

# Response Biomedical Corp.

## EXECUTIVE SUMMARY

# Safe Harbor Statement

This presentation may contain forward-looking statements. These statements relate to future events and are subject to risks, uncertainties and assumptions about Response Biomedical Corp. Examples of forward-looking statements in this presentation include market expansion opportunities, planned improvements in operating efficiencies, the establishment of a representative office, the signing of distributor agreements and new product launch goals. These statements are only predictions based on our current expectations and projections about future events. You should not place undue reliance on these statements. Actual events or results may differ materially. Many factors may cause our actual results to differ materially from any forward-looking statement, including the factors detailed in our filings with the Securities and Exchange Commission and Canadian securities regulatory authorities, including but not limited to our annual report on Form 10-K, our quarterly reports on Form 10-Q, our Annual Information Form and other filings with the Securities and Exchange Commission and Canadian securities regulatory authorities. We do not undertake to update any forward-looking statements.

# Response Biomedical (TSX: RBM)

## Executive Summary

- Manufactures RAMP<sup>®</sup>-branded point of care (POC) diagnostic tests and readers
  - ✓ Compact, cost efficient readers provide lab-level accuracy
  - ✓ Tests for cardiac, Infectious Disease, Biodefense and Environmental applications
- +30% Annual sales growth in both 2012 and 2011
- +19% sales growth in Q1, 2013
  - ✓ Biggest RAMP<sup>®</sup> markets: China (60% of sales), US, EU and Russia
- Plan to:
  - ✓ Focus on increasing US sales behind major competitive opportunity
  - ✓ Further increase sales in China starting with first-ever, in-country presence
  - ✓ Further improve Company manufacturing and OpEx efficiencies
    - 2012 Gross margin increased from 23% to 36% vs. 2011
    - Q1, 2013 Gross margin increased from 43% to 45% vs. Q1, 2012

# Value Proposition

- RAMP® Platform produces test results in < 20 minutes versus 2+ hours from hospital central lab machines
  - Faster test results =
    - ✓ Faster, better targeted medical treatment =
    - ✓ Lower downstream medical costs
- RAMP® readers as accurate as hospital lab machines. Yet...
  - ✓ RAMP® readers cost ~90% less than lab machines
  - ✓ Only require moderately skilled operators
  - ✓ Are much more compact and portable
  - ✓ Require no ongoing maintenance and calibration

# Tests

- Broad, Competitive Lines of Tests serving Billion \$ Markets



## Cardiovascular

- AMI: CK-MB, Mb, TnI
- CHF: NT-proBNP, BNP
- VTE: D-dimer



## Environmental

- West Nile Virus



## Infectious Diseases

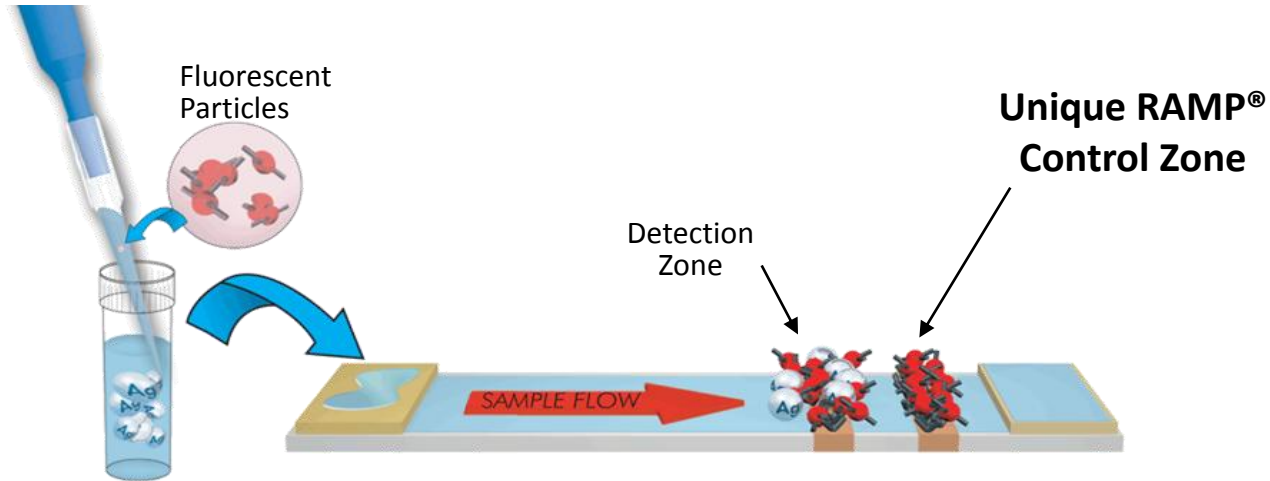
- Flu A+B
- RSV



## Biodefense

- Anthrax
- Ricin
- Small Pox
- Botulinum

# RAMP® Platform Benefits



- Patented RAMP® test “Control Zone” increases performance
  - “Detection Zone” counts the number of disease markers in blood
  - “Control Zone,” a RAMP® exclusive, adjusts above count to account for sampling and/or environmental variables
- Peer-reviewed clinical study shows:
  - RAMP® achieves 0.988 Troponin I test correlation vs. expensive lab device
  - Statistically superior competitive Troponin I test correlation at  $< 1.2$  ng/mL to Dade Dimension (0.925), while Alere Triage only achieves 0.474

\* A.H.B. Wu et al. Clinica Chimica Acta 346 (2004) 211–219, “Evaluation of a point-of-care assay...”

# Annuity Razor / Razor Blade Business Model

Tests (90% of Sales)



Readers (10% of Sales)



- At an average, annual ~700 cardiac RAMP® tests sold per installed reader, every RBM reader produces substantial ongoing, annual returns

# RAMP® Test Readers

- Different RAMP® Readers meet different customer needs



## RAMP® Reader

- **Smaller hospitals/testing centers, first responders**
  - ✓ Portable, battery powered



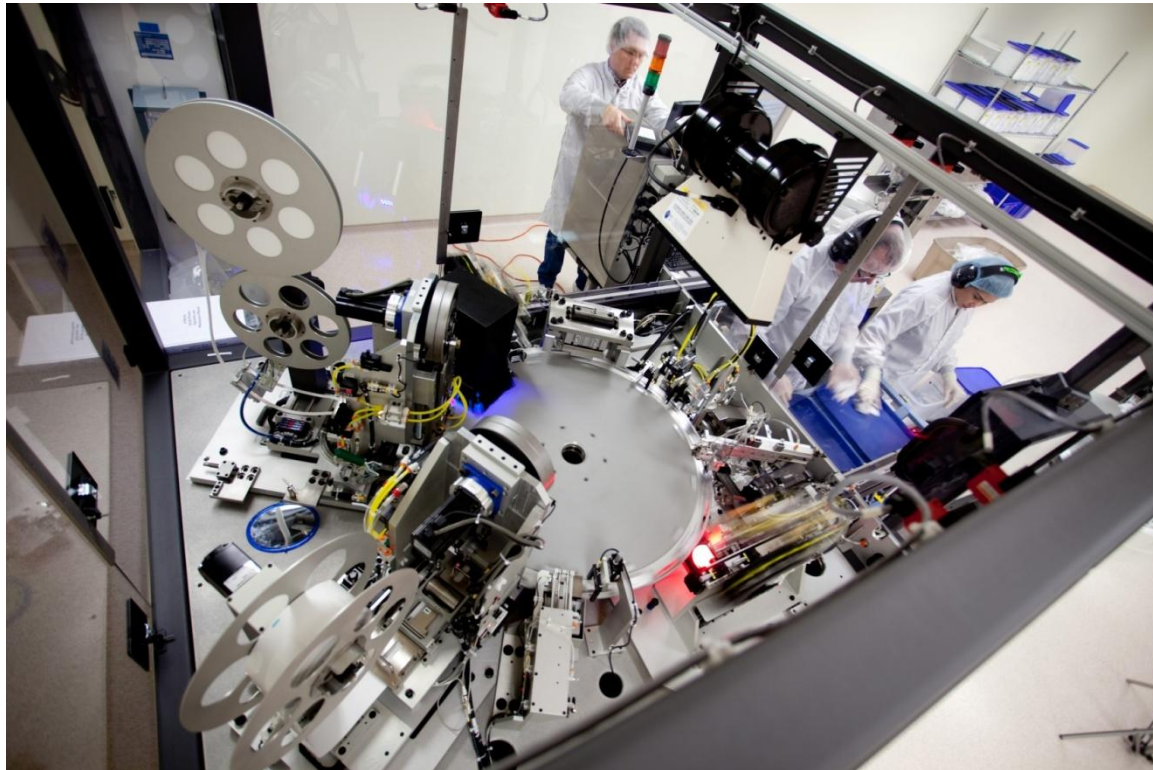
## RAMP® 200

- **Larger hospitals/testing centers**
  - ✓ Allows modular, independently timed multiplexing of tests
- **Neither RAMP Reader requires any user calibration**
- **Both Readers require only moderately trained technicians**



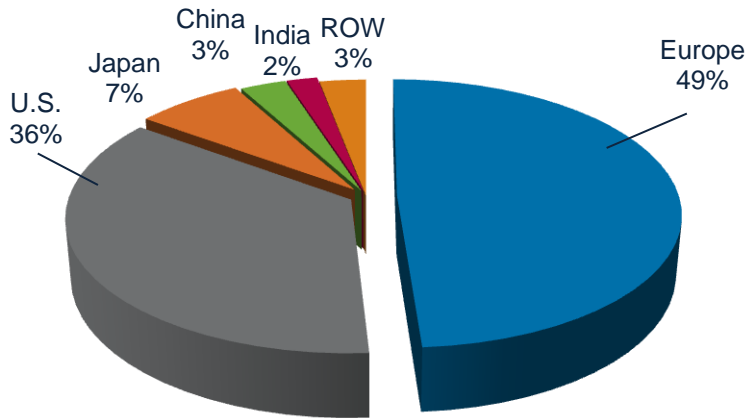
# Scalable Manufacturing

- State of the art, automated manufacturing facility located in Vancouver, Canada
  - Labor less than 10% of total COG's
  - Capacity to make more than triple 2012 test demand



# Significant Opportunity to Grow in the World's Biggest POC Markets

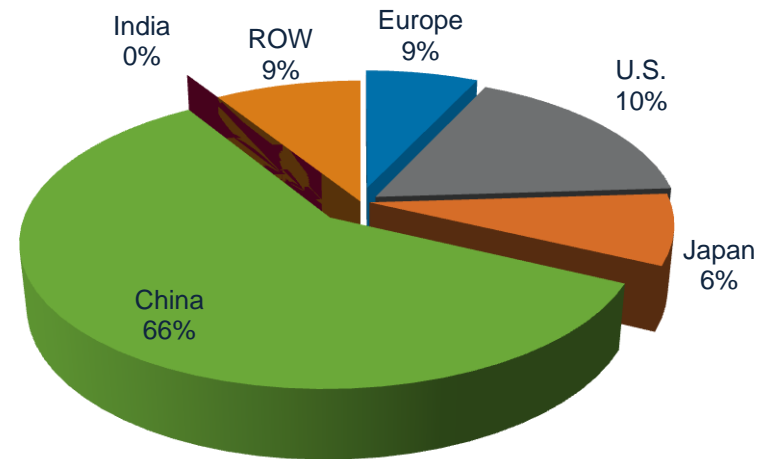
## Worldwide Market\*



Sector	Sales (\$ Millions)	Share (%)
Europe	4,055	49
U.S.	2,895	36
Japan	550	7
China	258	3
India	185	2
ROW	274	3
<b>Total</b>	<b>8,217</b>	<b>100</b>

\*POC Diagnostic Testing, World Markets, Trimark Publications, 2011

## Response Sales\*\*



Sector	Sales (\$ Millions)	% of RBM Sales
Europe	1.08	9
U.S.	1.12	10
Japan	0.71	6
China	7.75	66
India	0.00	0
ROW	1.09	9
<b>Total</b>	<b>11.75</b>	<b>100</b>

\*\*Response sales for the year ended December 31, 2012

# Competitive Landscape

- RAMP®'s biggest worldwide competitors
  - Alere: Biggest competitor, received 2 FDA warning letters in 2012
  - Roche: POC not a major focus, minimal US presence
  - Abbott: Expensive devices, movement-related cartridge errors
- RAMP® Superiority:
  - ✓ Only RAMP® eliminates the need for future device re-calibrations
  - ✓ Only RAMP® enables the reading of multiple, independent tests at the same time
  - ✓ RAMP® has clinical proof of high correlation to a lab machine
  - ✓ RAMP® has demonstrated
    - Correlation to a lab machine re: Troponin I (TNI)
    - Statistically better low-end TNI test correlation to a lab machine than Alere's Triage reader, critical for accurate heart attack assessments

# 2013 Plan

- Primary 2013 Goal
  - ✓ Achieve positive Adjusted - EBITDA\*
- Increase footprint in the US
  - ✓ Using targeted telesales and email to generate leads, particularly to search for disaffected Alere customers
  - ✓ Hired new, US-based Sales Director and sales rep to prosecute the above leads
- Increase sales in China, RBM's largest current geography
  - ✓ Hired new, experienced China General Manager and staff to more effectively service and manage distributors and local KOL efforts
  - ✓ Opened first-ever office in Shanghai to provide faster customer support
  - ✓ Own our own China product registrations to quickly hire new distributors

\* Excluding gains/losses on outstanding cashless warrants and stock based compensation

# 2013 Plan, Continued

- Establish and grow new pilot distribution in India and Brazil
  - ✓ India and Brazil markets: \$226M, growing 10% per year
- Explore new distribution opportunities in EU, Middle East and Mexico
  - ✓ Excellent opportunities already identified in all these areas
- Launch new products
  - ✓ New D-dimer test
  - ✓ New multi-language readers
- Continue to optimize manufacturing process
  - ✓ Reduce inventory and input costs
  - ✓ Shorten manufacturing cost cycle

# Current Financials

## Response Biomedical Corp.

### Financial Summary

(in thousands)

	Fiscal 2011					Fiscal 2012					% Change	Fiscal 13
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total		Q1
Revenue	2,022	2,691	1,564	2,747	9,024	2,982	3,038	2,679	3,051	11,750	+ 30%	3,561
Gross profit	28	908	288	831	2,055	1,270	1,149	739	1,088	4,246	+ 107%	1,596
Gross margin	1%	34%	18%	30%	23%	43%	38%	28%	36%	36%	+ 13 p.p.	45%
Operating expenses	1,737	1,521	2,071	2,064	7,393	1,814	2,627	2,272	1,736	8,449	+ 14%	1,864
EBITDA - Adjusted <sup>(1)</sup>	(896)	(218)	(1,622)	(1,438)	(4,174)	(275)	(793)	(1,291)	(254)	(2,613)	+ 37%	152

<sup>(1)</sup> Represents EBITDA adjusted for stock based compensation and unrealized gain or loss on revaluation of warrant liability

# New Management Team\*

- **Jeff Purvin, CEO**
  - ✓ Calibra Medical (*acquired by J&J, 2012*), Metrika (*acquired by Bayer, 2006*), Maquet, GSK, BMS
- **Bill Adams, CA, CFO**
  - ✓ CellFor, Patos Therapeutics, AnorMED, Epic Data int'l, KPMG
- **Tim Shannon, SVP, Worldwide Sales and Marketing**
  - ✓ Teleflex, Svelte Medical, Mentice, VisualSonics, Maquet, BSci, GE
- **Zheng Wang, Asia Pacific General Manager**
  - ✓ Axis-Shield, C.R. Bard
- **Barbara Kinnaird, PhD, VP – R&D and Operations**
  - ✓ BC Cancer Agency, UBC, Michael Smith Laboratories, Incyte Genomics
- **Patricia Massitti, CHRP, VP – HR and Corporate Communication**
  - ✓ Hostway, Intrawest, Baker Hughes, Zedi, Leader Search, Royal Bank

\* Started H2, 2012

# Response Biomedical Investment Thesis

- New Management team delivering continued sales and profit growth
- Market has not yet recognized the value RBM has created
  - ✓ Market Cap: \$25.0M\*
- Expect continued sales and margin growth from
  - ✓ Increased US / ROW expansion behind competitive opportunities
  - ✓ Further optimizing already successful China plan
  - ✓ Increased Mfg / OpEx efficiency
- In 2012, RBM achieved:
  - ✓ \$11.8M in Sales, 30% YoY Sales Growth and a 107% increase in Gross Profit
- In Q1, 2013, RBM achieved:
  - ✓ \$3.6M in Sales, 19% QoQ Sales Growth and a 26% increase in Gross Profit



# THANK YOU

**Response Biomedical Corp.**

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