



# Half Year 2015 Results

*August 20, 2015*



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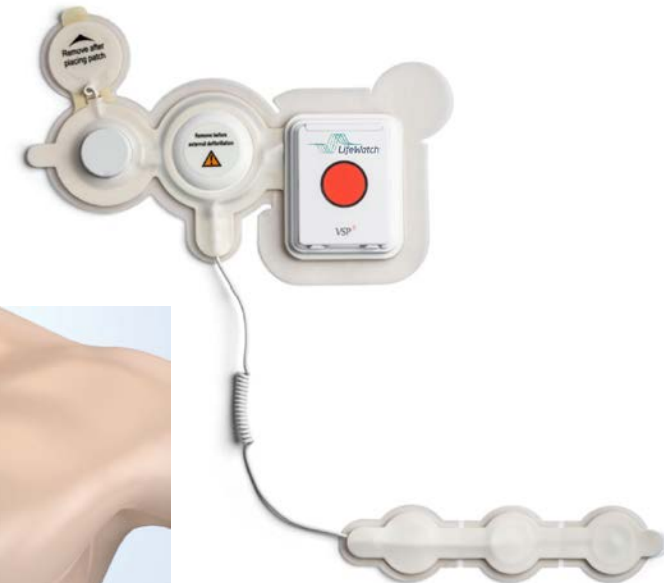
# First Half Year 2015 Highlights

- First half year 2015 cardiac monitoring revenues up 12.1%
- Overall revenue growth up 9.1% reaching USD 52.5 million versus USD 48.1 million in the first half of 2014
- Best first half EBIT and EBITDA numbers since 2009; EBIT of USD 3.8 million and EBITDA of USD 7.2 million
- Medicare reimbursement increase of 8% for our Telemetry services (ACT) announced for 2016
- US senate repealed the sustainable growth rate (SGR) formula for physician reimbursement under Medicare and replaced it with an annual increase of 0.5%
- Partnership announced for the launch of our cardiac monitoring services in Turkey
- Vital signs monitoring system and ECG patch on track for launch in 2015, subject to FDA clearance

# Vital signs monitoring system (1)

## Automation of key vital signs:

- 3 or 1 Lead EKG
- SPO2
- Temperature
- Respiratory Rate
- Body Position
- Blood Pressure (future)



# ECG patch

The LifeWatch Mobile Cardiac Telemetry patch combines an ultra-light ECG sensor, pre-programmed, according to physician orders, to relay diagnostic data back to a monitoring center for review and appropriate action by clinical staff.

## Regulatory Affairs

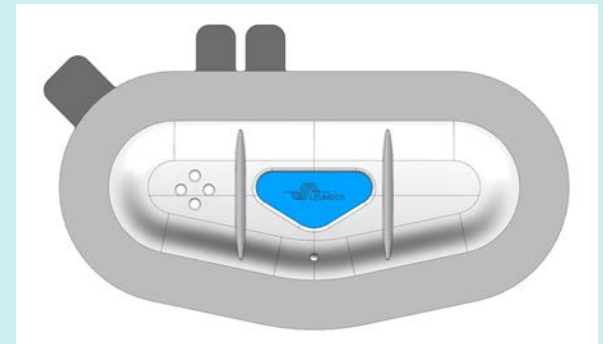
- FDA recently requested additional information
- We expect to get clearance within Q4, 2015

## Production

- Production of patches has started and will be delivered to the US in Q4, 2015

## Marketing & Sales

- Go-to-market plan defined with target to launch immediately following FDA clearance
- Strategic accounts to receive first ECG mini patches already selected



# Profit & Loss Statement

USD millions	First Half 2015	First Half 2014	2014	+/- in %
<b>Total revenues</b>	<b>52.512</b>	<b>48.120</b>	<b>98.471</b>	<b>9.1%</b>
Total cost of revenues	-24.765	-23.027	-45.287	
<b>Gross profit</b>	<b>27.747</b>	<b>25.093</b>	<b>53.184</b>	<b>10.6%</b>
<i>GP margin</i>	<i>52.8%</i>	<i>52.2%</i>	<i>58.9%</i>	
Research & development expenses	-1.982	-3.282	-5.562	-39.6%
<i>in % sales</i>	<i>3.8%</i>	<i>6.8%</i>	<i>5.6%</i>	
Selling & marketing expenses	-9.453	-12.501	-22.682	-24.4%
<i>in % sales</i>	<i>18.0%</i>	<i>26.0%</i>	<i>23.0%</i>	
General & administrative expenses	-12.500	-12.690	-25.139	-1.5%
<i>in % sales</i>	<i>23.8%</i>	<i>26.4%</i>	<i>25.5%</i>	
Legal expenses and other expenses, net	-	-0.751	-0.499	
<b>EBIT</b>	<b>3.812</b>	<b>-4.131</b>	<b>0.300</b>	<b>n.m.</b>
<i>EBIT margin</i>	<i>7.3%</i>	<i>-8.6%</i>	<i>0.3%</i>	
One-off items *	-	2.970	5.050	
EBIT Excluding One-off items	3.812	-1.161	5.350	n.m.
<i>EBIT margin excluding One-offs</i>	<i>7.3%</i>	<i>-2.4%</i>	<i>5.4%</i>	
Financial and other income (expenses), net	-0.443	-0.204	-0.488	117%
Tax benefit (expenses)	-1.427	-0.390	-2.540	
<b>Result for the period</b>	<b>1.942</b>	<b>-4.725</b>	<b>-2.728</b>	<b>n.m.</b>
<b>EBITDA</b>	<b>7.234</b>	<b>-1.520</b>	<b>5.949</b>	<b>n.m.</b>
<i>EBITDA margin</i>	<i>13.8%</i>	<i>-3.2%</i>	<i>6.0%</i>	

# Review of Operating Expenses

- Gross margin higher at 52.8% versus 52.1% in the first half of 2014
- Lower R&D costs due to restructuring in 2014 and capitalization of VSP development costs;  
USD 1.0 million capitalized in the first half of 2015 versus USD 0.6 million in the first half of 2014.
- Significantly lower S&M expenses at 18% of sales versus 26% of sales in the first half of 2014.  
The decrease is mainly due to sales force optimization and territory realignment.
- Lower G&A expenses at 23.8% of revenues versus 26.4% of revenues in the first half of 2014.  
The decrease is mainly due to a reduction in bad debt expense and a reduction in administrative costs in Switzerland.
- No restructuring costs were recorded in the first half of 2015 versus USD 0.75 million in the first half of 2014

# Balance Sheet

USD millions	June 30. 2015	June 30. 2014	+/- in USD million
<b>Balance sheet total</b>	<b>71.939</b>	<b>68.537</b>	<b>3.402</b>
Cash and cash equivalents	7.108	6.220	0.888
<b>Net working capital (NWC)</b>	<b>5.450</b>	<b>8.932</b>	<b>-3.482</b>
<i>NWC in % of revenues</i>	<i>10.4%</i>	<i>18.6%</i>	
Property, plant & equipment, net	16.224	13.025	3.199
Goodwill & intangibles	17.335	15.557	1.778
Provisions	6.141	9.180	-3.039
Interest-bearing debt	6.702	5.498	1.204
Net cash	0.406	0.722	-0.316
<b>Equity</b>	<b>39.036</b>	<b>34.815</b>	<b>4.221</b>
<i>Equity Ratio</i>	<i>54.3%</i>	<i>50.8%</i>	



# Cash Flow Statement

USD millions	June 30. 2015	June 30. 2014	+/- in USD million
<b>Net cash from operating activities</b>	<b>4.188</b>	<b>-2.779</b>	<b>6.967</b>
<b>Net cash from investing activities</b>	<b>-5.737</b>	<b>-2.903</b>	<b>-2.834</b>
<b>Net cash from financial activities</b>	<b>1.570</b>	<b>1.675</b>	<b>-0.105</b>
Translation differences	-	0.091	-0.091
<b>Increase (decrease) in cash and cash equivalents</b>	<b>0.021</b>	<b>-3.916</b>	<b>3.937</b>
Balance of cash and cash equivalents at beginning of period	7.087	10.136	-3.049
Balance of cash and cash equivalents at end of period	7.108	6.220	0.888

# Positive Outlook – profitable growth

- Financial
  - Revenue growth supported by new products, new markets and improved reimbursement outlook
  - Above market growth expected to continue
  - Nearly USD 7 million allocated for new product development in 2015
  - Gross margin expected to improve
  - Full-year guidance confirmed
- Operational
  - Operational efficiencies continue to be identified and addressed
  - Upgrading of systems on-going

**Thank you for your interest!**

