



Acquisition of King Systems Inc.

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20 December 2012

Agenda

- Transaction highlights
- Introduction to King Systems
- Ambu pro-forma financials and revenue split
- Strategic rationale
- Transformation of King Systems manufacturing
- Synergies
- Wrap up

Transaction highlights

- On 20 December 2012, Ambu A/S entered into agreement with Consort Medical PLC to acquire King Systems Inc., a wholly owned subsidiary of Consort Medical and a strong US supplier of disposable anaesthesia devices
- The cash price for King Systems is USD 120 million on a debt and cash free basis
- In addition, Ambu will pay further contingent payments of up to USD 50 million
- Full financing is in place through a committed debt facility
- Transaction closing expected in Q1 2013 subject to Consort Medical shareholder approval and certain customary conditions
- King Systems contributes perfectly to Ambu's strategy GPS Four:
 - Highly complementary disposable products addressing same customers and call points
 - Significantly increases Ambu's scale and market position in the US
 - More than double Ambu's global sales in the anaesthesia segment
 - Significant additions to Ambu's innovative pipeline, especially in visualisation
- Strategic fit provides for substantial sales and operational synergies with revenue and EBIT impact

Contingent payments

- In addition to the cash price, Ambu and Consort Medical has agreed contingent payments related to the success in the development and sales progression of the King Vision products
- The contingent payments comprise a lump-sum of USD 10 million upon the first commercial sale of the King Vision low-cost blade, expected in Q2 2013
- The remaining contingent payments of up to USD 40 million are based on an earn-out mechanism
 - The mechanism has a pay-out of USD 20 million over a three-year period, based on sales performance versus the King Vision business plan
 - The earn-out is capped at USD 40 million, which would be realised if the business plan is outperformed by 100%
- In Q2 2013, King Systems is expected to launch a new low cost blade version of the video laryngoscope significantly reducing the cost per use of the King Vision. Further R&D developments are expected to be launched in the period 2013-2016

King Systems at a glance

- King Systems is a strong US supplier of anaesthesia products with a wide range of disposable face masks, breathing circuits and laryngeal tubes used to maintain the patient's airway in critical care and other clinical settings
- Supplier to +3,500 hospitals / healthcare institutions in the US and a key supplier to US Group Purchasing Organisations and Integrated Delivery Networks
- International sales to +55 countries via distribution partners
- Recent launch of the King Vision video laryngoscope

Facts and figures

- Founded in 1977 in Noblesville, Indiana, USA
- Owned since 2005 by Consort Medical, a publicly traded company on the London Stock Exchange (LSE: CSRT)
- About 400 employees, primarily in the US
- Production facility in Noblesville, Indiana

Financials (2012A)

- Revenue: USD 68.9 million
- EBIT*: USD 8.9 million
- EBIT margin: 12.9%
- 87% of sales in the US
- 13% in international markets (outside US)

*exclusive of allocation of Head Office overheads



King Systems - A strong US supplier of anaesthesia devices

Product and Market Leadership

- A leading manufacturer of premium anaesthesia products
- US market share of more than 30% in circuits and masks
- Own US sales force and increasing international footprint through distributors
- Key supplier to US Group Purchasing Organisations and Integrated Delivery Networks

Strong Brand Equity

- Long-term customer relationships, strong brand recognition and reputation for quality premium products
- Opportunity to broaden product range by leveraging the King anaesthesia and airway management brand

Pipeline of Growth Opportunities

- King Vision product extensions – next-gen low-cost blade, display and VL (video laryngoscope) line extensions
- New products to complement existing product lines

Modernised Manufacturing Capacity

- Close to USD 30 million investment program modernising the manufacturing processes to be completed in 2013
 - Consolidation of manufacturing into one US facility
 - Additional cost-base initiatives
-

King Systems key products



Breathing circuits and masks

- Used by anaesthetists to administer anaesthetic gases and oxygen to a patient during an operating procedure



Airway devices

- Supraglottic airway devices used to establish an airway without entering the trachea. These are most often used in emergency settings or for brief procedures



King Vision video laryngoscope

- An affordable, durable and portable digital video laryngoscope that helps clinicians see where they are placing an endotracheal tube when establishing a patient airway. Designed for indirect laryngoscopy, difficult endotracheal intubations as well as routine intubations
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On a pro-forma basis the acquisition of King Systems significantly increases both revenue and EBIT



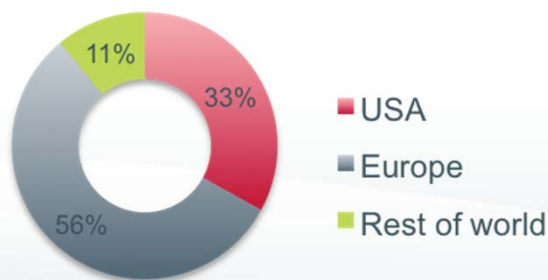
Note: Ambu's and King Systems' financial years do not end on the same date. The data for King Systems has been recalculated to reflect Ambu's financial year (1 October 2011 to 30 September 2012). The pro-forma numbers are Ambu management estimates and King System figures are recalculated in DKK based on USD 575

Revenue split by geography

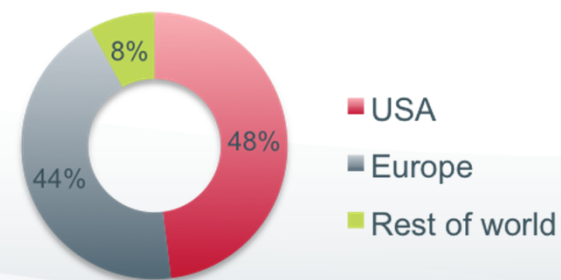
- Ambu will become a significant US player

- US will be Ambu's biggest sales region
- Additional US contracts with GPOs, IDNs, distributors and healthcare institutions
- Larger scale in Europe allowing for better synergies across the region
- Increased presence in South America and Asia
- Better positioned to seize market opportunities

Revenue by geography*
Ambu stand alone



Pro-forma revenue by geography**
Ambu+King Systems



* As reported, Ambu FY 2011/12A

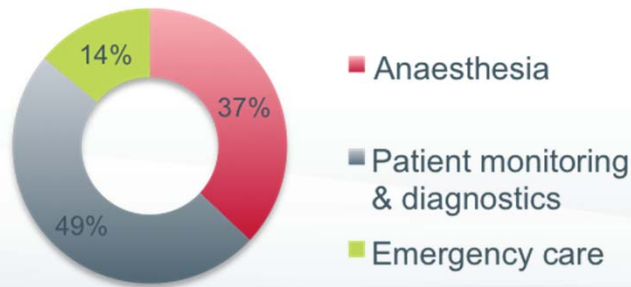
** Pro-forma data based on Ambu FY 2011/12A September and King Systems FY 2011/12A April

Revenue split by business area

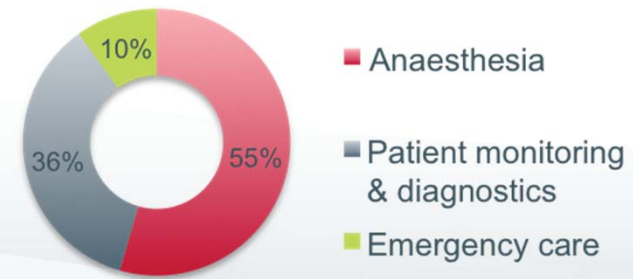
- Ambu will more than double sales in Anaesthesia

- Anaesthesia becomes biggest business area
- Strengthened value proposition to existing call points
- Broader product offerings to purchasing organisations
- Increased visibility to attract partners
- Increased market presence and size supports Ambu's long-term strategic position

Revenue by division*
Ambu stand alone



Pro-forma revenue by division**
Ambu+King systems



* As reported, Ambu FY 2011/12A

** Pro-forma data based on Ambu FY 2011/12A September and King Systems FY 2011/12A April

A perfect strategic match

The King Vision laryngoscope complements Ambu's aScope™ to give a strong product offering in the market for single use visualisation devices

Significant potential for leveraging sales force due to highly complementary product offerings in anaesthesia addressing the same customers and call points



Stronger value proposition to group purchasing organisations (GPOs), integrated delivery networks (IDNs), distributors and healthcare institutions

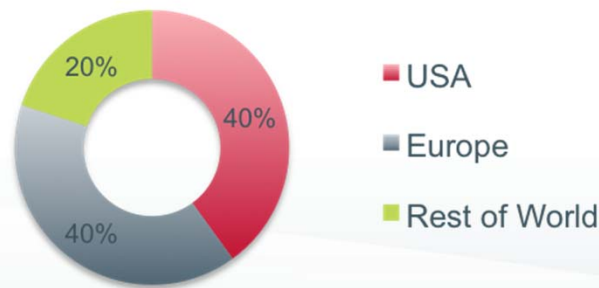
Cross selling in the US and Europe of the two companies' products to hospitals and Emergency Services

Strategic opportunities to optimise operations across the combined business including logistics, procurement and warehousing

Addressable global anaesthesia market doubles in size

- Addressable global anaesthesia market increases from more than DKK 3 billion to more than DKK 6 billion
- General market growth around 1-3% with high product segment variation

Regional split of addressable global anaesthesia market



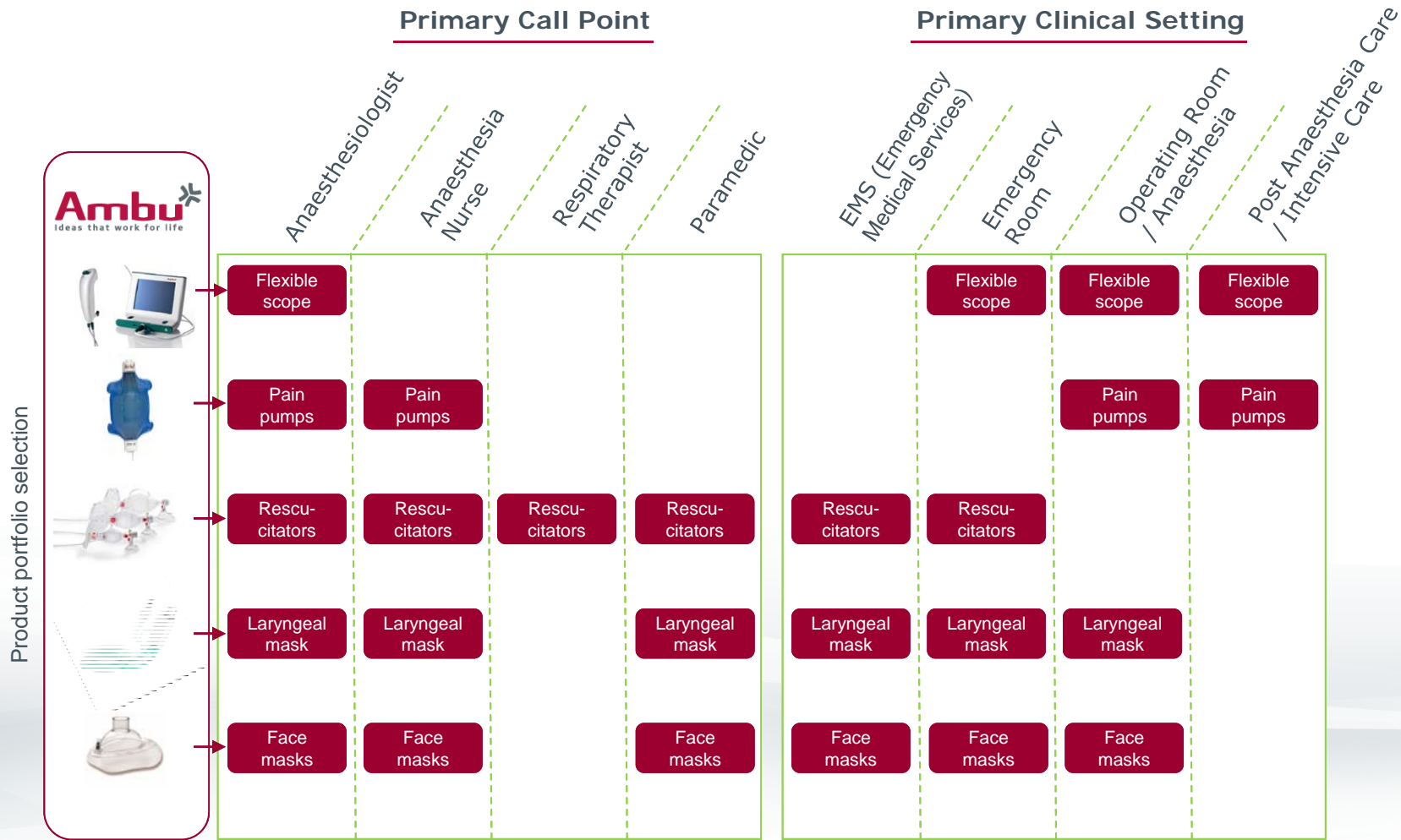
Source: Ambu estimate

Selected market players

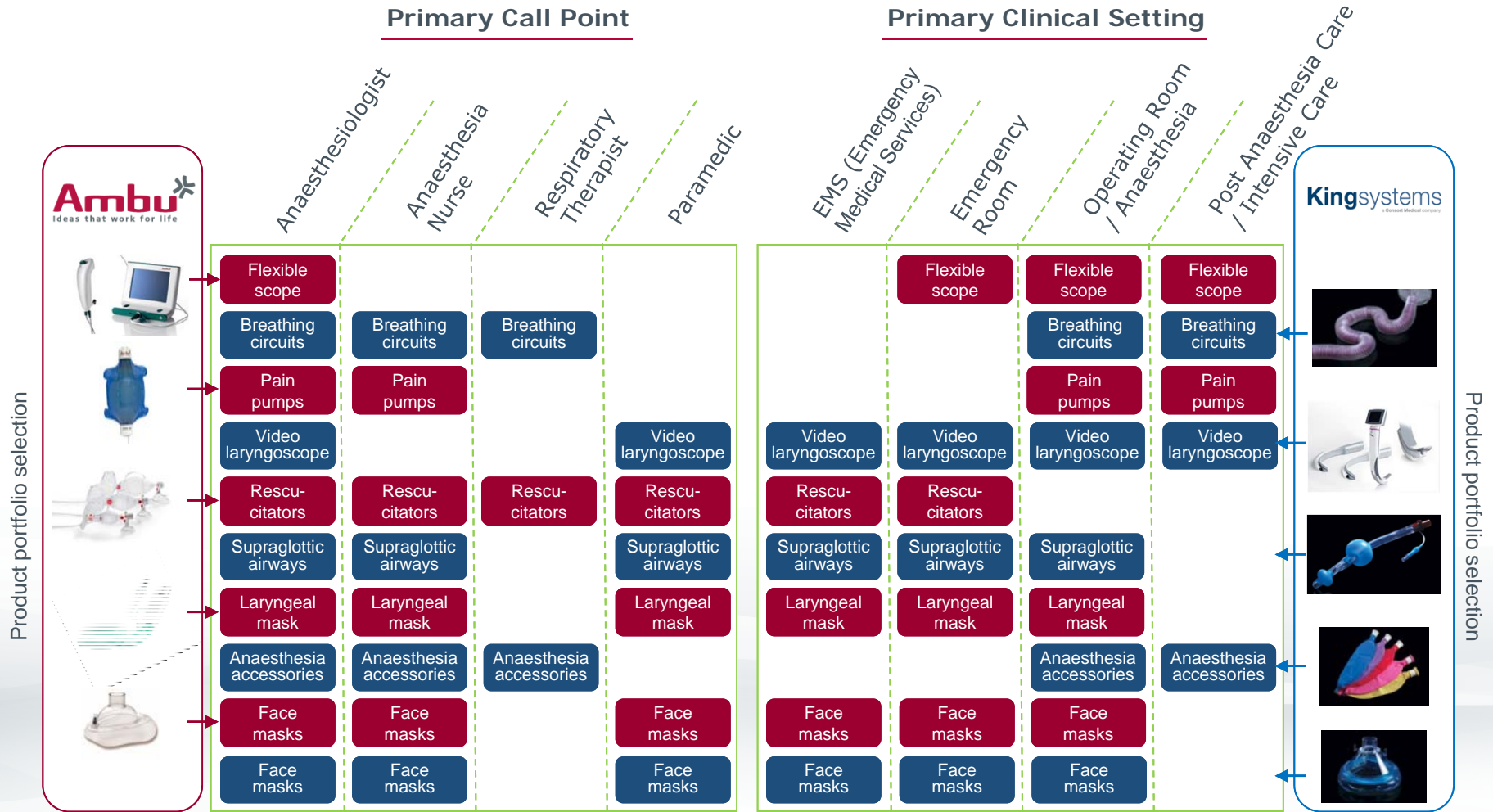
smiths medical



Complimentary product portfolio and call point fit



Complimentary product portfolio and call point fit



Transforming manufacturing

- Since 2010, King Systems has invested close to USD 30 million in a manufacturing transformation programme to increase margins through automation and improvements of its core manufacturing processes

Circuits (Flex2 line)



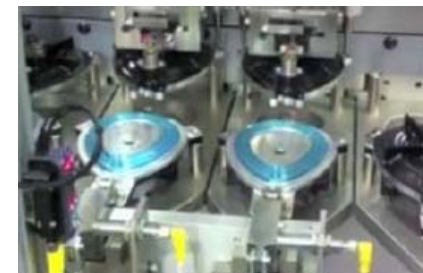
- Successfully implemented
- High quality
- High efficiency

Breathing bag line



- Commissioning trials underway
- Inventory build complete
- H&M bag production ceased in July
- In production Q1 2013

Face masks line



- H&M cushion production to cease December 2013
- Installation in Q4 2012
- Commissioning Q1 2013
- Live Q2 2013

Synergies

- The strategic fit between Ambu and King Systems provides opportunities for substantial sales and operational synergies with revenue and EBIT impact
- The key synergies are expected to be:
 - Cross-sales from highly complementary product offerings
 - Scale in US operations
 - Supply chain and manufacturing synergies
 - Increased capabilities and optimisation opportunities of global support functions

Wrap up

- The acquisition of King Systems Inc. fully supports Ambu's strategy GPS Four
 - Highly complementary disposable products addressing same customers and call points
 - Significantly increases Ambu's scale and market position in the US
 - More than double Ambu's global sales in the anaesthesia segment
 - Significant additions to Ambu's innovative pipeline, especially in visualisation
- The strategic fit provides for substantial sales and operational synergies with revenue and EBIT impact
 - More detailed information related to synergies and revised outlook will be provided after completion of the transaction
- Full financing is in place through a committed debt facility
- The acquisition is subject to Consort Medical shareholder approval and certain customary conditions
- Completion is expected in Q1 2013



Ambu
Ideas that work for life

Questions



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