



Annual Report 2010/11

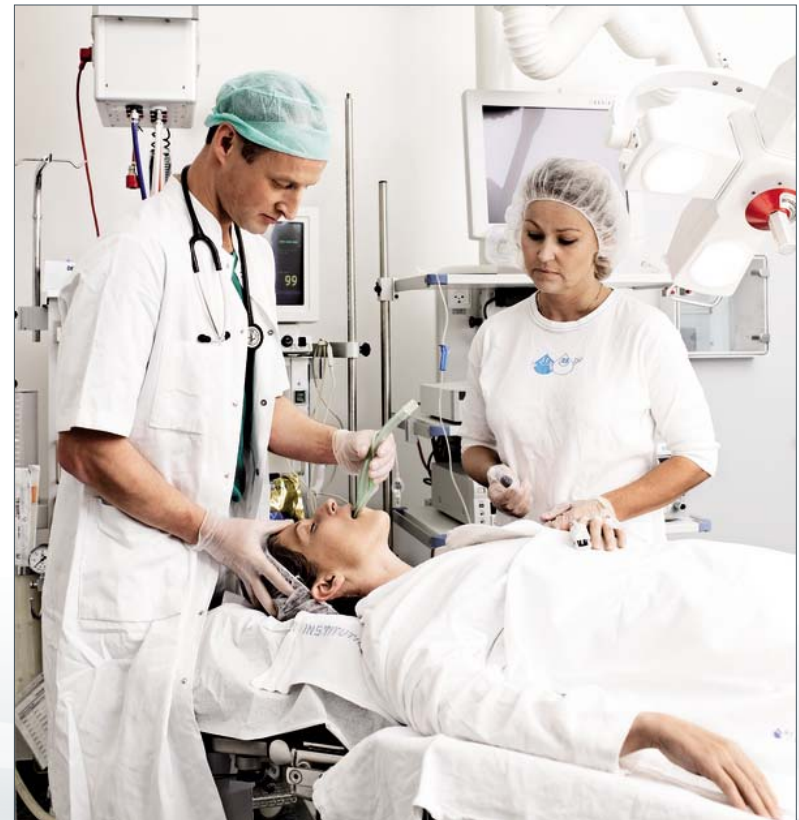
By CEO Lars Marcher and CFO Anders Arvai

Agenda

- Developments in 2010/11
- Status of GPS Four
- Outlook for 2011/12

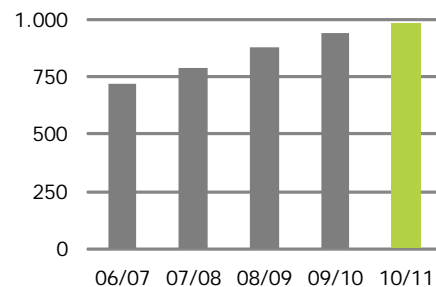
Highlights in 2010/11

- Strategic developments still in line with GPS Four
 - Optimisation of cost structure – moving production to Asia, bringing together Ambu’s main office functions at its head office in Ballerup
 - Optimisation of innovation organisation
 - Investment in sales organisations – particularly in the USA and emerging markets
 - Launch of new products
 - Development and adaptation of the organisation
- Increase in both revenue and net profit – and growth in excess of market growth
- Establishment of plan for 2011/12 – ‘Tuned for Growth’



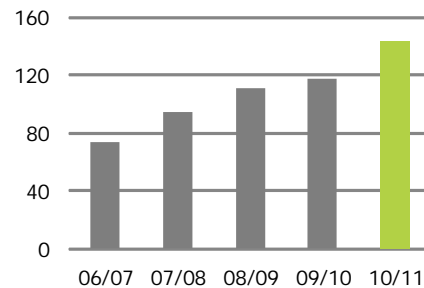
Satisfactory revenue and net profit

Revenue, DKKm



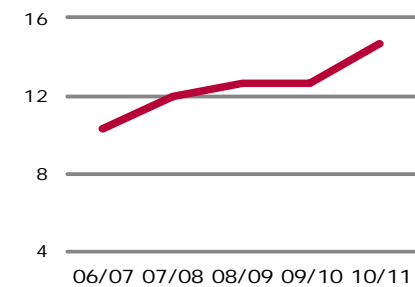
- Revenue of DKK 983m, up 5% reported in Danish kroner as well as local currencies
- Growth in excess of market growth
- Effect of changes in exchange rates: approx. DKK 7m

EBIT before special items, DKKm



- EBIT before special items of DKK 144m, up 22%
- Special items of DKK 33m – primarily compensation costs and legal fees
- Impact from exchange rates: approx. DKK 9m

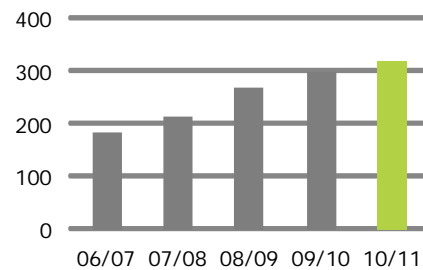
EBIT margin, %



- EBIT margin before special items of 14.7%, up 2.1 percentage points
- EBIT margin after special items of 11.3% against 12.3% last year
- The improvement reflects a higher gross margin and improved cost-efficiency

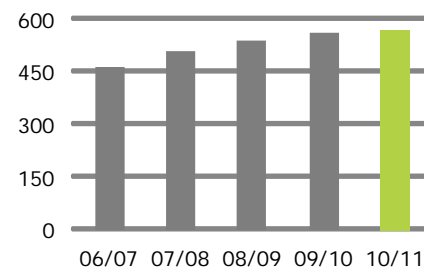
Development – markets

USA, DKKm



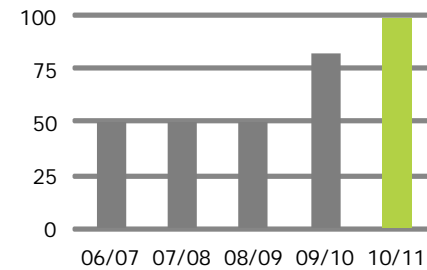
- Revenue growth of 9% in local currency and 6% in Danish kroner
- Growth in excess of market growth
- Double-digit growth rate within Emergency Care
- Market share won within GPO contracts
- Strengthening of sales efforts

Europe, DKKm



- Growth in revenue of 1%
- Variation in growth rates – satisfactory growth in sales region Central of 7% and 3% in the European part of sales region NEM, fall in revenue of 1-3% in other markets
- Several markets affected by public debt problems

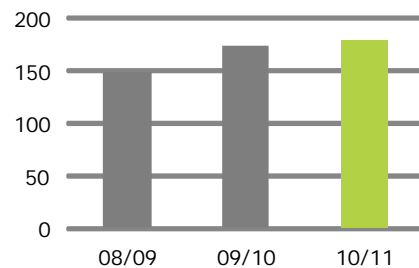
Rest of the world, DKKm



- Increased focus – revenue growth of 18%
- Brazil, China, India and other markets in Asia most important markets
- Different approach to the individual markets
- Product adaptation a key competition parameter

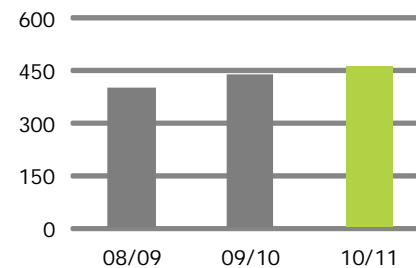
Development – business areas

Airway Management, DKKm



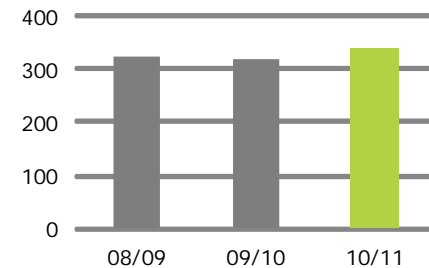
- Revenue growth of 4% in local currency and 3% in Danish kroner
- General market growth of 1-3%
- Strongest growth within laryngeal masks and aScope – position strengthened within anaesthesia
- Major focus on marketing aScope – sales lower than originally expected

Patient Monitoring & Diagnostics, DKKm



- Revenue growth of 5% in local currency and 4% in Danish kroner
- General market growth for ECG electrodes of about 1-2% and about 2-4% for neurological electrodes
- Sales of neurology products considerably in excess of market growth in the main markets

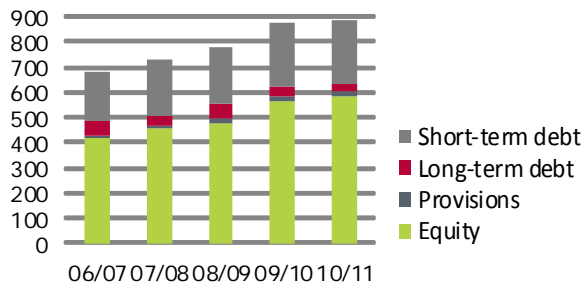
Emergency Care, DKKm



- Revenue growth of 7% in local currency and 6% in Danish kroner
- Substantial growth within single-use ventilation bags and single-use collars
- Sales of first-aid manikins and multiple-use products affected by low economic growth

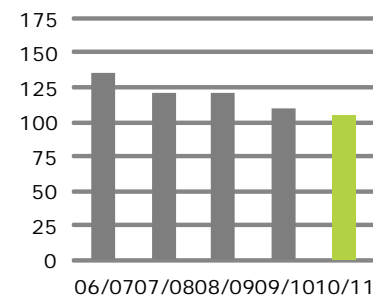
Robust capital structure

Capital structure, DKKm



- Equity increased to DKK 580m from DKK 562m
- Equity ratio of 65%
- Net long-term debt reduced by DKK 15m

Net interest-bearing debt, DKKm



- Net interest-bearing debt relative to EBITDA before special items of 0.5 against 0.6 in 2009/10
- Change in interest level of 1 percentage point only has a limited impact on results of approx. DKK 1m
- Unutilised bank credit drawing facilities of DKK 113m

Improved cash flow

DKKm	2009/10	2010/11
Cash flow from operating activities	99	102
Cash flow from investing activities, including acquisitions	(68)	(38)
Free cash flow	31	64
Cash flow from financing activities	(25)	(62)

- Cash flow from operating activities improved due to less funds tied up in working capital
- Investments lower than the year before – sales of non-current assets and less need for investments
- Improvement in free cash flow despite negative impact from special items of DKK 33m
- Increased cash flow from financing activities due to purchase of treasury shares

GPS Four

Status of Ambu's business strategy



GPS Four – overview



GPS1: Innovation

- Global innovation organisation in place – positive effect in the coming years
- Launch of new product platform with aScope – new version in 2010/11
- Identification of new platform projects
- Interesting pipeline – expected launch of several exciting products
- Insourcing of products, including SmartInfuser Pain Pump and Smart Block
- New products' share of revenue: 8%
- Establishment of advisory board
- Adaptation of organisation

Ideas that work for life



Ideas

Innovation is the core of Ambu. Every step towards better healthcare starts with an idea.



Work

We support doctors, nurses and paramedics worldwide to do a better job.




Life

Our vision is expressed in seven words:
To save lives and improve patient care.

GPS2: Markets and sales

- More structured sales effort in all markets
- Strengthening of sales organisation in the USA
- Increased efforts in emerging markets – producing satisfactory results
- Strengthening of ability to launch new products
- Implementation of new, more efficient sales tools – among other things based on new media
- Division of the sales organisation into three units – the USA, Europe and emerging markets

 *The result of the more effective sales effort is above-market growth. A strong foundation has been created, and Ambu is now ready for the next phase, which will be characterised by further growth.*

GPS3: Efficiency


- Moving of all production activities to Asia
 - Continuous streamlining and consolidation of competences within quality and regulatory matters etc.
- Bringing together the activities in Denmark at one location
- Optimisation of the supply chain, including implementation of forecasting system and improved management tools
- Plans for
 - Implementation of new European distribution setup and analysis of the possibilities of changing the American setup
 - Strengthening of the supply chain organisation.

 **Up to the next level**

The activities in the coming period include strengthening the entire supply chain, strengthening Ambu's organisation and expertise, lean activities and manufacturing products of an even higher quality.

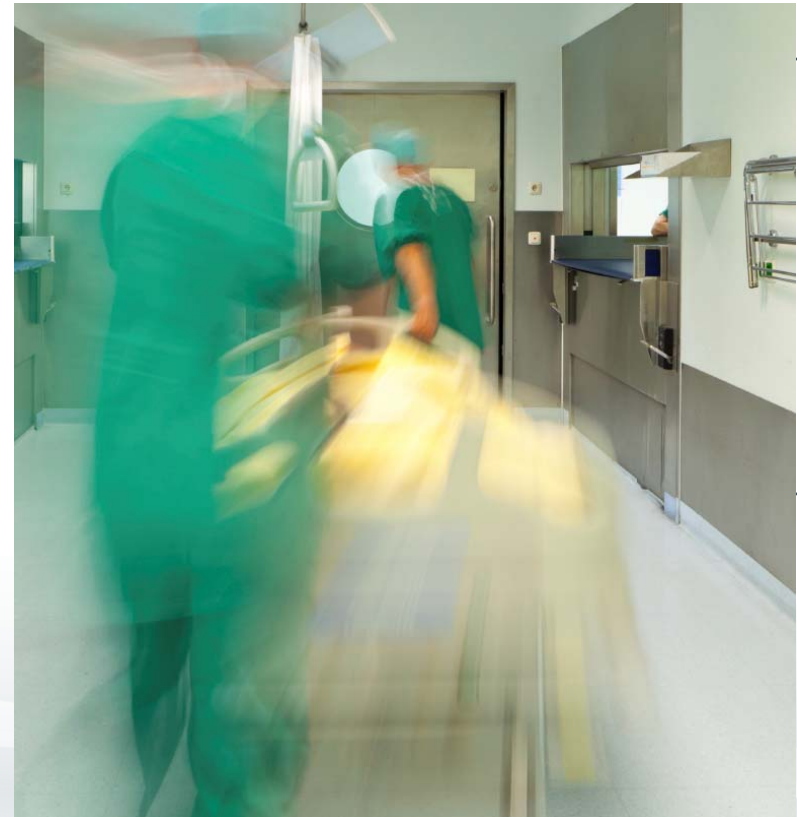
GPS4: Acquisitions and partnerships

- Primary focus on activities which can strengthen Ambu's position within the hospital sector
- Intensified effort – several acquisition opportunities identified – in terms of both product areas and companies
- Focus on forming new partnerships that can strengthen Ambu's product portfolio and open new doors

 *Ambu continues its efforts to form new partnerships and acquire businesses which can add value to Ambu and strengthen the product portfolio offered to customers.*

Tuned for Growth – plan for 2011/12

- Revenue in excess of DKK 1bn
- Further improvement of the EBIT margin
- Sales of new products launched after 2009 accounting for more than 10% of revenue
- Further streamlining of the production units in Asia
- Establishment of partnerships within both development and distribution



Market situation

Market situation

- Growing underlying demand for single-use medico-technical products
 - Variation from market to market – strongest growth in emerging markets and the USA
 - Europe affected by public debt problems
- General focus on treatment economies
- Intensive competition

Ambu's position and strategy

- Ambu's products contribute to enhanced efficiency, lower healthcare costs and improved patient treatment
- Focus on innovation
- Ambu tuned for growth – platform in place and sales organisation optimised
- Attractive position in the USA and increased efforts in emerging markets
- Focus on business acquisitions and forming partnerships

Outlook 2011/12



Outlook for 2011/12

	2011/12	Comments
Revenue	Between DKK 1,025 and DKK 1,035m	Increased revenue in emerging markets and success with new products
Growth	Approx. 5%	Reported in DKK and local currency Increased market share Formation of partnerships USD exchange rate: 540 GBP exchange rate: 850
EBIT margin, %	In the region of 15-15.5%	Increased revenue Reduced cost prices Streamlining Price pressure
Profit before tax in % of revenue	Approx. 14.5%	
Investments in % of revenue	Approx. 5%	Investments in product development, process equipment, expansion of production capacity and IT
Free cash flow	Minimum DKK 100m	Continued focus on reducing working capital



Questions



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