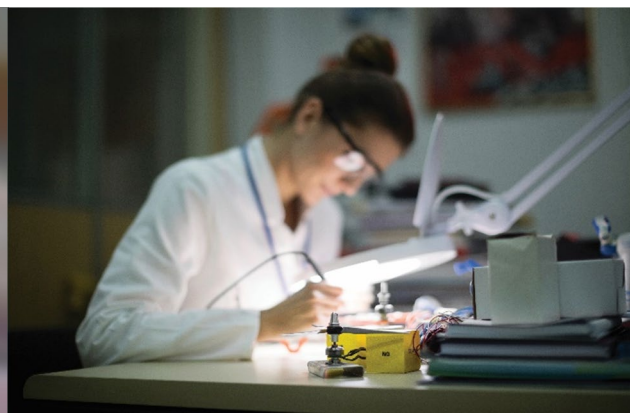




Inspiration Healthcare Group plc
Providing Advanced Medical Technology

Growth and Innovation Forum - LONDON
February 2020

Neil Campbell
Chief Executive Officer



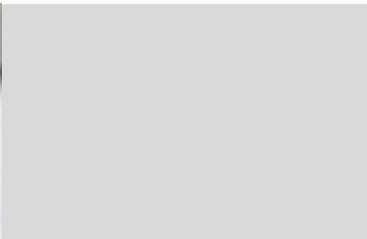
About Us



- Award Winning Medical Technology Company, founded in 2003, 3 founders are still with the business
- Cash generative profitable growth over 15 years
- Fiscal year ended Jan-19: Sales of £15.5m and EBITDA of £1.65m - 3 year EBITDA CAGR of 8.6%
- Transitioned from UK distributor to global provider of neonatal and patient warming products
- Strong IP portfolio: 3 x products patented / imminent. 1 x product patent under review
- Products sold to every NHS Neonatal Intensive Care Unit (NICU) approx. 200
- Actively selling products in over 50 countries through over 75 distributors

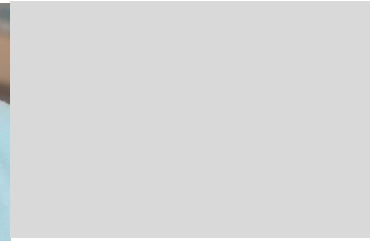
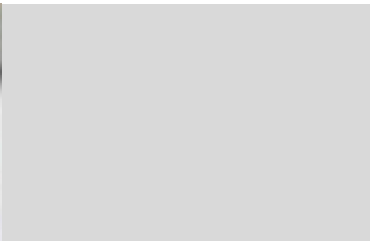
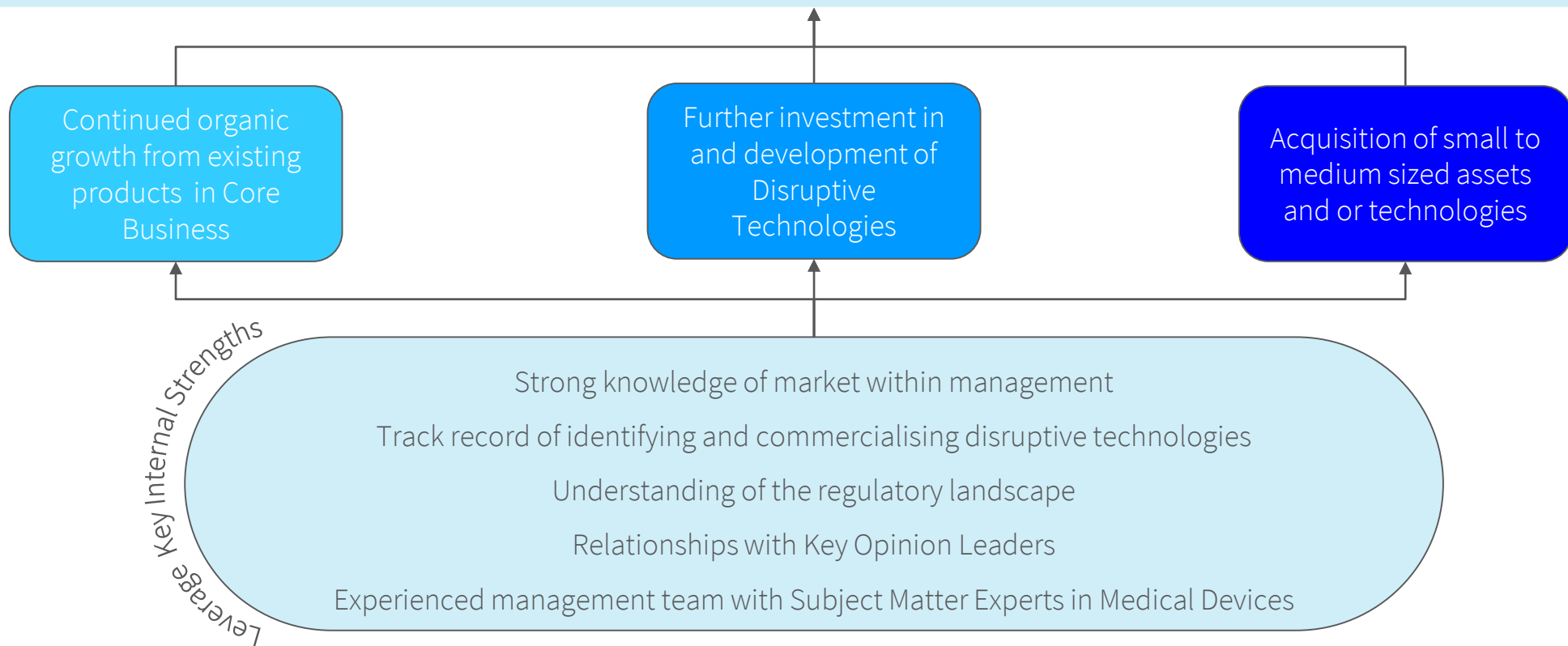


1 Earnings Before Interest, Tax, Depreciation, Amortisation, share based payments and exceptional items on a basis consistent with prior year before applying IFRS 16






Our Ambition & Strategy

Become a global leader in neonatal intensive care equipment
Targeting £100m revenue & c.15% EBITDA margin in the medium term



Neonatal – competitive landscape

								
Thermoregulatory / Phototherapy	✓	✓	✓	✓	✗	✓	✓	✗
Feeding tubes / bottles	★	✗	✗	✓	✓	✗	✗	✗
Respiratory Support Capital	★	✓	✓	✗	✗	✗	✗	✓
General Disposables	★	✗	✗	✓	✗	✓	✗	✗
Resuscitation / Resp Disposables	✓	✓	✓	✗	✓	✗	✓	✓
Monitoring & Diagnostics	✓	✓	✓	✓	✗	✓	✗	✗



= currently sell all / part



= currently not in range



= aspire to acquire / develop

Our Market Opportunity - Neonatal

Key Stats

- Every year, an estimated 15 million babies are born preterm¹ and this number is rising³
- Preterm birth complications are responsible for approximately 1m deaths in 2015 – the largest cause of mortality in infants under 5 (18%)³
- Across 184 countries, the rate of preterm birth ranges from 5% to 18% of babies born, of which 10% require resuscitation at birth³
- Typical preterm babies cost approximately £1,500 per day in NICU in developed world
- Global Market for Neonatal Medical Equipment: \$9.09bn by 2024²

Sources:

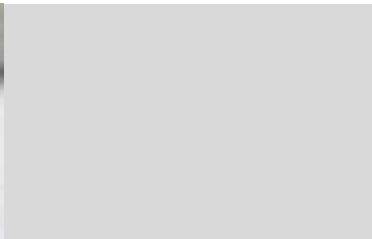
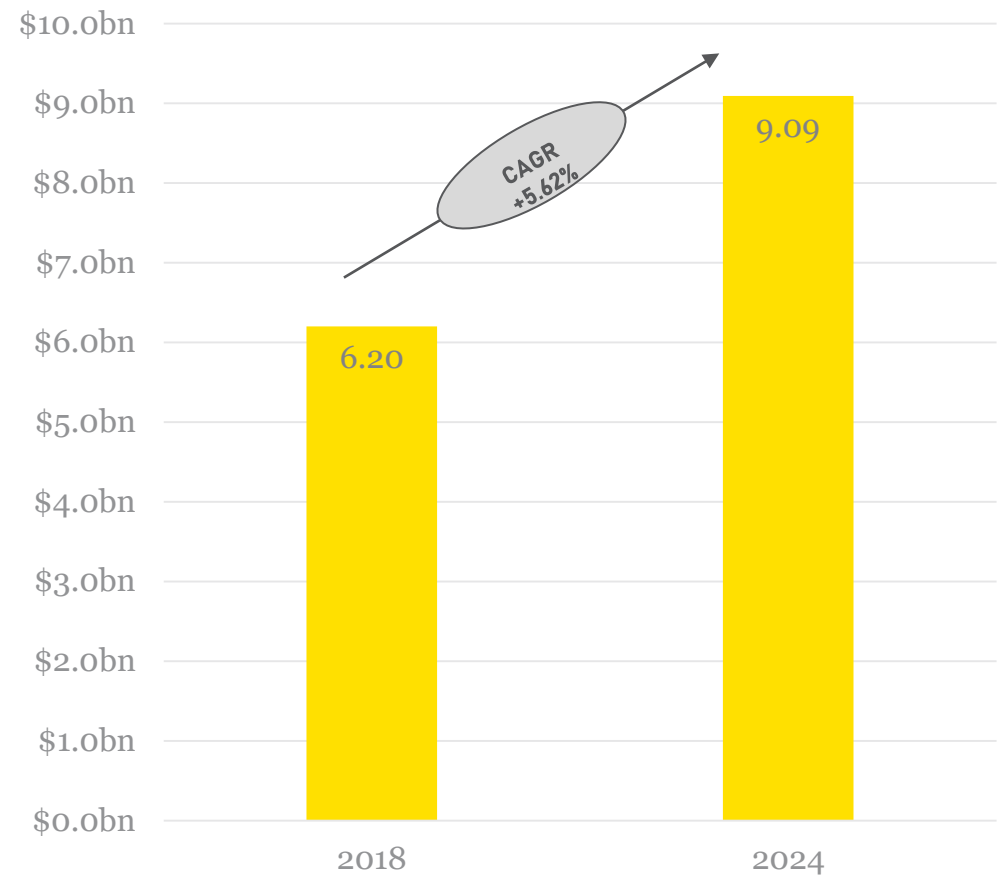
(1) Before 37 completed weeks of gestation

(2) Zion Market Research – August 2018

(3) Global, regional, and national causes of under-5 mortality in 2000-15 - Liu L et al 2016

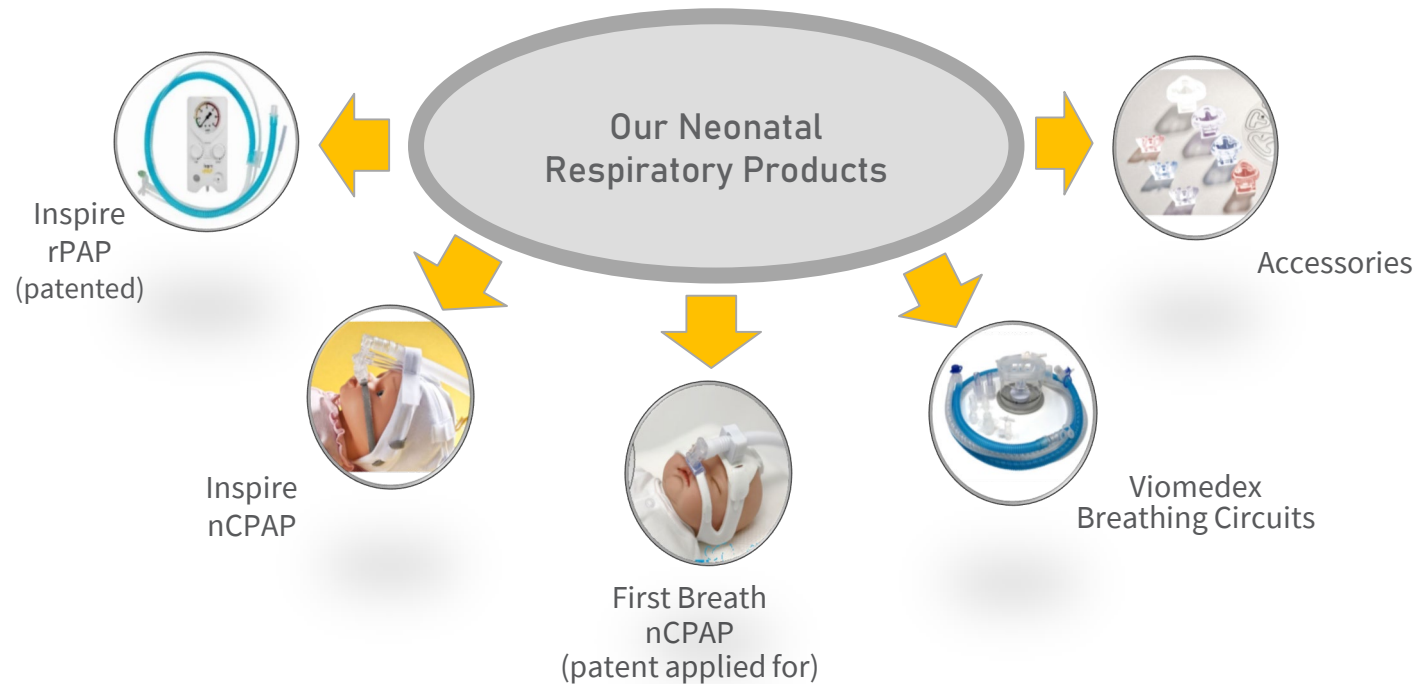
(4) Global, Regional & National estimates of levels of preterm birth 2014 – Chawanpaiboon et al 2019

Global Neonatal Intensive Care Equipment Market²



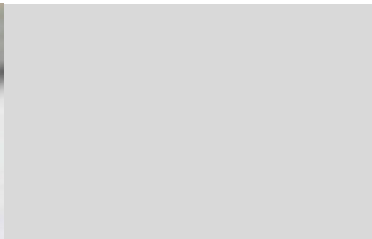
Neonatal Intensive Care Respiratory Devices Market:

US\$1.4bn → US\$2.15bn between 2019 and 2027*



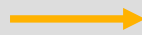
Disruptive Technology Development: Project Wave (patent grant imminent)

* Source: Credence Research June 2019

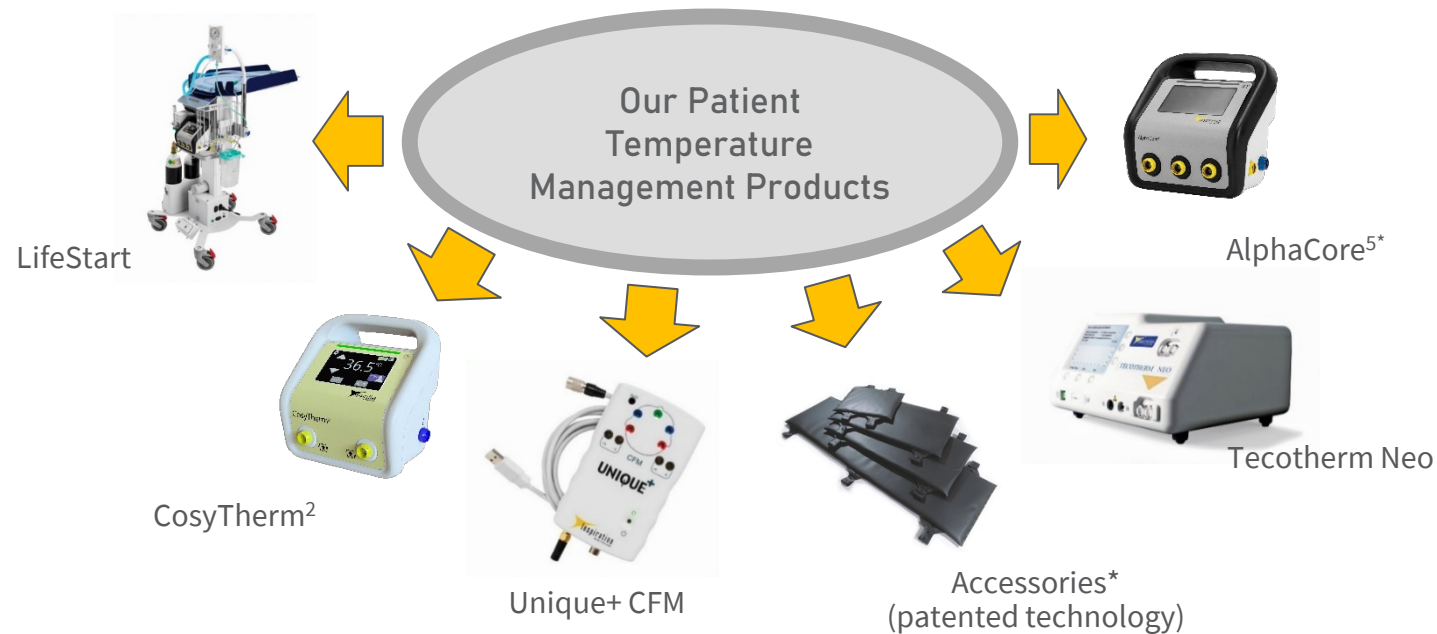


Patient Temperature Management Market:

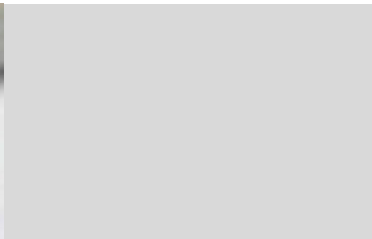
US\$2.6bn



US\$4.7bn between 2019 and 2026**

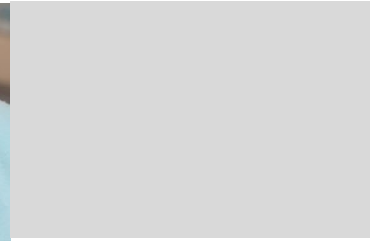
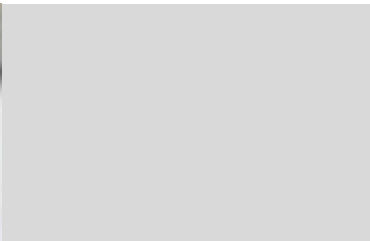


* Neonatal & Adult Applications ** Source: Grand View Research June 2019



- Group revenues :
 - Year on year growth of 9% to £8.1m (Full year ending Jan 2019 - £15.5m)
 - Inspiration Branded Revenue: £3.6m, increased to 45.2% from 43.8% of revenue
 - International Sales Growth: £2.8m, 35% of total revenue (2019: 32%)
- Products developed in the previous 24 months contributed 17% of revenue
- Gross margin: 46.8% (2019: 45.0%)
- EBITDA¹ margin: 10.5% up from 9.4%, due to improved GP and tight control of cash-based overheads
- Shipped largest order for Patient Warming Systems
- Queen's Award for Enterprise – International Trade
- Launch of CosyTherm² Neonatal controller in October 2019

¹ Earnings before interest, tax, depreciation, amortisation, share based payments and exceptional items on a basis consistent with prior year before applying IFRS 16, Leases



Continued organic growth from existing products in Core Business

Revenue: Sector and Ownership*



Market Sector

Critical Care



67%
£5.4m

Operating Theatre



10%
£0.8m

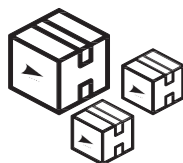
Home Healthcare



23%
£1.9m

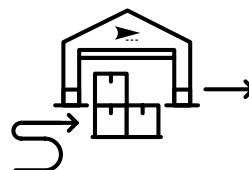
Product Ownership

Branded Products



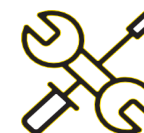
45%
£3.6m

Distributed Products



41%
£3.3m

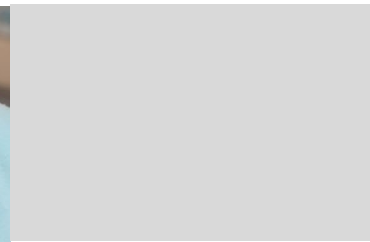
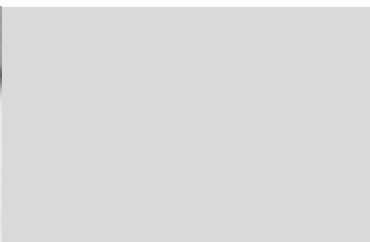
Technical Support



12%
£1.0m

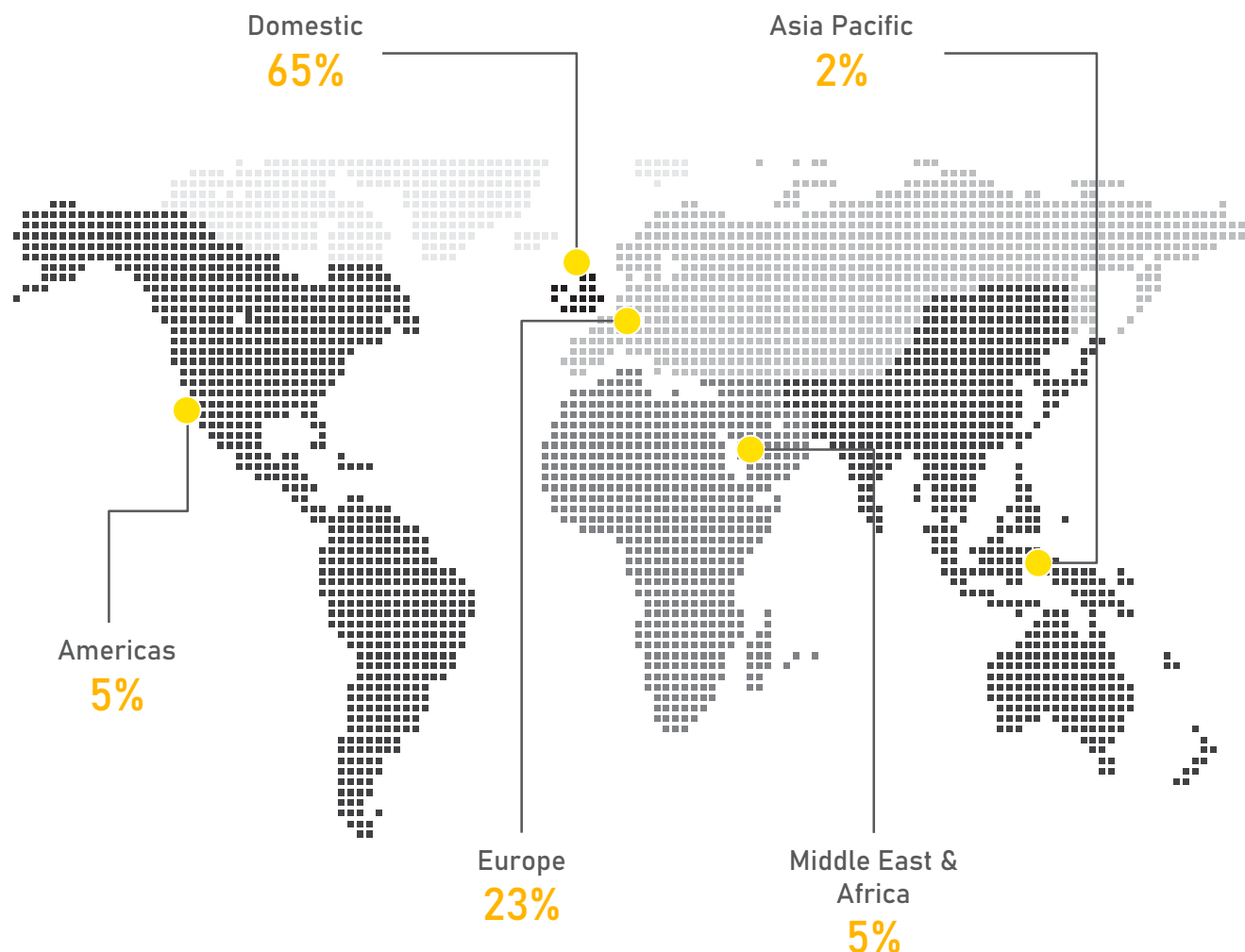
*Half year ended 31 July 2019

Excludes freight revenue 2%, £0.2m (PY: 2%, £0.2m)



Continued organic growth from existing products in Core Business

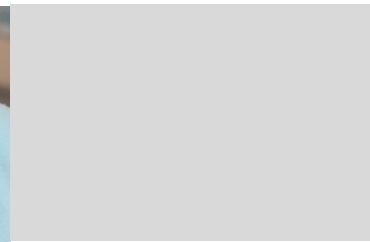
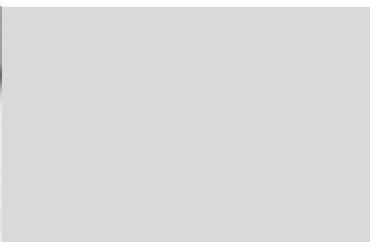
Revenue: Geography*

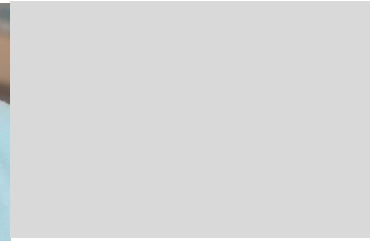
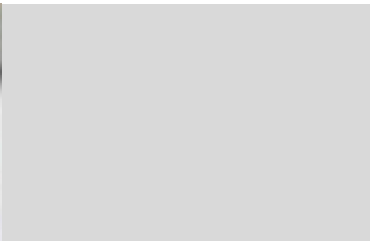
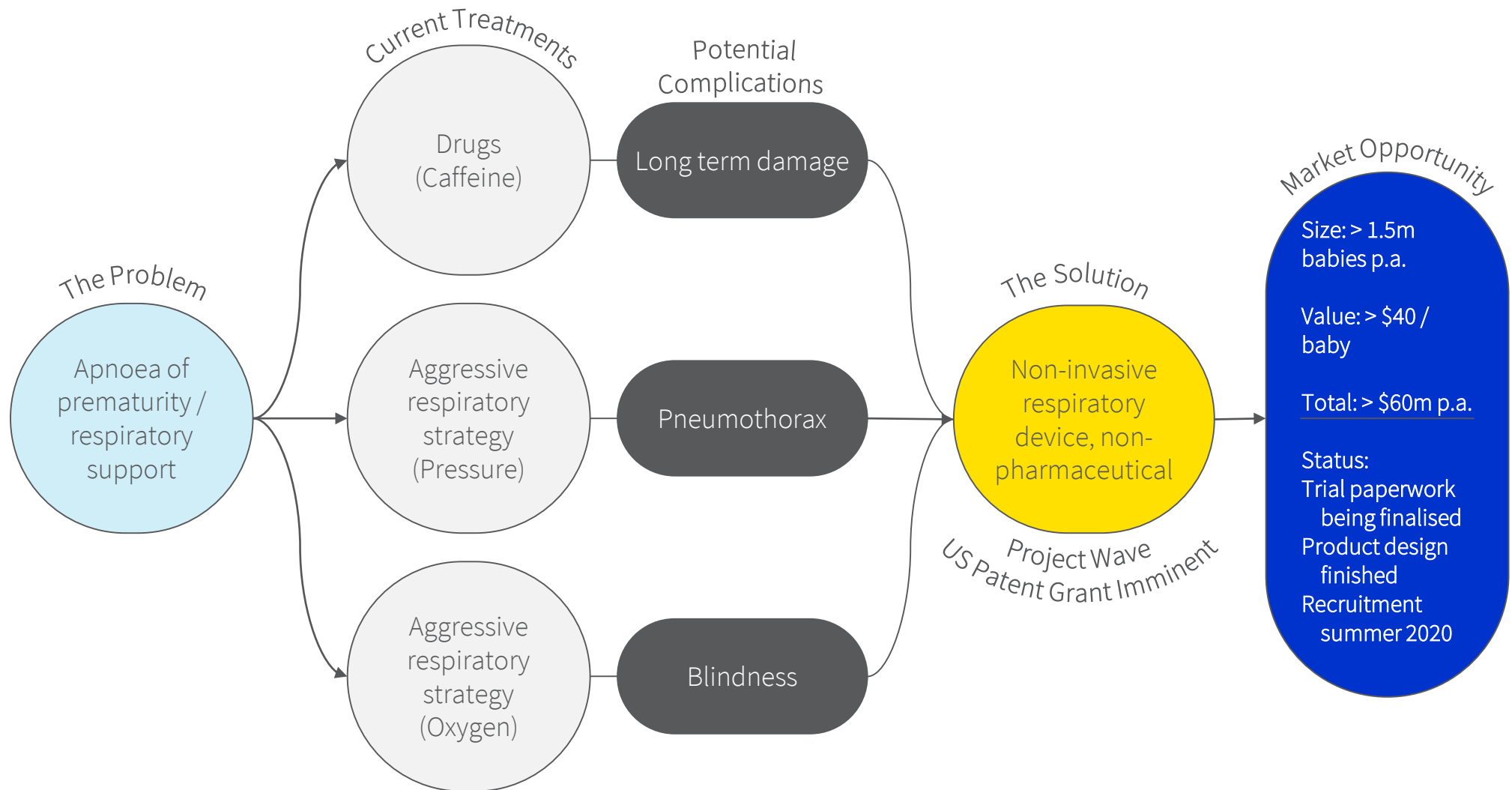


*Half year ended 31 July 2019

Distribution Partners

- Direct sales in UK and Ireland (“Domestic”)
 - NHS Trusts
 - Private healthcare providers
- Distribution network covering over 50 countries
- Strong growth in Europe PE 31 July 2019
- 13 distributors > £50k accounting for 70% of international revenue
- Top 50 distributors account for 97% of international revenue
- No one distributor accounts for more than 8% of total revenue





Acquisition of small to medium sized assets and or technologies

First Acquisition: **VIOMEDEX** COMPLETE RESPIRATORY CARE



Summary:

- Viomedex is a contract manufacturer and OEM supplier of single use medical devices focusing on neonatal intensive care
- Acquired Vio Holdings Ltd (Viomedex Ltd) on 24 September 2019, for a total consideration of £4m (£3m cash, £1m consideration shares)
- Successfully raised £4.25 million via a placing (offered £4.6m+)

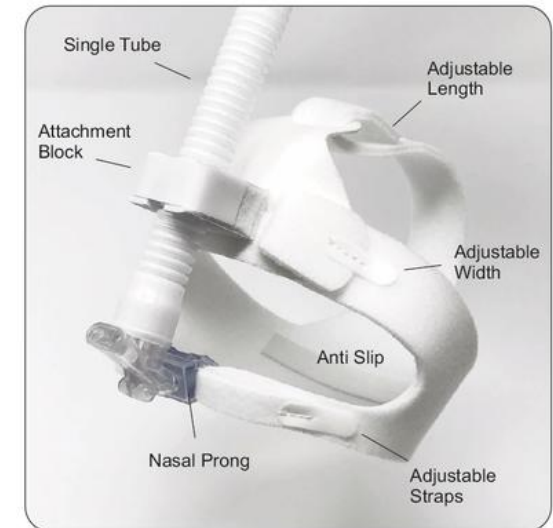
Strategic Rationale:

- Improve margins on Inspiration Healthcare products (retaining sub-contract manufacturers' margins)
- Broaden Inspiration Healthcare's product portfolio in neonatal intensive care
- Acquire manufacturing capability to assemble single-use medical devices

Synergies:

- Grow revenue of Target products, gain efficiencies in back office, invest for further growth
- Capacity to increase revenue to £6m in the medium term

First Breath nCPAP™ (Patent applied for)



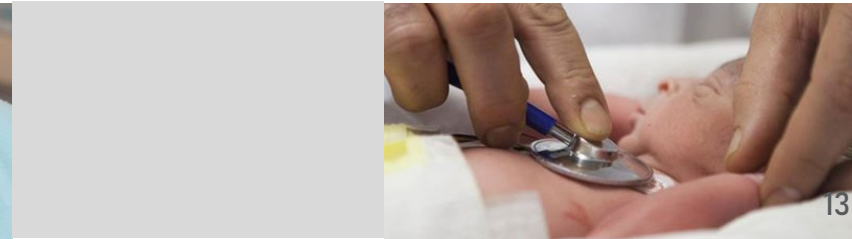
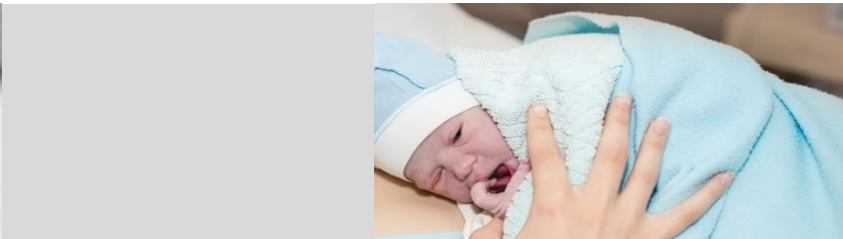
Become a global leader in neonatal intensive care equipment
Targeting £100m revenue & c.15% EBITDA margin in the medium term

Continued organic
growth from existing
products in Core
Business

Further investment in
and development of
Disruptive
Technologies

Acquisition of small to
medium sized assets
and or technologies

- Cash generative growing Medical Technology Company
- EBITDA growth of 21% to £0.8m (HY 2020)
- Strong IP portfolio & Market Knowledge
- Strong cash position (£2.6m @ 31/07/19)
- Acquisition of Viomedex adding greater capability and increased products



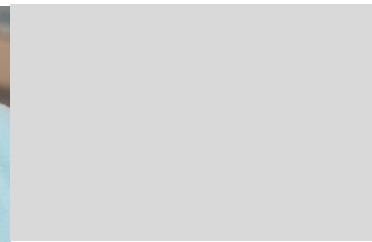
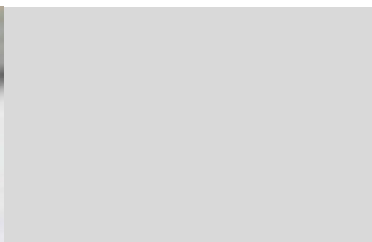
1 Appendix



Consolidated Income Statement

	PE 31 July 2019 £'000	PE 31 July 2018 £'000	FY 2019 £'000	Comments
Revenue	8,057	7,391	15,487	<ul style="list-style-type: none"> Increased 9%
Gross Profit	3,769	3,319	7,042	<ul style="list-style-type: none"> Increased 14%
<i>gross profit margin</i>	46.8%	45.0%	45.5%	
Operating profit pre exceptional items	563	502	1,213	<ul style="list-style-type: none"> In line with expectations, pre £75k exceptional items
Profit before tax	483	504	1,219	
Taxation	-79	-70	-116	<ul style="list-style-type: none"> Effective tax rate 16.4% (PE July 2018: 13.9%)
Profit after tax	404	434	1,103	<ul style="list-style-type: none"> Small decline due exceptional items and small increase in effective tax rate Growth of 21% on a like for like basis, pre IFRS 16 adjustment, 31% post IFRS 16 adjustment
EBITDA	843	696	1,648	
<i>EBITDA margin</i>	10.5%	9.4%	10.6%	

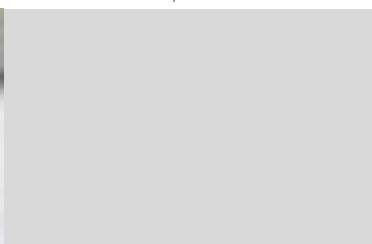
Extracted from the unaudited financial statements for the period ended 31 July 2019



Consolidated Cash Flow

	PE 31 July 2019 £'000	PE 31 July 2018 £'000	FY2019 £'000	Comments
Cash generated from operations	261	571	995	
Interest paid	-9	-	-	
Taxation received	105	-	-	← • Prior year recovery
Taxation paid	-75	-69	-147	← • Higher charge due to lower R&D tax credits
Net cash generated from operating activities	282	502	848	
Cash flows from investing activities:				
Interest received	4	2	6	
Capex – capitalised development costs	-33	-161	-276	← • Held back by prolonged negotiation for Project Wave
Capex – PP&E and other intangibles	-83	-40	-125	← • Prior year included new head office spend
Lease payments (IFRS 16)	-63	-	-	
Net increase/(decrease) in cash and cash equivalents	107	303	453	
Cash and cash equivalents at the year end	2,646	2,389	2,539	

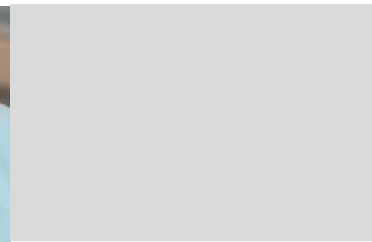
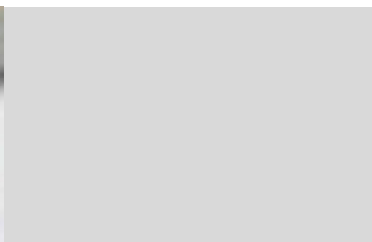
Extracted from the unaudited financial statements for the period ended 31 July 2019



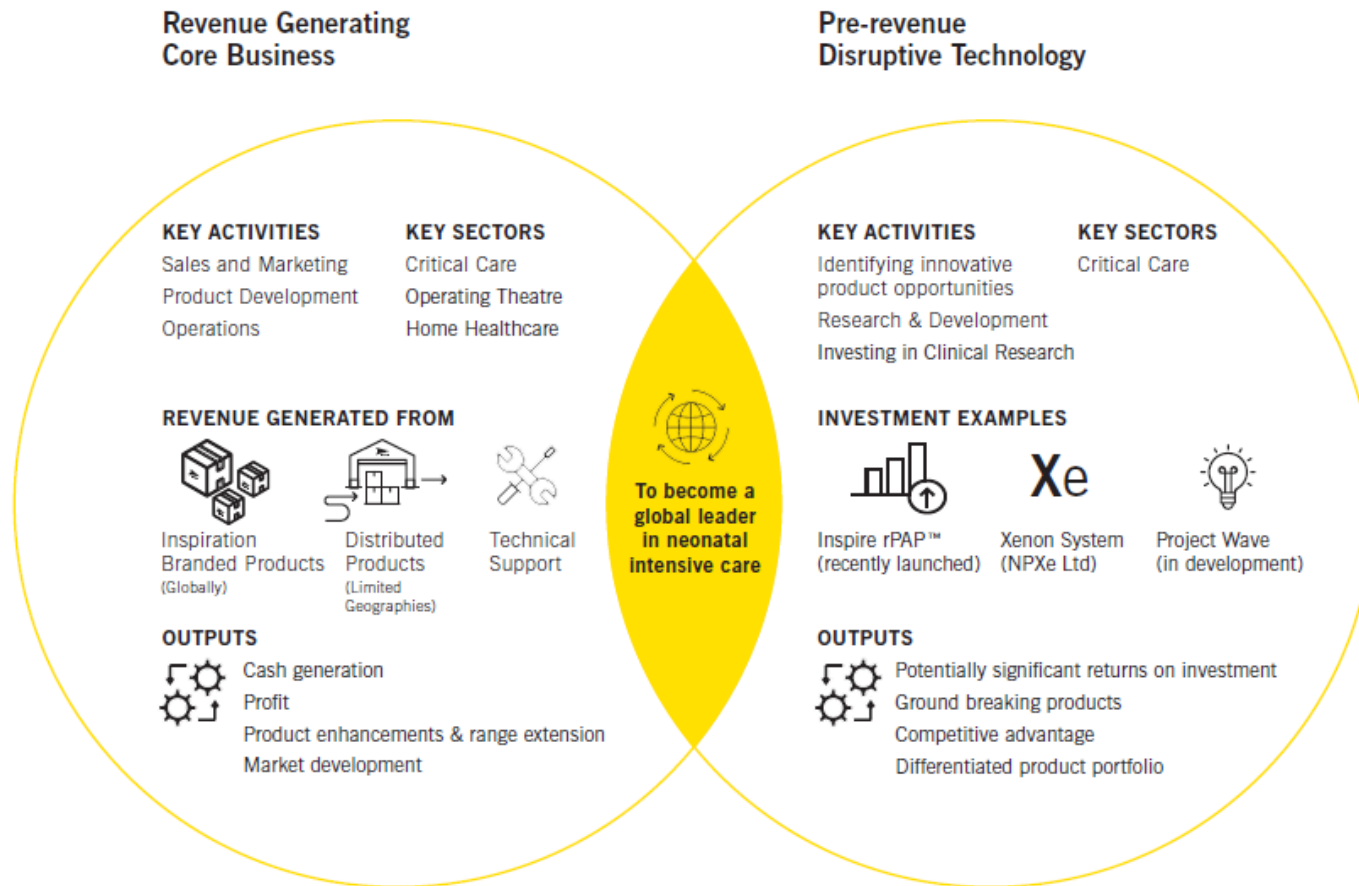
Consolidated Balance Sheet

	31 July 2019 £'000	31 July 2018 £'000	31 January 2019 £'000	Comments
Intangible assets	1,212	1,306	1,293	• £1.2m capitalised development NBV
PPE	397	407	408	• Spend largely offset by depreciation
Right of use asset	448	-	-	• IFRS 16, Leases adjustment
Investments	111	111	111	• Neuroprotexon Ltd
Total non-current assets	2,168	1,824	1,812	
Cash	2,646	2,389	2,539	• Strong cash position, no debt
Other Current Assets	4,336	3,930	3,825	• Increase in inventory due to Brexit planning
Total Liabilities	-3,122	-3,306	-2,643	
Net Assets	6,028	4,837	5,533	

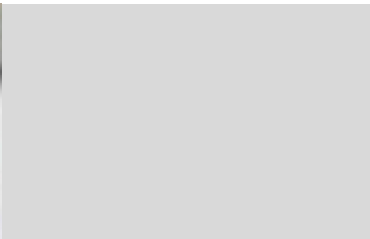
Extracted from the unaudited financial statements for the period ended 31 July 2019



Our Business Model for Sustainable Growth



Targeting two year investment payback



Disclaimer

While the information contained herein has been prepared by Inspiration Healthcare Group plc ("Inspiration") in good faith, neither it nor any of its directors, officers, agents, advisers, affiliates or employees makes any representation or warranty, express or implied, nor shall any of them have any responsibility whatsoever in respect of the accuracy or completeness of, or omissions from the contents of this document or any other document or information, written or oral, supplied at any time or in respect of any opinions or projections expressed herein or omitted there from.

No responsibility is accepted, and any and all responsibility and liability is expressly disclaimed, by Inspiration and its directors, officers, agents, advisers, affiliates or employees for any errors, miss-statements, misrepresentations or omissions in this document or any other such document or information supplied at any time to the recipient or its advisers in the course of the recipient's evaluation of Inspiration.

Any forward looking information contained in this document is based on subjective estimates and assumptions made by representatives of Inspiration and about circumstances and events that have not yet taken place. Such estimates and assumptions involve significant elements of subjective judgement and analysis which may or may not be correct. Accordingly, no representations are made as to the accuracy of such information and there can be no assurance that any such projected results will be attained or outcome realised.

Neither Inspiration, nor any of its subsidiaries, affiliates, representatives, partners, directors, officers, employees, advisers or agents has any authority to make or give any representation or warranty whatsoever in relation to Inspiration or the prospects of Inspiration and makes no such representation or warranty.

This document does not constitute or form part of any offer for the sale of shares, business or assets of Inspiration nor shall it constitute the basis of any contract which may be concluded for the sale of the shares, business or assets of Inspiration.

