



# Bactiguard

Q1 presentation  
May 4, 2017

# Bactiguard sponsors the Global Sepsis Alliance

**The Global Sepsis Alliance a non-profit charity with the aim to raise awareness of sepsis worldwide and reduce sepsis related deaths by 20 % by 2020.**



## **World Sepsis Day**

Every year on September 13, countless events raising awareness of sepsis all over the world

## **Resolution on Sepsis – 9th official World Health Day**

The GSA is working closely with the World Health Organization (WHO) and others to get the decision-making body of the WHO, to pass a resolution on sepsis

This resolution includes designating World Sepsis Day as the **9th official World Health Day.**

## **World Sepsis Congress**

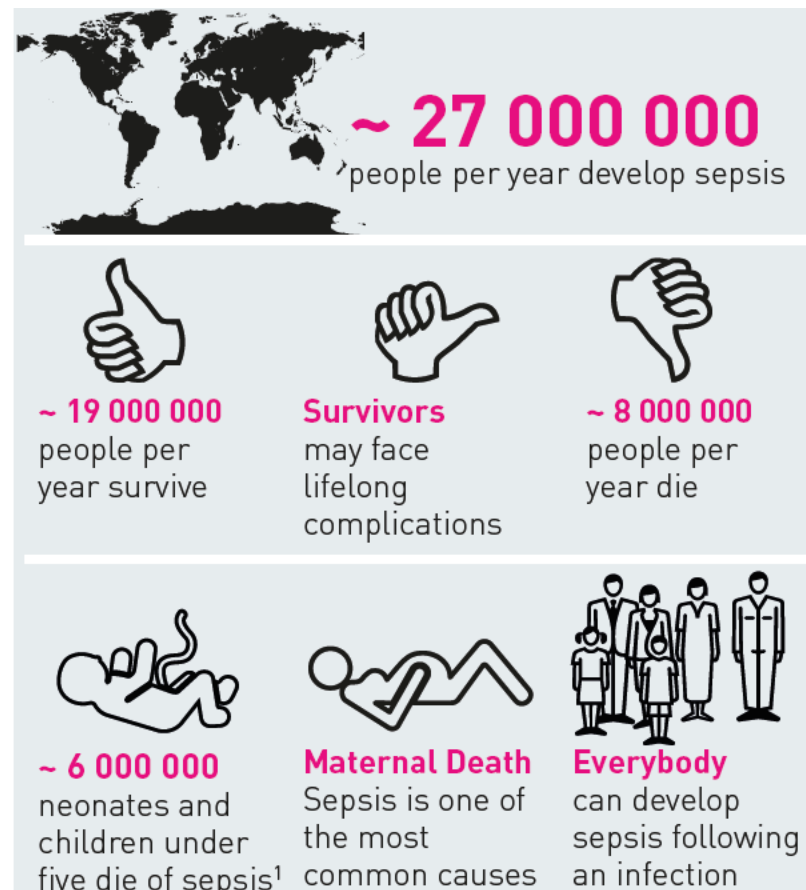
In 2016, the GSA hosted the 1st World Sepsis Congress.



# Sepsis: a global burden

## The main cause of death from infection

- 27 million people affected every year, of whom 8 million die
- In **Sweden**, almost 40,000 people suffer from sepsis per year<sup>1</sup>
- 50% of all-cause sepsis may be due to hospital-acquired infections<sup>2</sup>
- 1/3 of patients with sepsis in ICUs die without ever leaving the hospital<sup>3</sup>
- In the US, sepsis accounts for far more deaths than the number of deaths from prostate cancer, breast cancer and AIDS combined<sup>4</sup>



1 Sveriges Radio <http://sverigesradio.se/sida/avsnitt/861818?programid=412>

2 Michael R. Eber et al: Clinical and Economic Outcomes Attributable to Health Care–Associated Sepsis and Pneumonia. Arch Intern Med. 2010;170(4)

3 Vincent JL et al: Assessment of the worldwide burden of critical illness: the Intensive Care Over Nations (ICON) audit. Lancet Respir Med 2014, 2(5).

4 Global Sepsis Alliance. World Sepsis Day Fact Sheet [http://www.world-sepsis-day.org/CONTENTPIC/2015\\_WSD\\_FactSheet\\_long\\_English.pdf](http://www.world-sepsis-day.org/CONTENTPIC/2015_WSD_FactSheet_long_English.pdf)

# Tackling antimicrobial resistance key in fighting sepsis

- Fighting antimicrobial resistance also helps fight sepsis
- More than 200,000 neonatal deaths attributable to resistant sepsis infections globally in 2013.
- More than half of these occurred in five countries: India, Pakistan, Nigeria, Dem. Rep. of Congo and China.

The screenshot shows the Guardian website interface. At the top, there are navigation links for 'sign in', 'become a supporter', 'subscribe', and 'search'. The Guardian logo is prominently displayed on the right. Below the logo, there are category links: 'UK', 'world', 'sport', 'football', 'opinion', 'culture', 'business', 'lifestyle', 'fashion', 'environment', 'tech', 'travel', and a 'browse all sections' button. The main headline reads 'Global health innovation - global development professionals network' and 'It's time we all pledged to stop over-using antibiotics'. A sub-headline states: 'It's not just doctors who are responsible for fighting the deadly growth in antimicrobial resistance, you can play a part in tackling it'. The article is supported by Gilead, with the Gilead logo and tagline 'Advancing Therapeutics. Improving Lives.' visible. A central image shows two hands holding a variety of colorful pills. Below the image, a caption reads: 'Resistance to antibiotics is growing around the world. Photograph: Murdo Macleod for the Guardian.' To the right, there is an advertisement for Gilead with the same logo and tagline. Below the advertisement, there is a small image of a group of people and a headline: 'Backlash after report'.

# Infection prevention a key driver in BD acquisition

## BD's acquisition of BARD



- Infection prevention a major healthcare need and one of four strategic pillars for BD
- US cost of healthcare-associated infections ~10bn USD
  - 1 in 15 patients infected during care
- Acquisition of BARD accelerates BD's infection prevention strategy
- Most costly and relevant HAIs
  - Surgical site infections (SSI)
  - Central line associated blood stream infections (CLABSI)
  - Catheter associated urinary tract infection (CAUTI)
- Bactiguard provides technology for BARD's Foley catheters, Bardex IC, preventing CAUTI



# Key Priorities 2017



Double sales of our own product portfolio



Develop new license businesses



Cost control



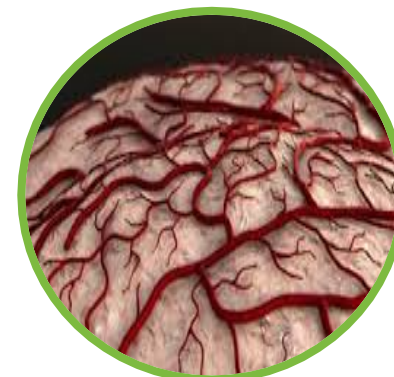
Long-term financing solution



Close in on our long-term financial targets of 20% growth and 30% EBITDA margin

# Highlights in Q1 2017

- ✓ Revenue growth of 58%. Excluding new license deal 24%
- ✓ EBITDA margin of 33%
- ✓ New license deal, generating 1 MUSD revenue in Q1 (2.5 MUSD in 2017)
- ✓ Stable revenues from C.R. Bard
- ✓ Increased value per product sold, through improved product mix
- ✓ Repeat deliveries to Germany, partnership developing well
- ✓ Expanding presence in Egypt
- ✓ New clinical study in Hong Kong confirms reduced infections

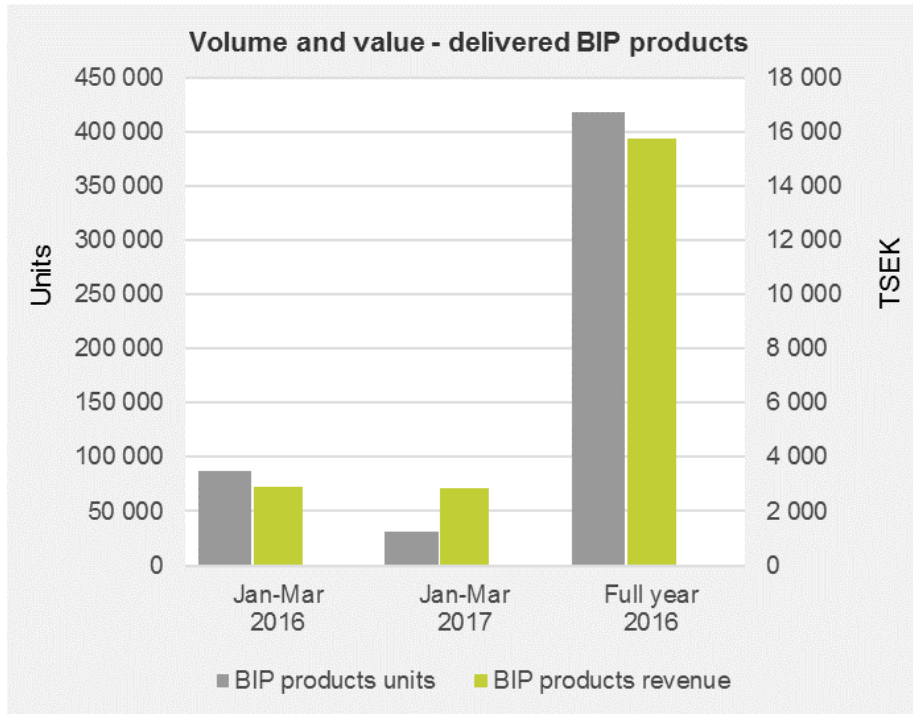


**New license application**



**New distributor Egypt**

# Delivered products

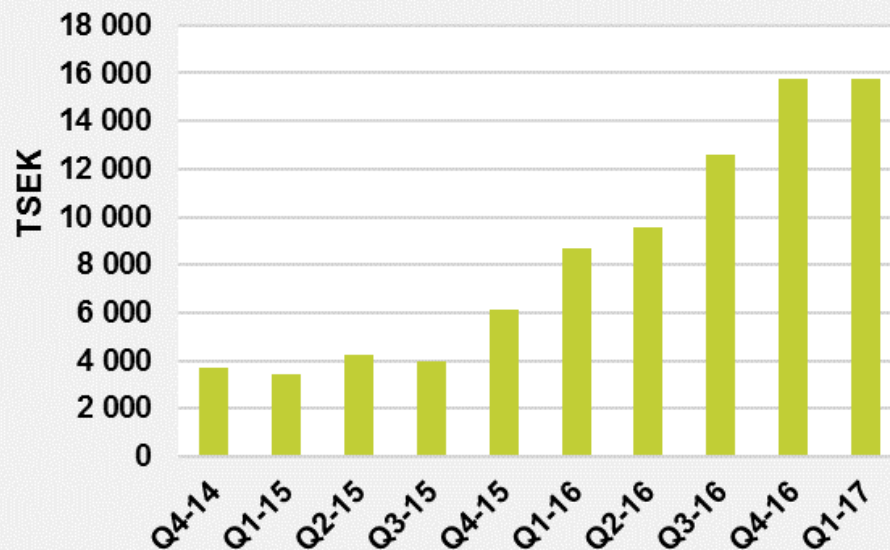


- Focus on value rather than volume going forward due to product mix.
- Revenue from BIP products in Q1 of MSEK 2.8 (2.9) corresponding to 48 000 (88 000) products.
- For the full year 2016, 418 000 BIP products were delivered generating revenue of MSEK 15.8



# Development value delivered BIP products

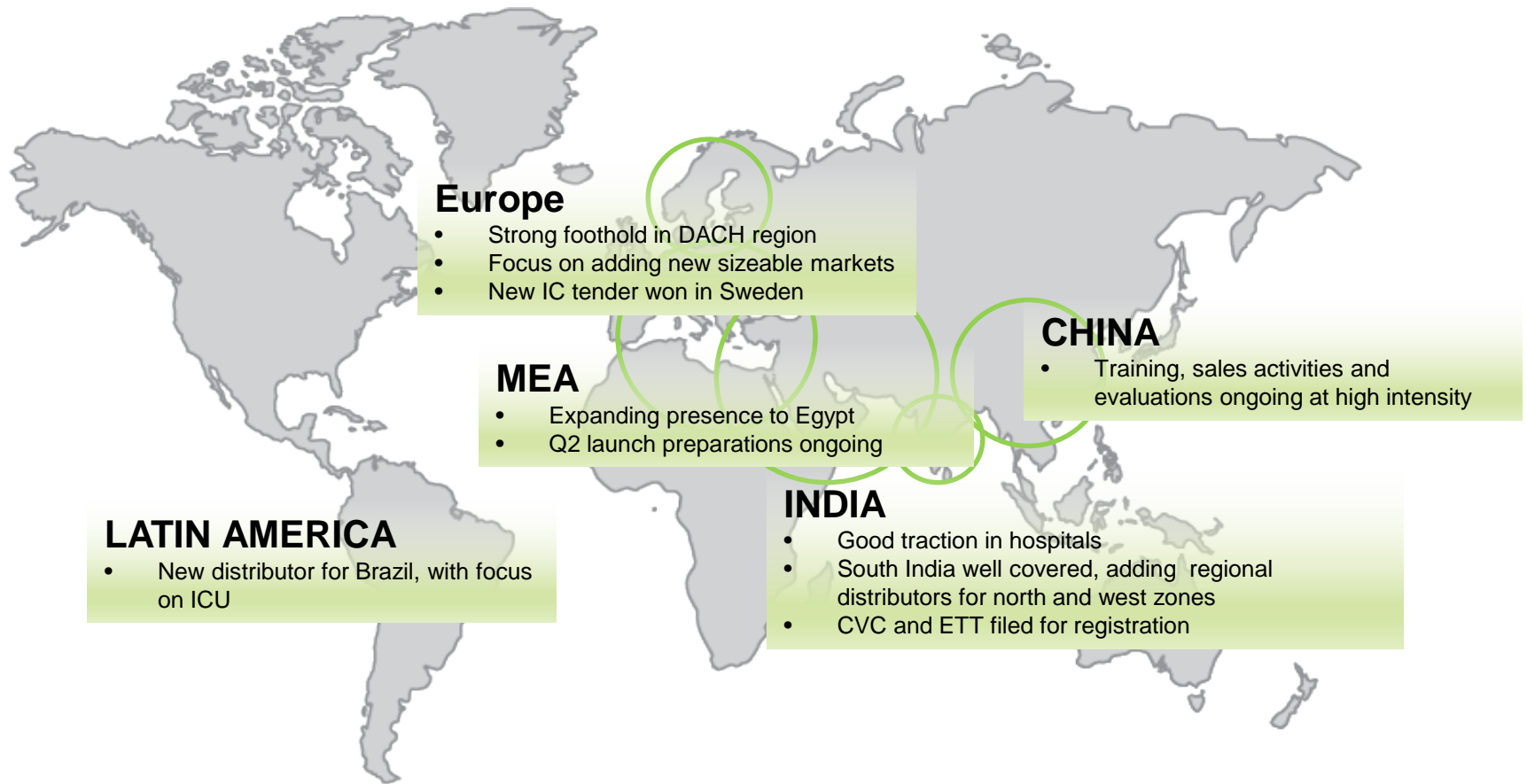
Value delivered BIP products, rolling 12 mths



- Development value per quarter delivered BIP products, rolling 12 mths.
- CAGR in this timeperiod of 17%.

# Market update Q1 2017

Focus on doubling sales value



# Licensing business

## C.R. Bard

- Successful partnership since 1995
- Bactiguard coated Foley catheters for the US, Japan and UK/Ireland
- Generating stable annual revenues
- Acquisition by BD announced in April 2017



## Vigilenz Medical Devices

- Bactiguard coated orthopaedic implants for the Asean markets
- Product approval process and clinical trials ongoing



## Smartwise Sweden AB

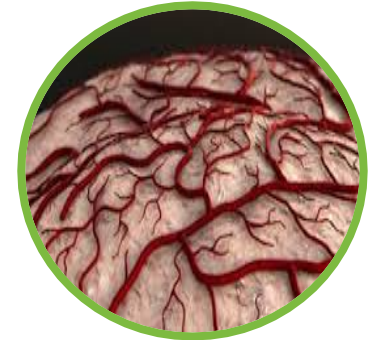
- Advanced Bactiguard coated vascular injection catheters

Other ongoing discussion at different stages

# Smartwise license agreement

## New therapeutic application

- ✓ Advanced Bactiguard-coated vascular injection catheters aimed at delivering high dose, locally targeted therapies to damaged tissue, in remote and critical areas of the body
- ✓ Coating reduces risk of infections, thrombosis and allergic reactions for critically ill patients
- ✓ Smartwise Sweden AB a privately owned innovation company
- ✓ USD 2.5 million, for the exclusive and global right to the Bactiguard technology for this application, payable in 2017
- ✓ USD 1 million accounted for in Q1, remaining USD 1.5 million equally distributed between following quarters
- ✓ Royalty payments on third party sales once products are commercialized
- ✓ Approval for clinical use expected in three to five years



# Launch of BIP CIP

## Bactiguard Infection Protection Clinical Implementation Programme


**BIP CIP**


BACTIGUARD INFECTION PROTECTION CLINICAL IMPLEMENTATION PROGRAM


**CATHETERIZATION WITH INDWELLING CATHETER**


This guide describes the process of catheterization, in order to prevent urinary tract infection and damage to the urethra.


- Protect the patient from surrounding bacteria by keeping the catheter sterile throughout the entire procedure
- Keep the patient informed about the procedure and make sure that he or she has given their consent
- It is important to be careful with your own personal hygiene before proceeding


**1.1**  Cleanly pull back the foreskin or separate the labia minors so you can easily access and clean around the urethral opening.


**1.2**  Assemble the catheter by completely filling it with aseptic, catheter gel. Use 1 gram gel per cm catheter.


**2.1**  Insert the catheter using sterile gloves. Insert the catheter gently.


**2.2**  All 2: Insert the catheter using sterile forceps.

**2.3**  All 3: Insert the catheter using the sterile plastic wrapping.

**3.1**  Insert the catheter all the way to the femoral puncture.

**3.2**  Insert the catheter about 15-20 cm.

**3.3**  Get advice online to exchange before you fill the catheter balloon with the precise amount of fluid that the manufacturer recommends.

**1.3**  Follow the manufacturer's instructions. The Foley Catheter should be pre-wetted to activate the hydrophobic coating.

Amount of gel: male – 20-30 cc gel  
Amount of gel: women – 5-7 cc gel



Wait at least 60 sec until the gel begins to work. Full effect within 8 minutes.

In collaboration with Maria Lauritzen, Urological Oncology Clinic, Karolinska University Hospital, S

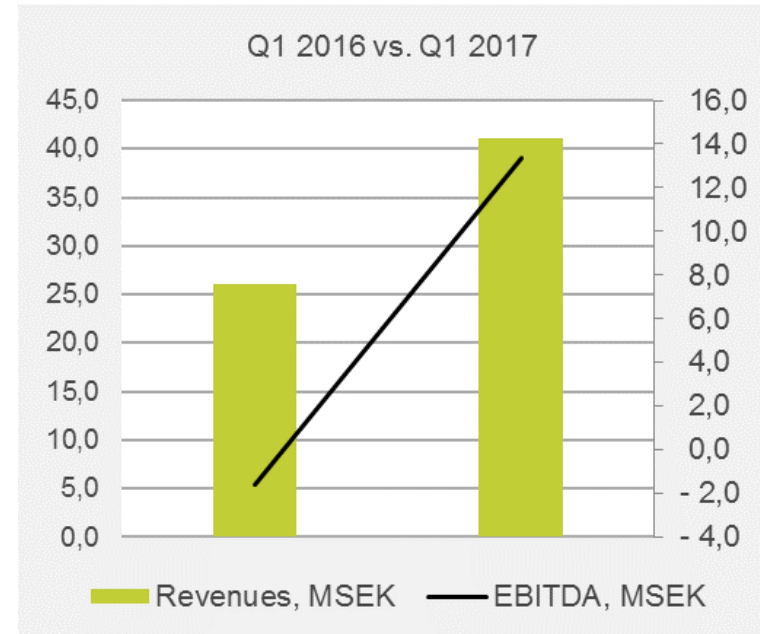


- Developed in collaboration with specialists at Karolinska University Hospital
- Professional education for proper treatment
- Value added service to hospitals and healthcare professionals
- Reduced infection rates

# Financial highlights

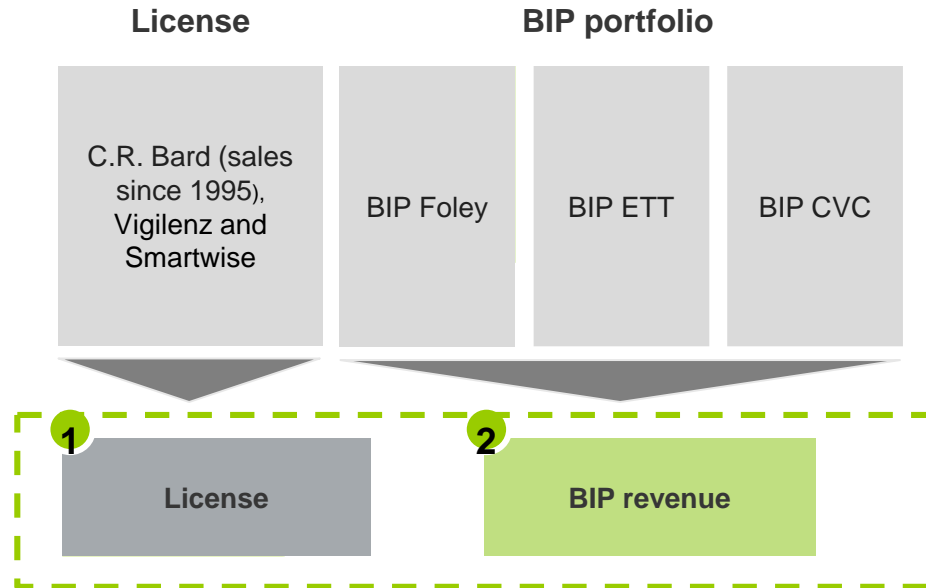
## First quarter (Oct-Dec 2016)

- Revenues of MSEK 41.0 (26.0), plus 58%. Excluding new license agreement, increase is 24 %.
- EBITDA of MSEK 13.4 (-1.6), 33% margin



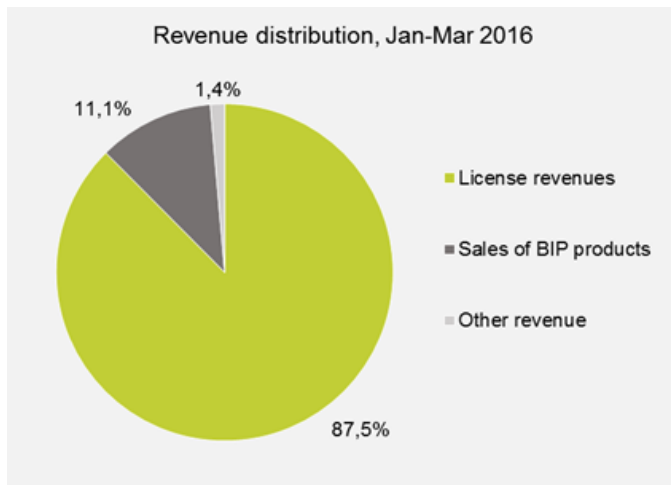
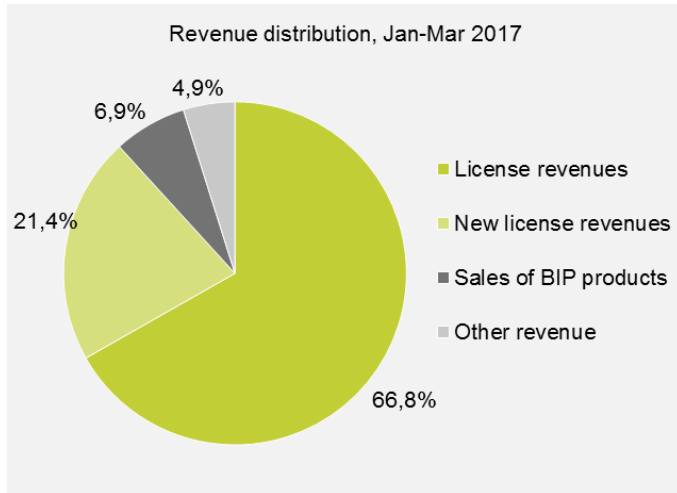
# Revenue streams

## Two revenue streams in the income statement



From a product perspective Bactiguard has two lines of business; Licenses and the BIP portfolio, acknowledged in the accounts as two revenue streams

# Revenue distribution



MSEK	Jan-Mar	Jan-Mar	Full year
	2017	2016	2016
License revenues	27,4	22,8	102,5
New license revenues	8,8	0,0	0,5
Sales of BIP products	2,8	2,9	15,8
Other revenue	2,0	0,4	9,6
<b>Total Revenues</b>	<b>41,0</b>	<b>26,0</b>	<b>128,3</b>



# License revenues from C.R. Bard

License revenues C.R. Bard

(SEKm)	Q1	Q2	H1	Q3	Q4	Full year
<b>2013</b>	21,6	19,3	<b>40,9</b>	21,3	20,5	<b>82,7</b>
<b>2014</b>	22,5	22,8	<b>45,3</b>	24,3	20,2	<b>89,7</b>
<b>2015</b>	26,8	25,8	<b>52,6</b>	56,8	15,9	<b>125,3</b>
<b>2016</b>	22,8	27,2	<b>50,0</b>	27,1	25,9	<b>103,0</b>
<b>2017</b>	27,4					

Of which  
currency effect,  
MSEK +2.5

- Q1 2017 C.R. Bard license revenues at a normal stable level, also with a fixed exchange rate.
- Additional one-off order from C.R Bard affecting comparison numbers for Q1 2016 as well as for Q3-Q4 2015

# Key figures

Key figures	Jan-Mar	Jan-Mar	Full year
	2017	2016	2016
Revenues, SEKm	41,0	26,0	128,3
EBITDA, SEKm	13,4	-1,6	15,1
EBITDA margin, %	33%	-6%	12%
Operating profit, SEKm	4,4	-9,9	-18,3
Net profit/loss for the period, SEKm	4,1	-11,2	-26,9
Operating cash flow, SEKm	-2,0	1,8	-19,8

- EBITDA MSEK 13,4 (-1.6), 33% margin
- Net profit, MSEK 4.1 (-11.2), positively affected by Bard revenues and new license agreement.
- Operating cash flow MSEK -2.0 (1.8) including cash flow from investing activities of MSEK -0.5 (-2.1).
- Increase in accounts receivables related to first payment from license agreement with Smartwise affected Operating cash flow negatively. The receivable of 1 MUSD was paid in April.

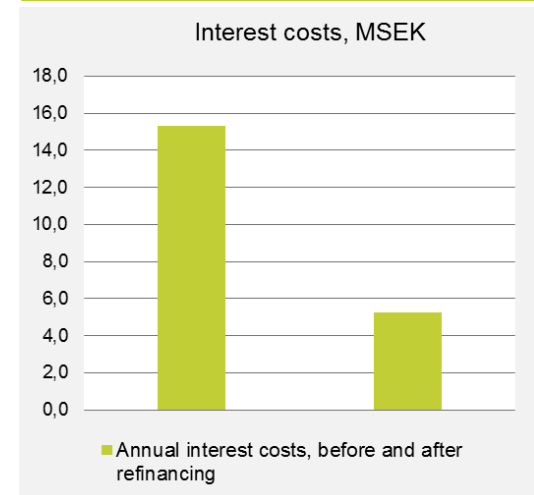
# Financial flexibility and strength

## Financial position

- Equity ratio of 61 %
- Net debt of MSEK 151.3
- Cash position of MSEK 13.7. Overdraft facility of MSEK 30, not utilized at 31 March.

## Loans

- Bank loan: MSEK 100, maturing 31 Dec, 2017
- Loan major shareholders: MSEK 50, maturing 30 June -18
- Interest rate STIBOR 90 + margin of 3.5%, i.e. annual interest costs of MSEK 5.3.



# Financial targets

- Average sales growth of 20% per annum for a 5-year period, with 2015 (adjusted for the additional order from C.R. Bard) as the base year – starting point MSEK 118.5
- EBITDA margin of at least 30% at the end of the 5-year period
- Equity ratio of at least 30%
- Over time uphold a dividend policy of 30-50% of net profit, taking into consideration the financial position of the Company. Bactiguard is currently in an expansion phase and will prioritize expansion before dividends

# Concluding remarks

- ✓ Strong financial start in 2017.
- ✓ Good revenue growth and margins in line with long term financial target
- ✓ New license deal with Smartwise
- ✓ Several ongoing discussions at various stages
- ✓ Stable license revenues from C.R. Bard
- ✓ Expanding in Europe and the Middle east
- ✓ Well positioned for growth both in BIP portfolio and license business



More information is available at [www.bactiguard.se](http://www.bactiguard.se)

For questions and additional information, please contact:



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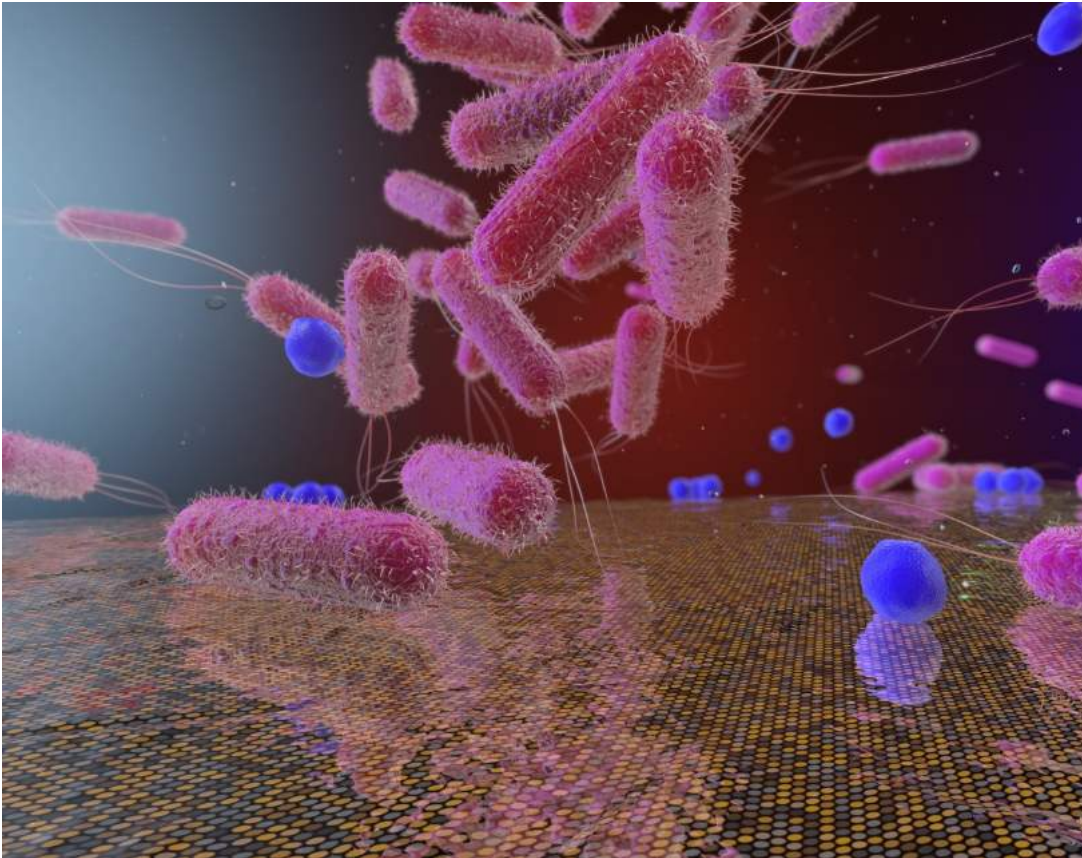
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# Bactiguard

At war against hospital acquired infection



## Questions