



# Q3 interim report 2016/17

April 1 – June 30 2017

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CFO Michael Højgaard

Conference call: August 23 2017

# Agenda

- Q3 highlights
- US sales expansion
- 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.



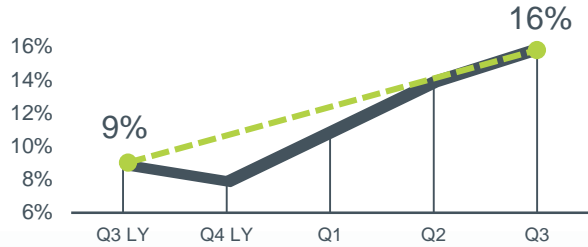
# Q3 highlights

- 16% organic growth
- Videoscope sales up 62% in units
- Strong Core business
- EBIT margin improved by 3.4%-points
- Continued strong cash flow
- Full-year outlook adjusted upwards

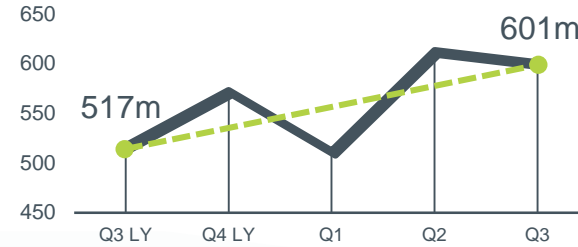


# Solid Q3 performance

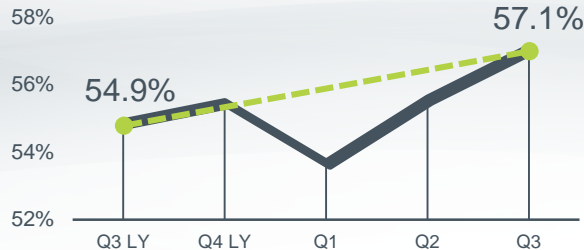
Organic growth: **16%**



Revenue: **DKK 601m**



Gross margin: **57.1%**

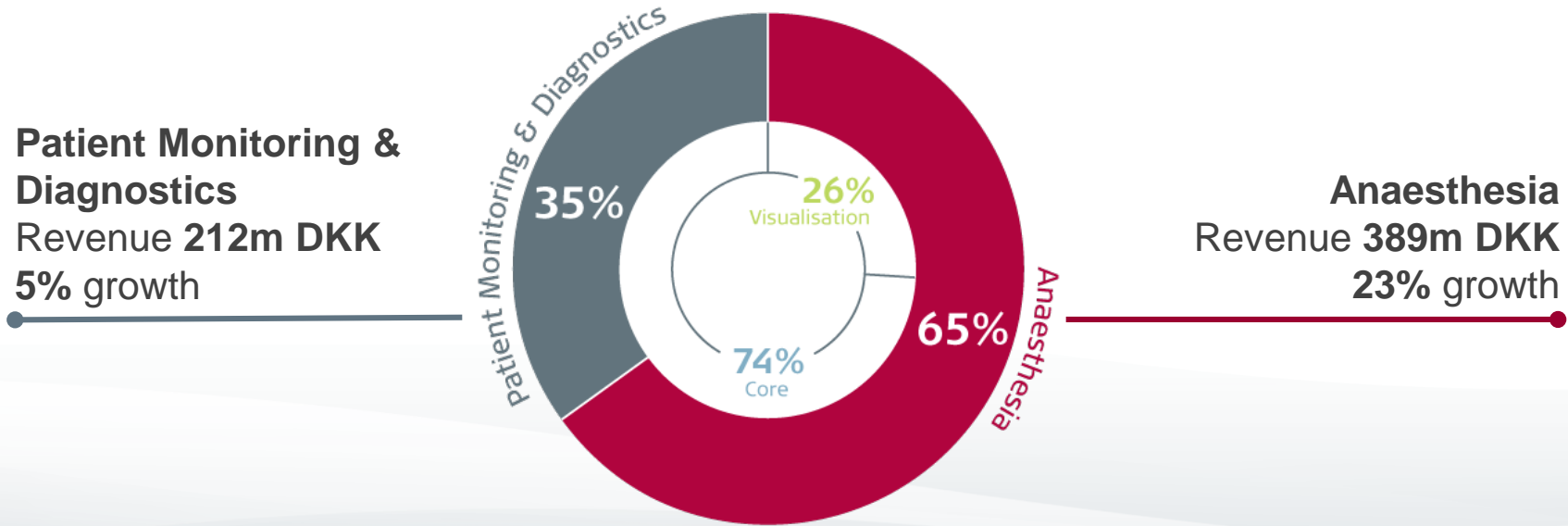


EBIT margin: **21.6%**



Q3 – organic growth

# Business areas



- Core business – with 5% growth in PMD and 9% in Anaesthesia – is on track to reach a full-year growth of 4-5%

# Markets

## North America

REVENUE **279m DKK**  
GROWTH **13%**

### Key drivers

- Strong aScope momentum
  - Solid core growth
- YTD growth of 12%

Part of total revenue **46%**

## Europe

REVENUE **244m DKK**  
GROWTH **13%**

### Key drivers

- Continued strong aScope sales
  - Strong core growth
- YTD growth of 12%

Part of total revenue **41%**

## Rest of World

REVENUE **78m DKK**  
GROWTH **40%**

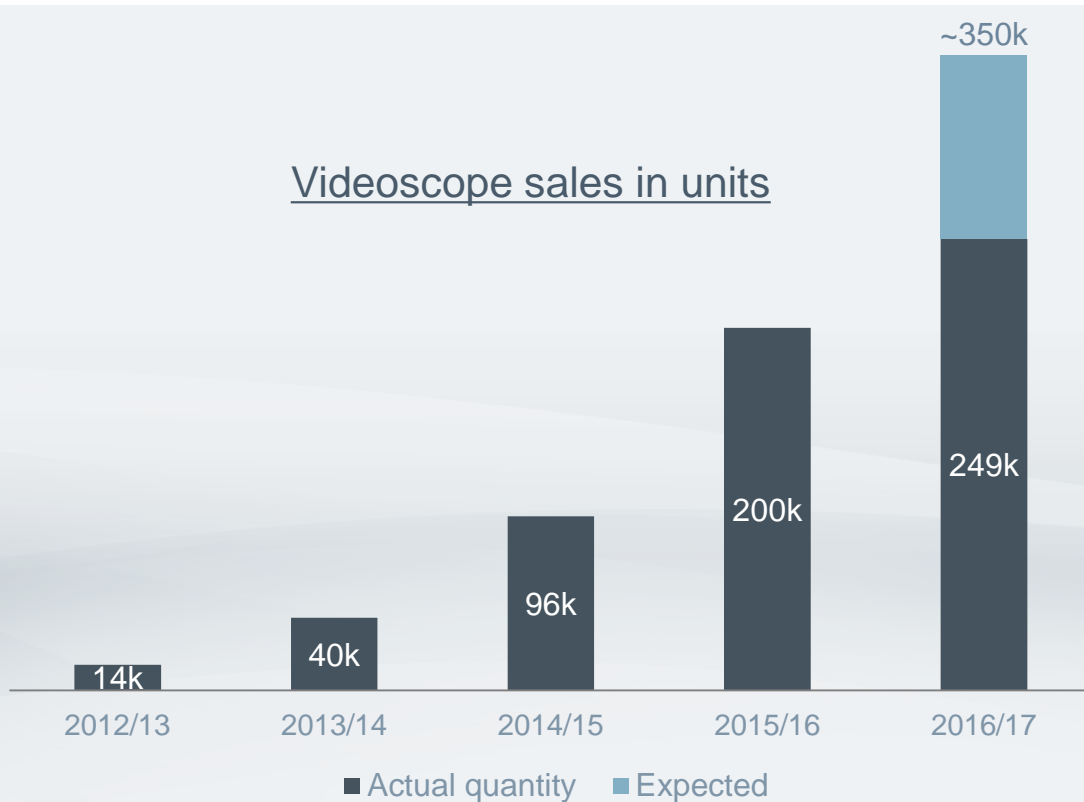
### Key drivers

- Double-digit growth in key markets
  - Large project orders won
- YTD growth of 31%

Part of total revenue **13%**

# Expectations for volume growth for the full year about 75%

Videoscope sales in units



- Expectations for unit sales in the upper range of previous guidance
- Stable ASP as the value offering is significant
- No change in competitive landscape
- New aScope manufacturing site ready October 2017



# US sales expansion

– we expand and specialize our US sales force



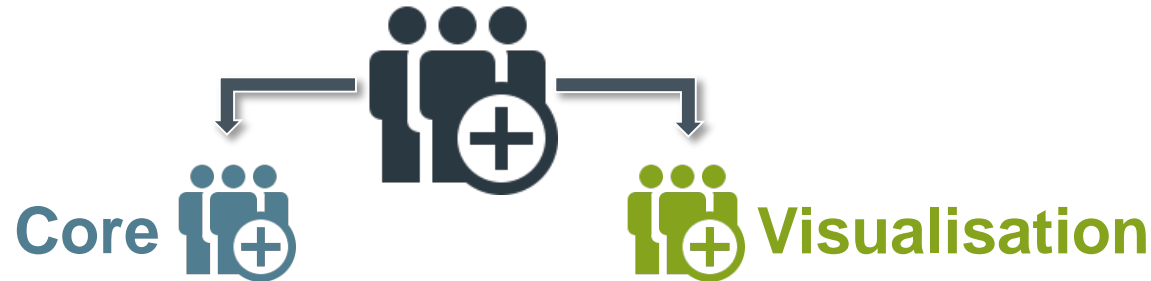


# We will expand US sales force by 40% to further accelerate growth



- Ensure a clear focus on aScope penetration and on growing the Core business
- Will require significant investment (USD ~5m) to take on 36 additional sales reps
- Ramp up to begin in September and be effective in H2 2017/18
- Distribution partner in US will focus on a selected range of customers

# Specialisation of sales force to drive future revenue split



## Low single-digit growth

- Mature product areas
- Highly GPO contract driven
- Centralised decision-making in IDN
- Focus on price

## High double-digit growth

- High growth market
- New product categories
- Not contract driven
- Focus on value

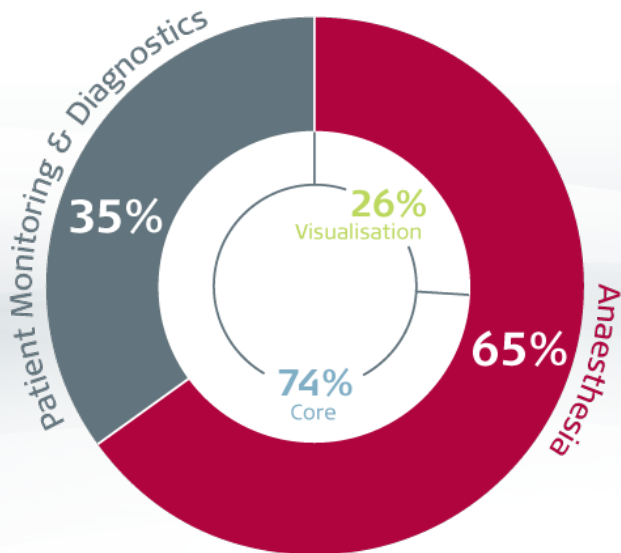
### Favorable product mix

2017		Future	
Core	Visualisation	Core	Visualisation
~75% of revenue	~25% of revenue	~50% of revenue	~50% of revenue

# As of next fiscal year Ambu will report on three business areas

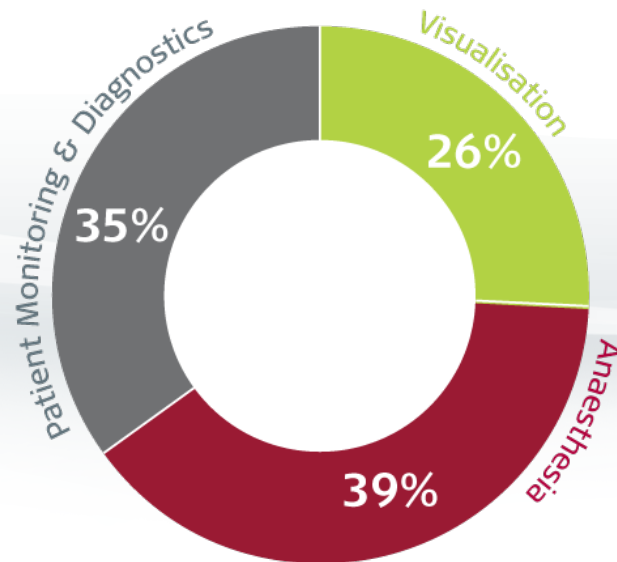
## Now

- Anaesthesia
  - PMD
- (+ Visualisation and Core)



## From 2017/18

- Visualisation
- Anaesthesia
- PMD



# Financial results and outlook

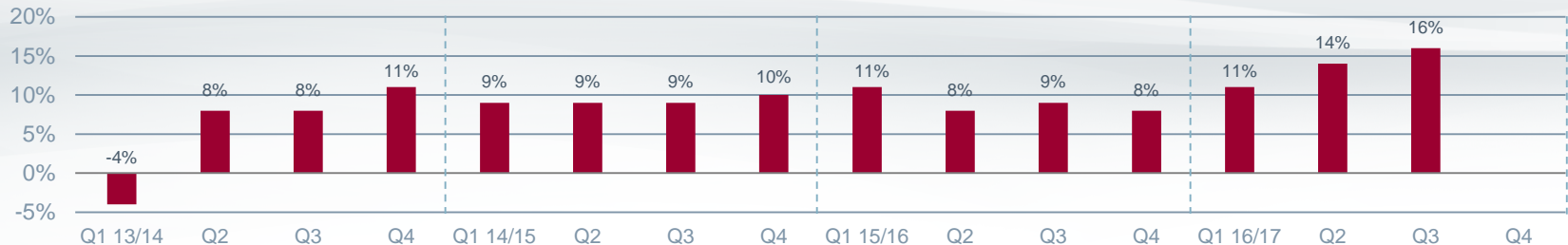


# Strong earnings development

DKKm	Q3 16/17	Q3 15/16
Revenue	601	517
<b>Gross margin</b>	<b>57.1%</b>	<b>54.9%</b>
OPEX	-213	-190
Cost percentage	35%	37%
EBIT	130	94
<b>EBIT margin</b>	<b>21.6%</b>	<b>18.2%</b>
Financials, net	-22	-6
Net result	82	75

- High organic growth
- Gross margin improves 2.2%-points due to scale, mix and efficiency
- Strong cost control
- EBIT margin up 3.4%-points
- Net impact to EBIT from Fx is neutral

Quarterly growth in local currency since launch of strategy:



# High cash flow generation

DKK <b>m</b>	Q3 16/17	Q3 15/16
<b>Cash flow:</b>		
Operating activities	139	196
Investing activities	-40	-24
<b>FCF before acquisitions</b>	<b>99</b>	<b>172</b>
<b>Balance sheet:</b>		
Total assets	2,501	2,248
NIBD (Net interest-bearing debt)	896	853
<b>Key Figures:</b>		
Net working capital	21%	24%
ROIC after tax incl. goodwill	23%	18%
Equity ratio	46%	43%
NIBD/EBITDA	1.6	1.9

- Working capital reduced to 21% of revenue
- Strong cash flow
- Gearing reduced to 1.5 vs. 1.9 LY
- Unused credit facilities at DKK 1.1bn


# Full-year outlook upgraded

	Local currencies				Danish Kroner			
	23 August 2017	2 May 2017	1 February 2017	8 November 2016	23 August 2017	2 May 2017	1 February 2017	8 November 2016
Organic growth	~14%	12-14%	9-11%	8-10%	-	-	-	-
EBIT margin*	-		-	-	~19%	~19%	~18%	~18%
Free cash flows*	-		-	-	DKK 300m	DKK 250-275m	~DKK 200m	~DKK 175m
Gearing	-		-	-	~1.4	~1.5	~1.6	~1.75

\* The outlook for the EBIT margin announced on 8 November 2016 and 1 February 2017 was before integration costs relating to the acquisition of ETView. In the outlook for the EBIT margin and free cash flows as of 2 May 2017, integration costs of DKK 10m have been included. No additional costs are expected to be incurred in connection with the integration of ETView.



# In summary

- 
- On track for full-year results
  - Visualisation performing strong
  - Core business healthy
  - Significant investment in sales
  - Outlook lifted
  - One quarter left of four-year strategy



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