



Bactiguard

Q4 presentation
February 6, 2018

Infections and antimicrobial resistance

Media and public attention



the guardian
Antibiotics
Antibiotic resistance could spell end of modern medicine, says chief medic
Prof Dame Sally Davies says action is needed around the world to tackle 'hidden' problems that is already claiming lives
4,273 Press Association
Friday 19 October 2017 08:41 BST

ASHLEY WELCH / CBS NEWS January 13, 2017, 5:48 PM
Woman died from superbug resistant to all available antibiotics in U.S.
Carbapenem-resistant Enterobacteriaceae (CRE) bacteria is pictured in this medical illustration provided by the U.S. Centers for Disease Control and Prevention. REUTERS/CDC
19 Comments / Share / Tweet / Stumble / Email
A Nevada woman has died from an infection resistant to all available antibiotics in the United States, public health officials report.
According to the Centers for Disease Control and Prevention, the woman's condition was deemed incurable after being tested against 26 different antibiotics.

UN meeting tackles the 'fundamental threat' of antibiotic-resistant superbugs

All 193 UN member states have agreed to combat the proliferation of drug-resistant infections, estimated to kill more than 700,000 people each year



A microbiologist works with tubes of bacteria samples in a US antimicrobial resistance and characterization lab. Photograph: David Goldman/AP

En av fem barn har resistent bakterier i magen

Enligt en ny avhandling från Uppsala universitet har förekomsten av antibiotikaresistenta bakterier bland förskolebarn ökat nästan sjufaldigt på bara några år. En överraskande och oroväckande utveckling enligt forskare bakom studien.

Ingrid Lund 17 februari 2017



I en studie på över 300 friska förskolebarn i Uppsala har blöjor och avföringsprover samlats in för att utvärdera hur vanliga antibiotikaresistenta bakterier är idag jämfört med en liknande mätning år 2010.

SENASTE I SVENSKOM & DIAGNOS

- Stark mat kan därpa salt-suget
- I av 5 unga tjejer beroend av solarium
- Årets Nobelpris i fysikologi eller medicin går till...
- Donera: blod likt rött vin - bättre med tid
- Cellprovtagning blir gratis för alla
- Uppmärkt: Tarmbakterier som kan trigga MS

Antimicrobial Resistance (AMR)



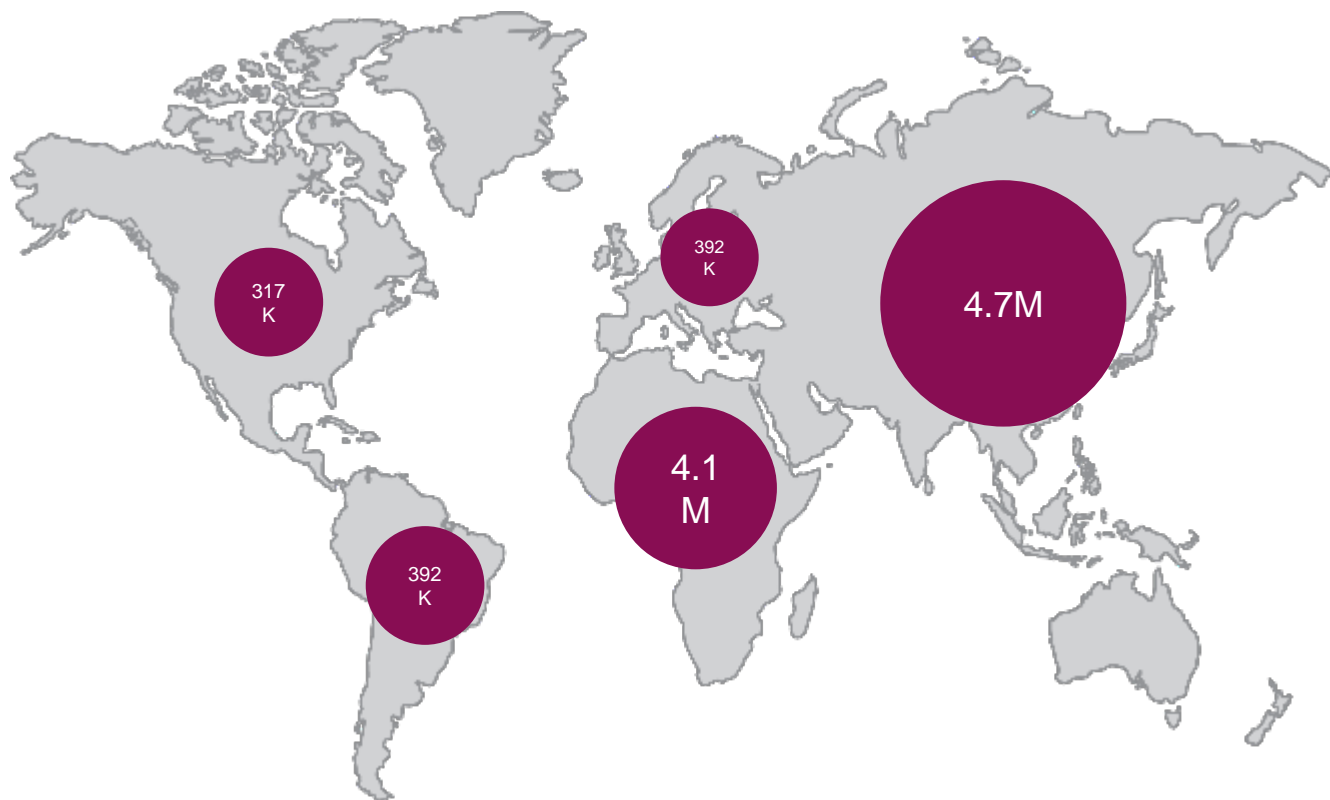
European and Global Challenge by 2050

AMR is a serious threat to public health:

25 000 patients die annually in the EU as a result of infections caused by resistant bacteria

Globally this could be as high as **700 000**

10 million deaths per year are projected by **2050** if current infection and resistance trends continue.



Consumption of antibiotics in EU/EEA

2012–2016 (expressed as DDD per 1 000 inhabitants per day)

Country	2012	2013	2014	2015	2016	Average annual change 2012-2016	Statistically significant trend
Netherlands	11.3	10.8	10.6	10.7	10.4	-0.19	
Sweden	14.1	13.00	13.00	12.3	12.0	-0.48	↓
Germany	14.8	15.7	14.6	14.3	14.1	-0.27	
United Kingdom	20.1	20.6	20.8	20.1	19.6	-0.15	
EU/EEA average	21.7	22.3	21.9	22.4	21.9	0.05	
Spain	19.7*	20.3*	21.6*	22.2*	23.0*	0.86	↑
Italy	27.5	28.6	27.8	27.5	26.9	-0.25	
Belgium	29.8	29.6	28.5	29.3	27.5	-0.24	
France	29.7	30.1	29.0	29.9	30.3	0.11	
Greece	32.5	32.2	35.1	36.1	36.3	1.15	↑

* Reimbursement data (i.e. not including consumption without a prescription or other non-reimbursed courses).

↓ Significant decrease

↑ Significant increase

Source: ECDC Summary of the latest data on antibiotic consumption in the EU, November 2017

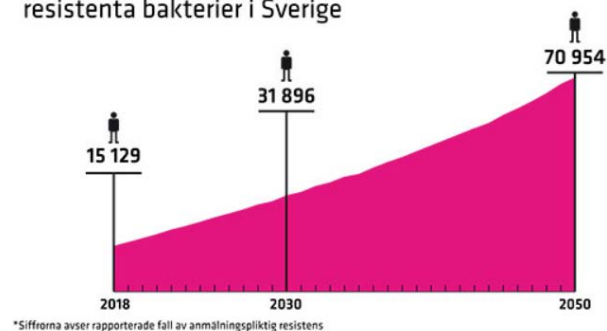
Four times higher antibiotic resistance in Sweden by 2050

New report from Swedish Public Health Authority

- By 2050 the number of cases is expected to be 70,000 – i.e four times higher than today
- The annual additional cost of AMR adds up to approx. 400 million SEK in 2030 and over 600 million SEK in 2050
- In total, AMR will cost about 16 billion SEK until 2050, which can be compared to the cost of 187,000 hip operations.
- The report also concludes that “...**the active work to slow down developments must continue but, above all, intensify!**”



Så många kan drabbas av resistenta bakterier i Sverige



Source: Folkhälsomyndigheten; Framtida kostnader för antibiotikaresistens - Slutredovisning av regeringsuppdrag om direkta och indirekta kostnader och konsekvenser av antibiotikaresistens i svensk vård, 2017.

WHO: Preventing infections saves lives in health care

WHAT'S THE PROBLEM?

-  **1 IN 10 PATIENTS** get an infection while receiving care
-  **UP TO 32% OF SURGICAL PATIENTS** get a post-op infection, up to 51% antibiotic resistant
-  **UP TO 90% OF HEALTH CARE WORKERS** do not clean their hands in some facilities
-  **INFECTIONS CAUSE UP TO 56% OF DEATHS** among hospital-born babies
-  **UP TO 20% OF AFRICAN WOMEN** get a wound infection after a caesarean section
-  **50-70% OF INJECTIONS** given in some developing countries are unsafe
-  **INFECTIONS** can lead to disability, **ANTIBIOTIC RESISTANCE**, increased hospital time and death

PREVENT INFECTIONS

SAVE LIVES

IN HEALTH CARE



HEALTH CARE WITHOUT AVOIDABLE INFECTIONS

INFECTION PREVENTION AND CONTROL CONTRIBUTES TO ACHIEVING SUSTAINABLE DEVELOPMENT GOALS and could save millions of lives



3 GOOD HEALTH AND WELL-BEING



6 CLEAN WATER AND SANITATION



World Health Organization



WHAT'S THE SOLUTION?

-  **HAVE ACTIVE INFECTION PREVENTION AND CONTROL PROGRAMMES** and target antibiotic resistance
-  **USE CLEAN PRACTICES** and asepsis for interventions
-  **PRACTICE HAND HYGIENE** to prevent infections and reduce the spread of antibiotic resistance
-  **HAVE ENOUGH STAFF**, a clean and hygienic environment and don't overcrowd health care facilities
-  **MONITOR INFECTIONS** and make action plans to reduce their frequency
-  **NEVER RE-USE** needles and syringes
-  Only dispense antibiotics when **TRULY NEEDED TO REDUCE THE RISK OF RESISTANCE**

Source: World Health Organization; <http://www.who.int/infection-prevention/en/>

OUR MISSION

Saving lives



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 Q4 2017 and full year 2017

- ✓ Nine consecutive quarters of increasing BIP sales, based on rolling twelve-month figures
- ✓ Revenues increased by 23% in Q4 and by 20% in 2017, in line with our financial targets
- ✓ BIP sales increased by 30% in Q4 and by 39% in 2017
- ✓ License revenues up by 20% in Q4 and by 22% in 2017
- ✓ EBITDA margin of 21% in Q4 and 22% in 2017
- ✓ Operating cash flow of MSEK -5.8 (-19.1), due to increased accounts receivable at year end
- ✓ Tender won in Sweden's second largest region
- ✓ Delivery of 100,000 units to China in Q4
- ✓ Full portfolio approved and new partner in India
- ✓ Three-year financing raised

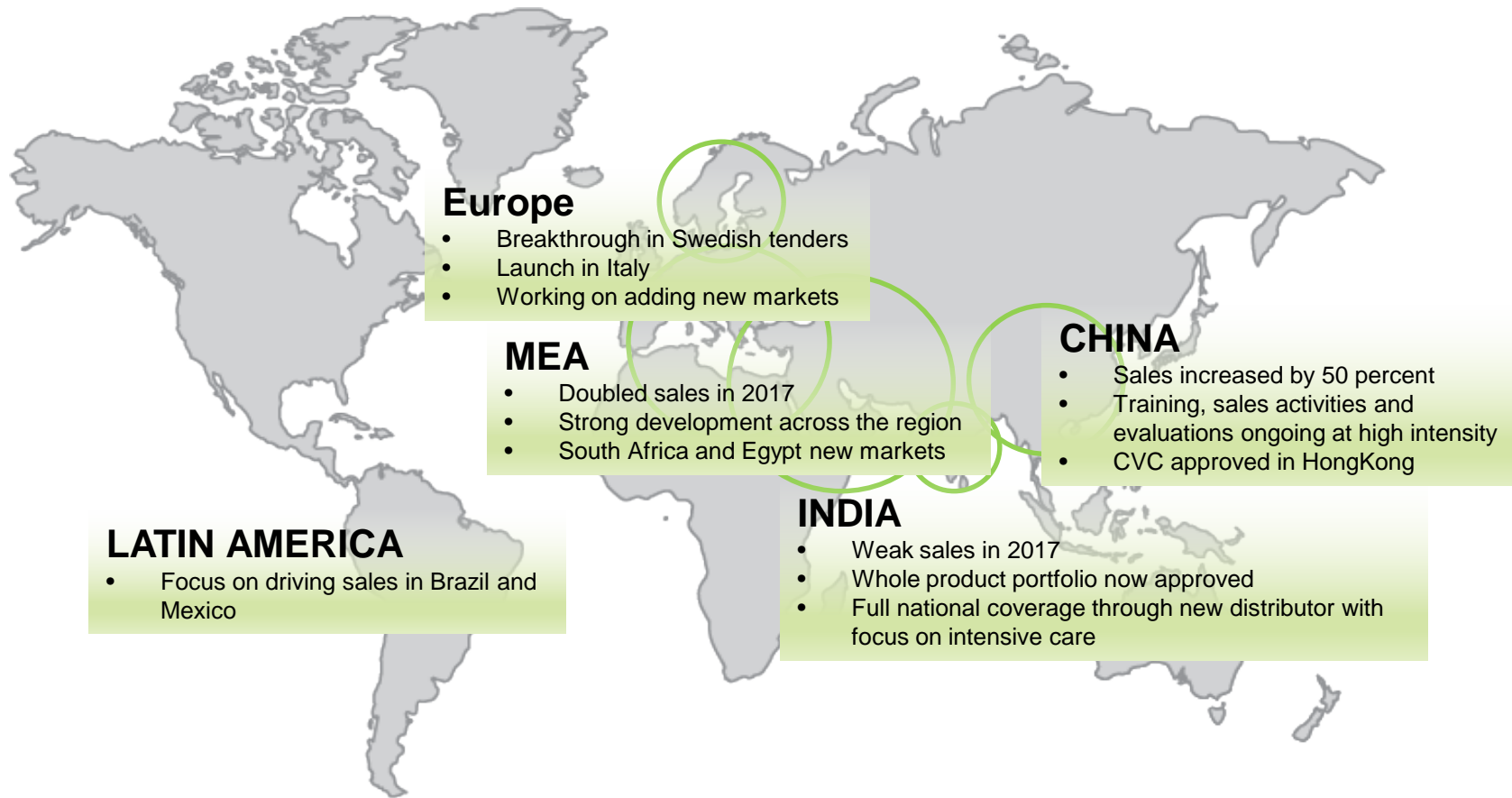


Product approvals and new distributor in India

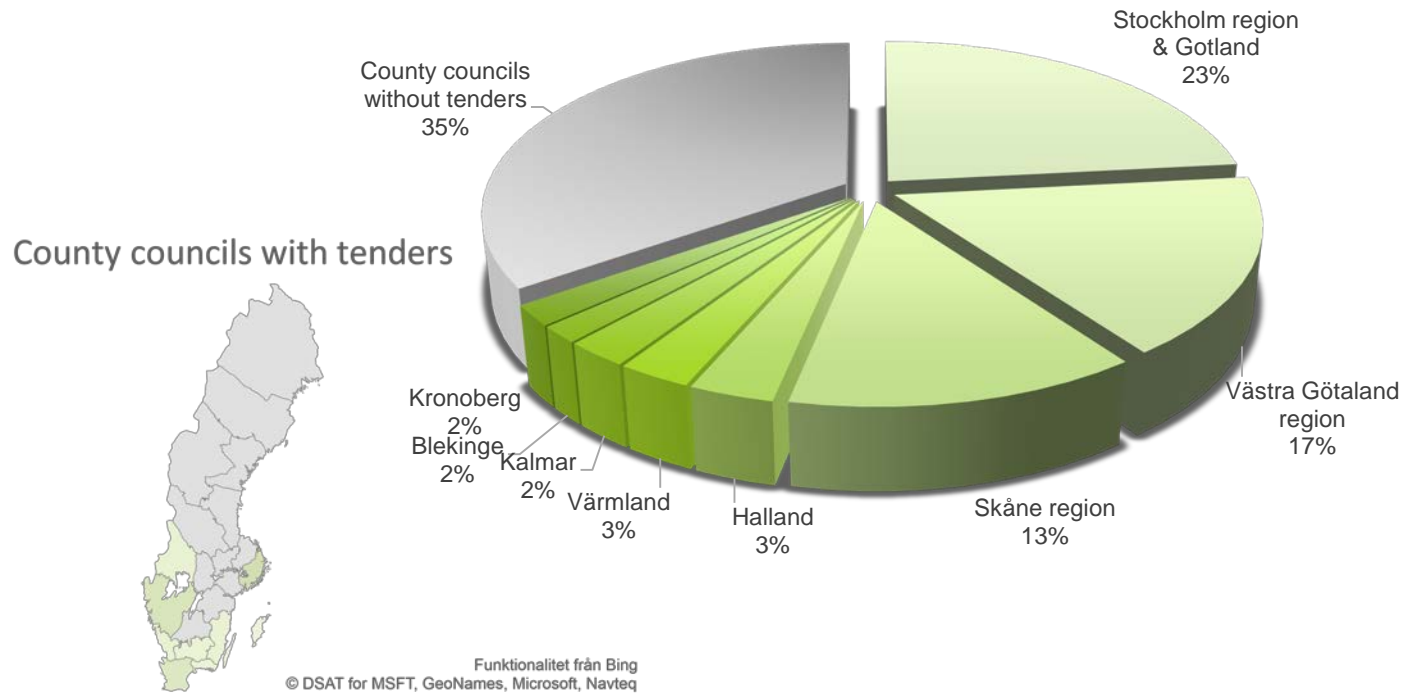


Financing secured

Market update Q4 2017



BIP Foley catheter procured for 65% of Swedish population



Source: SCB (statistics Sweden) 2016

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 completed in Dec 2017



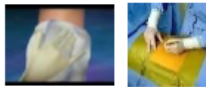


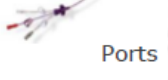







BD's acquisition of Bard

Our journey has been focused on four strategic pillars



Creates the leader in solutions to address HAI's

Major healthcare need	Most costly and relevant HAIs	Technology portfolio
<div data-bbox="216 468 498 725" style="text-align: center;"> <p>\$9.8B¹</p> </div> <p data-bbox="156 796 562 865">U.S. cost of healthcare-associated infections</p> <div data-bbox="142 905 575 1001" style="background-color: orange; color: white; padding: 5px; text-align: center;"> <p>1 in 15 patients acquire infection during care</p> </div>	<p>Surgical Site Infection (SSI)</p>	 ChlorPrep  Clippers  Surgical drapes, wipes (pipeline)
	<p>Central line associated blood stream infection (CLABSI)</p>	 Site prep  PICC  Ports  Connectors  PIVC  Disinfectant caps
	<p>Catheter associated urinary tract infection (CAUTI)</p>	 Infection control Foley catheters and standardized kits 
	<p>\$3.3B in cost burden</p>	
	<p>\$1.8B in cost burden</p>	
	<p>\$1.0B in cost burden</p>	

(1) Includes C.Diff and VAP, in addition to SSI, CLABSI, CAUTI as depicted above.



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 completed in Dec 2017



Vigilenz Medical Devices

- Bactiguard coated orthopaedic trauma implants for the ASEAN markets
- Aiming for CE mark in early 2018



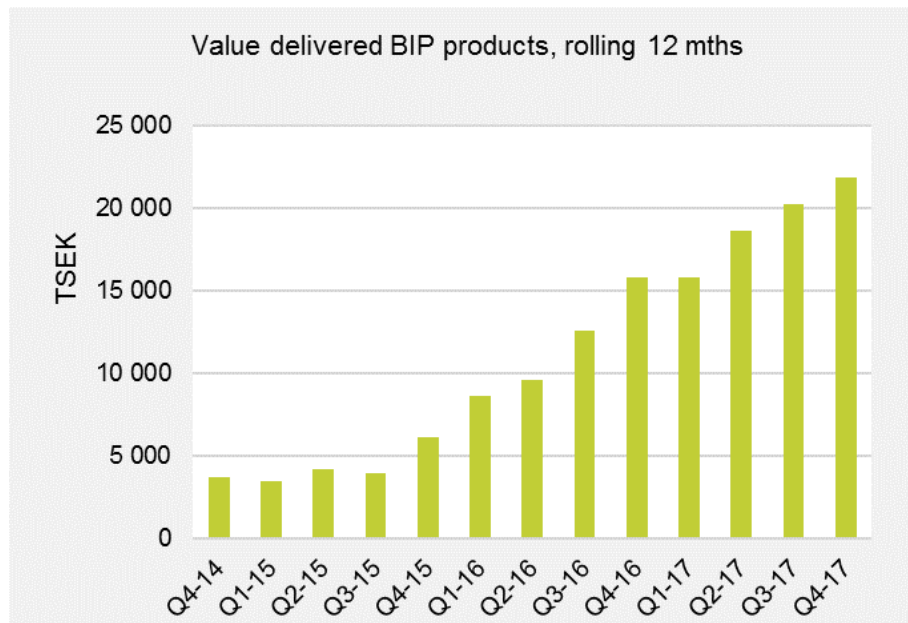
Smartwise Sweden AB

- Advanced Bactiguard coated vascular injection catheters
- USD 2.5 million in revenue for 2017
- Developing optimal catheter design for animal and human trials
- CE mark expected in 2018
- Royalties on 3rd party sales of catheters

Several ongoing discussions

Development in revenues from BIP products

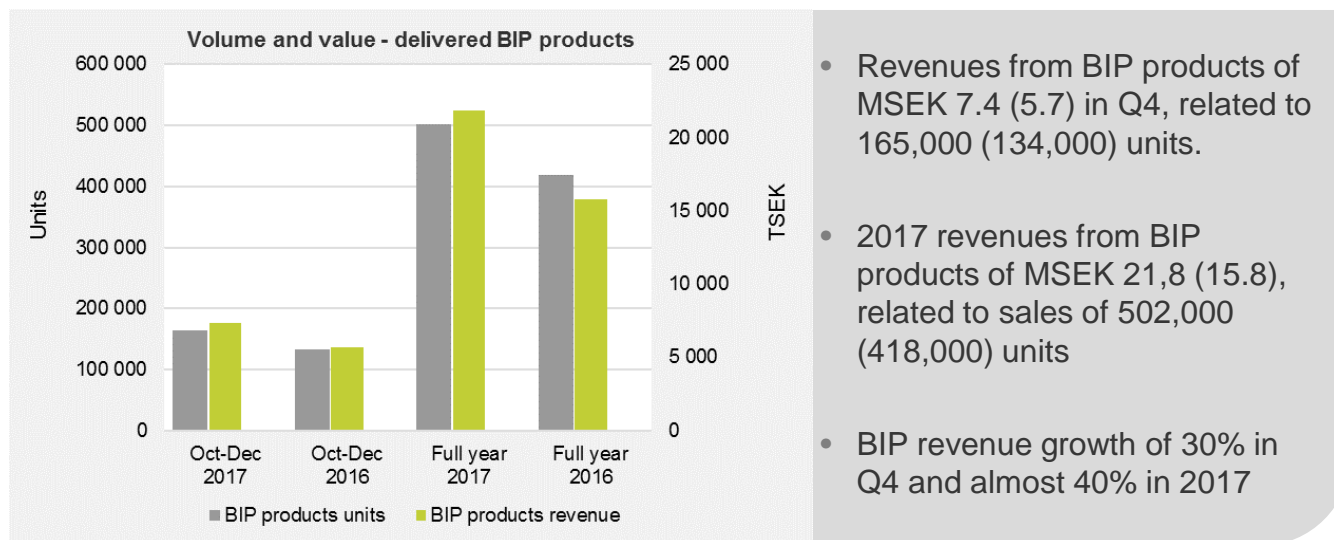
16



- Nine consecutive quarters of growth, based on rolling 12 months.
- 16% CAGR in this time period.

Delivered products

17



Financial highlights

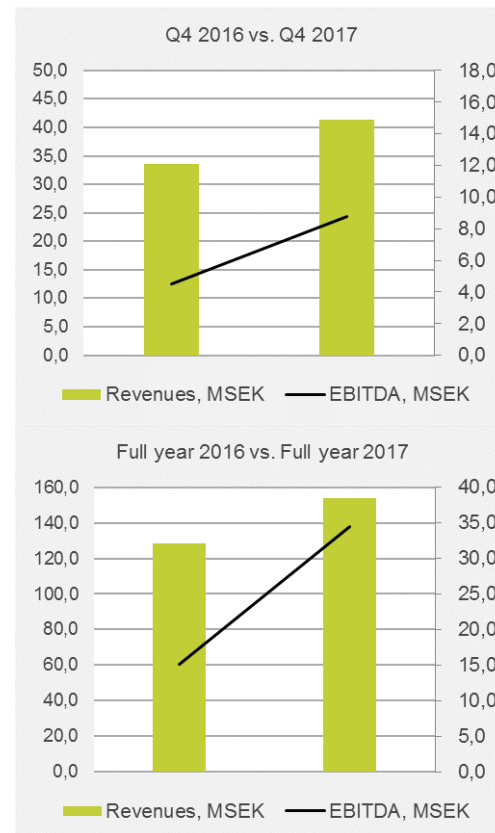
18

Fourth quarter (Oct-Dec 2017)

- Revenues of MSEK 41.4 (33.6), increase of 23%, mainly explained by increased license revenues.
- EBITDA of MSEK 8.8 (4.5), 21% (14%) EBITDA-margin

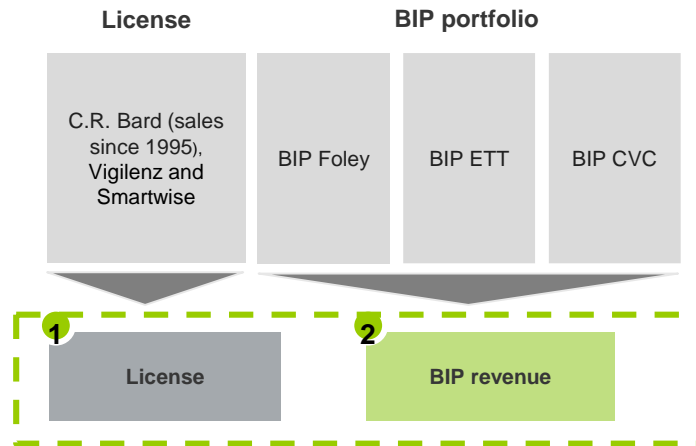
Full year 2017

- Revenues of MSEK 153.6 (128.3), increase of 20% related to new license revenues and increased sales of BIP products.
- EBITDA of MSEK 34.4 (15.1), 22% (12%) EBITDA-margin.



Revenue streams

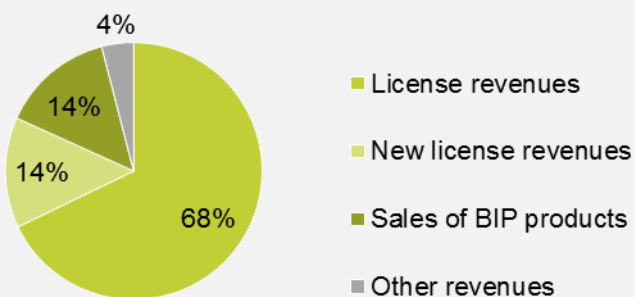
Two revenue streams in the income statement



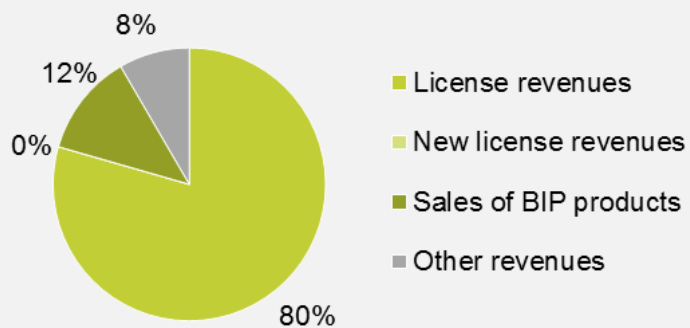
From a product perspective Bactiguard has two lines of business; Licenses and the BIP portfolio, acknowledged in the accounts as two revenue streams

Revenue distribution

Revenue distribution, Full year 2017



Revenue distribution, Full year 2016



MSEK	Oct-Dec	Oct-Dec	Full year	Full year
	2017	2016	2017	2016
License revenues	26,9	25,9	104,3	103,0
New license revenues	4,2	0,0	21,4	0,0
Sales of BIP products	7,4	5,7	21,8	15,8
Other revenues	2,9	2,0	6,2	9,6
Total Revenues	41,4	33,6	153,6	128,3

Financial flexibility and strength

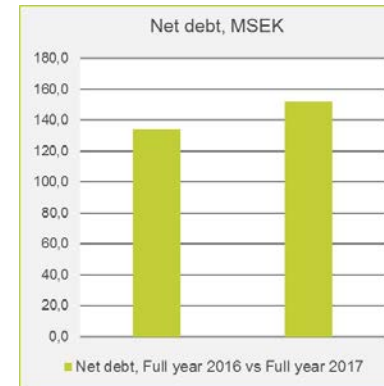
21

Financial position

- Equity ratio of 62 %
- Net debt of MSEK 152.4
- Cash position of MSEK 11.6. Overdraft facility of MSEK 30, not utilized 31 December

Loans

- Three-year MSEK 180 credit facility at Skandinaviska Enskilda Banken (SEB) raised in December 2017
- Term loan of MSEK 150, amortized by SEK 35 million until maturity.
- Revolving credit/overdraft facility of MSEK 30.
- Interest rate STIBOR 90 + margin of 3.0 %, i.e. annual interest costs of MSEK 4.5
- Customary covenants
- Main shareholders' guarantee commitments for Bactiguard's former bank loan have been terminated



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 dividends

Concluding remarks

- ✓ Growth in line with financial targets
- ✓ Nine consecutive quarters of increasing BIP sales
 - Strong development in China and the Middle East
 - Breakthrough in Swedish tenders, Stockholm, Skåne and VGR
 - India positioned for growth in 2018 after slow 2017
- ✓ Higher license revenues
 - Stable revenues from Bard
 - New revenues from Smartwise
 - Preparing to enter orthopaedic trauma segment
 - Potential for more in other application areas
- ✓ Expansion with cost control, investing in sales & marketing
- ✓ Financing secured for the coming three-year period
- ✓ Solid platform for growth with focus on closing in on our financial targets.



"Saving lives"

For questions and additional information, please contact:



Christian Kinch, CEO: +46 8 440 58 80
christian.kinch@bactiguard.se



Cecilia Edström, CFO: +46 72 226 23 28
cecilia.edstrom@bactiguard.se