

# MACH7 TECHNOLOGIES LIMITED

AGM PRESENTATION, M7T.ASX

7 DECEMBER 2016



## COMPANY OVERVIEW

### Top tier Board and management team with a high quality shareholder base

#### Financial information (\$A)

Share price (5-Dec-16)	\$0.041
Number of shares (m) <sup>1</sup>	1,087.5
<b>Market Capitalisation</b>	<b>\$44.6m</b>
Cash (30-Sep-16 pre recent \$9.0m placement)	\$1.8m
Debt (30-Sep-16 pre debt conversion to equity)	\$2.9m
<b>Enterprise value</b>	<b>\$45.7m</b>

#### Top shareholders

	#shares (m)	%
Hunter Hall ( <i>Australian fund manager</i> )	100.0	9.2%
BV Healthcare II ( <i>BioVeda Capital</i> )	83.8	7.7%
Ravindran Krishnan ( <i>Mach7 Founder, COO</i> )	57.8	5.3%
PT Dwi Satrya Utama	47.3	4.3%
United Overseas Venture Sdn. Bhd	46.7	4.3%

1. Number of shares is pre-consolidation; includes 500.7m shares escrowed to various dates in 2017; excludes 300m unlisted performance shares and 49.9m unlisted options

#### Board

##### Damien Lim

*Non-Executive Chairman*

Mr Lim has 21+ years in equity and investment banking, and is a co-founder of BioVeda Capital

##### Nobuhiko Ito

*Non-Executive Director*

Mr Ito is a former President and CEO of GE Japan, and executive with Exxon Chemical Japan

##### Dr Nigel Finch

*Non-Executive Director*

Mr Finch is a principal at Saki Partners Transaction Advisers, and has corporate transaction experience across ASX-listed firms

##### Wayne Spittle

*Non-Executive Director*

Mr Spittle is a former VP of Samsung Medical and former CEO of Phillips Healthcare

#### Management

##### Albert Liong

*Managing Director & CEO*

Mr Liong has 20+ years experience in financial management and planning, with previous executive experience in US-based IT companies

##### Eric Rice

*CTO*

Mr Rice has 20+ years industry experience and has held leadership roles with IDX and GE Healthcare

##### Jenni Pilcher

*Global CFO and CEO (Australia)*

Ms Pilcher has 10+ years CFO experience in ASX-listed healthcare companies (e.g. Alchemia and Mesoblast)

##### Ravi Krishnan

*Founder & COO*

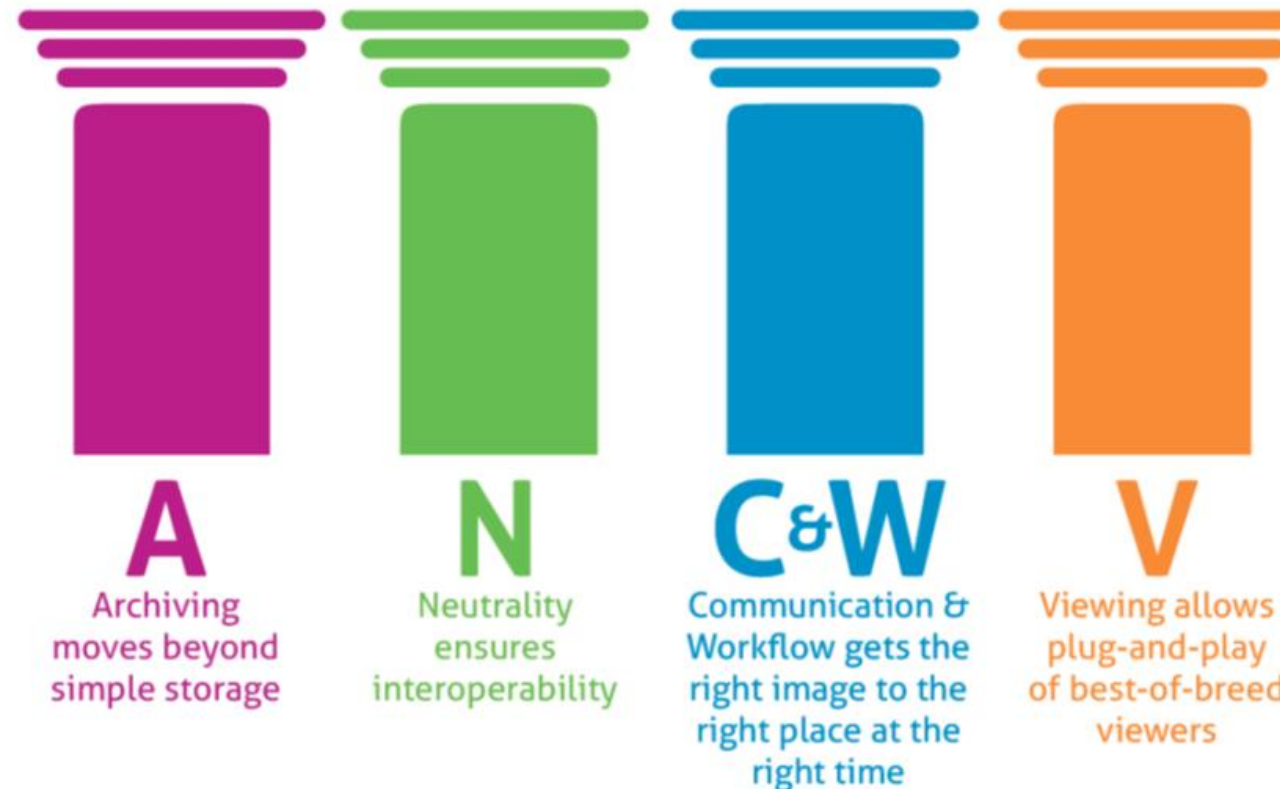
Mr Krishnan is a founding partner of Mach7 Technologies, with 20+ years' industry experience with GE and Agfa Healthcare



## CORE TECHNOLOGY

Mach7 offers the best-in-class Enterprise Imaging Platform that comprises four core modular components that can be deployed independently or as an integrated solution.

# Vendor Neutral Archive (VNA)



- Building blocks of Enterprise Imaging Platform

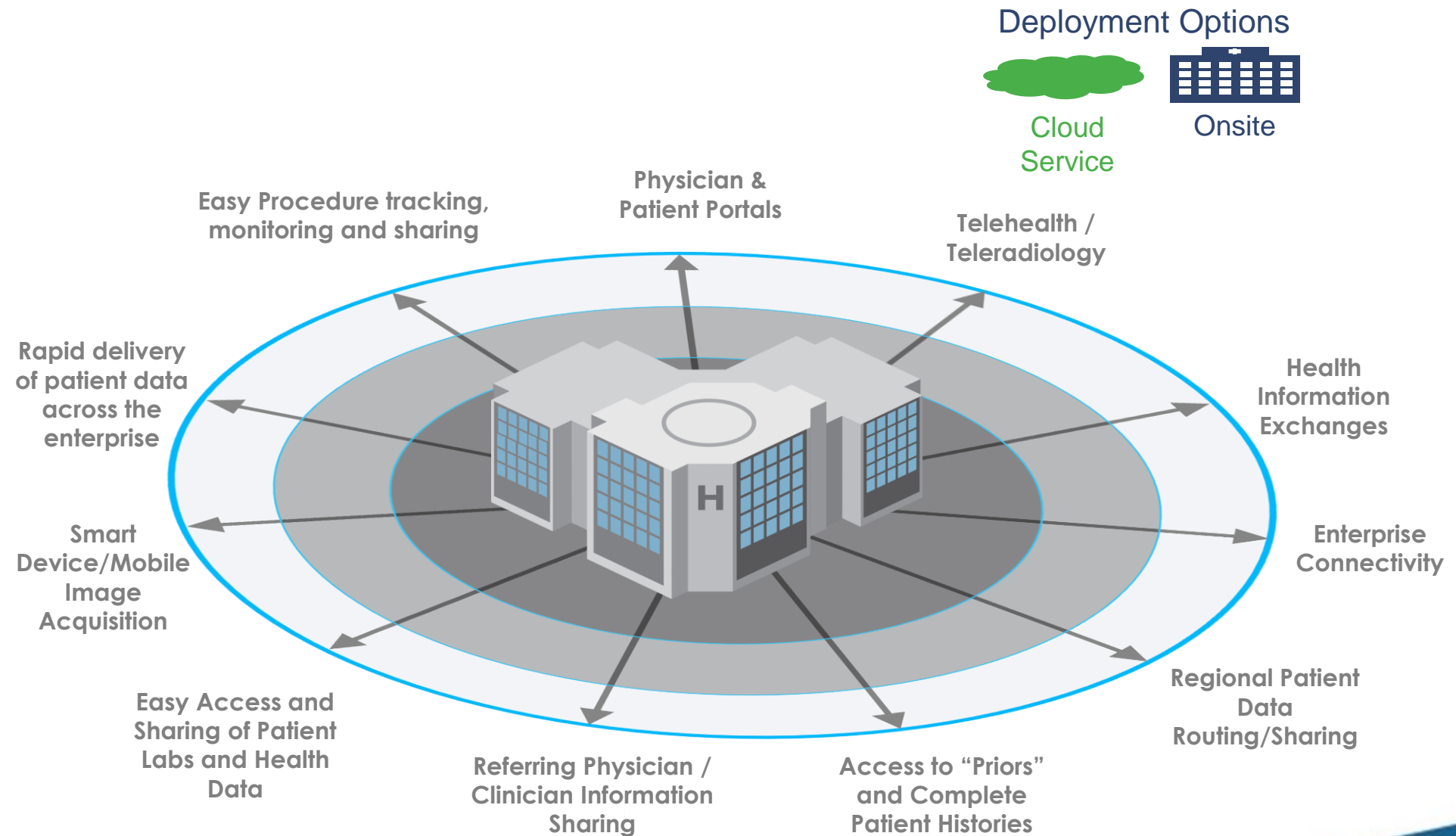
- Patented technology

## THE MACH7 SOLUTION

**Mach7 Enterprise Imaging Platform is a highly scalable and robust solution that can be deployed across clinical enterprise for varying facilities of all types and sizes**

Customer selects **Mach7 Enterprise Imaging Platform**, the best-in-class software, because it:

- ✓ **Improves patient care** delivery by enabling image portability – no CD's
- ✓ **Increases clinician productivity** and revenue by consolidating data and simplifying clinical workflow
- ✓ **Reduces IT infrastructure cost** by providing single storage option
- ✓ **Enterprise-wide** implementation (not just radiology like many of our competitors)



# CUSTOMER EVOLUTION

Mach7's global customer base is progressing from earlier adopters towards mid-market

**529** Installed sites, across...

**11** Countries

→ **47** Unique customers, comprising...

**34** Hospital

**8** Imaging centres

**5** Other (eg. Telstra)



→ **Early customers** – academic medical centres and large integrated delivery networks

**Mid-market opportunities** – mid-market adoption of VNA technology increasingly dominating Mach7's customer focus

# MARKET OPPORTUNITY

Mach7 has a US\$3.8 billion+ addressable market with the ability to compete across numerous market segments – PACS replacement underway

## Mach7 market opportunity

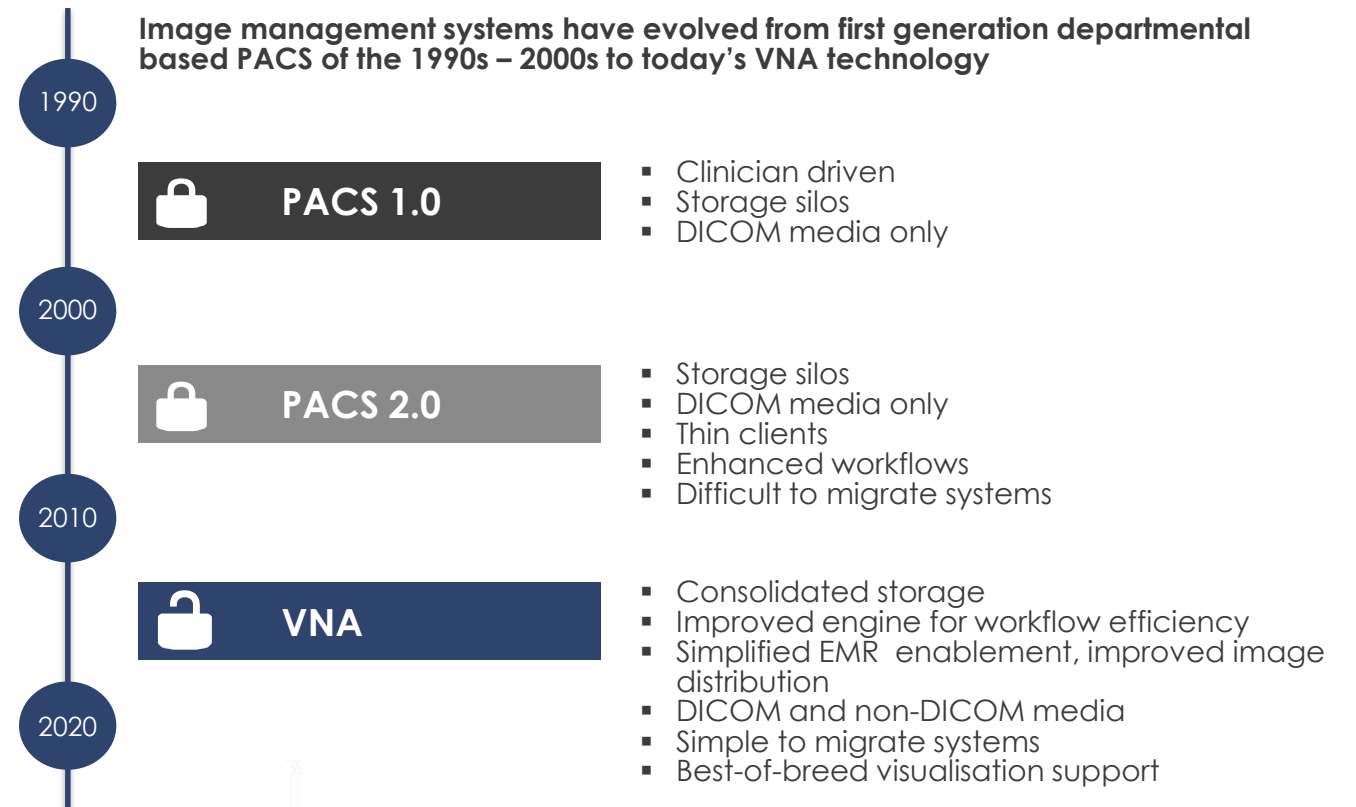
**MACH7** TECHNOLOGIES Initial target markets are the **VNA, Departmental and Enterprise PACS segments (US\$3.8 billion+)**

<b>Departmental PACS</b> (US\$2.7bn by 2018) <sup>1</sup>	<b>VNA</b> (US\$736m by 2020) <sup>2</sup>
	<b>Enterprise PACS</b> (US\$440m by 2018) <sup>1</sup>

- Growth in mobile usage and healthcare “Big Data” is **driving increased engagement with digital imaging technology**
- Through its scalable platform, Mach7 is able to **successfully target multiple segments** of the growing digital medical image market

## Conversion to an enterprise imaging based platform

Healthcare providers are **increasingly converting to VNA platforms**, as current-generation PACS technology is rapidly becoming redundant due to limited and aging technology



1. Markets and Markets: 2013 VNA and PACS Market Report  
 2. IHS Technology, Medical Enterprise Data Storage, 2015



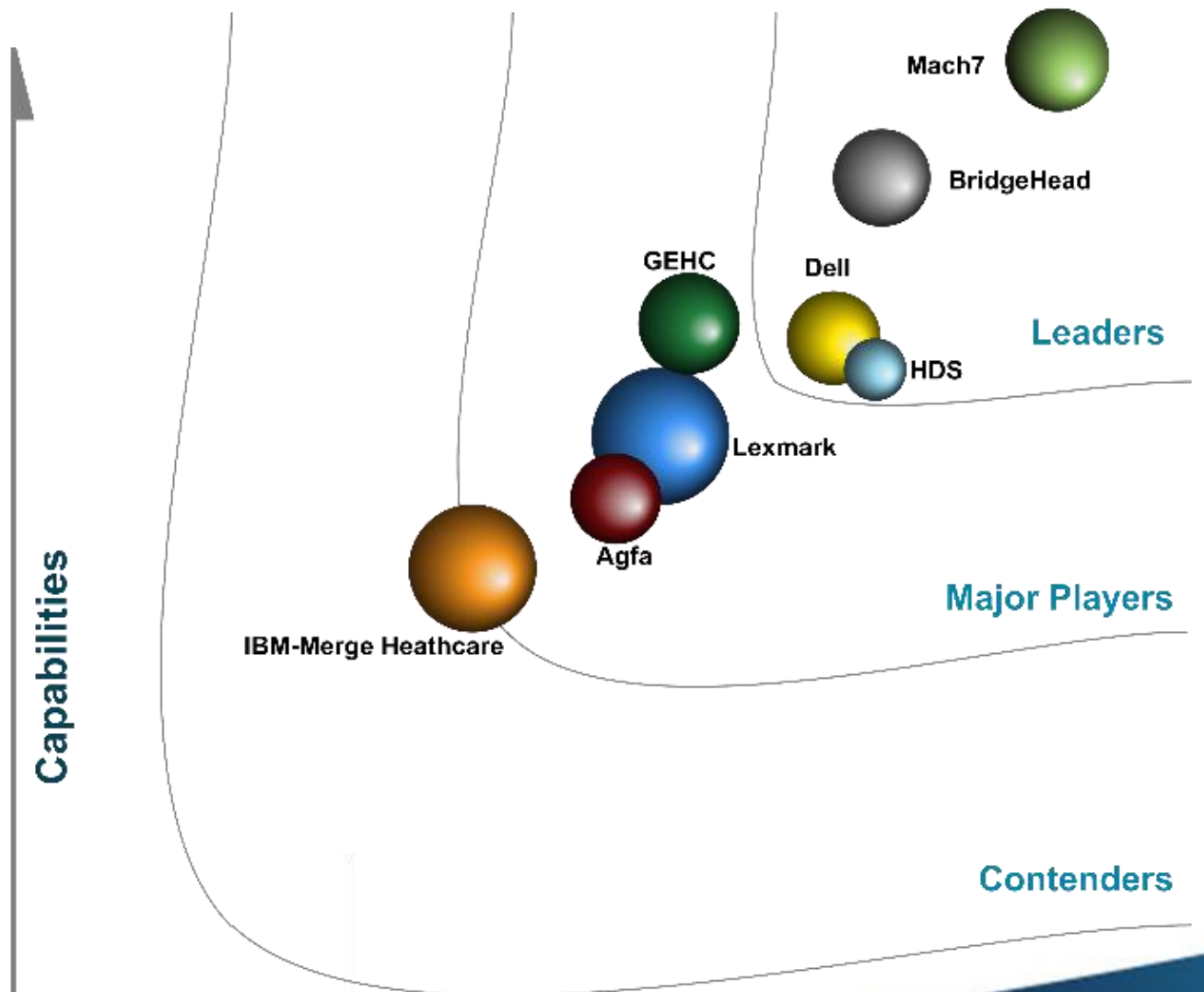
## MARKET POSITION

**Mach7 is well positioned in the market to add new customers and upsell to existing install base**

**Mach7 is able to win contracts because of:**

- ✓ Best-in-class technology (IDC award)
- ✓ Strong customer references from well-known, leading healthcare centres e.g. Sentara, Massachusetts General Hospital, Penn Medicine and Broward Health
- ✓ Recognised domain expertise and reputation in informatics
- ✓ Responsive support services
- ✓ Cost benefits of solution

**IDC MarketScape: U.S. Healthcare Provider VNA/AICA Unstructured Data Platforms for Integrated Care Vendor Assessment**



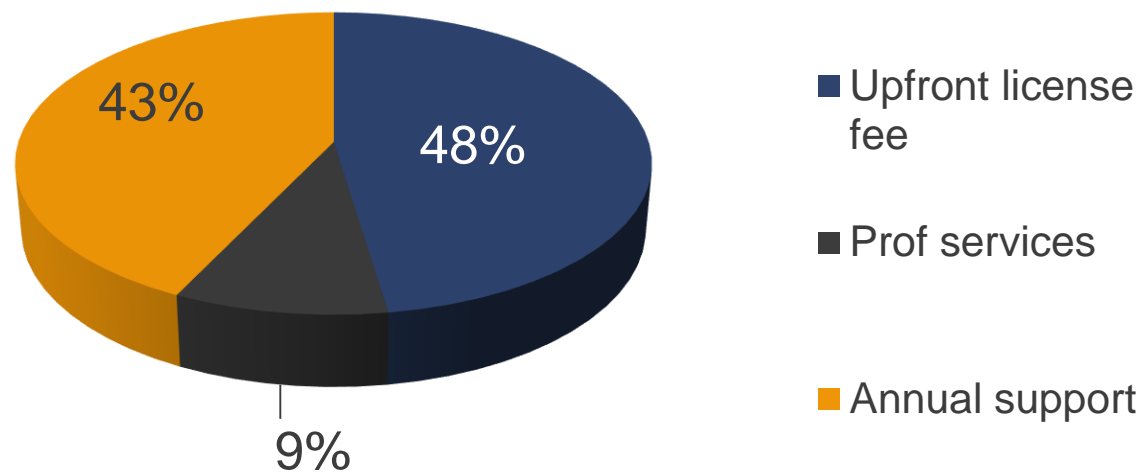
## REVENUE MODEL

### Mach7 is shifting to recurring and scalable revenue model

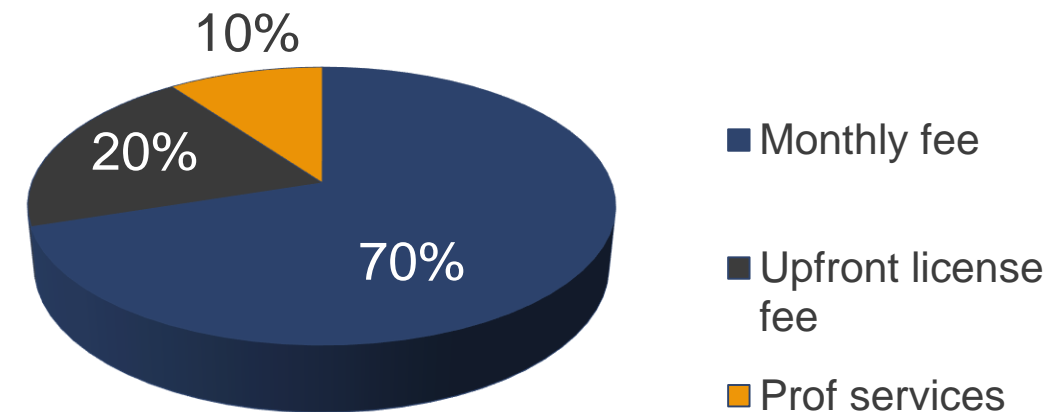
#### Traditional capital, upfront software license fee, model giving way to monthly subscription revenue model

- Customer pays based on monthly usage – procedure volume
- Typical initial contract term is 5 years – predictive revenue stream
- Fee is per procedure – highly scalable, across the enterprise
- Customer looks to match expenditure with their revenue

Typical 5-year capital contract breakdown



Target 5-year subscription contract breakdown:





# CAPITAL RAISING OVERVIEW

## Mach7 announced a successful A\$9.0m placement on 16 November 2016

### Overview

- Two tranche placement raising A\$9.0m from sophisticated and institutional investors, existing private lenders and Mach7 Directors and senior management
  - Tranche 1 raising A\$5.3m under Mach7's existing placement capacity pursuant to ASX Listing Rule 7.1
  - Tranche 2 raising A\$3.7m conditional on shareholder approval, with A\$1.2m of this amount being issued to Directors and their associated entities

### Compelling use of funds

- New expansion capital would support and accelerate Mach7's growth and progress towards profitability, with cash flow break even expected in 2017
- Expansion capital will be used for:
  - Investment into sales and marketing resources**
  - Customer support services**
  - New product development**
  - Working capital and costs of the offer**
- Conversion of the majority of Mach7's existing private debt expected to strengthen its financial position and add support to future customer contract negotiations

### Use of funds

	A\$m	%
<b>1</b> Expansion capital including sales and marketing and new product development <sup>1</sup>	6.9	76.7
<b>2</b> Conversion of existing private debt	2.1	23.3
<b>Total use of funds</b>	<b>9.0</b>	<b>100.0</b>

1. Expansion capital includes costs associated with the Placement

## KEY FY16 FINANCIALS

### Pro-forma financials demonstrate strong traction

<b>Profit &amp; loss (pro-forma)</b>	<b>FY16 (US\$)</b>	<b>FY16 (A\$)</b>
<b>Revenue</b>	<b>\$4.2m</b>	<b>\$5.8m</b>
Cost of sales	\$0.5m	\$0.7m
<b>Gross Profit</b>	<b>\$3.7m</b>	<b>\$5.2m</b>
<b>EBITDA</b>	<b>(\$6.2m)</b>	<b>(\$8.5m)</b>

<b>Balance sheet</b>	<b>FY16 (US\$)</b>	<b>FY16 (A\$)</b>
Cash	\$1.3m	\$1.7m
Receivables/prepayments	\$2.0m	\$2.7m
Intangible assets and goodwill	\$25.9m	\$35.6m
<b>Total assets</b>	<b>\$29.7m</b>	<b>\$40.8m</b>
Payables	\$0.9m	\$1.2m
Deferred revenue	\$1.7m	\$2.4m
Interest bearing liabilities	\$2.2m	\$3.2m
<b>Total liabilities</b>	<b>\$12.6m</b>	<b>\$17.3m</b>
<b>Net assets</b>	<b>\$17.1m</b>	<b>\$23.5m</b>
<b>Net tangible liabilities</b>	<b>\$1.6m</b>	<b>\$2.2m</b>

- Pro-forma revenue was A\$5.8m, which reflects what the group would have earned if the acquisition of Mach7 Enterprise Imaging Platform had been effective from 1 July 2015 (acquisition effective 1 April 2016)
- Pro-forma EBITDA excludes share-based payments expense
- FY = 1 July to 30 June

- Cash balance at the end of the period was A\$1.7m
- \$35.6m of intangible assets and goodwill relates to the acquisition of Mach7
- Interest bearing liabilities include three loans from original seed investors in the Mach7 Group (A\$2.9m) and a finance lease (A\$0.3m)

## OUTLOOK FOR 2017

### **Mach7 expects significant revenue growth and to achieve profitability in the coming year**

#### **We are optimistic about our outlook for the following reasons:**

- Increasing participation in project tenders
- Proven technology for regional and national health information exchange projects
- Early success with large hospital networks in US and rest of world
- Partnerships that may extend our sales channels
- Strong sales pipeline
- Strong partnerships with distributors in Europe and UK



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