

# ITL LIMITED 2015 ANNUAL GENERAL MEETING



26 November 2015



Innovating Technologies for Life



# AGENDA

- 2014/15 P&L Results
- Cash and Debt Management
- Divisional Performance
- Capital Management
- Strategic Initiatives
- MyHealthTest



# 2014/15 Full Year Results

Profit and Loss Statement	2014/15	2013/14
Revenue	\$28.3m	\$25.9m
EBITDA	\$2.8m	\$3.2m
PBT	\$1.6m	\$2.1m
NPAT	\$2.1m	\$2.0m
Earnings per share	2.50 cents	2.41 cents
Dividends per share	0.75 cents	1.00 cents



## 30/6/15 Financial Position

Balance Sheet Measures	30 June 2015	30 June 2014
Net Assets (Total Equity)	\$11.9m	\$10.0m
Cash	\$1.1m	\$0.1m
Borrowings	\$5.6m	\$3.7m
Net Debt	\$4.5m	\$3.6m
Gearing (Net Debt / (Net Debt + Equity))	28%	26%
Unused Loan Facilities (excl BAs)	\$2.0m	\$2.6m
Net Asset Backing per share	14.0 cents	12.1 cents
Net Tangible Asset Backing per share	11.2 cents	9.7 cents



# 2014/15 Highlights

- 2015 was a year of investment in capacity expansion & renovation of newly acquired Malaysian plant to support BioMedical growth and supply Healthcare Australia
- Net profit after tax of \$2.1m (2014: \$2.0m)
- EPS 2.5 cps (2014: 2.4 cps)
- Net asset backing 14.0 cps (2014: 12.1 cps)
- Revenue \$28.3m (2014: \$25.9m)
- Profit before tax \$1.6m (2014: \$2.1m) depressed by \$0.5m one off items (Bemban, MHT, patents, GST, inventories)
- EBITDA \$2.8m (2014: \$3.2m)
- ITL pays fully franked dividends totalling 0.75 cps



# ITL Business Divisions

## Healthcare Australia



### Medical Devices & Procedure Packs

- Operating Room Procedure Packs
- Cath Lab Kits
- IV Monitoring Kits
- In-house Steriliser

## ITL BioMedical



### Biological Safety Sampling Devices

- Human Sample Collection and Processing
- New Product Development



# Performance by Division

\$million	HCA	BioMed	Elim	Total
<u>Revenue:</u>				
2015	18.6	11.1	(1.4)	28.3
2014	15.0	11.6	(0.7)	25.9
<u>EBITDA:</u>				
2015	1.5	2.4	(1.1)	2.8
2014	1.0	3.0	(0.8)	3.2
<u>EBIT:</u>				
2015	1.1	1.9	(1.1)	1.9
2014	0.6	2.6	(0.9)	2.3



# Healthcare Australia

## 2014/15 OUTCOMES

- Revenue up 24% with strong growth in IV kit business
- EBIT nearly doubles despite margin pressures, adverse FX & unfavourable mix
- Progressive outsourcing of labour intensive manufacturing to Malaysia
- Increased market share as a supplier of packs to NSW public hospitals

## CURRENT INITIATIVES

- Strategy to grow profitable business, particularly in NSW despite strong price competition
- Retain and grow supply IV kits to hospitals in all states
- Improve sourcing of raw materials from Asia
- Progress opportunities for efficiency improvement & cost reduction



# ITL BioMedical

## 2014/15 OUTCOMES

- Solid revenue outcome with subdued demand from U.S. blood banking industry cushioned by increased demand from Healthcare Australia and favourable FX
- EBIT decline impacted by one off costs re Malaysian plant shutdown, equipment relocation & successful launch of state of art medical device factory
- Ongoing launch of new innovative products

## CURRENT INITIATIVES

- Strong pipeline of R&D for new product development
- Low cost contract manufacturing for Healthcare Australia
- Enhanced AUD revenue streams due to stronger USD
- Pursuit of new market opportunities



# Capital Management

## Share Buyback Scheme

Directors believe that the Company's progress has not been reflected in its market capitalisation. Therefore, there is an ongoing share buyback as Directors believe this is a good investment for shareholders. Under the buyback scheme proposed for AGM approval, a further 15% or 12.7m shares can be bought back before 25/11/2016.

During 2014/15, the Company bought back only 939k shares or 1% of issued capital at 1/7/14 at a cost of \$0.2m i.e. at an average price of \$0.22. The low level of buyback reflected the Group's funding needs arising from the purchase and expansion/renovation of the new factory in Malaysia.

No further buyback has occurred since balance date and the current no. of shares on issue is 84.7m.



# Strategic Initiatives

- Strong BioMedical push for new growth markets, new product development & patent driven customer opportunities
- Expansion & diversification of manufacturing operations in Malaysia
- Progressive transfer of certain products from Healthcare Australia to low cost modern Malaysia production facilities
- Growth of HCA business: increased pack share in NSW & VIC; creation of markets for specialist kit supply Australia wide
- Strategic sourcing of raw materials to reduce purchase costs
- Diversification of ITL business base to accelerate growth both organically and through potential acquisition



*Helping people monitor and manage their own health and wellbeing, conveniently.*

*Targeting the screening and monitoring of major chronic diseases with significant social and economic impacts.*



- Launched commercial sales Oct 2015
- 3 major grants awarded (\$1.15m)
  - ACT ICoN, ANU-DTF, AusIndustry EIP-AC
- R&D tax concession \$840k
- R&D published, *BMC Clinical Pathology* journal
- Established high quality test processing facility
  - Commissioned Aug-Sept 2015, commenced consumer testing Oct
  - Processed ~5,000 tests (both customer tests & development work)
- Major partnerships established
  - Diabetes ACT, Diabetes NSW, NRMA and others
  - ANU, and developing with University of Canberra, University of Sydney



# Key People

- Secured high profile and very experienced team
  - Dr Nick Cerneaz                      General Manager
  - Dr Marianne Gould                  Marketing Director
  - Ms Belinda Whittle                  Scientific & Laboratory Director
  - Prof Julia Potter                      Advisory Board (Clinical Pathology)
  - Dr Paul Dugdale                      Advisory Board (Public Health)

\* See attachment for bio's



- HbA1c – for *diagnosing* and *managing* diabetes, and pre-diabetes:
  - Diabetes is the fastest growing chronic disease in most countries around the world – including Australia
  - HbA1c test helps identify, monitor and manage both pre-diabetes and actual diabetes.
  - Prevention: detect pre-diabetes and prevent onset of diabetes and its very many severe complications.
  - MHT's test for HbA1c is quick, easy and convenient to do. It reduces the barriers for people to seek the help they need
- New test development program
  - Tests for cardiac, thyroid and prostate conditions in progress
  - Others in earlier stage development



# Market Segments

- Online direct to consumer market
  - Launched mid October
  - Approx. 1,000 customer tests processed
- Retail (pharmacy) market – launching early 2016
- Corporate Wellness Program – launched November 2015
  - Identified very interesting results right from very start
- Partnerships – multiple & significant programs established



**Innovating Technologies for Life**



- **Dr Nick Cerneaz** - General Manager. Extensive experience in the development and commercialisation of new and advanced technologies, especially in the healthcare sector. From 2012 to 2014 Nick was Executive Director of The Warren Centre for Advanced Engineering – a not-for-profit social enterprise that aims to foster excellence and innovation in advanced engineering throughout Australia. Previous to his appointment at the Warren Centre, Nick was Chief Executive Officer of Seeing Machines Limited – a publically listed computer vision technology company creating a wide range of applications based on their core real-time face and facial feature tracking technology. He has previously held senior management and technology roles at CTI Molecular Imaging, Mirada Solutions Limited and Amcor Limited
- **Dr Marianne Gould** - Marketing Director Experienced international healthcare marketer, with a focus on strategy and product development. Prior to joining MyHealthTest she has managed marketing portfolios with a range of global companies including Johnson & Johnson Medical, ResMed, Ventracor, Schering Plough and ITL Ltd. Marianne also has a significant clinical background as a practicing veterinarian.
- **Ms Belinda Whittle** - Scientific & Laboratory Director. Belinda has over two decades experience in medical research at the Australian National University (ANU). Working with leading scientists on a diverse range of projects within the fields of genomics, genetics, immunology, and microbiology Belinda has co-authored 40 papers in scientific journals. In her most recent senior management role at the University, she has led several scientific and support teams providing bioinformatics, genomics, phenomics and project management capabilities. Belinda has experience in accreditation processes and quality management, most recently having successfully attained NATA certification for biological and medical testing in the research and development (R&D) program for the Australian Phenomics Facility at the ANU. She is executive manager and a founder of Targeted Genomics Pty Ltd and has experience offering a science technology consultancy service
- **Prof Julia Potter** – Medical Advisory Board (Clinical Pathology) - Julia Potter is an eminent pathologist, currently serving as Professor of Pathology (Foundation Chair) at the ANU Medical School and as Senior Staff Specialist in Chemical Pathology at ACT Pathology. Julia is the former Executive Director at ACT Pathology and Honorary Professor of Pathology at the University of Sydney, Canberra Clinical School and has been active on advisory committees to Government, and in the clinical, research and teaching fields. She is an author on over 130 published peer-reviewed articles
- **Dr Paul Dugdale** – Medical Advisory Board (Public Health). Paul Dugdale is the Director of Chronic Disease Management for ACT Health, Associate Professor of Public Health at the ANU and Director of the ANU Centre for Health Stewardship. Paul is a former ACT Chief Health Officer, Medical Superintendent at Liverpool Hospital and Private Secretary to Federal Health Minister Neal Blewett.