



Q2 interim report 2015/16

January 1 – March 31

CEO Lars Marcher
CFO Michael Højgaard

Webcast: May 3 2016

Agenda



- Q2 highlights
- Status on growth drivers
- Financials and outlook
- Q&A

Disclaimer

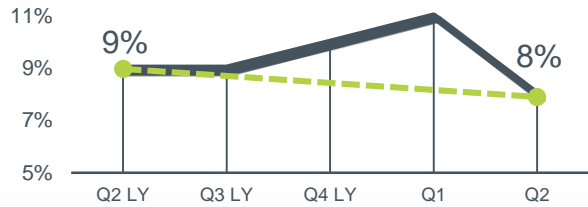
Forward-looking statements, especially such relating to future sales and operating profit, are subject to risks and uncertainties. Various factors, many of which are outside Ambu's control, may cause the actual development of the company to differ materially from the expectations contained in this presentation.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

Q2 highlights

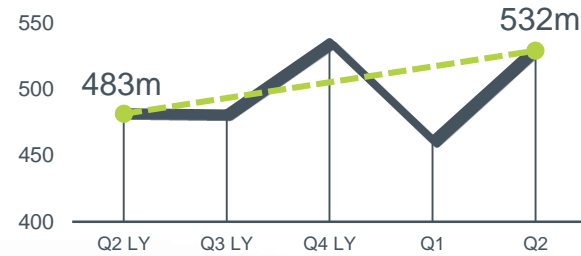
- Strong growth continues
- Earnings more than doubled for H1
- Our main product groups take market share
- aScope sales continue the high growth
- Outlook adjusted upwards

Q2 performance

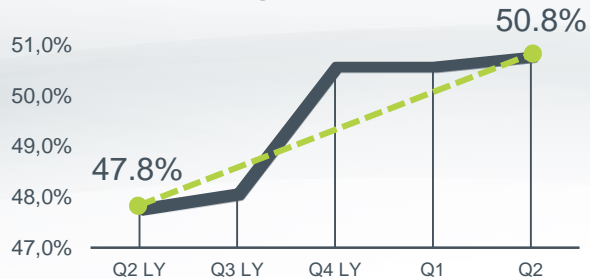
Organic growth: **8%**



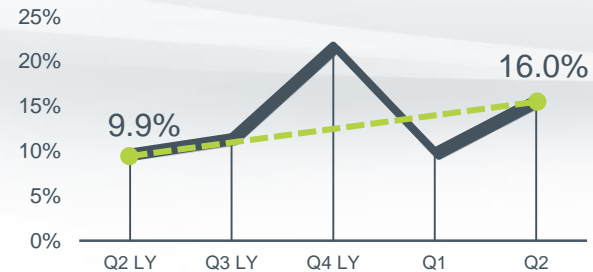
Revenue: **DKK 532m**



Gross margin: **50.8%**

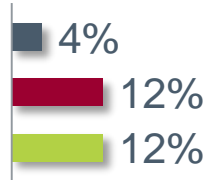


EBIT margin: **16.0%**

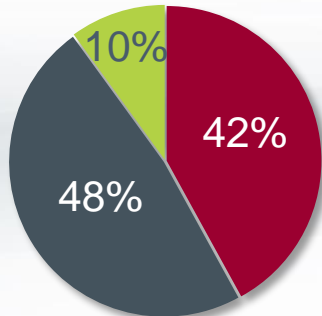


Strong global performance

Q2 organic growth



Q2 revenue split



North America

- Growth of 4% - adjusted 8%
- aScope sales develop very positively
- Continues to improve US market position

Europe

- Growth of 12%
- High market share on Anaesthesia and PMD
- Continued strong penetration of aScope

Rest of World

- Growth of 12%
- Growth in Asia-Pacific is 28%
- Weak economies in Middle East & Latin America impact growth

Anaesthesia and PMD in growth

Anaesthesia



- Growth of 13% - adjusted 15%
- High growth despite negative circuit development
- aScope is now product group with highest revenue
- Core anaesthesia grows satisfactorily

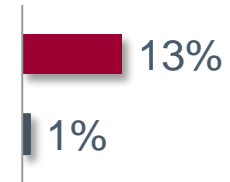
Patient Monitoring & Diagnostics



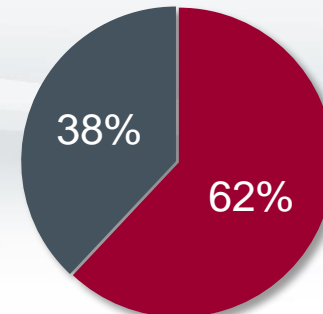
- Growth of 1%
- Growth in H1 of 4%
- Healthy growth in neurophysiology and cardiology
- Overall market continues to be difficult with tough competition

Growth rates stated in local currency

Q2 organic growth



Q2 revenue split

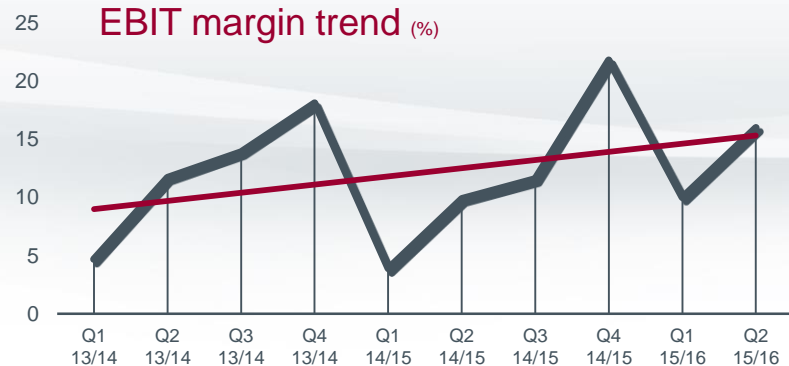
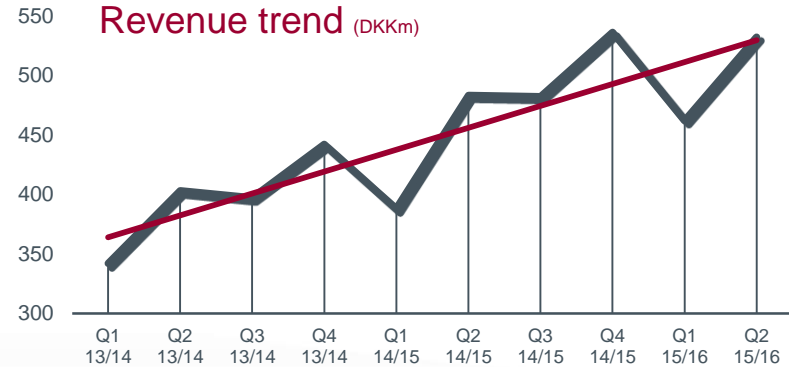




Status on growth drivers

Growth drivers in strategy period

- Revenue drivers
 - Strong growth in scopes
 - Resuscitators, laryngeal masks and neurophysiology at 7% CAGR
- EBIT drivers
 - Better product mix
 - Lean operation
 - Scale and cost discipline
- Towards target of 17-18% EBIT in 2017



Growth drivers in Q2

- Core contains bulk and an increasing range of growth products
- Flexible scopes yield triple-digit growth

Core

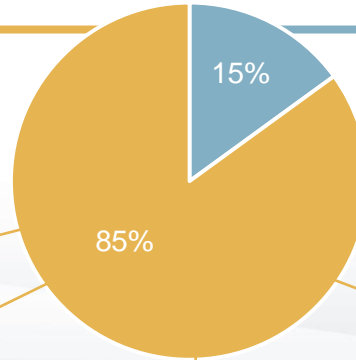
3-4% growth in Q2 adjusted for circuits

- Resuscitators
- Face and laryngeal masks
- Electrodes
- Manikins and collars

Flexible scopes

110% growth Q2

- aScope
- vScope
- Isiris



Cardiology
4% growth



Neurophysiology
8% growth



Resuscitators
9% growth



Face masks
9% growth



Laryngeal masks
13% growth



aScope growth drivers

External drivers

- Cost
 - Savings in use
- Availability
 - Ready when needed
- Cross-contamination
 - Increased focus on infections

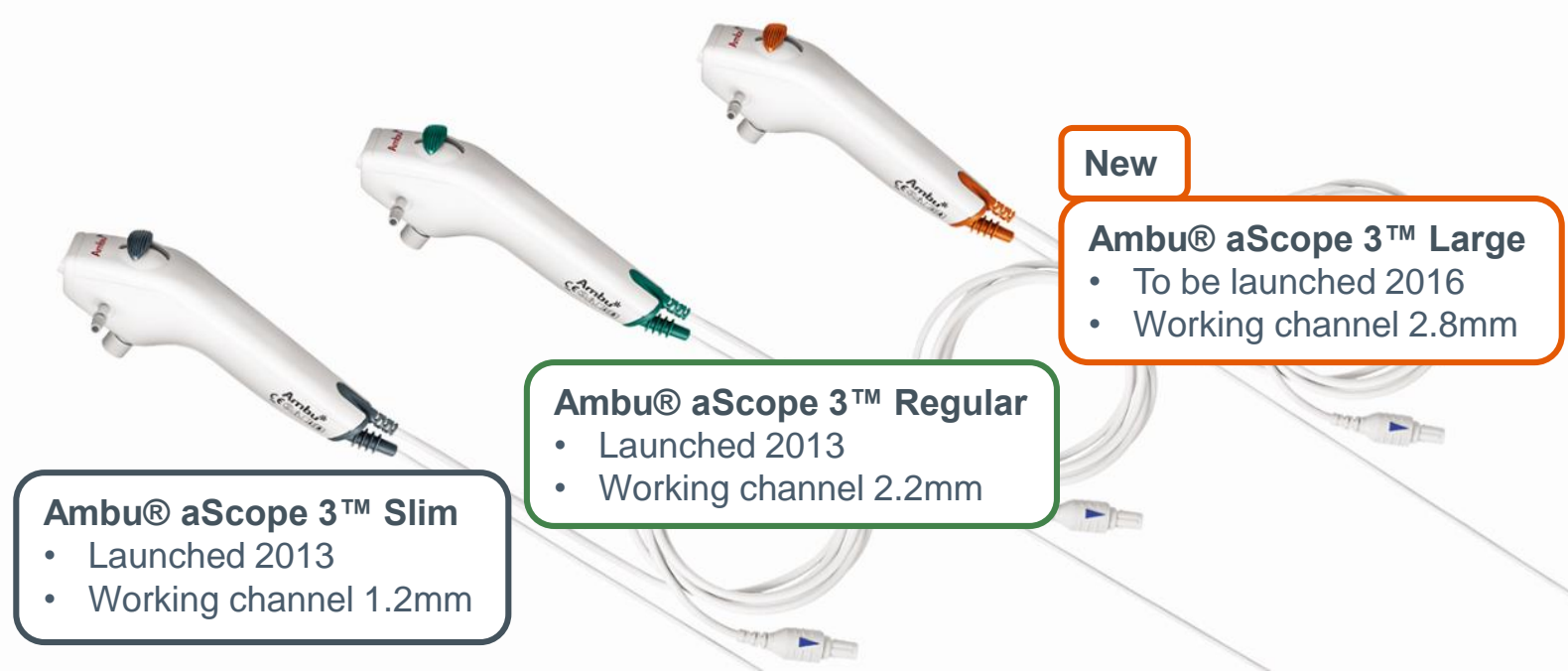
Internal drivers

- Selling deeper and wider
- Investment in cost-studies and tools
- Global expansion incl. China
- Investments in R&D



Launch of ICU aScope in Q3 15/16

- aScope Large will broaden the aScope offering



Ambu® aScope 3™ Slim

- Launched 2013
- Working channel 1.2mm

Ambu® aScope 3™ Regular

- Launched 2013
- Working channel 2.2mm

New

Ambu® aScope 3™ Large

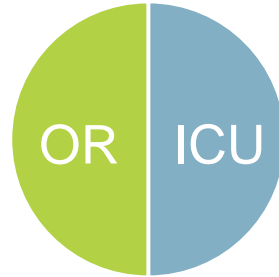
- To be launched 2016
- Working channel 2.8mm

aScope customers

Two separate hospital call points

Operating Room (OR)

- Scheduled and acute operations
- Difficult airway management
- SLV - monitoring of tube placement

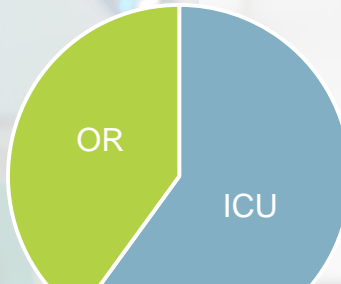


Intensive Care Unit (ICU)

- Critically ill patients
- Bedside bronchoscopy (BAL, PDT, intubation, secretion management)

Ambu aScope sales

Approx. 50/50 split between OR and ICU
Expect to be at 40/60 in 2020



aScope Slim, Regular and Large 3.0m addressable procedures

	Operating Room (OR)		Intensive Care Unit (ICU)	
Estimated annual no. of procedures	1.2m		1.8m	
Type of procedure*	Difficult airways	SLV (single-lung ventilation)	PDT (percutaneous dilatational tracheostomy)	BAL (bronchial alveolar lavage)
	575k	625k	300k	1.5m
aScope range	Ambu aScope 3 Slim + Ambu aScope 3 Regular + Ambu aScope 3 Large			

* Procedures are not exclusive to either OR or ICU but they are primarily performed in a specific department.



Financial results and outlook

Financial results

DKKm	Q2 15/16	Q2 14/15
Revenue	532	483
Gross profit	270	231
Gross margin (%)	50.8	47.8
Capacity costs	-185	-183
EBIT	85	48
EBIT-margin (%)	16.0	9.9
Financials, net	-11	29
Net result	52	58

DKKm	Q2 15/16	Q2 14/15
Cash flow from operations	50	27
Cash flow from investments	-19	-23
Free cash flow	31	4

- Strong revenue growth yields scale
- Gross margin improved by product mix and more efficient manufacturing
- Increase in capacity costs by 1%-points
- EBIT earnings at DKK 85m vs. DKK 48m LY
- EBIT-margin up 6% points to 16%
- Fx impact is positive vs. LY by approx. DKK 5m
- Free cash flow of DKK 31m vs. DKK 4m LY

Balance sheet

DKKm	Q2 15/16	Q2 14/15
Total assets	2,301	2,371
Equity	860	978
Working capital	572	556
Net interest-bearing debt	958	832
Gearing (NIBD/EBITDA)	2.4	2.8
Working capital (% of revenue)	28	33
Investments (% of revenue)	4	5
ROIC (% after tax incl. goodwill)	15	12

- Improved working capital now at 28% of revenue vs. 33% LY
- Overall collection days on Accounts Receivables improved from 94 to 77 days
- Net-interest bearing debt peaking at DKK 958m
- Gearing at 2.4 vs. 2.8 LY
- Unused credit facilities at DKK 167m

Full-year outlook upgraded

	Expected 2015/16 in local currencies		Expected 2015/16 in DKK		Targets 2016/17 in DKK
	3 May 2016	11 Nov. 2015	3 May 2016	11 Nov. 2015	
Revenue	8-9%	7-9%	10-11%	9-11%	DKK ~2bn
EBIT margin	-	-	15-16%	14-15%	17-18%
Cash flows	-	-	150-175m	150-175m	-
Gearing	-	-	~2.0	~2.0	-

In summary

- Strong results for first half of 2015/16
- Solid growth continues
- Significant growth in aScope
- New aScope version in Q3
- Benefits from scale and cost discipline
- Full-year outlook adjusted upwards



Q&A



Read more at www.ambu.com

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