



LEADER IN INFECTION CONTROL SOLUTIONS

Transforming ultrasound probe disinfection

ASX Asia Spotlight Conference

Dr Ron Weinberger, Managing Director

16 & 18 October 2012

Disclaimer

This presentation is intended to provide a general outline only and is not intended to be a definitive statement on the subject matter. The information in this presentation, whether written or verbal, has been prepared without taking into account the commercial, financial or other needs of any individual or organisation. Certain information may relate to protected intellectual property rights owned by Nanosonics (the “Company”). While Nanosonics has taken due care in compiling the information, neither the Company nor its officers or advisors or any other person warrants the accuracy, reliability, completeness or timeliness of the information or guarantees the commercial or investment performance of the Company. The information does not constitute advice of any kind and should not be relied on as such. Investors must make their own independent assessment of the Company and undertake such additional enquiries as they deem necessary or appropriate for their own investment purposes. Any and all use of the information is at your own risk.

OUR FOCUS

*Addressing an unmet need for safer, faster
and eco-friendly disinfection methods
at “point-of-care”*

Why Nanosonics?

A validated opportunity....

- ✓ Meets an unmet need for safe, fast and eco-friendly high level disinfection in growing market
- ✓ Best-in-class product: only system to meet FDA best practice guidelines / no competitor
- ✓ Strong revenue growth in first full year of sales – up 447% to A\$12.3m in FY12
- ✓ Sufficient cash to support growth plans
- ✓ Validation by an industry leader – GE Healthcare
- ✓ High calibre management team, experienced in manufacturing, global rollout and service

.... With potential for further upside

- ✓ Planned, global rollout being executed
- ✓ Market dynamics driving increased investment in Trophon[®] EPR
- ✓ Customer spend increasing as new products rolled out
- ✓ Strong IP position and pipeline of new product opportunities

Current HLD methods – time for change

Disinfection processes unchanged in 20+ years

Existing methods have many shortfalls



The old methods: soak, spray or wipe

- Chemical spills, vapour control present OH&S risks
- High risk of cross contamination
- Wipes and spray not approved by the FDA for HLD

Trophon EPR offers a safer, quicker, quality assured method of disinfecting ultrasound intra-cavity probes

Trophon EPR

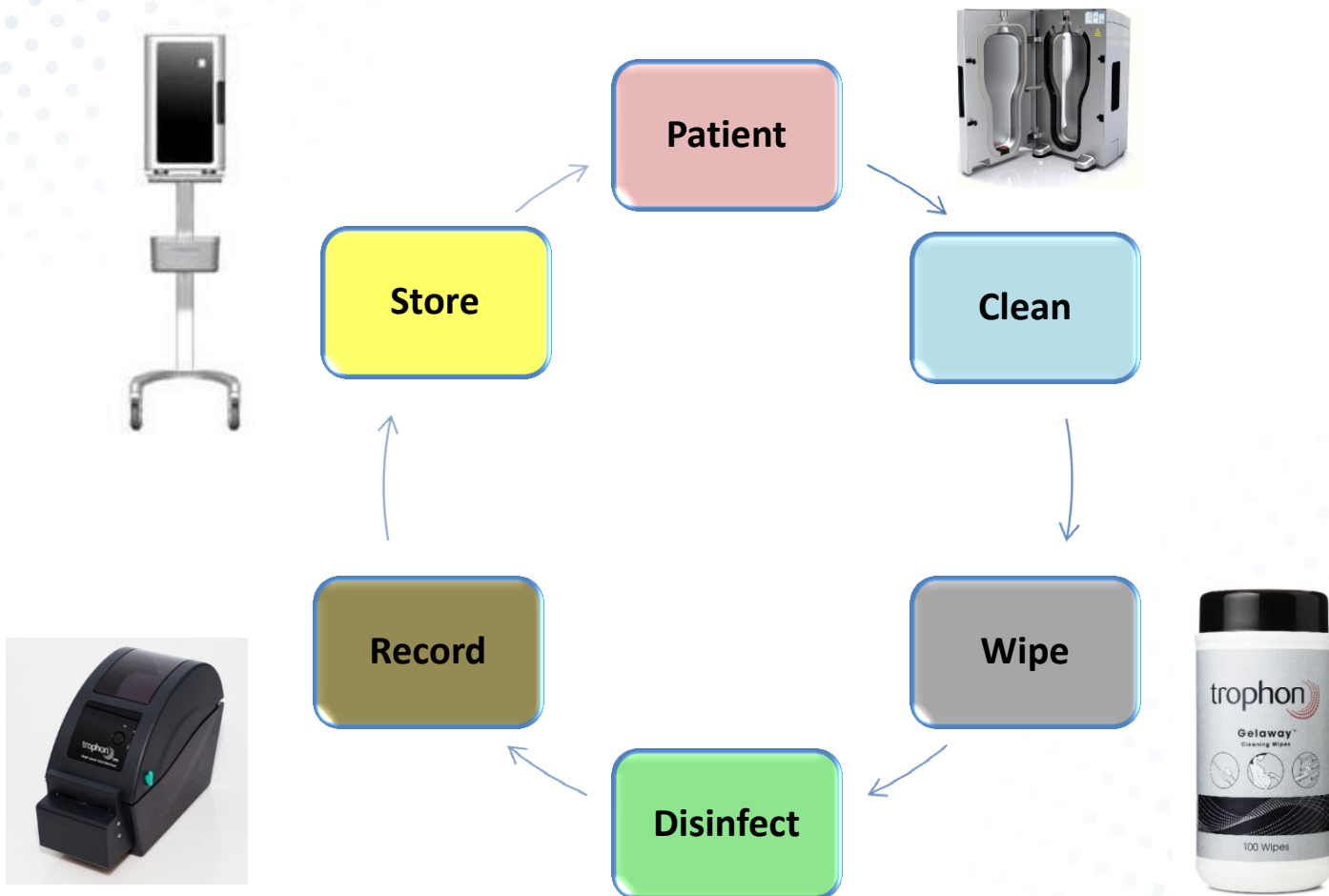
**First fully automated system for disinfection of ultrasound probes
- compatible with all major ultrasound probes.**



For personal use only

For personal use only

Our objective: Own the ultrasound probe reprocessing market



What our customers are saying



- ✓ **EFFICIENT:** “At each of our sites we’ve noticed a great improvement in workflow” (Sydney IVF)
- ✓ **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)

For personal use only

MARKET OPPORTUNITY

A global and growing market

Market opportunity

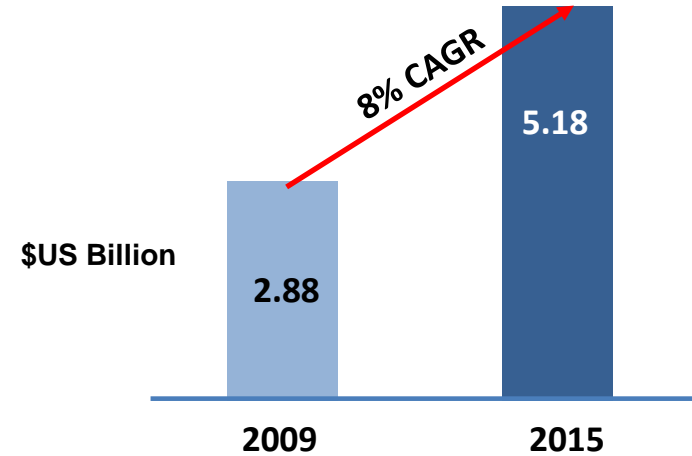
Ultrasound procedures – a large and growing market

- >500,000 ultrasound machines installed globally
- >600 million procedures performed annually
- Ultrasound procedures growing at a rate of 8% pa

Initial targets for Trophon EPR: 20% - 40% of total ultrasound market

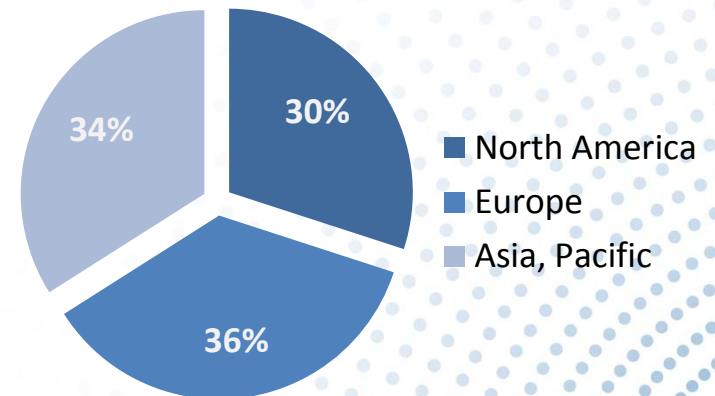
- Obstetrics and gynaecology (20% of all procedures)
- Other high level disinfection mandated procedures – prostate, surgical, anaesthesia – (10-20% procedures)

Ultrasound machine market



Source: GlobalData 2009 global market forecast

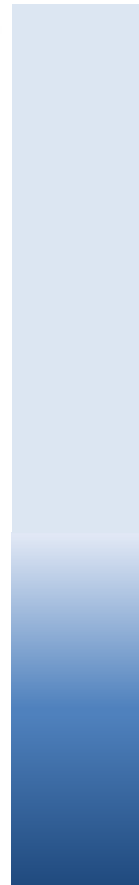
Distribution of ultrasound machines globally



Earnings potential is clear

Potential total Trophon EPR market opportunity

A\$1.8B



> 500,000 U/S machines

> 600 million procedures

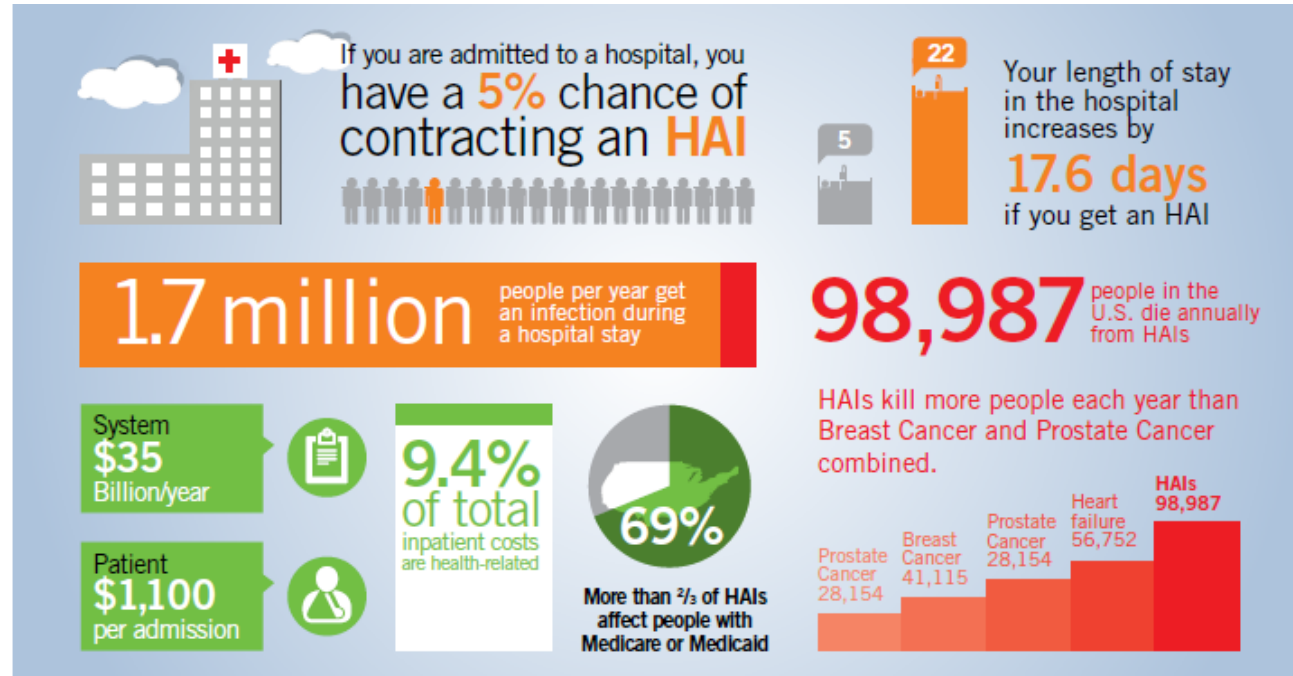
10% - 20% Other HLD
mandated procedures

20% Ob/Gyn

Current focus:
\$350 - \$700M

What's driving uptake of Trophon EPR?

- New environmental standards for ultrasound probe disinfection, a shift from toxic chemicals
- The rising cost of healthcare acquired infections (HAI)
- Regulatory change driving investment in infection control
- International operator safety legislation



The information in this infographic is taken from U.S. data but illustrates the size of the issue and the potential value in delivering next generation solutions for this market. Diagram courtesy of GE Healthcare.

For personal use only

BUSINESS MODEL

Foundation in place for strong revenue growth

Building multiple revenue streams

Trophon EPR:
240 and 110 volt models



36% of revenues

**Consumables: NanoNebulant
and Chemical Indicator**



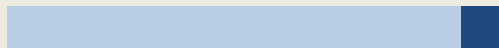
52% of revenues

**Accessories: Carts, Wall
Mounts, Printer, Software**



5% of revenues

Service Contracts



8% of revenues



- Margins in line with similar medical devices
- Manufactured locally by Nanosonics
- Multi-lingual option

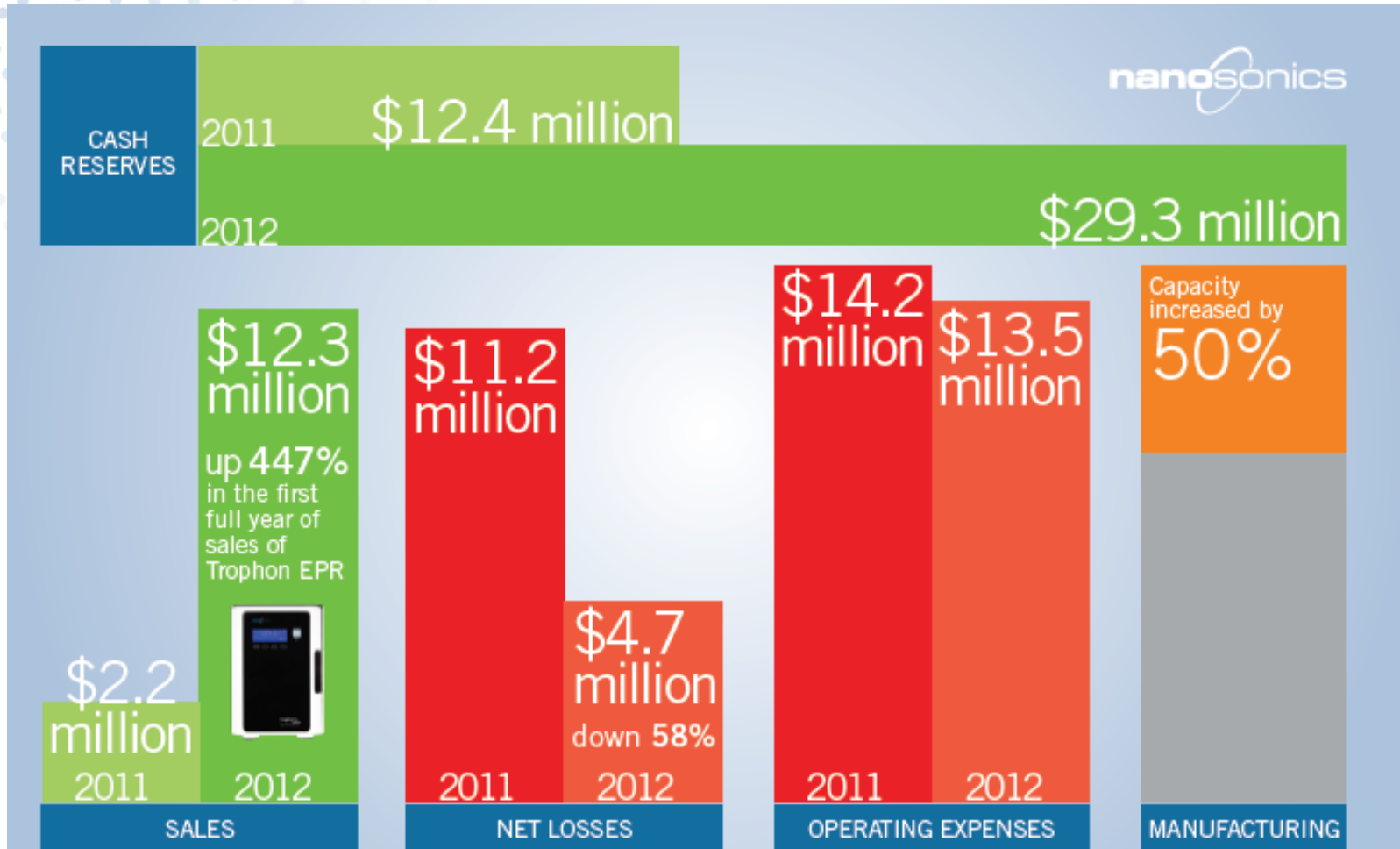
- High margin products
- R&D in house
- Production outsourced

- High margins
- Low capital investment

- Annual fees
- Major service required after 5,000 disinfection cycles

Recent financial performance

For personal use only



Multiple channels to market

- Exclusive distribution partner: quality and reach is critical
- Multiple distributors Europe, Australia, NZ and Asia
- Investment in direct sales to drive uptake
- Online training and sales support



Key to global distribution

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

GE Healthcare: Strategic investment

GE – Global leader in ultrasound equipment worldwide

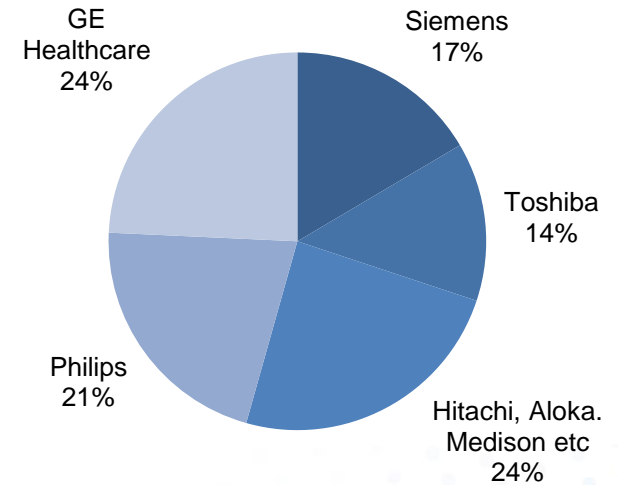
Strategic investor in Nanosonics via GE’s healthmagination fund

- The healthmagination fund invests in technologies proven to improve quality, patient outcomes and lower cost of healthcare delivery
- Trophon EPR one of the first non-branded products to be endorsed by the fund
- Underlines GE’s commitment to infection control

A strong vote of confidence in Nanosonics’ growth potential

- \$7.5 million investment via a four year convertible note
- Issue price 75c per share – a 50% premium to issue price
- Ensures alignment along supply, distribution and strategic lines

Ultrasound Manufacturer Market Share



For personal use only

BUILDING A GLOBAL FOOTPRINT

Strategic approach to market development

For personal use only

Drivers for market entry:

- Ultrasound market size
- Regulatory and legal environment
- Clinical unmet need

Regulatory approvals obtained; large markets; distributors appointed	Regulatory approvals still needed; languages to be added; distributors to be appointed
Australia and New Zealand	Argentina; Brazil ; Mexico – Approval process begun
USA, Canada	Taiwan
Europe; priority focus France, UK, Germany	India – Approval pending
Turkey	Indonesia
Israel/Middle East	Korea
Hong Kong	Singapore
	Thailand; Vietnam
	China
	Japan – “First Right of Refusal” to GE

How we are investing in priority markets

USA

- Indianapolis office established – close proximity to GE Healthcare and US NanoNebulant manufacturer, Applied Laboratories
- Investing in additional resources to support GE, engage Key Opinion Leaders and drive demand

Europe

- Headquarters in Hamburg, Germany
- Focus on priority markets
- Dedicated direct sales staff to support growth

Asia

- Build on Hong Kong Hospital Authority approval

Australia

- Steadily building installed base
- Successful introduction of service contracts

New Zealand

- Impressive launch, high percentage immediate conversion after trial

Competitive landscape

No near term competitor

- Regulators pushing change; existing chemicals difficult to defend
- No other low temperature, point of care HLD system on the market

High barriers to entry

- Strong family of patents
- Major advantage over new entrants
- Solid base of regulatory approvals – 3 to 5 years
- Capital purchase of Trophon locks out other entrants
- Very difficult to substitute HLD processes

Customer and distributor power

- Pricing pressures not a threat – Trophon is the only “safe” chemical free option
- Multiple drivers for demand including economics, productivity and safety

OUTLOOK

Where are we heading?

New revenue streams for FY13

Software and Printer

- Patient audit trail and traceability of probes and use
- Software for patient specific records;
- Trophon EPR specific printer to print immediate patient record

Pre-disinfection wipes – Unique IP to dissolve ultrasound gel

- Cleaning and drying of probe prior to disinfection essential.
- Moving disinfection of probes to point-of-care creates need for other probe cleaning options



Date	Time	Event	Cycle Number	Probe Cleaned	Result	Notes
06/12/2011	09:11:12	Disinfection Cycle	1	Yes	Successful	
06/12/2011	09:12:12	Disinfection Cycle	2	Yes	Successful	
06/12/2011	09:13:12	Disinfection Cycle	3	Yes	Successful	
06/12/2011	09:14:12	Disinfection Cycle	4	Yes	Successful	



New products based on strong IP

2nd generation Trophon

- Possible interface with OEM ultrasound machines.
- Encourage use for surface probes (most probes approved for use in Trophon). Settings for two cycles
- Expansion to ENT market

Other types of ultrasound probes

- Transoesophageal Echocardiography probes – Strong trade interest. Recent UK death from cross infection

Expand applications for NanoNebulant within the healthcare market

- General purpose disinfection – large market unmet need.

Expand applications for NanoNebulant beyond healthcare (environmental, food, domestic appliances)

Strong intellectual property portfolio surrounding the NanoNebulant technology

For personal use only

COMPANY SNAPSHOT

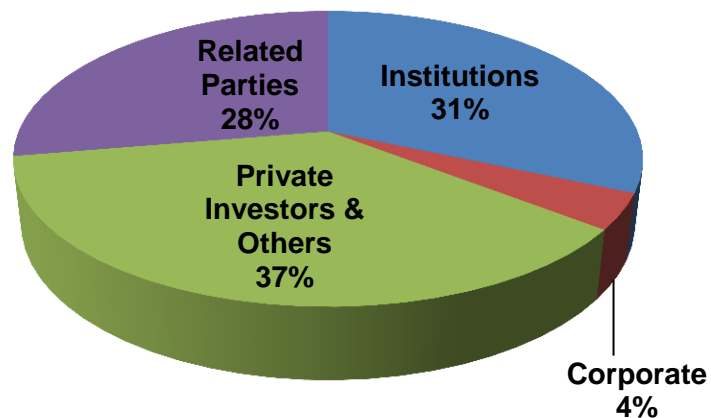
Financial Data

Share price data and capital structure

As of June 30, 2012 (all figures in AUD)

Shares on issue	~261 million shares
Market capitalisation	~\$133.1 million
Cash at 30 June 2012	\$29.31 million
Average 12 month trading volume	0.149 million shares

Share register breakdown



Top 10 shareholders	Percentage
Mr Bernard Stang	11.02%
Mr Maurie Stang	10.91%
Mr Steve Kritzler	8.55%
National Nominees Limited	7.53%
Aust Executor Trustees Sa Ltd <Tea Custodians Limited>	5.12%
JP Morgan Nominees Australia Limited	4.61%
BNP Paribas Noms Pty Limited <Master Cust DRP>	2.93%
HSBC Custody Nominees (Australian) Limited	2.31%
Citicorp Nominees Pty Limited	2.15%
HSBC Custody Nominees (Australia) Limited – A/C 2	1.43%

For personal use only

