

ITL LIMITED 2016 ANNUAL GENERAL MEETING

27 October 2016



Innovating Technologies for Life





AGENDA

- 2015/16 P&L Results
- Cash and Debt Management
- Divisional Performance
- Capital Management
- Current Year Performance
- Strategic Initiatives
- Looking Ahead



2015/16 Full Year Results

Profit and Loss Statement	2015/16	2014/15
Revenue	\$31.1m	\$28.3m
EBITDA	\$1.6m	\$2.8m
PBT	\$0.3m	\$1.6m
NPAT	\$0.3m	\$2.1m
Earnings per share	0.4 cents	2.5 cents
Dividends per share	nil	0.75 cents



30/6/16 Financial Position

Balance Sheet Measures	30 June 2016	30 June 2015
Net Assets (Total Equity)	\$14.3m	\$11.9m
Cash	\$0.6m	\$1.1m
Borrowings	\$6.1m	\$5.6m
Net Debt	\$5.5m	\$4.5m
Gearing (Net Debt / (Net Debt + Equity))	28%	28%
Unused Loan Facilities	\$2.2m	\$2.0m
Net Asset Backing per share	15.0 cents	14.0 cents
Net Tangible Asset Backing per share	9.1 cents	11.2 cents



Summary 2015/16

- Following the 2015 investment in Malaysia, 2016 was a year of strong growth initiatives and diversification strategies
- Improved sales growth in 2015/2016 offset by investment in MHT; contraction of margins for Healthcare Australia and; affects of major cleanroom airconditioning breakdown in Malaysia
- Successful expansion of business in Malaysia plant
- Significant work carried out has resulted in numerous contract renewals in Q1 2016/17



Summary 2015/16

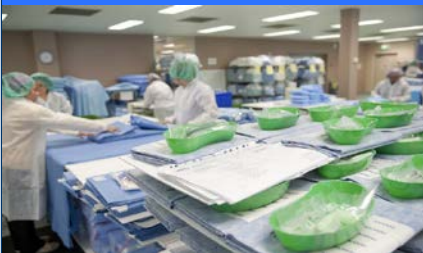
- MHT grew successfully. Established its maiden product, achieved its maiden sales and received endorsement from peak industry associations
- Continued flow of new innovative products through the year - 11 new innovative products introduced
- ITL now holds 89 patents and is selling into 55 countries
- ITL ranked 16th Most Innovative Company in Australia at Australian Financial Review Awards





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

- Biological Sampling
- Needle Safety
- Innovative New Product Development
- Medical Device Manufacturing

MyHealthTest



Direct to Consumer Pathology Testing

- Convenient sample at home
- Sent to & analysed at MHT laboratory
- Results received rapidly & securely



Performance by Division

\$million	HCA *	BioMed*	MHT	Other	Total
<u>Revenue:</u>					
2016	19.9	13.9	-	(2.7)	31.1
2015	18.6	11.1	-	(1.4)	28.3
<u>EBITDA:</u>					
2016	0.5	2.6	(0.4)	(1.1)	1.6
2015	1.5	2.4	-	(1.1)	2.8
<u>EBIT:</u>					
2016	0.1	2.1	(0.4)	(1.1)	0.7
2015	1.1	1.9	-	(1.1)	1.9

* Includes H/O Corporate Recharges



Healthcare Australia

2015/16 – OUTCOMES

- Revenue up 7% with growth in Custom Procedure Packs in NSW
- Reduced EBIT from continued pricing pressure and resultant margin erosion
- Increased sales have been in lower margin products
- 1/3 of Healthcare sales (appx) manufactured in ITL's Malaysian plant

2016/2017 - ONGOING

- A number of contract renewals already achieved since 1st July
- Restructure procurement area to improve raw material sourcing opportunities
- Progress opportunities for efficiency improvements, cost reduction and increasing prices
- Development of innovative, patented medical devices for inclusion in packs



ITL BioMedical

2015/16 OUTCOMES

- 25% revenue growth driven by increased sales to OEM customers, sales to Healthcare Australia and exchange rate benefits
- EBIT growth driven by volumes in sales and through manufacturing efficiencies but subdued by one-off breakdown of major cleanroom air-conditioning and inventory provisions due to problems with supplier materials
- Successfully implemented strategy to expand markets and sales of Samplok Sampling Kit (SSK), a highly innovative and high margin product. FDA approval received in Taiwan & US, and contract wins with blue chip clients
- Ongoing launch of new innovative products

2016/2017 – ONGOING

- Further SSK contract wins already achieved since 1st July
- Recently signed global distribution agreement for SSK with bioMerieux, a world leader in in-vitro diagnostics with a presence in over 150 countries.
- bioMerieux relationship expected to increase sales in new geographic markets
- Increased contract manufacturing for HCA
- Launching 5 new products



MyHealthTest

2015/16 OUTCOMES

- Acquisition completed 1 December 2015
- Investment in infrastructure to support business operations including key IT systems, fully equipped state-of-the-art laboratory and expert management team
- Significant progress in developing industry support and business base with key relationships established with Diabetes ACT&NSW.
- Initial launch of HbA1c diabetes test

2016/2017 - ONGOING

- Results portal launched 24 October 2016. Enables channel partners to start marketing MHT's HbA1c diabetes test to their databases
- HbA1c test on pharmacy shelves with increasing sales and growing repeat business
- Additional tests for cardiac, thyroid and prostate conditions are awaiting accreditation before coming online in 2017
- Forging relationships with Universities for new technology testing methodologies to complement current tests



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 which is believed to be a good investment for shareholders.

Under the buyback scheme proposed for AGM approval, a further 15% or 14.4m shares can be bought back before 26/10/2017.

During 2015/16, the Company bought back only 240k shares, or less than 1% of issued capital, at 1/7/15 at a cost of \$50k i.e. at an average price of \$0.20. The low level of buyback reflected the Group's funding needs arising from investment in high growth MyHealthTest diversification opportunity, increased R&D focus and focus on growth.

No further buyback has occurred since balance date and the current no. of shares on issue is 95.9m.



Capital Management

Additional 10% Placement Capacity & Placements to Directors

In order to remain flexible in the market, and to be best positioned to take advantage of opportunities that may arise, the Directors believe additional scope in terms of the ability to raise funds or fund growth opportunities is beneficial to the Group and its Shareholders.

Issues of additional Equity Securities may be used to:

- Expand current business activities
- Strategic acquisitions
- Repayment of debt and for general working capital as the business expands
- Acquisition of new assets

ITL is committed to expanding the business only when the opportunities align with its strategic objectives and goals



Strong Q1 2016/17

First Quarter Performance

Unaudited Management Accounts	Qtr ended 30/9/2016	Qtr ended 30/6/2016	Qtr ended 30/9/2015
Revenue	\$8.9m	\$8.1m	\$7.6m
EBITDA	\$1.5m	\$(0.3m)	\$1.0m
Profit Before Tax	\$1.0m	\$(0.7m)	\$0.7m

- Strong start to the year highlighted by increased revenue (17% over previous year) and profitability (EBITDA up 50%) driven by business improvement programs
- Current year includes MHT start up costs of \$(0.4m) not incurred in the prior year₁₄ so gains in underlying businesses even greater



Strategic Focus

- Continued focus on ITL's innovative approach to its business
- Strong BioMedical push for new growth markets, new product development & patent driven customer opportunities
- Expansion & diversification of manufacturing operations in Malaysia
- Growth of HCA business: increased pack share in NSW & VIC; creation of markets for specialist kit supply Australia wide
- Progressive transfer of certain products from Healthcare Australia to low cost modern Malaysia production facilities
- Continued strategic sourcing of raw materials to reduce purchase costs



Strategic Focus

- Diversification of ITL business base to accelerate growth both organically and through potential acquisition
- Acceleration of sales in MHT
- Validation & launch of new tests in MHT
- Leverage the recognition of being ranked as the 16th most Innovative Company in the Australian Financial Review Companies awards.



Looking ahead

- ITL has had a good start to the current financial year driven by sales of our new and existing innovative products whilst strategically investing in MHT start-up phase
- MHT's channel partners have started to promote HbA1c Diabetes test
- ITL will benefit from further cost savings from increased utilisation of Malaysia plant
- Global distribution agreement with bioMerieux expected to drive sales in new geographic regions
- Ongoing pipeline of innovative products designed to meet client demand



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