



## Interim report for Q3 2013/14 (1 April - 30 June)

Organic growth in revenue of 8% and gross margin improved to 51.6%. EBIT increased by 41% to DKK 55m. The outlook for the year is maintained, and the estimated growth in revenue and EBIT margin is specified.

*“Q3 is the first quarter in which Ambu has owned King Systems for a full 12 months, and against this background, having realised organic growth of 8% and a solid increase in earnings for the second consecutive quarter is very satisfactory. The growth is broadly based, but also positively driven, in particular by sales of aScope 3 and other products for the Anaesthesia segment, which is reporting combined growth of 14%. I am pleased that growth, in combination with the many initiatives currently being implemented, is now reflected in an improved gross margin and in significantly improved free cash flows. All in all, the results realised by Ambu in Q3 support the targets set for the company’s long-term value creation,” says President and CEO Lars Marcher.*

- Revenue of DKK 397m was posted for the quarter, corresponding to organic growth of 8% when reported in local currencies. Year to date, absolute growth of 16% has been realised in Danish kroner, corresponding to revenue of DKK 1,142m.
- All the regions are contributing to the organic growth. Growth in Europe stood at 4% and is positively impacted by continued strong growth in aScope 3 sales, but negatively affected by the Emergency Care business area. Growth in the USA was 5%, continuing the positive trend. The rest of the world has contributed strong growth of 40%.
- Total sales of aScope were up more than 60% compared with Q2. aScope 3 was only launched in the USA at the end of the quarter, explaining why the effect is so far insignificant.
- The gross margin was 51.6% (48.1%), and year to date 50.3% (49.4%). The improved gross margin can be ascribed, among other things, to increasing sales of high-margin products and cost synergies from the integration of acquired activities.
- EBIT before special items was DKK 55m for the quarter (DKK 39m), while an EBIT margin of 13.9% (10.3%) was posted. Year to date, EBIT before special items totals DKK 118m (DKK 102m), with an EBIT margin of 10.3% (10.4%).

- Free cash flows before acquisitions were DKK 28m (DKK 10m) for the quarter, and DKK 57m for the first nine months of the financial year (DKK 24m). Special items are constituted by expenses of DKK 2m (DKK 19m), while the figure is DKK 10m (DKK 20m) year to date.
- The quarter saw the launch in the USA and in Europe of King Vision aBlade, a new version of Ambu's video laryngoscope for use in operating theatres. The agreed milestone payment of DKK 55m to the seller of King Systems has been made.
- The full-year outlook is narrowed down to revenue of approx. DKK 1.6bn, based on expected organic growth of approx. 6-7% as opposed to the 5-7% announced earlier and an EBIT margin of approx. 13% against the previously announced 12-14%. Free cash flows before acquisitions, special items, milestone payments and earn-outs are expected to be unchanged at approx. DKK 100-120m, with an NIBD/EBITDA ratio of approx. 2.5.

A conference call is being held today, 20 August 2014, at 11.00 am (CET). To participate, please call the following number five minutes before the start of the conference: +45 3544 5579. The conference can be followed via [www.ambu.com/webcastQ32014](http://www.ambu.com/webcastQ32014) and is held in English. The presentation can be downloaded directly in the conference call.

## Contact

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### About Ambu

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 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 medico-technical 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](http://www.ambu.com).

## Financial highlights

DKKkm		Q3 2013/14	Q3 2012/13	YTD 2013/14	YTD 2012/13	FY 2012/13
<b>Key figures</b>	Revenue	397	378	1,142	982	1,383
	Profit before interest, tax, depreciation and amortisation (EBITDA), before special items	78	62	181	154	235
	Operating profit (EBIT) before special items	55	39	118	102	161
	Operating profit (EBIT)	55	25	118	55	100
	Net financials	-10	-14	-28	-22	-30
	Profit before tax	45	11	90	33	70
	Net profit for the period	33	6	66	20	48
	Depreciation	11	12	34	32	43
	Amortisation	12	11	29	20	31
	Assets	1,974	1,935	1,974	1,935	1,875
	Equity	701	651	701	651	651
	Net interest-bearing debt	784	767	784	767	721
	Cash flows from operating activities	53	27	110	65	122
	Cash flows from investing activities before acquisitions	-25	-17	-53	-41	-54
	Free cash flows before acquisitions	28	10	57	24	68
	Acquisitions of companies and technology	83	1	108	703	704
	Average no. of employees	2,386	2,362	2,347	2,157	1,984
<b>Ratios</b>	Gross margin, %	51.6	48.1	50.3	49.4	49.1
	Rate of cost, %	38	38	40	39	37
	EBITDA margin before special items, %	19.6	16.4	15.8	15.7	17.0
	EBIT margin before special items, %	13.9	10.3	10.3	10.4	11.6
	Return on equity, %	14	9	14	9	7
	NIBD/EBITDA before special items	3.0	3.6	3.0	3.6	3.1
	Equity ratio, %	36	34	36	34	35
	Investments, % of revenue	6	4	5	4	4
	Working capital, % of revenue	27	32	27	32	28
	ROIC, % after tax including goodwill	11	10	11	10	10
<b>Share data</b>	Market price per share, DKK	397	180	397	180	224

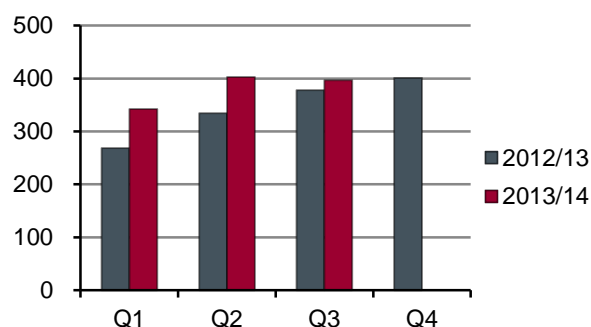
The interim report for Q3 2013/14 and for the period 1 October 2013 to 30 June 2014 has not been audited or reviewed; the accounting policies have been applied consistently with the annual report for 2012/13. The key figures have been calculated in accordance with the Danish Society of Financial Analysts' 'Recommendations and Financial Ratios 2010'.

## Management's review

for Q3 2013/14 and the period 1 October 2013 - 30 June 2014.

The quarter saw the realisation of organic growth of 8% and revenue of DKK 397m, corresponding to a growth rate of 5% when reported in Danish kroner. Year to date, organic growth totals 5% with an absolute growth in Danish kroner of 16%, corresponding to revenue of DKK 1,142m. The double-digit growth year to date reflects the fact that King Systems was taken over in February 2013 and thus was included in Ambu's financial statements for only eight months in FY 2012/13.

### Revenue – quarters (DKKm)



## PRODUCT AREAS

### Anaesthesia

Anaesthesia saw organic growth of 14% in the quarter, or growth of 11% in Danish kroner, and accounted for 53% of revenue against 50% for the prior-year period.

aScope 3 was launched in the USA in the last half of Q3, and sales in the USA have therefore not yet significantly impacted growth. In the markets where aScope 3 has been launched since the beginning of the year, Q3 saw more than 60% growth compared with Q2. The construction of the new factory in Malaysia for the production of aScope 3 is progressing according to plan, with expected completion at the beginning of the new financial year. This will lead to at least a doubling of the overall capacity.

### Revenue – product areas

(DKKm)	Q3		Composition of growth			9 mths		Composition of growth		
	13/14	12/13	Organic*	Currency	Reported	13/14	12/13	Organic*	Currency	Reported**
Anaesthesia	210	190	14%	-3%	11%	604	435	11%	-3%	39%
PMD	155	154	2%	-1%	1%	443	435	4%	-2%	2%
Emergency Care	32	34	-5%	-1%	-6%	95	112	-13%	-2%	-15%
<b>Revenue</b>	<b>397</b>	<b>378</b>	<b>8%</b>	<b>-3%</b>	<b>5%</b>	<b>1,142</b>	<b>982</b>	<b>5%</b>	<b>-3%</b>	<b>16%</b>

\* Local currencies

\*\* King Systems was included in Ambu's financial statements for just under eight months in 2012/13

In Q3, Ambu launched AuraGain, a third-generation laryngeal mask. Featuring a number of new functionalities not offered by competing products, the mask helps anaesthetists improve the maintenance of airways during surgery.

King Vision aBlade, the single-use version of the original King Vision video laryngoscope, was launched in the USA and Europe towards the end of Q3, and Ambu now offers an intubation solution tailored specifically to the needs of both hospitals and rescue services.

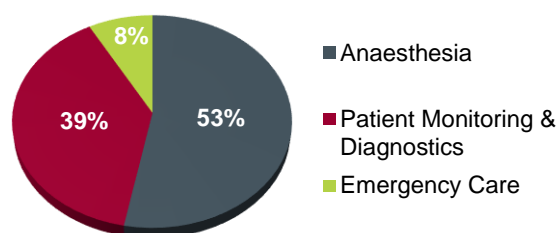
### Patient Monitoring & Diagnostics

Patient Monitoring & Diagnostics realised organic growth of 2%, which is on a par with market growth. Sales rose by 1% when reported in Danish kroner. PMD accounted for 39% of revenue in Q3 compared with 41% in the prior-year period.

### Emergency Care

Emergency Care posted revenue of DKK 32m for Q3 against DKK 34m for the prior-year period, representing organic growth of minus 5%. Emergency Care accounted for 8% of total revenue in Q3 compared with 9% in the prior-year period. Emergency Care sales are largely based on project sales, resulting in fluctuating growth from one quarter to the next.

### Revenue Q3 – product areas



## MARKETS

### Europe

Organic growth of 4% was posted for Europe, or 5% when reported in Danish kroner. The organic growth thus fell somewhat short of the 11% realised in Q2, among other things due to lower growth in Patient Monitoring & Diagnostics and Emergency Care.

Europe accounted for an unchanged 44% of Ambu's total revenue for the quarter.

### North America

North America realised organic growth of 5%, while growth reported in Danish kroner was 0% due to the weakened USD/DKK exchange rate.

North America accounted for 45% of Ambu's revenue in Q3 against 47% last year.

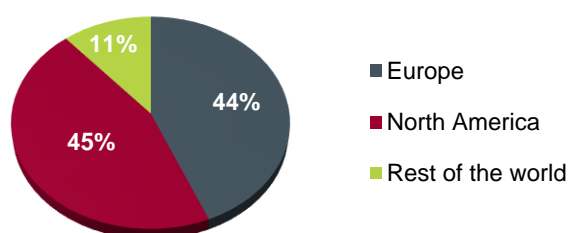
The end of Q3 saw the migration of King Systems to Ambu's ERP system, which went according to plan. This marked the last and all-important step towards realising the expected synergies.

### Rest of the world

The organic growth in the rest of the world totalled 40%, or 35% when reported in Danish kroner. The region now makes a significant contribution to Ambu's overall growth, among other things driven by sales in Australia.

The rest of the world accounts for 11% of revenue against 9% for the prior-year period.

### Revenue Q3 – geographical areas



### Revenue – geographical areas

(DKKm)	Q3		Composition of growth			9 mths		Composition of growth		
	13/14	12/13	Organic*	Currency	Reported	13/14	12/13	Organic*	Currency	Reported**
Europe	174	166	4%	0%	5%	521	494	4%	0%	6%
North America	178	178	5%	-5%	0%	501	395	2%	-5%	27%
Rest of the world	45	33	40%	-4%	35%	120	94	19%	-3%	29%
<b>Revenue</b>	<b>397</b>	<b>378</b>	<b>8%</b>	<b>-3%</b>	<b>5%</b>	<b>1,142</b>	<b>982</b>	<b>5%</b>	<b>-3%</b>	<b>16%</b>

\* Local currencies

\*\* King Systems was included in Ambu's financial statements for just under eight months in 2012/13

## INCOME STATEMENT

(Comparative figures are stated in brackets)

### Gross profit

Gross profit for the quarter was DKK 205m (DKK 182m), and the gross margin was 51.6% (48.1%).

The increasing gross margin is primarily attributable to increased sales of high-margin products such as aScope and laryngeal masks as well as the continuous optimisation of production at Ambu's factories.

A gross profit of DKK 574m (DKK 485m) was realised for the first nine months of the year, corresponding to a gross margin of 50.3% (49.4%).

### Costs

The total capacity costs were DKK 150m (DKK 143m) for the quarter. Compared with Q3 2012/13, the rate of cost was unchanged at 38%.

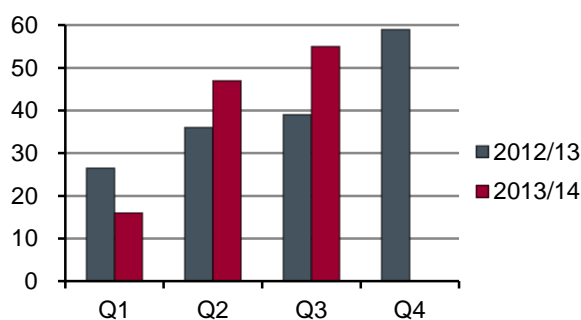
A rate of cost of 40% was realised for the first nine months of the year against 39% for the prior-year period.

The average USD/DKK exchange rate for the quarter was 544 (570), down just under 5%, which has a positive impact on capacity costs corresponding to approx. DKK 5m for the quarter and approx. DKK 15m for the first nine months of the year, equating to just under 1 percentage point on the rate of cost.

### EBIT

EBIT before special items was DKK 55m (DKK 39m) for Q3, and the EBIT margin was 13.9% (10.3%).

#### EBIT before special items – quarters (DKKm)



For the first nine months of the year, EBIT before special items was DKK 118m (DKK 102m), with an EBIT margin of 10.3% (10.4%).

### Net financials

Net financials amounted to expenses of DKK 10m (DKK 14m) for the quarter, composed as follows:

- Interest expenses for bank and bond debt total DKK 6m (DKK 7m).
- Foreign currency translation adjustments of working capital and USD loans to a subsidiary and market value adjustment of interest and foreign currency swaps result in net expenses of DKK 1m (DKK 3m).
- In the quarter, the interest element in the earn-out provided for in connection with the acquisition of King Systems is expensed in the amount of DKK 3m (DKK 4m)

### Tax

A provision has been made for tax of 26% on the profit before tax adjusted for non-deductible items.

### Net profit

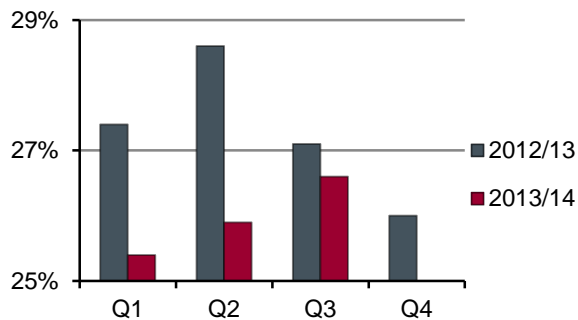
The net profit for Q3 totalled DKK 33m (DKK 6m) and DKK 66m (DKK 20m) year to date.

## BALANCE SHEET

At the end of Q3, the balance sheet total amounted to DKK 1,974m (DKK 1,935m). At the end of Q2, the balance sheet total amounted to DKK 1,925m.

At the end of Q3, total working capital was DKK 410m, corresponding to 27% of revenue on a 12-month basis against 26% at the end of Q2. The increase relative to Q2 is due to minor changes to the balance sheet as well as building up inventories due to the launch of new products.

**Working capital relative to revenue\* – quarters**



\* Pro forma adjusted for King Systems

Trade receivables were DKK 328m at the end of the quarter against DKK 311m for the same quarter last year. The total number of credit days has been reduced by approx. 10 days. 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 June, cash totalled DKK 105m (DKK 77m), in addition to which Ambu had unutilised credit facilities of DKK 83m.

At the end of the quarter, the total financial net debt was DKK 784m, of which DKK 700.5m is financed via corporate bonds. Net interest-bearing debt totalled 3.0 x EBITDA before special items, which is unchanged.

**CASH FLOWS**

Cash flows from operating activities for the first nine months of the year totalled DKK 110m (DKK 65m). This includes DKK 10m (DKK 20m) in the form of special items pertaining to the integration of acquired companies. Adjusted for special items, cash flows have thus been improved by more than 40%.

Cash flows from investing activities before acquisitions were minus DKK 53m (minus DKK 41m) for the first nine months of the year, consisting primarily of investments in research and development and production plant as well as construction of the new factory in Malaysia.

Free cash flows before acquisitions totalled DKK 57m (DKK 24m) for the first nine months of the year before adjustments pertaining to special items of DKK 10m (DKK 20m), representing an underlying improvement of 50%.

During the first three quarters, acquisitions of enterprises and technology reduced cash flows by a combined DKK 108m (DKK 703m). Acquisitions of technology concern the acquisition announced in March 2014 of patents and rights relating to pain pumps, while company acquisitions pertain to milestone payments to the seller of King Systems as well as investment obligations in King Systems totalling DKK 97m.



## OUTLOOK FOR 2013/14

The outlook for 2013/14 is unchanged compared to the outlook announced in the annual report for 2012/13 on 14 November 2013; however, the estimates for organic growth and EBIT margin have been specified. The outlook is based on an average USD/DKK exchange rate of 550.

	<b>Outlook</b>
<b>Revenue</b>	In the region of DKK 1.6bn
<b>Organic growth</b>	Of "approx. 6-7%" against the previously announced "approx. 5-7%"
<b>EBIT margin</b>	Of "approx. 13%" against the previously announced "approx. 12-14%"
<b>Free cash flows</b>	Of approx. DKK 100-120m
<b>NIBD/EBITDA</b>	Of approx. 2.5

## FORWARD-LOOKING STATEMENTS

Forward-looking statements, especially such as relate to future revenue 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

30 September 2014	End of FY 2013/14
13 November 2014	Financial statements for FY 2013/14
17 December 2014	Annual general meeting



## Management's statement

On this day, the Board of Directors and the Executive Board have considered and approved the interim report of Ambu A/S for the period 1 October 2013 to 30 June 2014.

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 appropriate, and in our opinion, the interim report provides a true and fair view of the group's assets, liabilities and financial standing as at 30 June 2014 as well as of the results of the group's activities and cash flows in the period 1 October 2013 - 30 June 2014.

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, 20 August 2014

### Executive Board

Lars Marcher

CEO

Michael Højgaard

CFO

### Board of Directors

Jens Bager  
Chairman

Mikael Worning  
Vice-Chairman

Jesper Funding Andersen

Allan Søgaard Larsen

Christian Sagild

John Stær

Pernille Bartholdy  
Elected by the employees.

Anita Krarup  
Elected by the employees.

Jakob Bønnelykke Kristensen  
Elected by the employees.

## Income statement

DKKm	Q3 2013/14	Q3 2012/13	YTD 2013/14	YTD 2012/13	FY 2012/13
Revenue	397	378	1,142	982	1,383
Production costs	-192	-196	-568	-497	-704
<b>Gross profit</b>	<b>205</b>	<b>182</b>	<b>574</b>	<b>485</b>	<b>679</b>
Selling costs	-90	-83	-261	-219	-292
Development costs	-11	-9	-32	-23	-33
Management and administration	-48	-50	-159	-141	-192
Other operating income	0	0	0	3	3
Other operating expenses	-1	-1	-4	-3	-4
<b>Operating profit (EBIT) before special items</b>	<b>55</b>	<b>39</b>	<b>118</b>	<b>102</b>	<b>161</b>
Special items	0	-14	0	-47	-61
<b>Operating profit (EBIT)</b>	<b>55</b>	<b>25</b>	<b>118</b>	<b>55</b>	<b>100</b>
Financial income	0	0	8	4	0
Financial expenses	-10	-14	-36	-26	-30
<b>Profit before tax (PBT)</b>	<b>45</b>	<b>11</b>	<b>90</b>	<b>33</b>	<b>70</b>
Tax on profit for the period	-12	-5	-24	-13	-22
<b>Net profit for the period</b>	<b>33</b>	<b>6</b>	<b>66</b>	<b>20</b>	<b>48</b>
<b>Earnings per share in DKK</b>					
Earnings per share (EPS)	2.80	0.56	5.59	1.77	4.05
Diluted earnings per share (EPS-D)	2.73	0.56	5.47	1.76	4.03

## Statement of comprehensive income

DKKm	Q3 2013/14	Q3 2012/13	YTD 2013/14	YTD 2012/13	FY 2012/13
Net profit for the period	33	6	66	20	48
<i>Items which are moved to the income statement under certain conditions:</i>					
Translation adjustment in foreign subsidiaries	4	-17	-9	6	-25
Tax on translation adjustments in foreign subsidiaries	-1	0	1	0	1
Adjustment to fair value for the period					
Disposals included in net financials	0	1	0	1	1
Additions concerning hedging instruments	2	1	2	2	1
Tax on hedging transactions	-1	-1	-1	-1	0
<b>Comprehensive income for the period</b>	<b>37</b>	<b>-10</b>	<b>59</b>	<b>28</b>	<b>26</b>

## Balance sheet

DKKm	30.06.14	30.06.13	30.09.13
Acquired technologies, trademarks and customer relations	103	112	116
Completed development projects	56	45	43
Rights	54	19	18
Goodwill	724	687	730
Development projects in progress	30	45	39
<b>Intangible assets</b>	<b>967</b>	<b>908</b>	<b>946</b>
Land and buildings	110	94	102
Plant and machinery	103	66	113
Other plant, fixtures and fittings, tools and equipment	21	55	29
Prepayments and plant under construction	17	112	8
<b>Property, plant and equipment</b>	<b>251</b>	<b>327</b>	<b>252</b>
Deferred tax asset	32	27	21
<b>Other non-current assets</b>	<b>32</b>	<b>27</b>	<b>21</b>
<b>Total non-current assets</b>	<b>1,250</b>	<b>1,262</b>	<b>1,219</b>
Inventories	240	248	211
Trade receivables	328	311	356
Other receivables	10	7	2
Income tax receivable	6	11	1
Prepayments	17	17	23
Derivative financial instruments	18	2	9
Cash	105	77	54
<b>Total current assets</b>	<b>724</b>	<b>673</b>	<b>656</b>
<b>TOTAL ASSETS</b>	<b>1,974</b>	<b>1,935</b>	<b>1,875</b>

## Balance sheet

DKKm	30.06.14	30.06.13	30.09.13
Share capital	119	119	119
Share premium	13	9	9
Reserves and retained earnings	569	523	523
<b>Equity</b>	<b>701</b>	<b>651</b>	<b>651</b>
Credit institutions	5	55	56
Provision for deferred tax	35	90	30
Corporate bonds	697	701	697
Other provisions	69	85	83
<b>Non-current liabilities</b>	<b>806</b>	<b>931</b>	<b>866</b>
Current portion of non-current liabilities	4	13	10
Other provisions	60	73	108
Bank debt	183	75	12
Trade payables	73	66	75
Income tax	28	3	22
Other payables	112	116	124
Derivative financial instruments	7	7	7
<b>Current liabilities</b>	<b>467</b>	<b>353</b>	<b>358</b>
<b>Total liabilities</b>	<b>1,273</b>	<b>1,284</b>	<b>1,224</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,974</b>	<b>1,935</b>	<b>1,875</b>

## Statement of changes in equity

DKKm	30.06.14	30.06.13	30.09.13
Equity as at 1 October	651	665	665
Prior-year errors, see note 3	0	-16	-16
Capital increase, see note 4	4	0	0
Comprehensive income for the period	59	28	26
Exercise of options	15	28	29
Share options	2	3	4
Purchase of treasury shares	-15	-22	-22
Distributed dividend	-15	-35	-35
<b>Equity</b>	<b>701</b>	<b>651</b>	<b>651</b>

## Cash flow statement

DKKm	Note	30.06.14	30.06.13	30.09.13
Net profit for the period		66	20	48
Adjustment of items with no cash flow effect	A	118	100	138
Income tax paid		-28	-29	-29
Interest income and similar items		8	0	0
Interest expenses and similar items		-36	-6	-7
Change in working capital	B	-18	-16	-22
Cash flows from provisions		0	-4	-6
<b>Cash flows from operating activities</b>		<b>110</b>	<b>65</b>	<b>122</b>
Purchase of non-current assets		-53	-47	-60
Sale of non-current assets		0	6	6
<b>Cash flows from investing activities before acquisitions</b>	C	<b>-53</b>	<b>-41</b>	<b>-54</b>
<b>Free cash flows before acquisitions</b>		<b>57</b>	<b>24</b>	<b>68</b>
Acquisition of technology		-11	0	0
Company acquisitions		-97	-703	-704
<b>Cash flows from company acquisitions</b>	C	<b>-108</b>	<b>-703</b>	<b>-704</b>
<b>Free cash flows after acquisitions</b>		<b>-51</b>	<b>-679</b>	<b>-636</b>
Corporate bond issue		0	697	697
Changes in other non-current liabilities		-58	41	36
Capital increase		4	0	0
Exercise of options		15	27	29
Purchase of Ambu A/S shares		-15	-22	-22
Dividend paid		-15	-35	-35
<b>Cash flows from financing activities</b>		<b>-69</b>	<b>708</b>	<b>705</b>
<b>Changes in cash and cash equivalents</b>		<b>-120</b>	<b>29</b>	<b>69</b>
Cash and cash equivalents, beginning of year		42	-26	-26
Translation adjustment of cash and cash equivalents		0	-1	-1
<b>Cash and cash equivalents at year-end</b>		<b>-78</b>	<b>2</b>	<b>42</b>
<b>Note A: Adjustment of items with no cash flow effect</b>				
Depreciation and amortisation		63	52	74
Accounting gain from sale of non-current assets		0	0	-3
Transaction costs in connection with company acquisitions		0	10	11
Share-based remuneration		3	3	4
Financial expenses etc.		28	22	30
Tax on profit for the period		24	13	22
		<b>118</b>	<b>100</b>	<b>138</b>
<b>Note B: Change in working capital</b>				
Changes in inventories		-29	18	48
Changes in receivables		23	-14	-72
Changes in trade payables etc.		-12	-20	2
		<b>-18</b>	<b>-16</b>	<b>-22</b>
<b>Note C: Cash flows from investing activities</b>		<b>-161</b>	<b>-744</b>	<b>-758</b>

## Note 1 – Segment information

Ambu is a supplier of medico-technical 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 operating segment and has therefore only shown the activities' geographical distribution.

## Note 2 – Development in balance sheet since 30 September 2013

Since the beginning of the financial year, non-current assets have been increased by a net amount of DKK 31m to DKK 1,250m. The figure includes acquired patent and production rights from Medical Flow Systems Ltd. in the amount of DKK 40m, further investments of DKK 53m and depreciation and amortisation of DKK 63m.

At the end of Q3, the activities taken over from Medical Flow Systems Ltd. are financed partly via an interest-free loan from the seller in the amount of DKK 30m, and partly via a cash payment of DKK 11m.

Other provisions under current and non-current liabilities total DKK 129m at the end of Q3 and have been reduced by a net amount of DKK 62m since the beginning of the financial year. The development is driven by the liabilities in respect of Medical Flow Systems Ltd., payments provided for in respect of King Systems and the earn-out and milestone payments to Consort Medical PLC.

Since the beginning of the financial year, other payables have been reduced by DKK 12m to DKK 112m at the end of Q3. The reduction is primarily attributable to a change in interest expenses payable in respect of corporate bond financing of DKK 6m.

## Note 3 – Prior-period errors

In connection with the preparation of the interim report for Q2 2013/14, a review of Ambu's business intelligence system revealed an error in the calculations on which the valuation of inventories of finished goods is based. The error relates to 2011/12 and has meant that the intercompany profits calculated across several accounting periods have been too low. This means that the valuation of the inventories of finished goods has been too high. At the end of FY 2011/12, the error constituted DKK 22m, corresponding to DKK 16m after tax, which affects the balance sheet as at 30 September 2013.

The error affects equity as at 30 September 2013 as follows:

	<u>Before tax</u>	<u>After tax</u>
Equity as reported at 30 September 2013		<b>667</b>
Correction in respect of 2011/12 and previous years is accounted for in equity	-22	-16
Corrected equity as at 30 September 2013		<b>651</b>

In the balance sheet, the value of inventories is reduced by DKK 22m as at 30 September 2013, with an adjustment in this respect of the deferred tax asset of DKK 6m. Key ratios have been restated accordingly.

## Note 4 – Capital increase

Ambu has carried out a capital increase in connection with the exercise by employees of warrants. Consequently, Ambu's share capital is increased by a nominal amounts of DKK 240,000 from DKK 119,080,800 to DKK 119,320,800 through the issue of 24,000 Class B shares at a price of 160.50. The share capital is now divided into 10,216,080 Class B shares of DKK 10 each and 1,716,000 Class A shares of DKK 10 each. Following the capital increase and taking account of employees having left the company, 62,500 remaining warrants relating to the 2011 programme are now held by 21 individuals.

## Note 5 – Company acquisitions

The interim report for Q2 2013/14 issued on 2 May 2014 reported the completion of the opening balance for the acquisition of King Systems Corp., which had not given rise to any changes to the opening balance sheet reported in the annual report for 2012/13.

## Note 6 – Risks

For a description of Ambu's risks, see the "Risks" section in the annual report for 2012/13 on pages 17-18.

## Quarterly results

DKKm	Q3 2013/14	Q2 2013/14	Q1 2013/14	Q4 2012/13	Q3 2012/13	Q2 2012/13	Q1 2012/13
Revenue	397	403	342	401	378	335	269
<i>Organic growth in local currencies</i>	8%	8%	-4%	8%	7%	3%	13%
Production costs	-192	-209	-167	-207	-196	-172	-129
<b>Gross profit</b>	<b>205</b>	<b>194</b>	<b>175</b>	<b>194</b>	<b>182</b>	<b>163</b>	<b>140</b>
<i>Gross margin</i>	<i>51.6</i>	<i>48.1</i>	<i>51.2</i>	<i>48.4</i>	<i>48.1</i>	<i>48.7</i>	<i>52.0</i>
Selling costs	-90	-82	-89	-73	-83	-72	-64
Development costs	-11	-9	-12	-10	-9	-8	-6
Management and administration	-48	-54	-57	-51	-50	-46	-45
Other operating income	0	0	0	0	0	0	3
Other operating expenses	-1	-2	-1	-1	-1	-1	-1
<b>Operating profit (EBIT) before special items</b>	<b>55</b>	<b>47</b>	<b>16</b>	<b>59</b>	<b>39</b>	<b>36</b>	<b>27</b>
<i>EBIT margin before special items</i>	<i>13.9</i>	<i>11.7</i>	<i>4.7</i>	<i>14.7</i>	<i>10.3</i>	<i>10.7</i>	<i>10.0</i>
Special items	0	0	0	-14	-14	-27	-6
<b>Operating profit (EBIT)</b>	<b>55</b>	<b>47</b>	<b>16</b>	<b>45</b>	<b>25</b>	<b>9</b>	<b>21</b>
Financial income	0	8	0	0	0	4	0
Financial expenses	-10	-14	-12	-8	-14	-9	-3
<b>Profit before tax (PBT)</b>	<b>45</b>	<b>41</b>	<b>4</b>	<b>37</b>	<b>11</b>	<b>4</b>	<b>18</b>
Tax on profit for the period	-12	-11	-1	-9	-5	-1	-7
<b>Net profit for the period</b>	<b>33</b>	<b>30</b>	<b>3</b>	<b>28</b>	<b>6</b>	<b>3</b>	<b>11</b>
<b>Earnings per share</b>							
Earnings per share (DKK)	2.80	2.54	0.25	2.28	0.56	0.19	1.02
Diluted earnings per share (DKK)	2.73	2.49	0.25	2.27	0.56	0.19	1.01
<b>Key figures</b>							
Rate of cost, %	38	37	46	34	38	38	42
EBITDA before special items	78	68	35	81	62	52	40
EBITDA margin before special items, %	19.6	16.9	10.2	20.2	16.4	15.5	14.9
Depreciation	11	11	12	11	12	11	9
Amortisation	12	10	7	11	11	5	4
EBIT before special items	55	47	16	59	39	36	27
EBIT margin before special items, %	13.9	11.7	4.7	14.7	10.3	10.7	10.0
Working capital relative to revenue, %	27	26	26	28	32	36	35
Assets	1,974	1,925	1,886	1,875	1,935	1,986	963
Equity	701	663	632	651	651	652	642
Cash flows from operating activities	53	37	20	57	27	44	-6
Cash flows from investing activities before acquisitions	-25	-11	-17	-13	-17	-17	-7
<i>Free cash flows before company acquisitions</i>	<i>28</i>	<i>26</i>	<i>3</i>	<i>44</i>	<i>10</i>	<i>27</i>	<i>-13</i>
Payment of special items	-2	-4	-4	-15	-19	-1	0
Net interest-bearing debt	784	729	732	721	767	781	97
NIBD/EBITDA before special items	3.0	3.0	3.2	3.1	3.6	3.9	0.5