To start at the very beginning, Tristel was formed over twenty years ago by Francisco Soler and Paul Swinney to invest in a new disinfectant for hospitals. The chemical used in the disinfectant was chlorine dioxide, known for many years in industry, but never used before to disinfect medical instruments. Chlorine dioxide has a number of unique features. First and foremost, it is incredibly effective at killing microbes – bacteria and viruses and even bacterial spores. Second, it is safe to use. And third, and very important to all that has followed, chlorine dioxide is unlike other disinfectants in that it comes in two parts that have to be mixed when used. Over the years this feature has given us plenty of opportunity to create patents, and stand apart from all the other types of disinfectant chemistry. Even after more than twenty years, we are still the only company around the world using chlorine dioxide for the disinfection of medical instruments.

From 1993 onwards we endured a very difficult, and frugal, journey for some ten years before we established Tristel as the market leader in the clinical area of endoscopy in the United Kingdom. In 2005 with sales of £3 million we joined the AIM market and became a public company.

Slide 1

As you can see from the chart we have consistently grown revenue over the eleven years that we have been a public company. The compound annual growth in sales over this eleven year period has been 17%.

The year ending June 2013 was a watershed for Tristel. This was the year when our sales to the endoscopy department of a hospital, which was the mainstay of our business at the time, dropped off the cliff, and the investments that we had made during the previous couple of years to counteract this anticipated threat had yet to bear fruit. These investments were in clean room manufacture and setting up our own operations in Germany and China.

2013 represented the nadir of our fortunes and the share price fell to 20 pence in February. But the plans we had laid started to bear fruit and the four years since have restored our upward trajectory.

Slide 2

We describe our business in terms of three portfolios – Tristel for the hospital market; Anistel for the veterinary market, and Crystel for the contamination control market. Contamination control is largely focused on industry where the disinfectants and hygiene products that we make are used to disinfect clean rooms and keep manufacturing facilities clean.

Both Anistel and Crystel are steady contributors to sales and profit but as the third chart shows they contribute under £3 million in revenue to the Group. They are both profitable and generate cash and are important parts of our business, here for the long term, but today I am going to make the focus of this presentation our Tristel hospital business.

Slide 3

Within hospitals our Tristel products are principally used to either disinfect medical instruments or to disinfect surfaces. The chart clearly shows that our instrument sales are far more significant than our surfaces sales. But this means we have a great opportunity to grow our surfaces business.

In order to do so we have been searching for the past few years to find a way in which we can change in our favour the cost equation between chlorine dioxide and bleach. Bleach, or chlorine, is the most widely used disinfectant in the world. It is not effective or as safe as our chlorine dioxide – but it is cheaper.

We think we may have unlocked the opportunity, and if you visit our new product ideas presentations in the main building you can take a look at the concept.

Slide 4

One of our key strategic objectives has always been to globalise Tristel and this chart shows that we are making great progress toward this goal. In the first half of the year, which we reported on in the interims in February, overseas sales represented 36% of the total, and had grown by 20% during the six months compared to the first half of the previous year. In the second half, overseas sales represented 41% of the total, and had grown by 19.4% during the six months compared to the second half of last year.

For the year as a whole, overseas sales represented 39% of the Group total. We see no reason why this trajectory should not continue. We confidently predict that overseas sales will exceed UK sales in the next few years.

We plan for the business to continue to grow internationally, and many of our investments – pursuing regulatory approvals, developing new products, in our people and in travel – are made to achieve this goal. Acquiring our Australian distributor's business is a good example of how we are seeking to accelerate growth overseas.

We are selling product in over 40 countries but have no presence in major healthcare markets such as the United States and Canada, Brazil, all of Africa, India, Indonesia, Vietnam, the Philippines, Taiwan and Japan.

Why does this goal make sense for Tristel? Because in the United Kingdom we have extremely high market share in several of the clinical areas upon which we focus, for example the ear, nose and throat out-patient department, or the cardiology department. You will have a chance to see these products in action on the medical instruments used in these clinical areas during your tours.

For example in the cardiology area of the hospital, we have 95% of all hospitals using Tristel. In ear, nose and throat our market penetration is 78%, in ultrasound 50%.

High market share in the UK inevitably means slower growth in the UK than we enjoyed when we were winning that market share, but we constantly discover new instruments and new clinical areas that will benefit from the high performance and safety of our disinfectants, and they will continue to fuel future sales growth.

Slide 5

An example of a new clinical area that offers great potential is Ophthalmology. This is an area of the hospital that we discovered by working closely with hospital infection prevention officers only four years ago.

The instrument shown in the slide is a tonometer and it is used in the diagnosis of glaucoma, involving a procedure in which the instrument comes into contact with the eyeball. There are very common infections of the eye which can be transmitted from one patient to another via the instrument used, for example conjunctivitis, and hospitals, both in the UK and overseas, have historically not disinfected these instruments effectively. In 2012 we came up with the idea of Duo for Ophthalmology and, finally now, there is an acceptable disinfection practice available to this clinical area. Take up is slow – our experience across many of the specialist clinical areas we target has always been exactly the same – because adopting the correct practice has a cost which has never been incurred before. But progress, as the chart shows, is being made and we expect it to accelerate.

Slide 6

Now we would like to turn our attention to pre-tax profit for the year, which we confirm will not be less than £3.1 million, before share based payments and unrealised currency gains. This is higher than the market's consensus forecasts had expected.

We have not yet finalised all year-end related adjustments and audit is yet to commence, so I am sure that you appreciate we can provide no greater detail than the pre-tax figure that will be reported (as a minimum) in our final year-end numbers to be announced in October.

Pre-tax profit has increased by 20% in 2016 compared to 2015, and has increased six-fold since 2013.

As one would expect this growth in profit translates in time into a higher share price and market capitalisation of the Company and these are demonstrated in the next two slides.

Slide 7

As we can see from the chart, we have increased market capitalisation by £36.9m, or more than four times, since 2012-13, which as I said earlier was the most difficult year in our corporate history.

Slide 8

And we have out-performed the AIM all-share index since 2013.

Slide 9

Australia has been a great success story for Tristel and a perfect blueprint of how to gain access to a valuable market. In our infection control industry, Australia is widely recognised to be one of the best healthcare markets in the world.

In recognition of this, in 2010 we set out to gain regulatory approval from the TGA for at least one Tristel product carefully selected from our range. The TGA is the Therapeutic Goods Association and is Australia's equivalent of America's Food and Drug Administration, or FDA.

We had no distributor in mind when we started our regulatory programme as we knew that many candidates would present themselves to us to become our partner the moment we had an approval. We chose the Tristel Wipes System to present to the TGA.

At that time, back in 2010, the Wipes System was gaining fantastic levels of market share in the UK, within the ENT market. We were confident that we had, or we could commission, sufficient test data to achieve the TGA approval. Obtaining the approval took 15 months.

With the approval in hand we held a beauty parade of prospective distributor candidates with the result that we chose Ashmed Pty Ltd as our distribution partner. In the ensuing 5 years Ashmed, from its base in Melbourne, has taken their sales of our Wipes System from a standing start to A$3 million in the year to June 2016. They sell the product into ENT and Ultrasound departments of hospitals throughout the country.

Ashmed has four employees all engaged in sales, all of whom we will be retaining.

We have paid A$1.35 million for the ongoing customers and business, and separately we are buying back their Tristel inventory.

We anticipate that in a normal year our new Australian subsidiary, Tristel Pty Ltd, will contribute £750k of incremental sales to the Group and £225k of incremental profit. In the current financial year there will be set up costs that will reduce this to nearer £100k. So we are looking at a 13% pre-tax return on investment in the first year, and annual returns of 30% or more in subsequent years.

The Board feels that this is a very positive acquisition for Tristel.

Slide 10 – Dividend per share

With the upturn in our performance which commenced in 2013 our cash balances have steadily increased.

We have a dividend policy whereby 50% of earnings per share are paid out annually, so that if our earnings increase year on year we will return progressively rising dividends to our shareholders. The Board considers that distribution of 50% of EPS, or stating this another way, covering the annual dividend two times, is a conservative and appropriate policy for this Company.

As our Chairman said earlier, our policy is that if we build cash that is surplus to our operational and investment needs, we should return it to our shareholders. This business has fairly modest investment needs, at least doing what we do right now (and I have to say we have no plans to change anything). Each year we spend approximately £1 million on plant, property and equipment, new patents and maintenance of our intellectual property assets. This investment expenditure is fairly evenly matched year in and year out by the depreciation and amortisation charges that write it down.

We have said on many occasions in recent years that we intend to grow organically and do not need to seek acquisitions to achieve our financial objectives. On the face of it, the purchase of the Australian business contradicts this. However, the transaction represents in many ways organic growth – Ashmed's business was almost exclusively Tristel based and all we are doing in acquiring the business is removing the business owner for a sensible sum of money and continuing with the operational team he put in place. In the future there may be other opportunities, to do a similar thing, in other markets.

If you had become a shareholder on flotation in 2005 acquiring one share at the flotation price of 37 pence, including the special dividend announced today, you would have received over 20 pence in dividends during the ensuing eleven years. Over this period the Company has returned to shareholders via dividends an aggregate amount of £5 million.

Slide 11

This chart shows that, notwithstanding the consistent distribution of cash back to shareholders via normal and special dividends, the business has a very strong capacity to generate cash from the profits it makes.

Cash balances at the 30th of June were a record £5.7 million.

Within today's announcement we state that in order to service the operational and investment needs of the business we will retain a cash balance of at least £3 million. Even after the special dividend and acquisition announced today we will maintain cash above this level.

We sell our products in seven currencies – UK pounds; Euros; Australian dollars; New Zealand dollars, Chinese Renminbi; Hong Kong dollars and Russian Roubles.

Tristel generated 24% of its revenues in foreign currencies during the year. We operate in these non-sterling currencies because we have subsidiaries in these countries – we have direct operations in Berlin, Shanghai, Hong Kong, Moscow and a provincial town in New Zealand called Tauranga. Now we also have a direct operation in Melbourne, Australia. Our sales to our distributors are denominated in sterling, as of course are our sales within the UK.

There has been a positive impact of the fall in sterling following the referendum result. Going forward, a lower currency does not necessarily provide us with a pricing advantage in selling to our overseas distributors as their prices are governed by the distribution arrangements that we have with them. It will, however, increase the distributor's margins, and giving a distributor more profit can make for a harder working and more focused business partner.

A lower currency will give us a translation benefit on our overseas earnings.

The longer term impact of the "Leave" vote is likely to be felt in the area of regulation. When we operate within Europe our instrument disinfectant products are CE marked under the European Medical Devices Directive and our surface disinfectant products are regulated under the Biocidal Products Registration.

During the year our sales to the Eurozone via our continental distributors, and within the Eurozone by our subsidiaries, aggregated £3.345m

It is simply not clear yet how the UK's relationship with Europe with regard to CE marking is going to play out. But we have various contingency plans that we are actively working on to ensure that we are not disadvantaged selling our products within the Eurozone. One possibility is that we upgrade our operation in Germany so that it has the necessary ISO accreditations to obtain the CE mark and apply it to our products. This may involve setting up limited manufacturing in Europe.

To conclude, we do not think Brexit will have an adverse effect on Tristel in the short term, and will most likely have a positive effect on earnings.
