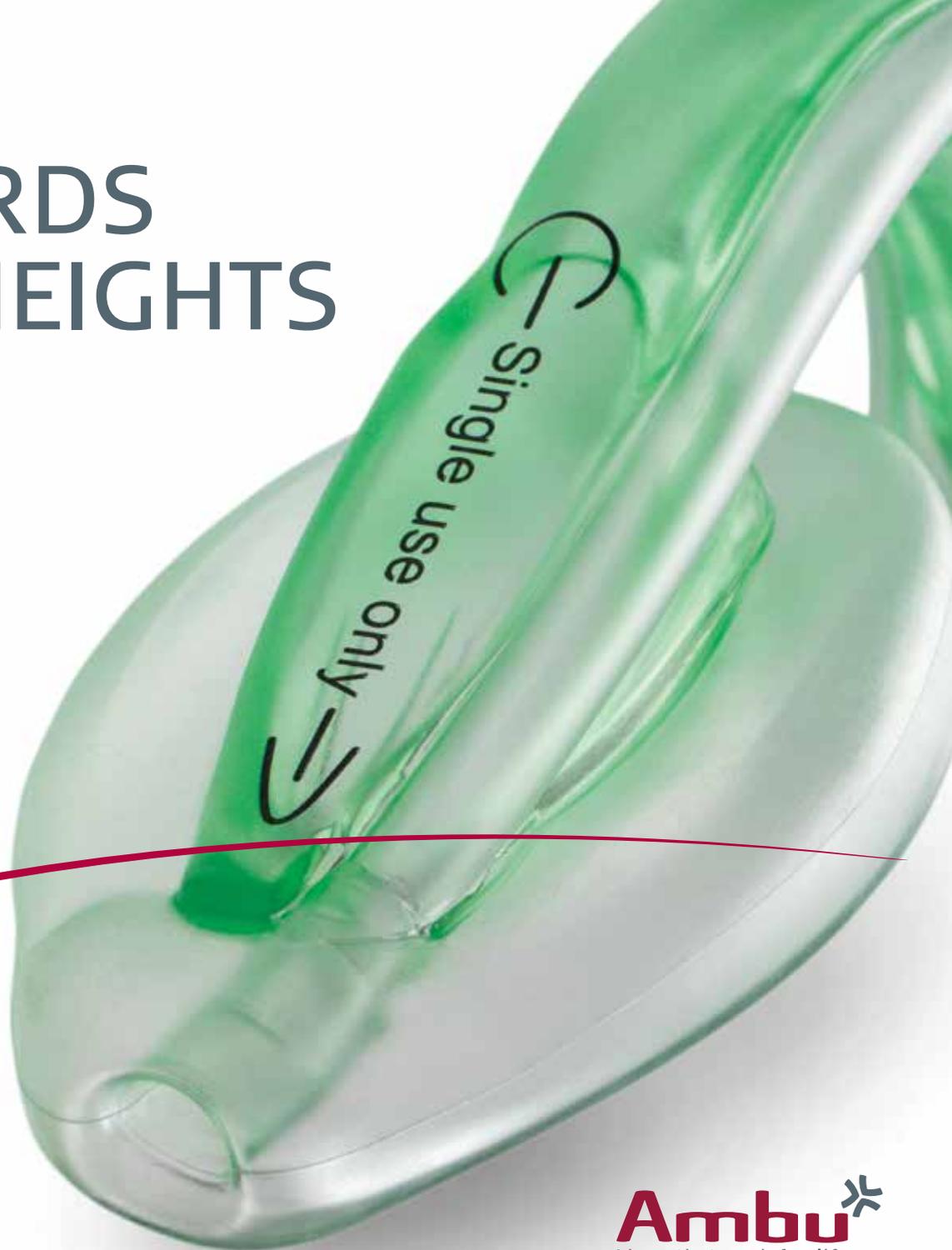


AMBU 2013/2014

# TOWARDS NEW HEIGHTS



Investor update

**Ambu**   
Ideas that work for life

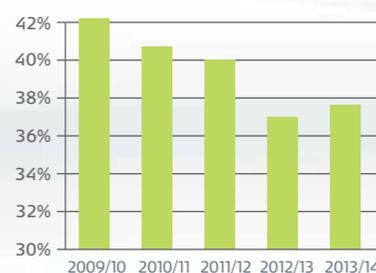
# Financial highlights

DKKm	2009/10	2010/11	2011/12	2012/13	2013/14
<b>Key figures</b>					
Revenue	940	983	1,045	1,383	1,584
Profit before interest, tax, depreciation and amortisation (EBITDA), before special items	179	201	204	235	286
Operating profit (EBIT) before special items	118	144	151	161	198
Operating profit (EBIT)	116	111	145	100	198
Net financials	0	-13	-1	-30	10
Profit before tax	116	98	144	70	208
Net profit for the year	84	69	110	48	151
<b>Balance sheet</b>					
Total assets	876	889	949	1,852	2,047
Equity	562	580	665	651	854
Net interest-bearing debt	110	105	57	721	739
<b>Cash flows</b>					
Free cash flows before company acquisitions	31	64	111	68	103
Acquisitions of companies and technology	-	-	31	704	112
<b>Employees</b>					
Average no. of employees	1,728	1,637	1,683	1,984	2,333
<b>Ratios</b>					
Gross margin, %	54.3	55.5	54.5	49.1	50.4
Rate of cost, %	42	41	40	37	38
EBITDA margin before special items, %	19	20.4	19.5	17	18.1
EBIT margin before special items, %	12.6	14.6	14.4	11.6	12.5
Return on equity, %	16	12	18	7	20
NIBD/EBITDA before special items	0.6	0.5	0.3	3.1	2.6
Equity ratio, %	64	65	70	35	42
Working capital, % of revenue	30	32	34	28	29
ROIC, % after tax including goodwill	12	14	14	11	12
<b>Share data</b>					
Market price per share, DKK	136	139	148	224	425
Earnings per share	7.16	5.92	9.48	4.05	12.76
Pay-out ratio, %	35	34	33	31	30

Revenue by quarter



Rate of cost – 5-year summary



EBIT and EBIT margin – before special items



# Onwards and upwards

In October 2013, Ambu launched a new four-year strategy: Climbing New Heights 2017. Ambu's targets are revenue of approx. DKK 2bn and earnings in excess of DKK 300m by 2017. These are ambitious targets, but targets which our more than 2,300 employees believe in and are working towards every day.

The financial statements for 2013/14 conclude the first of the four years and testify to the fact that we are on course, and the first mountain peak has been "scaled". Recording growth for the year of 15%, of which 7% is organic, and EBIT figures of 12.5% and DKK 198m, Ambu is posting solid results.

## Targeted positioning

The results have been achieved on the basis of a focused strategy and the setting of clear targets, and Ambu is now one of the most dedicated suppliers of single-use products for hospitals and rescue services. We are convinced that by investing in developing the organisation, new products and sales methods, and by providing good service to our customers, Ambu will continue to outperform the market and strengthen its position as a high-quality supplier of innovative solutions which help healthcare professionals save lives.

We firmly believe that our mission of being a leading player within the development and production of single-use products is the optimum position for Ambu. The number of surgical procedures is increasing, and in the years to come, Ambu expects to see a growing demand from hospitals for solutions that can reduce costs, eliminate the risk of infection and help hospitals be more efficient through the use of single-use products that do not require sterilisation.

## Acquisitions integrated

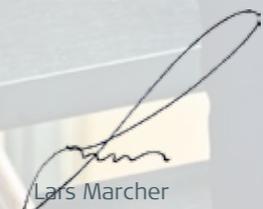
In the last three years, Ambu has made three company acquisitions. On paper, acquiring and integrating companies and achieving the calculable value creation may look easy. In reality, acquisitions are far more complex, and it is therefore a pleasure to see that our acquisitions have been successful.

The latest acquisition – American King Systems – is now fully integrated with Ambu. Not just in terms of its product portfolio, sales force, production and finance unit. The former King Systems is also fully integrated with Ambu's IT business platform.

## Top-tuned organisation

Our 2,300 employees is the key to our success. It is our employees who create added value, and it is our employees who every day tackle challenges and deliver high-quality products to our customers. Therefore, it is great to see that the results of our global employee satisfaction survey in spring 2014 showed highly motivated, loyal and professional employees who believe in the strategic direction and ambitious targets set by management.

FY 2013/14 has concluded with satisfactory results, a stronger foundation and clear targets and action plans for FY 2014/15.

  
Lars Marcher  
President & CEO

# Highlights and outlook

90%  
return

In 2013/14, the price of the Ambu share went up from 224 to 425. Return of 90% including dividend. By comparison, the MidCap index increased by 15%, while the Health Care index rose 44%.

## Developments in 2013/14

- In 2013/14, Ambu launched three unique products in the form of Ambu® aScope™ 3, KingVision® aBlade and Ambu® AuraGain™, while also acquiring the pain pump technology, which Ambu has distributed since 2010. The innovative products will help drive future growth.
- Revenue for the financial year was up 15% in Danish kroner at DKK 1,584m based on organic growth in local currencies of 7%. Organic growth is driven primarily by Anaesthesia, while growth in Patient Monitoring & Diagnostics (PMD) is on a par with market growth. Looking at the regions, growth is driven by North America and the rest of the world.
- Gross margin increased from 49% to 50%. The increase can be ascribed, among other things, to increasing sales of high-margin products and cost synergies from the integration of acquired activities, while price pressure is pulling in the opposite direction.
- EBIT before special items was up at DKK 198m (DKK 161m), resulting in an EBIT margin of 12.5% (11.6%).
- At year-end, Ambu's working capital amounted to DKK 452m, corresponding to 28.5% of revenue on a 12-month basis against 25.7% last year (calculated on a pro rata basis).
- Free cash flows before acquisitions of companies and before payment of special items thus totalled DKK 114m (DKK 103m), and leverage was 2.6 (NIBD/EBITDA before special items).
- Net profit came to DKK 151m (DKK 48m), and the Board of Directors proposes a dividend of DKK 3.75 (DKK 1.25) per share, corresponding to a pay-out ratio of 30%.

## Outlook 2014/15

- Organic growth in the region of 7-8% in local currencies, and in Danish kroner in the region of 10% corresponding to a revenue of approx. DKK 1,740m.
- EBIT margin of approx. 12.5-13%, and at unchanged exchange rates approx. 13.5-14%.
- Free cash flows of approx. DKK 130-140m.
- Leverage of approx. 2.2 (net interest-bearing debt/EBITDA before special items).



# Global presence

In recent years, Ambu has invested significantly in developing the three sales regions Europe, North America and the rest of the world. It is very positive that Ambu's ambition of developing into a global player in the medico-technical market has been realised.

The geographical distribution of Ambu's revenue reflects the global market in which Ambu operates with an even distribution of revenue in Europe and North America and with a somewhat smaller contribution from the rest of the world.

With North America accounting for 44% of revenue, Europe for 44% and the rest of the world for 12%, Ambu has built up a strong global position and a solid foundation for its new and ambitious growth targets.

## Europe

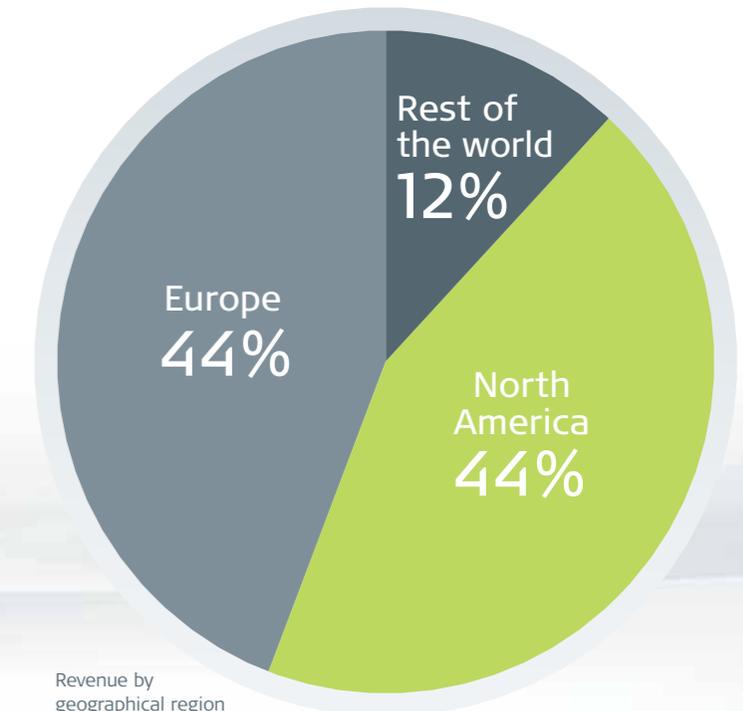
In Europe, Ambu continues to grow in markets which are characterised by tight public budgets. Product innovation has helped Ambu to continue growing in a pressurised market.

## North America

In North America, Ambu outperformed the market with organic growth of 5%. The growth results from sales synergies from the extended product portfolio added by King Systems, a broader market coverage and the reorganised Anaesthesia and PMD sales force. As yet, the new product launches are having a modest effect, but they are expected to drive future growth.

## Rest of the world

The acquisition of King Systems has strengthened Ambu's position in the South American growth markets. Ambu's increased presence in the rest of the world in the form of own sales people, customer service, distributors and logistics in, for example, China, India, Malaysia, Australia and New Zealand has resulted in organic growth of 32% in the markets outside North America and Europe.



Revenue by geographical region

# Strong player in operating theatres

## Anaesthesia – that's us

Ambu's largest business area, Anaesthesia, continues to grow significantly more than the market. Our leading position as a supplier of single-use products for operating theatres has been further strengthened during the first year of the strategy period. We have launched three unique products that all improve patient safety and increase hospital efficiency.

With the acquisition of King Vision and the newly launched products, Ambu has built a position as a one-stop shop for hospitals, significantly increasing the scope for cross-selling our products. This is an area which we expect to exploit to a greater extent in the years to come.

Ambu has the necessary product solutions, and the sales force is focused and present in the most important markets. The next step is to increase sales of Ambu's new products, as well as exploiting opportunities for cross-selling.

## From defence to offence in Patient Monitoring & Diagnostics

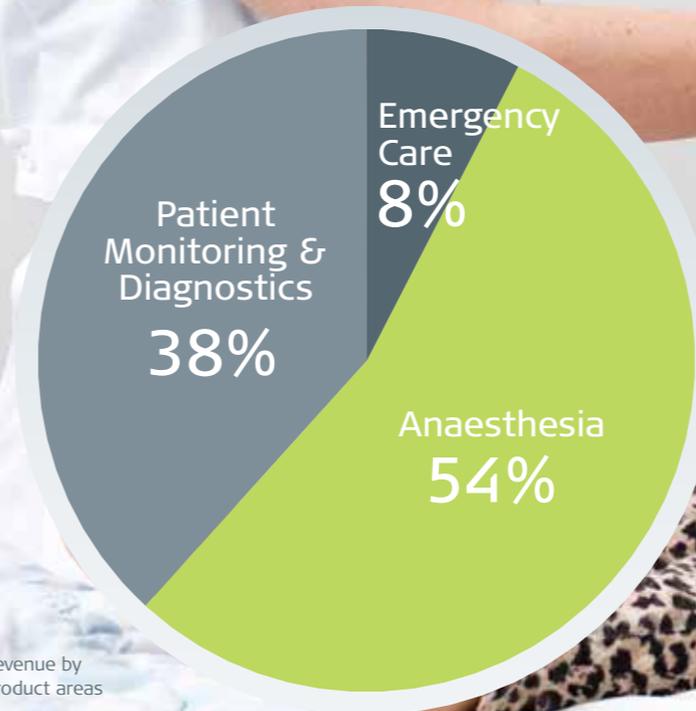
Today, Ambu has the best electrodes in the world in the form of its BlueSensor electrodes, and for the price-sensitive part of the market, we offer the WhiteSensor electrodes, which constitute stable quality at a lower price. This means that we

can defend our market share and reduce the general price pressure from the market. By offering a full range of single-use electrodes for diagnostics, monitoring and outpatient treatment, we are better able to build up and support the important BlueSensor business.

We will continue to invest in strengthening our attractive market position in the high-growth area of Neurology through the development of new sales methods and tools. Similarly, Ambu focuses on increasing its share of the US market, where its market share is significantly lower than in Europe.

## Emergency Care

Sales in the Emergency Care segment are largely based on project sales, resulting in fluctuating growth due to the size of single orders. After a good demand and resulting sizeable single orders, in particular for neck collars and manikins, last year, similar-sized orders did not materialise this year.



Revenue by product areas



# Innovative product launches

In 2013/14, Ambu demonstrated that we are one of the most innovative companies in our line of business with the launch of three absolutely unique new products.

## **aScope 3**

First and foremost the third generation of our optical single-use fibre scope Ambu aScope™. A product which in 2013/14 had a real breakthrough with sales of more than 30,000 scopes in the selected markets in which the product has been introduced.

## **King Vision aBlade**

We also have high expectations for King Vision aBlade. This is the first new product developed on the King Vision platform, which Ambu acquired in connection with the acquisition of King Systems in 2013. The original King Vision video laryngoscope is primarily interesting for rescue services. With King Vision aBlade, the product has now become attractive for a significantly larger market.

## **AuraGain**

Last, but not least, we have launched Ambu AuraGain™, the third generation of Ambu's laryngeal mask. AuraGain offers completely new capabilities for doctors during intubation and surgical procedures, and the product, which was launched in late summer, has been positively received by hospitals.

## Replacing dangerous chemicals

We are targeted in our efforts to remove classified phthalates in all our products before the end of 2017. This year, we have taken another important step away from dangerous chemicals. All Ambu's laryngeal masks and resuscitation bags are now phthalate-free.



# The story behind Ambu aScope

Imagine having to be anaesthetised before surgery and being asked what device you would prefer the anaesthesiologist to use. The choice is between a multiple-use device which was used for another procedure this morning, and which has now been cleaned. Or a single-use product which is sterile when the doctor opens the pack, and which has not been used on other patients.

In the medico sector, the trend is moving from multiple-use to single-use devices. This also applies to the devices produced by Ambu, and in the past decade, we have focused on developing single-use versions of our classic products such as resuscitation bags, face masks and laryngeal masks.

## First in the world

Through our cooperation with doctors, we realised that the conventional multiple-use videoscopes lead to unnecessarily complicated procedures at the hospitals, with the inherent risk of patient-to-patient cross-contamination. In 2007, we therefore asked ourselves a really challenging question: Can we develop a single-use videoscope? Can we produce a videoscope which is cost-efficient, portable, yet robust; of such high quality that doctors can do their work well, and without any risk of cross-contamination for patients?

Only two years later, in 2009, we introduced the first generation of Ambu aScope – the world's first single-use videoscope, and the concept aroused considerable interest among anaesthesiologists.

Very few people had thought it possible. However, we had to admit that the technology was not completely ready, and in

particularly difficult situations, the camera lens was not good enough. In 2011, we launched aScope 2 with an improved camera lens, and hospitals worldwide started buying the product. However, they bought it primarily as a backup for the conventional multiple-use videoscopes, which featured more functions than the aScope 2.

## Third generation and overwhelming interest

Based on feedback from doctors, we developed new functions, including the very important working channel which enables doctors to suck secretions up through the scope; also, the camera technology has been improved further.

In spring 2013, aScope 3 was launched in selected countries (the UK, Germany, Scandinavia and Australia).

It met with an overwhelming interest, which has accelerated further in 2014 when sales have started to a number of countries in Europe, America and Asia. The strong interest has meant that we have been able to expand production capacity in Malaysia, where a new factory will be completed by the end of 2014.

The development of Ambu's single-use videoscope is an example of how we provide our customers with innovative solutions which optimise working procedures, reduce costs and improve patient care.

Five years after the initial launch, Ambu is still the only company in the world to offer a flexible single-use videoscope.



*"Camera is phenomenal. Far better than I expected."*  
- Doctor, North America

*"We need it, and we want it. Can I write you a cheque?"*  
- Surgeon, UK

*"We have successfully introduced aScope in our Department of Anaesthesiology, and we no longer use multiple-use bronchoscopes."*  
- Head Nurse, Germany

# Looking towards 2017

Ambu's strategy for the period up until 2017 is called Climbing New Heights.

The target revenue is approx. DKK 2bn in 2017 with organic growth in excess of market growth, thereby continuing to increase Ambu's global market share. With our current product portfolio, new product launches and the realisation of economies of scale, we will increase our EBIT margin to approx. 17-18% in 2017.

Last, but not least, a consistently strong cash flow and low debt will make it possible for Ambu to consider further acquisitions which can contribute synergies to our global business, thereby strengthening the company's competitive position.

Now, a year into the strategy period, we are well underway, and we are beginning to see the target results on the horizon. We are winning market share from our competitors, we have launched three unique single-use products, and we have strengthened our global market position with strong growth in Asia, all of which has contributed to organic growth of 7%. Earnings and cash flow have been strengthened, and we are starting to see the results of the scalability of Ambu's organisation.

Looking towards 2017, each day we take steps which make us stronger.

## 2017 Targets

- Revenue DKK 2bn
- EBIT margin 17-18%
- Strong cash flow

CLIMBING  
**2017**  
NEW HEIGHTS





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