

A photograph of surgeons in an operating room, wearing blue scrubs and masks, focused on a surgical procedure. The scene is lit with bright, clinical lights, and the background shows medical equipment and a patient on the table.

# Surgical Innovations Group plc

“Inspired by surgeons, for the benefit of patients”

Nigel Rogers – Executive Chairman

Melanie Ross – COO & CFO

April 2018

**Surgical Innovations  
Group Plc**

# What we do

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Surgical Innovations Group plc specialises in the design, manufacture and sale of innovative devices for use in minimally invasive surgery (MIS)

We distribute branded products through a global network of trusted partners as well as directly in our home market (UK) through our Elemental Healthcare business

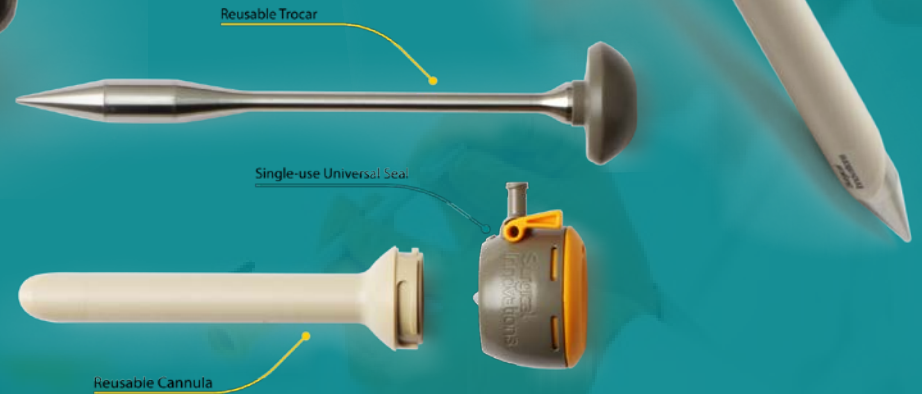
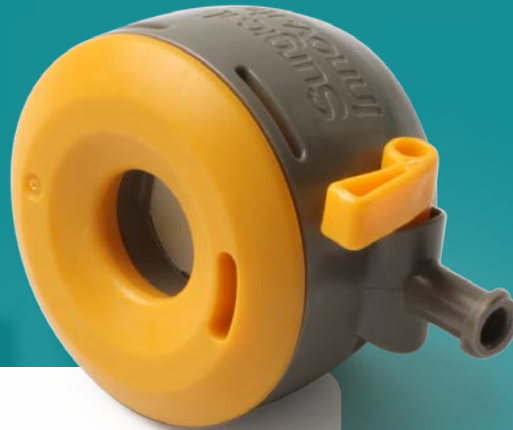
The Group designs and develops medical solutions for carefully selected OEM Partners including Advanced Medical Solutions Plc as well as providing precision engineering solutions to complex problems with key strategic partners such as Rolls Royce

We also sell a range of complementary products manufactured by market leading organisations direct in our home market

Notes

# Products

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Single-use Universal Seal

Reusable Cannula

Notes

# Products

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Notes



# Mission Statement

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“Inspired by surgeons for the benefit of patients”

- Aim to provide a broad portfolio of products
- Cost effective, procedure specific instruments and devices
- Developed in-house, and through partners and acquisition
- Manufacture & design: innovative and user-friendly
- Integrity & respect for all stakeholders

Notes

# Board of Directors

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- **Nigel Rogers (Executive Chairman)** – FCA, 20+ years as FD/CEO/NED/Chair of various AIM-listed businesses, including SDM, SIXH and TRT
- **Melanie Ross (COO/CFO)** – member of CIMA, previously at AESSEAL plc and Eaton Cooper Lighting & Safety
- **Adam Power (Group Development Director)** – pedigree in medical sales and new product introductions to UK market. 10 years owner/director of Elemental
- **David Marsh (Group Commercial Director)** – strong track record in medical sales and M&A with Sky & Gyrus, before co-founding Elemental in 2007
- **Prof. Mike McMahon (NED and Clinical Lead)** – founder/director, leading Laparoscopic Surgeon
- **Paul Hardy (NED)** – FCA– led successful MBO of BI Engineering Ltd (Medtech/aerospace group) and subsequent \$200m exit. 15 years principal at Hardy Transaction Management Ltd, engineering lead advisory M&A firm.
- **Alistair Taylor (NED)** – strong pedigree in medical sales. Experienced director in life sciences sector, previously with Beecham, Pfizer & Biocompatibles Plc and others

Notes

# Major Shareholders

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As at 27 February 2018	%
Getz Bros	13.0%
Directors	12.3%
Ruffer LLP	9.6%
Healthinvest Partners AB	5.1%
CWN John	5.1%
Marlborough	4.9%
Unicorn AIM VCT plc	3.4%

Notes



# Business model & segmentation

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- SI Branded products as core activity
- Sold direct in UK home market via Elemental
- Distribution in over 35 countries worldwide via third parties
- UK distribution of complementary product ranges from other manufacturers via Elemental
- OEM – design & manufacture of products for selected other companies, (also includes precision engineering services for major industrial partner)

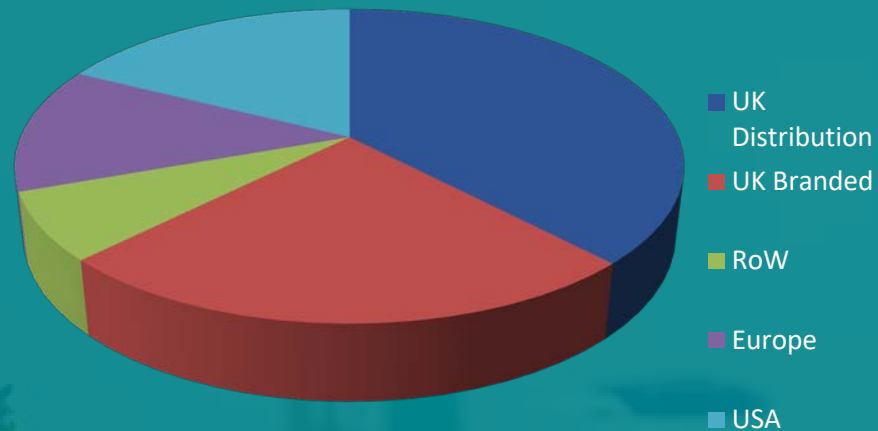
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# Key markets

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Branded and distributed Sales 2017 FY proforma



## Fields of use

- Laparoscopy
- Obesity
- Breast & AW reconstruction
- Hernia repair

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# Segmental – SI Brand

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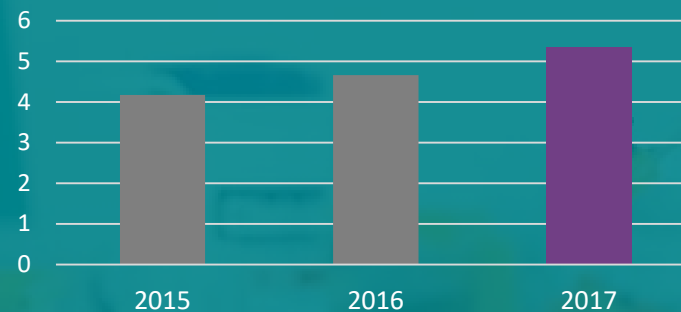
- Overview/Recap

- Port access devices
- Surgical Instruments
- Retraction
- Resposable® concept

- Route to market

- Direct Sales force (UK)
- 3<sup>rd</sup> Party Distribution (RoW)

Revenues £m



Notes

## SI Branded Products – Resposable™ Business Model

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Within the SI Branded portfolio the company has strived to offer not only cost effective solutions, but also those which offer environmental benefits

Our Resposable™ model constitutes Re-usable elements plus Disposable modular elements:

- Example 1 – Re-usable Cannula combined with single use valves
- Example 2 – Re-Usable Handle combines with single use scissor/grasper shaft

This model not only offers a cost effective choice on purchase as the “per procedure” costs are lower, it also produces significantly less clinical waste and promotes distributor and end user loyalty.

Notes

# Segmental – UK Distribution

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- Overview/Recap
  - Elemental acquired August 2017
  - SI Branded direct sales
  - Complementary MIS devices
  - New/Innovative developments
- Routes to market
  - Network of regional territory managers supported by experienced Sales Management
  - NHS & private hospital groups
  - Strong relationships with surgeons & theatre staff
- Key vendors
  - Microline Inc
  - Meccellis Biotech
  - Péters Surgical
  - Cousin Biotech
  - Bariatric Solutions

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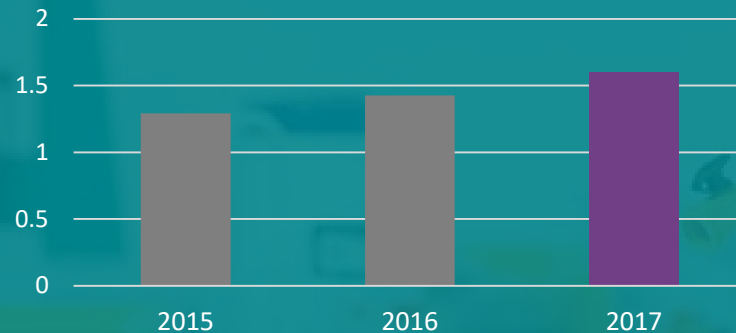


# Segmental – OEM

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- Overview/Recap
  - Design & Build for key partners in both medical and industrial applications
- Key Products
  - Fix-8 device for hernia repair (AMS plc)
  - Valves and Seals for a SILS device sold by a global medical company
  - R&D collaboration with Rolls Royce to develop a laser deployment mechanism

Revenues £m



Notes

# Income statement

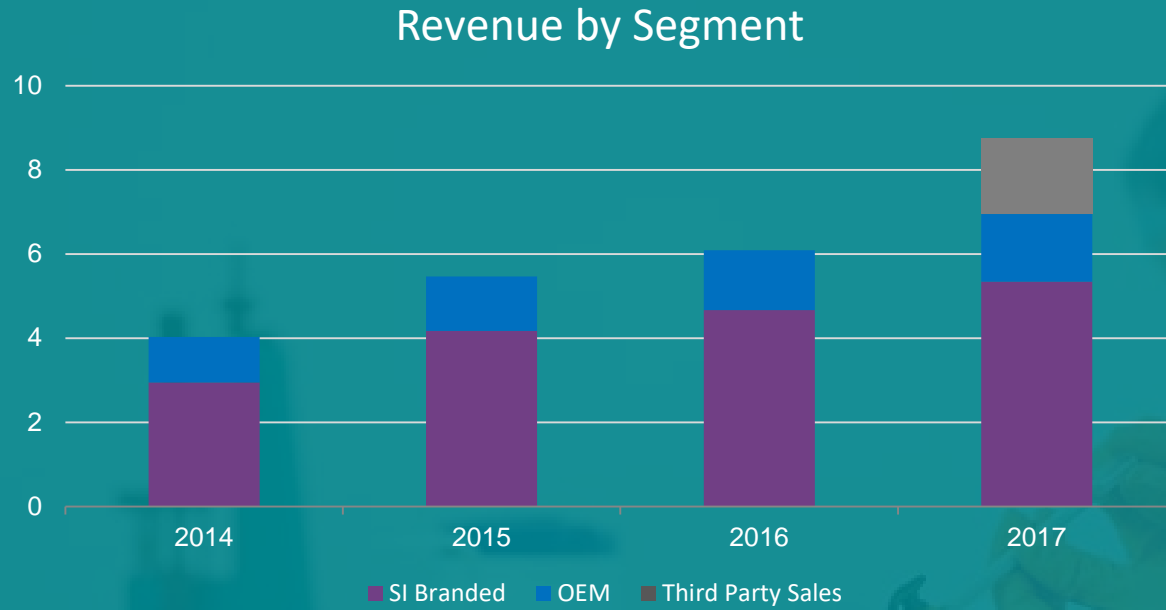
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	2017 £m	2016 £m
Revenue	<b>8.75</b>	6.09
Cost of sales	<b>(5.03)</b>	(4.03)
Gross profit	<b>3.72</b>	2.06
Other operating expenses	<b>(3.16)</b>	(1.59)
Other Income	<b>0.02</b>	-
Adjusted EBITDA	<b>2.22</b>	1.43
Amortisation of intangible R&D costs	<b>(0.52)</b>	(0.43)
Depreciation of tangible assets	<b>(0.56)</b>	(0.51)
Adjusted operating profit	<b>1.14</b>	0.49
Exceptional items	<b>(0.22)</b>	-
Amortisation of intangible acquisition costs	<b>(0.32)</b>	-
Share based payments	<b>(0.02)</b>	(0.02)
Operating profit	<b>0.58</b>	0.47
Net finance costs	<b>(0.04)</b>	(0.19)
Profit before taxation	<b>0.54</b>	0.28
Taxation credit	<b>0.08</b>	0.44
Profit attributable to shareholders	<b>0.62</b>	0.72
Adjusted EPS (adj for acquisition related costs)	<b>0.19p</b>	0.15p

Notes

# Income statement - detail

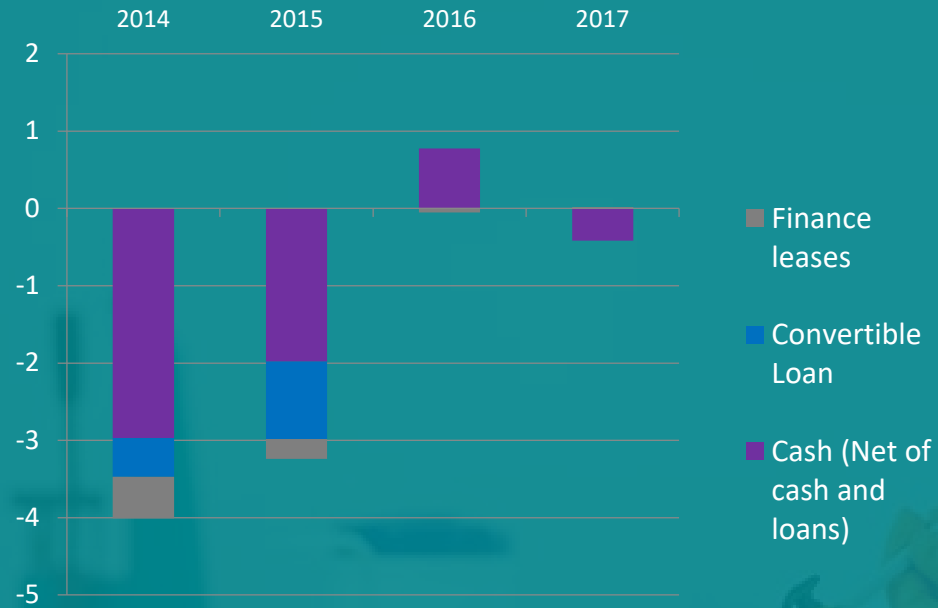
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# Net Indebtedness

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# Balance Sheet

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	2017 £m	2016 £m
Tangible fixed assets	1.33	1.58
Intangible assets	11.01	1.60
<b>Total non-current assets</b>	<b>12.34</b>	<b>3.18</b>
Inventories	2.47	1.50
Trade receivables	1.54	1.10
Other current assets	0.42	0.29
Trade & other payables	(1.58)	(0.34)
Accruals & deferred income	(0.62)	(0.61)
<b>Total working capital</b>	<b>2.23</b>	<b>1.94</b>
Cash & equivalents	1.71	0.78
Bank borrowings	(2.42)	0.00
Finance lease obligations	(0.02)	(0.05)
<b>Total net cash/(indebtedness)</b>	<b>(0.73)</b>	<b>0.72</b>
Net deferred tax assets/(liabilities)	(0.12)	0.00
<b>Net assets/total equity</b>	<b>13.72</b>	<b>5.84</b>

Intangibles	£m
Capitalised development costs	1.27
Product Knowledge	0.19
Goodwill	8.59
Supplier Agreements	0.96
	11.01

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# Future Plans

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- Markets

- Structural changes to dealer network
- Strengthened dealer position in USA for YelloPort+
- Elite to drive strong European sales.

- Initiatives

- Elite promotion to encourage take up a success
- Enhanced international sales resource
- New product lines for UK
- Expect uplift in OEM

Notes

# Future Plans – M&A

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## Criteria

- Focus on building product portfolio
- Prefer manufacturing/design element with IP
- Early stage acceptable but not pre-revenue
- Geographical expansion attractive, especially US and/or Europe

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