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LifeWatch at a Glance

- LifeWatch is a leading provider of monitoring services in the cardiac and home sleep diagnostics markets
- World headquarters are in Zug, Switzerland with primary operations currently in the United States, Switzerland, Israel, Macedonia, India and Japan
- 2013 revenues reached USD 91 million (+13.7 % vs. 2012) with a net profit after exceptional items of USD 2.9 million
- 2014 H2 revenue reached USD 48.12 million (+10.2% vs. 2013 same period) with an adjusted LBIT of USD 1.16 million
- Volume growth of above 13% year-on-year
- Ongoing operational efficiency program leading to improved second half figures
- New services and offerings on track for launch in 2015

A legacy of unmatched patient service

- For over 20 years LifeWatch has helped tens of thousands of healthcare professionals diagnose, treat and improve the health of 3.2 million at-risk patients through advanced monitoring services.
 - Three 24/7 monitoring centers
 - Innovative at-home monitoring of cardiac and sleep disorders
 - Services backed by unparalleled support and a strong local presence



Our Service Strengths

- **Reliable technology**
 - Accurate, easy to use, rugged mobile monitoring devices
 - Cloud-based service access and report distribution
- **Robust infrastructure**
 - Multiple carrier, real-time, medical data transfer
 - Backed-up call and data centers
- **Highly qualified clinical staff**
 - Board certified ECG and Sleep Medicine technicians
 - 24/7/365 Patient and client call centers and event alerts
 - Strong local client sales presence



A comprehensive diagnostic suite



Monitoring infrastructure

Clinical Research

- Client research support
- Potential CRO business

EMR Integration

- Simplified physician ordering
- Workflow-embedded reporting
- Automated posting to billing

Web Enrollment and Reporting

- Client access to patient services and diagnostic results

Core monitoring services

Ambulatory Cardiac Telemetry



- 3-channel ECG for more qualitative information
- Records and transmits events wirelessly in near real-time
- Typical use: occasionally symptomatic patients

Cardiac Event Monitor (CEM) Auto-Detect



- 1-lead ECG with automated heart arrhythmia detection
- Automatically saves a pre-event ECG portion and records a post-event ECG portion.
- Typical use: Symptomatic patients

Cardiac Event Monitor (CEM) Looping



- Patient-activated 1-lead event monitor
- Worn on belt clip or directly on chest
- Typical use: Symptomatic patients

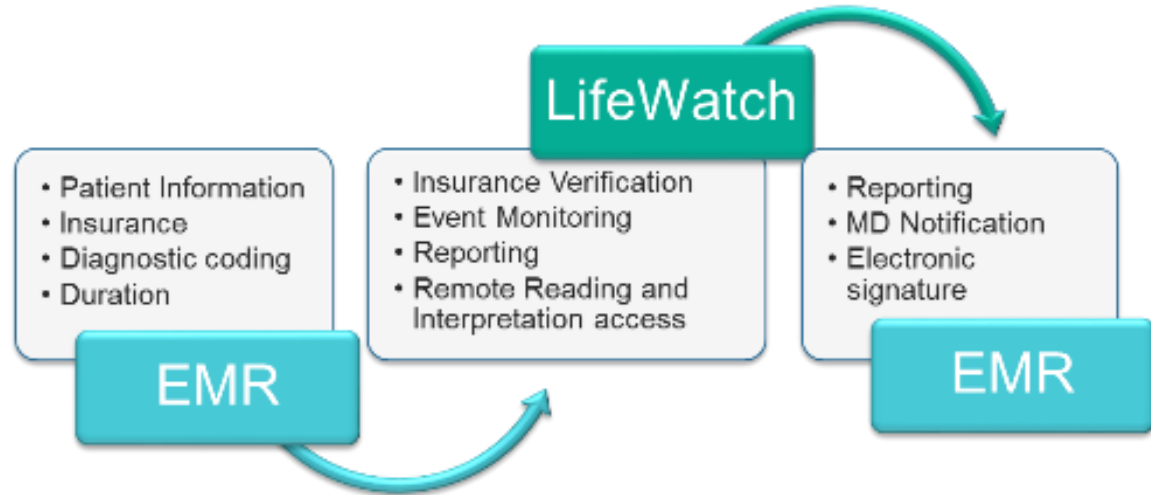
Holter Recorders



- 3-lead ECG continuous recording
- Stores up to 48hrs of ECG for analysis
- Typical Use: Patients with persistent symptoms

Electronic Medical Record (EMR) *integration*

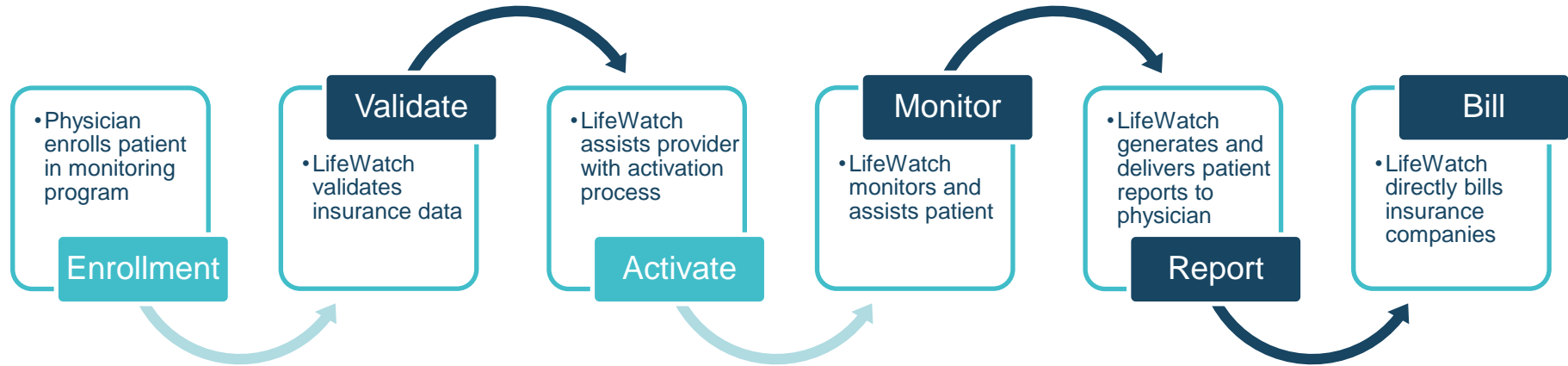
- **Strengthens image** as premium partner
- **Lowers barriers** to client selection
- **Reduces the overhead** in service's utilization
- **Provides unique edge in informatics** from precisely coded patient and diagnostic information



Interfaces communicate the diagnostic and billing information using standardized Healthcare Level 7 messaging

Value added chain of services

Continuous monitoring of at-risk patients, a suite of clinical reports to support their diagnosis and management, all delivered in compliance with regulatory guidelines



eliminate low value tasks while providing better quality diagnostic information for patients.

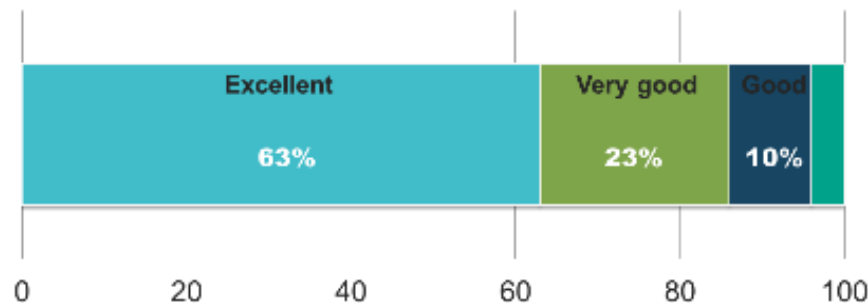
Value Added

Customized client support



Customized analyses offer our clients insights into their patient base and clinical yields

Great care and happier patients deliver satisfaction scores exceeding 96%

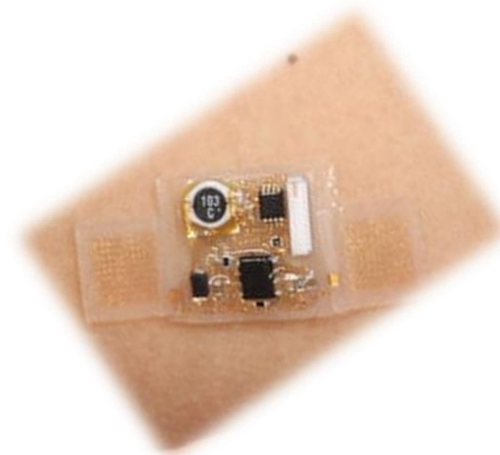


Megatrends: Favorable demographics and disease prevalence

- 7.3 million cardiovascular disease deaths in 2008
 - 3.1 million (42% of all these deaths) due to heart attack (*WHO*)
- Approximately 5.3% of the population has a cardiac arrhythmia
 - Fewer than 2% have been diagnosed
- Syncope (lost consciousness) causes 6% of US hospital admissions
 - Including 3% of emergency departments visits (*US Pharmacist*)
- 15 million people suffer stroke worldwide each year
 - In the US, 795K people suffer a stroke each year
 - 250,000 of those have no known cause (*The Stroke Center, USA*)

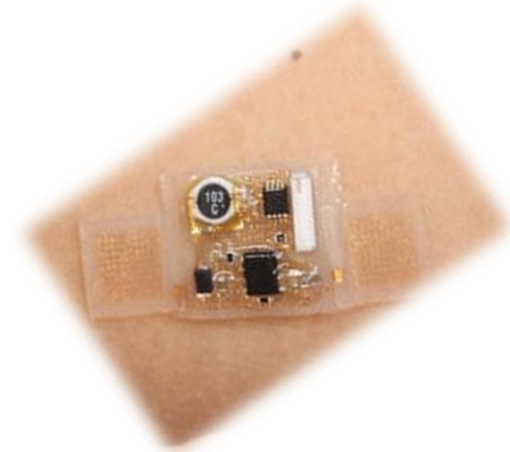
Trend towards micro biosensors

- Evolving from Mobile to Wearable
 - Pairing light weight electronics with long duration, biocompatible adhesives
 - Creating new ultralight “patch” monitors
- Overcoming one of the industries last challenges
 - Testing compliance by patients is critical to diagnostic value
 - Patients may find that traditional monitors are uncomfortable or attract unwanted attention
 - New sensors so small you may forget you’re wearing them
- Opening new doors to diagnostic testing
 - Using a patch monitor is so easy, it greatly expands market for testing into new healthcare area



Trend towards flexible patch technology

- Patient needs
 - Discreet, unobtrusive and comfortable testing
- Client demands
 - Fast, easy monitor application by clinic staff
 - Willingness of the patient to continuously wear the monitor for the duration of the testing
- Patch value
 - An ultra-light weight monitor technology
 - A more comfortable solution increases testing compliance
 - An easy-to-use monitor opens up the service to more patients



Trend towards increasing mHealth demands

Growth in aging population

- By 2017, 50% of US population > 50 years old
- Many with one or more chronic diseases
- Most will want to live at home



Technology Disruption

- Innovative devices, applications
- \$700M venture funding already recorded in 2014
- Pervasive mobile cellular technology



Growth in Chronic disease

- Over 200M people suffer from chronic disease – clinician shortage
- Poor compliance post-discharge increasing hospital stays
- Healthcare costs soaring

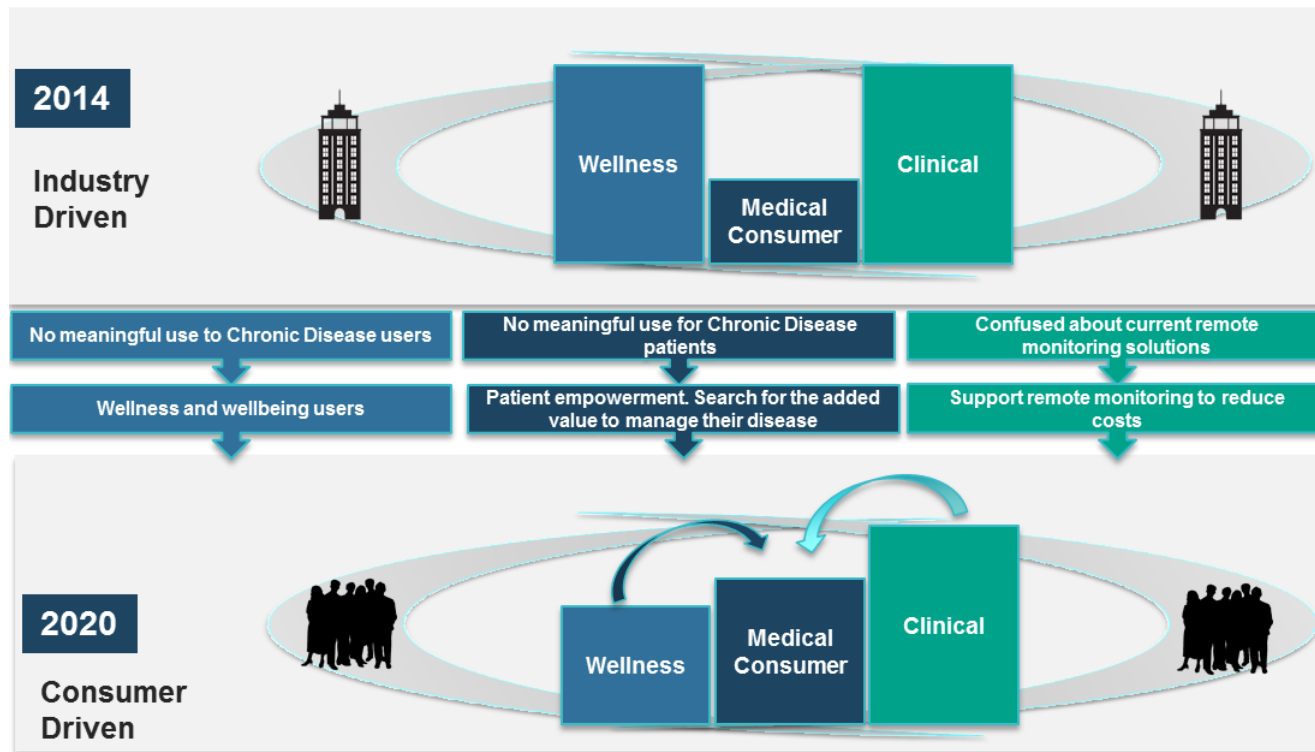


Government Initiatives

- Hospital re-admission penalties
- US Affordable Care and HITECH Laws and incentives
- Home monitoring mandates (UK, France)



The mHealth market shift



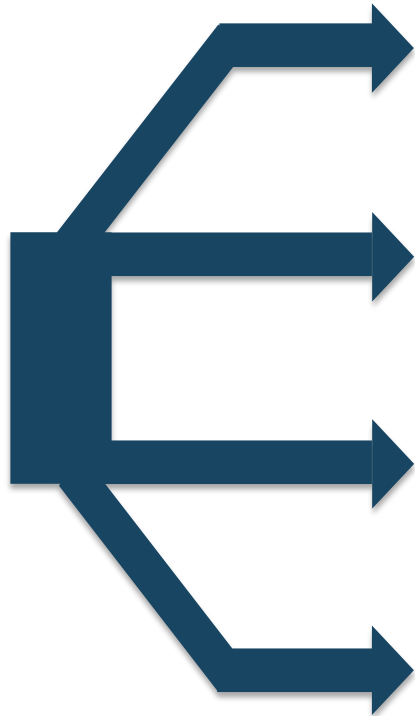
Source: GfK 2014 | Health Self-Monitoring | Qualitative Research Study



Operational efficiency: achievements to date

Actions	Status
Global restructuring: Restructuring of R&D to better reflect our goals	✓ Implemented
Global integration: Consolidating clinical, business operations, IT, R&D and regulatory affairs	⦿ Ongoing
Market focus: Data driven decisions from accurate relevant data	✓ Implemented
Faster time-to-market: Continuous review of “make or buy” opportunities	✓ Process underway
Sales force efficiency	
Realignment of territories and regions	✓ Implemented
Best practice introduction	✓ Implemented
Adjustment to incentive scheme towards performing above plan	✓ Implemented
Introduction of best practices in hiring, on boarding, training	⦿ Ongoing
Launch an Inside Sales Team	⦿ Ongoing
Settlement of inherited legal cases	⦿ Ongoing
Pursuit of four-pronged strategy	⦿ Ongoing
Culture Shift: Positive shift in mind-set and beliefs	⦿ Ongoing

Four pronged strategy:



Rapid updates: to support continued growth in ECG testing

- Updates to our most profitable services in the face of surging demand

Introducing new biosensor technology

- A series of breakthrough new services using state of the art sensing technology

Examining the mHealth opportunity

- Extensive research into future needs of the Medical Consumer
- Building partnerships with mobile platform manufacturers
- Capturing the market as it shifts from wellness to medical focus

A new world of Biomedical Informatics decision support

- Capitalizing on a 20 year legacy of disease-specific medical data

Facelift to the ACT Service

- ACT III ECG monitoring via an Android platform
- Faster patient enrollment with less work and wait time for staff
- Easier patient use for improved testing compliance
- Greater throughput on our most profitable services
- **Breakthrough:** A single, scalable platform for current and future monitoring services
- **Deliveries starting:** Q4 2014 - Q1 2015
- **Launch platform:** Supporting surging demand for 600 daily ACT ambulatory telemetry services



FeatherLite™ the world's lightest monitor

Device (Patch Technology)

- An ultra-light weight monitor delivering better results through patient compliance

Services

- Discreet, comfortable ambulatory telemetry offering
- Fast, easy patient application and service initiation

Positioning

- **Breakthrough:** Worlds lightest, most comfortable ECG telemetry monitor
- **Segment:** Active patients with occasional symptoms, clinics without trained ECG technicians
- **Anticipated first sale:** Q2 2015
- **Launch platform:** General telemetry service with estimated \$12-15m annual incremental revenue within the first 12 months

ECG Patch

Device

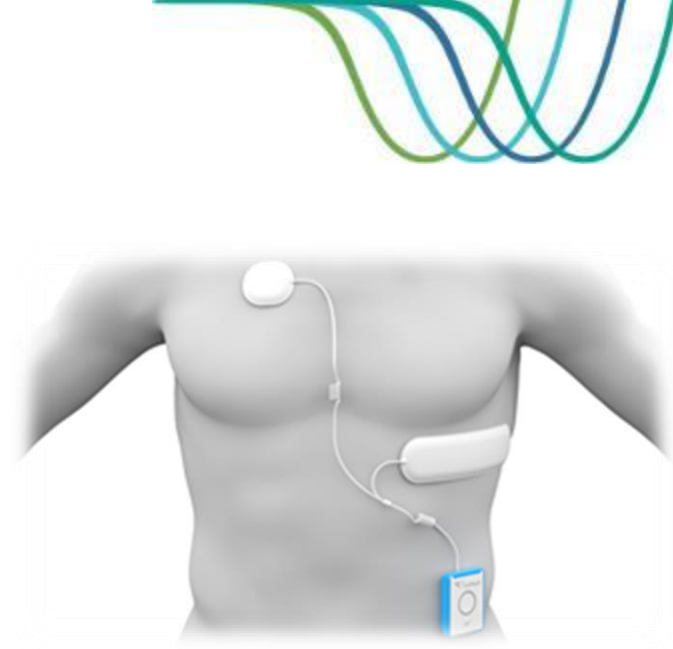
- Updated and simplified advanced ECG monitoring
- Multi-level heart rate and arrhythmia triggering

Services

- Full-featured ambulatory telemetry offering
- A more compact version of the ACT monitor

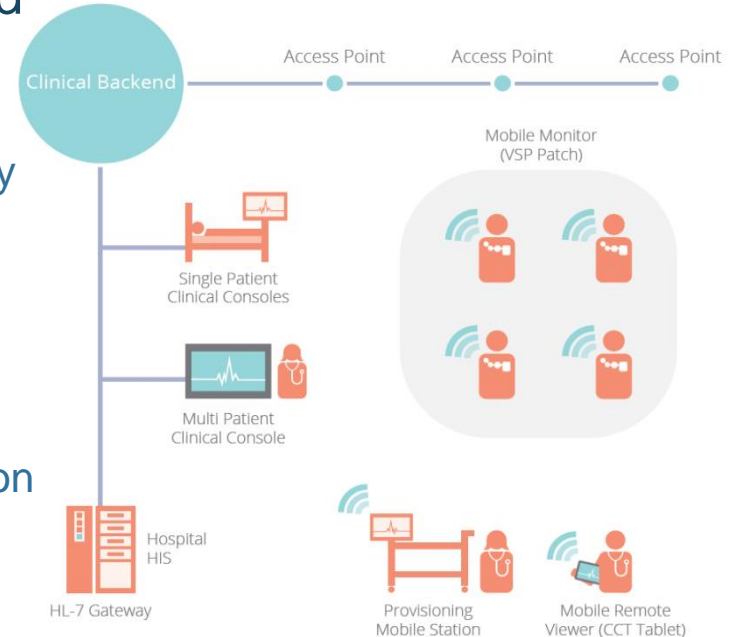
Positioning

- **Breakthrough:** A discreet update for our market-leading ACT III Service
- **Segment:** Research studies and patients with complex diagnostic needs
- **Anticipated first sale:** Q3 2015
- **Launch platform:** A premium service with estimated \$3-5m annual revenue



Vital Signs Monitoring

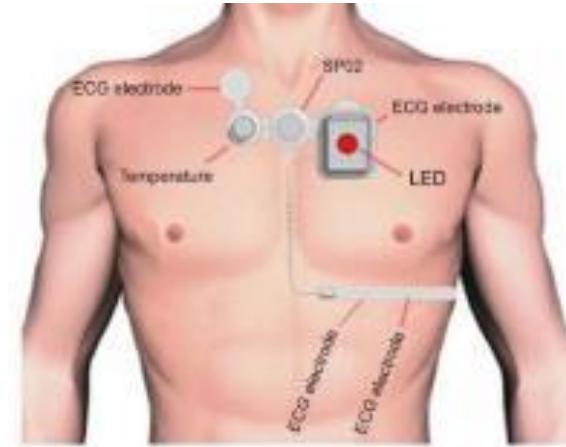
- In 2015 US hospitals must monitor every bed¹
 - There are 924,333 hospital beds in the U.S., an annual service market of up to \$13.5 billion
 - Only 20% of hospital beds are monitored, usually by expensive, immobile machines
- A new opportunity to outperform traditional vital signs monitoring
 - Eliminate upfront capital equipment expense
 - Provide critical awareness of every patients condition
- Managing monitoring values this large requires a game changing approach



(1) Health Information Technology for Economic and Clinical Health ("HITECH") Act

VSP – a true game changer

- Internally developed LifeWatch technology
- Transformational new way to monitor and document patient status
 - VSP relays ECG, Respiration, Temperature, body position and blood oxygen saturation.
 - Monitor adheres to patients chest and provides up to 4 days of continuous medical data
- Using VSP any bed can be monitored
 - In place of \$100,000 of fixed equipment, hospitals pay LifeWatch a small fraction [a moderate per day fee per monitor] out of their own inpatient allotment.
 - Ideal for Emergency Departments as they can rapidly expand services as patient numbers change
- Transitional bedside-to-ambulatory coverage
 - Initial in-hospital sales will expand to external ambulatory uses in later phases



VSP – The first globally available vital signs patch monitor



- Clinical Study Progress

- Mount Sinai, NY City 22 patients Montefiore, NY City Sept 2014
- University of Miami Oct 2014 The Cleveland Clinic Jan 2015
- Peer review publications in process

- Positioning

- **Breakthrough:** A discreet update for our market-leading ACT III Service
- **Segment:** Research studies and patients with complex diagnostic needs
- **Anticipated first sale:** Q2 2015
- **Launch platform:** Entirely new vertical – in hospital, ambulatory monitoring with first year revenue of estimated \$10m and an annual estimated potential of between \$100m and \$200m

Examining mHealth Opportunities



- Identify relevant customer needs to find a lucrative market niche
 - Thousands of technology companies are developing products based on the assumption that consumer demand is growing
 - Payors, providers, patients, pharma companies are unclear about the benefits of mHealth and where it really fits
- Objectives
 - Define most promising segments for LifeWatch within the mHealth market
 - Determine customer's key decision criteria for mHealth tools
- Exploratory Methodology
 - A detailed grasp of client attitudes, needs and experience with self-monitoring
 - A snapshot of the future, ideal product through the eyes of the consumer
 - Understanding willingness to pay for monitoring and ancillary services in general

Examining mHealth: Market insights



Discoveries from our international research to date:

- Consumers feel more secure in sharing info with live clinicians
 - The US has the highest acceptance of online support; Germany the lowest
- Strong dislike of offshore call centers for support
 - Local, live call centers give a sense of reliable support and cultural fit for patients
- There is a wide variation in price tolerance for devices and services
 - While less willing to spend overall, Germany has the highest overall price acceptance if a true need is perceived
 - The US has widest spread from under \$100/device up to \$240 for tech fanciers



Examining mHealth: LifeWatch strengths

Predictors of LifeWatch mHealth business success:

- 20 years certified delivery of regulated, medical services
 - Personal services aimed at medical consumers (not wellness gadgets or apps)
- Strong local relationships with doctors and health services
 - Confidence from linking services with consultation and endorsements from MD
- A reputation for accuracy and reliability with the medical community
 - Helping to provide assurance of high-quality in a discreet, wearable device
- Live call centers and direct results transfer to the MD is imperative
 - Online services alone will not assure customers that they are receiving a professional medical device and service



Source: GfK 2014 | Health Self-Monitoring | Qualitative Research Study



Examining mHealth: Target Customers

More than 75% of all patients expect to use digital services in the future.
Both age groups seek information at the same rate*

Older Patients

>50

Information about services for acute and chronic conditions



Young Patients

<50

Interested in access to health-promotion and preventive services

Examining mHealth: Business Scope

- Focusing on the Medical Consumer device market
 - mHealth entering a 5-year shift from wellness applications (minor value to chronic patients) to the government regulated Medical Consumer space
 - Few existing competitors prepared for regulated medical solution delivery
- Potential actions
 - **Breakthrough:** A transparent ecosystem of balanced devices and services
 - **Ideal Customer:** Top 30% of market, 45-74, urban, above average income with access to local medical care and a high adherence to testing/treatment
 - **Anticipated first use:** 2016
 - **Market potential:** expected 500k+ subscribers for testing and treatment service with companion wearable devices leading to a market of around \$150m
 - Business plan is being finalized
 - Board approval to be obtained

Capitalizing on Biomedical Informatics

- Big Data *versus* Targeted Data
 - Large-scale dredging in mass storage = potentially powerful but little context
 - Heuristically using our ECG recordings databases = efficient and reliable insight!
- LifeWatch advantage: data correlated by patient and disease
 - 20 years of anonymized data correlated with diagnostic findings
 - Opening the door to population-based decision support
 - Delivering earlier diagnoses for less-costly interventions
- Turning information into Gold
 - **Breakthrough:** Use pattern recognition and predictive analytics to reduce costly hospital readmissions
 - **Anticipated first use:** 2015
 - **Launch platform:** VSP Hospital vitals signs monitoring

Half Year Key Figures

USD Millions	Adjusted H1 2014	H1 2014	H1 2013
Revenues	48.12	48.12	43.68
Gross Profit	26.93	25.09	25.92
As % of Revenues	56.0%	52.1%	59.3%
EBITDA (LBITDA)	1.45	(1.52)	4.32
As % of Revenues	3.0	na	9.9%
EBIT (LBIT)	(1.16)	(4.13)	2.71
As % of Revenues	na	na	6.2%
Net Income (Loss)	(1.75)	(4.72)	8.88
Earnings per share (basic)		(0.36)	0.68
Total fixed assets, net		13.02	7.76
Total assets		68.54	69.28
Total equity		34.82	44.12
As % of assets		51%	64%
Net Cash Flow		3.92	4.97
Employees		561	535

Revenues grew by 10.2% in the first half year despite an 8% Medicare price reduction

Summary: A year of transition

- Solid growth in core business, accelerating delivery plans and a rigorous examination of mHealth and Informatics opportunities
- Financial
 - 2014 H1 growth at 13% over prior year – Q3 forecast on plan
 - Strong, positive cash flow going forward – estimated goal of >15% EBIT margin
- Organizational
 - Realigned with more efficient use of sales and R&D
 - New emphasis on faster delivery of product and service breakthroughs
- Operational
 - Ongoing efficiency programs streamlining all aspects of service delivery

Thank you!

