



# Bactiguard

**Year-end presentation  
February 9, 2017**

# 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



POST MAGAZINE / LONG READS

# Why China is at heart of fight to head off antibiotic apocalypse

With superbug resistant to world's last-resort antibiotic recently found in China, the day when common illnesses and routine surgery become life threatening, and organ transplants impossible, draws ever closer

BY **SARAH LAZARUS**

25 NOV 2016

Source link: <http://www.scmp.com/magazines/post-magazine/long-reads/article/2048942/why-china-heart-fight-head-antibiotic-apocalypse>





# Woman dies of bug resistant to all antibiotics after India trip

## HTC and Agencies

■ [letters@hindustantimes.com](mailto:letters@hindustantimes.com)

**NEW DELHI:** An American woman who travelled to India died from an infection resistant to all available antibiotics, health officials said this week, raising new con-

and had been hospitalised in India with fractured leg bones, the US Centers for Disease Control and Prevention reported.

Her death is being attributed to the superbug New Delhi metallo-beta-lactamase (NDM-1),

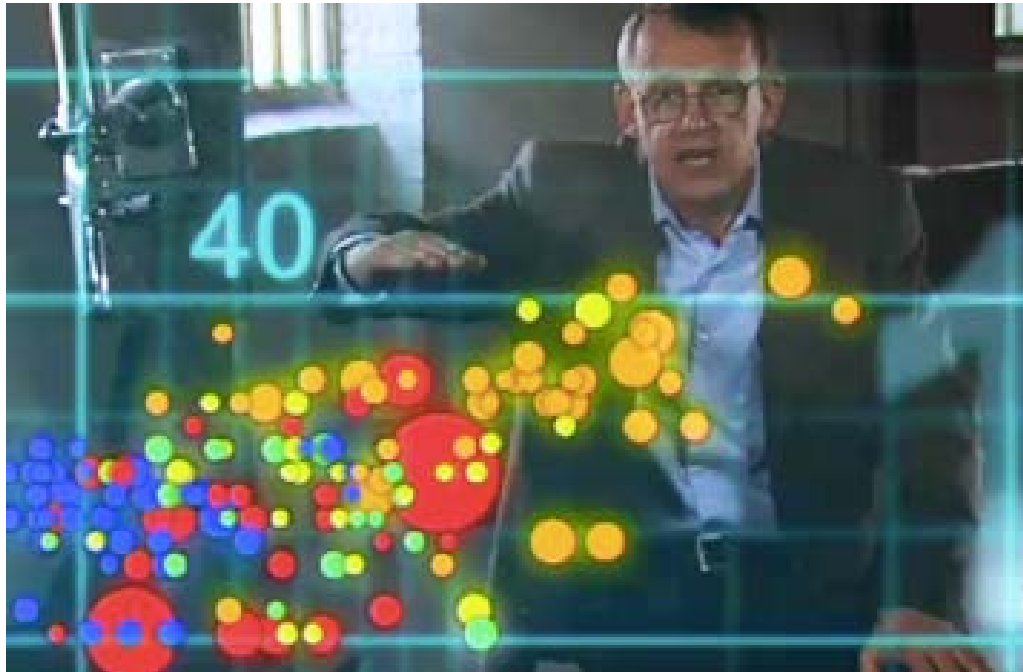
infections.

The infection was reportedly caused by carbapenem-resistant Enterobacteriaceae (CRE), a multidrug-resistant organism associated with high mortality.

While CRE are not new to the US, what was new in this case is

# The global challenge

Professor Hans Rosling 1948 - 2017



**” Multiresistant bacteria is a greater threat to mankind than climate change.”**

*Professor Hans Rosling, Karolinska Institute*

# Bloodstream infections most common type of HAI in European pediatric ICUs



- 1 in 6 children in ICUs were infected
- 1 in 10 babies were infected in Neonatal ICUs
- 770 infections in 726 children
- Bloodstream infections were the most common: 45% of infections

# Key Priorities 2016



Drive sales of our own product portfolio  
Bactiguard Infection Prevention



Develop new license businesses



Secure long-term refinancing



# Achievements in 2016

- ✓ BIP volume more than doubled
- ✓ Breakthrough in China and India
- ✓ Expanding European presence
- ✓ Progress in our home market Sweden
- ✓ Strengthened clinical evidence
- ✓ Product portfolio tailored to ICUs
- ✓ Tools supporting new standards of care for prevention of HAI
  - **Bactiguard Academy**
  - **Bactiguard Clinical Implementation Programme**
- ✓ Developing both new and ongoing license deals
- ✓ Refinancing of the Bond loan



New BIP Endotracheal  
Tube Evac introduced



# Highlights in Q4 2016 and early 2017

- ✓ Major increase in deliveries of BIP products
- ✓ Repeat order from China of 100,000 catheters delivered
- ✓ Entering partnership in Germany
- ✓ Stable revenues from C.R. Bard
- ✓ New clinical study confirms reduced infections in ICU
- ✓ Bond loan repaid
- ✓ Expanding presence in Egypt
- ✓ Entering new license agreement for advanced vascular injection catheters, Feb 2017

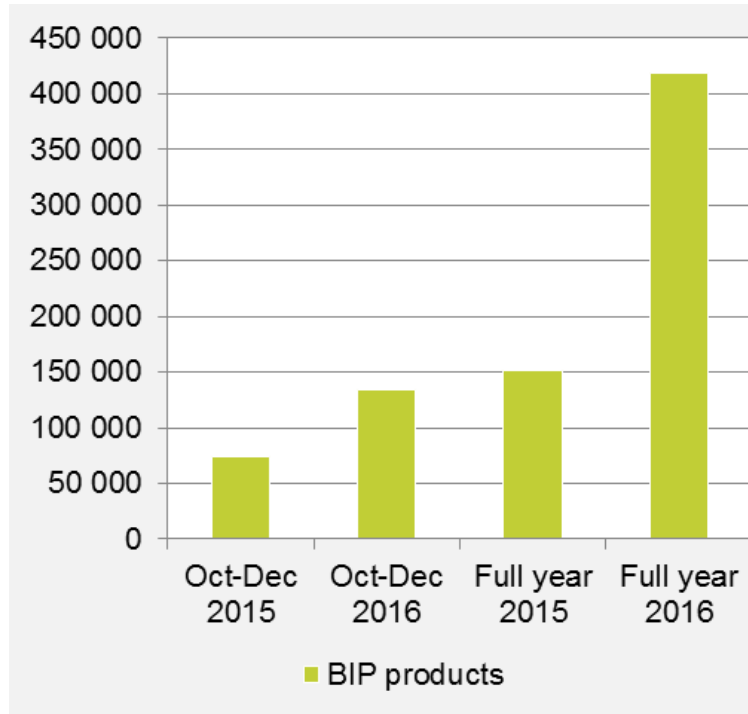


**New distributor Egypt**



**New license application**

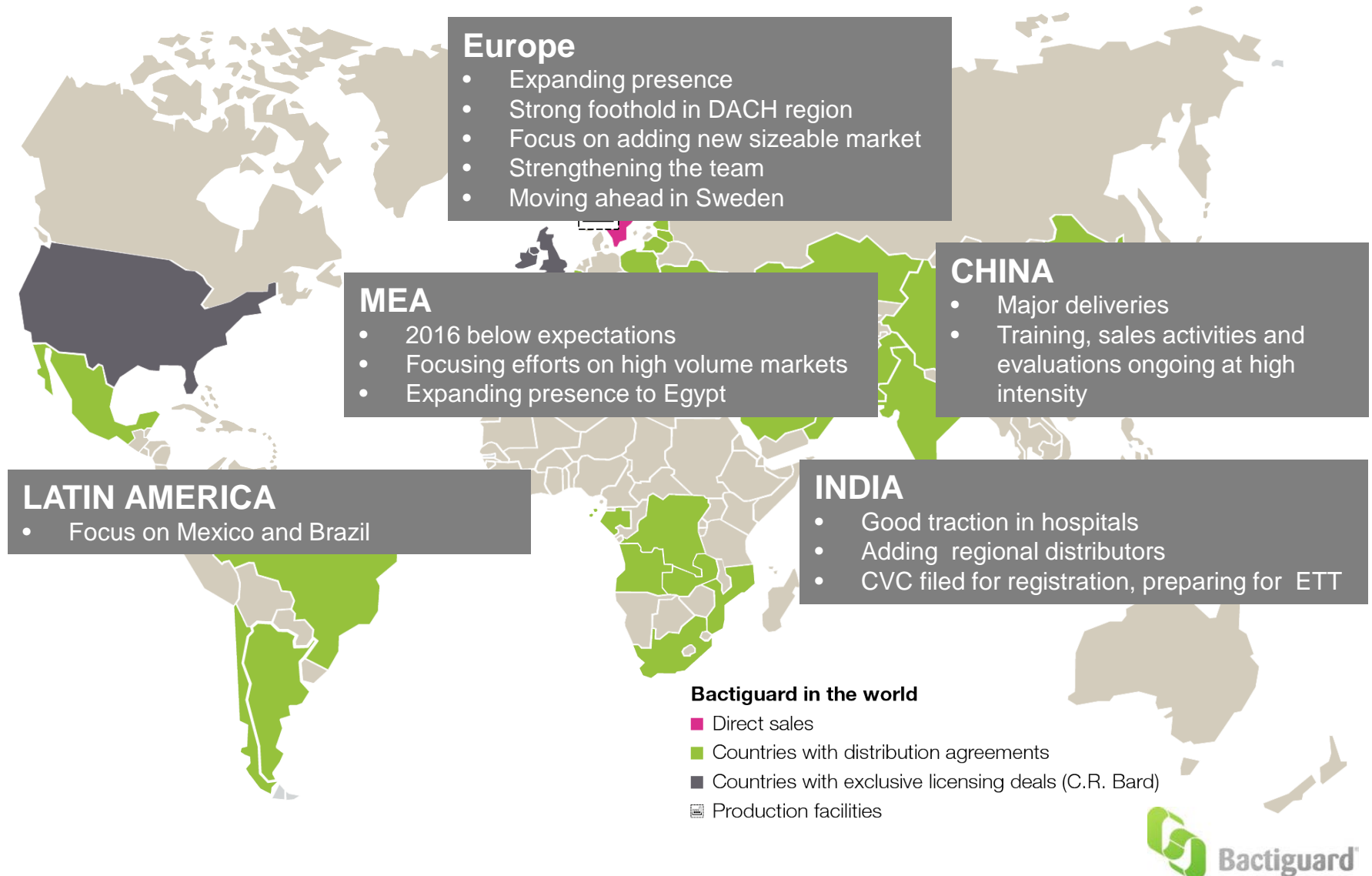
# Delivered products



- 134,000 BIP products delivered in Q4 2016 compared to 74,000 during Q4 2015, an increase by 81 %
- For the full year 2016, 418,000 BIP products were delivered compared to 152,000 full year 2015, an increase by 175 %

# Market update

## Focus on select markets and building recurring volume



# Licensing business

## C.R. Bard

- Successful partnership since 1995
- Bactiguard coated Foley catheters for the US, Japan and UK/Ireland
- More than 160 million catheters sold to date
- Generating stable annual revenues



## Vigilenz Medical Devices

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



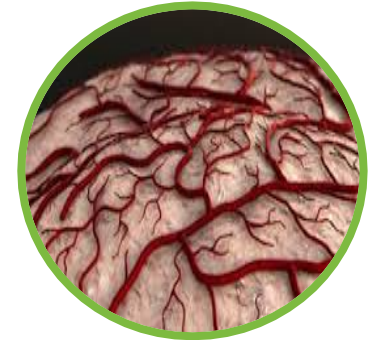
## Smartwise Sweden AB

- Advanced Bactiguard coated vascular injection catheters

Other ongoing discussion at different stages

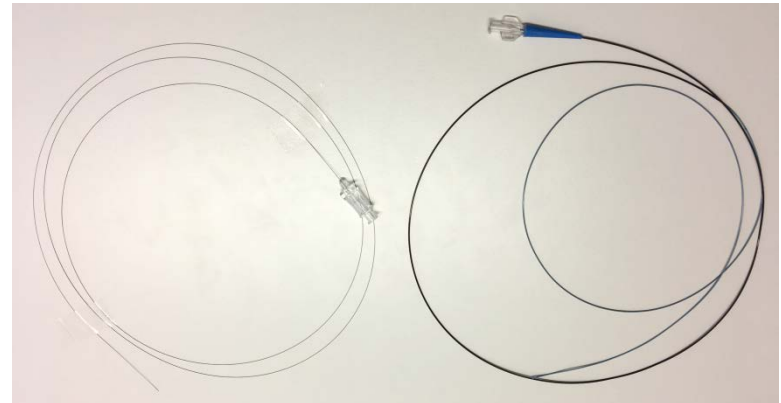
# New license agreement and therapeutic application

- ✓ Advanced Bactiguard-coated vascular injection catheters
- ✓ Aimed at delivering high dose, locally targeted therapies to damaged tissue, in critical areas of the body
- ✓ Coating reduces risk of infections, thrombosis and allergic reactions for critically ill patients
- ✓ USD 2.5 million, for the exclusive and global right to the Bactiguard technology for this application, payable in 2017
- ✓ Royalty payments on third party sales once the products are commercialized
- ✓ Approval for clinical use expected in three to five years



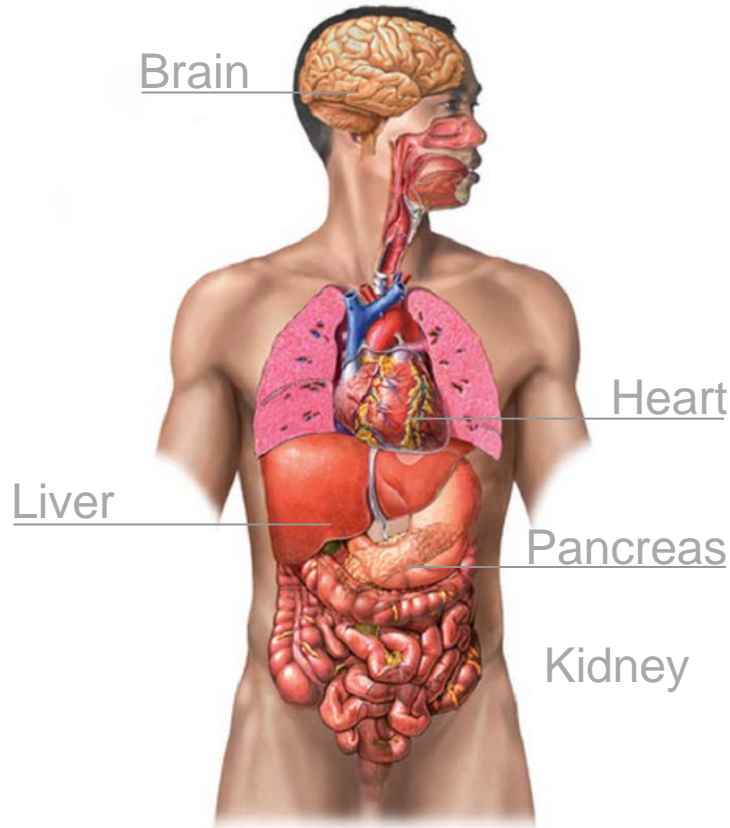
# The Extroducer micro catheter

- ✓ Unique micro catheter, the width of a human hair
- ✓ Designed to navigate to any organ via blood vessels
- ✓ Can be implemented in existing hospital catheterization facilities
- ✓ Needle tip designed to puncture the blood vessel wall, deliver drugs and withdraw without causing bleeding



# The Extroducer micro catheter

## Where it can go:



## What it can deliver

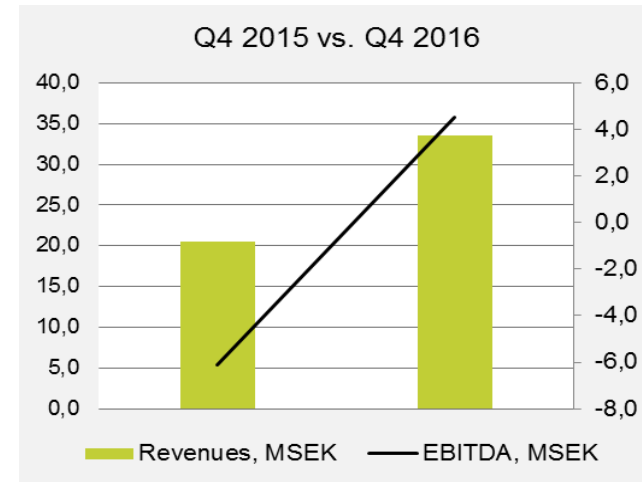
- Cells
- Biologic therapies
- High dose chemotherapy
- Repurposed drugs



# Financial highlights

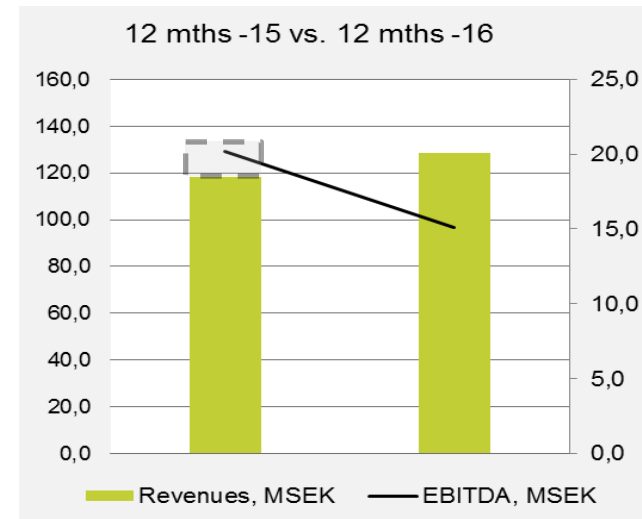
## Fourth quarter (Oct-Dec 2016)

- Revenues of MSEK 33.6 (20.6), plus 63% (higher License and BIP revenues)
- EBITDA of MSEK 4.5 (-6.1), 14% margin



## Full year (Jan-Dec 2016)

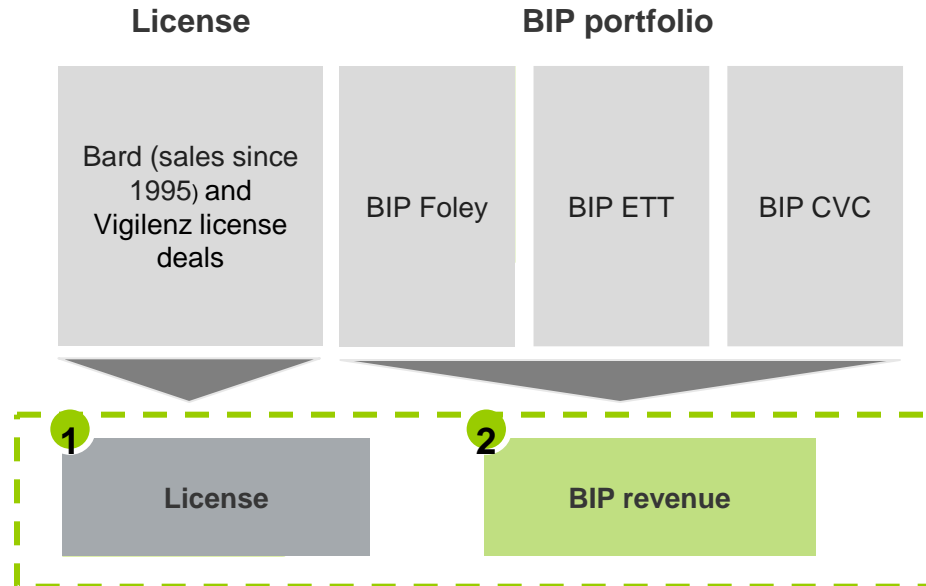
- Revenues of MSEK 128.3 (138.5), Previous year included effects of additional order of MSEK 20. Excluding this effect, revenues increased by approx. 8% (higher deliveries of BIP Products)
- EBITDA of MSEK 15.1 (20.2), 12% margin. Previous year included large positive effect of additional order.



☐ =Additional order  
C.R. Bard

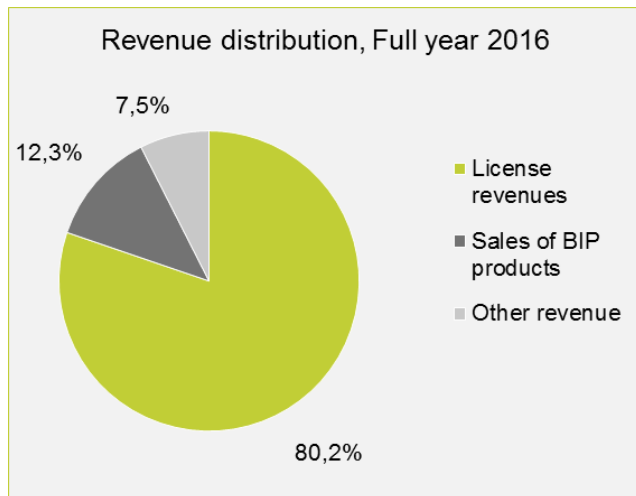
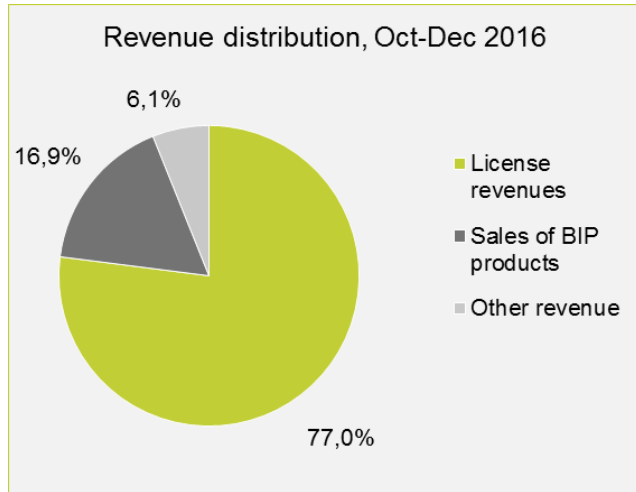
# Revenue streams

## 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	Oct-Dec 2016	Oct-Dec 2015	Full year 2016
License revenues	25,9	15,9	103,0
Sales of BIP products	5,7	2,4	15,8
Other revenue	2,0	2,2	9,6
<b>Total Revenues</b>	<b>33,6</b>	<b>20,6</b>	<b>128,3</b>

# License revenues from C.R. Bard

## License revenues

(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>

Of which  
currency effect,  
MSEK +1.6

Of which  
currency effect,  
MSEK +1.9

- Full year 2015 license revenues included an effect from an additional one-off order from C.R Bard of MSEK 20
- Underlying volume generating license revenues (excluding the additional order) from C.R. Bard at approx. the same level as in 2015,
- Q4 2016 C.R. Bard license revenues stable and in line with Q3. Full year 2016 in line with expectations

# Key figures

Key figures	Oct-Dec	Oct-Dec	Full year	Full year
	2016	2015	2016	2015
Revenues, SEKm	33,6	20,6	128,3	138,5
EBITDA, SEKm	4,5	-6,1	15,1	20,2
EBITDA margin, %	14%	-30%	12%	15%
Operating profit, SEKm	-3,9	-14,4	-18,3	-12,7
Net profit/loss for the period, SEKm	-7,4	-19,3	-26,9	-26,5
Operating cash flow, SEKm	-19,1	-25,6	-19,8	-32,5

*Full year 2015 key figures include effects of one-off additional order from C.R. Bard affecting comparability*

- EBITDA (Q4) MSEK 4.5 (-6.1), 14% margin
- EBITDA (full year) MSEK 15.1 (20.2), 12% margin
- Net profit (Q4), MSEK -7.4 (-19.3), positively affected by market valuation of bond by MSEK 1.4 (-2.8).
- Net profit (full year), MSEK -26.9 (-26.5), positively affected by market valuation of bond by MSEK 4.1 (2.6).
- Operating cash flow for Q4, MSEK -19.1 (-25.6) including cash flow from investing activities of MSEK -2.4 and interest payment on bond of MSEK -15.2. Full year MSEK -19.8 (-32.5).

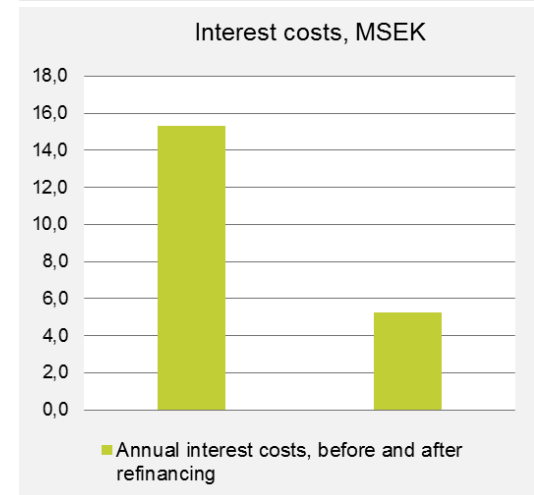
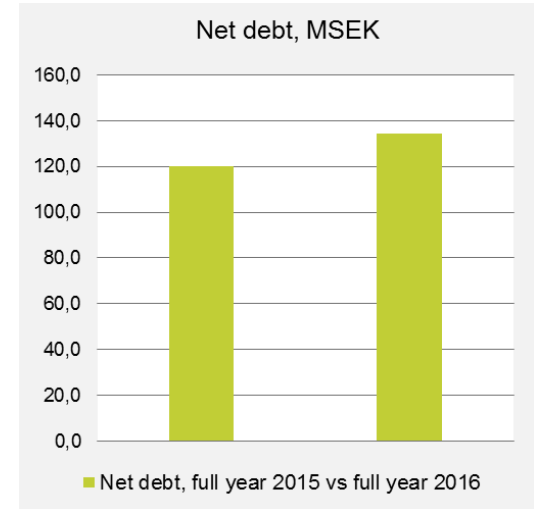
# Financial flexibility and strength

## Refinancing of bond loan

- Bond loan matured on 12 Dec, 2016. Outstanding nominal value of MSEK 138 and accrued interest paid in full.
- Refinancing solution:
  - 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 position

- Equity ratio of 62 %
- Net debt of MSEK 134.4
- Cash position of MSEK 15.6



# 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



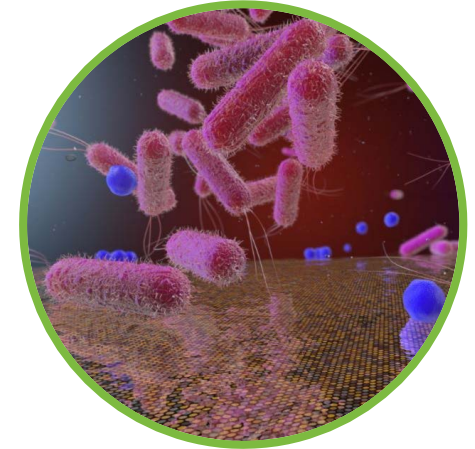
# Concluding remarks

- ✓ BIP volume more than doubled in 2016
- ✓ Breakthrough in China and India
- ✓ Expanding in Europe and the Middle East
- ✓ Intensive care focus, combining all three products
- ✓ License agreement in new therapeutic area
- ✓ Well positioned for growth both in BIP portfolio and license business



# Priorities for 2017

- ✓ Double sales of our own product portfolio
- ✓ Develop new licensing agreements
- ✓ Expansion with cost control
- ✓ Long term financing solution
- ✓ Close in on our long-term financial targets of 20% growth and 30% EBITDA margin



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

For questions and additional information, please contact:



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



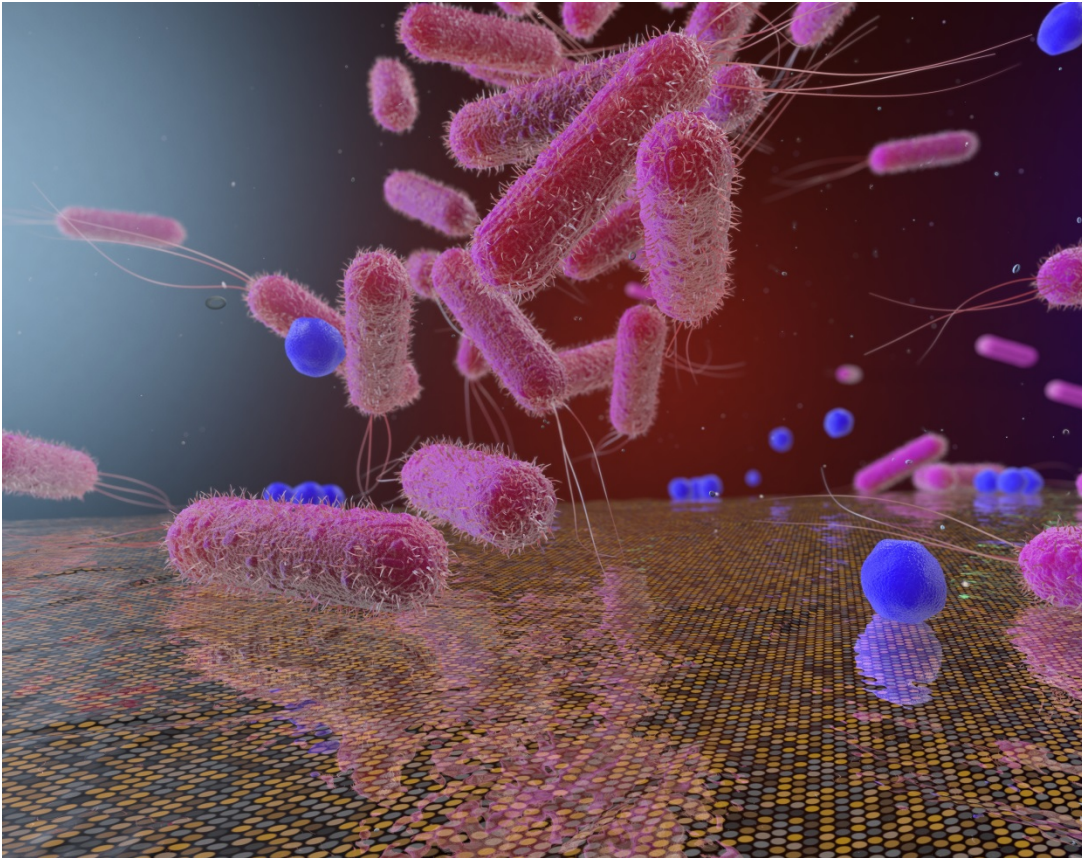
**Fredrik Järsten**, CFO: +46 725 500 089  
fredrik.jarsten@bactiguard.se



**Cecilia Edström**, SVP Sales & New Business: +46 725 500 089  
cecilia.edstrom@bactiguard.se

# Bactiguard

At war against hospital acquired infection



## Questions