



Diagnostics for life

# EKF Diagnostics Holdings plc

**Trading Update**

24 March 2020

**[ekfdiagnostics.com](http://ekfdiagnostics.com)**

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# Agenda

## Slide no.

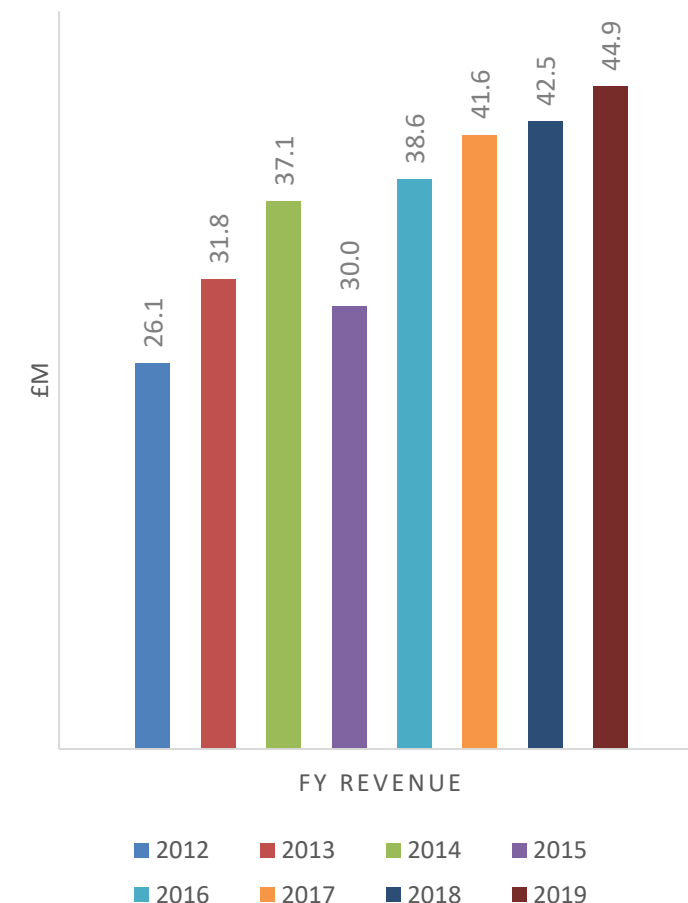
4. Investment proposition
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# Investment proposition

- ▶ Strong performance throughout 2019 with excellent prospects for further growth in 2020
- ▶ Substantial net cash balances of £14.3m as of Friday 20 March 2020
- ▶ Positive cashflow
- ▶ Minimal debt and well-controlled administrative overheads
- ▶ New partnerships in contract manufacturing including:
  - Manufacturing of PrimeStore MTM from Longhorn Vaccines and Diagnostics for COVID-19 testing. Sales approaching \$1m to date and expected to grow significantly
  - Enzyme manufacturing
- ▶ Manufacturing granted authority to continue to operate at EKF-diagnostic, Magdeburg, Germany by the Ministry of Social Affairs (20 March 2020)
- ▶ Investment in new facilities and production capability to facilitate future revenue growth
- ▶ Beneficial exchange rates as US Dollar / Euro denominated business, with a natural currency hedge across UK, US and Europe operations

# Financial highlights

- ▶ Revenues up 6% to £44.9m (2018: £42.5m)
  - $\beta$ -HB Liquicolor sales up £1.4m
  - DiaSpect sales up £745k
  - Quo-Test A1c sales up £557k
- ▶ Gross profit up 4% to £23.7m (2018: £22.7m)
- ▶ Adjusted EBITDA\* up 12% to £12.0m (2018: £10.7m)
- ▶ Profit before tax £5.5m (2018: £12.2m)
- ▶ Basic Earnings per share of 0.81p (2018: 2.21p), underlying basic earnings (excluding exceptional items and share based payments) of 1.20p (2018: 1.01p)
- ▶ Cash generated from operations £6.1m (2018: £9.9m)
- ▶ Cash at 31 December 2019 £12.1m (2018: £10.3m), net cash of £11.4m (2018: £9.4m); net cash at COB 20 March 2020 £14.3m
- ▶ Maiden dividend preserved and payable to shareholders 1 December 2020 (1p per share)



\* Excluding exceptional items and share based payments

# Operational highlights

- ▶ Multi-million dollar contract manufacturing opportunity with Longhorn Vaccines and Diagnostics, USA for specimen collection tubes for COVID-19 testing. Contract awarded March 2020
  - Longhorn VD own the only FDA cleared microbial nucleic acid storage and stabilisation device (PrimeStore MTM)
  - Technology was designed for viral pandemics. PrimeStore MTM inactivates the sample, rendering it non-infectious and allowing safe transportation and testing in more laboratories including those with lower biosafety containment classification
- ▶ McKesson OEM of DiaSpect Tm launched successfully:
  - 1,000+ sites using McKesson Consult ® Hb analyser; currently growing at c. 100 sites per month
  - Sales expected to triple in 2020
- ▶ Successful completion of early stage development batches of a bulk dietary ingredient for Ixcela, Inc.
  - Used in food supplement to improve gut microbiome and general health
  - GMP Food Grade pilot batch in manufacture for further evaluation before mass production begins
- ▶ Contract manufacturing partnership for bulk lantibiotic substance with Oragenics, Inc.
  - £500k revenues in 2019
  - Initial testing completed 2019
- ▶ Agreement with Mount Sinai provides EKF with advanced access to innovative commercial opportunities arising from technologies owned by Mount Sinai Health System and managed by Mount Sinai Innovations Partners (MSIP) in the field of digital diagnostics



# Business Unit performance



**£20.6m revenues**

Significant growth in USA  
with  $\beta$ -HB LiquiColor

Quo-Test distributor committed to  
building dominant market position in  
the Philippines

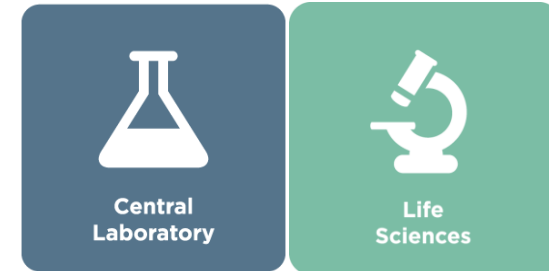


**£13.8m revenues**

Large NGO and government contracts  
in eastern Africa and Peru

McKesson OEM of DiaSpect Tm  
delivering in-line with expectations

Global £1m+ OEM of DiaSpect Tm with  
Fresenius Kabi



**£6.1m revenues**

Investment in Elkhart facility to  
accommodate growth in contract  
manufacturing and fermentation

Jordanian Army order of \$450k  
for Altair H2 2019

\* Remainder of revenues from shipping, repairs and product sales that do not belong to any of the above Business Units

# EKF Life Sciences

- ▶ EKF Life Sciences Elkhart site at full capacity. Second manufacturing site required for fermentation and purification of enzymes
- ▶ 24,000 sq. ft facility in South Bend, Indiana leased. First revenues expected in Q2 2020
- ▶ New facility to manufacture for existing and new customers including Oragenics, iGenomx, Ixcela and VitaCyte (contract fermentation)
- ▶ \$2m-3m revenue contribution expected from 2020 onwards



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# Commercial partnerships

- ▶ Signed preferred partnership agreement (PPA) with Mount Sinai Innovation Partners (MSIP), NYC
- ▶ Agreement provides EKF with advanced access to innovative commercial opportunities arising from Mount Sinai Health System owned technologies managed by MSIP in the field of digital diagnostics
- ▶ Increased shareholding in RenalytixAI. Holding worth £9.75m at 31 December 2019 (Purchase price of £3.2m)
- ▶ Key terms of second partnership agreed in principal with Mount Sinai for technology-enabled Inflammatory Bowel Disease patient pathway management solution



# Diabetes FY 2019



- Revenues up £1,707k (9%)
- Quo-Test up £557k (30%)
  - Large growth (+£300k) in Philippines
  - Working with several British CCGs to place analysers
- Quo-Lab down £251k (-10%)
- Biosen down £137k (-3%)
- $\beta$ -HB LiquiColor reagent up £1,430k (18%)

**Diabetes range**

Biosen  
 Quo-Lab A1c  
 Quo-Test A1c  
 STAT-Site M  $\beta$ -HB  
 $\beta$ -HB LiquiColor

	2019 £k	2018 £k	+/- £k	+/- %
Diabetes analysers and tests	20,607	18,899	1,707	9%

# Hematology FY 2019

- Revenues up £80k (1%)
- DiaSpect Tm up £742k (26%)
  - Tender win in Egypt
  - Organic growth in India and South Africa
  - McKesson OEM in USA
- HemataStat up £388k (27%)
- Hemo Control/H2 down £772k (-10%)
  - Completion of Pakistan, Saudi and Tanzanian anaemia screening tenders

	2019 £k	2018 £k	+/- £k	+/- %
Hematology analysers and tests	13,808	13,728	80	1%



## Hematology range

DiaSpect Tm  
 HemataStat II  
 Hemo Control  
 HemoPoint H2  
 UltraCrit



# Central Laboratory & Life Sciences FY 2019

Clinical chemistry, lab analysers, contract fermentation and enzymes



- Revenues up £782k (14%)
  - Jordanian Army tender for Altair analysers
- Life Sciences revenues up £456k (20%)
  - New fermentation business from Oragenics, Inc.
  - Strong performance from Roche Diagnostics for acetaminophen and salicylate

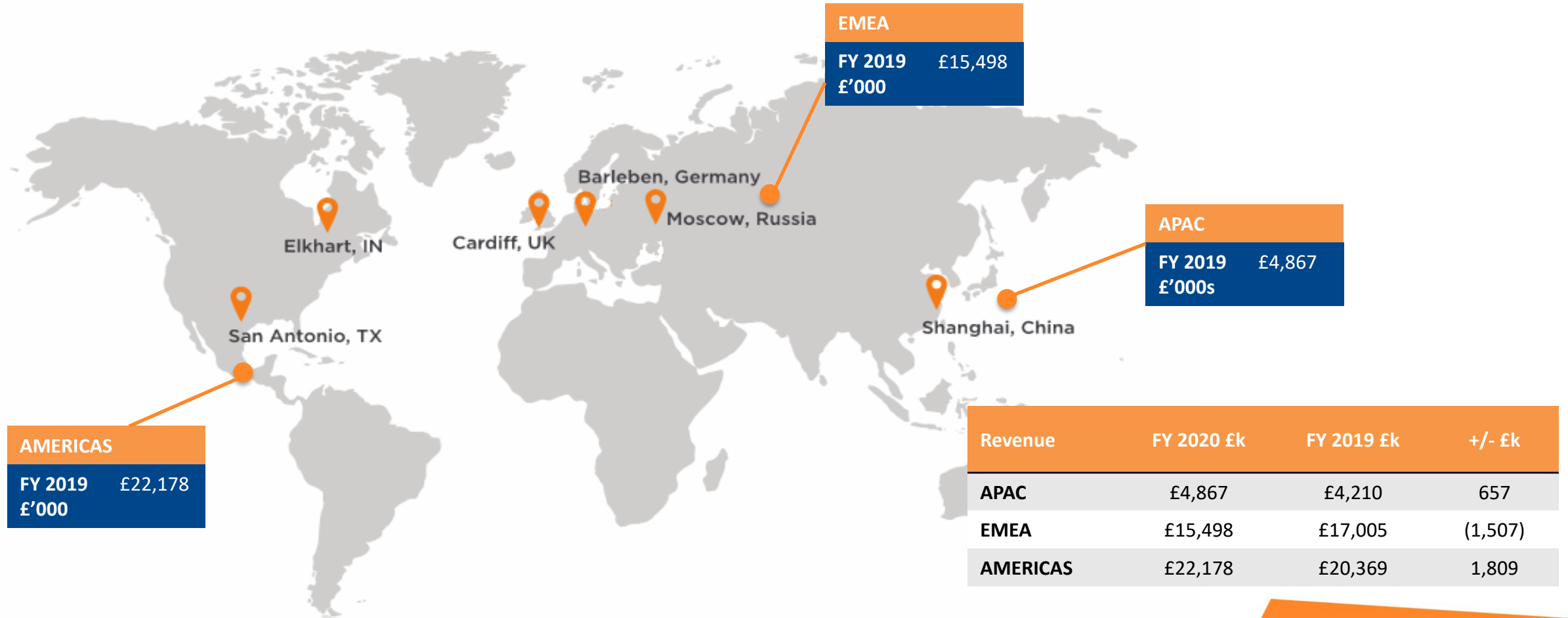
**Central Lab & Life Sciences**

Clinical chemistry  
Small lab analysers  
Contract fermentation  
Enzyme manufacturing



	FY 2019 £k	FY 2018 £k	+/- £k	+/- %
Central Laboratory	6,135	4,857	782	14%

# Geographical performance



# 2020 Outlook

- ▶ Board expects continued strong growth from the business throughout 2020, particularly in the US
  - Q1 2020 trading performance in line with management expectations to date
- ▶ Business has benefited from the COVID-19 pandemic
  - c. \$1m initial order placed by Longhorn VD in March 2020 and expected to grow significantly
- ▶ McKesson OEM of DiaSpect Tm to continue to build momentum in US
  - Sales expected to triple YoY 2019-2020 based on current run rates
- ▶ Completion of Quo-Test cartridge registration in China expected by December 2020
  - Analyser registered in 2019
- ▶ Continue partnership with Mount Sinai to investigate commercial opportunities

**Thanks  
for your attention**