

Annual report 2014/15

October 1 2014 – September 30 2015

CEO Lars Marcher
CFO Michael Højgaard

Webcast: November 11 2015

Agenda



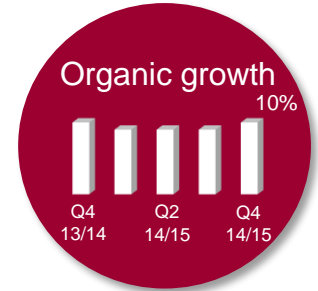
- Q4 and FY highlights
- Overall business status
- Financials and outlook
- Q&A

Disclaimer

Forward-looking statements, especially such relating to future sales and operating profit, are subject to risks and uncertainties. Various factors, many of which are outside Ambu's control, may cause the actual development of the company to differ materially from the expectations contained in this presentation. Factors that might affect such expectations include, among others, changes in healthcare, in the world economy and in exchange rates.

Q4 highlights

- Growth of 10% in local currencies and 21% in Danish kroner
- Revenue of DKK 536m
- Gross margin of 50.6% (50.7%)
- EBIT margin at 21.8% (18.1%)
- Strong growth in North America, Europe and Asia
- Partnership on aScope platform announced



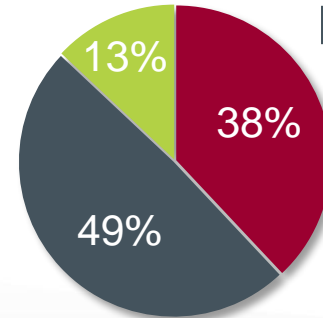
Q4 growth and revenue split

Geography

Organic growth



Europe
North America
Rest of World



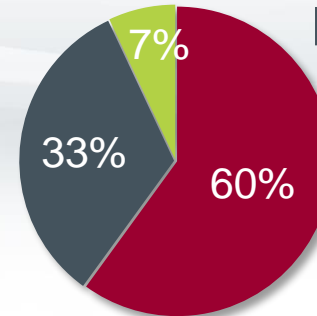
Revenue split

Business areas

Organic growth



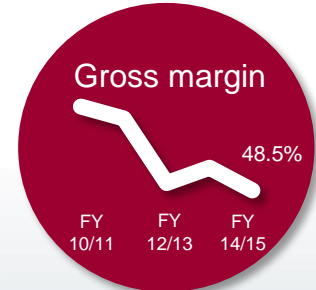
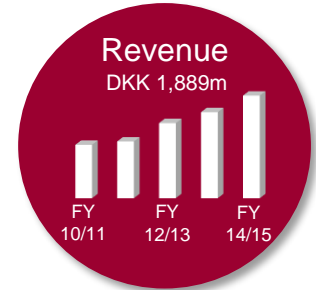
Anaesthesia
PMD
Emergency Care



Revenue split

Full year highlights

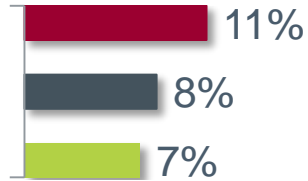
- Growth of 9% in local currencies and 19% in Danish kroner
- Revenue of DKK 1,889m
- Gross margin of 48.5% (50.4%)
- EBIT margin at 12.5% (12.5%)
- Above market growth in all regions
- Close to 100,000 aScopes sold
- Costs reduced
- High-potential partnerships
- Full-year outlook exceeded



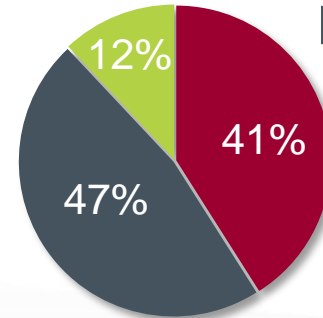
FY growth and revenue split

Geography

Organic growth



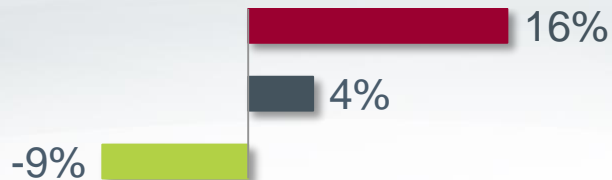
Europe
North America
Rest of World



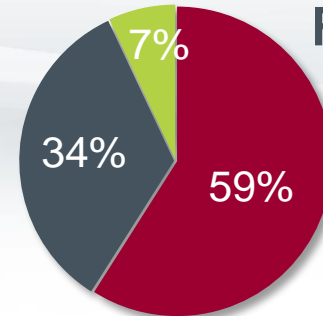
Revenue split

Business areas

Organic growth



Anaesthesia
PMD
Emergency Care



Revenue split

Overall business status

Growth in PMD was 4%

- Market growth in cardiology
- ~10% growth in neurology
- UK manufacturing outsourced



Overall business status

Growth in PMD was 4%

- Market growth in cardiology
- ~10% growth in neurology
- UK manufacturing outsourced



Growth in core anaesthesia was 4%

- Winning significant share in US and Asia
- Cross-selling with visualization products
- Strong growth in masks, circuits and bags



Overall business status

Growth in PMD was 4%

- Market growth in cardiology
- ~10% growth in neurology
- UK manufacturing outsourced



Growth in core anaesthesia was 4%

- Winning significant share in US and Asia
- Cross-selling with visualization products
- Strong growth in masks, circuits and bags



Growth in scopes was 158%

- First FY with aScope 3 on all markets
- Close to 100,000 aScopes sold this year (~40,000 last year)
- Units sold +46% in Q4 vs Q3
- Global endoscopy market is growing by approx. 7% p.a.



Overall business status

Growth in PMD was 4%

- Market growth in cardiology
- ~10% growth in neurology
- UK manufacturing outsourced



Growth in core anaesthesia was 4%

- Winning significant share in US and Asia
- Cross-selling with visualization products
- Strong growth in masks, circuits and bags



Growth in scopes was 158%

- First FY with aScope 3 on all markets
- Close to 100,000 aScopes sold this year (~40,000 last year)
- Units sold +46% in Q4 vs Q3
- Global endoscopy market is growing by approx. 7% p.a.



New partnership established

- Ambu and Coloplast have developed new single-use endoscope for urology market



Cost

Reduce hospital costs

Cross-contamination

Avert hospital-acquired infections

Availability

Make scopes available



Cost

Reduce hospital costs

Cross-contamination

Avert hospital-acquired infections

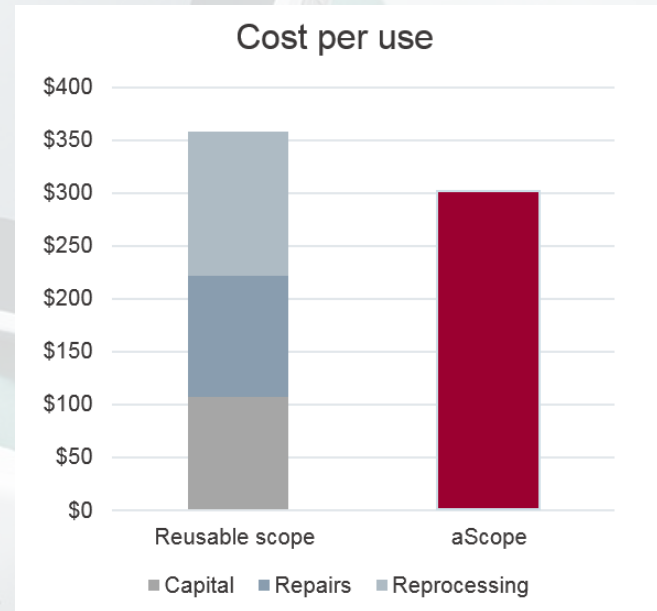
Availability

Make scopes available

aScope reduces costs and improves hospital workflows

- Average from all published cost-comparison studies (six studies* in Europe and USA) show \$358 cost per use for reusable scopes.
- The cost per use of aScope 3 is \$300.
- Four more studies expected to be published in 2016.

*R. A. McCahon and D. K. Whynes 2015
Bertrand et al. 2014
M. Aïssou et al. 2013
Liu et al. 2012
Tvede et al. 2012
Gupta MD, Hong Wang MD, PhD. 2011



Cost

Reduce hospital costs

Cross-contamination

Avert hospital-acquired infections

Availability

Make scopes available

Increased awareness of cross-contamination

• Recent FDA activities:

March 12, 2015

FDA issues final guidance on reprocessing of medical devices

August 12, 2015

FDA issues warning letters to Olympus, Pentax and Fujifilm for failing to report MDRs to FDA on reusable scopes

October 5, 2015

FDA orders duodenoscope manufacturers to plan postmarket surveillance studies

May 14-15, 2015

FDA-seminar to discuss recent reports and epidemiologic investigations of the transmission of infections associated with the use of reusable duodenoscopes

September 17, 2015

FDA issues safety communication on bronchoscopes addressing all hospitals and patients

Effect of FDA activities:

- Stricter guidelines on reprocessing of reusable scopes
- More resources spent on cleaning (reprocessing) scopes at hospitals
- Increased awareness of cross-contamination at hospitals in US and globally

Cost

Reduce hospital costs

Cross-contamination

Avert hospital-acquired infections

Availability

Make scopes available

aScope gives doctors easier access to scopes

- The scope is not being cleaned
- The scope is not being repaired
- The scope is not in use in another room or department
- No need for planning and transportation

aScope gains traction in North America

- aScope 3 launched in USA in March 2014
- Half of aScope sales in USA in Q4
- Partnership with Tri-anim Health Services trebles our sales force in USA



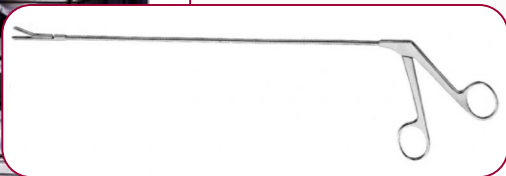
Partnership with Coloplast

Single-use scope improves workflow

Procedure: Removal of urinary stents



Reusable scope
on rack with
external grasper
tool + monitor



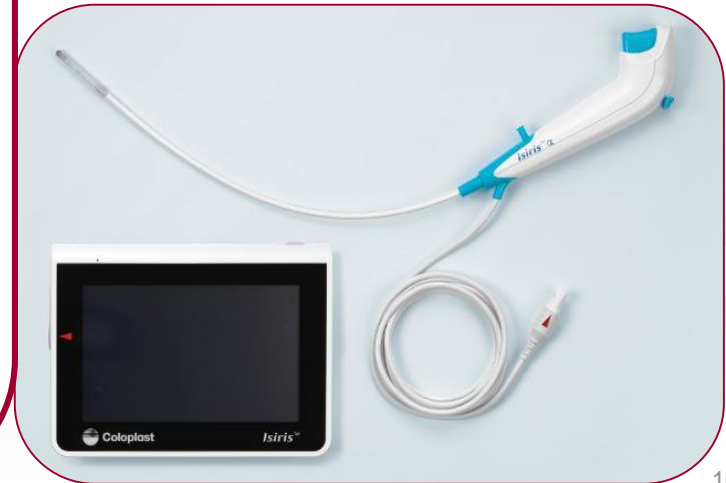
Single-use scope with integrated
grasper tool + monitor



Single-use scope improves workflow

- Product received good feedback from doctors in final tests, Sep 2015
 - 16 doctors in six European urology departments
 - Overall product performance rated acceptable or better in 96% of cases
 - *“There is no need for a third hand”*
 - Urologist at world congress in London
 - *“The data just presents what all of us experience in practice: Excellent!”*
 - Urologist in response to test results
- December launch being prepared
- Financial impact in 2015/16 minimal

Single-use scope with integrated grasper tool + monitor





Financials and outlook

Financial results

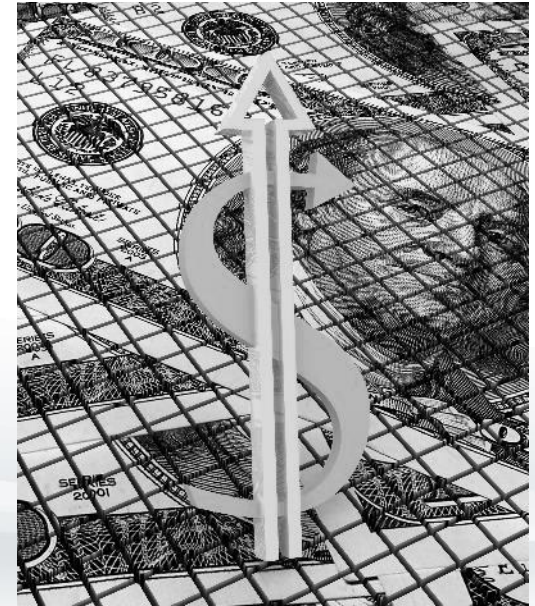
DKKm	Q4 14/15	Q4 13/14	FY 14/15	FY 13/14
Revenue	536	442	1,889	1,584
Gross profit	271	224	916	798
Gross Margin (%)	50.6	50.7	48.5	50.4
Capacity costs	(154)	(144)	(680)	(600)
EBIT before special items	117	80	236	198
EBIT-margin (%)	21.8	18.1	12.5	12.5
Financials, net	(17)	38	(21)	10
Net result	66	85	152	151

DKKm	Q4 14/15	Q4 13/14	FY 14/15	FY 13/14
Cash flow from operations	140	73	208	183
Cash flow from investments	(21)	(27)	(101)	(80)
Free cash flow	119	46	107	103

- Organic growth of 10% in Q4 and 9% in FY
- GM trending positively: 50.6% in Q4 while 48.5% for FY
- Cost ratio for FY improved 2%-pts to 36%
- EBIT margin FY at 12.5%
- Fx effects have impacted profit margins in FY negatively by 1.5-2% pts
- Dividend proposal of DKK 0.95 (0.94) per share. 30% pay-out ratio
- Strong cash flow in Q4 and stable year over year

Fx impact on FY

- Fx impact on revenue growth
 - Revenue nominated in USD is approx. 50% of revenue
 - FY USD/DKK has appreciated approx. 18% vs. last year
 - Leading to a positive total Fx impact on revenue of approx. 9%
- Impact on EBIT and cash flow from Fx is balanced out
- Q4 strengthening of DKK vs. CNY and MYR will benefit Ambu going forward



Balance sheet

DKKm	FY 14/15	FY 13/14
Total assets	2,254	2,047
Equity	1,036	854
Working capital	551	452
Net interest-bearing debt	731	739
Gearing (NIBD/EBITDA b.s.i.)	2.2	2.6
Working capital (% of revenue)	29	29
Investments (% of revenue)	5	5
ROIC (% after tax incl. goodwill)	12	12

- Total assets at DKK 2.25bn. Up 10% over LY
- Working capital ratio at 29% - unchanged to LY
- Slightly lower pace on collections but no change in risk profiles
- Investment ratio at 5% as expected including factory in Malaysia
- Net interest-bearing debt has stabilized and gearing reducing to 2.2 vs. 2.6 LY

Follow-up on FY14/15 outlook

	Local currency		Danish kroner	
	Actual results	19 August, 2015	Actual results	19 August, 2015
Revenue	9%	~9%	19%	~19%
EBIT-margin	14-14.5% <small>(fixed rate)</small>	12.5-13% <small>(fixed rate)</small>	12.5%	~12.0%
Free cash flows	-	-	107m	~100m
Gearing	-	-	2.2	~2.2

Strategy status

- We are entering year 3 out of 4
- Capacity in place
- Sales force in gear
- Products launched
- Innovation busy
- Costs in control

CLIMBING
2017 
NEW HEIGHTS

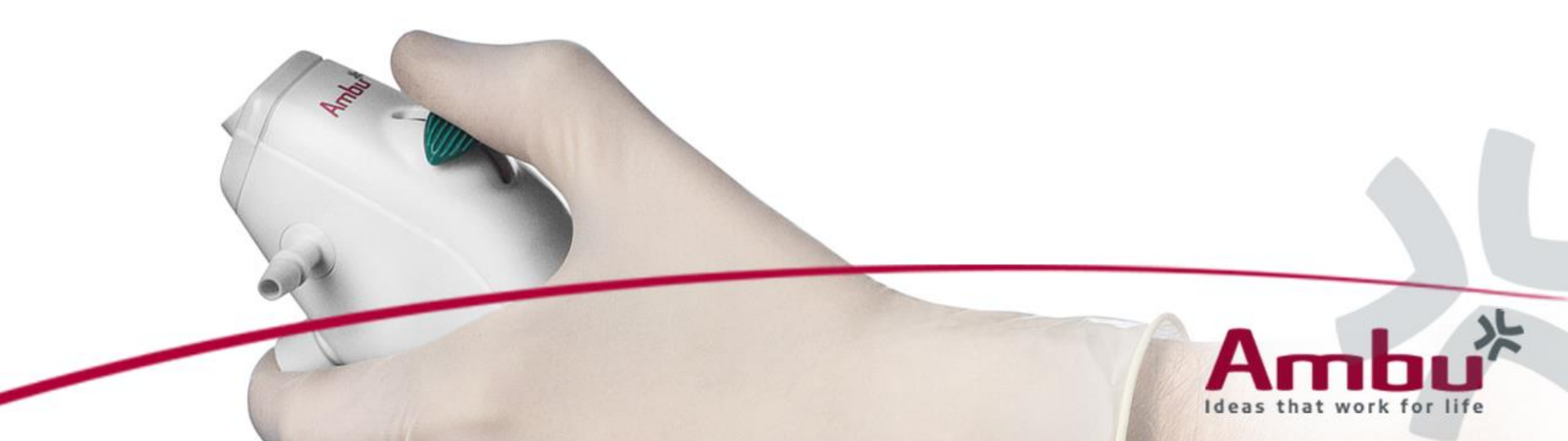
2015/16 outlook

	Actual 14/15	Outlook 15/16 Local currency	Outlook 15/16 Danish kroner	Target 16/17
Revenue	9%	7-9%	9-11% (DKK 2.059-2.097m)	~2bn
EBIT-margin	12.5%	13-14%	14-15%	17-18%
Free cash flows	107m	-	150-175m	-
Gearing	2.2	-	~2.0	-

Guidance 15/16 (DKK) assumes USD/DKK at 675

In summary

- Solid growth continues
- Increased earnings
- Strong growth on our innovation
- On track for 2017 goals



Ambu
Ideas that work for life

Q&A



Read more at www.ambu.com

Contact

CEO Lars Marcher, lm@ambu.com or +45 5136 2490

CFO Michael Højgaard, miho@ambu.com or +45 4030 4349