



Winter/spring 2017/18

CFO Michael Højgaard

Agenda

- About Ambu
- Q1 highlights
- Potential in Visualisation
- 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.



Ambu at a glance



Supplies
single-use
medical
devices for
hospitals



Global sales.
Direct and via
distributors



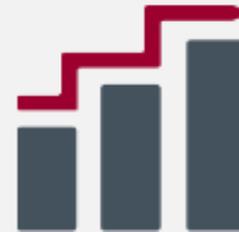
2,400
employees
worldwide



Own
Production in
China, Malaysia
and the USA



Founded in 1937



2016/17
Revenue:
DKK 2.4bn
EBIT margin:
19.1%

Q1 highlights

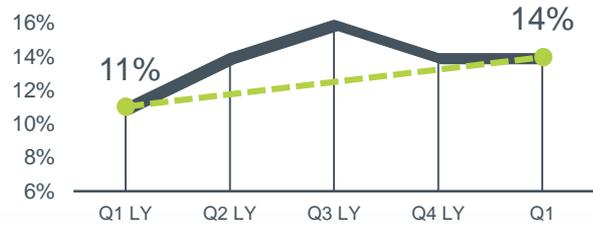
- 14% organic growth
- Endoscope sales up 76% in units
- EBIT margin improved by 3.8%-points
- Invendo integration on schedule
- Capital increase and planning for bond expiry
- Full-year outlook adjusted upwards

BIG
FIVE 2020



Solid improvements year on year

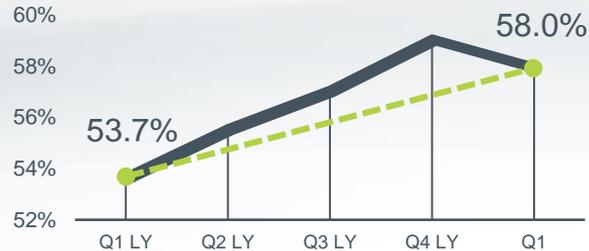
Organic growth: **14%**



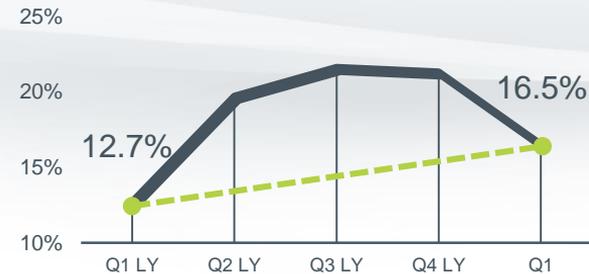
Revenue: **DKK 553m**



Gross margin: **58.0%**



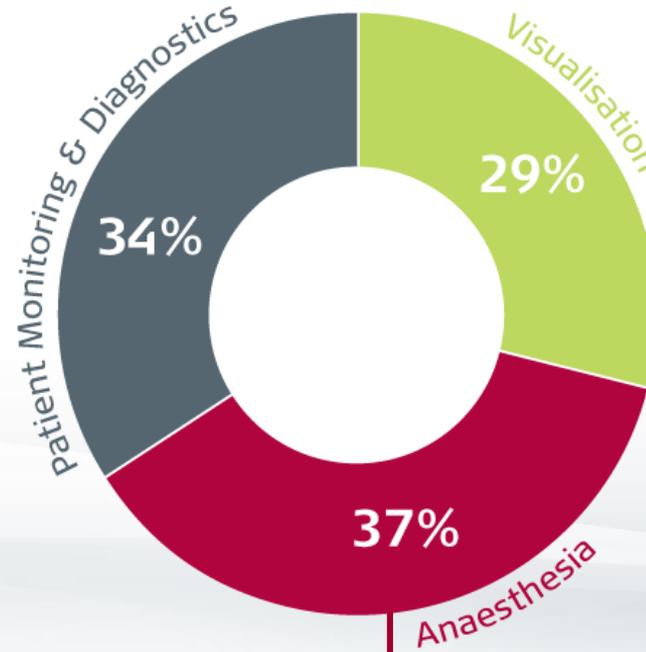
EBIT margin: **16.5%**



Q1 – organic growth

Business areas

Patient Monitoring & Diagnostics
Revenue 188m DKK
4% growth



Visualisation
Revenue 158m DKK
58% growth

Anaesthesia
Revenue 207m DKK
0% growth

Markets

North America

REVENUE **247m** DKK

GROWTH **16%**

Business growth

- Visualisation 70%
- Anaesthesia 2%
- PMD 3%

Part of total revenue **45%**

Europe

REVENUE **244m** DKK

GROWTH **12%**

Business growth

- Visualisation 52%
- Anaesthesia -1%
- PMD 2%

Part of total revenue **44%**

Rest of World

REVENUE **62m** DKK

GROWTH **11%**

Business growth

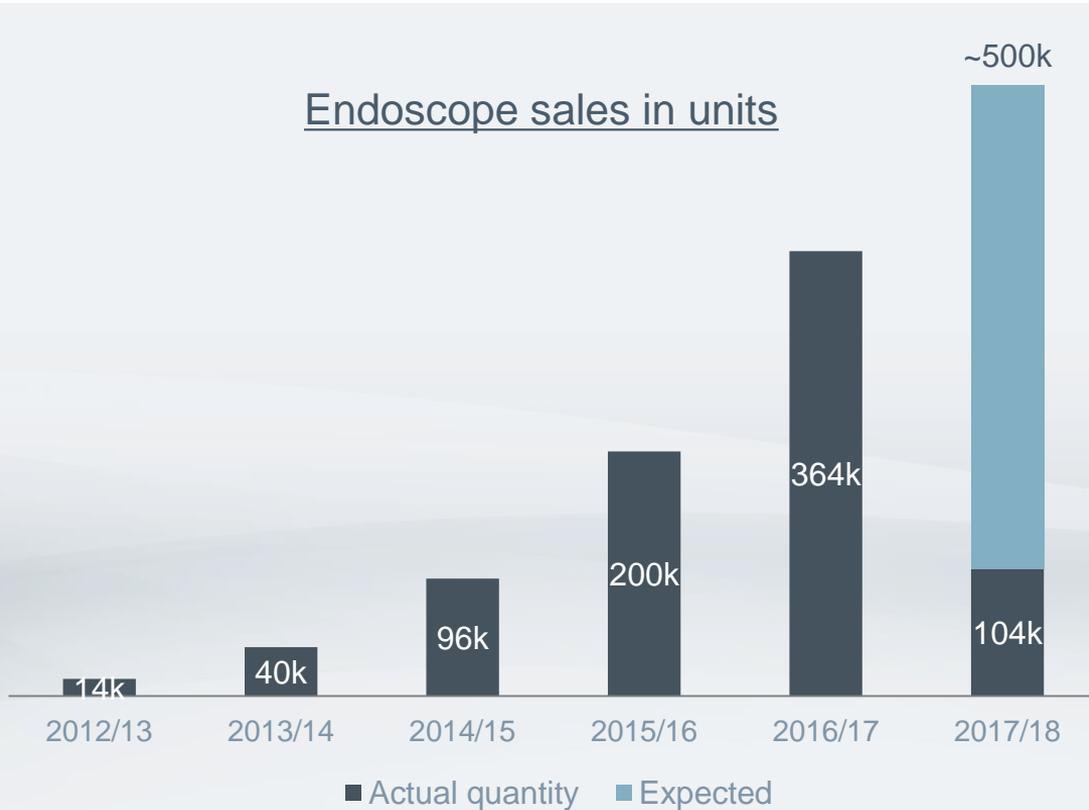
- Visualisation 36%
- Anaesthesia -5%
- PMD 25%

Part of total revenue **11%**

Q1 – endoscope sales

76% volume growth in Q1

Endoscope sales in units



- 104,000 endoscopes sold in Q1
- Full-year sales expected to reach 500,000 units
- No change in competitive landscape
- New aScope manufacturing site is in operation.
- Capacity increased to +1m units per year

Potential in Visualisation

– update and roadmap
towards 2020



Three growth drivers for Visualisation in FY2017/18...

Effects from higher penetration of hospital accounts

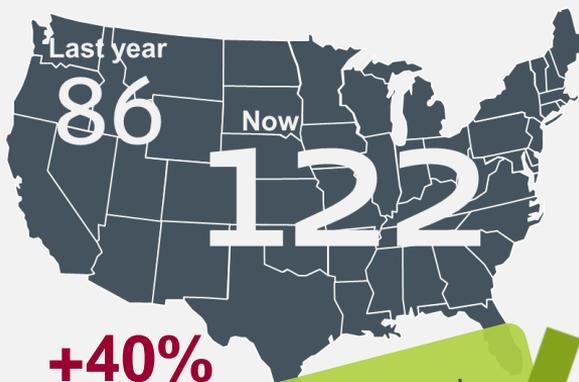
85% of aScope sales are now generated by large hospital accounts



...and we see a larger part of our growth generated by increased adaptation in our existing accounts

1

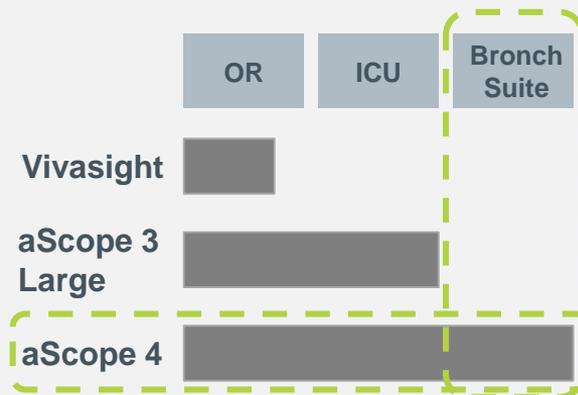
Dedicated Visualisation sales team in the US



All territories manned

2

The aScope 4 will unlock new market potential

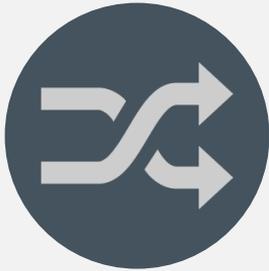


Full pulmonary procedure potential ~5M

3

...And as our Visualisation business grows,
our Group profitability will reach new levels

FAVORABLE PRODUCT MIX



Our profitability will be positively affected by the high growth in Visualisation

In 2020, Visualisation will be our largest business area

SCALABLE COMMERCIAL SETUP



We have established dedicated sales setups in all major Sales territories

Our sales force is ready to take on new endoscopy products within GI, ENT, etc.

SCALABLE PRODUCTION SETUP



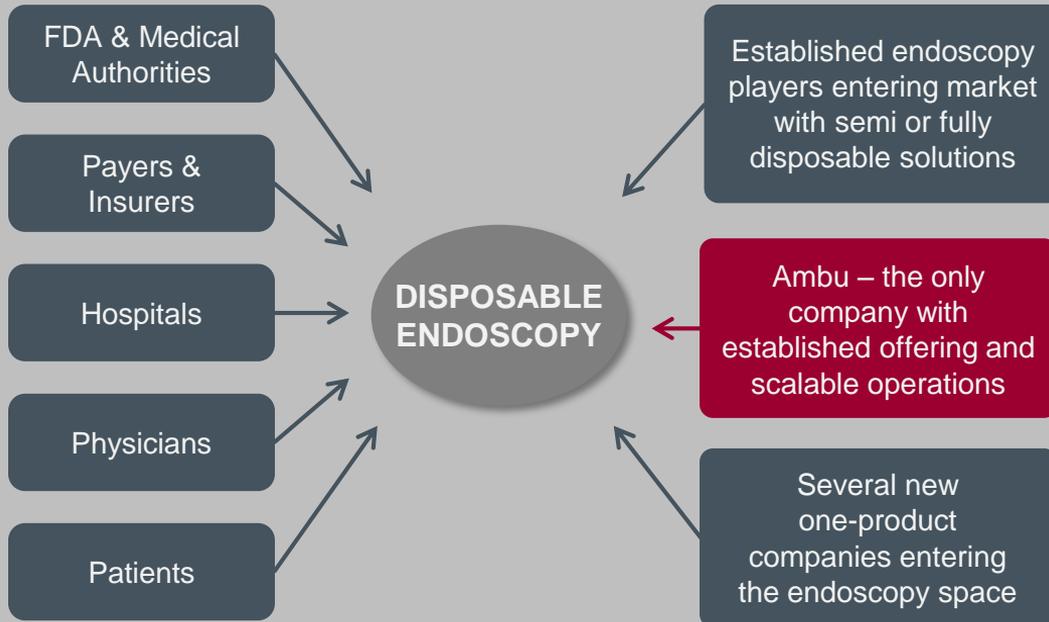
We have invested in major capacity expansions in our Malaysian facilities over the last couple of years

We have secured a production setup that can serve well above our 2020 goals

There is a big need for disposable solutions – and Ambu is ideally positioned to take the lead in the new endoscopy market

There is very strong pull from all stakeholders

...and a clear acceptance from the industry



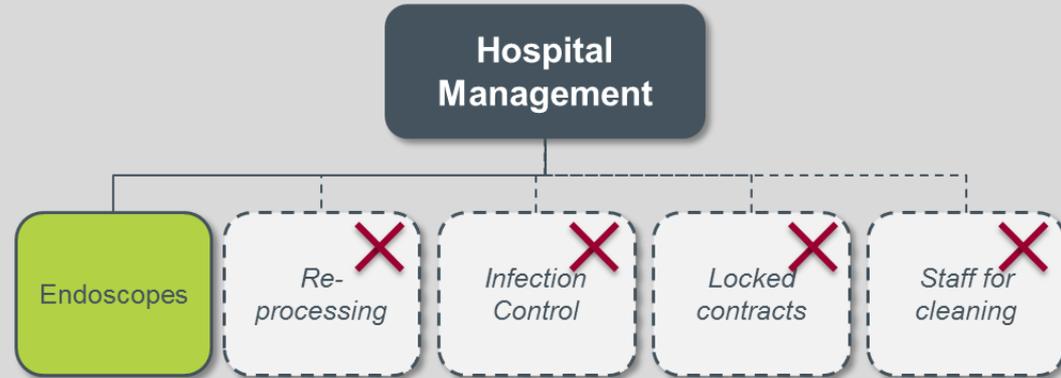
“*The basic design of the reprocessed endoscope has remained virtually unchanged for over half a century since the advent of the first flexible endoscope in the 1960s. The endoscopist, and device manufacturers, have been limited by the physical constraints of the endoscope working channel. A **disposable platform** can change this by enabling the development of endoscopes tailored to the requirements of the accessory. This can open new frontiers of endoscopic intervention.*”

Kenneth F. Binmoeller, MD, FACG, FASGE
Director, Interventional Endoscopy Services
California Pacific Medical Center

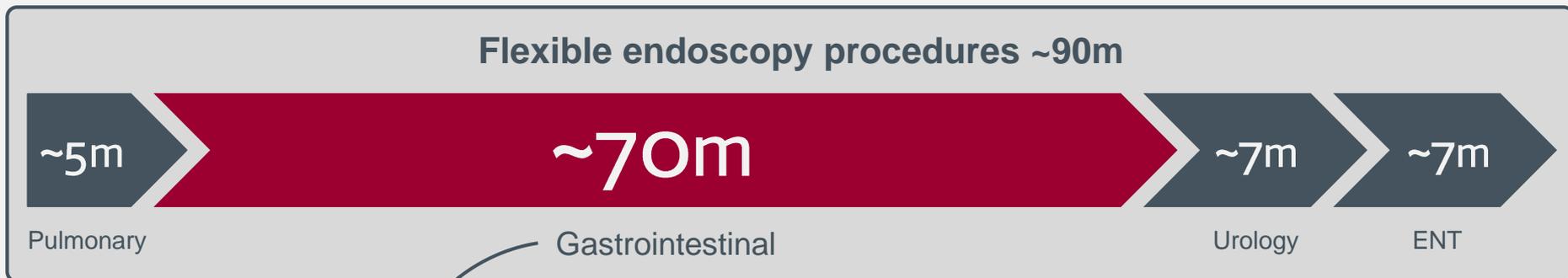
We will offer more than disposable scope solutions – we will significantly simplify life for hospitals

The full flexible scope offering is more than just eliminating risk of cross contamination
– **it's a new way for hospitals to operate**

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



The Gastrointestinal area will be the key to unlocking the full endoscopy market for flexible scopes



The majority of endoscopy **investment pool** in hospitals is owned by the GI department

- Gastro is **dominant** in the hospitals' endoscope purchasing process
- Unlike other flexible endoscopy areas, majority of GI procedures are **performed in hospital** (not Clinics)
- More than **8 out of 10** flexible endoscopy procedures in the hospital are within GI

With expanded focus on flexible endoscope categories we dramatically increase Ambu's market potential



Today

2020

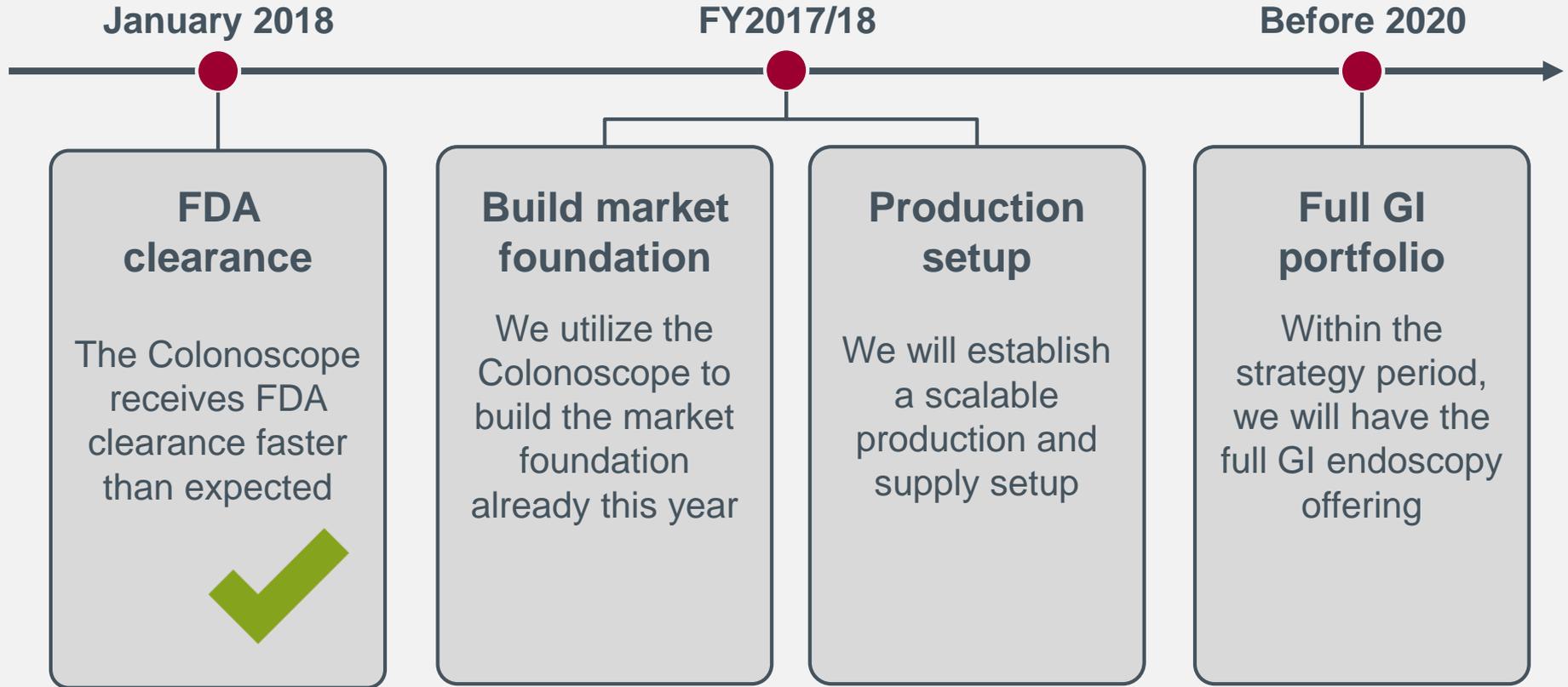
Ambu market potential
~ 20bn DKK

x8 in 3 years

Ambu market potential
~ 160bn DKK

Driven by our expanded footprint in the Endoscopy market going from ~5m to ~90m procedures

Until we have a scalable GI production setup in place we will work with selected accounts in the US



Financial results and outlook



Calculating fair value of Invendo

- The fair value is measured using an interest (WACC) of 18% and tentatively measured at DKK 1,415m (EUR 190m)
- Over the coming years, we expect to pay all contingent milestones and earnouts
 - Bringing the nominal acquisition price to EUR 225m
- The difference of EUR 35m will go through financial items
 - In Q1 we have expensed DKK 27m (EUR 3.5m)

Allocation of Invendo purchase price

– to be completed by end of Q2

- Technologies are valued at DKK 683m (EUR 92m)
 - Allocated to the 3 main products (colono-, gastro- and duodeno-scopes) and amortised over 15 years
 - Amortisations to start when the products are commercially ready
- Deferred taxes of DKK 194m (EUR 26m)
- Goodwill of DKK 904m (EUR 121m)

Growth and profits

– Expansion of EBIT-margin continues

DKKm	Q1 17/18	Q1 16/17
Revenue	553	512
Gross margin	58.0%	53.7%
OPEX	-230	-210
Cost percentage	42%	41%
EBIT	91	65
EBIT margin	16.5%	12.7%
Financials, net	-41	-3
Net result	19	48

- 14% organic growth and 8% in DKK from depreciating USD/DKK
- Gross margin up 4.3%-points due to scale, mix and efficiency
- Cost base includes Invendo and sales expansion in US
- EBIT margin up 3.8%-points
- Non-cash interest costs of DKK 27m from Invendo acquisition
- DKK 19m non-cash tax cost due to US tax reform

Cash flow and debt

– Gearing reduced to 1.7 x EBITDA

DKKm	Q1 17/18		Q1 16/17	
Cash flow and ratios:				
Operating activities	87	16%	73	14%
Investing activities	-51	-9%	-30	-6%
FCF before acquisitions	36	7%	43	8%
Balance sheet:				
Total assets	4,122		2,529	
NIBD (Net interest-bearing debt)	981		1,061	
Key Figures:				
Net working capital	19%		23%	
Equity ratio	46%		40%	
NIBD/EBITDA	1.7		2.2	

- Operating cash flow improved by 2%-pts to 16% of revenue
- Investments of 9% including buildings by 2%
- Working capital reduced to 19% of revenue
- Bond loan to expire in March
- Unused credit facilities at DKK 2.0bn

Full-year outlook upgraded

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

* Before acquisitions

In summary

- Solid start to Big Five 2020 strategy
- Visualisation continues high growth
- Potential towards 2020 is significant
- Improved profitabillity
- Invendo integration as per plan
- Outlook lifted
- Share buy back program





Q&A





Read more at www.ambu.com

Contact

CEO Lars Marcher, lm@ambu.com or +45 5136 2490

CFO Michael Højgaard, miho@ambu.com or +45 4030 4349