymphohistiocytosis (HLH)
- Targets HLH, a rare, life-threatening syndrome of extreme immune activation (cytokine storm)
- Near-term commercial opportunity with sales potential from 2019 onwards



Haemophagocytic lymphohistiocytosis (HLH)

HLH is a rare and life-threatening syndrome of extreme immune activation



High unmet medical need

- Fatal with median survival of <2 months without treatment
- No approved drug treatments
- Current widely accepted treatment protocols apply a combination of dexamethasone and chemo-immunotherapy (incl. etoposide)

ca. 5,000+

Patients in the US, EU and Japan (primary and secondary HLH)

Source: [patient population data]

The transaction is an excellent fit with our strategy

Develop Specialty Care

- ✓ Late stage orphan drug, in the area of inflammation, addressing a high unmet medical need
- ✓ Provides an attractive near-term commercial opportunity with USD 300 M peak sales potential
- ✓ Expected to support sustainable sales growth from 2019 onwards

Expand US business and extend position in EMENAR

- ✓ Sobi to gain full global rights to emapalumab
- ✓ Utilises Sobi's strengths in market access and product launch
- ✓ US expansion – Potential to double Sobi's sales in the US market
- ✓ BLA filed with FDA in March 2018

Strengthen pipeline and build foundation for self-sustained R&D

- ✓ Currently planning studies in follow-on indications

Emapalumab will be a catalyst for creating a strong Immunology franchise in Specialty Care

Haemophilia

ELOCTA®▼
efmoroctocog alfa
(recombinant human coagulation factor VIII, Fc fusion protein)

ALPROLIX®▼
eftrenonacog alfa
(recombinant human coagulation factor IX, Fc fusion protein)

Specialty Care

Immunology

Emapalumab

Kineret®
(anakinra)

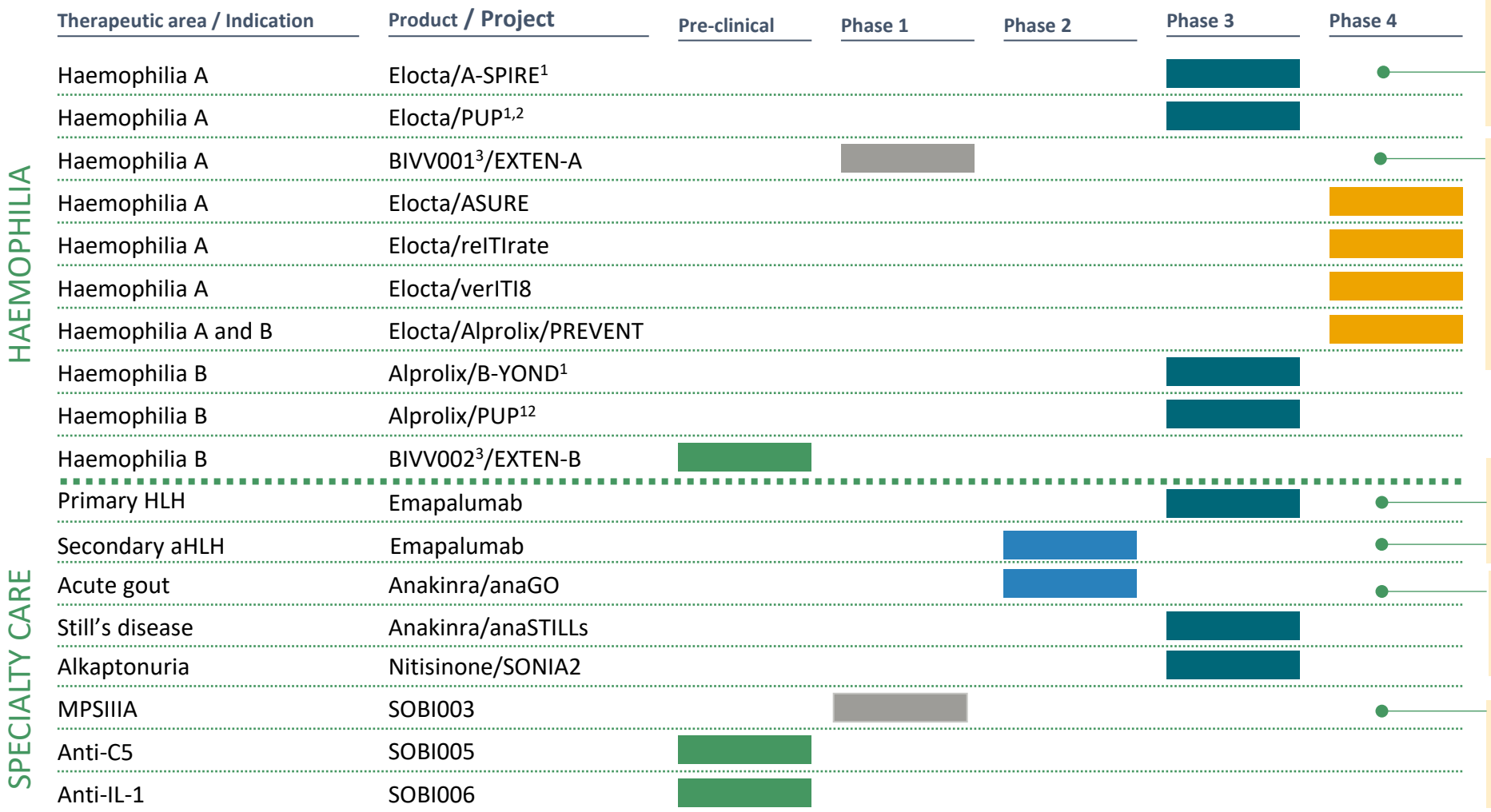
GenMet/ Other

Orfadin®
nitisinone

RAVICTI®
(glycerol phenylbutyrate) Oral Liquid

XIAPEX®
collagenase clostridium histolyticum

Pipeline October 2018 – continuous expansion of possible indications



Interim data published in *Haemophilia* show improvements in long-term joint health for haemophilia A patients after prophylactic treatment with Elocta.
(30 Oct 2017)

Preliminary safety and pharmacokinetic data showed that a single low dose of BIVV001 extended the half-life of factor VIII to 37 hours with high factor activity levels and was generally well tolerated. (21 May 2018, presented at WFH by Bioverativ, a Sanofi company)

Sobi acquired the global rights to emapalumab from Novimmune.
(20 July 2018)

Primary efficacy results from the phase 2 study anaGO released.
(2 Oct 2018)

First patient dosed in the phase 1/2 study with SOBI003.
(10 Aug 2018)

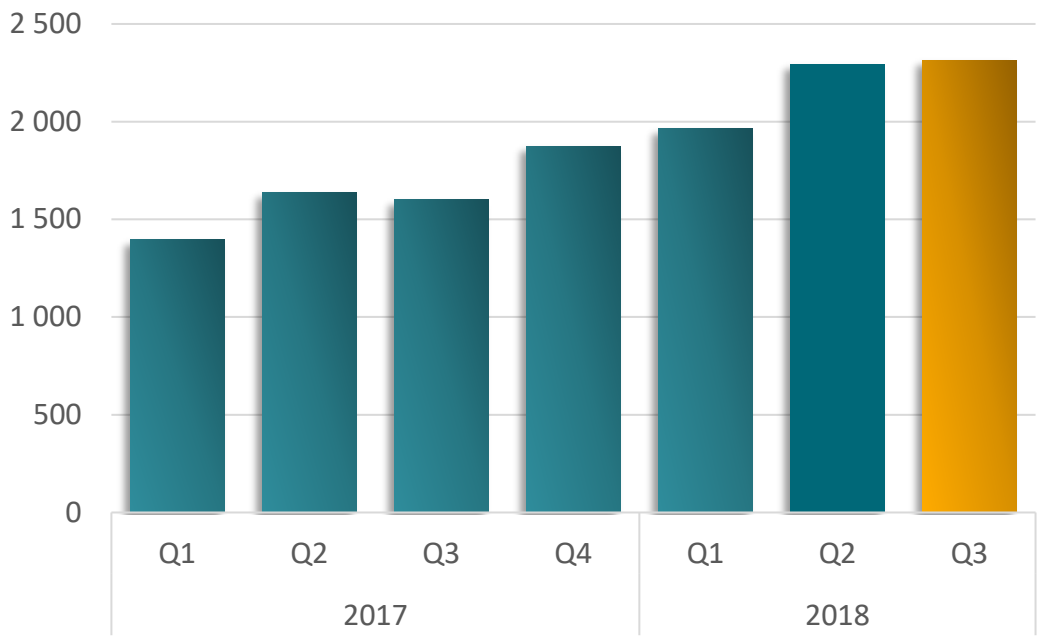
1 Extension trial for an already approved indication 2 PUP – Previously Untreated Patients
3 A Bioverativ, a Sanofi-company, development programme. Sobi has elected to add the programmes to the collaboration agreement with Bioverativ but has not yet opted-in.

Financial results

Henrik Stenqvist

Financial highlights Q3 2018

Total Revenue (SEK M)



	Q3 2018	Q3 2017	Change (%)	Jan-Sep 2018	Jan-Sep 2017	Change (%)
Revenues (SEK M)	2,315	1,601	+45	6,568	4,636	+42
Gross margin	75%	70%		74%	72%	
EBITA (SEK M)	933	536	+74	2,655	1,434	+85
EBITA margin	40%	33%		40%	31%	
Cash flow from operations (SEK M)	712	580	+23	1,553	1,076	+44

Profit & loss statement

Amounts in SEK M	Q3 2018	Q3 2017	Jan-Sep 2018	Jan-Sep 2017	Full-year 2017
Total revenues	**2,315**	**1,601**	**6,568**	**4,636**	**6,511**
Total cost of goods and services sold	-574	-473	-1,738	-1,316	-1,854
Gross profit	**1,741**	**1,129**	**4,830**	**3,320**	**4,657**
Gross margin	*75%*	*70%*	*74%*	*72%*	*72%*
Sales and administrative expenses before amortisation and write-downs	-509	-371	-1,425	-1,167	-1,644
Research and development expenses	-287	-214	-762	-679	-908
Other operating revenue/expenses	-12	-8	12	-40	-52
EBITA	**933**	**536**	**2,655**	**1,434**	**2,053**
EBITA margin	***40%***	***33%***	***40%***	***31%***	***32%***
Amortisation and write-downs	-113	-110	-335	-342	-453
EBIT	**820**	**426**	**2,320**	**1,092**	**1,600**
Financial income/expenses	-13	-17	-17	-53	-68
Profit before tax	**807**	**409**	**2,303**	**1,038**	**1,532**
Income tax expense	-183	-85	-480	-247	-384
Profit for the period	**623**	**324**	**1,823**	**791**	**1,149**

Balance sheet

Amounts in SEK M	Sep 2018	Dec 2017	Sep 2017
Assets			
Intangible assets	10,242	6,445	6,535
Tangible and financial assets	362	301	277
Total non-current assets	**10,604**	**6,746**	**6,812**
Inventories	1,174	1,053	1,095
Accounts receivable	1,511	1,129	941
Other current receivable	488	496	469
Cash and cash equivalent	2,488	1,478	1,758
Total current assets	**5,662**	**4,157**	**4,263**
Total asset	**16,266**	**10,903**	**11,075**

	Sep 2018	Dec 2017	Sep 2017
Equity and liabilities			
Shareholders' equity	8,499	6,701	6,352
Long-term liabilities	4	5	503
Long-term liabilities, non-interest bearing	1,213	1,832	1,880
Total long-term liabilities	**1,217**	**1,838**	**2,283**
Current liabilities	1	2	2
Current liabilities, non-interest bearing	6,548	2,363	2,339
Total current liabilities	**6,550**	**2,365**	**2,341**
Total equity and liabilities	**16,266**	**10,903**	**11,075**

Summary

Guido Oelkers

Strategic direction

Strong growth and positive outlook in the rare disease market segment

HAEMOPHILIA

Strong product offering

Continued market expansion

High entry barriers limit competition

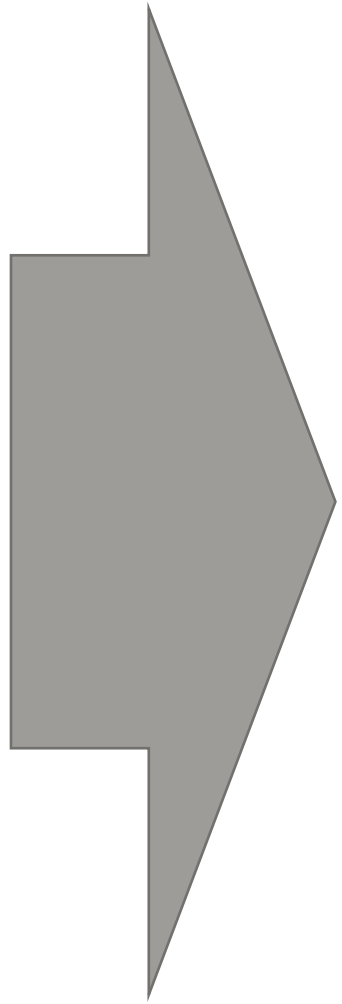
SPECIALTY CARE

Move towards proprietary drugs and drug candidates

Acquisitions to
- Leverage European platform
- Create synergies with existing portfolio
- Expand North American footprint

WORLD WIDE COMMERCIAL PLATFORM

- Proven track record of bringing Haemophilia products to the market
- Robust marketing and distribution infrastructure



LONG TERM VALUE CREATION

Profitable growth

Strong cash flow

Increasing financial flexibility

Outlook 2018 - revised

- Sobi expects total revenues for the full year to be in the range of SEK 8,900 - 9,000 M (8,600 - 8,800)
- The gross margin is expected to be in the range of 73 - 74 per cent (at least 70)
- Sobi expects EBITA for the full year to be in the range of SEK 3,400 - 3,500 M (3,400 - 3,600), including development and commercialisation costs for emapalumab of around SEK 200 M

Q&A


sobi
Pioneer in Rare Diseases