ASX / MEDIA RELEASE

27 February 2017

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CYCLOPHARM REPORTS RECORD REVENUES AND OPERATING EBITDA
DIRECTORS DECLARES FINAL DIVIDEND

Radiopharmaceutical company Cyclopharm Limited (ASX: CYC) released an updated announcement stating that, for the 12 months ended 31 December 2016, the Company achieved record sales revenue of $14.39 million (2015: $12.6 million) and Underlying EBITDA[1] of $3.44 million (2015: $2.98 million).

Continued strong growth in Underlying EBITDA in the second half supported the Board's decision to declare a final dividend of 0.5 cents per share, bringing total 2016 dividends to 1.0 cent per share (partially franked).

Key features of the result included:

- **Record unit sales of Technegas Generators and Patient Administration Sets (PAS) kits**
- **Record sales revenue of $14.39 million, up 14% on the prior year**
- **Gross margin of $11.18 million, up 11%**
- **Underlying EBITDA[1] of $3.44 million, up 15%**
- **Net profit after tax of $891 thousand representing Basic EPS of 1.60 cents.**

Commenting on the results, Cyclopharm Managing Director and CEO, Mr James McBrayer said, "This is another strong result for Cyclopharm, driven by continued organic growth in revenues, higher unit sales of Cyclopharm's key products, cost management, and ongoing execution of our key strategic priorities.

"During the year, we achieved an increase in sales of Technegas generators of 95% compared to 2015 and a 10% increase in unit sales of Patient Administration Sets (PAS) kits."

"Our ongoing focus on managing operating expenses enabled the company to expand its Underlying EBITDA margins, which improved slightly to 23.9% in 2016 from 23.7% in the prior year, and deliver Underlying EBITDA of $3.438 million, $458,000 higher than in 2015," Mr McBrayer said.

Reported NPAT for the year was $891,368 (2015: $4,793,047), representing Basic Earnings per Share of 1.60 cents.

The record 2016 result was assisted by a $1.38 million order from Cyclopharm's Chinese distributor, of 50 Technegas generators and 250 boxes of PAS. This was Cyclopharm's largest single Technegas product order. As a seeding initiative by the Chinese distributor, the order is expected to provide a platform for higher PAS kit sales in China from 2018.

Excluding the Chinese order, 2016 sales of Technegas generators and PAS kits exceeded the 2015 total, with volume growth recorded in Australasia, Europe and Latin America.

GROWTH INITIATIVES

During 2016, the company continued to invest in initiatives to drive the next phase of its growth strategy and expended $1.1 million on the USFDA clinical trial program. In addition, Cyclopharm hired additional senior operational and clinical executives to drive the Company's strategic objectives.

[1] Underlying EBITDA represents results from the Technegas division excluding one off items (Insurance/Litigation settlement and costs/lease termination and double rent period costs), CLSA deposit and FDA Expenses.

A significant milestone was achieved during the year when Cyclopharm received USFDA approval for its Technegas trial design via a Special Protocol Assessment process (SPA). Achieving an SPA approval significantly de-risks the USFDA clinical trial program and expedites the review process once submitted for approval. The clinical trial program is on track for completion by mid-2018 at a total cost, including what has been spent to date, of approximately US$7 million.

"Gaining USFDA approval to sell Technegas in the United States market is a major priority for the Company," said Mr McBrayer. "With half the world's nuclear medicine departments located in the USA, Cyclopharm believes the USA market will be the largest market for Technegas globally, and will therefore drive a substantial increase in shareholder value," he said.

Technegas is known throughout the world as the ventilation imaging agent of choice in the diagnosis of Pulmonary Embolism (PE). The Company in 2016 made significant steps in delivering on its strategy of expanding the use of Technegas for new indications. During the year Cyclopharm completed a pilot clinical trial in China targeting early detection of Chronic Obstructive Pulmonary Disease (COPD), a disease state that is 30 times the incidence of PE. In addition to the China initiative, at the end of 2016 the Company also initiated a clinical trial program in Australia targeting the use of Technegas in small airways disease for both improved diagnosis and therapy response.

At year-end, Cyclopharm held a cash balance of approximately $4.6 million, reflecting the increased underlying earnings for the year, offset by the US FDA trial expenses and the fit-out and relocation costs of the company's new Kingsgrove facility.

OUTLOOK

Mr McBrayer said, "Cyclopharm's 2016 record results provide clear evidence of the successful implementation of our strategic priorities, which are building a larger, more profitable lung health company."

"We continue to be a fiscally disciplined company, generating healthy cash flows while investing in the business to grow shareholder value," Mr McBrayer added.

While prioritising investment in the USFDA trial, the Company continues to actively pursue regulatory approval to commence sales in other promising new markets such as Russia and additional countries in the European Union.

"My team are delivering on Cyclopharm's strategy of extending the clinical use of Technegas, particularly in the management of long term conditions such as COPD and asthma. Technegas' use in these disease states have the potential for revenue and profitability over the medium to longer term to grow exponentially," said Mr McBrayer.

"We will also continue to focus on moving towards commercial production of the exciting Ultralute™ technology while simultaneously entering into discussions with potential commercial partners for launch in the first half of 2017. We remain excited about the potential for Ultralute™ to contribute in the next stage of Cyclopharm's growth.

"In 2017 I expect Cyclopharm to achieve further solid sales and earnings growth in our established markets, to maintain its healthy capital position and to continue to deliver rewards to our investors," he concluded.

For more information, please contact:
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Cyclopharm Limited
Cyclopharm is an ASX Listed radiopharmaceutical company servicing the global medical community. The Company's mission is to provide nuclear medicine and other clinicians with the ability to improve patient care outcomes. Cyclopharm achieves this objective primarily through the provision of its core radiopharmaceutical product, Technegas used in functional ventilation imaging.

Technegas
The Technegas technology is a structured ultra-fine dispersion of radioactive labelled carbon, produced by using dried Technetium- 99m in a carbon crucible, micro furnaced for a few seconds at around 2,700o C. The resultant gas like substance is inhaled by the patient (lung ventilation) via a breathing apparatus, which then allows multiple views and tomography imaging under a gamma or single photon emission computed tomography (SPECT) camera for evaluating functional ventilation imaging. Historically used in the diagnosis of pulmonary embolism, Technegas, together with advancements in complementary technology to multimodality imaging and analytical software, is being used in other disease states to include COPD, asthma, pulmonary hypertension and certain interventional applications to include lobectomies in lung cancer and lung volume reduction surgery.

Ultralute ™
Cyclopharm's patented nuclear medicine technology Ultralute ™ extends the useful life of Molybdenum-99 (Mo-99) generators by up to 50%. This technology potentially gives nuclear medicine departments the ability to dramatically improve operating efficiencies and health outcomes for patients. Mo-99 generators are used in diagnostic imaging to harvest Technetium-99m, or Tc-99m, which is the primary isotope used in diagnostic imaging throughout the world. This isotope accounts for approximately 80% of all nuclear medicine diagnostic imaging procedures.