

Year-end report 2017 Bactiguard Holding AB

2017 was a good year for Bactiguard. Our objective was to generate growth, with sustained cost control, to approach our long-term financial targets of 20 percent growth and an EBITDA margin of 30 percent. It is therefore gratifying that sales for the full year amounted to close to MSEK 154, which means growth of 20 percent, quite in line with our targets. The EBITDA margin was 22 percent, which is a significant improvement over the 12 percent reported in 2016, but we have some way to go before reaching our profitability target. The growth is mainly related to new licensing deals, but sales of our own product portfolio are developing positively, and we can now put nine quarters of rising sales behind us. Overall, this year's development means that we have reached several important targets and are better equipped than ever to develop the business and expand the company.

Fourth quarter (October-December 2017)

- During the fourth quarter, BIP products at a value of SEK 7.4 (5.7) million were delivered, an increase of approx. 30 %.
- Revenues amounted to SEK 41.4 (33.6) million, an increase of approx. 23 % compared to the corresponding quarter previous year, mainly explained by an increase in license revenues.
- EBITDA amounted to SEK 8.8 (4.5) million, an EBITDA margin of 21 % (14 %).
- Operating profit amounted to SEK 0.1 (-3.9) million.
- Net profit/loss for the quarter amounted to SEK -0.9 (-7.4) million, corresponding to SEK -0.03 (-0.22) per share.
- Operating cash flow for the quarter amounted to SEK -5.8 (-19.1) million, corresponding to SEK -0.17 (-0.57) per share.

Full year (January-December 2017)

- During the full-year period, BIP products at a value of SEK 21.8 (15.8) million were delivered, an increase of approx. 39 %.
- Revenues for the period amounted to SEK 153.6 (128.3) million, an increase of approx. 20 % compared to the corresponding period previous year, mainly explained by an increase in license revenues.
- EBITDA for the period amounted to SEK 34.4 (15.1) million, an EBITDA margin of 22 % (12 %).
- Operating profit amounted to SEK -0.6 (-18.3) million.
- Net profit/loss for the period amounted to SEK -3.3 (-26.9) million corresponding to SEK -0.10 (-0.81) per share.
- Operating cash flow for the period amounted to SEK -0.1 (-19.8) million corresponding to SEK 0.00 (-0.60) per share.

Key events during the fourth quarter

- Central venous catheters approved in HongKong
- Bactiguard won another tender in Sweden
- New partnership in India
- Three-year bank financing secured
- New clinical study regarding Bactiguard's central venous catheters published
- Endotracheal tubes approved in India
- New major order from China

Key events after the end of the fourth quarter

- The Nomination Committee proposes Jan Ståhlberg as a new Board member and Chairman of Bactiguard Holding AB (publ)



Comments by the CEO

2017 was a good year for Bactiguard. We contribute to saving many lives by preventing healthcare related infections, and it is becoming increasingly clear that infection prevention is high on the agenda in healthcare globally. Therefore, we are pleased that more and more patients have access to effective and safe infection prevention, not least in Sweden, where we won several strategically important tenders during the year.

Our 2017 objective was to generate growth, with sustained cost control, to approach our long-term financial targets of 20 percent growth and an EBITDA margin of 30 percent. It is therefore gratifying to note that sales for the full year amounted to close to MSEK 154, which means growth of 20 percent, quite in line with our targets. The EBITDA margin was 22 percent, which is a significant improvement over the 12 percent reported in 2016, but we have some way to go before reaching our profitability target.

The growth is mainly related to new licensing deals, while revenues from our largest licensing partner C.R. Bard are stable. The collaboration with Vigilenz for orthopedic trauma implants and Smartwise for advanced vascular injection catheters is developing well, and we are also working on new exciting projects.

Sales of our own product portfolio are developing positively and we can now put nine quarters of rising sales behind us, generating sales growth of nearly 40 percent for the year, but not in line with our target for the year to double sales.

Volumes are gradually increasing in all regions, and as all products in our product portfolio are approved for use in more markets, revenues increase through an improved product mix.

Marketwise, we saw the biggest growth in China and the Middle East, but Europe also developed positively. Sales to China increased by 50 percent and we delivered a large order just before the turn of the year. Sales activities aimed at the larger hospitals and developing our partner's sales organization are ongoing with high intensity. In the Middle East, we more than doubled our revenues following strong developments in all markets in the region. We have new partners in some of the major existing markets and we have established new partnerships in Egypt and South Africa. This makes us confident about future developments.

India was sales wise somewhat disappointing during the year, mainly since it takes time to find suitable partners, which delayed the sales process. The importance of having a broad product portfolio addressing the needs of seriously ill and infection-sensitive patients also became evident when we finalized negotiations in November with our new partner, focused on intensive care. Now that we have two distributors, which together cover most of India's population, and all products in our portfolio are approved for sale, the prospects for 2018 are significantly better.

In Europe, we move our position forward and during the year we established partnership with a leading distributor of medical devices in Italy. But I particularly want to highlight the successful development in Sweden. During the year we won no less than three public tenders, in Stockholm, Skåne and Västra Götaland. The fact that the three largest county councils in Sweden have procured our products is a quality stamp we are proud of and an important reference to our export markets. It also means that our products are now procured in regions that together represent about 65 percent of the population and this is a very positive development.



We continue to invest in our sales and marketing organization by increasing the staff to drive sales. It has increased personnel costs and affected profitability for the year, but we see it as an important investment to generate growth. At the same time, we still focus on keeping a close cost control.

The clinical evidence continues to strengthen. In the fourth quarter, a study performed at the Karolinska University Hospital was published, which shows that Bactiguard's infection prevention central venous catheters led to significantly fewer incidents than a standard catheter. The study also showed that Bactiguard's coating does not expose patients to any risk when used in blood, which paves the way for wider use.

Finally, we secured our long-term financing in December through an agreement with Skandinaviska Enskilda Banken in the form of a three-year credit facility of a total of SEK 180 million. It replaces both previous bank financing and a loan from the company's major shareholder and is subject to market terms.

Overall, this year's development means that we have reached several important targets and are better equipped than ever to develop the business and expand the company.

Christian Kinch
CEO

The year end report 2017 for Bactiguard Holding AB (publ) 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 and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out below 2018-02-06, 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