Labtech

Companies in the Labtech business are active in the market areas diagnostics, biomedical research and laboratory equipment.

As of April 1, 2021, the Biomedica companies are included as a whole in the business area Labtech. The aim is that such an allocation is more consistent with how the companies are monitored internally and will better capture the growth opportunities in the companies. All key financial indicators have been recalculated in accordance with the new breakdown. Previously, the Biomedica companies were distributed with 60 percent in Labtech and 40 percent in Medtech.



	3 months	ending		6 month	s ending	12 months ending		
MSEK	30 Jun 21	30 Jun 20	change	30 Jun 21	30 Jun 20	change	30 Jun 21	31 Dec 20
Net sales	1,169	821	43%	2,394	1,509	59%	4,504	3,619
EBITA	280	125	123%	556	203	174%	975	622
EBITA- margin, %	23.9%	15.3%		23.2%	13.4%		21.6%	17.2%

Labtech's net sales increased by 43 percent in the second quarter to SEK 1,169m (821), which is entirely organic growth, however exchange rate changes had a negative impact of 3 percent. Net sales related to COVID-19 accounted for SEK 570m and organic growth, excluding COVID-19 amounted to 10 percent. EBITA increased by 123 percent to SEK 280m (125), corresponding to an EBITA-margin of 23.9 percent (15.3).

Labtech's net sales increased by 59 percent in the interim period to SEK 2,394m (1,509), which is entirely organic growth, however exchange rate changes had a negative impact of 6 percent. Net sales related to COVID-19 accounted for SEK 1,110m and organic growth, excluding COVID-19 amounted to 9 percent. EBITA increased by 174 percent to SEK 556m (203), corresponding to an EBITA-margin of 23.2 percent (13.4).



The Labtech business area reports a very strong second quarter, driven by continued high demand related to COVID-19. The spread of the third wave of the disease fell sharply throughout Europe in the middle of the quarter, and sales of COVID-19 related products therefore gradually declined in May and June. As the number of new cases drops, the opportunities to meet with customers and provide service and training are increasing.

Overall, sales in our diagnostics companies have been very high for COVID-19 PCR tests on previously installed instruments, especially in our companies in Sweden and Norway. Gradually, however, both volumes and prices of tests have declined in the quarter, which is most evident in Central and Eastern Europe. Future sales of COVID-19 tests are entirely dependent on the development of the pandemic, new mutations and changing requirements for testing in order to gradually restart society. What is clear, however, is that testing will continue for a long time and become more and more of a "routine test" for health services. Growth in the quarter excluding COVID-19 related sales was also strong. Sales of blood gas analysis reagents were at a high level overall in the quarter. As healthcare resources are reprioritised, demand has increased for tests in other areas, such as Alzheimer's, genetics and oncology.

Our research companies also had a strong quarter in terms of sales, since virus research activity is high with strong demand for products for gene sequencing of new COVID-19 mutations. Demand from our pharmaceutical customers who do not focus on COVID-19 is more normal and sales are stable. In general, many customers have postponed their investment decisions because of the pandemic. We do not consider such business to be lost, but rather it has been delayed. A very positive trend in the quarter is that sales of our own advanced instruments started up again and were high, especially in the US, Europe and Asia outside China.

Medtech

Companies in the Medtech business provides medical device products within the medtech market and assistive equipment within home healthcare.

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	3 month	s ending		6 month	s ending	12 months ending		
MSEK	30 Jun 21	30 Jun 20	change	30 Jun 21	30 Jun 20	change	30 Jun 21	31 Dec 20
Net sales	1,108	428	159%	1,620	795	104%	2,484	1,659
EBITA	57	59	-3%	107	90	19%	213	196
EBITA- margin, %	5.1%	13.8%		6.6%	11.3%		8.6%	11.8%

For the quarter, Medtech's net sales increased by 159 percent to SEK 1,108m (428), including organic growth of -24 percent and acquired growth of 185 percent, while exchange rate fluctuations had a negative impact of 2 percent. Net sales related to COVID-19 accounted for SEK 140m and organic growth, excluding COVID-19 increased with 1 percent. EBITA decreased by 3 percent to SEK 57m (59) and EBITA margin amounted to 5.1 percent (13.8). Transaction costs of SEK 29m and stamp duty of SEK 24m related to the acquisitions of shares have been charged to the result. EBITA excluding acquisition-related costs amounted to SEK 110m, corresponding to an EBITA margin of 9.9 percent.

For the interim period, Medtech's net sales increased by 104 percent to SEK 1,620m (795), including organic growth of -16 percent and acquired growth of 123 percent, while exchange rate fluctuations had a negative impact of 3 percent. Net sales related to COVID-19 accounted for SEK 220m and organic growth, excluding COVID-19 decreased with 2 percent. EBITA rose 19 percent to SEK 107m (90) and EBITA margin amounted to 6.6 percent (11.3).



The Medtech business reported very strong sales growth, driven primarily by the acquisitions of Healthcare21 and Vision Ophthalmology Group. Reported EBITA is slightly lower than last year and includes SEK 53 million in acquisition costs.

The strong growth in Medtech is driven by the acquisitions we made in the quarter, as well as in the autumn of 2020. The pandemic has had a strong impact on the development of the companies. Sales of COVID-19 related products have continued in Central Europe, but not in the Nordics, and is on par with the corresponding quarter last year. The pandemic has generally posed challenges for our companies in terms of increased freight costs, raw material shortages resulting in higher prices and supply chain disruptions, especially from Asia.

Restrictions have gradually been lifted in several countries this quarter and hospital intensive care units have fewer and fewer critically ill COVID-19 patients. Hospitals are reallocating their resources to surgery again, but the resumption of elective surgery is relatively slow in many countries. For example, there are 860,000 people in Ireland and 2.3 million people in the UK in queue right now. The huge surgical backlog is challenging in all countries. We do not expect activities to really get started until after the summer. Consequently, sales of elective surgery products have remained at a lower level, but our companies have been able to compensate with sales of other medical devices for both critical care and general health services during the quarter.

For our home care companies, the opportunity to act in the market has increased as the spread of infection has decreased and senior housing facilities have opened up. The opportunity to carry out testing and installations has improved with every passing month. Overall, growth in the quarter has been strong compared with the corresponding quarter last year. We are seeing an increased investment willingness and more tenders have come out at the end of the quarter.

Net sales by business area

		2021				2020
Quarterly data, SEKm	Q2	Q1	Q4	Q3	Q2	Q1
Labtech	1,169	1,225	1,283	827	821	688
Medtech	1,108	512	449	415	428	367
Group items	-1	-1	-1	-1	-1	-2
AddLife Group	2,276	1,736	1,731	1,241	1,248	1,053

EBITA by business area

		2021				2020
Quarterly data, SEKm	Q2	Q1	Q4	Q3	Q2	Q1
Labtech	280	276	273	146	125	78
Medtech	57	50	49	57	59	31
Parent Company and Group items	-5	0	-6	-4	-3	-3
EBITA	332	326	316	199	181	106
Depreciation intangible assets	-79	-35	-38	-30	-30	-32
Operating profit	253	291	278	169	151	74
Finance income and expenses	-16	-4	-2	-4	-2	-5
Profit after financial items	237	287	276	165	149	69

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Net sales by business area

	3 mo	nding	6 mo	nths ei	nding	12 months ending		
SEKm	30 Jun 21	%	30 Jun 20	30 Jun 21	%	30 Jun 20	30 Jun 21	31 Dec 20
Labtech	1,169	43	821	2,394	59	1,509	4,504	3,619
Medtech	1,108	159	428	1,620	159	795	2,484	1,659
Group items	-1		-1	-2		-3	-4	-5
AddLife Group	2,276		1,248	4,012		2,301	6,984	5,273

EBITA and EBITA-margin by business area and operating profit for the group

	3 months ending				6 months ending				12 months ending			
	30 Jun		30 Jun		30 Jun		30 Jun		30 Jun		31 Dec	
SEKm	21	%	20	%	21	%	20	%	21	%	20	%
Labtech	280	23.9	125	15.3	556	23.2	203	13.4	975	21.6	622	17.2
Medtech	57	5.1	59	13.8	107	6.6	90	11.3	213	8.6	196	11.8
Parent Company and Group items	-5		-3		-5		-6		-15		-16	
EBITA	332	14.6	181	14.5	658	16.4	287	12.5	1,173	16.8	802	15.2
Depreciation intangible assets	-79		-30		-114		-62		-182		-130	
Operating profit	253	11.1	151	12.1	544	13.6	225	9.8	991	14.2	672	12.8
Finance income and expenses	-16		-2		-20		-7		-26		-13	
Profit after financial items	237		149		524		218		965		659	

Net sales by revenue type

	3 months	s ending	6 months	ending	12 months ending		
SEKm	30 Jun 21	30 Jun 20	30 Jun 21	30 Jun 20	30 Jun 21	31 Dec 20	
Products							
Labtech	986	613	1,991	1,131	3,522	2,662	
Medtech	947	377	1,421	707	2,191	1,477	
Groupitems	-1	-1	-2	-3	-4	-5	
The Group	1,932	989	3,410	1,835	5,709	4,134	
Instruments							
Labtech	140	164	312	277	791	756	
Medtech	84	51	122	88	214	180	
The Group	224	215	434	365	1,005	936	
Service							
Labtech	44	44	91	101	191	201	
Medtech	76	0	77	0	79	2	
The Group	120	44	168	101	270	203	
Total	2,276	1,248	4,012	2,301	6,984	5,273	

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