



Annual report 2011/12 – a good year with growth in revenue, earnings and cash flow

In 2011/12, revenue increased by 6% in Danish kroner and 4% in local currencies to DKK 1,045m. The EBIT margin was 15%, corresponding to DKK 157m before special items. A plan has been laid for the coming year, 'The Destination'.

"In 2009, we launched the GPS Four strategy with the objective of turning Ambu into a more global, innovative and efficient company. We have come a long way in this process, and we have reached several important milestones in the past year: Revenue in excess of DKK 1bn was posted, the EBIT margin reached 15%, and a strong free cash flow was achieved. Also, the first acquisition in the strategy period was made over the summer. Despite challenging market conditions, we expect to realise sound growth, increase sales of new products, maintain the EBIT margin and obtain a solid cash flow in the coming year," says President & CEO Lars Marcher.

Developments in 2011/12

- Revenue of DKK 1,045m was posted in 2011/12 – an increase of 6% when reported in Danish kroner (2010/11: 5%), and 4% in local currencies (2010/11: 5%). Organic growth (excluding the acquired electrode business) was 2% when reported in local currencies, and 4% in Danish kroner.
- Since the takeover on 1 June 2012, the acquired electrode business has, as expected, contributed revenue of DKK 18m and has had a modest impact on earnings of minus DKK 2m.
- Growth in Europe was 3% when reported in local currencies. Growth in emerging markets totalled 26%, while growth in the USA was 2%.
- The EBIT margin was 15%, corresponding to DKK 157m before special items, up 9% relative to 2010/11. After special items of DKK 6m (costs relating to the acquired electrode business and to its integration), EBIT was DKK 151m against DKK 111m in 2010/11 (affected by costs of DKK 33m relating to a concluded patent case). Exchange rate developments had a negative effect on EBIT of approx. DKK 2m.
- Profit before tax amounted to DKK 150m, while net profit for the year totalled DKK 115m against DKK 69m in 2010/11.
- Free cash flow before acquisitions totalled DKK 111m against DKK 64m the year before. After acquisitions of DKK 31m, the free cash flow was DKK 80m.
- The Board of Directors proposes that a dividend be declared of DKK 3.00 per share for 2011/12, corresponding to 31% of the profit for the year.

Outlook for 2012/13

The next period is expected to be characterised by low market growth in several of Ambu's markets, especially in Europe, but also to some extent in the US market. This is due to the prospect of continued low economic growth and pressure on the healthcare sector. On the other hand, double-digit growth rates are expected in the emerging markets. However, growth is expected to vary considerably from market to market, and varying growth rates are also expected within the three business areas. Also, price competition is seen in the individual markets, and this trend is expected to continue in the new financial year.

Over the past three years, Ambu has implemented a number of projects under the GPS Four strategy which are designed to ensure growth in revenue, reduce costs and increase efficiency and earnings. The process of strengthening and developing the company continues, and new interim targets for the new financial year have been defined in a plan called 'The Destination'. Against this background, Ambu still expects to achieve growth in revenue in excess of market growth.

- In 2012/13, consolidated revenue is expected to increase to around DKK 1,125m, corresponding to an increase of approx. 7-8% when reported in Danish kroner as well as in local currencies and to organic growth of 3-4%. The outlook is based on an average USD exchange rate of 575 and a GBP exchange rate of 900 and includes the full-year effect of the acquired electrode business.
- In 2012/13, the EBIT margin before special items is expected to be about 15%, while profit before special items and tax is expected to equate to about 14.5% of revenue.
- In 2012/13, the free cash flow before acquisitions is expected to be about DKK 100m, with an investment level before acquisitions amounting to approx. 5% of revenue.

The annual report 2011/12 is attached to the present announcement to NASDAQ Copenhagen. The annual report can also be downloaded from Ambu's website www.ambu.com.

Conference call and webcast on this announcement will be held in Danish on Thursday 15 November 2012, at 11 am CET. To participate, please call the following number five minutes before the start of the conference: +45 32 72 80 18. The conference can be seen via www.ambu.com/ENwebcastQ42012. The conference will be subsequently be available on the Ambu website.

The **annual general meeting** will be held on 13 December 2012 at 4.00 pm at IDA Mødecenter, Kalvebod Brygge 31-33, 1780 Copenhagen K., Denmark.

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Financial highlights

| DKKm | | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
|--------------------|--|---------|---------|---------|---------|---------|
| Key figures | Revenue | 784 | 877 | 940 | 983 | 1,045 |
| | EBITDA before special items | 138 | 167 | 179 | 201 | 210 |
| | Operating profit (EBIT) before special items | 94 | 110 | 118 | 144 | 157 |
| | Operating profit (EBIT) | 86 | 76 | 116 | 111 | 151 |
| | Net financials | (18) | (3) | 0 | (13) | (1) |
| | Profit before tax (PBT) | 68 | 74 | 116 | 98 | 150 |
| | Net profit for the year | 50 | 56 | 84 | 69 | 115 |
| | | | | | | |
| | Total assets at year-end | 732 | 782 | 876 | 889 | 966 |
| | Equity at year-end | 452 | 480 | 562 | 580 | 678 |
| | Share capital | 119 | 119 | 119 | 119 | 119 |
| | | | | | | |
| | Investments in non-current assets and acquisitions | 49 | 96 | 68 | 44 | 78 |
| | Depreciation, amortisation and impairment losses on non-current assets | 45 | 56 | 61 | 56 | 54 |
| | Cash flows from operating activities | 84 | 113 | 99 | 102 | 158 |
| | Free cash flow before acquisitions | 36 | 59 | 31 | 64 | 111 |
| | Free cash flow after acquisitions | 36 | 18 | 31 | 64 | 80 |
| | | | | | | |
| | Average no. of employees | 1,397 | 1,608 | 1,728 | 1,637 | 1,683 |
| | | | | | | |
| Ratios | EBITDA margin before special items, % | 17.6 | 19.0 | 19.0 | 20.4 | 20.1 |
| | EBIT margin before special items, % | 12.0 | 12.6 | 12.6 | 14.7 | 15.0 |
| | Return on assets, % | 12.8 | 14.1 | 13.5 | 16.2 | 16.2 |
| | Return on equity, % | 11.5 | 12.0 | 16.1 | 12.1 | 18.2 |
| | Equity ratio, % | 62 | 61 | 64 | 65 | 70 |
| | Earnings per DKK 10 share | 4.24 | 4.73 | 7.16 | 5.92 | 9.84 |
| | Equity value per share | 38 | 40 | 47 | 49 | 57 |
| | Share price at year-end | 73 | 110 | 136 | 139 | 148 |
| | CAPEX, % | 6.2 | 10.9 | 7.2 | 4.5 | 7.4 |
| | ROIC, % | 11.4 | 13.4 | 13.2 | 14.9 | 15.4 |
| | NIBD/EBITDA | 0.9 | 0.7 | 0.6 | 0.5 | 0.3 |

Quarterly review

| DKK m | Q4 2011/12 | Q3 2011/12 | Q2 2011/12 | Q1 2011/12 | Q4 2010/11 | Q3 2010/11 | Q2 2010/11 | Q1 2010/11 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue | 283.1 | 263.2 | 264.7 | 234.4 | 253.6 | 240.6 | 255.7 | 232.9 |
| Production costs | (130.4) | (121.4) | (116.6) | (101.4) | (111.9) | (107.8) | (115.5) | (101.6) |
| Gross profit | 152.7 | 141.9 | 148.2 | 133.0 | 141.7 | 132.8 | 140.2 | 131.3 |
| % | 53.9 | 53.9 | 56.0 | 56.7 | 55.9 | 55.2 | 54.8 | 56.4 |
| Selling costs | (58.0) | (60.2) | (60.5) | (59.2) | (52.6) | (54.4) | (55.5) | (53.7) |
| Development costs | (4.2) | (5.8) | (6.7) | (6.3) | (4.0) | (8.8) | (6.2) | (7.3) |
| Management and administration | (39.6) | (37.4) | (37.5) | (40.1) | (40.1) | (33.6) | (38.9) | (40.1) |
| Other operating expenses | (0.4) | (1.2) | (0.9) | (0.9) | (1.2) | (1.2) | (3.4) | (0.8) |
| Operating profit (EBIT) before special items | 50.5 | 37.3 | 42.5 | 26.5 | 43.8 | 34.9 | 36.2 | 29.4 |
| % | 17.8 | 14.2 | 16.1 | 11.3 | 17.3 | 14.5 | 14.2 | 12.6 |
| Special items | (1.9) | (1.0) | (2.7) | (0.5) | (0.6) | (0.7) | (31.2) | (0.4) |
| Operating profit (EBIT) | 48.6 | 36.2 | 39.9 | 26.0 | 43.2 | 34.2 | 5.0 | 29.0 |
| Net financials | 1.1 | (3.1) | (0.1) | 1.2 | (4.3) | (3.5) | (3.2) | (2.3) |
| Profit before tax (PBT) | 49.7 | 33.2 | 39.7 | 27.1 | 38.9 | 30.7 | 1.7 | 26.8 |
| % | 17.6 | 12.6 | 15.0 | 11.6 | 15.3 | 12.8 | 0.7 | 11.5 |
| Tax | (8.6) | (9.2) | (10.2) | (7.1) | (12.8) | (8.2) | (0.1) | (7.8) |
| Net profit for the year | 41.2 | 24.0 | 29.6 | 20.0 | 26.1 | 22.5 | 1.6 | 19.0 |
| Earnings per share in DKK | | | | | | | | |
| Earnings per share (EPS) | 3.53 | 2.06 | 2.53 | 1.72 | 2.23 | 1.93 | 0.14 | 1.63 |
| Diluted earnings per share (EPS-D) | 3.44 | 2.00 | 2.58 | 1.70 | 2.20 | 1.90 | 0.14 | 1.61 |
| Key figures | | | | | | | | |
| Investments in non-current assets and acquisitions | 14 | 44 | 11 | 9 | 22 | 9 | 8 | 5 |
| Depreciation, amortisation and impairment losses on non-current assets | 13 | 14 | 14 | 13 | 14 | 14 | 13 | 15 |
| Cash flows from operating activities | 71 | 72 | 33 | (19) | 48 | 15 | 42 | (3) |
| Free cash flow before acquisitions | 57 | 28 | 23 | (28) | 32 | 6 | 35 | (9) |
| Free cash flow after acquisitions | 58 | 58 | 23 | (28) | | | | |
| Total assets at year-end | 966 | 1,009 | 948 | 942 | 889 | 867 | 878 | 902 |
| Equity at year-end | 678 | 644 | 608 | 592 | 580 | 546 | 550 | 535 |
| Share capital | 119 | 119 | 119 | 119 | 119 | 119 | 119 | 119 |
| Average no. of employees | 1,683 | 1,735 | 1,710 | 1,655 | 1,637 | 1,633 | 1,607 | 1,618 |

Ambu in brief

Since 1937, breakthrough ideas have driven our work to bring efficient healthcare solutions to life within our fields of excellence: Anaesthesia, Patient Monitoring & Diagnostics and Emergency Care. Millions of patients and healthcare professionals worldwide depend and rely on the functionality and performance of our products. We are dedicated to improving patient safety and determined to advance single-use devices. The manifestations of our efforts range from early inventions like the Ambu bag and the Blue Sensor® electrodes to our latest landmark solutions such as the aScope™ – the world's first single-use flexible videoscope. Our commitment to bringing new ideas and superior service to our customers has made Ambu one of the most recognised medico-technical companies in the world. Our head office is situated in Ballerup near Copenhagen, and we have production facilities in China and Malaysia and on a smaller scale in the UK. Ambu has approximately 1,700 employees in Europe, North America, Asia and the Pacific region.