

Interim report for Q1 2019

A stable beginning of the year

The beginning of 2019 was stable. Revenues increased somewhat, while the EBITDA result and margin greatly improved. 2018 was an exciting and eventful year for Bactiguard when we reached several important milestones, so we have high expectations for 2019.

First quarter (January-March 2019)

- Revenues amounted to SEK 35.1 (33.0) million, an increase mainly driven by higher license revenues.
- BIP sales amounted to SEK 3.1 (7.3) million. No deliveries were made to China and India this quarter, while first quarter of 2018 contained major deliveries to both these markets. Sales in other regions grew in the quarter.
- EBITDA amounted to SEK 7.2 (1.8) million, with an EBITDA margin of 20% (6%).
- Operating profit amounted to SEK -3.4 (-6.9) million.
- Net profit/loss amounted to SEK -3.4 (-8.0) million, or SEK -0.10 (-0.24) per share.
- Operating cash flow for the quarter amounted to SEK -9.1 (-13.7) million, or SEK -0.27 (-0.41) per share. A payment of SEK 11.5 million related to a one-off compensation for early termination of the agreement with the former distributor in China in 2018 affected cash flow, but not earnings and profit, in the quarter.

Key events during the first quarter

- Bactiguard focuses operations in MEA and transfers accounts receivable in Iraq

Key events after the end of the first quarter

- The Nomination Committee proposes Professor Anna Martling and Thomas von Koch as new Board members
- New Senior Vice President Operations

Comments by the CEO

A stable beginning of the year

The beginning of 2019 was stable. Revenues increased somewhat, while the EBITDA result and margin greatly improved. 2018 was an exciting and eventful year for Bactiguard when we reached several important milestones, so we have high expectations for 2019.

BIP sales were lower this quarter but bear in mind that we made major deliveries to China and India in early 2018. This year, no deliveries have yet been made to these markets. In China, this is due to large deliveries just before the end of last year and in India our distributor is waiting for a renewed import license.

Sales and marketing activities in the Chinese market are proceeding at a high intensity. Well Lead has strengthened its team of Bactiguard sales representatives and identified regional distributors and retailers to improve market coverage. In connection with the annual urology congress in Europe (EAU), we had the opportunity to establish closer contact with many Chinese doctors and key opinion leaders. We will continue to develop that network in close dialogue with Well Lead and their Advisory Board.

The ties between Sweden and India are strong and this year the 10th anniversary of the national cooperation in health and medical care is celebrated. "Sweden India Year of Health 2019" began with a delegation trip led by the Minister of Health and Social Affairs Lena Hallengren. A tangible outcome of the trip is a collaboration between Bactiguard and the All India Institute of Medical Sciences (AIIMS) in Jodhpur, where all products in Bactiguard's portfolio will be evaluated. The purpose is to broaden the use of infection preventive products in regular care, both in Jodhpur and at other AIIMS hospitals. In parallel, a series of training activities are organized in infection prevention. The large clinical trial that has been ongoing for a couple of years is completed. When the study is published, it will become a valuable sales tool that can contribute to wider use.

In Europe, we established partnership with Medioplast for the Nordic and Benelux countries in 2018. Their sales representatives are now active in these markets. At the same time, we have recently recruited a sales manager for Germany to strengthen our own organization and assist our partner Asid Bonz in the sales and marketing activities. Several of the smaller European markets are developing well and we see steadily increasing sales to end customers. One example is the homecare segment in Poland, where we reached all-time-high in March.

The Middle East is well on the way back and several of the major markets are increasing their sales to the end customer. Last year was an interim year and this year we expect growth across the region.

License revenues from Becton, Dickinson & Company (BD) were higher than the year before. Volumes tend to vary between quarters without following any clear seasonal pattern. The process of registering our entire portfolio of products in China, together with Well Lead, is making good progress and we received new license revenues of just over SEK 1 million in the quarter.

The EBITDA result and margin were significantly higher than last year. This development was primarily driven by higher license revenues, with high margins, but also by new accounting principles for leasing (IFRS 16). If we disregard the accounting-related effects, the EBITDA margin was 13%, which is more than a doubling from the previous year.



Increasing sales of our own product portfolio in China, India, Europe and the Middle East is high on our agenda. We do this in cooperation between our distributors and our own regional sales organization. The focus is on broadening the use of our products in the markets where we are already present and establishing presence in a few additional large European markets.

Developing new license deals is just as prioritized. Over the past two years, we have signed two new license agreements - one for advanced vascular injection catheters and one for our entire product portfolio in China. With the new CE mark for orthopedic trauma implants that was announced in December 2018 and a clinical trial in patients soon to be completed, I feel quite certain that the next license deal will cover this application area. At the same time, there are many more interesting areas linked to our own product portfolio which prevent infections in the urinary tract, airways and blood stream. An application area that we have yet to explore, where infections are common, and our technology would add value, is wound care. There is no shortage of ideas and initiatives, but we must focus our efforts.

In conclusion, I would like to mention the management changes we are now implementing. In her role as CFO, Cecilia Edström is an important partner to me in the management team, with responsibility for strategy and business development. Jonas Östregård has been given increased responsibility as Senior Vice President Sales & Marketing and recently we recruited Daniel Lund, with broad experience in supply chain management, to the role of Senior Vice President Operations. At the same time, we have initiated the recruitment of a Chief Medical and Technology Officer who will contribute to the development of the medical strategy and competence of the company. We make these changes to build for the future and take Bactiguard to the next level. 2019 has all the prerequisites to become a new exciting and eventful year for the company.

Christian Kinch
CEO

The interim report for Bactiguard Holding AB (publ) for the period January-March 2019 is available as a PDF at 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 2019-05-09, 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 Cecilia Edström 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 once the report has been released.

To participate in the conference call, please dial +46 8 505 583 56

For further information, please contact:
Cecilia Edström, CFO, mobile: +46 722 262 328



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 BD (Becton, Dickinson & Company), 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 70 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