

Bactiguard

**Q2 presentation
8 August, 2018**

Financial highlights in Q2

- ✓ Revenues of MSEK 52.4 (36.5) - 44% higher than in Q2 2017
- ✓ Net sales of MSEK 45.0 (36.5) - 23% higher than in Q2 2017
- ✓ BIP sales increased by 129% to MSEK 14.9 (6.5) – 11 quarters of increasing BIP sales (rolling twelve-month figures)
- ✓ License revenues in line with Q2 last year – BD revenues somewhat lower, new revenues somewhat higher
- ✓ EBITDA increased by 136% to MSEK 9.1 (3.8), despite costs of MSEK 11.5 related to early termination of agreement in China.
- ✓ EBITDA margin of 17% (11%)
- ✓ Operating cash flow of MSEK 9.7 (1.8), driven by BIP sales and licensee fee payment by Smartwise



Operational highlights in Q2 and early Q3

- ✓ Strategic combined distribution and license agreement with Well Lead Medical for China.
- ✓ Smartwise enters collaboration with AstraZeneca
- ✓ BIP sales growth driven by China, Europe, India, and MEA
- ✓ New partnership with Asid Bonz for Germany
- ✓ New partnership with Degasa for Mexico
- ✓ Breakthrough in Swedish CVC tender
- ✓ New global Vice President Sales joining in August
- ✓ Jan Ståhlberg elected Chairman of the Board



Media and public attention



CNN Health • Food | Fitness | Wellness | Parenting | Vital Signs International Edition +

Unusual forms of 'nightmare' antibiotic-resistant bacteria detected in 27 states

By Susan Scutti, CNN
Updated 23:21 GMT (07:21 HKT) April 4, 2018



Antibiotic resistant "nightmare bacteria" a growing threat in the U.S., CDC warns

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Last Updated Apr 3, 2018 7:25 PM EDT

In recent years, antibiotic resistance has risen to dangerous levels and has become



A file shot of a baby under a mosquito net in the southern Philippines. Scientists in Bangkok have warned that resistance to key anti-malaria drugs has spread across mainland Southeast Asia. Photo: Reuters/ Jorge Silva

SOUTHEAST ASIA PUBLIC HEALTH

Spread of malaria resistance spurs debate on fighting disease

Leading scientists in Bangkok have revealed that a 'superbug' resistant to artemisinin and partner drugs used to fight malaria has spread right across mainland Southeast Asia



Tre nyfödda barn smittades av resistenta bakterier. Foto: Christine Olsson / TT

Nyfödda blev smittade av resistenta bakterier

Publicerad: 8 maj 2018 14:59
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Tre nyfödda barn smittades av multiresistenta bakterier på universitetssjukhusets neonatalavdelning i Linköping.



Licensing business

BD (C.R. Bard)

- Successful partnership since 1995
- Bactiguard coated Foley catheters for the US, Japan and UK/Ireland
- Generating stable annual revenues



Vigilenz Medical Devices

- Bactiguard coated orthopaedic trauma implants for the ASEAN markets
- Aiming to conclude CE process in Q3



Smartwise Sweden AB

- Advanced Bactiguard coated vascular injection catheters
- Collaboration agreement with AstraZeneca announced in Q2 2018



Well Lead Medical

- License agreement for Foleys, CVCs and ETTs in China
- Initial revenues of MSEK 30
- Royalties and minimum sales targets going forward

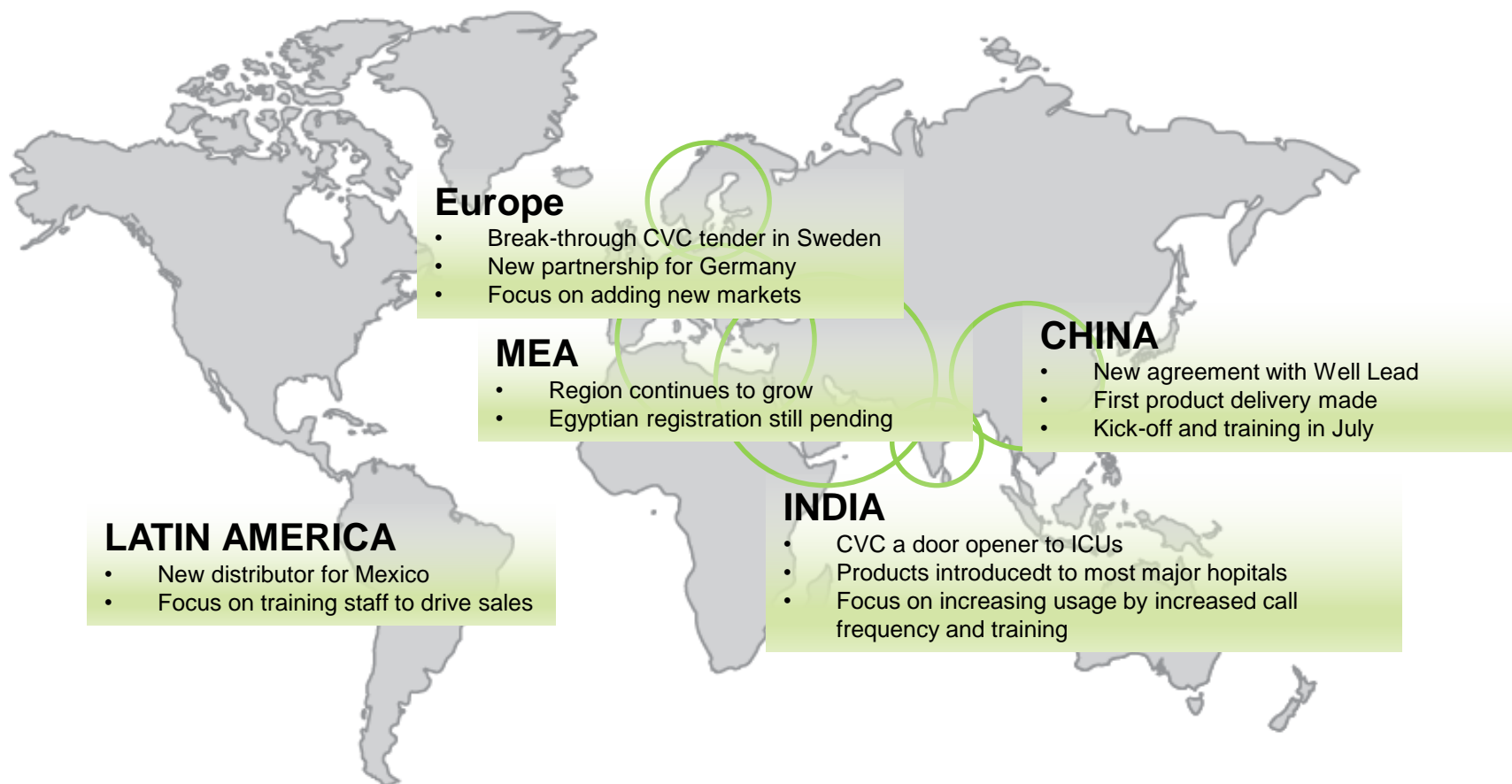
Several other ongoing discussions

Why partner with Well Lead Medical?

- Ambition to accelerate growth in China
- Regulatory developments shifting towards locally produced devices
- A strategic supplier to Bactiguard
- One of the world's leading manufacturers of medical devices
- Largest supplier of both urinary catheters and endotracheal tubes in the Chinese market, products used in over 300 first class hospitals
- Specialized in research, production and sales of medical catheters in anaesthesia, urology, respiratory and hemodialysis
- Products already sold in North America, Europe, Japan, which all have strict regulatory requirements
- Listed on the Shanghai Stock Exchange



Market update



Accelerating growth in China

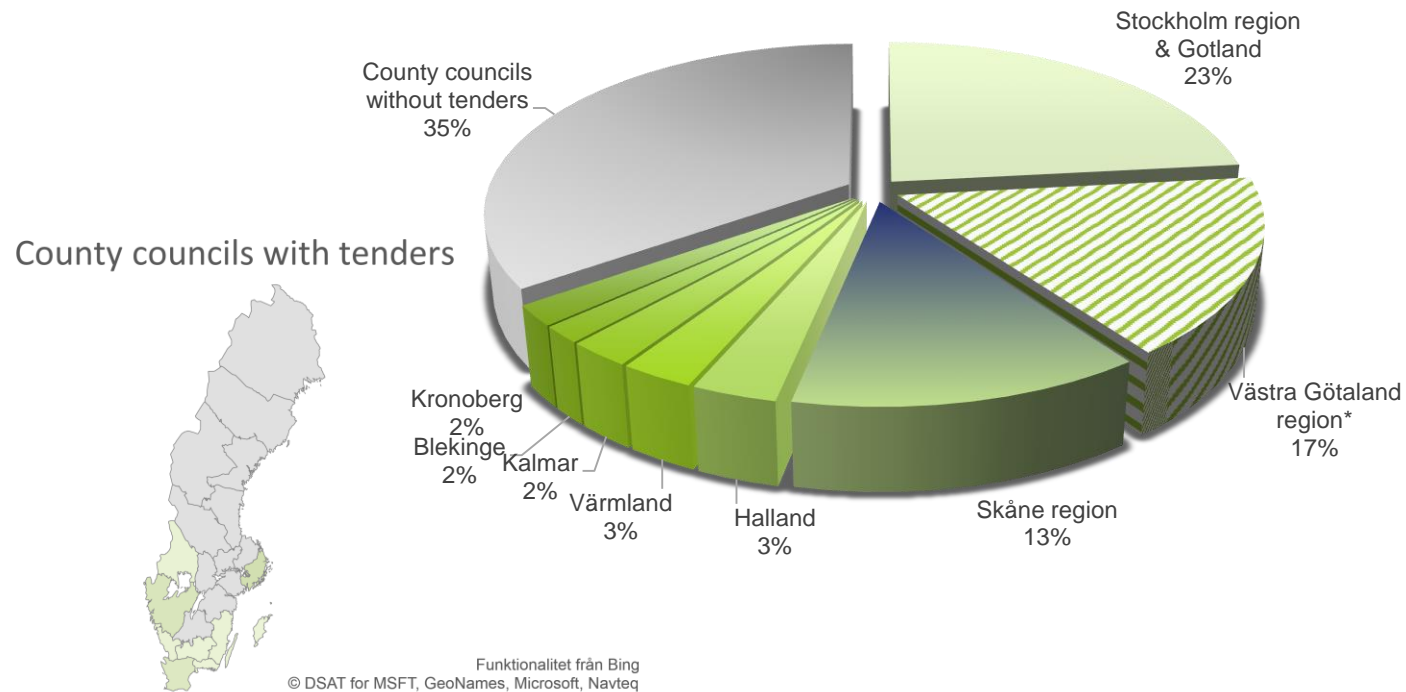
July kick-off and sales force training in Guangzhou



New partner for Germany



BIP Foleys procured for 65% and BIP CVCs for 13% of Swedish population

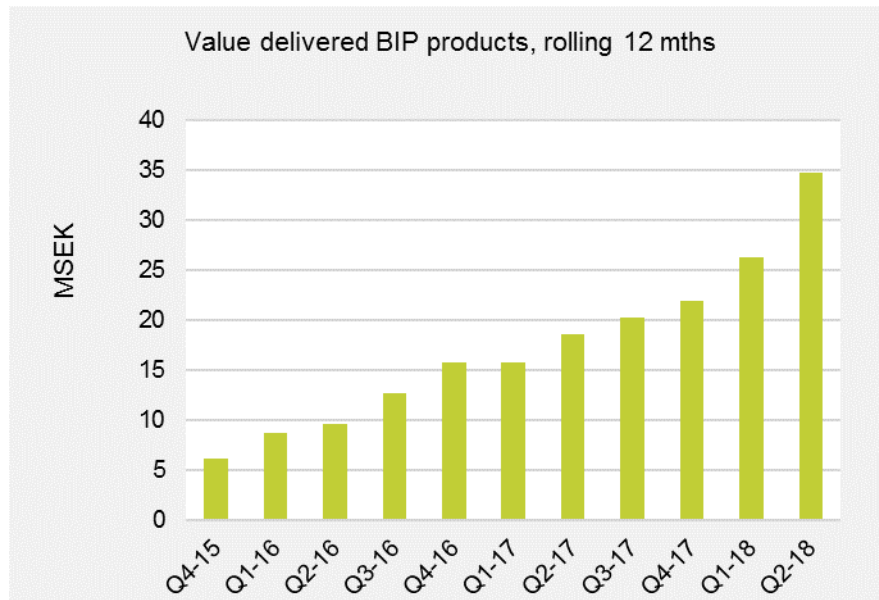


Source: SCB (statistics Sweden) 2016

*Tender appealed in another product category and therefore not yet live

Development in revenues from BIP products

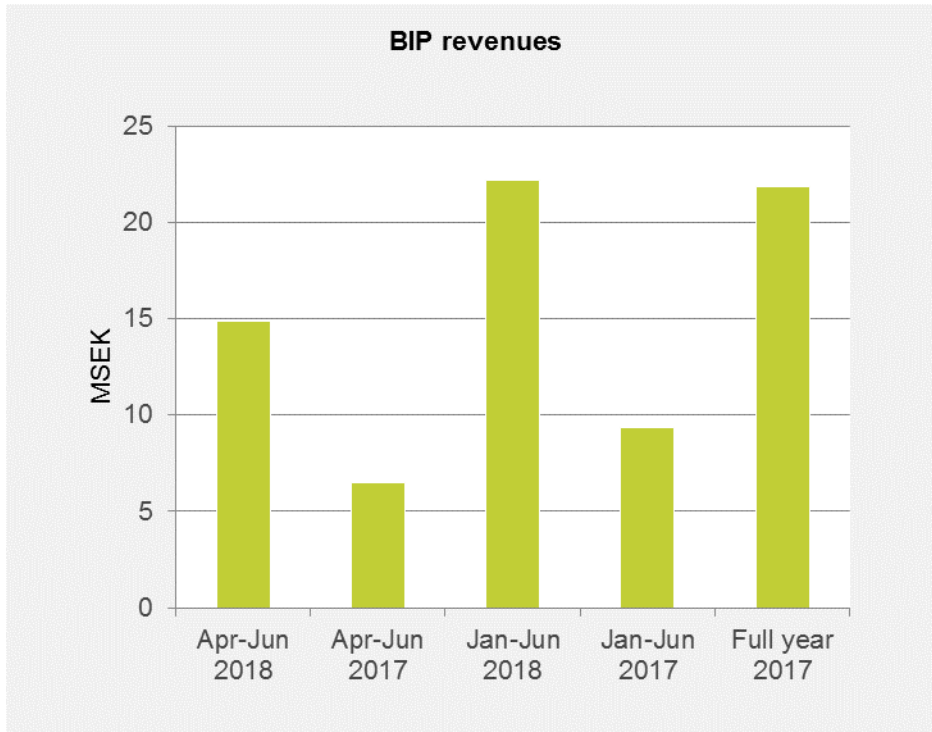
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- Eleven consecutive quarters of growth, based on rolling 12 months.
- 19% CAGR in this time period.

BIP revenues

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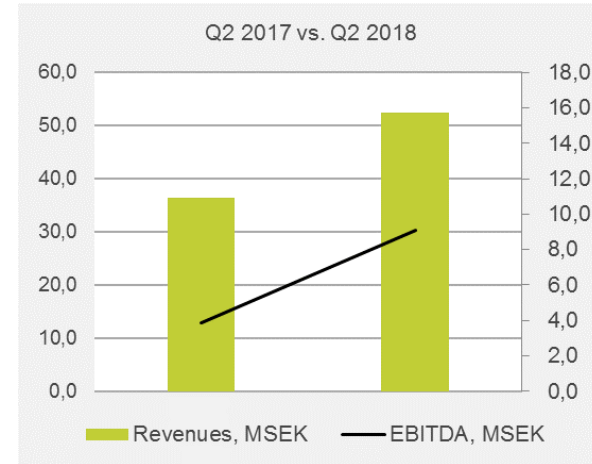


- Revenues from BIP-products of MSEK 14.9 (6.5) in Q2
- BIP revenue growth of 129% in Q2
- During first half year, BIP revenues amounted to MSEK 22.2 (9.3), an increase of 138%
- For the full year 2017 BIP-products generated revenues of MSEK 21.8

Financial highlights

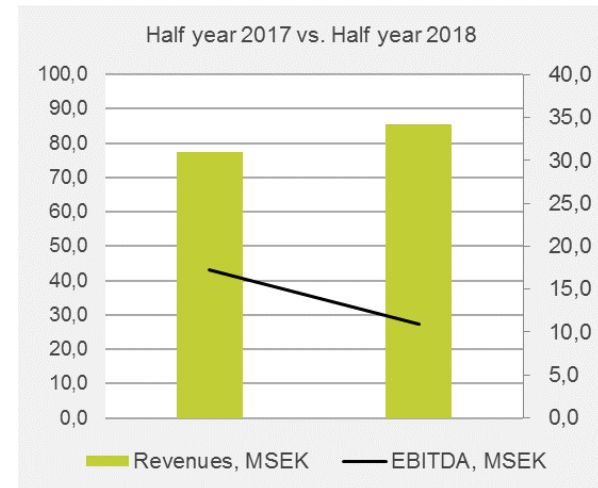
Second quarter (April-June 2018)

- Revenues of MSEK 52.4 (36.5), an increase of 44%. Net sales of MSEK 45.0 (36.5), an increase by 23%.
- Growth primarily driven by the growth in BIP-revenues, which were up 129%, to SEK 14.9 (6.5).
- License revenue essentially in line with Q2 2017.
- EBITDA of MSEK 9.1 (3.8), 17% EBITDA-margin



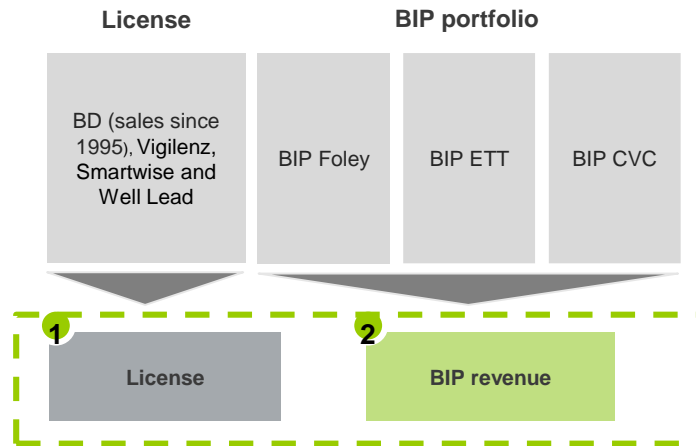
First half year (January-June 2018)

- Revenues of MSEK 85.3 (77.5), an increase of 10%.
- BIP sales of MSEK 22.2 (9.3), an increase of 138%.
- New license revenues from Well Lead of MSEK 5.2 – last year included new license revenue from Smartwise of MSEK 13.1.
- License revenues from BD slightly lower than previous year.
- EBITDA of MSEK 10.9 (17.2), 13% EBITDA-margin



Revenue streams

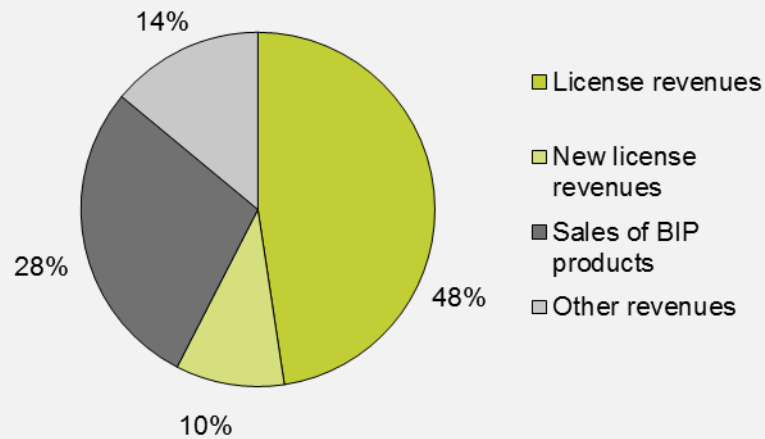
Two revenue streams in the income statement



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

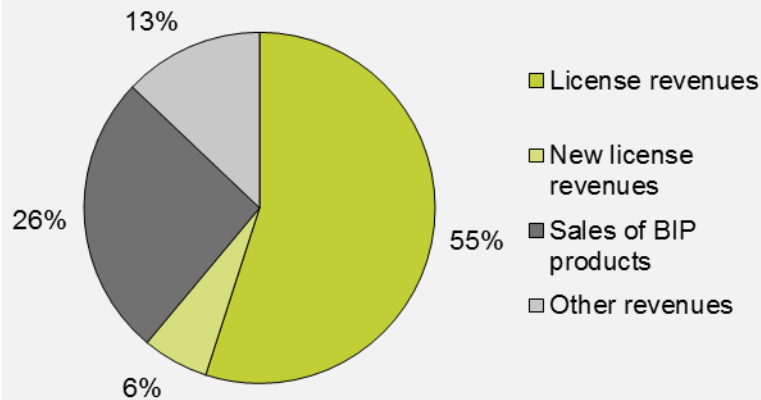
Revenue distribution

Revenue distribution, Apr-Jun 2018



Revenue split	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Full year 2017
License revenues	48%	70%	55%	68%	68%
New license revenues	10%	12%	6%	17%	14%
Sales of BIP products	28%	18%	26%	12%	14%
Other revenues	14%	0%	13%	3%	4%

Revenue distribution, Jan-June 2018



Second quarter (Apr-Jun)

- Positive cash flow from operating activities, MSEK 6.1 (1.3). Driven by sales growth.
- Cash flow from working capital contributed MSEK 4.5 (1.8). An effect of reduced account receivables.
- Low investing activities, only MSEK 0.9 (-1.3).
- Operating cash flow of MSEK 9.7 (1.8)
- Net Cash position of MSEK 4.5 (14.9).



MSEK	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Full year 2017
Cash flow from operating activities	6,1	1,3	6,7	13,0	28,5
Cash flow from changes in working capital	4,5	1,8	-8,5	-11,4	-22,4
<i>whereof;</i>					
<i>Increase/decrease accounts receivable</i>	6,2	0,8	0,2	-10,1	-12,5
Cash flow from investing activities	-0,9	-1,3	-2,2	-1,8	-6,2
Operating cash flow	9,7	1,8	-4,0	-0,2	-0,1

Financial targets

- Average sales growth of 20% per annum for a 5-year period, with 2015 as the base year – starting point MSEK 118.5
- EBITDA margin of at least 30% at the end of the 5-year period (by 2020)
- 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

- ✓ Revenue growth
- ✓ Eleven consecutive quarters of increasing BIP sales
 - Strong development in China, Europe, India and the Middle East
 - Swedish sales growing and breakthrough CVC tender won
- ✓ License revenues at par
 - Somewhat lower revenues from BD due to inventory adjustment
 - License agreement for China at initial value of MSEK 30
 - Smartwise agreement with AstraZeneca
 - Preparing to enter orthopaedic trauma segment
 - Potential for more in other application areas
- ✓ EBITDA more than doubled in Q2
- ✓ Healthy cash flow, driven by BIP sales and license payment
- ✓ Solid platform for growth



OUR VISION

Eliminate healthcare associated infections to

- 1. save lives**
- 2. reduce cost and**
- 3. limit antimicrobial resistance, through preventive standards of care.**



More information is available at www.bactiguard.se

For questions and additional information, please contact:



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