



# Bactiguard

Q3 presentation  
November 9, 2017

# WHO: The world is running out of antibiotics...



Our time with  
**ANTIBIOTICS**  
is running out.

Antibiotics are in danger of losing their effectiveness due to misuse and overuse, and in many cases they aren't even needed.

Always seek the advice of a healthcare professional before taking antibiotics.




## Media centre

### The world is running out of antibiotics, WHO report confirms

News release

20 SEPTEMBER 2017 | GENEVA - A report, *Antibacterial agents in clinical development – an analysis of the antibacterial clinical development pipeline, including tuberculosis*, launched today by WHO shows a serious lack of new antibiotics under development to combat the growing threat of antimicrobial resistance.

Most of the drugs currently in the clinical pipeline are modifications of existing classes of antibiotics and are only short-term solutions. The report found very few potential treatment options for those antibiotic-resistant infections identified by WHO as posing the greatest threat to health, including drug-resistant tuberculosis which kills around 250 000 people each year.

Source: [www.who.int/mediacentre/news/releases/2017/running-out-antibiotics/en/](http://www.who.int/mediacentre/news/releases/2017/running-out-antibiotics/en/)

# Infections and antimicrobial resistance (AMR)

## A major European and Global challenge

World Health Organization:

*There is a worldwide consensus that urgent action is needed to prevent and control the spread of antibiotic-resistant organisms and, in health care, effective prevention and control (IPC) is an obvious solution.*



WHO/A. Loke

### Fact 1: What is antimicrobial resistance?

Antimicrobial resistance is the ability of a microorganism (like bacteria, viruses, and some parasites) to stop an antimicrobial (such as antibiotics, antivirals and antimalarials) from working against it. As a result, standard treatments become ineffective, infections persist and may spread to others.

### Health care-associated infections

# 10%

1 in 10 patients get an infection while receiving care.

### Surgical site infections

# 50%

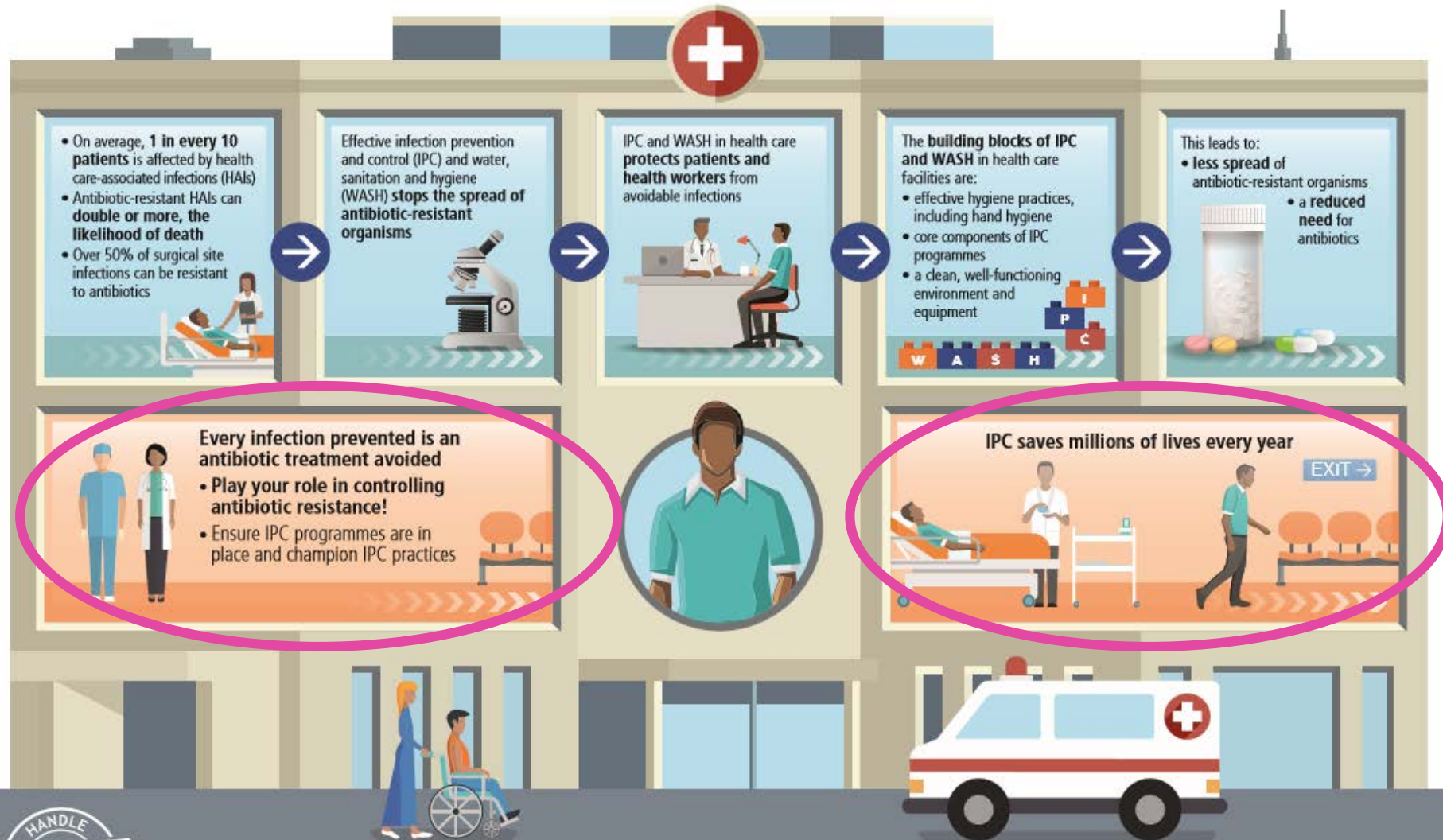
More than 50% of surgical site infections can be antibiotic-resistant.

### Impact of infection prevention and control

# 30%

Effective infection prevention and control reduces health care-associated infections by at least 30%.

# THE ROLE OF INFECTION PREVENTION AND CONTROL IN PREVENTING ANTIBIOTIC RESISTANCE IN HEALTH CARE



Sources: World Health Organization. Infection prevention and control. Available at: <http://www.who.int/infection-prevention/en/> | World Health Organization. Water sanitation and hygiene. Available at: [http://www.who.int/water\\_sanitation\\_health/en/](http://www.who.int/water_sanitation_health/en/)

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# Key Priorities 2017



Double sales of our own product portfolio



Develop new license businesses



Cost control



Long-term financing solution



Close in on our long-term financial targets of 20% growth and 30% EBITDA margin

# Highlights in Q3 and early Q4 2017

- ✓ Eight consecutive quarters of increasing BIP sales, based on rolling twelve-month figures
- ✓ Flat revenues in Q3. BIP sales increased by 48% and license revenues by 4%. Bard revenues weaker in the quarter, but stable over the nine-month period.
- ✓ EBITDA margin of 24%.
- ✓ Operating cash flow of MSEK 5.2 (-0.3)
- ✓ Tender win in Sweden's second largest region
- ✓ Delivery of 100,000 units to China
- ✓ CVC approved in India and HongKong
- ✓ Three-year financing secured

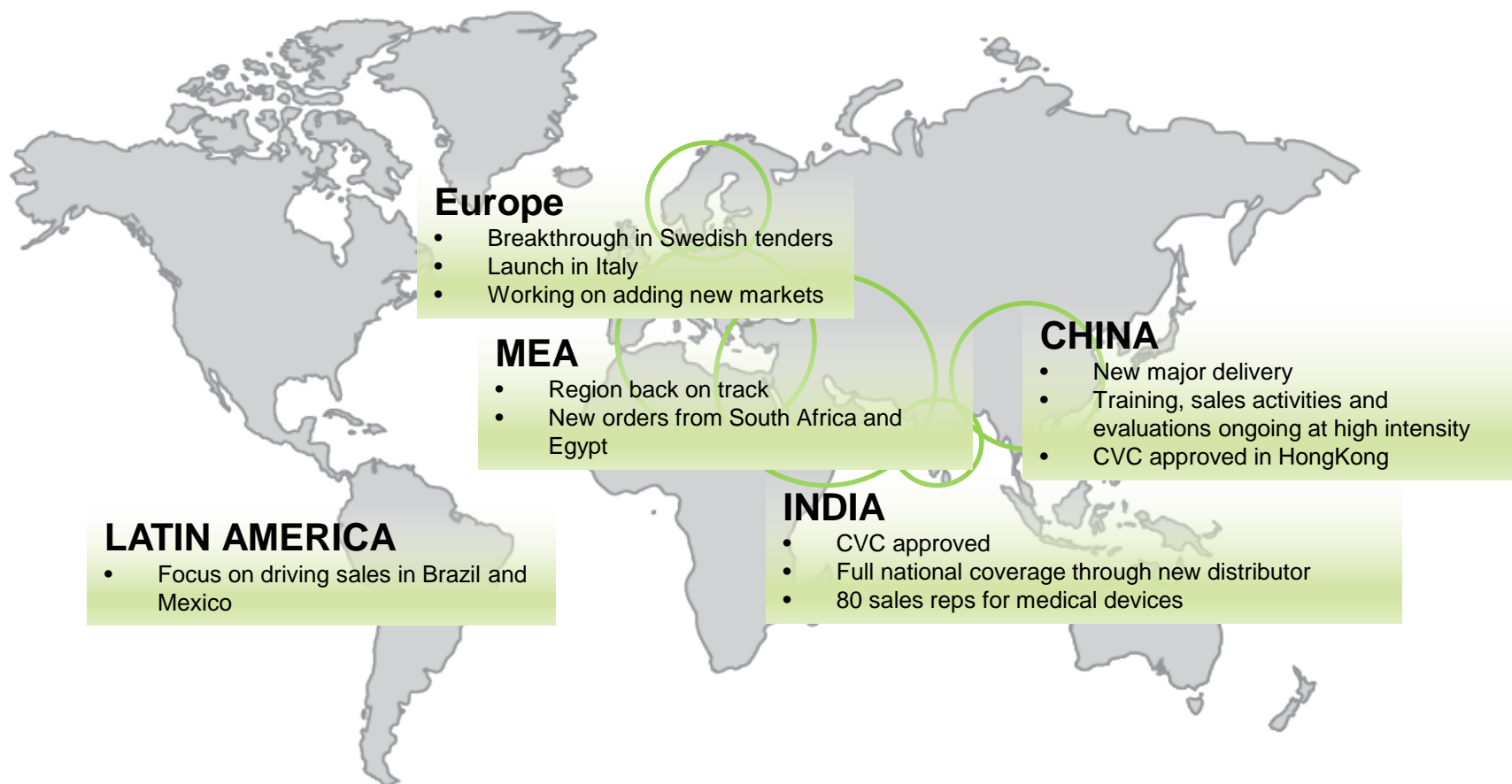


**Tender won for Västra  
Götaland region**

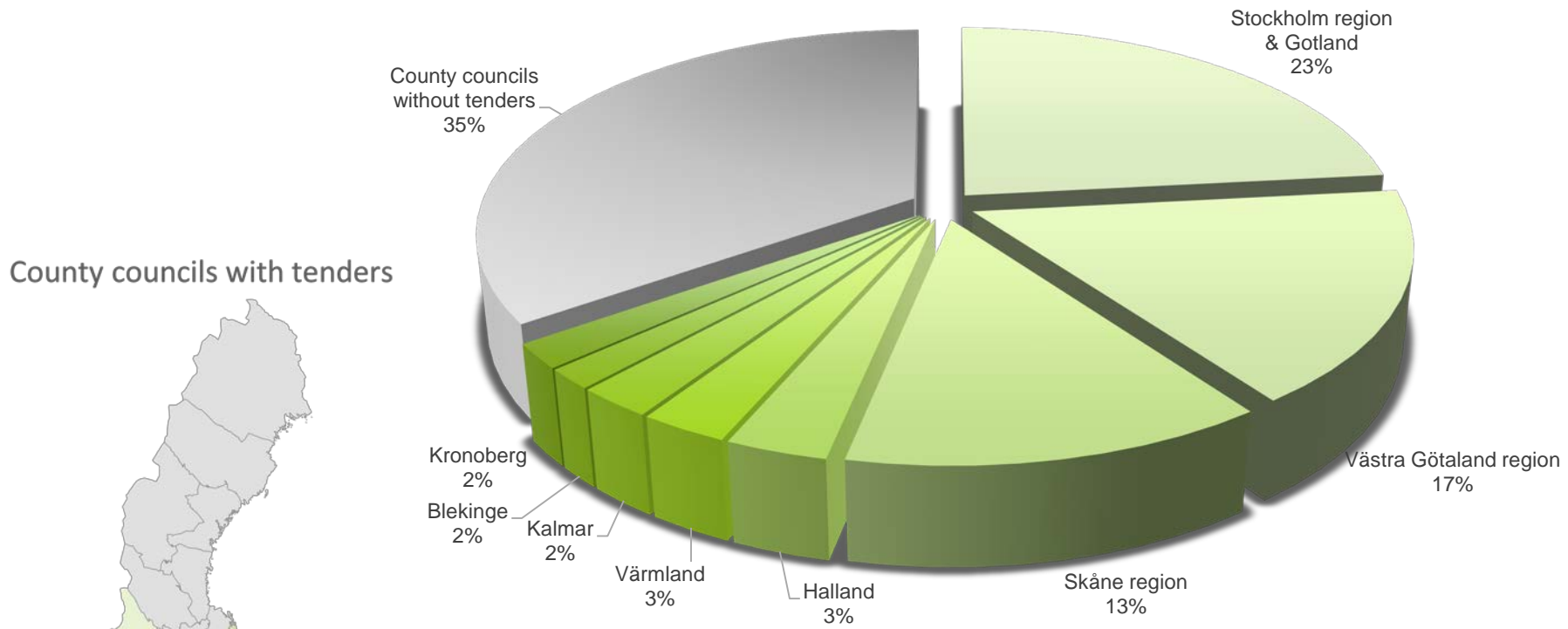


**Financing secured**

# Market update Q3 2017



# BIP Foley catheter procured for 65% of Swedish population



County councils with tenders



Funktionalitet från Bing  
© DSAT for MSFT, GeoNames, Microsoft, Navteq

Source: SCB (statistics Sweden) 2016





# Increasing usage through sales activities and training



Focus on Stockholm region, as tender went live on November 6, 2017

One additional sales rep allocated to Stockholm

**Bactiguard Infection Protection Clinical Implementation Program (BIP CIP):**  
Several seminars for healthcare professionals organized in Q4

# Licensing business

## C.R. Bard

- Successful partnership since 1995
- Bactiguard coated Foley catheters for the US, Japan and UK/Ireland
- Generating stable annual revenues
- BD acquisition expected to complete in Q4, 2017



## Vigilenz Medical Devices

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

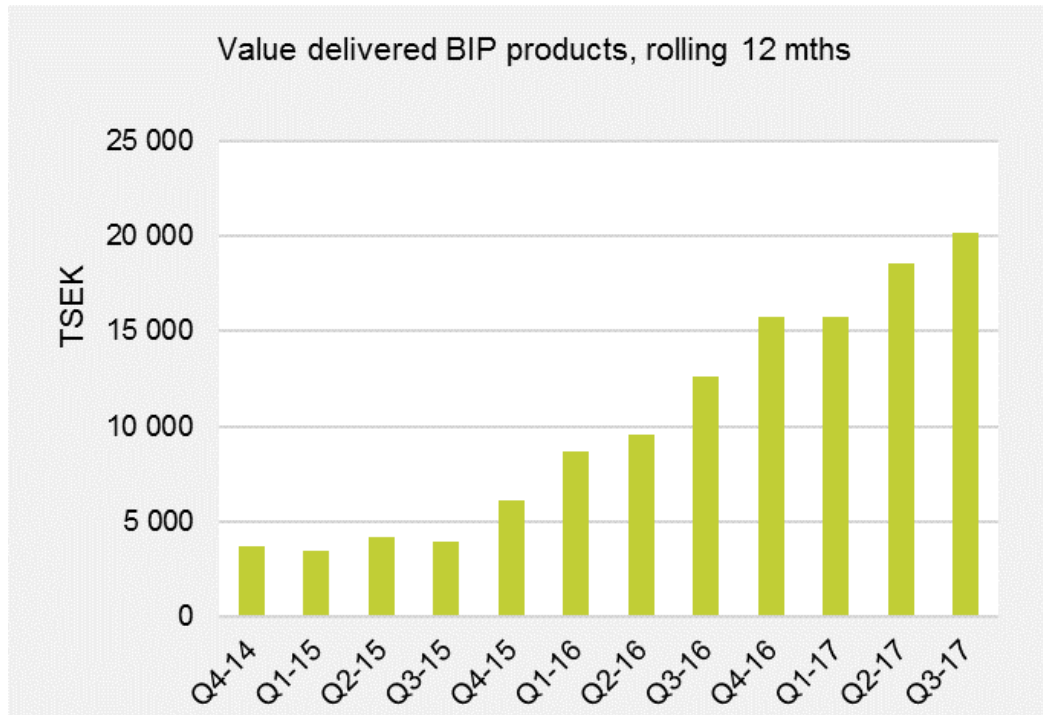


## Smartwise Sweden AB

- Advanced Bactiguard coated vascular injection catheters
- USD 2 million of a total of 2.5 in revenue for this year accounted for so far

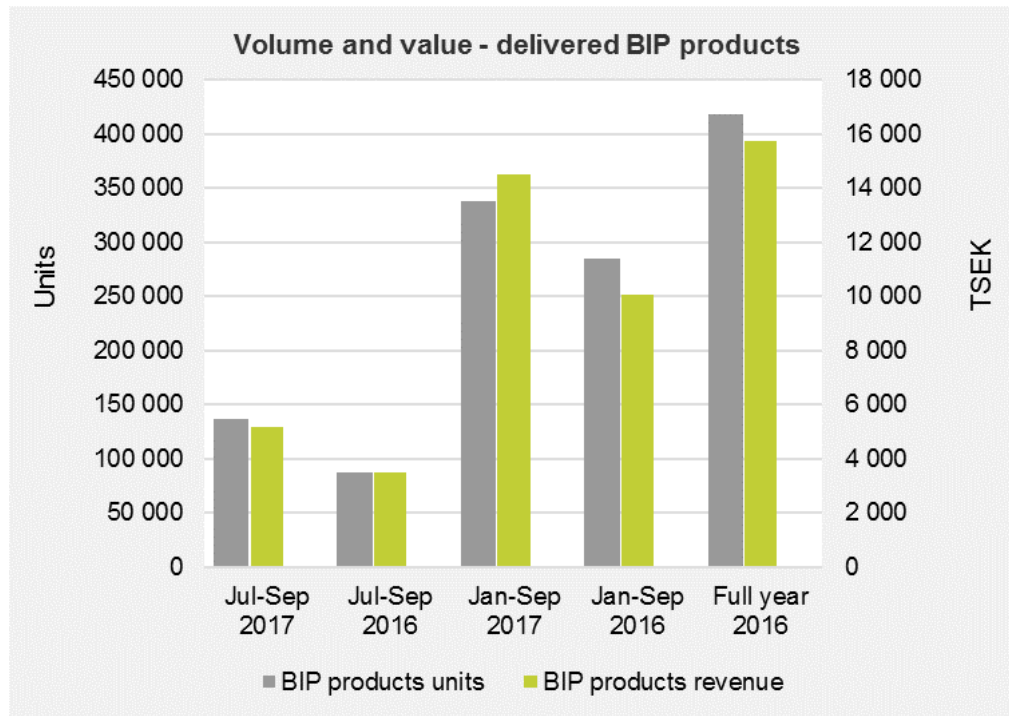
## Other ongoing discussion at different stages

# Development in revenues from BIP product



- Development in revenues per quarter from BIP products, rolling 12 months.
- Eight consecutive quarters of growth
- 18% CAGR in this time period.

# Delivered products



- Revenues from BIP products in Q3 of MSEK 5.2 (3.5), corresponding to 137,000 (87,000) units.
- For the full year 2016, 418,000 BIP products were delivered, generating revenues of MSEK 15.8

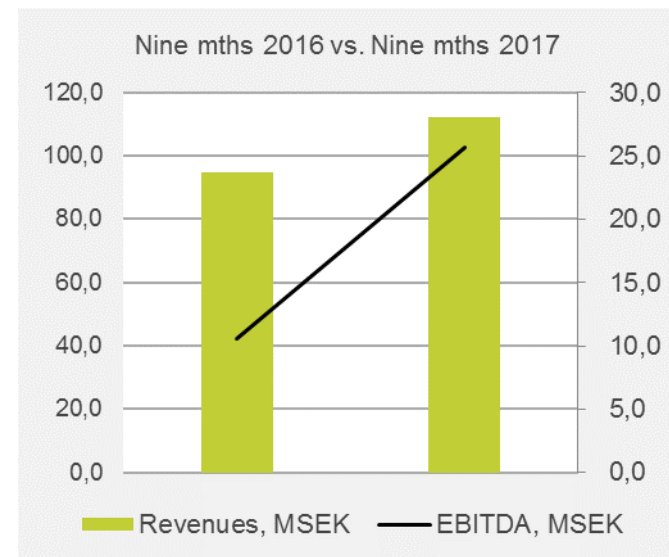
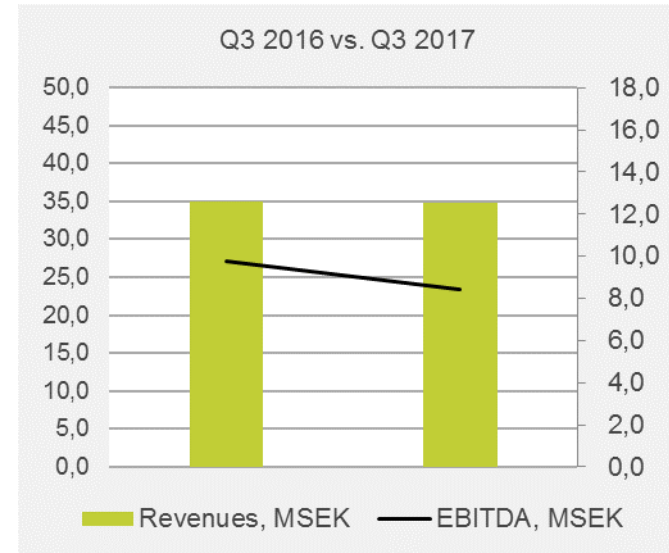
# Financial highlights

## Third quarter (July-September 2017)

- Revenues of MSEK 34.8 (34.9), minus 0.4% (explained by decrease in other revenues, including exchange rate differences).
- EBITDA of MSEK 8.4 (9.7), 24% EBITDA-margin

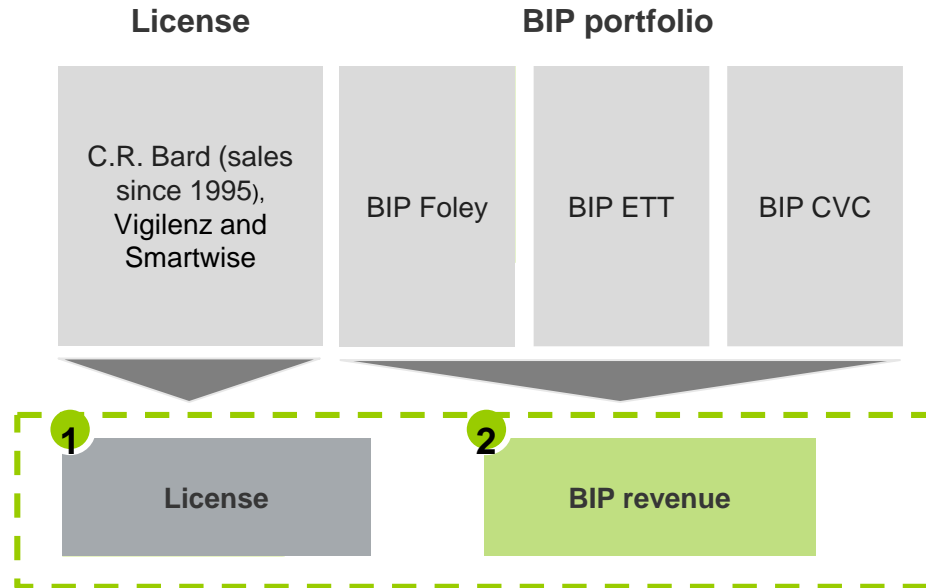
## Nine-month period (January-September 2017)

- Revenues of MSEK 112.3 (94.7), plus 19% attributable to new license revenues and an increase from sales of BIP products.
- EBITDA of MSEK 25.6 (10.6), 23% EBITDA-margin.



# Revenue streams

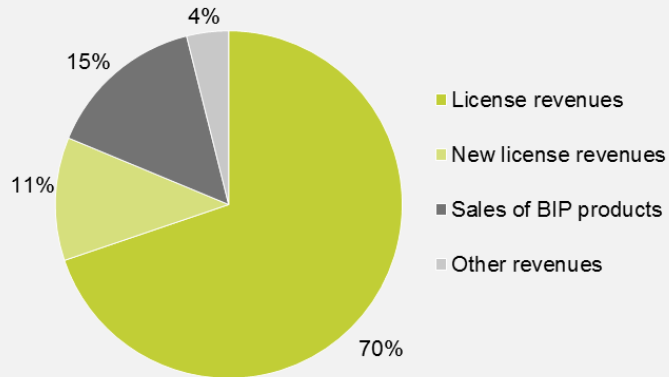
## Two revenue streams in the income statement



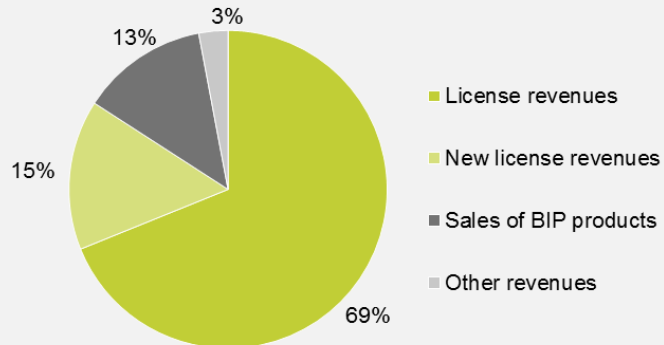
From a product perspective Bactiguard has two lines of business; Licenses and the BIP portfolio, acknowledged in the accounts as two revenue streams

# Revenue distribution

Revenue distribution, Jul-Sep 2017



Revenue distribution, Jan-Sep 2017



MSEK	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep
	2017	2016	2017	2016
License revenues	24,3	27,1	77,3	77,1
New license revenues	4,0	0,0	17,1	0,0
Sales of BIP products	5,2	3,5	14,5	10,1
Other revenues	1,4	4,3	3,3	7,6
<b>Total Revenues</b>	<b>34,8</b>	<b>34,9</b>	<b>112,3</b>	<b>94,7</b>

# License revenues from C.R. Bard

(SEKm)	Q1	Q2	Q3	9 mths	Q4	Full year
<b>2013</b>	21,6	19,3	21,3	<b>62,2</b>	20,5	<b>82,7</b>
<b>2014</b>	22,5	22,8	24,3	<b>69,6</b>	20,2	<b>89,7</b>
<b>2015</b>	26,8	25,8	56,8	<b>109,4</b>	15,9	<b>125,3</b>
<b>2016</b>	22,8	27,2	27,1	<b>77,1</b>	25,9	<b>103,0</b>
<b>2017</b>	27,4	25,7	24,3	<b>77,3</b>		

Of which  
currency effect  
MSEK -1.3

Of which  
currency effect  
MSEK 1.6

- Q3 -17 Bard license revenues 5 % down from Q3 -16 at fixed exchange rate
- On nine-month basis, Bard license revenues were flat



# Key figures

Key figures	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep
	2017	2016	2017	2016
Revenues, SEKm	34,8	34,9	112,3	94,7
EBITDA, SEKm	8,4	9,7	25,6	10,6
EBITDA margin, %	24%	28%	23%	11%
Operating profit, SEKm	-0,3	1,4	-0,7	-14,4
Net profit/loss for the period, SEKm	-0,4	-0,5	-2,3	-19,4
Operating cash flow, SEKm	5,2	-0,3	5,7	-0,7

- EBITDA (Q3) MSEK 8.4 (9.7), 24% margin
- EBITDA (Nine-month) MSEK 25.6 (10.6), 23% margin
- Net loss (Q3), MSEK -0.4 (-0.5).
- Net loss (Jan-Sep), MSEK -2.3 (-19.4) - positively affected by BIP revenues and new license agreement.
- Operating cash flow for Q3 MSEK 5.2 (-0.3) including cash flow from investing activities of MSEK -0.9 (-1.2).

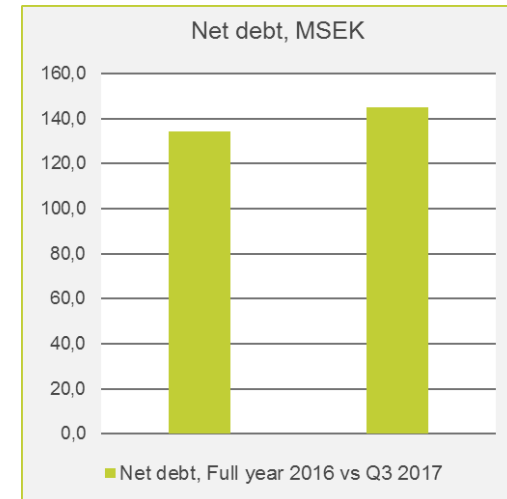
# Financial flexibility and strength

## Financial position

- Equity ratio of 61 %
- Net debt of MSEK 144.8
- Cash position of MSEK 19.5. Overdraft facility of MSEK 30, not utilized at 30 September.

## Loans

- Bank loan: MSEK 100, maturing 31 December 2017
- Loan major shareholders: MSEK 50, maturing 30 June 2018
- Interest rate STIBOR 90 + margin of 3.5 %, i.e. annual interest costs of MSEK 5.3.
- Will be replaced by credit facility of MSEK 180, provided by SEB



# Three-year financing secured

- Three-year MSEK 180 credit facility at Skandinaviska Enskilda Banken (SEB)
  - Revolving credit/overdraft facility of MSEK 30
  - Term loan of MSEK 150, amortized by SEK 35 million until maturity
- Replaces current bank financing of MSEK 130 and MSEK 50 loan from the company's main shareholders
- Customary covenants
- Main shareholders' guarantee commitments for Bactiguard's current bank loan will end



# 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

- ✓ Eight consecutive quarters of increasing BIP sales
  - Breakthrough in Swedish tenders, Stockholm, Skåne and VGR
  - Middle East back on track
  - Driving sales in China and India
- ✓ Higher license revenues
  - Stable revenues from Bard
  - Additional revenues from Smartwise
  - Potential for more in other application areas
- ✓ Expansion with cost control, investing in sales & marketing
- ✓ Refinancing secured for the coming three-year period
- ✓ 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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