

# AngioDynamics

Second Quarter 2020 Earnings Presentation

January 7, 2020

# 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, 2019. 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, free cash flow and net sales on an organic basis, excluding acquired assets and Asclera. 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 FY2020 Highlights

## Financial Performance

	Q2 FY20	Q2 FY19	Change
(In millions)			
Revenue	\$70.0	\$70.0	0.0%
Revenue Excluding Asclera	\$70.0	\$68.3	2.5%
Gross Margin	59.3%	57.9%	140 bps
Adjusted EPS	\$0.06	\$0.07	(\$0.01)
Adjusted EBITDA	\$6.4	\$9.0	(\$2.6)
Cash Used in Operations	(\$5.9)	(\$13.0)	
Free Cash Flow	\$3.3	\$12.2	

## Product Family Year-over-Year Sales Growth

### Vascular Interventions and Therapies

AngioVac®	53%
Thrombolytic	(10%)
Core Peripheral	3%
Venous Insufficiency	(17%)*

### Vascular Access

Midlines	0%
PICCs	(7%)
Ports	(9%)
Dialysis	3%

### Oncology

NanoKnife®	27%
Solero® Microwave	2%
BioSentry	(4%)
Alatus and IsoLoc Balloons	26%
RadioFrequency Ablation	(23%)

\* Excluding Asclera, Venous Insufficiency growth was (1)%.

## Corporate Developments

- NanoKnife DIRECT study: 13 sites have IRB approval to begin patient enrollment; anticipate approximately 5 more site approvals by end of fiscal year 2020.
- Received Category III CPT physician billing codes for irreversible electroporation.
- Announced the acquisition of the C3 Wave PICC tip location system subsequent to quarter end.

## Second Quarter FY2020 Results (unaudited)

<i>\$ in thousands (except per share data)</i>	FY2020 Q2 Results	FY2019 Q2 Results	Change	FY2020 YTD Results	FY2019 YTD Results	Change
<b>Revenue</b>	<b>\$70,003</b>	<b>\$69,985</b>	<b>0.0%*</b>	<b>\$136,045</b>	<b>\$133,928</b>	<b>1.6%*</b>
Vascular Interventions and Therapies	31,150	30,976	0.6%*	60,063	59,573	0.8%*
Vascular Access	22,784	23,723	(4.0%)	45,943	47,513	(3.3%)
Oncology	16,069	15,286	5.1%	30,039	26,842	11.9%
United States	55,555	56,300	(1.3%)*	108,492	107,796	0.6%*
International	14,448	13,685	5.6%	27,553	26,132	5.4%
<b>Net Loss from Continuing Operations</b>	<b>(\$2,736)</b>	<b>(\$3,587)</b>		<b>(\$4,011)</b>	<b>(\$9,291)</b>	
Adjusted Net Income	\$2,151	\$2,850		\$5,325	\$3,570	
<b>GAAP Loss Per Share</b>	<b>(\$0.07)</b>	<b>(\$0.10)</b>		<b>(\$0.11)</b>	<b>(\$0.25)</b>	
Non-GAAP Adjusted EPS	\$0.06	\$0.07		\$0.14	\$0.09	
<b>Gross Margin</b>	<b>59.3%</b>	<b>57.9%</b>		<b>58.6%</b>	<b>57.1%</b>	
<b>Adjusted EBITDA</b>	<b>\$6,410</b>	<b>\$8,998</b>		<b>\$13,690</b>	<b>\$14,368</b>	
<b>Free Cash Flow</b>	<b>\$3,314</b>	<b>\$12,225</b>		<b>(\$4,611)</b>	<b>\$2,670</b>	
<b>Cash</b>	<b>\$41,247</b>	<b>\$227,641**</b>		<b>\$41,247</b>	<b>\$227,641**</b>	
<b>Debt</b>	<b>\$0</b>	<b>\$132,500**</b>		<b>\$0</b>	<b>\$132,500**</b>	

\* When excluding Asclera:

AngioDynamics growth was 2.5% FY20 Q2 and 4.0% YTD

Vascular Interventions and Therapies growth was 6.5% FY20 Q2 and 6.4% YTD

U.S. growth was 1.8% FY20 Q2 and 3.7% YTD

\*\* Balances reflect amounts at May 31, 2019.

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## FY2020 Guidance

	<u>Current Guidance</u> <u>(Unchanged)</u>
Revenue	\$280m - \$286m
Adjusted EPS	\$0.10 - \$0.15
Gross Margin	58% - 59%

# 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,
	2019	2018	2019	2018
	(unaudited)		(unaudited)	
Net loss from continuing operations	\$ (2,736)	\$ (3,587)	\$ (4,011)	\$ (9,291)
Amortization of intangibles	4,530	4,506	8,398	7,939
Change in fair value of contingent consideration	145	244	(303)	256
Acquisition, restructuring and other items, net <sup>(1)</sup>	1,421	2,728	2,921	7,150
Write-off of deferred financing fees <sup>(2)</sup>	—	—	593	—
Tax effect of non-GAAP items <sup>(3)</sup>	(1,209)	(1,041)	(2,273)	(2,484)
Adjusted net income	\$ 2,151	\$ 2,850	\$ 5,325	\$ 3,570

	Three months ended		Six months ended	
	November 30,	November 30,	November 30,	November 30,
	2019	2018	2019	2018
	(unaudited)		(unaudited)	
Diluted loss per share	\$ (0.07)	\$ (0.10)	\$ (0.11)	\$ (0.25)
Amortization of intangibles	0.12	0.12	0.22	0.21
Change in fair value of contingent consideration	—	0.01	(0.01)	0.01
Acquisition, restructuring and other items, net <sup>(1)</sup>	0.04	0.07	0.08	0.19
Write-off of deferred financing fees <sup>(2)</sup>	—	—	0.02	—
Tax effect of non-GAAP items <sup>(3)</sup>	(0.04)	(0.03)	(0.06)	(0.07)
Adjusted diluted earnings per share	\$ 0.06	\$ 0.07	\$ 0.14	\$ 0.09
Adjusted diluted sharecount	38,092	38,117	38,120	38,131

- (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) Deferred financing fees related to the old credit agreement were written off during the first quarter of fiscal year 2020.
- (3) Adjustment to reflect the income tax provision on a non-GAAP basis has been calculated assuming no valuation allowance on the Company's U.S. deferred tax assets and an effective tax rate of 23% for November 30, 2019 and 2018.

## Reconciliation of Net Income Adjusted EBITDA

Amounts in thousands	Three months ended		Six months ended	
	November 30,	November 30,	November 30,	November 30,
	2019	2018	2019	2018
	(unaudited)		(unaudited)	
Net loss from continuing operations	\$ (2,736)	\$ (3,587)	\$ (4,011)	\$ (9,291)
Income tax expense (benefit)	(566)	(190)	(682)	(1,418)
Interest expense, net	41	1,330	506	2,247
Depreciation and amortization	5,863	5,890	11,033	10,698
Change in fair value of contingent consideration	145	244	(303)	256
Stock based compensation	2,242	2,583	4,226	4,726
Acquisition, restructuring and other items, net (1)	1,421	2,728	2,921	7,150
Adjusted EBITDA	\$ 6,410	\$ 8,998	\$ 13,690	\$ 14,368
Per diluted share:				
Adjusted EBITDA	\$ 0.17	\$ 0.24	\$ 0.36	\$ 0.38

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



Growth *through*

Focus | Execution | Accountability