

Preliminary Results Presentation

Year ended 31 January 2015

31 March 2015

Terry O'Brien

Chief Executive Officer

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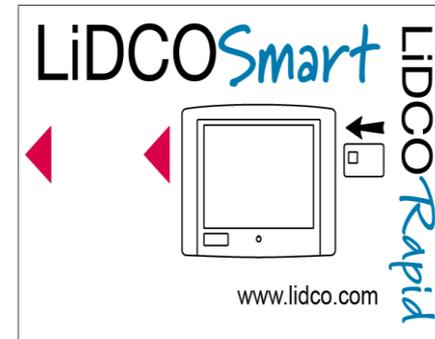
Finance Director



To be read in conjunction with the preliminary results announcement

- AIM listed medical devices company
- Addressing a potential \$2bn market with comprehensive product solutions addressing ICU and high - risk surgical patient pathway
- LiDCO now at sales execution phase
- Simple, safe & cost effective hemodynamic monitoring technology that:
 - Addresses anesthetic work flow, fluid and drug management
 - Spans the acute phase of the perioperative monitoring period
 - Has proven outcome benefits (reduction in mortality, morbidity and health care costs)
 - Platform monitor design – quick and efficient product development
 - Has a unique high margin “disposable” revenue stream

LiDCO's surgery business model



Flexible approach
Single card payment
Pathway approach
Perioperative period

Parameters & Permissions

Arterial line & Non invasive BP \pm CO & BIS

Variable time & multi-use capability

Overview – Year to January 2015

- Profit before tax* up 18% to £0.33m (2013/14: £0.28m)
- Total revenue down 4% to £8.27m (2013/14: £8.63m)
- Surgical disposables revenue up 10% to £3.39m (2013/14: £3.08m)
- UK surgical disposable units up 4% to 24,410 (2013/14: 23,570)
- Export sales up 9% to £2.67m (2013/14: £2.46m); up 22% (excluding Japan)
- 210 surgical monitors installed (2013/14: 268)
- EBITDA* of £1,063,000 (2013/14: £1,151,000)
- Debt fully repaid with cash at year-end of £1.51m (2013/14: £2.37m)

* *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 2015	Year to January 2014
Revenue growth of LiDCO surgery monitors & disposables	(2%) Excluding Japan up 6%	34%
Unit sales/use of surgical disposables	44,758	40,660
Revenue growth of LiDCO ICU products	(6%)	13%
LiDCO product revenue per employee (FTE)	£152,000 pa	£160,000 pa
Monitors sold/placed in the year	267	303
Average unit disposable sales per surgery monitor (UK)	4.9 per mth	5.7 per mth
Gross profit margin on LiDCO products	82%	81%
Disposable margin as % of overheads	87%	90%

Income statement summary

- Total revenue down 4%
 - No sales to Japan
 - Reduced UK ICU disposables
- Export revenues up 9%; US revenue up 29%
- UK revenue down 10%
- Margin 82% (2013/14: 81%)
 - ICU disposables 87%
 - Surgery disposables 95%
- Overheads down by £171,000

	Year to Jan 2015 £'000	Year to Jan 2014 £'000
Revenue	8,267	8,631
Cost of sales	(2,535)	(2,736)
Gross profit	5,732	5,895
Administrative expenses	(5,489)	(5,660)
Operating profit	243	235
Net finance expense	(5)	(18)
Profit before tax	238	217
Income tax	105	82
Profit after tax	343	299

Cash flow and working capital

- Higher year-end sales resulting in trade receivables up £700k
- Inventory up £68k in year but down £143k in H2
- Product development cost of £540k (2013/14: £621k)
- Repayment of finance lease £175k
- Final instalment paid of £112k re US buy-back
- Closing cash £1.51m & debt free
- Expect to be cash generative in current year

	Year to Jan 2015 £'000	Year to Jan 2014 £'000
Profit before tax	238	217
Net cash flow from operating activities	274	1,566
Cash used in investing activities	(991)	(1,052)
Net cash flow before financing	(717)	514
Net cash flow - financing activities	(147)	(201)
Net change in cash	(864)	313
Opening cash	2,373	2,060
Closing cash	1,509	2,373

Total potential 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. We believe there are substantial market growth opportunities

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 encouraged
- Japan - reimbursement available

Further clinical outcomes evidence

Announced	The Study	Benefits
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, post-operative infections and need for re-admission after implementation of an enhanced recovery protocol (ERAS)
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 technology reduces the incidence of post-operative AKI by 70%, which represents a significant saving to the NHS and improves patient outcomes
Nov'14	LiDCOrapid technology used in study showing reduced mortality in emergency laparotomy surgery	A study concluding that the implementation of an evidence-based care bundle for patients undergoing emergency laparotomy was associated with a significant reduction in the risk of death following the surgery.

- Three new versions of the LiDCO*rapid*^{v2} Unity software (2.03, 2.04 and 2.05) were made available
- LiDCO*rapid* - now compatible with the latest release of Philips IntelliBridge patient data interface and additional communication interfaces
- In March 2015 we concluded the development of our new portable LiDCO Battery Monitor Stand System ('BMSS')
- In parallel with the above projects we have been developing our next generation LiDCO v3 Unity software
- On the critical care side we have invested in a number of projects;
 - simplifying the LiDCO System calibration procedure
 - updating the LiDCO*plus* software graphical user interface and operating system

- UK leads the way in adoption of fluid monitoring of high-risk surgery patients
- Continued movement to placed monitors with reduced capital sales
- 107 monitors installed - 73 surgery, 34 ICU (mostly replacement)
- Surgical disposables unit sales up 4% to 24,410 (2013/14: 23,570)
- Surgical disposables sales value up 5% to £1.88m (2013/14:£1.79m)
- UK LiDCO product revenues £3.95m (2013/14: £4.40m)
- 26% 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	40	73	10,860	13,550	24,410

Average unit disposable sales per monitor per month was 4.9 (2013/14: 5.7). Reduction due to prior year overstocking



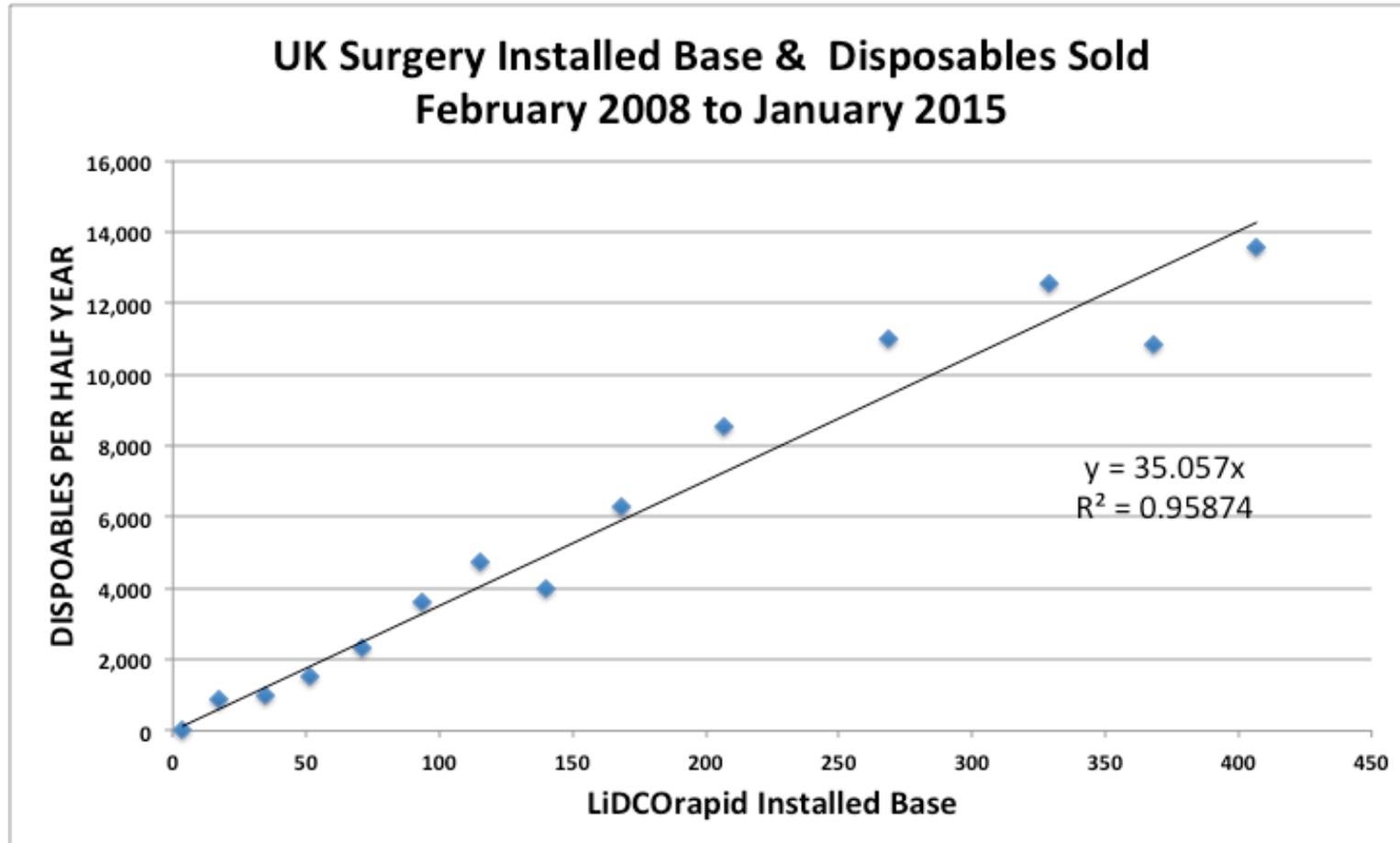
LiDCOrapid with 430 monitors will drive growth of surgery disposables

Disposables gross margin of 95%

Table includes placed monitors

UK surgery disposables

This slide shows historical sales of UK smartcards in each half year against the active installed monitor base



Approach to significant export markets

Route to market	USA	Japan	Emerging Markets
Direct	Yes – small but expandable sales force	Considering direct support	Considering direct support
Exclusive distribution	Too inflexible to address whole market opportunity	With Nihon Kohden & under review	Most likely in smaller territories
Non Exclusive distribution	Yes – an available option with regional entities	Yes – an available option	Ideally in larger territories
License arrangements with royalty payments	Yes – License signed with ICU medical (Cogent) launch expected 2015	Yes – an available option	May arise in larger territories

- Debt free, well-funded and expects to be profitable and cash generative in the current financial year
- Well-resourced and organised for further growth
- Looking to grow disposable business through increasing installed base
- Expect to appoint a number of new distributors in 2015
- LiDCO platform approach continues to advance focus is on quick and efficient parameter integration
- Sales execution stage – particularly in export markets

- Appointment of new CEO for execution phase
- New UK sales management structure to deliver growth and increased LiDCO*rapid* market share
- Assist ICU medical launch in US of Cogent
- Open new distributor accounts in fast growth emerging markets
- Achieve registration of LiDCO*rapid*^{V2} in China
- Expand indications for use of LiDCO*rapid*^{V2}
- Continue to develop clinical papers supporting safety & cost effectiveness
- Develop marketing support materials for high impact applications for use

Appendices

Revenues by region

	Year to January 2015				Year to January 2014			
	Monitors	Disposables	Other	Total	Monitors	Disposables	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
LiDCO products								
UK - Surgical	87	1,879	168	2,134	475	1,794	130	2,399
UK - Critical care	523	1,166	129	1,818	233	1,641	129	2,003
UK - Total	610	3,045	297	3,952	708	3,435	259	4,402
US - direct	161	929	14	1,104	84	766	7	857
US - distributor	-	-	-	-	-	-	-	-
Japan	3	-	-	3	165	104	-	269
Europe	290	591	18	899	309	631	19	959
Rest of World	259	406	3	668	167	209	3	379
	1,323	4,971	332	6,626	1,433	5,145	288	6,866
3rd party sales								
UK	-	1,641	-	1,641	-	1,765	-	1,765
Total sales	1,323	6,612	332	8,267	1,433	6,910	288	8,631

Unit sales/installations by region

	Year to January 2015		Year to January 2014	
LiDCO products (incl placed monitors)	Monitors Units	Disposables Units/Use	Monitors Units	Disposables Units/Use
Surgery products				
UK	73	24,410	120	23,570
US	37	7,065	23	5,650
Japan	-	-	55	2,000
Europe	37	7,210	38	6,745
Rest of World	63	6,073	32	2,695
Surgery total	210	44,758	268	40,660
ICU products				
UK	34	10,210	19	13,655
All territories	23	5,693	16	6,542
Total	267	60,661	303	60,857

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 an 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

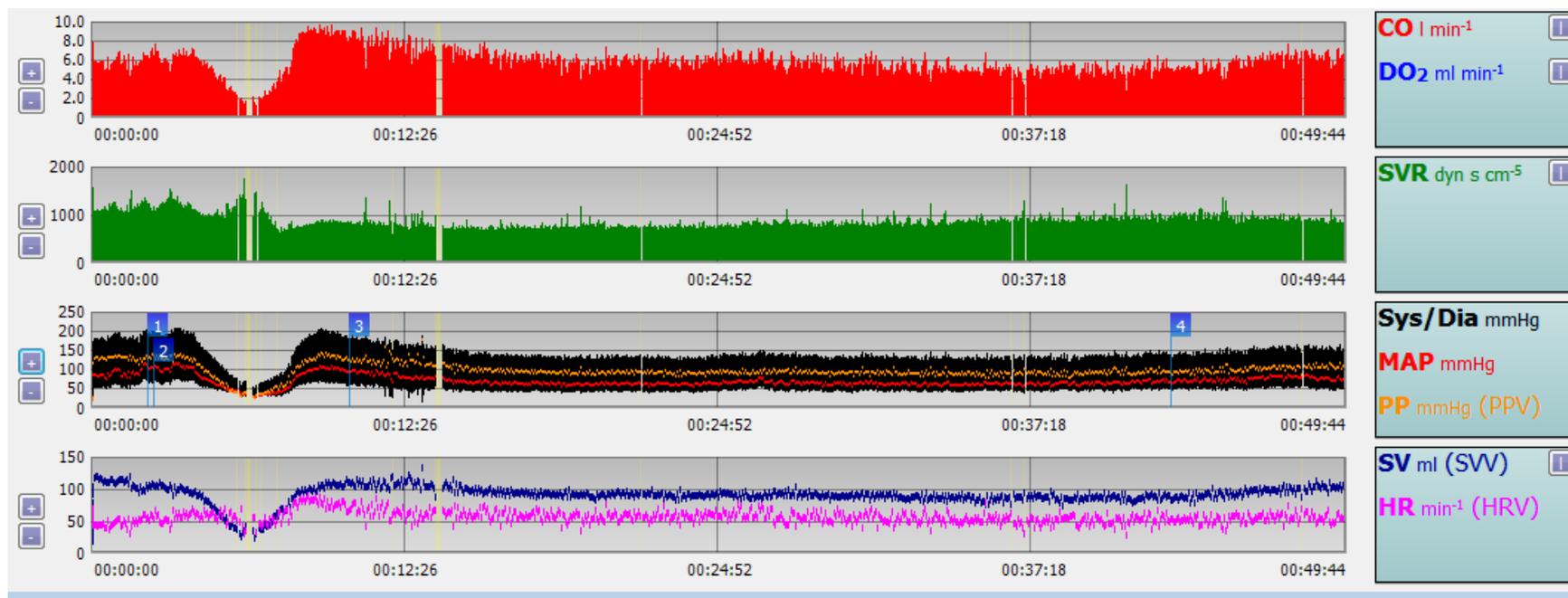
LiDCOrapid^{v2} with Unity Software



- 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 LiDCO*rapid*



Balance Sheet

	31 Jan 2015	31 Jan 2014
	£'000	£'000
Non-current assets	2,868	2,602
Current assets		
Inventory	2,119	2,051
Trade & other receivables	2,941	2,222
Cash	1,509	2,373
Total current assets	6,569	6,646
Current liabilities		
Trade & other payables	(1,596)	(1,550)
Deferred income	(121)	(274)
Borrowings	-	(175)
Total current liabilities	(1,717)	(1,999)
Net current assets	4,852	4,647
Net assets	7,720	7,249

Summary cash flow

	Year ended 31 January 2015 £'000	Year ended 31 January 2014 £'000
Profit before tax	238	217
Net cash inflow from operating activities	274	1,566
Cash flows from investing activities		
Purchase of plant, property & equipment	(363)	(342)
Purchase of intangible assets	(635)	(723)
Finance income	7	13
Net cash used in investing activities	(991)	(1,052)
Net cash (outflow)/inflow before financing	(717)	514
Cash flows from financing activities		
Finance expense	(12)	(31)
Repayment of finance lease	(175)	(190)
Issue of ordinary share capital	40	20
Net cash outflow from financing activities	(147)	(201)
Net (decrease)/increase in cash and cash equivalents	(864)	313
Opening cash and cash equivalents	2,373	2,060
Closing cash and cash equivalents	1,509	2,373