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Sirtex Records First Half NPAT of $20.8 Million

- **Global dose sales increased 5.6% to 6,047 units**
- **Constant currency EBITDA[1] of $33.6 million**
- **FY17 dose sales guidance of 5-11% maintained**
- **FY17 constant currency EBITDA[1] guidance maintained at $65-$74 million**
- **On-market share buy-back for up to $30.0 million over the next 6 months**

Sydney, Australia; 22nd February 2017 - Sirtex Medical Limited (ASX: SRX) today announces its financial results of the half year ended 31st December 2016. The Company recorded a Net Profit After Tax (NPAT) of $20.8 million, representing a decline of 19.8 per cent compared to the previous corresponding period (pcp).

Mr Nigel Lange, Interim Chief Executive Officer of Sirtex Medical commented "We are clearly disappointed with the 1H17 financial results in light of the lower than anticipated growth in dose sales. However, we have made it our absolute priority to stabilise the business through the appointment of experienced senior executives, initiated a cost cutting program in areas non-core to our SIR-Spheres® Y-90 resin microspheres business, and importantly recognised our loyal shareholders with a $30 million on-market share buy-back over the next six months. We are now eagerly preparing for the results of our major clinical studies over the next few months, which if positive can be expected to have a material impact on our long term growth potential moving forward."

First Half Financial Highlights

	1H 2016 $'000	1H 2017 $'000	% change
Dose sales	5,728 units	6,047 units	+ 5.6%
Revenue from sale of goods	112,596	112,786	+ 0.2%
Profit before tax	33,156	27,219	- 17.9%
Net profit after tax	25,939	20,810	- 19.8%
Cash and cash equivalents*	73,738	98,954	+ 34.2%
Cash flow from operations	22,189	21,424	- 3.4%
Earnings per share (cents)	45.4	36.1	- 20.5%
Total Clinical Investment**	10,832	10,425	- 3.8%

** Inc. cash on deposit for >90 days. Sirtex has no debt. ** Includes capitalised and expensed items, ex-SIRFLOX amortisation*

[1] Constant currency was applied by restating the half year and full year FY17 with the half year and full year FY16 average rates: Half year: AUD/USD – 0.723, AUD/EUR – 0.655, AUD/SGD – 1.012; Full Year: AUD/USD – 0.724, AUD/EUR – 0.656, AUD/SGD – 1.012. A determination of the constant currency effect for EBITDA has not been subject to external review or audit or prepared in accordance with Australian Accounting Standards, IFRS or the Corporations Act 2001. Constant currency provides one measure of comparability between the periods.

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NPAT and Margins

Sirtex Medical's 1H17 reported NPAT declined by 19.8 per cent to $20.8 million (down 5.4 per cent in constant currency), driven by lower dose sales growth of 5.6 per cent, operating expenditure growth necessary to expand the business globally, and the transactional headwind of a higher Australian Dollar versus the US Dollar and Euro over the period. Reported sales revenues were $112.8 million, up 0.2 per cent (an increase of 4.6 per cent in constant currency).

Gross margins declined by 70 basis points to 84.2 per cent, reflecting higher COGS due to preparing the new Frankfurt facility for commercial production. Commercial sales are expected to commence from our manufacturing plant in Frankfurt, Germany during the 2H17. Reported EBITDA declined 17.7 per cent to $29.2 million (down 5.2 per cent in constant currency), representing an EBITDA/sales margin of 25.9 per cent. The decline in EBITDA was attributable to higher sales and marketing expenditure to support future growth and in preparation for the reporting of major clinical studies progressively from the 2H17 onwards. The 1H17 NPAT margin fell to 18.5 per cent from 23.0 per cent in the pcp. The effective tax rate was 23.5 per cent versus 21.8 per cent in the pcp, reflecting lower R&D tax concessions and mix effects.

Regional Performance

Global dose sales of SIR-Spheres microspheres increased 5.6 per cent to 6,047 units compared to the pcp. The number of treatment centres globally certified to use our product increased 9.6 per cent to 1,060 centres, versus the pcp. From the period FY16 to 1H17, our treatment centre growth was 5.7 per cent.

The Americas dose sales of 4,248 units increased 5.5 per cent compared to the pcp while Americas revenue growth was 0.7 per cent (up 5.5 per cent in constant currency) to $90.1 million. Pricing remained stable for the period. Americas continue to remain a key driver for dose sales and revenue growth into the future and represent 70.2 per cent of our global mix by volume and 79.9 per cent by revenue.

During the half, Americas growth was materially impacted by a convergence of factors, including a decline in referrals to SIR-Spheres microspheres in salvage metastatic colorectal cancer, increased competition for patients with liver-directed therapies, a lack of sustained momentum in the use of SIR-Spheres in higher treatment lines from the SIRFLOX result as clinicians wait for overall survival data in the 1H CY17, and a general tightening in the reimbursement environment.

Despite these impacts, we continue to grow our presence in the region with an increase in the number of hospitals (treatment sites) certified to use our treatment growing 12.4 per cent to 599 sites compared to the pcp, representing 6.2 per cent growth from the period FY16 to 1H17.

In Europe, the Middle East and Africa (EMEA), dose sales growth of 4.1 per cent was recorded, which represents 21.0 per cent of our global mix by volume. We increased the number of hospitals certified to use our treatment by 5.0 per cent to 317 sites during the year compared to the pcp.

EMEA product revenues were down 4.3 per cent (up 0.5 per cent constant currency) to $18.2 million compared with the pcp, reflecting mix impacts from lower growth recorded in well established markets such as Germany and currency effects. We recently appointed Mr Anthony (Tony) Dixon to the role of CEO, EMEA and achieved reimbursement for our product in France for refractory metastatic colorectal cancer. New market entries are also planned.

Asia Pacific (APAC) dose sales grew 10.2 per cent to 530 doses compared to the pcp. APAC represents 8.8 per cent of our global mix by volume. APAC revenues of $4.4 million were up 8.6 per cent on the pcp (up 10.3 per cent in constant currency). We saw continued sales momentum in Australia, and sales growth across a number of South East Asian markets. We recently appointed Mr Reuben Teo as CEO,

APAC to drive growth across this important region. The number of hospitals certified to use our treatment across the region was 144 sites, up 9.1 per cent on the pcp.

Operating Expenses

In 1H17, total operating expenses grew 7.7 per cent to $69.1 million, driven by sales and marketing expenditure that increased by 7.2 per cent to $42.4 million, representing 37.6 per cent of sales. We continued to increase our sales and marketing presence during the period, and also provided an educational grant/sponsorship of the 6th Multidisciplinary Symposium on Liver-Directed Cancer Therapy using ^{90}Y Microspheres in Rome, which is held every two years.

Administration expenses grew by 14.4 per cent to $10.9 million (9.7 per cent of sales), reflecting the additional infrastructure required to support our global growth objectives. Medical expenses grew 19.0 per cent to $3.5 million (3.1 per cent of sales), due to the continued excellent recruitment of the RESIN liver tumour patient registry in the US and costs to service the expanding clinician base. Regulatory and Quality Assurance expenses grew 15.5 per cent to $2.2 million (2.0 per cent of sales).

Global staff numbers grew 11.5 per cent to 300, reflecting additions across predominately the sales and marketing infrastructure in the US during the period.

Majority of Clinical Studies to Report Results in the 1H of CY17

As announced, the SARAH Study results are to be presented at the European Association for the Study of the Liver / International Liver Congress (EASL/ILC) meeting on the 19th-23rd April 2017, with the abstract release anticipated on the 5th of April, with results presented on the 22nd April. Sirtex anticipates both the SIR*ve*NIB and SIRFLOX/FOXFIRE/FOXFIRE Global studies to be presented at the American Society of Clinical Oncology (ASCO) meeting on 2nd-6th of June 2017. Unless abstracts are withdrawn or embargoed, abstract release will be on the 17th of May (US time).

Further details on studies, disclosures and commercial positioning will be provided at a Clinician 'Lunch & Learn' Investor/Analyst Presentation and Webcast on the 2nd of March 2017.

We were pleased to launch a new clinical study (SIRCCA) in unresectable, first-line intrahepatic cholangiocarcinoma (n=180) during the half, which will compare standard of care chemotherapy plus SIR-Spheres microspheres versus standard of care chemotherapy alone. Progress in the Sirtex US RESiN Registry has been strong, with 286 patients recruited at the end of the 1H17 and >500 patients anticipated by the end of FY17. In Europe, the CIRSE Registry for SIR-Spheres Therapy (CIRT) has enrolled over 500 patients since late 2014.

In February, the National Cancer Centre Singapore (NCCS) announced an Investigator Initiated Trial (IIT) of SIR-Spheres microspheres radioembolisation plus nivolumab (Opdivo®, Bristol Myers Squibb) in up to 40 Asian patients with hepatocellular carcinoma (HCC). This study is expected to take up to two years.

A Focus on Costs and R&D Investment

During the reporting period we invested a total of $5.7 million into R&D, up 5.0 per cent over the pcp. Sirtex has reviewed its R&D activities to align with its redefined strategic direction. Programs that are dedicated to product enhancements and user interface enhancements associated with SIR-Spheres microspheres will continue. The Carbon-Cage Nanoparticles (CCN) program, Polymer-Coated Nanoparticles (PCN), and radioprotector programs will be wound down and development ceased beyond existing contractual obligations, with divesture of these technologies where possible. With regard to the

Histone Inhibition Program (HIP), Sirtex intends to complete the Phase 1 safety and toxicity study for its lead compound STC314, which is anticipated to commence in the current half. Once these results are available, we will conduct an evaluation of commercial options. It is important to note that all non-SIR-Spheres microspheres related R&D programs are expensed through the P&L and not capitalised.

Sirtex has targeted cost savings of $7 million (annualised) across non SIR-Spheres microspheres related business functions, principally within R&D but also administration. The restructuring costs associated with the savings measure are minimal.

Strong Financial Position

Cash from operating activities decreased 3.4 per cent to $21.4 million in the period. Gross operating cash flow to EBITDA (GOCF/EBITDA) was 81.9 per cent. We continue to manage our cash flow prudently, with a 21.1 per cent improvement in debtor days over the pcp and an increase in creditor days by 22.5 per cent. Cash and cash equivalents[2] at the end of December of $99.0 million, represented an increase of 34.2 per cent on the pcp. During the half, the Company paid $17.3 million in shareholder dividends ($11.4 million in the pcp) following the declaration of a partially franked dividend of 30.0 cents per share at the FY16 result.

Outlook

Sirtex remains committed to exploiting the underpenetrated market opportunity for SIR-Spheres Y-90 resin microspheres, globally. Based on the addressable annual market, SIR-Spheres microspheres remains approximately 2% penetrated. While the first half results have highlighted the competitive pressures building within the Interventional Oncology market segment and cancer therapies generally, Sirtex is uniquely positioned to capitalise on its industry leading clinical evidence, infrastructure and customer-facing focus to support long term sales growth.

Our short to medium term strategy must support our SIR-Spheres microspheres business. We are therefore announcing the discontinuation of the three pillar strategy of the *2020Vision* strategy, and making material changes to our R&D activities within the business. The main benefits of the $7 million in identified cost savings will flow from FY18 onwards. Looking ahead, shareholders can expect to see a resolute focus in leveraging our core competencies within the Interventional Oncology market.

For the FY17 period we maintain our previous guidance of dose sales growth between 5-11%, with constant currency EBITDA of $65-74 million.

We eagerly await the results of our major clinical studies programs over the coming months including the SARAH, SIR*ve*NIB and SIRFLOX/FOXFIRE/FOXFIRE Global studies, which if positive can be expected to have a material impact on our long term growth potential.

Additional details about Sirtex's first half 2017 financial results are included in the Company's Appendix 4D, which have been released separately to the ASX today. An Appendix 3C relating to the on-market share buy-back announced by the Company today has also been released separately.

[2] Includes cash on deposit for >90 days.

As previously announced to the ASX on 9th February 2017, Sirtex will host an Investor Conference Call to discuss the first half 2017 financial results, including a Q&A session at 9:00 a.m. AEDT today. Details of which are provided below.

Participants are encouraged to register at least 5-10 minutes prior to the commencement of the call, using the details provided, below.

Conference ID: 5994 9869

Toll Free Dial-in Details:

Australia Toll Free: 1800 123 296
Australia Local Dial: +61 2 8038 5221
USA: 1855 293 1544
Hong Kong: 800 908 865
Singapore: 800 616 2288
United Kingdom: 0808 234 0757
New Zealand: 0800 452 782
Canada: 1855 5616 766
Japan: 0120 477 087

Webcast Link

The slide presentation and audio can also be viewed by pasting the following link into your browser: http://webcast.openbriefing.com/3299/

A recording of the call and slide presentation will be made available in the 'Investors' section of the Company website shortly after the conclusion of the call at: http://www.sirtex.com/au/investors/

About SIR-Spheres® Y-90 Resin Microspheres

SIR-Spheres Y-90 resin microspheres are a medical device used in interventional oncology and delivered via Selective Internal Radiation Therapy (SIRT), also known as radioembolisation, directly to liver tumours. SIR-Spheres Y-90 resin microspheres are approved for supply in key markets, such as the United States, European Union and Australia.

About Sirtex Medical

Sirtex Medical Limited (ASX:SRX) is an Australian-based global healthcare business working to improve outcomes in people with cancer. Our current lead product is a targeted radiation therapy for liver cancer. Over 73,000 doses have been supplied to treat patients with liver cancer at 1,060 medical centres in over 40 countries. For more information please visit www.sirtex.com.

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