



**31 DECEMBER 2017**  
**INTERIM RESULTS**  
**INVESTOR PRESENTATION**

Paul Swinney CEO  
Liz Dixon FD

# FINANCIAL HIGHLIGHTS

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|                |           |
|----------------|-----------|
| REVENUE        | UP 10%    |
| (2016: £9.75m) | TO £10.7m |

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|                |          |
|----------------|----------|
| OVERSEAS SALES | UP 28%   |
| (2016: £4.2m)  | TO £5.4m |

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|                |             |
|----------------|-------------|
| OVERSEAS SALES | 50% OF      |
| (2016: 43%)    | TOTAL SALES |

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|               |          |
|---------------|----------|
| EBITDA*       | UP 18%   |
| (2016: £2.3m) | TO £2.7m |

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|                 |        |
|-----------------|--------|
| PRE-TAX PROFIT* | UP 18% |
| (2016: £1.7m)   | TO £2m |

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|              |        |
|--------------|--------|
| EPS*         | UP 21% |
| (2016: 3.3p) | TO 4p  |

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|                  |                   |
|------------------|-------------------|
| INTERIM DIVIDEND | UP 14%            |
| (2016: 1.4p)     | TO 1.6p PER SHARE |

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|               |       |
|---------------|-------|
| CASH          | £4.9m |
| (2016: £3.9m) |       |

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\* before share-based payments

# OPERATIONAL HIGHLIGHTS

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## HONG KONG DIRECT REPRESENTATION

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ESTABLISHED

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## MOBILE ODT APP BASED COLLABORATION

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FOR TRAINING AND DISINFECTION COMPLIANCE

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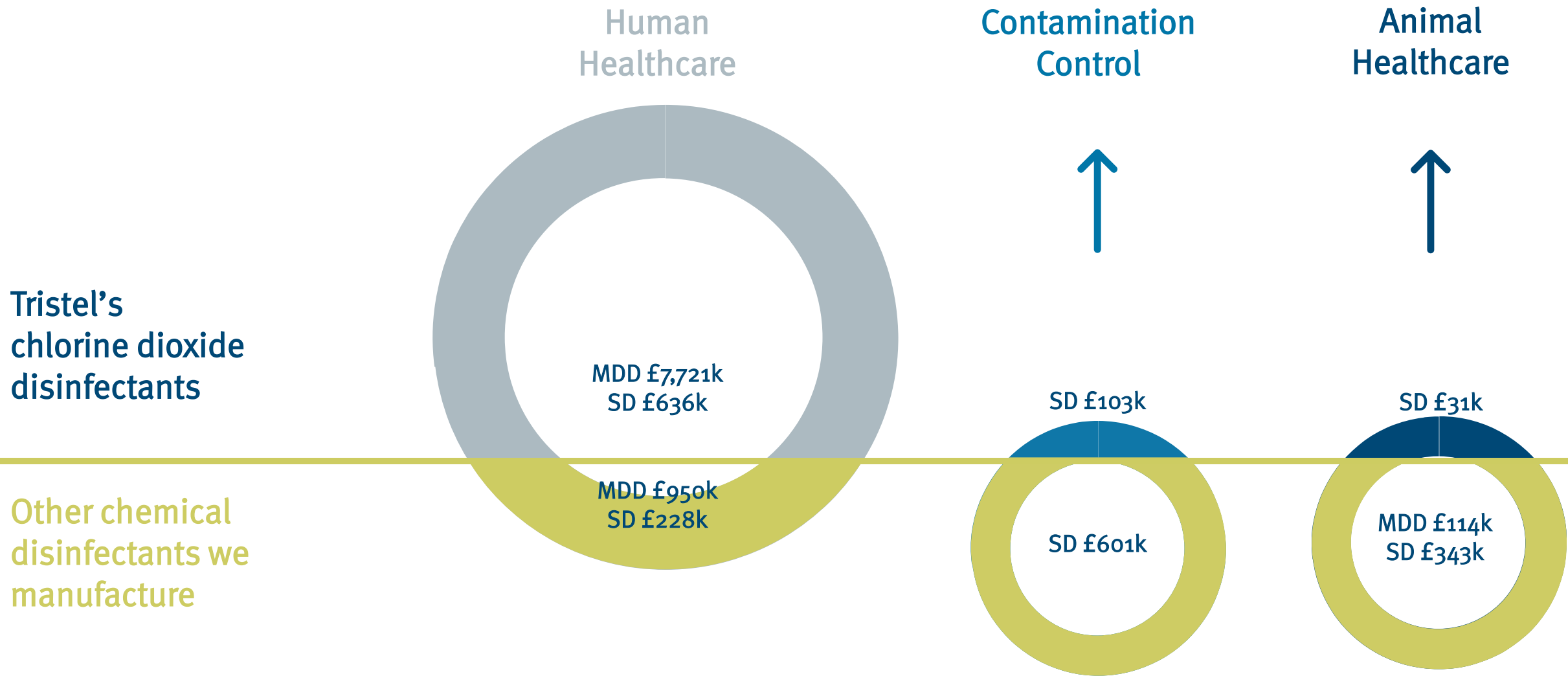
## EPA ADDITIONAL DATA PROVIDED

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ENVIRONMENTAL PROTECTION AGENCY (EPA) APPROVAL AWAITED

# SALES STRATEGIC OVERVIEW

MDD = Medical Device Disinfection  
SD = Surface Disinfection



# SALES – HALF ON HALF

| £,000                   |                 | 2015-16<br>H1 | 2016-17<br>H1 | 2017-18<br>H1 | H1 on<br>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%           |
| Group sales             |                 | 8,010         | 9,747         | 10,727        | 10%           |

- 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

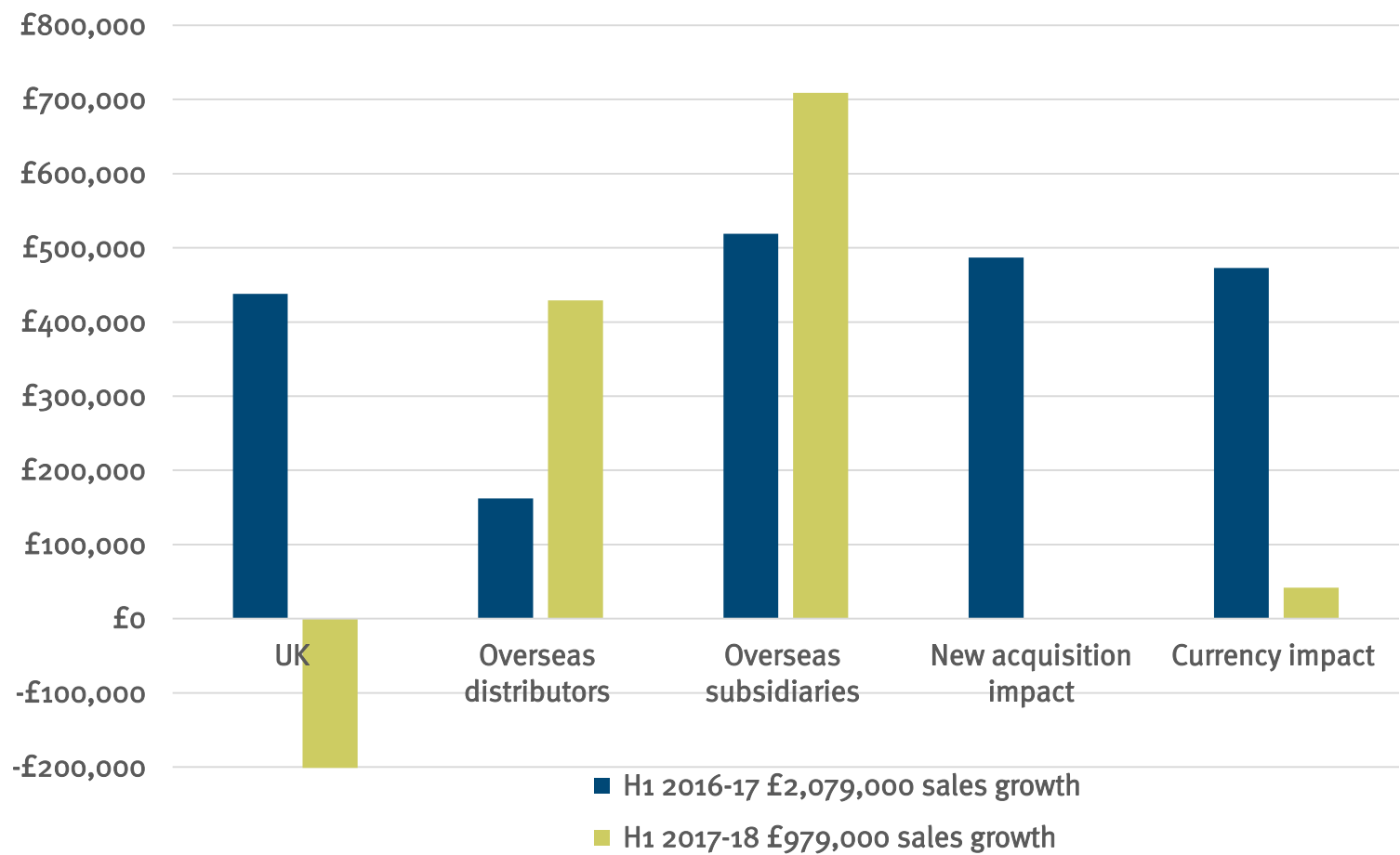
|             |                                       | Growth %<br>at a constant<br>currency |            |                 |                   |       |
|-------------|---------------------------------------|---------------------------------------|------------|-----------------|-------------------|-------|
| Channel     | Country                               | 2017-18 H1                            | 2016-17 H1 | H1 on H1 growth | H1 on H1 growth % |       |
| 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%)  |
|             | Group sales                           | 10,727                                | 9,748      | 979             | 10%               | 10%   |

# GROSS MARGIN – HALF ON HALF

|                       | 2015-16<br>H1 | 2016-17<br>H1 | 2017-18<br>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.

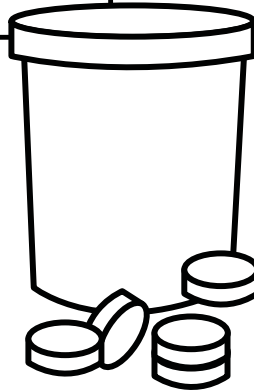
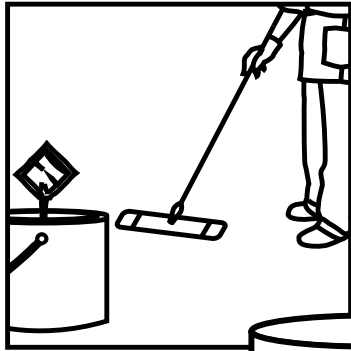
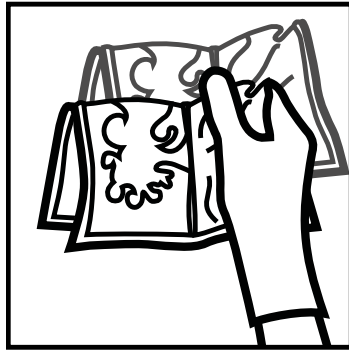


## Medical device disinfection – outside the hospital

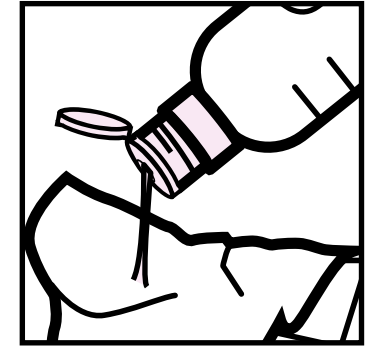
- The growing trend is for diagnostic procedures to move into the community.
- Again - The two principal diagnostic technologies are visualisation (endoscopy) and ultrasound.
- Our unique position is being mobile and free of the constraints of traditional automated disinfection processes.

# SALES GROWTH THE ENABLERS – NEW PRODUCTS

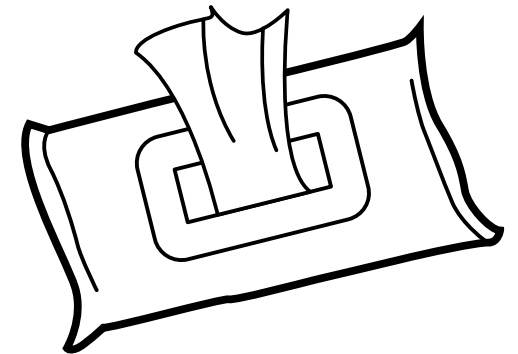
Expanding our opportunity in critical surface disinfection



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<br>31.12.17 | Period ended<br>31.12.16 |
|--|--------------------------|--------------------------|
|  | £'000                    | £'000                    |
| <b>Turnover</b>  | <b>10,727</b>            | <b>9,748</b>             |
| Cost of sales  | (2,643)                  | (2,496)                  |
| <b>Gross profit</b>  | <b>8,084</b>             | <b>7,252</b>             |
| <b>Gross margin %</b>  | <b>75%</b>               | <b>74%</b>               |
| 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>  | <b>1,849</b>             | <b>1,701</b>             |
| Tax charge /(credit)   | (296)                    | (312)                    |
| Profit after tax   | 1,553                    | 1,389                    |
| <b>Basic EPS – pence</b>                                     | <b>3.62p</b>             | <b>3.30p</b>             |
| <b>Diluted EPS – pence</b>                                   | <b>3.46p</b>             | <b>3.14p</b>             |

# APPENDIX – BALANCE SHEET

|                                      | 31.12.17      | 31.12.16      |
|--------------------------------------|---------------|---------------|
| Non-current assets                   | £'000         | £'000         |
| 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>  |
| Current assets                       |               |               |
| 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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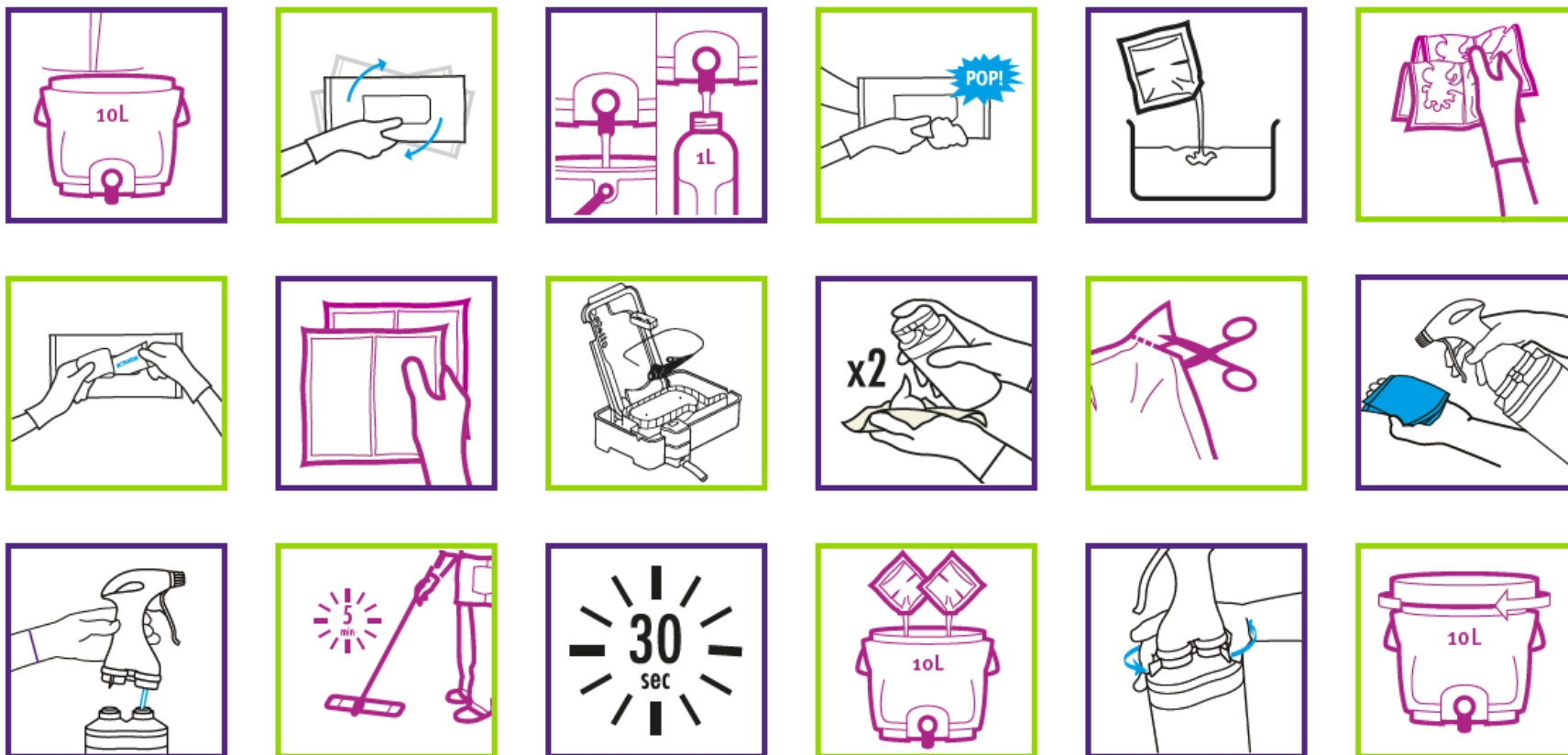


# APPENDIX – BALANCE SHEET CONTINUED

|                                     | 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<br>31.12.17<br>£'000 | Period ended<br>31.12.16<br>£'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>                    |



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