



RATOS

Capital Market Day 2016

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Chief Executive Officer

*The Opera Terrace
Stockholm , 16 March 2016*



It's all about trust

Agenda

- 1 Introduction to Clinical Research
- 2 Outsourcing Drivers in Biopharmaceutical R&D
- 3 TFS at a Glance
- 4 Service Offerings and Value Creation
- 5 Financial Performance
- 6 Growth Strategies
- 7 Summary

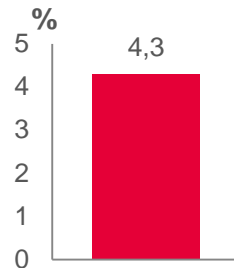
TFS Position in the Clinical Research Value Chain



Clinical research is a branch of healthcare science that determines the safety and effectiveness (efficacy) of medications, devices, diagnostic products and treatment regimens intended for human use. These may be used for prevention, treatment, diagnosis or for relieving symptoms of a disease.

Macro Healthcare Trends Influencing Overall Healthcare Demand

- Healthcare **growing share of GDP** – especially in emerging markets
- **Ageing populations** – increase in chronic, expensive-to-treat diseases
- Increasing **pressure from regulatory agencies**
- Payers demand **evidence of value**
- **Technology and innovation** enabling new healthcare delivery models
- Greater **consumer information & empowerment**



Projected % increase in healthcare spending 2015-2019 globally*

*) Source: Deloitte

Key Trends Driving the CRO Need

Traditional Drivers

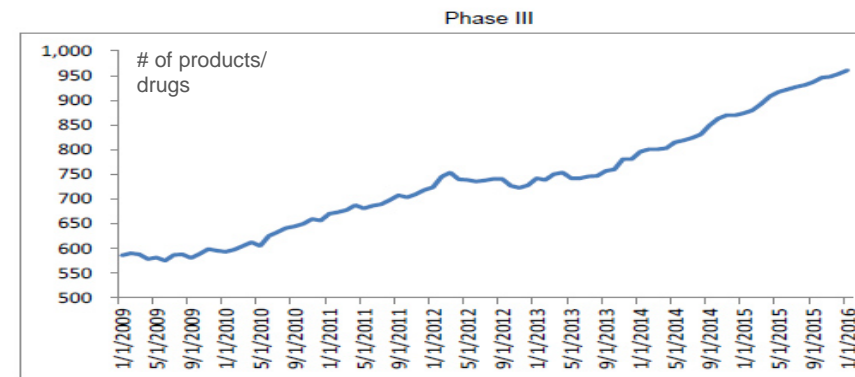
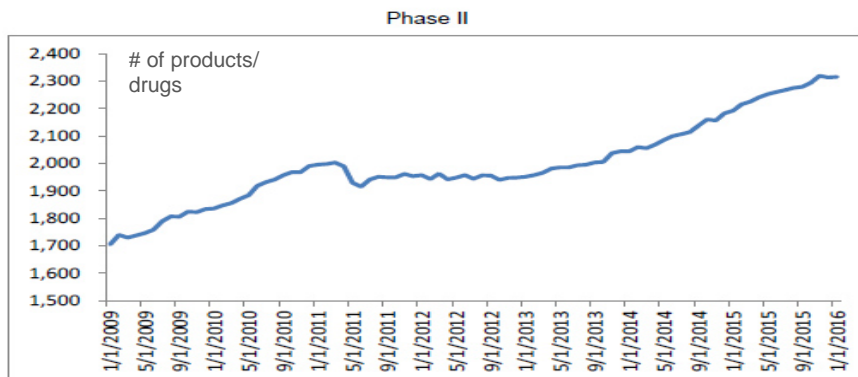
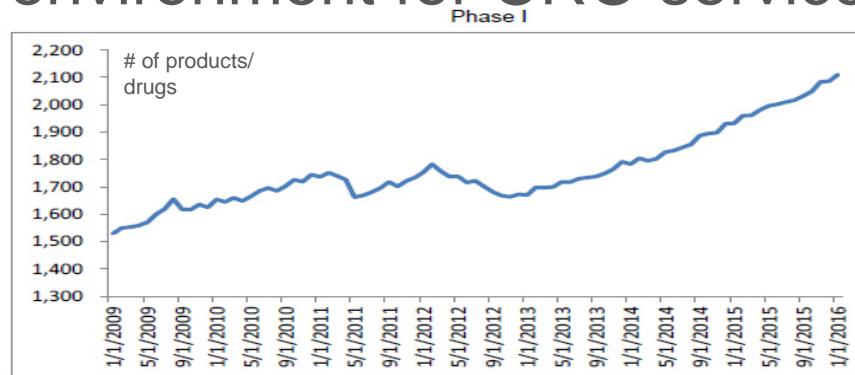
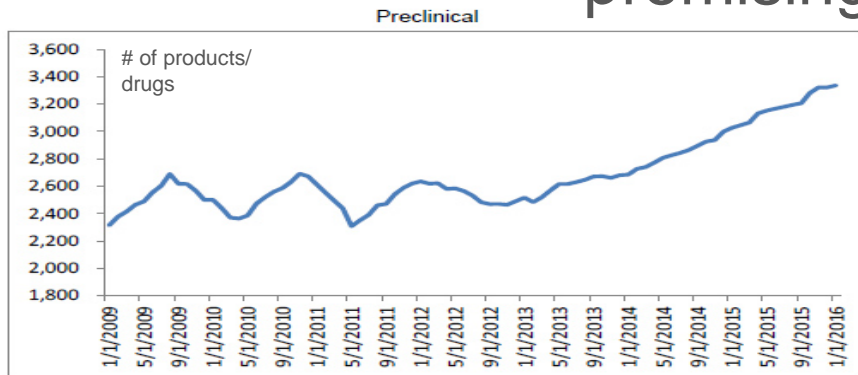
- Cycle ***Time Reduction***
- Access to ***Regulatory Expertize***
- Access to ***Key Opinion Leaders***
- Access to ***Patients***
- ***Tactical*** CRO and Biopharma Partnerships

New and Future Drivers

- Access to ***Therapeutic Expertize***
- Access to ***Technology, Infrastructure*** and Processes
- New ***Data Sources***
- ***Strategic/Integrated*** CRO and Biopharma Partnerships



Four Leading Indicators – pointing towards a very promising environment for CRO services



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Last 24 months have been encouraging

Source: William Blair & Company, Pharmaceutical Outsourcing Update, Feb. 2016

Drivers of Overall CRO Market Growth

Biopharma Outsourcing *Current*

c\$127bn

Global R&D Spend

c\$63bn

CRO Addressable Development Spend*

c\$30-35bn

Outsourced c50%



Biopharma Outsourcing *2020e*

c\$148bn (+17%)

Global R&D Spend

c\$72bn (+14%)

CRO Addressable Development Spend*

c\$40-45bn (+c30%)

Outsourced c55-60%

*estimated outsource spend available for CROs Source BCG.



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TFS at a Glance

720
PROFESSIONALS
WORLD WIDE



CONDUCTING TRIALS IN
MORE THAN
40
COUNTRIES




OFFICES IN
20
COUNTRIES



WE CURRENTLY SUPPORT
1,000
CLINICAL WORK ORDERS



2015 SIGNED
445
NEW WORK
ORDERS



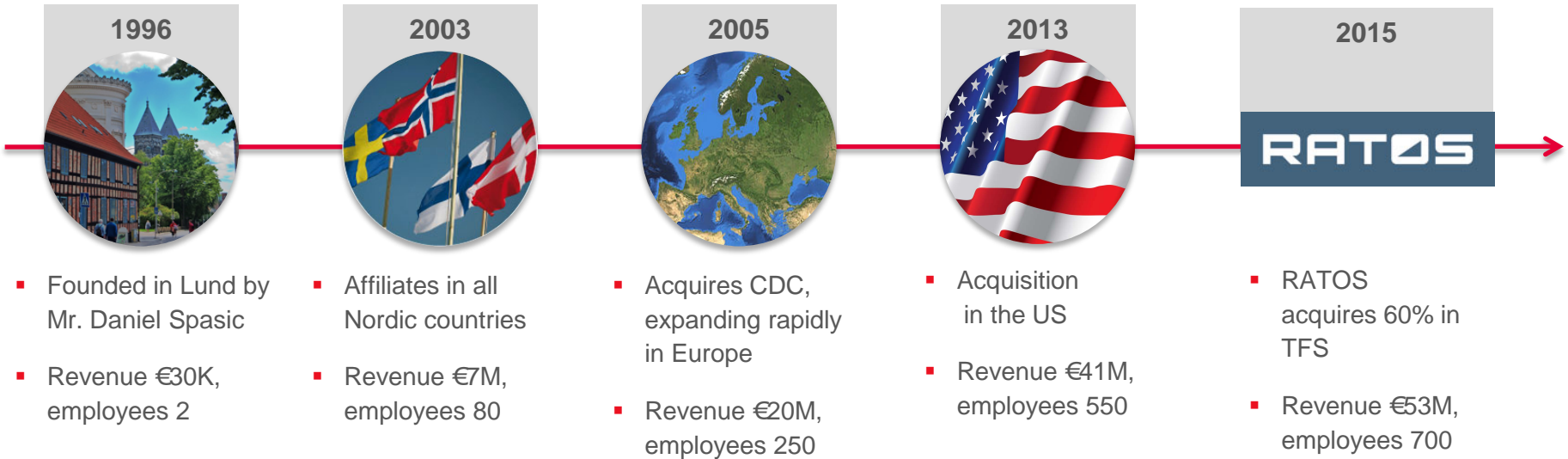
THERAPEUTIC
FOCUS IN
7 AREAS



WORKING WITH
225
CUSTOMERS

TFS Key Milestone Achievements

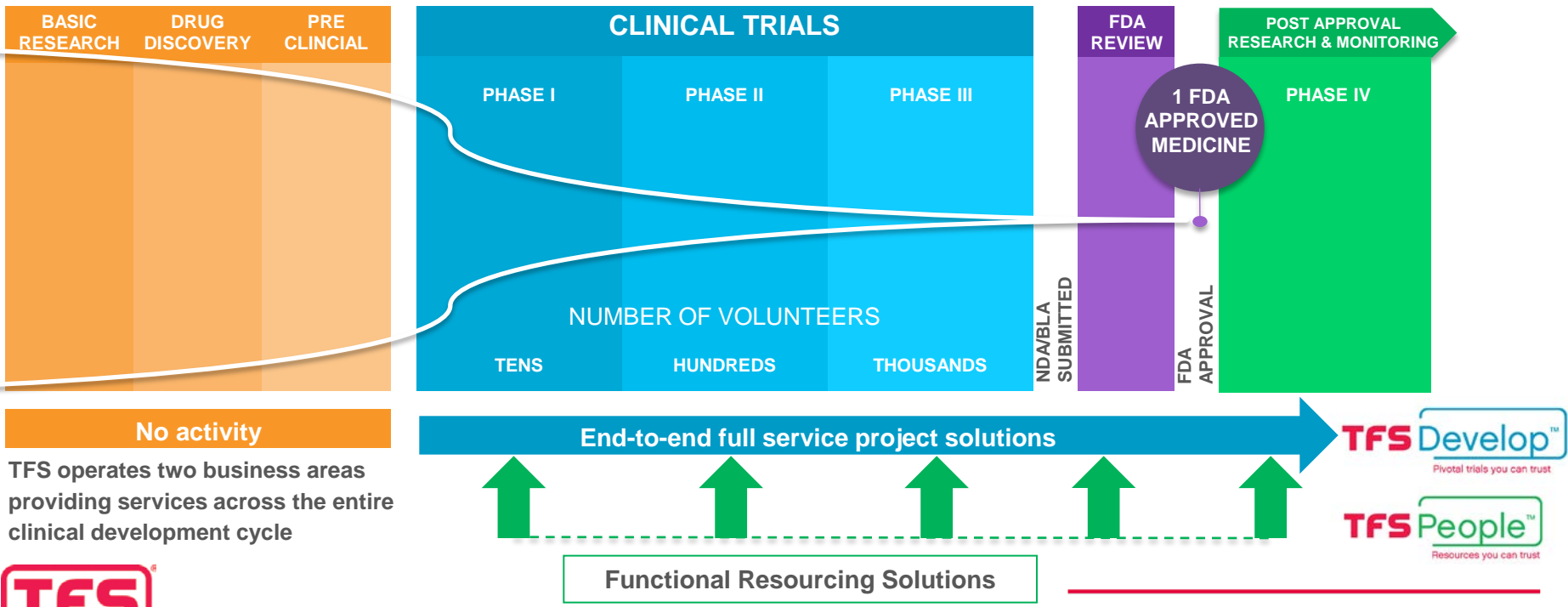
...it all started in Lund



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Comprehensive Global Services

Full-Service span all aspects of clinical product development



TFS Services delivers tremendous Value Creation for Patients, Society and Customers

Patients and Society

- Bringing safe medicines and treatments faster to patients in need
- Improving Quality of Life for patients, creating savings through health economics and lowering the cost of burden for payers and society



Financial Returns

- Reducing the clinical development cycle and time to market delivering b\$ in return
- Regulatory strategy and positioning towards payers increases access to the medicines/treatments globally delivering b\$ in return



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Factors that Differentiate TFS



Governance and execution delivered close to the customer



Business areas and service functions support both SMEs and big pharma



Deep regional regulatory and medical expertise



Specialization in the fastest growing therapeutic areas



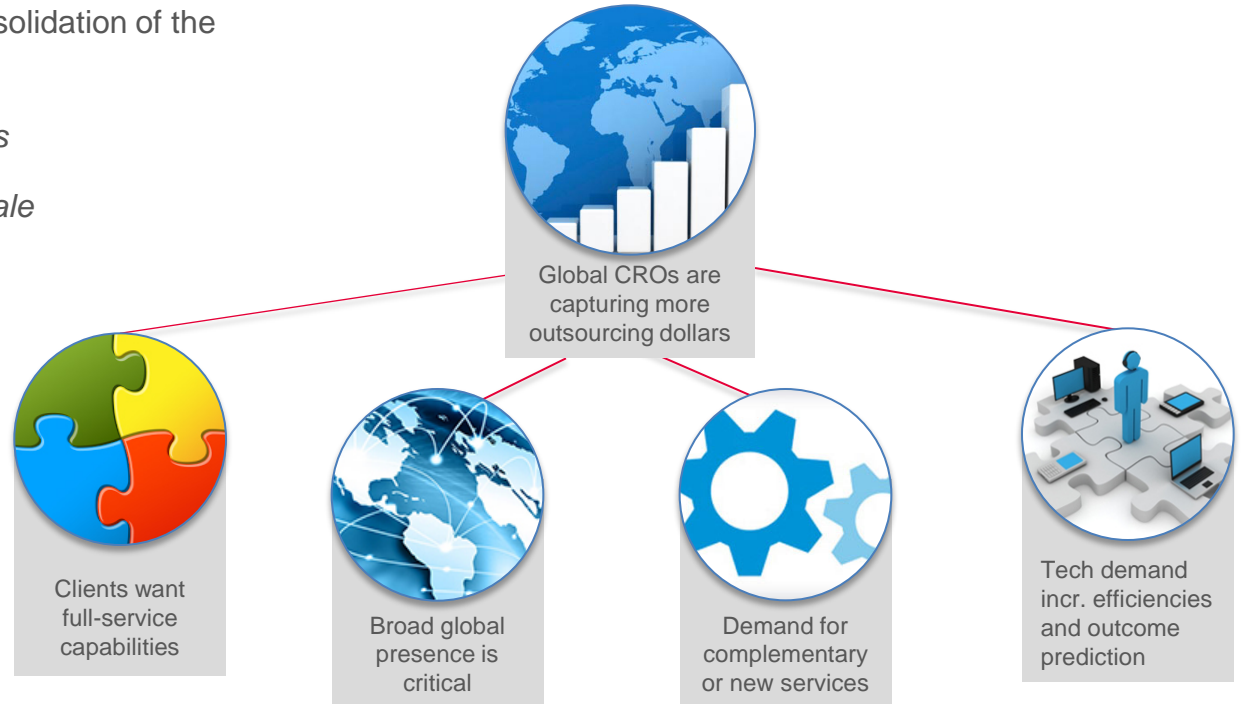
Positioned as a global leading mid-size CRO



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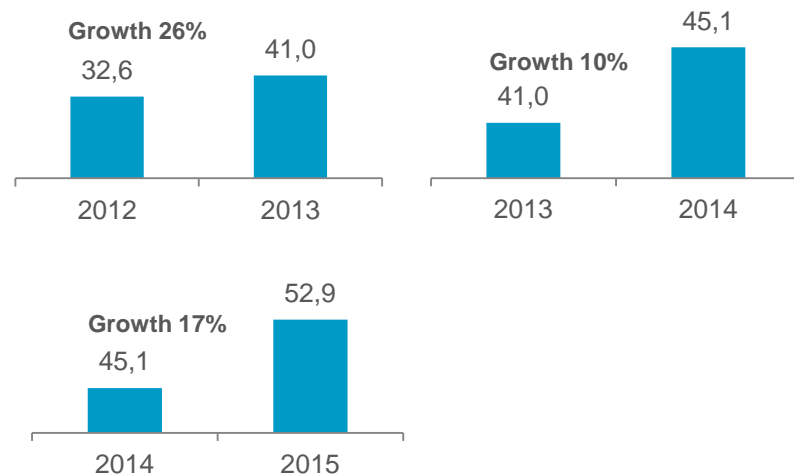
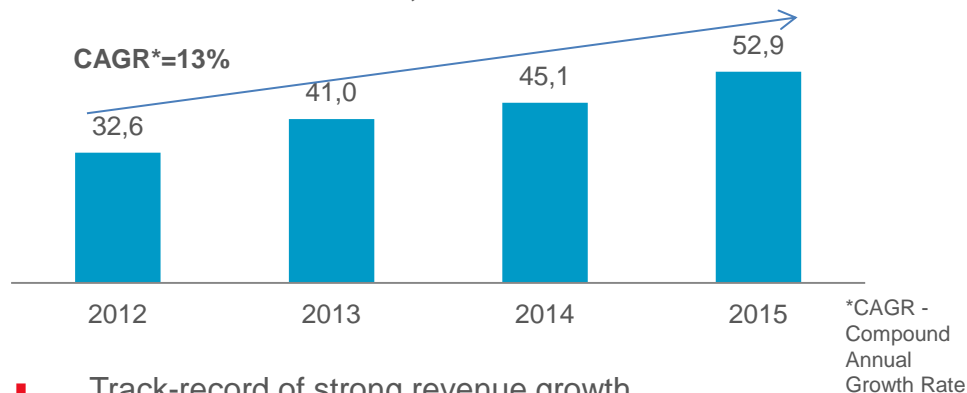
TFS Strategically Positioned in the CRO Industry Consolidation

- TFS is well positioned in the consolidation of the CRO industry
 - *Multiple geographical locations*
 - *Global business areas and scale*
 - *Technology infrastructure*
 - *International customer base*



Consistently Strong Professional Fee Revenue Development

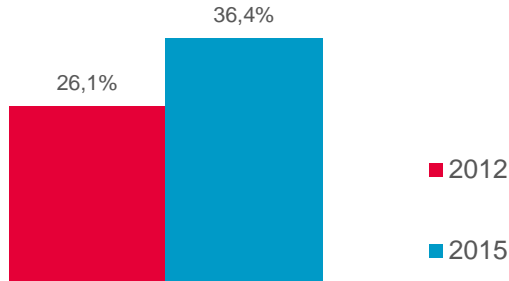
Professional Fee Revenue, MEUR



- Track-record of strong revenue growth
- CAGR 2012-2015 at 13% (10% organic + 3% acquisitions)
- Total revenue growth exceeding 62% from 2012 to 2015

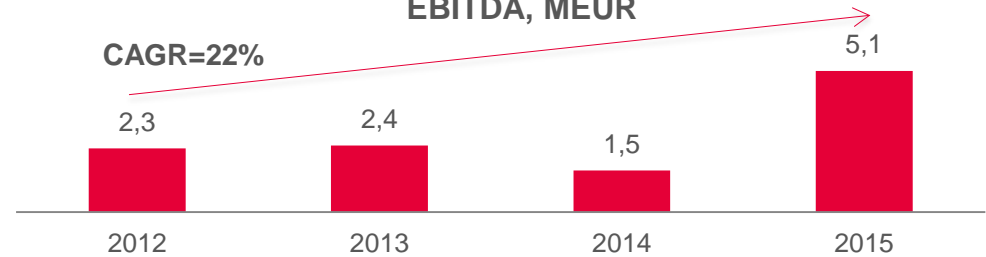
Improved Margin Development

Gross Margin 2015 vs 2012, %

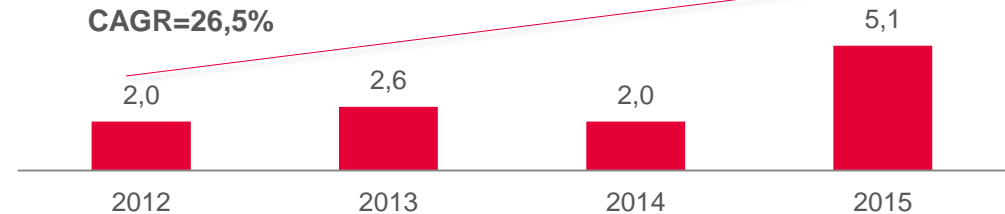


- Quality of earnings and margin improvements
- Larger global projects, higher rate cards, SG&A leverage, improved operational excellence

EBITDA, MEUR

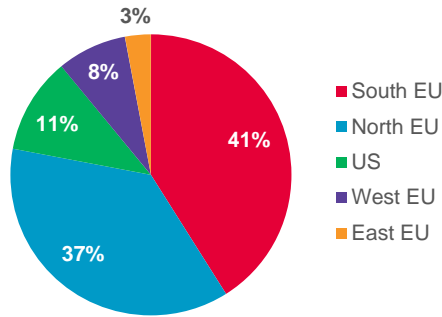


Adjusted EBITDA, MEUR

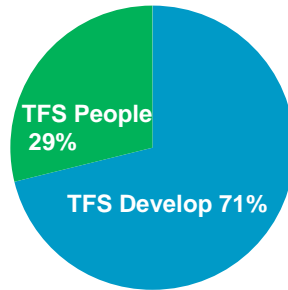


Diversified Revenue Split by Geography and Customer Base*

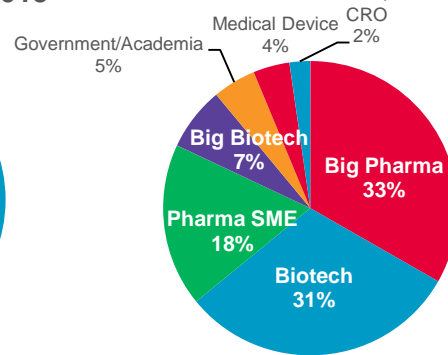
Revenue by Geography 2015



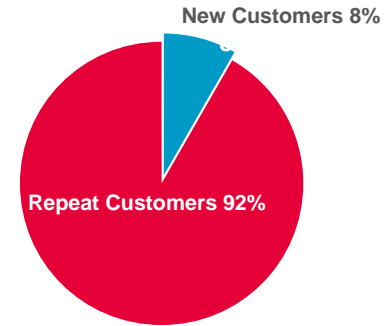
Revenue by Segment, 2015



Customer Profile, 2015*



2015

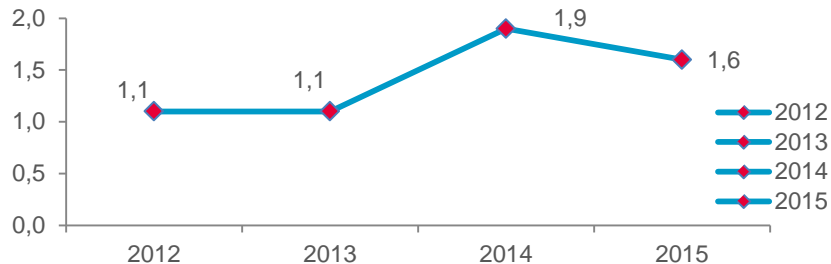


- All markets growing with two digits
- US investment in 2013 is paying off
- Good revenue mix between Business Areas

- 63% SMEs, 37% multinational large customers
 - Repeat sales above 90%
 - Highly diversified customer base, limited revenue concentration
- *) based on 225 customers

Strong New Business Awards Growth Driving Book-to-Bill*

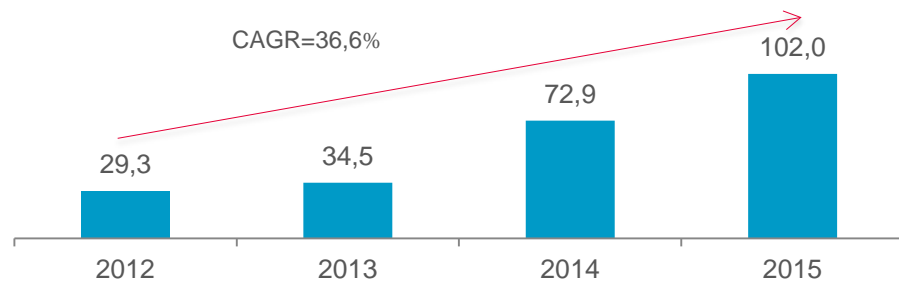
Book-to-Bill, 2012-2015



- Book-to-bill by far exceeding Industry standards (1.2 -1.25) last 24 months
- Record strong business awards last 24 months

High Quality Backlog Supports Long-Term Growth

Backlog at December, MEUR



- Back-log exceeding €100M by Dec. 2015
- Back-log build-up ensures strong revenue performance in 2017 and 2018

TFS Well Defined, Multi-Pronged Growth Strategy



Geographical growth through selected strategic acquisitions

Expansion through TFS strategic therapeutic areas

Investing in Alliance Management with strategic customer accounts

Seeking increased leverage and synergies in the two business areas

Expanding the Real World Evidence (RWE) service offering globally

Technology enhancements and investments



Summary of Attributes Ensuring Consistent Growth

