



Ambu Roadshow

Winter 2018/19

CFO Michael Højgaard

Agenda

- Q4 and FY highlights
- Business updates
- Going to market
- Financials and outlook

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 financial results in 2017/18

A strong year in Ambu



Financial results

	Full year 2017/18	Full year guidance	Q4, 2017/18
Organic revenue growth <i>local currencies</i>	15%	15%	15%
EBIT margin	21.6%	21-22%	22.6%
Free cash flow	DKK 321m	~ DKK 300m	DKK 160m
Endoscopes sold (units)	560.000	~550.000	165.000

Highlights 2017/18

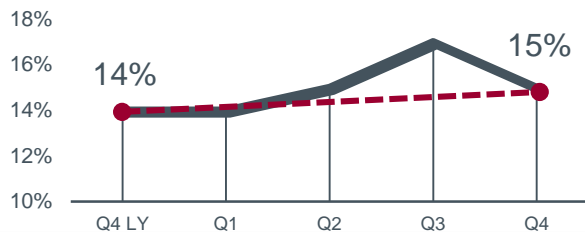
- Invendo Medical acquired and integrated
- Strong Core growth and continued strong growth in Visualisation
- Strong product pipeline with four new products for launch in 2018/19
- Financial targets for 2020 was lifted at the capital markets day in October 2018

- Continued solid revenue growth (15%) and earnings (563m DKK)
- EBIT margin improved by 2.5%-points to 21.6%
- 560,000 endoscopes sold - 54% increase
- Continued strong cash flow (321m DKK)

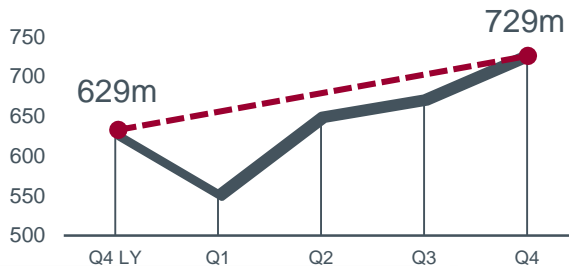
"We end the year with 15% organic growth and an EBIT margin of 21.6%. Following a 2.5%-pts increase of the EBIT margin, we are on track to achieve our financial targets in 2020"

Strong Q4 numbers

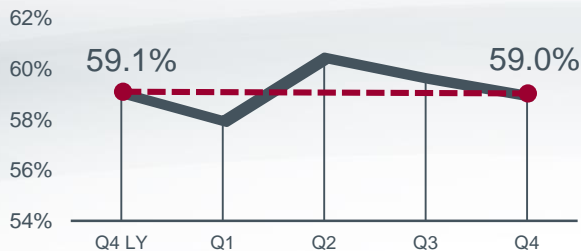
Organic growth: 15%



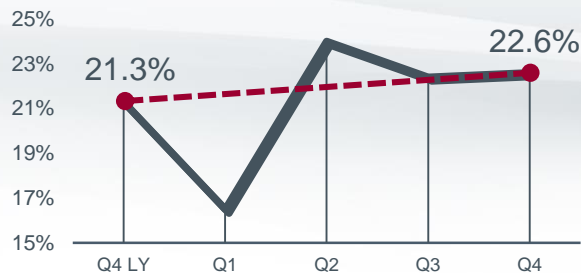
Revenue: DKK 729m



Gross margin: 59.0%

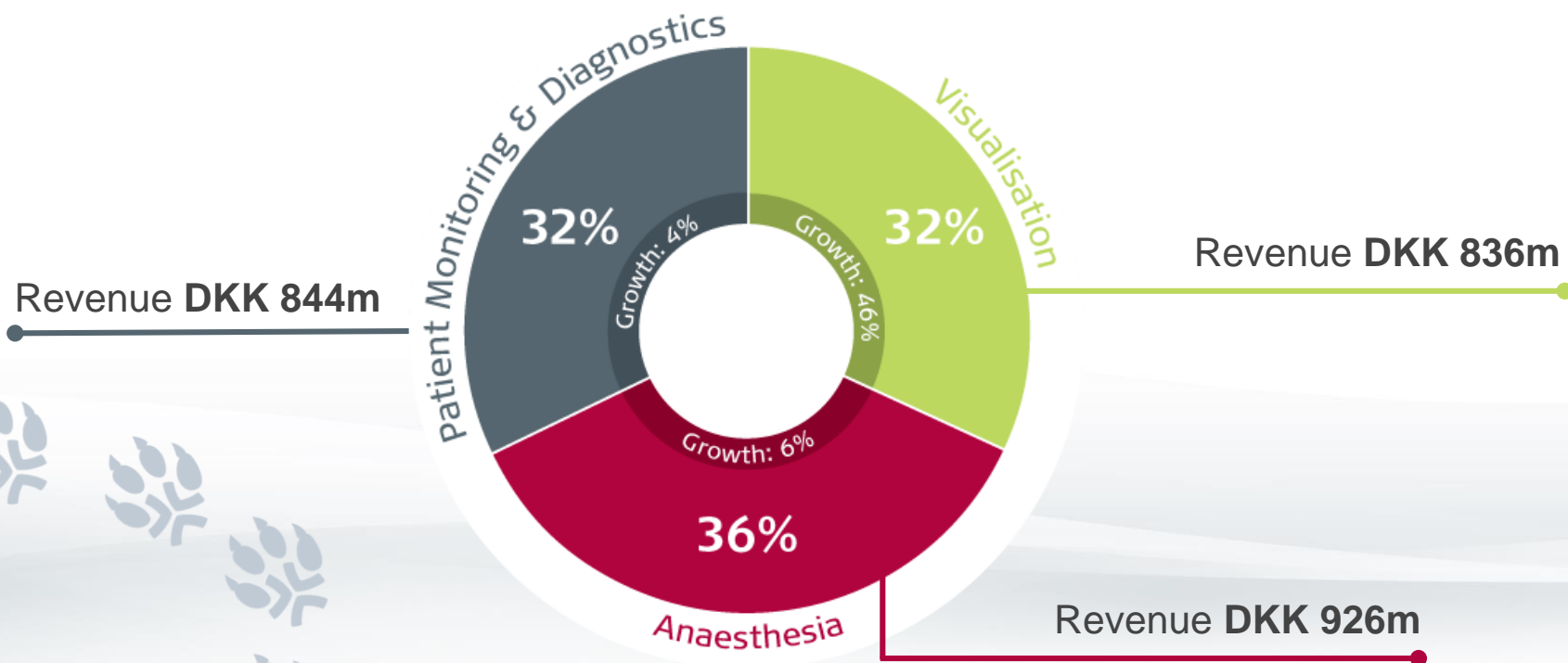


EBIT margin: 22.6%



Business areas

FY Visualisation growth at 46% and Core at 5%



North America

REVENUE **1,208m DKK**

GROWTH **17%**

Business growth

- Visualisation 46%
- Anaesthesia 7%
- PMD 6%

Part of total revenue **46%**

Europe

REVENUE **1,095m DKK**

GROWTH **14%**

Business growth

- Visualisation 49%
- Anaesthesia 5%
- PMD 1%

Part of total revenue **42%**

Rest of World

REVENUE **303m DKK**

GROWTH **11%**

Business growth

- Visualisation 28%
- Anaesthesia 4%
- PMD 11%

Part of total revenue **12%**

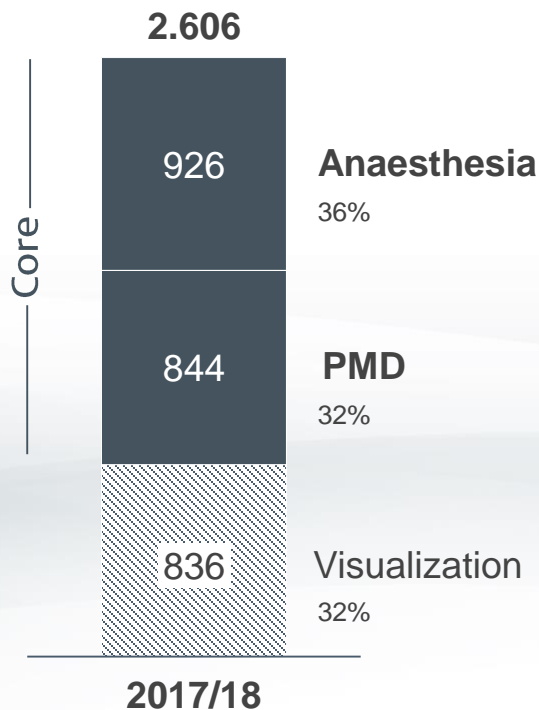
Growth in Asia-Pacific: **18%**



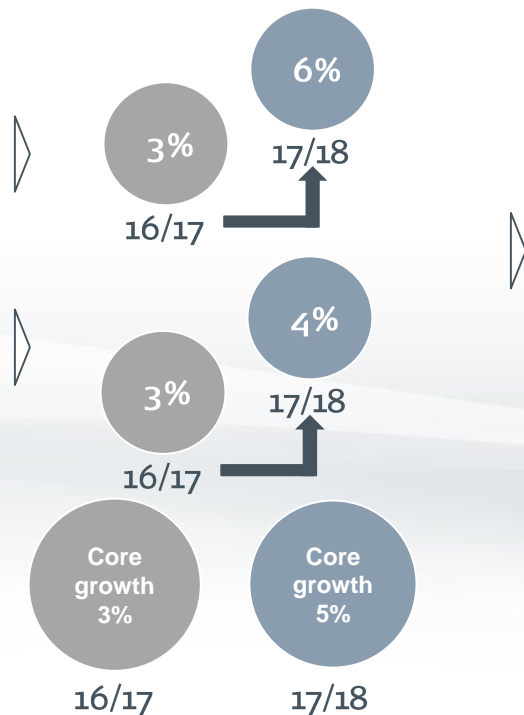
Business updates

Core business on plan

Core remains pivotal
for Ambu's business



Growth uptake in
both Core divisions



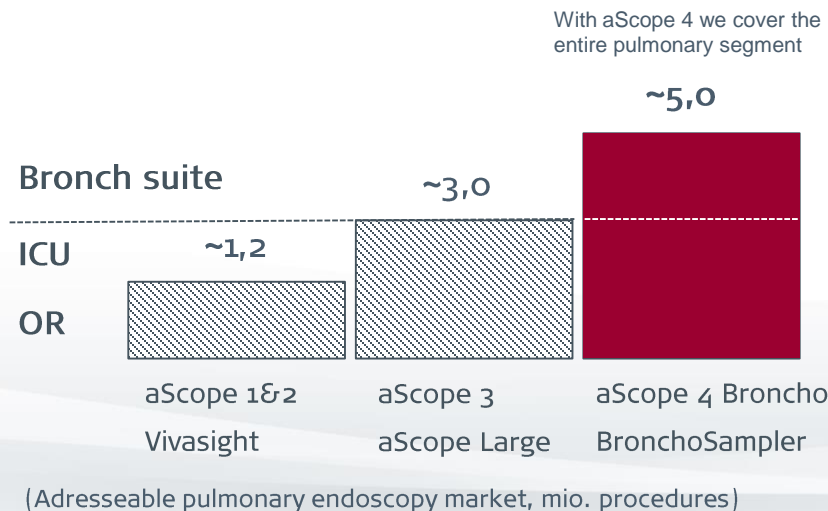
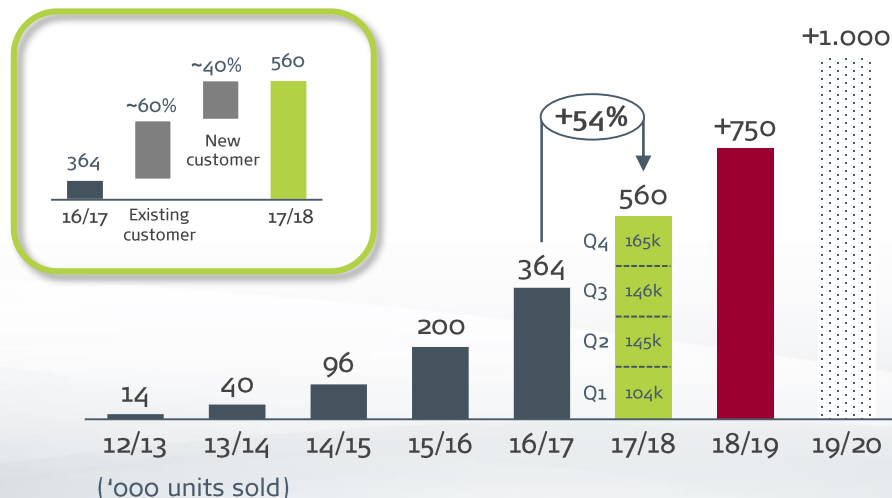
We will introduce new
concepts to drive growth

- ✓ Strengthen our offering for Operating rooms
- ✓ Expand presence in Critical care settings

Continued strong aScope momentum

We have grown no. of endoscope units sold

- while increasing the target market



Increasing market share to ~ 11%

No price pressure

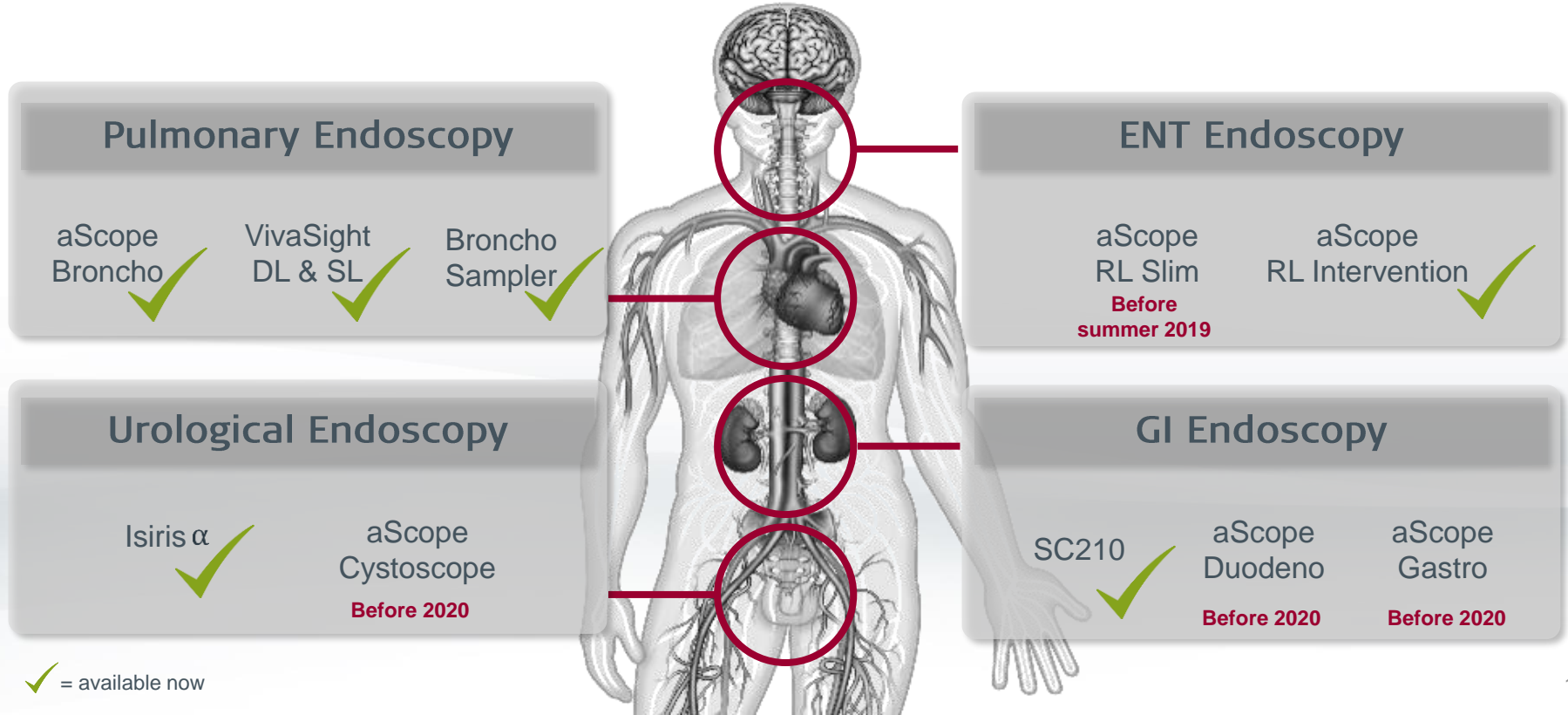
Expected endoscope unit sales in 2018/19 of +750k



Going to market

We are establishing a unique endoscopy portfolio

Towards addressing all major flexible endoscopy procedures

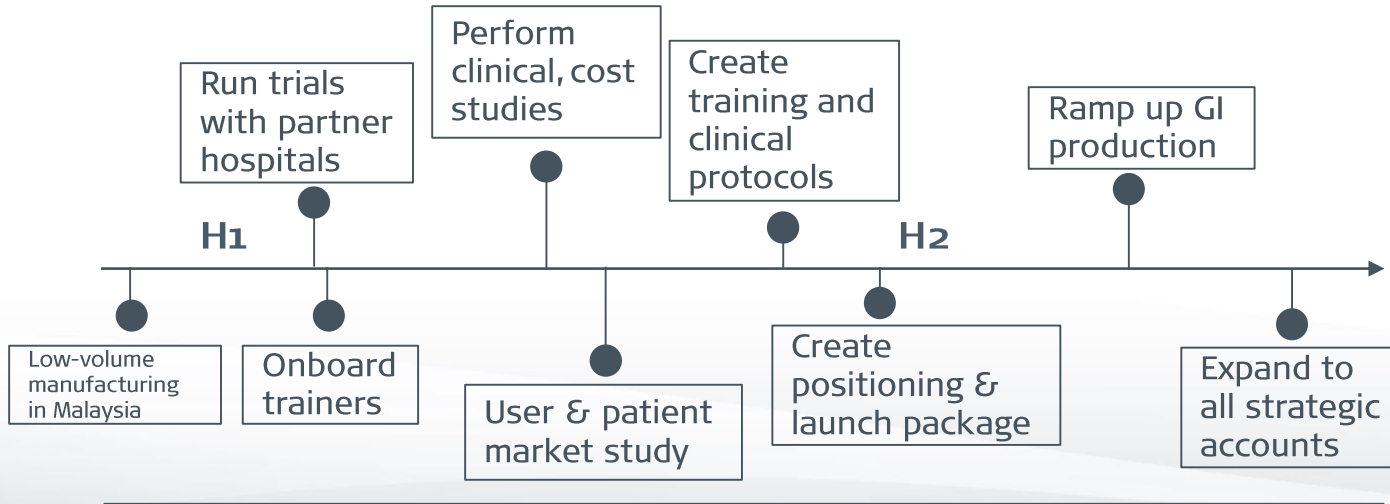


For SC210, 2018/19 will be a year of strategic partnering

Pre-launch

Strategic partnering

2018/19 ambition



The GI sales model is refined and ready to be rolled out

The GI market has got familiar with the Ambu brand

The GI single-use concept has been introduced

2018/19 customer targets (first movers)

- 1 Existing aScope accounts with current Ambu relationship
- 2 Hospitals that are committed to a single-use future
- 3 Areas of high risk patients/procedures

Manufacturing of our SC210 in Malaysia

Endoscope production in Malaysia

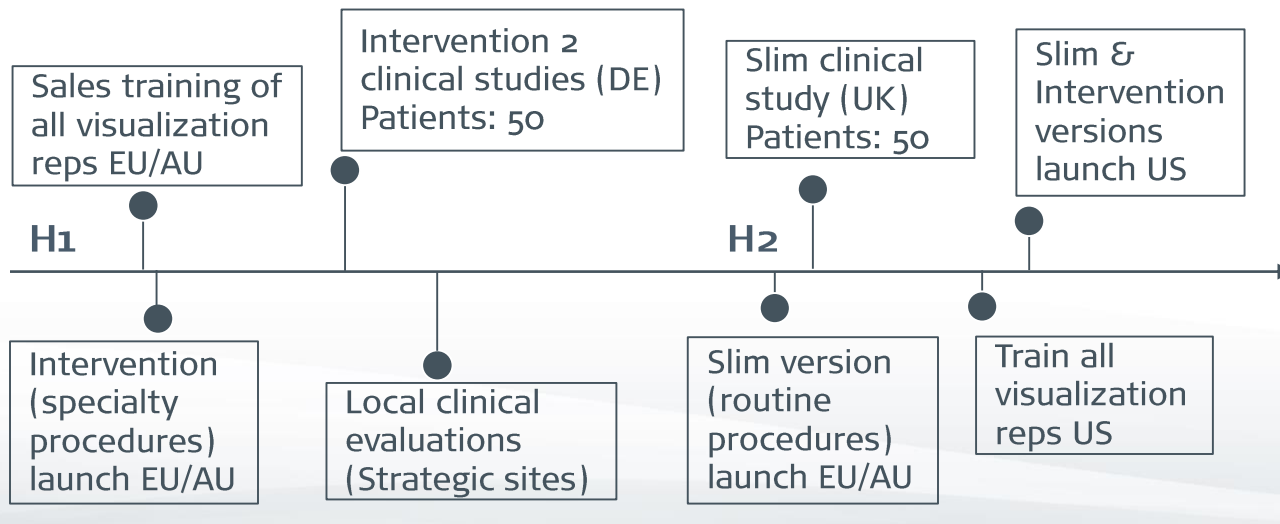
- Our manufacturing in Malaysia is ready to supply SC210 products for US as per plan
- Relocation of production of the SC210 colonoscope from Germany to our factory in Malaysia
- The new factory in Malaysia is expected to have enough capacity until and including 2020

Production of SC210 colonoscope in Malaysia



We have a clear plan for entering the ENT market with aScope 4 RhinoLaryngo Intervention & Slim

Launch & learn



2018/19 ambition

Build solid ENT knowledge in sales teams

Create reference sites in each sales territory

Expand awareness & benefits of single-use in ENT (digital campaigns, key events)

2018/19 customer targets (first movers)

- 1 Hospitals with single-use agenda
- 2 Hospitals with cleaning and/or workflow challenges
- 3 Hospitals with limited videoscopes



Financial results and outlook

Growth and profits

Q4 and full year

DKKm	Q4 17/18	Q4 16/17	FY 17/18	FY 16/17
Revenue	729	629	2,606	2,355
Gross margin	59.0%	59.1%	59.4%	56.5%
OPEX	-265	-238	-984	-881
Cost percentage	36%	38%	38%	37%
EBIT	165	134	563	450
EBIT-margin	22.6%	21.3%	21.6%	19.1%
Financials, net	-27	-21	-98	-57
Net result	106	87	337	301

Comments

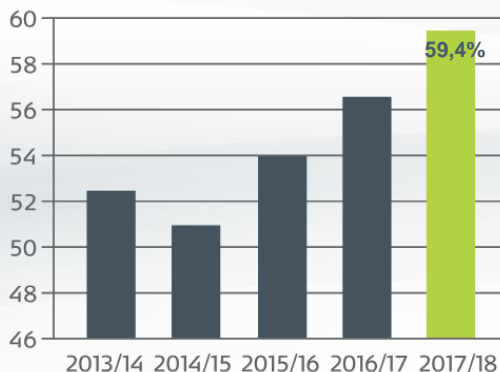
- Strong growth in Q4 and in FY
- EBIT-margin up 2.5%-pts. for FY
- Financial item impacted by non-cash items due to acquisitions
- Tax percentage at 28% but 23% excluding US tax reduction
- Net result at DKK 337m up 12%
- Proposed dividends at DKK 0.40 per share up 8%

Full-year highlights

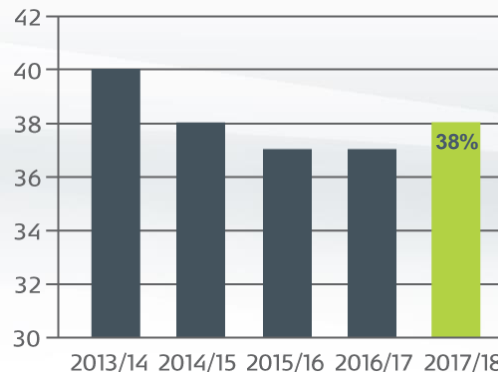
Strong trend on key financial KPIs

- Gross margin at 59.4% – up 2.9%-pts. since LY
- Rate of costs at 38% - up 1%-pt. over LY
- EBIT at DKK 563m – up 25% over LY
- EBIT-margin at 21.6% – up by 2.5%-pts. to LY

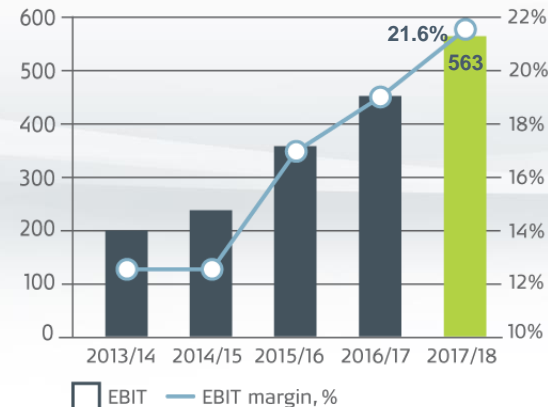
Gross margin



Rate of cost



EBIT and EBIT margin



Cash flow, assets and debt

Full year

DKKm	2017/18		2016/17	
Cash flow:				
Operating activities	554	21%	462	20%
Investing activities	-233	9%	-141	6%
FCF before acquisitions	321	12%	321	14%
Acquisition activities	-928		0	
FCF after acquisitions	-607		321	
Balance sheet:				
Total assets	4,234		2,500	
NIBD	1,245		767	
Key Figures:				
NWC in % of revenue	20.6%		19.4%	
ROIC after tax incl. goodwill	17%		17%	
Equity ratio	44%		51%	
NIBD/EBITDA	1.8x		1.4x	

Comments

- Cash flow from operation at 21% of revenue vs. 20% LY
- Working capital at 20.6% vs. 19.4% LY including Fx
- Investment in factory in Malaysia and expansion of HQ of DKK 72m
- NIBD/EBITDA of 1.8x vs. 1.4x LY
- Acquisition of Invendo Medical at DKK 928m including DKK 75m milestone payment

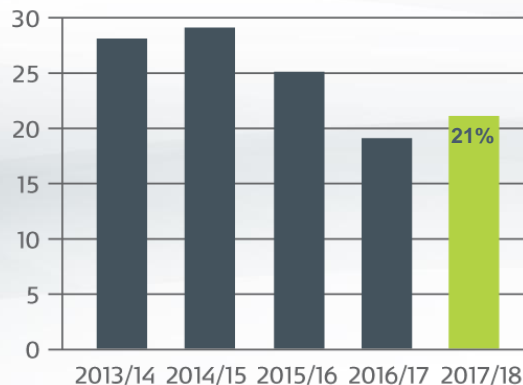
Free cash flow and working capital

- Working capital up from 19.4% last year to 20.6% mainly due to increased inventories of raw materials

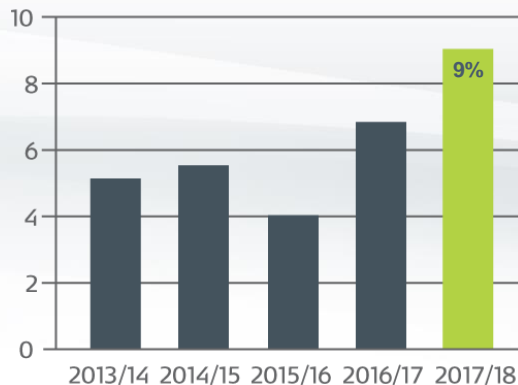
- CAPEX ending at 9% of revenue in FY 17/18
- Going forward we will maintain an investment level of 8 to 9% of revenue

- Free cash flow ending at DKK 321m or 12% of revenue before acquisitions

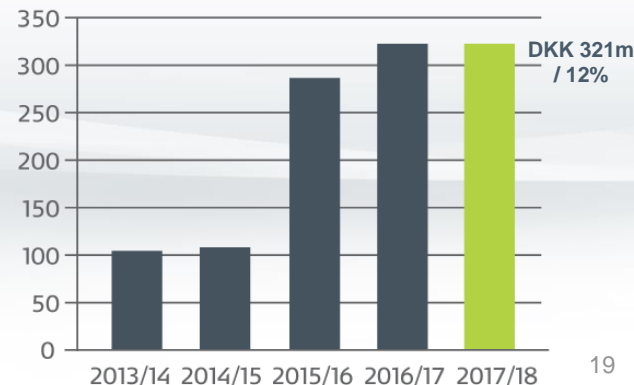
NWC relative to revenue (%)



CAPEX relative to revenue (%)



Free cash flows (DKKm)



Financial year 18/19 and 2020 outlook



Outlook for 2018/19 and 2020

Financial outlook	Financial year 18/19	2020 outlook
Organic revenue growth	15-16%	16-18%
EBIT margin	22-24%	26-28%
Free cash-flow <small>excluding M&A</small>	~ DKK 400-475m	~ 18% of revenue
Endoscopes sold (unit)	+ 750.000	> 1 million



Key focus

- Continued high growth contribution from our existing endoscopy portfolio
- Strong focus on new product launches towards 2020

As communicated at the capital markets day 2018 (October 4, 2018)

Summary

Full year 2017/18

15%

organic growth
in local currency

21.6%

EBIT margin

560,000

Endoscopes sold

Highlights

- Acquisition of Invendo Medical
- New factory in Malaysia
- FDA approval of our new aScope 4 in the US
- Strong Core growth of 5%
- Ambu in the OMX C25 index

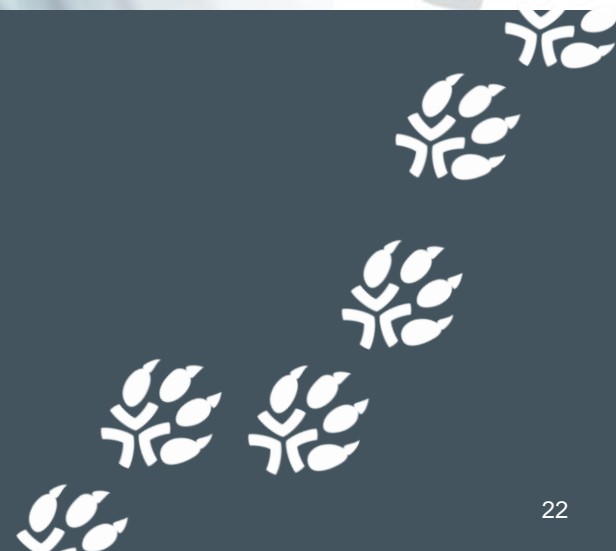
Looking ahead

- 2020 strategy is on track and we expect to have a full range in single-use endoscopy by 2020
- Transfer of GI production from Germany to Malaysia completed in FY 2018/19
- Strong focus on new product launches towards 2020

**BIG
FIVE** 2020



Q&A



Financial calendar

2018

Event

12 December

Ordinary Annual General Meeting

2019

31 January

Q1 Report 2018/19



Read more at www.ambu.com

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