

Interoffice
Communication



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Cutter Laboratories
STOKE COURT

Date April, 1985.
To M. Costi
From B. Dyos/L. Frith
Subject Cutter UK - Key Indicator Report - March, 1985.

Copy to
W. Ewald
S.R. Hollis
O.S. Vassib
J. Wood

Key Indicator Explanations

a) Net Sales

	Budget £000's	Actual £000's	Variance %
March	125	268	114
Y.T.D.	378	747	98

Blood Bags

	Budget £000's	Actual £000's	Variance %
March	61	75	23
Y.T.D.	196	212	8

Blood bag sales exceeded budget again this month by 23% which places the Y.T.D. sales in a healthy position at the end of the first quarter of 1985.

The strength of the Australian dollar, dropping as low as approximately 1.36 to the £ sterling in January 85 reduced the competitiveness of our blood bag prices in the market place. This came at an unfortunate time when the UK Centres were "out to tender" and the increasing pressure from the administrators to buy on price alone. However, the Australian dollar has weakened substantially in the last week of March and this has been taken advantage of to re-negotiate prices where possible.

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Biologicals

	Budget £000's	Month Actual £000's	Variance %	Budget £000's	Y.T.D. Actual £000's	Variance %
Koate HT (less Koate returns)	61	212	247	172	489	184
Gamimune	3	1	-67	10	2	-80
Konyne HT	-	8	-	-	41	-
Koate HT a.s.p.		11.2p			11.5p	
Konyne HT a.s.p.		14.0p			10.5p	

Please note: there was an error in February's indicator report. Konyne HT month actual and Y.T.D. actual should read £33,000.

Koate HT

Sales of Koate HT have reached a record high again this month. However, the figures for March do not reflect the severe stock problem we have encountered since February, 1985. The lack of inventory will be highlighted in loss of sales in the coming months.

b) Gross Profit Y.T.D.

	Budget		Actual	
	£000's	% Margin	£000's	% Margin
Blood bags	18	9	2	-
Biologicals	53	29	128	24
	71	18	130	17

c) Marketing Expenses

	Budget		Actual	
	£000's	% Margin	£000's	% Margin
March	11	8	13	4
Y.T.D.	39	10	32	4

d) Divisional Margin

	Budget		Actual	
	£000's	% Margin	£000's	% Margin
March	6	4	20	7
Y.T.D.	10	2	87	11

Comments

Koate HT

The high sales in March are partially attributable to £80,000 sales of Koate HT to Eire. This material was called off prematurely by Eire to ensure they maintain customer supply for a 12 month period. This material was the second half of a batch which was reserved in the U.S. for them. The invoice for this material should have contributed to the June statement.

Koate HT Inventory

Cutter Biological have severe inventory problems. Only small, limited amounts of stock have been drifting into the U.K. since early February. These shortfalls of supply will be fully realised in next month's statement. Our average monthly offtake is 1.5million I.U. of Factor VIII concentrate and there is the potential to increase this figure. The U.K. needed to take advantage of this exceptional market trend before the NHS reclaim their market share and the "wet process" of Alpha becomes the product of choice.

Cutter U.K. worked hard to achieve the prime position held at the end of January with assurance from the U.S. that all stock requirements could be met. Financially, at £0.12p per I.U., the U.K. is a profitable subsidiary. It is sad we are restrained by these unfortunate circumstances.

Supportive efforts are being made in the U.S., however, to supply the U.K. with material. A schedule has been arranged and by the end of April we should be receiving larger amounts of stock. It is envisaged that by the end of July, we will be receiving all the inventory we need to resume our current status.

Every effort is being made in the U.K. to maintain accounts and relationships with our customer base.

Koate Ultra-filtered Inventory

4000 vials of Koate, nominal 250 I.U. size has been requisitioned from the U.S. and will be despatched to them during April. The credit for this material is approximately £55,000 (1984 standard cost).

A quarantined batch of 671 vials, nominal 500 I.U. size was sent for destruction this month, this will be credited at approximately £17,000.

A buyer has been located for the purchase of a small short-dated batch of Koate which is required by him in June, 1985.

Approaches have also been made to other buyers through a contact and I am awaiting their interest.

Visitors to the U.K.

Mr. Jack Wood

Other Events

Cutter U.K. attended the Haemophilia Society weekend workshop. An extremely worthwhile and informative meeting it proved to be.

We also attended a local Haemophilia Society meeting in Derby and a regional meeting of the Haemostasis and Thrombosis Club at St. Thomas' Hospital, London.