

SphygmoCor
AtCor Medical



Market Analysis & Segmentation

Bioshares Biotech Summit
July 2016

Duncan Ross
Managing Director & CEO

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Session Topic: Market Analysis & Segmentation

The links between product market research and competitor analysis will be explored in this session.

Great partnering deals can only be as good as the products they are based on, and those products must be optimised to fit in a competitive market place.

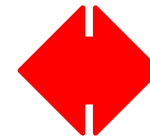
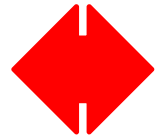
- Where do the commercial opportunities exist and why?
- How do market opportunities and changing market needs drive business and business development opportunities?

This presentation will focus on:

- The changing market dynamics that affect AtCor's business
- How AtCor is addressing these changing business opportunities
- The company's competitive position
- Where to direct investment to capitalise on the expanding environment for AtCor products

Game Changing Technology Delivered on 3 Distinct Platforms

SphygmoCor is the global gold standard for noninvasively measuring central aortic pulse waveforms to determine central aortic pulse pressure, augmentation index, reflected wave magnitude (a key measure of arterial stiffness) and pulse wave velocity.



SphygmoCor EM series

Primary focus is research and clinical specialist market. Provides central pressures, pulse wave velocity & heart rate variability.

Cleared for sale in all major markets, including USA (FDA), Europe (CE Mark), Australia (TGA), Canada, Japan, China, Brazil.

SphygmoCor XCEL series

Main markets are clinical practice and pharmaceutical trials. Provides brachial blood pressure, central pressures and pulse wave velocity.

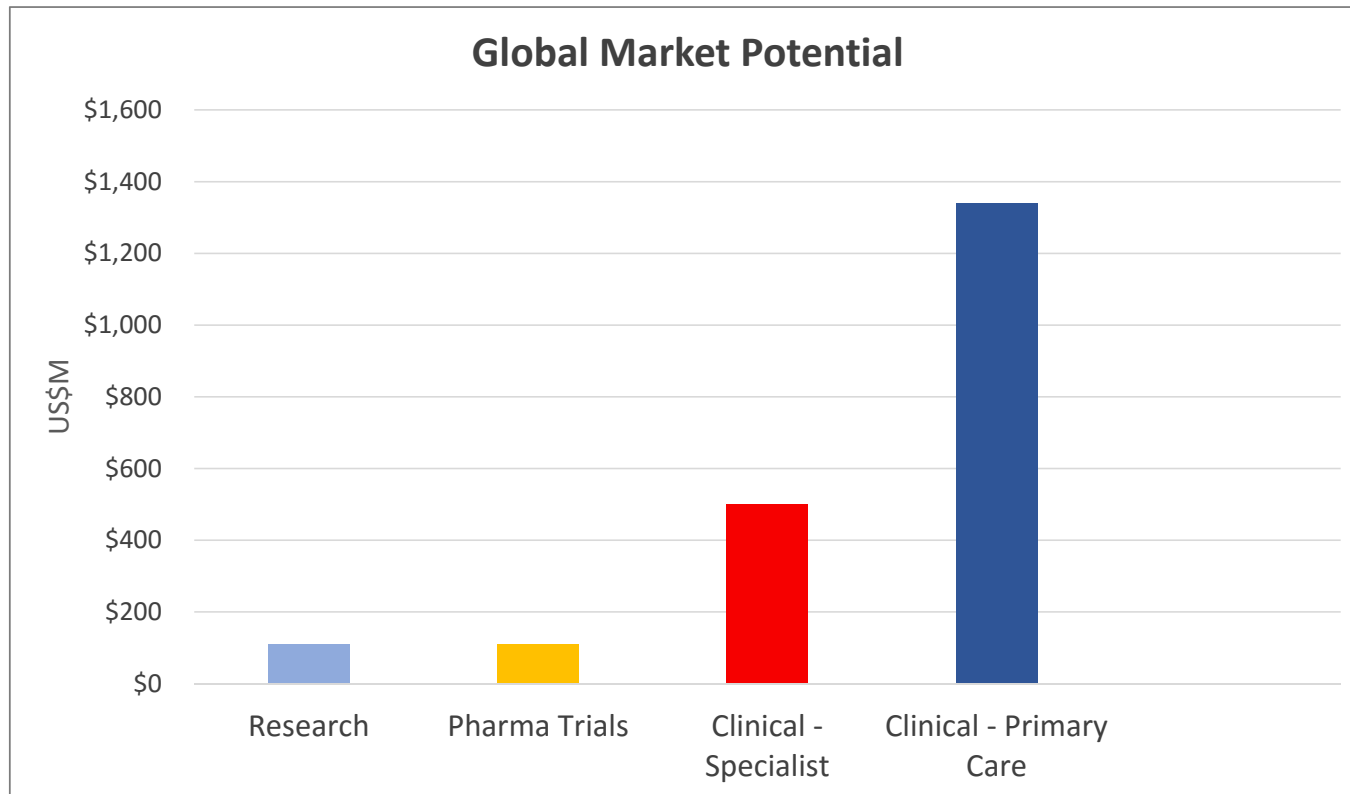
Cleared for sale in most major markets, including USA (FDA), Europe (CE Mark), Australia (TGA), Canada, Mexico, China.

Oscar 2 with SphygmoCor Inside

24 hour ambulatory blood pressure monitor with central pressures. Largest market is pharmaceutical trials followed by clinical practice and research.

Cleared for sale in USA (FDA), Europe (CE Mark), Australia (TGA).

Four Distinct Market Segments

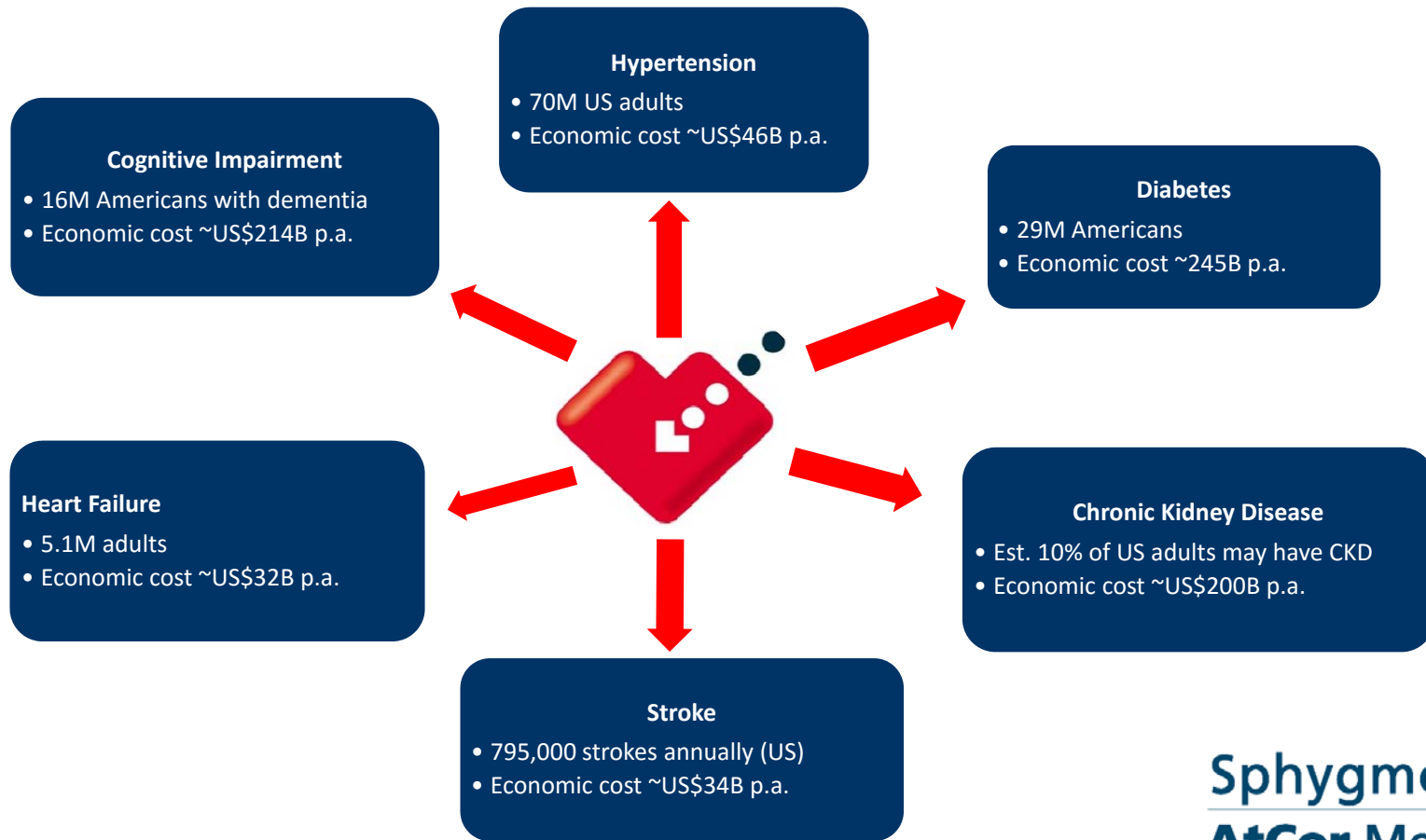


Global market potential is US\$2.1B.

Where to focus?

Disease States Related To Hypertension

Total US economic costs exceed US\$700B per annum.



Decision Made at 2005 IPO: Focus on US Clinical Market

Process

Further build **evidence**, gain market **access** and **execute**

Imperatives

- Emerging technology and technical sale requires **direct organization in US**
- Alliances, KOLs, medical society relationships needed to support and sponsor CPT efforts
- Maintain and expand gold standard status to enhance **competitive immunity**
- Maximise research sales, pharma trials and early adopter clinical sales
- Utilise effective **partners** to build access to clinical market and exploit new applications
 - Complement (not replace) selling direct to US market
 - Partner alignment (**complementary needs, core values, culture, looking in same direction**)
 - Partner wears risk of value chain outside of core product-market segments; ACG as branded technology supplier (e.g., SphygmoCor Inside)



Macro US Market Dynamics Accelerated by Affordable Care Act

Rapid consolidation at provider, payer (insurance company) and manufacturer/supplier level

- Leverage critical to succeed and survive (bargaining power)
- Local health systems **acquiring physician practices** (>70% independent in 2002, now <30%)
- Supplier level (e.g., Abbott and St. Jude)
- Payer level (Aetna/Humana?, Anthem/Cigna?, Centene/HealthNet)
- Shift of influence in purchasing decisions (doctor's practice manager, hospital finance)
- New technology taking a back seat in push for lower price and reimbursement (favours suppliers with scale)



Delivery of care: AtCor strongly aligns with these objectives & emerging trends!!

- ✓ Focus on **prevention** not expensive, late stage intervention
- ✓ **Individualised** medicine
- ✓ Payers pushing for more value-based reimbursement (**pay for performance**)
- ✓ Changing and expanding ecosystem (home-based monitoring and self-care: enter 'big tech')
- ✓ Providers/doctors looking for **competitive advantage**
- ✓ Attract and retain patients
- ✓ Meet **payers' goals** to reduce cardiovascular disease burden



Who Treats Hypertension

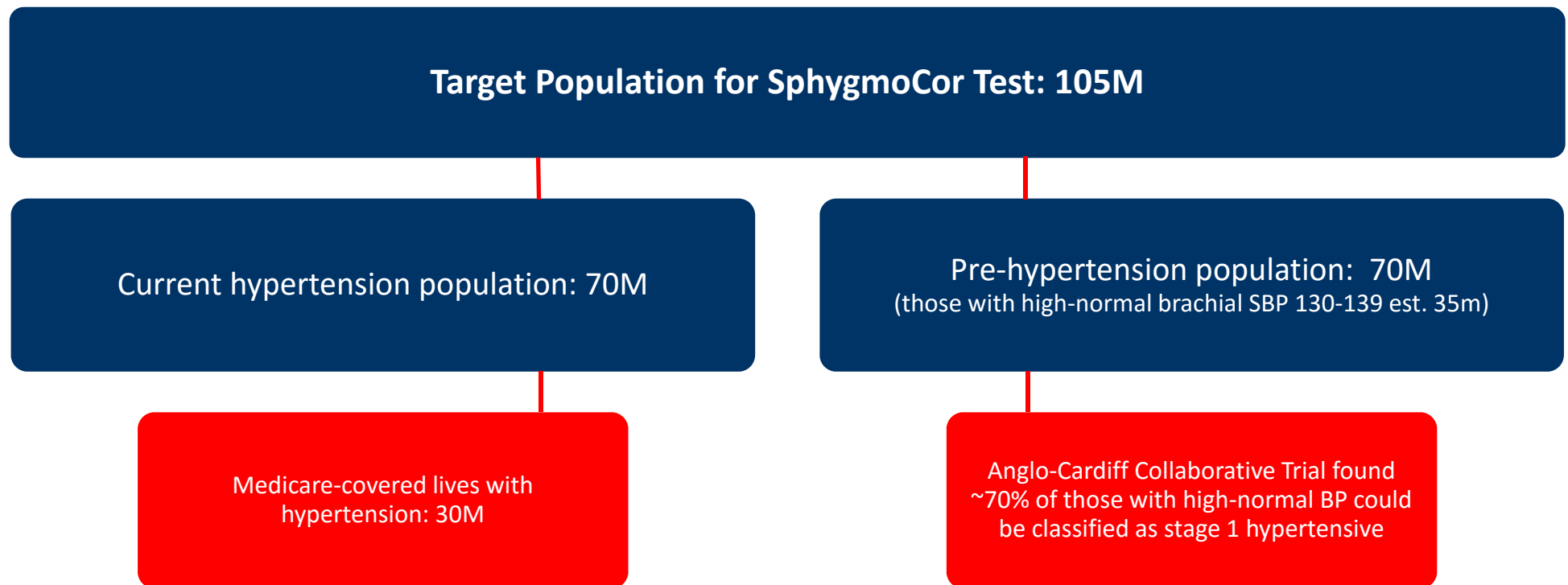
US Total Available Market >US\$800M

Discipline	No. of practices	No. of practices with 10+ physicians
Cardiology	5,879	3,132
Nephrology	3,335	1,580
Endocrinology	623	329
General Practice (incl. Internists)	26,087	11,874
Hospitals	5,759	5,759
Other	4,993	2,189
Total	46,676	24,863

Source: Frost & Sullivan

US Adult Hypertension Profile

Favourable Metrics for Adoption



Source: US Centers for Disease Control and Prevention (CDC)

Meeting and Leading the Opportunity: Market Approach & Deployment



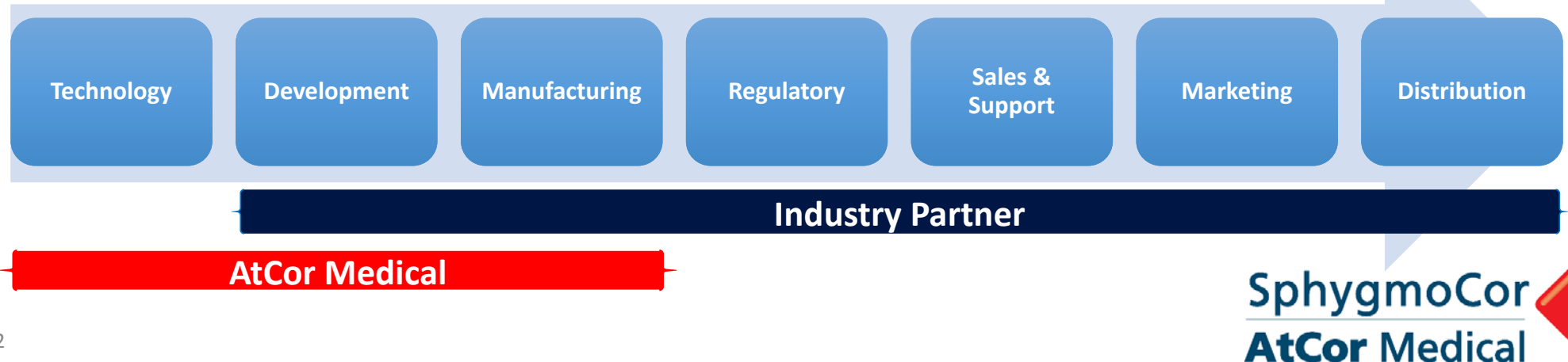
Being part of the solution, everyone wins!

- Clearly defining and communicating **patient segments for optimum clinical utility** (ROI for practice and ACG)
- **Defining the ideal customer**
 - Trends in multiple trailing metrics guide real-time adjustments (e.g., practice type, size, average selling price, test volume, length of sales cycle, lease vs. purchase)
- Working with key clinical opinion leaders and early adopters (awareness building, medical education, kick-starting the market)
- Leveraging customer base to establish relationships with clinical colleagues & payer adoption
- Full ACG support for launch and sustainability within the practice
 - Customizable marketing and communications package
 - Creates competitive tension, awareness and additional demand in local markets
- Taking resistance off the table
 - Reimbursement guarantee
 - AtCor leasing (practice is cash-flow positive month one)



Meeting and Leading the Opportunity: Market Approach & Deployment (cont.)

- Heart failure (\$\$\$ payer focused disease state); randomized controlled trial with Mayo Clinic (20% improvement in oxygen capacity, $p < 0.05$) follow-on trials completed and moving to publication
- Customer feedback & requirements informing next generation systems
- Big med tech and big tech taking notice (negotiations underway to use SphygmoCor in other applications and platforms)
- **Partnering for emerging applications**
(beyond core clinical market, research market and Pharma; partners wear major value chain risk)



Competitive Position is Strong

Our brand is the global gold standard

- Over 4,000 systems installed globally
- Over 1,000 peer-reviewed publications, including all seminal risk and outcome trials
- Strong IP portfolio (e.g., cuff patent with transfer function through 2030)
- Only device to achieve fully-featured central waveform with brachial cuff (required for clinical uptake)
- Predicate device for regulatory approvals
- We built the market; unparalleled tenured team for communication, education and implementation
- Deep relationships with global KOLs
 - Direct access to US market (committing the hard yards and investment)
- Core competence in non-invasive physiological waveform acquisition and signal processing
 - Opens multiple applications beyond hypertension

Competitive assessment

- Real-time review of data/information
- Periodic deep dive assessment of potential risk (adjust forward execution if necessary, assists next generation product development)

Where to Invest

People

- Identify and place talent in select geographies to demonstrate sales model

Technology

- Next generation features and system(s) to align with current and emerging applications.
- Develop, protect and defend IP (patents and trade secrets).

Relationships

- Leverage & expand medical society and KOL support to accelerate market penetration.
- SphygmoCor centres of excellence - further support geographical clinical rollout.
- Corporate/Technology Partnerships

SphygmoCor
AtCor Medical



simply the
gold standard

hypertension management
non-invasive central aortic blood pressure
ARTERIAL STIFFNESS
Pulse Wave Velocity
INDUSTRY LEADER
wave reflection
CENTRAL BLOOD PRESSURE WAVEFORM ANALYSIS
HYPERTENSION MANAGEMENT
INDUSTRY LEADER
LEAD
HYPERTENSION
MANAGEMENT