

Interim report for Q3 2017

We can now put eight quarters of rising sales based on rolling twelve-month figures behind us, which is very positive. This means that more and more patients have access to effective and safe infection prevention, not least in Sweden where we have recently won another tender. The value of delivered products increased by close to 50% in the quarter. Total revenues were essentially unchanged, but increased by 19% for the full nine-month period. EBITDA earnings were lower in the third quarter, but more than doubled for the nine-month period. At the same time, we generated a very strong cash flow of approximately MSEK 5 in the quarter. Marketwise, the main developments were the delivery to China and the product approval of our central venous catheters in India and Hong Kong. In early November, we secured a three-year credit facility that will enable us to develop the business and expand the company.

Third quarter (July-September 2017)

- During the third quarter, BIP products at a value of SEK 5.2 (3.5) million were delivered, an increase of approx. 48 %.
- Revenues amounted to SEK 34.8 (34.9) million, a decrease of approx. 0.4 % compared to the corresponding quarter previous year, which is mainly explained by a decrease in other revenues including exchange rate differences.
- EBITDA amounted to SEK 8.4 (9.7) million. EBITDA margin of 24 % (28 %).
- Operating profit amounted to SEK -0.3 (1.4) million.
- Net profit/loss for the quarter amounted to SEK -0.4 (-0.5) million, corresponding to SEK -0.01 (-0.02) per share.
- Operating cash flow for the quarter amounted to SEK 5.2 (-0.3) million, corresponding to SEK 0.15 (-0.01) per share.

Nine-month period (January-September 2017)

- During the period, BIP products at a value of SEK 14.5 (10.1) million were delivered, an increase of approx. 44 %.
- Revenues for the period amounted to SEK 112.3 (94.7) million, an increase of approx. 19 % compared to the corresponding period previous year.
- EBITDA for the period amounted to SEK 25.6 (10.6) million, an EBITDA margin of 23 % (11 %).
- Operating profit amounted to SEK -0.7 (-14.4) million.
- Net profit/loss for the period amounted to SEK -2.3 (-19.4) million corresponding to SEK -0.07 (-0.58) per share.
- Operating cash flow for the period amounted to SEK 5.7 (-0.7) million corresponding to SEK 0.17 (-0.02) per share.

Key events during the third quarter

- New major order from China
- Central venous catheters approved in India
- New CFO appointed

Key events after the end of the third quarter

- Central venous catheters approved in Hong Kong
- Bactiguard wins tender in Sweden
- New partnership in India
- Three-year bank financing secured



Comments by the CEO

The positive trend in sales of our own product portfolio continues. This means that more and more patients have access to effective and safe infection prevention, not least in Sweden where we have recently won another tender. This reflects the increasing need for effective preventive solutions. We can now put eight quarters of rising sales, based on rolling twelve-month figures, behind us. Volumes are increasing and as we expand the product offerings in the markets where we are already established, the value of sales increases through an improved product mix. At the same time, we are increasing our presence in new, strategically important markets. The value of delivered products increased this quarter by close to 50 percent, mainly due to increased volumes. Our own product portfolio now accounts for approx. 15 percent of sales.

Total revenues were basically unchanged during the quarter, mainly due to negative exchange rate effects. For the full nine-month period, revenues rose by 19 percent, which is close to our financial target of 20 percent growth. License revenues increased during the quarter, but revenues from C.R Bard, which accounts for our largest license business, was lower than the corresponding quarter last year. For the whole nine-month period, sales to C.R Bard were in line with the previous year and the underlying business is stable. However, as reflected in the third quarter, volumes vary between quarters and do not follow any regular seasonal pattern. The new Smartwise licensing business is developing well and we have now invoiced 2 of a total of 2.5 MUSD in revenue for this year. Efforts in developing new license businesses in several application areas are ongoing at a high level of intensity.

EBITDA earnings were lower in the third quarter than for the same period last year and the EBITDA margin was 24 percent, compared to our long-term target of a margin of 30 percent. We gradually approach that target and still focus on keeping costs under control. At the same time, we are deliberately investing in our sales and marketing organization by increasing staff levels to drive growth, which has increased personnel costs and affected earnings for the quarter. Cash flow was very strong in the quarter and amounted to approx. 5 MSEK, which is positive.

Marketwise, the main developments were the delivery to China and the product approval of our central venous catheters for infection prevention in both India and Hong Kong. Both these approvals came significantly earlier than expected, enabling us to start marketing and sales efforts before the end of the year. In India, the approval led us to conclude the negotiations and enter into partnership with a new distributor covering the northern, western and eastern parts of the country and they are already well underway with the training of their 80-member sales force ahead of the launch. Hong Kong in itself is not a big market, but strategically important since it serves as a reference for new approvals and market acceptance in China.

Sales in the Middle East continue to develop positively and we can now safely say that the region is back after a weak 2016. During the quarter, we received orders from South Africa and Egypt, our newest, strategically important markets.



We are also continuing to make progress in Sweden. With the recently announced tender in Västra Götaland (VGR), which enables primary and secondary care to order our urinary catheters for infection prevention, Bactiguard's products are procured by the three largest Swedish regions. Earlier this year we concluded framework agreements with the Stockholm County Council, Region Skåne and the County Council of Värmland, which means that we now cover a majority of the population. The fact that the three largest county councils in Sweden have procured our products is a quality stamp we are proud of and will become an important reference in sales to other markets.

An important focus area has been to secure long-term funding for the company. Therefore, it is very pleasing that we have now received a commitment for a three-year credit facility from Skandinaviska Enskilda Banken for a total of SEK 180 million, in the form of an overdraft facility of SEK 30 million and a term loan of SEK 150 million. The credit facility replaces current bank financing as well as a loan from the company's main shareholders and is subject to customary covenants. Thereby, the main shareholders' guarantee commitments for the company's financing will end.

All in all, this means that we are well equipped to develop the business and expand the company.

Christian Kinch
CEO

The interim report for Bactiguard Holding AB (publ) for the period July-September 2017 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 2017-11-09, 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 from 8:00 CET the same day.

To participate in the conference call, 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