



# Spring/summer 2017/18

CEO Lars Marcher

# Agenda

- Q2 highlights
- Visualisation by 2020
- 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.



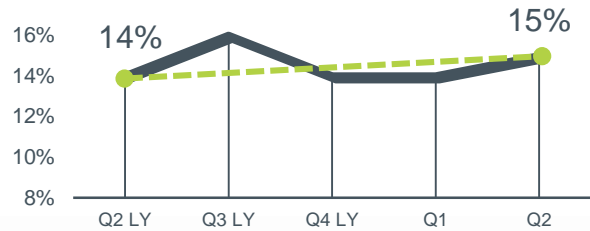
# Q2 highlights

- 15% organic growth
- Endoscope unit sales up 53%
- EBIT margin improved by 4.3%-points
- GI projects on schedule
- Full-year outlook adjusted upwards

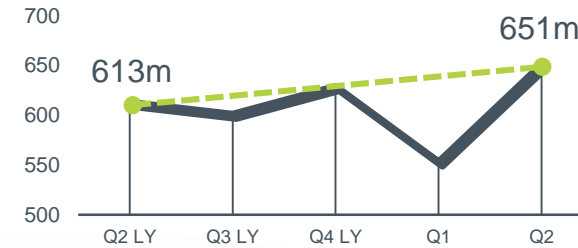


# Q2 shows scale in business

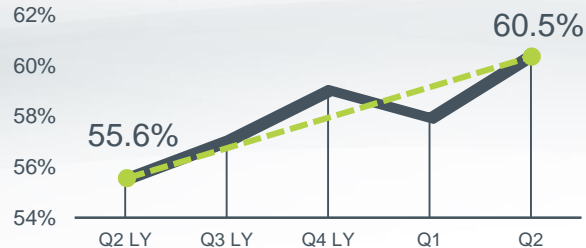
Organic growth: **15%**



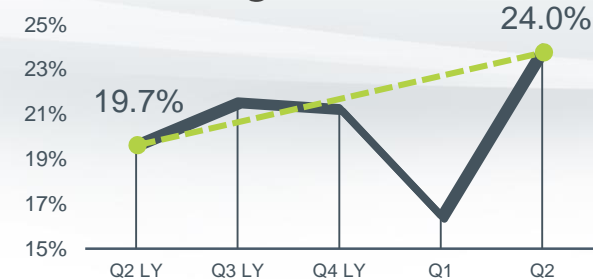
Revenue: **DKK 651m**



Gross margin: **60.5%**



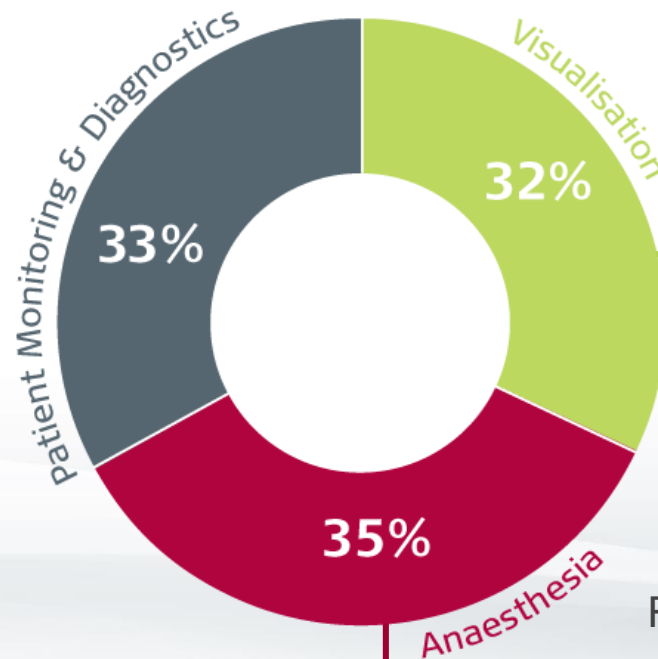
EBIT margin: **24.0%**



Q2 – organic growth

# Business areas

**Patient Monitoring & Diagnostics**  
Revenue **212m DKK**  
**3%** growth



**Visualisation**  
Revenue **211m DKK**  
**43%** growth

**Anaesthesia**  
Revenue **228m DKK**  
**8%** growth

# Markets

## North America

REVENUE **291m** DKK  
GROWTH **16%**

### Business growth

- Visualisation 42%
- Anaesthesia 6%
- PMD 5%

Part of total revenue **45%**

## Europe

REVENUE **290m** DKK  
GROWTH **14%**

### Business growth

- Visualisation 47%
- Anaesthesia 8%
- PMD 1%

Part of total revenue **45%**

## Rest of World

REVENUE **70m** DKK  
GROWTH **16%**

### Business growth

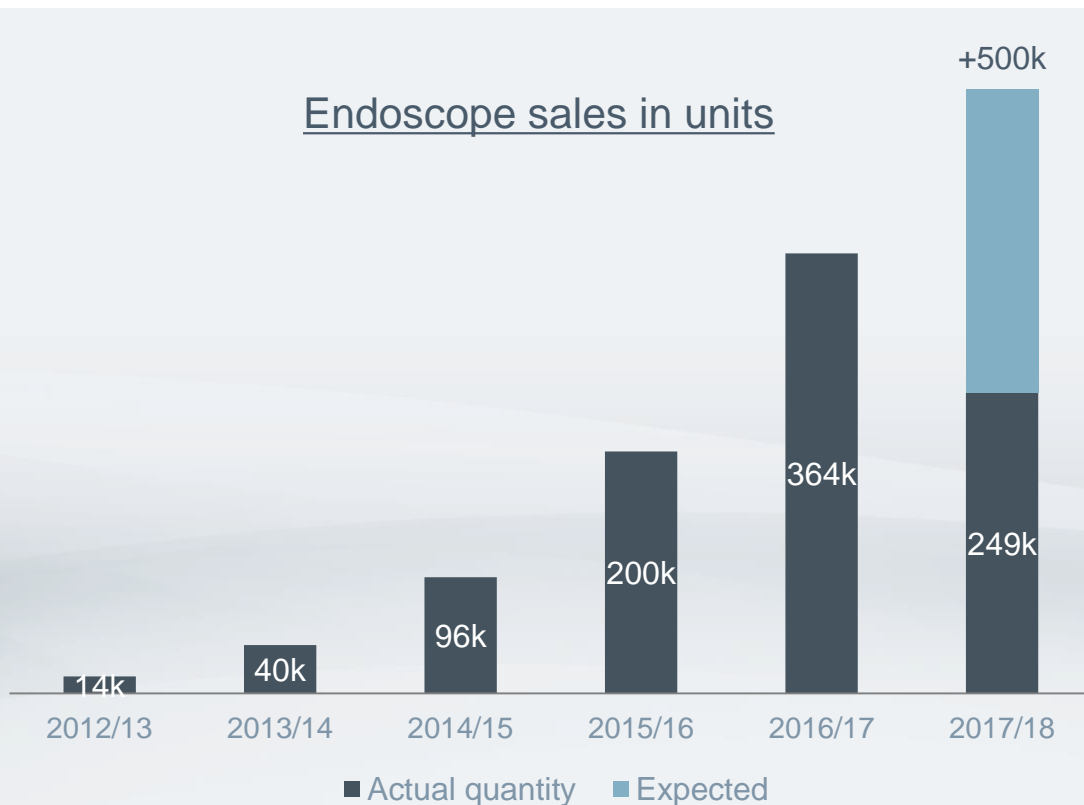
- Visualisation 31%
- Anaesthesia 15%
- PMD 8%

Part of total revenue **10%**

Q2 – endoscope volume sales

# 53% volume growth in Q2

Endoscope sales in units



- 145,000 endoscope units sold in Q2
- Full-year sales expected to surpass 500,000 units
- No change in competitive landscape
- Market clearances as expected during Q2:
  - Colonoscope (US & EU)
  - aScope 4 Broncho (US)



# Visualisation by 2020

Single-use expansion



**The Future  
of Endoscopy**  
**STARTS NOW**

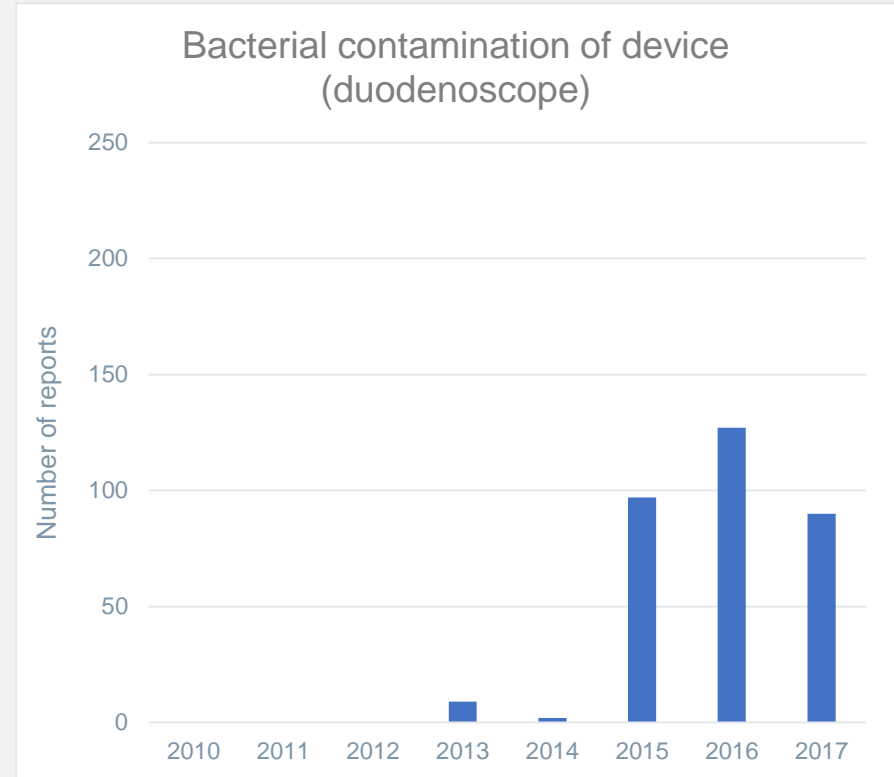
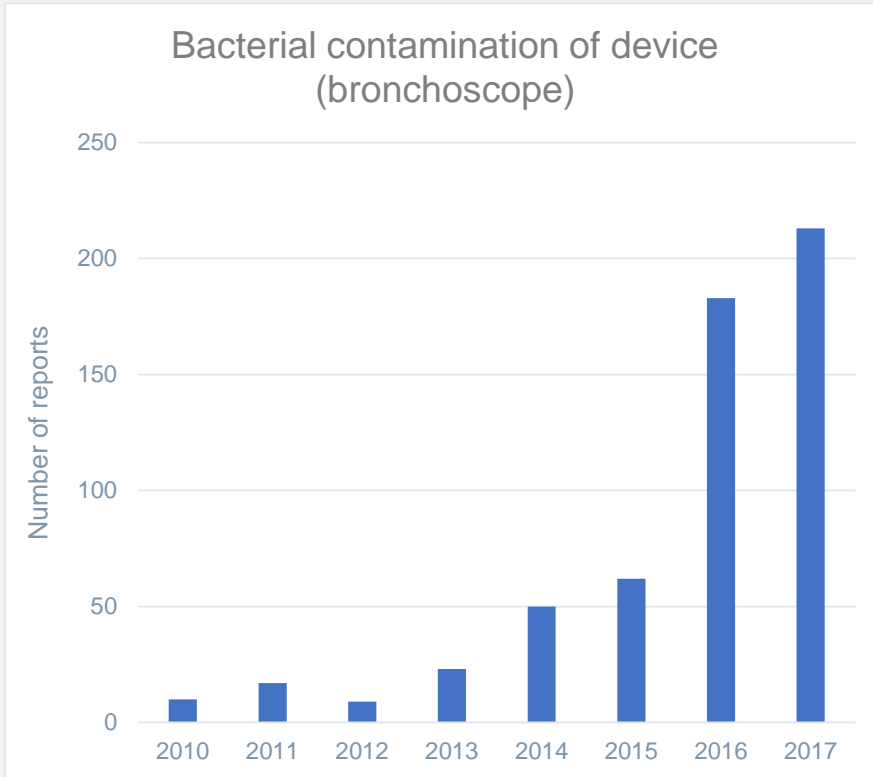
Sterile Single-use Endoscopy



# The endoscopy market is changing rapidly – and several parameters are in favor of single-use



# Increase in medical device reports of contaminated scopes



# The benefits of going single-use on endoscopy are significant – and the experts within the field are on board

## Reusable endoscopy

A complex and costly setup putting patients at risk



### Risk of Cross-Contamination

Despite increased reprocessing requirements, cross-contamination remains a major issue.



### Extensive Reprocessing Setup

100+ steps of cleaning, major surveillance and documentation burden.



### Availability Issues

Procedure delay or even cancellation due to unavailable scopes.



### High Cost-in-Use

High capital investment plus repair and reprocessing costs.



### Complex Contracting

Complex and non-transparent contracts on scopes, repair etc. binding the hospital.

## Single-use endoscopy

A simple and cost-effective setup eliminating infection risks



### Eliminating Risk of Cross-Contamination

Sterile out of the pouch. Personal scope for each patient, never been in contact with other patients.



### No Reprocessing

Scopes are discarded after use – no cleaning, documentation, surveillance or auditing on proper reprocessing.



### No Availability Issues

No more "where is my scope?" Always a new scope at hand ensuring a fully functional scope for each patient.



### Low Cost-in-Use

Minimal upfront investment. No cost for repair, reprocessing or added investment when guidelines change.



### Transparent Contracting

Increased flexibility and simplicity for the hospital.

*"I believe disposable endoscopy will play a very important role in gastro-enterology. Patients are understandably concerned about recent reports of infection transmission. We need to explore the possibility of using disposable devices in GI endoscopy."*

**Klaus Mergener, MD, PhD, MBA**  
Affiliate Professor of Medicine,  
University of Washington, Seattle, WA



*"A cost-effective, sterile, single-use endoscopic portfolio for the GI space will instantly change the entire practice of gastroenterology. All the concerns with reprocessing and potential cross contamination would be eliminated. When utilization begins, sterile, single-use endoscopes will represent a classic example of the term "disruptive technology" as applied to endoscopy."*

**Bergein (Gene) F. Overholt, MD**  
Past President ASGE, Co-Founder of  
Gastrointestinal Associates, Knoxville, US



# Three growth drivers will boost our Visualisation business this fiscal year and towards 2020

1

## Ambu sales coverage

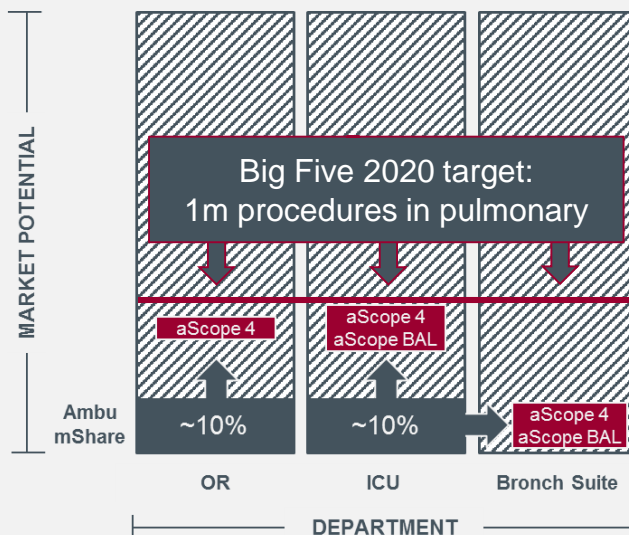


Dedicated  
**Visualisation reps**  
in all our  
major markets

2

## aScope BAL will fuel penetration of ICU and Branch Suite

Full market potential ~5m procedures



3

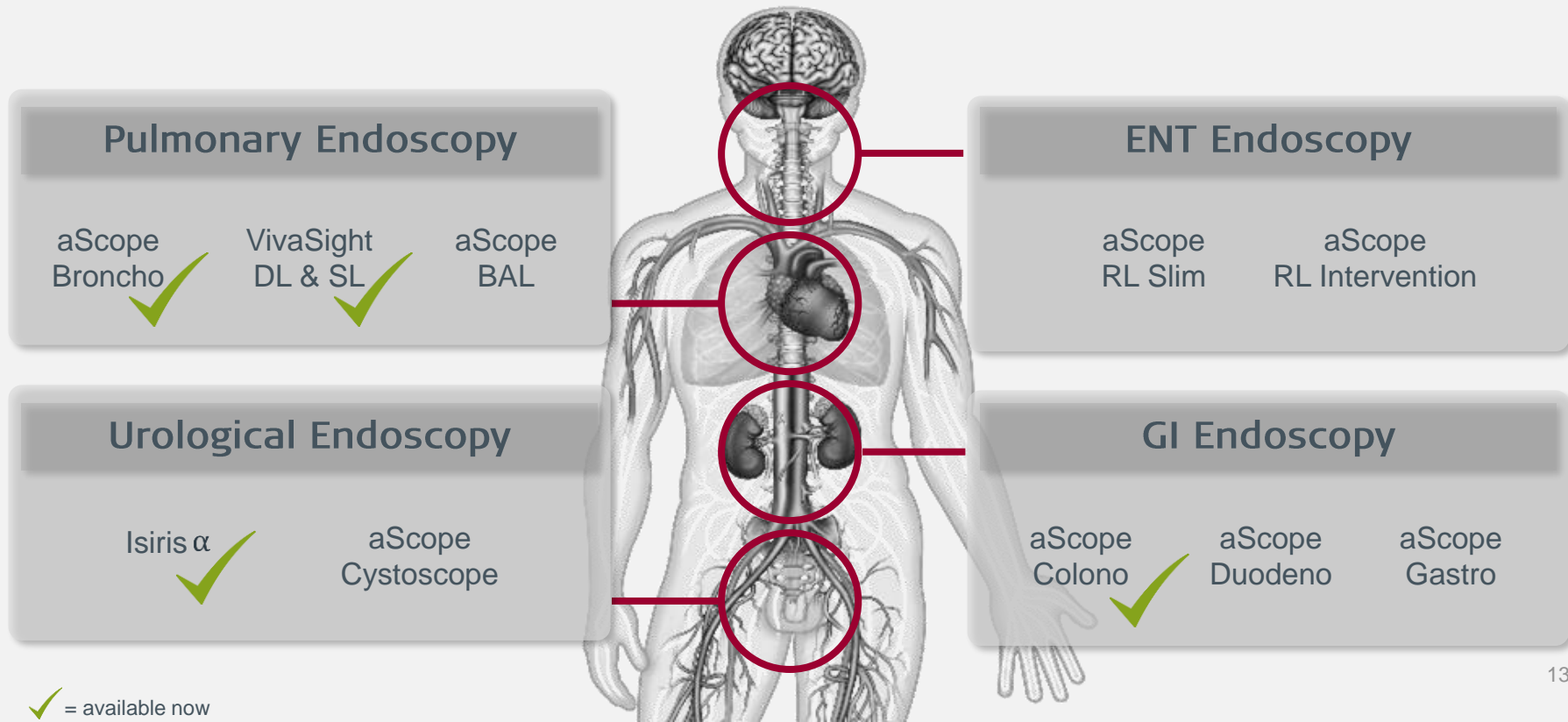
## Product offering will cover all flexible endoscopy areas

**Offering a new way for hospitals to operate**

- ✓ Eliminating cross-contamination
- ✓ A flexible capital model
- ✓ Much lower investments for capital equipment and cleaning setups
- ✓ Less overhead
- ✓ Freedom to operate without locked supplier contracts across areas

# By 2020, it is our ambition to be the first to offer a full range of single-use endoscopes

Our visualisation offering will address all major flexible endoscopy procedures



# The Big Five endoscopy projects on track

## Big Five 2020 endoscopy projects



Pre-launch  
activities



January 2018  
FDA clearance  
on colonoscope



Scalable  
production



Scalable production  
setup in Malaysia



Development  
activities



Launch  
Colonoscope



Launch  
BAL scope



Launch  
ENT scopes



Launch  
Duodenoscope



Launch  
Cystoscope



Launch  
Gastroscope



# Financial results and outlook





# Growth and profits

## – Expansion of EBIT and gross margins continues

DKKm	Q2 17/18	Q2 16/17
Revenue	651	613
<b>Gross margin</b>	<b>60.5%</b>	<b>55.6%</b>
OPEX	-238	-220
Cost percentage	37%	36%
EBIT	156	121
<b>EBIT margin</b>	<b>24.0%</b>	<b>19.7%</b>
Financials, net	-37	-11
Net result	92	84

- 15% organic growth and 6% in DKK from depreciating USD/DKK
- Gross margin up 4.9%-points due to scale, mix and efficiency
- Cost base includes Invendo and sales expansion in US
- EBIT margin up 4.3%-points
- Non-cash interest costs of DKK 48m from Invendo acquisition

# Cash flow and debt

## – Net working capital at 22%

DKKm	Q2 17/18		Q2 16/17	
<b>Cash flow and ratios:</b>				
Operating activities	70	11%	90	14%
Investing activities	-48	-8%	-39	-6%
<b>FCF before acquisitions</b>	<b>22</b>	<b>3%</b>	<b>51</b>	<b>8%</b>
<b>Balance sheet:</b>				
Total assets	4,100		2,507	
NIBD (Net interest-bearing debt)	1,241		997	
<b>Key Figures:</b>				
Net working capital	22%		23%	
Equity ratio	42%		44%	
NIBD/EBITDA	2.0		1.9	

- Operating cash flow at 11%
- Investments of 8% (6%) including buildings by 2% (1%)
- Working capital at 22% (23%) of revenue
- Bond loan has been repaid
- Unused credit facilities at DKK 1.1bn
- Share buy back has been 68% completed with a total investment of 320 mio. DKK

# Full-year outlook raised

	Local currencies			Danish Kroner		
	7 May 2018	31 January 2018	9 November 2017	7 May 2018	31 January 2018	9 November 2017
Organic growth	14-15%	~13%	~13%	-	-	-
EBIT margin	-	-	-	20-21%	20-21%	~20%
Free cash flows*	-	-	-	~DKK 300m	~DKK 300m	~DKK 275m

\* Before acquisitions

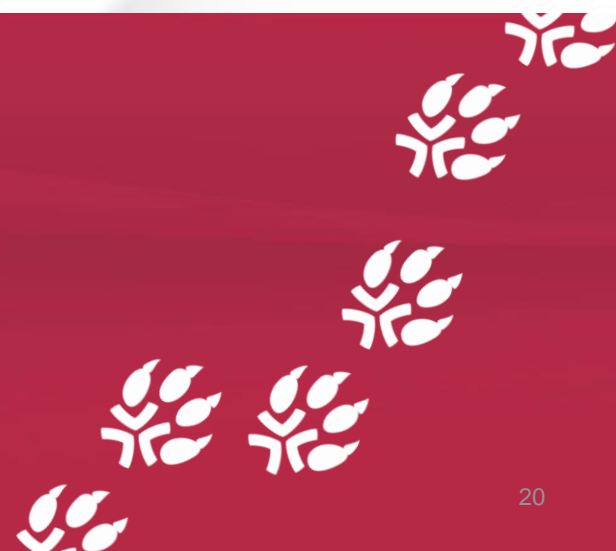
# In summary

- Big Five 2020 strategy on plan
- Core business on track for FY 4-5% growth
- Visualisation continues high growth
- Strong profitable growth
- Ambu on path to full range in single-use endoscopy before 2020
- Outlook on organic growth lifted





# Q&A





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

**Contact**

CEO Lars Marcher, [lm@ambu.com](mailto:lm@ambu.com) or +45 5136 2490

CFO Michael Højgaard, [miho@ambu.com](mailto:miho@ambu.com) or +45 4030 4349