



# Cyclopharm Limited

A profitable and growing market leader  
in nuclear medical imaging and lung healthcare

**Bioshares Biotech Summit 2016**

29 July 2016

## CYC's 10 Fast Facts

1. Technegas is a well established proprietary world leader in functional lung ventilation imaging technology with multiple revenue streams consisting of: service income, capital equipment and 84% of sales generated from single patient consumables
2. Technegas, best known for diagnosing Pulmonary Embolism (PE), is sold in 55 countries with significant expansion opportunities in the USA following USFDA approval of Phase 3 clinical trials.
3. Chronic Obstructive Pulmonary Disease (COPD) and Asthma represent tremendous opportunities for substantial growth world wide
4. Ultralute™, a new innovative technology with global application, to be commercialised in 1H 2017
5. Ultralute™ technology is a platform for additional product development
6. Deep experience across the management team and workforce
7. Another solid preliminary financial result in 1H 2016 with strong foundations for growth: \$6.15m sales. Strong balance sheet with \$6.82m in cash at 30 June 2016.\*

### **An Australian Biotech that is:**

8. Profitable, Generating cash, Debt free & paying dividends.
9. Net cash on the balance sheet to fund growth and
10. Set to leverage tangible major growth opportunities.

## Our Technology



**Technegas**

Manufacturer and distributor of pulmonary ventilation imaging devices and equipment

- Invented in 1986
- Track record of growing revenue, profits and cash flows
- USFDA Phase 3 trials for sales in US progressing
- Functional lung ventilation imaging agent historically used in the diagnosis of Pulmonary Embolism (PE)
- Preliminary China trials indicate that Technegas can be an effective tool to diagnose and monitor COPD
- Revenues derived from:
  - Technegas Generator
  - Patient Administration Set (Single patient consumable sold in boxes of 50)
  - Service Income



**Ultralute**

Technology which extends the useful life of the commonly used isotope utilised in nuclear medicine by up to 50%

- Fine tuning in 2016
- IP Secured
- First sales expected in 1H 2017
- Strong International interest

CYC has clear strategy to leverage our position as a leading player in the global nuclear medicine imaging market and **lung health** space to expand the use of our proprietary products and introduce new innovative technology.

We will do this by:

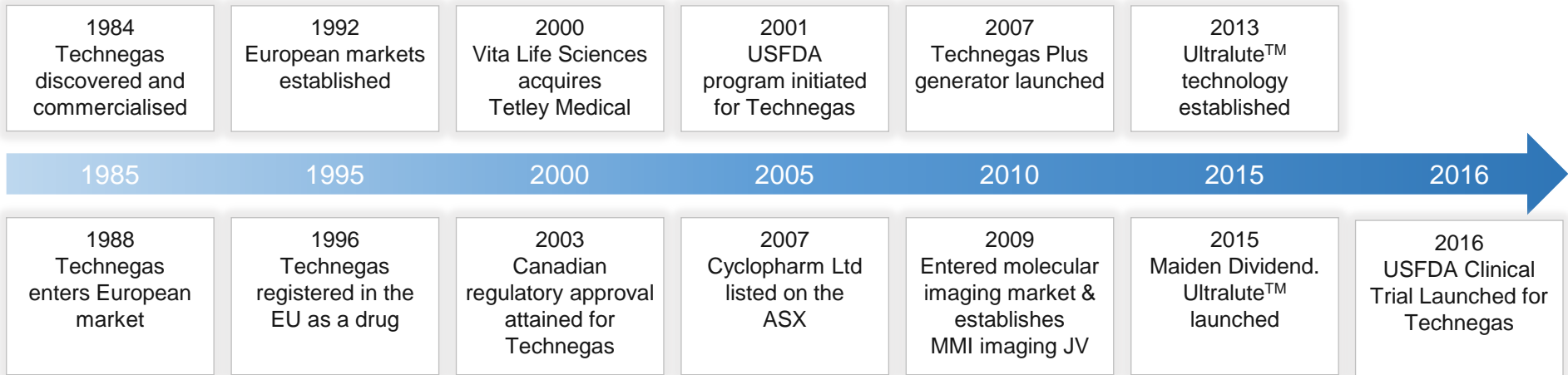
1. Attaining approval to **distribute Technegas in the USA**
2. **Expanding the use of Technegas** beyond the traditional diagnosis of Pulmonary Embolism into significantly larger applications such as **COPD<sub>1</sub> and Asthma**, Lung Cancer and Pulmonary Hypertension for both diagnosis and patient management.
3. Identifying, developing and commercialising complementary innovative technology such as **Ultralute™**
4. Leveraging our core global regulatory strengths, fiscal discipline, strong balance sheet and well developed expertise in nuclear medicine and pulmonary healthcare to seek out **complementary technologies** and businesses

# The Growth Challenge

## Summit Session Lead Questions:

1. How does a company leverage its existing asset base to achieve a step change in growth once a core business has been established?
2. What are the considerations that need to be made with respect to changes in risk profile for the business, and a higher cash burn and lower or delayed profitability for the overall business?
3. What are the considerations for a company's shareholder base if changes are made to position a company for growth?

# Our History





1. How is Cyclopharm leveraging its existing asset base to achieve a step change in growth once a core business has been established?

- Leveraging the success of our proven Technegas technology
  - Maximising opportunities in existing markets
  - Expansion into new markets
  - Expansion into new indications such as COPD
  - Employing defensive as well as growth strategies
- Leveraging off new technologies and products that are complementary to our own technologies
- Focusing on markets and customers that will deliver the greatest potential for growth
- Forming valuable partnerships and alliances with experts and organisations who will be advocates and promote the efficacy and use of our technology
- Developing complementary technologies
- Accepting that there will be setbacks and recognising the need to take alternative routes to achieve goals

## 2. What are the considerations that need to be made with respect to changes in risk profile for the company, a higher cash burn and lower or delayed profitability for the overall business?

<b>Survival</b>	<i>In the struggle of survival, the fittest win out at the expense of their rivals because they succeed at adapting..... Charles Darwin</i>	<ul style="list-style-type: none"> <li>✓ Maintained focus on our core business during an era of significant challenges</li> <li>✓ Restructured the business and suspended non profit generating activities</li> <li>✓ Today - Cleared company debt, improved balance sheet and paying dividends</li> </ul>
<b>Vision, Strategy &amp; Execution</b>	<i>Strategy without tactics is the slowest route to Victory. Tactics without strategy is the noise before defeat..... Sun Tzu</i>	<ul style="list-style-type: none"> <li>✓ Identified where we are going, what the prize is when we get there &amp; always scanning to identify potential obstacles &amp; opportunities</li> <li>✓ Seeking to maximise the utility of our products &amp; leverage off new technology</li> <li>✓ Redefined who are customers are</li> <li>✓ Developed new products to satisfy an unmet need complementary to our core</li> </ul>
<b>Risk Mitigation</b>	<i>We will always be prepared for the 1,000 year flood. In fact, if it occurs, we will be selling life jackets to the unprepared .... Warren Buffet</i>	<ul style="list-style-type: none"> <li>✓ Taken steps to minimise competitive threats</li> <li>✓ Intellectual Property – protecting our core and securing our new technology</li> <li>✓ Be aware of your limitations and know when and when not to partner</li> </ul>
<b>Patience</b>	<i>The ONLY reason for time is that everything doesn't happen at once.... Albert Einstein</i>	<ul style="list-style-type: none"> <li>✓ Prioritised on maximising organisational value</li> <li>✓ Executed what we could afford and prepared for the day when new opportunities could be leveraged</li> </ul>
<b>Leadership &amp; Commitment</b>	<i>The ultimate measure of a man is not when he stands at times of comfort and convenience, but where he stands at time of challenge and controversy..... Martin Luther King</i>	<ul style="list-style-type: none"> <li>✓ Perseverance through Adversity</li> <li>✓ Deliver on Promises and be Accountable</li> <li>✓ Ensure our team are believers and that our board are both supportive and aligned</li> </ul>
<b>Communication</b>	<i>The single biggest problem with communication is the illusion that it has taken place ..... George Bernard Shaw</i>	<ul style="list-style-type: none"> <li>✓ Customers</li> <li>✓ Shareholders</li> <li>✓ Board</li> <li>✓ Employees</li> <li>✓ Stakeholders</li> </ul> <p style="text-align: center;">} Commitment to Transparency , Honesty, Timeliness &amp; Integrity</p>





### 3. What are the considerations for a company's shareholder base if changes are made to position a company for growth?

#### In General:

- **Delivering shareholder value is dependent on optimising the link between business strategy and capital management**
  - i.e. generate a return on assets in excess of cost of capital
- **As business and asset mix changes, the shareholder base may also require adjustment to ensure it continues to offer the lowest cost of capital**
- **Key considerations then become:**
  - **What investment attributes does my business and strategy exhibit?**
  - **Does the 'style' of my existing shareholder base (Value, Growth, Yield, etc) match the attributes of my business and strategy?**
  - **Is there a risk to share price when changing strategy means the company's investment proposition no longer matches the style of existing shareholders?**
  - **What new Investor & Public Relations activities and information is required by the existing and target group of shareholders?**
- **Every business is different**



**3. What are the considerations for a company's shareholder base if changes are made to position a company for growth? *(Continued)***

**In Cyclopharm's experience:**

- **We have enjoyed the stable and consistent support of a funding group of shareholders who share the company's vision**
- **We have implemented a communication program based on our current and targeted investor profile**
- **We have adopted a targeted investor awareness campaign based on each funds suitability for our investment case and size**
- **We leverage key broker relationships to complement direct marketing**
- **Liquidity has improved with a two tier market - blocks of shares vs. daily average volume**
- **Rising prices create liquidity.....Use illiquidity in your favour**

### Where we are Today:

- **Technegas sold in 55 countries delivering ~200,000 patient studies primarily in the diagnosis of Pulmonary Embolism**
- **We expect to continue low single digit growth in our existing markets with a few notable underdeveloped exceptions to include China and Japan.**
- **China in particular represents significant tangible opportunities for growth supported by the largest single order ever placed (\$1.3 million) for Technegas placed in June 2016 with delivery for December 2016.**
- **We are profitable, generating cash, paying dividends, launching a new product early next year and have sufficient cash in the bank to drive our growth strategy**

### Where we are Going: The Planned Deliverables and Market Potential Include:

- **USFDA Phase 3 Clinical Trial Program has been initiated with patient recruitment targeted to finish by the end of 2017 with submission in early 2018.**
  - ✓ **The USA market represents half the worlds nuclear medicine market with a target market of 480,000 patient studies per annum for pulmonary embolism alone**
- **Ultralute to be commercialised 1H 2017 - market potential estimated to be equivalent to that of present day Technegas**
- **Initiating clinical pilot studies targeting applications in COPD, Asthma and Lung Cancer. The use of Technegas in chronic diseases represent a market potential much larger than its current use in PE.**
  - ✓ **E.g -the incidence of COPD is 30 times that of pulmonary embolism**



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All references to dollars unless otherwise specified are to Australian dollars.

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