Ambu reports revenue growth for Q2 and raises the revenue guidance for the year

Ambu pre-announces results for Q2 2019/20 with organic revenue growth of 24% and sales of 313,000 single-use endoscopes. On this basis, the guidance for organic revenue growth for the full year is upgraded from “16-22%” to “26-30%” and the number of endoscopes sold is increased from “approx. 900,000” to “more than 1 million”. The positive financial impact from COVID-19 should be considered a one-off and be excluded from future projections. Guidance for EBIT margin is suspended for now and expected to be resumed with the announcement of Q2 results on 5 May 2020.

The COVID-19 crisis has brought unprecedented challenges upon the global community and put healthcare systems under extraordinary pressure. Ambu plays an important role in reducing the risk of cross-contamination by providing single-use devices – for instance resuscitators and bronchoscopes – that are 100% sterile and used in the treatment of COVID-19 patients.

Organic revenue growth for Q2 ends significantly above our expectations

The crisis has caused a change in demand patterns and product mix for Ambu which affects the Visualization as well as the Core business. The net effect has led to higher than expected organic growth in Q2 2019/20 as well as higher growth expectations for the full-year 2019/20. In March 2020, we have seen a significant uptake in the demand for our Visualization products and for some products within the Anaesthesia product range like our resuscitation bags, but we have also seen lower sales of products used for elective procedures especially within Patient Monitoring & Diagnostics. The net effect has been an increased demand, and we finished Q2 2019/20 with an organic revenue growth of 24%. Although there is still a high level of uncertainty, we attribute approx. 14 percentage points of the organic growth in Q2 to the COVID-19 outbreak. For the Core business, the organic growth ended as expected at -1% while Visualization ended at 69% organic growth. In Q2 2019/20, the number of endoscopes sold was 313,000 units compared to 182,000 units in Q2 2018/19. This represents a 72% growth in units.

For the half-year ending on 31 March 2020, the total organic revenue growth was 19% with the Core business growing organically at 3% and Visualization at 49%. The number of endoscopes sold for the half-year was 493,000 units equal to a growth in units of 49%.

Higher revenue growth but more volatility

As the current environment offers very limited transparency into the future demand patterns, we see a risk of significant fluctuations in the remaining part of the financial year. There is still uncertainty on how the COVID-19 crisis will evolve and the true level of usage of our products. In the long term, we see an increased awareness on the value proposition from our single-use endoscopes, being able to offer a guaranteed sterile solution for endoscopic procedures.

In addition to uncertainties about the demand patterns of hospitals, there is a risk of being unable to continuously supply products out of our factories. We believe that we have provided for this risk in our estimates, and we will be airfreighting selected products to the markets that need the products the most, but stricter measures of movement control may change these estimates.

Expectations for the full-year 2019/20 are increased
Due to the strong performance in the second quarter and our expectations for the second half of 2019/20, the financial guidance on organic revenue growth is increased from "16-22%" to "26-30%". At the same time, the guidance on the number of endoscopes sold is increased from "approx. 900,000" to "more than 1 million". We consider this crisis unprecedented and therefore the positive financial impact from COVID-19 this year should be considered as a one-off and be excluded from future projections.

Even though we now expect to see a stronger performance in 2019/20, we have decided to suspend the guidance on EBIT margin, as we will require more time to evaluate the impact to profits from the above. We expect to guide on the EBIT margin for the full year on 5 May 2020 when we, as scheduled, will announce our half-year results for 2019/20.

Product launches and strategy execution
The upcoming launches of the new aScope Cysto, aView™ 2 Advance, and aScope Duodeno are progressing according to plan. It is, however, uncertain how the COVID-19 will impact timing of clinical trials and response times from regulatory authorities, as well as access to healthcare systems to introduce the products, which may influence our plans. For the time being, we only see minor delays.

Ambu's strategy remains unchanged and investments will continue to support future growth, especially as we move into GI and Urology. The COVID-19 crisis has improved our ability to execute our strategy, and we plan to act accordingly. This entails significant investments in building our commercial infrastructure, support-functions globally and innovation engine.

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About Ambu
Ambu has been bringing the solutions of the future to life since 1937. Today, millions of patients and healthcare professionals worldwide depend on the efficiency, safety and performance of our single-use endoscopy, anaesthesia, and patient monitoring & diagnostics solutions. The manifestations of our efforts have ranged from early innovations like the Ambu® Bag™ resuscitator and the Ambu® BlueSensor™ electrodes to our newest landmark solutions like the Ambu® aScope™ – the world's first single-use flexible endoscope. Moreover, we continuously look to the future with a commitment to deliver innovative quality products that have a positive impact on the work of doctors, nurses and paramedics. Headquartered near Copenhagen in Denmark, Ambu employs approximately 3,000 people in Europe, North America and the Asia Pacific. For more information, please visit ambu.com