

## Interim Results Presentation

Six months to 31 July 2013

1 October 2013

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To be read in conjunction with the interim results announcement

- Strong H1 – LiDCO product revenues up 36%
- Launch of LiDCOrapid<sup>v2</sup> monitor with Unity software
- UK is main revenue through wider adoption of technology by NHS
  - UK LiDCO product revenues up 48%
  - UK surgical disposables unit sales up 75%
- Export revenues up 16%
- Loss before tax\* reduced to £70k & on track for full year pre-tax profit
- IP position strengthened
- Cash generative with closing cash of £2.29m
- Growth strategy in place to deliver sustainable long-term growth

\* *before share based payments*

# Income Statement Summary

- Total revenue up 27%
  - Disposable revenues up 31% to £2.27m
- LiDCO product sales up 36%
- UK revenue (excl 3<sup>rd</sup> party sales) up 48%
- Export sales up 16%
  - Despite US being in transition
- 180 monitors installed (2012:151)
- Disposable units up 20% to 26,105
- Margin down slightly to 78% (80%)
- Overheads\* up £320k incl US costs up £200k.

	6 months to	6 months to
	July 2013	July 2012
	£'000	£'000
Revenue	4,235	3,348
Cost of sales	(1,430)	(1,187)
Gross profit	2,805	2,161
Administrative expenses	(2,900)	(2,450)
Operating loss	(95)	(289)
Net finance expense	(11)	(23)
Loss before tax	(106)	(312)
Income tax	(7)	(9)
Loss after tax	(113)	(321)

\* before share based payments

# Cash flow and working capital

- Cash positive
- £158k reduction in inventories
- £323k reduction in debtors
- Intangible costs of £463k
  - inc final CNAP technology license payment
- Repayment of finance lease £99k
- Closing cash £2.29m
  - Largely debt free
  - Finance lease : £267k due over next 18m

	6 months to	6 months to
	July 2013	July 2012
	£'000	£'000
Loss before tax	(106)	(312)
Net inflow from operating activities	931	167
Cash used in investing activities	(616)	(711)
Net cash flow before financing	315	(544)
Net cash flow - financing activities	(83)	(66)
Net change in cash	232	(610)
Opening cash	2,060	1,341
Closing cash	2,292	731

- Launch of LiDCO*rapid*<sup>v2</sup> with CNAP & BIS in February
- UK revenues driven by wider adoption of technology by NHS
- UK LiDCO product revenues up 48% to £2.24m (2012: £1.51m)
- 86 monitors sold/placed (2012: 30) with 74 surgical monitors
- 17 new name hospitals for LiDCO*rapid*
- 31% of LiDCO*rapids* sold/placed with CNAP modules
- Surgical disposables unit sales up 75% to 11,015 (2012: 6,295)
- Success in UK is key to demonstrate what can be achieved by partners in export territories

# UK surgery growth

Year	LiDCOrapid monitors			LiDCOrapid disposables		
	H1	H2	Total	H1	H2	Total
2008/09	7	20	27	45	862	907
2009/10	15	19	34	995	1,530	2,525
2010/11	20	25	45	2,315	3,610	5,925
2011/12	19	30	49	4,745	3,990	8,735
2012/13	27	50	77	6,295	8,560	14,855
2013/14	74			11,015		

Average usage per monitor per month for surgery disposables was 6.02 compared with 5.11 for last year

Table includes placed monitors



Total UK rolling 7 year installed base is 401 monitors in both ICU and surgery

LiDCOrapid with 305 monitors is driving growth of installed base

- Largest single market for fluid management technology
- In transition after termination of previous distribution arrangements
- Revenues £415k (2012: £528k) but with higher margins
- Similar metrics to UK:
  - *Same % of evaluations won but larger order size & higher disposable prices*
- Installed base of over 250 LiDCO*rapid* monitors in 90 hospitals
- Sales force is being modestly increased – up from 3 to 5 since June 2013
- Key priorities for the sales team:
  - *Further monitor sales from new departments in existing customer hospitals*
  - *Improving usage in existing customer base*
  - *Modest increase in new customers*
- IP royalty license arrangement in place with ICU Medical Inc
- Post period end FDA clearance for non invasive module and US patent granted for LiDCO's combined monitor graphical user interface
- Seeking additional partners for licensing or distribution

- Second largest single market for fluid management technology
- Strategy is to work with significant local distribution partners
- Partners are Argon and Nihon Kohden with 120 branch offices and +1,000 sales representatives
- Product launch by distributor in August 2012 – first full year of sales
- Sales activity levels building with key hospitals having already purchased monitors
- Revenue up 56% – early days with progress being made

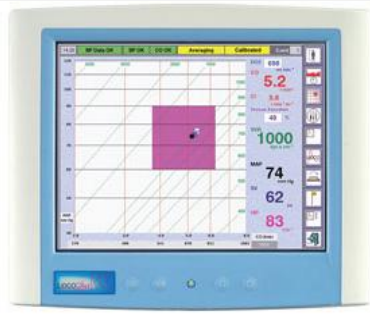


- **Market acceptance of the benefits of fluid monitoring technology**
- **Innovative leading edge product**
  - Widely applicable
  - Easy to use
  - Continual development
  - Low in-service resource required
- **High margins**
- **Model to scale up sales with minimal headcount increase**
- **Strong IP with royalty opportunities**
  - Multiple patents with long remaining lives
  - Solid history of regulatory approval
- **Multiple sales channels**
  - direct sales
  - distributor network
  - license fees & royalties

# 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)
- Patents granted and 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**

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

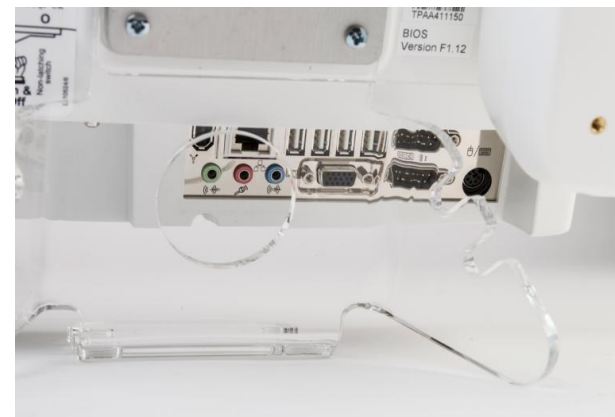
LiDCO's new platform technology for surgery and key growth driver

## 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



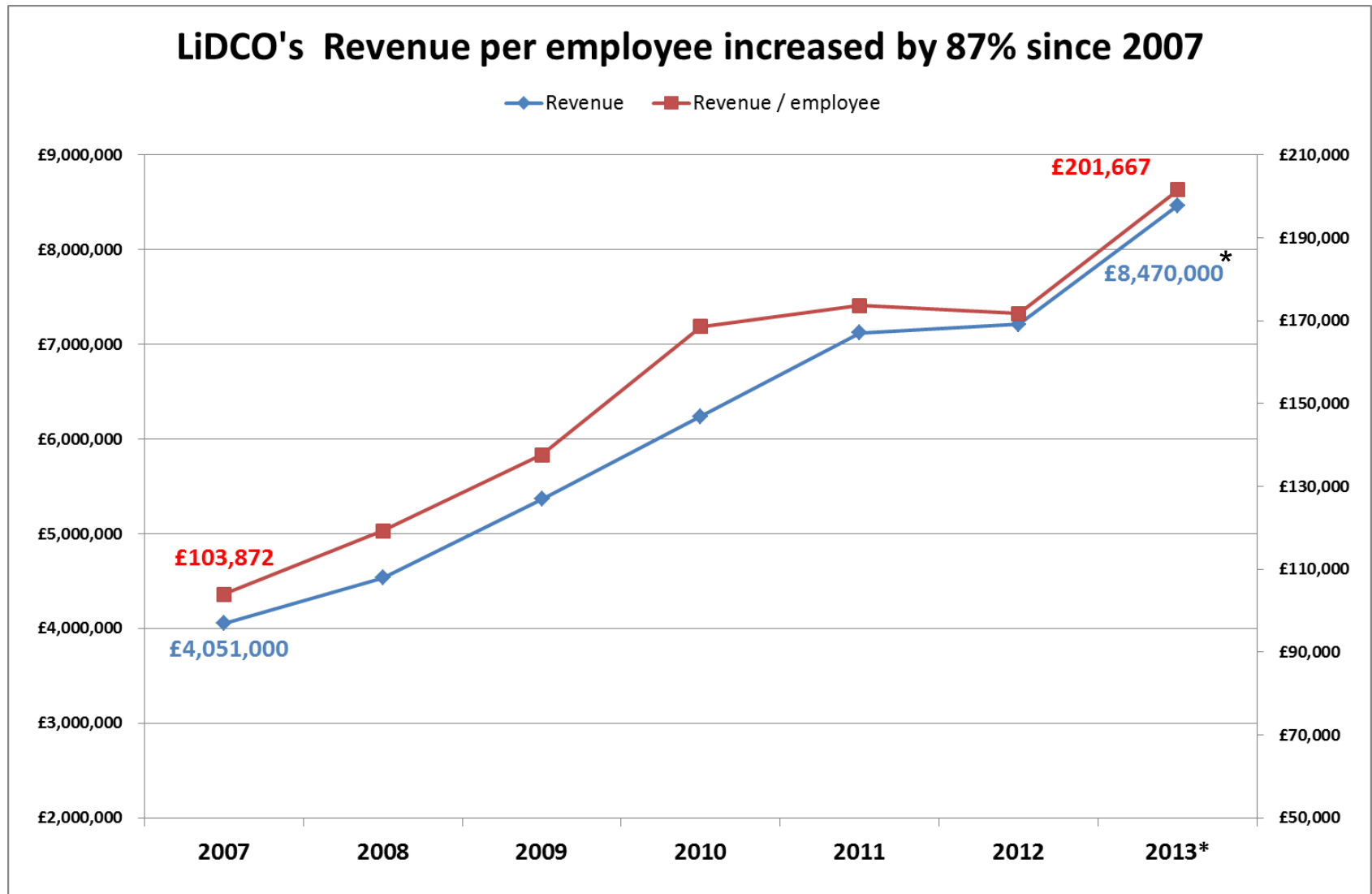
## IP Status

- LiDCO has been granted a wide and overlapping set of patent rights that protect its innovations in signal processing algorithms and graphical user display technology
- This patent estate protects and enhances LiDCO's position regarding distribution and licensing arrangements
- Distribution and royalty revenues allow profitable global market access

## Regulatory expertise

- FDA and Japanese regulatory clearance based on a successful 15 year regulatory approval history with a stable core technology
- Agile software development practices for fast implementation of new parameters, graphical user interface and software documentation
- FDA clearance of LiDCO*rapid*<sup>v2</sup> with depth of anesthesia monitoring and now non invasive blood pressure monitoring achieved within 90 days
- New parameters can be added to Unity – regulatory pathway established

# Increasing revenue per employee



\*For illustrative purposes revenue for 2013 is double H1 actual revenue

# Growth Strategy

Strategic plans to deliver future sustainable, long-term growth

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## Grow Domestic & International Sales

- Maintain growth of surgery business in fast growing UK market
- Package up UK selling model in an adoptable franchise for partners
- Establish US distributor partners for distribution and/or further licensing
- Develop royalty stream by working with ICU Medical to integrate LiDCO's technology
- Work with Nihon Kohden/Argon to achieve significant market share in Japan

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## Further Pursue Additional Parameter Convergence

- FDA clearance for LiDCO*rapid*<sup>v2</sup> with Unity Software incorporating CNAP in August 2013
- Further develop and add more GUI functions / parameters to LiDCO*rapid* 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 LiDCO*rapid*<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 LiDCO*rapid* 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.
  - Emergency laparotomy
  - Obstetrics
  - Shock / Sepsis
- Further differentiate graphical user interface by location of use and clinical application

- New widely applicable LiDCO*rapid*<sup>v2</sup> monitor with non-invasive and depth of anesthesia options
- Expansion of the patent estate to protect and enhance LiDCO's IP for distribution and licensing arrangements
- NHS initiatives should continue to drive significant growth in UK
- Direct sales re-established in US and seeking licensing and distribution partners
- Significant partners in Japan with monitors already purchased by key hospitals
- High margin products with scaleable business model
- LiDCO to be cash generative and profitable for the full year

# Appendices



# Income statement

	6 months ended 31 July 2013 £'000	6 months ended 31 July 2012 £'000
Revenue	4,235	3,348
Cost of sales	(1,430)	(1,187)
Gross profit	2,805	2,161
Administrative expenses	(2,900)	(2,450)
Loss from operations	(95)	(289)
Finance income	7	1
Finance expense	(18)	(24)
Loss before tax	(106)	(312)
Income tax	(7)	(9)
(Loss)/profit and total comprehensive (expense)/income for the year	(113)	321
<b>Loss/earnings per share (basic and diluted) (p)</b>	<b>(0.06)</b>	<b>(0.18)</b>

# Balance Sheet

	31 July 2013	31 Jul 2012	31 Jan 2013
	£'000	£'000	£'000
Non-current assets	2,650	2,108	2,393
<b>Current assets</b>			
Inventory	2,113	1,771	2,271
Trade & other receivables	2,037	1,981	2,506
Cash	2,292	1,001	2,060
Total current assets	6,442	4,753	6,837
<b>Current liabilities</b>			
Trade & other payables	(1,644)	(1,391)	(1,573)
Deferred income	(293)	(273)	(263)
Borrowings	(178)	(447)	(183)
Total current liabilities	(2,115)	(2,111)	(2,019)
Net current assets	4,327	2,642	4,818
Long term liabilities	(168)	(520)	(341)
Net assets	6,809	4,230	6,870

# Summary cash flow

	6 months ended 31 July 2013 £'000	6 months ended 31 July 2012 £'000
Loss before tax	(106)	(312)
Net cash inflow from operating activities	931	167
<b>Cash flows from investing activities</b>		
Purchase of plant, property & equipment	(142)	(165)
Purchase of intangible assets	(463)	(522)
Net interest paid	(11)	(24)
Net cash used in investing activities	(616)	(711)
Net cash inflow/(outflow) before financing	315	(544)
<b>Cash flows from financing activities</b>		
Repayment of finance lease	(99)	(79)
Issue of ordinary share capital	16	13
Net cash outflow from financing activities	(83)	(66)
Net Increase/(decrease) in cash and cash equivalents	232	(610)
Opening cash and cash equivalents	2,060	1,341
Closing cash and cash equivalents	2,292	731
Cash at bank	2,292	1,001
Overdraft	-	(270)
Closing cash and cash equivalents	2,292	731

# Revenues by region

	6 months to July 2013				6 months to July 2012			
	Monitors	Disposables	Other	Total	Monitors	Disposables	Other	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>LiDCO sales</b>								
UK	524	1,595	120	2,240	216	1,184	112	1,512
US	24	387	4	415	209	318	1	528
Japan	133	48	-	181	116	-	-	116
Europe & ROW	275	241	12	527	77	229	15	321
	956	2,271	136	3,363	618	1,731	128	2,477
<b>3rd party sales</b>								
UK	-	872	-	872	-	871	-	871
<b>Total sales</b>	<b>956</b>	<b>3,143</b>	<b>136</b>	<b>4,235</b>	<b>618</b>	<b>2,602</b>	<b>128</b>	<b>3,348</b>

# Unit sales/installations by region

	6 months to July 2013		6 months to July 2012	
(incl placed monitors)	Monitors	Disposables	Monitors	Disposables
	Units	Units	Units	Units
<b>LiDCO products</b>				
UK	86	17,525	30	12,710
US	13	3,645	65	4,935
Japan	40	1,000	40	0
Europe & ROW	41	3,935	16	4,200
	180	26,105	151	21,845

Table includes placed monitors

# 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>\$70m</b>	<b>\$660m</b>	<b>\$570m</b>	<b>\$770m</b>

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

Source: Management and published data

# 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
<b>UK</b> Opportunity: <b>\$70 million</b> Target: Arterial line and non-invasive surgery patients	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
<b>US</b> Opportunity: <b>\$660 million</b> Target: Arterial line and non-invasive and BIS™ modular option	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
<b>Japan</b> Opportunity: <b>\$570 million*</b> Target: Arterial line and BIS™ customers	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

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

# Blood flow fall across induction and its correction using LiDCO*rapid*

