

Interim report for Q2 2016

The positive trend with increased sales of our own portfolio of infection prevention products for the healthcare sector has continued and we delivered almost 110 000 units in the quarter. We have delivered a total of approximately 200 000 products so far this year, well above the total annual volume for 2015. License revenues are also back at a stable level in the quarter. Altogether, revenues are higher and costs are lower resulting in a significant improvement in operating profit.

Second quarter (April-June 2016)

- During the second quarter, a total of approx. 110 000 (58 000) BIP products were delivered.
 - Revenues amounted to SEK 33.8 (28.5) million, an increase of approx. 19 % compared to the corresponding quarter previous year.
 - EBITDA amounted to SEK 2.4 (-8.4) million.
 - Operating profit amounted to SEK -5.9 (-16.5) million.
 - Net profit/loss for the quarter amounted to SEK -7.7 (-10.2) million, corresponding to SEK -0.23 (-0.31) per share. Net profit/loss for the quarter has been positively affected by market valuation of the bond loan of SEK 0.7 (11.0) million.
 - Operating cash flow for the quarter amounted to SEK -2.2 (-7.8) million, corresponding to SEK -0.07 (-0.23) per share.
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First half year (January-June 2016)

- During the first half year, a total of approx. 198 000 (63 000) BIP products were delivered.
 - Revenues for the period amounted to SEK 59.8 (57.5) million, an increase of 4 % compared to the corresponding period previous year.
 - EBITDA for the period amounted to SEK 0.8 (-8.2) million.
 - Operating profit amounted to SEK -15.8 (-24.5) million.
 - Net profit/loss for the period amounted to SEK -18.9 (-13.8) million corresponding to SEK -0.57 (-0.42) per share. Net profit/loss for the period has been positively affected by market valuation of the bond loan of SEK 1.4 (17.9) million.
 - Operating cash flow for the period amounted to SEK -0.5 (-16.4) million corresponding to SEK -0.01 (-0.49) per share.
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Key events during the second quarter

- EU research grant to develop a new generation of vascular access catheters
- New clinical study for patients with spinal cord injury
- Marie Wickman-Chantereau new board member
- Executive Management invests in Bactiguard

Key events after the end of the second quarter

- New major order from India of 60 000 catheters
- Extended maturity for credit facility



Comments by the CEO

The positive trend with increased sales of our own portfolio of infection prevention products for the healthcare sector has continued during the second quarter. The largest shipment went to China as a result of the order we received in January this year, in connection with the product approval. In the second quarter, we delivered almost 110 000 units, which means that we have delivered a total of approximately 200 000 products so far this year. This is well above the total annual volume for 2015 and we are well under way towards our goal of at least doubling sales volumes this year.

We also report significantly higher revenues in the second quarter of 2016 compared to the corresponding quarter of 2015. This is both due to higher revenue from C.R. Bard and that the revenue from sales of BIP products increased as a result of higher delivered volumes. Our focus on keeping costs under control has also produced results and taken together we could see a strong improvement in EBITDA for the second quarter, compared to the corresponding period last year. It does not mean that we are satisfied, and we are working hard towards our long-term financial target of an EBITDA margin of at least 30 percent.

In sales- and marketing, the second quarter continued with intense preparations for the launch of our urinary catheters in the Chinese market. In May, Madame Li Bin, China's Minister of Health visited Sweden and, together with the Swedish Minister of Health Gabriel Wikström, she highlighted the importance of working together to prevent further spread of multiresistant bacteria, where prevention of infections is of strategic importance.

During a few intense days in July, the largest training effort ever in Bactiguard's history was initiated, when some 100 product specialists and sales managers at our Chinese distributor Jian An were trained. From now on they are approaching the Chinese hospitals, while further training efforts and clinical tests are planned. In order to regularly train our distributors and support this massive educational effort, we have developed a digital platform, "Bactiguard Academy", which will be launched in all markets in several languages during the third quarter of this year.

In India, sales and marketing activities continued unabated. The initial deliveries, which were completed in June, have been forwarded to dealers and sub-distributors in several major metropolitan areas and have started to reach end customers. A handful of reputable hospitals have tested our product, started using it, and are now placing repeat orders. In order to meet market needs, the other day we received another order from our distributor of approximately 60,000 catheters. The clinical study involving a total of 1 000 patients has reached a level of around 250 patients and the recruitment of new patients is now faster than before since five of the six hospitals have received ethical approval and are up and running.

We are also intensifying efforts in Europe, which has produced results in the form of increased volumes, albeit from a low level. At the same time, we are evaluating new partnerships for expansion in several European markets. In Sweden, we meet an increasing interest in our products and we are involved in more and more public tenders where the need for preventive actions to fight hospital acquired infections have been identified. In late April, a clinical study together with the Centre for Spinal Cord Injury in Stockholm was initiated. The purpose of the study is to evaluate Bactiguard's anti-infective catheter, to improve the quality of life for patients with spinal cord injuries, who often suffer from recurring urinary tract infections.



Within research and development, Bactiguard has received a European research grant aimed at developing a new generation of vascular access catheters. The development will be run in a joint project, financed by VINNOVA and Innovative UK.

The cooperation with our new license partner in orthopaedic implants, Vigilenz Medical Devices, is in full progress and we are now waiting to start clinical trials and obtaining product approval. We also continue to evaluate new potential partnerships and licensing opportunities, where our objective is to sign at least one new license agreement before the end of the year.

In connection with the Annual General Meeting in May, the industry experience on the Board was strengthened by Marie Wickman-Chantereau as new Board member. She works as business area manager for specialist care in Stockholm at Aleris, a private healthcare provider, and Adjunct Professor of Plastic Surgery at the Karolinska Institute, Stockholm.

In our ongoing effort to secure long-term financing, the maturity of the credit facility that we signed an agreement of, in November 2015, was extended to 31 December, 2017.

In May, the management showed its strong commitment to Bactiguard by making a major investment in the company in order to, also as shareholders, take part in the company's future development. Altogether, the management invested in shares to a value of about SEK 9.2 million. I believe this demonstrates the conviction management shares with the main shareholders of Bactiguard's potential and possibility to act as a driving force in the war against hospital acquired infections.

Christian Kinch
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The interim report for Bactiguard Holding AB (publ) for the period April-June 2016 is available as a PDF at www.bactiguard.com

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 11 August, 2016, 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 Järrsten 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 from 8:00 CET the same day.

To participate in the conference, please dial +46 8 566 427 01

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About Bactiguard

Bactiguard is a Swedish medtech company with a global presence, offering a solution that prevents healthcare associated infections caused by medical devices. By preventing infections, we contribute to a reduced use of antibiotics and the spread of multi-resistant bacteria, which is a growing problem worldwide. We save lives, increase patient safety and significantly reduce the cost for the healthcare and society. Our technology is well-proven, safe and tissue friendly and consist of a thin layer of noble metals that prevents bacterial growth. The coating can be applied on almost all medical devices. Bactiguard-coated urinary catheters are market leading in the US and Japan and the company has also its own product portfolio consisting of Foley catheters, central venous catheters and endotracheal tubes. Bactiguard is a growth company, focused on markets in Europe, Middle East, Asia and Latin America. The company has about 60 employees worldwide, mainly at the headquarters in Stockholm and the production facility in Malaysia and is listed on Nasdaq Stockholm. Read more about Bactiguard at www.bactiguard.com