



# Bactiguard

Q2 presentation  
August 10, 2017

# Infections and antimicrobial resistance

## Increasing media and public attention



### Resistenta bakterier hot mot världsekonomin

Nu drar FN-kommissionens arbete med att få bukt med den glänsande antibiotikaresistensen i gång. Människors liv och hälsa, men även världsekonomin står på spel. –Antibiotikaresistens är en av vår tids ödesfrågor, säger

Problemet förvärras av att ingen ny klass av antibiotika har tagits fram sedan 1967, och att den antibiotika som finns ofta används på ett felaktigt sätt. Att världens länder för två år sedan, på Världshälsoorganisationens WHO:s initiativ, förband sig att ta

resistens närligen diskuterat vid sitt första möte. –Vårt uppdrag är att kartlägga pågående aktiviteter och se om de går att samordna. Vi ska också föreslå åtgärder där vi ser att det inte händer någonting, säger Otto Cars.

→ Antibiotikahotet | SvD.se

### Så undviker du multiresistenta bakterier

Är livsmedel en smittkälla? Finns resistenta bakterier i naturen? Kan jag smittas av djur? Antalet sjukdoms- och abstrakta bakterier som står emot antibiotika ökar. SvD rediger ut frågetecknen om det växande hotet.

resistensutvecklingen. Jakten på kostnader har lett till att mycket av antibiotikan i dag tillverkas i länder där reningen av processvattnet från fabriker ofta är otillräcklig. Det gör att stora mängder antibiotika försas ut i miljön. Utanför ett reningsverk i



MRSA-resistenta bakterier i laboratoriet på Veterinärinstitutet i Oslo. Foto: Cornelius Poppe/TT

*“Antimicrobial resistance is one of the greatest challenges of our time, as it threatens healthcare, the world economy and global development”*

Otto Cars, Professor in infectious disease and member of the joint UN working group on antimicrobial resistance

*“Using coatings on orthopaedic implants and catheters can prevent bacteria from growing on the surface”*

Linus Sandegren, researcher and member of management at Uppsala Antibiotic Centre



New data suggest a striking rise in the deadly syndrome, but hospitals have a profit-motive to find it—and it may have been there all along.

By John Tozzi  
14 juli 2017 10:00 CEST

# Antimicrobial Resistance (AMR)



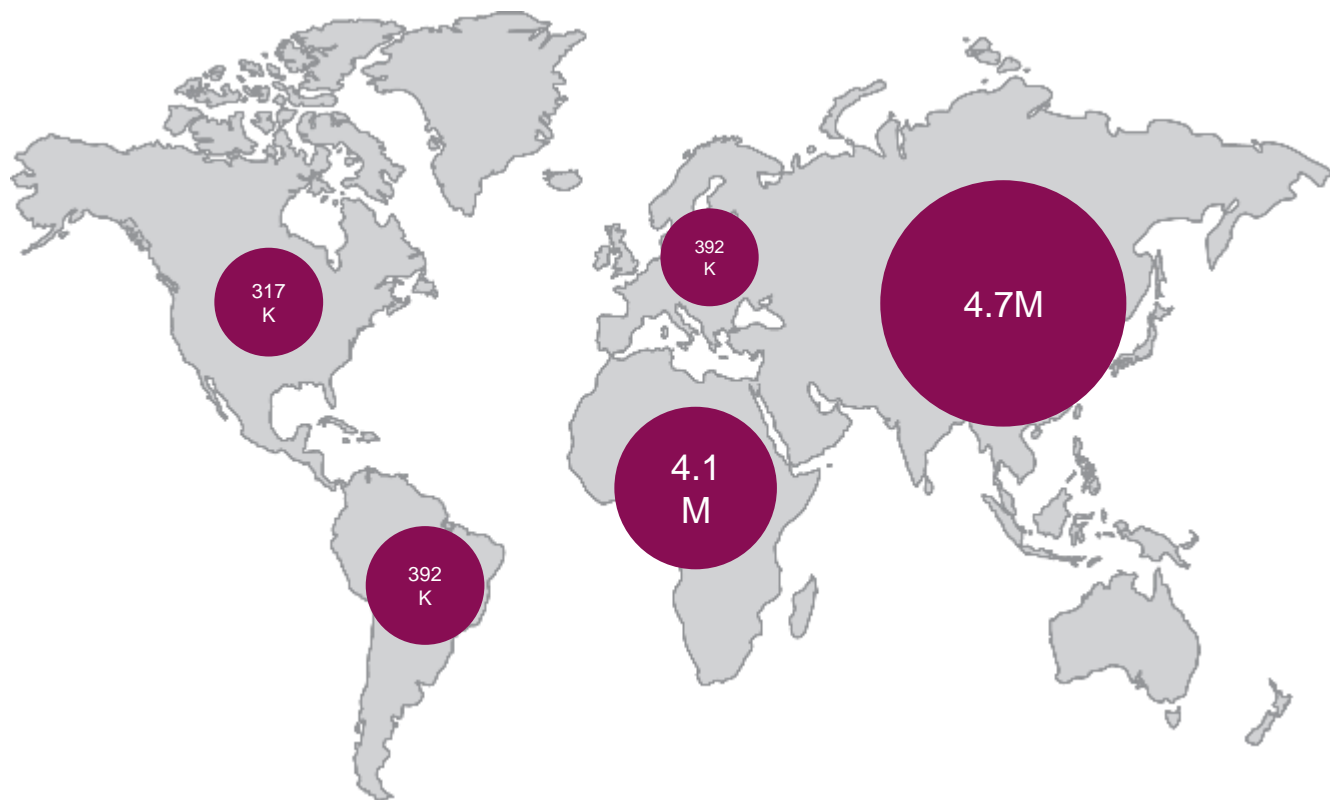
## European and Global Challenge by 2050

AMR is a serious threat to public health:

**25 000** patients die annually in the EU as a result of infections caused by resistant bacteria

Globally this could be as high as **700 000**

**10 million** deaths per year are projected by **2050** if current infection and resistance trends continue.

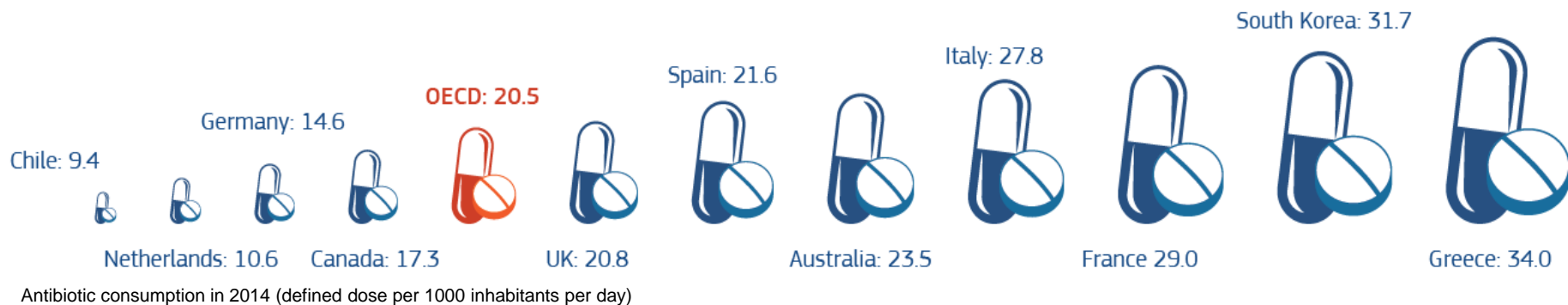


# Antibiotic consumption

Consumption of antibiotics used for treatment of multidrug-resistant bacterial infections almost doubled in Europe between 2010-2014.

While there has been a significant decrease in antibiotic consumption outside of hospitals in 6 countries (Denmark, Estonia, Finland, Luxembourg, Spain, Sweden), there is a high variability of consumption across OECD countries.

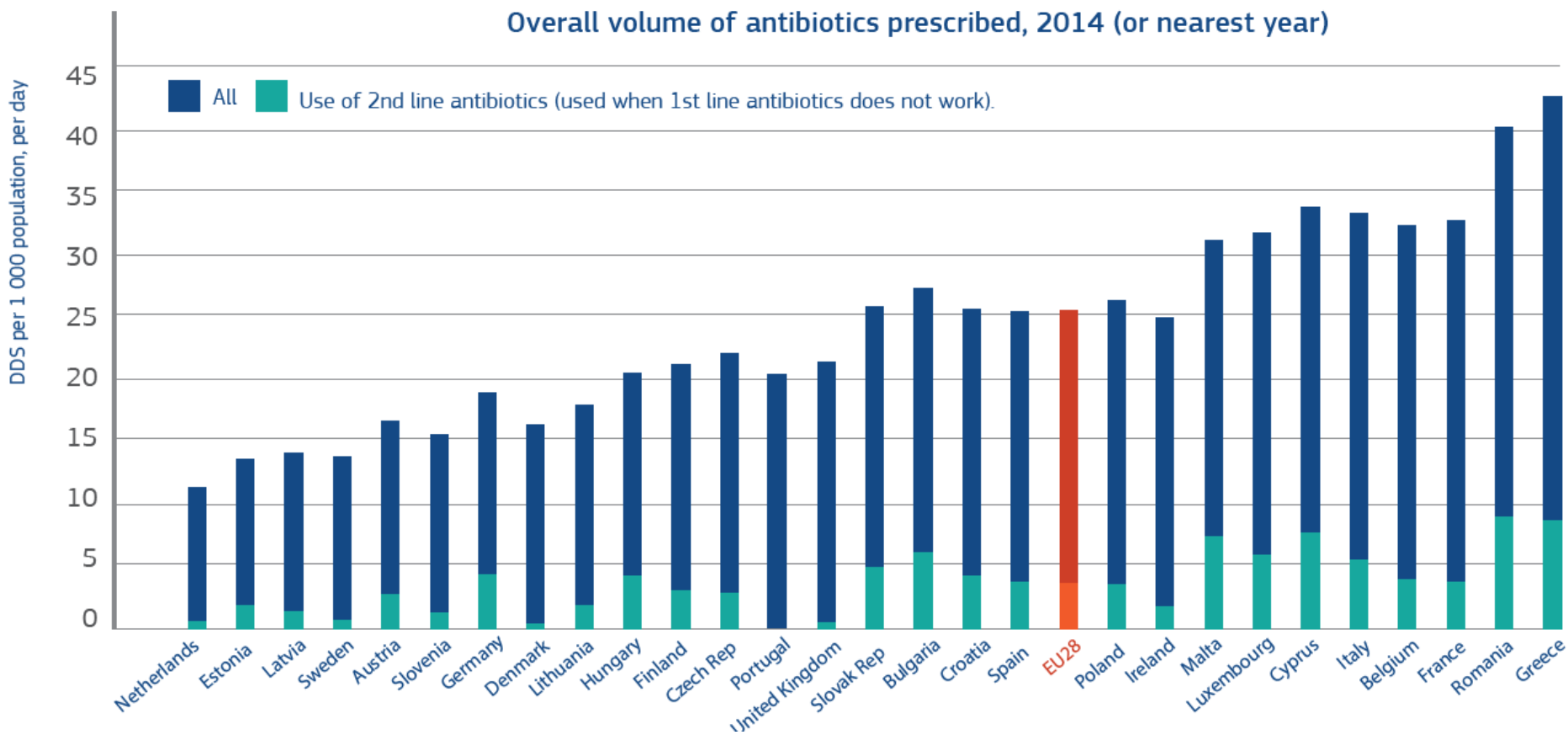
Globally it is estimated that **only half** of antibiotics are used correctly.



# Antibiotic consumption

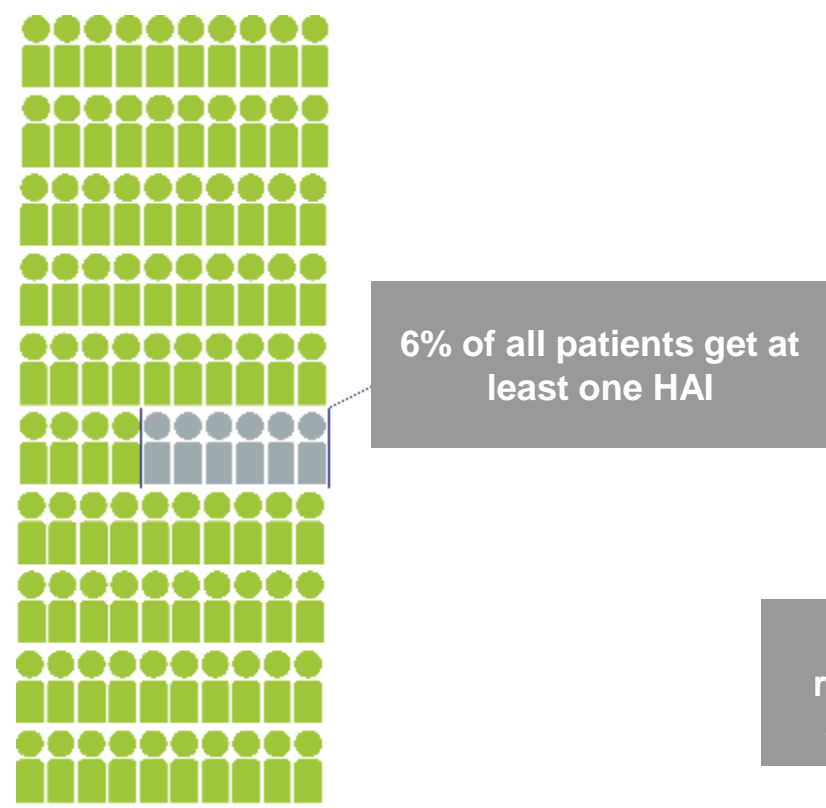
Use of second-line antibiotics an increasing concern

Overall volume of antibiotics prescribed, 2014 (or nearest year)

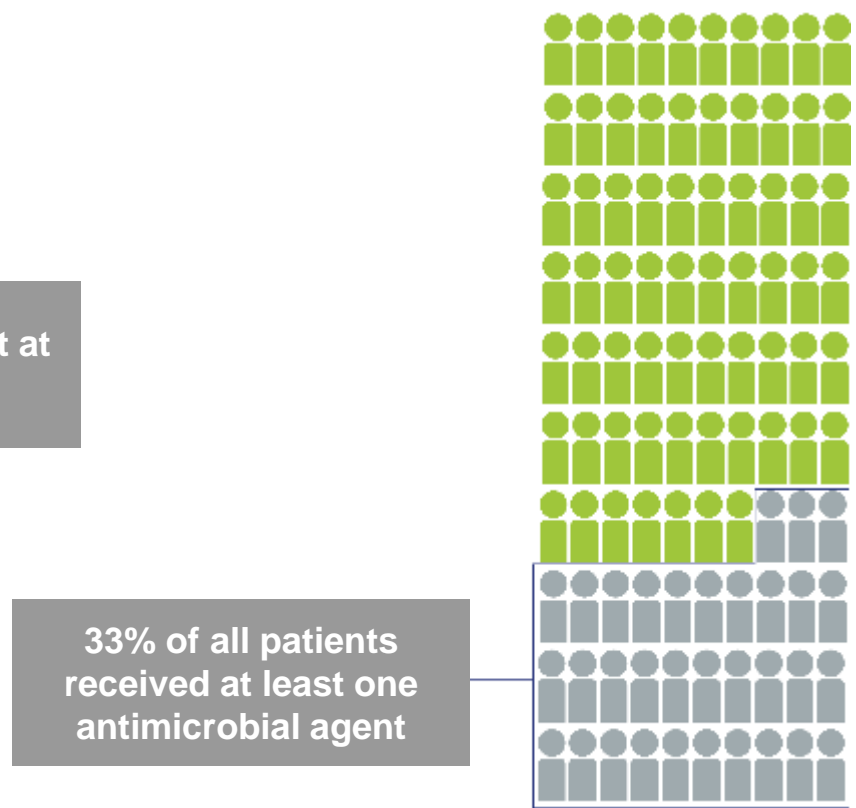


# HAI and antimicrobial use in European hospitals

## Healthcare-associated infections (HAI) in European hospitals



## Antimicrobial use in European hospitals



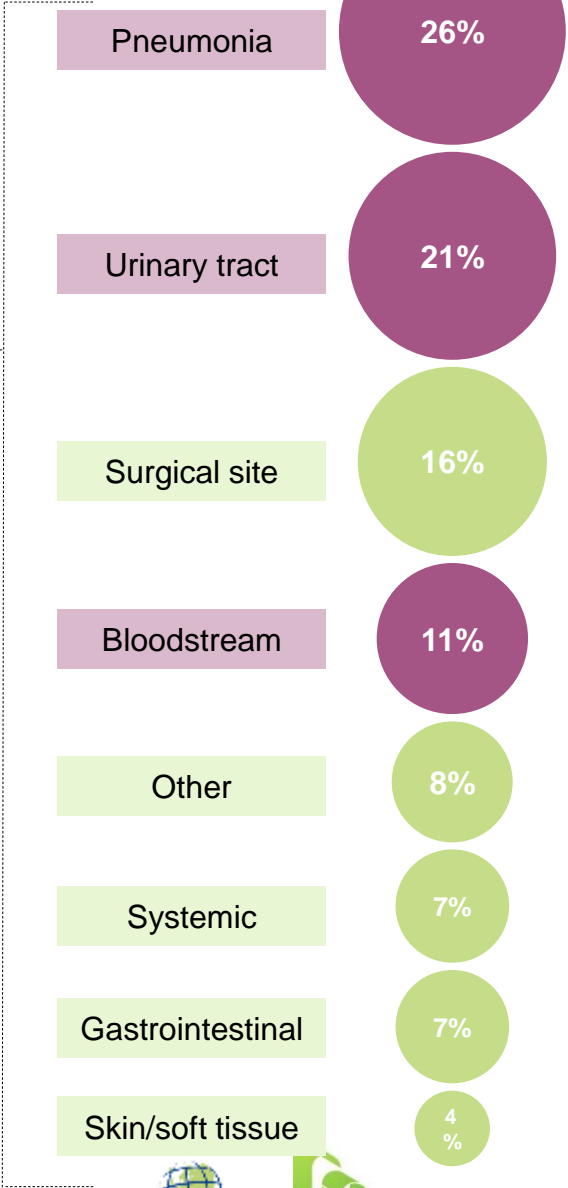
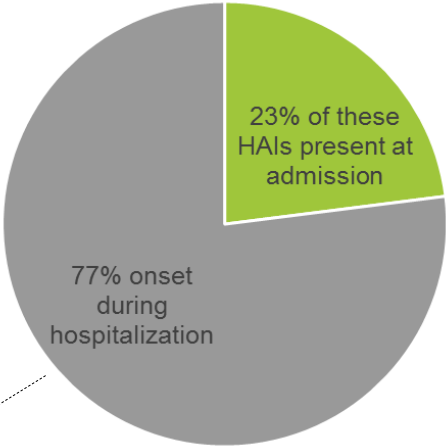
Reference: European CDC. [https://ecdc.europa.eu/sites/portal/files/media/en/healthtopics/Healthcare-associated\\_infections/point-prevalence-survey/PublishingImages/hai-point-prevalence-survey.jpg](https://ecdc.europa.eu/sites/portal/files/media/en/healthtopics/Healthcare-associated_infections/point-prevalence-survey/PublishingImages/hai-point-prevalence-survey.jpg)



# HAIs in European hospitals



6% of all patients get at least one HAI



# Highlights in Q2 2017

- ✓ Seven consecutive quarters of increasing BIP sales, based on rolling twelve-month figures
- ✓ Higher license revenues. Continued stable revenues from Bard. USD currency hedge.
- ✓ Revenue growth of 8%. First half year 30%, excluding new license deal 7%
- ✓ EBITDA margin of 11%. First half year 22%
- ✓ Tender wins in Stockholm, Skåne and Kalmar
- ✓ New distribution partners for Brazil, Italy and South Africa
- ✓ European sales increasing and Middle East back on track
- ✓ Third order from China of 100,000 units delivered



Tender won for  
Stockholm

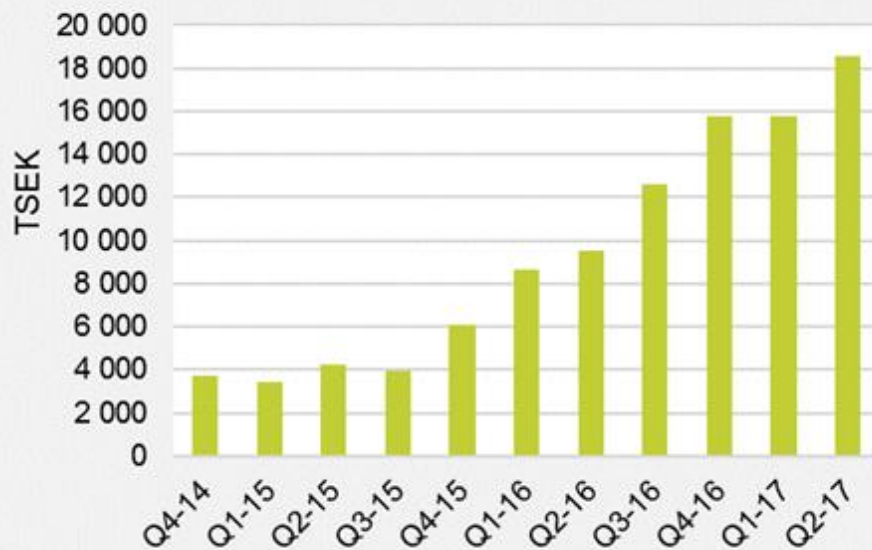


Expanding market  
presence



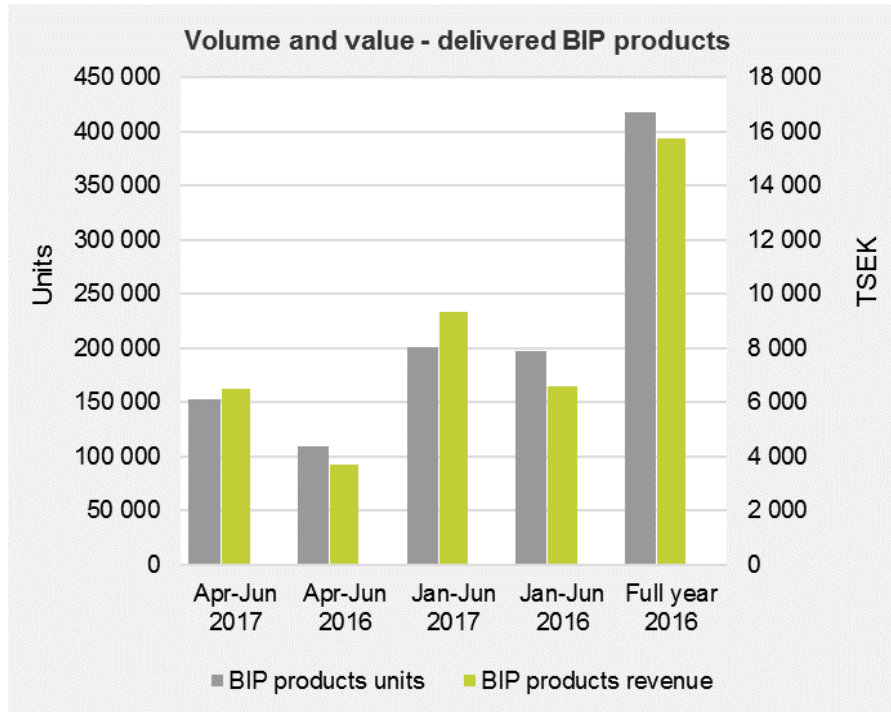
# Development value delivered BIP products

Value delivered BIP products, rolling 12 mths



- Development value per quarter delivered BIP products, rolling 12 months.
- CAGR in this time period of 17%.

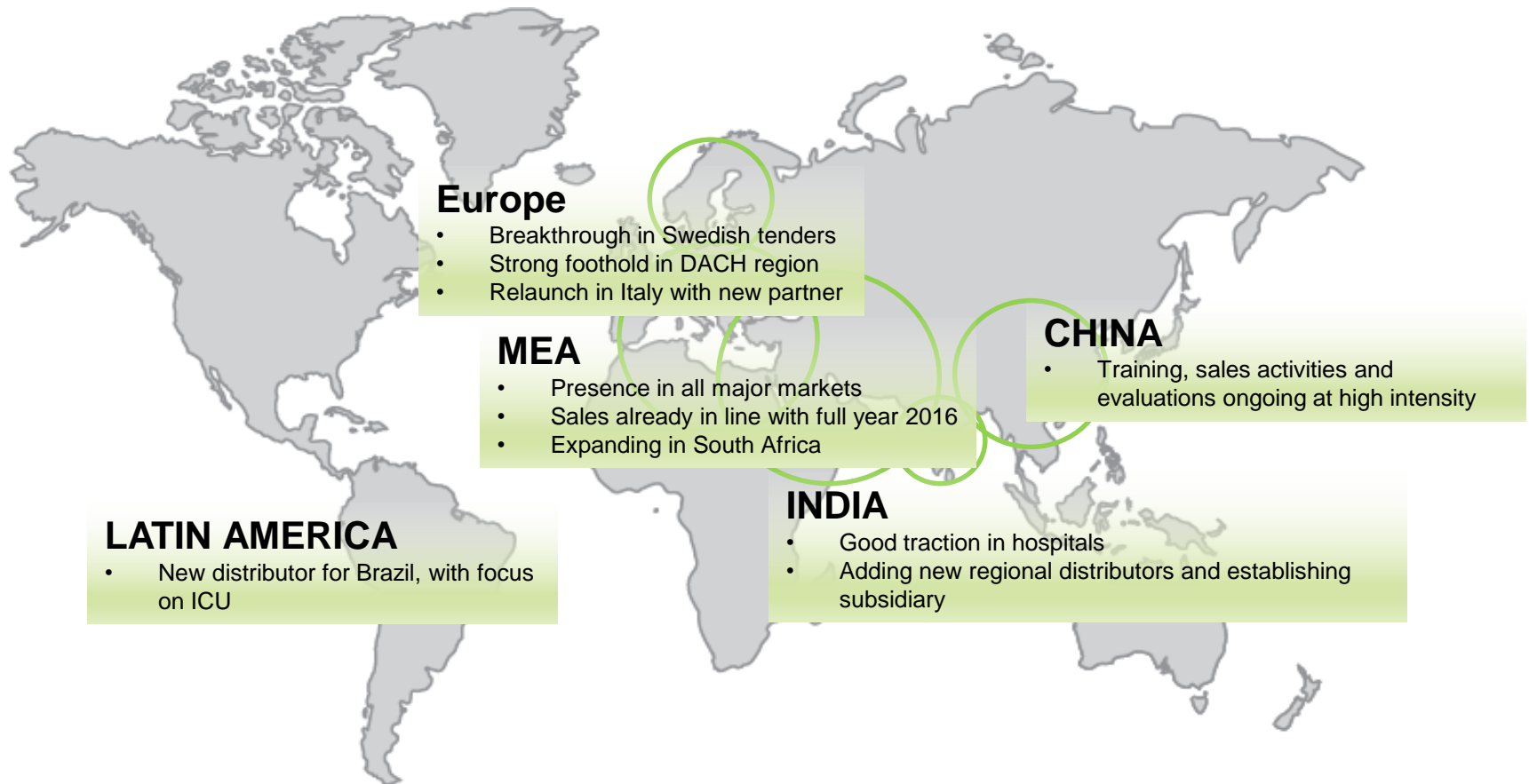
# Delivered products



- Revenue from BIP products in Q2 of MSEK 6.5 (3.7) corresponding to 153,000 (110,000) units.
- For the full year 2016, 418,000 BIP products were delivered generating revenue of MSEK 15.8

# Market update Q2 2017

Focus on doubling sales value



# Licensing business

## C.R. Bard

- Successful partnership since 1995
- Bactiguard coated Foley catheters for the US, Japan and UK/Ireland
- Generating stable annual revenues
- Part of US dollar license flow hedged since June



## Vigilenz Medical Devices

- Bactiguard coated orthopaedic implants for the ASEAN markets
- Product approval process and clinical trials moving ahead



## Smartwise Sweden AB

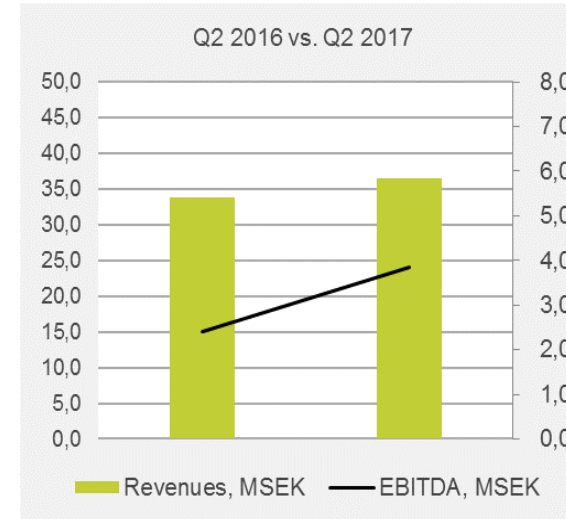
- Advanced Bactiguard coated vascular injection catheters
- USD 1.5 million of a total of 2.5 in revenue for this year received

## Other ongoing discussion at different stages

# Financial highlights

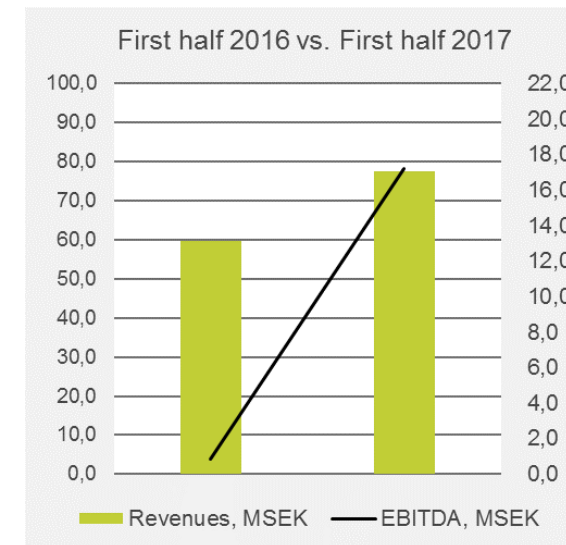
## Second quarter (April-June 2017)

- Revenues of MSEK 36.5 (33.8), plus 8% (higher BIP and License revenues)
- EBITDA of MSEK 3.8 (2.4), 11% margin



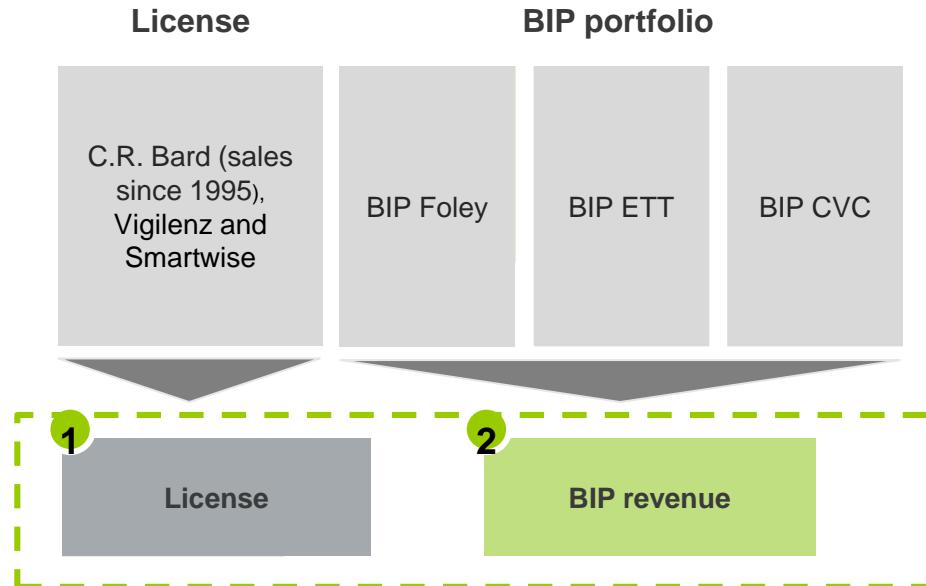
## First half year (January-June 2017)

- Revenues of MSEK 77.5 (59.8), plus 30%. Excluding new license agreement, increase is 7%
- EBITDA of MSEK 17.2 (0.8), 22% margin.



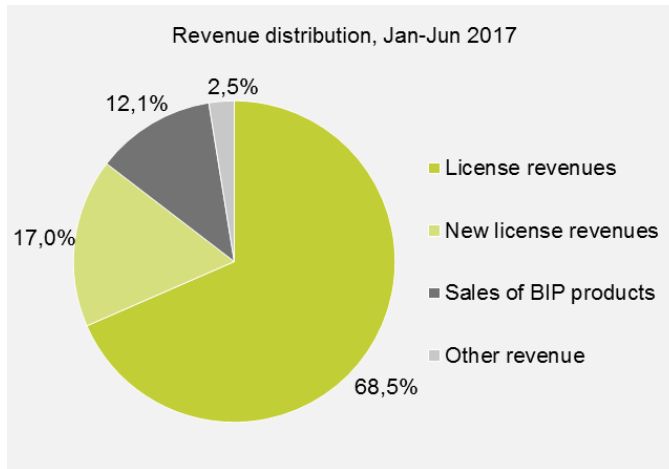
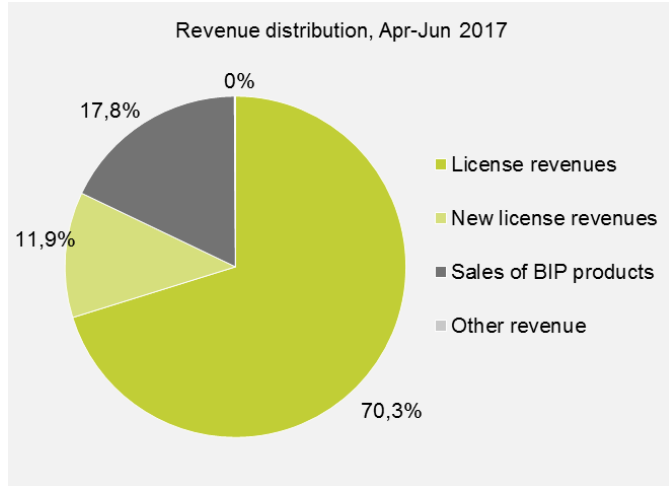
# Revenue streams

## 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



MSEK	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun
	2017	2016	2017	2016
License revenues	25,7	27,2	53,1	50,0
New license revenues	4,3	0,0	13,1	0,0
Sales of BIP products	6,5	3,7	9,3	6,6
Other revenue	0,0	2,9	2,0	3,2
<b>Total Revenues</b>	<b>36,5</b>	<b>33,8</b>	<b>77,5</b>	<b>59,8</b>

# License revenues from C.R. Bard

(SEKm)	Q1	Q2	H1	Q3	Q4	Full year
<b>2013</b>	21,6	19,3	<b>40,9</b>	21,3	20,5	<b>82,7</b>
<b>2014</b>	22,5	22,8	<b>45,3</b>	24,3	20,2	<b>89,7</b>
<b>2015</b>	26,8	25,8	<b>52,6</b>	56,8	15,9	<b>125,3</b>
<b>2016</b>	22,8	27,2	<b>50,0</b>	27,1	25,9	<b>103,0</b>
<b>2017</b>	27,4	25,7	<b>53,1</b>			

Of which  
currency effect,  
MSEK – 0.1

Of which  
currency effect,  
MSEK + 2.7

- Q2 -17 Bard license revenues 5 % down from Q2 -16 at fixed exchange rate
- First half year, Bard license revenues 1 % up from first half year -16 at fixed exchange rate
- Hedging part of the Bard license revenue as of June -17.



# Key figures

Key figures	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun
	2017	2016	2017	2016
Revenues, SEKm	36,5	33,8	77,5	59,8
EBITDA, SEKm	3,8	2,4	17,2	0,8
EBITDA margin, %	11%	7%	22%	1%
Operating profit, SEKm	-4,8	-5,9	-0,4	-15,8
Net profit/loss for the period, SEKm	-6,0	-7,7	-1,9	-18,9
Operating cash flow, SEKm	1,8	-2,2	-0,2	-0,5

- EBITDA (Q2) MSEK 3.8 (2.4), 11% margin
- EBITDA (First half) MSEK 17.2 (0.8), 22% margin
- Net profit (Q2), MSEK -6.0 (-7.7).
- Net profit (First half), MSEK -1.9 (-18.9) - positively affected by BIP revenues and new license agreement.
- Operating cash flow for Q2 MSEK 1.8 (-2.2) including cash flow from investing activities of MSEK -1.3 (-1.8).

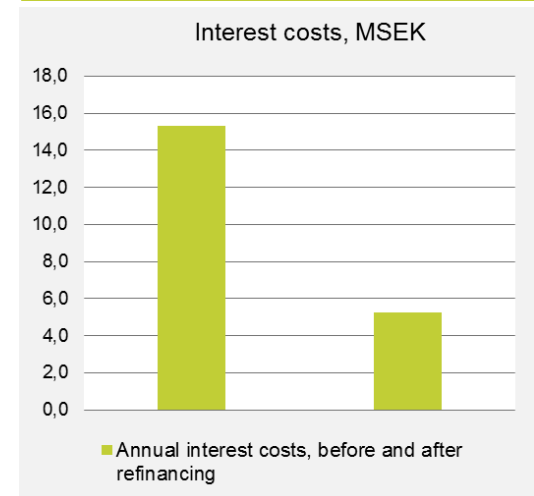
# Financial flexibility and strength

## Financial position

- Equity ratio of 61 %
- Net debt of MSEK 149.7
- Cash position of MSEK 14.9. Overdraft facility of MSEK 30, not utilized at 30 June.

## Loans

- Bank loan: MSEK 100, maturing 31 Dec, 2017
- Loan major shareholders: MSEK 50, maturing 30 June -18
- Interest rate STIBOR 90 + margin of 3.5 %, i.e. annual interest costs of MSEK 5.3.



# 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 MSEK 118.5
- 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

- ✓ Seven consecutive quarters of increasing BIP sales
  - Breakthrough in Swedish tenders, Stockholm and Skåne
  - European expansion
  - Middle East back on track
  - Driving sales in China and India
- ✓ Higher license revenues
  - Stable revenues from Bard, currency exposure partly hedged
  - Additional revenues from Smartwise
  - Potential for more in other application areas
- ✓ Expansion with cost control
- ✓ Solid platform for growth with focus on closing in on our financial targets.



*”Saving lives”*

More information is available at [www.bactiguard.se](http://www.bactiguard.se)

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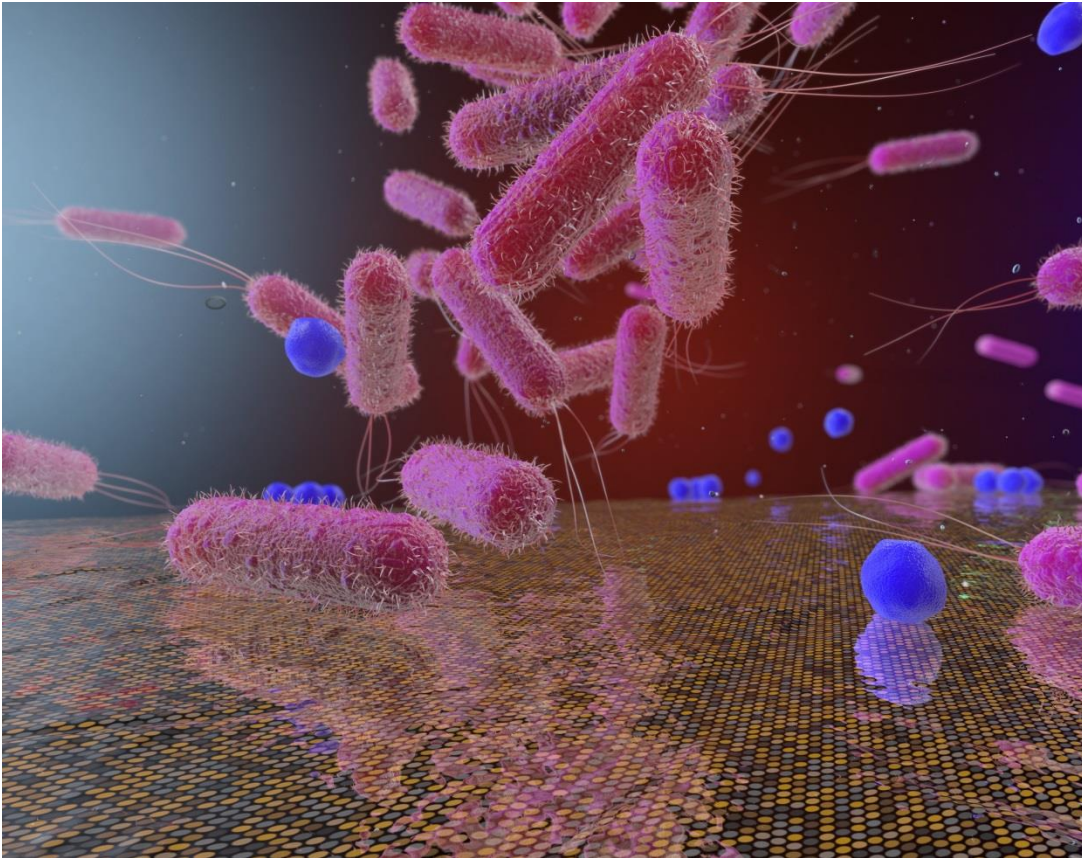
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# Bactiguard

At war against hospital acquired infection



## Questions