

CTI/Siemens - 70/30 Joint Venture

- **Results: 24 Month Market Cap: from \$322M to \$1.7B**
- **Key Drivers:**
 - Mission: Increase the Value of the Company before Siemens Buy Out
 - Receiving the **Time Magazine Innovation of the Year** Award for the PET/CT Caused Global Demand Increase/Backlog
 - 12 Month SLEGO Implementation Roadmap of 55 Mile Markers Engaging 800 Employees in 5 Divisions + 3 Key Suppliers (of 122)
 - Unit Cost \$1.8-\$2.4M – Flattened BOM > 30,000 Components
 - 70% of Results from Kanban/Pull Implementation



SIEMENS
medical



SIEMENS
medical

Achieving the Impossible

They were told by hundreds this technology was impossible to create. These are the results. Today, this is the world-wide standard for cancer research and diagnosis. This company received the Time Magazine Innovation of the Year Award for the Invention of PET/CT Technology.



Bruised Tissue?
Diagnosis – no
treatment needed -
False



**Before
Technology**



Active Cancer. –
treatment scheduled
True

**Results of
Dreaming the
Impossible!**

52 year old male with tonsillar cancer. These scans were performed the same day with both technologies after radiation treatment was performed 6 months prior. Live cancer nodes are clearly obvious.

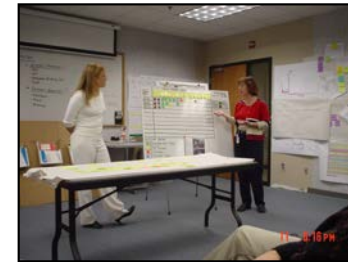




Dr. Ron Nutt
President and CEO



“At the end of that first tour, Rob and I shook hands and decided to set out to do what most would consider impossible. From the first workshop, I could see our direction and every aspect of our business began to change. I spent twenty years of my career leading our company and had never seen it come to life like this.”
(CTIMI is now a Siemens AG company)



Highlight Measures	Baseline	Transformation Results (12 Months)	Continuous Improvement (24 Months)	Competitive Advantage
CTIMI Market Cap	\$322M	\$977M	\$1.7B	Increased the value and prepared the company for the sale to Siemens
Increased Sales/Growth (\$)	-	87%	188%	Company was unable to meet further demand requirements without changing the way they operate
Flow-Time for Custom Products	75 Days	13 Days	4 Days	Easy to respond to customer changes and plan production
Annual New Products Developed	2	9	10	Market leader in innovation = higher price and world recognition

#1

Measure	Baseline	Transformation (12 months)	Independent Improvement (24 months)
Business Improvement			
Annual Sales Growth (\$)	-	86.5%	188%
Annual Sales Growth (units)	-	28%**	42%**
Reduction in Cost Per Unit	-	4%	10%
Number of New Products	2	9	10
Market Cap	\$322M	\$970M	\$1.7B
CTIMI Stock Price	\$7	\$13.50	\$21



Before

Measure	Baseline	Transformation (12 months)	Independent Improvement (24 months)
Operations Improvement			
Lead-Time	280 Days	13 Days	4 Days
Inventory	\$95M	\$27M	\$15M
Finished Goods Inventory	24 Units	0 Units	0 Units
Productivity – Man Hrs Per Unit	104	44	22
Defects	7%	3%	0.4%
Inventory Turns	2	7	15
Material Shortages (per week)	Not Tracked, Dozens	1	0
On Time Delivery	62%	90%	98%
Supplier Cost Reduction	2%	3%	10%
Staff Working with Suppliers	0	8	3



After

* The results from 2004 to 2005 were primarily achieved without direct consultant involvement.

** The company was able to absorb the increase in sales without increasing personnel or production space.