

# AngioDynamics

Divestiture Announcement: NAMIC Fluid Management Business

April 17, 2019

# Forward-Looking Statements

## Notice Regarding Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements regarding AngioDynamics' expected future financial position, results of operations, cash flows, business strategy, budgets, projected costs, capital expenditures, products, competitive positions, growth opportunities, plans and objectives of management for future operations, as well as statements that include the words such as "expects," "reaffirms," "intends," "anticipates," "plans," "believes," "seeks," "estimates," "optimistic," or variations of such words and similar expressions, are forward-looking statements. Forward-looking statements in this presentation include, without limitation, projections for revenue, adjusted EPS and gross margin for fiscal years 2020, 2021 and 2022. These forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties. Investors are cautioned that actual events or results may differ from AngioDynamics' expectations. Factors that may affect the actual results achieved by AngioDynamics include, without limitation, the ability of AngioDynamics to develop its existing and new products, technological advances and patents attained by competitors, infringement of AngioDynamics' technology or assertions that AngioDynamics' technology infringes the technology of third parties, the ability of AngioDynamics to effectively compete against competitors that have substantially greater resources, future actions by the FDA or other regulatory agencies, domestic and foreign health care reforms and government regulations, results of pending or future clinical trials, overall economic conditions, the results of on-going litigation, challenges with respect to third-party distributors or joint venture partners or collaborators, the results of sales efforts, the effects of product recalls and product liability claims, changes in key personnel, the ability of AngioDynamics to execute on strategic initiatives, the effects of economic, credit and capital market conditions, general market conditions, market acceptance, foreign currency exchange rate fluctuations, the effects on pricing from group purchasing organizations and competition, the ability of AngioDynamics to integrate acquired businesses, as well as the risk factors listed from time to time in AngioDynamics' SEC filings, including but not limited to its Annual Report on Form 10-K for the year ended May 31, 2018. AngioDynamics does not assume any obligation to publicly update or revise any forward-looking statements for any reason.

In the United States, the NanoKnife System has received a 510(k) clearance by the Food and Drug Administration for use in the surgical ablation of soft tissue, and is similarly approved for commercialization in Canada, the European Union and Australia. The NanoKnife System has not been cleared for the treatment or therapy of a specific disease or condition.

## Notice Regarding Non-GAAP Financial Measures

Management uses non-GAAP measures to establish operational goals, and believes that non-GAAP measures may assist investors in analyzing the underlying trends in AngioDynamics' business over time. Investors should consider these non-GAAP measures in addition to, not as a substitute for or as superior to, financial reporting measures prepared in accordance with GAAP. In this presentation, AngioDynamics has reported adjusted EBITDAS (income before interest, taxes, depreciation and amortization and stock-based compensation); adjusted net income; adjusted earnings per share and free cash flow. Management uses these measures in its internal analysis and review of operational performance. Management believes that these measures provide investors with useful information in comparing AngioDynamics' performance over different periods. By using these non-GAAP measures, management believes that investors get a better picture of the performance of AngioDynamics' underlying business. Management encourages investors to review AngioDynamics' financial results prepared in accordance with GAAP to understand AngioDynamics' performance taking into account all relevant factors, including those that may only occur from time to time but have a material impact on AngioDynamics' financial results. Please see the tables that follow for a reconciliation of non-GAAP measures to measures prepared in accordance with GAAP.

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# Transaction Overview

**Transaction Value:** \$167.5 million

**Transaction Structure:** Cash free/debt free

**Anticipated Closing:** By end of FY19 contingent on HSR review and transition/ancillary agreements

**NAMIC Assets Divested:**

- Approximately \$85mm in revenue
  - (U.S. = \$65mm, Int'l = \$20mm)
- Approximately \$30mm in EBITDA
- Primary Glens Falls manufacturing facility
- All appropriate licenses and intellectual property

**Financial Statement Impact:**

- Treat NAMIC assets as discontinued operations and report pro forma results
- Remove all NAMIC assets (including intangibles and allocated goodwill) from balance sheet

**Use of Proceeds (in \$000s):**

Cash Consideration	\$	167,500
Less: Expenses		(5,000)
Tax leakage		(2,500)

<b>Net Proceeds</b>	<b>\$</b>	<b>160,000</b>
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Cash as of 4/15/19		47,500
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<b>Estimated Cash Post-Close</b>	<b>\$</b>	<b>207,500</b>
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**Pay down existing Credit Facility:**

Term Loan A	\$	88,750
Revolving CF		45,000

<b>Net Cash Post-Close</b>	<b>\$</b>	<b>73,750</b>
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- Anticipate new revolver-only credit facility of \$125-\$150mm commensurate with lower levels of EBITDA post transaction
- Total available capital post-transaction of >\$150 million

# Executing on Our Strategy



## Value Creation



## Driving Future Growth

- Net cash balance of ~\$74 million plus credit facility access will provide over \$150 million of available capital to deploy

### Internal Investments:

- **Oncology, NanoKnife Platform**
- **Thrombus Management, AngioVac**
- Selective investments in Core and Vascular Access categories

### External Investments:

- **M&A and Licensing for acquiring innovative assets**
- Opportunistic share repurchase and debt paydown

- Portfolio optimization will remain a priority; continued execution across entire product portfolio
- Sustained focus on operational excellence and appropriate balance sheet stewardship

**AngioVac**  
Cannula and Circuit

**BioFlo**

**NanoKnife**

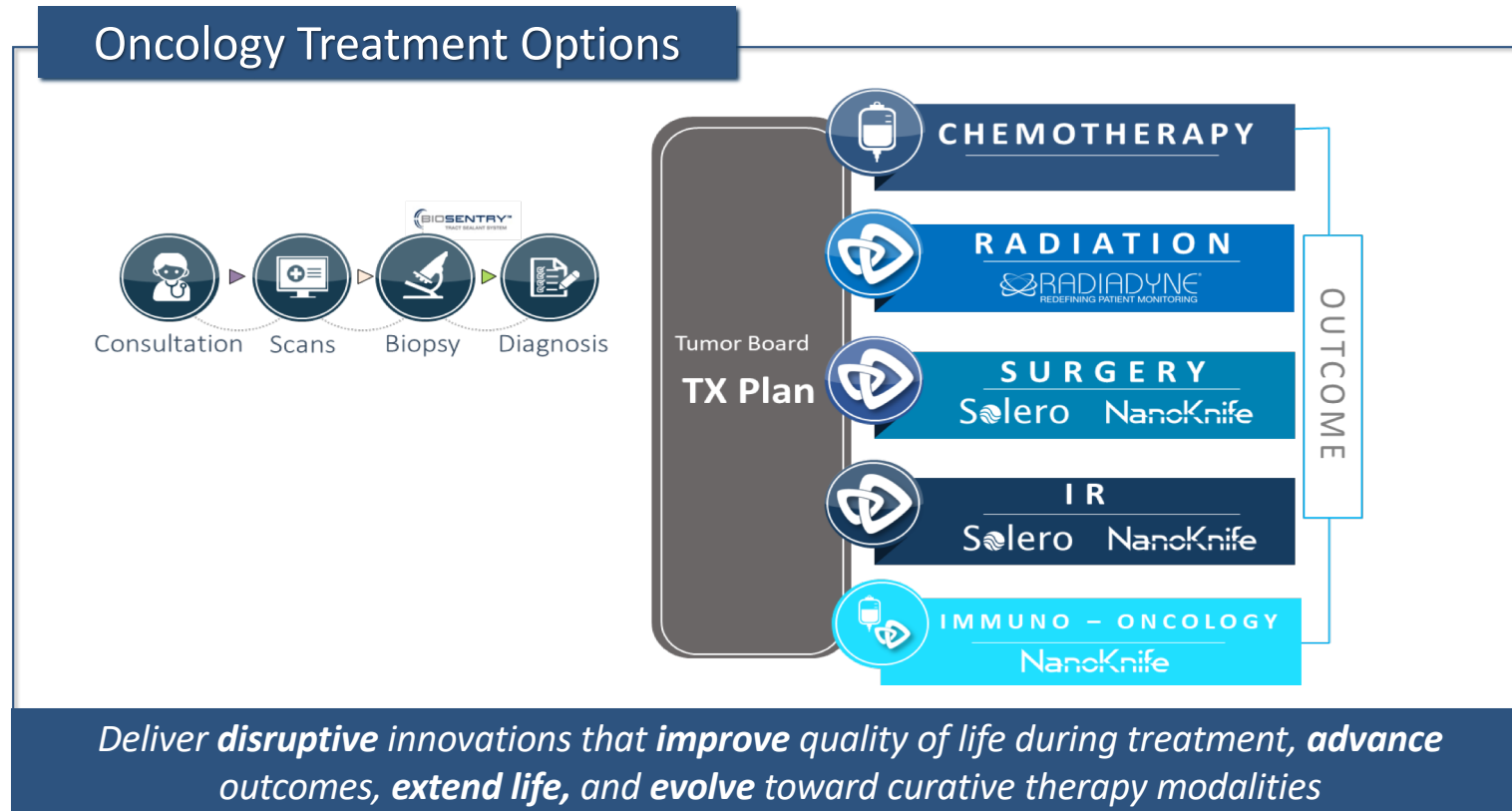
**RADIADYNE**  
REDEFINING PATIENT MONITORING

**Solero**  
Microwave Tissue Ablation System

**VenaCure EVLT**

# Portfolio Optimization and Strategy

# Oncology Caregiver and Patient Journey



## NanoKnife as a Platform

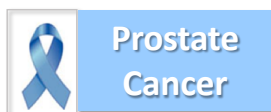


**57K**

CASES  
DIAGNOSED  
ANNUALLY

**8%**

5-YEAR  
SURVIVAL  
RATE



**165K**

CASES  
DIAGNOSED  
ANNUALLY

**99%**

5-YEAR  
SURVIVAL  
RATE



**234K**

CASES  
DIAGNOSED  
ANNUALLY

**20%**

5-YEAR  
SURVIVAL  
RATE



**24K**

CASES  
DIAGNOSED  
ANNUALLY

**35%**

5-YEAR  
SURVIVAL  
RATE

KEY  
DRIVERS

- PMA PATHWAY
- CATEGORY B DESIGNATION

- UNDESIRABLE QUALITY OF LIFE OUTCOMES
- FOCAL THERAPY MOMENTUM
- RADIADYNE ADVANTAGES

- BIOPSY INTERVENTION
- MICROWAVE PENETRATION
- NxGEN IRE SOLUTION

- NxGEN IRE SOLUTION & COMBINED MODALITIES



# NanoKnife IDE Approval



**FDA IDE APPROVAL** - *March 28, 2019*

## **STUDY DESIGN** – One Study, Two Components

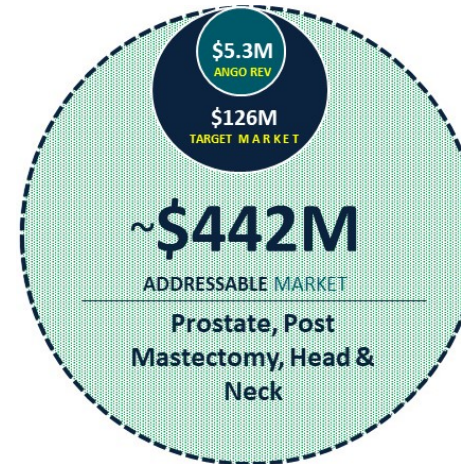
- A **Randomized Controlled Trial (RCT)** at up to 15 sites
- A **Real-World Evidence, Next-Generation Registry (RWE)** at up to 30 sites
- AngioDynamics expects each NanoKnife arm to consist of approximately 250 patients with an equal number of control patients.
- The primary endpoint of the Study is **overall survival**.
- Next-generation study with a **Category B IDE Designation**.
- Received central Institutional Review Board (IRB) approval.
- Initial enrollment expected **June 2019**.

# MARKETS & OPPORTUNITIES: Oncology

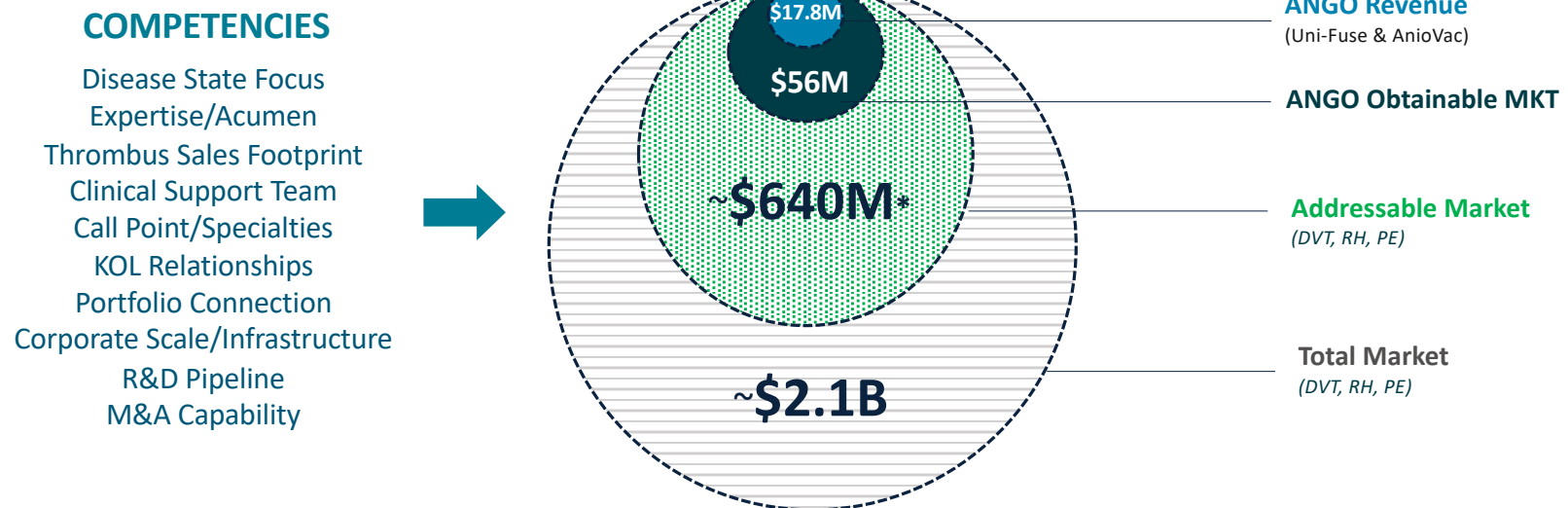
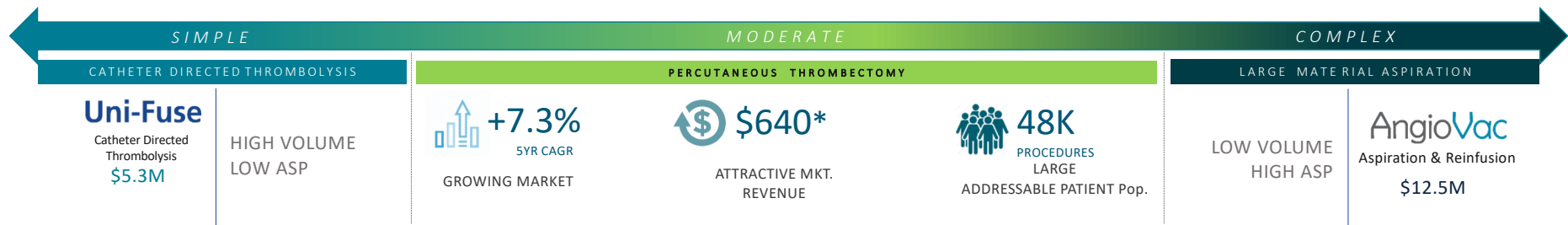
## Ablative Oncology Solutions



## Radiation Therapy & Biopsy Solutions



# MARKET & OPPORTUNITY: Thrombus Management



*Our market presence, resources and portfolio pipeline will enable us to increase our addressable market*

# Secondary Areas of Investment

## Vascular Access

- Broad offering of peripherally inserted central catheters (PICCs), midline catheters, implantable ports, dialysis catheters and related accessories and supplies.
- Deliver, primarily, short-term drug therapies, such as chemotherapeutic agents and antibiotics, into the central venous system.
- Delivery to the circulatory system allows drugs to mix with a large volume of blood as compared to intravenous drug delivery into a superficial vessel.



VORTEX  
TECHNOLOGY



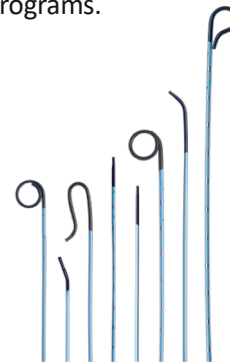
## Core and EVLT

**Core Peripheral** - Angiographic Catheters, Micro-Access, Drainage, Guidewires

- Market leading brands rooted, in **quality, performance, selection and value**, with broad procedural utilization across multiple specialties and care settings.

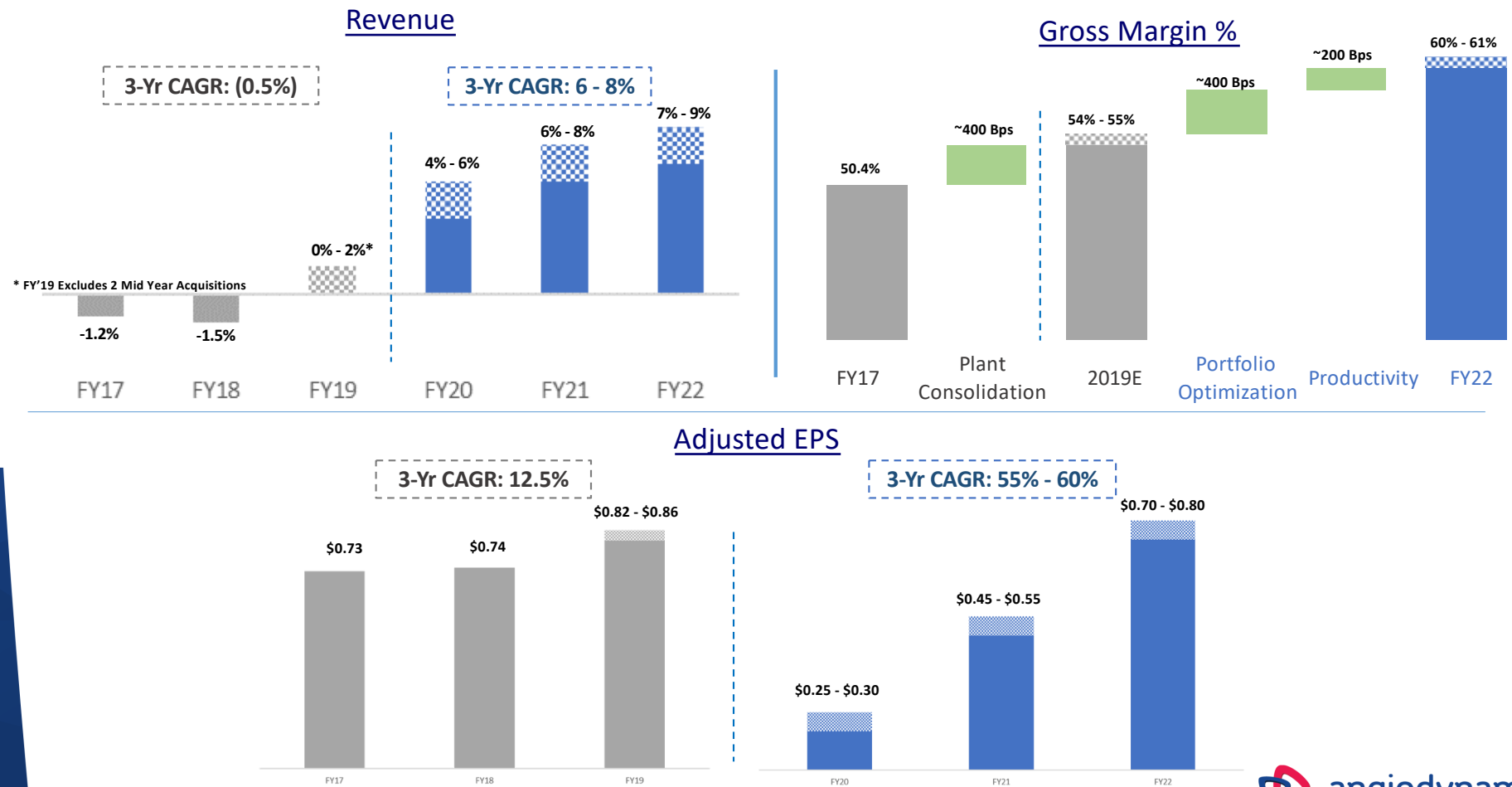
**Venous Therapies** - VenaCure 1470 Pro Laser, Gold, Direct, OPS, Pvak, Packs

- Market **Leading Technology** with proven **Safety & Efficacy**. Versatile **Treatment** used **across CVI Classifications**; Widely adopted with vast **Payor Coverage**. All-inclusive suite of **Practice Development** and **Clinical Training** programs.



# Financial Metrics: FY20 through FY22

# Revenue, Gross Margin and Adjusted EPS



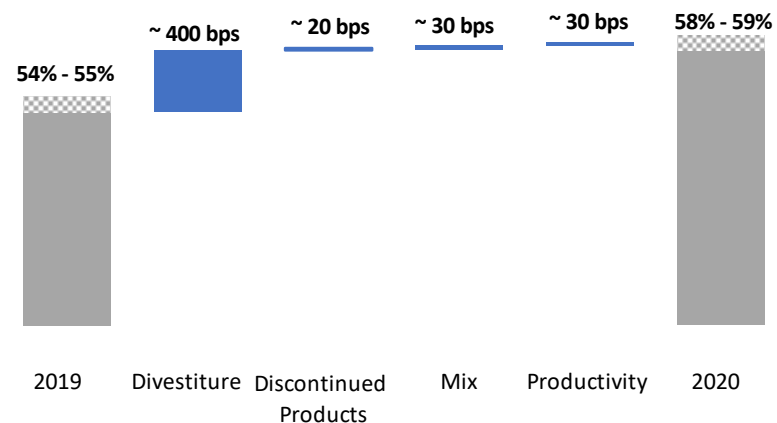
Numbers for FY'19, FY'20, FY'21, and FY'22 represent estimates.

## FY'2019 to FY'2020

### Revenue

	FY'19	Divestiture	Discontinued Products	Growth	FY'20
VIT	\$204 - 205	(\$84 - \$85)	(\$5 - \$6)	\$4 - \$5	\$116 - \$118
VA	\$94 - \$96			\$0 - \$2	\$94 - \$96
Onc	\$56 - \$58			\$14 - \$16	\$70 - \$72
<b>Total</b>	<b>\$354 - \$359</b>				<b>\$280 - \$286</b>

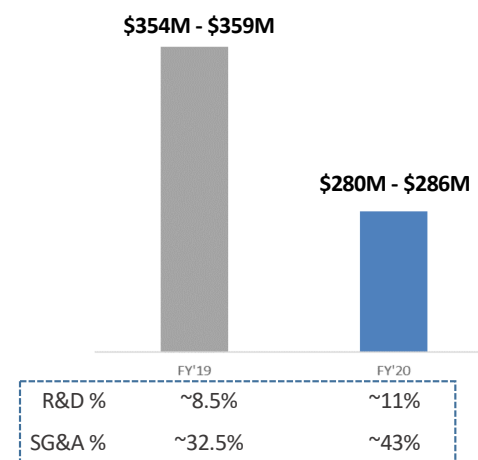
### Gross Margin %



### Adjusted EPS

<b>FY'19 Adjusted EPS</b>	<b>\$0.82 - \$0.86</b>
Divestiture	(0.60)
Less Interest Expense (Debt Paydown)	0.10
<b>FY'19 Proforma Adjusted EPS</b>	<b>\$0.32 - \$0.36</b>
GM Contribution (Volume/Mix, Acq)	0.25
Asclera Discontinuance	(0.05)
Clinical Investment	(0.10)
Other Product Development Investments	(0.08)
Dis-synergies	(\$0.09) - (\$0.10)
<b>FY'20 Proforma Adjusted EPS</b>	<b>\$0.25 - \$0.30</b>

### OPEX % of Sales



Numbers for FY'19, FY'20, FY'21, and FY'22 represent estimates.

# Investment Decision Framework

## Current Financial Position

Sufficient liquidity to support investment needs

## External Investments

- Mergers & Acquisitions
- Share Repurchases
- Paying Down Debt



## Return On Investment

Model against hurdle rates and WACC to compare internal and external investment options

## Internal Investments

- Research & Development
- Selling & Marketing
- Manufacturing

Constant strategic review on where to invest excess cash



# Portfolio Optimization to Shape our Future

## Divestiture

- Divest non-strategic asset
- Reduce manufacturing complexity
- Sell NAMIC to owner with the right scale and long-term investment thesis



## Rationale

- Invest in differentiated technologies
- Create leaner operations
- Improve financial profile
- Increase available capital to deploy

## Projected 3-Yr Outcomes

Revenue  
6% - 8% CAGR

Gross Margin  
60% - 61%

Adjusted EPS  
55% - 60% CAGR

Adjusted EBITDAS  
~\$60M by 2022

Free Cash Flow  
~\$50M+ by 2022