MANAGEMENT DISCUSSION SECTION

Karen M. King, Vice President, Investor Relations & Corporate Communications, LivaNova Plc

Good morning to all of you and welcome to everyone listening to the webcast today. I'm Karen King, the head of Investor Relations and Corporate Communications for LivaNova. We know how busy you all are and we really appreciate you choosing to spend the day with us today. There are many familiar faces that I see in the room. Some of you whom I've gotten to know over the past year and a half at LivaNova, but others who I've known for more than a decade.

My team has been working around the clock over the last few months to bring to you a really robust and action-packed day today. As many of you know, my team is from the Houston area where they have recently endured Hurricane Harvey. Through all the storms, through flooding in their homes and being locked in their homes, through power going on and off, through their kids and their dogs bouncing off the walls because they were cooped up, my team was online, they were texting, just to move things forward. So, thank you to a wonderful team. I really appreciate it.

I'm going to spend a minute to introduce them to you so you can place a face with the name. And when I introduce you, can you please stand up. Matt Chism. Matt is back there. Matt is our Manager of Investor Relations. He has been kind of hiding out for the last couple of months, getting up to speed, working on Investor Day. But he's going to be a great resource for you going forward.

Deanna Wilke. You can wave. Deanna is our Manager of External Communications and for those of you that follow our news flow, you've seen a steady flow of press release, she's the one that's been writing and distributing them.

Laurie Ferguson. Laurie is our Manager of Internal Communications. And while she's less visible to you, she's really important for all of our employees and she's been working on global communication strategies to bring everybody together.

And last, but certainly not least, Summer Davis. Most of you have talked to Summer on the phone. She's the coordinator for the group and she helps keep us all together and everything moving forward. If you need anything at all today, please contact anyone of us or any LivaNova employee for that matter. The badges have purple lines on the top so you can identify us.

Before I walk through the agenda, I just want to take you through some basic housekeeping items. If you have a cell phone, please take it out put it on silent mode, vibrate mode. You should have books on your tables and if not, we can either bring you one or there are more at the back but the books have everything you need for today. They have the agenda in it, they have the Safe Harbor, they have biographies of both our presenters and our exhibitors which I'm going to talk about in a little bit. They have the presentations and then at the very back, you may want to look, there's a glossary of key terms and acronyms that may be helpful as we go through the presentation.

The meeting today is live webcast. So, for those of you on the phone, we will use microphones during Q&A and I'll remind you of that before we start the Q&A. The presentations were posted this morning on our website, so you can go and look for each one of them and follow along as we go through them.

Now, moving to the agenda. If you can't see it on screen, it is in your book but we're going to kick off the morning with Damien McDonald, our new CEO. He's going to talk about the strategy and the vision for the company. He's going to talk about how we're going to grow our core base business, our organic business and also our inorganic business.

Thad Huston, our new CFO, he's going to follow Damien and he's going to talk about how that strategy translates into financials and he's also going to provide some long-term financial goals. We're going to follow their presentations with Q&A, just focused on those particular topics.

I've done probably a half a dozen of these events and if there's one thing I've learned is that you don't want to wait till the end of the day to get your questions answered. So, we're going to try to make this more interactive. We're going to have Q&A after almost every presentation. And then at the end of the day, our five presenters will come on stage and you'll be able to ask any other question on any topic so you can get all of your questions addressed.

Following Damien and Thad, Jason Richey, our Head of Neuromodulation and North America, he's going to talk to you about the Neuromodulation business which includes both the epilepsy business and the depression business. The biggest question I tend to get on Neuromods is how come we increase our share of epilepsy patients using VNS therapy. And Jason saw a lot of different strategies and he's going to share those with you and how he intends to increase adoption.

Following Jason, Alistair Simpson is going to talk about our Cardiac Surgery business, which includes cardiopulmonary and heart valves. He's going to discuss his strategies to capitalize on our strong leadership positions in both of these areas and enhance growth through execution, through product enhancements and through innovation.

And the last speaker of the today will be Paul Buckman. He runs our TMVR Group. As many of you know, we purchased Caisson in the first quarter of 2017, and the team at Caisson has been working on bringing our mitral valve replacement option to market. We are thrilled to have them as part of the LivaNova family. Paul's going to discuss with you why we believe we can be leaders in this space and what differentiates our technology from others.

You will notice in the agenda that we have a couple of breaks built in for you to visit our profuct exhibit area. I saw a lot of you in there today, so I really appreciate that. They are located across the hall in the Hubbard room. We know that our products can be complex, so we have brought in experts from the company. We have hands-on displays, so you can really get a good feel for how our products work. We have five display booths in there focused on our growth drivers. We've got a VNS Therapy booth, a treatment-resistant depression booth, one on HLM and oxygenators, one on Perceval and then one on Mitral.

There are three things that I'm hoping you leave here with and take back to your offices. The first is that you have a clear understanding of our strategy and our vision. The second is that you take the time today to get to know management and get to know our products. And the third is that you have a chance to get all of your questions answered. And if for some reason through all the Q&A you don't get your questions answered, you know how to find me. You can call me. You can e-mail me.

Before I turn it over to Damien, I want to bring your attention to the Safe Harbor statement on the screen. And for those of you on the webcast, we've included this in the presentations. Certain statements made today are forward-looking statements that are subject to risks and uncertainties. Actual results may differ materially from anticipated results. For additional information of the factors that could cause actual results to differ, please review the slides in front of you as well as the Risk Factors section of the Annual Report on 10-K, Quarterly Reports on 10-Q, Current Reports on Form 8-K, the Registration Statement on the S-4 and other S-4 and other documents filed from time to time with the United States Securities and Exchange Commission by LivaNova.
In today's presentation, management has disclosed financial measurement to present financial information not necessarily in accordance with Generally Accepted Accounting Principles or GAAP. Company management uses those measurements as aids in monitoring the company's ongoing financial performance from quarter-to-quarter and year-to-year on a regular basis and for benchmarking against other medical technology companies.

Included in the information presented today are selected non-GAAP operating results. Non-GAAP financial measures used by the company may be calculated differently and therefore may not be comparable to similarly titled measures used by other companies. These non-GAAP financial measures should be considered along with, but not as alternatives to, the operating performance measures as prescribed by GAAP. Please review slides at the end of our Investor finance presentation that reconcile such non-GAAP measures to directly comparable financial measures presented in accordance with GAAP.

So, with that, I'm going to bring up our leader, our Chief Executive Officer, Damien McDonald.

Damien McDonald, Chief Executive Officer & Director, LivaNova Plc

I love a good Safe Harbor statement. Hello and thank you. Thanks so much. Look, you could have done a lot of different things today, not be in the sunshine is one of them, but I think it's really important that you understand how much we appreciate you guys being here with us and spending some time. I see a bunch of familiar faces. Elad, I think you get the points for longest mileage to get here from Tokyo. So, for those of you that have been with us for a long time, good morning. And there's a bunch of new faces. And to those of you that are new to the LivaNova story, welcome.

We really would like to spend some time with you telling our story today and I'd love you to take away three things. Firstly, that we're a growth company with tremendous runway, both short term and long term. Second, that we have the capacity and the capability to exploit those opportunities and the ability to leverage the P&L to drive and accelerate that growth. And thirdly, that we have a dynamic, talented, and very experienced team to realize our goals.

So, for me, I've actually been looking for this sort of this of opportunity for a long time. I had a mission to find an asset that had these sorts of capabilities and qualities. And it was really what attracted me to LivaNova, and it's one of the most exciting things I've seen in my 25 years in medical devices. I hope by the end of day, you're as energized as we are, and that comes across from the team here and in the display booths.

What I really want to do with you is spend some time telling you about the company, giving you an overview of the company. Then I'll take you through some of our strategic imperatives and how we're viewing our opportunities. And then lastly, I'd like to talk to you about how we're transforming the company. A lot of you have asked me, so what's different? And what's different is how we're operating as a team. And I'd like to give you some insight to that and the imperative that we're using to align the company. So, with that, I'll dive on in.

I really don't believe you can do what we do unless you have a passion for changing a patient's life. And I've really been impressed as I've traveled around the organization, as 4,500 people really are passionate about what we do, and I think what we started to do is unlock their passion and give them a chance to really explore the opportunities that I think have been caged up for quite a while. And I'd like to think of us as the focused medical technology innovator. We've got a bunch of products and a collective term for a bunch of products – but the things that I think really change patients' lives. And hopefully throughout the day, you'll see that, and you'll understand why we think their positions are unique, and hopefully you'll understand why we think we've got a competitive advantage with those products.

If you think about the portfolio - three pieces. So, the largest piece, cardiac surgery. Alistair is going to spend a bunch of time with you today talking about that. But you can see here, the large part of that is cardiopulmonary, exemplified by the heart-lung machine. We have one of those here, and the oxygenators.

And then the other – the other smaller part that I think a significantly important part is the heart valve business. Lots of questions about that with all of you on the call. And we've got a Perceval in the display booth today so you can see why we think Perceval is so exciting as the only sutureless aortic valve replacement.

Second part of the business is the vagus nerve stimulation, VNS therapy. Jason is going to tell you a lot about that today. I really love this business, not just because I still think it's a bit of a diamond in the rough, but I really think that if you see the impact that this product had on a patient's life, it's extraordinary. And we talked to the people today about that, but the fact that we've got this pediatric indication I think for me is a game-changer in terms of being able to affect families.

And then lastly, the CRM business which I believe has a really strong regional footprint, some terrific science and technology and a pipeline, and that's the third part of our portfolio.

Now, many of you will have seen our announcement this morning about that. In fact, every time we're on a call the ubiquitous question is "what do you think about CRM?" And I'll come back to my point. I think it's a strong regional player, particularly in Europe and Japan. I was in Tokyo on Monday with our Japanese distributor talking to them about what I see as the future for the group.

There are some really tremendous science, like the SonR study and technology, and it's a pipeline of this product portfolio that I think is really important. Having said all of that, within the LivaNova portfolio, we've decided that it's no longer a strategic fit. And so, we've taken the decision to explore strategic option, and we're going to look at a pathway to find a home for that portfolio - with the team that's involved - in the near future.

I am sure there's going to be a ton of questions about this. And we'll try to filibuster and deal with all of that. But beyond the fact that we're exploring strategic options, there's not a whole lot more information until we have a definitive decision.

Many of you have asked me what's different, and I'd like you to just view this slide to pick out a few things and think about this. Firstly, I think our focus is different. Certainly the change in the portfolio structure is an example of that, but you'll see throughout the day as we talk about - what do we think of the growth drivers, what do we think is important? You'll see that we have a different focus.

I think here one of the other words that I hope you pick out of the slide is executing. A lot of the time, you sit through a lot of these presentations and there are a lot of words. I hope what you see from us is action. We are really executing on a lot of these things that we're talking about. We've already committed pathways, people and energy to a particular course of action. And I'll try to demonstrate that on the way through, but you'll see this throughout the day.

And lastly, we're a new management team. You followed some of the announcements that we're largely a new executive team and I think that bought a renewed energy for the company, and giving people a chance to unlock some of this passion that I talked about.

So, we've started to try and shape up how to think about LivaNova. And this is where I think it's important to start thinking about our market sizes and where we play. Think about us as the head and the heart. And this is important not only in terms of how we're guiding the company, but also how we're thinking about our external M&A opportunities. We're the head and the heart.

And if you think about the market sizes, in total, we're in about $8 billion dollars in market. They're growing markets, they've got very interesting technologies, they've got health economic outcomes that are important, and we're only at roughly $1 billion. Huge amount of runway. Huge amount of runway for us. And we think that some of the things that we have in our portfolio are unique, differentiable, with competitive advantages. Hopefully that will read through for the people here

today. And as we talk about this going forward, we'd like to keep coming back to this - unique products, differentiable.

Focus, you'll hear me talk about this word that I use a lot, like it drives people crazy. There's only so many things you can do. I actually think most people can only count to four, and so we picked four things to focus on to drive near term growth. This is near term growth.

So, think about this. These are the four things we're asking the company to really drive. There's other parts of the portfolio that are important and ancillary, but these four things really make a difference to us. Unlocking epilepsy in Neuromodulation. Jason is going to talk about that. HLM conversion. I'm going to come back to that in a minute but HLM conversion is an important one as well as our new innovation cycle. Oxygenator market share. You'll hear us talk about 70% market share in HLMs but only about 30% in oxygenator. I think there's a huge opportunity here especially given that the same 100 square meter footprint – 1,000 square feet for those of you that think imperial. And the last thing is Perceval and we really see here this idea of account acquisition and account penetration. And I'll talk a little bit about that in our growth imperative later.

Let me just talk to you about here what's different. Heart-lung machines. So, when I got here, as recently as the Q4 earnings call, we were telling you customers are telling us they're going to wait for the next cycle of innovation, not going to sell many HLMs. The only catch is, as we talk to customers, and listen to some of the evangelists inside the company, what we understood was even with that, we still have the best HLM in the market. 10 year old product, people still view this as the best machine the work of the perfusionist.

So, along comes Marco Dolci, the new president of Europe and he implements funnel management. And funnel management is a simple process. It's literally sticky tape and crayons in the first instance but you can use a spreadsheet if you want to. And this is a mechanism for creating visibility to your conversion options and tracking a product sale through six steps. It's not hard. It's just a process. It's a methodology. But by applying that process, we all of a sudden unlocked a huge number of conversion opportunities from the S3 to the S5 product that previous everyone said - no one is buying. And to be honest with you, that's one of the growth drivers that's going to pull us through for the next 18 months while we're in this innovation cycle. So, focus on what's different.

They were the near-term things.

Medium term. We've talked about these, but not really as a collective and as a strategic portfolio. So, these are our strategic portfolio initiatives. Or for those of you that like a TLA, a three-letter acronym, an SPI. And these are important because a lot of growth for a lot of companies has to come through M&A or prototyping. These are products already in our portfolio. We know how to make them. We know the customers. We know the disease state. And we're excited about these three levers being a major contributor. You'll see in Thad's slide shortly where we think they start to read through and how much we think we can contribute. But any one of these as a shot on goal candidly would create a whole new medtech company. And we believe any one of these is an opportunity, but we believe all three are important to us, and we have the ability to resource them.

Treatment-resistant depression, we've talked about. Jason's going to give you some ideas about what's different. Some of you that followed Cyberonics' story lived through the ups and downs of that, and we're in a very different position, we believe, with our storyline here. And hopefully you'll feel that by the time we get through the end of the day. The treatment-resistant depression, incredible opportunity, and coming back to a health economics proposition. What this could do for patients is extraordinary.

In TMVR, Paul and Al who is next door are going to talk to you about that. They did a case last night. I'm not going to steal your thunder because I know you want to talk about it. But there was a

case last night in New York. We really believe we're in a tremendous position to lead in this market and you'll see the story. But you'll also get the touch and feel of the product. And we think that this is a tremendous opportunity for the company.

And lastly, heart failure. Look, this was one of the rationales for the merger. Candidly, I think this was underfunded and languished, and it wasn't until Thad came onboard and I was visiting with him in Minneapolis and we had a five-hour review with the heart failure team and we really got to dive into the data of our pilot study, the ANTHEM study.

And Thad leaned over to me, he said, this is awesome. Do you realize what this data is? And we really spent a ton of time with the team talking about what this could do. And so, we've decided to fund this as one of our strategic initiatives much more aggressively.

One of the tremendous things about this is autonomous resynchronization therapy really wasn't top of mind for a lot people after some of the studies failed in the last couple of years. We believe we understand why they failed. We think a lot it had to do with dosing patients and a lot of it had to do with patient selection.

We've been through a very extensive set of discussions with the FDA and been granted Expedited Access Pathway for the trial. And so, we're going after this and we believe this is a tremendous opportunity.

So near term, focus on execution. Medium term, the SPI's. And then on top of that, we have a tremendous balance sheet that gives us an opportunity to do M&A. Almost no debt. And we think what we can do is find bolt-ons and tuck-ins to our existing platforms. Our intention is to find things, for example in the cardiac surgery business, that accelerate growth to some extent but add profitability. Near-term accretive deals. We think we've got opportunities in the Mitral and Neuromodulation that will accelerate growth in areas that are already going to be high-margin businesses.

And we think we can do this and create the capacity for the organization to exploit our existing footprint. We're not thinking about buying an in-vitro diagnostics new platform things now that we've talked about the strategic options to CRM. This is about finding things for the head and the heart.

One of the things I'll talk about is how to focus the organization. And we've tried to think about it like this to lead the organization into phases of growth. So, first phase, I call this getting the trains running on time. The team certainly use this term a lot. Get the near term execution going, start working on the profitability. I'll come to that in a minute. And the third – last set of bullets is really about the SPI's. Investing in the strategy portfolio initiatives. But getting the trains running on time, building a foundation.

The second phase is really about exploiting that. The rhythm and cadence of operational excellence are starting to read through, accelerating our growth. You'll see Thad's slide that talks about that in a minute that really shows you how we're thinking about those things contributing to our growth and profitability.

And then lastly, expanding them globally as we look at registrations and at reimbursement. So, think about these things in three phases. We'll try to keep that thread running through, and you'll see how these all pull together. You can't do any of this without us transforming the organization. Some of you knew the legacy companies, you knew the culture of the legacy companies. We believe what we need to do is substantially re-wire the company. We've begun that journey and we've done this around some guiding principles which we call the four pillars. The words are simple. It's the nuance below them that are important. So, let me just spend a few minutes on that.

Growth, I've talked about growth, how we're focusing the company. It's really about how we're doing that. I'll give you a quick example with Perceval. It's a bit old school. Those of you that grew up in pharma world knew that you sweated the average daily milligrams of a drug. We've introduced that same sort of thought to the sales team to think about average daily units. We're talking about account penetration and account acquisition. We're measuring both of those. The U.S. team measures it weekly. I love these ideas of weekly things, because it gives you 52 shots on goal, not monthly. And then at the leadership team level, we review that with Jason monthly.

So, really important change in our methodology and you pick a word, the metabolic rate, the cadence. This is my favorite. Our cadence is really ramping, and this is – our focus here is about changing the way we work. So, when I talk about growth, there's a nuance to it which I think is important.

Profitability. I said at the start that we could talk about things, but we actually doing things. Right out of the gate, footprint consolidation. I think you know early on you saw we're prepared to make decision that had perhaps been overhangs on the management. We shut down the China facility. We shut down the Costa Rica facility. And we're prepared to make big portfolio decisions like CRM calls.

SAP. We've just finalized the implementation of SAP in the U.S. We are now front-end around the world, but for a couple of small geographies, SAP-enabled. Next step is the back-end, but the front-end processes are all SAP-enabled.

Lean manufacturing. A number of you heard me say that we had the ambers of lean manufacturing. As I studied the organization in Mirandola or did the Gemba Walk in Munich. You can see people early stage, early stage lean. What wasn't happening isn't having that template and then replicated across the company. Pascal, our Head of Ops, is ex-automotive and he gets lean. He just needed a partner to help get behind him on that and we've really gone after this. We believe this is going to be a substantial profit generator for us as we drive our lean capabilities across the organization.

Direct and indirect procurement. Nothing like buying better and spending better. And we've put people in place. We have initiatives. We have action plans to go after this. And this again will be an important contributor to us. Talked about investing upfront, you need to be able to fund that and this is one of the drivers for that.

And lastly, pricing consistency. I talked to you about the Neuromod team being very disciplined, two straight lines, and some of the other groups being much more like a Jackson Pollock. We're really putting a lot of energy behind pricing discipline. We think it's an important part of how we're going to drive above the line gross margin. You'll hear me talk about above the line, below the line. Above the line gross margin pricing discipline.

You can't do this without talent. You'll get to meet a bunch of people that I believe are one of the most talented group of people I've seen in medtech. But beyond that, there's 4,500 people we want to bring along for the ride. And the way we're doing that is to give them clearer pathways about what it means to be part of LivaNova. We're re-wiring our development plans. While we're attracting new people, we want to keep them but to keep them, you've got to spend some time talking to them about their future and their personal and professional ambition.

And that we're re-wiring, how we do that, and I think again, that clarity and the cadence of conversation is a substantial difference for our internal organization. Lots of companies do this, but it hasn't really been done effectively with us. We believe that having those conversations is going to be a crucial part of how we develop.

Binding that all together is our culture. Lean manufacturing has a connotation of continuous improvement, and that's really where we're starting. I want people to fail fast, try things, get out

front, be disciplined, be accountable. And I think what we've tried to demonstrate as we've come in as a new leadership team is that we're going to be much more open to people trying things. But while we're giving them focus, we're also giving them a lot more empowerment to be able to execute.

It's a little bit new. It's an emerging story for our company. You don't re-wire a company overnight but I really believe that we've started this journey and the reaction I've had as I've traveled around, and Laurie can stack my calendar with so many town halls, it's been a tremendous opportunity. But as we travel, right, the reaction has been very positive to how people see these opportunities in front of us, and it's a different energy.

So, I think we're different. I think we're a different company than we were eight months ago. It's an emerging story that we're focusing on growth, near-term and mid-term. And we're bringing a whole lot of new processes and capabilities to the organization.

As I said, I'd love you to walk away saying okay, these guys are about growth. Growth in revenue, growth in profitability. I'd like you to say okay, they're transforming the organization both the portfolio and how the company runs and that they're creating value. We've been really, really humbled by the reaction so far to the share price and the value we have created. We believe there's a long way to go. And I'm convinced that we're going to exploit that and generate that revenue, generate that profit and generate that shareholder value.

So, with that, I'm going to turn it over to our new Chief Financial Officer, Thad and then we'll have some Q&A.

Thad Huston, Chief Financial Officer, LivaNova Plc

Good morning, everyone. It's really so great to be here with all of you today. It's great to be a part of the LivaNova leadership team. What I thought I would first do is address one of your concerns. I think you've all probably seen and had some concerns about the consistency of our delivery of our financial results. And one of the first thing is I want to tell you and reassure you is that we're very committed to delivering on our financial commitments.

Many of you know I have spent 25 years with Johnson & Johnson. And being a financial leader in Johnson & Johnson, one of the first things and the primary things that we were told is to deliver on your commitments. And so, what I'm going to do with all of you over time is build and ensure we have trust, transparency and delivery of our commitments. Today, I'm going to share with you three main reasons why I'm confident about our future and where we're going. I'm going to share with you the financial roadmap or outlook.

First of all, one of the reasons I'm confident about our commitment to deliver is that we have momentum. We're off to a great start this year. We're going to continue to build momentum. The second reason, as Damien pointed out, is that we have a very clear strategy for growth. I don't know about you, but I'm very excited about the opportunities that we have. I think being very focused in what you can drive and deliver is key. And also the number three reason is what Damien said, is that we're being much more disciplined. Discipline is everything, measuring the critical things and having a discipline and rigor as to how you execute and drive results. So, for us, it's really about delivering sustainable and profitable growth. So, let's get into it.

First of all, I'm very pleased with the results that we had in the first half of the year. I think we showed in the second quarter strong earnings performance. We saw expanding margin. We have very disciplined spending and we're very focused in R&D. We're also bringing a new cadence of new product innovation as well as integrating Caisson.

We're also on track to deliver our synergy target of $80 million by the end of 2018 and we're being much more disciplined in managing our channel inventory level particularly in emerging markets, which is key. And as well, and I think it's really an important thing to note, that we have very strong balance sheet and low debt levels, so it gives us a lot of room to kind of further expand and build on our platform.

Looking at the first half, and I was very proud of the results that we've delivered with the exception of growth. And I think one of the things that we have to do is further ramp up the growth story, and I'll talk more about that. But we grew 1% on a constant-currency basis. Our adjusted margin was up 100 basis points of gross margin. And adjusted operating margin was up 210 basis points. And we grew EPS, adjusted EPS, by 22% versus prior year.

Now, I don't know about you. This is a great progress, but it's not something that we're satisfied with. And it's not at benchmark levels. So, again, we want to very much focus and I'll talk to you about our plans to further improve as we go forward. With these first half's results, though, we are reiterating our guidance for the full year, as we said in the second quarter call on August 9.

Looking at the top line, and to me this is, I think, a very key slide, if you take one story about where we're going, this one, you're looking at where we are today. We've been a low-single-digit growth company. 1% to 3% is our guidance for the year, good but not market leading. Our businesses today, the organic growth of cardiac surgery is low-single digit. Alistair is going to talk more about how do we get that, how do we ramp that growth over time. Neuromod has been growing well today with a high single digit rate. Jason's going to talk more about how we ramp that up as well.

Damien mentioned the strategic portfolio initiatives. And so when you look at just the organic and making the portfolio of choices that we talked about this morning, we think the Neuromod and Cardiac Surgery businesses on an organic basis can get us to a mid single-digit growth business on a CAGR.

But the SPIs, I think as Damien said, any single one of them could be a multiple hundred million dollar opportunity. We really believe that. In our strategic plan and our forecast here and what we're presenting, assume $200 million to $300 million coming from all three combined. And just that alone would get us to a mid to high single-digit company.

Now, I don't know about you but I think companies that grow well beyond the market, high single-digit growth companies are companies that win. And I think there's a tremendous opportunity with us in M&A to go even further. And we could be very clearly, in my view, a high single-digit growth company.

So, again, near-term, organic, mid single-digit. More mid-term, I think we could go to a mid to high single-digit. And then longer term, high single-digit.

So, let's talk about margin. I've spent a lot of time in medical devices, as well as pharma, and this is a fundamental issue that we have to improve upon. Being in the mid-60s is not going to sustain us. And I think frankly, pricing discipline is everything. So, I'm taking a lot of my experience from pharma and also med devices at J&J and we're really going to focus on greater pricing discipline, but also building pricing strategic capabilities to allow us to expand our margin. I don't know about you, but you've probably seen the complexity that we have also in the supply chain. Many med device companies over time sell everything everywhere. I think being much more disciplined on your rationalization, what you sell, having a more profitable mix is going to be key. And so we have plans year-over-year to improve our gross margin, and we're targeting a gross margin at a minimum of 70% by 2022.

Damien talked a little bit about some of the initiatives. We have a lot of things going on. But to be really focusing on improving our profitability is key. And so we built and we have now, which we

didn't have in the past really strong direct and indirect procurement capabilities. We're building that out further. We're doing a lot more around vendor negotiations and management. It seems like simple blocking and tackling, but it's really important for us to drive margin.

We're also consolidating our footprint. We've made a decision to get out of certain plants. We're going to continue looking at real estate and make sure that we're doing the best things that we could do to have more profitable businesses as we go forward.

In addition, we're doing a lot right now to building capabilities like SAP which is really fundamental. But at the same time, we know that our admin costs are high. And so we're bringing COEs and really streamlining our processes with admin to really reduce our cost. So, to me, I think there's a tremendous opportunity for us to improve the cost – the GP and reduce the cost of goods sold but also reduce SG&A over time.

To me, for us, to really be a growth company, the key enabler is innovation and R&D. And so, I was very proud and very happy to join, to see us acquire Caisson. I think this is a game-changer for us and I think ultimately will really help us accelerate growth for long term. But it requires additional investment. I think you would all see that investments in R&D will pay out. And I think to me that the bets that we're placing are really solid and really foundational. If you look at where we were two years ago, we were basically investing between 9% to 11% in R&D.

Now, I would argue that a lot of that wasn't even productive. So, having the R&D investments be very focused in key areas. I'm very good at portfolio management. I've done this a lot in my career both in pharma and in devices, placing the right bets, having the discipline to really focus on a few areas and drive it.

I think during the next few years, we're going to ramp-up our R&D investment. We're going to do it with Caisson going to 11% to 12% this year. But then with also the other strategic portfolio investments and supporting M&A, we think that we need to invest roughly 12% to 13% in the near term to help us accelerate the growth longer.

With all that said, we believe very clearly, because we're not at benchmark levels today in our operating margin, we can both improve and grow. And so, through the gross margin expansion initiatives, the SG&A reduction, but then with having an R&D expansion, we believe we can go from high teens to over 20% the next five years.

Our EPS growth, were very focused on getting that to kind of a consistent low to mid-teens CAGR over the next five years and nearly doubling where we are today.

In addition, I think being very disciplined on how we deploy capital is everything. I know we get a lot of questions on what we're doing and certainly where we've been. We haven't had the best cash conversion. But we've been integrating. We've been investing quite a lot with integrating the company. We've been investing quite a lot in deploying cash with restructuring efforts. The good news, a lot of that is now working behind us. And now going forward, our cash conversion is going to be much more positive and more in line with our income growth.

And so, to me, I believe our capital allocation strategy and our priorities are very clear. First is to provide liquidity to support the business or the growth strategy. Thus, we see opportunities to acquire businesses. We see opportunities to expand globally, internationally. To expand our markets which are under penetrated. We want to have the cash and the firepower to go after that.

We also want to increase our shareholder returns, and I think that will come naturally as we grow and become a growth company, as well a margin improvement company. And so, we have also because of our balance sheet, a very unique and strong position for a company of our size. I think having the low debt, positive cash. It allows us some room and capacity to lever up if we find the

right M&A opportunities. And so we think that roughly 2 to 3 times our EBITDA, net debt to EBITDA is a possibility. But again, we're going to make very disciplined and focused decisions.
I think you would want us as investors and analysts to be very disciplined in our acquisition approach and where we invest our dollars. And I think Damien and I are very clear as the leadership team.

There's tremendous opportunities in the areas that we have already and we're going to look at deals which I would describe are more tuck-in deals, deals that we can basically build out and strengthen our positions in neuromodulation and cardiac surgery. And you see that strategy playing through on our cash flow. I think we'll double our cash flow roughly over the next five years.

Obviously net income growth will be a key driver improving the cash conversions. Working capital. I'll also say in my experience living and working in emerging markets in places like China and Russia, cash is king. Having good working capital, being very disciplined on AR and inventory levels is everything. And I'll tell you, frankly when I came in, I was not surprised, but I would say I saw an opportunity for us to bring our inventory levels down, our AR levels down by being more focused on this.

And I think one of the key examples is also the number of distributors and number of customers. When you're selling everything everywhere, then you're going to have a lot of challenges and you're going to have a lot of inventory. Again, being very focused is really going to help us. And again, focusing in two very clear areas I think is really going to drive our growth.

Damien showed this slide but I just want to give you my perspective on it, which I think is it's really about a growth and margin expansion story. We can do both, and we can do both by improving our margin in cardiac surgery. We have a great position. So, let's bring in some other things around that position and leverage that. You don't need to add another sales force, but you can really leverage the capability that we have.

Neuromod, to me, the number of indications that we have and the possibilities are incredible. Jason is going to talk a lot more about that. We can both invest in things and programs that we have today, but we can also acquire new things and expand that position. And then TMVR, I mean, look, this is a huge area. I think we've all seen what other companies have done in the space. It's competitive, but I think that we can win, and I honestly believe that we can also bring in some other things to strengthen our position there.

And again, we have to place some bets. I think it's a very thoughtful investment with key decision points, key milestones in heart failure. So, again, I hope that you are as excited as I am. I think that this is a tremendous growth opportunity. If you look at where and how we're going to create shareholder value creation, it's going to be a combination of revenue growth, going from today what is a low-single-digit growth company to a mid in the near term, into a high-single-digit growth company in the long term. Very clear path to me, very clear.

We have huge markets that we can expand upon. We have a global opportunity that we're not even touching. We're just starting, I would say, in the emerging markets. And we also have great, great opportunities in innovation and M&A.

At the same time, it's very clear to me that we can improve our EPS. We know that we've had some inefficiencies. We know that we've had opportunities to be a world-class type of company in improving our EPS and profitability and I think that that growing low to mid-teens on a CAGR basis is exactly what you would expect. And I also think that you would expect from us to be very disciplined, very focused in how we deploy capital. Damien said we're a different leadership team, and we're going to deploy capital that I think you would all support. And at the end of the day, you'll see LivaNova as a growth engine.

Again, I want to thank you for being here. I want to thank you for your confidence in LivaNova and I look forward to taking your questions. With that, I'd like to invite Karen and Damien. Thank you.

QUESTION AND ANSWER SECTION

<A – Karen King – LivaNova Plc>: Questions? Yeah. Go ahead. Actually – thank you. Deanna has the microphone. We need one up here. We ask that actually you hold your questions until you get the mic so that everybody on the webcast can hear.

<Q – Jason Mills – Canaccord Genuity, Inc.>: Thank you, Damien and Thad, for that introduction to the business. A lot going on. I'm Jason Mills from Canaccord Genuity. I have two questions to start. On the M,A&D side, could you give us your definition of a tuck-in acquisition both in terms of the characteristics of size that you're looking for and the characteristics of margins and growth that you'd be looking for?

And then, sort of related with respect to your announced plan divestiture of the CRM business. On slide 10, you talked about your road map, Damien, for value creation. And you sort of split it up in time periods the first one being 2017 and 2018. Is the divestiture of the CRM business critical to be able to achieve the goals within that – those bullets under the 2017 and 2018 time frame. So, those that's sort of one question.

The second question has to do with cardiac surgery and maybe I'll come back and ask that after you.

<A – Damien McDonald – LivaNova Plc>: Yeah. Why don't I do the divestiture question first. So, the short version is its not critical to, but it's an enabler of. So, moving that portfolio out of the broader portfolio is definitely going to enable us to do a lot of other things. But we could have elected to keep that in and try to continue to invest and get the WACC of that company back up towards the fleet average. It's not critical but it's an enabler and so in the 2017/2018 time period, we expect it to be, hopefully, finding a home and be out of the portfolio. And certainly it's going to give us some flexibility in terms of the balance sheet. We'll be able to do some other things.

<A– Thad Huston – LivaNova Plc>>: Well yeah. And look, that will help us both in terms of growth, margin, and cash conversion. So, again we're very focused on what I described tuck-in deals because tuck-in deals are more what I would say bring it right into the reps bag. Not having to create a new sales force or whole new team. Building on what we have today. And so, we're looking for revenue opportunities in the next year or two with accretive businesses in a year or two. Like I'm not looking for things that are big cash burn for example. So, I think through that strategy and we have some targets in mind that we're assessing right now.

<Q – Jason Mills – Canaccord Genuity, Inc.>: With respect to M&A tuck-in size, do they need to be of a certain size?

<A – Thad Huston – LivaNova Plc>: Yeah. I think to me, and again, others have played this before, going small and trying to find the best science and not overpaying in getting your valuations with higher returns is important. I would see this being in the – around $100 million types of acquisitions, plus-minus. But we're not going to take a $500 million bet on just one thing at this point.

<Q – Jason Mills – Canaccord Genuity, Inc.>: Thank you. And then sort of related to that on the cardiac surgery side, as you look for M&A to tuck in through sales force, could you give us a sense for the size of your direct distribution sales force teammates both in the United States and outside the United States into what you would be plugged into specifically a cardiac surgery asset you may look to purchase? Thank you for taking the questions.

<A – Damien McDonald – LivaNova Plc>: Most of our business in the U.S. is direct. Things that we would bring in to the U.S. bag is direct. Really, the only place where we have a distribution partnership structure is in the – what we're now calling the international markets, we used to call

them emerging markets, but the international markets. And there, what we've really done, and this is again to set us up for this long-term, it started being much more disciplined about how many dealers. I mean, we – candidly have never met a dealer we didn't like. And the inventory in the channel, and a lot of our margin discipline really went away because we had so many dealers.

We bought a new leadership team into that group, Roy Khoury, some of you know, has brought a talented group of people underneath him. Already, we're starting to see that read through, they've reduced the number of distributors in their geography by about a third in the last nine months. We're starting to see that really read through in the growth rate.

We're not going to talk about it much here today but the international team, I think, is really going to be one of the gems for us. We talked about the geographic expansion. But their growth rates increased, their gross margins have improved in the last nine months and as I said, we've reduced the footprint. So, the dealer aspect of it is really an emerging market. The rest of the business is really direct.

We don't really split out those businesses. Maybe we can talk about how we add more clarity to that over time. But you can see from the chart that cardiac is clearly going to be a big part of who we are.

<A – Karen King – LivaNova Plc>: Do you want to bring a microphone here? We got one at the back.

<Q – Matt O'Brien – Piper Jaffray>: Matt O'Brien, Piper Jaffray. Just for clarification purposes – good morning. Is the roadmap that you've laid out as far as profitability goes, does that include or exclude the divestiture and the CRM?

<A – Thad Huston – LivaNova Plc>: All the financials include CRM that I've presented.

<<Q – Matt O'Brien – Piper Jaffray>: Okay. So, anything else would be incremental above that.

<A – Thad Huston – LivaNova Plc>: Correct.

<Q – Matt O'Brien – Piper Jaffray>: Can you talk a little bit about that business? If we look at the 10-K, it looks like it lost about …. So, can you talk about the profitability of that business?

<A – Thad Huston – LivaNova Plc>: Yes. I mean, what we disclosed last year was a loss. And if you look at this year, it's a slight gain. So, it's a little bit accretive.

<A>: It's a relatively standalone business. The business in the U.S. is relatively small, so extracting the commercial organization in the U.S., we believe, would be relatively simple. In Europe, there was some commercial integration as a result of the LivaNova merger. But, again, it's quite well defined especially at the sales rep level, and the operating units are very separate, Clamart and Saluggia.

Clamart is a stand-alone CRM division; and in Saluggia it's a very well-defined area within that Saluggia manufacturing plant. So, what we intend, assuming we find a buyer and someone that's willing to take this great opportunity, we intend to run this as an integration in reverse. We'll bring the discipline that we know about. And we've used over our careers to treating this divesture as an integration in reverse. And so, we think that there's a pathway to it. We think that it won't be relatively traumatic for the company. Of course, what we're really interested in is making sure our associates in that organization know the pathway, and we are very concerned and have spent a lot of time, especially over the last 24 hours talking to them to make sure they understand how we intend to transition them.

<A – Karen King – LivaNova Plc>: Yeah, Scott?

<Q – Scott Bardo –Berenberg>: Thank you very much for taking the question. Scott Bardo from Berenberg. It's also pleasing to see that you've formalized entering your strategic options to CRM. Can you just talk a little bit about confidence levels surrounding that sale? Have you already received expressions of interest? And perhaps just go further as to if you don't receive a price which you deemed creating value for your shareholders, what's the plan B? Can you go back and fold the business back into the organization?

<A – Damien McDonald – LivaNova Plc>: So, look, it's very early in the cycle. And we're exploring the process. We appointed Barclays as advisers to work us through that process. So, beyond that, until we get to a definitive decision, we're probably not going to talk that much more about it. But I'm confident that people will see the value of the organization. And I think that, again, the strong regional footprint. Europe and Japan – Japan's really growing quite well. I think it's compelling for a number of people.

I think the fact that some really tremendous technology – I mean, you know the headwinds here with the MRI and the leads, but there is a pathway through that. And I think that people will see that and then there is the technology the group has around sonar. And again, I believe that people will see that. So, beyond that, we're really focused on finding the right home, and a buyer that wants to be – having this asset as part of their growth plan. So, don't have much more detail beyond that.

<Q – Scott Bardo –Berenberg>: Can you confirm **-** have you had any expressions of interests?

<A – Damien McDonald – LivaNova Plc>: No.

<Q – Scott Bardo –Berenberg>: just a point of clarification, again, thanks, Thad, for giving the sort of financial roadmap over the next few years. Just to understand that the earnings targets half year and the top line targets, we should think of these as organic targets. So, acquisitions would be potentially incremental to the rest of targets?

<A – Thad Huston – LivaNova Plc>: Right. Yeah. I showed the three – kind of the three levels that's organic, and then you have the SPI and then the M&A. So, the M&A is not included in the EPS at all.

<Q – Scott Bardo –Berenberg>: Thanks. I just really wanted to understand a little bit better and square your operating margin expectations to that of the gross margin. So, I think you highlight an ambition of some 500 basis points gross margin expansion over the next five years.

<A – Thad Huston – LivaNova Plc>: Right.

<Q – Scott Bardo –Berenberg>: And when you look at your R&D slide, you're also assuming over a five-year period, that ratio falls, and you talked also about SG&A were in them. But when I look to your operating margin target, one would expect some 600 basis points improvement following that logic?

<A – Thad Huston – LivaNova Plc>: Right.

<<Q – Scott Bardo –Berenberg>: But it doesn't appear to follow in what you say.

<A – Thad Huston – LivaNova Plc>: Yeah.

<Q – Scott Bardo –Berenberg>: So, can you explain a little bit? What am I missing there?

<A – Thad Huston – LivaNova Plc>: Yeah. No, look, first of all, and again I said at the beginning, I want to provide I think realistic and reasonable expectations here. Clearly, even going beyond 70% is something I would like us to achieve. There's a lot of work to be done to get there. And so, again, it's a five-year projection.

Of course, we're going to give you regular updates on how we're progressing against each of these. I also think we want to be prudent in our expectations. I didn't talk about tax. Tax could go up, tax could go down depending on the scenarios. We have actions in place to reduce tax. But again, I'm trying to create a kind of a reasonable expectation.

<Q – Scott Bardo –Berenberg>: Just trying to understand the logic that, in your mind, there could be good reasons to assume operational leverage over and above gross margin improvement. Is that correct?

<A – Thad Huston – LivaNova Plc>: That's a fair thing to say.

<Q – Mike Matson – Needham & Company>: Hi. I'm Mike Matson from Needham & Company. Just with regard to the sale of the CRM business, if you – what do you plan to do with the cash from that? When does it happen?

<A – Thad Huston – LivaNova Plc>: Well, look, I mean one of the things obviously, we talked about the kind of the cash deployment and where we're going. Of course, there are opportunities to do acquisitions, and to me, accelerate the growth of the company.

In my previous life, I mean, divesting or making portfolio choices but then acquiring other things is a way to really accelerate the growth of the company. If we can't do that for whatever reason, we'll obviously look at share buybacks. We have approval up to $150 million. We've done $50 already. So, again, depending on the scenario.

<Q – Mike Matson – Needham & Company>: Okay. Thanks. And then your guidance for R&D implies about a 3% increase relative to pre-Caisson acquisition. So, that implies around $30 million of incremental spending a year. Is that really enough to cover the cost of TMVR and all these other pipeline projects that you have?

<A – Thad Huston – LivaNova Plc>: Yeah. That's roughly what we're looking at. I think the combination – and again, they are all in different places. They're like even heart failure as a bit further out. TMVR we've included that already. And then also we have some investments in supporting depression as well. So, it's a little higher than 30, I would say. But we think that we have enough set aside to support all three initiatives.

<A – Damien McDonald – LivaNova Plc>: I think the big thing that doesn't read through here is our productivity. We're doing a lot of portfolio management. Again, I'll make this judgment, we never met a project we didn't like. There was a lot of skunk work stuff going on. We've really paired that down. We took one of our best project managers out of the Houston group and we've tasked her with building a whole new portfolio management process coupled with a product development, the PDP process. Those two things I think are going to give us leverage inside the existing R&D spend that I don't think was previously considered.

<A – Thad Huston – LivaNova Plc>: Yeah. Like its getting rid of a low productive products and really focusing on those key ones. I think we'll really pivot the R&D investment.

<Q – Mike Matson – Needham & Company>: And then do you have some sort of estimate of the cumulative cost that's going to be required to bring Caisson to market in the U.S. through the FDA approval?

<A – Thad Huston – LivaNova Plc>: We do, yeah.

<Q – Mike Matson – Needham & Company>: Okay. Can you give us some idea?

<A – Thad Huston – LivaNova Plc>: I'm glad you ask and yes.

<Q – Mike Matson – Needham & Company>: Yeah. Okay.

<A – Damien McDonald – LivaNova Plc>: No, we're not going to disclose the program. But I will tell you when we've talked to you guys about where we're thinking about being disciplined, the IRR it has to be mid to high teens. We're riding that switch button. You know that the cumulative purchase price for that asset was much lower than the other assets in that market. What these guys have done, what 42 people did with 10,000 square feet is really extraordinary. And so we really are focused on keeping them as productive as that while giving them a lot more breathing room.

And the reason for bringing Caisson in when we did was that I didn't want them managing to a milestone. And some of their discussions in that first two or three months, C.J. and Todd, I could tell, were very passionate about bringing the product to market, but we're thinking about the milestone for the next funding. And I wanted them to not think about that. I wanted them to think about being first or second to market. I wanted them to think about bringing your best product to market. I wanted them to be able to afford to bring guys like Paul on board. And those things were really important.

We can leverage our regulatory department, our clinical department, our ops group. I mean, already the ops group has made a number of trips to Minneapolis about how to bring the production capabilities to bear. And so it was really about accelerating it. So, I actually think there's a bunch of leverage in the program because we bought them onboard.

<Q – Mike Matson – Needham & Company>: All right. Thanks a lot.

<A – Karen King – LivaNova Plc>: Anymore questions? In the front here.

<Q – Matt Miksic - UBS>: Hi. It's Matt Miksic from UBS. Just a follow up on the questions around the SPI investment and you talked about like plus or minus $100 million. But I wanted to get a sense of Caisson represents merging growth opportunity in clinicals. How do you balance finding tuck-ins that are going to help you drive growth near term without necessarily vesting in assets that may not be kind of part of this transition towards minimally invasive and transcatheter therapies that we're seeing in all your kind of cardiac end-markets.

<A – Thad Huston – LivaNova Plc>: No, look, I view my role as a portfolio manager in some ways. I mean, making decisions in terms of things that we're going to invest against some things that we're not and making choices. And I think even this morning's announcement is really about making a choice. And so, that focus allow us to free up resource and to be more productive. So, go deeper into where we're spending R&D dollars and to free up some room, but then place some bets. And so, that's exactly what we're doing.

I think that relatively speaking, going from 9% to 11% to 12% to 13% is not that big of a deal, to be honest. I think you would want us to – if we could show that we're growing in the Caisson, and depression or delivering on what we say, it's a good investment.

And so, I – again, I'm not going into how much each one is today. But the Caisson deal alone is, I think, one of the best acquisitions I've seen in a while. And we certainly didn't overpay for it. And we have 49% position for many years to see how it was going to play out, and then you acquire it at very modest price, I would say, for the market with a lot of upside. And so, yes, we're going to have

to invest in R&D, but it's a two- to three-year investment. Well, yeah, I'm maybe deflecting, but I'm excited about them.

<A – Karen King – LivaNova Plc>: Some more questions? Back here, Deanna.

<Q – Rick Wise – Stifel Nicolaus>: Hi. Rick Wise, Stifel. Just back to the CRM divestiture. It sounds like you'd prefer to sell it and get the cash. Are there circumstances that you consider actually just spinning of the company, is that a possible option on the table? Thank you.

<A – Damien McDonald – LivaNova Plc>: Rick, we looked at all of that in our discussions. The board had some really robust opinions about all of the options and we beat this up pretty solidly with them. Right now, we're just focused on finding a home with a buyer that value the asset that I described and that's really where we're putting all our energy. But I will tell you, we look at the whole gamut. When we said strategic review, it really was a strategic review. And again, the board is broadly very experienced. Some of you know Art and Al, Art Rosenthal and Al Novak, they've been in a lot places. Dan Moore made some tough decisions at Cyberonics. You know these guys. So, you know it was a robust conversation. We look at all of those options.

<Q – Analyst>: Thanks for giving me a chance to follow up. So, clearly, your strategy in cardiac surgery in some ways looks to leverage a call point that you have there with the cardiac surgeon. As we think Caisson, that call point ultimately with your fully transvenous approach, clearly, it's going to have a cardiac surgery component to it, but in many ways as interventional cardiology. So, as we think about trying to – you trying to get in front of that call point sooner rather than later, I really know how else to ask this rather than what do you think of TAVR as part of your portfolio, and there are many assets left out there. We know the one or two that may be left or there may be more. But would TAVR be a consideration?

<A – Damien McDonald – LivaNova Plc>: So, shorter answer but a longer conversation sometime, if you want. So, yes, it would be a consideration, but we've dismissed it. We don't believe that TAVR is an essential part of what we need to do to be successful in TMVR. One of the headwinds of being in CRM where we are is that we're fifth and a long way fifth. I think being fourth and a long way fourth in TAVR would be putting us back in the same situation. I think a couple of things, there's other ways to get to interventional cardiology, one of which is to hire and build out a team, and one of the things that I – one of my first jobs at J&J was leading the Cordis team. So, years of interventional in my blood as do you, and as do the guys here.

I think clinicians and commercial organizations will follow the best product. But I think we could organically build out an IC team. That's the first thing. Second thing is, I think there might be other assets excluding TAVR that might give us an opportunity to look at that, but again not necessary. And then lastly, as I said, I don't think TAVR is something that we really want to dive into.

<Q – Scott Bardo –Berenberg>: Thank you. Very quick follow-up. Thanks for taking it. Obviously the SPI investments are exciting but that's a bit of sex and violence. There's some risk profile ascribed. So, the question I have is very direct.

<A – Damien McDonald – LivaNova Plc>: That's going to be in your note?

<Q – Scott Bardo –Berenberg>: Maybe. Do you think that you can still deliver that sort of earnings growth profile in the absence of any contribution from these programs?

<A – Thad Huston – LivaNova Plc>: Yeah. I mean look, that's why we're here. I think to me, getting the organic growth running and getting that cadence. There's a huge difference between 1% and 3% and 5% and 7%. I mean, companies growing 1% is always kind of struggling just to get the earnings growth. When you're growing 5% to 7% and inflation is not as much of an issue and you don't have to restructure every year. At the same time, I see still huge opportunities. We don't have

the procurement discipline that what I am used to. I think obviously some of the choices with manufacturing footprint. I mean, there's a lot of things that we could be doing just being more discipline.

Damien and I both have a great level of experience and appreciation for dashboards and metrics and accountability. You set goals, what gets measured, gets done. You set really aggressive goals on cost savings. You work with consultants who want to help us and you go after it. You hold teams accountable. And so, we're setting all those things up. I think organically growth, getting the EPS up, and then supporting investments in R&D will take us to a whole new level.

<A – Damien McDonald – LivaNova Plc>: Well I think that's why you refer to it as any one of the three hitting shots on goal could build a multi-$100 million group. We've see there's a three short-term goals. There are risks – different risk profile with each one of them. But we believe that all of them have a chance of being major contributors as we view them right now. If one of them doesn't hit, okay. That's what R&D programs are about.

But we believe that all of these shots are goals are really viable and valid, the teams behind them are tremendous. We spent a ton of time with the Minneapolis team on Caisson. Depression isn't again unproven. It's been approved in the U.S. 2005, right? So, 2005 with the approval in the U.S. The CMS coverage decision clearly an issue but where we are with our discussions there is very fruitful.

So, it's not something that we have to invent. We know how to do it, just about getting reimbursement and that's why we're taking a bet on the German market to really prove out the treatment pathway, how do you move from a psychiatrist to the implanting surgeon back to the psychiatrist. Again, it's not a clinical risk, it's a pathway of reimbursement.

And then lastly, with heart failure, look, ART is not really being leaned into by anyone. And as I said, we believe we understand where the other trials failed in terms of patient dosing and patient selection. We believe we've got a clinical pathway and so do the FDA with the EAP. So, again, there's clinical risk attached to that but we think we've leaned into that to minimize.

<A – Thad Huston – LivaNova Plc>: We have clear milestone even how to mitigate and manage the risk. If we see that it's working at a certain point and we'll continue. If it's not, then.

<A – Damien McDonald – LivaNova Plc>: Actually, that's one of the reason we candidly took the investment thesis here. When I originally started looking at it internally, the way it was being couched was the investment was x. And when Thad and I were sitting there, he said it's not really x. It's really part of x and a part of x. And those two components, you can get to a milestone to make the go, no-go decision on the second part. Completely different from a pharma way of looking at things, right?

<A – Thad Huston – LivaNova Plc>: Exactly, and value creation is created when you get to that next milestone.

<A – Damien McDonald – LivaNova Plc>: So, again, completely derisk it. This is not what we've done but think we've taken a lot of financial risk out of by saying let's break it into milestones. So, it's perhaps a longer answer than you wanted but any one of the three I think is a really viable option for us.

Karen M. King, Vice President, Investor Relations & Corporate Communications, LivaNova Plc

Okay. All right. We're going to take a break for about 15 minutes. Again, I encourage you to go visit our booth and chat with some of our folks over there. We'll come back here at around 10:30.

Karen M. King, Vice President, Investor Relations & Corporate Communications, LivaNova Plc

Okay. We're going to get started. So, if everybody can please take their seats. So, I just want to introduce Jason Richey. Again, he's the Head of our Neuromodulation business and also the Head of the U.S. Region. So, please welcome, Jason.

Robert Jason Richey, President-Neuromodulation, LivaNova Plc

Thank you. Good morning and thanks for being here. I know you all travel and follow a lot of different medical device companies, and the fact that you took the time to come and hear what we have to say is a big deal, and I'm really excited to share that strategy with you, so from me to you, thanks for that.

It's an exciting time to be at neuromodulation. There are so many neat things happening in terms of technology, in terms of methodology and expansion that it's really a neat time to be in the space. But more importantly, it's exciting to sell Vagus Nerve Stimulation because I can tell you this, in my 20 years of medical device, I have never seen a device that can impact patients and their families the way the technology does. I just have never seen it.

So, we've had a heck of a run for the last 24 months. And I was thinking this morning as I was having breakfast, if I were you, what questions would you have for me? And there were two big questions that came up and actually were validated through the booth this morning. The first question being can you maintain this pace? And then the second question was with the right investment, could you accelerate your growth trajectory?

Well, I can tell you this. I've been fortunate enough to work with Vagus Nerve Stimulation for the last 16.5 years and I've never been more excited about our future, never. Over the next 20 minutes, I want to walk you through our strategy in epilepsy, as well as touch on depression and I'm confident that at the end of this presentation, you'll agree that, yes, we can sustain this growth trajectory, and more importantly, I think we can accelerate it.

Now, I want to make sure we have a chance to answer all of your questions. So, at the end of the presentation, we will have a time for Q&A. With that, let's go ahead and get started.

Now, it's important to know that at LivaNova, we're a pioneer in neuromodulation, and we happen to be the world leader in modulating the vagus nerve. We have a strong epilepsy business with significant growth opportunities, which I'm going to walk you through. We're fully committed to helping patients with treatment-resistant depression as we feel there's a large, unmeet global need.

Our call points include neurology, epileptology, psychiatry, neurosurgery and ultimately, though, the patients that are under their care. We have regulatory approval in the United States and in Europe to market and sell this device for treatment-resistant epilepsy, as well as treatment-resistant depression, two markets that we feel we have a long runway for growth.

Now, before I dive into our franchise specifically, I think it's important to just touch on the neuromodulation market. As you can see, it's a large and growing market expected to reach $6.2 billion by 2020 at a compounded annual growth rate of over 11%. With that being said, we see large strategics as well as start-ups spending a lot of time and effort in technological advancements, indication expansion, patient awareness and equally as important, physician acceptance and adoption. And at LivaNova, we're the same. This is the same areas and interests for us.

With that, let's take a deeper look into our epilepsy strategy because I want to get you really comfortable with it.

It's important to note that epilepsy affects 1% of the population. It doesn't seem like a lot when you do the math. If you look at our three areas of robust interest which are North America, Western Europe and Japan, that means there's roughly 10 million patients that have a diagnosis of epilepsy, okay? Now, there's robust clinical evidence including multiple publications in the New England Journal of Medicine which validates that one in three of these patients will suffer from what's known as a drug-resistant epilepsy, which means that drugs simply don't work for them, and they require different treatment options, okay? So, that's the market, and any one of these drug-resistant patients could become a vagus nerve stimulation patient at some point in time.

But there are some challenges to this market. As you can see, we have an issue which we call the referral gap. And what that means is that roughly 10% of these 3 million patients make their way into an epilepsy monitoring unit on an annual basis. So, what happens there? What epilepsy monitoring unit is a team of physicians and technicians that will admit the patient to the hospital for three to five days, reduce the medicines that they're on, and try and elicit a seizure or two; and in many cases, multiple seizures. They do that for a very specific reason. They want to try and pinpoint the area of the brain where the seizure is happening, and then they want to determine an appropriate treatment pathway for that patient. But unfortunately today, there is a big referral gap and not only about 10% of patients make it that way.

There's also a treatment gap, because what you can see is that after a patient makes it to an epilepsy monitoring unit, only about 5% of these patients leave that EMU with the treatment outside of yet another medication. It's a little frustrating for us, but I see it as a robust opportunity. It's not often n your career that you can look at an opportunity like this and say, wow, what a long runway for growth. And I feel that we have a technology that can robustly shake the way that current treatment practices are happening, and we can improve the way that we treat patients with epilepsy.

So, how do we do it? Well, we expect to go through innovation in patient awareness. That starts with removing barriers to use. It includes new and innovative technology releases every 12 to 24 months. We want to focus on strategic international opportunities. We want to enhance patient awareness because we know that when a patient asks for a therapy, they typically receive it, all right? So, we're working on a lot of different methods to find out where patients go to receive their information about their epilepsy. And we're strategically working with them in order to drive appropriate information to these patients so that they can make well-informed treatment decisions. So, patient awareness is a big focus for us.

And then finally, we need to get more flexible as an organization, and we want to build out our capabilities from an R&D perspective because as you heard from Damien and Thad, we're interested in M&A. And so I want to walk you through specifically some things that we're doing as an R&D team to build out our existing capabilities and make our platform more robust, so we can easily fold in acquired technologies, okay? And I'll go into each one of these in more detail.

So, my team over the last 12 to 16 months has been busy trying to remove barriers to use. And in 2017, we were successful in two very big areas. First, we were successful in working with the FDA to expand VNS therapy access to patients as young as four years of age in the United States. Historically, it was 12. So, why is this important? Well, epilepsy typically presents very early in life before adolescence. Epilepsy is also a chronic disorder that gets worse over time. And we know that the earlier we can treat these patients with this chronic illness with VNS Therapy, they have clinically better outcomes. They just do.

We also know that VNS Therapy has been shown to help children reach key developmental milestones. So, we want to help them. I see this is a big win for us and it certainly adds to what we can say, where we can go, and the conversations that our sales team and marketing team can have.

The second victory was working with the FDA and with DEKRA to expand our MRI label indication. And let me take a step back to add some clarity on this. Historically, VNS Therapy had MRI labeling approval but it was for very limited scans, and they required very expensive technology in order to do these scans.

With our new label indications which I want to note the team started and finished in 10 months, which I think is a record in the medical device industry. But 10 months from start to finish and submission with the FDA, we've been able to successfully expand our labeling around MRI, so now patients can have access to more than 90% of all MRI scans that they might need. And they don't require this expensive and complicated equipment in order to use them.

So, the benefit to the patient and the patient's family is now they can go to any MRI center which has dramatically less of a distance to travel because please keep in mind, patients with epilepsy can't drive. So, proximity to treatment is a very, very important ingredient, all right. So, these are two wins around removing barriers to use that we're really excited about.

The second part is innovation. And the heart of our innovative strategy is really focusing on providing devices that are easy to use, focusing on better patient care, and delivering cost-effective treatment solutions.

Now SenTiva, which hopefully you'll get a chance to see at the booth this morning, is one of the first products that was developed with all three of these elements. It's the heart of its development. In addition to being smaller – smarter and faster, SenTiva offers a lot of new features and benefits for both clinicians and for patients.

Now one of those features is scheduled dosing, just to give you some clarity. Historically with VNS therapy, when a patient was implanted with the device they waited two weeks before they turn the device on, and then it was a course of seven sequential visits to get a patient to a therapeutic dose because you can't just turn the device on at a high amplitude. It doesn't work that way. Very uncomfortable for the patient. Well, we want to make it smarter devices and this new device now has scheduled dosing to where they can go and visit with their neurologists and the neurologists will plan out of course to get that patient to a therapeutic dose over the next what would be hypothetical visits and the device will automatically titrate itself up to that. What's the benefit? Well, I mentioned transportation an issue for patients. Now, they don't have to go and see the neurologist until they get to their therapeutic dose, for the physician it gives them flexibility to see more patients, and from a healthcare economics perspective it's less healthcare burden. So, we're really excited about this.

The team I have in Houston is remarkable. They didn't want to stop at just a new and plantable pulse generator, they wanted to carry it further. So, they invented a brand new and completely reengineered wireless wand. Note I said wireless because that's going to be a big play today. They also have come out with a brand new dosing tablet which you saw. And most importantly, we've expanded our capabilities and completely reengineered our user interface with user simplicity at the heart of its design. This is a big step forward.

Future Generations that SenTiva promised is really focused on user simplification. We will be building more robust stimulation paradigm. And we want to get mobile. That's a big one. By show of hands, how many people in the room have a smartphone? Can I see? There was a lot hands. How many people have a smart watch, iPhone, iWatch? Yeah, okay. I could go around the room and

ask you why you have it. But at the end of the day it comes back to data. People make decisions based off of data.

So, imagine a device that's an active implantable; that can communicate with wearable technology like smart watches or it can communicate with apps. There's a lot of benefit in that from a data and analytical perspective, also from a more comprehensive disease management perspective. So, this enables patients to take a much more active role in their treatment. But from a physician perspective, now they can remotely remonitor patient's activity, as well as device diagnostics. The team in Houston promises to deliver this in the next generation of SenTiva. So, that's where we're headed, folks, and I'm excited to be a part of it.

Now, in addition to removal of barriers and in addition to innovation, I think we have a really special international opportunity. Today, there's more than 100,000 patients globally utilizing VNS therapy to better manage their epilepsy and simultaneously live a better life.

But today, 85% of those patients come from United States. I'm convinced that with the right targeting and right commercial funding, we have a unique opportunity in specific European markets, as well as Japan in order to help accelerate our growth trajectory. I'm actually so confident with it that I've committed to Damien. In fact, I think we can double that business over the course of the next five years, and that's something we're going to do.

Now, I mentioned data, data, data. Everybody likes data. Physicians make treatment decisions based off of a robust clinical evidence, right? And neurology is no exception. That being said, as we launch SenTiva, we plan to launch multiple clinical studies to number one reinforce our clinical evidence, and two build additional user adoption.

In parallel with launching SenTiva, we plan to launch a VNS patient registry which will be focusing on SenTiva patients. And I really like registries. Because what can be more compelling than your own experience. A registry gives physicians a chance to track their patients in real time to see how they're doing in terms of seizure improvement, to qualify their quality of life improvement. But I think another important element of this and I spoke to it earlier, is the health economic aspect of this, all right? It's a spirit of the way that we innovate and something that's critically important in today's health care environment. So, physicians are going to have the ability to evaluate how patients with SenTiva reduce their dependence in consumption of health care resources over time. Look for this to launch in parallel with SenTiva this year.

In addition, we're going to launch a early adjunctive study in 2018. And the question is why? Why would you do something like this? You already have data. You have a lot of different sets of information that show that VNS therapy works better in these patients. Well, I think it's important to do a prospective multicenter study and now include our new label indications which is children as young as four. Why? Because in many scenarios, VNS therapy has historically been used at the end. Sort of a means to an end. It's like throwing in the towel. We tried 20 different medicines, 20 different ways, a patient has failed epilepsy surgery and now we'll try a vagus nerve simulator.

At LivaNova, we think that's the wrong way to look at it.

We think that early adjunctive use with VNS therapy can dramatically improve seizures, improve recovery time, and ultimately aid in trial development. So, look for this clinical to start in the second half of 2018.

And then finally building out our platform. There's two things that come with this. The first part is, enhancing what we have today, and I talked about wearable technology. I saw quite a few hands in terms of people that use smartphones and apps and portals and all that neat stuff. We're there right now. What you heard from Damien and you heard from Thad that we're really interested in M&A.

There's a lot of different indications that pique our interest, and there's a lot of areas with which we think we could go.

The complexity in doing this though is that you look at these companies to acquire, many of their devices are very expensive to build. And in many cases, we're outsourcing design to do clinicals rather than to commercially populate.

So, I met with John Murphy who I think you guys have had a chance to meet, but if you haven't, he'll be at the booth. And I said, could you build a more universal platform? Imagine a robust stim engine to where you could look at acquiring technologies and then already just fold them in to your existing improvement platform, because what that does is a couple of things.

Number one, you streamline manufacturing and control cost. Two, you avoid any type of quality issues. And three, you have the ability to enhance those acquired technologies. So, if we bought a technology that was in another indication and we're able to fold it into our existing platform that we have now, we can enhance it overnight. We can give it bluetooth low energy. We can let it communicate with apps. We can let it communicate with smart and wearable technologies. So, that's what we're planning to do.

Let me pivot to depression for a second because I think that this is an important thing. Also, sorry for the audience participation, but by showing hands, does anybody in the room know anybody affected depression? A lot of hands. That's a lot of hands.

Depression is big. It's very big. As a matter of fact, depression affects over 300 million people worldwide. It happens to be the leading cause of disability in the United States and it often affects patients in the prime of their life, right? This has massive impact not only in the patient, but the patient's family and the healthcare system as a whole. It costs a fortune to treat. There's a dark side of this and even darker side of this which is treatment-resistant depression which affects between 10% and 30% of the population depending on where you go. These patients are exactly that, treatment-resistant. So, this is the worst type of depression that you can have, because you're impacted by this disease and there's no cure for you. There's no solution. Despite using multiple therapies and multiple medicines, they just don't work, all right? These patients are prone to relapse, less remission and a lot of side effects and social burden.

Well, in a recent publication by Dr. Scott Aaronson of Sheppard Pratt, VNS therapy may open the door to helping these people and providing them with hope. In his study of 800 TRD patients that have failed more than four anti-depressant treatments over the course of five years evaluated their effectiveness of VNS compared to treatment as usual. And what these data suggest is that VNS can more robustly treat these patients and find a way for them to respond. 41% of patients responded in the treatment as usual arm compared with almost 68% of VNS therapy patients treated with depression. So, we're incredibly encouraged by this data and it's given us new hope to pursue this indication. Many of you in the room maybe familiar with the Cyberonics legacy of treatment-resistant depression in the long regulatory history. If you're not, let me bring you to a quick history. We received CE Mark in 2001 to utilize VNS therapy for treating treatment-resistant depression. In 2005, the FDA granted acceptance for using VNS therapy for treatment-resistant depression. And there was an 18-month window where CMS paid for this device.

During that time, the team was incredibly effective in expanding this market. As a matter of fact, they implanted more than 4,000 patients in a brand-new disease state they didn't know much about, which goes to show us there's a huge unmet needs. Unfortunately in the middle of 2006, CMS publish a non-coverage decision which brought our commercial efforts to a screeching halt.

However, in lieu of the recent publication and findings from Dr. Aaronson and his team, we started a pilot trial in Germany. So, why Germany? Although Germany not only they're regulatory approval but they also reimbursed the device for treating treatment-resistant depression. We're learning a lot

from this trial and we're looking at another European markets that has favorable reimbursement requirements at places where we can go next.

In the meantime, Bryan Olin and his team are working very closely with CMS in other to continue our dialog and hopefully find a treatment pathway and a reimbursement pathway for people in the United States, because there's a huge unmet need.

In summary, we're pioneers in neuromodulation and we feel we have robust growth opportunity. In epilepsy, we're fully committed to removing barriers to use. We're fully committed to innovating with a right cadence and in the right areas. We think we have a significant runway for growth outside of the U.S. as well as in the U.S., and I think that there's an opportunity for both organic and inorganic growth.

In depression, well, you saw it. It's a huge market. And there's a huge, unmet global need. Recent data suggest that VNS therapy can dramatically improve the lives of people touched by TRD. We're in the process of doing a pilot in Europe, and we continue our communications with CMS in the United States in order to try and find the reimbursement pathway.

And then finally, the future of our technology. Number one, we're going wireless. That's happening now, all right? But we want to expand those capabilities to build a more robust infrastructure and more robust platform to where we can easily fold in acquired technologies and expand their capabilities while simultaneously standardizing our manufacturing processes and incorporating acquired technologies with the proven platform that we know in VNS therapy, right?

So, again, thanks for your attention. I appreciate you being here. That concludes the presentation, and I hope that after seeing this, you can better understand the answers to those questions which are, yes, we absolutely can sustain our growth trajectory and there's a lot of things that we're doing that suggest that we could absolutely accelerate it.

With that, I'd like to invite Damien McDonald to the stage, and we can take some Q&A.

QUESTION AND ANSWER SECTION

<A – Karen King – LivaNova Plc>: Neuromodulation questions. Yes. Go ahead.

<Q – Matt O'Brien – Piper Jaffray >: Okay. Matt O'Brien, Piper Jaffray. Just to start with on the international opportunity that you talked about, you grew about 6% last year in your OUS neuro business, so you're going to need to double that growth rate to get to the 2022 you're talking about there. And that's – if you're able to get this about 100 basis points of contribution to the top line for the overall company, I mean, can you just give us a little more detail on why you're going to accelerate that level of growth or accelerate that much growth?

<A – Jason Richey – LivaNova Plc>: Absolutely. A couple of things. I've been back in the U.S. for two years. Before that, I was leading Cyberonics' International Strategy, and we were successful in turning a $12-million business into a $60 million business that had a 20-year-old technology. So, I fully believe it's do-able.

When you go through a merger, they're complicated. Sometimes they're messy. And in this instance, there was a lot of confusion and a lot of mix-up in the team that built over there. So, I think getting more strategically focused on specific markets rather than going everywhere, looking at the markets where we know we can actually really move the pendulum – which are the UK, the Nordics, Germany, Benelux countries, Spain, France, Italy, I think there's absolutely a great opportunity to do it.

And then the second piece is Japan. Within Japan right now, we utilize a partner. But we are exploring opportunities to beef up those initiatives. And I think that, in line with new product development, in line with enhancing our clinicals, is going to build a lot of adoption that will get us to that rate. So, I fully believe we can do it.

<Q – Matt O'Brien – Piper Jaffray>: Okay. Just to push a little more, though. That acceleration that you're seeing, I think you have people in place likely in some of the countries you talked about, Japan will come onboard. So, maybe it's a little bit more, more back-end weighted as far as when you'll see that acceleration or should we see more of it in 2018?

<A – Jason Richey – LivaNova Plc>: I think you will start to see it in 2018. I think it'll really start to accelerate towards the second half.

<A – Damien McDonald – LivaNova Plc>: That point you made about a little disruption. The go-to market strategy changed. That was a vertical theme, and we changed to a geographic theme. I think that was one thing. We brought in new leaders who I think are great drivers of commercial execution. And let's face it, Cyberonics was reasonably cash constrained. And the ability to put another dollar into Europe wasn't the easiest decision where as I think as a combined LivaNova, we've got a bit more flexibility in the P&L to be able to do that. So, I think marketing resources, commercial focus, really start to change the trajectory there.

<Q – Matt O'Brien – Piper Jaffray>: Okay. So, there's a follow-up. Just on the TRD side, having covered the company under Cyberonics watch, going through that the painful process. Can you talk a little bit about where you think or how much contribution of that couple of hundred million bucks in 2022 TRD will be adding to that because there's other technologies that are out there as well. And then on the product side, the Microburst comment that you had, I'd love to hear just a little bit more about the different part of the brain and the benefits you could get from treating that.

<A – Jason Richey – LivaNova Plc>: Right. The short answer is that as we look at TRD right now, we have initiatives working in Europe where there's a favorable reimbursement climate for the business. So, we are counting on some of those coming from Europe. In terms of the U.S. giving you an exact number is a little bit difficult although what I can tell you is that the negotiations and

discussions we've had with CMS are different than they've been over the last decade. There's a much more open environment to have this conversation. And so, if we're successful in securing coverage with evidence development in the U.S., that gives us the opportunity to now go to the private side of insurance and start selling marketing device as soon as that happen. But there's a couple of binary events that need to happen which make it a little bit difficult to commit to a number on that at this point in time.

<A – Damien McDonald – LivaNova Plc>: But it's fair to say that the discussions we've had with them since we've taken the shift to data has been a substantial change in tone. And we recently had a private payer summit and talked them through the data as well with Professor Aranson and again I think we've changed the tone of the conversation because it's not arm waving, its data driven now. And I think this is a very big difference to a decade ago.

<A – Jason Richey – LivaNova Plc>: The second question you have was on Microburst. What we have found is through animal models; through doing Microburst stimulation and if you want more explanation on that, I suggest visiting with the group at the booth. But we're able to light up different areas of the brain. And actually in this case, we're able to light up areas of the brain that are often modulated for deep brain stimulation. And we're confident that with Microburst, at least in our primate models, we've seen dramatically reduced side effect profiles, and also some fairly efficacious data.

So, we're really encouraged by this. If you think about it from a stimulation paradigm, we've been stimulating the nerve the same way for 20 years. And so, adding some additional clinical science behind this is a step in the right direction.

<Q – Christian Moore - Jefferies>: Hi. Christian Moore from Jefferies. Thanks for taking my questions. One on the pediatric indication that you just received in June. What kind of impact have you seen from that so far? And then obviously the benefits are clear but is there any concern from parents impacting younger patients in the 4- to 10-year-old range with the need to replace the device several times over the course of the patient's life? Is that a concern and what have you heard on that front in the early rollout?

<A – Jason Richey – LivaNova Plc>: Well, I think the pediatric indication is a huge step forward for the points that I mentioned in that epilepsy presents early in children. If it's refractory, you can see it very early and if it's going to be refractory it's going to be difficult to treat for the balance of the patient's life. The parents are incredibly encouraged by this. Incredibly encouraged by this indication.

In terms of device reimplantation, again I've been doing this for almost 17 years and I've never seen that as a big obstacle. Actually I think device replacement is a very healthy thing.
If you look, iPhone just celebrated their 10th anniversary with their iPhone 10, X, and there have been 16 different iteratives along the way. And I think medical devices are much the same way that technology moves at the speed of light. If we can get regulatory to pick up a little bit, bringing new technologies that can not only build on what they have but make them more flexible is a good thing. And so, apparent feedback has been very, very positive. And I think also the profile to be able to say that we're approved for children as young as four years of age significantly reinforces our safety profile.

<Q – Christian Moore - Jefferies>: Thanks. And then one follow-up on pricing. I don't know if you disclosed the gross margin for the neuromod business within LivaNova, but Cyberonics at the close was around 90% and received some nice pricing tailwinds of new product launches. What are your expectations there going forward? And do you have the ability to continue to make gains on price?

<A – Damien McDonald – LivaNova Plc>: Yeah. Sure. So, look, we've really retained our product discipline here. As I said to you, right out of the gate, the neuromod team, I think, was the most

disciplined candidly of any med tech group I've ever seen. If you put the pricing arrays up, it would pretty much do straight lines, U.S. and the other geographies. And it was really tremendous how disciplined they were. So, look, we've been able to continue to take price. And where we've had new technology introduction, AspireSR was a significant bump. SenTiva, perhaps not the same bump as Aspire, but nevertheless, it'll either give us a price increase, or as importantly protect us from downside. So, we see the technology jumps really doing a balance between being able to price increase and protect us. And as we think about expanding internationally, again, we really retained that discipline, certainly what I've seen in the last nine months.

<A – Karen King – LivaNova Plc>: Your questions up here.

<Q – Scott Bardo - Berenberg>: Yeah. It's great to hear you're expanding into TRD in Europe, but it seems quite bullish comments on the prospects of the U.S. So without putting words into your mouth I mean would you agree with the sentiments that it's more likely than not that you would get favorable CMS signing?

<A – Jason Richey – LivaNova Plc>: If I can figure out CMS, we will have a whole different conversation.

<A – Damien McDonald – LivaNova Plc>: Let's just say we're encouraged by the engagement. We think the tone of our conversation with CMS is different and we believe that they responded well to that. Look, it's been as an engaged to conversation as I've ever seen in a couple of decades dealing with this. I think it's because we've taken a much more data-driven approach that we've had a more respectful response.

<Q – Scott Bardo - Berenberg>: And in November that does happened. The end-target customer, if you like, is it very similar to psychiatrists, neurologists, or would need to be able to build out that dedicated sales force?

<A – Jason Richey – LivaNova Plc>: I think that ultimately we'll probably build out another sales force just because – although they are under the same academy it is a different call-point. It's a different disease state. And tactically, I'd like to make sure that we have field-based experts in whatever field they're in and so I'd like to make sure that our epilepsy sales force remains laser focused on epilepsy and then build out our capabilities for TRD.

<A – Damien McDonald – LivaNova Plc>: I think we know a lot about this. That's one of the interesting things about our epilepsy model is we know how to move patients through a treatment pathway, and we know the implanter. And so being able to replicate that knowledge of the implant is going to be relatively simple. But now having the clinical discussion with a psychiatrist to move them to the implant. There's not a learning curve required on the implant side.

<A – Karen King – LivaNova Plc>: So, for those of you that haven't worked over to our booth, Bryan Olin is here. He's our Head of Clinical & Regulatory and he is covering depression.

<Q – Scott Bardo - Berenberg>: Very last question for me then, please. And just with respect to – following on to my colleague's comments on pricing, I mean given the sheer scale of the TRD market, would LivaNova be prepared to accept lower pricing currently received in epilepsy? Is that part of the consideration or will you remain disciplined throughout the whole portfolio?

<A – Damien McDonald – LivaNova Plc>: Let's first solve for reimbursement coverage. But again, we'd like to remain disciplined. And again, I think – and not just in this product but in the Perceval and the heart-lung machines. We're actually building I think really strong health economics protocol that support the value proposition. But first, let's solve for the reimbursement.

<A – Karen King – LivaNova Plc>: Yeah. Go ahead.

<Q - Investor>: Hi. Just curious about the indication expansion. So, looking at that chart, I didn't see spinal cord stimulation on there. Is that something you'd potentially be interested in? And then how do you sort of decide between what you pursue developing internally versus going outside and doing an acquisition.

<A – Jason Richey – LivaNova Plc>: Right. I wouldn't take anything off the table. Spinal cord stimulation has a place. I think we would have to look at this and say - is this something to where we can be one or two. And if the answer is yes, maybe we pursue it. But at this point in time, I would say it's not in our top five.

<A – Damien McDonald – LivaNova Plc>: I think there's some other nearer term, like the obstructive sleep apnea. We have an equity investment in ImThera, as you know. I think inflammation, Crohn's disease is sort of nearer than perhaps spinal cord stimulation is.

<Q - Investor>: Okay. Thanks. And then just wondering, if you could elaborate a little bit on the DTC strategy and if you're making any changes there from what you've done in the past. Is there any potential to do more of a media campaign versus just Internet approach?

<A – Jason Richey – LivaNova Plc>: Yeah, we're working with a couple of agencies right now to really determine where patients go for information so that we're calculated with how we do that, because with the DTC campaign, you can spend a ton of money and you basically throw it out the window. So, we want to make sure that we're very strategic about how we do it. We have worked with several different agencies, and we're working on search engine optimization and search engine marketing techniques at this point in time with both Bing and Google.

In addition, we've partnered with WebMD to help with this initiative. We just launched with the WebMD with a very small investment and had six patients identified within about a week, which was pretty exciting. The other part of this that we know is that we queried neurologists through market intelligence to find out if this would be a good thing to do. And we found that 90% of neurologists will listen to what their patients have to say when it comes to directing their treatment and about 76% of them are very much interested in what the patients want in terms of driving their treatment that way. So, that's kind of where we are. In terms of completely outlining the project, we're still in the scaling up phase, but we have built it into the budget for 2018.

<Q - Investor>: All right. Thanks.

Karen M. King, Vice President, Investor Relations & Corporate Communications, LivaNova Plc

Yes. All right.

Robert Jason Richey, President-Neuromodulation, LivaNova Plc

Thanks, folks. Thank you very much.

Karen M. King, Vice President, Investor Relations & Corporate Communications, LivaNova Plc

We're going to move to our cardiac surgery presentation with Alistair Simpson.

Alistair Simpson, General Manager-Cardiac Surgery

Thanks, Karen. Good morning, everybody. My name is Alistair. I'd just like to begin by adding my thanks to those from Damien, from Thad, from Karen and from Jason. And thank you for spending some time with us this morning, learning a little bit more about the opportunities that we have in front of us here. I'd like to thank Jason for introducing the Neuromodulation business. I'm going to take you a little bit further down in the body into the heart and the lungs, not because Jason is the brain of the company and I'm the heart of the company, but it's more so – this is where our products play.

So, I joined LivaNova about five months ago. I spent 25 years in the medical device industry. And one of the reasons why I joined LivaNova was when I took a look at the products and I took a look at the time over my career, what I've spent in the surgery room, in the operating room, standing at the head of the patient, watching the surgeon perform life-saving procedures, changing the patient's life and changing the patient's family life, the ability to get back into this space is something that I couldn't pass up. And then meeting with the teams who I work with on daily basis in our facilities in Northern Italy and in Germany, the passion that they have for this business is just absolutely tremendous and it's a thrill to be back in the cardiac space.

The other thing which attracted me to LivaNova was also the business opportunity. When you take a look at the cardiac franchise, we have some tremendous brands. We have a great footprint, global footprint. We also have tremendous relationships and customer intimacy all around the world. That business opportunity, together with some of the work we've done over the last few months, to really understand the organic and the inorganic opportunities that we have in front of us make it really an exciting opportunity to join LivaNova.

Over the next 15 minutes or so, I want to dive deep into the two parts of our business, the cardiopulmonary business or what we call CP, and also the heart valve business as well. So, let's get going.

As I said, the two businesses that make up the cardiac franchise, first one is cardiopulmonary and the second one is heart valve. The split within our business is about 80% CP and about 20% heart valve. The customers that we call on are the profusionists. For those of you who don't know, the profusionist is the person who operates the heart-lung machine that you may have seen earlier. They manage the workflow of the blood during the procedure, though their main customer is the cardiac surgeon.

But nowadays, what we're seeing is that it's much more of a team approach to the treatment of the patient within the facilities. So, we have a widespread group of customers that we have to interact with on a daily basis. The disease states that we focus on are heart valve disease, and the procedure is going to be aortic, mitral valve repair and replacement. Pulmonary disease to the coronary artery bypass graft. That procedure as well. And then also congenital procedures as well. So, anywhere where the surgeon is touching the heart, we have the opportunity to play a significant role in that disease state.

And then in terms of the market. These are large markets with significant opportunity for organic and inorganic growth. And over the next few slides, I'll talk about our approach to these areas, both the organic and the inorganic area.

Over the last few months, I've spent a lot of time kind of digging into this. And one of your questions maybe is, is there room to grow in the CP space? It's not necessarily the space which is top of mind or the most glamorous, but when we talk with customers, when we look at these markets, there's still significant unmeet needs in these areas. Significant problems are not being addressed within the operating room. And we feel that with both new product developments and also some targeted acquisitions, we can significantly increase our growth rates in this area.

So, the core of our franchise is built upon really important key brands in large segments. You saw the S5 next door, the ability to reduce transfusion and improve recovery from the patient; the Inspire oxygenator which goes along with the heart-lung machine; and then the product which we're very proud of obviously was Perceval.

And if you look across our portfolio, there's a kind of commonality between their products and the value propositions that they have. That is that they reduce the impact of surgery on the patient. So, whether it's with Perceval with reducing operating times and improving hemodynamic performance; or whether it's the Inspire oxygenator with the personalized perfusion that this offers, their ability to reduce the impact of surgery on the patient is usually a common theme across our portfolio.

So, I want to do two things. First of all, let's start with CP, and then we'll move into the heart valve segment from there. So, cardiopulmonary, this is the job of the perfusionist in the operating room. These are the guys that sit to the side of the table during the procedure and manage the blood flow while the surgeon and the surgical team are operating on the heart.

So, the role of the perfusionist is to replace the heart and the lungs during a procedure. They need to have the heart-lung machine which access the pump, and then the oxygenator, and some of the other and ancillary disposables which acts as the lungs. We need to continue to supply blood to the patient during the procedure to enhance recovery time and to enhance the safety of the patient.

This is a critical function within the operating room and it's a significantly big market as well. We're very fortunate that LivaNova is the market leader in the segment. This is how we look at this market here. It's about $2.3 billion market made up of a mixture of capital equipment and disposables as well. In our addressable market on the capital side, we have about 40% share. And in our addressable market in the disposable side, we have about a 28% share.

The large portions of the market are on the perfusion workflow, both in the capital and the disposable side, but we don't have products to address this. And this is where we see an opportunity moving forward. So, M&A opportunities plus also, as you can see here, significant organic growth opportunities as well. Market is growing low single digits but it is a big market.

Let's start with the capital side and dive in a little bit dipper into what is really the foundation or the cornerstone of the perfusion workflow. This is the Heart Lung Machine. The S5 model which if you didn't see earlier, I advise you to take some time to look through it. This is our machine which is made in our Munich facility. This is the preferred option for cardiac teams all over the world.

We're very fortunate to have a 70% market share globally and in many markets significantly higher than that as well. So, what has got us to that stage? What's the reason why we have such a large presence in the HLM market? There are really three things that we should focus on that's driven this market share. The first one is the flexibility of the machine. Every one of these machines that we sell is customized for the perfusionists and for the hospital. They're customized in their language. They're customized in their setup. And they are extremely flexible and easy to use for the customer.

That flexibility and the relationship that we've built with the perfusionists as they have helped us design this machine is something which is a core competency and a big strength moving forward.

Second main reason is the robustness of these machines. As you saw they're pretty large. But they're also moved in and out of operating rooms every day. They're used every day of the week. They're often moved between rooms, bumped into walls, bumped into shelving unit. They have to be very, very robust. And this extremely well-made machine has got the trust of the customers because of its robustness.

Third area is reliability. Reliability in perfusion equals safety. Failure is really not an option. If these machines were to break down, then the surgery has to get cancelled. It has to be stopped midway through the procedure, putting a patient's life at risk.

Our 40 years of leadership in this area has been built around our flexibility, our robustness and our reliability. And as we look at introducing new machines down the road, that is really the cost of entry for us to maintain that.

So, what are our opportunities in the short-term and also in the long-term as well? We spent a lot of time - and Damien mentioned one of them focusing on how do we continue to drive sales as we work on the next platform of HLM machines?

The two main areas that we're focusing on from commercial execution is around customer visibility. Fully understanding where are these machines in the marketplace and then funnel management. Making sure that we have a process in place, understanding where the customer is and their buying cycle, and making sure that we are there when they're ready to re-up and buy these machines. We've had significant success this year upgrading our S3 machines to S5, and we see that continuing into the next year and beyond.

The second area of near-term growth is around line extensions and also supporting the ecosystem of the heart-lung machine. We've introduced into Europe this year the S5 Mini which is targeted for less invasive procedures. It's a smaller version. And the orders are already starting to flow into that. It's been very successful. We're also taking a look at how we optimize the data collection and data management which goes along with these machines. And we're going to be bringing to market enhancements to that over the next six months or so.

For short-term, commercial execution and S5 enhancements. Longer term, our commitment to continue to invest in this platform working with a leading design house to really take a look at what's needed for perfusion over the next few years. That's the capital side. That's the foundation of the capital side. As Damien mentioned earlier, focus.

The second main area that we're focusing on is the oxygenator business. This is the largest part of the disposable business in the perfusion workflow. And we've got tremendous opportunities for growth moving forward. The Inspire oxygenator is nearing a million patient's that have used the device. And this continues to be extremely well received by the customers. There's also a very kind of close link between this product and the manufacturing site in Mirandola, which is in Northern Italy, where this has been made. There's an emotional attachment to this product. This was the first product that that factory released following the earthquake in 2012. And the acceptance that this has had from our customers is a source of tremendous pride from the operations team and the development teams up there in Northern Italy. As I say, there's an emotional attachment to this product with our associates.

Near term, similar types of work that we need to do with the HLM machine, it's about commercial execution. It is also about leveraging our HLM footprint. Our market share with HLM, as I said, is around 70%. Here, we've got a 30% market share. So, tremendous opportunity to leverage that footprint. Every time you use the HLM machine, you need an oxygenator. Every time you use an oxygenator, you need an HLM machine. So, the ability to sell the value of working with these two products together is something that we're going to be focusing on in the near term. We're also going to be bringing to market next-generation products in this area and line extensions as well, focusing on pediatric application which we don't have today.

So, how does this all come together? How does the workflow kind of come together? The picture of the HLM machine is not typical of what you'd see when you walk in to an operating room. If you walk in to an operating room, it's kind of a chaotic scene.

There's lots of disposables which are attached to the machine. There's lots of different parts that all have to come together.

We have an opportunity to our CONNECT system to tie this workflow together. The CONNECT system is an automated data acquisition, an archiving system that provides the perfusionist with a comprehensive patient record. It links our consumables and our equipment into our user-friendly system approach or perfusion.

The cardiac operating room, surprisingly enough, is one of the least connected parts of the hospital. A lot of the stuff is still done by pen and paper which leads to great inefficiencies and problems with data transitions. So, the ability to automate that into a simple-to-use, user-friendly device is something which we feel can drive significant business for us, but also make the perfusionist job significantly easier.

The other thing it does is enable one of the emerging trends in perfusion. Goal directed perfusion. The ability to deliver personalized perfusion to the patient as opposed to one-size-fits-all approach which is typical with perfusion allows the perfusionist to become a much more active part of the surgical team, and it allows them to deliver perfusion which improves the patient outcomes. This is an emerging trend within cardiac surgery, but it's something which we feel with LivaNova through our connect system and the ability to interact all the different parts of ecosystem is something which can become a big growth driver for us.

So, to kind of sum up cardiopulmonary, we have market-leading positions, focused investment in critical areas of our pipeline, commercial opportunities for growth in the short term through sales force effectiveness, life cycle management and strategic account management. Strategic account management is something that we haven't spent a lot of time on in LivaNova over the last few years. This is going out and selling the workflow story to the GPOs and to the IDNs.

Obviously, there's new buyers looking for different things. We've made a significant investment this year to bring in people with experience in this space to go after and have these types of conversations with our customers. So, we see this strategic account management and partnering with GPOs and IDNs as a major opportunity for us to start to, again, link all the pieces of the puzzle together, connecting consumables to equipment for the benefit of the patients. And then as I said, there's parts of the workflow where we don't play in where we have the opportunity for bolt-on acquisitions. So, both top line and bottom line opportunities here within the CP space.

Let's switch over to the heart valves. Our push here is to bring innovation in specific areas with differentiated products. We were first to market with the sutureless valve Perceval, and we continue to be excited about the opportunities for growth with that product.

Our focus in Perceval, both this year and moving forward will allow us to adjust our valve portfolio to focus on some of the faster grower segments at the expense of the slower growing or segments which are declining.

So, what does this specifically means? Is that when we take a look at our portfolio over the next two years, we'll see a significant higher contribution to our sales, to our revenues coming from our tissue valve versus mechanical valves. Today, our number one product in our valve segment is Perceval followed by mechanical valve and followed by traditional tissue valves.

We continue to see revenues decline in mechanicals in line with the market. However, we do see specific regions, specific geographies especially in the emerging market. The mechanical valve is still very important and we'll be deploying commercial activities to target that.

However, moving forward, our focus is on Perceval. And we feel that the commercial programs that we're going to put in place this year and moving into 2018 and 2019 will turn our valve business to growth next year.

In 2017, we continue to see double-digit growth with Perceval, fueled by clinical data, geographic expansion and really the procedure enabling applications of Perceval. We have 10 plus years of clinical data and our publications are second to none in the space. We see Perceval the key enabler for minimally invasive procedures. This allows surgeons to be able to offer patients a less traumatic approach to surgery and also allows them to adjust their practice to more effectively compete with the TAVR procedure which is also gaining ground.

From a business point of view, we're very encouraged by the number of hospitals adopting this technology, and we'll need to work harder to get deeper penetration into these accounts. To do this, we're making additional investments in professional education and our partnership program, and this will help drive wider use, but also deeper penetration. We're also changing our sales model slightly to adjust to this deeper penetration goal, through investing in internal additional support in our high-volume institutions in key cities which we're targeting.

Outside of the U.S. and Europe, we've stumbled over the last year or so due to sales force execution and changing the leadership. We're starting to see that come through and we expect to return to significant growth in 2018.

We recently met with a large institution in the northeast of the U.S. This is an institution which had started using Perceval about 15 months ago. And the reason they started using it was because they saw the benefits of reducing operating time because of the fast deployment nature of the product. What they've seen over time as they've used this product is not just operating room time being reduced, but they're starting to see time in the ICU being reduced, time in hospital stay being reduced and overall hospital expenditure in these procedures being reduced as well. That's a personal story that I got first hand from the customer, but that's not just an end of one. I mentioned earlier that we have a 190-plus publications in this area. But what's been really rewarding is the recent publications that have come out in the last six months which really validates and backs up the value proposition of our product.

Simplifying surgery, facilitating minimally invasive cardiac surgery, lower mortality, lower cost reduction, 26% cost reduction, 15% cost reduction. It's very rewarding to see our value proposition of clinical and economic benefits with this technology and showing through in these really impressive studies.

It's also really rewarding to see the recent CMS award of a new technology add-on payment. This allows hospitals to get additional payments above the standard DRG award. This really helps to validate our value proposition and also helps to remove some barriers that hospitals are facing to adopt this new technology.

Continued clinical data, continued economic story, commercial execution, investments, impression education, and proctorship programs. We're very bullish about the opportunities for Perceval moving forward. The patient is demanding less traumatic surgery. The surgeons are looking for new approaches that compete effectively with TAVR. Perceval is an ideal product for that.

To finalize and summarize the cardiac franchise, we have market-leading products in large segments and significant organic opportunities for growth. We've had a focused approach to NPD. We have locked investment in this area over the last few years or underinvested in the last few years. We've got a renewed commitment to the much more focused approach to our new product development in this area.

Hopefully, you understand the commercial execution opportunities we have in front of us. This is kind of a back-to-basics approach, sometimes not glamorous, but these things really, really work. And having that standardized approach globally to commercial execution is something which we are starting to see to enter our results. Thad mentioned the operational initiatives that can provide margin improvements. We're very excited about that.

So, overall in the cardiac franchise, we have a lot of hard work still to do. We have a lot of things to get done but there's significant opportunities for us moving forward, and we at LivaNova are very excited about the future for this part of the business. Thank you.

I invite Damien and Karen back up.

QUESTION AND ANSWER SECTION

<A – Karen King – LivaNova Plc>: Okay. So, questions on cardiac surgery?

<Q – Scott Bardo – Berenberg: Thanks very much. So, first question please, just relates to the franchise and clearly see Perceval has opportunities. But can you describe a little bit as to the non-Perceval tissue valve business, why that's been declining and when you see that mobilizing? Question number one, please. Question number two just relates to – and I appreciate Alistair there wasn't time to go through everything. But you didn't describe auto transfusion. Can you talk a little bit about, is that core to LivaNova and a little bit about the market dynamics and strategy there?

<A – Alistair Simpson – LivaNova Plc>: Okay. So, the – first let me answer the ATS part first. What's been really rewarding is the success that we've actually had with ATS over the last 12 months. A lot of the stuff about commercial execution, about focus and funnel management, we spoke a bit where this is working with HLM. But it's also the same process that we're using with ATS as well. When we look at the success which the U.S. market has had in this, we can see that we still got market-leading technology. We got a customer kind of demanding this. And with that focus we're going to drive in results.

So, this is part of the story of, let's say, it's back to basics, but it applies to other parts of the franchise as well. In terms of focus, our two primary areas from a development point of view right now, our oxygenation and then heart-lung machines. That's where we're kind of focusing our priorities right now. Commercially though we still got programs to support the other parts of the business.

Your question about the tissue valves. I'm fairly new to the organization and kind of continuing to learn about some of the kind of missteps that we have made over the last few years regarding our traditional tissue valves. We've seen that declining. We are forecasting that to continue to decline over time. We have got accounts which are very satisfied with our product, and we'll do our best efforts to keep that.

However, our focus is on Perceval. We feel that that is the product that the market needs right now. The trends and surgery suit where Perceval can deliver. And it's – we're going to be pretty blunt about it, that's where our focus is. We'll keep some of the traditional tissue valves, but we feel that we've got the programs in place to really use Perceval as a driver of the heart valve franchise.

<Q – Scott Bardo – Berenberg: Sorry. Maybe just very last quick follow up. You mentioned you want to accelerate the leverage of the consumable base, which I think is your biggest business in cardiopulmonary. You also talked about new machines and also returning this whole tissue franchise to growth. But I just wondering if you can square that with the sort of guidance framework of low single digit growth for cardiac surgery.

<A – Damien McDonald – LivaNova Plc>: Yeah. Again, I think this comes back to our prudence here about being able to meet and beat. So, one of the things here is getting the flywheel going on organic growth always takes a little bit of time. We really believe we're starting to see the HLM read through this discipline that I talked about with funnel management. And the early stages of Perceval change is also encouraging. The U.S., for example, has been pounding with Jason on the team here, but this average daily units thing – since we've really implemented that in the last six months, we started to see the ADUs tick up, and we're not going to release the exact numbers, but there's 50% improvement in ADUs in the U.S.

So, these are early stages for rebooting the whole commercial excellence process inside the organization. Perhaps we could be more bullish, but honestly, again, back to the meet and beat, we want to be prudent. We want to make sure we've got the flywheel going. We want to make sure

we're templating and replicating. We'd be disappointed if we don't see things accelerate, but, again, I think we're seeing the early signs of good execution.

<A – Karen King – LivaNova Plc>: Other questions? Laurie?

<Q – Mike Matson - Needham>: Hi. Mike Matson from Needham and Company again. Just curious why is your market share so different between the heart-lung machines and the oxygenators? And is there some way that you can kind of link the products with that CONNECT system or having some kind of proprietary oxygenator where it have to used with your heart-lung machine or even maybe some kind of sales model where you link the sales of oxygenators to utilize the or to enable the hospitals to purchase the capital part?

<A – Alistair Simpson – LivaNova Plc>: Yeah. So, regarding the difference, I think there's a couple of kind of key fundamentals which help explain some of that difference. With HLM, we've seen some comparative stumbles over the last few years with comparatives withdrawing from that market which has given us an advantage and helped us increase our market share. We had a similar occurrence with our oxygenator business with the earthquake as well we had an impact of that. We've had to rebuild that.

So, I think there's different competitive landscape of the HLM. Oxygenator there's a lot of kind of good companies in there. Big companies with very good products. We think we have a specific advantage over them but there's still there's some big companies with good products in that space.

As it relates to linking the two together, right now it's not a straightforward razor razor blade scenario. So, if you use our HLM machine, you don't have to use our oxygenator. Other oxygenators work with our machine. We feel that we probably done a poor job of linking the two things together and part of that has been through a sales incentive programs and things like that. Certainly from a commercial point of view, something we're looking at. Also from a development point of view, we use the term soft captivity rather than lock-and-key. But having our products certainly work better connecting into the CONNECT system, providing the data which can then help the perfusionists do their job better. That's the way that we're approaching it rather than a kind of lock-and-key approach to this.

<Q – Mike Matson - Needham>: And just on the surgical heart valve business, how do you guys see the TAVR versus the SAVR market kind of playing out? I mean, how far do you think TAVR gets in terms of some of the lower-risk patients and how big of an impact does that have on your surgical valve business? I mean, I understand Perceval is more competitive because it's less invasive.

<A – Alistair Simpson – LivaNova Plc>: Yeah. So, there is no doubt that it's starting to have an impact in the number of procedures that are being done. The way that we're looking at it is with our perfusion business, we cover multiple procedures. There's coronary procedures, congenital valve procedures. So, the actual impact of TAVR is fairly limited in terms of the procedural impact across the workflow that we play in.

And specifically regarding valves, obviously, TAVR is focused in the aortic valve. Perceval is focused on the aortic valve. So, it has the same space there. We're seeing surgical procedures decline. But where we are bullish about is our market share right now is still pretty low. There's tremendous room for growth within the aortic space.The move to minimally invasive and the value proportion that Perceval brings there, we're still very confident. Even in a market which may decline slightly, we can grow significantly with our business from there.

<Q – Mike Matson - Needham>Thank you.

<A – Karen King – LivaNova Plc>: Other questions? Thanks, Deanna.

<Q – Matt O'Brien – Piper Jaffray>: Thanks. Matt O'Brien, Piper Jaffrey. Just following up a little bit on the add-on payment that you received, can you just help us understand how much of an increase that is on average of about $6,000? But for those cases and since that announcement came out last month, have you seen an increase? Or just any other anecdotal comments in your sales force about increasing?

<A – Alistair Simpson – LivaNova Plc>: So, it was really rewarding as a company to get that recognition of the value proposition that you can have on clinical stores that goes around with Perceval. What we're starting to do is explore. Okay, what does this mean for us and how do we start to leverage this additional payment working with customers to really get them to access our technology more.

Where we see this is that it further removes the barrier to entry for our customers to access this specific geographies of the country. It's going to have more than impact in other geographies. But I think maybe the one takeaways, it removes another barrier for adoption and validates the technology story that we've been saying here. We're not calling out a specific sales increase that's going to result from that. But what it'll do is it really helps us sales reps on a day-to-day basis get access and tell their story.

<Q – Matt O'Brien – Piper Jaffray>: This is just a follow up on the M&A side. You call it out here on slide 5. Can you talk about these opportunities and disposables and capital? Is that an acquisition strategy geographically product based? I guess in a lower growth category, I mean, what gets you up to those mid single digit or faster than market kind of level?

<A – Damien McDonald – LivaNova Plc>: So, the answer is yes. It is a geography view and it is also a product view. And we're working a funnel that gives us both looks at that. Here's the thing. It's not necessarily a double-digit growth market, but there's something about being a market leader that allows you to abstract an abnormal profit. And we think that even though that the growth rate of this market might not be as exciting, by being and able to expand our leadership in those spaces, we'll be able to drive better shareholder value.

So, part of our view here is, again, back to the balanced-portfolio approaches. We're going to look at places that are high growth, high margin like neuromod but also some of these areas where there might be slightly slower growth, but it expands our footprint tuck straight into what we think is a real specialty offering that we have. And we think we can do that geographically all with new products. Does that take care of that?

<Q – Matt O'Brien – Piper Jaffray>: It does. Thank you.

<A – Karen King – LivaNova Plc>: Any other questions? Hold on. Yeah. Over here, please.

<Q – Matt Miksic - UBS>: Just one question. It's Matt Miksic from UBS again on sort of competitive market in the U.S. Just wondering if the concentrations that we're seeing around these centers of excellence and TAVR centers, concentration of cardiac surgery volumes has been changing the way of these competition or targeting the business in the U.S. and then whether – and to what degree the Caisson U.S. studies may help better position you in those centers of excellence.

<A – Alistair Simpson – LivaNova Plc>: Let me – I'll take the first part of that question. Yeah. The answer is yes. We are constantly taking a look at how do we go to market to really get to the biggest return of our investment. Obviously, sales organization, as you all know, is probably one of the biggest investments that a company makes. What we've done over the last 6 to 12 months and I'll speak specifically about North America is really taking a look at are we deploying our sales

resources in the most efficient way, specifically when you look at a lot of valve procedures are not evenly spread out. They are heavily concentrated with big centers.

So, what Jason has done with his team is really start to kind of tweak how we do this and really put more focus in the bigger centers and kind of less general coverage, if that makes sense, and really you know make sure that we are in places where they're doing multiple aortic valves every day of the week, every week of the month from there. So, we are adjusting our sales kind of coverage to address that phenomenon that we're seeing as well.

<A – Damien McDonald – LivaNova Plc>: There's a very specific group of cities, again, we're not going into the detail where we've invested in the last four months, put new heads in. As Jason mentioned, they live in the accounts. And it's a bit of a change for us. We used to be a bit peanut butter. We're much more focused than we used to be.

Back to the Caisson. I think, yeah, absolutely. It's definitely energized the conversation, let me put it that way. We're not looking – there's another company that I think has gone very aggressive in terms of locking people up. Candidly, I don't think clinicians want to be locked up and that's certainly the reaction we've had from people that being forced into a contractual arrangement. What I will say is though that having Caisson has really opened people's eyes to well, wait, LivaNova really is here. And maybe we should partner with you. And just been really quite encouraging. And a dramatic shift ever in the last four months. Yeah.

<A – Karen King – LivaNova Plc>: Other questions? We have a few more minutes if you have questions.

<Q – Investor>: Hi, guys. Real quick. I just wonder if you can give me a status update on the heater-cooler situation. When will you look to resell those coolers?

<A – Damien McDonald – LivaNova Plc>: Very quickly. I think a lot of you know this was an emerging issue a couple of years ago. It's now, in terms of total revenue, less than 1% of the global revenue. We've been encouraged by the response of a number of regulatory bodies in Europe and Singapore where we've got a fix in place. We continue to work really aggressively and well with the FDA. I think the constant conversation with them about moving this forward and getting to approval is very top of mind for them and us. But we're encouraged because we're already implementing the fix outside of the U.S. and the response is being tremendous. So, we provisioned for it. We know what the fix roughly is going to cost. We took $4 million of that last year of the amounts that's left to let's call $38 million in total, $34 million, about 70% of that cost is going to be incurred initially but we've already provisioned for it and 30% of it into 2018. Thad's nodding so I got the numbers mostly right. So, that's – again, we're encouraged there's more to come. If the FDA gets to a conclusion, that would be tremendous.

<A – Alistair Simpson – LivaNova Plc>: And maybe just one other thing to add, and I think that goes back to our leadership position in perfusion and the relationships that we've built with our customers over time. This is obviously an industry issue which industry is having to address, but our primary focus has been taking care of the customer and making sure that feel comfortable moving forward, doing their procedures on a daily basis And I think we've been just it's been good to kind of work with them in multiple countries all over the world and to hear their reaction and their willingness to work with us as well. So, we feel good about the reaction back from the customers and the kind of regulatory authorities on that.

<A – Karen King – LivaNova Plc>: Any other questions? Okay. So, it is about noon. We're going to break for a little bit before we sit down to lunch so that you guys have a chance again, please visit the booth. Now, it's a very good time. We'll have lunch. The booth will open back up again if you get done and want to wander over there. And then we'll meet – we'll let you know when we'll meet back in here in about an hour or so.

Karen M. King, Vice President, Investor Relations & Corporate Communications, LivaNova Plc

Okay. We're going to get started so we can stay on time here. We're going to move into the TMVR space, so I'd like to introduce Paul Buckman who's our General Manager of TMVR. And you're up.

Paul Buckman, General Manager-TMVR

Great. Thank you. I am one of the newer members of the LivaNova team and joined, as Damien mentioned, with the acquisition of Caisson, and I'm now based in Minnesota, leading that group. I'm really excited to be here. After working with Damien and this leadership team for five or six months, I have to tell you I'm really excited to be part of it. I also want to thank you, like everyone else has, for taking your time to be here. I know you all have busy schedules.

And I can imagine, too, that particularly as it relates to TMVR because it's kind of new and has been at least for Caisson a bit stealth up until not that long ago. You're probably anxious to get your arms around what we're about and what we're doing and all that, and I'll do the best I can to bring you up to speed on that. A couple of things I hope you take away from this. One is that I really think we are well positioned to be a leader in this space, and you'll see why as I go through. The other thing though is that in addition to the business aspect of this, I'm just really excited to be part of this because this is a meaningful therapy for a lot of people. One of the things I'll talk about is who we're treating, and this is a very sick population of patients who have a really lousy quality of life. I'm guessing all of you know somebody who – or related to somebody who's in this camp of patients, and it's not a great lifestyle, and the fact that we can now provide something that improves their lives, I think, is pretty exciting, and it makes it easy to get people at the facility in Minnesota to come to work every day because it matters.

So, what I'm going to talk about is our technology a little bit, of course. I'd like to talk a little bit about the market, clinical opportunity we're going after. I want to talk about our clinical study plan which is important, and then a little bit about how we're going to support our customers, and then we'll dive into some Q&A once we have time.

So, TMVR. For those of you who don't know, that's transcatheter mitral valve replacement. And basically, it's taking surgical mitral valve replacement and making it percutaneous. At least that's what we're doing. I'll talk a little bit more about it. There are multiple ways to do it. The customer we deal with is primarily the interventional cardiologist. That's who were shifting this to, and that's just going to be the main driver of it. But like a lot of structural heart procedures, it's a team effort. And so, we're also working with the cardiac surgeon, the anesthesiologist, the echocardiongrapher, the cath lab staff. It's a team effort in these procedures, particularly early on when everybody's learning it.

The disease state that we're treating is primarily mitral regurgitation, and you can't really talk about mitral regurgitation without also talking about heart failure because they go hand in hand. And I think everyone in here knows this is a big population of patients. So, the fact that we believe this technology and this procedure has the potential to be two to three times the size of the TAVR market which is already gotten quite large. It's not because we all live in Denver it's because we think that the patient population will drive it, the denominators.

So, for example, if you just take the U.S. and Europe alone, there are 14 million patients who suffer from mitral regurgitation. Of that 14 million, there's probably 9 million or so that are moderate to severe which is the primary population that we're targeting and then of that 9 million, probably 4 million of those people would be very amendable to having this procedure done. But the reality is, because up until just recently, when the MitraClip got approved, the only alternative was either

medical therapy or mitral valve surgery. And so, only 125,000 people in that market every year are getting treated with mitral valve surgery.

So, the opportunity to go after that 4 million patients where there's 500,000 being added every year is really, really significant and that's just half the world. We still got the other half of the world to go after. So, it's – suffice it to say, it's a significant opportunity.

So, mitral valve – why is mitral regurgitation such a problem? The reason is because it's associated with a higher rate of mortality if it goes untreated. There's multiple studies you can look at that will confirm that. I've seen studies as high as 57% mortality at one year with untreated mitral regurgitation. So, when people start to get mitral regurgitation, and they're in that early stage of heart failure, it's a spiral downwards until they swirl the drain. So, it's important to treat it as early as possible, but it's really important to treat it and slow it down.

If you look at how this is all shaking out today, of course, as I mentioned, you have the surgical population, which has been the goal – the way it's been done up until now, and that's broken into two categories. One is surgical repair, and one is surgical replacement. Surgical repair for mitral regurgitation has become the gold standard because the results have been good. The problem is, technically, it's a challenging procedure to do. Not every surgeon is good at it. Not every surgeon wants to do it. So, there's still a large mitral valve replacement market as well, and that's split between tissue valves and mechanical valves.

Valve replacement has its issues too, because there's a durability issue with either one. Either it's a patient durability related to long-term oral anticoagulation, or it's a durability issue with a tissue valve that has a limited life span, particularly the valves used today.

Then, if you look at the emerging therapies, like what we're doing, of course, we have the MitraClip repair technology that's now been approved and is being used pretty broadly all over, and that's already a $500 million a year market and growing. But the main reason is because there's not really a choice. Then you have all of these interventional percutaneous or transapical, transseptal mitral valve replacement technologies like what we have that are going to be the next phase of treating mitral regurgitation, and we think that's where the real market opportunity is because that's what physicians tell us they want to do. They want to replace the valve, they want to have a more reliable, permanent solution to mitral regurgitation. The only thing that's been in the way is how do we get that done. And that's where we come in.

So, let me tell you a little bit about the LivaNova system and what we have. I mentioned delivery. Delivery of this is a real important part of it. So, if you look at the mitral valve replacement systems that are transcatheter today that are being evaluated, there's transseptal or transfemoral, some people will call it, and there's transapical. Transapical is when you make a small hole in the chest, then you make a hole in the ventricle and you put a catheter through that. It's more of a direct shot to the mitral valve. So, it's easier to do technically. It's much less complicated. But you're taking a patient who's already very sick and has a very sick ventricle and you're just making that ventricle more sick. So, not probably the optimal way to do it.

The other way to do it transfemorally where you go in through the groin into the venous system, you go up a long tube into the heart, you go in to the right atrium, you cross over the septum in to the left atrium and then you go right down into the mitral valve. A little more complicated, takes a little more engineering and skill from the physician to do that, but if you look at the progression that happened in TAVR, it's the same thing. It started out transapical, but it migrated to transfemoral because patients do better when you do it that way.

Now, the other part of our delivery system that's important is that we have designed this system from day one to be fully transseptal, fully retrievable, fully repositionable, all those kind of things because that's what the physicians require. They need to be able to adjust course in the middle of a

procedure because these patients are sick. Not everything always works exactly the way you think it's going to, and we've done that from day one. We're not trying to convert anything from transapical to transseptal. We designed it to do this.

Now, the anchor, which is what goes in first, and I'm going to show you a cartoon in a few minutes so you can see how it all works, the anchor is a self-expanding nitinol frame. It's covered in Dacron and polyester or PTFE. And how that works is the anchor basically goes down, and it has four feet on the anchor, and the anchor goes through the mitral valve. So, there's the mitral valve annulus where the valve is. The anchor goes through that, and then it's pulled back up so that those four feet anchor themselves in the gutter or subannular gutter that's right underneath the annulus. So, that's how you get a real stable position of this valve, which is important to the physican, because thing is going to be forever. So, that's a key part of this anchor design.

The other part of is that we've integrated what's called the SAM management features. SAM stands for anterior motion. I'm going to try to explain this. The native valve has an anterior leaflet which, if you just don't do anything to it when you replace the valve, it's just going to flutter right in the way of the blood flow out of ventricle. And physicians are very cautious about that because that's going to create a problem.

This SAM management feature actually when you deploy the anchor at the end when you deploy the valve and the anchor together, it captures that leaflet and holds it out of the way. So, if the proprietary differentiated feature we have make this valve operate better. The other thing that helps this valve stay out of that outflow tract for blood which is really key is that we position the valve a bit supra-annular.

So, we don't stuff it down into the ventricle like a lot of that's a typical way of valve that's put in. It's down further in. We're kind of above that, and we have a nice balance of where it's positioned. And that again really makes the physician feel good about the blood flow out of the heart and that's what they're trying to protect. Now, the valve itself that goes into the anchor is a porcine that is made up of porcine pericardial tissue. So, it's not an uncommon tissue, physicians are used to it. But what we've done that's very unique and proprietary is we call it a circle in a D. So, we've taken the natural anatomic shape of the mitral valve, which is a D shape, and we create a frame that matches that so that it fits very well. But the valve itself is a circle. And what the circle allows us to do is create three identical leaflets that all work exactly together like they should. And that does two things for us. It creates a really nice hemodynamic effect. The valve has great blood flow through it as evidenced by the fact that we have a 3-centimeter squared affected orfice area which any physician will tell you is better than any surgical valve out there.

In addition, it really helps with durability because now you've got all three leaflets working exactly in concert. There is no imbalance between the leaflets. And we've tested our – in the accelerated valve testers which everybody has to use for FDA and regulatory purposes. We've tested this valve out past 1 billion cycles. So, we know it works and we know it's durable.

And so that combination is what makes up our system. And now, what I'll do is show you how it actually works. So, what will happen is the catheter is going to go up as I mentioned through the femoral vein up into the right atrium and then across. You can see here it goes across the septum. Once the catheters are crossed, the anchor is delivered through it with an anchor delivery catheter. That catheter gets retrieve and then we expand the anchor in the atrium.

Now, what we do is this is vectored down through the mitral valve. And this is where a lot of the engineering and our delivery system comes in because this vectoring doesn't happen by itself. It's very precise and our catheter makes it – enables the ability to do that. Once it's down in to that subvalvular apparatus, it gets pulled back up as I mentioned, and those feet that you can see, those go into that gutter right here, and now that's what's going to anchor it.

So, during the procedure, it's very important that we are able to verify that those feet are all in the right place and that's where special imaging comes into place. Once that happens, the anchor delivery catheter is withdrawn, and now the valve delivery catheter comes down, separate catheter, and the valve will come down and we will then unsheathe the valve and expand it. The valve is covered with a porcine sealing cuff and that's where it allows it to grow in together. It heals well. It has long-term fixation and it prevents paravalvular leak.

Now you see this is that SAM feature I mentioned being deployed and it's grabbing that leaflet and holding it out of the way. And basically, once that's done, the valve is deployed. Now, the echocardiographer, the cardiologist, they're going to verify all the positioning, blood flow, make sure everything's where they wanted, that it's working well. And then the system will be removed. And if only it took this long to complete the procedure. Two minutes, we're done.

We just did a case yesterday afternoon here in New York in our PRELUDE trial which I'll tell you about. And that case took about two hours to do. So, it's still not a short procedure. It takes a while. A lot of that is imaging and a lot of it is positioning and these physicans have to be very careful on how they do it. That'll of course get shorter over time, much like TAVR did. TAVR was a same way when it first started. The procedures took a long time. Now, they take an hour. So, we'll get there as we refine things.

But I'm happy to say that patient is already out of the CCU and in a normal room and they're sitting upright and doing well, so all good.

This is a typical patient that we're treating with this system so far. Elderly female is the common denominator here. Usually, a lot of co-morbidities. So, as you can see, most of them have severe mitral regurgitation, Grade 3 or 4. Well, all of them do. Most of them have some other form of heart disease either coronary artery disease, some previous heart procedure, they're all in New York Heart Association Class 3 or 4, pulmonary dysfunction, kidney disease in half the patients, so it's very common. So, these are not healthy patients coming in and being treated. And that's one of the challenges with this whole patient population is particularly when you compare it to the TAVR population, it's a much sicker group of people.

But what you hear from the patients is they're amazed at how much better they feel after this procedure because, as I mentioned, their quality of life is not good. Not uncommon to have one of these patients go through a treadmill test and only be able to walk two minutes and they're done. I mean it's really lousy situation. And then, the physicians will tell you after they see this in a patient they can't wait till it's available to everyone. So, you get a lot of positive feedback after these procedures.

Now, of course, the opportunity here that I'm talking about has drawn a lot of interests from all the big strategics, a lot of M&A activity, a lot of money being invested. So, we're not alone in this space. There's probably 80 therapies between mitral valve replacement and mitral valve repair chasing this opportunity. Like any technology, a handful will be there at the end of the day. We'll be one of those.

So, what are the investments it's going to require to build this market, take the technology forward? I think it really comes down to two main areas. One is clinical evidence that kind of trumps everything else. If you don't have good clinical evidence, you're probably not going to make it. So, we're investing and are planning to continue to invest in a robust clinical science strategy.

And just like everybody, that starts with you got to prove efficacy, you got to even show right now like we are that it's even feasible to do this. That helps you learn who are the right patients to treat. It helps you learn how to refine the technique, how to refine the product, gives you a chance to train the physicians and get the heart teams used to doing this.

And then as it migrates forward, of course, you start to expand indications and you start to get reimbursement with that data and include some health economic things, just like everybody. So, that's a big part of our investment for the future.

The other is product development. You heard Damien talk this morning about a cadence. Nowhere is it more important than with interventional cardiology because this – as a sub-specialty of physicians, they've grown up on rapid product cadence. And they always want the latest gadget, they always want the latest iteration. And if you don't have speed in your product development process, you die. That's basically how this works.

So, what we need to do is the requirement then is you have to be very close to your physicians, which we are, because fortunately, this procedure requires you to be part of that team and help teach them, help support them. And we are building a first-class therapy development team in the field that will be better than everybody else's. I can tell already, and I've done this a long time. These guys are good. And that's going to differentiate us from the competition.

But what that allows you to do is it allows you to really establish a close collaboration with the physicians which is required so that they feel like they're part of the product development and product improvement system. The bigger the company gets, the less that happens, I can tell you. And what happens is you start doing business to physicians not with them. We're going to do business with physicians.

They know that if they come to us, and they say you know what, I noticed this in this procedure. I noticed this. Maybe if this was different or if that was a fringe size smaller, whatever, we'll be back to them in two weeks and showing them prototypes. Is this what you mean? Is this what you need? The bigger companies, the way they approach that is they come and they say hey here's our latest product, what do you think? Decision-making is over. They're already done developing it. Physician has no part of that process. So, we're going to make sure that our cadence of product development is driven by the physicians not driven by somebody who's not treating these patients every day.

So, this slide here, if there's one message to take away from it, it's patience. This is a long process. Just like any new technology, new therapy that has a significant clinical study component to it. But the market opportunity is worth it. And so it's worth being patient for this because this is a very sustainable long-term growth driver for LivaNova. And I think of it as a gift that keeps on giving because it's going to be here for a long time. We're adding 500,000 patients a year to this pool just in the U.S. and Europe.

So, it's a great opportunity but we've got to do it right. The way we talk about it in the Caisson building is preservation of therapy. So, every decision we make if it comes down to moving faster on enrollment or moving faster on trying a product out, the first thing we do is, is it going to compromise the preservation of this therapy. If it is, we'll slow down, and we'll do it right. I'm much more concerned about getting this right, and I am about getting it done first or fast, because this is going to be here a long time. These patients aren't going anywhere. And what will matter at the end of the day is who's got the best mousetrap, and we're going to have that.

So, what will happen is we'll get through our studies, as I mentioned. We'll do feasibility. We'll do CE mark. We'll do U.S. pivotal trial. We'll do reimbursement studies. There will be a whole host of post-market studies, things like that. And then as we move forward to the whole market adoption process, after we get access, we'll look at expanding indication, building KOL networks, trying to make sure that the experience that every physician is having is a positive one so that when they get up on a podium, or when they're doing grand rounds, or when they're just having a cup of coffee with the cardiologist who refers patients to them that they can talk about, hey, I'm having this experience with the LivaNova system. Send me all your patients with mitral regurg, I'll take care of them. They don't have to be operated on. That's where we'll get to. And by then, this is going to be we'll all be high-fiving in each other.

So, here's the clinical study plan right now. We have three studies on the books today. I mentioned there'll be a lot more. PRELUDE is the one we're doing as we speak. The patient we enrolled last night is a PRELUDE patient. That's just an early feasibility study in the U.S., but this is our first in human experience. We learn as much or more every time we do a case as the physician does. We're learning about these. Maybe we need to change this in the technique or the procedure or maybe we need to tweak this on the product. So, we're learning. We're not ready for prime time yet, so to speak. That's a 20-patient study. We've enrolled 13 patients. We've implanted 10. We hope to have that all enrolled and done by the middle of 2018.

Then we'll move directly into INTERLUDE. We've actually already enrolled our first patient in INTERLUDE which is in Montreal. But that's a 75-patient study targeted at the CE Mark. And that will probably be 15 centers. And our plan is right now is we think we'll have CE Mark by end of 2019.

And then of course the bigger one will be the U.S. pivotal study which will be a randomized study. Now, we don't have all the details of that study worked out yet with FDA. But we're in conversation with them about it. But we know it will probably be in the neighborhood of 400 patients. We'll probably have 20 to 30 sites, that kind of thing. And we'll be finalizing that protocol over the coming months with FDA. And by the way, FDA has been fantastic to work with. It's like they have had a personality transplant. I can tell you, I mean I've just haven't seen this in 35 years where all of a sudden they bend over backwards to help us do this stuff. It's really great, for whatever that's worth for all your other companies.

So, we need to make sure the physicians are confident in doing this procedure and we need to make sure that they're confident in doing it so that they're not shying away from treating patients with it. So, what that means is we have to help make sure that we're picking the right patients. Early on, what we're doing right now is all of our investigators when they identify a patient that they think might be a candidate, they send us their CT scan. We go over that CT scan with them from start to finish. We look at all of the potential risk, all of the challenges anatomically, whatever might come into play and we decide as a team, customer, company should we treat this patient or shouldn't we. And that's how we're deciding.

Then what we'll do is we'll take that patient CT scan if we think they're good and we'll make a 3D printed plastic model of that and we will let the physician practice on that model, so they can get a feel for what's this going to be like in surgery. It's not an exact replica of what it'll be like because when the patient's heart is beating and they're alive and all that, it's different than on a plastic model. But from the standpoint of delivering it, vectoring it, they can at least have an idea, okay, this is what it's going to be like when I do this.

Then what we do is we go in the day before and our team that I was talking about, our therapy development team will do on-site training, didactic, hands on plastic model working with the angiographer and the echocardiographer. Every aspect of the procedure will get worked out. And then the day of, we're there side by side with the physician, helping them through every step of the case, making sure that they get comfortable with the system, comfortable with everything that's going on. And we're there to help them. And then even after the case is done, we'll have a debrief with the heart team. Okay. Was there any part that didn't go as you guys wanted? Is there anything we can do better? Is there anything we could do differently? That's how we're going to try to create that level of confidence and preserve the therapy.

So, I talked about the competitive landscape. The key thing to take away from this slide is that as you get into the transseptal group, it starts to scale out smaller because it's harder. So, right now, there's us, and as I mentioned, we designed it that way from the beginning. There's Edwards who's converting their CardiAQ technology from transapical to transseptal. Abbott has a product, and

Edwards has another. Neither of those second two are really the lead for them for this. And then there's a whole bunch of transapical because it's easier.

Now, there's probably been 150 cases done to date, somewhere in that ballpark, of TMVR. Probably 25 of them have been transseptal like ours. The other 125 have been transapical. So, everybody that's in transseptal is still pretty early, like us.

So, in summary, technology , I think if you think back to what we've talked about that differentiates our system, I think we have the best technology. And I'm not – I mean, everybody is going to say that, right? I'm not just saying that. I look at the other technologies, and they're not bad technologies. But they're basically taking TAVR-type designs and thinking and trying to just adapt it to mitral. We've taken ours and tried to target mitral from the very beginning, and everything about our system is targeted at the mitral valve apparatus.

But I think we have some real competitive advantages that will enable us to be the leader in this market. Clinical evidence will speak for itself. It goes to – it just stands to reason that if we have the best product, we should get the best clinical result, particularly because we're also providing the best clinical support to the hospital.

And then the physician focus, as I mentioned. We have – we have kind of a DNA of collaboration within our building that we've all worked for companies where you work hand in hand with physicians 24-7, and you talk to them every day and you have very productive discussions about what's working, what is isn't working, what do we need to do different, what can you do different, et cetera. And what that will amount to over time is what we need to develop this market which is physician advocacy. We will create a number of physician advocates who not only are going to be helping expand the TMVR market, but they're going to be helping us gain market share because we have the best system.

And this is one area where I think having so many competitors and particularly big competitors is helping us, because one of the things you get when you have the big guys all in a new space like this is they're all investing a lot of money in market development, reimbursement, awareness, all those things. So, we all draft off of each other in that regard. So, I don't mind having the big players in the space. It's going to help us. It's a level of cooperation. It's – When it gets down to market share, that's where we're going to win the game. They'll help us build the market. We'll take the market share.

So, anyways, that's all I have. And I really again appreciate you listening especially after lunch. I know it's not easy. And I hope I didn't put anybody – I don't see any faces down. And then what I'd like to do is maybe have Karen and Damien come back up and we could answer some questions or at least try to answer some questions.

Karen M. King, Vice President, Investor Relations & Corporate Communications, LivaNova Plc

Yeah. So, we got about 30 minutes left. So, we're going to do about 10 minutes on TMVR, then we're going to have the other three presenters come up when we got about 20 more minutes to finish up.

Damien McDonald, Chief Executive Officer & Director, LivaNova Plc

Where am I going to sit? Where do you want me?

Karen M. King, Vice President, Investor Relations & Corporate Communications, LivaNova Plc

Damien, over here.

Unverified Participant

That one at the back.

Damien McDonald, Chief Executive Officer & Director, LivaNova Plc

I'll sit right next to you.

Karen M. King, Vice President, Investor Relations & Corporate Communications, LivaNova Plc

Oh is there one int the back? Sorry. We'll go next, yeah. Go ahead.

QUESTION AND ANSWER SECTION

<Q – Rick Wise - Stiefel>: Okay. Rick Wise, Stifel**.** Two questions. One, Paul, could you talk a little bit about the patent portfolio? I mean it seems like really an elegant solution. The valve and valve sort of valving structure. And maybe reflect a little bit on what's the most proprietary and best protected? Is it the vector and delivery, the feet in the gutter, is it the design itself? Maybe talk about that.

And I'll just ask my second question now. Just talk a little bit more about the 13 patients enrolled, 10 implanted, what happened to the 3 patients that didn't implant? Was it a valve failure? Was it inappropriate? What'd you learn? How do we think about that?

<A – Paul Buckman - LivaNova Plc>: Sure.

<Q – Rick Wise - Stiefel>: How did the FDA react to all that?

<A – Paul Buckman - LivaNova Plc>: Sure. Well, starting with the IP question, I can't speak a lot about it or I don't want to speak a lot about it. But what I'll tell you is we have a number of issued patents. I think we have 9 or 10 issued patents. But we covered and filed on all of our proprietary aspects of the delivery system, the valve, the anchor, a couple of method parts of it. So, we have a very comprehensive coverage of it. And those – we'll continue to file, we'll continue to get patents issued. So, I feel very good about how differentiated it is and how well protected it is. And fortunately, this hasn't – it's not like we've been doing this for 20 years. So, it's not like we're going to get to market and they expire the next day like some of the TAVR ones kind of did. We'll have coverage for quite some time. And so, I'm not too worried about that either.

Now, as far as the second question, I mentioned we've enrolled 13 patients. We've implanted 10. So, three patients ended up being converted. Two were converted to surgical valve replacement. One was converted to a MitraClip. Those happen for various reasons. It's not because our product failed or because the valve failed or anything like that. What usually will happen is the physician will get in there. And if for one reason or another, they're not comfortable that either they're going to be able to seat the valve properly or they don't like the way it looks, which is why we make it fully retrievable, then it gives on the option to do something different because they can take it out. And that's what happened in those three.

Sometimes it's because the patient all of a sudden gets really sick. Something happens and maybe their pressure has dropped or who knows what. Like I said, they're sick patients, something can happen. And the physician just feels more comfortable particularly early on in the investigation when it's maybe their first case. They're pretty quick on the gun to pull if they're not comfortable because they don't want anything really bad to happen. So, that's what's happened.

FDA has been fantastic. Every – they have us debrief with them every case. Like what did you learn? And they want to – they'd even asked us they do two cases in a row like two days in a row. Take a breath, talk to us. They really want to know how we're doing, is there anything we should be concerned about, can we help you with anything, and like I said they've been terrific. In fact, one of the things they did for us is we had some – we were treating some patients that were really sick and FDA said maybe it would be good for you guys to have a compassionate use arm in your – even in your feasibility study, so that you can still treat those patients and help them, but not necessarily have to enroll them. I've never seen FDA proactively do that. So, we did. We went back. We've revised our protocol. We've created that arm. We haven't used it yet, but we have the ability to and that was all facilitated by FDA.

<A – Karen King – LivaNova Plc>: Okay. Up here, Deanna.

<Q – Jason Mills – Canaccord Genuity, Inc.>: Thank you, Karen. Jason Mills, Canaccord Genuity. Thanks, Paul, for that. Exciting, exciting times in transcaths for mitral. So, there, I literally have probably a dozen questions. I'll try to limit to two areas. First being patient selection and you spoke to that. I think it's noble that you've addressed that that is a key thing. Investors have been asking about patient selection for a while. So, I wanted you to start there and try to help us understand the patient selection criteria, discussions that you're having with the FDA as you look forward to broader pivotal trials.

And then within that sort of a sub-second question within patient selection, as I understand talking to physicians and surgical mitral valve replacement and repair, the goal has been over 30 years MRF zero, which is very hard to do, and surgeons don't left off of that. And so, is MRF zero really going to be the target here for transcatheter mitral valve replacement? And if not, should we be – will you be thinking about, will the FDA be thinking about quality of life metrics, weighting them more than we have and maybe TAVR. Second part of that question is imaging.

<A – Damien McDonald – LivaNova Plc>: The second part of a multi-part question.

<Q – Jason Mills – Canaccord Genuity, Inc.>: Yeah. This is multipart. So, on the imaging side, I guess just the most simplistic way to ask this question is, based on your study of the mitral market over the years and where you are now with transcatheter and mitral, is the innovation on the device implant side at a further along period or pace than the imaging of the valve, or vice versa? Do you have the imaging necessary today to be able to image the valve to do the procedure if the technology was locked and ready?

<A – Paul Buckman – LivaNova Plc>: Yes. Because I have a good memory, it's just short, so I'll go backwards. The imaging part, we can do the procedure today with the imaging available. But the imaging is getting better, and it's going to really help a lot. So, one of the things we're trying to do is work with some centers who have access to imaging from some of the imaging companies that's not yet on the market but that's the next phase. And what we're going to learn early, how do we take advantage of that imaging? And I think what we're going to find is that it's going to considerably simplify the procedure because it's all about imaging. It's really hard for the physician if they can't – if they're not naturally inclined to think three dimensionally because they're used to using fluoroscopy, which is two dimensional and they're not just naturally good at it, then it can be a very challenging procedure. But some of the new imaging is going to combine fluoroscopy and echocardiography into one and you're going to be able to do things you can't do today, and I think it's going to actually really reduce the difficulty of the procedure and hence the procedure time, because a lot of time get spent on imaging.

So, that's that one. You ask about the patient criteria, selection criteria. I don't necessarily want to go into it in a lot of detail, but what we're trying to do early on is we're looking at all the factors. We're looking at anatomy, we're looking at ejection fraction and all of the kind of hemodynamic comorbidity issues to just try to make sure that we're risk profiling these patients and not getting a patient that has too many black checks against them where you go in basically setting yourself up for failure. We don't want to do that.

On the other hand, these are sick people. You can't screen them all out. We are treating sick patients as you can see by that profile. Class III, Class IV heart failure, a lot of comorbidities, ejection fractions are probably as low as 30%, maybe 25% sometimes, so they're not healthy people, but we're not trying to do anything crazy.

And we're learning that. That part of what this feasibility study is for is to learn who are the patients we should and shouldn't be treating.

<A – Karen King – LivaNova Plc>: The last was MRF zero.

<A – Paul Buckman – LivaNova Plc>: Oh, MRF 0. That is the goal. It's always the goal. We have a much better chance of achieving that goal than repair does. And I think the way we designed our valve, we have a competitive advantage that sealing cuff really helps with perivalvular leak. The fact that we have this D-shaped ring and an anatomical fit, I think we created a lot of advantages for our technology to achieve MRF 0. Now we want to achieve it all the time, but we're already in the 10 implants we've done. We're already seeing MRF 0 or very or just trace MR. So far, that's what they like and that's why physicians want to do replacement instead of repair.

<Q – Jason Mills – Canaccord Genuity, Inc.>: And just a quick follow-up and I'll hand the microphone back. On patient selections specifically, with the 13 you've identified so far, what are the core common denominators that you've looked for to allow those procedures to go forward – and then – on both sides both sort of this inclusion? Okay, we're looking for these things to include these and then we're also looking for things that would exclude patients definitively at least initially as you're going through the EFS. Thank you.

<A – Paul Buckman – LivaNova Plc>: Probably, the two biggest ones right now and I'm not sure I'm actually – certainly not the expert on this. But one is valve size, because patients have different size valves, and right now, we have one size valve. So, we do exclude patients who have larger valves that are maybe not – where our valve maybe just isn't big enough yet. And we're addressing that. We're developing two new larger size valves, and that will help us address the larger population of the patients. So, we will exclude for that, and we try to make sure in any patient we are going to include that we feel comfortable our valve is the right size.

If a patient has an ejection fraction that's too low, they'll get booted out, because the physicians don't want to treat anybody, for the most part, with an ejection fraction less than 30. A couple – few people will go down to 25, but below that, they just don't want to take the risk. It's things like that. A lot of those other hemodynamic factors, but if there's just too many things stacking up that make it look like they might not be able to make it without something bad happening then we'll not do them. But the physicians want to treat these patients because they are so sick and have such a poor quality of life. So, they bend over backwards to try to figure out a way to treat them.

<A – Karen King – LivaNova Plc>: So, we're going to have the other presenters come up. You can keep asking on TMVR. But why don't you guys come on up as well? I'm going to kind of open up the floor here.

<A – Damien McDonald – LivaNova Plc>: You got the mic there?

<A – Karen King – LivaNova Plc>: Okay. Laurie has one in the back. Yeah.

<Q - Investor>: Hi. Maybe this one is a little bit more directed towards Damien. But can you talk about your decision to double down on Caisson specifically given the other investments in Highlife for the other valve approach and cardio solution?

<A – Damien McDonald – LivaNova Plc>: Sure.

<Q - Investor>: What's so attractive about Caisson? And then, in the future do you see an opportunity to fully acquire those assets and then is there a place in your mitral portfolio for those to work as well?

<A – Damien McDonald – LivaNova Plc>: Yeah. So, look we were dating the Caisson team for five years. And a lot of these things are really about how much confidence do you have in the team to execute. And it's funny, I don't have many sports metaphor, but I love NFL and listening and watching this team, these guys watch the cases like they watch film on a Monday morning after a game. And we really had a lot of confidence in their ability to execute. They had an approach that I

think was unique and yet you look at the way that Paul describes it, I think we're in a really great position with Caisson.

What I didn't want the team to be doing is managing to a milestone. And my early conversations with C.J. and Todd, the two founders, the language was, yeah, we're going to do this but we've got the next funding milestone coming up. And I wanted to remove that barrier from them. I want be more about getting first to market or second to market and worry about the patient outcome then less about the funding milestone. So, by bringing the group in, we were able to leverage the entire company that the clinical regulatory ops group now of the entire company right with the team now and not in like 12 or 15 months time when we got, how do we make this team?

So, we've got the design and the procurement and the off-supply-chain stuff all happening now. Regulatory approach; Brian is here in the team so let's get the regulatory group right in there now. So, this was about getting the team, accelerating them with the full resource of the company, not waiting for a funding milestone.

That was the driver for let's do it now rather than later. And, look, I got to say, I really am incredibly appreciative of the board for giving us that flexibility. I mean, and, of course, they have a lot of questions for us, but they've really been behind us and giving us a lot of freedom to act on that sort of thing. So, that's why Caisson.

On the other ones. Look, HighLife, we're still a financial investor and not a strategic investor. A great – couple of guys and interesting technology, but they were in a very different place and transapical approach. I think Paul makes a strong case for why transseptal is the view. HighLife has a transseptal but again they're much further behind in terms of their development and prototyping and we just decided that if we're going to make a bet, let's make a bet, and we felt like this was the really strong team. And I'm really pleased with the decision and it's going well for us.

Last thing; Cardiosolutions. Yeah. That may have a place. Again we're still a financial investor, but we look at what we need to do and what we need to invest behind. Paul and the team I think are the compelling next best dollar. And that's where we're really going to place our bets. Now, we showed on our little schematic about M&A that there's some opportunities in mitral and we'd still like to invest there. But we're keeping a hand in with those other two with the financial investment, but our big bet and support is for the Caisson team.

<A – Karen King – LivaNova Plc>: Other questions?

<Q – Mike Matson - Needham & Co >: Hi. Mike Matson, Needham & Co. Another Caisson question. So, I guess your CE Mark trials, looks like 75 patients. I think Edwards has talked about theirs being significantly larger, maybe a few hundred, correct me if I'm wrong. But if that is the case, why do you think they're making their trial so much larger? And then assuming you're both able to get CE Marks, will a 75-patient trial sort of put you at a disadvantage versus a couple hundred?

<A – Paul Buckman – LivaNova Plc>: Yeah. I think it's – I don't know the details of Edwards. It could be the way they're just explaining it because we're working with a notified body by the name of DEKRA. And what they have told us is that we need 75 patients. What they will require is a post-market study, probably, of another 75 patients, but we'll be able to get CE Mark before that starts, and that'll just be post-market, because they do want a larger body of patients, they just haven't required that to get to CE Mark. I don't know how Edwards is explaining it, but it could be that they're combining them or something. I really don't know.

<Q – Mike Matson - Needham & Co >: That makes sense. And then just the timing on the CE Mark trial. You said you could potentially have the CE Mark by the end of 2019. But when would we see data from that trial?

<A – Paul Buckman – LivaNova Plc>: Well, we have to – we would probably finish enrollment – on that time line, we'd probably finish enrollment sometime by mid-2019, and then we have to submit it and get it approved, maybe before then. And once we have the data, then it'll – I'm sure it'll start being presented and talked about. But we'll have to go through the process of waiting to get the actual CE Mark as well.

<Q – Mike Matson - Needham & Co >: All right. Thank you.

<A – Karen King – LivaNova Plc>: Other questions?

<Q - Investor>: Thanks. Another question for you, Paul. Sorry.

<A – Paul Buckman – LivaNova Plc>: Sure.

<A – Damien McDonald – LivaNova Plc>: You guys are getting off light.

<Q - Investor>: Yeah. I just wondered, I mean, obviously you've had the ability to interact with the Caisson organization and also the founders and a relative newcomer to LivaNova. I wonder if you could share some perspectives as to why Caisson chose to partner which – with an otherwise small Italian cardiovascular company rather than any other partner. So, what was the main reason that Caisson partnered with Sorin?

<A – Paul Buckman – LivaNova Plc>: Sure. It's a pretty easy question to answer actually. I mean, number one, I think Sorin had a lot of foresight. I mean, to get involved very early on with a project like this, that's not for the faint of heart because it's going to be money and it's a high-risk venture. So, I give Sorin a lot of credit. Ed Andrle, who's with Sorin in business development, had a previous relationship with myself and C.J. and Todd, the founders through our previous work at Scimed .

So, there was a level of familiarity, knowledge, confidence and all that, and I think that made Sorin comfortable in investing in the business. And of course, it made C.J. and Todd and myself very comfortable getting involved in it because we also – it wasn't like Sorin was a complete stranger to us. We knew Ed very well. So, it just made it an easy partnership.

<A – Karen King – LivaNova Plc>: Other questions? We've exhausted the questions, huh?

<Q - Investor>: One for you Thad, actually, if possible– sorry, on the financial kind and this discussion came up a little bit over lunch. And you're obviously highlighting good gross margin progression and to work down SG&A cycle-to-cycle, but a step-up in R&D expenditure next year. So, what we – So, I can't work out with some others, was your highlight that margins of the group will probably be flat or even down next year? Or do you still anticipate a degree of progression despite this heightened near-term cost?

<A – Thad Huston – LivaNova Plc>: Yeah. I mean, look, you have to respect and understand where I am. I've done one quarter earnings call. I think to me, clearly, we want to continue to grow margin year-over-year. And I think working out the elements of that and how far, we're not giving guidance today on 2018. We're giving you kind of roadmap for the next five years. But I think over time, of course we want to do both increased investment and improvement of margin, which is how much next year.

<A – Karen King – LivaNova Plc>: Okay. A question? Yeah.

<Q – Rebecca Wang – Leerink Partners>: Hi. This is Rebecca from Leerink Partners. So, I've got a quick question on the Hurricane Harvey. I hope all your employees are safe. So, from your perspective, how do you see the impact especially the hospital volumes?

<A – Jason Richey – LivaNova Plc>: Yeah. Thanks for the question and thanks for your concern. Hurricane Harvey was one of those things that you can't really plan for. We did have employees that were displaced. We're actively working to try and help these people in any way that we can. We had about 60 employees that lost either something all the way to everything. And so we're managing that.

In terms of case load and patients, we have an active nurse case management team that's first trying to locate our patients. We did have some patients that were without power for a period of time, and we also had some physicians that were without power. So, they're scrambling right now in order to try and find these patients, get them on the operating theater schedule whenever they can and try and mitigate that risk as best as we can.

<A – Thad Huston – LivaNova Plc>: Yeah. I mean, look, there will some impact to Q3, of course, if there's less procedures. We don't think it's going to be a material impact. But it's something we're going to be tracking as we close out the month and the quarter.

<A – Jason Richey – LivaNova Plc>: I can tell you I've never seen rain like that before. Wow.

<A – Thad Huston – LivaNova Plc>: We'll also try to bring clarity. When we do report the Q3 results, if there was an impact, how much that impact was and kind of normalize the growth rates.

<A – Karen King – LivaNova Plc>: So just a few more minutes if anybody has anything. Yes? Deanna?

<A – Damien McDonald – LivaNova Plc>: Deanna at the front.

<A – Paul Buckman – LivaNova Plc>: Man, don't you hate it when LivaNova cuts you off like that? There's a message in there somewhere.

[laughter]

<Q – Matt Miksic – UBS>: Rough treatment. Matt Miksic from UBS again. So, question on enrollment in patient selections. So, this is – you haven't begun the process in U.S., but certainly getting some experience OUS, with the number of programs pursuing the type of patients and are being very careful about the types of patients that you enroll, how do you anticipate that affecting some of the time lines? What are you doing to manage around that? Maybe how do you anticipate the approach either making it easier or tougher to find either transapical or transfemoral patients? And I had one follow-up.

<A – Paul Buckman – LivaNova Plc>: Yeah. It's – That's a good question and we're working on that every day. And we do come out from a few angels. One thing is we're trying to learn from each case we do. What can we take away that will help us moving forward with enrollment, treatment, et cetera. So, we deep breathe pretty intensively on every case.

The other thing we're doing is we're trying to iterate the product as we move forward. So, I had mentioned we're developing two new size valves which will really help enrollment quite a bit because adding these two valve sizes will probably get us up to be able to treat close to 90% of the patients that come through the door where right now we're far below that. We're just one size. That will help, as well as other iterations to the system. So, we have next-generation system that we're working on which we would plan to have BR system that we go to market with or be a commercial system. But even in between, we're making more sub-fill changes, tweaks, improvements based on all the feedback we get that hopefully each time make it easier.

And our therapy development team is learning a lot about procedural technique so that they can shorten the time of the case which is also a big thing and make it easier and more predictable and more repeatable, in a way almost more prescriptive. So, they're working very hard. They conference on that continuously to make sure what we have learned from these cases that we can start to drive to a point where it's bing, bing, bing, you know, very easy. So, all of those things will help.

At the end of the day, we're still going to be competing with other technologies for patients in these trials and that's the way it is. I think where we'll benefit though is I think our system is going to be the preferred system. And so, I think a lot of physicians will favor us versus other technologies and prioritize us to be in our studies I think. We're already seeing some of that.

<Q – Matt Miksic – UBS>: And the follow-up on that, one of the things you've mentioned was the positive response from patients. So, whether this is successful case the patient feels better. The difference between transapical and transfemoral as often sometimes a lot to do with comorbidities or morbidity or recovery time, and when do you anticipate that we'll start to see maybe some bifurcation and separation of the programs that are transfemoral and maybe have more of a however like faster benefit than one that are may be a little tougher even easier to do?

<A – Paul Buckman – LivaNova Plc>: Yeah. I think that will probably happen as we just get more data. You would predict that over time as we treat more patients with both transapical and transeptal and if there truly are some compromise to the transapical, then that will show up in the data, whether that's in complications or length of stay or whatever measurements you want to use. If those don't show up, then shame on me, I'm wrong, and maybe transapical will, but it hasn't felt – the only data set that's really out there is TAVR.

And that's why TAVR migrated to transfermoral. So, I would assume that we'll see similar – kind of similar reaction and I think a lot of physicians have already made up their mind based on the TAVR experience, but transeptal is the way to go, and that's what they tell us.

<Q – Matt Miksic – UBS>: Thanks so much.

<A – Paul Buckman – LivaNova Plc>: Yep.

Karen M. King, Vice President, Investor Relations & Corporate Communications, LivaNova Plc

So, I think we're out of time. But thank you, all, so much for coming. Again, we appreciate your support, your participation. Do you have any closing remark?

Damien McDonald, Chief Executive Officer & Director, LivaNova Plc

Just let me just wrap up where we started. You could have done a lot of other things, but you spent the day with us and lots of engagement. Looking at the engagement of the booths, the Q&A over lunch, I can just talk about our table, I don't know about you guys, but it was pretty hot. But we really hope that Q&A all the way through the day was a great way of structuring this so you could get topic specific stuff out. We really hope that that transparency that we bought in the presentations in the Q&A is reading through in terms of the new approach we want to bring as LivaNova in the executive team. We really believe that we can't do this without you.

And I don't want this to be an antagonist relationship. I want this to be a very engaged relationship. We've tried to be very aggressive to be out on the road. We've tried to very visible and today I hope is an extension of that. So, we really appreciate your engagement. We want you to take away both loads and growth opportunities near term, medium to long term. We're already executing on the

profit motive and how to get that done, and we outlined I think very specifically the places that we're going after that.

And hopefully, the team that I came to was a team very dynamic, very experienced, very talented and you got not only the level 1 team but a bunch of the level 2 team today. And again, that was an intent to show you that there's depth through our management and a lot of experience. So, we really appreciate it. It's a conversation. We look forward to continuing the conversation, and thanks for your support. Thank you.

Karen M. King, Vice President, Investor Relations & Corporate Communications, LivaNova Plc

Thank you. And thanks, everybody, on the webcast.