



Year-end report Perbio Science AB 2002

Good growth and high profitability despite weaker USD

- Net sales up 15 percent to SEK 2,175 (1,899) million
- Operating profit before amortization of goodwill up 16 percent to SEK 402 (348) million
- Income after financial items increased by 15 percent to SEK 367 (318) million
- Earnings per share after full dilution up 19 percent to SEK 6.20 (5.20)
- Investment in research and development stepped up
- Dollar 6 percent weaker than 2001 and 14 percent weaker in Q4 compared to last year
- Proposed dividend of SEK 1.50 per share

Bioresearch Division

- Continued rapid development of new products
- Sharper focus on products for protein studies

Cell Culture Division

- Increased access to serum raw material through acquisition in Australia and start-up in Canada
- New facility doubles production capacity for cell culture media and sterile liquids
- Focus on serum-free/protein-free cell culture media and innovations in BPC technology

Medical Device Division

- Focus on products for voice rehabilitation
- FreeHands® and TrachPhone® licensed for sale in the USA
- Operation of Therabite Corporation acquired

2002: Summary

2002 SAW PERBIO SCIENCE CONTINUING TO STRENGTHEN ITS POSITION IN THE MARKET. NET SALES ROSE BY 15 PERCENT AND OPERATING INCOME BY 17 PERCENT. SUBSTANTIAL INVESTMENTS WERE MADE IN NEW PRODUCTS AND INCREASED PRODUCTION CAPACITY TO SUPPORT CONTINUED RAPID GROWTH IN THE LONGER TERM.

- Net sales grew by 15 percent to SEK 2,175 (1,899) million.
- The 6 percent depreciation of the USD against the SEK had a major impact on sales in 2002 and reduced net sales by around 5 percent. Exchange rates impacted on operating income in the same way as on net sales.
- Operating income before amortization of goodwill climbed 16 percent to SEK 402 (348) million and the EBITA margin rose to 18.4 (18.3) percent. The margin was among other things affected by higher research and development expenses, mostly related to new products for protein research in the Bioresearch Division and BioProcess Containers (BPCs) and serum-free/protein free cell culture media in the Cell Culture Division.
- All three divisions reported growth in sales and earnings relative to 2001. There was particularly strong growth in the Cell Culture and Medical Device Divisions and the Bioresearch Division's protein chemistry business.
- The gross margin fell slightly to 46.0 (47.0) percent, primarily because the lower-margin Cell Culture Division grew faster than the higher-margin Bioresearch Division.
- Production capacity for several of the group's main products was increased during the year. The Cell Culture Division opened a new facility in the USA based on the new single-use BPC technology, which has doubled sterile liquids production capacity. The Bioresearch Division expanded its amidite production capacity and the Medical Device Division opened a new production facility for medical devices.
- To increase access to the strategic serum raw material for cell culture, an existing business was acquired in Australia and a new company was started up in Canada.
- On 1 November CEO Mats Fischier was appointed chairman of the board and Leland G Foster became CEO. The reasoning behind this change is that around 80 percent of Perbio's assets, business and workforce are to be found in the USA. A US-based CEO has long been considered a key factor for the group's global expansion.
- Perbio believes that the outlook remains bright. The company has positioned itself as a supplier of products, systems and services for the study and production of proteins. The world markets for Perbio's products are at present expected to grow by 10-15 percent annually. Given its innovative products and sharper focus on the protein studies and production, Perbio is in a position to continue to grow faster than the market as a whole.

Agenda for 2003

- Bioresearch Division:
 - Invest in further development of the cytokine assay business
 - Refocus the amidite business to emphasize ultra-high purity product with higher prices while lowering production costs
 - Press to ensure regulatory approval of the BSE (mad cow disease) test kit in the European Union (EU)
- Cell Culture Division:
 - Increase sales with more higher-margin media and BPCs
 - Aggressively pursue placement of sterile liquids production modules through the HyNetics joint venture
 - Improve the sales mix
- Medical Device Division:
 - Accelerate sales and marketing activities in countries where reimbursement has been granted for the division's products

2002: The divisions

Bioresearch

Sales grew by 3 percent to SEK 811 (784) million.

The Division supplies reagents, kits and services for protein studies. It also supplies amidites for use in the production of nucleic acid-based pharmaceuticals. A substantial part of its business is run under the Pierce brand.

Altogether the Division's product portfolio spans around 3,000 products, primarily in the following areas: (Note that the terms Life Science Research, Drug Discovery and Nucleic Acid Technologies in this connection correspond to the terms protein chemistry, immunology and molecular biology previously used in Perbio's reports to denote the Division's portfolio.)

• Life Science Research

- Separation products used to prepare samples for standardized analyses in protein chemistry
- Reagents and kits for protein studies
- BSE test kits

• Drug Discovery

- Cytokine assays for the analysis/measurement of cytokines
- Multiplex protein profiling which is a protein tests methodology providing multiple variable analysis single samples
- High-throughput assays for automated tests with high capacity and volumes

• Nucleic Acid Technologies

- Amidites and nucleotides for production of nucleic acid-based pharmaceutical production

Sales in the Bioresearch Division's strategically most important area, Life Science Research (primarily protein chemistry), grew fastest in 2002, climbing 14 percent in local currency over the year as a whole and 15 percent in the fourth quarter. This strong growth is due to the Division's strong position in its niche and successful launches of new products during the year. Sales in 2001 included sales of BSE tests of SEK 10 million. In 2002 sales of these tests totaled just SEK 2.5 million, hampered by the fact that the test has yet to be approved by the EU for sales within the EU.

As a result of the Division's strong growth in and sharper focus on protein assays, around SEK 100 million is to be invested in expanding the plant in Rockford, Illinois to support continued rapid growth in the protein studies area, while also increasing the efficiency of existing production and further reducing production costs.

Sales in the Drug Discovery area fell by 3 percent in local currency over the year as a whole and by one percent in the fourth quarter. The main reason for the drop was the phasing out of less profitable product lines during the first half of the year and the completion of the OEM product divestment.

Sales in the Nucleic Acid Technologies area grew by 9 percent in local currency over the year as a whole and by 53 percent in the fourth quarter. The whole of the second half of the year brought very strong growth due to increasing market acceptance of the Division as a credible large volume-leading supplier of amidites.

The Division's gross margin was slightly down on 2001, primarily because amidites were sold at much lower prices in 2002. In the first half of 2001 amidites were sold exclusively to Amersham Biosciences at a price that was decided at the time for the acquisition of the business. Since September 2001 amidites have been sold directly to end-customers. Margins on other products increased because a higher proportion of sales were channeled through the group's own sales companies to end-customers in Europe and new product offerings.

Cell Culture

Sales grew by 22 percent to SEK 1,178 (967) million.

The Cell Culture Division is a world-leading supplier to cell culture -based researchers and biopharmaceutical production. A substantial part of its business is run under the HyClone brand. The Division is mainly active in the following product areas:

- Animal sera, a growth supplement in cell culture
- Media, nutrient solutions for cell culture
- Sterile liquids for protein purification
- BioProcess Containers (BPCs) for handling sterile process liquids

Sales continued to improve in all product areas. The high rate of growth was due to the company increasing its market share. The year brought growing demand for cell culture media (including sterile process liquids) and BPCs and rising prices – the average price for high-quality fetal bovine serum of US-origin increased by 17 (14) percent.

The Division continued to step up its investment in research and development with emphasis on BPCs and serum free/protein free cell culture media.

To further strengthen the Division's position in the market for cell culture media, a new production facility was commissioned during the year. This facility in Logan, Utah will substantially increase production capacity and will also cut production costs. The new facility is based on Perbio's unique use of BPC technology and started up in November 2002. The plant also serve as a demonstration model for companies interested in adopting this unique processing technology in their own business. A high number of concrete enquiries about the new BPC-based single-use production system for sterile liquids such as cell culture media were received during the latter part of the year. The new technology offers a strong alternative to traditional production plants and enables customers to rationalize their own production through greater flexibility and lower capital costs

Work is also under way on the expansion of production capacity for powdered cell culture media. The new plant is expected to come into full operation in the second quarter of 2003.

The Division's production capacity in Europe will be expanded in 2003 through the investment of around SEK 100 million in Cramlington, England in order to meet the growing demand for BPCs and cell culture media.

Medical Device

Sales grew by 26 percent to SEK 186 (148) million.

The Division further strengthened its sales and marketing organisation during the year. The sales companies in England (72 percent holding) and the USA further improved their market position, while a new sales subsidiary Atos Medical GmbH was started up in Germany at the end of the year and began trading directly with customers at the beginning of 2003.

Provox FreeHands[®] HME and TrachPhone[®] were licensed for sale in the USA in the second half of the year. Both products have been on sale in several other countries since 2001. Provox FreeHands[®] HME is a unique automatic speech valve with an integral heat and moisture exchanger and is based on patented technology. TrachPhone[®] is a similar product designed specifically for patients who breathe through a tracheal cannula.

The operations of Therabite Corporation of Philadelphia, Pennsylvania were acquired in December. The company's product Therabite[®], is a passive training device for patients with trismus, a condition where the muscles used for chewing are damaged as a result of surgery and/or radiotherapy. The acquisition has further strengthened the Division's position in the ear-nose-throat (ENT) field.

The Division sharpened its focus on the ENT field by selling its gynecology business during the year.

Obtech AG in Switzerland, for which the Division produces the Swedish Adjustable Gastric Band (SAGB) for morbid obesity, was acquired during the year by Ethicon Endo Surgery, part of the Johnson & Johnson group. This is expected to have a positive impact on sales of the SAGB.

Financial information

Net sales

Perbio Science recorded net sales for the year of SEK 2,175 (1,899) million, an increase of 15 percent relative to 2001. The USD depreciated by 5.8 percent against the SEK in 2002 and sales were reduced 4.7 percent by exchange rate effects overall.

Net sales and sales growth 2002		
	Jan-Dec	Oct-Dec
Net sales, SEK m	2,175	512
Sales growth, SEK m	276	9
Sales growth, %	15	2
Of which		
Volumes, %	17	8
Acquisitions, %	0	0
Exchange rates/prices, %	-2	-6
Sales growth in local currency	20	13

Operating income before amortization of goodwill

EBITA climbed 16 percent to SEK 402 (348) million and the EBITA margin rose to 18.4 (18.3) percent. Exchange rates impacted on EBITA in the same way as on net sales.

Research and development expenses increased by SEK 26 million to SEK 132 (106) million, equivalent to 6.0 (5.6) percent of net sales.

Income after financial items

EBT totaled SEK 367 (318) million, an increase of 15 percent. The net interest figure of SEK -14 (-9) million includes exchange rate losses of SEK 2 million (gains of SEK 15 million).

Net profit

Net profit for the year amounted to SEK 230 (193) million, an increase of 19 percent. The 2002 figure includes reversals of tax provisions in USA from 1999 and 2000 of SEK 8 million.

Tax

The tax rate remains unchanged at 39 (39) percent, excluding the reversal of tax provision of SEK 8 million in USA.

Return

The group generated a return on equity of 20.5 (20.4) percent and a return on capital employed of 25.8 (24.0) percent.

Investments

Investments in fixed assets, excluding acquisitions, totaled SEK 158 (139) million during the year. Of this, around SEK 80 (60) million was attributable to plant and buildings under construction. SEK 80 (0) million was invested in acquisitions. Depreciation totaled SEK 75 (74) million. The fourth quarter brought investments of SEK 64 (70) million and depreciation charges of SEK 22 (19) million.

Cash flow

Perbio Science generated net cash flow of SEK 28 (63) million and cash flow from operations of SEK 303 (305) million during the year.

Liquidity

The group had liquid assets of SEK 109 (100) million and unused credit facilities of SEK 409 (264) million at the end of the year. Net interest-bearing debt totaled SEK 307 (454) million.

Equity

Shareholders' equity increased by SEK 53 million to SEK 1,146 (1,093) million during the year. This increase breaks down into the year's EAT of SEK 230 million plus SEK 13 million from the exercise of warrants less translation differences of SEK - 190 million. The equity/assets ratio was 63 percent at the end of the year.

Personnel

The group had 1,266 (1,089) employees at the end of the year. Acquisitions during the year brought in 30 new staff.

Parent company

The parent company generated net sales of SEK 24 (20) million and EBT of SEK 16 (59) million. It had liquid assets of SEK 74 (76) million and unused credit facilities of SEK 395 (253) million at the end of the year. The company made no investments in equipment during the year and had five employees.

The parent company injected equity of SEK 82 million into HyClone Laboratories Inc. during the year through a new issue. New companies were founded in Australia, Canada and Switzerland. At the end of the year a branch office was established in Boston, USA.

Stock options

The extraordinary general meeting of 27 August 2002 resolved to introduce an incentive scheme for senior officers in the USA involving the issue of 210,000 warrants, equivalent to maximum dilution of 0.6 percent. These warrants will entitle the holders to purchase shares in Perbio Science AB (publ) in August 2003 at a price of SEK 156.50 each.

Dividend

Perbio Science is a company that has managed to combine strong organic growth with a steadily rising cash flow. On the basis of this and the low level of acquisitions during the year and that enough resources for future acquisitions are available, the board has resolved to propose to the annual general meeting that the company pay a dividend of SEK 1.50 per share for the 2002 financial year.

Accounting policies

This interim report has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation on interim reporting (RR20). The accounts are based on the same accounting policies as the last annual report and on the recommendations from the Swedish Financial Accounting Standards Council entering into force on 1 January 2002. Previous acquisitions have not been restated when applying recommendation RR 1:00. None of the new recommendations have resulted in changes to the accounting policies applied.

Annual general meeting

The annual general meeting will be held at 5 pm on Thursday April 10, 2003 at the Kongresscenter conference centre at Södra Storgatan 11-13 in Helsingborg.

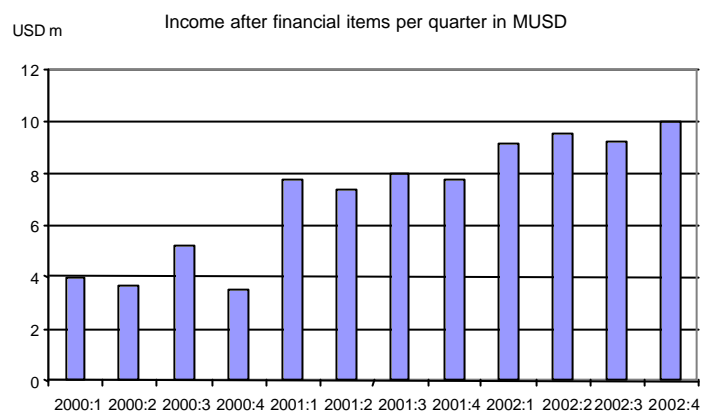
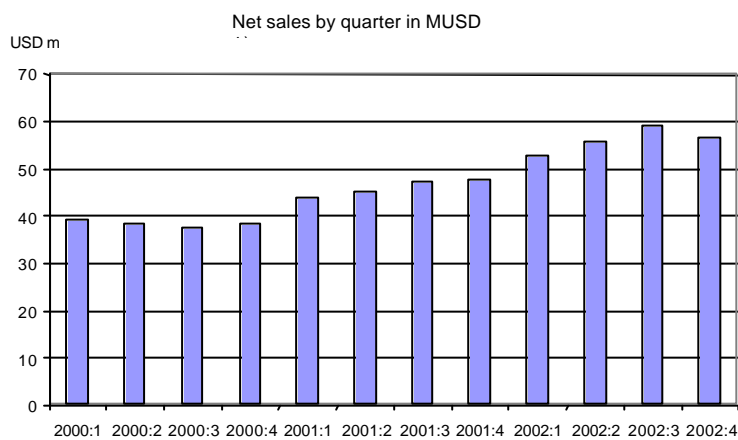
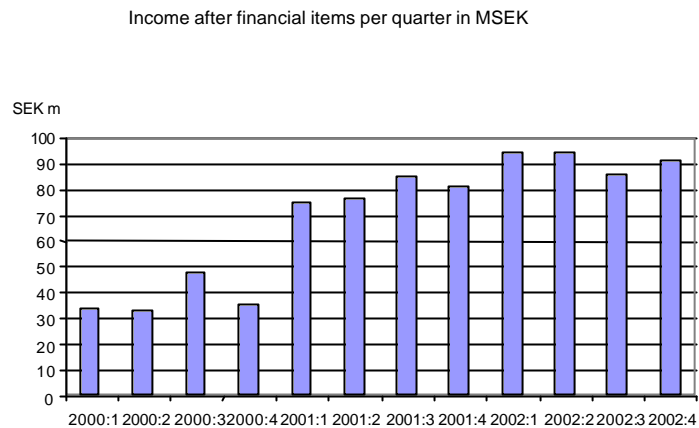
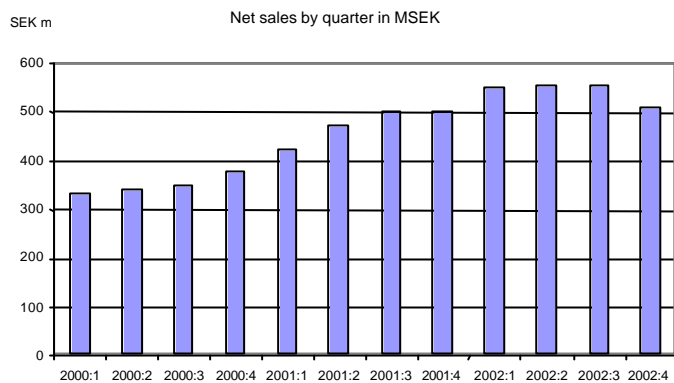
The board intends to propose to the annual general meeting that it be authorised to issue new shares as payment for acquisitions etc and given the option of setting aside shareholders' preemption rights in this connection.

Financial information for 2003

April 10	Annual general meeting
April 28	First-quarter interim report
August 5	Second-quarter interim report
October 23	Third-quarter interim report

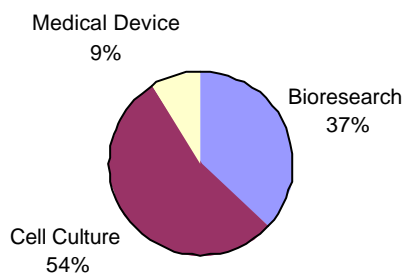
Stockholm, 11 February 2003

The Board of Perbio Science AB

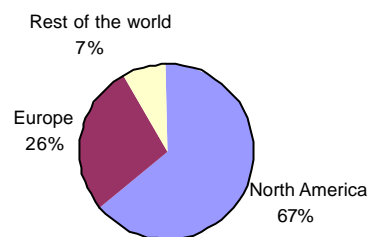


1) Proforma translation from SEK to USD based on average quarterly value SEK/USD

Net sales by division, January-December



Net sales by market, January-December



Net sales by division, SEK m				
	January-December		October-December	
	2002	2001	2002	2001
Bioresearch	811	784	184	179
Cell Culture	1,178	967	279	282
Medical Device	186	148	49	42
Total	2,175	1,899	512	503

Sales growth by division relative to 2001				
	January-December		October-December	
	SEK m	%	SEK m	%
Bioresearch	27	3	5	3
Cell Culture	211	22	-3	-1
Medical Device	38	26	7	17
Total	276	15	9	2

Net sales by division, USD m ¹⁾				
	January-December		October-December	
	2002	2001	2002	2001
Bioresearch	83.4	76.0	20.2	16.8
Cell Culture	121.2	93.5	30.5	26.7
Medical Device	19.1	14.4	5.3	4.0
Total	223.7	183.9	56.0	47.5

Sales growth by division relative to 2001 ¹⁾				
	January-December		October-December	
	USD m	%	USD m	%
Bioresearch	7.4	10	3.4	20
Cell Culture	27.7	30	3.8	14
Medical Device	4.7	33	1.3	33
Total	39.8	22	8.5	18

¹⁾ Proforma – each Division consolidated in USD

Geographical breakdown of net sales and sales growth				
	Sales 2002 SEK m	Sales 2001 SEK m	Sales growth SEK m	Sales growth %
North America	1,449	1,265	184	15
Europe	578	505	73	14
Rest of the world	148	129	19	15
Total	2,175	1,899	276	15

Key figures

Key figures	2002	2001
Sales growth, %	15	35
Gross margin, %	46.0	47.0
Operating margin before amortization of goodwill, %	18.4	18.3
Operating margin, %	17.5	17.2
Net income margin, %	10.6	10.2
Earnings per share, SEK*	6.29	5.33
Earnings per share, SEK**	6.20	5.20
Earnings per share before amortization of goodwill*	6.86	5.91
Earnings per share before amortization of goodwill**	6.76	5.76
Working capital, SEK m	678	747
Capital employed, SEK m	1,460	1,547
Net debt, SEK m	307	454
Debt/equity multiple	0,27	0.42
Equity/assets ratio, %	63	55
Equity per share, SEK	31.30	30.10
Equity per share after full dilution, SEK	31.54	30.46
Number of shares	36,608,420	36,312,795
Number of shares in average	36,571,285	36,208,450
Number of shares after full dilution	37,124,670	37,124,670
Return on capital employed, %	25.8	24.0
Return on equity, %	20.5	20.4
R&D expenses/net sales, %	6.0	5.6
Capital expenditure, SEK m	158	139
Number of employees at the end of the year	1,266	1,089

* Based on the average number of shares in issue.

** After full dilution.

1,870,000 warrants were issued in December 1999. These warrants can be exercised up until 1 September 2003. Of the warrants issued, 1,332,500 have been subscribed for. In August 2002 a further 210,000 warrants were issued with a strike price of SEK 156.50. The key figures above are based on 37,124,670 shares, ie they ignore the 2002 warrant program. This is because the strike price is significantly above the current share price, the life of the warrants is relatively short at, 1 September 2003, and the impact on the group's key figures is limited given maximum dilution of just 0.6 percent. The strike price for the 1999 warrants outstanding is SEK 47 and SEK 49. As at 31 December 2002 a total of 816,250 of these warrants had been exercised.

Income statement, balance sheet and cash flow analysis

Income statement, SEK m	2002	2001
Net sales	2,175	1,899
Cost of goods sold	-1,175	-1,007
Gross income	1,000	892
Selling expenses	-275	-247
General and administrative expenses	-193	-190
Research and development expenses	-132	-106
Other operating revenues and expenses	2	-1
Operating income before amortization of goodwill	402	348
Amortization of goodwill	-21	-21
Operating income	381	327
Financial net	-14	-9
Income after financial items	367	318
Tax	-135	-124
Minority interests	-2	-1
Net income	230	193
Earnings per share*	6.29	5.33
Earnings per share after full dilution**	6.20	5.20

Balance sheet, SEK m	31 Dec 2002	31 Dec 2001
Consolidated Goodwill	251	287
Other intangible fixed assets	46	25
Tangible fixed assets	486	470
Financial fixed assets	38	71
Inventory	557	671
Current receivables	338	362
Cash and bank balances	109	100
Total assets	1,825	1,986
Shareholders' equity	1,146	1,093
Minority interests	6	5
Provisions	33	10
Long-term liabilities	423	592
Current liabilities	217	286
Total shareholders' equity and liabilities	1,825	1,986
Pledged assets	None	None
Contingent liabilities	6	8

Cash flow analysis, SEK m	2002	2001
Earnings before tax	367	318
<i>Adjustment for non-cash items</i>		
Amortization of goodwill	21	21
Depreciation	75	74
Tax paid	-156	-147
<i>Changes in working capital</i>		
Inventory	15	-105
Other operating assets	-23	100
Operating liabilities	4	44
Cash flow from operations	303	305
<i>Investment activities</i>		
Capital expenditure	-158	-139
Acquisition of businesses	-80	-1
<i>Financing activities</i>		
	-37	-102
Net cash flow for the year	28	63
Cash at the beginning of the year	100	55
Translation differences	-19	-18
Cash at the end of the year	109	100

Movements in equity

Group, SEK m	Share capital	Restricted equity	Non-restricted equity	Total 2002	Total 2001
Equity at the beginning of the year	182	335	576	1,093	798
New issues	1	12		13	20
Transfers between restricted and non-restricted equity		48	-48	0	0
Earnings after tax			230	230	193
Translation differences		-129	-61	-190	82
Equity at the end of the year	183	266	697	1,146	1,093

Income statement by quarter, SEK m	Q4 2000	Q1 2001	Q2 2001	Q3 2001	Q4 2001	Q1 2002	Q2 2002	Q3 2002	Q4 2002
Net sales	380	425	471	500	503	552	556	555	512
Cost of goods sold	-210	-226	-249	-266	-266	-298	-301	-309	-267
Gross profit	170	199	222	234	237	254	255	246	245
Selling expenses	-49	-55	-60	-63	-69	-70	-70	-69	-66
General and administrative expenses	-45	-44	-48	-48	-50	-47	-45	-49	-52
Research and development expenses	-25	-24	-27	-26	-29	-33	-34	-33	-32
Other operating revenues and expenses	-2	2	-1	-1	-1	0	0	1	1
Earnings before interest, tax and amortization	49	78	86	96	88	104	106	96	96
Amortization of goodwill	-4	-5	-5	-6	-5	-5	-5	-6	-5
Earnings before interest and tax	45	73	81	90	83	99	101	90	91
Financial net	-10	2	-4	-5	-2	-4	-6	-4	0
Earnings before tax	35	75	77	85	81	95	95	86	91
Tax	-14	-30	-30	-33	-31	-37	-36	-34	-28
Minority interests	0	0	0	-1	0	0	-1	0	-1
Earnings after tax	21	45	47	51	50	58	58	52	62

Information on Perbio Science

CEO Leland Foster

tel +1 435 757 6432

CFO Claes Wentzel

tel +46 42 26 90 92 or +46 70 862 01 22

More information on Perbio Science can be found on the company's website at www.perbio.com.

Perbio Science AB (publ) is a listed Swedish biotechnology company with research institutes, pharmaceutical companies and diagnostics companies as its customers. The USA accounts for the bulk of its business. Perbio Science supplies products, systems and services for the study and production of proteins, and develops products in the Bioresearch, Cell Culture and Medical Device fields. The group has 1,266 employees and offices in Sweden, the USA and a number of other countries. Its head office is in Helsingborg, Sweden.