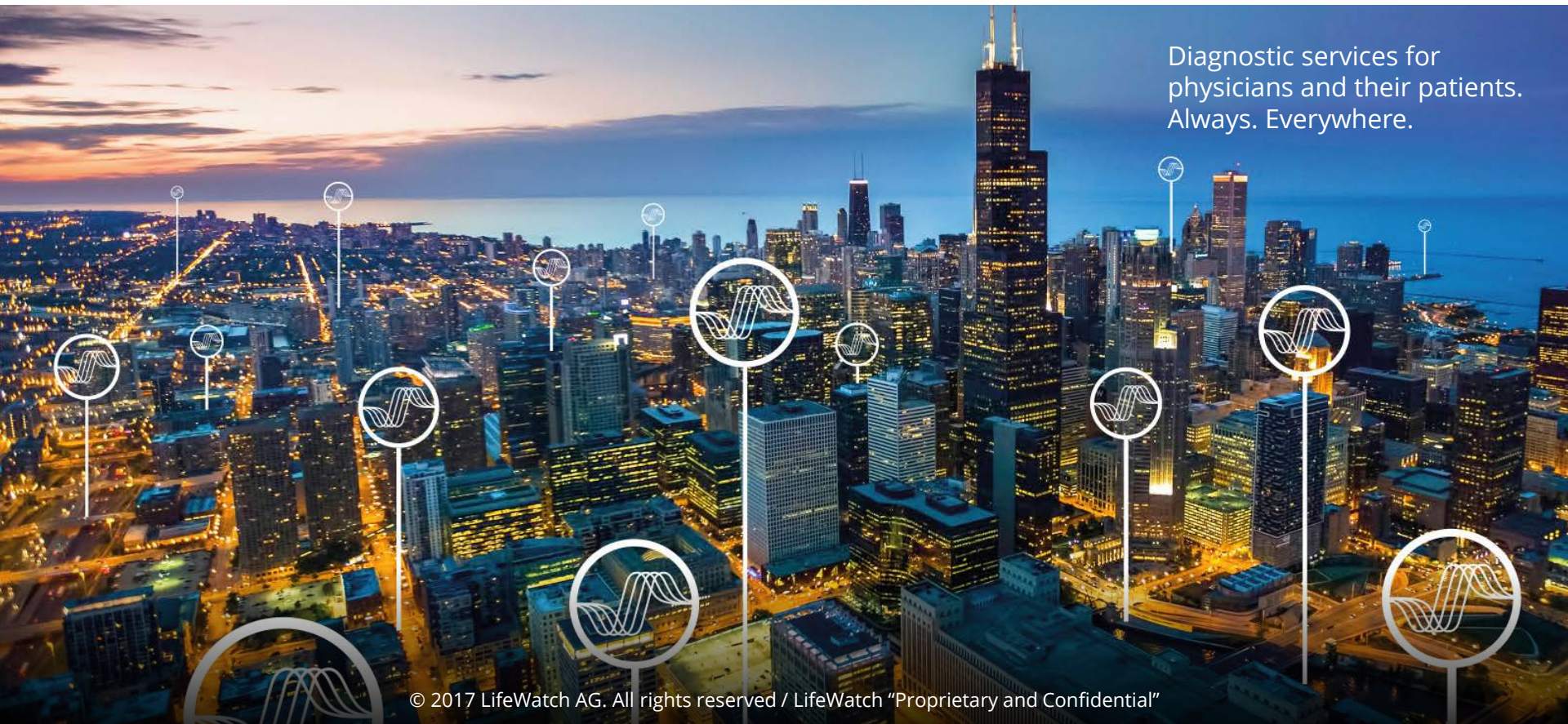


Diagnostic services for  
physicians and their patients.  
Always. Everywhere.



## Formalities

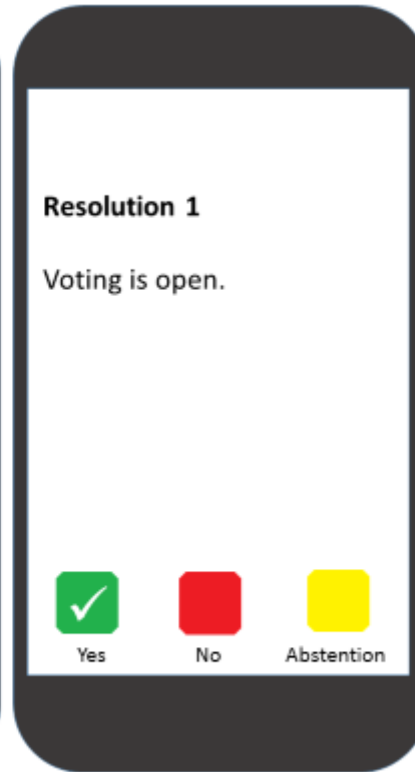


- André Lebrecht Secretary for the minutes
- Mara Bauer Ballot count
- Ralph Spillmann Ballot count
- Yves Endrass Independent Proxy, Attorney at law
- Michael Abresch Statutory Auditor, PricewaterhouseCoopers AG
- Carrie Rohner Statutory Auditor, PricewaterhouseCoopers AG
- Marc Schnellmann Notary, Zurich-Aussersihl

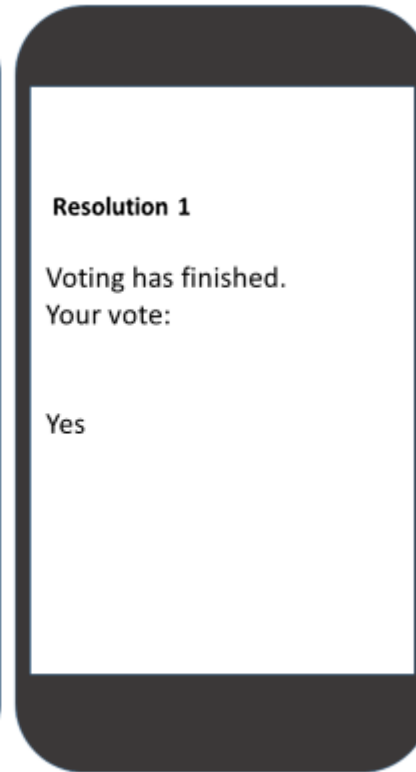
# Televoter – simple vote



Vote session opened



Voted



Vote session closed

# Televoter – multiple vote



Multivote Seite 1/2

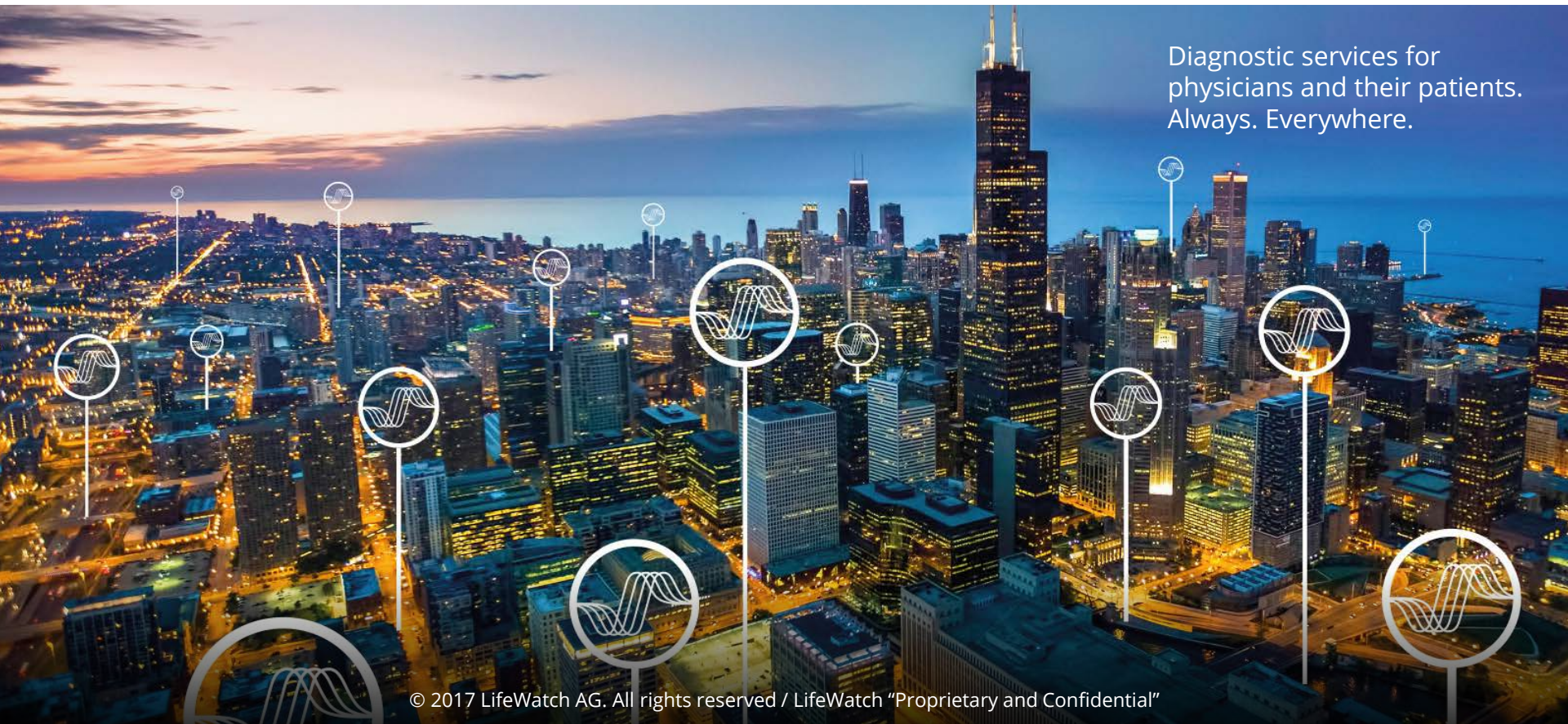
Multivote Seite 2/2



Welcome



Diagnostic services for  
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# Agenda

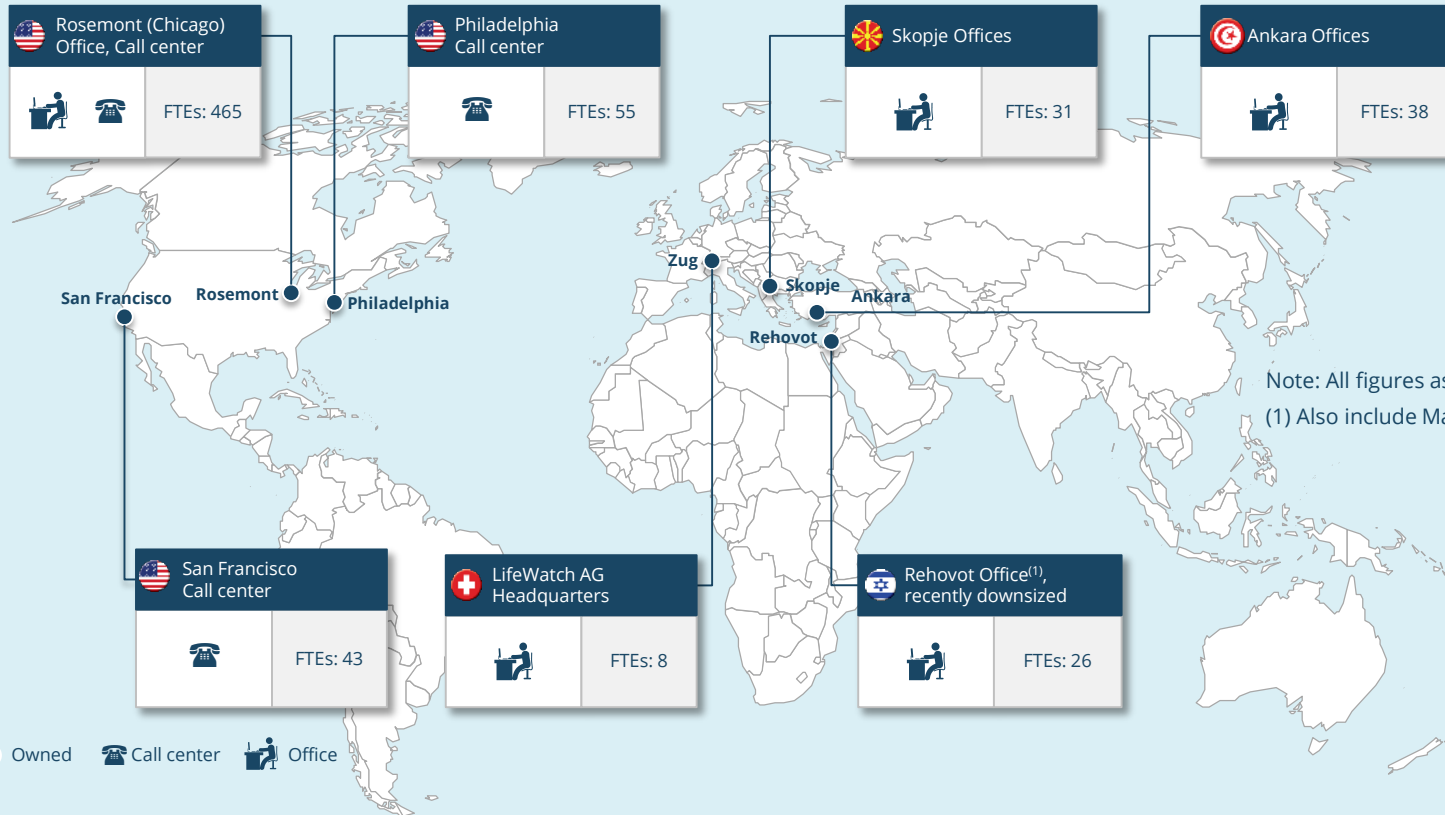
- Business Review and Outlook
- Motions of the Board of Directors (1-12)

## 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

# Locations & Footprint

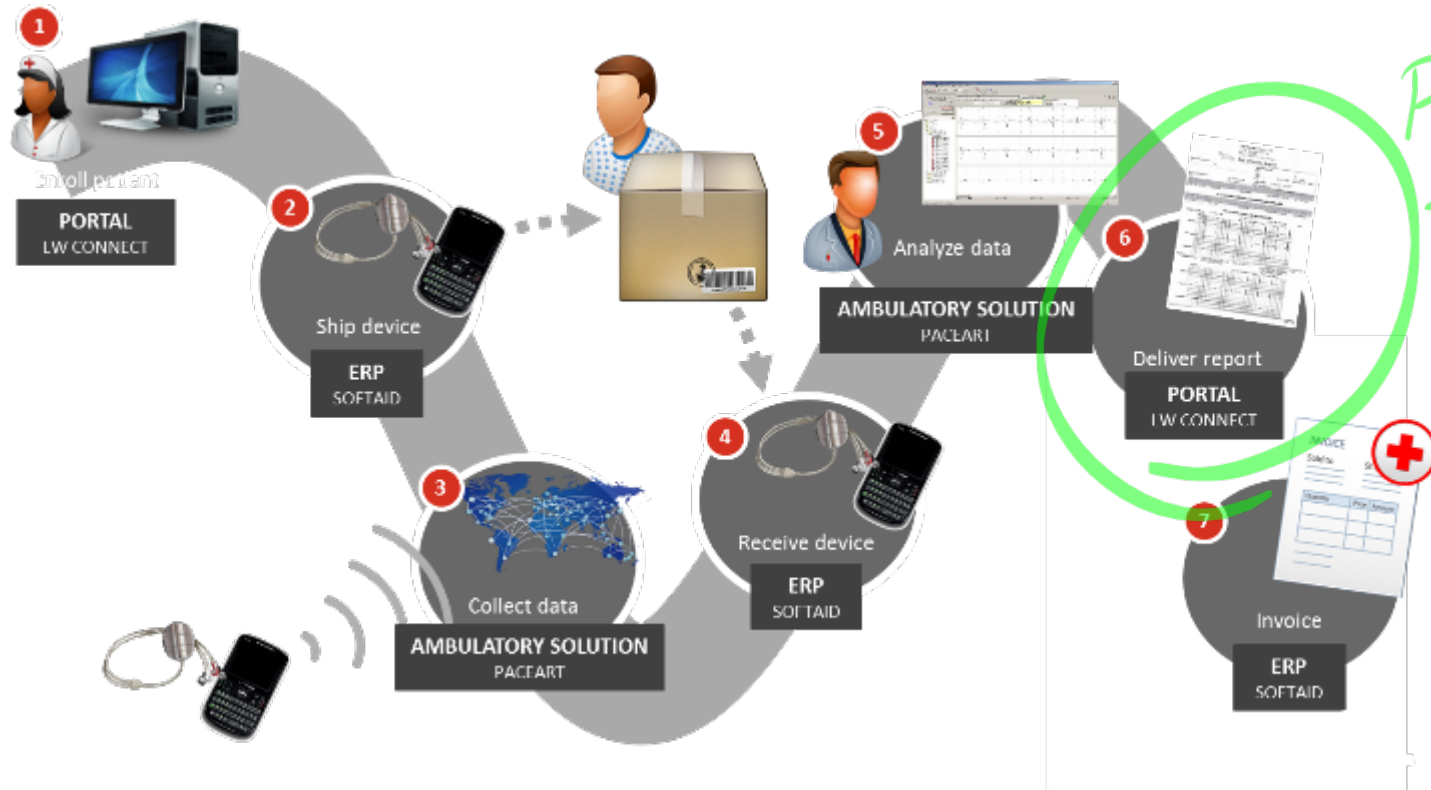


Note: All figures as of 15-February 2017  
(1) Also include Manufacturing / R&D



# Business Model

Prescription → Enrollment → Analysis → Report → Invoice



## 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 now launched)

## 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
- 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

## Future Developments



- 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 Financial Summary



- 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 %
<b>Total revenues</b>	<b>57.015</b>	<b>56.817</b>	<b>113.832</b>	<b>88.628</b>	<b>28.4%</b>
Total cost of revenues	-29.006	-28.086	-57.092	-51.037	
<b>Gross profit</b>	<b>28.009</b>	<b>28.731</b>	<b>56.740</b>	<b>37.591</b>	<b>50.9%</b>
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>	4.7%	5.2%	5.0%	4.7%	
Selling & marketing expenses	-11.119	-9.979	-21.098	-18.796	12.2%
<i>in % sales</i>	19.5%	17.6%	18.5%	21.2%	
General & administrative expenses	-18.055	-13.886	-31.941	-26.316	21.4%
<i>in % sales</i>	31.7%	24.4%	28.1%	29.7%	
Legal expenses and other expenses, net	-3.754	-1.961	-5.715	--	
<b>EBIT</b>	<b>-7.625</b>	<b>-0.047</b>	<b>-7.672</b>	<b>-11.661</b>	<b>n.m.</b>
<i>EBIT margin</i>	-13.4%	-0.1%	-6.7%	-13.2%	
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%
<b>Result for the period</b>	<b>-9.796</b>	<b>-3.606</b>	<b>-13.402</b>	<b>-11.948</b>	<b>n.m.</b>
<b>EBITDA</b>	<b>-2.957</b>	<b>5.102</b>	<b>2.145</b>	<b>-3.620</b>	<b>n.m.</b>
<i>EBITDA margin</i>	-5.2%	9.0%	1.9%	-4.1%	

# Balance Sheet



USD millions	Dec. 31. 2016	Dec. 31. 2015	+/- in USD million
<b>Balance sheet total</b>	<b>91.957</b>	<b>79.320</b>	<b>12.637</b>
Cash and cash equivalents	21.376	7.400	13.976
<b>Net working capital (NWC)</b>	<b>3.392</b>	<b>(27.786)</b>	<b>31.178</b>
<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)
<b>Equity</b>	<b>56.930</b>	<b>25.765</b>	<b>31.165</b>
Equity Ratio	61.9%	32.5%	

- 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

# Agenda and Motions of the Board of Directors

## Agenda item 1



### **Annual Report, Statutory Annual Financial Statements and Auditors' Report for 2016**

The Board of Directors proposes to approve the Annual Report, the Statutory Annual Financial Statements and the Auditors' Report for the business year 2016.



### **Approval of the Consolidated Financial Statements and Auditor's Report for 2016**

The Board of Directors proposes to approve the Consolidated Financial Statements and the Auditor's Report for the business year 2016.

### Decision on the allocation of the balance sheet result

The Board of Directors proposes the following use of the balance sheet result:

	CHF
Balance carried forward from 2015	(4,605,560.00)
Loss of the year 2016	(8,135,626.00)
Balance available for the General Meeting of Shareholders	0
Dividend to be distributed	0
<b>Balance to be carried forward</b>	<b>(12,741,186.00)</b>

### Discharge of the Board of Directors and Executive Management Team

- Dr. Robert Bider, Raymond W. Cohen, Antoine Kohler and Jinsheng Dong were newly-elected to the Board of Directors in 2016.
- Andrew Moore and Dr. Christoph Heinzen were appointed members of the Executive Management Team in their roles as Chief Financial Officer and Chief Operations and Technology Officer, respectively, in 2016.
- Stefan Vogt, the former Chief Commercial Officer, left the company in 2016, and Michael Turchi, the former Chief Financial Officer, assumed a different role within the organization in 2016.

## Agenda item 4



The Board of Directors proposes that discharge be granted to all members of the Board of Directors for their activities in the financial year 2016.

### Board of Directors

4.1 Dr. Robert Bider

4.2 Mr. Antoine Kohler

4.3 Mr. Raymond W. Cohen

4.4 Mr. Jinsheng Dong

4.5 Mr. Antoine Hubert

4.6 Mr. Thomas Rühle

4.7 Mr. Patrick Schildknecht

## Agenda item 4



The Board of Directors proposes that discharge be granted to all members of the Executive Management for their activities in the financial year 2016.

### Executive Management

4.8 Dr. Stephan Rietiker

4.9 Dr. Christoph Heinzen

4.10 Ms. Stephanie Kravetz

4.11 Mr. Andrew Moore

4.12 Mr. Michael Turchi\*

4.13 Mr. Stefan Vogt\*\*

\*in a different role today \*\*left the company



### **Election of the members of the Board of Directors**

Mr. Antoine Hubert and Mr. Antoine Kohler indicated in March 2017 that they would not be seeking re-election at this meeting. In April 2017, also Mr. Jinsheng Dong has indicated that he would not be seeking re-election at this meeting. All other members of the current Board of Directors have confirmed their willingness to be re-elected for a further term of office.

### **Election of the members of the Board of Directors**

5.1 The Board of Directors proposes to re-elect Dr. Robert Bider to the Board of Directors for a term of one year until the end of the next Ordinary General Meeting in 2018.

### **Election of the members of the Board of Directors**

5.2 The Board of Directors proposes to re-elect Mr. Raymond W. Cohen to the Board of Directors for a term of one year until the end of the next Ordinary General Meeting in 2018.

### **Election of the members of the Board of Directors**

5.4 The Board of Directors proposes to re-elect Mr. Thomas Rühle to the Board of Directors for a term of one year until the end of the next Ordinary General Meeting in 2018.

### **Election of the members of the Board of Directors**

5.5 The Board of Directors proposes to re-elect Mr. Patrick Schildknecht to the Board of Directors for a term of one year until the end of the next Ordinary General Meeting in 2018.

### **Election of the members of the Board of Directors**

5.6 The Board of Directors supports the motion of Mr. Markus Breitenmoser to the Board of Directors for a term of one year until the end of the next Ordinary General Meeting in 2018.

### **Election of the members of the Board of Directors**

5.7 The Board of Directors supports the motion of Ms. Xu Shenglu to the Board of Directors for a term of one year until the end of the next Ordinary General Meeting in 2018.

### **Election of the Chairman of the Board of Directors**

The Board of Directors proposes to re-elect Dr. Robert Bider as Chairman of the Board of Directors for a term of one year until the end of the next Ordinary General Meeting in 2018.



## Agenda item 7



### **Election of the Members of the Compensation Committee**

The Board of Directors proposes to re-elect Mr. Thomas Rühle and Mr. Raymond W. Cohen as members of the Compensation Committee for a term of one year until the end of the next Ordinary General Meeting in 2018.

7.1 Re-election of Mr. Thomas Rühle

7.3 Re-election of Mr. Raymond W. Cohen

### Amendments to the Articles of Incorporation

#### Comments:

Part of the compensation the Company pays to the members of its Board of Directors and Executive Management Team and other groups of employees may take the form of share-based instruments (shares, prospective entitlements and options to purchase shares in the Company). The shares may be issued from conditional capital to the extent defined in the Articles of Incorporation (Article 3bis). If conditional capital is not available then the company needs to purchase shares in the market, which reduces the cash resources of the company. The previous pool of conditional capital for the exercise of employee options was reduced to a very small number by the exercise of previously-issued options, and the remainder was eliminated at the Ordinary General Meeting held in 2016. As the Board of Directors wish to retain the possibility of using a compensation model that involves the use of equity, it proposes that the Shareholders authorize conditional capital for this purpose. A maximum of 920,000 shares is proposed with a maximum total nominal value of CHF 1,196,000.00, which is equivalent to just under 5.0% of the Company's current outstanding share capital.

### **8.1 Motion of the Board of Directors:**

#### **Introduction of Article 3bis (Conditional Capital) of the Articles of Incorporation as follows:**

The share capital may be increased by a maximum of CHF 1,196,000.00 through the issuance of a maximum of 920,000 fully paid-up registered shares with a par value of CHF 1.30 each, through exercising conversion rights, options or other rights related to equity securities (hereinafter referred to jointly as “option rights”) which are or were granted to employees, members of the Board of Directors, management, advisors and the Board of Advisors of the Company or its Group Companies, subject to Article 26b of the Articles of Incorporation.

The subscription right of shareholders is excluded.

Herewith issued shares are subject to the transfer restriction specified in Art. 7 para. 3 of the Articles of Incorporation.

### **Approval of the total compensation to be paid to the Board of Directors for 2018**

#### Comments:

Following the rejection by the Shareholders Meeting of the compensation for the Board of Directors in 2015, the Board of Directors carried out a review and decided to simplify the compensation approach, removing any possibility of variability by paying cash compensation in the future. The Board therefore fixed the compensation of a Board Member for 2016 and beyond at CHF 65,000 for each term of office (from AGM to AGM) with an additional amount of CHF 65,000 for the Chairman of the Board. Furthermore, a compensation amount of CHF 16,000 was fixed for each Board Committee membership (with the exception of the Executive Committee which is not remunerated).

### Approval of the total compensation to be paid to the Board of Directors for 2018

Comments (cont.):

**Compensation for 2017 and 2018:** The Ordinary General Meeting 2015 approved total maximum compensation for the 2017 financial year of CHF 700,000 for seven members of the Board of Directors. On the same basis and assuming compensation remains payable in cash, the total maximum compensation for the 2018 financial year is also proposed to be CHF 700,000.

Actual compensation paid for 2017 will be disclosed in detail in the 2017 Compensation Report.

## Agenda item 9



### **Motion of the Board of Directors:**

The Board of Directors proposes to approve the total compensation for the Board of Directors for the financial year 2018 in the maximum amount of CHF 700,000.

### **Approval of the fixed and variable compensation to be paid to the Executive Management Team**

#### Comments:

Compensation paid to the members of the Executive Management Team consists of a fixed component and a variable performance-related component.

The 2015 Ordinary General Meeting approved a maximum amount of CHF 2,100,000 as fixed Executive Management Team compensation for the financial year 2016, and the 2016 Ordinary General Meeting approved a maximum amount of CHF 2,100,000 for the financial year 2017. The Executive Management Team numbered between three and four individuals during 2016 and it is the intention that it increases to five persons during 2017.

A maximum amount of CHF 2,100,000 is proposed as fixed Executive Management Team compensation for the financial year 2018 for prospective approval at this Ordinary General Meeting. In addition to the base salaries, this maximum amount also includes other expenses (including social security and pension fund contributions) and unforeseen expenses.

### **Approval of the fixed and variable compensation to be paid to the Executive Management Team**

#### Comments (cont.):

The variable performance-related compensation for the members of the Executive Management Team proposed retrospectively for 2016 is CHF 0, as company performance targets were not met. Going forward, the Board of Directors wishes to use a combination of cash bonus and long-term incentive (LTI) awards consisting of options for variable compensation. The proposed Shareholders resolution to authorize conditional capital is intended to support the allocation and exercise of options under this plan. The variable compensation for the financial year 2017 will be determined retrospectively and submitted to the General Meeting for approval in 2018.

Actual compensation paid for 2017 will be disclosed in the 2017 Compensation Report.



### **10.1 Approval of the fixed compensation for the Executive Management Team for the financial year 2018 in the maximum amount of CHF 2,100,000**

The Board of Directors proposes to approve the fixed compensation to be paid to the Executive Management Team of max. CHF 2,100,000.00 for the financial year 2018.

### **10.2 Approval of the variable compensation for the Executive Management Team for the financial year 2016 in the maximum amount of CHF 0.**

The Board of Directors proposes to approve the variable compensation to be paid to the Executive Management Team of max. CHF 0 for the financial year 2016.

## Agenda item 10



### **10.1.1 Approval of the fixed compensation for the Executive Management Team for the financial year 2018 in the maximum amount of CHF 1,900,000**

The Board of Directors proposes to approve the fixed compensation to be paid to the Executive Management Team of max. CHF 1,900,000.00 for the financial year 2018.

## Agenda item 11



### Election of the independent proxy

The Board of Directors proposes to elect the office Stiffler & Partner, Zurich represented by Mr. Yves Endrass lic. iur., attorney at this office as the Company's independent proxy for the financial year 2017 until the end of the Ordinary General Meeting in 2018.

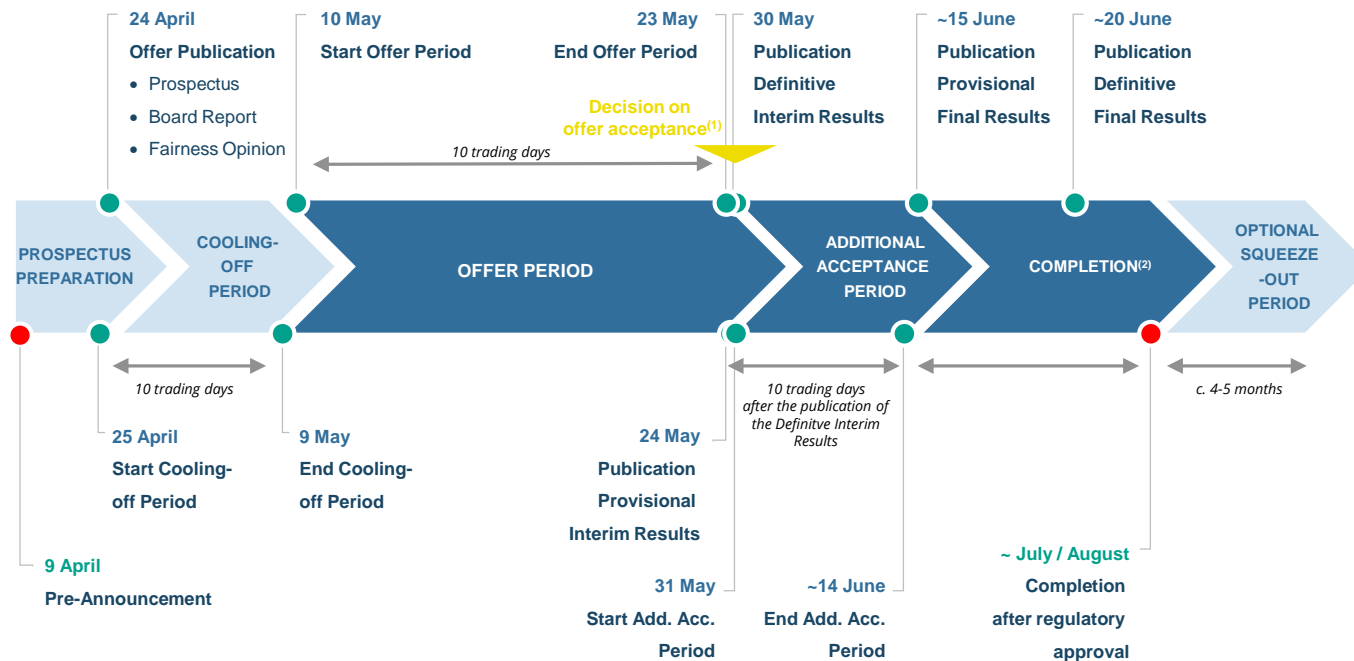
## Agenda item 12



### **Election of the statutory auditors**

The Board of Directors proposes to re-elect PricewaterhouseCoopers AG, Zurich, as statutory auditors for the financial year 2017.

# Illustrative Timeline after Pre-Announcement



Note: Preliminary timetable based on the following assumptions: minimum offer period of 10 trading days; no interlopers and no delays

(1) In case acceptance level or other offer conditions not reached (2) Completion latest 10 trading days by takeover rights; however, can be extended by ToB if offer attached to conditions

**Thank you for your interest!**



We look forward to seeing you again at our next Annual General Meeting on April 10, 2018.