

Surgical Innovations Group plc (AIM: SUN), the designer and manufacturer of creative solutions for Minimally Invasive Surgery ('MIS'), announces preliminary results for the 12 months ended 31 December 2012, which showed a strong second half performance with good growth in higher margin SI branded products.

Financial highlights

Revenue of £7.64m (2011: £7.60m)

SI branded sales up 12.9% to £5.33m (2011: £4.73m) – representing 68% of total revenue

Gross profit up 7.3% to £3.86m (2011: £3.60m)

Gross margins improved to 50.5% (2011: 47.3%)

Adjusted EBITDA (excluding exceptional items) of £2.89m (2011: £2.83m)

Operating profit reduced to £1.32m (2011: £1.77m) – due to amortisation and exceptional costs

Pre-tax profit reduced to £1.23m (2011: £1.71m)

Adjusted earnings per share of 0.35p (2011: 0.44p)

Net cash from operating activities of £612,000 (2011: £1.78m) – reflecting increase in working capital as a result of significant sales in December 2012

Operational highlights

Strong second half sales with contracted orders in H2 of £5.62m up 85% on H1 (with c. £1m to be recognised in y/e 31 December 2013)

US direct sales up 21.9% to £2.15m (2011: £1.76m) and are now 28.1% of total revenue (2011: 23.2%)

33% increase in unit sales of YelloPort+plus™ valves and swingtops

YelloPort+plus™ cannula sales increased to 10,124 units (2011: 5,272 units) – will drive long term valve sales

RGF grant of up to £5.05m to fund capital expansion strategy

FDA approvals and US contracts provide a solid base for development of US strategy

UK SI branded sales up 34.3% as more NHS hospitals convert to cost-saving Resposable® products

New areas of MIS progressing well, particularly ultra-MIS (3mm) and hip arthroscopy

Commenting on Outlook, Doug Liversidge, Chairman, said: "We remain confident about the future growth prospects of the business as our existing SI branded products continue to gain international clinical recognition. The US remains our largest opportunity where we have established multiple routes to market. Continued investment in developing these routes will provide quicker and easier access to this key market for both current and future products. We expect to see a regular flow of new products throughout the year, which will help to drive future revenues, as well as the development of new and existing relationships with our strategic OEM partners, whilst retaining our primary strategic objective of growing our SI Brand."

