



# Jefferies Healthcare Conference

June 6, 2018



# Safe Harbor

Certain statements in this presentation, other than purely historical information, are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These statements include, but are not limited to, LivaNova’s plans, objectives, strategies, financial performance and outlook, trends, the amount and timing of future cash distributions, prospects or future events and involve known and unknown risks that are difficult to predict. As a result, our actual financial results, performance, achievements or prospects may differ materially from those expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by the use of words such as “may,” “could,” “seek,” “guidance,” “predict,” “potential,” “likely,” “believe,” “will,” “should,” “expect,” “anticipate,” “estimate,” “plan,” “intend,” “forecast,” “foresee” or variations of these terms and similar expressions, or the negative of these terms or similar expressions. Such forward-looking statements are necessarily based on estimates and assumptions that, while considered reasonable by LivaNova and its management based on their knowledge and understanding of the business and industry, are inherently uncertain. These statements are not guarantees of future performance, and stockholders should not place undue reliance on forward-looking statements. There are a number of risks, uncertainties and other important factors, many of which are beyond our control, that could cause our actual results to differ materially from the forward-looking statements contained in this presentation, including those described in the “Risk Factors” section of Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other documents filed from time to time with the United States Securities and Exchange Commission by LivaNova. All information in this presentation is as of the date of its release. The Company does not undertake or assume any obligation to update publicly any of the forward-looking statements in this presentation to reflect actual results, new information or future events, changes in assumptions or changes in other factors affecting forward-looking statements, except to the extent required by applicable law. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements. We caution you not to place undue reliance on any forward-looking statements, which are made only as of the date of this presentation.

# Intellectual Property

This report may contain references to our proprietary intellectual property, including among others:

Trademarks for our Neuromodulation systems, the VNS Therapy® System, the VITARIA® System and our proprietary pulse generator products: Model 102 (Pulse®), Model 102R (Pulse Duo®), Model 103 (Demipulse®), Model 104 (Demipulse Duo®), Model 105 (AspireHC®), Model 106 (AspireSR®) and Model 1000 (SenTiva®).

Trademarks for our Cardiopulmonary product systems: S5® heart-lung machine, S3® heart-lung machine, Inspire™, Heartlink™, XTRA® Autotransfusion System, 3T Heater-Cooler® and Connect™.

Trademarks for our line of surgical tissue and mechanical heart valve replacements and repair products: Mitroflow™, Crown PRT™, Solo Smart™, Perceval®, Top Hat™, Reduced Series Aortic Valves™, Carbomedics Carbo-Seal™, Carbo-Seal Valsalva™, Carbomedics Standard™, Orbis™ and Optiform™, and Mitral valve repair products: Memo 3D™, Memo 3D ReChord™, AnnuloFlo™ and AnnuloFlex™.

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# We are a \$1.0B<sup>1</sup> focused medical innovator

Improving quality  
of patients' lives

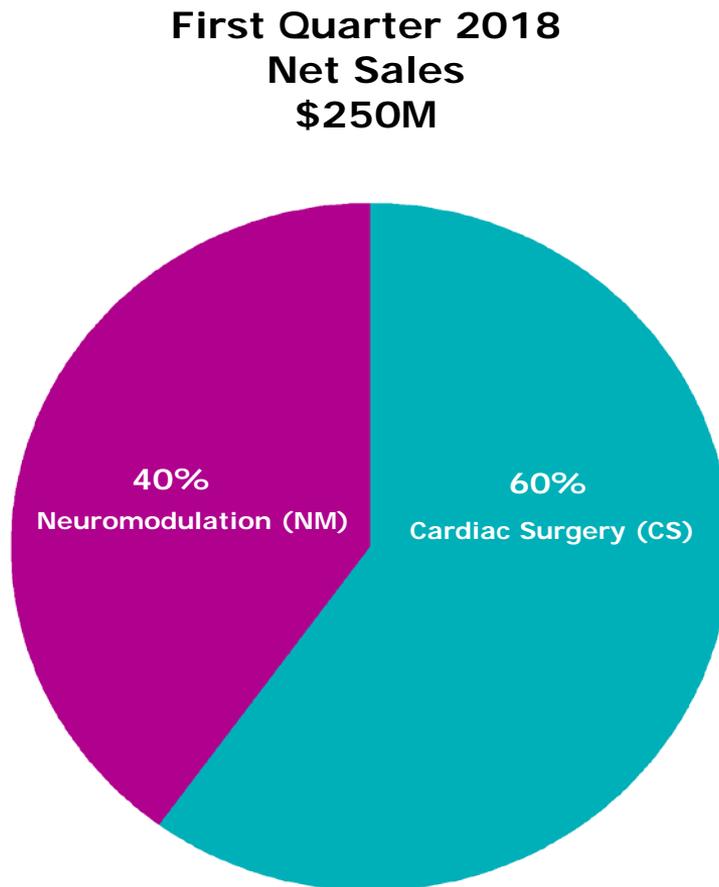
Strong leadership  
position in  
Neuromodulation  
& Cardiac Surgery

Targeting  
underserved and  
high-growth  
market segments



# Leading positions in Neuromodulation and Cardiac Surgery

- Drug-Resistant Epilepsy (DRE)
- Treatment-Resistant Depression (TRD)
- Obstructive Sleep Apnea (OSA)
- Vagus Nerve Stimulation Therapy (VNS Therapy)
- Hypoglossal Nerve Stimulation Therapy (HGNS<sup>1</sup> Therapy)



- 80% Cardiopulmonary (CP)**
- Heart-Lung Machines (HLM)
  - Oxygenators
  - Autotransfusion Systems (ATS)
  - Cannulae
  - Advanced Circulatory Support (ACS)<sup>2</sup>

- 20% Heart Valves (HV)**
- Sutureless tissue valves
  - Mechanical valves
  - Traditional tissue valves
  - Annuloplasty rings

<sup>1</sup> HGNS sales not material.

<sup>2</sup> TandemLife/ACS was acquired in April 2018. Sales are not included as part of 1Q18 revenues. Numbers are rounded for presentation purposes.

# Our portfolio is focused on “Head & Heart”

	NEUROMODULATION	CARDIAC SURGERY	
		CARDIOPULMONARY	HEART VALVES
	Creator, leader of VNS Therapy	Market-leading positions	Only sutureless valve on the market
Global Market (2017)	\$4.1B	\$3.0B	\$1.7B
Market Growth	Low-double-digit	Mid-single-digit	Low-single-digit
Sales (2017)	\$375M <sup>1</sup>	\$500M <sup>2</sup>	\$140M
Disease State	Drug-Resistant Epilepsy Treatment-Resistant Depression Obstructive Sleep Apnea	Heart valve disease Coronary disease Congenital heart defect Heart Failure CGS, High-risk PCI, RVF, ARDS, SCA <sup>3</sup>	
Customers	Neurologists Epileptologists Psychiatrists Neurosurgeons ENT Specialists	Perfusionists Intensivists Cardiac Surgeons Cardiologists Interventional Cardiologists	

<sup>1</sup> Obstructive Sleep Apnea resides under Neuromodulation and was acquired in January 2018. Sales are not included as part of LivaNova's 2017 revenues.

<sup>2</sup> Advanced Circulatory Support resides under Cardiopulmonary and was acquired in April 2018. Sales are not included as part of LivaNova's 2017 revenues.

<sup>3</sup> CGS=Cardiogenic Shock; PCI=Percutaneous Coronary Intervention; RVF=Right Ventricular Failure; ARDS=Acute Respiratory Distress Syndrome; SCA=Sudden Cardiac Arrest  
Numbers are rounded for presentation purposes

# Our portfolio is focused on “Head & Heart”

## NEUROMODULATION

SenTiva advances the ease-of-use of VNS Therapy



100,000 patients treated with VNS Therapy

## CARDIAC SURGERY

S5 HLM reduces transfusions and improves recovery



40 years as market leader in heart-lung machines

Inspire oxygenator provides personalized perfusion



1 million+ patients treated with Inspire

Perceval sutureless valve optimizes the surgical approach to aortic valve replacement



10 years of clinical use

TandemLife simplifies advanced circulatory support for critically ill patients



\$1 billion opportunity advancing the standard of care

# Differentiated pipeline targeting medical conditions with high unmet needs

## TREATMENT-RESISTANT DEPRESSION (TRD)

VNS Therapy may provide better outcomes and symptom improvement



Depression is the leading cause of disability worldwide

## OBSTRUCTIVE SLEEP APNEA (OSA)

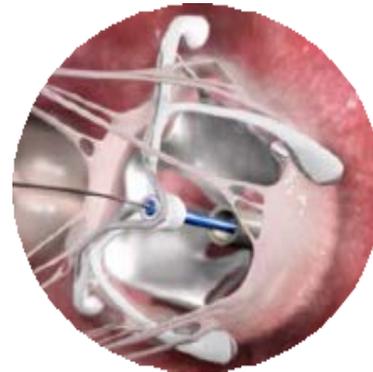
Implantable pulse generator (IPG) opens the airway during sleep



Rapidly growing multi-billion dollar market

## TRANSCATHETER MITRAL VALVE REPLACEMENT (TMVR)

Unique transeptal investigational device



Potentially 2-3 times the size of the TAVR market opportunity

## HEART FAILURE (HF)

Novel delivery of Autonomic Regulation Therapy (ART) may improve regulation of cardiovascular function



Leading cause of morbidity and mortality

# Full-year 2018 Guidance from Continuing Operations

Favorable changes in guidance, resulting from TandemLife acquisition & tax law changes

	Guidance as of February 28, 2018	Guidance as of May 2, 2018
Worldwide net sales growth <sup>(1)</sup>	4% - 6%	6% - 8%
Gross margin <sup>(1)</sup>	66% - 68%	66% - 68%
R&D <sup>(1)</sup>	11% - 13%	11% - 13%
SG&A <sup>(1)</sup>	34% - 36%	34% - 36%
Operating margin <sup>(1)</sup>	19% - 21%	19% - 21%
Effective tax rate	20% - 22%	18% - 20%
Diluted EPS <sup>(1) (2)</sup>	\$3.40 - \$3.60	\$3.50 - \$3.70
Cash flow from operations <sup>(3)</sup>	\$180M - \$200M	\$180M - \$200M

1. Net sales are on a constant currency basis. All financial measures are non-GAAP measures. Non-GAAP measures are reconciled to GAAP measures.

2. Diluted EPS assumes a share count of approximately 49 million.

3. Excludes integration, restructuring and product remediation payments.

# Summary: advancing our strategic objectives

## Performing

- **\$1B** focused medical innovator
- Strong leadership position in Neuromodulation and Cardiac Surgery
- Targeting ~**\$9B** global market opportunities
- Increasing sales and growing margins

## Transforming

- Three acquisitions in the past 18 months – Caisson, ImThera and TandemLife
- Targeting large and growing markets with high unmet needs
- Aligned with our focus on “head and heart”
- Making targeted M&A decisions; mix of accretive and dilutive acquisitions
- Divested our CRM business to MicroPort for **\$190M** in April 2018

## Growing

- Building a robust product pipeline in core areas of leadership and strength
- Developing next-generation products to better serve patient needs
- Advancing multiple clinical trials in North America and Europe
- Executing funnel management & profitability initiatives to increase sales and margins
- Leveraging our global footprint and capabilities

# GAAP to Non-GAAP Reconciliations

The preceding tables reconcile the most comparable U.S. Generally Accepted Accounting Principles (GAAP) measures to the non-GAAP financial and operating measures presented in LivaNova's first-quarter 2018 press release and during the conference call held in conjunction with the announcement of first-quarter 2018 results.

LivaNova uses various non-GAAP financial measures including, among others, net sales on a constant currency basis, adjusted gross profit, adjusted operating margin, adjusted net income and adjusted diluted earnings per share. These non-GAAP measures adjust for certain specified items that are described in the press release and attached schedules. LivaNova's management believes that these non-GAAP financial measures facilitate a more complete analysis and greater transparency into LivaNova's ongoing results of operations, particularly in comparing underlying results from period to period. Management uses these non-GAAP financial measures internally in financial planning to monitor business franchise performance and in evaluating management performance. All non-GAAP financial measures are intended to supplement the applicable GAAP measures and should not be considered in isolation from, or a replacement for, financial measures prepared in accordance with GAAP.

**LivaNova**

Health innovation that matters