

Bactiguard Infection Protection

Full year presentation

7 February, 2019

Financial highlights Q4

- Q4 revenues of MSEK 42.1 (41.4) - 2% higher than in 2017
- BIP sales increased by 96% and amounted to MSEK 14.4 (7.4), driven by major order from China and European growth
- License revenues were lower at MSEK 27.3 (31.1) - BD revenues were higher, while new revenues were lower than in Q4 last year
- EBITDA of MSEK 3.3 (8.8), negatively affected by MSEK 4.3 write-down of accounts receivable
- EBITDA margin of 8% (21%), adjusted for the above write-down the margin was 18%



Financial highlights full year 2018

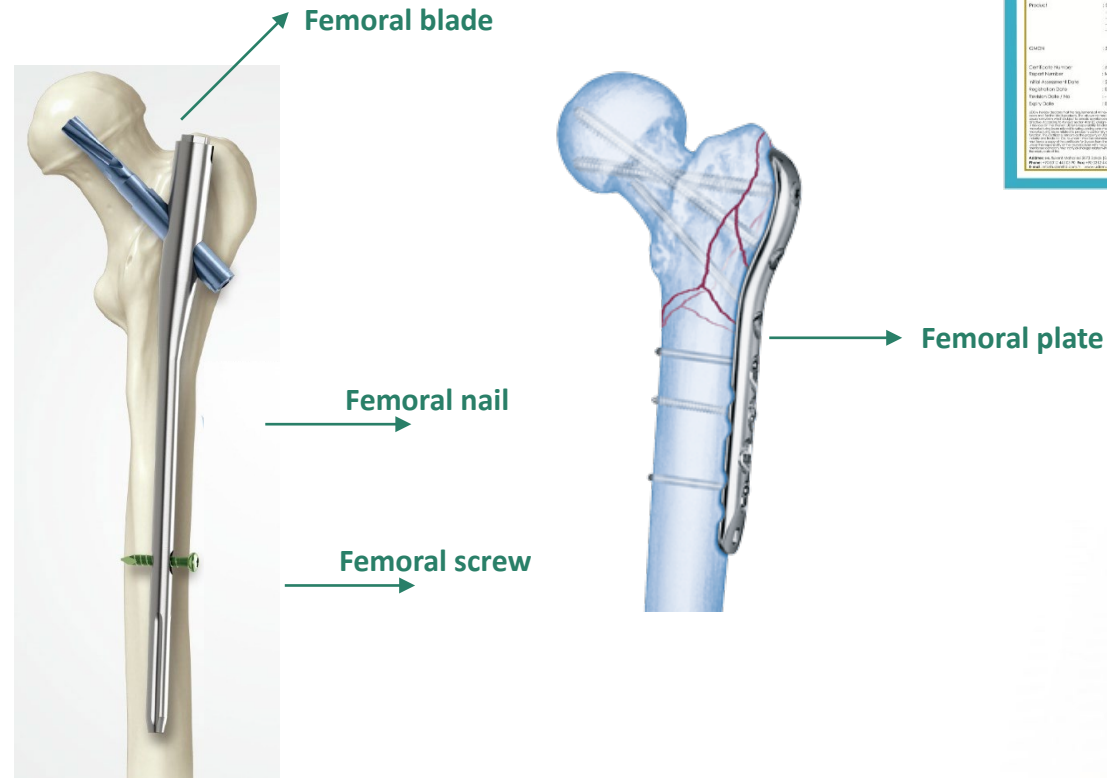
Eventful year with strong growth in the BIP portfolio

- Revenues of MSEK 163.2 (153.6) - 6% higher than in 2017
- BIP sales increased by 86% to MSEK 40.6 (21.8) – China accounts for large part of the growth, but other regions and improved product mix also contributed
- License revenues lower in 2018 than 2017
 - BD revenues of 101.2 (104.3) somewhat lower due to inventory adjustments at the beginning of the year
 - New license revenues from Well Lead in China of MSEK 8.3, while last year included new license revenues of MSEK 21.4 from Smartwise
- EBITDA of MSEK 22.2 (34.4), affected by MSEK 11.5 in one-off costs for early termination of distribution agreement for China and write-down of accounts receivable of MSEK 4.3
- EBITDA margin of 14% (22%), adjusted for one-off costs and write-down the margin was 23%
- Net profit negative at MSEK -14.9 (-3.3) due to depreciation on technology of -23.8 MSEK (no effect on cash flow)
- Operating cash flow of MSEK -4.9 (-0.1)

Orthopaedic trauma implants, OrthoSyn Class IIb

- OrthoSyn are femoral and tibial trauma implants, intended for the **internal fixation of fractures** and **reconstruction of bones** in a portfolio of over 2 000 articles, which fall under one of these four categories:

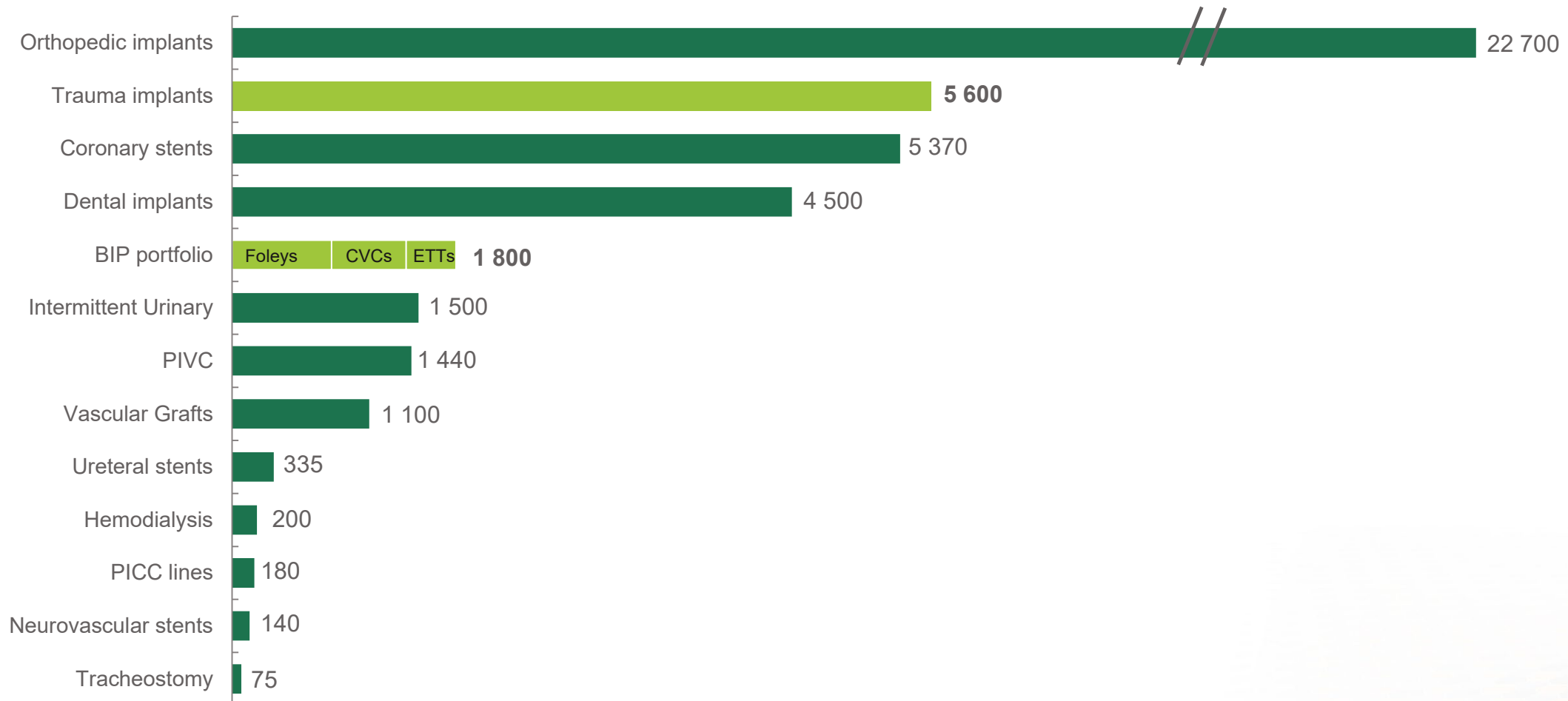
- Femoral/tibial nails
- Femoral/tibial screws
- Femoral/tibial blades
- Femoral/tibial plates



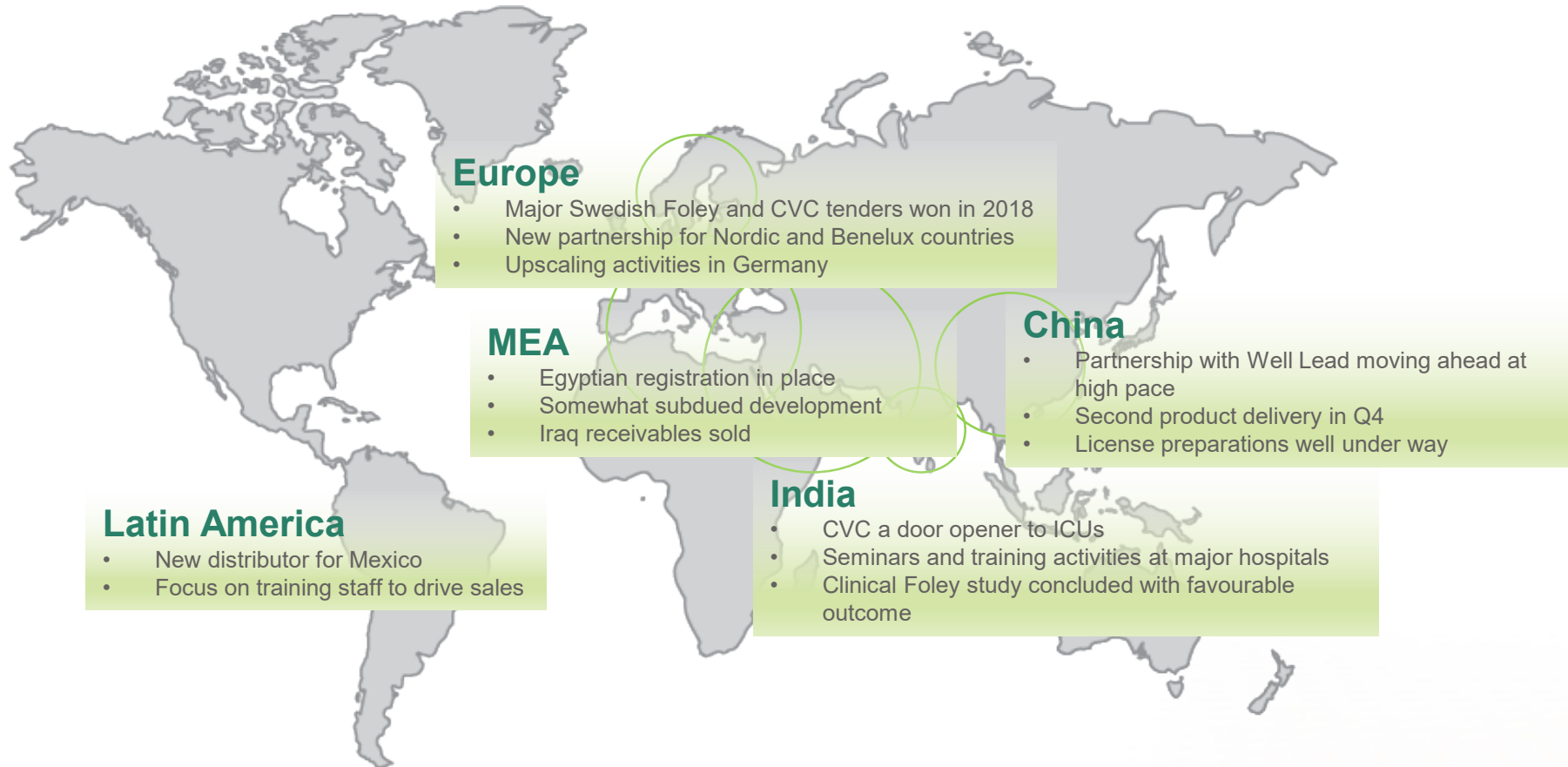
Potential new applications for licensing or BIP portfolio



Global markets MUSD

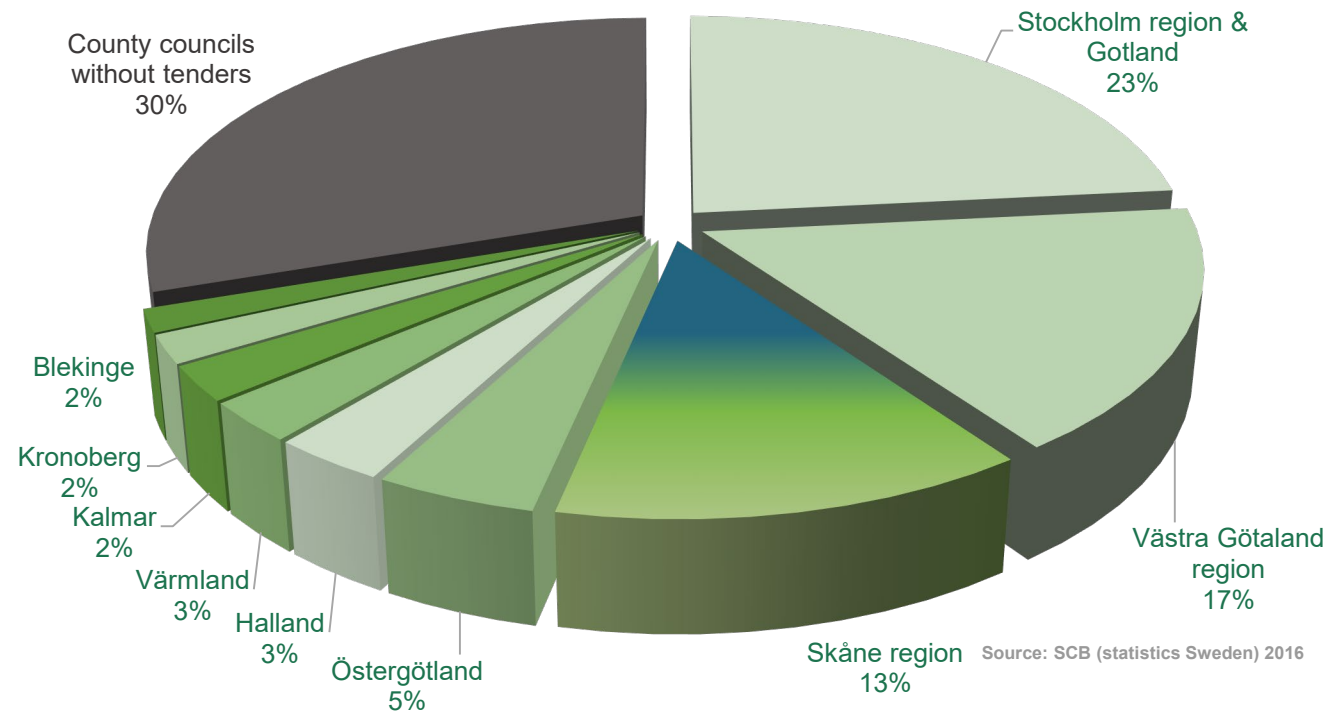


Market update



Swedish presence

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



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
- CE mark awarded in December 2018
- Concluding clinical trial
- Important precedent for other orthopaedic applications



Smartwise Sweden AB

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



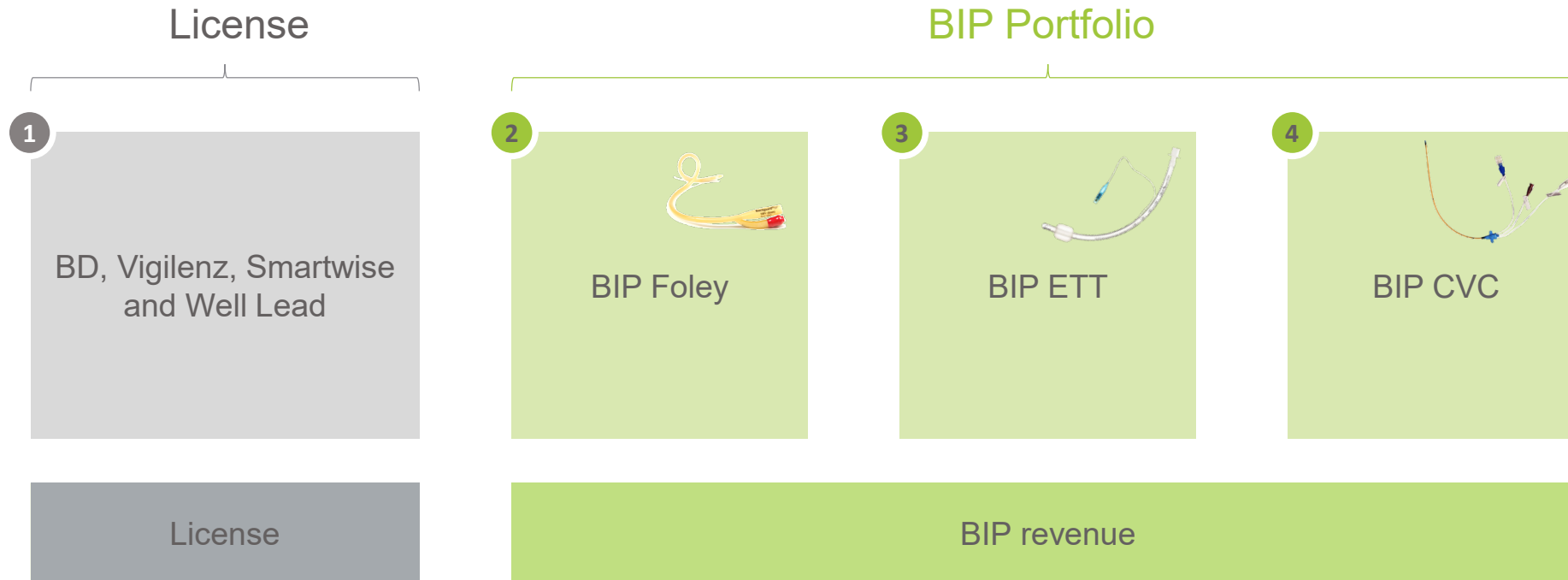
Well Lead Medical

- License agreement for Foleys, CVCs and ETTs in China
- Revenues of MSEK 28 in 2018, whereof MSEK 8 in license revenues
- 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

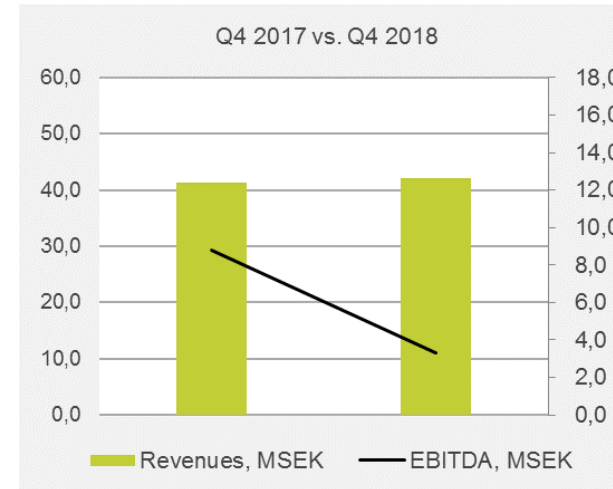
Direct sales of own product portfolio

Financial highlights



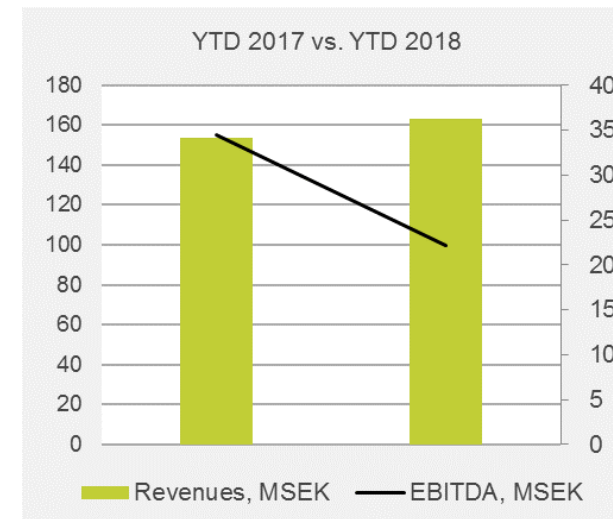
Fourth quarter (October-December 2018)

- Revenues of MSEK 42.1 (41.4), an increase of 2%
- BIP sales of MSEK 14.4 (7.4), 96% higher than last year, mainly driven by major order from China and growth in Europe
- No new license revenues in Q4 2018, last year included 4.2 MSEK from agreement with Smartwise
- License revenue from BD somewhat higher than last year – MSEK 27.3 (26.9). Higher royalty payments and stronger USD – stable underlying business
- Write-down of accounts receivable of MSEK 4.3 in the quarter
- EBITDA of MSEK 3.3 (8.4), 8% (21%) EBITDA margin. Adjusted margin of 18%



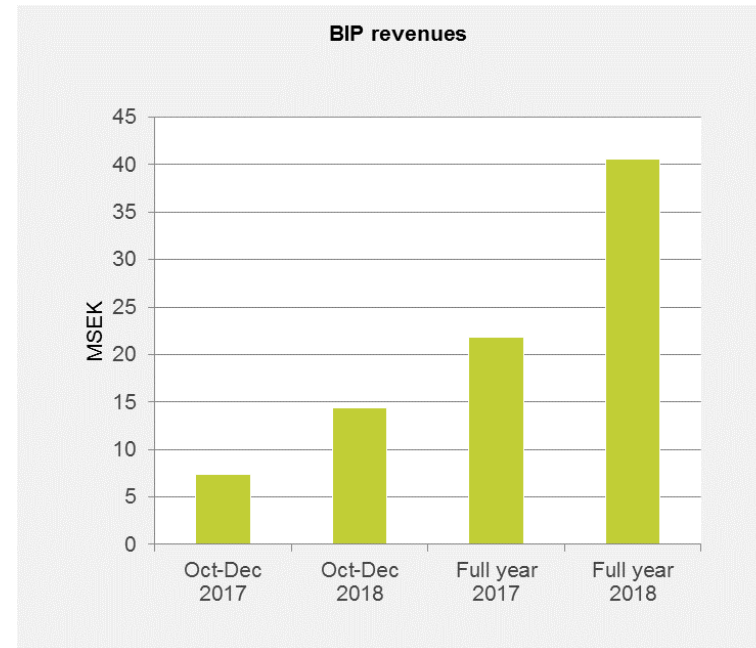
Full Year 2018

- Revenues of MSEK 163.2 (153.6), an increase of 6%
- BIP sales of MSEK 40.6 (21.8), an increase of 86%
- New license revenues from Well Lead of MSEK 8.3, last year included new license revenue from Smartwise of MSEK 21.4
- License revenues from BD somewhat lower than in 2017
- EBITDA of MSEK 22.2 (34.4), 14% (22%) EBITDA margin. Lower than in 2017 due to lower new license revenues, one-off costs of MSEK 11.5 and a write-down of accounts receivable of MSEK 4.3. Adjusted margin of 23%



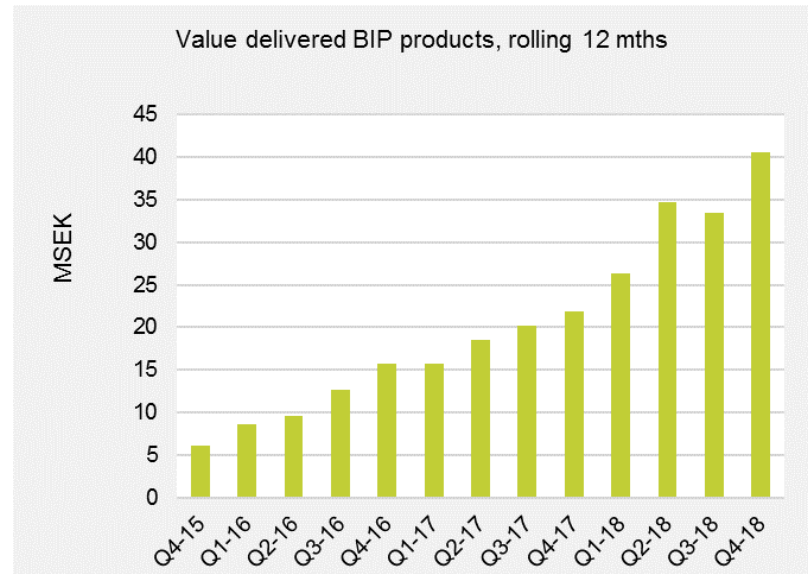
BIP revenues

- Revenues from BIP-products of MSEK 14.4 (7.4) in Q4
- Full year revenues amounted to MSEK 40.6 (21.8), an increase of 86%
- New distribution agreement for China has fuelled growth, other regions and an improved product mix also contributed

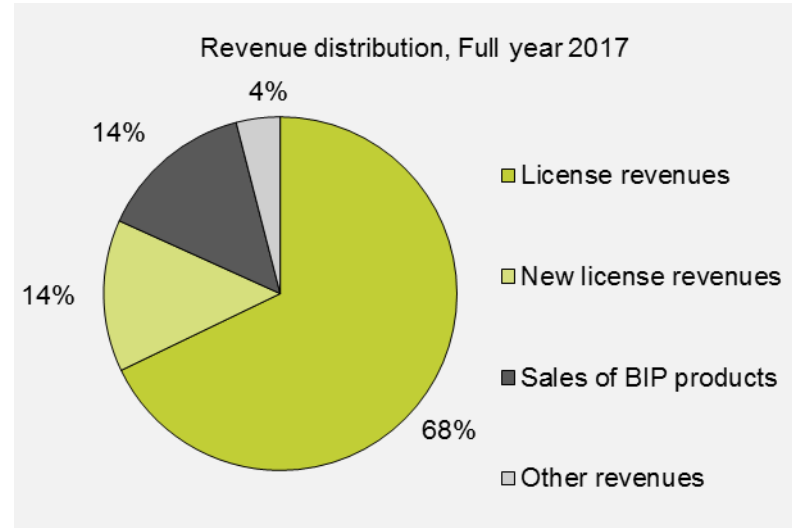
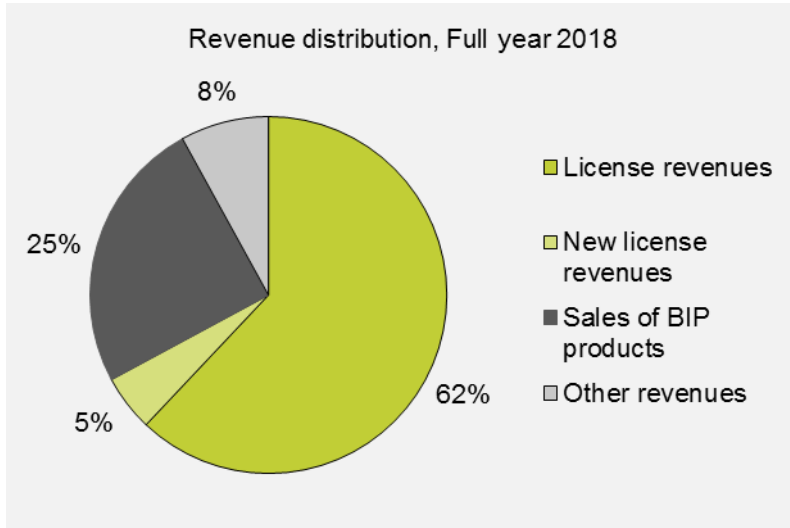


Development in revenues from BIP products

- Strong Q2 and Q4 in 2018
- Lower activity in Q3
- 86% increase FY 2018 vs 2017
- 17% CAGR over this time period



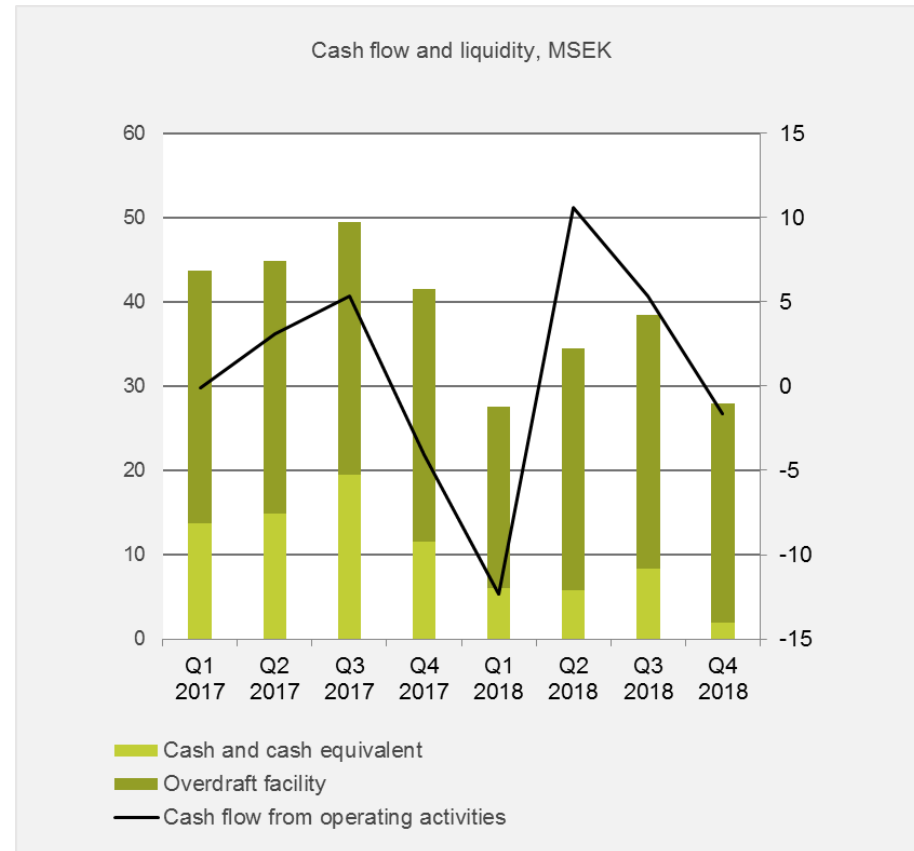
Revenue distribution



Cash flow and liquidity

Cash flow fourth quarter (October - December)

- Operating cash flow of MSEK -5.0 (-5.8)
- Net Cash position of MSEK 1.9 (11.6)
- Liquidity of approximately MSEK 28
- Proceeds from disposal of receivables of MSEK 12.8 in Q1 2019



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
- Board proposes no dividend for 2018



Concluding remarks

- Revenues growing, fueled by BIP sales
- BIP sales increased by 86% in 2018
 - Strong growth in China, supported by Europe and India
 - Improved product mix
- License revenues lower than in 2017
 - BD revenues at par with 2017 – stable underlying business
 - New license revenues lower than last year MSEK 8 (21) FY 2018
- EBITDA affected by lower license revenues, one-off costs for China and write-down of receivables
- CE mark for trauma implants important precedent for new applications
- 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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