



Ambu
Ideas that work for life

Welcome to Annual General Meeting 2017/18

12 December 2018
Hotel Scandic Copenhagen



Agenda

- 1. The management's report**
- 2. Annual report and consolidated financial statements**
- 3. Remuneration report**
- 4. Appropriation of profits**
5. Remuneration of the Board of Directors for FY 2017/18
6. Election of Chairman of the Board
7. Election of Vice-chairman of the Board
8. Election of other members of the Board
9. Election of auditor
10. Proposals from the Board of Directors
11. Authorisation to the chairman of the meeting

The management's report
by Chairman of the Board Jens Bager



Highlights in 2017/18

- Acquisition and integration of Invendo Medical
- Opening of new manufacturing plant dedicated to endoscopes
- Continued progress in sales of aScope
- Doubling of sales force in the USA



Strategy and results

- Big Five strategi is carried out according to plan, and the financial goals are lifted
- Continued high sales growth and improved earnings
- Ground-breaking new products in single-use endoscopy will be launched by 2020



Ambu from 2008 to 2018

Revenue

DKK 877m → DKK 2,606m

+197%

EBIT earnings

DKK 110m → DKK 563m

+412%

Employees

1,600 → 2,700 people

+69%

Market value

DKK 867m → DKK 37.6b

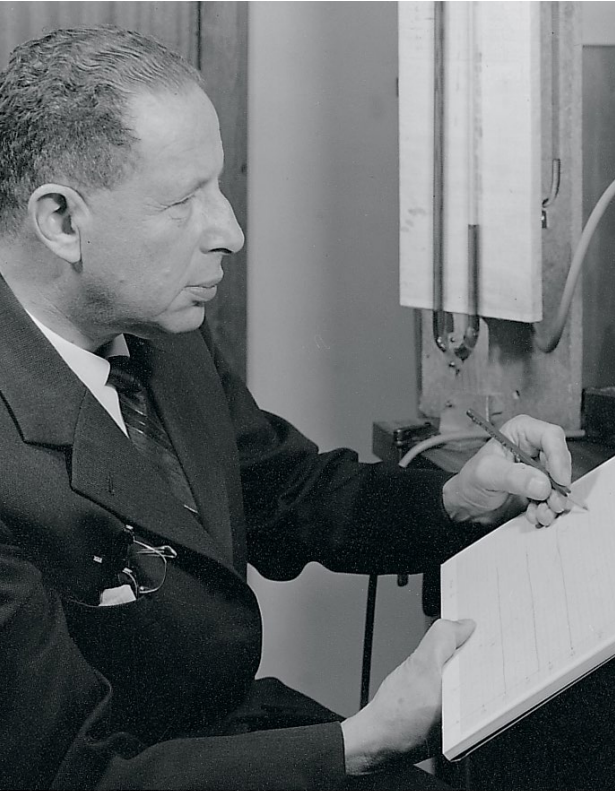
+4.236%



The management's report
by President & CEO Lars Marcher



What is Ambu's purpose?



Our vision

To save lives and improve patient care.

Our mission

To provide our customers with innovative solutions that optimise workflow, reduce cost and improve patient care.



Status on Big Five 2020



Annual general meeting 2017



Annual general meeting 2018

We lift our expectations for 2020

- Organic growth in 2020 at **13-15%**
- EBIT margin in 2020 at **24-25%**

- Organic growth in 2020 at **16-18%**
- EBIT margin in 2020 at **26-28%**

We are becoming a complete supplier of single-use flexible endoscopes

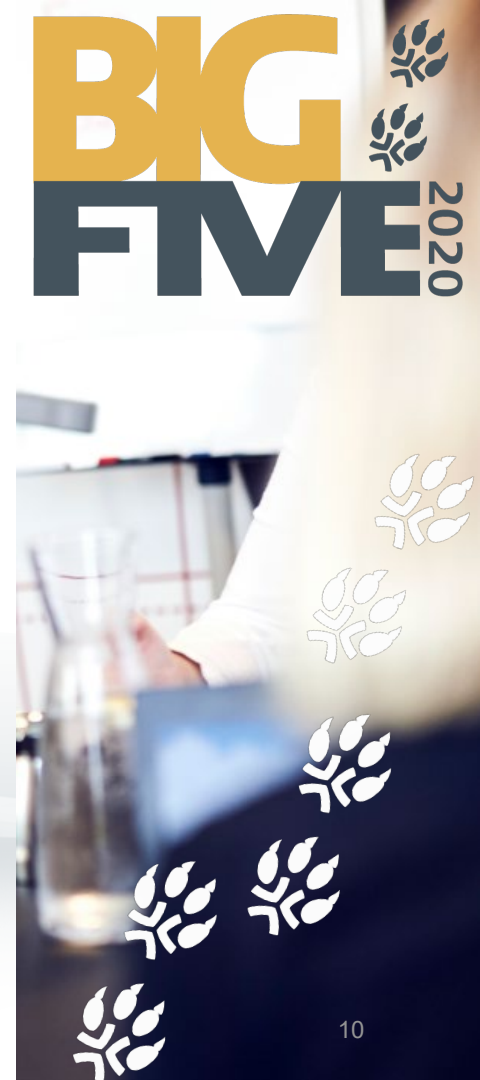
- Within the Big Five strategy, we will have a selection of flexible endoscopes

- We will have a full single-use portfolio of flexible endoscopes in 2020
- We launch six new products by the end of 2020

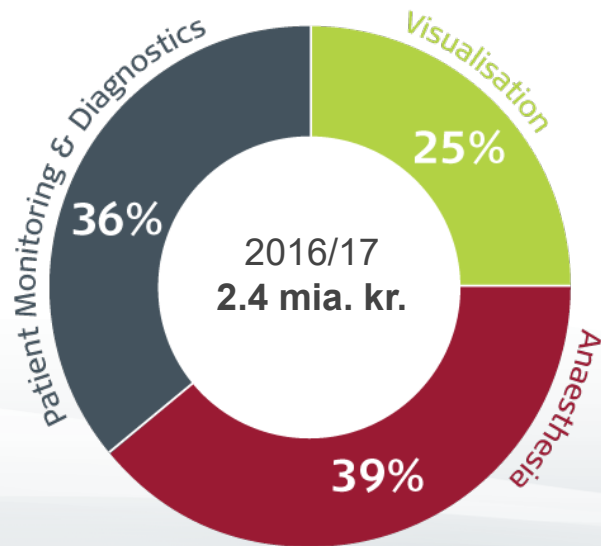


Key financial results for 2017/18

| | Expected at the start of the year | Result 2017/18 |
|------------------------------|--|-------------------|
| Full year 2017/18 | Organic growth <i>Local currencies</i> | 13% |
| | EBIT margin | 20% |
| | Free cash flow | DKK ~275m |
| | Endoscopes sold | +500,000 units |

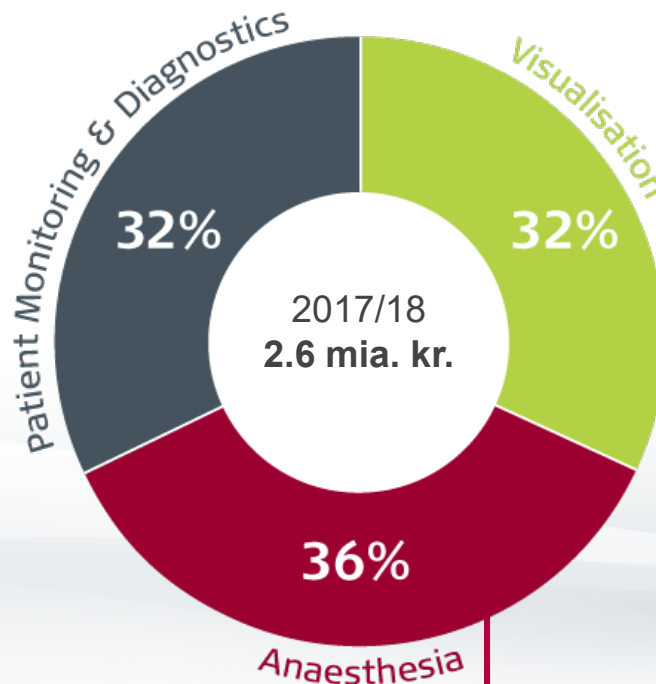
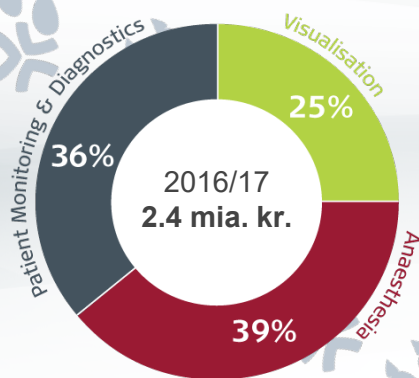


Business areas



Business areas

Revenue DKK **844m**
Growth: 4%



Revenue DKK **836m**
Growth: 46%

Revenue DKK **926m**
Growth: 6%

Markets

North America

Revenue DKK **1.208m**

Growth **17%**

46%

of total revenue

Europe

Revenue DKK **1.095m**

Growth **14%**

42%

of total revenue

Rest of World

Revenue DKK **303m**

Growth **11%**

12%

of total revenue

Growth and earnings

| DKKm | Result 2017/18 | Change |
|--------------------------------|----------------|-------------|
| Revenue | 2,606 | + 15% |
| Gross margin | 59.4% | + 2.9%-pts. |
| OPEX | -984 | + 11.7% |
| Cost percentage | 38% | + 1%-pt. |
| EBIT | 563 | + 25% |
| EBIT margin | 21.6% | + 2.5%-pts. |
| Net financials | -98 | + 72% |
| Net profit for the year | 337 | + 12% |

- 15% growth
- Gross margin improved by 2.9%-points
- Earnings strengthened

Debt and working capital

– by end of September 2018

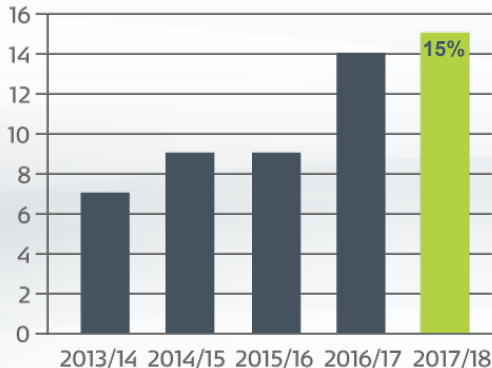
| DKKm | Result 2017/18 | Change |
|--------------------------------|----------------|-------------|
| FCF before acquisitions | 321 | + 0% |
| Acquisition activities | -928 | n/a |
| Balance sheet | | |
| Total assets | 4,234 | + 69% |
| NIBD | 1,245 | + 62% |
| Key figures | | |
| Net working capital | 20.5% | + 1,1%-pts. |
| ROIC | 17% | + 0%-pts. |
| Equity ratio | 44% | - 7%-pts. |
| NIBD/EBITDA (gearing) | 1.8 | + 0.4 |

- Cash flow before acquisitions on par with 2016/17
- Acquisition of Invendo GmbH
- Working capital improved
- ROIC at 17%
- Gearing increased by 0.4 to 1.8 after purchase of shares, Invendo and 3% increase of capital

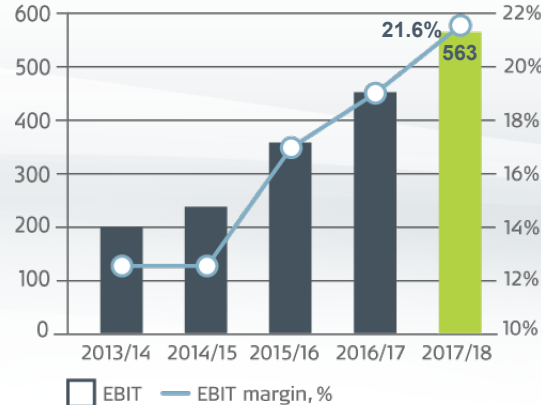
The good results continue

- Annual growth increased from 7% to 15%
- EBIT margin lifted from 12.5% to 21.6%
- Working capital in relation to revenue improved from 28% to 21%
- Gross margin improved by 7%-points

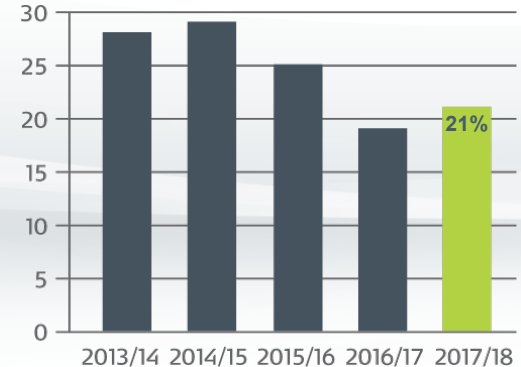
Growth



EBIT and EBIT margin



Working capital in relation to revenue



Outlook for 2018/19

Organic growth
Local currencies

15-16%

EBIT margin
DKK

22-24%

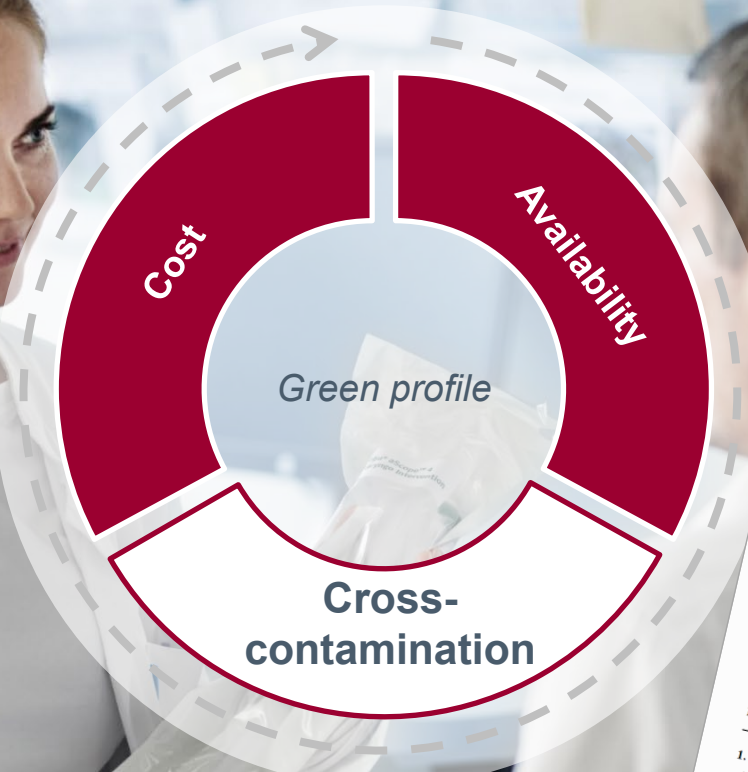
Free cash flow
DKK

~400-
475m

Ambu creates history



Hospitals need simple and safe medical devices



There is a need for change in endoscopy

- Increasing concern of cross-contamination

2019 Top 10 **ECRI** Institute
The Discipline of Science. The Integrity of Independence.
Health Technology Hazards

1. Hackers Can Exploit Remote Access to Systems, Disrupting Healthcare Operations
2. "Clean" Mattresses Can Ooze Body Fluids onto Patients
3. Retained Sponges Persist as a Surgical Complication Despite Manual Counts
4. Improperly Set Ventilator Alarms Put Patients at Risk for Hypoxic Brain Injury or Death
5. Mishandling Flexible Endoscopes after Disinfection Can Lead to Patient Infections
6. Confusing Dose Rate with Flow Rate Can Lead to Infusion Pump Medication Errors
7. Improper Customization of Physiologic Monitor Alarm

FDA News Release
FDA warns duodenoscope manufacturers about failure to comply with required postmarket surveillance studies to assess contamination risk

U.S. FOOD & DRUG ADMINISTRATION


Medical Device Recalls

1 to 30 of 30 Results

Related Medical Device Recalls

| Product Description | Recall Class | FDA Recall Posting Date | Recalling Firm |
|--|--------------|-------------------------|-------------------------------------|
| Z-3283-2018 - Broncho/doscope.BF-1160 | 2 | 09/29/2018 | Olympus Corporation of The Americas |
| Z-3312-2018 - Broncho/doscope.BF-1140 | 2 | 09/29/2018 | Olympus Corporation of The Americas |
| Z-3285-2018 - Broncho/doscope.BF-11180 | 2 | 09/29/2018 | Olympus Corporation of The Americas |
| Z-3286-2018 - Broncho/doscope.BF-11240 | 2 | 09/29/2018 | Olympus Corporation of The Americas |

Preventable Tragedies: Superbugs and How Ineffective Monitoring Medical Device Safety Fails Patients




A Bronchoscope is Linked Again in the U.S. to an Outbreak of the Feared 'CRE' Superbug
Are the lessons that other devices taught us about safety being learned and applied to bronchoscopes?

Lawrence F Muscarella PhD

Oct 1, 2018 – A bronchoscope has been linked to "multiple infections" of a potentially life-threatening superbug, according to a regulatory report filed just a few months ago.

On May 31st, a manufacturer informed the FDA of this apparent outbreak of CRE, which was identified by a medical facility in the U.S.



Persistent contamination on colonoscopes and gastroscopes detected by biologic cultures and rapid indicators despite reprocessing performed in accordance with guidelines.

Ofstead CL¹, Wetzler HP², Doyle EM², Rocco CK², Visrodia KH³, Baron TH⁴, Tosh PK⁵.

Author information

Abstract

BACKGROUND: Pathogens have been transmitted via flexible endoscopes that were reportedly reprocessed in accordance with guidelines.

FDA GUIDANCE ON REPROCESSING

FDA Issues final guidance on reprocessing of medical devices

FDA WARNING LETTERS ISSUED

FDA Issues warning letters to Olympus, Pentax and Fujifilm for failing to report MDRs to FDA on reusable scopes

FDA WARNING STATEMENT

FDA Issues safety communication regarding infections caused by reprocessing process on flexible bronchoscopes

IMPROPER CLEANING SPREADING DISEASES

Inadequate "Cleaning of Flexible Endoscopes Before Disinfection Can Spread Deadly Pathogens" is #1 on ECRI Top 10 Health Technology Hazards for 2016

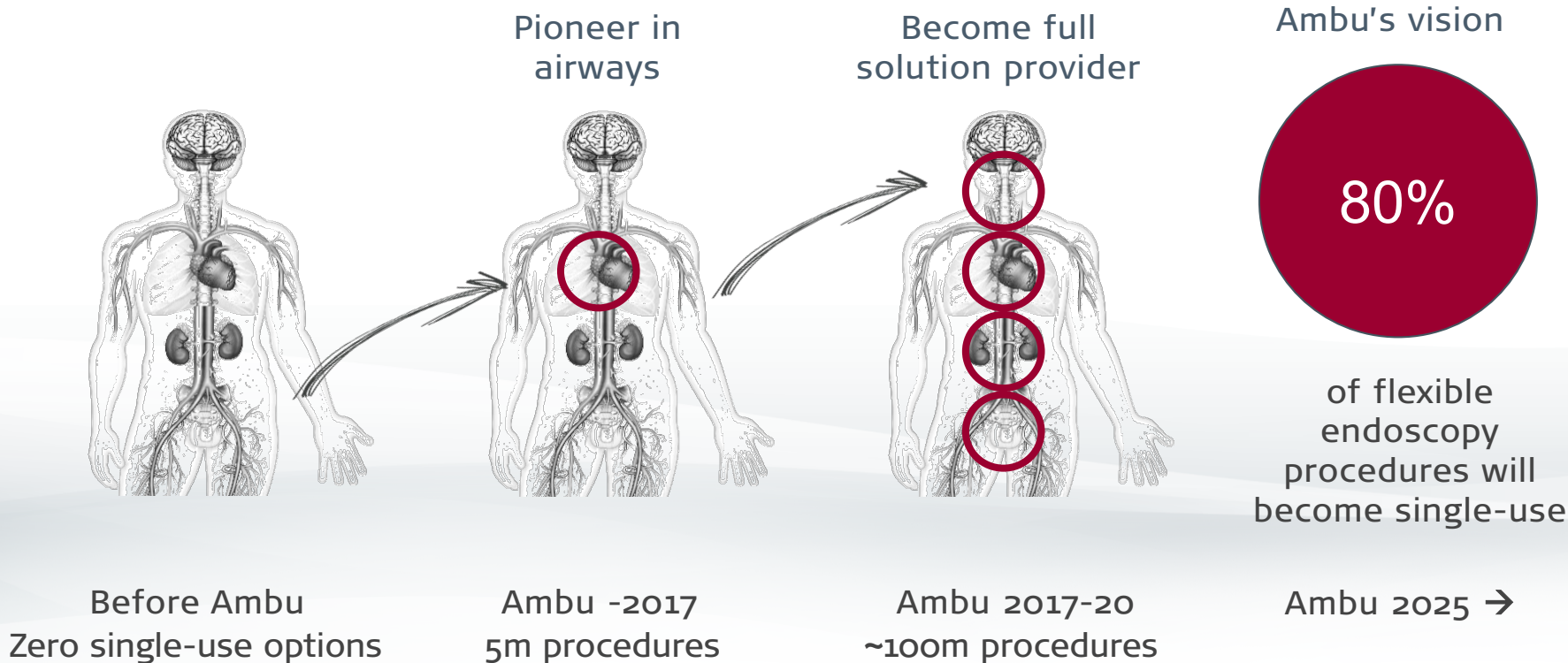
CDC SAFETY ALERT ISSUE

CDC releases "Essential Elements of a Reprocessing Program for Flexible Endoscopes – Recommendations of the HICPAC"

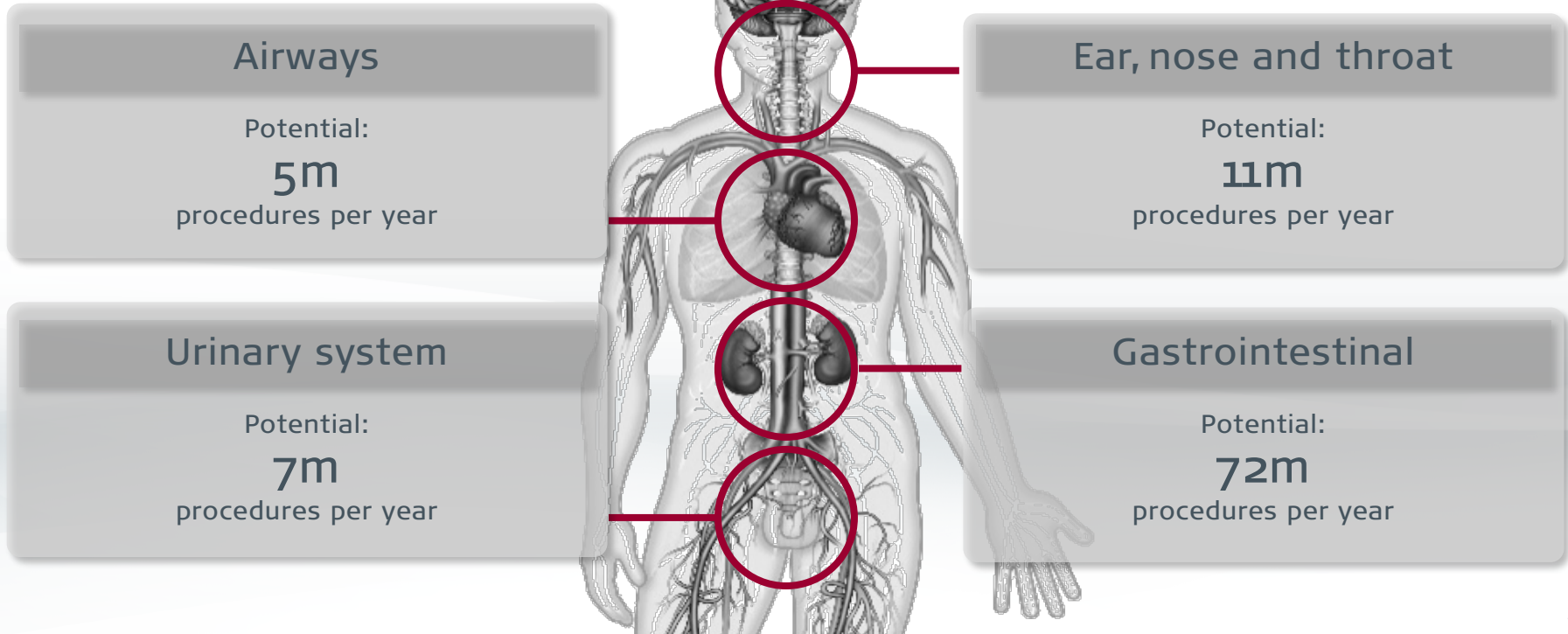
FDA WARNING LETTERS ISSUED

FDA warns Olympus, Pentax and Fujifilm to prevent infections associated with the transmission of bacteria from contaminated duodenoscopes

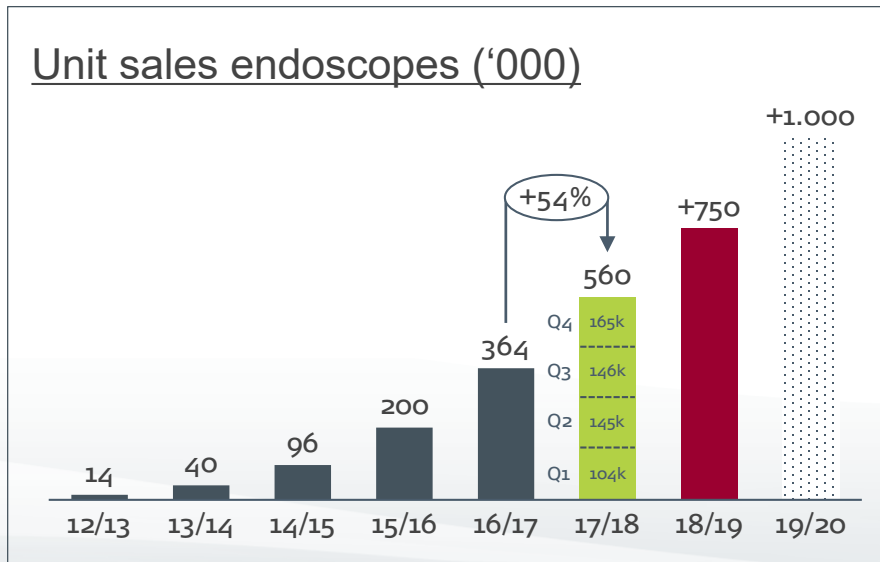
Our vision is that 80% of flexible endoscopy procedures will be single-use



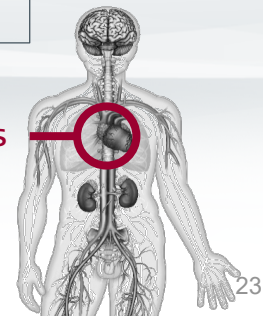
We are establishing a broad portfolio of single-use endoscopes



We have demonstrated the advantages of single-use in the airways



Airways



We have demonstrated the advantages of single-use in the airways



Ambu® aScope™ 4 Broncho



Ambu® aScope™ BronchoSampler

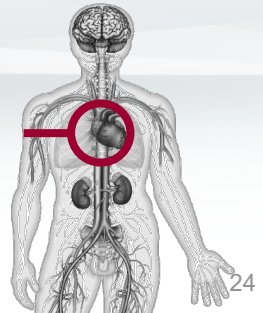
- Launch 2018/19



VivaSight



Airways



Coming to the field of ENT

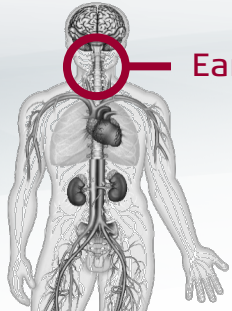
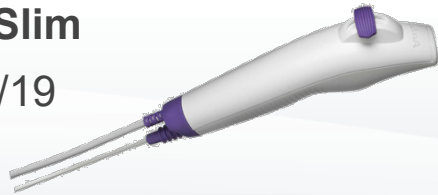
Ambu® aScope™ 4 RhinoLaryngo Intervention

- Launch 2018/19



Ambu® aScope™ 4 RhinoLaryngo Slim

- Launch 2018/19



Ear, nose and throat



We are expanding our offering for procedures in the urinary system

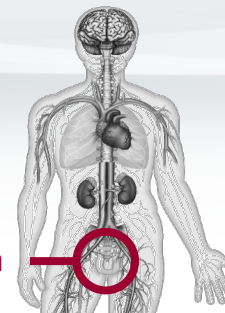


Isiris® stent removal system

- Produced by Ambu and sold by Coloplast

Ambu cystoscope

- In development



Single-use scopes for the gastrointestinal speciality

SC210 colonoscope

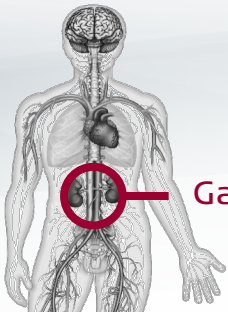
- Launch 2018/19

Ambu duodenoscope

- In development

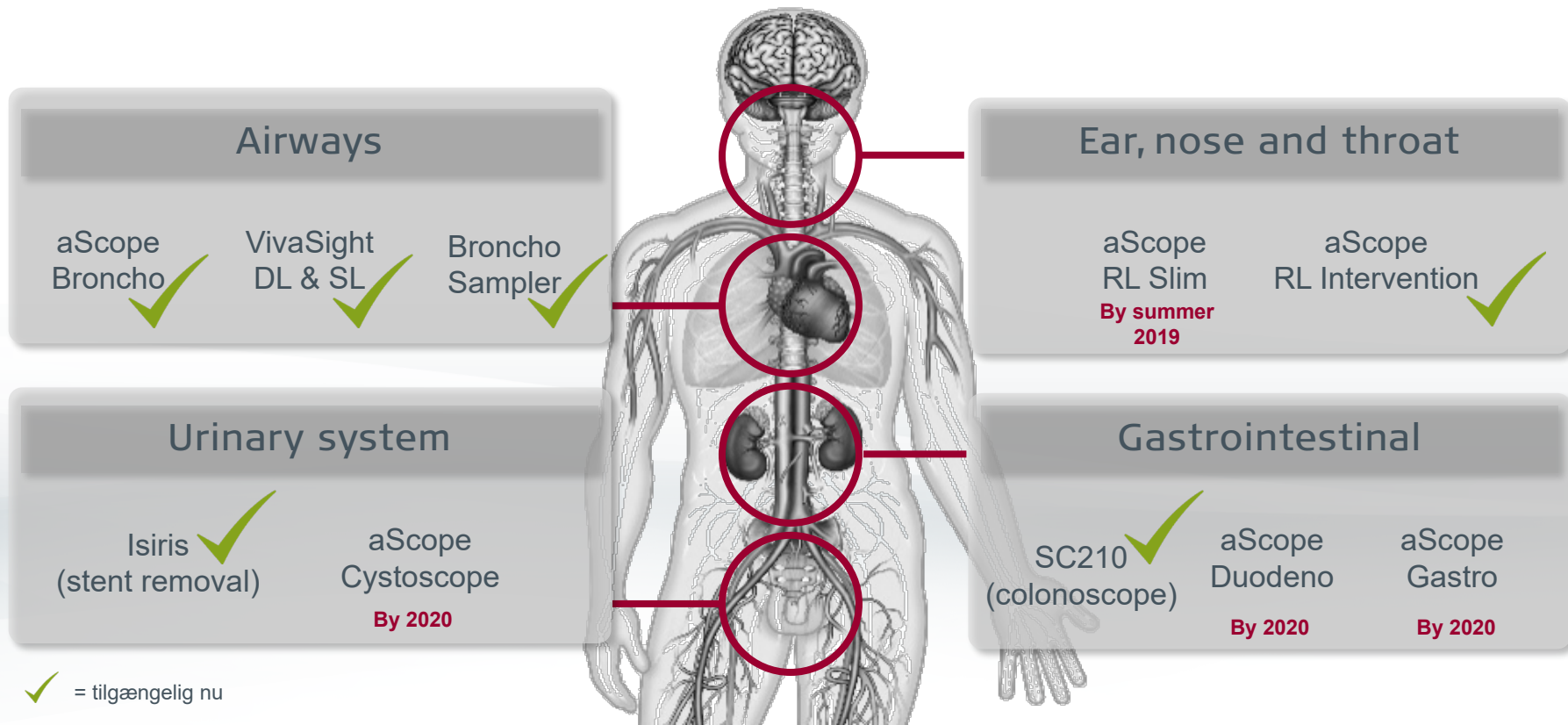
Ambu gastroscope

- In development



Gastrointestinal

By 2020, Ambu can supply all types of flexible endoscopes to hospitals



✓ = tilgængelig nu

10% new employees



We are our employees

Thank you for a good year



Remuneration report
by Chairman of the Board Jens Bager



Ambu indfører komplet transparens omkring ledelsens aflønning



Lars Marcher, topchef i Ambu.

■ **VIRKSOMHEDER** | Af Ritzau Finans

11. OKT. 2018 KL. 10:40

Ambus administrerende direktør, Lars Marcher, har fået nok af den kritik, der har omsværmnet selskabets bonusprogram, og har besluttet at indbringe topchefen i omegnen af



Relateret indhold

Tilføj søgeagent

Ambu-chef: Sådan er min løn skruet sammen

TRANSPARENS: Ambu med Lars Marcher i front vil lægge alle detaljer frem om det optionsprogram, der står til at forgyldte ikke mindst ham selv.

BENJAMIN W. CHRISTENSEN
KASPER BRØNDGAARD
benjamin.w.christensen@ritzau.dk
kasper.brondgaard@ritzau.dk

Ambu-topchef Lars Marcher har fået nok af omvendtens kritik af sit bonusprogram, der samlet står på 40 mio. kr. Som det første mark vil medicinselskabet Julebørs aflønning frem.

«Vi er de første i Danmark, kommer med fuldtransparens. Alt kommer i lys af det, hvis folk tror, er fejlet noget ind under oppe», siger Lars Marcher. I Ambu har trods den seneste års halvering af løn givet aktionærerne serie fem år af de mange optionsprogrammer, som er kommet Lars i formen til gøder siden var program samlet i værd.

«Det lettere for investorer at se det her»

Den tilgang får rosende ord med fra investeringsmiljøet.

«Transparens omkring optionsprogrammer er godt, fordi det er med til at afbryde den. Når der er fuldkommen information, kan folk selv danne sig deres egne meninger om rimeligheden det på baggrund af fakta og hører sammen», siger Tue Østergaard, aktechef i finanshuset ABO Sundal Collier.

Ros fra kapitalforvalter

Lars Marcher mener, at Ambu allerede i dag rapporterer langt bedre, end hvad mange af de øvrige selskaber i det ledende C25-indeks gør.

«Selv med den nuværende se mine optioner, hvor mange aktier jeg ejer, og hvor meget jeg har købt, og hvor meget jeg har sælgt. Det er blevet ud. Det kan man ikke gøre på ret mange af de andre (selskaber, red.),» siger Lars Marcher.

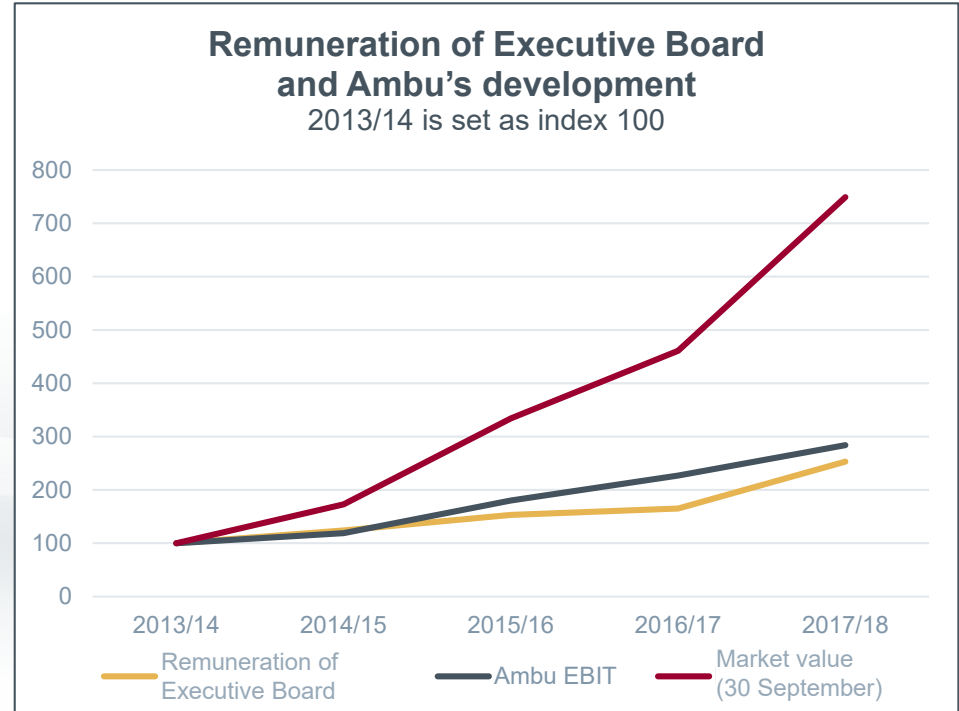
Hos landets største bank er der også tilfredshed.

«Vi vil gerne have så høj en grad af transparens som muligt, så vi kan gøre os en



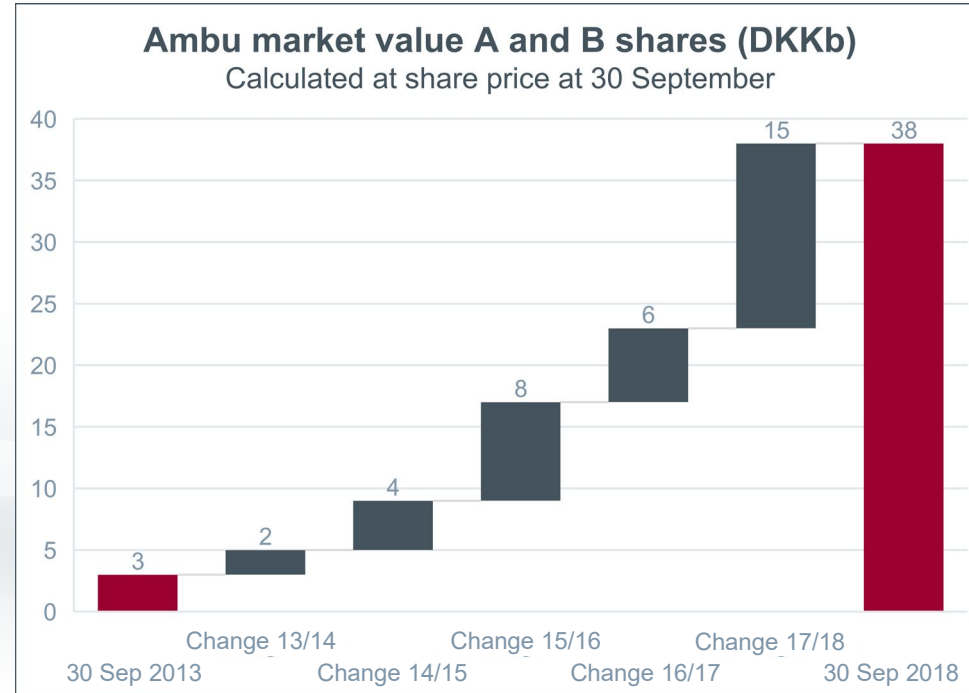
Ambu's creation of value

- Ambu has a strong, performance-driven culture
- More than 700 employees are part of share-based remuneration programs
- Ambu's market value has increased by DKK 35b in the past five years



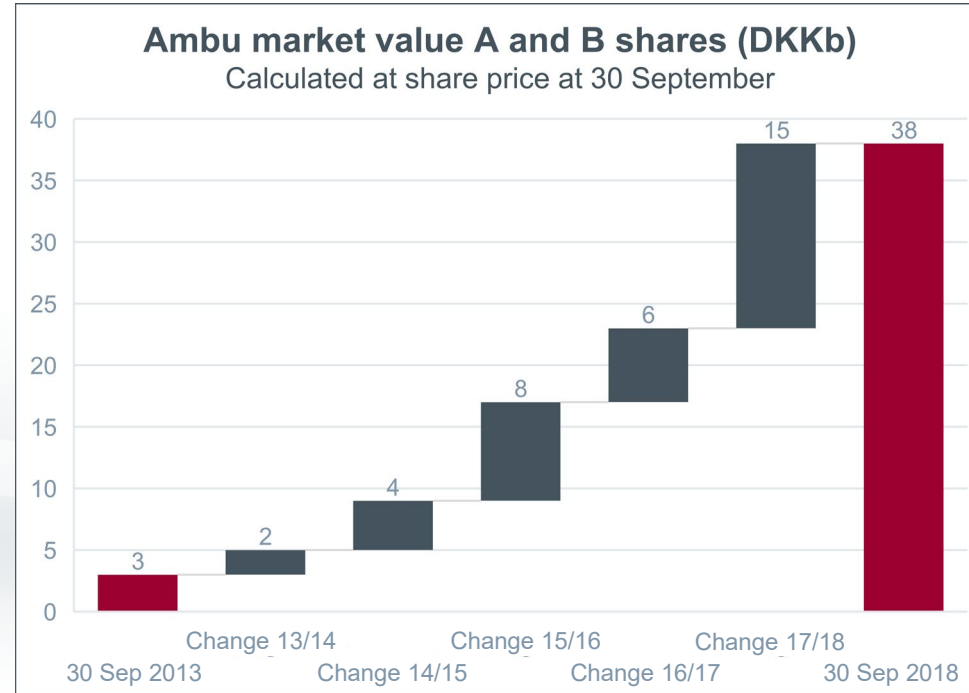
The value of employee share options

- More than 700 Ambu employees participate in option programs
- Over the past five years, the total increase in value for these employees has been DKK 737m
- This equals 2.1% of the DKK 35b



The value of executive board share options

- Over the past five years, the executive board has used options and sold shares at a market value of DKK 216m
- The value of the outstanding options of the executive board is DKK 464m
- The executive board's share of the value increase is DKK 680m
 - This equals 1.9% of the DKK 35b



The variable remuneration of the executive board

- New remuneration structure approved in December 2017
 - Full allocation of share options only happens, if the internal stretched goals are reached, which is not the case in 2017/18
 - CEO remuneration contains larger proportion of share options and reduced cash bonus
 - Dedicated Big Five share options program which cannot be settled before end of 2019/20
- The maximum value, that can be allocated in the form of share options, is limited according to the remuneration policy

Appropriation of profits
by Chairman of the Board Jens Bager



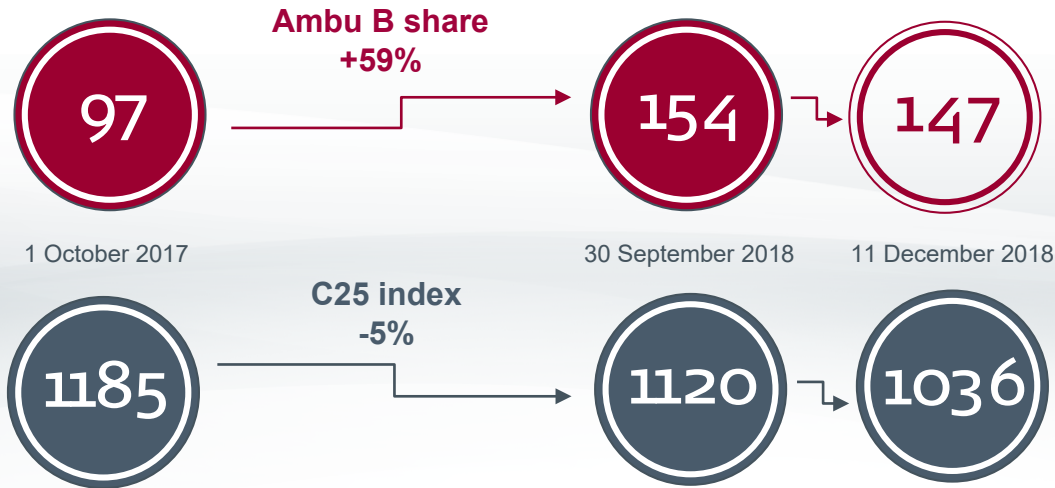
Appropriation of profits

- The group is posting consolidated profits of DKK 337m (DKK 301m)
- Proposed distribution of dividend:
 - DKK 0.40 per share (DKK 0.37) or DKK 101m (DKK 92m) in total corresponding to 30% of the net profit for the year
- It is proposed that the remainder be transferred to the reserves
- The dividend will be paid out to shareholders within the next two to three business days



The share

- Share price up 59% – market value of DKK 37.6b (at 30 September 2018)
- Dividend of DKK 0.37 per share (December 2017) – increase of 8%
- Included in C25 index June 2018 and 6th most traded share on Nasdaq
- 14,000 new shareholders in 2017/18 and further 7,000 new since 1 October 2018



No. of shareholders



Concluding management's report



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Work of the Board of Directors

- Meeting frequency in 2017/18
 - 6 Board meetings
 - 4 Audit Committee meetings
 - 3 Remuneration Committee meetings
 - 1 Nomination Committee meeting



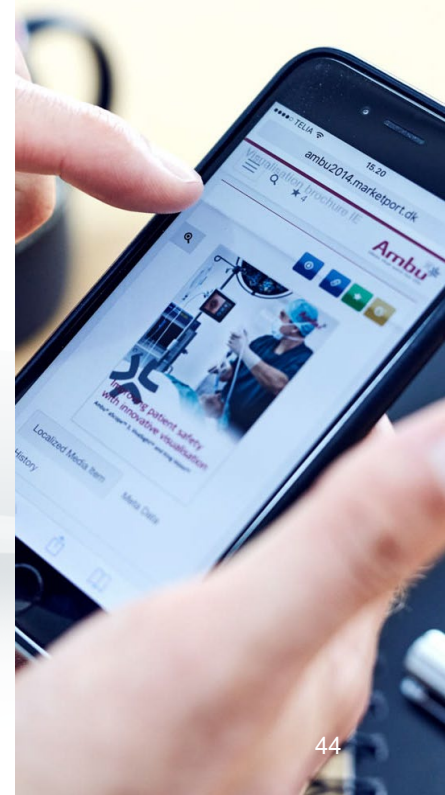
Recommendations on Corporate Governance

Ambu considers the recommendations on corporate governance on a continuous basis



Remuneration of the Board of Directors in 2018/19

- It is proposed that the total remuneration for the Board be maintained relative to 2017/18 at DKK 4,300,000 in total
-
- Basic remuneration: DKK 300,000
 - The Chairman receives triple basic remuneration amount
 - The Vice-chairman receives double basic remuneration amount
 - Supplementary remuneration committee chairmen: DKK 150,000
 - Supplementary remuneration committee members: DKK 100,000
 - Nomination Committee is not paid separately



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Election of Chairman of the Board of Directors

- The Board of Directors proposes the re-election of the present Chairman of the Board, Jens Bager

Information about Jens Bager and his executive positions can be found on page 31 of the annual report



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Election of Vice-chairman of the Board of Directors

- The Board of Directors proposes the re-election of the present Vice-chairman of the Board, Mikael Worning

Information about Mikael Worning and his executive positions can be found on page 31 of the annual report



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Re-election of members to the Board of Directors

- The Board of Directors proposes the re-election of
 - Oliver Johansen
 - Allan Søgaard Larsen
 - Christian Sagild
 - Henrik Ehlers Wulff



Information about candidates who are up for re-election and their executive positions can be found on page 31 of the annual report

The Board of Directors



Jens Bager



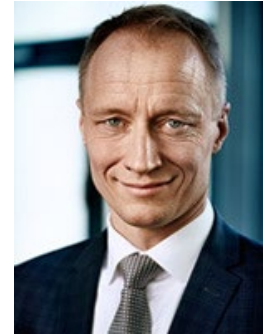
Mikael Worning



Allan Søgaaard
Larsen



Christian Sagild



Henrik Ehlers
Wulff



Oliver Johansen



Thomas Lykke
Henriksen



Jakob Bønnelykke
Kristensen



Jakob Koch

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Election of auditor

- The Board of Directors propose re-election of EY (Ernst & Young Godkendt Revisionspartnerselskab) as the company auditors based on the recommendation of the Audit Committee

EY core team



Søren Skov Larsen
Partner



Henrik Pedersen
Engagement Partner



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Authorisation to the Board of Directors to acquire treasury shares

- The Board of Directors proposes that in accordance with section 198 of the Danish Companies Act the general meeting authorises the Board of Directors in the period up to and including 11 December 2023 and in one or more stages to acquire treasury shares for a nominal value of up to DKK 12,563,730 corresponding to 10 % of the company's share capital, provided that the purchase price does not deviate by more than 10 % from the most recently quoted market price for the company's B-shares at the time of the acquisition.

Update of the remuneration policy, including the overall guidelines for an incentive programme for the Board of Directors and Executive Board

- The Board of Directors proposed to update the remuneration policy, including an incorporation of the overall guidelines for an incentive programme for the Board of Directors and Executive Board 4 into the remuneration policy, in accordance with the draft remuneration policy appended as appendix 10.2 to the complete proposals available at the company's website www.ambu.com.

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Authorisation to the chairman of the meeting

The Board of Directors proposes that the chairman of the meeting, with full right of substitution, be authorised to apply for registration of the resolutions passed and to make any such amendments thereto as the Danish Business Authority or other authorities may require or request as a condition for registration or approval, as well as to continuously make and apply for registration of linguistic and other non-substantive adjustments to the company's Articles of Association, including to delete the articles of association's article 9c and the associated appendix 3.

Any other business





Ambu
Ideas that work for life

Annual General Meeting 2017/18

