

Bactiguard Infection Protection

Q3 presentation
6 November, 2018

Financial highlights

Stable development following a very strong second quarter



- ✓ Q3 revenues of MSEK 35.7 (34.8) - 3% higher than in 2017
- ✓ License revenues were higher at MSEK 30.1 (28.3) - BD revenues were higher in Q3, while new revenues were higher last year
- ✓ BIP sales were lower than last year at MSEK 3.9 (5.2), following the very strong Q2, with an all-time high of MSEK 15
- ✓ Year to date, BIP sales have increased by 80% to MSEK 26.1 (14.5) – driven by sales to China, India and improved product mix
- ✓ EBITDA almost in line with last year at MSEK 7.9 (8.4)
- ✓ EBITDA margin of 22% (24%)
- ✓ Net profit still negative at MSEK -0.5 (-0.4) due to depreciation on technology of 6 MSEK (no effect on cash flow)
- ✓ Operating cash flow of MSEK 4.1 (5.2)



Operational highlights

- ✓ Two more tenders won in Sweden, including first for CVCs
- ✓ New distribution partnership with Mediplast for Scandinavia – larger sales force in Sweden and access to Denmark and Norway
- ✓ Partnership with Well Lead moving ahead at high pace
- ✓ Product approval for Egypt finally in place
- ✓ Bactiguard named one of the most equal listed Swedish companies
- ✓ Diversified institutional shareholder base



Media and public attention

Värstingbakterie på uppsegling

KARLSKRONA | Artikeln publicerades 22 september 2018



En multiresistent tarmbakterie har tagit plats bland de största bekymren för smittskyddet i Blekinge rapporterar [Radio P4 Blekinge](#).

ESBL heter den multiresistent tarmbakterien som håller på att bli ett allt större problem. Enligt smittskyddsläkaren Bengt Wittesjö dök det upp kring 50 sjukdomsfall per år i Blekinge orsakade av bakterien för tio år sedan. De senaste två, tre åren har det varit ungefär 300 fall årligen.



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PUBLIC RELEASE: 30-OCT-2018

Antibiotic resistance increases relapse in urinary tract infections

Inappropriate antibiotic use may lead to drug-resistant bacteria and recurrent infections

SOCIETY FOR HEALTHCARE EPIDEMIOLOGY OF AMERICA



PRINT E-MAIL

NEW YORK (October 30, 2018) – Patients with a certain drug-resistant urinary tract infection were more likely to have a relapse of their infection within a week than those with non-resistant infections and were more likely to be prescribed an incorrect antibiotic according to a study published today in *Infection Control & Hospital Epidemiology*, the journal of the Society for Healthcare Epidemiology of America.



3 million common procedures in England could become 'life threatening' without antibiotics

By Rob Picheta, CNN
Updated 2306 GMT (0706 HKT) October 22, 2018

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KAMPEN MOT ANTIBIOTIKARESISTENS



33 000 dör årligen till följd av antibiotikaresistens

• Över 33 000 människor i Europa dör varje år till följd av att ha drabbats av infektioner på grund av antibiotikaresistenta bakterier, enligt en ny studie som publicerats i den ansedda tidsskriften *The Lancet*. Det skriver SVT.

Värst drabbade är spädbarn, framför allt i Syd- och Östeuropa, skriver forskarna i rapporten. Den uppskattade sjukdomsburden är jämförbar med den som influensa, tuberkulos och HIV/aids utgör tillsammans.

"Infektioner på grund av antibiotikaresistenta bakterier utgör ett hot mot den moderna vården", skriver forskarna i sin sammanfattning.

Studien är gjord av Europeiska centret för prevention och kontroll av sjukdomar (ECDC) med säte i Solna

Äldre man fick blodförgiftning av venkateter på Gävle sjukhus

Publicerad 28 augusti 2018

En man i 85-årsåldern sökte vård på akutmottagningen i Gävle efter att ha ramlat. Där fick han en venkateter insatt. Trots att en kateter ska användas kortast möjligast tid fick den sitta kvar i fyra dygn – tills mannen fick en blodförgiftning.

Recent developments in the healthcare sector



- Getinge - patient safety and quality-related issues (FDA remarks) in US operations
- reserved SEK 1.8 billion for future US claims
- Boule Diagnostics - US FDA warning for errors in Swedish production
- Hansa Medical - fast-track decision by the FDA on enzyme that enables kidney transplantation
- Convatec - lower sales and profitability, quality and logistics problems, CEO change in mid October
- Medivir - high costs and profitability problems, CEO change and focus on developing value in clinical drug projects, pre-clinical research discontinued
- Bactiguard's cooperation with BD ensures quality in production and distribution and protection against FDA claims. No adverse events reported since catheters with the Bactiguard coating were launched in 1995.

Allbright report October 2018



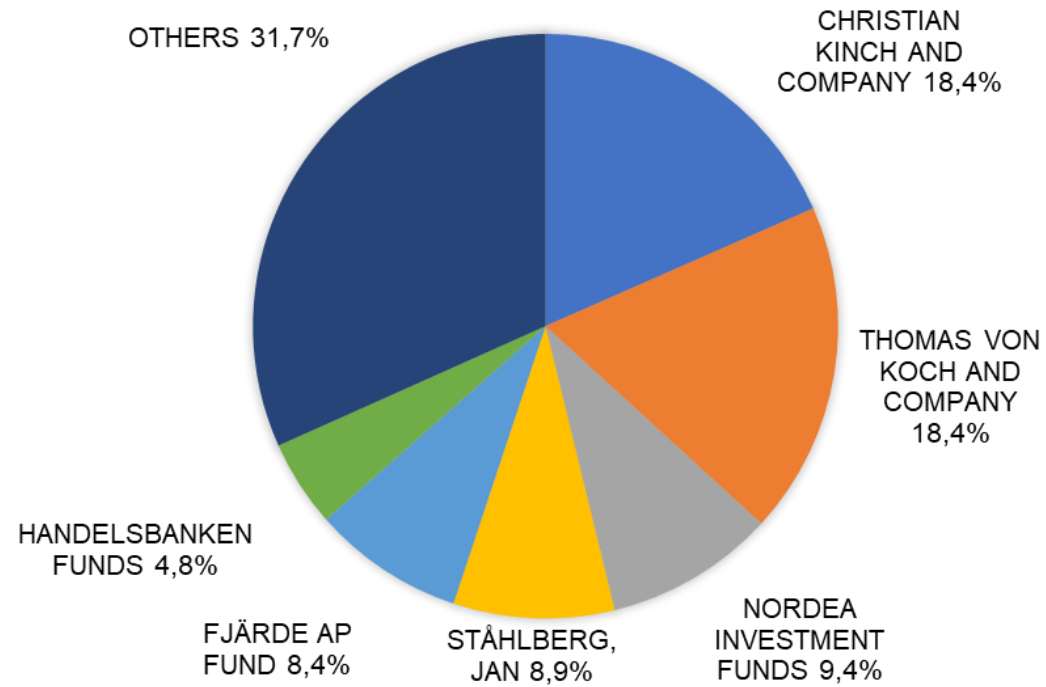
- Bactiguard one of the most equal companies
 - ✓ 21 of 329 listed Swedish companies
 - ✓ 50% women in the management team
 - ✓ 2 of 5 on the Board
 - ✓ 60% in the company as a whole
 - ✓ 17 different nationalities
- The number of equal, listed Swedish companies has increased to 14% (47 out of 329 companies)
- Women only represent 23% of management team members
- One of four male CEOs have no women in their management teams
- 34% of the Board members are female
- The most equal companies in healthcare and property companies



Shareholder base

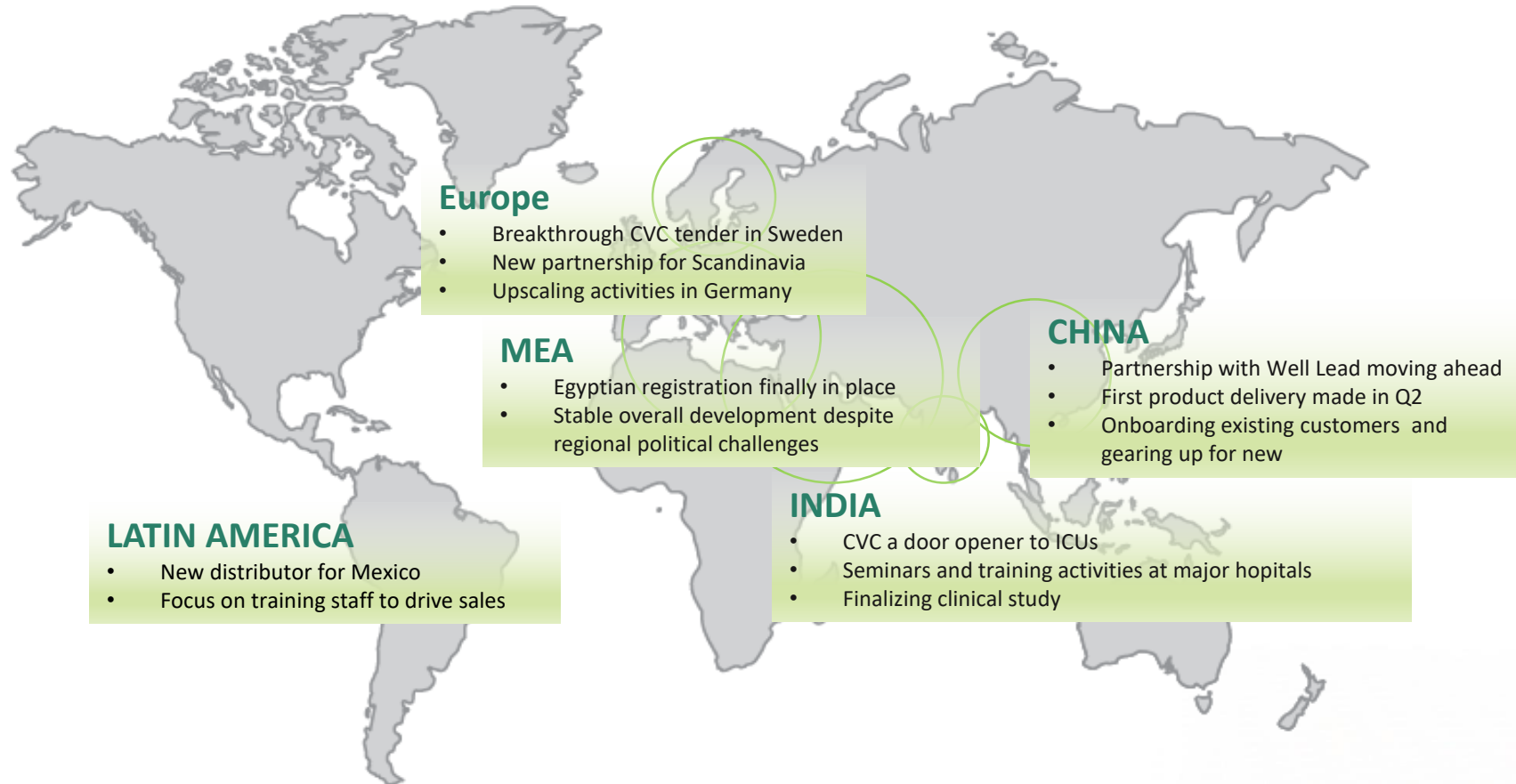


Share of capital



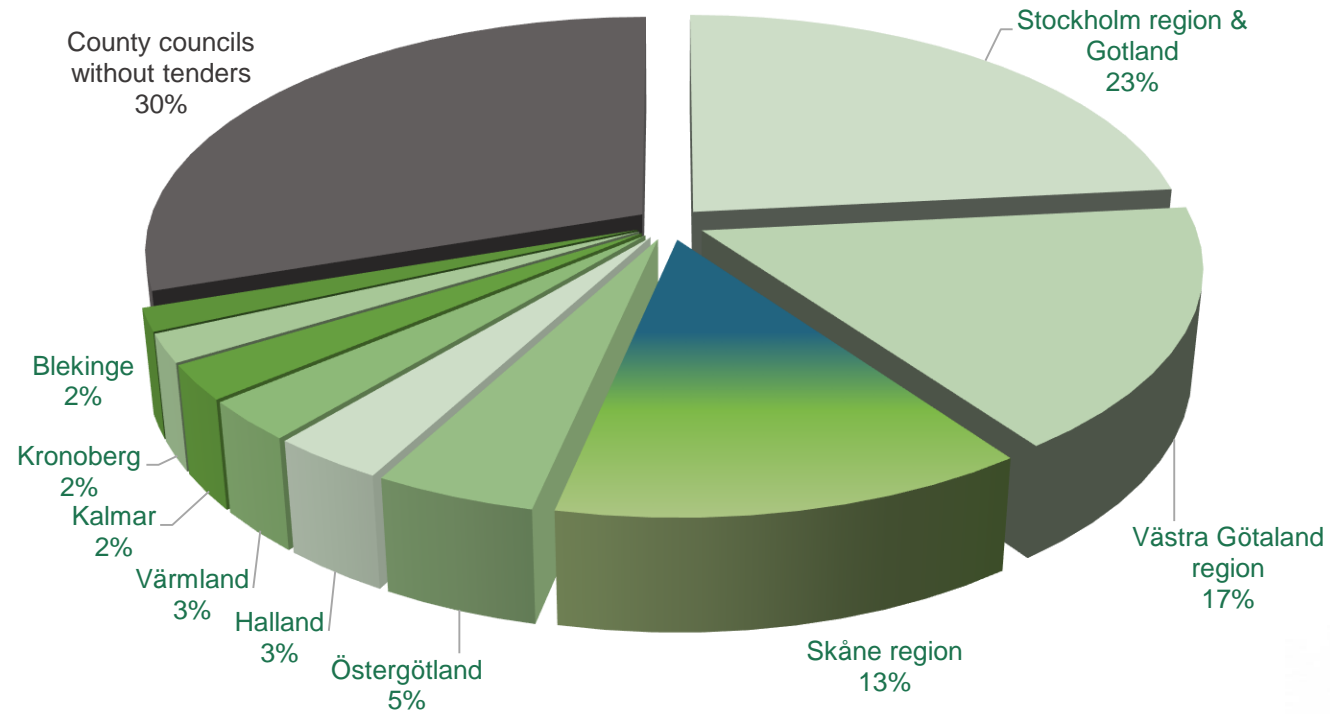
Shareholders	% of capital	% of votes
CHRISTIAN KINCH AND COMPANY	18,4%	34,8%
THOMAS VON KOCH AND COMPANY	18,4%	34,8%
NORDEA INVESTMENT FUNDS	9,4%	4,5%
STÄHLBERG, JAN	8,9%	4,3%
FJÄRDE AP FONDEN	8,4%	4,0%
HANDELSBANKEN INVESTMENT FUNDS	4,8%	2,3%
OTHERS	31,7%	17,5%
TOTAL	100%	100%

Market update



Swedish presence

BIP Foleys procured for 70% and BIP CVCs for 13% of total population



Source: SCB (statistics Sweden) 2016

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
- Focus on concluding CE process, which is approaching the end
- Important precedent for other orthopedic applications



Smartwise Sweden AB

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



Well Lead Medical

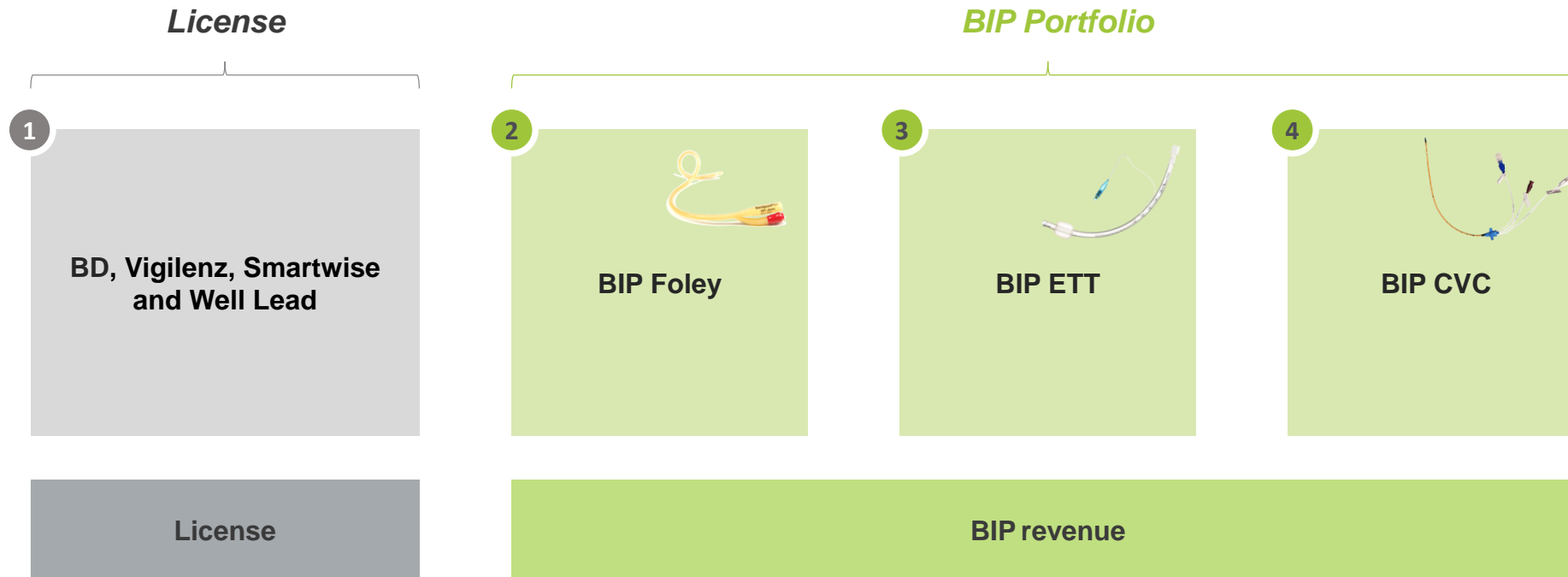
- License agreement for Foleys, CVCs and ETTs in China
- Initial revenues of MSEK 30, whereof license revenues MSEK 10
- Faster internal progress than expected
- Royalties and minimum sales targets going forward



Several other ongoing discussions

Business model

Two lines of business



License agreements for various applications through longstanding partnerships

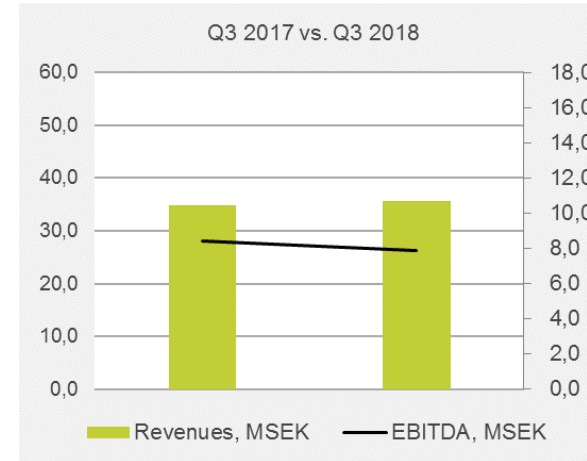
Direct sales of own product portfolio

Financial highlights



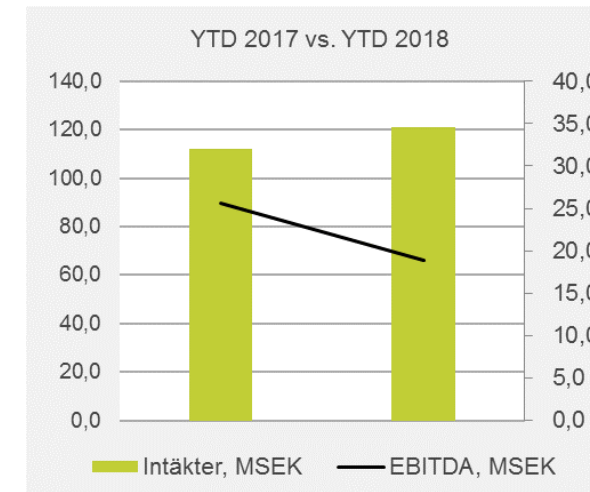
Third quarter (July-September 2018)

- Revenues of MSEK 35.7 (34.8), an increase of 3%
- BIP sales of MSEK 3.9 (5.2), 24% lower than last year following an all-time high in Q2
- New licence revenues from Well Lead of MSEK 3.1 (4.0 from Smartwise last year)
- License revenue from BD higher than last year - higher royalty payments and stronger USD – stable underlying business
- EBITDA of MSEK 7.9 (8.4), 22% EBITDA-margin

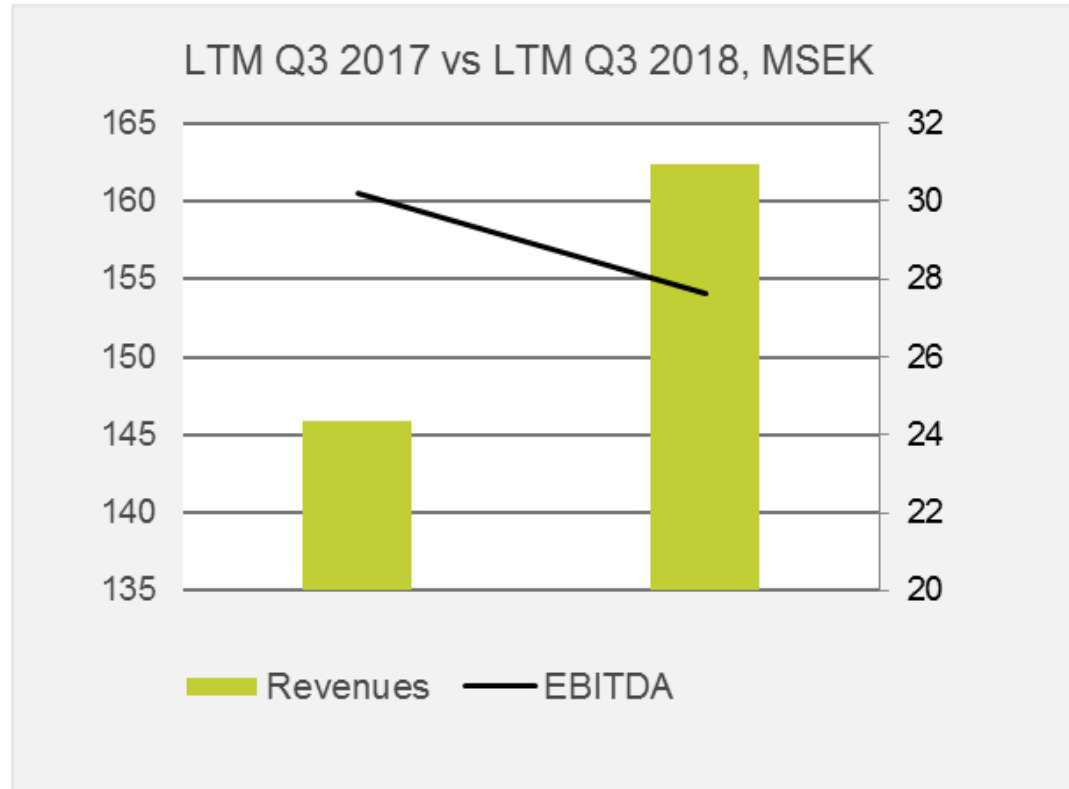


YTD (January-September 2018)

- Revenues of MSEK 121.0 (112.3), an increase of 8%
- BIP sales of MSEK 26.1 (14.5), an increase of 80%
- New license revenues from Well Lead of MSEK 8.3, last year included new license revenue from Smartwise of MSEK 17.1
- License revenues from BD slightly lower than previous year
- EBITDA of MSEK 18.8 (25.6), 16% EBITDA-margin, despite one-off costs of MSEK 11.5



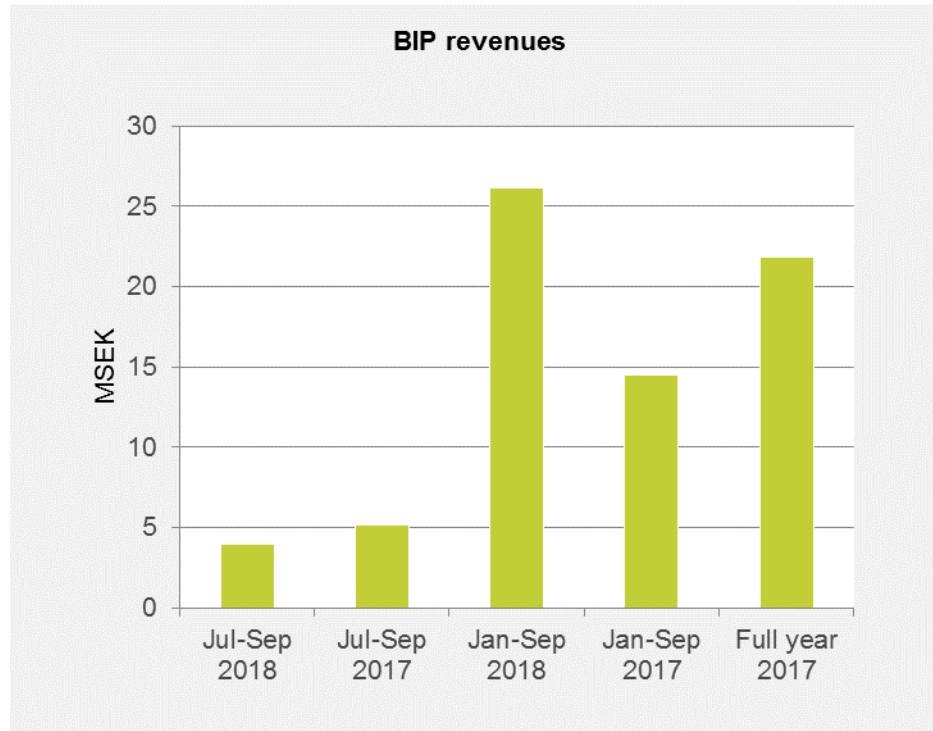
Revenue and EBITDA last twelve months (LTM)



Last twelve months

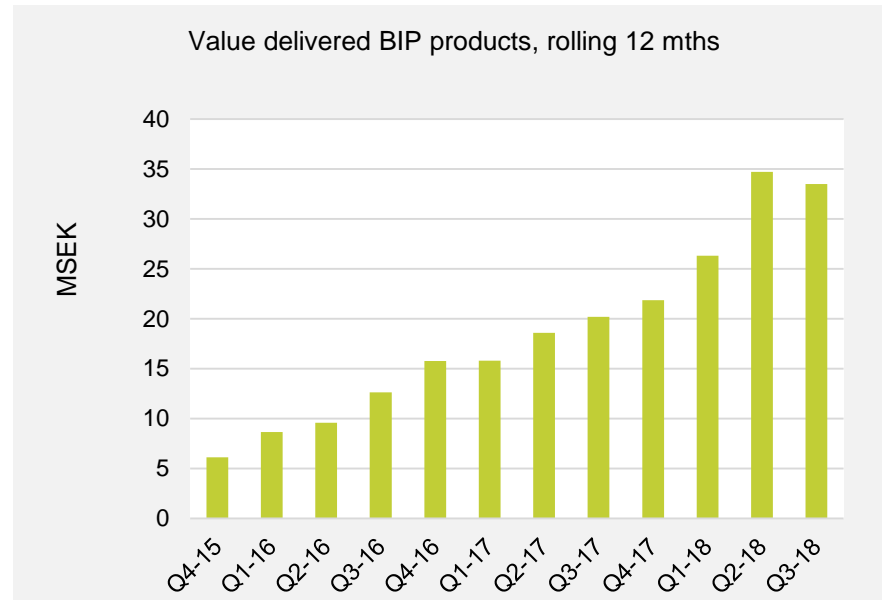
- Strong revenue development, 11%
- Development mainly driven by strong growth in BIP sales, 66%
- EBITDA somewhat lower MSEK 27.6 (30.2)
- Lower EBITDA since BIP sales represent a larger share of total sales and one-off costs of MSEK 11.5 for early termination of agreement with former distributor in China have affected 2018

BIP revenues



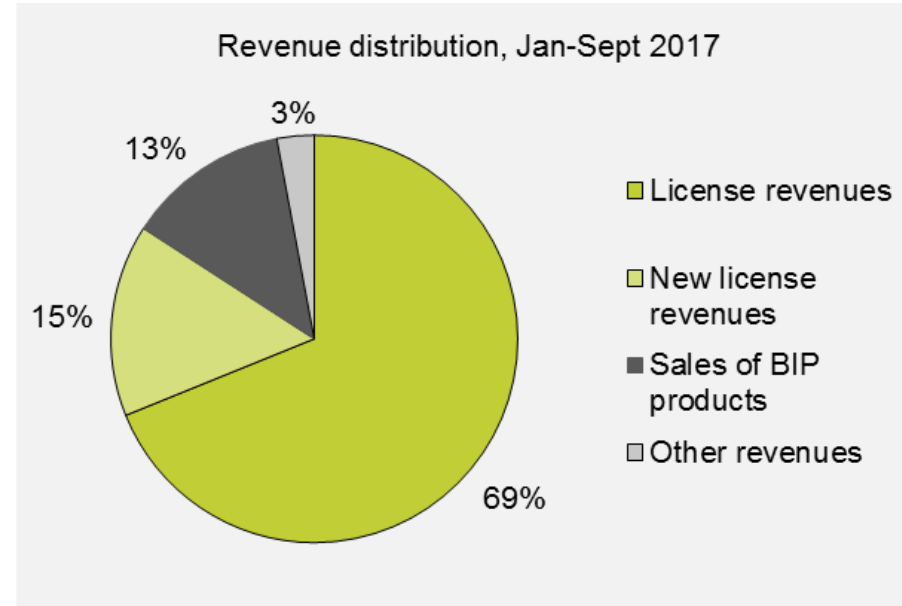
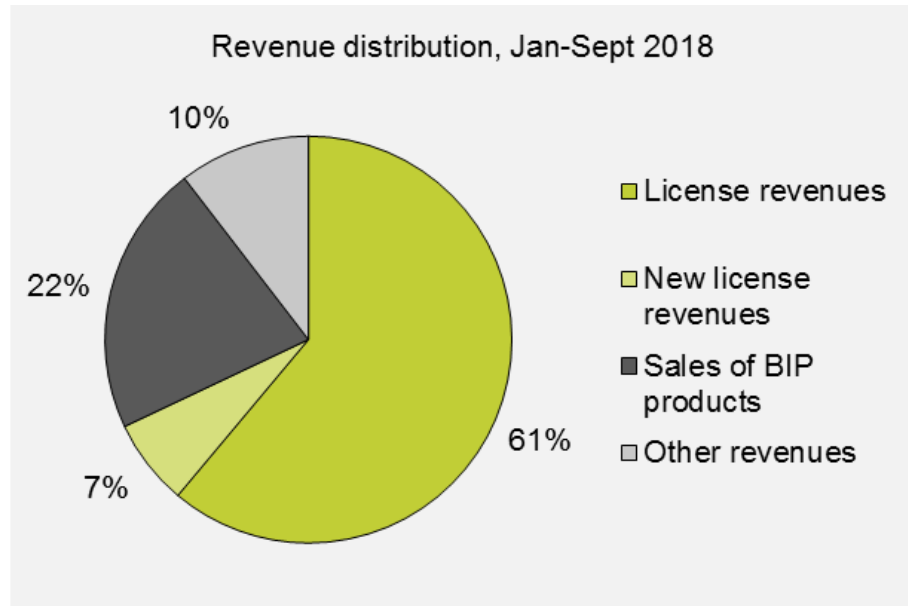
- Revenues from BIP-products of MSEK 3.9 (5.2) in Q3
- YTD revenues amounted to MSEK 26.1 (14.5), an increase of 80%
- For the full year 2017 BIP-products generated revenues of MSEK 21.8

Development in revenues from BIP products

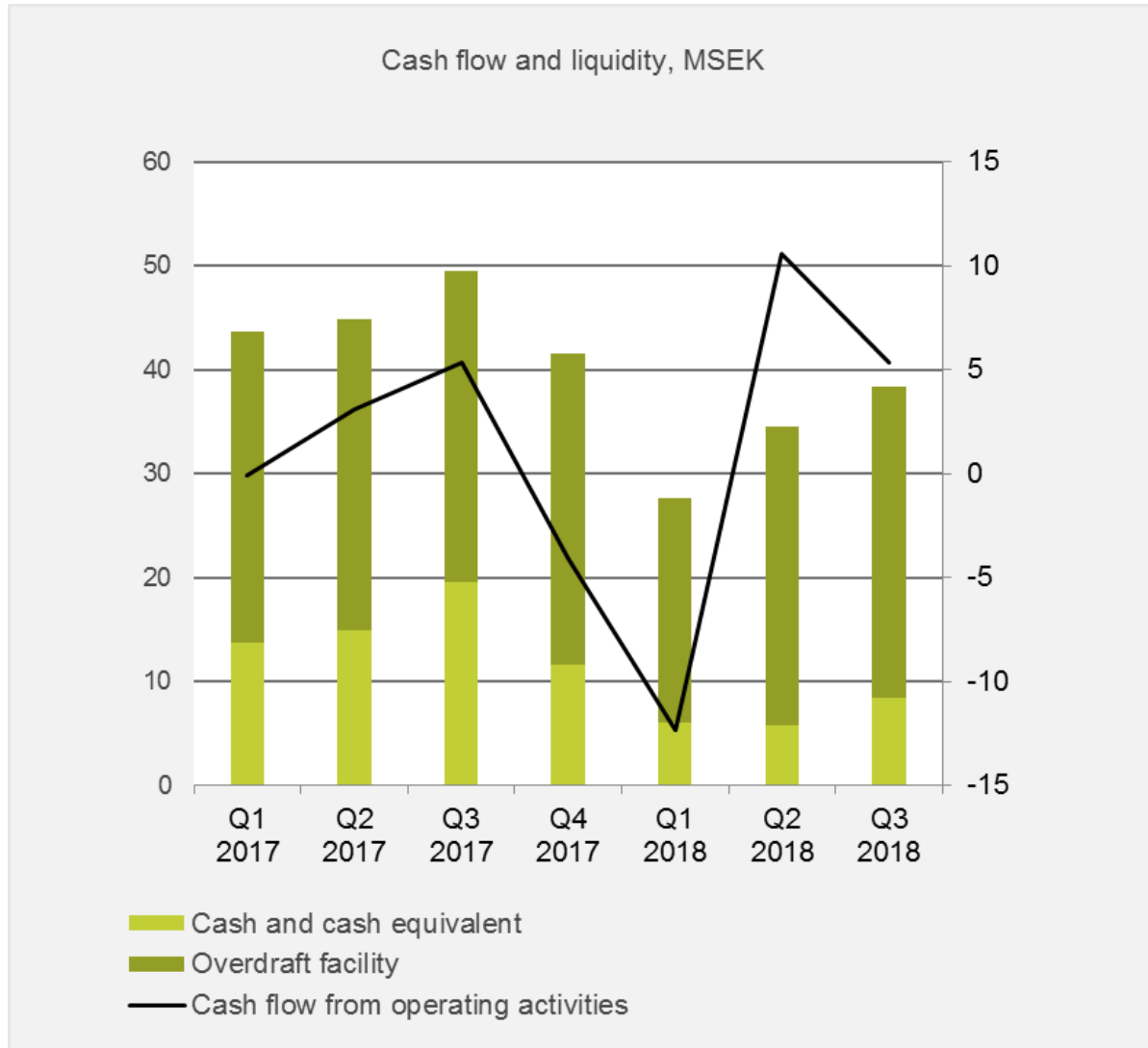


- Strong Q2 2018
- Lower activity in Q3
- 80% increase YTD
- 17% CAGR over this time period.

Revenue distribution



Cash flow and liquidity



Cash flow third quarter (July-September)

- Positive operating cash flow of MSEK 4.1 (5.2)
- Net Cash position of MSEK 8.4 (19.5)
- Liquidity of close to MSEK 40



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

- ✓ Revenues are growing
- ✓ BIP sales increased by 80% in first nine months
 - Strong development in China and India, combined with improved product mix
 - Swedish sales growing and breakthrough CVC tender won
- ✓ License revenues up in Q3, lower in first nine months
 - BD revenues catching up – stable underlying business
 - New license revenues lower than last year MSEK 8 (17) YTD
- ✓ EBITDA almost in line with Q3 of last year and a margin of 22%
- ✓ 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.**



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