Transcript of Analyst Meeting on Critical Care, held on March 11, 2015

Asahi Kasei Corporation

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Presentation:

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Good morning, and welcome. I am very excited about being here with you this morning. I hope that in the next hour and a half, I am able to show you some of the exciting things that are happening at ZOLL Medical, explain a little bit about who we are, and what we are attempting to do.

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So without further ado, I would like to talk about the agenda, and what I'll try and cover today.

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I'll start with the basic mission of ZOLL. As part of that I would like to explain some of the science of resuscitation, some of the terms that I will use. I recognize that many in this room are not medical analysts and the science of resuscitation might be new to some. So I'll try to cover some of those basics and for those of you that are experts in resuscitation of science, I hope that you'll forgive some of the fundamentals that I've got to cover.

We will cover the history and background of ZOLL because I believe that in order to understand an organization, you need to understand where an organization has come from. We'll talk about the main businesses at ZOLL, and what our longer-term plans are. And then finally, I'll summarize with some thoughts of what it's been like for ZOLL over the past three years as part of Asahi Kasei and where we are going to go from there.

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So, let me talk about the basic mission of ZOLL. We deliver life-saving technology, that is what we have done over the past 35 years that ZOLL has been in existence. It is the most important thing for ZOLL. We provide technology that is used by professional medical staff as well as laypeople in order to bring people back from sudden cardiac arrest. We believe that we will save about 10,000 people this year with all of the technology that we will put into the market over a 12-month period. So quite a number of people's lives will be saved by clinicians using ZOLL technology.

We have built ZOLL on two prime pillars. One is clinical performance of our products, so we have differentiated products that are different than our competitors and are medically superior in

terms of the technology that they use. And we also believe that you need a large passionate sales force that is going to take differentiated products into the marketplace. Those are the two pillars of ZOLL Medical.

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Our revenue performance has been quite good since the history of the company. We have always been a high-growth company. In the past 10 years, our growth has averaged about 16% on a compound annual basis. This is in an industry or marketplace that typically grows about 5% to 8% per year. So we've grown much faster than the industry has.

And we've had two big milestones that will happen this year. One, if in the next three weeks everyone at ZOLL does their job, we will pass the $1 billion revenue mark for the first time in ZOLL's history, and we'll be very proud of that accomplishment. But even more important, because during the past year we have become the largest defibrillator manufacturer in the world passing one of our longtime rivals, we are now number one in all four businesses in which we compete on a global basis. And so, that is the second milestone that's being achieved here in FY 2014.

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So now let me turn to some of these basic definitions, and just give you some of the science behind resuscitation. We'll start with a definition of cardiac arrest and heart attack. These terms are often used interchangeably by laypeople, or even the media will use these terms interchangeably, but they are very different medical conditions.

A cardiac arrest is an electrical problem. It happens when the normal electrical system that is in your heart, that causes your heart muscle to contract in a synchronized manner and pump blood through your body, gets out of synchronization. So rather than having a heart that is pumping, you actually have a heart that is just vibrating in place, and it's not able to move blood, and that's because the electrical signals within the heart have gotten mixed up. That is called fibrillation, easy for you to say, and it is an electrical problem. A heart attack, on the other hand, can sometimes lead to cardiac arrest but it starts with a blockage of blood flow to the heart muscle. So a heart attack is a plumbing problem if you will, and it's a circulation problem. So enough blood is not getting to the heart muscle itself, and the heart muscle begins to die.

The severity of these two conditions is very different as well, a cardiac arrest means that you are clinically dead when you are in cardiac arrest. And there is a very short period of time in which we could resuscitate you or revive you and bring you back to life. In a heart attack that typically takes place over a number of hours, sometimes even over the course of a day or two. So it is a longer-term condition, you have more time in which to deal with a heart attack. It is not as acute as a cardiac arrest.

The treatment for cardiac arrest is defibrillation, so we have defibrillators behind me. These products deliver an electric charge to the heart which stops the heart. And hopefully when it begins to beat again, it begins to beat in a synchronized manner. That is the treatment for cardiac arrest. For a heart attack, the treatment is usually a catheter that is inserted into the body and guided into the heart artery that is blocked, and that catheter is used to remove the blockage, so that blood can begin to flow once again to the heart muscle.

The terms that you use for cardiac arrest is typically "sudden cardiac arrest," SCA. Sometimes you will see as SCD, "sudden cardiac death." For a heart attack, the medical term is AMI, an acute myocardial infarction. Infarction means that there is a blockage of blood and muscle is beginning to die, and so that's what you'll often hear heart attack referred to in medical terms.

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Let me also talk a little bit about the different types of defibrillators, because there are three types of defibrillators that exist in the world today. There is an external defibrillator, which we have up here and is a piece of equipment. There is a wearable defibrillator that we are also showing up here, which is a garment and a defibrillator that an individual will wear. And then the third type, which is not a business that ZOLL is in, is an implanted or internal defibrillator. So this is implanted inside of an individual's body.

So these are very different in size and weight. Obviously, an external defibrillator is something that you can put your hands around. A wearable is much smaller because you got to carry it with you, everywhere you go. And an implanted defibrillator is very small indeed, because it's going to be implanted in the body.

When they are used is also very different. So an external defibrillator is an emergency product. Someone has a cardiac arrest, someone else grabs a piece of equipment and comes and brings it in that emergency situation. A wearable defibrillator is used during a recovery period when a patient has had some sort of heart issue, and the physician or their doctor is trying to get their heart back to normal. And then finally an internal defibrillator is used when their physician or doctor has determined that there is a long-term risk of sudden cardiac death.

The duration of use is very different. Obviously an external defibrillator is used just during that emergency. A wearable defibrillator can be used for days or one to six months, or more extended period of time. And an implanted defibrillator will be with the patient for years. Once you get an implanted defibrillator, typically you will have an implanted defibrillator for the rest of your life.

And the customers, while related, are also different for these products. So external defibrillators are bought by organizations like a hospital or a fire department, sometimes it's bought for public buildings. Wearable defibrillators are sold to cardiologists, and a cardiologist will write a prescription for an individual patient to get a wearable defibrillator. And then an internal defibrillator

is prescribed for an individual patient by a specialized cardiologist called an electrophysiologist. So these are all cardiac-related entities, and there is a lot of overlap between the customers of these three types of defibrillators, but ZOLL concentrates on the external defibrillator type and the wearable defibrillator type.

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So the last thing from basic definition as a way of background, so you will understand a little bit more about cardiac arrest. This is a classic description of what we call the survival curve, and it shows that your chances of survival decrease rapidly if you are in cardiac arrest. Typically people describe it as for every minute that you are in cardiac arrest, your chances of survival decrease by about 10%. So after 10 or 15 minutes in cardiac arrest, if no one has come to you to rescue you, your chances of being revived are very low indeed. And that means speed is one of the most important elements in resuscitation.

The other thing to understand is this thing called CPR, which is pushing on the chest, so that you can pump blood artificially. Many people are trained in CPR these days. CPR and a defibrillation shock are integral in a resuscitation attempt. While you need a defibrillation shock as the definitive treatment for fibrillation, often you need CPR in advance of that shock, so that you can get the heart ready to accept the shock and get back to beating on its own.

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Now cardiac arrest is a global problem. A million people die every year of cardiac arrest. It's the number one killer in the United States. It's the number one killer in almost all developed countries across the world; number two killer here in Japan. So it is a big medical problem that needs changes to how we react to it as well as improved technology in order to solve the problem.

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And let me just give you some idea of what the survivability is in various scenarios. So around the globe for those million people that go into cardiac arrest every year, only about 1% of them are saved. So not very good performance around the world. In the United States, we are a little bit better than that. We have a little more developed emergency system than many countries. The survivability is only about 7% unfortunately, so still very, very low. As an example, in the United States, there is a state called Arizona; and in Arizona, they have changed their system of responding to cardiac arrest, they have changed their technology that they use to respond, and their survival rate is around 30%. So a big difference that you can make if you deploy the right system and the right technology. The University of California at San Diego Hospital using their system and technology, they are able to achieve about 40% survival rate. So you can see that there is a big opportunity to

save many more lives, if you implement new systems and new technologies, obviously that's where ZOLL comes in.

The best way to save a life is to give someone an implanted defibrillator or a wearable defibrillator, both of those will save 90% of the people that have a cardiac arrest. So clearly there is a big opportunity in the world today to save many more lives if we are able to deploy improved systems and improved technology.

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It is a systems approach to cardiac arrest. There is no one thing that you need to do right, there are many things that you need to do right. There is this thing called the chain of survival, which describes the sequence of events that you need to go through in order to bring someone back from cardiac arrest. Anyone that is trained in CPR will be taught the chain of survival.

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What makes ZOLL unique is that we are the only company in the world that has a product portfolio, that matches up with the full chain of survival and provides technology solutions to every link in the chain. We have the broadest portfolio, the richest science, and that is what has allowed us to be as successful as we have been to date.

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So that's a little bit about the science, a little bit about the background, a little bit about the opportunity. Let's talk about the history of ZOLL.

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So ZOLL Medical was founded on the science of Dr. Paul Zoll. So Dr. Paul Zoll was a practicing cardiologist in a hospital in Boston. He was associated with Harvard University, he was a professor there. He is credited as the father of modern cardiology. So in the 50s and 60s, Dr. Zoll was the first person to pace a human being, he was the first person to defibrillate a human being, he invented the cardiac monitor, all in reaction to his patients, and wanting to save more of his patients' lives. It was on his technology that ZOLL Medical was built. Now Dr. Zoll has won the Lasker Prize, which is the highest award that the United States gives to anyone in medicine. He was a fellow of the American Heart Association when he was alive, Lifetime Achievement Award winner. So all of the biggest awards that you can get in this area of science, Dr. Zoll was awarded.

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In terms of ZOLL Medical, we trace our history back to Dr. Zoll and his work in the 50s and 60s, as he invented the fundamental technology for resuscitation. ZOLL Medical was actually started in 1983. We were started with a single product which is an external pacemaker, which even today if you go into the top academic hospitals in the United States, you will see ZOLL pacemakers from that period of time still in use today. In the 90s, we started making big investments in building out sales forces, expanding our product line. We added data to our portfolio. We invented a new defibrillation waveform that is patented and unique to ZOLL Medical.

And as we moved into the 2000s, we started to put all of these pieces together, so that we have products that address the whole chain of survival. And that really separated ZOLL from being a defibrillator company, like our competitors are, to a resuscitation company, which we are today. And then, of course, in the 2010s where we are now, we started to expand very, very rapidly building out our portfolio across the globe, adding new indications and new technology and, of course, in 2012 joining with the Asahi Kasei Group.

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Our footprint is global. I come from Boston, Massachusetts, home of the greatest snowfall in the United States this year. So if you have cold weather here in Tokyo, you can blame myself because it seems to follow me around this season.

We have four main manufacturing facilities, all of which are located in the United States at the present time. Each one is dedicated to an individual business entity within ZOLL. We have sales offices around the globe, where dedicated ZOLL employees are selling our products. And then any place we don’t have dedicated employees, we have distributors. So about 20% of the revenue of our company goes through distribution as opposed to going through direct selling efforts.

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Let’s turn to the different businesses within ZOLL. We have four main businesses within ZOLL.

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We have the defibrillator and CPR business, often referred to as the core business within ZOLL. This is our biggest business. It is the foundation of all of ZOLL Medical, it is a worldwide business. We sell to hospitals and ambulance services and public, and it’s all about resuscitation from sudden cardiac arrest.

Our second business is a Data business. So we are a software provider to the ambulance market or to the emergency medical services market. So all of the software needed to run an ambulance service, ZOLL will provide. These products are sold in the United States primarily, but

also in German-speaking countries in Europe. So we are beginning an international expansion for this product for this division.

Of course, the third piece of ZOLL is the LifeVest, it is often one of the most talked-about parts of ZOLL, partly because it is a unique product with no competition. It is sold in the United States, Germany, here in Japan, and is just getting started in some other parts of the world, I'll cover that in a moment. And this is a wearable defibrillator for someone that's at high risk of sudden cardiac arrest.

Then the fourth piece of our business is temperature management. This is either warming or cooling the body. We use an invasive technology, which is a catheter which you can see up here that allows you to cool the body from the inside out, as opposed to a surface cooling technology where you are trying to cool the body from the outside in. It is primarily interesting for ZOLL because it is the standard of care for post resuscitation. So if you bring back a heartbeat from a person that was in cardiac arrest, and they are not yet conscious, the standard is to induce hypothermia, so lower the body temperature below its normal temperature, and that protects the brain while the body regains equilibrium. And so you get a higher survival rate, if you have induced hypothermia post cardiac arrest. So that's our fourth business.

Let's look a little more closely at each of these businesses.

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So the core defibrillator business, let's start with the market. It's about $1.7 billion worldwide market. It has been growing pretty good, we project, over the next five years, a little bit faster because there is much activity in some of the emerging markets. ZOLL is the largest player in that market right now. We compete with two big global companies, one called Physio-Control and another which is Philips. So those are the global players. Here in Japan, there is a really well-known, well established company called Nihon Kohden, that's the leader in Japan. And they would be part of a number of companies that compete in different geographies.

In terms of our progress, we are number one market share leader in the United States in the hospital market. We have a 15-point lead on our nearest competitor. We have just become number one in the U.S. ambulance market. So just in 2014 did we pass our longtime rival Physio-Control. We are number two in the public access market. Public access are the simpler defibrillators that you would see in an airport, or out on the street, or in convenience stores like you'll see them here in Japan. So we are number two in that market, and then globally we still have ways to go outside the United States to become number one. The key to that is Japan. So we have become the largest defibrillation company in the world, and our market share in Japan is very, very small, even though Japan is the second largest market for our products. So being part of the Asahi Kasei Group, we are

accelerating our expansion here in Japan. I'll talk about it a little bit more, but we need to become a major player in Japan if we are going to become number one internationally.

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In the Data business, it's a much smaller market. In the U.S. market, it's only about $100 million. ZOLL is the dominant player in the marketplace, but like all software markets, it's a very fragmented market, and you have many small players that have small slices of different software applications that you use to run an ambulance service. We are in the process of transitioning from enterprise software to Software as a Service. There is a large international opportunity for this business. We are active, as I said, in the German-speaking parts of the world, but our technology would apply to other marketplaces as we get it modified and customized for other marketplaces.

One of the more exciting opportunities for this product line is this concept of community paramedicine and distributed health. Across the globe, healthcare systems have scarce resources, and healthcare systems are trying to figure out how to treat people in their homes, how to keep them out of hospitals, how to keep them from calling emergency services, so that the whole healthcare system is more efficient. One of the ways they are doing that is using the excess capacity in the emergency systems to provide routine care for patients in their homes. And so this is called community paramedicine. So paramedics or EMTs go in on a scheduled basis to look after patients, rather than only showing up on an emergency basis to help patients. So we are leading that way by designing new software tools that will enable that change to the healthcare system. It's going on very rapidly in the United States, in the United Kingdom, for example, and we expect that to be a global trend, and we will be at the forefront of that trend with products that we are just launching now.

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The LifeVest business. The LifeVest business has a very large potential. So it's not nearly that size now, but we think that this can grow to over $2 billion market worldwide. Like any medical technology, the U.S. is the largest market, Japan is the second largest potential, Germany is the third largest potential, and then there is the rest of the world. So we have protected in the history of the LifeVest over 200,000 patients. So over 200,000 patients have worn the LifeVest in order to protect themselves from the risk of sudden cardiac arrest. In the United States, where we have been commercially active since 2006, we have only penetrated less than 20% of the total market potential. So we are just getting started with this product. In Germany, we are way behind that. In Japan, we are just getting started.

We have over 400 salespeople in the United States that are dedicated only to the LifeVest products. So this is quite a large sales force calling on cardiologists. What we see is as the LifeVest becomes a standard of care and selling becomes easier for the LifeVest, we have the opportunity to

leverage this unique large sales force with other cardiac-related products, and that will be a growth driver in the future, and it will be a platform for other products.

In Japan, as I said, we are just getting started. Now we are having a unique situation in Japan in that last spring when the LifeVest got reimbursement, the reimbursement that was given to us by MHLW was lower than what we thought we were going to get from MHLW, and what had been negotiated with the government. So our price right now is set higher than the reimbursement rate from the government. So every time a hospital uses a LifeVest, that means that they are paying ZOLL more than they are getting from the government, a highly unusual circumstance here in Japan. It's not like that anywhere else in the world, that's the way it is right now in Japan. We expect to get that changed over the coming year.

The price is set because the LifeVest has a lot of services, and it is a complex business model. And if we are going to be able to sustain that business here in Japan, we need the price that we had originally negotiated. As a result, our first year of selling, coming up on our one-year anniversary, has been very modest by design. We are just getting experience, we are getting initial KOL acceptance, learning about how Japanese patients interact with the product which can be a little bit differently than how Americans do or Germans do or the Dutch people do. And so it's a good learning exercise for us, but as we move closer to what we hope is a change in reimbursement, we will begin to accelerate our efforts here in Japan and create a much larger opportunity for the LifeVest.

Let me just talk about competitors because it's an often-asked question for LifeVest. We have no competition for the LifeVest. It is the only wearable defibrillator in the world. In order to bring one of these products to market, a competitor must run a clinical trial. It is the only way they will get this product approved. In today's age, any time a company is running a clinical trial, that is public information. So we would know if someone was running a clinical trial. There is no evidence that anyone is close to running a clinical trial just yet.

Once we find out that a company has a product and begins running a clinical trial, it is probably four or five years until they can complete the trial process and complete the approval process to bring a product to market. So eventually we will have competition in this marketplace for the LifeVest, but it is many years out. And hopefully by the time people bring a product to market, we will be very well entrenched in this marketplace. The LifeVest will be the standard of care. We will have a very strong position in which to deal with competition, but that's years away from where we are today.

Today our challenge and our competition is that the standard of care for someone at risk is to do nothing for that patient. So we are battling the normal practice of medicine around the globe, which is just hope that the patient survives. That was okay when there was no alternative, now there

is an alternative in the LifeVest. So our job is to convince the medical communities around the world that you should protect patients that are at high risk.

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Last but not least, the temperature business, this has the potential for about $300 million with today's indications, which is primarily hypothermia post cardiac arrest. The marketplace is about $100 million right now, we are the leader in this marketplace.

There was a trial called the targeted temperature management trial that came out of Scandinavia last year. It called into question the need for deep hypothermia for someone in post cardiac arrest, slowed the market down a little bit for ourselves and everybody that is in this marketplace. We are not impressed with the science of that trial. We are running additional trials to show that that trial was not typical of how patients need to be treated for cardiac arrest. But for right now, there are some people who once again believe that once you bring someone back from cardiac arrest, doing nothing for that patient is okay. That is not what ZOLL believes, that is what the majority of the world believes, we need to work through that.

Recently, we bought one of our competitors products from Philips called InnerCool. This makes ZOLL the only company in the world that has intravascular cooling, so this idea of cooling a patient from the inside out, all of our other competitors will cool with a surface technology from the outside in, and we don't think that that is very efficient. Over the past few years, we have worked hard to reduce the cost of the products, our gross margins are approaching the high 50s, that's a good place for us to be and to work on in expanding the business.

One of the things that you should understand about this product line is that, although is not an approved indication today, we think that there is science showing that if you use hypothermia, or cooling of the body below its normal temperature, for a heart attack, or for AMI, so in advance of bringing blood back to the heart, you can save heart muscle, and that you will have a stronger heart in the long term, and you will have less heart failure in the long term.

So we are running trials in order to prove that that is indeed the case. If we are successful in proving that, this will open up a billion-dollar market potential for our cooling technology. And we believe the only way to cool in the AMI application, because patients are conscious when they are having their procedure, is to cool from the inside out. So If we can develop this science over the next five years, we have the potential to open up another billion-dollar market which only ZOLL will be able to play in. So it's very exciting.

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Let me talk a little bit about the different business models within ZOLL, because this adds diversification and resiliency within our company.

So in our Defib business, the Defib/CPR business, it is an equipment business, so it is capital equipment meaning that entities have a capital expenditure budget. They decide how much capital they are going to spend on plant and equipment during the course of the year, and that's how they buy defibrillators. Approximately 15% of the revenue from this business is recurring, and it results from the selling that we have done previously. So in a defibrillator if you buy a defibrillator, every year you have to buy some cables, you have to buy stick-on electrodes that you use to monitor and defibrillate, you have to buy batteries, there is a whole bunch of accessories that come with it. So about 15% of the business is recurring. Obviously you want more of the business to be recurring, because that makes the selling more efficient.

In the Data business, it is a licensing, software licensing with ongoing maintenance, very typical, about 30% of the business is ongoing revenue that comes almost automatically as a result of customers that you have captured in previous periods. We believe that we can get from a profit perspective mid-teens in our capital business and low 20s in this ongoing business because of this recurring revenue stream.

The LifeVest, a different business model, it is a rental business where there are services that surround the rental. We believe about 50% of the revenue comes as a result of convincing doctors in previous periods that they should use a LifeVest. So that makes the selling more efficient, because there is not much, there is no competition for the LifeVest. We believe in the long run, our profitability at an operating level will be in the mid 20% range.

Then finally our Temperature business is yet another business model. It is a classic razor/razor blade model. So we sell the console once, but every patient needs a catheter. And 70% of the revenue comes from catheters that are used on patients for consoles that we've sold in previous periods. So very high recurring revenue stream. We believe the profitability as a result will be higher than our capital equipment business, but it is a more competitive market than something, let's say, the LifeVest.

So different business models, they have different financial attributes to them. We think that this makes ZOLL a very strong company because we are not dependent on any one business model.

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We also sell around the globe, and we sell into different medical systems, and let's just look at the United States, Germany, and Japan to compare and contrast a little bit about how things are paid for.

So here is the United States. Here are our four businesses, the Defibrillator business is a capital equipment business. People budget for capital, they buy capital. Data is much like that as well, they budget for software and they buy software out of their capital budget. The LifeVest is a rental in the United States. And in the United States, we rent the LifeVest directly from ZOLL to a

patient, and then ZOLL bills the insurance company. So that's how the business model is in the United States.

About 45% of the revenue comes from the government in the United States, either the federal government or the state governments. The other 55% comes from private insurance or patients paying for the LifeVest by themselves. And then in the Temperature business, people will buy the console from capital, but every time they use a catheter, it comes out of their operating expense. So it's an expense to the department, say the intensive care unit, as they treat patients. So you have different ways of paying for these products.

We look at how it's done in Germany. Germany, although it's a little bit different than the United States, it is very similar to the United States. So we have the same capital structure for defibrillators and for software, same kind of prescription for LifeVest. We rent the product to the patient in Germany. We bill the patient's insurance company in Germany. And about 45% of the revenue comes from the German government, about 55% comes from the private insurance that Germans buy that supplement their public insurance that they get as being a citizen. And in Temperature, same thing, it's an operating expense, except that we have a small reimbursement specifically for our product in Germany.

Japan is quite different, not so much different from a capital equipment Defib perspective, that's still capital budgeting, and people have to plan for that. We are not active here in Japan with Data, so we are not sure exactly how that will be done when we come with those products here in Japan. The LifeVest is a rental to the hospital, so not to the patient, and then the hospital gets reimbursement from the government, so a little bit different, and almost 100% of the payment comes from the government. There is a small co-pay, can be sometimes, but you can think about that as 100% government financed. And then in Temperature, we are pending the decisions on the cardiac arrest application and payment for cardiac arrest.

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So let's quickly look at how we are doing in Japan. We have about 61 employees, we'll do about $10 million this year. We have most of our products approved in Japan. We are waiting for the post cardiac arrest indication to be approved for temperature management, that is pending, and then we need to get reimbursement for that. Our target is to be about $100 million in five years in Japan for revenue for all of ZOLL's portfolio.

Internationally, the other big thing we are expanding is the LifeVest. Just recently we received a reimbursement approval in France. It matches the reimbursement that we have in the United States and Germany, a little bit higher than Japan. We will have somewhere between a dozen and twenty people by the end of next year selling the LifeVest in France. We will start a pilot program in India, which has a very different medical system and is almost all self pay. And in China,

we are working through the approval process in China. So we are active in a number of different areas but it is primarily the United States, Germany, and Japan for the LifeVest that we are counting on to drive our business.

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Let's talk quickly about the long-term plans for ZOLL.

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We would like to be in excess of $2 billion by 2020. So we have essentially five years to double the company. We have been doing that every three or four years, so we think that we can get there. Of course, internal to ZOLL, we have even more aggressive plans. We want to move from being just cardiac resuscitation into a broader area called Acute Critical Care, I'll explain that in a moment. And we will do that primarily through mergers and acquisitions where we bring new technology into ZOLL. One of the things that's most important is cost effectiveness. So we will not do anything at ZOLL that does not show that it increases the cost effectiveness of the healthcare systems around the globe.

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Some of the things that fall into Acute Critical Care are equipment or devices or software, we have experience in all of that within ZOLL, that either treat or diagnose or avoid very acute problems. And down below: heart attack, a stroke which is a brain problem, trauma, these are all medical conditions where you can see that it is often a life or death condition, and it is acute because you only have a short period of time, usually a matter of hours in which to treat the patient. That's what ZOLL is good at, that's what we want to continue to be good at. We want to take our experience in cardiac, and move it into some of these other medical areas.

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Our M&A strategy is very simple. We have four businesses right now, and we look to expand our efforts in each of those businesses. And I have some examples in a moment, but more importantly, we have four businesses, we'd like to have a fifth business and a sixth business and that will come through mergers and acquisitions that fit into this Acute Critical Care area, and we add that to ZOLL over the next few years.

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Recent M&A activity, I talked about the InnerCool acquisition. Earlier this year, we acquired a company called IMPACT, which is our first ventilation product. Just recently we acquired this company called Advanced Circulatory Systems.

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In this week as a matter of fact, we announced big news from the FDA for this product called the ResQ System. And so we have it up here. It is this valve that goes in the airway when you are doing CPR, and this pump that you use to not only compress the chest but also pull up on the chest. It was approved by the FDA through a PMA process, which is the hardest approval you can get from the FDA, requires clinical data. And it is the first product that the FDA has approved with a claim of improved survival. So in many products that we sell, none of them are we allowed to say "if you use this, you can save a life." Only this product has that claim. So it is very, very different. We are very, very excited about this.

There is a major study that was published back in 2011 that was used to get this approval, so obviously it took a while to get the approval, which showed that you can get more than a 50% increase in survival, if you use these tools when doing CPR in order to resuscitate somebody from cardiac arrest. So we think that this product line will be quite important for ZOLL going forward.

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So in summary, let me talk a little bit about the last three years as part of Asahi Kasei.

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If you look at our 12-month revenue before Asahi Kasei, we are right about here. We'll pass the last 12 months looking backwards or just around $900 million. So almost 70% increased growth at ZOLL in less than three years we've been part of the Asahi Kasei Group. So we are quite proud of that. It's been working very, very well.

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There is a lot of synergy that's being developed between ZOLL and Asahi Kasei. We have expanded more than we would have had we been standalone. We made bigger investments, that's accelerated our growth. We've extended our planning horizon, we have technologies that come out of Asahi Kasei that we're looking to put into our products in the future, and there has been a great fit between the people at ZOLL and people at Asahi Kasei, so that it has worked very well for us. So as we look forward, it's a very simple story for ZOLL.

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Within our existing businesses, we have the opportunity to continue aggressively growing revenue and increasing our profitability. There is a lot of potential in the products that you see behind me. You are nowhere near the end of our defibrillator business, we are not saturated. Our temperature business or our LifeVest business, those businesses are really just getting started. And if we are able to then successfully through M&A bring in the fifth division and the sixth division, we should easily be able to overcome that goal of $2 billion by 2020.