Bactiguard

Results Reaction	Healthcare	Sweden	25 April 2024

Q1: Moving closer to EBITDA break-even levels

Bactiguard's Q1 net sales of SEK 54m were 9% better than SEB with organic net sales decline of 3.5% y/y (SEBe: -11% y/y) in the quarter. License revenues are behind the Q1 beat. Q1 EBITDA was SEK -1.5m (SEB at SEK -4.2m). Cost of raw materials and consumables were in line with our estimate while opex items were only a tad higher. Bactiguard's financial targets remain. A step in the right direction for Bactiguard.

Outcome: Better-than-expected sales in Q1

Bactiguard reported Q1 net sales of SEK 54m (SEB at SEK 50m; no cons) with organic net sales decline of 3.5% y/y (SEBe: -11% y/y). On segments, recurring licence sales amounted to SEK 32m (SEB at SEK 28m), non-recurring license sales were SEK 3m (SEBe: SEK 1.5m) and BPP sales amounted to SEK 19m (SEB at SEK 20m). Within BPP revenues, we note that Wound management missed our forecast somewhat. Zimmer Biomet increased its contribution to SEK 3.2m in the quarter (SEK 1.8m last year). Q1 EBITDA amounted to SEK -1.5m (SEB at SEK -4.2m). Cash flows after investments and lease amortisations came in at SEK -28m (SEK -13m Q1/23) with the lower FCF being explained by mainly changes in working capital and also higher capex.

Outlook: Newly issued financial targets remains

The company's updated targets stretching to 2028 are for SEK 1bn in sales and annual EBITDA of at least SEK 500m.

Impact: Undramatic revisions warranted based on Q1

We expect no major revisions based on the Q1 report. The positive in the report in our view is that BD continued to show normalised sales levels and Zimmer increased its sales contribution. We also like that costs continued to more or less reflect expectations.

Q1 deviation table

		Q1/24	Deviation SEB		Q1/23		Q4/23	
SEKm	**Actual**	**SEB**	**Abs**	**Rel**	**Actual**	**y/y**	**Actual**	**q/q**
Total Income	58.8	54.1	5	8.7	61.2	-3.9	61.3	-4.1
Net sales	53.9	49.6	4	8.7	55.6	-3.1	56.3	-4.2
EBITDA	-1.5	-4.2	3	64.2	-6.6	77.3	-4.2	64.6
EBITDA margin	-2.6	-7.8		5.2pp	-10.8	8.3pp	-6.9	4.4pp
EBIT	-12.9	-16.3	3	21.0	-18.7	31.0	-23.8	45.8
Net profit	-9.9	-16.8	7	40.9	-22.1	55.2	-27.2	63.6
EPS		-0.48	0	100.0	-0.63	100.0	-0.78	100.0
Adj. EBITDA	**-1.5**	**-4.2**	**3**	**64.2**	**-6.6**	**77.3**	**-4.2**	**64.6**
Adj. EBITDA margin	-2.6	-7.8		5.2pp	-10.8	8.3pp	-6.9	4.4pp
Sales by division								
Recurring license revenues	32.4	28.1	4	15.4	37.7	-14.0	29.5	9.7
Non-recurring license revenues	2.7	1.5	1	80.0	1.7	58.3	2.6	2.3
BPP revenues	18.7	20.0	-1	-6.5	16.3	15.0	24.1	-22.3

Source: Bactiguard, SEB

Conference call details:

Audiocast and dial-ins can be found at www.bactiguard.com/report/q1-2024

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