



## UBS Global Healthcare Conference

*May 25, 2021*



**Yes, you can.®**



# Forward Looking Statements

This presentation contains forward-looking statements within the meaning of the “Safe Harbor” provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are those that describe future outcomes or expectations that are usually identified by words such as “will,” “should,” “could,” “plan,” “intend,” “expect,” “continue,” “forecast,” “believe,” and “anticipate” and include, for example, any statement made regarding the company's future results, financial condition and the impact of COVID-19. Actual results may differ materially as a result of various risks and uncertainties, including those expressed in the cautionary statements and Risk Factors sections in the company's annual reports on Form 10-K, quarterly reports on Form 10-Q and other filings with the Securities and Exchange Commission. The company may not be able to predict and may have little or no control over many factors or events that may influence its future results and, except as required by law, shall have no obligation to update any forward-looking statements.

Financial results presented are as of March 31, 2021, unless otherwise noted. Forward-looking information reported on a specified date is provided herein as of such date and is not updated or reaffirmed as of a later date hereby.

## Non-GAAP Measures

This presentation will reference certain non-GAAP financial information, including, but not limited to, Adjusted EBITDA, constant currency net sales and free cash flow. For a description and reconciliation of non-GAAP measures presented in this document, please see the Appendix attached to this presentation. Any non-GAAP financial information is not a substitute for, and should be read in conjunction with, GAAP financial information.



# Making Life's Experiences Possible

## Who We Are



Headquartered near Cleveland, OH

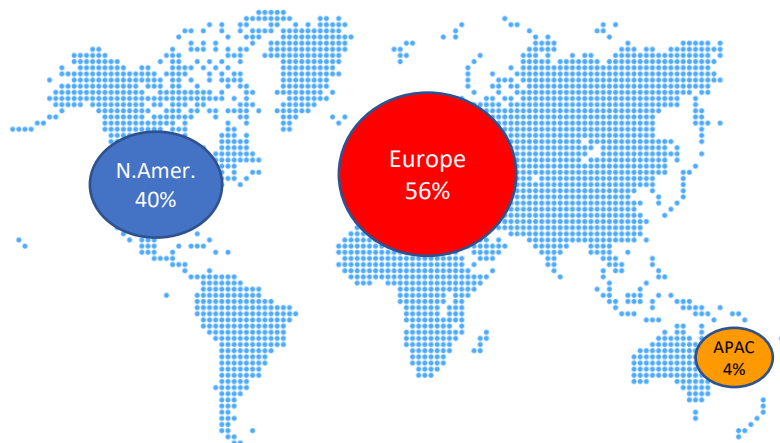


3,400 employees worldwide



TTM Revenues \$828M as of Mar 31, 2021

## Sales by Segment (TTM as of Mar 31, 2021)



## What We Do

Celebrating over 40 years of *Making Life's Experiences Possible*

Design, manufacture and distribute durable medical equipment for congenital, acquired and degenerative conditions

Distribute products to private and government medical equipment providers and residential care providers typically used in non-acute care settings

## 24-Hours of Care - Move, Rest, Breathe, Hygiene

### Safe patient handling and hygiene

- ☐ Safe transfers for resident and caregiver safety
- ☐ Daily hygiene products

### Custom power and manual wheelchairs and custom seating

- ☐ Alternative drive controls and touch-screen technology
- ☐ Informatics
- ☐ Elite recreational sports equipment



### Respiratory therapy products

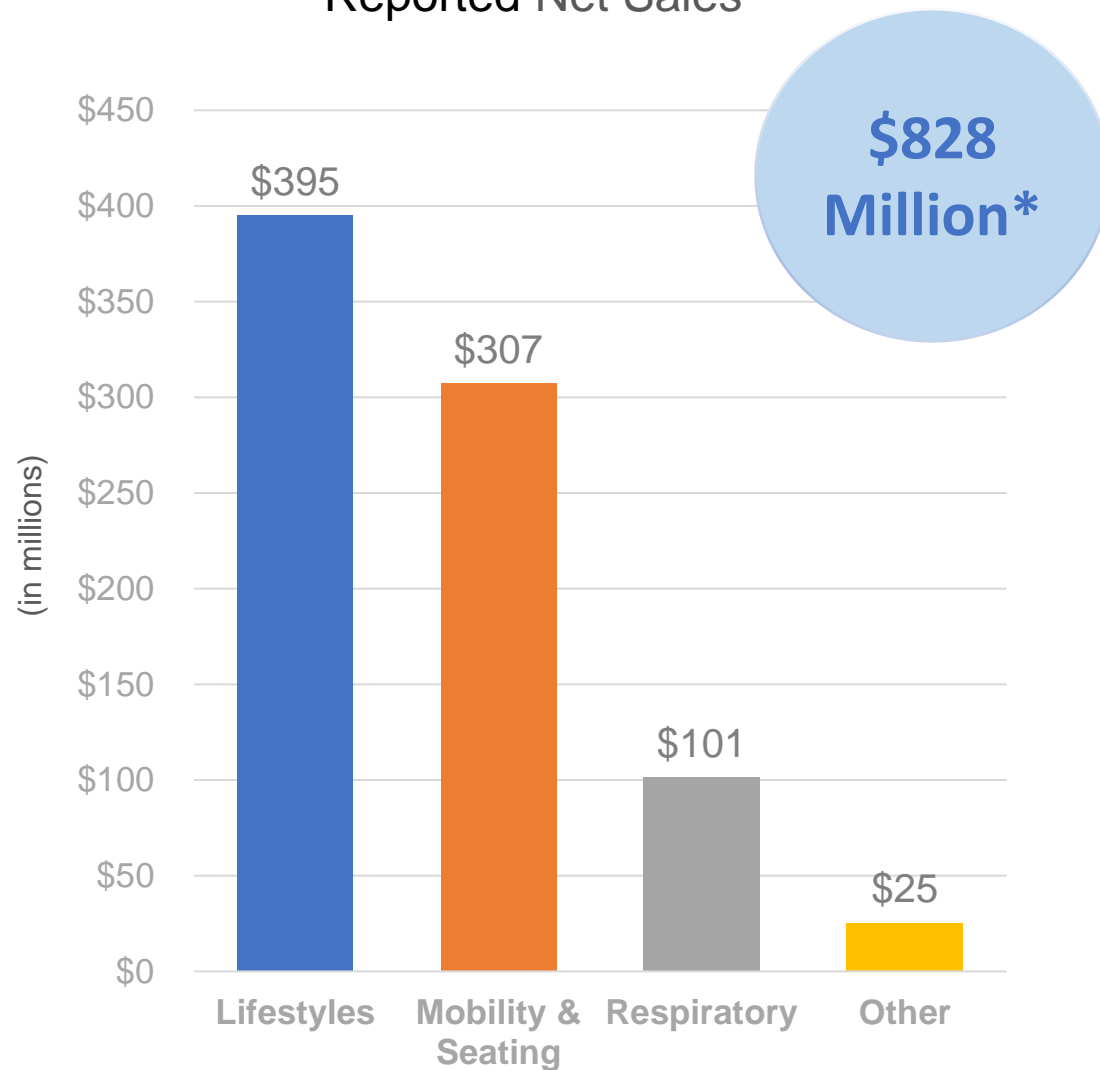
- ☐ Stationary and portable oxygen concentrators
- ☐ HomeFill® oxygen refilling systems

### Long-term care beds and therapeutic support surfaces

- ☐ Pressure relief for wound healing and prevention
- ☐ Continued pressure monitoring



## Reported Net Sales \*



\* TTM sales as of March 31, 2021

## Broad Product Line with High Clinical Value

### Lifestyles *(Rest & Hygiene)*

Globally focused on home healthcare and post-acute care, including aids for daily living, walking aids, lifts, wheelchairs, beds and surfaces

### Mobility & Seating *(Move)*

Custom power and custom manual wheelchairs, seating and positioning, and power add-ons

### Respiratory *(Breathe)*

Stationary concentrators and ambulatory oxygen such as portable concentrators and refilling devices for portable tanks

### Other

Services and rentals



# Initiatives Accelerating Our Business Optimization Strategy



## Award winning clinical solutions and full product pipeline:

- ✓ Launched center-wheel, front-wheel, and rear-wheel drive standing positioning system with clinical and social benefits of vertical positioning, including pediatric standing system
- ✓ First wirelessly remote-controlled portable oxygen concentrator
- ✓ First with hydroforming technology that allows production of manual wheelchairs with significantly higher performance without increased weight
- ✓ Invacare Ampla Action bariatric wheelchair – winner of the Red Dot Award: Product Design 2019, Platinum A'Design Award, and German Design Award 2020



## Operational improvements to expand margins and accelerate profitability:

- ✓ Benefit of expanded gross profit from plant consolidations in Europe
- ✓ Achieved improvement in material and freight costs from prior transformation initiatives



## Modernizing and integrating global IT systems:

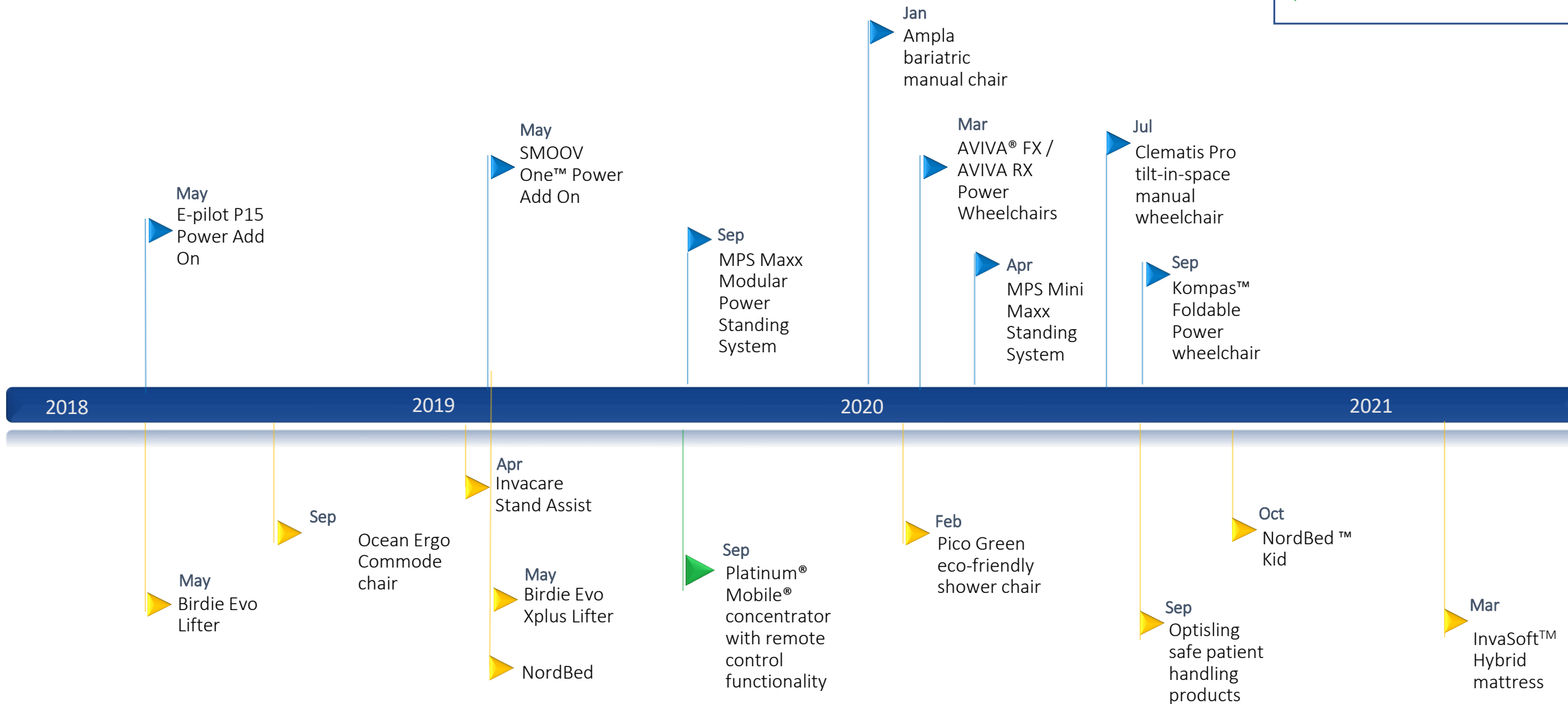
- ✓ Drive operational efficiencies
- ✓ Improve our customers' experience
- ✓ Generate substantial cost savings over time



# Innovation Pipeline

Supporting sales growth with frequent introduction of clinically innovative solutions

- ▶ Mobility & Seating
- ▶ Lifestyle
- ▶ Respiratory





# Culture of Innovation & Process Improvements Paves Way for Growth

Product introductions in all categories to drive incremental sales at higher margins



**AVIVA®**  
FWD and RWD power wheelchairs



**MPS Mini Maxx**  
CWD w/standing capabilities



**Kompas™**  
Lightweight, foldable power chair



**SMOOV® one**  
Power add-on



**Küschall® Series**  
Hydroforming technology



**Clematis Pro**  
Tilt-in-space



**Cetus**  
Scooter



**Scorpius**  
Foldable scooter



**Action Ampla™**  
Bariatric manual



**NordBed Kid**  
Bed that grows with the child



**ISA™ Lift and Optisling**  
Safe patient handling



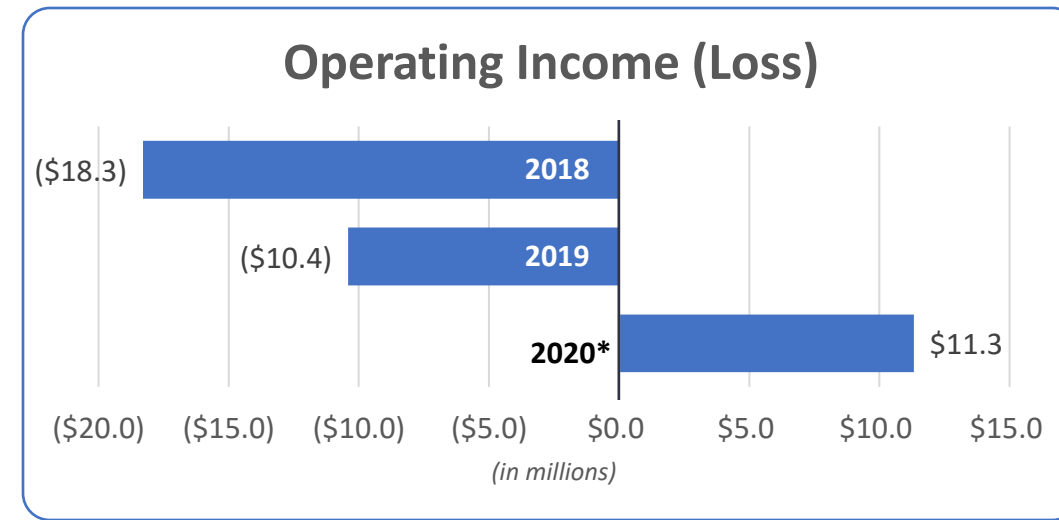
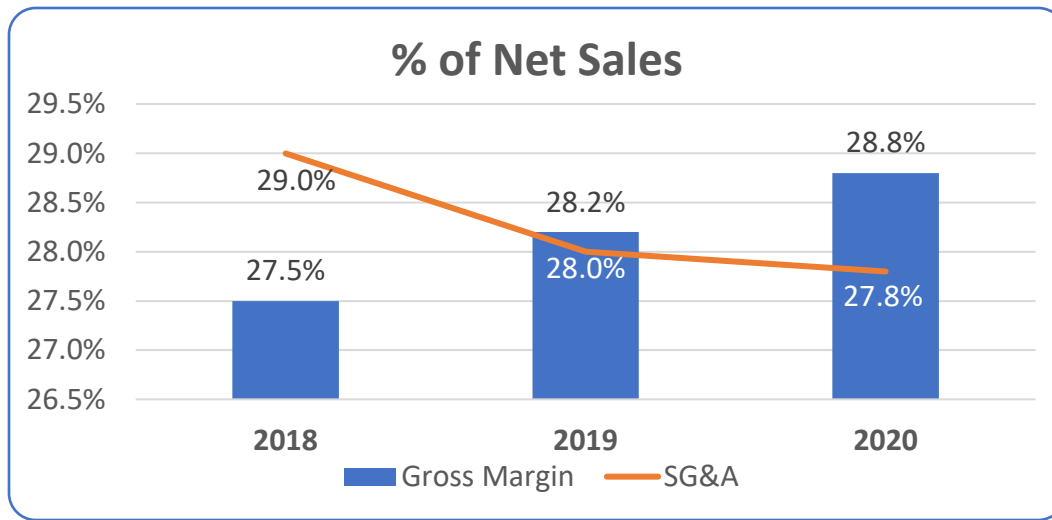
**Pico Green**  
Eco-friendly shower chair

## Business Optimization

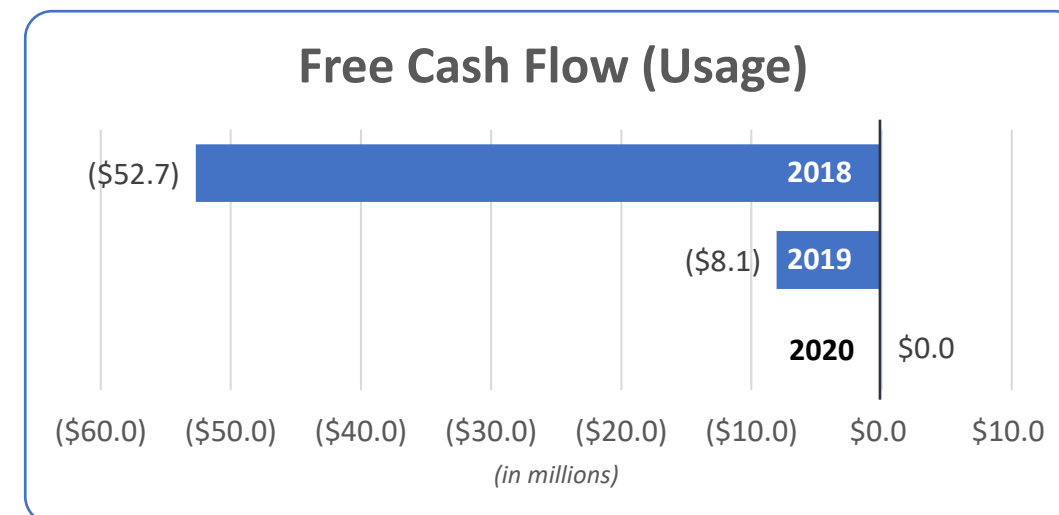
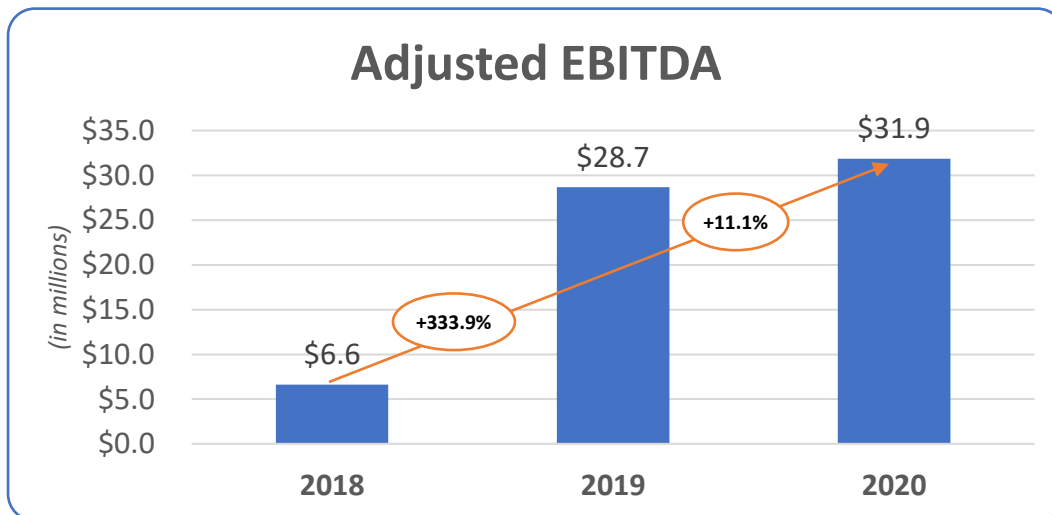
- ✓ Completed the outsourcing of the IT infrastructure and began deploying our modernized IT system in the first stages in Canada and New Zealand
- ✓ Completed German plant consolidation for anticipated \$5 million of annual cost savings in 2021



# Demonstrated Improvement in Financial Performance



\* Includes \$9.8 million gain on divestiture of Dynamic Controls





# Balance Sheet Supports Strategic Growth Plans

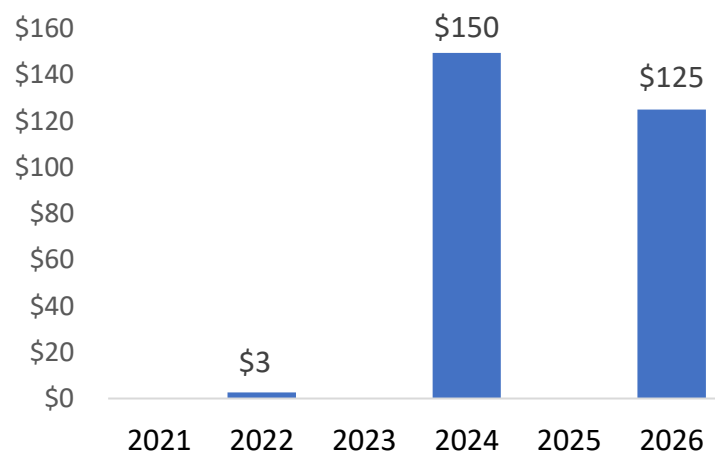
As of March 31, 2021

## Total Debt \*

**Total Debt of \$298 million comprised of:**

- \$278 million in convertible debt
- \$20 million of other debt including amounts drawn on the ABL credit facility and government loan programs

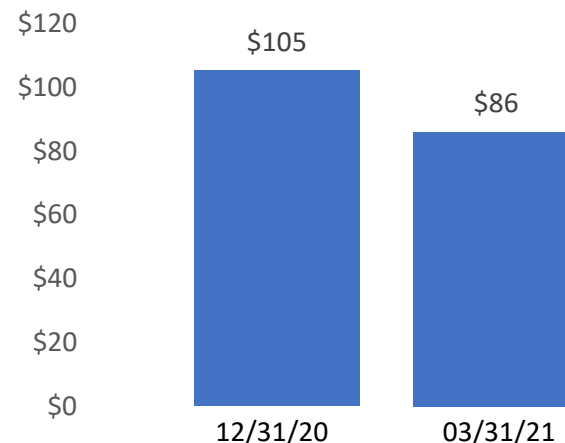
## Convertible Debt Maturity Schedule



## Cash

**Cash of \$86 million:**

- Decreased due to cash used in operations from higher inventory and lower accrued expenses.
- Cash increases from debt issuance were offset by payments to purchase capped calls to mitigate shareholder dilution
- Reductions in ABL credit facility borrowings



In 1Q21, the company issued \$125 million in convertible notes which mature in 2026. Net proceeds used to retire \$79 million of the convertible notes maturing in June 2022, purchase capped calls to mitigate potential shareholder dilution and repay a portion of the ABL debt outstanding.

Also, during 1Q21, the company retired the remaining \$1.3 million of outstanding convertible notes due February 2021.

The extended debt maturity profile provides a clear runway to execute the growth strategy.

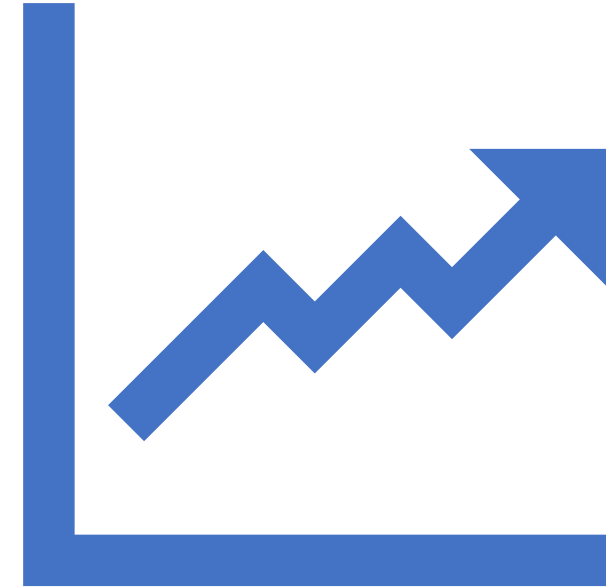
*\* Excludes \$85.9 million of financing and operating lease obligations as of 03/31/21 as compared to \$81.6 million as of 12/31/20*



# Positive Trends Expected to Drive Growth in the Second Half

As global supply chain issues abate and key markets re-open, we expect a strong second half driven by:

- Fulfillment of elevated backlog from 1Q21 to historical levels
- Strong sequential trends and improving order volumes in all categories across all regions
- Pent-up demand from 2020 coming to market
- Healthy order book from new demand
- Favorable product mix with seasonally stronger sales of Mobility & Seating products
- More new products launching to engage customer interest
- Actions in place to reduce the impact of global supply chain disruptions
- Increasing manufacturing capacity to support higher demand





# Full Year 2021 Guidance

*As reported on May 5, 2021*

Based on expectations of continued progress of the company's performance, increased visibility into the path of recovery for its customers, expected improvements to healthcare access, healthy order book, normalization of the global supply chain, fulfillment of excess order backlog, and pent-up demand from the prior year coming to market, the company expects operating results for the full year 2021 consisting of:

- ❑ Constant currency net sales growth in the range of 4% to 7%;
- ❑ Adjusted EBITDA improvement of 41%, to \$45 million; and,
- ❑ Free cash flow of \$5 million.

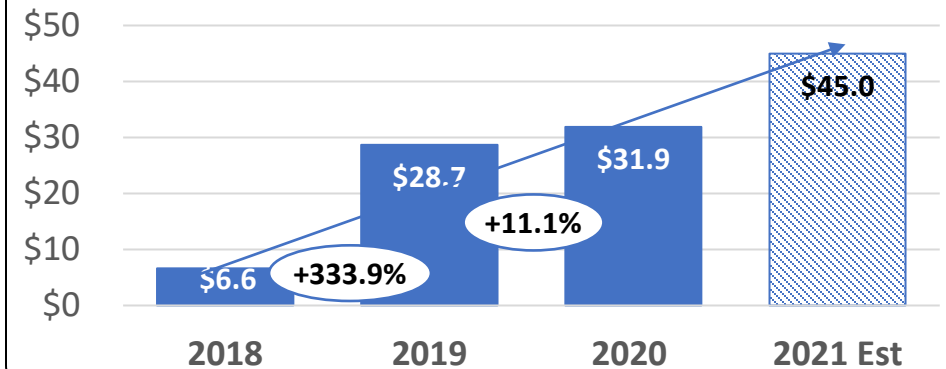
Based on April 2021 revenues and projecting those trends for the full quarter, constant currency net sales in 2Q21 are anticipated to increase in the mid-single digit range compared to the prior year with sequential improvement throughout the remainder of the year. This increase is driven by positive trends in each of the segments as order intake continues to be strong and a portion of the excess backlog has been shipped and billed to customers. Additionally, the volume and value of mobility and seating quotes in North America are showing clear signs of improvement, a key indicator for future period growth.

Quarterly free cash flow is anticipated to be impacted by sales growth which may impact timing of accounts receivable collections in a given quarter.

*\* Includes one-time payments totaling \$15 million related to the previously announced funding of German severance and repayment of VAT delayed from 2020.*

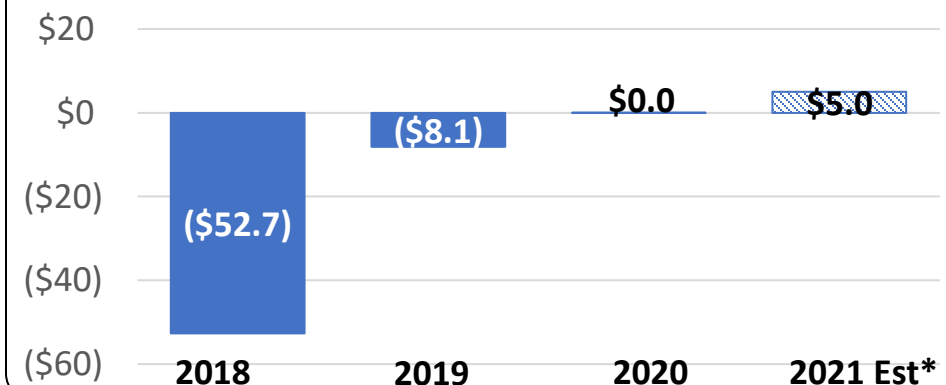
## Adjusted EBITDA

(in millions)



## Free Cash Flow

(in millions)





# Business Improvement Highlights

## Key Takeaways



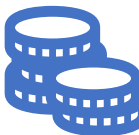
We are transforming to regain market leadership



We have a clear roadmap to further enhance and simplify our operations



We have a strong pipeline of innovative products coming to market



Our financial performance is improving as a result of these initiatives



# Thank You Q&A