



Ambu 
Ideas that work for life

Annual Report 2011/12

By CEO Lars Marcher and CFO Anders Arvai

Agenda

- Developments in 2011/12
- Status of the GPS Four strategy
- Outlook for 2012/13

HIGHLIGHTS IN 2011/12

- Strategic developments still in line with GPS Four – Ambu more global, innovative and efficient
- Increase in both revenue and net profit despite difficult market conditions
- Significantly improved cash flow
- First acquisition in strategy period and conclusion of partnership agreements in new market
- Laying down plan for 2012/13 – ‘The Destination’
- Most of the objectives set in 2009 are expected to be realised by the end of 2012/13

6%

increase in
revenue

15%

EBIT margin

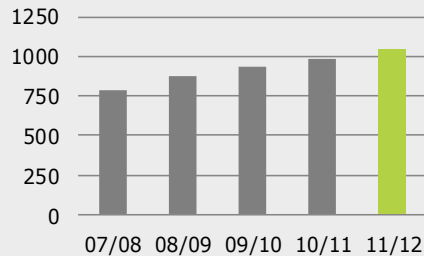
DKK

111m

in free cash flow
before acquisitions

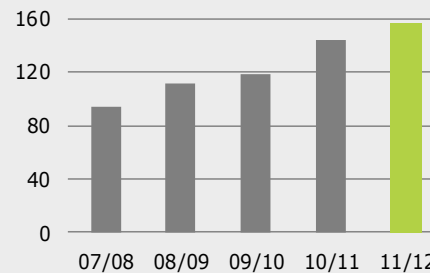
Increasing revenue and net profit

Revenue, DKKm



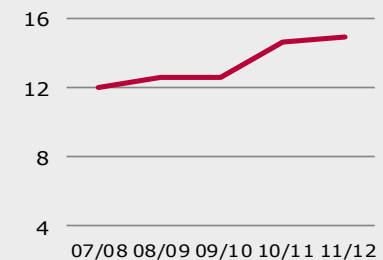
- Revenue of DKK 1,045.5m – up 6% when reported in Danish kroner, and 4% in local currencies
- Organic growth of 2%
- Acquired electrode business: DKK +18.0m
- Effect of changes in exchange rates: DKK +28.3m

EBIT before special items, DKKm



- EBIT before special items of DKK 156.8m, up 8.7%
- Special items of DKK 6.1m (2010/11: DKK 33.0m) – associated with acquisition of electrode business
- Impact from exchange rates: approx. DKK -2m

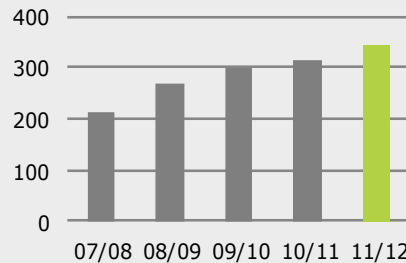
EBIT margin, %



- EBIT margin before special items of 15%, up 0.3 percentage points
- The improvement reflects improved cost-efficiency
- EBIT margin after special items of 14.4% against 11.3% last year

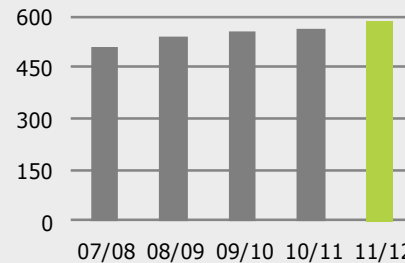
Development – markets

USA, DKKm



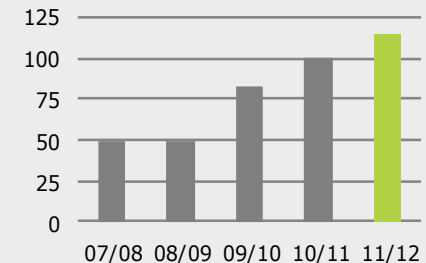
- Revenue growth of 9% when measured in Danish kroner, and 2% in local currency
- Satisfactory growth within Neurology and Cardiology
- Declining sales within Anaesthesia – particularly laryngeal masks, ventilation bags and insourced products

Europe, DKKm



- Growth in revenue of 3% when measured in local currencies
- Variation in growth rates – 8% growth in sales region UK, 6% in NEM, 4% in Central and 0% in South. Decline in West of 3%.
- Several markets affected by public budget cuts

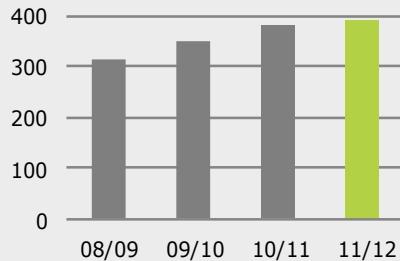
Rest of the world, DKKm



- Increased focus – revenue growth of 14% when measured in Danish kroner, and 12% in local currencies
- Growth in revenue in sales region Asia of 26%
- Decline in revenue in Brazil and Japan
- Ongoing strengthening of efforts in emerging markets

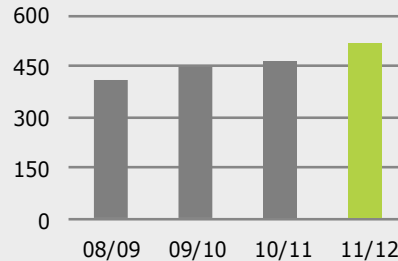
Development – business areas

Anaesthesia, DKKm



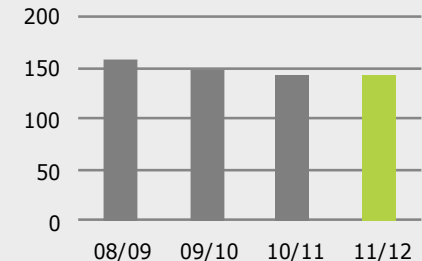
- Revenue growth of 3% in Danish kroner, and unchanged in local currencies
- General market growth of 1-3%
- Satisfactory growth within single-use pumps and aScope
- Declining sales of multiple-use ventilation bags
- No material changes in the market situation for laryngeal masks

Patient Monitoring & Diagnostics, DKKm



- Revenue growth of 11% in Danish kroner, and 8% in local currencies Organic growth of 4%
- Acquired electrode business: DKK +18m
- General market growth for ECG electrodes of about 3% and about 5-8% for neurological electrodes
- Double-digit growth within Neurology/Sleep

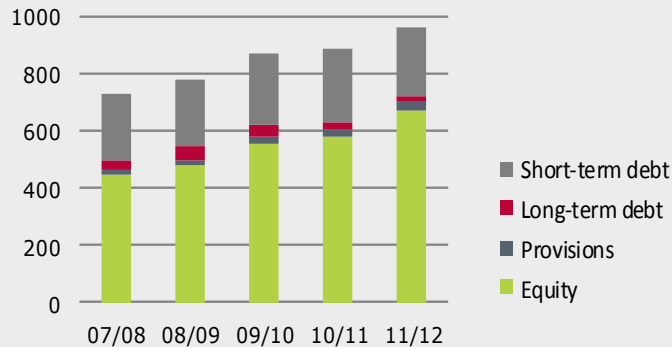
Emergency Care, DKKm



- Revenue growth of 1% in Danish kroner, and 1% decline in local currencies
- Fall in sales of manikins for first-aid training and pumps

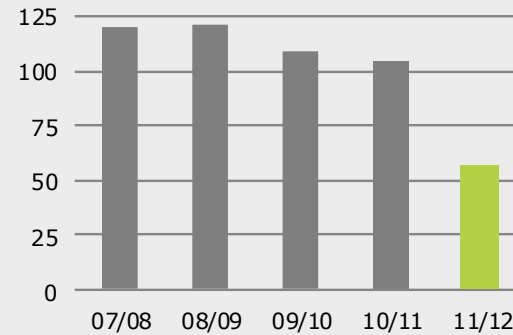
Robust capital structure

Capital structure, DKKm



- Equity increased to DKK 678.1m from DKK 579.9m
- Equity ratio of 70%
- Net long-term debt reduced by DKK 13.2m

Net interest-bearing debt, DKKm



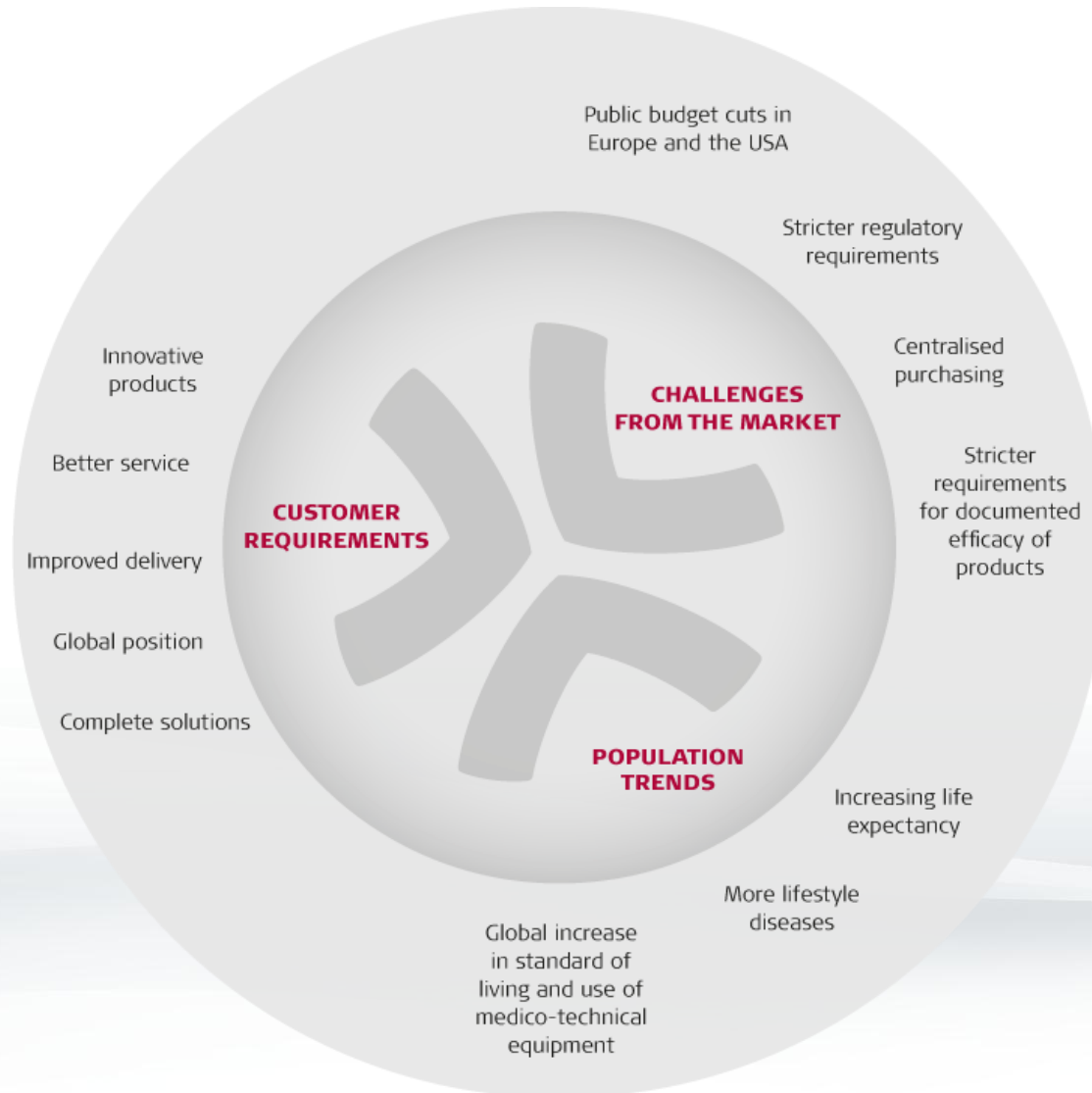
- Net interest-bearing debt relative to EBITDA before special items of 0.3 against 0.5 in 2010/11
- Net interest-bearing debt of DKK 56.8m against DKK 104.7m in 2010/11
- Change in interest level of 1 percentage point only has a limited impact on results of approx. DKK 1m
- Unutilised bank credit drawing facilities of DKK 148m

Significantly improved cash flow

DKKm	2010/11	2011/12
Cash flow from operating activities	102.1	157.6
Cash flow from investing activities, before acquisitions	(38.0)	(46.5)
Free cash flow before acquisitions	64.1	111.1
Cash flow from acquisitions	-	(31.0)
Free cash flow	64.1	80.1
Cash flow from financing activities	(62.3)	(72.0)

- Cash flow from operating activities improved due to increased net profit
- More capital tied up in working capital – continuous efforts are made to reduce capital tied up in assets
- Investments higher than the year before; to this should be added acquisitions of DKK 31m
- Cash flow from financing activities affected by debt reduction, payment of dividend and purchase of treasury shares

Trends in Ambu's markets



Ambu's focused efforts

Market situation

USA

- Increasing focus on cost-efficiency – hospitals endeavour to boost efficiency and use fewer products
- Fewer operations performed due to rising unemployment

Europe

- Budgetary cuts – especially in southern Europe
- Demand for lower prices and more centralised purchasing
- Optimisation of inventories
- Increased reuse of multiple-use products

Emerging markets

- High growth due to gradual development of healthcare sectors
- More and more complicated operations
- Increasing barriers to product approval – different requirements in individual markets

Promotional initiatives

- Expansion of sales force and appointment of internal sales team
- Affiliation of more clinical specialists
- Focus on increased penetration of aScope and Smart Infuser
- Thorough preparation for launch of new products

- Individual adaptation of sales regions
- Sales teams split in two – generating new business and servicing existing customers
- Positioning of products, including the expanded portfolio of electrodes
- Introduction of e-trading

- Establishment of own sales units and expansion of distributor networks
- Customised approach to the individual markets
- Ensuring that the right products can be offered
- Building competences within product approval

GPS Four

Status of Ambu's business strategy



GPS Four – overview

4

1

BUILDING A PLATFORM

2009/10

- Establishment of sales regions
- Establishment of global innovation organisation
- Implementation of global IT systems
- Transfer of remaining Danish production to Asia commenced
- Expansion of factory in China

2

COST OPTIMISATION

2010/11

- Transfer of production to Asia completed
- Expansion of product portfolio
- One head office
- Development of new branding concept
- Establishment of new global management training programme

3

FOCUS ON GROWTH

2011/12

- Revenue in excess of DKK 1bn, which constitutes an improvement in revenue growth
- Improved EBIT margin relative to 2010/11
- Sales of new products in excess of DKK 100m
- Cost reductions at the factories in Asia
- Formation of new partnerships
- Establishment of new European distribution centre

THE DESTINATION

2012/13

- Growth in revenue of approx. 7-8%
- Sales of new products accounting for approx. 15% of revenue
- EBIT margin of approx. 15%
- Cash flow of approx. DKK 100m before acquisitions
- Making at least one acquisition
- Continued development of the partnership strategy

Strategic activities

GPS 1: Innovation

- Development of new products with expected launch in 2012/13
- Further development of Ambu's pipeline of new platforms, e.g. within visualisation
- Further development of existing product portfolio and development of 'green' versions of products
- Continuous strengthening of the innovation organisation

GPS 2: Markets and sales

- Expansion of sales force in the USA, including appointment of internal sales team
- Increased efforts in emerging markets
- Optimisation of efforts in Europe

GPS 3: Efficiency

- Optimisation of supply chain, including establishment of new distribution centre in Germany
- Implementation of lean activities in both China and Malaysia
- Establishment of e-trading system

GPS 4: Acquisitions and partnerships

- Acquisition of Unomedical's electrode business and its integration
- Forming partnership in the veterinary market on sales of the single-use videoscope vScope for animals
- Ongoing identification of suitable candidates for acquisition

The Destination

– plan for 2012/13

- Revenue growth of 7-8%
- Sales of new products accounting for approx. 15% of revenue
- EBIT margin of approx. 15%
- Cash flow of approx. DKK 100m before acquisitions
- Making at least one acquisition
- Further development of partnership strategy



Outlook 2012/13



Outlook for 2012/13

	2012/13	Assumptions
Revenue	Approx. DKK 1,125m	Increased revenue in emerging markets. Full-year effect of acquired electrode business and success with new products
Growth in DKK and local currencies	7-8%	Including full-year effect of acquired electrode business
Organic growth	3-4%	Excluding acquired electrode business
		USD exchange rate: 575 GBP exchange rate: 900
EBIT margin, %	Approx. 15%	Increased revenue Reduced cost prices Streamlining Price pressure
Profit before tax in % of revenue	Approx. 14.5%	
Expected tax rate	Approx. 27%	
Investments in % of revenue	Approx. 5%	Investment in product development, process equipment, expansion of production capacity and IT
Free cash flow	Approx. DKK 100m	Continued focus on reducing working capital



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Questions



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