

# AGM

15<sup>th</sup> November 2010



# Disclaimer

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*The information contained in this presentation provides only a general overview. To the extent that the presentation contains forward looking statements, Medical Australia Limited considers that the expectations reflected in these statements are reasonable. The statements are subject to known and unknown risk factors associated with the healthcare industry which could cause actual results or trends to differ materially.*

*The information is not intended to be taken as advice regarding any individual situation and should not be relied upon as such. Investors should seek appropriate professional advice in relation to their own objectives, financial situation and needs.*

# Agenda

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- 2010 Review
- Business Strategy
- FY '11 Q1



## About MLA: Who We Are

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- Engaged in the manufacture, distribution and sale of a broad range of medical devices and consumables used within human and animal healthcare markets.
- Three core clinical areas:
  - Medication delivery
  - Reuse prevention
  - Surgical
- International customer base encompassing public and private hospitals, critical care services and OEM customers.
- International supply chain delivers high quality, low cost products that meet stringent international compliance standards.

# About MLA: History

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- December 2004 embarked on ambitious manufacturing, distribution and NPD program delivering safety medical solutions to the global healthcare industry
  - Result: exposed company to unsustainable competitive and financial pressures
- May 2005 appointment of new senior management team heralded a new direction designed to rebuild the business
  - Result: key customers acquired and core revenues established
- March 2007 appointment of MD to oversee implementation of new business strategies
  - March 2008 acquired TUTA Healthcare
  - June 2009 acquired Clements Medical Equipment

# About MLA: Investment Highlights

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- Business turnaround leading to improved financial scale and profitability
- Established businesses / brands with low risk profile
- Accelerated growth path via industry roll up and consolidation
  - Earnings per share accretive
  - Pipeline of potential M&A deals
- ‘Blue chip’ international customer base
- Broad, low cost manufacturing capability
- Growing network of international distributors
- Quality Board and Senior Leadership Team

# About MLA: Directors and Officers

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- Tom Hartigan, BCom, Chairman
  - A distinguished career spanning 50 years in corporate advisory, finance and M&A, including 25 years with ASX-listed finance and medical companies
- Gary Lewis, BCom, MBT, Director
  - Outgoing managing director with 25 years experience in pharmaceuticals and medical devices, with an emphasis on business and strategy development
- Dr Geoff Cumming, BSc (Hons), MBA, PhD, Director
  - 30 years experience in the biotechnology, medical and healthcare markets (Roche Diagnostic, Anteo (ASX: ADO) and Sienna Cancer Diagnostics)
- Ian Mitchell, BA Dip Law, Director and Company Secretary
  - A practicing solicitor for over 30 years with expertise in commercial, contractual and ASIC/ASX compliance

# About MLA: Directors and Officers

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- **Mark Donnison, CEO**
  - A sales and marketing specialist with 25 years in the UK and Australian pharmaceutical industries (Alphapharm, AstraZeneca, Smith Kline, LAGAP), experience in R & D and logistics
- **Greg Lewis, MBA, CFO**
  - 20 years experience in senior finance and operational general management roles in multinational and Australian public companies (Tyco, ITL, Stryker)
- **Michael Jones, GM Corporate Innovation**
  - A design engineer with 20 years in production and design of products for high volume manufacturing. In medical devices since 2003, previously with Resmed
- **David Thompson, BSc (Hons), GM QARA**
  - Extensive experience in QA/QC systems implementation and improvement. Joined MLA from Resmed where he worked as Director, Regulatory Affairs

# About MLA: Why Medical Devices?

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- Australian market valued at approximately A\$4.75bn, representing <1% of global market
  - Growth linked to expansion in health and aged care industries
  - Growth rate of 10% p.a.
- Industry consolidation leaves high margin-niche market opportunities for smaller specialist manufacturers
- Strategic growth opportunities through acquisition of IP and businesses
  - Market characterised by duplication of technologies and lack of scale



## About MLA: Our Vision

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Build a profitable \$50m business by 2012, establishing MLA as a leading medical consumables company in global markets

# About MLA: Strategic Overview

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- Focus on three core clinical areas:
  - Medication delivery
  - Reuse prevention
  - Surgical
- Expand portfolio with avoidance of technology risk
  - Niche markets, differential branding
  - Established brands
- Global distribution footprint
- Consolidation of global supply chain
- Acquisition strategy EPS accretive

# About MLA: Acquisition Strategy

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- **Roll-up strategy**
  - Emphasis on brand equity, i.e. acquisition of established brands
    - Acquisition 1: TUTA Healthcare 60 year old leader in IV and Medical Systems
    - Acquisition 2: Clements Medical 100 year heritage in suction / oxygen and scientific / diagnostic equipment
- **Earnings per share accretive**
  - Derived mainly through extraction of sales and marketing synergies
  - Acquire on a multiple of <4 times historical EBIT and cash flow positive
- **Target profile in line with strategic plan**
  - Products within three core clinical areas
  - Similar / same distribution channels with export growth potential

# About MLA: Competitive Advantage

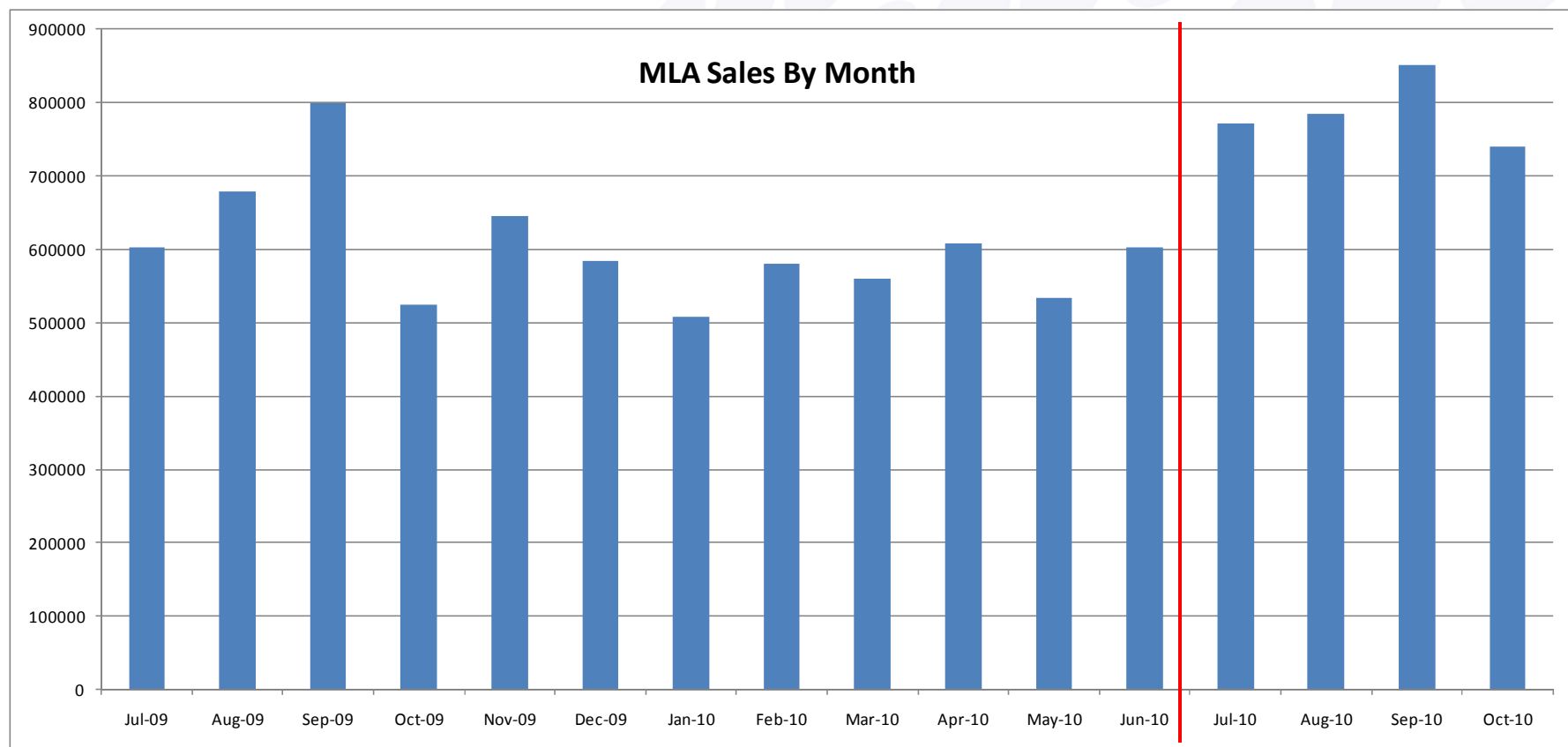
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- Established brands and diversified portfolio
- Strong direct and indirect distribution channels, globally
- Expertise in design and manufacture
  - Proprietary infusion devices and plastic formulations
  - Medical suction and oxygen therapy, scientific and diagnostic equipment
  - In-house clinical / R&D capability
- International 'blue chip' customer base
- Broad, low cost manufacturing and sourcing capability
- Experienced Board and senior management team

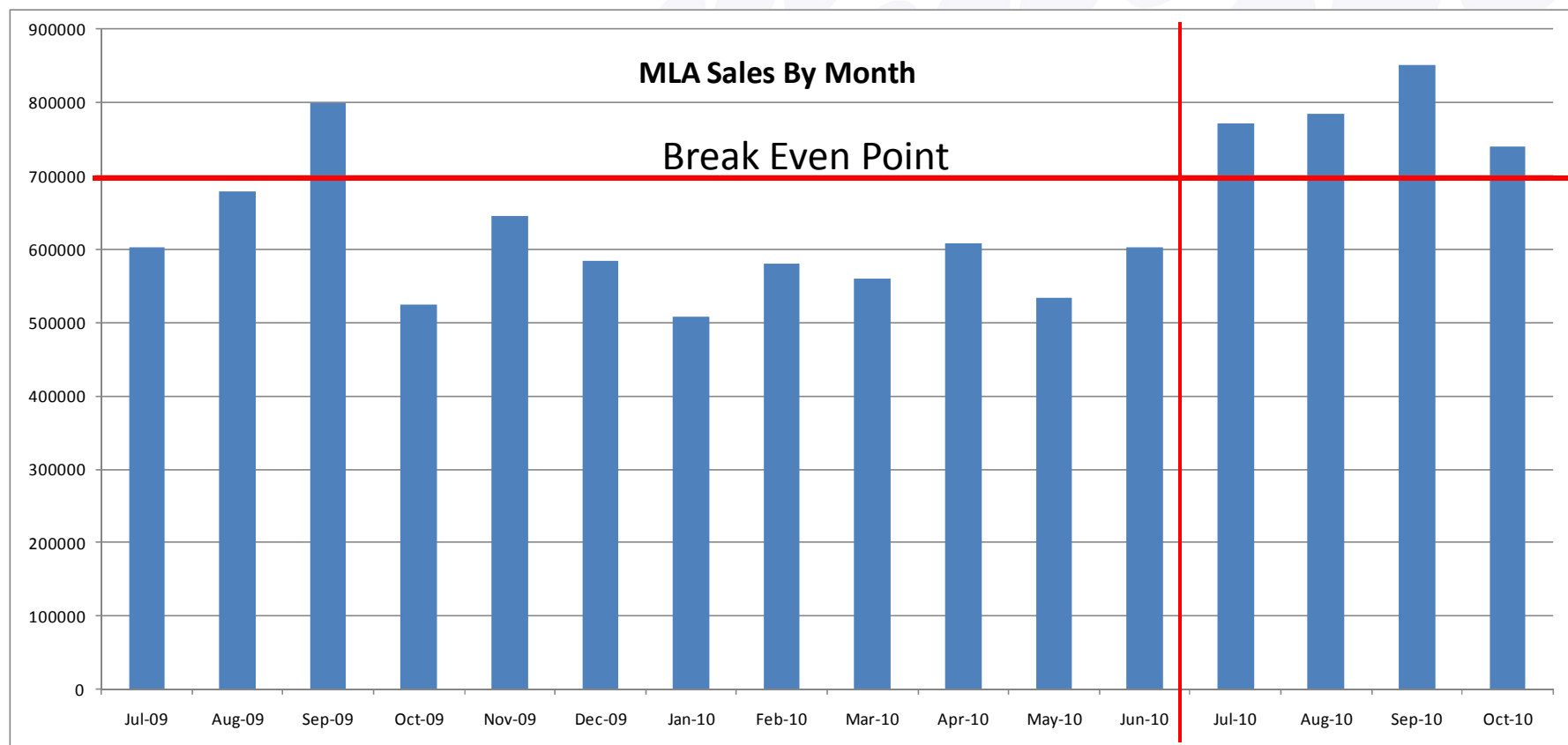
# About MLA: Financial Story

	FY 2008		FY 2009			FY 2010	
	\$'000	%	\$'000	%		\$'000	%
<b>Revenue</b>	4658.1	100.0	7612.3	100.0		7298.0	100.0
<b>Gross profit</b>	1837.8	39.5	2987.9	39.3	+ 70%	4867.0	66.7

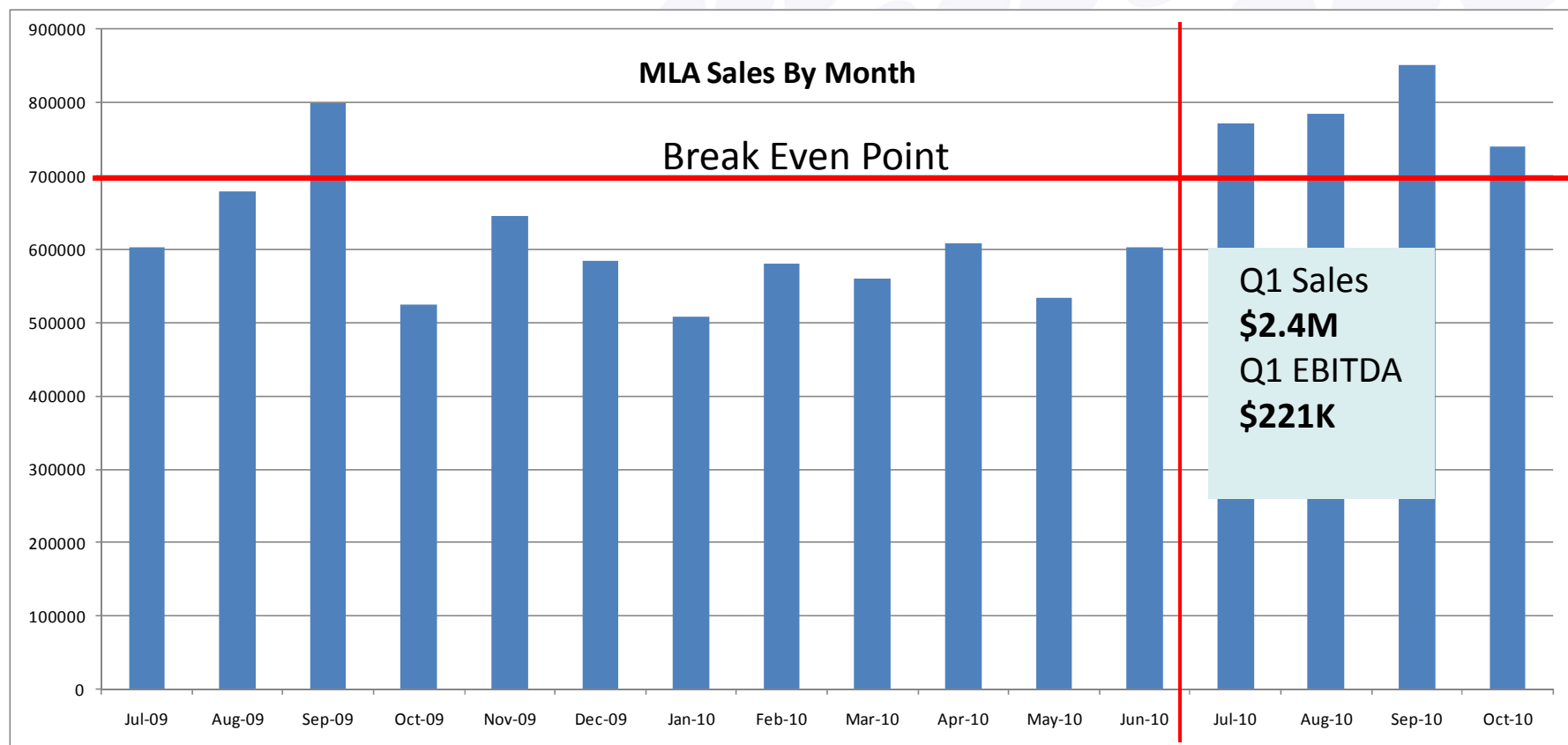
# About MLA: Financial Story



# About MLA: Financial Story



# About MLA: Financial Story



# About MLA: Year In Review

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- Acquisition and integration of Clements Medical Equipment
- Transition and TGA approval of new China-based manufacturer
  - Low-cost, high capacity US-owned facilities
  - Ongoing focus on and investment in supply chain
- Strategic review leading to significant changes in staffing, infrastructure, resourcing and portfolio
- Successful revamp of Quality and Regulatory systems
  - TGA and CE-Mark audits completed (Nov 2009)
- New Chairman, CEO, CFO March 2010

# About MLA: Business Update

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- Successfully renewed NSW and Victoria state govt. IV contracts
- Global licensing and distribution agreement with Analytica Limited
  - Pipeline of new products and distribution opportunities
- New distributors appointed in New Zealand, Kuwait, Iran, Bahrain, Iraq, Qatar, Hong Kong, Indonesia, India and Sri Lanka
- New product development projects with two global medical device giants (US / Germany) – international distribution opportunities
- Samples developed for UK rollout
- Supply and sourcing agreement with veterinary stem cell technology company Medivet

# About MLA: Year Ahead

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- Expansion of TUTA and Clements portfolio in line with strategic plan
  - Medication delivery, surgical, animal health
- Export development
  - MEA
  - UK and Europe (TUTA and Clements brands)
  - North and South America (TUTA licensing)
  - AsiaPac (TUTA and Clements brands)
  - OEM
- M&A activity
  - 636 medical device companies in Australia (Source: Innovation Dynamics 2007)
  - Pipeline of potential deals

## About MLA: Summary

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- Underlying businesses profitable and past 'tipping point'
- Established businesses with low risk profile
- Accelerated growth path via industry roll up and consolidation
- 'Blue chip' international customer base and established distribution channels
- Broad, low cost manufacturing capability
- Defined Organic Growth Strategy
- Quality Board and senior management team
- Medivet to generate significant revenue



## About MLA: Contact Us

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Mark Donnison, CEO

L 17, 275 Alfred Street

North Sydney NSW 2060

[Mark.Donnison@medaust.com](mailto:Mark.Donnison@medaust.com)

T 02 9466 5300 F 02 9922 7165

[www.medaust.com](http://www.medaust.com)

