

Vitrolife grows within the fertility area

- **Vitrolife acquires Swemed, which manufactures and markets medical device products for in vitro fertilization.**
- **The acquisition increases Vitrolife's turnover within the fertility area by approximately 30 percent and gives clear market synergies through the broadened product range to the same customers.**
- **Annual cost savings of at least SEK 3 million within logistics, quality control and administration.**
- **The acquisition is expected to have a positive effect on Vitrolife's earnings per share, excluding one-time effects during 2006 of inventory valuation, amongst other things.**

"The acquisition of Swemed increases Vitrolife's potential sales value per infertility treatment by almost 70 percent, from SEK 1 200 to approximately SEK 2 000," says Magnus Nilsson, Vitrolife's CEO.

"With the acquisition of Swemed we can increase customer benefit by guaranteeing that our common customers – the IVF clinics – are offered a comprehensive product line of acknowledged world-leading quality. The combined sales force and the integrated product range also enable us to give advanced customer support in more markets in the future, which means good opportunities to increase the market share for both Swemed's and Vitrolife's products," he continues.

Swemed, with its head office in Gothenburg, develops, manufactures and markets high quality medical device instruments such as needles, pipettes and catheters for ovum and embryo treatment in connection with in vitro fertilization. The business, with 28 employees, complements Vitrolife's business within the area of fertility, which focuses on nutrient solutions (media) for the treatment of human infertility. Swemed, with sales in almost 70 countries, last year had a turnover of just over SEK 31 million and an operating profit of SEK 5 million. Cash flow before repayment of debt was just below SEK 3 million.

"In Vitrolife we are getting an owner which is not only strong in our market, but which also has a proven ability to rapidly go from an idea to a registered product, which will also benefit the development of Swemed's product portfolio," says Swemed's CEO Nils Sellbom, who will continue to work within the new Vitrolife.

The vendor of Swemed Holding AB and its subsidiaries, including the operating company Swemed Lab International AB, is MVI Finance Ltd. and two minority shareholders. The purchase sum amounts to SEK 65.2 million and is constituted by 1 400 000 newly issued shares in Vitrolife and a cash sum of SEK 28.1 million. A net debt of SEK 28.8 million has also been taken over by Vitrolife. The closing date is the same as the date of the agreement.

In connection with the acquisition, Vitrolife's Board has decided to issue 1 400 000 new shares in Vitrolife AB (publ), corresponding to approximately 7.6 percent of the company's share capital. Vitrolife's Board has the authorization of the Annual General Meeting of May 10, 2005 to deviate from the shareholders' pre-emptive rights and make a decision to issue a maximum of 1 800 000 shares. The value of the shares amounts to SEK 26.50 per share.

The preliminary revaluation surplus attributable to the acquisition amounts to approximately SEK 54 million. There is already goodwill of SEK 34 million in Swemed. A preliminary estimation puts the share of the revaluation surplus that will be classed as other assets at approximately SEK 7 million, with an amortization period of approximately 10 years. In addition, the valuation of the inventory at sales value with a deduction for selling expenses will mean that the inventory is revaluated by just over SEK 1 million. This will then be entered against the cost of sold goods as the inventory is sold. It is estimated that all of this item will affect the consolidated income for the first quarter of 2006.

The remainder of the revaluation surplus is attributable to goodwill, which primarily consists of synergy effects in the form of increased potential sales value per customer. In addition, the goodwill consists of synergy effects in the form of more effective logistics management, quality control and administration.

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Vitrolife is a global biotechnology/medical device Group that works with developing, manufacturing and selling advanced products and systems for the preparation, cultivation and storage of human cells, tissue and organs. The company has business activities within three product areas: Fertility, Transplantation and Cell therapy. The Fertility product area works with nutrient solutions (media) for the treatment of human infertility. The Transplantation product area works with solutions and systems to maintain tissue in optimal condition outside the body for the required time while waiting for transplantation. The Cell therapy product area works with media to enable the use of stem cells for therapeutic purposes.

Vitrolife today has approximately 80 employees and the company's products are sold in more than 80 markets. The head office is in Kungsbacka, Sweden, and there is a subsidiary in Denver, USA. Vitrolife's turnover for a rolling 12-month period at September 2005 amounted to approximately SEK 115 million and operating income to just over SEK 11 million. The Vitrolife share is listed on the O-list of the Stockholm Stock Exchange.