



**25 FEBRUARY 2019 INTERIM RESULTS  
INVESTOR PRESENTATION**

**PAUL SWINNEY, CEO  
LIZ DIXON, FD**

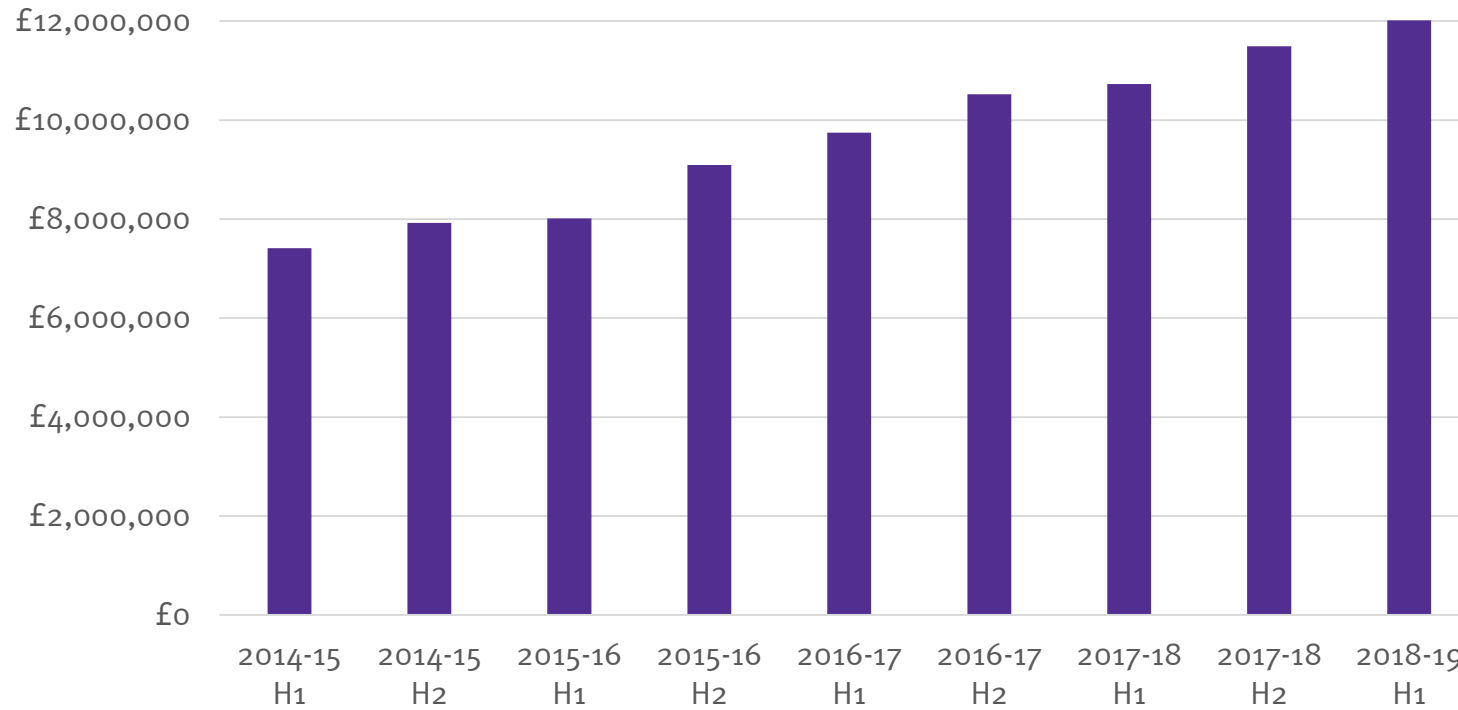
# FINANCIAL HIGHLIGHTS

- Revenue up 12% to £12m (2017: £10.7m)
- Overseas sales up 19% to £6.4m (2017: £5.4m), representing 53% of total sales (2017: 50%)
- Gross margin increased to 78% from 75% in 2017
- EBITDA before share-based payments up 19% to £3.2m (2017: £2.7m)
- PBT before share-based payments up 20% to £2.4m (2017: £2m). Unadjusted PBT of £2.2m (£1.8m)
- EPS before share-based payments up 13% to 4.5p (2017: 4p). Unadjusted EPS of 4.05p (2017: 3.62p)
- Interim dividend of 2.04p per share (2017: 1.6p), up 28%
- Cash of £4.5m (2017: £4.9m), after £2.96m paid in November for the Ecomed companies (“Ecomed Group”)

# OPERATIONAL HIGHLIGHTS

- Successful integration of the Ecomed Group acquired on 15 November 2018
- Received second expanded USA EPA approval for Duo surface disinfectant and first EPA approval for Jet surface disinfectant
- Successfully transferred the responsibility for CE marking Tristel's medical device products from BSI UK to BSI Amsterdam to mitigate Brexit-related risks
- Established a continental warehouse hub in Antwerp and leased a new 23,000 sq ft warehouse in Newmarket

# HALF-ON-HALF – SALES PERFORMANCE

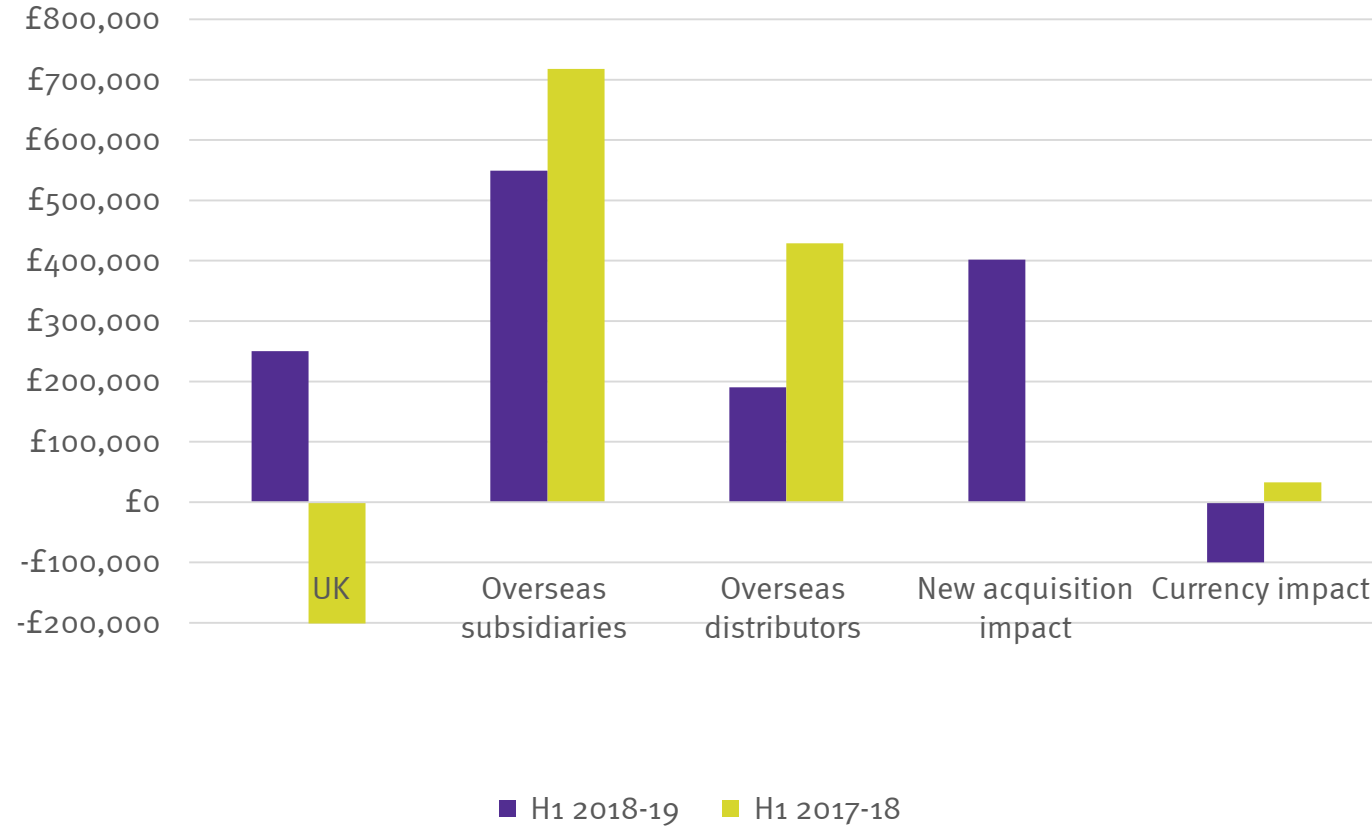


**FINANCIAL PLAN  
FOR 3 FINANCIAL YEARS:  
2017-2019**

**NEW PLAN 2020-2023**

- Sales growth of between 10% and 15%, on average, over three years
- Target sales of between £22.8m and £26m in 2018-2019
- On track
- To be announced July 2019

# SALES GROWTH £1.3m – SOURCES



# SALES GROWTH – GEOGRAPHIES

£,000	2016-17 H1	2017-18 H1	2018-19 H1	Year on year change	% change	% change at constant currency
Central & Eastern Europe	1,530	1,950	2,230	280	14%	13%
Northern Europe	-	-	400	400	100%	100%
Australasia	300	1,530	1,660	130	8%	15%
Hong Kong	350	220	460	240	109%	115%
China	300	300	100	(200)	(67%)	(69%)
Worldwide distributors	940	1,370	1,560	190	14%	14%
<b>Total overseas</b>	<b>3,420</b>	<b>5,370</b>	<b>6,410</b>	<b>1,040</b>	<b>19%</b>	<b>21%</b>
United Kingdom	5,560	5,350	5,600	249	5%	5%
<b>Total Group</b>	<b>8,970</b>	<b>10,720</b>	<b>12,010</b>	<b>1,289</b>	<b>12%</b>	<b>13%</b>

- Sales growth within targeted range of 10% to 15%
  - Direct sales in Hong Kong progressing well
    - Encouraging UK growth

# SALES GROWTH – PRODUCTS

£,000		2016-17	2017-18	2018-19	H1 on H1	H1 on H1
		H1	H1	H1	%	%
UK human healthcare	Medical device disinfection	3,478	3,313	3,608	9%	8%
	Critical surface disinfection	683	601	690	15%	
	Other	578	483	434	(10%)	
Overseas human healthcare	Medical device disinfection	3,801	4,619	5,699	23%	20%
	Critical surface disinfection	96	189	193	2%	
	Other	94	330	295	(11%)	
Animal healthcare		578	704	686	(3%)	
Contamination control		440	488	413	(15%)	
<b>Total sales</b>		<b>9,747</b>	<b>10,727</b>	<b>12,018</b>	<b>12%</b>	

- Critical surface disinfection growth – helped by new product launch
  - Overseas growth remains strong
  - No BREXIT stock building distortions

# GROWTH DRIVERS – DIRECT PRESENCE

## Northern Europe 3 company acquisition November 2018

- Distributor for Benelux and France since 2007, based in Antwerp.
- 6 months to 30 June 18 revenue of €1.66m, EBITDA of €0.57m.
- Impact of the acquisition on Tristel H1 results (43 days):
  - Additional revenue £401k
  - Additional operating expenses £204k
  - Additional PBT £105k
- Total consideration:
  - €4,815,700 in cash
  - Circa 711,550 ordinary shares @ 242.7p
  - Transaction costs £230k

## Hong Kong “go–direct” February 2018

- Distributor for Hong Kong since 2011.
- 6 months to 31 December 17 revenue of £220k
- 6 months to 31 December 18 revenue of £460k
- Total consideration:
  - Cash £0.2m



# GROWTH DRIVERS – MARKET DEVELOPMENT

H1 18-19	France	Germany
Sales to end users €	351,000	2,269,000
Sales headcount	4*	6
Years in market	7	8

\* 2 in 2017-18

## Key approvals awaited:

South Korea – Drugs licence – dossier submitted

India – dossier in preparation

## Tristel global salesforce:

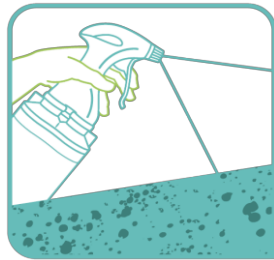
February 2018      44 of 139

31.12.17              29 of 125

# GROWTH DRIVERS – NEW PRODUCTS: HOSPITAL SURFACES

In the UK, Tristel is the only company that can achieve high level surface disinfection with the 3 most common disinfection and cleaning methods

## SPRAY



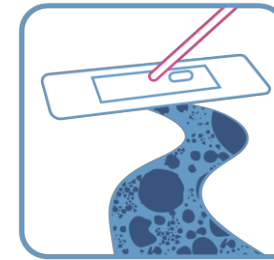
NON-ROUTINE  
DISINFECTION

## WIPE



DAILY ROUTINE

## MOP



DAILY ROUTINE

# SURFACE DISINFECTION – ILLUSTRATION OF THE POTENTIAL

UK NHS acute hospital – two sites, 840 beds + out-patients – expenditure 1.4.18 to 1.2.19:

		£	Quantity of wipes
Wiping :	Dry	50k	3.5 million
	Detergent	58k	3.4 million
	Low-level disinfectant	56k	2.7 million
	High-level disinfectant	44k	0.4 million
Mopping:	High-level disinfectant	?	-
		<b>208k</b>	<b>10 million</b>

## Our proposition:



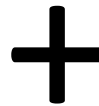
HIGH-LEVEL  
DISINFECTANT



DETERGENT  
CAPSULE



QUAT  
FORMULATION



BIODEGRADABLE WIPES  
(PARTNERS)

## Benefits to the Trust:

One supplier. Improved environmental Impact. Superior infection prevention outcomes. Cost saving

# USA – EPA SURFACES

**DUO**

2 Approvals



- Both products require additional submission to achieve mycobactericidal claims
- HPV claim desired for Duo Ultrasound but not permitted by EPA, only by FDA

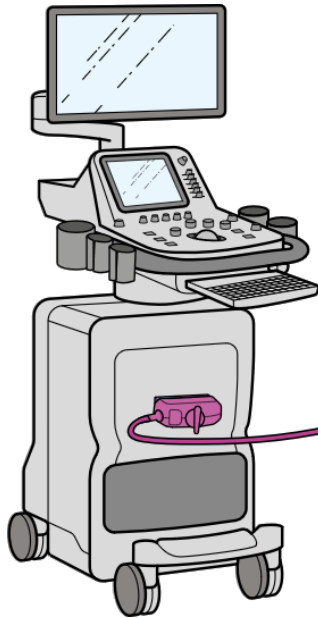


**JET**

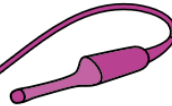
1 Approval

Ultrasound console:

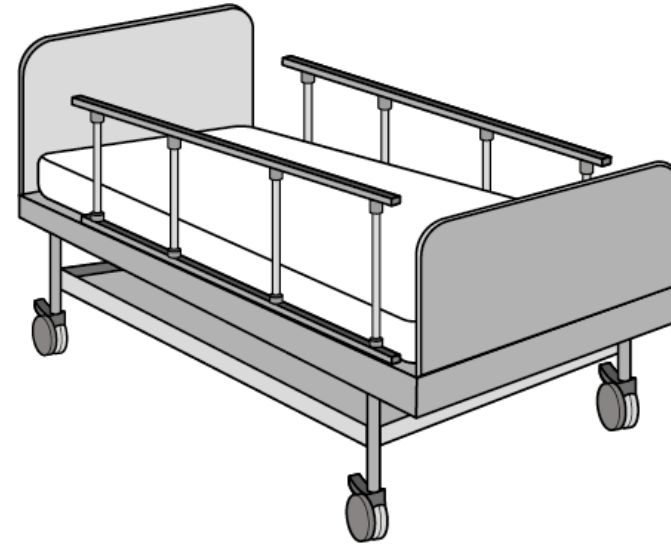
**EPA**



Ultrasound probe:  
**FDA**



Niche marketplace – one product, 2 applications – price?



Crowded marketplace

# USA – FDA MEDICAL DEVICES

September 2018:

FDA written feedback on pre-submission request (presented July 2018 following two years data generation). Identified that a De Novo submission rather than one based on Predicate Devices may be more appropriate.

Reasons:

- Manual application
- Novel active ingredient for high level disinfection of medical devices
- Contact time occurs at room temperature and the time is much shorter compared to other high level disinfectants.

Recommended:

- Human factors testing with Duo.
- Different method of inoculating test devices via immersion rather than directly inoculating selected areas on the devices.

Implications:

- More data generation

FDA revised De Novo Guidance in October 2017 – has made pathway more frequently used and understood.

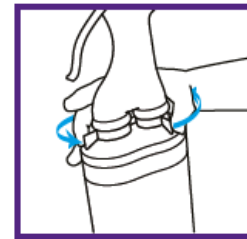
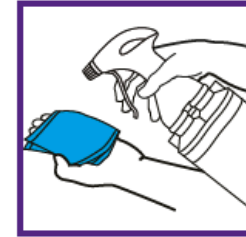
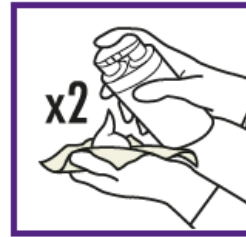
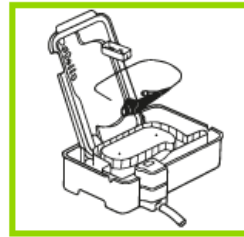
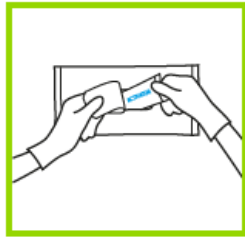
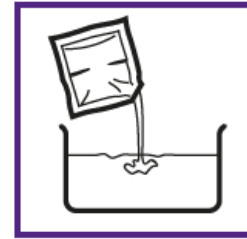
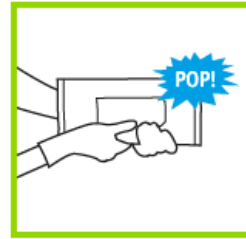
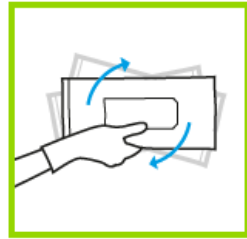
# BREXIT RISKS – UPDATE

<b>Regulatory:</b> the risk that our accreditation will not be recognised by the EU.	Migration completed to new notified body in EU - BSI Netherlands. New CE product labelling is required, which in the event of a no-deal must be completed by 29.3.19. – currently underway
<b>Logistical:</b> the risk that: 1. The movement of goods between the UK and the EU are halted or delayed at ports as a result of increased customs declarations / border bureaucracy. 2. Logistics during 2019 H1 travelling over the channel being put under considerable pressure, delaying the transportation of goods further.	£1m of forward-orders have been processed and shipped during Jan & Feb 2019, in anticipation of supply chain disruption. No impact on H1 sales.  In parallel 4 months supply of EU subsidiary stock has been located in our Antwerp warehouse.  The effect of Brexit related actions will unwind by 30 June 19.
<b>Currency:</b> the risk that sterling rates fluctuate and disadvantage us via the conversion of foreign currency transactions into GBP.	Wait.
<b>Financial:</b> the risk that the Group will suffer additional duties in relation to goods travelling between the UK & the EU.	In the event of a 6% duty levied on imports to EU subsidiaries from the UK, Gross margins will be impacted by between 0.5% and 1%
<b>Personnel:</b> the risk that key EU personnel based in the UK will leave through disillusionment with the UK or because of a legal requirement.	No evidence yet.

# SUMMARY

- Overseas expansion continues to drive sales growth
- Successful acquisition and integration of Northern European distributor
- Exciting new market opportunities ahead
- Expected further sustainable growth in 2019 and beyond
- Profitable, cash generative, debt-free
- Clear dividend policy to return surplus cash to shareholders

# QUESTIONS





# APPENDIX – INCOME STATEMENT

	6 months ended 31.12.18	6 months ended 31.12.17
	£'000	£'000
Turnover	12,018	10,727
Cost of sales	(2,600)	(2,643)
Gross profit	9,418	8,084
Gross margin %	78%	75%
Administrative expenses	(6,252)	(5,367)
Net interest	1	1
Results from associate	16	8
Operating profit before amortisation & shared based payments	3,183	2,726
Amortisation & Depreciation	(781)	(713)
Share based payments	(196)	(164)
Pre-tax profit	2,206	1,849
Tax charge /(credit)	(433)	(296)
Profit after tax	1,773	1,553
Basic EPS – pence	4.05p	3.62p
Diluted EPS – pence	3.92p	3.46p

# APPENDIX – BALANCE SHEET

	<b>31.12.18</b>	<b>31.12.17</b>
	<b>£'000</b>	<b>£'000</b>
Non-current assets		
Goodwill and other intangible assets	13,447	7,404
Property, plant and equipment	1,339	1,518
Deferred tax -	195	
	<hr/> 14,981	<hr/> 8,922
Current assets		
Inventories	2,768	2,226
Trade and other receivables	4,650	3,871
Cash and cash equivalents	4,486	4,945
	<hr/> 11,904	<hr/> 11,042
Total assets	<hr/> 26,885	<hr/> 19,964

Continued...

# APPENDIX – BALANCE SHEET ...Continued

	31.12.18	31.12.17
	£'000	£'000
<b>Capital and reserves</b>		
Share capital	443	429
Share premium account	11,227	10,892
Merger reserve	1,865	478
Foreign exchange reserve	(41)	52
Retained earnings	7,184	4,986
Non-controlling interests	7	7
<b>Total equity</b>	20,685	16,844
<b>Current liabilities</b>		
Trade and other payables	3,491	2,296
Contingent liability	1,567	-
Current tax	973	639
<b>Total current liabilities</b>	6,031	2,935
Deferred tax	169	185
<b>Total liabilities</b>	6,200	3,120
<b>Total equity and liabilities</b>	26,885	19,964

# APPENDIX – CASH FLOW RECONCILIATION

	6 months ended 31.12.18 £'000	6 months ended 31.12.17 £'000
Revenue	12,018	10,727
Less expenses	(8,851)	(8,002)
Changes in circulating capital (inventory, receivables, payables)	(484)	(911)
Purchase of tangible fixed assets	(316)	(402)
Purchase of goodwill & intangible assets	(3,462)	(263)
Proceeds from sale of property, plant & equipment	19	17
Dividends paid	(1,303)	(1,130)
Shares issued	180	189
Net interest	2	1
Corporation tax paid	(3)	(375)
Decrease in cash	<b>(2,200)</b>	<b>(149)</b>

THANK YOU

Tristel™