



Inspiration Healthcare Group plc

Investor Presentation

Year ending 31 January 2017

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Our Business

Our vision

- To improve patient outcomes in critical care.

Our mission

- To develop outcome-enhancing products for intensive care patients and to promote these globally. We are passionate about improving patient outcomes through innovation, research and life-saving customer service.

The business

- An international supplier of Neonatal Intensive Care and Patient Warming Equipment and distributor of Life Support Equipment
- FY17A: Revenue: £14.3m and Adj. Operating profit* £1.2m (up 9% and 5%)
- Key Markets: Critical Care, Operating Theatres and Home Healthcare
- Core Values: Patient focus, Outcome changing, Pioneering, Research driven



1 in 9 babies in the UK are born prematurely.



10% of babies required assistance to breathe at birth.





It costs up to £1,311 for a baby to be cared for in intensive care for one day.

Our Strategy and Market

Market Focus - Neonatal Intensive Care and Operating Theatre

- Perinatal Healthcare – improving outcomes worldwide
- Surgery drive for cost effective outcome improvement
- Middle-High income countries where premiums are paid

Product Focus - R&D to improve margins

- Newborn Resuscitation and Stabilisation
- Non-invasive Respiratory Support
- Thermoregulation of patients

Revenue Focus - manage cash

- Technical Support adds value and generates cash
- Distribute products to add value to portfolio in UK
- Licence products where technologies do not warrant R&D investment

Acquisition Focus – to fast track growth

- Appropriate technology in our core markets

Target Market Today¹

| Critical Care Inspiration Branded | |
|--|-------|
| Neonatal thermoreg'tion / non-invasive respiratory / developmental | £350m |
| Addressable Target | 10% |
| Operating Theatre Inspiration Branded | |
| Patient Warming | £200m |
| Addressable Target | 10% |

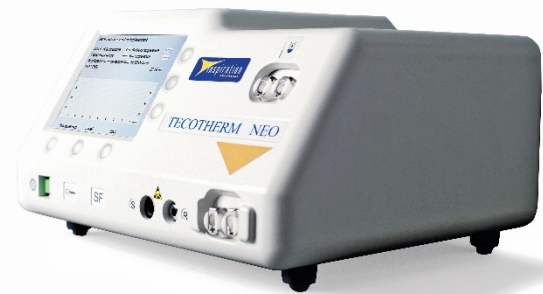
2017 Highlights

Financial Highlights

- Revenues up 9.4% to £14.3m (2016: £13.1m)¹
- Gross margin percentage decreased to 44.4% (2016: 45.6%)¹ - FX impact on Distributed Products
- Operating Profit £1.2m (2016: £1.1m)^{1, 2}
- Adjusted Earnings Per Share 3.4p (2016: 3.4p)^{1, 2}
- Net cash £2.2m

Operating Highlights

- Growth both domestically, 9.1% and Internationally, 9.9%¹
- Strong Balance Sheet
- Critical Care revenues performed well: £10m, +11%
- Slight decline in Operating Room revenues -5% (expected)
- Rotherham factory closed
- 4.4% of revenue invested in R&D (incl. capitalised costs)
- New corporate head office opened
- Greater investment in international sales



¹ Against proforma results for 2016

² Before exceptional items and impairment of intangibles

Consolidated Income Statement

| | <i>Audited 12 months to 2017</i> | <i>Unaudited 12 months to 2016</i> |
|---|--|--|
| | <i>Actual</i> | <i>Proforma</i> |
| | <i>£'000</i> | <i>£'000</i> |
| Revenue | 14,323 | 13,096 |
| Operating profit ¹ | 1,163 | 1,109 |
| Exceptional items and Impairment of Intangible assets | (718) | (1,389) |
| Finance (Expense)/Income | (1) | 3 |
| Profit/(Loss) before tax | 444 | (276) |
| Taxation | (132) | (136) |
| Profit/(Loss) after tax | 312 | (412) |
| Adjusted Earnings per Share – (pence) | 3.4 | 3.4 |

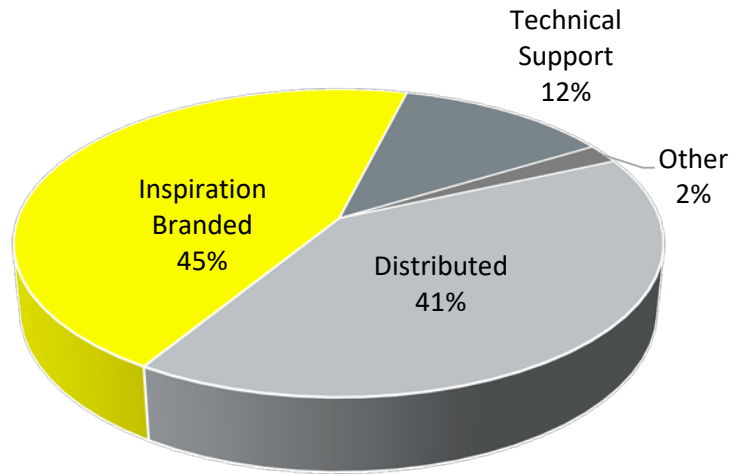
Exceptional Items

| | 12 months 2017 | 12 months 2016 |
|--|---------------------------|---------------------------|
| | Actual | Proforma |
| | £'000 | £'000 |
| Closure of Rotherham and Related Costs | 645 | - |
| Severance costs (2017: CFO) | 135 | 170 |
| Exceptional Items related to Reverse Acquisition | (62) | 701 |
| Impairment of goodwill and intangible assets | - | 517 |
| Total Charge | 718 | 1,388 |

Consolidated Balance Sheet

| | <i>31 January 2017</i> | <i>31 January 2016</i> |
|---|----------------------------|----------------------------|
| | <i>£'000</i> | <i>£'000</i> |
| Non-Current Assets | 1,006 | 553 |
| Cash | 2,165 | 2,319 |
| Other Current Assets | 3,269 | 2,927 |
| Total Liabilities | (3,315) | (2,986) |
| Net Assets | 3,125 | 2,813 |
| Total Equity attributable to the owners of the parent company | 3,125 | 2,813 |

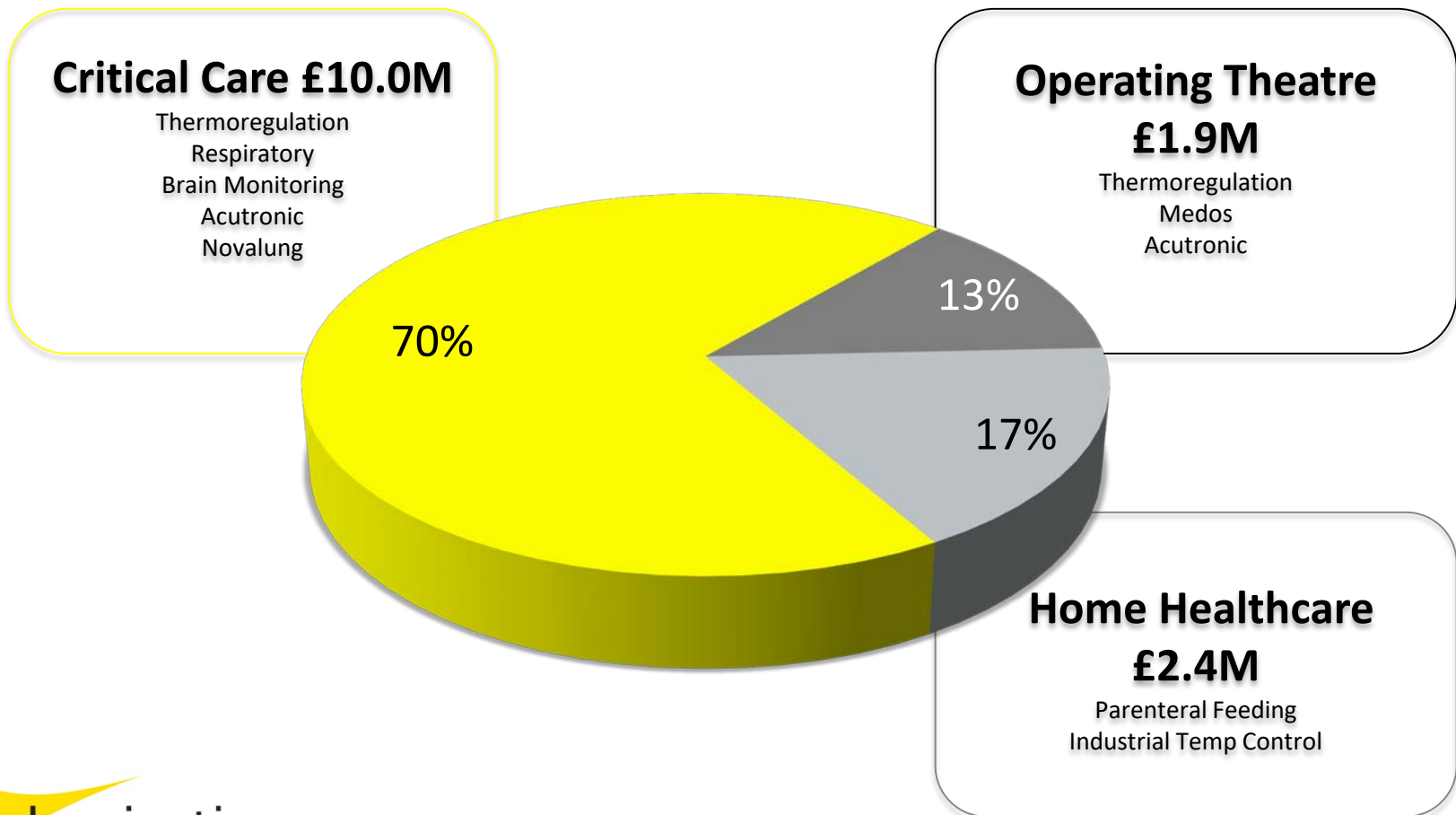
Revenue by Product Ownership 2017



Margin Analysis

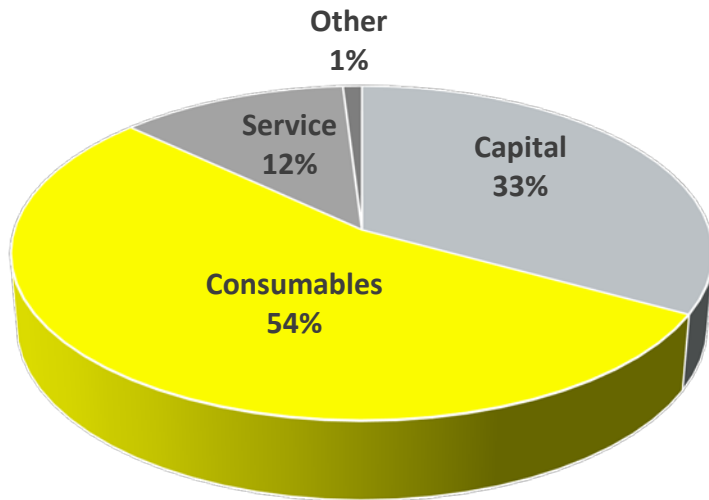
| Product Ownership | Critical Care | Operating Theatre | Home Healthcare |
|---|---------------|-------------------|-----------------|
| Inspiration Branded e.g. Inspire CPAP, Tecotherm, Unique CFM, Inspire rPAP, Alpha | 35 – 70% | 50 – 70% | n/a |
| Distributed e.g. Blenders, Atom, Fabian | 30 – 40% | 30 – 40% | 35 – 45% |
| Technical Support | 70-80% | | |

Revenue by Market Segment

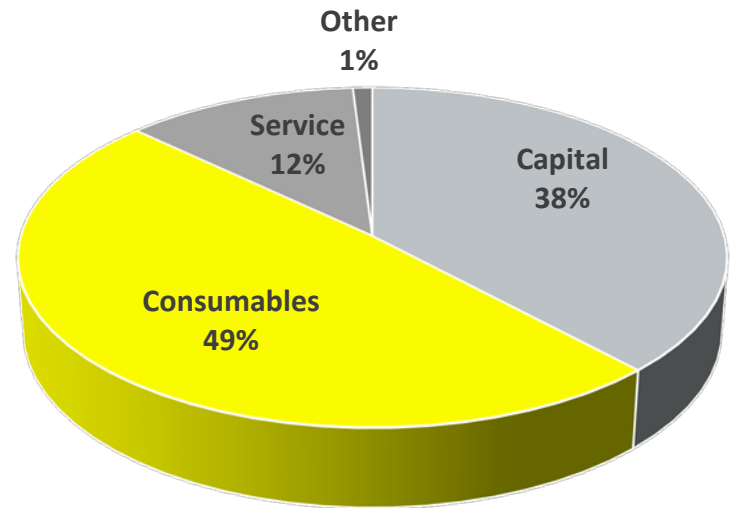


Recurring Revenue

2017

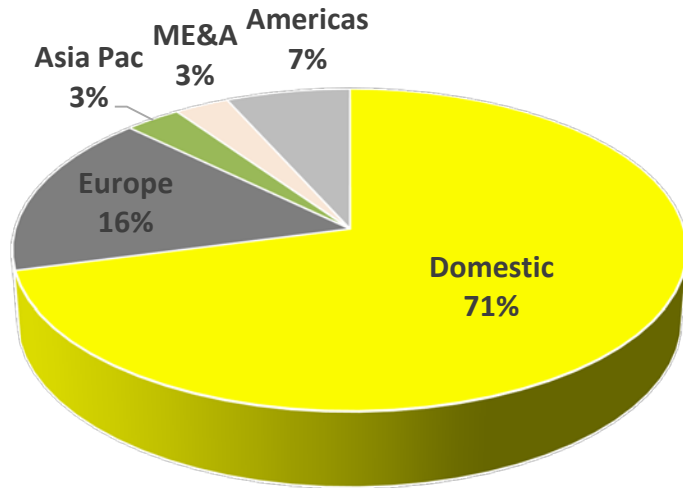


2016

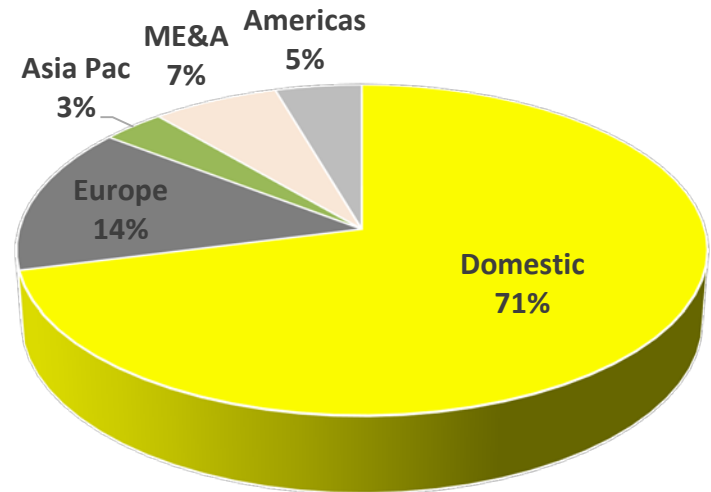


Geographic Breakdown

Sales 2017



Sales 2016



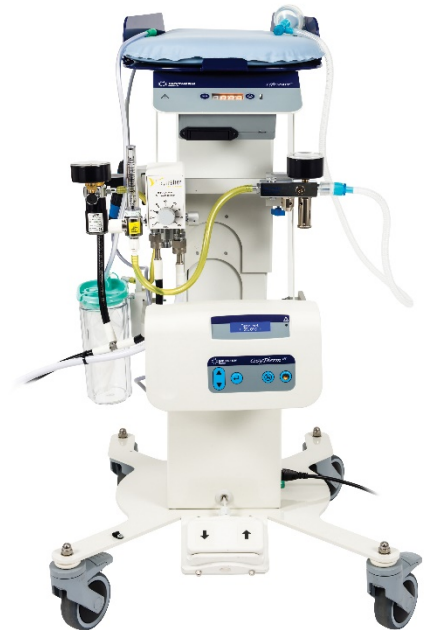
Business Environment

Short Term

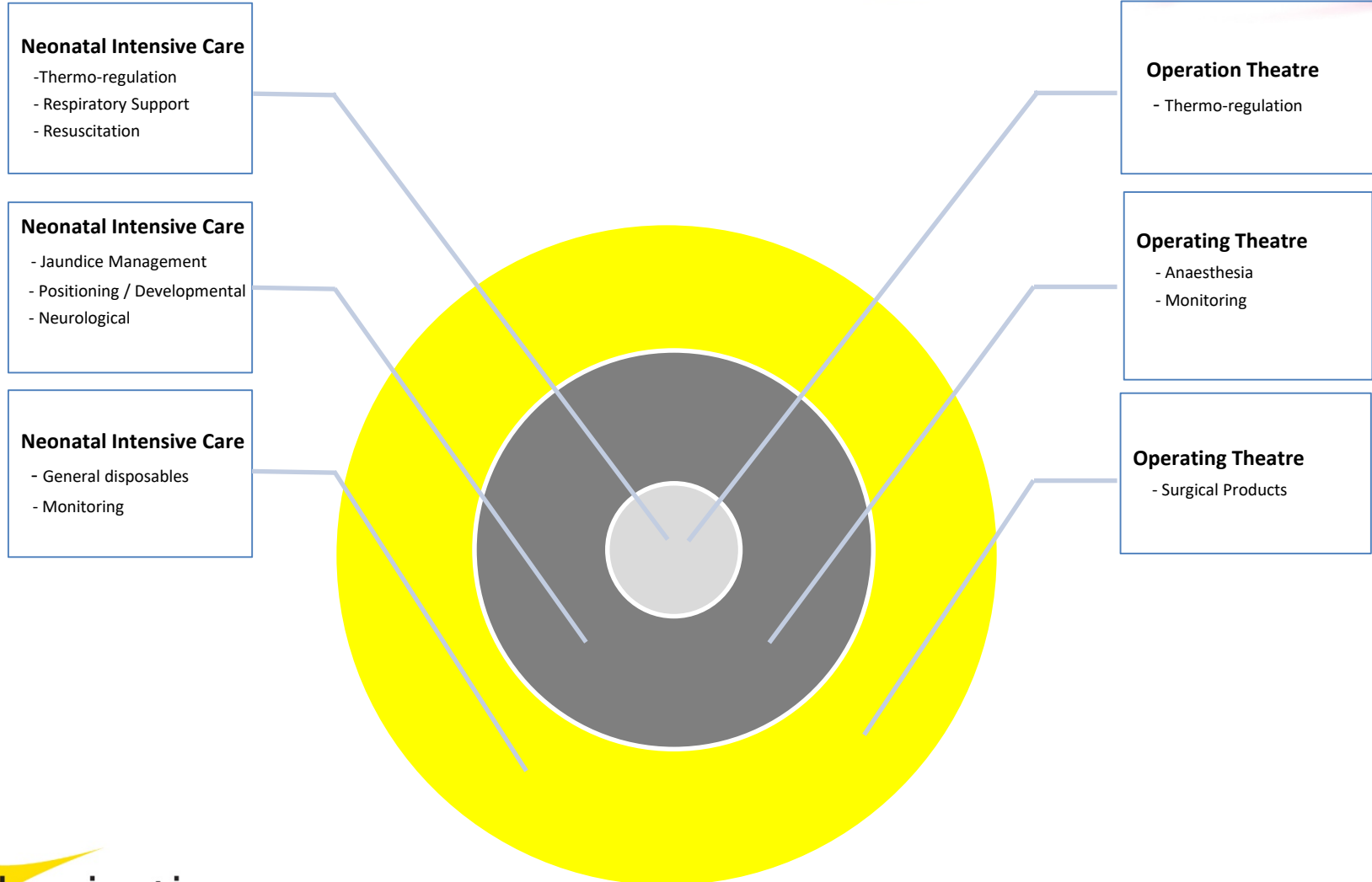
- Post Brexit Vote:
 - Initial business slowdown: in UK NHS especially capital - recovered by year end
 - Currency Volatility
- Regulatory
 - Greater scrutiny of Quality Management Systems
 - More stringent appraisal of new products

Long Term

- No evidence around the world of tariffs being applied to neonatal devices
- Perinatal healthcare still being invested in worldwide
- Improving outcomes driven by health systems
- Sustainable costs in healthcare



Acquisition Targets



Priorities and Outlook

Priorities

- Continue organic growth through current products
- Increase R&D focus and investment in FY to enhance revenue growth in future years
- New product launches planned for 2017:
 - rPAP Driver delayed from 2016 due to regulatory process
 - Tecotherm Helix
 - Alpha controller and mattresses
- Greater investment in regulatory function
- Acquisitions at the right time and price
- Investigating how best to invest in USA
- Capital Reduction

Outlook

- Clear focus and strategy for long term growth
- Anticipated benefit from marketing groundwork and new product development
- Continued investment in regulatory platform
- Strong cash position maintained
- Company structured for both future organic and acquisitive growth



Appendices

Consolidated Income Statement (statutory)

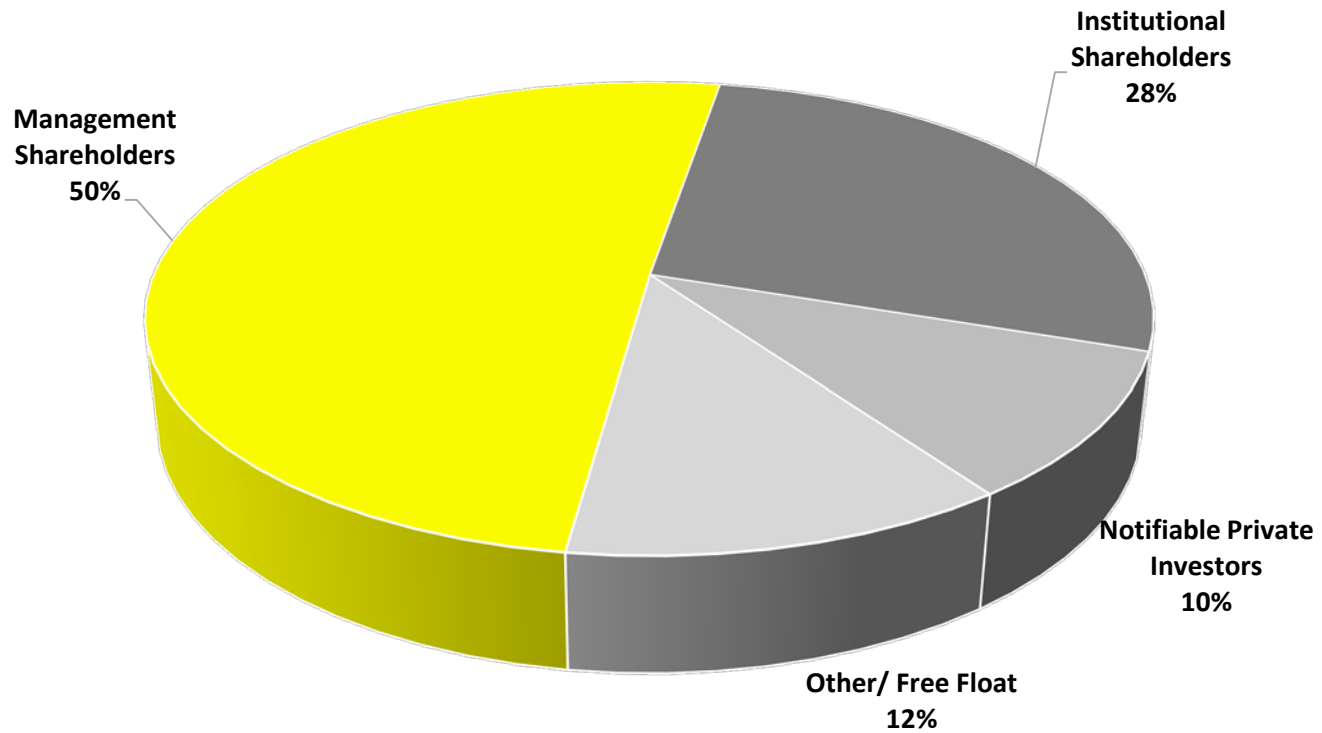
Note that the 2016 income statement represents 12 months of Inspiration Healthcare Ltd and 7 months of Inditherm plc from the reverse takeover date (24 June 2015)

| | 12 months 2017 | 12 months 2016 |
|--|-------------------|-------------------|
| Revenue | 14,323 | 12,279 |
| Operating profit (before exceptional items and impairment of intangibles) | 1,163 | 1,305 |
| Exceptional items and Impairment of Intangible assets arising on reverse acquisition | (718) | (1,159) |
| Finance Income | (1) | 2 |
| Profit before tax | 444 | 148 |
| Taxation | (132) | (136) |
| Profit after Tax | 312 | 12 |
| Earnings per Share | 1.02p | 0.04p |

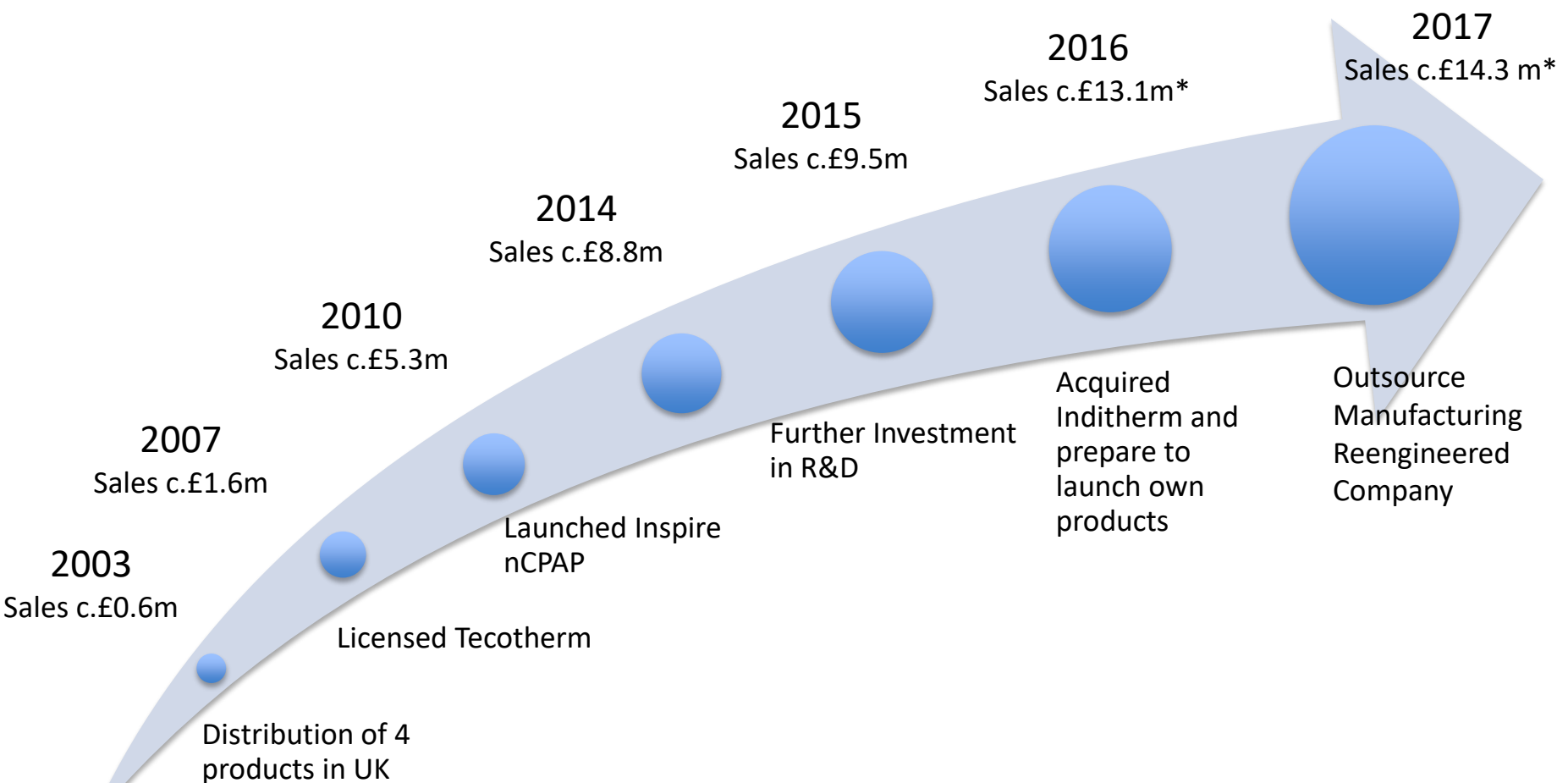
Consolidated Cash Flow

| | 12 months 2017 | 12 months 2016 |
|---|-------------------|-------------------|
| Profit before taxation | 444 | 148 |
| Impairment of goodwill and intangible assets | - | 517 |
| Decrease in trade and other receivables | (461) | 379 |
| Increase in trade and other payables | 598 | 579 |
| Other | (17) | (3) |
| Net cash inflow from operating activities | 564 | 1,620 |
| Cash and cash flow equivalents acquired under the reverse acquisition | - | 894 |
| Purchase of tangible and intangible assets | (698) | (301) |
| Other cash flow from investing activities | (3) | (98) |
| Other | (17) | (138) |
| Net increase in cash and cash equivalents | (154) | 1,977 |
| Cash and cash equivalents at the beginning of the year | 2,319 | 342 |
| Cash and cash equivalents at the year end | 2,165 | 2,319 |

Shareholder Base



The Inspiration Story



* Proforma Combined business