

AngioDynamics

Second Quarter 2019 Earnings Presentation

January 4, 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. 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 news release, 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.

Second Quarter 2019 Highlights

Financial Performance

- Revenue of \$91.5 million, compared to \$86.7 million a year ago. Organic revenue was \$88.7 million for the second quarter.
- Gross Margin of 53.7%, up 440 bps year over year.
- Adjusted EPS of \$0.22, compared to \$0.17 a year ago.
- Adjusted EBITDAS of \$16.3 million, compared to \$13.3 million a year ago.
- Cash provided by operations of \$13.0 million.
- Reconfirming previous guidance on revenue, adjusted EPS, and free cash flow.
- Narrowing the gross margin expectation for the full year to between 54% and 55%.

Select Product Family Year-over-Year Sales Growth

Vascular Interventions and Therapies

- Fluid Management: 7%
- AngioVac®: 20%
- Core Peripheral: 2%
- Venous Insufficiency: (9%)

Vascular Access

- Midlines: 6%
- PICCs: (5%)
- Ports: 8%
- Dialysis: 9%

Oncology

- NanoKnife®: 29%
- RadioFrequency Ablation: (12%)
- Solero® Microwave: (13%)*

*2Q19 Solero revenue grew 4.2% excluding the impact of Acculis market removal

Corporate Developments

- RadiaDyne and BioSentry acquisitions successfully integrated and are performing in line with our expectations for the quarter.
- Continued progress towards receiving FDA approval to begin our DIRECT™ NanoKnife study for Stage III pancreatic cancer.
 - Received notification from the FDA that NanoKnife will be considered a Category B IDE once we receive approval to begin the study.

Second Quarter and Year-to-Date FY 2019 Results

<i>\$ in thousands (except per share data)</i>	FY2019 Q2 Results	FY2018 Q2 Results	Change	FY2019 YTD Results	FY2018 YTD Results	Change
Revenue	\$91,503	\$86,706	5.5%	\$176,843	\$172,117	2.7%
- Vascular Interventions and Therapies	52,494	51,368	2.2%	102,488	101,234	1.2%
- Vascular Access	23,723	22,574	5.1%	47,513	45,812	3.7%
- Oncology	15,286	12,764	19.8%	26,842	25,071	7.1%
- United States	71,883	68,301	5.2%	139,567	137,232	1.7%
- International	19,620	18,405	6.6%	37,276	34,885	6.9%
Net Income	\$2,140	\$249		\$1,671	\$214	
Adjusted Net Income	\$8,386	\$6,298		\$14,602	\$11,275	
GAAP Earnings Per Share	\$0.06	\$0.01		\$0.04	\$0.01	
Non-GAAP Adjusted EPS	\$0.22	\$0.17		\$0.38	\$0.30	
Gross Margin	53.7%	49.3%		52.9%	48.8%	
Adjusted EBITDAS	\$16,316	\$13,335		\$28,939	\$24,618	
Free Cash Flow	\$12,225	\$9,444		\$2,670	\$11,979	
Cash	\$42,820	\$74,096*		\$42,820	\$74,096*	
Debt	\$145,000	\$92,500*		\$145,000	\$92,500*	

4 * Balances reflect amounts at 5/31/2018

GAAP to Non-GAAP Reconciliation

Reconciliation of GAAP to Non-GAAP Net Income and EPS

Amounts in thousands	Three months ended		Six months ended	
	November 30,	November 30,	November 30,	November 30,
	2018	2017	2018	2017
	(unaudited)		(unaudited)	
Net income	\$ 2,140	\$ 249	\$ 1,671	\$ 214
Amortization of intangibles	5,188	4,146	9,304	8,242
Change in fair value of contingent consideration	244	82	256	187
Acquisition, restructuring and other items, net (1)	2,728	4,766	7,150	7,755
Tax effect of non-GAAP items (2)	(1,914)	(2,945)	(3,779)	(5,123)
Adjusted net income	<u>\$ 8,386</u>	<u>\$ 6,298</u>	<u>\$ 14,602</u>	<u>\$ 11,275</u>
	Three months ended		Six months ended	
	November 30,	November 30,	November 30,	November 30,
	2018	2017	2018	2017
	(unaudited)		(unaudited)	
Diluted earnings per share	\$ 0.06	\$ 0.01	\$ 0.04	\$ 0.01
Amortization of intangibles	0.14	0.11	0.24	0.22
Change in fair value of contingent consideration	0.01	0.00	0.01	0.01
Acquisition, restructuring and other items, net (1)	0.07	0.13	0.19	0.21
Tax effect of non-GAAP items (2)	(0.06)	(0.08)	(0.10)	(0.15)
Adjusted diluted earnings per share	<u>\$ 0.22</u>	<u>\$ 0.17</u>	<u>\$ 0.38</u>	<u>\$ 0.30</u>
Adjusted diluted share count	38,117	37,383	38,131	37,322

(1) Includes costs related to merger and acquisition activities, restructurings, and unusual items, including asset impairments and write-offs, certain litigation, and other items.

(2) Adjustment to reflect the income tax provision on a non-GAAP basis has been calculated assuming no valuation allowance on our U.S. deferred tax assets and an effective tax rate of 23% for November 30, 2018. For November 30, 2017 the effective tax rate i) has been calculated using a blended rate of 30.62% for the year ended May 31, 2018 due to the enactment of the Tax Cuts and Jobs Act (the "Act") that reduced the federal corporate tax rate to 21%; ii) excludes the benefit recorded in Q3 fiscal 2018 resulting from remeasurement of our deferred tax assets from the Act; iii) tax effects the non-GAAP adjustment shown above and iv) assumes the Company does not have a valuation allowance on its U.S. deferred tax assets.

Reconciliation of Net Income to EBITDAS to Adjusted EBITDAS

Amounts in thousands	Three months ended		Six months ended	
	November 30,	November 30,	November 30,	November 30,
	2018	2017	2018	2017
	(unaudited)		(unaudited)	
Net income	\$ 2,140	\$ 249	\$ 1,671	\$ 214
Income tax expense (benefit)	591	(166)	583	(147)
Interest expense, net	1,330	760	2,247	1,483
Depreciation and amortization	6,692	5,884	12,291	11,677
Stock-based compensation	2,591	1,966	4,741	3,763
EBITDAS	<u>\$ 13,344</u>	<u>\$ 8,693</u>	<u>21,533</u>	<u>16,990</u>
Change in fair value of contingent consideration	\$ 244	\$ 82	256	187
Acquisition, restructuring and other items, net (1)	2,728	4,560	7,150	7,441
Adjusted EBITDAS	<u>\$ 16,316</u>	<u>\$ 13,335</u>	<u>\$ 28,939</u>	<u>\$ 24,618</u>
Per diluted share:				
EBITDAS	\$ 0.35	\$ 0.23	\$ 0.56	\$ 0.46
Adjusted EBITDAS	\$ 0.43	\$ 0.36	\$ 0.76	\$ 0.66

(1) Includes costs related to merger and acquisition activities, restructurings, and unusual items, including asset impairments and write-offs, certain litigation, and other items.

Growth *through*
Focus | Execution | Accountability