



Cover Story



AtCor Medical Significantly Progresses Towards its Goal of a Long Term, Financially Stable Position with over US\$6.5 million New Pharmaceutical & Biotech Contracts Signed in the Past 8 Months

AtCor Medical is committed to developing and marketing products for the early detection of cardiovascular risk and management of cardiovascular disease. Its technology allows researchers and clinicians to measure central blood pressure non-invasively.

The Company's primary aim is to advance the business into a long term, financially sustainable position.

Reflecting AtCor Medical's rapid progress towards achieving this goal it has signed new agreements to supply its innovative SphygmoCor® systems and clinical trial support services to a US biotech company and a leading international pharmaceutical company, which brings the minimum total value of pharmaceutical trial contracts secured by the Company over the past eight months to over US \$6.5 million. During the first half of fiscal 2009, sales rose 76% and cash outflows from operations declined over 50% to just over 1.1 million. AtCor recently upgraded its guidance for 2009.

Mr. Duncan Ross, AtCor Medical's Chief Executive Officer informed the Australian Investor, "This achievement demonstrates the value of our strategy that we initiated over 2 years ago to increase our focus on the pharmaceutical clinical trials business. Central blood pressure has been shown to be a much stronger independent predictor of cardiovascular risk than traditional cuff blood pressure. This serves to drive demand in drug trials. By becoming an important tool in truly understanding safety and effectiveness of drugs, it provides a natural pathway to follow these therapies into our largest potential market, clinical practice. "

The economies of scale the company enjoys in providing devices and clinical trial support services in the pharmaceutical segment is compelling. This focus is allowing AtCor to drive its business toward profitability and positive cash generation, build a long-term value relationship with these important customers and fund the resources necessary to quicken its entry in to the much larger clinical practice market.

"From a longer term perspective, the new contracts show that the market is accelerating its understanding of the value that SphygmoCor® will ultimately bring as a tool in mainstream clinical practice," Mr. Ross explained to the Australian Investor, "Essentially, it provides drug and biotech companies with significant value represented in the additional information generated by using our device in their clinical trials, which is an important component in moving the device into the clinical practice market."

Going forward, AtCor Medical has a number of near term priorities it intends to implement while maintaining its philosophy of strict focus – making sure what it does it does well.

"One of our current priorities is to further expand our penetration into the pharmaceutical sector," Mr. Ross told the Australian Investor, "We have been working with regulatory and legislative bodies in the U.S. to get our device positioned for ongoing drug safety trials to increase the safety of the U.S. drug supply."

The Company also intends to increase its yield in critical mass of clinical supporting evidence.

"We have been featured in over 400 peer reviewed publications and referenced in over 1,100. publications that show the effectiveness of our device exceeds many of the testing methodologies used today and notes its ability to find problems at an earlier stage," Mr. Ross noted to the Australian Investor, "This support from peer- reviewed medical literature, in combination with the supporting clinical evidence from our work in the pharmaceutical sector has placed us on the radar of major academic and dominant regional health centres to adopt our device for clinical practice ."

Other near term priorities for AtCor Medial include defining and designing the next generation of its technology so that it continues to distance itself from its niche competitors. The Company will also focus on advancing its IP portfolio to build on and expand the advantages of its innovative technology.

"In particular, we are looking to leverage our technology in new applications within the cardiovascular area, potentially partnering with larger companies," Mr. Ross commented.

All-in-all the aim of these priorities is to advance AtCor Medical into a near -term position of cash and earnings sustainability as it drives to its potential as a global medical device business.

Also aiding the Company's progress towards this ultimate objective is the fact that its device is recognised worldwide as the gold standard in measuring central blood pressures and arterial stiffness non-invasively.

Reflecting this recognition, AtCor has more than 1,800 SphygmoCor® systems currently in use worldwide at major medical institutions, research institutions and in various clinical trials with leading pharmaceutical companies

"As a result we have a strong brand position and steadily increasing market awareness," Mr. Ross told the Australian Investor.

The Company has also taken the initiative to recruit outstanding individuals that have an extensive amount of experience in large medical device companies but now wish to transition those skills to a more entrepreneurial setting.

"This is a highly motivated team that is driving our business," Mr. Ross explained to the Australian Investor, "Another important feature of the Company is that over the last 3-4 years we have expanded and better controlled our market access by investing in our own commercial teams on the ground in the US and Europe.. It is critical for our success that our technology is properly represented and focused and, as such, it is integral to have control of our sales processes and market access."

Furthermore, AtCor Medical is selling at EV/Sales of only 1.50 which represents a substantial discount when compared to its small medical device peer group in Australia.

Mr. Ross concluded, "We are moving as quickly as possible to establish sound financial sustainability – we expect to achieve this status inside of two years as we continue to build our global medical device company. We believe our future will be driven by our determination to do what we have to do to ultimately be successful as a stand alone business."

Article written by <http://australianinvestor.com.au>

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