

# Investor presentation

Full-year 2019/20 results

Ambu<sup>\*</sup>



# *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

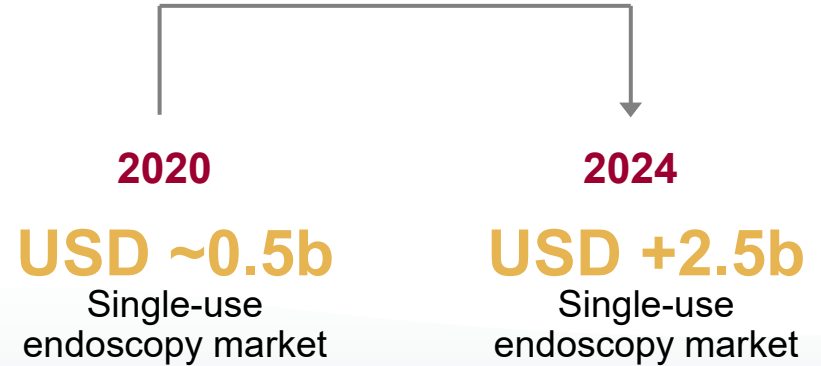
## **Disclaimer**

*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*

# Unique market opportunity – rapid growth to USD 2.5bn

## Drivers creating the single-use endoscopy market

- I **Increased focus on contamination and infection control** from medical authorities
- II **Convenience and compelling economic offering** making the transition from reusable to single-use cost-effective
- III **Rapid technology advancements strengthening** single-use clinical performance
- IV **Government and regulators support market conversion**, especially in U.S.



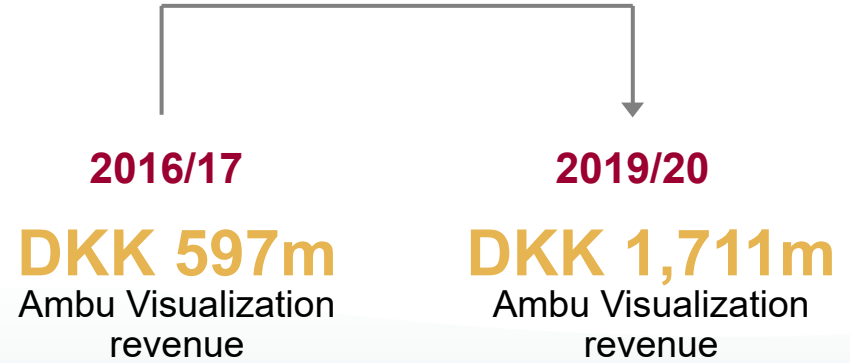
***One of the most attractive medical device markets***

# Uniquely positioned for market creation

## Competitive advantages

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- I **Global leader in single-use** Visualization with 10 years of experience
- II **Modular innovation engine** and high-scale low-cost manufacturing driving **richest pipeline in the market**
- III **Commercial organization with focus** on market creation and penetration of single-use Visualization products



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



# Business update

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## 1 The single-use endoscopy market will continue to develop with a rapid pace

- The COVID-19 pandemic has accelerated the development of the single-use endoscopy market with healthcare systems increasing their focus on infection control and see single-use endoscopy as a solution
- Increased literature from the medical community creating a positive environment for single-use endoscopy market

## 2 1,085,000 endoscopes sold consolidates Ambu as the largest single-use endoscopy manufacturer

- Organic growth of 26% driven by high double-digit Visualization growth (+81%) across all geographies
- In the U.S. we saw 23% underlying volume growth for bronchoscopes in 2019/20 and strengthened our position on the back of GPO contract wins
- Ambu finishes the year with a stronger commercial infrastructure and launch of two new growth engines: aScope™ Duodeno and aScope™ Cysto

## 3 Ambu remains focused on competing through innovation and high-scale low-cost manufacturing

- Significant expansion of pipeline by adding 8 new Visualization products. This will expand number of product launches from accumulated 5 in the previous three years to 20 planned over the coming three years
- Investment in second single-use endoscopy manufacturing plant in Mexico to support U.S. market
- 2020/21 guidance is: Organic revenue growth 17-20%, EBIT margin<sup>1</sup> 11-12% and 1.3-1.4 million endoscope units sold

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



## INCREASED FOCUS ON INFECTION CONTROL

Patient safety organization, ERCI<sup>1</sup> has listed "**Device Cleaning, Disinfection, and Sterilization**" as one of the most important safety concerns for 2020

2020 marks the year with  
**highest number of peer-reviewed studies**  
regarding contamination and infection within GI

<https://www.ecri.org/landing-top-10-patient-safety-concerns-2020><sup>1</sup>



## 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

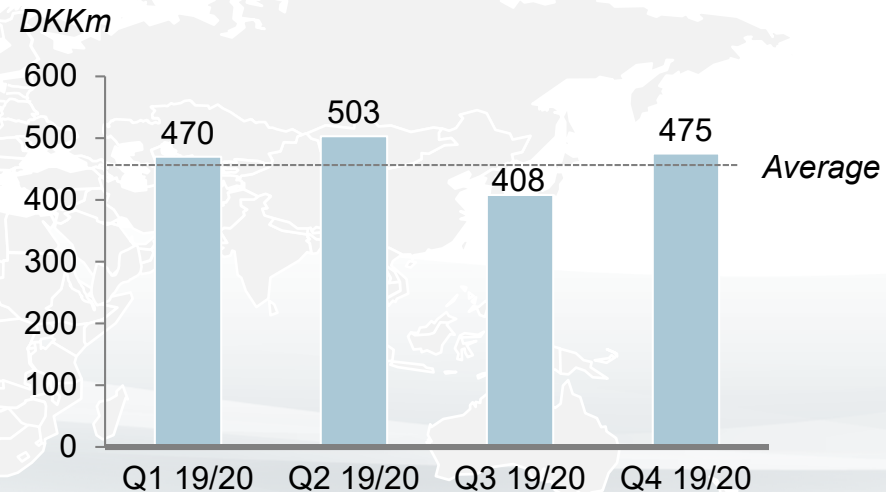
*"The FDA is Recommending Transition to Duodenoscopes with Innovative Designs to Enhance Safety: FDA Safety Communication"*

## 2 Improving market conditions in Anaesthesia and PMD

### Organic Core growth of -1% in 2019/20

- At the end of 2019/20, Core revenue is back at pre-COVID levels
- A high demand for resuscitators to treat COVID-19 patients has impacted Anaesthesia positively
- Organic revenue growth for Anaesthesia and PMD in 2020/21 is expected to be above the normal level for these businesses. Uncertainty remains with respect to how the COVID-19 pandemic unfolds

### Core (Anaesthesia and PMD), quarterly revenue



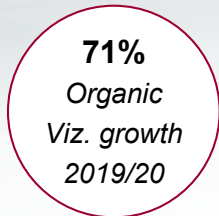


## 2 High double-digit Visualization growth across all geographies

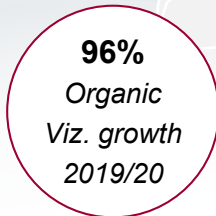
### Organic Visualization growth of 81% in 2019/20

- With 1,085,000 endoscope sold in 2019/20 we consolidate our position as the largest manufacturer of single-use endoscopes
- Since September 2019, our Visualization sales force has tripled in USA and doubled in Europe and APAC
- It has been decided to build a new manufacturing plant for single-use endoscopes in Mexico. The plant will be operational in 2022/23, and we have sufficient capacity in Malaysia to support demand until then

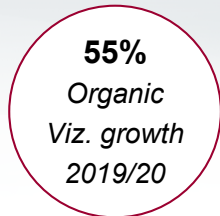
#### North America



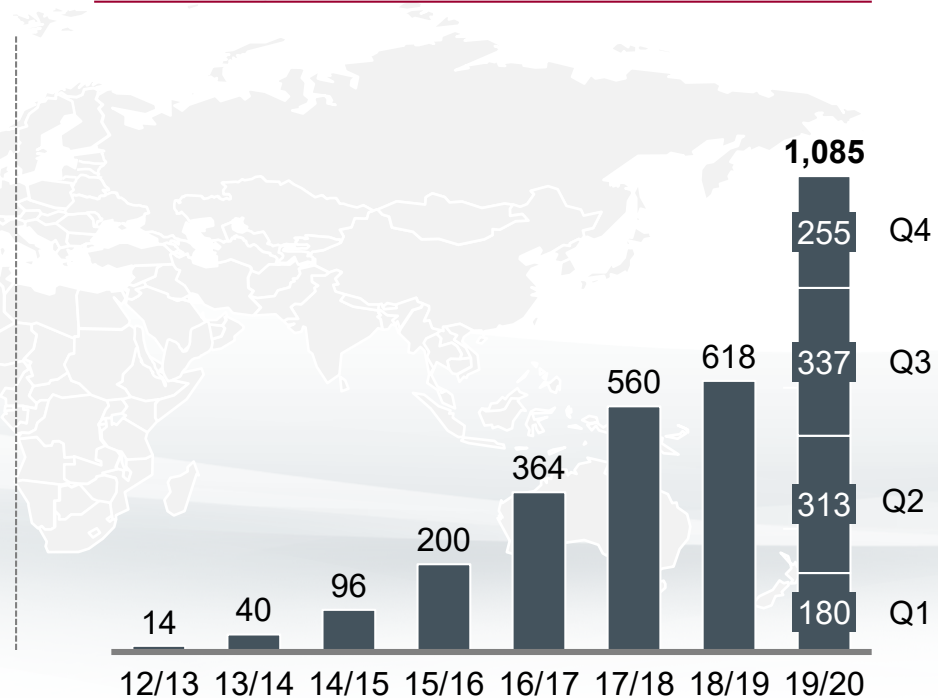
#### Europe



#### Rest of World



### Endoscope units sold ('000)



## 2 Expanding our presence in pulmonology and ENT

### Pulmonology highlights for 2019/20

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- **Market share of ~30%** of the global OR and ICU pulmonary endoscopy market
- **5%-pts market share increase** in the U.S. bronchoscopy market and **15%-pts market share increase** in the European bronchoscopy market
- **The underlying demand** for bronchoscopes in U.S. has **grown by 23% in 2019/20**

**~700**

new customers or departments won in U.S. since beginning of COVID-19 in March 2020

### ENT highlights for 2019/20

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- **Run-rate on ENT revenue in the U.S. has increased by +60%** from pre-COVID levels in February to September 2020
- Continuous improvements following COVID-19 with **+100 new customers won in U.S.** in Q4 2019/20
- **Strong uptake** in units sold in Europe and U.S., and ENT is expected to be one of our growth drivers for 2020/21

**~550**

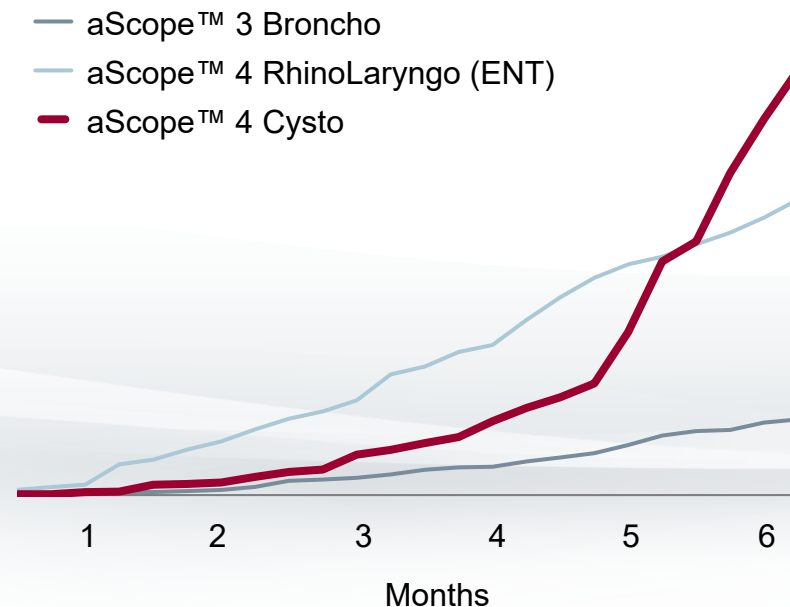
new customers won in U.S. in the full year of 2019/20

## 2 Cystoscope holds strong promises of widespread adoption

### Highlights for aScope™ 4 Cysto 2019/20

- **Promising results** from U.S. controlled market study. aScope™ 4 Cysto can be used for **all major cystoscopy procedures**
- Significant traction in commercial launch
  - **~650 product demonstrations** and **~220 ongoing trials** with major U.S. urology accounts
  - **+100 U.S. closed accounts** and **+30 of top 100 U.S. hospitals** have either converted or are in trial phase
- **CE-mark** for aScope™ 4 Cysto obtained Nov. 5, 2020

### Unit volume first 6 months, US market



## 2 U.S. product evaluations for aScope™ 4 Cysto show promising results

The primary endpoint of procedural success was defined by **the ability to complete all procedural aspects without using a secondary scope**

**65**  
cystoscopy procedures  
performed

32 high-profile physicians across 12 sites  
utilized the aScope™ 4 Cysto for both  
diagnostic and therapeutic procedures

**100%**  
procedural success  
rate

The ability to complete all aspects  
of the procedure without the use  
of a secondary scope

**93%**  
of all ratings were  
“very good” or “good”

Ratings were made across image  
quality, bending, navigation and  
overall scope and monitor performance



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

### aScope™ Duodeno will be a major growth engine in 20/21

- Controlled market release confirms adequate performance across ERCP procedures
- Expect rapid penetration of single-use duodenoscopy. U.S. GI commercial organization is 100% in place driving over 550 product demonstrations
- Full commercial launch starting in December 2020 with 300 ERCP hospitals lined up to evaluate our aScope™ Duodeno
- U.S. clinical trial has been submitted to ClinicalTrials.gov and is expected to start in January 2021



### 3 Building a unique and modular R&D engine

	Product	Launch
Monitors	aView™ 2 Advance	✓
	aBox™ Console	H2, 2020/21
Pulmonology	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
	Video laryngoscope 2.0	2021/22
ENT	aScope™ 4 RL Intervention	✓
	aScope™ 4 RL Slim	✓
	ENT High-Resolution	2021/22
Urology	aScope™ 4 Cysto	✓
	Ureteroscope	2021/22
	Cystoscope HD	2021/22
Duodenoscopy (GI)	aScope™ Duodeno	✓
	aScope™ Duodeno 2	2021/22
	Cholangioscope	2021/22
Colonoscopy (GI)	aScope™ Colon	H2, 2020/21
Gastroscopy (GI)	aScope™ Gastro	H2, 2020/21

aView™ 2 Advance

aBox™ Console

✓ Commercially available  
 Launches in 2019/20

**80%**

*increase in Ambu R&D organization (FTE) in 2019/20*

**3**

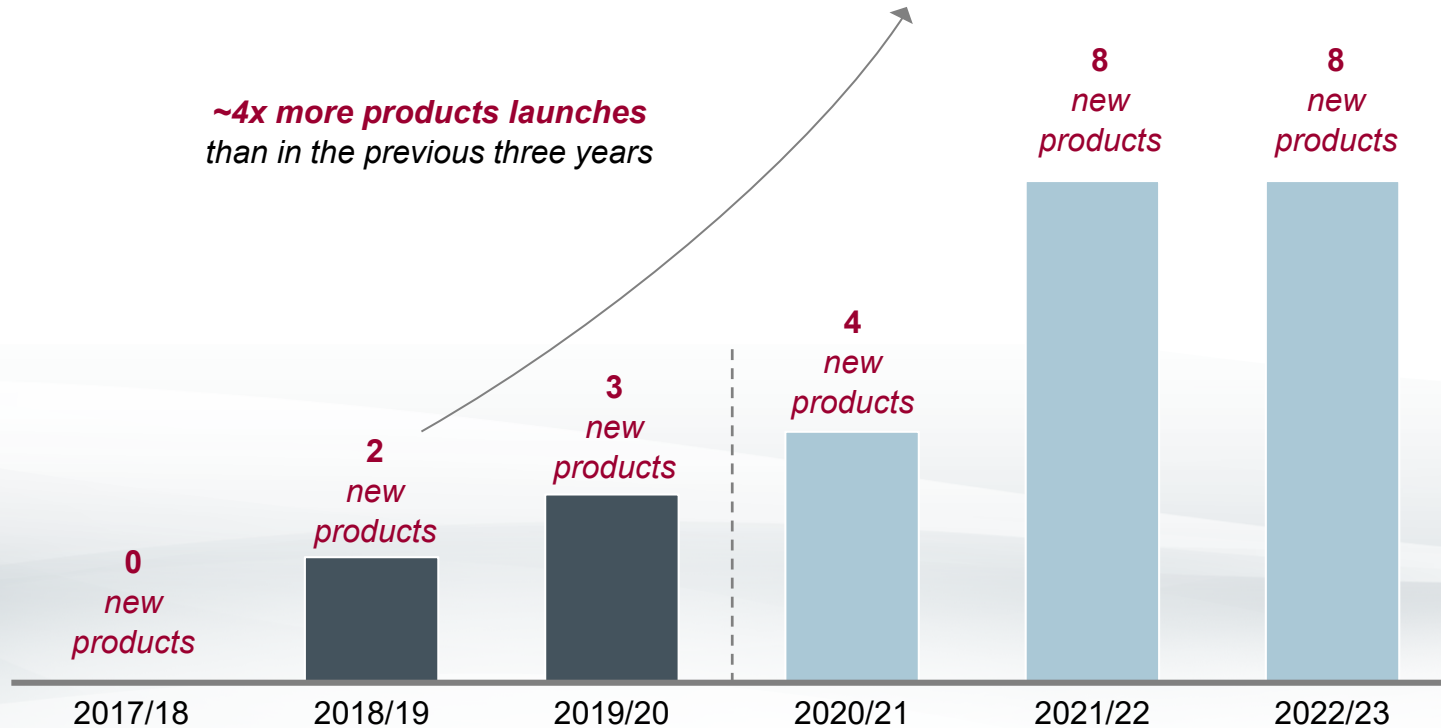
*new products added to our Visualization portfolio in 2019/20*

**4**

*launches in 2020/21 of which 3 will be in GI. The broadest single-use GI offering*

### 3 20 product launches planned for the next three years

Combination of next generation products and specialty scopes across existing segments



\*product launches: new scopes and monitors

A modern office lounge with large windows and people sitting at tables. The scene is brightly lit by natural light from the windows. Several people are seated at tables, some looking towards the camera, others looking away. A waiter in a light blue shirt is visible in the background, attending to a table. The floor is highly reflective, showing the silhouettes of the tables and chairs. The overall atmosphere is professional and contemporary.

## Financial results and outlook

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# Key financial results for full year 2019/20

## Realized

Full year 2019/20

**26%**

organic revenue  
growth

**12%**

EBIT margin  
*before special items*

**1,085**

Endoscopes sold  
(‘000 units)

## Guidance

Full year 2019/20

**~26%**

organic revenue  
growth

**~12%**

EBIT margin  
*before special items*

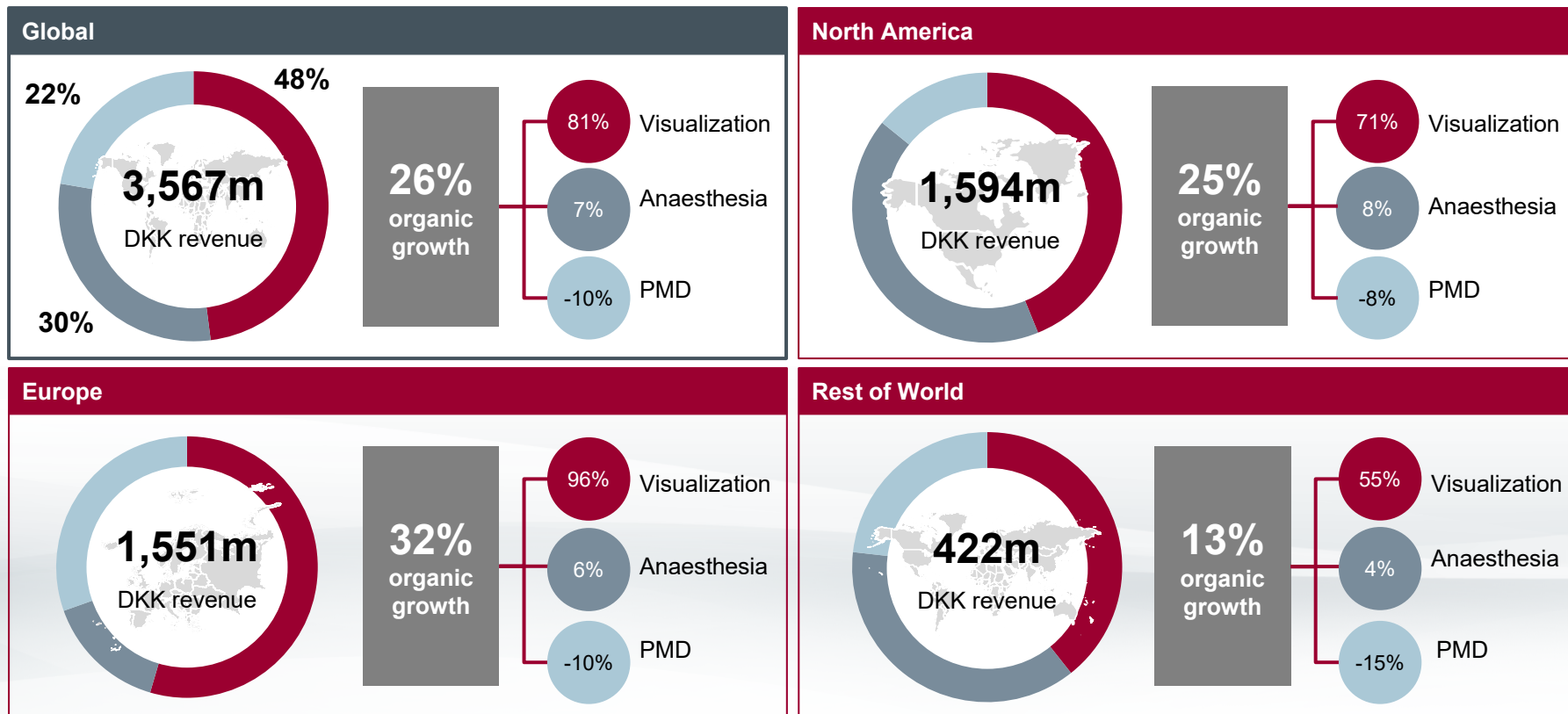
**+1,000**

Endoscopes sold  
(‘000 units)

- **Increased demand for single-use scopes** in Europe and APAC
- **Majority of the Core portfolio was negatively affected** by postponed elective procedures
- **1,085,000 endoscope sold in 2019/20** consolidates our position as the biggest single-use endoscopy manufacturer

# Organic sales growth by geography

FY 2019/20 revenue and growth across regions



# Financial results Q4 and FY 2019/20

## Ambu P&L – Q4 and FY 2019/20

DKKm	Q4 19/20	Q4 18/19	Change in value	Change %	FY 19/20	FY 18/19	Change in value	Change %
Revenue	871	606	265	44%	3,567	2,820	747	26%
Production costs	-336	-270	-66	24%	-1,355	-1,183	-172	14%
<b>Gross profit</b>	<b>535</b>	<b>336</b>	<b>199</b>	<b>60%</b>	<b>2,212</b>	<b>1,637</b>	<b>575</b>	<b>35%</b>
<i>Gross margin, %</i>	61.4	55.4	-	-	62.0	58.0	-	-
Selling and distribution costs	-337	-209	-128	61%	-1,228	-762	-466	61%
Development costs	-50	-27	-23	85%	-157	-103	-54	52%
Management and administration	-119	-82	-37	45%	-399	-292	-107	37%
Total capacity costs	-507	-318	-189	59%	-1,784	-1,157	-627	54%
<b>EBIT before special items</b>	<b>29</b>	<b>18</b>	<b>11</b>	<b>61%</b>	<b>428</b>	<b>480</b>	<b>-52</b>	<b>-11%</b>
<i>EBIT margin before special items, %</i>	3.3	3.0	-	-	12.0	17.0	-	-

**26% organic growth**

*Impacted positively from COVID-19 and the transition to a direct sales model in U.S.*

**62% gross margin**

*Positively impacted by volume growth in Visualization and scale in manufacturing*

**DKK 1,784m capacity costs**

*+61% in Selling & Distribution costs due to the expansion of commercial infrastructure*

**12% EBIT margin**

**before special items**

*as a result of 54% increase in capacity costs*

# Cash flow, assets and debt FY 2019/20

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

DKKm	FY 2019/20	FY 2018/19	Change in value
<b>Cash flow and ratios</b>			
Cash flow from operating activities	295	533	-238
Cash flow from investing activities before acquisitions	-427	-259	-169
<b>Free cash flow before acquisitions</b>	<b>-133</b>	<b>274</b>	<b>-407</b>
<b>Balance sheet</b>			
Total assets	4,926	4,558	368
Interest-bearing debt (NIBD)	1,346	1,035	311
<b>Key figures</b>			
Net working capital	581	387	194
Equity ratio, %	48	48	
NIBD/EBITDA before special items	2.2x	1.8x	0.4x

**DKK -133m free cash flow**  
*Equal to -4% (10%) of  
 12 months' revenue*

**2.2x NIBD/EBITDA**  
*Total net interest-bearing debt  
 DKK 1,346*

**DKK 581m net working capital**  
*Equal to 16% (14%) of 12  
 months' revenue*

## 2020/21 Guidance

**17-20%**

organic  
growth

**11-12%**

EBIT  
margin  
*(before special items)*

**1.3-1.4**

million endoscope  
units sold

- **Visualization will be the main growth driver** with continuing high double-digit growth rates
- **Anaesthesia and PMD** growth is expected to exceed normal growth rates for these business areas
- EBIT margin is impacted by the **investments in our commercial infrastructure**

Q&A

Ambu<sup>®</sup>

## Conference call

DK: +45 3544 5577

UK: +44 333 300 0804

US: +1 631 913 1422

PIN code: 35073451#

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

09 December          Annual General Meeting 2019/20

For full list of Investor Relations events, please visit:

[www.ambu.com/calendar](http://www.ambu.com/calendar)

Ambu's annual general meeting will be held on Wednesday 9 December 2020 at 15.00 (CET) at Ambu's HQ, Baltorpbakken 13, DK-2750 Ballerup.

Due to the COVID-19 situation, we *strongly encourage* all shareholders to vote by proxy or by post and follow the annual general meeting online at [www.ambu.com/AGM](http://www.ambu.com/AGM) rather than to attend in person.



**Ambu – The single-use company**