



Ambu
Ideas that work for life

Q3 interim report 2015/16

April 1 – June 30

CEO Lars Marcher
CFO Michael Højgaard

Webcast: August 19 2016

Agenda



- Q3 highlights
- Update on ETVView acquisition
- Financials and outlook
- Q&A

Disclaimer

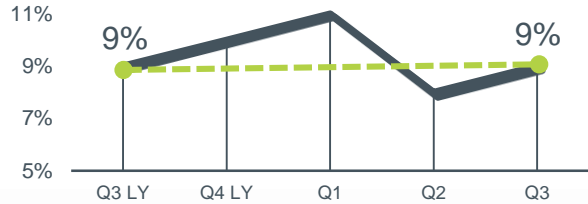
Forward-looking statements, especially such relating to future sales and operating profit, are subject to risks and uncertainties. Various factors, many of which are outside Ambu's control, may cause the actual development of the company to differ materially from the expectations contained in this presentation.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

Q3 highlights

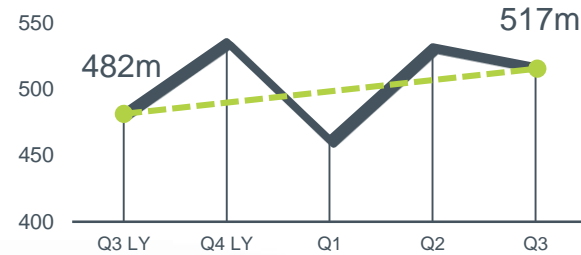
- Solid growth continues
- EBIT increased by 68%
- Strong cash flow development
- Continued momentum on aScope sales
- Acquisition of ETVIEW Medical Ltd.
- Full-year outlook adjusted upwards
- Well on the way to meeting long-term targets before time

Q3 performance

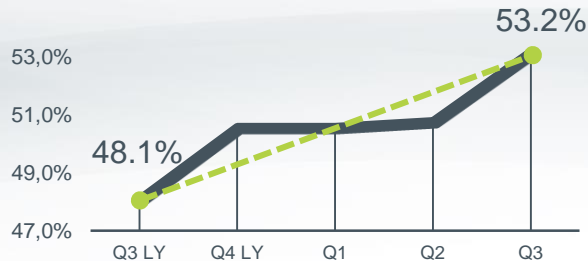
Organic growth: **9%**



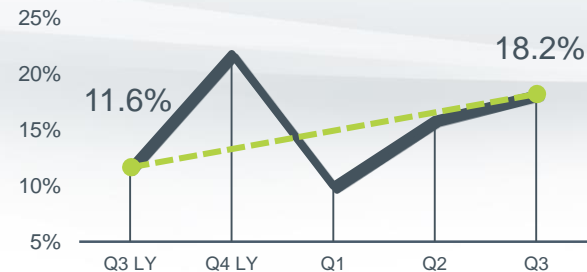
Revenue: **DKK 517m**



Gross margin: **53.2%**

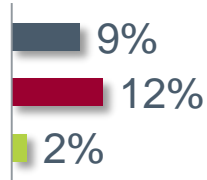


EBIT margin: **18.2%**



Continued strong sales performance

Q3 organic growth



North America

- Growth of 9%
- aScope sales develop very positively
- Core business is low due to fluctuations in sales

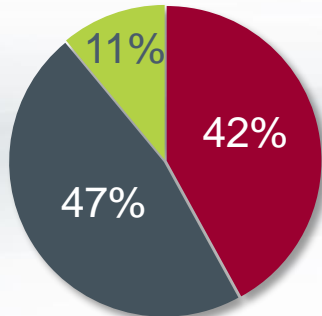
Europe

- Growth of 12%
- Solid growth across all product groups
- Continued strong penetration of aScope

Rest of World

- Growth of 2%
- Growth in Asia-Pacific is 9%
- Markets in Middle East & Latin America remain difficult

Q3 revenue split



Growth driven by Anaesthesia

Anaesthesia

- Growth of 18%
- Growth driven by three-digit aScope sales
- Core anaesthesia in low growth this quarter



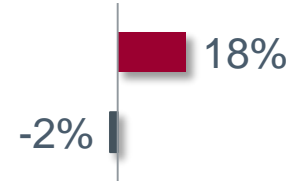
Patient Monitoring & Diagnostics

- Growth of -2%
- Fluctuating sales hamper Q3 growth
- Full-year growth expected at 3-4%

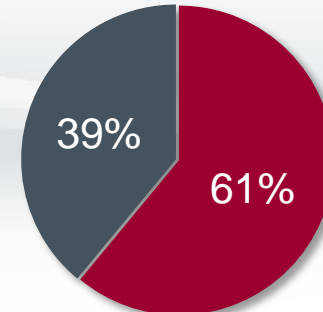


Growth rates stated in local currency

Q3 organic growth



Q3 revenue split





Acquisition of ETVIEW Medical LTD.

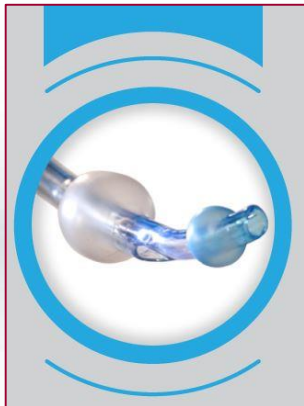
- Strengthening the visualisation portfolio

ETView Medical Ltd.

– Single-use airway tubes with integrated camera

Products

- Double-lumen airway tubes
 - 90% of sales
- Single-lumen airway tubes
 - 10% of sales



Company

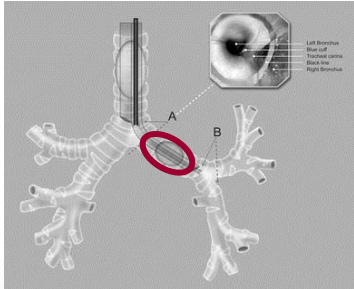
- ETVView Medical founded in 2004. Listed in Tel Aviv since 2010
- Based in Israel with 16 staff
- Revenue of USD 2.1m in 2015

Acquisition

- Price of USD 16m financed out of existing credit lines
- Completion expected by end of Q4

Tube + bronchoscope vs. ETVIEW

SLV procedure



Tube + bronchoscope

- Intubate with analogue tube
- Check position of tube before and during surgery with a bronchoscope

= *Multiple checks during surgery*

ETView

- Intubate with ETVIEW

= *Continuous monitoring*

ETView benefits

- Reduction of per patient cost
- Fast and effective lung isolation
- Improved patient safety

Strengthening our position in single-use visualisation in anaesthesia

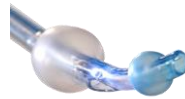
Wider product portfolio



King Vision®



aScope®

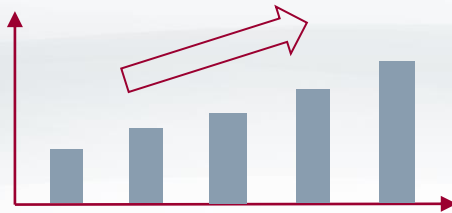


ETView

Faster conversion to single-use



Boost to revenue



New technological platform



Product X



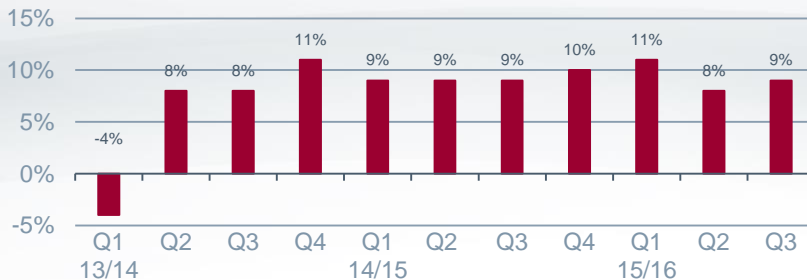
Financial results and outlook

Profitability

– Strong uptake in profit margins

DKKm	Q3 15/16	Q3 14/15	YTD 15/16	YTD 14/15
Revenue	517	482	1,511	1,353
Gross margin	53.2%	48.1%	51.6%	47.7%
OPEX	-181	-176	-554	-526
EBIT	94	56	225	119
EBIT-margin	18.2	11.6	14.9%	8.8%
Financials, net	-6	-29	-19	-4
Net result	75	20	158	86

Quarterly growth in local currency since launch of strategy:



- Gross margin improves 5.1%-pts. due to mix and efficiency in operations
- Modest increase in OPEX and improved cost efficiency. Cost percentage reduced to 35%
- EBIT-margin up 6%-pts for the quarter and YTD
- Tax percentage reduced to 23% from optimized structures
- Net impact to EBIT from Fx by DKK 15m YTD

Cash flow and balance sheet

– Significant reduction of working capital

DKKm	Q3 15/16	Q3 14/15	YTD 15/16	YTD 14/15
Cash flow:				
Operating activities	196	57	268	68
Investing activities	-24	-23	-62	-80
FCF before acquisitions	172	34	206	-12
Acquisition activities	-62	-18	-62	-18
FCF after acquisitions	110	16	144	-30
Balance sheet:				
Total assets			2,250	2,288
NIBD			853	804
Key Figures:				
Net working capital			24%	31%
ROIC after tax incl. goodwill			18%	11%
Equity ratio			43%	43%
NIBD/EBITDA			1.9	2.7

- Working capital significantly improved to 24% of revenue
- Main contributor is better collections from optimization of procedures. DSO down by 24 days to 65
- Acquisition of IP for circuits of DKK 59m
- Gearing at 1.9 vs. 2.7 LY
- Equity ratio maintained at 43% after share buy back
- Unused credit facilities at DKK 273m including cash

Full-year outlook upgraded

– Close to meeting 16/17 targets ahead of time

	Expected 2015/16 in local currencies			Expected 2015/16 in DKK			Targets 2016/17 in DKK
	19 Aug. 2016	3 May 2016	11 Nov. 2015	19 Aug. 2016	3 May 2016	11 Nov. 2015	
Revenue	~9%	8-9%	7-9%	-	-	-	DKK ~2bn
EBIT margin	-	-	-	16-17%	15-16%	14-15%	17-18%
Cash flows	-	-	-	~275m	150-175m	150-175m	-
Gearing	-	-	-	~1.7/2.1*	~2.0	~2.0	-

* Approx. 1.7 before the acquisition of ETView Medical Ltd. and implementation of the share buyback programme. Approx. 2.1 when factoring in these two events ¹⁴

In summary

- High growth continues
- Acquisition will further strengthen visualisation business
- Expansion of profit margins
- Reduction of working capital gives strong cash flow
- Full-year outlook adjusted upwards
- Launch of share buyback programme



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Q&A



Read more at www.ambu.com

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