

# Investor presentation

Q3 2019/20 results



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

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Business update

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Financial results and outlook

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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*

# Uniquely positioned for value creation

## Competitive advantages

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- I **Global leader in single-use** Visualization with 10 years of experience
- II Competitive advantage in **modular innovation engine** and high scale low-cost manufacturing
- III **Commercial organization with a 100% focus** on market creation and penetration of single-use Visualization products

## Unique market opportunity

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**\$2.5B+**  
single-use market  
opportunity  
by 2024



# Business update

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## 1 The COVID-19 pandemic has accelerated the development of the single-use endoscopy market

- Healthcare systems have increased their focus on infection control and the medical community is actively evaluating contamination levels and see single-use endoscopy as an attractive solution
- The aScope™ 4 Broncho has been used in COVID-19 patients driving an expansion of our customer base

## 2 21% organic revenue growth in Q3 19/20 driven by Visualization sales of +81%

- Visualization sales in Europe and Asia Pacific has more than doubled over last year
- Postponement of elective procedures drove a -15% decline in our Core business. We see gradual market improvement across geographies throughout Q3 and into July 2020
- Full-year guidance for organic revenue growth is reduced to ~26% with an EBIT% at ~12% to reflect the impact of COVID-19 in our Core business. Visualization volume target of +1m endoscope units sold remains unchanged

## 3 Ambu emerges from COVID-19 pandemic as a stronger company

- Today, Ambu is one of the fastest growing medical device companies. We are strengthening our organization across key capabilities from innovation to commercial infrastructure
- Positive market feedback on aView™ 2 Advance and aScope™ 4 Cysto
- aScope™ Duodeno was granted designation as a breakthrough device and has received FDA clearance



# 1 The case for single-use endoscopy continues to strengthen



## INCREASED FOCUS ON INFECTION CONTROL

Most recent peer-reviewed meta-analysis shows a **+15% contamination rate** in duodenoscopes

**17 papers** on duodenoscope contamination were presented at DDW in 2019



## UPDATED GUIDELINES FROM FDA AND NATIONAL ASSOCIATIONS

2<sup>nd</sup> FDA safety communication recommending transition to duodenoscopes with innovative designs, highlighting **aScope™ Duodeno** as part of the solution

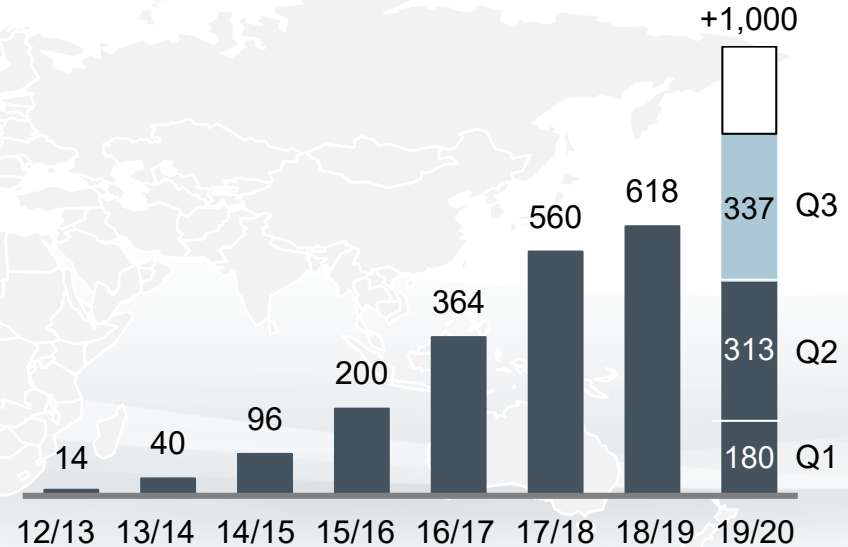
National bronchoscopy associations recommending **single-use bronchoscopes** in **COVID-19** environment

## 2 COVID-19 impact on Visualization has been positive, especially in Europe

### Positive impact in Visualization

- aScope™ 4 Broncho is an important part of COVID-19 treatment in Europe and RoW with sales increasing +195% and +105% respectively
- We have seen high double-digit growth in all major European territories, with the United Kingdom as the main growth-driver in preparation for a second wave
- In the U.S., Visualization is gradually improving over Q3 and into July as health care systems restart their activities
- Expansion of manufacturing capacity for aScope™ 4 Broncho in Penang

### Endoscope units sold ('000)

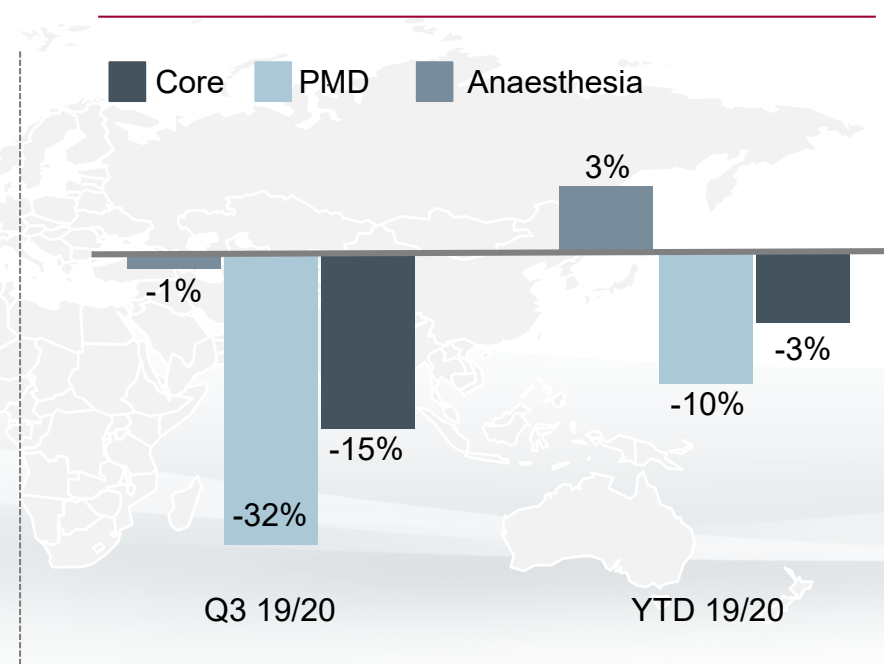


## 2 COVID-19 impact on Core business has been negative, especially in PMD

### Negative impact in Core

- Postponement of elective procedures had significant negative impact in especially PMD
- Strong demand for resuscitators to treat COVID-19 patients. Expansion of manufacturing capacity for resuscitators out of Xiamen completed
- Improved ability to deliver Anaesthesia products in RoW on the back of the surge in demand in Q2
- Gradual market improvement across geographies, and Core business back in growth in July

### Core, organic growth





### 3 Advancing our innovation agenda in a COVID-19 environment

	Product	Launch
<b>Monitors</b>	aView™ 2 Advance	✓
	aBox™ Console	2H, 2020/21
<b>Pulmonary</b>	aScope™ 4 Broncho	✓
	aScope BronchoSampler™	✓
	VivaSight™	✓
	aScope™ 5 HD	Q4, 2020/21
	aScope™ 5 for smaller patients	2021/22
	aScope™ 5 for selected procedures	2021/22
<b>ENT</b>	Video laryngoscope 2.0	2021/22
	aScope™ 4 RL Intervention	✓
	aScope™ 4 RL Slim	✓
<b>Urology</b>	ENT High-Resolution	2021/22
	aScope™ 4 Cysto	✓
	Ureteroscope	2021/22
<b>Duodenoscopy (GI)</b>	Cystoscope HD	2021/22
	aScope™ Duodeno	✓
	aScope™ Duodeno 2	2021/22
<b>Colonoscopy (GI)</b>	Cholangioscope	2021/22
	aScope™ Colon	2H, 2020/21
<b>Gastroscopy (GI)</b>	aScope™ Gastro	2H, 2020/21

✓ Commercially available  
 Launches in 2019/20

Successfully introduced  
 aView™ 2 Advance and  
 aScope™ Cysto

aScope™ Duodeno was  
 granted designation as  
 a breakthrough device

Experiencing delays on  
 aScope™ Colon and  
 aScope™ Gastro due to  
 COVID-19. Now  
 expected in 2H 2020/21

### 3 Entering urology with the U.S. launch of aScope™ 4 Cysto

#### Expect rapid uptake on the back of positive feedback

Main highlight around overall scope performance and superior image resolution driven by advanced sensor, software and newest display technology platform, aView™ 2 Advance

~500

Product demonstrations and 213 ongoing trials

21

out of top 100 hospitals have converted or are in trial phase

**Offers opportunity to clear COVID-19 patient backlogs** with significant improvement on workflow and efficiency allowing doctors to perform more procedures with existing infrastructure



### 3 Entering into GI with the launch of aScope™ Duodeno

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- I aScope™ Duodeno was granted breakthrough designation and secured FDA clearance. Expect rapid market conversion on the back of FDA safety communications and new TPT reimbursement payment from CMS
- II Our controlled market release has started on selected hospitals in the U.S. Positive feedback from physicians after product demonstrations in the U.S.
- III We are on track to build our 170 people GI commercial organization in the U.S to support our aScope™ Duodeno launch. We expected it to be fully deployed by end of Q1 20/21
- IV The planned start of our clinical study has been delayed due the COVID-19 pandemic





A modern office lounge with large windows and people sitting at tables. The scene is bright and professional, with several people engaged in conversation or work at round tables. The background shows a parking lot with cars and a building.

## Financial results and outlook

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# Financial results Q3 2019/20

**Q3**

2019/20

**21%**

organic revenue  
growth

**16.5%**

EBIT margin  
*before special items*

**337**

*Endoscopes sold*  
*('000 units)*

**Guidance**

Full year 2019/20

**~26%**

organic revenue  
growth

*Previously 26-30%*

**~12%**

EBIT margin  
*before special items*

*Previously 12-14%*

**+1,000**

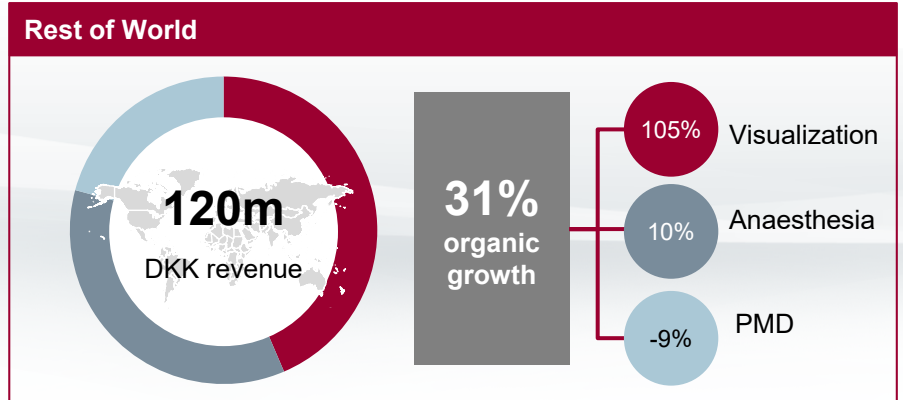
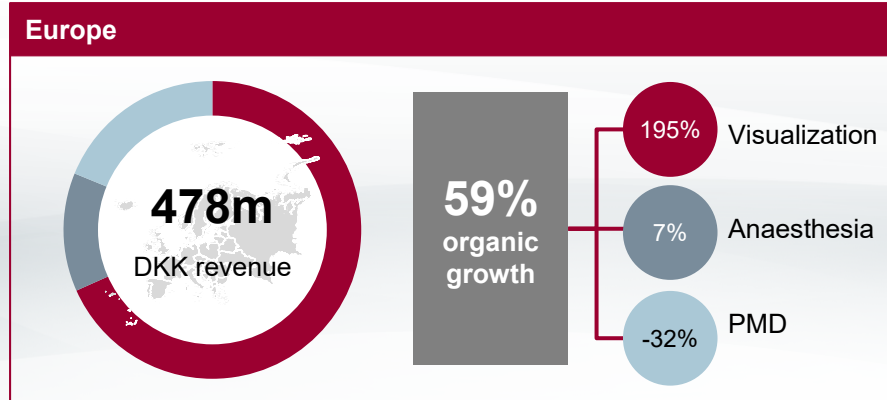
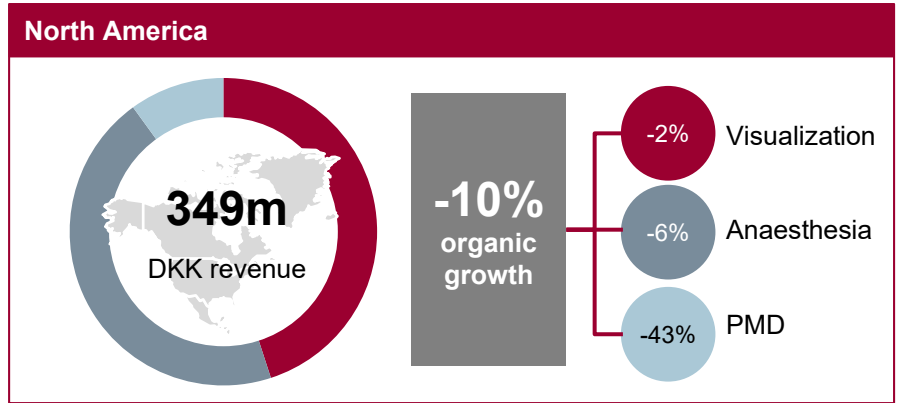
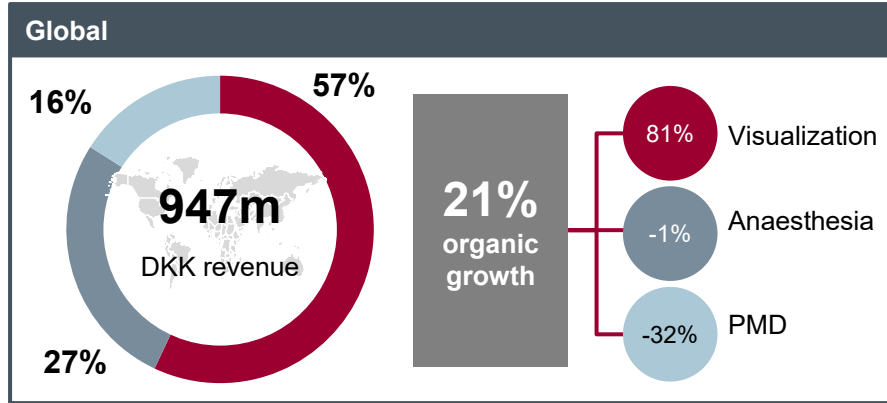
*Endoscopes sold*  
*('000 units)*

*Unchanged*

- **Increased demand for single-use scopes** in Europe and APAC while the U.S. experienced decline in sales
- Majority of the **Core portfolio was negatively affected** by postponed elective procedures
- Full-year guidance is reduced to approx. **26% organic growth with an EBIT margin at approx. 12%**

# Organic sales growth by geography

Q3 2019/20 revenue and growth across regions





# Financial results Q3 2019/20

Reported growth of 23% and organic growth of 21%

## Ambu P&L – Q3 2019/20

DKK m	Q3 2019/20	Q3 2018/19	Change in value	Change%
Revenue	947	773	174	23%
Production costs	-334	-337	3	-1%
<b>Gross profit</b>	<b>613</b>	<b>436</b>	<b>177</b>	<b>41%</b>
<i>Gross margin, %</i>	64.7	56.4	-	-
Selling and distribution costs	-320	-190	-130	68%
Development costs	-41	-26	-15	58%
Management and administration	-96	-65	-31	48%
Total capacity costs	-457	-281	-176	63%
<b>EBIT before special items</b>	<b>156</b>	<b>155</b>	<b>1</b>	<b>1%</b>
<i>EBIT margin, %</i>	16.5	20.1	-	-

**21% organic growth**

*Increased demand for Visualization products in certain geographies*

**64.7% gross margin**

*Negative impact in 2018/19 following the SC210-discontinuation*

**DKK 457m capacity costs**

*63% increase mostly driven by commercial expansions*

**16.5% EBIT margin**

*YTD EBIT% before special items at 14.8%*

# Cash flow, assets and debt Q3 2019/20

Milestone payment of EUR 40m relating to clearance of duodenoscope will mature in Q1 2020/21

## Ambu cash flow and balance sheet – Q3 2019/20

DKKm	Q3 2019/20	Q3 2018/19	Change in value
<b>Cash flow and ratios</b>			
Cash flow from operating activities	314	225	89
Cash flow from investing activities before acquisitions	-127	-77	-50
<b>Free cash flow before acquisitions</b>	<b>187</b>	<b>148</b>	<b>39</b>
<b>Balance sheet</b>			
Total assets	<b>4,876</b>	<b>4,357</b>	<b>519</b>
Interest-bearing debt (NIBD)	1,253	1,112	141
<b>Key figures</b>			
Net working capital	569	624	
Equity ratio	49%	51%	
NIBD/EBITDA before special items	2.2x	1.5x	

### DKK 187m free cash flow

*Down DKK 296m at DKK -92m for the first 9 months of 19/20. Negative free cash flow is as expected*

### 2.2x NIBD/EBITDA

*Total net interest-bearing debt  
DKK 1,253*

### DKK 569m net working capital

*Equal to 17% (21%) of 12  
months' revenue*

## 2019/20 Guidance

~26%

Organic  
growth

~12%

EBIT  
margin

+ 1,000,000

Endoscope  
units sold

- COVID-19 has significantly **increased the demand for single-use scopes**, especially in Europe
- **Most Core products were negatively affected** as elective procedures reduced sharply in April and May, but we see a gradual market improvement into July 2020
- Full-year guidance is reduced to approx. **26% organic growth with an EBIT margin at approx. 12%**

Q&A

Ambu<sup>®</sup>

## Conference call

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UK: +44 3333 000 804

US: +1 631 913 1422

PIN code: 70317768#

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)

## Investor Relations contacts



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## Financial calendar



### 2020

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 – The single-use company**