

A year of positive volume and earnings growth, ending with the product approval in China

2015 ended with the long-awaited product approval in China and a first order from India. As a result of large deliveries in the fourth quarter we doubled the total volume of units shipped, compared with the year before. An additional order from C.R. Bard generated additional revenue and strengthened the result. A new licensing deal opened the door to a new area of application for our infection preventive technology.

Fourth quarter (October-December 2015)

- During the fourth quarter, a total of approx. 74,000 (8,000) BIP products were delivered, 100 % of which generated revenues.
- Revenues amounted to SEK 20.6 (24.7) million.
- EBITDA amounted to SEK -6.1 (-3.6) million. Provisions for doubtful accounts receivable have negatively affected EBITDA during the quarter by SEK -1.3 million. Adjusted for these items, EBITDA amounted to SEK -4.8 million
- Operating profit amounted to SEK -14.4 (-11.3) million.
- Reported net profit amounted to SEK -19.3 (-15.3) million, corresponding to SEK -0.58 (-0.46) per share. Net profit for the quarter has been negatively affected by market valuation of the bond with SEK -2.8 (-1.1) million.
- Operating cash flow for the quarter amounted to SEK -25.6 (-27.6) million, corresponding to SEK -0.77 (-0.83) per share.

Full year (January-December 2015)

Following careful consideration and consultation with Nasdaq Stockholm, the management and the Board have decided to change the principle of how we account for territorial fees to increase transparency and improve the ability of shareholders to analyze the company's annual earnings.

- During the full year, a total of approx. 152,000 (79,000) BIP products were delivered, 100 % of which generated revenues.
- Revenues amounted to SEK 138.5 (98.3) million, an increase by 41 % compared to full year 2014. The increase is mainly attributable to the additional order during the third quarter from C.R. Bard.
- EBITDA amounted to SEK 20.2 (-5.4) million. Provisions and non-recurring costs have negatively affected EBITDA by SEK -11.2 (-4.3) million. Adjusted for these items, EBITDA amounted to SEK 31.4 (-1.0) million or 23.0% (-1.0%).
- Operating profit amounted to SEK -12.7 (-35.5) million.

- Net profit amounted to SEK -26.5 (-110.7) million, corresponding to SEK -0.80 (-4.43) per share. Net profit for the period has been positively affected by market valuation of the bond with SEK 2.6 million (-32.2 million).
- Operating cash flow amounted to SEK -32.5 (-54.0) million, corresponding to SEK -0.97 (-2.16) per share.

Key events during the fourth quarter

- Revised financial targets
- Refinancing of the bond loan secured
- License agreement for orthopaedic implants
- Initial order from India of approx. 50,000 units
- Adjusted additional order from C.R. Bard
- Product approval in China

Key events after the end of the fourth quarter

- First order from China of 100,000 units
- Bactiguard wins tender in Halland
- Laboratory study shows that Bactiguard's coating may reduce the risk of thrombosis
- Change of accounting principle regarding territorial fees

CEO Christian Kinch comments on the year-end report

The year could not have ended in a better way for Bactiguard, as we received the final product approval for our infection prevention urinary catheter in China on New Year's Eve. Our technology has been approved at all levels, a process that took more than four years, and we are now ready to start penetrating one of the largest markets in the world. Following the approval, we also received our first order of 100 000 urinary catheters, which we will gradually start shipping from the end of this quarter.

Since I assumed the role as CEO in June, we have had three main priorities, to increase sales of our own product portfolio, to develop new license businesses and to secure the refinancing of the bond loan.

To drive sales, we have invested in our sales- and marketing organization and doubled the number of units delivered during the year, which is encouraging. We had a strong growth in the fourth quarter, which resulted in an annual volume of more than 150 000 units.

In November, we received an initial order from India and we see major potential in the country, where the increasing antibiotic resistance leads to major challenges in treating infections. We have already delivered a small part of the order of 50 000 catheters and intensified sales- and marketing activities. Since the beginning of the year we have participated in two major congresses in India as well as the annual congress Arab Health, and we experience an increasing interest in the Bactiguard technology.

The second priority, to develop new license businesses, has also generated results. In the autumn, we entered a license agreement with Vigilenz Medical Devices in South East Asia, regarding orthopaedic implants for bone fractures. This means that we are establishing our technology in a new therapeutic area, which opens doors to new application areas. We see



significant potential for new license deals and aim to sign at least one new agreement in 2016.

In November, we completed our third priority, the refinancing of the bond maturing in December 2016, through a loan commitment and a renewed overdraft facility. This reduces uncertainty and gives us flexibility in securing long-term financing for the company, at market terms.

During the year, the clinical evidence was strengthened by two new studies, both independent and randomized, where the results show that the Bactiguard technology reduces catheter-related infections in a cost effective way. In January this year, a new laboratory study conducted together with the Karolinska Institute was published. The results indicate that the technology may also have a positive impact on thrombosis (blood clots), a serious condition for the patient.

A lot of resources have been utilized for the relocation of operations to our new integrated headoffice south of Stockholm in 2015. The transition has also led to extensive regulatory work, which we now see the end of. We now have the whole company under one roof, close to the Karolinska University Hospital, which generates positive synergy effects.

One of the positive surprises last year was the one-off order from C.R. Bard (Bard), which initially generated additional revenue of SEK 28 million. The order was later revised to 20 million, which led to lower than expected delivered volumes and revenues from Bard in the fourth quarter.

In connection with the annual accounts for 2015, following careful consideration and consultation with Nasdaq Stockholm, the management and the Board have decided to change the principle of how we account for territorial fees in the income statement, in order to establish a more direct link between product deliveries, revenues and cash flow. The change in accounting principle means that territorial fees are accounted for as Sales of BIP products in line with product deliveries. This will increase transparency and improve the possibilities for shareholders to analyse the company's annual earnings capacity. All in all, the change in accounting principle has had a positive effect of 34 MSEK on profit for 2015 and a negative effect on equity of 42 MSEK.

Revenues and earnings are behind our original plan. Therefore, in November, we revised our financial targets with an average growth of 20 percent per year as the base. These new financial targets are not affected by the change in accounting principle.

Our full focus is now on increasing sales while keeping a tight cost control, all in order to balance costs against revenues and reverse the trend towards positive earnings and cash flow.

Finally, I would like to highlight that I am proud of our strong and international team, where each employee fills his role in the value chain. We have built a solid foundation and are well equipped to meet the opportunities we see ahead for Bactiguard. 2016 will be an exciting year.

Christian Kinch
CEO



The year-end report for Bactiguard Holding AB (publ) for 2015 is available as a PDF.

This is information that Bactiguard Holding AB (publ) is required to publish in compliance with the Swedish Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publication on February 18, 2016 at 08.00.

A conference call for analysts and media will be held at 10:00 CET today, where CEO Johan Ruffelt and CFO Fredrik Järsten will present the year-end report and answer questions.

The year-end report and a presentation will be available on www.bactiguard.com.

To participate in the conference, please dial +46 8 566 427 00

For further information, please contact:

Christian Kinch, CEO, switchboard +46 8 440 58 80

Fredrik Järsten, CFO, mobile +46 725 500 089

Ulrika Berglund, Head of External Affairs, mobile: +46 708 800 407

About Bactiguard

Bactiguard is a Swedish medtech company with a global presence, offering a solution that prevents healthcare associated infections caused by medical devices. By preventing infections, we contribute to a reduced use of antibiotics and the spread of multi-resistant bacteria, which is a growing problem worldwide. We save lives, increase patient safety and significantly reduce the cost for the healthcare and society. Our technology is well-proven, safe and tissue friendly and consist of a thin layer of noble metals that prevents bacterial growth. The coating can be applied on almost all medical devices. Bactiguard-coated urinary catheters are market leading in the US and Japan and the company has also its own product portfolio consisting of Foley catheters, central venous catheters and endotracheal tubes. Bactiguard is a growth company, focused on markets in Europe, Middle East, Asia and Latin America. The company has about 70 employees worldwide, mainly at the headquarters in Stockholm and the production facility in Malaysia and is listed on Nasdaq Stockholm. Read more about Bactiguard at www.bactiguard.com