

18 January 2017

Deltex Medical Group plc
("Deltex Medical", "Deltex" or "the Company" or the "Group")

Trading update in respect of year ended 31 December 2016

Deltex Medical Group plc (AIM: DEMG), the global leader in oesophageal Doppler monitoring ("ODM"), today announces an update on its trading performance for the year ended 31 December 2016.

Highlights

Group revenues

Group revenues for 2016 expected to be £6.3m (2015: £6.2m: £6.4m including research barter sales).

Probe revenues

USA

- Total probe revenue increased c 40% for the year to £1.9m (2015: £1.3m), with H2 probe revenue (excluding research sales) up c 50% after benefit of stronger dollar
- Run-rate going into 2017 c 50% higher than at same stage in 2016 with continuing growth anticipated in 2017, both from existing and new accounts
- 30th platform account announced today completing a key milestone in our US expansion programme
- Strong and growing pipeline of new accounts

International

- Total probe revenue increased over 20% for the year to £1.7m and over 30% in H2
- Largest growth in revenues from focus markets including France, Scandinavia, Peru and Korea

UK

- Total probe revenue at £1.9m, a decrease of 26% (H1 decline: 36%; H2 decline: 16%)
- Positive market reception to new probes and new clinical evidence leading to improving trend in probe consumption in H2

Overall

- Return to growth in probe revenues (with the benefit of current exchange rates): up 4% over the year to £5.4m and over 10% in H2 to £3.1m

Other revenues

- Monitor and maintenance revenue down c40% to £0.5m as a result of monitor sales slippage into 2017 due to rescheduling of capital allocations in a small number of hospitals
- UK sales of Casmed products up over 25% at £0.4m

Cash

- Cash at bank of £0.6m (1 July 2016: £0.95m including the fundraise announced in July 2016)
- All probe tip assembly brought in-house from January 2017 with planned savings in excess of £30,000 a month
- Substantially reduced cash burn in H2 2016 which reflects full effect of approximately £1m of annualised cost savings and growth in high margin US probe sales

Notice of results

The Company expects to announce its results in the week of 20 March 2017.

Nigel Keen, Deltex Medical's Chairman, commented:

"Deltex made good progress in 2016. Growing sales traction in the USA, our main focus market, and in other International markets, together with success in stabilising our UK business mean that our core revenue stream of high margin disposable probe sales has returned to growth in the second half.

"Together with cost reductions effected in the first half of the year, increasing returns from completed investments in margin improvement and well advanced product development programmes, this sales traction is improving the Company's operating and cash performance."

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Notes for Editors

Deltex Medical manufactures and markets haemodynamic monitoring technologies. Deltex Medical's ODM is the only technology to measure continuously 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. Deltex has been the only company in the enhanced haemodynamic space to build a robust and credible evidence base proving the clinical and economic benefits of its core technology, ODM. Randomised, controlled trials using Doppler have demonstrated that early fluid management intervention will reduce post-operative complications, reduce intensive care admissions, and reduce the length of hospital stay.

Company goal

ODM is increasingly recognised as a standard of care for patients undergoing major surgery and in critical care. The broader clinical area of haemodynamic management of which ODM is a core constituent is also now becoming widely accepted as an important major new medical modality. Consequently, the Company's focus is on maximising value from the opportunities presented as enhanced haemodynamic management is adopted into routine clinical practice around the world.

The Company is currently in the implementation phase of achieving this goal in a number of territories worldwide, operating directly in the UK, USA, Spain and Canada and through distribution arrangements in a further 30 countries.

There are over 3,200 monitors installed in hospitals around the world and around 700,000 patients have been treated to date using Deltex Medical's single patient disposable probes.