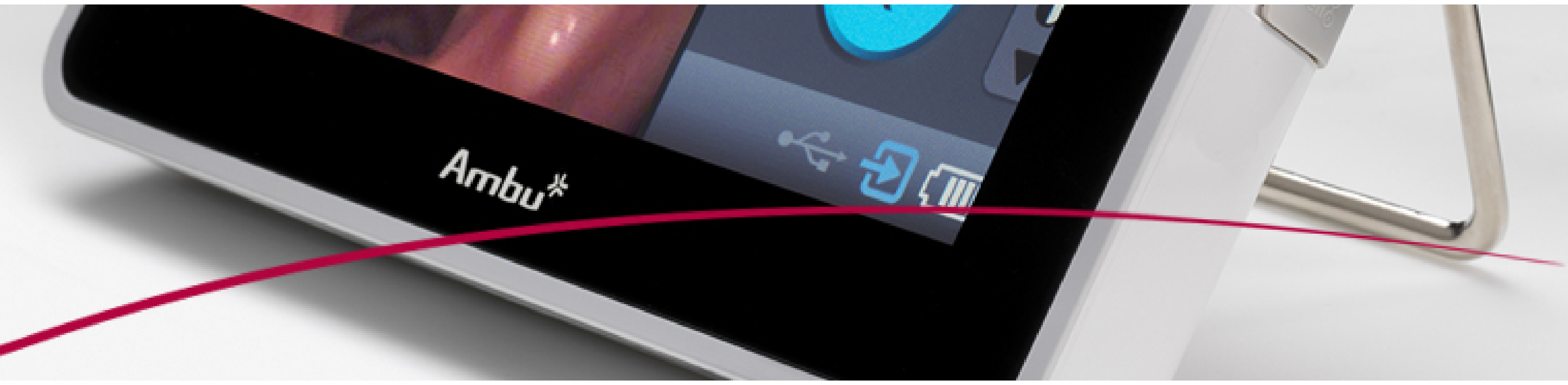

Interim report Q3 2016/17

Ambu raises its outlook for the year after a quarter with growth of 16%, an EBIT margin of 21.6% and free cash flows of DKK 99m.

"In Q3, we again saw a steady increase in growth and a solid increase in earnings, with EBIT increasing by 38% and the EBIT margin by 3.4 percentage points. The strong trend within our visualisation products continues, with growth of 79% during the year relative to last year, and our two business areas both contribute to the overall growth. Geographically, we are in a strong position, with double-digit growth in all sales regions. We therefore raise our outlook for the year and look forward to concluding our four-year strategy in fighting form, and setting new ambitious targets for the period towards 2020," says President and CEO Lars Marcher.

Highlights for Q3 2016/17

- Revenue of DKK 601m was posted, representing growth of 16% in local currencies and in Danish kroner.
- Anaesthesia contributed growth of 23%, while PMD (Patient Monitoring & Diagnostics) delivered growth of 5%.
- Europe contributed growth of 13%, North America also contributed 13% and the rest of the world 40%.
- Sales of videoscopes reached 95,000 units. Sales volumes are thus up 62% relative to Q3 last year.
- The gross margin was 57.1% (54.9%), equating to an improvement of 2.2 percentage points. The improvement is in line with the development since the beginning of the year and is driven by a good product mix, double-digit growth as well as increased efficiency at the factories.
- Total capacity costs were DKK 213m (DKK 190m), corresponding to an increase of 12%.
- EBIT was DKK 130m (DKK 94m) with an EBIT margin of 21.6% (18.2%), corresponding to a 38% improvement. Year to date, the EBIT margin was 18.3% (14.9%).
- Net working capital relative to revenue saw strong improvement and now amounts to 21% (24%).
- Free cash flows before acquisitions of enterprises were DKK 99m (DKK 172m) and DKK 193m (DKK 206m) for the year to date.
- The outlook for 2016/17 is raised. The outlook is now for organic growth of approx. 14% against the previously announced outlook of 12-14%. The EBIT margin is expected to remain unchanged at approx. 19%, while free cash flows of approx. DKK 300m are now expected against earlier expectations of DKK 250-275m. Net interest-bearing debt is now expected to be in the region of 1.4 x EBITDA rather than in the region of 1.5 x EBITDA.

A **conference call** is being held today, 23 August 2017, at 11.00 (CET). 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/webcastQ32017 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 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 advancing 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 flexible 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 2,400 employees in Europe, North America, Asia and the Pacific region. You can find more information about Ambu at www.ambu.com.

Financial highlights

DKKm	Q3 2016/17	Q3 2015/16	YTD 2016/17	YTD 2015/16	FY 2015/16
Income statement					
Revenue	601	517	1,726	1,511	2,084
Gross margin, %	57.1	54.9	55.6	53.3	53.9
EBITDA	156	121	394	304	458
Depreciation	11	12	33	35	47
Amortisation	15	15	45	44	55
EBIT	130	94	316	225	356
Net financials	-22	-6	-36	-19	-30
Profit before tax	108	88	280	206	326
Net profit for the period	82	75	214	158	250
Balance sheet					
Assets	2,501	2,248	2,501	2,248	2,364
Net working capital	483	492	483	492	519
Equity	1,157	970	1,157	970	990
Net interest-bearing debt	896	853	896	853	955
Cash flows					
Cash flows from operating activities	139	196	302	268	369
Cash flows from investing activities before acquisitions of enterprises and technology	-40	-24	-109	-62	-84
Free cash flows before acquisitions of enterprises and technology	99	172	193	206	285
Acquisitions of enterprises and technology	0	62	0	62	155
Cash flows from operating activities, % of revenue	23	38	17	18	18
Investments, % of revenue	7	5	6	4	4
Free cash flows before acquisitions of enterprises, % of revenue	16	33	11	14	14
Key figures and ratios					
Organic growth, %	16	9	14	9	9
Rate of cost, %	35	37	37	38	37
EBITDA margin, %	26.0	23.4	22.8	20.1	22.0
EBIT margin, %	21.6	18.2	18.3	14.9	17.1
Tax rate, %	24	15	24	23	23
Return on equity, %	29	23	29	23	25
NIBD/EBITDA	1.6	1.9	1.6	1.9	2.1
Equity ratio, %	46	43	46	43	42
Net working capital, % of revenue	21	24	21	24	25
Return on invested capital (ROIC), %	23	18	23	18	19
Average no. of employees	2,498	2,339	2,466	2,318	2,337
Share-related ratios					
Market price per share (DKK)	420	276	420	276	356
Earnings per share (EPS) (DKK)	1.73	1.58	4.47	3.32	5.27
Diluted earnings per share (EPS-D) (DKK)	1.69	1.53	4.35	3.22	5.13

Management's review

Q3 2016/17

PRODUCT AREAS

(Comparative figures are stated in brackets. Unless otherwise indicated, growth is stated in local currencies.)

Anaesthesia

Within Anaesthesia, sales grew by 23% (18%) in Q3, and by 20% (14%) for the year to date. The business area accounted for 65% (61%) of revenue in Q3.

Growth in sales of single-use videoscopes remained high, with sales of 95,000 units in Q3, equating to an increase of 62% relative to Q3 last year. Year to date, sales of videoscopes reached 250,000 units against 140,000 units in the same period in 2015/16, corresponding to an increase of 79%. In connection with the interim report for H1 2016/17, it was announced that sales of videoscopes for the financial year were expected to reach approx. 325,000-350,000 units. Based on the most recent development in sales, sales are now expected to reach the upper end of this range.

As can be seen from the diagram on the right, Visualisation now accounts for 26% (20%) of Ambu's total revenue in Q3, which is in line with the outlook for the relative growth of this product group, according to which Visualisation is expected to account for 25% of Ambu's total revenue in FY 2016/17.

Sales of other Anaesthesia products contributed growth of 9% in Q3. Growth was positively impacted by project orders for the Middle East, with expectations of growth within Core Anaesthesia still in the range of 4-5% for the year.

Patient Monitoring & Diagnostics

In Q3, sales in PMD were up 5% (-2%), and 3% (2%) for the year to date. Growth for the year in PMD is still expected to be in the range of 3-4%.

The two largest product areas in PMD are electrodes for cardiology and electrodes for neurology, which for Q3 combined accounted for more than 90% of the business area.

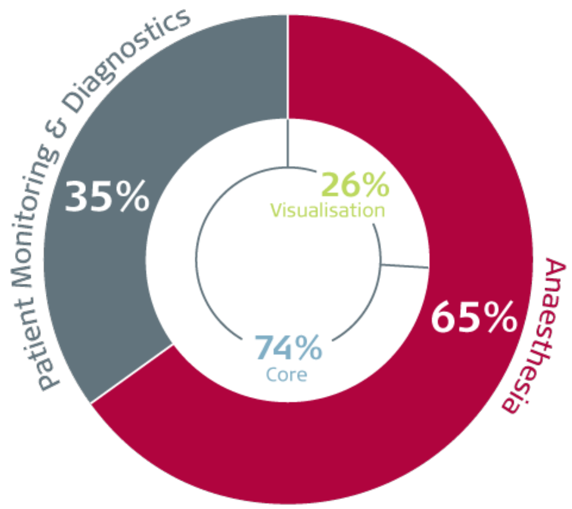
The product group electrodes for cardiology saw growth of 3% in Q3, which is on a par with market growth in an area characterised by a high degree of consolidation. Year-to-date growth in cardiology is 3%.

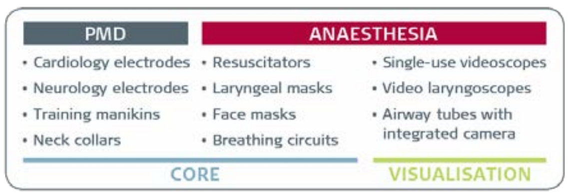
The product group electrodes for neurology grew by 9% in Q3 and thus maintains high and stable growth. Year-to-date growth in neurology is 6% due to low growth in Q1.

Breakdown of revenue by business area

The diagram shows the breakdown of Q3 revenue on the two business areas Anaesthesia and PMD as well as the breakdown on Visualisation and Core.

In Q3, Visualisation thus accounted for 26% of Ambu's activities against 16% in FY 2015/16. As previously announced, Visualisation is expected to account for at least 25% of revenue for FY 2016/17 as a whole.





Revenue – business areas

	Q3			Composition of growth			YTD			Composition of growth		
	16/17	Distribution	15/16	Organic*	Currencies	Reported	16/17	Distribution	15/16	Organic*	Currencies	Reported
Anaesthesia	389	65%	316	23%	0%	23%	1,110	64%	922	20%	0%	20%
PMD	212	35%	201	5%	0%	5%	616	36%	589	3%	2%	5%
Revenue	**601**	**100%**	**517**	**16%**	**0%**	**16%**	**1,726**	**100%**	**1,511**	**14%**	**0%**	**14%**

**Local currencies*

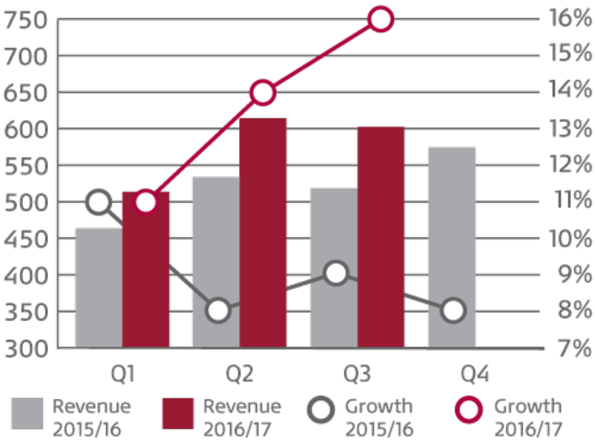
FINANCIAL RESULTS

INCOME STATEMENT

Revenue

Revenue of DKK 601m was posted for Q3, representing growth of 16% in both local currencies and Danish kroner. Year to date, revenue of DKK 1,726m was posted, representing growth of 14% in local currencies and in Danish kroner.

Revenue (DKKm) and growth (%) per quarter



In Europe, growth stood at 13% (12%), which was widely distributed with double-digit growth rates in all markets in Q3 as well as for the year to date.

In North America, growth was 13% (9%), driven by strong growth in sales of videoscopes.

Quarterly growth in the rest of the world was 40% (2%). High double-digit growth was realised in all markets in Asia, the Middle East and Latin America, and growth was also positively impacted by higher project sales in the Middle East.

Currency exposure

Ambu is particularly exposed to USD, as approx. 50% of revenue is invoiced in USD, and to a lesser extent to GBP with approx. 5% of revenue. Cost of sales and operating expenses in both USD and GBP significantly reduce EBIT exposure for Ambu.

Moreover, EBIT is exposed to developments in CNY and MYR, as a significant share of the value of Ambu's production in the Far East is settled in CNY and MYR.

The foreign currency sensitivity of revenue and EBIT, respectively, can be summarised over a 12-month period as follows, based on a 10% increase in exchange rates against DKK:

DKKm	USD	GBP	MYR	CNY
Revenue	+100	+15	0	0
EBIT	+25	+10	-10	-15
EBIT margin	+0.2%	+0.3%	-0.4%	-0.6%

At the end of Q3, the relevant exchange rates had developed as follows for the year to date:

	Average exchange rates			Change	
	Q3 15/16	FY 15/16	Q3 16/17	Q3 YoY	FY 15/16 vs Q3 16/17
USD/ DKK	673	671	688	**2%**	3%
GBP/ DKK	983	957	862	**-12%**	-10%
MYR/ DKK	162	162	158	**-3%**	-3%
CNY/ DKK	104	103	100	**-3%**	-2%

The changes in the relative exchange rates at the end of Q3 are only marginally different from the situation at the end of H1. In relation to the average exchange rates for 2015/16, USD/DKK was strengthened, while GBP/DKK was significantly weakened. The effects cancel out each other, and organic growth therefore equals reported growth for the quarter as well as for the year to date.

In terms of EBIT, the exchange rate effect is also neutral. Improvements due to the weakened Chinese and Malaysian currencies are neutralised by increasing purchase costs, which are settled in USD.

Gross profit

Gross profit for Q3 was DKK 343m (DKK 284m), and the gross margin increased by 2.2 percentage points to 57.1% (54.9%). Year to date, the gross margin was 55.6% (53.3%).

Revenue – markets

	Q3			Composition of growth			YTD			Composition of growth		
	16/17	Distribution	15/16	Organic*	Currencies	Reported	16/17	Distribution	15/16	Organic*	Currencies	Reported
Europe	244	41%	219	13%	-2%	11%	719	42%	655	12%	-2%	10%
North America	279	46%	242	13%	2%	15%	803	47%	703	12%	2%	14%
Rest of the world	78	13%	56	40%	-1%	39%	204	12%	153	31%	2%	33%
Revenue	**601**	**100%**	**517**	**16%**	**0%**	**16%**	**1,726**	**100%**	**1,511**	**14%**	**0%**	**14%**

**Local currencies*

The increased gross margin is achieved through improved scaling as a result of high double-digit growth, an improved product mix and continued streamlining of production.

Costs

Total capacity costs for the quarter were DKK 213m (DKK 190m), and total capacity costs thus increased by 12%.

The rate of cost for the quarter was 35% (37%), and 37% (38%) for the year to date.

Selling and distribution costs for the quarter totalled DKK 131m (DKK 116m), corresponding to an increase of 13%. Selling and distribution costs include costs for warehouse operations and distribution as well as costs for the sales organisation. Distribution costs grew at a rate just below the growth in sales volumes, while sales organisation costs were also affected by a general increase in the number of salespeople, among other things in the US market where the number of clinical trainers increased.

Development costs for the quarter totalled DKK 20m (DKK 18m).

The correlation between capitalisation of development costs and the recognition of amortisation in the income statement is shown in the table below. Year to date, amortisation of DKK 40m and investments of DKK 53m have been recognised, resulting in cash development costs for the quarter of DKK 69m, corresponding to an increase of 38%.

DKKm	YTD	
	16/17	**15/16**
Development costs	56	51
÷ Amortisation	-40	-39
+ Investments	53	38
= Cash flows	**69**	**50**

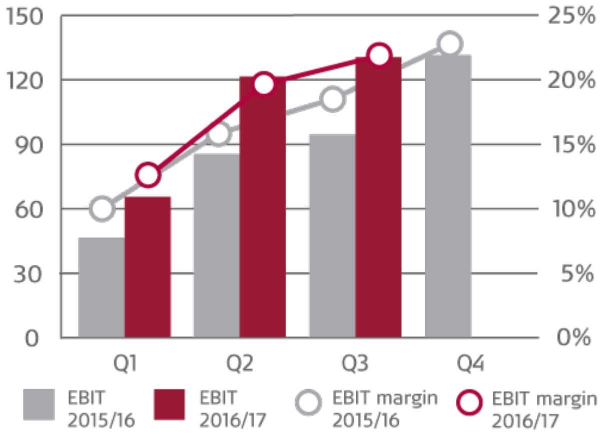
Management and administrative expenses for the quarter totalled DKK 62m (DKK 56m), corresponding to an increase of 11%. The increase is affected by a number of provisions as well as costs of outsourcing IT infrastructure.

EBIT

EBIT for the quarter was then DKK 130m (DKK 94m) with an EBIT margin of 21.6% (18.2%), corresponding to an increase of 3.4 percentage points. In absolute values, EBIT for the quarter increased by 38%.

Year to date, EBIT was DKK 316m (DKK 225m), corresponding to an increase of 40%, and with an EBIT margin of 18.3% (14.9%), which thus also increased by 3.4 percentage points.

EBIT (DKKm) and EBIT margin (%) per quarter



Net financials

Net financials amounted to net expenses of DKK 22m (net expenses of DKK 6m) for the quarter, and net expenses of DKK 36m (net expenses of DKK 19m) for the year to date.

Year to date, net financials are composed as follows:

- Foreign exchange gains constituted a net expense of DKK 14m (net income of DKK 8m)
- Interest expenses on bank and bond debt totalled DKK 25m (DKK 22m)
- Fair value adjustments constituted a net income of DKK 5m (net expense of DKK 2m)
- The interest element from liabilities stated at present discounted value is recognised as a net expense of DKK 2m (DKK 3m).

Tax

The profit for the quarter adjusted for non-deductible and non-taxable items is taxed at a rate of 24% (15%). Year to date, the tax rate is 24% (23%). The reason for the lower tax rate in the comparative figure for Q3 is that the conditions for the estimated tax rate have been reassessed. The basic conditions are then unchanged since 3Q 2015/16.

Net profit

Net profit totalled DKK 82m for the quarter (DKK 75m) and DKK 214m (DKK 158m) for the year to date.

Balance sheet

At the end of June 2017, Ambu had total assets of DKK 2,501m (DKK 2,248m).

Net working capital at the end of the quarter was DKK 483m (DKK 492m), corresponding to 21% (24%) of 12 months of revenue. The lower level of funds tied up in working capital relative to revenue is due to a reduction of trade receivables.

Trade receivables totalled DKK 399m at the end of the quarter against DKK 360m at the same time last year, and the average number of credit days are 59 days and unchanged compared to last year.

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.

Total net interest-bearing debt at the end of the quarter was DKK 896m (DKK 853m), corresponding to 1.6 (1.9) of rolling 12-month EBITDA.

At the end of Q3, Ambu's unutilised credit facilities totalled DKK 1,100m (DKK 200m).

Cash flows

Cash flows from operating activities totalled DKK 139m (DKK 196m) for the quarter and DKK 302m (DKK 268m) for the year to date. As expected, cash flows are positively affected by the lower level of funds tied up in working capital.

Investments in non-current assets totalled DKK 40m (DKK 24m) for the quarter and DKK 109m (DKK 62m) for the year to date, which is in line with expectations. As concerns the new factory for the production of aScope, which is being built in Malaysia, total costs of DKK 26m had been incurred at the end of Q3 out of a total expected investment of DKK 45m. The factory is expected to be completed in the course of Q1 2017/18.

The total investments equate to 6% of revenue for the year to date.

The free cash flows before acquisitions of enterprises then totalled DKK 99m (DKK 172m) for the quarter and DKK 193m (DKK 206m) for the year to date.

Equity

The equity ratio at the end of Q3 was 46% (43%).

Other comprehensive income

Equity is significantly affected by foreign currency translation adjustments arising from the translation of foreign subsidiaries in the amount of DKK -29m as a result of the strengthened USD/DKK.

Other equity

In December, a dividend of DKK 75m was declared, of which DKK 73m has been paid out to the company's shareholders, with DKK 2m pertaining to Ambu's portfolio of treasury shares.

At the end of Q3, Ambu employees had exercised a total of 158,584 options in Ambu A/S, and Ambu's holding of treasury shares has been reduced accordingly, so that at the end of Q3, Ambu's portfolio of Class B treasury shares stood at 1,206,888 (1,097,472), corresponding to 2.48% (2.27%) of the total share capital.

In addition, at the end of Q3, Ambu employees had exercised a total of 321,200 warrants to subscribe for shares in Ambu A/S at a subscription price corresponding to a total of DKK 20m.

Outlook 2016/17

The outlook for 2016/17 is raised. The outlook is now for organic growth of approx. 14% against the previously announced outlook of 12-14%. The EBIT margin is expected to remain unchanged at approx. 19%, while free cash flows of approx. DKK 300m are now expected against earlier expectations of DKK 250-275m. Net interest-bearing debt is now expected to be in the region of 1.4 x EBITDA rather than in the region of 1.5 x EBITDA.

	Local currencies			
	23 August 2017	2 May 2017	1 February 2017	8 November 2016
Organic growth	Approx. 14%	12-14%	9-11%	8-10%

	Danish kroner			
	23 August 2017	2 May 2017	1 February 2017	8 November 2016
EBIT margin*	Approx. 19%	Approx. 19%	Approx. 18%	Approx. 18%
Free cash flows*	Approx. DKK 300m	DKK 250-275m	Approx. DKK 200m	Approx. DKK 175m
Gearing	Approx 1.4	Approx. 1.5	Approx. 1.6	Approx. 1.75

* The outlook for the EBIT margin announced on 8 November 2016 and 1 February 2017 was before integration costs relating to the acquisition of ETView. In the outlook for the EBIT margin and free cash flows as of 2 May 2017 onwards, integration costs of DKK 10m have been included as having been paid. No additional costs are expected to be incurred in connection with the integration of ETView.

The outlook for 2016/17 is based on the following exchange rate assumptions:

	Expected exchange rates for 2016/17			
	23 August 2017	2 May 2017	1 February 2017	8 November 2016
USD/DKK	675	690	700	665
CNY/DKK	100	100	100	100
MYR/DKK	157	160	160	165
GBP/DKK	855	865	865	865

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 2016/17

2017	
30 September	End of FY 2016/17

Financial calendar 2017/18

2017	
13 October	Quiet period ending 9 November 2017
9 November	Annual report 2016/17
13 December	Annual general meeting

Quarterly results

DKKm	Q3 2016/17	Q2 2016/17	Q1 2016/17	Q4 2015/16	Q3 2015/16	Q2 2015/16	Q1 2015/16
Revenue	601	613	512	573	517	532	462
Composition of reported growth:							
Organic growth in local currencies, %	16	14	11	8	9	8	11
Exchange rate effects on reported growth, %	0	1	0	-1	-2	2	8
Reported revenue growth, %	**16**	**15**	**11**	**7**	**7**	**10**	**19**
Organic growth, products:							
Anaesthesia, %	23	20	19	9	18	13	13
PMD, %	5	4	0	5	-2	1	8
Organic growth in local currencies, %	**16**	**14**	**11**	**8**	**9**	**8**	**11**
Organic growth, markets:							
Europe, %	13	16	5	5	12	12	16
North America, %	13	10	12	7	9	4	8
Rest of the world, %	40	19	36	18	2	12	-1
Organic growth in local currencies, %	**16**	**14**	**11**	**8**	**9**	**8**	**11**
Gross profit	**343**	**341**	**275**	**318**	**284**	**279**	**243**
Gross margin, %	*57.1*	*55.6*	*53.7*	*55.5*	*54.9*	*52.4*	*52.6*
Selling and distribution costs	-131	-132	-132	-121	-116	-121	-123
Development costs	-20	-18	-18	-15	-18	-17	-16
Management and administration	-62	-60	-60	-51	-56	-56	-58
Other operating expenses	0	-10	0	0	0	0	0
Total capacity costs	*-213*	*-220*	*-210*	*-187*	*-190*	*-194*	*-197*
Operating profit (EBIT)	**130**	**121**	**65**	**131**	**94**	**85**	**46**
EBIT margin, %	*21.6*	*19.7*	*12.7*	*22.9*	*18.2*	*16.0*	*10.0*
Financial income	-13	-5	23	-2	8	-13	13
Financial expenses	-9	-6	-26	-9	-14	2	-15
Profit before tax (PBT)	**108**	**110**	**62**	**120**	**88**	**74**	**44**
Tax on profit for the period	-26	-26	-14	-28	-13	-22	-13
Net profit for the period	**82**	**84**	**48**	**92**	**75**	**52**	**31**

Quarterly results (continued)

DKKm	Q3 2016/17	Q2 2016/17	Q1 2016/17	Q4 2015/16	Q3 2015/16	Q2 2015/16	Q1 2015/16
Balance sheet:							
Assets	2,501	2,507	2,529	2,364	2,248	2,299	2,269
Net working capital	483	506	491	519	492	570	548
Equity	1,157	1,105	1,000	990	970	858	938
Net interest-bearing debt	896	997	1,061	955	853	958	883
Cash flows:							
Cash flows from operating activities	139	90	73	101	196	50	22
Cash flows from investing activities before acquisitions of enterprises and technology	-40	-39	-30	-22	-24	-19	-19
Free cash flows before acquisitions of enterprises and technology	99	51	43	79	172	31	3
Acquisitions of enterprises and technology	0	0	0	93	62	0	0
Cash flows from operating activities, % of revenue	23	14	14	18	38	9	5
Investments, % of revenue	7	6	6	4	5	3	4
Free cash flows before acquisitions of enterprises and technology, % of revenue	16	8	8	14	33	6	1
Key figures and ratios:							
Capacity costs	213	220	210	187	190	194	197
Rate of cost, %	35	36	41	33	37	36	43
EBITDA	156	147	91	154	121	113	70
EBITDA margin, %	26.0	24.0	17.8	26.9	23.4	21.2	15.2
Depreciation	11	11	11	12	12	12	11
Amortisation	15	15	15	11	15	16	13
EBIT	130	121	65	131	94	85	46
EBIT margin, %	21.6	19.7	12.7	22.9	18.2	16.0	10.0
NIBD/EBITDA	1.6	1.9	2.2	2.1	1.9	2.4	2.4
Net working capital, % of revenue	21	23	23	25	24	28	28
Share-related ratios:							
Market price per share (DKK)	420	300	284	356	276	232	210
Earnings per share (EPS) (DKK)	1.73	1.78	0.96	1.94	1.58	1.09	0.65
Diluted earnings per share (EPS-D) (DKK)	1.69	1.73	0.93	1.88	1.53	1.06	0.63

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 2016 to 30 June 2017. 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 30 June 2017 and of the results of the group's operations and cash flows for the period 1 October 2016 to 30 June 2017.

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, 23 August 2017

Executive Board

Lars Marcher President & CEO	Michael Højgaard CFO

Board of Directors

Jens Bager Chairman	Mikael Worning Vice-Chairman	Oliver Johansen
Allan Søgaard Larsen	Christian Sagild	Henrik Ehlers Wulff
Pernille Bartholdy Elected by the employees	Anita Krarup Frederiksen Elected by the employees	Jakob Bønnelykke Kristensen Elected by the employees

Consolidated financial statements

Interim report Q3 2016/17

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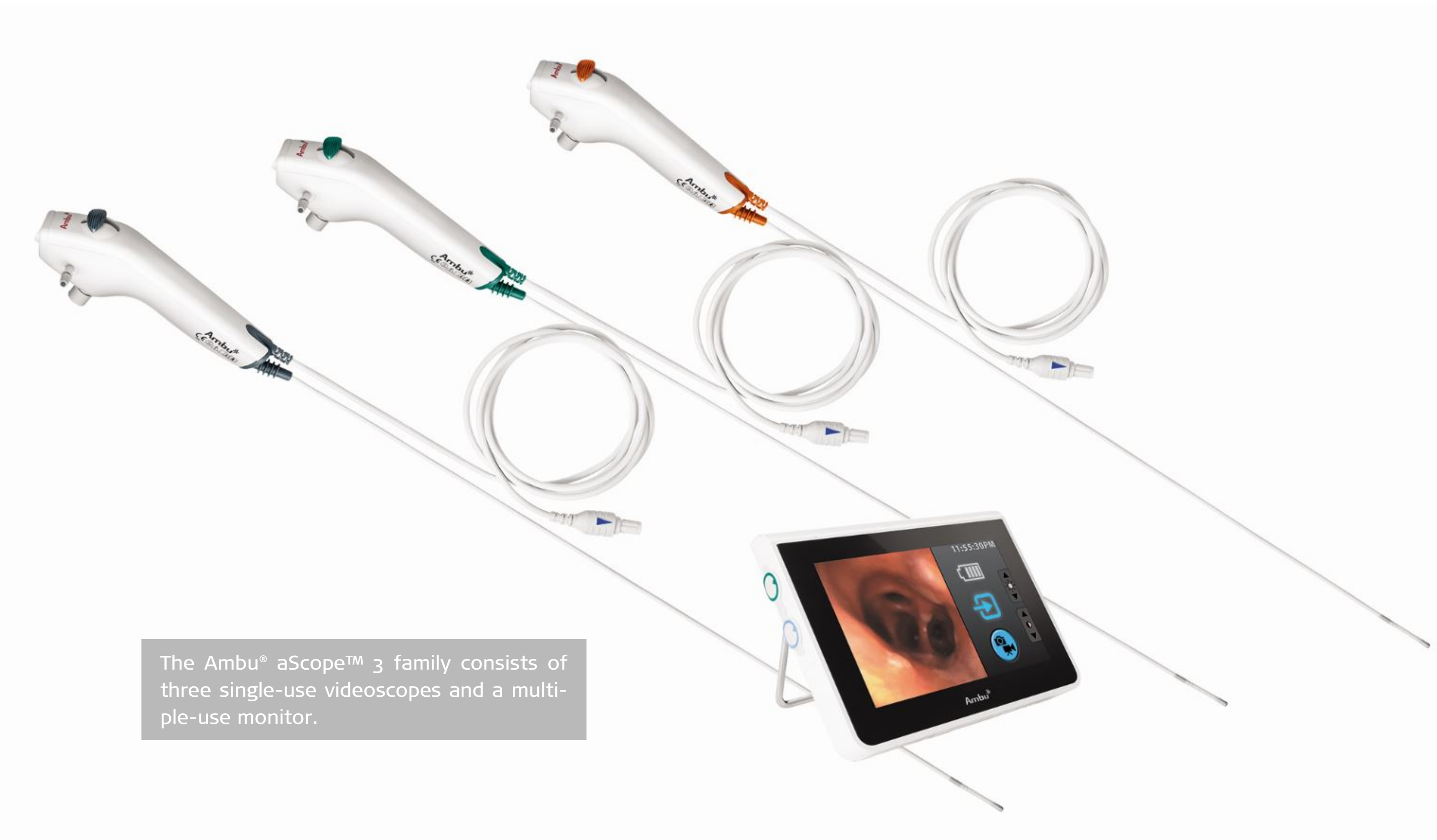

The Ambu® aScope™ 3 family consists of three single-use videoscopes and a multi-use monitor.

Income statement and statement of comprehensive income – Group

Interim report Q3 2016/17

DKKm

Income statement	Note	Q3 2016/17	Q3 2015/16	YTD 2016/17	YTD 2015/16	FY 2015/16
Revenue		601	517	1,726	1,511	2,084
Production costs		-258	-233	-767	-705	-960
Gross profit		**343**	**284**	**959**	**806**	**1,124**
Selling and distribution costs		-131	-116	-395	-360	-481
Development costs		-20	-18	-56	-51	-66
Management and administration		-62	-56	-182	-170	-221
Other operating expenses		0	0	-10	0	0
Operating profit (EBIT)		**130**	**94**	**316**	**225**	**356**
Financial income	10	-13	8	5	8	6
Financial expenses	10	-9	-14	-41	-27	-36
Profit before tax		**108**	**88**	**280**	**206**	**326**
Tax on profit for the period		-26	-13	-66	-48	-76
Net profit for the period		**82**	**75**	**214**	**158**	**250**
Earnings per share in DKK						
Earnings per share (EPS)		1.73	1.58	4.47	3.32	5.27
Diluted earnings per share (EPS-D)		1.69	1.53	4.35	3.22	5.13

Statement of comprehensive income	Q3 2016/17	Q3 2015/16	YTD 2016/17	YTD 2015/16	FY 2015/16
Net profit for the period	82	75	214	158	250
Other comprehensive income:					
Items which are moved to the income statement under certain conditions:					
Translation adjustment in foreign subsidiaries	-63	20	-29	6	-4
Adjustment to fair value for the period:					
Cash flow hedging, realisation of deferred gains/losses	0	0	-1	0	3
Cash flow hedging, deferred gains/losses for the period	-1	2	-5	4	3
Tax on hedging transactions	0	0	1	0	-1
Other comprehensive income after tax	**-64**	**22**	**-34**	**10**	**1**
Comprehensive income for the period	**18**	**97**	**180**	**168**	**251**

Balance sheet – Group

Interim report Q3 2016/17

DKKm

Assets	Note	30.06.17	30.06.16	30.09.16
Acquired technologies, trademarks and customer relations		170	90	185
Completed development projects		107	71	101
Rights		82	104	92
Goodwill		803	814	819
Development projects in progress		70	67	41
Intangible assets		**1,232**	**1,146**	**1,238**
Land and buildings		201	127	122
Plant and machinery		87	97	99
Other plant, fixtures and fittings, tools and equipment		38	31	27
Prepayments and plant under construction		45	19	23
Property, plant and equipment		**371**	**274**	**271**
Deferred tax asset		69	35	61
Other receivables		4	6	6
Other non-current assets		**73**	**41**	**67**
Total non-current assets		**1,676**	**1,461**	**1,576**
Inventories		324	304	287
Trade receivables		399	360	416
Other receivables		15	13	22
Income tax receivable		3	5	2
Prepayments		26	32	26
Cash		58	73	35
Total current assets		**825**	**787**	**788**
Total assets		**2,501**	**2,248**	**2,364**

Equity and liabilities	Note	30.06.17	30.06.16	30.09.16
Share capital		122	121	121
Other reserves		1,035	849	869
Equity		**1,157**	**970**	**990**
Provision for deferred tax		4	2	5
Other provisions		38	48	37
Interest-bearing debt	11	208	876	925
Non-current liabilities		**250**	**926**	**967**
Other provisions		2	5	4
Interest-bearing debt	11	746	50	65
Trade payables		132	91	104
Income tax		28	40	66
Other payables		153	132	134
Derivative financial instruments		33	34	34
Current liabilities		**1,094**	**352**	**407**
Total liabilities		**1,344**	**1,278**	**1,374**
Total equity and liabilities		**2,501**	**2,248**	**2,364**

Cash flow statement – Group

Interim report Q3 2016/17

DKKm

	Note	30.06.17	30.06.16	30.09.16
Net profit for the period		214	158	250
Adjustment of items with no cash flow effect	6	188	152	215
Income tax paid		-87	-72	-75
Interest expenses and similar items		-30	-27	-29
Changes in net working capital	7	17	57	8
Cash flows from operating activities		**302**	**268**	**369**
Purchase of non-current assets		-109	-62	-84
Cash flows from investing activities before acquisitions of enterprises and technology		-109	-62	-84
Free cash flows before acquisitions of enterprises and technology		**193**	**206**	**285**
Acquisition of technology		0	-59	-59
Acquisitions of enterprises	8	0	-3	-96
Cash flows from acquisitions of enterprises and technology		0	-62	-155
Cash flows from investing activities		**-109**	**-124**	**-239**
Free cash flows after acquisitions of enterprises and technology		**193**	**144**	**130**
Raising of long-term debt		0	224	274
Repayment of debt to credit institutions		-150	0	0
Repayment in respect of finance leases		-4	-1	-1
Capital increase, Class B share capital		20	4	5
Exercise of options		8	3	3
Cash settlement, options		0	-32	-32
Purchase of Ambu A/S shares, treasury shares		0	-195	-283
Dividend paid		-75	-46	-46
Dividend, treasury shares		2	1	1
Cash flows from financing activity		**-199**	**-42**	**-80**
Changes in cash and cash equivalents		**-6**	**102**	**50**
Cash and cash equivalents, beginning of period		21	-29	-29
Translation adjustment of cash and cash equivalents		0	0	0
Cash and cash equivalents, end of period		**15**	**73**	**21**
Cash and cash equivalents, end of period, are composed as follows:				
Cash		58	73	35
Bank debt		-43	0	-14
		15	**73**	**21**

Statement of changes in equity – Group

DKKm

	Share capital	Share premium	Reserve for hedging transactions	Reserve for foreign currency translation adjustment	Retained earnings	Proposed dividend	Total
Equity 1 October 2016	**121**	**37**	**2**	**124**	**631**	**75**	**990**
Net profit for the period					214		214
Other comprehensive income for the period			-5	-29			-34
Total comprehensive income	**0**	**0**	**-5**	**-29**	**214**	**0**	**180**
Transactions with the owners:							
Exercise of options					8		8
Share-based payment					8		8
Tax deduction relating to share options					24		24
Purchase of treasury shares					0		0
Distributed dividend						-73	-73
Dividend, treasury shares					2	-2	0
Capital increase, Class B share capital	1	19					20
Equity 30 June 2017	**122**	**56**	**-3**	**95**	**887**	**0**	**1,157**

	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**
Changed accounting policies (note 1)					-2		-2
Corrected equity as at 1 October 2015	**121**	**32**	**-3**	**128**	**710**	**46**	**1,034**
Net profit for the period					158		158
Other comprehensive income for the period			4	6			10
Total comprehensive income	**0**	**0**	**4**	**6**	**158**	**0**	**168**
Transactions with the owners:							
Exercise of options					3		3
Cash settlement, options					-32		-32
Share-based payment					6		6
Tax deduction relating to share options					27		27
Purchase of treasury shares					-195		-195
Distributed dividend						-45	-45
Dividend, treasury shares					1	-1	0
Capital increase, Class B share capital	0	4					4
Equity 30 June 2016	**121**	**36**	**1**	**134**	**678**	**0**	**970**

Other distributable reserves are made up of share premium, reserve for hedging transactions, reserve for foreign currency translation adjustment, retained earnings and proposed dividend and total DKK 1,035m (30 June 2016: DKK 849m).

Notes to the interim report

Interim report Q3 2016/17

Note 1 – Basis of preparation of the interim report

The interim report for the period 1 October 2016 to 30 June 2017 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 2015/16 with the exception of the early implementation of IFRS 9 described below. The ratios have been calculated in accordance with the Danish Finance Society's 'Recommendations and Financial Ratios 2015'. For definitions, reference is made to note 5.10 in the annual report for 2015/16.

The group has decided to implement IFRS 9 early in Q2 2016/17. The implementation of IFRS 9 has led to changes in the accounting policies for recognition of credit risk associated with trade receivables and other receivables. In the past, receivables were tested for impairment when objective evidence existed in the form of delayed payments and provable financial problems for debtors etc.Under IFRS 9, write-downs for bad debts must be recognised at the time of the initial recognition of the claim. As the group has historically suffered only limited losses on bad debts, the implementation of IFRS 9 has no significant impact on the group's financial position or income statement. Reference is made to the consolidated statement of changes in equity, from which the effect can be seen, a total of DKK 2m.

The implementation of IFRS 9 has also resulted in changes in accounting policies for hedge accounting. In the past, hedge accounting has been used to the extent that management was able to document high expected and realised effectiveness. Under IFRS 9, the requirement is for an economic relationship only. For the purpose of partially hedging the group's future and agreed financing, in Q2 2016/17 the management has entered into an interest rate swap involving receipt of CIBOR 3 months and payment of a fixed interest rate. This instrument does not contain a 'floor' on CIBOR 3 months, as is the case for the secured debt. Despite the lack of a 'floor' in the hedging instrument, the management deems that an economic relationship exists as an interest rate increase is deemed to be more likely than a further decline in interest rates, and has therefore decided to apply the rules set out in IFRS 9 on hedge accounting. The fair value adjustment of the instrument for the period has thus been recognised in other comprehensive income.

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 2015/16 over and above the changes described below.

With effect from Q1 2016/17, the management has changed its estimate of the useful lives of completed development projects from 5 years to up to 10 years. With this change, the management believes that the useful lives of completed development projects to a greater extent correspond to the period in which Ambu obtains a financial advantage from these development projects. The effect of this change in 2016/17 on EBIT amounts to DKK 9m. For Q3 2016/17, the effect on EBIT is DKK 3m.

Note 3 – Seasonal fluctuations

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

Cash flows from operating activities
Cash flows from operating activities have historically been 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 various 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 identified one segment only.

Note 5 – Development in balance sheet since 30 September 2016

Since the beginning of the financial year, non-current assets have increased by a net amount of DKK 100m to DKK 1,676m.The increase was driven by the recognition of a domicile property held under a finance lease of DKK 88m and investments in assets of DKK 109m, while translation adjustments of goodwill of DKK 16m and depreciation and amortisation of DKK 78m reduced non-current assets.

Inventories are up DKK 37m in readiness of a higher activity level in the coming quarter. Trade receivables have been reduced by DKK 17m, which is due to a consistently improved ability to recover receivables.

Interest-bearing debt fell by DKK 36m to DKK 954m.The decrease is attributable to repayment of debt to credit institutions of DKK 150m and raising of finance lease debt of DKK 86m.The distribution between long-term and short-term debt is affected by the fact that corporate bond debt falls due within one year.

Other provisions under current and non-current liabilities totalled DKK 40m, down DKK 1m.

Other payables have increased by DKK 19m to DKK 153m, which is in line with expectations.

Note 6 – Adjustment of items with no cash flow effect

	YTD 2016/17	YTD 2015/16	30.09.16
Depreciation, amortisation and impairment losses	78	79	102
Share-based payment	8	6	7
Net financials and similar items	36	19	30
Tax on profit for the period	66	48	76
	188	**152**	**215**

Note 7 – Changes in net working capital

	YTD 2016/17	YTD 2015/16	30.09.16
Changes in inventories	-44	-22	-6
Changes in receivables	22	116	57
Changes in trade payables etc.	39	-37	-43
	17	**57**	**8**

DKKm

Note 8 – Business combinations

On 28 September 2016, Ambu acquired the Israeli company ETView Medical Ltd. with subsidiaries in Israel and the USA. The pre-acquisition balance sheet remained to be completed at the time of the publication of Ambu's annual report for 2015/16.

The pre-acquisition balance sheet presented in note 3.8 of the annual report has not changed significantly; however, the work on completing the balance sheet is still ongoing.

	Previous ownership interest	Acquired ownership interest	Takeover date	Type	Area	Cost
ETView Medical Ltd.	0%	100%	28 Sept. 2016	Share purchase	Anaesthesia	90

	YTD 2016/17	FY 2015/16
Technologies	0	99
Total intangible assets	0	99
Inventories	0	3
Trade receivables	0	1
Cash	0	1
Bank debt	0	-3
Payables	0	-18
Identifiable net assets	0	83
Goodwill	0	7
Total purchase price	**0**	**90**
The purchase price comprises:		
Cash and cash equivalents	0	90
	0	**90**
Transaction-related costs included in 'Management and administration'	0	2
Cash flows for the acquisition of enterprises	0	93

Note 9 – Risks

For a description of Ambu's risks, see the 'Risk management' section in the annual report for 2015/16, pages 23-24.

DKKm

Note 10 – Net financials

	Q3 2016/17	Q3 2015/16	YTD 2016/17	YTD 2015/16	FY 2015/16
Other financial income:					
Foreign exchange gains, net	-15	8	0	8	6
Fair value adjustment, earn-out	0	0	3	0	0
Fair value adjustment, swap	2	0	2	0	0
Financial income	**-13**	**8**	**5**	**8**	**6**

	Q3 2016/17	Q3 2015/16	YTD 2016/17	YTD 2015/16	FY 2015/16
Interest expenses:					
Interest expenses, banks	3	1	7	4	6
Interest expenses, bonds	6	6	18	18	24
Other financial expenses:					
Foreign exchange loss, net	14	0	14	0	0
Effect of shorter discount period, acquisition of technology	1	1	2	3	4
Fair value adjustment, swap	-15	6	0	2	2
Financial expenses	**9**	**14**	**41**	**27**	**36**

Note 11 – Interest-bearing debt

	30.06.17	30.06.16	30.09.16
Corporate bonds	0	699	699
Credit institutions	125	176	225
Finance leases	83	1	1
Long-term interest-bearing debt	**208**	**876**	**925**

	30.06.17	30.06.16	30.09.16
Corporate bonds	700	0	0
Credit institutions	0	49	50
Bank debt	43	0	14
Finance leases	3	1	1
Short-term interest-bearing debt	**746**	**50**	**65**

Note 12 – Capital increase, treasury shares and dividend paid

Capital increases

A capital increase was implemented in November 2016 in connection with the exercise by employees of warrants issued in 2012. In consequence hereof, Ambu's share capital was increased by a nominal amount of DKK 41,000 through the issue of 16,400 Class B shares at a price of 39.50.

In February 2017, a second capital increase was implemented in connection with the exercise by employees of warrants issued in 2012 and 2013. In consequence hereof, Ambu's share capital was increased through the issue of 34,800 Class B shares at a price of 39.50 and 268,000 Class B shares at a price of 66.30.

On the basis of the employees' exercise of warrants issued from 2013, a capital increase was implemented in May 2017 whereby Ambu's share capital was increased by a nominal amount of DKK 5,000 through the issue of 2,000 Class B shares at a price of 66.30.

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

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

	30.09.16	Change	30.06.17
No. of Class A shares	6,864,000	0	6,864,000
No. of Class B shares	41,506,720	321,200	41,827,920
	48,370,720	**321,200**	**48,691,920**
Share capital	120,926,800	803,000	121,729,800

Treasury shares

As at 30 September 2016, Ambu's holding of treasury shares totalled 1,365,472 shares. As at 30 June 2017, it had been reduced to 1,206,888 shares. The reduction is due to the exercise by employees of options granted.

Dividend paid

The Board of Directors' proposal for the distribution of dividend of DKK 1.55 per share was adopted at the company's annual general meeting on 12 December 2016. As at 30 June 2017, dividend of DKK 75m had been distributed to the company's shareholders after withholding of taxes.

Note 13 – Contingent liabilities

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

Note 14 – Subsequent events

In addition to the matters described in this interim report, the management is not aware of any events subsequent to 30 June 2017 which could be expected to have a significant impact on the group's financial position.