



At war against infections

Q1 presentation
May 12, 2016

How to fight multi-resistance, the CDC perspective

1 PREVENTING INFECTIONS, PREVENTING THE SPREAD OF RESISTANCE

Avoiding infections in the first place reduces the amount of antibiotics that have to be used and reduces the likelihood that resistance will develop during therapy.

2 TRACKING



3 IMPROVING ANTIBIOTIC PRESCRIBING/STEWARDSHIP



4 DEVELOPING NEW DRUGS AND DIAGNOSTIC TESTS



Centers for Disease Control and Prevention
CDC 24/7: Saving Lives, Protecting People™



New Swedish strategy to fight antibiotic resistance

In April the **Swedish government** presented a new strategy to combat antibiotic resistance, where **prevention is** at the top of the agenda.

Antibiotic resistance is a major and growing threat to public health, the economy and trade, where Sweden plays an important role in the joint international efforts.

Many governments around the world have actively committed to pursuing the fight against superbugs and the topic will be discussed at a high-level meeting in the **UN General Assembly** this autumn.



Foto Kristian Pohl. Regeringskansliet

Swedish Minister for Healthcare,
Public Health & Sport
Health and Healthcare
Gabriel Wikström

“When bacteria are spread across the world, we must also create solutions together”.

Key Priorities 2016



Drive sales of our own
Bactiguard Infection Prevention product portfolio



Develop new license businesses



Secure long-term refinancing

Highlights in Q1 2016

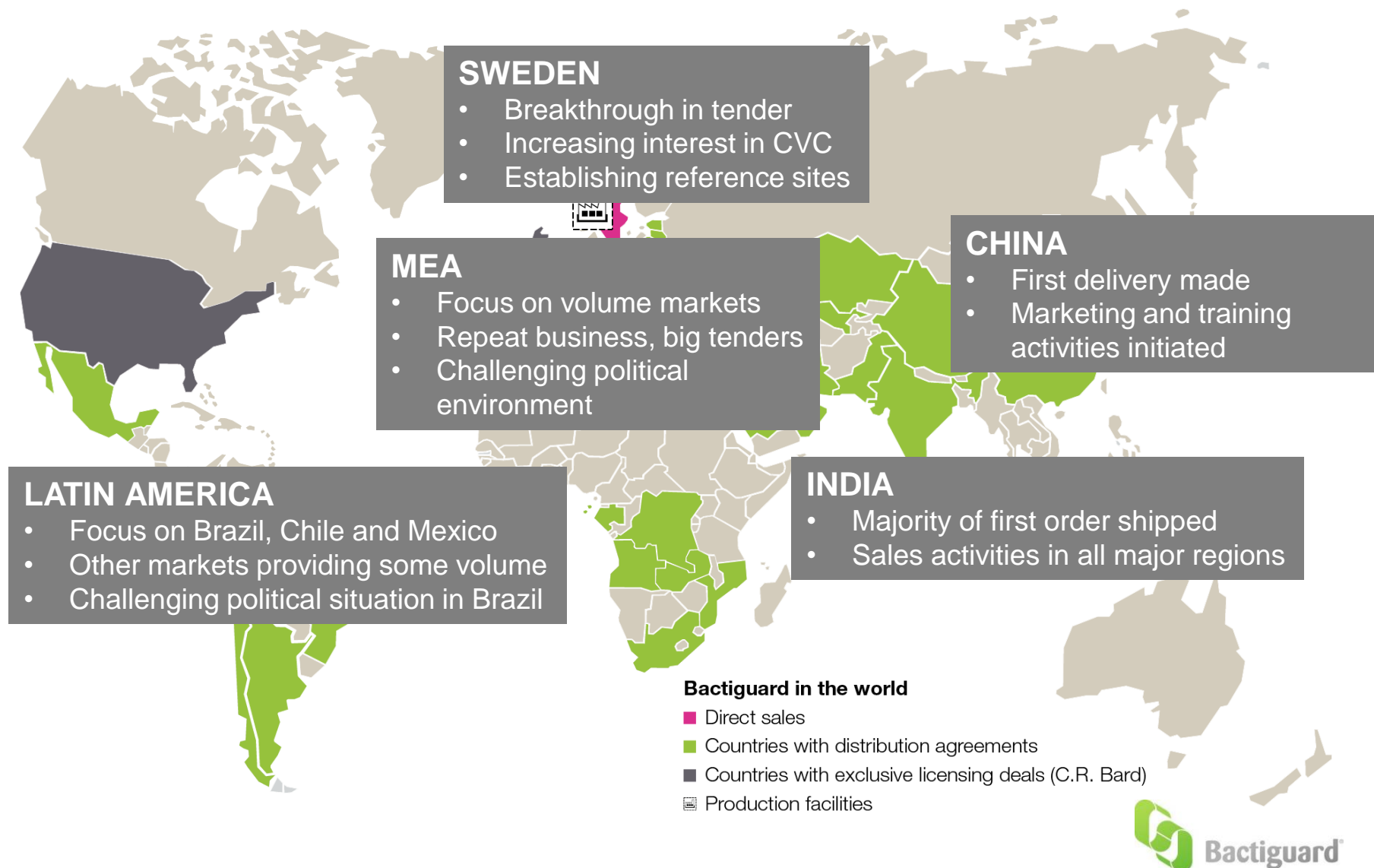
- ✓ Major increase in sales of BIP portfolio
- ✓ 100 000 unit order from China
- ✓ Repeat business expanding
- ✓ Tender won in Sweden
- ✓ Adjustment affected revenue from C.R. Bard, back to normal levels in March
- ✓ Expanding clinical evidence
- ✓ Focus on developing license business
- ✓ Inauguration by the Minister of Enterprise & Innovation



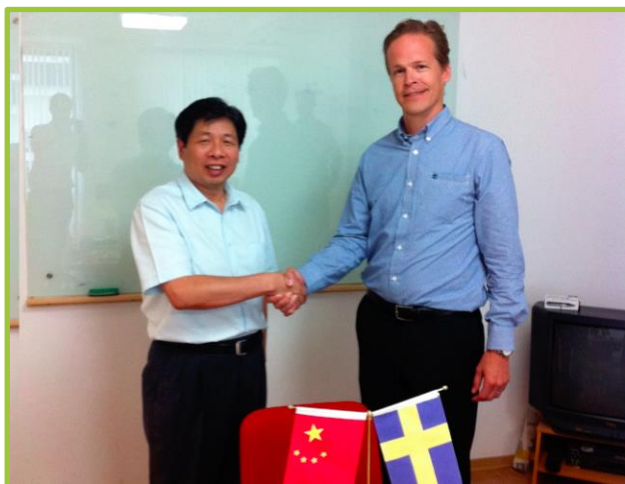
Inauguration by the
Minister of Enterprise- &
Innovation Mikael Damberg

Market Update

Focus on select markets and expanding the business



Focus on China and India



China

- First order for 100 000 catheters
- Deliveries started in Q1 2016
- Bulk of the order to be shipped in Q2
- Biggest launch in Bactiguard's history
- Sales reps and product specialist to be trained

India

- Majority of first order delivered in Q1
- Two major congresses in intensive care and urology
- Dealers appointed in several metropolitan areas
- Deliveries to major hospitals initiated



Licensing business update

C.R. Bard

- Successful partnership since 1995
- More than 150 million catheters sold to date
- Generating stable annual revenues

Vigilenz Medical Devices

- Bactiguard coated orthopaedic implants
- Covering the Asean-markets
- Certification process initiated
- Clinical evaluations about to start

New license businesses

- More internal resources allocated
- New therapeutic areas
- Antibiotic resistance and superbugs
- Opens up for new partnerships and applications



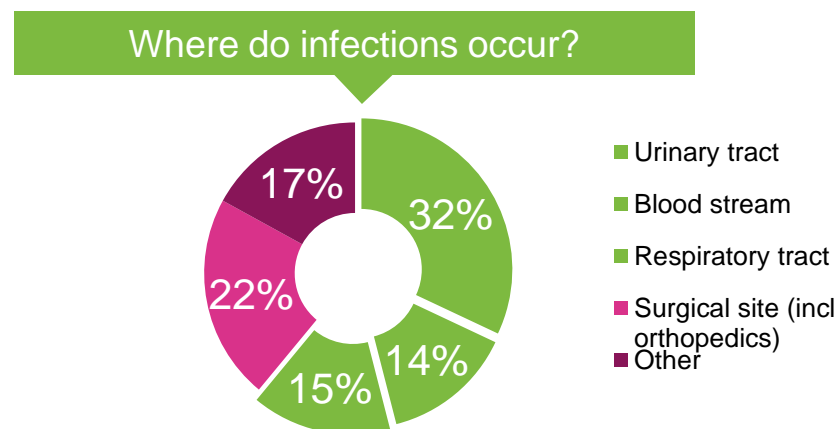
Successful partnership
since 1995



New therapeutic application

Expanding clinical trials and evidence

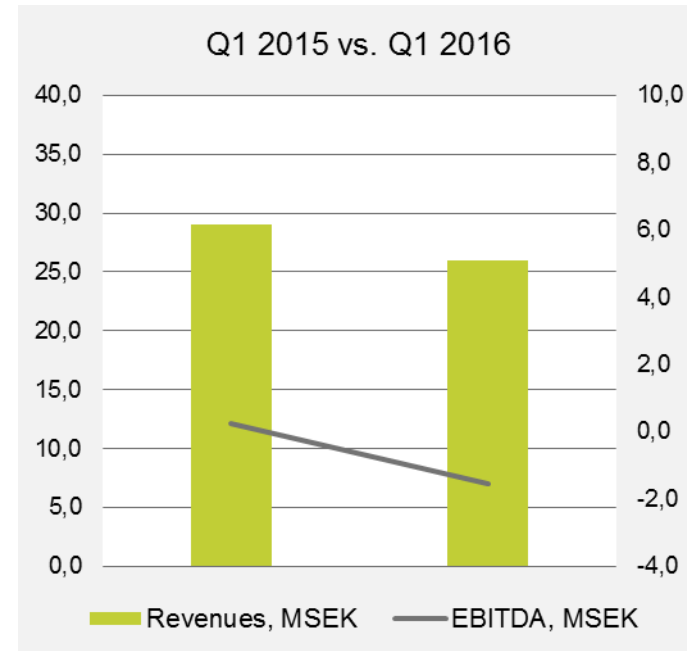
- Indian post approval clinical study for urinary catheters initiated at all six sites
- Clinical trial for new patient group with spinal cord injuries, who require chronic catheterisation and suffer from recurring infections.
- Laboratory study indicates that the Bactiguard technology may also prevent thrombosis.
 - Thrombosis as frequent as catheter related blood stream infections
 - Life threatening condition and costly treatment



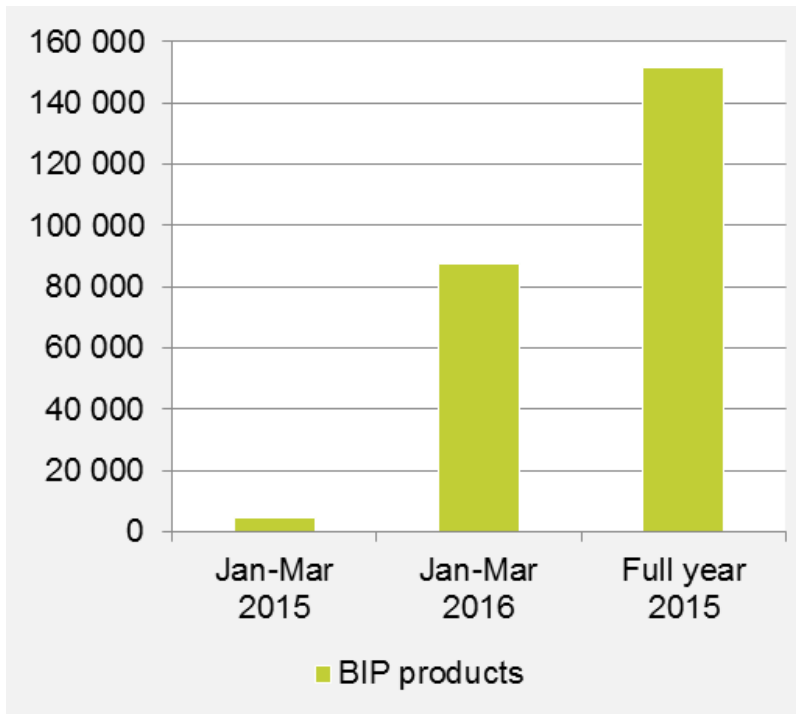
Financial highlights

First quarter (Jan-Mar 2016)

- Revenues of MSEK 26 (29), minus 10% compared to Q1 2015 (lower deliveries to C.R. Bard)
- EBITDA of MSEK -1.6 (0.2)



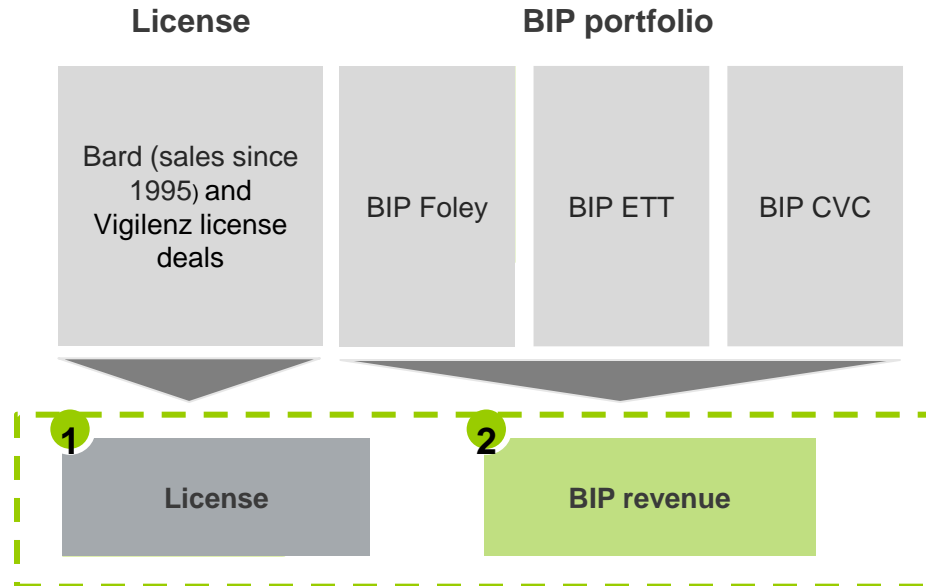
Delivered products



- 87 600 BIP products delivered in Q1 2016 compared to approx. 4 700 during Q1 2015
- For the full year 2015 , 152 000 BIP products were delivered

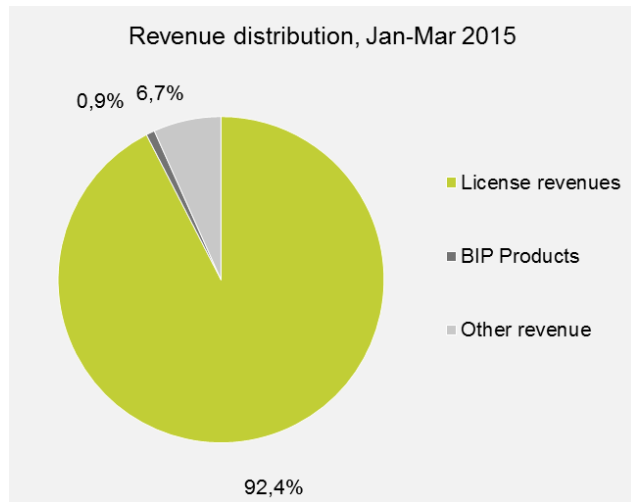
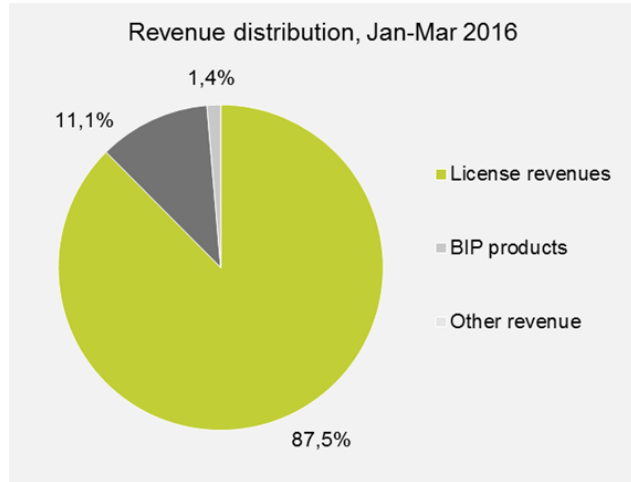
Revenue streams

Two 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 two revenue streams (after implementing change of accounting principle)

Income distribution



MSEK	Jan-Mar 2016	Jan-Mar 2015	Full year 2015
License revenues	22,8	26,8	125,3
Sales of BIP products	2,9	0,2	6,1
Other revenue	0,4	1,9	7,0
Total Revenues	26,0	29,0	138,5

License revenues from C.R. Bard

License revenues						
(SEKm)	Q1	Q2	H1	Q3	Q4	Full year
2013	21,6	19,3	40,9	21,3	20,5	82,7
2014	22,5	22,8	45,3	24,3	20,2	89,8
2015	26,8	25,8	52,6	56,8	15,9	125,3
2016	22,8					

Of which:

- Adj additional order, MSEK -2.6
- Currency effect, MSEK -1.4

- MSEK 8 worth of the additional order of MSEK 28 from Bard in Q3 was used in Bard's regular production, affecting ordered volume in Q4 -15 (MSEK 5) and Q1 -16 (MSEK 3).
- As of March 2016 ordered volume back to stable level i.e. "adjustment effect" played out

Key figures

Key figures	Jan-Mar	Jan-Mar	Full year
	2016	2015	2015
Revenues, SEKm	26,0	29,0	138,5
EBITDA, SEKm	-1,6	0,2	20,2
EBITDA margin, %	-6%	1%	15%
EBITDA ¹ , SEKm	-1,4	5,5	31,4
EBITDA margin ¹ , %	-5%	19%	23%
Operating profit, SEKm	-9,9	-7,9	-12,7
Net profit for the period, SEKm	-11,2	-3,6	-26,5
Operating cash flow ² , SEKm	1,8	-8,7	-32,5

¹ EBITDA adjusted for non-recurring costs

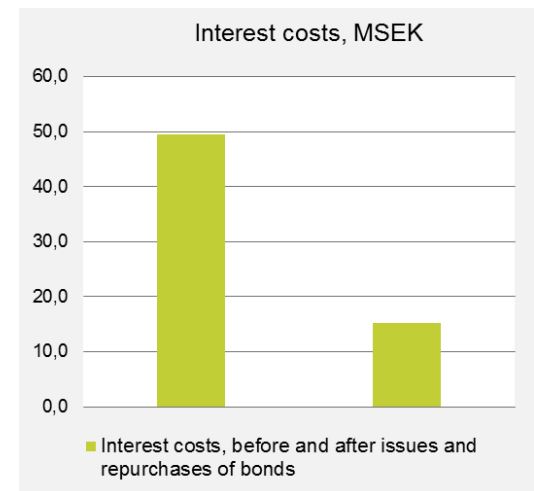
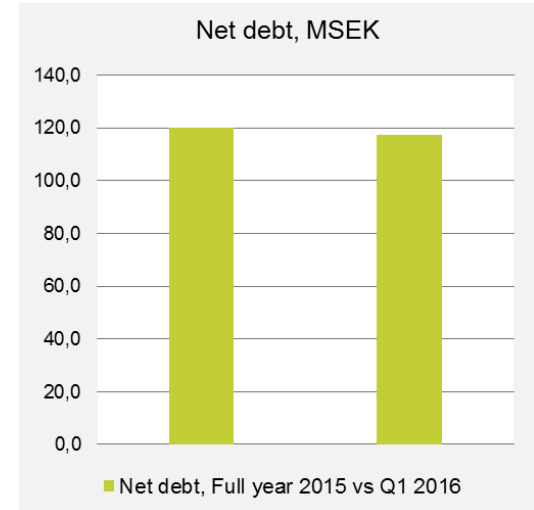
² Cash flow from operating activities after investments and changes in working capital

MSEK	Q1-16	Q1-15
EBITDA	-1,6	0,2
Non-recurring costs	0,2	5,3
Adjusted EBITDA	-1,4	5,5

- EBITDA (Q1) MSEK -1.6 (0,2)
- Adjusted EBITDA , MSEK -1.4 (5.5)
- Net profit (Q1), MSEK -11.2 (-3.6), negatively affected by lower revenue from C.R. Bard and by market valuation of bond.
- Operating cash flow for Q1, MSEK 1.8 (-8.7) including cash flow from investing activities of MSEK -2.1

Financial flexibility and strength

- Equity ratio of 61 %
- Net debt of MSEK 117,4
- Cash position of MSEK 24
- Nominal value outstanding bond MSEK 138
- Annual interest costs on bond going forward until maturity, MSEK 15.2
- The credit facility of 130 MSEK in total, combined with the company's cash position, secures the financing in the short term of the bond loan maturing in December 2016, and long term arrangement will be pursued.

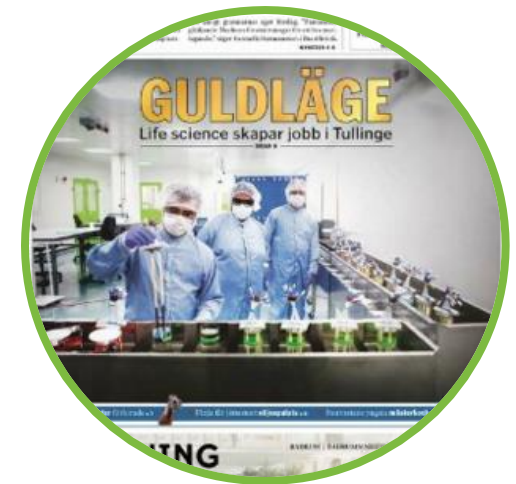


Financial targets

- Average sales growth of 20% per annum for a 5-year period, with 2015 (adjusted for the additional order from C.R. Bard) as the base year – starting point SEK 118.5 million
- EBITDA margin of at least 30% at the end of the 5-year period
- Equity ratio of at least 30%
- Over time uphold a dividend policy of 30-50% of net profit, taking into consideration the financial position of the Company. Bactiguard is currently in an expansion phase and will prioritize expansion before dividends

Concluding remarks

- Well positioned for growth given increasing attention to antibiotic resistance and infection prevention
- Major increase in sales of BIP portfolio, well under way towards at least doubling 2015 volume
- First order and delivery to China
- Repeat business expanding
- Tender won in Sweden
- Deliveries to C.R Bard back to normal
- Focus on sales and improved cost efficiency to secure positive earnings and cash flow
- Continue driving licensing opportunities



Frontpage of local paper
Södra Sidan in March 2016

"2016 is an interesting year"

More information is available at www.bactiguard.se

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Bactiguard

Fighting war against superbugs



Questions