

Investor presentation

Q1 2019/20 results

Agenda

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

Disclaimer

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Key messages for Q1 2019/20

1 Strong start to 2019/20 with 14% organic growth

- The transition of the US aScope distributor has been completed and we have retained most of the business managed by the former distributor
- Strong double-digit Visualization performance across all geographies

2 Commercial expansion on track

- We are strengthening our direct sales organizations across all endoscopy areas and geographies
- Dedicated GI commercial team being built in the US

3 All new products are developing according to plan with 3 key launches in 2019/20

- Cystoscope launch in Q2, 2019/20
- aView 2 Advance monitor launch Q3, 2019/20
- Duodenoscope launch early Q4, 2019/20

Strong pipeline, within ~3 years we will have a broad single-use endoscopy portfolio

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

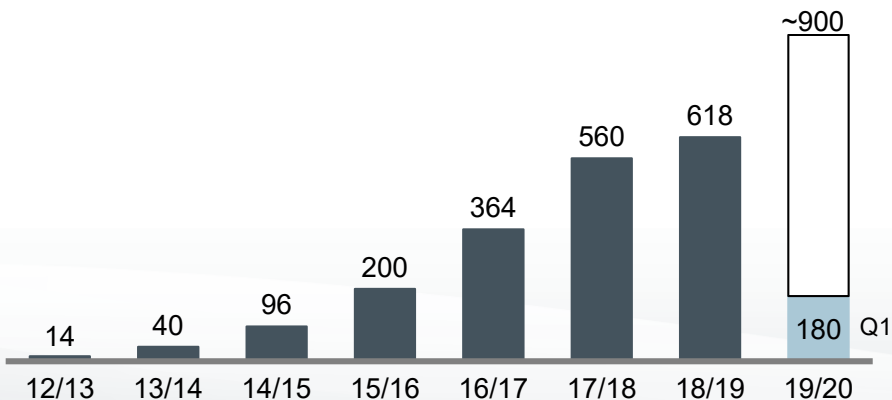
Compelling value proposition:

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

***Strong interest from major industry players
validates the single-use opportunity***

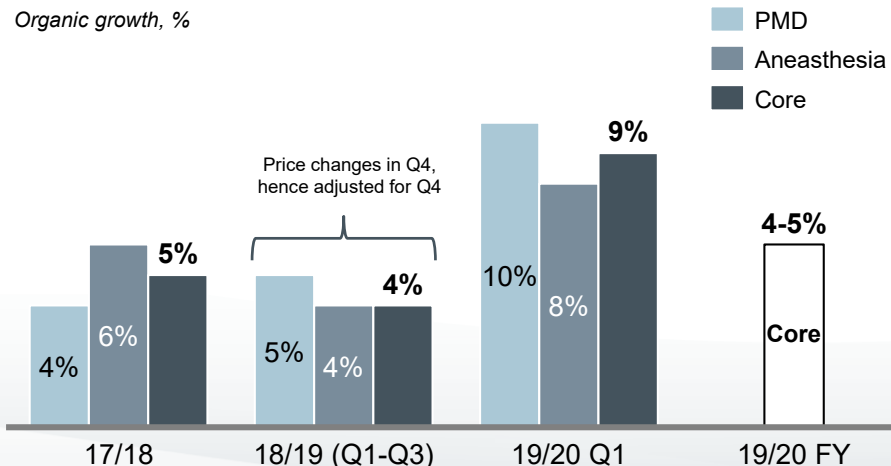
1 Strong start to 2019/20 with 14% organic growth

Endoscope units sold ('000)



- The transition of the aScope distributor has been completed and we have retained most of the business
- The change of the distribution channel in Visualization has led to an increase of the average selling price of aScope 4 Broncho in North America by approx. 15%

Core business trending at ~4-5% growth

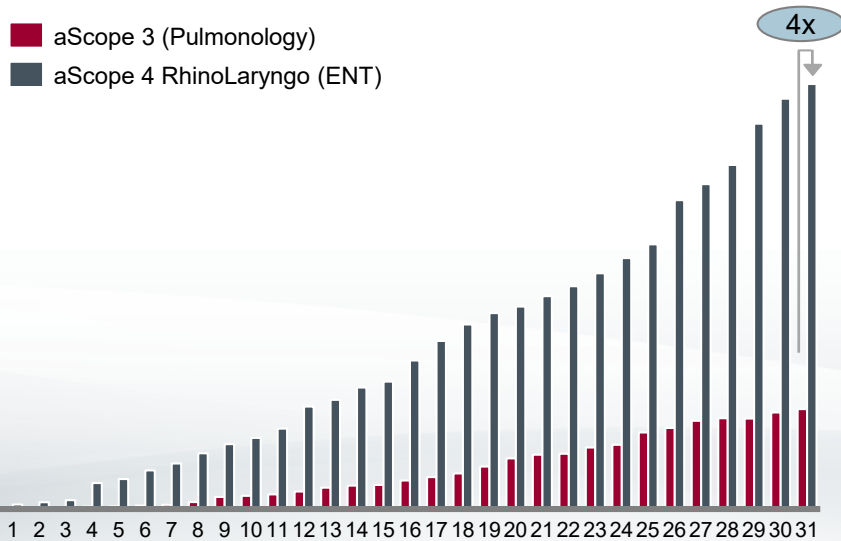


- After the changes to pricing policies in Q4 2018/19 we see that distributors in Core are now placing orders close to previous levels
- On track to deliver full-year 19/20 guidance of 4-5% Core growth

1 Continuing strong ENT uptake in US

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

Unit volume first 31 weeks, US market
aScope™ 4 RhinoLaryngo (ENT) vs. aScope™ 3

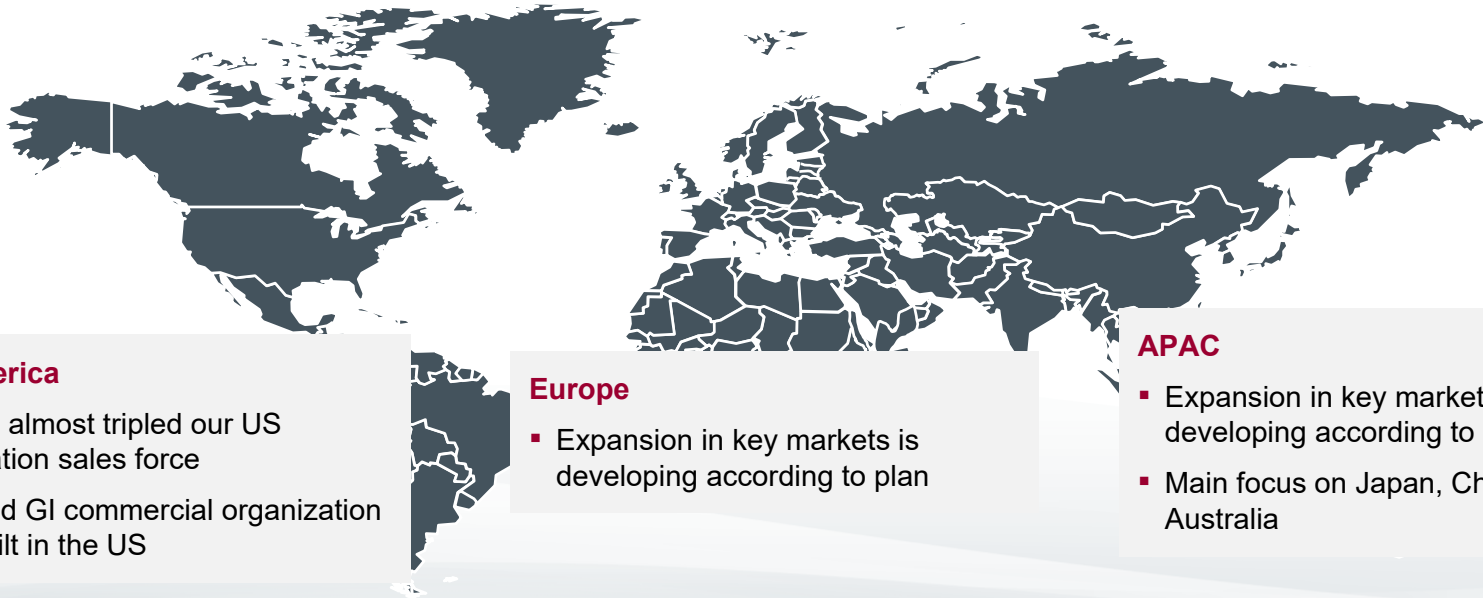


Accelerating pace of new US ENT customers

- Positive sales performance as we see significant spill-over effect from aScope Broncho value proposition into ENT
- Continues to see ~4x faster uptake in US compared to aScope 3
- ~150 new customers gained in Q1 and ~300 expected in Q2 – indicates further acceleration as commercial infrastructure is scaling up
- Strong re-buy patterns from ENT customers
- Penetration of ~30 of top 100 US hospitals since launch

2 Accelerating commercial execution, investing in key markets

Expansion is developing according to plan and is on track



North America

- We have almost tripled our US Visualization sales force
- Dedicated GI commercial organization being built in the US

Europe

- Expansion in key markets is developing according to plan

APAC

- Expansion in key markets is developing according to plan
- Main focus on Japan, China and Australia

Strengthening capabilities in a new Health Economics team, Global and Digital Marketing, Account Management, Clinical competencies and Launch Excellence

3 Strong R&D and manufacturing capabilities

Allowing us to expand our portfolio in high-growth procedures

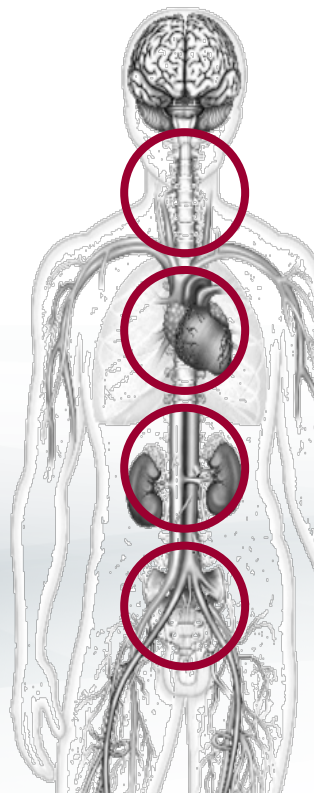
Largest single-use R&D organization

- ✓ **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 production

- ✓ **10+** years of experience producing single-use endoscopes
- ✓ **Modular manufacturing** with top tier yield and performance
- ✓ Guidance to produce **~900,000** scopes in 2019/20

3 Strong pipeline to capture full single-use market opportunity



	Product	Launch
Monitors	aView 2 Advance™	Q3, 2019/20
	aBox Console™	Q2, 2020/21
Pulmonary (5 million market)	aScope™ 4	✓
	aScope BronchoSampler™	✓
	VivaSight	✓
	aScope™ 5 HD	Q4 2021/22
	aScope™ 5 for smaller patients	2021/22
	aScope™ 5 for selected procedures	2021/22
	Video laryngoscope 2.0	2021/22
ENT (11m market)	aScope™ 4 RL Intervention	✓
	aScope™ 4 RL Slim	✓
	ENT High-Resolution	2021/22
Urology (8m market)	Isiris™	✓
	Cystoscope	Q2, 2019/20
	Ureteroscope	2021/22
	Cystoscope HD	2021/22
aView 2 Advance	aScope™ Duo	Early Q4, 2019/20
	aScope™ Duo 2	2021/22
	Cholangioscope	2021/22
aBox Console	aScope™ Colon	Q2, 2020/21
	aScope™ Gastro	Q2, 2020/21

✓ Commercially available
 Launches in 2019/20

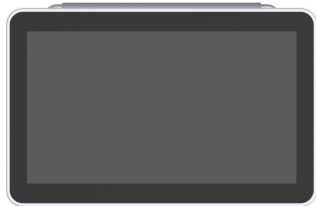
All development projects are developing according to plan

Largest single-use pipeline to further grow and support a comprehensive portfolio

3 Upcoming launches in 2019/20 to strengthen our portfolio

aView™ 2 Advance

- ✓ Pulmonology
- ✓ ENT
- ✓ Urology



- Enhances our image quality significantly and makes full HD 1920x1080 pixel resolution available
- Enables connection to EMR systems in hospitals with network connectivity (LAN, Wi-Fi, Bluetooth)
- Enabling Narrow Band Imaging alternatives such as Vascular enhancement (EVA™)

Launch Q3 2019/20

Cystoscope

6m market opportunity



- Launch of Cystoscope enables entry into the biggest urology market with 6m procedures and we expect strong appeal and rapid penetration globally
- Currently ongoing clinical trials in EU
- Launch of Ureteroscope in 2021/22 will further strengthen our urology portfolio

Launch Q2 2019/20

Duodenoscope

2m market opportunity



- Duodenoscope market is expected to be the largest single-use market with strong opportunities in US
- Aggressive built-up of our GI commercial organization in US
- US launch in early Q4 2019/20 is on track with human test results ready prior to launch

Launch early Q4 2019/20
Price USD 1,400 – 1,600

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Key financial results in Q1 2019/20

Strong start to 2019/20 and on track to meet full year guidance

	Q1, 2019/20	Full year guidance
Organic revenue growth	14%	16-22%
EBIT margin <i>Before special items</i>	12.2%	12-14%
Endoscopes sold ('000 units)	180	~ 900

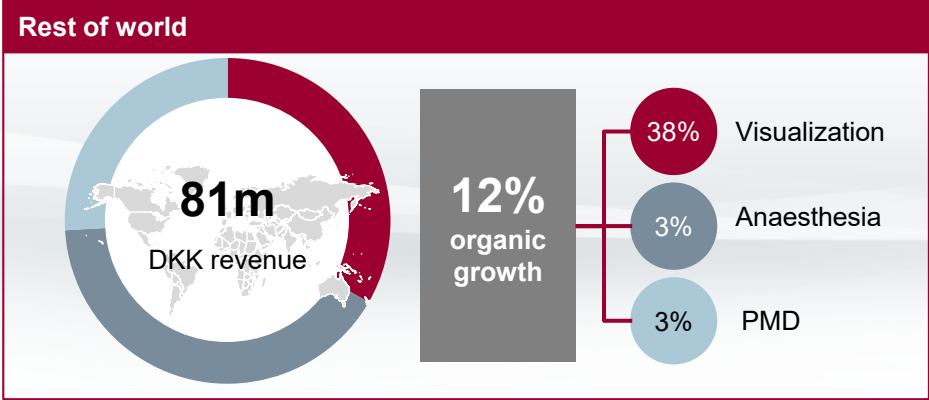
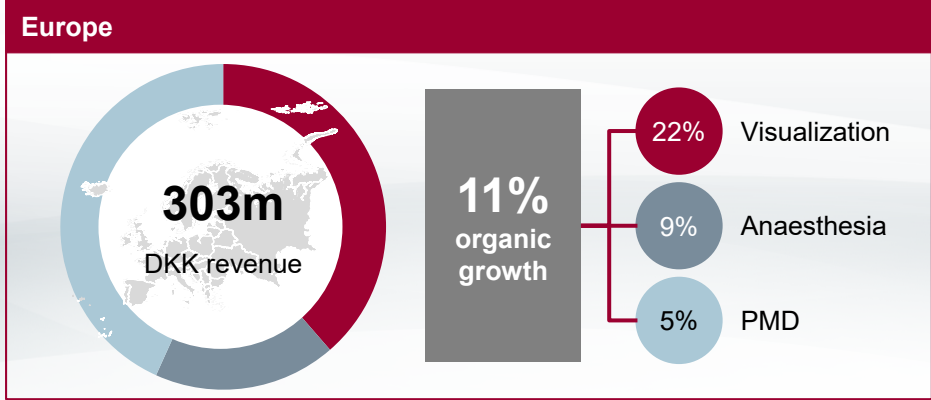
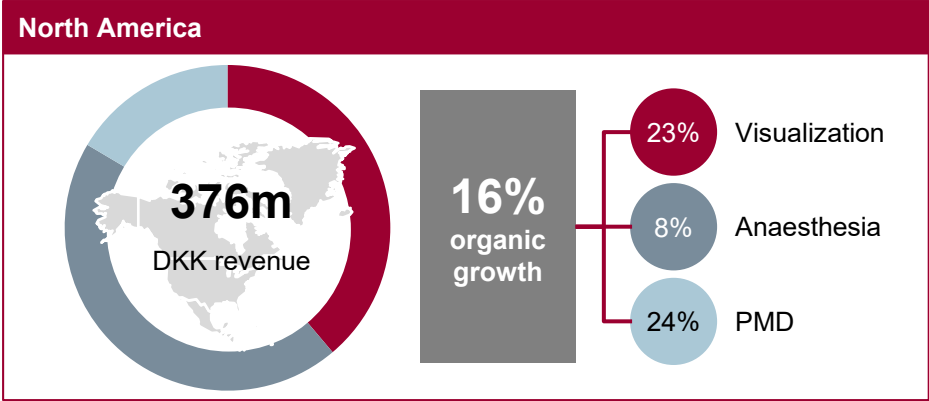
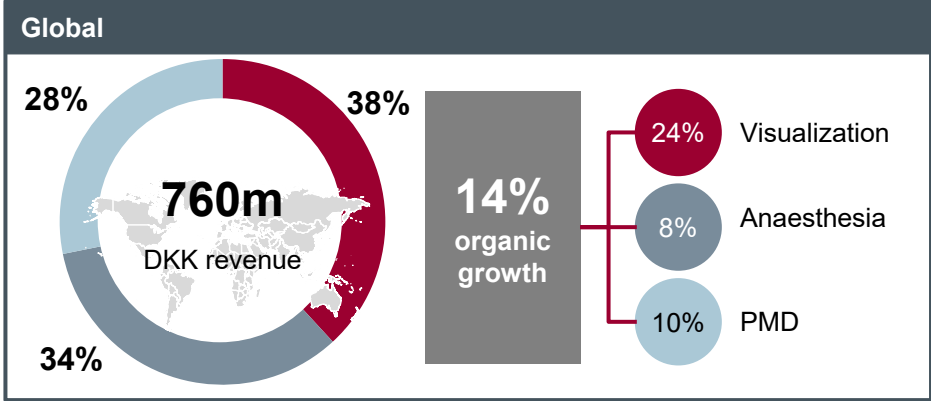
Financial results

- Strong double-digit Visualization performance across all geographies
- Tri-anim transition completed ahead of time with retention of most of the business
- Continuing strong US uptake of ENT
- 180k endoscopes sold in Q1 2019/20

Highlights Q1 2019/20

Organic sales growth by geography

Q1 2019/20 revenue and growth across regions



Growth and profits

Building commercial scale to handle product launches for the coming quarters

Ambu P&L – Q1 2019/20				
DKKm	Q1 19/20	Q1 18/19	Change value	Change %
Revenue	760	656	104	16%
Production costs	-303	-263	-40	15%
Gross profit	457	393	64	16%
<i>Gross margin, %</i>	60.1	59.9	-	
Selling and distribution costs	-247	-182	-65	36%
Development costs	-30	-27	-3	11%
Management and administration	-87	-72	-15	21%
Total capacity costs	-364	-281	-83	30%
EBIT before special items	93	112	-19	-17%
<i>EBIT margin, %</i>	12.2	17.1	-	



Q1 Revenue DKK 760m

Organic growth of 14% with strong double-digit Visualization performance across all geographies



Q1 Gross margin at 60.1%

Positively impacted by favorable sales mix and changes in distributor set-up and pricing made in Q4 2018/19



Q1 Capacity costs DKK 364m

Increase in costs by 30% primarily relating to investments in the Sales organization



Q1 EBIT% before special items at 12.2%

Cash flow, assets and debt

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

Ambu cash flow and balance

DKKm	Q1 19/20	Q1 18/19	Change in value
Cash flow and ratios			
Cash flow from operating activities	-110	93	-203
Cash flow from investing activities before acquisitions	-80	-48	-32
Free cash flow before acquisitions	-190	45	-235
Balance sheet			
Total assets	4,680	4,262	418
Net interest-bearing debt (NIBD)	1,358	1,274	84
Key figures			
Net working capital	593	568	25
Equity ratio	45%	44%	
NIBD/EBITDA before special items	2.3x	1.8x	



Free cash flow before acquisitions at DKK -190m

Caused by normalization of working capital from changed pricing policies in Q4 2018/19 as well as compensation paid to former distributor



NIBD / EBITDA before special items 2.3x



Net working capital DKK 593m

Equal to 20% (21%) of revenue and affected by US distributor transition and payments to former distributor

2019/20 Guidance

16-22%

Organic
growth

12-14%

EBIT
margin


~ 900,000

Endoscope
units sold



Uniquely positioned for value creation

Our competitive advantages

- 
- ✓ Global leader in single-use visualization with 10 years of experience
 - ✓ Market-leading R&D and innovation, highly scalable due to modular approach
 - ✓ Large scale high quality, cost-efficient manufacturing

Our 2024 aspiration

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

Conference call

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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

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Financial calendar



2020

04 February	Q1 2019/20
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



Ambu – The single-use company