



INTERIM REPORT Q2 2010/11

BY CEO LARS MARCHER AND CFO ANDERS ARVAI



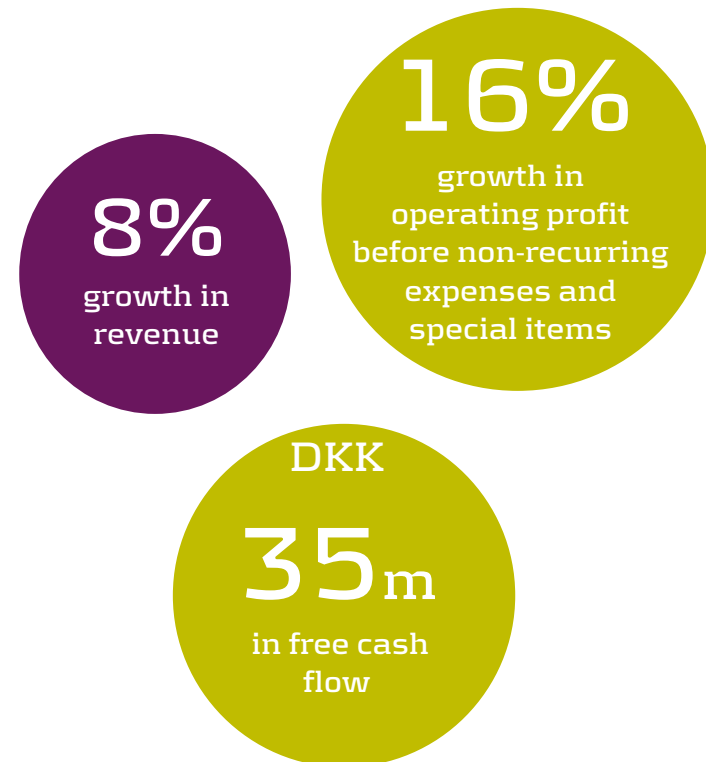
AGENDA

- Developments in Q2 2010/11
- Status of GPS Four
- Outlook 2010/11

HIGHLIGHTS

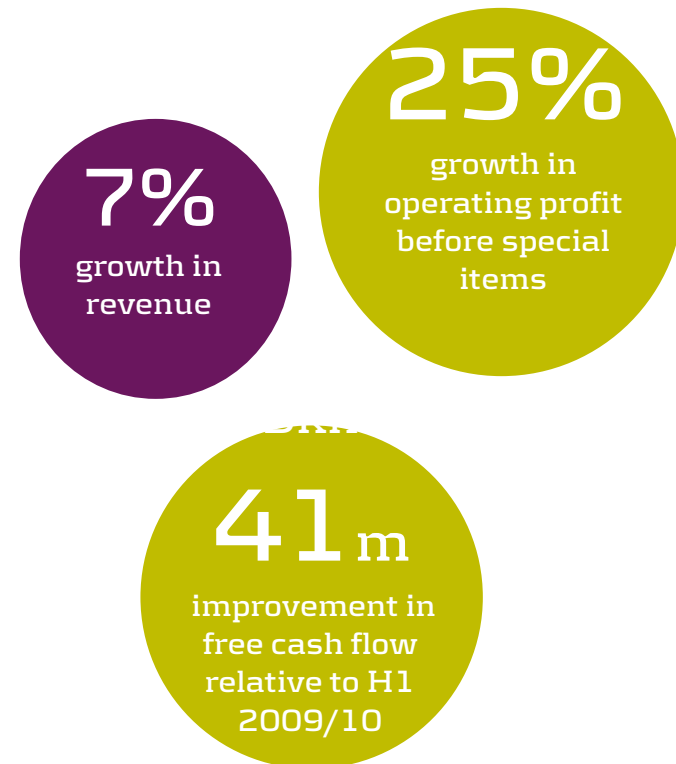
Q2 2010/11

- Growth in revenue above market growth – strong growth in revenue in all regions and double-digit growth rates in the USA and Asia
- Improved earnings before special items
- Markedly improved cash flow
- Rising prices of raw materials, freight and environmental taxes
- Planning of the last part of the transfer of production initiated
- Pending patent cases concluded
- New products launched in April 2011



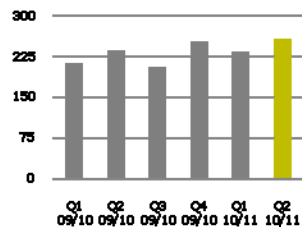
HIGHLIGHTS H1 2010/11

- Markedly improved earnings
- Continued strong growth in revenue, including significant growth in the USA
- Improved free cash flow
- Implementation of GPS Four strategy is progressing according to plan



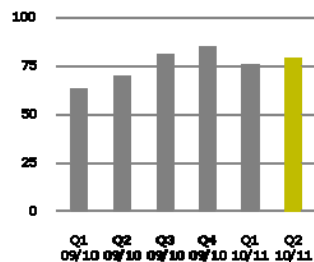
SATISFACTORY INCREASE IN REVENUE

Development in revenue, DKKm



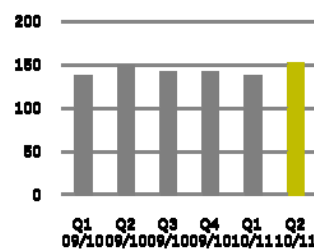
- Revenue of DKK 256m in Q2 – up 9% when measured in DKK and 8% when measured in local currencies. Revenue of DKK 489m in H1 – up 9% and 7% when measured in local currencies
- Growth higher than estimated market growth – Ambu has won market share
- Effect of changes in exchange rates year to date: + DKK 11m

USA, DKKm



- Increase in revenue of 13% in Q2 when measured in DKK and 11% when measured in local currencies. In H1 16% when measured in DKK and 11% when measured in local currencies – growth significantly above market growth
- Expansion of sales resources
- Growth within ventilation bags and Cardiology and Neurology products

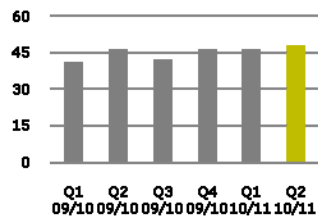
Europe, DKKm



- Growth in all sales regions in Q2
- Strongest growth in Sales Region Central (Germany, Austria and Switzerland) of 7%, which is above market growth
- Average growth in H1 corresponding to market growth
- Growth in Central and West above market growth and below market growth in UK and South

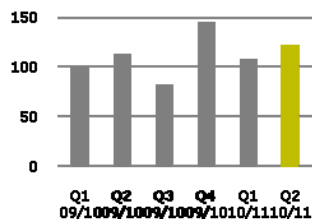
DEVELOPMENTS WITHIN BUSINESS AREAS

Airway Management, DKKm



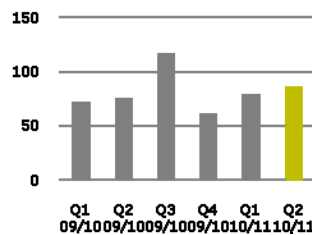
- Growth in revenue of 3% and 2% in Q2 when measured in local currencies
- Growth in revenue of 9% and 6% in H1 when measured in local currencies
- General market growth of 0-3%
- Generally satisfactory growth within laryngeal masks and aScope

Patient Monitoring & Diagnostics, DKKm



- Growth in revenue of 9% and 7% in Q2 when measured in local currencies
- Growth in revenue of 8% and 6% in H1 when measured in local currencies
- General market growth of approx. 3%
- Market share is being won within the needle area (Neurology) and strong growth within Cardiology

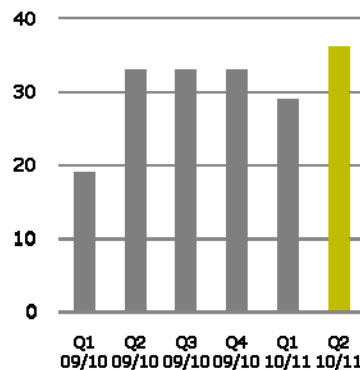
Emergency Care, DKKm



- Growth in revenue of 13% and 12% in Q2 when measured in local currencies
- Growth in revenue of 11% and 9% in H1 when measured in local currencies
- Growth within single-use ventilation bags and strong growth in sales of first-aid training manikins

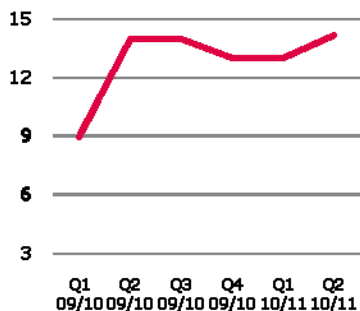
OPERATING PROFIT

EBIT before special items, DKKm



- EBIT before non-recurring expenses for an employee share scheme and before special items amounted to DKK 39m in Q2 against DKK 34m in Q2 2009/10, up 16%
- EBIT before special items amounted to DKK 66m in H1 against DKK 53m in H1 2009/10, up 25%
- Non-recurring expenses for an employee share scheme: DKK 2.6m
- Special items: DKK 31.2m (patent cases)
- No significant impact from exchange rates

EBIT margin before special items, %



- EBIT margin before special items of 14.2% in Q2
- EBIT margin before non-recurring expenses and special items of 15.2% in Q2
- EBIT margin before special items of 13.4% in H1 – an increase of 1.6 percentage points relative to H1 2009/10
- EBIT margin particularly positively impacted by general focus on optimisation and transfer of production

CASH FLOW

DKKm	H1 2009/10	H1 2010/11
Cash flow from operating activities	21.6	38.8
Cash flow from investing activities	(37.0)	(12.8)
Free cash flow	(15.4)	26.0
Cash flow from financing activities	32.7	(18.3)

- Cash flow from operating activities improved due to less funds tied up in working capital
- Investments lower in H1 2010/11 relative to H1 2009/10
- Free cash flow improved by DKK 41m relative to last year from DKK -15m to a positive cash flow of DKK 26m

CONCLUDED PATENT CASES

USA and Europe

- Global settlement reached, and all previous pending lawsuits have been concluded
- Both parties will make cash payments to the other party
- The parties will pay their own legal fees
- Total impact of the settlement, including legal fees, after Ambu's payment to LMA and LMA's payment to Ambu will be a net amount of approx. DKK 31.5m in 2010/11
- No negative impact on revenue
- Now possible to focus 100% on developing Ambu

GPS FOUR STATUS OF AMBU'S BUSINESS STRATEGY



HEADING FOR A STRONGER AMBU FOUR GPS COORDINATES

Targets 2013

GPS1 INNOVATION



Global market-leader within innovative single-use products for hospitals and rescue services

GPS2 MARKETS AND SALES



Significantly higher revenue

GPS3 EFFICIENCY



Increasing EBIT margin of up to 15%

GPS4 ACQUISITIONS



Efficient operations and reduction in working capital

GPS1 INNOVATION

- Global development procedures have been introduced following implementation of a global innovation organisation
- In addition to innovation tasks, focus is on cost price reduction projects for existing products
- Updated version of aScope launched in April
- Launch of single-use pump for pain relief in April
- Intense investments and efforts are going into new products within Airway Management and Emergency Care

Ambu's global innovation organisation is now in place, which will pave the way for improving our ability to be innovative and for improving efficiency, quality and the rate of our development processes.



GPS2

MARKETS AND SALES

- Continued positive effect of the expansion of the sales force in the USA
- Strengthening of Ambu's sales will focus on emerging markets
- Current activities in Brazil and Asia are resulting in strong growth rates
- Establishment of more aggressive market approach

Ambu's position in the USA continues to strengthen, and at the same time there is considerable potential for growth in emerging markets, where Ambu is continuously expanding its sales activities.



GPS3 EFFICIENCY

- The last phase of the transfer of production is planned and completed in Q4 2010/11
- Gathering of all Danish activities in one location – in Ballerup
- Work is going into optimising inventories and the entire supply chain
- E-commerce solution launched in the USA in May and the group's ERP system is updated to the latest version.
- Phase two of the implementation of the PLM system has begun

With the planned transfer of production in 2010/11, all Ambu's production takes place outside Denmark which has significantly strengthened earnings and Ambu's competitiveness.



GPS4 ACQUISITIONS

- Primary focus on activities which can strengthen the company's position within the hospital sector.
- Several acquisition opportunities identified – both as regards product areas and companies

Growth via acquisitions is high on Ambu's agenda, and Ambu sees attractive potential for both acquisition of product areas and companies.



UPDATED OUTLOOK FOR 2010/11

	2010/11	Comments
Revenue	In the region of DKK 1,000m	Unchanged relative to previously announced outlook. Based on an average USD rate of 520 in H2 2010/11, previously based on an average rate of 540 for FY 2010/11
EBIT margin before special items, %	Approx. 14%	Adjusted upwards from previously upwards of 13.5%
Profit before tax and special items	In the region of DKK 135m	Adjusted upwards from previously DKK 130m
Special items	Approx. DKK 31.5m	Costs relating to settlement and legal fees for concluded patent cases in the USA and Europe and Ambu's counter claim
Profit before tax	Approx. DKK 95m	After special items of DKK 31.5m. No previously announced outlook for this.
Free cash flow before special items (excl. acquisitions)	In the region of DKK 80m	Previously in the region of DKK 60-70m
Free cash flow after special items (excl. acquisitions)	In the region of DKK 50m	After special items of approx. DKK 31.5m.

GOOD STARTING POINT FOR FURTHER GROWTH

Additional sales of new products

- The goal is for sales of new products to account for 10% in 2010/11
- Penetration with aScope and other products
- Launch of additional products in 2010/11

Increased activity in emerging markets

- Experience and results so far are positive
- Additional investment and focus on these markets – establishment in Brazil, India and China begun

Organic growth

- Opportunity for increased momentum after conclusion of lawsuits
- Aggressive market approach in a difficult market

Acquisitions

- Active effort to target attractive opportunities
- Additional investment and focus on these markets – establishment in Brazil, India and China begun
- Acquisitions



QUESTIONS





READ MORE AT WWW.AMBU.COM

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Ambu 

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