



# LEADER IN INFECTION CONTROL SOLUTIONS

*Improving the safety of patients, clinics, their staff  
and the environment*



*2015 Half Year Results  
Investor Presentation*

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# Corporate Mission



*We improve the safety of patients, clinics, their staff and the environment by transforming the way infection prevention practices are understood and conducted, and introducing innovative technologies that deliver improved standards of care.*

Johns Hopkins Photo Credit: American Nurse Project. Does not imply endorsement

# Company Overview

- Proprietary automated system for low temperature, high level disinfection (HLD)
- First product, **trophon**<sup>®</sup> EPR, for HLD of ultrasound probes
- Approved for sale in most major markets including: US/Canada, ANZ, Europe, Singapore, HK, South Korea, Japan
- 118 staff across Australia, US, UK, Germany and France
- Direct operations in North America and Europe alongside distribution partners
- GE Healthcare non-exclusive distributor in North America
- Toshiba, GEHC and Miele professional – distributor partners in Europe
- Active R&D program targeting expansion of product portfolio for Infection Control market



# Company Overview

## Key Corporate Data

|  |   |
|--|---|
| Share price*                           | \$1.73  |
| Shares on issue                        | 264.4 million   |
| Market capitalisation*                 | \$457.3 million   |
| Liquidity (30 day avg)                 | 585,000 shares  |
| Cash (31 Dec 2014)                     | \$23.5 million  |
| Share register breakdown (31 Dec 2014) | Founders/Related Parties 21%<br>Institutions 33%<br>Private 42%<br>Corporate 4% |

\* As of 18 Feb 2015

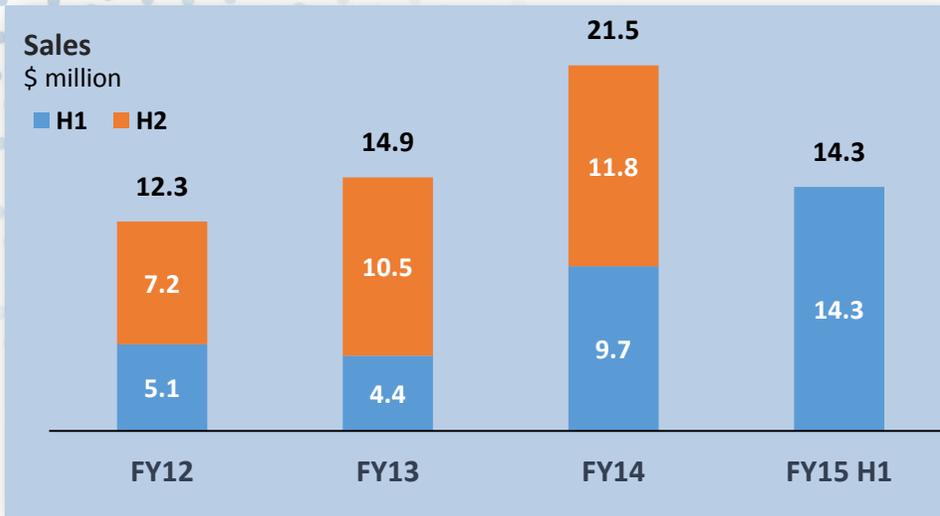


|                                 | 18 Feb 15 | 31 Dec 14 | 30 Jun 14 | 30 Jun 13 |
|---------------------------------|-----------|-----------|-----------|-----------|
| Total shares issued (million)   | 264.36    | 264.36    | 263.82    | 261.99    |
| Share price                     | \$1.73    | \$1.37    | \$0.79    | \$0.61    |
| Market capitalisation (million) | \$457     | \$362     | \$208     | \$159     |
| Average daily volume (12 mths)  | 402,000   | 366,000   | 349,000   | 198,000   |

# 2015 H1 Highlights

- ✓ 44 of top 50 hospitals in US and more than 1,500 hospitals across North America using trophon EPR
- ✓ US installed base now in excess of 4,000 units
- ✓ Direct sales operations being established in North America alongside distribution partner, GE Healthcare (announced 6 February 2015)
- ✓ European distribution expanded into five new countries with distribution partner, Miele Professional
- ✓ New high level disinfection guidelines published in UK
- ✓ New regulatory approvals in Japan to support territory expansion
- ✓ Expanded Clinical Trial Program successfully demonstrating deficiencies of current practice and effectiveness of trophon EPR
- ✓ Identification of new corporate headquarters facility with move scheduled before June 2015
- ✓ R&D strategy progressed for next generation trophon and pipeline opportunities

# 2015 H1 Financial Results



- Sales Revenue up 48% on PCP to \$14.3 million compared with PCP of \$9.7 million



- Net profit of \$1.2 million compared to PCP loss of \$3.5 million

# 2015 H1 Financial results

|                              | FY15        | FY14         |             |              | FY13         |             |              |
|------------------------------|-------------|--------------|-------------|--------------|--------------|-------------|--------------|
| \$ million                   | H1          | H1           | H2          | FY14         | H1           | H2          | FY13         |
| <b>Sales Revenue</b>         | <b>14.3</b> | <b>9.7</b>   | <b>11.8</b> | <b>21.5</b>  | <b>4.4</b>   | <b>10.5</b> | <b>14.9</b>  |
| <b>Gross Profit</b>          | <b>9.2</b>  | <b>6.0</b>   | <b>7.9</b>  | <b>13.9</b>  | <b>3.0</b>   | <b>5.5</b>  | <b>8.5</b>   |
| %                            | 64%         | 62%          | 67%         | 65%          | 67%          | 52%         | 57%          |
| Other Income/expense         | 1.6         | 0.8          | 2.6         | 3.4          | 0.0          | 1.5         | 1.5          |
| Operating expenses           | (9.6)       | (10.3)       | (9.8)       | (20.1)       | (9.4)        | (7.0)       | (16.4)       |
| <b>EBIT</b>                  | <b>1.2</b>  | <b>(3.6)</b> | <b>0.8</b>  | <b>(2.8)</b> | <b>(6.4)</b> | <b>0.0</b>  | <b>(6.4)</b> |
| Interest (net)               | 0.1         | 0.1          | 0.1         | 0.2          | 0.4          | 0.3         | 0.7          |
| <b>Pre-tax loss / profit</b> | <b>1.2</b>  | <b>(3.5)</b> | <b>0.8</b>  | <b>(2.6)</b> | <b>(6.0)</b> | <b>0.3</b>  | <b>(5.7)</b> |
| <b>Net loss / profit</b>     | <b>1.2</b>  | <b>(3.5)</b> | <b>0.9</b>  | <b>(2.6)</b> | <b>(6.0)</b> | <b>0.3</b>  | <b>(5.8)</b> |
| <b>Cash Balance</b>          | <b>23.5</b> |              |             | <b>21.2</b>  |              |             | <b>24.1</b>  |

- Sales Revenue up 48% vs pcp
- Gross profit margin 64% vs pcp 61.8% mainly due to:
  - Increased proportion of high margin consumables
  - Increased proportion of higher margin direct sales in Europe
  - Favourable impact of exchange
- Operating expense down \$740,000:
  - Mainly due to lower staffing costs
- Cash balance of \$23.5 million

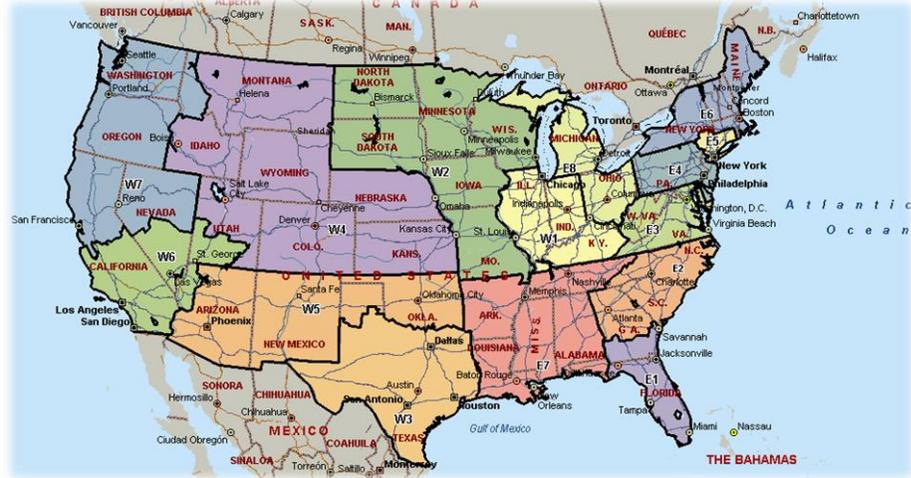
# Strong Sales Growth in North America

- ✓ FY15 H1 sales of \$12.1 million up 51% vs pcp
- ✓ trophon EPR now represented in 44 of the top 50 hospitals and in more than 1,500 hospitals in total
- ✓ North American Installed base > 4,000 units

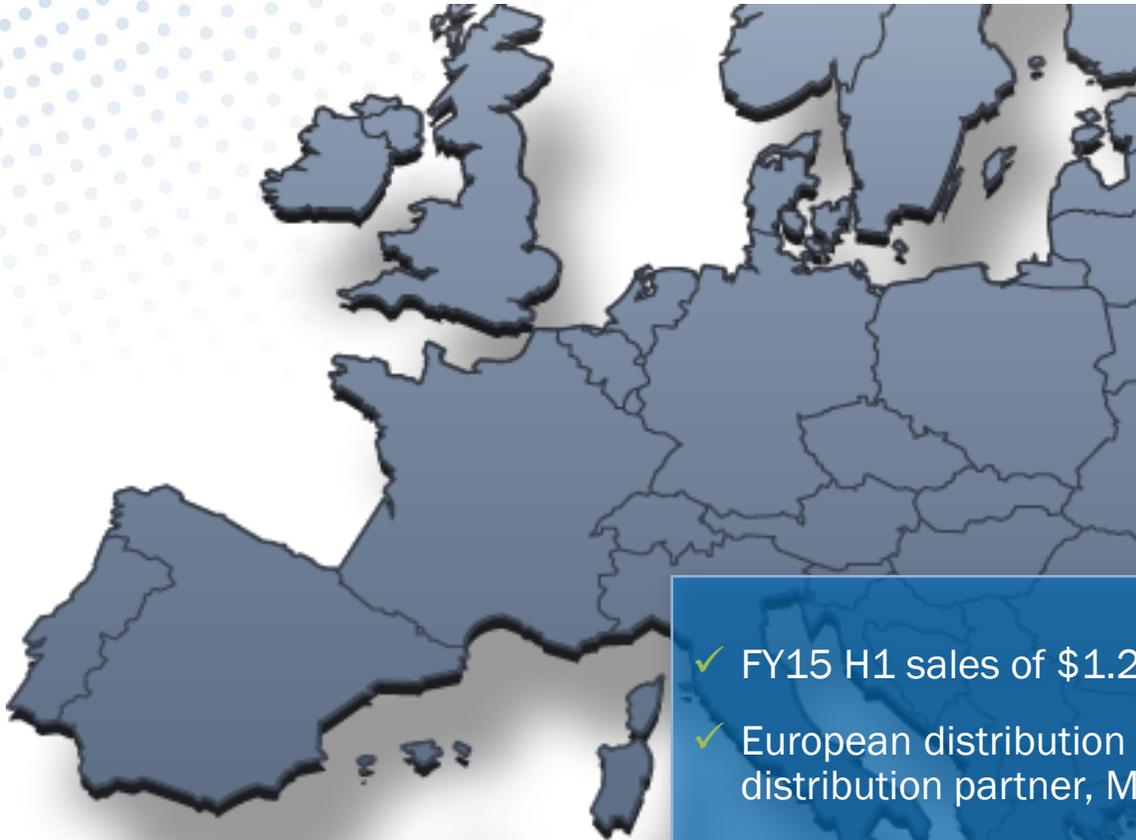


# Direct Sales Operations Launched in North America

- Large North American opportunity ~ 40,000 units
- Opportunity to go:
  - **Broader** across the 5,000+ hospitals
  - **Deeper** within all relevant hospital departments (OB/Gyn, General imaging, Urology, Emergency care, Surgery etc.
- Leveraging existing North American Nanosonics sales and service infrastructure with addition of up to 15 sales specialists in H2
- All sales will be recorded directly by Nanosonics at full retail margin
- GE Healthcare remains important non-exclusive distribution partner



# European Highlights



- ✓ FY15 H1 sales of \$1.2 million up 109% pcp
- ✓ European distribution expanded into five new countries with distribution partner, Miele Professional
- ✓ New guidelines introduced reinforcing the need for automated, validated decontamination systems as optimum decontamination process: trophon EPR positioned well to meet these needs
- ✓ UK primary driver of sales in the period with adoption of trophon EPR in a number of key hospitals

# European Market Expanding



# New Ultrasound Probe Guidance Published in Wales

- An automated, validated system is the preferred option
- The decontamination of transvaginal and transrectal probes should take place in the location they are being used, i.e. point of care
- For quality assurance/traceability purposes, a document system must be in place to ensure contamination/decontamination status of each individual probe

**WHTM 01-06**  
Welsh Health Technical Memorandum

Decontamination of flexible endoscopes

*Part C: Operational management  
(Including guidance on non-channelled endoscopes and ultrasound probes)*



 **GIG**  
GIG logo  
Partnership  
Cyffwrdd  
NHS  
Wales  
Partnership  
Cymuned  
Ynys  
Arddel  
Shared Services  
Partnership  
Sgŷd  
Cymuned  
Gwasanaethau

Welsh Health Technical Memorandum 01-06: Decontamination of flexible endoscopes – Part C: Operational management

**TOE probe decontamination equipment design and optional tests**

Decontamination systems and automated technologies are improving for all types of probe and non-channelled endoscope. Advice should be sought from NWS/SP-SES engineers, the AEID, the DE(W) and the AP(S) at the time of equipment upgrade or the procurement of new installations.

High-sensitivity post-decontamination process verification tests are being piloted. As these are further developed and become available, guidance will be provided by NWS/SP-SES which should enhance the validation process and routine monitoring of the process.

As stated in this chapter, health facilities should investigate and work towards the use of automated and validated decontamination systems. However, care should be taken to ensure that any preferred system is manufactured in accordance with relevant latest European standards. In addition, it has to have all supporting evidence (type test data, conformity statements and performance criteria) to the effectiveness of process against an identified microbiological challenge to ensure conditions, high-level disinfection.

Furthermore, the manufacturer should document evidence that the decontamination process with the device it is intended to be used on does not leave process residues.

Any installation of a probe decontamination system or other developing probe decontamination system will need to be carried out in accordance with the standards within the working into service.

Some machines can be used to decontaminate a probe with a second electrical current will be applied to the probe. This type of machine is recommended by the manufacturer to prevent any damage to the probe.

Advice should be sought from a user team to investigate the electronic side of the instrumentation, such as the stack, IT and tracking/traceable systems. All these aspects should be reviewed to ensure fitness for purpose in the future use of the instrumentation along with value for money in the long term.

**Transvaginal and Transrectal Ultrasound Probes (TVUS and TRUS probes)**

These probes are being used increasingly throughout the NHS, including community clinics, maternity, oncology and radiology, antenatal and outpatients departments. Ultrasound equipment is designed to make it easier for the patient to have safe treatment and a quicker diagnosis.

The plugs for the probes are multi-pin and, if removed too many times, it is possible to damage the probe themselves. Therefore it is recommended that the plugs for the probes are multi-pin and, if removed too many times, it is possible to damage the probe themselves. Therefore it is recommended that the plugs for the probes are multi-pin and, if removed too many times, it is possible to damage the probe themselves. Therefore it is recommended that the plugs for the probes are multi-pin and, if removed too many times, it is possible to damage the probe themselves.



An example of technology designed to provide validated decontamination process of TVUS/TRUS probes



An example of technology designed to provide validated decontamination process of TVUS/TRUS probes



Barts Health



NHS Trust

**Major trophon EPR Order Secured at  
Top London Hospital**

# Continued Adoption in Australia and NZ



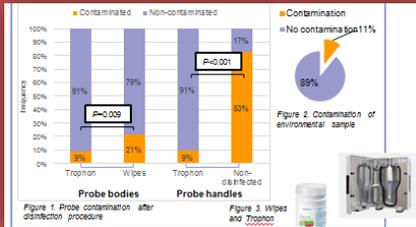
trophon EPR  
now present in  
566 hospitals across  
Australia & NZ



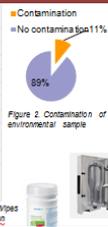
# Japan Regulatory Approval Granted



# Clinical Studies Program Supporting Awareness and Adoption

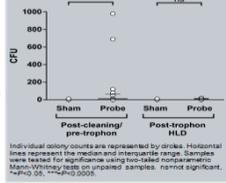


European study showed trophon EPR to be significantly more effective than manual quaternary ammonium compound wipe disinfection.



## Surface transducers

- Surface probes still show substantial contamination following cleaning.
- Following disinfection with trophon EPR, contamination is reduced to background (sham) levels.
- One pre-trophon isolate - *Staphylococcus aureus* can occasionally cause fatal bacteremia.
- Guidelines only recommend cleaning.
- Cleaning alone does not appear to be sufficient to reduce transmission risk, especially relevant for patient colonization.



Study at The John Hopkins Hospital in the US showed need for disinfection of intracavity and surface probes (heads and handles)



Independent testing has shown trophon EPR is effective against a range of pathogens including MRSA, herpes simplex virus, hepatitis A, B and C, *Neisseria gonorrhoea*, *Chlamydia trachomatis* and vancomycin resistant enterococci (VRE).

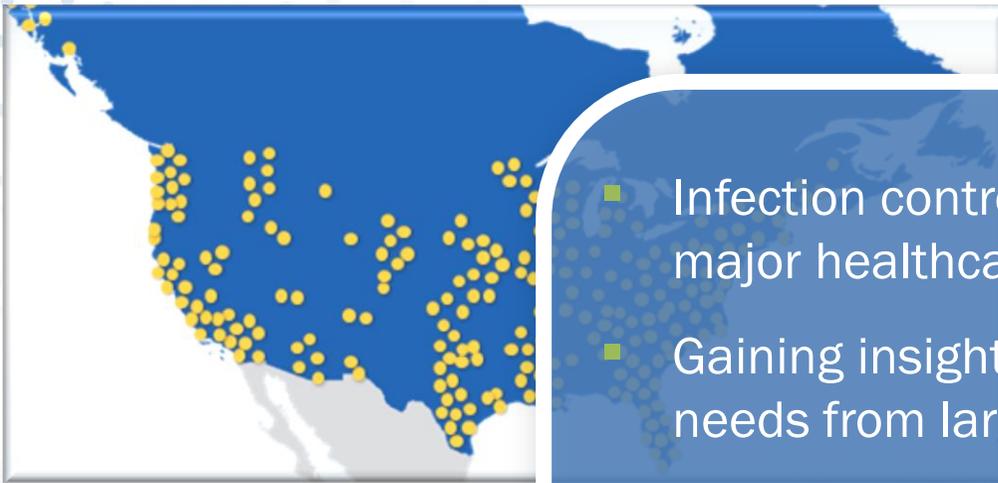
# New Corporate Headquarters to Support Growth Plans

- New Nanosonics Corporate Headquarters in Lane Cove, Sydney
- Previous Cochlear global headquarters
- Expands capacity and capability across all operations
- On track to move by end 2015 H2



# Customer Focussed Innovation

R&D strategy progressing for next generation trophon and pipeline opportunities



- Infection control remains a major healthcare issue
- Gaining insights on unmet needs from large customer base
- Progressing our technology innovation program across trophon and new applications of trophon platform technology plus chemistries



# Business Outlook – Positioned for Continued Growth

- **Market fundamentals continue to strengthen**
  - Increasing awareness of imaging related healthcare acquired infections
  - Supporting Guidelines for automated HLD solutions
  - Excellent clinical data and customer value propositions
- **Continuing to Expand within existing markets**
  - New North American direct operations – goal of **broader/deeper/faster**
    - Invest in sales and marketing to support goal
- **Continuing to Expand Regional Operations**
  - trophon EPR now represented in five new European Markets
  - Approval received and commercialisation strategy development underway for Japanese and Korean market entry
- **Investment in R&D**
  - Continued investment in progressing our technology innovation program across trophon, new applications of core platform technology and chemistries
- **FY15 H2** – period of transition as new direct North American operations come into effect establishing significant momentum going into FY16



**Thank You**