Interim report Q3 2017/18

Ambu reports organic growth of 17% in Q3 and raises its outlook for this year's EBIT margin by 1 percentage point. Moreover, the target for sales of endoscopes is increased to 550,000 units.

"Our business is moving forwards at a solid pace, realising strong organic growth, while also increasing earnings. Our endoscopes continue their impressive development, now with expected sales of 550,000 endoscopes for the year. We are investing heavily in the expansion of our sales force and in product development; this is driving sales at the moment and, more importantly, paving the way for growth for many years to come. Based on the good results in Q3, we are therefore announcing a more precise outlook for organic growth and raising our EBIT margin outlook as well as raising our sales target for endoscopes for the year," says CEO Lars Marcher.

Highlights

- Revenue of DKK 673m was posted for Q3, representing growth of 17% in local currencies and 12% in Danish kroner. The difference between growth in local currencies and growth in Danish kroner is due primarily to a weakening of the USD/DKK exchange rate of 8% relative to the same quarter last year.
- Anaesthesia contributed growth of 10%, Visualisation contributed 47%, and PMD (Patient Monitoring & Diagnostics) delivered growth of 2%, when measured in local currencies.
- Growth in Europe reached 19%, North America contributed growth of 18%, and the Rest of the World 3%, when measured in local currencies.
- Sales of endoscopes in Q3 reached 146,000 units, up 54% relative to Q3 last year. Year to date, sales of endoscopes thus totalled 395,000 units, and sales of approx. 550,000 endoscopes are now expected for the year.
- The gross margin was 59.7% (57.1%), corresponding to an improvement of 2.6 percentage points.
- Total capacity costs for the quarter were DKK 251m (DKK 213m), corresponding to an 18% increase, inclusive of operating expenses of DKK 20m related to product development and more sales resources in the USA.
- EBIT was then DKK 151m (DKK 130m) with an EBIT margin of 22.4% (21.6%) for the quarter and 21.2% (18.3%) year to date.
- Net working capital relative to revenue has increased marginally and now accounts for 22% (21%) of revenue over a rolling 12-month period.

- Free cash flows before acquisitions of enterprises totalled DKK 103m (DKK 99m) for the quarter, and DKK 161m (DKK 193m) year to date.
- Based on the results for Q3, the financial outlook for 2017/18 is changed. The outlook for organic growth in local currencies is changed from previously ‘approx. 14-15%’ to a more precise ‘approx. 15%’, while the EBIT margin is raised from previously ‘approx. 20-21%’ to now ‘approx. 21-22%’.

A **conference call** is being held today, 23 August 2018, at 11.00 (CET). Please call the following number five minutes before the start of the conference: +45 3544 5580. The conference can be followed via www.ambu.com/webcastQ32018 and is held in English. The presentation can be downloaded immediately before the conference call via the same link.

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Financial highlights

DKKm	Q3 2017/18	Q3 2016/17	YTD 2017/18	YTD 2016/17	FY 2016/17
Income statement					
Revenue	673	601	1,877	1,726	2,355
Gross margin, %	59.7	57.1	59.5	55.6	56.5
EBITDA	182	156	484	394	555
Depreciation	12	11	35	33	45
Amortisation	19	15	51	45	60
EBIT	151	130	398	316	450
Net financials	-3	-22	-81	-36	-57
Profit before tax	148	108	317	280	393
Net profit for the period	113	82	224	214	301
Balance sheet					
Assets	4,221	2,501	4,221	2,501	2,500
Net working capital	558	483	558	483	457
Equity	1,856	1,157	1,856	1,157	1,279
Net interest-bearing debt	1,410	896	1,410	896	767
Cash flows					
Cash flows from operating activities	181	139	338	302	462
Cash flows from investing activities before acquisitions of enterprises and technology	-78	-40	-177	-109	-141
Free cash flows before acquisitions of enterprises and technology	103	99	161	193	321
Acquisitions of enterprises and technology	-76	0	-928	0	0
Cash flows from operating activities, % of revenue	27	23	18	17	20
Investments, % of revenue	-12	-7	-9	-6	-6
Free cash flows before acquisitions of enterprises and technology, % of revenue	15	16	9	11	14
Key figures and ratios					
Organic growth, %	17	16	15	14	14
Rate of cost, %	37	35	38	37	37
EBITDA margin, %	27.0	26.0	25.8	22.8	23.6
EBIT margin, %	22.4	21.6	21.2	18.3	19.1
Tax rate, %	24	24	29	24	23
Return on equity, %	19	29	19	29	27
NIBD/EBITDA	2.2	1.6	2.2	1.6	1.4
Equity ratio, %	44	46	44	46	51
Net working capital, % of revenue	22	21	22	21	19
Return on invested capital (ROIC), %	15	18	15	18	17
Average no. of employees	2,730	2,498	2,680	2,466	2,503
Share-related ratios					
Market price per share (DKK)	215	84	215	84	97
Earnings per share (EPS) (DKK)	0.47	0.35	0.93	0.90	1.27
Diluted earnings per share (EPS-D) (DKK)	0.46	0.34	0.91	0.88	1.24

Management's review

Q3 2017/18

PRODUCT AREAS

(Comparative figures are stated in brackets. Unless otherwise indicated, growth is stated in local currencies.)

Overall, the development in sales in Q3 confirmed the development we saw in Q2, where we raised our outlook for organic growth for the year in local currencies to 'approx. 14-15%'. The business areas Anaesthesia and PMD are posting aggregate growth of 6% and are keeping up a strong momentum, and with 47% growth in Visualisation, sales are developing more positively than expected. Overall, we are therefore now expecting organic growth for the year of approx. 15%.

Anaesthesia

Sales in Anaesthesia were up 10% in Q3. Anaesthesia accounted for 36% (39%) of revenue in the quarter.

The development in Q3 is highly satisfactory, with growth being reported for all significant product lines within Anaesthesia.

Year to date, growth in Anaesthesia has been 6% and is thus at the upper edge of the previously announced growth target of approx. 5%, which is maintained.

Visualisation

Growth in Visualisation was 47% in Q3. Year to date, growth has been 48%. Visualisation accounted for 32% (26%) of revenue in the quarter.

The new factory in Malaysia for the production of aScope™ 4 Broncho was commissioned in January 2018. The startup went according to plan, and at the end of Q3 most of the production lines had been converted from aScope 3 to aScope 4.

For the sake of Ambu's supply chain, the conversion from aScope 3 to aScope 4 is prioritised according to a carefully coordinated plan for the individual markets. At the end of Q3, the conversion had almost been completed on the European markets, while the USA – where sales of aScope 4 only started in Q3 – will be completely converted at the beginning of the next financial year. In the Rest of the World, the conversion will take place in step with the necessary regulatory approvals being obtained.

In terms of volume, 146,000 endoscopes were sold in Q3, corresponding to an increase of 54%, and 395,000 units have been sold year to date, corresponding to an increase of 59%.

The positive development in sales and the pace at which the conversion from aScope 3 to aScope 4 is moving ahead are contributory factors enabling us to be more specific about our expectations for aggregate sales of endoscopes for the year, which are now 'approx. 550,000 units' rather than the previously announced 'more than 500,000 units'.

The development of new single-use endoscopes – for example for gastrointestinal procedures – is progressing as planned, as are preparations for the production of the colonoscope at Ambu's factory in Malaysia, with anticipated commencement of operations in Q1 2018/19.

Patient Monitoring & Diagnostics

PMD grew sales by 2% in Q3. Year to date, growth has been 3%. PMD accounted for 32% (35%) of revenue in the quarter.

PMD is still expected to generate growth of approx. 3-4% for the financial year.

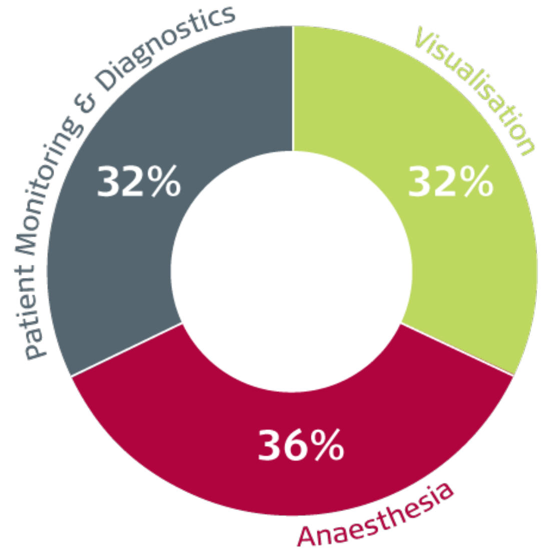
In Q3, Ambu concluded an agreement on expanding its partnership with Medico Electrodes International Ltd., which is a long-standing partner and manufacturer of electrodes at its own factory in India. The agreement extends Ambu's range of cardiology electrodes for the purpose of better being able to offer the combination of functionality, price and quality which customers are demanding.

Revenue – business areas

	3Q			Composition of growth			YTD			Composition of growth		
	17/18	Distribution	16/17	Organic*	Currencies	Reported	17/18	Distribution	16/17	Organic*	Currencies	Reported
Anaesthesia	244	36%	235	10%	-6%	4%	679	36%	692	6%	-8%	-2%
Visualisation	218	32%	154	47%	-5%	42%	587	31%	419	48%	-8%	40%
PMD	211	32%	212	2%	-2%	0%	611	33%	615	3%	-4%	-1%
Revenue	**673**	**100%**	**601**	**17%**	**-5%**	**12%**	**1,877**	**100%**	**1,726**	**15%**	**-6%**	**9%**

**Local currencies*

Breakdown of Q3 revenue by business area



VISUALISATION	ANAESTHESIA	PMD
• Single-use endoscopes	• Resuscitators	• Cardiology electrodes
• Video laryngoscopes	• Laryngeal masks	• Neurology electrodes
• Airway tubes with integrated camera	• Face masks	• Training manikins
	• Breathing circuits	• Neck collars

FINANCIAL RESULTS
INCOME STATEMENT

Revenue

Revenue of DKK 673m was posted for Q3, representing growth of 17%, and 12% in Danish kroner. Year to date, revenue was DKK 1,877m, corresponding to growth of 15%, or 9% in Danish kroner.

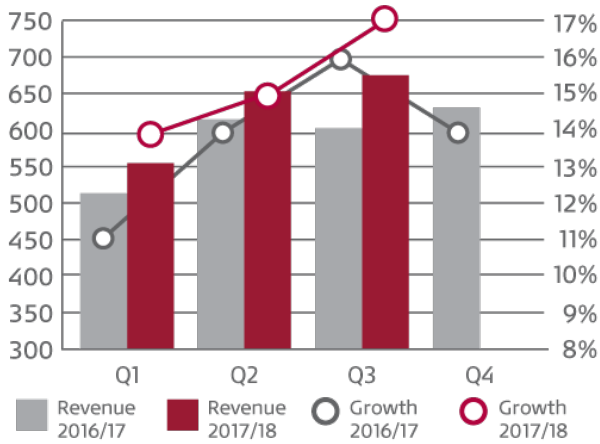
The average USD/DKK exchange rate for Q3 was 625, compared with 676 for the prior-year period, down 8%. GBP/DKK weakened by 2% during the same period.

In Europe, growth for the quarter was 19% (13%) based on double-digit growth in all European markets. In Europe, Visualisation realised growth of 63% for the quarter.

Growth in North America was 18% (13%) in Q3. The expansion and specialisation of our sales organisation in the USA was completed in Q2, which is now reflected in the high growth rates for Q3. In North America, Visualisation realised growth of 42% for the quarter.

The Rest of the World saw growth of 3% (40%) in the quarter. Growth was impacted by project orders in the Middle East back in Q3 last year. The Asia Pacific, which in terms of revenue is responsible for most of the Rest of the World segment, realised growth of 21% (20%) in the quarter. The Rest of the World saw 13% growth in Visualisation in Q3.

Revenue (DKKm) and growth (%) per quarter



Currency exposure

As concerns revenue, Ambu is particularly exposed to USD, as approx. 50% of revenue is invoiced in USD. Due to the sharp decline in the average USD/DKK exchange rate, the reported growth year to date is 6 percentage points below the organic growth. However, the low USD exchange rate has a limited impact on earnings, as cost of sales and operating expenses in USD are reduced correspondingly.

Moreover, EBIT is exposed to developments in the Chinese currency CNY and the Malaysian currency MYR, as a significant share of the value of Ambu's production in the Far East is settled in CNY and MYR.

The foreign currency sensitivity of revenue and EBIT, respectively, can be summarised over a 12-month period as follows, based on a 10% increase in exchange rates against DKK:

Revenue – markets

	3Q			Composition of growth			YTD			Composition of growth		
	17/18	Distribution	16/17	Organic*	Currencies	Reported	17/18	Distribution	16/17	Organic*	Currencies	Reported
Europe	290	43%	244	19%	0%	19%	824	44%	719	15%	0%	15%
North America	307	46%	279	18%	-8%	10%	845	45%	803	17%	-12%	5%
Rest of the World	76	11%	78	3%	-6%	-3%	208	11%	204	10%	-8%	2%
Revenue	**673**	**100%**	**601**	**17%**	**-5%**	**12%**	**1,877**	**100%**	**1,726**	**15%**	**-6%**	**9%**

**Local currencies*

DKKm	USD	GBP	MYR	CNY
Revenue	+130	+15	0	0
EBIT	+30	+10	-15	-15
EBIT margin	+0.0%	+0.3%	-0.6%	-0.6%

Year to date, the total impact of changes in exchange rates on EBIT was minimal.

Gross profit

Gross profit for Q3 was DKK 402m (DKK 343m), while the gross margin increased by 2.6 percentage points to 59.7% (57.1%).

The improvement of the gross margin results from the increased scaling created by revenue growth as regards the factories' overheads, and the fact that growth is being driven by Visualisation, which contributes higher margins than Anaesthesia and PMD.

Costs

Total capacity costs for the quarter were DKK 251m (DKK 213m), up 18%. Capacity costs include costs pertaining to the expansion of the sales organisation in the USA as well as costs related to the development of gastrointestinal endoscopes. Exclusive of these costs, which totalled DKK 20m in Q3, the underlying increase in costs is 8%.

Year to date, total capacity costs amounted to DKK 719m (DKK 643m). Similarly, costs for the sales organisation in the USA and for the development of gastrointestinal endoscopes totalled just under DKK 50m. Year to date, the underlying increase in costs is thus 4%.

The rate of cost for Q3 was 37% (35%).

Selling and distribution costs totalled DKK 155m (DKK 131m), up 18%.

Development costs for the quarter totalled DKK 34m (DKK 20m), corresponding to an increase of 70%, driven by an increased focus on the development of new endoscopes.

The correlation between capitalisation of development costs and the recognition of amortisation in the income statement is shown in the table below. Amortisation of DKK 49m and investments of DKK 70m have been recognised, resulting in cash development costs of DKK 105m for the year to date, corresponding to an increase of 52% (39%).

DKKm	Q3 YTD	
	17/18	**16/17**
Development costs	84	56
÷ Amortisation	-49	-40
+ Investments	70	53
= Cash flows	**105**	**69**

Management and administrative expenses for the quarter were DKK 62m (DKK 62m).

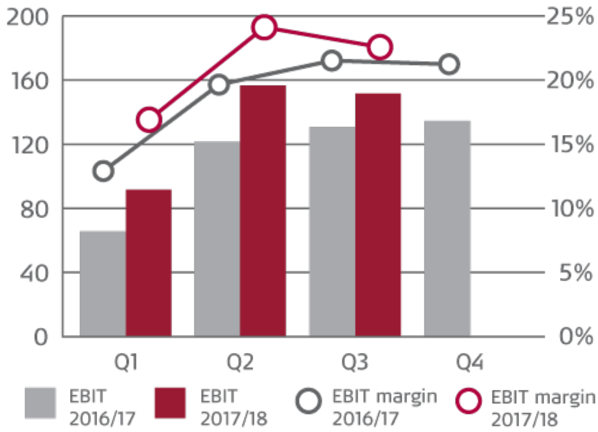
EBIT

EBIT for Q3 was hereafter DKK 151m (DKK 130m) with an EBIT margin of 22.4% (21.6%), corresponding to an increase of 0.8 percentage points. The above-mentioned costs for the expansion of sales in the USA and for the development of gastrointestinal endoscopes totalling DKK 20m have been absorbed in this.

Year to date, EBIT was hereafter DKK 398m (DKK 316m) with an EBIT margin of 21.2% (18.3%), corresponding to an increase of 2.9 percentage points.

The impact of exchange rates on EBIT for the quarter and for the year to date was very limited.

EBIT (DKKm) and EBIT margin (%) per quarter



Net financials

Net financials amounted to net expenses of DKK 3m (net expenses of DKK 22m) for the quarter and net expenses of DKK 81m (net expenses of DKK 36m) for the year to date.

Net financials for the year to date are composed as follows:

- Foreign exchange gains totalled DKK 4m net (loss of DKK 14m)
- Interest expenses on bank, lease and bond debt totalled DKK 24m (DKK 25m)

- Fair value adjustments of derivative instruments constituted a net income of DKK 8m (DKK 2m)
- Fair value adjustments of contingent consideration represent an expense of DKK 67m, relating to the acquisition of Invendo (income of DKK 3m)
- The interest element from liabilities stated at present amortised value is recognised as a net expense of DKK 2m (DKK 2m).

The fair value adjustments of DKK 67m reflect the time value of the contingent consideration in connection with the acquisition of Invendo, and for FY 2017/18 a cost of DKK 86m is expected. The cost has no cash flow effect, but will be included in the amounts which are expected to be paid for milestones and earn-outs in the future.

Tax

The profit before tax for the quarter was taxed at a rate of 24% (24%), and at a rate of 29% (24%) for the year to date, adjusted for non-deductible and non-taxable items.

The tax rate for Q1 was negatively affected by the reduction from 35% to 21% of the federal share of corporation tax in the USA with effect from 1 January 2018. At the end of FY 2016/17, Ambu had capitalised tax losses with a total value of DKK 47m, and the income tax reduction has reduced the value of this asset by DKK 19m, which has been recognised in the income statement as a non-recurring expense in Q1.

Going forward, Ambu's effective tax rate is expected to remain at 23% of profit before tax adjusted for non-deductible and non-taxable items.

Net profit

A net profit of DKK 113m (DKK 82m) was posted for the quarter, and of DKK 224m (DKK 214m) for the year to date, equivalent to 12% of revenue (12%).

Earnings per share (EPS)

Year to date, earnings per share are DKK 0.93 (DKK 0.90). Earnings per share are negatively impacted by non-cash items relating to the fair value adjustments of the contingent consideration associated with the acquisition of Invendo in the amount of DKK 52m after tax as well as a non-recurring expense of DKK 19m due to the reduction of the federal tax rate in the USA to 21%.

Balance sheet

At the end of June 2018, Ambu had total assets of DKK 4,221m (DKK 2,501m).

The acquisition of Invendo Medical GmbH was completed on 25 October 2017, and at the end of Q3 2017/18, Invendo had been consolidated on the basis of a preliminary allocation of the purchase price. The total purchase price came to DKK 1,679m (EUR 225m), of which DKK 851m (EUR 115m) was paid in cash at closing, and an additional DKK 75m (EUR 10m) which, as expected, has been paid in Q3 upon obtaining FDA approval of the colonoscope on 9 January 2018. The remaining up to DKK 753m (EUR 100m) is made up of contingent consideration which falls due for payment in instalments in the period up until 2023, when and if FDA approval is obtained of the gastroscope and duodenoscope, and provided that total sales of these products and the colonoscope towards FY 2021/22 total EUR 200m.

The calculated fair value of the purchase price before acquired cash and cash equivalents is DKK 1,415m. Less the value of the net assets acquired – which at the end of Q3 were valued at DKK 650m, including a deferred net tax liability of DKK 20m relating to tax on revalued assets and recognition of tax assets – the calculated value of the acquired goodwill is DKK 765m, which is unchanged compared to previous announcements.

The deferred payments are recognised at fair value of DKK 555m (EUR 75m) as at the acquisition date. The difference between this value and the maximum liability of DKK 819m (EUR 110m) comes to DKK 264m (EUR 35m), which will be recognised in the income statement under net financials up until Q2 2022/23, or earlier to the extent that the conditions regarding the contingent consideration are met.

The allocation of the purchase price, as it was at the end of Q2 2017/18, is unchanged at the end of Q3 and is expected to be completed in connection with the presentation of the annual report for 2017/18 at the latest. Reference is made to note 9 for a more detailed description of the allocation of the purchase price and the assumptions applied.

Net working capital at the end of the quarter was DKK 558m (DKK 483m), corresponding to 22% (21%) of 12 months of revenue.

Trade receivables totalled DKK 429m at the end of the quarter against DKK 399m at the same time last year, and the average number of credit days was 62 (59).

The credit risk attaching to outstanding debtors is deemed to be unchanged, and neither the quarter nor the year to date has been affected by bad debts to any significant extent.

Cash and cash equivalents amount to DKK 27m (DKK 58m), and total net interest-bearing debt at the end of the quarter was DKK 1,410m (DKK 896m), corresponding to 2.2 (1.6) of rolling 12-month EBITDA.

At the end of Q3, Ambu's unutilised credit facilities totalled DKK 1.0bn (DKK 1.1bn).

Cash flow statement

(Unless otherwise stated, all values refer to cash flows year to date).

Cash flows from operating activities totalled DKK 181m (DKK 139m) for the quarter, and DKK 338m (DKK 302m) for the year to date.

Year to date, cash flows from operating activities correspond to 18.0% (17.4%) of revenue. The increased cash flows are attributable to a lower level of funds tied up in trade receivables and lower tax payments. Contrary to this, inventories are increasing as a result of the conversion from aScope 3 to aScope 4, which has reduced cash flows.

Investments in non-current assets totalled DKK 177m (DKK 109m), which is in line with expectations. Investments in buildings are included at DKK 70m, DKK 36m of which was incurred in Q3.

Total investments equate to 9.4% of revenue, of which 3.7 percentage points can be ascribed to investments in buildings. Adjusted for these investments, free cash flows equate to 12.3% of revenue.

The free cash flows before acquisitions of enterprises then totalled DKK 161m (DKK 193m).

Acquisitions of enterprises totalled DKK 928m and primarily comprise Invendo Medical GmbH, including DKK 75m in milestone payments which fell due in the quarter.

Cash flows from financing activities amounted to DKK 772m (DKK -199m). They relate primarily to the 2.91% increase in the Class B share capital carried out in November 2017, the refinancing of long-term debt and the redemption of bond loans, the purchase of treasury shares to cover option programmes and the payment of dividend of DKK 90m (DKK 73m).

Changes in cash and cash equivalents hereafter come to DKK 5m (DKK -6m).

Equity

At the end of Q3, equity totalled DKK 1,856m (DKK 1,157m) with an equity ratio of 44% (46%).

Other comprehensive income

Other comprehensive income includes a translation adjustment for the year to date arising from the translation of foreign subsidiaries of DKK 20m (DKK -29m) as a consequence of a strengthening of the USD/DKK exchange rate from 630 at the end of FY 2016/17 to 639 at the end of Q3 2017/18.

Other equity

In December, dividend of DKK 92m was paid out to the company's shareholders, except for DKK 2m pertaining to Ambu's portfolio of treasury shares.

At the end of Q3, Ambu employees had exercised a total of 2,092,431 options in Ambu A/S, and the general employee share programme for 2016/17 announced in the annual report for 2017/18 had been established. Year to date, the holding of treasury shares was thus reduced by 2,146,021 Class B shares in Ambu A/S.

On 1 February, a share purchase programme was initiated in accordance with the 'safe harbour' rules (EU market abuse regulation no. 596/2014) for the purpose of acquiring 3,850,000 Class B shares in Ambu A/S. The share purchase programme was completed on 26 April 2018 with a total acquisition of 3,850,000 Class B shares at an average price of 128.05.

At the end of Q3 2017/18, the holding of treasury Class B shares hereafter totals 7,738,419 (6,034,444), corresponding to 3.083% (2.479%) of the total share capital.

In addition, at the end of Q3, Ambu employees had exercised a total of 1,210,000 warrants to subscribe for shares in Ambu A/S.

Outlook 2017/18

The financial outlook for 2017/18 is changed as follows:

- A more precise outlook for organic growth of 'approx. 15%' in local currencies is announced as opposed to the previously announced 'approx. 14-15%'.
- The outlook for the EBIT margin is raised from previously 'approx. 20-21%' to now 'approx. 21-22%'.

The development in the financial outlook for 2017/18 since the beginning of the year can be summarised as follows:

	Local currencies			
	23 August 2018	**7 May 2018**	**31 January 2018**	**9 November 2017**
Organic growth	Approx. 15%	Approx. 14-15%	Approx. 13%	Approx. 13%

	Danish kroner			
	23 August 2018	**7 May 2018**	**31 January 2018**	**9 November 2017**
EBIT margin	Approx. 21-22%	Approx. 20-21%	Approx. 20-21%	Approx. 20%
Free cash flows*	Approx. DKK 300m	Approx. DKK 300m	Approx. DKK 300m	Approx. DKK 275m

* Before acquisitions

The outlook for 2017/18 is based on the following exchange rate assumptions:

	Exchange rate assumptions for 2017/18			
	23 August 2018	**7 May 2018**	**31 January 2018**	**9 November 2017**
USD/DKK	630	620	605	635
CNY/DKK	95	95	95	95
MYR/DKK	155	155	150	150
GBP/DKK	840	840	830	830

Forward-looking statements

Forward-looking statements, especially such as relate to future revenue and operating profit, are subject to risks and uncertainties. Various factors, many of which are outside Ambu's control, may cause the actual development to differ materially from the expectations contained in this report. Factors that might affect such expectations include, among others, changes in health care, in the world economy, in interest rate levels and in exchange rates.

Financial calendar 2017/18

2018	
30 September	End of FY 2017/18

Financial calendar 2018/19

2018	
4 October	Capital Markets Day
16 October	Quiet period ending 13 November 2018
30 October 2016	Deadline for submitting agenda items for the annual general meeting 2017/18
13 November	Annual report 2017/18
12 December	Annual general meeting

Quarterly results

DKKm	Q3 2017/18	Q2 2017/18	Q1 2017/18	Q4 2016/17	Q3 2016/17	Q2 2016/17	Q1 2016/17
Composition of net revenue, products:							
Anaesthesia	244	228	207	232	235	236	221
Visualisation	218	211	158	178	154	160	105
PMD	211	212	188	219	212	217	186
Revenue	**673**	**651**	**553**	**629**	**601**	**613**	**512**
Key figures, revenue:							
Endoscopes sold, ’000 units	146	145	104	115	95	95	59
Composition of reported growth:							
Organic growth in local currencies, %	17	15	14	14	16	14	11
Exchange rate effects on reported growth, %	-5	-9	-6	-4	0	1	0
Reported revenue growth, %	**12**	**6**	**8**	**10**	**16**	**15**	**11**
Organic growth, products:							
Anaesthesia, %	10	8	0	-1	9	-2	8
Visualisation, %	47	43	58	73	50	77	50
PMD, %	2	3	4	1	5	4	0
Organic growth in local currencies, %	**17**	**15**	**14**	**14**	**16**	**14**	**11**
Organic growth, markets:							
Europe, %	19	14	12	18	13	16	5
North America, %	18	16	16	11	13	10	12
Rest of the World, %	3	16	11	10	40	19	36
Organic growth in local currencies, %	**17**	**15**	**14**	**14**	**16**	**14**	**11**
Revenue	673	651	553	629	601	613	512
Production costs	-271	-257	-232	-257	-258	-272	-237
Gross profit	**402**	**394**	**321**	**372**	**343**	**341**	**275**
Gross margin, %	*59.7*	*60.5*	*58.0*	*59.1*	*57.1*	*55.6*	*53.7*
Selling and distribution costs	-155	-146	-141	-144	-131	-132	-132
Development costs	-34	-26	-24	-20	-20	-18	-18
Management and administration	-62	-66	-65	-74	-62	-60	-60
Other operating expenses	0	0	0	0	0	-10	0
Total capacity costs	*-251*	*-238*	*-230*	*-238*	*-213*	*-220*	*-210*
Operating profit (EBIT)	**151**	**156**	**91**	**134**	**130**	**121**	**65**
EBIT margin, %	*22.4*	*24.0*	*16.5*	*21.3*	*21.6*	*19.7*	*12.7*
Financial income	3	6	3	8	-13	-5	23
Financial expenses	-6	-43	-44	-29	-9	-6	-26
Profit before tax (PBT)	**148**	**119**	**50**	**113**	**108**	**110**	**62**
Tax on profit for the period	-35	-27	-31	-26	-26	-26	-14
Net profit for the period	**113**	**92**	**19**	**87**	**82**	**84**	**48**

Quarterly results (continued)

DKKm	Q3 2017/18	Q2 2017/18	Q1 2017/18	Q4 2016/17	Q3 2016/17	Q2 2016/17	Q1 2016/17
Balance sheet:							
Assets	4,221	4,100	4,122	2,500	2,501	2,507	2,529
Net working capital	558	538	460	457	483	506	491
Equity	1,856	1,735	1,909	1,279	1,157	1,105	1,000
Net interest-bearing debt	1,410	1,241	981	767	896	997	1,061
Cash flows:							
Cash flows from operating activities	181	70	87	160	139	90	73
Cash flows from investing activities before acquisitions of enterprises and technology	-78	-48	-51	-32	-40	-39	-30
Free cash flows before acquisitions of enterprises and technology	103	22	36	128	99	51	43
Acquisitions of enterprises and technology	-76	-1	-851	0	0	0	0
Cash flows from operating activities, % of revenue	27	11	16	25	23	14	14
Investments, % of revenue	-12	-8	-9	-5	-7	-6	-6
Free cash flows before acquisitions of enterprises and technology, % of revenue	15	3	7	20	16	8	8
Key figures and ratios:							
Capacity costs	251	238	230	238	213	220	210
Rate of cost, %	37	37	42	38	35	36	41
EBITDA	182	184	118	161	156	147	91
EBITDA margin, %	27.0	28.3	21.3	25.6	26.0	24.0	17.8
Depreciation	-12	-12	-11	-12	-11	-11	-11
Amortisation	-19	-16	-16	-15	-15	-15	-15
EBIT	151	156	91	134	130	121	65
EBIT margin, %	22.4	24.0	16.5	21.3	21.6	19.7	12.7
NIBD/EBITDA	2.2	2.0	1.7	1.4	1.6	1.9	2.2
Net working capital, % of revenue	22	22	19	19	21	23	23
Share-related ratios:							
Market price per share (DKK)	215	136	111	97	84	60	57
Earnings per share (EPS) (DKK)	0.47	0.38	0.08	0.37	0.35	0.36	0.19
Diluted earnings per share (EPS-D) (DKK)	0.46	0.37	0.08	0.36	0.34	0.35	0.19

Management's statement

The Board of Directors and the Executive Board have considered and approved the interim report of Ambu A/S for the period 1 October 2017 to 30 June 2018. The interim report has not been audited or reviewed by the company's independent auditors.

The interim report is presented in accordance with IAS 34 – Interim Financial Reporting as adopted by the EU and additional Danish disclosure requirements for the interim reporting of listed companies.

We consider the accounting policies applied to be expedient, the group's internal controls relevant to preparing and presenting the interim report to be adequate and the interim report to give a true and fair view of the group's assets, liabilities, results and financial position as at 30 June 2018 and of the results of the group's operations and cash flows for the period 1 October 2017 to 30 June 2018.

We further consider that the management's review gives a true and fair view of the development in the group's activities and financial affairs, the profit for the period and the group's financial position as a whole as well as a description of the most significant risks and uncertainties to which the group is subject.

Ballerup, 23 August 2018

Executive Board

Lars Marcher
President & CEO

Michael Højgaard
CFO

Board of Directors

Jens Bager
Chairman

Mikael Worning
Vice-Chairman

Oliver Johansen

Allan Søgaard Larsen

Christian Sagild

Henrik Ehlers Wulff

Thomas Lykke Henriksen
Elected by the employees

Jakob Koch
Elected by the employees

Jakob Bønnelykke Kristensen
Elected by the employees

Consolidated financial statements

Interim report Q3 2017/18

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Ambu® aScope™ 4 Broncho is a sterile single-use endoscope. The monitor (Ambu® aView™) is used multiple times.

Income statement and statement of comprehensive income - Group

Interim report Q3 2017/18

DKKm

Income statement	**Note**	**Q3 2017/18**	**Q3 2016/17**	**YTD 2017/18**	**YTD 2016/17**	**FY 2016/17**
Revenue		673	601	1,877	1,726	2,355
Production costs		-271	-258	-760	-767	-1,024
Gross profit		**402**	**343**	**1,117**	**959**	**1,331**
Selling and distribution costs		-155	-131	-442	-395	-539
Development costs		-34	-20	-84	-56	-76
Management and administration		-62	-62	-193	-182	-256
Other operating expenses		0	0	0	-10	-10
Operating profit (EBIT)		**151**	**130**	**398**	**316**	**450**
Financial income	11	3	-13	12	5	13
Financial expenses	11	-6	-9	-93	-41	-70
Profit before tax		**148**	**108**	**317**	**280**	**393**
Tax on profit for the period	5	-35	-26	-93	-66	-92
Net profit for the period		**113**	**82**	**224**	**214**	**301**
Earnings per share in DKK						
Earnings per share (EPS)		0.47	0.35	0.93	0.90	1.27
Diluted earnings per share (EPS-D)		0.46	0.34	0.91	0.88	1.24

Statement of comprehensive income	**Q3 2017/18**	**Q3 2016/17**	**YTD 2017/18**	**YTD 2016/17**	**FY 2016/17**
Net profit for the period	113	82	224	214	301
Other comprehensive income:					
Items which are moved to the income statement under certain conditions:					
Translation adjustment in foreign subsidiaries	50	-63	20	-29	-54
Adjustment to fair value for the period:					
Cash flow hedging, realisation of deferred gains/losses	2	0	1	-1	-3
Cash flow hedging, deferred gains/losses for the period	-4	-1	-3	-5	-6
Tax on hedging transactions	1	0	1	1	2
Other comprehensive income after tax	**49**	**-64**	**19**	**-34**	**-61**
Comprehensive income for the period	**162**	**18**	**243**	**180**	**240**

Balance sheet – Group

DKKm

Assets	Note	30.06.18	30.06.17	30.09.17
Acquired technologies, trademarks and customer relations		149	170	163
Acquired technologies in progress	9	660	0	0
Completed development projects		140	107	147
Rights		69	82	79
Goodwill		1,555	803	781
Development projects in progress		95	70	45
Intangible assets		**2,668**	**1,232**	**1,215**
Land and buildings		286	201	183
Plant and machinery		91	87	86
Other plant, fixtures and fittings, tools and equipment		49	38	36
Prepayments and plant under construction		25	45	62
Property, plant and equipment		**451**	**371**	**367**
Deferred tax asset		198	69	98
Other receivables		2	4	4
Other non-current assets		**200**	**73**	**102**
Total non-current assets		**3,319**	**1,676**	**1,684**
Inventories		387	324	313
Trade receivables		429	399	437
Other receivables		15	15	14
Income tax receivable		13	3	2
Prepayments		31	26	31
Cash		27	58	19
Total current assets		**902**	**825**	**816**
Total assets		**4,221**	**2,501**	**2,500**

Equity and liabilities	Note	30.06.18	30.06.17	30.09.17
Share capital		125	122	122
Other reserves		1,731	1,035	1,157
Equity		**1,856**	**1,157**	**1,279**
Provision for deferred tax		20	4	2
Other provisions		583	38	36
Interest-bearing debt	12	1,431	208	83
Non-current liabilities		**2,034**	**250**	**121**
Other provisions		4	2	3
Interest-bearing debt	12	6	746	703
Trade payables		143	132	160
Income tax		6	28	23
Other payables		163	153	182
Derivative financial instruments		9	33	29
Current liabilities		**331**	**1,094**	**1,100**
Total liabilities		**2,365**	**1,344**	**1,221**
Total equity and liabilities		**4,221**	**2,501**	**2,500**

Cash flow statement – Group

Interim report Q3 2017/18

DKKm

	Note	30.06.18	30.06.17	30.09.17
Operating profit (EBIT)		398	316	450
Adjustment of items with no cash flow effect	7	106	86	116
Changes in net working capital	8	-85	17	19
Interest expenses and similar items		-37	-30	-32
Income tax paid		-44	-87	-91
Cash flows from operating activities		**338**	**302**	**462**
Purchase of non-current assets		-177	-109	-159
Sale of non-current assets		0	0	16
Divestment of subsidiary in respect of previous years		0	0	2
Cash flows from investing activities before acquisitions of enterprises and technology		-177	-109	-141
Free cash flows before acquisitions of enterprises and technology		**161**	**193**	**321**
Acquisition of technology		-2	0	0
Acquisitions of enterprises	9	-926	0	0
Cash flows from acquisitions of enterprises and technology		-928	0	0
Cash flows from investing activities		**-1,105**	**-109**	**-141**
Free cash flows after acquisitions of enterprises and technology		**-767**	**193**	**321**
Redemption of corporate bonds		-701	0	0
Raising of long-term debt		1,960	0	0
Repayment of debt to credit institutions		-610	-150	-275
Repayment in respect of finance leases		-2	-4	-4
Redemption of derivative financial instruments		-12	0	0
Exercise of options		20	8	8
Purchase of treasury shares		-493	0	0
Sale of treasury shares, employee share programme		6	0	0
Dividend paid		-92	-75	-75
Dividend, treasury shares		2	2	2
Capital increase, Class B share capital		694	20	21
Cash flows from financing activities		**772**	**-199**	**-323**
Changes in cash and cash equivalents		**5**	**-6**	**-2**
Cash and cash equivalents, beginning of period		19	21	21
Translation adjustment of cash and cash equivalents		0	0	0
Cash and cash equivalents, end of period		**24**	**15**	**19**
Cash and cash equivalents, end of period, are composed as follows:				
Cash		27	58	19
Bank debt		-3	-43	0
		24	**15**	**19**

Statement of changes in equity – Group

DKKm

	Share capital	Share premium	Reserve for hedging transactions	Reserve for foreign currency translation adjustment	Retained earnings	Proposed dividend	Total
Equity 1 October 2017	**122**	**57**	**-5**	**70**	**945**	**90**	**1,279**
Net profit for the period					224		224
Other comprehensive income for the period			-1	20			19
Total comprehensive income	**0**	**0**	**-1**	**20**	**224**	**0**	**243**
Transactions with the owners:							
Share-based payment					20		20
Tax deduction relating to share options					178		178
Exercise of options					20		20
Purchase of treasury shares					-493		-493
Sale of treasury shares, employee share programme					6		6
Distributed dividend					-2	-88	-90
Dividend, treasury shares					2	-2	0
Share capital increase, warrants	0	26					26
Share capital increase, ordinary	3	664					667
Equity 30 June 2018	**125**	**747**	**-6**	**90**	**900**	**0**	**1,856**

	Share capital	Share premium	Reserve for hedging transactions	Reserve for foreign currency translation adjustment	Retained earnings	Proposed dividend	Total
Equity 1 October 2016	**121**	**37**	**2**	**124**	**631**	**75**	**990**
Net profit for the period					214		214
Other comprehensive income for the period			-5	-29			-34
Total comprehensive income	**0**	**0**	**-5**	**-29**	**214**	**0**	**180**
Transactions with the owners:							
Share-based payment					8		8
Tax deduction relating to share options					24		24
Exercise of options					8		8
Purchase of treasury shares					0		0
Distributed dividend						-73	-73
Dividend, treasury shares					2	-2	0
Share capital increase, warrants	1	19					20
Equity 30 June 2017	**122**	**56**	**-3**	**95**	**887**	**0**	**1,157**

Other reserves are made up of share premium, reserve for hedging transactions, reserve for foreign currency translation adjustment, retained earnings and proposed dividend and total DKK 1,731m (30.06.2017: DKK 1,035m).

Notes to the interim report

Interim report Q3 2017/18

Section 1: Basis of preparation of interim report

Page 20 Note 1 – Basis of preparation of interim report
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Section 5: Provisions, other liabilities etc.

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Note 1 – Basis of preparation of the interim report

The interim report for the period 1 October 2017 to 30 June 2018 is presented in accordance with IAS 34 – Interim Financial Reporting as adopted by the EU and additional Danish disclosure requirements for the interim reporting of listed companies. The accounting principles applied are consistent with the principles applied in the annual report for 2016/17. For definitions of ratios, reference is made to note 5.9 in the annual report for 2016/17.

Note 2 – Material accounting estimates

In connection with the preparation of the interim report, the management makes material accounting estimates, assessments and assumptions which form the basis of the presentation, recognition and measurement of the group's assets and liabilities for accounting purposes. There are no significant changes in the material estimates or assessments presented in note 1.1 to the annual report for 2016/17.

Note 3 – Seasonal fluctuations

Gross margin
Historically, the gross margin is lower in H1 than in H2 due to higher activity levels in H2. The lowest gross margin is usually seen in Q1, where revenue relative to other quarters is the lowest.

Cash flows from operating activities
Cash flows from operating activities have historically been lower in Q1 as a result of bonuses paid, income tax as well as a lower earnings level and increased net working capital. Cash flows from operating activities tend to increase gradually in Q2 and Q3, peaking in Q4. The increased level of cash flows from operating activities in Q4 is due to the collection of revenue from Q3 as well as a reduction of net working capital.

Note 4 – Segment information

Ambu is a supplier of medtech products for the global market. Except for the sales of the various products, no structural or organisational aspects allow for a division of earnings from individual products, as sales channels, customer types and sales organisations are identical for all important markets. Furthermore, production processes and internal controls and reporting are identical, which means that with the exception of revenue, everything else is unsegmented.

Ambu has thus identified one segment only.

Note 5 – Tax on profit for the period

In December 2017, the US president signed a tax reform which cuts the federal income tax rate in the USA from 35% to 21%. In addition to the tax cut, the tax reform introduces a large number of changes which might affect multinationals operating in the USA. Based on the current legal framework, the management does not expect Ambu to be affected by the tax reform, other than by the effect of the reduced tax rate.

At the end of September 2017, the management had recognised a tax asset of DKK 47m stemming from the company's operating activities in the USA. As a consequence of the reduced tax rate, the valuation of this asset has been reassessed at DKK 28m, and the effect of DKK 19m negatively affects tax on profit for Q1 2017/18.

DKKm

Note 6 – Development in balance sheet since 30 September 2017

The Group's balance sheet is impacted extensively by the acquisition of Invendo Medical GmbH. Reference is made to note 9 for a more detailed description of the acquisition.

Since the beginning of the financial year, non-current assets have increased by a net amount of DKK 1,635m to DKK 3,319m. The increase has been driven by the recognition of assets following the acquisition of Invendo, and by investments in development projects and new production facilities in Malaysia as well as expansion of the head office in Ballerup.

Since 30 September 2017, capital tied up in inventories has increased by DKK 74m as a consequence of the higher level of activity and the launch of aScope 4. Trade receivables have been reduced by DKK 8m due to a marginal reduction in debtor days and the distribution of sales in the period.

Interest-bearing debt has increased by DKK 651m to DKK 1,437m. The increase is due to the partial financing of the acquisition of Invendo with foreign capital and the financing of the purchase of treasury shares.

Other provisions under current and non-current liabilities totalled DKK 587m, up DKK 548m. The increase is attributable to the recognition of contingent consideration relating to the acquisition of Invendo.

Trade payables decreased by DKK 17m to DKK 143m due to timing differences and one-off liabilities at the end of September 2017.

Note 7 – Adjustment of items with no cash flow effect

	YTD 2017/18	YTD 2016/17	30.09.17
Depreciation, amortisation and impairment losses	86	78	105
Share-based payment	20	8	11
	106	**86**	**116**

Note 8 – Changes in net working capital

	YTD 2017/18	YTD 2016/17	30.09.17
Changes in inventories	-66	-44	-40
Changes in receivables	12	22	-29
Changes in trade payables etc.	-31	39	88
	-85	**17**	**19**

DKKm

Note 9 – Business combinations

On 25 October 2017, Ambu acquired the entire share capital and voting rights in the German company Invendo Medical GmbH ('Invendo'). Before the purchase, Ambu had no ownership interest in the company. Transaction-related costs of DKK 6m have been paid, of which an amount of DKK 1m was recognised in Q1 2017/18 and an amount of DKK 5m was recognised in Q4 2016/17. All costs have been recognised in the income statement under 'Management and administration'.

At the acquisition date, Invendo had no fully developed product approved for sale which was actively being marketed. In spite of this, the management is of the opinion that Invendo was so close to the commercialisation of the acquired development projects in progress that Invendo must be regarded as a business in accordance with IFRS 3. Accordingly, the accounting rules on business combinations have been applied.

	Invendo Medical GmbH
Acquired technologies in progress	660
Inventories	3
Other receivables	1
Cash	9
Deferred tax	-20
Payables	-3
Fair value of net assets acquired	**650**
Goodwill	765
Consideration transferred	**1,415**
Cash and cash equivalents in acquired businesses	-9
Cash consideration transferred	**1,406**
Fair value of contingent and deferred consideration	-555
Subsequent milestone payment	75
Acquisition of businesses (cash flow)	**926**

Completion of fair value on acquisition
In the interim financial statements published since the acquisition date, the fair value on acquisition stated has been provisional, as the determination of the fair value was still ongoing. Since the publication of the first fair value on acquisition in Q1 2017/18, the previously stated fair value on acquisition has been changed, as described below.

The determination of the fair value on acquisition of the assets acquired and liabilities assumed is still ongoing and, as a result, the stated fair values are preliminary.

Unlike what was the case for Q1 2017/18, in the interim report for Q3 2017/18, deferred tax assets in the amount of DKK 166m have been included in the fair value on acquisition. These tax assets have been recognised and other minor adjustments have been made based on greater insights into the underlying cash flows of the individual assets and liabilities gained by the management since 31 January 2018.

Description of the acquired activities
The company is a leading developer of sterile, single-use endoscopy products for gastroenterological procedures, which are comprised by Ambu's existing Visualisation business area. The management sees the acquisition as a good strategic match given Ambu's Big Five strategy and the group's long-term value creation. At the time of acquisition, Invendo had 35 employees.

The most important asset for which a fair value on acquisition has been identified are development projects in progress. The fair value of the individual development projects is measured using the relief-from-royalty model and is amortised over an expected useful life of 15 years as from the time when the development project is deemed to be ready for sale. Deferred tax on these development projects contributes DKK 192m to the fair value on acquisition.

The total net deferred tax of DKK 20m on the fair value on acquisition of Invendo consists of a deferred tax liability from net assets revalued to fair value by DKK 186m, tax assets from deductible tax losses of DKK 144m and a future tax deductible on parts of the purchase price of DKK 22m.

DKKm

Note 9 – Business combinations (continued)

Goodwill
Goodwill is recognised at the amount by which the calculated purchase price exceeds the fair value of identifiable net assets. The estimated goodwill can be attributed to 1) Invendo's know-how in the field of gastrointestinal endoscopy, 2) cost and revenue synergies, 3) synergies from future product development and 4) assessed first-mover benefits within gastrointestinal single-use endoscopy. Of the reported components of goodwill, the management attaches the greatest importance to nos 3 and 4. The recognised goodwill is not deductible for tax purposes.

At the end of Q1, recognised goodwill from the acquisition of Invendo constituted DKK 904m. At the end of Q3, the value is DKK 765m. The development is due to the revaluation of net assets acquired, see above.

Contingent consideration
The total purchase price comprises contingent consideration of up to DKK 819m, which was recognised at a fair value of DKK 555m as at the acquisition date. Assumptions have been applied in the management's fair value measurement which are not observable in the market, corresponding to a level 3 measurement in the fair value hierarchy. The management expects the agreed terms and conditions to be met, which means that the entire amount of DKK 819m must be paid to the seller. If a condition has not been met within four years of the acquisition date, Ambu's obligation in respect of the contingent payment will lapse.

The contingent consideration relates to the commercialisation of the acquired technologies. Ambu's obligation to settle the contingent payments is recognised as a provision. The difference between the fair value and the future payments of contingent consideration will be recognised in the income statement under net financials. For the period, this value adjustment amounts to DKK 67m as stated below and in note 11.

The development in the fair value of contingent consideration from the acquisition date until the balance sheet date at 30 June 2018 is shown below.

	Recognised in fair value on acquisition	Value adjustment	Used during the year	Fair value at end of period
Contingent consideration, Invendo Medical GmbH	555	67	-75	547

The key assumptions in the valuation of the contingent consideration include future revenue from the acquired technologies, FDA approval of each endoscope as well as the discount rate of 18% applied.

Contingent payment	**Condition**	**Undiscounted payment**[1]
Milestone payment	FDA approval of colonoscope	DKK 0m or DKK 74m[2]
Milestone payment	FDA approval of gastroscope	DKK 0m or DKK 149m
Milestone payment	FDA approval of duodenoscope	DKK 0m or DKK 298m
Cumulative earn-out	Revenue of DKK 558m	DKK 0m or DKK 56m
Cumulative earn-out	26% of revenue in the range DKK 558-1,488m	DKK 0m to DKK 242m
		Maximum DKK 819m

[1] The undiscounted payments were calculated at the acquisition date, and later outcomes have therefore not been adjusted in the payment intervals stated.

[2] Milestone payment related to FDA approval of colonoscope was paid to the seller in early April 2018.

Impact on the group's income statement
In the period from the acquisition date and until 30 June 2018, Invendo contributed DKK 0m to consolidated revenue and DKK -17m to the operating profit for the year (EBIT). Had Invendo been consolidated as from 1 October 2017, Invendo would have contributed DKK 0m to revenue and DKK -18m to the operating profit (EBIT).

DKKm

Note 10 – Risks

For a description of Ambu's risks, see the 'Risk management' section in the annual report for 2016/17, pages 23-24.

Note 11 – Net financials

	Q3 2017/18	Q3 2016/17	YTD 2017/18	YTD 2016/17	FY 2016/17
Other financial income:					
Foreign exchange gains, net	4	-15	4	0	0
Fair value adjustment, contingent consideration	0	0	0	3	3
Fair value adjustment, swap	-1	2	8	2	10
Financial income	**3**	**-13**	**12**	**5**	**13**

	Q3 2017/18	Q3 2016/17	YTD 2017/18	YTD 2016/17	FY 2016/17
Interest expenses:					
Interest expenses, banks	3	2	11	5	7
Interest expenses, leases	1	1	2	2	2
Interest expenses, bonds	0	6	11	18	24
Other financial expenses:					
Foreign exchange loss, net	-18	14	0	14	33
Fair value adjustment, contingent consideration	19	0	67	0	0
Effect of shorter discount period, acquisition of technology	1	1	2	2	3
Ineffectiveness of interest rate swap	0	0	0	0	1
Fair value adjustment, swap	0	-15	0	0	0
Financial expenses	**6**	**9**	**93**	**41**	**70**

Note 12 – Interest-bearing debt

	30.06.18	30.06.17	30.09.17
Credit institutions	1,350	125	0
Finance leases	81	83	83
Long-term interest-bearing debt	**1,431**	**208**	**83**

	30.06.18	30.06.17	30.09.17
Corporate bonds	0	700	700
Bank debt	3	43	0
Finance leases	3	3	3
Short-term interest-bearing debt	**6**	**746**	**703**

Note 13 – Share split, capital increases, treasury shares and dividend paid

Share split 1:5
At Ambu's annual general meeting on 13 December 2017, it was decided to carry out a 1:5 share split with effect from January 2018. After the split, Ambu's shares have a nominal value of DKK 0.50 each.

All relevant ratios have been restated to reflect the share split.

Capital increases
In November 2017, a direct placement was carried out to partially finance the acquisition of Invendo Medical GmbH. As a consequence hereof, Ambu's share capital was increased by a nominal amount of DKK 3m through the issue of 1,255,000 Class B shares with a nominal value of DKK 2.50 each at a price of 537.00, which, less consultancy costs of DKK 7m, resulted in proceeds for the company of DKK 667m. These shares were included in the subsequent 1:5 share split, see the table below.

A capital increase was also implemented in November 2017 in connection with the exercise by employees of warrants allocated in 2013. In consequence hereof, Ambu's share capital was increased by a nominal amount of DKK 5,000 through the issue of 2,000 Class B shares with a nominal value of DKK 2.50 each at a price of 66.30. These shares were included in the subsequent 1:5 share split, see the table below.

In February 2018, another capital increase was carried out in connection with the exercise by employees of warrants allocated in 2014. In consequence hereof, Ambu's share capital was increased by 960,000 Class B shares with a nominal value of DKK 0.50 each at a price of 23.06.

In May 2018, a capital increase was carried out for the third time in the financial year in connection with the exercise by employees of warrants allocated in 2013 and 2014. In consequence hereof, Ambu's share capital was increased by 100,000 Class B shares with a nominal value of DKK 0.50 each at a price of 13.26 and 140,000 Class B shares with a nominal value of DKK 0.50 each at a price of 23.06.

Changes in number of shares and share capital for the period:

	30.09.17	Change	Share split	Change	30.06.18
No. of Class A shares	6,864,000	0	27,456,000	0	34,320,000
No. of Class B shares	41,843,920	1,257,000	172,403,680	1,200,000	216,704,600
	48,707,920	**1,257,000**	**199,859,680**	**1,200,000**	**251,024,600**
Share capital	121,769,800	3,142,500		600,000	125,512,300

Treasury shares
As at 30 September 2017, Ambu's holding of treasury shares totalled 6,034,440 Class B shares with a nominal value of DKK 0.50 each. As at 30 June 2018, this had been increased by 1,703,979 shares to 7,738,419 Class B shares. The increase is due to the acquisition of 3,850,000 shares to cover share option programmes for employees as well as the disposal of 2,092,431 shares in connection with the exercise by employees of allocated option programmes and the establishment of an employee share programme of 53,590 shares. There have been no transactions with Class A shares.

Dividend paid
The Board of Directors' proposal for the distribution of dividend of DKK 1.85 per share with a nominal value of DKK 2.50 was adopted at the company's annual general meeting on 13 December 2017. As at 31 March 2018, dividend in the amount of DKK 92m was paid to the company's shareholders following the withholding of related taxes.

Note 14 – Contingent liabilities

Ambu's ongoing operations and the use of Ambu's products in hospitals and clinics etc. involve the general risk of claims for damages and sanctions against Ambu. The risk is deemed to be customary.

Note 15 – Subsequent events

In addition to the matters described in this interim report, the management is not aware of any events subsequent to 30 June 2018 which could be expected to have a significant impact on the group's financial position.