

## More than 30 percent growth and doubled profit

### January 1 – March 31, 2012

- Net sales rose by 32 % to SEK 40.4 million (30.6)
- The operating result was SEK 5.4 million (2.5)
- Profit before tax was SEK 4.4 million (0.3)
- Earnings per share were SEK 0.11 (0.00)
- Cash and cash equivalents at the end of the quarter were SEK 56.5 million (40.2)
- CellaVision launched a blood analysis system for the veterinary market in North America

### CellaVision in brief

(SEK million)	Jan-March 2012	Jan-March 2011	Full year 2011
Net sales	40.4	30.6	155.4
Gross profit	27.1	20.8	101.4
Operating result	5.4	2.5	17.8
Operating margin, %	13.4	8.2	11.5
Profit before tax	4.4	0.3	18.5
Cash flow	-0.3	4.4	21.0

### CEO Yvonne Mårtensson comments: Stronger quarter than expected

“We have a strong start to the year, with somewhat higher sales than we had foreseen. During the period cooperation with our partners in Europe and North America developed well and we see a continued strong underlying demand for our products.

During the quarter we worked further for continued international market expansion and product development. We have strengthened our presence in China by establishing a market office in Shanghai and recruiting of local employees has been started to give support to our partners. The venture will give us increased understanding of the Chinese market and increase our visibility, which creates interest for our products. China is a market with great long-term potential and demand for our products should now be able to gradually gain momentum.

In February our technology efforts resulted in the introduction of an analyzer for the veterinary market in the USA and Canada. There is interest in the product mainly among large veterinary laboratories with high test sample volumes and automation needs.

After the strong start to the year I have a positive view of CellaVision’s continued development in 2012, but do not yet regard the strong growth and level of profitability as a trend for the full year.”

Yvonne Mårtensson, CEO, CellaVision AB

## This is CellaVision

CellaVision’s customers are large and mid-sized hospital laboratories and commercial laboratories specializing in hematology, mainly in Europe and North America. Most sales are via the two largest hematology companies in the world, Sysmex and Beckman Coulter. Products are sold directly in the Nordic countries and via subsidiaries in the US, Canada and Japan. CellaVision’s analyzers rationalize manual laboratory work, and secure and support effective workflows and competency development within and between hospitals.

CellaVision makes no forecasts, but our long-term financial targets are to continue increasing sales on average by at least 15 % per year over an economic cycle and achieve an operating margin of more than 15 %.

### Product offer

CellaVision’s products replace manual microscopy in laboratories for blood analyses. After taking the sample, most blood tests are analyzed using cell counters. If the sample shows signs of disease it is examined further to enable it to be used as a basis for diagnosis. This analysis is carried out automatically by CellaVision’s analyzer.



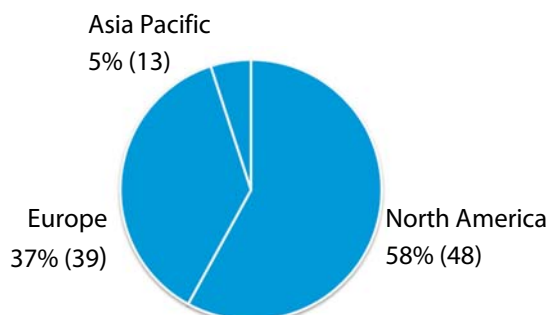
## Overview 2012

### Market and sales

Sales for the first quarter of 2012 were SEK 40.4 million (30.6), an increase of 32 % compared with the same period in the previous year. In local currencies, sales increased by 40 %.

The North American market accounted for the greatest growth during the quarter, achieving continued sales successes through distributors. During the period North America accounted for 58 % (48) of sales, Europe for 37 % (39) and Asia and the Pacific region for 5 % (13).

Sales per geographical region, 2012 (2011)



Like others in the medical devices industry selling capital equipment, CellaVision's inflow of orders is unevenly distributed over the year, depending on the distributors' sales and inventory levels. Consequently, variations in order volume in individual quarters may be great in the different geographical markets.

## **What is driving growth?**

The use of CellaVision's image analysis and IT solutions in laboratory medicine delivers considerable gains in test result quality, productivity and response times. The demand for CellaVision's products is strong and is due to increased efficiency and quality assurance requirements in the healthcare market, particularly in Europe and North America. Within laboratory operations, availability of skilled staff is falling due to growing retirement figures, while at the same time the volume of samples to be tested is growing due to an ageing population. The trend is for more laboratories to join together and collaborate in regions or hospital groups and seek tools to help them coordinate geographically spread services, reduce labor costs and shorten response times.

## **North America**

During the first quarter of the year developments continued to be strong in North America and sales increased to 23.5 MSEK (14.8). In US dollars the increase was 54 %.

The continuing positive sales in the region can be mainly attributed to the successes of the distributors Sysmex and Beckman Coulter in the USA. In general, demand for the larger analyzer, the CellaVision DM96, is great, since capacity requirements are high at the US laboratories.

In February 2012 CellaVision decided to launch an analysis system for the veterinary market in North America. The product, the CellaVision® DM96 Vet, is primarily marketed to a hundred or so large veterinary laboratories in the USA and Canada, where the volume of samples is high and the need for an effective method of analysis is great. The product is sold directly to the end customer and provides CellaVision with further growth opportunities in the hematology segment.

## **Europe, the Middle East and Africa (EMEA)**

The growth rate of the region, in terms of numbers of analyzers sold, continues to be very positive. Sales increased to 15.0 MSEK (12.0). In euros the increase was 31 %.

In EMEA the distributor Sysmex Europe is continuing to drive the concept of automated production lines with great success. In western Europe sales are primarily related to the continuing strong demand for the analyzer for mid-sized test sample volumes, the CellaVision DM1200, which since 2011 has accounted for more than half of the number of analyzers sold in the region. In the Middle East interest in the company's digital solution is gradually rising.

To increase its possibilities of participating with the company's products in procurements of laboratory equipment in the Nordic countries, CellaVision entered into a cooperation agreement with Abbott, the hematology company. CellaVision already sells its products in the Nordic countries via Sysmex and its own sales organization. Along with Sysmex, Abbott is one of the four major suppliers of cell counters in the Nordic market.

## **Asia Pacific**

Marketing in the region has just begun and so far the region accounts for a small part of CellaVision's total sales; about 6 % for the full year in 2011. During the quarter sales in the region were halved, both in Swedish kronor and euros. CellaVision assesses that in the long term mainly the markets in China, South East Asia and Japan have strong development potential.

CellaVision increased its efforts in China during the quarter by establishing a market office in cooperation with the Swedish Trade Council in Shanghai. Through increased local presence the company can gain knowledge of the Chinese market and increase its visibility. The office in Shanghai will support the company's distributors in their marketing and sales, for example through training, product demonstrations and arranging seminars. Initially CellaVision's technology will be marketed to the thousand or so hospitals with more than 500 beds that conduct clinical training and research.

Japan's growth was slowed by the natural disaster at the beginning of 2011. Demand continues to be subdued, but some improvement could be seen in the first quarter of 2012.

## Research and development

CellaVision's new product for laboratories in networks, the CellaVision® Image Capture System, entered its completion phase, with a planned launch at the end of May at the International Symposium on Technological Innovations in Laboratory Hematology, ISLH, in Nice, France. The product consists of a camera, computer and software, which digitizes the blood sample and ensures that the result is in the same format as test samples analyzed on CellaVision's DM analyzer. With this product CellaVision can also offer satellite laboratories in health networks a digital solution for blood analysis.

During the quarter CellaVision has continued to adapt the veterinary application, CellaVision® DM96 Vet, to market needs.

Capitalized expenditure for development projects in the first quarter amounted to SEK 1.4 million (1.6). The company estimates that capitalized expenditure for new development will amount to between five and seven million kronor during the 2012 financial year.

## Significant events after the period close

There are no significant events to report.

## Sales, earnings and investment

Net sales for the Group in the first quarter were SEK 40.4 million (30.6), an increase of 32 % compared with the same period in the previous year.

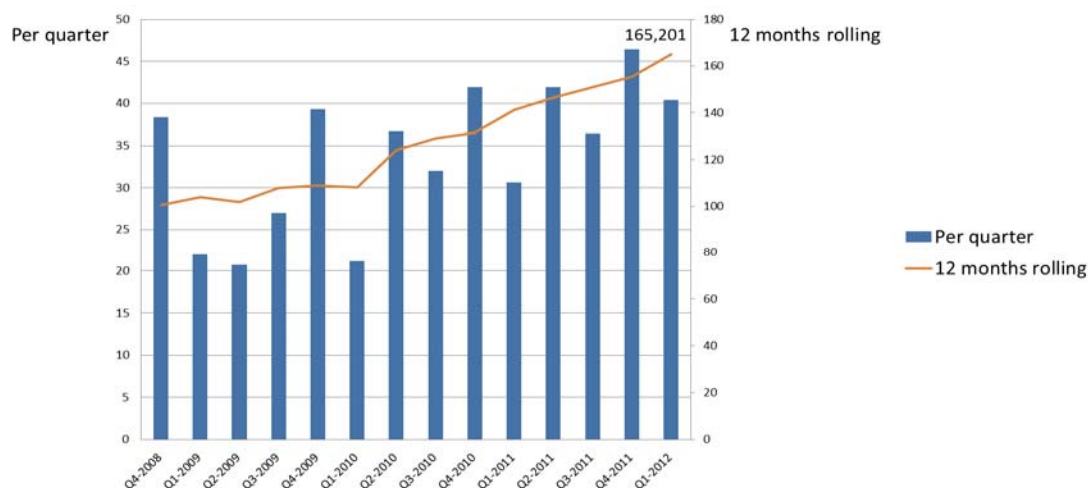
Sales in international markets are mainly in USD and EUR, which means that the company's sales and results are impacted by changes in these currencies.

The gross margin for the quarter was 67 % (68). CellaVision usually has large gross margin variations from quarter to quarter. This is dependent on the share of sales via distributors or via CellaVision's own sales companies, the product mix sold and exchange rates.

The Group's operating profit for the quarter was SEK 5.4 million (2.5). Exchange rate fluctuations during the quarter had no significant impact on the operating profit. With the average exchange rate in 2011 the operating profit would have been SEK 5.6 million. Total operating expenses for the quarter were SEK 21.7 million (18.3).

Capitalized expenditure for development projects in the first quarter amounted to SEK 1.4 million (1.6). Investments in property, plant and equipment during the quarter amounted to SEK 0.4 million (0.2).

### Sales per quarter and 12 months rolling (MSEK)



## Financing

The funds at the Group's disposal at the close of the quarter amounted to SEK 61.5 million (45.2), of which SEK 56.5 million (40.2) was cash and cash equivalents and SEK 5.0 million in unutilized credit.

The cash flow from operating activities for the quarter was SEK 10.0 million (13.2). Total cash flow for the period was SEK -0.3 million (4.4). The stronger cash flow from operating activities is partly explained by an even rate of delivery with reduced trade receivables at the close of the quarter. Repayment of factoring debt reduced the cash flow from financing activities.

To obtain a stable picture of earnings the company continuously hedges 50-75 per cent of currency exposure in net flows 12 months forward. In the first quarter earnings for the period were impacted by unrealized exchange rate differences in the parent company's receivables from subsidiaries with a negative result of SEK 0.9 million.

## Parent company

Parent company sales for the first quarter were SEK 37.0 million (28.4). The pre-tax profit for the quarter was SEK 6.6 million (1.4).

The parent company's investments in property, plant and equipment and intangible assets during the quarter were SEK 0.3 million (1.7) and the net cash flow was SEK -0.8 million (2.2).

In other respects please refer to the information for the Group.

## Personnel

The number of employees of the Group, restated as full-time equivalents, was 64 (58) at the close of the quarter. Of these, 37 (40) were men and 27 (18) women.

## Other information

### *Group*

On 31 March 2012 the Group consisted of the parent company and the wholly-owned subsidiaries CellaVision Inc. (USA), CellaVision Canada Inc. (Canada), CellaVision Japan K.K. (Japan) and CellaVision International AB.

### *Dividend*

The Board of Directors proposes that the Annual General Meeting approve a dividend of SEK 0.40 per share for 2011. CellaVision has decided not to announce a dividend policy for the coming year since the company is undergoing strong growth and still requires operational investments. The operating margin improved during the year and was 11.5 %, though without achieving the long-term target of 15 % over an economic cycle. A decision on share dividend will be made from year to year, based on the company's financial situation and working capital requirements to finance the company's growth ambitions.

### *Accounting policies*

The consolidated accounts are prepared in accordance with International Financial Reporting Standards, IFRS. The interim report for the Group was prepared in accordance with IAS 34, Interim Financial Reporting, the Annual Accounts Act and in accordance with the Stockholm Stock Exchange rules and regulations for companies listed on Nasdaq OMX Stockholm. The interim report for the parent company was prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2, Accounting for Legal Entities. The interim report was prepared in accordance with the accounting policies and valuation methods presented in the annual report for 2011. New standards and interpretations that came into force on January 1, 2012 have had no impact on CellaVision's financial reporting for the interim report period.

## *Segment reporting*

CellaVision's operations only comprise one operating segment; automated microscopy systems in the field of hematology, and therefore reference is made to the income statement and balance sheet regarding operating segment reporting.

## **Information concerning risks and uncertainties**

Reduced demand and changes in exchange rates constitute uncertainties but not material risks. For a more detailed description of the risks and uncertainties facing CellaVision, please refer to the risk and sensitivity analysis in the Annual Report for 2011.

## **Review**

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

## **The Nomination Committee for the Annual General Meeting in 2012**

According to a resolution of the Annual General Meeting in 2011 the Nomination Committee is to consist of the Chairman of the Board and one representative for each of the four largest shareholders in terms of voting rights at the end of September 2011. For the 2012 Annual General Meeting the Nomination Committee consists of Lennart Hansson, Chairman (Stiftelsen Industrifonden), Aleksandar Zuza (Metallica Förvaltnings AB), Christer Fåhraeus (Christer Fåhraeus and companies), Caroline af Ugglas (Skandia Liv) and Chairman of the Board Lars Gatenbeck.

## **Future reports and the Annual General Meeting**

Annual General Meeting:	May 2, 2012
Interim report January – June:	July 18, 2012
Interim report January – September:	October 26, 2012
Year-end bulletin 2012:	February 14, 2013

The Annual General Meeting will be held on May 2, at 16.00 at CellaVision's premises, Ideon, Lund. The interim reports and annual report are available at [www.cellavision.com](http://www.cellavision.com).

The Board of Directors and CEO certify that the year-end report provides a true and fair view of the parent company's and the Group's business, financial position and performance and describes material risks and uncertainties to which the parent company and the companies in the Group are exposed.

Lund, 25 April 2012

Lars Gatenbeck <i>Chairman of the Board</i>	Christer Fåhraeus <i>Member of the Board</i>	Sven-Åke Henningsson <i>Member of the Board</i>
Lars Henriksson <i>Member of the Board</i>	Roger Johanson <i>Member of the Board</i>	Torbjörn Kronander <i>Member of the Board</i>
Anna Malm Bernsten <i>Member of the Board</i>	Yvonne Mårtensson <i>President/CEO</i>	

**For further information, please contact:**

Yvonne Mårtensson, CEO, CellaVision AB

Phone: +46 708 33 77 82. Email: [yvonne.martensson@cellavision.se](mailto:yvonne.martensson@cellavision.se)

Johan Wennerholm, CFO, CellaVision AB

Phone: +46 708 33 81 68. Email: [johan.wennerholm@cellavision.se](mailto:johan.wennerholm@cellavision.se)

**Address**

CellaVision AB • Ideon Science Park • SE 223 70 Lund

Corporate identity number: 556500-0998

Web: [www.cellavision.com](http://www.cellavision.com)

Blog: <http://blog.cellavision.com>

App: CellAtlas

CellaVision is listed on the Nasdaq OMX Stockholm, Small Cap list. The company is traded under the ticker symbol CEVI and ISIN code SE0000683484.

**Publication**

The information in this interim report is disclosed by CellaVision AB (publ) pursuant to the Securities Market Act and/or the Financial Instruments Trading Act. The information was released for public disclosure on April 25, 2012 at 08.30.

## Consolidated Income Statement in Summary

All amount in ' 000 SEK	Jan-Mar 2012	Jan-Mar 2011	Jan-Dec 2011
Net sales	40 415	30 616	155 402
Cost of goods sold	-13 344	-9 807	-53 991
<b>Gross profit</b>	<b>27 071</b>	<b>20 809</b>	<b>101 411</b>
Sales and marketing expenses	-9 194	-8 123	-35 281
Administration expenses	-6 580	-5 911	-27 013
R&D expenses	-5 937	-4 299	-21 407
Other operating income	-	-	90
<b>Operating result</b>	<b>5 360</b>	<b>2 476</b>	<b>17 800</b>
Interest income and financial exchange rate gains	79	1	1 113
Interest expense and financial exchange rate losses	-1 064	-2 224	-399
<b>Result before income tax</b>	<b>4 375</b>	<b>253</b>	<b>18 514</b>
Tax	-1 732	-152	-3 881
<b>Net result</b>	<b>2 643</b>	<b>101</b>	<b>14 633</b>

### Other comprehensive income:

#### a) Financial assets at fair value

Reclassified to operating result	252	-692	-1 947
Revaluation of financial assets	1 207	853	-99
Income tax relating to financial assets	-384	-42	538

#### b) Translation difference

Translation difference in the group	3	695	-480
Sum of other comprehensive income:	1 078	814	-1 988

<b>Comprehensive result for the period</b>	<b>3 721</b>	<b>915</b>	<b>12 645</b>
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Per share data	Jan-Mar 2012	Jan-Mar 2011	Jan-Dec 2011
Earnings per share, SEK */	0,11	0,00	0,61
Equity per share, SEK	5,44	4,79	5,29
Equity ratio, %	77%	75%	71%
Number of shares outstanding	23 851 547	23 851 547	23 851 547
Average number of shares outstanding	23 851 547	23 851 547	23 851 547
Stock exchange rate, SEK	16,00	11,00	13,25

\*/ In relation to net profit and average outstanding shares

## Quarterly Results

All amount in ' 000 SEK	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010
Net sales	40 415	46 444	36 455	41 887	30 616	41 886
Gross profit	27 071	32 242	22 633	25 727	20 809	28 882
Gross margin in %	67	69	62	61	68	69
Overhead cost	-21 711	-25 296	-18 906	-21 076	-18 333	-19 789
Operating result	5 360	6 946	3 727	4 651	2 476	9 093
Net result	2 643	7 349	4 991	2 192	101	37 107
Cashflow	-347	13 775	361	2 483	4 388	5 052



**Consolidated Balance Sheet in Summary**

All amount in ' 000 SEK	2012-03-31	2011-03-31	2011-12-31
<b>Assets</b>			
Intangible assets	21 396	22 500	21 329
Tangible assets	2 177	1 558	2 015
Financial assets	47 572	53 033	49 304
Deferred tax	97	121	114
Inventory	16 409	6 675	14 450
Trade receivables	17 716	22 365	26 653
Other receivables	7 768	6 460	8 045
Cash and bank	56 471	40 199	56 818
<b>Total assets</b>	<b>169 606</b>	<b>152 911</b>	<b>178 728</b>
<b>Equity and liabilities</b>			
Equity	129 788	114 337	126 067
Short term debt	17 142	14 021	18 425
Short term debt with interest	7 212	13 796	15 719
Trade payables	13 264	9 101	16 549
Other liabilities	2 200	1 656	1 968
<b>Total equity and liabilities</b>	<b>169 606</b>	<b>152 911</b>	<b>178 728</b>

**Consolidated statement of changes in equity**

All amount in ' 000 SEK	2012-03-31	2011-03-31	2011-12-31
Balance at the beginning of the year	126 067	113 422	113 422
Net profit for the year	2 643	101	14 633
Comprehensive result for the period	1 078	814	-1 988
<b>Balance at the end of the year</b>	<b>129 788</b>	<b>114 337</b>	<b>126 067</b>

**Cash Flow Analysis in Summary in Summary**

All amount in ' 000 SEK	Jan-Mar 2012	Jan-Mar 2011	Jan-Dec 2011
<b>Result before taxes</b>	4 375	253	18 514
Adjustment for items not included in cash flow	-4 748	1 054	8 266
Taxes	-	-	-
<b>Cash flow from operations before changes in working capital</b>	<b>-373</b>	<b>1 307</b>	<b>26 780</b>
Changes in working capital	10 381	11 860	5 235
<b>Cash flow from operations</b>	<b>10 008</b>	<b>13 167</b>	<b>32 015</b>
Capitalisation of development costs	-1 444	-1 575	-4 537
Aquisitions in financial non-current assets	17	-	19
Aquisitions in tangible non-current assets	-421	-165	-1 373
<b>Cash flow from investment activities</b>	<b>-1 848</b>	<b>-1 740</b>	<b>-5 891</b>
New loans and instalments of dept	-8 507	-7 039	-5 117
<b>Cash flow from financing activities</b>	<b>-8 507</b>	<b>-7 039</b>	<b>-5 117</b>
<b>Total cash flow</b>	<b>-347</b>	<b>4 388</b>	<b>21 007</b>
Liquid funds at beginning of period	56 818	35 811	35 811
Liquid funds at end of period	56 471	40 199	56 818

<b>Income Statement - Parent Company</b>			
All amount in ' 000 SEK	Jan-Mar 2012	Jan-Mar 2011	Jan-Dec 2011
Net sales	37 043	28 405	146 640
Cost of goods sold	-13 336	-12 134	-71 567
<b>Gross profit</b>	<b>23 707</b>	<b>16 271</b>	<b>75 073</b>
Sales and marketing expenses	-3 619	-2 442	-11 276
Administration expenses	-6 580	-5 911	-27 014
R&D expenses	-5 937	-4 299	-21 407
Other operating income	-	-	90
<b>Operating result</b>	<b>7 571</b>	<b>3 619</b>	<b>15 466</b>
Write-downs of shares in group companies	-	-	-2 400
Interest income and financial exchange rate gains	78	0	1 103
Interest expense and financial exchange rate losses	-1 064	-2 224	-360
<b>Result before income tax</b>	<b>6 585</b>	<b>1 395</b>	<b>13 809</b>
Tax	-1 732	-152	-4 224
<b>Net result</b>	<b>4 853</b>	<b>1 243</b>	<b>9 585</b>

<b>Statement of Comprehensive Income</b>			
All amount in ' 000 SEK	Jan-Mar 2012	Jan-Mar 2011	Jan-Dec 2011
Net result for the period	4 853	1 243	9 585
Other comprehensive income:	-	-	-
Sum of other comprehensive income:	0	0	0
<b>Comprehensive result for the period</b>	<b>4 853</b>	<b>1 243</b>	<b>9 585</b>

<b>Balance Sheet - Parent Company</b>			
All amount in ' 000 SEK	2012-03-31	2011-03-31	2011-12-31
<b>Assets</b>			
Intangible assets	21 396	22 500	21 329
Tangible assets	1 743	1 430	1 737
Deferred tax	46 768	52 572	48 500
Financial assets	9 852	704	9 852
Inventory	13 725	4 331	10 457
Trade receivables	9 963	18 297	19 462
Receivables from group companies	20 086	28 380	16 499
Other receivables	5 640	4 527	7 260
Cash and bank	48 138	35 302	48 919
<b>Total assets</b>	<b>177 311</b>	<b>168 043</b>	<b>184 015</b>
<b>Equity and liabilities</b>			
Equity	141 673	128 477	136 820
Short term debt	12 594	10 614	13 104
Short term debt with interest	7 212	13 796	15 719
Liabilities to group companies	-	4 571	-
Trade payables	13 632	8 929	16 404
Other liabilities	2 200	1 656	1 968
<b>Total equity and liabilities</b>	<b>177 311</b>	<b>168 043</b>	<b>184 015</b>