

The background of the slide features a white Ambu medical device with a green roller and a white cable, resting on a green surface. A tablet with the Ambu logo is also visible in the background.

Investor presentation

Winter / Spring

**2017**

Lars Marcher, CEO

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March 2017

**Ambu**  
Ideas that work for life

# Agenda

Section  
1

## Winter / Spring 2017

- a) Ambu at a glance
- b) Where we come from
- c) Future growth agenda
- d) Selected medtech trends
- e) The visualisation opportunity
- f) aScope – more than a product

Section  
2

## Q1 Interim Report FY2016/17

- a) Q1 Highlights
- b) Performance
- c) aScope update
- d) Financial results and outlook
- e) Summary
- f) Q&A



Section  
1

Ambu Presentation  
**Winter/Spring 2017**

# Ambu at a glance



Supplies  
single-use  
medical  
devices for  
hospitals



Global sales.  
Direct and via  
distributors



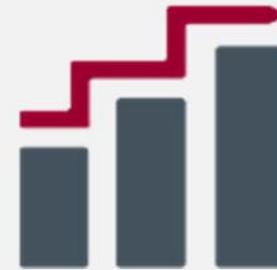
2,400  
employees  
worldwide



Own  
Production in  
China, Malaysia  
and the USA

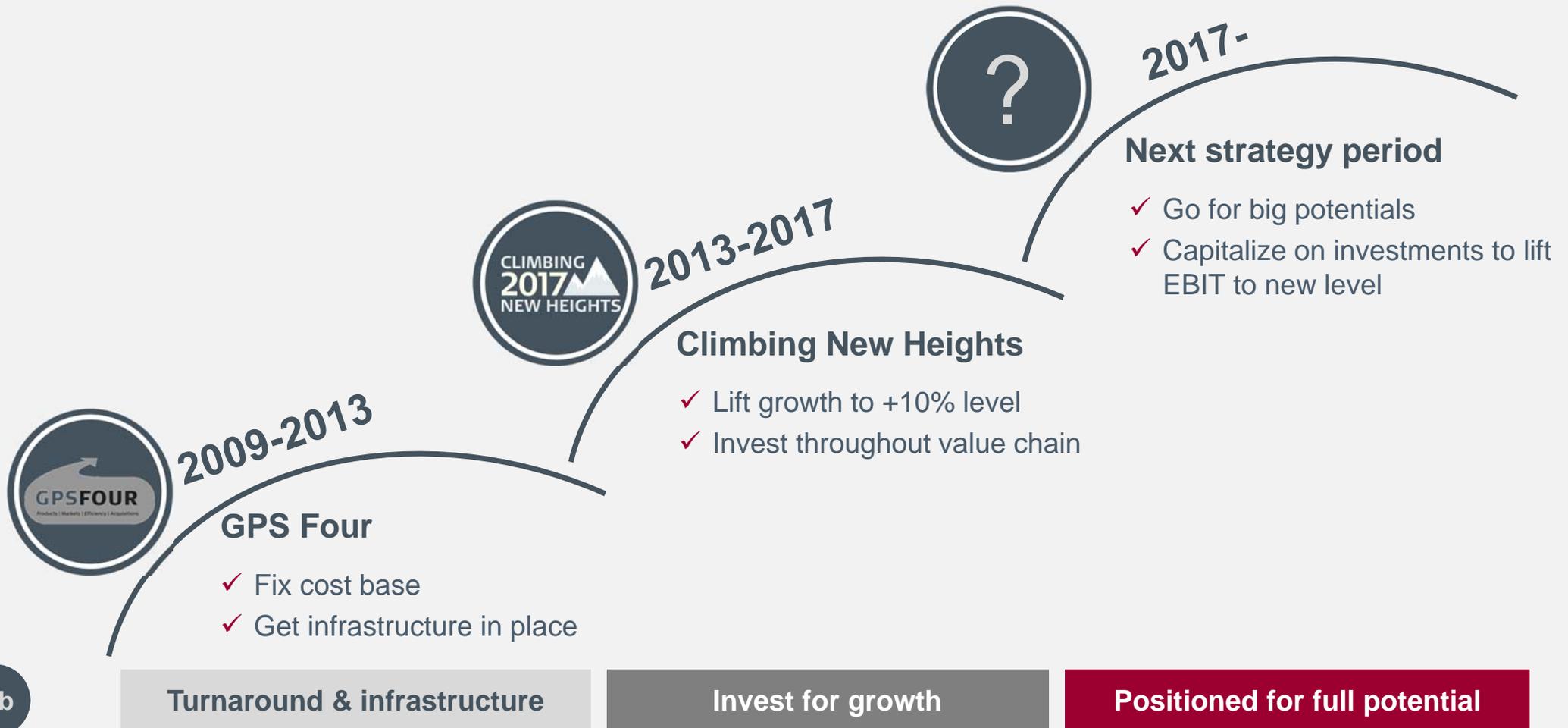


Founded in 1937



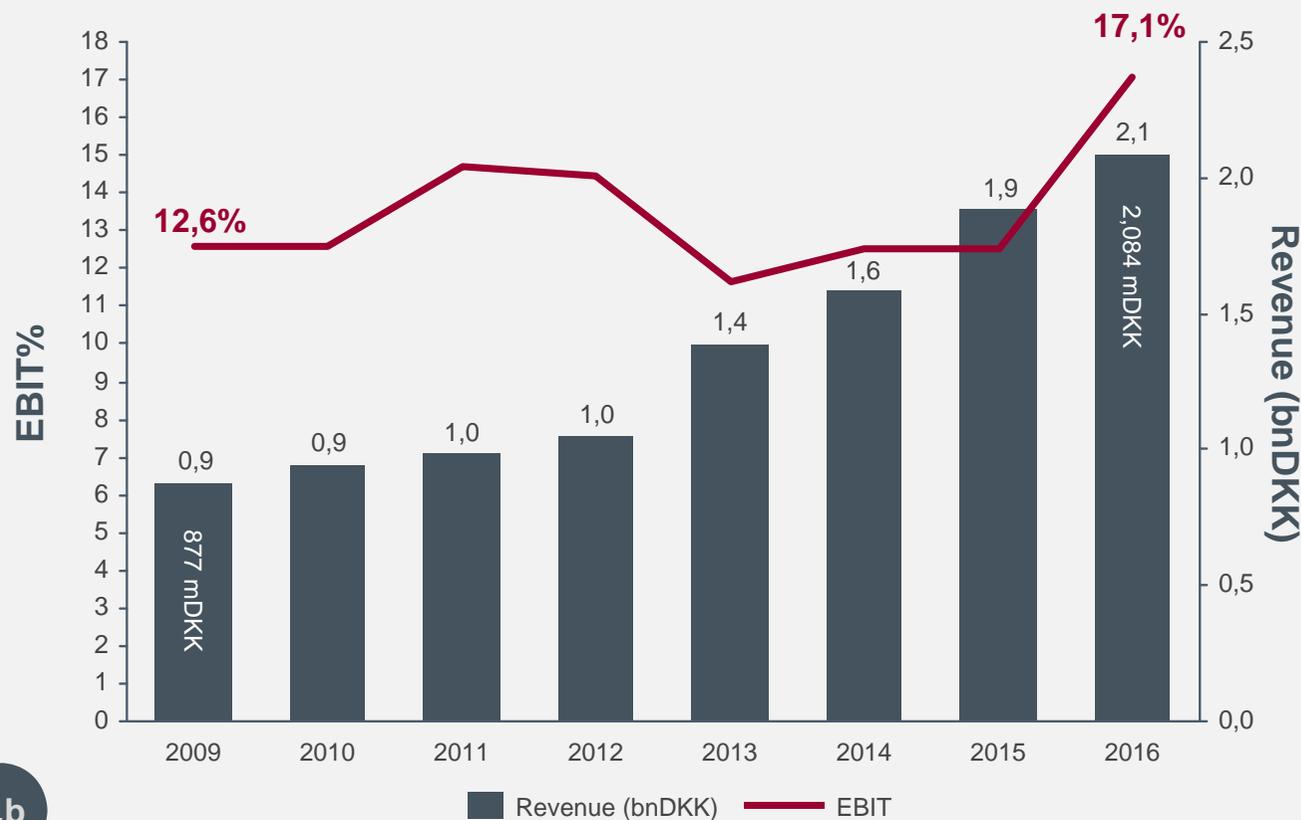
2015/16  
Revenue:  
DKK 2.1bn  
EBIT margin:  
17.1%

# We are entering our new strategy period in 2017 with a fully optimised and scaleable organisation

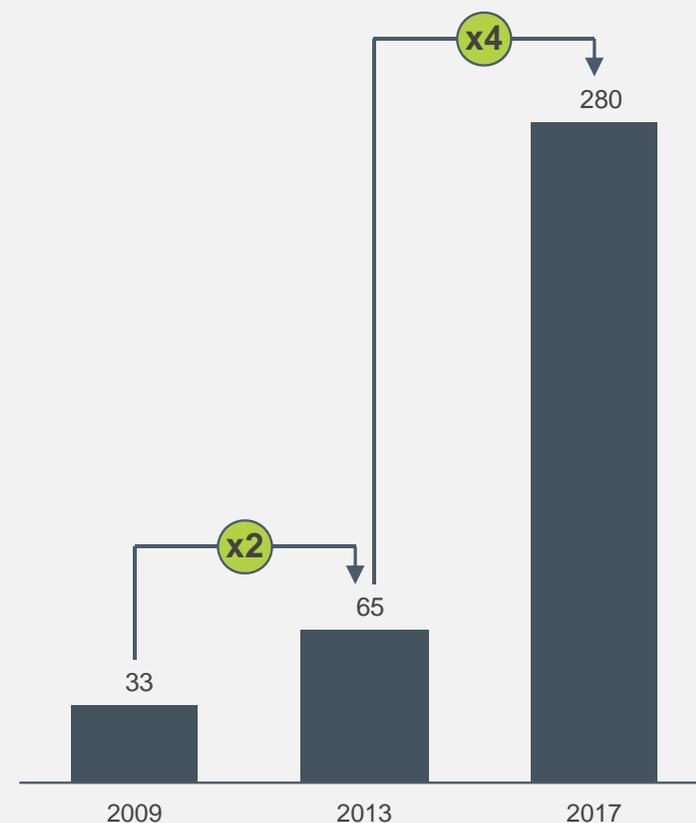


# We have reached our targets one year ahead of time and are set for an ambitious future growth agenda

Revenue and EBIT% development over the last two strategy periods



Share Price development (DKK)



# With successful execution of our new agenda, we will see profitability increase significantly above current levels

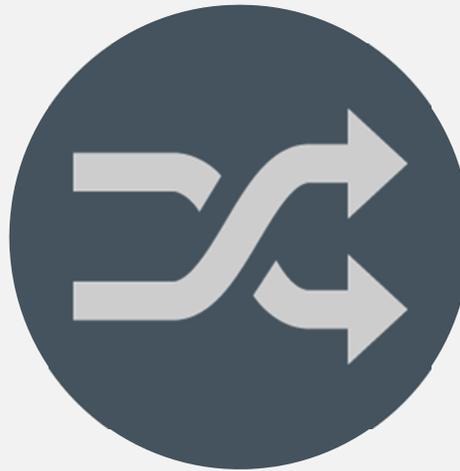


Historically, we have had a stable profitability improvement – now we are set to improve EBIT margin by another **+5%** over the next strategy period



## CONTINUED STRONG SALES

driven by visualisation  
and a solid core base



## FAVORABLE PRODUCT MIX

driving increased  
gross margin

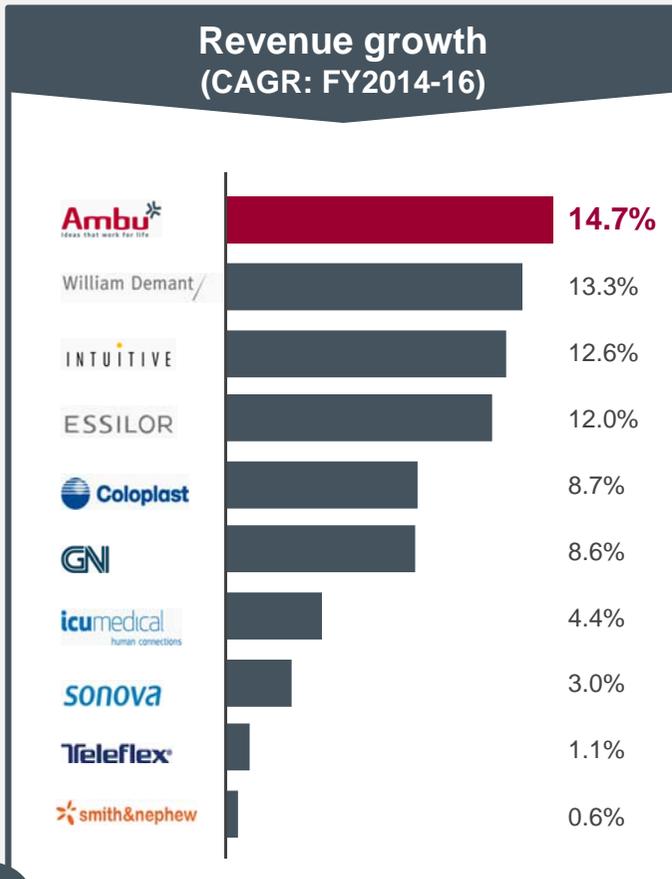


## STABLE COST BASE

due to scalable  
business model



**We will continue to outperform our peers with close to double-digit sales growth**



### Visualisation

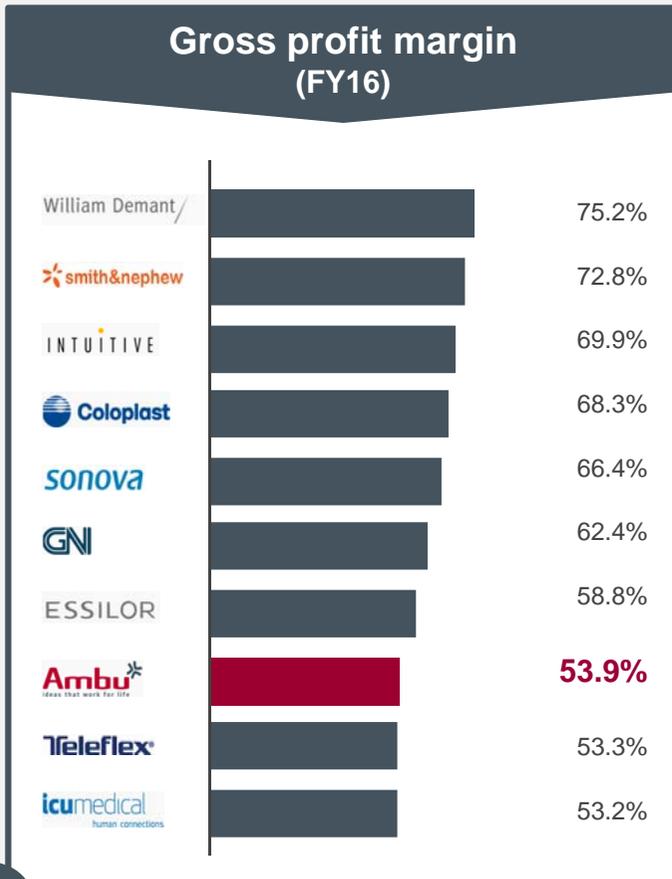
Every day we acquire new aScope accounts, expand usage inside each hospital and today, more than 1/3 of our customers use aScope more than reusable scopes

### Core

We have a highly relevant position in segments with good stable underlying growth, and with a strong offering of premium positioned products



# Favorable product mix will have positive impact on our gross margin



**Favorable product mix**

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

**Less ASP pressure**

With visualisation contributing with a larger share of revenue, we will significantly limit our exposure to the price pressure seen across almost all other medtech categories



# We are investing across the entire value chain to support our growth agenda



Capacity to produce more than **3.5M scopes** by FY2017/18



## Production

Following significant investments in production sites and technology we now have a highly scalable production

We have **doubled our Corporate R&D team** over the past two years



## R&D

Investments in Research & Development gives greater capacity for innovation

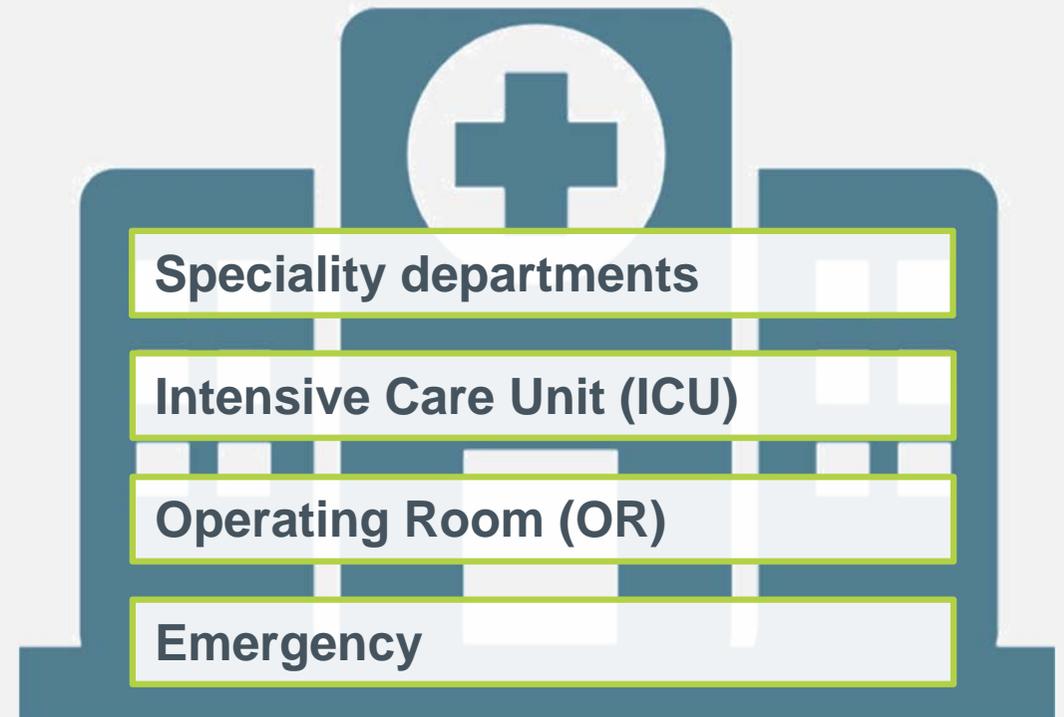
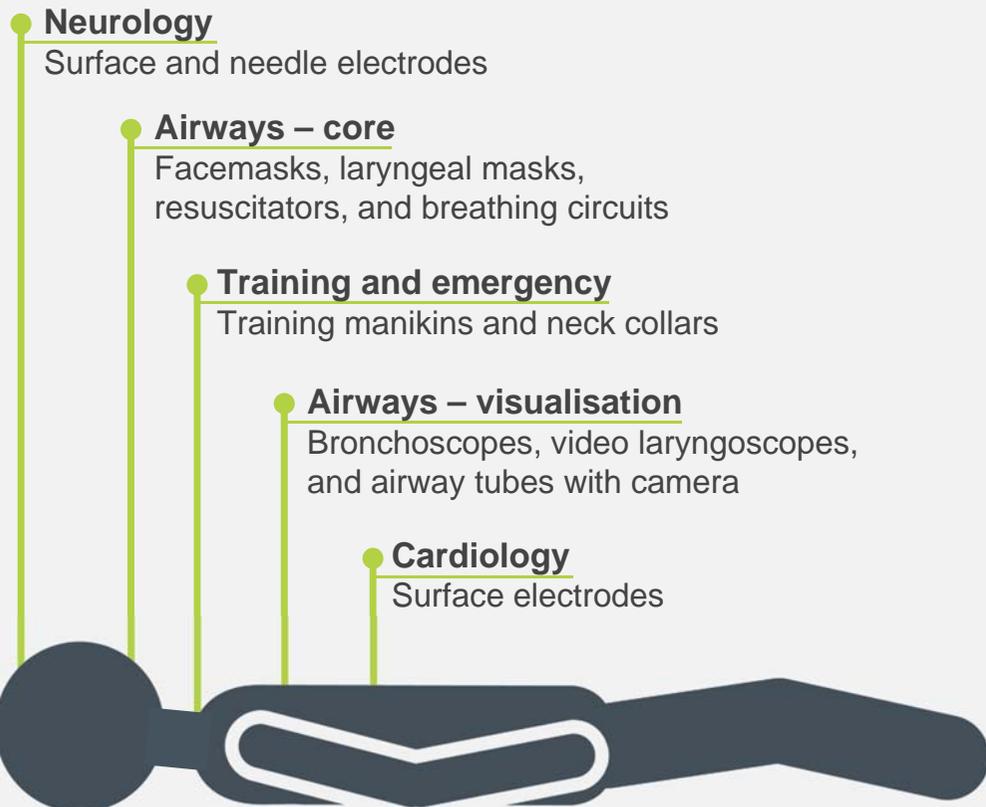
We have invested in **dedicated sales teams** for both visualisation and core



## Sales force

We have introduced split sales forces to make sure that all markets focus on both visualisation and core business

# Our product portfolio makes us able to increase our relevance across key hospital departments



# Ambu aScope is supported by a strong range of anaesthesia products that cover most of a hospital's airway needs

Resuscitators



Breathing circuits



Face masks



Laryngeal masks



Ambu aScope



Airway tubes w/camera



# Several mega trends work to our advantage

## Selected global medtech trends



From 'Payment per procedure' to 'Payment for performance'

Increased focus on patient outcome – including how to limit risks of cross-contamination



Increasing number of critically ill patients and associated costs

Increasing need for flexible solutions that can follow the patient



Increasing focus on screening and prevention

Increasing number of screening procedures done with flexible scopes



Hospital outsourcing of procedures and administration

Need for flexible solutions outside traditional hospital facilities



Increasing requirements for cleaning and sterilisation

Costly, timely, and inflexibility cleaning regimes for reusable products

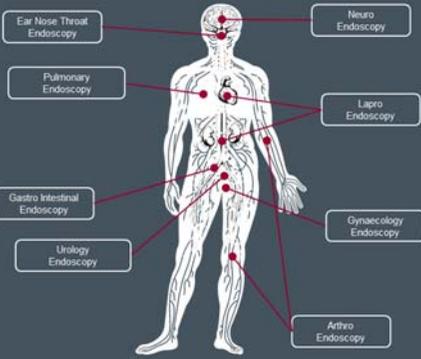
We will utilize these trends to take our aScope platform to new levels

**1. Win Airways**



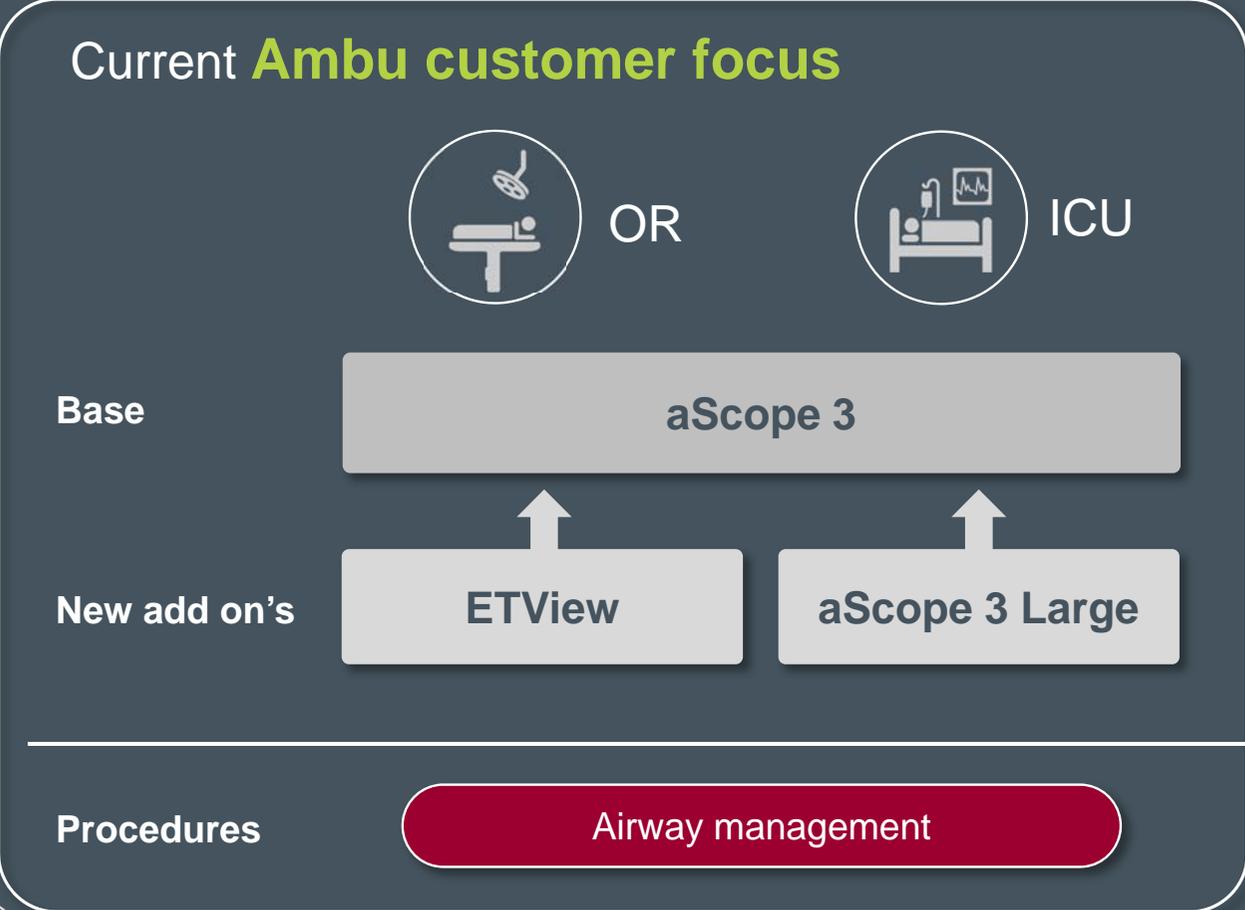
Reusable as backup solution

**2. Expand platform**



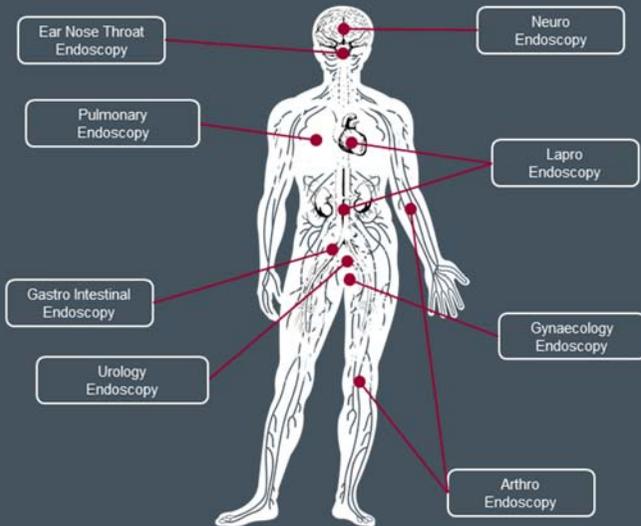
Establish presence in selected segments

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



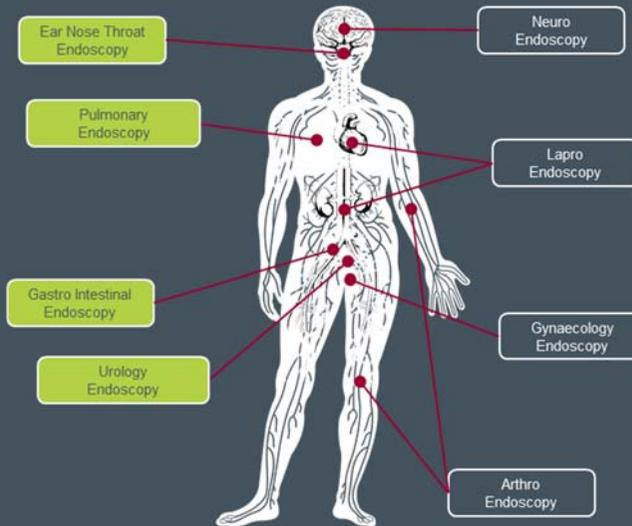
# But the real potential lies outside Airways

## The full potential



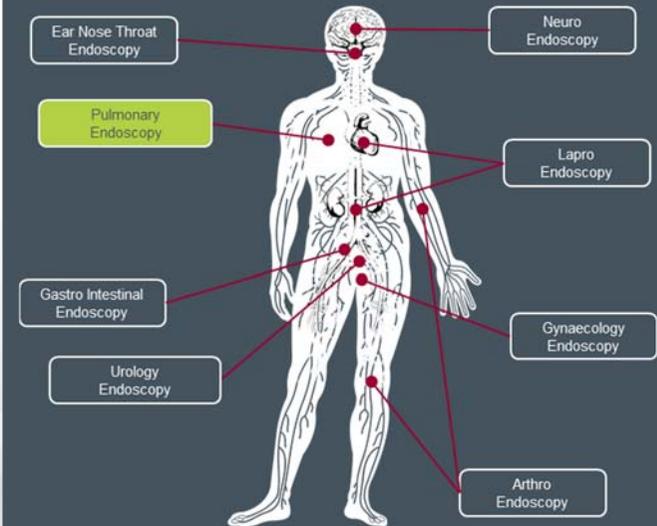
~150 m procedures

## Ambu future focus



+70 m procedures

## Ambu current focus



~3 m procedures

# Our disposable scope platform has unique differentiation potential beyond being a 1:1 replacement of existing scopes



DISPOSABLE IS A  
DISRUPTION  
ENABLER

Can only be done with  
a disposable solution

## Direct benefits



### COST EFFECTIVE

No capital investment, decreased cost per procedure and health economic benefits



### CROSS CONTAMINATION

Limited risk of patient infection caused by the scope

## Workflow improvements



### FLEXIBILITY

Disposable solutions are immediate available which increases flexibility for the doctor and hospital



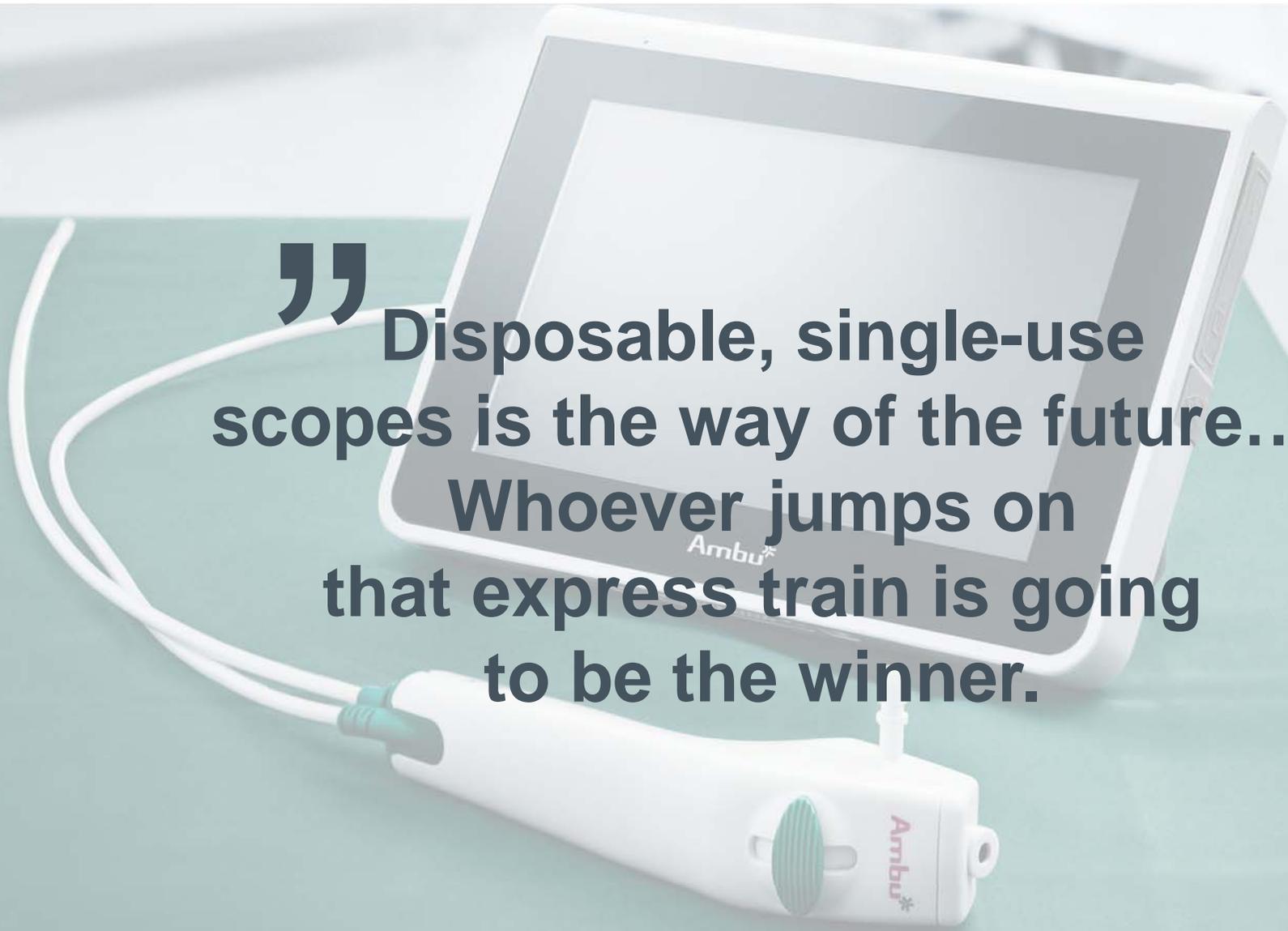
### INTEGRATED SOLUTIONS

Combined solutions not possible with reusable due to cleaning issues. Isiris was first example of this.

The single use revolution has just begun, and we have the success formula to drive it – also beyond scopes



We have the formula to **reinvent healthcare** in hospitals by disrupting old, inflexible, and costly regimes – not only with scopes

A photograph of an Ambu endoscope control panel and handle. The control panel is white with a large, blank screen and is connected to a white handle with a green control knob. The device is resting on a light green surface.

**” Disposable, single-use scopes is the way of the future...  
Whoever jumps on that express train is going to be the winner.**



Section  
2

Latest earnings release

# Q1 Interim Report 2016/17

# Q1 highlights

- High Q1 growth continues
- EBIT increased by 41%
- Strong cash flow development
- Above market growth in core business 4%
- Continued momentum on videoscope sales – up 85% in units
- Full-year outlook adjusted upwards

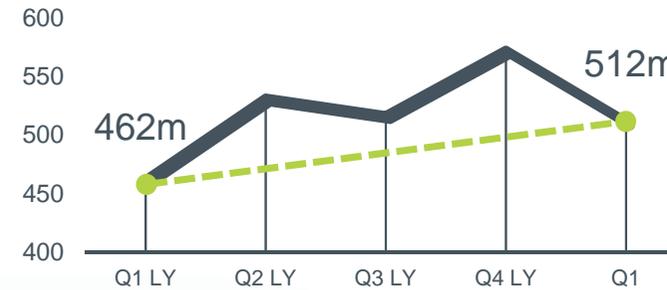


# Strong Q1 performance

Organic growth: **11%**



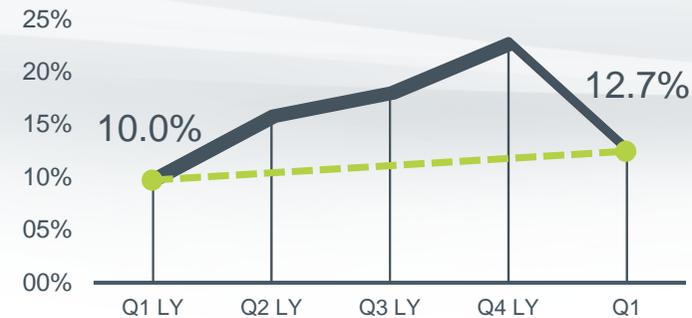
Revenue: **DKK 512m**



Gross margin: **53.7%**



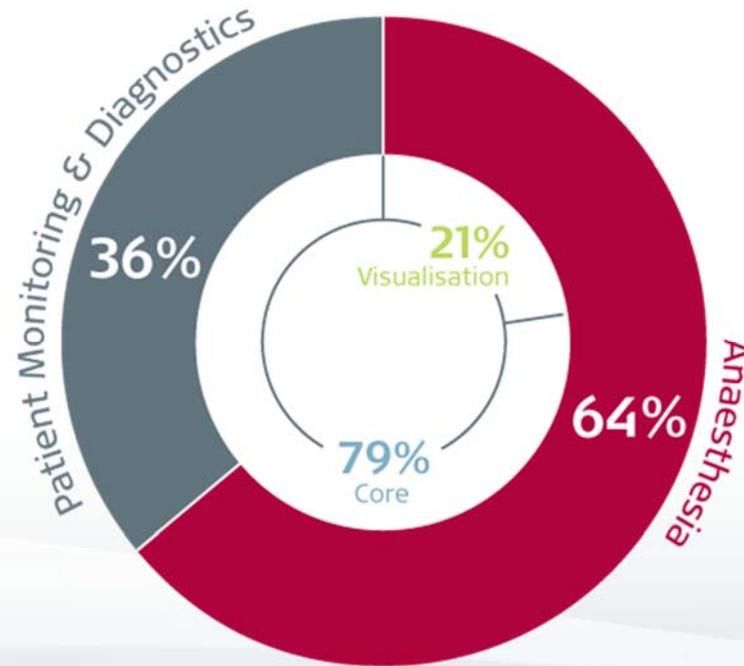
EBIT margin: **12.7%**



Q1 – organic growth

# Business areas

**Patient Monitoring & Diagnostics**  
Revenue 186m DKK  
0% growth



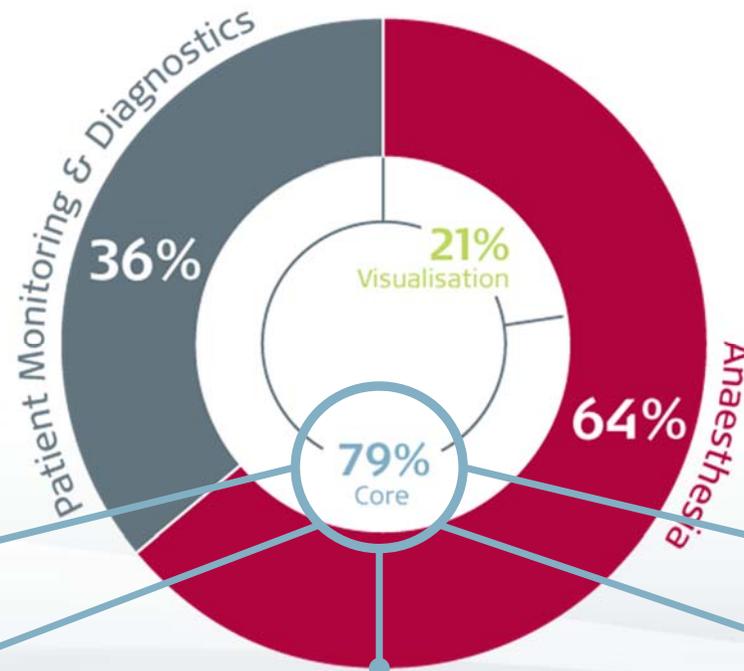
**Anaesthesia**  
Revenue 326m DKK  
19% growth

Q1 – organic growth

# Business areas

**Patient Monitoring & Diagnostics**  
Revenue 186m DKK  
0% growth

**Anaesthesia**  
Revenue 326m DKK  
19% growth



**Cardiology**  
3% growth

**Neurophysiology**  
2% growth

**Resuscitators**  
21% growth

**Breathing circuits**  
10% growth

**Laryngeal masks**  
8% growth



Q1 – organic growth

# Markets

## North America

REVENUE 234m DKK

GROWTH 12%

### Key drivers

- Strong aScope momentum
- Positive development in GPOs
- Strong sales organisation

Part of total revenue 46%

## Europe

REVENUE 218m DKK

GROWTH 5%

### Key drivers

- Strong aScope momentum
- High growth in key markets
- Negative impact from structural changes

Part of total revenue 42%

## Rest of World

REVENUE 60m DKK

GROWTH 36%

### Key drivers

- Asia continues strong growth
- Latin America back on track
- Regulatory challenges resolved

Part of total revenue 12%

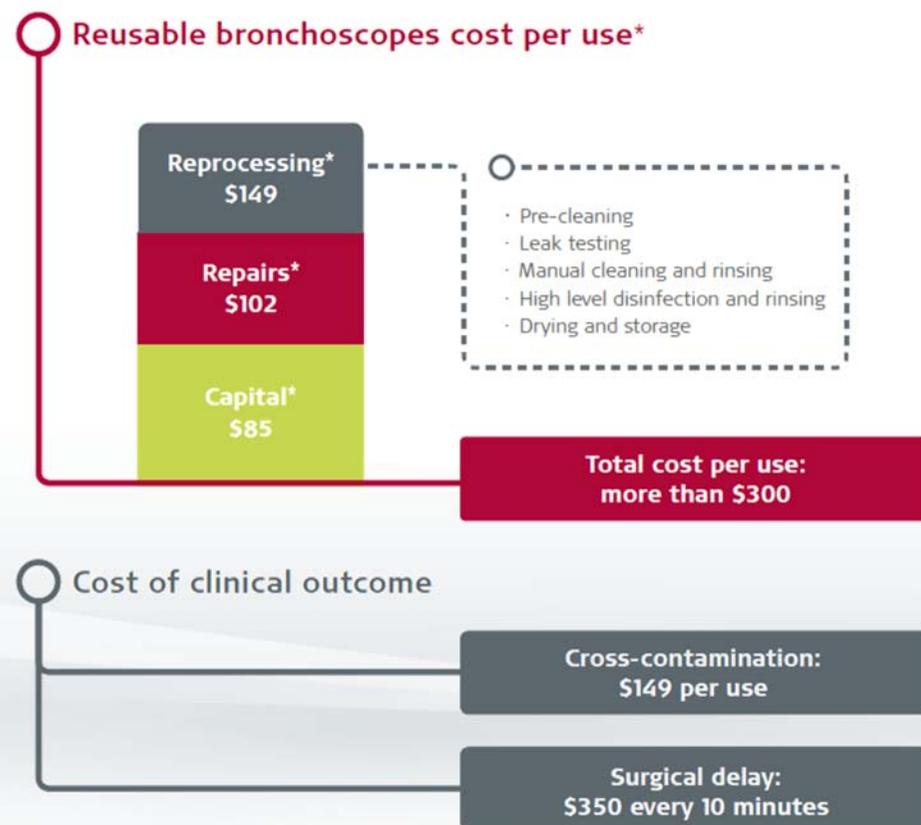
# aScope update

– Market status and  
expected full-year sales



# Ambu aScope key selling points are intact

- ‘Total cost per use’ gaining acceptance
- ‘Cost of clinical outcome’ becoming concrete
- Broader Ambu product offering
- Competitive landscape is unchanged



All cost is shown as average cost and based on independent studies, thus variation in outcome from individual studies may appear.

See references at [www.ambu.com/sources](http://www.ambu.com/sources).

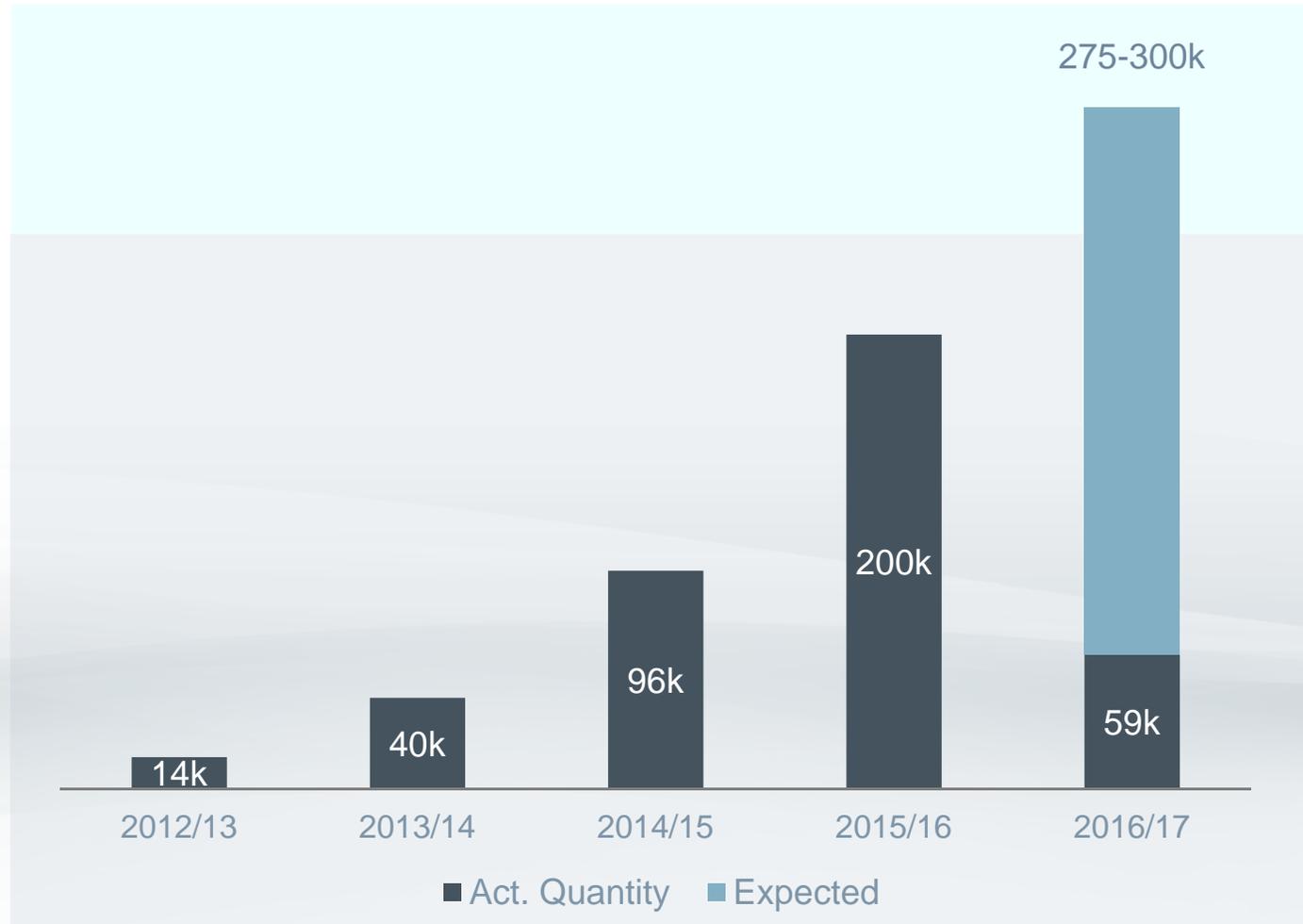
\* Average prices. Reprocessing based on 11 studies, repair based on 10 studies, and capital based on 9 studies.

# aScope market status

- Ambu aScope is gaining market share
- Steady conversion from initial purchase to frequent use
- Customer base is evenly spread across hospital sizes

Share of Ambu aScope sales	35%	20%	20%	25%
Hospital size (procedures annually)	 1-99	 100-199	 200-399	 400+

# Videoscope sales in units



# Financial results and outlook



# Profitability

– Continued improvements in profit margins

DKKm	Q1 16/17	Q1 15/16
Revenue	512	462
<b>Gross margin</b>	<b>53.7%</b>	<b>52.6%</b>
OPEX	-210	-197
Cost percentage	41%	43%
EBIT	65	46
<b>EBIT margin</b>	<b>12.7%</b>	<b>10.0%</b>
Financials, net	-3	-2
Net result	48	31

- Gross margin improves 1.1%-pts. due to mix and efficiency
- Cost percentage reduced by 2%-pts.
- EBIT-margin up 2.7%-pts
- Net impact to EBIT from Fx is neutral
- Tax percentage reduced to 23% from optimized structures

Quarterly growth in local currency since launch of strategy:



# Cash flow and balance sheet

– Significant reduction of working capital

DKKm	Q1 16/17	Q1 15/16
<b>Cash flow:</b>		
Operating activities	73	22
Investing activities	-30	-19
<b>FCF before acquisitions</b>	<b>43</b>	<b>3</b>
<b>Balance sheet:</b>		
Total assets	2,531	2,271
NIBD (Net interest-bearing debt)	1,061	883
<b>Key Figures:</b>		
Net working capital	23%	28%
ROIC after tax incl. goodwill	20%	13%
Equity ratio	40%	41%
NIBD/EBITDA	2.2	2.4

- Working capital significantly improved to 23% of revenue
- Gearing at 2.2 vs. 2.4 LY
- Unused credit facilities at DKK 153m including cash

# Full-year outlook upgraded

– Higher growth, improved FC and reduced gearing expected

	Local currencies		Danish Kroner	
	1 February 2017	8 November 2016	1 February 2017	8 November 2016
Organic growth	9-11%	8-10%	-	-
EBIT margin*	-	-	~18%	~18%
Free cash flows* **	-	-	~DKK 200m	~DKK 175m
Gearing	-	-	~1.6	~1.75

\* Before special items

\*\* FCF includes investments of DKK 100m in capacity expansions

# In summary

- High growth and increased profitability continues
- Improved EBIT margin as result of scalable business model
- Continued strong cash flow development
- Above market growth in core business at 4%
- Videoscope business continues to grow – up 85%
- Full-year outlook adjusted upwards

# Q&A

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

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