



24 February 2016

The Manager
Company Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
Sydney NSW 2000

cyclomedica
technegas
ultralute

Cyclopharm Ltd
ABN 74 116 931 250
Bldg 75 Business & Technology Park
New Illawarra Road
Lucas Heights NSW 2234 Australia
POB 350 Menai Central NSW 2234
T 61 2 9541 0411
F 61 2 9543 0960
www.cyclopharm.com.au

**STRONG TECHNEGAS EARNINGS UNDERPIN RECORD PROFIT
- FINAL DIVIDEND OF 0.5 CENT PER SHARE DECLARED -**

Nuclear medicine company Cyclopharm Limited (ASX: CYC) today reported record net profit for the year ended 31 December 2015 of \$4.79 million, earned on sales of \$12.58 million, an all-time high for Technegas.

Directors have declared a final dividend of 0.5 cent per share, fully franked, bringing the full year dividend to 1.0 cent per share, fully franked. The final dividend will be paid on 19 April 2016 to shareholders on the register on 12 April 2016.

CYC Managing Director James McBrayer said that the payment of the final year dividend, which follows the inaugural dividend paid in October 2015, strikes an appropriate balance between Cyclopharm's need to fund growth opportunities and the fulfilment of the Company's stated commitment to deliver dividend income to shareholders.

Financial highlights of the year included:

- Record Technegas sales of \$12.51 million, up 8.9% (FY14: \$11.49 million)
- Record Technegas division Operating EBITDA of \$2.29 million, up 6.2% (FY14: \$2.16 million)
- Record Net Profit after Tax of \$4.79 million (FY14: \$4.07 million) comprised of NPAT from the Technegas division of \$1.70 million and net insurance proceeds of \$2.1 million.
- Cash flow from operations of \$4.15 million predominantly comprised of operating cash generated from Technegas of \$2.74 million.
- Net cash at year-end of \$6.44 million, up \$3.18 million¹
- Basic Earnings per share of 8.61 cents
- Maiden full year dividend totalling 1.0 cent per share, fully franked

Mr McBrayer noted that the strong earnings recorded by Cyclopharm's continuing businesses during the year were driven by improved revenue and margins for the Company's Technegas diagnostic imaging technology for both the generators and the Patient Administration Sets (PAS) consumables.

"The achievement of record sales, EBITDA and net profit for the second consecutive year, was assisted by good volume growth in Australasia and Europe, combined with local price increases and cost control initiatives. PAS sales in the French market recovered strongly in the second half of 2015, entirely offsetting the impact of the

¹ Including net proceeds of \$2.1 million received in December 2015 following settlement of Cyclotron insurance claim



adverse timing of sales into that market, which detracted from the first half results in 2015,” Mr McBrayer said.

“Cyclopharm’s ongoing profitable and cash generative growth, has enabled the Board of Cyclopharm to implement a program of half yearly dividend payments, which we expect to grow over time, while retaining a strong cash position to support necessary investments in R & D and product trials,” Mr McBrayer added.

Significant operating achievements in 2015 included:

- Growth of Technegas sales in most major markets
- Positive preliminary findings from Technegas trials in China – demonstrating the efficacy of Technegas in the early detection and management of Chronic Obstructive Pulmonary Disease (COPD)
- Continued progress in seeking approval to market and distribute Technegas in the United States
- The introduction of Ultralute™ technology to the market with the prospect of initial sales in 2016
- Resolution of the Cyclotron insurance settlement, providing net \$2.1 million in cash

Technegas

Sales revenue of \$12.51 million from the segment’s key products, PAS and Technegas Generators, grew by 8.9% over the preceding year (2014: \$11.49 million). Underlying EBITDA margins as a percentage of sales increased from 23% to 24%. Revenue from PAS grew 8% to \$10.14 million, while revenue from Generator sales increased 11.3% to \$2.36 million.

In September 2015, Cyclopharm signed a Term Sheet with Jubilant DraxImage providing an exclusive license to market and distribute Technegas in the USA, subject to mutual due diligence, agreement and execution of a final License Agreement followed by board approvals. The Company is actively negotiating the final License Agreement terms. In the event that final terms cannot be agreed, Cyclopharm will progress the USA market opportunity independently.

Ultralute™

Cyclopharm introduced its Ultralute™ product in Germany in October 2015. Ultralute™ is a unique device that extends the useful life of Molybdenum-99 (Mo-99) generators, the most commonly used medical isotope in the world, by up to 50 per cent. Global interest in Ultralute™ is strong, with initial revenue from Ultralute™ sales expected to be recorded in the second half of the 2016 financial year from the European market.

Outlook

Mr McBrayer said Technegas revenues would continue to grow modestly across its existing markets, driven by continued strong performance in Canada and in Asia. Technegas sales into the European markets are expected to reflect economic conditions in those markets.

“A major focus for the year will be educating the global respiratory medicine community on the diagnostic and patient monitoring uses for Technegas, following the completion of our Chinese trials,” Mr McBrayer said.



“If the final results confirm the initial positive findings, the potential to expand Technegas’ revenue and profitability over the medium to longer term is significant.”

Mr McBrayer said the Board was delighted with the financial performance of the Company and its ability to commence dividend payments during 2015.

“The achievements of your Company over the past year indicate the significant shareholder value that can be generated from successfully executing the Company’s growth strategy,” Mr McBrayer said.

“While the precise timing of achieving milestones such as entry into the US market and generating Technegas sales in the COPD market are necessarily uncertain, the prospects for your company are outstanding. The Cyclopharm management team, with the ongoing support of the Board, remain absolutely committed to delivering growing financial rewards to our shareholders.”

Background

Cyclopharm Limited

Cyclopharm is a radiopharmaceutical company servicing the global medical community. The Company’s mission is to provide nuclear medicine and other clinicians with the ability to improve patient care outcomes.

Cyclopharm achieves this objective through the provision of radiopharmaceutical products, Technegas (for lung imaging) and Molecular Imaging (used in cancer, brain and cardiac imaging). Our customers are nuclear medicine departments located within hospitals and clinics.

Technegas

The Technegas technology is a structured ultra-fine dispersion of radioactive labeled carbon, produced by using dried Technetium-99m in a carbon crucible, micro-furnaced for a few seconds at around 2,700°C. The resultant gas like substance is inhaled by the patient (lung ventilation) via a breathing apparatus, which then allows multiple views and tomography imaging under a gamma or single photon emission computed tomography (SPECT) camera for the superior diagnosis of pulmonary emboli (blood clots in the lungs).

Ultralute™

Ultralute™ is a unique device that extends the useful life of Molybdenum-99 generators by up to 50 per cent. Molybdenum-99 decays into Technetium-99m, which is used in approximately 80% of all nuclear medicine diagnostic imaging procedures worldwide or an estimated 20 million diagnostic procedures per year. Ultralute™ attaches to the top of the generator and allows the nuclear medicine clinician to retrieve a smaller, more highly concentrated sample of Technetium-99m.