



Essential for
hypertension
management.

Investor Update

October 2016

Duncan Ross, CEO

Peter Manley, CFO

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AtCor Medical

An Advanced Hypertension Company

- Developer and marketer of SphygmoCor[®], a system for advanced hypertension management
- Hypertension (high blood pressure) is known as the silent killer and is a leading cause of mortality and morbidity globally
- SphygmoCor is the global market leader in non-invasive measurement of central arterial pressure waveform analysis and arterial stiffness assessment, key measures of hypertension
- Cleared for sale in all major markets; no restrictions on use
(USA, EU, Japan, China, Australia, etc)
- Headquartered in Australia, listed on ASX (ACG)

Market Leadership

AtCor's SphygmoCor

Technology is the market leader

- Relatively low cost, information rich tool
- Recognised as the global gold standard in this field
- **Only device cleared for sale in US to fully meet all CPT code requirements**



Solid foundation

- Over 1,000 peer-reviewed publications utilising SphygmoCor
- More than 4,000 systems in use globally to date
- **Relationships in leading institutions across the USA (including all best hospitals Honor Roll)**

Game-Changing Technology – Delivered on 3 Distinct Platforms

Gold Standard Technology & Strong Innovation



SphygmoCor EM series

Primary focus is research and clinical specialist market. Provides central pressures, pulse wave velocity & heart rate variability.

Cleared for sale in all major markets, including USA (FDA), Europe (CE Mark), Australia (TGA), Canada, Japan, China, Brazil

SphygmoCor XCEL series

Main markets are clinical practice and pharmaceutical trials. Provides brachial blood pressure, central pressures and pulse wave velocity.

Cleared for sale in most major markets: USA (FDA), Europe (CE Mark), Australia(TGA), Canada, China

Oscar 2 with SphygmoCor Inside

24 hour ambulatory blood pressure monitor w/central pressures. Largest market is pharmaceutical trials followed by clinical practice and research.

Cleared for sale in USA (FDA), Europe (CE Mark) and Australia (TGA).

SphygmoCor non-invasively measures central aortic pulse waveforms to determine central aortic pulse pressure, augmentation index, reflected wave magnitude (a key measure of arterial stiffness) and pulse wave velocity

Hypertension – A Large & Growing Global Problem

Opportunity for AtCor

Hypertension is a leading contributor to everyday causes of death & disability; high blood pressure is both significantly under recognised and often sub-optimally managed

- 70m American adults have hypertension
- Additionally, an estimated 1 in 3 Americans are pre-hypertensive
- Dramatic increases in incidences in developing nations such as China and India

Drivers of growth:

- Ageing population
- New awareness of impact of hypertension
- Recent more aggressive treatment guidelines

AtCor Value Proposition

An Advanced Hypertension Solution

SphygmoCor test is changing hypertension management by facilitating personalised care

- New information not previously available, delivered by non-invasive, patient-friendly technology
 - Central aortic blood pressure is the pressure that the heart, kidneys and brain are subjected to
 - Central pressures and related indices cannot be predicted by current methods
 - Get patient to goal with individualised diagnostic information, often with less or different medication-improved quality of life

US CPT1 code positions AtCor for strong US market growth

Favourable market drivers:

- **First time in ACG history the company has a large, growing defined market to target**
- 54,000 unit clinical practice market potential for AtCor
- Favourable metrics for doctor's practice
- US private payers and government strongly focused on incentivising (and penalising) doctors to get hypertension under control



US Reimbursement Development

CPT Code is Essential to Market Access and Business Success

Code active from 1 January 2016

Code establishment begins the process of pursuing coverage by public and private payers.

Current US payer status:

27m Medicare lives in 7 of 12 US regions

36m Medicaid lives in 24 states

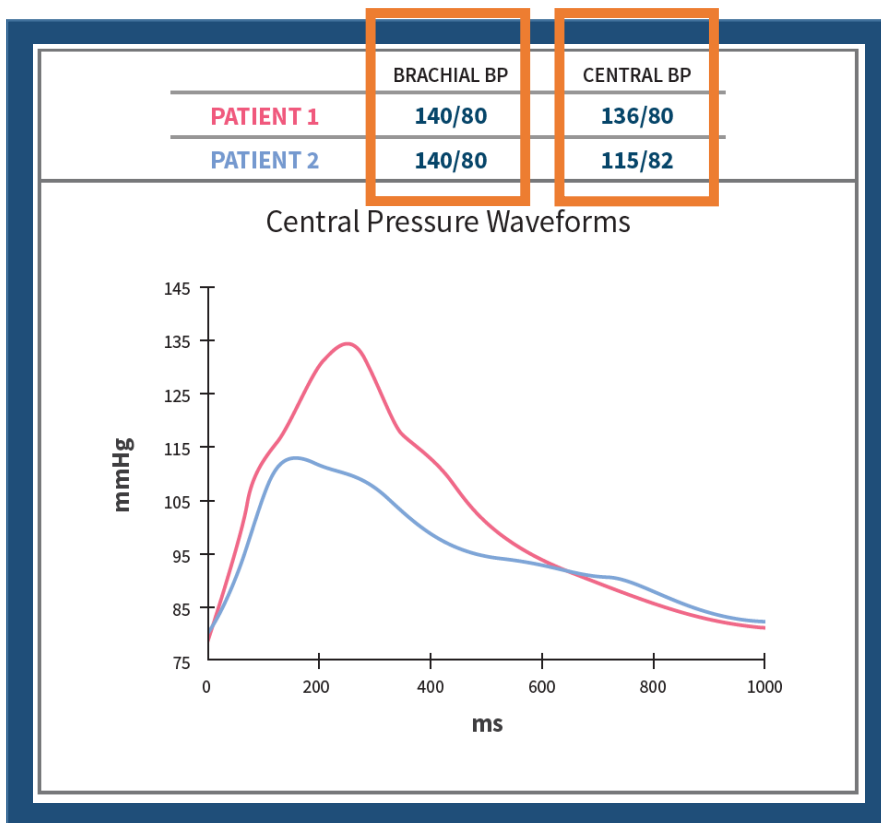
60m lives in private plans

123m (42%) of an estimated 296 million US insured lives*

* <http://kff.org/uninsured/fact-sheet/key-facts-about-the-uninsured-population/>, <http://www.census.gov/popclock/>



Personalisation of Hypertension Management



- Arteries become stiffer as we age, and also with disease processes such as diabetes. This stiffening process is a precursor to the significant cardiovascular risks that we face, including heart attack and stroke, as well as damage to other organs such as the brain and kidneys.
- Central pressure is the most clinically relevant blood pressure measure for the heart and other vital organs (brain, kidneys)
- Central blood pressure (BP) can differ significantly in people with the same brachial (arm) BP, so cannot be predicted by brachial BP
 - The significantly different central pressure waveform shapes (shown left) are a function of individual variation in stiffness of arteries
 - Understanding these measures leads to different treatment decisions. Patient 2 in this case does not require intervention
- This personalisation of treatment decisions is the next step in disease prevention and hypertension management

US Clinical Business

Our Core Market



SphygmoCor®
Essential for hypertension management



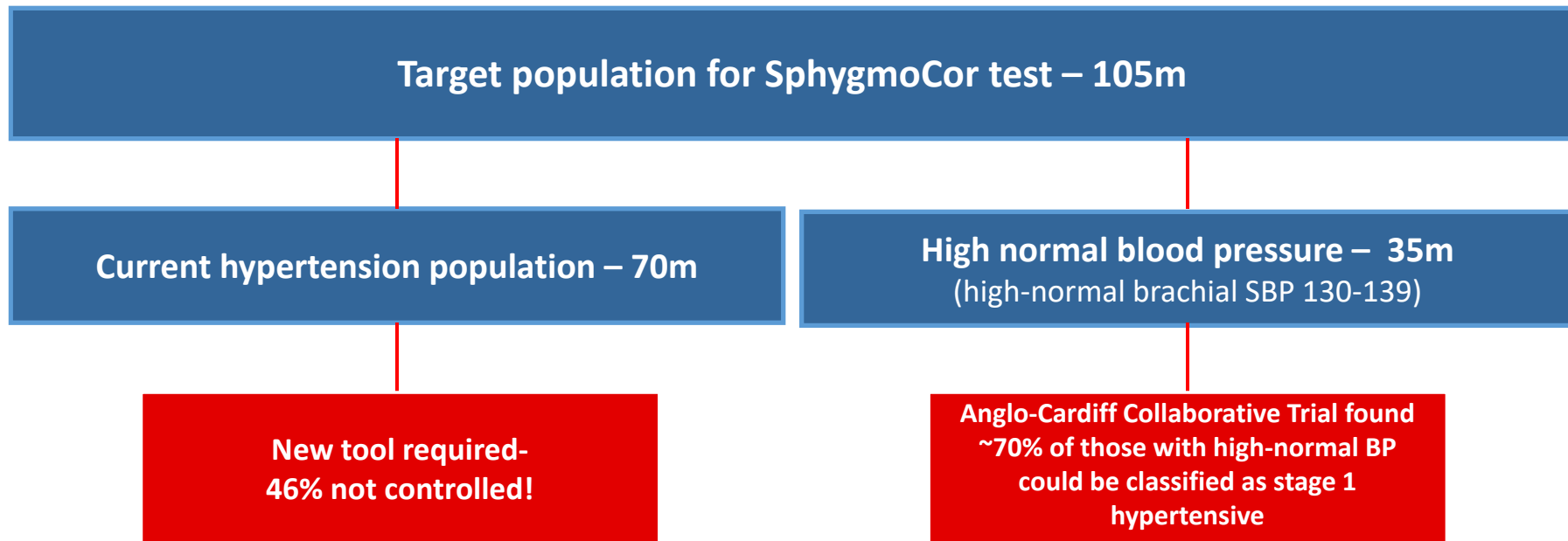
Get patients to goal with tailored, individualised therapy, often reducing or eliminating medications



Improve quality of life

US Adult Hypertension Market

Favourable Metrics for Adoption



Who Treats Hypertension

Discipline	No. of practices	No. of practices with 10+ physicians
Cardiology*	5,879	3,132
Nephrology*	3,335	1,580
Endocrinology	623	329
General Practice (incl. Internists)	26,087	11,874
Hospitals	5,759	5,759
Other	4,993	2,189
Total	46,676	24,863

**Initial targets*

Source: Frost & Sullivan



Setting Up for Long Term Growth in USA

FY2016 Progress

- Reimbursement – CPT code in place
 - 42% of US insured lives (123m) now have access to test
- Pilot sales & marketing nearing completion
 - Launched in initial 2 US target metropolitan areas from March; increased to 4 in June
 - Key learnings – tactical adjustments
- Webinar series launched
 - Doctor-to-doctor marketing; customer selling
- Continual IP enhancement
 - New patents giving protection through 2031
- Ongoing assessment of operating costs and efficiencies
- Advances in corporate development and technology partnerships
- Pharma/clinical trials diversification – new customers, new therapeutic areas

Key Findings From Initial Clinical Launch

Finding

Longer sales cycle than forecast

- 90-120 days from initial meeting to close, local health systems take longer
- Multiple meetings-to cover off all key staff schedule

Market access

- Securing face to face meetings

Small generalist practices (1 - 2 doctor) - see value but reluctant to commit

- Environment - poor small practice economics - considering selling practice to local health system or near term retirement
- ACG believed this segment could generate early quick sales

Start up time for new sales representatives

- Clinical market requires more in depth technical & scientific knowledge than anticipated, especially in early phase

Actions Implemented

- Increase list of targets-opportunities under management
- Increasing Dr to Dr marketing-webinar series, KOL's in field w/ACG reps

- VP Clinical Affairs working directly with senior clinician at local health systems to secure support
- Refined telemarketing program
- Broadened notification to local practices as competitors adopt – competitive tension

- Focus initially on private, multi –location/physician specialist practices and local health systems (integrated delivery networks)

- Additional iterative in house & in field training with proficiency testing
- Applications engineer or senior management accompany on all sales calls until rep fully proficient



Next Steps

- Implement learnings from pilot program
- Recruit, train and place sales reps
 - Target metropolitan areas with greatest concentration of insured lives
 - Sequential recruitment as coverage increases
- Continuous review of business while pursuing US clinical opportunity
 - Cost rationalisation already undertaken - \$1m in non sales related costs removed
 - Continue business development with medical device companies & big tech

Targeting: Ideal Customer Profile

- ✓ Integrated Health Networks (IDNs) & private multi-physician cardiology, nephrology (kidney) practices
- ✓ In the game for the long term
- ✓ Understands clinical utility
- ✓ Favorable economics - uncomplicated investment decision
- ✓ Sees growth/differentiation opportunity (offensive)
- ✓ Competitive tension in local market, eroding financials and/or losing patients (defensive)
- ✓ Partner in consumer awareness through social and traditional media to educate the health conscious public



SphygmoCor Purchase Options

Favourable Economics

Purchase Option		Year 1	Years 2+
	Gross income p.a	20,000	20,000
Capital Purchase	Cost p.a.	(14,000)	-
	Net gain p.a	6,000	20,000
Lease	Cost p.a	(5,280)	(5,280)
	Net gain p.a	14,720	14,720

✓ Payback period < 9 months

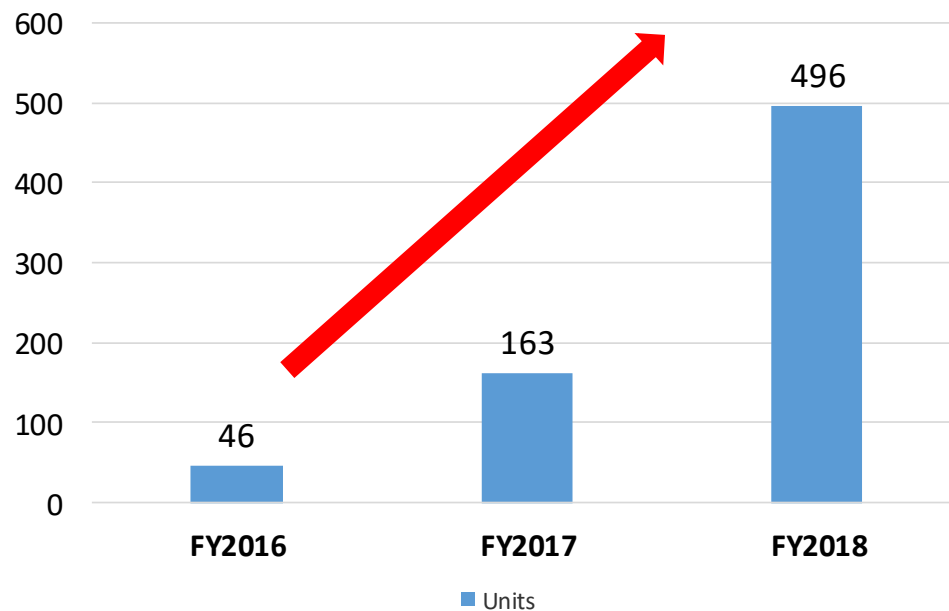
✓ Doctor cash flow positive from month 1

Assumptions:

- 20 tests per week
- Average Medicare reimbursement in target markets - \$20/test
- Private health plans pay up to 75% premium

Sales Projections

**Projected Unit Placements
US Clinical Market**



	AUD'000s		
	FY2016 (Actual)	FY2017	FY2018
US Clinical sales	854	1,433	5,880
Global Sales	5,020	6,182	11,400
Deferred clinical revenue (c/fwd to future years)	93	1,113	4,992

Assumptions:

- 6 reps in place by June 2017, 14 reps by June 2018
- Sales average 4 units/rep/mth once fully productive
- Even split of capital and lease unit placements
- 70% of insured lives reimbursed by Jan 2018 (currently 42%)

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SphygmoCor

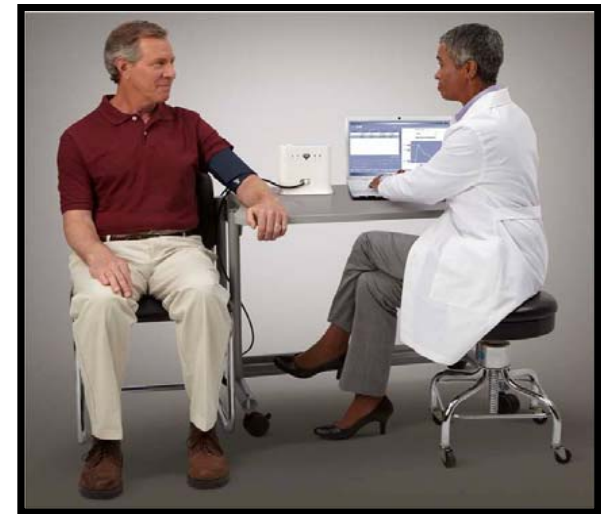
Essential for hypertension management.



Business Emphasis FY 2017

Drive US Clinical Market Adoption

- **Tightly focused on hypertension management in specialty practices and local health systems**
 - Experience & metrics to date
 - Ideal customer profile
- **Managed growth - enter new metropolitan markets, per plan, beyond initial four**
 - Determined by Medicare and private coverage concentration
- **Contract and standardise with a minimum of 8 new local health systems**
 - Forecast 10 to 40 units per health system over subsequent 12 months
 - 4 currently well along in sales process (Emory, Allina, Northwell (largest in NY), Yale)
 - **HUGE catalyst to drive up-take of SphygmoCor in other local health systems and private practices**
- **Contract with private multi-specialist, multi-location practices**
 - Forecast 2-3 systems each at contracting; up to 5 at 6-9 months
 - e.g. Recent deal closed multi office nephrology practice metro Chicago
 - **Competitor practices now meeting with ACG - created competitive tension**



Business Emphasis FY 2017

- **Expand doctor peer-to-peer marketing support**
 - Webinar series continues-Key opinion leaders (KOL's)
 - KOL's in market supporting sales effort
 - Mutual sharing of social media-messaging to increase community awareness
- **Deliver on clinical unit forecast**
- **Continue to actively manage corporate business development opportunities**
 - Medical device companies
 - Big Tech
 - Other
- **Strategic review of business in conjunction with pursuing US clinical opportunity**
 - Best outcome for shareholders



Advancing Hypertension Management in Women's Health

November 2 | 12 PM CDT

Nicole M. Weinberg, M.D., F.A.C.C.
Pacific Heart Institute | Santa Monica, CA

Nicole M. Weinberg, M.D., F.A.C.C. of Pacific Heart Institute in Santa Monica, California will discuss the clinical utility of noninvasive central pressure waveform analysis and arterial stiffness measurements for optimized hypertension management in women. Dr. Weinberg will also share case studies and discuss how interpretation and analysis of the central pressure waveform morphology informed therapeutic strategy in her clinical practice.

The webinar will be held on November 2, 2016 at 12 PM CDT. [Register now.](#)



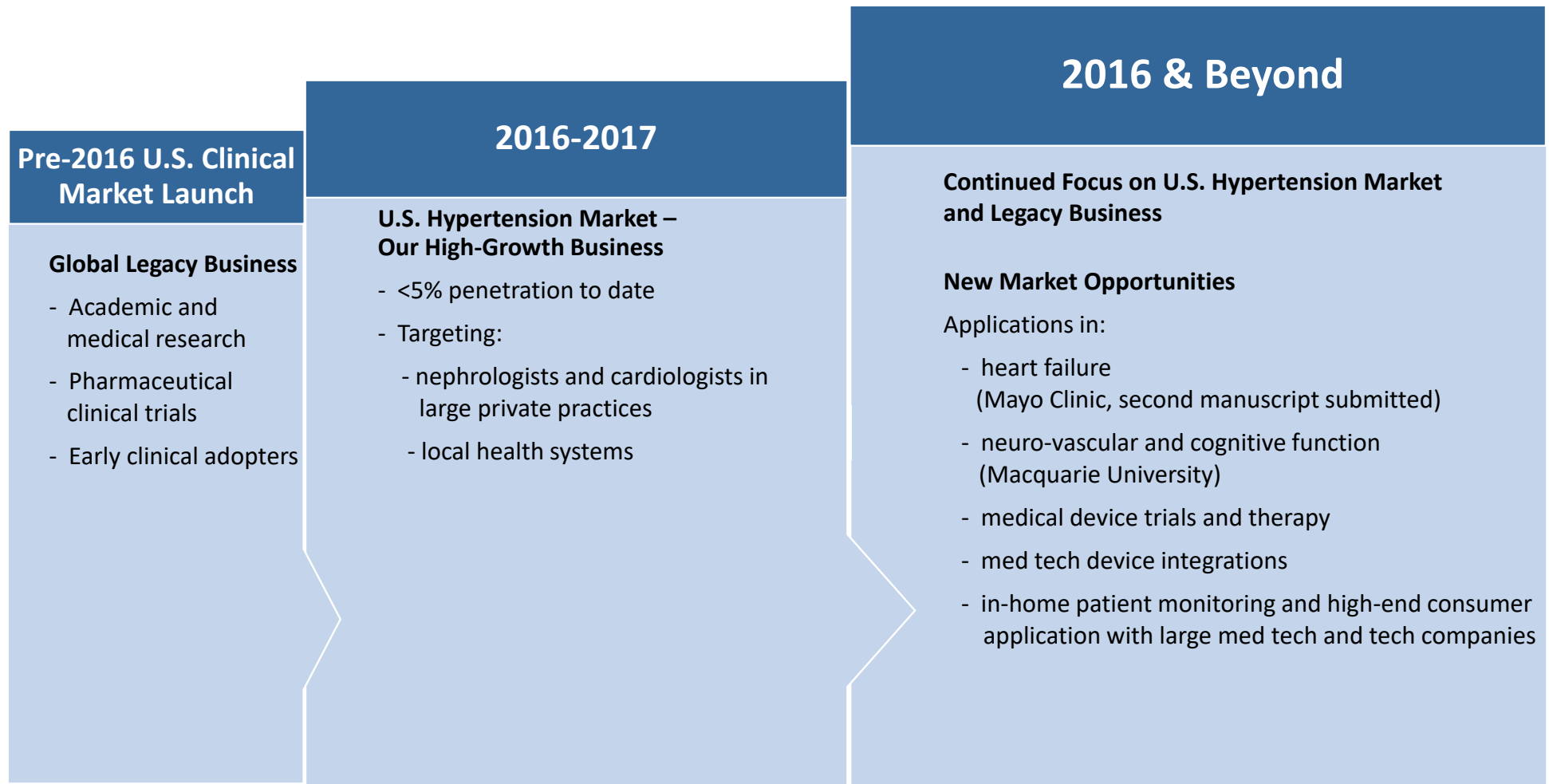
The webinar will be recorded for future viewing. If you are unable to attend the live session but would like to view the recording at a later date, please register. You will receive a link to the recording within hours of the webinar.



Dr. Nicole Weinberg
Pacific Heart Institute
Santa Monica, CA



SphygmoCor Markets & Applications



Summary

Core Focus is Clinical Market

- ✓ Geographic/customer segment driven plan being executed to optimise US clinical market success
- ✓ Expansion will follow in geographies with highest concentration of Medicare & private coverage
- ✓ Patent protected technology in worlds' two largest medical device markets
- ✓ Strong operating leverage – high gross margins
- ✓ Continue to refine sales model
- ✓ Expanding engagement with medical device companies & big tech
- ✓ Continue development with Key opinion leaders in new applications
- ✓ Quality board & senior management team (Baxter, Boston Scientific, J&J, St. Jude)



+ Getting to Goal

Getting your **blood pressure** under control may require **less medication.**

In the clinical management of hypertension, central pressure waveform analysis provides critical information for making more informed treatment decisions. It is essential for hypertension management.

The SphygmoCor® system is the new industry standard for performing central arterial pressure waveform analysis. The results are key to making more informed treatment decisions and getting blood pressure under control.

The SphygmoCor test is done by placing a cuff around the upper arm. Waveform information is different from the blood pressure measured at the arm. Ask about the SphygmoCor test today.

1 in 3 adults have high blood pressure and only 50% have it under control. Getting your blood pressure to goal may be as simple as a reduction or change in medication. A new test that measures the pressure waveform at the heart helps physicians better understand what is driving your high blood pressure. The results are important in managing treatment and reducing damage to the heart, kidneys and other organs.

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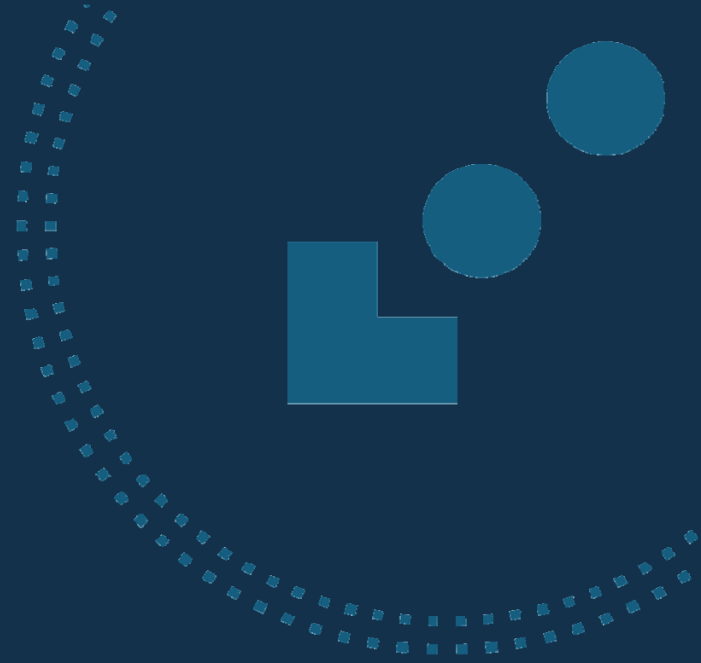
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▶ Essential for hypertension management.





Essential for
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Appendices

Directors

Donal O’Dwyer *BEng, MBA*
Chairman

Extensive experience in the cardiovascular sector. Prior to joining the AtCor Board he was worldwide President of Cordis Cardiology, the cardiology division of Johnson & Johnson. Non-executive director for four other listed public companies: Cochlear Ltd, Mesoblast Ltd, Fisher & Paykel Healthcare Corporation Ltd, and NIB Holdings Ltd.

Duncan Ross *BS*
Managing Director & CEO

Over 30 years in life sciences and medical device industry. Most recently Group President Fisher Scientific Inc and Apogent Technologies Inc prior to joining AtCor Medical.

Dr Michael O’Rourke *A.M MD, DSc*
Non-Executive Director

Co-founder and inventor of the core technology for the SphygmoCor system. Co-author of the standard reference textbook *McDonald’s Blood Flow in Arteries*. He also serves on the editorial Board for the American Heart Association journal *Hypertension*, and on the editorial Boards of *Journal of Hypertension*, *American Journal of Hypertension* and *Journal of American Society of Hypertension*.

Dr David Brookes *MBBS, FACRRM, FAICD*
Non-Executive Director

A Fellow of the Australian College of Rural and Remote Medicine. He currently works as a general medical practitioner and has extensive experience in rural Australia, especially in paediatric and procedural practice. Non-executive director and chairman of Reproductive Health Technologies Ltd.

King Nelson *BA, MBA*
Non-Executive Director

Has more than 30 years’ experience in the medical devices industry. Most recently served as President & CEO of Uptake Medical Corporation. Previously was President and CEO of Kerberos Proximal Solutions and VenPro. Both businesses were acquired. Prior to this 19 years with Baxter International and American Hospital Supply Corporation, including as a division president.



Financial Performance

Profit & Loss (A\$m)

Summary Financials		
Period	FY15	FY16
Revenue	5.5	5.0
Gross Profit	4.6	4.0
Other Income (govt. grants, R&D tax rebates, FX gains)	1.5	0.6
Sales & Marketing	(3.7)	(5.0)
Other Expenses	(3.7)	(4.3)
Depreciation & Amortisation	(0.1)	(0.1)
EBIT	(1.4)	(4.8)
Net Loss	(1.4)	(4.8)
EPS (c)	(0.9)	(2.4)
NTA per Share (c)	2.3	1.0

Cash Flows (A\$m)

Summary Cash Flows		
Period	FY15	FY16
<u>Operating Cash Flows</u>		
Receipts from Customers	5.8	4.5
Payments to Suppliers	(8.3)	(9.8)
Other (govt. grants, R&D tax rebates)	0.5	0.5
	(2.0)	(4.9)
<u>Investing Cash Flows</u>		
Payments for plant & equipment	0.01	0.01
<u>Financing Cash Flows</u>		
Share issue & option proceeds	3.0	3.3
Net Increase (Decrease) in Cash	1.0	(1.7)
Cash at beginning of period	2.2	3.5
Effect of FX rate changes	0.3	-
Cash at end of period	3.5	1.8

Investment Summary

ASX Code: **ACG**

Ordinary Shares on Issue: **204.8m**

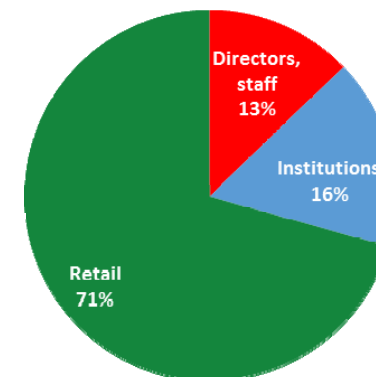
Market Capitalisation @ \$0.095: **\$18.4m**

Options on Issue: **19.5m**

2016 share price range: **\$0.090 - \$0.215**

Average Monthly Volume (Yr Rolling): **3.3m**

Shareholder Register by Investor Type



Substantial Shareholders	(%)
CB Co Pty Ltd (Curran family)	7.7
Directors & staff	12.9
Top 20	39.2

Substantial Benefits for Doctors and Patients

*"I have been using SphygmoCor in my Preventive Cardiology practice for over a year, and it is an integral component of my cardiovascular risk assessment. **The information derived contributes directly to the management of my patients with hypertension, as well as pre-hypertension, allowing me to quickly assess the effects of treatment and lifestyle changes.** Showing these easy to understand reports to my patients is both educational and extremely valuable in promoting patient compliance and retention. Knowing that the outcomes data associated with the derived values obtained from the measurements are based on robust and validated clinical science is beyond reassuring. As one of the first clinical practices to offer SphygmoCor testing in New York City, I have been able to promote our practice as a leader in hypertension and preventive cardiovascular management. I feel that SphygmoCor is a key component that differentiates my practice from other competitors."*

Lee Marcus, MD, MS, FACC

Founder

Preventive Cardiology of New York

*"I recently incorporated SphygmoCor into my hypertension practice and I have been very pleased with the results. I have found the SphygmoCor system to be clinically valuable for total hypertension management. **It provides important additional information that has already helped me make better treatment decisions for my patients.** As the first in our region to offer this new technology, I will soon begin educating our referring physicians on SphygmoCor for advanced hypertension management."*

Ricardo Cordido, MD

Founder

HeartCare Associates of Connecticut



CPT1 & Reimbursement

What Does it Mean?

Common Procedural Terminology (CPT) code 1

- Is a listing of descriptive terms and identifying codes for reporting medical services and procedures
- Highest level code attainable-has displayed clinical efficacy & widespread support from medical societies
- Managed by the American Medical Association
- Renal Physicians Association (RPA) were successful in their application for a Category 1 code – 93050

“Arterial pressure waveform analysis for assessment of central arterial pressures, includes obtaining waveform(s), digitization and application of nonlinear mathematical transformations to determine central arterial pressures and augmentation index, with interpretation and report, upper extremity artery, non-invasive”

Centers for Medicare & Medicaid Services (CMS)

- US government agency who provide health insurance for 50 million retirees and those with disabilities, 30 million of whom are hypertensive
- Have assigned US\$17.91 as the national average reimbursement for the test
- Allows physicians to recover the cost of their time and overhead for performing the test

SphygmoCor®



Why are central pressures clinically important?

- Clinical evidence is now well established that central pressure is a stronger predictor of future cardiovascular events than traditional brachial (cuff) pressures and drug effects can be dramatically different centrally
- Majority of the clinical evidence generated is the direct result of clinical studies undertaken using AtCor's SphygmoCor device across longitudinal studies and randomised controlled trials which to date encapsulates tens of thousands of patients
- SphygmoCor detects cardiovascular diseases earlier and substantially improves patient management
- Competitor products all lack this kind of clinical evidence, which constrains adoption in favour of the industry standard (SphygmoCor)

- Addresses the key cardiovascular risks:
 - Heart failure, heart attack, stroke
- Provides key heart function parameters of cardiovascular function and risk :
 - Blood pressure at the heart
 - Load on the heart
 - Coronary artery pressure
 - Detailed central aortic wave form
 - Timing of the heart pumping cycle, and
 - Measures of arterial stiffening
 - Reference standard aortic pulse wave velocity

Such central data is only otherwise available via an invasive catheter into the ascending aorta of the heart.

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SphygmoCor®



How Does it Work?

SphygmoCor Central Pressures

- Records the **blood pressure pulse waveform at the arm** non-invasively
- Using this recording, it **derives the blood pressure pulse waveform at the heart**
- From this pressure pulse waveform at the heart **SphygmoCor then calculates:**
 - *central aortic blood pressures*
 - *certain key heart function parameters*
- Clinician reviews waveform quality, features and key indices to **assess CV status, diagnose and treat**



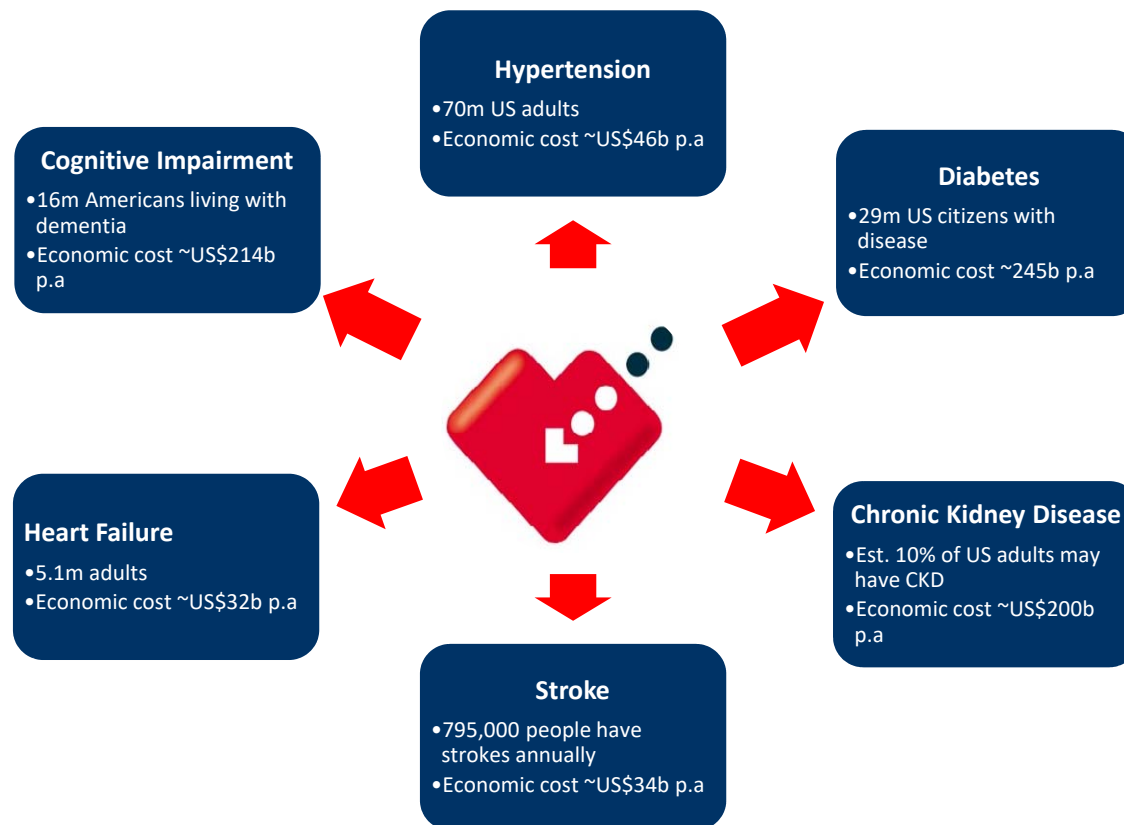
Pulse Wave Velocity

- Considered gold standard measure of arterial stiffness
- Based on the pulse transit time from carotid to femoral artery
- SphygmoCor is the reference device (most widely used and published)



Disease States Related to Hypertension

Total Economic Costs Exceed US\$700b Per Annum

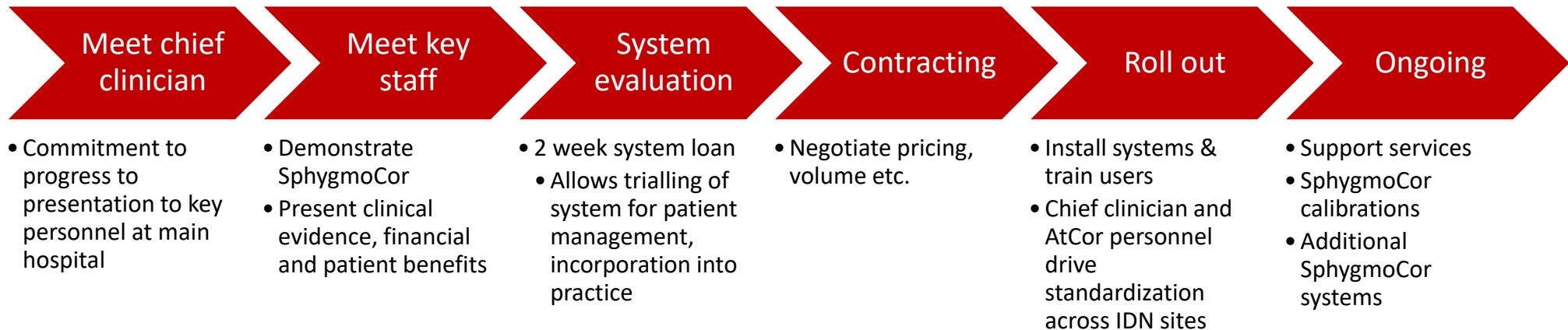


Target Customer - Example

Profile of a local health system (IDN) – Northwell Health

- Largest health system in New York – 16 hospitals
- 3,500 full-time physicians
- 12,000 affiliated physicians
- 450 ambulatory sites
- 50-75 cardiology sites
- 50-60% of cardiology patients have hypertension
- >50% cardiology diagnostics in office setting

Sales Process



Clinical Utilisation

US SphygmoCor Installed Base Includes All 20 Hospitals on U.S. News Honor Roll 2016-2017



1. Mayo Clinic (Rochester, MN)
2. Cleveland Clinic (Cleveland, OH)
3. Massachusetts General Hospital (Boston, MA)
4. Johns Hopkins Hospital (Baltimore, MD)
5. UCLA Medical Center (Los Angeles, CA)
6. New York-Presbyterian University Hospital of Columbia and Cornell (New York, NY)
7. UCSF Medical Center (San Francisco, CA)
8. Northwestern Memorial Hospital (Chicago, IL)
9. Hospitals of the University of Pennsylvania-Penn Presbyterian (Philadelphia, PA)
10. NYU Langone Medical Center (New York, NY)
11. Barnes-Jewish Hospital/Washington University (St. Louis, MO)
12. UPMC Presbyterian Shadyside (Pittsburgh, PA)
13. Brigham and Women's Hospital (Boston, MA)
14. Stanford Health Care-Stanford Hospital (Palo Alto, CA)
15. Mount Sinai Hospital (New York, NY)
16. Duke University Hospital (Durham, NC)
17. Cedars-Sinai Medical Center (Los Angeles, CA)
18. University of Michigan Hospitals and Health Centers (Ann Arbor, MI)
19. Houston Methodist Hospital (Houston, TX)
20. University of Colorado Hospital (Aurora, CO)