



Hemodynamic Monitoring

Interim Results Presentation Six months to 31 July 2017

October 2017

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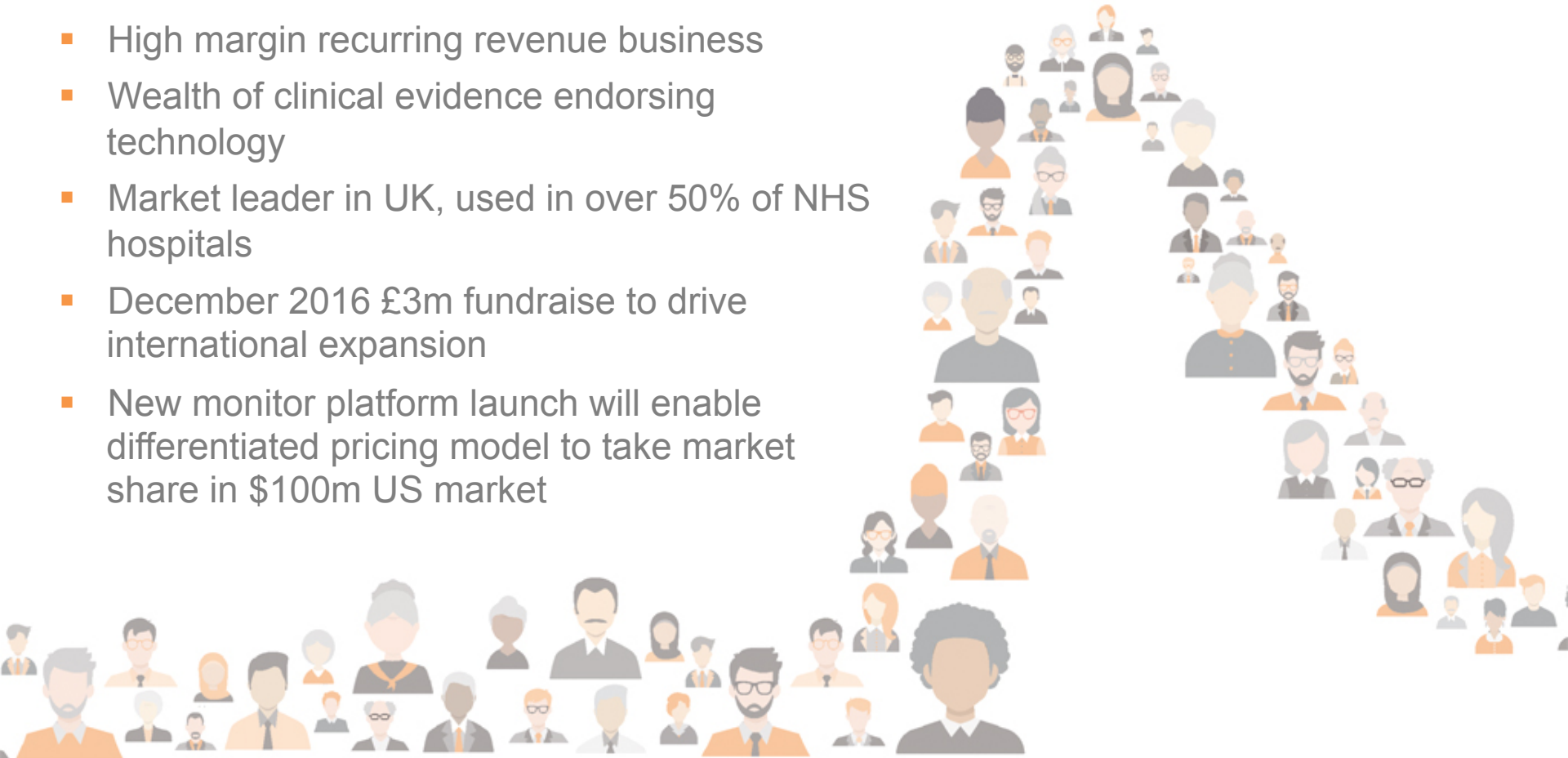
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Overview



Hemodynamic monitoring company, helping doctors to manage patient's cardiac function during high risk surgery and critical illness

- High margin recurring revenue business
- Wealth of clinical evidence endorsing technology
- Market leader in UK, used in over 50% of NHS hospitals
- December 2016 £3m fundraise to drive international expansion
- New monitor platform launch will enable differentiated pricing model to take market share in \$100m US market



H1 Performance



Fundraising Objectives

H1 Achievement

Revenue growth in target markets



Gain market share

- US sales up 19% ahead of investment effect
- LiDCO UK sales up 14%

Commercial expansion



Investments

- Additional headcount (10 FTEs & 5 PTEs) added on plan & on budget

Expand brand awareness outside of home market



Promotion

- Major promotional campaigns underway
- Exponential growth in marketing activities

Launch catalysts to accelerate share gain



Technology

- New monitor platform launched in EU & USA
- New differentiating High Usage Programme

First US High Usage Programme (HUP) Customer

44 High Usage Monitors



- First class reference account
- Financially recognised as an operating lease but when annualised this agreement represents a 35% uplift in LiDCO's annual recurring revenues in the USA
- Up to 4 year deal with annual cash payment upfront
- Customer has also requested 25 additional monitors on regular placement programme for ICU department
- FY17-18 total target for USA was 60 HUP monitors

With new resources now building a pipeline of opportunities for this highly differentiated offering

High Usage Programme Example



A DIFFERENT WAY – DIFFERENTIATED PRICING MODEL TO GAIN MARKET SHARE

COMPETITOR COSTS

No. of Patients / Disposables	1410
Cost per Disposables	\$275
Expired cable costs	\$36,800
High Usage Plan costs	N/A
Total Recurring Costs	\$424,550
No. of Monitors	23
Cost per Monitor	\$16,000
Total Monitor costs	\$368,000

Total \$792,550

LiDCO COSTS

No. of Patients / Disposables	3000+
Cost per Disposables	N/A
Expired cable costs	N/A
High Usage Plan costs	\$270,000
Total Recurring Costs	\$270,000
No. of Monitors	23
Cost per Monitor	\$0
Total Monitor costs	\$0

Total \$270,000

CUSTOMER SAVINGS

\$522,550	
Annual Recurring Cost saving	\$154,550
Capital Expenditure saved	\$368,000
No. of Additional Patient treated	1500+

Customer Value Proposition: Let us work with you to measure the improved clinical outcomes from treating more patients whilst helping you save precious dollars

H1 Financial Highlights



- LiDCO product revenues up 8% to £3.27m (H1 2016: £3.03m)
- Total product revenues (including 3rd party products) up 4% to £3.94m (H1 2016: £3.77m)
- UK revenues up 14% to £1.96m (H1 2016: £1.72m)
- USA revenues up 21% to £0.81m (H1 2016: £0.67m)
- EBIT loss £1.02m (H1 2016: loss £0.36m) following planned investment in sales and marketing
- Net cash outflow of £0.92m (H1 2016: net cash inflow £0.50m). Cash balances at 31 July 2017 of £3.98m (31 January 2017: £4.90m)
- Company remains debt free and well-funded to execute its growth strategy

Income Statement



	Six months ended 31 July 2017 £'000	Six months ended 31 July 2016 £'000
Revenue	3,942	3,774
Cost of sales	(1,240)	(1,259)
Gross profit	2,702	2,515
Sales and Marketing	(1,915)	(1,304)
Operations	(614)	(584)
Administration	(811)	(701)
Product Development	(377)	(282)
Total Costs	(3,717)	(2,871)
Operating profit	(971)	(312)
Share based payment	(44)	(44)
Exceptional cost	-	-
Adjusted operating profit/(loss)	(1,015)	(356)
Finance income/(expense)	3	3
Profit/(loss) before tax	(1,012)	(353)
Income tax	(5)	(10)
Profit/(loss) after tax	(1,017)	(363)
EBITDA	(609)	(1)

- LiDCO product revenues up 8%
- LiDCO product margin 79% (2016: 78%)
- Sales & Marketing costs increased 47% due to the investment in additional headcount and marketing expenditure
- Administration costs include one-off costs of £50K & FOREX £67K
- Product Development costs include increased registration costs in rest of world markets

Balance Sheet



	31 July 2017 Unaudited	31 July 2016 Unaudited
	£'000	£'000
Non-current assets	2,862	2,806
Current assets		
Inventory	1,533	1,544
Trade & other receivables	2,855	2,073
Cash	3,983	2,085
Total current assets	8,371	5,702
Current liabilities		
Trade & other payables	(1,778)	(1,334)
Deferred income	(112)	(117)
Borrowings	-	-
Total current liabilities	(1,890)	(1,451)
Net current assets	6,481	4,251
Net assets	9,343	7,057

- Strong Balance Sheet
- Invested £1m of cash from fundraise
- Debt free
- Well-funded to drive growth

Cash Flow & Working Capital



	Six months to July 2017 £000	Six months to July 2016 £000
Profit/(loss) before tax	(1,015)	(353)
Cash flow from operating activities	(419)	856
Cash used in investing activities	(499)	(358)
Net cash flow before financing	(918)	498
Net cash flow - financing activities		
Net change in cash	(918)	498
Opening cash	4,901	1,587
Closing cash	3,983	2,085

- H1 investment in sales and marketing £530k
- Working capital flat
- PPE and Intangibles £500k

Revenues by region



	Six months to July 2017				Six months to July 2016			
	Capital Sales	Recurring Revenues	Other	Total	Capital Sales	Recurring Revenues	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
LiDCO products								
UK - Total	380	1,553	30	1,963	71	1,624	26	1,721
US	432	356	17	805	236	437	4	674
Europe	67	125	4	196	153	191	6	350
Rest of World	82	221	2	305	60	217	3	283
	961	2,255	53	3,269	520	2,469	39	3,028
3rd party sales								
UK	-	673	-	673	-	746	-	746
Total revenue	961	2,928	53	3,942	520	3,215	39	3,774

Capital sales include the sales of monitors and other equipment to customers. Recurring revenues include sales of smartcards, sensors, software licenses and service contracts. Japan revenues have now been included within Rest of World.

- **UK:** Strong capital revenues driven by new monitor launch. Small decline in recurring revenue due to timing of consumable orders
- **USA:** New customers driving capital revenues. New resources beginning to reverse recurring revenue reduction
- **EU:** Timing of historic orders from a few distribution partners
- **ROW:** Growth driven by Japan & Middle East

UK Market



H1 Performance

LiDCO sales
up 14% to £1.96m
(H1 2016: £1.72m)

Market Share



- ✓ Market Leader
- ✓ Market 10% penetrated vs NICE recommendation*

H1 highlights:

- Accelerating year-on-year growth
- 22 monitors sold (2016: 8 monitors sold)
- Increasing ASPs across the product range
- Additional resources focused on previously underserved regions

Infrastructure investment



Maintaining a growing platform in the UK underpins the Company's performance as it looks to expand geographically

** Source: internal estimates based on published data*

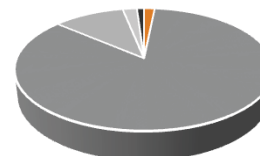
USA Market



H1 Performance

up 19% to £0.81m
(H1 2016: £0.67m)

Market Share

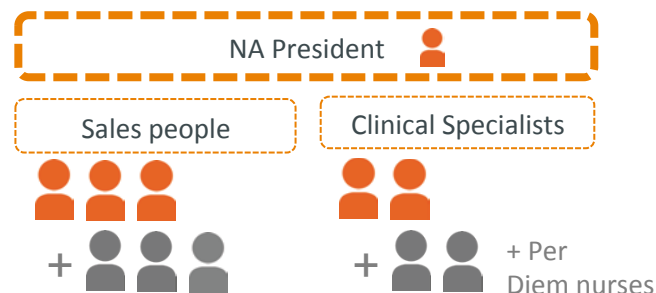


- ✓ Small share of large growing market
- ✓ Dominated by one large player

H1 highlights:

- More than doubled commercial resources
- Significant new customer win ahead of investment & High Usage Programme launch
- Capital sales up 83% to £0.43m
- Dedicated US promotional campaign
- Building a significant pipeline of opportunities

Infrastructure investment



Remains the largest market and greatest opportunity for LiDCO

Europe



H1 Performance

down 44% to £0.20m
(H1 2016: £0.35m)

Market Share



- ✓ Have market leading position in a few smaller countries
- ✓ Not present in major markets

H1 highlights:

- Timing issue with historical H1 stocking orders
- New monitors now launched
- Dedicated distributor manager started in May
- Discussions underway with a number of new distributors
- Expect improved performance in the second half

Infrastructure investment

Investment in European
Distributor Manager

Aim to gain share in major European markets

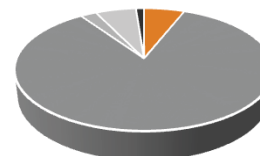
Rest of World



H1 Performance

up 8% to £0.31m
(H1 2016: £0.28m)

Market Share



- ✓ Highly fragmented
- ✓ Global leader present in most markets

H1 highlights:

- Growth driven by strong in-market growth in Japan and Middle East
- Registration process underway in a number of countries
- Plans for local infrastructure investment under review

China:

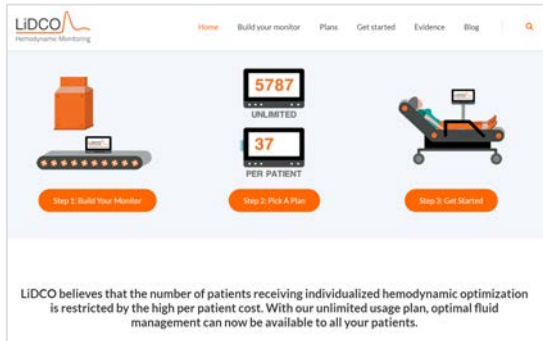
- One-off negative impact in 2017/18. Expect normalised sales in FY18-19 following new monitor registration

Aim to be #1 or #2 in targeted markets

Marketing Activities



- Major US promotional activities underway. Direct marketing to 26,000 anaesthetists
- Advertising campaign in US Anaesthesiology News
- Exponential growth in social media activities. LiDCO YouTube video views in excess of 35,000. 40,000+ Twitter engagements
- New websites launched for US & global customers
- Major LiDCO presence at 20 key industry exhibitions worldwide



Effectively re-launching LiDCO outside of the UK

New Monitor Launch



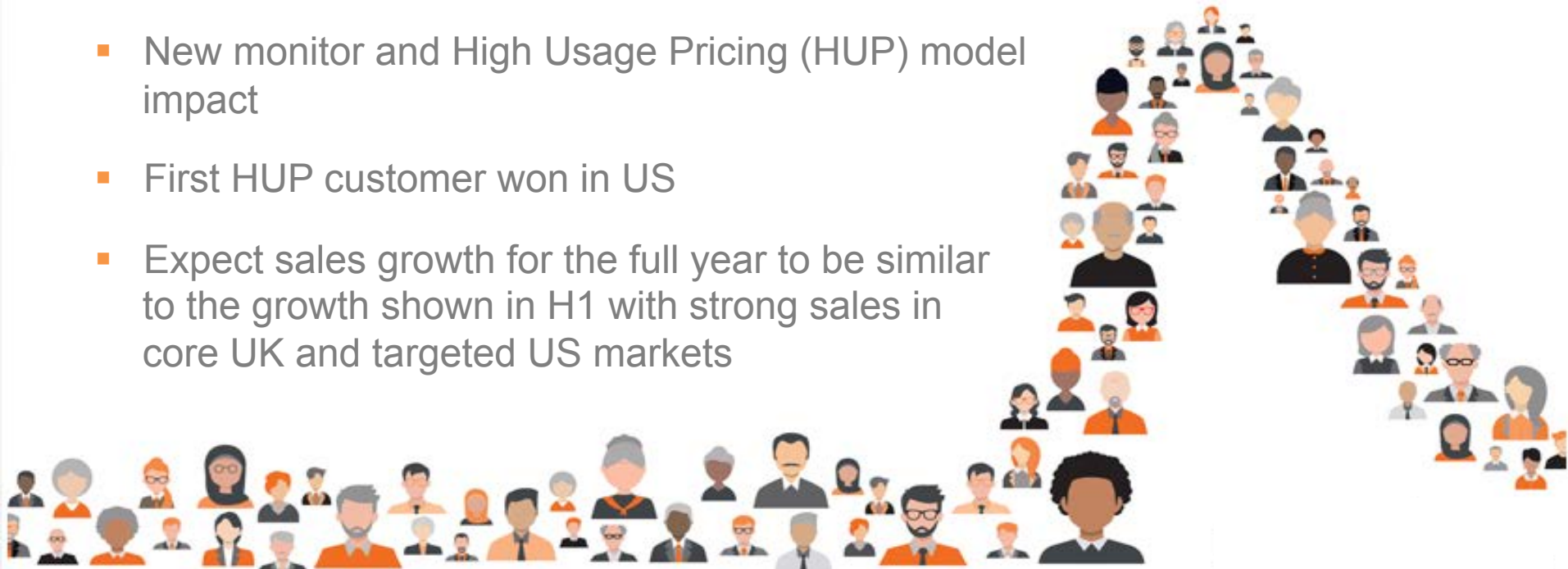
New Features

- Sleek widescreen look
- Integrated clinical protocols
- Refreshed graphical display and menus
- Ability to display more parameters at same time
- Internal battery for portability
- WiFi connectivity

- Launched in Europe & USA July 2017
- Shipped over 100 monitors since launch
- Extremely positive customer feedback
- New High Usage Programme functionality incorporated into software

Outlook

- Good progress made in executing commercial expansion strategy, costs expected to be up by approx. £1.9m
- More than doubled commercial presence in the US
- New monitor and High Usage Pricing (HUP) model impact
- First HUP customer won in US
- Expect sales growth for the full year to be similar to the growth shown in H1 with strong sales in core UK and targeted US markets



Summary



- Delivering on fundraising objectives
- Gearing effect of additional resources expected
- Positive impacts of new monitor and HUP model
- Fundamentals of business remain strong
- Strong balance sheet to support growth strategy

Appendix



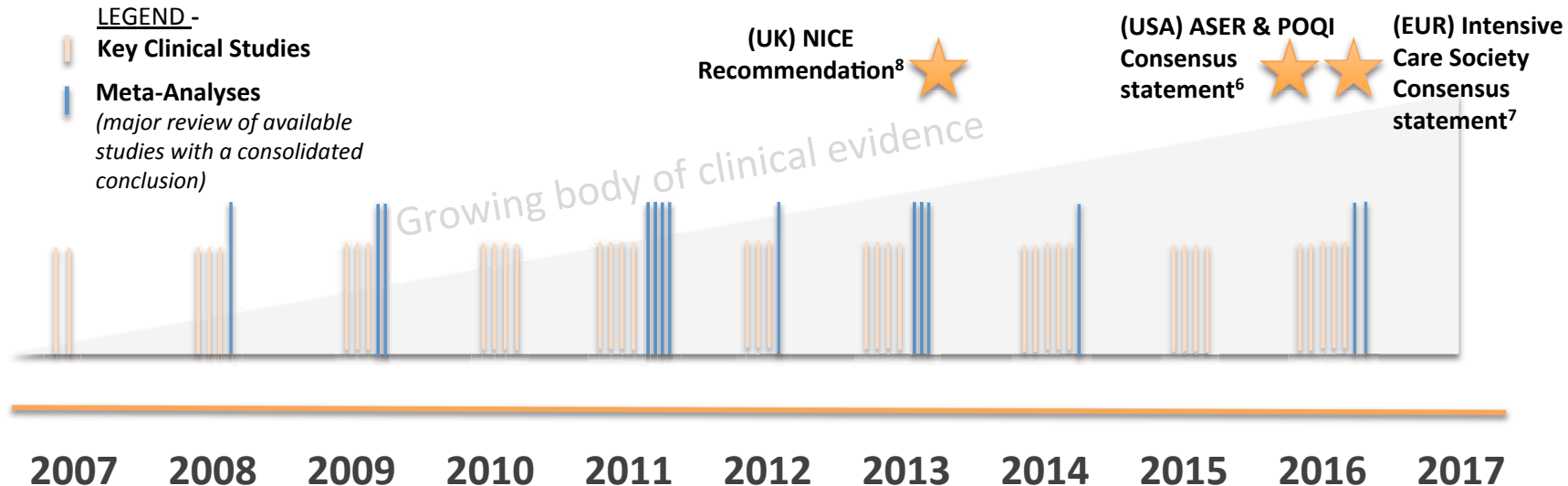


Hemodynamic monitoring company, helping doctors to manage patient's cardiac function during high risk surgery and critical illness.

LiDCO Timeline



Market Acceptance



LiDCO offering



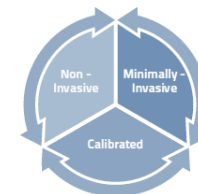
LiDCO Plus
Calibrated technology



LiDCO Rapid
Minimally Invasive trending technology



LiDCO Rapid
With Non-Invasive technology and depth of anaesthesia



LiDCO Unity
All technologies on one monitor platform



High Usage Programme
Rethinking the market

Improving patient outcomes



Independent studies using LiDCO technology have been shown to improve outcomes in:

High risk elective surgery

Emergency surgery

Intensive Care



Colorectal, Vascular, Hip replacement, Liver Resection, Oesophagectomy, Bariatric, Cardiac, Abdominal, Caesarean, Emergency Laparotomy

High risk surgical patients in ICU, Septic shock patients in ICU

Reducing patient deaths

Using LiDCO in the management of **Sepsis** shock patients has been shown to statistically reduce mortality²



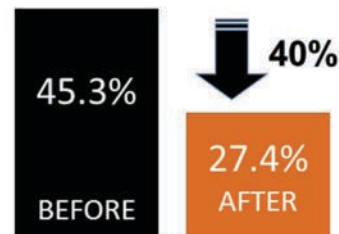
Reducing length of stay

Using LiDCO as part of an Enhanced Recovery program in **Colorectal** surgery has been shown to statistically reduce length of stay (LOS)³



Less complications

Using LiDCO for **Cardiac** surgery statistically reduced major postoperative complications⁴



Cost savings

Using LiDCO as part of an Enhanced Recovery program in **Oncology** surgery has been shown to reduce overall hospital costs⁵

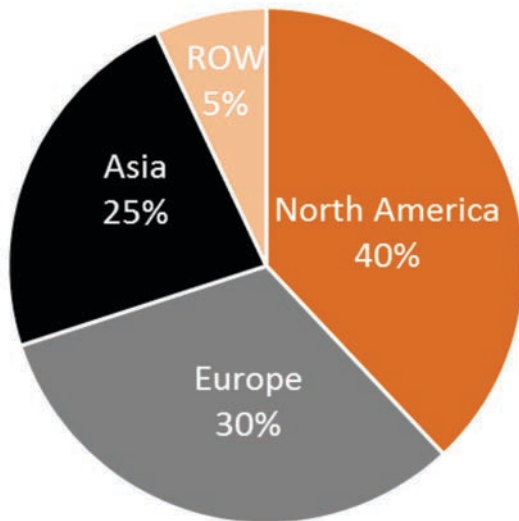


Market Size



Global Market estimated to be circa \$250 million p.a. with a total market being potentially \$2 billion p.a *

Current market is \$250m+ p.a



- Hemodynamic monitoring well established in UK & Europe ahead of rest of the world
- USA recent growth driven by ERAS implementations
- Recent USA & European recommendations^{6 7}

* Source: internal estimates based on published data

Future market size driven by number of patients technology is applicable for

UK Patient Numbers

Source: NHS data

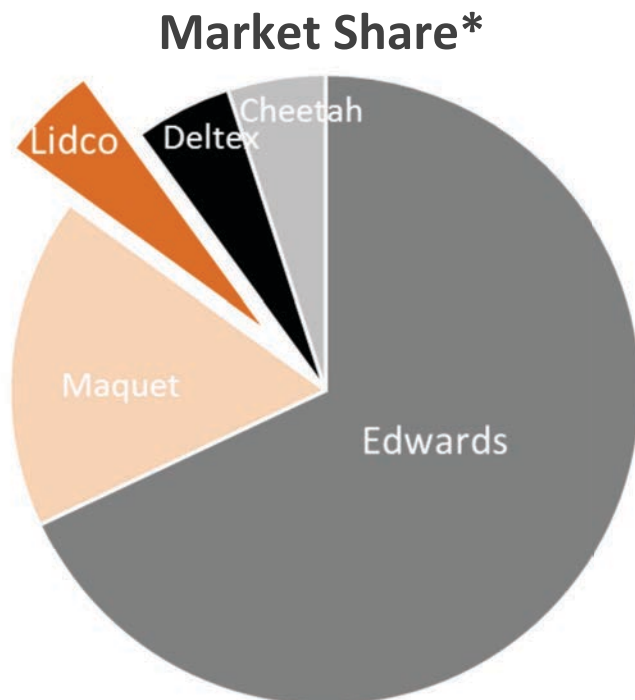
High risk elective Surgery	Over 75,000 patients per annum
Emergency laparotomy Surgery	Over 30,000 patients per annum
Cardiac Surgery	Over 20,000 patients per annum
Sepsis	Over 100,000 patients per annum

Enhanced Recovery After Surgery (ERAS) is an underpenetrated opportunity focused on reducing complications and length of stay

Potentially a \$2billion market globally*

Competitive Landscape

Few competitors with one dominant global player who is investing in developing the market



In 2014 Maquet acquired Pulsion for €139m representing 4 times revenues and 11 times EV/EBITDA

** Source: internal estimates based on published data*

Offering

	Non-Invasive Monitoring	Minimally Invasive Monitoring	Calibrated Monitoring
LiDCO	✓	✓	✓
Edwards	✓	✓	✓
Maquet		✓	✓
Deltex		✓	
Cheetah	✓		

Pricing Models

- Monitors sold or placed
- Typical UK high risk surgery use 3-8 disposables per monitor per month

Clinical References



- 1:** *Evaluation of the utility of the Vigileo FloTrac™, LiDCOTM, USCOM and CardioQ™ to detect hypovolaemia in conscious volunteers: a proof of concept study. Reference: Anaesthesia 2015, 70, 142–149*
- 2:** *Hata J, Stotts C, Shelsky C, Bayman E, Frazier A, Wang J, Nickel E (2011) Reduced mortality with noninvasive hemodynamic monitoring of shock. J Crit Care vol 26 (2):224. E1-8*
- 3:** *Miller T, Thacker J, White W, Mantyh C, Migaly J, Jin J, Roche A, Eisenstein E, Edwards R, Anstrom K, Moon R, Gan TJ (2014) Anesth Analg 2014;118:1052–61*
- 4:** *Eduardo A. Osawa; Andrew Rhodes; Giovanni Landoni; 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. doi: 10.1097/CCM.0000000000001479*
- 5:** *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*
- 6:** *American Society for Enhanced Recovery (ASER) and Perioperative Quality Initiative (POQI) joint consensus statement on perioperative fluid management within an enhanced recovery pathway for colorectal surgery. Thiele et al. Perioperative Medicine (2016) 5:24 DOI 10.1186/s13741-016-0049-9*
- 7:** *Consensus on circulatory shock and hemodynamic monitoring. Task force of the European Society of Intensive Care Medicine. Cecconi et al. Intensive Care Med DOI 10.1007/s00134-014-3525-z*
- 8:** *NICE Medical technologies guidance [MTG3]. <https://www.nice.org.uk/guidance/mtg3/resources>*