



# Results Presentation Year ended 31 January 2019

March 2019

**Matt Sassone**

Chief Executive Officer

**Tim Hall**

Chief Financial Officer



[www.lidco.com](http://www.lidco.com)

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# Overview



## Technology

- Hemodynamic monitoring company, helping doctors to manage patients during high risk surgery and critical illness
- Over 200 clinical papers endorsing technology



## Gain market share

- 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)



## Investments

- Investment programme in sales & marketing in order to expand commercial reach
- Major promotion campaign performed in US

**TRANSITIONING THE BUSINESS TO A SOFTWARE AS A SERVICE MODEL**

# HUP Explained



## 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
<b>Total Recurring Costs</b>	<b>\$424,550</b>
No. of Monitors	23
Cost per Monitor	\$16,000
<b>Total Monitor costs</b>	<b>\$368,000</b>

**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
<b>Total Recurring Costs</b>	<b>\$270,000</b>
No. of Monitors	23
Cost per Monitor	\$0
<b>Total Monitor costs</b>	<b>\$0</b>

**Total \$270,000**

### CUSTOMER SAVINGS

<b>\$522,550</b>	
Annual Recurring Cost saving	\$154,550
Capital Expenditure saved	\$368,000
No. of Additional Patients 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

# HUP Customer Experience



Large **NHS** Teaching Hospital



Leading **US** Academic Hospital

Before

4065 Patients



LiDCO technology

Circa **£0.3m**



Costs

2900 Patients



Competitor technology

Circa **\$1.0m**



Costs

After first year of HUP

5838 Patients



LiDCO technology

**ZERO** increase



in costs

**Direct savings**

**<£0.1m** p.a.

**Potential Indirect savings\***

**£1m to £1.7m** p.a.

5315 Patients



LiDCO technology

Over **\$0.5m**



Savings

**Total Direct savings**

**>\$1.2m** p.a.

**Potential Indirect savings\***

**\$1.8m to \$3.1m** p.a.

\* Calculated using potential cost-savings per patient when using goal-directed fluid therapy as identified in the following clinical paper - Michard et al. Perioperative Medicine (2015) 4:11 DOI 10.1186/s13741-015-0021-0

info@lidco.com

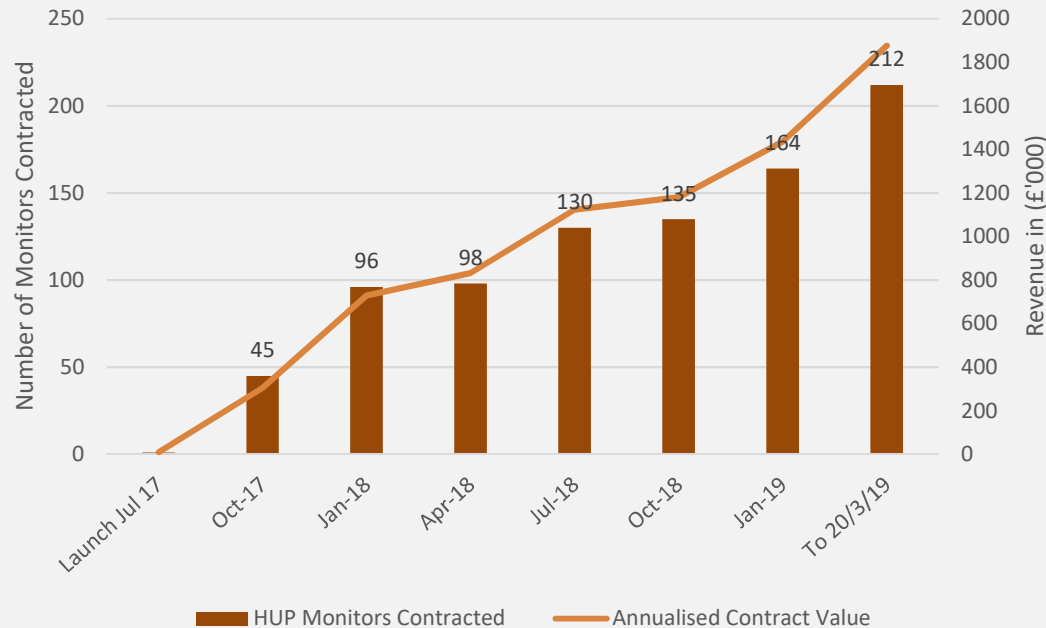


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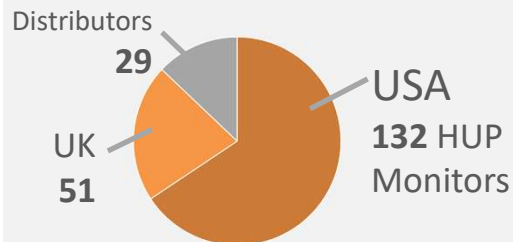
# HUP Performance



**HUP Monitors Placed and Annual Contract Value**



**Regional Split**



**Total value of HUP contracts signed to 20<sup>th</sup> March 2019**

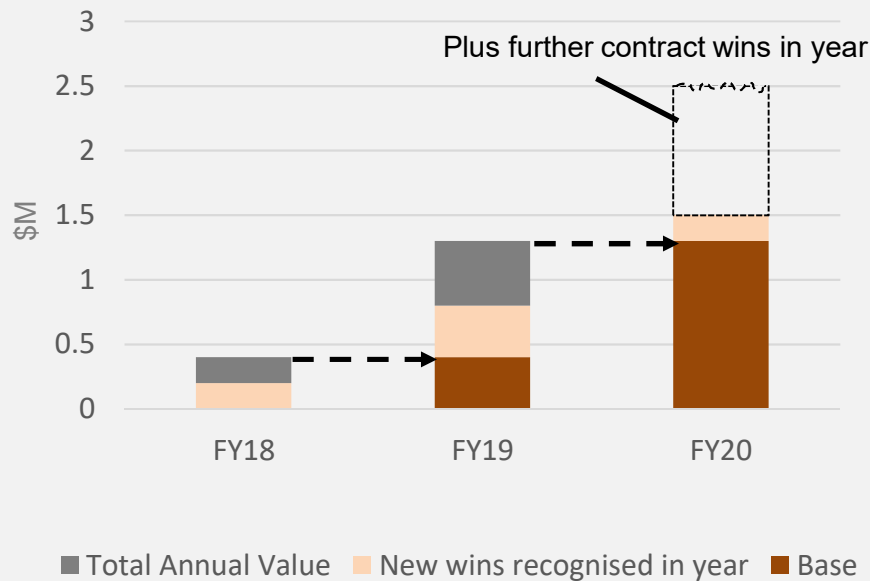
**£6.7M**

- As of 20<sup>th</sup> March 2019, 212 monitors signed on the Software as a Service “SaaS” model
- US: 132 monitors spread across 14 hospital accounts
- US represents 62% of the units and revenue
- 14% of UK business converted to HUP
- Total annualised contract value £1.8m
- £6.7m total value of HUP contracts signed to 20<sup>th</sup> March 2019

# US HUP Success

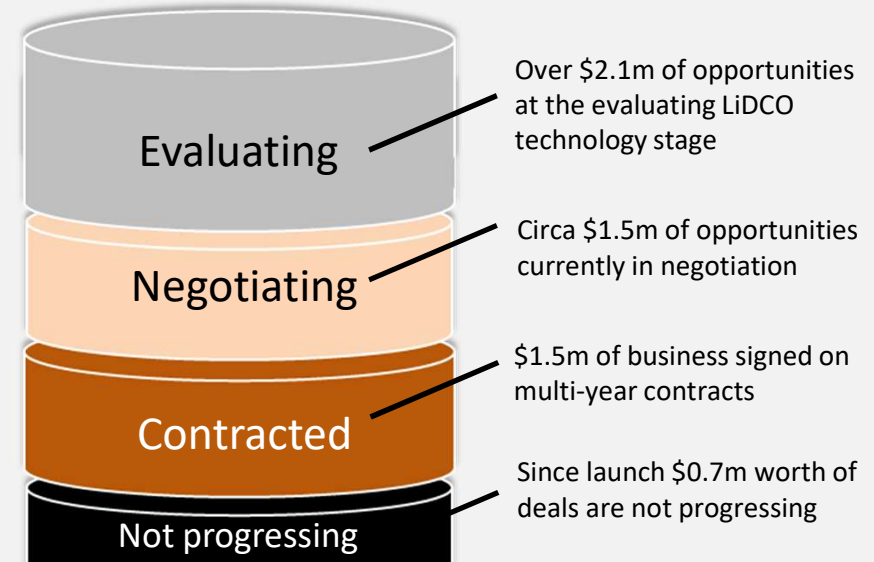


## Positive effect of HUP



- Have over \$1.5m of HUP sales already contracted to be recognised in 2019/20
- Additional wins expected during the year

## Focus on closing the US pipeline

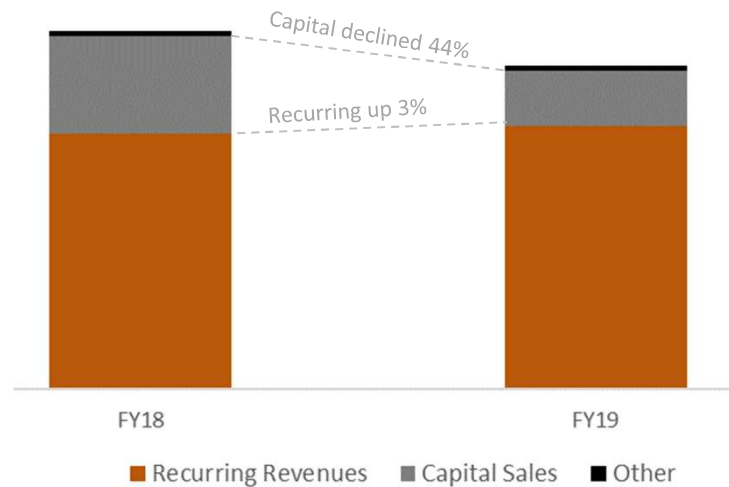


- Significant pipeline developed
- Adapted our approach and offering
- Potential for accelerated growth with additional resources in due course

# Revenues



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



- Total LiDCO revenues down 10% to £6.2m (FY18: £6.9m) due to non-recurring factors:
  - Transition to HUP deferred revenue from current financial year
  - Reduced purchases of consumables in anticipation of converting to HUP
  - Brexit impacting capital monitor purchases in UK
- LiDCO recurring revenues up 3% to £5.0m
- US recurring revenues grew nearly 50% to £1.3m
- LiDCO capital revenues down 44% to £1.1m

# Income Statement



	Year ended 31 January 2019 £'000	Year ended 31 January 2018 £'000
Revenue	<b>7,324</b>	8,267
Cost of sales	<b>(2,489)</b>	(2,999)
Gross profit	<b>4,835</b>	5,268
Sales and marketing	<b>(3,764)</b>	(4,039)
Operations	<b>(984)</b>	(1,188)
Administration	<b>(1,345)</b>	(1,601)
Product development	<b>(737)</b>	(552)
Overhead costs	<b>(6,830)</b>	(7,380)
Adjusted operating loss	<b>(1,995)</b>	(2,112)
Share-based payments	<b>(143)</b>	(109)
Operating loss	<b>(2,138)</b>	(2,221)
Finance income	<b>1</b>	3
Loss before tax	<b>(2,137)</b>	(2,218)
Income tax	<b>196</b>	125
Loss after tax	<b>(1,941)</b>	(2,093)
EBITDA	<b>(1,306)</b>	(1,359)

- Total revenues down 11% to £7.3m
- Gross margin increased to 66.0% (2018: 63.7%)
- Gross margin on LiDCO products increased to 74.5% (2018: 73%)
- Overhead costs reduced by 7.5% due to:
  - Strict control of costs
  - Lower commissions payable
  - Reduction of 1 in average headcount to 48
- Investment in product development increased 34% - software upgrade developed for launch in H1 2019
- R&D tax credit increased by £71k
- Loss after tax decreased 7% to £1.9m (2018: £2.1m)

# Balance Sheet



	31 January 2019 £'000	31 January 2018 £'000
<b>Non-current assets</b>	<b>3,032</b>	2,862
<b>Current assets</b>		
Inventory	1,880	1,354
Trade & other receivables	1,928	3,246
Tax receivable	188	127
Cash	1,717	3,227
<b>Total current assets</b>	<b>5,713</b>	7,954
<b>Current liabilities</b>		
Trade & other payables	(1,374)	(1,816)
Deferred income	(837)	(668)
<b>Total current liabilities</b>	<b>(2,211)</b>	(2,484)
<b>Net current assets</b>	<b>3,502</b>	5,470
<b>Net assets</b>	<b>6,534</b>	8,332

- Non-current assets comprise £0.9m of PPE & £2.1m of intangible assets
- Inventory increased by £526k due to an increase in strategic stocks of key components
- Receivables fell by £1.3m due to:
  - Repayment of a large Chinese debt
  - Lower January sales
- Company remains debt free
- Payables fell £442k in part due to the termination of Argon distribution

# Cash Flow & Working Capital



	Year ended 31 January 2019 £000	Year ended 31 January 2018 £000
<b>Loss before tax</b>	<b>(2,137)</b>	(2,218)
Depreciation & Amortisation	832	862
Share based payments	143	109
<b>Operating cash flow before movements in working capital</b>	<b>(1,162)</b>	(1,247)
Deferred income	169	576
Working capital	350	(137)
Taxation	135	91
Interest (net)	(1)	0
<b>Cash flow from operating activities</b>	<b>(509)</b>	(717)
Cash used in investing activities	(1,001)	(957)
<b>Net cash flow before financing</b>	<b>(1,510)</b>	(1,674)
Net cash flow - financing activities		
<b>Net change in cash</b>	<b>(1,510)</b>	(1,674)
Opening cash	3,227	4,901
<b>Closing cash</b>	<b>1,717</b>	3,227

- Cash outflow reduced by 10%
- Cash outflow improved during the year with cash outflow in H2 £0.3m vs £1.2m in H1
- HUP has a positive impact on cash flows as payments in advance
- Board believes adequately funded to deliver strategic objectives

# Revenues by region



	12 months to January 2019				12 months to January 2018			
	Capital Sales	Recurring Revenues	Other	Total	Capital Sales	Recurring Revenues	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>LiDCO products</b>								
UK - Total	378	3,108	73	3,559	686	3,383	73	4,142
US	102	1,267	7	1,376	497	849	11	1,357
Europe	152	304	11	467	222	272	10	504
Rest of World	419	361	8	788	468	389	5	862
	1,051	5,040	99	6,190	1,873	4,893	99	6,865
<b>3rd party sales</b>								
UK	-	1,134	-	1,134	-	1,402	-	1,402
<b>Total revenue</b>	<b>1,051</b>	<b>6,174</b>	<b>99</b>	<b>7,324</b>	<b>1,873</b>	<b>6,295</b>	<b>99</b>	<b>8,267</b>

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:** Some customers reduced purchases of consumables in anticipation of converting to HUP. Capital sales returned to historical levels after new monitor launch effect in FY18
- **USA:** Strong growth of HUP meant that recurring revenues, which includes per patient disposables and service contracts, grew nearly 50% in FY19 compared with the prior year
- **EU:** Tender win in Finland. Further HUP success in Denmark. Continue to work on expanding presence in some of the larger countries in the region
- **ROW:** Strong growth in Japan offset by weaker demand from the Middle East
- **3rd Party:** Argon distribution ended Sept 18. No impact in 2018/19 of newly signed agreements with Maicuff, Antmed and Xavant

# 3<sup>rd</sup> 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

## MAICUFF



### Disposable NIBP cuffs

- 3 year exclusive agreement
- £3m UK market opportunity\*
- Competitive pricing

## ANTMED



### Pressure Transducers

- 3 year exclusive agreement
- Direct replacement for Argon critical care products
- £10m UK market opportunity\*

## XAVANT



### Nerve Stimulator

- High margin niche opportunity
- £1m UK market opportunity\*

\* LiDCO Management estimates of total addressable market

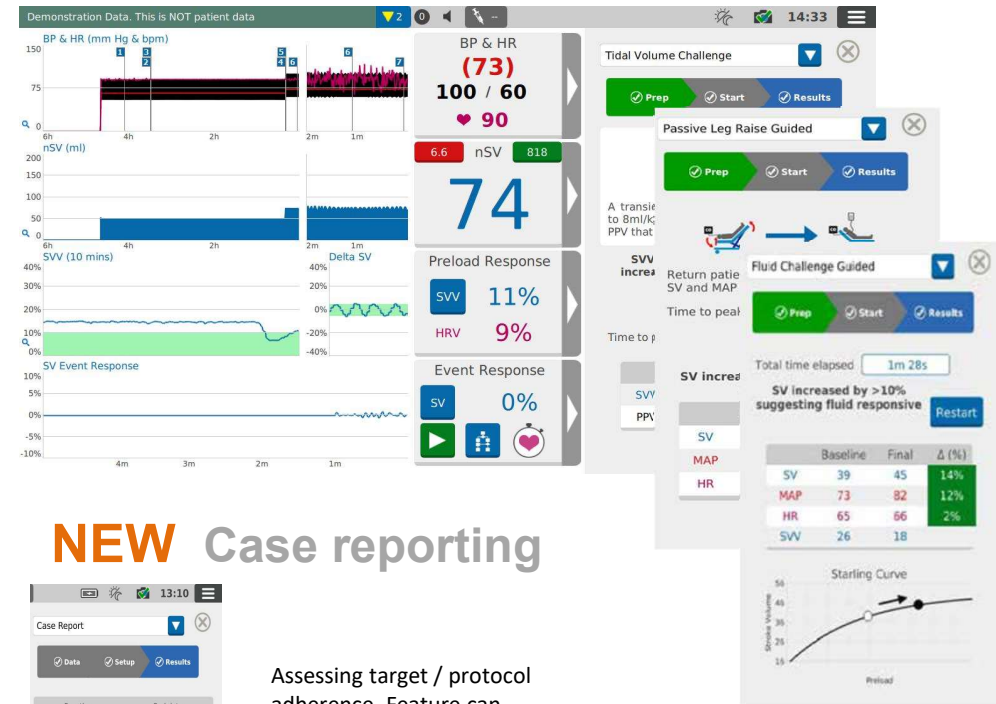
# Latest Product Improvements



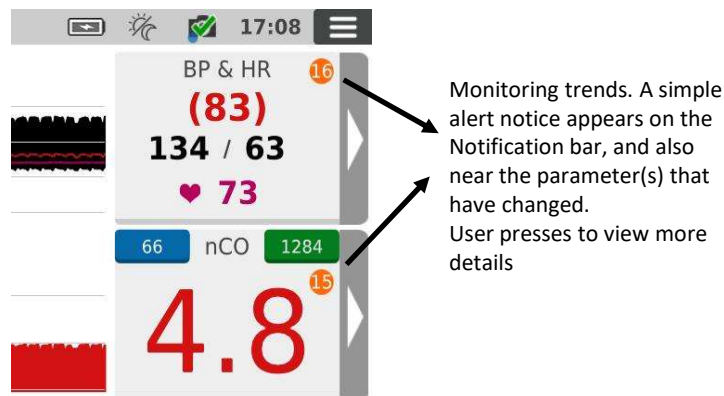
## NEW Night mode



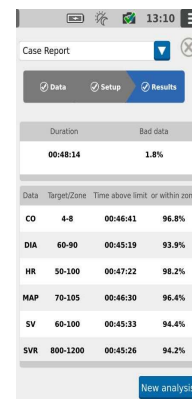
## NEW Dynamic clinical protocols



## NEW Change notifications



## NEW Case reporting



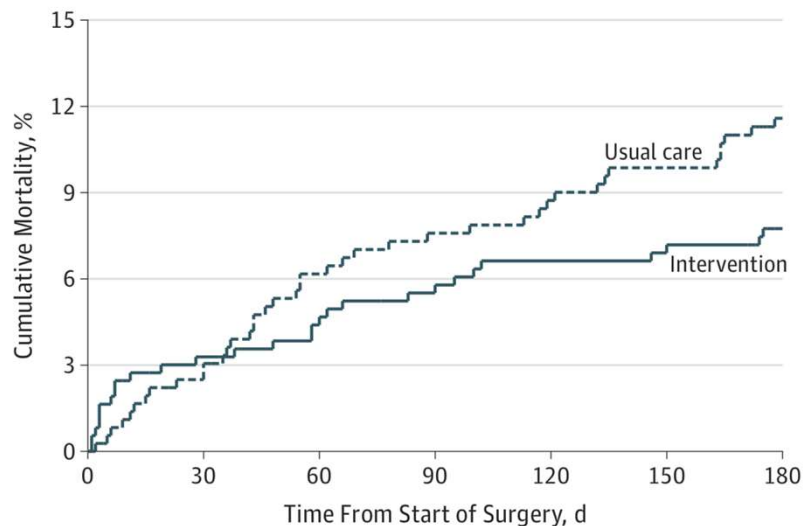
Assessing target / protocol adherence. Feature can determine how long a parameter was above a target limit or within a target zone

# Latest Clinical Evidence



**Ryan EG, Harrison EM, Pearse RM, et al**

*Perioperative haemodynamic therapy for major gastrointestinal surgery: the effect of a Bayesian approach to interpreting the findings of a randomised controlled trial* *BMJ Open* 2019;9:e024256. doi: 10.1136/bmjopen-2018-024256



- Largest perioperative haemodynamic optimisation study ever published (>700 patients)
- OPTIMISE trial, published in 2014, used LiDCO technology in the intervention group treating risk surgical patients. This recent publication utilising Bayesian analysis offers further insight into the results.
- OPTIMISE found that the intervention reduced the incidence of 30-day complications/death following surgery: 31.52% (intervention) versus 41.60% (control), RR 0.77 (95% CI 0.71 to 0.83).<sup>1</sup>
- This study demonstrates that the intervention was superior to the control at reducing 30-day complications/death with 96.9%–99.5% probability

# Regulatory & Distribution update



## Europe

- No deal Brexit plans in place
- CE mark & Medicines approval transfers
- LiDCO Netherlands established
- EU warehousing

## China

- All prerequisite testing and documentation was completed during 2018
- Submission to CFDA made in January 2019
- CFDA normal timescales a few months

## Latin America

- Elysian Fields appointed as new master distributor
- Ex-Edwards management team
- Registrations underway in Brazil & Columbia
- Expect to commence more during 2019

## Middle East

- Razan Medical act as master distributor
- Registration in Saudi Arabia

## South East Asia

- Fieldman act as master distributor
- Recent approvals from Taiwan, Singapore & Indonesia
- South Korea and Sri Lanka registrations underway

# Anticipated News Flow



## H1 2019

- Further HUP contracts in USA & UK
- 3<sup>rd</sup> party product success in UK
- New distribution partners in EU, Middle East & Latin America
- Regulatory approval in new distribution markets
- Registration of new monitor platform in China

# Outlook



- Significant revenue growth in 2019/20 sales as the current annualised base of HUP contracts carries forward
- Established a foundation of prestigious accounts, well positioned to take further market share in the world's largest hemodynamic monitoring market
- Pipeline of engaged customers, improved management of the sales process
- Newly signed higher margin UK distribution agreements start to have an impact and go some way to close the contribution gap created by the loss of Argon
- Gross margins are expected to improve due to a favourable LiDCO product mix and higher margins on the new third-party sales
- Operating costs remain stable

# Summary



- Continue to make good progress with HUP especially in the US
- SaaS model - greater revenue visibility alongside stronger cash generation as customers pay in advance of services
- High margin business
- Board believes Group is adequately funded 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

**LEGEND -**  
**Key Clinical Studies**

**Meta-Analyses**  
*(major review of available studies with a consolidated conclusion)*

**(UK) NICE Recommendation<sup>8</sup>**

**(USA) ASER & POQI Consensus statement<sup>6</sup>**

**(EUR) Intensive Care Society Consensus statement<sup>7</sup>**

*Growing body of clinical evidence*

2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017

LiDCO offering



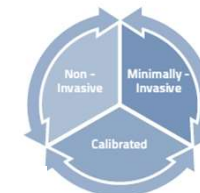
**LiDCO Plus**  
*Calibrated technology*



**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 mortality<sup>2</sup>

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)<sup>3</sup>

LOS  
7 days  
BEFORE

29%

5 days  
AFTER

## Less complications

Using LiDCO for **Cardiac** surgery statistically reduced major postoperative complications<sup>4</sup>

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 costs<sup>5</sup>

\$21,294  
BEFORE

12%

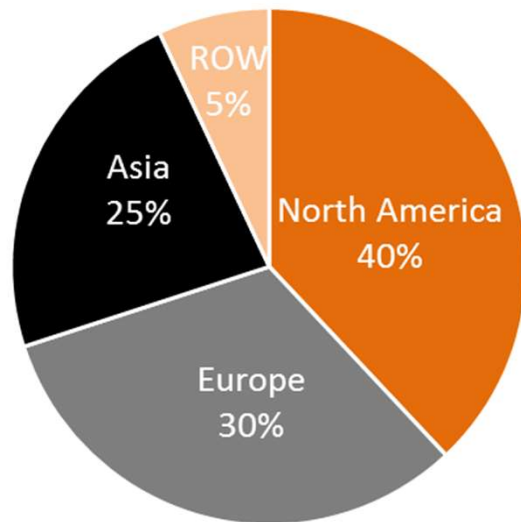
\$18,716  
AFTER

# 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<sup>6 7</sup>

*\* 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

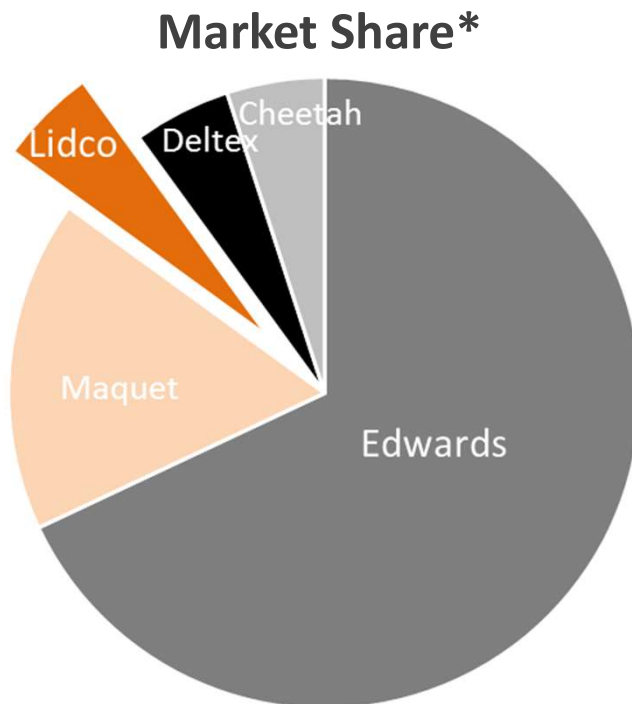
**Enhanced Recovery After Surgery (ERAS) is an underpenetrated opportunity focused on reducing complications and length of stay**

**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

# Board



**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



**Tim Hall**

**Chief Financial Officer**

- Chartered Accountant with over 30 years' experience in a variety of financial roles.
- Former Chief Financial Officer of Oxford Gene Technology IP Ltd & Lombard Medical Technologies PLC



**Phil Cooper**

**Non-Executive Director**

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

# 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>*