



# Q3 Interim report 2013/2014

April 1 2014 - June 30 2014

CEO Lars Marcher

CFO Michael Højgaard

# Agenda

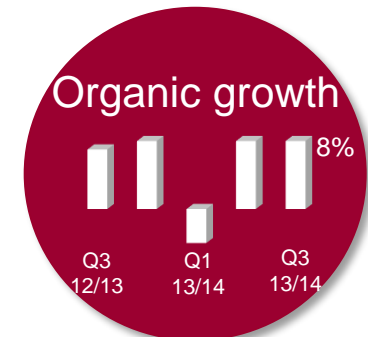
- Q3 Highlights
- Business trends
- Growth drivers
- Market outlook
- Financials
- Outlook
- Q&A

## **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.

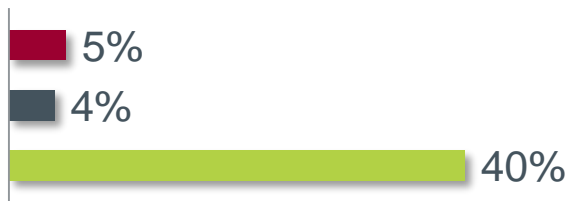
# Q3 Highlights

- Organic growth of 8%
- >60% increase in aScope 3 sales compared to previous quarter
- Gross margin improved to 51.6% as per plan
- Continued strong development in cost% and NWC
- EBIT increased by 41%
- Corporate IT platform implemented in USA to complete integration project
- Global launch of King Vision aBlade to hospital market
- Launch of 3rd generation laryngeal mask supports strong growth
- Full-year outlook specified. Expected organic growth of 6-7% (prev. 5-7%) and EBIT margin in the level of 13% (prev. 12-14%)



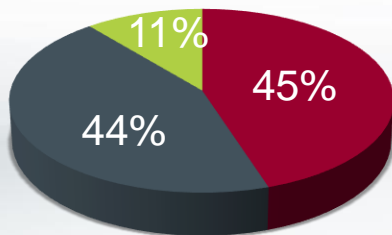
# Continued strong growth development in all regions

## Q3 organic growth



- North America
- Europe
- Rest of world

## Q3 revenue split



### North America



- Organic growth of 5%
- King Systems on Ambu's ERP system
- Launch of aScope 3, KV aBlade and AuraGain

### Europe



- Organic growth of 4%
- Continued strong aScope 3 sales
- Growth hampered by negative growth in EMC

### Rest of the world



- Organic growth of 40%
- Continued strong momentum across the board
- Solid growth in Australia

# Anaesthesia maintains strong momentum

## Anaesthesia

- Organic growth of 14%
- Strong development in sales of aScope 3
- King Systems contributing to organic growth
- Launch of KV aBlade and AuraGain

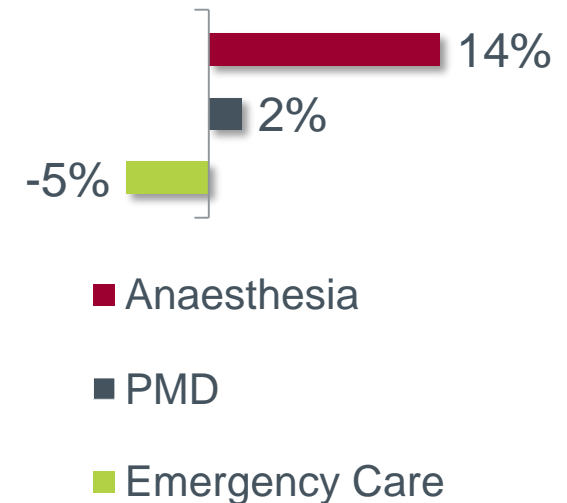
## Patient Monitoring & Diagnostics

- 2% organic growth, in line with market
- Solid growth in cardiology and neurology

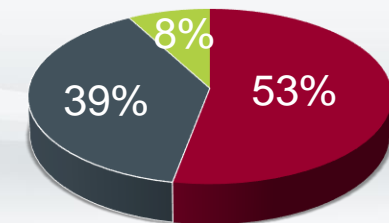
## Emergency Care

- Negative organic growth of 5% partly due to strong quarter last year
- Segment is sensitive to project sales

## Q3 organic growth



## Q3 revenue split



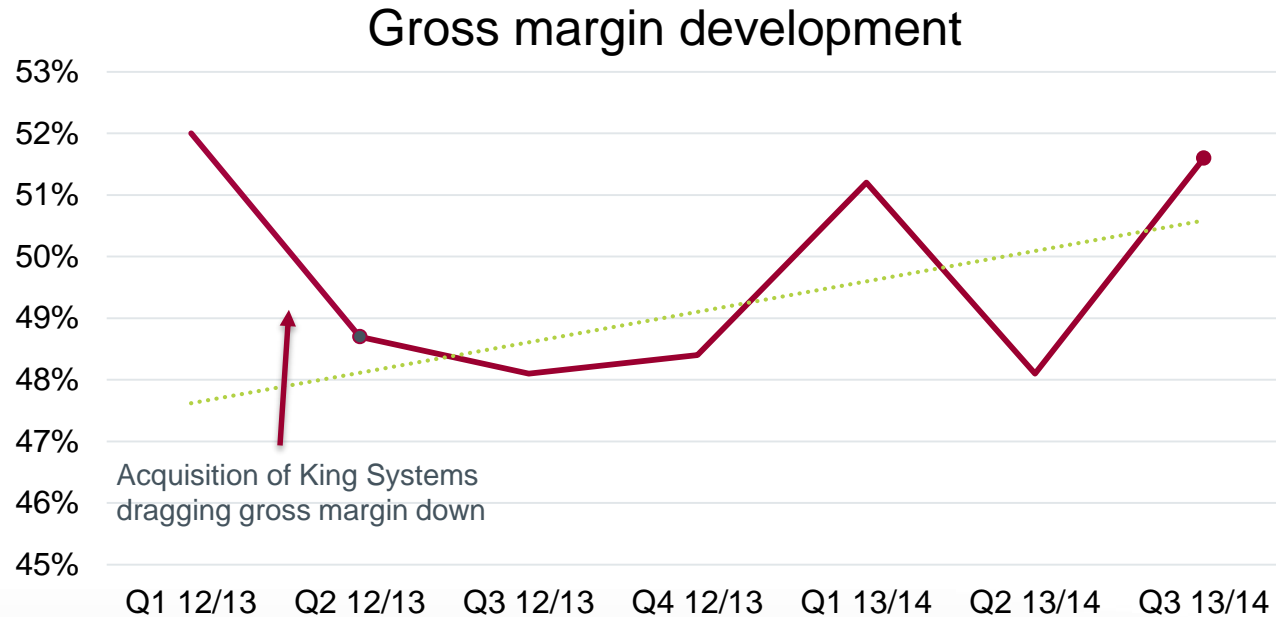
# King Systems integrated

	Planned	In progress	Completed
<b>Sales</b>			
Go-to market strategy			●
Product coverage			●
Cross sales outside US			●
Global systems			●
<b>Operations</b>			
Automation of manufacturing			●
Logistics and sourcing			●
Elimination of double functions			●
Scale effects			●

Planned
 In progress
 Completed

# Gross margin improving

- approaching level before acquisition of King Systems



- High margin products driving revenue growth
- Product launches supports margin growth potential
- Synergies from integration of King Systems materializing
- Continued optimization of Ambu's manufacturing
- Focus on pricing and reduction of discounts

# Ambu ready to accelerate growth

## Growth drivers launch status

	North America	Europe	Rest of World
<b>aScope 3</b>	Launched	Launched	Launched
<b>KV aBlade</b>	Launched	Launched	Launched
<b>AuraGain</b>	Launched	Launched	Launched
<b>Pain Pump</b>	Launched	N/A	N/A

- High single-digit organic growth in recent quarters
- Recent product launches strengthen growth potential
- Product portfolio strongest ever
- Focus on execution and cross-sales synergies



# Market outlook

## Trends

## Initiatives

### Anaesthesia

- Strong growth in some product categories
- Visualisation in demand
- Outpatient growing
- Cost focus

- Organise sales force to maximise growth potential
- Cost and benefit analysis to prove value of single-use
- One-stop-shop

### PMD

- Low growth environment
- Market leader in Europe
- Slow penetration in US
- Neurology gaining momentum

- Expand US footprint
- Remain focused on innovation to obtain premium prices

# Financial results

DKKm	Q3 13/14	Q3 12/13
Revenue	397	378
Gross profit	205	182
Gross Margin (%)	51.6	48.1
Capacity costs	(150)	(143)
EBIT before special items	55	39
EBIT-margin before special items (%)	13.9	10.3
Special items	0	(14)
Financials, net	(10)	(14)
Net result	33	6

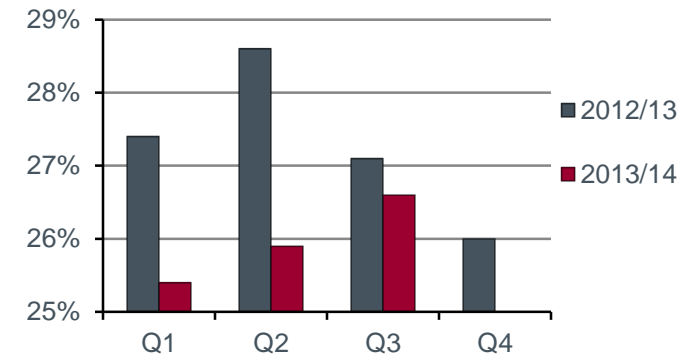
DKKm	Q3 13/14	Q3 12/13
Cash flow from operations	53	27
Cash flow from investments	(25)	(17)
Free cash flow	28	10

- Organic growth of 8% in Q3
- Solid improvement in gross margin
- Cost development under control
- Profitability significantly increased – EBIT-margin up 3.6%-pts
- Solid improvement in free cash flow
- Investments include new factory in Malaysia

# Balance sheet

DKKm	Q3 13/14	Q3 12/13
Total assets	1,974	1,935
Working capital	410	419
Net Interest Bearing Debt (NIBD)	784	767
Gearing (NIBD/EBITDA b.s.i.)	3.0	3.6

## NWC to 12 months Revenue\*



\* Pro forma adjusted for King Systems

- Working capital improved year over year
- Long term financing in place at 3.35% p.a.
- Sufficient credit facilities to cover current plans
- NIBD/EBITDA expected to be 2.5 at end of fiscal year

# Full-year 2013/14 outlook is maintained

- Organic growth and EBIT guidance are specified

	Guidance
Revenue	~DKK1.6bn
Organic growth	~6-7% (previously ~5-7%)
EBIT-margin	~13% (previously ~12-14%)
FCF before acquisitions	DKK 100-120m
Gearing (NIBD/EBITDA)	~2.5

## In summary

- Full year target on plan
- Growth drivers have good traction and are well received in the market place
- Expansion of EBIT-margin and increased free cash flow
- Q3 leaves Ambu well positioned for Q4 and forth to accelerate growth and improve profitability



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# Q&A



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For further information, please contact:

CEO Lars Marcher, [lm@ambu.com](mailto:lm@ambu.com) or +45 5136 2490

CFO Michael Højgaard, [miho@ambu.com](mailto:miho@ambu.com) or +45 4030 4349