

Deltex Medical Group plc

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UPDATE - Deltex Medical affected by NHS cash constraints

--adds more detail, CEO comments--

Deltex Medical (LON:DEMG) has restructured its UK operation after a difficult year in 2014 that saw lower demand from the NHS for its blood flow monitoring equipment.

The UK health service is currently the main customer for Deltex's oesophageal Doppler monitoring (ODM) systems, but cash constraints meant the NHS did not follow through on a decision to implement ODM rapidly.

Deltex has switched its focus overseas to offset the problems in the UK, with a national roll-out expected in the US from the middle of 2016.

France and Sweden also continued to grow well it said, with businesses being established in Spain and Canada and Peru.

Revenues for the year fell by 10% to £6.5mln reflecting lower probe sales and losses for the year rose to £3.1mln (£2.2mln).

Ewan Phillips, chief executive, said that despite the problems the NHS remains a cash earner for the group.

Probes sales to the NHS fell to £3.7mln from £4.2mln, but Phillips said it is still a really solid business with indications already that this year will not be as difficult.

Even so, US expansion in the coming 18 months will be the major focus, he added.

The aim is to establish the use of ODM in the US at a core group of teaching hospitals.

Deltex currently operates at hospitals in seven major cities, but Phillips sees this initially rising to ten and then to 30 by the middle of 2016.

It is exploring the best way to manage this expansion he said, which could be either organically or in partnership with either a similar-sized operator or major.

The UK has 40,000 patients currently compared to 9,000 in the US but even just taking the organic route, parity could be achieved by 2017, Phillips believes.

France is currently Deltex's second largest market with 10,000 patients and growing at 25% per year.

The UK restructuring was designed to boost cash by £1mln this year and this should make the group cash flow neutral in 2015 even with the US expansion.

Price: 1.15

Market Cap: £5.96 m

1 Year Share Price Graph



November 2018 May 2019 November 20

Share Information

Code: DEMG

Listing: AIM

52 week High Low
2.08 0.85

Sector: Medical technology & services

Website: www.deltexmedical.com

Company Synopsis:

Deltex Medical manufactures and markets CardioQ-ODM™ Oesophageal Doppler Monitoring (ODM) systems. ODM is the only therapy to measure blood flow in the central circulation in real time. Minimally invasive, easy to set up and quick to focus, the technology generates a low-frequency ultrasound signal, which is highly sensitive to changes in flow and measures them immediately.

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Shares dipped 0.6p to 4.01p, valuing the company at £8.4mln.

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