



# Welcome to Annual General Meeting 2016/17

13 December 2017

Tivoli Hotel & Congress Center

# Agenda

- 1. The management's report**
- 2. Annual report and consolidated financial statements**
- 3. Appropriation of profits**
4. Remuneration of the Board of Directors for FY 2017/18
5. Election of Chairman of the Board
6. Election of Vice-chairman of the Board
7. Election of other members of the Board
8. Election of auditor
9. Proposals from the Board of Directors
- 10. Authorisation to the chairman of the meeting**

The management's report  
by Chairman of the Board Jens Bager



# Highlights in 2016/17

- Stable growth in the core business
- Significantly higher sales of single-use scopes
- Increased earnings and free cash flow
- Launched two products in Visualisation
  - Ambu® aScope™ 4 Broncho
  - VivaSight integrated into the aScope platform



# Strategy and results

- 2017 strategy completed with success
- A strong foundation has been created
- Big Five strategy and ambitious goals for 2020
- Acquisition of Invendo Medical GmbH – a platform for future growth



The management's report  
by President & CEO Lars Marcher



Ready to follow a dream



# Ready to follow a dream

100 million patients



Positive  
impact  
on more  
lives

Better  
health  
economy

New  
application  
areas with  
single-use  
visualisation

More  
decision-  
power to  
patients

300 million patients





**CLIMBING**  
**2017**   
**NEW HEIGHTS**

Optimised  
supply  
chain

# CLIMBING 2017 NEW HEIGHTS



From Mid  
Cap to  
Large Cap

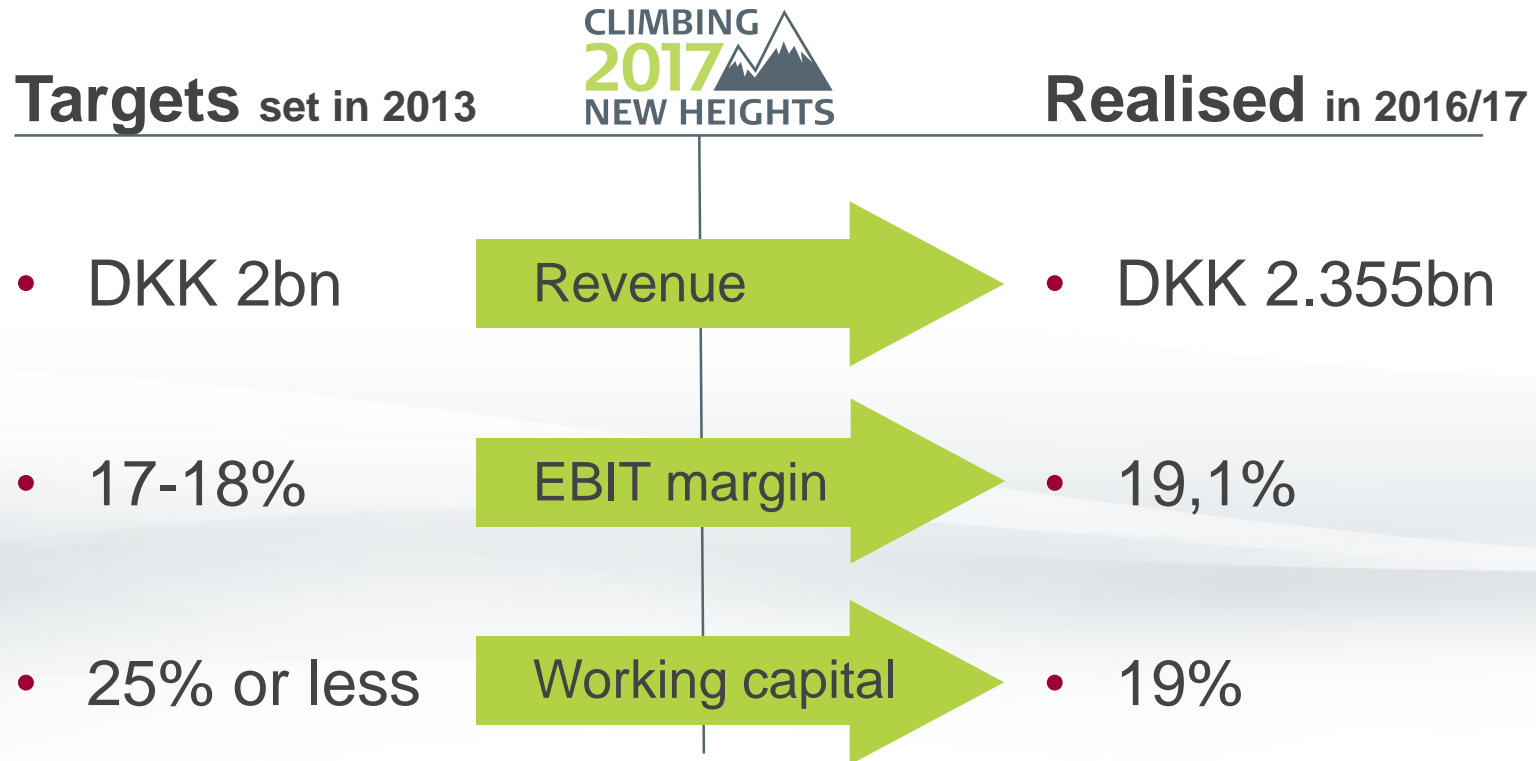
Expanded  
factory in  
Malaysia

Three  
acquisitions  
and new  
partnerships

Five  
product  
launches

26%  
increase in  
employees

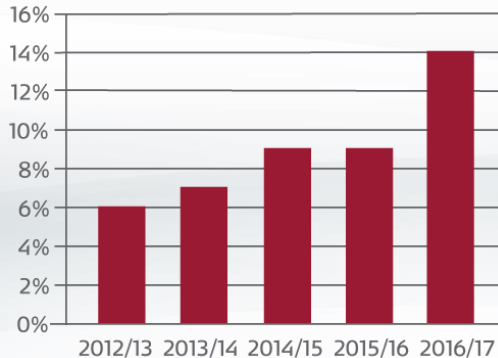
# Strategy targets surpassed



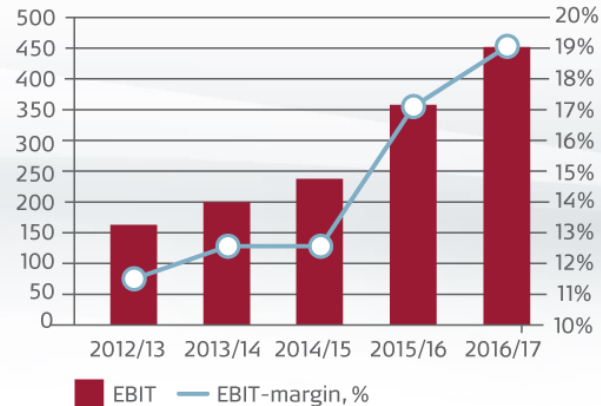
# Strong financial results

- Annual growth increased from 6% to 14%
- EBIT margin is increased from 11.6% til 19.1%
- Working capital relative to revenue is reduced from 28% to 19%
- Gross margin raised by 5%-points

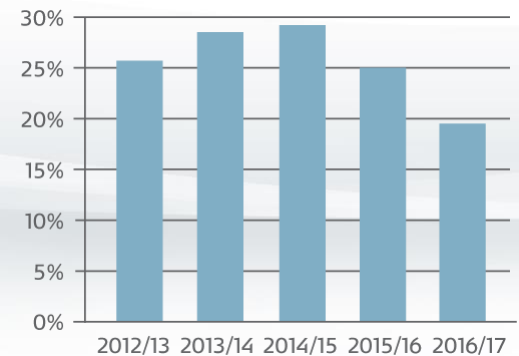
**Growth**



**EBIT and EBIT margin**



**Working capital relative to revenue**



# Growth and earnings

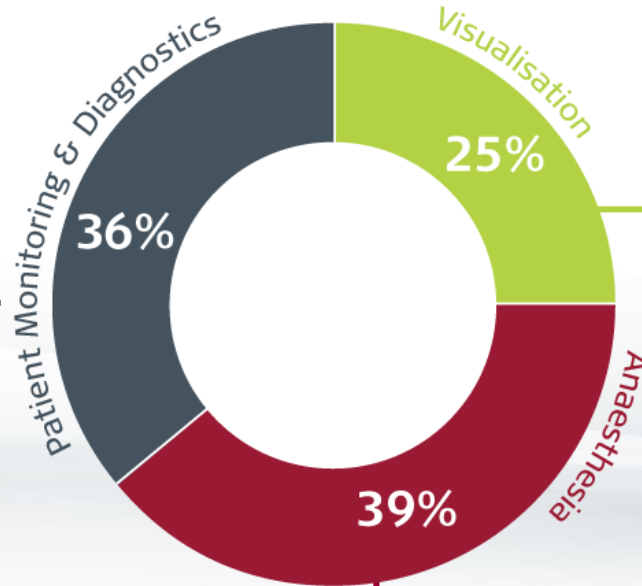
DKKm

Revenue	2,355	+ 14%
Gross margin	56.5%	+ 2.6%-points
Operating expenses	-881	+ 14.7%
Rate of cost	37%	+ 0
EBIT	450	+ 26%
EBIT margin	19.1%	+ 2%-points
Net financials	-57	- 57%
Net profit for the year	301	+ 20%

- 14% growth
- 2.6% improvement of gross margin
- Continued investments and thus unchanged rate of cost
- Earnings strengthened
- Net profit for the year of DKK 301m – an improvement of 20%

# Business areas

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



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

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

# Markets

## North America

Revenue DKK **1,106m**

Growth **12%**

**47%**

of annual revenue

## Europe

Revenue DKK **962m**

Growth **13%**

**41%**

of annual revenue

## Rest of World

Revenue DKK **287m**

Growth **24%**

**12%**

of annual revenue

# Financial highlights 2016/17

## Debt and working capital at end of September 2017

DKKm

<b>Free cash flows before acquisitions</b>	<b>321</b>	<b>+ 13%</b>
<b>Balance sheet:</b>		
Assets	2,500	+ 6%
Net interest-bearing debt	767	- 20%
<b>Key figures:</b>		
Working capital	19%	- 6%-points
Return on invested capital (ROIC)	22%	+ 3%-points
Equity share	51%	+ 9%-points
NIBD/EBITDA (gearing)	1.4	- 0.7

- Free cash flows before acquisitions increased by 13%
- Working capital improved by 6%-points to 19%
- ROIC increased by 3%-points to 22%
- Gearing reduced to 1.4 vs. 2.1 last year



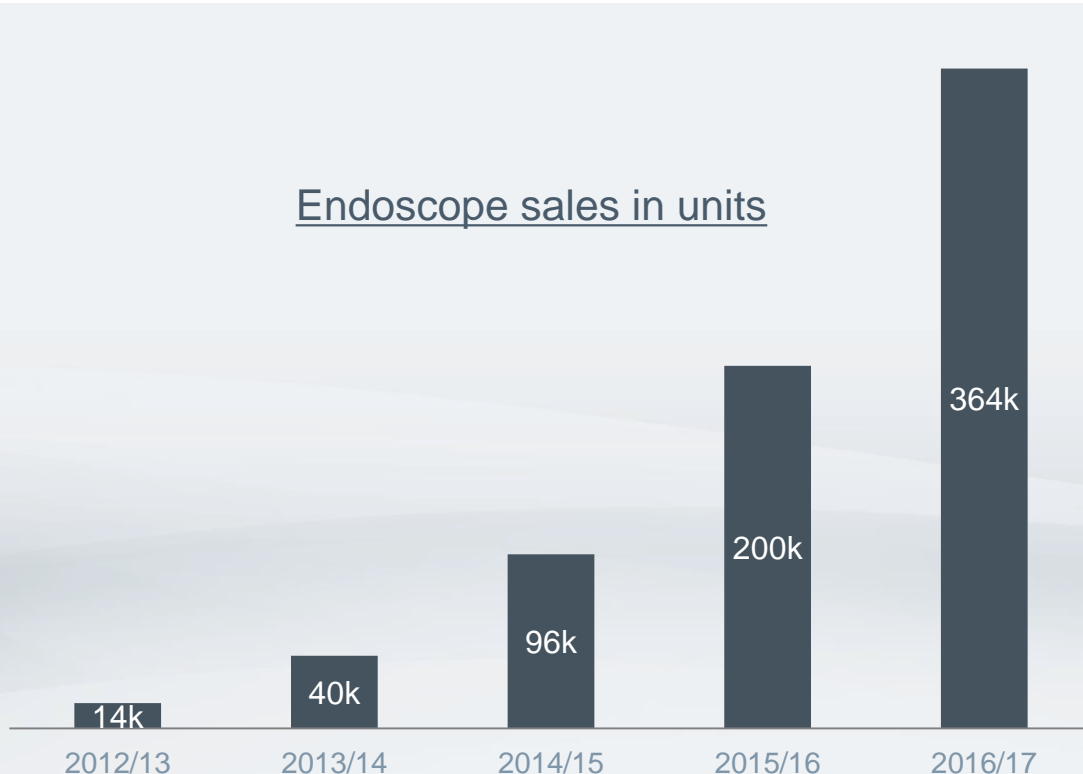
# Ambu® aScope™

Single-use endoscope for airways



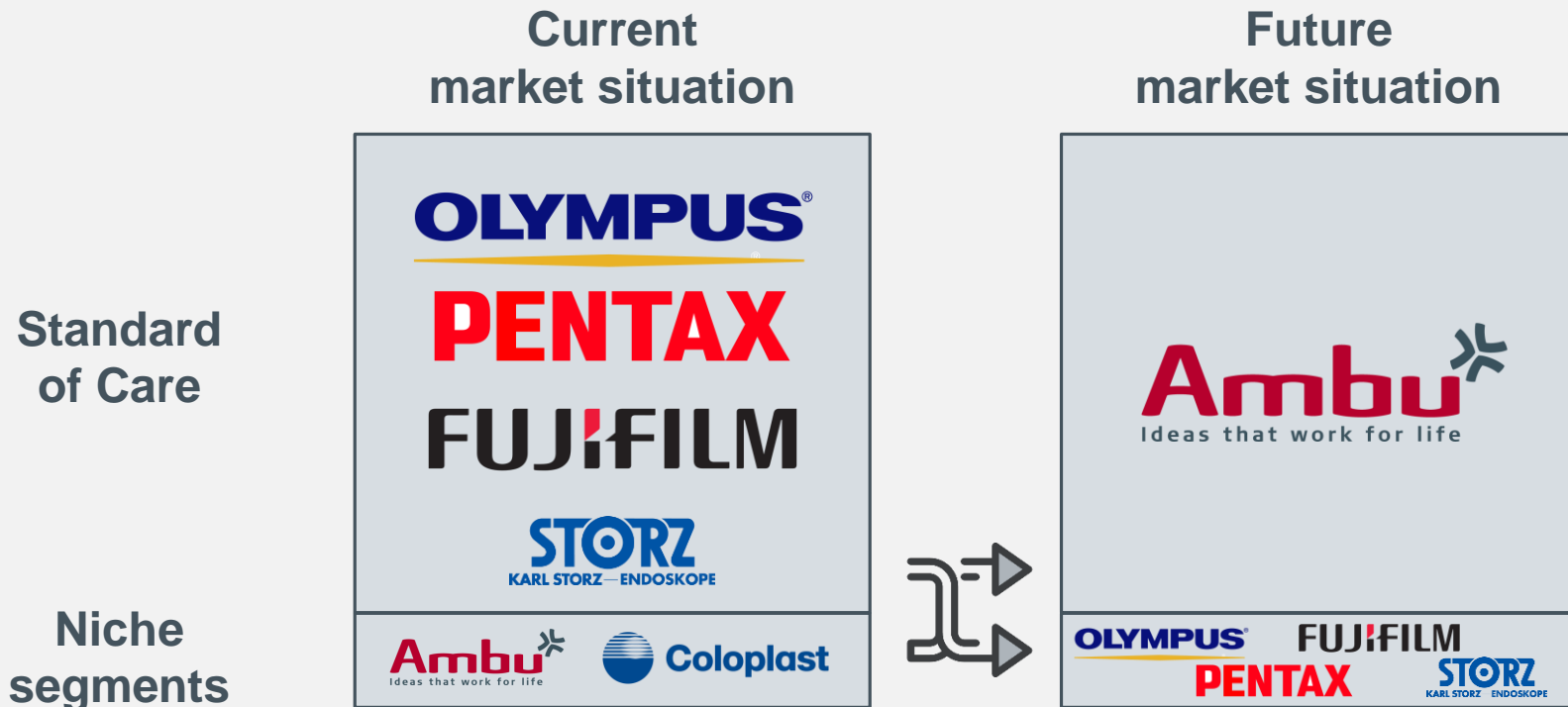
# 82% volume growth in endoscope sales

Endoscope sales in units



- 364,000 units sold in 2016/17
- Expansion of manufacturing capacity from January 2018
- Current annual manufacturing capacity is 450,000 units
- Future manufacturing capacity will be 4,000,000 units

# Our vision is to transform the endoscopy market from reusable to single-use



Acquisition of

# Invendo Medical

Ambu enters  
gastrointestinal  
endoscopy

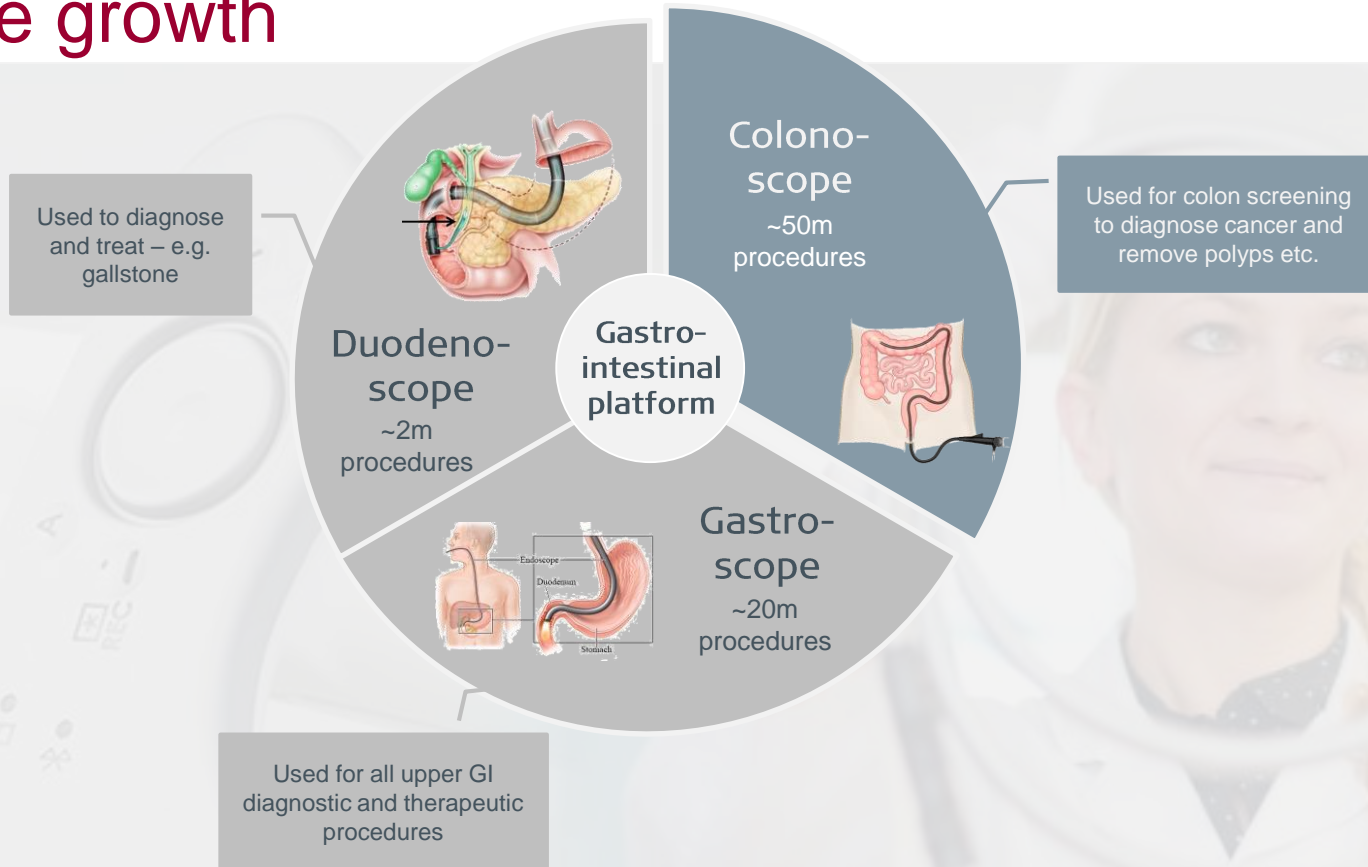
Acquisition of  
Invendo and capital  
increase of 3%

Adjusted gearing at  
30 Sep. 2017 of 1.7

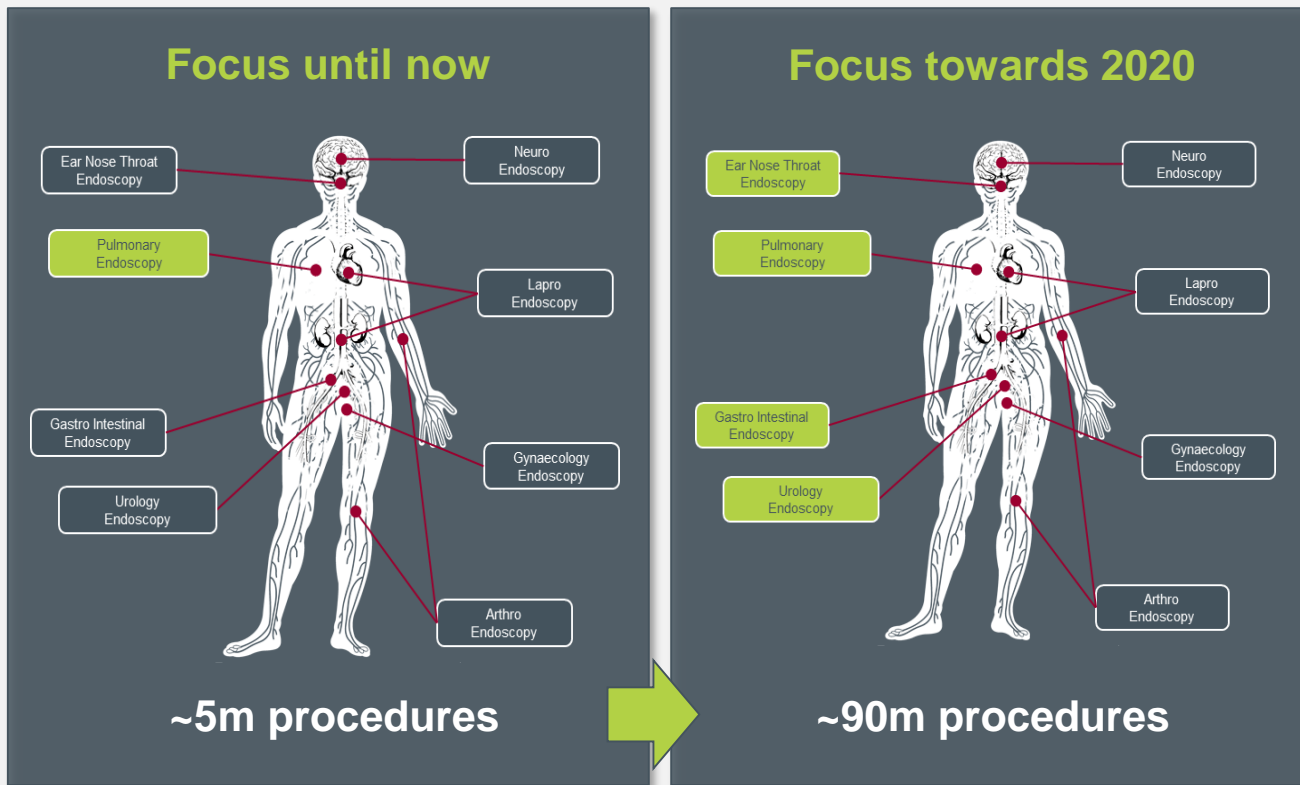
## Price

- **DKK 855m** (EUR 115m)  
in cash
- Additionally **up to DKK 818m** (EUR 110m)  
in contingent payments over four years

# Invendo is a technological platform for future growth



# From pulmonary endoscopy to complete portfolio of scopes



# 20 times the potential in Visualisation

## Today

Ambu addresses  
airway procedures

~5m  
proce-  
dures

## 2020

Ambu is relevant to more than  
half of the endoscopy  
procedures

~90m  
procedures

# BIG FIVE

2020





# We are entering uncharted territory

- We are going to explore **new potentials**
- We **need to adapt** to new surroundings
- **Competitors** are either gigantic or microscopic

# New ambitious strategy: Big Five 2020



# Strategic focus

Go for big  
potentials in  
Visualisation

Build  
on Core

Business  
Boosters

Enhance  
organisation

x3  
efficiency

# Financial goals for 2020

Revenue

**5** billion DKK

Earnings

**+5** %-points on EBIT margin

**BIG  
FIVE** 2020



Values

A B C



Passion



Entrepreneurship



Ability to execute



Appropriation of profits  
by Chairman of the Board Jens Bager



# Appropriation of profits

- The group is posting consolidated profits of DKKm 301 (DKKm 250)
- Proposed distribution of dividend:
  - DKK 1.85 per share (DKK 1,55) or DKKm 92 (DKKm 75) in total corresponding to 31% of the net profit for the year
  - Dividend rate is increased to 31% vs. 30% in 2015/16 as a consequence of the capital increase of 3%
- It is proposed that the remainder be transferred to the reserves
- The dividend will be paid out to shareholders within the next two to three business days



# The share

- Share price up 37% – market value of DKKbn 23.7 (at 30 September 2017)
- In addition to dividend of DKK 1.55 per share (December 2016)
- Sound liquidity – 15.8 (12.6) million Class B shares traded in 2016/17
- 2,200 new shareholders in 2016/17 and Ambu now has 8,600 shareholders





# Outlook for 2017/18

Organic growth  
Local currencies



EBIT margin  
Danish kroner



Free cash flows  
Danish kroner



# Concluding management's report



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# Work of the Board of Directors

- Meeting frequency in 2016/17
  - 7 Board meetings
  - 5 meetings of Audit Committee
  - 3 meetings of Remuneration Committee
  - 1 meeting of Nomination Committee



# Compliance with Recommendations on Corporate Governance

- Ambu has considered the recommendations on corporate governance
- Ambu has as of this year decided to evaluate the work of the Board of Directors and Executive Board annually where Ambu previously has done this every other year
- Thus, Ambu complies with all recommendations on corporate governance

# Remuneration of the Board of Directors

- It is proposed that the total remuneration for the Board of Directors in 2017/18 be adjusted by 32% relative to 2016/17 to DKK 4,300,000 in total
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- Basic remuneration: DKK 225,000 → DKK 300,000
  - The Chairman receives three times the basic remuneration amount
  - The Vice-chairman receives two times the basic remuneration amount
  - Supplementary remuneration for committee chairmen: DKK 125,000 → DKK 150,000
  - Supplementary remuneration for committee members: DKK 75,000 → DKK 100,000
  - Nomination Committee is not paid separately



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# Election of Chairman of the Board of Directors

- The Board of Directors proposes the re-election of the present Chairman of the Board, Jens Bager

Information about Jens Bager and his executive positions can be found on page 28 of the annual report





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# Election of Vice-chairman of the Board of Directors

- The Board of Directors proposes the re-election of the present Vice-chairman of the Board, Mikael Worning

Information about Mikael Worning and his executive positions can be found on page 28 of the annual report



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# Re-election of members to the Board of Directors

- The Board of Directors proposes the re-election of
  - Oliver Johansen
  - Allan Søgård Larsen
  - Christian Sagild
  - Henrik Ehlers Wulff



Information about candidates who are up for re-election and their executive positions can be found on page 28 of the annual report

# Congratulations to the members of the Board of Directors elected by the employees



**Thomas Lykke Henriksen**  
Senior HR Partner  
& HRIS Manager

New member



**Jakob Koch**  
IP Manager

New member



**Jakob Bønnelykke Kristensen**  
Director, Innovation Project  
Management

Re-elected

# The Board of Directors



Jens Bager



Mikael Worning



Allan Søgaard  
Larsen



Christian Sagild



Henrik Ehlers  
Wulff



Oliver Johansen



Thomas Lykke  
Henriksen



Jakob Bønnelykke  
Kristensen



Jakob Koch

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# Election of auditor

- The Board of Directors propose election of EY (Ernst & Young Godkendt Revisionspartnerselskab) as the new company auditors based on the recommendation of the Audit Committee
- A tender has been carried out in which the entire Audit Committee has participated

## EY core team



Søren Skov Larsen  
Partner



Henrik Pedersen  
Engagement Partner





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## Update of the overall guidelines for an incentive programme for the Board of Directors and Executive Board

- The existing guidelines are fundamentally unchanged since 2012
- Remuneration of the Board of Directors will continue to be a fixed fee and without possibility of incentive pay
- The changes to the structure of the remuneration of the Executive Board is motivated by a wish to level this with comparable companies

- The earning of bonus and share options of the Executive Board will continue to depend on the achievements of financial targets
- 50% of maximum can be earned if Ambu meets the financial outlook for the year
- Up to 100% of maximum can be earned if Ambu generates results significantly higher than the financial outlook

## The fixed salary of the Executive Board

- The limit for the maximum cash bonus of the Executive Board is proposed reduced from hitherto maximum 9 months' salary to now maximum 5 months' salary
- The limit for share options of the Executive Board is proposed increased from hitherto 4 months' salary to now maximum 12 months' salary according to Black & Scholes
- The earning of cash bonus and share options are reduced or annulled if the achieved results are lower than the financial outlook

## The extraordinary salary of the Executive Board tied to the Big Five strategy

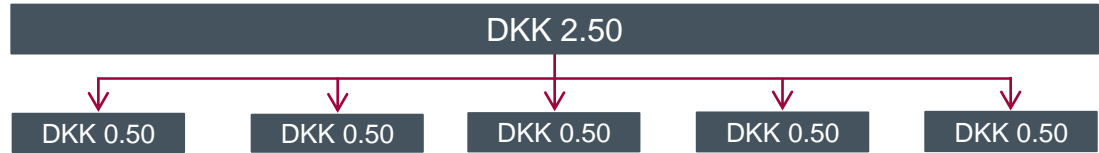
- It is proposed that a special share option programme be established for the Executive Board – set aside for the Big Five strategy towards 2020
- If the organic financial targets for Big Five are reached in fiscal year 2019/20, the Executive Board will earn the equivalent of 1½ years' salary in share options
- If the organic financial targets for Big Five are surpassed in fiscal year 2019/20, the Executive Board can earn up to 3 years' salary in share options
- Amount of share options are calculated according to Black & Scholes

## Proposals from the Board of Directors – 9.2

# Amendment of the denomination of the shares

### **Amendment of the denomination of the shares**

- It is proposed that the denomination of A- and B-shares be amended from DKK 2.50 each or multiples thereof to DKK 0.50 each or multiples thereof



### **Why?**

- The purpose of the share split is to increase the liquidity of the share and create a foundation for a more precise valuation

### **When?**

- The share split is planned to take effect as of 3 January 2018

### **Articles of association**

- Implicated amendments to the articles of association: 4, 6, 9c, 9d and 15

# Renewal of the Board of Directors' authorisation to increase the B-share capital

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## ***The authorisation's maximum amount***

- Nominal amount of DKK 12,176,980 Class B shares
- The amount corresponds to 9.75 % of the total share capital

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## ***Expiration of the authorisation***

- 12 December 2022

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## ***% of total share capital***

- The authorisation constitutes 9.75 % of the total share capital as a consequence of capital increases between the notice and the annual general meeting

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## ***Articles of association***

- § 9e (the Board of Directors' current authorisation) will be amended
  - The amendments are entirely (i) incidental changes as a consequence of the proposed amount for capital increases and the expiration of the authorisation as well as (ii) editorial changes
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# Proposals from the Board of Directors – 9.4

## Removal of the age limit for members of the Board of Directors

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### **Proposed change**

- The age limit for members of the Board of Directors in article 17, 2nd paragraph is removed
- Going forward there will be no age limit for members of the Board of Directors

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### **Why?**

- Age alone should not qualify or disqualify a member of the Board of Directors
- The proposal is in line with the proposal for revised recommendations on corporate governance

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### **Articles of association**

- Article 17, 2<sup>nd</sup> paragraph be amended, to the effect that the following wording is deleted:

*“The age limit is 65 years for newly elected members and 70 years for re-elected members.”*

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# Proposals from the Board of Directors – 9.5

## Amendment of requirements for attending general meetings

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### ***Proposed change***

- The provisions in the articles of association concerning admission cards be removed
- The changes do not prevent future use of admission cards

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### ***Why?***

- Alignment with the Danish Companies Act
- Increased flexibility of the articles of association

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### ***Articles of association***

- "*taken out admission card*" be replaced with "*notified the attendance*" in article 11, 3rd paragraph
  - The second sentence of article 11, 3rd paragraph be removed
  - "*presenting an admission card*" be replaced with "*notified attendance*" in article 11, 4th paragraph
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# Authorisation to the chairman of the meeting

The Board of Directors proposes that the chairman of the meeting, with full right of substitution, be authorised to apply for registration of the resolutions passed and to make any such amendments thereto as the Danish Business Authority or other authorities may require or request as a condition for registration or approval, as well as to continuously make and apply for registration of linguistic and other non-substantive adjustments to the company's Articles of Association.



**Ambu**   
Ideas that work for life