



## **LEADER IN INFECTION CONTROL SOLUTIONS**

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

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# Nanosonics Highlights

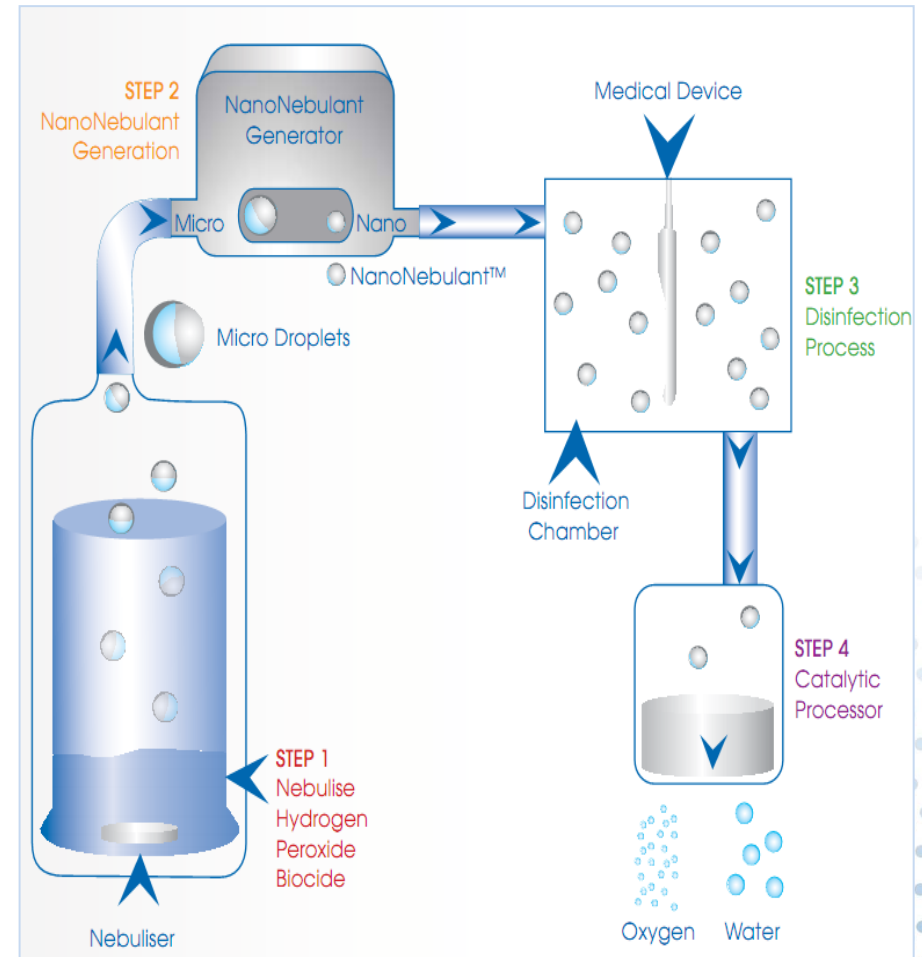
- Developed proprietary automated system for low temperature, high level disinfection
- First product, **trophon<sup>®</sup> EPR** for disinfection of ultra sound probes
- **trophon EPR** approved for sale in major western markets (incl. US)
- Achieved significant market penetration in Australia (>30%)
- GE Healthcare exclusive distributor in North America
- Revenue increased from A\$2.2m to A\$12.3m in 1<sup>st</sup> year of North American launch (FY12)
- Accelerating sales in North America and expanding to other regions
- Strong Balance Sheet – cash A\$24.9m as at March 2013

# Investment Thesis

- Advancing global rollout of **trophon<sup>®</sup> 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<sup>®</sup> EPR** rapidly achieving market adoption: “**Standard of Care**”
  - ~A\$10m revenue in North America in first full year of sales (FY12)
  - Several leading sites have already adopted
- Pipeline of further product development opportunities – core patents until 2025

# 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
- Nano-nebulant is a strong oxidising agent
  - Lethal to bacteria, viruses and fungi
- Nano-nebulant evaporates
  - Surface of disinfected object left dry and ready to use
- Non-toxic by-products
  - Water and oxygen
- Patent to 2025

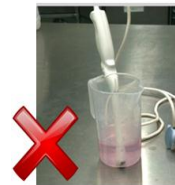




# High Level Disinfection Methods

*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*

- **Rapid**
  - Fully automated 7 minute disinfection cycle
- **Safe**
  - Self contained
  - Non-toxic chemistry
- **Gentle / non-damaging to probe**
- **Effective**
  - In-built checking systems
  - Disinfects entire probe
- **Convenient / Efficient**
  - Small size – point of care
  - Compatible with all makes of probes
  - Saves time, infrastructure and cost



# 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

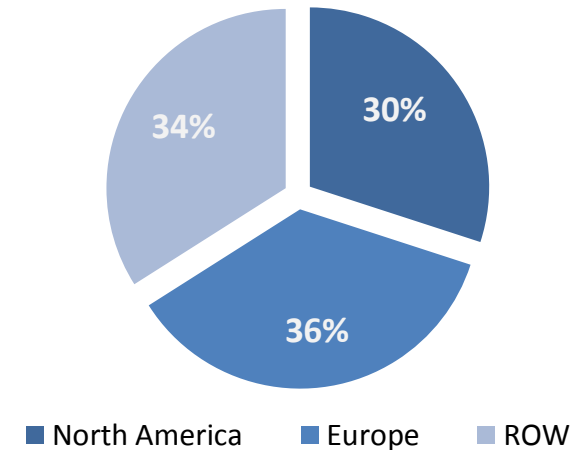




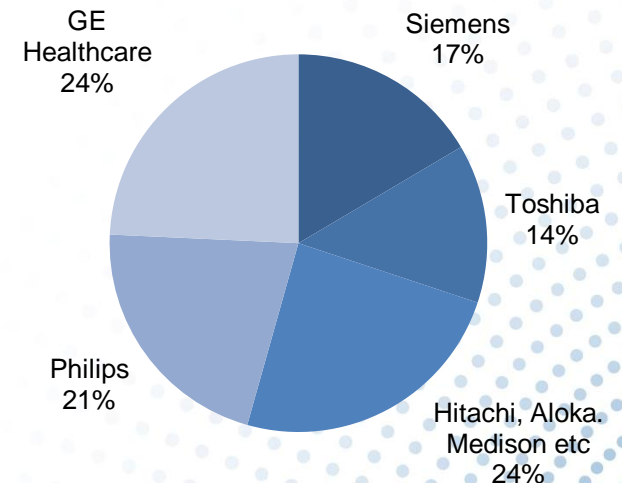
# Large and Accessible Market

- **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



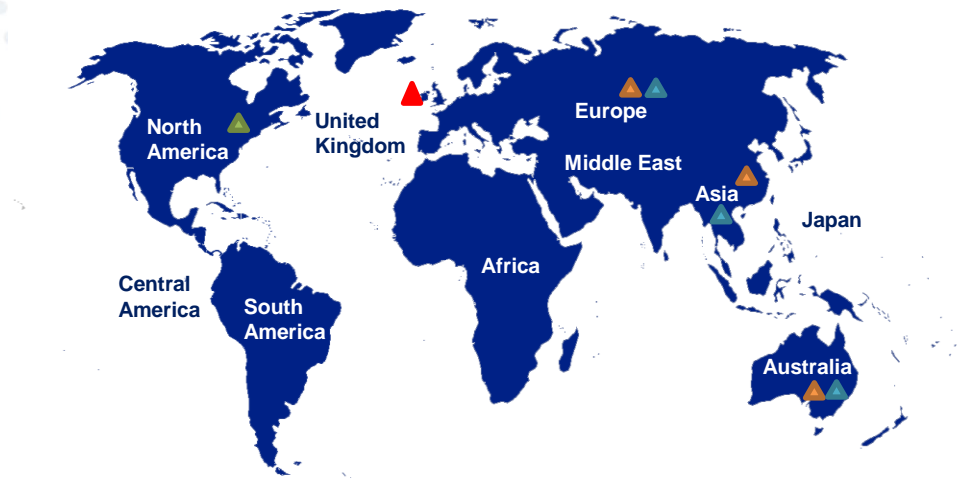
Ultrasound Manufacturer Market Share



# 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

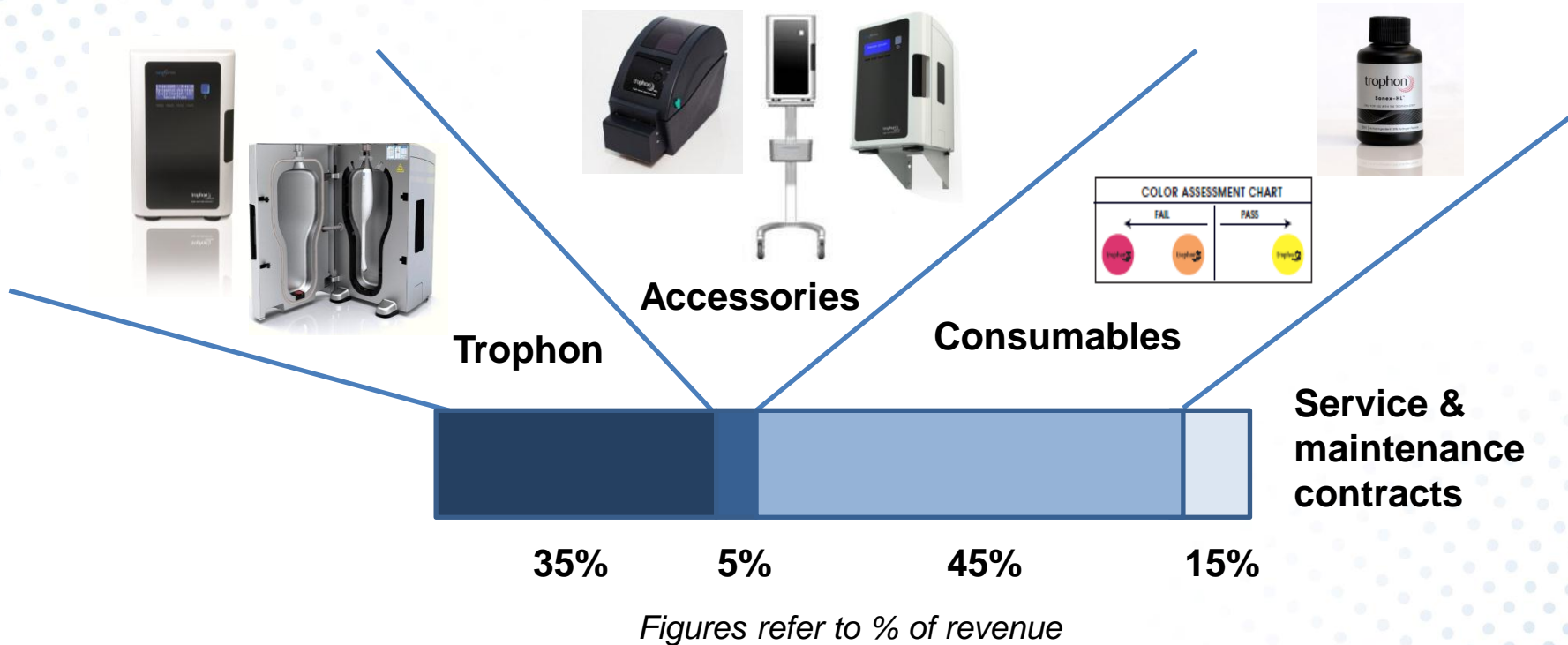
- GE Healthcare – exclusive distributor
- GE Healthcare – non exclusive distributor
- Toshiba
- Other distributors

## Multiple Channels to Market

- Exclusive North American distribution with GE Healthcare
  - ~30% ultrasound share in North America
- Toshiba signed (April 2013) as non-exclusive distribution partner in UK
- Multiple distributors: Europe, Australia, Asia and New Zealand
- Recent investment in direct sales and distribution sales support in North America and Europe to further accelerate market penetration

# 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
<b>Trophon</b>	10.0				<b>10.0</b>
<b>Consumables</b>					
Sonex	3.0	3.0	3.0	3.0	11.9
Chemical Indicator	0.3	0.3	0.3	0.3	1.4
	3.3	3.3	3.3	3.3	<b>13.3</b>
<b>Accessories</b>					
Cart (or Wall Mount)	1.4				1.4
Printer	0.8				0.8
Software	0.7				0.7
	2.8				<b>2.8</b>
<b>Service</b>	-	1.4	1.4	1.4	<b>4.1</b>
<b>Total Annual Revenue Potential</b>	16.1	4.7	4.7	4.7	<b>30.1</b>
<b>Average GM%</b>	77%	87%	87%	87%	<b>81%</b>



# Adoption in Key Markets

## Australia and New Zealand

- ✓ Established strong market penetration in own domestic market
- ✓ Good take up from major medical imaging providers such as I-Med

## North America

- ✓ GE launched trophon<sup>®</sup> EPR in July 2011
- ✓ Approximately A\$10m revenue in North America in 1st year launch (FY12)
- ✓ Many leading sites have already adopted

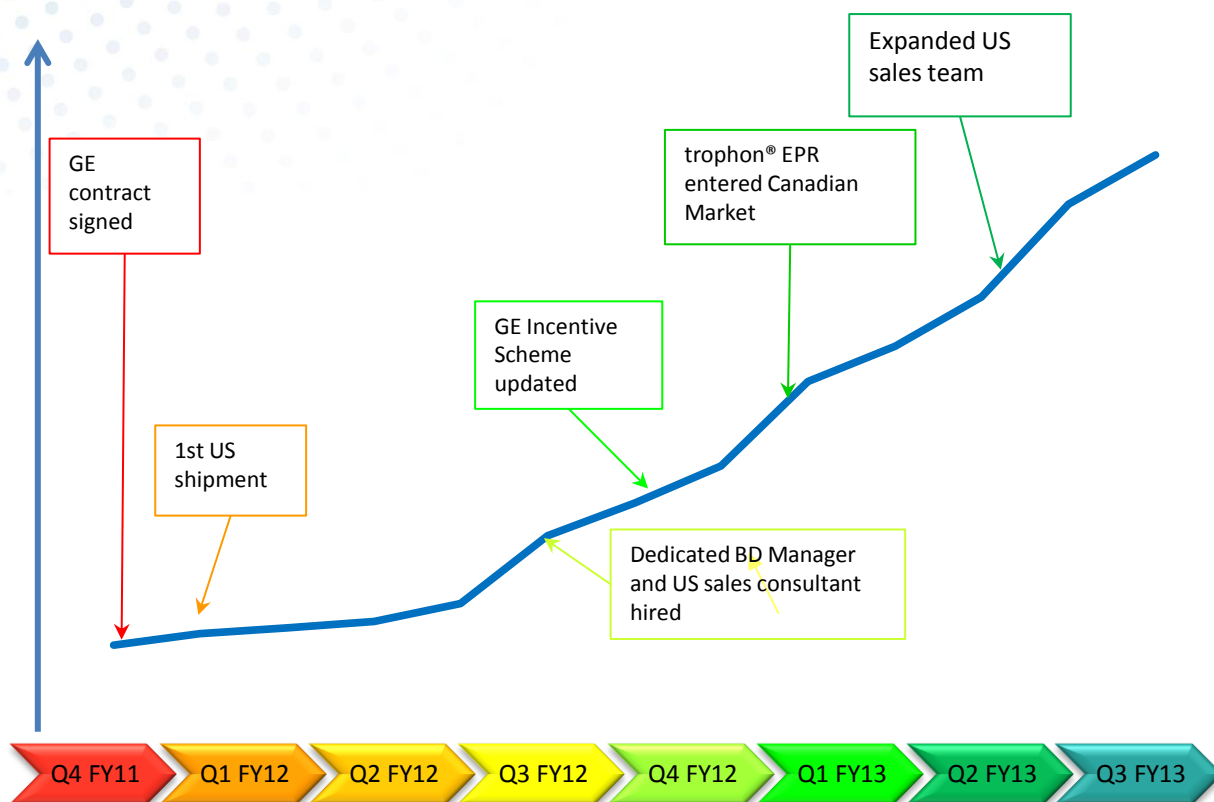
## Europe and Asia

- ✓ European adoption previously hampered by disparate distribution arrangements
- ✓ Targeting a more focused approach into select European and Asian markets

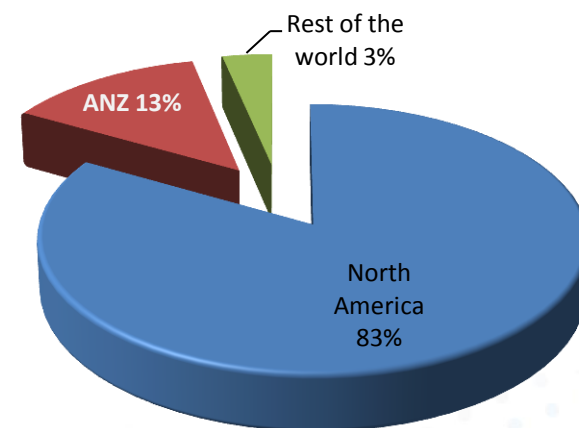
# North American Sales Leading the Way

## North American IB Growth Trajectory

Installed base



## Revenue by Market



# Several Major 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

## **Asia**

- Build on HK Hospital Authority Approval
- Preparing for Singapore launch

# FY13 Priorities / 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
- ✓ Build on early momentum in Hong Kong; launch in Singapore
- ✓ Actively pursue Key Opinion Leader engagement and capitalise on regulatory opportunities in Europe
- ✓ Obtain additional regulatory approvals, in particular in Asia
- ✓ Identify new product opportunities



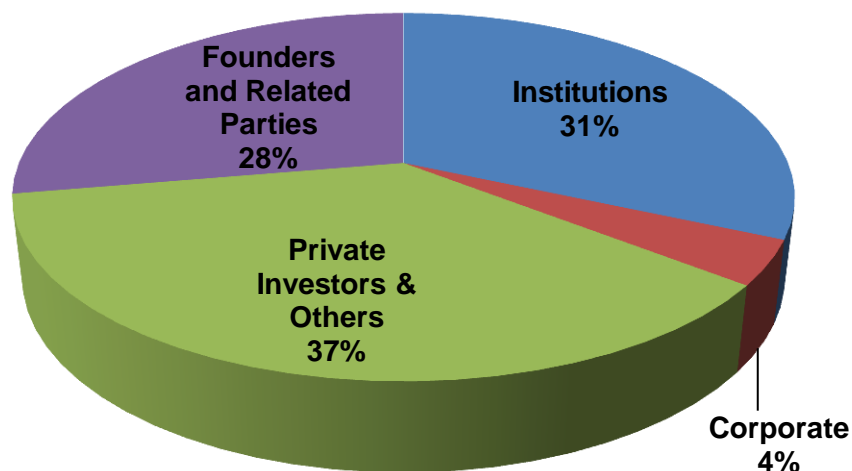
# APPENDICES

# Capital Structure and Register

**As of March 31, 2013 (all figures in AUD)**

Shares on issue	~261.6 million shares
Market capitalisation	~\$120 million
Cash balance	\$24.9 million
Average daily trading volume (12 months)	0.188 million shares

**Share register breakdown**



**Substantial shareholders**

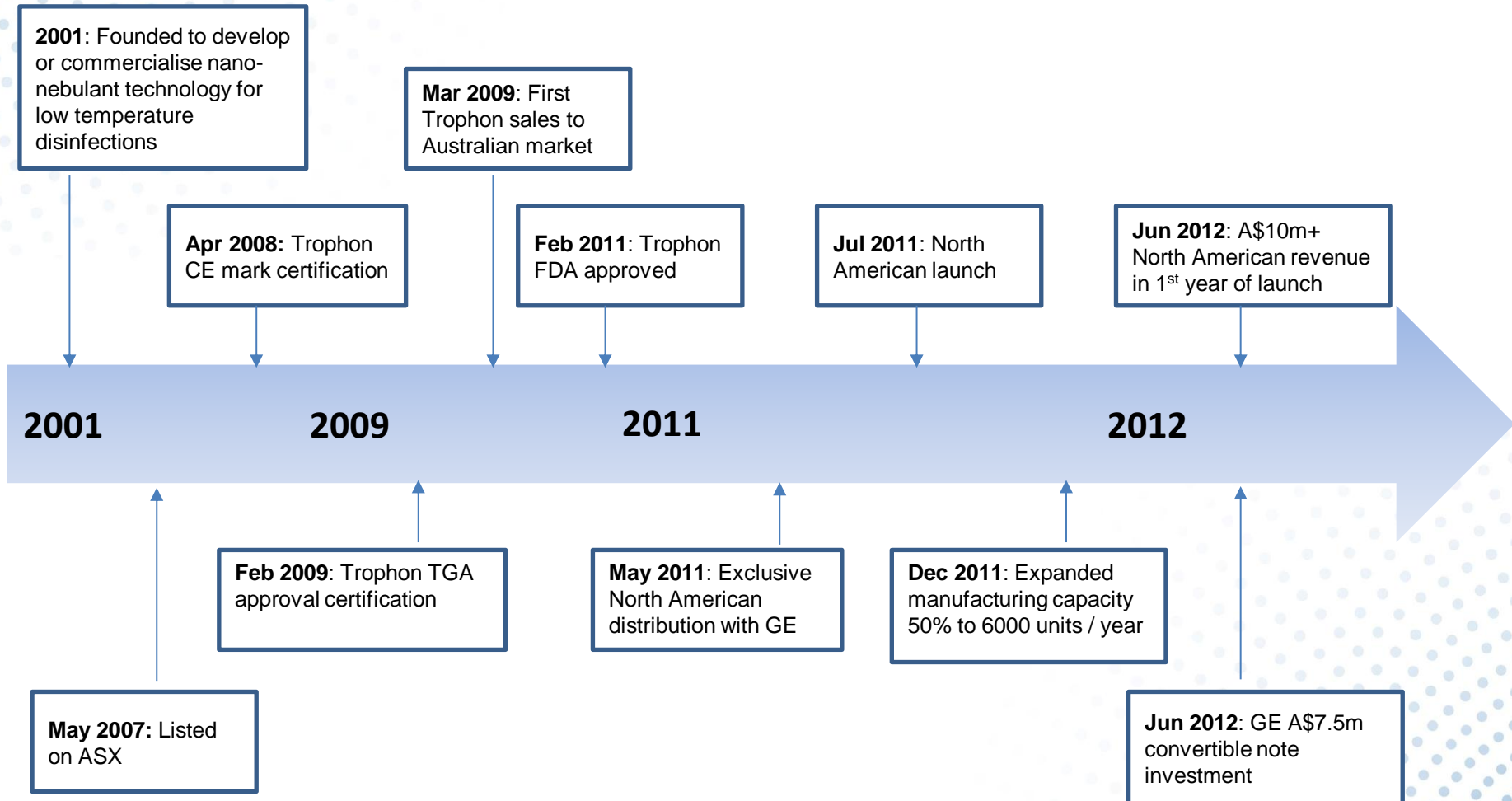
Substantial shareholders	%
Mr Bernard Stang	10.97%
Mr Maurie Stang	10.87%
Alan Gray Australia Pty Ltd	10.46%
Mr Steve Kritzler	7.52%
Kinetic Investment Partners Limited	7.26%
Fisher Funds Management Limited	6.65%



# Recent Financial Performance

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

# 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<sup>®</sup> 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 Bacsikai**  
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