



Hemodynamic Monitoring

Interim Results Presentation Six months to 31 July 2018

October 2018

Matt Sassone
Chief Executive Officer
Jill McGregor
Chief Financial Officer



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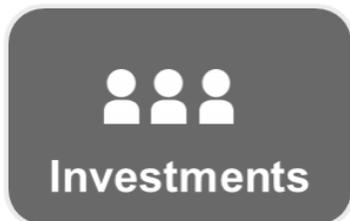
Overview



- Hemodynamic monitoring company, helping doctors to manage patients during high risk surgery and critical illness
- Over 250 clinical papers endorsing technology



- New monitor platform and differentiated pricing model (HUP) launched July 2017 to take market share in \$100m US market
- Geographical expansion from home market UK (used in over 50% of NHS hospitals)



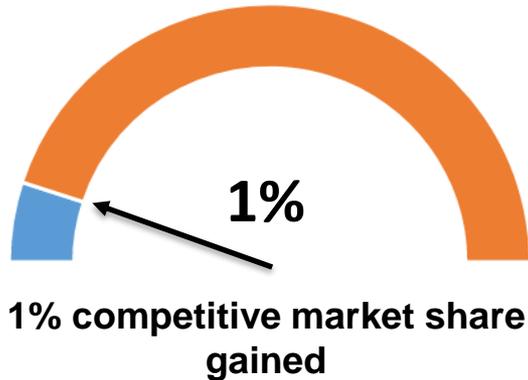
- Additional headcount added as part of expansion in commercial teams
- Major promotion campaign performed in US

TRANSITIONING THE BUSINESS TO A SOFTWARE AS A SERVICE MODEL

US HUP Performance



Market Share converted to HUP

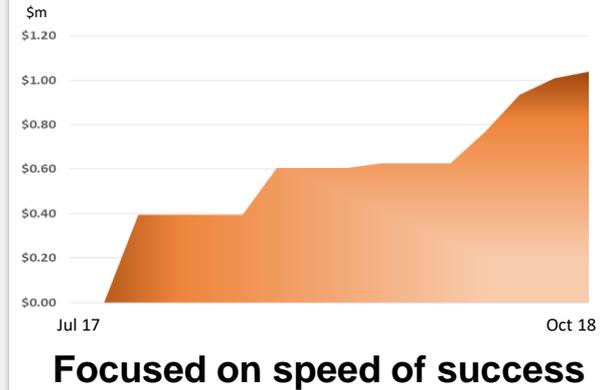


Value of Business Won

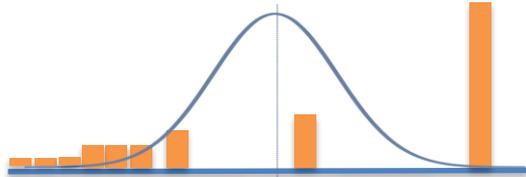


*Total value assuming contract renews annually for its stated term

Cumulative Success

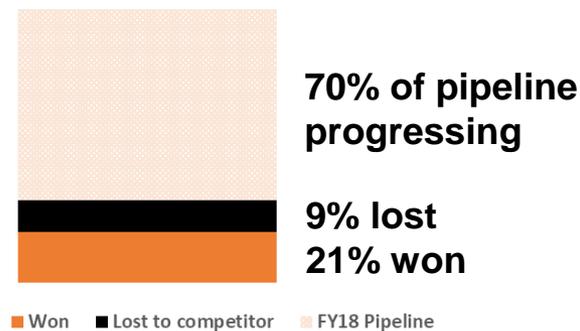


No. of Monitors per Deal



92 HUP monitor placed to date
Room to expand business within a number of accounts

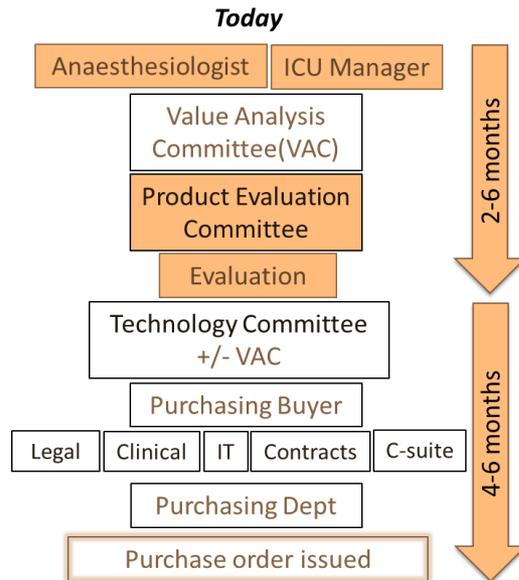
Success Rate



Account Significance

- #1** No.1 cancer hospital in US
- #2-5** All Top 20 hospitals as ranked by US news 2018
- #6** Level 1 trauma centre in New York
- #7&8** Large academic teaching centres
- #9** Major centre in San Diego

HUP Key Learnings

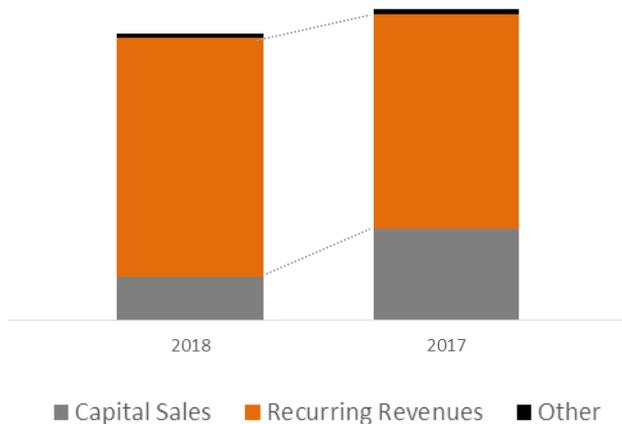


- Targeting
- Purchasing process
- Competitor reaction
- Addressing objections
- Evolved promotional approach



H1 Summary

LiDCO Revenues transitioning to Software as a Service “SaaS” Model



- LiDCO recurring revenues up 12% to £2.5m (H1 2017: £2.3m)
- LiDCO capital revenues down 52% to £0.5m (H1 2017: £1.0m)
- Total LiDCO revenues down 8% to £3.0m (H1 2017: £3.3m)

Income Statement



| | Six months ended 31 July 2018 Unaudited £'000 | Six months ended 31 July 2017 Unaudited £'000 |
|---------------------------|---|---|
| Revenue | 3,643 | 3,942 |
| Cost of sales | (1,251) | (1,240) |
| Gross profit | 2,392 | 2,702 |
| Sales and Marketing | (2,038) | (1,915) |
| Operations | (542) | (614) |
| Administration | (626) | (767) |
| Product Development | (396) | (377) |
| Total Costs | (3,602) | (3,673) |
| Operating loss before sbp | (1,210) | (971) |
| Share based payment | (65) | (44) |
| Operating loss | (1,275) | (1,015) |
| Finance income | 1 | 3 |
| Loss before tax | (1,274) | (1,012) |
| Income tax | 9 | (5) |
| Loss after tax | (1,265) | (1,017) |
| EBITDA | (884) | (609) |

- Total revenues down 8% to £3.6m
- Total margin 65.7% (H1 2017: 68.5%)
- Margin impacted by some one-off costs. Moving forward expected to improve as recurring revenues increase
- Controlling operational expenses with focused investment on Sales to ensure costs flat with prior year

Balance Sheet



| | 31 July 2018 Unaudited £'000 | 31 July 2017 Unaudited £'000 |
|----------------------------|------------------------------------|------------------------------------|
| Non-current assets | 3,029 | 2,862 |
| Current assets | | |
| Inventory | 2,118 | 1,533 |
| Trade & other receivables | 2,218 | 2,855 |
| Cash | 2,056 | 3,983 |
| Total current assets | 6,392 | 8,371 |
| Current liabilities | | |
| Trade & other payables | (1,918) | (1,778) |
| Deferred income | (371) | (112) |
| Total current liabilities | (2,289) | (1,890) |
| Net current assets | 4,103 | 6,481 |
| Net assets | 7,132 | 9,343 |

- Investment in inventory to secure supply chain
- Continued investment in geographic expansion
- Debt free
- Adequate funding to support expansion plans

Cash Flow & Working Capital



| | Six months to July 2018 £000 | Six months to July 2017 £000 |
|--------------------------------------|---------------------------------------|------------------------------------|
| Loss before tax | (1,274) | (1,012) |
| Cash flow from operating activities | (614) | (420) |
| Cash used in investing activities | (557) | (498) |
| Net cash flow before financing | (1,171) | (918) |
| Net cash flow - financing activities | - | - |
| Net change in cash | (1,171) | (918) |
| Opening cash | 3,227 | 4,901 |
| Closing cash | 2,056 | 3,983 |

- Working capital inflow £0.4m
- Deferred revenue outflow £0.3m
- Investment in R&D
- Investment in monitor placement
- H2 expected to be cash generative

Revenues by region



| | Six months to July 2018 | | | | Six months to July 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 | 163 | 1,564 | 31 | 1,758 | 380 | 1,553 | 30 | 1,963 |
| US | 22 | 579 | 4 | 605 | 432 | 356 | 17 | 805 |
| Europe | 93 | 136 | 7 | 236 | 67 | 125 | 4 | 196 |
| Rest of World | 179 | 236 | 2 | 417 | 82 | 221 | 2 | 305 |
| | 457 | 2,515 | 44 | 3,016 | 961 | 2,255 | 53 | 3,269 |
| 3rd party sales | | | | | | | | |
| UK | - | 627 | - | 627 | - | 673 | - | 673 |
| Total revenue | 457 | 3,142 | 44 | 3,643 | 961 | 2,928 | 53 | 3,942 |

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:** Stable recurring revenues. H1 capital sales now expected in H2. Significant new customer win, 1,000 bed NHS hospital with over 100 critical care beds. This customer has taken 14 systems on placement and is expected to convert to HUP later in year
- **USA:** Recurring revenue growth due to HUP with consequential capital sales decline
- **EU:** Up 20%, noteworthy tender win in Finland. Further HUP success in Denmark
- **ROW:** Continued growth from Japan & new distributor sales to South Korea and Vietnam. Impacted by US sanctions on Iran

3rd party distribution



- Termination of UK Argon Critical Care products distribution contract at end of September 2018
- Newly signed UK distribution agreements have better margins than the Argon products and are expected over time to replace the gross profit made by the Argon distribution

Disposable NIBP cuffs



- 3 year exclusive agreement
- Management estimate £10m UK market opportunity
- Competitive pricing

Pressure Transducers



- 3 year exclusive agreement
- Direct replacement for Argon critical care products
- ANTMED global revenues \$100m p.a.

Other Opportunities



- Number of discussions on-going
- Looking at high margin niche opportunities

Other Discussion points



China registration progress

- New monitor registration key objective for the Company to resume growth in this important market
- The project is nearing the end of the testing phase ahead of its final Chinese FDA submission and approval is anticipated in early 2019

Brexit

- Contingency planning for no-deal Brexit
- World Trade Organisation rules generally levy no tariffs on medical products
- Arrangements in place to rapidly re-register products to a domicile within the EU for regulatory purposes
- Supply chain protection in place
- No material impact of staffing and talent retention

Corporate Governance

- Board decided to adopt the Quoted Companies Alliance's (QCA) Corporate Governance Code
- Appropriate disclosures published on the Company's website on 6 September 2018

Outlook



- Continue to make good progress with HUP in the US
- Established a foundation of prestigious accounts, well positioned to take further market share in the world's largest hemodynamic monitoring market
- Sales cycle longer than originally anticipated, but good pipeline of engaged customers
- Anticipate further US HUP success and a higher level of capital sales in the UK
- New third party distribution agreements contributing
- H2 significant sales growth vs prior year
- H2 to be cash flow positive given the annual renewal of our HUP contracts

Summary



- Right strategy but taking longer than expected to realise pipeline
- High margin gearing effect as revenues are realised
- 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



2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017

LiDCO offering



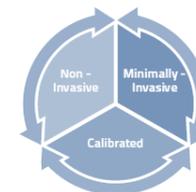
LiDCO Plus
Calibrated technology



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

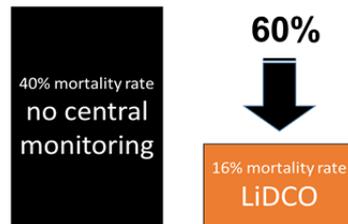


Independent studies using LiDCO technology have been shown to improve outcomes in:

- High risk elective surgery** → } *Colorectal, Vascular, Hip replacement, Liver Resection, Oesophagectomy,*
- Emergency surgery** → } *Bariatric, Cardiac, Abdominal, Caesarean, Emergency Laparotomy*
- Intensive Care** → } *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



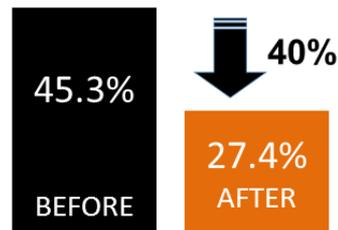
Reducing length of stay

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

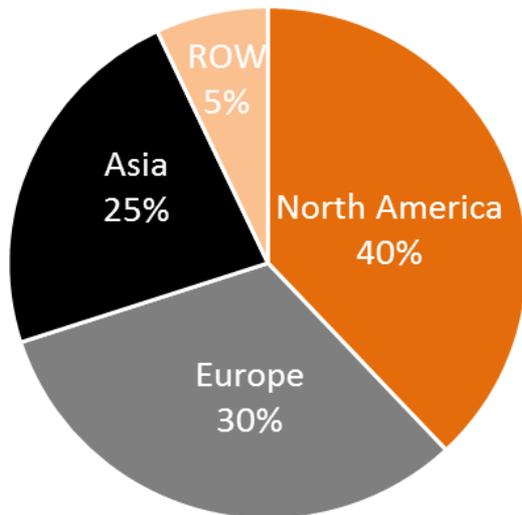


Market Size



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

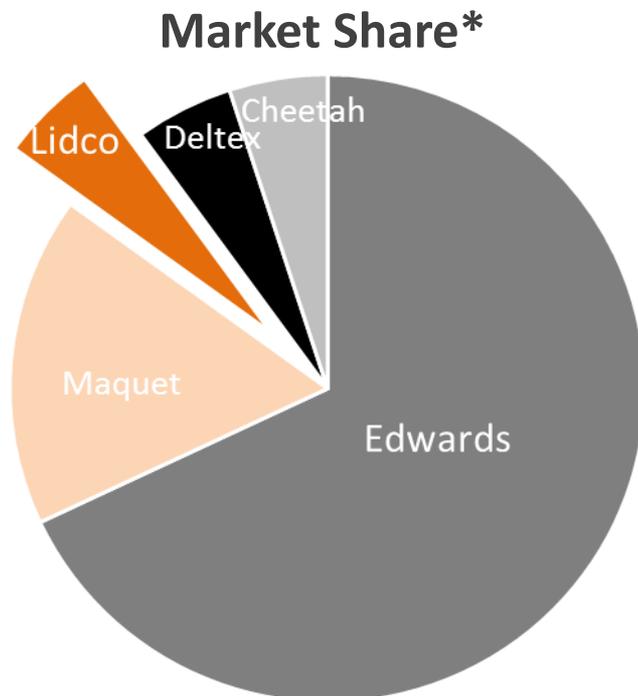
- High risk elective Surgery Over **75,000** patients per annum
- Emergency laparotomy Surgery Over **30,000** patients per annum
- Cardiac Surgery Over **20,000** patients per annum
- Sepsis Over **100,000** patients per annum

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

High Usage Programme Example



A DIFFERENT WAY – DIFFERENTIATED PRICING MODEL TO GAIN MARKET SHARE

| COMPETITOR COSTS | | LIDCO COSTS | | CUSTOMER SAVINGS | |
|-------------------------------|------------------|-------------------------------|------------------|-----------------------------------|-----------|
| No. of Patients / Disposables | 1410 | No. of Patients / Disposables | 3000+ | \$522,550 | |
| Cost per Disposables | \$275 | Cost per Disposables | N/A | | |
| Expired cable costs | \$36,800 | Expired cable costs | N/A | Annual Recurring Cost saving | \$154,550 |
| High Usage Plan costs | N/A | High Usage Plan costs | \$270,000 | Capital Expenditure saved | \$368,000 |
| Total Recurring Costs | \$424,550 | Total Recurring Costs | \$270,000 | No. of Additional Patient treated | 1500+ |
| No. of Monitors | 23 | No. of Monitors | 23 | | |
| Cost per Monitor | \$16,000 | Cost per Monitor | \$0 | | |
| Total Monitor costs | \$368,000 | Total Monitor costs | \$0 | | |
| Total \$792,550 | | Total \$270,000 | | | |

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

Clinical References



- 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>*