

# Q2 interim report 2014/15

January 1 2015 – March 31 2015

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# Agenda



- Q2 Highlights
- Status on business
- Financials and 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.

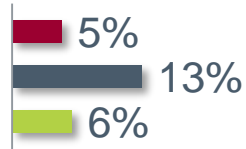
# Q2 Highlights

- Growth of 9% in local currencies and 20% in Danish kroner. All organic
- Revenue of 483m DKK
- Gross margin of 47.8% (48.1%) – lower due to impact from strong US dollar, product mix and prices
- EBIT margin at 9.9% (11.7%) – impacted by Fx, further investments in sales force and one-off expenses
- Above market growth in all our regions
- Q1 operational issues in US resolved
- Year-to-date sales of aScope equals full-year sales last year
- Full-year outlook adjusted



# Strong growth in North America

## Q2 organic growth



### Europe

- Growth of 5%
- Good momentum across major markets
- Strong sales of new and classic Ambu products

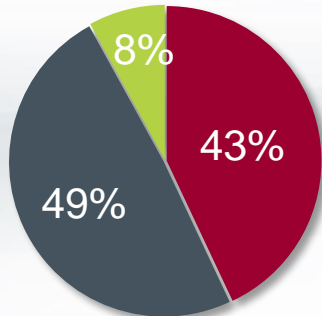
### North America

- Growth of 13%
- Backlog of orders now eliminated
- New GPO contracts won in Q2

### Rest of the world

- Growth of 6%
- Negative growth in Latin America due to delayed product registrations
- Growth in Asia is 32%

## Q2 revenue split



# Anaesthesia dominating Q2

## Anaesthesia

- Growth of 19%
- Above market growth in all product categories
- aScope 3 sales up 32% compared to Q1

## Patient Monitoring & Diagnostics

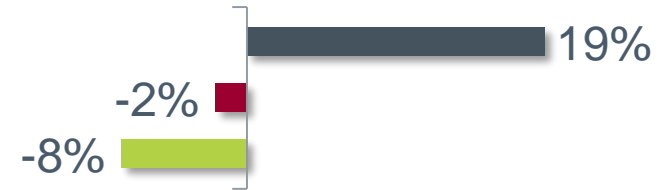
- Negative growth of 2%
- Growth affected by periodic variations of contracts

## Emergency Care

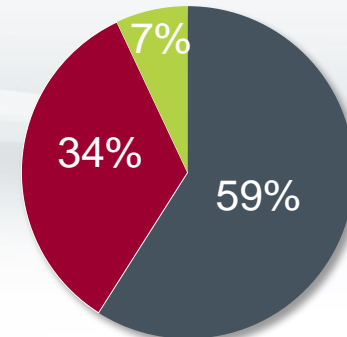
- Negative growth of 8%
- Segment is sensitive to project sales

*Growth rates stated in local currency*

## Q2 organic growth

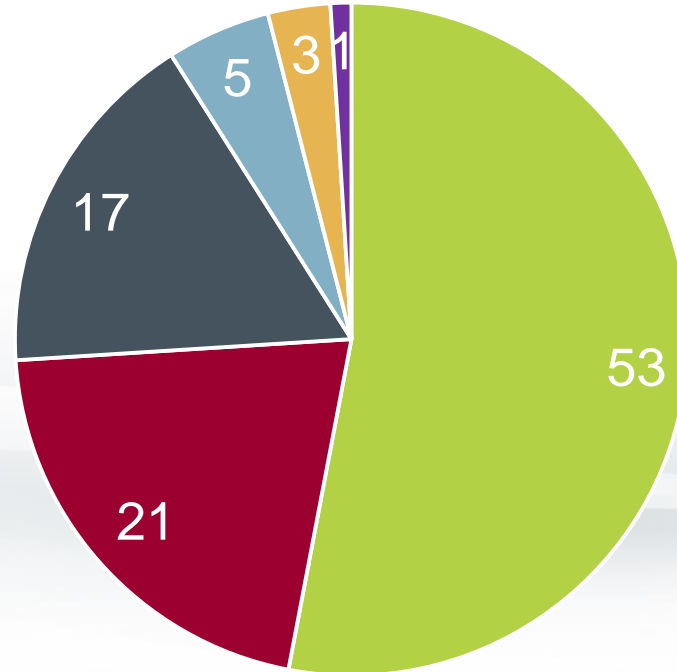


## Q2 revenue split



# Break-down of Anaesthesia growth

- aScopes: 53%
- Masks: 21%
- Circuits: 17%
- King Vision: 5%
- Pain pumps: 3%
- Breathing bags and resuscitators: 1%



Percentage of growth Q2

# The aScope case

## Cost

A total of 7 studies has compared costs.  
6 of them in favour of aScope

## Availability

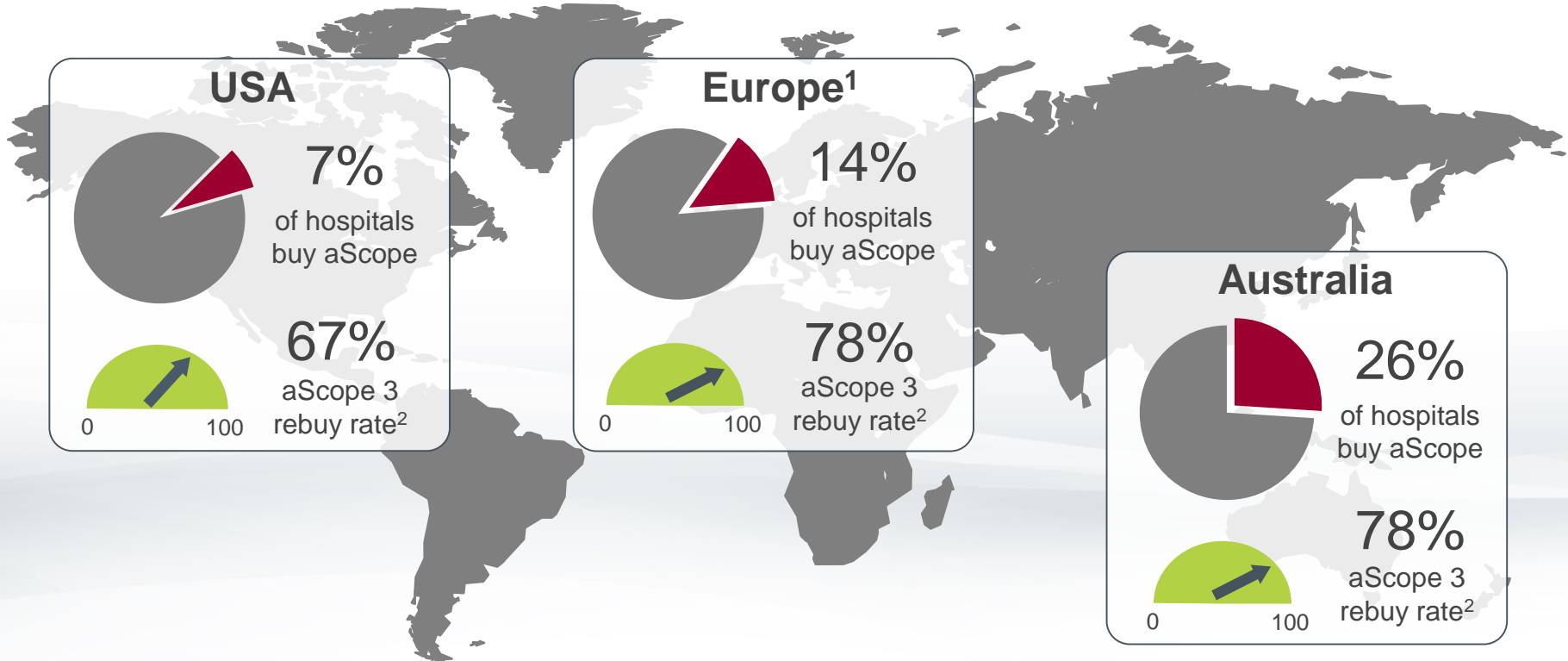
aScope now available at  
1,500 hospitals worldwide

## Cross-infection risk

Increasing international concern  
regarding drug-resistant infections



# aScope trends in direct markets



## USA

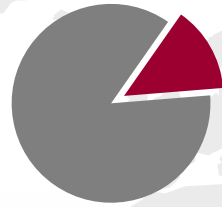


7%  
of hospitals  
buy aScope



67%  
aScope 3  
rebuy rate<sup>2</sup>

## Europe<sup>1</sup>

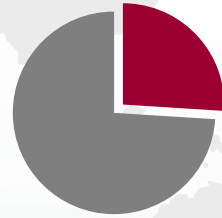


14%  
of hospitals  
buy aScope



78%  
aScope 3  
rebuy rate<sup>2</sup>

## Australia



26%  
of hospitals  
buy aScope



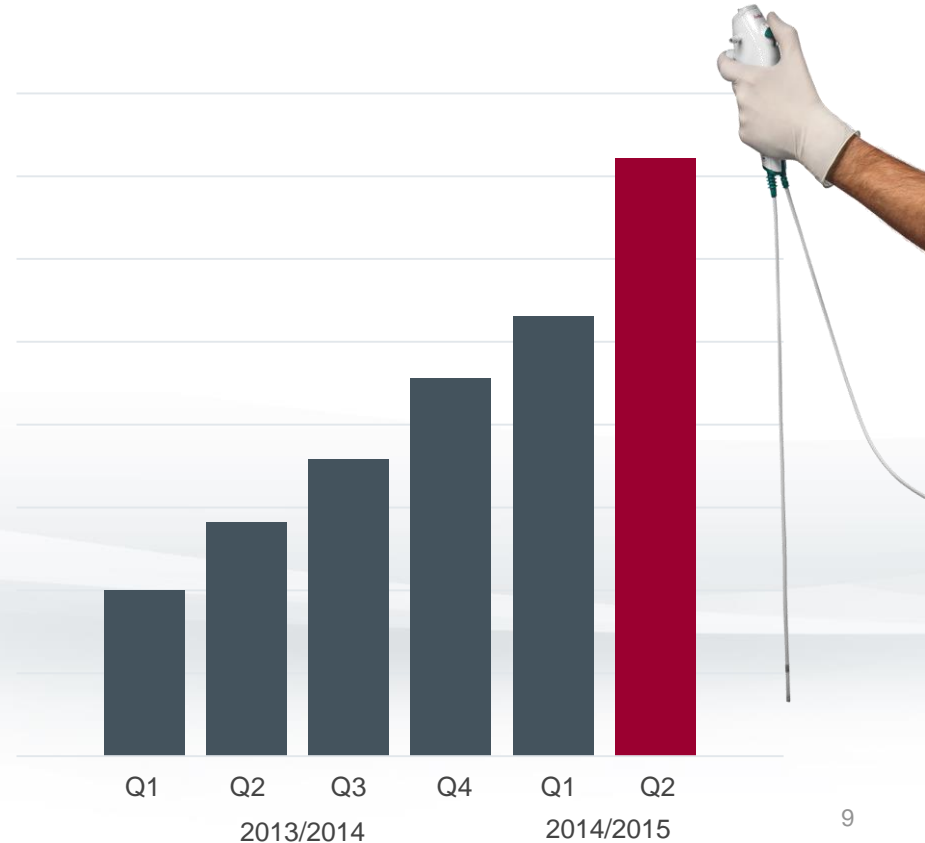
78%  
aScope 3  
rebuy rate<sup>2</sup>

1. Direct markets in Europe: Denmark, Sweden, Finland, UK, Germany, France, Netherlands, Spain, Italy  
2. Rebuy rate based on aScope 3 & 3 Slim sales to direct customers in Q2 2014/15



# Q2: Highest aScope growth yet

- 32% increase in number of aScopes sold compared to Q1
- Year-to-date sales of aScope equals full-year sales last year
- Q2 average rebuy rate 75%
- More sales reps and focus on training
- Increased production capacity in Q1





# Financial results and outlook

# Financial results

DKKm	Q2 14/15	Q2 13/14
Revenue	483	403
Gross profit	231	194
Gross Margin (%)	47.8	48.1
Capacity costs	-183	-147
EBIT b.s.i.	48	47
EBIT-margin b.s.i. (%)	9.9	11.7
Financials, net	29	-6
Net result	58	30

DKKm	Q2 14/15	Q2 13/14
Cash flow from operations	27	37
Cash flow from investments	-23	-11
Free cash flow	4	26

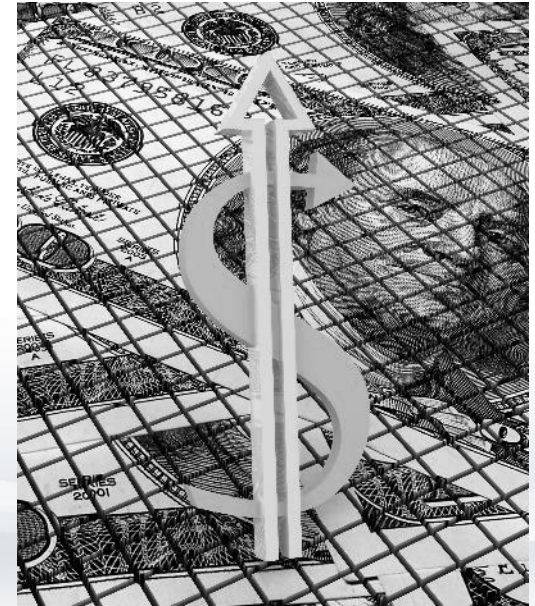
- Organic growth of 9% and 20% in DKK
- Significant impact from appreciating USD on top-line while neutral on EBIT
- Scale effect on gross margin from Fx and impact from price and mix
- Capacity costs impacted by Fx, while underlying run rate is flat
- Financials impacted by Fx gain
- Lower cash flow from operations due to increasing inventories and receivables
- Higher investments due to aScope factory and R&D activities

# Currency impact in H1

## Currency impact to growth in DKK

- USD is approx. 45% of revenue. In addition comes impact from less significant currencies like GBP
- USD/DKK has appreciated approx. 15% versus H1 last year
- Leading to a positive total Fx impact of approx. 8%

Impact to EBIT and cash flow from Fx is balanced out



# Balance sheet

DKKm	Q2 14/15	Q2 13/14
Total assets	2,371	1,925
Equity	978	663
Working capital	556	394
Net interest-bearing debt	832	729
Gearing (NIBD/EBITDA b.s.i.)	2.8	3.0
Working capital (% of revenue)	33	26
Investments (% of revenue)	5	3
ROIC (% after tax incl. goodwill)	12	10

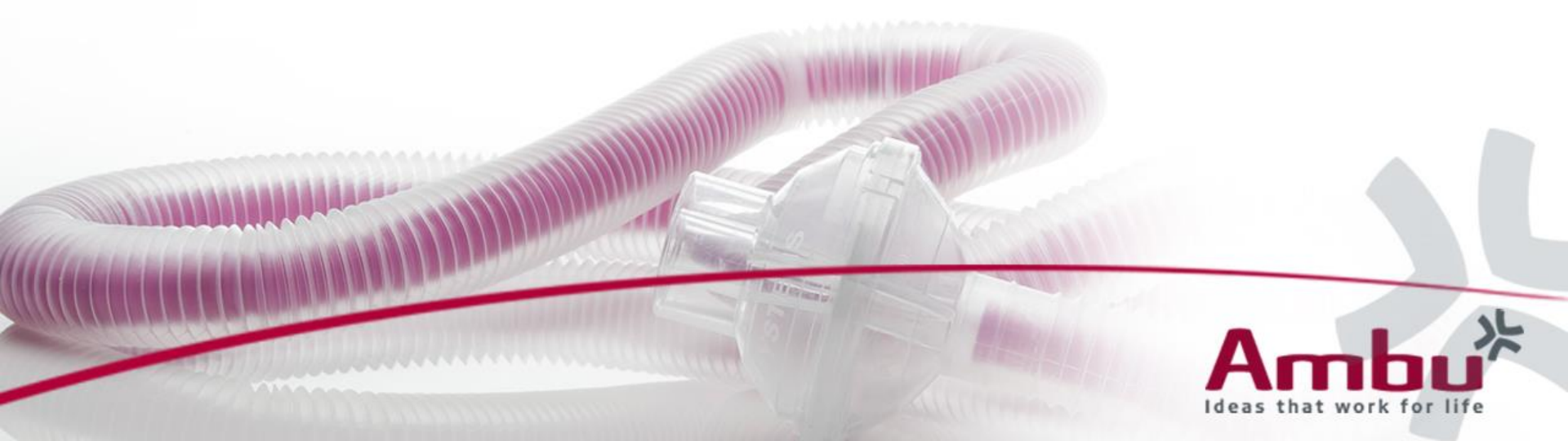
- Additional working capital required to support growth
- Increased investments to support R&D and factory in Malaysia
- Collections slightly below previous quarter due to seasonality
- Peak in net interest-bearing debt
- Gearing at 2.8. Full-year target remains at 2.2

# Full-year 2014/15 outlook

Outlook for 2014/15	Local currency		Danish kroner	
	6 May, 2015	2 February, 2015	6 May, 2015	2 February, 2015
<b>Revenue</b>	8-8.5%	7-8%	~19%	~16%
<b>EBIT-margin</b>	12.5-13% (fixed rate)	12.5-13% (fixed rate)	~12.0%	~12.5%
<b>Free cash flows</b>	-	-	DKK 110-120m	DKK 130-140m
<b>Gearing</b>	-	-	~2.2	~2.2

# In summary

- Strong growth case maintained
- New product introductions generating strong positions
- Global position continued to strengthen
- US outsourcing and backorder issues resolved
- Significant impact from Fx
- Strong revenue growth requires higher inventories
- Full-year outlook adjusted accordingly



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# Q&A





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

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