



**Third Quarter 2011**  
**November 15, 2011**



## Forward-Looking Statements

Statements contained in this presentation that are not based on historical fact, including without limitation statements containing the words "believes," "may," "plans," "will," "estimates," "continues," "anticipates," "intends," "expects" and similar expressions, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and constitute "forward-looking information" within the meaning of applicable securities laws. All such statements are made pursuant to the "safe harbor" provisions of applicable securities legislation. Forward-looking statements may involve, but are not limited to, comments with respect to our objectives and priorities for the remainder of 2011 and beyond, our strategies or future actions, our targets, expectations for our financial condition and the results of, or outlook for, our operations, research and development and product development. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements. Many such known risks, uncertainties and other factors are taken into account as part of our assumptions underlying these forward-looking statements and include, among others, the following: general economic and business conditions in the countries and markets in which we operate; market demand; technological changes that could impact our existing products or our ability to develop and commercialize future products; competition; existing governmental legislation and regulations and changes in, or the failure to comply with, governmental legislation and regulations; availability of financial reimbursement coverage from governmental and third-party payers for products and related treatments; adverse results or unexpected delays in product development processes; adverse findings related to the safety and/or efficacy of our products or products sold by our partners; decisions, and the timing of decisions, made by health regulatory agencies regarding approval of our technology and products; the requirement for substantial funding to conduct research and development, to expand manufacturing and commercialization activities; and any other factors that may affect our performance. In addition, our business is subject to certain operating risks that may cause any results expressed or implied by the forward-looking statements in this presentation to differ materially from our actual results. These operating risks include: our ability to attract and retain qualified personnel; our ability to successfully complete pre-clinical and clinical development of our products; changes in our business strategy or development plans; our failure to obtain patent protection for discoveries; loss of patent protection resulting from third-party challenges to our patents; commercialization limitations imposed by patents owned or controlled by third parties; our ability to obtain rights to technology from licensors; liability for patent claims and other claims asserted against us; our ability to obtain and enforce timely patent and other intellectual property protection for our technology and products; the ability to enter into, and to maintain, corporate alliances relating to the development and commercialization of our technology and products; market acceptance of our technology and products; our ability to successfully manufacture, market and sell our products; the availability of capital to finance our activities; our ability to service or refinance our debt obligations; and any other factors referenced in our other filings with the applicable regulatory authorities or the Securities and Exchange Commission ("SEC"). For a more thorough discussion of the risks associated with our business, see the "Risk Factors" section in our annual report for the year ended December 31, 2010 filed with the SEC on Form 10-K, as amended, and our quarterly report for the third quarter of 2011 filed with the SEC on Form 10-Q.

**Given these uncertainties, assumptions and risk factors, investors are cautioned not to place undue reliance on such forward-looking statements. Except as required by law, we disclaim any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained in this presentation to reflect future results, events or developments.**



## Financial Information

This presentation contains unaudited financial data derived from the unaudited consolidated financial statements for the three and five months ended September 30, 2011 and certain prior financial periods. Full audited consolidated financial statements and Management's Discussion and Analysis for the year ended December 31, 2010 are filed with the relevant regulatory agencies, as well as posted on our website, and unaudited consolidated financial statements and Management's Discussion and Analysis for the three and five months ended September 30, 2011 have been filed with the relevant regulatory agencies, as well as posted on our website at [www.angiotech.com](http://www.angiotech.com).

Amounts, unless specified otherwise, are expressed in U.S. dollars. Financial results are reported under U.S. Generally Accepted Accounting Principles ("GAAP") unless otherwise noted. All per share amounts are stated on a fully diluted basis unless otherwise noted.

### **Use of Certain Non-GAAP Financial Measures**

The financial results in this presentation may include certain non-GAAP, or adjusted, financial measures, which we believe may provide important supplemental information to management and investors about the Company's financial condition and results of operations, the most significant of which is adjusted earnings before interest expense, taxes, depreciation and amortization ("Adjusted EBITDA").

Management uses Adjusted EBITDA and other similar adjusted financial measures when setting corporate and operational goals, and evaluating operating performance in connection with:

- ✘ Presenting, comparing and assessing the financial results and forecasts reported to the Company's Board of Directors.
- ✘ Evaluating, managing and benchmarking the operating performance of the Company.
- ✘ Analyzing underlying trends in the Company's business.
- ✘ Evaluating market position and performance relative to our competitors, many of which use the same or similar performance measures.
- ✘ Establishing internal operating budgets.
- ✘ Determining compensation under bonus or other incentive programs.
- ✘ Enhancing comparability from period to period.
- ✘ Assessing compliance with credit facility covenants.
- ✘ Providing vital information in assessing cash flows to service our significant debt obligations.
- ✘ Comparing performance with internal forecasts and targeted business models.
- ✘ Evaluating and valuing potential acquisition candidates.

The adjustments used to compute our non-GAAP financial measures are consistent with those excluded from segmented operating results used by the Company's chief operating decision makers to make operating decisions and assess performance. We have provided this information to enable investors to analyze our operating results in the same way that management uses this information to assess our business relative to other periods, our business objectives and similar companies in our industry.

### **Economic Substance of Non-GAAP Financial Measures**

Our non-GAAP adjusted financial measures exclude certain non-cash, non-recurring and non-operating items, which may be unpredictable, volatile and not directly correlated to our operating performance. We believe exclusion of these items from our GAAP financial measures may provide the following advantages: (i) improved understanding of trends underlying our business and performance; (ii) improved consistency across periods when measuring and assessing our operating performance; (iii) improved understanding of the cash flow and cash earnings generated by our business in a given period and as compared to prior periods; and (iv) improved comparability of our operating results to those of similar companies in our industry.

Examples of these certain non-cash, non-recurring and non-operating items include: financing charges, asset write-downs, impairment charges, foreign exchange fluctuations, stock-based compensation expense, acquisition related amortization charges, integration and restructuring expenses, in-process research and development costs, retrospective adjustments driven by accounting policy changes, and certain extraordinary litigation expenses. A detailed discussion of the excluded items is provided in the press release referred to below.

Investors are cautioned that Adjusted EBITDA does not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other issuers. Our non-GAAP financial measures are supplemental metrics and should not be viewed as a substitute for, or superior to, financial reporting measures prepared in accordance with GAAP. Management compensates for certain material limitations that may be relevant to our use of certain non-GAAP financial measures by reviewing our operating performance in accordance with GAAP concurrent with our review of our operating performance relative to certain adjusted financial measures during each relevant disclosure period.

We have provided a reconciliation of these measures to GAAP in the Press Release issued on November 9, 2011 which is available on Angiotech's website ([www.angiotech.com](http://www.angiotech.com)).



## Financial Review

## Highlights

- ❑ Continued solid business performance subsequent to recap
  - +9% Q / Q medical products revenue growth (apples to apples basis)
- ❑ Continued differential growth of Quill product franchise
- ❑ TAXUS stability; positive ZILVER FDA panel
  - Sequential royalty revenue growth: \$6.8M vs. \$5.0M in Q2
- ❑ COGS improvement (continued absolute lower dollar COGS on higher sales)
- ❑ EBITDA tracking for significant Y / Y improvement
  - Significant Q / Q and sequential improvement; annual EBITDA run rate approaching \$50M+
- ❑ Significant milestone - improved total liquidity during Q3 (entirely per operations)
  - Credit facility draws reduced by half in only one Q
  - Total liquidity up to \$34M vs. \$29M end of Q2

## Challenges

- ❑ Business transition and leadership change(s)
- ❑ Tight cash balances / cash management requirements
- ❑ TAXUS / royalty revenue uncertainty
- ❑ 2012 / 2013 planning and project priorities

## Q3:11 Financial Results Fresh Start Accounting

- ❑ Why??? Required post-CCAA emergence
- ❑ Asset and liability “appraisals” conducted
  - Independent financial advisor / valuation firm
  - Book values of assets and liabilities adjusted to reflect estimated “fair values”
  - New starting balance sheet
- ❑ May 1 “convenience date”
  - One month / two month presentation for June 30 income and cash flow statements
- ❑ Impacts some income statement items
  - Temporary – e.g. Cost of Products Sold
  - Permanent – e.g. Amortization of Intangibles
- ❑ Could be additional adjustments resulting from 2011 audit
  - Also in future years depending on results of impairment tests
- ❑ **No impact on cash flow, business operations**
  - Accounting exercise
  - Adjustments are all non-cash accounting items

## Q3:11 Financial Results

### Fresh Start Accounting – Selected Balance Sheet Items Summary

\$US in millions		05 / 1 / 11	06 / 30 / 11	09 / 30 / 11
<b>Assets</b>				
	Cash	\$30.2	\$21.6	\$19.3
	Accounts Receivable	\$36.4	\$31.0	\$30.4
	Inventory	\$57.1	\$46.2	\$35.1
	Deferred Taxes	\$2.3	\$2.3	\$4.7
	Deferred Fin Costs	\$0.0	\$0.0	\$0.0
	PP & E	\$47.7	\$47.1	\$45.0
	Intangibles (1)	\$377.5	\$371.6	\$362.8
	Goodwill	\$127.1	\$127.1	\$125.2
<b>Liabilities</b>				
	Accounts Payable	\$37.4	\$26.7	\$26.8
	Deferred Taxes	\$95.7	\$94.7	\$93.4
	Credit Facility	<b>\$22.0</b>	<b>\$14.5</b>	<b>\$7.5</b>
	Long Term Debt	\$325.0	\$325.0	\$325.0
	Shareholders Equity	\$202.9	\$187.7	\$168.8

(1) As of fresh start date 05/01/11 included: Customer Relationships (\$171M); Patents (\$114M); Core / Developed Technology (\$67M); Trade Names (\$25M)



## Q3:11 Financial Results

Quarter Comparisons (\$M , GAAP basis unless otherwise noted)

		Q3:10	Q2:11 (1)	Q3:11 (2)
<b>Revenue</b>	Medical Products	\$47.6	\$52.3	<b>\$51.9</b>
	Royalty	\$7.1	\$5.0	<b>\$6.8</b>
	Discontinued	\$4.2	\$0.0	<b>\$0.0</b>
	Total	\$59.0	\$57.3	<b>\$58.7</b>
<b>Gross Margin % (Product)</b>		48.3%	51.5%	<b>49.9%</b>
<b>Royalty expense %</b>		16.6%	0.0%	<b>0.0%</b>
<b>Op Expenses</b>	R&D	\$6.2	\$4.0	<b>\$4.6</b>
	SG&A (3)	\$22.5	\$19.0	<b>\$19.3</b>
<b>Results</b>	Adjusted EBITDA	\$5.1	\$10.3	<b>\$12.4</b>
	Interest Exp	\$9.1	\$5.2	<b>\$4.6</b>
	Capital Exp	\$1.6	\$0.5	<b>\$0.3</b>
	Cash	\$25.6	\$21.6	<b>\$19.3</b>
	Total Liquidity (4)	\$41.6	\$29.1	<b>\$34.4</b>
Recap Items (5)		\$2.9	\$10.0	<b>\$0.0</b>

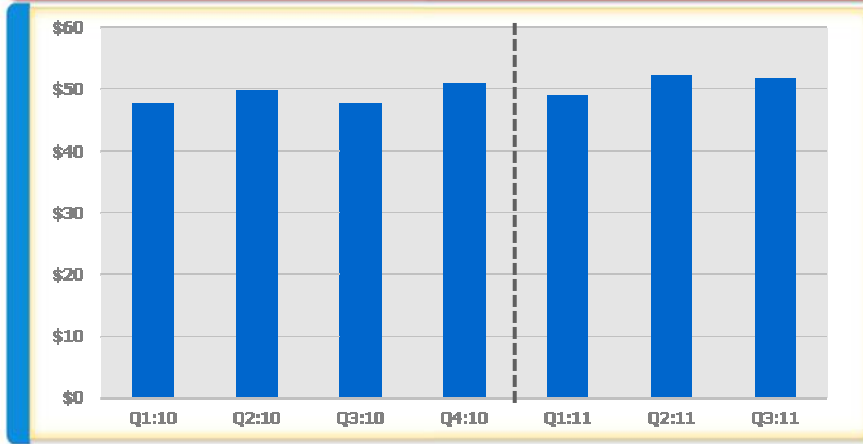
- (1) "Normalized" results for three months ended June 30 (e.g. predecessor and successor operating results added together, with temporary fresh start impact on Royalty Revenue and Gross Margin % excluded)
- (2) "Normalized" results for the three months ended September 30
- (3) Q3:11 figure excludes one time amounts for severance and stock based compensation for executive terminations
- (4) Cash + remaining available borrowing capacity under revolving credit facility
- (5) Cash items only (e.g. excludes reorganization gains relating to fresh start adjustments)



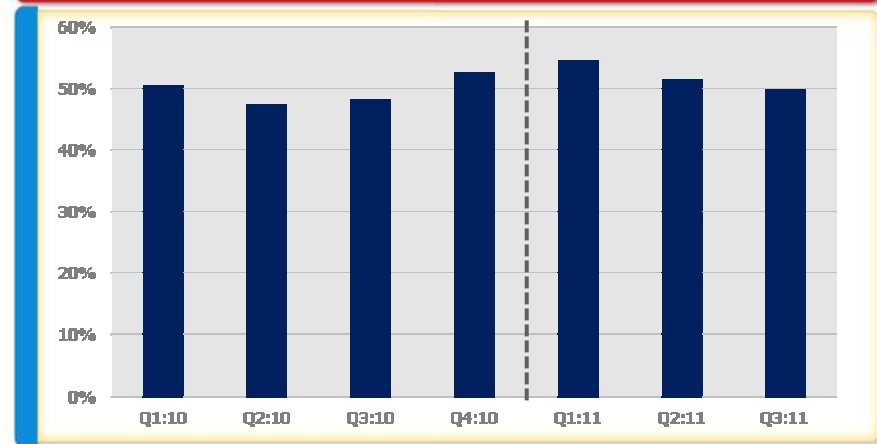
# Q3:11 Financial Results

## Quarter Trends from Q1:10 (\$M)

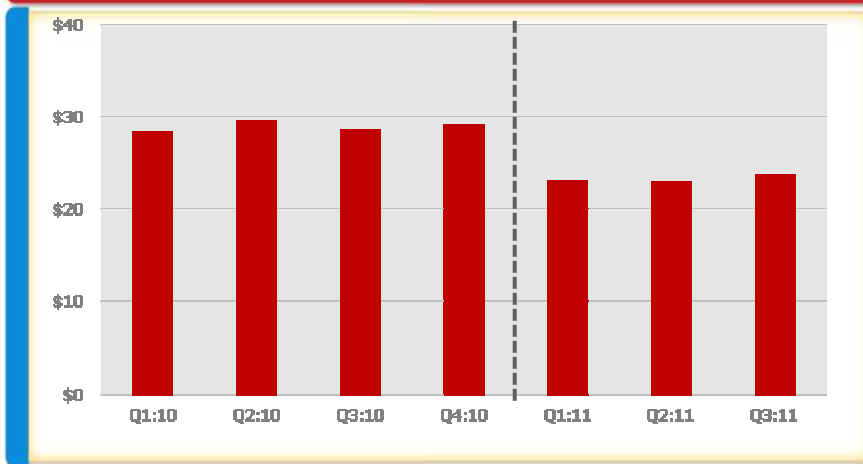
Product Revenue (ex discontinued)



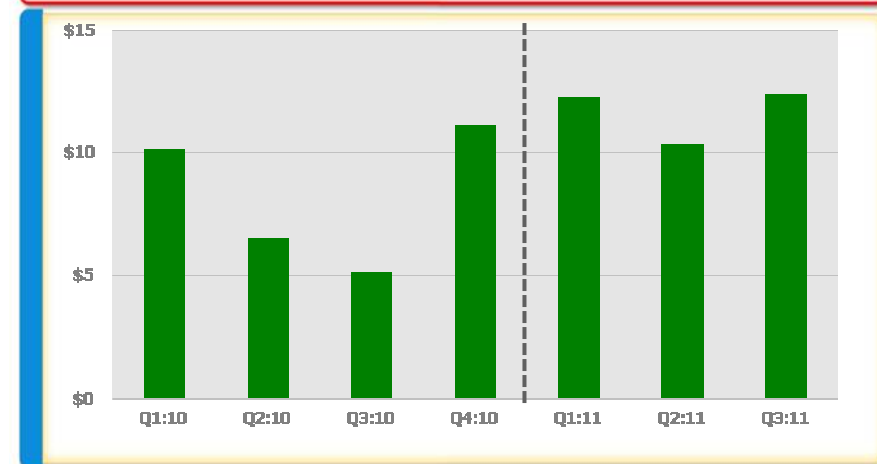
Gross Margin (Product)



Operating Expenses (SGA and RD)



Adjusted EBITDA





## Business Review

## Business Review

### Base Medical Products

#### Ophthalmic



#### Surgical



#### Biopsy / IV



#### OEM



- ❑ Reminder: Skater, Biopince, V+Pad, Atrieve Vascular Snare reorganized under Biopsy leadership
- ❑ Q3 strengths: OEM, Biopsy / IV
- ❑ Quill consolidated under Base business leadership / all sales under single organization





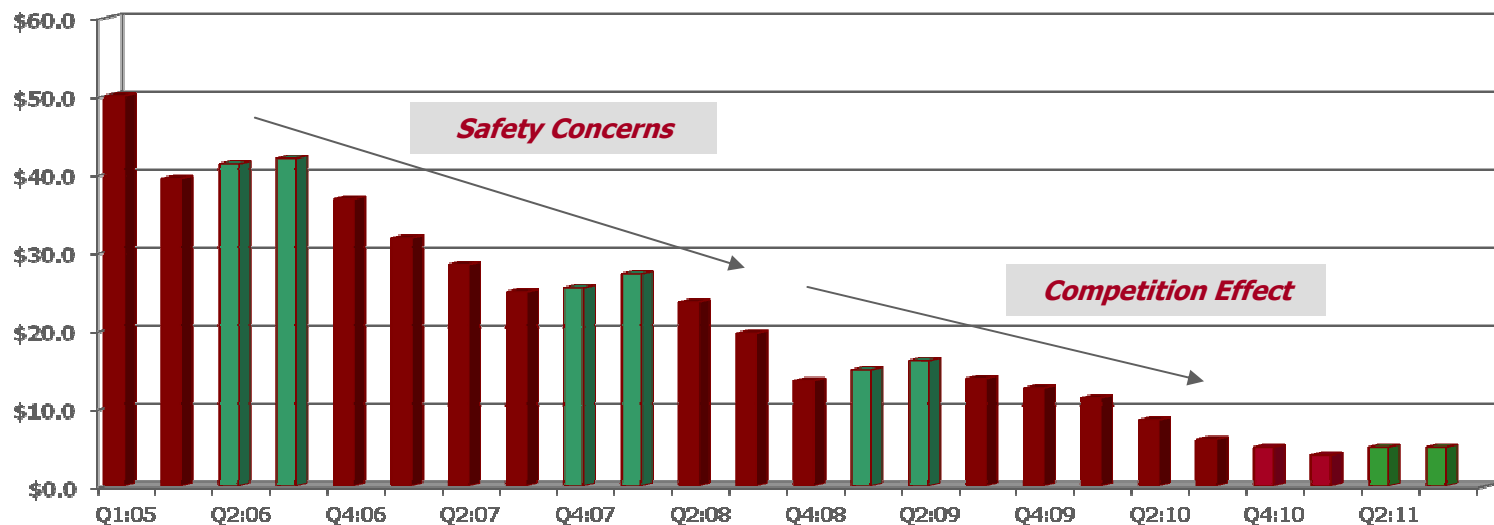
## Royalty Business Review TAXUS

### Platform Development

- ✦ Liberte® Long™
- ✦ Liberte® Atom™
- ✦ TAXUS® Element™ OUS
- ✦ TAXUS® ION™ (Element) US
  - ✦ Further positive study results announced 11/8 at TCT
- ✦ 11M+ patients treated with TAXUS WW

### Independent Clinical Results

- ✦ Swedish National Registry (independent)
- ✦ Published in JACC
- ✦ 19,000+ patients / 35,000+ implants
- ✦ Diabetics and non diabetics
- ✦ TAXUS: lower restenosis rates across all patients at 2 years vs. Cypher®, Endeavor®
- ✦ Statistically significant lower restenosis observed in diabetics with TAXUS vs. 'limus-eluting stents (more than 2x v. Endeavor)





## Royalty Business Review

### Zilver® PTX™

- ❑ Zilver® PTX™ (Cook Medical)
  - Self-expanding, fracture-resistant stent for PVD (SFA disease)
- ❑ Approved and sold in EU and ROW
- ❑ PMA filed in U.S. awaiting approval
- ❑ Zilver PTX Registry Study
  - 792 patients worldwide
  - 12 month data
    - 87% event-free survival rate
    - 89% free from target lesion revascularization
  - 24 month data
    - 78% event-free survival rate
    - 82% free from target lesion revascularization
- ❑ 479 patient US Pivotal Study
  - Primary endpoint met
  - Superior patency vs. angioplasty alone
- ❑ EU Renal Artery Study
- ❑ Unanimous panel recommended U.S. approval
  - ❑ October 14 2011



*Peripheral Vascular Disease  
Affects 8M Patients  
in the United States*





Q & A