

AtCor Medical



SphygmoCor 
AT THE HEART OF
CARDIOVASCULAR MANAGEMENT



Investor Presentation

March 2007



AtCor Medical

Growing awareness of the importance of central pressures

- Overview
- Progress YTD
- Geographic Update
- Market Characteristics
- Focus Forward
- Financials

Company Highlights

- AtCor develops and markets products for the early detection and management of cardiovascular disease
- AtCor's *SphygmoCor*® technology has the ability to transform the assessment and management of cardiovascular (CV) disease
- US\$2bn potential global market (US\$1bn potential US market)
- Global reach: over 1,000 systems in use by leading centres and practitioners worldwide
- SphygmoCor is the only FDA cleared system that measures central blood pressure non-invasively
- Globally experienced Board and Management team

About SphygmoCor®



- **Addresses the key cardiovascular risks**
 - Heart failure, heart attack and stroke

- **Shows key heart function parameters of cardiovascular function and risk:**
 - *Blood pressure at the heart*
 - *Load on the heart*
 - *Coronary artery pressure*
 - *Timing of the heart pumping cycle, and*
 - *Measures of arterial stiffening*

- **This central data is only otherwise available through an invasive catheter**

- **Compares patient parameters against population “normals” to assess CV status**

Why central pressures are important

- Many heart attacks are 'asymptomatic'
- Since 1896, doctors have 'guessed' the blood pressure at the heart from the cuff measurement in the arm
- But: blood pressures at the heart and the arm can be very different
- Results: cardiovascular risk may not be detected
- Diagnosis based on poor or incomplete information

Figure 1: Radial measurement
(blood pressure at the upper arm)

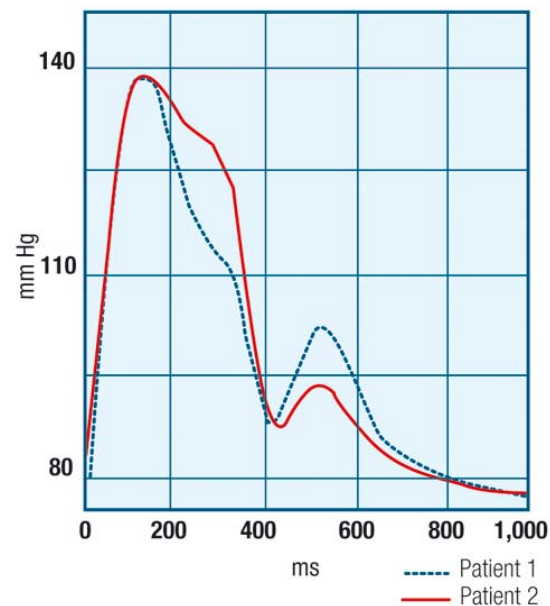
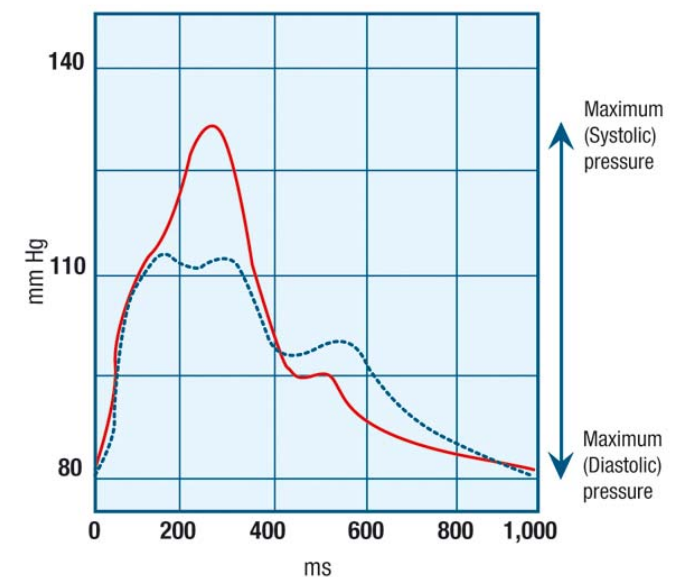


Figure 2: Aortic measurement
(blood pressure at the heart, measured using SphygmoCor)



Radial measurement shows both patients have the same forearm blood pressures (140 maximum/ 80 minimum). However, the aortic pressures show different maximum pressures at the heart, and therefore quite different cardiovascular risk.

Clinical evidence

Major Clinical Study

- CAFE STUDY (Part of the Pfizer-sponsored ASCOT study) - measured more than 2000 patients in the UK and Scandinavia, 2001-2006
- USA NATIONAL INSTITUTE OF HEALTH'S STRONG HEART Study – measured more than 2400 patients for an average 4 years
- REASON – Q: Does central pressure augmentation predict CV outcomes in renal failure patients?
- ROTTERDAM - Q: Is arterial stiffness associated with risk of coronary heart disease and stroke?

Outcome Validation

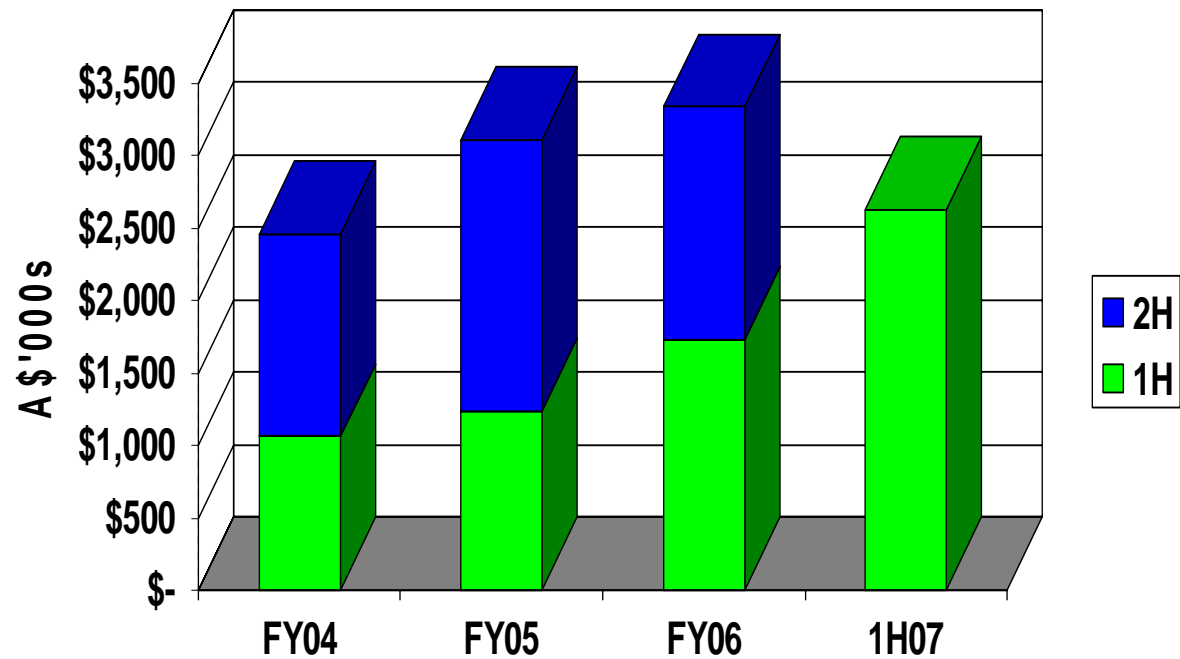
- Central blood pressure measurement showed big differences using two different drug regimens, clearly explaining different patient outcomes where brachial pressures showed no difference
- Showed central pressures were strong predictors of cardiovascular outcomes, while cuff pressures were not
- Pressure augmentation was independently predictive of outcomes
- Showed arterial stiffness is an independent predictor of coronary heart disease and stroke in asymptomatic individuals

Global Reach



Sales Growth

- 1st Half FY07 Results
 - Global sales up 52%
 - USA up 90%
 - Europe up 67%
 - Gross margin up to 77% from 70%



Progress YTD

- **Sales & marketing teams staffed, with strict accountability**
 - 2 new sales execs in Europe (replaced part-time consultants)
 - 1 new sales exec in ROW
- **Global sales account management process and forecasting tool**
 - All AtCor regions on same platform
 - A\$7.0m sales opportunities now under management in pipeline
- **New markets and enhanced current distribution agreements**
 - New - Western EU (Spain, Switzerland, Benelux, Portugal, Norway, Sweden)
 - New - Eastern EU (Poland, Lithuania, Latvia,
 - Enhanced (UK/Ireland, Denmark, Greece, Italy, Austria)

Progress YTD

- **Cross functional global teams appointed**
 - Leveraging local resources for worldwide strategic initiatives
 - Teams review detailed action plans weekly
 - Product Development, Launch and Support Team
 - Clinical Studies and Scientific Affairs Team

- **Formal Corporate Development Plan Implemented**
 - Technology, co-marketing, distribution alliance targets
 - Focus on “A” list – targeted priorities

- **Formal cash flow model**
 - Implemented
 - Detailed update quarterly with bottom up input
 - Scenario planning for most likely and worst case

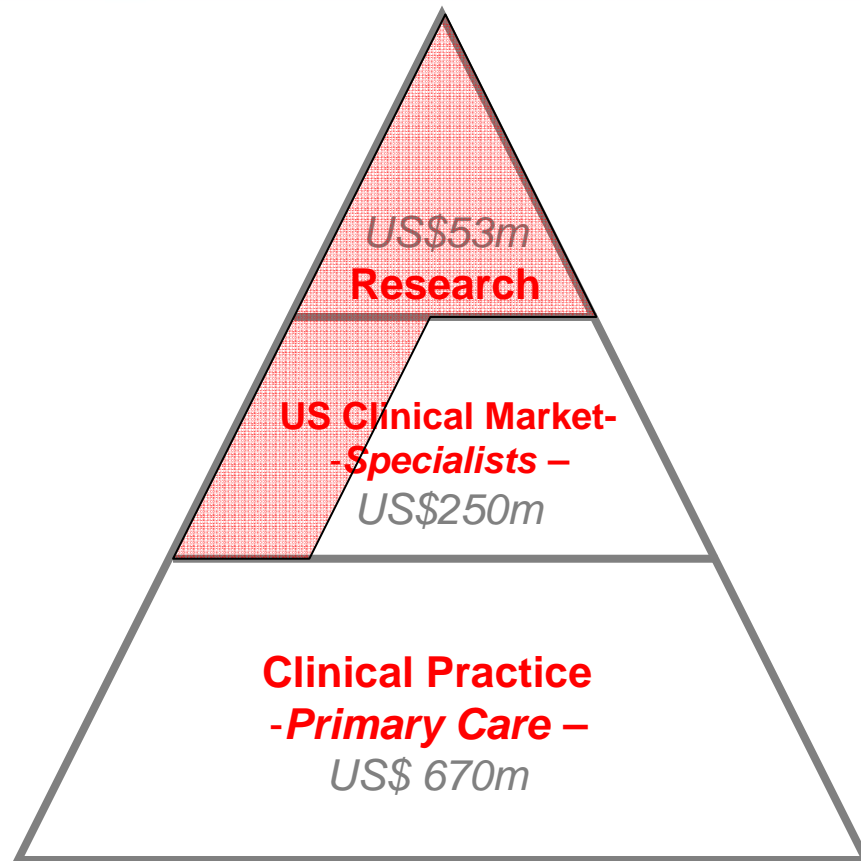
US Update

- **New Federal Drug Safety Bill**
 - AtCor made presentation to FDA in Dec 06
 - AtCor has held >15 meetings with Congressional and Senatorial staffs
 - AtCor focussed on drug safety and cost effective medicine

- **NIH Funding now restored – positive impact on Research Sector**
 - 8 % year-on-year increase; effective Feb 1, 2007, retroactive to October, 2006
 - Additional 8% increase effective October, 2007

- **AtCor’s US “Sales Opportunities under management” Pipeline**
 - Increased to over US \$3.0m
 - Less than US \$1.0m July, 2006

US Update



Research Market

- Pharma
- Academic Research, Hospital Affiliated
- US\$53m potential

Specialist Clinical – Early adopters

- Cardiologists, Hypertension, Nephrologists (kidneys), Endocrinologists (diabetes)
- Academic-based specialists
- US \$50m potential

Specialist Clinical – Government

- All Cardiologists, Hypertension, Nephrologists
- Veterans hospitals and Dept of Defense
- US \$40m potential

Market currently addressed - US\$ 143m or 16% of total available market

Europe Update

■ Distribution Coverage

- Direct sales execs recruited in France & Germany from Jan 07.
- Distributors recruited and trained – total of 12 now in Europe
- Capability to support expansion of pharma clinical trials business in East

■ Pharma Business Plan being implemented

- Country-by-country pharma prospects being qualified and relationships built
- Capability to support pharmas in their multi-country European trials now in place.

■ Market Developments

- European Hypertension and Cardiology Societies jointly announce guidelines for Arterial Stiffness that endorse AtCor products and methodologies.
- European Hypertension Society is developing guidelines on use of central blood pressures – due by June.

ROW Update

- **Pro-active distributor recruitment & management focus in Asia Pacific**
 - Dedicated Asia Pacific (ROW) Sales Manager with extensive AP experience
 - Key opinion leader customer visits & dealer meetings throughout Q1'07 - China / Korea / Japan / Taiwan / India / Malaysia / Singapore
 - Product & sales training sessions in all regions
- **Key success factor-China**
 - Installation at Fuwai Hospital – Beijing. (# 1 key influence centre)
 - Established KOL relationship & order- Chinese Institute of Hypertension
 - Hypertension to pass US population rate by 2010
- **Key success factor-India**
 - Growing middle class-concerned with their health
 - Goal-expand distribution network to cover the influential West and North
 - '2 out of 3 Diabetics die of CVD' - India worlds largest population (>32m) of Diabetics

Market Characteristics & Shifts

- **Increased political pressure for disease prevention**
 - Cardiovascular disease largest contributor to rising healthcare costs
 - Consensus that economic model must change-affordability
 - Earlier detection & prevention only sustainable model
 - Developing markets on cusp of epidemic
 - Increased focus on early cost effective diagnosis-AtCor opportunity

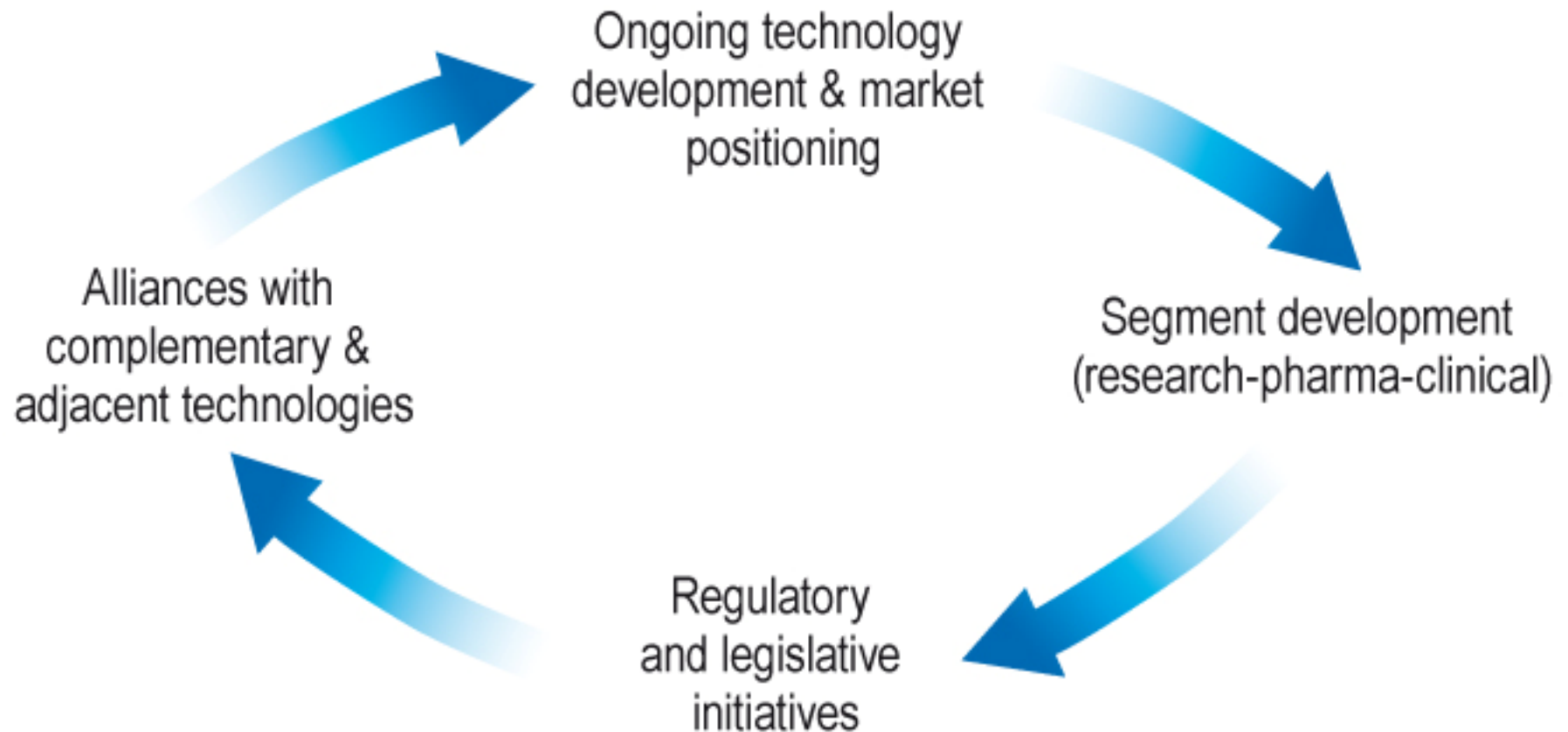
- **Undetected cardiovascular side effects – Drug pre-launch cancellations and post launch removals**
 - Drug Safety legislation proposed in US-FDA & drug companies under fire
 - Litigation and catastrophic costs for Pharma
 - Vioxx was US \$ 2.5B drug for Merck
 - Torcepatrib cancelled late stage-Pfizer invested US \$800m
 - Opportunity for AtCor in drug development and ongoing safety

Market Characteristics & Shifts

- **Further advancement in awareness of importance of central pressures**
 - ACC Conversation with experts – CME website generates heavy traffic
 - Living Heart Foundation NFL pgm– widespread US media coverage
 - European Consensus statement due out in June

- **Technology adoption in advance of Payers -“free market” led**
 - Corporate health services & screening on site
 - Increasing Interest from Sports Medicine and Exercise Physiology
 - Private Pay sales program in States - “Golden Postal Code Practices”
 - Opportunity for AtCor

Core Elements of Strategy:



Focus Forward

■ Sales – “Deliver Growth”

- Leverage expense base – increase productivity
- Focus on Pharma & Clinical
- Continued progress in Research segment

■ Cash

- Judicious management and balanced perspective
- Continuous review and challenge of spend

Focus Forward

- **Develop Strategic Corporate Relationships**
 - Goal - expand market reach & technology platform
 - Technology, co- marketing & distribution partners
 - Internal technology development & new product launch

- **Coding, Coverage, Reimbursement**
 - US plan progressing
 - France and Germany - plans being finalized
 - Clinical & Economic benefits data in support of clinical adoption

Financial Performance

Profit & Loss Statement (A\$'000)

	1H07	1H06
Revenue from sale of goods	2,624	1,730
Gross margin percentage	77%	70%
Other revenue	10	170
Sales & marketing expenses	(3,119)	(1,617)
Other expenses	(1,546)	(1,116)
EBIT	(2,627)	(1,350)
Interest income	361	225
Income tax expense	(39)	-
Net (loss)	(2,305)	(1,125)

Financial Performance

Cash Flow Statement (A\$'000)

	<u>1H07</u>
Cash flows from operating activities	
Receipts from customers	2,215
Payment to suppliers and employees	(5,383)
Other revenue (interest received)	293
	(2,870)
Cash flows from investing activities	
Payments for P,P&E	(177)
	(177)
Cash flows from financing activities	
Net proceeds from issues of shares	-
Net increase (decrease) in cash and equivalents	(3,047)
Cash and equivalents at beginning of year	11,811
Cash and equivalents at end of year	8,764

Summary

- Proven technology to transform diagnosis and management of today's No. 1 killer
- Worldwide installed base of ~1,000 systems
- Adopted by world leading medical institutions
- Established team in the world's largest market (USA) and a strong presence in Europe
- Board and management with extensive international medical device industry experience
- On track...progressing according to plan





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