



# Annual report 2015/16

October 1 2015 – September 30 2016

CEO Lars Marcher  
CFO Michael Højgaard

Webcast: November 8 2016

# Agenda



- Q4 and FY highlights
- aScope and beyond
- 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.

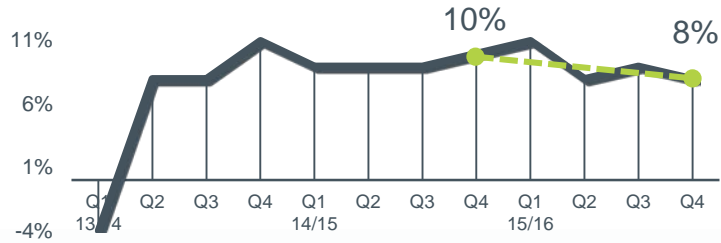
# Q4 highlights

- Organic growth of 8% (10%) to DKK 573m (536m) revenue
- EBIT at DKK 131m (117m)
- EBIT margin at 22.9% (21.8%)
- Closing of ETVIEW Medical Ltd. acquisition

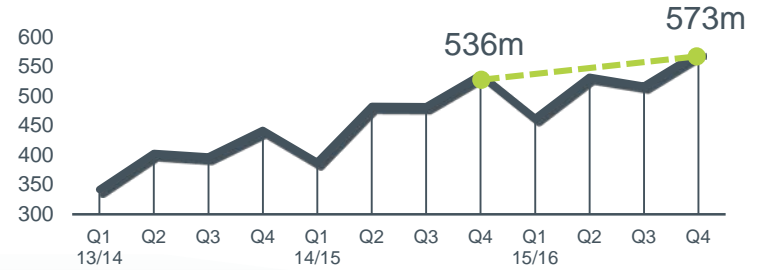


# Q4 performance

Organic growth: **8%**



Revenue: **DKK 573m**



Gross margin: **55.5%**



EBIT margin: **22.9%**



# Full-year highlights

- Long-term targets reached one year ahead of time
- Solid growth and earnings performance
- Strong cash flow development
- 200,000 videoscopes sold – 100% increase
- Decision to expand manufacturing capability in Malaysia
- Acquisition of IP for breathing circuits and ETVIEW Medical Ltd.

# On target ahead of time

## *Targets for 2016/17*

### **Revenue**

- DKK 2bn

### **EBIT margin**

- 17-18%

### **Working capital**

- 25%

## *Reached in 2015/16*

### **Revenue**

- DKK 2.084bn

### **EBIT margin**

- 17.1%

### **Working capital**

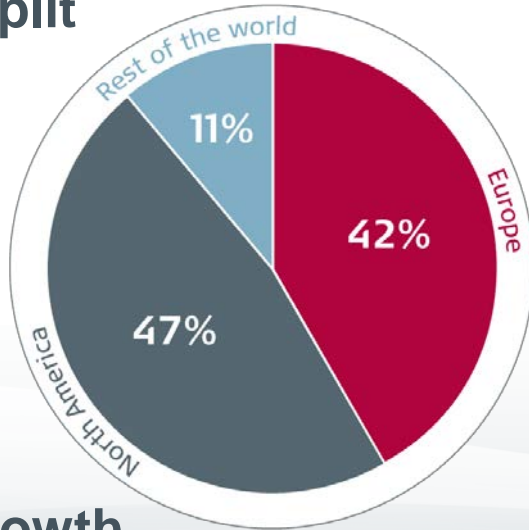
- 25%



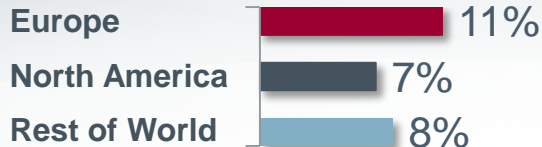
# FY growth and revenue split

## Revenue split

Geography

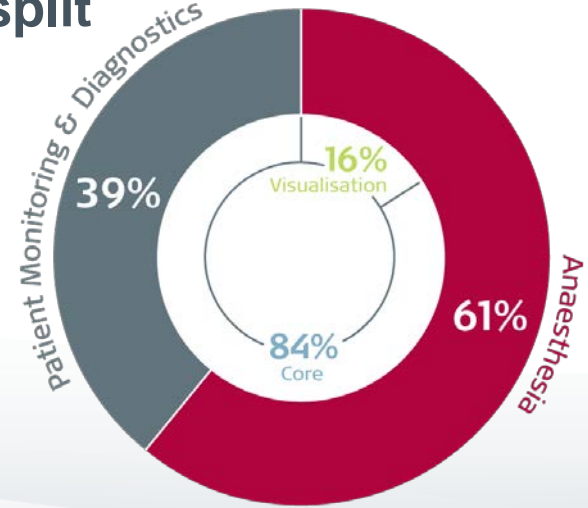


## Organic growth



## Revenue split

Business areas



## Organic growth





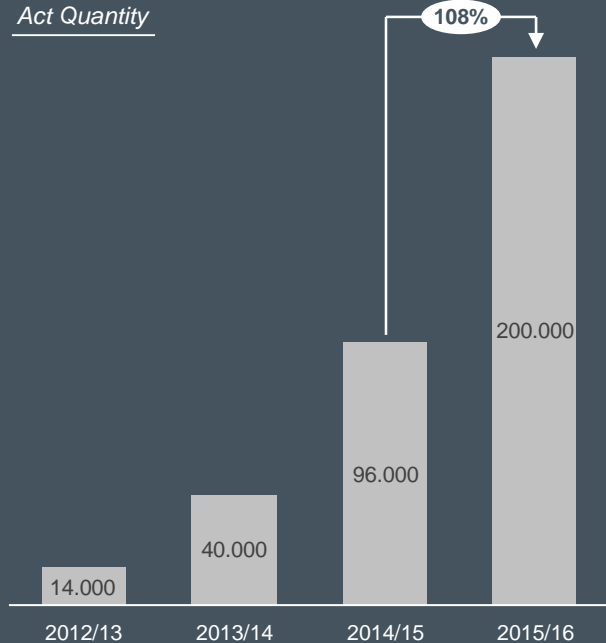
# aScope and beyond



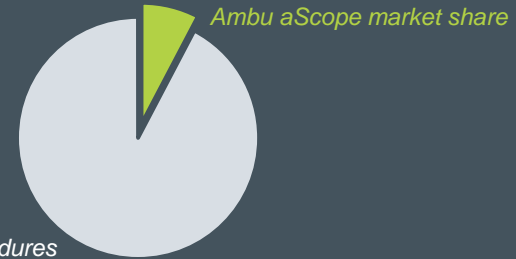
# Ambu aScope platform continues strong momentum with doubling sales volume versus last year

aScope platform growth exceeds **100%** in FY2015/16

Act Quantity



...with now **~10%** of all procedures performed with a disp scope...



...And we see increased penetration with our **aScope customers**

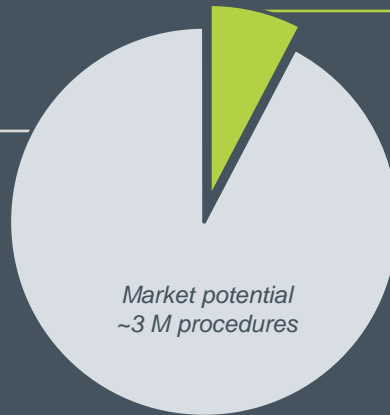
More than **1/3** of our aScope customers are now using aScope more than reusable scopes

# In the years ahead we see high double digit growth rates on aScope within this market segment

Growth driven by **favourable market conditions** and a focused commercial & innovation agenda

## Favorable market trends shaping the need for disposable

- Reduction of capital budgets – increased cost focus in hospitals
- Cross contamination focus resulting in more strict cleaning guidelines
- Increased awareness of cost and effectiveness with reusable scopes
- Low competitive intensity and Ambu has established solid entry barriers



## Ambu's advantages

- First mover in disposable visualisation
- World #1 cost effective and scalable production setup
- Strong innovation and IP protection
- Sales know how in driving conversion of reusable products
- Dedicated approach



# Within Airways we will develop the aScope platform to win in our focus segments and expand into new areas...

## Current **Ambu customer focus**



OR



ICU

Base

aScope 3

New add on's

ETView

aScope 3 Large

Procedures

Airway management

## **Expansion** opportunities



Bronchoscopy Suite

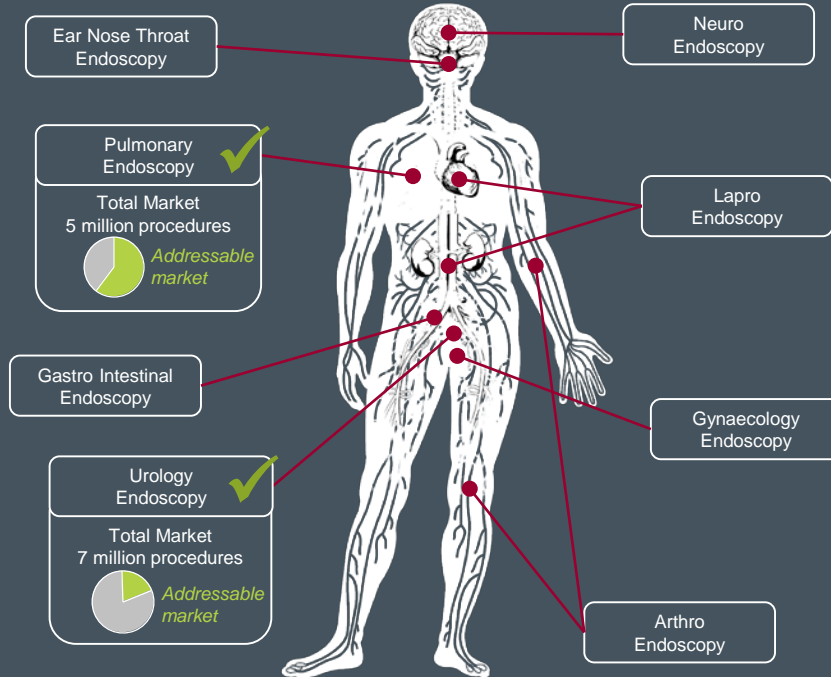
New products  
& partnering

Diagnostics and treatment

# ...As well as broadening our footprint by bringing the disposable revolution to new indication areas

## The Opportunity

The endoscopic market equals **+100 million** procedures



## Ambu approach

We will use a combination of own development, partnerships, and M&A to expand our visualisation footprint

### WHERE

- Fit to aScope platform
- Disruption ready segments
- Competitive situation favourable
- Clear value proposition

### HOW

	Ambu to go direct	Ambu to partner
<b>Making</b>	When the scope is the core of the value proposition	When the scope itself is not enough
<b>Selling</b>	Where there is a fit to the aScope value story	Where the sales story and approach varies from our core



# Financial results and outlook

# Profitability

– Strong uptake in profit margins

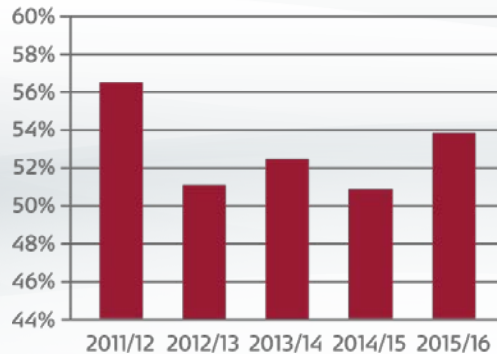
DKKm	Q4 15/16	Q4 14/15	FY 15/16	FY 14/15
Revenue	573	536	2,084	1,889
<b>Gross margin</b>	<b>55.5%</b>	<b>53.7%</b>	<b>53.9%</b>	<b>50.9%</b>
OPEX	-187	-171	-768	-725
EBIT	131	117	356	236
<b>EBIT-margin</b>	<b>22.9</b>	<b>21.8</b>	<b>17.1%</b>	<b>12.5%</b>
Financials, net	-11	-17	-30	-21
Net result	92	66	250	152

- Strong growth in Q4 and in FY
- Improved gross margin from product mix and low cost manufacturing
- Modest cost increase. Cost% reduced to 37%
- EBIT-margin up 1%-pts for Q4 and 5%-pts. for FY
- Tax percentage at 23% from optimized structures
- Net result at DKK 250m up 65%
- Proposed dividends at DKK 1.55 per share

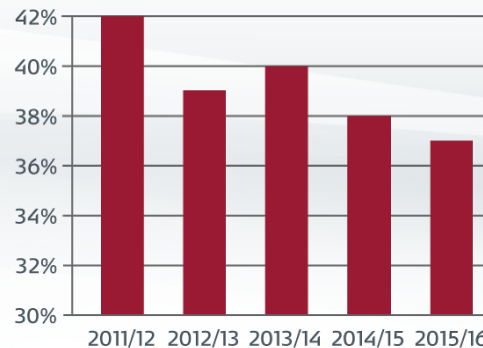
# Full-year highlights

- Strong trend on all financial KPI's
- Gross margin at 53.9% - up 3%-pts. since LY
- Rate of costs down by 1% to 37% since LY
- EBIT at DKK 356m - up 50% over LY
- EBIT-margin at 17.1% - up by 4.6%-pts. to LY

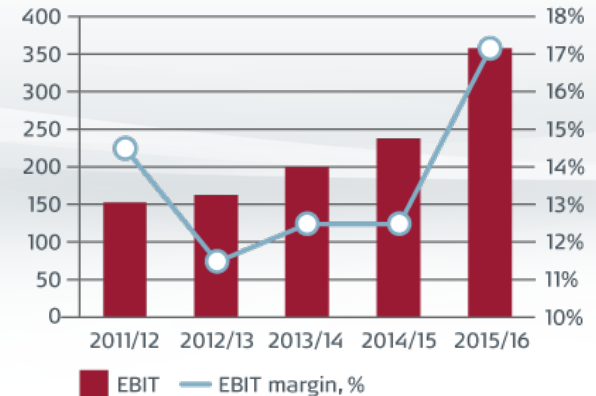
Gross margin



Rate of cost



EBIT and EBIT margin





# Cash flow and balance sheet

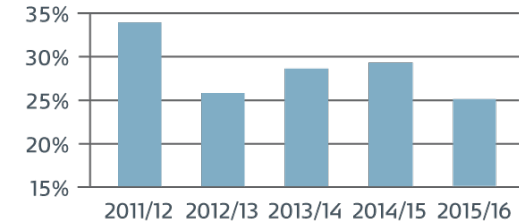
DKKm	Q4 15/16	Q4 14/15	FY 15/16	FY 14/15
<b>Cash flow:</b>				
Operating activities	101	140	369	208
Investing activities	-22	-24	-84	-101
<b>FCF before acquisitions</b>	<b>79</b>	<b>119</b>	<b>285</b>	<b>107</b>
Acquisition activities	-93	1	-155	-17
<b>FCF after acquisitions</b>	<b>-14</b>	<b>120</b>	<b>130</b>	<b>90</b>
<b>Balance sheet:</b>				
Total assets			2,366	2,254
NIBD			955	731
<b>Key Figures:</b>				
Net working capital			25%	29%
ROIC after tax incl. goodwill			19%	12%
Equity ratio			42%	46%
NIBD/EBITDA			2.1	2.2

- Cash flow from operating activities significantly improved
- Investments at 4% of revenue
- Total acquisitions of DKK 155m – all in H2
- Nos own shares equal 2.8% of share capital
- Gearing at 2,1 vs. 2.2 LY
- Unused credit facilities at DKK 135m
- ROIC at 19%

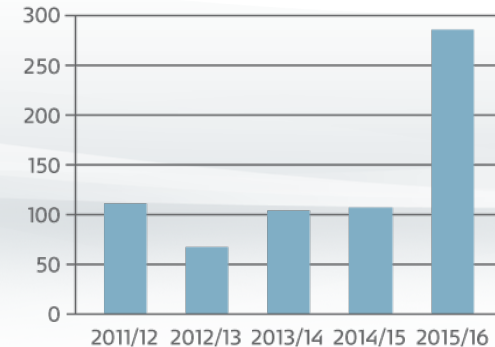
# Free cash flow and working capital

- Significant improvement in working capital down from 29% LY to 25% in 2015/16
- Main contributor is better collections and decreasing DSO by 15 days to 67 days over LY
- Also some improvements from lower inventories and better utilization
- Free cash flow increases significantly as result of the above ending at DKK 285m or 14% of revenue

Working capital relative to revenue



Free cash flows (DKK m)

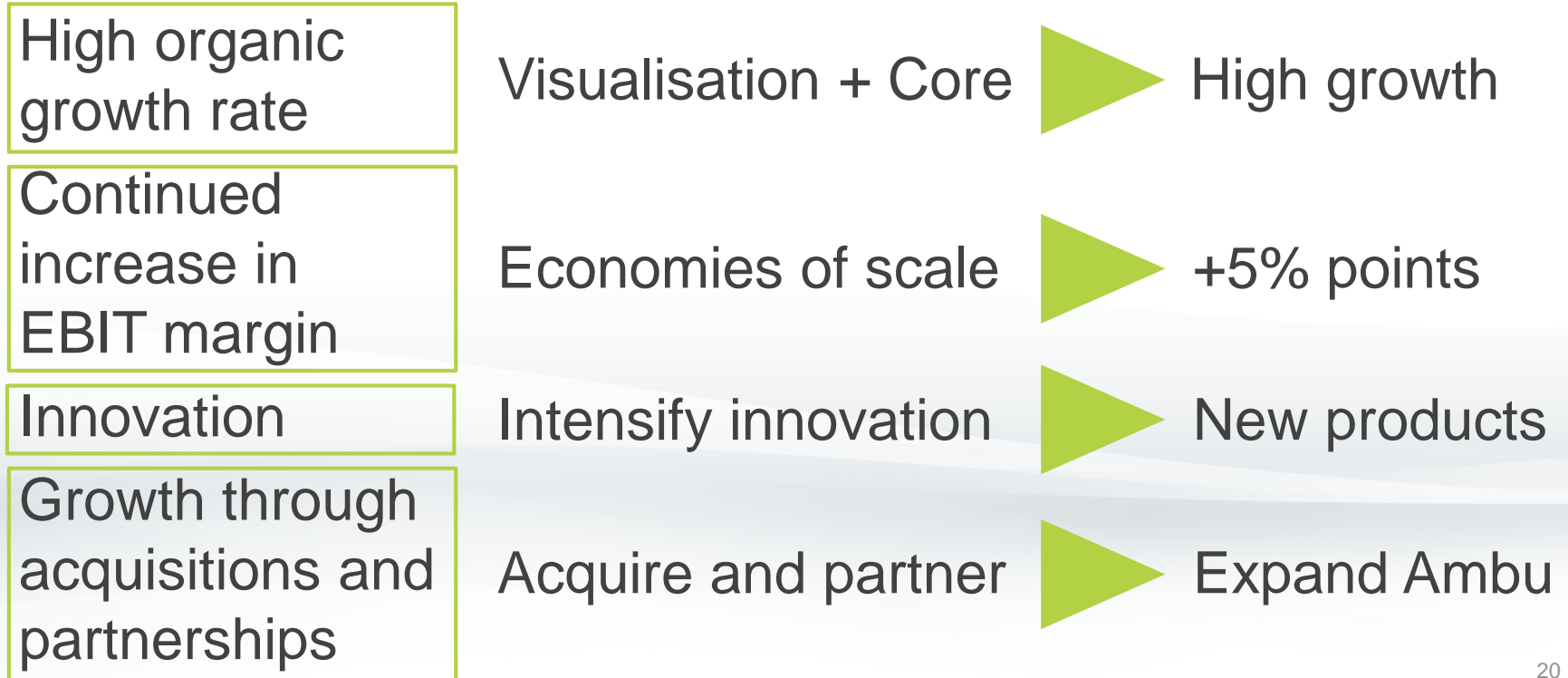


# Financial outlook for 2016/17

	Local currencies	Danish Kroner
Organic growth	8-10%	-
EBIT margin*	-	Approx. 18%
Free cash flows*	-	Approx. DKK 175m
Gearing	-	Approx. 1.75

\* Before special items

# Financial ambitions towards 2020



# In summary

- Strong financial performance and ahead of targets
- Increased sales of videoscopes and solid core growth
- Expansion of single-use visualisation portfolio
- Profit margins expanding
- Strong financial guidance for 2016/17
- Positive outlook and financial ambitions for 2020



# Q&A



**Ambu**  
Ideas that work for life

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

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