



**Ambu**  
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# Q3 interim report 2017/18

April 1 – June 30, 2018

CEO Lars Marcher  
CFO Michael Højgaard

Conference call: August 23 2018

# Today's presenters



**Lars Marcher**

President & CEO



**Michael Højgaard**

CFO

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# Agenda

- Key highlights Q3 2017/18
- Business update
- 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.



# Key highlights Q3 2017/18

A solid quarter in Ambu

## Highlights Q3 2017/18

- 17% organic sales growth
- EBIT margin on 22.4%
- Core business up 6%
- Endoscope unit sales up 54%
- GI projects on schedule

## Full-year outlook adjusted upwards

- EBIT-margin lifted by 1%-point to 21-22%
- Organic growth on track to be ~15%

*Growth rates stated in local currencies*

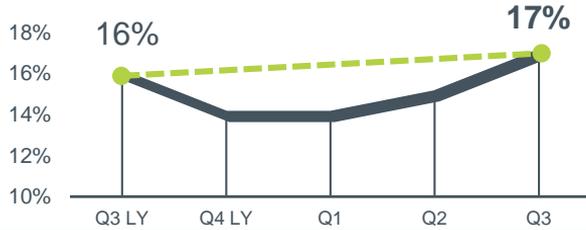
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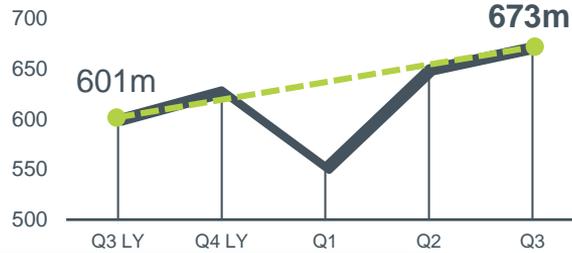
# A good set of Q3 numbers

Continued strong operational leverage

**Organic growth: 17%**



**Revenue: DKK 673m**



**Gross margin: 59.7%**



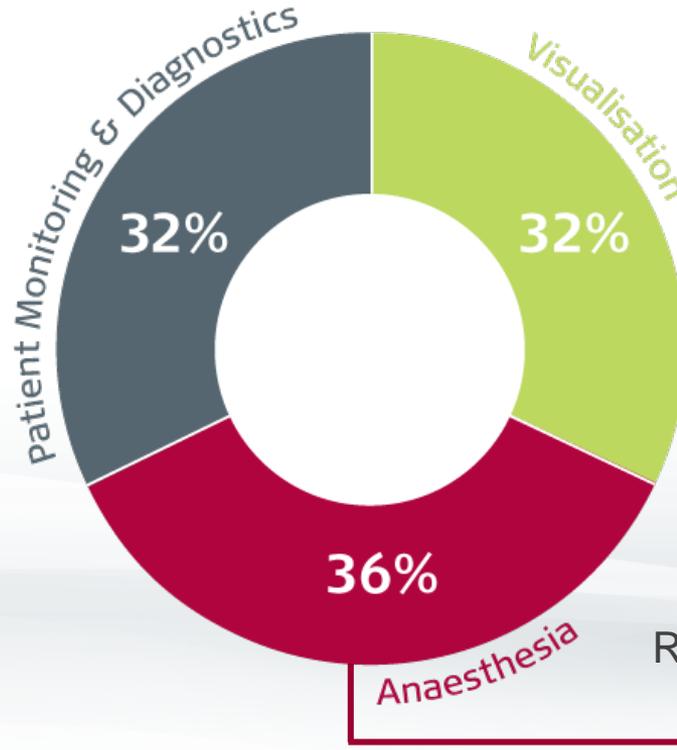
**EBIT margin: 22.4%**



# Business areas

Visualisation growth at 47% and core business at 6%

**Patient Monitoring & Diagnostics (PMD)**  
Revenue 211m DKK  
2% growth



**Visualisation**  
Revenue 218m DKK  
47% growth

**Anaesthesia**  
Revenue 244m DKK  
10% growth

## North America

REVENUE **307m DKK**

GROWTH **18%**

### Business growth

- Visualisation 42%
- Anaesthesia 14%
- PMD -2%

Part of total revenue **46%**

## Europe

REVENUE **290m DKK**

GROWTH **19%**

### Business growth

- Visualisation 63%
- Anaesthesia 8%
- PMD 3%

Part of total revenue **43%**

## Rest of World

REVENUE **76m DKK**

GROWTH **3%**

### Business growth

- Visualisation 13%
- Anaesthesia -5%
- PMD 9%
- Growth in Asia-Pacific of 21%. Seasonal fluctuations in Middle East

Part of total revenue **11%**

# Strong endoscope unit sales

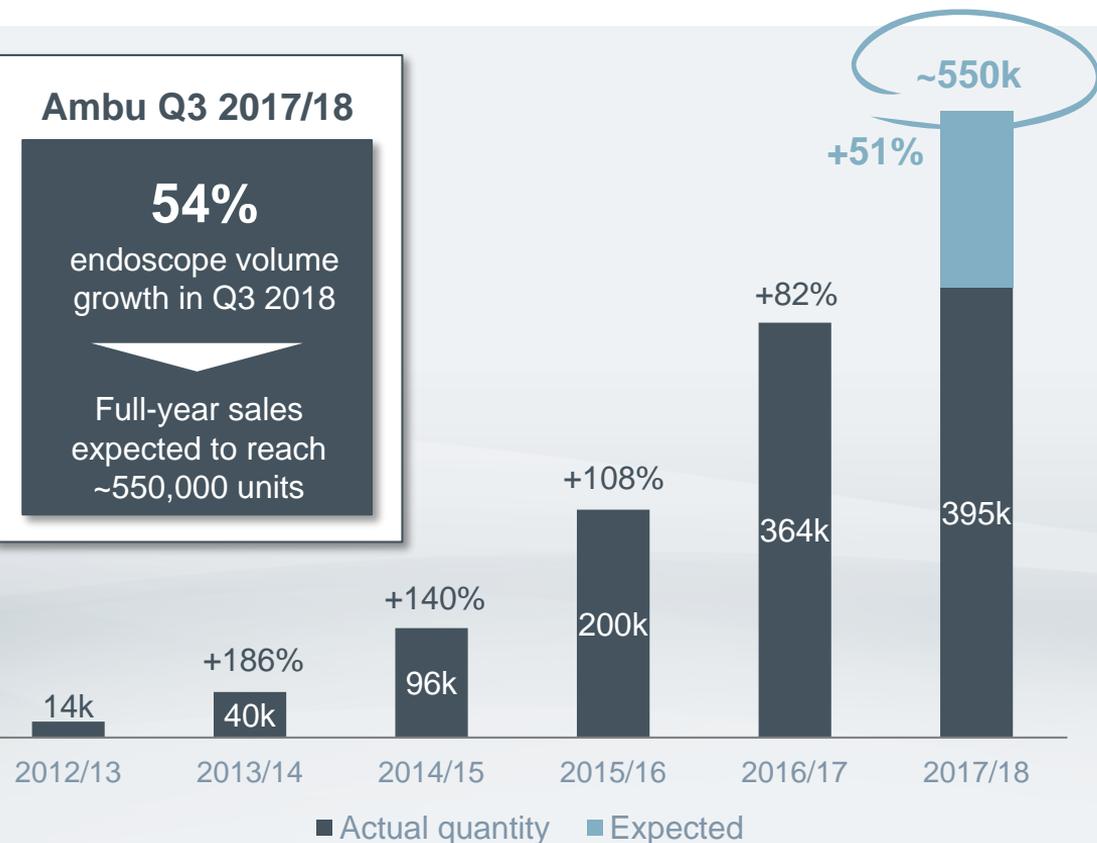
Q3 2017/18

## Ambu Q3 2017/18

**54%**

endoscope volume  
growth in Q3 2018

Full-year sales  
expected to reach  
~550,000 units



## Comments

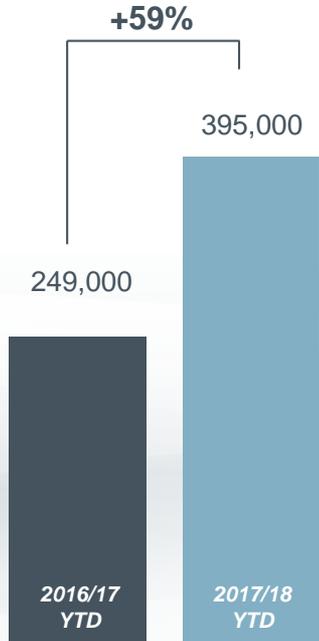
- 146,000 endoscope units sold in Q3 2017/18
- Full-year sales expected to reach ~550,000 units corresponding to an increase of 51% from last financial year
- Competition is looking at single-use endoscopy, but Ambu remains the only significant supplier

# Endoscope performance

Strong momentum continues

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## Strong scope momentum (units)



## Single-use mindset now established in +3,000 hospitals

14% increase in number of new hospitals YTD



Market share\*

10%  
Last year

15%  
This year



- Strong growth in new accounts acquisition
- Increased usage in existing accounts
- 1 in 8 Ambu customers now use single-use scopes for 9 out of 10 procedures
- Large hospitals\*\* now account for 85% of sales vs. 50% last year

\* In Ambu direct markets

\*\* +200 bed hospitals



# GI update

The GI portfolio is on track

1

Transfer to production in Malaysia according to plan

2

Our plan for building the basic GI portfolio is on track

More information will be available at the  
Capital Markets Day in October 2018

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# Financial results and outlook



# Growth and profits

Expansion of EBIT and gross margins continues

## Ambu P&L – Q3 2017/18

DKKm	Q3 17/18	Q3 16/17
Revenue	673	601
<b>Gross margin</b>	<b>59.7%</b>	<b>57.1%</b>
OPEX	-251	-213
Cost percentage	37%	35%
EBIT	151	130
<b>EBIT margin</b>	<b>22.4%</b>	<b>21.6%</b>
Financials, net	-3	-22
Net result	113	82

## Comments

- 17% organic growth and 12% in DKK from depreciating USD/DKK
- Gross margin up 2.6%-points due to scale and product mix
- Cost base includes Invendo and sales expansion in US by DKK 20m
- EBIT margin up 0.8%-point including impact from Invendo and sales expansion which equals ~3%-pts vs. LY
- No significant impact from US tariffs going forward

# Cash flow, assets and debt

## Ambu cash flow and balance – Q3 2017/18

DKKm	Q3 17/18		Q3 16/17	
<b>Cash flow and ratios:</b>				
Operating activities	181	27%	139	23%
Investing activities	-78	-12%	-40	-7%
<b>FCF before acquisitions</b>	<b>103</b>	<b>15%</b>	<b>99</b>	<b>16%</b>
<b>Balance sheet:</b>				
Total assets	4,221		2,501	
NIBD (Net interest-bearing debt)	1,410		896	
<b>Key Figures:</b>				
Net working capital	22%		21%	
Equity ratio	44%		46%	
NIBD/EBITDA	2.2		1.6	

## Comments

- Operating cash flow at 27% (23%)
- Investments of 12% (7%) including buildings by 5% (2%)
- Investments in single use endoscopy count for ~75% of non-building related investments
- Working capital at 22% (21%) of revenue
- Unused credit facilities at DKK 1.0bn
- Share buy back has been completed with a total investment of 493m DKK

# Financial guidance for FY 2017/18

We have raised the full-year outlook

## Full-year 2017/18 guidance

	FY 2017/18 New guidance	FY 2017/18 Previous guidance
Organic growth, local currency	~15%	~14-15%
EBIT margin	21-22%	20-21%
Free cash flow, before acquisitions	~DKK 300m	~DKK 300m

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# Summary

## Ambu Q3 2017/18

**17%**

organic growth  
in local currency

**22.4%**

EBIT margin



**Full-year  
outlook raised**

### Highlights

- High growth in USA and Europe
- Solid operational performance
- Visualisation penetration continues
- Core business on track

### Looking ahead

- Big Five 2020 strategy is on track
- Ambu on path to full range in single-use endoscopy by 2020
- Transfer of production from Germany to Malaysia completed in FY 2018/19



# Ambu Capital Markets Day

For financial analysts and institutional investors



Thursday October 4, 2018, 10am to 12.30pm

- Agenda
  - Update on financial guidance
  - Single-use endoscopy in modern health care
  - Ambu's going to market activities in North America

**Register at**

[ambu.com/CMD](http://ambu.com/CMD)

No later than September 13



Capital Markets Day

October 4, 2018

Ambu HQ, Denmark





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# Q&A



# Financial calendar

**2018**

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**Event**

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**04 October** ▶

Capital Markets Day (Ambu HQ - Denmark)

**13 November** ▶

Annual Report 2017/18 (Earnings release)



Read more at [www.ambu.com](http://www.ambu.com)

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