



Diagnostics for life

# EKF Diagnostics Holdings plc

**Financial results for year ending 31 December 2018**

13<sup>th</sup> March 2019

**Julian Baines** Chief Executive Officer  
**Richard Evans** COO & Group Finance Director

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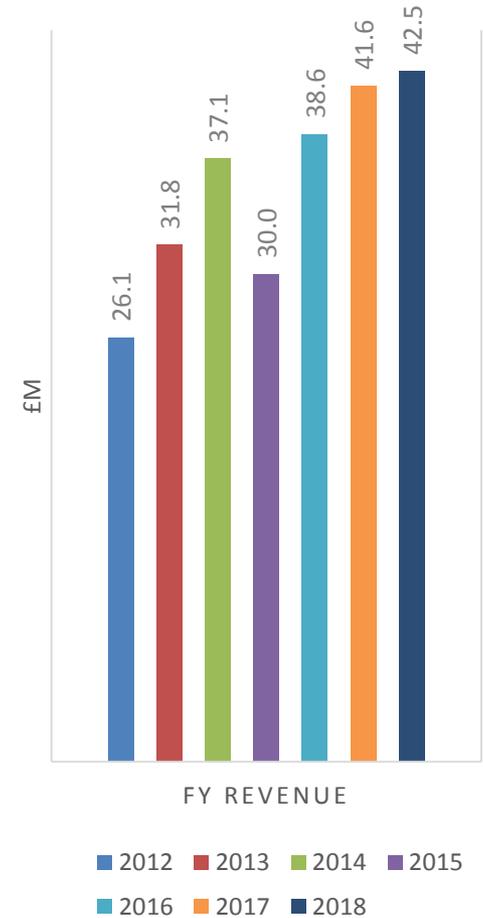
# Agenda

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# Operational highlights

- ▶ Revenues up 2% to £42.5m (2017 £41.6m)
  - Hemo Control / HemoPoint H2 sales up £1.37m
  - $\beta$ -HB Liquicolor sales up £0.7m
  - Quo-Lab A1c sales up £0.4m
  - Sold c. 14,087 analysers and 76m tests
- ▶ Adjusted EBITDA\* up 15% to £10.7m (2017 £9.3m)
- ▶ Successful floatation of Renalytix AI plc creating significant shareholder value
- ▶ Achieved US FDA 510 (k) clearance for point-of-care and CLIA waiver for DiaSpect Tm
- ▶ Major private label distribution agreement with McKesson for the DiaSpect Tm
- ▶ Significant investments in enzyme manufacturing technology at EKF Life Sciences, USA

\* Adjusted earnings before interest, taxes, depreciation and amortization excluding exceptional items and share based payments



# 2018: Deliverables

Successfully delivered in the last 12 months:

- ✓ DiaSpect Tm FDA 510 (k) clearance for POC use and CLIA waiver
- ✓ McKesson OEM for DiaSpect Tm in the US
- ✓ Upgrade of EKF Life Sciences' facilities in the US
- ✓ Contract with Oragenics at EKF Life Sciences
- ✓ Quo-Test FDA 510 (k) clearance for professional use (February 2019)
- ✓ Glycated Albumin contract with Asahi Kasei Pharma Corp.
- ✓ Lactate Scout 4 launched (February 2019)

# McKesson OEM

- Initial launch 6 February 2019
  - 70 McKesson sales reps trained
- Exceeded initial launch goals
  - 20+ accounts won within first month
  - Won Maricopa County (AZ) tender for 20 sites
- McKesson National Sales Manager:

“This has gone as well as we could have possibly hoped.  
We are going to have an amazing full launch!”



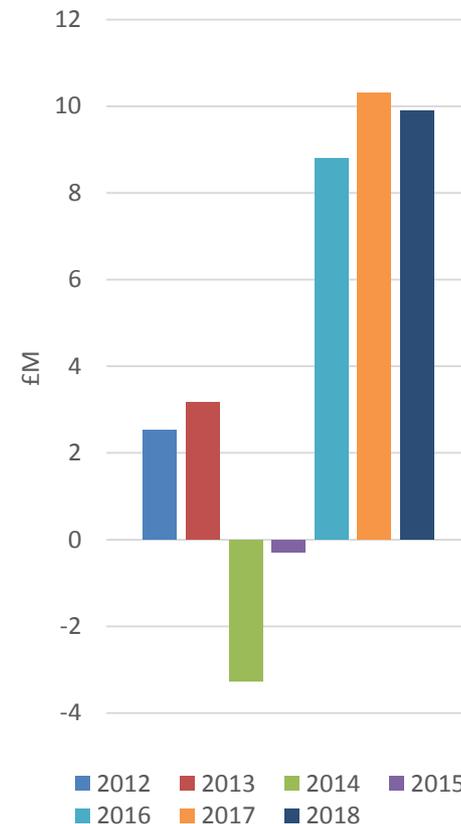
# Financial highlights

- Gross profit broadly flat at £22.7m (2017: £22.9m)
- Adjusted EBITDA up 15% to £10.7m (2017: £9.3m)
- Profit before tax £12.2m (2017: £4.3m)
- Basic earnings per share of 2.21p (2017: 0.59p), underlying basic earnings (excluding exceptional items and share based payments) of 1.01p (2017: 0.58p)
- Cash generated from operations: £9.9m (2017: £10.1m)
- Cash at 31 December 2018 of £10.3m (31 December 2017: £8.2m)
- Net cash £9.4m (2017: £7.0m)
  - £3.1m investment in Renalytix
  - £0.9m to buy-back 3.4m shares (0.76% of Ordinary shares in issue)

## Renalytix AI

- Investment of £3.1m
- Shareholding of 20,964,295 ordinary shares distributed to EKF shareholders with market value of c. £29.3m
- Renalytix AI valuation at £75.3m at 11 March 2019

Cash generated from operations



# Income Statement: Extract

	FY 2018 £k	FY 2017 £k	+/- £k
Revenue	42,543	41,584	959
Gross profit	22,696	22,863	(167)
GM %	53.3%	55.0%	(1.7%)
Admin. expenses	(10,586)	(18,186)	7,600
Other income	89	52	37
Operating (loss)/profit	12,199	4,729	7,470
<b>AEBITDA</b>	<b>10,675</b>	<b>9,304</b>	<b>1,371</b>

# Business Unit performance

		FY 2018 £k	FY 2017 £k	+/- %
Point of Care	<b>Total</b>	<b>29,254</b>	<b>28,987</b>	<b>1%</b>
	Hematology	13,728	12,911	6%
	Diabetes	10,964	11,547	(5%)
	Others	4,562	4,529	1%
Central Laboratory	<b>Total</b>	<b>13,289</b>	<b>12,597</b>	<b>5%</b>
	<b>Total</b>	<b>42,543</b>	<b>41,584</b>	<b>2%</b>

- 6.3% year on year organic growth excluding the Saudi Arabian contract (annual revenue of c. £1.6m in 2017)
- New business and organic growth allowed overall revenue growth of 2%

# Hematology FY 2018



- Revenues up £817k (6%)
- Hemo Control/H2 up £1,370k (20%)
- DiaSpect Tm/CompoLab up £135k (6%)
- SSM Hgb discontinued (revenues down 90%)

## Hematology range

DiaSpect Tm  
HemataStat II  
Hemo Control  
HemoPoint H2  
UltraCrit



	2018 £k	2017 £k	+/- £k	+/- %
Hematology analysers and tests	13,728	12,911	817	6%

# Diabetes FY 2018



- Revenues down £583k (-5%)
- Cessation of Saudi Arabian tender in Q1 2018
- Quo-Test (excluding Saudi Arabia) up 6%
- Quo-Lab up £441k (20%)
- STAT-Site M  $\beta$ -HB up £448k (46%)

	2018 £k	2017 £k	+/- £k	+/- %
Diabetes analysers and tests	10,964	11,547	(583)	(5%)

## Diabetes range

- Biosen
- Quo-Lab A1c
- Quo-Test A1c
- STAT-Site M  $\beta$ -HB



# Central Laboratory

## Clinical chemistry, benchtop lab analysers and enzymes



- Revenues up £692k (5%)
- $\beta$ -HB Liquicolor reagent up £710k (10%)
- Clinical chemistry up £36k (2%)
- Altair 240 analysers up £122k (114%)

**Central Lab range**  
Clinical chemistry  
Beta-Hydroxybutyrate  
Small lab analysers  
Fermentation and enzymes



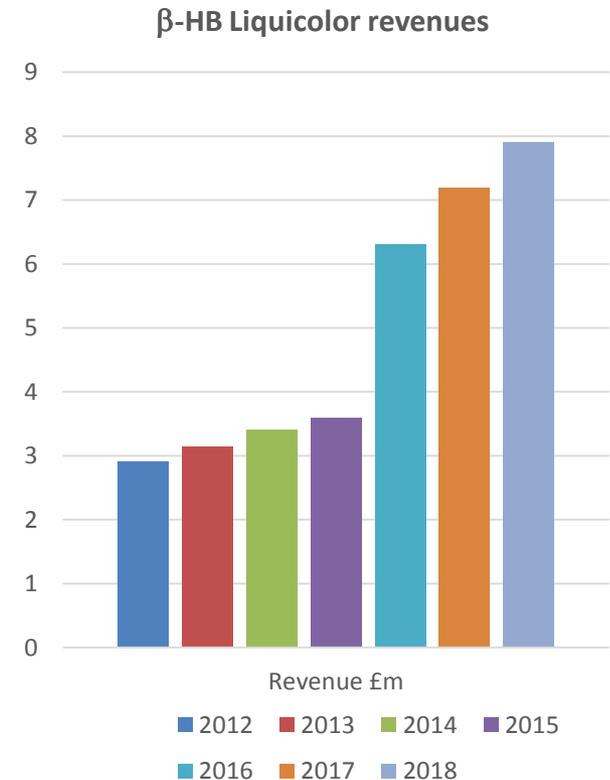
	FY 2018 £k	FY 2017 £k	+/- £k	+/- %
Central Laboratory	£13,289	12,597	692k	5%

# Central Laboratory

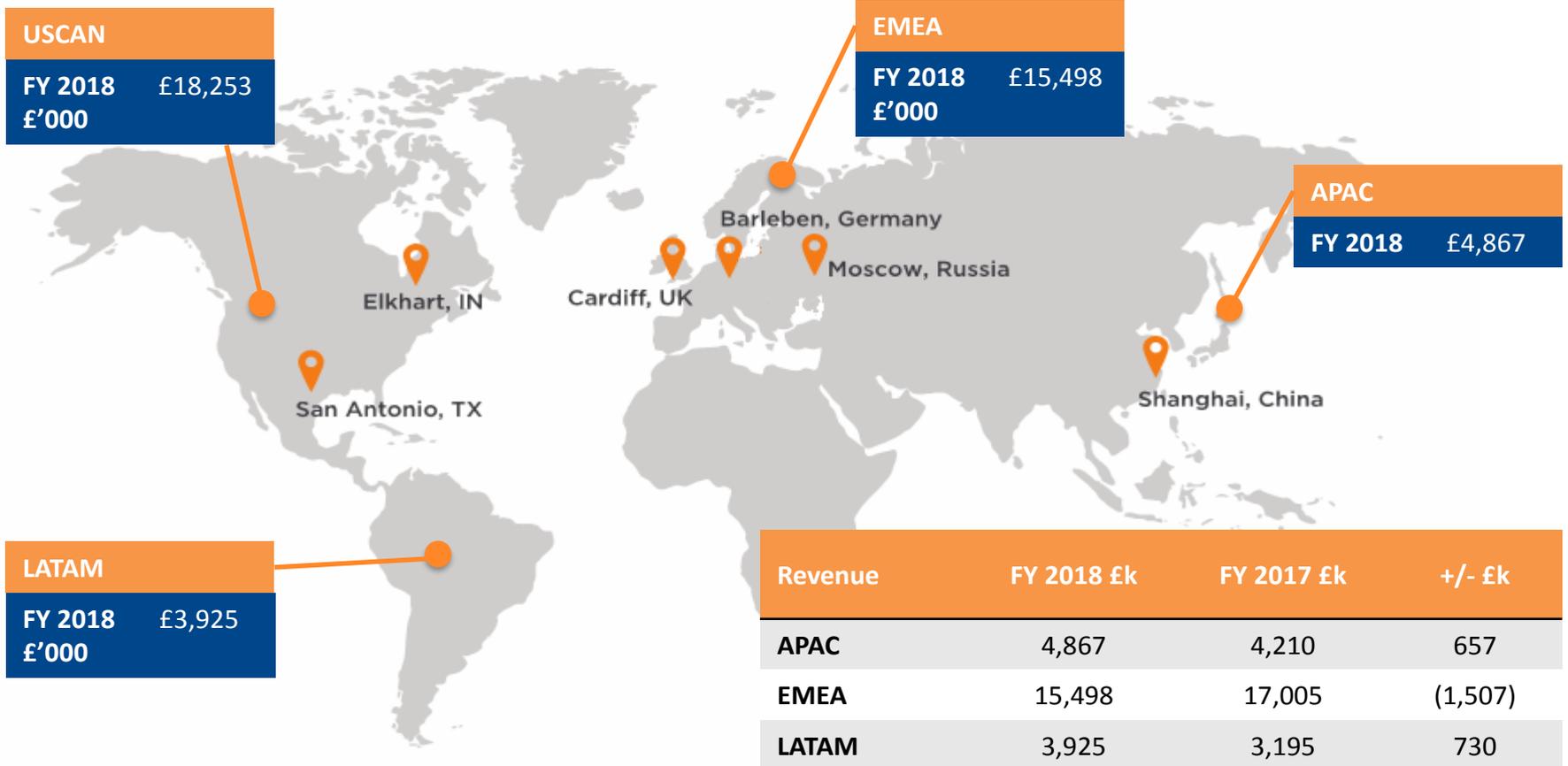
## Beta-Hydroxybutyrate LiquiColor test



- $\beta$ -HB Liquicolor 2018 sales:
  - Revenues of £7,936k up by 10% (2017: £7,225k)
- US hospitals using  $\beta$ -HB on clinical chemistry analysers:
  - December 2018: c.1,250
  - December 2017: c.1,190
  - December 2016: 1,111
  - December 2015: 1,002
  - December 2014: 936



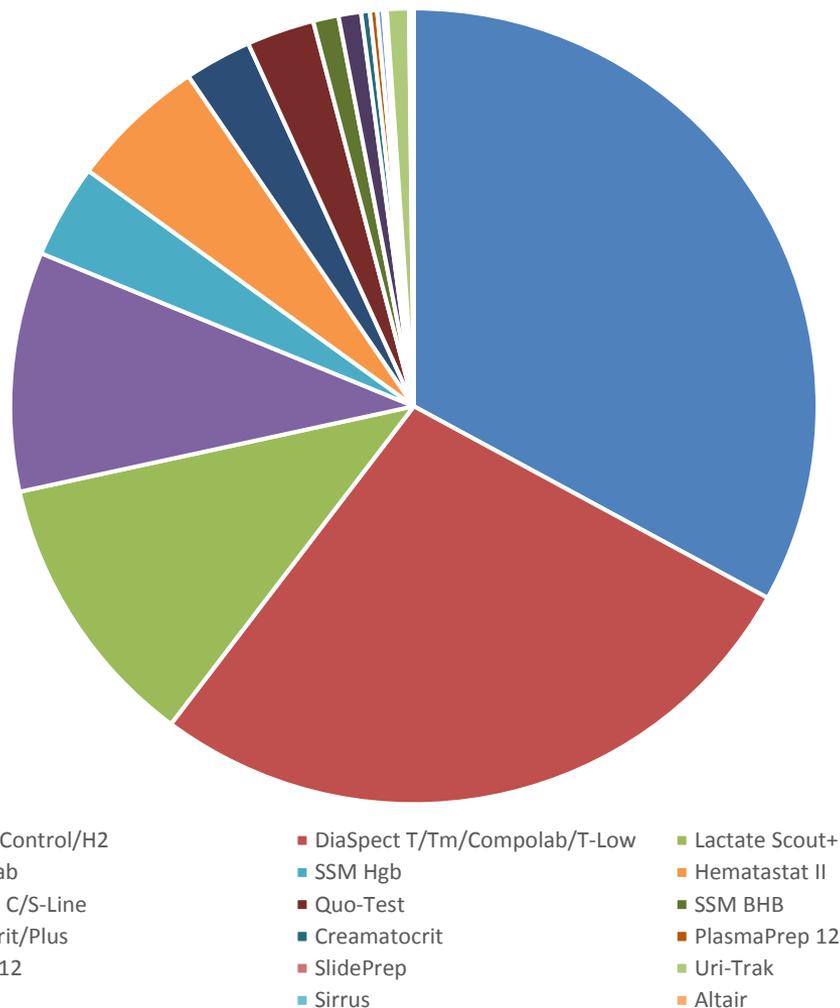
# Geographical performance



Revenue	FY 2018 £k	FY 2017 £k	+/- £k
APAC	4,867	4,210	657
EMEA	15,498	17,005	(1,507)
LATAM	3,925	3,195	730
USCAN	18,253	17,174	1,079

# Analysers sold 2014-2018

	Units sold 2014-2018
Hemo Control	24,003
DiaSpect T/Tm	19,842
Lactate Scout+	8,204
Quo-Lab A1c	7,077
STAT-Site M Hgb	2,765
Quo-Test A1c	1,973
Biosen C-Line / S-Line	1,963
Hematastat II	3,995
UltraCrit/Plus	656
Others	2,265
<b>Total</b>	<b>72,743</b>



# Tests sold 2018

	2018	2017
DiaSpect T / Tm / CompoLab	25,151,850	22,742,500
Hemo Control / HemoPoint H2	22,150,500	19,033,500
Biosen	19,174,400	18,502,400
UltraCrit	3,547,150	3,629,500
Hematastat II	2,110,000	2,397,000
Quo-Lab A1c	2,014,650	1,324,300
Lactate Scout+	894,144	769,224
Quo-Test A1c	828,300	1,195,005
STAT-Site M BHB	347,400	226,800
STAT-Site M Hgb	23,300	57,100
<b>Total</b>	<b>76,241,694</b>	<b>69,877,329</b>



# 2019 Objectives and outlook

## Objectives

- Capitalise on 2018 investment and new product registrations:
  - Drive DiaSpect Tm in USA
  - Quo-Test FDA 510 (k) approval
  - Drive growth of Oragenics in Elkhart as well as attract new customers
  - Continue growth in APAC with emphasis on China
  - Re-establish growth in EMEA following completion of Saudi tender
- New product development:
  - Launch new serum/plasma, and whole blood, B-HB PoC analysers
  - Application development R&D facility to UK premises
- Establishment of a Data Management team
- Investment in Regulatory Department

## Outlook

- Q1 2019 trading performance in line with management expectations
- A Brexit-friendly business. Sales are made in USD or Euros

Appendix  
**Financial report**

# Consolidated Income Statement

	FY 2018 £k	FY 2017 £k	+/- £k
Revenue	42,543	41,584	959
Gross profit	22,696	22,863	(167)
GM %	53.3%	55.0%	(1.7%)
Administrative expenses	(10,586)	(18,186)	7,600
Other income	89	52	37
<b>AEBITDA</b>	<b>10,675</b>	<b>9,304</b>	<b>1,371</b>
Share based payments	(939)	(1,514)	575
Exceptional items	6,454	1,562	4,892
Depreciation / amortisation	(3,991)	(4,623)	632
Finance costs / income	(34)	(422)	388
Income tax charge	(1,866)	(1,367)	(499)
<b>Profit for the year</b>	<b>10,299</b>	<b>2,940</b>	<b>7,359</b>

# Balance Sheet

	FY 2018 £k	FY 2017 £k	+/- £k
Intangible assets	41,773	43,600	(1,827)
Property, plant, equipment	12,469	12,121	348
Inventories	6,115	5,638	477
Trade / other receivables	7,434	7,396	38
Cash and cash equivalents	10,282	8,203	2,079
Deferred considerations	1,104	1,062	42
Trade / other payables	10,094	9,429	665
Borrowings	880	1,205	325

# Balance Sheet: Assets

	Selected items	FY 2018 £k	FY 2017 £k	+/- £k
<b>Non-current assets</b>	Property, plant, equipment	12,469	12,121	348
	Intangible assets	41,773	43,600	(1,827)
	Investments	3,271	152	3,119
	Deferred tax assets	36	47	(11)
	<b>Total non-current assets</b>	<b>57,549</b>	<b>55,920</b>	<b>1,629</b>
<b>Current assets</b>	Inventories	6,115	5,638	477
	Trade and other receivables	7,434	7,396	38
	Cash and cash equivalents	10,282	8,203	2,079
	<b>Total current assets</b>	<b>23,831</b>	<b>21,237</b>	<b>2,594</b>
<b>Assets</b>	<b>Total assets</b>	<b>81,380</b>	<b>77,157</b>	<b>4,223</b>

# Balance Sheet: Equity and Liabilities

	Selected items	FY 2018 £k	FY 2017 £k	+/- £k
Equity attributable	<b>Total equity</b>	<b>63,904</b>	<b>60,498</b>	<b>3,406</b>
Non-current liabilities	Borrowings	695	872	(177)
	Deferred tax liabilities	3,179	3,490	(311)
	<b>Total non-current liabilities</b>	<b>3,874</b>	<b>4,362</b>	<b>(488)</b>
Current liabilities	Trade and other payables	10,094	9,429	665
	Deferred consideration	1,104	1,062	42
	Current income tax liabilities	2,219	1,473	746
	Borrowings	185	333	(148)
	<b>Total current liabilities</b>	<b>13,602</b>	<b>12,297</b>	<b>1,305</b>
	<b>Total liabilities</b>	<b>17,476</b>	<b>16,659</b>	<b>817</b>
Equity and liabilities	<b>Total equity and liabilities</b>	<b>81,380</b>	<b>77,157</b>	<b>4,223</b>

# Cash Flow

	FY 2018 £k	FY 2017 £k	+/- £k
<b>Cash flow from operating activities</b>	<b>9,861</b>	<b>10,118</b>	<b>(257)</b>
Net cash from operating activities	8,323	9,053	(730)
Cash used in investing activities	(4,928)	(2,032)	(2,896)
Cash used in financing activities	(1,491)	(6,419)	4,928
<b>Net increase / (decrease) in cash</b>	<b>1,904</b>	<b>602</b>	<b>1,302</b>
Exchange gains / (losses)	175	(273)	448
<b>Cash at end of period</b>	<b>10,282</b>	<b>8,203</b>	<b>2,079</b>

**Thanks for your attention**

**EKF**

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