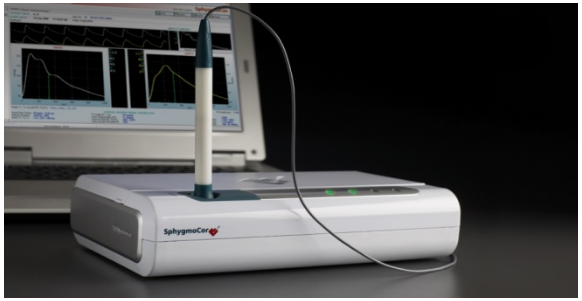
AtCor Medical - ASX:ACG



SphygmoCor
AT THE HEART OF
CARDIOVASCULAR MANAGEMENT

Leading Change

October 2009 AGM

AtCor Medical

- 2009 review & accomplishments
- Financial Results
- Growth Initiatives

Executive Highlights

Strong 2009-Continued Revenue Growth in 2010

- 2009 Product Revenue Growth of 47% in cc on pcp - double digit growth to continue
- Gross Margin strength to be maintained
- No expectations to raise further cash for operating purposes
- Continued expansion of Pharma business; strong Q2 &H2 2010 anticipated
- Executing on plan for clinical up-take, coding & reimbursement
- Doubling of product development spend -enhance leadership & competitive immunity
- Business development & alliance opportunities being developed
- Continued geographic expansion

2009 Financial Highlights

Sales Growth, Margin Expansion Cash Management

- **Product revenue growth of 74% on pcp**
  - **Driven by major increases in pharmaceutical clinical trial sales/services**
  - **On a constant currency basis, up 47% on pcp second consecutive year**
- **Gross margin increase to 84.5% from 80.1%**
  - **Cost savings from new product, volume and FX gains**
- **Net loss $1.7m of versus loss of $3.8m on pcp**
- **Cash increased $0.1m to $3.4m from $3.3m pcp**
  - **Operating cash outflows $0.6m, loan repayments $0.7m, cash FX gain $0.1m**
- **Further validation of business model and strategy**
  - **US Pharma sales up 99% pcp, US $6.7m new contracts; US Clinical practice sales up 46% pcp**
  - **Expanding presence in global pharma clinical trials – existing & new customers**

2009 Clinical Highlights

Outcome Data Critical for Adoption/Uptake

- **Atrial Fibrillation (AF) – 800 patient study using SphygmoCor**
  - **Superior predictor of first onset AF than well established clinical risk factors**
  - **Present technology able to detect, not predict first onset 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**
  - **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**
  - **"...may fill a crucial void in current management of hypertension and related sequelae in African- Americans" (Heffernan et al.)**

- **Early Prediction of Pre-eclampsia**
  - **Study showed SphygmoCor predicts in first trimester future onset of pre-eclampsia**
  - **Significant cause of maternal and foetal mortality & pre-term delivery**

Worldwide Gold Standard

Leading Change

- **A global medical device company**
  - Installed base now exceeds 2,000 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 verify research/clinical utility
- **Cost effective early identification and intervention**
  - AtCor core competence
  - Only sustainable care model
  - Late stage disease management unaffordable

Defensive Sector & Segment - Natural Hedge

Significant Near and Mid-term Opportunity

- **Market Penetration**
  - Only 2% of total available global market captured
  - Average 5 year life-upgrade opportunity*
- **Healthcare**
  - Expenditure growth slows but does not decline in downturn
  - Accelerating requirement for early identification & intervention
  - 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

** Portable SphygmoCor systems introduced in Nov 08 & current development expected to drive product upgrades*

Continued Delivery on Guidance

2009 Outlook From 2008 AGM & Corporate Presentations

- **Guidance: H1 FY09 Product Sales Guidance of Min 45% on pcp**
  - **Actual 74% , guidance increased to 70% in May**

- **Guidance: Step up in clinical trial contracts with big pharma/biotech**
  - **US$6.7m in fiscal 2009 vs US $3.0m in fiscal 2008**

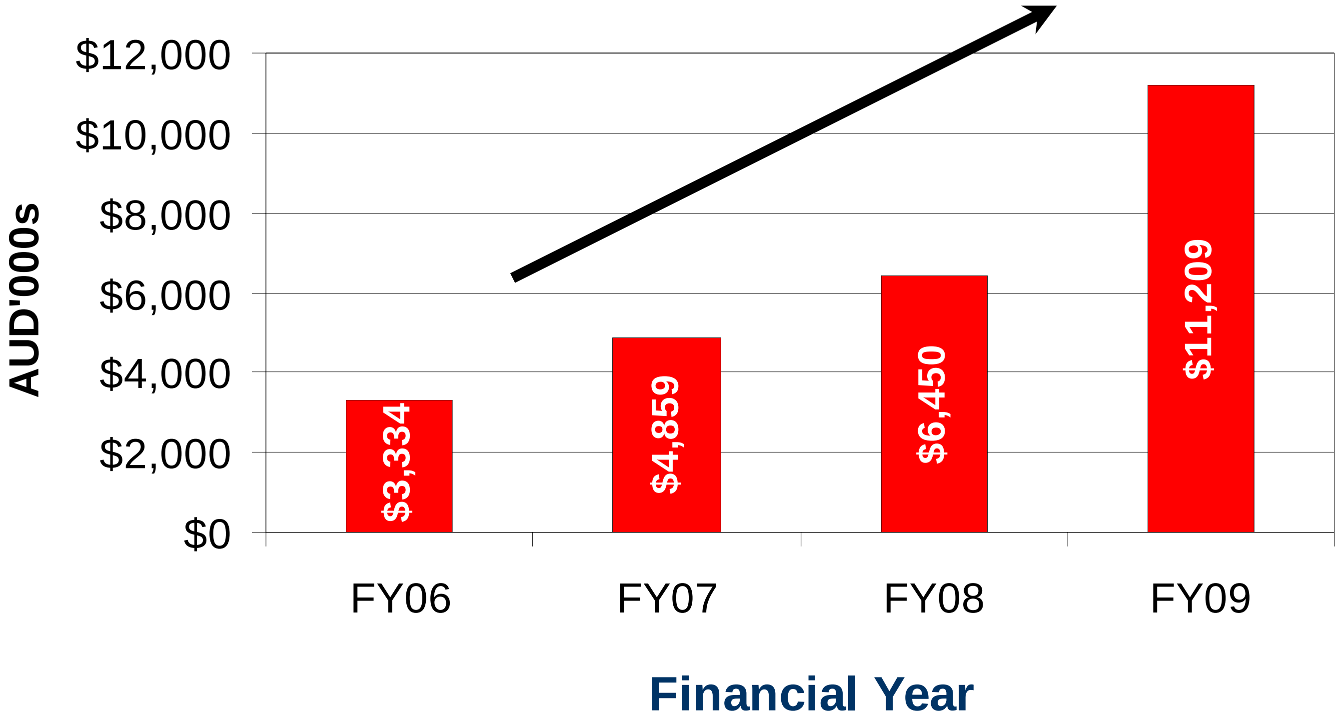
- **Guidance: No plan to raise additional operating capital**
  - **$3.4m cash at Jun 09 vs $3.3m cash at Jun 08**

- **Guidance: Reduction in operating cash burn**
  - **Net operating cash outflows FY 2009 $0.6m vs 3.5m FY 2008, a $2.9m turnaround versus pcp**

- **Guidance: Further clinical studies due to report**
  - **3 major studies reported since November 2008 AGM**

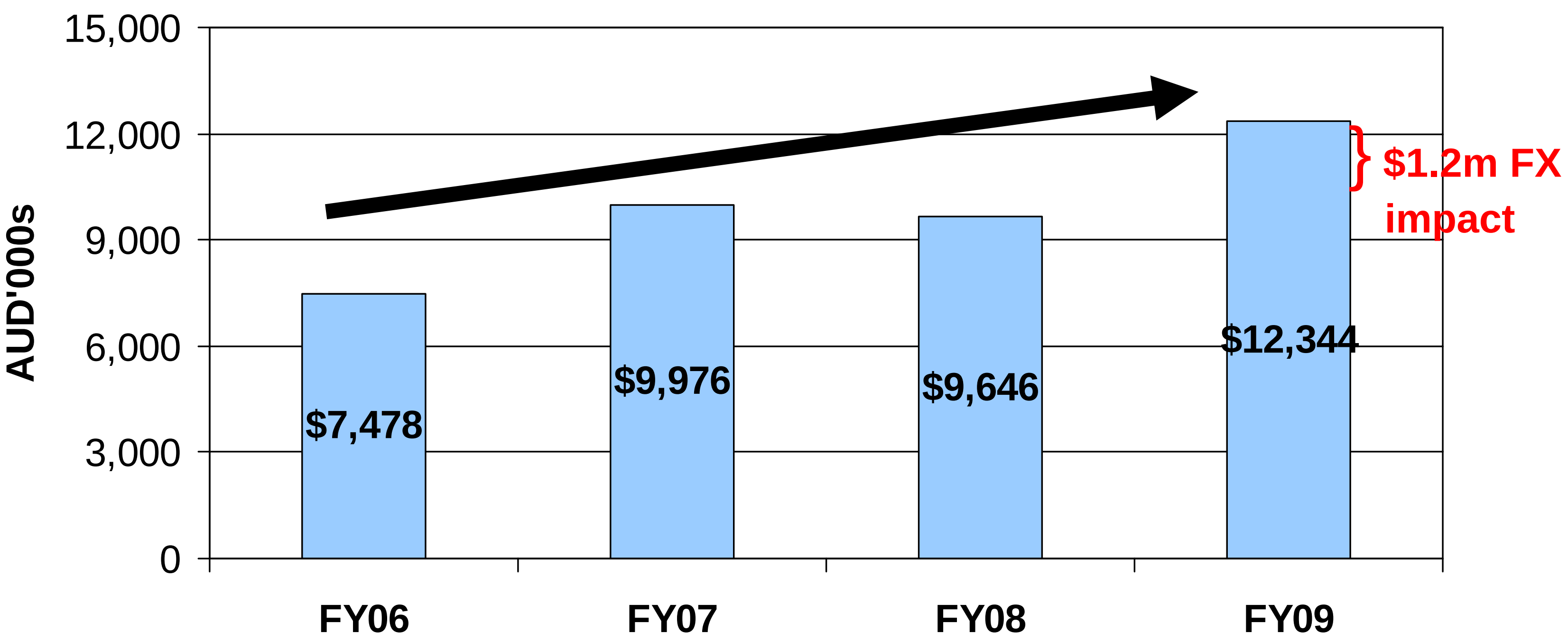
Demonstrable Sales Growth Since FY06

2009 global sales up <u>74%</u> on pcp (47% in cc)



4 Year CAGR 35%

Stabilisation of Cost Base/Sales Infrastructure



4 Year CAGR 18%

Significant headroom exists to grow product sales

Financial Performance

Profit & Loss Statement (A$'000)

	FY09	FY08	
Revenue from sale of goods	**11,209**	6,451	**+ 74%**
Gross margin percentage	**84%**	80%	
Other revenue	**949**	494	
Sales & marketing expenses	**(6,550)**	(4,923)	**+ 26%**
Other expenses	**(5,794)**	(4,881)	
EBIT	**(1,926)**	(4,145)	
Interest income	**242**	418	
Income tax benefit/(expense)	**(7)**	(66)	
Net (loss)	**(1,691)**	(3,793)	**55%**

Financial Performance

Cash Flow Statement (A$'000)

	FY09	FY08	1Q10
Cash flows from operating activities			
Receipts from customers	11,260	6,124	1,754
Payment to suppliers and employees	(12,921)	(10,629)	(3,101)
Other income (grants etc)	853	464	185
Interest received	170	263	18
	(638)	(3,778)	(1,144)
Cash flows from investing activities			
Payments for P,P&E	(132)	(168)	(2)
Loan repayment *	709	300	86
	577	132	84
Net increase (decrease) in cash and equivalents	(61)	(3,646)	(1,060)
Cash and equivalents at beginning of period/year	3,316	6,999	3,416
Effect of FX rate changes	161	(37)	(96)
Cash and equivalents at end of year	3,416	3,316	2,260

* Additional $0.77m paid in Oct 09

Financial Position

(as at 30 June 2009)

Balance Sheet (A$'000)

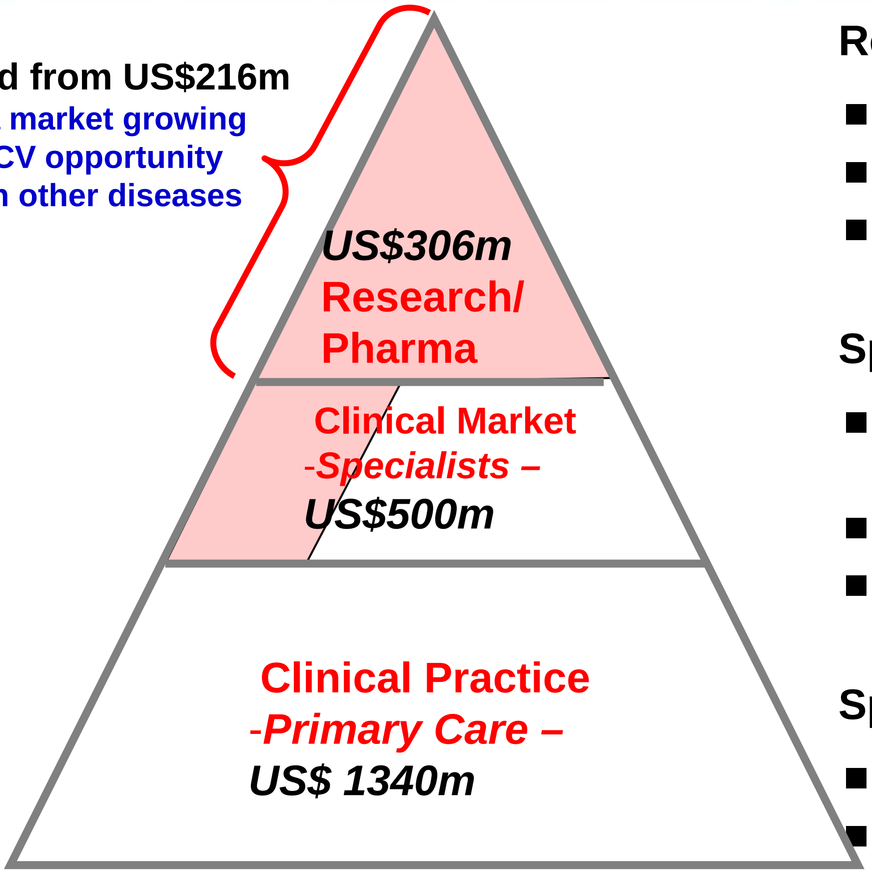
Cash & equivalents	3,416	Payables	3,223
Receivables	3,383	Provisions	4
Inventories	434	**Total current liabilities**	**3,227**
Other	139	Provisions	28
Total current assets	**7,372**	**Total non-curr liabilities**	**28**
		Total liabilities	**3,255**
P,P&E	352	**NET ASSETS**	**4,645**
Intangibles	176	Contributed equity	28,982
Total non-curr assets	**528**	Reserves	963
Total Assets	**7,900**	Accumulated losses	(25,300)
		Total Equity	**4,645**

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

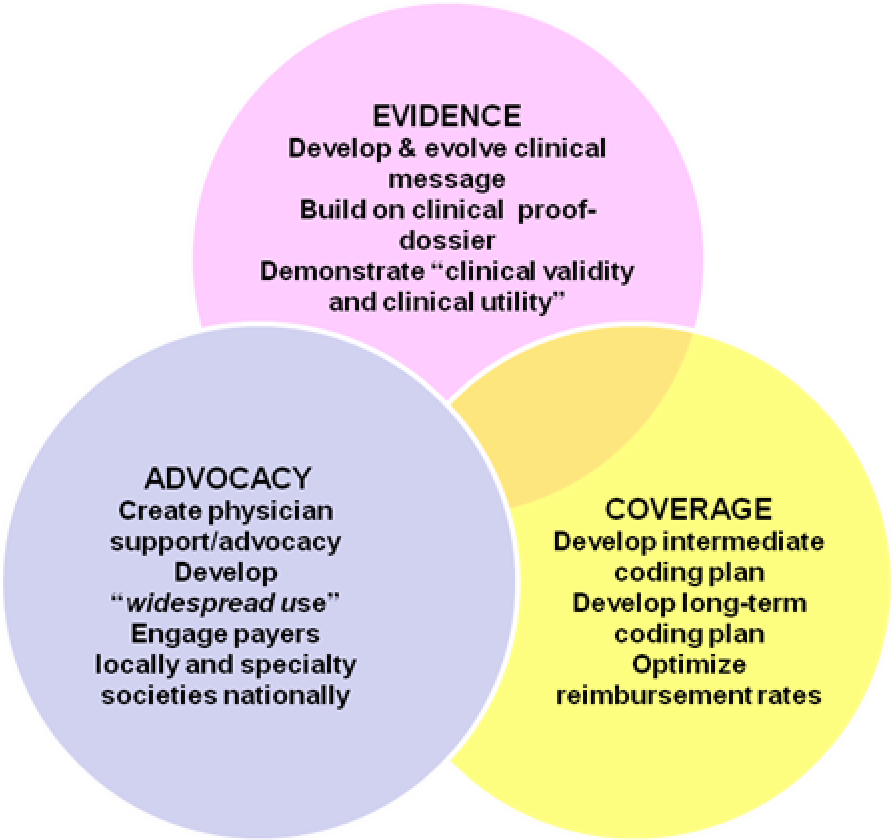
What we are focused on

Initiatives for Growth

- **Accelerating reimbursement and driving clinical adoption in US**
- **Increasing yield and critical mass of supporting clinical evidence**
- **Expanding pharma reach - trial services & drug classes**
- **Developing next generation technologies**
- **Alliances for complementary technology for leverage and market access**
- **Exploiting and enhancing IP portfolio**
- **Entering new markets - geographic & disease applications**
- **Delivering the business to sustained profitability**

Keys to Reimbursement Success

Leading Change



AtCor's US team is working simultaneously on these 3 tenets

Focus on Clinical Evidence

> Key Opinion Leaders: Leading Clinical Adoption

Current Growth Initiatives

Over 400 peer reviewed publications & 1,100 citations on SphygmoCor

- Undisputed gold standard
- Continuously cited reference method

Meta analysis across several studies planned and underway

European & US KOL's working together

- For pulse wave velocity
- For central pressures
- Powers clinical outcome data
- Provides values for treatment

Differentiated Clinical Studies in Progress

Led and supported by AtCor

- Heart failure
- Therapy management
- Preeclampsia
- New application with existing coding & coverage

Focus on Physician Advocacy & Adoption

> US $1.5b total opportunity

Current Growth Initiatives

Concentration on specialist adoption (US$0.5b opportunity)
- Major key influence centers
- Local payer coverage decisions, clinical papers and studies
- Developing grass roots support-KOL members of specialty societies-local coverage decisions, support national code.

Payer Diversity Programs
- Working with KOL's & Consultants in African-American Community

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

Technology Development
- Enhanced software and hardware interface
- Next generation systems

Focus on US National Coding & Coverage

> *CPT 1 Filing as early as November 2010*

Current Growth Initiatives

Focus on local coverage – KOL support with payers

- Wide-spread use foundational for national CPT success
- Over 50% of AtCor US expense base invested in clinical segment

Focus on accumulating clinical evidence

- Additional studies to report over next 6 months

AtCor has retained DC based firm to accelerate process

- Key former AMA and CMS staffers
- Enhances AtCor's reach into key payers and societies
- Working with AtCor on both nationally (coding development) and locally (coverage under procedure code indicated by AMA)

Focus on Pharma

> US$100m Annual Opportunity

Current growth initiatives

Concentration across all clinical trial phases (I through IV)

- 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, customer base
- WISDOM trial data management

Regulatory & Legislative Focus

- New FDA guidance document on diabetes drugs- (CV safety)
- Working with cardiovascular safety and drug research group within FDA.
- AtCor facilitating KOL’s, Pharma & regulators

A regulatory/legislative focus to encourage central pressure testing and clinical uptake

Outlook- FY10

Delivering on Commitments

- **On track for continued growth in FY10**
  - **Continued strong double digit sales growth - forecasting strong Q2 & H2**
  - **Negotiations well underway with 4 major Pharma for fiscal 2010 trials**
  - **Clinical business growth continues, supporting National CPT filing in US**
  - **FY10 gross margins of >85%**

- **Investing for sustainable growth & continued leadership**
  - **Doubling of investment in technology development over pcp**
  - **Ongoing discussions with potential alliance opportunities - expand foot print**

- **Sufficient funds:**

  $ 2.26m cash at Sep 09, $0.77m repaid against outstanding loan in Oct 09
  - **No expectation to raise cash to reach sustainable positive cash flow**
  - **Significant reduction in operating cash burn forecast in H2 2010**
  - **Increased sales, high gross margins, stable operating cost base**
  - **Strong balance sheet: NO 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, support for national CPT filing**