



Ambu
Ideas that work for life

Annual report 2016/17

October 1 2016 – September 30 2017

CEO Lars Marcher
CFO Michael Højgaard

Webcast: November 9 2017

Agenda

- Q4 and FY highlights
- Visualisation in a new perspective
- Financials and outlook

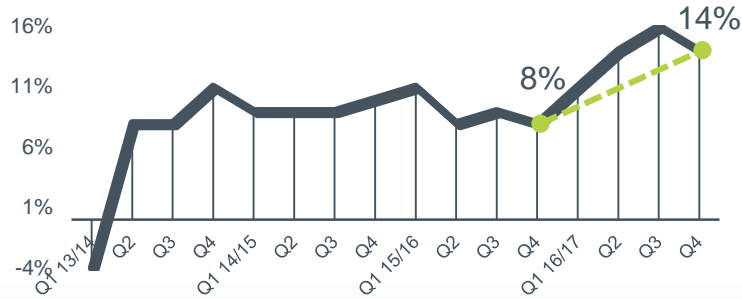
Disclaimer

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.

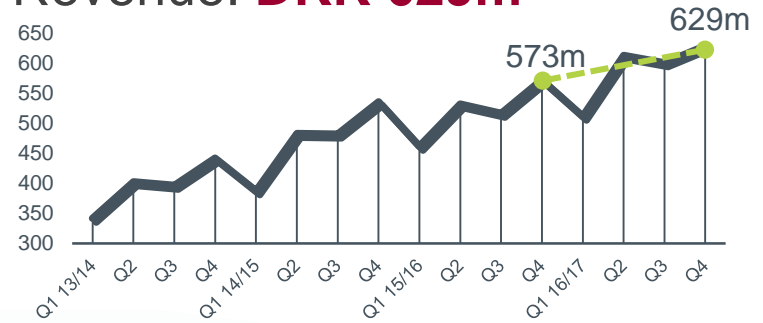


Q4 performance

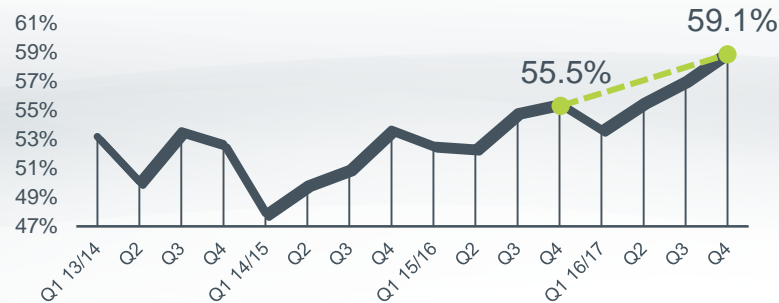
Organic growth: **14%**



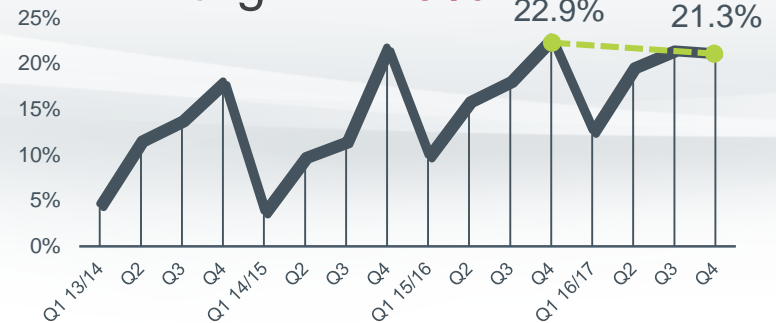
Revenue: **DKK 629m**



Gross margin: **59.1%**



EBIT margin: **21.3%**



Full-year highlights

- Continued solid growth (14%) and earnings (450m DKK)
- EBIT margin improved by 2%-points to 19.1%
- 364,000 endoscopes sold – 82% increase
- Two product launches in Visualisation
- Continued strong cash flow
- Big Five 2020 strategy launched 4 October 2017
- Invendo Medical acquisition on 25 October 2017



Strategy targets surpassed

Targets for 2016/17

Revenue

- DKK 2bn

EBIT margin

- 17-18%

Working capital

- 25%



Realised in 2016/17

Revenue

- DKK 2.355bn

EBIT margin

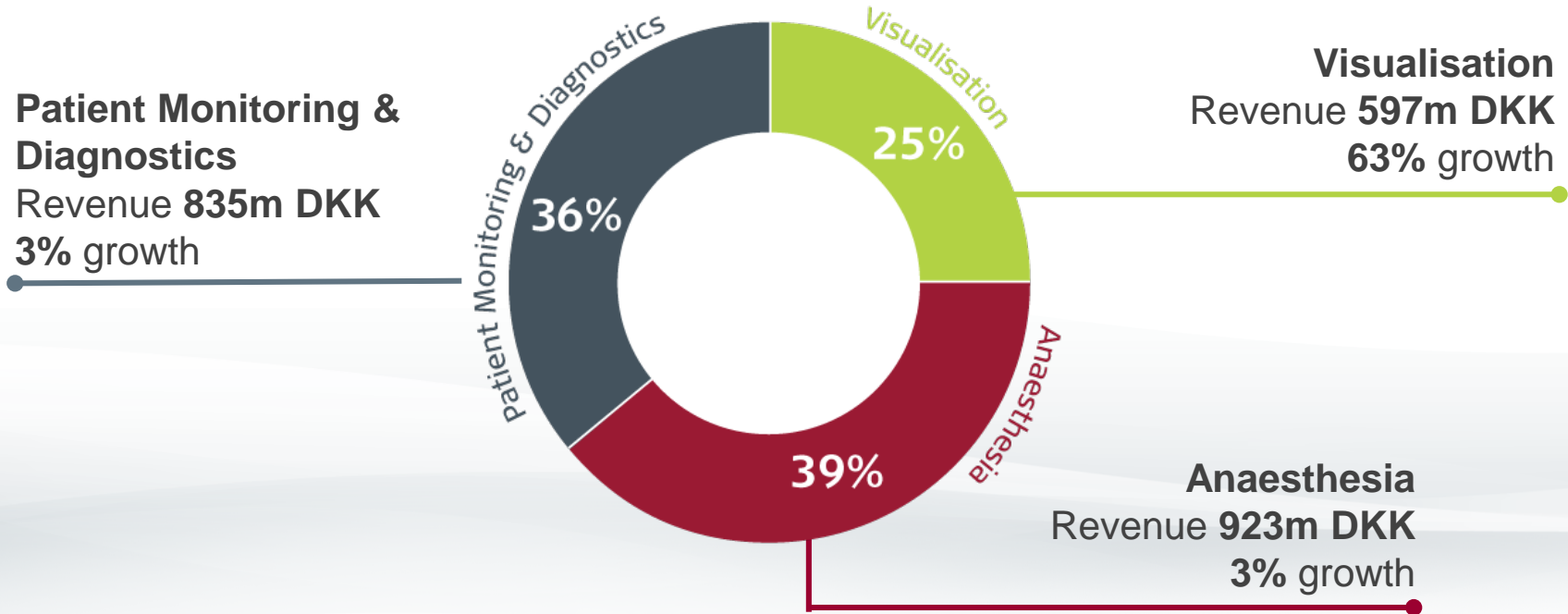
- 19.1%

Working capital

- 19%

FY – organic growth

Business areas



Patient Monitoring & Diagnostics
Revenue **835m DKK**
3% growth

Visualisation
Revenue **597m DKK**
63% growth

Anaesthesia
Revenue **923m DKK**
3% growth

Markets

North America

REVENUE **1,106m** DKK

GROWTH **12%**

Business growth

- Visualisation 82%
- Anaesthesia -2%
- PMD -2%

Part of total revenue **47%**

Europe

REVENUE **962m** DKK

GROWTH **13%**

Business growth

- Visualisation 48%
- Anaesthesia 7%
- PMD 4%

Part of total revenue **41%**

Rest of World

REVENUE **287m** DKK

GROWTH **24%**

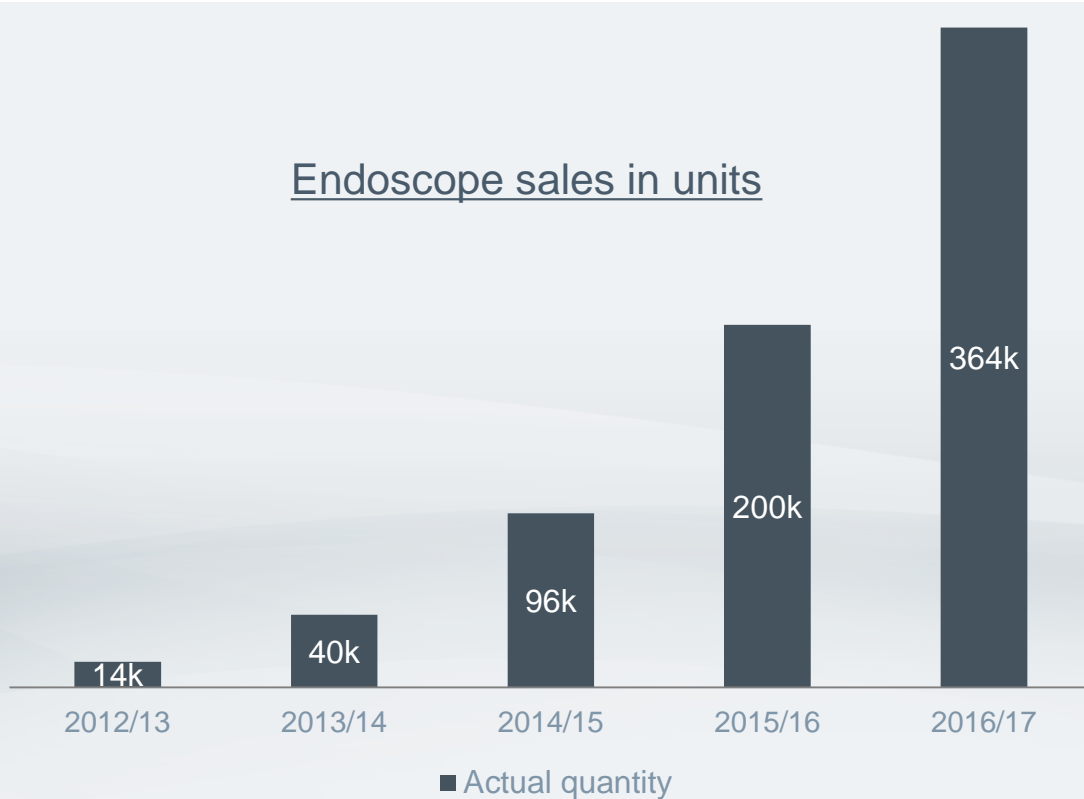
Business growth

- Visualisation 53%
- Anaesthesia 28%
- PMD 7%

Part of total revenue **12%**

82% volume growth in endoscope sales for full-year

Endoscope sales in units



- Q4 endoscopes sales of 115,000 units (up 92%)
- Annual expectation of ~350,000 units
- Stable ASP as the value offering is significant
- New endoscope manufacturing site built. Production to start in January 2018



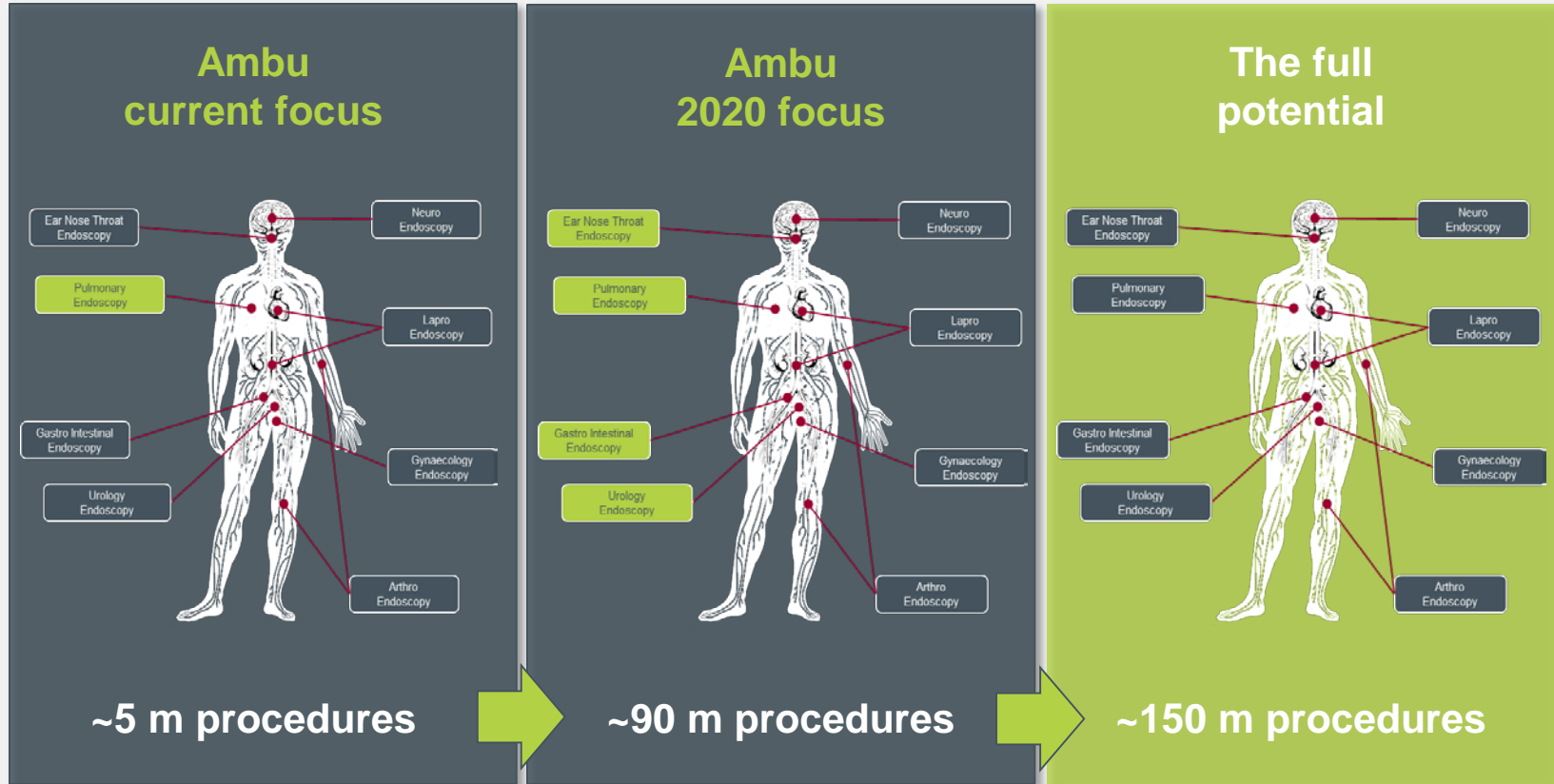
Visualisation in a new perspective

Since the introduction of aScope, we have steadily expanded our coverage in the pulmonary category

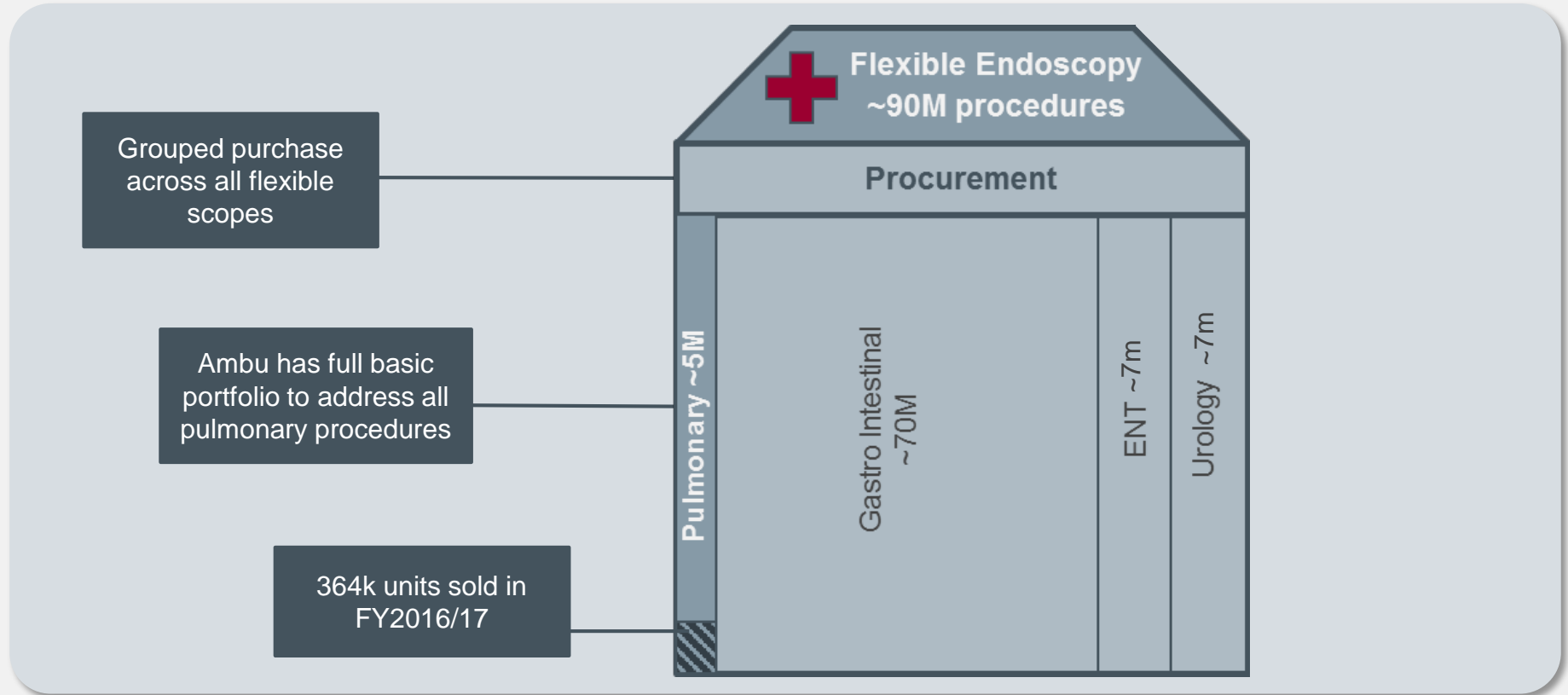


With aScope 4 we now cover the entire pulmonary segment

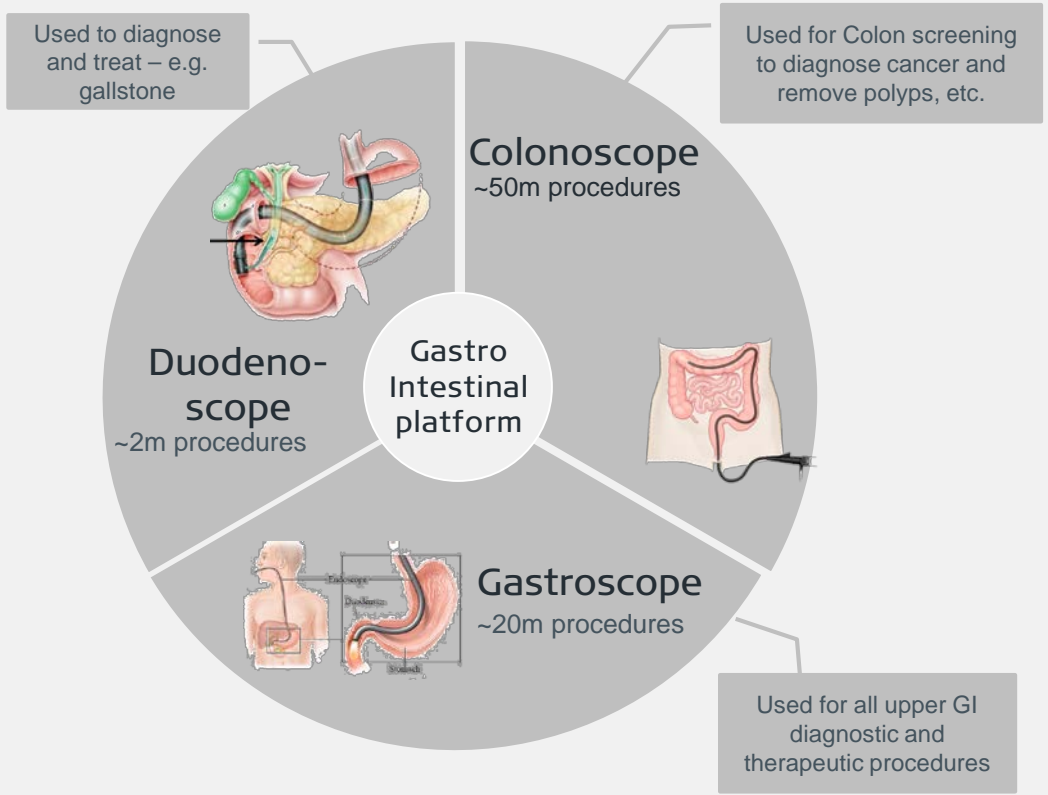
Expanding from single-use pulmonary endoscopy



Ambu can soon address the majority of the flexible endoscope market needs



The acquired technology platform ensures a full and highly relevant GI portfolio by 2020



Los Angeles Times

Superbug linked to 2 deaths at UCLA hospital; 179 potentially exposed

Nearly 180 patients at UCLA's Ronald Reagan Medical Center may have been exposed to potentially deadly bacteria from contaminated medical scopes, and two deaths have already been linked to the outbreak.

Preventable Tragedies: Superbugs and How Ineffective Monitoring of Medical Device Safety Fails Patients

Between 2012 and spring 2015, closed-channel duodenoscopes were linked to at least 25 different instances of antibiotic-resistant infections that sickened at least 250 patients worldwide.



Contents lists available at ScienceDirect


ELSEVIER American Journal of Infection Control **AJIC**
American Journal of Infection Control

journal homepage: www.ajicjournal.org

Major article

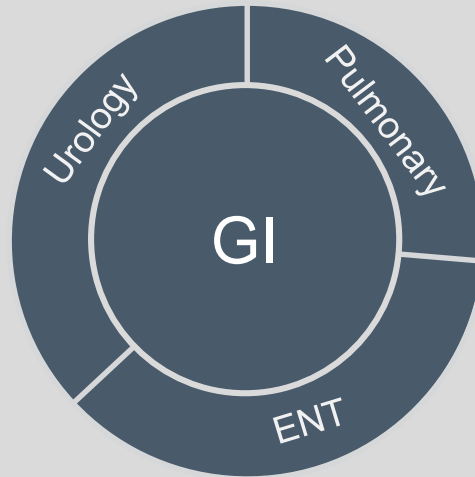
Persistent contamination on colonoscopes and gastroscopes detected by biologic cultures and rapid indicators despite reprocessing performed in accordance with guidelines

Cori L. Ofstead MSPH^{a,b,*}, Harry P. Wetzler MD, MSPH^a, Evan M. Doyle BS^a, Catherine K. Rocco RN, MSN, CNOR^a, Kavel H. Visrodia MD^c, Todd H. Baron MD^d, Pritish K. Tosh MD^b



Ambu is now in a favorable position to transform the flexible endoscopy market

Full hospital endoscopy player



~90 m procedures

- Majority of endoscopy **investment pool** is owned by GI department
- Gastro is **dominant** in the hospitals' endoscope purchasing process
- Unlike other flexible endoscopy areas, majority of GI procedures are **performed in hospital** (not Clinics)
- More than **8 out of 10** flexible endoscopy procedures in the hospital are within GI

Niche
product
supplier





Financial results and outlook

Profitability

– Continued strong earnings development

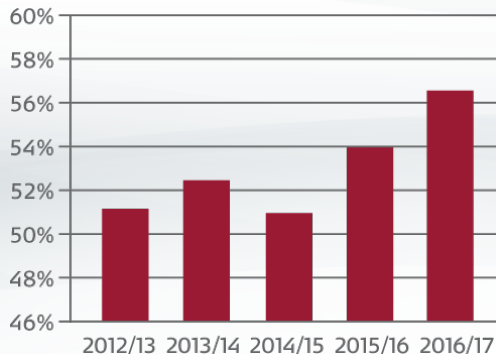
DKKm	Q4 16/17	Q4 15/16	FY 16/17	FY 15/16
Revenue	629	573	2,355	2,084
Gross margin	59.1%	55.5%	56.5%	53.9%
OPEX	-238	-187	-881	-768
Cost percentage	38%	33%	37%	37%
EBIT	134	131	450	356
EBIT-margin	21.3%	22.9	19.1%	17.1%
Financials, net	-21	-11	-57	-30
Net result	87	92	301	250

- Strong growth in Q4 and in FY
- Improved gross margin
- EBIT-margin up 2%-pts. for FY
- Tax percentage maintained at 23%
- Net result at DKK 301m up 20%
- Proposed dividends at DKK 1.85 per share

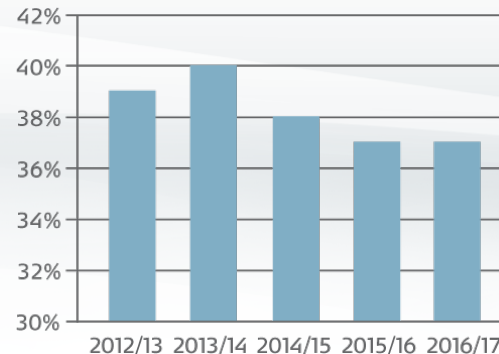
Full-year highlights

- Strong trend on all financial KPIs
- Gross margin at 56.5% – up 2.6%-pts. since LY
- Rate of costs at 37% as LY
- EBIT at DKK 450m – up 26% over LY
- EBIT-margin at 19.1% – up by 2%-pts. to LY

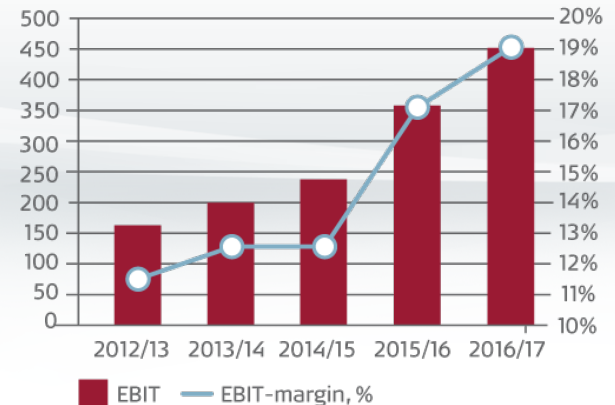
Gross margin



Rate of cost



EBIT and EBIT margin



Cash flow and balance sheet

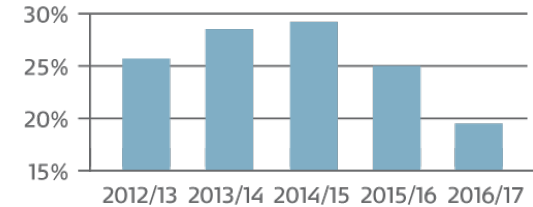
DKKm	Q4 16/17	Q4 15/16	FY 16/17	FY 15/16
Cash flow:				
Operating activities	160	101	462	369
Investing activities	-32	-22	-141	-84
FCF before acquisitions	128	79	321	285
Acquisition activities	0	-93	0	-155
FCF after acquisitions	128	-14	321	130
Balance sheet:				
Total assets			2,500	2,364
NIBD			767	955
Key Figures:				
Net working capital			19%	25%
ROIC after tax incl. goodwill			22%	19%
Equity ratio			51%	42%
NIBD/EBITDA			1.4	2.1

- Cash flow from operation at 20% of revenue vs. 18% LY
- Ordinary investments at 4% of revenue unchanged
- Working capital at 19% vs. 25% LY
- Investment in factory in Malaysia of DKK 40m
- Gearing at 1,4 vs. 2.1 LY
- Acquisition of Invendo Medical after the balance sheet date

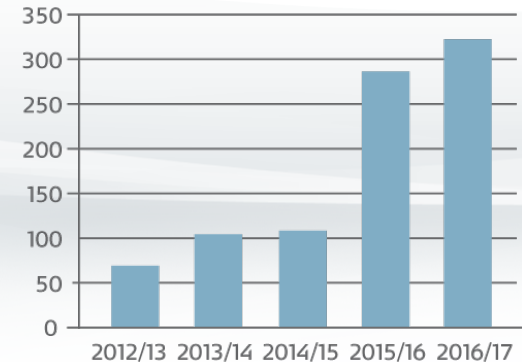
Free cash flow and working capital

- Significant improvement in working capital down from 25% LY to 19% in 2016/17
- Main contributor is better collections and decreasing DSO by 2 days to 65 days over LY
- Also some improvements from lower inventories and better utilization
- Free cash flow ending at DKK 321m or 14% of revenue
 - Excluding non-recurring investments in buildings free cash flow equals 15% of revenue

Working capital relative to revenue



Free cash flows (DKKm)



Big Five 2020 financial targets

– Our strategy translates into ambitious financial goals

Revenue

It took 75 years to reach 1 billion. Four years to reach 2 billion. Now, we will try to reach 5 billion in three years – combined organic and acquisition growth. It's a stretch but we'll go for the Big Five.

5 bn DKK

Earnings

During the past strategy period we achieved global scale in our business & made the required investments in development, production and sales. Now, we are set to take our earnings to new levels.

+5 %-pts on EBIT margin

Financial outlook for 2017/18

	Local currencies	Danish Kroner
Organic growth	~13%	-
EBIT margin	-	~20%
Free cash flows	-	DKK ~275m

In summary

- Strong financial performance surpassing targets
- Solid platform for further growth
- Big Five 2020 introduced
- Acquisition sets direction for next transformation





Ambu
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Q&A



Read more at www.ambu.com

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