



INTERIM REPORT Q1 2010/11

BY CEO LARS MARCHER AND CFO ANDERS ARVAI



Ambu 

Ideas that work for life

AGENDA

- Developments in Q1 2010/11
- Status of GPS Four
- Outlook 2010/11

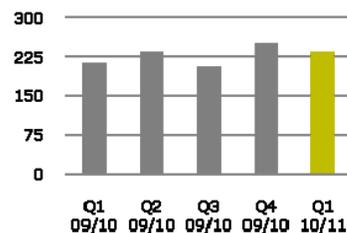
HIGHLIGHTS IN Q1 2010/11

- Markedly improved earnings
- Continued strong growth in revenue, including significant growth in the USA
- Developments in certain regions in Europe have been characterised by periodical changes in demand
- Important structural changes in recent years are clearly impacting both revenue and results
- Implementation of GPS Four strategy is progressing according to plan



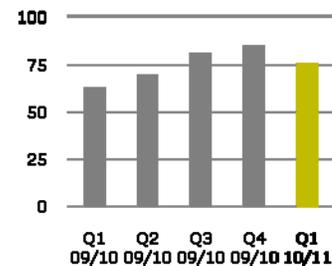
SATISFACTORY INCREASE IN REVENUE

Development in revenue, DKKm



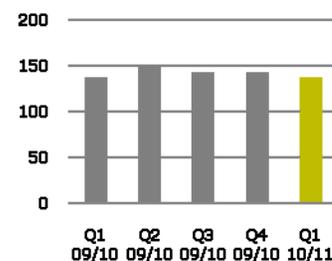
- Revenue of DKK 233m, up 9% when measured in DKK and 6% when measured in local currencies
- Growth higher than estimated market growth – Ambu has won market share
- Effect of changes in exchange rates: + DKK 8m
- Streamlining of sales

USA, DKKm



- Increase in revenue of 20% when measured in DKK and 10% when measured in local currency – growth significantly higher than market growth
- Expansion of sales resources
- Growth within all business areas
- Extended collaboration with GPOs

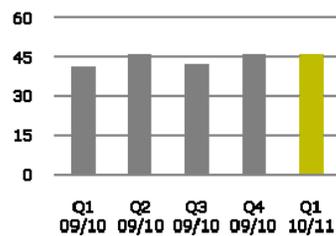
Europe, DKKm



- Growth in individual regions very differentiated, overall zero growth
- Reduction in inventories in some markets and increasing pressure on prices; effect expected to be periodical
- Growth in Central and West above market growth and below market growth in UK and South

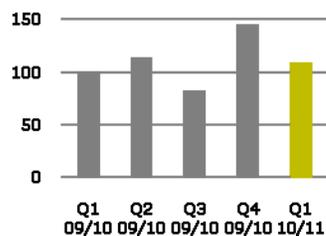
DEVELOPMENTS WITHIN BUSINESS AREAS

Airway Management, DKKm



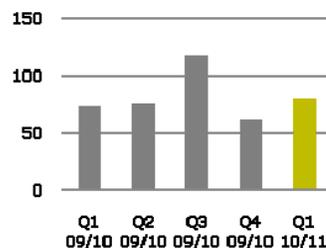
- Growth in revenue of 14% and 11% when measured in local currency
- General market growth of 3-5%
- Strongest growth within laryngeal masks and satisfactory growth for aScope
- Good synergies from aScope to other products

Patient Monitoring & Diagnostics, DKKm



- Growth in revenue of 7% and 4% when measured in local currency
- General market growth of approx. 3%
- Strongest growth within Neurology/Sleep
- The relocation of electrode production to Malaysia has progressed very satisfactorily

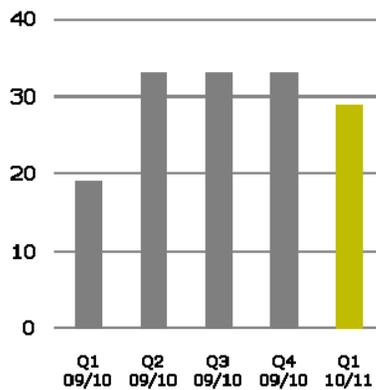
Emergency Care, DKKm



- Growth in revenue of 10% and 5% measured in local currency
- Growth within single-use ventilation bags and immobilisation products in general as well as increasing sales of first-aid training manikins

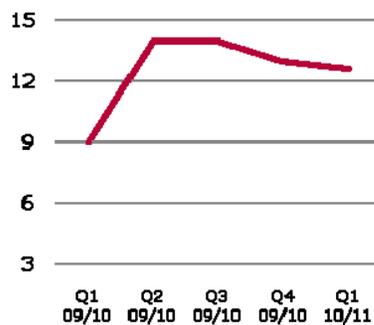
OPERATING PROFIT

EBIT before special items, DKKm



- EBIT before special items of DKK 29m against DKK 19m in Q1 2009/10 – up 53%
- Special items of DKK 0.4m (patent cases)
- No significant effect from exchange rates
- EBIT marginally impacted by transfer of production in Q1

EBIT margin before special items, %



- EBIT-margin before special items of 12.6%, up 3.6%
- EBIT margin particularly positively impacted by transfer of production and general focus on costs

CASH FLOW IMPACTED BY TRANSFER OF PRODUCTION

DKKm	Q1 2009/10	Q1 2010/11
Cash flow from operating activities	(1.1)	(3.2)
Cash flow from investing activities, including acquisitions	(13.5)	(5.5)
Cash flow from financing activities	26.4	15.2
Free cash flow after acquisitions	(14.5)	(8.6)

- Cash flow from operating activities is lower than last year due to the building-up of inventories in connection with the transfer of production
- Cash flow from operating activities negatively impacted by change in working capital of DKK 32.5m
- Work is going into reducing funds tied up in inventories as well as receivables

GPS FOUR STATUS OF AMBU'S BUSINESS STRATEGY



HEADING FOR A STRONGER AMBU FOUR GPS COORDINATES

Targets 2013

GPS1 INNOVATION



Global market-leader within innovative single-use products for hospitals and rescue services

GPS2 MARKETS AND SALES



Significantly higher revenue

GPS3 EFFICIENCY



Increasing EBIT margin of up to 15%

GPS4 ACQUISITIONS



Efficient operations and reduction in working capital

GPS1 INNOVATION

- A global innovation organisation has been implemented, and the training of the employees has commenced
- A global exclusive agreement with the Israeli company MFS (Medical Flow Systems) has been made concerning the distribution of single-use pumps for pain relief - stronger product programme within anaesthesiology
- The launch of aScope is going according to plan
- New and exciting products are expected to be launched in 2010/11

Ambu's global innovation organisation is now almost in place, which will pave the way for improving our ability to be innovative and for improving efficiency, quality and the rate of our development processes.



GPS2

MARKETS AND SALES

- Expansion of the sales force and further strengthening of the tele sales department
- Building of partnership relations in Asia and strategy for penetrating the Chinese and Indian markets are being prepared

Increased investments in developing the sales organisation have had the desired effect in the form of a substantial increase in the efficiency of our sales efforts and growth rates higher than market growth.



GPS3 EFFICIENCY

- The second stage of the transfer of electrode production was completed in October 2010 during transfer to Malaysia – all production activities will be combined in China and Malaysia in the course of 2011
- Measures to boost efficiency are increasing at the factories with satisfactory results
- E-trading solution close to being launched in the USA – further boosting the efficiency of sales efforts
- Phase one of the implementation of a new PLM system has been completed, and phase two is in

The transfer of production from Denmark to Malaysia has been a huge project which has gone far better than we had dared hope. The move has clearly benefited earnings, and Ambu now has an extremely competitive production set-up.



GPS4 ACQUISITIONS

- Exclusive agreement with MFS will ensure a transfer of technology to Ambu in a growth market; the possible exercising of an option to purchase MFS's product technology is being considered
- Targeted efforts are continuing to identify potential major acquisitions in the USA and Europe, both as regards product areas and enterprises

It takes time to 'mature' acquisitions – ownership structure and price expectations often an obstacle. However, attractive opportunities for acquiring both product areas and enterprises are present.



OUTLOOK

2010/11

	2010/11	Assumptions
Revenue, DKKm	In the region of 1,000	Launch of new products
<i>Growth, %</i>	6	Growth exceeding market growth
<i>Growth in local currencies, %</i>	6	Continued intensified sales efforts
		USD exchange rate: 540 GBP exchange rate: 875
EBIT margin before special items, %	Just over 13.5%	Increase in revenue Reduced cost prices Streamlining Pressure on prices
Profit before tax, DKKm	In the region of 130 (13% of revenue)	Before special items, including legal fees
Investments, % of revenue	Approx. 7	Investments in development, process equipment, expanding production capacity and global IT systems
Free cash flow (exclusive of acquisitions), DKKm	60-70	Reducing working capital in % of revenue by reducing inventories of finished products and trade receivables

DEVELOPMENT IN PENDING PATENT CASES

USA

- LMA's patent in the USA was invalidated in October 2009
- An appeal was lodged by LMA, and in January 2011 the case was sent back to the District Court in California for further consideration
- Ambu is waiting to hear the details of the rest of the process

Europe

- LMA's patent in Europe was invalidated in February 2008
- LMA has lodged an appeal against this decision, which is expected to be decided in mid-2011
- In October 2009, it was ruled that Ambu's laryngeal mask does not violate LMA's German utility model patent
- LMA has requested the right to appeal to the Supreme Court, and a decision is expected by mid-2011

GOOD STARTING POINT FOR FURTHER GROWTH

// FY 2010/11 has got off to a good start. We can see that the many strategic initiatives are bearing fruit, and basing our activities on the GPS Four strategy and the High Five targets, I am confident that we will be able to create further growth in both revenue and results.



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QUESTIONS





READ MORE AT WWW.AMBU.COM

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