



Innovating for the healthcare needs of tomorrow

Year-end presentation
February 18, 2016

Combating healthcare associated infections and antibiotic resistance is a shared commitment

“We encourage infection control via improved hygiene, vaccination, and preventive treatments to help reduce the number of infections needing antibiotic treatment.”

Declaration by the Pharmaceutical, Biotechnology and Diagnostics Industries on Combating Antimicrobial Resistance on January 21, 2016 at the World Economic Forum in Davos

“Infection prevention is a crucial element when tackling antimicrobial resistance as it reduces the need for antimicrobials. We will support initiatives that strengthen infection prevention within our countries.”

Declaration of the G7 Health Ministers meeting in Berlin in October 2015

Global consumption of antibiotics increased by 30 percent between 2000 and 2010, from approximately 50 billion to 70 billion standard units, based on data from 71 countries.

CDDEP report “The State of the World’s Antibiotics 2015” September 2015



G7 GERMANY

2015 | Gesundheitsministertreffen

CDDEP

THE CENTER FOR
Disease Dynamics,
Economics & Policy

WASHINGTON DC • NEW DELHI



Antibiotic resistance from a Swedish point of view

“The modern healthcare system is already showing cracks. There is a risk that people, already affected by the most multi-resistant infections, may not undergo bone marrow transplantation since the risk of dying during such an intervention is far too high. **All unnecessary antibiotics must be removed from all sectors and we need to reduce the spread of multi-resistant bacteria.**”

Otto Cars, Professor at Department of Medical Sciences, Infectious Diseases at University of Uppsala

”**Resistance against the last line of antibiotics has already been found** in Sweden, which is worrying. This event is expected, as several other countries have already reported similar findings. Although at the moment it doesn't mean an increased risk for healthcare, it is still a worrying sign for the future and something that we will keep an eye on.”



Otto Cars
Professor at Department of
Medical Sciences,
Infectious Diseases at
University of Uppsala



Folkhälsomyndigheten

Our key priorities

Key priorities

- Drive sales of our own BIP product portfolio
- Develop new license businesses
- Secure refinancing of the bond loan

Achievements in 2015

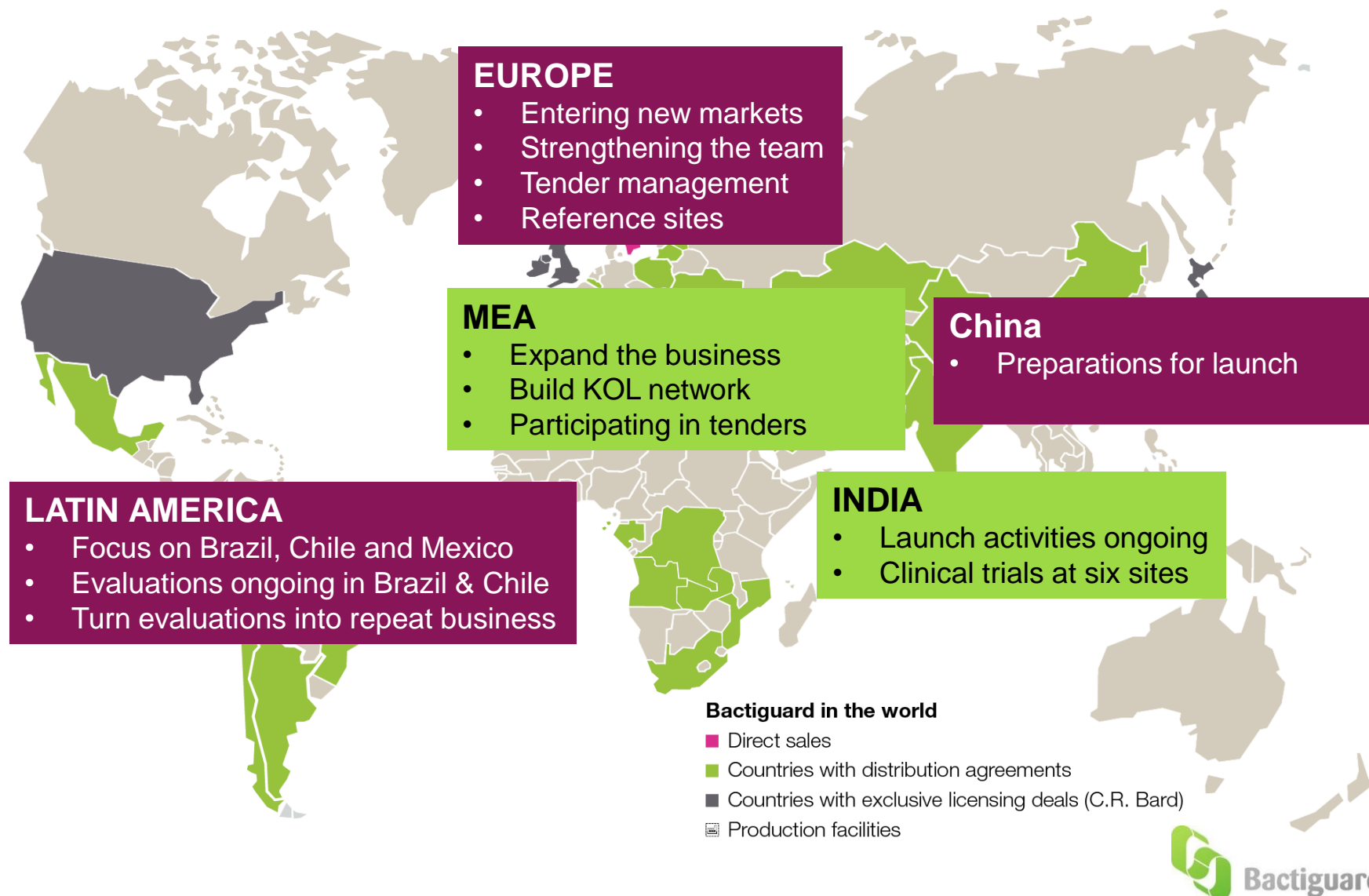
- ✓ Doubled sales of BIP product portfolio
- ✓ Entered license agreement in new therapeutic area
- ✓ Secured refinancing of the bond loan
- ✓ Strengthened the clinical evidence
- ✓ Product approval for China

Highlights in the fourth quarter

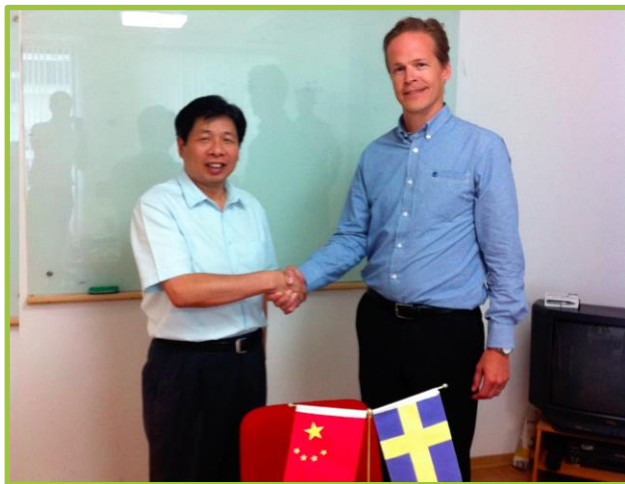
- ✓ Product approval for China, followed by initial order in Q1
- ✓ Major initial order from India
- ✓ New license agreement for orthopaedic implants
- ✓ Secured refinancing of bond loan
- ✓ Adjusted additional order from C.R. Bard
- ✓ Revised financial targets
- ✓ Changed accounting principles regarding territorial fees

Market update

Focus on select markets and expanding the business



China and India



China

- Product approval for Foley catheters
- First order for 100 000 catheters
- Preparations for launch
- Deliveries will start from Q1 2016

India

- Clinical study involving 1 000 patients at six sites
- First order of 50 000 Foley catheters
- Market introduction at major urology and critical care conferences



Licensing business

Current agreements

C.R. Bard

- Successful partnership since 1995
- Exclusive distributor of Bactiguard-coated Foleys in the US, Japan, UK and Ireland
- More than 150 million catheters sold to date
- Generating stable annual revenues

Vigilenz Medical Devices

- Entering new therapeutic area
- Bactiguard-coated orthopaedic trauma implant sets
- Infection preventive and tissue friendly properties
- Covering the Asean markets
- Milestone driven project phase, followed by royalty payments

Strategy

- Add license agreements in new therapeutic areas
- Exclusivity based on application or geography
- Value based pricing model

The clinical evidence is getting stronger

150 million Foley catheters have been used since 1995

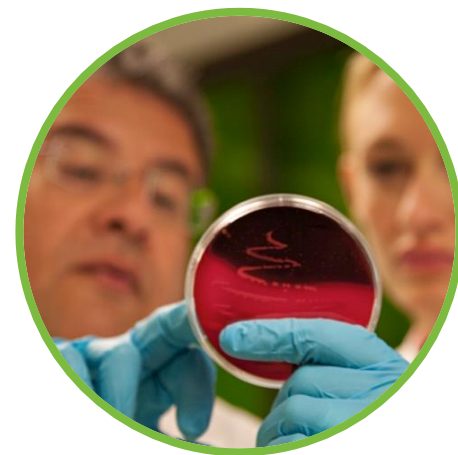
35% of weighted average reduction is proven in clinical studies of symptomatic CAUTI (catheter associated urinary tract infections), and in some studies up to **70%**

50% reduction of catheter related blood stream infections with Bactiguard's central venous catheter

67% reduction of ventilator associated pneumonia with Bactiguard's endotracheal tube

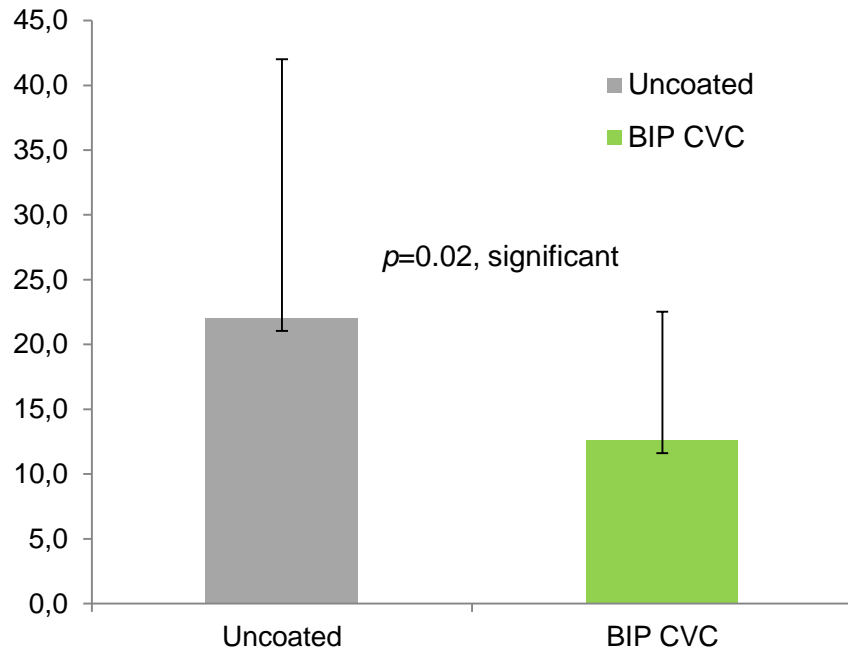
Fabrellas and Tincu two new clinical studies, conducted in Spain and Romania, show that Bactiguard-coated catheters reduce hospital acquired infections and are cost-effective

Recently published study indicates that Bactiguard's coating **may reduce the risk of thrombosis**



Ex Vivo assessment of Blood Compatibility - BIP CVC: Vafa Homann et al. 2015

TAT* relatively to blood control



*TAT= Thrombin–Anti-Thrombin complex, depends on activation of coagulation and is used as marker for thrombotic risk

Problem	Catheter related Thrombosis – develops in around 4% of the patients and is a life threatening condition
Methods	Blood from 23 healthy volunteers was examined for compatibility with BIP CVC and standard catheter in the Chandlers-loop model
Primary outcome	BIP CVC showed less TAT = less activation of coagulation = lower thrombotic risk than non-coated CVC
Other	BIP CVC showed no hemolysis, while another anti-infective CVC* showed extensive hemolysis. Thus, BIP CVC is both anti-infective and tissue-friendly.

*Chlorhexidine Silver Sulfadiazine CVC

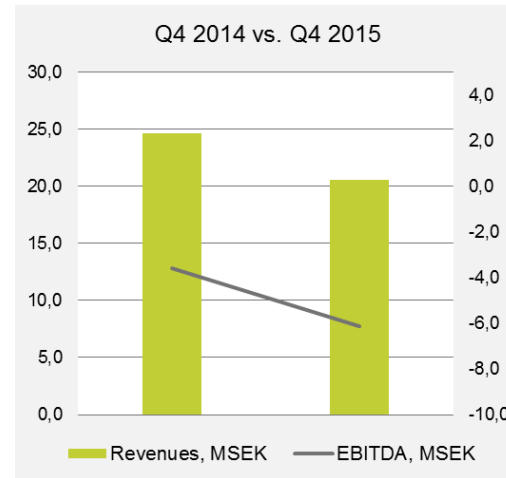
Vafa Homann et al. 2015. Improved Ex vivo blood compatibility of Central Venous Catheters with noble metal coating. J of Biomaterial Research Karolinska Institutet, Danderyd Hospital, Bactiguard



Highlights

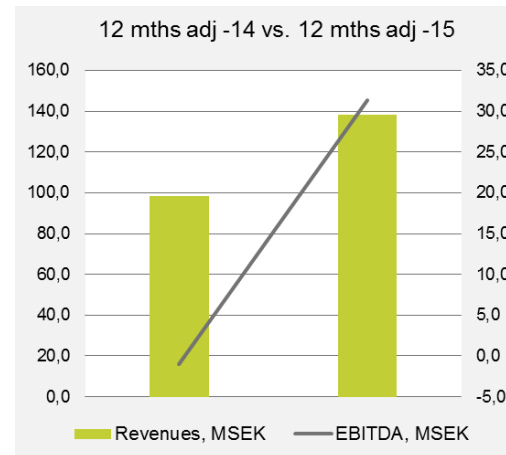
Fourth quarter (Oct-Dec 2015)

- Revenues of MSEK 20.6 (24.7), minus 17% compared to 2014 (lower deliveries to C.R. Bard)
- EBITDA of MSEK -6.1 (-3.6), adjusted MSEK -4.8

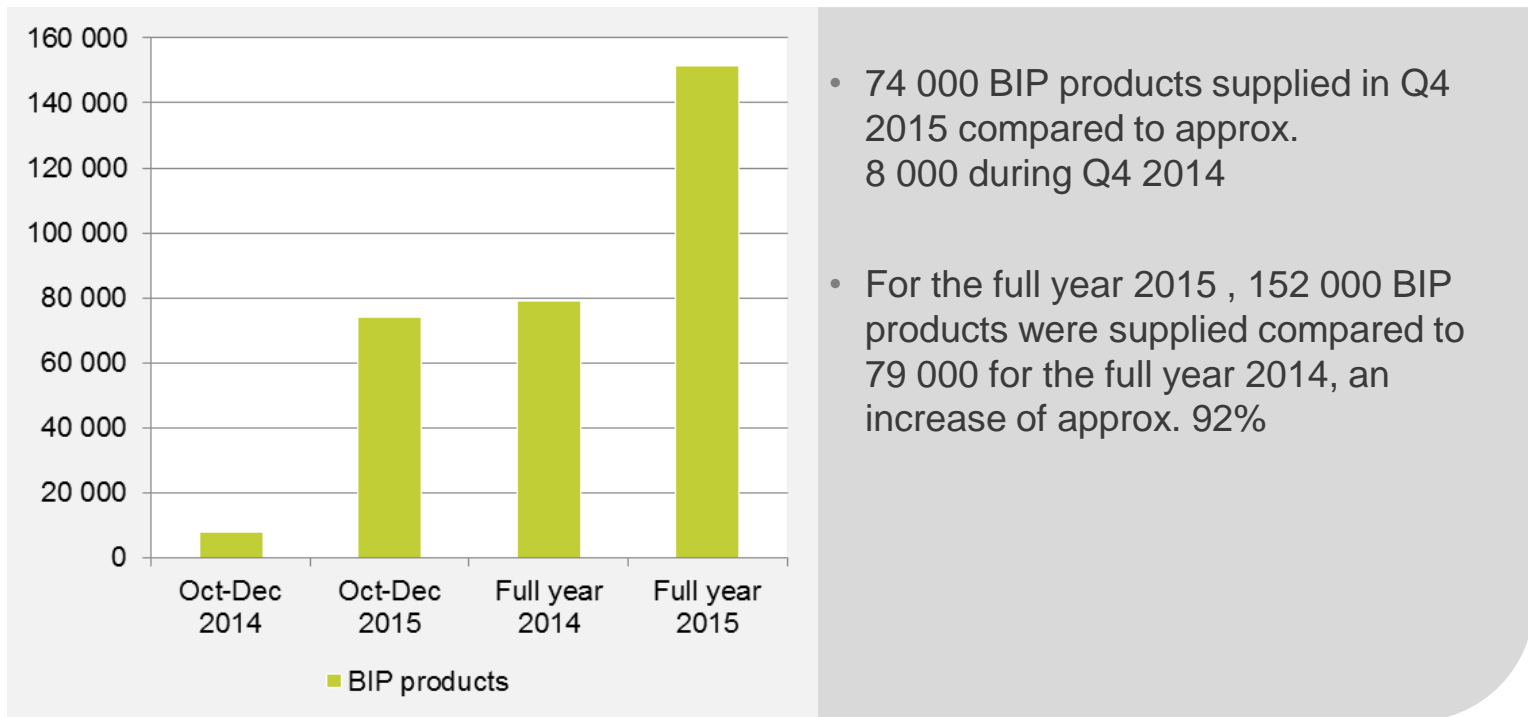


Full year (Jan-Dec 2015)

- Revenues of MSEK 138.5 (98.3), plus 41% compared to 2014 (additional MSEK 20 order C.R. Bard)
- EBITDA of MSEK 20.2 (-5.4), 15% margin. Adjusted MSEK 31.4, 23% margin



Supplied products



Change of accounting principle

Territorial fees

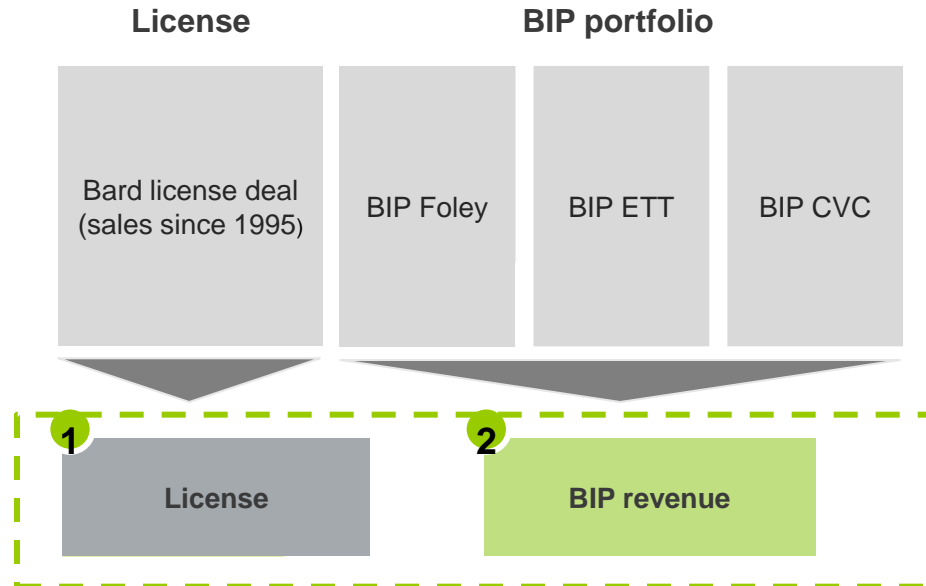
- Territorial fees will be accounted for as Sales of BIP products at product delivery
- Previously, territorial fees were accounted for as revenues at contract signing
- The new principle will establish a more direct link between product deliveries, revenues and cash flow
- This increases transparency and improves the possibilities for shareholders to analyze the company's annual earnings capacity

Effect:

- Positive effect of approx. MSEK 34 on profit for 2015
- Positive effect of approx. MSEK 4.7 on profit in Q4
- Negative effect on equity 2015 of MSEK 42
- All volumes delivered will generate revenue going forward

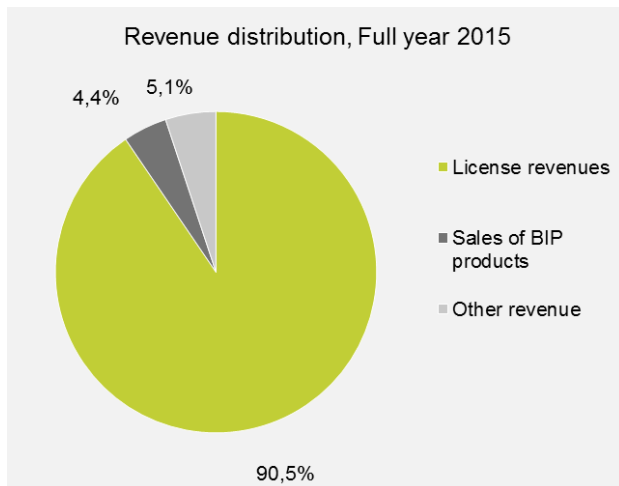
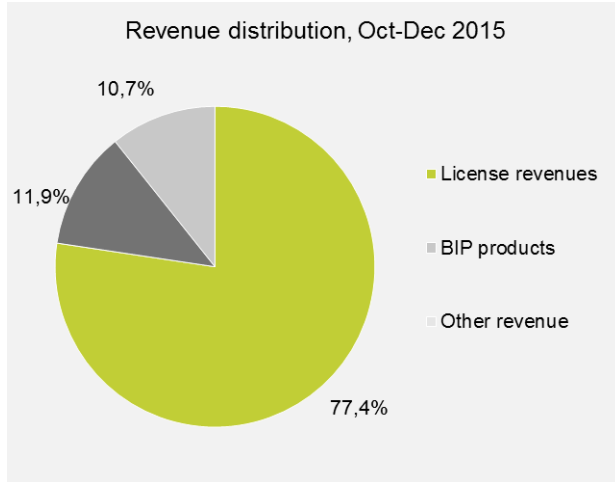
Revenue streams

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 (after implementing change in accounting principle)

Income distribution



MSEK	Oct-Dec 2015	Oct-Dec 2014	Full year 2015
License revenues	15,9	20,2	125,3
Sales of BIP products	2,4	0,3	6,1
Other revenue	2,2	4,2	7,0
Total Revenues	20,6	24,7	138,5

License revenues from C.R. Bard

License revenues (underlying volumes)						
(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	36,8	15,9	105,3

Of which
currency
effect
MSEK 5

Of which
currency
effect
MSEK 20

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

Of which
currency effect
MSEK 23

- Part of the additional order from Bard in Q3 used in Bard's regular production affecting ordered volume in Q4
- Full year license revenue increased by 17% on underlying volume, including currency effect
- Total license revenue for the full year increased by 40 % including currency effect

Key figures

Key figures	Oct-Dec	Oct-Dec	Full year	Full year
	2015	2014	2015	2014
Revenues, SEKm	20,6	24,7	138,5	98,3
EBITDA, SEKm	-6,1	-3,6	20,2	-5,4
EBITDA margin, %	-30%	-15%	15%	-5%
EBITDA ¹ , SEKm	-4,8	-2,3	31,4	-1,0
EBITDA margin ¹ , %	-23%	-9%	23%	-1%
Operating profit, SEKm	-14,4	-11,3	-12,7	-35,5
Net profit for the period, SEKm	-19,3	-15,3	-26,5	-110,7
Operating cash flow ² , SEKm	-25,6	-27,6	-32,5	-54,0

¹ EBITDA adjusted for non-recurring costs

² Cash flow from operating activities after investments and changes in working capital

MSEK	Q4	Jan-Dec
EBITDA	-6,1	20,2
Provision for doubtful accounts	1,3	1,3
Non-recurring costs		9,9
Adjusted EBITDA	-4,8	31,4

- EBITDA (Q4) MSEK -6.1,
- EBITDA (Full year) MSEK 20.2 (15%), adjusted EBITDA MSEK 31.4 (23%).
- Net profit (Q4), MSEK -19.3, negatively affected by lower revenue from C.R. Bard and by market valuation of bond.
- Net profit full year MSEK -26.5 an improvement by MSEK 84.2 from 2014
- Operating cash flow for Q4, MSEK -25.6 including cash flow from investing activities of MSEK -3.0
- Full year operating cash flow MSEK -32.5 including interest payments on bond of MSEK 15.2

Financial flexibility and strength

Q2 -14

- Share issue of MSEK 20 in April
- Set off issue of MSEK 222.5 in June
- Share issue of MSEK 240 in connection with IPO

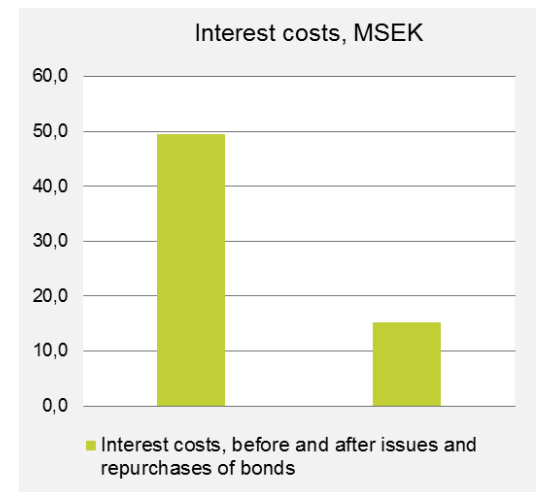
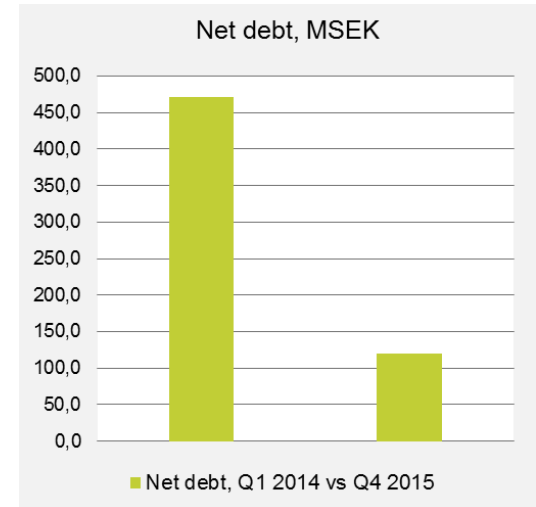


**Q2 -14
- Q4 15**

- Repurchase of bonds, nominal value MSEK 89.5



- Equity ratio of 62 %
- Net debt of MSEK 120
- Cash position of MSEK 22.1
- Nominal value outstanding bond MSEK 138
- Annual interest costs on bond going forward until maturity, MSEK 15.2 (compared to MSEK 50 prior to IPO)
- Refinancing of bond loan December 2016 will significantly reduce annual interest costs at maturity.



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
- 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

- Antibiotic resistance and healthcare associated infections is still at the top of the political agenda
- There is a great and steadily increasing need for infection prevention
- Final product approval and first order from China
- Initial order from India
- Doubled the sales of our own product portfolio
- Entered a new license agreement for orthopaedic implants, a new therapeutic area
- Secured refinancing of the bond loan
- The clinical evidence for the technology is getting even stronger
- Focus on sales and improved cost efficiency to secure positive earnings and cash flow

”2016 will be an interesting year”

More information is available on our website 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, Vice President - Director of Sales & New business
cecilia.edstrom@bactiguard.se



Ulrika Berglund, Head of External Affairs
ulrika.berglund@bactiguard.se

Bactiguard has an important role to play

Preventing healthcare associated infections



Questions