



Investor presentation

Full-year 2018/19 results

Agenda

- **Strategy 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

Key messages

- 1 **Single-use endoscopy is a unique market opportunity in Medtech** – one of the highest potential segments in the industry

- 2 **Duodenoscopy is a key growth driver** driven by regulatory trends, providing a clear near term opportunity for Ambu

- 3 **Ambu is well positioned** to remain the global leader in single-use endoscopy:
 - **Strong pipeline** and R&D infrastructure, allowing us to triple our portfolio by 2021/22 and compete in all key endoscopy markets
 - **Rapid globalization**, as we invest in key markets around the world, especially U.S. and Asia-Pacific
 - **Strengthening medical device capabilities**, enabled by strong talent recruitment – ~350 people in the last 12 months

1 Unique market opportunity: rapid growth to \$2.5B+ by 2024

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



Compelling value proposition

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

Recent interest from established competitors validates opportunity:

Leading GI/Endo player: Estimates 2024 market of ~\$2B+, across more narrow procedure pool

Global endoscopy leader: Estimates single-use market CAGR of 20-40%

2 Duodenoscopy opportunity: Higher than expected contamination rate found by the FDA

High endoscopy focus

Postmarket surveillance studies

FDA ordered all duodenoscope manufacturers in the US to conduct postmarket surveillance studies

Lack of data

Olympus failed to commence data collection, and Pentax and Fujifilm provided insufficient data

High contamination rate

A contamination rate less than 0.4% was assumed.

9% contamination risk was found by FDA

- **3.6%** from low to moderate concern organisms
- **5.4%** for high concern organisms



FDA Recommendation

*“The FDA is
Recommending Transition
to Duodenoscopes with
Innovative Designs to
Enhance Safety”*

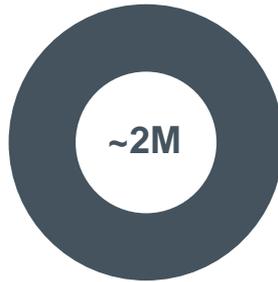
August 2019

Strong market tailwinds expected to drive rapid market conversion

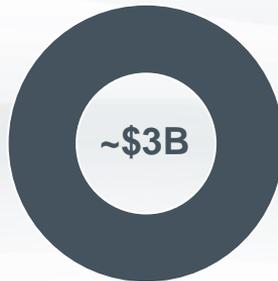
2 Duodenoscopy will be a key near-term growth driver for Ambu, and we are investing to win

Significant market opportunity

Global market
volume



Global market
revenue



Based on full single-use penetration

Go to market plan

1

Establish dedicated, 100% direct sales force to cover the entire US duodenoscopy market. GI commercial infrastructure ready to launch into gastro and colon.

2

Evolve collaboration with Cook Medical to a global marketing collaboration.

3

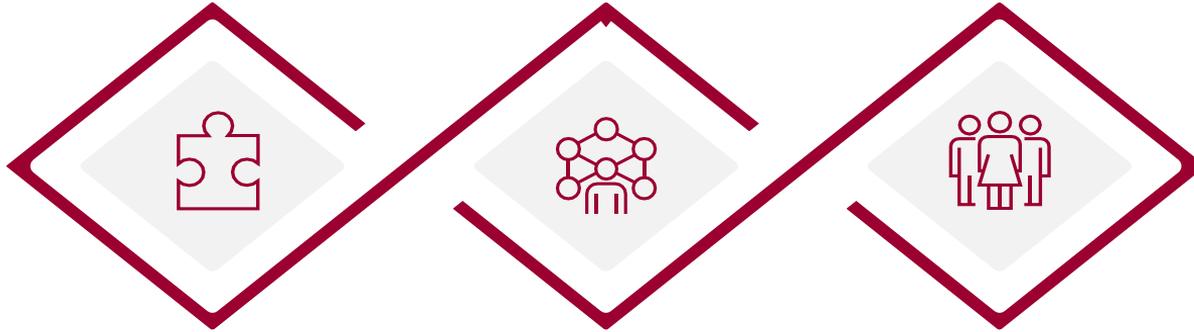
On target to launch early Q4 2019/20 including human tests.

4

List price of \$1,400-1,600 significantly enhancing our growth and profitability.

3 Strong pipeline and R&D capabilities

Allowing us to expand our portfolio in high-growth procedures



Modular engineering

Faster, more efficient development across full portfolio

Broad single-use scope expertise

Significant experience in single-use development with broadest pipeline

Robust R&D infrastructure

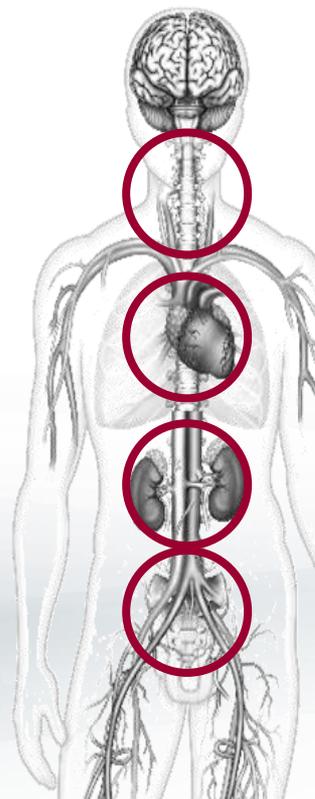
5 R&D centers
160+ FTEs and growing
5 exclusive tech partners

*Only at-scale company **dedicated to single-use visualization** across broad procedure pool*

*Visualization R&D **investment to increase ~60% in 2019/20***

3 Expanding our pipeline to capture full market opportunity

✓ Commercially available
 New announcements



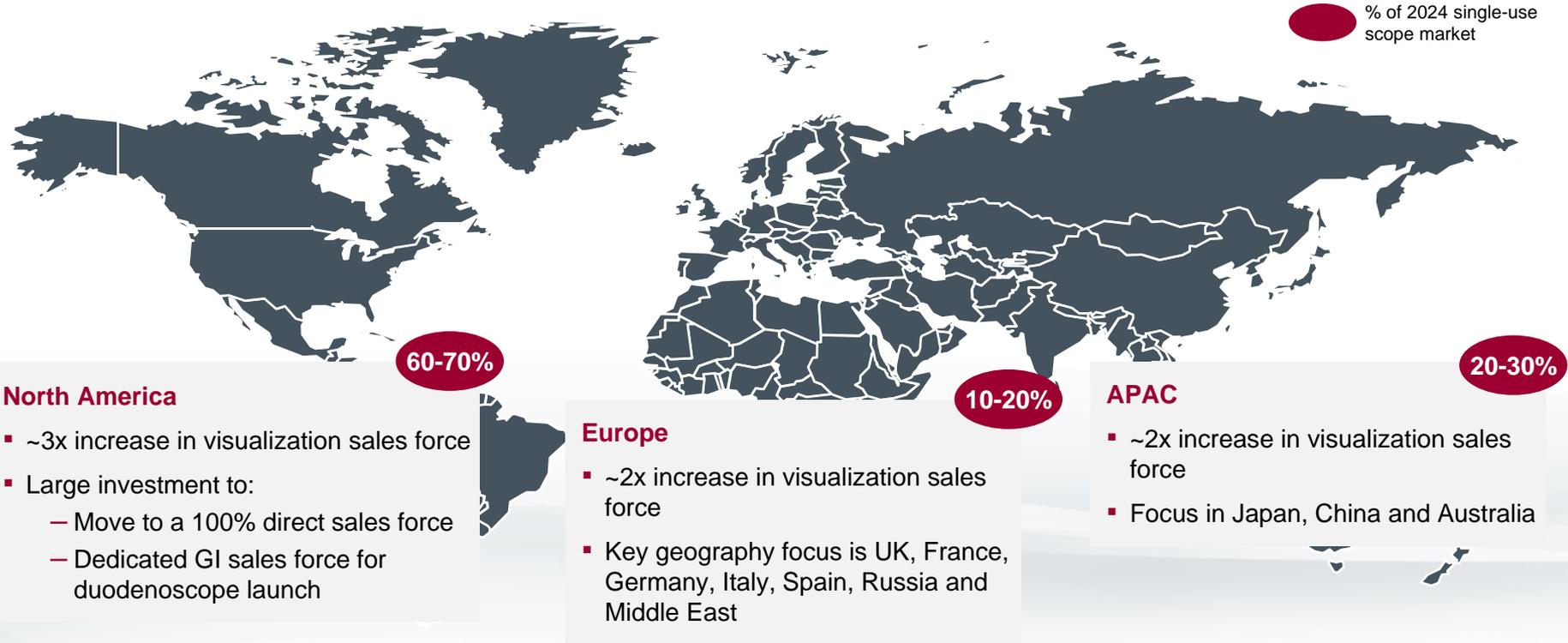
| | Product | Launch |
|--|-------------------|---|
| aView 2 Advance (Q3 2019/20) | Pulmonary | aScope™ 4 ✓ |
| | | aScope BronchoSampler™ ✓ |
| | | aScope™ 5 HD Q4 2020/21 |
| | | aScope™ 5 for smaller patients 2021/22 |
| | | aScope™ 5 for selected procedures 2021/22 |
| | | Video laryngoscope 2.0 2021/22 |
| ENT | | aScope™ 4 RL Intervention ✓ |
| | | aScope™ 4 RL Slim ✓ |
| | | ENT High-Resolution 2021/22 |
| Urology | | Isiris™ ✓ |
| | | Cystoscope Q2, 2019/20 |
| | | Ureteroscope 2021/22 |
| | | Cystoscope HD 2021/22 |
| aBox Console (Q2 2020/21) | Duodenoscopy (GI) | aScope™ Duo Q4, 2019/20 |
| | | aScope™ Duo 2 2021/22 |
| | | Cholangioscope 2021/22 |
| | Colonoscopy (GI) | aScope™ Colon Q2, 2020/21 |
| | Gastroscopy (GI) | aScope™ Gastro Q2, 2020/21 |

All pipeline development **on track**

7 new products in developments to enter new segments and strengthen technology superiority

Most comprehensive portfolio in single use endoscopy

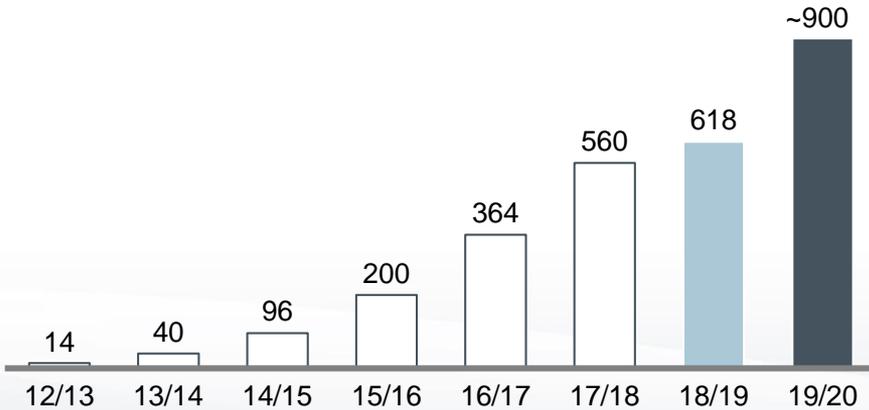
3 Accelerating commercial execution, investing in key markets



3 Tri-anim transition and ENT uptake remains positive

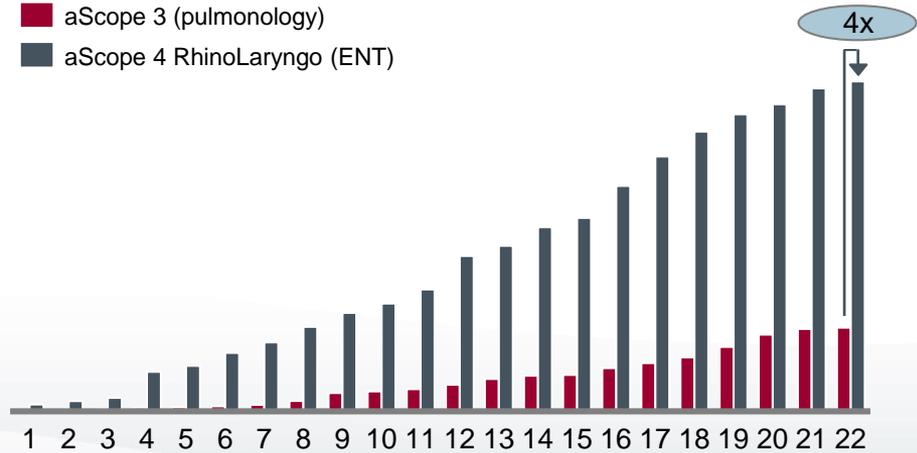
Transition from Tri-anim on track; early ENT sales force success in US

Endoscopes ('000 units)



- Q4 2018/19 endoscope sale reflects buy-back of inventory
- On track with Tri-anim transition. Expect majority of accounts fully converted by end of Q1 2019/20
- Minimal competition impact within pulmonary

Unit volume first 22 weeks, US market aScope™ 4 RhinoLaryngo (ENT) vs. aScope™ 3



- Full launch of the ENT portfolio across all markets
- Early result shows 4x faster uptake than for aScope 3

3 Rapidly developing capabilities, with strong talent attraction

High-profile talent attraction in 2019

Success attracting senior talent from industry

| Ambu Role | Former experience |
|------------------------------------|------------------------------------|
| President, EMEA and Latin America | Johnson & Johnson, Stryker |
| SVP, Chief Marketing Officer | Cantel, Boston Scientific, Stryker |
| Director, Market Access | Medtronic |
| VP, Innovation | Pentax |
| Director, Sales & Marketing, Japan | Cook Medical |
| Global Director, GI | Boston Scientific |

~350

New FTEs onboarded in the last 12 months

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Key financial results in 2018/19

A year in Ambu with significant investments

Financial results

| | Full year 2018/19 | Full year guidance | Q4, 2018/19 |
|---|----------------------|-----------------------|----------------|
| Organic revenue growth | 4% | 4-5% | -19% |
| EBIT margin <i>Before special items</i> | 17.0% | ~17% | 3.0% |
| Free cash flow | DKK 274m | ~DKK 200m | DKK 70m |
| Endoscopes sold ('000 units) | 618 | ~600 | 93 |

Highlights 2018/19

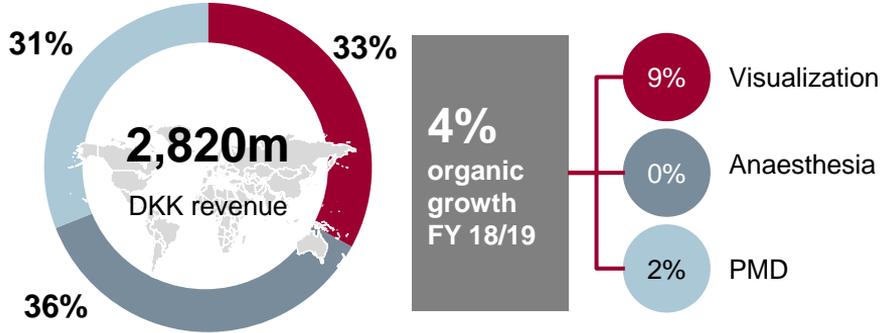
- Global launch of two ENT scopes
- Significant investments in commercial infrastructure starting in Q4
- Transition of sales from US distributor to build a 100% direct US sales model within pulmonology

- Revenue growth reflects transition of US distributor
- EBIT margin impacted by investments in commercial infrastructure
- Higher free cash flow compared to guidance due to delay in payment of transition fee to the US distributor
- Endoscope units on track

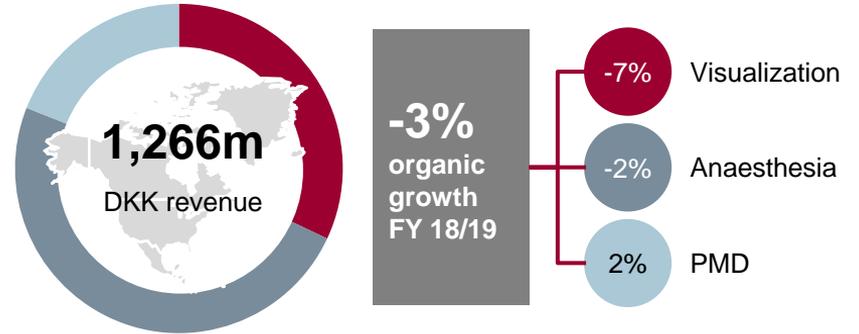
Organic sales growth by geography

FY 18/19 revenue and growth across regions

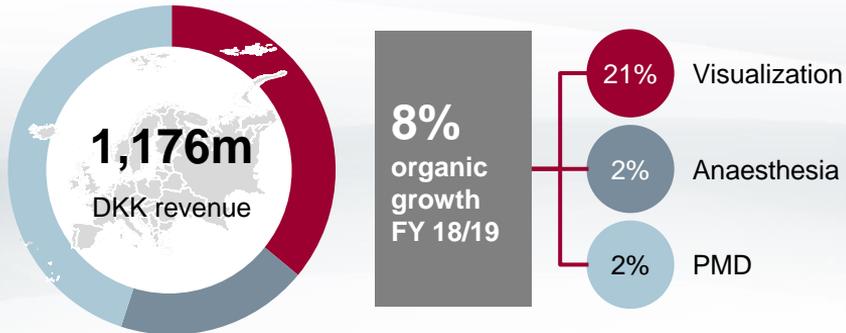
Global



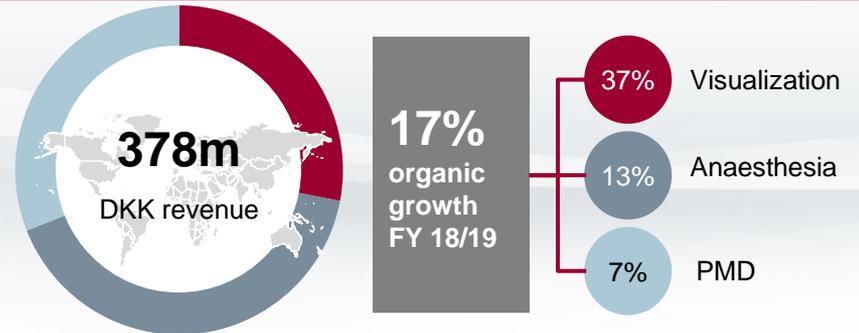
North America



Europe



Rest of world



Growth and profits

Ambu P&L – Q4 2018/19

| DKKm | Q4 18/19 | Q4 17/18 | Change value | Change % | FY 18/19 | FY 17/18 | Change value | Change in % |
|----------------------------------|--------------|--------------|-----------------|-------------|--------------|--------------|-----------------|----------------|
| Revenue | 606 | 729 | -123 | -17% | 2,820 | 2,606 | 214 | 8% |
| Production costs | -270 | -299 | 29 | -10% | -1,183 | -1,059 | -124 | 12% |
| Gross profit | 336 | 430 | -94 | -22% | 1,637 | 1,547 | 90 | 6% |
| <i>Gross margin, %</i> | <i>55.4%</i> | <i>59.0%</i> | - | - | <i>58.0%</i> | <i>59.4%</i> | - | - |
| Selling and distribution costs | -209 | -165 | -44 | 27% | -762 | -607 | -155 | 26% |
| Development costs | -27 | -27 | 0 | 0% | -103 | -111 | 8 | -7% |
| Management and administration | -82 | -73 | -9 | 12% | -292 | -266 | -26 | 10% |
| Total capacity costs | -318 | -265 | -53 | 20% | -1,157 | 984 | -173 | 18% |
| EBIT before special items | 18 | 165 | -147 | -89% | 480 | 563 | -83 | -15% |
| <i>EBIT margin, %</i> | <i>3.0%</i> | <i>22.6%</i> | - | - | <i>17.0%</i> | <i>21.6%</i> | - | - |

Q4 Revenue DKK 606m

Organic growth of -19% due to transition of sales from Tri-anim. Impact of DKK ~-200m

Q4 Gross margin at 55.4%

Scale is negatively impacted by the lower revenue

Q4 Capacity costs DKK 318m

Increase in costs by 20% partly due to expansion of commercial infrastructure

Q4 EBIT% before special items at 3.0%

Ambu cash flow and balance

| DKKm | FY 18/19 | FY 17/18 | Change in value |
|---|----------|----------|-----------------|
| Cash flow and ratios | | | |
| Cash flow from operating activities | 533 | 554 | -21 |
| Cash flow from investing activities before acquisitions | -259 | -233 | -26 |
| Free cash flow before acquisitions | 274 | 321 | -47 |
| Balance sheet | | | |
| Total assets | 4,558 | 4,234 | 324 |
| Net interest-bearing debt (NIBD) | 1,035 | 1,245 | -210 |
| Key figures | | | |
| Net working capital | 387 | 535 | -148 |
| Equity ratio | 48% | 44% | |
| NIBD/EBITDA before special items | 1.8x | 1.8x | 0x |



Free cash flow before acquisitions DKK 274m

Higher than most recent financial outlook given due to delay in transition fee to US distributor of USD 10m



NIBD / EBITDA before special items 1.8x

Net interest-bearing debt slightly reduced over LY



Net working capital DKK 387m

Equal to 14% (21%) of revenue, but 19% when cleaned for impact from special items

16-22%

Organic
growth

12-14%

EBIT
margin

~ 900,000

Endoscope
units sold

Considerations

- The EBIT margin is negatively impacted by investments in commercial infrastructure including a dedicated sales force in the US for the Duodenoscope when launching in early Q4 2019/20
- Quarterly growth and earnings expected to be front end loaded due to the investments in commercial infrastructure, product launches and the effect from the transition of the US distributor

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

Conference call

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PIN code: 24153867#

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

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



2019

17 December Annual General Meeting 2018/19

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

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