

“Maintaining the rhythm”

Zurich, March 17, 2016



Diagnostic services for  
physicians and their patients.  
Always. Everywhere.



# Media - Investor Conference Savoy Hotel, Zurich

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## 2015 Financial Highlights



- 2015 revenues up 8.3% to USD 106.63 million
- 9.8% growth in cardiac monitoring business in the USA
- EBITDA for the year of USD 14.4 million; EBITDA margin of 13.5%
- Adjusted EBITDA of USD 15.6 million; adjusted EBITDA margin of 14.6%
- EBIT of USD 6.3 million; EBIT margin of 5.9%
- Adjusted EBIT of USD 7.5 million; adjusted EBIT margin of 7.0%
- Net Income of USD 1.6 million

## 2015 Accomplishments



- International expansion underway – JV signed for cardiac monitoring in Turkey
- Partnerships signed – Kyocera and AliveCor
- Acquisition of Flexlife Health Inc., signalling a first move into relevant co-morbidities
- FDA submissions made for the MCT 1-Lead patch, our ACT software on an Android operating system and the Vital Signs Monitoring System
- FDA clearance delayed as a result of more stringent FDA processes but received in 2015 for the ACT software on an Android operating system and in early 2016 for the MCT 1-Lead patch and the Vital signs monitoring system
- Two significant legal case victories
- Signed 81 new or amended agreements for ACT, INR and HST services giving a total of over 600 managed care contracts with provider networks

## 2015 Issues

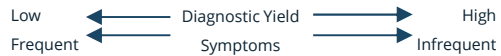


- Delay in FDA clearance of the MCT 1-lead patch and lower device sales led to lower than expected sales
- Delay in the FDA clearance of the ACT software on an Android operating system led to significant additional costs
- Re-assessment of technical and market entry requirements has led to a significant delay in the launch of the Vital signs monitoring system
- Delay in Vital signs monitoring system causes write-off of remaining LifeWatch V inventory
- Internal IT systems recognized as limiting factor for future growth and international expansion

# Evolution of Cardiac Monitoring Devices



		Digital holter	King of Hearts Express	MicroER	Explorer	LifeStar AF Express	MCT ACT III	ACT Ex	ACT Elite	ECG-Mini	VSP
<b>Launch year</b>		-	1994	1996	1999	2001	2008	2009	2012	2016	2016
<b>Discontinuation year</b>		-	2016	2016	-	-	-	-	-	-	-
<b>Format</b>		Monitor	Monitor	Monitor	Monitor	Monitor	Monitor + gateway	Monitor + gateway	Monitor + gateway	Patch + brain + gateway	Patch + brain + gateway
<b>Auto-detect</b>	Tachycardia Bradycardia AF	x	x	x	x	✓	✓	✓	✓	✓	-
	Pause	x	x	x	x	x	✓	✓	✓	✓	-
<b>Max recording time</b>		48h	5m	6 x 30s	5m	10m	1 month			-	-
<b>Data transmission</b>		Manual upload	Via landline				Via GSM				
<b>Data type</b>							ECG				ECG, respiration rate, temperature, saturation, positioning
<b>Auto-detect/auto-send</b>		x	x	x	x	x	✓	✓	✓	✓	-



Replaced in 2016 by AliveCor mobile ECG

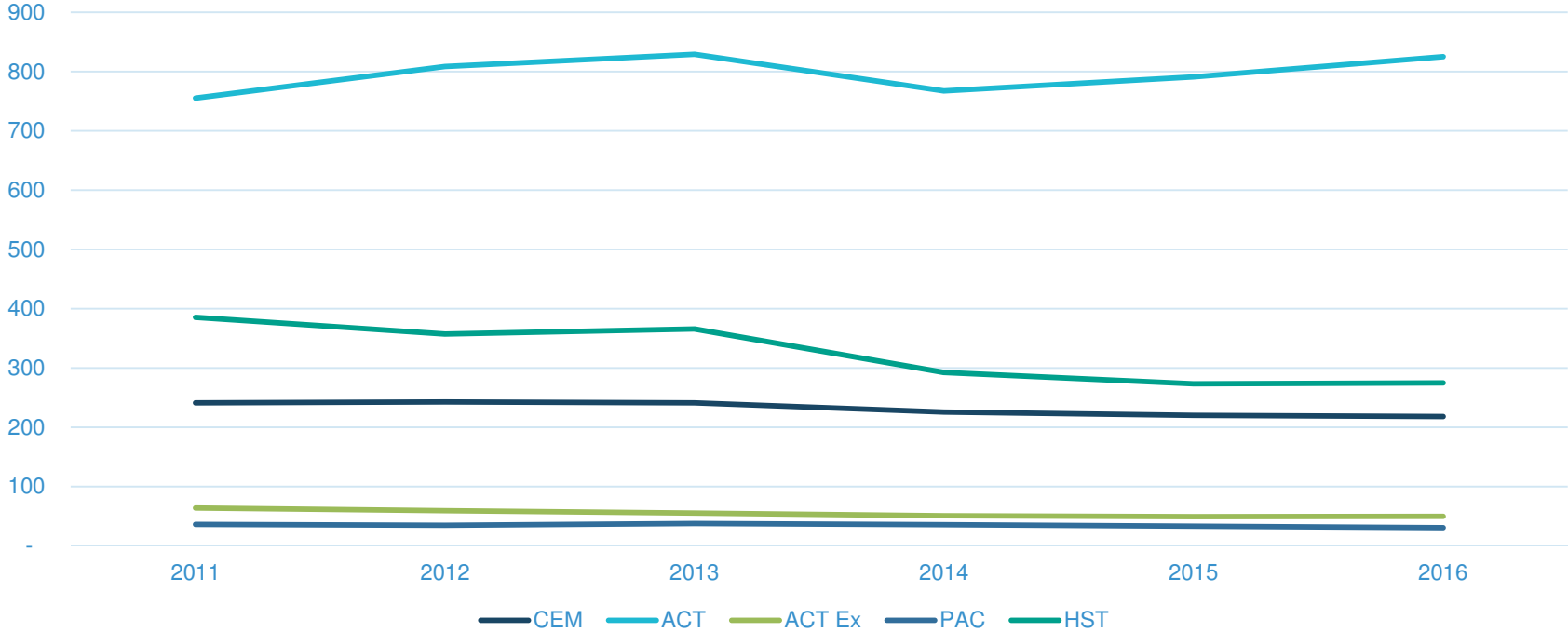
Launch Q2 / 2016

**FUTURE**

# 2015 Business Statistics (1)



Average Selling Price (USD)

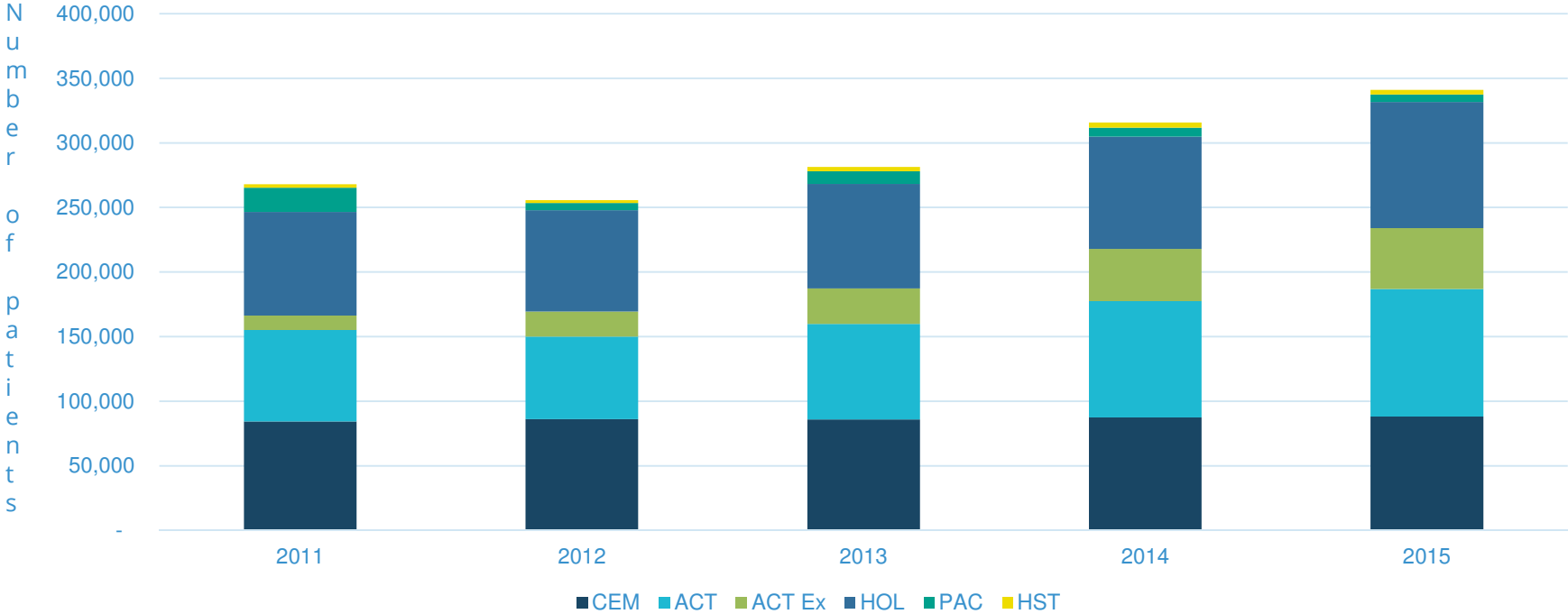




# 2015 Business Statistics (2)



Patient Numbers by Product Type



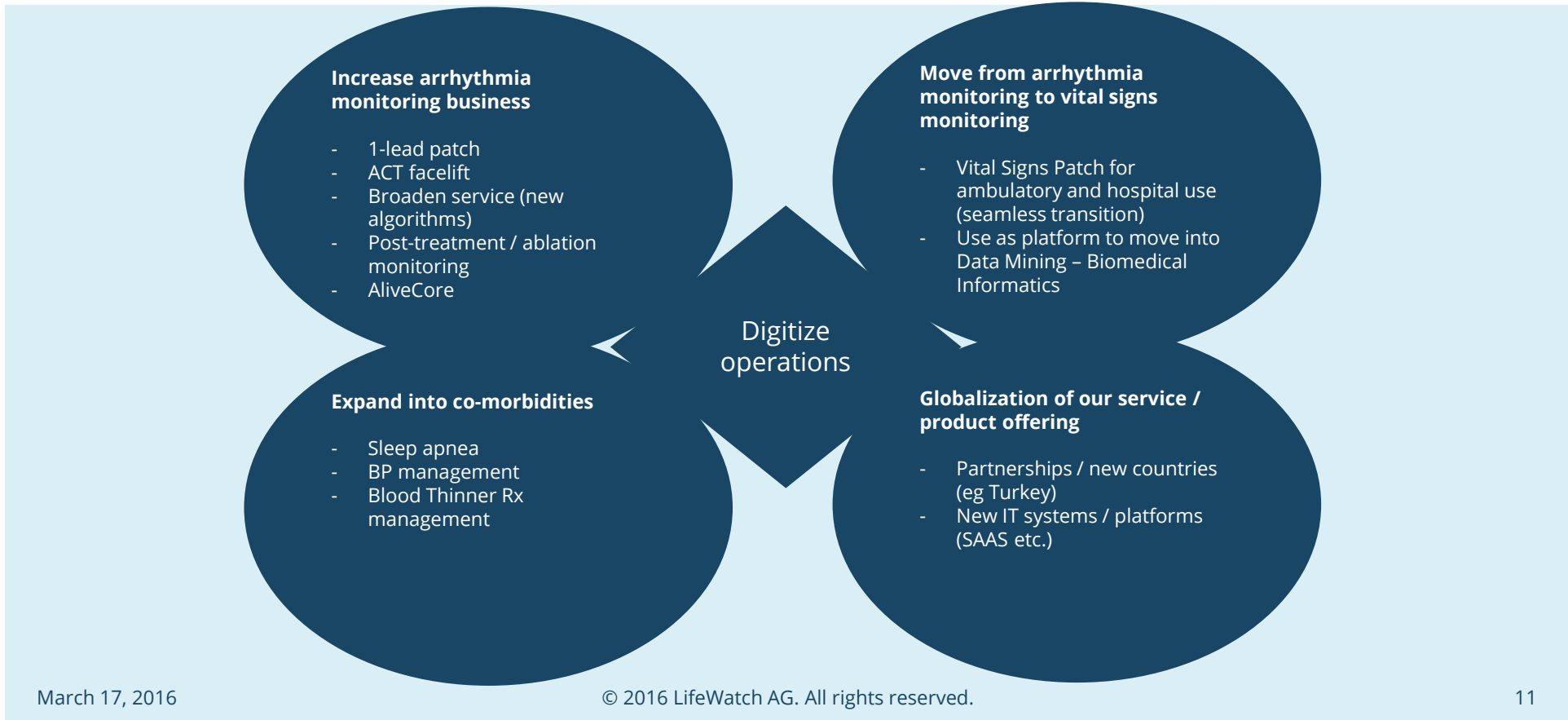
## Digital Health: a paradigm shift in healthcare



- Uberification of Healthcare
- Only constant is change
- Change creates opportunities
- Move from traditional fee-for-service to pay-for-performance models (and how much they pay)
- Focus on patient centric vision for our business

LifeWatch is evaluating the opportunities and is well positioned to become a significant player in this space

# LifeWatch's Group Strategy



## Financial Overview



- 2015 revenues up 8.3% to USD 106.63 million thanks to strong organic growth in core business; US market growth was 9.8%
- 2015 gross margin dropped to 52.1% mainly as a result of additional depreciation and IT costs as well as a one-off item of USD 1.2 million
- EBIT for the year of USD 6.3 million, equivalent to an EBIT margin of 5.9%; adjusted EBIT amounted to USD 7.5 million, equivalent to an EBIT margin of 7.0%;
- EBITDA for the year of USD 14.4 million, equivalent to an EBITDA margin of 13.5%; adjusted EBITDA of nearly USD 15.6 million achieved giving a margin of 14.6%;
- Net Income of only USD 1.6 million as a result of Turkey JV start-up costs and higher tax charge

## Profit & Loss Statement



USD millions	First Half 2015	Second Half 2015	Total 2015	2014	+/- in %
<b>Total revenues</b>	<b>52.513</b>	<b>54.114</b>	<b>106.627</b>	<b>98.471</b>	<b>8.3%</b>
Total cost of revenues	(24.764)	(26.273)	(51.037)	(45.287)	
<b>Gross profit</b>	<b>27.749</b>	<b>27.841</b>	<b>55.590</b>	<b>53.184</b>	<b>4.5%</b>
<i>GP margin</i>	52.8%	51.4%	52.1%	54.0%	
Research & development expenses	(1.983)	(2.157)	(4.140)	(5.562)	-25.6%
<i>in % sales</i>	3.8%	4.0%	3.9%	5.6%	
Selling & marketing expenses	(9.453)	(9.343)	(18.796)	(22.682)	-17.1%
<i>in % sales</i>	18.0%	17.3%	17.6%	23.0%	
General & administrative expenses	(12.502)	(13.814)	(26.316)	(25.139)	4.7%
<i>in % sales</i>	26.4%	24.7%	25.5%	25.5%	
Legal expenses and other expenses, net	0	0	0	0.499	
<b>EBIT</b>	<b>3.811</b>	<b>2.527</b>	<b>6.338</b>	<b>0.300</b>	<b>2012.8%</b>
<i>EBIT margin</i>	7.3%	4.7%	5.9%	0.3%	
Financial and other income (expenses), net	(0.444)	(0.075)	(0.519)	(0.488)	6.3%
Tax benefit (expenses)	(1.427)	(1.984)	(3.412)	(2.540)	34.3%
Share in Losses of Affiliate		(0.790)	(0.790)		
<b>Result for the period</b>	<b>1.940</b>	<b>(0.322)</b>	<b>1.618</b>	<b>(2.728)</b>	<b>n.m</b>
<b>EBITDA</b>	<b>7.234</b>	<b>7.140</b>	<b>14.374</b>	<b>5.949</b>	<b>141.6%</b>
<i>EBITDA margin</i>	13.8%	13.2%	13.5%	6.0%	

## EBIT Bridge

in USD millions



USD millions	First Half 2015	Second Half 2015	Total 2015	Total 2014
<b>EBIT reported</b>	<b>3.811</b>	<b>2.527</b>	<b>6.338</b>	<b>0.300</b>
LW V finished goods write-off	0.000	(1.200)	(1.200)	(5.050)
<b>Adjusted EBIT</b>	<b>3.811</b>	<b>3.727</b>	<b>7.538</b>	<b>5.350</b>
Adjusted EBIT margin	7.3%	6.9%	7.1%	5.4%
<b>Adjusted EBITDA</b>	<b>7.234</b>	<b>8.340</b>	<b>15.574</b>	<b>10.999</b>
Adjusted EBITDA margin	13.8%	15.4%	14.6%	11.2%

## Balance Sheet



USD millions	Dec. 31. 2015	Dec. 31. 2014	+/- in USD million
<b>Balance sheet total</b>	<b>71.496</b>	<b>68.984</b>	<b>2.512</b>
Cash and cash equivalents	7.400	7.087	0.313
<b>Net working capital (NWC)</b>	<b>2.218</b>	<b>9.012</b>	<b>(6.794)</b>
<i>NWC in % of revenues</i>	<i>2.08%</i>	<i>9.15%</i>	
Property, plant & equipment, net	16.348	14.922	1.43
Goodwill	15.859	14.976	0.88
Provisions	4.243	8.194	(3.950)
Interest-bearing debt	8.124	5.343	2.781
Net cash	(0.724)	1.744	(2.468)
<b>Equity</b>	<b>39.331</b>	<b>36.883</b>	<b>2.447</b>
Equity Ratio	55.0%	53.5%	

## Cash Flow



USD millions	Dec. 31. 2015	Dec. 31. 2014	+/- in USD million
<b>Net cash from operating activities</b>	<b>9.146</b>	<b>4.089</b>	<b>5.057</b>
<b>Net cash from investing activities</b>	<b>(11.198)</b>	<b>(7.481)</b>	<b>(3.717)</b>
<b>Net cash from financial activities</b>	<b>2.365</b>	<b>0.496</b>	<b>1.869</b>
Translation differences		(0.153)	0.153
<b>Increase (decrease) in cash and cash equivalents</b>	<b>0.313</b>	<b>(3.049)</b>	<b>3.362</b>
Balance of cash and cash equivalents at beginning of period	7.087	10.136	(3.049)
Balance of cash and cash equivalents at end of period	7.400	7.087	0.313



## Summary and Outlook



- Turnaround nearing completion, significant cost savings generated
- Fundamentally solid core business provides good platform for growth
- MCT 1-lead patch to be launched in the US in the first half of the year
- Sales in the Turkish market expected to start in the second half of the year
- INR business being launched in the US in Q2, 2016
- AliveCor co-operation expected to lead to first income in 2016
- Significant investment in renewing internal IT systems during 2016
- Above market growth rates expected to continue
- New market partnerships are being explored
- Adjusted EBIT, EBITDA and Net Income to continue to improve from the 2015 levels

**Thank you for your interest!**



Our experience  
and credentials let you  
take care of your life.

March 17, 2016

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