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Creo Medical

Healthcare

20 April 2026

Leaner structure, sharper focus

Creo Medical has announced the disposal of its in-house manufacturing operations in a management buyout (MBO) transaction, a move strategically aligned with its FY24 repositioning towards a capital-light discovery- and design-focused business. Management expects cost savings of over £1m in FY26, c 15% lower than the FY25 run-rate (FY25 opex of £18.4m; 20% lower than FY24, with Creo delivering £5m in cost savings). We expect this to be directionally positive for Creo, allowing greater management focus on product innovation, regulatory progression and commercial execution. The shift towards a more variable cost base should also improve operational flexibility as the company scales commercial development as procedure volumes increase. We also view the structure of the transaction as favourable (the existing manufacturing team transfers to NewCo), which should help mitigate typical outsourcing risks.

Shift to asset-light model in line with strategy

We see Creo's decision to dispose of its in-house manufacturing operations (transaction expected to close in May 2026) as a logical step aligned with the cost rationalisation and operating model reset outlined in its FY24 results. Structuring the transaction as an MBO enables Creo to transition a fixed-cost function to a variable-cost model while preserving operational continuity. We believe the transfer of the existing manufacturing team (25 full-time employees) alongside the ongoing strategic relationship should help mitigate typical outsourcing risks, particularly around technical expertise and product quality.

Modest upfront savings; upside in the long term

Creo guides to >£1m annual cost savings, a c 15% reduction on the FY25 opex run-rate, already c 20% below FY24 levels. This follows a >40% y-o-y decline in underlying operating losses to £13.3m in FY25, highlighting successful cost discipline. While immediate savings appear modest, we see scope for meaningful operational leverage over the medium term as procedure volumes scale. We believe this should support EBITDA breakeven within the FY28 target, although the longer-term margin impact will depend on undisclosed commercial terms with NewCo and how outsourced costs scale with volume.

Execution key to unlocking profitability pathway

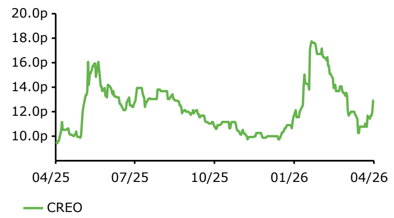
Overall, we view the disposal as a rational step reinforcing Creo's shift towards a capital-light, design- and R&D-led model. The key determinant of the investment case from here will be the group's ability to leverage this leaner structure to drive commercial traction and demonstrate a more clearly defined pathway to profitability.

Historical financials					
Year end	Revenue (£m)	PBT (£m)	EPS (p)	P/E (x)	Yield (%)
12/23	4.0	(25.0)	(0.07)	N/A	N/A
12/24	4.0	(27.7)	(0.07)	N/A	N/A
12/25e	6.0	(14.8)	(0.04)	N/A	N/A

Note: The FY25 revenue figure is as reported. PBT and EPS are normalised.

Price	13.00p
Market cap	£54m

Share price performance



Share details

Code	CREO
Listing	AIM
Shares in issue	412.5m
Net cash/(debt) at 31 December 2025	£12.4m

Business description

Creo Medical is a UK-based healthcare company focused on the development and commercialisation of minimally invasive electrosurgical devices. All six products in the flagship CROMA platform are CE marked and FDA cleared. Licensing opportunities for its Kamaptive IP (partnerships with major robotics players such as Intuitive Surgical) offer further monetisation opportunities. In 2025 Creo completed the divestment of a 51% stake in its consumables business to Chinese market leader Micro-Tech.

Bull points

- Positive revenue momentum and utilisation trends.
- Differentiated multi-energy electrosurgical technology platform.
- Partnerships provide validation and optionality.

Bear points

- Early-stage; adoption still developing.
- Potential funding requirements ahead of breakeven.
- Increased reliance on external suppliers with the new capital-light strategy.

Analysts

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