



Hemodynamic Monitoring

Results Presentation Year ended 31 January 2018

April 2018

Matt Sassone
Chief Executive Officer
Jill McGregor
Chief Financial Officer



www.lidco.com

Expansion plan – 1st year



Expand Commercial Presence

- US sales grown from 5 FTEs to 11 FTEs
- UK sales team now 12 FTEs
- Additional heads into Europe & Middle East



Launch New Monitor Platform

- New Monitor launched July 2017
- 230 units shipped to customers since launch
- Excellent customer feedback



High Usage Programme Differentiator

- 96 monitors across USA & Europe since launch July 2017
- Annualised value of business £0.73m
- Largest users in UK & USA signed multi-year contracts

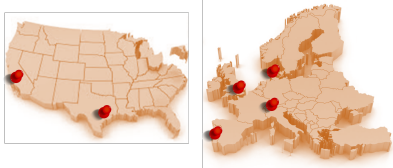


Relaunch LiDCO brand outside UK

- £0.5m additional spend on re-launch
- 28 exhibitions attended, 68,000 promotional e-mails sent
- Two new websites developed and launched

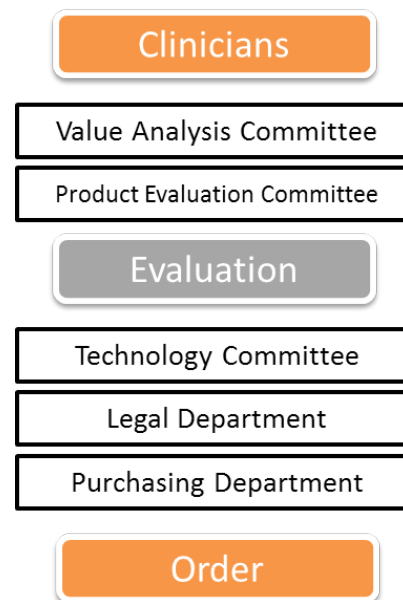
A YEAR OF INVESTMENT TO DRIVE GREATER GROWTH

Successes



- 96 monitors since launch July 2017
- 2 major customers in the USA
- Largest customer in UK converted
- Success in Denmark, Switzerland & Portugal
- Annualised value of business £0.73m
- Significant pipeline

Illustrative US purchasing process



Typically 8 months process

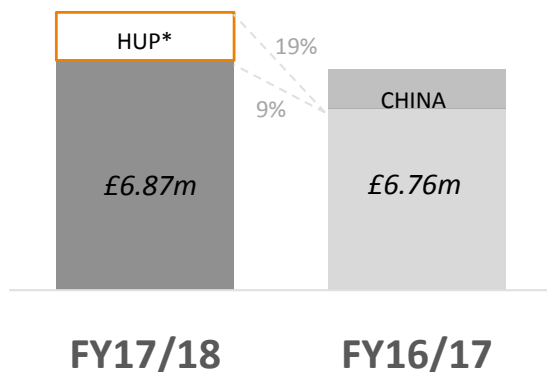
Key learnings

- Clinicians welcome the offering, simplicity and new monitor
- Initially, some purchasers opting for partial implementation to build confidence in 'small' UK supplier
- 'New' offering elongating purchasing process
- Competitor reaction: bundling, price increases, research grants, and leveraging relationships

Financial Overview

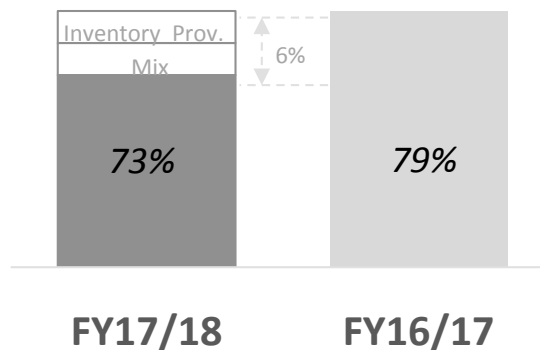
LiDCO Products

Revenue



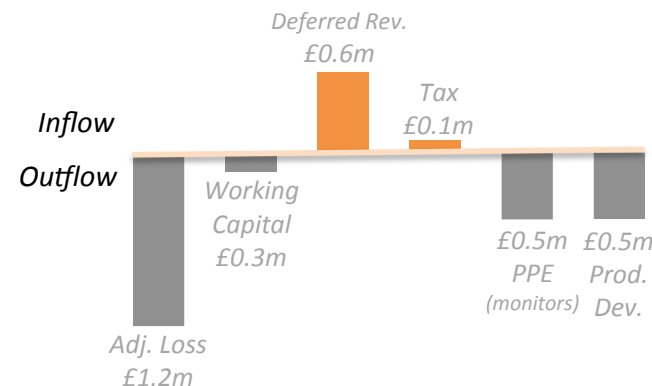
- LiDCO product revenues grew by 2% to £6.87m (2017: £6.76m)
- £0.60m (2017: nil) of deferred HUP revenues on the balance sheet
- China no sales in year, due to regulatory issue
- 315 monitors sold / placed (2017: 227 units)

Gross Margin



- Overall gross profit margin from LiDCO product was 73% (2017: 79%)
- 3% reduction due to an increase in the inventory provision – product obsolescence
- 3% reduction due product mix – higher monitor sales

Cash



- Year-end cash balances amounted to £3.23m (2017: £4.90m)
- The Group remains debt free and well-funded to execute its growth strategy
- HUP - Annual cash payment in advance & self funding

**Illustrative pro-forma without deferral*

Income Statement



	Year ended 31 January 2018 £'000	Year ended 31 January 2017 £'000
Revenue	8,267	8,212
Cost of sales	(2,999)	(2,612)
Gross profit	5,268	5,600
Sales and Marketing	(4,039)	(2,420)
Operations	(1,188)	(1,210)
Administration	(1,601)	(1,442)
Product Development	(552)	(471)
Total Costs	(7,380)	(5,543)
Operating (loss)/profit	(2,112)	57
Share based payment	(109)	41
Adjusted operating (loss)/profit	(2,221)	98
Finance income	3	4
(Loss)/profit before tax	(2,218)	102
Income tax	125	85
(Loss)/profit after tax	(2,093)	187
EBITDA	(1,359)	820

- LiDCO product revenues up 2%
- LiDCO product margin 73% (2017: 79%) product mix impact
- £0.3m charged to P&L for inventory provisions and write offs
- Sales & Marketing costs increased by £1.6m as per growth strategy
- FX charge £80,000 (2017: credit £30,000)
- Share based payments - charge of £109,000 (2017: credit £41,000)
- Loss before tax of £2.2m (2017: profit £0.1m)
- EBITDA £1.4m loss (2017: profit £0.8m)

Balance Sheet

	31 January 2018	31 January 2017
	£'000	£'000
Non-current assets	2,862	2,767
Current assets		
Inventory	1,354	1,467
Trade & other receivables	3,373	2,777
Cash	3,227	4,901
Total current assets	7,954	9,145
Current liabilities		
Trade & other payables	(1,816)	(1,504)
Deferred income	(668)	(92)
Total current liabilities	(2,484)	(1,596)
Net current assets	5,470	7,549
Net assets	8,332	10,316

- Investment in monitors totalled £0.4m comprising HUP monitors, medical monitors
- £0.3m charged to P&L for inventory provisions and write offs
- Agreed payment plan with a distributor
- High Usage Programme (HUP) deferred revenues of £0.6m (2017: nil)
- Debt free

Cash Flow & Working Capital

	Year ended Jan-18 £000	Year ended Jan-17 £000
(Loss)/profit before tax	(2,218)	102
Depreciation & Amortisation	862	722
Share based payments	109	(41)
Operating cash flow before movements in working capital	(1,247)	783
Deferred income	576	(24)
Working capital	(137)	289
Taxation	91	161
Interest (net)	0	(4)
Cash flow from operating activities	(717)	1,205
Cash used in investing activities	(957)	(683)
Net cash flow before financing	(1,674)	522
Net cash flow - financing activities		2,792
Net change in cash	(1,674)	3,314
Opening cash	4,901	1,587
Closing cash	3,227	4,901

- Well-funded to drive growth
- Increasing impact of HUP will lead to positive impact on Cash Flow
- HUP - Annual cash payment in advance & self funding
- £0.4m invested in placed monitors
- £0.5m invested in capitalised product development

Revenues by region



	12 months to January 2018				12 months to January 2017			
	Capital Sales	Recurring Revenues	Other	Total	Capital Sales	Recurring Revenues	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
LiDCO products								
UK - Total	686	3,383	73	4,142	337	3,381	67	3,785
US	497	849	11	1,357	295	881	7	1,183
Europe	222	272	10	504	267	453	18	738
Rest of World	468	389	5	862	351	703	3	1,057
	1,873	4,893	99	6,865	1,250	5,418	95	6,763
3rd party sales								
UK	-	1,402	-	1,402	-	1,449	-	1,449
Total revenue	1,873	6,295	99	8,267	1,250	6,867	95	8,212

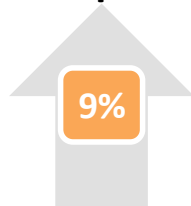
Capital sales include the sales of monitors and other equipment to customers. Recurring revenues include sales of smartcards, sensors, software licenses including HUP and service contracts. Japan revenues have now been included within Rest of World.

- **UK:** Strong capital revenues driven by new monitor launch. Flat recurring revenues due to two large customer switching to monthly purchasing
- **USA:** Strong capital revenues driven by new customer win in H1. H2 HUP focus reversing historical recurring revenue declines
- **EU:** Strong sales in Spain, Denmark and Switzerland undermined by poor performance in Czech Republic, Slovenia and Serbia.
- **ROW:** Excluding China, sales grew by 52% driven by good growth in Japan and the Middle East

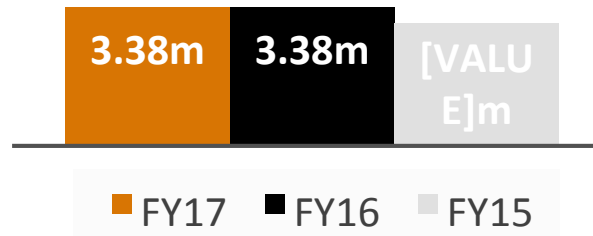
UK Market



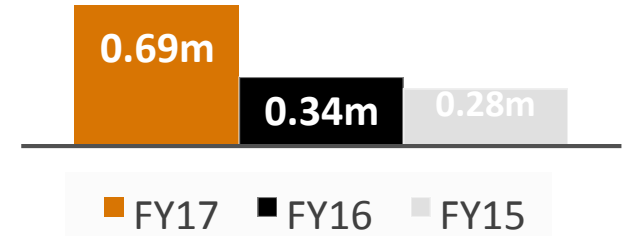
LiDCO products



Recurring Revenue £



Capital Revenue £



- Clear market leader, used in over 50% of NHS hospitals
- Added two additional sales people
- Largest UK customer converted to HUP at end of financial year
- Monitor revenues up 103% driven by launch of new monitor platform
- Flat recurring revenues due to two large customers switching to monthly purchasing
- Supporting 7,500 patient national study of hemodynamic therapy for emergency bowel surgery

USA Market



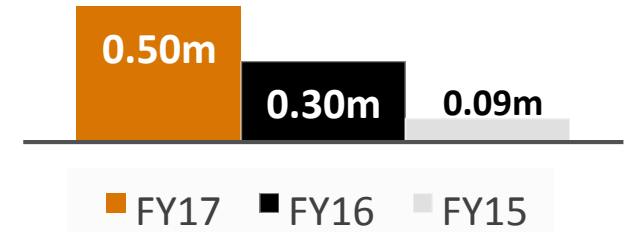
LiDCO products



Recurring Revenue £m

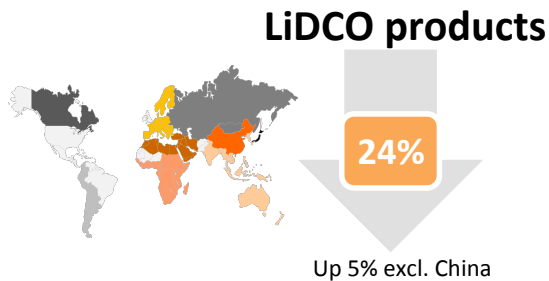


Capital Revenue £m

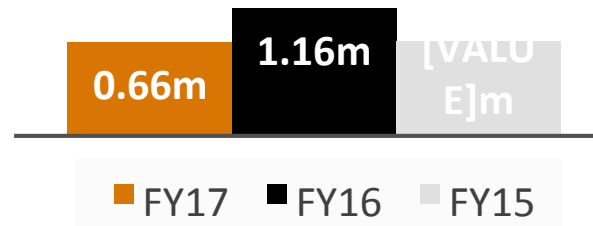


- Doubled commercial presence – 5 FTEs to 11 FTEs
- H1 significant capital sales – H2 HUP focus
- 2 significant HUP customers won (58 monitors). First, largest user of hemodynamic monitoring in USA. Second, major centre in University of California healthcare system.
- HUP annualised contracts worth \$0.6m
- Significant pipeline – timing of deals key
- 1st ICU Medical royalty payments received
- Comprehensive promotional campaign to increase brand awareness

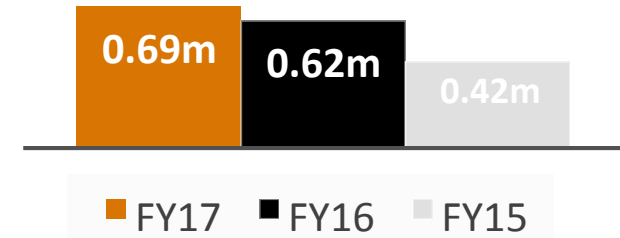
Distributor Markets



Recurring Revenue £m



Capital Revenue £m

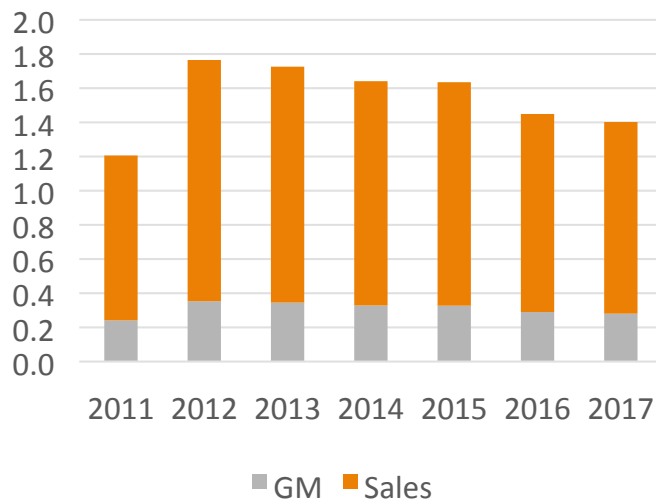


- **China** – Sales to China held pending regulatory approval. Registration process underway for new monitor – aim to be completed in 2018
Total revenues in China were £0.49m in 2017.
- **Japan** – New exclusive distributor. New monitor platform launched
- **Middle East** – sales up 20% for second year in a row
- **Europe** – Sales in Europe declined by 32% due to weaker consumable sales to Czech Republic, Slovenia and Serbia
Appointing replacement distributor manager starting April 2018.
Spacelabs signed as exclusive distributor for France
- **HUP** –HUP success in Denmark, Switzerland and Portugal

3rd Party Sales

Notification of termination of UK Argon Critical Care products distribution contract at end of September 2018

Argon Sales (£m)



- Argon business change of ownership
- FY17/18 Argon products contributed £1.4m sales
- 20% gross margin compared to 73% margins from LiDCO products
- FY18/19 gap £0.5m sales & £0.1m margin



- Discussions with a number of companies about other opportunities
- Expect to announce further distribution arrangements

- Invested significantly in our commercial operations, have the resources to expand our product sales in target markets
- HUP P&L transition. Provides good visibility of future revenues alongside strong cash generation
- Transition will make comparisons with prior years difficult in the short term, especially in the first half of 2018/19
- Improved margins as business shifts from capital to higher recurring revenues
- Aim to gain registration in China for new monitor platform
- Aim to sign additional distribution agreements to take advantage of sales reach in the UK
- Targeting a year of significant sales growth for LiDCO products in 2018/19



- Transition towards more multi-year license contracts, providing good visibility of revenues alongside strong cash generation
- Fundamentals of business remain strong
- Strong balance sheet to support growth strategy
- New monitor and HUP model feedback excellent
- Executing on the pipeline

Appendix





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

LiDCO Timeline



Market Acceptance



2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017

LiDCO offering



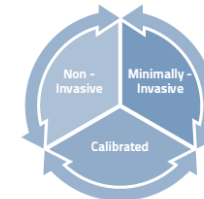
LiDCO Plus
Calibrated technology



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

40% mortality rate
no central
monitoring

60%



16% mortality rate
LiDCO

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

LOS
7 days
BEFORE



29%

5 days
AFTER

Less complications

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

45.3%

BEFORE



40%

27.4%
AFTER

Cost savings

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

\$21,294
BEFORE

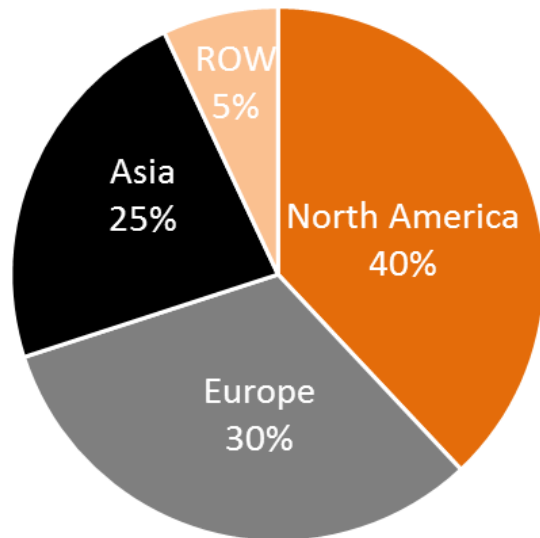


12%

\$18,716
AFTER

Global Market estimated to be circa \$200 million p.a. with a total market being potentially \$2 billion p.a *

Current market is \$200m+ 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

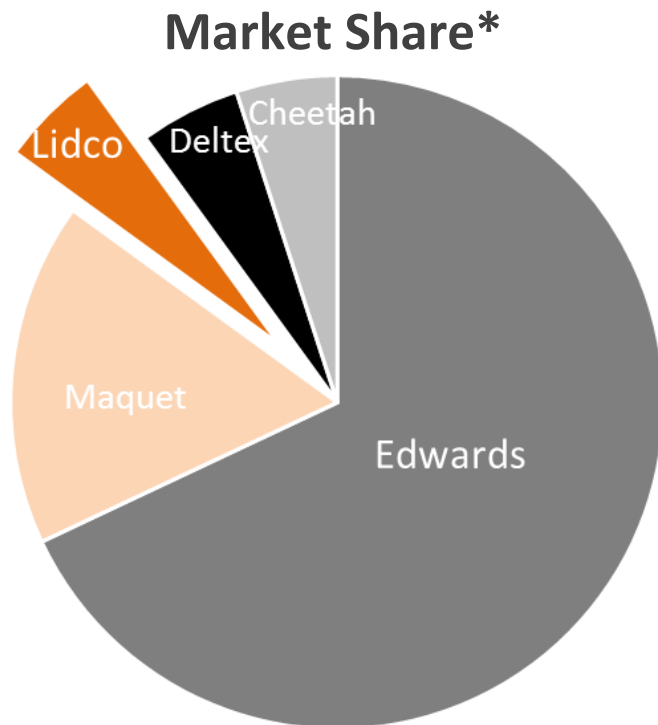
Source: NHS data

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*

Few competitors with one dominant global player which 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



Peter Grant

Non-Executive Chairman

- Former Chief Executive Officer of Skyepharma PLC
- Former Chief Financial Officer at WorldPay plc & Group Chief Executive at Molins PLC



Matt Sassone

Chief Executive Officer

- 20+ years medical device experience
- Former Chief Marketing Officer of Maquet
- Former Regional President for Smiths Medical



Jill McGregor

Chief Financial Officer

- Chartered Accountant with over 30 years' experience in a variety of financial roles.
- Spent the last 14 years in SME medical device
- Former Chief Financial Officer of Touch Bionics



Phil Cooper

Non-Executive Director

- 30 years medical device experience
- Former president of the wound care division Mölnlycke Health Care

- 1:** *Evaluation of the utility of the Vigileo FloTrac™, LiDCO™, 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>*