

At war against infections

Q2 presentation
August 11, 2016

At war against healthcare associated infections

The Economist May 2016



- First reported U.S. case of bacterial infection resistant to last resort antibiotic
- Superbugs now present on all continents

Highlights in Q2 2016

- ✓ Major increase in delivered BIP products
- ✓ Strong license revenues from C.R. Bard
- ✓ Total revenues +19% compared to Q2 2015
- ✓ Major deliveries to China
- ✓ European research grant awarded to Bactiguard
- ✓ New clinical study to help people with spinal cord injury
- ✓ New board member Marie Wickman-Chantereau
- ✓ Executive management invests in Bactiguard



Chinese Minister of Health
Mdm Li Bin on the 10th
anniversary of the Sino-
Swedish MOU in
healthcare

Key Priorities 2016



Drive sales of our own product portfolio
Bactiguard Infection Prevention

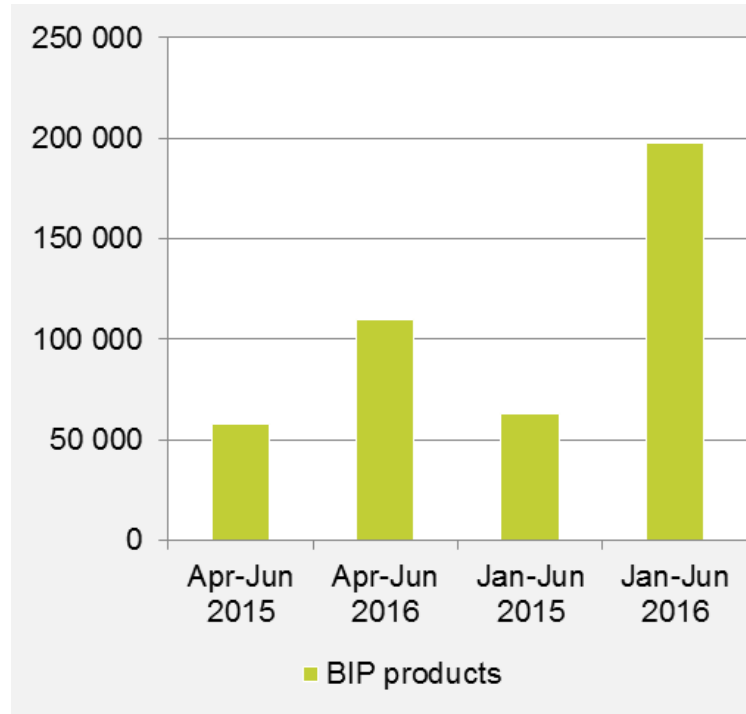


Develop new license businesses



Secure long-term refinancing

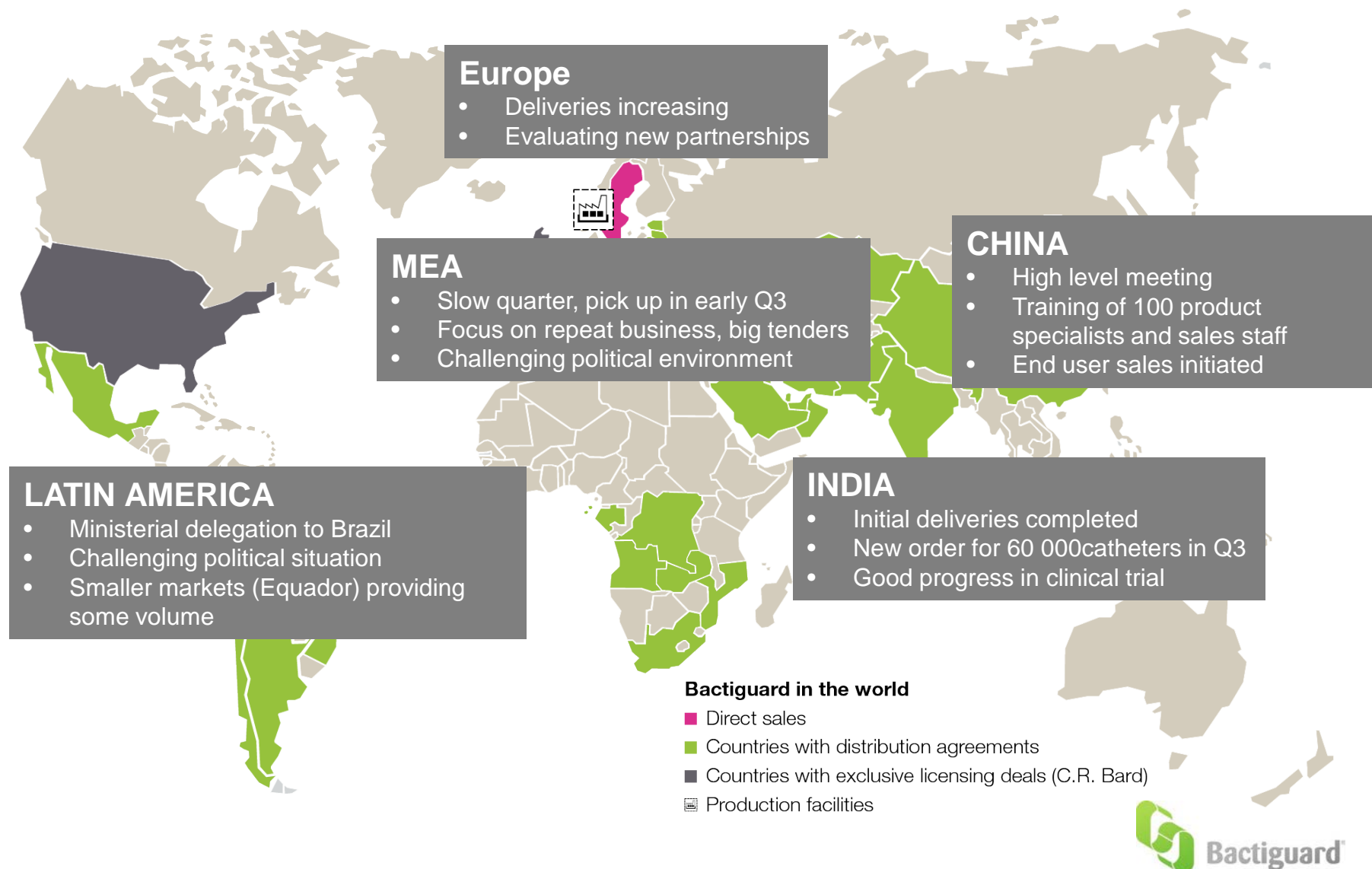
Delivered products



- 110 000 BIP products delivered in Q2 2016 compared to 58 000 during Q2 2015, an increase by 90 %
- For the first half year 2016, 198 000 BIP products were delivered compared to 63 000 first half year 2015, an increase by 214 %
- For the full year 2015, 152 000 products were delivered

Market Update

Focus on select markets and expanding the business



Sino – Swedish health cooperation



”China and Sweden should work together on the global issues that are important to all of us, like AMR”, Mdm Li Bin, Minister of Health, China

”Prevention of infections is strategic in combating antimicrobial resistance”, Gabriel Wikström, Minister of Health, Sweden



Mdm Li Bin and Bactiguard CEO Christian Kinch discussing infection prevention

Focus on China

China

- First order for 100 000 catheters in Q1
- Bulk of deliveries completed in Q2
- 100 sales reps and product specialist trained in July
- Training facilitated by Bactiguard Academy
- Sales force approaching hospitals



Focus on India



India

- Remaining part of initial order delivered in Q1
- Second order for 60 000 catheters in Q3
- Dealers appointed in several metropolitan areas
- Several major hospitals have placed repeat orders
- Clinical study well under way
- Major training activities for hospital staff in Q3



Licensing business update

C.R. Bard

- Successful partnership since 1995
- More than 150 million catheters sold to date
- Generating stable annual revenues

Vigilenz Medical Devices

- Bactiguard coated orthopaedic implants
- Covering the Asean-markets
- Waiting for product approval
- Clinical evaluations about to start

New license businesses

- More internal resources allocated
- Increasing interest
- Antibiotic resistance and superbugs
- Opens up for new partnerships and applications



Successful partnership
since 1995

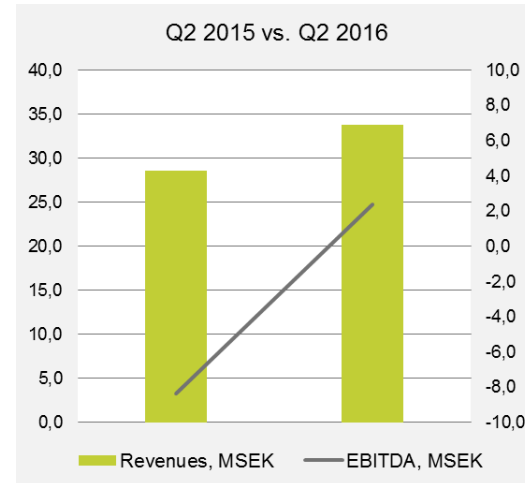


New therapeutic application

Financial highlights

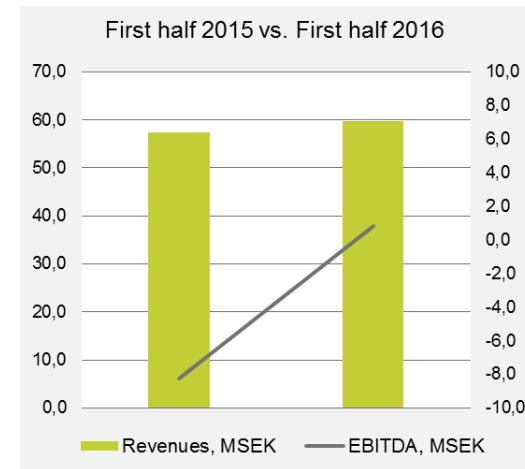
Second quarter (April-June 2016)

- Revenues of MSEK 33.8 (28.5), plus 19% compared to Q2 2015 (Strong License revenues and high deliveries of BIP Products)
- EBITDA of MSEK 2.4 (-8.4), 7% margin



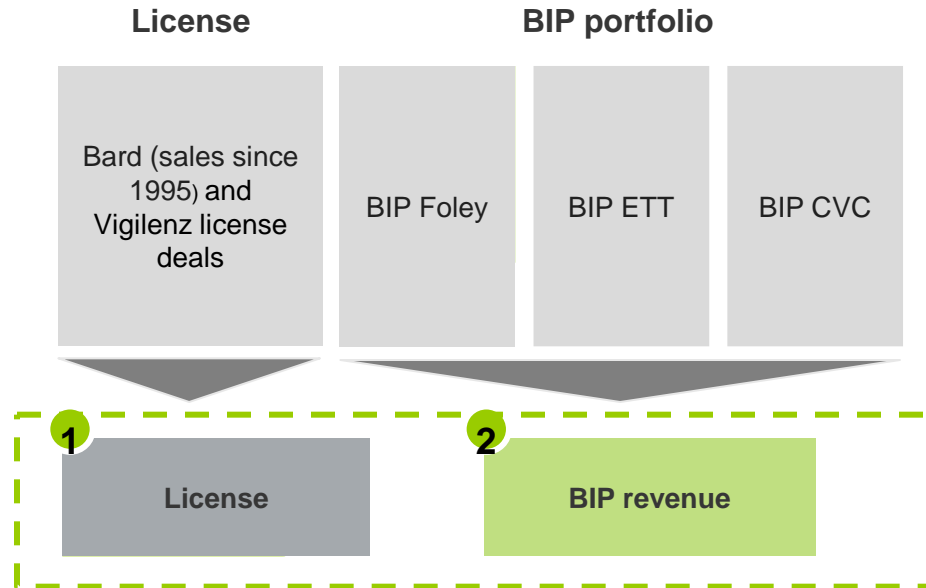
First half year (January-June 2016)

- Revenues of MSEK 59.8 (57.5), plus 4% compared to Q2 2015
- EBITDA of MSEK 0.8 (-8.2)



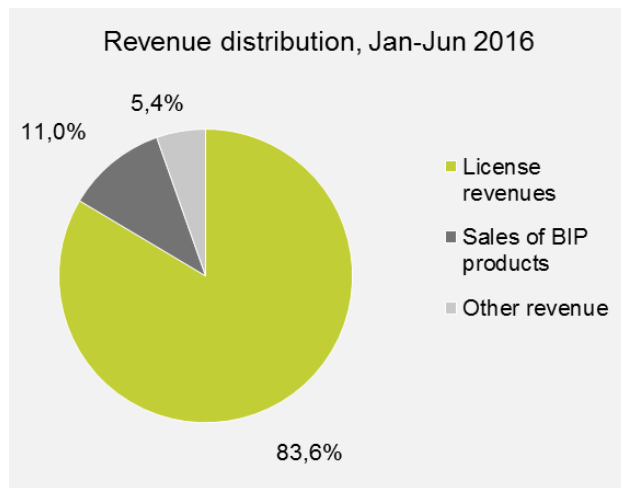
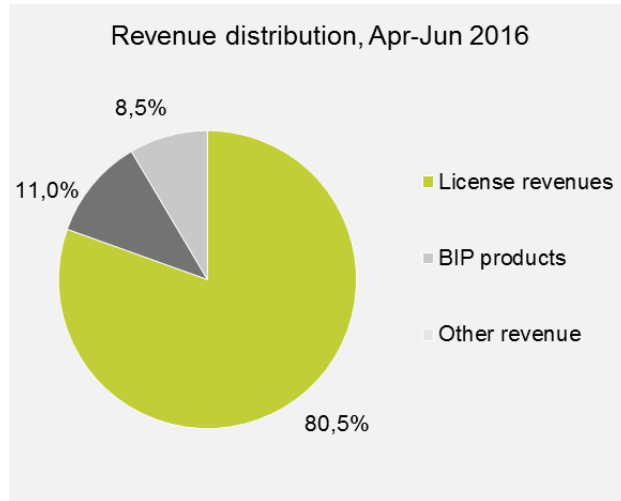
Revenue streams

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

Income distribution



MSEK	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016
License revenues	27,2	25,8	50,0
Sales of BIP products	3,7	2,3	6,6
Other revenue	2,9	0,4	3,2
Total Revenues	33,8	28,5	59,8

License revenues from C.R. Bard

License revenues

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

Of which
currency effect,
MSEK +0.5

Of which
currency effect,
MSEK -0.2

- Q2 2016 license volume back to stable level i.e. “adjustment effect” in Q4 -15 and Q1 -16 played out

Key figures

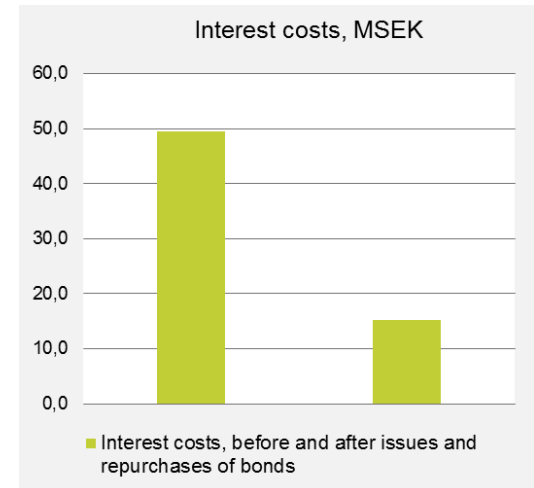
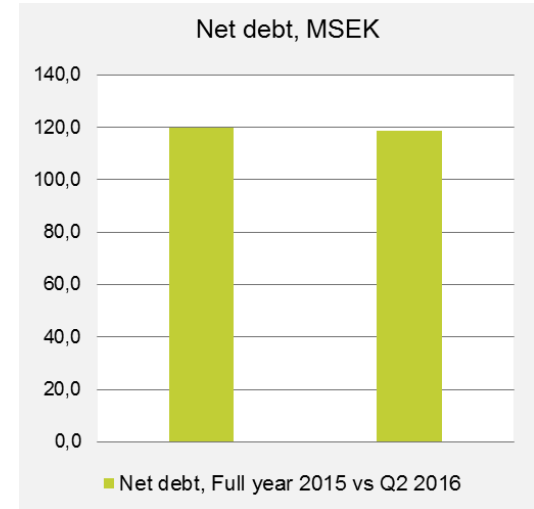
Key figures	Apr-Jun	Apr-Jun	Jan-Jun
	2016	2015	2016
Revenues, SEKm	33,8	28,5	59,8
EBITDA, SEKm	2,4	-8,4	0,8
EBITDA margin, %	7%	-29%	1%
Operating profit, SEKm	-5,9	-16,5	-15,8
Net profit/loss for the period, SEKm	-7,7	-10,2	-18,9
Operating cash flow*, SEKm	-2,2	-7,8	-0,5

* Cash flow from operating activities after investments and changes in working capital

- EBITDA (Q2) MSEK 2.4 (-8.4), 7 % margin
- EBITDA (First half) MSEK 0.8 (-8.2), 1% margin
- Net profit (Q2), MSEK -7.7 (-10,2), positively affected by market valuation of bond by MSEK 0.7 (11).
- Net profit (First half), MSEK -18,9 (-13,8), positively affected by market valuation of bond by MSEK 1.4 (17.9).
- Operating cash flow for Q2, MSEK -2.2 (-7.8) including cash flow from investing activities of MSEK -1.8

Financial flexibility and strength

- Equity ratio of 61 %
 - Net debt of MSEK 118,7
 - Cash position of MSEK 22
 - Nominal value outstanding bond MSEK 138
 - Annual interest costs on bond going forward until maturity, MSEK 15.2
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- The credit facility of MSEK 130 MSEK in total (loan commitment MSEK 100, bank overdraft facility MSEK 30), combined with the company's cash position, secures the financing in the short term of the bond loan maturing in December 2016.
 - The maturity of the credit facility of SEK 100 million has been extended to 31 December 2017.



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 SEK 118.5 million
- 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

- Well positioned for growth given increasing attention to antibiotic resistance and infection prevention
- Major increase in sales of BIP portfolio, well under way towards at least doubling 2015 volume
- Total revenues +19%
- Focus on China and India to drive sales
 - Major deliveries in Q2 to China
 - Major repeat order from India in Q3
- Continue driving licensing and new European partnership opportunities
- Extended maturity for credit facility



Official event commemorating the Bactiguard donation of 5 000 units to the Red Cross of Ecuador to help the victims of the recent earthquakes

"2016 is an interesting year"

More information is available at www.bactiguard.se

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Bactiguard

Fighting war against superbugs



Questions