

# Chairman's Letter

Dr. Peter Fellner  
provides an overview  
of a significant year.

This year Consort Medical has successfully built on the achievements of 2012, with significant developments across the business.

Our financial performance has fulfilled the Board's expectations, ending the year in a strong position. After accounting for the sale of King in mid-February, like for like total revenues from products and services<sup>1</sup> increased by 1.3% to £129.5m (FY2012: £127.8m), and like for like total operating profit before special items<sup>1</sup> increased by 2.9% to £21.5m (FY2012: £20.9m). Adjusted total EPS increased by 5.2% to 54.9p per share (FY2012: 52.2p).

Like for like Cash Flow from Operating Activities<sup>1</sup> increased to £20.0m (FY2012: £17.6m). Following the King Systems disposal, our balance sheet has strengthened, with year-end net cash at £37.0m (FY2012: Net Debt (£37.7m)).

We have made solid progress in translating our development pipeline into firm revenue generating growth. The Chiesi NEXThaler has launched, and our other programmes have progressed through several important milestones. A year ago I reported that we had secured the development contract for Kind Consumer's Oxette nicotine delivery device. This has been successful, and in December we secured an exclusive commercial supply contract from Nicoventures, who have licensed the product from Kind.

Our Innovations team, which has now been in operation for two years, has been expanded further, and is generating a significant pipeline of innovations which we are confident will lead to new commercial opportunities and operating leverage.

In December we agreed the sale of the King Systems business to Ambu A/S for a cash consideration of £79.6m (\$123.3m) plus an earn-out of up to a further £32.3m (\$50m) over three years. The King business had received significant investment and management time, the benefits of

which were beginning to emerge in the reduction of the cost base and the organic growth from the King Vision video laryngoscope. The value received from the sale fully reflects the returns which we expect the business to generate over the coming three years.

Following the sale of King Systems, our Group strategy remains largely unchanged, though with a stronger focus on the Life Sciences sector. We have significant development opportunities in front of us which will provide diversified growth and operating leverage, both in products and in services. In addition to these organic opportunities, we will review appropriate and complementary inorganic opportunities which would provide further execution on our strategy. Following the disposal of King Systems, our balance sheet strength enables us to consider a range of opportunities.

## Board Change

Nick Higgins, Corporate Development Director, left Consort Medical earlier this year. The Board would like to thank Nick for his significant contribution to the growth and development of the Company over the past three years, and wishes him every success in the future.

## People

I wish to thank our employees for their excellent contributions over the past year, which have been crucial in strengthening the Company's position. In particular I would like to thank the King Systems' employees, and to wish them every success in the future.

I also thank our shareholders for their continued support for the Company.

## Dividend

The Board has reviewed the final dividend, and I am pleased to recommend that it will be increased 5% to 12.71p per share. The dividend will be paid on 25 October 2013 to shareholders on the register at 20 September 2013, following our Annual General Meeting on 2 September 2013.

**Dr. Peter Fellner**  
Chairman



Photograph inset:  
Dr. Peter Fellner

<sup>1</sup> Like for like basis adjusts the comparative figures to reflect the fact that King Systems was disposed of on 15 February 2013. A reconciliation of the like for like figures to the statutory accounts is included in the Finance Review.