



Press release
November 5, 2014
Gothenburg

Vitrolife AB (publ) acquires Unisense FertilTech A/S

Vitrolife AB has entered into an agreement to acquire all the shares of Unisense FertilTech A/S (“FertilTech”), the market leader within the field of embryo monitoring, time-lapse, for IVF.

Description of FertilTech

FertilTech has driven the clinical use of time-lapse imaging for IVF. Their products have been used in more than 200.000 IVF treatments in 47 countries. FertilTech has its head office in Århus, Danmark. The company was formed in 2003 and has approximately 70 employees. FertilTech and its subsidiaries had net sales of approximately SEK 94 million in 2013 and reported income before depreciation and amortization (EBITDA) of SEK -25 million. The company has developed and produces and markets the EmbryoScope® time-lapse incubator, which is used for the monitoring of embryos in approximately two thirds of all the IVF cycles in the world where time-lapse technology is used.

Description of time-lapse

Time-lapse technology makes it possible to study the whole sequence of embryo development in an undisturbed environment. With increased information on embryo development there is greater potential for selecting an embryo that will result in a pregnancy. Time-lapse technology means that a microscope with a camera, which is placed in the incubator where the embryos are being cultivated, takes images at short time intervals. The images are then played as a film that can be analyzed at the clinic and together with the patients. This technology also reduces the problem of the sensitive embryo being subjected to stress during assessment, as without the use of time-lapse technology it must be taken out of the incubator and transferred to a microscope for observation. Time-lapse technology was introduced on the IVF market approximately 5 years ago and is today used in more than 5 percent of all the IVF cycles in the world.

Background and rationale

Vitrolife has been active in the time-lapse market since 2012 via the product Primo Vision, which has been both developed and manufactured by Vitrolife's Hungarian subsidiary. Today the time-lapse market for IVF may be divided into two segments depending on the type of solution. The first solution is a specially developed microscope that is placed in the clinic's existing incubator. Primo Vision is the market leader in this segment. The second solution is a system where the incubator and the microscope have been integrated. EmbryoScope® is the market leader in this segment. By adding EmbryoScope® to Vitrolife's current time-lapse product range, Vitrolife can offer customers flexible time-lapse solutions on the basis of their needs and requirements. It is expected that the acquisition will make a positive contribution to future product generations, as the combined knowledge of the development teams in Denmark and Hungary can be utilized for future product development.

Vitrolife estimates that, after an introductory phase for the new technology on the market, the time-lapse market will grow and in the long term have the potential to become a standard tool in IVF treatment as a result of the improved treatment results and the more efficient procedures enabled by the technology.

“On the strength of the knowledge that the acquisition of Primo Vision has generated, we are now ready to take the next step in our time-lapse strategy by acquiring the market leader in the area. Together with the rest of Vitrolife's product range, this creates an interesting foundation for future growth opportunities,” says Thomas Axelsson, CEO of Vitrolife.

“With its global market presence, strong brand and complementary product range, Vitrolife is the right strategic partner for FertiTech now that we are about to take the next step in our development towards increased sales and profitability,” says Michael K. Reeslev, CEO of FertiTech.

Proforma financial information

Combined proforma sales in 2013 for Vitrolife and FertiTech amounted to SEK 547 million and income before depreciation and amortization (EBITDA) was SEK 90 million. The figures have been translated from DKK to SEK using an average exchange rate of DKK/SEK 1.16 for 2013. The above figures are only intended as an illustration and do not include the effects of synergies, implementation expenses or depreciation and amortization of assets at fair value as a consequence of allocation of the purchase sum for the acquisition.

It is expected that the transaction will affect Vitrolife’s EBITDA per share negatively during 2014 and 2015 but contribute positively as from 2016 as a result of increased sales due to the use of Vitrolife’s global market presence and cost synergies.

Terms and time schedule

The purchase sum amounts on a debt-free basis to 1,980,000 newly issued shares in Vitrolife, in accordance with the authorization from the 2014 Annual General Meeting, and to a cash purchase sum of SEK 90 million. In connection with the acquisition the company’s net debts will be offset against the purchase sum. It is expected that the new share issue will mean a dilution of existing shareholders of approximately 9 percent. An earn-out corresponding to a value of 1,308,656 shares may be paid in addition to the fixed purchase sum. The earn-out will only be paid if certain defined sales objectives for the periods 2015 and 2016 to 2017 are met. Vitrolife will determine whether the earn-out will be paid in shares or in cash. The earn-out only falls due if sales exceed the plan that forms the basis of the acquisition calculation. Vitrolife estimates that the acquisition will be completed during November 2014.

Investor and press conference

Vitrolife will hold a telephone conference on Thursday November 6 at 10.00 a.m. in connection with the release of the interim report. The acquisition will also be presented on this occasion. The telephone conference will be led by the CEO, Thomas Axelsson, and the CFO, Mikael Engblom. See the company’s website for further details concerning the telephone conference. The acquisition will also be presented at the company’s Capital Markets Day on November 6.

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November 5, 2014
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Vitrolife is an international medical device Group. The Fertility product area develops, produces and markets medical devices for assisted reproduction. Work is also carried out to enable the use and handling of stem cells for therapeutic purposes. Vitrolife has approximately 250 employees and the company’s products are sold in about 110 markets. The company is headquartered in Gothenburg, Sweden, and there are also offices in USA, Australia, France, Italy, United Kingdom, China, Japan, Hungary and Denmark. The Vitrolife share is listed on NASDAQ OMX Stockholm, Small Cap.

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Vitrolife is required to publish the information in this press release in accordance with the Swedish Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publication on November 5, 2014 at 8:30 a.m.

This is a translation of the Swedish version of the press release. When in doubt, the Swedish wording prevails