

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

Media - Investor Conference

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2016 in a Nutshell



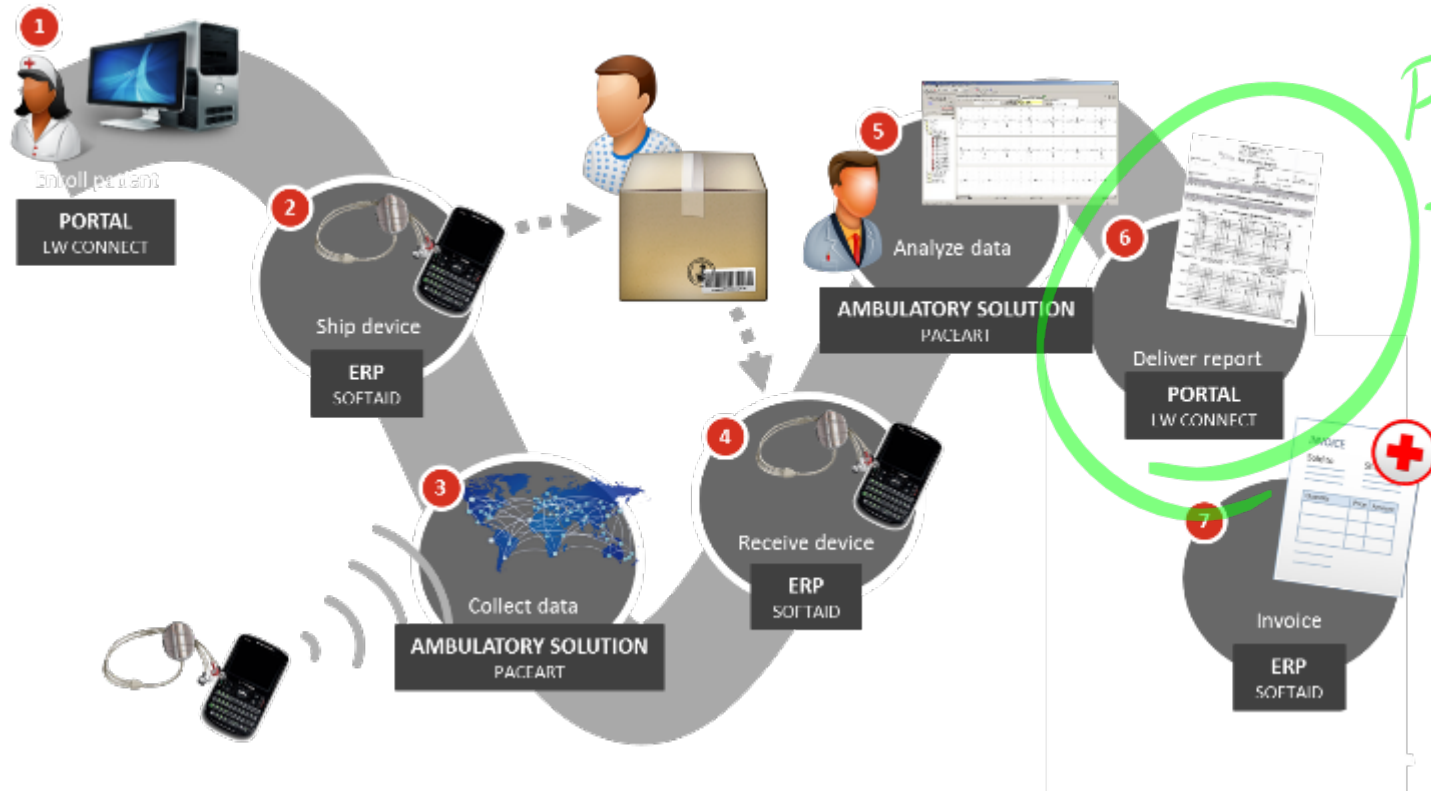
- 2016 revenues up 6.8% to USD 113.8 million on an adjusted basis
- EBITDA for the year of USD 2.1 million; EBITDA margin of 1.9%
- Adjusted EBITDA of USD 14.0 million; adjusted EBITDA margin of 12.3%
- Positive developments offset by large legal settlements and several one-off items
- Implementation of strategic projects (e.g. Turkey) well underway
- Operational improvements starting to materialize
- Foundation is laid for strong future growth

- Irregular heartbeat (too fast / too slow)
- > 100 = tachycardia; < 60 = bradycardia
- Affects millions of people (5% of US population)
- Symptoms: palpitations, dizziness, syncope
infrequent , frequent or continuous
absent (asymptomatic)
- Risks: embolization, stroke, heart failure, sudden cardiac death
- Diagnostic approach: ECG or long-term monitoring (for arrhythmias that happen briefly and unpredictably)
- Treatment: drugs, electricity (cardioversion), defibrillation, pacemaker, electric cautery (ablation), blood thinners (anticoagulation)
- Co-morbidities: stroke, sleep apnea, hypertension, diabetes etc.



Business Model

Prescription → Enrollment → Analysis → Report → Invoice



Mobile Cardiac Telemetry (MCT)

- Near real-time detection
- Wireless transmission of symptomatic & asymptomatic arrhythmia

MCT 3 Lead



1 month

MCT 1 Lead Patch



1 month

Cardiac Event Monitoring

- Non-looping, looping
- Auto-detect monitors

AliveCor Kardia (Coming Soon)



1min

MCT 3L Elite



1 month

Cardiac Holter Devices

- Traditional holter monitoring solution
- Holter +MCT 3L

Digitrak XT Holter



48h

Holter + MCT 3L



1 month



Data transmission via GSM



Manual data transmission



Maximum recording time



Auto-detect/Auto-send

Core Strengths




- Innovative and easy-to-use arrhythmia monitoring services
- >600 managed care contracts
- Electronic medical record (EMR) integration as a key competitive factor
- Three state-of-the-art 24/7/12 clinical monitoring centers in the US
- Strong sales presence including sales support in the US
- Capability to replicate US business model in other countries (Turkey launch in March / April 2017)


EMR Integration Expertise

EMR Integration solutions with physicians and hospitals for secure transfer of patient orders and reporting data.


- **Versatile** SFTP, one directional or bidirectional integration options
- **Convenient** workflow in a paperless process
- **Validate** rhythm interpretation with discreet data elements and waveform images

1 LifeWatch EMR inquiry and clarification 

- Patient information
- Insurance
- Service order

2 LifeWatch EMR preparation and activation 

- Insurance verification
- Patient shipment
- Test supervision
- Reporting
- Remote reading and interpretation

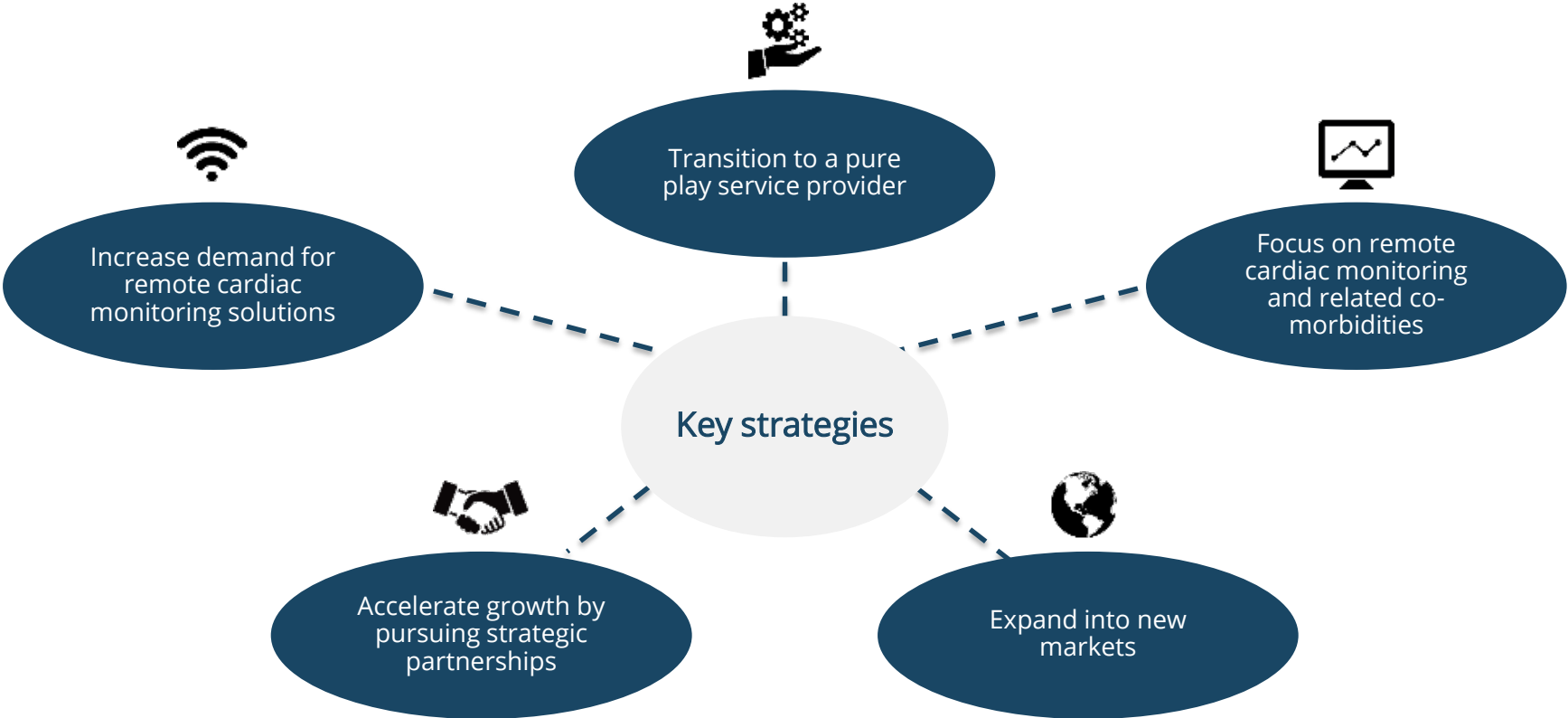
3 LifeWatch EMR records and results 

- Episode reports
- Urgent notifications
- End of service report w/physician interpretation
- eSignature

Key Accomplishments in 2016



- Sales & Marketing: new leadership, CRM, dynamic commission plan, marketing support
- Service improvements (e.g. algorithms, reporting systems, web portal, etc.)
- Successful launch of MCT 1 Lead Patch
- Turkey project running according to plan
- Letter of intent signed with GE Healthcare to explore new growth opportunities
- EMR integration solutions with physicians and hospitals (“customer stickiness”)
- Transition to a pure play service provider
- Successful capital increase
- Settlement of major legacy legal cases



- Smart algorithms and new IT solutions allowing for automation
- Replace the “phone”: integrate new capabilities in the sensor
- One single platform for all services
- Ease of use (e.g. small, wireless)
- Proper positioning of the MCT 1 Lead Patch versus MCT 3 Lead device
- Focus on co-morbidities: stroke, hypertension, sleep apnea
- Optimize procurement and outsourcing
- Develop new solutions for pattern recognition and predictive analytics

- 2016 revenues up 6.8% on an adjusted basis to USD 113.8 million; although growth was below originally forecast it is still above estimated market growth of 4%
- 2016 gross margin of 49.8% is below last years' adjusted number of 52.1%; however if adjusted for the write-off of the VSP then the adjusted gross margin is 53%
- EBIT for the year of USD -7.7 million, equivalent to an EBIT margin of -6.7%; adjusted EBIT amounted to USD 4.2 million, equivalent to an EBIT margin of 3.7%;
- EBITDA for the year of USD 2.1 million, equivalent to an EBITDA margin of 1.9%; adjusted EBITDA of USD 14 million giving a margin of 12.3%;
- Net Income of USD -13.4 million as a result of Turkey JV start-up costs and higher tax charge; adjusted Net Income of USD -1.5 million

Profit & Loss Statement



USD millions	First Half 2016	Second Half 2016	Total 2016	2015	+/- in %
Total revenues	57.015	56.817	113.832	88.628	28.4%
Total cost of revenues	-29.006	-28.086	-57.092	-51.037	
Gross profit	28.009	28.731	56.740	37.591	50.9%
GP margin	49.1%	50.6%	49.8%	42.4%	
Research & development expenses	-2.706	-2.952	-5.658	-4.140	36.7%
<i>in % sales</i>	<i>4.7%</i>	<i>5.2%</i>	<i>5.0%</i>	<i>4.7%</i>	
Selling & marketing expenses	-11.119	-9.979	-21.098	-18.796	12.2%
<i>in % sales</i>	<i>19.5%</i>	<i>17.6%</i>	<i>18.5%</i>	<i>21.2%</i>	
General & administrative expenses	-18.055	-13.886	-31.941	-26.316	21.4%
<i>in % sales</i>	<i>31.7%</i>	<i>24.4%</i>	<i>28.1%</i>	<i>29.7%</i>	
Legal expenses and other expenses, net	-3.754	-1.961	-5.715	--	
EBIT	-7.625	-0.047	-7.672	-11.661	n.m.
<i>EBIT margin</i>	<i>-13.4%</i>	<i>-0.1%</i>	<i>-6.7%</i>	<i>-13.2%</i>	
Financial and other income (expenses), net	-0.722	-0.672	-1.394	-3.956	-64.8%
Tax benefit (expenses)	-0.503	-2.221	-2.724	4.459	n.m.
Share in Losses of Affiliate	-0.946	-0.666	-1.612	-0.790	104.1%
Result for the period	-9.796	-3.606	-13.402	-11.948	n.m.
EBITDA	-2.957	5.102	2.145	-3.620	n.m.
<i>EBITDA margin</i>	<i>-5.2%</i>	<i>9.0%</i>	<i>1.9%</i>	<i>-4.1%</i>	

Normalizations



USD millions	First Half 2016	Second Half 2016	Total 2016	Total 2015
EBIT reported	-7.625	-0.047	-7.672	-11.661
One-off items	9.577	2.319	11.896	19.199
Adjusted EBIT	1.952	2.272	4.224	7.538
Adjusted EBIT margin	3.4%	4.0%	3.7%	7.1%
Adjusted EBITDA	6.620	7.421	14.041	15.579
Adjusted EBITDA margin	11.6%	13.1%	12.3%	14.6%

Balance Sheet



USD millions	Dec. 31. 2016	Dec. 31. 2015	+/- in USD million
Balance sheet total	91.957	79.320	12.637
Cash and cash equivalents	21.376	7.400	13.976
Net working capital (NWC)	3.392	(27.786)	31.178
<i>NWC in % of revenues</i>	<i>3.0%</i>	<i>(31.4%)</i>	
Property, plant & equipment, net	18.361	16.348	2.013
Goodwill	14.976	15.859	(0.883)
Provisions	12.975	22.284	(9.309)
Interest-bearing debt	3.904	8.124	(4.220)
Net debt (cash)	(17.472)	0.724	(18.196)
Equity	56.930	25.765	31.165
Equity Ratio	61.9%	32.5%	

Cash Flow



USD millions	Dec. 31. 2016	Dec. 31. 2015	+/- in USD million
Net cash from operating activities	-9.639	9.966	-19.605
Net cash from investing activities	-13.327	-11.988	-1.339
Net cash from financial activities	36.942	2.335	34.607
Translation differences	--	--	
Increase (decrease) in cash and cash equivalents	13.976	0.313	13.663
Balance of cash and cash equivalents at beginning of period	7.400	7.087	0.313
Balance of cash and cash equivalents at end of period	21.376	7.400	13.976

- Following a challenging year 2016, LifeWatch is able to leave behind the past and can now focus on substantially growing the business
- LifeWatch is well positioned to achieve double digit revenue growth and positive operating results in 2017
- Going forward the growth rate is expected to further increase while steadily improving profitability

Thank you for your interest!



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