



Diagnostics for life

# EKF Diagnostics Holdings plc

End of year results  
14<sup>th</sup> March 2018

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# Agenda

## Slide no.

4. 2017 Highlights
6. 2017 Financial performance
7. Income statement
8. Business Unit performance
9. Geographic performance
11. 2018 Outlook
12. Appendices

# 2017 Highlights

▶ Revenues up 8% to £41.6m (2016 £38.6m)

- $\beta$ -HB Liquicolor sales up £1.1m
- DiaSpect Tm sales up £0.5m
- Quo-Test A1c sales up £0.7m
- Sold c. 14,556 analysers and 70.2m tests

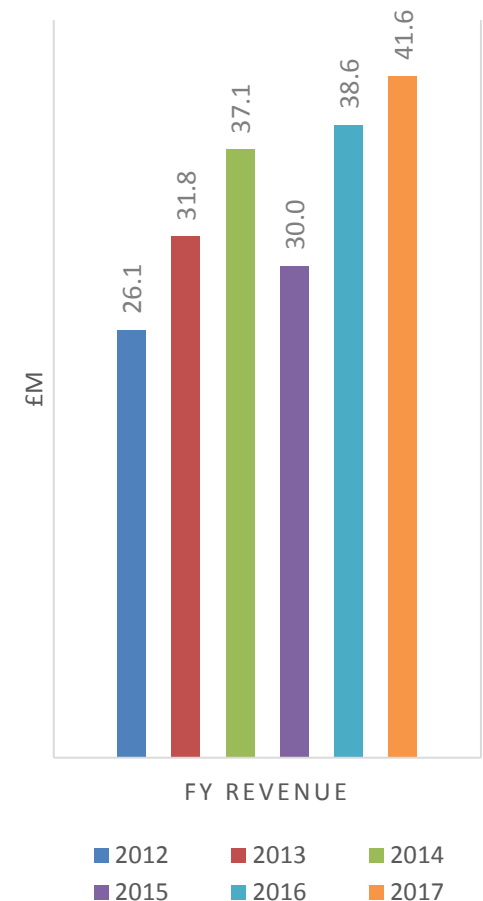
▶ AEBITDA £9.3m (2016 £6.1m)

▶ Net cash £7.0m (2016 £2.2m)

▶ Closure of Poland manufacturing site (30 June) reduced total sites to 7 (from 12)

▶ Significant investments in enzyme manufacturing technology at EKF Life Sciences, USA

▶ Number one supplier of Beta Hydroxybutyrate reagent in the USA, and number two worldwide in hemoglobin point-of-care analysers



# EKF Diagnostics: A global diagnostics company

## Key product portfolio:

- Hemoglobin and hematocrit
- HbA1c
- Glucose
- Lactate
- Beta-Hydroxybutyrate

## Global reach:

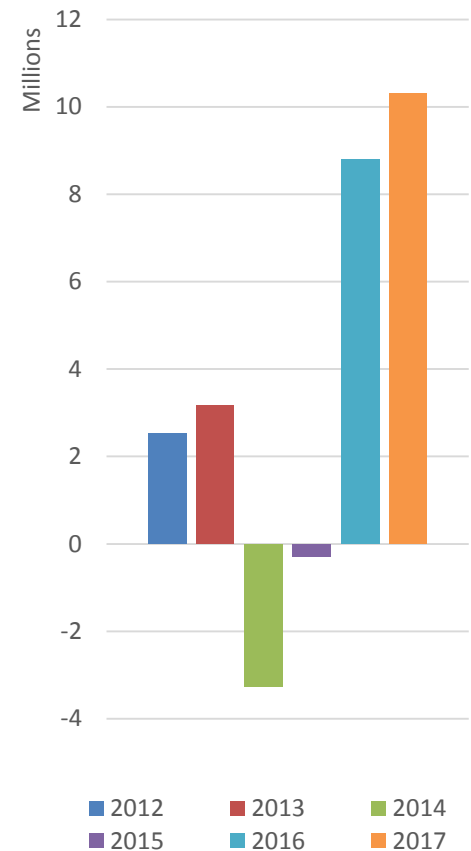
- A large distribution network of over 300 distributors from 115 countries
- OEM and co-branded partnerships



# 2017 Financial performance

- Gross profit up 25% to £22.9m (2016: £18.3m)
- AEBITDA up 52% to £9.3m (2016: £6.1m)
- Cash and cash equivalents: £8.2m (2016: £7.9m)
- Cash generated from operations: £10.1m (2016: £8.8m)

Cash generated from operations



# Income Statement: Extract

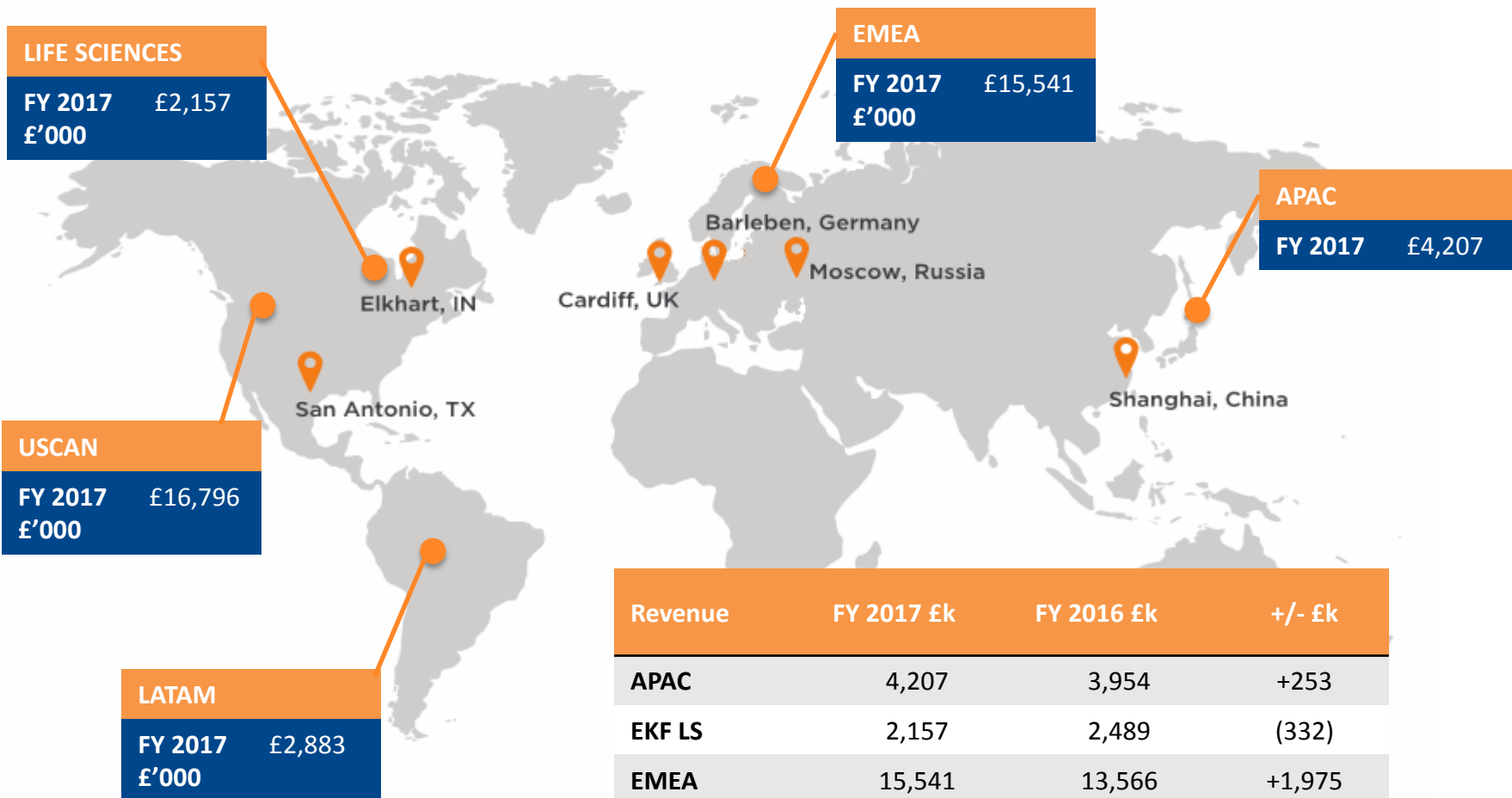
	FY 2017 £k	FY 2016 £k	+/- £k
Revenue	41,584	38,589	2,995
Gross profit	22,863	18,322	4,541
GM %	55.0%	47.5%	-
Admin. costs	(17,582)	(18,734)	1,152
Other income	52	85	(33)
Operating (loss)/profit	5,333	(327)	5,660
<b>AEBITDA</b>	<b>9,304</b>	<b>6,139</b>	<b>3,165</b>

# Business Unit performance

		FY 2017 £k	FY 2016 £k	+/- %
<b>Point of Care</b>	<b>Total</b>	<b>28,987</b>	<b>26,538</b>	<b>+9%</b>
	Hematology	12,911	11,704	+10%
	Diabetes	11,547	10,203	+13%
	Others	4,529	4,631	(2%)
<b>Central Laboratory</b>	<b>Total</b>	<b>12,597</b>	<b>12,051</b>	<b>+4%</b>
	<b>Total</b>	<b>41,584</b>	<b>38,589</b>	<b>+8%</b>



# Geographical performance



Revenue	FY 2017 £k	FY 2016 £k	+/- £k
APAC	4,207	3,954	+253
EKF LS	2,157	2,489	(332)
EMEA	15,541	13,566	+1,975
LATAM	2,883	3,712	(829)
USCAN	16,796	14,793	+2,003
Misc.	0	75	(75)

# Regulatory update

## Product registrations

- Significant investment in clinical trials in USA
- China FDA registration of Quo-Test in lab testing phase
- Brazilian registration for Hemo Control, DiaSpect Tm, Quo-Test and Quo-Lab
- Mexico, Brazil and Colombia registrations for  $\beta$ -HB due to complete in H1 2018
- Indian registration of DiaSpect Tm anticipated Q1 2018

## IVDR

- New IVDR came into effect May 2017 with a five year transition period. Significant resources are required to comply

# 2018 Outlook

- Growth opportunities from new registrations, new products and customers:
  - Clinical trials in USA
  - Quo-Lab registration in Mexico
  - Launch of Lactate Scout 4.0 expected in H2 2018
  - FDA pre-submission for use of lactate in medical applications, specifically sepsis
  - $\beta$ -HB sales expansion into Mexico, Brazil and Colombia LATAM markets
  - Revenue growth from new connectivity products including the DiaSpect Tm POC Connect and the Quo-Test Connectivity Interface Box (CIB)
- Build on the growth of the streamlined Group and lower cost base
- Achieve further manufacturing savings based on selective CapEx expenditure and driving automation
- Achieve sales growth from current key markets and customers:
  - USA: Grow the HemoPoint H2 business in doctor's offices and  $\beta$ -HB in hospitals
  - China: Capitalise on re-registration of Biosen by identifying new distributors in western provinces
- Q1 2018 trading performance in line with management expectations

Appendix 1

# Financial report

# Consolidated Income Statement

	FY 2017 £k	FY 2016 £k	+/- £k
Revenue	41,584	38,589	2,995
Gross profit	22,863	18,322	4,541
GM %	55.0%	47.5%	
Administrative expenses	(18,186)	(18,734)	548
Other income	52	85	(33)
<b>AEBITDA</b>	<b>9,304</b>	<b>6,139</b>	<b>3,165</b>
Share based payments	(1,514)	(973)	541
Exceptional items	1,562	(532)	2,094
Depreciation / amortisation	(4,623)	(4,961)	338
Finance costs / income	(475)	(676)	201
Tax	(1,367)	1,172	(2,539)
<b>Profit for the year cont. operations</b>	<b>2,940</b>	<b>169</b>	<b>2,771</b>

# Balance Sheet / Cash Flow

	FY 2017 £k	FY 2016 £k	+/- £k
Intangible assets	43,600	46,503	(2,903)
Property, plant, equipment	12,121	12,124	(3)
Inventories	5,638	6,025	(387)
Trade / other receivables	7,396	9,370	(1,974)
Cash and cash equivalents	8,203	7,874	329
Deferred considerations	1,062	693	369
Trade / other payables	9,429	9,401	28
Borrowings	1,205	5,718	(4,513)

# Balance Sheet: Assets

	Selected items	FY 2017 £k	FY 2016 £k	+/- £k
<b>Non-current assets</b>	Property, plant, equipment	12,121	12,124	(3)
	Intangible assets	43,600	46,503	(2,903)
	Investments	152	152	0
	Deferred tax assets	34	371	(337)
	<b>Total non-current assets</b>	<b>55,907</b>	<b>59,150</b>	<b>(3,243)</b>
<b>Current assets</b>	Inventories	5,638	6,025	(387)
	Trade and other receivables	7,396	9,370	(1,974)
	Deferred tax assets	13	13	0
	Cash and cash equivalents	8,203	7,874	329
	<b>Total current assets</b>	<b>21,250</b>	<b>23,347</b>	<b>(2,097)</b>
<b>Assets</b>	<b>Total assets</b>	<b>77,157</b>	<b>82,432</b>	<b>(5,275)</b>

# Balance Sheet: Equity and Liabilities

Selected items		FY 2017 £k	FY 2016 £k	+/- £k
Equity attributable	Total equity	60,498	60,971	(473)
Non-current liabilities	Borrowings	872	1,130	(258)
	Deferred tax liabilities	3,467	3,751	(284)
	<b>Total non-current liabilities</b>	<b>4,339</b>	<b>4,881</b>	<b>(542)</b>
Current liabilities	Trade and other payables	9,429	9,401	28
	Deferred consideration	1,062	693	369
	Current income tax liabilities	1,473	1,160	313
	Deferred tax liabilities	23	738	(715)
	Borrowings	333	4,588	(4,255)
	<b>Total current liabilities</b>	<b>12,320</b>	<b>16,580</b>	<b>(4,260)</b>
	<b>Total liabilities</b>	<b>16,659</b>	<b>21,461</b>	<b>(4,802)</b>
Equity and liabilities	<b>Total equity and liabilities</b>	<b>77,157</b>	<b>82,432</b>	<b>(5,275)</b>



# Cash Flow

	FY 2017 £k	FY 2016 £k	+/- £k
<b>Cash and cash equivalents at beginning of period</b>	<b>7,874</b>	<b>2,017</b>	<b>5,857</b>
Cash from (used in) operating activities	9,053	8,943	597
Cash used in investing activities	(2,032)	(1,426)	(672)
Cash used in financing activities	(6,840)	(2,113)	(4,727)
<b>Net increase / (decrease) in cash</b>	<b>602</b>	<b>5,404</b>	<b>(4,802)</b>
Exchange gains / (losses)	(273)	453	(726)
<b>Cash at end of period</b>	<b>8,203</b>	<b>7,874</b>	<b>329</b>

Appendix 2

# Business Unit performance

# Hematology FY 2017



- Revenues up £1,207k (10%)
- Hemo Control/H2 up £430k (7%)
- DiaSpect Tm/CompoLab up £500k (23%)
- HemataStat II up £278k (18%)

	2017 £k	2016 £k	+/- £k	+/- %
Hematology analysers and tests	12,911	11,704	1,207	10%

## Hematology range

DiaSpect Tm  
 HemataStat II  
 Hemo Control  
 HemoPoint H2  
 UltraCrit



# Diabetes FY 2017



- Revenues up £1,343k (13%)
- Biosen up £454k (10%)
- Quo-Test and Quo-Lab up £671k (14%)

	2017 £k	2016 £k	+/- £k	+/- %
Diabetes analysers and tests	11,547	10,203	1,344	13%

**Diabetes range**

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

# Central Laboratory

## Clinical chemistry, benchtop lab analysers and enzymes



- Revenues up £546k (5%):
  - $\beta$ -HB Liquicolor reagent up £1,068k (17%)
  - Clinical chemistry down £88k (4%) including sales of Altair 240 analysers
  - Discontinuation of some STI products

**Central Lab range**  
Clinical chemistry  
Beta-Hydroxybutyrate  
Small lab analysers  
Fermentation and enzymes



	FY 2017 £k	FY 2016 £k	+/- £k	+/- %
Central Laboratory	12,597	12,051	546k	5%

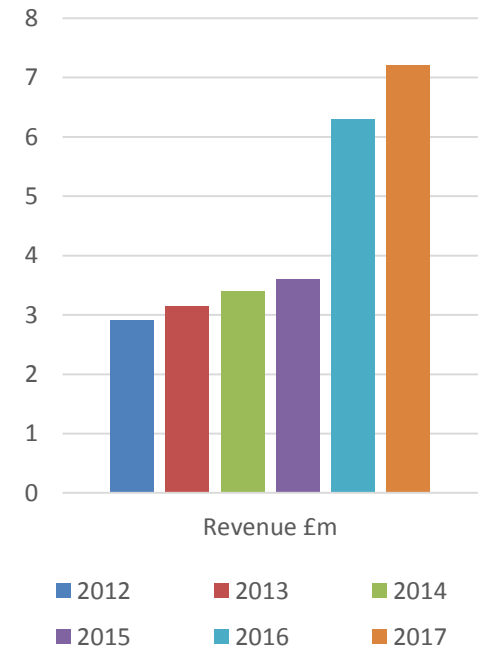
# Central Laboratory

## Beta-Hydroxybutyrate LiquiColor test



- $\beta$ -HB Liquicolor 2017 sales:
  - 2017 revenues of £7,225k v 2016 £6,157k (up by 17%)
- US hospitals using  $\beta$ -HB on clinical chemistry analysers:
  - December 2017: c.1,190
  - December 2016: 1,111
  - December 2015: 1,002
  - December 2014: 936

$\beta$ -HB Liquicolor revenues



**Thanks for your attention**

**EKF**

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