  

Innovating for the healthcare needs of today and tomorrow

Q3 presentation
12 November 2015

Bactiguard

Antibiotic resistance and healthcare associated infections at the top of the political agenda

Global consumption of antibiotics increased by 30 percent between 2000 and 2010, from approximately 50 billion to 70 billion standard units, based on data from 71 countries.
CDDEP report ”The State of the World’s Antibiotics 2015” September 2015

CDDEP
THE CENTER FOR
Disease Dynamics, Economics & Policy
WASHINGTON DC • NEW DELHI

”Antimicrobial resistance is so serious that it threatens modern medicine. A post-antibiotic era in which common infections and minor injuries can kill – is a very real possibility for the 21st century.”
WHO Global report on antimicrobial resistance, 2014

World Health Organization

Infection prevention is a crucial element when tackling antimicrobial resistance as it reduces the need for antimicrobials. We will support initiatives that strengthen infection prevention within our countries.
Declaration of the G7 Health Ministers meeting in Berlin in October 2015

G7 GERMANY
2015 | Gesundheitsministertreffen

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Focus and priorities

Key priorities

- Refinancing of bond loan
- Developing new license businesses
- Driving sales of our own portfolio

Achievements and actions

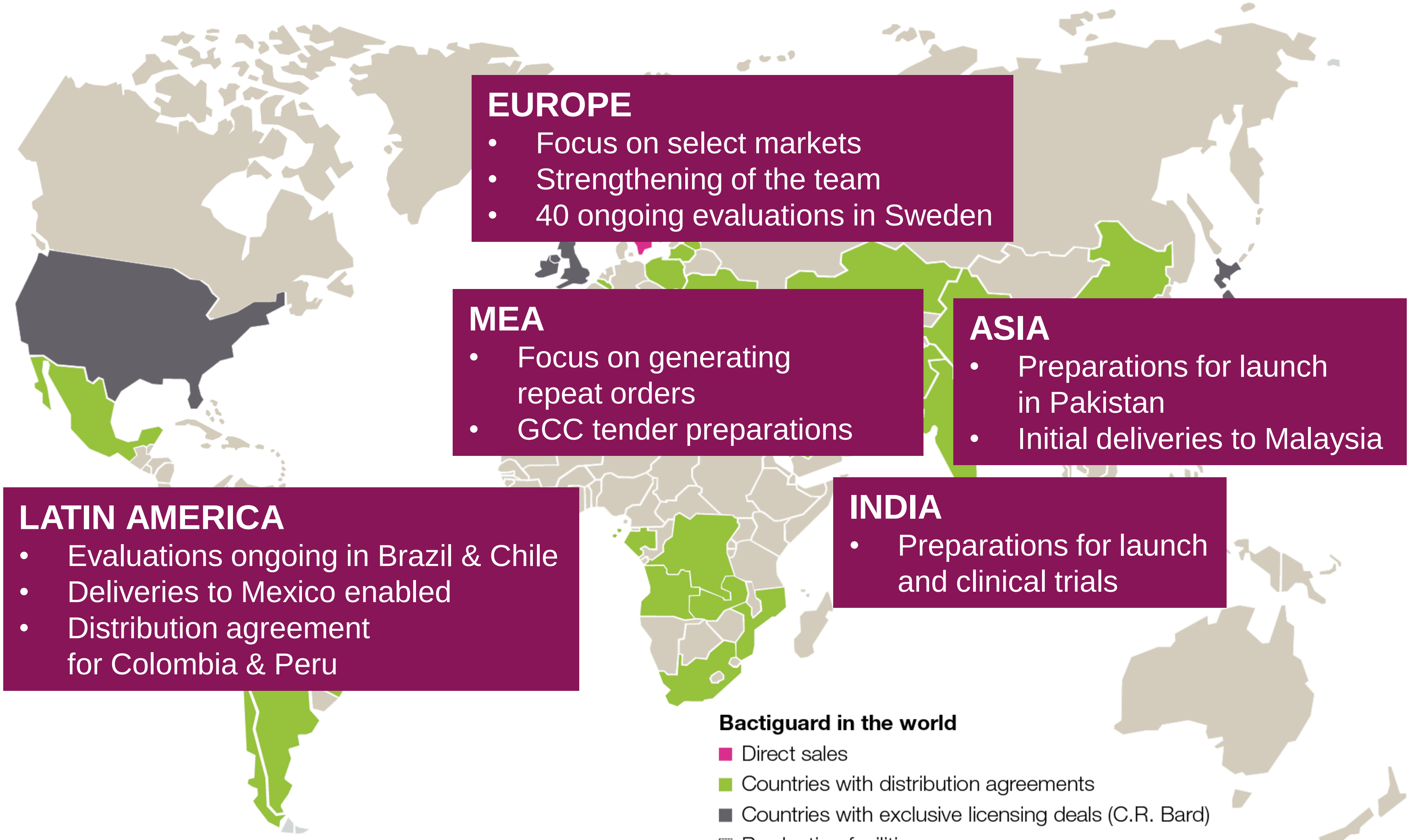
- Credit facility in place
- Entering new therapeutic area through license agreement
- Strengthening the sales team and focusing on key markets

Third quarter in brief

- Additional order of MSEK 28 from C.R. Bard, with positive effect on revenues, results and cash flow
- Underlying business with C.R. Bard remains stable
- Slow quarter with weak performance in sales of our BIP portfolio
- Repeat orders from the Middle East
- 40 ongoing evaluations at Swedish hospitals
- Preparing launch activities and post approval clinical trials in India
- Clinical evidence becoming even stronger
- Full year revenues will be higher than in 2014

Market update

Focus on select markets and generating repeat orders



EUROPE
- Focus on select markets
- Strengthening of the team
- 40 ongoing evaluations in Sweden

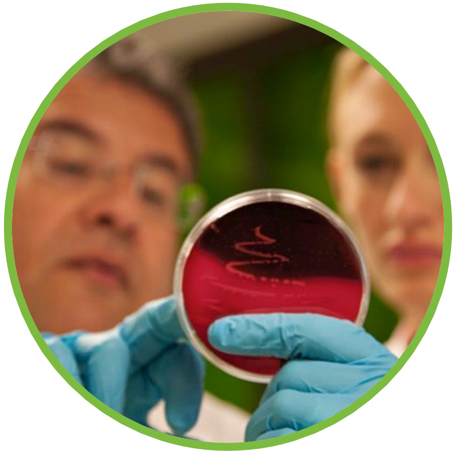
MEA
- Focus on generating repeat orders
- GCC tender preparations

ASIA
- Preparations for launch in Pakistan
- Initial deliveries to Malaysia

LATIN AMERICA
- Evaluations ongoing in Brazil & Chile
- Deliveries to Mexico enabled
- Distribution agreement for Colombia & Peru

INDIA
- Preparations for launch and clinical trials

Bactiguard's clinical evidence is getting even stronger



140 million
Foley catheters have been used since 1995

35%
of weighted average reduction is proven in clincial studies of symptomatic CAUTI (catheter associated urinary tract infections), but in some studies up to 70%

50%
reduction of catheter related blood stream infections with BIP CVC

67%
Reduction of ventilator associated pneumonia with BIP ETT

Fabrellas and Tincu
two new clinical studies, conducted in Spain and Romania, show that Bactiguard-coated catheters reduce hospital acquired infections and are cost-effective

India
post approval clinical trials starting in November

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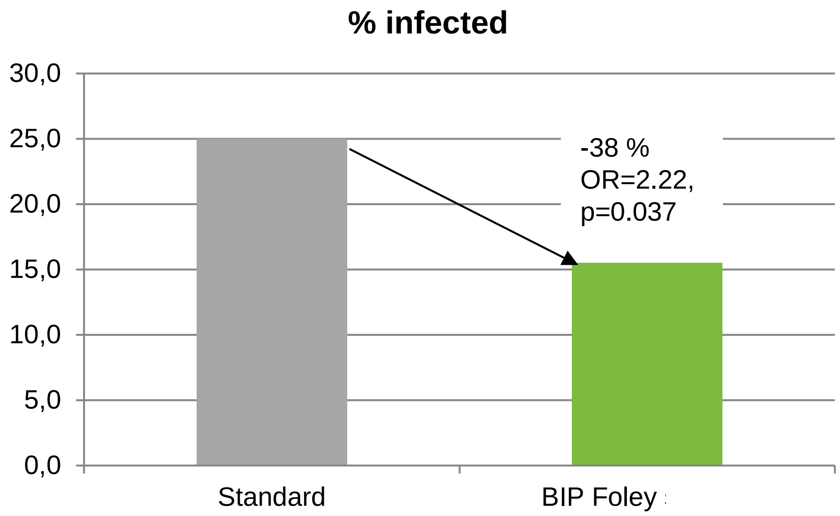
Clinical evidence BIP Foley: Fabrellas et al, 2015

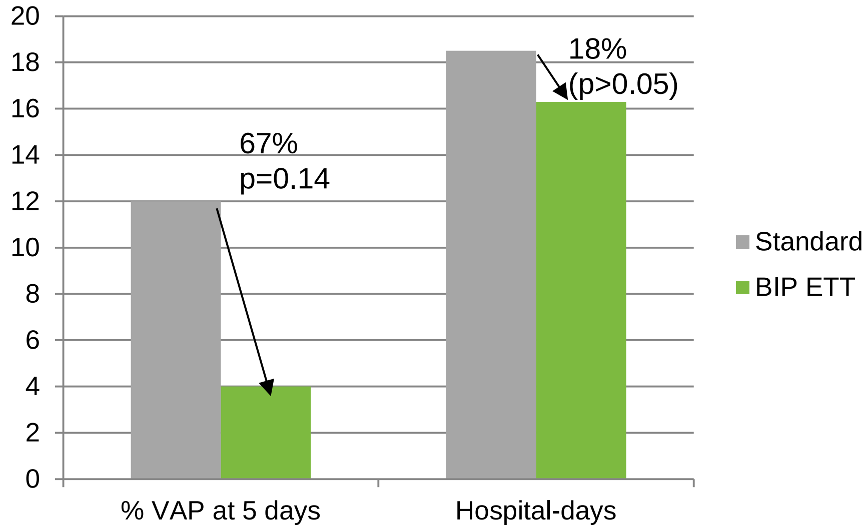


Number of patients	116
Patients	Cardiac surgery post-operative patients
Design	Prospective randomized
Hospital/Country	Spain
Primary outcome	UTI confirmed by 10^5 CFU/ml microorganisms in urine
Microbiology	Most common species were *E-coli* (30%) and *Klebsiella Pneumonia* (30%)
Health economy	The use of BIP Foley was shown cost effective

Fabrellas H et al; Incidence of urinary tract infections after cardiac surgery: comparative study according to catheterization device. Enferm Intensiva, 21 March 2015

BIP ETT Tincu et al, 2015

(presented as poster, Euroanasthesia 2015)

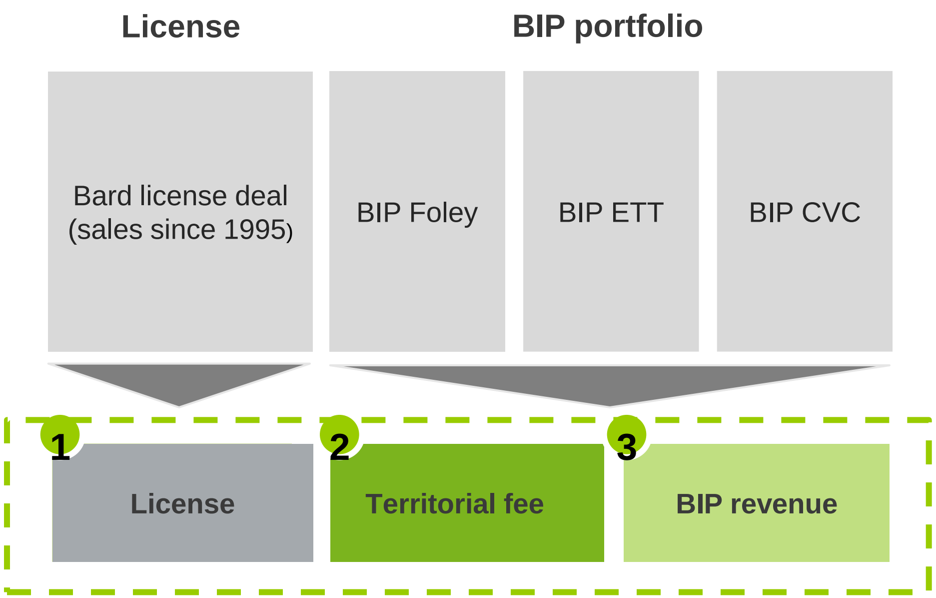


No of patients	100
Intubation time	5 days
Patient type	Admitted due to drug poisoning
Design	Prospective, randomized, controlled, independent, cross-over
Site	Bucharest, Romania
Primary outcome	VAP rates, length of stay
Other outcomes	Microbiological findings, Antibiotic use

Significantly less antibiotics
per VAP case (OR = 0.3, p=0.05)

Revenue streams

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

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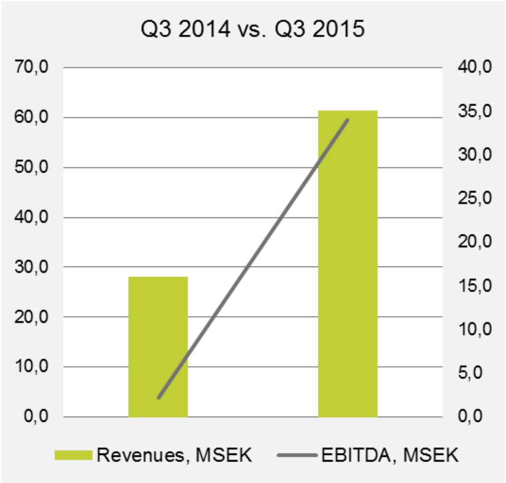
Highlights

Third quarter (July-September 2015)

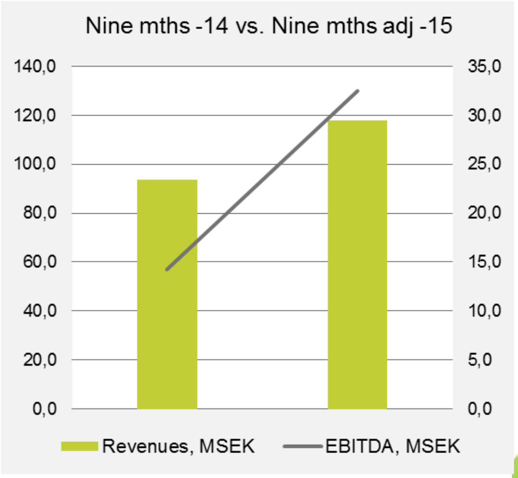
- Revenues of MSEK 61.4 (28.1), plus 118% compared to 2014
- EBITDA of MSEK 33.9 (2.2), 55% margin

Positive change mainly attributable to additional order in Q3 from C.R. Bard



Nine-months (January-September 2015)

- Revenues of MSEK 118 (93.8), plus 26% compared to 2014
- EBITDA of MSEK -2.9 (14.2). Excluding provisions and non-recurring costs of MSEK -35.4: EBITDA adjusted MSEK 32.5



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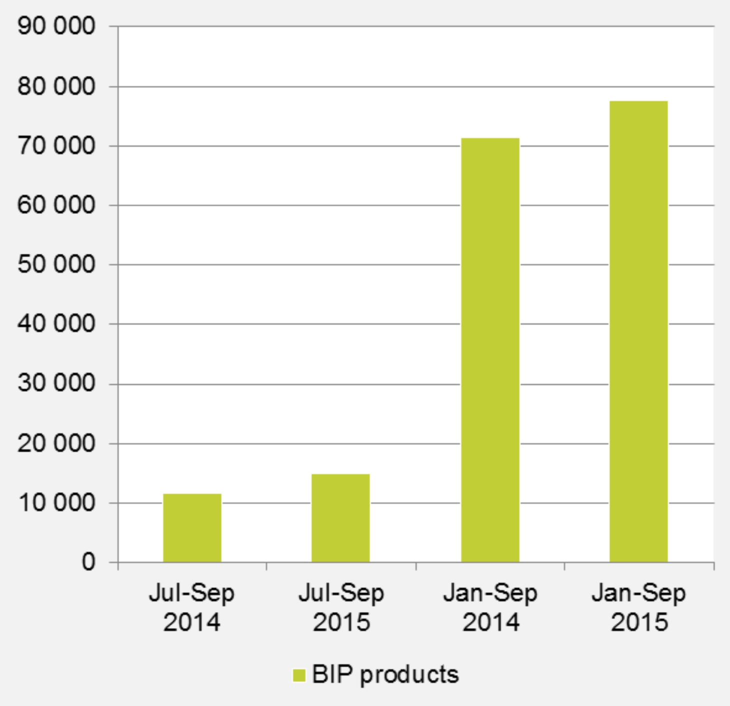
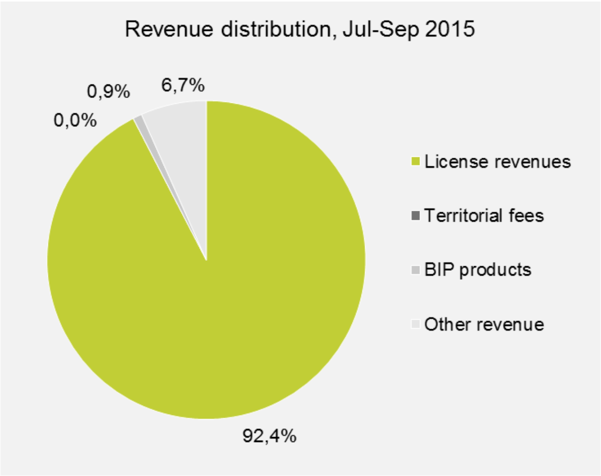
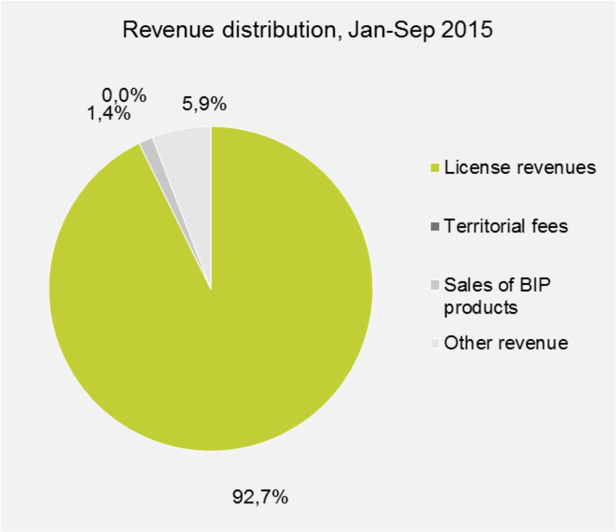
Supplied products



- 15 000 BIP products supplied in Q3 2015 compared to approx. 12 000 during Q3 2014
- For the first nine months 2015, 78 000 BIP products were supplied compared to 71 000 for the corresponding period in 2014, an increase of approx. 10%
- For the full year 2014, 79 000 BIP products were supplied

Income distribution





MSEK	Jul-Sep 2015	Jul-Sep 2014	Jan-Sep 2015
License revenues	56,8	24,3	109,4
Territorial fees	-	0,6	-
Sales of BIP products	0,6	0,5	1,7
Other revenue	4,1	2,6	6,9
Total Revenues	61,4	28,1	118,0

License revenues from C.R. Bard

License revenues							
(SEKm)	Q1	Q2	H1	Q3	Q4	9 mths	Full year
2013	21,6	19,3	40,9	21,3	20,5	62,2	82,7
2014	22,5	22,8	45,3	24,3	20,2	69,6	89,8
2015	26,8	25,8	52,6	56,8		109,4	

Of which currency effect MSEK 4 m

Of which currency effect MSEK 15 m

License revenues (underlying volumes)							
(SEKm)	Q1	Q2	H1	Q3	Q4	9 mths	Full year
2013	21,6	19,3	40,9	21,3	20,5	62,2	82,7
2014	22,5	22,8	45,3	24,3	20,2	69,6	89,8
2015	26,8	25,8	52,6	28,8		81,4	

Of which currency effect MSEK 11 m

- **Additional order from Bard contributed approx. SEK 28 million to revenues in Q3**
- **No increase in the underlying volume (number of liters) expected for the full year 2015**

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Key figures

Key figures	Jul-Sep 2015	Jul-Sep 2014	Jan-Sep 2015
Revenues, SEKm	61,4	28,1	118,0
EBITDA, SEKm	33,9	2,2	-2,9
EBITDA margin, %	55%	8%	-2%
EBITDA*, SEKm	33,9	2,2	-2,9
EBITDA margin*, %	55%	8%	-2%
Operating profit, SEKm	25,7	-5,3	-27,4
Net profit for the period, SEKm	6,1	-15,7	-36,4
Operating cash flow**, SEKm	9,5	-21,8	-6,9

**EBITDA Full year 2014 adjusted for IPO costs*

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

MSEK	Q3	Jan-Sep
EBITDA	33,9	-2,9
Provision for doubtful accounts		30,1
Non-recurring costs		5,3
Adjusted EBITDA	**33,9**	**32,5**

- EBITDA (Q3) MSEK 33.9,
- EBITDA (Nine-months) MSEK -2.9, adjusted EBITDA MSEK 32.5.
- Net profit (Q3), MSEK 6.1, positively affected by additional order from C.R. Bard and negatively affected by market valuation of bond.
- Operating cash flow for the period, MSEK 9.5 including cash flow from investing activities of MSEK -3.4
- Total cash flow for Q3, MSEK -35.1 including repurchase of bonds of MSEK 44.6

Financial flexibility and strength

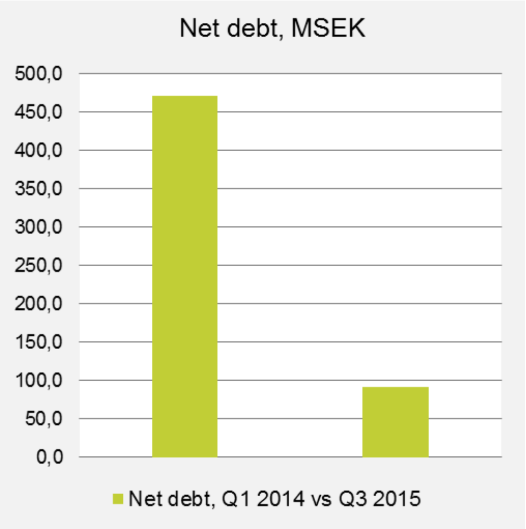
Q2 -14

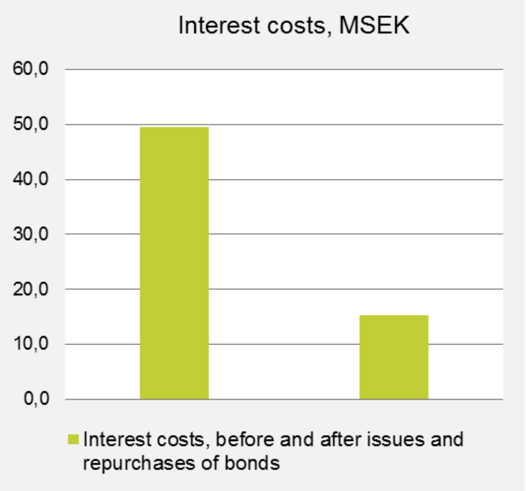
- **Share issue of MSEK 20 in April**
- **Set off issue of MSEK 222.5 in June**
- **Share issue of MSEK 240 in connection with IPO**

Q2 -14 - Q3 15

- **Repurchase of bonds, nominal value MSEK 88.5**

- **Equity ratio of 68 %**
- **Net debt of MSEK 91.6**
- **Cash position of MSEK 48.8**
- **Nominal value outstanding bond MSEK 139**
- **Annual interest costs on bond going forward until maturity, MSEK 15.3 (compared to MSEK 50 prior to IPO)**
- **Refinancing of bond loan will significantly reduce annual interest costs at maturity.**





Financial targets

- Previous targets have been based on an average sales growth of at least 30% per annum over a five-year period, with base year 2013.

Revised 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
- **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

Key take aways

- Focus on select markets and generating repeat orders
- Developing license business and entering new therapeutic areas
- Clinical evidence is getting even stronger
- One off order from C.R. Bard had a positive effect on revenues and cash flow, stable underlying business
- Revenues for the full year 2015 will be higher than in 2014
- Re-financing of bond loan secured
- Financial targets revised

More information is available on our webiste www.bactiguard.se

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Bactiguard has an important role to play

Preventing healthcare associated infections

Questions