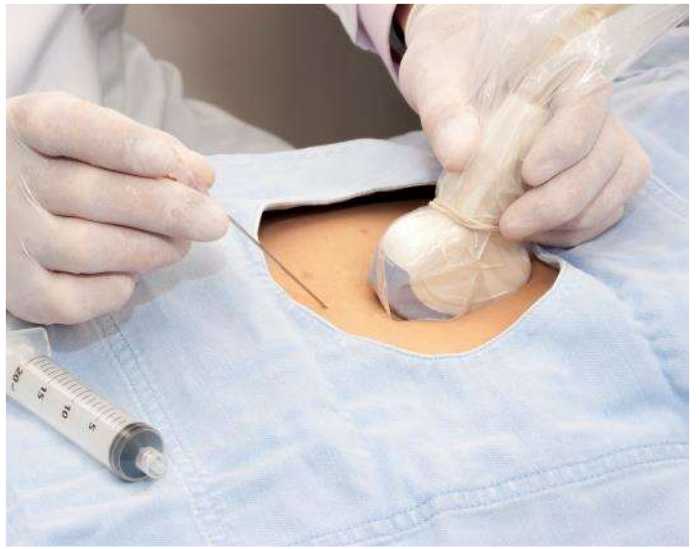
2017 Full Year Results

Investor Presentation

Michael Kavanagh – CEO & President *McGregor Grant – Chief Financial Officer*



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FY17 - Highlights

Significant achievements across all aspects of Nanosonics' business

- Record revenue, up 58% to $67.5 million
- North America installed base up 42% to 12,400 (Global installed base now 14,100)
- Market expansion into Japan
- Investments in R&D delivering results, now targeting two new products over the next two years
- New clinical publications & guidelines supporting ongoing adoption

Strong financial position for ongoing investment in growth strategy

- Operating profit before tax of $13.9 million
- Cash reserve of $63.0 million

Company Overview

- Healthcare company specialised in the development and commericalisation of infection control solutions
- First product, trophon® EPR - proprietary automated technology for low temperature, high level disinfection of ultrasound probes
- Approved for sale in most major markets including: US/Canada, ANZ, Europe, Singapore, HK, South Korea, Japan
- 165+ Staff across Australia, US, Canada UK, Germany and France
- Direct operations in the North America, UK, France, Germany plus distributor partners including GE Healthcare in the United States
- Active R&D program targeting expansion of product portfolio for Infection Prevention market

Key Corporate Data

Share price*	$2.50
Shares on issue*	297.7 million
Market capitalisation*	$744.3 million
Liquidity* (30 day avg.)	899,417
Cash (30 June 17)	$63.0 million
Share register breakdown	Founders/Related Parties 18.3% Institutions 48.8% Private 32.9%

* As at 24 August 2017

Our Mission

nanosonics
Infection Prevention. For Life.

We improve the safety of patients, clinics, their staff and the environment by transforming the way infection prevention practices are understood and conducted and introducing innovative technologies that deliver improved standards of care.

Corporate Objectives

Customer Experience

Establish our offerings as new standards of care globally and provide customers a convenient, seamless and consistent experience with both product and brand.

Product Innovation

Create and bring to market a portfolio of innovative and quality products that address unmet customer needs providing higher standards of safety, efficiency and patient care.

Operational Excellence

Develop an agile operation with scalable, compliant and performance focussed processes, designed to deliver a positive experience for our customers.

People Engagement

Build an organisation that attracts and retains the best people and engages and empowers them to take appropriate initiative and be accountable for our core objectives.

Value Creation

Create sustainable shareholder value, delivering high growth and strong returns , while making a significant contribution to social good.

trophon® System

Accessories

trophon® System

Safe

- **Patient** – most comprehensive portfolio of efficacy testing in probe high level disinfection.
- **User** - no handling or exposure to toxic chemicals
- **Environment** - water and oxygen as by products

Versatile

- Compatible with over 1,000 probes including intracavity and surface probes
- Can be used at point of care
- Supports streamlined practice workflows

Simple

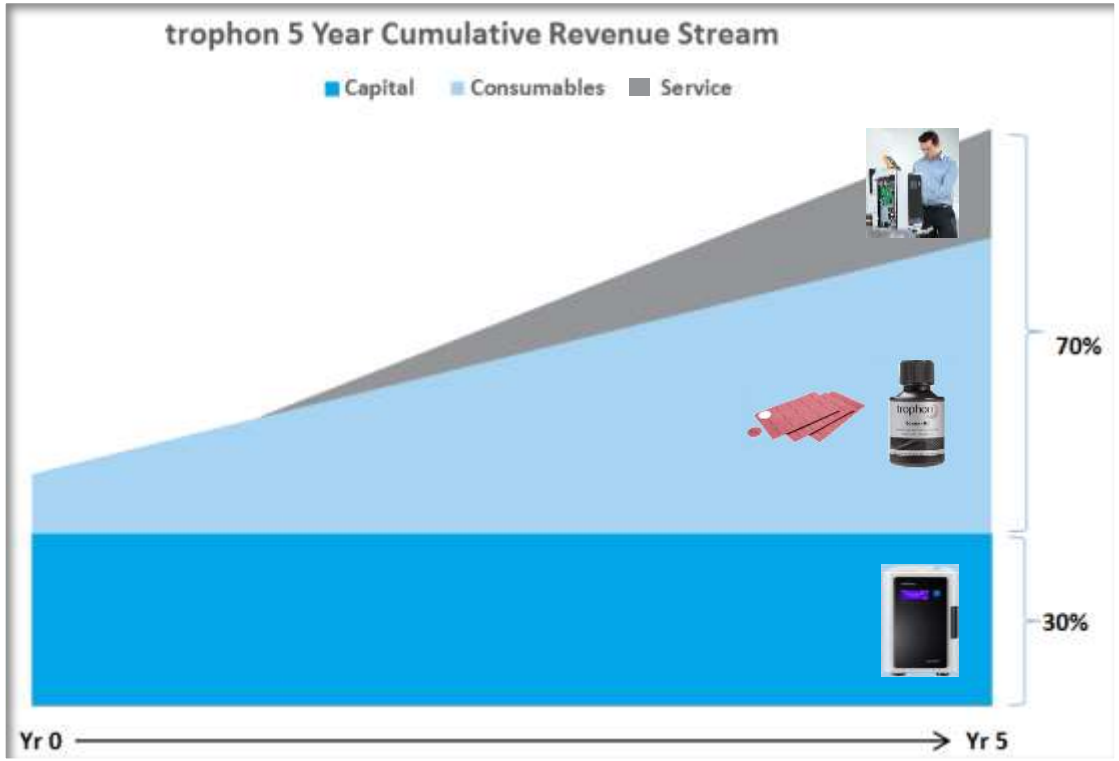
- Simple to use – one button operation
- Fast 7 minute cycle

Large market opportunity

Global addressable installed base: ~120,000 trophon EPR units

- ~40,000 Units in North America
- Equivalent sized markets in Europe and RoW

Attractive revenue model



Financial Results

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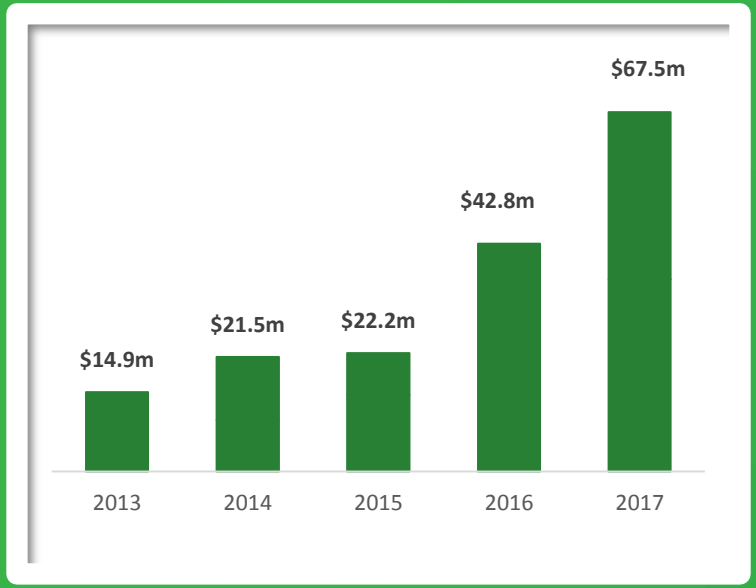
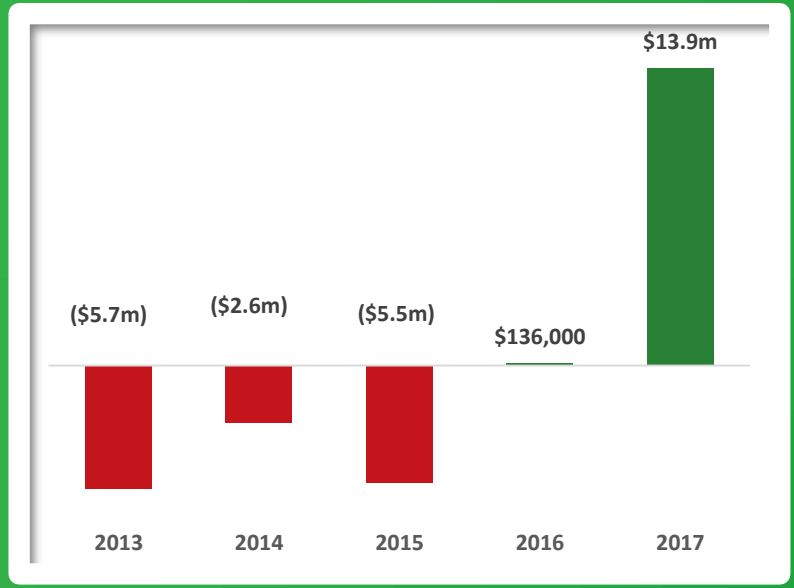
2017 Full Year Results

$67.5 million Sales



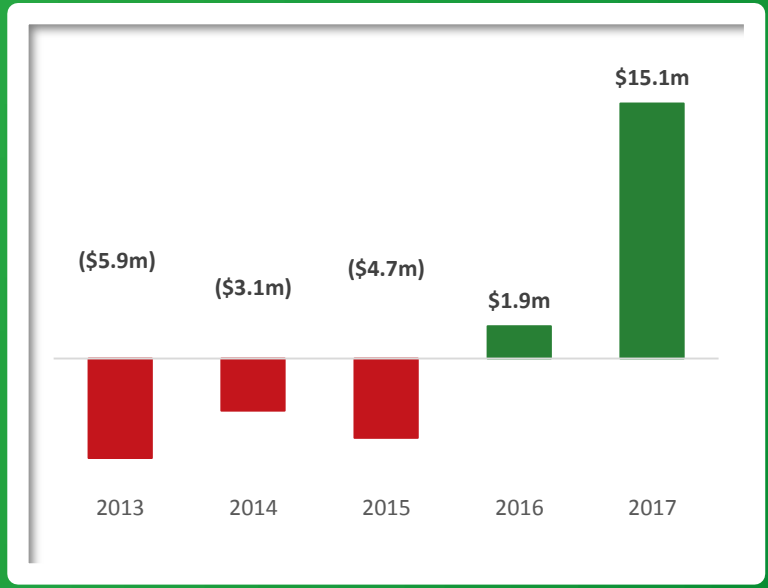
- FY17 sales of $67.5 million, up 58% vs FY16 (64% in constant currency) driven by continued strong adoption of trophon in North America and growing uptake in the UK.
- Global installed base grew to over 14,100 units globally.

$13.9m Profit Before Tax



- Operating profit before tax of $13.9 million compared with $0.1 million in prior year.
- Profit after tax of 26.2 million compared with $0.1 million in prior year. Includes income tax benefit of $12.3 million.

$15.1m Free Cash Flow



- Free cash flow for the year of $15.1 million compared with $1.9 million in prior year.
- Cash reserve of $63.0 million, maintains strong balance sheet to support growth strategy.

2017 Full Year Financial Results

$ million	FY17	FY16	Change%
Sale of goods and services	**67.5**	**42.8**	**58%**
Gross profit	**50.2**	**32.2**	**56%**
%	74%	75%	
Selling, general and administration	(28.6)	(25.4)	13%
Research and development	(9.5)	(7.3)	30%
Other income	0.8	0.1	700%
Finance income (net)	1.0	0.5	100%
Profit before income tax	**13.9**	**0.1**	
Income tax benefit	12.3	-	
Profit after income tax	**26.2**	**0.1**	
Cash Balance	**63.0**	**48.8**	

Highlights

- Sales of $67.5 million, up 58% vs FY16
- Gross profit of $50.2 million, or 74% of sales
- Total operating expenses of $38.1 million
  - 30% increase in R&D investment associated with future generations of trophon technology and novel solutions aimed at addressing unmet needs in infection prevention field; and
  - 13% increase in SG&A to support sales and market expansion activities and expanding internal operational capacity and capabilities.
- Other income $0.8 million, mainly due to gains on FX contracts
- Income tax benefit of $12.3 million primarily related to recognition of benefit associated with carried forward losses and R&D credits
- Cash balance of $63.0 million

Regional Updates

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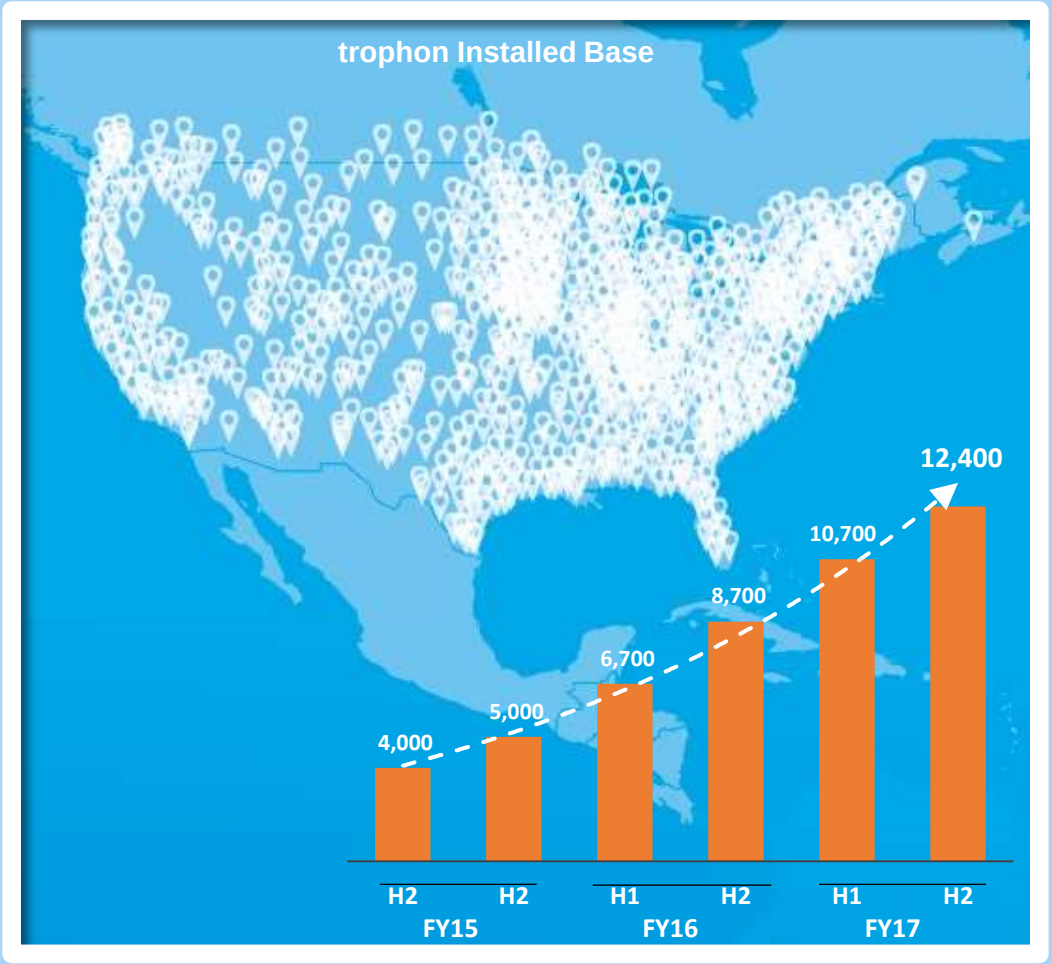
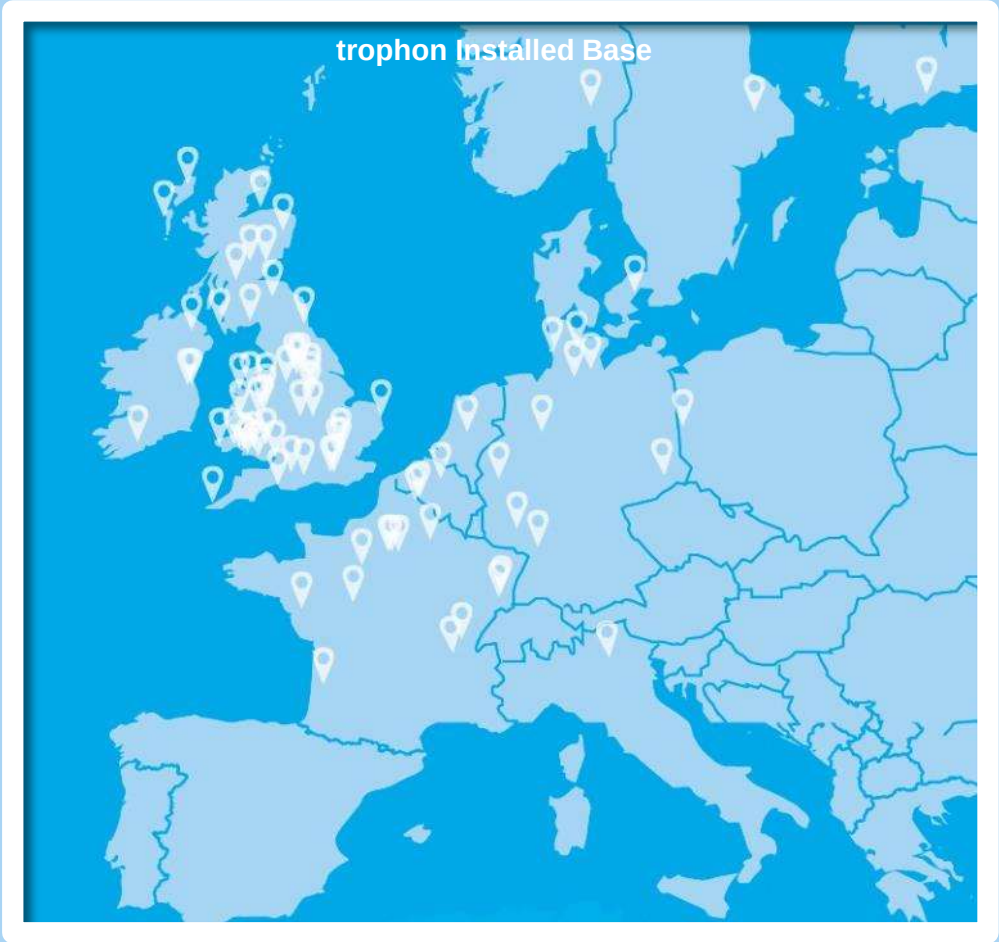
North America



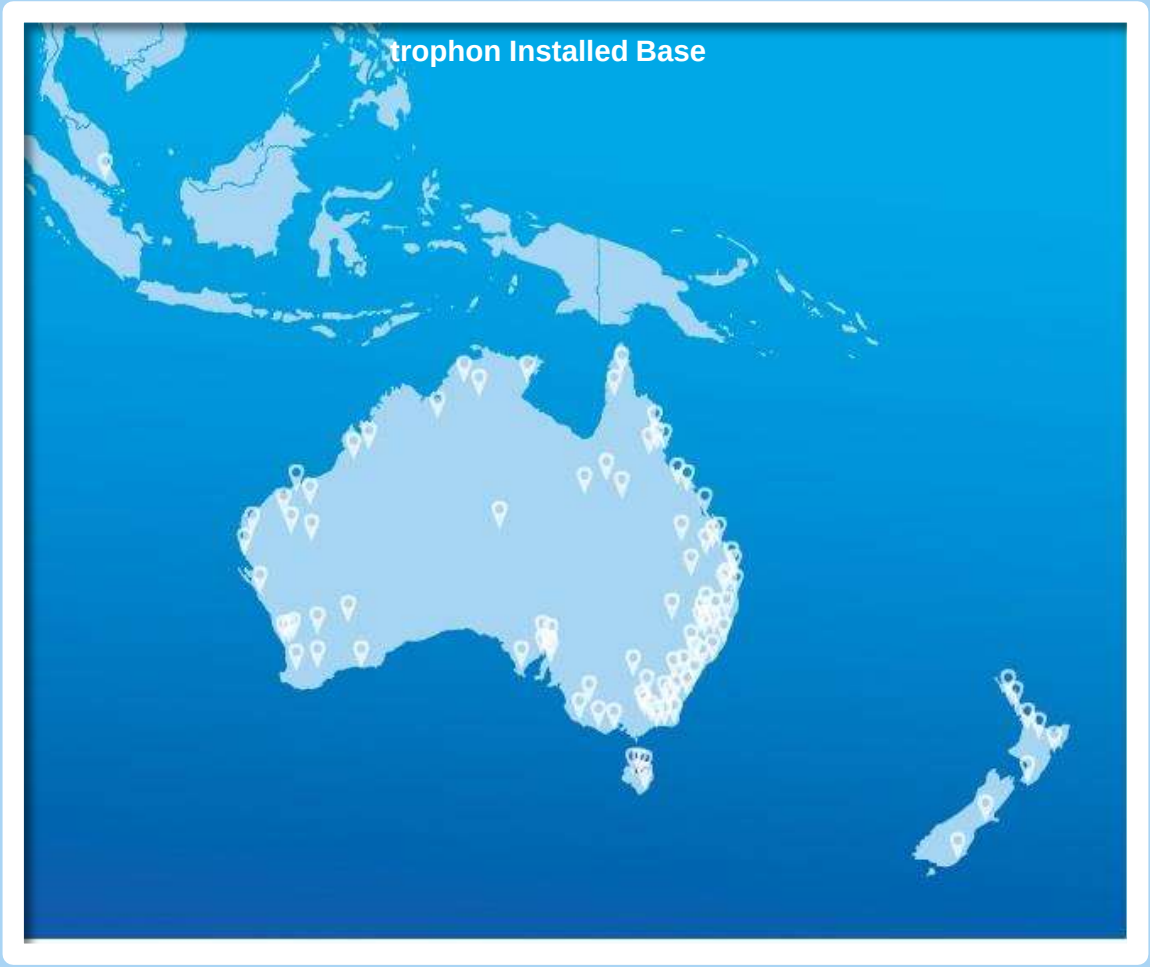
- Key focus is to establish trophon as standard of care across all hospitals and all relevant departments within each hospital.
- Continuing investment in education, sales and marketing activities to drive market awareness on the importance high level disinfection for all semi-critical ultrasound probes.
- Capital reseller agreements established with majority of the ultrasound OEMs.
- Private market opportunity in particular clinics affiliated with hospitals.
- Relocation to new service and logistics facility to support ongoing growth in installed base.

Europe



- Momentum of trophon adoption in UK builds in response to guideline changes and the Management Equipment Service (MES) business model.
- UK sales team expanded and new warehouse and service operations established.
- Fundamentals for adoption strengthening in France and Germany with updated guidance – further sales resources in FY18.
- Further European guidelines expected in FY18.

Asia Pacific



Australia / New Zealand

- ANZ sales grew 22% to $3.1 million.
- Market penetration approximately 70%.
- New joint guideline between ASUM and ACIPC emphasising the importance of HLD of all semi-critical ultrasound devices.

Japan

- Nanosonics entered into a master distribution agreement with leading infection prevention company, Sakura Seiki.

Strengthening fundamentals for adoption globally

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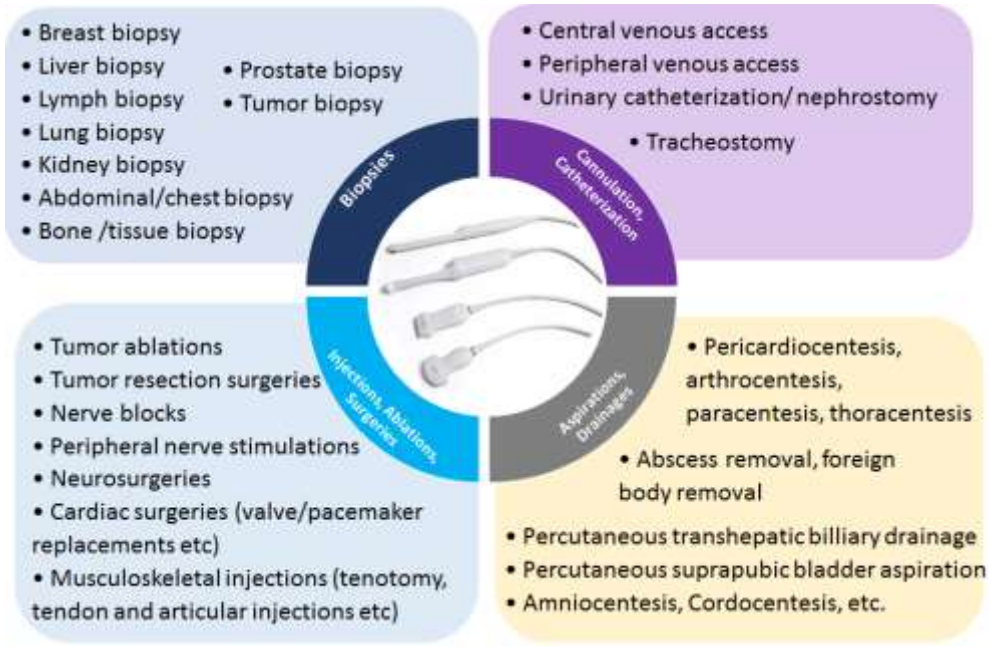
New studies and guidelines reinforce the need for High Level Disinfection

Guidelines evolving rapidly to reflect disinfection best practice

- **World Federation for Ultrasound in Medicine and Biology**
  - Defines semi critical devices as those that pose a higher risk because of contact with non-intact skin or mucous membranes and recommends HLD for all semi critical probes.
- Australasian Society for Ultrasound in Medicine (ASUM) + Australasian College for Infection Prevention and Control (ACIPC) Joint Guidance.
  - Emphasis on applying HLD not just to intracavity probes, but also to all surface probes used in semi-critical procedures.
- Health Service Executive Ireland
  - The new guidance recommends an automated validated process for decontaminating reusable invasive medical devices.
- European Committee for Medical Ultrasound Safety (ECMUS)
  - Automated solution recommended to overcome complexities of different probe IFU designs and materials.

Semi-critical Probes

Many surface probe procedures are semi-critical & require High Level Disinfection



The need for High Level Disinfection is based on intended probe usage - not probe type

- Educational push by industry Key Opinion Leaders through influential peer reviewed publications.
- trophon traditionally used in departments using intracavity probes for internal examinations.
- Ultrasound is now used extensively in departments right-across the hospital landscape for semi-critical procedures.
- Guidelines define the need for HLD based on intended use and surface probes can also be semi-critical.
- Customer education is underway.

Industry experts issue a call to action…

ICT INFECTION CONTROL TODAY

Ultrasound Probe Infection Risk
A Call to Action

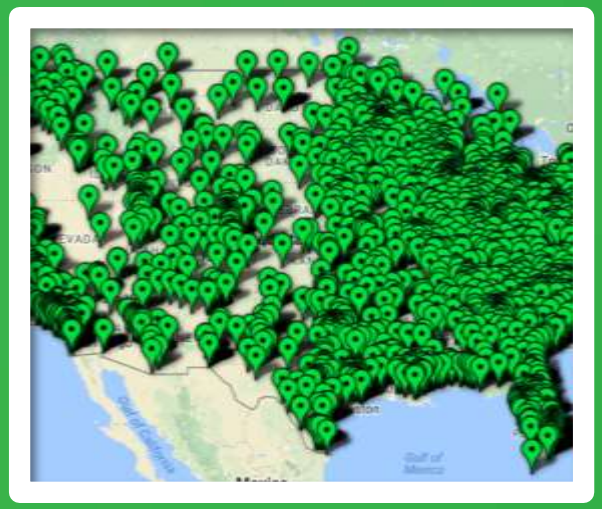
By Kathy Warye

- Highlights that immediate action is needed to bridge gaps in awareness about ultrasound probe reprocessing requirements, and to enhance education
- The Call to Action explores:
  - challenges presented by ultrasound probe infections
  - current efforts to monitor and manage ultrasound sites
  - a path toward action and education around the risks

Growth Strategies

Expand existing market

- Trophon as Standard of Care for all semi critical probes across all relevant hospital departments and private clinics



Geographic expansion

- Entry into new markets with trophon and new products

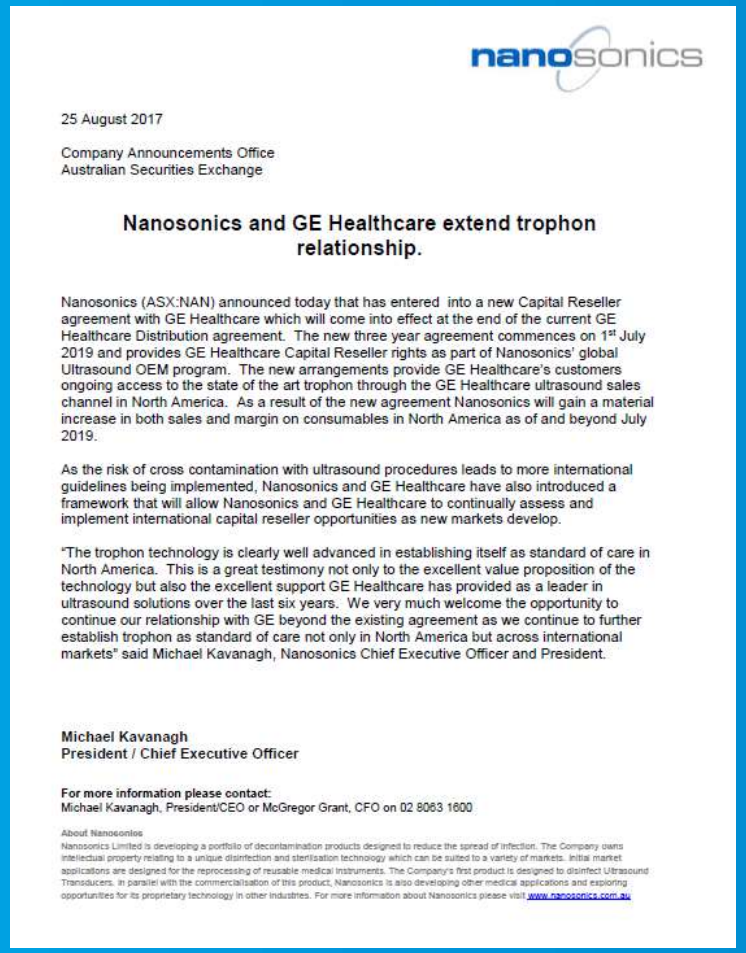
Product expansion

- Investment in R&D
- Minimum of two new products in two years

Focussed ramp up in R&D Program

- Large unmet needs exist in infection prevention.
- Increased investment in R&D by 30% to $9.5 million.
- Solid progress made on a number of new products which are moving from the research phase into the development phase in FY18.
- Targeting the launch of two new products over the next two years, subject to expected regulatory approvals.

Nanosonics and GE Healthcare extend trophon relationship



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25 August 2017

Company Announcements Office
Australian Securities Exchange

Nanosonics and GE Healthcare extend trophon relationship.

Nanosonics (ASX:NAN) announced today that has entered into a new Capital Reseller agreement with GE Healthcare which will come into effect at the end of the current GE Healthcare Distribution agreement. The new three year agreement commences on 1st July 2019 and provides GE Healthcare Capital Reseller rights as part of Nanosonics' global Ultrasound OEM program. The new arrangements provide GE Healthcare's customers ongoing access to the state of the art trophon through the GE Healthcare ultrasound sales channel in North America. As a result of the new agreement Nanosonics will gain a material increase in both sales and margin on consumables in North America as of and beyond July 2019.

As the risk of cross contamination with ultrasound procedures leads to more international guidelines being implemented, Nanosonics and GE Healthcare have also introduced a framework that will allow Nanosonics and GE Healthcare to continually assess and implement international capital reseller opportunities as new markets develop.

"The trophon technology is clearly well advanced in establishing itself as standard of care in North America. This is a great testimony not only to the excellent value proposition of the technology but also the excellent support GE Healthcare has provided as a leader in ultrasound solutions over the last six years. We very much welcome the opportunity to continue our relationship with GE beyond the existing agreement as we continue to further establish trophon as standard of care not only in North America but across international markets" said Michael Kavanagh, Nanosonics Chief Executive Officer and President.

Michael Kavanagh
President / Chief Executive Officer

For more information please contact:
Michael Kavanagh, President/CEO or McGregor Grant, CFO on 02 8063 1600

About Nanosonics
Nanosonics Limited is developing a portfolio of decontamination products designed to reduce the spread of infection. The Company owns intellectual property relating to a unique disinfection and sterilisation technology which can be suited to a variety of markets. Initial market applications are designed for the reprocessing of reusable medical instruments. The Company's first product is designed to disinfect Ultrasound Transducers. In parallel with the commercialisation of this product, Nanosonics is also developing other medical applications and exploring opportunities for its proprietary technology in other industries. For more information about Nanosonics please visit www.nanosonics.com.au

- New 3 Year Capital Reseller agreement comes into effect on July 1 2019 at end of current Distribution agreement.
- Agreement is part of Nanosonics' global Ultrasound OEM program.
- GE Healthcare will have ongoing access to trophon through GE ultrasound sales channel.
- Nanosonics will gain material increase in both sales and margin on consumables in North America from July 1 2019.

Business Outlook

Growth Drivers

- Continue to grow and establish trophon as standard of care
- Geographical expansion
- Product line expansion

Investment Strategy

- R&D to grow to $14 million in FY18
  - Targeting two new products in the next two years
- Expansion in regional sales and marketing plus operations
- Total OPEX expected to be approximately $48 million

Markets

- New guidelines expected in Europe
- Pre-marketing in Japan
- Uncertainty surrounding healthcare reform in USA – potential to delay timing of adoption
- Variability in volume and phasing of GE capital equipment purchases as inventory managed
- Continued growth in IB in USA – FY18 H1 similar to FY17 H2
- MES program in UK gaining momentum

Thank you

Appendix

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2017 Full Year Financial Results: Income Tax

$ million

Income tax benefit			
Recognition of deferred tax assets	14.1		
Equity component of SBP (current and deferred)	(1.8)		
Others	(0.1)		
	12.3		
Components of deferred tax assets			
Tax losses	2.3		
R&D tax credits	8.1		
All other timing differences	3.7		
Total	**14.1**		
Value of losses/R&D credits	**Gross**	**Benefit**	
Losses recognised	7.6	2.3	30.0%
R&D credit recognised	20.6	8.1	39.3%
	28.2	10.4	
Losses not recognised	11.3	3.4	30.5%
Total	**39.5**	**13.8**	

Key points:

- Deferred tax assets recognised following assessment of operations of the Group.
- Income tax benefit recognised relates to Australian entities.
- Tax losses/ R&D credit component of deferred tax assets represent a one-off non-cash benefit.
- Assessment of probability of recovery (and therefore recognition of related benefit) of non-Australian losses to be reviewed on an on-going basis.

2017 Full Year Financial Results: Impact of FX

$ million

Outstanding FX contracts at 30 June 2017	USD covered	Ave. USD rate
Forward cover in place	10.2	0.7520

P&L impact from FX	FY17	FY16
Net foreign exchange losses	(1.0)	(0.5)
Net realised/unrealised gain on FX contracts	0.8	0.0
Net FX losses	(0.3)	(0.5)

Average AUD/USD rate for the year	**0.7526**	**0.7277**

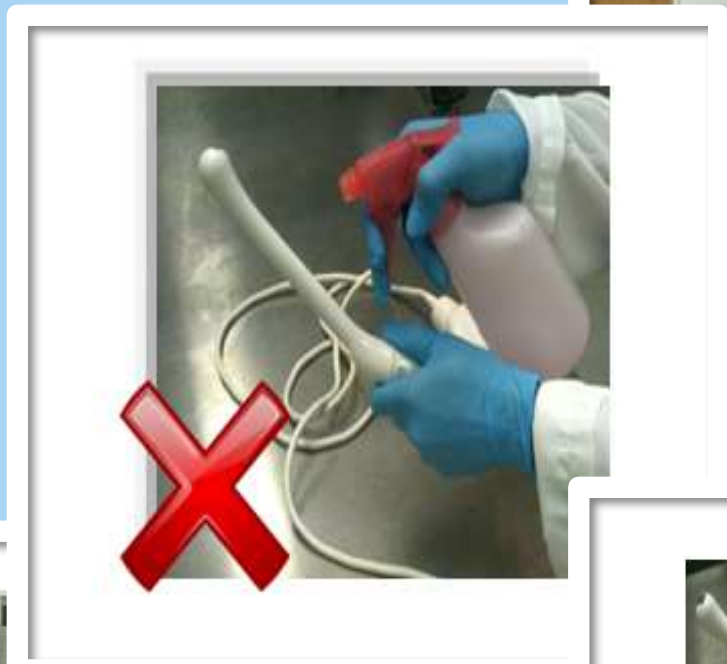
Key points:

- The Company takes a conservative approach in covering currency exposure on forecast USD net inflows.
- At 30 June 2017, approximately US$10.2m of forecast cash flows were covered with forward contracts at an average rate of 0.7520.

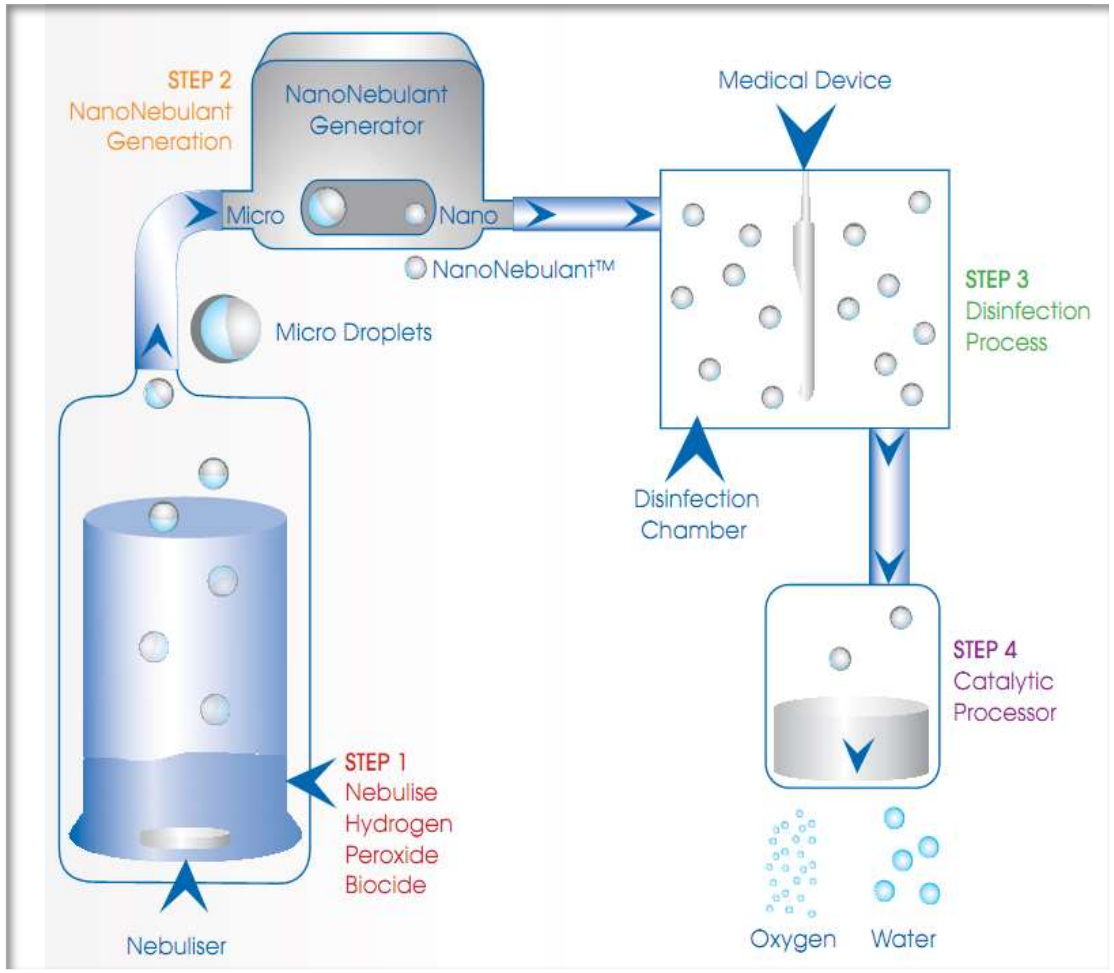
Traditional High Level Disinfection Methods

The traditional methods: soak, spray or wipe

- Chemical spills and vapour control present OH&S risks
- Probes often must be transported to a central sterilisation facility
- Pathogens may remain - increased risk of cross contamination
- Wipes and sprays not approved by the FDA for HLD
- Toxic chemicals must be disposed of as chemical waste



trophon's patented disinfection technology



Step 1: Ultrasonic vibrations generate soundwave energy to create micro-sized droplets.

Step 2: The droplets are converted into an ultrafine mist that enters the disinfection chamber.

Step 3: The mist covers the entire surface of the probe and handle, and is a supercharged mixture of free radicals. These kill bacteria, viruses, and fungi by reacting with their cell membranes and molecular structures.

Step 4: The mist is then broken down by the 'catalytic converter' into water and oxygen.

trophon is covered by 14 patent families
Most are active through to 2025

trophon® technology

trophon – breaks new ground

trophon is the safe, versatile and simple way to high level disinfect ultrasound probes.