

Bactiguard Infection Protection

Q1 presentation

9 May 2019

Financial highlights

A stable beginning of the year

- Q1 revenues of MSEK 35.1 (33.0) - 7% higher than in 2018
- BIP sales of MSEK 3.1 (7.3) – no deliveries to China and India this quarter
- License revenues of MSEK 28.0 (22.0) – whereof MSEK 1.1 from agreement with Well Lead for China
- EBITDA of MSEK 7.2 (1.8), mainly driven by increased license revenues
- EBITDA margin of 20% (6%)
- Adjusted for accounting effect from IFRS 16 “Leasing”, EBITDA was MSEK 4.7 and the EBITDA margin 13%
- Net profit at MSEK -3.4 (-8.0) due to depreciation on technology of 6.0 MSEK (no effect on cash flow)
- Operating cash flow of MSEK -9.1 (-13.7) - affected by one-off payment of MSEK 11.5 for early termination of distribution contract for China (cost taken in 2018)



HAIs leading cause of death in Sweden

New report from the Swedish National Board of Health and Welfare (Socialstyrelsen)

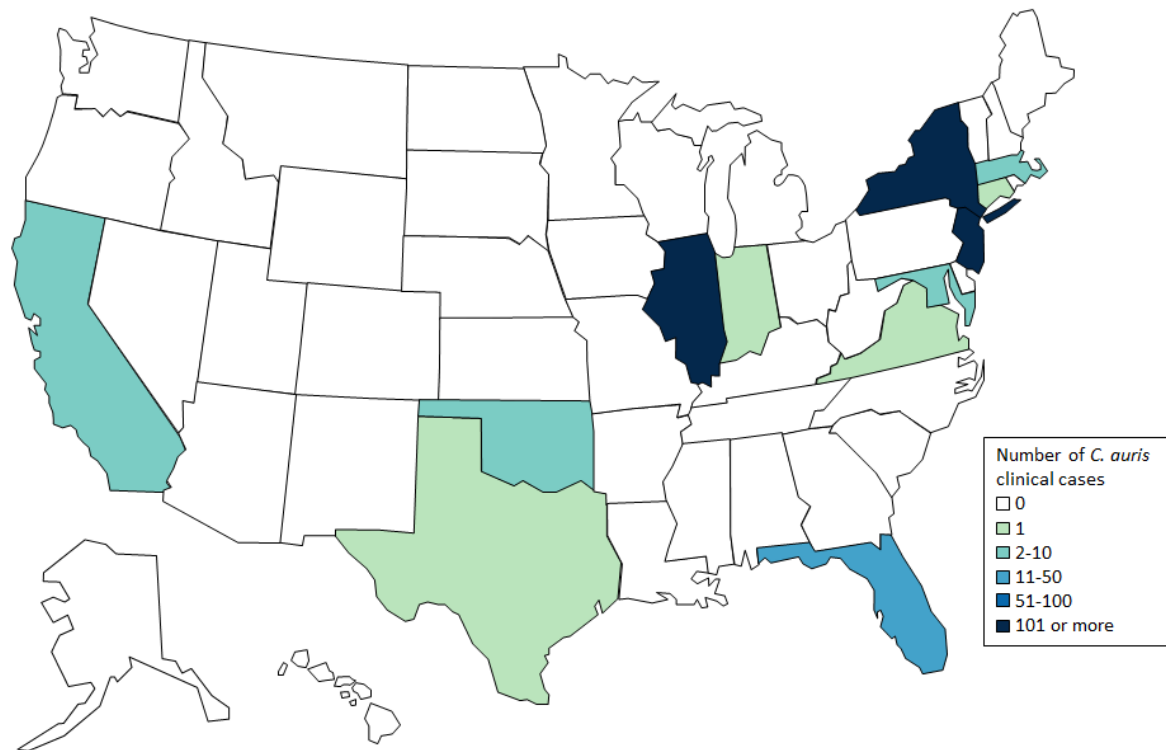
- 12,000 adverse events in healthcare have been analyzed to find out which ones cause the most serious consequences for patients
- Healthcare associated infections (HAI) are at the top of the list - leading to the highest number of serious consequences and deaths in Sweden
- Pneumonia and sepsis the most common underlying causes
- 110,000 people in Sweden annually suffer from injuries that could have been avoided
- For 1,400 people a year, these injuries contribute to the death of the patient



CDC: Outbreak of resistant superbug

United States, April 2019

U.S. Map: Clinical cases of *Candida auris* reported by U.S. states, as of February 28, 2019



Source: <https://www.cdc.gov/fungal/candida-auris/tracking-c-auris.html>

'Serious global health threat': At least 587 cases of deadly fungus reported, CDC says

Kaitlyn Kanzler and Lindy Washburn | North Jersey Record
Published 8:28 PM EDT Apr 9, 2019

WOODLAND PARK, N.J. – At least 587 cases have been confirmed over the last few years of an emerging fungus infection, identified by U.S. health authorities as "a serious global health threat."

The New York Times

DEADLY GERMS, LOST CURES

A Mysterious Infection, Spanning the Globe in a Climate of Secrecy

The rise of *Candida auris* embodies a serious and growing public health threat: drug-resistant germs.



SEARCH **NEW YORK POST**

METRO

CDC sounds alarm on resistant superbug fungus after NYC outbreak

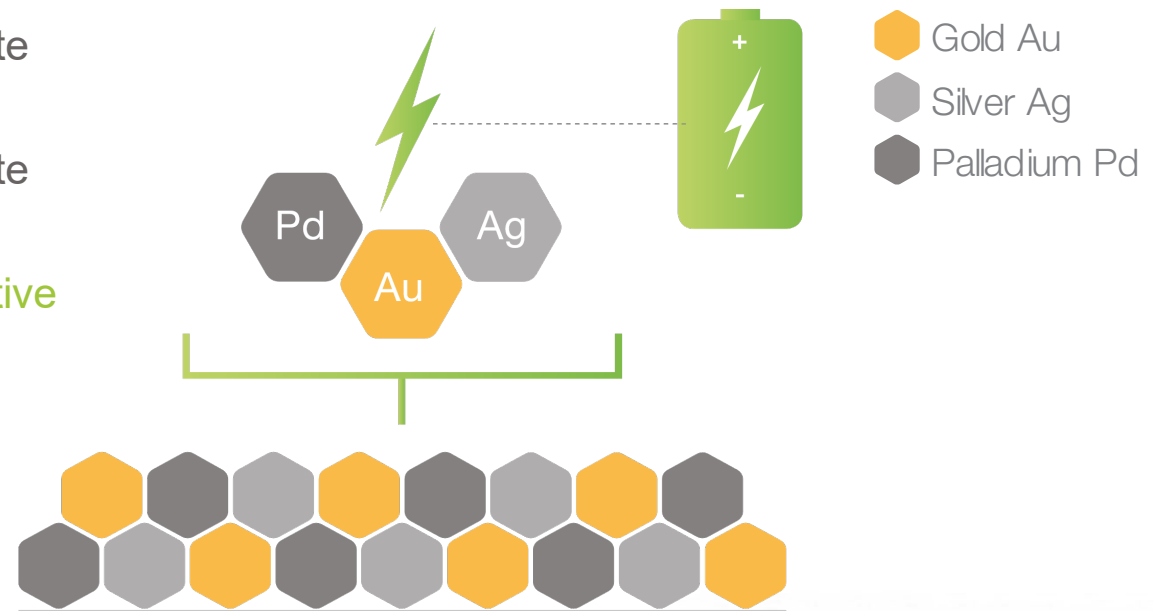
By Sara Dorn

April 6, 2019 | 8:35pm

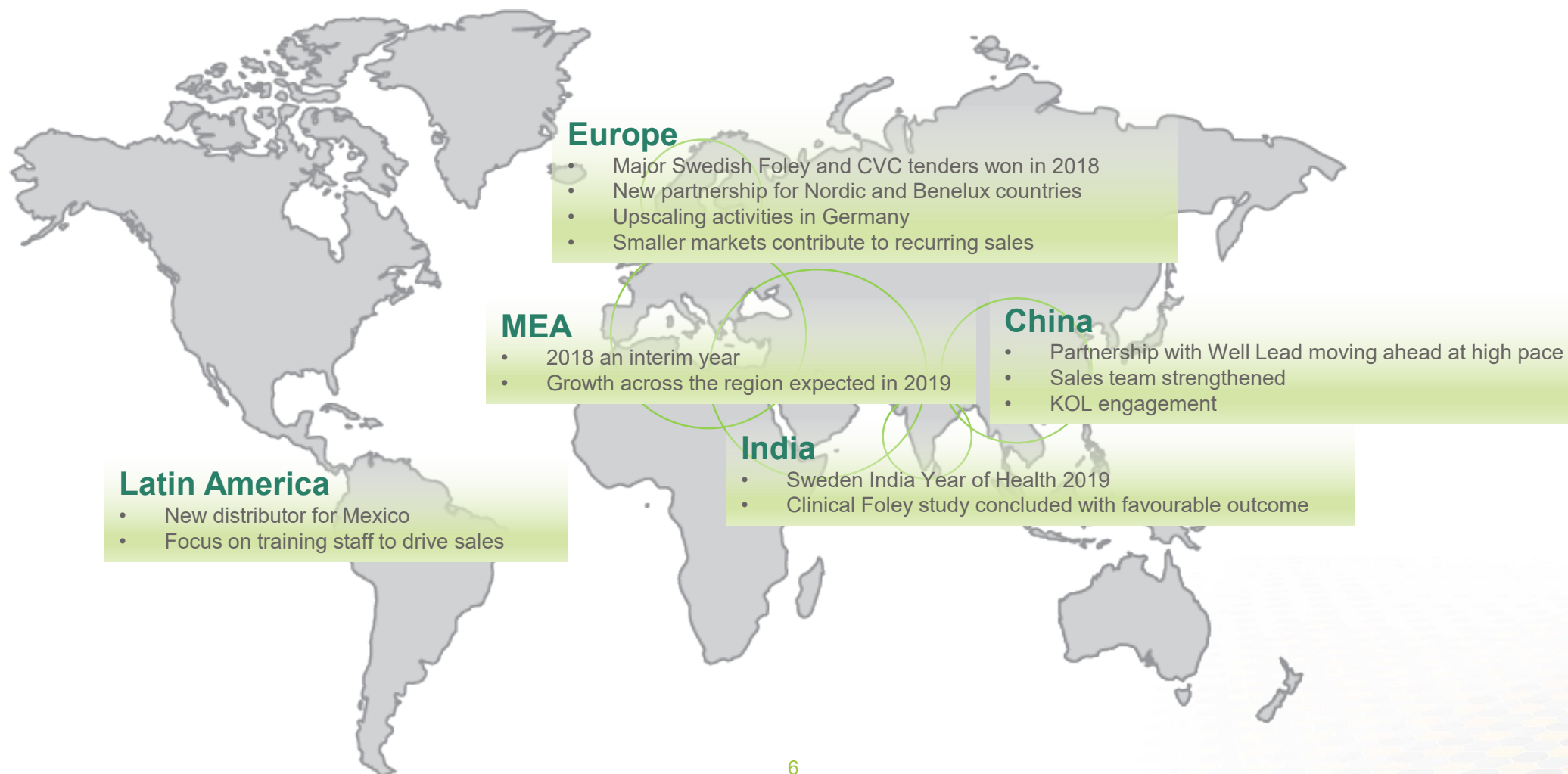
The Bactiguard technology

The galvanic effect – effective and safe

- When in contact with fluids the noble metals create a galvanic effect
- The different electro potentials of the metals create a micro current
- Prevents microbial adhesion (gram positive/negative bacteria and fungi)
- Non-releasing mechanism
- Long lasting
- Effective and safe



Market update



Minister Hallengren highlights Bactiguard

India

- “Sweden India Year of Health 2019” – full year celebration of tenth anniversary of the MoU in health and medical care.
- In February, [Times of India](#) published an interview with the Swedish minister of Social Affairs, Lena Hallengren, who led a high level delegation to India
- Minister Hallengren acknowledged [Bactiguard](#) as a good example of Swedish companies contributing to developing the healthcare sector in India
- A cooperation with All India Institute of Medical Sciences (AIIMS) was initiated during this trip



“The cooperation we are looking at is both between companies and hospitals. For example, one of the companies in my delegation is Bactiguard which is working to prevent infections in Indian hospital care.”

Quote from the Times of India February 25, 2019

Licensing business

BD (C.R. Bard)

- Successful partnership since 1995
- Bactiguard coated Foley catheters for the US, Japan and UK/Ireland
- Generating stable annual revenues



Vigilenz Medical Devices

- Bactiguard coated orthopaedic trauma implants for the ASEAN markets
- CE mark awarded in December 2018
- Concluding clinical trial
- Important reference for other orthopaedic applications



Smartwise Sweden AB

- Advanced Bactiguard coated vascular injection catheters
- Collaboration agreement with AstraZeneca announced in Q2 2018



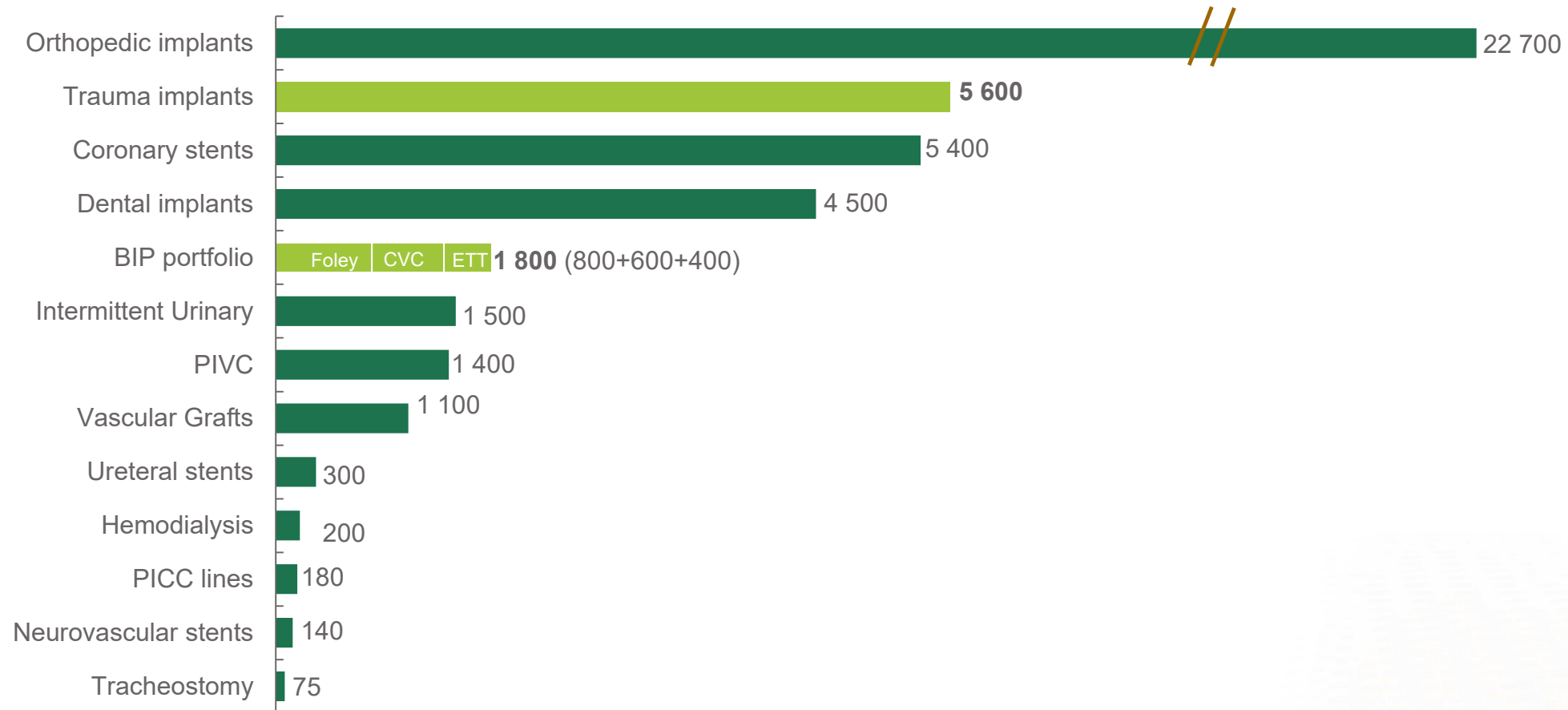
Well Lead Medical

- License agreement for Foleys, CVCs and ETTs in China
- New license revenue of MSEK 1 in Q1 (MSEK 8 for full year 2018)
- Royalties and minimum sales targets going forward

Several other ongoing discussions

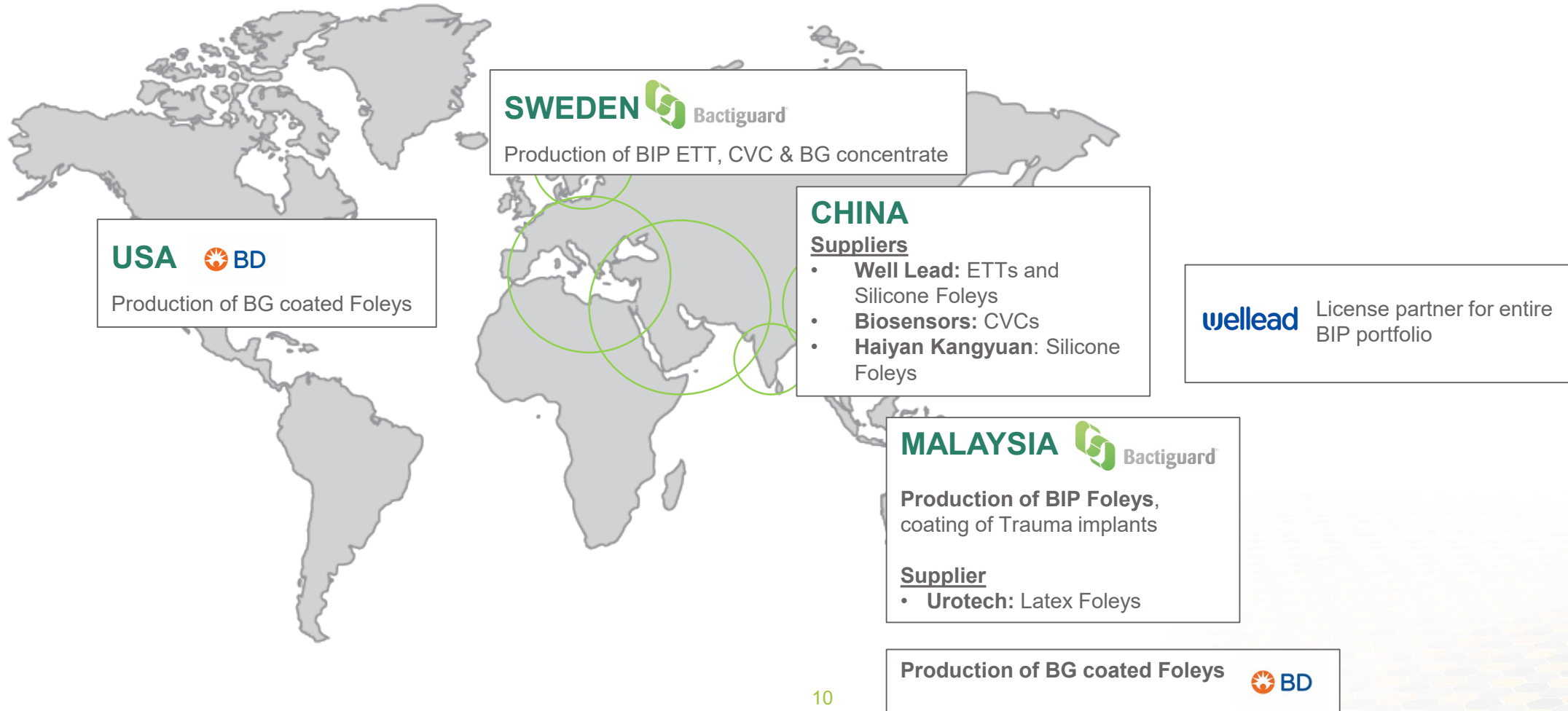
Potential new applications for licensing or BIP portfolio

Global sales MUSD



Production and supply chain

From 1 million to 10 million units



Bactiguard Executive Management



Christian Kinch
CEO



Cecilia Edström
CFO



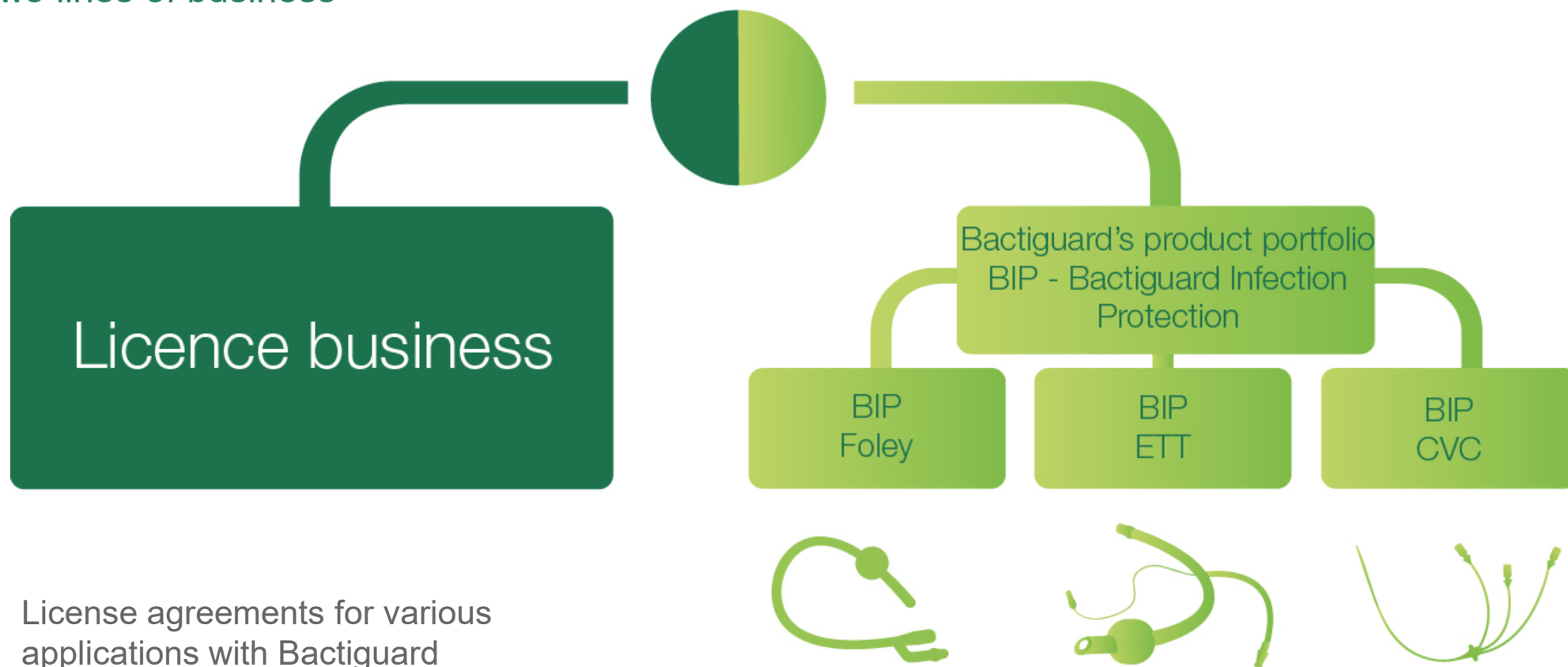
Jonas Östregård
Senior Vice President
Sales & Marketing



Daniel Lund
Senior Vice President
Operations

Business model

Two lines of business



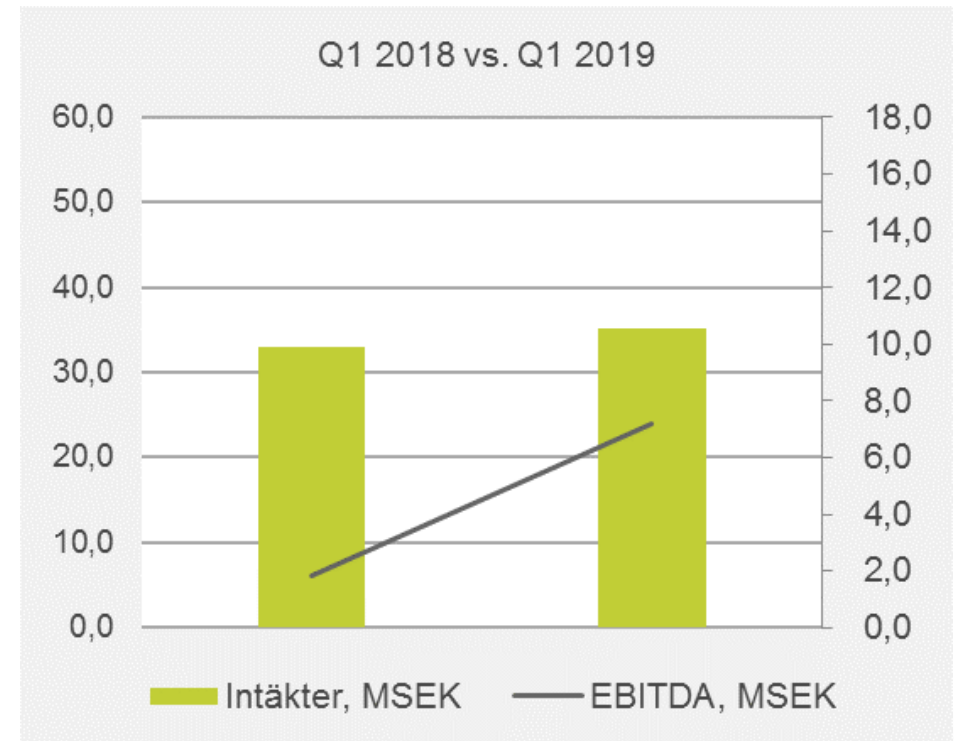
License agreements for various applications with Bactiguard technology – generating up-front fees and royalties

Proprietary product portfolio – sold through distributors

Financial highlights

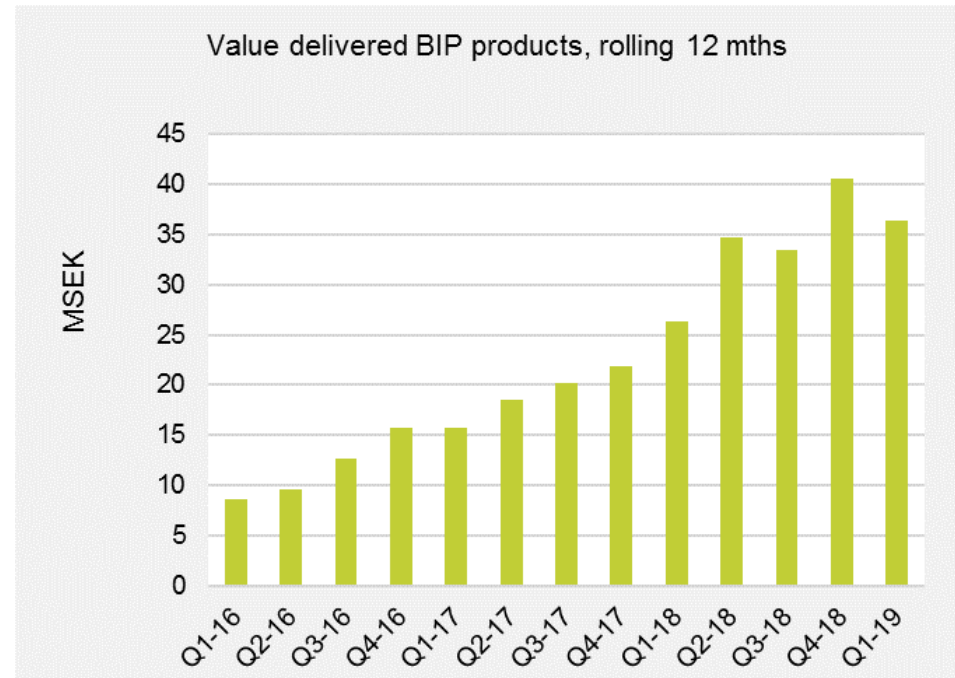
First quarter (January-March 2019)

- Revenues of MSEK 35.1 (33.0), a 7% increase
- License revenue from BD higher than last year – MSEK 26.9 (22.0)
- New license revenues of MSEK 1.1 from agreement with Well Lead for China
- BIP sales of MSEK 3.1 (7.3) - recurring sales to MEA, Europe and Latin America, no deliveries to China and India this quarter
- EBITDA of MSEK 7.2 (1.8), 20% (6%) EBITDA margin, mainly driven by increase in license revenues
- Adjusted for IFRS 16 “Leasing”, EBITDA was MSEK 4.7 and the EBITDA margin was 13%

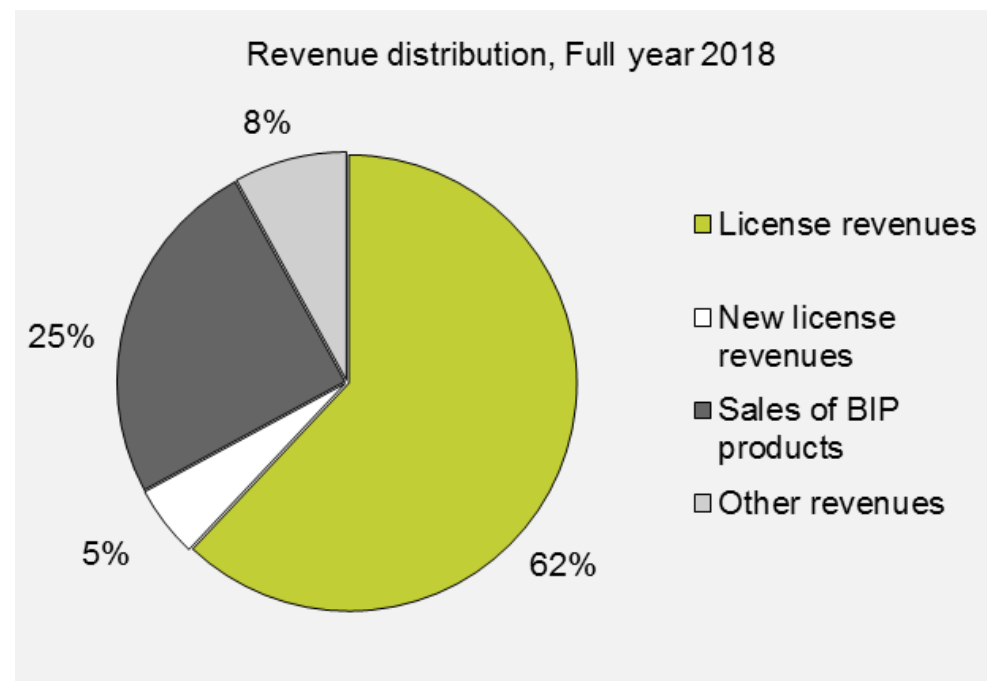
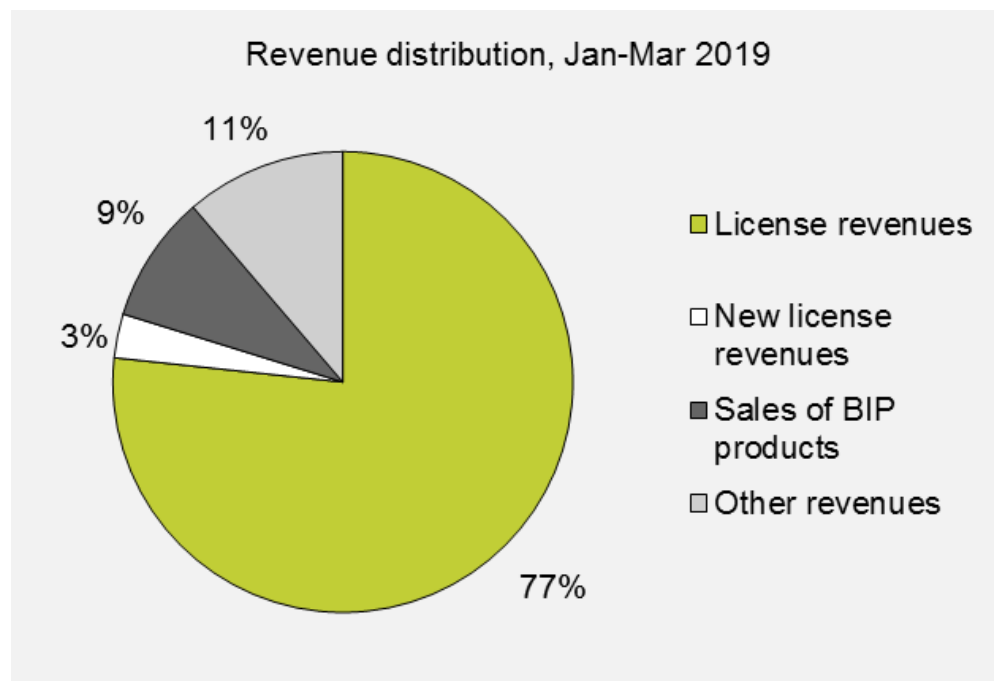


Development in revenues from BIP products

- Revenues from BIP-products of MSEK 3.1 (7.3) in Q1
- No deliveries to China and India in Q1 2019
- Recurring sales to existing distributors in Middle East, Europe and Latin America
- BIP sales steadily rising
- CAGR 15%



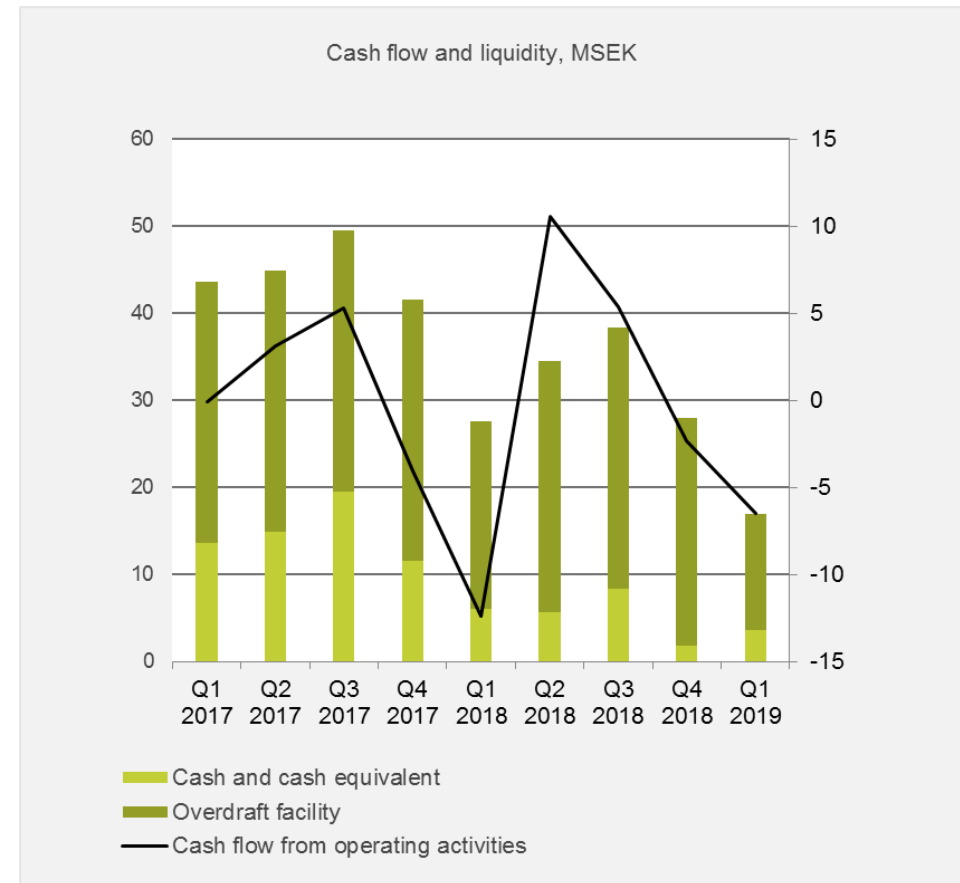
Revenue distribution



Cash flow and liquidity

Cash flow first quarter (January - March)

- Operating cash flow of MSEK -9.1 (-13.7). Payment of MSEK -11.5 related to one-off compensation for early termination of agreement with former distributor in China in 2018 affected cash flow in Q1
- Net Cash position of MSEK 3.6 (6.0)
- Liquidity of approximately MSEK 17
- Proceeds from disposal of receivables of MSEK 12.8 in Q2 2019



Financial targets

- Average sales growth of 20% per annum for a 5-year period, with 2015 as the base year – starting point MSEK 118.5
- EBITDA margin of at least 30% at the end of the 5-year period (by 2020)
- 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 dividend
- Board proposes no dividend for 2018



Concluding remarks

Solid platform for growth

- Revenues growing, driven by higher license revenues in the quarter and steadily increasing BIP sales in a longer perspective
- Good traction in China
- MEA, Europe and Latin America generated growth in the quarter
- Significantly higher EBITDA result and margin
- CE mark for trauma implants important reference for new applications
- Strengthening the management team and adding medical expertise



OUR VISION



Eliminate healthcare associated infections to

1. save lives
2. reduce cost and
3. limit antimicrobial resistance, through preventive standards of care

Bactiguard representatives



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