



Interim report for Q2 2015/16 and for the period 1 October 2015 - 31 March 2016

Continued solid growth in revenue and a doubling of earnings for the half-year. In Q2, Ambu realised organic growth in local currencies of 8%. EBIT margin is 16.0%, corresponding to DKK 85m.

“After a strong Q1, it is extremely positive that we kept up the pace in Q2 to deliver interim results for the half-year which show organic growth of 9% and EBIT of DKK 131m, corresponding to a doubling relative to last year. Our business model is thus consistently delivering profitable and solid growth rates. We continue to strengthen our position with the hospitals, winning market share, in particular, within our five main product areas. On this basis, we are making an upward adjustment of our growth target for the year to 8-9% and increasing our EBIT target by 1 percentage point to approx. 15-16% in Danish kroner,” says President and CEO Lars Marcher.

- Revenue of DKK 532m was posted in Q2, representing growth of 8% in local currencies and 10% in Danish kroner.
- Growth in Q2 is made up of growth of 13% in the Anaesthesia business area and growth of 1% in the PMD (Patient Monitoring & Diagnostics) business area. For the half-year, growth was 13% for Anaesthesia, and 4% for PMD.
- The gross margin for the quarter was 50.8% (47.8%). The gross margin for the half-year was 50.7% (47.4%). The improved gross margin is attributable to a combination of improved product mix and lower production costs.
- Capacity costs for the quarter totalled DKK 185m (DKK 183m), up 1%. Capacity costs for the half-year totalled DKK 373m (DKK 350m). The rate of cost for the quarter was 35% (38%), and 38% (40%) for the half-year.
- EBIT for the quarter was 85m (DKK 48m) with an EBIT margin of 16.0% (9.9%). For the half-year, EBIT was DKK 131m (DKK 63m), and the EBIT margin 13.2% (7.2%).
- Free cash flows before company acquisitions totalled DKK 31m (DKK 4m) for the quarter, and DKK 34m (DKK -46m) for the half-year.
- Sales of Ambu® aScope™ 3 continue to grow, and 80,000 aScopes were sold in the first half of the year, corresponding to more than a doubling compared to the prior-year period.
- In North America, growth of 4% was posted for the quarter in local currencies, and of 7% in Danish kroner. Adjusted for the negative effect of the delays in the supply chain, which were resolved in Q2 2014/15, growth in North America was 8% for the quarter and 9% for the half-year.
- In Europe, growth of 12% was posted for the quarter when measured in local currencies.

- Growth in the Rest of the world was 12% in local currencies. The Asia-Pacific region is posting consistently high growth of 28% for the quarter.
- After the end of the quarter, Ambu has concluded an agreement on the acquisition of the intellectual property rights relating to one of Ambu's most important product lines, our Breathing Circuits. A purchase price of USD 9m has been agreed, which has no impact on the outlook for the year.
- In Q3, Ambu expects to launch a version of the aScope 3 specially tailored for procedures in hospital intensive care units (ICUs). Featuring, among other things, an extra-large working channel, the product will be called aScope Large.
- The outlook for 2015/16 is adjusted upwards. The outlook is now an organic growth in local currencies of approx. 8-9% against the previously announced 7-9%, and an EBIT margin in Danish kroner of approx. 15-16% against the previously announced 14-15%. Free cash flows and gearing are expected to remain in the region of DKK 150-175m and 2.0 x EBITDA.

A **conference call** is being held today, 3 May 2016, at 11.00 (CET). To participate, please call the following number five minutes before the start of the conference: + 45 3544 5580. The conference can be followed via www.ambu.com/webcastQ22016 and is held in English. The presentation can be downloaded immediately before the conference call via the same link.

Contact

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About Ambu

Since 1937, breakthrough ideas have driven Ambu's 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 legendary Blue Sensor® electrodes to our latest landmark solutions such as the aScope™ – the world's first single-use videoscope. Our commitment to bringing new ideas and superior service to our customers has made Ambu one of the most recognised medtech companies in the world. Our head office is situated in Ballerup near Copenhagen. Ambu has more than 2,350 employees in Europe, North America, Asia and the Pacific region. You can find more information about Ambu on our website: www.ambu.com.

Financial highlights

DKKm	Q2 2015/16	Q2 2014/15	YTD 2015/16	YTD 2014/15	FY 2014/15
Income statement					
Revenue	532	483	994	871	1,889
Gross margin, %	50.8	47.8	50.7	47.4	48.5
EBITDA	113	72	183	111	332
Depreciation	12	13	23	24	48
Amortisation	16	11	29	24	48
EBIT	85	48	131	63	236
Net financials	-11	29	-13	25	-21
Profit before tax	74	77	118	88	215
Net profit for the period	52	58	83	66	152
Balance sheet					
Assets	2,301	2,371	2,301	2,371	2,254
Working capital	572	556	572	556	551
Equity	860	978	860	978	1,036
Net interest-bearing debt	958	832	958	832	731
Cash flows					
Cash flows from operating activities	50	27	72	11	208
Cash flows from investing activities before company acquisitions	-19	-23	-38	-57	-101
Free cash flows before company acquisitions and technology	31	4	34	-46	107
Acquisitions of companies and technology	0	0	0	0	17
Key figures and ratios					
Organic growth, %	8	9	9	9	9
Rate of cost, %	35	38	38	40	36
EBITDA margin, %	21.2	14.9	18.4	12.7	17.6
EBIT margin, %	16.0	9.9	13.2	7.2	12.5
Return on equity, %	18	22	18	22	16
NIBD/EBITDA	2.4	2.8	2.4	2.8	2.2
Equity ratio, %	37	41	37	41	46
Investments, % of revenue	4	5	4	7	5
Working capital, % of revenue	28	33	28	33	29
ROIC, % after tax, incl. goodwill	15	12	15	12	12
Average no. of employees	2,320	2,277	2,308	2,290	2,270
Share-related ratios					
Market price per share (DKK)	232	161	232	161	181
Earnings per share (EPS) (DKK)	1.09	1.22	1.74	1.39	3.16
Diluted earnings per share (EPS-D) (DKK)	1.06	1.18	1.69	1.35	3.06

Management's review

for Q2 and H1 2015/16.

PRODUCT AREAS

(Comparative figures are stated in brackets)

Anaesthesia

Within Anaesthesia, sales increased by 13% in Q2 when measured in local currencies, and by 15% in Danish kroner. For the first half of the year, the growth rate was 13% in local currencies and 19% in Danish kroner.

The single-use videoscope aScope 3 is the product that contributes most significantly to growth, but sales of, for example, laryngeal masks, resuscitation bags and face masks also deliver high organic growth rates.

Sales of Breathing Circuits show a decline as a result of the delays in the supply chain, which were resolved in Q2 last year. The delays mainly affected sales in North America, but also had a negative impact on Ambu's growth in general, both in the past quarter and for the half-year, to the tune of 2 percentage points. Adjusted for this, Anaesthesia therefore realised underlying growth of 15% for the quarter and for the half-year.

With the high sales of videoscopes – inclusive of strong sales in North America – revenue from aScope 3 now exceeds Breathing Circuits, and in absolute figures aScope 3 is now the largest product group within Anaesthesia. Sales for the first half of the year topped 80,000, corresponding to more than a doubling relative to the prior-year period.

On 7 April 2016, Ambu concluded an agreement on the acquisition of the intellectual property rights relating to our Breathing Circuits at a purchase price of USD 9m. The agreement transfers ownership to Ambu of important patents within this product portfolio, which overall contributes annual revenue of more than DKK 300m, primarily in the USA.

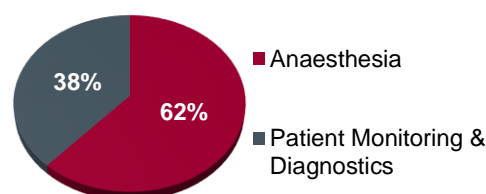
Patient Monitoring & Diagnostics

Within PMD, sales increased by 1% in Q2 when measured in local currencies, and by 2% in Danish kroner. For the first half of the year, the growth rate was 4% in local currencies and 7% in Danish kroner.

Sales of high-volume, low-margin cardiology products and sales of low-volume, high-margin neurophysiology products are increasing more than the market, in some cases realising double-digit growth rates. A number of minor product areas such as Sleep and Electro Surgery have, however, experienced negative growth rates, which is affecting the PMD area in general.

PMD accounted for 38% of revenue in Q2 against 41% in the prior-year period.

Breakdown of revenue on product areas



FINANCIAL RESULTS

INCOME STATEMENT

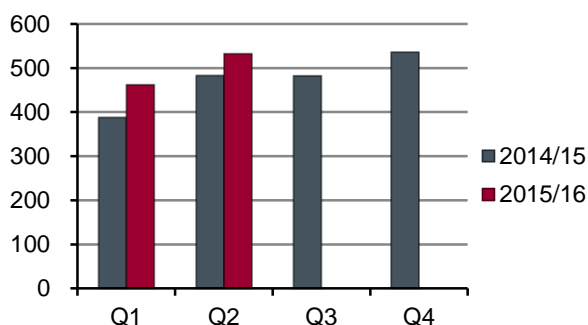
Revenue

Revenue of DKK 532m was posted in Q2, representing growth of 8% in local currencies, and 10% in Danish kroner. Revenue of DKK 994m was posted for the half-year, representing growth of 9% in local currencies, and 14% in Danish kroner. Growth is broadly based across the markets, while aScope is the product driving much of the growth.

Revenue – business areas

	Q2		Composition of growth			H1		Composition of growth		
	15/16	14/15	Organic*	Currencies	Reported	15/16	14/15	Organic*	Currencies	Reported
Anaesthesia	328	284	13%	2%	15%	606	508	13%	6%	19%
PMD	204	199	1%	1%	2%	388	363	4%	3%	7%
Revenue	532	483	8%	2%	10%	994	871	9%	5%	14%

Revenue – quarters (DKKm)



Growth in the North American market was 4% in local currencies for the quarter and 6% for the half-year. As mentioned earlier, sales in North America were negatively impacted to the tune of 3-4 percentage points due to delays in the supply chain, which were overcome in Q2 last year.

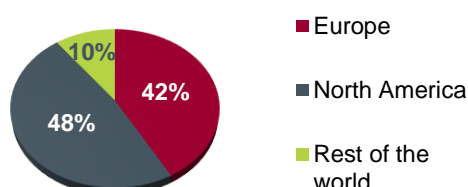
Adjusted for the effect of this, growth of 8% was realised in North America for the quarter, and 9% for the half-year. North America accounted for 48% of revenue in Q2 against 49% in Q2 last year.

Growth in Europe was 12% for the quarter and 14% for the first half, when measured in local currencies. Growth is being realised in all the European markets, in northern and central Europe at double-digit rates. Europe accounted for 42% of revenue (41%).

After moderate growth in Q1, growth of 12% was realised in the Rest of the world in Q2, when measured in local currencies. Growth for the first half is then 6%.

The Asian markets continue to contribute high growth rates, at 28% for Q2 and 24% for the first half. China as a single market is seeing high double-digit growth and aScope is starting to contribute here as well. The markets in the Middle East and Latin America are, however, posting negative one-digit growth and thus detracting from growth for the Rest of the world.

Geographical breakdown of revenue



Revenue – markets

	Q2		Composition of growth			H1		Composition of growth		
	15/16	14/15	Organic*	Currencies	Reported	15/16	14/15	Organic*	Currencies	Reported
Europe	223	198	12%	1%	13%	436	380	14%	1%	15%
North America	255	239	4%	3%	7%	461	404	6%	8%	14%
Rest of the world	54	46	12%	5%	17%	97	87	6%	5%	11%
Revenue	532	483	8%	2%	10%	994	871	9%	5%	14%

Ambu

Currency exposure

Ambu is significantly impacted by developments in USD/DKK, as approx. 50% of the company's revenue is invoiced in USD. Moreover, EBIT is influenced by developments in the CNY/DKK and MYR/DKK exchange rates, as a significant share of the value of Ambu's production in the Far East is settled in CNY and MYR. Developments in these exchange rates against DKK and USD are shown in the table below:

	Average exchange rates			Change	
	H1 14/15	FY 14/15	H1 15/16	FY 14/15 - H1 15/16	H1 14/15 - H1 15/16
USD/DKK	629	651	680	4%	8%
MYR/DKK	180	178	160	-10%	-11%
CNY/DKK	102	105	105	0%	4%
MYR/USD	28.6	27.3	23.6	-14%	-18%
CNY/USD	16.1	16.1	15.5	-4%	-4%

USD/DKK increased by 8% in the first half relative to last year, while MYR/DKK fell by 11% and CNY/DKK increased by 4% during the same period.

For the gross profit for the first six months, the combined changes in exchange rates thus mean an increase in the value of Ambu's USD revenue measured in DKK, while the gross margin is also increased on account of the lower production costs as measured in DKK.

The correlation between exchange rate changes and revenue and EBIT, respectively, can be summarised over a 12-month period as follows, based on an increase in exchange rates of 10% against DKK:

DKKm	USD	MYR	CNY
Revenue	100	0	0
EBIT	25	-10	-15

The combined effect of exchange rate fluctuations on operations for the first half is an increase in revenue of approx. DKK 35m and an increase in production and capacity costs of approx. DKK 25m, resulting in a positive net effect on EBIT of approx. DKK 10m in the half-year.

Gross profit

For Q2, a gross profit of DKK 270m (DKK 231m) was returned, while the gross margin increased by 3.0 percentage points to 50.8% (47.8%). For the first half of the year, the gross margin was 50.7%, corresponding to an improvement of 3.3 percentage points.

The increased gross margin can be attributed to a significantly improved product mix and efficiency increases in production. The normalisation of sales of Breathing Circuits is also contributing positively.

Costs

Capacity costs totalled DKK 185m (DKK 183m) for the quarter, and DKK 373m (DKK 350m) for the first half. For the first half, an overall increase of 7% was thus seen, with the underlying net increase in costs being an estimated approx. 5 percentage points, and the remaining 2 percentage point increase being due to exchange rate effects.

The rate of cost for the half-year was 38% (40%).

Selling costs amounted to DKK 97m (DKK 104m) for the quarter, and DKK 197m (DKK 199m) for the first half. The net reduction in selling costs can be ascribed, among other things, to lower freight costs as a result of the implemented supply chain improvements as well as the abolition of the Medical Device Excise Tax (MDET). MDET has so far been levied at a rate of 1.6% on sales in the USA, but as from 1 January 2016, the tax has been suspended for the next two years; for Q2, this resulted in savings of approx. DKK 4m.

Development costs totalled DKK 17m (DKK 14m) for the quarter, and DKK 32m (DKK 27m) for the half-year. There has thus been an increase of approx. 20% in development costs, reflecting an increased level of activity. The correlation between capitalisation of costs and the recognition of amortisation in the income statement is shown in the table below. Year to date, amortisation of DKK 25m has been recognised, and investments of DKK 23m have been made. The recognised development costs are thus not substantially different from the cash flows from the underlying development activities.

DKKm	YTD	
	15/16	14/15
Development costs	32	27
÷ amortisation	-25	-20
+ investments	23	18
= Cash flows	30	25

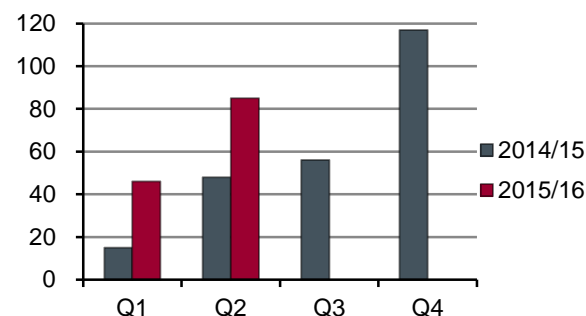
Management and administrative expenses for the quarter totalled DKK 71m (DKK 65m), and DKK 144m (DKK 124m) for the half-year. For the half year, the cost increase is hereafter DKK 20m equal to 16%, out of which more than half is attributable to the increased activity level as well as effect from currency. In addition, the cost item is impacted by non-recurring costs, accruals etc.

EBIT

EBIT for Q2 was DKK 85m (DKK 48m), with an EBIT margin of 16.0% (9.9%). EBIT for the half-year was DKK 131m (DKK 63m), with an EBIT margin of 13.2% (7.2%).

The impact of exchange rates on EBIT is estimated to be positive at approx. DKK 10m for the half-year.

EBIT – quarters (DKKm)



Net financials

Net financials amounted to net expenses of DKK 11m (DKK +29m) for the quarter, and DKK 13m (DKK +25m) for the half-year.

Net financials for the half-year are composed as follows:

- Foreign exchange gains amounted to a net DKK 0m (DKK 87m).
- Interest expenses on bank and bond debt totalled DKK 15m (DKK 14m).
- Fair value adjustment of currency swaps constituted income of DKK 4m (cost of DKK 44m).
- The interest element from liabilities stated at present discounted value is recognised at a cost of DKK 2m (DKK 4m).

Tax

A provision has been made for tax of 30% on the profit before tax adjusted for non-deductible items.

Net profit

The net profit was DKK 52m (DKK 58m) for the quarter, and DKK 83m (DKK 66m) for the half-year.

BALANCE SHEET

At the end of Q2, total assets were DKK 2,301m (DKK 2,371m).

Working capital amounted to DKK 572m (DKK 556m), corresponding to 28% (33%) of revenue on a 12-month basis.

Trade receivables totalled DKK 423m at the end of the quarter against DKK 438m in the prior-year period. The efforts to reduce receivables from sales continue, and the average number of credit days is now 77 (94). The credit risk attaching to outstanding debtors is deemed to be unchanged, and the quarter was not affected by bad debts to any significant extent.

At the end of the quarter, cash amounted to DKK 95m (DKK 109m). In addition, Ambu has unutilised credit facilities of DKK 167m. With effect from 4 January 2016, Ambu has refinanced its long-term bank debt, increasing the committed facilities from DKK 100m to DKK 400m

with a binding commitment of a term of two years or more.

At the end of the quarter, total financial net debt amounted to DKK 958m (DKK 832m), of which DKK 700.5m is financed via corporate bonds. Interest-bearing net debt totalled 2.4 (2.8) x rolling 12-month EBITDA.

CASH FLOWS

Cash flows from operating activities for the half-year amounted to DKK 72m (DKK 11m) and were significantly affected by the reduction in receivables of DKK 45m. The total adjustment of the working capital thus constituted DKK -20m at the end of the quarter (DKK -48m).

Investments in non-current assets totalled DKK 38m (DKK 57m) for the half-year, consisting of ordinary development projects and production equipment. Free cash flows before company acquisitions totalled DKK 34m (DKK -46m) for the half-year.

OUTLOOK 2015/16

The outlook for 2015/16 is adjusted upwards. The outlook is now an organic growth in local currencies of approx. 8-9% against the previously announced 7-9%, and an EBIT margin in Danish kroner of approx. 15-16% against the previously announced 14-15%. Free cash flows and gearing are expected to remain in the region of DKK 150-175m and 2.0 x EBITDA.

	Local currencies	
	3 May 2016	11 November 2015
Growth in revenue	8-9%	7-9%

	Danish kroner	
	3 May 2016	11 November 2015
Growth in revenue	10-11%	9-11%
EBIT margin	15-16%	14-15%
Free cash flows	DKK 150-175m	DKK 150-175m
Gearing	Approx. 2.0	Approx. 2.0

The outlook for 2015/16 is based on the following exchange rate assumptions:

	Expectations for exchange rates for 2015/16	
	3 May 2016	11 November 2015
USD/DKK	675	675
CNY/DKK	103	103
MYR/DKK	165	155

FORWARD-LOOKING STATEMENTS

Forward-looking statements, especially such as relate 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 to differ materially from the expectations contained in this report. Factors that might affect such expectations include, among others, changes in health care, in the world economy, in interest rate levels and in exchange rates.

FINANCIAL CALENDAR

29 July 2016	Silent period ending 19 August 2016
19 August 2016	Interim report for Q3 2015/16
30 September 2016	End of FY 2015/16

Quarterly results

DKKm	Q2 2015/16	Q1 2015/16	Q4 2014/15	Q3 2014/15	Q2 2014/15	Q1 2014/15
Revenue	532	462	536	482	483	388
Composition of reported growth:						
Organic growth in local currencies	8%	11%	10%	9%	9%	9%
Exchange rate effects on reported growth	2%	8%	11%	12%	11%	4%
Reported revenue growth	10%	19%	21%	21%	20%	13%
Organic growth, products:						
Anaesthesia	13%	13%	14%	16%	19%	16%
PMD	1%	8%	6%	2%	-3%	0%
Organic growth in local currencies	8%	11%	10%	9%	9%	9%
Organic growth, markets:						
Europe	12%	16%	16%	10%	5%	13%
North America	4%	8%	12%	5%	13%	2%
Rest of the world	12%	-1%	-10%	21%	6%	24%
Organic growth in local currencies	8%	11%	10%	9%	9%	9%
Gross profit	270	234	271	232	231	182
<i>Gross margin, %</i>	50.8	50.6	50.6	48.1	47.8	46.9
Selling costs	-97	-100	-83	-100	-104	-95
Development costs	-17	-15	-13	-14	-14	-13
Management and administration	-71	-73	-58	-57	-65	-59
Other operating expenses	0	0	0	-5	0	0
Operating profit (EBIT)	85	46	117	56	48	15
<i>EBIT margin, %</i>	16.0	10.0	21.8	11.6	9.9	3.9
Financial income	-13	13	-5	-30	72	15
Financial expenses	2	-15	-12	1	-43	-19
Profit before tax (PBT)	74	44	100	27	77	11
Tax on profit for the period	-22	-13	-34	-7	-19	-3
Net profit for the period	52	31	66	20	58	8

Quarterly results (continued)

DKKm	Q2 2015/16	Q1 2015/16	Q4 2014/15	Q3 2014/15	Q2 2014/15	Q1 2014/15
Balance sheet:						
Assets	2,301	2,271	2,254	2,288	2,371	2,107
Working capital	572	550	551	565	556	482
Equity	860	940	1,036	978	978	826
Net interest-bearing debt	958	883	731	804	832	843
Cash flows:						
Cash flows from operating activities	50	22	140	57	27	-16
Cash flows from investing activities before acquisitions of companies and technology etc.	-19	-19	-21	-23	-23	-34
Free cash flows before acquisitions of companies and technology etc.	31	3	119	34	4	-50
Of which payment of special items	0	0	0	0	-1	0
Key figures and ratios:						
Rate of cost, %	35	41	29	37	38	43
EBITDA	113	70	140	81	72	39
EBITDA margin, %	21.2	15.2	26.1	16.8	14.9	10.1
Depreciation	12	11	12	12	13	11
Amortisation	16	13	11	13	11	13
EBIT	85	46	117	56	48	15
EBIT margin, %	16.0	10.0	21.8	11.6	9.9	3.9
NIBD/EBITDA	2.4	2.4	2.2	2.7	2.8	2.9
Working capital, % of revenue	28	28	29	31	33	30
Share-related ratios:						
Market price per share (DKK)	232	210	181	175	161	149
Earnings per share (EPS) (DKK)	1.09	0.65	1.36	0.41	1.22	0.17
Diluted earnings per share (EPS-D) (DKK)	1.06	0.63	1.31	0.40	1.18	0.17

Management's statement

The Board of Directors and the Executive Board of Ambu A/S have discussed and approved the interim report for the period 1 October 2015 - 31 March 2016. The interim report has not been audited or reviewed by the company's independent auditors.

The interim report is presented in accordance with IAS 34 – Interim Financial Reporting as adopted by the EU and additional Danish disclosure requirements for the interim reporting of listed companies.

We consider the accounting policies applied to be expedient, the group's internal controls relevant to preparing and presenting the interim report to be adequate and the interim report to give a true and fair view of the group's assets, liabilities, results and financial position as at 31 March 2016 and of the results of the group's operations and cash flows for the period 1 October 2015 to 31 March 2016.

We further consider that the management's review gives a true and fair view of the development in the group's activities and financial affairs, the profit for the period and the group's financial position as a whole as well as a description of the most significant risks and uncertainties to which the group is subject.

Ballerup, 3 May 2016

Executive Board

Lars Marcher

CEO

Michael Højgaard

CFO

Board of Directors

Jens Bager
Chairman

Mikael Worning
Vice-Chairman

Pernille Bartholdy

Oliver Johansen

Jakob Bønnelykke Kristensen

Allan Søgaard Larsen

Anita Krarup Frederiksen

Christian Sagild

Henrik Ehlers Wulff

Consolidated financial statements

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Income statement and statement of comprehensive income – Group

Interim report for Q2 2015/16

DKKm

Income statement	Note	Q2 2015/16	Q2 2014/15	YTD 2015/16	YTD 2014/15	FY 2014/15
Revenue		532	483	994	871	1,889
Production costs		-262	-252	-490	-458	-973
Gross profit		270	231	504	413	916
Selling costs		-97	-104	-197	-199	-382
Development costs		-17	-14	-32	-27	-54
Management and administration		-71	-65	-144	-124	-239
Other operating expenses		0	0	0	0	-5
Operating profit (EBIT)		85	48	131	63	236
Financial income	9	-13	72	0	87	52
Financial expenses	9	2	-43	-13	-62	-73
Profit before tax		74	77	118	88	215
Tax on profit for the period		-22	-19	-35	-22	-63
Net profit for the period		52	58	83	66	152
Earnings per share in DKK						
Earnings per share (EPS)		1.09	1.22	1.74	1.39	3.16
Diluted earnings per share (EPS-D)		1.06	1.18	1.69	1.35	3.06

Statement of comprehensive income	Q2 2015/16	Q2 2014/15	YTD 2015/16	YTD 2014/15	FY 2014/15
Net profit for the period	52	58	83	66	152
Other comprehensive income:					
<i>Items which are moved to the income statement under certain conditions:</i>					
Translation adjustment in foreign subsidiaries	-40	96	-14	113	91
Tax on translation adjustments in foreign subsidiaries	0	-11	0	-14	-3
Adjustment to fair value for the period:					
Additions concerning hedging instruments	2	1	2	1	1
Other comprehensive income after tax	-38	86	-12	100	89
Comprehensive income for the period	14	144	71	166	241

Balance sheet – Group

Interim report for Q2 2015/16

DKKm

Assets	Note	31.03.16	31.03.15	30.09.15
Acquired technologies, trademarks and customer relations		93	116	103
Completed development projects		72	65	61
Rights		109	58	54
Goodwill		798	850	810
Development projects in progress		57	38	58
Intangible assets		1,129	1,127	1,086
Land and buildings		128	145	128
Plant and machinery		101	101	93
Other plant, fixtures and fittings, tools and equipment		33	34	34
Prepayments and plant under construction		14	35	25
Property, plant and equipment		276	315	280
Deferred tax asset		24	25	30
Other receivables		6	0	5
Other non-current assets		30	25	35
Total non-current assets		1,435	1,467	1,401
Inventories		294	307	278
Trade receivables		423	438	473
Other receivables		12	8	15
Income tax receivable		5	9	4
Prepayments		37	32	35
Derivative financial instruments		0	1	0
Cash		95	109	48
Total current assets		866	904	853
Total assets		2,301	2,371	2,254
Equity and liabilities	Note	31.03.16	31.03.15	30.09.15
Share capital		121	120	121
Other reserves		739	858	915
Equity		860	978	1,036
Credit institutions		276	2	2
Provision for deferred tax		5	42	17
Corporate bonds		699	698	698
Other provisions		47	73	48
Non-current liabilities		1,027	815	765
Current portion of non-current liabilities		52	2	2
Other provisions		8	24	6
Bank debt		26	239	77
Trade payables		94	107	115
Income tax		38	36	72
Other payables		165	122	140
Derivative financial instruments		31	48	41
Current liabilities		414	578	453
Total liabilities		1,441	1,393	1,218
Total equity and liabilities		2,301	2,371	2,254

Cash flow statement – Group

Interim report for Q2 2015/16

DKK m

	Note	31.03.16	31.03.15	30.09.15
Net profit for the period		83	66	152
Adjustment of items with no cash flow effect	6	105	48	191
Income tax paid		-69	-28	-37
Interest income and similar items		0	8	0
Interest expenses and similar items		-27	-35	-28
Changes in working capital	7	-20	-48	-70
Cash flows from operating activities		72	11	208
Purchase of non-current assets		-38	-57	-104
Divestment of subsidiary		0	0	3
Cash flows from investing activities before acquisitions of companies and technology etc.		-38	-57	-101
Free cash flows before acquisitions of companies and technology etc.		34	-46	107
Company acquisitions		0	0	-17
Cash flows from acquisitions of companies and technology etc.		0	0	-17
Cash flows from investing activities		-38	-57	-118
Free cash flows after acquisitions of companies and technology etc.		34	-46	90
Changes in other non-current liabilities		323	-3	-3
Capital increase, Class B share capital		4	5	19
Exercise of options		3	11	11
Cash settlement, options		-32	0	0
Purchase of Ambu A/S shares, treasury shares		-189	-28	-74
Dividend paid		-46	-45	-45
Dividend, treasury shares		1	0	0
Cash flows from financing activities		64	-60	-92
Changes in cash and cash equivalents		98	-106	-2
Cash and cash equivalents, beginning of period		-29	-33	-33
Translation adjustment of cash and cash equivalents		0	9	6
Cash and cash equivalents, end of period		69	-130	-29
Cash and cash equivalents, end of period, are composed as follows:				
Cash		95	109	48
Bank debt		-26	-239	-77
		69	-130	-29

Cash flow statement – Group

Interim report for Q2 2015/16

DKKm

	Share capital	Share premium	Reserve for hedging transactions	Reserve for foreign currency translation adjustment	Retained earnings	Proposed dividend	Total
Equity 1 October 2015	121	32	-3	128	712	46	1,036
Net profit for the period					83		83
Other comprehensive income for the period			2	-14			-12
Total comprehensive income	0	0	2	-14	83	0	71
<i>Transactions with the owners:</i>							
Exercise of options					3		3
Cash settlement, options					-32		-32
Share-based payment					4		4
Tax deduction relating to share options					8		8
Purchase of treasury shares					-189		-189
Distributed dividend						-45	-45
Dividend, treasury shares					1	-1	0
Capital increase, Class B share capital		4					4
Equity 31 March 2016	121	36	-1	114	590	0	860

Equity 1 October 2014	119	15	-4	40	639	45	854
Net profit for the period					66		66
Other comprehensive income for the period			1	99			100
Total comprehensive income	0	0	1	99	66	0	166
<i>Transactions with the owners:</i>							
Exercise of options					11		11
Share-based payment					3		3
Tax deduction relating to share options					12		12
Purchase of treasury shares					-28		-28
Distributed dividend						-45	-45
Dividend, treasury shares							0
Capital increase, Class B share capital		5					5
Equity 31 March 2015	119	20	-3	139	703	0	978

Notes to the interim report

Interim report for Q2 2015/16

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Section 4: Financial risk management, capital structure and net financials

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Section 5: Provisions, other liabilities etc.

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Notes to the interim report

Interim report for Q2 2015/16

Note 1 – Basis of preparation of interim report

The interim report for the period 1 October 2015 to 31 March 2016 is presented in accordance with IAS 34 – Interim Financial Reporting as adopted by the EU and additional Danish disclosure requirements for the interim reporting of listed companies. The accounting principles applied are consistent with the principles applied in the annual report for 2014/15. The ratios have been calculated in accordance with The Danish Finance Society's 'Recommendations and Financial Ratios 2015'. For definitions, please refer to note 5.10 in the annual report for 2014/15.

Note 2 – Material accounting estimates

In connection with the preparation of the interim report, the management makes material accounting estimates, assessments and assumptions which form the basis of the presentation, recognition and measurement of the group's assets and liabilities for accounting purposes. There are no significant changes in the material estimates or assessments presented in note 1.1 to the annual report for 2014/15.

Note 3 – Seasonal fluctuations

Gross margin

Historically, the gross margin was lower in H1 than in H2 due to higher activity levels in H2. The lowest gross margin was seen in Q1, where revenue relative to other quarters was the lowest.

Cash flows from operating activities

Cash flows from operating activities were historically lower in Q1 as a result of bonuses paid, income tax as well as a lower earnings level and increased working capital. Cash flows from operating activities tend to increase gradually in Q2 and Q3, peaking in Q4. The increased level of cash flows from operating activities in Q4 is due to the collection of revenue from Q3 and partially Q2 as well as a reduction of working capital.

Note 4 – Segment information

Ambu is a supplier of medtech products for the global market. Except for the sales of the different products, no structural or organisational aspects allow for a division of earnings from individual products, as sales channels, customer types and sales organisations are identical for all important markets. Furthermore, production processes and internal controls and reporting are identical, which means that with the exception of revenue, everything else is unsegmented.

Ambu has thus only identified one segment.

Note 5 – Development in balance sheet since 30 September 2015

Since the beginning of the financial year, non-current assets have increased by a net amount of DKK 34m to DKK 1,435m. The increase was driven by investments of DKK 38m, the acquisition of Breathing Circuit technology in the amount of DKK 62m, depreciation and amortisation of DKK 52m and foreign currency translation adjustments of DKK 9m.

Since the start of the period, inventories have increased by DKK 16m, while trade receivables have been reduced by DKK 50m. This can be attributed to the lower activity level from Q4 2014/15 to Q2 2015/16.

At the beginning of the financial year, Ambu decided to carry out two parallel share buy-back programmes to cover existing and future share-based incentive programmes. In the first two quarters of the year, shares in the amount of DKK 189m have been bought back, which has had a significant effect on equity.

Other provisions under current and non-current liabilities totalled DKK 55m at the end of Q2 and have increased by a net amount of DKK 1m since the beginning of the financial year.

From the beginning of the financial year until the end of Q2, other payables were increased by DKK 25m to DKK 165m. This reduction is due primarily to the acquisition of Breathing Circuit patents at a cost of DKK 59m, whereas the group's lower activity level in the period and the payment of items due at the end of FY 2014/15 have resulted in a reduction in other payables.



Notes to the interim report

Interim report for Q2 2015/16

DKK m

Note 6 – Adjustment of items with no cash flow effect

	YTD 2015/16	YTD 2014/15	30.09.15
Depreciation and amortisation	52	48	96
Accounting loss on divestment of subsidiary	0	0	5
Share-based payment	4	3	6
Net financials and similar items	13	-25	21
Tax on profit for the period	36	22	63
	105	48	191

Note 7 – Changes in working capital

	YTD 2015/16	YTD 2014/15	30.09.15
Changes in inventories	-14	-30	-17
Changes in receivables	45	-36	-100
Changes in trade payables etc.	-51	18	47
	-20	-48	-70

Note 8 – Risks

For a description of Ambu's risks, see the 'Risk management' section in the annual report for 2014/15 on pages 16-17.

Note 9 – Net financials

	Q2 2015/16	Q2 2014/15	YTD 2015/16	YTD 2014/15	FY 2014/15
<i>Other financial income:</i>					
Foreign exchange gains, net	-13	72	0	87	27
Fair value adjustment, earn-out	0	0	0	0	25
Financial income	-13	72	0	87	52

	Q2 2015/16	Q2 2014/15	YTD 2015/16	YTD 2014/15	FY 2014/15
<i>Interest expenses:</i>					
Interest expenses, banks	1	1	3	2	5
Interest expenses, bonds	6	6	12	12	24
<i>Other financial expenses:</i>					
Effect of shorter discount period, earn-out	0	1	0	2	3
Effect of shorter discount period, acquisition of technology	1	1	2	2	4
Fair value adjustment, swap	-10	34	-4	44	37
Financial expenses	-2	43	13	62	73



Notes to the interim report

Interim report for Q2 2015/16

Note 10 – Capital increase, treasury shares and dividend paid

Capital increase

A capital increase was implemented in November 2015 in connection with the exercise by employees of warrants issued in 2011 and 2012. In consequence hereof, Ambu's share capital was increased by a nominal amount of DKK 180,000 through the issue of 28,000 Class B shares at a price of 40.125 and the issue of 44,000 Class B shares at a price of 39.50.

In February 2016, a capital increase was implemented, the second in the current financial year, in connection with the exercise by employees of warrants issued from 2012. In consequence hereof, Ambu's share capital was increased by a nominal amount of DKK 46,000 through the issue of 18,400 Class B shares at a price of 39.50.

Ambu's shares have a nominal value of DKK 2.50 per share.

Changes in number of shares and share capital for the period:

	30.09.15	YTD 2015/16	31.12.15
No. of Class A shares	6,864,000	0	6,864,000
No. of Class B shares	41,397,920	90,400	41,488,320
	48,261,920	90,400	48,352,320
Share capital	120,654,800	226,000	120,880,800

Treasury shares

As at 30 September 2015, Ambu's holding of treasury shares totalled 242,900 Class B shares, which has grown to 1,077,207 Class B shares as at 31 March 2016. The majority of the treasury shares have been acquired under the announced share buyback programme. The total buyback of treasury shares amounts to DKK 189m.

Dividend paid

The Board of Directors' proposal on the distribution of dividend of DKK 0.95 per share was adopted at the company's annual general meeting on 10 December 2015. As at 31 March 2016, DKK 46m has been disbursed to the company's shareholders along with related withholding tax.

Note 11 – Contingent liabilities

In connection with the acquisition of the IP rights to Breathing Circuits, as announced in company announcement no. 28 of 7 April 2016, the claim for additional royalty payments most recently mentioned in the interim report for Q1 2015/16 has now been withdrawn.

Ambu's ongoing operations and the use of Ambu's products in hospitals and clinics etc. involve the general risk that claims for damages may be made against Ambu. The risk is deemed to be customary.

Note 12 – Subsequent events

In addition to the matters described in this interim report, the management is not aware of any events subsequent to 31 March 2016, which could be expected to have a significant impact on the group's financial position.