

Ambu® aScope™ 4 Broncho  
Regular 5.0/2.2

# Investor presentation

Q2 2019/20 results

Ambu\*

# Agenda

- **Business update**
- Financial results and outlook
- Q&A

## Disclaimer

Forward-looking statements, especially such relating to future sales and operating profit, are subject to risks and uncertainties. Various factors, many of which are outside Ambu's control, may cause the actual development of the company to differ materially from the expectations contained in this presentation. Factors that might affect such expectations include, among others, changes in healthcare, in the world economy and in exchange rates

## 1 Strong Q2 2019/20 performance with 24% organic revenue growth

- Positive impact from COVID-19 contributing with 14%-pts organic revenue growth
  - Uptake in endoscope units sold leading to double-digit Visualization growth of 69%
  - Upgrade of full-year 2019/20 guidance to 26-30% (16-22%) organic revenue growth
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## 2 Richest single-use pipeline progressing according to plan

- The aScope™ Duodeno filed to FDA and is on track to launch early Q4, 2019/20
  - aScope™ 4 Cysto and aView™ 2 Advance approved
  - The approval of our monitor, aView™ 2 Advance, will further strengthen our position across Pulmonology, ENT and Urology
- 

## 3 Accelerating investments in commercial infrastructure to maximize opportunities

- Sales & Marketing organizations across all endoscopy areas and key geographies are strengthened as we move into large and attractive endoscopy markets
- Significant scaling up of our GI and urology organization to support product launches

## Unique market opportunity: \$2.5B+ by 2024

One of medtech's most exciting markets – Ambu is currently the market leader

**\$2.5B+**

single-use  
market  
opportunity  
by 2024

### Compelling value proposition:

- ↑ Infection control
- ↑ Convenience
- ↑ Economics and workflow efficiency

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***The COVID-19 pandemic further highlights the long-term value of single-use products***



# The world's most innovative single-use endoscopy player

## Strategic priorities

Scale **innovation and manufacturing engines**

Focus on **highest-potential** segments and geographies

Invest to build **best-in-class** organization

Grow **sustainably**, for our people and our planet



# Ambu uniquely positioned to support healthcare systems during COVID-19 pandemics

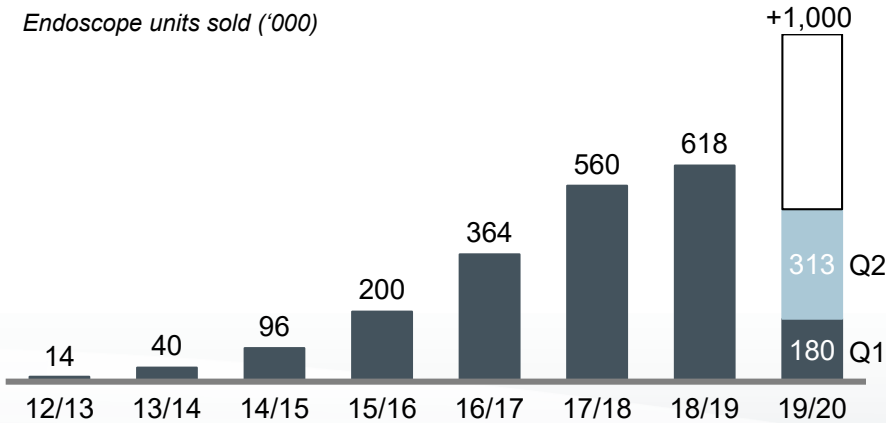
- Our **aScope™ 4 Broncho** is together with **the Ambu® Bag resuscitator** used for treating COVID-19 patients
- Ambu has taken steps such as **increasing its manufacturing capacity and air-freight spending** to meet the global market demand
- Although we consider COVID-19 a one-time effect, we expect the pandemic to **positively impact markets** for single-use products



# 1 Strong Q2 with 24% organic revenue growth

## Significant increase in endoscope units sold

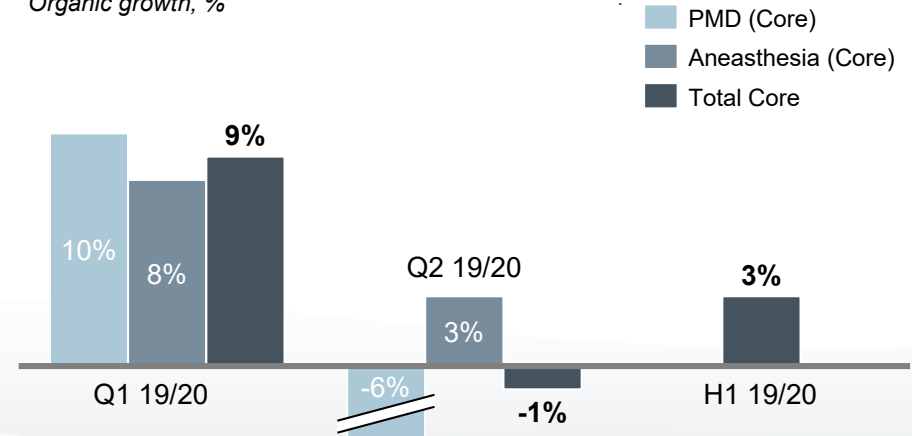
Endoscope units sold ('000)



- 313k endoscopes sold in Q2 corresponding to a unit growth of 72% compared to Q2 last year (182k)
- ~80k of total endoscopes sold is related to COVID-19

## Mixed effect for Core in Q2

Organic growth, %

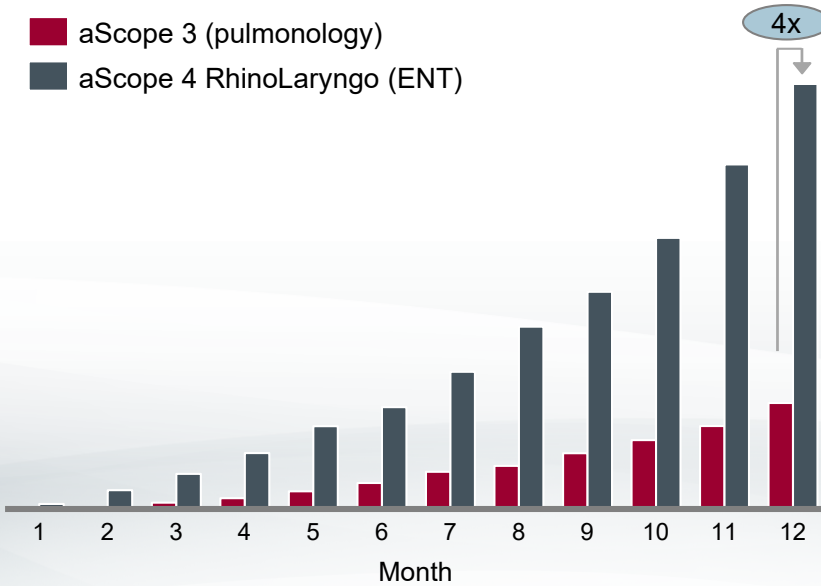


- Increased demand for Anesthesia products like our resuscitation bags and face masks
- PMD and some Anesthesia products were affected by significant reduction of elective procedures
- Core can be impacted negatively in our Q3 due to COVID-19

# 1 Continuing strong ENT uptake in US

As we scale up commercial infrastructure, we see faster customer penetration

## Unit volume first 12 months, US market aScope™ 4 RhinoLaryngo (ENT) vs. aScope™ 3



## Accelerating pace of new US ENT customers

- Continues to see ~4x faster uptake in US compared to aScope 3
- Penetration of legacy Tri-anim accounts starting to accelerate
- ~40 of top 100 US hospitals have been penetrated since launch
- American Medical Association issues COVID-19 safety recommendation saying disposable ENT scopes should be considered<sup>1</sup>

<sup>1</sup> <https://jamanetwork.com/journals/jamaotolaryngology/fullarticle/2764032>



## 2 Unique R&D and manufacturing capabilities

Allowing us to rapidly expand and commercialize our product pipeline

### Largest single-use R&D organization

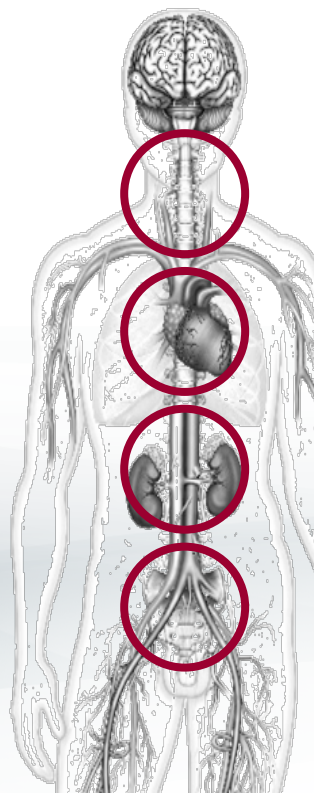
- ✓ **+200** internal and **+100** external FTEs
- ✓ **5** R&D centers and **5** exclusive tech partners
- ✓ **Modular engineering** – faster and more efficient development

### High scale, low-cost manufacturing

- ✓ **+10** years of experience producing single-use endoscopes
- ✓ **Modular manufacturing** with top tier yield and performance
- ✓ **Capacity to accommodate** market demand



## 2 Richest single-use pipeline to capture full market potential



	Product	Launch
<b>Monitors</b>	aView™ 2 Advance	✓
	aBox™ console	Q2, 2020/21
<b>Pulmonary</b> 5 million market	aScope™ 4	✓
	aScope BronchoSampler™	✓
	VivaSight™	✓
	aScope™ 5 HD	Q4, 2020/21
	aScope™ 5 for smaller patients	2021/22
	aScope™ 5 for selected procedures	2021/22
	Video laryngoscope 2.0	2021/22
<b>ENT</b> 11m market	aScope™ 4 RL Intervention	✓
	aScope™ 4 RL Slim	✓
	ENT High-Resolution	2021/22
<b>Urology</b> 8m market	aScope™ 4 Cysto	✓
	Ureteroscope	2021/22
	Cystoscope HD	2021/22
<b>Duodenoscopy (GI)</b> 2m market	aScope™ Duodeno	Early Q4, 2019/20
	aScope™ Duodeno 2	2021/22
	Cholangioscope	2021/22
<b>Colonoscopy (GI): 50m market</b>	aScope™ Colon	Q2, 2020/21
<b>Gastroscopy (GI): 20m market</b>	aScope™ Gastro	Q2, 2020/21

✓ Commercially available  
 Launches in 2019/20

*All development projects are progressing as planned*

*aScope™ Cysto and aView™ 2 Advance are approved*

*aScope™ Duodeno has been filed for FDA approval*

## 2 aView™ 2 Advance. New display technology platform for all endoscopes

### Excellent image quality with full HD resolution

- Enables support of HD scopes and dual view
- Enables Narrow Band Imaging alternatives such as Vascular enhancement (EVA™)

### State of the art and forward-thinking technology

- Network connectivity (LAN, WIFI, Bluetooth)
- Enables connection to EMR systems in hospitals with network connectivity

### High performance and future prepared

- More processing power and capacity for future, advanced features
- Increased storage for video and picture

### Intuitive, flexible and adaptable design

- Up to three scope connectors to support current and future single-use products
- Optimized user interface for easy, intuitive use



List price of  
5,000 USD

## 2 FDA approval of aScope™ 4 Cysto marks our entry into Urology

### aScope™ 4 Cysto

- FDA approval of aScope™ 4 Cysto received
- Connects with our new aView™ 2 Advance monitor with superior image quality
- Launch of Ureteroscope in 2021/22 will further strengthen our Urology portfolio

### Compelling value proposition



Infection control



Convenience



Economics and workflow efficiency

***aScope™ 4 Cysto marks entry into biggest Urology market with 6m procedures***



List price of  
200 USD



## 2 aScope™ Duodeno submitted to FDA and on track to launch early Q4 2019/20

*Duodenoscopy represents one of the biggest opportunities in the single-use endoscopy market*

**Key global KOLs** have been consulted for the development of our aScope™ Duodeno

**Performance test** has shown positive results against reusable scopes

**30 US hospitals** have been visited and **+60 clinicians** consulted for feedback on design and performance

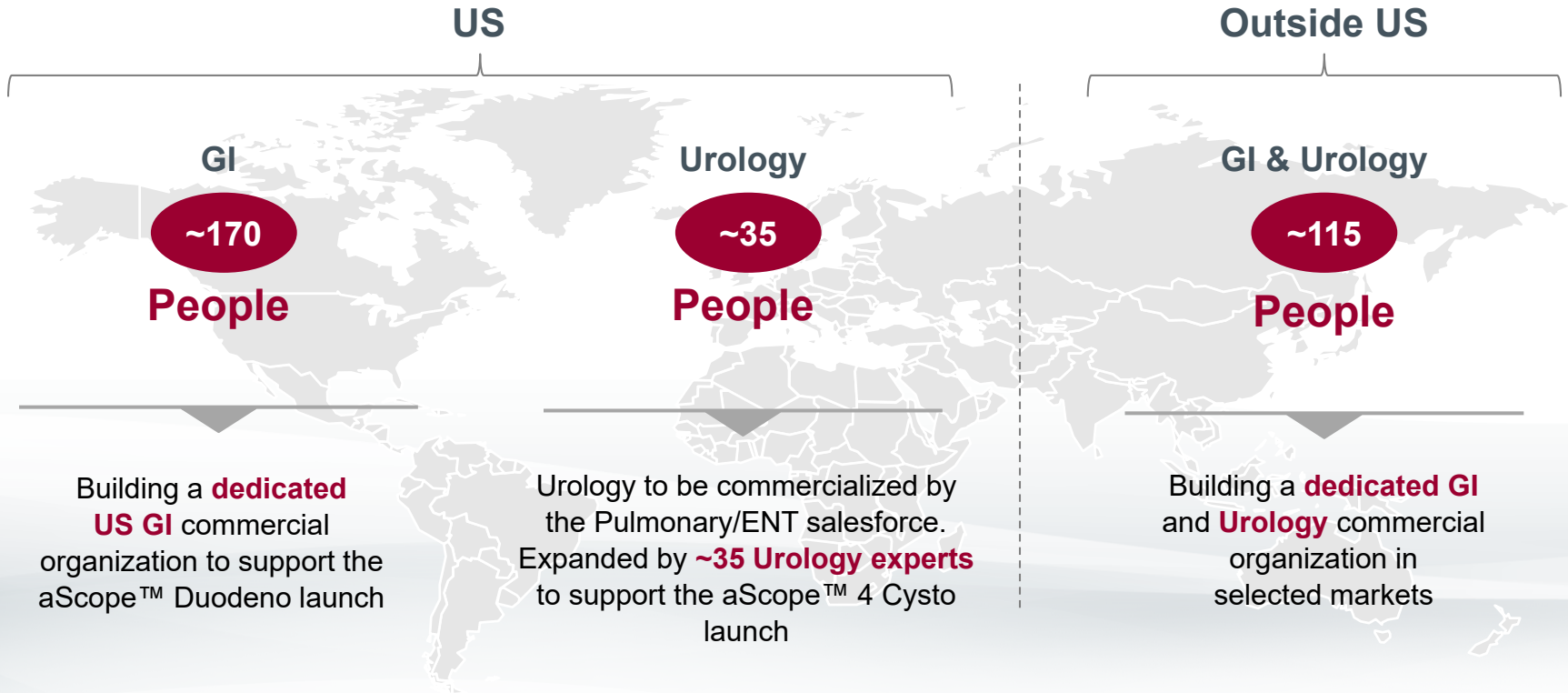
**Comprehensive clinical study with ~500 patients** will start after FDA clearance with interim data from **+60 patients** before US launch





### 3 Accelerating our investments into GI and Urology

GI and Urology commercial infrastructure by end of Q1 2020/21



We will accelerate investments in our commercial infrastructure with **additional DKK 115m in 2019/20** to ensure an effective launch of our aScope™ 4 Cysto and aScope™ Duodeno. The full-year impact in 2020/21 will be **DKK 375m**

# Agenda

- Business update
- **Financial results and outlook**
- Q&A

# Key financial results in Q2 2019/20

## Financial results

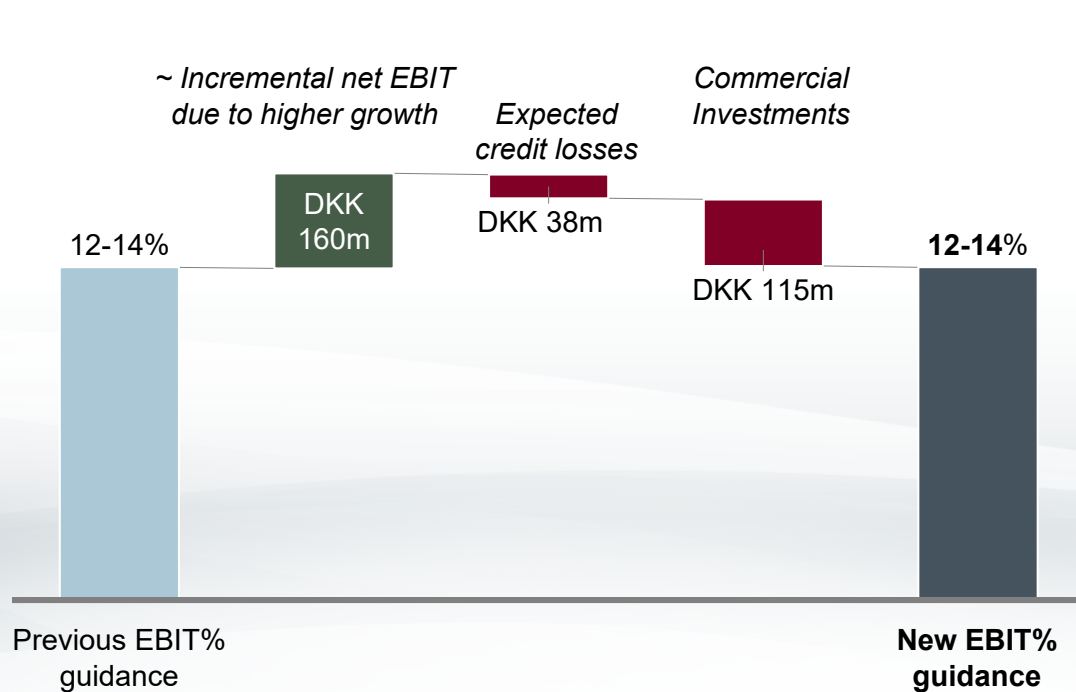
	Q2, 2019/20	Full year guidance
<b>Organic revenue growth</b>	24%	26-30%
<b>EBIT margin</b> <i>Before special items</i>	15.2%	12-14%
<b>Endoscopes sold ('000 units)</b>	313	+ 1,000

## Highlights Q2 2019/20

- Impact from COVID-19 pandemic leading to changed demand patterns and product mix
- 14%-pts additional organic revenue growth from COVID-19 (one-time effect)
- Upscaling our commercial infrastructure leads to EBIT guidance of 12-14% for FY 19/20

# EBIT margin guidance for the FY is resumed at 12-14% mainly due to accelerated commercial investments in GI and Urology

## EBIT margin guidance for the full-year 2019/20



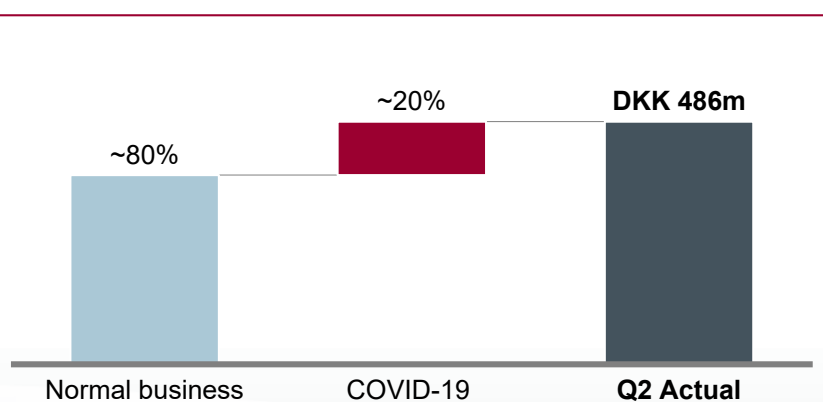
## Comments

- Our **EBIT margin is resumed at 12-14%** for the full-year 2019/20 as we accelerate investments in our commercial infrastructure
- An **additional DKK 115m** will be spent in 2019/20 to build up our GI and Urology salesforce
- The **provision for expected credit losses has been increased by DKK 38m** equal to ~ 5% of receivables from sales due higher credit risk on trade receivables following the COVID-19 pandemic

# 14%-pts additional organic growth from COVID-19

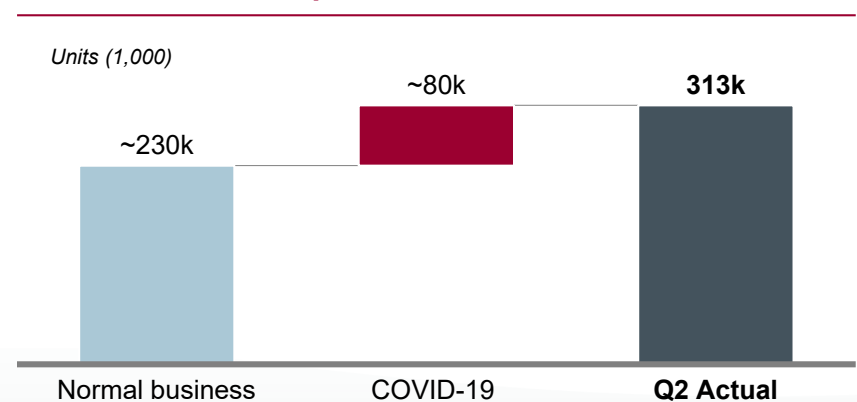
Effect from COVID-19 is a one-off and will be excluded from future projections

## Contribution to Visualization revenue Q2, 2019/20



- The 14%-pts additional revenue growth from COVID-19 was in particular driven by Visualization
- COVID-19 contributed with ~20% share of total Visualization revenue of DKK 486m
- Core experienced a neutral effect caused by increased demand for some products but also lower sales of products used for elective procedures

## Endoscope units sold Q2, 2019/20

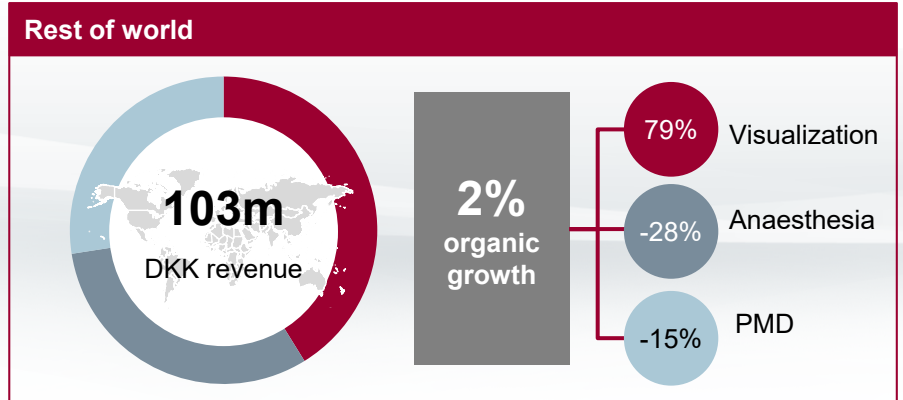
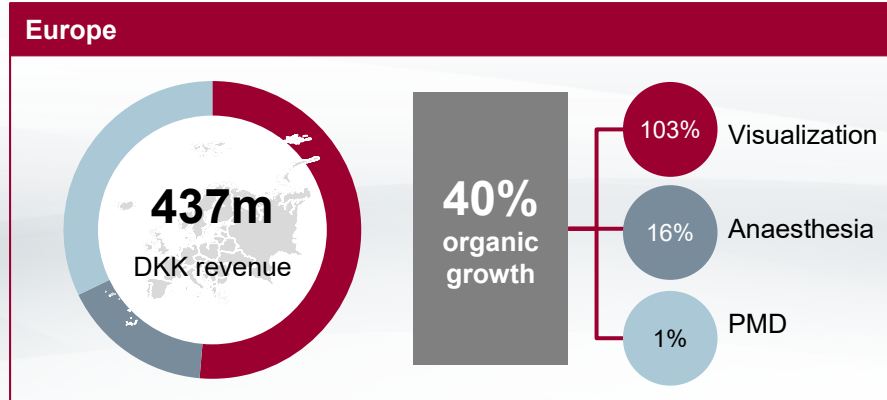
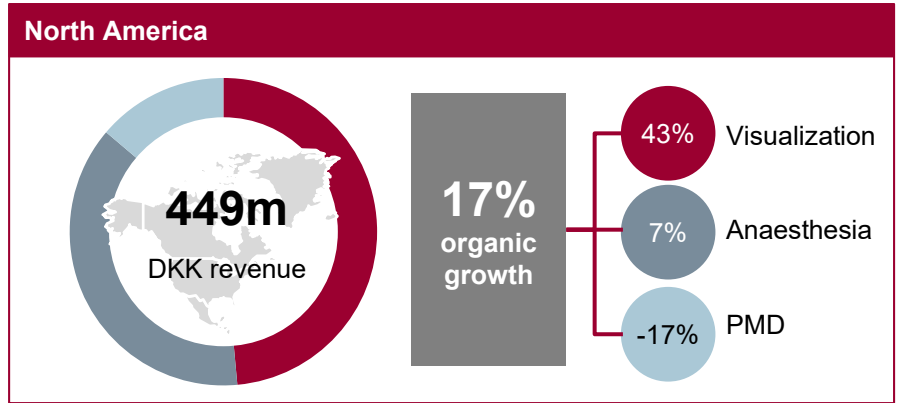
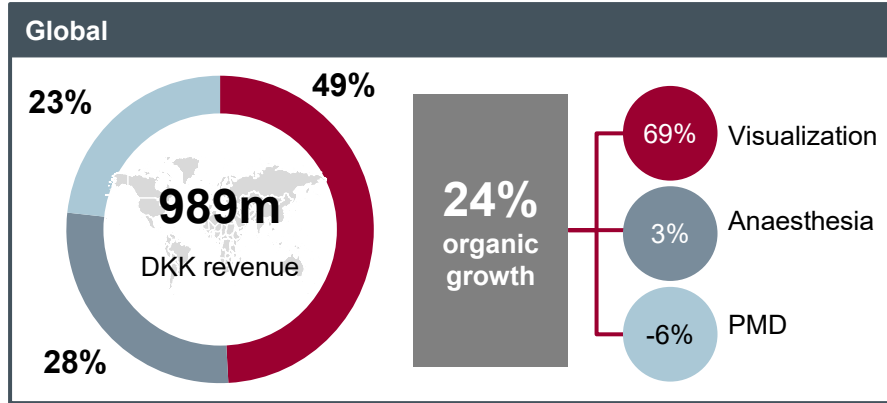


- ~80k of total endoscope units sold is related to COVID-19
- Main part of the increased endoscope units sold came from Europe
- It is estimated that the endoscope units sold would have been ~230k without COVID-19 impact



# Organic sales growth by geography

Q2 2019/20 revenue and growth across regions



# Growth and profits

Building commercial scale to handle product launches for the coming quarters

Ambu P&L – Q2 2019/20				
DKKm	Q2 2019/20	Q2 2018/19	Change value	Change %
Revenue	989	785	204	26%
Production costs	-382	-313	-69	22%
<b>Gross profit</b>	<b>607</b>	<b>472</b>	<b>135</b>	<b>29%</b>
<i>Gross margin, %</i>	61.4	60.1	-	-
Selling and distribution costs	-324	-181	-143	79%
Development costs	-36	-23	-13	57%
Management and administration	-97	-73	-24	33%
Total capacity costs	-457	-277	-180	65%
<b>EBIT before special items</b>	<b>150</b>	<b>195</b>	<b>-45</b>	<b>-23%</b>
<i>EBIT margin, %</i>	15.2	24.8	-	-



## Q2 Revenue DKK 989m

Organic growth of 24% with significant increased demand for Visualization products



## Q2 Gross margin at 61.4%

Positively impacted by a more favorable sales mix from higher-margin products



## Q2 Capacity costs DKK 457m

Increase in costs by 65% relating to investments in the sales organization and HQ workforce



## Q2 EBIT% before special items at 15.2%

H1 EBIT% before special items at 13.9%

# Cash flow, assets and debt

Negative cash flow as expected due to strategic decisions in Q4 2018/19

## Ambu cash flow and balance – H1 2019/20

DKKm	H1 2019/20	H1 2018/19	Change in value
<b>Cash flow and ratios</b>			
Cash flow from operating activities	-100	156	-256
Cash flow from investing activities before acquisitions	-179	-100	-79
<b>Free cash flow before acquisitions</b>	<b>-279</b>	<b>56</b>	<b>-335</b>
<b>Balance sheet</b>			
Total assets	4,788	4,418	370
Net interest-bearing debt (NIBD)	1,446	1,266	180
<b>Key figures</b>			
Net working capital	713	713	
Equity ratio	48%	47%	
NIBD/EBITDA before special items	2.6x	1.7x	



### Free cash flow before acquisitions at DKK -279m

Caused by normalization of working capital following strategic decisions in Q4 2018/19 as well as compensation paid to former distributor



### NIBD / EBITDA before special items 2.6x



### Net working capital DKK 713m

Equal to 23% (25%) of 12 months' revenue

**26-30%**

Organic  
growth

**12-14%**

EBIT  
margin

**+ 1,000,000**

Endoscope  
units sold

# Uniquely positioned for value creation

## Our competitive advantages

- ✓ Global leader in single-use visualization with 10 years of experience
- ✓ Market-leading and highly scalable innovation engine due to modular approach combined with highest scale low-cost manufacturing
- ✓ Commercial organization with a 100% focus on market creation and penetration of single-use Visualization products

## Our aspiration

- ★ *Broadest and most innovative portfolio in single-use visualization*
- ★ *Industry leading growth profile*
- ★ *Top-tier shareholder returns with ongoing margin expansion*



## Conference call

DK: +45 3544 5577

UK: +44 3333 000 804

PIN code: 64710333#

For questions, please press 01

Please limit your questions to **only 3 at a time** and get back into the queue if you have additional questions

# Investor contact information

## Share Information



Ambu A/S is listed on the stock exchange in Copenhagen under the symbol AMBU B

For further company information, please visit:  
[www.ambu.com](http://www.ambu.com)

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## Financial calendar



### 2020

05 May	Q2 2019/20
26 August	Q3 2019/20
11 November	Q4 2019/20
09 December	Annual General Meeting 2019/20

For full list of Investor Relations events, please visit:

[www.ambu.com/about/corporate-info/investors/calendar](http://www.ambu.com/about/corporate-info/investors/calendar)



**Ambu**

**Ambu – The single-use company**