

## Preliminary Results Presentation

Twelve months to 31 January 2013

23 April 2013



## LiDCO gaining a differentiated presence in the hospital surgery and critical care space

- LiDCO products address a fast growing fluid and hemodynamic monitoring market
- New LiDCO*rapid*<sup>v2</sup> is **first** multi-parameter, peri-operative surgery monitor
- LiDCO*rapid*<sup>v2</sup> will drive increased adoption and disposable usage per monitor
- Strategy in place for LiDCO to penetrate its major markets of UK, US and Japan
- Disposable market at \$200 million per annum and expected to reach \$2 billion
- LiDCO's technology can be used to monitor 10 million high risk patients per annum
- High gross margins combined with controlled cost structure in place

# Progress during the period

- Total revenue increased to £7.21m (2011/12: £7.12m)
- Product sales (excluding non-recurring license fees and support fees) were up £0.59m, an increase of 9%
- Disposables revenue up 15% to £5.6m, representing 78% of total revenues (2011/12: 68%)
- Revenue in the UK increased by 33% to £4.93m (2011/12: £3.70m)
- Gross profit up 2% to £4.82m (2011/12: £4.75m)
- Gross margins excluding third party products up from 76% to 82%
- Operating loss £0.22m (2011/12: profit £0.05m), EBITDA of £0.6m (2011/12: £0.61m)
- Cash balance of £2.06m (2011/12: £1.55m)
- Loss per share 0.07p(2011/12: earnings 0.01p)

- Development, CE mark and launch in EU of LiDCO*rapid*<sup>v2</sup> with Unity Software, non-invasive blood pressure and level of consciousness module
- UK surgical disposables revenue growth of 79%
- Registration, reimbursement and market expansion into Japan with the appointment of Nihon Kohden
- Re-establishment of direct sales operation in US & purchase of US monitor installed base - discussions with potential US **distribution** partners ongoing
- Fundraising of £2.21m (net) in November 2012 strengthening the balance sheet to be better able to pursue growth opportunities
- 276 monitors (2011/12: 364) sold/placed. Rolling 7 year total is 2,312 (2011/12: 2,189)
- Post period end:
  - US FDA clears for sale LiDCO*rapid*<sup>v2</sup> with level of consciousness display with non-invasive module registration expected mid-year
  - Patent granted in Japan for LiDCO*rapid* monitor graphical user interface

# Income statement

	<b>12 months ended 31 January 2013</b>	12 months ended 31 January 2012
	<b>£'000</b>	£'000
Revenue	<b>7,213</b>	7,122
Cost of sales	<b>(2,389)</b>	(2,372)
Gross profit	<b>4,824</b>	4,750
Administrative expenses	<b>(5,041)</b>	(4,799)
Loss from operations	<b>(217)</b>	(49)
Finance income	<b>4</b>	4
Finance expense	<b>(46)</b>	-
Loss before tax	<b>(259)</b>	(45)
Income tax	<b>142</b>	60
(Loss)/profit and total comprehensive (expense)/income for the year	<b>(117)</b>	15
<b>Loss/earnings per share (basic and diluted) (p)</b>	<b>(0.07)</b>	0.01

# Summary cash flow

	<b>12 months ended 31 January 2013</b>	12 months ended 31 January 2012
	<b>£'000</b>	£'000
Loss before tax	<b>(259)</b>	(45)
Net cash (outflow)/inflow from operating activities	<b>(143)</b>	159
Net cash used in investing activities	<b>(1,417)</b>	(741)
Net cash outflow before financing	<b>(1,560)</b>	(582)
Cash flows from financing activities		
Repayment of finance lease	<b>(156)</b>	(10)
Issue of ordinary share capital	<b>2,435</b>	11
Cash inflow from sale and leaseback	-	518
Net cash inflow from financing activities	<b>2,279</b>	519
Net Increase/(decrease) in cash and cash equivalents	<b>719</b>	(63)
Opening cash and cash equivalents	<b>1,341</b>	1,404
Closing cash and cash equivalents	<b>2,060</b>	1,341
Cash at bank	<b>2,060</b>	1,553
Overdraft	-	(212)
Closing cash and cash equivalents	<b>2,060</b>	1,341

# Balance sheet

	12 months ended 31 January 2013	12 months ended 31 January 2012
	£'000	£'000
Non-current assets	<b>2,393</b>	1,830
Current assets	<b>6,837</b>	5,329
Current liabilities	<b>(2,019)</b>	(1,864)
Net current assets	<b>4,818</b>	3,465
Long term liabilities	<b>(341)</b>	(663)
Total assets less current liabilities	<b>6,870</b>	4,632
Total equity	<b>6,870</b>	4,632
Non-current liabilities	-	-
Total equity and non-current liabilities	<b>6,870</b>	4,632



# Summary of sales

	Year to 31 Jan 2013	Year to 31 Jan 2012	Increase/ (decrease)	Incr / (decr) %
<b>Revenue by type (£'000)</b>				
- Monitors	1,337	1,501	(164)	(11%)
- LiDCO Disposables	3,881	3,651	230	6%
- Third party disposables	1,726	1,206	520	43%
- License Fees	-	540	(540)	
- Other Income	269	224	45	20%
- Total Revenues	7,213	7,122	91	1%
Monitors (Units)	276	364	(88)	(24%)
Sold	244	353	(109)	(31%)
Placed	32	11	21	191%
Sensor & Smartcard Sales (Units)	49,413	50,595	(1,182)	(2%)
Monitors sold/placed (7 year rolling)	2,312	2,189	123	6%

## Use of proceeds

- Buy back of inventory and installed base from former US distributor
- Accelerate retro-fit of UK installed base with new LiDCO*rapid*<sup>v2</sup> modules
- Add additional parameters to LiDCO*rapid*<sup>v2</sup>
- Strengthen balance sheet to better pursue other growth opportunities

# Geographical markets

- Total revenue up 33% to £4,928,000 (2011/12: £3,701,000)
- **Sensor and Smartcard revenue £2,441,000 up 30% (2011/12: £1,879,000)**
- **Surgery Smartcard disposables unit sales up 70% now 14,855**
- ICU Sensor disposables steady @ 12,300 units
- Monitor units sold: 59 with revenue of £527,000 (2011/12: 55 units; £438,000); placed 32 (2011/12: 11 units)
- Third party disposable sales up 43% to £1,726,000 (2011/12: £1,206,000)
- Other income up 31% to £234,000 (2011/12: £178,000)
- LiDCO disposables as a percentage of LiDCO product sales: 82% (2011/12: 81%)

- Product revenue down 27% to £1,087,000 (2011/12: £1,491,000)
- Revenue fall predominantly due to disruption stemming from termination and changing of the distribution back to LiDCO
- Monitor revenue down 25% to £430,000 (2011/12: £571,000)
- Sensor and Smartcard sales down 29% to £657,000 (2011/12: £920,000)
- License fee income of £nil (2011/12: £290,000)

- Total revenue down 27% to £622,000 (2011/12: £853,000)
- Monitor units sold: 19 with revenue of £115,000 (2011/12: 60 units; £256,000)
- Sensor/Smartcard sales revenue down 14% at £484,000 (2011/12: £565,000)
- Sensors/Smartcard units 9,350 (2011/12: 9,445) down 1%, sensors down 14%, Smartcards up 14%
- Other income up 28% to £23,000 (2011/12: £32,000)

- Total revenue up 7% to £567,000 (2011/12: £530,000)
- Monitor units sold 99 (2011/12: 50) with revenue up 6% £239,000 (2011/12: £226,000)
- Sensor/Smartcard sales revenue up by 4% to £299,000 (2011/12: £287,000)
- Sensors/Smartcard units 5,870 (2011/12: 5,700) up 3%, sensors up 18%, Smartcards down 1%
- License fee income of £nil (2011/12: £250,000)
- Other income up 71% at £29,000 (2011/12: £17,000)

# GROWTH OPPORTUNITY

\$2 billion surgical disposable market opportunity



# Arterial Line and Non-Invasive Disposables Market

Addressed by LiDCOrapid<sup>v2</sup>



Peri-operative Surgical Fluid & Hemodynamic Monitoring Market				
Territory	UK	US	JAPAN	EU
Arterial line pts.	340,000	1,700,000	680,000	2,560,000
Non arterial line pts	340,000	1,700,000	680,000	2,560,000
Total pts. / annum	680,000	3,400,000	1,360,000	5,120,000
Average price Disposable (\$)	\$102	\$195	\$420	\$150
Disposable market value / annum	<b>\$69.4m</b>	<b>\$663m</b>	<b>\$571m</b>	\$768m

Total market for disposables addressed by LiDCOrapid<sup>v2</sup> \$2,071m

Source: Management and published data

# Biggest Opportunity is Peri-Operative Market

LiDCOrapid<sup>v2</sup> with Unity software launched January 2013

- Surgery product - LiDCOrapid driving sales growth in UK and US – up 55% in 2012/13

£	FYE January 31		
	2010/11	2011/12	2012/13
<b>Total LiDCOrapid sales direct to hospitals in UK and US (includes end user sales derived from US distributor data)</b>			
LiDCOrapid monitor sales	341,895	364,357	765,869
LiDCOrapid disposable sales	783,257	1,252,621	1,742,573
<b>Total LiDCOrapid sales i</b>	<b>1,125,152</b>	<b>1,616,979</b>	<b>2,508,442</b>
<i>Growth %</i>		44%	55%
<b>Distributor sales (excluding UK and US)</b>			
LiDCOrapid monitor sales	356,558	217,570	324,227
LiDCOrapid disposable sales	156,110	465,350	466,685
<b>Total LiDCOrapid sales</b>	<b>512,668</b>	<b>682,920</b>	<b>790,912</b>
<i>Growth %</i>		33%	16%
<b>Total LiDCOrapid sales</b>	<b>1,637,820</b>	<b>2,299,899</b>	<b>3,299,354</b>
<i>Growth %</i>		40%	43%

- LiDCOrapid<sup>v2</sup>, launched in Jan 2013, is now completely non-invasive → doubles market potential
- New product is available as an upgrade for existing installed base with CNAP™ and BIS™ modules

# Growth Strategy

Strategic plans to deliver future sustainable, long-term growth

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## Grow Domestic & International Sales

- ✓ Buy-back US installed base – now have direct sales reps and nurse educator sales force
- ✓ Maintain growth of surgery business in fast growing UK market
- Establish US distributor partner
- Obtain 510K approval for LiDCOrapid<sup>v2</sup> with Unity Software in the US; BIS™ in April 2013; CNAP mid 2013
- Work with Nihon Kohden/Argon to achieve significant market share in Japan

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## Further Pursue Additional Parameter Convergence

- ✓ Launched LiDCOrapid<sup>v2</sup> with Unity Software in EU - incorporating CNAP and BIS™ in February 2013
- Further develop and add more functions / parameters to LiDCOrapid platform:
  - Parameters under review:
    - Near infra-red spectroscopy (NIRS)
    - Lithium dilution cardiac output
    - Venous saturation

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## Increase Adoption and Disposables Usage

- ✓ Continue building adoption through clinical studies and publications demonstrating utility to hospitals
- Launch of multi-parameter LiDCOrapid<sup>v2</sup> with non invasive option should increase disposable usage in the existing monitor installed base
- Unity software is a simple field software upgrade to existing LiDCOrapid installed base

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## Broaden Market Applications

- ✓ Following on from peri-operative focus
- Expand technology to additional surgical and medical applications e.g.
  - Obstetrics
  - Stroke
  - Shock / Sepsis
- Further differentiate graphical user interface by location of use and clinical application

# Growth strategy for all major regions

Product and strategy for growth in the major markets of the UK, US & Japan

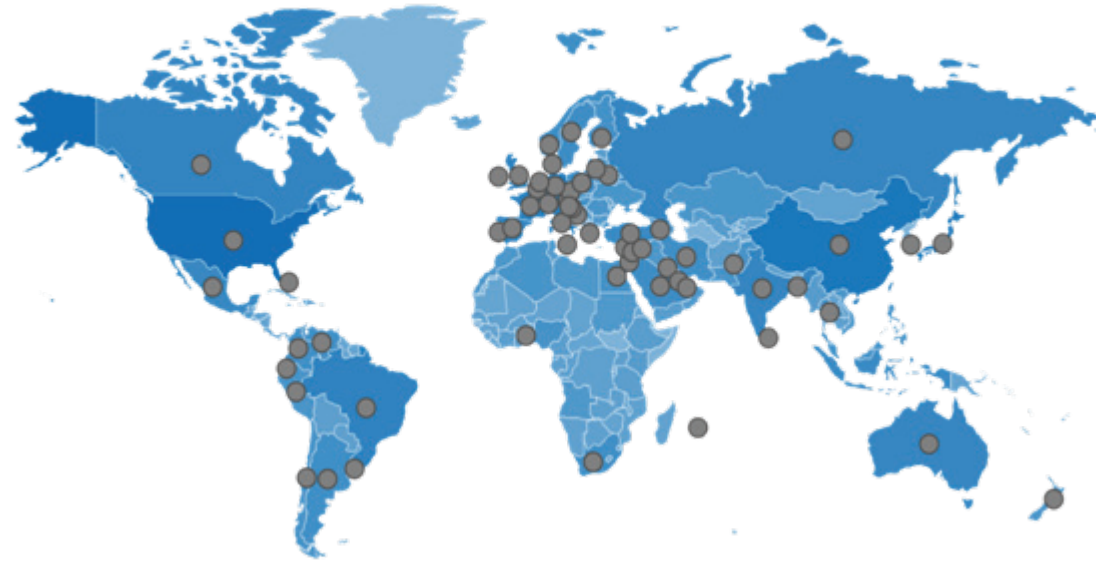
Territory / Opportunity	Surgery Market / Drivers
<p><b>UK</b> Opportunity: <b>\$70 million</b> Target: Arterial line and non-invasive surgery patients</p>	<p>NHS England drive for hemodynamic monitoring of up to 760,000 additional surgery patients – market set to double over next 12 – 24 months – payment incentives in place from April 2013 – LiDCO grew surgical disposable revenue by 79% over the prior year</p>
<p><b>US</b> Opportunity: <b>\$664 million</b> Target: Arterial line and non-invasive and BIS™ modular option</p>	<p>Edwards has established world’s largest existing market for minimally invasive hemodynamic monitoring LiDCO believes it has superior surgical platform and has integrated non-invasive/BIS™ – giving a technology advantage Largest existing market for BIS™ (depth of anesthesia) to leverage</p>
<p><b>Japan</b> Opportunity: <b>\$570 million*</b> Target: Arterial line and BIS™ customers</p>	<p>Focus for LiDCO is existing customers \$420 per patient reimbursement and combined hemodynamic / BIS™ customers when Unity software with the LiDCO BIS™ module is registered</p>

\* Assumes Japanese reimbursement for non-invasive is achieved at same price as for the arterial line access

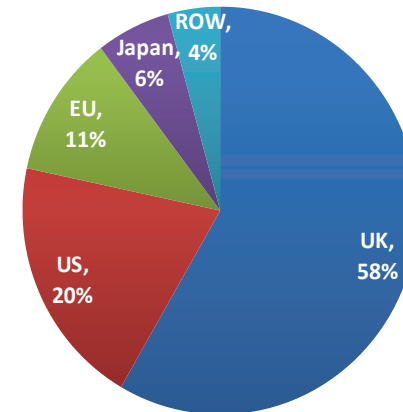
# Global Sales Network

Mixed direct sales and distribution arrangements

- UK Direct Sales
  - 17 sales and support personnel
    - 9 sales reps across country
    - 8 clinical educators (4 are contractors)
- US Direct Sales
  - Distribution facility near Chicago
  - Building up sales / support team
- International Distribution
  - International Business Development Manager
    - Manages circa 25 active country distributors



FY13 Sales by Region



# Maintain UK Surgery sales growth

Year	LiDCOrapid Monitors			Smart Card Disposables		
	H1	H2	Total	H1	H2	Total
<b>2008/9</b>	7	20	<b>27</b>	45	862	<b>907</b>
<b>2009/10</b>	15	19	<b>34</b>	995	1,530	<b>2,525</b>
<b>2010/11</b>	20	25	<b>45</b>	2,315	3,610	<b>5,925</b>
<b>2011/12</b>	19	30	<b>49</b>	4,745	3,990	<b>8,735</b>
<b>2012/13</b>	27	50	<b>77</b>	6,295	8,560	<b>14,855</b>



Period	Growth %	
	LiDCOrapid Monitors	Smart Card Disposables
<b>2012 to 2013</b>	57.1%	70.0%
<b>H1 2013 to H2 2013</b>	85.2%	36.0%

- Last year US distributor represented 20% of turnover – target is closer to 50%
- US is LiDCO's largest market opportunity – 3.4m high risk surgery patients per annum (combined arterial line and non invasive)
- Amended arrangements to direct sales by LiDCO and OEM arrangement for depth of anesthesia technology
- Now have direct sales and seeking additional partner(s)
- With partners LiDCO will aim to agree and monitor suitable sales metrics that are activity based

# Grow International Sales

US: sales metrics are strong for LiDCOrapid

- US vs. UK sales / sales pipeline analysis shows:
  - Similar evaluation conversion rates @ approx. 43%
  - A higher number of monitors sold/placed per evaluation in the US compared to UK
  - Higher pricing in the US for both monitors and disposables
  - Disposable revenue flow of 3x that of the UK per salesman after 3 years
- US sales metrics are very strong:
  - The monitors sell for \$8,000 - \$10,000
  - Single patient disposable has an ASP of \$195
  - Based on a UPM of 4 smartcards, a salesperson can generate \$725,000 per annum of disposable income after 3 years

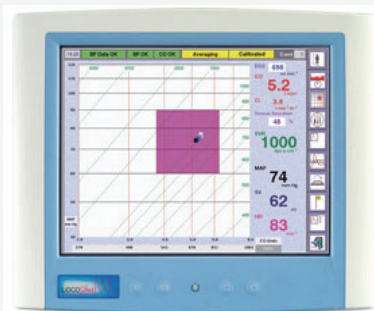


- Second biggest market after US for minimally-invasive hemodynamic monitoring
- Highest disposable pricing in the world – reimbursement of \$420/patient
- LiDCO is second to the market after Edwards
- LiDCO*rapid* launched in August 2012 after obtaining registration and reimbursement
- LiDCO's partners are Argon and Nihon Kohden
- Nihon Kohden has 120 branch offices and +1,000 sales representatives
- Nihon Kohden also sells BIS™ for Covidien and has rights to sell the combined monitor (LiDCO*rapid*<sup>v2</sup> with Unity)

# Market moving towards parameter convergence

LiDCO has developed the most advanced range of hemodynamic monitoring solutions

## LiDCOplus



- A computer-based platform monitor used in the Intensive Care Unit for real-time continuous display of hemodynamic parameters including cardiac output, oxygen delivery and fluid-volume responsiveness (PPV% and SVV%)
- Added Lithium calibration – ICU focus
- Use of LiDCOplus has reduced length of stay by 12 days in high risk surgery patients

## LiDCOview



- An easy-to-use graphical display of historical LiDCOplus and LiDCOrapid hemodynamic data
- Used for the review of historical data for research and education purposes
- Unique research tool
- BIS™ (depth of anesthesia) to display will be added

## LiDCOrapid



- A cardiac output monitor designed specifically for use in the operating theatre for fluid and drug management
- Enables anesthetists to get accurate and immediate feedback on the patient's fluid and hemodynamic status – a key measure of overall well-being before, during and after surgery
- Patented graphical user interface

## LiDCOrapid<sup>v2</sup> with Unity Software



- First monitor in the world to be designed specifically for multi-parameter monitoring of both depth of anesthesia and fluids
- Allows the connection of two modules to the LiDCOrapid v2 to co-display Covidien's depth of anesthesia parameter (BIS™) and CNSystem's continuous non-invasive blood pressure monitoring (CNAP)
- Patent pending to protect co-display of depth of anesthesia and LiDCO parameters

**High margin single-use disposables (sensors and smartcards) to go with above equipment**

# Parameter Convergence

Single monitor for the entire peri-operative patient pathway

## New LiDCOrapid<sup>v2</sup> with Unity Software



✓  
CNAP™  
continuous non-  
invasive BP



✓ BIST™ depth of  
anesthesia



BIS and Bispectral Index are trademarks of Covidien LP registered in the U.S. and foreign countries. CNAP is a trademark of CNSystems.

# LiDCORapid<sup>v2</sup> Platform with Unity Software

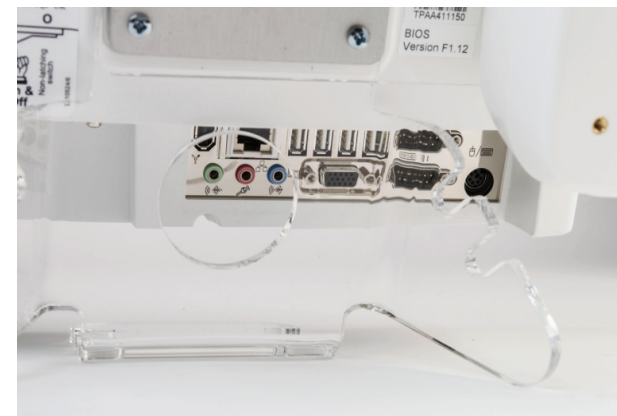
LiDCO's new platform technology for surgery and key growth driver

## Description:

- First monitor in the world to be designed specifically for multi-parameter monitoring of both depth of anesthesia and fluids

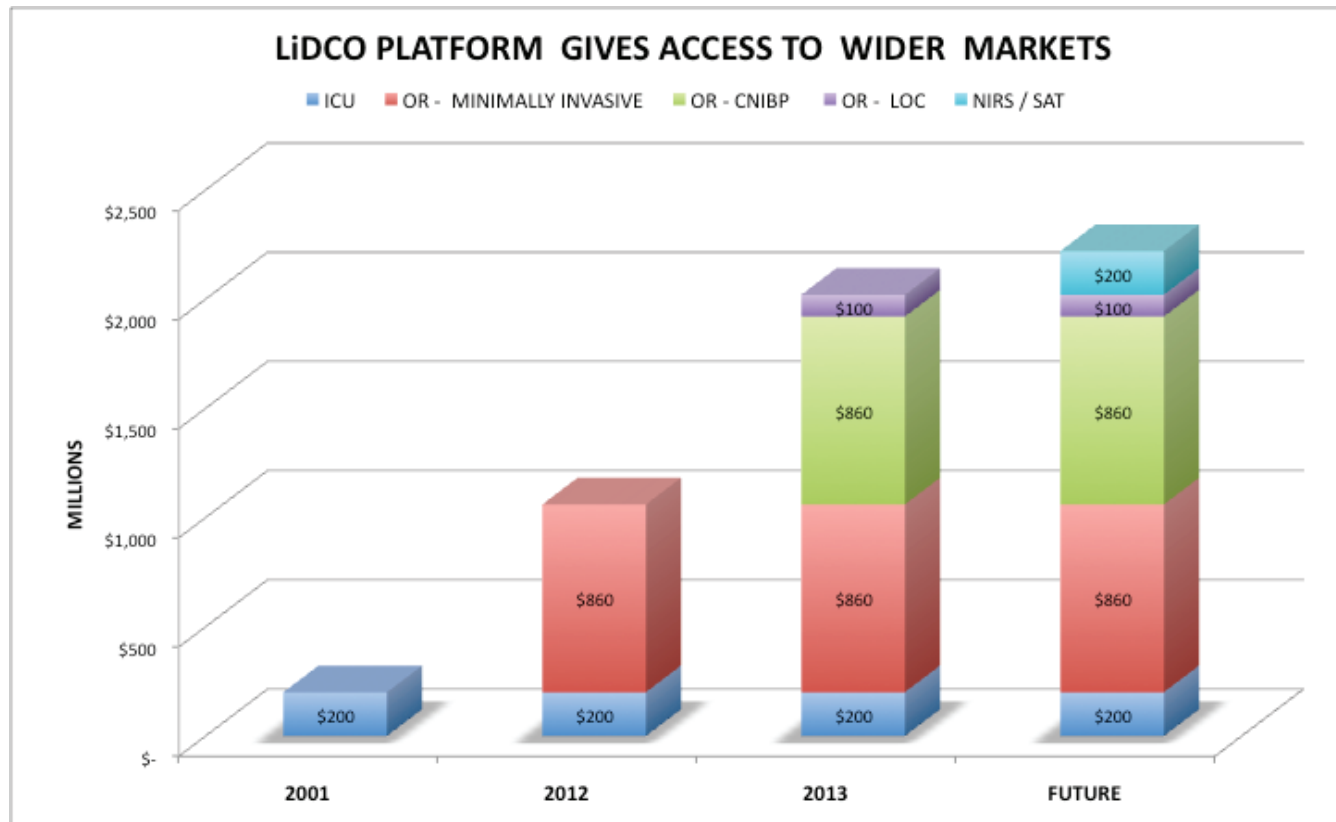
## Features:

- Continuous arterial line or non-invasive blood pressure for fluid and blood flow monitoring
- Level of consciousness (BIS™ integration)
- Additional functions can now be simply added via USB modules – targets under review include:
  - Near infra-red spectroscopy (NIRS)
  - Lithium dilution cardiac output
  - Venous saturation



- LiDCO*rapid*<sup>v2</sup> Unity software
  - Registered EU: January 2013
  - US BIS™: Registered March 2013
  - US CNAP™: Registration expected mid 2013
- NIRS/Cerebral Oximetry – Target development H2
- Other parameter convergence options under review:
  - Lithium dilution / LiDCO*plus* ICU screens
  - Venous saturation
- Further parameters can be “retrofitted” to future and all existing LiDCO*rapid* monitors in the installed base

# Potential cumulative impact



- Continuous non-invasive blood pressure (CNIBP)
- Level of consciousness (LOC)
- Near infra-red spectroscopy (NIRS)
- Hemoglobin/Arterial saturation
- Venous (mixed and central) saturation (SAT)

- Significant sales growth in 2013, driven by higher direct sales revenues in both the US and the UK, a full year of sales in Japan and a return of sales growth in the EU
- New widely applicable LiDCO*rapid*<sup>v2</sup> monitor with non-invasive and level of consciousness options will contribute significantly to revenues
- Costs and margins will be kept under control
- The Board anticipates further growth in 2013 and expects to be both cash generative and profitable