



# ITL undervalued: AFR

THE Australian Financial Review says ITL is one of the top 10 undervalued shares on the Australian stockmarket.

The Financial Review's *Portfolio* section (published on March 8) asked small cap analysts to "nominate their favourite companies that have slipped under the radar screens". ITL, classed as "a small firm with big potential", was included on the list.

The glowing article follows ITL's announcement of a 20 per cent first half revenue growth when compared with the corresponding figure last year.

ITL generated \$13.3 million in revenue from July 1 to December 31 – an increase of \$2.2 million from the 2004/05 result.

"Our shares have been undervalued for a long time," Bill Mobbs says. "We've performed consistently in both revenue growth and profitability.

"Our two divisions are performing well, January and February have been very strong months and we're forecasting revenue growth of around 20 per cent compared to



The 'Fledglings fly under the radar' article, identifying ITL as one of the 10 most undervalued stocks on the Australian stockmarket. See Page 2 for details.

last financial year. Things are moving in the right direction and I'd like to thank all staff for their continued efforts."

ITL has also laid a foundation for further growth with the recent \$2.4 million acquisition of Heal Marketing. The acquisition will allow ITL

to capitalise on the many opportunities in the South East Asian health-care market. Heal has experienced management and a highly competent sales force in place. Co-founder of Heal Marketing, Peppe Foo, has taken on the responsibility of overseeing ITL's sales and marketing operations in Malaysia and South East Asia.

The integration of Heal Marketing was recently discussed at ITL's management meeting in Sabah, Borneo in February. Also on the agenda was the future of ITL, including manufacturing facilities, supply chain consolidation and the integration of IT systems.

"These meetings are an invaluable tool for bringing our management team together and looking at how we can improve in all areas of our business," Bill said. "We've discussed the strategies and objectives for all areas of the company and ensured that they're aligned. It was also a good opportunity to introduce [new Strategic Projects Manager] Sharon Winslade to the rest of the team. It's really an exciting time for all of us at ITL." □

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# From a Wanniasa garage to the world

BY VICTOR VIOLANTE

ITL began as a two-man operation above a garage in Wanniasa in 1994. This week, Innovating Technologies for Life predicted a \$30 million revenue for this financial year.

ITL chief executive officer Bill Mobbs said the company had come a long way since he and his partner started up the medical device creator and manufacturer 12 years ago.

Today, the Canberra-based company exports its products all over the world to countries like the US, China, Canada and Europe.

And it all began with a simple yet effective needle guard designed to reduce the potential for needlestick injury.

The DonorCare® Needleguard was the company's first product and its effectiveness has seen it become the industry standard for whole-blood collection worldwide, distributing about 24 million units a year.

"We had some difficult times a while ago [but] now it's recovered

– we've had a good 12 months and it's really time to put our heads back up and say it's all going well again and we're in a growth mode," Mr Mobbs said.

"This year we're expecting 24 per cent growth."

ITL supplies more than 200 private and public hospitals across Australia and has manufacturing plants in Melbourne and Malaysia.

Last year it bought Malaysian healthcare company Heal Marketing, which accounted for part of the growth. It was the third company acquired by ITL.

With its range of products you would be excused for thinking ITL's creator has a medical background. Not so.

Mr Mobbs came from an information technology background but he said the two were not so different.

"Originally I started building IT systems; there's nothing really different here except in an IT system you end up with a computer pro-



The 'From a Wanniasa garage to the world' article as it appeared in *The Canberra Times* on February 23.

gram that you look at on the screen, whereas what we do here you end up with a product as well."

In 2003 the company was listed on the Australian Stock Exchange. That financial year the company posted a revenue of \$8.8 million. By 2005 this had almost trebled to \$24.2 million. □

- *Canberra Times*, Feb 23

## Fledglings fly under the radar: Financial Review

BY TREVOR HOEY

(Excerpt: *AFR*, March 8)

"This week Portfolio asked small cap experts to nominate their favourite companies that slipped under the radar screens during the reporting season...

MMC Asset Management's Peter Constable also likes a company that is recovering from a sharp fall in its share price.

In 2004 and 2005 the share price of ITL, which designs and manufactures medical products for hos-

pitals, fell from 70c to a low of 13c.

However, since mid-2005 ITL's share price has been creeping up, although Constable believes the company still represents good value.

ITL's main products are the invasive blood pressure monitoring kit and the operating room kit.

ITL's blood pressure monitoring product is the market leader in Australia with a 45 per cent market share.

The company's operat-

ing room kits, which are its largest revenue earner, have 30 per cent of the Australian market.

The January 2005 [sic] acquisition of Malaysian-based Heal Marketing, which supplies surgical and critical care products to many of Malaysia's 350 hospitals, should be a good fit with ITL, which already had a manufacturing facility in Malaysia.

Consensus forecasts for ITL are not available. However, the company is halfway towards making

management's earnings per share forecasts of 2c in 2005-06.

The company has just reported a 161 per cent surge in net profits to \$905,000 for the six months to December 31, after a 20 per cent rise in sales to \$13.3 million.

ITL's managing director, Bill Mobbs, believes that 20 per cent earnings per share growth in 2006-07 is possible, putting the shares, up 2c yesterday to 29c, on a price-earning ratio of 12." □





*ITL's management team met in Sabah, Borneo in February to discuss the future of ITL. These conferences have become an invaluable tool in bringing together senior managers from Europe, North America, Asia and Australia. The ITL senior management team is, pictured, Craig Wilson, Sharon Winslade, Riitta Palasrinne, Bill Mobbs, Susan Williams, Stephanie Norrell, Frank Kubik, Dawn Cash, Peppe Foo, Avtar Kashmirian, David Laffar (obscured), Narinder Kanda. Also present are Julian Gosse (ITL Chairman) and Melissa Dixon (EA to the CEO).*

## Head over Heal: ITL grows in Asia

ON January 23 ITL announced the acquisition of leading Malaysian healthcare company, Heal Marketing Sdn Bhd.

Heal, which has been in operation for 13 years, markets surgical and critical care products to Malaysian hospitals and is recognised as a quality company by its customers and within the industry.

Heal also represents several internationally renowned companies and brands in medical equipment, instruments and consumable products.

Working on the acquisition was ITL Europe's Managing Director David Laffar. David project managed the detailed operation of investigating and assessing whether ITL and Heal would form an appropriate business marriage.

"For ITL it was a matter of asking whether acquiring Heal was more beneficial than growing organically. Would acquiring Heal be less risky, quicker and cheaper than hiring people and building the business ourselves? Would the acquisition bring new opportunities that ITL couldn't get by itself? The answers were 'yes'."

The benefits stemming from the Heal acquisition are:

- geographically expand ITL's procedure pack division in South East Asia;
- expand business through Heal's established contacts; and
- leverage further contract work and disposable business from these contacts.

Critical to implementing these objectives is Heal Marketing co-founder, Peppe Foo. Peppe has an extensive contact network through Thailand, Indonesia, Singapore and Taiwan and has taken responsibility of overseeing ITL's marketing operations in Malaysia and South East Asia.

When the joint venture agreement was signed in June, David began the process of due diligence to assess if it was the right acquisition for ITL and develop into a good business fit.

Three aspects of due diligence that ITL focused on were legal, commercial and financial.

The legal process involves ensuring that all legal matters are in order, there are no outstanding lawsuits,

and all business assets are substantiated by legal documents.

The next step is commercial due diligence, ensuring the acquisition will add value to shareholders.

"There is a need to ensure that the acquisition will do more than raise the ego of the business," David said.

"History shows that 60 per cent of acquisitions fail to deliver the original objectives.

"It's a long-term focus to get it right and deliver the results. The acquisition is only the beginning. You need to make certain that the investment will provide a greater return to shareholders than it would in the bank, 2 + 2 must equal 5."

The final aspect of the due diligence process is financial. This is an essential part of the acquisition to prove the assets the company possess are owned by the organisation and of the declared value.

While it is a painstaking process, it is necessary.

"There is also the need to understand the ebb and flow of the business [being acquired] and how this will affect ITL. ⇨

# Sharon Winslade joins the ITL team

SHARON Winslade has been appointed ITL's Strategic Projects Manager.



Sharon Winslade

Sharon joins ITL with a Bachelor of Applied Economics and a Diploma in Business. She is also a member of the Australian Institute of Company Directors.

Sharon joins ITL after a six-year association with the company.

"I've had the opportunity to play a small part in the ITL story and follow its development from the sidelines," she said. "For an Australian company ITL is unique both in terms of what it does and the number of highly motivated staff it has attracted. I think that coming [to ITL] at this time is a great opportunity and I look forward to being part of what will be a very exciting future."

Sharon has worked closely with Bill Mobbs on special projects including three of ITL's Research &

Development grants and also assists the company manage their government relations.

Sharon has worked in the manufacturing sector in Sydney as well as the Federal Government's industry department.

More recently she has assisted firms to build systems that support business growth through planning, sourcing funding and strategically managing intellectual property.

In her role as Strategic Projects Manager Sharon will provide strategic support to the CEO. Her priorities are to develop and implement ITL's strategic plan.

Sharon commenced work at ITL on Monday, January 30 and is based in head office in Canberra.

Welcome Sharon. □

## ITL finds a permanent Key to their sales success

MARGARET Key has been appointed ITL's National Sales Manager.

Margaret was appointed to the position in November last year on a contract before being offered a full-time role on March 6.

Margaret came to ITL with a strong clinical and sales background. She has previously been recognised as one of the highest achieving sales people/managers with some of the most prestigious medical companies.

Congratulations Margaret and welcome aboard. □

## Head over Heal: ITL grows in Asia

⇒The figures may look fantastic on paper but you need to be able to see what's behind them, what will transpire and whether it will be a great opportunity or a possible dud."

The ITL board were convinced it was an acquisition that would bring

increased stock value for shareholders while expanding ITL's geographic reach for its products.

Heal will take on the ITL Healthcare name over the next few months, as the integration into ITL's organisational structure and branding takes place. □



David Bassetti in action.

## Bassetti rides wave of success

CONGRATULATIONS to David Bassetti who finished ninth in the Australian Wavesailing Championships at Gerroa on Australia's South Coast on February 24.

With 15 years of wavesailing experience behind him, the ITL Senior Designer/Project & New Business Coordinator recorded nine points in his third national competition.

Well done David. □

## ITL North America finds new home

ITL North America has recently relocated to new and larger office space. The new space is located on the fourth floor of a brand new building located in Reston, Virginia.

It is an ideal location as it is close – thirty miles – to Washington D.C. where two of our large blood banking customers are headquartered and minutes from Dulles International Airport and our contract warehousing facility.

The office space is designed not only for day to day activities but is also very appropriate for hosting customer and strategic partner meetings. The space is configured to facilitate expected staff growth.

The new address for ITL North America is:

**Level 4, Building 1925  
Isaac Newton Square  
Reston VA**

Please come and visit the new ITL offices! □



*ITL North America's new residence (situated on the fourth floor).*



*New office space.*

## ITL return for 2005 Medica conference

REPRESENTATIVES of ITL attended the Medica Trade Show and Congress at Dusseldorf, Germany in November.

The Medica Trade Show is the largest medical industry show with 17 exhibition halls housing more than 4300 exhibiting companies

The convention attracted more than 70,000 attendees over four days and has become an excellent source of business leads, networking, sampling business ideas and fostering business relationships for ITL.

Six employees – Bill Mobbs, Dawn Cash, Narinder Kanda, Frank Kubik, David Laffar and Martin Stonebridge – and two associates – Lyn Simpson and Peppe Foo – attended the convention on behalf of ITL. □

# Malaysia's R&D receives a facelift

ITL's research and development capacity has grown following the refurbishment of the R&D facility in Malaysia.

The renovation took place during the second half of 2005 and cost approximately AUD\$15,000.

The expanded room replaces the existing set-up that has been in its current form since February 2002.

The refurbishment will increase the capacity and capability of the tool room and reduce the number of non-operating hours.

Included in the refurbishment was a high-precision wire cut machine and a CNC

electric discharge machine (CNC EDM).

Wire cutting is a process that uses copper wire to cut or remove metal. The uniqueness of this process is that it is able to cut or form small corners with extreme accuracy (within five millionths of a metre).

The machine handles work including the manufacturing of new tools with high-precision dimensions, the cutting of heat-treated inserts, and repairing existing production tools.

This machine will improve the precision of the tooling process and elimi-



*ABOVE: The expanded ITL tool room.*

nate the need for outsourcing the wire cut process.

The CNC EDM forms precision three-dimensional configurations on tooling inserts automatically using robotic arms.

Further additions are planned for the tool room and include a high speed spindle precision CNC machining centre and a hardness tester for hardened tools. □

## News briefs...

### Walking a day in the name of cancer research

TRACEY, Pauline, Max and Melissa (from head office) have been sponsored by ITL to participate in the 24 hour Relay for Life.

The event is a fundraising activity to support cancer research and will be held on April 7 and 8.

Photos will be available shortly.

□

### Thrills and spills at senior management meeting

MELISSA Dixon is sporting a very fashionable bright green fiberglass cast, after a spectacular fall at the Senior Management Meeting in Sabah.

After being promptly looked after by our in-house nurse Dawn, Melissa worked on, believing it was only a sprain until an x-ray back in Australia told her otherwise.

Not too concerned about the restrictions of wearing the cast itself, Melissa has found that situation has provided a greater challenge.

“There are only so many outfits, that match green!” she said. □

### Opening of ITL-Heal offices

THE opening of the new ITL-Heal offices of will take place in Kuala Lumpur, Malaysia in April 2006. □



ABOVE: Winner for the ‘Best Wedding Costume’ contest (1st, 2nd & 3rd).  
TOP: Traditional group dancers.

## Weddings, parties at ITLAP dinner

ITLAP Malaysia held its third annual dinner on December 9 at the Excelsior Hotel, Ipoh.

The theme for the evening was “wedding costume” with most employees taking part in the “best wedding costume” competition.

Traditional Indian, Malay and modern wedding costumes were exhibited by those present, with prizes provided by First Travel & Tours and the Excelsior Hotel.

Attendees were entertained by a traditional Malay dance and an In-

dian wedding fashion show during the evening.

A special presentation was also made to nine employees who have been with ITLAP for more than five years. They were Dr Frank Kubik, Akbar Saat, Maliha Munusamy, Premla Periakarupan, Lam Wai Kuan, Cittar Rengasamy, Ayu Mastura Khairudin, Lei Jyy Yann and Soo Chee Ling.

Following the success of the evening, everyone is eagerly awaiting next year’s dinner. □



[www.itl-limited.com](http://www.itl-limited.com)

