Admedus Ltd

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Admedus delivers results with heart-driven corporate strategy

- Admedus increased total group revenues by 20% to $25.6 million in the 2018 fiscal year
- A number of capital raisings in 2018 helped the company refocus its strategy and focus on development products
- Recent approvals from Europe are expected to add to its ADAPT heart technology revenue base that increased 55% in 2018 to $11.1 million

What does Admedus do?

Admedus Ltd (ASX:AHZ) (FRA:DDF) (OTCMKTS:AMEUF) is an Australian medical technology company. It is run by Wayne Paterson, a biotechnology industry professional with more than 25 years healthcare industry experience.

Paterson serves on a number of biotech boards and was previously president of Merck Ltd (NSE:MERCK) (NYSE:MRK) (ETR:MRK) (IDX:MERK) Serono's operations in Australia, Europe, Canada, Japan and emerging markets and global head of cardiovascular medicine. Prior to his time with Merck, Paterson was a country director of pharmaceutical and marketing operations for Roche Holding Ltd Genussscheine (SWX:ROG) (OTCMKTS:RHHBY) (EPA:RBO) (ETR:RHO) pharmaceuticals in the Asia-Pacific, South Korea and China. He has 20 years healthcare industry management experience.

What does Admedus own?

The medtech's key asset is the ADAPT technology invented by field-leading research & development pioneer vice-president Professor Leon Neethling, Admedus' cardiovascular science vice-president.

ADAPT biomaterial scaffolds are mostly used in valve repairs and are notably resistant to calcification, with the company holding more than nine years data showing no degradation or calcification.

The resistance bodes well for valve repairs in younger patients, with Admedus also looking to grow its revenue base in the adult valve repair market after enjoying support from surgeons in the paediatric cardiac space.

The company's next-generation collagen scaffold VascuCel is one example of a technology based on ADAPT.

VascuCel has been used in cardiac repairs and reconstruction procedures for many years.

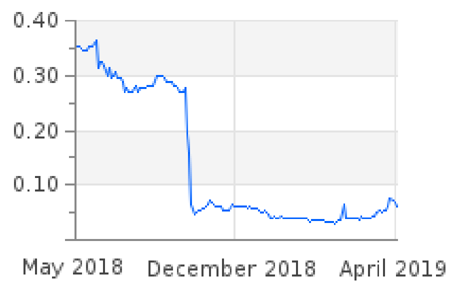
Two weeks ago Admedus received European CE mark certifiation for VascuCel and CardioCel 3D, opening up the European market to product sales.

CardioCel is a bio-scaffold used to repair congenital heart deformities

Price: A$0.06

Market Cap: A$35.4M

1 Year Share Price Graph



Share Information

Code:		AHZ
Listing:		ASX
52 week	**High**	**Low**
	A$0.47	**A$0.03**
Sector:		**Pharma & Biotech**
Website:		**www.admedus.com**

Company Synopsis:
Admedus Ltd (ASX:AHZ) is a diversified healthcare company. .

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Toowong, Queensland company Admedus has its own state-of-the-art biomanufacturing facility which has substantial capacity to expand and includes an in-house research and development laboratory.

The company also has office locations in the Dakota County city of Eagan in the US state of Minnesota and in Zurich, Switzerland.

Admedus has undergone a corporate restructure and refocused its operation, aided by funds from its cornerstone investor Star Bright Holding Ltd and a number of capital raisings.

As part of that restructure the company agreed to divest its immunotherapy business — 60% of the business was to go to Star Bright or a related party for $18 million — and it is also considering moving out its infusions business, allowing its focus to be firmly on the "structure of the heart", Admedus president & CEO Wayne Paterson told Proactive Investors last week.

Star Bright's support allowed Admedus to progress a medical technologies strategy to allow it to expand and progress its strategic projects while working to accelerate its 3D product portfolio from development to commercialisation.

Admedus hired chief medical officer Dr Kiran Bhirangi in December 2018 to prioritise growth opportunities and device development, launch and evaluation.

Bhirangi was to take a leading role in driving Admedus' transcatheter aortic valve replacement (TAVR) and surgical aortic valve replacement (SAVR) projects as well as other catheter-based projects to help expand the ADAPT portfolio of products.

Former KPMG partner Matthew McDonnell had joined the company as its interim chief financial officer a month earlier in November 2018.

What is Admedus' capital backing?

Admedus delivered its 2018 fiscal year results on March 1, 2019, reporting a $4.2 million or 20% year-on-year increase in total group revenue to $25.6 million, when compared to 2017.

Gross profit for the group for the year was up $800,000, or 7%, to $12.4 million to represent a gross profit margin of 49%. Net loss after tax was $24.7 million.

Most of the company's revenue growth was driven by ADAPT technology sales, sourced from the repairs of congenital heart deformities and more complex heart defects.

ADAPT sales were up $3.9 million or 55% year-on-year to $11.1 million.

The company had $12 million cash at the end of 2018, a $5.7 million, or 91%, increase on the cash holdings it had at the end of the September quarter of 2018, and a $3.7 million, or 45%, increase on cash holdings at the end of 2017.

During the December quarter of 2018 Admedus raised $19 million for its efforts with a capital drive, banking $12 million after paying offer fees and paying back a $5 million Star Bright loan in full.

The capital drive brought 2018 calendar year capital raisings to $32.3 million.

In January the company collected a further $8.6 million of funds, welcoming new substantial holder in the form of Sio Partners and Capital Management which had an initial 22.2% stake.

Admedus' next quarterly report is expected at the end of April 2019.

Inflection points

Continued growth in active markets and market growth in Europe

Ongoing financing activities and major shareholder activity

Results from animal and in-human testing, and speed to human trials

President & CEO Wayne Paterson highlights progress

"The company has had a lot of clean-up to do, even more than I imagined when I took over," President & CEO Wayne Paterson told Proactive Investors last week.

"Key to us right now is, of course, getting the portfolio expanded, moving into these adult indications, getting deals done on the right projects and getting our science out there.

"One key point for the stock price, the company has had a long history of moving up and down — we missed guidance last year, we grew … but that missing guidance was disappointing and we had more capital requirements than we thought we would.

"And the reason we had those capital requirements was these development projects cost money but they are the future of the company in very big spaces.

"So put that together and we've got a lot of things that need to be organised moving forward but I think we're really on the right track now — we're in a point where the stock can really start to recover as the good news continues to come out."

Admedus expects to hold its upcoming annual general meeting on May 14, 2019, in Brisbane.