



LiDCO Group Plc

2010 Preliminary Results Presentation

26th April 2010

“Our strategy for growth remains clearly focused on three key areas: products, market access and evidence and awareness”

Theresa Wallis,
Chairman’s Statement 2009/10

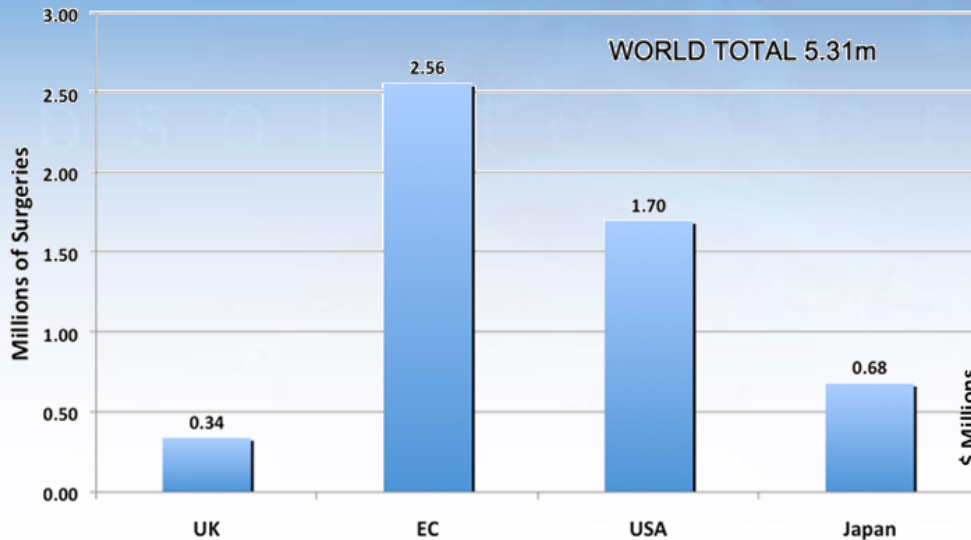
- Med-tech company listed on AIM
- Minimally invasive hemodynamic monitoring products
- Standard of care moving from invasive catheters to less invasive technologies
- US\$1.2bn market potential in surgery and intensive care
- 2008 launch of LiDCO*rapid* opened up the US\$800m surgery opportunity
- Strong distribution partners giving access to global markets
- Enhanced product range helped expand distributor network & driving export sales - up by 50%
- Significant increase in installed base – monitors sold or placed in the period - up by 37% with disposable volumes up 26% to 37,918 units

- Revenue up 18% to £5.37m (2008/9: £4.53m)
- Export sales £3.54m now 66% of income and up by 50% (2008/9: £2.36m)
- USA sales biggest contributor up by 120% to £2.28m (2008/9: £1.03m)
- Recurring revenue up 22% to £3.13m (2008/9: £2.57m) – now 58% of revenue
- Operating loss reduced by 14% to £1.54m (2008/9: £1.80m)
- Loss per share 0.87p (2008/9: 1.16p)
- Strengthened balance sheet – cash balance £1.85m (2008/9: £0.49m)
- Borrowings repaid - £3.02m of equity raised in the year
- FinnCap reporting maiden profit in current year

- LiDCO products now distributed by Covidien in the USA, the Group's biggest market
- Highest single year increase in installed monitor base up by 37% to 2,075. 565 monitors sold or placed in the period (2008/9: 326)
- Sensors, smartcard and fees-per-use volumes up 26% to 37,918 units (2008/9: 30,125)
- Selected as sole technology for OPTIMISE – UK Government sponsored multi-centre clinical outcomes study
- Second generation LiDCO*rapid* v1.02 software launched
- Work commenced to integrate Covidien's depth of anesthesia BiSpectral Index (BIS) product onto LiDCO*rapid* platform monitor
- LiDCO*rapid* Japanese registration progressing – launch expected in 2011

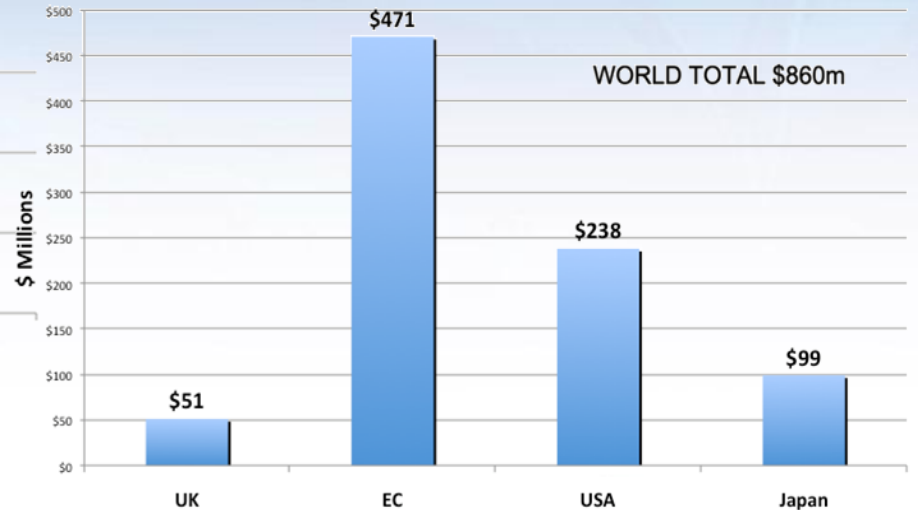
Major surgery market

Numbers of Major Surgery Procedures



TOTAL SURGERIES	AVG PRICE	MARKET SIZE
5.31M	\$162	\$860M

Market Size - Major Surgery (\$m)

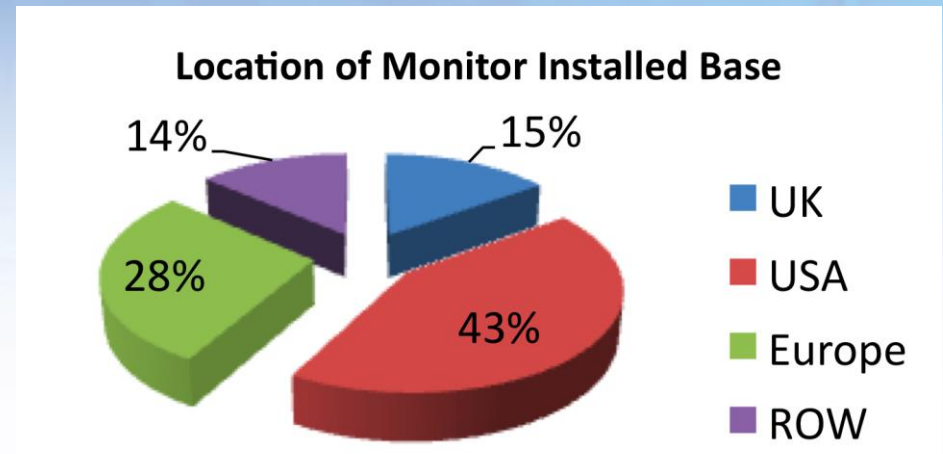


Reference: Pearse et al., Critical Care 2006, 10:R81
(doi:10.1186/cc4928)

- Emerging evidence-based purchasing - pressure to reduce costs and improve efficiency
 - QIPP Quality Innovation Productivity and Prevention – changing practice
- Surgical complications (infections and organ failure)
 - in the USA there are an estimated ¹ 290,000 surgical site infections costing \$10bn / annum
- Use of LiDCO's technology on high-risk surgery patients can:
 - reduce complications (particularly infections) by more than one third
 - reduce hospital stay per patient by an average of 12 days & costs by £4,800 per patient
 - estimated to save up to £2m per year at St George's Hospital, London

¹ The Centers for Disease Control & Prevention – quote from Wall street Journal 2nd Feb 2010

Monitor installed base now @ 2,075 units up 37%
 565 monitors sold or placed in period
 LiDCO*rapid* now 38% of installed base after 21 mths



	Year ended 31 January 2010 £'000	Year ended 31 January 2009 £'000
Revenue	5,367	4,532
Cost of sales	(2,074)	(1,512)
Gross profit	3,293	3,020
Administrative and distribution costs	(4,832)	(4,816)
Loss from operations	(1,539)	(1,796)
Finance income	5	57
Finance expense	(11)	(31)
Loss before tax	(1,579)	(1,770)
Income Tax	118	120
Loss per share (basic and diluted) (p)	(0.87p)	(1.16p)

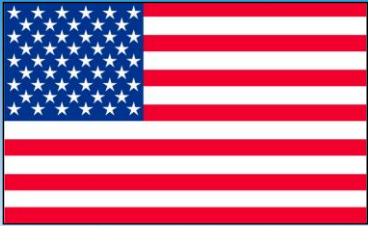
Summary cash flow

	Year ended 31 January 2010 £'000	Year ended 31 January 2009 £'000
Operating loss	(1,539)	(1,796)
Net cash outflow from operating activities	(443)	(1,204)
Net cash used in investing activities	(601)	(598)
Net cash outflow before financing	(1,044)	(1,802)
Cash flows from financing activities		
Repayment of Finance lease	(10)	-
Issue of ordinary share capital	3,021	-
Convertible loan drawdown/(repayment)	-	(553)
Invoice discounting financing facility	(364)	364
Net cash generated from financing activities	2,647	(189)
Net (decrease)/increase in cash and cash equivalents	1,603	(1,991)
Opening cash and cash equivalents	243	2,234
Closing cash and cash equivalents	1,846	243

	Year ended 31 January 2010 £'000	Year ended 31 January 2009 £'000
Non-current assets	1,351	1,417
Current assets	4,709	3,346
Current liabilities	(1,227)	(1,560)
Net current assets	3,482	1,786
Total assets less current liabilities	4,833	3,203
Total equity	4,819	3,179
Non-current liabilities	14	24
Total equity and non-current liabilities	4,833	3,203

L i D C O TM Strengthened balance sheet

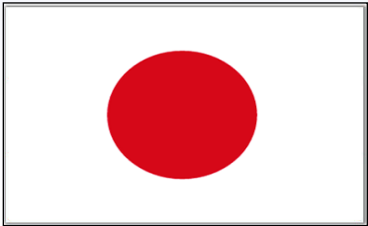
- Net cash outflow before financing activities was £1.044m (2009: £1.8m), with an outflow of £743,000 in the first half and £301,000 in the second
- Historically the Group has used bank loans, overdrafts and invoice discount financing facilities as a means of providing working capital
- To reduce our dependence on such facilities the Group issued new ordinary shares at 10p to existing investors, including management and to new institutional investors raising £3.02m net
- This allowed the Group to repay overdraft and invoice discount balances of £608,000 outstanding at the start of the year and it now has no borrowings



Covidien

A leading global healthcare products company

- has **the biggest** hemodynamic monitoring medical product sales team in the US with reach into both the intensive care and surgery markets
- currently sells into **over 80%** of operating rooms in major US hospitals
- Has complementary monitoring products

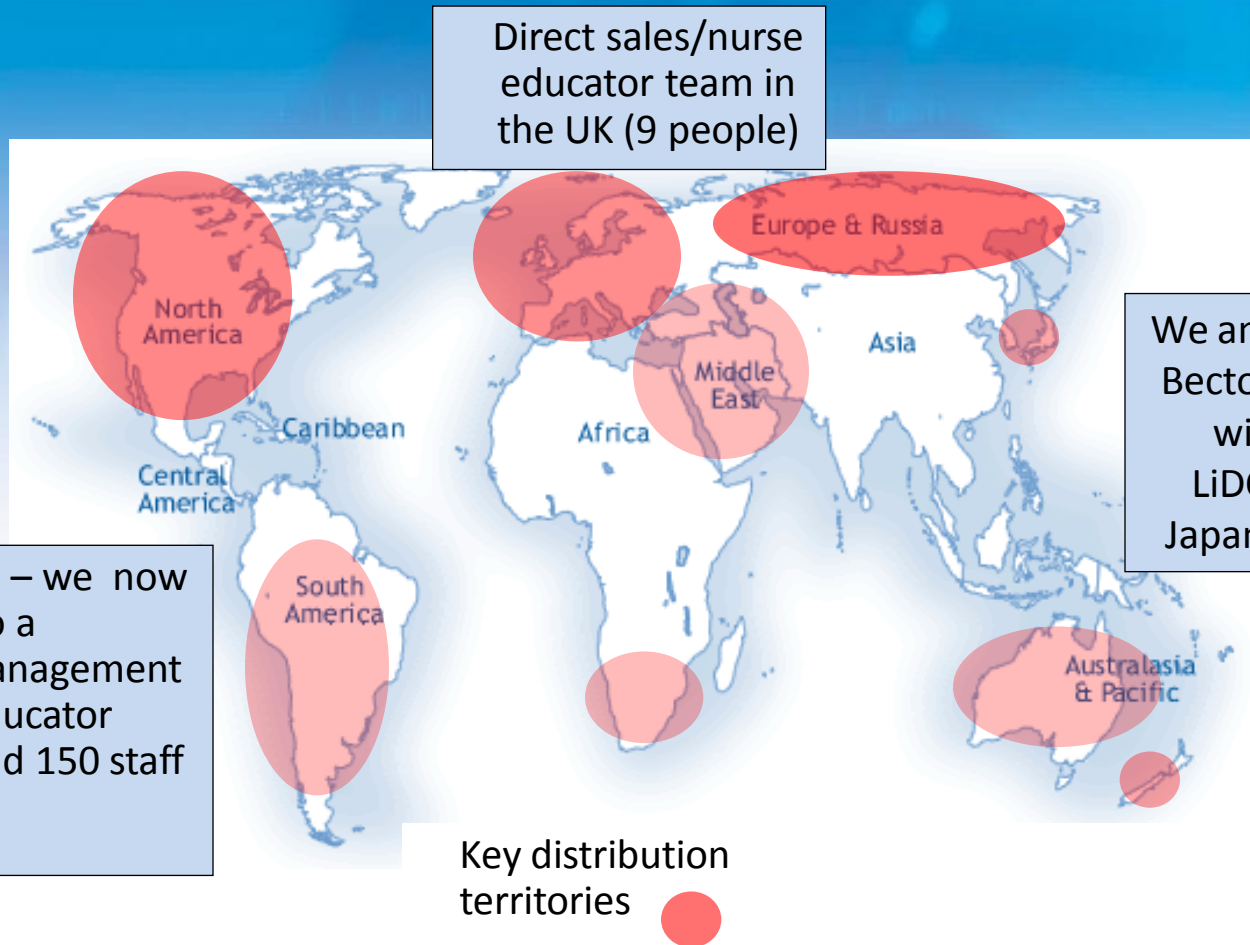


Becton Dickinson

One of the world's leading medical device companies

- will directly market the *LiDCOrapid* in Japan
- Japan is the second biggest country market for our products
- minimally invasive monitoring is reimbursed in Japan

Strong distribution network



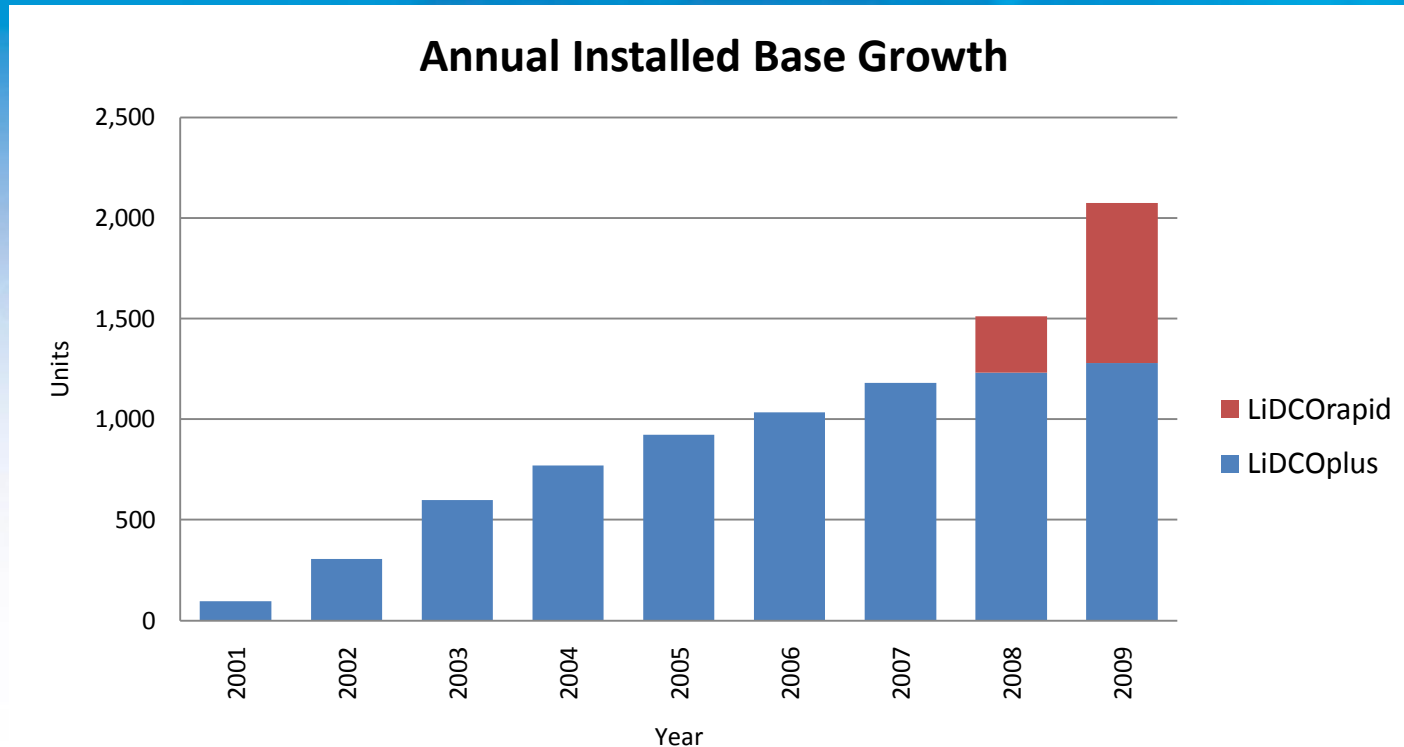
With Covidien – we now have access to a sales/sales management and clinical educator force of around 150 staff

LiDCO products are now available across the world through more than 30 distributors

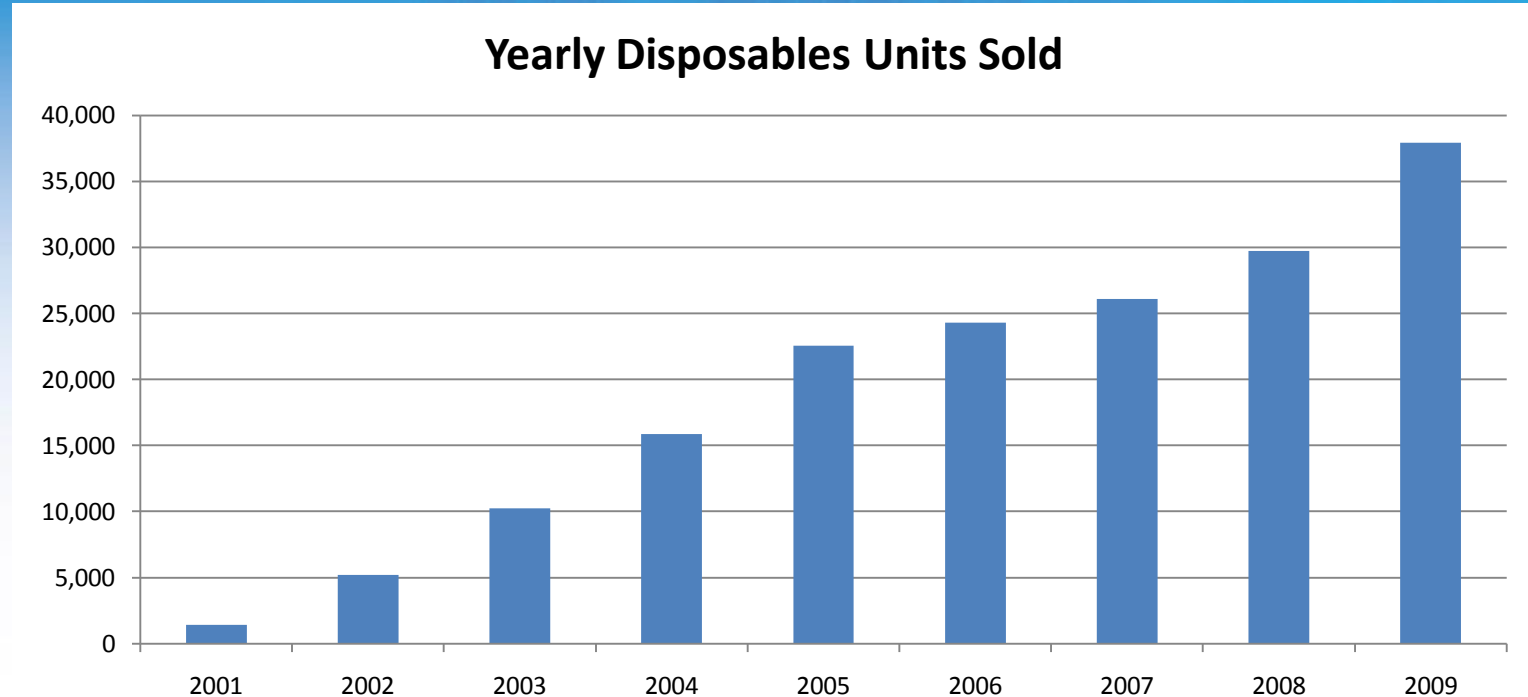
Export sales now represent 66% of our income and grew by 50%

Summary of sales table

	Year to 31 January 2010	Year to 31 January 2009	Increase/ decrease	Increase/ Decrease %
Revenue by type (£'000)				
- Monitors	1,855	1,959	(104)	(5%)
- Excl. Medicsight One	1,855	1,645	210	13%
- Sensors/Smartcards/Fee per Use	3,125	2,573	522	21%
- Licence Fees	387	0	387	
Total	5,367	4,532	835	18%
Monitors (Units)				
-Sold	565	326	239	73%
-Placed	29	16	13	
Sensor, Smartcard and Fee per Use Sales (units)	37,918	30,125	7,793	26%
Installed Base (end period)	2,075	1,510	565	37%



The installed base increased by **565** monitors
LiDCOrapid is 38% of the installed base



**Disposable numbers were up 26%
@ 37,918 units**

- LiDCO's R&D efforts are focused on increasing customers' access to our minimally invasive hemodynamic monitoring
- R&D is carried out in-house by our experienced team with specialist knowledge of: physiology, sensor manufacture, signal processing and user interface design

Main Projects

- Version 1.02 *LiDCOrapid* – launched July 2009 – added functionality
- Version 1.03 – *LiDCOrapid* expected Q3, 2010
 - Universal pressure waveform module
 - Language localisation
 - RS 232 data configuration
- Version 2.0 *LiDCOrapid* series 2nd generation
 - BiSpectral Index display
 - Improved intra operative functionality and user interfaces

L i D C O TM Accumulating body of evidence

The PulseCO algorithm has remained unchanged since launch in 2001 and its performance validated in the following patient populations:

General surgery (Heller *et al.*, 2002),

General intensive care (Smith *et al.*, 2005)

Post-operative care (Pittman *et al.*, 2005; Hamilton, 2002)

Hyperdynamic liver transplantation (Costa *et al.*, 2007),

Off-pump cardiac surgery (Missant and Wouters, 2007)

On-pump cardiac surgery (Wilde *et al.*, 2007, Marquez *et al.*, 2008)

Heart failure (Kemps *et al.*, 2009)

Obstetrics (Dyer *et al.*, 2008, Langesaeter *et al.*, 2009)

Note: in addition to the above a number separate studies have been conducted to demonstrate improved outcomes

Over the last year clinicians have demonstrated use in the fields of:

- organ transplantation
- major and bariatric surgery
- obstetrics
- intensive care
- cardiology

Optimisation of intraoperative haemodynamics: early experience of its use in major head and neck surgery

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CLINICAL RESEARCH

Stroke Volume Variation as a Guide to Fluid Administration in Morbidly Obese Patients Undergoing Laparoscopic Bariatric Surgery

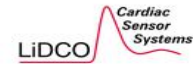
Anil Kumar Jain · Amitabh Dutta

Hemodynamic Effects of Ephedrine, Phenylephrine, and the Coadministration of Phenylephrine with Oxytocin during Spinal Anesthesia for Elective Cesarean Delivery

Robert A. Dyer, F.C.A.(S.A.),* Anthony R. Reed, F.R.C.A.,† Dominique van Dyk, F.C.A.(S.A.),‡
Michelle J. Arcache, F.C.A.(S.A.),‡ Owen Hodges, F.C.A.(S.A.),‡ Carl J. Lombard, Ph.D.,§ Jaime Greenwood, F.R.C.A.,||
Michael F. James, Ph.D.#

LIDCO™ LiDCO / St Georges workshop

29 April 2010



LiDCO Haemodynamic Workshop

Course Director:
Course Co-Director:

Dr Maurizio Cecconi
Dr Philip Newman

Faculty

Dr Maurizio Cecconi, MD, MD(UK)
Deborah Dawson
Dr Philip Newman, FRCA
Dr Andrew Rhodes, FRCP, FRCA
Vaughan Holm
Andrew Sykes
Nicholas Gosling

Consultant in Anaesthesia and Intensive Care
Consultant Nurse in Intensive Care
Consultant in Anaesthesia and Intensive Care
Consultant in Anaesthesia and Intensive Care
Clinical Simulation Specialist
Clinical Simulation Engineer
Head of Simulation

Programme

08.30 - 09.00 Registration and Welcome

Haemodynamic Optimisation

09.00 - 09.15 Cardiovascular Physiology
09.15 - 09.30 Fluid Challenge and Stroke Volume Maximisation
09.30 - 09.45 Evidence Base
09.45 - 10.00 St George's Hospital Optimisation: How we do it.

Dr M. Cecconi
Dr A. Rhodes
Dr P. Newman
D. Dawson

Hands on the monitors (Participants divided in two groups: Group 1 and Group 2)

10.00 - 10.30 **Group 1** Hands on LiDCO
10.00 - 10.30 **Group 2** Simulation
10.30 - 11.00 **Group 1** Simulation
10.30 - 11.00 **Group 2** Hands on LiDCO
11.00 - 11.30 *Coffee*

Case Based Discussion

11.30 - 12.00 Optimising the high risk patient
12.00 - 12.30 The haemodynamically unstable patient
12.30 - 13.30 *Lunch*

Participants divided in 3 groups (A, B, C)

13.30 - 14.15
Group A Theatre LiDCO*rapid*
Group B ICU LiDCO*rapid*
Group C ICU LiDCO*plus*
14.15 - 15.00
Group A ICU LiDCO*rapid*
Group B ICU LiDCO*plus*
Group C Theatre LiDCO*rapid*
15.00 - 15.45
Group A ICU LiDCO*plus*
Group B Theatre LiDCO*rapid*
Group C ICU LiDCO*rapid*
15.45 - 16.30 *Coffee and Certificates*



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Venue: St Georges Hospital and Simulation Centre

Blood flow fall across induction and its correction using LiDCORapid



Review

Latest developments in peri-operative monitoring of the high-risk major surgery patient

David Green*, Lise Paklet

King's College Hospital NHS Foundation Trust and King's College School of Medicine and Dentistry, London, UK

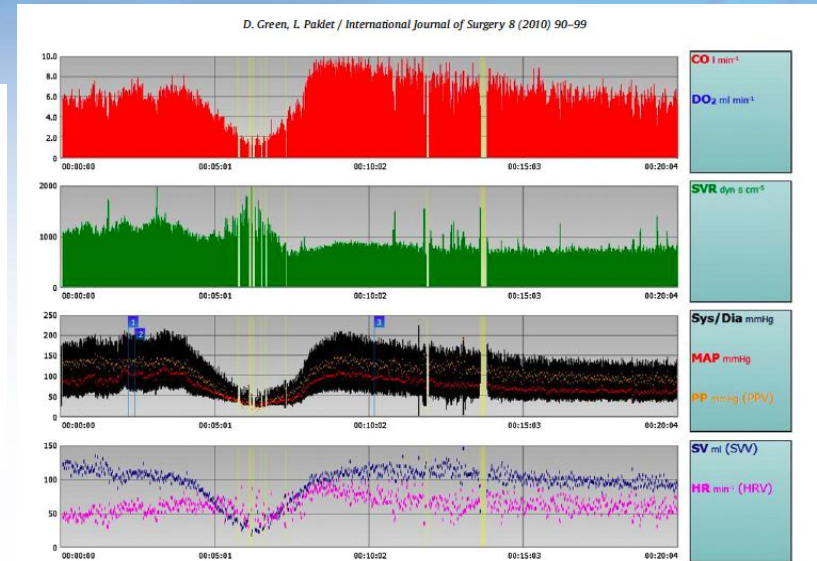
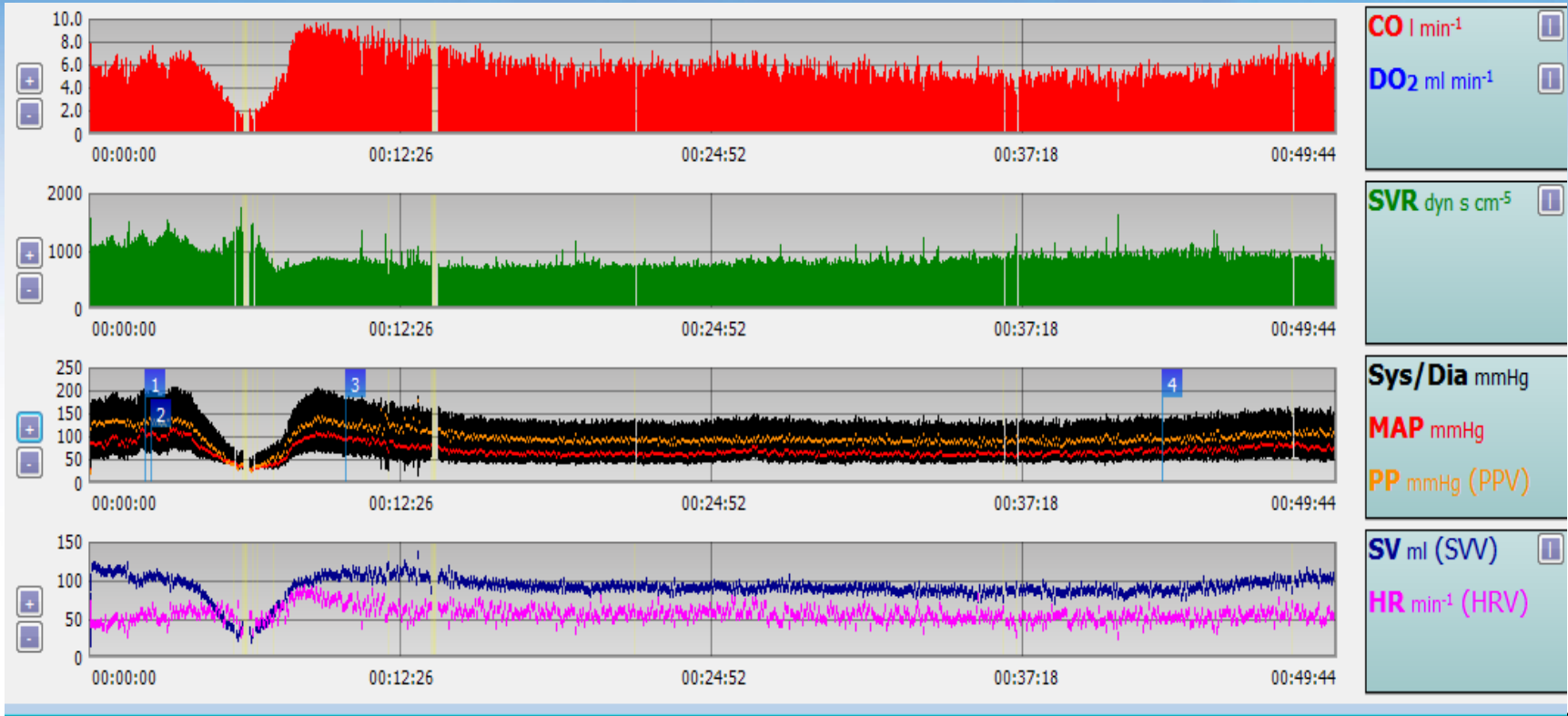


Fig 6. The LiDCO display shows that the fall in blood pressure (third trace down) at induction of anaesthesia (2) is entirely due to a proportional fall in cardiac output and SV (top trace, y axis in l min, bottom trace SV in mls). The second trace down shows a slight increase in systemic vascular resistance (SVR). This case was successfully treated with ephedrine followed by a phenylephrine infusion. A pure vasoconstrictor, such as metaraminol, would have been inappropriate. (Display obtained after downloading the data using LiDCO-ViewPro software).

Hypotension and low cardiac output on induction

Well controlled for rest of operation



- High margin products – attractive to distributors
- Innovative and patent protected products with \$1.2bn market potential
- Global corporate partners now engaged: Covidien (USA) and BD (Japan) – with complementary products
- Clinical validation and key opinion leaders support
- Knowledgeable and incentivised sales staff
- Brand recognition

- Strategy for growth remains focused on three key areas: products, market access, and evidence & awareness
- Maiden profit expected in the current financial year (FinnCap forecasts)
- Healthcare remains one of the most defended expenditures in developed countries
- Substantial distributor network positions the Company to take advantage of global opportunities
- Strong cash position
- Capital to adopt flexible monitor financing in UK and with smaller distributors
- Commenced development of second generation monitor to converge technologies into a single product combining hemodynamic monitoring & depth of anesthesia

Appendices

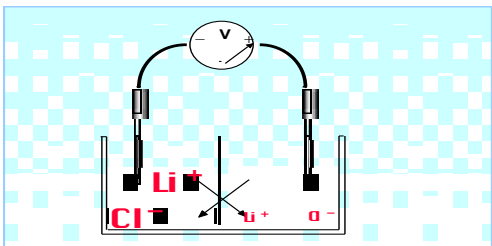
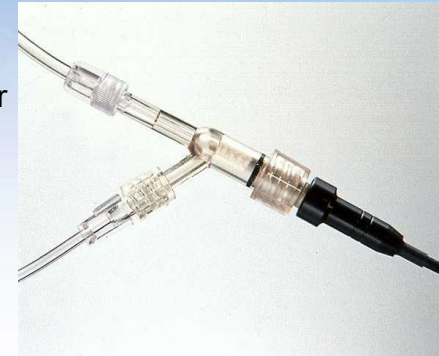
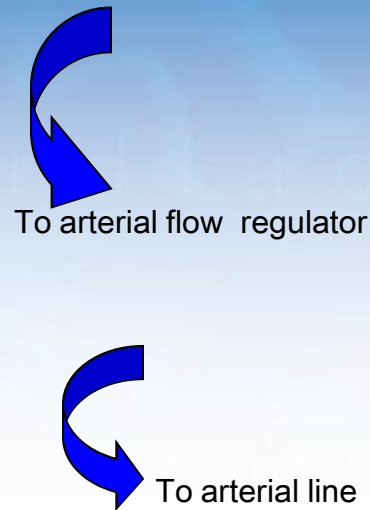
What makes a product attractive to distributors?

- Substantial and growing market
- Proprietary
- Low-cost manufacture
- High margin
- Ease of sale
- Low in-service requirement
- Convincing clinical **and** business case

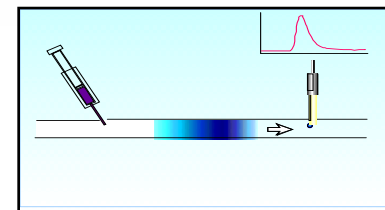


- *LiDCOplus* version 4.0 software
 - ICU market focus - highly evolved product & software
 - Calibration, oxygen delivery targeting for goal-directed therapy
 - LiDCO business case (GDT) - saving £4,800 per patient
- *LiDCOrapid*
 - Anesthesia and acute haemodynamic care product
 - Launched April 2008 – software updated to 1.02
 - High volume - expands territories & distribution
 - Combined LiDCOrapid / BIS display project started
- *LiDCOview*^{SE}, *LiDCOview*^{PRO}
 - PC based software
 - Used for data analysis/publications/research & clinical audit (GDT)
- *LiDCOlive*
 - Online remote monitoring via ethernet and a PC
 - eICU - in or out of the hospital

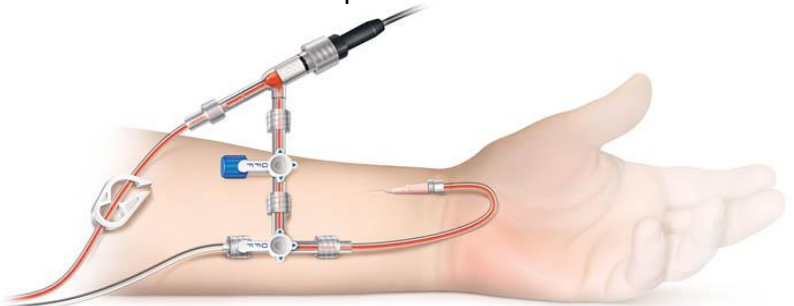
- The LiDCO disposable is used to calibrate LiDCOplus monitor
 - Proven and accepted basis for the technology
 - Indicator dilution close to 100 year history
- Lithium Dilution Cardiac Output - novel patent protected marker



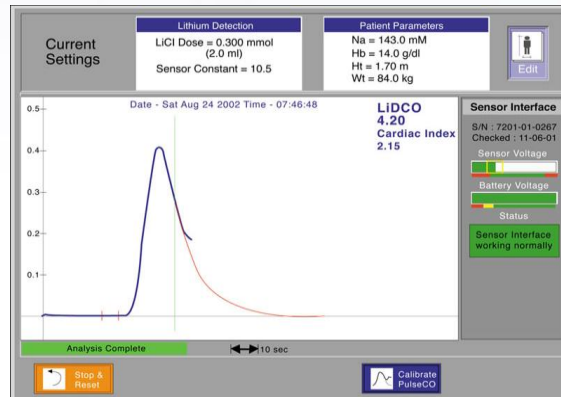
Lithium ionophore/sensor



Lithium sensor placed in the arterial line

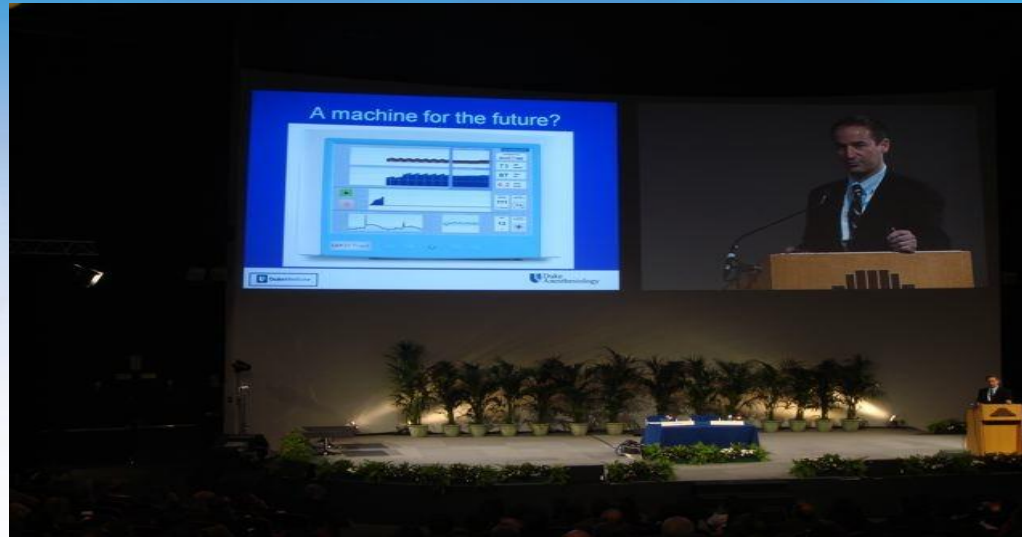


Central/peripheral LiCl injection



Lithium dilution curve on LiDCOplus monitor screen

‘A machine for the future’



“Conclusions: A large high-risk surgical population accounts for 12.5% of all surgical procedures but more than 80% of deaths. Despite high mortality rates, fewer than 15% of these patients are admitted to the ICU.”

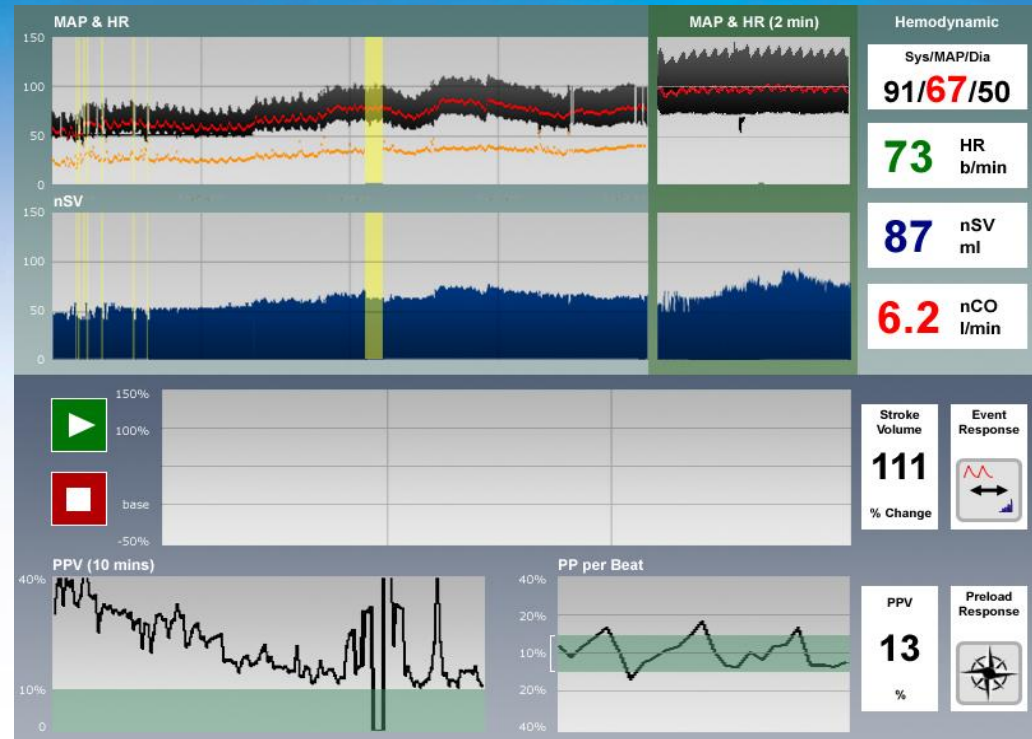
Dr Scot Brudney, Duke University, USA

Minimally invasive haemodynamic monitor specifically aimed at the **Surgery Anesthesia** market

Graphic and numerical display of pressures (MAP, SYS and DIA), HR, nSV and nCO, fluid response parameters: PPV and SVV

Graphic display of data from start of procedure on a beat by beat basis. Magnification window highlights last two minutes

Provides information about 'nominal' stroke volume and cardiac output. Uses proven and patented PulseCO continuous cardiac output algorithm enhanced with a demographically generated calibration factor



Hospital Resource Group (HRG) procedure code	n	Urgency	Deaths	Mortality rate
Q01:Emergency aortic surgery	6,598	Emergency	2,721	41.24%
F33:Large intestine; major procedures with complicating condition(s)	5,765	Emergency	1,290	22.38%
F41:General abdominal; very major or major procedures aged over 69 years or with complicating condition(s)	11,648	Emergency	1,843	15.82%
H05:Complex hip or knee revisions	1,667	Elective	186	11.16%
H33:Neck of femur fracture; aged over 69 years or with complicating condition(s)	170,804	Emergency	15,780	9.24%
F11:Stomach or duodenum; complex procedures	3,714	Elective	312	8.40%
Q02:Elective abdominal vascular surgery	17,791	Elective	1,321	7.43%
F01:Oesophagus; complex procedures	5,594	Elective	375	6.70%
F32:Large Intestine; very major procedures	44,814	Elective	1,521	3.39%
Q03:Lower limb arterial surgery	18,247	Elective	480	2.63%
L02:Kidney major open procedure; aged over 49 years or with complicating condition	17,549	Elective	343	1.95%
H02:Primary hip replacement	123,785	Elective	507	0.41%
L27:Prostate trans-urethral resection; aged over 69 years or with complicating condition	6,196	Elective	24	0.39%
B02:Phakoemulsification cataract extraction with lens implant	89,444	Elective	50	0.06%
F82:Appendectomy procedures; aged less than 70 years with no complicating condition	88,067	Emergency	15	0.02%