



Review of the Big Five 2020 Strategy

Ambu is expanding its product portfolio and commercial infrastructure. Today, we announce timelines for new aScope™ 5, a new ureteroscopy, a new monitor platform that allows full HD quality and a replacement of the SC210 colonoscope for a superior scope based on classic wheel technology. Financial outlook adjusted to reflect commercial investments and new product launch timelines.

In October 2017, Ambu announced a three-year strategy plan called “Big Five 2020”. The Big Five strategy set the direction for further growth through a pipeline of new single-use endoscopes for a broad range of medical fields. We have now reviewed the strategy and decided to accelerate our investments in commercial infrastructure and further strengthen our global leadership in single-use Visualization. We are also providing an update on our product pipeline including new products, revised prioritization and launch dates. Finally, we also provide the impact of these decisions to the financial outlook for 2018/19 and 2019/20.

INVESTMENTS IN COMMERCIAL INFRASTRUCTURE

As planned, Ambu will launch a range of new products across multiple endoscopy markets. In the short term, Ambu has recently launched two scopes into the ENT market which accounts for 11m procedures. In addition, the launch of the cystoscope into the urology market is expected to come earlier than expected. The urology market accounts for 8m procedures. Together with pulmonology, entering into ENT and urology represents a significant growth opportunity and opens a range of new call points across all markets. Therefore, we have decided to accelerate our investments in commercial infrastructure in the US, Europe and Asia Pacific with the purpose of maximizing the value and strengthen our position as a global leader in single-use Visualization. This investment plan will also support our partnership agreement with Cook Medical, which will further enhance Ambu’s ability to successfully enter into the market for duodenoscopy.

The total incremental cost is estimated to be DKK 225m in 2019/20 and covers approx. 200 additional sales reps, clinical trainers and an expansion of marketing capabilities in all our key markets. This expansion will more than double our global Visualization salesforce. To maximize the impact on growth in 2019/20 and beyond, hiring will start in Q4 2018/19 with an estimated cost in 2018/19 of approx. DKK 20m.

VISUALIZATION PORTFOLIO PIPELINE UPDATE

Monitor technology platform

One of the main drivers of single-use endoscopy is the quality of the image on the monitor. Over the last three years Ambu has been working with its exclusive technology partners to develop a modular architecture which will be the platform for

our new portable monitors. We consider this platform to bring the most advanced full HD monitor on the market with significantly enhanced image quality (full HD: 1920x1080), more processing power, and improved functionality (dual view, LAN, WiFi, Bluetooth, HDMI, network connectivity, EMR integration).

This platform will be the basis for monitors to be used across our aScope product line and will support our growth potential going forward. The first two launches will be:

- aView™ 2 Advance: To be used for all aScopes within pulmonary, urology and ENT (expected launch Q3 2019/20)
- aBox™: To be used for all our new aScopes within the GI space (expected launch Q2 2020/21)

Pulmonary endoscopy

With the aScope™ 4 Broncho, Ambu has been able to successfully penetrate the ICU and OR suites reaching approx. 25% global share of the 3m pulmonary endoscopy market. Going forward, we have an opportunity to penetrate the bronch suite market which represents an incremental 2m procedures. The bronch suite has higher requirements with respect to image quality and functionality. We will therefore introduce aScope™ 5 Broncho which will be our first aScope with HD camera chip and an improved working channel. aScope™ 5 Broncho is expected to be commercially available in Q4 2020/21.

ENT

The ENT endoscopy market represents a significant opportunity with its 11m procedures. Ambu has recently launched two ENT scopes (aScope™ 4 RhinoLaryngo Intervention and Slim). We received FDA approval for the Slim version in May, 2019, and we are currently launching the product globally. The slim version targets 95% of the ENT market so this is a very important milestone for Ambu. We have launched the Intervention version in EU and Australia in our Q1 2018/19, and we expect to receive FDA approval by end of Q4 2018/19.

We have received positive feedback on the ENT scopes and expect to penetrate the ENT market at a faster pace compared to how aScope has historically performed within pulmonary endoscopy.

Urology

Urology represents another important market for Ambu with total procedures of 8m. We have shared before that we are developing a cystoscope to target bladder and urethra procedures which accounts for 6m out of the total 8m urology procedures. The cystoscope is expected to be launched in the US in Q2 2019/20, which is up to two quarters earlier than expected so far.

To complete our urology portfolio, we will be introducing a ureteroscope to target kidney procedures which account for 2m procedures where we expect to command higher selling price. We expect to be able to launch in the US in 2021/22. The combination of a single-use cystoscope and ureteroscope is ideal as physicians in many cases use both on the same patient.

Colonoscopy

With the acquisition of Invendo Medical in October 2017, Ambu acquired a technological platform for single-use GI scopes to be further developed. In addition, we got the fully developed single-use colonoscope SC210.

Since February, we have been testing the SC210 in a hospital setting in the US with the purpose of obtaining evidence that the SC210 will be able to perform to the standards of the reusable colonoscopes. When we started the test in the US, we expected to see a rapid uptake in the learning curve when using and navigating the SC210. Unfortunately, the results of tests were not satisfactory, and we have decided to discontinue the SC210.

In terms of the GI R&D program, the priority has been the development of the aScope™ Gastro and aScope™ Duo products. A second priority has been a single-use colonoscope based on the classic wheel technology (referred to as “aScope™ Colon”). With the decision to discontinue SC210, we will be able to focus more resources on the development of aScope™ Colon.

The main benefits of developing the aScope™ Colon as part of our aScope GI family are:

- Classic wheel technology which will drive faster physician adoption
- Our entire GI offering will share the same design which is important as two thirds of the colonoscopies are followed by a gastroscopy
- Unlike the SC210, the aScope™ Colon will share the aBox™ platform

The following are the expected launch dates for our aScope GI family:

- aScope™ Duo: Before end of September 2020
- aScope™ Gastro: Q2, 2020/21
- aScope™ Colon: Q2, 2020/21

FINANCIAL OUTLOOK

Current fiscal year (2018/19)

- Endoscopes sold (units) of approx. 750.000 compared to previously stated +750.000
- Organic growth of approx. 14-15% compared to previously stated 15-16%. The high comparable in Q3 2017/18 will reduce growth in Q3.
- EBIT-margin before special items of approx. 22% compared to previously stated 22-24%
- Free cash flows of approx. DKK 375m compared to previously stated DKK 400-475m

The reason for the adjustment of the growth is due to the discontinuation of the SC210. The adjustment of the EBIT margin is driven by the lower growth and the investments in commercial infrastructure. The adjustment to free cash flows is caused by the lower EBIT and a slightly increasing working capital. Special items related to replacement of Ambu's CEO are unchanged and expected to be DKK 38m.

Big Five 2020 strategy (2019/20)

- Our expectation is to sell approx. 1.000.000 endoscopes units in 2019/20 compared to previously stated +1,000,000
- Organic growth in 2019/20 is estimated in the range of 16-19% compared to previously 18-23%
- EBIT margin before special items is estimated to be a minimum of 20% compared to previously 26-28%
- Free cash flows are estimated to be approx. 9% of revenue compared to previously approx. 18% of revenue

The reason for the reduction of the expected sale of endoscopes as well as the growth target by on average 3%-pts is primarily the discontinuing of the SC210. The adjustment to the EBIT-margin is on average 7%-pts. which is primarily explained by the additional investments into commercial infrastructure. The adjustment of the free cash flow-% is driven by the adjusted growth and EBIT-margin and impact from one-of tax payments.

A **conference call** is being held Tuesday 18 June 2019, at 8.30 (CEST). The conference is held in English and can be followed online at www.ambu.com/webcast18June2019. The presentation can be downloaded immediately before the conference call via the same link. In order to be able to ask questions during the conference call, please call 5 minutes before the start on tel. +45 3544 5577 and enter the following access code: 89439887#.

Furthermore, **an investor meeting** for analysts and institutional investors will be conducted in London on Wednesday 19 June, at 10.00 (BST). Enrolment can be done on www.ambu.com/London2019. The investor meeting will be broadcast live on video via the same link and will also be available for viewing after the event.

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About Ambu

Since 1937, breakthrough ideas have fuelled our work on bringing efficient healthcare solutions to life. This is what we create within our fields of excellence – Visualisation, Anaesthesia, and Patient Monitoring & Diagnostics. Millions of patients and healthcare professionals worldwide depend on the functionality and performance of our products. We are dedicated to improve patient safety and determined to advance single-use devices. The manifestations of our efforts range from early inventions like the Ambu Bag™ resuscitator and the legendary BlueSensor™ electrodes to our newest landmark solutions like the Ambu aScope™ – the world's first single-use flexible endoscope. Our commitment to bringing new ideas and superior service to our customers has made Ambu one of the most recognized medtech companies in the world. Headquartered near Copenhagen in Denmark, Ambu employs approximately 2,700 people in Europe, North America and the Asia Pacific. For more information, please visit ambu.com or [Ambu A/S on LinkedIn](#).