



BATM Group Interim Results Presentation 16 August 2012

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Summary of H1 2012



- Leading provider of real-time technologies for networked telecoms market as well as the medical laboratory equipment market
- Revenue of \$53.2m (H1 2011: \$55.6m)
- Telecoms business contribution 53%; Medical business contributed 47%
- Results reflect business in transition as Telecom division stabilises and Medical division achieves strong growth
- Increased market penetration in both businesses





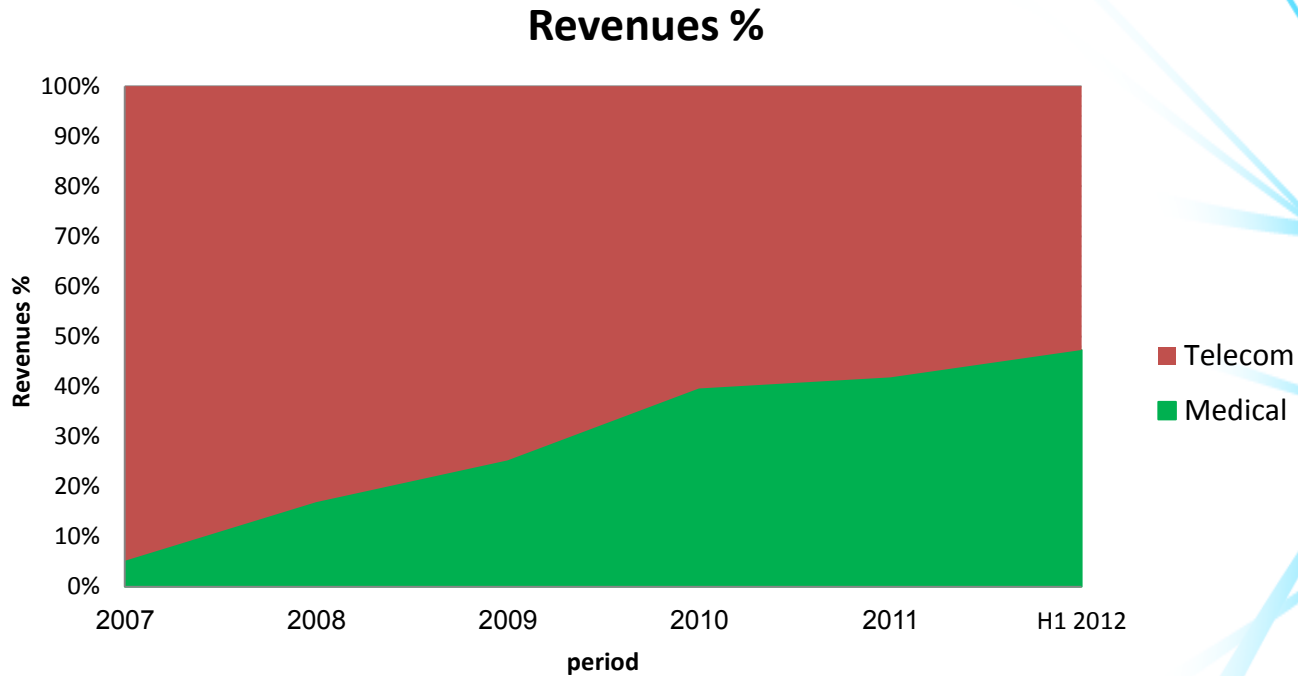
Financial Review

Financial Highlights



- Revenue of \$53.2m (H1 2011: \$55.6m)
 - Q2 2012 sales of \$27.9m: 10% higher than Q1 2012 sales (Q1 2012: \$25.3m) and broadly flat with equivalent period last year (Q2 2011: \$28.2m)
- Gross margin at 33.4% (H1 2011: 38%)
- Gross operating profit of \$0.36m (H1 2011: \$2.3m)
- EBITDA of \$1.3m (H1 2011: \$3.4m)
- Net profit/(loss) for the period was \$(0.02m) (H1 2011: \$2.5m profit)
- Basic loss per share of \$0.01 (H1 2011 earnings per share: \$0.61)
- As at 30 June 2012, the Company had cash and cash equivalents and deposits of \$42.3m (31 December 2011: \$46.9m; 30 June 2011: \$54.7m)

Revenues Evolution



Group Income Statement



	H1 2012		H1 2011	
	\$ thousands	% rev.	\$ thousands	% rev.
Revenues	53,226		55,588	
Gross profit	17,770	33.4	21,147	38.0
Operating expenses				
Sales and marketing expenses	7,963	15.0	7,811	14.0
General and administrative expenses	4,695	8.8	5,023	9.0
Research and development expenses	4,753	8.9	6,042	10.9
Other operating expenses	1,805	3.4	1,877	3.4
Total operating expenses	19,216	36.1	20,753	37.3
Operating profit/(loss)	(1,446)	-2.7	394	0.7
Finance income	1,307	2.4	2,323	4.2
Finance expenses	(412)	-0.8	(1,190)	-2.2
Profit/(loss) before tax	(551)	-1.1	1,527	2.7
Income tax expenses	(345)	-0.6	(824)	-1.5
Profit/(loss) for the period from continuing operations	(896)	-1.7	703	1.2
Discontinued operations	647	1.2	1,150	2.1
Profit/(loss) for the period	(249)	-0.5	1,853	3.3
Earnings/(loss) per share (in cents) basic and diluted	(0.01)	-0.0	0.61	0.0

Group Balance Sheet



	30 Jun 2012	30 Jun 2011	31 Dec 2011
	\$ thousands		
Non-current assets			
Goodwill	11,630	13,895	11,616
Other intangible assets	12,367	18,581	14,539
Property, plant and equipment	24,845	26,234	25,153
Deferred tax asset	5,381	5,469	5,525
	54,223	64,179	56,833
Current assets			
Inventories	17,999	26,255	24,297
Financial assets	27,461	35,807	23,883
Trade and other receivables	28,587	32,193	27,529
Cash and cash equivalents	14,852	18,856	23,012
	88,899	113,111	98,721
Disposal group classified as held for sale	5,407	-	-
Total assets	148,529	177,290	155,554
Current liabilities			
Short-term bank credit	3,888	4,850	6,770
Trade and other payables	23,551	36,646	27,441
Provisions	2,051	2,969	2,507
	29,490	44,465	36,718
Net current assets	59,409	68,646	62,003
Non-current liabilities	8,526	12,427	8,558
Liabilities classified as held for sale	1,365	-	-
Total liabilities	39,381	56,892	45,276
Total equity	109,148	120,398	110,278

Group Cash Flow

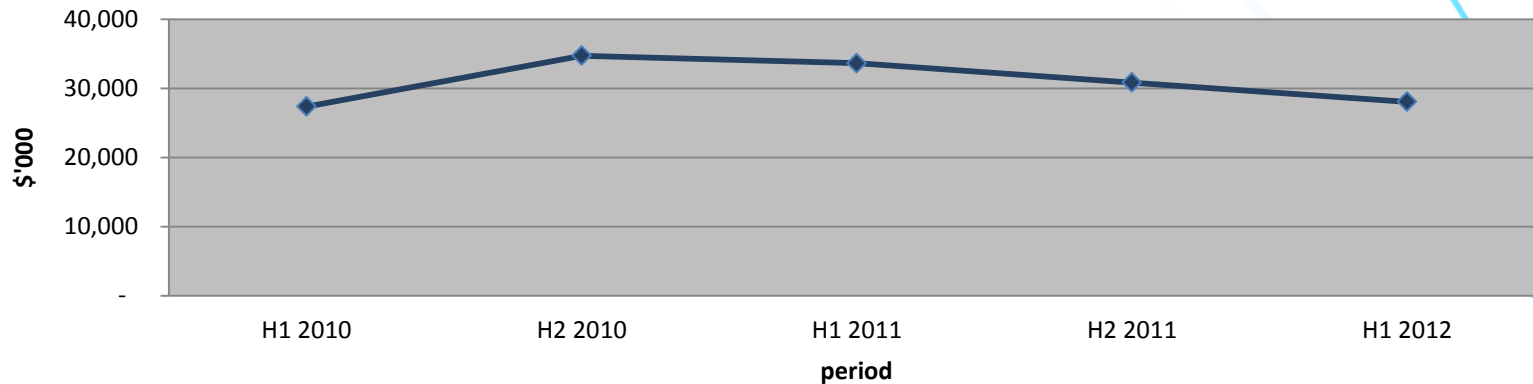


	H1 2012	H1 2011
	\$ thousands	
Operating profit (loss) from continuing operations	(799)	1,544
Adjustments for:		
Amortization of intangible assets	1,805	1,855
Depreciation of property, plant and equipment	988	1,106
Share based payments	125	183
Increase (decrease) in retirement benefit obligation	(28)	100
Decrease in provisions	(386)	(18)
Decrease (Increase) in inventory	2,595	(5,577)
Increase in receivables	(1,760)	(678)
Increase (decrease) in payables	(4,764)	2,148
Cash generated by operations	(2,224)	663
Income taxes and interest received (paid), net	(47)	(631)
Net cash from (used in) operating activities	(2,271)	32
Net cash used in investing activities	(4,408)	(1,539)
Net cash used in financing activities	(1,556)	(2,710)
Decrease in cash and cash equivalents	(8,235)	(4,217)
Cash and cash equivalents at the beginning of the period	23,012	22,087
Effects of exchange rate changes on the balance of cash held in foreign currencies	75	986
Cash and cash equivalents at the end of the period	14,852	18,856

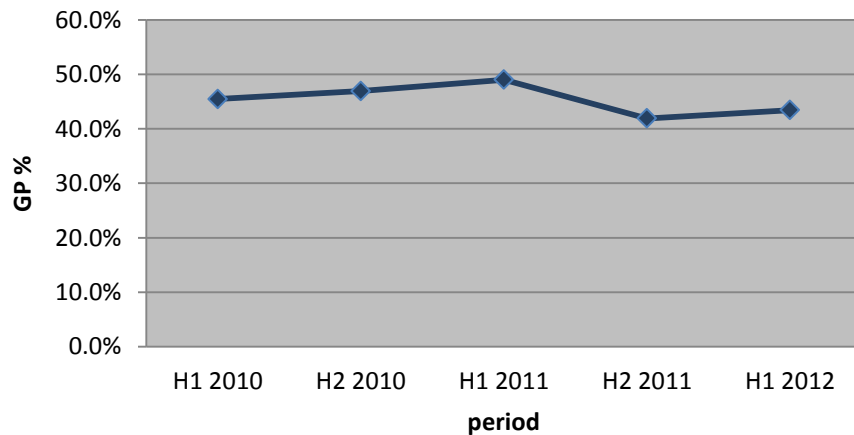
Telecom Division



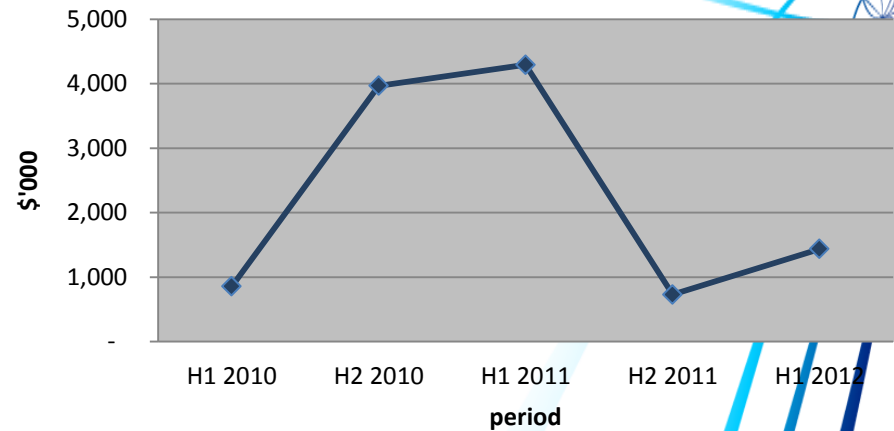
Revenues



Gross Profit %



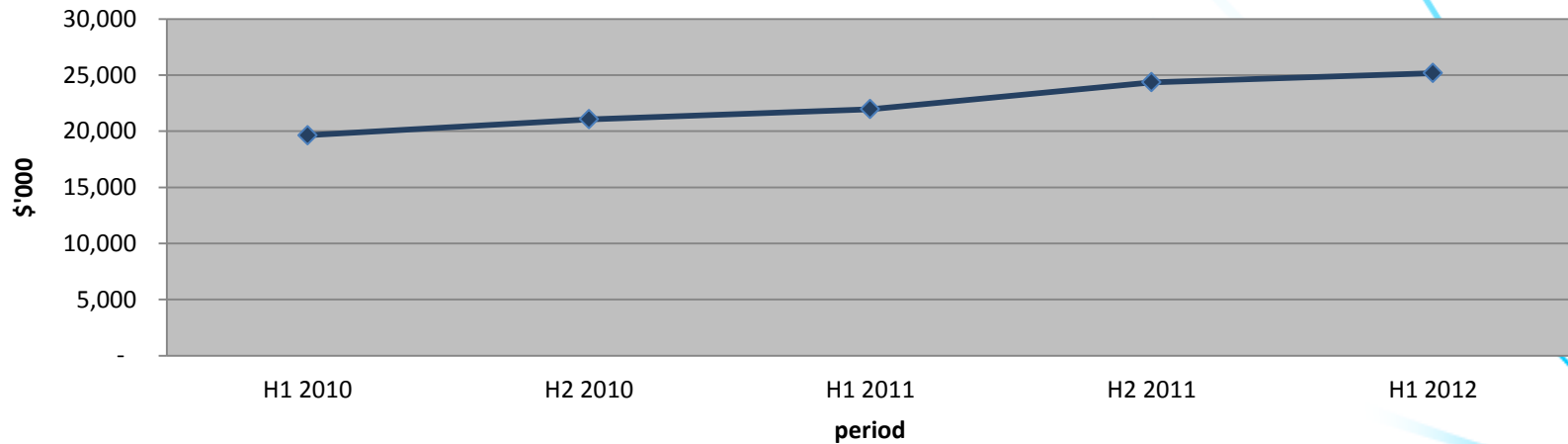
Operating profit



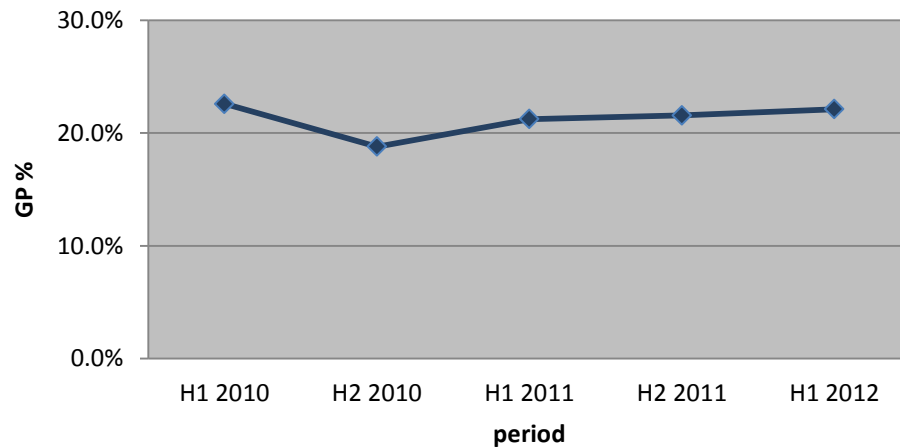
Medical Division



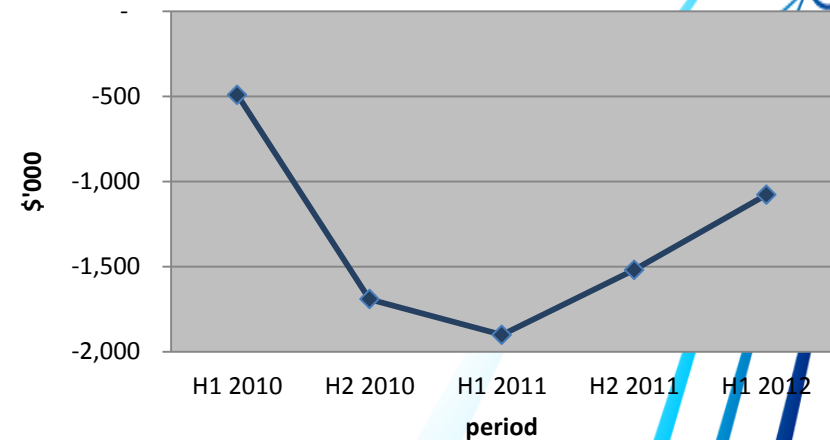
Revenues



Gross Profit %



Operating Loss





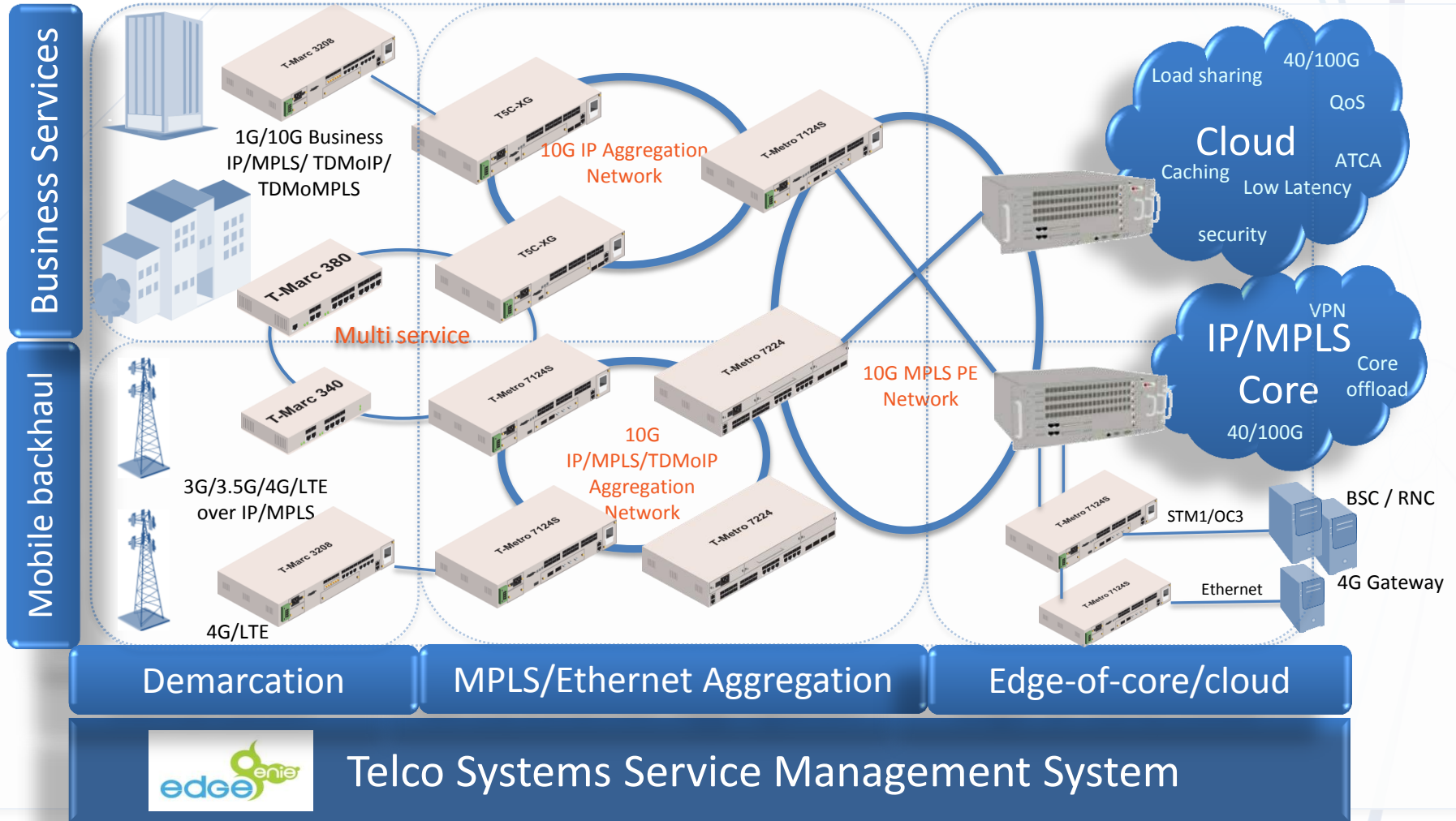
Operational Review & Growth Strategy

H1 2012 Telecom Division



- Revenue 16.6% lower at \$28.0m (H1 2011: \$33.6m)
- Completed restructuring by separating legacy business and focusing on growing Carrier Ethernet portfolio
- New customers won in Europe, USA, Latin America and Asia-Pacific region
- OEM agreements signed at the end of 2011 commenced contributing to revenues
- IP business in US grew by 15.5%
- Good direct market penetration in North and South America
- Established CELARE subsidiary for provision of comprehensive cyber security
 - Customer in Israel deployed unique solution to protect network against cyber attacks
- Unveiled new T-Metro 8000 platform and EdgeGenie Service Management System

Telco Systems Solutions



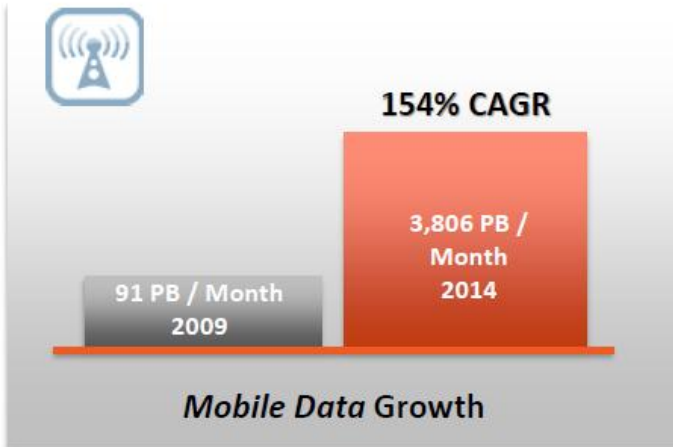
Telco Systems Service Management System

Telecom Division: Business Model

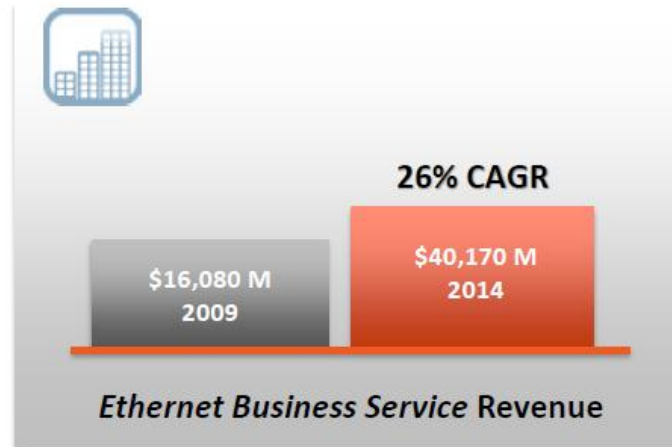


- Customers
 - Telecom operators
 - Infrastructure owners (electricity, transportation, etc)
- Sales via
 - OEM (Tier 1 telecom vendors)
 - Direct sales
 - Integrators and distributors
- Revenue model
 - Hardware
 - Software license
 - Annual support
 - Development projects, mostly software

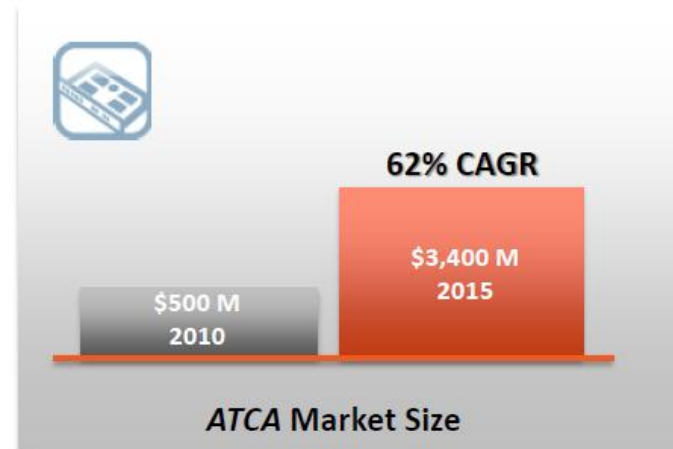
Telecom Division: Growth Markets



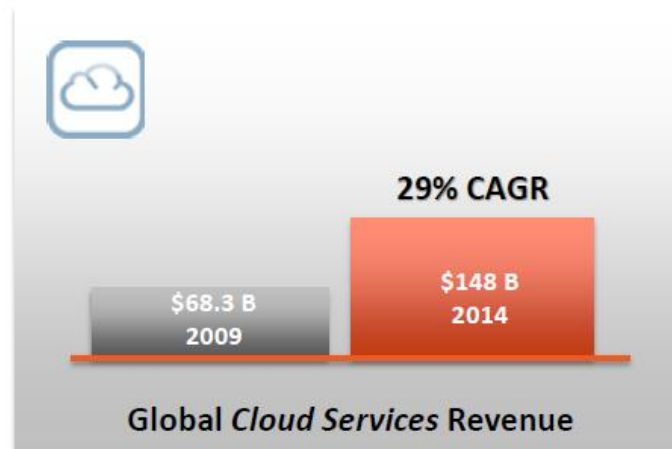
Source: Cisco Visual Networking Index. Global Mobile Data, 2011



Source: Vertical Systems (global service provider revenue in USD)



Source: Heavy Reading ATCA Report

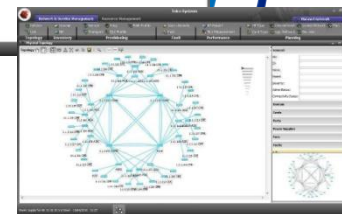
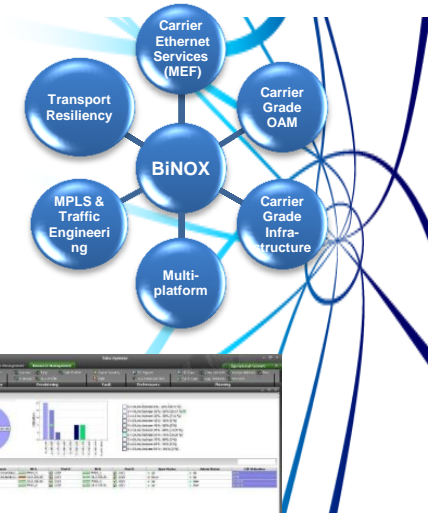


Source: Gartner Group

Telecom Division: Growth Strategy



- Organic growth through product innovation
 - BiNOX – Expand carrier grade L2/IP MPLS multiservice OS with cloud features
 - T-Metro 8000 – very high density MPLS/Ethernet aggregation switch- (ATCA) open platform, cloud services enabler
 - TM3312 – next generation 1G demarcation and cloud access
 - EdgeGenie – Service Management for virtualized dynamic Ethernet networks
 - AdvancedTCA 10G/40G switch blades
- Strategic partnerships
 - Commercial partnerships – Motorola (MSO market), Leading RAN provider
 - Technology partnerships – Major chip vendors
 - ODM ATCA partnership – Major firewall vendor
- Cyber
 - Focus on cyber for defense organizations
 - Leverage existing installed base
 - Expand to other verticals (finance)
 - Partnerships



H1 2012 Medical Division



- Revenues 14.5% higher at \$25.2m (H1 2011: \$22m)
 - Distribution business 63% of sales; Sterilization business 15% of sales; Diagnostics business 22% of sales
- Distribution business increased footprint in Bulgaria
- Sterilization/pathologic waste management business continues to grow
 - Received certification for sale of Integrated Sterilizer and Shredder in Israel
 - Growing interest and orders for medical waste solution from distributors of sterilizers in South America, Russia and Middle East
 - Demand from large vendors into entering OEM partnerships
- Diagnostics business continues to gain certifications
 - CE (European) certification received HIV 4th generation and HCV (Hepatitis C) Screening Kits
 - Well positioned to build a stable source of recurring revenues from sale of reagents in addition to revenues from sale of testing instruments

Medical Solutions



ADALTIS

celitron
medical technologies

CHEM 1



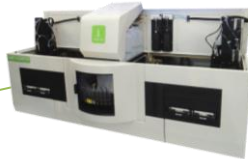
CHEM 2



CHEM 3



Next Generation
Instruments



NEXGEN
FOCUS



Eclectica™ V.4



PERSONAL
LAB™



LAB CIA



GEN-4™



Tica™

NEX-9™



Azteca A Series

Azteca AC
Series

Sting 11 B



Medical Waste solution
Integrated Sterilizer & Shredder



Medical Waste solution
Integrated Sterilizer & Shredder
Next Generation

+
< 150 L
> 250 L

2009

2010

2011

2012

2013

Medical Division: Business Model



- Customers
 - Small to mid size laboratory
 - Hospitals
- Sales via
 - Local distributors
 - Direct (distribution)
- Revenue model
 - Reagents (consumables)
 - Instruments
 - Annual support
 - Spare parts

Medical: Growth Strategy



- Focus on developing countries
 - Small lab machines
 - Cost effective
 - Return on investment with small to medium throughput
 - Joint venture in China
- OEM channels
 - Industry-leading, global companies
 - Develop own reagents (HIV, HCV, TORCH)
- Engineering innovation
 - Plab Clia
 - Torch on Eclectica
 - ISS + future versions (medical waste)

Group Outlook



- Entered the second half of 2012 better placed than six months ago
- Telecom division
 - Expected to continue to recover due to increasing contributions from the OEM agreements signed late last year as well as growth in the IP business
 - Return to growth in 2013
- Medical division
 - Distribution business is expected to continue to grow as it expands its reach in Eastern Europe
 - Growing demand for its medical waste products, and the diagnostics business is expected to increase its revenue contribution following receipt of certifications
- As a result, in line with market expectations, the Company is on track to break even in the third quarter of 2012 and achieve profitability in the fourth quarter