



Lombard Medical Reports Third Quarter 2014 Financial Results

Global Aorfix™ Revenue Up 192 Percent¹ Year-over-Year;
U.S. Revenue Grows 75 Percent Sequentially from Q2; Solid Early Adoption in Japan

Irvine, CA and London, UK – October 29, 2014 – Lombard Medical, Inc. (NASDAQ: EVAR), a medical device company focused on endovascular aneurysm repair (EVAR) of abdominal aortic aneurysms (AAAs), today reported operational progress and financial results for the third quarter and nine months ended September 30, 2014.

The Company's lead product, Aorfix™, is the only endovascular stent graft cleared by the FDA for the treatment of AAAs with angulation at the neck of the aneurysm of up to 90 degrees providing physicians in the U.S. with the only 'on-label' endovascular treatment option for patients with this complex AAA anatomy. All other approved grafts are only cleared by the FDA for the treatment of neck angulation up to 60 degrees.

Q3 and Recent Operational Highlights

- Total Aorfix revenue grew 192 percent¹ to \$4.3 million (Q3 2013: \$1.5 million).
- Sequentially, U.S. Aorfix revenue grew 75 percent to \$1.0 million, up from \$0.6 million in the second quarter of 2014.
- In August, Aorfix received approval by the Japanese Ministry of Health, Labour and Welfare for the endovascular repair of AAAs with a 0-90 degree label indication enabling treatment of the broadest range of AAA anatomies.
- In Japan, the first post approval procedures using Aorfix were performed in September, with several centers now completing their third Aorfix case since launch.

Operational and Financial Results

Global Aorfix commercial revenue increased 192 percent¹ to \$4.3 million in the third quarter of 2014 compared with \$1.5 million in the third quarter of 2013. For the first nine months of 2014, global Aorfix commercial revenue grew 110 percent¹ to \$8.5 million compared with \$4.0 million in the first nine months of 2013.

In the U.S., where Aorfix is sold direct through the Company's own sales force and where it was formally launched in November 2013, revenue in the third quarter and first nine months of 2014 were \$1.0 million and \$2.1 million, respectively. Comparative US revenue in both the third quarter and first nine months of 2013 was \$0.2 million.

"In Japan, where Aorfix is sold through an exclusive distributor, revenue in both the third quarter and first nine months of 2014 was \$1.6 million, from an initial stocking order," said CEO Simon Hubbert. "There was no revenue in 2013. The balance of the initial stocking order and additional re-stocking orders, which have already been received, are expected to be shipped in the fourth quarter.

"This is a very exciting period for the Company as we launch Aorfix into the world's two largest stand-alone AAA markets simultaneously," continued Hubbert. "We continue to gain traction in the U.S. market through our recently expanded direct sales team, and in Japan, we supported the September launch 'in country' with experienced European Aorfix users and our own technical experts. We are encouraged by the high level of interest and the fast ramp up of Aorfix cases since launch. We already have several centers completing their third Aorfix case in the short time since it became available."

In the Western Europe markets (UK and Germany) where Lombard Medical also sells direct, third quarter 2014 revenue grew 7 percent² to \$0.9 million compared with \$0.8 million in the third quarter of 2013. For the first nine months of 2014, revenue in these direct European markets increased 26

percent² to \$2.7 million compared with \$2.1 million in the prior year period; with growth recorded in both countries year to date. Revenue in the international distributor markets (excluding Japan) for the third quarter and first nine months of 2014 was \$0.8 million and \$2.1 million, respectively, compared with \$0.5 million and \$1.7 million in the prior year periods.

Total revenue for the third quarter of 2014 increased 165 percent³ to \$4.3 million compared with \$1.6 million in the third quarter of 2013. For the first nine months of 2014, total revenue increased 81 percent³ to \$8.5 million compared with \$4.7 million in the first nine months of 2013. 2013 revenue included contributions of \$0.1 million in the third quarter and \$0.6 million in the first nine months from the Company's OEM business, which was subsequently divested in December 2013.

Gross margins for the third quarter and first nine months of 2014 were 43 percent and 41 percent, respectively, compared to 40 percent and 35 percent for the comparative 2013 periods. The improvement was primarily due to the effect of higher average U.S. selling prices and the spreading of fixed manufacturing costs over increased production volumes.

Total operating expenses for the third quarter and first nine months of 2014 were \$10.5 million and \$30.7 million, respectively, compared to \$6.2 million and \$14.7 million for the comparative 2013 periods. The net loss for this year's third quarter was \$8.5 million, or \$0.52 loss per share, compared to a net loss of \$5.6 million, or \$0.50 loss per share, for last year's third quarter. The net loss for the first nine months of 2014 was \$26.5 million, or \$1.89 loss per share, compared to a net loss of \$13.2 million, or \$1.61 loss per share for the first nine months of 2013. The increased operating expense and net loss were principally due to on-going investments in U.S.-based operations, commercial infrastructure, additional direct sales people, product development activities, expenses of the initial public offering (IPO) and share-based compensation charges.

The Company's balance sheet as of September 30 showed total cash and cash equivalents of \$61.6 million, including proceeds from the U.S. IPO completed in April.

Company Outlook

The Company reaffirmed that it expects to achieve revenue for 2014 of between \$12 million and \$14 million, representing growth of between 72 percent to 101 percent, over the prior year.

Conference Call

Lombard Medical's management will discuss the Company's financial results for the third quarter ended September 30, 2014 and provide a general business update during a conference call beginning at 4:30 p.m. Eastern Time today, Wednesday, October 29, 2014. To join the call, participants may dial 1-877-407-4018 (domestic), 0800-756-3429 (UK toll-free) or 1-201-689-8471 (international). To listen to a live webcast of the conference call, visit the Events and Presentations page under the Investors tab at www.lombardmedical.com.

An archived replay of the webcast will be available shortly following the completion of the call on the Events and Presentations page under the Investors tab at www.lombardmedical.com.

¹ Total Aorfix revenue growth was 191 percent for the third quarter and 106 percent for the first nine months of 2014 on a constant currency basis, calculated using 2013 average rates.

² Aorfix revenue growth in the Western Europe direct markets was 3 percent for the third quarter and 20 percent for the first nine months of 2014 on a constant currency basis, calculated using 2013 average rates.

³ Total revenue growth was 164 percent for the third quarter and 78 percent for the first nine months of 2014 on a constant currency basis, calculated using 2013 average rates.

About Lombard Medical, Inc.

Lombard Medical, Inc. is a medical device company focused on device solutions for the \$1.4 billion per annum abdominal aortic aneurysm repair market. The Company's lead product, Aorfix™, is an endovascular stent graft which has been specifically designed to solve the problems that exist in treating complex tortuous anatomy, which is often present in advanced AAA disease. Lombard Medical, Inc. is based in Oxfordshire, England with US commercial headquarters in Irvine, CA and is registered in the Cayman Islands.

Further background on the Company can be found at www.lombardmedical.com.

FORWARD-LOOKING STATEMENTS:

This announcement may contain forward-looking statements that reflect the Company's current expectations regarding future events, including the commercialization and additional regulatory clearances of the Company's products, the Company's liquidity and results of operations, as well as future capital raising activities. Forward-looking statements involve risks and uncertainties. Actual events could differ materially from those projected herein and depend on a number of factors, including the success of the Company's research and development and commercialization strategies, the uncertainties related to the regulatory process and the acceptance of the Company's products by hospitals and other medical professionals and the risks, uncertainties and other factors described under the heading "Risk Factors" in the Company's prospectus filed with the Securities and Exchange Commission dated April 25, 2014. The Company undertakes no obligation to update these statements in the future.

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Consolidated Statements of Comprehensive Income
for the three- and nine-month periods ended September 30, 2014 (unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Revenue	4,268	1,608	8,519	4,706
Cost of sales	(2,435)	(966)	(4,988)	(3,073)
Gross profit	1,833	642	3,531	1,633
<i>Gross margin</i>	43%	40%	41%	35%
Selling, marketing and distribution expenses	(5,628)	(3,228)	(15,578)	(6,429)
Research and development expenses	(2,630)	(1,286)	(6,476)	(4,498)
Administrative expenses	(2,290)	(1,718)	(7,183)	(3,774)
Initial Public Offering expenses	-	-	(1,503)	-
Total operating expenses	(10,548)	(6,232)	(30,740)	(14,701)
Operating loss	(8,715)	(5,590)	(27,209)	(13,068)
Finance income—interest receivable	60	22	189	36
Finance costs	(24)	(17)	(59)	(428)
Loss before taxation	(8,679)	(5,585)	(27,079)	(13,460)
Taxation	201	(3)	610	229
Loss for the period	(8,478)	(5,588)	(26,469)	(13,231)
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Currency translation differences	(3,752)	3,099	(1,986)	1,739
Total comprehensive loss for the period	(12,230)	(2,489)	(28,455)	(11,492)
Basic and diluted loss per ordinary share (cents)				
From continuing operations	(52.4)	(50.0)	(189.0)	(160.8)

**Consolidated Balance Sheet
as at September 30, 2014 (unaudited)**

	September 30, 2014	December 31, 2013
	\$'000	\$'000
Assets		
Intangible assets	5,568	5,722
Property, plant and equipment	3,345	2,411
Other receivables	564	523
Non-current assets	<u>9,477</u>	<u>8,656</u>
Inventories	5,474	3,361
Trade and other receivables	3,542	3,444
Taxation recoverable	1,540	2,143
Cash and cash equivalents	61,593	40,866
Current assets	<u>72,149</u>	<u>49,814</u>
Total assets	<u>81,626</u>	<u>58,470</u>
Liabilities		
Trade and other payables	(6,950)	(6,579)
Current liabilities	<u>(6,950)</u>	<u>(6,579)</u>
Borrowings	(2,613)	(2,558)
Non-current liabilities	<u>(2,613)</u>	<u>(2,558)</u>
Total Liabilities	<u>(9,563)</u>	<u>(9,137)</u>
Net assets	<u>72,063</u>	<u>49,333</u>
Equity		
Called up share capital	162	52,406
Share premium account	49,608	134,305
Capital reorganization reserve	205,686	-
Other reserves	-	19,087
Translation reserve	2,206	4,192
Accumulated loss	(185,599)	(160,657)
Total equity	<u>72,063</u>	<u>49,333</u>

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