



2019

Half Year Results

Investor Presentation

Michael Kavanagh, CEO and President
McGregor Grant, Chief Financial Officer



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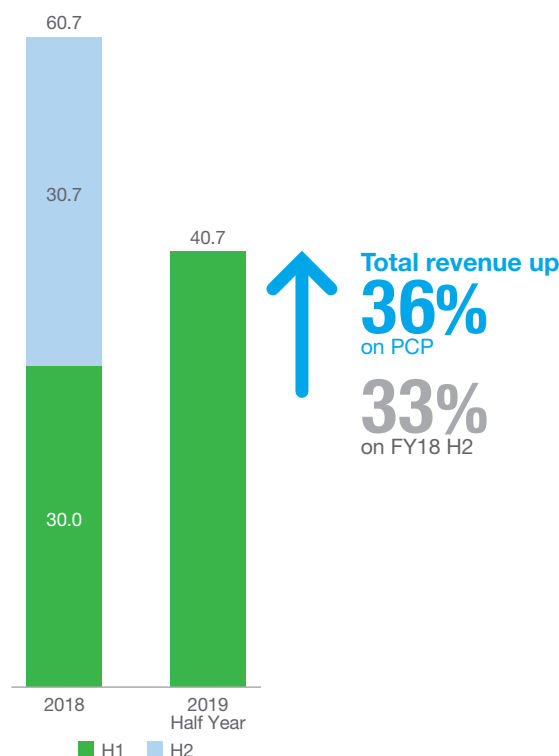
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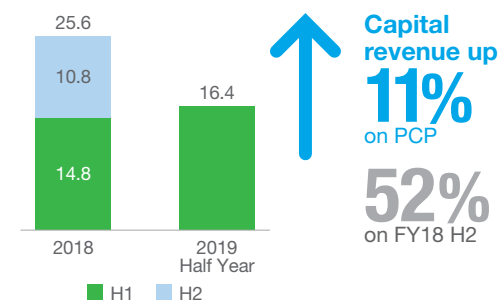
2019 HALF YEAR HIGHLIGHTS

- Total first half revenue of \$40.7 million, up 36% on prior corresponding period and 33% on prior half.
- trophon®2 successfully launched in North America, Europe and Australia end August/September with positive customer reaction.
- Global installed base of 19,310, up 9% for half and 20% in last 12 months.
- Capital revenue of \$16.4 million, up 11% on prior corresponding period and 52% on prior half.
- Consumables and service revenue of \$24.3 million, up 59% on prior corresponding period and 22% on prior half.
- Operating profit before tax of \$11.0 million, up 195% on prior corresponding period and 493% on prior half.
- Cash balance up \$1.8 million to \$71.3 million – supports active growth and expansion.
- Distribution agreement with GE expanded to include Denmark, Finland, Spain and Portugal, effective February 2019.
- Preliminary study in Japan demonstrates over 90% of probes studied contaminated.
- New product development program progressing well.
- 3 senior executives appointed to leadership team to support growth strategy.

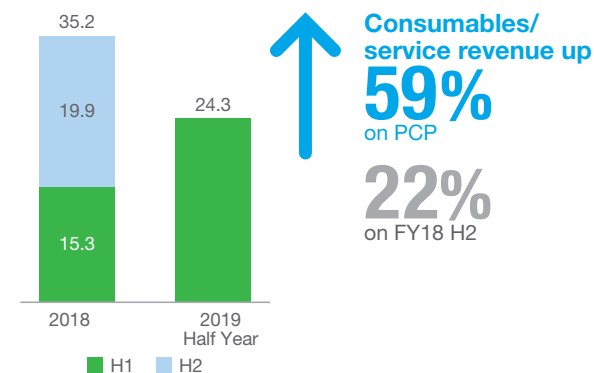
Total revenue (\$m)



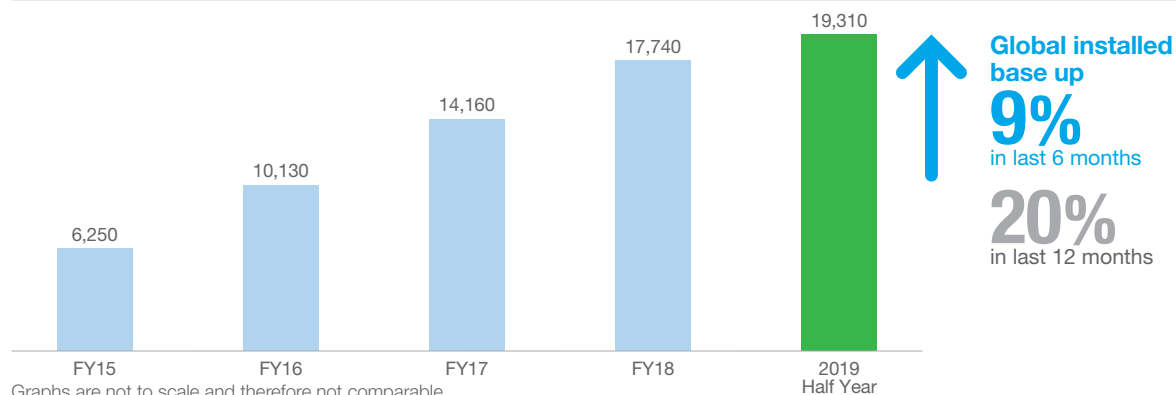
Capital revenue (\$m)



Consumables/service revenue (\$m)



Global installed base



Graphs are not to scale and therefore not comparable.

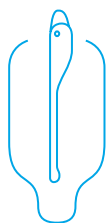
INSTALLED BASE

Global installed base
grew 9% in last
6 months and 20%
in last 12 months to

19,310

 units

trophon®2 successfully
launched in North America,
Europe and Australia end
August/September

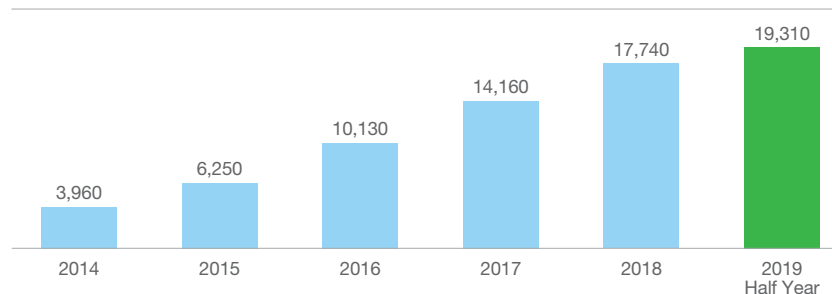


Every day
approximately

~60k

patients are protected
from the risk of cross
contamination because
their probe has been
trophoned

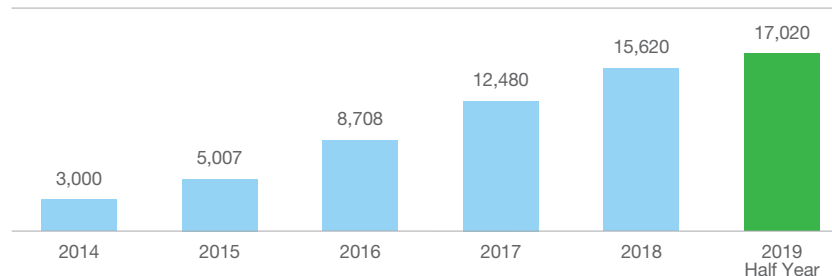
Global installed base



Global
installed base up
9%
in last 6 months

20%
in last 12 months

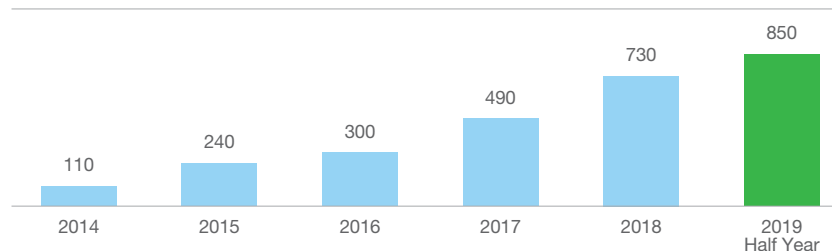
North American installed base



North America
installed base up
9%
in last 6 months

21%
in last 12 months

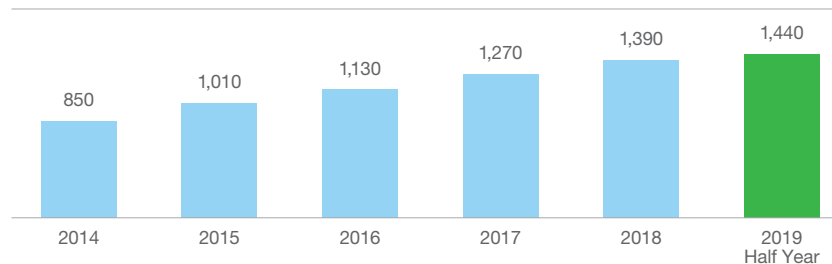
Europe and Middle East installed base



Europe and
Middle East
installed base up
16%
in last 6 months

33%
in last 12 months

Asia Pacific installed base



Asia Pacific
installed base up
4%
in last 6 months

10%
in last 12 months

Graphs are not to scale and therefore not comparable.

RANGE OF SELLING MODELS¹

DIRECT CHANNEL

Capital Sale

- Capital equipment sold upfront with 12 month warranty.
- Customer purchases consumables as required.
- Customer elects to purchase service contracts from Nanosonics (usually after warranty period expires) or pays for service and parts as required.

Managed Equipment Service

- Nanosonics provides capital equipment to customer.
- Equipment fully maintained by Nanosonics.
- Customer purchases consumables as required at an 'all-inclusive' price.
- Nanosonics owns capital equipment, depreciated over 5 years.

Rental

- Customer rents capital equipment.
- Equipment fully maintained by Nanosonics.
- Customer purchases consumables as required.

DISTRIBUTION CHANNEL

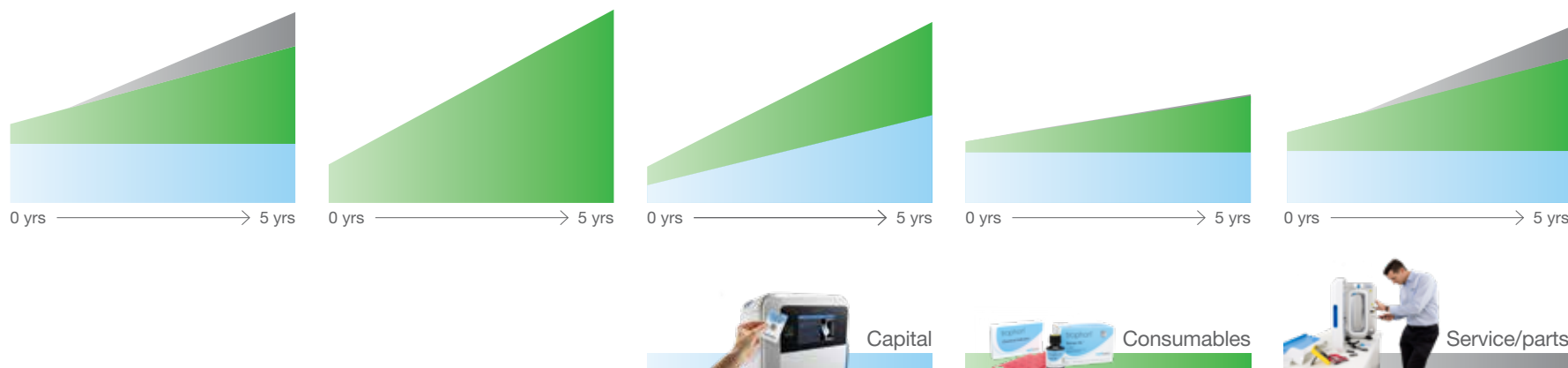
Full Service Distribution

- Distributor purchases capital equipment, consumables and spare parts from Nanosonics.
- Distributor sells capital equipment, consumables and service to customer on a similar basis to the Direct Channel Capital Sale Model.

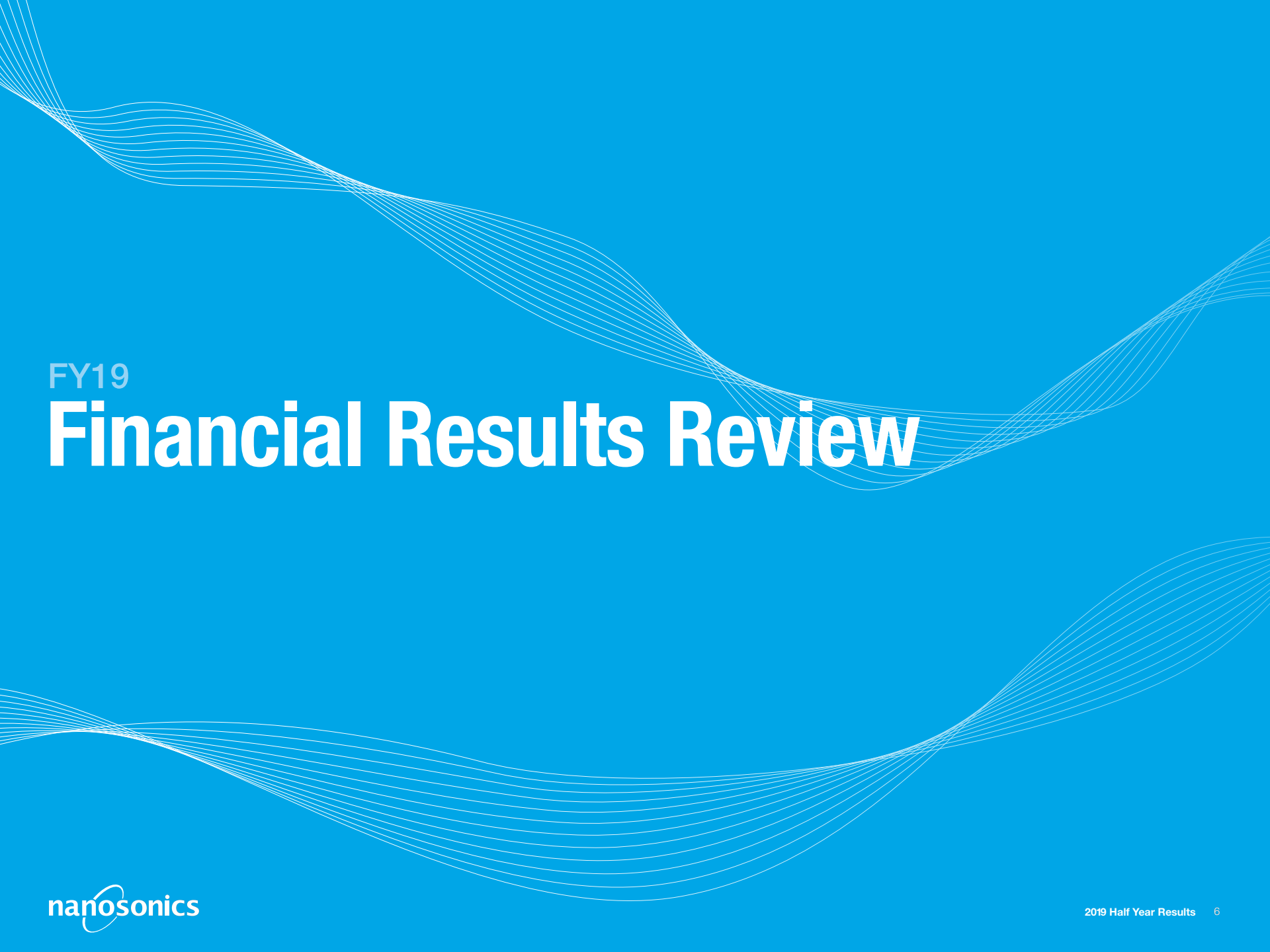
Capital Reseller Market

- Distributor purchases capital equipment only from Nanosonics and sells to end customer.
- Customer purchases consumables and service from Nanosonics.

Nanosonics revenue profile



1. The information in the revenue profile charts are intended to be illustrative only demonstrating the cumulative revenue associated with a single unit sale over five years.



FY19

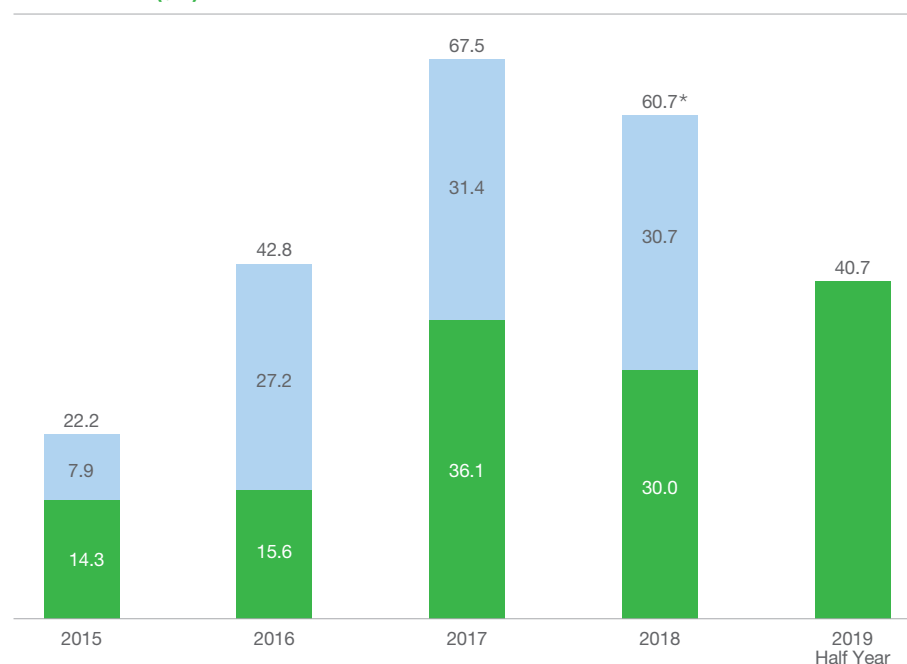
Financial Results Review

REVENUE

Record half year
revenue of

\$40.7 million

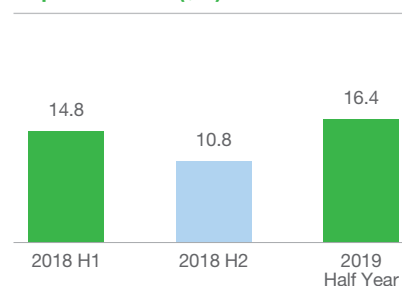
Total revenue (\$m)



Total revenue up
↑ 36%
on PCP

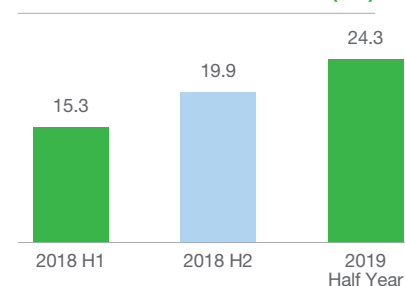
↑ 33%
on FY18 H2

Capital revenue (\$m)



Capital revenue up
↑ 11% on PCP
↑ 52% on FY18 H2

Consumables/service revenue (\$m)



Consumables/service revenue up
↑ 59% on PCP
↑ 22% on FY18 H2

* Reduction in 2018 revenue reflects:

- Transitional reduction in capital revenue associated with the earlier than anticipated regulatory approval of trophon[®]2 and subsequent run down of trophon EPR inventory by distributors; and
- Some customers deferring purchase, pending launch of trophon2 in Q1 of FY19.

Graphs are not to scale and therefore not comparable.

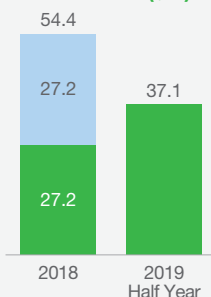
■ H1 ■ H2

REVENUE MIX BY REGION

Revenue mix demonstrates **strong growth in consumables** as installed base continues to grow.

North America

Total revenue (\$m)



Total revenue up
↑ **37%**
on PCP

↑ **36%**
on FY18 H2

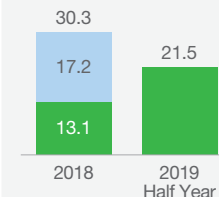
Capital revenue (\$m)



Capital revenue up
↑ **11%**
on PCP

↑ **56%**
on FY18 H2

Consumables/service revenue (\$m)

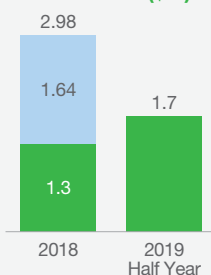


Consumables/
service revenue up
↑ **64%**
on PCP

↑ **25%**
on FY18 H2

Europe and Middle East¹

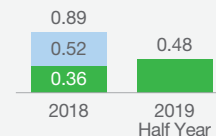
Total revenue (\$m)



Total revenue up
↑ **28%**
on PCP

↑ **6%**
on FY18 H2

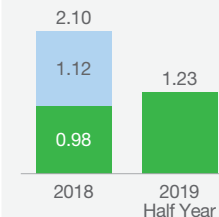
Capital revenue (\$m)¹



Capital revenue up
↑ **32%**
on PCP

↓ **9%**
on FY18 H2

Consumables/service revenue (\$m)

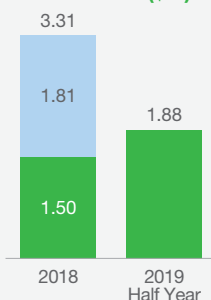


Consumables/
service revenue up
↑ **26%**
on PCP

↑ **11%**
on FY18 H2

Asia Pacific

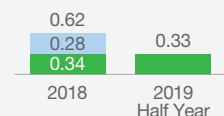
Total revenue (\$m)



Total revenue up
↑ **25%**
on PCP

↑ **4%**
on FY18 H2

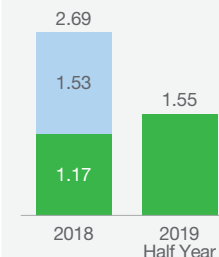
Capital revenue (\$m)



Capital revenue down
↓ **1%**
on PCP

↑ **21%**
on FY18 H2

Consumables/service revenue (\$m)



Consumables/
service revenue up
↑ **33%**
on PCP

↑ **1%**
on FY18 H2

1. Majority of Europe and Middle East sales are derived in the UK where sales model is primarily Managed Equipment Service where no capital revenue is received.

Graphs are not to scale and therefore not comparable.

■ H1 ■ H2

PROFIT & LOSS SUMMARY

\$ million	FY19 H1	FY18 H1	Change (vs PCP)		FY18 H2	Change (vs FY18 H2)	
Total revenue	40.7	30.0	▲	36%	30.7	▲	33%
Gross profit	30.6	22.3	▲	37%	23.0	▲	33%
%	75%	74%			75%		
Selling and general expenses	(11.2)	(10.2)	▲	10%	(12.7)	▼	12%
Administrative expenses	(4.8)	(4.5)	▲	7%	(5.3)	▼	9%
Research & development expenses	(5.5)	(4.6)	▲	18%	(5.2)	▲	5%
Other income	—	—			0.1		
Other gains /(net)	1.3	0.1			1.4		
Finance income (net)	0.6	0.6	▲	25%	0.6	▲	25%
Operating income before income tax	11.0	3.7	▲	195%	1.9	▲	493%
Income tax (expense)/benefit	(3.9)	(1.5)			1.6		
Profit after income tax	7.1	2.2	▲	221%	3.5	▲	101%
Cash Balance	71.3	66.5	▲	7%	69.4	▲	3%

Highlights

- Revenue of \$40.7 million, (\$38.4 million in constant currency vs PCP):
 - up 36% compared with PCP (28% in constant currency); and
 - up 33% compared with FY18 H2 (25% in constant currency).
- Gross profit of \$30.6 million, or 75% of sales.
- Total operating expenses of \$21.5 million compared with \$19.3 million in PCP and \$23.2 million in prior half.
- Other net gains, comprising mainly of net foreign currency gains, were \$1.3 million.
- Operating income before tax of \$11.0 million compared with \$3.7 million in PCP and \$1.9 million in prior half.
- Income tax expense of \$3.9 million, with corresponding reduction in deferred tax asset of \$3.9 million.
- Profit after income tax of \$7.1 million compared with \$2.2 million in PCP and \$3.5 million in prior half.
- Cash balance of \$71.3 million.

PROFIT BEFORE TAX

\$11.0 million

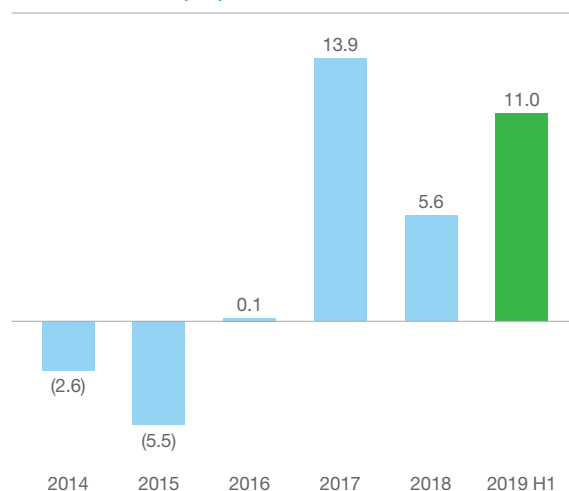
for the half

CASH AND CASH EQUIVALENTS

\$71.3 million

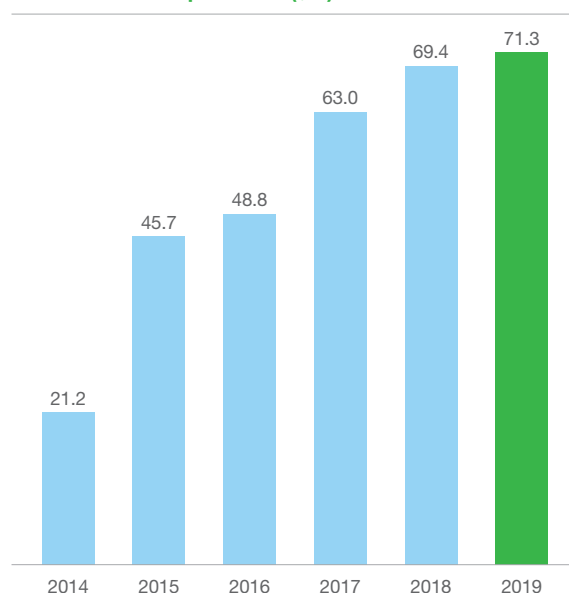
as at 31 December 2018

Profit before tax (\$m)



- Profit before tax of \$11.0 million was up 195% on prior corresponding period (\$3.7 million) and up 493% on prior half (\$1.9 million).

Cash and cash equivalents (\$m)



- Cash and cash equivalents up \$1.8 million to \$71.3 million supporting ongoing growth and expansion.
- Free cash flow of \$1.6 million compared with \$3.9 million in PCP and \$2.3 million in prior half.
- Cash flow for the half year was impacted by an increase in inventory of \$3.2 million associated with the launch of trophon®2 and an increase in trade and other receivables of \$5.0 million due to realigning payment terms with a key distributor with our standard payment terms and the timing of invoicing/payments by that distributor.

Graphs are not to scale and therefore not comparable.

INCOME TAX

Key points

- Reduction of deferred tax asset corresponds with absorption of carried forward tax losses and R&D tax credits.
- Deferred tax asset attributable to carried forward losses relates to the US only and is calculated at an effective tax rate of 22.2% (including state taxes).

	31 December 2018 \$m	30 June 2018 \$m
Components of Deferred Tax Asset (DTA)		
Tax losses	0.6	1.1
R&D tax credits	4.6	9.9
All other timing differences	5.7	3.8
Total	10.9	14.8

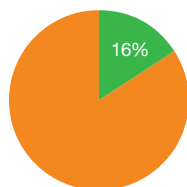
Value of carried forward losses/R&D credits as at 31 December 2018	Gross \$m	Benefit \$m	Effective rate
Losses recognised as DTA	2.8	0.6	22.2%
R&D credit recognised as DTA	12.1	4.6	37.7%
	14.9	5.2	
Losses not recognised	10.7	2.1	20.1%
Total	25.6	7.3	

SIGNIFICANT GLOBAL OPPORTUNITY

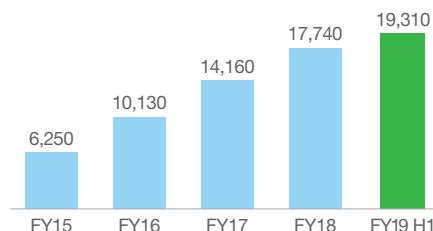
Installed base opportunity¹
Global

120,000
units

Market penetration



Cumulative installed base

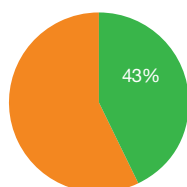


- Increasing number of international guidelines requiring high level disinfection (HLD) supporting growing international demand.
- Nanosonics expanding its footprint geographically both direct and through distribution.

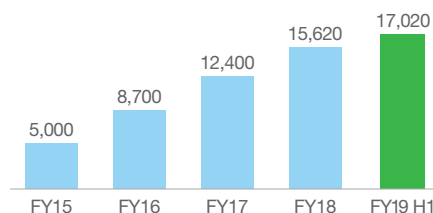
Installed base opportunity
North America

40,000
units

Market penetration



Cumulative installed base

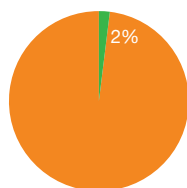


- Fundamentals for adoption strong with requirements for HLD in place.
- trophon® installed base over 17,020 and already in over 5,000 hospitals and clinics including majority of luminary hospitals.
- Nanosonics has a direct sales operation of 54 people as well as partnerships with all leading ultrasound companies to drive ongoing adoption.

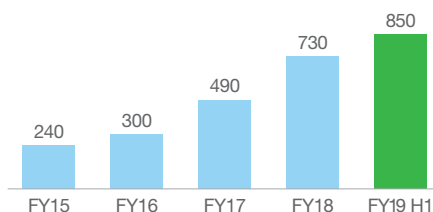
Installed base opportunity
Europe and Middle East

40,000
units

Market penetration



Cumulative installed base

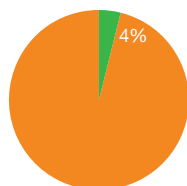


- Guidelines in place in UK and Germany with guidelines in France pending requiring HLD of ultrasound probes.
- Nanosonics operations established in UK, Germany and France and expanding through distribution in Scandinavia and Middle East.
- A range of business models in place to support market requirements.

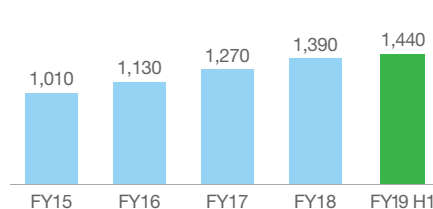
Installed base opportunity
Asia Pacific

40,000
units

Market penetration



Cumulative installed base



- trophon® already standard of care in Australia with approximately 70% market penetration.
- Regulatory approval in place in Japan and pre-marketing strategy underway.
- Exploring opportunities in broader Asia Pacific market including China.

Opportunity Penetration

Graphs are not to scale and therefore not comparable.

EXPANDING GLOBAL PRESENCE

North America

Nanosonics direct operation with over 54 employees. GE Healthcare also a distributor and Capital Reseller agreements in place with all major Ultrasound companies. trophon® becoming standard of care with >17,000 units across >5,000 hospitals and clinics

Mexico

Distributor partnership in place and marketing activities underway

UK

Nanosonics direct operation in place and growing. Guidelines now in place in England, Scotland, Wales and Northern Ireland. Strong year on year installed base growth being experienced

Ireland

Distribution partner in place with local guidelines for HLD established

Spain

Partnership in place with GE Healthcare

Portugal

Partnership in place with GE Healthcare

France

Nanosonics partnership with GE Healthcare with supporting local direct operations. New guidelines for HLD emerging

Germany

Nanosonics direct operations in place and growing with new guidelines recently introduced. Key luminary sites now adopting

Norway

Partnership in place with GE Healthcare

Switzerland

Distributor partnership in place and marketing activities underway

Denmark

Partnership in place with GE Healthcare

Sweden

Partnership in place with GE Healthcare

Finland

Partnership in place with GE Healthcare

South Korea

Regulatory approval in place. Exploring distributor partnership for market entry

Japan

Clinical Studies underway as part of market development and Nanosonics Japan K.K. established

China

Market assessment study underway

Singapore

Distributor partnership in place and marketing activities underway

Hong Kong

Distributor partnership in place and marketing activities underway

Qatar

Distributor partnership in place and marketing activities underway

Kuwait

Distributor partnership in place and marketing activities underway

Saudi Arabia

Exploring distributor partnership for market entry

Australia & New Zealand

Distributor partnerships in place. Achieved approx. 70% market penetration

MARKET EXPANSION JAPAN

Our business development activities in Japan progressed positively with completion of first clinical study and establishment of Nanosonics Japan KK

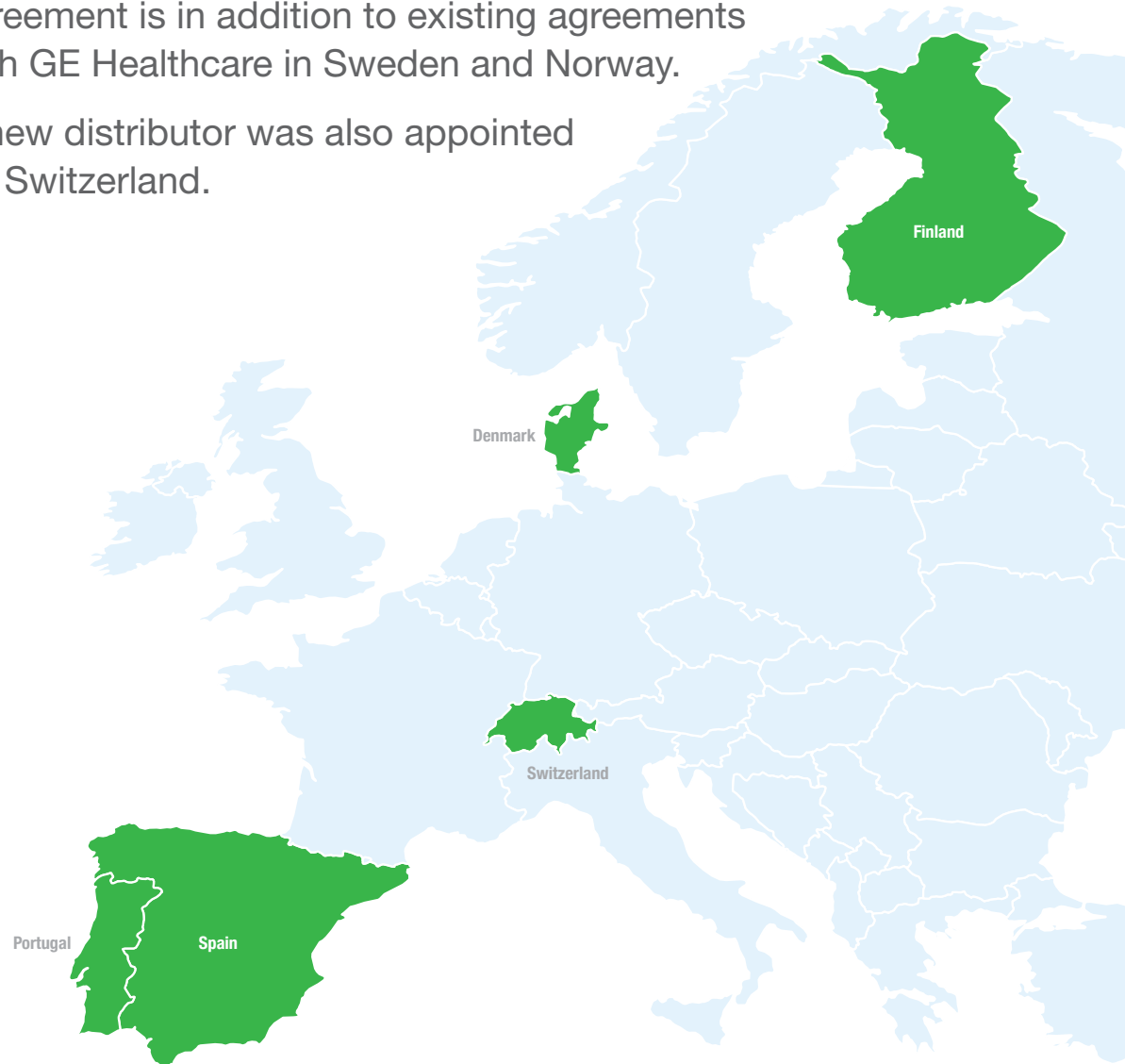


- Preliminary clinical study completed:
 - Over 90% of probes were found to be contaminated; and
 - Of the contaminated probes over 50% were found to harbour potentially pathogenic bacteria including methicillin resistant *Staphylococcus aureus* (MRSA).
- Results to be presented at Japanese Society of Obstetrics and Gynecology (JSOG) in April and publication submitted to Journal of Medical Ultrasonics.
- Second study due for completion in H2 FY19.
- Japanese entity (Nanosonics Japan KK) established.
- Regulatory submission for trophon2 submitted.

MARKET EXPANSION EUROPE

New agreements¹
in Europe as
fundamentals for
adoption continues
to improve

- New agreement established with GE Healthcare for distribution in Denmark, Finland, Spain and Portugal effective February 2019. This new agreement is in addition to existing agreements with GE Healthcare in Sweden and Norway.
- A new distributor was also appointed for Switzerland.



1. New agreements are Full Service Distribution agreements (i.e. including Capital and Consumables).

trophon[®]2

trophon[®]2 launched in **all major markets**

Smart protection

trophon2 delivers protection for patients, staff and the environment – **reduces risk**

Smart flexibility

Streamline set-up, can be customised to your workflow and has extensive probe compatibility – **improves efficiency**

Smart functionality

Enhances user experience so you can perform HLD simply, automatically, and with confidence – **increases compliance**

Smart traceability

AcuTrace™ simplifies the creation of accurate digital records, all stored on trophon2 – **increases audit readiness**

Smart integration

AcuTrace™ Plus delivers the option to seamlessly connect trophon2s to your hospital information system – **simplifies data access**



- trophon[®]2 launched in North America, Europe and Australia end August/ September.
- Positive customer reaction to new design features plus new AcuTrace, traceability solution.
- Adoption of trophon[®]2 continuing to grow. over trophon EPR.

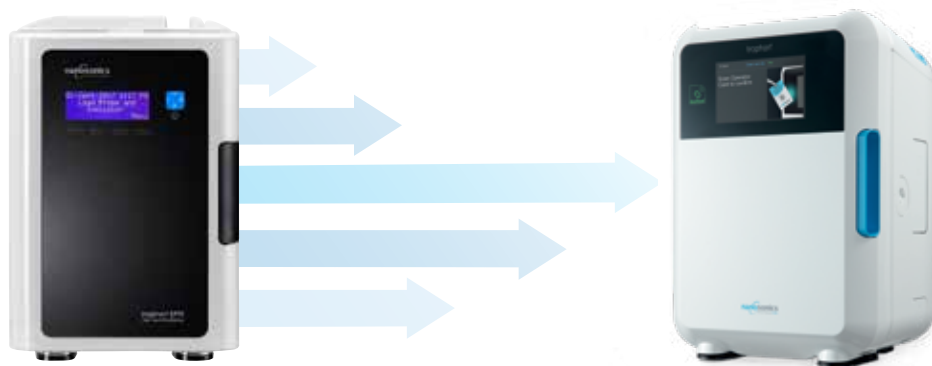
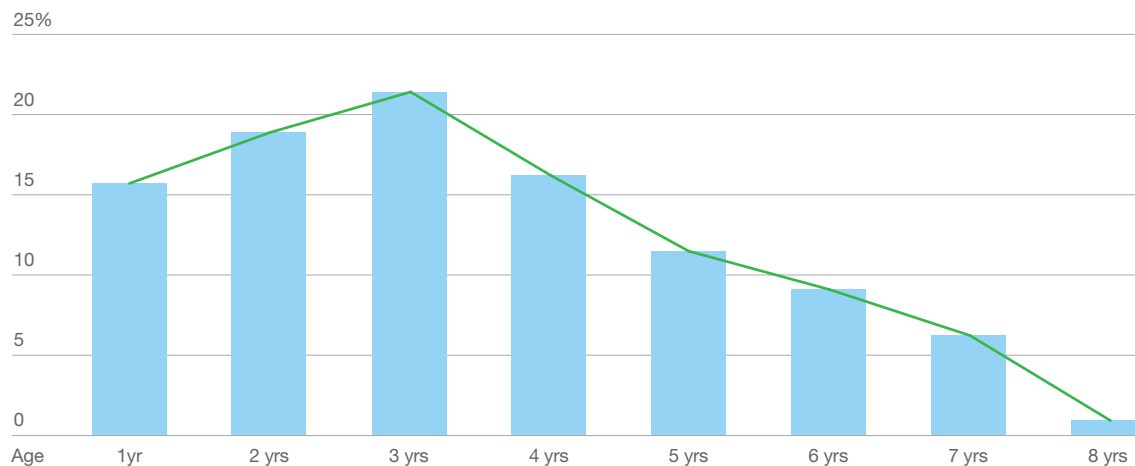


REPLACEMENT/ UPGRADE OPPORTUNITY

Significant replacement/
upgrade opportunity
as installed base ages
and new generation
devices are introduced
to market

Replacement/upgrade expected after 5-7 years

Age distribution of global Installed Base at December 2018



OUR PEOPLE

Nanosonics has a highly experienced and dedicated team of professionals leading the development and implementation of our Corporate Growth Strategy



Renee Salaberry
Chief Marketing Officer

Renee is a highly experienced international marketer having held senior executive roles including Executive Vice President and Worldwide Strategy Director for one of the world's largest advertising agencies, Leo Burnett based in Chicago, and Worldwide Chief Strategy Officer for Publicis Healthcare Communications group based in Paris and Sydney.

Most recently Renee was Head of Marketing for Abbott Nutrition based in Sydney.



David Morris
Chief Strategy Officer and Regional President Asia Pacific

David was a member of the Cochlear executive team for over fourteen years where he held a number of executive positions including SVP of Strategy and Business Development, Global President for the Cochlear Bone Anchored Solutions Business based in Sweden and Chief Strategy Officer.

Most recently, David was Chief Executive Officer and Managing Director for Monash IVF Group Limited. David joins Nanosonics as an Executive KMP.



Rod Lopez
Chief Operating Officer

Rod was a senior manager at Cochlear for over thirteen years, holding a number of operational roles including Global Head of Manufacturing and Chair of the Operational Excellence Strategy group. Prior to Cochlear, Rod worked at GM Holden as Operations Manager and Global Customer Liaison Manager. Rod joins Nanosonics as an Executive KMP.

BUSINESS OUTLOOK

FY19

Nanosonics expects:

- Continued growth in installed base in North America with FY19 adoption similar to FY18.
- Upgrades/replacements of trophon® EPR units over five years old to commence in FY19.
- Adoption in Europe to grow with:
 - Ongoing strong adoption in the UK, where new unit growth is targeted to be in the vicinity of 50% over FY18, of which the majority will be under MES;
 - New guidelines in Germany as well as launch of trophon®2 to trigger broader adoption; and
 - New guidelines to be released in France by the Ministry of Health.
- Second clinical study in Japan to be completed by end of FY19. Pre-marketing activities to continue and regulatory approval of trophon®2 in Japan expected by the end of FY19.
- Active investment in growth with total FY19 operating expenses expected to be approximately \$50 million including approximately \$12 million in R&D, with the majority of that R&D expense directed towards new product development.

Beyond FY19

Nanosonics expects:

- Continued growth in trophon® installed base in all core markets as new guidelines continue to be released and the requirements for HLD of all semi-critical probes is understood and followed.
- Material increase in sales and margin from consumables in North America during FY20 resulting from new GE distribution agreement, which will be effective from July 2019.
- Further expansion into new markets.
- Continued investment in R&D where we are building a pipeline of new potential product opportunities with a goal of introducing a range of new products over time commencing with the first by the end of FY20 (subject to regulatory approval).
- Ongoing investment in infrastructure, people and capability to drive strategic growth agenda.

Thank you

