



# Q2 Results

July 22, 2010

**Q-MED**  
Enabling Individual Beauty

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## Q2 Summary



- Group revenues from sales of goods and royalties amounted to 392 (382) MSEK
  - Currency impact -23 MSEK
- Operating income amounted to 103 (571) MSEK
  - Operating margin 25 (87) percent
- Earnings per share amounted to 0.81 (5.53) SEK
- Cash flow from operating activities 137 (96) MSEK
- Number of employees 623 (643), including 355 (392) in Sweden

# Market Development Q2 2010

## Esthetics

MSEK	Q2 2010	Q2 2009	+/- %	Portion of total Esthetics sales
Europe	205	192	7%	58%
North America	20	26	-23%	6%
Latin America	12	10	20%	3%
Asia	88	75	17%	25%
Rest of the World	27	19	42%	8%
<b>Total</b>	<b>352</b>	<b>322</b>	<b>9%</b>	

# Market Development Q2 2010

## Esthetics Europe



- **Sales increased 7 percent**
  - Sales increased by 7 percent compared to last year
  - Negative currency effects
- **Restylane®**
  - Lidocaine products well received
  - On April 8, Q-Med presented a completely new series of products: Restylane Skincare. Restylane Skincare is a series of high-quality skincare products based on the successful, patented and proven NASHA™ technology.
- **Macrolane™**

# Market Development Q2 2010

## Esthetics North America



- Sales decreased 23 percent
  - Deliveries to Medicis, Q-Med's partner in North America, decreased by 23 percent during the second quarter compared with the previous year. In the first quarter there was an initial stocking of inventory at Medicis in connection with the approval of Restylane with lidocaine (Restylane®-L) and Restylane Perlane with lidocaine (Perlance®-L) in the US.

# Market Development Q2 2010

## Esthetics Asia



- Sales increased 17 percent
  - Positive development in several markets
  - Weak Japan sales
  - Sales in China growing

# Market Development Q2 2010

## Esthetics Latin America and Rest of the World



- Latin America
  - Sales up 20 percent
- Rest of the World
  - Sales up 42 percent

# Market Development Q2 2010

## Hospital Healthcare

<b>MSEK</b>	<b>Q2 2010</b>	<b>Q2 2009</b>	<b>+/- %</b>
Deflux®	19	46	-59%
Durolane™	12	8	50%
Solesta™	0	1	-100%
Other products	0	0	-
Total revenues sales of goods	31	55	-44%
Royalty revenues Deflux	4	1	300%
Royalty revenues Durolane	5	4	25%
<b>Total revenues</b>	<b>40</b>	<b>60</b>	<b>-33%</b>

# Market Development Q2 2010

## Hospital Healthcare

- Operating income 21 (498) MSEK.
- Durolane™
  - Sales 12 (8) MSEK
  - Royalties 5 (4) MSEK
- Deflux®
  - Sales 19 (46) MSEK
  - Royalties 4 (1) MSEK
- Solesta®

On April 12 Q-Med AB and Oceana Therapeutics announced the filing of a Premarket Approval (PMA) application with the FDA for Solesta®.

The PMA application contains a substantial amount of clinical data to show the safety and effectiveness of Solesta®. The study met all primary endpoints. These endpoints were pre-specified in a study protocol approved by the FDA. Treatment effect was associated with an improvement in quality of life.



# Financials Q2 2010

## Operating income per product area

MSEK	Q2 2010	Q2 2009	+/- %
Esthetics	97	92	5%
Hospital Healthcare	21	498	-96%
Development Projects	-1	-2	n/a
Not allocated	-14	-17	n/a
<b>Total</b>	<b>103</b>	<b>571</b>	<b>-82%</b>

- Operating margin for Esthetics 28 (29) percent
- Operating income for Hospital Healthcare 21 (498) MSEK
- Marketing and sales costs at 39 (41) percent of revenues
- Research and development costs at 14 (17) percent of revenues

# Financials

## Group income statement

MSEK	Q2 2010	Q2 2009	+/- %
Revenues from sales of goods	383	377	2%
Royalty revenues	9	5	80%
<b>Total revenues</b>	<b>392</b>	<b>382</b>	<b>3%</b>
Cost of goods sold	-67	-67	-
<b>Gross income</b>	<b>325</b>	<b>315</b>	<b>3%</b>
Other operating revenues	5	504	-99%
Selling expenses	-151	-155	-3%
Administrative expenses	-21	-30	-30%
R&D costs	-54	-64	-16%
Other operating expenses	-1	1	-
<b>Operating income</b>	<b>103</b>	<b>571</b>	<b>-82%</b>
Results from financial items	6	2	
<b>Income after financial items</b>	<b>109</b>	<b>573</b>	<b>-81%</b>
Tax on income for the period	-29	-23	
<b>Net income for the period</b>	<b>80</b>	<b>550</b>	<b>-85%</b>

# Financials

## Cash flow analysis

MSEK	Q2 2010	Q2 2009	Whole year 2009
Operating activities	137	96	236
Investing activities	-3	498	203
Financing activities	-149	-80	-80
<b>Cash flow for the period</b>	<b>-15</b>	<b>514</b>	<b>359</b>
Liquid funds at beginning of period	646	187	228
Exchange rate differences in liquid funds	1	0	7
Liquid funds at end of period	632	701	594

- Operating cash flow 137 (96) MSEK
- Total cash flow -15 (514) MSEK

# Financials - Balance Sheet

## Group balance sheet (MSEK)

June 30, 2010

June 30, 2009

### Non-current assets

Goodwill	43	36
Patents and other intellectual property	25	50
Property, plant and equipment	922	870
Deferred prepaid tax	10	18
Other financial assets	49	50

### Current assets

Inventories	137	132
Accounts receivable	248	251
Other current receivables	20	36
Prepaid expenses and accrued revenues	26	25
Short term investments	158	-
Cash and cash equivalents	632	701

<b>Total assets</b>	<b>2270</b>	<b>2169</b>
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<b>Shareholders' equity</b>	<b>1940</b>	<b>1869</b>
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### Long-term liabilities

Interest-bearing long-term liabilities	-	-
Provisions	9	11
Deferred tax liability	139	109

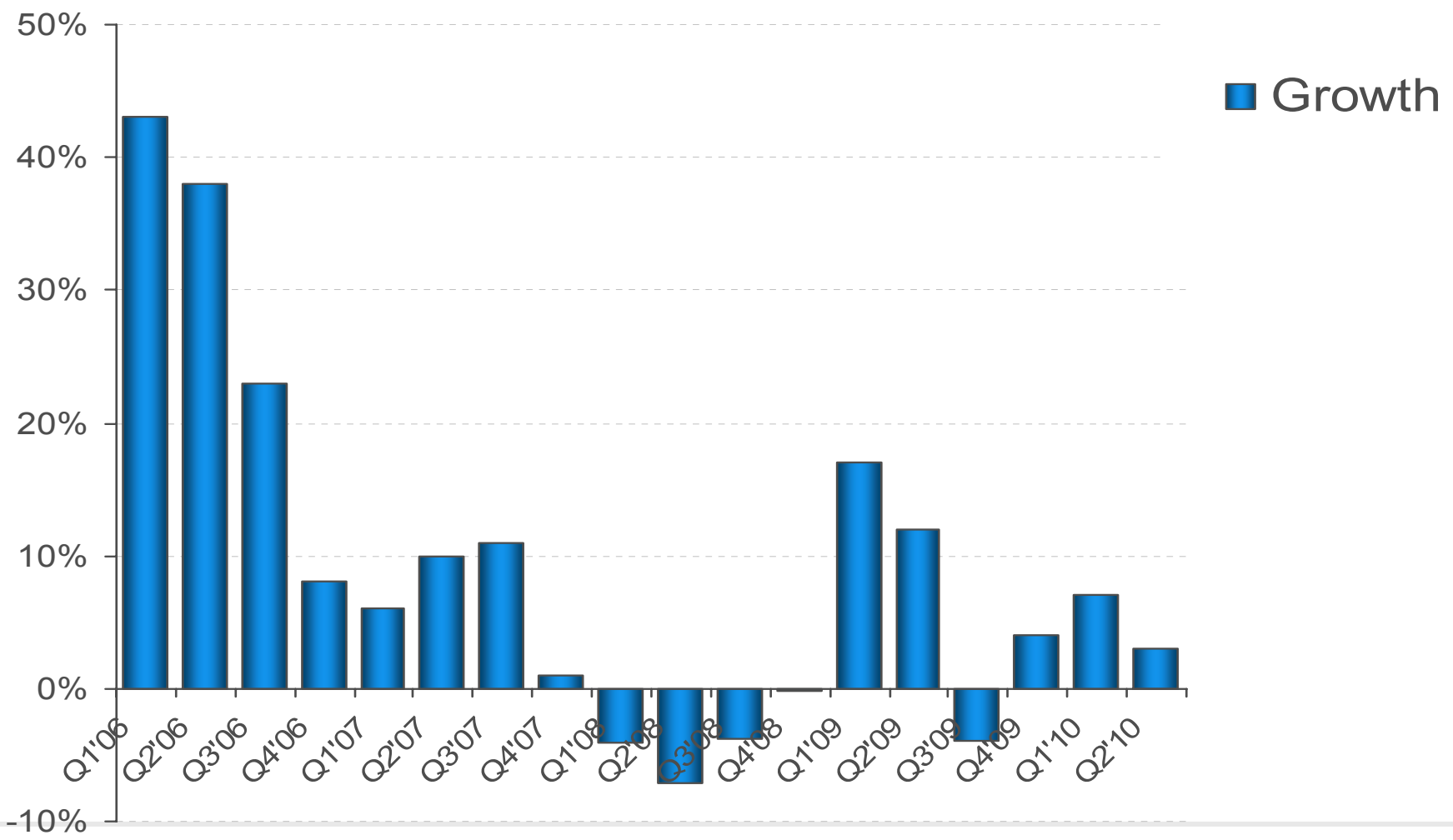
### Current liabilities

Interest-bearing current liabilities	-	-
Accounts payable	43	42
Other interest-free current liabilities	40	37
Accrued expenses and prepaid revenues	99	101

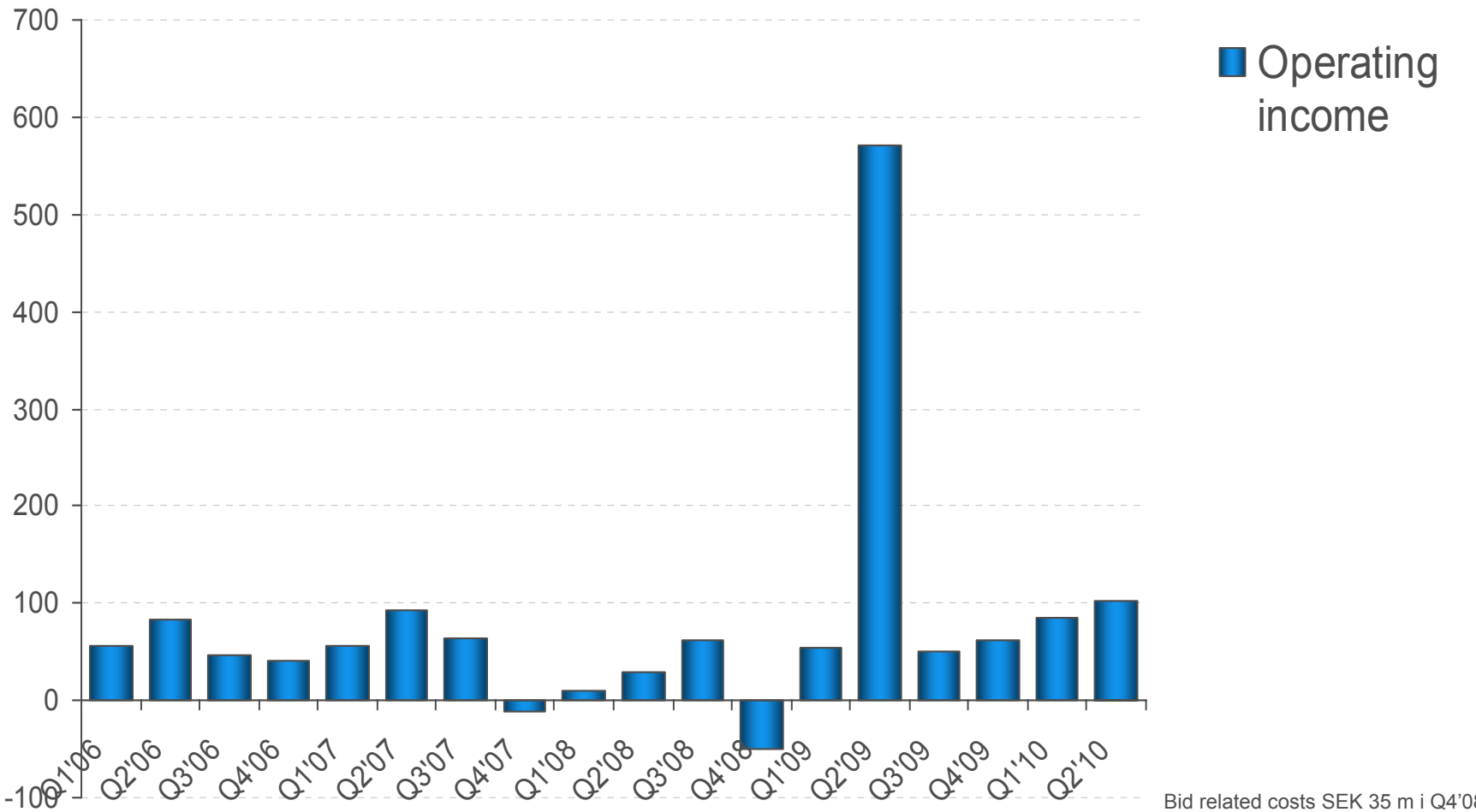
<b>Total liabilities and shareholders' equity</b>	<b>2270</b>	<b>2169</b>
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Pledged assets for own liabilities	4	4
Contingent liabilities	none	none

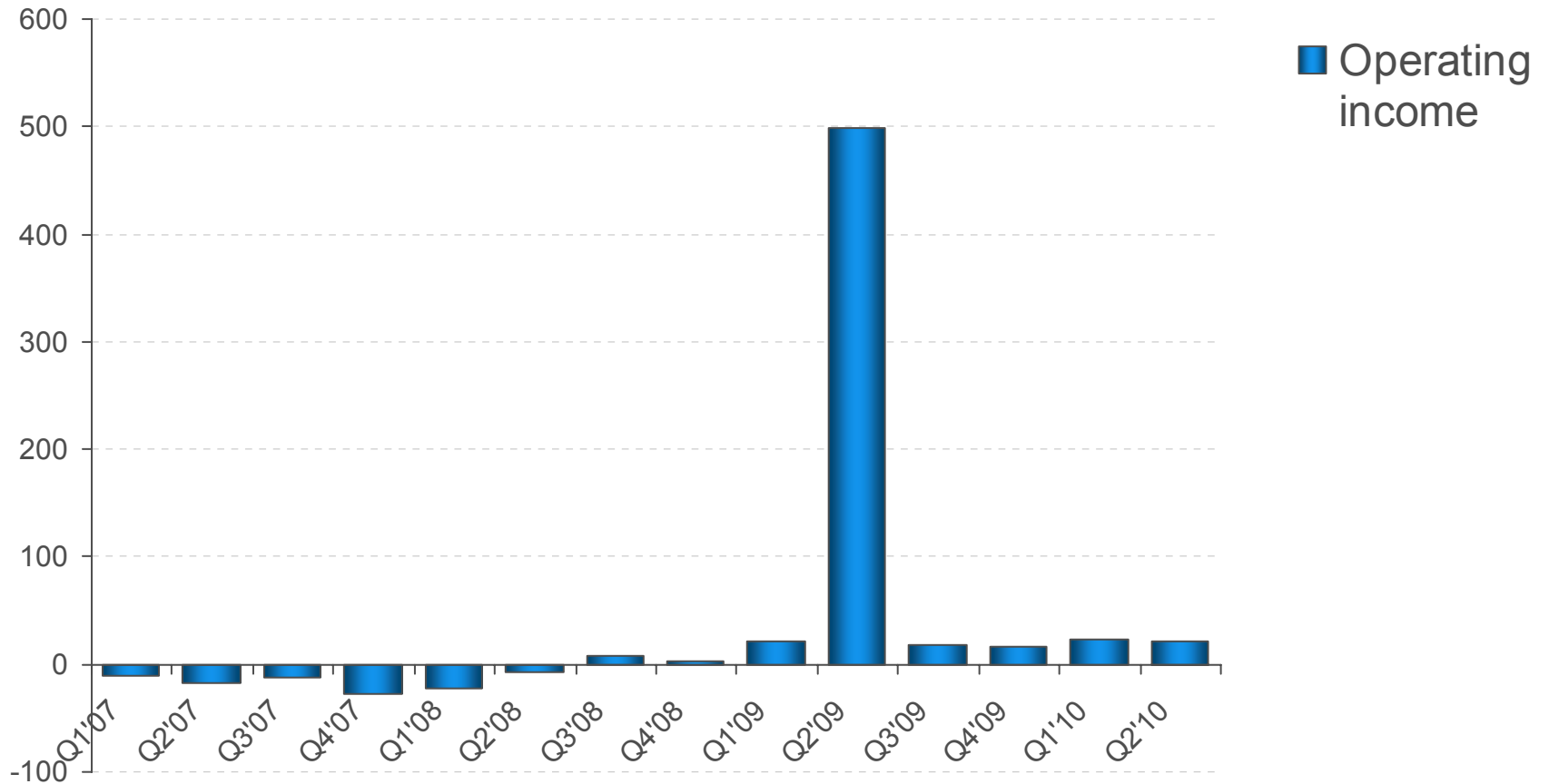
# Change in Revenues and Royalties



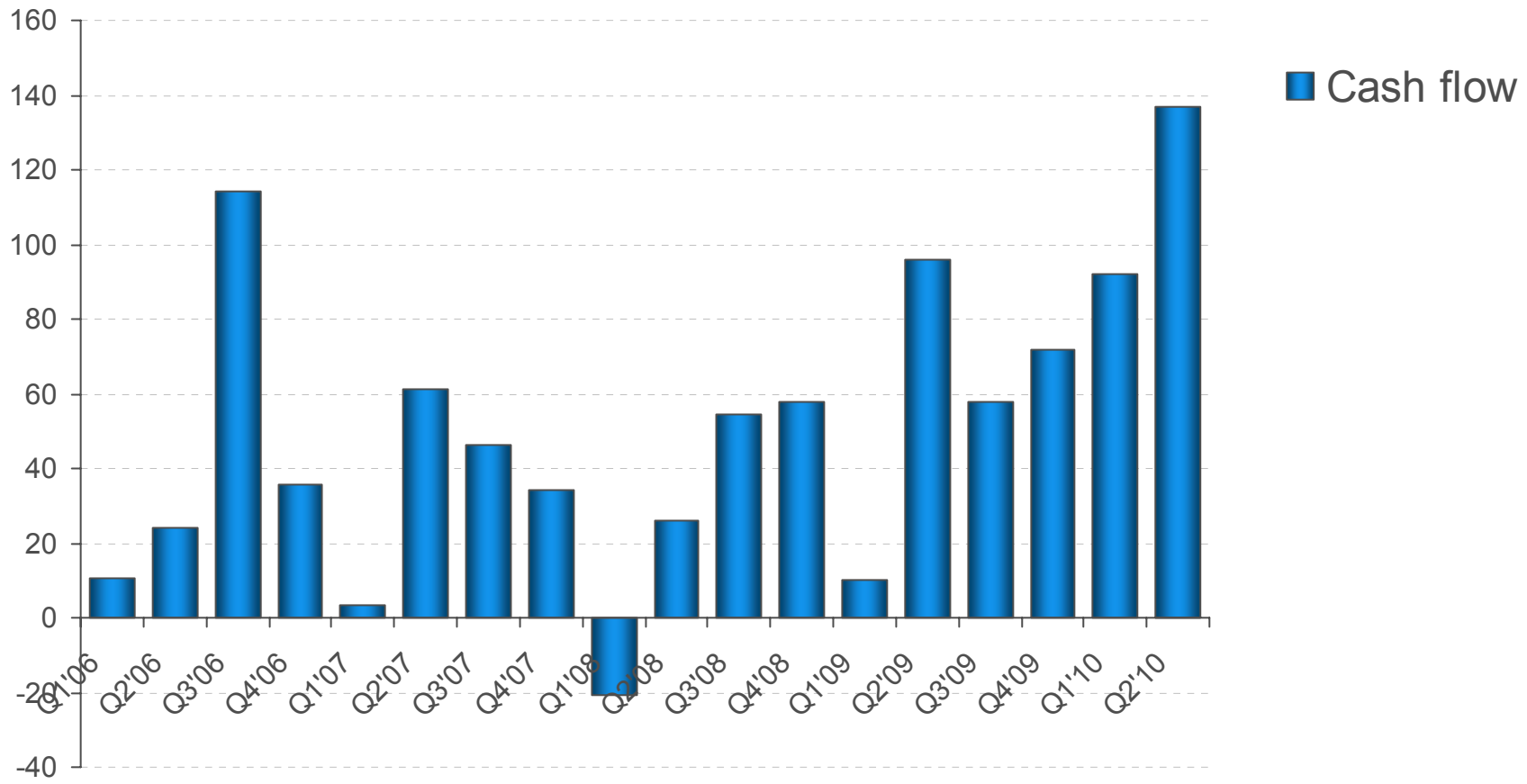
# Operating Income per Quarter, Oceana included



# Operating Income Hospital Healthcare, Oceana included



# Cash Flow From Operating Activities



# Outlook



- The aim of the company is not only to defend its strong position of market leader but also develop new markets and broaden the product portfolio.
- Q-Med's overall objective is high growth together with good profitability.
  - The market for the products developed in-house by Q-Med is being further expanded through the launches of Macrolane™, the product group Restylane Vital™ and Restylane® Skincare.
  - Uncertainty about the development of the global economy means that the prospects for the future are difficult to assess.
- Focus on the Esthetic product area

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# Q-MED

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