

Interim Results Presentation

Six months to 31 July 2014

16 September 2014

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Chief Executive Officer

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To be read in conjunction with the interim results announcement

- Total revenue down 12% to £3.71m (2013: £4.24m)
- Export revenues (excluding Japan) up 16%; with US up 41%
- UK revenue down 16%
- 128 monitors sold or placed in the period (Full Year 2013: 303)
- Surgical disposables units up 4%
- Non-invasive surgery product roll out continues representing 30% of disposable units sold in UK and EU
- Loss before tax* £190,000 (2013: loss £70,000)
- EBITDA positive at £112,000 (2013: £253,000)
- Cash at period end £1.81m (31 Jan 2014: £2.38m)

* *before share based payments*

Key performance indicators

Disruptive innovation phase now largely complete – market growth is expected with the company now in the sales execution phase

	Year to January 2014	Year to January 2015
Revenue growth of LiDCO products	25%	The Company remains on track to deliver growth in LiDCO product revenues
LiDCO product revenue per employee (FTE)	£160,000 pa	Headcount and administration costs remain under control while LiDCO revenues are expected to increase
Monitors sold/placed in the year	303	128 monitors to July 2014 (99 LiDCOrapid, & 29 LiDCOplus)
Unit sales of surgical disposables	40,660	17,535 to July 2014, an increase of 4% over the comparative period. We expect a further increase in H2
Average uses per surgery monitor per month (UK)	5.7 uses	4.9 uses to July 2014. Once de-stocking has finished this should revert to circa 6.0 uses for remainder of year
Gross profit margin on LiDCO products	81%	82% achieved to July 2014

Income Statement Summary

- Total revenue down 12%
 - Exceptional comparative
 - De-stocking of UK disposables
- Export revenues (excluding Japan) up 16%; US revenue up 41%
- UK revenue down 16%
- Margin 82% (2013 H1: 78%)
 - ICU disposables 90%
 - Surgery disposables 94%
- Overheads reduced by £156,000

	6 months to July 2014 £'000	6 months to July 2013 £'000
Revenue	3,708	4,235
Cost of sales	(1,192)	(1,430)
Gross profit	2,516	2,805
Administrative expenses	(2,744)	(2,900)
Operating loss	(228)	(95)
Net finance expense	(2)	(11)
Loss before tax	(230)	(106)
Income tax	(14)	(7)
Loss after tax	(244)	(113)

Cash flow and working capital

- Cash outflow from operating activities of £90k more normalised
- £211k increase in inventory
- Intangible costs of £243k (2013: £463k)
- Repayment of finance lease £85k – outstanding debt £90k
- Final instalment of £112k re US buy-back
- Closing cash £1.81m

	6 months to July 2014	6 months to July 2013
	£'000	£'000
Loss before tax	(230)	(106)
Net cash flow from operating activities	(90)	931
Cash used in investing activities	(422)	(598)
Net cash flow before financing	(512)	333
Net cash flow - financing activities	(52)	(101)
Net change in cash	(564)	232
Opening cash	2,373	2,060
Closing cash	1,809	2,292

Total market for disposables addressed by LiDCO*rapid*^{v2} \$2.1 bn

World wide there are 240 million anesthetic procedures annually of which 24 million are high-risk surgeries

We would estimate that only a few percent of high-risk patients cared for in this way to date. Clearly considerable market growth has still to occur

Drivers are present in major markets:

- US - perioperative surgical home (PSH): an innovative practice model proposed by the American Society of Anesthesiologists
- UK - High impact innovation adoption drive
- Japan - reimbursement available

- LiDCO monitor v2 with Unity software
- Launched in EU and UK March 2013
- The roll out of our non invasive monitoring BP module and Unity software is happening at pace now are circa 30% of our surgical disposable sales in the UK and EU
- 248 non invasive modules sold/placed, 114 in direct sales territories of the UK and US and 134 in export markets
- 4,175 non invasive disposable units sold H1 2014 (H1 2013: 2,855)



- UK has led the way in adoption of fluid monitoring of high-risk surgery patients
- Further movement to placed monitors with reduced capital sales
- 51 monitors installed - 33 surgery, 18 ICU
- Surgical disposables unit sales down 1% to 10,860 (2013: 11,015) due to de-stocking – growth expected in H2
- UK LiDCO product revenues £1.79m (2012: £2.24m)
- 29% of surgery disposables are non-invasive

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	46	120	11,015	12,555	23,570
2014/15	33			10,860		

Average usage per monitor per month for surgery disposables was 4.9 compared with 6.02 for last full year. Expected to revert to c. 6 in H2

Table includes placed monitors

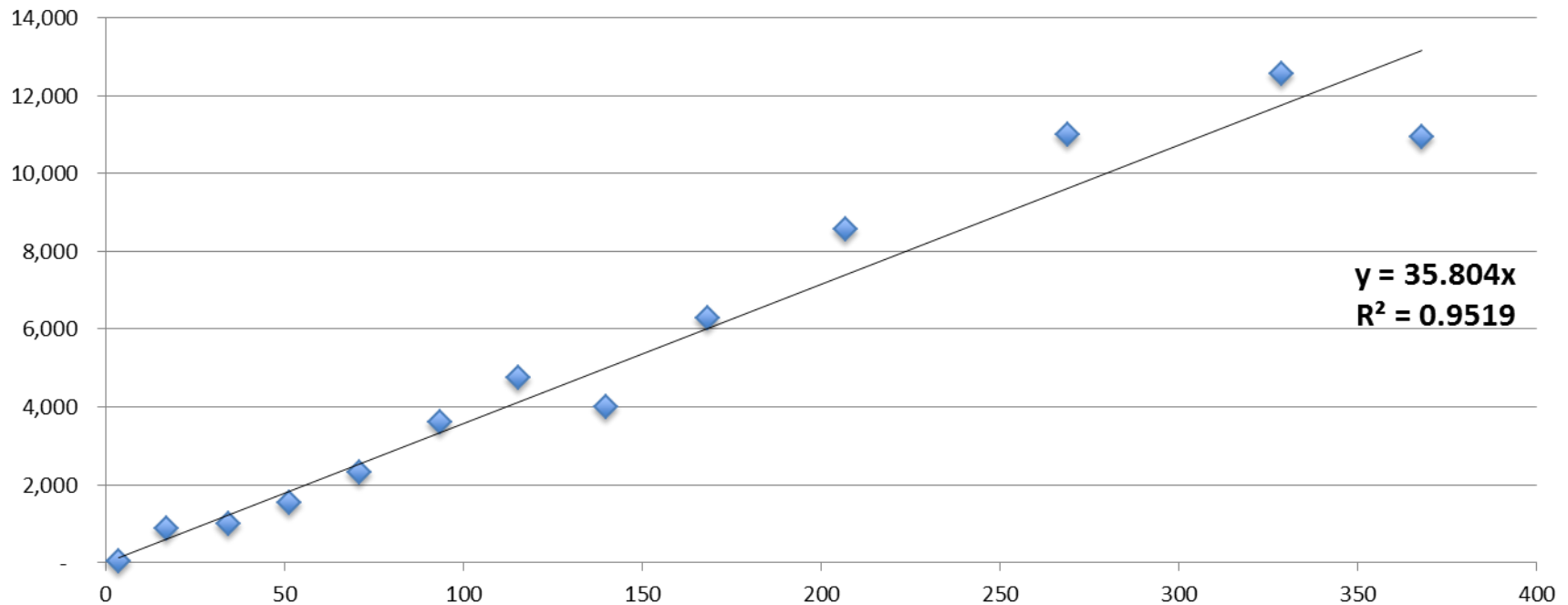


LiDCOrapid with 370 monitors will drive growth of surgery disposables

UK surgery disposables

This slide shows historical sales of UK smartcards in each half year against the active installed monitor base and the high level of predictability of 6 cards per monitor per month and effect of overstocking in 2013 on H1 sales 2014

CARDS SOLD



Large territories require multiple sales channels

Route to market	USA	Japan
Direct	Yes – small sales force	N/A
Exclusive distribution	N/A	With Nihon Kohden & under review
Non Exclusive distribution	Yes – an available option with regional entities	Yes – an available option
License arrangements with royalty payments	Yes – launch expected H1 2015 Licence signed with ICU medical	Yes – an available option

Revenues by region

	6 months to July 2014				6 months to July 2013			
	Monitors	Disposables	Other	Total	Monitors	Disposables	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
LiDCO sales								
UK	180	1,466	140	1,786	524	1,595	120	2,239
US	118	462	5	585	24	387	4	415
Europe	84	203	8	295	184	182	12	378
Japan	-	-	-	-	133	48	-	181
Rest of World	137	75	2	214	91	59	-	150
	519	2,206	155	2,880	956	2,271	136	3,363
3rd party sales								
UK	-	828	-	828	-	872	-	872
Total sales	519	3,034	155	3,708	956	3,143	136	4,235

Unit sales/installations by region

(incl placed monitors)	6 months to July 2014		6 months to July 2013	
	Monitors	Disposables	Monitors	Disposables
	Units	Units	Units	Units
LiDCO products				
UK - Surgical	33	10,860	74	11,015
UK - Critical care	18	5,740	12	6,510
UK - Total	51	16,600	86	17,525
US	35	4,241	13	3,645
Europe	15	3,405	26	2,965
Japan	-	-	40	1,000
Rest of World	27	1,475	15	970
	128	25,721	180	26,105

Table includes placed monitors

Further clinical evidence

Date	The Study	Benefits
January '14	AAGBI guidelines in the UK & publication showing benefits of LiDCO's multimodal monitoring approach	Positive reinforcement for LiDCO's product strategy that allows MMM to be achieved with the use of single monitor – the LiDCO <i>rapid</i> ^{v2}
March'14	A Cost-Effectiveness Analysis of Postoperative Goal-Directed Therapy (GDT) for High-Risk Surgical Patients	Study concludes that GDT adoption is both cost effective as well as clinically effective
May'14	Enhanced Recovery Study Group, Duke University "Reduced Length of Hospital Stay in Colorectal Surgery	Enhanced patient recovery and reduced costs re length of stay, of post-operative infections and need for re-admission
May'14	OPTIMISE study results and updated systematic review of surgical hemodynamic optimisation	OPTIMISE data consistent with the findings that perioperative hemodynamic intervention is associated with a reduced complication rate and length of stay
July '14	Goal-Directed therapy following cardiac surgery and the incidence of acute kidney injury (AKI)	Reduction in kidney damage through nurse led LiDCO's fluid monitoring reduces the incidence of post-operative AKI by 70%, which represents a significant saving to the NHS and improves patient outcomes

- Focus remains on delivering on our KPIs over the full year
- Installed base of surgery monitors will continue to increase
- Further increase in surgical disposable sales in the second half
- High margin products with scaleable business model
- Widely applicable LiDCO*rapid*^{v2} monitor with non-invasive and depth of anesthesia options – 30% of UK & EU disposables are non invasive enabled
- Further progress expected in LiDCO product revenues and profit
- Debt free at year end with a strong balance sheet

Appendices

Arterial Line and Non-Invasive Disposables Market

Addressed by LiDCOrapid^{v2}

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	\$70m	\$660m	\$570m	\$770m

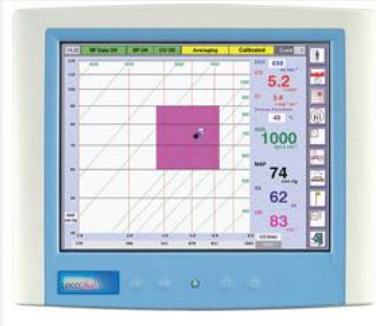
Total market for disposables addressed by LiDCOrapid^{v2} \$2,071m

Source: Management estimates from published data

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

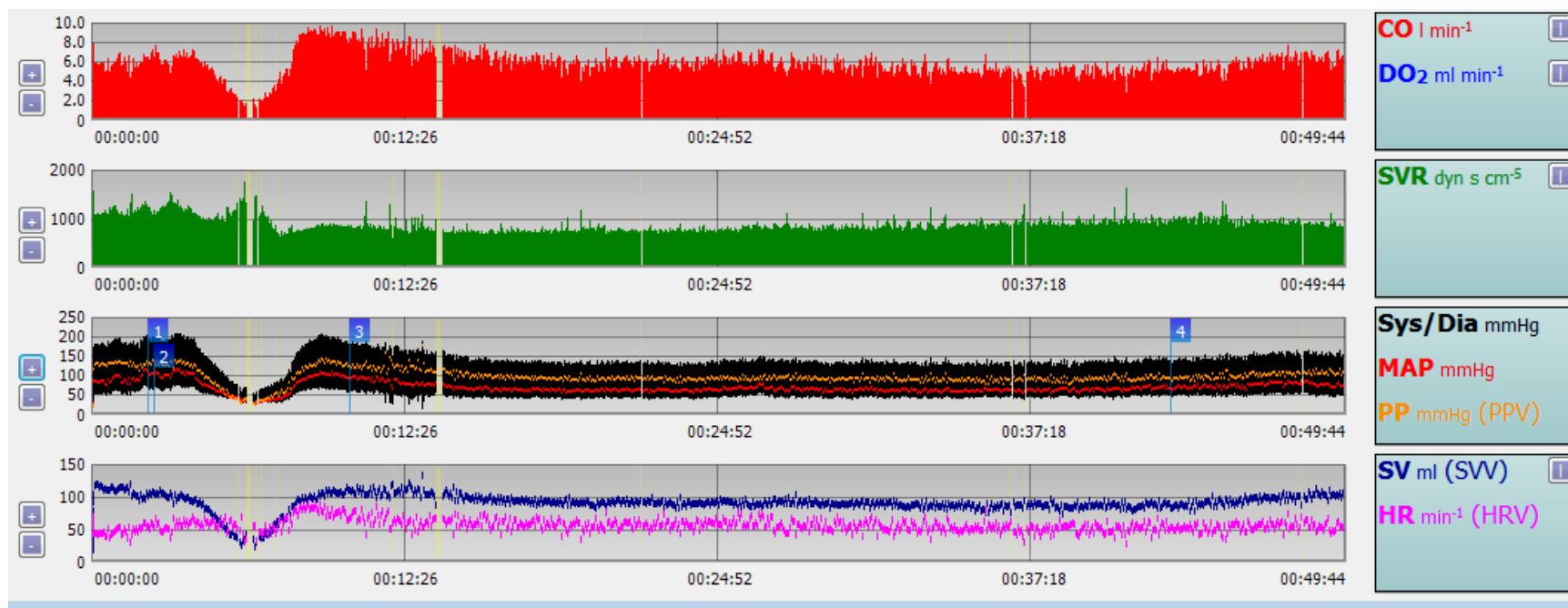
LiDCOrapid^{v2} with Unity Software



- 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

Blood flow fall across induction and its correction using LiDCOrapid



Income statement

	6 months to July 2014 £'000	6 months to July 2013 £'000	Year to Jan 2014 £'000
Revenue	3,708	4,235	8,631
Cost of sales	(1,192)	(1,430)	(2,736)
Gross profit	2,516	2,805	5,895
Administrative expenses	(2,744)	(2,900)	(5,660)
Operating (loss)/profit	(228)	(95)	235
Net finance expense	(2)	(11)	(18)
(Loss)/profit before tax	(230)	(106)	217
Income tax	(14)	(7)	82
(Loss)/profit and total comprehensive (expense)/income for the period	(244)	(113)	299
(Loss)/earnings per share (basic and diluted) (p)	(0.13)	(0.06)	0.15

Balance Sheet

	31 July 2014	31 July 2013	31 Jan 2014
	£'000	£'000	£'000
Non-current assets	2,689	2,650	2,602
Current assets			
Inventory	2,262	2,113	2,051
Trade & other receivables	1,777	2,037	2,222
Cash	1,809	2,292	2,373
Total current assets	5,848	6,442	6,646
Current liabilities			
Trade & other payables	(1,176)	(1,644)	(1,550)
Deferred income	(186)	(293)	(274)
Borrowings	(90)	(178)	(175)
Total current liabilities	(1,452)	(2,115)	(1,999)
Net current assets	4,396	4,327	4,647
Long term liabilities	0	(168)	0
Net assets	7,085	6,809	7,249

Summary cash flow

	6 months ended 31 July 2014 £'000	6 months ended 31 July 2013 £'000	Year ended 31 January 2014 £'000
Profit/(Loss) before tax	(230)	(106)	217
Net cash (outflow)/inflow from operating activities	(90)	931	1,566
Cash flows from investing activities			
Purchase of plant, property & equipment	(193)	(142)	(342)
Purchase of intangible assets	(234)	(463)	(723)
Finance income	5	7	13
Net cash used in investing activities	(422)	(598)	(1,052)
Net cash inflow/(outflow) before financing	(512)	333	514
Cash flows from financing activities			
Finance expense	(7)	(18)	(31)
Repayment of finance lease	(85)	(99)	(190)
Issue of ordinary share capital	40	16	20
Net cash outflow from financing activities	(52)	(101)	(201)
Net Increase/(decrease) in cash and cash equivalents	(564)	232	313
Opening cash and cash equivalents	2,373	2,060	2,060
Closing cash and cash equivalents	1,809	2,292	2,373