

INTERIM REPORT Q2 2009/10

By CEO Lars Marcher and CFO Anders Arvai

Ambu 
Ideas that work for life

AGENDA

- Developments in Q2 2009/10
- Strategy GPS Four – follow-up
- Outlook for 2009/10

HIGHLIGHTS (1)

BUSINESS DEVELOPMENT IN Q2

- Good Q2. Both revenue and EBIT up relative to last year
- Organic growth of 7% – higher than market growth
- Gross profit margin increased to 54.5 from 53.3 in Q2 2008/09
- EBIT improved by 30%
- Good productivity for the recently transferred products and at the other factories
- ERP system Movex up and running in Ambu USA and functioning satisfactorily
- GPS Four strategy being implemented according to plan

+7%

Revenue of DKK 235m

+30%

EBIT of DKK 32.4m

13.8%

EBIT margin

HIGHLIGHTS (1)

BUSINESS DEVELOPMENT IN 1H

- Good 1H. Both revenue and EBIT up relative to last year
- Organic growth of 7% – higher than market growth
- Gross profit margin increased to 53.8 from 51.8 in 1H 2008/09
- EBIT improved by 26%
Profit before tax up 33%
- Continued positive development in US activities, growth in revenue 11%
- Changes in foreign exchange rates have impacted revenue negatively by DKK 13m relative to the same period last year

+7%

Revenue of DKK 448m

+26%

EBIT of DKK 51m

11.4%

EBIT margin

DKK -15m

Free cash flow

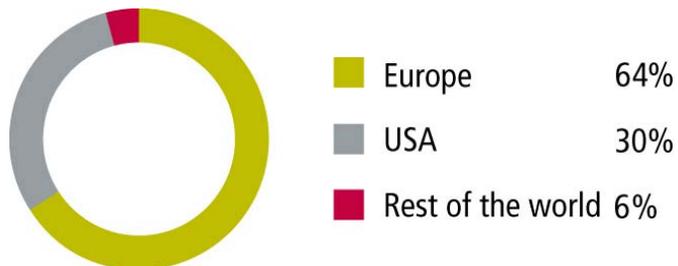
+33%

Profit before tax

REVENUE

- Increase in revenue in Q2 and 1H 2009/10 of 7% measured in local currencies
- Changes in exchange rates had a negative effect corresponding to DKK 4m in Q2 and DKK 13m in 1H
- Growth in Q2 of 11% in the USA and 6% in Europe measured in local currencies
- Growth in 1H of 11% in the USA and 7% in Europe measured in local currencies

Revenue by geographical region



Revenue by business area



DEVELOPMENTS WITHIN BUSINESS AREAS

Airway Management

- Increase in revenue in Q2 and 1H of 25% and 19%, respectively, when measured in local currencies
 - Strong growth within face masks and laryngeal masks
 - Launch in Europe of Ambu aScope (new single-use videoscope) has gone well, and sales are developing as expected
-

Patient Monitoring & Diagnostics

- Increase in revenue in Q2 and 1H of 8% and 10%, respectively, when measured in local currencies
 - Strong growth within Neurology/Sleep in all sales regions
 - Sleep product area acquired in 2008/09 is developing according to plan; products primarily sold in the US market
-

Emergency Care

- Fall in revenue in Q2 and 1H of 3%, when measured in local currencies
- Growth in portfolio of single-use ventilation bags and neck collars
- Fall in sales of first-aid training manikins and multiple-use ventilation bags

DEVELOPMENTS WITHIN GEOGRAPHICAL AREAS

Europe

- Increase in revenue in Q2 and 1H of 6% and 7%, respectively, when measured in local currencies
 - Growth in all sales regions of 4-8% except Region West which posted growth of 3%
 - Reason for lower growth in Region West is the postponement of a major order
 - Increase of 7% in revenue in Sales Region NEM (Scandinavia, Australia and distributor markets), and sales region again seeing growth
-

USA

- Increase in revenue of 11% in Q2, or 4% measured in DKK
- Increase in revenue of 11% in 1H, or 1% measured in DKK
- Market share still being won
- Market share is being won within ventilation bags, laryngeal masks and needles and electrodes for neurological examinations and sleep studies

OPERATING PROFIT AND NET FINANCIALS

- EBIT after special items of DKK 32m in Q2 against DKK 25m in Q2 2008/09
- Special items of DKK 1m in Q2 in the form of legal fees, lower than in Q2 2008/09
- Management and administration costs were up DKK 5m in Q2 due to provisions for organisational adjustments and costs incidental to the transfer of production
- EBIT margin after special items of 13.8% in Q2 against 11.2% in Q2 2008/09
- EBIT after special items of DKK 51m in 1H against DKK 40m in 1H 2008/09
- Special items of DKK 1.5m in 1H in the form of legal fees, significantly lower than in 1H 2008/09
- EBIT margin after special items in 1H up 2 percentage points relative to 1H 2008/09 at 11.4
- Net financials amounted to DKK 0m against expenses of DKK 1.8m in 1H 2008/09
- Positive foreign currency translation adjustment of DKK 2.8m in 1H against a positive foreign currency translation adjustment of DKK 2.0m in 1H 2008/09

IMPROVED CASH FLOW

DKKm	1H 2008/09	1H 2009/10
Cash flow from operating activities	34.8	21.6
Cash flow from investing activities, including acquisitions	(75.0)	(37.0)
Free cash flow after acquisitions	(40.2)	(15.4)

- Cash flow from operating activities negatively impacted by increasing funds tied in working capital of DKK 57m
- Inventories are up DKK 24m, primarily due to the building-up of buffer inventories in connection with the transfer of production and the establishment of inventories of the new product aScope as well as increasing inventories of raw materials
- Trade payables and other payables are down DKK 23m, with DKK 9m being attributable to the expiry of the temporary extension granted in respect of the payment of VAT in Denmark
- Investments of DKK 37m – primarily in development projects, machinery, equipment, IT and leasehold improvements in Malaysia

GPS FOUR AMBU'S NEW BUSINESS STRATEGY



GPSFOUR

Products | Markets & sales | Efficiency | Acquisitions

GPS1

PRODUCTS AND PRODUCT DEVELOPMENT

- Q2 saw the launch of several new products
- A new member of the laryngeal mask family, Aura-i, was launched, a mask which can be used for intubation
- An improved Inoject needle for use in the localisation and treatment of involuntary muscular contractions
- 510K acceptance has been obtained from the US health authorities for aScope to be sold in the USA
- The implementation of a global innovation organisation has continued, and a Head of Development has been appointed for the development organisation in Malaysia



GPS2 MARKETS AND SALES

- A project has been implemented to ensure that the earnings margins within Patient Monitoring & Diagnostics are increased
- Work has gone into adapting the sales and marketing organisation with a view to underpinning the new regional structure and optimising sales efficiency
- Increase of sales force in 2008/09 in the USA and the UK takes full effect in 2009/10
- Ambu sees the US health care reform as an opportunity to strengthen its position within single-use products and products which can reduce treatments costs



GPS3 EFFICIENCY

- Phase 1 of the transfer of production from Denmark to Malaysia of Cardiology products has been very satisfactory
- Phase 2 of the transfer project is being planned. The products being transferred account for 10% of the consolidated revenue for the year
- Following phase 2 of the production transfer, approx. 80 jobs will be cut in the Danish organisation at the end of 2H
- Expansion of production facilities in China
- The group's ERP system was implemented in Ambu USA on 1 February 2010, and the system is now up and running and functioning satisfactorily

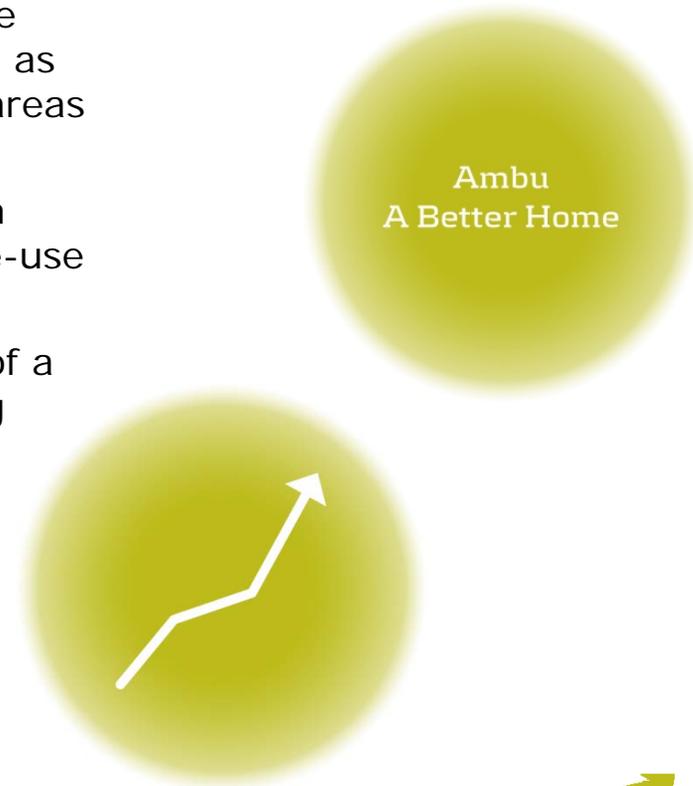


Ambu
Profitable
Growth



GPS4 ACQUISITIONS

- Ambu is engaging in an ongoing dialogue with potential candidates for acquisition, as regards both the acquisition of product areas and the acquisition of entire companies
- Focus is primarily on activities which can strengthen Ambu's position within single-use products for the hospital sector
- Currently in dialogue on the insourcing of a small number of products within existing business areas



OUTLOOK FOR 2009/10



MARKET CHALLENGES

- Global crisis still having a limited impact
- Despite good growth in the US market, the health care sector remains under pressure
- In some markets in southern Europe, pressure on the health care sector is mounting
- Despite intensifying competition, Ambu is winning market share
- Despite still intensifying competition, Ambu has increased prices
- Ambu will continue to win market share with the introduction of new and differentiated products, most recently Aura-i
- Exchange rates are unpredictable

OUTLOOK FOR 2009/10 (2)

- As a result of the positive developments, an upwards adjustment is made of the previously announced outlook for 2009/10
- The outlook for revenue is adjusted upwards to approx. DKK 925m against previously announced revenue of DKK 900-925m
- The EBIT margin before special items relating to the patent cases is expected to be upwards of 12.5% against a previously announced level of 12-12.5%
- The profit before tax is now expected to be in the region of DKK 110m against an earlier outlook of approx. DKK 100m
- The outlook as regards the free cash flow is reduced to approx. DKK 40-50m against an earlier outlook of DKK 60m. This is attributable to the building-up of larger inventories following the decision to bring forward phase 2 of the transfer of production and also to the expiry of the temporary extension granted in respect of the payment of VAT in Denmark

QUESTIONS





READ MORE AT WWW.AMBU.COM

For further information, please contact:

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

Anders Arvai, CFO, aa@ambu.com or +45 7225 2000

Ambu 
Ideas that work for life