

## MLA Product Update

**Sydney, 10 February 2017: Medical Australia Limited (ASX: MLA), (Medical Australia, the Company)** provides this update on the changing mix of its customer base with a greater focus supplying TUTA and Clements branded products in Australia and South East Asia while exiting Original Equipment Manufacturing (OEM) contracts.

Since 2003, MLA has been an OEM partner to CareFusion, manufacturing a number of transfusion pump sets. Subsequent to the acquisition of CareFusion by BD and the consolidation of suppliers, they have taken the decision not to renew the contract which is due to expire in May 2017. MLA will continue to provide product to BD CareFusion until this time and will assist the company with an orderly transition.

As reported in previous 4C quarterly reports and the last 4E annual report, MLA has been implementing a strategy of scaling up the sales and marketing of its TUTA and Clements branded products, and expanding its portfolio by leveraging the brands to introduce new sourced products and therefore reduce reliance on OEM sales.

**The TUTA Division** has increased the direct sales force, added new products, and introduced complementary products that broaden its Intravenous (IV) product range. The direct engagement of MLA's experienced sales team is helping to develop new hospital relationships and expand existing ones. One new product entering the market includes 'Dual Cap' disinfectant cap for IV sets which incorporates leading technology in infection prevention. Demand from private and public healthcare customers has been particularly encouraging. This product has successfully been added to the Victorian HPV IV contract.

The potential of the **Clements Division** is also now being realised. Clements is aggressively broadening its product range and the staged roll out of new and upgraded products is well underway. The recently introduced CeeVac and ACeeVac portable suction pumps, have further strengthened the product mix and higher margin sales have made a positive contribution to gross profit. The exclusive distribution agreement secured in mid-2016 with Switzerland's Ardo Medical AG (marketed as 'Ardo by Clements') to supply their leading range of breast pumps is also delivering steady sales.

### Management commentary

Medical Australia's Chief Executive Officer, Mr Darryl Ellis, commented: "For some time we have been implementing a more aggressive strategy to scale up sales of MLA's own branded products to meet the demands of customers. As well, we have been changing our product mix by progressively reducing our exposure to OEM contracts, having recognised the fragility of this business.

"MLA fully expected the BD CareFusion contract to not be renewed but timing was not apparent. Regardless, the event has been factored into our planning for some time. Whilst it accounts for a meaningful amount of annual revenue, we are well placed to supplement this from increased sales of existing TUTA and Clements branded products, and the sale of new products that we are now progressively bringing on stream.

"We look forward to updating shareholders on the new products as we gain increased market penetration with our customers. MLA's underlying revenue base is solid and we are intent on strengthening our balance sheet and growing sales organically in the near term. We are well placed to benefit from new and expanding product supply agreements in the Australian healthcare sector that MLA is now securing."

– ENDS –

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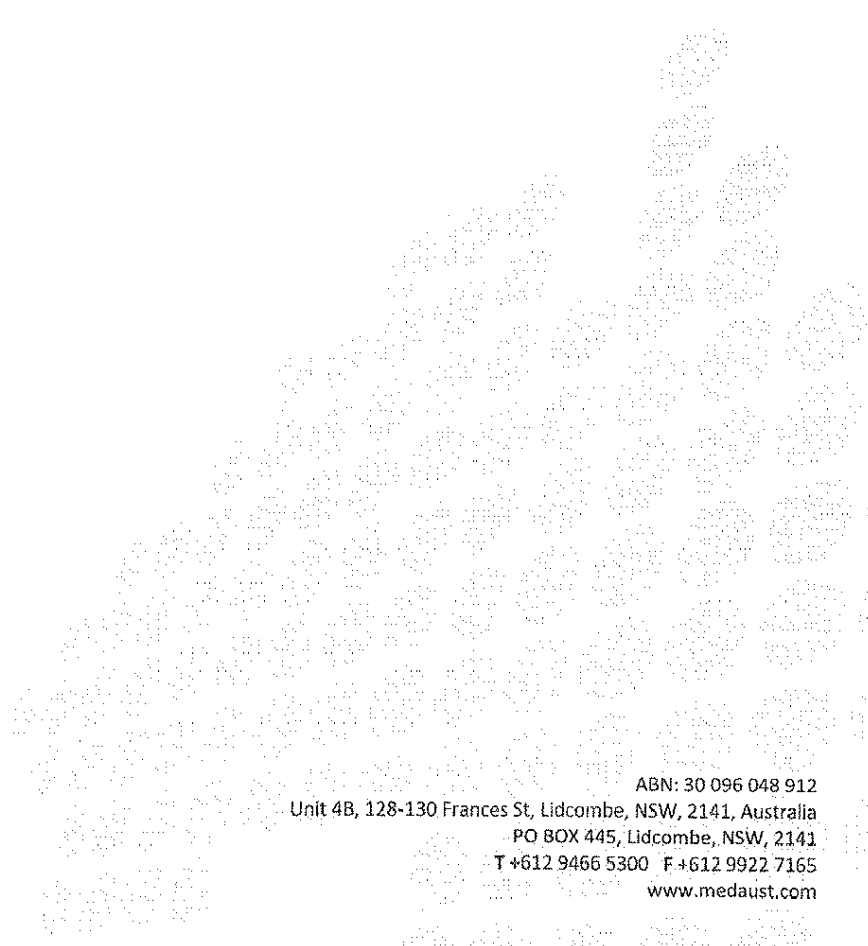
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*Medical Australia Limited (ASX: MLA) is a medical company engaged in the manufacture, distribution and sale of a broad range of medical devices used by healthcare facilities and critical care services in global markets. The Company is a leader in Intravenous (IV) Medication Delivery Systems, Surgical Irrigation, Suction & Laboratory equipment and, Infection Control.*



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