

Bactiguard strengthens the organization for the next development phase

Third quarter (July-September 2014)

- Revenues amounted to SEK 28.1 (32.5) million, a decrease of 14 % over the corresponding quarter last year
- EBITDA amounted to SEK 2.2 (4.7) million, a decrease of 53 % over the corresponding quarter last year
- Reported net profit for the quarter amounted to SEK -15.7 (-5.1) million, corresponding to SEK -0.47 (-0.26) per share. Net profit for the quarter has been negatively affected by market valuation of the bond with SEK -6.8 million (+9.0 million). This effect is of an accounting nature, and has no effect on cash flow.
- Operating cash flow for the quarter amounted to SEK -21.8 (0.5) million, corresponding to SEK -0.66 (0.02) per share (major payments related to the IPO on Nasdaq Stockholm have had a negative effect on operating cash flow)

Nine-month period (January-September 2014)

- Revenues for the period amounted to SEK 93.8 (83.2) million, an increase of 13 % over the corresponding period last year
- EBITDA for the period, excluding costs related to the IPO, amounted to SEK 17.2 (14.8) million, an increase of 16 %
- Net profit for the period amounted to SEK -79.4 (-22.3) million, corresponding to SEK -3.17 (-1.12) per share and has been negatively affected by costs associated with the IPO and market valuation of the bond totalling SEK 48 million. Market valuation of the bond has no effect on cash flow and is of a pure accounting nature
- Operating cash flow amounted to SEK -12.4 (-9.1) million, corresponding to SEK -0.5 (-0.46) per share

Key events during the third quarter

- Bactiguard expands in Europe through a new distributor agreement regarding Portugal

Key events after the end of the third quarter

- Strengthening of the marketing organization
- Repurchase of bonds in the market



Bactiguard's CEO Johan Rugfelt, comments on the quarter:

Bactiguard is in a development phase, where we expand our market presence, invest in our sales- and marketing organization, develop our product portfolio and explore the possibilities of adding new licensing businesses. We have a solid platform in our current licensing business, which generates revenues of 80-90 million SEK per annum, and an interesting growth business in our own portfolio of solutions for infection prevention in healthcare. Sales generated by our own portfolio are initially much more volatile and will, in the ramp up period, fluctuate significantly between quarters. As deliveries to more markets commence and repeat orders are generated, we will enter a more stable growth phase.

Market activity was somewhat slow in the third quarter due to seasonality. In terms of revenues and earnings, the third quarter was weaker than the same period last year. During the third quarter 2013, Bactiguard made a substantial delivery to Iraq, which led to a very strong quarter and affects the comparison. We are currently in intense negotiations in Iraq to secure deliveries in a longer term perspective. The need for infection prevention solutions is substantial but, given the political situation in the country, the timing of future deliveries is difficult to assess.

One of our strategic priorities is investing in the sales- and marketing organization to support our distributors and develop direct sales. Since the end of June, we have strengthened competence in the company by recruiting a regional sales director for Europe and a marketing director, who will also focus on developing direct sales in the Swedish market. Preparations for the start of sales in new markets are intense. We have developed our sales training modules and conducted training activities in South America, India and the Middle East. The market launch in South America is now ongoing, with focus on Brazil.

To expand our market presence in Europe is another strategic priority. We review our current distributors and look into alternative ways of doing business in new markets. Recently, we signed a new distribution agreement for Portugal. We have also entered an agreement with a distributor in Iran and an initial order, comprising all products in our portfolio, was shipped in the third quarter.

In order to pave the way for market expansion, we systematically work to get our products approved in more markets and engage in clinical studies. Product approval processes are for example ongoing in China. The Chinese process has been ongoing for a long time and in the summer of 2014 we reached an important milestone by receiving approval from an expert panel, based on a technical and clinical review. An administrative examination is now ongoing and once this process has been completed, which we expect before the end of this year, a decision on final product approval will be made. We continuously engage in clinical studies and in the near term plan to initiate studies in for example India and Sweden. At the same time, we develop our existing product portfolio by adding new variants and initiating development of closely related products, based on market needs.

The pre-study phase in the collaboration with MAQUET Critical Care, which was initiated in the summer with the aim of developing Bactiguard® coated catheters for patients in intensive care, has been completed with positive results. Next step in the process will be entering a development agreement, but this has been pushed back in time due to other project priorities at MAQUET.

Through the IPO in June, we achieved an important goal, namely refinancing the company and securing financial flexibility for expansion and growth. The net debt of the company was significantly reduced and annual interest costs were halved, from 50 to 25 million SEK. Since then, both in the third and fourth quarter, Bactiguard has repurchased bonds in the market and further reduced the outstanding bond loan by a nominal amount of 38.5 million SEK. This will reduce annual interest costs by 4 million SEK and we still maintain a healthy liquidity and financial flexibility.

Bactiguard has never been stronger. At the beginning of December, we will move into our new, integrated head office, production and R&D facility, located next to the Karolinska University Hospital south of Stockholm. This step will make us even better equipped to continued developing our business.

Johan Rugfelt
CEO



The interim report for Bactiguard Holding AB (publ) for the period January-September 2014 is available as a PDF.

This is information that Bactiguard Holding AB (publ) is required to publish in compliance with the Swedish Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publication on 14 November 2014, at 08:00.

A telephone conference for analysts and media will be held at 10:00 CET today, where CEO Johan Rugfelt and CFO Fredrik Järsten will present the interim report and answer questions.

The interim report and a presentation will be available for download at www.bactiguard.com.

To participate in the conference, please dial +46 8 519 990 30

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About Bactiguard

Bactiguard is a Swedish medtech company with a business concept of preventing healthcare-related infections, reducing the use of antibiotics and saving lives by developing and supplying infection prevention solutions for the healthcare industry. The company's patented coating prevents healthcare-associated infections by reducing bacterial adhesion and growth on medical devices. Bactiguard®-coated urinary catheters are market leading in the US and Japan, and in recent years the company has developed its own product portfolio of coated catheters for the urinary and respiratory tract and the blood stream. Bactiguard is currently in a strong expansion phase, focused on new markets in the EU, Middle East, Asia and South America. The company reported sales of approximately SEK 130 million in 2013 and has 60 employees, headquarters in Stockholm and production facilities in Sweden and Malaysia. The Bactiguard share is listed on Nasdaq Stockholm. Read more about Bactiguard at www.bactiguard.se.