



**Ambu**  
Ideas that work for life

# Q1 interim report 2014/15

October 1 2014 – December 31 2014

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CFO Michael Højgaard

# Agenda



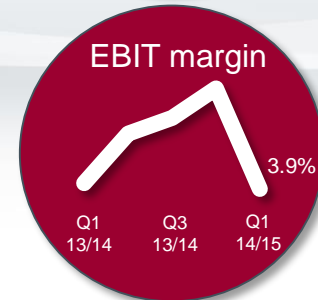
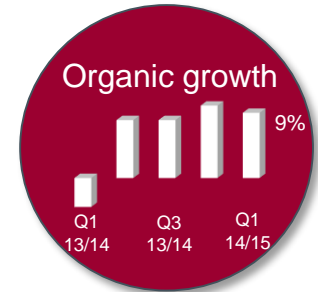
- Q1 Highlights
- Status on business
- Status on projects
- Financials
- Outlook
- Q&A

## **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.

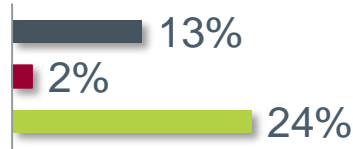
# Q1 Highlights

- Growth of 9% in local currencies and 13% in Danish kroner. All organic
- Strong growth in Europe and ROW
- Lower than expected growth in North America due to a troublesome start with outsourced warehouse operations. Will be back on track in Q2
- aScope continues to perform strongly. More than 400 hospitals now use aScope in North America
- Gross margin of 46.9% (51.2%) – lower due to impact from strong US dollar and product mix
- EBIT earnings at the same level as of Q1 2013/14
- Full-year outlook adjusted for effects from appreciating USD



# Strong growth in Europe and ROW

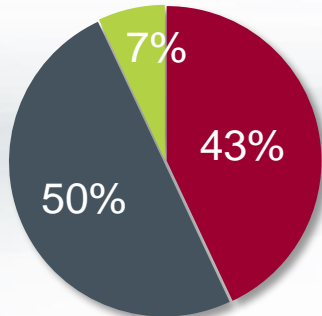
## Q1 organic growth



### Europe

- Organic growth of 13%
- Growth across all major markets
- Strong sales of new as well as classic Ambu products

## Q1 revenue split



### North America

- Organic growth of 2%
- Outsourcing of warehousing causing delays
- Strong start of aScope 3 since introduction in Q3 13/14

### Rest of the world

- Organic growth of 24%
- Growth is driven by Far East Asia and Australia
- AuraGain is well received

# Anaesthesia continues to deliver outstanding growth

## Anaesthesia

- Organic growth of 16%
- Continued double-digit growth
- Strong development in sales of aScope 3



## Patient Monitoring & Diagnostics

- 4% organic growth
- Solid growth in Cardiology and Neurology

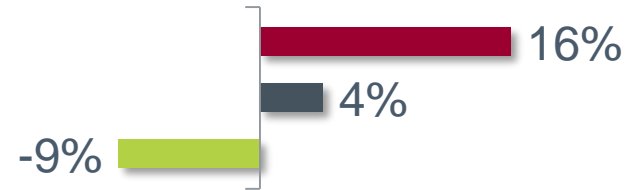


## Emergency Care

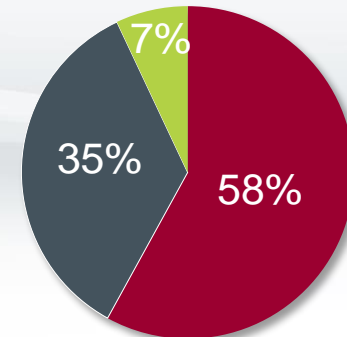
- Negative organic growth of 9%
- Segment is sensitive to project sales



## Q1 organic growth



## Q1 revenue split



*Organic growth rates stated in local currency*

# Growth drivers



aScope 3



King Vision




Laryngeal masks



SmartInfuser

# Growth drivers

## – aScope 3

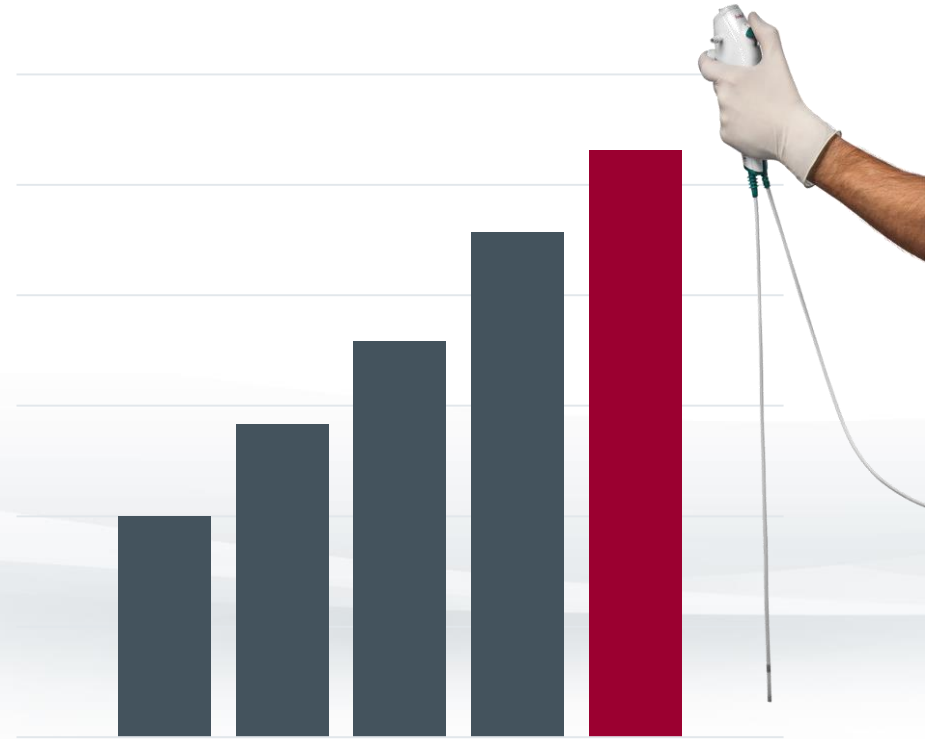


**Almost 1,500  
hospitals  
worldwide  
use aScope**

**Production  
capacity  
expanded**

# Continued strong aScope development

- aScope 3 launched globally
- Increasing repurchase rates
- The demand for Ambu aScope now exceeds our previous production capacity (60,000 units a year)
- New aScope factory in Malaysia has been operating since end of December. New capacity is 120,000 units/year
- Still no competition on single-use flexible video scopes





# Growth drivers

## – King Vision


**King Vision  
continues to  
show double-  
digit growth**



**New aBlade  
versions to be  
introduced in  
Q3**

# Growth drivers

- Laryngeal masks



**Sales of  
AuraGain  
show strong  
performance**

**Double-digit  
growth in  
laryngeal mask  
portfolio**

# Growth drivers

– SmartInfuser

High double-digit growth in pain pump sales

New unique bolus introduced



# Centralised distribution in US

- Warehouse and distribution services outsourced to third party logistics provider
- Simplified supply chain will lead to lower distribution costs
- Outsourcing project has led to backlog in US of approx. DKK 8m
- Leaner sales office and manufacturing setup



# Sales focus and execution

- Split of German sales force into two teams
- Dedicated sales teams for our two primary business areas on all major markets – including USA, the UK, Denmark, Sweden, Finland and Germany
- Continued expansion of sales resources in Anaesthesia globally



# Financial results

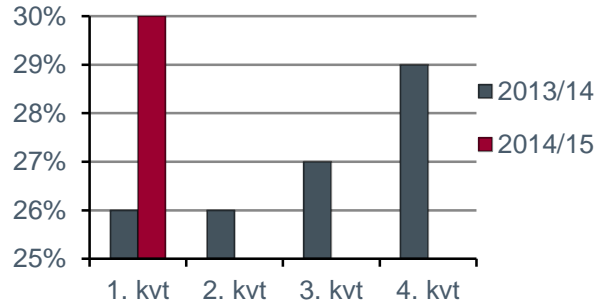
DKKm	Q1 14/15	Q1 13/14
Revenue	388	342
Gross profit	182	175
Gross Margin (%)	46.9	51.2
Capacity costs	(167)	(159)
EBIT before special items	15	16
EBIT-margin before special items (%)	3.9	4.7
Special items	0	0
Financials, net	(4)	(12)
Net result	8	3
DKKm	Q1 14/15	Q1 13/14
Cash flow from operations	(16)	20
Cash flow from investments	(34)	(17)
Free cash flow	(50)	3

- Organic growth of 9% and 13% in Danish kroner
- Impact from appreciating USD on top-line and EBIT
- Decline in gross margin due to mix and currency effect
- Rate of cost improved by 3%-pts down to 43%
- Negative free cash flow as expected due to increase in inventories and higher investments

# Balance sheet

DKKm	Q1 14/15	Q1 13/14
Total assets	2,107	1,886
Working capital	482	377
Net Interest Bearing Debt (NIBD)	843	732
Gearing (NIBD/EBITDA b.s.i.)	2.9	3.2

**NWC to 12 months revenue**



- Working capital increase due to new products and backlog in US
- NWC ratio of 30% which is inflated by currency effects of Q1 13/14 by 3%-pts
- Gearing up over previous quarter. Full-year target remains 2.2

# Full-year 2014/15 outlook

Outlook for 2014/15	Local currency	Danish kroner	
	13 November, 2014	13 November, 2014	2 February, 2015
Revenue	7-8%	~10%	~16%
EBIT-margin	13.5-14%	~12.5-13%	~12.5%
Free cash flows	-	DKK 130-140m	DKK 130-140m
Gearing	-	~ 2.2	~ 2.2



# In summary

- Full-year plan on target
- Above market growth in all geographical markets
- Strong growth in Anaesthesia
- Significant momentum in growth products
- Strong US dollar impacts full-year guidance in DKK



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# Q&A



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Read more at [www.ambu.com](http://www.ambu.com)

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