

## Hydrix 2019 Annual General Meeting Presentation

Hydrix Limited (**Hydrix** or the **Company**) (ASX: **HYD**) attaches a presentation which will be delivered by Gavin Coote (Chairman) and Peter Lewis (CEO) at Hydrix's 2019 Annual General Meeting today.

**-ENDS-**

**Authorisation:** This announcement has been authorised by the Board of Hydrix Limited.

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### About Hydrix Limited

Hydrix Limited (ASX: HYD) is a product design and engineering company, specializing in complex, regulated and safety-critical projects. We partner with clients to help design, develop and commercialize transformative technologies in sectors including medical, mining, industrial and defence.

# Hydrix Limited

*Hydrix brings technologies to life which enhance people's health, safety and well-being*

Chairman & CEO Update  
AGM December 2019

# Hydrix value proposition - *bring ground breaking technologies to life*



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## WHAT WE DO

*“Improve Lives”*

- Deliver world class product design, engineering & regulatory services to create market leading solutions which improve lives

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## WHY WE SUCCEED

*“Talent & Know-how”*

- We apply **1,000s** of years of **know-how** to: (i) de-risk product development, (ii) create market-leading solutions, and (iii) accelerate go to market strategies
- We attract & retain some of the best **talent** which creates our unique capability...we are an **80+** person company

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## HOW WE CREATE VALUE

*“The Business Model”*

- Grow **scale** & profitability of our core product engineering services business
- Leverage this expertise into IP & product ownership to generate long-term **recurring** product revenues

# Strong FY19 performance – exceeded all market guidance milestones



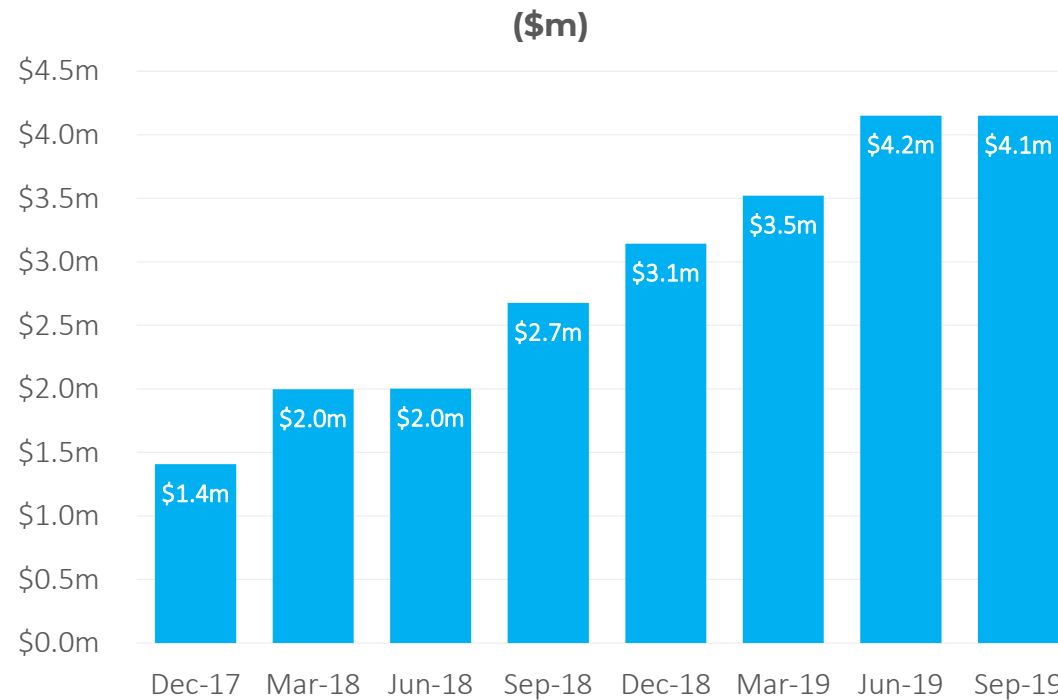
	Milestones - FY19	Achievements
	Minimum 15% revenue growth over prior half year period	<b>Exceeded →</b> Exceeded each half year growth target by over two times Full year revenue growth of 149% (FY19: \$14.23m, FY18: \$5.7m)
	15% increase in engineering services capacity	<b>Exceeded →</b> 25% headcount increase supported growth, attracted talent
	Solidify global leadership in cardiac assistance control devices	<b>Exceeded →</b> Several cardiac projects in various phases
	Secure six new significant and high-dollar value projects	<b>Exceeded →</b> Large contracts included orthopaedic surgical tool, ventricular assist device controller, IoT connected smart meter, cardiac-monitoring device, defence training technology, exoskeleton robotics
	Target break-even in 4Q19	<b>Exceeded →</b> Delivered 4Q19 maiden quarterly cash operating profit of \$0.43m
	Identify our next acquisition or equity investment	<b>Exceeded →</b> Acquired strategic equity positions in one private and one public company through 'strategic services pricing'

# Hydrix has delivered strong revenue growth since acquisition



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## Quarterly Revenue Growth Since Acquisition



## Revenue Profile

- Revenues are generated through **fee-for-service** client project arrangements. IP created is owned by client
- Offer select clients **strategic pricing** - accept a portion of service payments as 'equity in-kind.' This creates IP upside via potential capital gains
- Exploring strategic initiatives which will create **recurring product** revenue streams

# Global expertise in three large and growing sectors

We create novel solutions including connected 'mobile' technologies, often breaking new boundaries in reduced product size, weight & power consumption, and increased performance in highly physical use activities

## 1. Medical Technology

### Portable X-Ray Machine

The key development partner in the first carbon nanotube mobile x-ray platform.

Unique ultra-lightweight, mobile x-ray imaging systems for medical applications.

Guided client from 'concept' to 'commercialisation'.



### Robotic Device

'First of its kind' exoskeleton technology used in the rehabilitation of stroke patients.



## 2. Consumer & Industrials

### Water Management

Hydrix selected after global capabilities search to develop an IoT enabled digital water management technology that will transform markets, improve consumer billing and maintenance services, and drive water saving behaviours.



### Sewer Management

Hydrix created a connected technology that revolutionises sewer system management from a desktop or remote device.



## 3. Defence & Aerospace

### Defence Training

Hydrix is providing integration and engineering development services for the development of hardware and software elements of the airborne JTAC training system.

Hydrix is supporting algorithm development, AI and software development for the project



### Mobile Jamming System

Hydrix developed an electro magnetic pulse electronics disabling system ('jamming')

Portable, ruggedized, low power, low noise, natural cooling, lightweight pack.



# FY20 outlook strong, milestones on track

## We are a successful company

Milestones for FY20	Status
Revenue growth to exceed <b>15%</b> over FY19	<b>On Track</b>
Deliver a full year cash operating profit <sup>1</sup>	<b>On Track</b>
Implement one 'Buy, Build & Invest' ("BBI") strategic initiative	<b>On Track</b>

## FY20 Focus – Growth & Expansion

Leadership appointments announced 12 December 2019, builds organisational capacity and capability to:

- Strengthen core Services business leadership & execution
- Increase global business development focus - *longer-term & larger-scale projects with larger clients*
- Capacity to drive strategic "BBI" growth initiatives

1. Cash operating profit is Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and Share-based payments for a full year (**excluding** 'buy, build' invest' initiatives) and may vary on a quarterly basis

## Building on solid foundations

### FY20 capital program completed in November 2019

- Completed **\$5.0m** financing arrangement with Pure Asset Management. Paydown \$3.0M shareholder loans. Growth capital of \$2.0M (before costs). Term of **4-years** at 10% interest per annum with equity warrants at \$0.05 exercise price
- Completed a **\$2.6m** capital raise program (before costs) in support of strategic initiatives

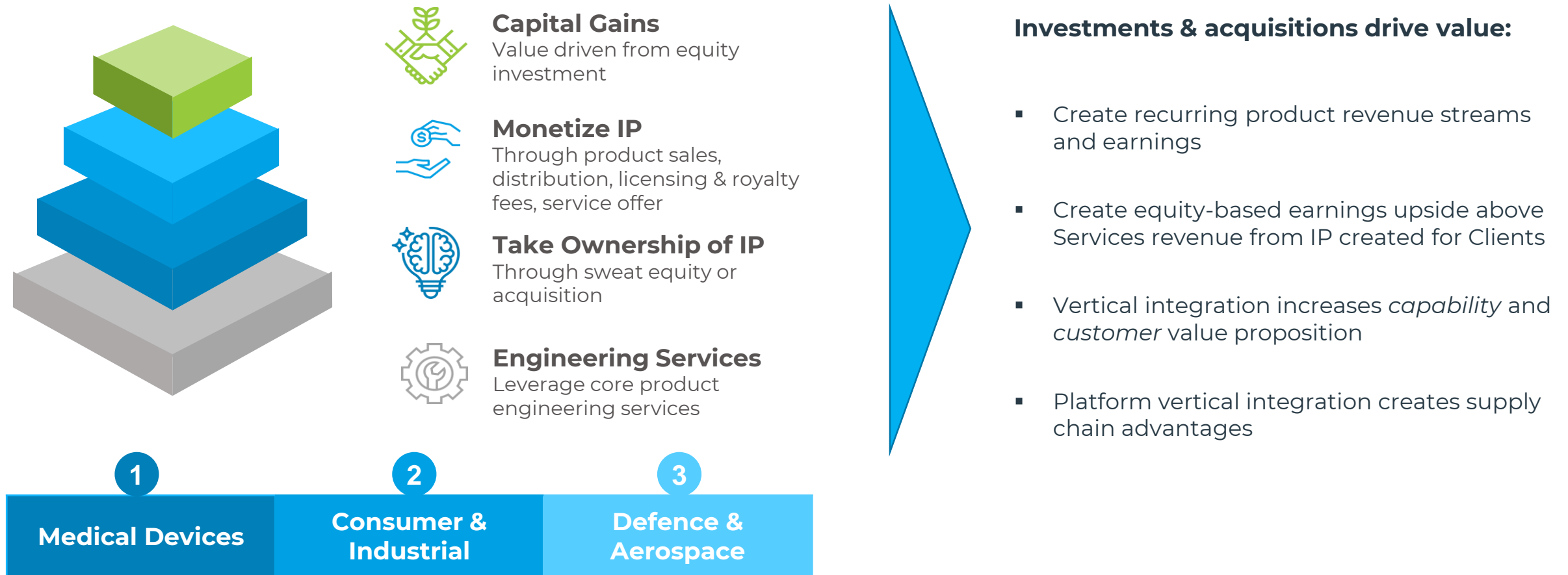
### FY20 target – revenue and cash operating profit

- Expect strong revenue growth first half, in line with guidance, and significantly ahead of same period last financial year
- We anticipate the core business will deliver a full year cash operating profit
- Funds raised support working capital and strategic initiative activities



# Purpose of Buy, Build & Invest strategy

CAPTURE more value created by Hydrix' design, engineering, regulatory and commercialisation capabilities



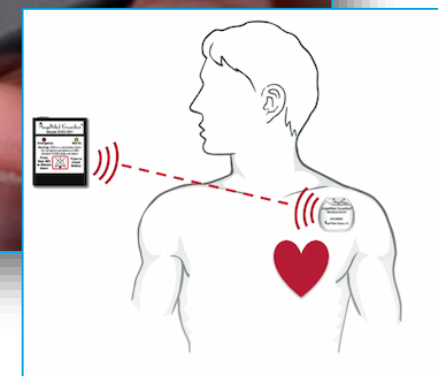


# Example of “Buy, Build, Invest” strategy initiative

## AngelMed GUARDIAN

It's about time

- **Guardian®** is the world's first FDA approved **implantable heart attack alert system** using patented AI and Machine Learning algorithms
  - FDA approved 1<sup>st</sup> generation device in April 2018. Angel Medical seeking FDA approval for upgraded longer-life battery (2x) for **commercial** device roll-out (USA pricing **USD\$10k+**)
  - Device monitors heart **24X7** - detects heart-beat changes indicative of a potential heart attack, angina attack and arrhythmias
  - Cardiovascular disease affects **~14%** of population, a leading cause of death globally
  - Target patients at risk of a heart attack, in particular diabetics and those with renal failure
  - **50%** of heart attack patients have no symptoms / a silent heart attack and/or are asymptomatic
- Signed multi-faceted partnership arrangement (*completion subject to conditions*)
  - Multi-million dollar engineering & regulatory **services** contract
  - Purchase exclusive **distribution rights** to 8 Asia pacific countries
  - Invest small **equity** position to gain global market exposure
  - **Strategic outcome:** leverages core service business, creates annuity product revenues and equity upside - reinforcing company's market expertise in cardiac sector



# Hydrix is a 'knowledge economy business' - *with strong growth prospects*

## Strategy & Vision

- Increasing global demand for advanced engineering, regulatory & design services
- Recognised sector specialties: **Medical Technology, Consumer & Industrial and Defense & Aerospace**
- '**Buy, Build & Invest**' strategy leverages services business to generate long term, annuity revenue streams through ownership of product and IP

## Operations

- Trusted **relationships** with major global and emerging MedTech companies
- Ability to take on large global projects with world class designers, engineers and regulatory & commercialisation experts
- Highly specialised skills and track record in **high-end Class III medical devices**

## Financial

- Q1 FY20 revenue of **\$4.1m** (FY19: \$14.2m), with Q2 FY20 anticipated to be in line, and H1 FY20 revenue at least 40% ahead of H1 FY19
- Raised **\$7.6m** (before costs) of debt and equity capital in December quarter: repay **\$3m** shareholder loans, and support for working capital and strategic growth initiatives
- Strong pipeline and visibility into potential revenue from contracted projects
- Anticipate core business achieving full year cash operating profit *(before 'buy, build, invest' investment)*

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# Appendices

# Hydrix – a corporate snapshot

Major Shareholders <sup>1</sup>	Shares (m)	%
John W King Nominees & Associates	166.8	21.5%
BNP Paribas Nominees (Acorn Capital)	34.7	4.6%
Flet Superannuation Pty Ltd	26.1	3.4%
Kurrawonga Pty Ltd	19.4	2.5%
Goetzke Super Company	16.3	2.1%
Directors & Senior Management	30.2	4.0%
<b>Top 20</b>	<b>371.4m</b>	<b>48.8%</b>

Board & Senior Management	
Gavin Coote (GAICD)	Chairman
Joanne Bryant	Non-Executive Director
Julie King (GAICD)	Non-Executive Director
Paul Wright (FAICD)	Non-Executive Director
Peter Lewis AM	CEO

1. Issued share capital as at 10 December 2019

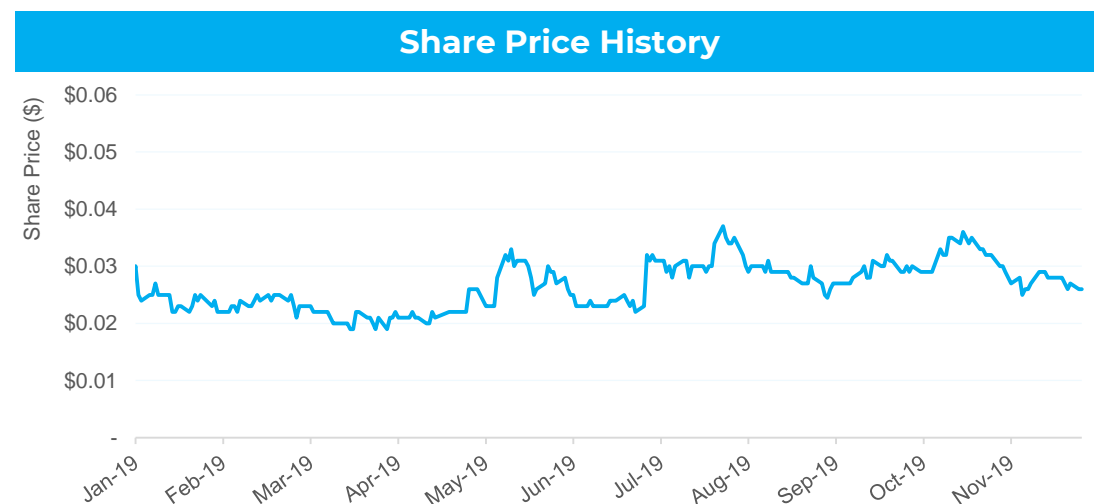
2. As at 10 December 2019

3. Assumes Tranche 1 drawdown of \$4.0m and the repayment of \$3.0m of shareholder loans

4. As at 10 December 2019 (includes recent Placement & SPP)

Note: The Company proposes to undertake a 10:1 share consolidation following the AGM

Capital Structure (post transaction)	
Ticker	HYD
Share Price <sup>2</sup>	\$0.025
Shares on Issue (m)	761.2
Options and Performance Rights (m)	31.3
Pure Asset Mgmt Warrants (m) <sup>3</sup>	80.0
<b>Market Capitalisation (diluted) (A\$m)</b>	<b>\$22.0m</b>
Net Debt / (Cash) <sup>3,4</sup> (A\$m)	~A\$3.0m





A blue-tinted photograph of a modern office building with large glass windows and balconies. In the foreground, a large white sign with the Hydrix logo and tagline is visible. A smaller sign on the building also displays the logo and address.

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improving a billion lives

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