



# Interim report Q2 2011/12

By CEO Lars Marcher and CFO Anders Arvai

# Agenda

- Developments in Q2 2011/12
- Status of GPS Four
- Outlook for 2011/12

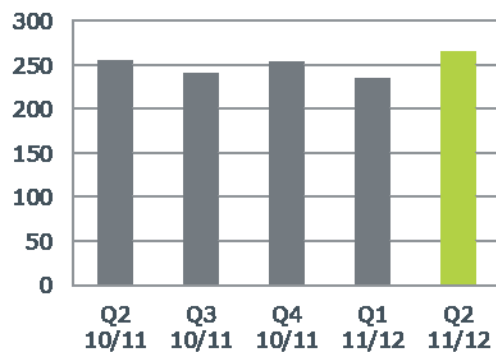
# Highlights in Q2 2011/12

- Significant improvement in earnings and EBIT margin
- The development in the USA is in line with expectations
- EMEA is growing, but is negatively impacted by the challenges in Southern Europe
- Positive development in Asia – continued strengthening of growth platform
- Cash flow affected by hedging of the price of silver
- Focused growth initiatives
- Outlook for full year maintained



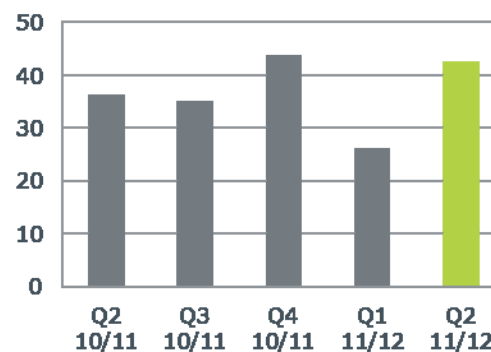
# Growth in EBIT and profit

Revenue



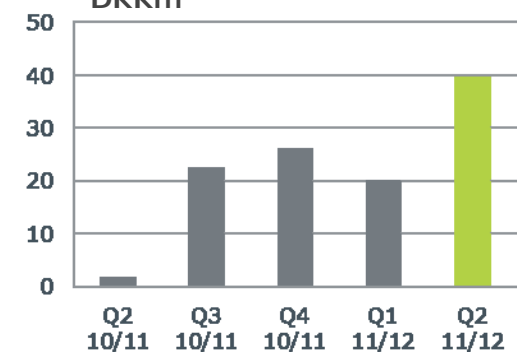
- Revenue in Q2 2011/12 of DKK 265m, corresponding to an increase of 4%, or 2% when measured in local currencies. Revenue in H1 of DKK 499m.
- Effect of exchange rates in H1: DKK 4m
- Development in Southern Europe, in particular, is slowing overall growth.

EBIT, DKKm



- Gross margin ratio up at 56.0% from 54.8% in the same period last year
- Positive impact from the many efficiency measures introduced
- Increased selling and marketing costs in the USA and Asia
- EBIT before special items of DKK 43m against DKK 36m in Q2 2010/11. EBIT margin of 16.1%.

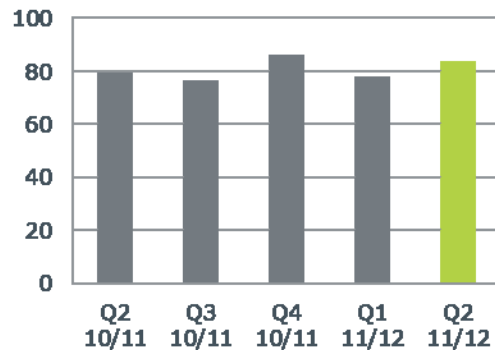
Net profit for the period, DKKm



- Net financials constitute expenses of DKK 0.1m against DKK 3.2m last year – the reason being translation adjustment of balance sheet items
- Net profit for the period in Q2 2011/12: DKK 30m against DKK 2m last year. H1: DKK 50m against DKK 21m the year before. The improvement is primarily due to lower special items.

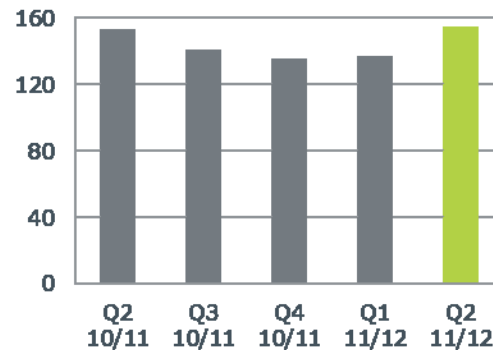
# Development – markets

USA, DKKm



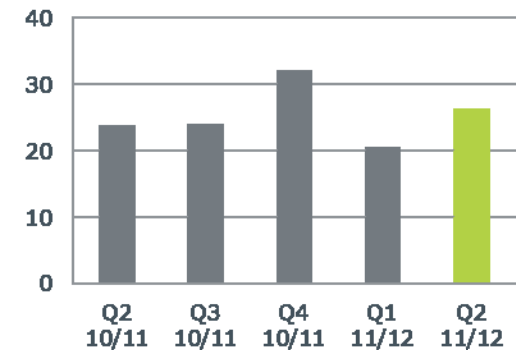
- Revenue growth of 2% in local currencies and 6% in Danish kroner (DKK). Growth in H1 of 2%.
- Growth above market growth within laryngeal masks, Cardiology products and the Sleep/Neurology area
- Optimisation of sales in relation to primary call points and strengthening of inside sales

Europe, DKKm



- Growth in revenue of 1% and year to date unchanged
- Variation in growth rates – growth in sales region Central of 5% and 2% in sales region UK
- Fall in revenue of 3% in NEM, fall of 2% in the European part of South and a fall of 1% in sales region West
- A number of growth initiatives launched

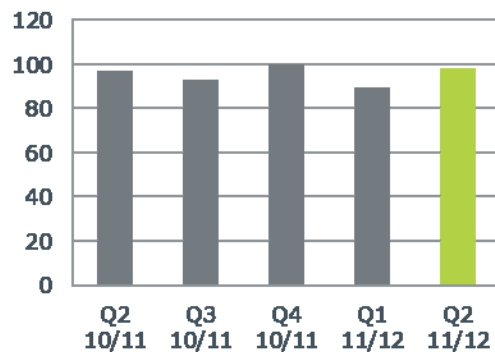
Rest of the world, DKKm



- Growth in revenue in the rest of the world of 11% and 7% year to date
- Growth in sales region Asia of 30% in H1 – albeit from a low level
- Ongoing strengthening of the platform in Asia – including China, India, Malaysia and Australia – good starting point for further growth

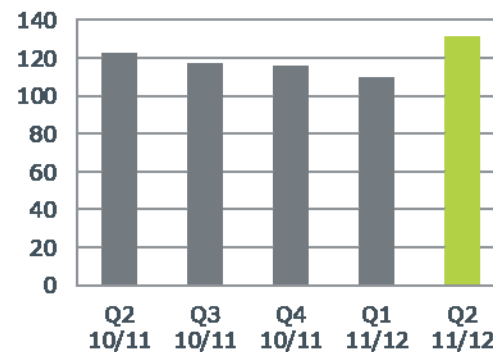
# Development – business areas

Anesthesia, DKKm



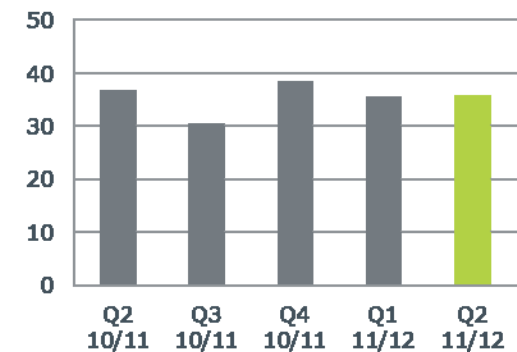
- Fall in revenue of 1% in local currencies. Revenue in H1 unchanged.
- Double-digit growth in sales of laryngeal masks, whereas sales of ventilation bags fell (is expected to reflect a postponement of orders)
- Sales of aScope continue to grow.

Patient Mon. & Diagnostics, DKKm



- Revenue growth of 6% in local currencies in Q1 and 4% year to date
- Growth above market growth within Cardiology and double-digit growth rates within the Neurology/Sleep area.

Emergency Care, DKKm



- Fall in revenue of 3% in local currencies and 2% in Danish kroner. Fall of 2% in H1.
- Double-digit growth rate within immobilisation products
- Fall in sales of pumps and a minor fall in sales of manikins for first-aid training.

# Continued positive expectations for aScope

- Growing interest in and recognition of aScope
- Sales of aScope continue to grow, although penetration takes longer than originally anticipated – old habits die hard
- aScope is still expected to hold a highly attractive potential
- It takes time to get used to a new product
- Work is going into registering the product in China, South America and Canada
- New version without timer launched in Q2.



# Cash flow

DKKm	H1 2010/11	H1 2011/12
Cash flow from operating activities	38.8	14.2
Cash flow from investing activities, including acquisitions	(12.8)	<b>(19.7)</b>
Free cash flow	26.0	(5.4)
Cash flow from financing activities	(18.3)	10.0

- Cash flow from operating activities negatively affected by increasing amount of funds being tied up in working capital, including a larger inventory of commodities and finished goods, larger receivables and prepayments to hedge the price of silver
- Investments have been used for development projects and operating equipment
- Lower free cash flow primarily due to the development in working capital
- Outlook for free cash flow of around DKK 100m is maintained.



GPS Four

Status of Ambu's business strategy



# GPS Four – overview



<p><b>1</b> <i>PLATFORM DEVELOPMENT</i></p> <p><b>2009-2010</b></p> <ul style="list-style-type: none"> <li>• Establishment of sales regions</li> <li>• Establishment of global innovation organisation</li> <li>• Implementation of global IT systems</li> <li>• Moving of remaining production in Denmark to Asia initiated</li> <li>• Expansion of factory in China</li> </ul>	<p><b>2</b> <i>COST OPTIMISATION</i></p> <p><b>2010-2011</b></p> <ul style="list-style-type: none"> <li>• Moving of production to Asia completed</li> <li>• Expansion of product portfolio</li> <li>• Main office functions brought together at Ambu's head office</li> <li>• Development of new branding concept</li> <li>• Establishment of new management training programme – Five Star Leadership</li> </ul>	<p><b>3</b> <i>TUNED FOR GROWTH</i></p> <p><b>2011-2012</b></p> <ul style="list-style-type: none"> <li>• We want to achieve growth in revenue in excess of market growth</li> <li>• We want to achieve revenue in excess of DKK 1bn</li> <li>• We want to improve the EBIT margin compared to 2010/11</li> <li>• We want to increase sales of new products to more than DKK 100m</li> <li>• We want to further reduce costs at the factories in Asia</li> <li>• We want to establish new partnerships</li> </ul>	<p><b>4</b> <i>ORIGINAL TARGETS 2013</i></p> <p><b>2012-2013</b></p> <ul style="list-style-type: none"> <li>• We want to be a global leader within innovative single-use products for hospitals and rescue services</li> <li>• We want to achieve significantly higher revenue</li> <li>• We want to achieve an EBIT margin of up to 15%</li> <li>• We want to ensure efficient operations and reduce our working capital</li> </ul>
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# Update on activities in Q2 associated with the GPS Four strategy

- **The products SmartInfuser™ Pain Pump and SmartBlock™** launched in the US market at the end of Q1 2011/12 – well received.
- **Product development:** Work is going into developing two important new visualisation products – is progressing according to plan.
- **Internal sales team** presently consisting of 12 people has increased sales via telesales and web.
- Further **investment in the sales organisation in Asia** – high growth and attractive potential.
- Establishment of **European distribution centre** in Germany is progressing according to plan – expected to become operational by the summer holidays 2012.
- Continued **optimisation of operations** via lean programmes and local sourcing.
- Conclusion of conditional **purchase agreement on the acquisition of Unomedical's electrode business** – conditional upon approval by the UK competition authorities and clarification of certain contractual matters. Targeted efforts are still going into identifying potential acquisition candidates.

# Outlook 2011/12



# Outlook for 2011/12

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

# Growth initiatives

## Growth initiatives within sales, investments in emerging markets, innovation and acquisitions

- **Focus on organic growth in the USA and EMEA**, driven, among other things, by an increased number of outside and inside salespeople in the USA, focused sales efforts in EMEA and revenue growth in ST South in H2.
- **Ongoing investments in growth markets.** Continued investment in new markets, including China and India, via direct sales and increased activity in other Asian markets and in Brazil.
- Continued growth within the main product areas.
- **Increased sales of new products, including aScope and SmartInfuser.** Sales of aScope are developing positively, and sales of the newly introduced product SmartInfuser are also satisfactory.
- **Conditional agreement on the acquisition of Unomedical's electrode business** and ongoing identification of **acquisition candidates**.



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# Questions



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