

26 May 2011

CathRx Audio Investor Presentation



CathRx Ltd (**CXD**) provides the opportunity to listen to an audio broadcast with Jeff Goodman, Managing Director and CEO in a presentation titled “CathRx Investor Presentation”.

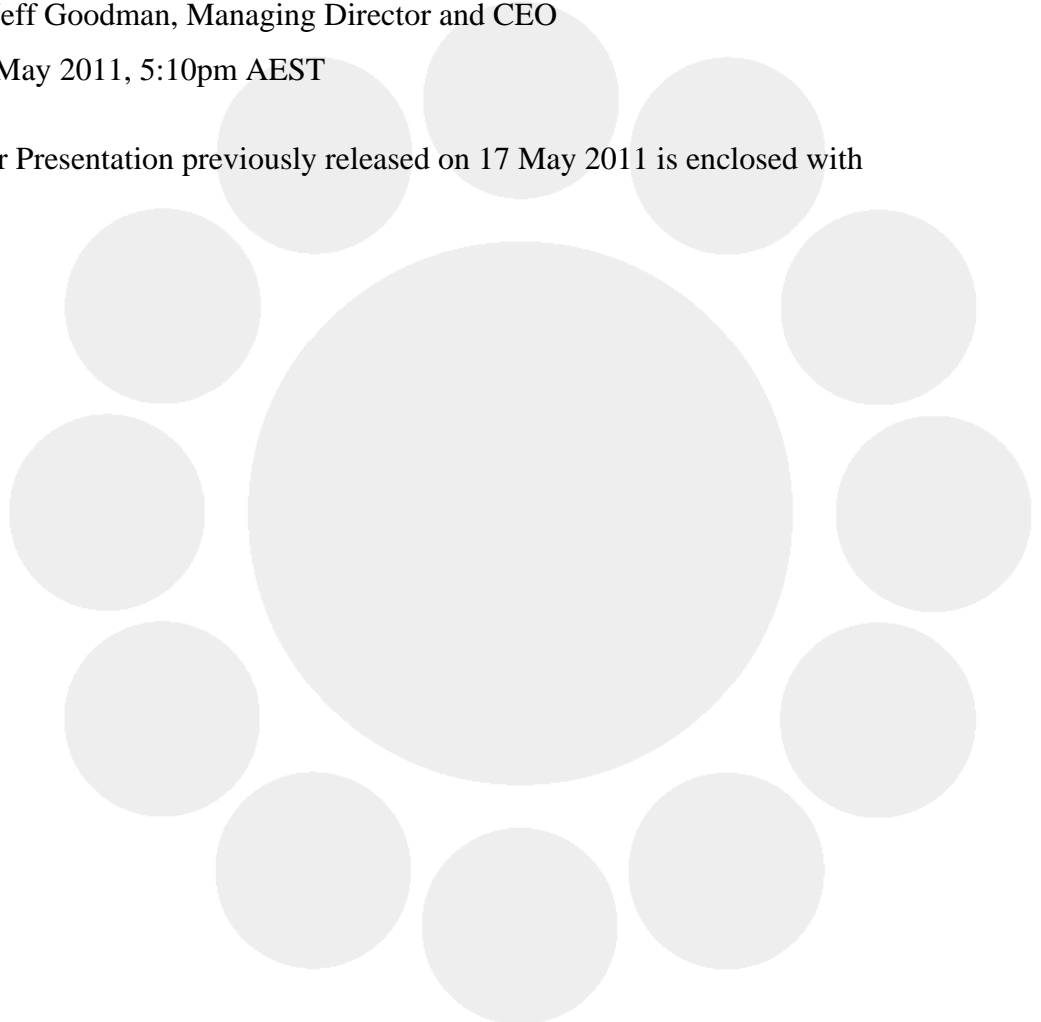
To listen, copy the following details into your web browser:

brr.com.au/event/81303

The presentation details are as follows:

- CathRx Investor Presentation - Jeff Goodman, Managing Director
- Presented by Jeff Goodman, Managing Director and CEO
- Thursday, 26 May 2011, 5:10pm AEST

A copy of the Investor Presentation previously released on 17 May 2011 is enclosed with this announcement.





CathRx – Disruptive Catheter Technology Targeting Large and Growing Market Opportunity



May 2011

Disclaimer

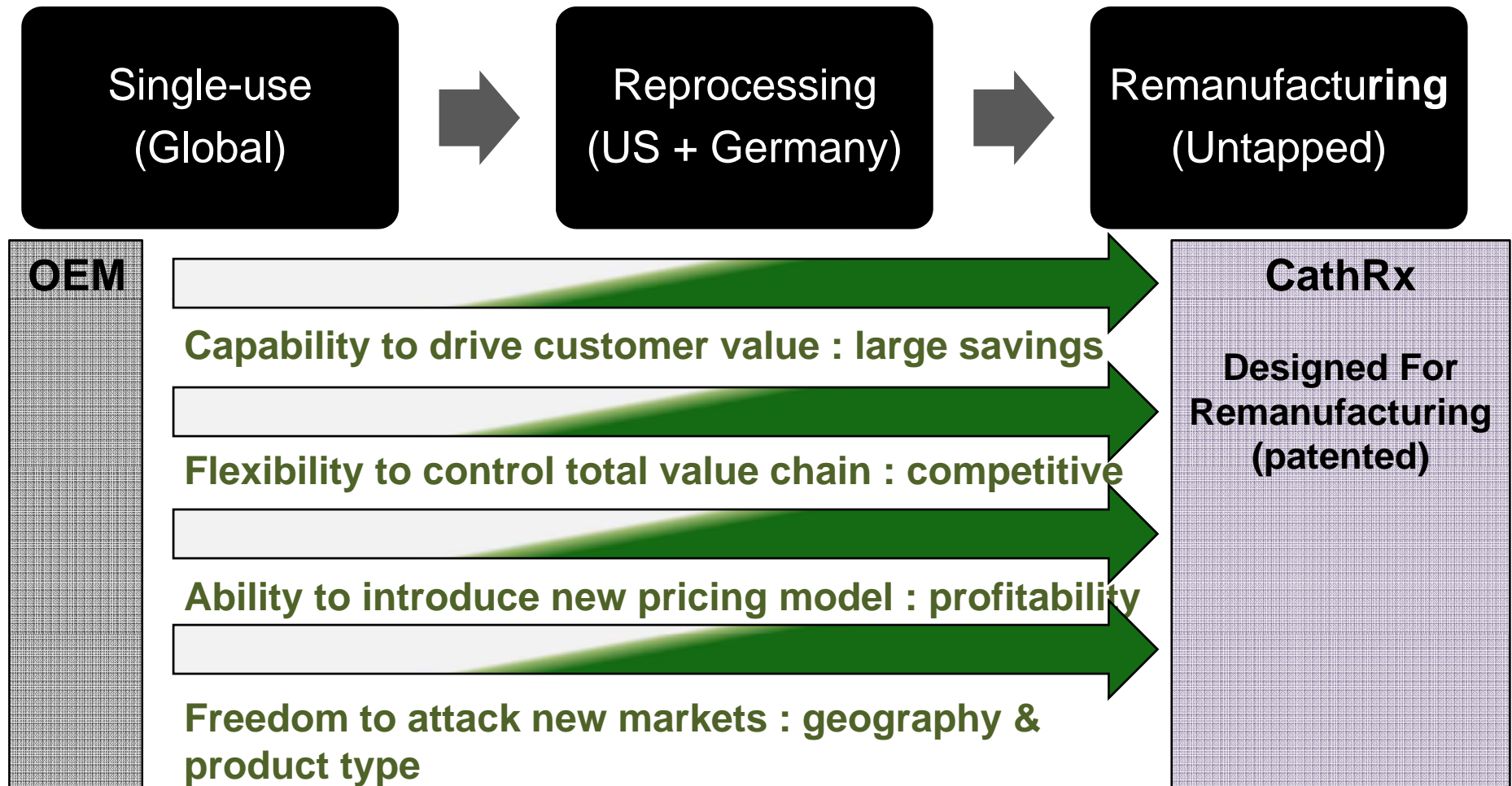
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CathRx Strategic Discussions Update

- In April, CathRx announced that strategic transaction discussions had commenced
 - This followed the appointment of Oppenheimer as an exclusive financial advisor in January
- The strategic transaction objective is for either:
 - Licensing of CathRx's products or technology platform
 - Sale of the Company
- Anticipate the discussions will continue for some months

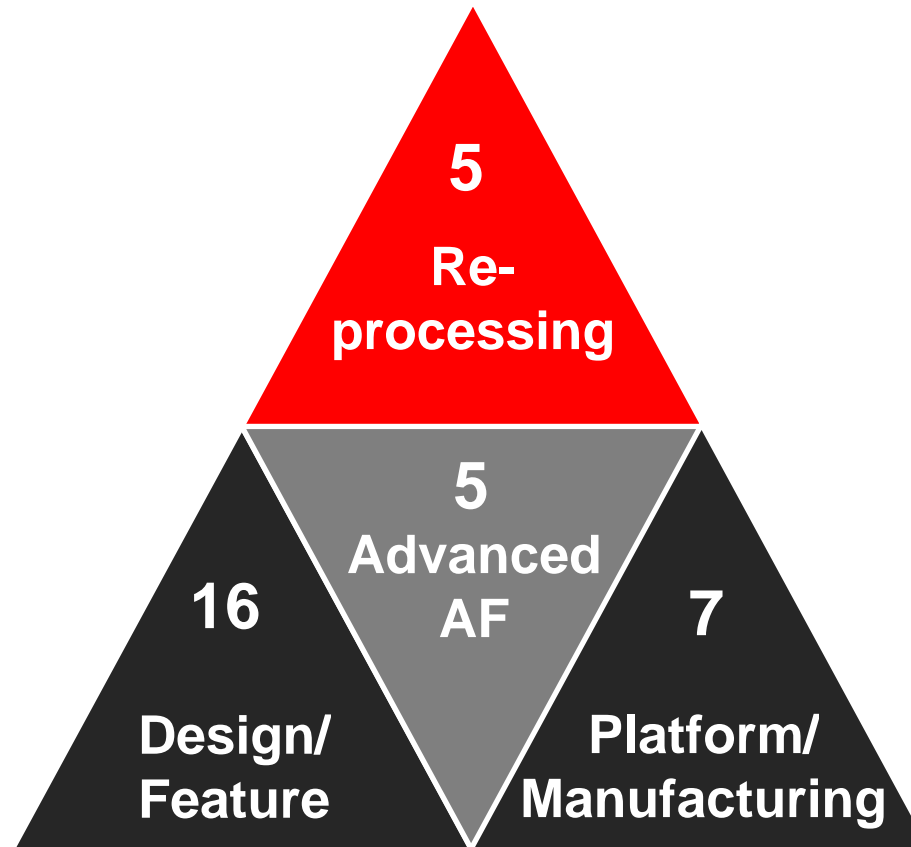


Revolution in Medical Devices: Next Step – Remanufacturing



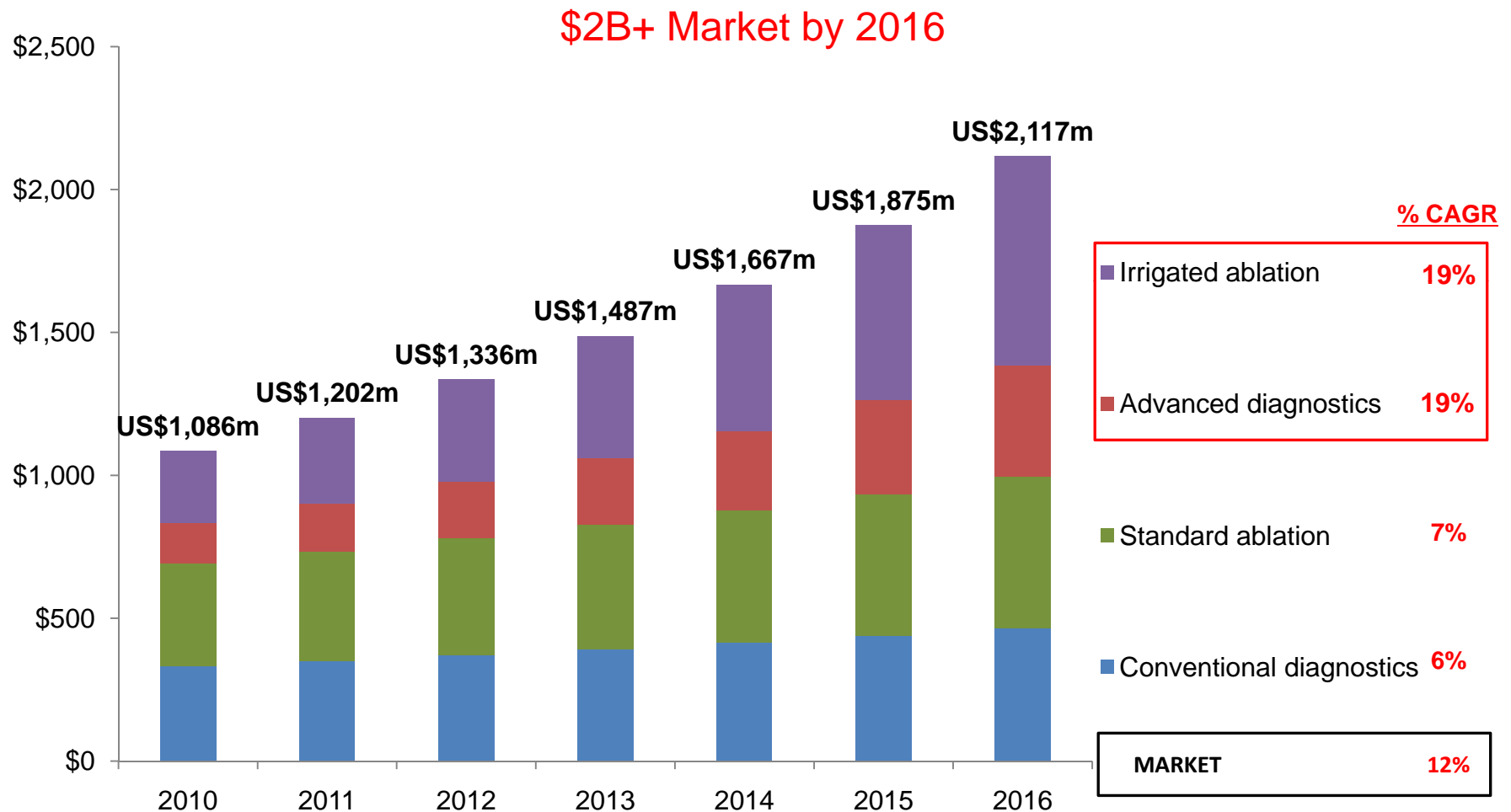
Strong Patent Coverage

33 Patent Families



Applications filed in 4 countries
USA, Europe, Japan, and Australia

Estimated Size of Global Cardiac Catheter Single Use Device Market



CathRx Product Families

Variable Loop



Conventional diagnostics



Irrigated ablation



Designed
For
Remanufacturing

Advanced AF + Generator



Generation 2 Diagnostics Platform

CathRx Variable Loop Catheter



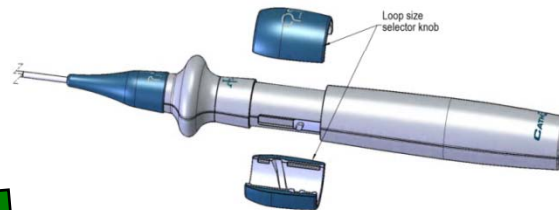
- Variable Loop is 1st product on the new diagnostics platform
- Platform designed to maximize reprocessing/remanufacturing ability
- Generation 2 Duodeca, Deca & Fixed curves to adopt the new platform

Generation 2 Ablation Platform

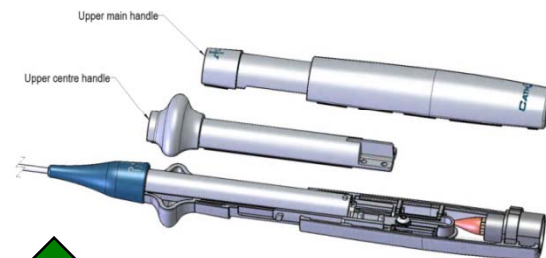


CathRx – Remanufacturable System

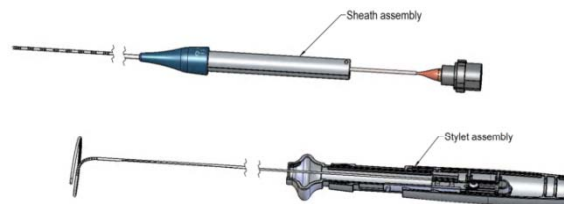
1 *Unclip Loop Size Selector Knob*



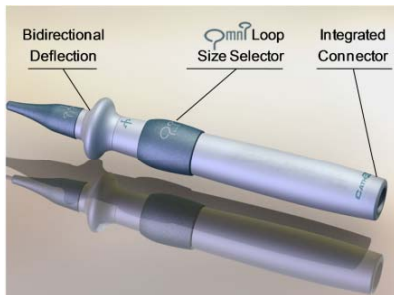
2 *Unclip Main Handle pieces*



3 *Separate Sheath from Stylet*



4 *Reassemble*



**Designed
For
Remanufacturing**

CathRx Disruptive Approach

CathRx Disruptive Technology

- Unique modular, multicomponent devices designed for remanufacturing
- IP ownership for:
 - 1st reprocessable irrigated ablation catheter
 - 1st variable loop device designed for remanufacturing
 - Modular conventional diagnostics
 - Remanufacturable advanced AF in development

“Pay-Per-Use” Business Model

Enables

✓	Dramatic cost reduction	<ul style="list-style-type: none"> • Dramatic cost per use reductions from use of modular technology • Target hospital administration to champion adoption of new business model
✓	Control supply chain	<ul style="list-style-type: none"> • Provide full catheter supply service for fee per catheter used • Control entire value chain – from manufacturing to disposal
✓	Targets entire market opportunity	<ul style="list-style-type: none"> • Product suite to target the global cardiac catheter market, estimated to be \$2B by 2016 • Address high value irrigated ablation & variable loop markets • Shift new customers to reprocessing – convert customers sceptical of reprocessing with incremental reprocessing adoption model
✓	Increase Profit Share	<ul style="list-style-type: none"> • Hospitals don't have upfront device purchase cost but instead pay per use • Significant cost savings across value chain – operational efficiencies



Potential to Disrupt both SUD's & Reprocessors

Illustrative Example of Model for Reprocessor – Variable Loop:

Traditional Reprocessing		
Use		Reprocessors' Profit ⁽¹⁾
1	Hospital acquires device	-
2	Reprocessing fee	\$375
3	Reprocessing fee	\$375
Must Dispose after Three Uses		

Scenario Total: \$750

Average Gross Profit \$250

CathRx Remanufacturing		
Use		Reprocessors' Profit ⁽²⁾
1	Gross profit pool on service	\$530
2	Gross profit pool on service	\$530
3	Gross profit pool on service	\$530
Multiple uses		

Scenario Total: \$1,590

Average Gross Profit: \$530

Under this Scenario, Total Gross Profit up +112% or \$280 per use

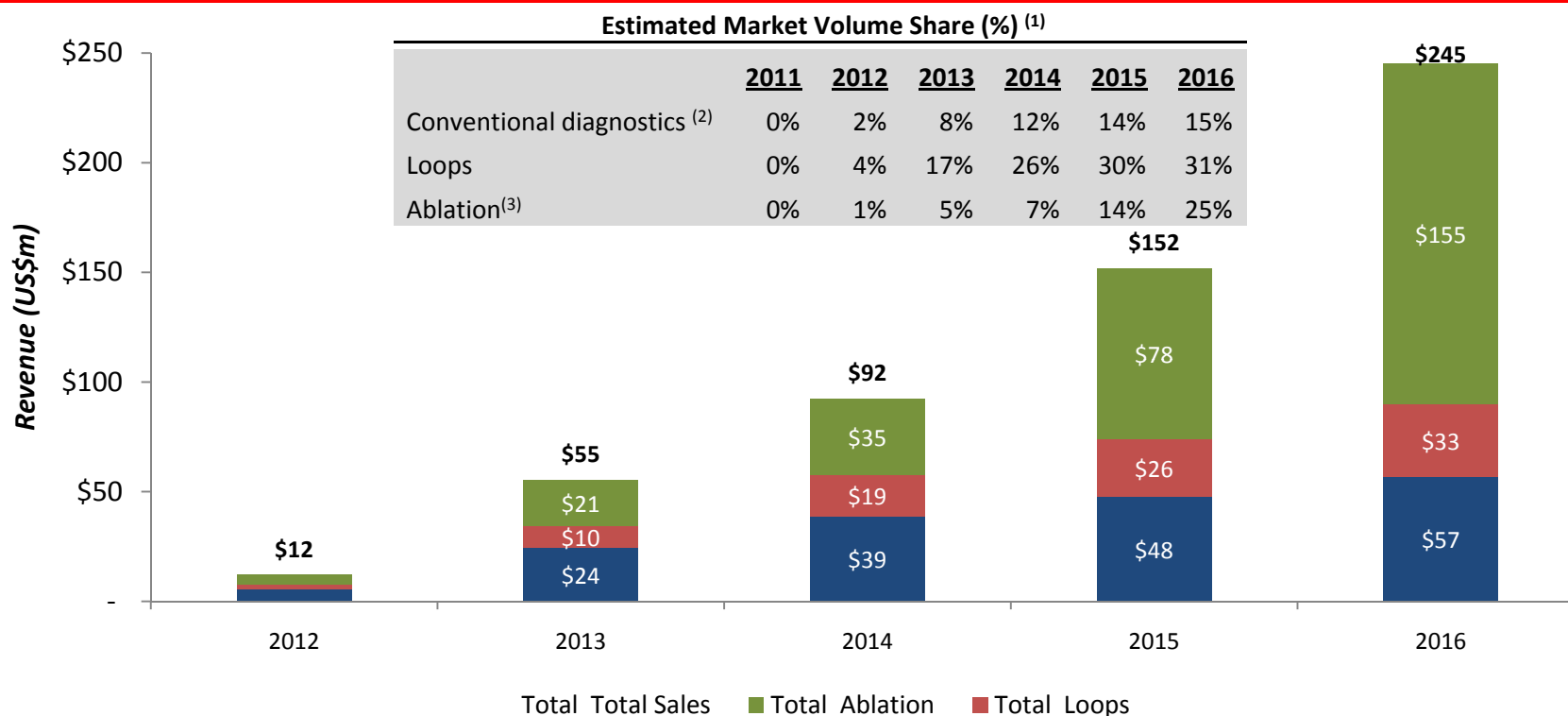
- There are several additional economic benefits to Reprocessors:
 - Open the market for hospitals who currently do not reprocess “single use devices”
 - Improve operational efficiencies due to control over catheter product line
 - Potentially fewer Regulatory issues by dealing with fewer products

(1) Assumes 95% gross margin on reprocessing fee which for this illustrative example is assumed to be \$395. The hospital acquires the initial product and the reprocessor is not involved in that transaction.

(2) Assumes price per use in this example of \$600 and average cost per use of \$70 for each Variable Loop. Figures are illustrative only to show how the model is intended to work



Illustrative Revenue Scenario for an Acquirer, Europe + US



***The figures and assumptions provided above are illustrative only and are intended to highlight a scenario of the market opportunity for a potential acquirer.

The table above does not reflect the potential revenue opportunity for CathRx. The scenario is contingent on CathRx entering into a strategic transaction which covers the entire technology platform for Europe and the US. Assuming a successful transaction, actual revenues will be dependent on a number of known and unknown variables which are likely to change, including the timing of R&D and regulatory approvals, the commercialization approach taken, the timing and success of product launches, market conditions and pricing.

- (1) Illustrative calculation of potential acquirer's market share implied from potential projected unit volume of CathRx product divided by projected market volume in US & Europe.
- (2) Conventional diagnostics is aggregation of fixed curve, deca & duodeca products
- (3) Ablation includes both irrigated and standard ablation products



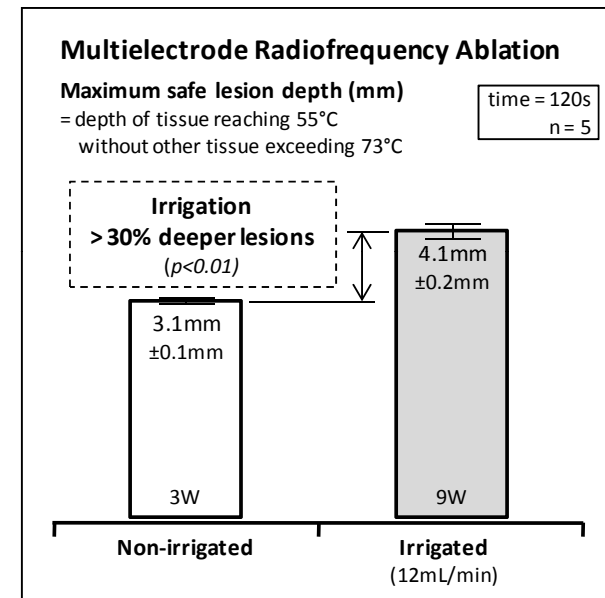
Advanced AF – Significant potential upside

- ✓ AF estimated to be the largest growth market in the medical device space for the next 5-7 years
- ✓ Major industry players are seeking to position themselves in the market
- ✓ Cost and environmental issues will influence market growth
- ✓ Reprocessing could be a large feature of this market
- ✓ CathRx could play a role in enabling large hospital service providers to compete in this market
 - Technology to allow **irrigated** linear lesions
 - Patented Variable power allocation technology
 - Ability to ablate between electrodes
- ✓ **Highly valued by the market**



CathRx's Advanced AF Technology

Irrigated linear lesions – deep, safe, effective



- Patented radiofrequency technology – can deliver same type of energy as market leading device
- Proven catheter design capability – incorporating irrigation, dramatically improving efficacy and safety

Advanced AF Transactions

- Ablation Frontiers:
 - Acquired by Medtronic for US\$225m upfront + ~\$250m in potential milestone payments
 - Last twelve months sales of \$11m at time of acquisition
- Cryocath:
 - Acquired by Medtronic for US\$378 million
 - Cryoablation technology was approved in Europe and under clinical trial in the US
 - Last twelve months sales of \$34 million at time of acquisition



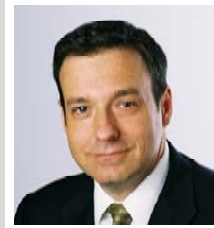
CathRx Senior Management



Jeffrey Goodman
CEO



Ged Wallace
President Sales &
Marketing



Roman Greifeneder
Director, R&D and
Manufacturing



Brian Lee
Director Technical
Services



Amanda Wong
CFO

Why Is the CathRx Technology Attractive to Third Parties Now?

✓	Access Unique Potentially Disruptive Technology	<ul style="list-style-type: none"> • CathRx owns unique cardiac catheter technology that enables remanufacturing • Potential to innovate with new disruptive business model - Pay Per Use
✓	Address all Segments of Cardiac Catheter Market	<ul style="list-style-type: none"> • Full CathRx product suite addresses entire cardiac catheter market – expected to grow to \$2B by 2016 • Opportunity to address new attractive markets (irrigated ablation & advanced diagnostics) and customers
✓	Ability to Control Market Disruption	<ul style="list-style-type: none"> • CathRx technology & business model designed to disrupt existing market <ul style="list-style-type: none"> – Potential to impact single-use device manufactures (v. loops & irrigated ablation) – Potential to impact existing reprocessing business model – Economics are attractive to hospitals
✓	Leverage & Protect Existing Business	<ul style="list-style-type: none"> • Ability to control rollout of new business model – can address new markets and customers, whilst not impact existing business
✓	Increase Speed to Market	<ul style="list-style-type: none"> • 1st mover advantage critical to disrupt market and achieve entrenched and defensible market position • CathRx could speed up product registration with third party assistance

