

# CHAIRMAN'S LETTER

“Consort Medical has continued to deliver strong organic growth in the year and enhanced its operating performance”

Dr Peter Fellner



AN  
INCREASED  
FINAL  
DIVIDEND OF  
**12.56p**

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Consort Medical has continued to deliver strong organic growth in the year, enhanced its operating performance, largely completed the integration of Aesica, and has made substantial progress on its development and innovation pipelines.

## Trading

Revenue increased by £92.1m (49.8%) to £276.9m (FY2015: £184.8m): this follows FY2015 which only received a six month contribution from Aesica. EBIT before special items increased by 47.6% to £37.0m (FY2015: £25.1m). Over the year, Bepak EBIT margin grew to 170bps to 21.5%, and Aesica EBIT margin grew 210bps to 7.4%. Adjusted basic EPS increased by 20.5% to 57.6p per share (FY2015: 47.8p).

EBITDA before special items grew £15.1m (45.3%) to £48.3m (FY2015: £33.2m), and capital expenditure was £21.5m (FY2015: £20.7m). Working capital reduced £20.2m to £14.0m (FY2015: £34.1m) which represents 5.0% of sales (FY2015: 12.3%).

The Group Balance sheet closed with a Net debt position of £97.0m (FY2015: £99.2m), representing gearing of 1.92x Net debt: EBITDA, in line with our expectations communicated at the time of the Aesica acquisition of below 2.0x by FY2016.

## Delivering acquisition integration

During the year, we substantially completed the integration of Aesica into Consort, including the transfer of the Formulation Development activities from Nottingham to Queenborough, together with various restructuring actions at the Aesica sites, as signposted a year ago.

## Innovation and Development

The Bepak and Aesica teams are working closely together to leverage each other's customer relationships and to win new combined opportunities. In February, we celebrated the first of these with the signing of a development and manufacturing contract with Precision Ocular for devices and formulation services on their exciting novel drug products and delivery system — a first step into ocular treatments for the Group. This was coupled with Consort committing £3.3m to Precision Ocular's equity financing.

Bepak has delivered solid progress on its development pipeline programmes, and has added two further programmes in addition to Precision Ocular. It has also made substantial progress with its innovation pipeline, leading towards the commercialisation of its Syrina® and Lila® platforms, with several early stage development contracts, and the unveiling of a 2.25ml Syring® device.



The Voke inhaler, the innovative non-electronic nicotine device, is a technically complex design which presents a number of challenges. We remain committed to the delivery of the product for successful launch, which we are hopeful of in the next 12 months.

In Aesica, the new Formulation Development Centre at Queenborough is now operational. The semi-continuous processing line is now producing approved and launched product in the first major market with others expected to follow over the next 24 months. Its S+Flurbiprofen has received market approval in Japan for the treatment of osteoarthritis, and launch stock is now being prepared.

### People

I wish to thank our employees for their excellent contributions during the past year, which have been central to delivering the Company's strong performance. I also thank our shareholders for their continuing support of the Company during this year of growth and acquisition consolidation.

### Outlook

Consort has again delivered strong organic growth. In Bepak, this has once again been delivered through strong revenue growth and operating leverage. In its first full year under Consort ownership, Aesica has now been largely integrated, and delivered improved operating performance resulting in strong organic growth. The Group has achieved continued progress with opportunities in development and innovation.

Consort's development and innovation programmes are also providing a healthy pipeline for future organic growth. The new financial year has started well, and the Board remains confident of Consort meeting its growth expectations for the full year ending 30 April 2017.

### Dividend

The Board has reviewed the dividend and is proposing an increased final dividend of 12.56p (FY2015: 11.68p), making a total dividend for the year of 19.31p (FY2015: 18.11p). The dividend will be paid on 21 October 2016 to shareholders on the register at 23 September 2016, following our AGM on 7 September 2016. The shares will go ex dividend on 22 September 2016.

**Dr Peter Fellner**  
Chairman