



ASX/MEDIA RELEASE

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Sirtex records 1H18 NPAT of \$23.6 million

Sydney, Australia

Sirtex Medical Limited (ASX:SRX) is pleased to announce the first half financial results for the half year ended 31 December, 2017. The Company reported Net Profit After Tax (NPAT) of \$23.6 million, up 13.2% on the prior corresponding period (pcp).

Mr Andrew McLean, Chief Executive Officer of Sirtex Medical Limited commented "We are delighted with our first half financial performance, which represents a substantial turnaround in the profitability of the business highlighted by EBITDA margin expansion to back over 30% of sales. It is particularly pleasing to have accomplished such leverage in the relatively short amount of time since we restructured the business in June."

Mr McLean continued "Varian Medical Systems has recognised the long-term potential in our business and the plans we have articulated for growth, with the proposed A\$28.00 per share cash offer for Sirtex made in late January. We will keep shareholders well apprised as the Scheme of Arrangement process develops in the coming weeks."

A summary of the 1H18 financial results is shown below.

	1H 2017 \$'000	1H 2018 \$'000	% change
Dose sales	6,047 units	6,023 units	- 0.4%
Product Revenues	112,786	109,396	- 3.0%
EBITDA	29,172	34,081	+ 16.8%
NPAT	20,810	23,553	+ 13.2%
Cash and cash equivalents*	98,954	92,808	- 6.2%
Cash flow from operations	21,424	20,833	- 2.8%
Earnings per share (cents)	36.1	42.0	+ 16.3%
Dividend paid per share (cents)	30.0	30.0	0.0%
Share buy back	0	27,127	n/a

* Inc. cash on deposit for >90 days. Sirtex has no debt.

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Driving Operating Leverage

Sirtex recorded first half product revenues of \$109.4 million, down 3.0% on the pcp. Revenue growth trailed volume growth principally due to currency headwinds experienced in the US during the period, and changes in geographic mix associated with higher growth in lower priced markets across the APAC region.

Gross margins improved by 50 bps to 83.8%. The Company re-classified Quality Assurance (QA) expenses into cost of goods sold during the period.

Total operating expenses of \$57.1 million were down 16.1% versus the pcp, driven by declines in R&D expenditure, the completion of all major clinical studies and the business re-set announced in June 2017.

Medical expenses increased by 39.0% to \$4.9 million, primarily driven by very strong recruitment into the US RESiN registry, which reached almost 900 patients during the first half. This registry, along with the CIRSE European patient registry will provide important information on treatment patterns and long-term outcomes with SIR-Spheres microspheres and will guide future research with this therapy.

1H18 EBITDA growth of 16.8% accelerated well ahead of revenue growth to \$34.1 million, highlighting the positive leverage effects of targeted reductions in non-core expenditure coupled with stable product pricing and gross margins. Reported NPAT was up 13.2% versus the pcp, reflecting a higher effective tax rate of 29.0% versus 23.5% in the pcp, driven by a reduction in accessible R&D tax credits commensurate with the targeted reductions in clinical and R&D activity during the period.

The Company will continue to prioritise initiatives to restore top-line sales while continuing to be prudent with costs, to ensure they are closely aligned more appropriately with growing our core SIR-Spheres microspheres business, globally.

\$44 million Returned to Shareholders

During the half, the Company paid \$16.7 million in shareholder dividends (1H17: \$17.3 million) following the declaration of an unfranked dividend of 30.0 cents per share at the FY17 result (FY16: 30.0 cents per share, partially franked).

Additionally, the Company bought back \$27.1 million of its own shares, as part of the \$30 million on market share buy-back, which completed in early September.

In total, the Company returned approximately \$44 million to shareholders during the period.

Robust Financial Position

Sirtex remains debt free with cash and cash equivalents¹ of \$92.8 million, down 6.2% versus the pcp, driven principally by the share buy-back. Cash flow from operations remains strong at \$20.8 million, down 2.8% on the pcp, with EBITDA conversion to gross operating cash flow (GOCF) improving significantly to 90.4% versus 81.9% in the pcp.

As the Company no longer capitalises any of its R&D and clinical expenditure, the Company recognised nil internally generated intangible assets during the half. Investing cash flow also benefited from a significantly lower rate of intangible asset purchases relating to the completion of Phase 2 of our SAP Enterprise Resource Planning (ERP) solution during FY17.

¹ Inc. cash on deposit for >90 days

Outlook

Preparation on the necessary documentation required to support the Scheme of Arrangement with Varian continues. The Scheme Booklet and Independent Expert Report are on schedule for dispatch to Sirtex shareholders in April, with the Sirtex shareholders Scheme Meeting expected to be held in May 2018.

Sirtex maintains previous guidance of reported EBITDA between \$75-85 million for the full financial year.

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About SIR-Spheres® Y-90 Resin Microspheres

SIR-Spheres Y-90 resin microspheres are a medical device used in interventional oncology and delivered via Selective Internal Radiation Therapy (SIRT), also known as radioembolisation, directly to liver tumours. SIR-Spheres Y-90 resin microspheres are approved for supply in key markets, such as the United States, European Union and Australia.

About Sirtex Medical, www.sirtex.com

Sirtex Medical Limited (ASX:SRX) is an Australian based medical device company with global market coverage. Its core revenue producing technology, which has regulatory approvals, is a selective internal radiation therapy (SIRT), with clinically proven applications for liver cancer with over 86,000 doses supplied and administered at over 1,160 medical centres in more than 40 countries.

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