

Focus on fewer markets, sales and improved cost efficiency

First quarter (January-March 2015)

- Revenues amounted to SEK 28.8 (34.5) million
- EBITDA amounted to SEK -26.8 (9.8) million. A changed market strategy for Russia and India has led to provisions for doubtful receivables. These provisions, together with non-recurring costs attributable to a strategic marketing project, have negatively affected EBITDA during the quarter by SEK -28.8 million. Adjusted for these items, EBITDA amounted to SEK 2.0 million. The provisions for doubtful receivables have no effect on cash flow.
- Reported net profit for the quarter amounted to SEK -30.6 (-19.6) million, corresponding to SEK -0.92 (-0.98) per share. Net profit for the quarter has been positively affected by market valuation of the bond with SEK 6.9 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 -8.7 (17.7) million, corresponding to SEK -0.26 (0.89) per share.

Key events during the first quarter

- Niels Christiansen appointed to new CEO of Bactiguard
- Bactiguard changes strategy for Russia and India
- Bactiguard expands in Switzerland
- Repurchase of bonds in the market

Key events after the end of the first quarter

- Delivery to Southern Africa
- Distribution agreement for Israel



CEO Niels Christiansen comments on the quarter:

Almost two months have now passed since I joined Bactiguard as the new CEO. During this period, I have focused on learning as much as possible about the business, getting to know our employees and meeting customers. My primary focus has been identifying the opportunities and challenges ahead of us.

Bactiguard has a unique, well proven and effective solution that prevents healthcare associated infections, a growing problem in society. Combined with increasing antibiotic resistance across the world, there is a major need for preventive solutions. Our business is complex, but I have met many competent employees and customers who really believe in our technology. I therefore see great potential in Bactiguard. In order to realize this potential, we must secure access to more markets and further invest in our sales and marketing organization to generate more sales. We also have to complement the clinical evidence supporting our technology and increase internal efficiency, by improving and standardizing processes and thereby reducing complexity.

The first quarter 2015 was weaker than previous year. The stable platform represented by the license business with C.R Bard increased, mainly due to currency effects. Deliveries of our own portfolio of infection control devices for healthcare were on the other hand lower than the year before, which we are not satisfied with. A positive development in the first quarter was that more Swedish hospitals started ordering our products and indicated interest in starting trials, which bodes well for the future. This is a result of the intensified efforts we initiated in the Swedish market in the autumn.

The change in market strategy for Russia and India led to reservations for doubtful accounts receivable, which were the primary reason for the weaker results compared to last year. Given the economic/political developments in Russia, we will focus on other growth markets with greater potential. India on the other hand remains an important growth market for Bactiguard. However, the cooperation which was initiated in 2012 has not provided the regulatory and market related benefits expected at the time. Progress is simply too slow. Therefore, we are working full steam ahead with an alternative sales strategy, which paves the way for market launch and initiation of sales in 2015, as planned.

Focusing on fewer markets, where we already have or soon will receive product approvals and have the ability to deliver is a deliberate strategy. We have to concentrate our resources and be more cost efficient in order to generate results. This means that, in the short term perspective, we see the greatest market potential in the Middle East where we have the approvals required and well established distribution channels in most markets. We have therefore since mid-April strengthened our sales organization in the region by recruiting a new Executive Sales Director, with more than 20 years' sales experience in the Middle East. For Latin America we have recruited another experienced regional sales director who will start 1 June.

The intense negotiations which have been ongoing in Iraq since the autumn of 2014 are currently in their final stages. Looking further ahead, India, China, Brazil and Mexico are markets with considerable potential. In India, we have the approvals needed to initiate sales of Foley catheters and are now in the process of establishing sales channels. In Brazil, some of our products are approved and market activities are ongoing since last autumn, while we are still waiting for the import license for Mexico. In China, we are still waiting for final product approval, but the process is moving forward.



During the first quarter we completed a strategic marketing project. The aim of the project was identifying the wards and patient groups that will benefit the most from our technology, in order to be able to focus our sales efforts on the right target group. We have also developed a health economy model to highlight the economic value of using the technology and a road map for strengthening and complementing the current clinical evidence and positioning Bactiguard's technology as standard of care, primarily with focus on our expansion in Europe.

At the same time, we are in the middle of moving production to the new headquarters, which engages a lot of resources to secure processes and regulatory approvals. In parallel, we are evaluating new ways of working to improve efficiency.

2015 will be another eventful year, with focus on generating more sales of our own products and developing new license businesses.

Niels Christiansen
CEO

The interim report for Bactiguard Holding AB (publ) for the period January - March 2015 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 12 May 2015, at 08.00.

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

The interim report and a presentation will be available on www.bactiguard.com on the same day.

To participate in the conference, please dial +46 8 566 427 00

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About Bactiguard

Bactiguard is a Swedish medtech company with a mission of preventing healthcare associated 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 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 Europe, Middle East, Asia, Latin America and Southern Africa. The company has market presence in some 50 countries and has about 60 employees. Its headquarters are located in Stockholm and production facilities in Sweden and Malaysia. Bactiguard is listed on Nasdaq Stockholm. Read more about Bactiguard at www.bactiguard.com.