



Q4 2019 EARNINGS CONFERENCE CALL



FEBRUARY 27, 2020





TODAY'S PRESENTER

GÖRAN MALMBERG

GROUP CEO & PRESIDENT



Encouraging signs for 2020, despite continued lag in the medical device industry in Q4

- Medical Device Industry orders continued to be pushed into 2020, resulting in a 10.1 % drop in net sales year over year. Our start of the first quarter 2020 is improved compared to last year both from a net sales and order point of view and we see progress on deals from last year.
- Our segments for Health Care Systems and Teaching Entities performed well throughout the year, with a 5.7 % net sales growth compared to 2018.
- Strategic Alliances grew over 60 % year over year, however still at small numbers. The work performed during 2019 is expected to lead to further growth in 2020.
- Long-term engagement with German Society of Radiology (DeGIR) in Q4 a major step forward for the perspective of simulation. Several similar discussions with medical organizations around the globe in 2019.
- **Strategic partnerships:** Strong progress with all three partners: Siemens Healthineers, Philips and Laerdal. Virtually every prospective client of a Philips Azurion or a Siemens Artis Icono will be introduced to the benefits of adding a Mentice system. Several systems on order in early 2020.
- **Technology:** Consolidated resource use and added dedicated resources to standard development in H2 of 2019 has created a very strong product launch schedule for 2020. This is expected to drive sales in all segments and regions for the later part of 2020 and 2021.
- **Corrective actions:** CEO Göran Malmberg assumed responsibility for global sales in Q4 with the company's 3 sales leaders reporting directly to him.

Q4 2019 – FINANCIALS

Key Figures



	Q4 2019	Q4 2018	JAN-DEC 2019	JAN-DEC 2018
Order Intake, MSEK	54,7	61,9	139,1	174,3
Net Sales, MSEK	60,2	65,2	149,4	157,0
Operating Result before Depreciations (EBITDA), MSEK	11,8	24,3	-12,9	20,8
Cash at the end of the Period	48,0	17,8	48,0	17,8

OUTLOOK – FIRST QUARTER OF 2020

- Corrective actions in global sales, with CEO Göran Malmberg assuming direct responsibility. Focus on decision processes as well as value creation with clients especially with Medical Device Industry
- Promising strategic dialogues with clients in key device areas such as structural heart and neurovascular
- Multiple and relevant dialogues with societies/certifying bodies on movement towards certification structures for physicians
- Some of the uncertainties in 2019 eliminated, but the Coronavirus might add some further delay in China (and possibly in other parts of the world).
- **Strategic partnerships:** Deliveries of Siemens' Artis Icono Cath lab started in the beginning of 2020. Orders already received from imaging partners during beginning of Q1.
- **Technology:** Strong product launch schedule in 2020 started with presentation of first of-its-kind flexible Coronary Essentials training solution at the IMSH 2020 in San Diego in January. Multiple product launches planned for 2020 both from a platform and application point of view.
- **Medical Device Industry:** Focus on list of delayed deals with aim to close bulk of these during Q1 and Q2.



OUTLOOK – FULL YEAR OF 2020

Expected return to about 30 % net sales growth forecast in 2020, with strong positions in all segments and geographies

- When taking a step back and observing the overall trends, Mentice is confident in being able to return to growth in 2020. A strong positioning in all segments and regions, continued structural expansion and a product launch schedule provides a great foundation for further growth.
- While being careful on the forecast, expected positive rebound in the Medical Device Industry segment as orders pushed into 2020 are being closed.
- Strong foundation for growth from strategic alliances in 2020 and thereafter as customer discussions in connection with Cath lab investments are progression in a positive way.
- Positive development in the direction of accreditation (as seen with the DeGIR order in Q4) is a major long-term growth driver for medical simulations and for Mentice.
- Coronavirus outbreak, and possibly the US election, are possible sources of continued uncertainty in 2020.





GÖRAN MALMBERG

GROUP CEO & PRESIDENT

Q&A SESSION



ELISABET LUND

CHIEF FINANCIAL OFFICER

