

CellaVision to acquire RAL Diagnostics

A unique combination of high-quality sample preparation and world-leading digital cell morphology.

The information was released for public disclosure on September 16, 2019, at 18:30 CET

CellaVision AB is today announcing that the company has signed an agreement to acquire the French company RAL Diagnostics (RAL), which manufactures sample preparation products in hematology, pathology, cytology and microbiology. RAL's sales in 2018 was about SEK 87 million and its EBITDA margin about 15 percent. The cash purchase price is SEK 268 million on a cash and debt-free basis. The acquisition is financed through a combination of CellaVision's own cash and cash equivalents and bank loans arranged by Skandinaviska Enskilda Banken of SEK 120 million.

The acquisition of RAL is a natural step in CellaVision's established strategy

The acquisition of RAL gives CellaVision the ability to further improve the quality of sample preparation, which is of great importance for the result of the blood analysis. The quality of the sample preparation is important for optimal functioning of CellaVision's systems, and there is a great need in both large, small and mid-size laboratories for standardized solutions.

This acquisition gives CellaVision a well-established brand with solutions in staining and sample preparation of the highest quality. CellaVision and RAL together create an increased customer value in digital morphology by offering a complete and integrated solution for the hematology laboratory. Both companies operate in hematology, collaborate with the same global partners and have the same end users. Already today, CellaVision's and RAL's products are used together by several laboratories and form separate but integrated steps in a complete blood analysis chain.

The acquisition provides CellaVision with important technology and new know-how, which in combination will form a good basis for continued growth. The acquisition is well in line with CellaVision's strategy and underlines the company's ambition to expand into related product and analysis areas.

In addition to RAL's offering in hematology, a segment amounting to 50 percent, RAL's product portfolio includes the areas of microbiology, amounting to 40 percent, and cytology and pathology which together amount to ten percent. The acquisition thus opens new future opportunities to apply CellaVision's technology beyond hematology.

Motives and opportunities

Broadened product offer and larger market. Based on the combined portfolios and potential to standardize the workflow globally, the acquisition is expected to increase CellaVision's addressable to a total market value of SEK six billion. The acquisition adds new technology in sample preparation and gives CellaVision good control of quality of the blood

smears analyzed in the company's equipment. This means a broadening of CellaVision's product offer, covering a larger part of the blood analysis chain. Sample preparation primarily consists of consumables, which means that through the acquisition CellaVision gains access to recurring revenues.

Effective expansion of sales of RAL's hematology products to new markets. RAL holds a strong position in EMEA but has a limited presence in the Americas and APAC, where CellaVision has established a strong position. Thus, there are good opportunities to effective sales expansion for RAL's solutions in hematology through CellaVision's organization and established hematology partnerships.

Expansion into adjacent fields. The acquisition of RAL supplies CellaVision with considerable experience and knowledge in microbiology, cytology and pathology, which opens up new opportunities to apply CellaVision's technology beyond hematology.

"I am delighted and proud of the acquisition of RAL. CellaVision and RAL fit very well together strategically and in combination we have the capacity for stronger development than would have been possible as two separate companies. RAL's hematology range will have access to CellaVision's strong market organization and thus be able to reach new geographies in the Americas and APAC. For CellaVision the acquisition means that we are broadening our product range while acquiring new and important skills in analysis areas interesting for CellaVision's future development", comments CellaVision's President and CEO Zlatko Rihter.

The acquisition is expected to closed during the fall of 2019.

Estimated financial impact

The estimated total sales for CellaVision and RAL in 2018 amounted to SEK 452 million with an EBITDA result of about SEK 131 million, corresponding to an EBITDA margin of about 29 percent. Through the acquisition CellaVision's sales in EMEA will grow by more than 90 percent and globally by about 25 percent.

Indicative key financial information 2018

SEK MILLION	CellaVision	RAL	Total
Net sales	365	87	452
Gross margin	74%	50%	70%
EBITDA	118	13	131
EBITDA margin	32%	15%	29%

The financial information above is only to be regarded as illustrative and does not include synergy gains, integration costs, transaction costs or depreciation of surplus values resulting from the acquisition analysis. The financial information presented above has not been reviewed or audited by CellaVision's auditors and does not constitute pro forma financial information.

CellaVision's organic growth target of 15 percent and an EBIT margin of 20 percent remain unchanged.

About CellaVision

CellaVision is an innovative, global medical technology company that develops and sells leading systems for routine analysis of blood and other body fluids in health care services. The analyses often constitute important reference data for fast and correct diagnosis of illnesses, for example of infections and serious cancers. CellaVision's products rationalize manual laboratory work, and secure and support effective workflows and skills development within and between hospitals. The company has leading-edge expertise in image analysis, artificial intelligence and automated microscopy. Sales are via global partners, supported by the parent company in Lund and by the company's 17 local organizations for market support with direct presence in more than 30 countries. In 2018 sales were SEK 365 million and the company's growth target is 15 percent per year over an economic cycle. The share is listed on the Nasdaq, Stockholm, Mid Cap list. Read more at www.cellavision.se

About RAL Diagnostics

RAL is a leading producer and market actor in reagents in hematology, bacteriology, parasitology, cytology and pathology. The company's reagents help to identify cell and tissue morphology, parasites and bacteria that are necessary to diagnose many illnesses. RAL supplies innovative products and solutions for standardized laboratory diagnostics and improved performance for cellular image processing. The company in Bordeaux, in France, includes a production facility with current annual production of reagents.

Questions on the acquisition can be addressed to:

Zlatko Rihter, President and CEO, CellaVision AB,

Tel: +46 733-62 11 06.

Email: zlatko.rihter@cellavision.com

Publication

This information is information that CellaVision AB (publ) is obliged to disclose pursuant to the EU Market Abuse Regulation and the Securities Market Act. The Information was released for public disclosure on September 16, 2019 at 18:30 CET.