

**Tristel** plc

**31 DECEMBER 2017**

**INTERIM RESULTS**

**INVESTOR PRESENTATION**

Paul Swinney CEO

Liz Dixon FD

# FINANCIAL HIGHLIGHTS

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<b>REVENUE</b> (2016: £9.75m)	UP 10% TO £10.7m
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<b>OVERSEAS SALES</b> (2016: £4.2m)	UP 28% TO £5.4m
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<b>OVERSEAS SALES</b> (2016: 43%)	50% OF TOTAL SALES
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<b>EBITDA*</b> (2016: £2.3m)	UP 18% TO £2.7m
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<b>PRE-TAX PROFIT*</b> (2016: £1.7m)	UP 18% TO £2m
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<b>EPS*</b> (2016: 3.3p)	UP 21% TO 4p
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<b>INTERIM DIVIDEND</b> (2016: 1.4p)	UP 14% TO 1.6p PER SHARE
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<b>CASH</b> (2016: £3.9m)	£4.9m
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\* before share-based payments

# OPERATIONAL HIGHLIGHTS

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## HONG KONG DIRECT REPRESENTATION

ESTABLISHED

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## MOBILE ODT APP BASED COLLABORATION

FOR TRAINING AND DISINFECTION COMPLIANCE

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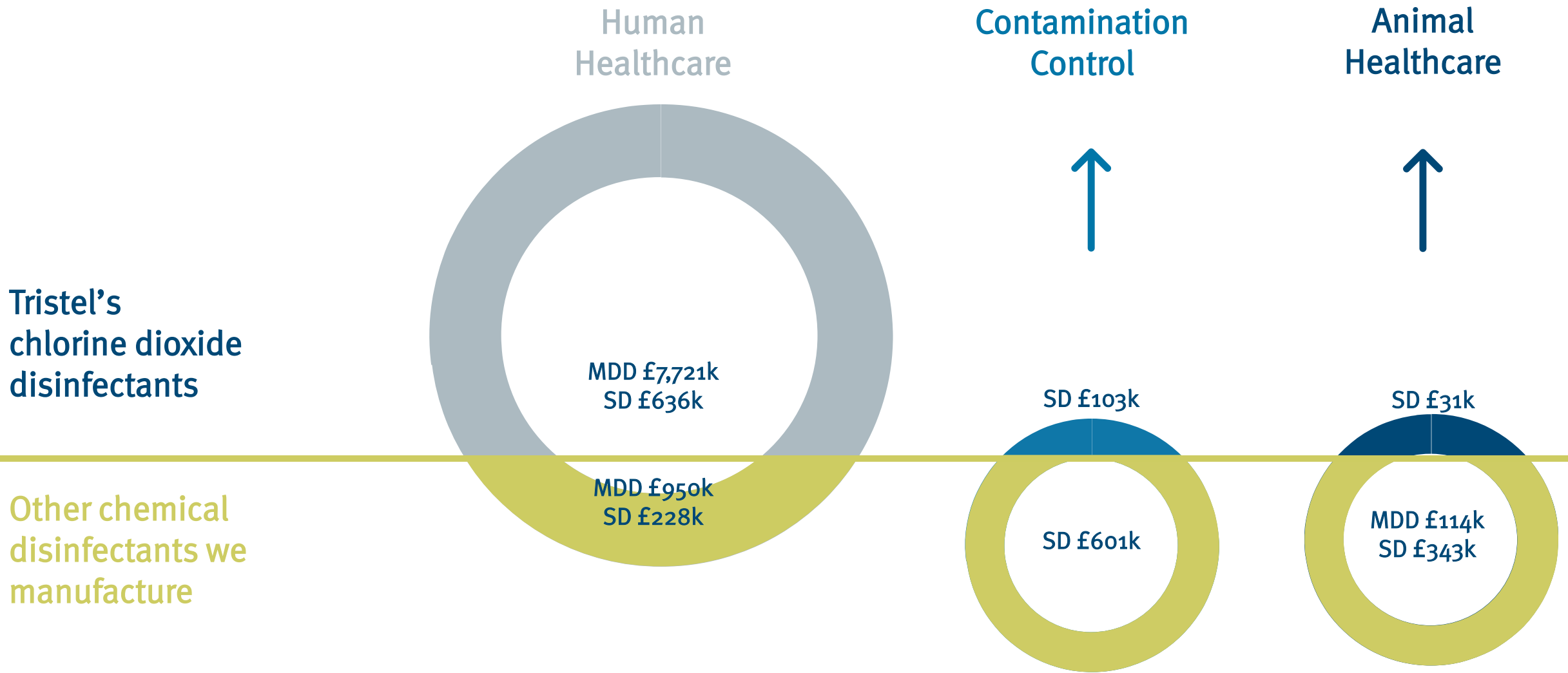
## EPA ADDITIONAL DATA PROVIDED

ENVIRONMENTAL PROTECTION AGENCY (EPA) APPROVAL AWAITED

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# SALES STRATEGIC OVERVIEW

MDD = Medical Device Disinfection  
SD = Surface Disinfection



Tristel's chlorine dioxide disinfectants

Other chemical disinfectants we manufacture

# SALES – HALF ON HALF

£,000		2015-16 H1	2016-17 H1	2017-18 H1	H1 on H1 %
UK Human healthcare	Medical devices	2,695	3,478	3,604	4%
	Surfaces	620	683	601	(12%)
	Legacy	840	578	192	(67%)
O/seas Human healthcare	Medical devices	2,307	3,801	4,867	28%
	Surfaces	65	96	139	45%
	Legacy	213	94	132	40%
Contamination control		770	578	704	22%
Animal healthcare		500	440	488	11%
<b>Group sales</b>		<b>8,010</b>	<b>9,747</b>	<b>10,727</b>	<b>10%</b>

- Continued period on period sales growth
- Medical device disinfection sales driving growth
- Critical surface disinfection → new product range launch May 2018
- Legacy products → impact of decline now lessening

# SALES – BY CHANNEL

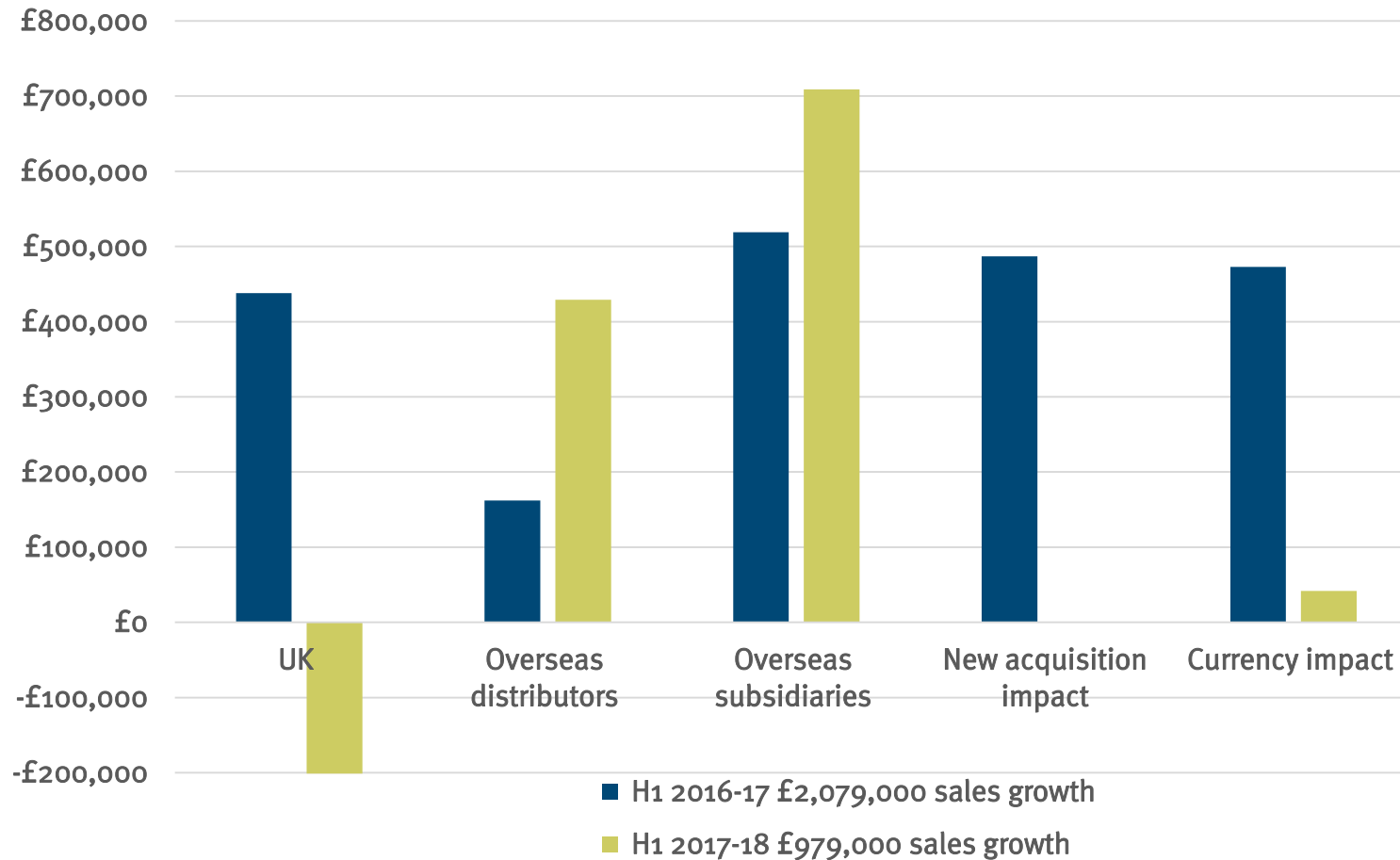
Channel	Country	2017-18 H1	2016-17 H1	H1 on H1 growth	H1 on H1 growth %	Growth % at a constant currency
Direct	Australia	1,155	776	379	49%	48%
	China	297	295	2	0%	2%
	Hong Kong	222	354	(132)	(37%)	(35%)
	Germany & Central Europe	1,953	1,526	427	28%	23%
	New Zealand	374	299	75	25%	28%
Distributor	Overseas distributors (managed by UK)	1,372	943	429	45%	45%
	Total overseas sales	5,373	4,193	1,180	28%	27%
	Total UK sales	5,354	5,555	(201)	(4%)	(4%)
	<b>Group sales</b>	<b>10,727</b>	<b>9,748</b>	<b>979</b>	<b>10%</b>	<b>10%</b>

# GROSS MARGIN – HALF ON HALF

	2015-16	2016-17	2017-18
	H1	H1	H1
Human healthcare	74%	75%	77%
Animal healthcare	69%	75%	63%
Contamination control	52%	62%	64%
Group gross margin	71%	74%	75%

- Gross margin pressure → Supplier price rises  
→ FOC goods and rebates in veterinary arrangements
- Customer price increase in H2 to combat margin drift
- Reduced GM expectations for H2

# SALES GROWTH – THE SOURCES



Focus

- a return to growth in the UK
- continue to consider distributor acquisition opportunities



# SALES GROWTH THE ENABLERS – REGULATORY APPROVALS

## Regulatory activity H1

- new regulatory dossiers started x 55
- regulatory dossiers submitted to authorities x 82
- approvals granted x 15
- India & Japan company incorporations and preliminary regulatory investigations underway

## USA EPA status

- dossier re-submitted Nov 2017 in accordance with EPA request
- response expected by 31 May 2018
- if successful, next step: state by state submissions
- first sales expected in 2018-19 FY
- in discussion with potential North American re-sellers and routes to market

## USA FDA status

- compatibility, stability & efficacy testing underway

# SALES GROWTH THE ENABLERS – NEW PRODUCTS

## Medical device disinfection – within the hospital

- The driver of demand is the number of diagnostic patient procedures using a medical device that require high level disinfection.
- The two principal diagnostic technologies are visualisation (endoscopy) and ultrasound.
- Our unique position is being able to access both.



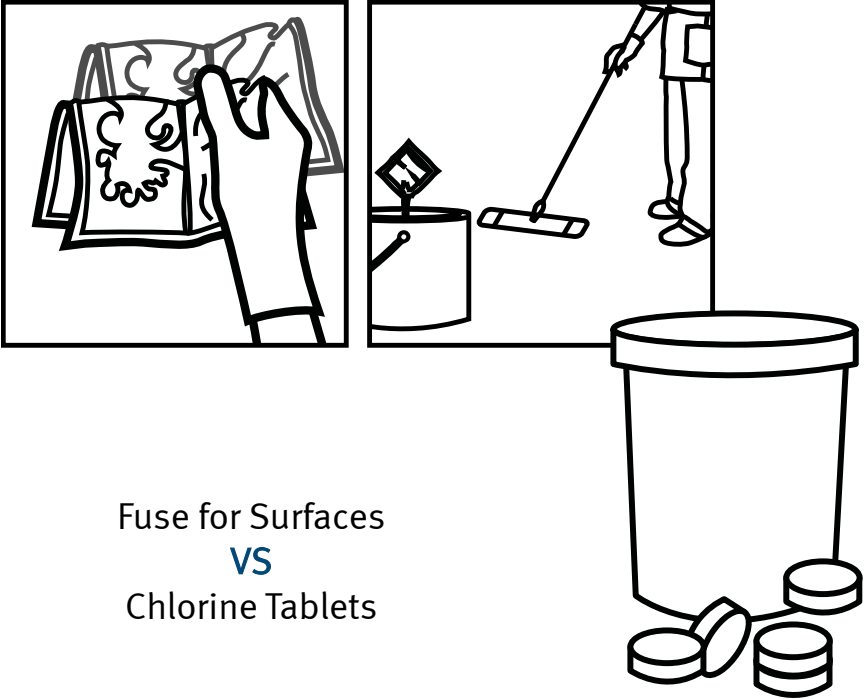
## Medical device disinfection – outside of the hospital

- The growing trend is for diagnostic procedures to move into the community.
- Again - The two principal diagnostic technologies are visualisation (endoscopy) and ultrasound.
- Our unique position is being mobile and free of the constraints of traditional automated disinfection processes.



# SALES GROWTH THE ENABLERS – NEW PRODUCTS

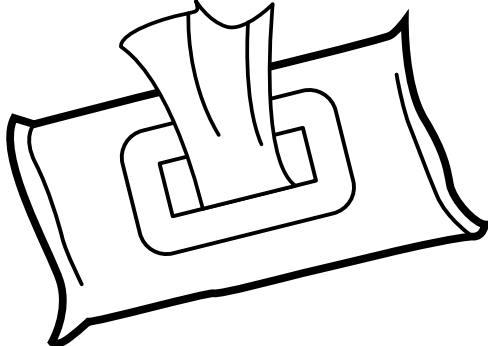
Expanding our opportunity in critical surface disinfection



Fuse for Surfaces  
VS  
Chlorine Tablets



SHOT  
VS  
Impregnated Wipes



# INVESTMENTS

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REGULATORY PROGRAMME

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£0.5m

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MANUFACTURING EQUIPMENT  
FOR SURFACES

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£0.2m

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PRODUCT DEVELOPMENT  
FOR SURFACES & APP

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£0.2m

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PATENTS AND PROTECTIONS

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£0.1m

# STRATEGIC FINANCIAL PLAN TO JUNE 2019

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GROW SALES ON AVERAGE BY 10% – 15%

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MAINTAIN A PRE-TAX PROFIT MARGIN OF AT LEAST 17.5%, WHILST INVESTING IN NORTH AMERICA

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RETURN SURPLUS FUNDS TO SHAREHOLDERS

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THANK YOU

# APPENDIX – INCOME STATEMENT

	Period ended 31.12.17	Period ended 31.12.16
	£'000	£'000
<b>Turnover</b>	10,727	9,748
Cost of sales	(2,643)	(2,496)
<b>Gross profit</b>	8,084	7,252
<b>Gross margin %</b>	75%	74%
Administrative expenses	(5,367)	(4,959)
Net interest	1	3
Results from associate	8	6
Operating profit before amortisation & shared based payments	2,726	2,302
Amortisation & Depreciation	(713)	(595)
Share based payments	(164)	(5)
<b>Pre-tax profit</b>	1,849	1,701
Tax charge /(credit)	(296)	(312)
Profit after tax	1,553	1,389
<b>Basic EPS – pence</b>	3.62p	3.30p
<b>Diluted EPS – pence</b>	3.46p	3.14p

# APPENDIX – BALANCE SHEET

	31.12.17	31.12.16
	£'000	£'000
<b>Non-current assets</b>		
Goodwill and other intangible assets	7,404	6,882
Property, plant and equipment	1,518	1,381
	<b>8,922</b>	<b>8,263</b>
<b>Current assets</b>		
Inventories	2,226	1,753
Trade and other receivables	3,871	3,776
Cash and cash equivalents	4,945	3,854
	<b>11,042</b>	<b>9,383</b>
<b>Total assets</b>	<b>19,964</b>	<b>17,646</b>

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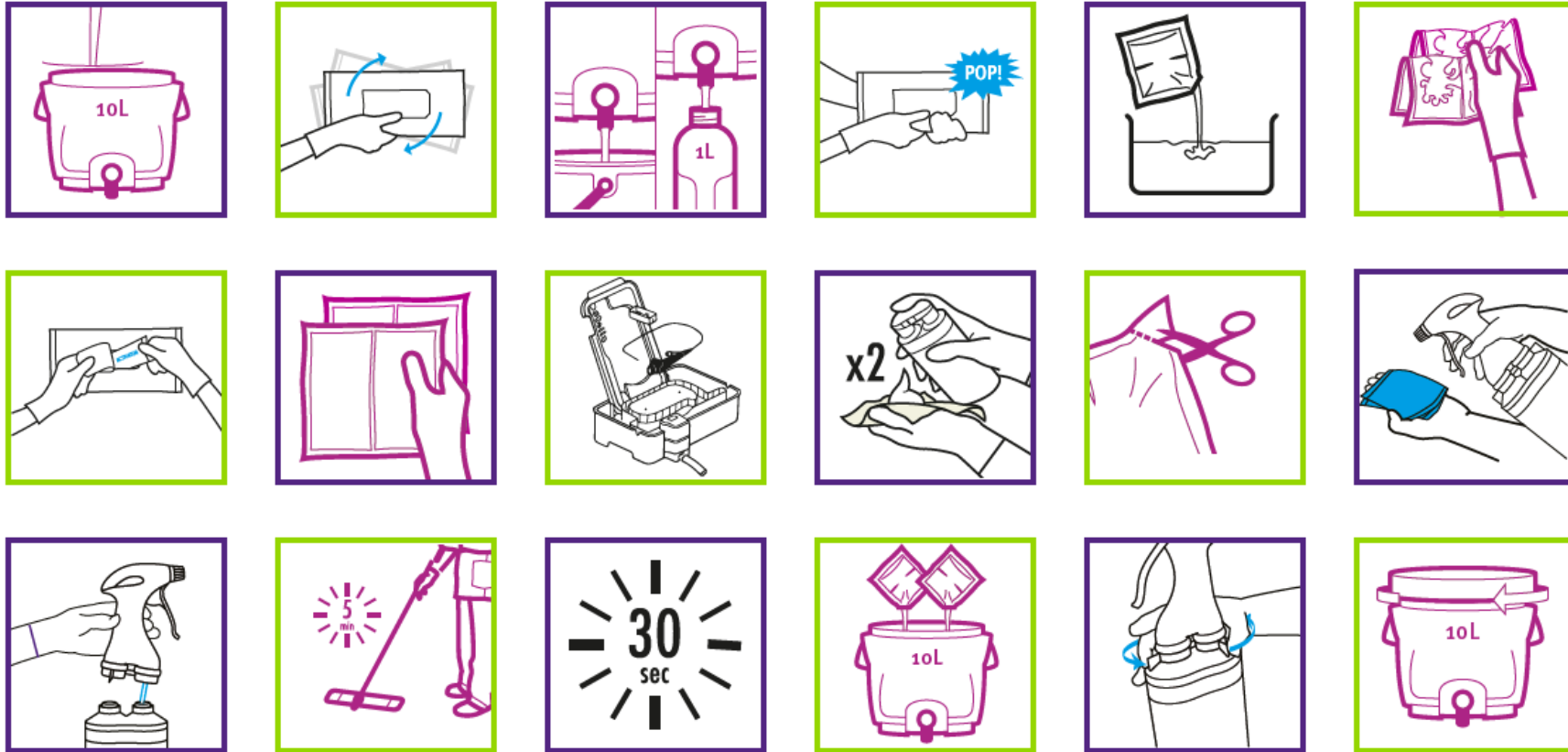


# APPENDIX – BALANCE SHEET CONTINUED

	31.12.17	31.12.16
	£'000	£'000
<b>Capital and reserves</b>		
Share capital	429	424
Share premium account	10,892	10,443
Merger reserve	478	478
Foreign exchange reserve	52	80
Retained earnings	4,986	2,849
Non-controlling interests	7	5
<b>Total equity</b>	<b>16,844</b>	<b>14,279</b>
<b>Current liabilities</b>		
Trade and other payables	2,296	2,583
Current tax	639	649
<b>Total current liabilities</b>	<b>2,935</b>	<b>3,232</b>
Deferred tax	185	135
<b>Total liabilities</b>	<b>3,120</b>	<b>3,367</b>
<b>Total equity and liabilities</b>	<b>19,964</b>	<b>17,646</b>

# APPENDIX – CASH FLOW RECONCILIATION

	Period ended 31.12.17	Period ended 31.12.16
	£'000	£'000
Revenue	10,727	9,748
Less expenses	(8,002)	(7,455)
Changes in circulating capital (inventory, receivables, payables)	(911)	(592)
Purchase of tangible fixed assets	(402)	(244)
Purchase of goodwill & intangible assets	(263)	(1,163)
Proceeds from sale of property, plant & equipment	17	14
Dividends paid	(1,130)	(2,193)
Shares issued	189	34
Net interest	1	2
Corporation tax paid	(375)	(94)
<b>Decrease in cash</b>	<b>(149)</b>	<b>(1,943)</b>



**Tristel**<sup>TM</sup>  
WE HAVE CHEMISTRY.

**Tristel**<sup>TM</sup>

**WE HAVE CHEMISTRY.**