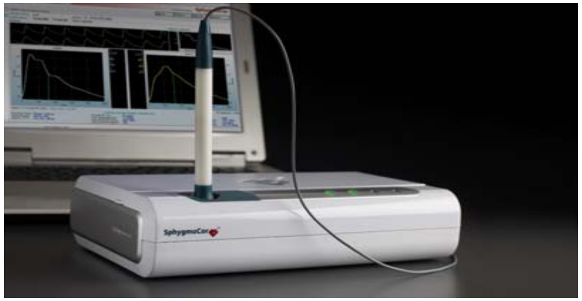
AtCor Medical - ASX:ACG



SphygmoCor
AT THE HEART OF CARDIOVASCULAR MANAGEMENT

Delivering on Commitments
Driving Sustainability

The Science Supports the Need

March 2009

Duncan Ross, CEO
Peter Manley, CFO

AtCor Medical

- Overview and accomplishments
- Results and comparables
- Forward focus

2009 H1 Financial Highlights

Sales Growth, Expense Management, Maiden Profit

- **Product Revenue Growth of 76% on pcp**
  - **Driven by major increases in pharmaceutical clinical trial sales/services**
  - **On a constant currency basis, up 64% on pcp**
- **Gross Margin maintained at 82.7%**
  - **Cost savings from new product and FX gains, offset against lower average selling price from volume purchasers.**
- **4% expense growth net of FX and variable compensation**
- **Maiden NPAT of $0.2m versus loss of $1.7m on pcp.**
  - **Underlying NPAT loss of $0.4m, FX gain $0.6m principally on AUD/USD benefit**
- **Net Cash out flows of $0.4m - down 84% on pcp. Closing Cash $2.9m**
  - **Operating cash outflows $1.2m, director loan repayments $0.5m, cash FX gain $0.3m**
- **Further validation of business model and strategy**
  - **Significant increase in product revenues, single digit growth in cost base, stable margins**
  - **Expanding presence in global pharma clinical trials – existing & new customers**

2009 H1 Clinical Highlights

Further clinical outcome data adds validity/credibility

- **Atrial Fibrillation (AF) – 800 patient study using SphygmoCor**
  - **Superior predictor of AF than well established clinical risk factors**
  - **AF affects 2% of the population, characterised by disturbance of heart's electrical system**
  - **Present technology able to detect, not predict AF**
  - **Potential new cardiovascular (CV) indication, adds breadth to SphygmoCor clinical utility**

- **Hypertension – 2,405 patient study using SphygmoCor**
  - **Found Central Pulse Pressure (CPP) of >50mm mercury a significant predictor of CV events**
  - **CPP is the difference between central systolic & diastolic pressure**
  - **Standard pressure cuff measures not predictive**
  - **Major importance to clinicians/pharma to stratify CV risk, at a quantitative level**

- **African American Study – SphygmoCor Identifies Elevated Central Pressures**
  - **Standard cuff measures of blood pressure did not detect elevated central pressures**
  - "...M**ay fill a crucial void in current management of hypertension and related sequelae in African- Americans" (Heffernan et al.)**

KEY TAKEAWAY – Outcome Data the Key Driver for Adoption/Uptake

Well positioned

The Science supports the need

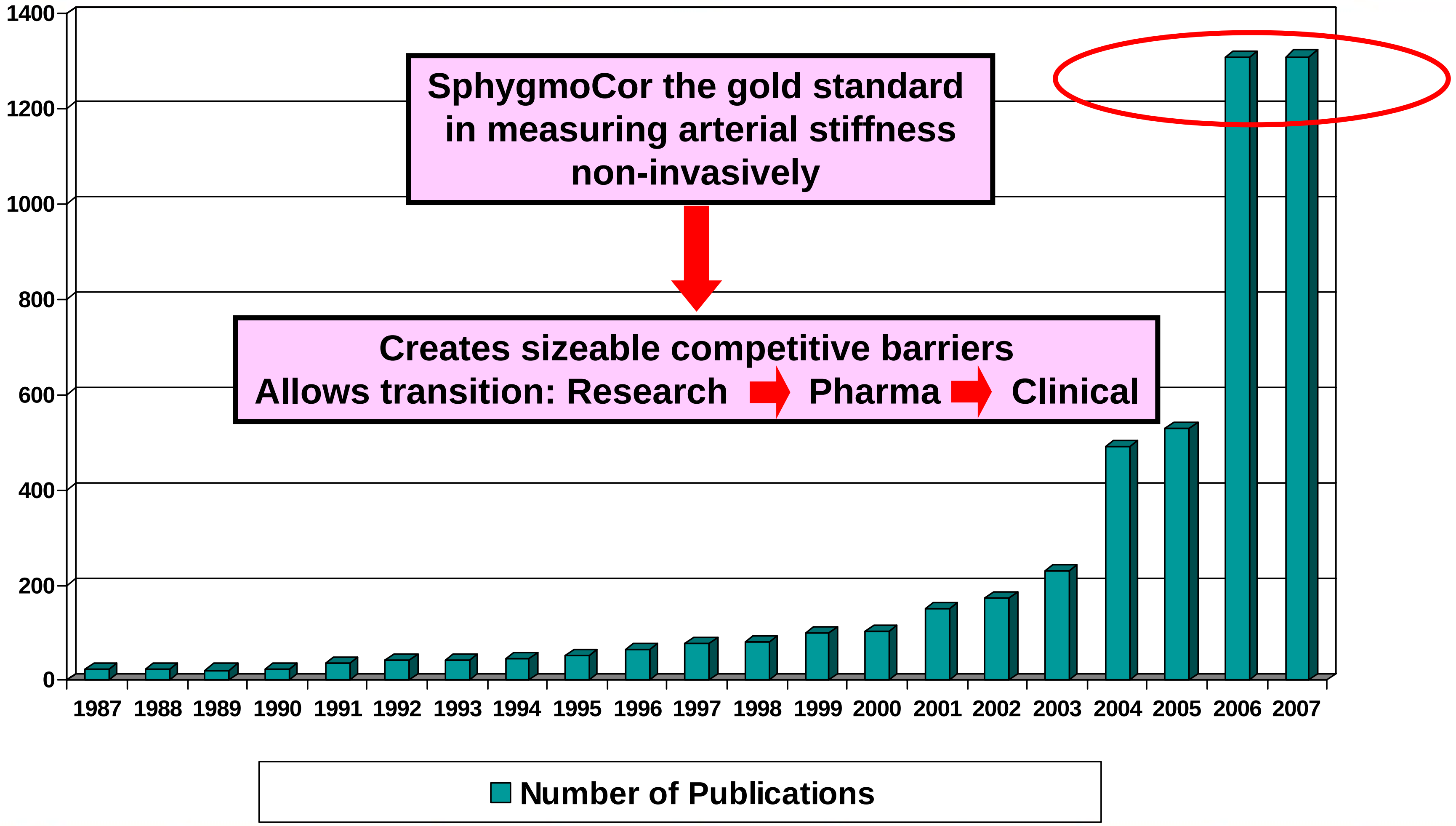
- **A global medical device company**
  - Installed base now exceeds 1,900 Units
  - Control of market access
  - Delivering on forecasts
  - Estimated market opportunity of US$2.1b

- **Non-invasive cardiovascular technologies**
  - Differentiated, patented technology
  - For risk identification, assessment & patient management
  - “Gold standard” brand status in central pressures + arterial stiffness
  - 400+ scientific papers verifies research/clinical utility

- **Cost effective early identification and intervention**
  - AtCor core competence
  - Only sustainable care model
  - Late stage disease management unaffordable

Clinical Importance of Arterial Stiffness

Publications 1987-2007 (PubMed)



Defensive Sector & Segment - Natural Hedge

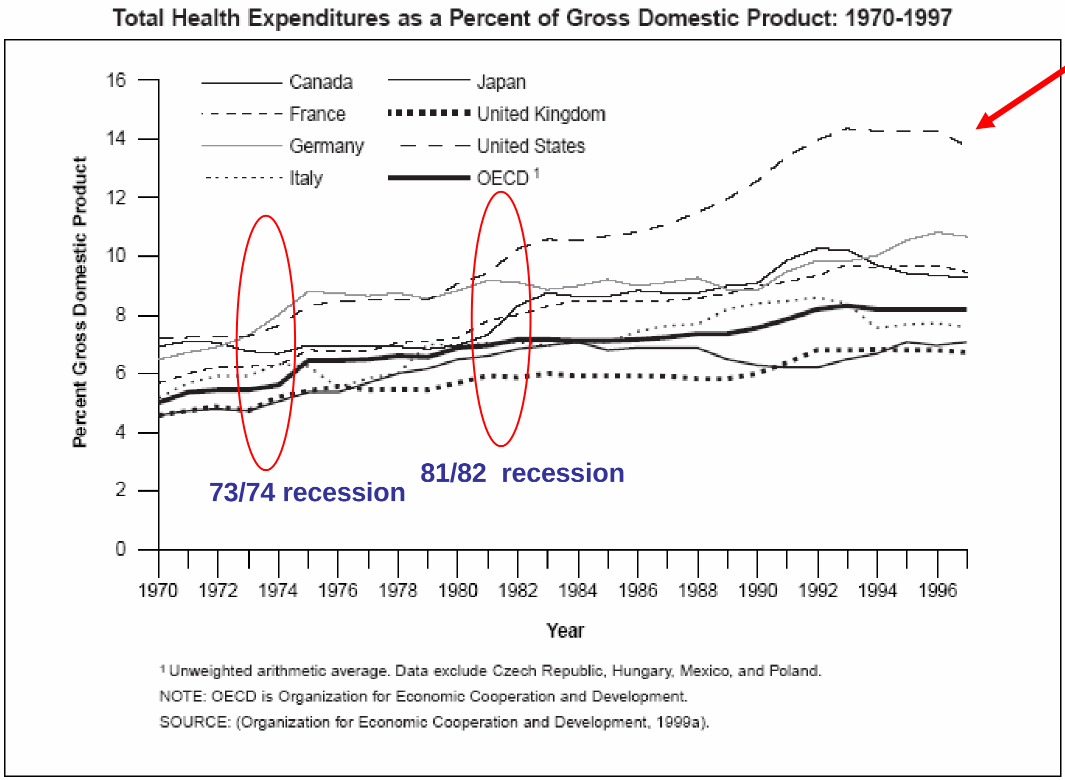
Significant near and mid term opportunity

- **Market Penetration**
  - **Only 2% (installed base 1,900 units) of total available global market captured**
  - **Average 5 year life-upgrade opportunity***
- **Healthcare**
  - **Expenditures slow but do not decline in downturn**
  - **US to maintain spend via provisions in US economic stimulus**
  - **SphygmoCor in technology sweet spot-low cost, high value data**
  - **Non-invasive, designed for ease of use in all patient settings**
- **Pharma**
  - **Serving market > US$100m annual opportunity**
  - **Increasing regulatory and legislative focus on cardiovascular risk**
  - **Central pressures independent, superior predictor of risk**
  - **Gateway to clinical practice**

**** Introduction of portable SphygmoCor systems in Nov 08 to expected to drive product upgrades***

Global Healthcare

Defensive in nature; with future benefits to AtCor



2011 est: US$2.8t or 20% of US GDP

Potential to cripple US economy

Shift of government & healthcare providers towards:

- **Prevention**
- **Early detection**
- **Chronic disease mgt**

SphygmoCor uniquely positioned in CV disease: 2003 cost US$352b to US healthcare system alone

Milken Institute suggests US$1.1t in direct savings to US p/a by 2023 if shift is implemented

Multiples and Context

Company	Ticker	Market Cap (A$m)*	Cash (A$m)	EV ($m)	FY08 Sales (A$m)	Growth on pcp (%)	EV/Sales (x)	Market Cap/Sales (x)	FY08 GM (%)
BrainZ Instruments	BZI	0.9	2.6	-1.7	1.8	61.0	-0.9	0.5	72.9
Uscom	UCM	22.0	2.2	19.8	1.0	10.1	20.8	23.2	85.5
Labtech Systems	LBT	11.9	3.7	8.2	0.0	n/a	n/a	n/a	n/a
IMI Medical	IMI	2.8	0.1	2.7	0.4	-53.0	7.6	8.0	n/a
Impedimed	IPD	63.0	6.6	56.4	2.2	85.1	25.6	28.6	69.7
Optiscan Imaging	OIL	5.9	2.4	3.5	1.4	-75.0	2.5	4.2	17.8
Nanosonics	NAN	33.4	19.2	14.2	0.0	0.0	n/a	n/a	n/a
Polartechnics	PLT	22.2	0.9	21.3	1.9	-47.6	11.2	11.7	-3.2
AtCor Medical	***ACG***	***16.5***	***2.9***	***13.6***	***6.5***	***32.8***	***2.1***	***2.5***	***80.1***
AVERAGE		**18.4**		**15.3**	**1.7**	**1.9**	**9.8**	**11.2**	**53.8**

Data as at Mar 4th '09

AtCor continues to trade well below peers on EV/Sales Basis

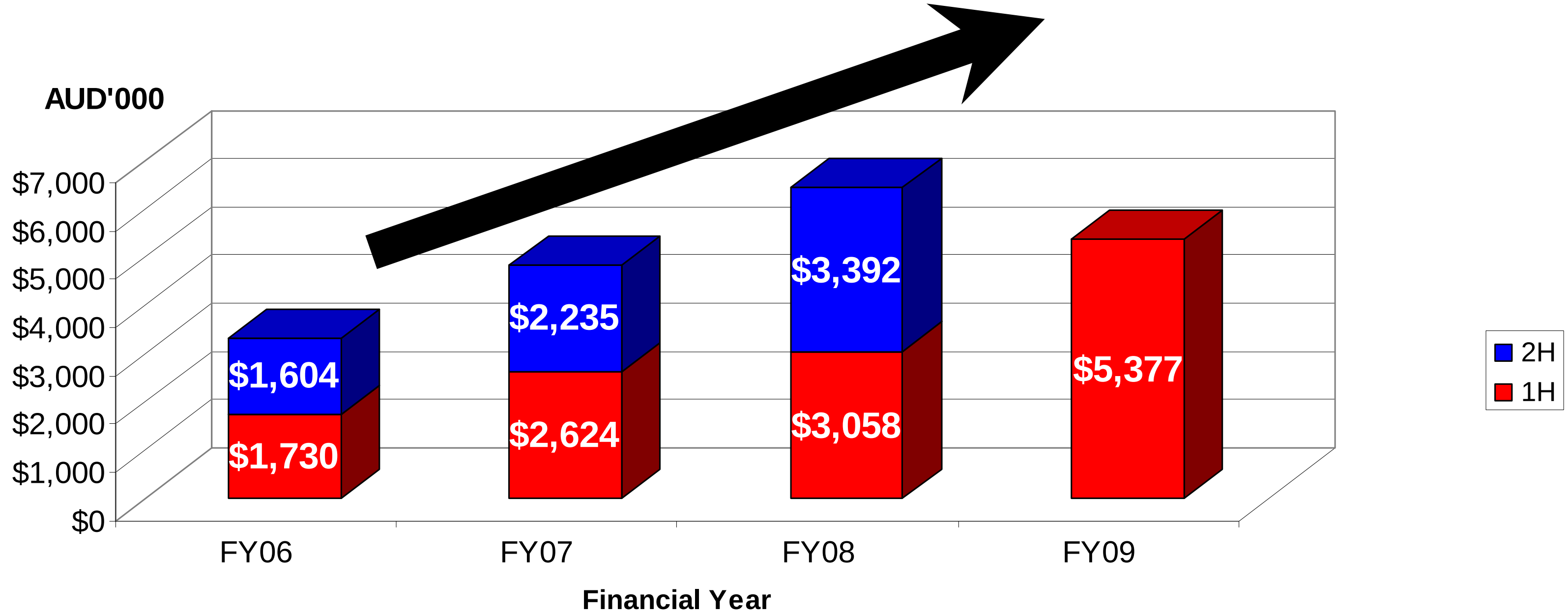
Continued Delivery on Guidance

2009 Outlook From September & AGM Presentations

- **Guidance:** H1 FY09 Product Sales Guidance of Min 45% on pcp
  - Actual 76% for H1, increased guidance to min. 55% for FY 2009
- **Guidance:** Further clinical trial contracts with big pharma/biotech
  - US$6.5m since June, US$5.4m in fiscal 2009
- Well Funded $3.3m cash at Jun 08, $1.7m non-current receivable (Directors)
  - $2.9m cash at Dec 08, $1.2m current receivable (Director & ex-Director)
  - $0.5m repaid between 1 July & 30 Dec 08.
  - $3.0m trade receivables at Dec 08 versus $1.9m at Jun 08
- **Guidance:** Reduction in operating cash burn
  - Cash at Dec 08, $0.4m lower than June 08
  - Six month net operating cash outflows to Dec 08' $1.2m, a $1.2m reduction versus pcp
- **Guidance:** Further clinical studies due to report
  - 3 major studies reported since November AGM

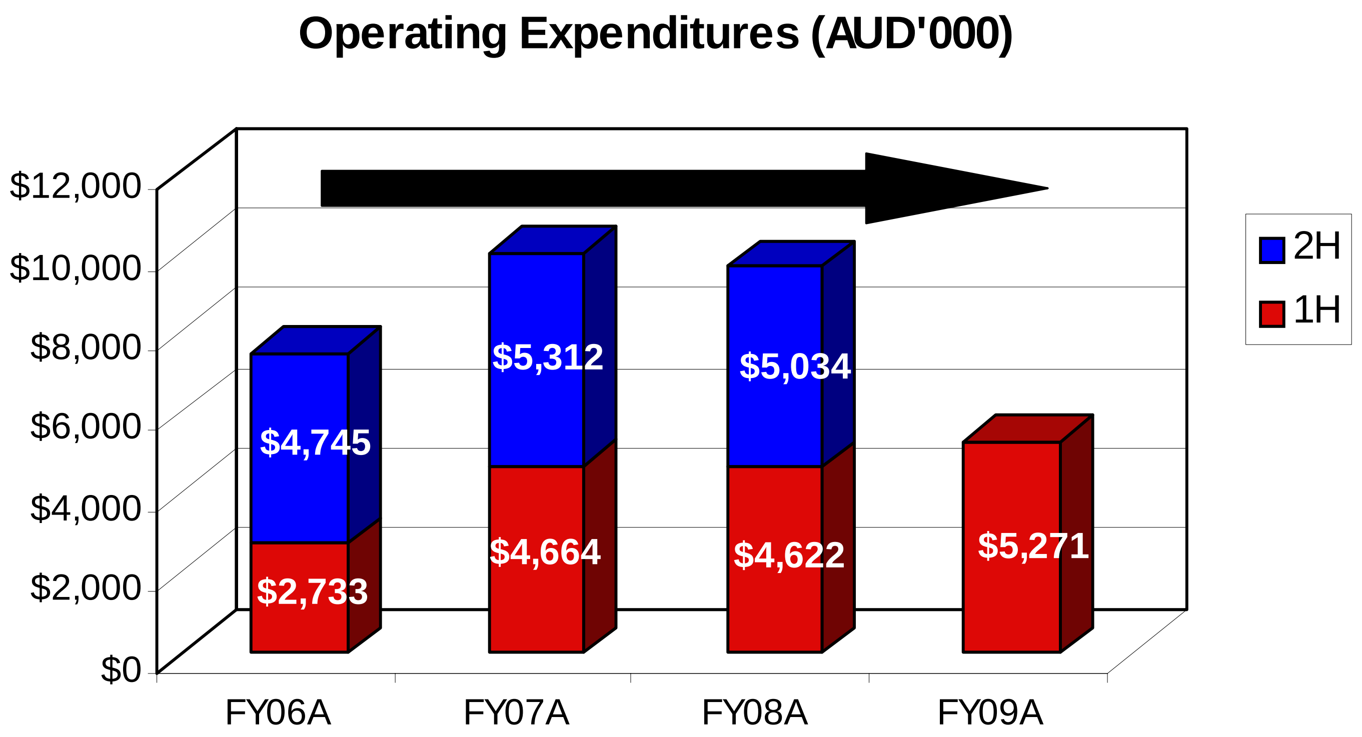
Demonstrable Sales Growth Since FY06

1H09 global sales up <u>76%</u> on pcp (64% in cc)



4 year CAGR 32% (applying FY09 revenue guidance)

Stabilisation of Cost Base/Sales Infrastructure



Significant headroom exists to grow product sales

Financial Performance

Profit & Loss Statement (A$'000)

	1H09	1H08		
Revenue from sale of goods	**5,377**	3,058	⇧	**+ 76%**
Gross margin percentage	**83%**	83%		
Other revenue	**965**	340		
Sales & marketing expenses	**(3,134)**	(2,591)	⇧	**+ 14%**
Other expenses	**(2,223)**	(2,115)		
EBIT	**53**	(1,838)	⇧	
Interest income	**164**	250		
Income tax benefit/(expense)	**(37)**	(91)		
Net (loss)	**180**	(1,679)	⇧	**Profit**

Financial Performance

Cash Flow Statement (A$'000)

	1H09	1H08
Cash flows from operating activities		
Receipts from customers	4,733	2,996
Payment to suppliers and employees	(6,186)	(5,848)
Other income (grants etc)	166	302
Interest received	127	175
	(1,160)	(2,375)
Cash flows from investing activities		
Payments for P,P&E	(82)	(53)
Director loan repayment	509	-
	427	(53)
Net increase (decrease) in cash and equivalents	(733)	(2,428)
Cash and equivalents at beginning of period/year	3,316	6,999
Effect of FX rate changes	341	-
Cash and equivalents at end of year	2,924	4,571

Financial Position

(as at 31 December 2008)

Balance Sheet (A$'000)

Cash & equivalents	2,924	Payables	2,351
Receivables *	4,195	Provisions	20
Inventories	649	**Total current liabilities**	**2,371**
Other	159	Provisions	20
Total current assets	**7,927**	**Total non-curr liabilities**	**20**
		Total liabilities	**2,391**
P,P&E	368	**NET ASSETS**	**6,104**
Intangibles	200	Contributed equity	28,981
Total non-curr assets	**568**	Reserves	550
Total Assets	**8,495**	Accumulated losses	(23,428)
		Total Equity	**6,104**

* Includes loans to director/ex-director - $1.212m

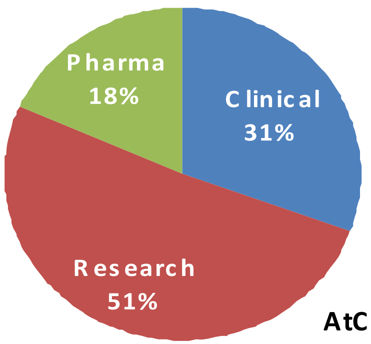
What we are focused on

- **Expanding penetration of pharma market**
- **Increasing yield and critical mass of supporting clinical evidence**
- **Driving clinical adoption through specialists, relevant societies and payers**
- **Defining and designing next generation technologies**
- **Exploiting and enhancing IP portfolio**
- **Leveraging technology reach and market access- appropriate partnering**
- **Delivering the business to sustained profitability**

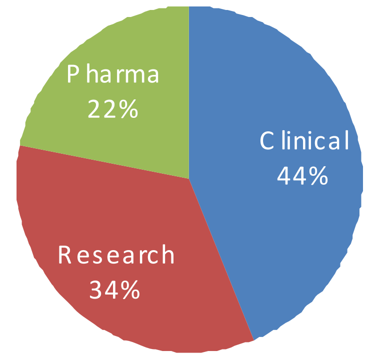
Investing for Success

Allocations by customer segment (USA)

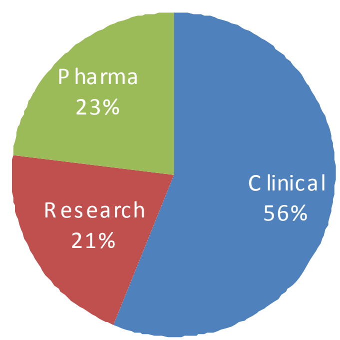
AtCor US Direct Expense Investment - FY07



AtCor US Direct Expense Investment - FY08



AtCor US Direct Expense Investment - FY09

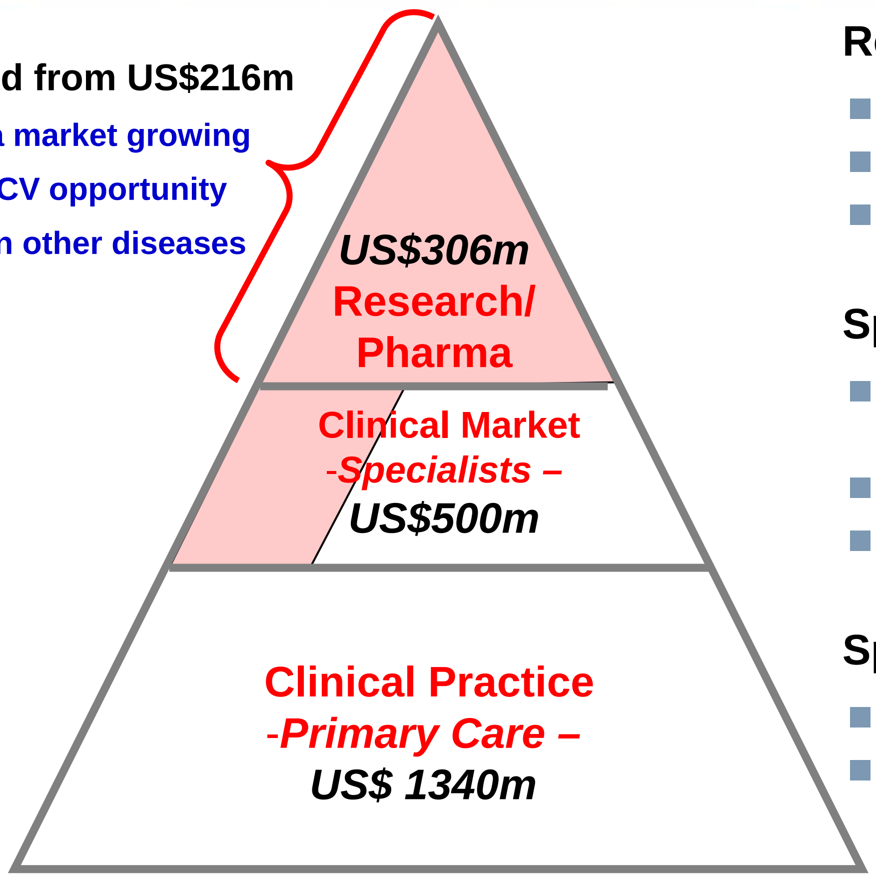


Global Market Opportunity- US$2.1b

US market estimated at $1.05b

Upgraded from US$216m

- **Pharma market growing**
- **Larger CV opportunity**
- **Utility in other diseases**



Research Market

- Pharma – expanding beyond CV and kidney
- Academic Research, Hospital Affiliated
- **Global $306m potential**

Specialist Clinical

- Cardiologists, Hypertension, Nephrologists (kidneys), Endocrinologists (diabetes)
- Academic-based specialists
- **Global $500m potential**

Specialist Clinical – Government

- All Cardiologists, Hypertension, Nephrologists
- Veterans hospitals and Dept of Defense

Market currently addressed: US$486m or 23% of total available market

Focus on Pharma

>US$100m annual opportunity

Current growth initiatives

Concentration in Phase IIIB & IV marketing studies (some I&II)
- World-class trial services
- Strong customer retention
- Validation and access point for expansion into clinical practice

Provide higher value, longer dated product/service revenues

Expansion Opportunity & Drivers
- Drug class, phase, customer base

Regulatory & Legislative Focus
- New FDA guidance document on diabetes drugs- (CV) safety
- Working with cardiovascular safety and drug research group within FDA.
- Working with NIH Biomarkers initiative

A regulatory/legislative focus to encourage central pressure testing

Focus on Clinical Expansion

> US $1.5b total opportunity

Current Growth initiatives

Concentration on specialist adoption (US$0.5b opportunity)
- Major key influence centers
- Local coverage decisions, clinical papers and studies
- Developing grass roots support- specialty societies

Payer Diversity Programs
- Breaking SphygmoCor study uncovered hidden risk in young African Americans

Legislative
- Patient wellness fund-US $650m in economic stimulus package

Clinical Studies in Progress
- Heart failure
- Therapy management
- New application with existing coding & coverage

Technology Development
- Enhanced software and hardware interface

Outlook- H2 and FY09

Delivering on commitments

- **On track for very strong H2 & FY09**
  - **Re-affirm FY09 product sales guidance of 55% on pcp**
  - **Re-affirm FY09 gross margins of >80%**
  - **Incremental uplift in expenditure, commensurate with significant revenue opportunities**
  - **US$5.4m in new US pharma trials contracted YTD**
  - **Clinical business ramping up**
  - **Benefit from continued AUD weakness**

- **Well funded:**

  $2.9m cash at Dec 08, $1.2m current loan receivable (Director & ex-Director)
  - **No expectation to raise cash to reach sustainable positive cash flow**
  - **Reduction in operating cash burn**
  - **Increased sales, high gross margins, stable operating cost base**
  - **Strong balance sheet: <u>NO</u> debt, excellent debtors (big pharma), negligible intangibles**

- **Major milestones expected, including:**
  - **Further clinical studies due to report**
  - **Further clinical trial sales with big pharma/biotech**
  - **Continued growth in local reimbursement in US**