Interim report for Q3 2015/16

With organic growth of 9%, an EBIT margin of 18.2%, significantly increased profit margins and free cash flows and a reduction of working capital to 24% of revenue, Ambu is well on the way to meeting its long-term targets before time.

"We are realising organic growth of 9% in Q3, while significantly increasing earnings and free cash flows. These are signs of a healthy business, which is why we are again upping the outlook for the year. Sales of our growth products are still seeing impressive growth, whereas we have seen a decline in sales of our core products. This is due to timing differences, and I still expect that we will reach our target of core business growth of 2-3% for the year. We are maintaining our focus on strict cost control, and we continue to increase our efficiency. All in all, this equates to more than a tripling of our bottom-line compared to the prior-year period," says President and CEO Lars Marcher.

- Revenue of DKK 517m was posted for Q3, representing growth of 9% in local currencies and 7% in Danish kroner.
- In terms of business areas, growth of 18% was realised by Anaesthesia, while Patient Monitoring & Diagnostics posted growth of -2% (in local currencies).
- Europe contributed growth of 12%, and North America 9% (in local currencies).
- For the Rest of the world, growth of 2% (in local currencies) was reported. Growth in Asia and Oceania is satisfactory at 9%, while the economic situation in Latin America and the Middle East remains difficult.
- Sales of Ambu® aScope™ 3 are developing as expected with sales in the quarter of 57,000 units, representing more than a doubling relative to the prior-year period.
- The gross margin was 53.2% (48.1%), corresponding to an improvement of 5.1 percentage points. The improved gross margin is attributable to a combination of a more profitable product mix and lower production costs.
- Capacity costs totalled DKK 181m (DKK 176m), corresponding to a net increase of 3%. The rate of cost was 35% (37%).
- EBIT for the quarter was DKK 94m (DKK 56m), with an EBIT margin of 18.2% (11.6%). Year-to-date, the EBIT margin was 14.9% (8.8%).
- Free cash flows before company acquisitions totalled DKK 172m (DKK 34m) for the quarter, and year-to-date DKK 206m (DKK -12m).
- In Q3, Ambu signed a conditional agreement on the acquisition of the Israeli company ETView Medical Ltd. at a price of USD 16m. The acquisition is expected to be completed in Q4.

- As described in company announcement no. 35 2015/16 of 19 August 2016, a decision has been made to initiate a share buyback programme to cover outstanding share options. The programme, which will not be covered by the rules set out in Article 5 of the market abuse regulation, aims to buy back up to 268,000 shares in Ambu A/S.
- The outlook for 2015/16 is raised. The outlook is now for organic growth in the region of 9% against the previously announced outlook of 8-9%, an EBIT margin of approx. 16-17% against the previously announced 15-16%, and free cash flows of approx. DKK 275m against the previously announced DKK 150-175m. Interest-bearing debt is expected to be in the region of 2.1 x EBITDA, compared to the previously announced level of 2.0. It is assumed that both the acquisition of ETView Medical Ltd. and the share buyback programme announced today will be fully implemented by the end of the current financial year.

A **conference call** is being held today, 19 August 2016, at 11.00 (CET). To participate, please call the following number five minutes before the start of the conference: + 45 3544 5580. The conference can be followed via www.ambu.com/webcastQ32016 and is held in English. The presentation can be downloaded immediately before the conference call via the same link.

Contact

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About Ambu

Since 1937, breakthrough ideas have fuelled our work on bringing efficient healthcare solutions to life. This is what we create within our fields of excellence – Anaesthesia, Patient Monitoring & Diagnostics, and Emergency Care. Millions of patients and healthcare professionals worldwide depend on the functionality and performance of our products. We are dedicated to improve patient safety and determined to advance single-use devices. The manifestations of our efforts range from early inventions like the Ambu Bag™ resuscitator and the legendary BlueSensor™ electrodes to our newest landmark solutions like the aScope™ endoscope – the world's first single-use flexible video scope. Our commitment to bringing new ideas and superior service to our customers has made Ambu one of the most recognized medical companies in the world. Headquartered near Copenhagen in Denmark, Ambu employs approximately 2,300 people in Europe, North America and the Asia Pacific. You can find more information about Ambu at www.ambu.com.

Financial highlights

DKKm	Q3 2015/16	Q3 2014/15	YTD 2015/16	YTD 2014/15	FY 2014/15
Income statement					
Revenue	517	482	1,511	1,353	1,889
Gross margin, %	53.2	48.1	51.6	47.7	48.5
EBITDA	121	81	304	192	332
Depreciation	12	12	35	36	48
Amortisation	15	13	44	37	48
EBIT	94	56	225	119	236
Net financials	-6	-29	-19	-4	-21
Profit before tax	88	27	206	115	215
Net profit for the period	75	20	158	86	152
Balance sheet					
Assets	2,250	2,288	2,250	2,288	2,254
Working capital	494	565	494	565	551
Equity	972	978	972	978	1,036
Net interest-bearing debt	853	804	853	804	731
Cash flows					
Cash flows from operating activities	196	57	268	68	208
Cash flows from investing activities before acquisitions of companies and technology	-24	-23	-62	-80	-101
Free cash flows before acquisitions of companies and technology	172	34	206	-12	107
Acquisitions of companies and technology	62	18	62	18	17
Key figures and ratios					
Organic growth, %	9	9	9	9	9
Rate of cost, %	35	37	37	39	36
EBITDA margin, %	23.4	16.8	20.1	14.2	17.6
EBIT margin, %	18.2	11.6	14.9	8.8	12.5
Tax rate, %	15	26	23	25	29
Return on equity, %	23	20	23	20	16
NIBD/EBITDA	1.9	2.7	1.9	2.7	2.2
Equity ratio, %	43	43	43	43	46
Investments, % of revenue	5	5	4	6	5
Working capital, % of revenue	24	31	24	31	29
ROIC, % after tax, incl. goodwill	18	11	18	11	12
Average no. of employees	2,339	2,264	2,318	2,281	2,270
Share-related ratios					
Market price per share (DKK)	276	175	276	175	181
Earnings per share (EPS) (DKK)	1.58	0.41	3.32	1.80	3.16
Diluted earnings per share (EPS-D) (DKK)	1.53	0.40	3.22	1.75	3.06

Management's review
for Q3 2015/16

PRODUCT AREAS
(Comparative figures are stated in brackets)

Anaesthesia
Within Anaesthesia, sales increased by 18% in Q3 when measured in local currencies, and by 14% in Danish kroner. Growth was driven, in particular, by aScope 3, which is still developing very positively. With sales in Q3 of 57,000 units, total sales in the first three quarters of the year have topped 135,000 units, representing more than a doubling relative to the prior-year period.

The aScope portfolio was expanded in Q3 to include aScope 3 Large, a product targeted at hospital intensive care units (ICUs). aScope 3 Large contributes a single month's sales to the results for Q3. The product has been launched in Europe and Asia, and it is expected to be approved for the North American market before the end of the current financial year. The aScope family now comprises four products, each addressing specific needs in hospital operating theatres and ICUs.

Sales of Anaesthesia products other than aScope are developing as expected. Q3 was, however, hit by a number of timing differences, which are resulting in lower-than-normal growth for these products.

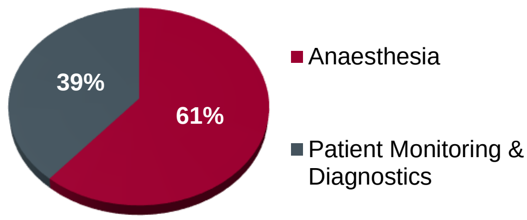
In Q3, Ambu signed a conditional agreement on the acquisition of the Israeli company ETView Medical Ltd. ETView owns and produces single-use airway tubes with integrated imaging cameras. The acquisition is conditional upon approval by the shareholders in Israel and is expected to be completed before the end of the current financial year. The agreed purchase price is USD 16.0m on a debt-free basis.

The ETView product portfolio creates fine synergies with our existing aScope product platform and will enable Ambu to further speed up the conversion from reusable to single-use pulmonary endoscopy products, thus strengthening Ambu's Anaesthesia business.

Patient Monitoring & Diagnostics
In Q3, Patient Monitoring & Diagnostics (PMD) posted growth in sales of -2%, both in local currencies and in Danish kroner. In local currencies, year-to-date growth is positive at 2%.

PMD results for Q3 were affected by continued economic uncertainty in some geographical areas as well as the postponement of deliveries, which meant that combined growth was negative. We still expect satisfactory positive growth within the area for the year.

Breakdown of revenue on product areas

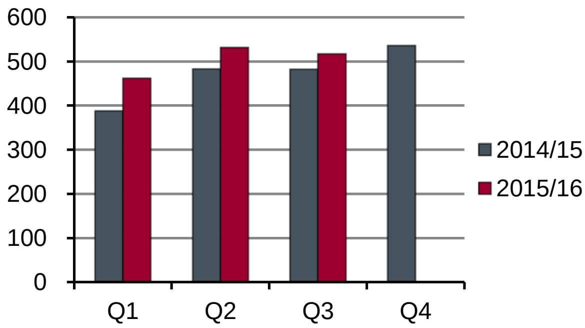


FINANCIAL RESULTS

INCOME STATEMENT

Revenue
Revenue of DKK 517m was posted in Q3, representing growth of 9% in local currencies, and 7% in Danish kroner. Growth is broadly based geographically with 12% growth in Europe, 9% in North America and 9% in Asia, whereas the markets in the Middle East and Latin America remain slow due to the economic situation in these regions, and therefore contribute negative growth rates.

Revenue – quarters (DKKm)



Revenue – business areas

	Q3		Composition of growth			YTD		Composition of growth		
	15/16	14/15	Organic*	Currencies	Reported	15/16	14/15	Organic*	Currencies	Reported
Anaesthesia	316	276	18%	-4%	14%	922	784	14%	4%	18%
PMD	201	206	-2%	0%	-2%	589	569	2%	2%	4%
Revenue	**517**	**482**	**9%**	**-2%**	**7%**	**1,511**	**1,353**	**9%**	**3%**	**12%**

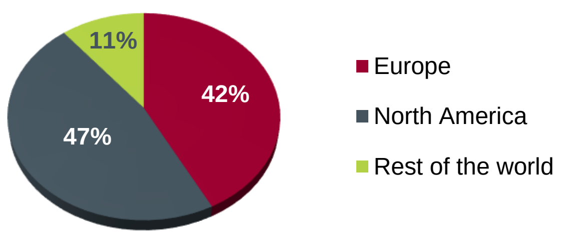
**Local currencies*

Growth in North America is driven by a healthy development in sales of aScope, but is also characterised by some fluctuations in growth for other product categories. This is not due to changes in the underlying competitive situation, but simply timing differences in sales, and against this background, 9% sales growth in North America is very satisfactory.

Growth in Europe was 12% for the quarter, and 13% for the first three quarters, when measured in local currencies. Growth is being realised in all the European markets, with double-digit growth rates in central and western Europe. Growth is broadly based in terms of products and with a sensible development for PMD, where a number of new products have been added to the portfolio, which over time will stabilise growth in this business area.

The markets in Asia and Oceania are still characterised by satisfactory growth at a rate of 9% for the quarter. Growth is lower than in previous quarters due to timing differences in sales of a number of core products, including electrodes for cardiology and breathing circuits, while sales of, for example, laryngeal masks and King Vision are developing positively.

Geographical breakdown of revenue



Currency exposure

Ambu is significantly impacted by developments in USD/DKK, as approx. 50% of the company's revenue is invoiced in USD. Moreover, EBIT is influenced by developments in the CNY/DKK and MYR/DKK exchange rates, as a significant share of the value of Ambu's production in the Far East is settled in these currencies. Exchange rate developments against DKK and USD are shown in the table below:

	Average exchange rates			Change	
	Q3 YTD 14/15	FY 14/15	Q3 YTD 15/16	FY 14/15-Q3 YTD 15/16	Q3 YTD YoY
USD/DKK	645	651	673	3%	4%
MYR/DKK	182	178	162	-9%	-11%
CNY/DKK	104	105	104	-1%	0%
MYR/USD	28.2	27.3	24.0	-12%	-15%
CNY/USD	16.1	16.1	15.4	-4%	-4%

Year-to-date, USD/DKK increased by 4% compared to the prior-year period, while MYR/DKK fell by 11%.

The correlation between exchange rate changes and revenue and EBIT, respectively, can be summarised over a 12-month period as follows, based on an increase in exchange rates of 10% against DKK:

DKKm	USD	MYR	CNY
Revenue	100	0	0
EBIT	25	-10	-15

Year-to-date, the combined effect of exchange rate fluctuations on operations compared to the prior-year period is an increase in revenue of approx. DKK 35m and an increase in production and capacity costs of approx. DKK 20m, resulting in a positive net effect on EBIT of approx. DKK 15m year-to-date.

Gross profit

The gross profit for Q3 was DKK 275m (DKK 232m), and the gross margin was increased by 5.1 percentage points to 53.2% (48.1%). Year-to-date, the gross margin is 51.6%, corresponding to an improvement of 3.9 percentage points relative to the prior-year period.

The increased gross margin can be attributed to a significantly improved product mix and efficiency increases in production and logistics.

Revenue – markets

	Q3		Composition of growth			YTD		Composition of growth		
	15/16	14/15	Organic*	Currencies	Reported	15/16	14/15	Organic*	Currencies	Reported
Europe	219	199	12%	-2%	10%	655	578	13%	0%	13%
North America	242	226	9%	-2%	7%	703	629	7%	5%	12%
Rest of the world	56	57	2%	-4%	-2%	153	146	5%	0%	5%
Revenue	**517**	**482**	**9%**	**-2%**	**7%**	**1,511**	**1,353**	**9%**	**3%**	**12%**

**Local currencies*

Costs

Capacity costs for the quarter totalled DKK 181m (DKK 176m), up 3%.

The rate of cost year-to-date was 37% (39%).

Selling costs for the quarter were DKK 93m (DKK 100m). The reduction in selling costs can be ascribed to lower freight costs as a result of the implemented supply chain improvements as well as the abolition of the Medical Device Excise Tax (MDET). MDET has so far been levied at a rate of 1.6% on sales in the USA, but as from 1 January 2016, the tax has been suspended for the next two years; for Q3, this resulted in savings of approx. DKK 4m.

Development costs for the quarter totalled DKK 17m (DKK 14m), representing an increase of approx. 20%, which reflects an increased level of activity. The correlation between capitalisation of costs and the recognition of amortisation in the income statement is shown in the table below. Year-to-date, amortisation of DKK 39m has been recognised, and investments of DKK 38m have been made. The recognised development costs are thus not substantially different from the cash flows from the underlying development activities.

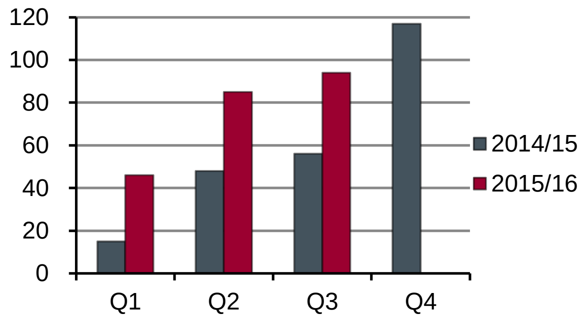
DKKm	YTD	
	15/16	**14/15**
Development costs	49	41
- Amortisation	-39	-33
+ Investments	38	29
= Cash flows	**48**	**38**

Management and administrative expenses for the quarter totalled DKK 71m (DKK 57m), corresponding to an increase of 24%, of which more than half can be ascribed to increased activity levels as well as currency effects. In addition, the item is affected by a number of non-recurring costs, accruals etc.

EBIT

EBIT for Q3 was DKK 94m (DKK 56m), with an EBIT margin of 18.2% (11.6%). Year-to-date, EBIT was DKK 225m (DKK 119m), with an EBIT margin of 14.9% (8.8%).

EBIT – quarters (DKKm)



Net financials

Net financials amounted to net expenses of DKK 6m (DKK 29m) for the quarter, and year-to-date DKK 19m (DKK 4m).

Net financials year-to-date are composed as follows:

- Foreign exchange gains amounted to a net amount of DKK 8m (DKK 57m).
- Interest expenses for bank and bond debt totalled DKK 22m (DKK 21m).
- Fair value adjustment of currency swaps constituted an expense of DKK 2m (cost of DKK 35m).
- The interest element from liabilities stated at present discounted value is included with a cost of DKK 3m (DKK 5m).

Tax

The estimated provision for income tax for accounting purposes has been reassessed. The reason for this is that the distribution of profit between territories is different now than 12 months ago, resulting in increased tax efficiency. So far, a provision has been made of 30% for income tax, but this is now expected to be in the range of 23-24% of the profit before tax, adjusted for non-deductible items. At the end of Q3, the provision was adjusted accordingly, which is why the tax rate for Q3 appears relatively low.

Net profit

Net profit totalled DKK 75m (DKK 20m) for the quarter, and year-to-date DKK 158m (DKK 86m).

BALANCE SHEET

At the end of the quarter, the value of total assets was DKK 2,250m (DKK 2,288m).

Working capital was reduced to DKK 494m (DKK 565m), corresponding to 24% (31%) of 12 months of revenue. The reason for this significant reduction is primarily a considerable reduction in overdue debtors and general increases in the efficiency of the related processes. In addition, the inventory turnover ratio has been increased.

Trade receivables totalled DKK 362m at the end of the quarter against DKK 439m at the same time last year. This corresponds to a reduction in the average number of credit days by 24 to 65 days at the end of the quarter. The efforts which have gone into improving the collection of trade receivables have thus had a significantly positive but extraordinary effect in Q3.

The credit risk attaching to outstanding debtors is deemed to be unchanged, and the quarter was not affected by bad debts to any significant extent.

At the end of the quarter, cash amounted to DKK 73m (DKK 80m). In addition, Ambu has unutilised credit facilities of DKK 200m.

At the end of the quarter, total financial net debt amounted to DKK 853m (DKK 804m), of which DKK 700.5m is financed via corporate bonds. Interest-bearing net debt totalled 1.9 (2.7) x rolling 12-month EBITDA.

CASH FLOWS

Year-to-date, cash flows from operating activities amounted to DKK 268m (DKK 68m), impacted in particular by the reduction in trade receivables which has been achieved.

Year-to-date, investments in non-current assets totalled DKK 62m (DKK 80m), which is in line with expectations. The lower level of investment in Q3 compared to the prior-year period is due to the fact that an amount of DKK 15m was paid in Q1 2014/15 as part of an investment in the factory in Malaysia. Adjusted for this, the level of investment is unchanged.

Free cash flows before company acquisitions totalled DKK 206m (DKK -12m) year-to-date.

A total investment amount of DKK 62m (DKK 18m) has been earmarked for the acquisition of companies and technologies. This includes DKK 59m for the acquisition of breathing circuit patents, as announced in company announcement no. 28 of 7 April 2016.

SHARE BUYBACK PROGRAMME

At the end of Q3, Ambu had a portfolio of own shares of 1,097,472 Class B shares, corresponding to 2.27% of the total share capital.

To cover outstanding share options, a decision has been made to initiate a programme for the buyback of 268,000 Class B shares in Ambu A/S, corresponding to 0.55% of the total share capital. All outstanding share options will then be covered. The programme, which will not be covered by the rules set out in Article 5 of the market abuse regulation, is expected to be completed by 30 September 2016 at the latest. The programme is described in company announcement no. 35 2015/16 of 19 August 2016.

OUTLOOK 2015/16

The outlook for 2015/16 is raised to organic growth of 9% against the previously announced outlook of 8-9%, an EBIT margin in Danish kroner of approx. 16-17% against the previously announced 15-16% and free cash flows of approx. DKK 275m against the previously announced DKK 150-175 m.

With regard to the capital structure, net interest-bearing debt of approx. 2.1 x EBITDA is forecast, compared to the previously announced level of 2.0. It is assumed that both the acquisition of ETView Medical Ltd. and the share buyback programme announced today will be fully implemented by the end of the current financial year.

	Local currencies		
	19 August 2016	**3 May 2016**	**11 November 2015**
Growth in revenue	Approx. 9%	8-9%	7-9%

	Danish kroner		
	19 August 2016	**3 May 2016**	**11 November 2015**
EBIT margin	16-17%	15-16%	14-15%
Free cash flows	Approx. DKK 275m	DKK 150-175m	DKK 150-175m
Gearing	Approx. 1.7/2.1*	Approx. 2.0	Approx. 2.0

* Approx. 1.7 before the acquisition of ETView Medical Ltd. and implementation of the share buyback programme. Approx. 2.1 when factoring in these two events.

The outlook for 2015/16 is based on the following exchange rate assumptions, which are unchanged from the most recent announcement on 3 May 2016:

	Expectations for exchange rates for 2015/16		
	19 August 2016	**3 May 2016**	**11 November 2015**
USD/DKK	675	675	675
CNY/DKK	103	103	103
MYR/DKK	165	165	155

FORWARD-LOOKING STATEMENTS

Forward-looking statements, especially such as relate 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 to differ materially from the expectations contained in this report. Factors that might affect such expectations include, among others, changes in health care, in the world economy, in interest rate levels and in exchange rates.

FINANCIAL CALENDAR

30 September 2016	End of FY 2015/16
18 October 2016	Silent period ending 8 November 2016
8 November 2016	Publication of financial statements for FY 2015/16

Quarterly results

DKKm	Q3 2015/16	Q2 2015/16	Q1 2015/16	Q4 2014/15	Q3 2014/15	Q2 2014/15	Q1 2014/15
Revenue	517	532	462	536	482	483	388
Composition of reported growth:							
Organic growth in local currencies	9%	8%	11%	10%	9%	9%	9%
Exchange rate effects on reported growth	-2%	2%	8%	11%	12%	11%	4%
Reported revenue growth	**7%**	**10%**	**19%**	**21%**	**21%**	**20%**	**13%**
Organic growth, products:							
Anaesthesia	18%	13%	13%	14%	16%	19%	16%
PMD	-2%	1%	8%	6%	2%	-3%	0%
Organic growth in local currencies	**9%**	**8%**	**11%**	**10%**	**9%**	**9%**	**9%**
Organic growth, markets:							
Europe	12%	12%	16%	16%	10%	5%	13%
North America	9%	4%	8%	12%	5%	13%	2%
Rest of the world	2%	12%	-1%	-10%	21%	6%	24%
Organic growth in local currencies	**9%**	**8%**	**11%**	**10%**	**9%**	**9%**	**9%**
Gross profit	**275**	**270**	**234**	**271**	**232**	**231**	**182**
Gross margin, %	*53.2*	*50.8*	*50.6*	*50.6*	*48.1*	*47.8*	*46.9*
Selling costs	-93	-97	-100	-83	-100	-104	-95
Development costs	-17	-17	-15	-13	-14	-14	-13
Management and administration	-71	-71	-73	-58	-57	-65	-59
Other operating expenses	0	0	0	0	-5	0	0
Capacity costs	*-181*	*-185*	*-188*	*-154*	*-176*	*-183*	*-167*
Operating profit (EBIT)	**94**	**85**	**46**	**117**	**56**	**48**	**15**
EBIT margin, %	*18.2*	*16.0*	*10.0*	*21.8*	*11.6*	*9.9*	*3.9*
Financial income	8	-13	13	-5	-30	72	15
Financial expenses	-14	2	-15	-12	1	-43	-19
Profit before tax (PBT)	**88**	**74**	**44**	**100**	**27**	**77**	**11**
Tax on profit for the period	-13	-22	-13	-34	-7	-19	-3
Net profit for the period	**75**	**52**	**31**	**66**	**20**	**58**	**8**

Quarterly results (continued)

DKKm	Q3 2015/16	Q2 2015/16	Q1 2015/16	Q4 2014/15	Q3 2014/15	Q2 2014/15	Q1 2014/15
Balance sheet:							
Assets	2,250	2,301	2,271	2,254	2,288	2,371	2,107
Working capital	494	572	550	551	565	556	482
Equity	972	860	940	1,036	978	978	826
Net interest-bearing debt	853	958	883	731	804	832	843
Cash flows:							
Cash flows from operating activities	196	50	22	140	57	27	-16
Cash flows from investing activities before acquisitions of companies and technology etc.	-24	-19	-19	-21	-23	-23	-34
Free cash flows before acquisitions of companies and technology etc.	172	31	3	119	34	4	-50
Key figures and ratios:							
Capacity costs	181	185	188	154	176	183	167
Rate of cost, %	35	35	41	29	37	38	43
EBITDA	121	113	70	140	81	72	39
EBITDA margin, %	23.4	21.2	15.2	26.1	16.8	14.9	10.1
Depreciation	12	12	11	12	12	13	11
Amortisation	15	16	13	11	13	11	13
EBIT	94	85	46	117	56	48	15
EBIT margin, %	18.2	16.0	10.0	21.8	11.6	9.9	3.9
NIBD/EBITDA	1.9	2.4	2.4	2.2	2.7	2.8	2.9
Working capital, % of revenue	24	28	28	29	31	33	30
Share-related ratios:							
Market price per share (DKK)	276	232	210	181	175	161	149
Earnings per share (EPS) (DKK)	1.58	1.09	0.65	1.36	0.41	1.22	0.17
Diluted earnings per share (EPS-D) (DKK)	1.53	1.06	0.63	1.31	0.40	1.18	0.17

Management's statement

The Board of Directors and the Executive Board of Ambu A/S have discussed and approved the interim report for the period 1 October 2015 - 30 June 2016. The interim report has not been audited or reviewed by the company's independent auditors.

The interim report is presented in accordance with IAS 34 – Interim Financial Reporting as adopted by the EU and additional Danish disclosure requirements for the interim reporting of listed companies.

We consider the accounting policies applied to be expedient, the group's internal controls relevant to preparing and presenting the interim report to be adequate and the interim report to give a true and fair view of the group's assets, liabilities, results and financial position as at 30 June 2016 and of the results of the group's operations and cash flows for the period 1 October 2015 - 30 June 2016.

We further consider that the management's review gives a true and fair view of the development in the group's activities and financial affairs, the profit for the period and the group's financial position as a whole as well as a description of the most significant risks and uncertainties to which the group is subject.

Ballerup, 19 August 2016

Executive Board

Lars Marcher CEO	Michael Højgaard CFO

Board of Directors

Jens Bager Chairman	Mikael Worning Vice-Chairman	Pernille Bartholdy
Oliver Johansen	Jakob Bønnelykke Kristensen	Allan Søgaard Larsen
Anita Krarup Frederiksen	Christian Sagild	Henrik Ehlers Wulff

Consolidated financial statements
Interim report for Q3 2015/16

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Interim report for Q3 2015/16

DKKm

Income statement	Note	Q3 2015/16	Q3 2014/15	YTD 2015/16	YTD 2014/15	FY 2014/15
Revenue		517	482	1,511	1,353	1,889
Production costs		-242	-250	-732	-708	-973
Gross profit		**275**	**232**	**779**	**645**	**916**
Selling costs		-93	-100	-290	-299	-382
Development costs		-17	-14	-49	-41	-54
Management and administration		-71	-57	-215	-181	-239
Other operating expenses		0	-5	0	-5	-5
Operating profit (EBIT)		**94**	**56**	**225**	**119**	**236**
Financial income	9	8	-30	8	57	52
Financial expenses	9	-14	1	-27	-61	-73
Profit before tax		**88**	**27**	**206**	**115**	**215**
Tax on profit for the period		-13	-7	-48	-29	-63
Net profit for the period		**75**	**20**	**158**	**86**	**152**
Earnings per share in DKK						
Earnings per share (EPS)		1.58	0.41	3.32	1.80	3.16
Diluted earnings per share (EPS-D)		1.53	0.40	3.22	1.75	3.06

Statement of comprehensive income	Q3 2015/16	Q3 2014/15	YTD 2015/16	YTD 2014/15	FY 2014/15
Net profit for the period	75	20	158	86	152
Other comprehensive income:					
Items which are moved to the income statement under certain conditions:					
Translation adjustment in foreign subsidiaries	20	-39	6	74	91
Tax on translation adjustments in foreign subsidiaries	0	3	0	-11	-3
Adjustment to fair value for the period:					
Disposals included in net financials	0	0	0	0	0
Additions concerning hedging instruments	2	0	4	2	1
Tax on hedging transactions	0	0	0	-1	0
Other comprehensive income after tax	**22**	**-36**	**10**	**64**	**89**
Comprehensive income for the period	**97**	**-16**	**168**	**150**	**241**

Balance sheet – Group

Interim report for Q3 2015/16

DKKm

Assets	Note	30.06.16	30.06.15	30.09.15
Acquired technologies, trademarks and customer relations		90	107	103
Completed development projects		71	59	61
Rights		104	55	54
Goodwill		814	808	810
Development projects in progress		67	48	58
Intangible assets		**1,146**	**1,077**	**1,086**
Land and buildings		127	138	128
Plant and machinery		97	94	93
Other plant, fixtures and fittings, tools and equipment		31	35	34
Prepayments and plant under construction		19	33	25
Property, plant and equipment		**274**	**300**	**280**
Deferred tax asset		35	32	30
Other receivables		6	6	5
Other non-current assets		**41**	**38**	**35**
Total non-current assets		**1,461**	**1,415**	**1,401**
Inventories		304	300	278
Trade receivables		362	439	473
Other receivables		13	16	15
Income tax receivable		5	2	4
Prepayments		32	36	35
Cash		73	80	48
Total current assets		**789**	**873**	**853**
Total assets		**2,250**	**2,288**	**2,254**

Equity and liabilities	Note	30.06.16	30.06.15	30.09.15
Share capital		121	121	121
Other reserves		851	857	915
Equity		**972**	**978**	**1,036**
Credit institutions		177	2	2
Provision for deferred tax		2	44	17
Corporate bonds		699	698	698
Other provisions		48	52	48
Non-current liabilities		**926**	**796**	**765**
Current portion of non-current liabilities		50	2	2
Other provisions		5	28	6
Bank debt		0	182	77
Trade payables		91	97	115
Income tax		40	32	72
Other payables		132	135	140
Derivative financial instruments		34	38	41
Current liabilities		**352**	**514**	**453**
Total liabilities		**1,278**	**1,310**	**1,218**
Total equity and liabilities		**2,250**	**2,288**	**2,254**

Cash flow statement – Group

Interim report for Q2 2015/16

DKKm

	Note	30.06.16	30.06.15	30.09.15
Net profit for the period		158	86	152
Adjustment of items with no cash flow effect	6	152	115	191
Income tax paid		-72	-35	-37
Interest expenses and similar items		-27	-28	-28
Changes in working capital	7	57	-70	-70
Cash flows from operating activities		**268**	**68**	**208**
Purchase of non-current assets		-62	-80	-104
Divestment of subsidiary		0	0	3
Cash flows from investing activities before acquisitions of companies and technology etc.		**-62**	**-80**	**-101**
Free cash flows before acquisitions of companies and technology etc.		**206**	**-12**	**107**
Acquisition of technology		-59	0	0
Acquisition of companies		-3	-18	-17
Cash flows from acquisitions of companies and technology etc.		-62	-18	-17
Cash flows from investing activities		**-124**	**-98**	**-118**
Free cash flows after acquisitions of companies and technology etc.		**144**	**-30**	**90**
Changes in other non-current liabilities		223	-2	-3
Capital increase, Class B share capital		4	19	19
Exercise of options		3	11	11
Cash settlement, options		-32	0	0
Purchase of Ambu A/S shares, treasury shares		-195	-28	-74
Dividend paid		-46	-45	-45
Dividend, treasury shares		1	0	0
Cash flows from financing activities		**-42**	**-45**	**-92**
Changes in cash and cash equivalents		**102**	**-75**	**-2**
Cash and cash equivalents, beginning of period		-29	-33	-33
Translation adjustment of cash and cash equivalents		0	6	6
Cash and cash equivalents, end of period		**73**	**-102**	**-29**
Cash and cash equivalents, end of period, are composed as follows:				
Cash		73	80	48
Bank debt		0	-182	-77
		73	**-102**	**-29**

Statement of changes in equity – Group

Interim report for Q3 2015/16

DKKm

	Share capital	Share premium	Reserve for hedging transactions	Reserve for foreign currency translation adjustment	Retained earnings	Proposed dividend	Total
Equity as at 1 October 2015	**121**	**32**	**-3**	**128**	**712**	**46**	**1,036**
Net profit for the period					158		158
Other comprehensive income for the period			4	6			10
Total comprehensive income	**0**	**0**	**4**	**6**	**158**	**0**	**168**
Transactions with the owners:							
Exercise of options					3		3
Cash settlement, options					-32		-32
Share-based payment					6		6
Tax deduction relating to share options					27		27
Purchase of treasury shares					-195		-195
Distributed dividend						-45	-45
Dividend, treasury shares					1	-1	0
Capital increase, Class B share capital		4					4
Equity as at 30 June 2016	**121**	**36**	**1**	**134**	**680**	**0**	**972**

Equity as at 1 October 2014	**119**	**15**	**-4**	**40**	**639**	**45**	**854**
Net profit for the period					86		86
Other comprehensive income for the period			1	63			64
Total comprehensive income	**0**	**0**	**1**	**63**	**86**	**0**	**150**
Transactions with the owners:							
Exercise of options					11		11
Share-based payment					4		4
Tax deduction relating to share options					13		13
Purchase of treasury shares					-28		-28
Distributed dividend						-45	-45
Dividend, treasury shares							0
Capital increase, Class B share capital	1	18					19
Equity as at 30 June 2015	**120**	**33**	**-3**	**103**	**725**	**0**	**978**

Notes to the interim report

Interim report for Q3 2015/16

Note 1 – Basis of preparation of interim report

The interim report for the period 1 October 2015 to 30 June 2016 is presented in accordance with IAS 34 – Interim Financial Reporting as adopted by the EU and additional Danish disclosure requirements for the interim reporting of listed companies. The accounting principles applied are consistent with the principles applied in the annual report for 2014/15. The ratios have been calculated in accordance with The Danish Finance Society's 'Recommendations and Financial Ratios 2015'. For definitions, please refer to note 5.10 in the annual report for 2014/15.

Note 2 – Material accounting estimates

In connection with the preparation of the interim report, the management makes material accounting estimates, assessments and assumptions which form the basis of the presentation, recognition and measurement of the group's assets and liabilities for accounting purposes. There are no significant changes in the material estimates or assessments presented in note 1.1 to the annual report for 2014/15.

Note 3 – Seasonal fluctuations

Gross margin
Historically, the gross margin is lower in H1 than in H2 due to higher activity levels in H2. The lowest gross margin is seen in Q1, where revenue relative to other quarters is the lowest.

Cash flows from operating activities
Cash flows from operating activities have historically been lower in Q1 as a result of bonuses paid, income tax as well as a lower earnings level and increased working capital. Cash flows from operating activities tend to increase gradually in Q2 and Q3, peaking in Q4. The increased level of cash flows from operating activities in Q4 is due to the collection of revenue from Q3 and partially Q2 as well as a reduction of working capital.

For Q3, cash flows from operating activities are DKK 196m, which is considerably higher than in previous quarters as a result of improved internal processes.

Note 4 – Segment information

Ambu is a supplier of medtech products for the global market. Except for the sales of the various products, no structural or organisational aspects allow for a division of earnings from individual products, as sales channels, customer types and sales organisations are identical for all important markets. Furthermore, production processes and internal controls and reporting are identical, which means that with the exception of revenue, everything else is unsegmented.

Ambu has thus identified one segment only.

Note 5 – Development in balance sheet since 30 September 2015

Since the beginning of the financial year, non-current assets have increased by a net amount of DKK 60m to DKK 1,461m. The increase was driven by investments of DKK 60m, the acquisition of breathing circuit technology in the amount of DKK 62m, depreciation and amortisation of DKK 74m and foreign currency translation adjustments of DKK 12m.

Since the start of the period, inventories have increased by DKK 26m, while trade receivables have been reduced by DKK 111m. This can be attributed to the lower activity level from Q4 2014/15 to Q3 2015/16 as well as the improved collection of trade receivables.

At the beginning of the financial year, Ambu decided to carry out two parallel share buyback programmes to cover existing and future share-based incentive programmes. In the first three quarters of the year, shares in the amount of DKK 195m were bought back, which has had a significant effect on equity.

Other provisions under current and non-current liabilities totalled DKK 53m at the end of Q3 and have increased by a net amount of DKK 1m since the beginning of the financial year.

From the beginning of the financial year until the end of Q3, other debt has been reduced by DKK 8m to DKK 132m, which is as expected.

DKKm

Note 6 – Adjustment of items with no cash flow effect

	YTD 2015/16	YTD 2014/15	30.09.15
Depreciation and amortisation	79	73	96
Accounting loss on divestment of subsidiary	0	5	5
Share-based payment	6	4	6
Net financials and similar items	19	4	21
Tax on profit for the period	48	29	63
	152	**115**	**191**

Note 7 – Changes in working capital

	YTD 2015/16	YTD 2014/15	30.09.15
Changes in inventories	-22	-31	-17
Changes in receivables	116	-63	-100
Changes in trade payables etc.	-37	24	47
	57	**-70**	**-70**

Note 8 – Risks

For a description of Ambu's risks, see the 'Risk management' section in the annual report for 2014/15, pages 16-17.

Note 9 – Net financials

	Q3 2015/16	Q3 2014/15	YTD 2015/16	YTD 2014/15	FY 2014/15
Other financial income:					
Foreign exchange gains, net	8	-30	8	57	27
Fair value adjustment, earn-out	0	0	0	0	25
Financial income	**8**	**-30**	**8**	**57**	**52**

	Q3 2015/16	Q3 2014/15	YTD 2015/16	YTD 2014/15	FY 2014/15
Interest expenses:					
Interest expenses, banks	1	1	4	3	5
Interest expenses, bonds	6	6	18	18	24
Other financial expenses:					
Effect of shorter discount period, earn-out	0	1	0	2	3
Effect of shorter discount period, acquisition of technology	1	1	3	3	4
Fair value adjustment, swap	6	-10	2	35	37
Financial expenses	**14**	**-1**	**27**	**61**	**73**

Note 10 – Capital increase, treasury shares and dividend paid

Capital increase
A capital increase was implemented in November 2015 in connection with the exercise by employees of warrants issued in 2011 and 2012. In consequence hereof, Ambu's share capital was increased by a nominal amount of DKK 180,000 through the issue of 28,000 Class B shares at a price of 40.125 and the issue of 44,000 Class B shares at a price of 39.50.

In February 2016, a capital increase was implemented, the second in the current financial year, in connection with the exercise by employees of warrants issued from 2012. In consequence hereof, Ambu's share capital was increased by a nominal amount of DKK 46,000 through the issue of 18,400 Class B shares at a price of 39.50.

On the basis of the employees' exercise of warrants issued from 2012, a capital increase was carried out in May 2016 whereby Ambu's share capital was increased by a nominal amount of DKK 5,000 through the issue of 2,000 Class B shares at a price of 39.50.

Ambu's shares have a nominal value of DKK 2.50 per share.

Changes in number of shares and share capital for the period:

	30.09.15	YTD 2015/16	30.06.16
No. of Class A shares	6,864,000	0	6,864,000
No. of Class B shares	41,397,920	92,400	41,490,320
	48,261,920	**92,400**	**48,354,320**
Share capital	120,654,800	231,000	120,885,800

Treasury shares
As at 30 September 2015, Ambu's holding of treasury shares totalled 242,900 Class B shares, which has grown to 1,097,472 Class B shares as at 30 June 2016. The majority of the treasury shares have been acquired under the announced share buyback programme. The total buyback of treasury shares amounts to DKK 195m.

Dividend paid
The Board of Directors' proposal on the distribution of dividend of DKK 0.95 per share was adopted at the company's annual general meeting on 10 December 2015. As at 30 June 2016, DKK 46m has been disbursed to the company's shareholders along with related withholding tax.

Note 11 – Contingent liabilities

In connection with the acquisition of the IP rights to breathing circuits, as announced in company announcement no. 28 of 7 April 2016, the claim for additional royalty payments most recently mentioned in the interim report for Q1 2015/16 has now been withdrawn.

Ambu's ongoing operations and the use of Ambu's products in hospitals and clinics etc. involve the general risk of claims for damages and sanctions against Ambu. The risk is deemed to be customary.

Note 12 – Subsequent events

In addition to the matters described in this interim report, the management is not aware of any events subsequent to 30 June 2016 which could be expected to have a significant impact on the group's financial position.