

# Q1 2022/23 RESULTS

AMBU A/S  
INVESTOR PRESENTATION

**Ambu**



# TODAY'S SPEAKERS



**BRITT MEELBY JENSEN**

CEO



**THOMAS FREDERIK SCHMIDT**

CFO

OUR PURPOSE

**Together, we rethink  
solutions to save  
lives and improve  
patient care**



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## Q1 2022/23 RESULTS

- Business update
- Financial update and 2022/23 financial guidance
- Capital Markets Day 2023

## Q&A SESSION

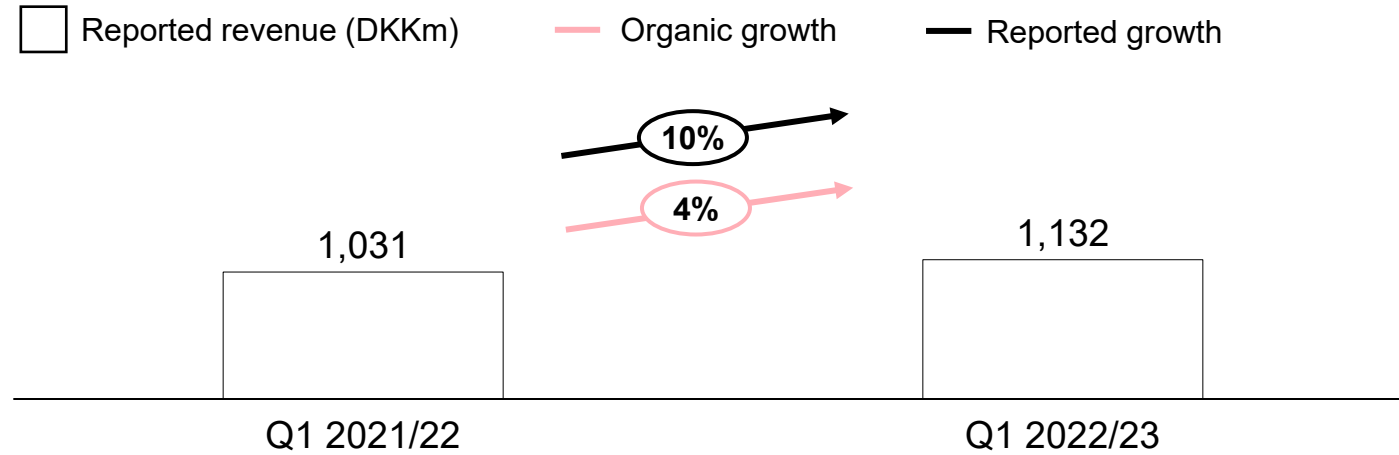
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This presentation contains forward-looking statements, which include estimates of financial performance and targets.

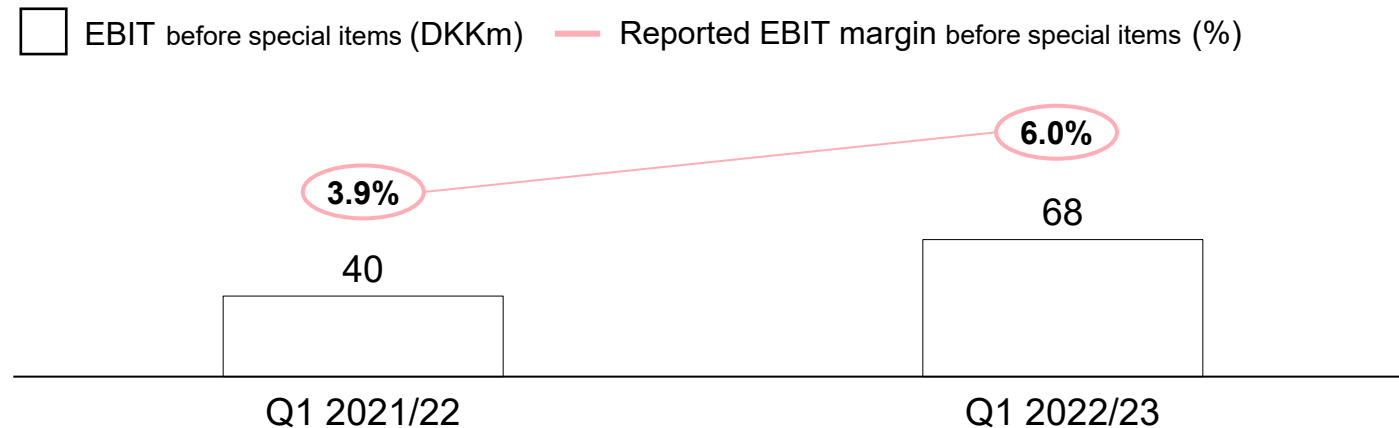
These statements are not guarantees of future performance and involve certain risks and uncertainties. Therefore, actual future results and trends may differ materially from what is forecast in this report due to a variety of factors.

# STEADY ORGANIC REVENUE GROWTH OF 4% INFLUENCED BY HIGH COMPARABLES LAST YEAR DUE TO COVID

## REVENUE GROWTH



## EBIT BEFORE SPECIAL ITEMS



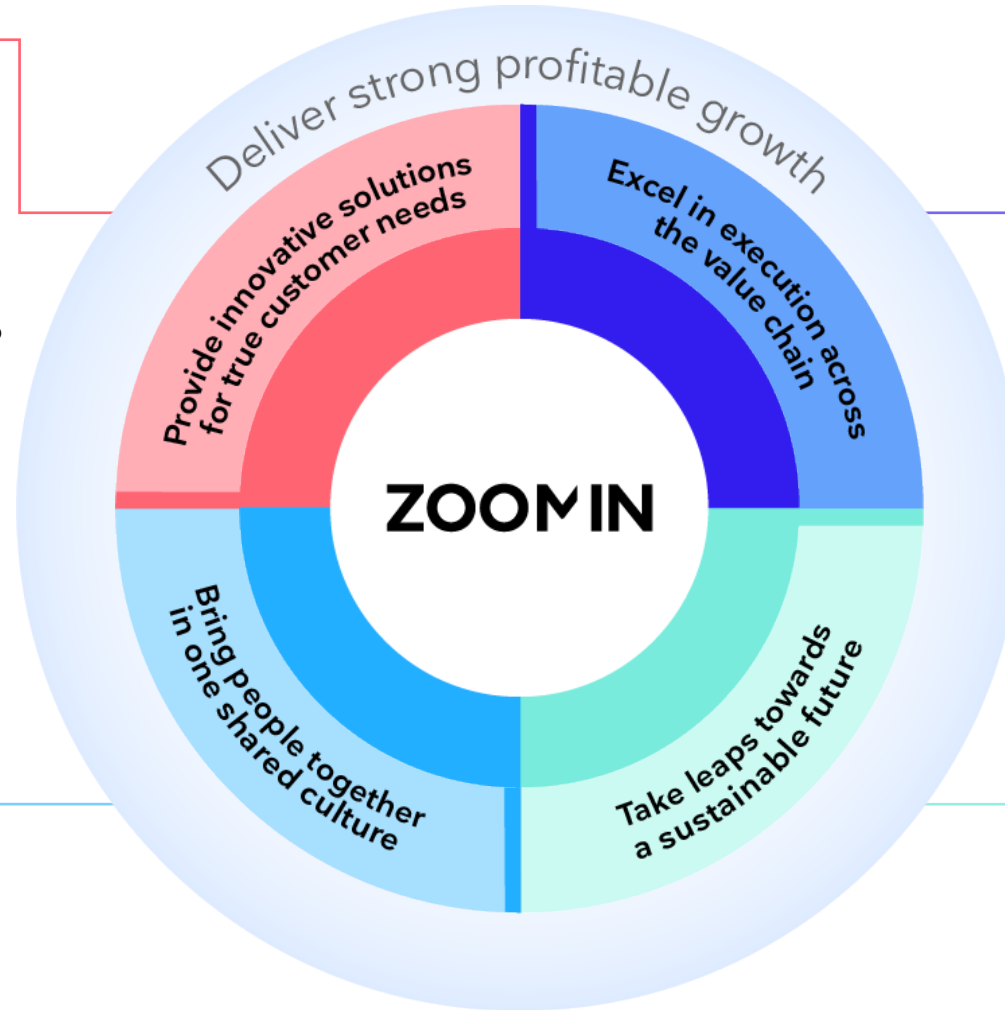
## Q1 2022/23 HIGHLIGHTS

- **Endoscopy Solutions grew 3%** and continues to be driven by cystoscopy and ENT and offset by declining pulmonology sales
- **Anaesthesia and Patient Monitoring grew 5% combined** and was driven by reduction of backlog orders and post-Covid 19 recovery
- **EBIT for the quarter was 6.0%.** The increase versus last year was driven by revenue growth and impacts from the cost reduction program

# GOOD MOMENTUM ON ROLL OUT OF ZOOM-IN STRATEGY, FOLLOWING MID-NOVEMBER 2022 LAUNCH

- Improved system offering in Europe with **regulatory clearance of Ambu® aView™ 2 Advance**
- Expanded US pulmonology offering: **FDA regulatory clearance of the Ambu® aScope™ 5 Broncho HD Sampler Set**
- **100% of medical devices now cleared** in line with the MDR in Europe

- **ZOOM-IN strategy has been rolled out globally throughout the company**, and the transformation program is progressing well



- **Transformation program ongoing** with initiatives to improve efficiency and profitability
- **Continuous ramp-up** and capacity expansion in **Mexico**
- **Full commercialization of aScope™ Gastro and aScope™ 5 Broncho under way**

- Study published in Dec. 2022: **Reusable cystoscopes have “a significantly larger environmental footprint and impact”** than Ambu’s single-use cystoscope
- Planning ongoing to prioritize sustainability initiatives

# TRANSFORMATION PROGRAM LAUNCHED TO SUSTAINABLY INCREASE GROWTH AND PROFITABILITY OVER THE COMING YEARS

## STRONG SETUP TO ENSURE EXECUTIONAL SUCCESS

### Q4 2022

ZOOM-IN strategy rolled out globally and the Transformation Program initiated

### H2 2023

Execute on program incl quick-win's, track progress against strategy and financial aspiration

### H1 2023

Scoping of transformation projects ongoing with execution on select projects

### 2024 and beyond

Continue to execute on projects with short-term impact to capture full value; Proceed with long-term projects; track progress against strategy and financial aspiration

## FOCUS TO GENERATE MOMENTUM



Focus our go-to market approach



Drive commercial best practices



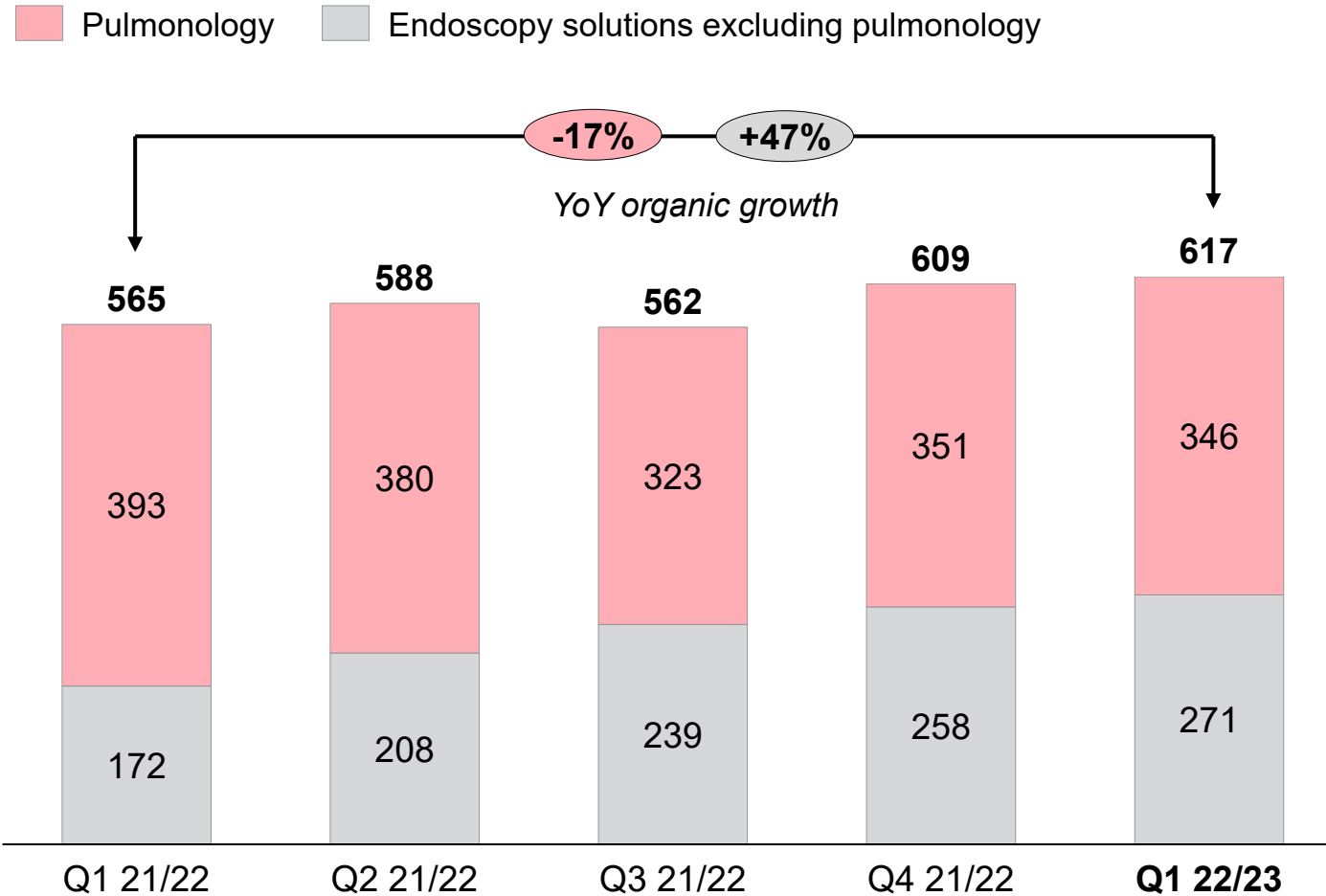
Improve gross margin



Strengthen our operating model

# STRONG GROWTH FOR ENDOSCOPY SOLUTIONS EXCL. PULMONOLOGY, WITH PULMONOLOGY INFLUENCED BY HIGH COVID-19 COMPARABLES

## REPORTED REVENUE DEVELOPMENT (DKKm)



## Q1 2022/23 HIGHLIGHTS

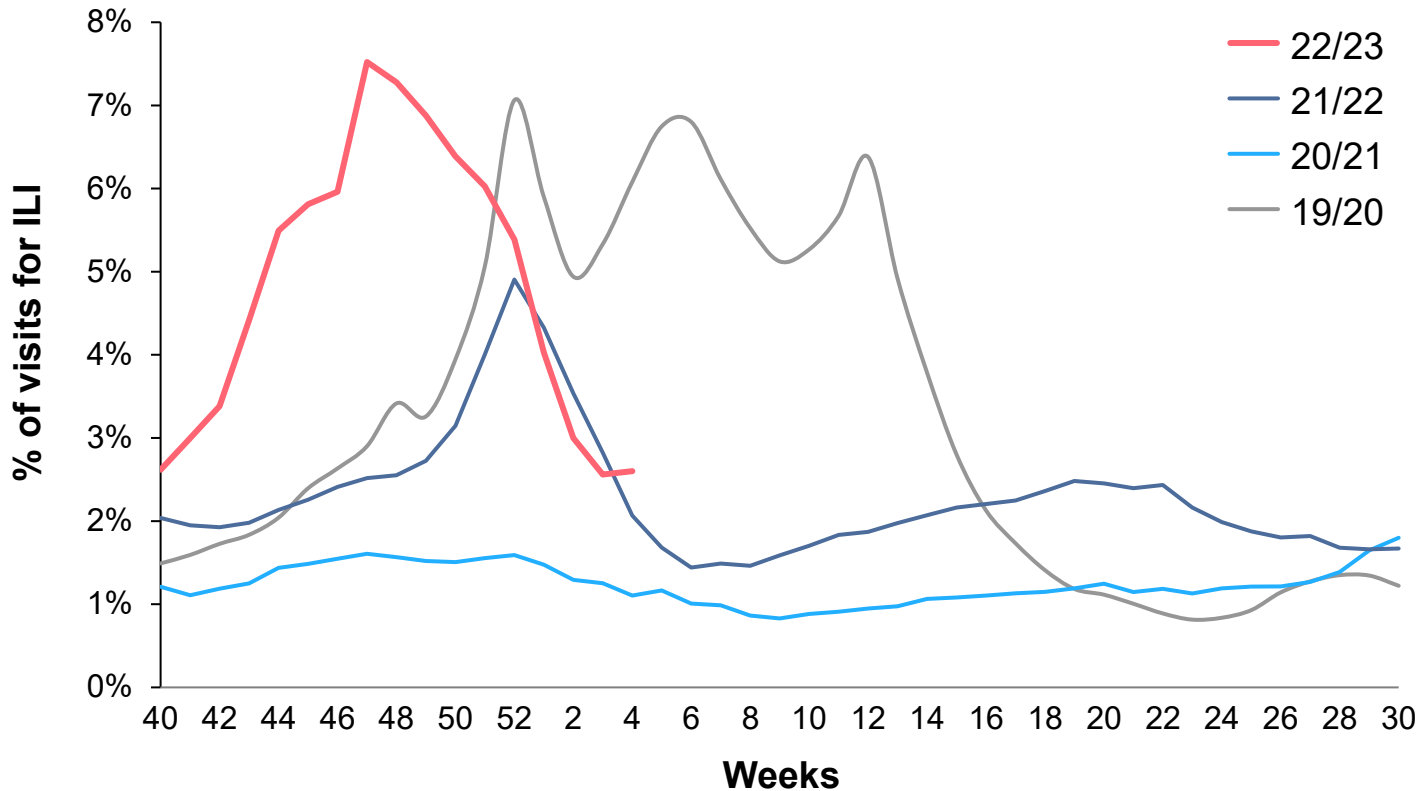
- Endoscopy solutions excluding pulmonology** reached a reported revenue of DKK 271m corresponding to a growth of 47% year over year driven by high double-digit organic revenue growth in Urology and ENT
- Pulmonology revenue** reached a reported revenue of DKK 346m corresponding to a decline of -17%. From the second half of 2022/23, the pulmonology business is expected to deliver year-on-year positive growth



# FLU SEASON PEAKED DURING Q1 2022/23 – LIMITED REVENUE IMPACT EXPECTED ON PULMONOLOGY IN Q2 2022/23

## % OF OUTPATIENT VISITS FOR INFLUENZA-LIKE ILLNESS

U.S. Weekly national summary, 2022-2023 and selected previous seasons



Source: CDC weekly U.S. Influenza Surveillance Report, <https://www.cdc.gov/flu/weekly/index.htm> as of 3 February 2023

## COMMENTS

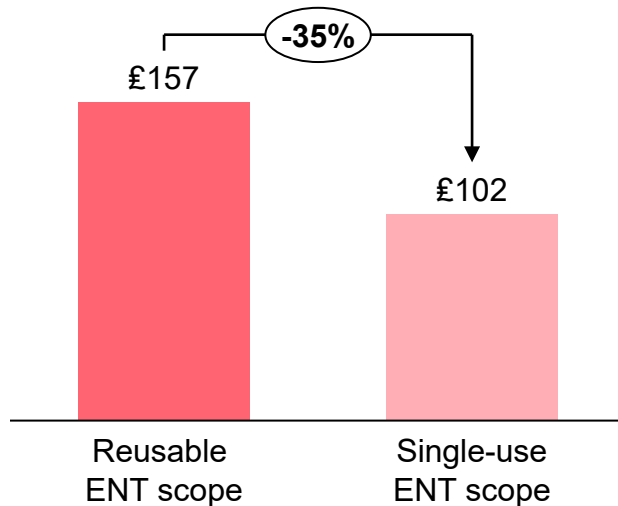
- **Flu surveillance data indicates that the U.S. flu season has peaked earlier than previous years,** and the positive impact from the flu season on our pulmonology revenue is not expected the coming quarters
- **The pattern in Europe is similar** with a peak earlier than previous years (lower level relative to the US) and a continuous declining trend year-to-date 2023

# RECENT EVIDENCE CONTINUES TO SHOW THE COST, OUTCOME, AND SUSTAINABILITY BENEFITS OF SINGLE-USE ENDOSCOPY SOLUTIONS

## COST BENEFITS FOR HEALTH SYSTEMS

*U.K. study shows cost reduction from transitioning from reusable ENT scopes to Ambu aScope™ 4 RL<sup>1</sup>*

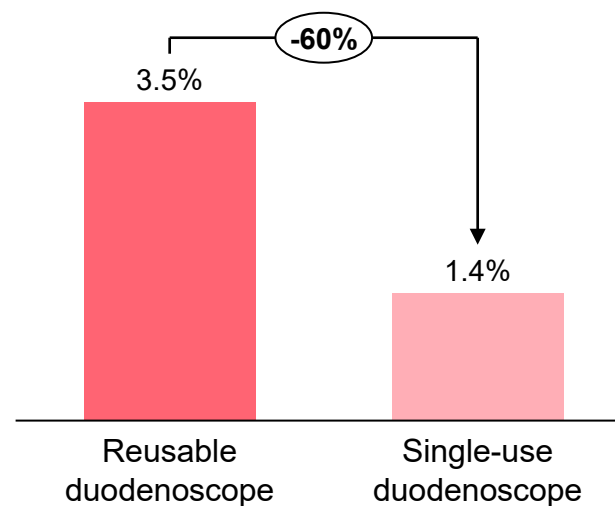
**Average cost per procedure for reusable vs single-use ENT scopes**



## BENEFITS TO PATIENT OUTCOMES

*Recent retrospective study of over 800,000 patients shows lower rates of post-ERCP pancreatitis with single-use duodenoscopes<sup>2</sup>*

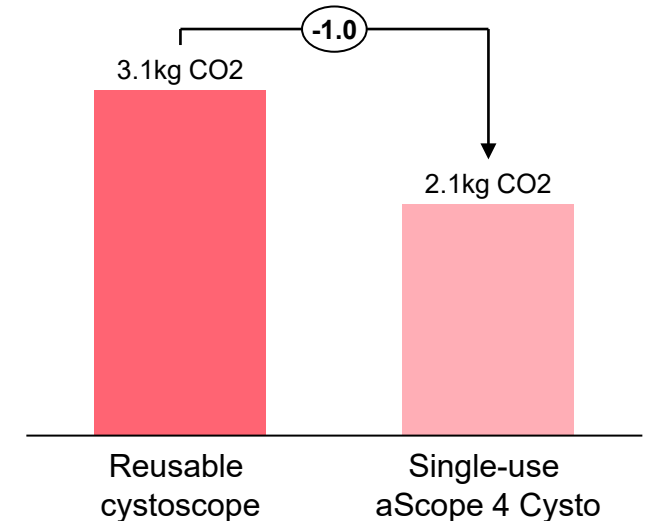
**Post-ERCP infection rate at 7 days for reusable vs single-use duodenoscopes**



## ENVIRONMENTALLY FRIENDLY HEALTHCARE SOLUTIONS

*Study shows that Ambu aScope™ 4 Cysto has a more favourable environmental impact vs reusable bronchoscope<sup>3</sup>*

**Climate change impact, kg CO<sub>2</sub> equivalents**



<sup>1</sup> Cost comparison of single-use and reusable rhinolaryngoscopes – a multi-center study. Abstract submitted, pending publication.

<sup>2</sup> Hutfless S, Shiratori Y, Chu D, et al. Risk factors for infections after endoscopic retrograde cholangiopancreatography (ERCP): a retrospective cohort analysis of US Medicare Fee-For-Service claims, 2015–2021. *BMJ Open* 2022;12:e065077. doi:10.1136/bmjopen-2022-065077

<sup>3</sup> M. Baboudjian, B. Pradere, N. Martin et al., Life Cycle Assessment of Reusable and Disposable Cystoscopes: A Path to Greener Urological Procedures, *Eur Urol Focus* (2022), <https://doi.org/10.1016/j.euf.2022.12.006>

# FULL COMMERCIALIZATION OF aSCOPE™ GASTRO AND aSCOPE™ 5 BRONCHO ARE UNDER WAY ACCORDING TO PLAN

## aScope 5™ Broncho



**aScope™ 5 Broncho expands** our addressable market by 2m procedures in a well-defined and attractive procedure segment



**Commercial launch on track** in U.S., Europe, and Australia; secured access to major U.S. GPOs; continued positive feedback on workflow benefits and clinical performance; adoption in leading academic centres



**Pulmonology remains a high-priority area**, with upcoming product launches: aScope 5 full size range, VivaSight™ 2, Video Laryngoscope 2.0

## aScope™ Gastro



**Focus on niche high-need segments** within the 20M gastroscopy procedure segment



**Commercial launch on track** in U.S., Europe, and Australia; secured access to major U.S. GPOs; Initial successes in procedures outside GI suite / alternate sites of care, and GI suites with workflow challenges



**GI remains a priority area**, with focus on high-need niche segments and a targeted commercial approach

# AMBU SINGLE-USE ENDOSCOPY PORTFOLIO CONTINUES TO EVOLVE WITH MAJOR UPCOMING LAUNCHES



aBox 2 and aView 2 Advance



## ENT portfolio

aScope™ 4 RhinoLaryngo

*ENT High-Resolution*



## Pulmonology portfolio

VivaSight™

aScope™ 4 Broncho

aScope™ 5 Broncho

*aScope™ 5 Broncho, more sizes  
Video Laryngoscope 2.0*



## GI portfolio

aScope™ Gastro

aScope™ Duodeno 1.5

*aScope™ Duodeno 2.0*

*Colonoscope*

*Cholangioscope*

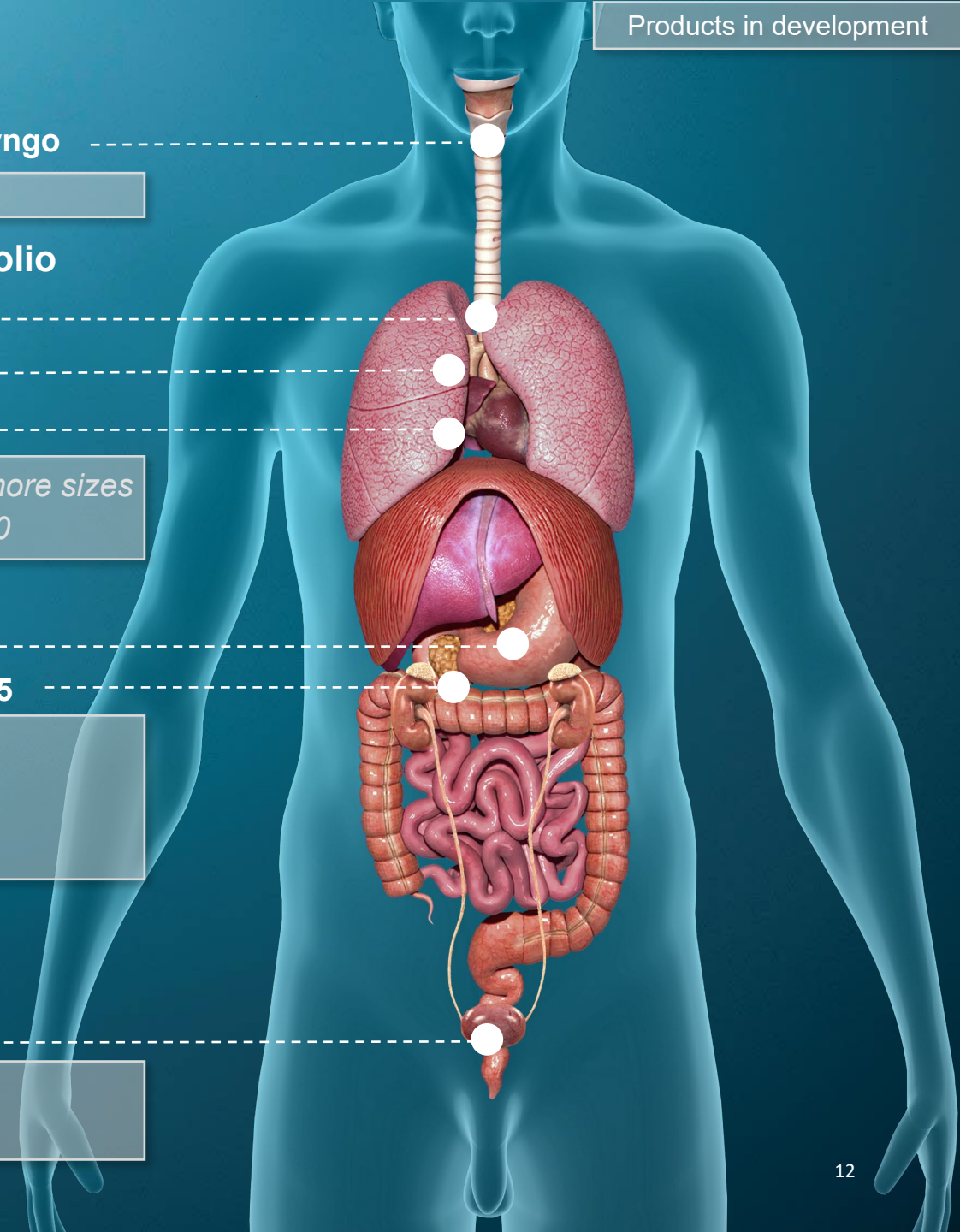


## Urology portfolio

aScope™ 4 Cysto

*Cystoscope HD*

*Ureteroscope*





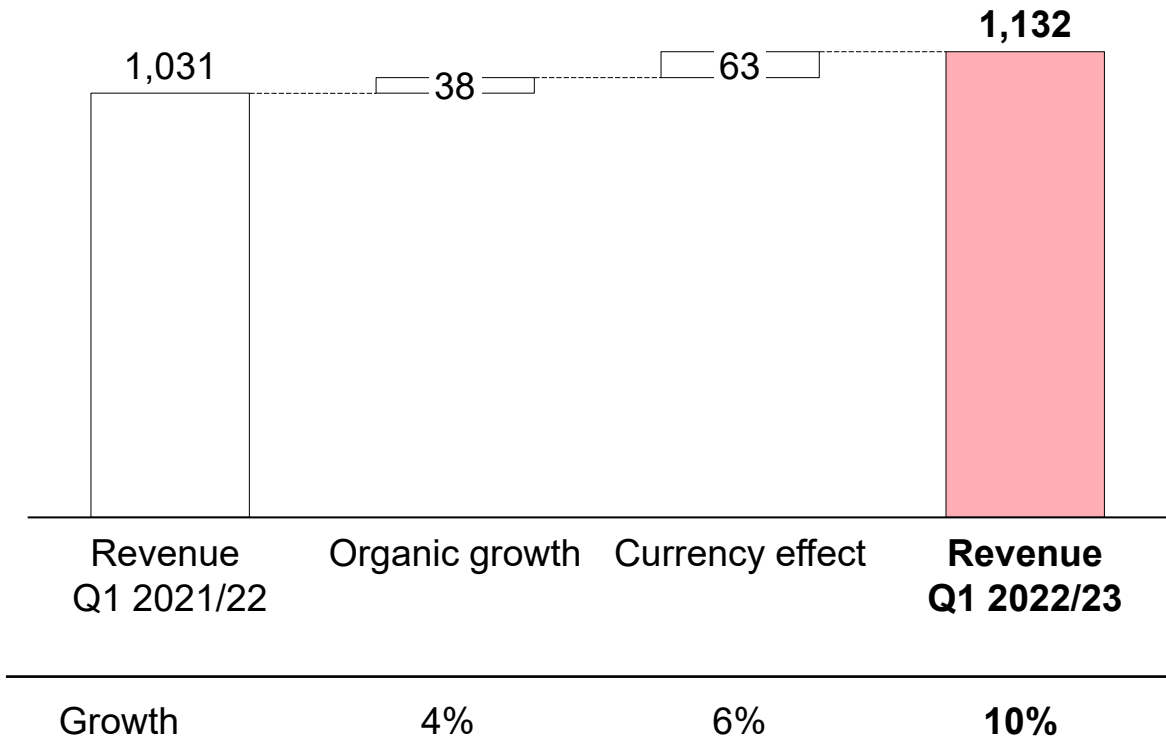
# THOMAS FREDERIK SCHMIDT

CFO



# REPORTED GROWTH OF 10% DRIVEN BY CURRENCY EFFECT OF 6%-PTS AND ORGANIC GROWTH OF 4%-PTS

## REPORTED REVENUE DEVELOPMENT (DKKm)



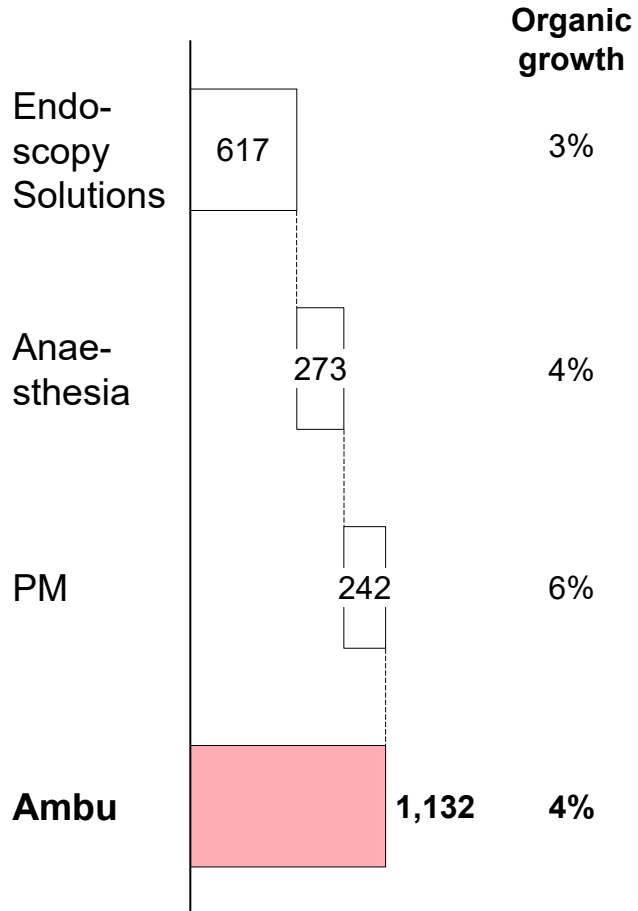
## Q1 2022/23 HIGHLIGHTS

- **Reported revenue increased** by DKK 101 million, or 10% compared to Q1 2021/22
- **Foreign exchange rates had a positive impact** of DKK 60m, or 6%-points, on reported revenue, primarily driven by the appreciation of the U.S. dollar against the Danish krone

# NORTH AMERICA AND REST OF WORLD MAIN CONTRIBUTORS TO THE GROWTH IN Q1 2022/23

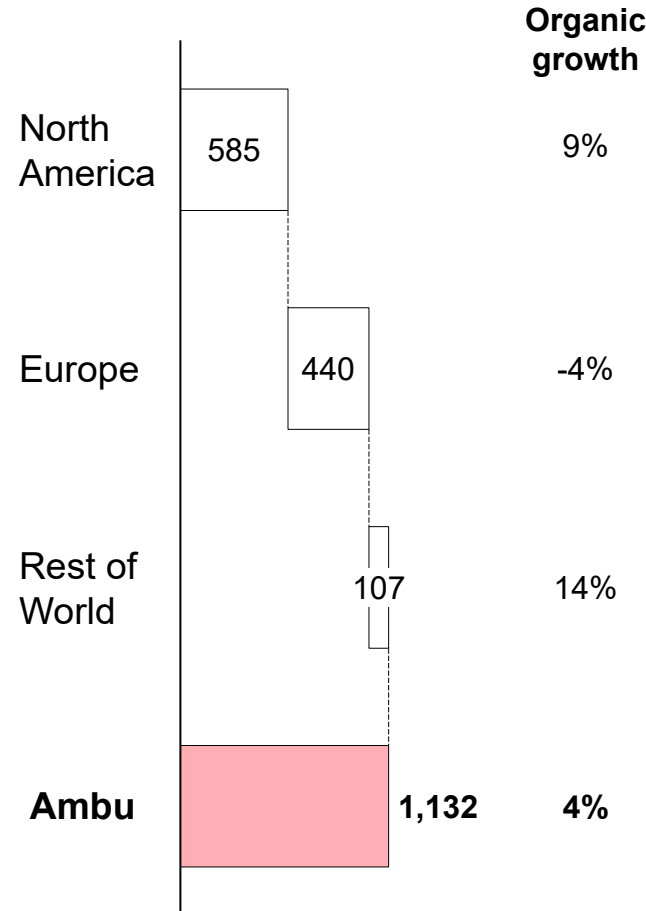
## REVENUE BY BUSINESS AREA

Q1 2022/23 reported revenue and organic growth (DKKm)



## REVENUE BY GEOGRAPHY

Q1 2022/23 reported revenue and organic growth (DKKm)

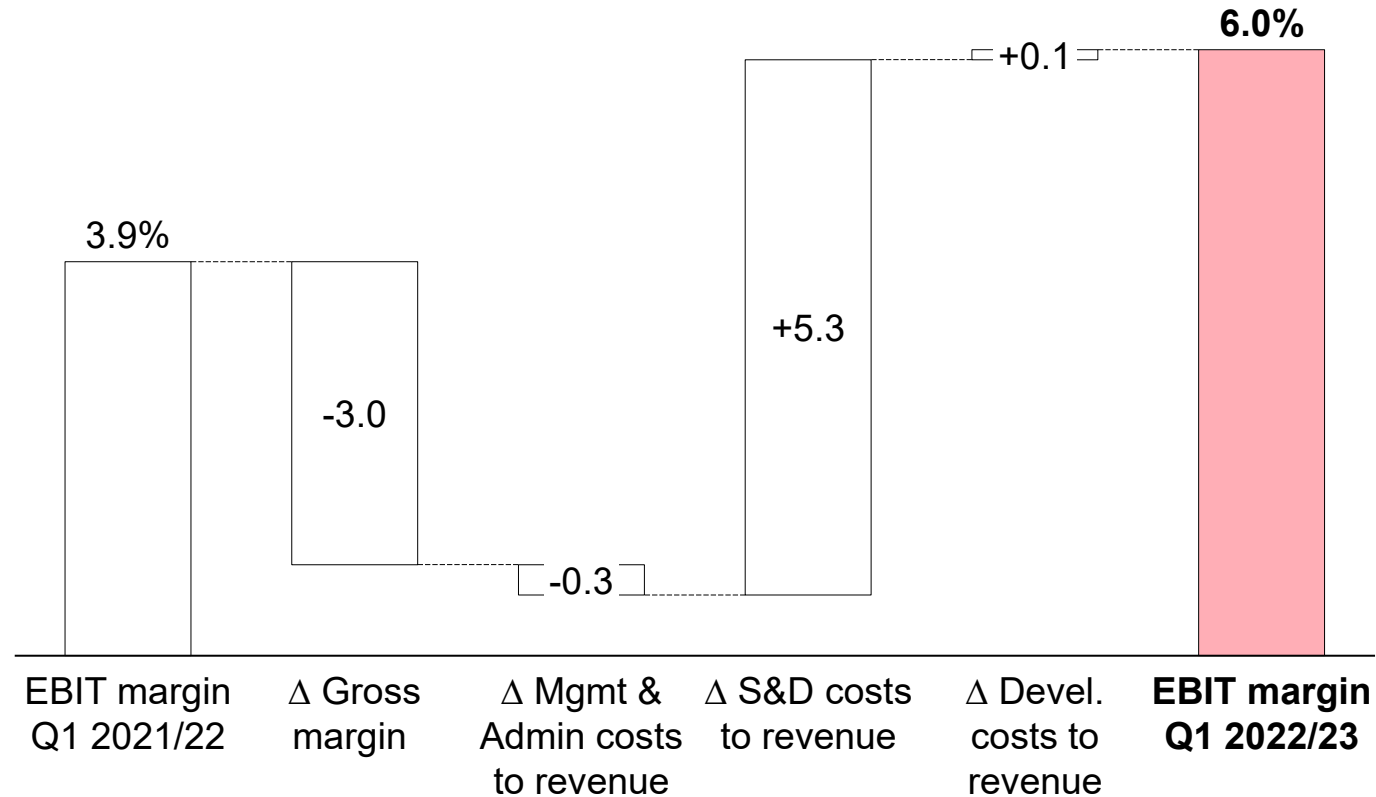


## Q1 2022/23 HIGHLIGHTS

- **Endoscopy Solutions excluding pulmonology grew 47%**, but were offset by a declining bronchoscopy business, especially in Europe, leading to 3% growth for Q1 2022/23
- **The growth within Anaesthesia and Patient Monitoring** was positively impacted by pent-up demand and clearing of back-log
- **Significant differences across regions** with North America being positively impacted by Endoscopy solutions, and Europe with organic growth of -4%

# EBIT MARGIN INCREASE TO 6% DRIVEN BY OPERATIONAL EFFICIENCIES IN SALES AND DISTRIBUTION EXPENDITURES

## EBIT MARGIN BEFORE SPECIAL ITEMS DEVELOPMENT (%)

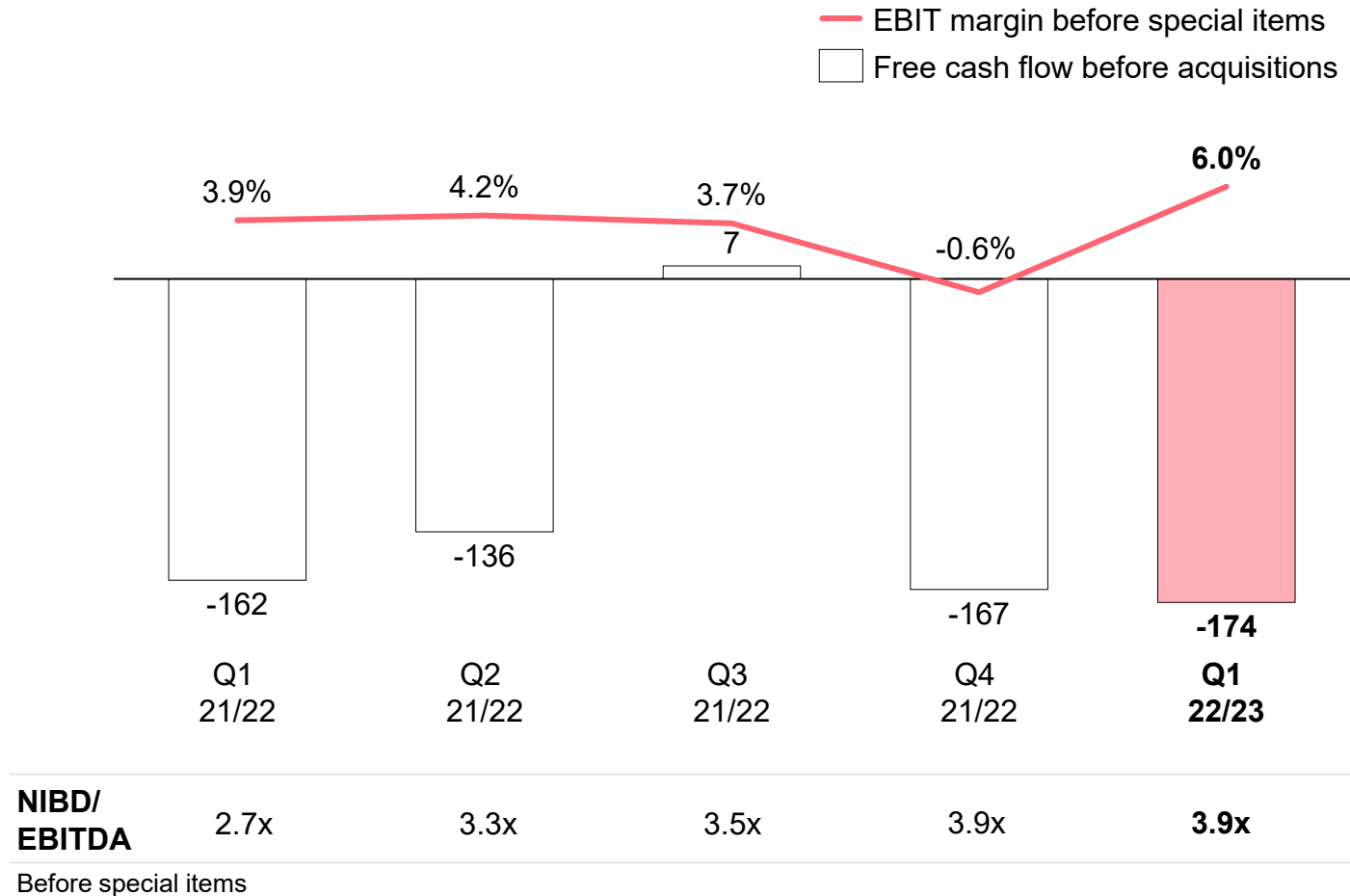


## Q1 2022/23 HIGHLIGHTS

- **EBIT margin increase to 6.0%** (3.9%) is driven by revenue growth and impact from the cost reduction program initiated in Q4 21/22, partly offset by inflationary effects and overheads from the Mexico ramp-up
- **Gross margin declined by 3%-pts to 58.5%** (61.5%). The decline is driven by product mix, higher input prices and distribution cost, and continued ramp-up of our Mexico production
- **Selling & distribution cost as % of revenue has improved by 5.3%-pts** due to efficiencies, the cost reduction program and a stronger focus on profitable growth



# EBIT MARGIN IMPROVEMENT, HOWEVER CONTINUED NEGATIVE CASH FLOW DRIVEN BY NET WORKING CAPITAL AND NON-RECURRING ITEMS



## Q1 2022/23 HIGHLIGHTS

- **Free cash flow totalled -174m** for Q1 2022/23 and **NIBD totalled DKK 1,817m**, corresponding to 3.9x of EBITDA before special items
- The free cash flow in Q1 2022/23 is **negatively impacted by non-recurring cash effects** related to severance pay and lower payables
- **Cash flow improvements** expected through a steady process of optimisation in working capital and operational activities

# FOCUSED PLAN TO IMPROVE FREE CASH FLOW BY DKK 350-450m FOR FULL YEAR 2022/23 COMPARED TO LAST YEAR



**Working capital reduction** through normalization of inventory levels and optimization of cash conversion cycle. Inventories are expected to come down, as our efforts to achieve normalised inventory levels materialises through 2022/23

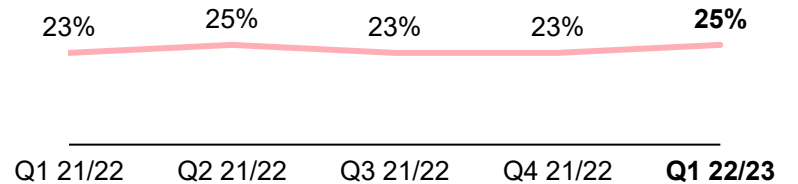


Savings from the **cost reduction program** to come into full effect from lower investment levels and from non-recurring cash effects



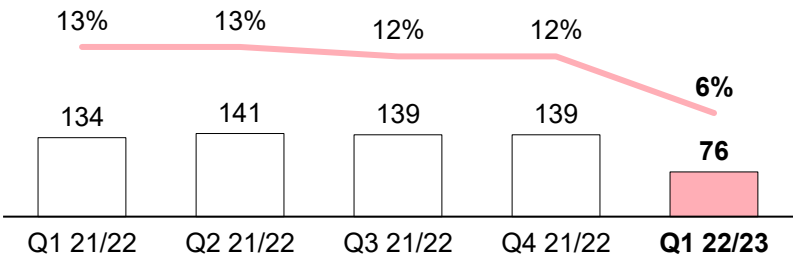
**Gradual incremental earnings from revenue** will improve the cash flow from operating activities and positively impact the free cash flow

## NWC, % of revenue of 12 months' revenue

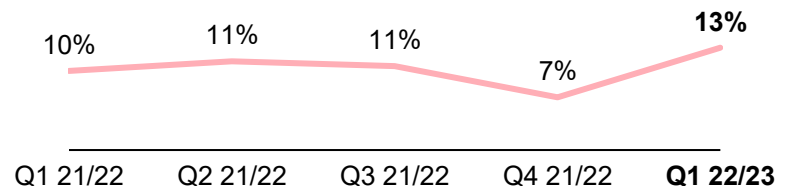


## CAPEX, % of revenue (DKKm)

Cash flow from investing activities before acquisitions



## EBITDA margin before special items



# 2022/23 FINANCIAL GUIDANCE IS MAINTAINED, AS COMMUNICATED MID NOVEMBER 2022

## FY 2022/23 financial guidance

5-8%

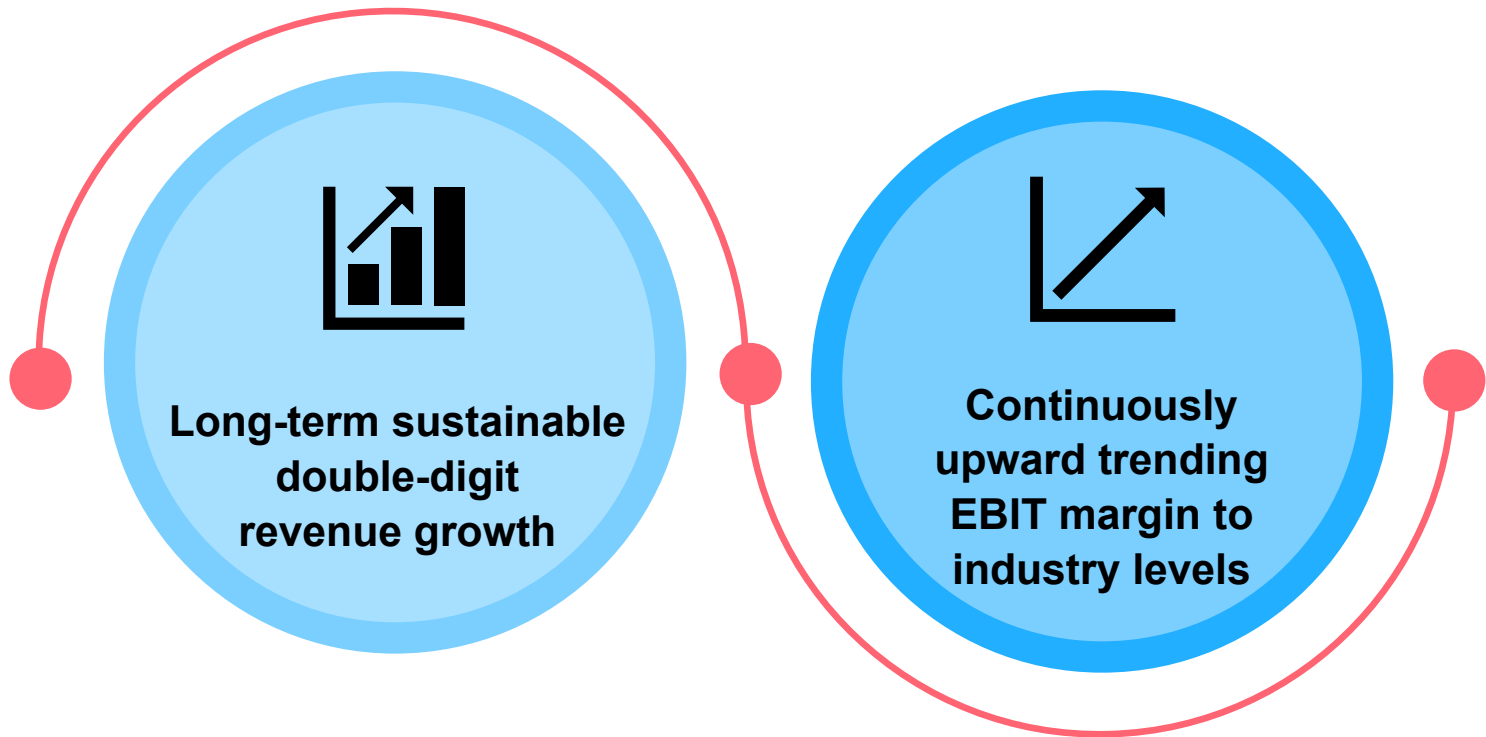
**Organic revenue growth**

3-5%

**EBIT margin** *before special items*

- **Growth within Endoscopy solutions** will be driven by continued high double-digit growth in ENT & Cystoscopy and with YoY growth in pulmonology from H2 2022/23
- **Anaesthesia & Patient Monitoring** is to grow low single digits (combined) with Patient Monitoring growing at the highest rate
- **Quarter-by-quarter organic growth acceleration** throughout FY 2022/23
- **Gross margin to decline** ~2%-points compared to LY due to higher input costs, Mexico ramp-up and product mix
- **EBIT margin to be back-end loaded** due to more scale in our OPEX throughout the year as we grow the revenue
- **FCF before acq. will improve** in the range of DKK 350-450m vs. 2021/22, approaching full-year neutral level
- **CapEx** to be ~9% of total revenue (FY 2022/23)

**DELIVERING ON OUR ZOOM-IN STRATEGY AND EXECUTION EXCELLENCE WILL DRIVE STRONG PROFITABLE GROWTH, IN LINE WITH LONG-TERM FINANCIAL ASPIRATIONS**



**Disciplined capital deployment strategy**



# CAPITAL MARKETS DAY 2023

**Date:** 21 March 2023

**Time:** 10:00 – 16:00 CET

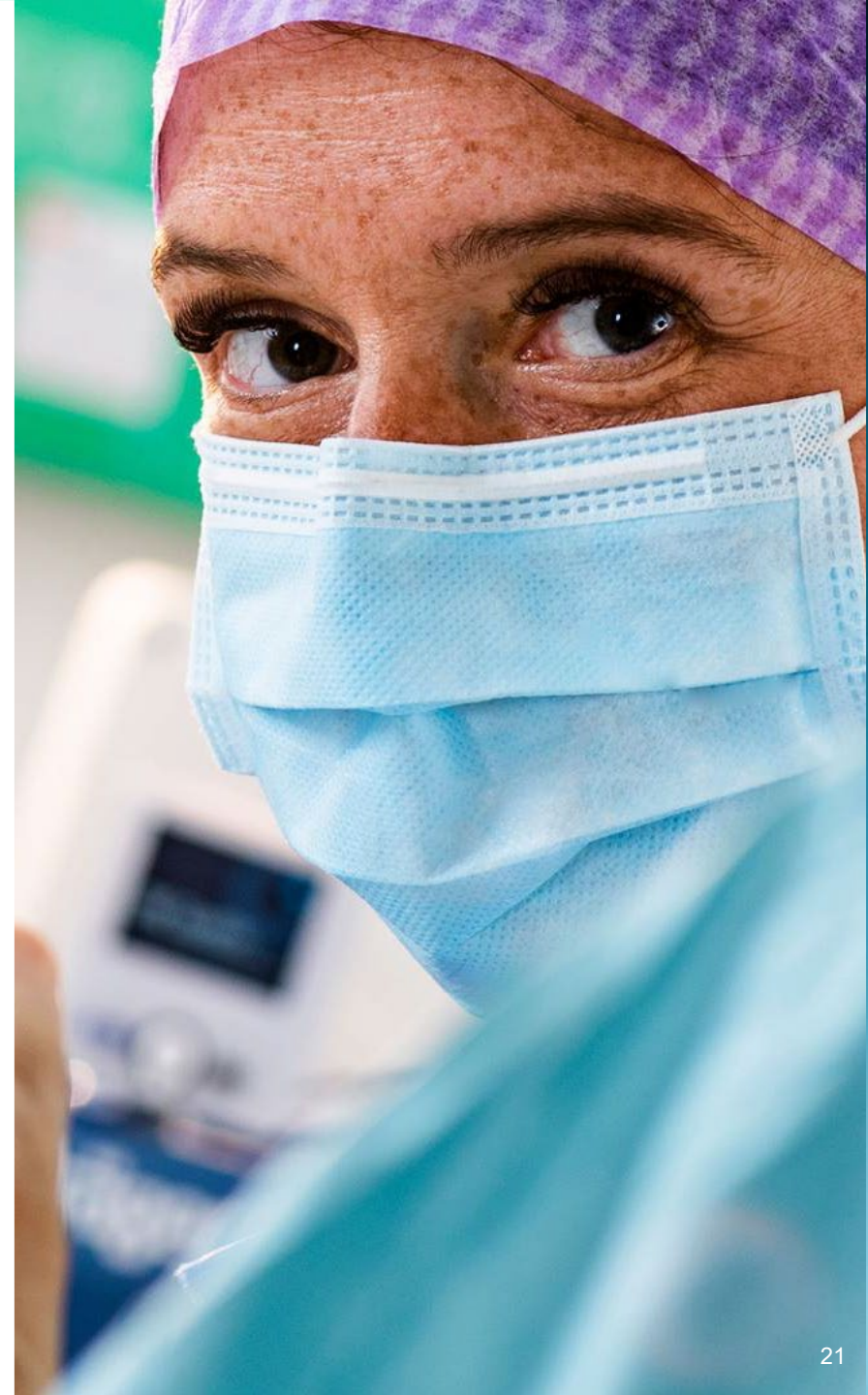
**Location:** Ambu A/S, Baltorpbakken 13, 2750 Ballerup, Denmark

Senior executives from Ambu and external speakers will join Chief Executive Officer, Britt Meelby Jensen, in sharing insights on the company's new ZOOM IN strategy. This includes diving into the company's strategic focus areas, its transformation program and providing a financial update on its long-term financial aspiration

**10:00-15:00 CET**      **Presentations and Q&A**

**15:00-16:00 CET**      **Product Demonstrations (in-person attendees only)**

For registration, please go to our website





# THANK YOU FOR YOUR ATTENTION

**2023**

**7 FEBRUARY:** Q1 2022/23 EARNINGS

**21 MARCH:** CAPITAL MARKETS DAY

**3 MAY:** Q2 2022/23 EARNINGS

**31 AUGUST:** Q3 2022/23 EARNINGS

**8 NOVEMBER:** Q4 AND FY 2022/23 EARNINGS

**INVESTOR RELATIONS CONTACT**

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# P&L DETAILS

<b>DKKm</b> <i>reported figures</i>	<b>FY 18/19</b>	<b>FY 19/20</b>	<b>FY 20/21</b>	<b>Q1 21/22</b>	<b>Q2 21/22</b>	<b>Q3 21/22</b>	<b>Q4 21/22</b>	<b>FY 21/22</b>	<b>Q1 22/23</b>
<b>Revenue</b>	<b>2,820</b>	<b>3,567</b>	<b>4,013</b>	<b>1,031</b>	<b>1,122</b>	<b>1,128</b>	<b>1,163</b>	<b>4,444</b>	<b>1,132</b>
<b>Gross profit</b>	<b>1,637</b>	<b>2,212</b>	<b>2,503</b>	<b>634</b>	<b>647</b>	<b>629</b>	<b>644</b>	<b>2,554</b>	<b>662</b>
<i>Gross margin</i>	<i>58.0%</i>	<i>62.0%</i>	<i>62.4%</i>	<i>61.5%</i>	<i>57.7%</i>	<i>55.8%</i>	<i>55.4%</i>	<i>57.5%</i>	<i>58.5%</i>
Selling and distribution	762	1,228	1,468	406	407	389	432	1634	386
Development	103	157	225	64	65	72	80	281	69
Mgmt. and administrative	292	399	470	124	128	126	139	517	139
<b>OPEX total</b>	<b>1,157</b>	<b>1,784</b>	<b>2,163</b>	<b>594</b>	<b>600</b>	<b>587</b>	<b>651</b>	<b>2,432</b>	<b>594</b>
<b>EBIT before special items</b>	<b>480</b>	<b>428</b>	<b>340</b>	<b>40</b>	<b>47</b>	<b>42</b>	<b>-7</b>	<b>122</b>	<b>68</b>
<i>EBIT margin before special items</i>	<i>17.0%</i>	<i>12.0%</i>	<i>8.5%</i>	<i>3.9%</i>	<i>4.2%</i>	<i>3.7%</i>	<i>-0.6%</i>	<i>2.7%</i>	<i>6.0%</i>
Special items	174	0	0	0	0	13	135	-148	0
<b>EBIT</b>	<b>306</b>	<b>428</b>	<b>340</b>	<b>40</b>	<b>47</b>	<b>29</b>	<b>-142</b>	<b>-26</b>	<b>68</b>
<i>EBIT margin</i>	<i>10.9%</i>	<i>12.0%</i>	<i>8.5%</i>	<i>3.9%</i>	<i>4.2%</i>	<i>2.6%</i>	<i>-12.2%</i>	<i>-0.6%</i>	<i>6.0%</i>
<b>Total OPEX % of revenue</b>	<b>41%</b>	<b>50%</b>	<b>54%</b>	<b>58%</b>	<b>53%</b>	<b>52%</b>	<b>56%</b>	<b>55%</b>	<b>52%</b>
Sales and distribution	27%	34%	37%	39%	36%	34%	37%	37%	34%
Development	4%	4%	6%	6%	6%	6%	7%	6%	6%
Mgmt. and Administrative	10%	11%	12%	12%	11%	11%	12%	12%	12%

**Ambu** FOREVER  
FORWARD