



LiDCO

Interim Results Presentation Six months to 31 July 2016

October 2016

Matt Sassone

Chief Executive Officer

Paul Clifford

Finance Director



Emergency Room



Operating Room



Intensive Care Unit



High Dependency Unit

Company Infographic

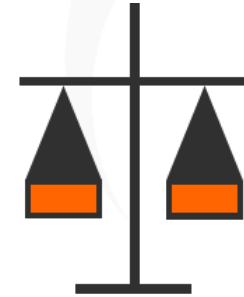


£6.5m (85%)
of annual revenues come
from
**RECURRING DISPOSABLE
SALES**

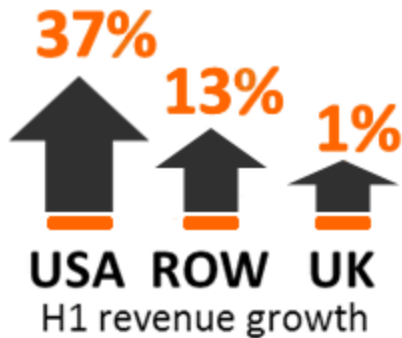


LiDCO
Product
Gearing

**HIGH GROSS
MARGIN @ 78%**
non-sales fixed cost
base
Scalable business
model



£7.1m Balance Sheet
CASH @ £2.1m



DRIVING
geographical
EXPANSION



BUILDING
from a UK **MARKET LEADING**
position in **GLOBAL GROWTH**
market



MARKET LEADING
PATENTED TECHNOLOGY
detect blood loss **5 TIMES FASTER**
than major competitors

Product Overview



LiDCO^{rapid}

- ✓ Arterial line input
- ✓ Plug and play from existing vital signs monitor
- ✓ Validated PulseCO™ algorithm
- ✓ Beat-to-beat analysis and display of hemodynamic parameters



LiDCO^{plus}

- ✓ Continuous real-time measurement with high precision
- ✓ Calibrate using LiDCO Lithium technology

LiDCO^{non-invasive}

- ✓ Quick and easy to set-up
- ✓ Real-time continuous non-invasive blood pressure (CNAP™) and hemodynamic parameters
- ✓ Dual finger cuff with automatic finger switching for safer non-invasive use



Disposables

Critical Care disposables

Lithium calibration kits



Surgery disposables

SmartCard



Strategic Plan Progress



Geographical expansion from core UK market

- LiDCO export sales up 24% whilst UK stable at 1% growth
- Exports increased to 43% (2015: 38%) of LiDCO sales

Commercial focus

- UK sales team restructured. Additional sales resource in USA
- Master distributor network commenced

Maintain technology leadership position

- LiDCO*unity* launched
- LiDCO*rapid*^{v2} product registration in key markets

Focus on specific market applications

- New independent clinical research in key focus areas
- Targeted marketing campaigns launched

Financial highlights

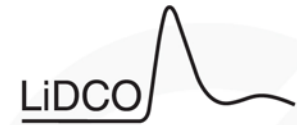
- ✓ LiDCO product revenues up 10% to £3.03m (2015: £2.76m)
- ✓ Total product revenues (incl. 3rd party products) up 5% to £3.77m (2015: £3.60m)
- ✓ USA revenues up 37% to £0.68m (2015: £0.49m)
- ✓ Loss before tax* £309,000 (2015: £525,000)
- ✓ Loss per share 0.19p (2015: 0.36p)
- ✓ Cash balances at 31 July 2016 of to £2.09m (31 January 2016: £1.59m)
- ✓ Company remains debt free and well-funded

**before share based payments and 2015 exceptional item*

Operational highlights

- ✓ Global disposables (excl. 3rd party products) units up 9% with 92 monitors (2015: 65) sold or placed in H1
- ✓ UK disposables units up 13%, clear market leader in UK
- ✓ Exports increased to 43% (2015: 38%) of LiDCO sales
- ✓ Revenues outside of the two direct markets grew 13% to £0.63m (2015: £0.56m)
- ✓ LiDCO*unity* monitor launched enabling seamless continuous hemodynamic monitoring across the clinical pathway
- ✓ Regulatory approval for LiDCO*rapid*^{V2} for commercial sale in China
- ✓ Launch of LiDCO*rapid*^{V2} with non-invasive technology in Japan
- ✓ Master distribution agreement signed for Sub Sahara Africa and new distributor contracts signed for Canada, Saudi Arabia and Singapore
- ✓ Further independent evidence supporting clinical use of LiDCO hemodynamic monitoring technology to improve patient outcomes and improve clinical care

New Non-Executive Director



Phil Cooper



- 30 years of experience in the healthcare sector
- 2007 to 2014 as president and executive board member of the wound care division Mölnlycke Health Care
- Track record of international expansion
- Under Phil's leadership Mölnlycke rapidly grew in the US, from historical small player to a market leading position

Other Non-Executive Directors:

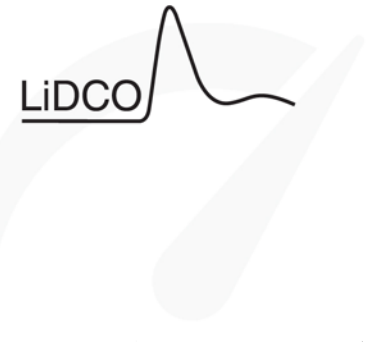


Theresa Wallis
Non-Executive Chairman
- *Former COO of AIM*



Ian Brown
Non-Executive Director
- *25 years medical device experience*

Income Statement



- LiDCO product revenues up 10%
 - Total revenues up 5%
 - Reduced 3rd party revenues due to pricing pressure
 - Recommended monitor sales to Japan
 - US revenues up 37%
- LiDCO product margin 78% (2015: 80%)
 - ICU disposables 84%
 - Surgery disposables 96%
- Overheads (before exceptional cost) down 3%

	6 months to July 2016 £'000	6 months to July 2015 £'000
Revenue	3,774	3,603
Cost of sales	(1,259)	(1,229)
Gross profit	2,515	2,374
Administrative expenses	(2,871)	(2,945)
Exceptional cost	-	(120)
Total costs	(2,871)	(3,065)
Operating loss	(356)	(691)
Net finance expense	3	2
Loss before tax	(353)	(689)
Income tax	(10)	(3)
Loss after tax	(363)	(692)
Loss before tax, share based payment and exceptional cost	(309)	(525)

Cash Flow & Working Capital



LiDCO

- Receivables reduced by £407k in period
- Inventory down £395k to £1.5m
- Product development cost of £203k with H2 costs circa £250k
- Well funded and no borrowings
- Expect H2 to be cash neutral/generative

	6 months to July 2016 £'000	6 months to July 2015 £'000
Loss before tax	(353)	(689)
Net cash flow from operating activities	856	315
Cash used in investing	(358)	(439)
Net cash flow before financing	498	(124)
Net change in cash	498	(124)
Opening cash	1,587	1,509
Closing cash	2,085	1,385

Revenues by Region



	6 months to July 2016				6 months to July 2015			
	Monitors £'000	Disposables £'000	Other £'000	Total £'000	Monitors £'000	Disposables £'000	Other £'000	Total £'000
LiDCO product sales								
UK	71	1,499	151	1,721	205	1,342	162	1,709
US	236	437	4	677	20	468	5	493
Japan	31	53	-	84	8	-	-	8
Europe	153	191	6	350	33	240	6	279
Rest of World	29	164	3	196	145	123	3	271
	520	2,344	164	3,028	411	2,173	176	2,760
3rd party sales								
UK	-	746	-	746	-	843	-	843
Total sales	520	3,090	164	3,774	411	3,016	176	3,603

- **UK:** Strong disposables sales & delayed capital purchases
- **US:** Strong capital sales but disposables impacted by a customer loss
- **Japan:** Recommended sales of monitors and disposables
- **EU & ROW:** Sales phasing, expect significant growth in H2

UK Market



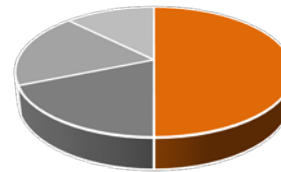
H1 Performance

LiDCO sales **up 1%**

Disposable sales **up 12%**



Market Share



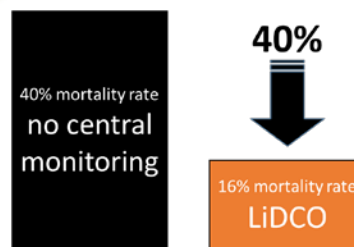
- ✓ Market Leader
- ✓ Used in 55%+ of NHS hospitals
- ✓ 600 active monitor base

Two clinical areas to drive growth

Sepsis

60,000 estimated deaths in UK each year
12,000 may be avoidable according to Health Secretary Jeremy Hunt

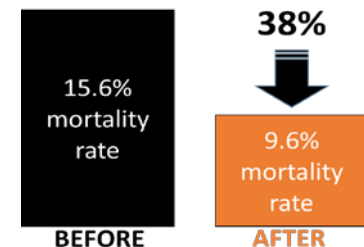
Using LiDCO in the management of septic shock patients has been shown to statistically reduce mortality



Emergency Laparotomy

30,000 estimated surgeries performed every year
£650m cost to the NHS each year
15% Mortality rate

Using LiDCO as part of care bundle reduces mortality after emergency laparotomy



USA Market

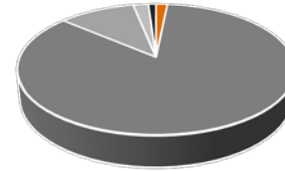


H1 Performance

LiDCO sales **up 37%**

Monitor sales **up £216k**

Market Share



- ✓ Small share of large growing market
- ✓ Dominated by one large player

Aim to be clear no.3 in US

- Largest market with significant growth opportunities
- Competitive environment intensifying
- Dedicated sales person appointed on West Coast
- Commenced sales to individual 'MedAssets' hospitals
- Distribution agreement with ICU Medical
- Recent recommendation by American Society for Enhanced Recovery (ASER) and Perioperative Quality Initiative (POQI)

Rest of the World



Canada

- New distributor appointed
- Registration underway

Europe

- Clear focus on markets where we can be #1 or #2
- GDT protocol projects underway in target countries
- Working with next generation of KOLs to develop clinical studies

Russia & FSS

- Master distributor appointed
- New distributors being identified
- Registration underway

Middle East

- Rapidly growing adoption of GDT
- Finalising negotiations with local representative to expand commercial efforts across the region

China

- Registration for LiDCO*rapid* gained in H1
- Represents 5% of global medical device market

Latin America

- Investigating master distribution arrangement for select countries

Japan

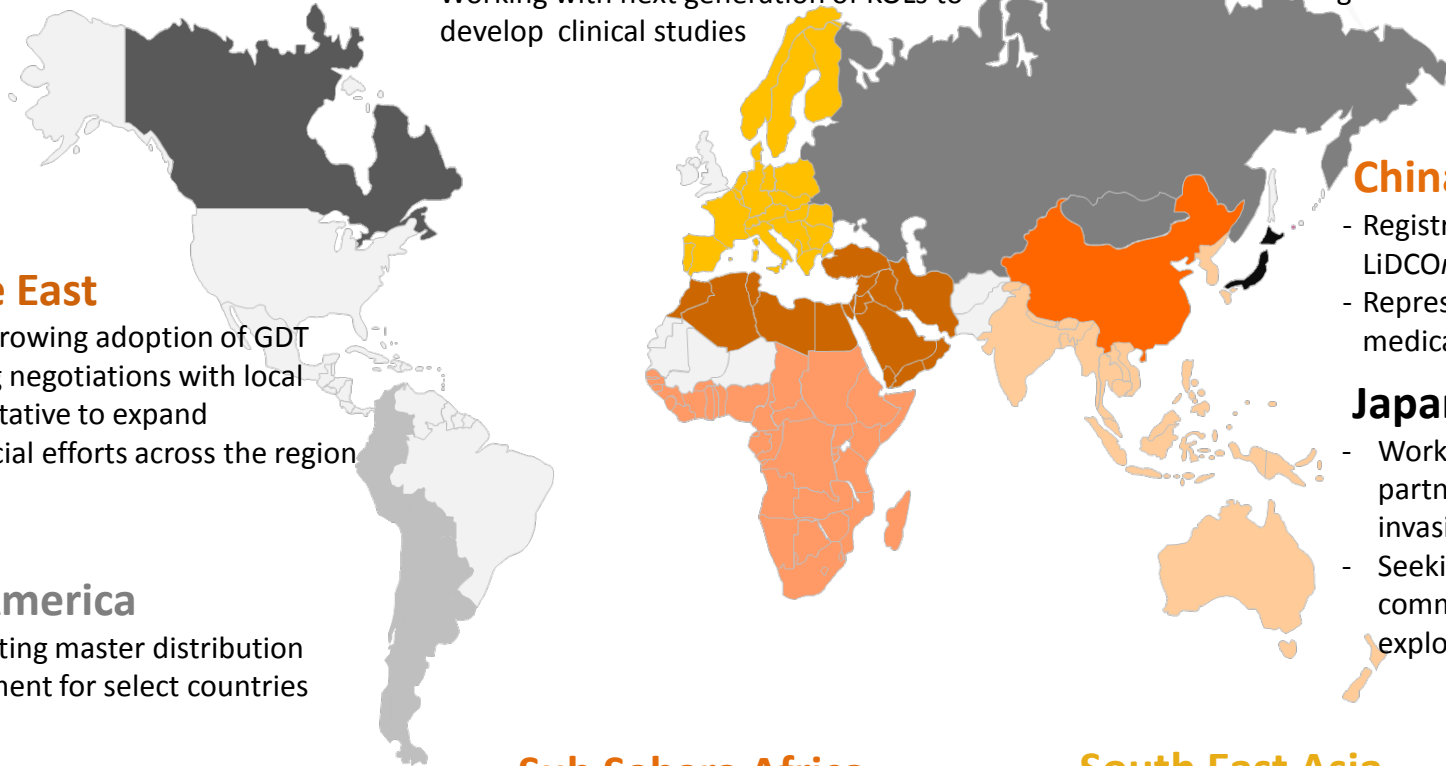
- Working with strategic partners to launch non-invasive product offering
- Seeking to expand commercial partnership to exploit 2nd largest market

Sub Sahara Africa

- Master distributor appointed
- New distributors being identified

South East Asia

- Master distributor appointed
- New distributors signed



Further Independent Clinical Evidence



CARDIAC SURGERY

- Society of Critical Care Medicine journal has published a study evaluating the effects of goal directed therapy using LiDCO*rapid* in 126 high-risk patients undergoing cardiac surgery.
- The incidence of infection was reduced by 57% and the frequency of low cardiac output syndrome was reduced by 76%.
- This group stayed in hospital on average 3 days less than the standard treatment group.

CANCER SURGERY

- The World Journal of Surgery published a study examining an enhanced recovery programme using LiDCO*rapid* on the outcomes of upper gastrointestinal cancer surgery in 252 patients.
- Patients in the enhanced recovery group, where LiDCO technology was used, left hospital on average 3 days earlier.

ABDOMINAL SURGERY

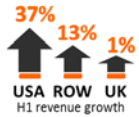
- 394 patient study showed implementing an enhanced recovery programme for elective abdominal surgery using fluid management guided by LiDCO*rapid* resulted in a decrease of 2 days in length of stay.
- In addition, the enhanced recovery group had a 0 mortality rate compared to a 2.6% mortality rate in the standard care group.
- The authors also noted that the cost of surgery was less in the enhanced recovery group.

References: Filomena R. B. G. Galas; Julia T. Fukushima, et al. Effect of Perioperative Goal-Directed Hemodynamic Resuscitation Therapy on Outcomes Following Cardiac Surgery: A Randomized Clinical Trial and Systematic Review General High Risk Surgery. Crit Care Med. 2016 Apr;44(4):724-33

Karran, J. Wheat, D. Chan, P. Blake, R. Barlow, W. G. Lewis. Propensity Score Analysis of an Enhanced Recovery Programme in Upper Gastrointestinal Cancer Surgery. World J Surg (2016) 40:1645-1654

Fitzgerald T, Mosquera C, Koutlas N, Vohra N, Lee K, Zervos E. Enhanced recovery after surgery in a single high-volume surgical oncology unit: Details matter. Presented at the 11th Annual Academic Surgical Congress (ASC), Jacksonville, Florida, Feb 2016

Summary



✓ Delivering on strategic priorities



✓ Fundamentals of business model remain strong



✓ 85% of turnover from recurring disposables



✓ Wealth of clinical evidence supporting technology



✓ Sales & marketing initiatives being implemented

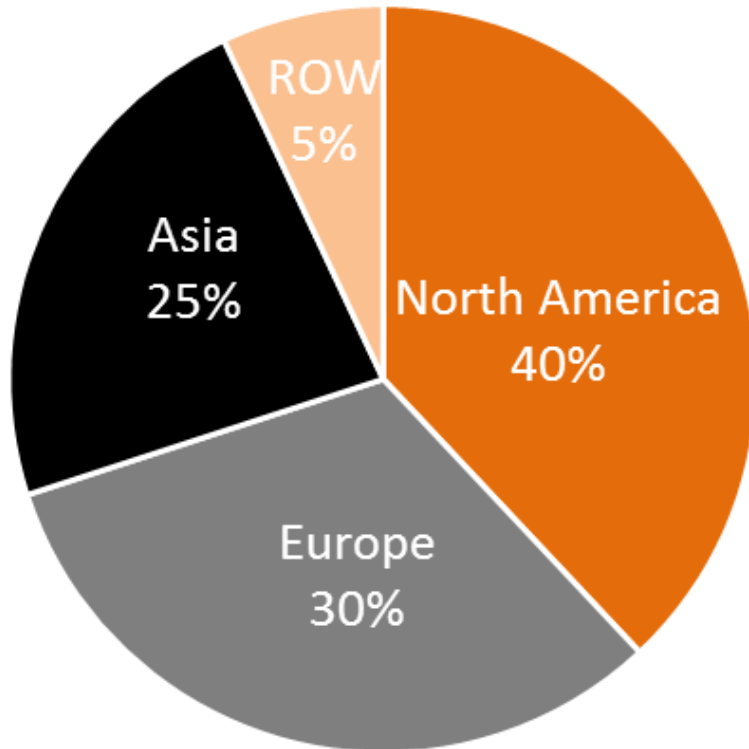
Company remains debt free and well-funded with high margin products in a large global growing market

Appendix

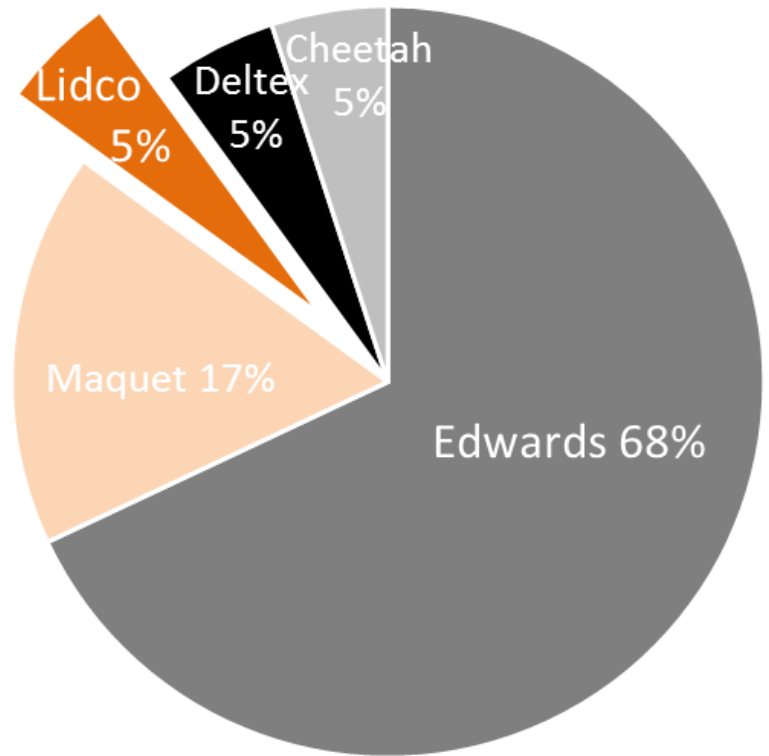
Market Size



Current Market Size



Competitive Landscape



Disposables Hemodynamic Market



Addressed by LiDCO technology

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**

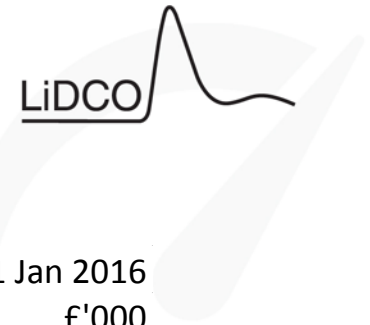
Source: Management estimates from published data

Unit Sales/Installations by Region



Unit sales (incl placed monitors)	6 months to July 2016		6 months to July 2015	
	Monitors Units	Disposables Units	Monitors Units	Disposables Units
Surgery products				
UK	19	11,545	29	10,750
US	36	3,045	6	3,285
Japan	10	1,000	-	-
Europe	16	1,680	5	2,595
Rest of World	8	2,050	8	1,075
Surgery total	89	19,320	48	17,705
ICU products				
UK	-	5,045	14	3,910
All other territories	3	2,789	3	3,355
ICU total	3	7,834	17	7,265
Total LiDCO products	92	27,154	65	24,970

Balance Sheet



	31 July 2016	31 July 2015	31 Jan 2016
	£'000	£'000	£'000
Non-current assets	2,806	2,966	2,800
Current assets			
Inventory	1,544	2,076	1,939
Trade & other receivables	2,073	2,156	2,648
Cash	2,085	1,385	1,587
Total current assets	5,702	5,617	6,174
Current liabilities			
Trade & other payables	(1,334)	(1,377)	(1,482)
Deferred income	(117)	(134)	(116)
Borrowings	-	-	-
Total current liabilities	(1,451)	(1,511)	(1,598)
Net current assets	4,251	4,106	4,576
Net assets	7,057	7,072	7,376

Summary Cash Flow



	6 months ended 31 July 2016 £'000	6 months ended 31 July 2015 £'000	Year ended 31 January 2016 £'000
Loss before tax	(353)	(689)	(578)
Net cash inflow from operating activities	856	315	728
Cash flows from investing activities			
Purchase of plant, property & equipment	(130)	(132)	(163)
Purchase of intangible assets	(231)	(309)	(493)
Finance income	3	2	7
Net cash used in investing activities	(358)	(439)	(649)
Net cash outflow before financing	498	(124)	79
Cash flows from financing activities			
Finance expense	-	-	(1)
Net cash outflow from financing activities	0	0	(1)
Net Increase/(decrease) in cash	498	(124)	78
Opening cash and cash equivalents	1,587	1,509	1,509
Closing cash and cash equivalents	2,085	1,385	1,587