



2009 Annual General Meeting

Thursday November 5th 2009



Innovating Technologies for Life



Board of Directors

- Chairman
 - Mr. Julian Gosse
- Non Executive Directors
 - Mr. Roy Rose
 - Dr. Mike Hirshorn
- Managing Director
 - Mr. Brian Andrews



Managing Director's Address

- Year in review
- Factors influencing performance
- Organisational focus and strategies



Organisational Structure

Listed
Oct 2003

Innovative Products

- Core products: Blood collection safety devices
- Primary target market: Blood banking industry
- Manufacturing plant: Ipoh Malaysia
- R&D/Design: Sydney Australia
- Sales & Marketing: USA

Acquired
Oct 2003

Healthcare Australia

- Core products: Medical procedure packs
- Primary target market: Public & Private hospitals
- Production facility: Melbourne
- Sales & Marketing: Australia

Acquired
Jan 2006

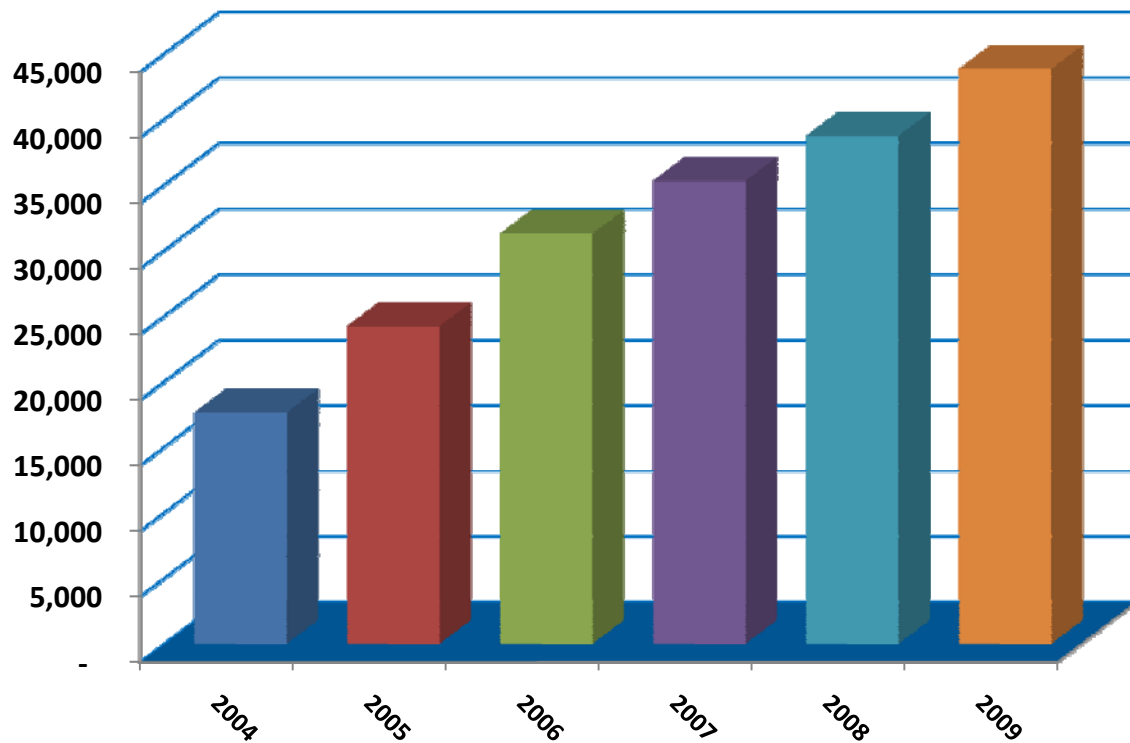
Healthcare SEA

- Core products: Implants, imaging & anesthetics
- Primary target market: Public & Private hospitals
- Offices: Kuala Lumpur Malaysia
- Operations: Sales & Marketing, Technical Service



Year In Review

Revenues \$'000



FY2009

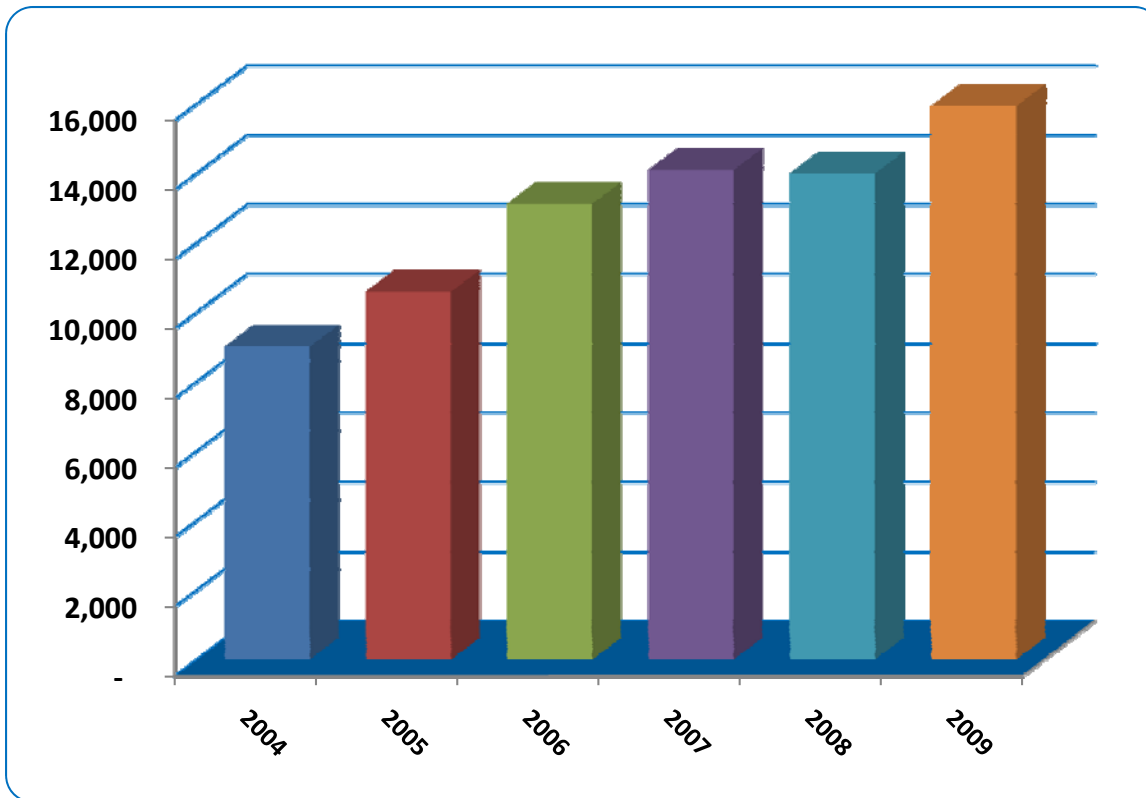
Group performance
13.2%

Divisional performance
HCA -6%
SEA 39%
IPD 18%



Year In Review

Gross Margin \$'000

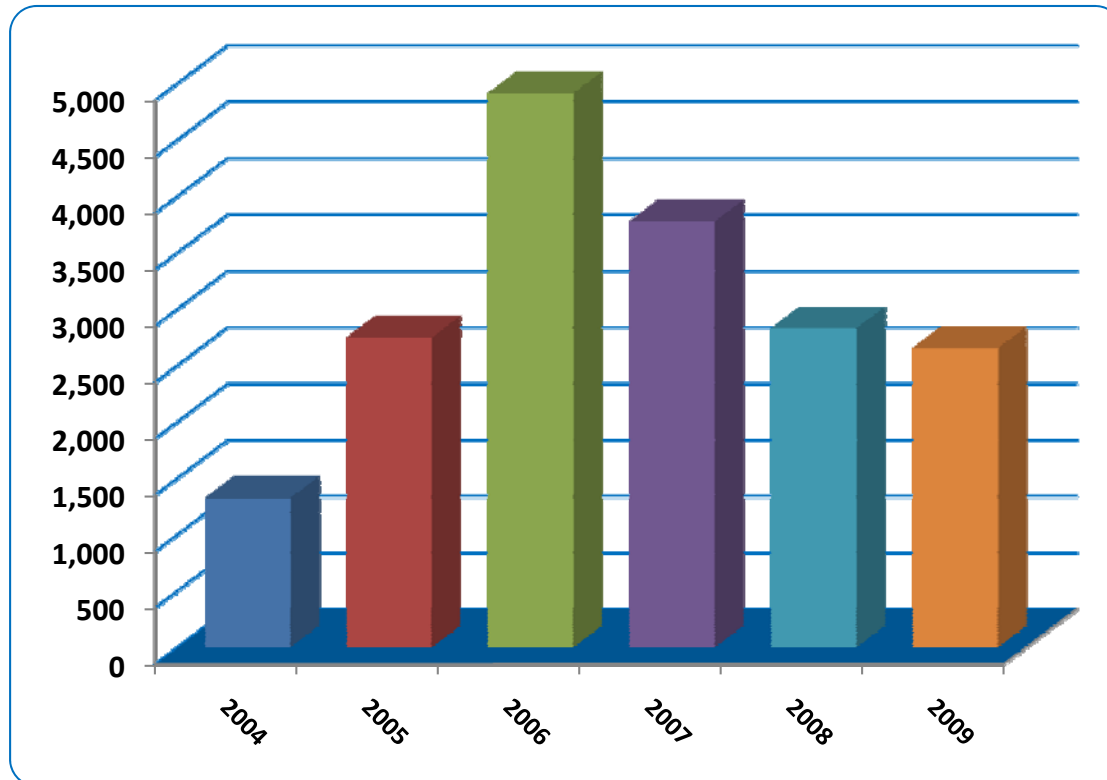


Gross margin growth consistent with revenue growth



Year In Review

Normalised EBITDA \$'000



Normalised EBITDA excludes;

- expenses historically capitalised
- One-off impairment restructuring and litigation expenses

OPEX growth exceeding revenue and margin growth



Year In Review

One-off Expenses

\$,000	Impairment	Restructure	Total
Impairment of Capitalised Project expenses (net of any grant income received)	3,336		3,336
Closure of Canberra and relocation to Melbourne (including personnel costs)		1,098	1,098
Write-off Chemor (Malaysia) proposed building and development costs		416	416
Provisioning for redundant, obsolete and slow moving inventories		846	846
Provision for aged Malaysian project revenue retention considerable doubtful		294	294
	3,342	2,648	5,990



Year In Review

One-off Expenses

Impairment of capitalised project expenses [3.3 million]

- TINA project: potential cross patent infringement with world leading manufacturer of sharps devices
- Huber needle: head to head competition with market leader +75% market share

Restructure initiative [1.1 million]

- Staff redundancies (includes 500k which is part of MD settlement): 718
- Removal & relocation: 110
- Write off leasehold improvement, furniture & fittings: 168
- Recruitment expenses: 96

Redundant, obsolete & slow moving inventory [846k]

- Healthcare Australia: 200
- Healthcare SEA: 350
- Innovative Products: 296



Year In Review

Innovative Products – Operational Challenges

- 62% of sales derived from three mature products >7 years in market
- 87% of sales derived from six customers
- Changes in key customer structure
- U.S. centric sales focus
- Customers not willing to pay a premium for new innovations
- Excess manufacturing capacity



Year In Review

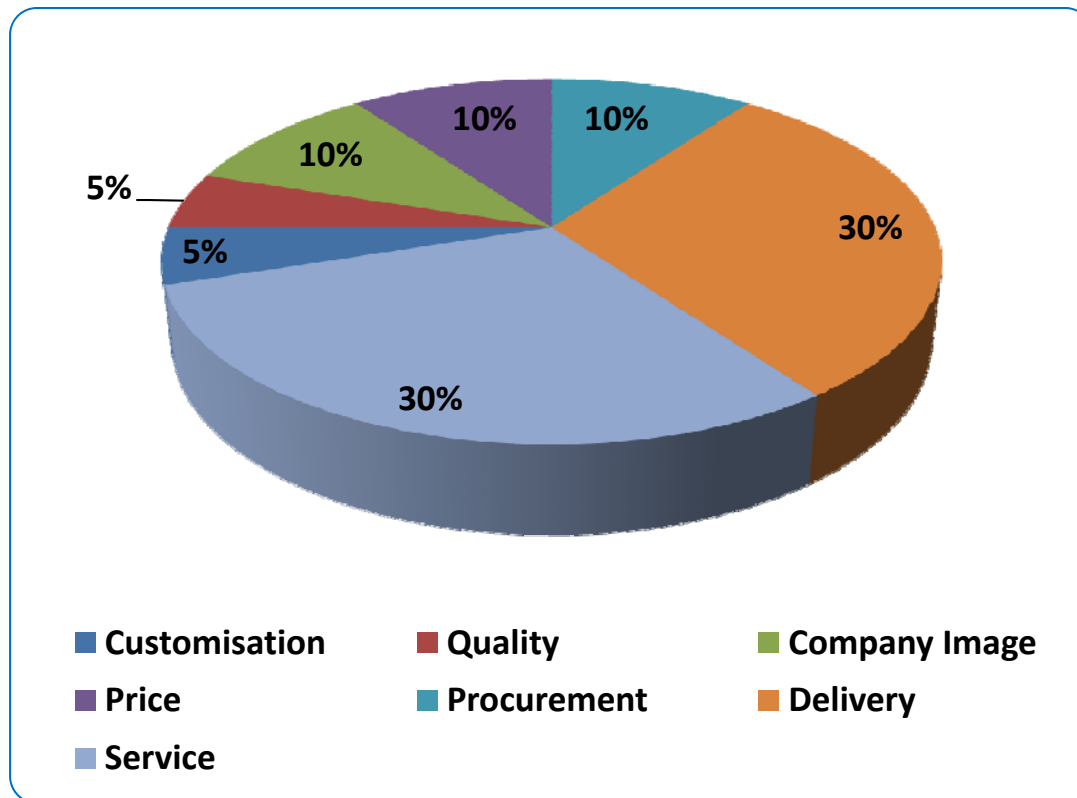
Healthcare Australia – Operational Challenges

- Various operational issues with ETO steriliser
- Customisation of packs;
 - increase inventory levels
 - complicate production processes
 - not viewed as a value add by customers
 - constrains margins
- Narrow product range



Year In Review

Procedure pack purchasing criteria



Inelastic pricing

All competitors viewed as being equal in term of quality

All competitors offering similar levels of customisation

Key differentiators;

- Service
- Delivery



Year In Review

Healthcare SEA – Operational Challenges

- Shift in focus to higher volume product sales has tested organisational competencies
- Addition of new agencies in succession compounding operational issues;
 - excess inventory
 - high level of debtors exceeding 120 days
 - unfavorable payment terms with suppliers for high value capital equipment
- Increased use of facilities to fund working capital shortfall



Financial Year 2009/2010



ITL's Strategic Vision

Delivering profitable sustainable **organic growth** through the consolidation and optimisation of the company's three operating divisions

Focus on Fundamentals

- Strong focus on cash flow management
- Supplier consolidation and increased inventory control
- Debt reduction targets and programs across all business units
- Expense control and cost centre management accountability
- Progressive optimisation and implementation of functional IT systems
- Building a culture that values endeavor, commitment and contribution



Innovative Products

Operating environment & strategic initiatives

- **Mature base business**
 - renewal of supply agreements
 - meet existing customers new product needs
 - life cycle management through product enhancement
- **Untapped potential in new markets**
 - commercialisation of ABSS launched Oct 09
 - commercialisation of SCU launched Jul 09
- **Excess manufacturing capacity**
 - increased production of component products for procedure pack business



Healthcare Australia

Operating environment & strategic initiatives

- Growth market [12.2%] inelastic pricing
 - enhanced inventory management through MRP system
 - consolidation and reduction in total number of suppliers
 - refine production through reduction in customisation
- In-house sterilisation
 - optimise sterilisation process and cycle time
 - expand capacity to provide contract services
- In-house component manufacturing capabilities
 - develop ITL branded pack components that can be sold as standalone products



Healthcare SEA

Operating environment & strategic initiatives

- Government and private investment in healthcare infrastructure [15.4 billion]
 - rationalise and change structure of supplier relationships, reducing inventory and improving payment terms
 - focus on winning the deals, outsource non core activities
 - supplement product offering with sale of Technical Service contracts
- Suppliers seeking to consolidate representation in adjacent markets
 - replicate successful business model in select markets with key strategic suppliers



Focus on Fundamentals

