

Innovating for the healthcare needs of today and tomorrow



Q2 2014 presentation

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Company overview

2

Q2 results



We prevent Healthcare Associated Infections (**HAI**)



Healthcare associated infections (HAI)

- **Medical devices**, for example catheters, are accountable for approx. **50 - 60%** of HAI cases
- Nearly **6 million** HAI cases in the US and EU annually – causing **150,000 deaths**
- Average **prevalence in the EU is 7%** and the average in **developing countries is 15%**
- USD **36-45bn** annually in added healthcare cost in the US alone
- **70% of the bacteria that cause HAI are resistant** to at least one relevant antibiotic

Leading causes of death

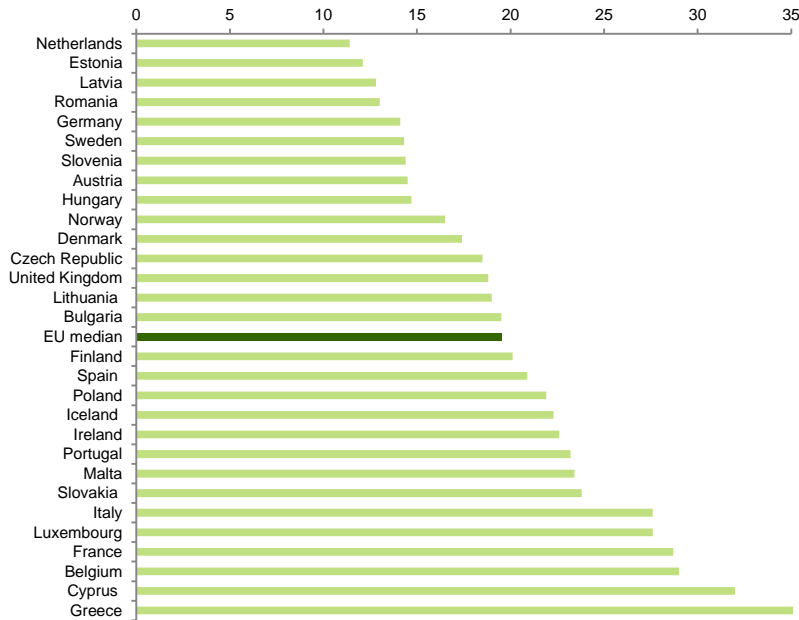
Cause of death	Rank
Cardiovascular diseases	1
Cancer	2
HAI	3

HAI accelerate use of antibiotics – already 70% resistance

“Multi-resistant bacteria is a greater threat to mankind than climate change – but no one talks about it...”

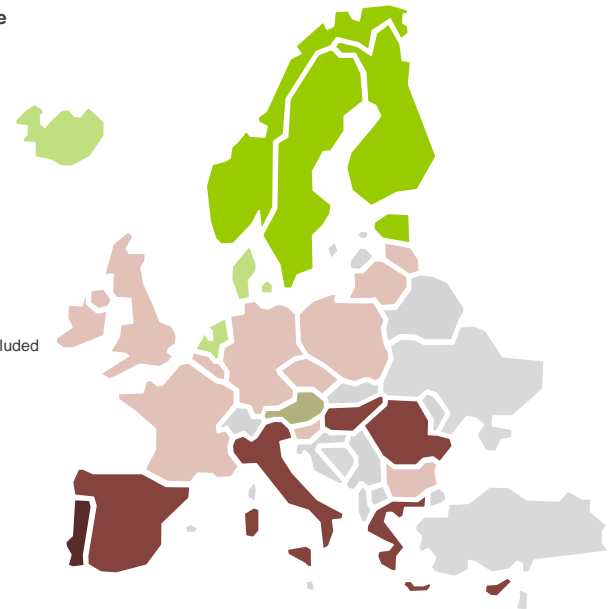
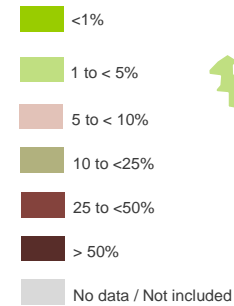
Prof. Hans Rosling, *Karolinska Institute*

Daily antibiotics doses per 1,000 inhabitants



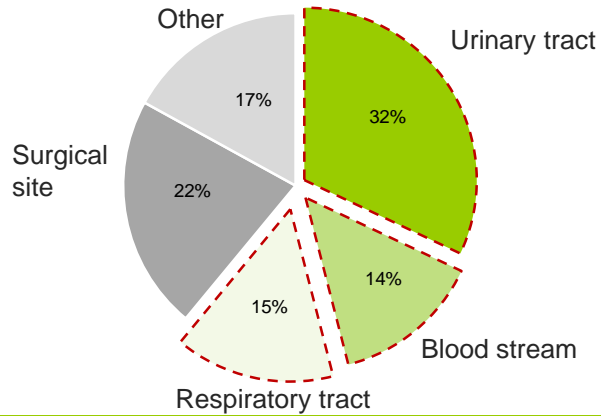
Antibiotic resistance in the EU/EEA (MRSA)

Percentage resistance

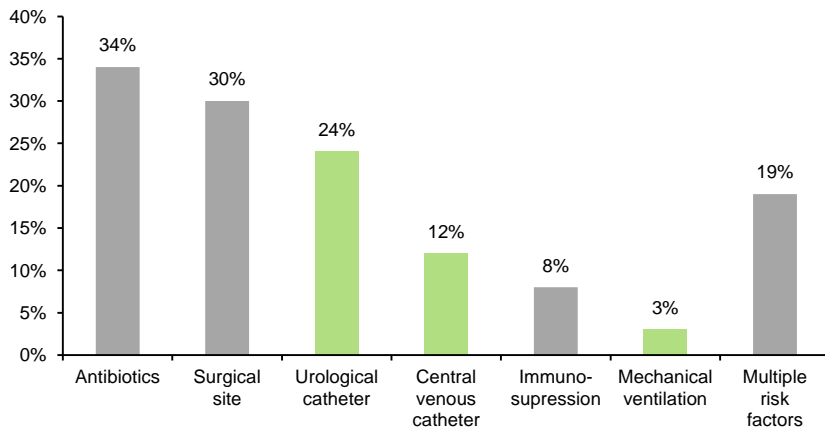


- Reduce healthcare cost
- Reduce the use of antibiotics – prevent spread of multi resistance bacteria
- Save lives!

Occurrence of HAI US (all hospital types)¹



Hospitalized patients' exposure to different risk factors in Sweden (Share of patients' exposure to risk factor)²



...explaining the rationale behind the products in the Bactiguard portfolio

BIP Foley



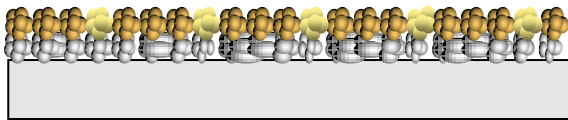
BIP ETT



BIP CVC



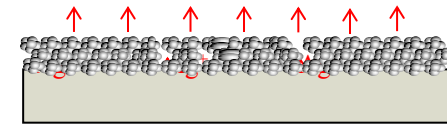
Bactiguard's coating



- Prevents microbial adhesion
- No toxic release of substances
- Tissue friendly



Competitors' coating



- Release of antimicrobial agent eg. chlorhexidine, antibiotics and silver
- Low biocompatibility
- Can trigger inflammatory response

A unique patented technology with easy and flexible application...

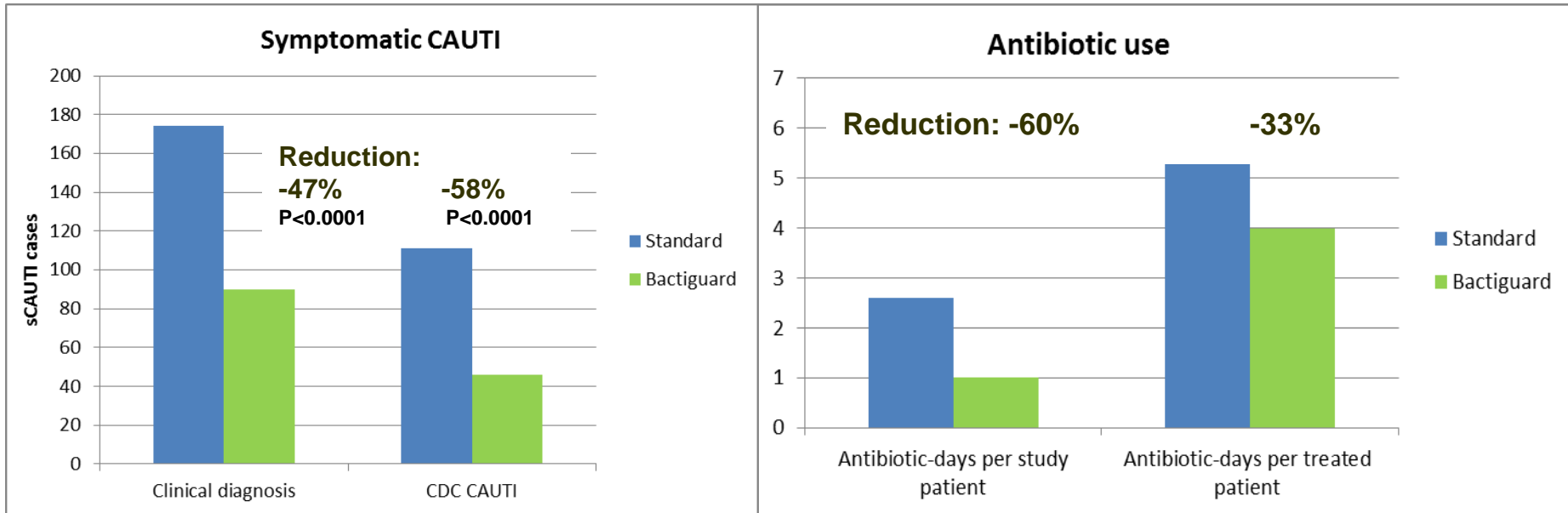
Reduces adhesion of bacteria

- Consists of the noble metals gold, silver and palladium
- Reduces the adhesion and colonization of bacteria to a device surface
- Both anti-infective and tissue friendly (biocompatible)

Easy and flexible application

- Patented wet chemical dipping process ensures uniformity and firm bonding to the surface of the medical device
- Extremely thin coating that is permanently bound to the surface, a coated device will be equivalent to an uncoated in terms of shape, size, mechanical properties and handling characteristics
- Coating process is simple even for very complex geometries and shapes and can be applied to practically any device in the medtech field
- Applied to the finished product, meaning that there is no effect on the primary production process
- Production capacity is easy to quickly scale up

- Most widely used and successful coating for preventing device related infections
- **130 million** catheters used since 1995
 - **No adverse events** related to the coating
- More than **100,000 patients** in clinical trials/tests
 - Over 40 clinical studies
- Foley catheters:
 - **39% average reduction** in catheter associated urinary tract infections up to 60% in several large studies
- CVC catheters:
 - **50% reduction** of catheter associated blood stream infections



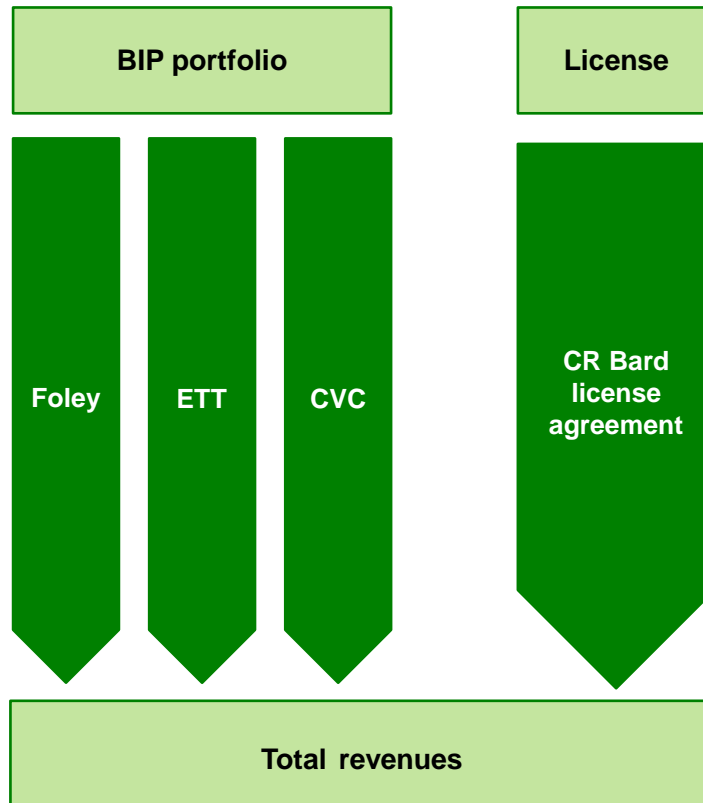
Number of patients: Bactiguard: 400, Standard: 453

Total antibiotic-days: Bactiguard 406, Standard 1165

Treatment length: Bactiguard: 4 days, Standard: 6 days

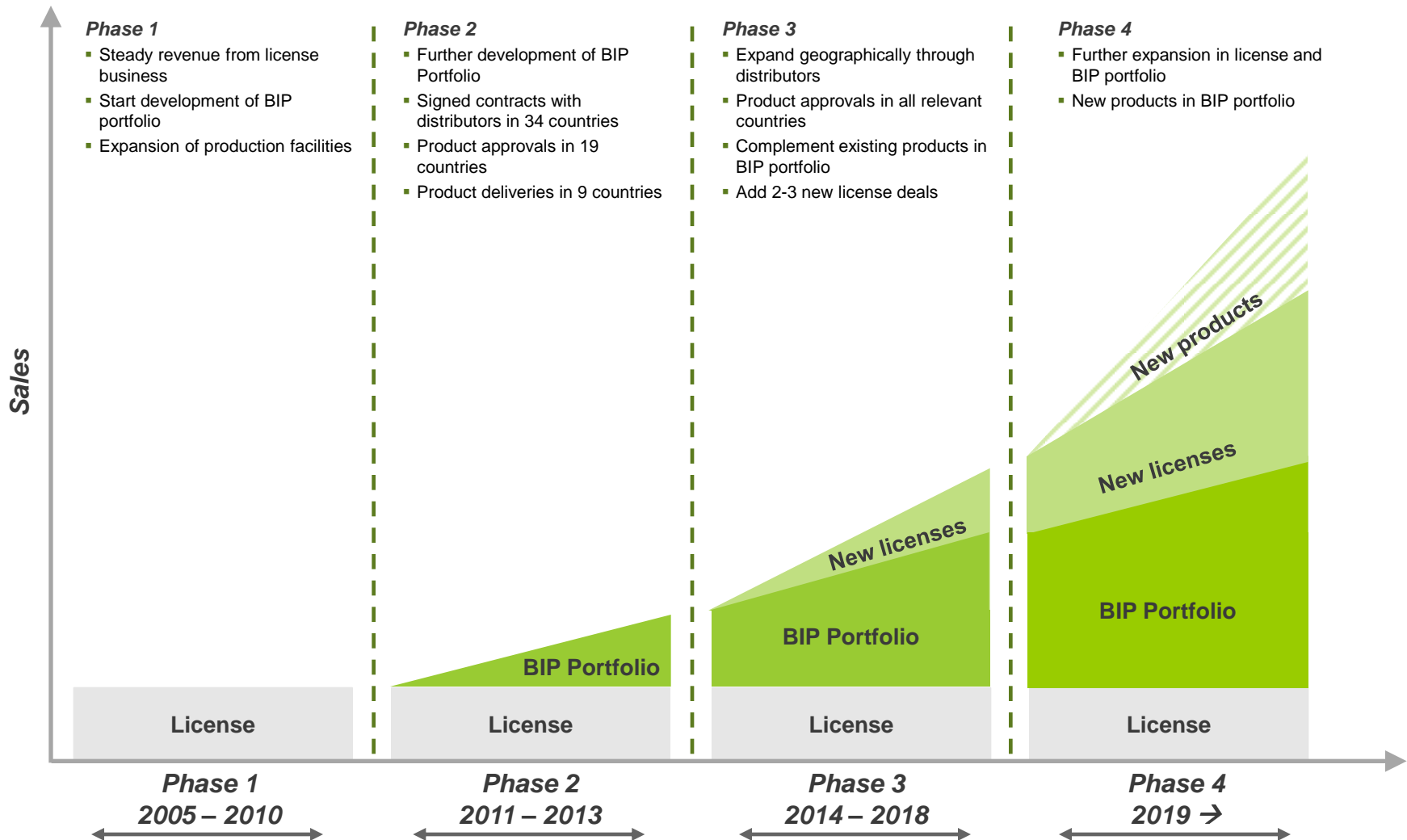
7 acute care hospitals in US, surveillance
 Median catheterization time: 8-9 days

*Multicenter Cohort Study to Assess the Impact of a Silver-Alloy and Hydrogel-Coated Urinary Catheter on Symptomatic Catheter-Associated Urinary Tract Infections. (Lederer, Jarvis, Thomas, Ritter, Wound Ostomy Continence Nurses Society, June 2014)




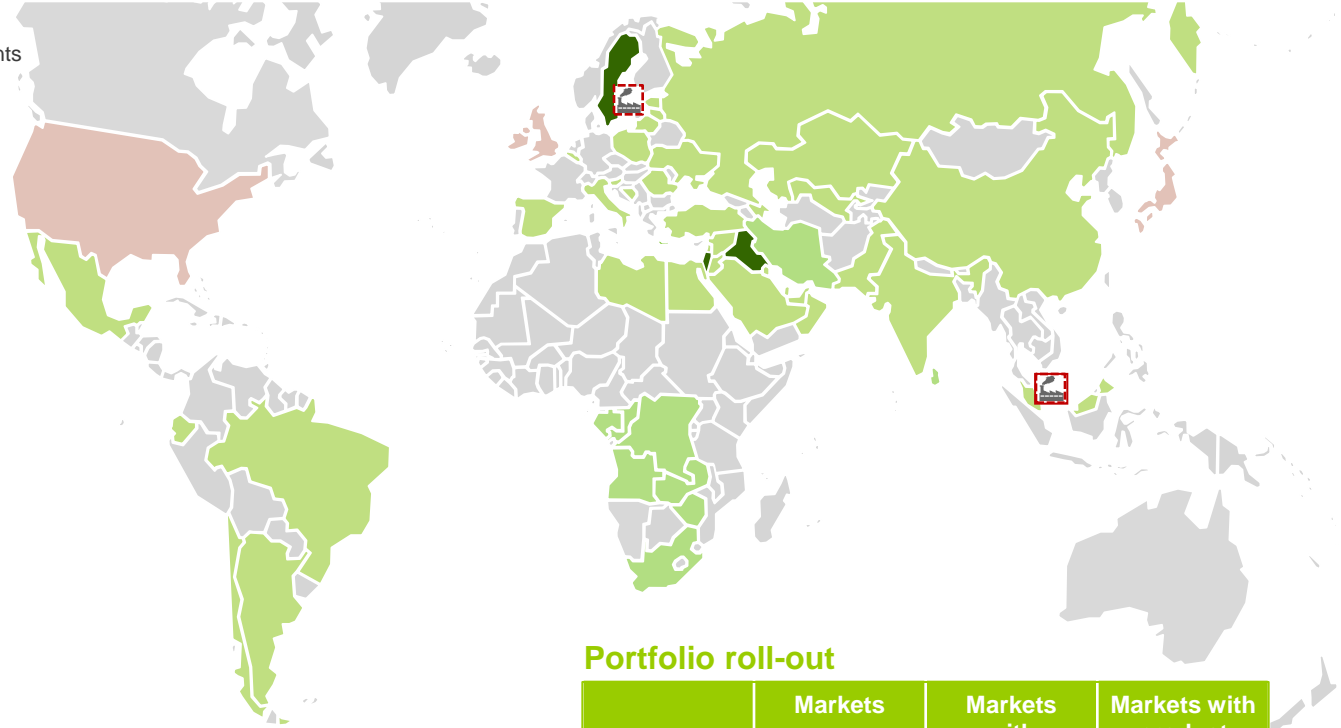
Financial targets

- Average **sales growth of at least 30%** per annum during the coming 5-year period
- **EBITDA margin of 30%** on yearly basis, with the aim of reaching 40%
- **Equity ratio of 30-50%**
- Uphold a **dividend policy of 30-50%** of net profit. Bactiguard is currently in an expansion phase and will prioritize expansion before dividends



Bactiguard is currently present in 50 geographical markets, with production facilities in Sweden and Malaysia

- Bactiguard presence**
- Countries with distribution agreements
 - Direct sales
 - Bard territory*
 -  Production facility



Portfolio roll-out

	Markets	Markets with approval	Markets with product deliveries
2011	17	10	6
2012	20	12	8
2013	37	19	8
2014 YTD	50	27	11

* Bard territory with exclusive rights for Foley catheters

- Listing on NASDAQ OMX Stockholm
- Bactiguard's technology receives regulatory clearance in China – major step towards final product approval
- Bactiguard enters collaboration with MAQUET in intensive care
- Published clinical study in USA shows significant efficacy
- Bactiguard's BIP Foley catheters approved for new patient groups
- Bactiguard expands in Southern Africa
- Professor Kenneth Chien scientific advisor to Bactiguard

1

- Proven technology

2

- Healthy EBITDA margin
- Stable license revenue stream
- Strong balance sheet

3

- Growing market with strong underlying fundamentals

4

- Well positioned for growth

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- Experienced management team and Board
- Committed majority owners

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Company overview

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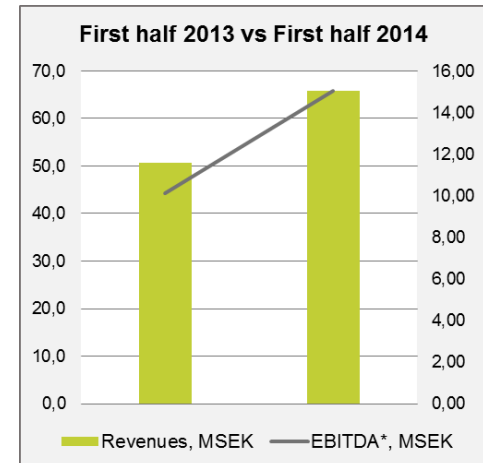
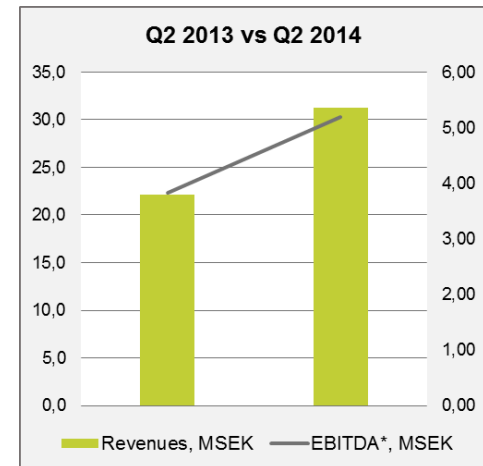
Q2 results

Second Quarter (April-June 2014)

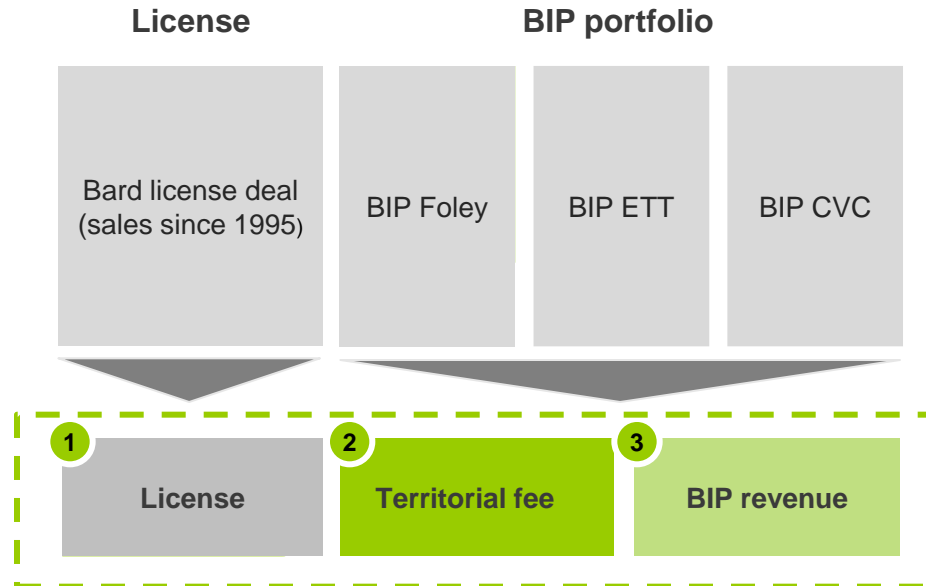
- Revenues of MSEK 31.2, plus 41% compared to Q2 2013
- EBITDA, excluding IPO-related costs, amounted to MSEK 5.2 (3.8), an increase of 36 %
- Deliveries of BIP products increased by 41 000 units compared to Q2 2013
- Zambia, Brazil and Chile were added to the list of markets with product deliveries
- Equity ratio increased from 20% to 58% and net debt decreased from MSEK 480 to 22.5, following the IPO

First half (January-June 2014)

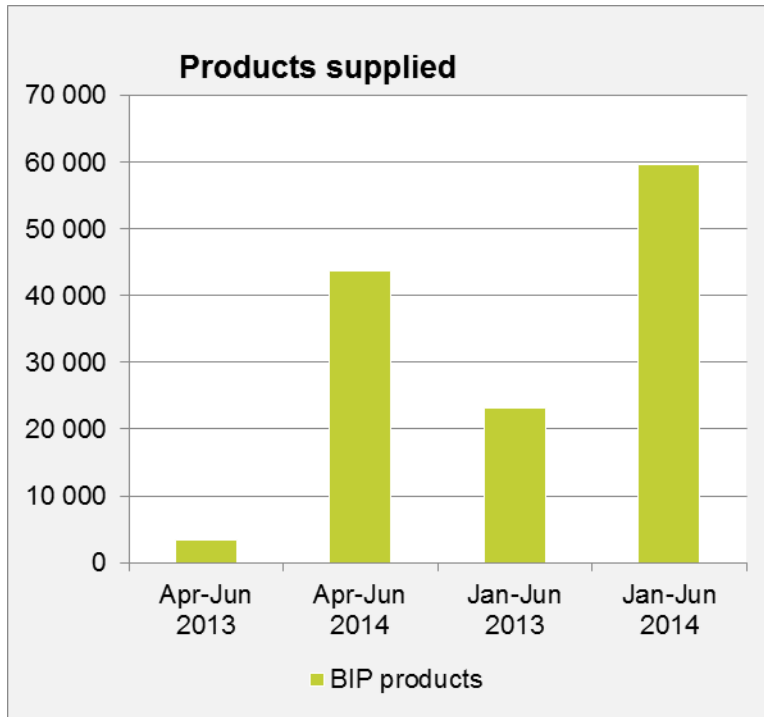
- Revenues of MSEK 65.7, plus 30% compared to First half 2013
- Deliveries of BIP products increased by 157% compared to First half 2013
- EBITDA, excluding costs in connection with IPO, amounted to MSEK 15.0 (10.1), an increase by 48 %



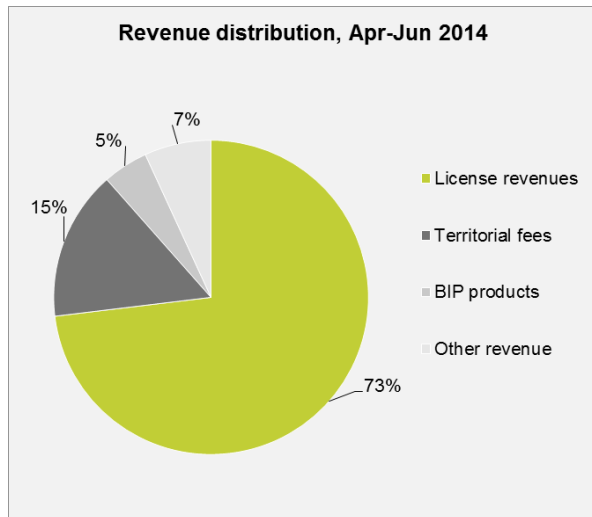
* Excluding IPO related costs

Three revenue streams in the income statement

- From a product perspective Bactiguard has two lines of business, Licenses and the BIP portfolio, acknowledged in the accounts as three revenue streams



- 44,000 BIP products supplied in Q2 compared to 3,000 during Q2 2013.
- During the first half of 2014 deliveries increased by about 157% to approx. 60,000 BIP products compared to first half of 2013.



- Revenues in Q2 of MSEK 31.2, up 41% compared to Q2 2013
- 73% is License revenues, up MSEK 3.5 related to early orders and stronger USD
- Territorial fees 15% of revenues thanks to new exclusive distributor agreements.
- Revenues from BIP products, 5% of total revenues in the quarter, the majority of which related to an order for Foley catheters to Zambia
- Other income of MSEK 2.1 for Q2 relates to currency differences
- Revenues for the first half of 2014 of MSEK 65.7, an increase of 30% compared to the first half of 2013

Key figures	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Full year
	2014	2013	2014	2013	2013
Revenues, SEKm	31,2	22,1	65,7	50,6	131,1
EBITDA, SEKm	2,2	3,8	12,0	10,1	40,0
EBITDA margin, %	7%	17%	18%	20%	31%
EBITDA*, SEKm	5,2	3,8	15,0	10,1	40,0
EBITDA margin*, %	17%	17%	23%	20%	31%
Operating profit, SEKm	-5,2	-3,0	-2,8	-3,6	11,2
Net profit for the period, SEKm	-44,1	-13,8	-63,7	-17,2	-3,4
Operating cash flow**, SEKm	-8,3	-5,8	9,4	-9,6	-54,2

*EBITDA adjusted for IPO costs

**Cash flow from operating activities after investments and changes in working capital

- EBITDA Q2 of MSEK 5.2 adjusted for costs in IPO of MSEK 3
- Net profit for Q2 also affected by termination fee Noonday of MSEK 14 and negative effect market valuation of bond of MSEK 15

Costs associated with share and set-off issues

Costs related to IPO (MSEK)	MSEK Accounted for	Paid in Q2	Reserved in Q2
Costs in connection with IPO	3,0 Operational cost		
Costs for share issue in IPO	22,5 Equity		
Total IPO	25,5	19,6	6,0
Costs for termination of option agreement	14,0 Financial cost	0	14,0
Total	39,5		

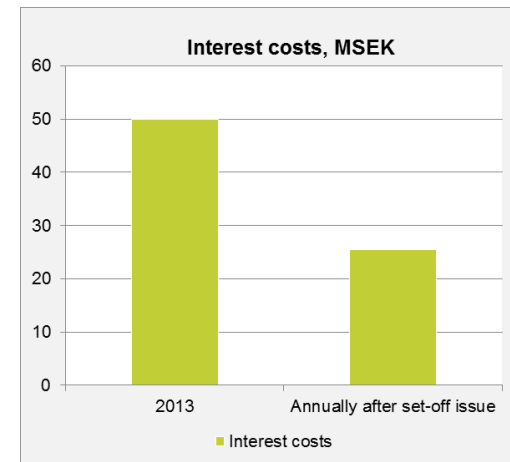
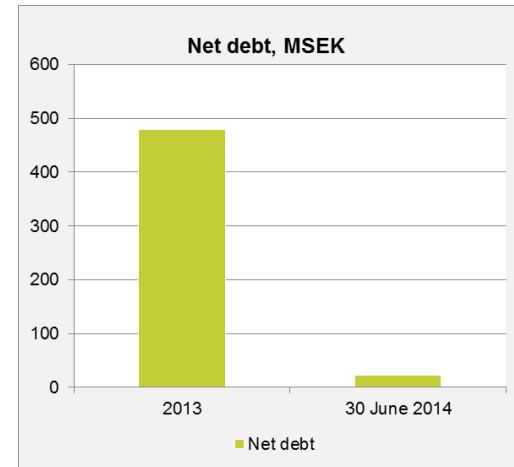
- Share issue of MSEK 20 to M2 Asset Management AB in April 2014
- Set off issue of MSEK 222.5 in June 2014
- Share issue of MSEK 240 in connection with IPO



- Equity ratio of 58 percent
- Net debt of MSEK 22
- Cash of MSEK 235
- Decrease in annual interest costs of MSEK 24.5



Financial flexibility and strength



Financial targets

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