

Press release

Stockholm, 4 May 2017

## Interim report for Q1 2017

Strong financial start in 2017. Revenue grew 58 % in the first quarter and we reached an EBITDA margin of 33 %. The reason for the improved results, besides a new licensing deal, is that we have higher revenues from C.R. Bard and continued cost control. The volume of products sold from our own portfolio is lower than last year, but the product mix makes the value still in line with the previous year. The first quarter's main event was the licensing deal with Smartwise which opens up a whole new area of application for our technology. Marketwise, the first quarter was primarily characterized by the entry into the German market. We also strengthen our clinical evidence through an independent clinical study from Hong Kong.

### First quarter (January-March 2017)

- During the first quarter, BIP products with a value of SEK 2.8 (2.9) million were delivered.
- Revenues amounted to SEK 41.0 (26.0) million, an increase of 58 % compared to the corresponding quarter previous year. Excluding the revenue from new license deal, the increase is 24 %.
- EBITDA amounted to SEK 13.4 (-1.6) million, an EBITDA margin of 33 % (neg).
- Operating profit amounted to SEK 4.4 (-9.9) million.
- Reported net profit for the quarter amounted to SEK 4.1 (-11.2) million, corresponding to SEK 0.12 (-0.34) per share.
- Operating cash flow for the quarter amounted to SEK -2.0 (1.8) million, corresponding to SEK -0.06 (0.05) per share.

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### Key events during the first quarter

- License agreement in new therapeutic area for advanced vascular injection catheters.
- Bactiguard expands in the Middle East and enters partnership for Egypt.
- New clinical study from Hong Kong confirms reduced infections for long-term users.

### Key events after the end of the first quarter

- Bactiguard wins a tender covering the Swedish county Kalmar.
- New distributor appointed for Brazil.

### Comments by the CEO

Our focus for 2017, to continue our hard work on both the revenue and cost side, which I outlined in the year-end report for 2016, is beginning to have effect and we are closing in on our long term financial targets. During the first quarter, we reached the target of an EBITDA-margin of 30 percent. We also reached the target of increasing sales by 20 percent, even excluding the revenue generated by a new licensing deal.



The reason for the improved results, besides the new licensing deal, is that we have higher revenues from C.R. Bard and continued cost control. The volume of products sold from our own portfolio is lower than last year, but the product mix makes the value almost in line with the previous year. This means that we are selling more central venous catheters (CVCs) and the new generation of endotracheal tubes (ETTs), which generate higher revenue per product than the Foley catheters. At the beginning of 2017 we communicated that we will focus more on revenue development than on volume. The goal of doubling sales generated by our own portfolio of products this year remains.

The first quarter's main event was the licensing deal with Smartwise Sweden AB, which was announced in February. The deal with Smartwise opens up a whole new area of application for our technology. Through advanced injection systems drugs and other therapies can be targeted and delivered to damaged tissue in vital organs, for example following a stroke or heart attack. Thereby, high doses of chemotherapy can for example be injected into cancer tumours, without negative systemic side effects. During 2017, Smartwise will pay a total of USD 2.5 million for the exclusive and global rights to this application area and, when the products reach the market, Bactiguard will receive royalty income. The first payment of 1 million USD was recognized as revenue in the first quarter and generated cash flow in April. The remaining payments will be evenly distributed over the year.

The cooperation with C.R. Bard is stable and will not be adversely affected by Becton Dickinson's recently announced acquisition. Growth within the area of infection prevention is highlighted as one of four strategic reasons for the acquisition, where the prevention of surgical site infections and catheter related blood and urinary tract infections are in focus. These infections are the most common and lead to major costs for the healthcare system. C.R. Bard is the market leader in the US and Japan with Foley catheters for infection control, using the Bactiguard coating. In parallel with developing our current licensing business, we have a high level of activity in developing new.

Marketwise, the first quarter was primarily characterized by the entry into one of the major European markets. The partnership with Roeser in Germany is going well and during the first quarter a second delivery of products was made, following the one that was delivered at the end of 2016. To support the rollout in Germany and the entry into other major European markets, we have hired a Sales Director for Europe. We now have a solid base in Europe and the right staff to develop our presence in more of the large European markets.

In Sweden, we continue to make progress and in April, after the end of the quarter, we won yet another tender in Kalmar. Kalmar County Council has been using our products during the past two years and decided to continue using infection prevention catheters by specifically demanding this in their latest tender. We are also focusing a lot on education and in March we presented, for the first time, our self-developed tool BIP CIP to a large group of healthcare professionals. At our headquarters, we conducted professional education for nurses working in elderly care, with the aim of reducing infections associated with catheter treatment.

In our two largest markets, China and India, the intensive work continued during the quarter. In China with continued focus on training initiatives and sales activities aimed at hospitals and in India by focusing on expanding the current distributor network with more regional distributors. We are confident about the continued development on both these markets in 2017.



In the Middle East, a region which did not live up to our expectations in 2016, our investments in marketing and sales resources have started to pay off. In January, we signed a distributor agreement for Egypt which is the most populous country in the Middle East and Northern Africa. The product registration process is well under way and a first order and launch is to be expected during the second quarter of this year.

Finally, I am also pleased to note that we further strengthen our clinical evidence through the independent clinical study from Hong Kong, which was published in February. It confirms once again that Bactiguard coated Foley catheters reduce the number of symptomatic catheter related urinary tract infections and that the effect is even more pronounced for long-term users.

Christian Kinch

CEO

*The interim report for Bactiguard Holding AB (publ) for the period January-March 2017 is available as a PDF at [www.bactiguard.com](http://www.bactiguard.com)*

*This information is information that Bactiguard Holding AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below 2017-05-04, at. 08.00.*

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

The report and a presentation for the conference call will be available at Bactiguard's website [www.bactiguard.com](http://www.bactiguard.com) from 8:00 CET the same day.

**To participate in the conference, please dial +46 8 566 426 99**

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#### **About Bactiguard**

Bactiguard is a Swedish medical device company with a mission to save lives. To achieve this mission we develop and supply infection protection solutions which reduce the risk of healthcare associated infections and the use of antibiotics. This way, we save significant costs for healthcare and the society at large. The Bactiguard technology prevents bacterial adhesion and biofilm formation on medical devices. Bactiguard offers the technology through licence agreements and our BIP (Bactiguard Infection Protection) portfolio of products. Through our licence partner CR Bard, urinary catheters with Bactiguard's coating are market leading in the USA and Japan. Bactiguard's own product portfolio of urinary catheters, endotracheal tubes and central venous catheters prevent some of the most common infections, which appear in the urinary tract, the blood stream and the respiratory tract.

Bactiguard is in a strong expansion phase in the European markets, China, India and the Middle East as well by establishing license agreements in new therapeutic areas. The company has about 60 employees around the world. Its headquarters and one of two production facilities are located in Stockholm, the other one in Malaysia. Bactiguard is listed on Nasdaq Stockholm.

Read more about how Bactiguard saves lives on [www.bactiguard.com](http://www.bactiguard.com)