sobi

Pioneer in Rare Diseases

Q4 & FY

Report for the fourth quarter and year-end 2013

Financial Calendar

Q4 and Full Year results 2013	20 February 2014
Q1 2014	8 May 2014
Annual General Meeting (AGM)	8 May 2014
Q2 2014	18 July 2014
Q3 2014	30 October 2014

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CEO Statement

Sobi had an eventful year in 2013 with strong operating performance and significant pipeline progress.

Revenues in the quarter rose by 29 per cent and in the year by 13 per cent compared to the previous year. Our gross margin increased substantially, and we strengthened our company financially through both positive cash flow and improved operating profit.

Our key Therapeutic Areas of Inflammation and Genetics & Metabolism continued their trajectory from 2012, expanding the business in both existing and new markets. Kineret® was approved in Europe for a new paediatric indication, Cryopyrin-Associated Periodic Syndromes (CAPS), shortly before year end, and we reached an agreement with our distributor for Orfadin® in the US to assume direct responsibility for Orfadin in the US, Canada, and Latin America.

We strengthened our Partner Products portfolio with four significant new partnership agreements, including Auxilium Pharmaceuticals Inc., PharmaSwiss, Hyperion Therapeutics Inc. and Exelixis. Finally, the ReFacto® manufacturing business continued to produce stable results throughout the year.

We also made meaningful advances in our Development Programmes. In the fourth quarter, we presented our Kepivance® programme to explore a new indication for the reduction in duration and severity of oral mucositis based on data acquired from Amgen from two phase 3 studies. Furthermore we announced a novel biological inhibitor of complement factor C5 (SOBI002) which entered phase 1 clinical trials in December.

During 2013 we laid a solid foundation from which to begin commercialisation of our two long-lasting haemophilia drug candidates (rFVIIIFc and rFIXFc), developed together with our partner Biogen Idec. We reinforced our Haemophilia senior medical and commercial teams by recruiting several highly experienced professionals. Biogen Idec expects to launch both products in the US in 2014.

Prior to EU filing it is necessary to complete studies on children. At the end of 2013 we had two ongoing phase 3 studies in children under the age of 12. Interim results from the studies, which were presented in December at the 55th Annual Meeting of the American Society of Hematology (ASH), showed extended half-life compared to the patients' previous treatment regimens. Pending the outcome of the paediatric studies, we plan to file for market authorisation of the products in our territories i.e. Europe, Russia, North Africa and the Middle East.

Looking forward, we will maintain our focus on the growth and geographic expansion of our base business and continuously improving to increase the efficiency of our business model. In addition, we will continue to pioneer in rare diseases by advancing our several development programmes.

On 2 January 2014 Sobi was transferred to the Large Cap category on the NASDAQ OMX Stockholm exchange.

Thanks to our employees, our partners and shareholders for their support and contribution to our successes during the year.

Solna, 20 February 2014

Geoffrey McDonough
CEO and President

Business Highlights Q4 2013

- Gained rights to distribute Ravicti® in Middle East from Hyperion Therapeutics, Inc.
- Announced novel Complement inhibitor program to enter phase 1
- Leading haematology journal Blood published pivotal rFVIIIFc data
- Received approval for Kineret for treatment of CAPS in the EU
- Awarded Best Biotech Pipeline at World Orphan Drug Congress
- New phase 3 data confirmed long-lasting characteristics of investigational product candidates across multiple haemophilia populations
- The New England Journal of Medicine published pivotal data regarding rFIXFc
- Announced decision to take direct responsibility for Orfadin in the Americas

Financial Highlights Q4 2013 (Q4 2012)

- Total revenues were SEK 610.8 M (471.9)
- Product revenues were SEK 448.0 M (356.0)
- Gross margin was 59 per cent (57)
- Ended the quarter with a cash position of SEK 445.1 M
- Earnings per share: SEK -0.05 (-0.54)

Financial Highlights FY 2013 (FY 2012)

- Total revenues were SEK 2,176.7 M (1,923.2)
- Product revenues were SEK 1,557.7 M (1,344.3)
- Gross margin was 59 per cent (54)
- EBITA was SEK 211.0 M (367.0)
- Earnings per share: SEK -0.35 (-0.38)

Business Review Q4 2013

Gained rights to distribute Ravicti in the Middle East from Hyperion Therapeutics, Inc.
Sobi was granted the exclusive rights to distribute Ravicti (glycerol phenylbutyrate) Oral Liquid on a named patient basis for the chronic treatment of Urea Cycle Disorders (UCD) in the Middle East. Under the agreement, Sobi received the rights to provide Ravicti in Saudi Arabia, Oman, United Arab Emirates, Jordan, Kuwait, Qatar and Bahrain.

Announced novel Complement inhibitor programme to enter phase 1
Sobi announced its intention to bring a novel investigational biopharmaceutical drug candidate, SOBI002, into a phase 1 trial. SOBI002 is a small biologic molecule that works as a potent and selective inhibitor of complement protein C5, a key protein in human immunological and inflammatory processes and central to a number of important diseases.

The study will evaluate single and repeated doses of SOBI002 administered subcutaneously and intravenously in healthy volunteers.

Leading haematology journal Blood published pivotal rFVIIIFc data
Detailed phase 3 data for Sobi's and partner Biogen Idec's investigational long-lasting recombinant factor VIII Fc fusion protein candidate were published online in Blood, the journal of the American Society of Hematology (ASH). Results from the A-LONG study showed that people with severe haemophilia A may achieve effective prevention or reduction of bleeding episodes with one or two prophylactic injections a week.

Received approval for Kineret for treatment of rare disease CAPS in the EU
The European Commission approved Kineret (anakinra) for the treatment of CAPS. The decision follows a positive opinion adopted by the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) in September 2013.

Kineret is now approved for use in children aged 8 months and older who suffer from CAPS. In December 2012, Kineret became the first and only FDA-approved therapy for Neonatal-Onset Multisystem Inflammatory Disease (NOMID), or Chronic Infantile Neurologic Cutaneous and Arthritis syndrome (CINCA). Sobi will provide Kineret for home treatment in a prefilled syringe with a graduated label to allow precise and flexible dosing in children and adults.

Awarded Best Biotech Pipeline at World Orphan Drug Congress
Sobi was awarded Best Biotech Pipeline at the World Orphan Drug Congress in Geneva. The award recognised the size and range of Sobi's orphan pipeline and also the mix across designation and authorisation phases within the portfolio. The judging panel also acknowledged Sobi's long-term future as well as the company's pioneering development approach and commitment to the rare disease and orphan drug space.

Sobi was also recognized as part of the DevelopAKUre Consortium, which was awarded the Best European Industry - Patient Organisation Collaboration award.

New phase 3 data confirmed long-lasting characteristics of investigational product candidates across multiple haemophilia populations
New results from phase 3 studies of investigational long-lasting recombinant factor VIII and IX Fc fusion protein candidates for haemophilia A and B, rFVIIIFc and rFIXFc, demonstrate that rFIXFc and rFVIIIFc have consistently prolonged half-lives in children, compared to study participants' prior therapies. The results were consistent with pharmacokinetic results in adults and adolescents from previous studies.

The New England Journal of Medicine published pivotal data regarding rFIXFc
Detailed results from the pivotal Phase 3 study of Sobi's and Biogen Idec's investigational long-lasting recombinant factor IX Fc fusion protein candidate for haemophilia B, rFIXFc, were published in The New England Journal of Medicine (NEJM).

The study showed that rFIXFc safely and effectively prevented or reduced bleeding episodes with prophylactic infusions every one to two weeks.

Announced decision to take direct responsibility for Orfadin in the Americas
Sobi decided to take direct responsibility for Orfadin in the US, Canada, and Latin America by terminating the distributorship agreement with their partner Rare Disease Therapeutics, Inc (RDT). The distributorship will transfer to Sobi on 1 April 2014 for the US and Canada, and on 1 January 2015 for Latin America.

Financial Review

Total revenues for the fourth quarter were SEK 610.8 M (471.9), an increase of 29 per cent.

For the full year, the revenues were SEK 2,176.7 M (1,923.2), an increase of 13 per cent.

Key Therapeutic Areas
Revenues for Key Therapeutic Areas for the fourth quarter were SEK 274.8 M (242.9), an increase of 13 per cent.

For the full year, the revenues were SEK 1,012.0 M (921.0), an increase of 10 per cent.

Inflammation: Kineret
Revenue for Kineret for the fourth quarter was SEK 163.6 M (130.7), an increase of 25 per cent.

For the full year, revenue was SEK 561.7 M (484.7), an increase of 16 per cent. The growth was attributed to both volume and price, the latter driven mainly by US.

Genetics: Orfadin
Revenue for Orfadin for the fourth quarter was SEK 91.2 M (91.3), unchanged versus prior year.

For the full year, revenue was SEK 365.9 M (356.7), an increase of 3 per cent. The business showed consistent volume increase in most geographies, offset by higher rebates in the US due to the Affordable Care Act (Obama Care).

Partner Products
Revenue for Partner Products for the fourth quarter was SEK 173.2 M (113.1), an increase of 53 per cent.

For the full year, revenue was SEK 545.7 M (423.3), an increase of 29 per cent. Growth in the base portfolio has been significantly enhanced by the addition of the new partnerships signed during 2013.

Financial Summary

Amounts in SEK M	Q4 2013	Q4 2012	Change	Full year 2013	Full year 2012	Change
Total revenues	610.8	471.9	29%	2,176.7	1,923.2	13%
Gross profit	358.3	267.4	34%	1,284.0	1,040.4	23%
Gross margin	59%	57%		59%	54%	
Adjusted EBITA[1)]	65.2	37.6	73%	211.0	404.1	-48%
Operating profit/loss	-4.9	-192.8	97%	-66.6	-54.6	-22%
Profit/loss for the period	-13.4	-142.7	91%	-93.0	-100.9	8%
Earnings/loss per share, SEK	-0.05	-0.54	91%	-0.35	-0.38	8%

[1)] Operating profit before amortizations and non-recurring items.

Revenues by Business Line

Amounts in SEK M	Q4 2013	Q4 2012	Change %	Change % at CER[2)]	Full year 2013	Full year 2012	Change %	Change % at CER[2)]
Key Therapeutic Areas								
Inflammation: Kineret	163.6	130.7	25%	27%	561.7	484.7	16%	19%
Genetics: Orfadin	91.2	91.3	0%	0%	365.9	356.7	3%	5%
Genetics: Other	20.0	20.9	-4%	-6%	84.4	79.6	6%	7%
Total	**274.8**	**242.9**	**13%**	14%	**1,012.0**	**921.0**	**10%**	**13%**
Partner Products								
Current portfolio	173.2	113.1	53%	54%	545.7	411.3	33%	35%
Co-promotion revenues	0.0	0.0	n/a	n/a	0.0	12.0	-100%	-100%
Total	**173.2**	**113.1**	**53%**	54%	**545.7**	**423.3**	**29%**	**31%**
ReFacto								
Manufacturing revenues	146.4	92.7	58%	58%	491.9	436.0	13%	13%
Royalty revenues	16.4	23.2	-29%	-30%	127.1	129.8	-2%	-2%
Total	**162.8**	**115.9**	**40%**	40%	**619.0**	**565.8**	**9%**	**9%**
Other revenues	–	–	n/a	n/a	–	13.1	n/a	-100%
Total revenues	**610.8**	**471.9**	**29%**	30%	**2,176.7**	**1,923.2**	**13%**	**15%**

[2)] Constant Exchange Rate.

Product Sales by Region

Amounts in SEK M	Q4 2013	Q4 2012	Change	Change % at CER	Full year 2013	Full year 2012	Change	Change % at CER
Europe[3)]	311.3	233.2	33%	33%	1,052.3	896.0	17%	19%
MENAR[4)]	7.8	14.9	-48%	-50%	55.1	38.5	43%	45%
North America	120.0	101.6	18%	22%	423.1	383.1	10%	15%
RoW	8.9	6.2	42%	49%	27.1	26.8	1%	8%
Total product sales	**448.0**	**356.0**	**26%**	26%	**1,557.7**	**1,344.3**	**16%**	18%

[3)] Including the Nordic region

[4)] Middle East, North Africa and Russia

ReFacto manufacturing and royalties
Revenues related to ReFacto manufacturing and royalty for the fourth quarter were SEK 162.8 M (115.9), an increase of 40 per cent. The revenues reflect variation in quarterly deliveries to Pfizer. Manufacturing revenue was SEK 146.4 M (92.7), including SEK 43.0 M from validation batches. Royalty revenue was SEK 16.4 M (23.2).

For the full year revenues related to ReFacto manufacturing and royalty were SEK 619.0 M (565.8), an increase of 9 per cent. Manufacturing revenue was SEK 491.9 M (436.0), including SEK 65.8 M from validation batches. Royalty revenue was SEK 127.1 M (129.8).

Planned validation batch deliveries were completed in Q4 2013.

Gross profit
Gross profit for the fourth quarter was SEK 358.3 M (267.4), corresponding to a gross margin of 59 per cent (57).

For the full year, gross profit was SEK 1,284.0 M (1,040.4), corresponding to a gross margin of 59 per cent (54).

Operating profit for the fourth quarter
Overall operating expenses excluding amortization were SEK 294.6 M (228.7).

Operating expenses for sales and administration excluding amortization amounted to SEK 192.2 M (130.1), Research and development costs excluding amortization were SEK 102.4 M (98.6) The operating expenses reflect increased costs for long-term incentive programs, due to share price appreciation during the period. The cash flow impact of these programs is hedged.

Adjusted EBITA was SEK 65.2 M (37.6).

Amortization of intangible assets amounted to SEK 70.1 M (227.3). 2012 included write-down of Multiferon amounting to SEK 150.8 M.

Operating profit (EBIT) amounted to SEK -4.9 M (-192.8).

Operating profit for the full year
Overall operating expenses excluding amortization were SEK 1,076.4 M (941.2).

Operating expenses for sales and administration excluding amortization amounted to SEK 620.7 M (539.6). Research and development costs excluding amortization were SEK 455.7 M (401.6), reflecting on-going investment in the phase 3 program for Kiobrina, and preparation for the expected launch of the Haemophilia programs.

Adjusted EBITA was SEK 211.0 M (404.1). 2012 included the sale of co-promotion rights for ReFacto to Pfizer for SEK 307.5 M.

Amortization and write-downs of intangible assets amounted to SEK 277.6 M (421.6). 2012 included write-down of Multiferon amounting to SEK 150.8 M.

Operating profit (EBIT) amounted to SEK -66.6 M (-54.6).

Net financial items and tax for the fourth quarter
Net financial items amounted to SEK -6.0 M (-16.8), including unrealised exchange gains. Tax amounted to SEK -2.5 M (66.9).

Net financial items and tax for the full year
Net financial items amounted to SEK -56.9 M (-50.5), including unrealised exchange gains. Tax amounted to SEK 30.5 M (4.2).

Detailed Operating Profit/Loss[5)]

Amounts in SEK M	Q4 2013	Q4 2012	Full year 2013	Full year 2012
Total revenues	610.8	471.9	2,176.7	1,923.2
Total cost of goods and services sold	-252.5	-204.5	-892.7	-882.8
Gross profit	**358.3**	**267.4**	**1,284.0**	**1,040.4**
Gross Margin	*59%*	*57%*	*59%*	*54%*
Sales and administration expenses less amortizations and write-downs	-192.2	-130.1	-620.7	-539.6
Research and development expenses less amortizations and write-downs	-102.4	-98.6	-455.7	-401.6
Total opex less amortizations and write-downs	**-294.6**	**-228.7**	**-1,076.4**	**-941.2**
Other operating revenues/expenses	**1.5**	**-1.1**	**3.4**	**304.9**
Adjusted EBITA	**65.2**	**37.6**	**211.0**	**404.1**
Non-recurring expenses	–	-3.1	–	-37.1
EBITA	**65.2**	**34.5**	**211.0**	**367.0**
Amortizations and write-downs relating to Sales and administration expenses	-70.1	-227.3	-277.6	-421.6
Amortizations and write-downs	**-70.1**	**-227.3**	**-277.6**	**-421.6**
EBIT	**-4.9**	**-192.8**	**-66.6**	**-54.6**

[5)] The statement is a non-IFRS statement. For IFRS purpose please see Group Income Statement.

Profit/loss for the fourth quarter
Profit/loss amounted to SEK -13.4 M (-142.7).

Earnings per share amounted to SEK -0.05 (-0.54).

Profit/loss for the full year
Profit/loss amounted to SEK -93.0 M (-100.9).

Earnings per share amounted to SEK -0.35 (-0.38).

Cash flow and investments for the fourth quarter
Cash flow from operations before changes in working capital amounted to SEK 53.0 M (15.8).

Non-cash items amounted to SEK 66.4 M (158.5).

Working capital impacted cash flow by SEK -48.9 M (141.5).

Cash flow from investing activities amounted to SEK -15.5 M (-19.1).

Cash flow and investments for the full year
Cash flow from operations before changes in working capital amounted to SEK 165.5 M (367.7).

Non-cash items amounted to SEK 255.5 M (468.6).

Working capital impacted cash flow by SEK 19.9 M (37.9).

Cash flow from investing activities amounted to SEK -404.6 M (-67.3). This included a milestone payment to Amgen of SEK 366.5 M.

Cash
Sobi ended the quarter with a cash position of SEK 445.1 M.

Net Debt
Sobi ended the quarter with a net debt of SEK 352.5 M.

Equity
Consolidated shareholder's equity as of 31 December 2013 amounted to SEK 4,769.2 M compared to SEK 4,837.9 M as of 31 December 2012.

Outlook 2014
For 2014, Sobi expects total revenues for the full year to be in the range of SEK 2,300 to 2,500 M.

The company expects the gross margin will be in the range of 58-60 per cent.

Operating costs are expected to increase as the company continues to prepare for the planned launch of the three phase 3 pipeline programmes.

Other Information

Personnel
As of December 2013, the number of full-time equivalents was 540 (478).

Significant events after the reporting period
None.

Annual General Meeting 2014
The Annual General Meeting of Swedish Orphan Biovitrum AB (publ) will be held on Thursday, 8 May 2014 in the Wallenberg Auditorium at the Royal Swedish Academy of Engineering Sciences (IVA), Grev Turegatan 16, Stockholm, Sweden.

The Board of Directors proposes paying no dividend for the 2013 financial year.

The Annual Report for 2013 will be published on www.sobi.com three weeks before the AGM. It will also be available at Sobi's headquarters in Solna.

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

Solna, 20 February 2014

Geoffrey McDonough
CEO and President

Forward-looking statement
This year-end report includes forward-looking statements. Actual results may differ from those stated. Internal factors such as the successful management of research programmes and intellectual property rights may affect future results. There are also external conditions such as the economic climate, political changes and competing research programmes that may affect Sobi's results.

Financial Statements

Group
Statement of Comprehensive Income

Amounts in SEK M	Q4 2013	Q4 2012	Full year 2013	Full year 2012
Total revenues	610.8	471.9	2,176.7	1,923.2
Total cost of goods and services sold	-252.5	-204.5	-892.7	-882.8
Gross profit	**358.3**	**267.4**	**1,284.0**	**1,040.4**
Sales and administration expenses	-262.3	-357.4	-898.3	-961.2
Research and development expenses	-102.4	-98.6	-455.7	-401.6
Non-recurring items	–	-3.1	–	-37.1
Other operating revenues/expenses	1.5	-1.1	3.4	304.9
Operating profit/loss	**-4.9**	**-192.8**	**-66.6**	**-54.6**
Financial income/expenses	-6.0	-16.8	-56.9	-50.5
Income tax benefit/expense	-2.5	66.9	30.5	4.2
Profit/loss for the period	**-13.4**	**-142.7**	**-93.0**	**-100.9**
Other comprehensive income				
Items that will not be reclassified to profit/loss				
Remeasurements of post employment benefit obligations	-1.5	–	2.0	–
Items that may be reclassified subsequently to profit/loss				
Translation difference	–	1.0	–	0.9
Cash flow hedge (net of tax)	-3.1	-6.7	1.9	-6.5
Comprehensive income for the period	**-18.0**	**-148.4**	**-89.1**	**-106.5**
Amortization and write-down of intangible assets included in Sales and administration expenses	-70.1	-227.3	-277.6	-421.6

Group
Balance sheet

Amounts in SEK M	Dec 2013	Sep 2013	Jun 2013	Mar 2013	Dec 2012
ASSETS					
Non-current assets					
Intangible fixed assets [1]	4,637.0	4,700.8	4,766.5	4,834.4	4,533.4
Tangible fixed assets	125.7	119.6	123.2	123.9	125.6
Financial fixed assets	26.4	28.6	30.6	1.9	4.4
Total fixed assets	**4,789.1**	**4,849.0**	**4,920.3**	**4,960.2**	**4,663.3**
Current assets					
Inventories	726.0	693.3	703.4	681.2	700.4
Accounts receivable	414.5	369.9	382.5	401.7	343.2
Current receivables, non-interest bearing	144.6	144.2	132.7	112.2	142.6
Cash and cash equivalents	445.1	449.3	438.1	401.2	457.0
Total current assets	**1,730.2**	**1,656.7**	**1,656.7**	**1,596.3**	**1,643.2**
Total assets	**6,519.3**	**6,505.7**	**6,577.0**	**6,556.5**	**6,306.5**
EQUITY AND LIABILITIES					
Shareholder´s equity	**4,769.2**	**4,774.6**	**4,826.7**	**4,840.1**	**4,837.9**
Long-term liabilities					
Long-term debt [2]	795.7	794.2	789.4	788.7	588.1
Long-term liabilities, non-interest bearing	306.9	317.3	317.5	313.1	371.6
Total long-term liabilities	**1,102.6**	**1,111.5**	**1,106.9**	**1,101.8**	**959.7**
Current liabilities					
Short term debt	1.9	1.6	1.3	0.7	1.1
Current liabilities, non-interest bearing	645.6	618.0	642.1	613.9	507.8
Total short-term liabilities	**647.5**	**619.6**	**643.4**	**614.6**	**508.9**
Total equity and liabilities	**6,519.3**	**6,505.7**	**6,577.0**	**6,556.5**	**6,306.5**

[1] Including goodwill MSEK 1,648.3

[2] Net accounting of the long term debt, see note 1

Group
Changes in Equity

Amounts in SEK M	Full year 2013	Full year 2012
Opening balance	**4,837.9**	**4,963.4**
Change in accounting principle	–	-24.6
Opening balance	**4,837.9**	**4,938.8**
Sharebased compensation to employees	13.2	5.7
Transfer of own shares	6.7	–
Translation difference	0.5	-0.1
Comprehensive income for the period	-89.1	-106.5
Equity, end of period	**4,769.2**	**4,837.9**

Group
Cash Flow Statement

Amounts in SEK M	Q4 2013	Q4 2012	Full year 2013	Full year 2012
Net result	-13.4	-142.7	-93.0	-100.9
Non-cash items[1)]	66.4	158.5	258.5	468.6
Cash flow from operations before change in working capital	**53.0**	**15.8**	**165.5**	**367.7**
Change in working capital	-48.9	141.5	19.9	37.9
Cash flow from operations	**4.1**	**157.3**	**185.4**	**405.6**
Investment in intangible fixed assets	-6.5	-19.1	-384.2	-62.8
Investment in tangible fixed assets	-9.2	-1.1	-26.0	-5.5
Divestment of tangible fixed assets	0.2	4.7	0.2	4.6
Investment/Divestment of financial assets	–	–	2.5	–
Short-term investments	–	-3.6	2.9	-3.6
Cash flow from investing activities	**-15.5**	**-19.1**	**-404.6**	**-67.3**
Loans - Raising/Amortization	–	–	200.0	-100.0
Transfer of own shares	6.7	–	6.7	–
Cash flow from financing activities	**6.7**	**–**	**206.7**	**-100.0**
Net change in cash	**-4.7**	**138.2**	**-12.5**	**238.3**
Liquid funds at the beginning of the period	449.3	319.2	457.0	219.0
Translation difference in cash flow and liquid funds	0.5	-0.4	0.6	-0.3
Liquid funds at the end of the period	**445.1**	**457.0**	**445.1**	**457.0**
[1)] **Depreciations, amortization and deferred tax:**				
Depreciation tangible fixed assets	7.7	7.8	30.1	32.7
Amortization intangible assets	70.1	227.3	277.6	421.6
Deferred tax	-8.2	-72.7	-44.9	-25.2

Group
Quarterly data

Amounts in SEK million	Q4-13	Q3-13	Q2-13	Q1-13	Q4-12	Q3-12	Q2-12	Q1-12
Total Revenues	**610.8**	**517.3**	**520.2**	**528.5**	**471.9**	**463.8**	**480.7**	**506.7**
COGS	-252.5	-211.1	-203.5	-225.6	-204.5	-197.2	-233.8	-247.3
Gross profit	**358.3**	**306.2**	**316.7**	**302.9**	**267.4**	**266.6**	**246.9**	**259.4**
Gross margin	59%	59%	61%	57%	57%	57%	51%	51%
Sales and administration expenses	-192.2	-149.6	-154.9	-124.0	-130.1	-130.0	-151.8	-127.8
Research and development expenses	-102.4	-113.1	-121.0	-119.2	-98.6	-97.1	-108.5	-97.4
OPEX	**-294.6**	**-262.7**	**-275.9**	**-243.2**	**-228.7**	**-227.1**	**-260.3**	**-225.1**
% of sales	**-48%**	**-51%**	**-53%**	**-46%**	**-48%**	**-49%**	**-54%**	**-44%**
Other operating revenues/expenses	1.5	3.4	-3.0	1.5	-1.1	-9.7	7.8	307.9
Non-recurring expenses	-	-	-	-	-3.1	-	-	-34.0
EBITA	**65.2**	**46.9**	**37.8**	**61.2**	**34.5**	**29.8**	**-5.6**	**308.2**
% of sales	**11%**	**9%**	**7%**	**12%**	**7%**	**6%**	**-1%**	**61%**
Amortizations	-70.1	-73.2	-69.7	-64.6	-227.3	-64.5	-64.2	-65.6
EBIT	**-4.9**	**-26.3**	**-31.9**	**-3.4**	**-192.8**	**-34.7**	**-69.8**	**242.6**
EBIT margin	**-1%**	**-5%**	**-6%**	**-1%**	**-41%**	**-7%**	**-15%**	**48%**
EBITDA	72.9	54.8	44.8	68.7	42.3	37.9	2.7	316.7

Key ratios and Other Information

Amounts in SEK M	Q4 2013	Q4 2012	Full year 2013	Full year 2012
Return on				
Shareholders' equity	-0.3%	-2.9%	-1.9%	-2.1%
Total capital	0.0%	-2.5%	-1.0%	-0.4%
Profit numbers				
Gross profit	358.3	267.4	1,284.0	1,040.4
EBITDA	72.9	42.3	241.1	399.7
Adjusted EBITA	65.2	37.6	211.0	404.1
Adjusted EBIT	-4.9	-189.7	-66.6	-17.5
EBITA	65.2	34.5	211.0	367.0
EBIT	-4.9	-192.8	-66.6	-54.6
Profit/loss	-13.4	-142.7	-93.0	-100.9
Per share data (SEK)				
Earning/loss per share	-0.05	-0.54	-0.35	-0.38
Earning/loss per share after dilution	-0.05	-0.54	-0.35	-0.38
Shareholders' equity per share	17.6	18.2	17.6	18.2
Shareholders' equity per share after dilution	17.6	18.2	17.6	18.2
Cash flow per share	-0.0	0.5	0.0	0.9
Cash flow per share after dilution	-0.0	0.5	0.0	0.9
Other information				
Gross margin	59%	57%	59%	54%
Equity ratio	73.2%	76.7%	73.2%	76.7%
Net debt	352.5	134.6	352.5	134.6
Number of ordinary shares	270,389,770	265,226,598	270,389,770	265,226,598
Number of C-shares (in treasury)	0	4,408,260	0	4,408,260
Number of ordinary shares (in treasury)	4,688,948	0	4,688,948	0
Average number of ordinary shares	268,826,787	265,226,598	266,556,910	265,226,598
Number of shares after dilution	270,389,770	265,226,598	270,389,770	265,226,598
Average number of ordinary shares after dilution	268,826,787	265,226,598	266,556,910	265,226,598

[1)] During Q4 all class C shares were converted into ordinary shares

Parent Company

Statement of Comprehensive Income

Amounts in SEK M	Q4 2013	Q4 2012	Full year 2013	Full year 2012
Total revenues	483.6	387.4	1,841.9	1,640.5
Total cost of goods and services sold	-249.7	-200.5	-889.9	-813.2
Gross profit	**233.9**	**186.9**	**952.0**	**827.3**
Sales and Administration expenses	-179.7	-125.4	-532.7	-446.0
Research and Development expenses	-95.5	-99.7	-450.6	-390.4
Non recurring items	–	-3.1	–	-37.1
Other operating revenues/expenses	13.0	-0.4	13.4	311.6
Operating profit/loss	**-28.3**	**-41.7**	**-17.9**	**265.4**
Result from participation in Group companies	2.3	-1.3	2.3	-0.2
Financial income	17.4	38.0	42.1	61.9
Financial expenses	-18.8	-46.5	-70.2	-75.0
Profit/loss after financial items	**-27.4**	**-51.5**	**-43.7**	**252.1**
Income tax benefit/expenses	-0.1	-110.9	36.1	-220.5
Profit/loss for the period	**-27.5**	**-162.4**	**-7.6**	**31.6**
Other comprehensive income				
Items that may be reclassified subsequently to profit/loss				
Cash flow hedge (net of tax)	-3.2	-6.7	1.9	-6.5
Comprehensive income for the period	**-30.7**	**-169.1**	**-5.7**	**25.1**
Amortization and write-down of intangible assets included in Sales & Adm expenses	-22.0	-12.9	-85.0	-53.8

Parent Company
Balance Sheet

Amounts in SEK M	Dec 2013	Sep 2013	Jun 2013	Mar 2013	Dec 2012
ASSETS					
Fixed assets					
Intangible fixed assets	934.8	950.3	967.6	987.9	638.5
Tangible fixed assets	115.6	111.6	116.6	118.9	120.0
Financial fixed assets	4,096.1	4,095.7	4,094.5	4,089.7	4,063.7
Total fixed assets	**5,146.5**	**5,157.6**	**5,178.7**	**5,196.5**	**4,822.2**
Current assets					
Inventories	664.6	620.1	627.7	600.3	617.9
Current receivables, non-interest bearing	1,042.2	1,119.5	1,149.5	1,169.8	1,267.7
Cash and cash equivalents	373.5	364.5	384.1	311.6	276.5
Total current assets	**2,080.3**	**2,104.1**	**2,161.3**	**2,081.7**	**2,162.1**
Total assets	**7,226.8**	**7,261.7**	**7,340.0**	**7,278.2**	**6,984.3**
EQUITY AND LIABILITIES					
Shareholder´s equity	**5,621.6**	**5,640.4**	**5,649.2**	**5,658.3**	**5,607.4**
Untaxed reserves	**-**	**1.1**	**1.1**	**1.1**	**1.1**
Long-term liabilities					
Long-term debt [1)]	790.8	790.1	789.4	788.7	588.1
Long-term liabilities, non-interest bearing	-	-	-	-	19.8
Total long-term liabilities	**790.8**	**790.1**	**789.4**	**788.7**	**607.9**
Current liabilities					
Current liabilities, non-interest bearing	814.4	830.1	900.3	830.1	767.9
Total short-term liabilities	**814.4**	**830.1**	**900.3**	**830.1**	**767.9**
Total equity and liabilities	**7,226.8**	**7,261.7**	**7,340.0**	**7,278.2**	**6,984.3**

[1)] Net accounting of the long term debt, see note 1

Parent Company
Change in Shareholder's Equity

Amounts in SEK M	Full Year 2013	Full Year 2012
Opening balance	**5,607.4**	**5,530.0**
Sharebased compensation to employees	13.2	5.9
Transfer of shares	6.7	–
Merger gain	–	46.4
Translation difference	–	–
Comprehensive income for the period	-5.7	25.1
Equity, end of period	**5,621.6**	**5,607.4**

Financial Notes

Note 1 – Accounting and valuation principles and other information

Important accounting principles
Sobi prepares its consolidated financial statements in accordance with the Annual Accounts Act, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups, and the International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the EU. The consolidated financial statements have been prepared according to the historical cost convention, except in the case of financial assets and financial assets and liabilities (including derivative instruments) which are measured at fair value through profit and loss . The parent company applies the Annual Accounts Act and RFR 2 Reporting for legal entities. This year-end report has been prepared in accordance with IAS 34, Interim Financial Reporting.

Accounting principles applied, except for the changes listed below, are in accordance with those described in the 2012 Annual Report. More detailed information about the Group's accounting and valuation principles can be found in the 2012 Annual Report which is available on www.sobi.com.

Change in accounting principles

IAS 19
"Employee Benefits" was amended in June 2011 and the amendments have been adopted by the group as of the first quarter 2013. Since the group from 1 January 2012 stopped applying the "corridor method" for defined benefit plans in the previous version of IAS 19, it has recognized all actuarial gains and losses in other comprehensive income as incurred (refer to the annual report 2012, page 72). Thus, that change in IAS 19 has not resulted in material changes to equity or profit/loss in this year-end report or in the comparative period. However other amendments in IAS 19 has resulted in changed accounting principles compared to those described and applied in the annual report 2012. Interest cost and expected return on plan assets have been replaced by a net interest calculated using the discount rate, based on the net surplus or net deficit in the defined benefit plan. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period which they arise.

During 2013, Sobi replaced a defined benefit pension plan covering approximately 50 employees with a premium determined pension plan. The defined benefit plan was redeemed using the assets held by Skandia and making a single payment, leaving Sobi with no remaining pension obligations under this plan.

IAS 1
IAS 1 has been amended. This affects the group's presentation in Other Comprehensive Income. The amended IAS 1 requires entities to group items in other comprehensive income on the basis of whether they are potentially re-classifiable to profit/loss subsequently. Thus the group has inserted two new headings in the Group's statement of comprehensive income: "Items that will not be reclassified to profit/loss" (at present actuarial changes are reported under this heading) and "Items that may be reclassified subsequently to profit/loss" (at present the change in fair value of derivative hedging instruments and translation differences are reported under this heading).

IFRS 13
The introduction of the new standard IFRS 13 requires the group to disclose information about fair values of financial instruments in interim reporting. Thus a new note about fair values of financial instruments has been included in the interim report.

Operating risks
All business operations involve risk. Managed risk-taking is necessary to maintain good profitability. Risk may be due to events in the external environment and may affect a certain industry or market. Risk may also be specific to a certain company.

Sobi is exposed to three main risk categories:

- External risks such as patent infringements, competition within product concepts and decisions by authorities regarding product use and prices.
- Operational risks, e.g. due to the capital-intensive and risky nature of new drug development, dependence on external partners in various collaborations, product liability claims and laws and rules on the treatment of hazardous materials.
- Financial risks, such as currency risk, interest risk, credit risk and liquidity risk.

A more detailed description of the Group's risk exposure and risk management is included in Sobi's 2012 Annual Report (see the Directors' Report).

Note 2 – Shares

A share issue of C shares was completed in September 2013, after which the total number of shares is 270,389,770. In the fourth quarter all 5,163,172 class C shares have been converted into ordinary shares. All shares now carry one vote per share.

Development in share capital and number		No of shares	Share capital, SEK
December 2012		269,634,858	147,947,800
September 2013	Rights issue of Class C shares	754,912	415,201
December 2013		**270,389,770**	**148,363,001**

Share based incentive programs

Sobi currently has six share programs. The 2010-2012 programs as well as the CEO program are described in detail in Sobi's 2012 Annual Report (note 14). The 2010 share program was vested in Q4 2013.

Share Program	Total maximum allocation of shares
Share based incentive program 2010	-
Share based incentive program 2011	578,187
Share based incentive program 2012, Leadership	649,120
Share based incentive program 2012, Staff	23,900
Share based incentive program 2013:1	974,928
Share based incentive program 2013:2	43,002
Share based incentive program CEO	500,000
Total shares	**2,769,137**

The 2013 program is a long-term, performance-based share program which was adopted at the Annual General Meeting on 26 April 2013. The program covers all permanent employees in Sobi. The program is designed to allow the participant to invest in a number of shares and receive the equivalent number of shares free of charge if the individual stays with the company for three years. Employees also have the opportunity to receive additional shares based on Sobi's share performance over a three-year benchmark period.

Note 3 – Contingencies

Sobi has elected not to pursue an ongoing dispute with the Swedish Tax Agency regarding the real-estate Paradiset 14. The company has already reduced its tax loss carry forward by SEK 232.2 M in the tax year 2005. The company now expects to make a final payment of SEK 790 K in 2014. This payment has been accrued in 2013. Please see Annual Report 2012 for more information.

On 29 March 2012, Sobi amended its share purchase agreement regarding the acquisition in 2005 of the pharmaceutical Company Arexis AB. Under the agreement Sobi has paid SEK 36 M in connection with the signing of the agreement and an additional SEK 20 M during the first quarter in 2013 and will pay SEK 21 M in 2014. Please see Annual Report 2012 for more information.

Note 4 – Fair values of financial instruments

The group carries derivatives. Refer to the annual report 2012 for a narrative description of the purpose of the holdings. The derivatives (under the heading "other current liabilities") are all level 2 instruments in the fair value hierarchy in the standard IFRS 13 (inputs other than quoted prices that are observable for the instruments, either directly or indirectly, are used in the fair value measurement). The fair value of the derivative is based on the net present value of the expected difference between the expected market rate and Sobi's fixed swap rate for the remaining duration of the swap discounted with current market rate.

As of 31 December 2013 all other financial instruments in the balance sheet, with the exception of the group's bond, have reported values that are in all material aspects equivalent to fair value. At 31 December 2013 the reported value in the balance sheet for the bond is SEK 791 M. Fair value of the bond is deemed to be SEK 848 M. The fair value is based on he average of the bid-ask-spread at the balance sheet date.

Note 5 – Transactions with Related Parties

In January 2014 the company prolonged its employment agreement with Bo Jesper Hansen, unrelated to his position as Chairman for the company. The new agreement will enter into effect on 1 May 2014 and is valid until 1 May 2015.

Business Glossary

DevelopAKUre
A clinical trial programme for the drug nitisinone (Orfadin), the first potential treatment for Alkaptonuria (AKU). It is made up of 13 hospitals, a pharmaceutical company, consultancies, universities, biotech companies and national AKU patient groups.

Dupuytren's contracture
A fixed flexion contracture of the hand where the fingers bend towards the palm and cannot be fully extended (straightened)

EMA
European Medicines Agency

FDA
US Food and Drug Administration

Haemophilia
A group of hereditary genetic disorders that impair the body's ability to control blood clotting or coagulation. Haemophilia A (clotting factor VIII deficiency) is the most common form of the disorder, present in about 1 in 5,000–10,000 male births. Haemophilia B (factor IX deficiency) occurs in around 1 in about 20,000–34,000 male births

Kineret
Kineret (anakinra) is a recombinant protein drug which blocks the biological activity of IL-1 by binding to the interleukin-1 type 1 receptor, which is expressed in a wide variety of tissues and organs. IL-1 is a key mediator of inflammation and driver of autoinflammatory diseases in both adults and children

Kiobrina
Kiobrina is a recombinant human bile-salt-stimulated lipase (rhBSSL) developed by Sobi for enzyme therapy to improve growth and development in preterm infants receiving pasteurized breast milk and/or formula

Orfadin
Pharmaceutical used for the treatment of hereditary Tyrosinaemia type 1 (HT-1), a rare genetic disorder which can cause liver failure, kidney dysfunction and neurological problems

Financial Glossary

Adjusted EBIT
Operating profit/loss before non-recurring items

Adjusted EBITA
Operating profit/loss before non-recurring items and amortizations

Cash flow per share
Changes in cash and cash equivalents divided by the weighted average number of outstanding shares

EBIT
Operating profit/loss

EBITA
Operating profit/loss before amortization

EBITDA
Operating profit/loss before depreciation and amortization

Equity ratio
Shareholders' equity as a proportion of total assets

Full-time equivalents
Unit that indicates the workload of an employed person in a way that makes workloads comparable across various contexts

Gross margin
Gross profit as a percentage of sales

Gross profit
Net sales less cost of goods and services sold

Net debt
Interest bearing long term and short term debt less cash at bank

Non-recurring items
Non-recurring items are defined as transactions of a non-recurring nature

Profit/loss
Profit/loss for the period

Return on shareholders' equity
Profit/loss after tax as a percentage of average shareholders' equity

Return on total capital
Profit/loss after financial items plus financial expenses as a percentage of average total assets

Shareholders' equity per share
Shareholders' equity divided by the number of shares

Shareholders' equity per share after dilution
Shareholders' equity divided by the number of ordinary shares after dilution

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About Sobi

Sobi is an international specialty healthcare company dedicated to rare diseases. Our mission is to develop and deliver innovative therapies and services to improve the lives of patients. The product portfolio is primarily focused on Inflammation and Genetic diseases, with three late stage biological development projects within Haemophilia and Neonatology. We also market a portfolio of specialty and rare disease products for partner companies. Sobi is a pioneer in biotechnology with world-class capabilities in protein biochemistry and biologics manufacturing. In 2013, Sobi had total revenues of SEK 2.2 billion (€253 M) and about 550 employees. The share (STO: SOBI) is listed on NASDAQ OMX Stockholm. More information is available at www.sobi.com.