



LEADER IN INFECTION CONTROL SOLUTIONS

Addressing the need for safer, faster and eco-friendly high level disinfection of ultra sound probes

Dr Ron Weinberger, CEO
Canaccord Growth Conference
August 2013

Disclaimer

This presentation is intended to provide a general outline only and is not intended to be a definitive statement on the subject matter. The information in this presentation, whether written or verbal, has been prepared without taking into account the commercial, financial or other needs of any individual or organisation. Certain information may relate to protected intellectual property rights owned by Nanosonics (the “Company”). While Nanosonics has taken due care in compiling the information, neither the Company nor its officers or advisors or any other person warrants the accuracy, reliability, completeness or timeliness of the information or guarantees the commercial or investment performance of the Company. The information does not constitute advice of any kind and should not be relied on as such. Investors must make their own independent assessment of the Company and undertake such additional enquiries as they deem necessary or appropriate for their own investment purposes. Any and all use of the information is at your own risk.

Nanosonics Highlights

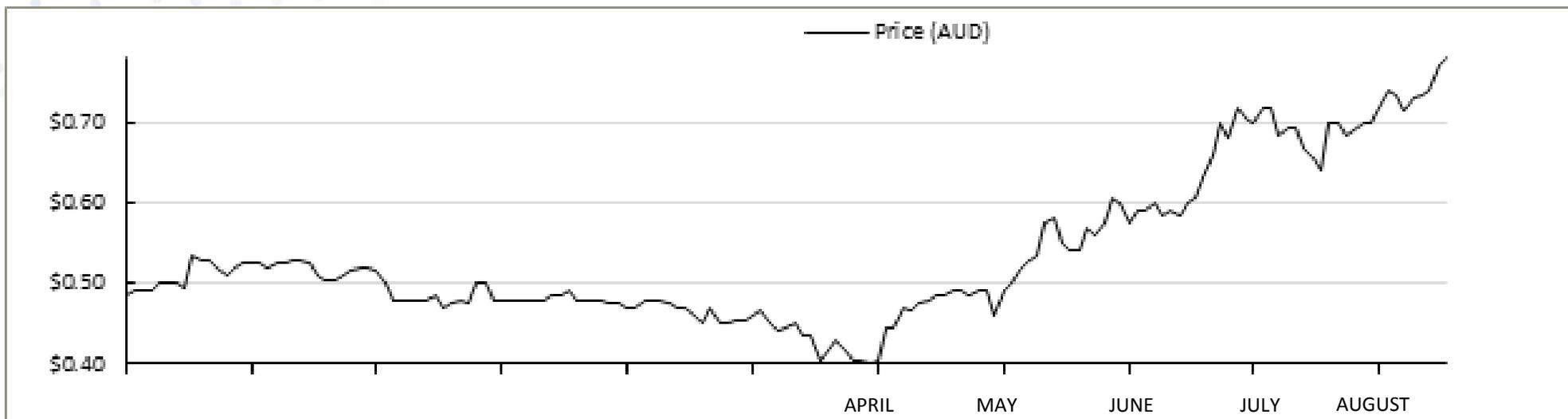
- Developed proprietary automated system for low temperature, high level disinfection
- First product, **trophon[®] EPR** for disinfection of ultra sound probes
- **trophon[®] EPR** approved for sale in major western markets (incl. US)
- Achieved significant market penetration in Australia (>30%)
- GE Healthcare exclusive distributor in North America; Toshiba new distributor in UK
- Second consecutive year of growth: sales revenue A\$14.9m in FY13 vs. A\$12.3m in FY12; +21%
- Sales growth in North America and expanding to other regions
- Strong Balance Sheet – cash A\$24.1m as of 30 June 2013

Investment Thesis

- Advancing global rollout of **trophon[®] EPR** – the first fully automated system for high level disinfection of ultra sound probes
- Addresses unmet market need: current disinfection methods are antiquated, manual, dangerous and inefficient
- Strong **regulatory, legal liability and economic** drivers for adoption
- Significant, global market > addressable market for device in US alone worth \$400m
- Attractive business model > up front sale and ongoing revenue from consumables and service
- **trophon[®] EPR** rapidly achieving market adoption: **“Standard of Care”**
 - ~A\$13.2m revenue in North America in second year of sales (AUS FY13)
 - Several leading sites have already adopted
- Pipeline of further product development opportunities – core patents until 2025

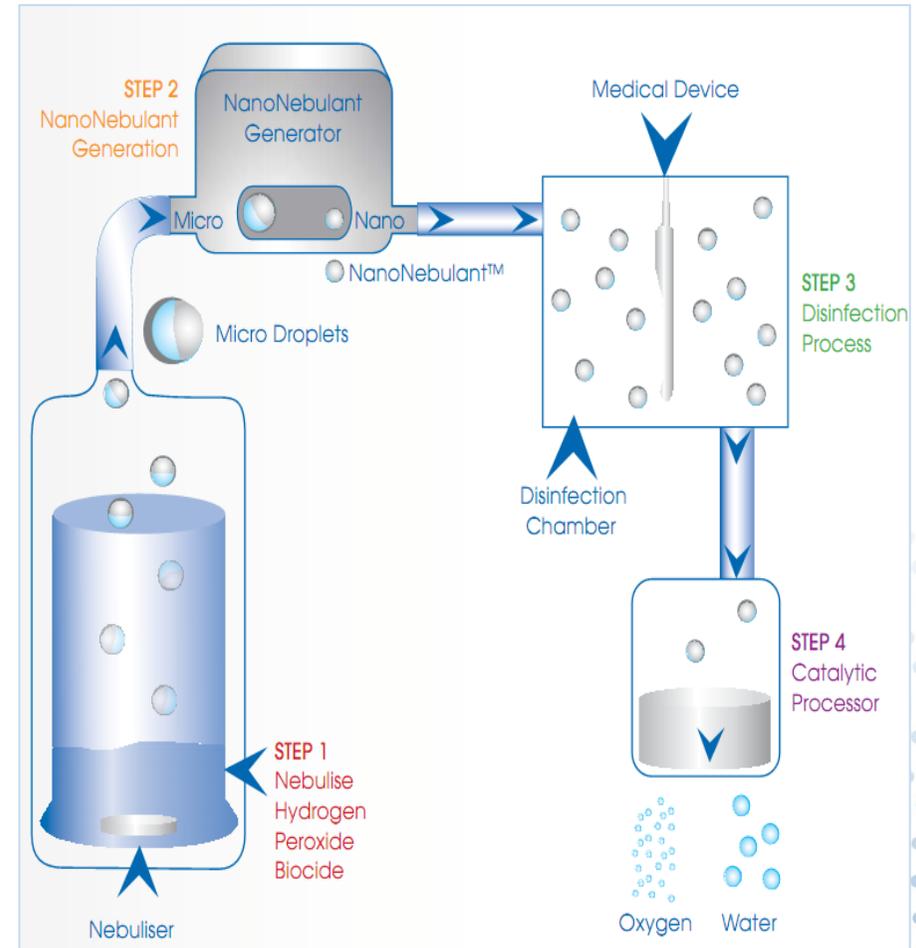
Share Price Performance

1 January 2013 – 9 August 2013



Our Technology – Nano-Nebulisation for Low Temperature Disinfection

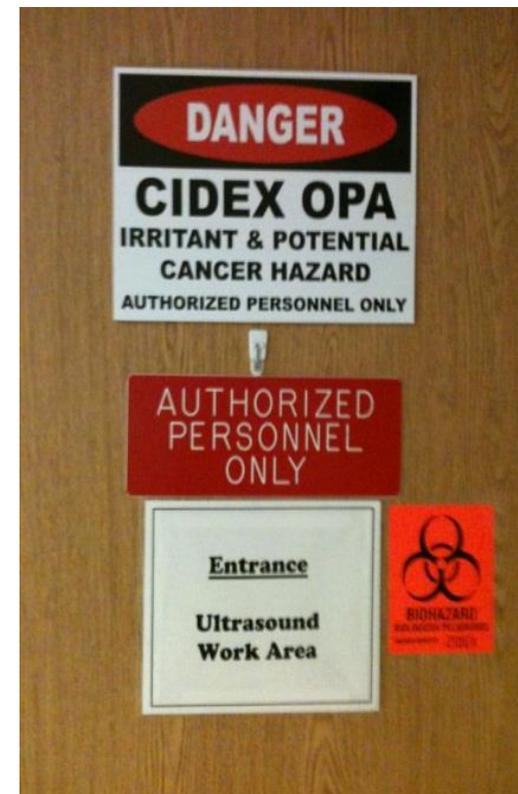
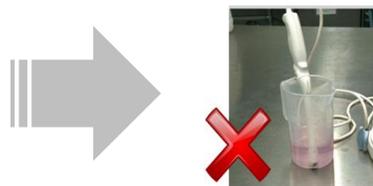
- High frequency sonic vibration turns disinfecting liquid into nano-sized droplets
- “Nano” droplets disperse like a gas
 - Covers entire surface of object being disinfected
- NanoNebulant is a strong oxidising agent
 - Lethal to bacteria, viruses and fungi
- NanoNebulant evaporates
 - Surface of disinfected object left dry and ready to use
- Non-toxic by-products
 - Water and oxygen
- 14 Patents families most to 2025



High Level Disinfection Methods

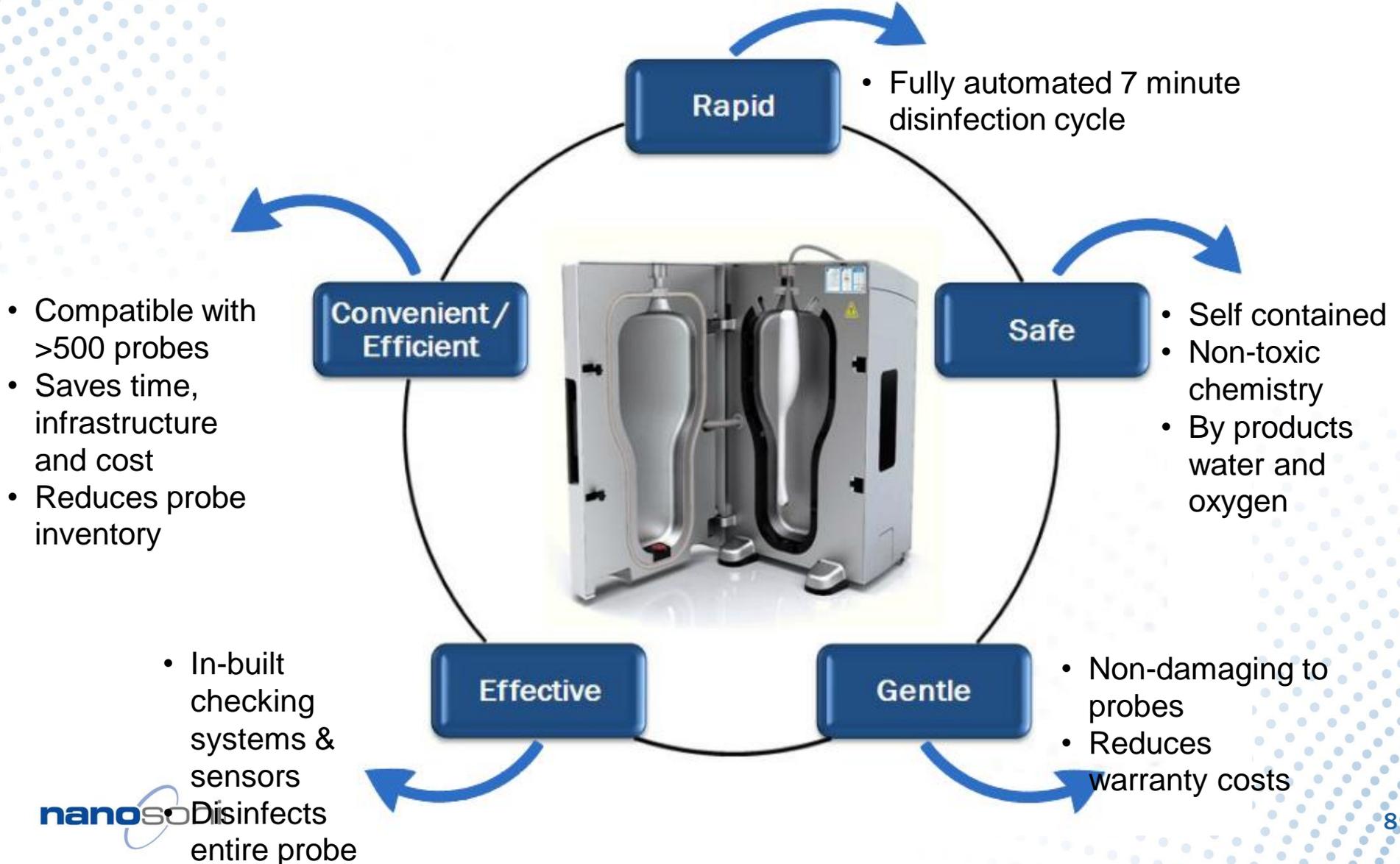
Unchanged for 20+ years

- **Autoclave (High Pressure / High Temperature Disinfection)**
 - Standard high level disinfection method
 - Not an option from many disinfection requirements
 - Heat / pressure destroys electrical equipment or sensitive environments
- **Chemical Soak**
 - Uses highly toxic chemicals
 - Often corrosive to equipment
 - Hazardous to users
- **Spray / Wipe**
 - Crude and ineffective
 - High risk of on-going infection



Lead Product – trophon EPR

Low temperature high level disinfection for intra-cavity ultrasound probes



Multiple factors driving adoption and “Standard of Care”

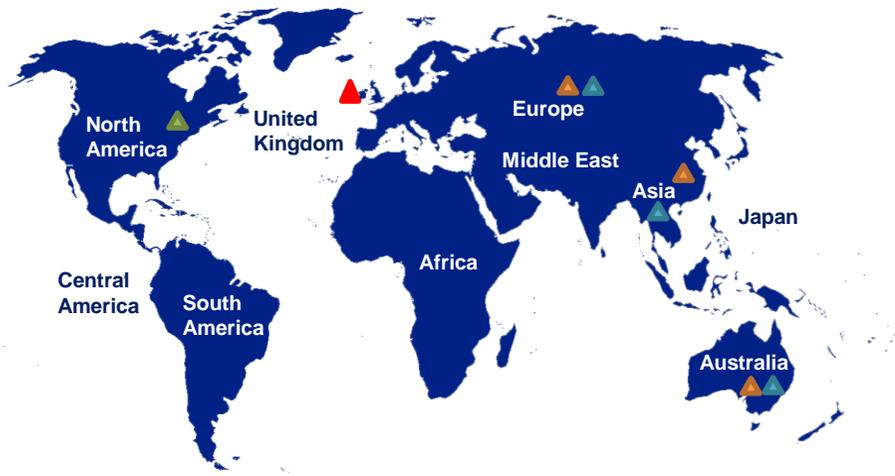
- **Regulatory**
 - Compliance to 2008 US CDC Guidelines for disinfection / sterilisation
 - FDA communication – probe must be completely immersed for effective high level disinfection
- **Safe & appealing workplace**
 - Removes workplace exposure to hazardous chemicals
- **Focus on reducing Hospital Acquired Infections (HAI)**
 - Key metric of hospital performance
 - Hospitals bear the additional cost of treating patients for HAI
- **Compelling economics**
 - Increased revenue
 - Improved patient throughput due to availability of probes
 - Decreased costs
 - OH&S and HAI savings
 - Preserves life of probes



Established Sales and Distribution

Approved in Major Western Markets

- Approved for sale in the US and most other major western markets



Key to global distribution

- ▲ GE Healthcare – exclusive distributor
- ▲ GE Healthcare – non exclusive distributor
- ▲ Toshiba
- ▲ Other distributors

Multiple Channels to Market

- Exclusive North American distribution with GE Healthcare
 - Establishing trophon as "Standard of Care"
 - Key growth market - Regulatory environment favours trophon
- Multiple distributors: Europe, Australia, Asia and New Zealand + direct sales staff in Nth America and UK/Europe

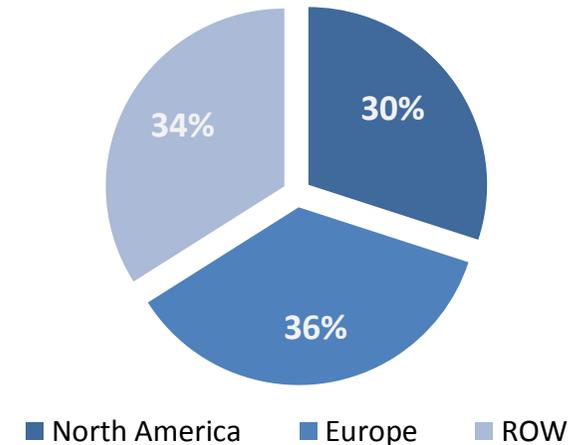
Updated marketing agreement with GE

- Non-dilutive investment for trophon EPR sales and marketing activities to begin immediately
- Dedicated trophon EPR sales force to be established. The new trophon team to support US ultrasound sales personnel already selling trophon
- Funded by both GE Healthcare and GE Ventures and is additional to a previous \$7.5m convertible note investment by GE in June 2012
- Investment scale-up motivated by luminary site adoption and early commercial successes of the unique trophon EPR technology
- Joint Operating Committee to be established (NAN, GEV, GEHC) to monitor progress against key milestones

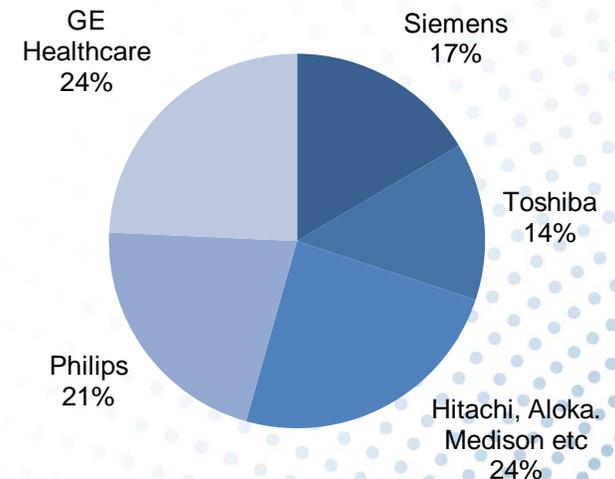
Large and Accessible Market

- **USA addressable install base: ~40,000 trophon EPR**
 - Equivalent sized markets in both Europe and RoW
- **Current end sale price ~ US\$10,000 per unit**
 - average consumables ~ \$3,000pa
 - additional revenue from service contracts and accessories
 - estimated user life 4 – 5 years
 - line extensions and modifications in development
- **Main customer groups**
 - Sonographers (medical imaging specialists)
 - Hospitals (emergency and surgical)
 - Obstetricians and gynecologists

Distribution of ultrasound machines globally

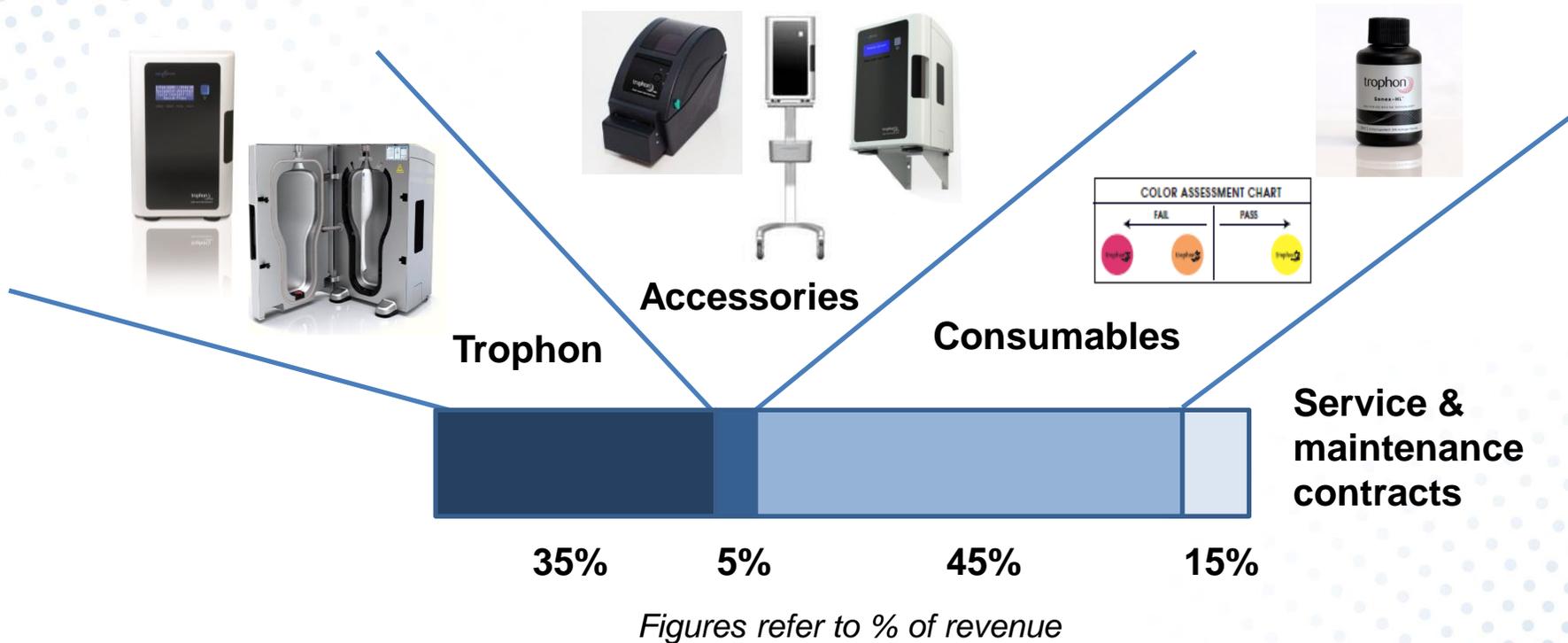


Ultrasound Manufacturer Market Share



Attractive Revenue Model

Multiple revenue streams: Up-front sales plus consumables, accessories and service contracts



Each unit sale results in robust annuity type revenue streams moving forward

trophon[®] EPR Lifecycle Revenue Example

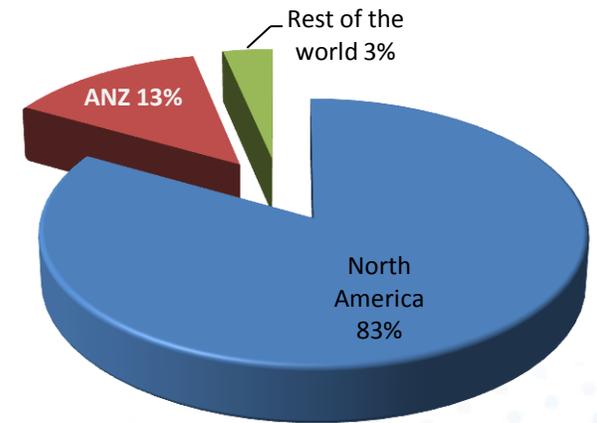
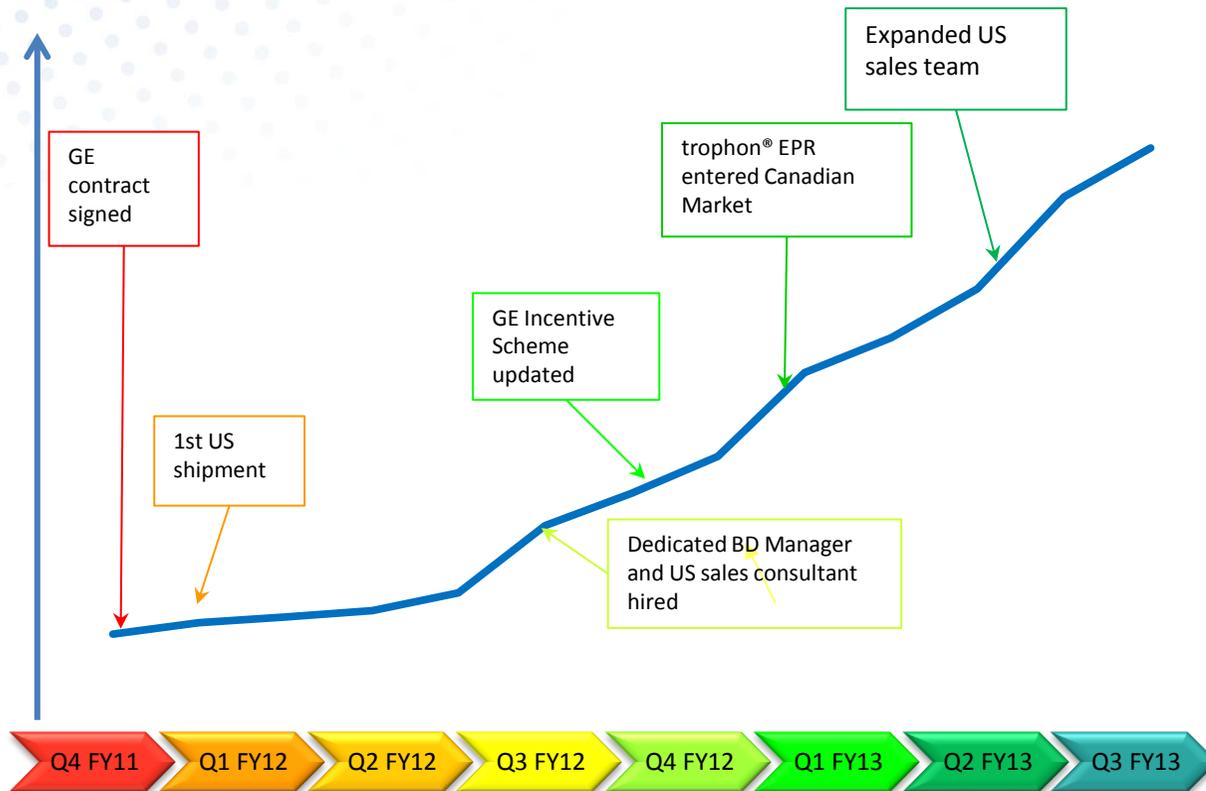
Revenue \$A'000 	Year 1	Year 2	Year 3	Year 4	Total
Trophon	10.0				10.0
Consumables					
Sonex	3.0	3.0	3.0	3.0	11.9
Chemical Indicator	0.3	0.3	0.3	0.3	1.4
	<hr/>				
	3.3	3.3	3.3	3.3	13.3
Accessories					
Cart (or Wall Mount)	1.4				1.4
Printer	0.8				0.8
Software	0.7				0.7
	<hr/>				
	2.8				2.8
Service	-	1.4	1.4	1.4	4.1
Total Annual Revenue Potential	<hr/>				
	16.1	4.7	4.7	4.7	30.1
Average GM%	<hr/>				
	77%	87%	87%	87%	81%

North American Sales Leading the Way

North American IB Growth Trajectory

Revenue by Market

Installed base



Many Key Sites Already on Board

Institution	Units	Location
SCRIPPS CLINIC (multiple sites)	21	California, CA
BRIGHAM AND WOMAN'S	21	Boston, MA
MASSACHUSETTS GENERAL	26	Boston, MA
JOHNS HOPKINS	20	Baltimore, MD
BETH ISRAEL DEACONESS MEDICAL CENTER INC	38	Boston, MA
WALTER REED NATIONAL MILITARY MEDICAL CENTER	8	Bethesda, MD
MONTEFIORE MEDICAL CENTER - EINSTEIN DIVISION	23	Bronx, NY
KAPIOLANI MEDICAL CENTER FOR WOMEN & CHILDREN	11	Honolulu, HI
ALBERT EINSTEIN MEDICAL CENTER	6	Philadelphia, PA
MOUNT SINAI HOSPITAL	8	New York, NY
CALGARY RADIOLOGY	52	Calgary, Canada



Strong Customer Satisfaction to Date

- **Successful “Try it and Buy it Program”**
 - 80+ sites trialled
 - An average of 2.5 units sold per unit trialled
- **What the market is saying about trophon:**
 - ✓ **EFFICIENT:** Independent cost / benefit analysis concludes trophon® EPR is more efficient and easy to use – saves 7.5 hours per week
 - ✓ **SAFE:** “Trophon® EPR has answered our OH&S concerns – our staff are no longer exposed to hazardous fumes (Sydney IVF)”
 - ✓ **EFFECTIVE:** “It’s a whole new feeling of clean” (South Georgia Medical Centre, US)

Platform for Future Growth

- **Utilising our strong IP position to develop extended applications for our disinfection technology**
 - R&D team of 8 people
 - FY13 A\$2m-A\$3m budget on new product development
 - ENT market and TEE (Trans oesophageal Echocardiography) probes
 - Investigation of expanded application for NanoNebulant

- **Leverage our early success in local or North American markets to establish trophon in other major regions**

Europe

- Combination of improved distribution and direct sales capability
- UK and France immediate focus
- Toshiba appointed (April 2013) as non-exclusive distributor in the U.K – first installations now in place

Asia

- Build on HK Hospital Authority Approval
- Japanese and South Korean submissions expecting approval ~May-June 2014.

Upcoming milestones

- ✓ Leverage investment in sales resources by NAN, GE and Toshiba to accelerate growth in key markets of North America and Europe
- ✓ Maximise penetration in home market – Australia and New Zealand
- ✓ Further European distributor appointments
- ✓ Capitalise on regulatory changes in Europe
- ✓ Japanese and Korean regulatory approvals; entry into Latin America
- ✓ Continue to develop new product opportunities



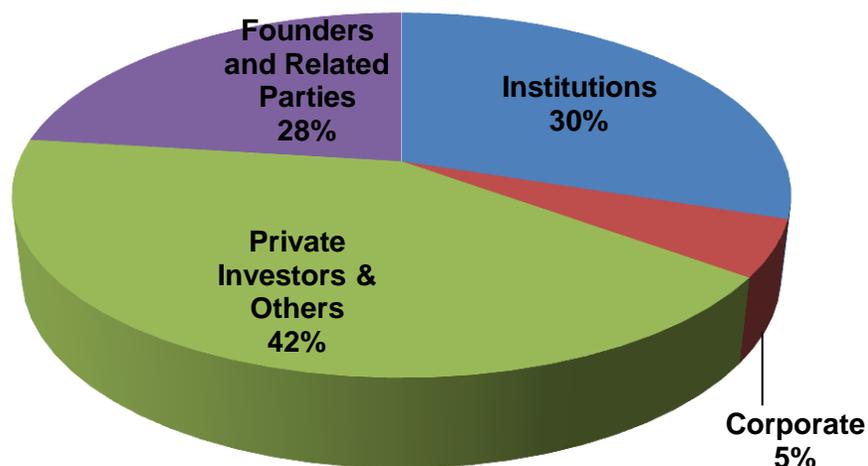
APPENDICES

Capital Structure and Register

As of June 30, 2013

Shares on issue	~262.8 million shares
Market capitalisation	~\$159 million
Cash balance	\$24.1 million
Average daily trading volume (12 months)	0.198 million shares

Share register breakdown



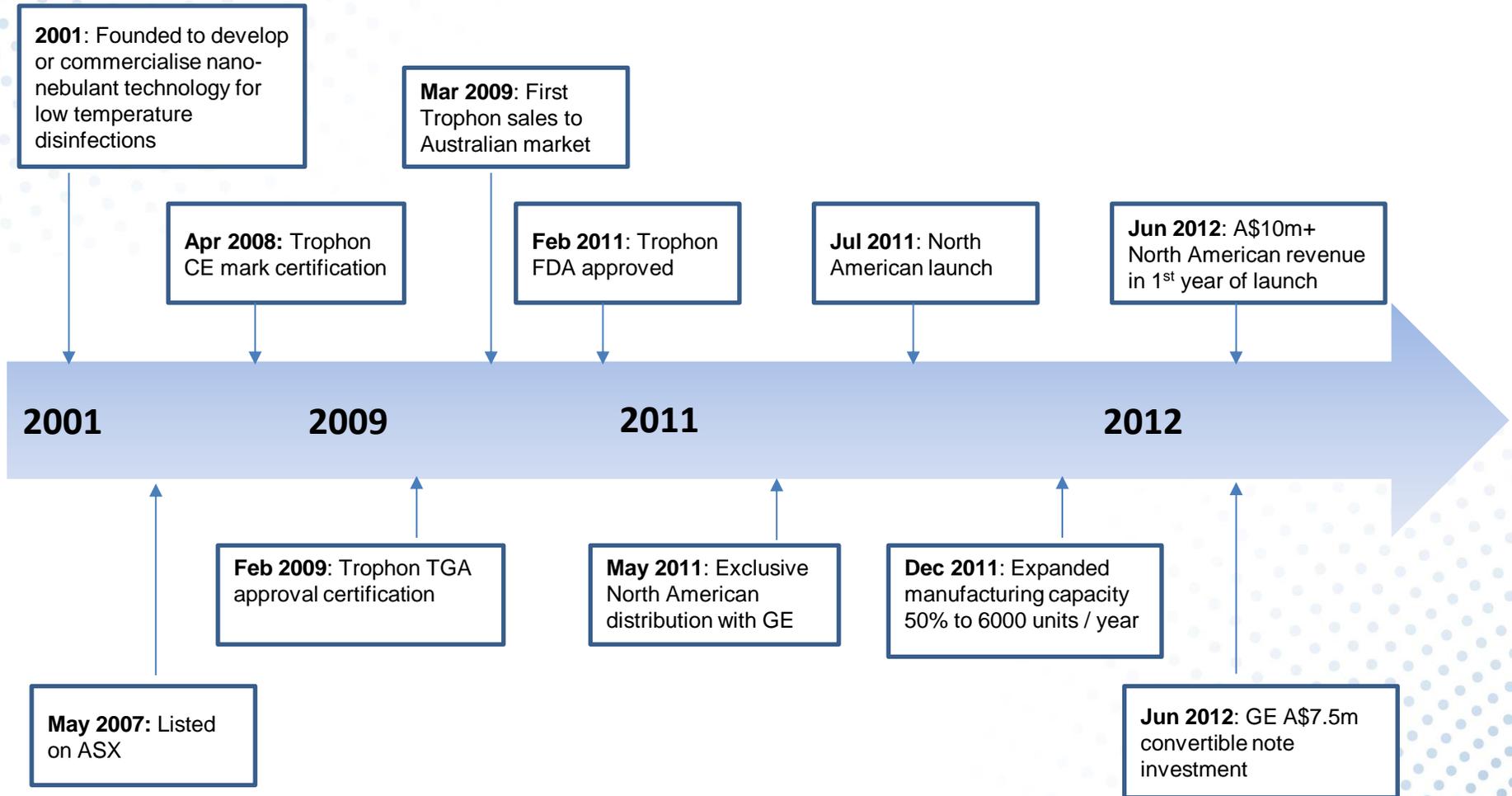
Substantial shareholders

Substantial shareholders	%
Mr Bernard Stang	10.95%
Allan Gray Australia Pty Ltd	10.87%
Mr Maurie Stang	10.84%
Mr Steve Kritzler	7.51%
Kinetic Investment Partners Limited	7.30%
Fisher Funds Management Limited	6.87%

Recent Financial Performance

A\$'000s	2010	2011	2012	2013
Operating Revenue	763	2,247	12,301	14,899
<i>% Change y-o-y</i>	147%	194%	447%	21%
Cost of Sales	(284)	(981)	(4799)	(6428)
Gross Profit	479	1,266	7,502	8,471
Other Income - Government Grants	161	–	150	1,498
Operating Expenses	(8,827)	(13,229)	(12,634)	(15,335)
<i>% Change y-o-y</i>	-11%	50%	-4%	21.4%
EBITDA	(8,187)	(11,963)	(4,982)	(5,366)
<i>% Change y-o-y</i>	-14%	46%	-58%	8%
D&A	(771)	(1,010)	(914)	(1,044)
EBIT	(8,958)	(12,973)	(5,896)	(6,410)
<i>% Change y-o-y</i>	-10%	45%	-55%	9%
Interest Income	785	1,052	586	675
PBT	(8,173)	(11,921)	(5,310)	(5,735)
Net Income Tax Benefit / Expense	–	707	631	(33)
NPAT	(8,173)	(11,214)	(4,679)	(5,768)
<i>% Change y-o-y</i>	-7%	37%	-58%	23%
Cash and Cash Equivalents	21,144	12,356	29,310	24,064
<i>% Change y-o-y</i>	52%	-42%	137%	-18%

Company History – Major Events



Executive Team



Ron Weinberger
CEO and Executive Director

- Joined the company in August 2004 and was appointed Managing Director and CEO in December 2011
- Co-inventor of several key Nanosonics' inventions which underpin the company's technology platform
- Has a PhD in medical research and over two decades experience in biotechnology



McGregor Grant
CFO and Company Secretary

- Joined Nanosonics in April 2011
- 15 years' experience in senior roles in medical device and healthcare industries in Australia and the US
- Previously worked for Coopers & Lybrand in Australia and Europe



Michael Potas
Head of RD&D

- Joined Nanosonics in August 2006
- More than 16 years' experience in the development and commercialisation of new products and technologies
- Instrumental in the research, design & development of the Trophon[®] EPR



Gerard Putt
Head of Manufacturing

- Joined Nanosonics full time in April 2011 after 18 months on the Nanosonics advisory board
- Over 12 years' experience in the Medical Device industry as a leader of development, engineering and production teams at ResMed



Vincent Wang
Head of Global Services

- Over 11 years' experience in in global medical device markets
- Previously worked for Sonova Hearing Healthcare Group and as Regional Technical Service and Repair Manager for Cochlear



Ronald J Bacskai
President & CEO,
Nanosonics Inc

- Joined Nanosonics in 2010 and is responsible for supporting Nanosonics' operations in the United States
- Extensive experience in marketing & sales and technology commercialisation in a number of different industries



Jianhe Chen
Quality Assurance Manager

- 9 years' experience in quality assurance and regulatory affairs in globalised medical device companies
- Specialises in establishing, developing and maintaining the quality management systems for medical device manufacturers
- Has held senior leadership roles in various international medical device companies in the past 11 years



Ruth Cremin
Regulatory Affairs Manager

- Joined Nanosonics in June 2011 and has extensive regulatory affairs experience
- Previously Senior Regulatory Affairs Specialist at Cochlear for the Asia Pacific Region, and also regulatory and quality roles at Pfizer and Bio-Medical Research

Board of Directors



Maurie Stang
Non-Executive Chairman

- Appointed Non-Executive Chairman March 2007, Director since 2000
- Entrepreneur with over 20 years of experience in building and managing companies in the healthcare and biotechnology sector
- Currently Non-Executive Chairman of Aeris Environmental Ltd. Owns 28.7M shares (10.9%) of Nanasonics



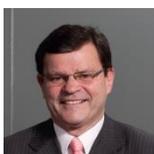
Ron Weinberger
CEO and Managing Director

- Joined the company in August 2004 and was appointed Managing Director and CEO in December 2011
- Co-inventor of several key Nanasonics' inventions which underpin the company's technology platform
- Has a PhD in medical research and over two decades experience in biotechnology



Richard England
Non-Executive Director

- Chartered Accountant with over 30 years experience in accounting and financial services
- Previously was Chairman of Gropep, and Director of ITL Ltd
- Outside of the life sciences, Mr England is Chairman of Ruralco Holdings and Chandler Macleod and a director of Macquarie Atlas Roads.



David Fisher
Non-Executive Director

- Over 25 years' experience in the biotechnology and healthcare industry in Australia and overseas
- Founding partner of Brandon Capital Partners, a leading venture capital firm which specialises in investments in the Life Sciences sector
- Previously CEO of Peptech, which was acquired by US-based Cephalon, and Pharmacia, which is now part of Pfizer



Michael Kavanagh
Non-Executive Director

- Over 20 years' experience in healthcare marketing
- Currently Senior Vice President of Global Marketing for Cochlear which he has held for more than 9 years
- Currently has no other directorship