

#### Stock Data

Share Price:	2.00p
Market Cap:	£10.5m
Shares in issue:	524.5m

#### Company Profile

Sector:	Medical Equipment
Ticker:	DEMG
Exchange:	AIM

#### Activities

Deltex Medical ('DEMG', 'Deltex Medical', 'the Group') manufactures and markets haemodynamic monitoring technologies which are primarily used in critical care and general surgical procedures. Deltex Medical's proprietary oesophageal Doppler monitoring ("ODM") (TrueVue Doppler) measures blood flow velocity in the central circulation in real time.

#### Share price performance



Source: [LSE](#)

**Past performance is not an indication of future performance.**

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## Deltex Medical Group plc

Living up to the market's best expectations, Deltex Medical delivered a pre-exceptional operating profit for its year to December 2019, while also ending the period with a reasonable cash cushion. The benefits of restructuring undertaken over the past 18 months, combined with a new strategy focussed on cost elimination and raised efficiencies, now place the Group on a springboard for growth both through the current situation and the post-Pandemic period. In this respect, it is significant that UK and US intensive care units have already started placing orders for its specialist haemodynamic monitoring technology, with a view to assisting clinicians select the optimal treatment regime for ventilated COVID-19 patients. With potential for such equipment to become standardised and made widely available across global health authorities going forward, as governments commit significant new, long-term funding in an attempt to ensure they can much more rapidly address any such future calamity, Deltex Medical appears to be ideally placed to capitalise on such opportunities while also potentially contributing to a safer living environment for international populations.

Amid the COVID-19 Pandemic to date, the investment community has primarily focussed on the international populations' immediate needs – specifically that of detection, diagnostics and vaccination – for which it has awarded a significant premium to the wider healthcare development sector in the process. Yet, most are now recognising that eradication of the virus itself is probably only one-third of the true challenge that now faces the global community. The other two-thirds will likely be found firstly in a significant redirection of government healthcare funding to more realistically face up to and cope with human vulnerabilities and, only then, to refocus on picking up the present 'car crash' of the developed-world economies in order to return to past agendas of growth, advancement and security. A number of companies, like Deltex Medical, appear capable and potentially ideally placed to offer their unique technologies, facilities and know-how to a post-Pandemic environment, that is likely to have become populated by newly hungry and well-funded public and private healthcare systems/organisations urgently seeking such solutions.

For its year-ended 31st December 2019, Deltex Medical posted an operating profit (excluding exceptional items) of £90,000 (2018: loss £943,000), leading to a positive adjusted EBITDA of £0.4 million (2018: loss £0.7 million). Revenues £4.3 million (2018: £5.0 million), reflected a focus on profitable business, lower sales & marketing spend and cessation of a third-party distribution agreement, allowing overheads (before exceptional costs) to decrease by £1.3 million to £3.2 million (2018: £4.5 million). Sales & marketing spend decreased by 44% to £1.2 million (2018: £2.2 million), reflecting significantly smaller teams in the USA and UK due to the initiatives taken during the period. Cash/cash equivalents at period-end was £0.9 million (2018: £0.6 million).

Since the year end, refocussing by international healthcare operators in order to cope with the unprecedented demand created by the COVID-19 infection has, not surprisingly, reduced demand for the Group's Doppler probes from operating rooms. Such deferrals of elective surgery, however, are likely to be only temporary and something of a 'rush' might be anticipated during 2H 2020, in anticipation of a forthcoming general containment of the Pandemic. The step-demand increase for its TrueVue Doppler systems in intensive care units ('ICU') that has been seen both from the UK & USA during Q1 2020 due to the Pandemic, however, is expected to be sustained. TPI considers together these will likely be sufficient to enable the Group to further raise reported revenues in the current year, while also generating good improvements in net profits and EPS.

Deltex Medical rightly claims global leadership in oesophageal Doppler monitoring. Uniquely, its twenty-two randomised controlled trials demonstrate the benefit of measuring aortic blood flow (using TrueVue Doppler) to optimise the clinical management of patients. In such a setting, these represent an extremely valuable asset for the Group, effectively allowing it to set the MedTech industry's technological standards and points of reference for such equipment, a significant feature that cannot be claimed by any of its peer group. This point is highly relevant now that the world's eyes are on the very real threat of coronavirus and similar respiratory pandemics to the human race's wellbeing. As such, Deltex Medical's business outlook appears to have improved quite dramatically in just the past few months, to the extent that much larger sector players envious of the Group's preeminent Doppler monitoring research and development know-how and IP may already be considering their opportunities to gain control.

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