



Media & Investor Conference

Park Hyatt Hotel, Zurich

March 31, 2015



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Highlights 2014

- 2014 revenues up 8.1% to USD 98.47 million
- 2014 volume growth in excess of 13%
- EBITDA for the year of USD 5.95 million, EBITDA margin of 6.0%
- Unadjusted EBITDA in the second half of USD 7.47 million, equivalent to a margin of 14.8%
- New product introductions on track for launch in 2015
- Turnaround and cultural shift well underway
- Shareholder base stabilized

Healthcare Megatrends

Demographic changes

- Aging population
- Increasing disease prevalence
- More disease detection
- Chronic disease management
- Prevalence of co-morbidities

Cardiovascular facts

- Heart disease is the main cause of death for both men and women (US: 1 in 4 deaths)
- Approx. 5% of population have cardiac arrhythmia
- Syncope causes 6% of US hospital admissions
- 15m people p.a. suffer stroke worldwide

Pressure on costs

- Hospital re-admission penalties
- Home monitoring mandates
- Hospital-based to ambulatory-based healthcare model
- Increased efficiency and transparency
- Poor post-discharge patient compliance

Digital Health Revolution

- Pervasive connectivity
- Patient empowerment and open access to information
- Virtual medical visits
- Instant analysis and advice
- Interconnectivity/ Interoperability

Digital Health Revolution

Digital Health combines the digital and genetics revolutions with health / healthcare, primarily focusing on faster access to healthcare services, reducing inefficiencies, increasing quality, better and more predictable outcomes.⁽¹⁾

Digital Health includes all elements of mHealth, wireless Health, eHealth, Healthcare IT, Big Data, Health Data, wearable computing, Gamification, Telehealth / Telemedicine, Personalized Medicine, Internet of Things, etc.

(1) Source: Wikipedia

Digital Health: General Trends

- Power-shift from “eminence”-based medicine / evidence-based medicine towards patient-centered medicine (“smart patient”)
- Patients are generating their own data on their own devices
- Data is immediately analyzed, graphed, displayed, updated, stored and shared (at the discretion of the respective individual)
- Pervasive connectivity (availability of on-line services and number of devices per person will multiply over the years)
- Consumerization of data (e.g. Genomics Data)
- Clear trend from physical visits toward virtual visits
- Sensors that enable remote monitoring of diseases and more timely interventions can help off-set projected shortages of healthcare staff; given the improved efficiency, the number of healthcare staff employees will drop significantly

Digital Health: Open Access To Data

- Open access journals (old paradigm: publish data in a peer-reviewed journal)
- New developments in medical research
- Free immediate access to trial data, discoveries and innovations
- More data sharing between universities and pharma companies and even amongst pharma companies
- Leverage open digital infrastructure
 - Facilitate recruitment / enrollment / screening processes in clinical trials
 - Reduce number of clinical trials leading to higher efficiency
 - Maximize use of historical data
 - Proactively drive research
 - Use artificial intelligence / algorithms
- Potential impact on Intellectual Property regulations / landscape
- New territories for legal battles:
 - Product Liability
 - Cybersecurity (privacy and security rights, e.g. HIPAA, HITECH)
 - Health insurance coverage
 - Monetizing personal data, etc.

Digital Health: Make Use Of Big Data

- Increased willingness to share anonymous and non-anonymous data
- Several primarily patient-driven initiatives are ongoing (Cancer, Multiple Sclerosis, Diabetes, etc.)
- Open science expedites discovery
- Combining in its entirety all past, scientific, technological and digital data components
- Huge amounts of data per patient that can be analyzed / used to predict/preempt disease and meaningfully impact prevention resulting in a new diagnostics “hype”
- Gradual overlap of disease and prevention (consumerization of medicine)
- Highly sophisticated IT platforms are a prerequisite (“EMR integration” etc.)

Digital Health: Interoperability & Interconnectivity Will Be Key Drivers

- Data will be the gold of the future
- Large players (Apple, Google, etc.) will drive the exchange of data and hence boost awareness, whilst at the same time driving the consumer market (primarily non-regulated)
- Breakthrough of Data mining and Predictive analytics
- New value chain: Data → Information → Expertise → Wisdom

Digital Health: What Is Needed To Be A Digital Health Player

- Service platform (Call centers 24/7/365 + logistics + clinical back-up services)
- Robust technology (devices, embedded technology, software)
- Access to data
- Secure data storage
- Analysis capability (algorithms, medical interpretation)
- Patient / Doctor database
- Healthcare credibility

LifeWatch's Digital Health Capabilities (1)

Services

- 5 call centers employing 200+ highly qualified clinical technicians
- Customized reporting for doctors
- 24/7/365 help line for patients
- Distribution and collection of products
- High credibility, robust infrastructure



LifeWatch's Digital Health Capabilities (2)

Products

- Remote monitoring capabilities (e.g. cardiac, sleep, stroke)
- Moving from mobile to wearable
- Vital signs monitoring (Q3/2015)
- Reliable technology
- Fast, easy patch application, comfortable, discreet

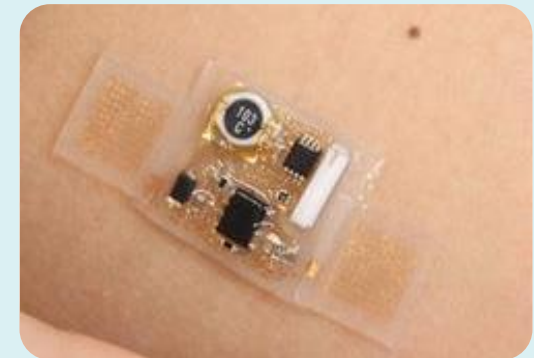


LifeWatch's Digital Health Capabilities (3)

R & D

- Proprietary biosensor & patch technology
- Algorithm Design & Development
- Embedded Software Design & Development
- Robust patent portfolio
- Software Quality Assurance
- Industrialization Engineering
- Pairing lightweight electronics with durable, biocompatible adhesives to create ultralight “patch” monitors (mobile → wearable)

Miniaturize
Embed
Integrate
Test



LifeWatch's Digital Health Capabilities (4)

Data-storage / Access to data

- Security (HIPAA compliance)
- Proprietary algorithms + artificial intelligence
- EMR Integration, IT platform, customized reports



LifeWatch's Legacy Of Unmatched Patient Service

- 21 years certified delivery of regulated, medical services
- Strong local relationships with doctors and health services
- A reputation for accuracy and reliability within the medical community
- Live call centers and direct results transfer to the MD is imperative



Mount
Sinai



Cleveland Clinic



University of Michigan
Health System



UCLA

Health System



CENTERS for MEDICARE & MEDICAID SERVICES

UCSF Medical Center



Scripps



Penn Medicine



LifeWatch's Core Monitoring Technology And Services

Ambulatory Cardiac Telemetry



- 3-channel ECG for more qualitative information
- Records and transmits events wirelessly in near real-time based on programmable triggers
- 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**
- Auto-detect

Cardiac Event Monitor (CEM) Looping



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

Looping: recording is overwritten every 90 seconds unless activated which then saves the recording

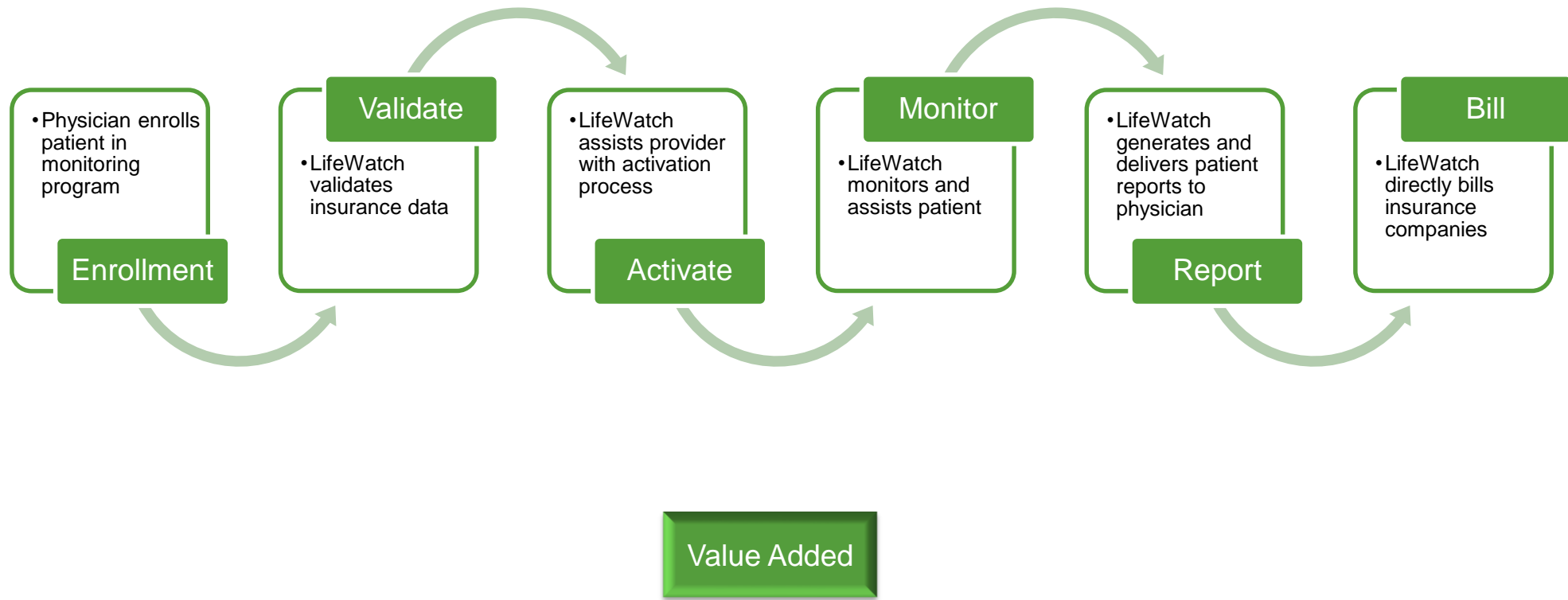
Holter Recorders



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

Key Differentiator: Value Added Chain Of Services

Goal: To eliminate repetitive tasks while providing better quality diagnostic information for patients



Key Differentiator: Customized Reports

Customer can:

- Select data components according to need
- Set thresholds
- Sequence information according to preference
- Individually tailor the report presentation

Content is created by LW technicians and is mostly not alterable by client physicians

Physician creates display from preconfigured drag and drop widgets

Customized Report layouts

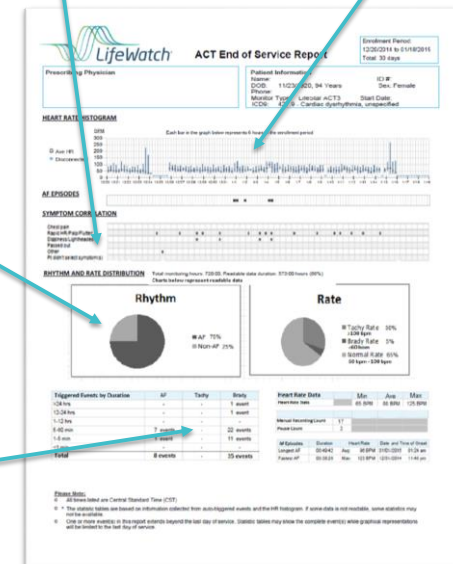
Physician completes overview by signing on current view
This generates a locked PDF document which is archived as the final report

Few labels for easier identification of symptoms

Cleaner, less wordy histogram of heart rates with clearer indication of patient wear times

Meaningful graphs of arrhythmia burden

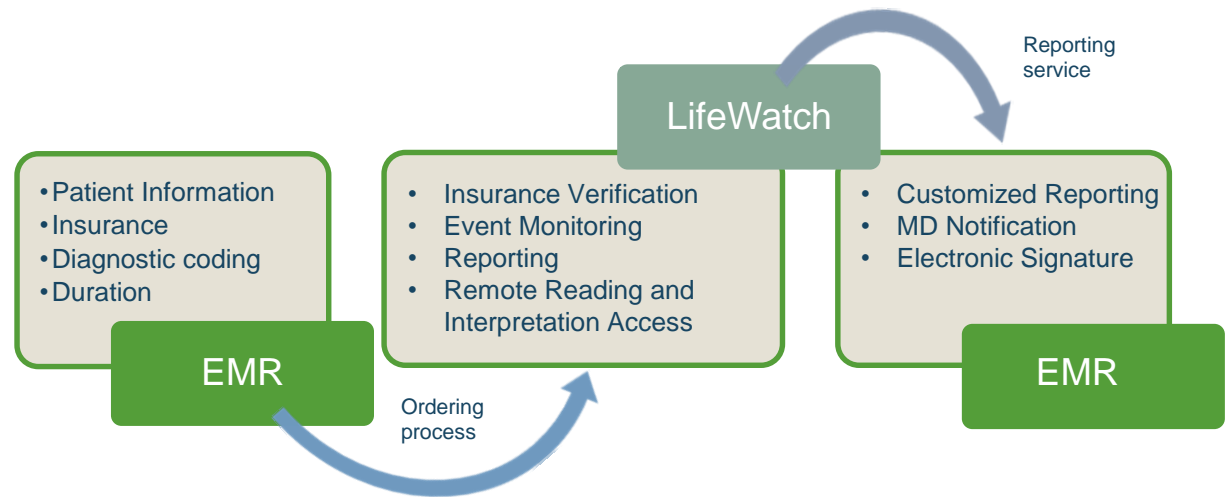
Reduction of unused data elements
Added counts of manual and automated events by arrhythmia type



Key Differentiator: Electronic Medical Record (EMR) Integration

Communication and data transfer (interoperability) between two different systems using a standard communication protocol (HL7)

- **Strengthens image** as a premium partner
- **Increases customer loyalty** as a result of “exit barrier”
- **Efficiency** increases for customer + service provider
- **Results** in scalable service
- **Supports** a transparent and workflow-embedded ordering and result reviewing process
- **Provides informatics edge** as a result of the precisely coded patient and diagnostic information



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

LifeWatch's Group Strategy

1. Update / facelift current technology and develop a universal gateway to support continued growth in ECG testing in the US and selected other markets
2. Introduce and further develop a new biosensor patch technology platform
3. Develop and market our Biomedical Informatics platform by capitalizing on a 20+ year legacy of disease-specific medical data
4. New Geographies: expansion into attractive international markets

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:** Q3/2015
- **Launch platform:** Supporting surging demand for our flagship ACT / ActEx product series



Facelift: Universal Gateway

- One dedicated gateway for all LW products
- 4-5 years shelf-life; reduces dependence from carrier-supported devices and validation process by carrier
- “One size fits all”
- Simplified Software Development and QA: simplifies software integration and testing
- Higher efficiency in maintenance and repair
- Security: customized gateway for LW applications only

FeatherLite™ – An Ultralight Monitor (Patch)

- An ultra light-weight patch delivering better results through patient compliance
- Discreet, comfortable ambulatory telemetry offering
- Fast, easy patient application and service initiation
- **Breakthrough:** ultralight, most comfortable ECG telemetry monitor
- **Segment:** active patients with occasional symptoms, clinics without trained ECG technicians
- **Anticipated first sale:** Q3/2015
- **Launch platform:** general telemetry service with estimated \$12-15m annual incremental revenue within the first 12 months



Vital Signs Monitoring: “VSP” Patch

- A new opportunity to outperform traditional vital signs monitoring
 - Eliminate upfront capital equipment expense (approx. \$100,000)
 - Provide critical awareness of every patient’s condition
 - Moderate per day fee per monitor
- In 2015 US hospitals must demonstrate “meaningful use” of EMR, which includes the monitoring of patients vital signs, and will be financially penalized if they do not comply ⁽¹⁾
 - There are 944,277 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
- Shift service platform from the ICU to the general ward and ultimately the ambulatory sector

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

Vital Signs Patch “VSP” – A True Game Changer

- Internally developed LifeWatch technology
- The first globally available vital signs patch monitor
- Transformational new way to monitor and document patient status
 - ECG, Respiration, Temperature, body position and blood oxygen saturation
 - Monitor adheres to patient’s chest and provides up to 4 days of continuous medical data
 - Move beyond remote cardiac monitoring into remote vital signs monitoring
 - Initially penetrate the hospital market before moving on to the ambulatory market and thereby offering a seamless transfer for the patient from a hospital to a home setting
 - Utilize the data collected to support clinical decision making and develop predictive analytics (e.g. early detection of infections, etc.)
 - Expand the business outside of the US



VSP – Project Status

- Clinical Study Progress: proof of concept studies in the following hospitals:

Mount Sinai, NYC, Montefiore, NYC, University of Miami, The Cleveland Clinic, Houston VA

- Peer review publications in process
- **Breakthrough:** enables us to go beyond our existing remote cardiac monitoring platform including other vital signs
- **Scope:** Research studies and patients with complex diagnostic needs as well as patients in general ward
- **Anticipated first sale:** Q3/2015
- **Launch platform:** Entirely new vertical – in hospital, ambulatory monitoring with first full year revenue of estimated \$10m and an annual estimated potential of at least between \$100m and \$200m

VSP – Multi-patient Monitoring Console



Capitalizing On Biomedical Informatics (“Big Data”)



Goal: Develop **intelligent decision support** for patients and caregivers

Utilize data from Remote Cardiovascular Monitoring

- Capitalize on 20 years of patient data - one of the world’s largest ECG databases
 - create and market an ECG reference database (2015/2016)
- Develop clinical evidence for arrhythmia detection patterns
 - publish peer-reviewed clinical studies (2015/16)
- Further improve our state-of-the-art cardiovascular algorithms
 - offer state-of-art detection methods as a separate service (Q3/Q4 2015)
 - embed predictive analytics with Vital Sign Patch offering (Q4 2015/2016)

Integrate LifeWatch products with Electronic Medical Records of our customers

- Strengthen the bond between the customers and LifeWatch
- Enrich our database to allow development of pattern recognition algorithms
 - Electronic Medical Record Integration Initiative (ongoing)

Operational Efficiency: Achievements To Date

Actions	Status
Global integration of key divisions and projects	✓ Implemented
Project Management Office ensures better teamwork (R&D, IT, Marketing) and that deadlines are met	✓ Implemented
Focus on market/customer needs; Time to market	✓ Implemented
Improved US sales force efficiency	✓ Implemented
Key hires: VP Global HR, VP Regulatory Affairs, Director QA/QC, VP Sales US	✓ Implemented
Restructured: IP management Regulatory Affairs QA/QC Operations R&D – IT	✓ Implemented ✓ Implemented ✓ Implemented ✓ Implemented ✓ Implemented
Open issues to be addressed: <ul style="list-style-type: none"> - Standardization of Global financial systems - Supply Chain Management - Internal Medical Marketing Expertise - Cultural Shift - Streamlining global operations 	<ul style="list-style-type: none"> ⦿ Ongoing ⦿ Ongoing ⦿ Ongoing ⦿ Ongoing ⦿ Ongoing

Finance Summary

- 2014 revenues up 8.1% to USD 98.47 million thanks to strong organic growth in core business; volume growth was in excess of 13%
- 2014 gross margin dropped 4.9% to 54% mainly as a result of an 8% price cut by Medicare and several one-off items affecting cost of goods sold (COGS)
- 2014 operating and net results heavily impacted by one-off charges totaling USD 5.05 million
- Adjusted EBIT amounted to USD 5.35 million, equivalent to an EBIT margin of 5.4%; unadjusted EBIT in the second half of USD 4.43 million giving a margin of 8.8%
- EBITDA for the year of USD 5.95 million, equivalent to an EBITDA margin of 6.0%; adjusted EBITDA of nearly USD 11 million achieved giving a margin of 11.2%; unadjusted EBITDA in the second half of USD 7.47 million giving a margin of 14.8%
- Second half of the year shows a clear turnaround with all profitability measures improving significantly

Profit & Loss Statement

USD millions	First Half 2014	Second Half 2014	Total 2014	2013	+/- in %
Total revenues	48.120	50.351	98.471	91.063	8.1%
Total cost of revenues	-23.027	-22.260	-45.287	-37.456	
Gross profit	25.093	28.091	53.184	53.607	-0.8%
<i>GP margin</i>	52.2%	55.8%	54.0%	58.9%	
Research & development expenses	-3.282	-2.280	-5.562	-7.751	-28.2%
<i>in % sales</i>	6.8%	4.5%	5.6%	8.5%	
Selling & marketing expenses	-12.501	-10.181	-22.682	-19.551	16.0%
<i>in % sales</i>	26.0%	20.2%	23.0%	21.5%	
General & administrative expenses	-12.690	-12.449	-25.139	-26.394	-4.8%
<i>in % sales</i>	26.4%	24.7%	25.5%	29.0%	
Legal expenses and other expenses, net	-0.751	1.250	0.499	-2.000	
EBIT	-4.131	4.431	0.300	-2.089	n.m.
<i>EBIT margin</i>	-8.6%	8.8%	0.3%	-2.3%	
One-off items *	2.970	2.080	5.050	6.800	-25.7%
EBIT Excluding One-off items	-1.161	6.511	5.350	4.711	13.6%
<i>EBIT margin excluding One-offs</i>	-2.4%	12.9%	5.4%	5.2%	
Financial and other income (expenses), net	-0.204	-0.284	-0.488	-0.433	12.7%
Tax benefit (expenses)	-0.390	-2.150	-2.540	5.444	
Result for the period	-4.725	1.997	-2.728	2.922	n.m.
EBITDA	-1.520	7.469	5.949	1.560	381%
<i>EBITDA margin</i>	-3.2%	14.8%	6.0%	1.7%	

* Including, legal costs / settlements, discontinuance of LW V phone, one-off phone contract and memory card costs, disputed billings write-off

EBIT Bridge

in USD millions

	<u>1H 2014</u>	<u>2H 2014</u>	<u>2014</u>
EBIT reported	(\$4.13)	\$4.43	\$0.30
Legal cases / settlements	\$0.50	\$1.43	\$1.93
LW V inventory write-off	\$1.19	\$0	\$1.19
Other one-off COGS write-offs	\$0.65	\$0	\$0.65
Disputed billings	\$0.38	\$0	\$0.38
Other	\$0.25	\$0.65	\$0.90
EBIT adjusted	(\$1.16)	\$6.51	\$5.35
<i>EBIT margin</i>	<i>(2.41%)</i>	<i>12.93%</i>	<i>5.43%</i>

Balance Sheet

USD millions	Dec. 31. 2014	Dec. 31. 2013	+/- in USD million
Balance sheet total	68.984	71.459	-2.475
Cash and cash equivalents	7.087	10.136	-3.049
Net working capital (NWC)	8.529	14.395	-5.866
<i>NWC in % of revenues</i>	<i>8.7%</i>	<i>15.8%</i>	
Property, plant & equipment, net	14.922	12.053	2.869
Goodwill	14.976	14.976	0
Provisions	8.210	11.119	-2.909
Interest-bearing debt	5.343	3.648	1.695
Net cash	1.744	6.488	-4,744
Equity	36.883	38.446	-1.817
<i>Equity Ratio</i>	<i>53.5%</i>	<i>53.8%</i>	

Cash Flow Statement

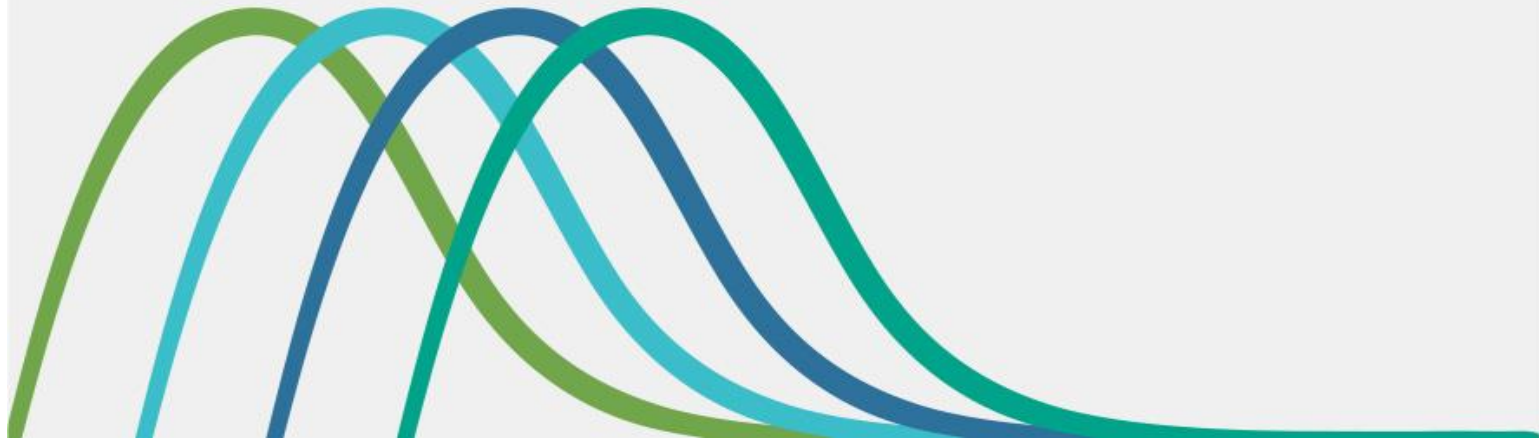
USD millions	Dec. 31. 2014	Dec. 31. 2013	+/- in USD million
Net cash from operating activities	4.089	8.263	-4.174
Net cash from investing activities	-7.481	-4.231	-3.250
Net cash from financial activities	0.496	0.206	0.290
Translation differences	-0.153	0.039	-0.192
Increase (decrease) in cash and cash equivalents	-3.049	4.277	-7.326
Balance of cash and cash equivalents at beginning of period	10.136	5.859	4.277
Balance of cash and cash equivalents at end of period	7.087	10.136	-3.049

Summary and Outlook

Turnaround well underway, prepared to achieve further growth

- **Financial targets**
 - Revenue growth of 10% to 15% expected in 2015 (assuming stable reimbursement environment)
 - Significant continuing investment in new and existing products will have an impact on profitability, however EBIT and EBITDA margins at the levels seen in the second half of 2014 are targeted
 - Once new products are launched, EBIT and EBITDA margins are expected to improve further (2016 and beyond)
 - Non-adjusted Net profitability will be reached in 2015
 - Above market growth expected to continue
- **Organizational**
 - International sales planned; appropriate expertise has been recruited
 - An experienced and broad-based senior management team is in place
- **Operational objectives**
 - Further optimize the expertise in our world class research and development facility
 - Utilize and proactively generate meaningful medical data
 - Further streamline operations and keep costs under control

Q&A



Thank you for your interest!

Calendar:

April 29, 2015

Ordinary General Meeting in Zurich

August 20, 2015

Half-year 2015 Results

