



Announcement
11 November 2016

AFT Pharmaceuticals Limited – Market Trade Update FY2017 H1

On Thursday 24 November 2016, AFT Pharmaceuticals Limited ('AFT') (NZX: AFT, ASX: AFP) will be releasing its detailed half year financial statements for the period ended 30 September 2016 (H1FY17).

The unaudited Financial Statements and earnings announcement documentation in respect of the H1FY17 period are nearing completion and the preliminary key take outs are summarised below.

- *Maxigesic* selling in 6 countries with 8 further launches imminent.
- *NasoSURF* is on track with the first regulatory filing in the key US market planned for this calendar year.
- Clinical trials are on track.
- Unaudited operating revenues are expected to be approximately \$29.8m for H1FY17, up 1% over the corresponding six month period ended 30 September 2016 (PCP).
- Unaudited Operating Loss is expected to be approximately \$8.4m (PCP \$3.5m)
- Cash available at 30 September 2016 of \$16.1m following investment in R&D and product launches. Tight control of fixed overheads is being maintained.

Maxigesic is now being sold in six countries – Australia, New Zealand, Italy, United Kingdom, United Arab Emirates and Singapore. A further eight country launches are in progress. *Maxigesic* tablet sales in International Markets are performing ahead of expectations.

NasoSURF development is on track with engineering pilot batches in production and the first regulatory filing in the key US market planned for this calendar year. Device Clinical trials are also starting as planned with the first three studies due to start during H2FY17.

Product clinical studies are progressing as planned with the key *Maxigesic IV* study underway in USA and for the additional dose forms. Additional technology has been licensed to develop new *Maxigesic* formulations which is currently underway.

Australia: unaudited operating revenues are expected to be approximately \$14.6m, a growth of 6% over PCP. *Maxigesic*, over-the-counter product launches, and strong hospital sales contributed to 17% overall underlying growth. However, this was pulled back by 11% due to the low levels of production for a significant product in the first half. An additional factory for this product has now been commissioned and we are seeing improving supply levels going forward which should increase sales of the product in H2FY17.

New Zealand: unaudited operating revenues are expected to be approximately \$13.5m, down a net 10% from PCP. 4% of this decline was due to the manufacturing supply issues of the tender product *Metoprolol* (previously announced to the market). AFT continues to work with PHARMAC to ensure that the ongoing continuity of supply to patients is stabilized. The remaining 6% decline is due to weaker sales to the Pharmacy channel. Recently released market data on retail sales in Pharmacy indicates that the market is down between 4% to 8% for over the counter and pharmaceutical products. *Maxigesic* sales made by AFT have been affected by this, however *Maxigesic* sales made by Pharmacy to customers are growing at a rate of 18% per annum.

Southeast Asia: unaudited operating revenues are expected to be approximately \$0.5m, doubling over PCP with the launch of *Maxigesic*, *Crystaderm* and *Restoranail* in Singapore.

Rest of the World: unaudited operating revenues are expected to be approximately \$1.2m, trebling over PCP driven by *Maxigesic* and licensees in Italy, United Kingdom and United Arab Emirates report sales well ahead of their expectations.

Operating Loss: The operating loss increased due to increased investment in Research and Development, and the launch of promoted over-the-counter products into

Australia and Singapore. Tight control of fixed overheads, including staff numbers, is being maintained.

"We are pleased with progress in international out-licensing, clinical trials, and the *NasoSURF* device to date," says AFT Managing Director, Dr Hartley Atkinson. "However the suppressed home market (Australia and New Zealand) operating revenues, due to supply issues and the retraction of the NZ pharmacy retail market, have hindered growth that we will be working hard to recover in the second half."

The Financial Statements for H1FY17, earnings announcement documentation, and presentation will be released and available on Thursday 24 November 2016.

[End of Release]

Contact

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