



Year ended 31 December 2014 Results

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March 2015



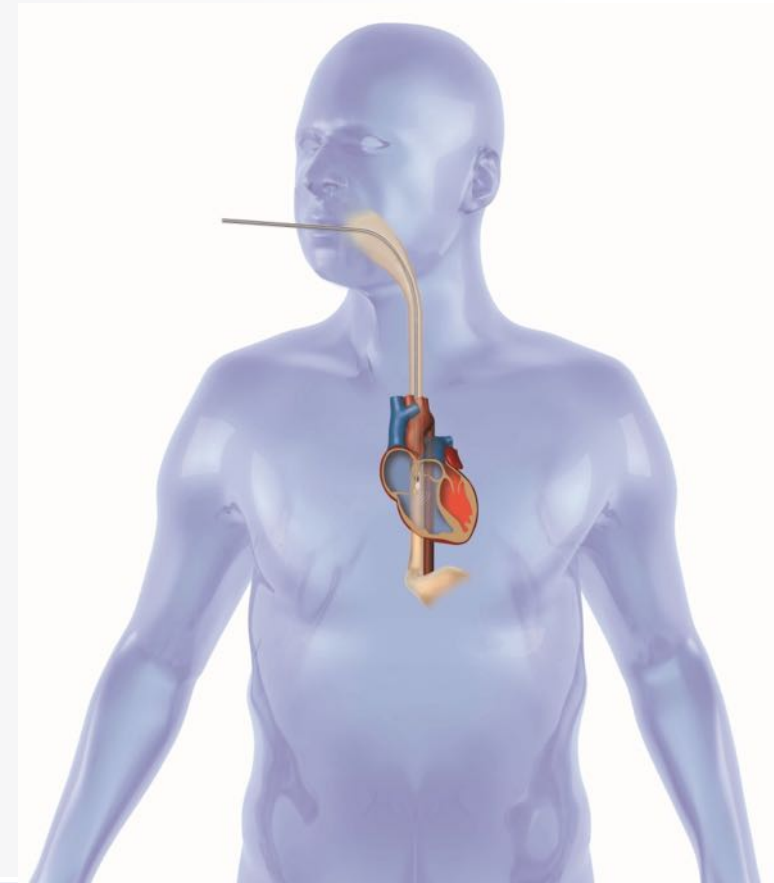
Agenda

- What we do
- 2014 results
- Cash plan – on track
- Market reviews
- Forward look
- Summary



CardioQ-ODM+ - multiple applications

- **Intra-Operative Fluid Management ('IOFM')**
 - Stroke Volume Optimisation
 - Minimisation of respiratory swing
 - Minimisation of flow: running dry
- **Laparoscopic abdominal surgery**
 - Heart failure: head down, face down
 - Pneumoperitoneum: insufflation levels
- **Display irregularities**
 - Heart: ectopic beats, atrial fibrillation
 - Cement showers
- **Monitoring cardiac output**
 - Toggle flow and pressure modes
 - Easiest, quickest, most precise calibration
 - Doctor or nurse led
 - Velocity pressure relationship: evolving





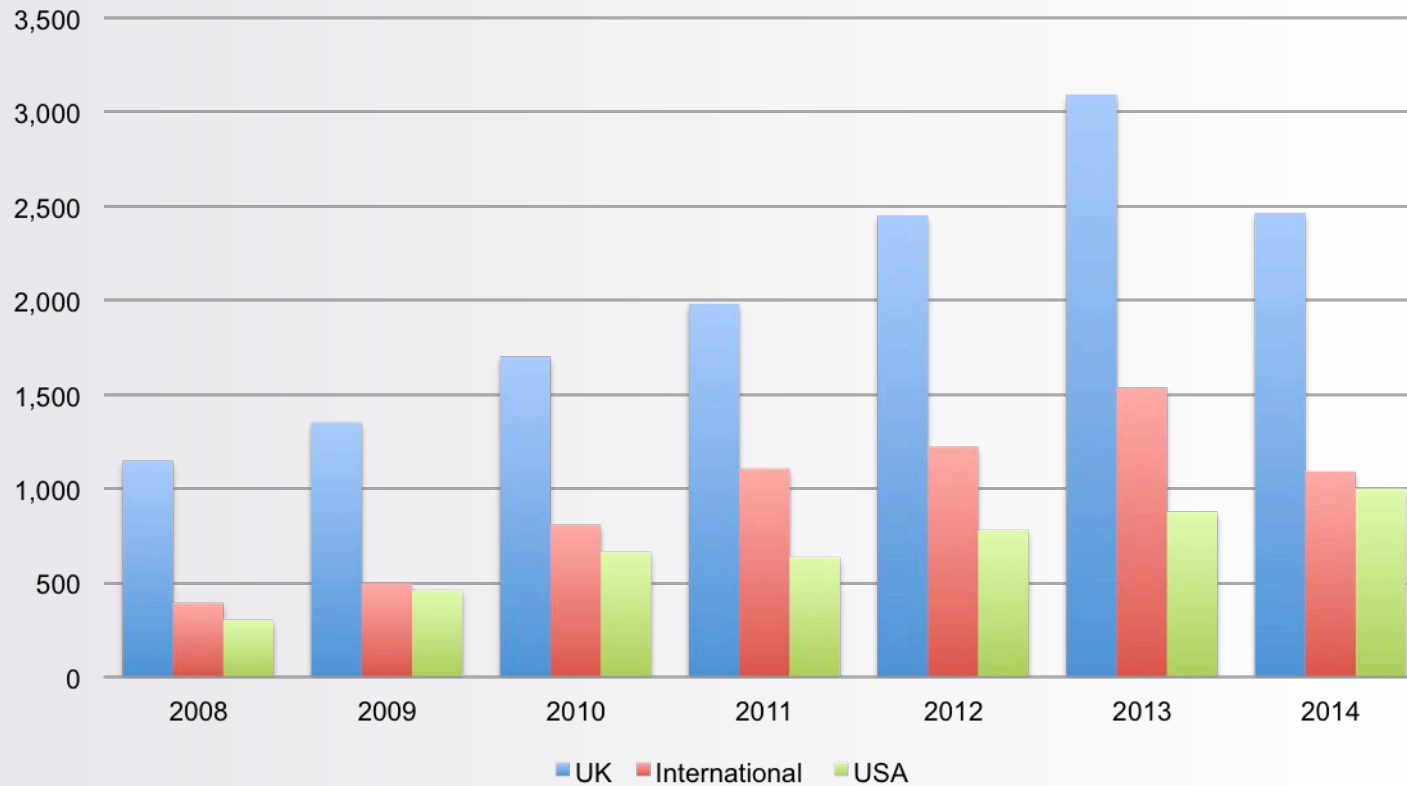
2014 full year results - proforma

- Probe sales decreased by 16% (£1,026,000)
- Gross profit:
 - probes maintained at 76% (2013: 76%)
 - monitors 62% (2013: 70%)
 - statutory GP 70% (2013: 72%)
- Cash costs increased by £768,000 to £6,223,000
 - reflecting post placing investments
 - 5% below budget for the year
- Cash loss increased by £1,391,000 due to:
 - increased investment - £768,000
 - reduction in contribution from revenue - £623,000
- Non-cash costs decreased by £341,000
- Loss before US market development project increased by £1,050,000

	2014 £'000	2013 £'000
Surgical probes	4,558	5,509
ICU probes	713	788
Total probes	5,271	6,297
Gross profit	3,984	4,755
Sundry income	45	35
Net monitor income	517	379
Cash costs	(6,223)	(5,455)
Cash loss before US investment costs	(1,677)	(286)
Non-cash costs	(872)	(1,213)
Loss before US market development project costs	(2,549)	(1,499)
Costs of US market development project	(441)	(599)
Operating loss	(2,990)	(2,098)



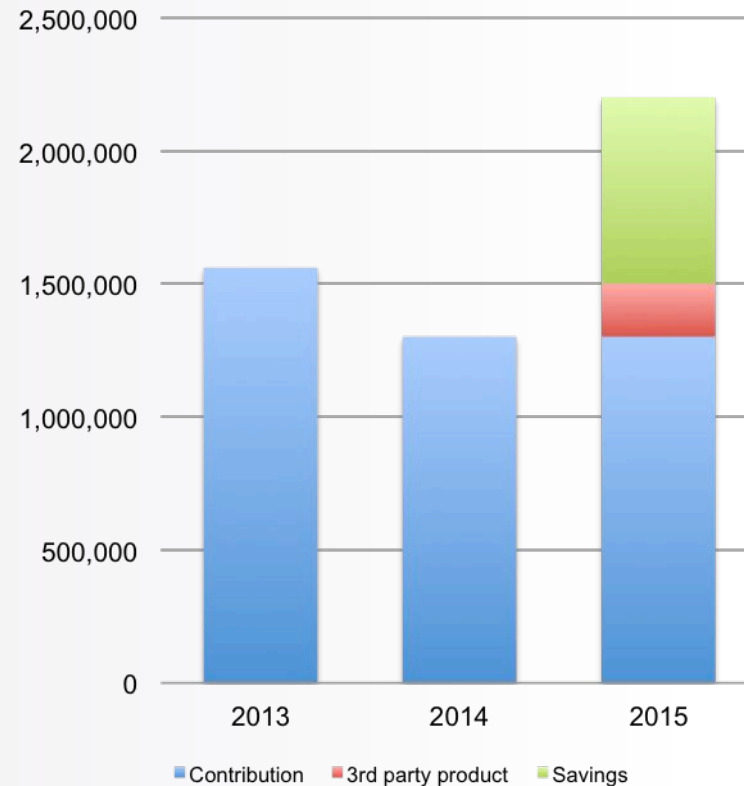
Surgical probe growth – by territory - £' 000





Cash plan refocused and on track

- **Cash plans**
 - To reshape UK cost base to maintain cash generation
 - To continue funding US and other expansion
 - To exit 2015 at breakeven run-rate, including expanded US operation
- **Through**
 - Refocusing UK and other costs, saving c£1m per annum:
 - Personnel £800,000
 - Other £200,000
- **Additional**
 - £400,000 saved from office lease renewal
 - Cash releasing working capital initiatives





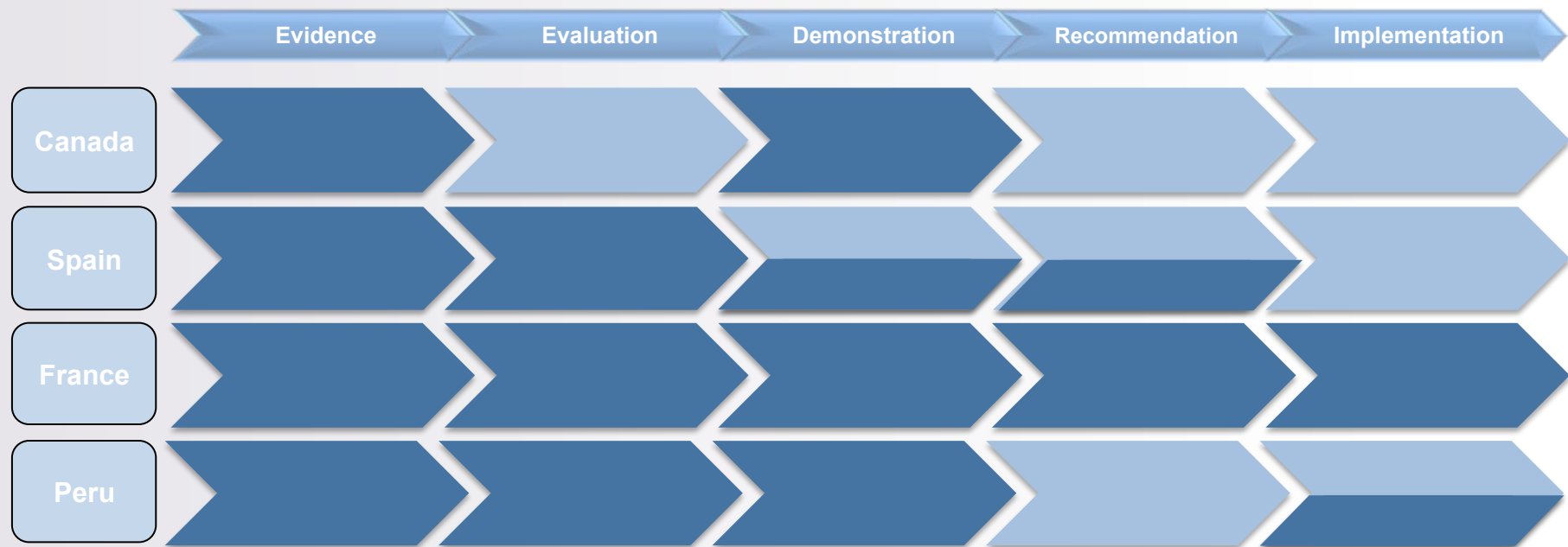
UK Strategy

- To continue to increase cash generation
- Refocused team, moving:
 - From: 20+ field team, including 12 trainers
 - To: team of 12, all commercially focused; supported by e-learning and CRM
- Channel 3rd party product through highly regarded sales and support





International progress



- Active in over 30 countries
- Strong market positions established in France, Sweden, Peru as well as UK



US Background

Potential

- Rapidly growing opportunity
- High margins >90%
- Quicker adoption at scale
- National reimbursement

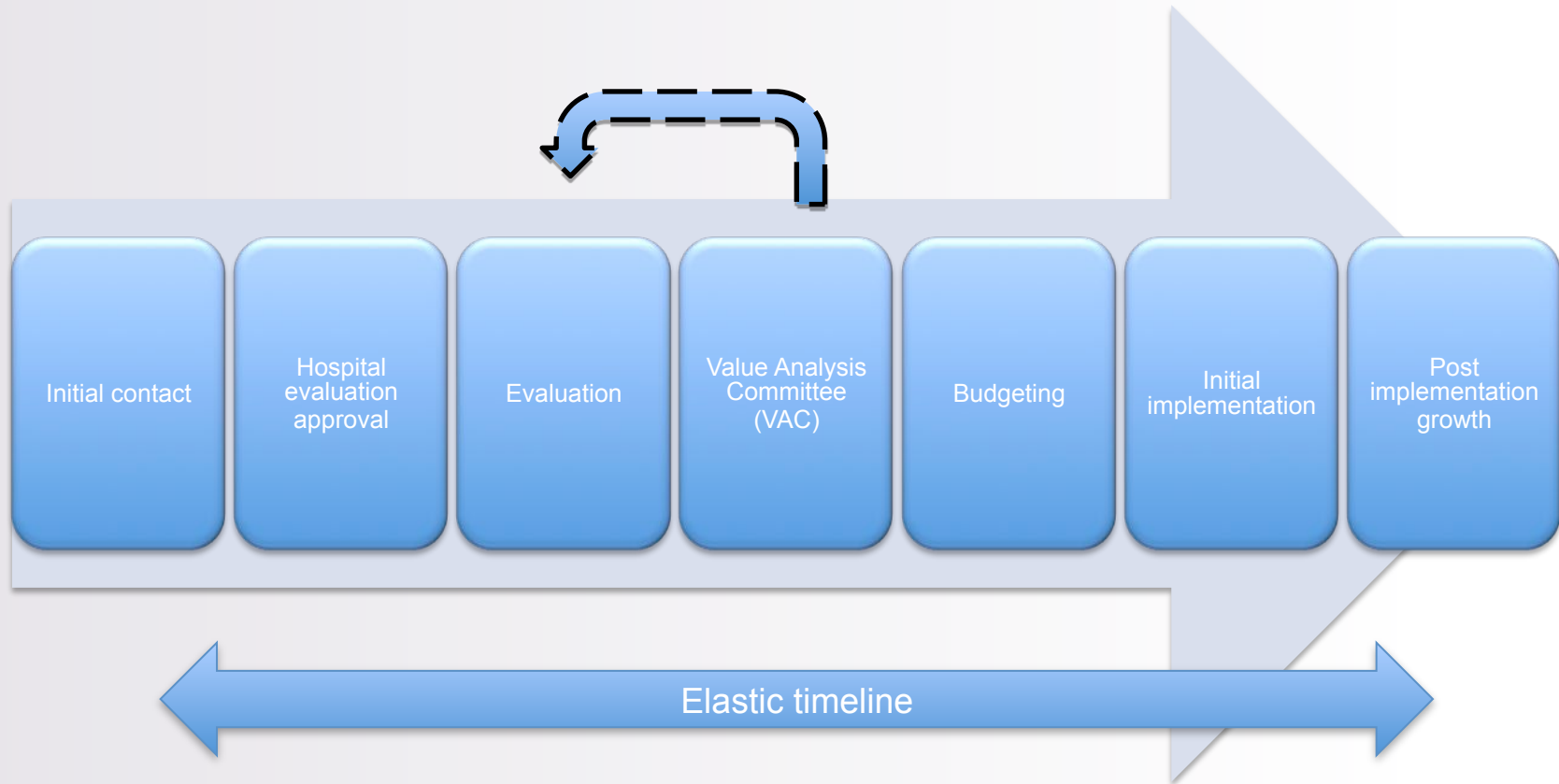
Strategy

- To establish 30+ dedicated trainer accounts mid-2016 on track for 100+ per month probe run rate
- Roll-out options:
 - Grow organically
 - Partner with complementary peer
 - Partner with major
 - Sell

No. of accounts	10	20	30
@100 probes per month	£' 000	£' 000	£' 000
Revenue	1,500	3,000	4,500
Gross profit	1,350	2,700	4,050
Trainers	(687)	(1,313)	(1,938)
Sales costs	(250)	(500)	(750)
Contribution	413	887	1,362
<i>Contribution if:</i>			
<i>1:1 trainers</i>	<i>413</i>	<i>887</i>	<i>1,362</i>
<i>1:2 trainers</i>	<i>757</i>	<i>1,544</i>	<i>2,331</i>
<i>1:4 trainers</i>	<i>928</i>	<i>1,872</i>	<i>2,816</i>



US sales progress





Forward look

1. Establish platform for US roll-out
2. Maximise cash returns from UK and international businesses to finance further expansion
3. Capitalise use of Premier data
4. Improve margins and introduce incremental revenue streams
5. World class, efficient clinical education and training programmes
6. Develop monitor platform to be an essential bedside hemodynamic workstation
7. Accelerate cash breakeven and operational scale

**Goal: build a
cash generative, international
medical technology
business built on
high margin
recurring revenue
streams delivering
value to patients,
doctors and hospitals**



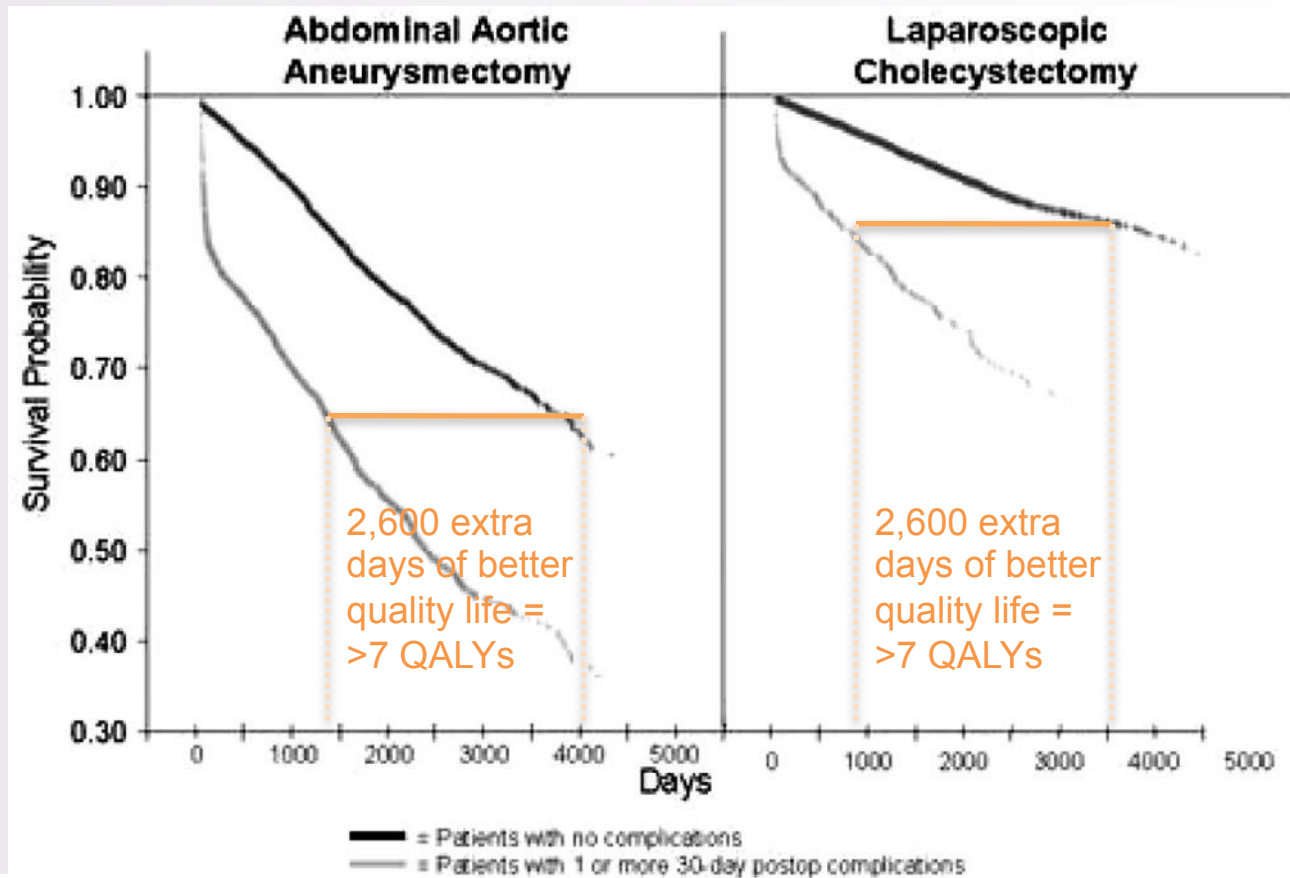
Summary

- US opportunity growing quickly, expansion plans on track
 - Manage pipeline investment/timings
 - Objective: build platform for national US roll-out
- Refocus UK business in challenging market conditions
 - Accelerate complementary product distribution plans
 - Launching clinician focused initiatives: e-learning and digital QI
- Create and exploit opportunities for accelerated growth in other territories (Spain, France, Canada)
- Operational and product improvements on track
- Funded for next stage of development



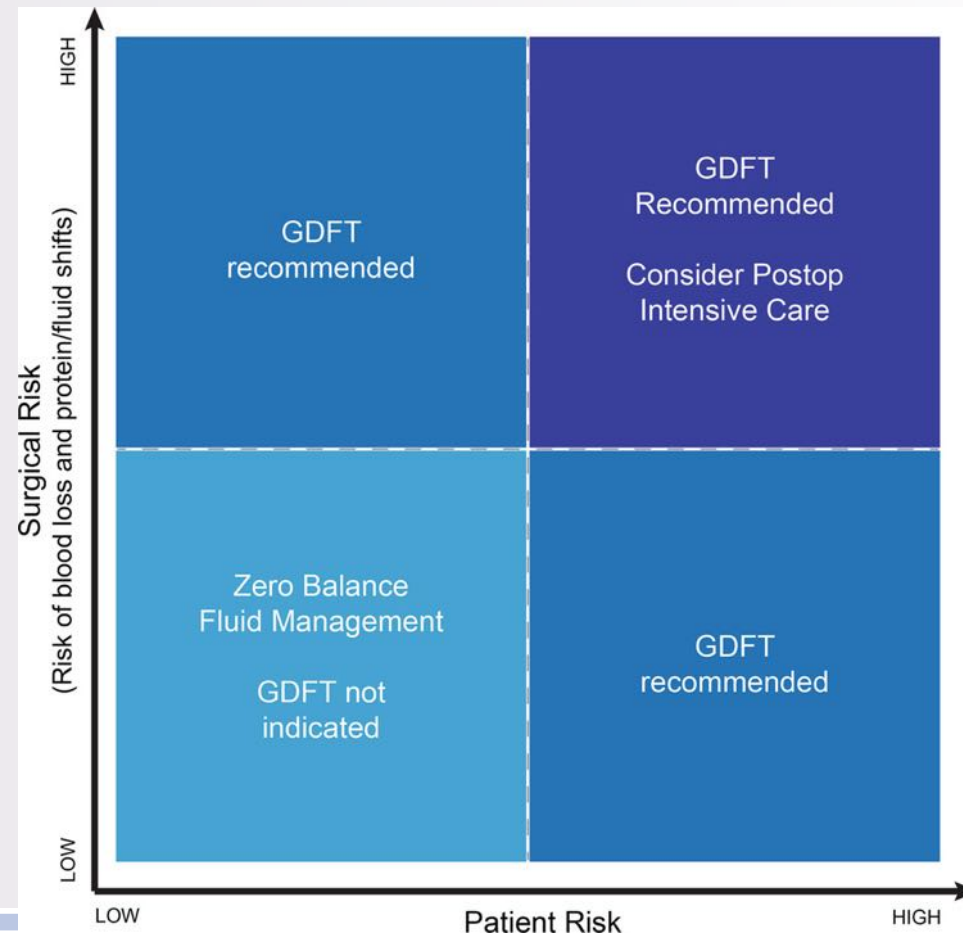
Appendices

Surgical complications: lasting impact





Risk adapted matrix – 1





Fluid management in surgery evidence table

IOFM Protocol	Oesophageal Doppler (ODM)	Pulse Pressure Waveform Analysis (PPWA)			Bioimpedance
	SV Optimisation	SV Optimisation	Minimisation of SVV /PPV	Target (other parameters)	Target (other parameters)
RCTs	15 ¹⁻¹⁵	5 ¹⁶⁻²⁰	9 ²¹⁻²⁹ †	3 ³⁰⁻³²	1 ³³
Number of RCT patients	1,361	1033	751	137	142
Audits	6 ³⁴⁻³⁹	-	1 ⁴⁰	-	-
Number of audit patients	2,487	-	50	-	-
Reduce complications	✓✓✓	?	✓†	?	✗
Reduce total LOS	✓✓✓	✗	? †	?	✗
Reduce ICU stay	✓✓	✗	?	?	✗
Reduce operating times	✓ ⁵⁰	✗	✗	?	✗
Types of surgery	Cardiac, orthopaedic, colorectal, renal urological, other abdominal, gynaecological, plastic, vascular, transplant, hepatic (elective, emergency & laparoscopic)	Vascular, orthopaedic, gastrointestinal (elective)	Abdominal, high-risk, thoracic, cardiac (elective & emergency)	Cardiac, vascular, orthopaedic, gastrointestinal (elective)	Abdominal
Meta-analyses	5 ^{36, 41-44}				
Government systematic reviews	6 ⁴⁵⁻⁵⁰ (UK, USA & Spain)				
Non-Government systematic reviews	-				
Technologies used (RCTs and other audits)	CardioQ-ODM x 19, Hemosonic x 1, TECO x 1	Vigileo/FloTra			

ODM+ is the ONLY monitor designed to give clinicians a choice of evidence based IOFM strategies

NOTES † Mayer, Boldt et al ⁵² study using FloTrac excluded: subject to retraction †† NICE commissioned review concluded CardioQ-ODM is dominant. CardioQ-ODM delivers both better outcomes and lower cost.





Risk adapted matrix – 2

