Interim report for Q2 2017/18 and for the half-year (1 October 2017 – 31 March 2018)

Reporting organic growth in Q2 of 15%, Ambu is well on the way to realising its Big Five 2020 targets with satisfactory gross margins and earnings. The organic growth outlook in local currencies for the year is raised.

"*Momentum is strong throughout our business with growth of 49% for Visualisation for the half-year and combined growth of 4% for Anaesthesia and PMD. We are succeeding with our initiatives in Europe, the USA and Asia, realising growth rates of 14%, 16% and 16% in the three regions. Strong, double-digit growth over many quarters has transformed Ambu and scaled our earnings to a gross margin in Q2 of 60.5% and an EBIT margin of 24.0%. These are record results for Ambu. We have now been working with Invendo – our latest acquisition – for almost six months, and we are positive about launching a full portfolio of single-use gastrointestinal products before the end of our strategy period in 2020, thereby creating additional potential for growth. In the near term, the solid results for the half-year mean that we are raising our organic growth outlook in local currencies for the full year,"* says CEO Lars Marcher.

Highlights

- Revenue of DKK 651m was posted for Q2, representing growth of 15% in local currencies and 6% in Danish kroner. Half-year growth of 14% in local currencies, or 7% in Danish kroner, was realised. The difference between growth in local currencies and Danish kroner is due to the strengthening of DKK and EUR relative to the US dollar.
- In Q2, Anaesthesia contributed growth of 8%, Visualisation contributed 43%, and PMD (Patient Monitoring & Diagnostics) delivered growth of 3%, when measured in local currencies. For the half-year, growth was 4% in Anaesthesia, 49% in Visualisation and 3% in PMD.
- Europe contributed growth of 14%, North America 16%, and the rest of the world also 16%. For the half-year, growth was 13% in Europe, 16% in North America, and 14% in the rest of the world.
- The sales figures for endoscopes were 145,000 for Q2, and 249,000 for the half-year, representing increases of 53% and 62% respectively compared to last year.
- The gross margin was 60.5% (55.6%) for the quarter, corresponding to an improvement of 4.9 percentage points. For the half-year, the gross margin was 59.4% (54.8%).
- Total capacity costs for the quarter were DKK 238m (DKK 220m), corresponding to an 8% increase, inclusive of operating expenses in Invendo and more sales resources in the USA. For the half-year, capacity costs were up 9%.

- EBIT for the quarter was DKK 156m (DKK 121m), corresponding to an EBIT margin of 24.0% (19.7%), and for the half-year DKK 247m (DKK 186m) and 20.5% (16.5%), thus equating to a 4.0 percentage point increase in EBIT margin both for the quarter and for the half-year.
- Net working capital relative to revenue has been improved and now accounts for 22% (23%) of revenue over a rolling 12-month period.
- Free cash flows before acquisitions of enterprises totalled DKK 22m (DKK 51m) for the quarter, and DKK 58m (DKK 94m) for the half-year. The lower free cash flows are due, among other things, to increased investments, including investments in Invendo.
- Based on the good results for Q2, the outlook for organic growth in local currencies for 2017/18 is raised from 'approx. 13%' to 'approx. 14-15%'. The outlook for EBIT margin and free cash flows is maintained.

A **conference call** is being held today, 7 May 2018, 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/webcastQ22018 and is held in English. The presentation can be downloaded immediately before the conference call via the same link.

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Financial highlights

DKKm	Q2 2017/18	Q2 2016/17	YTD 2017/18	YTD 2016/17	FY 2016/17
Income statement					
Revenue	651	613	1,204	1,125	2,355
Gross margin, %	60.5	55.6	59.4	54.8	56.5
EBITDA	184	147	302	238	555
Depreciation	12	11	23	22	45
Amortisation	16	15	32	30	60
EBIT	156	121	247	186	450
Net financials	-37	-11	-78	-14	-57
Profit before tax	119	110	169	172	393
Net profit for the period	92	84	111	132	301
Balance sheet					
Assets	4,100	2,507	4,100	2,507	2,500
Net working capital	538	506	538	506	457
Equity	1,735	1,105	1,735	1,105	1,279
Net interest-bearing debt	1,241	997	1,241	997	767
Cash flows					
Cash flows from operating activities	70	90	157	163	462
Cash flows from investing activities before acquisitions of enterprises and technology	-48	-39	-99	-69	-141
Free cash flows before acquisitions of enterprises and technology	22	51	58	94	321
Acquisitions of enterprises and technology	-1	0	-852	0	0
Cash flows from operating activities, % of revenue	11	14	13	14	20
Investments, % of revenue	-8	-6	-8	-6	-6
Free cash flows before acquisitions of enterprises and technology, % of revenue	3	8	5	8	14
Key figures and ratios					
Organic growth, %	15	14	14	13	14
Rate of cost, %	37	36	39	38	37
EBITDA margin, %	28.3	24.0	25.1	21.2	23.6
EBIT margin, %	24.0	19.7	20.5	16.5	19.1
Tax rate, %	23	24	34	23	23
Return on equity, %	20	30	20	30	27
NIBD/EBITDA	2.0	1.9	2.0	1.9	1.4
Equity ratio, %	42	44	42	44	51
Net working capital, % of revenue	22	23	22	23	19
Return on invested capital (ROIC), %	17	22	17	22	22
Average no. of employees	2,665	2,454	2,655	2,451	2,503
Share-related ratios					
Market price per share (DKK)	136	60	136	60	97
Earnings per share (EPS) (DKK)	0.38	0.36	0.46	0.55	1.27
Diluted earnings per share (EPS-D) (DKK)	0.37	0.35	0.45	0.54	1.24

Management's review

Q2 and H1 2017/18

PRODUCT AREAS

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

The development in sales in Q2 was generally more positive than expected. With aggregate growth of 5%, the business areas Anaesthesia and PMD maintained a strong momentum, and with total sales of 145,000 endoscopes, sales of these products were close to exceeding our original forecast. Against this background, and based on the expansion of our sales organisation in the USA in the first half of the year, we are seeing higher growth potential in the second half of the year than what we expected at the end of Q1.

Anaesthesia

Sales in Anaesthesia were up in Q2 by 8%, or -3% in Danish kroner. For the half-year, growth was 4%, or -5% in Danish kroner. Anaesthesia accounted for 35% (39%) of revenue in the quarter.

Developments in Q2 were very satisfactory with growth being reported for all significant product lines within Anaesthesia. The breathing circuits product line, which was negatively affected by timing differences in Q1, has normalised and reported 4% growth in Q2.

All three geographical segments contributed positively to growth of 4% in Anaesthesia for the half-year, and for the full year Anaesthesia is expected to contribute growth of approx. 5%.

Visualisation

Growth in Visualisation was 43%, or 32% in Danish kroner, in Q2. For the half-year, growth was 49%, or 39% in Danish kroner. Visualisation accounted for 32% (26%) of revenue in the quarter.

Sales of single-use endoscopes continue their upward trend, and in Q2 totalled 145,000 units, corresponding to an increase of 53% (100%), or 249,000 units for the half-year, corresponding to an increase of 62% (90%). The expected sales volume for the full year is more than 500,000 units.

In October 2017, Ambu bought the company Invendo Medical GmbH. Invendo has for a number of years been engaged in the development of a range of single-use endoscopes for gastrointestinal procedures, and the colonoscope was approved by both the USA and EU authorities in Q2 2017/18. The approvals were expected, and during the second half of the year, evaluation and testing will be undertaken in cooperation with selected hospitals in the USA.

In the current financial year, no revenue is expected from the sale of single-use endoscopes for gastrointestinal procedures. Until the end of the current financial year, the colonoscope will be produced by Invendo in Germany, and the units produced will be used for evaluation and testing in the USA. From Q1 2018/19, production is expected to be transferred to Ambu's factory in Malaysia, and to be included in the same production process as Ambu's other endoscopes.

Since the acquisition of Invendo, product development has been accelerated, and Ambu's experience with the commercialisation of single-use scopes has been brought into play. By the first half of 2018/19, Ambu is expected to be the world's first and so far only supplier of single-use scopes for gastrointestinal procedures, with sales in the USA and production in Malaysia.

Ambu's latest generation of single-use bronchoscopes for airway procedures – Ambu® aScope™ 4 Broncho – was approved by the FDA for sale in the USA at the end of Q2, while EU approval was granted back in September 2017. In Q2 2017/18, aScope 4 was sold in both Europe and rest of the world. The product has been welcomed by customers, who appreciate the improved image quality and mechanical control offered by the product. We are currently launching the product on the US market.

Revenue – business areas

	Q2			Composition of growth			YTD			Composition of growth		
	17/18	Distribution	16/17	Organic*	Currencies	Reported	17/18	Distribution	16/17	Organic*	Currencies	Reported
Anaesthesia	228	35%	236	8%	-11%	-3%	435	36%	456	4%	-9%	-5%
Visualisation	211	32%	160	43%	-11%	32%	369	31%	265	49%	-10%	39%
PMD	212	33%	217	3%	-5%	-2%	400	33%	404	3%	-4%	-1%
Revenue	**651**	**100%**	**613**	**15%**	**-9%**	**6%**	**1,204**	**100%**	**1,125**	**14%**	**-7%**	**7%**

**Local currencies*

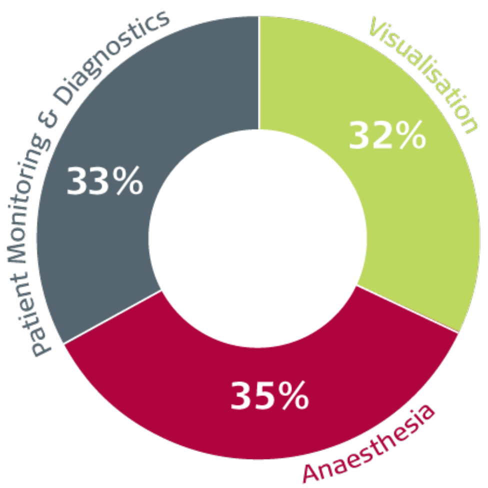
In addition to three planned gastrointestinal endoscopes – a colonoscope, a duodenoscope and a gastroscope – by 2020 it is still Ambu's ambition to launch two types of single-use rhinolaryngoscopes (ear, nose and throat) and an additional single-use cystoscope (urology). This means that by 2020 our portfolio of single-use endoscopes will address all major areas within flexible endoscopy.

Patient Monitoring & Diagnostics

PMD grew sales by 3%, or -2% in Danish kroner, in Q2. For the half-year, growth was 3%, or -1% in Danish kroner. PMD accounted for 33% (35%) of revenue in the quarter. In Q2, electrodes used in cardiology and neurology, which account for a combined approx. 80% of the PMD business, saw growth of 4% and 9%, respectively. The aggregate growth of 3% for PMD in the quarter was due to negative growth for a small number of niche products, such as manikins.

PMD is still expected to generate growth of approx. 3-4% for the financial year.

Breakdown of Q2 revenue by business area



VISUALISATION	ANAESTHESIA	PMD
• Single-use endoscopes	• Resuscitators	• Cardiology electrodes
• Video laryngoscopes	• Laryngeal masks	• Neurology electrodes
• Airway tubes with integrated camera	• Face masks	• Training manikins
	• Breathing circuits	• Neck collars

FINANCIAL RESULTS
INCOME STATEMENT

Revenue

Revenue of DKK 651m was posted for Q2, corresponding to growth of 15%, or 6% in Danish kroner due to negative exchange rate effects of 9%. Revenue for the half-year was DKK 1,204m, corresponding to growth of 14%, or 7% in Danish kroner.

The average USD/DKK exchange rate for the half-year was 619, compared with 694 for the prior-year period, down 11%. GBP/DKK weakened by 2% during the same period.

As the PMD business area is traditionally driven by Europe, and thus traded in EUR, while Anaesthesia and Visualisation are more geographically diversified, the significant drop in the USD/DKK exchange rate has resulted in a shift in the relative significance of the individual business units. Anaesthesia's share of total revenue was thus reduced from 39% to 35%, while we saw a more moderate shift in PMD from 35% to 33%, as a substantial portion of PMD transactions are invoiced in EUR. Due to the high growth in Visualisation, and notwithstanding the exchange rate effects, this business area now accounts for 32%, up from 26%.

In Europe, growth for the quarter was 14% (16%), and for the half-year 13% (11%) based on double-digit growth in all European markets. In Europe, Visualisation realised growth of 49% for the half-year.

Growth in North America was 16% (10%) in Q2, and also 16% (11%) for the half-year. The strengthening and specialisation of the sales organisation in the USA was completed in Q1, and the new organisation went live at the end of March. There is therefore considerable potential. In the USA, growth of 52% was realised by Visualisation for the half-year.

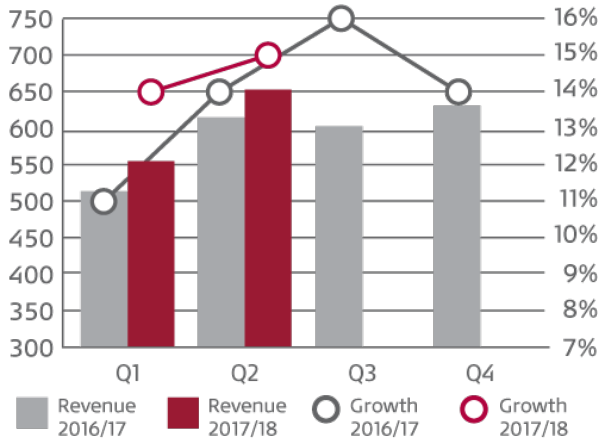
Rest of the world saw growth of 16% (19%) in the quarter, and 14% (26%) for the half-year. In rest of the world, growth of 33% was realised by Visualisation in the half-year.

Revenue – markets

	Q2			Composition of growth			YTD			Composition of growth		
	17/18	Distribution	16/17	Organic*	Currencies	Reported	17/18	Distribution	16/17	Organic*	Currencies	Reported
Europe	290	45%	256	14%	-1%	13%	534	44%	474	13%	0%	13%
North America	291	45%	290	16%	-16%	0%	538	45%	524	16%	-13%	3%
Rest of the world	70	10%	67	16%	-12%	4%	132	11%	127	14%	-10%	4%
Revenue	**651**	**100%**	**613**	**15%**	**-9%**	**6%**	**1,204**	**100%**	**1,125**	**14%**	**-7%**	**7%**

**Local currencies*

Revenue (DKKm) and growth (%) per quarter



Currency exposure

As concerns revenue, Ambu is particularly exposed to USD, as approx. 50% of revenue is invoiced in USD. Due to the sharp decline in USD/DKK, the reported growth for the half-year is 7 percentage points below the organic growth. However, the low USD exchange rate has a minimal impact on earnings, as cost of sales and operating expenses in USD are reduced correspondingly.

Moreover, EBIT is exposed to developments in the Chinese currency CNY and the Malaysian currency 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	+130	+15	0	0
EBIT	+30	+10	-15	-15
EBIT margin	+0.0%	+0.3%	-0.6%	-0.6%

The total impact of changes in exchange rates on EBIT was minimal in H1.

Gross profit

Gross profit for Q2 was DKK 394m (DKK 341m), and the gross margin increased by 4.9 percentage points to 60.5% (55.6%). For the half-year, the gross margin was 59.4% (54.8%), up 4.6%.

The improvement of the gross margin results from the increased scaling created by revenue growth as regards the factories' overheads, and the fact that growth is being driven by Visualisation, which contributes higher margins than Anaesthesia and PMD.

Costs

Total capacity costs for the quarter were DKK 238m (DKK 220m), and for the half-year DKK 468m (DKK 430m). For the half-year, total capacity costs were therefore up 9%.

The half-year includes five months of operating expenses in Invendo and expenses incurred in connection with the expansion of the sales force in the USA, which totals DKK 27m, and thus accounts for approx. 70% of the increase in costs when measured in Danish kroner.

The rate of cost for Q2 was 37% (36%) and for the half-year 39% (38%).

Selling and distribution costs totalled DKK 146m (DKK 132m) for the quarter, corresponding to an increase of 11%, and DKK 287m (DKK 264m) for the half-year, which is an increase of 9%.

Development costs for the quarter totalled DKK 26m (DKK 18m), corresponding to an increase of 44%, and for the half-year DKK 50m (DKK 36m), which is an increase of 39%.

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 31m and investments of DKK 42m have been recognised, resulting in cash development costs for the quarter of DKK 61m, corresponding to an increase of 39% (42%).

DKKm	YTD	
	17/18	**16/17**
Development costs	50	36
÷ Amortisation	-31	-27
+ Investments	42	35
= Cash flows	**61**	**44**

Management and administrative expenses for the quarter were DKK 66m (DKK 60m), corresponding to an increase of 10%, and for the half-year DKK 131m (DKK 120m), up 9%.

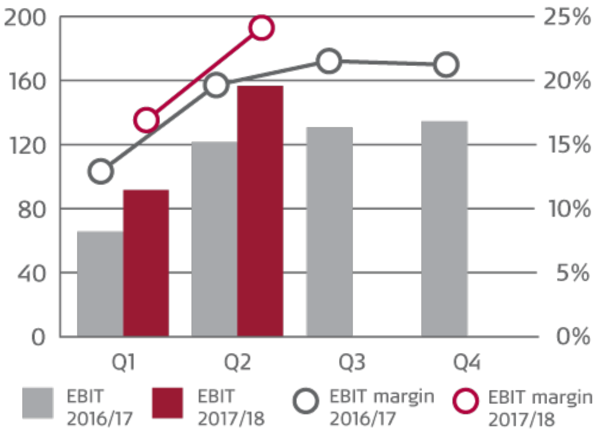
Other operating expenses for the quarter were DKK 0m. In Q2 2016/17, other operating expenses included a non-recurring expense of DKK 10m related to the integration of ETView.

EBIT

EBIT for Q2 was then DKK 156m (DKK 121m) with an EBIT margin of 24.0% (19.7%), corresponding to an increase of 4.3 percentage points. In absolute values, EBIT for the quarter increased by 29%. EBIT for the half-year was DKK 247m (DKK 186m) with an EBIT margin of 20.5% (16.5%).

The impact of exchange rates on EBIT for the quarter was very limited.

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



Net financials

Net financials amounted to net expenses of DKK 37m (net expenses of DKK 11m) for the quarter and net expenses of DKK 78m (net expenses of DKK 14m) for the half-year.

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

- Foreign exchange losses totalled DKK 18m (gain of DKK 15m)
- Interest expenses on bank, lease and bond debt totalled DKK 20m (DKK 16m)
- Fair value adjustments of derivative instruments constituted a net income of DKK 9m (net expense of DKK 15m)
- Fair value adjustments of contingent payments represent an expense of DKK 48m, relating to the acquisition of Invendo (income of DKK 3m).
- The interest element from liabilities stated at present amortised value is recognised as a net expense of DKK 1m (DKK 1m).

The fair value adjustments of DKK 48m reflect the time value of the contingent payments in connection with the acquisition of Invendo, and for FY 2017/18 a cost of DKK 86m is expected. The cost has no effect on the cash flows, but will be included in the amounts which are expected to be paid for milestones and earn-outs in the future.

Tax

The profit before tax for the quarter was taxed at a rate of 23% (24%), and for the half-year at a rate of 34% (23%), adjusted for non-deductible and non-taxable items.

The tax rate in Q1 was negatively affected by the reduction from 35% to 21% of the federal share of corporation tax in the USA with effect from 1 January 2018. At the end of FY 2016/17, Ambu had capitalised tax losses with a total value of DKK 47m, and the income tax reduction has reduced the value of this asset by DKK 19m, which has been recognised in the income statement as a non-recurring expense in Q1.

Going forward, Ambu's effective tax rate is expected to remain at 23% of profit before tax adjusted for non-deductible and non-taxable items.

Net profit

A net profit of DKK 92m (DKK 84m) was posted for the quarter, and of DKK 111m (DKK 132m) for the half-year, equivalent to 9% of revenue (12%).

Earnings per share (EPS)

Earnings per share for the half-year are DKK 0.46 (DKK 0.55). The reduced earnings per share are primarily ascribable to the negative impact on the net profit for the half-year from the fair value adjustments of the contingent payments associated with the acquisition of Invendo in the amount of DKK 37m after tax as well as a non-recurring expense of DKK 19m due to the reduction of the federal tax rate in the USA to 21%.

Balance sheet

At the end of March 2018, Ambu had total assets of DKK 4,100m (DKK 2,507m).

The acquisition of Invendo Medical GmbH was completed on 25 October 2017, and at the end of Q2 2017/18, Invendo had been consolidated on the basis of a preliminary allocation of the purchase price. The total purchase price came to DKK 1,679m (EUR 225m), of which DKK 851m (EUR 115m) was paid in cash, and the remaining DKK 819m (EUR 110m) is made up of contingent payments which fall due in instalments in the period up until 2023, when and if FDA approval is obtained of the colonoscope, gastroscope and duodenoscope, and provided that total sales of these products towards FY 2021/22 total EUR 200m. Reference is made to note 9 for a more detailed description of the contingent payments.

The calculated fair value of the purchase price before acquired cash and cash equivalents is DKK 1,415m. Less the value of the net assets acquired – which at the end of Q2 were valued at DKK 650m, including a deferred net tax liability of DKK 20m relating to tax on revalued assets and recognition of tax assets – the calculated value of the acquired goodwill is DKK 765m against DKK 904m at the end of Q1. The corrections made to the allocation of the purchase price in Q2 relate to deferred taxes. A risk-weighted cost of capital (WACC) of 18% p.a. has been applied in connection with the determination of the deferred contingent purchase price. The final allocation of the purchase price is now expected to be completed before the presentation of the annual report.

The deferred payments are recognised at fair value of DKK 555m as at acquisition date (EUR 75m). The difference between this value and the maximum liability of DKK 819m (EUR 110m) comes to DKK 264m (EUR 35m), which will be recognised in the income statement under net financials up until Q2 2022/23, or earlier to the extent that the conditions regarding the contingent payments are met.

FDA approval of the colonoscope was granted on 9 January 2018, and triggered a milestone payment of DKK 74m (EUR 10m), which is due in April 2018.

Net working capital at the end of the quarter was DKK 538m (DKK 506m), corresponding to 22% (23%) of 12 months of revenue. The lower level of funds tied up in net working capital relative to revenue is due to a reduction of trade receivables, reduced by the effect of increased inventories.

Trade receivables totalled DKK 407m at the end of the quarter against DKK 389m at the same time last year, and the average number of credit days was 59 days against 60 days at the end of Q2 2016/17.

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.

Cash and cash equivalents amount to DKK 119m (DKK 43m), and are relatively high at the end of the quarter as a milestone payment of DKK 74m relating to the acquisition of Invendo falls due immediately after the end of Q2.

On 15 March 2018, the bond loan of DKK 701m obtained in March 2013 fell due. The bond loan has been refinanced through borrowing facilities in the combined amount of DKK 2,300m with two credit institutions. The borrowing facilities are subject to ordinary covenants, and have an average maturity of four years, with the possibility of renewal.

Total net interest-bearing debt at the end of the quarter was DKK 1,241m (DKK 997m), corresponding to 2.0 (1.9) of rolling 12-month EBITDA.

At the end of Q2, Ambu's unutilised credit facilities totalled DKK 1,144m (DKK 1,000m).

Cash flow statement

(Unless otherwise stated, all values refer to cash flows for values for the half-year)

Cash flows from operating activities totalled DKK 157m (DKK 163m) and are, as expected, negatively affected by an increased level of funds tied up in inventories and changes in trade payables, reduced by continued improvements in the level of funds tied up in trade receivables. Inventories have increased in step with the increase in activity levels. In addition, cash flows from operating activities were positively affected by lower tax payments as a result of timing differences.

Investments in non-current assets totalled DKK 99m (DKK 69m), which is in line with expectations. As concerns the new factory for the production of endoscopes, and the acquisition of the factory which has been leased since 2009, a total of DKK 26m (DKK 11m) was paid, and the remaining payments totalling DKK 28m fall due in the current financial year. The building investments for these two projects, including the amounts paid in FY 2016/17, are expected to come to a total of DKK 94m.

Year to date, total investments equate to 8% of revenue, of which 3 percentage points can be ascribed to investments in buildings. Adjusted for these investments, free cash flows equate to 8% of revenue.

The free cash flows before acquisitions of enterprises then totalled DKK 58m (DKK 94m).

Acquisitions of enterprises totalled DKK 851m and only comprised Invendo Medical GmbH.

Cash flows from financing activities amounted to DKK 894m (DKK -99m). They relate primarily to the 2.91% increase in the Class B share capital which took place on 20 November 2017, the refinancing of long-term debt in connection with the redemption of loans, the purchase of treasury shares to cover option programmes and the payment of dividend of DKK 90m (DKK 73m).

Changes in cash and cash equivalents then come to DKK 100m (DKK -5m).

Equity

At the end of Q2, equity totalled DKK 1,735m (DKK 1,105m) with an equity ratio of 42% (44%).

Other comprehensive income

Other comprehensive income includes a translation adjustment for the half-year arising from the translation of foreign subsidiaries of DKK -30m (DKK 34m) as a consequence of the weakened USD/DKK exchange rate.

Other equity

In December, dividend of DKK 92m was paid out to the company's shareholders, except for DKK 2m pertaining to Ambu's portfolio of treasury shares.

At the end of the half-year, Ambu employees had exercised a total of 1,490,281 options in Ambu A/S, and the general employee share programme for 2017/18 announced in the annual report for 2016/17 had been established. In this half-year period, the holding of treasury shares was thus reduced by 1,543,795 Class B shares in Ambu A/S.

On 1 February, a share purchase programme was initiated in accordance with the 'safe harbour' rules (EU market abuse regulation no. 596/2014) for the purpose of acquiring 3,850,000 Class B shares in Ambu A/S. At the end Q2, 2,620,000 Class B shares had been purchased, corresponding to 68% of the maximum, at an average price of 122.

At the end of the half-year, the holding of treasury Class B shares hereafter totals 7,110,645 (6,221,920), corresponding to 2.835% (2.556%) of the total share capital.

In addition, at the end of H1, Ambu employees had exercised a total of 970,000 warrants to subscribe for shares in Ambu A/S.

Outlook 2017/18

The outlook for organic growth in local currencies for 2017/18 is raised from 'approx. 13%' to 'approx. 14-15%'. The outlook for EBIT margin and free cash flows is unchanged.

	Local currencies		
	7 May 2018	31 January 2018	9 November 2017
Organic growth	Approx. 14-15%	Approx. 13%	Approx. 13%

	Danish kroner		
	7 May 2018	31 January 2018	9 November 2017
EBIT margin	Approx. 20-21%	Approx. 20-21%	Approx. 20%
Free cash flows*	Approx. DKK 300m	Approx. DKK 300m	Approx. DKK 275m

* Before acquisitions

The outlook for 2017/18 is based on the following exchange rate assumptions:

	Exchange rate assumptions for 2017/18		
	7 May 2018	31 January 2018	9 November 2017
USD/DKK	620	605	635
CNY/DKK	95	95	95
MYR/DKK	155	150	150
GBP/DKK	840	830	830

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 2017/18

2018	
26 July	Quiet period ending 23 August 2018
23 August	Interim report Q3 2017/18
30 September	End of FY 2017/18

Financial calendar 2018/19

2018	
16 October	Quiet period ending 13 November 2018
13 November	Annual report 2017/18
12 December	Annual general meeting

Quarterly results

DKKm	Q2 2017/18	Q1 2017/18	Q4 2016/17	Q3 2016/17	Q2 2016/17	Q1 2016/17
Composition of revenue, products:						
Anaesthesia	228	207	232	235	236	221
Visualisation	211	158	178	154	160	105
PMD	212	188	219	212	217	186
Revenue	**651**	**553**	**629**	**601**	**613**	**512**
Composition of reported growth:						
Organic growth in local currencies, %	15	14	14	16	14	11
Exchange rate effects on reported growth, %	-9	-6	-4	0	1	0
Reported revenue growth, %	**6**	**8**	**10**	**16**	**15**	**11**
Organic growth, products:						
Anaesthesia, %	8	0	-1	9	-2	8
Visualisation, %	43	58	73	50	77	50
PMD, %	3	4	1	5	4	0
Organic growth in local currencies, %	**15**	**14**	**14**	**16**	**14**	**11**
Organic growth, markets:						
Europe, %	14	12	18	13	16	5
North America, %	16	16	11	13	10	12
Rest of the world, %	16	11	10	40	19	36
Organic growth in local currencies, %	**15**	**14**	**14**	**16**	**14**	**11**
Revenue	651	553	629	601	613	512
Production costs	-257	-232	-257	-258	-272	-237
Gross profit	**394**	**321**	**372**	**343**	**341**	**275**
Gross margin, %	*60.5*	*58.0*	*59.1*	*57.1*	*55.6*	*53.7*
Selling and distribution costs	-146	-141	-144	-131	-132	-132
Development costs	-26	-24	-20	-20	-18	-18
Management and administration	-66	-65	-74	-62	-60	-60
Other operating expenses	0	0	0	0	-10	0
Total capacity costs	*-238*	*-230*	*-238*	*-213*	*-220*	*-210*
Operating profit (EBIT)	**156**	**91**	**134**	**130**	**121**	**65**
EBIT margin, %	*24.0*	*16.5*	*21.3*	*21.6*	*19.7*	*12.7*
Financial income	6	3	8	-13	-5	23
Financial expenses	-43	-44	-29	-9	-6	-26
Profit before tax (PBT)	**119**	**50**	**113**	**108**	**110**	**62**
Tax on profit for the period	-27	-31	-26	-26	-26	-14
Net profit for the period	**92**	**19**	**87**	**82**	**84**	**48**

Quarterly results (continued)

DKKm	Q2 2017/18	Q1 2017/18	Q4 2016/17	Q3 2016/17	Q2 2016/17	Q1 2016/17
Balance sheet:						
Assets	4,100	4,122	2,500	2,501	2,507	2,529
Net working capital	538	460	457	483	506	491
Equity	1,735	1,909	1,279	1,157	1,105	1,000
Net interest-bearing debt	1,241	981	767	896	997	1,061
Cash flows:						
Cash flows from operating activities	70	87	160	139	90	73
Cash flows from investing activities before acquisitions of enterprises and technology	-48	-51	-32	-40	-39	-30
Free cash flows before acquisitions of enterprises and technology	22	36	128	99	51	43
Acquisitions of enterprises and technology	-1	-851	0	0	0	0
Cash flows from operating activities, % of revenue	11	16	25	23	14	14
Investments, % of revenue	-8	-9	-5	-7	-6	-6
Free cash flows before acquisitions of enterprises and technology, % of revenue	3	7	20	16	8	8
Key figures and ratios:						
Capacity costs	238	230	238	213	220	210
Rate of cost, %	37	42	38	35	36	41
EBITDA	184	118	161	156	147	91
EBITDA margin, %	28.3	21.3	25.6	26.0	24.0	17.8
Depreciation	-12	-11	-12	-11	-11	-11
Amortisation	-16	-16	-15	-15	-15	-15
EBIT	156	91	134	130	121	65
EBIT margin, %	24.0	16.5	21.3	21.6	19.7	12.7
NIBD/EBITDA	2.0	1.7	1.4	1.6	1.9	2.2
Net working capital, % of revenue	22	19	19	21	23	23
Share-related ratios:						
Market price per share (DKK)	136	111	97	84	60	57
Earnings per share (EPS) (DKK)	0.38	0.08	0.37	0.35	0.36	0.19
Diluted earnings per share (EPS-D) (DKK)	0.37	0.08	0.36	0.34	0.35	0.19

Management's statement

The Board of Directors and the Executive Board have considered and approved the interim report of Ambu A/S for the period 1 October 2017 to 31 March 2018. The interim report has not been audited or reviewed by the company's independent auditors.

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

We consider the accounting policies applied to be expedient, the group's internal controls relevant to preparing and presenting the interim report to be adequate and the interim report to give a true and fair view of the group's assets, liabilities, results and financial position as at 31 March 2018 and of the results of the group's operations and cash flows for the period 1 October 2017 to 31 March 2018.

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, 7 May 2018

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
Thomas Lykke Henriksen Elected by the employees	Jakob Koch Elected by the employees	Jakob Bønnelykke Kristensen Elected by the employees

Consolidated financial statements

Interim report Q2 2017/18

Contents

Ambu® aScope™ 4 Broncho is a sterile single-use endoscope. The monitor (Ambu® aView™) is used multiple times.

Income statement and statement of comprehensive income – Group

Interim report Q2 2017/18

DKKm

Income statement	Note	Q2 2017/18	Q2 2016/17	YTD 2017/18	YTD 2016/17	FY 2016/17
Revenue		651	613	1,204	1,125	2,355
Production costs		-257	-272	-489	-509	-1,024
Gross profit		**394**	**341**	**715**	**616**	**1,331**
Selling and distribution costs		-146	-132	-287	-264	-539
Development costs		-26	-18	-50	-36	-76
Management and administration		-66	-60	-131	-120	-256
Other operating expenses		0	-10	0	-10	-10
Operating profit (EBIT)		**156**	**121**	**247**	**186**	**450**
Financial income	11	6	-5	9	18	13
Financial expenses	11	-43	-6	-87	-32	-70
Profit before tax		**119**	**110**	**169**	**172**	**393**
Tax on profit for the period	5	-27	-26	-58	-40	-92
Net profit for the period		**92**	**84**	**111**	**132**	**301**
Earnings per share in DKK						
Earnings per share (EPS)		0.38	0.36	0.46	0.55	1.27
Diluted earnings per share (EPS-D)		0.37	0.35	0.45	0.54	1.24

Statement of comprehensive income	Q2 2017/18	Q2 2016/17	YTD 2017/18	YTD 2016/17	FY 2016/17
Net profit for the period	92	84	111	132	301
Other comprehensive income:					
Items which are moved to the income statement under certain conditions:					
Translation adjustment in foreign subsidiaries	-25	-12	-30	34	-54
Adjustment to fair value for the period:					
Cash flow hedging, realisation of deferred gains/losses	-1	0	-1	-1	-3
Cash flow hedging, deferred gains/losses for the period	1	-4	1	-4	-6
Tax on hedging transactions	0	1	0	1	2
Other comprehensive income after tax	**-25**	**-15**	**-30**	**30**	**-61**
Comprehensive income for the period	**67**	**69**	**81**	**162**	**240**

Balance sheet – Group

Interim report Q2 2017/18

DKKm

Assets	Note	31.03.18	31.03.17	30.09.17
Acquired technologies, trademarks and customer relations		150	181	163
Acquired technologies in progress	9	660	0	0
Completed development projects		145	108	147
Rights		71	86	79
Goodwill		1,518	847	781
Development projects in progress		73	59	45
Intangible assets		**2,617**	**1,281**	**1,215**
Land and buildings		178	208	183
Plant and machinery		97	92	86
Other plant, fixtures and fittings, tools and equipment		21	32	36
Prepayments and plant under construction		109	41	62
Property, plant and equipment		**405**	**373**	**367**
Deferred tax asset		128	45	98
Other receivables		3	4	4
Other non-current assets		**131**	**49**	**102**
Total non-current assets		**3,153**	**1,703**	**1,684**
Inventories		357	321	313
Trade receivables		407	389	437
Other receivables		13	16	14
Income tax receivable		18	3	2
Prepayments		33	32	31
Cash		119	43	19
Total current assets		**947**	**804**	**816**
Total assets		**4,100**	**2,507**	**2,500**

Equity and liabilities	Note	31.03.18	31.03.17	30.09.17
Share capital		125	122	122
Other reserves		1,610	983	1,157
Equity		**1,735**	**1,105**	**1,279**
Provision for deferred tax		37	5	2
Other provisions		562	40	36
Interest-bearing debt	12	1,357	310	83
Non-current liabilities		**1,956**	**355**	**121**
Other provisions		79	2	3
Interest-bearing debt	12	3	730	703
Trade payables		129	124	160
Income tax		8	11	23
Other payables		182	132	182
Derivative financial instruments		8	48	29
Current liabilities		**409**	**1,047**	**1,100**
Total liabilities		**2,365**	**1,402**	**1,221**
Total equity and liabilities		**4,100**	**2,507**	**2,500**

Cash flow statement – Group

Interim report Q2 2017/18

DKKm

	Note	31.03.18	31.03.17	30.09.17
Net profit for the period		111	132	301
Adjustment of items with no cash flow effect	7	203	112	265
Income tax paid		-40	-83	-91
Interest expenses and similar items		-32	-27	-32
Changes in net working capital	8	-85	29	19
Cash flows from operating activities		**157**	**163**	**462**
Purchase of non-current assets		-99	-69	-159
Sale of non-current assets		0	0	16
Divestment of subsidiary in respect of previous years		0	0	2
Cash flows from investing activities before acquisitions of enterprises and technology		-99	-69	-141
Free cash flows before acquisitions of enterprises and technology		**58**	**94**	**321**
Acquisition of technology		-1	0	0
Acquisitions of enterprises	9	-851	0	0
Cash flows from acquisitions of enterprises and technology		-852	0	0
Cash flows from investing activities		**-951**	**-69**	**-141**
Free cash flows after acquisitions of enterprises and technology		**-794**	**94**	**321**
Redemption of corporate bonds		-701	0	0
Raising of long-term debt		1,885	0	0
Repayment of debt to credit institutions		-610	-50	-275
Repayment in respect of finance leases		-2	-2	-4
Redemption of derivative financial instruments		-12	0	0
Exercise of options		14	6	8
Purchase of treasury shares		-285	0	0
Sale of treasury shares, employee share programme		6	0	0
Dividend paid		-92	-75	-75
Dividend, treasury shares		2	2	2
Capital increase, Class B share capital		689	20	21
Cash flows from financing activities		**894**	**-99**	**-323**
Changes in cash and cash equivalents		**100**	**-5**	**-2**
Cash and cash equivalents, beginning of period		19	21	21
Translation adjustment of cash and cash equivalents		0	0	0
Cash and cash equivalents, end of period		**119**	**16**	**19**
Cash and cash equivalents, end of period, are composed as follows:				
Cash		119	43	19
Bank debt		0	-27	0
		119	**16**	**19**

Statement of changes in equity – Group

Interim report Q2 2017/18

DKKm

	Share capital	Share premium	Reserve for hedging transactions	Reserve for foreign currency translation adjustment	Retained earnings	Proposed dividend	Total
Equity 1 October 2017	**122**	**57**	**-5**	**70**	**945**	**90**	**1,279**
Net profit for the period					111		111
Other comprehensive income for the period			0	-30			-30
Total comprehensive income	**0**	**0**	**0**	**-30**	**111**	**0**	**81**
Transactions with the owners:							
Share-based payment					12		12
Tax deduction relating to share options					64		64
Exercise of options					14		14
Purchase of treasury shares					-320		-320
Sale of treasury shares, employee share programme					6		6
Distributed dividend					-2	-88	-90
Dividend, treasury shares					2	-2	0
Share capital increase, warrants	0	22					22
Share capital increase, ordinary	3	664					667
Equity 31 March 2018	**125**	**743**	**-5**	**40**	**832**	**0**	**1,735**

	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					132		132
Other comprehensive income for the period			-4	34			30
Total comprehensive income	**0**	**0**	**-4**	**34**	**132**	**0**	**162**
Transactions with the owners:							
Share-based payment					6		6
Tax deduction relating to share options					-6		-6
Exercise of options					6		6
Purchase of treasury shares					0		0
Distributed dividend						-73	-73
Dividend, treasury shares					2	-2	0
Share capital increase, warrants	1	19					20
Equity 31 March 2017	**122**	**56**	**-2**	**158**	**771**	**0**	**1,105**

Other 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 1,610m (31.03.2017: DKK 983m).

Notes to the interim report

Interim report Q2 2017/18

Note 1 – Basis of preparation of the interim report

The interim report for the period 1 October 2017 to 31 March 2018 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 2016/17. For definitions of ratios, reference is made to note 5.9 in the annual report for 2016/17.

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 2016/17.

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 net 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 as well as a reduction of net 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 – Tax on profit for the period

In December 2017, the US president signed a tax reform which cuts the federal income tax rate in the USA from 35% to 21%. In addition to the tax cut, the tax reform introduces a large number of changes which might affect multinationals operating in the USA. Based on the current legal framework, the management does not expect Ambu to be affected by the tax reform, other than by the effect of the reduced tax rate.

At the end of September 2017, the management had recognised a tax asset of DKK 47m stemming from the company's operating activities in the USA. As a consequence of the reduced tax rate, the valuation of this asset has been reassessed at DKK 28m, and the effect of DKK 19m negatively affects tax on profit for Q1 2017/18.

DKKm

Note 6 – Development in balance sheet since 30 September 2017

The Group's balance sheet is impacted extensively by the acquisition of Invendo Medical GmbH. Reference is made to note 9 for a more detailed description of the acquisition.

Since the beginning of the financial year, non-current assets have increased by a net amount of DKK 1,469m to DKK 3,153m. The increase has been driven by the recognition of assets following the acquisition of Invendo and investments in new production facilities in Malaysia.

Since 30 September 2017, capital tied up in inventories has been increased by DKK 44m to prepare for the higher level of activity in future quarters. Trade receivables have been reduced by DKK 30m due to a marginal reduction in debtor days, the distribution of sales in the period and a 5% decrease in the USD/DKK exchange rate.

For settlement of a milestone payment of DKK 75m and a share purchase programme, cash was increased to DKK 119m at the end of Q2 2017/18.

Interest-bearing debt has increased by DKK 574m to DKK 1,360m.The increase is due to the partial financing of the acquisition of Invendo with foreign capital and loans included in connection with the company's stock purchase programme.

Other provisions under current and non-current liabilities totalled DKK 641m, up DKK 602m.The increase is attributable to the recognition of contingent consideration relating to the acquisition of Invendo.

Trade payables decreased by DKK 31m to DKK 129m due to timing differences and one-off liabilities at the end of September 2017.

Note 7 – Adjustment of items with no cash flow effect

	YTD 2017/18	YTD 2016/17	30.09.17
Depreciation, amortisation and impairment losses	55	52	105
Share-based payment	12	6	11
Net financials and similar items	78	14	57
Tax on profit for the period	58	40	92
	203	**112**	**265**

Note 8 – Changes in net working capital

	YTD 2017/18	YTD 2016/17	30.09.17
Changes in inventories	-48	-28	-40
Changes in receivables	20	38	-29
Changes in trade payables etc.	-57	19	88
	-85	**29**	**19**

DKKm

Note 9 – Business combinations

On 25 October 2017, Ambu acquired the entire share capital and voting rights in the German company Invendo Medical GmbH ('Invendo'). Before the purchase, Ambu had no ownership interest in the company. Transaction-related costs of DKK 6m have been paid, of which an amount of DKK 1m was recognised in Q1 2017/18 and an amount of DKK 5m was recognised in Q4 2016/17. All costs have been recognised in the income statement under 'Management and administration'.

At the acquisition date, Invendo had no fully developed product approved for sale which was actively being marketed. In spite of this, the management is of the opinion that Invendo was so close to the commercialisation of the acquired development projects in progress that Invendo must be regarded as a business in accordance with IFRS 3. Accordingly, the accounting rules on business combinations have been applied.

	Invendo Medical GmbH
Acquired technologies in progress	660
Inventories	3
Other receivables	1
Cash	9
Deferred tax	-20
Payables	-3
Fair value of net assets acquired	**650**
Goodwill	765
Consideration transferred	**1,415**
Cash and cash equivalents in acquired businesses	-9
Cash consideration transferred	**1,406**
Fair value of contingent and deferred consideration	-555
Acquisition of businesses (cash flow)	**851**

Completion of fair value on acquisition
In the financial statements for Q1 2017/18, the fair value on acquisition stated was provisional, as the determination of the fair value was still ongoing. The fair value on acquisition has subsequently been amended as described below.

The determination of the fair value on acquisition of the assets acquired and liabilities assumed is still ongoing and, as a result, the stated fair values are preliminary.

Unlike what was the case for Q1 2017/18, in the interim report for Q2 2017/18, deferred tax assets in the amount of DKK 166m have been included in the fair value on acquisition.These tax assets have been recognised and other minor adjustments have been made based on greater insights into the underlying cash flows of the individual assets and liabilities gained by the management since 31 January 2018.

Description of the acquired activities
The company is a leading developer of sterile, single-use endoscopy products for gastroenterological procedures, which are comprised by Ambu's existing Visualisation business area. The management sees the acquisition as a good strategic match given Ambu's Big Five strategy and the group's long-term value creation. At the time of acquisition, Invendo had 35 employees.

The most important asset for which a fair value on acquisition has been identified are development projects in progress. The fair value of the individual development projects is measured using the relief-from-royalty model and is amortised over an expected useful life of 15 years as from the time when the development project is deemed to be ready for sale. Deferred tax on these development projects contributes DKK 192m to the fair value on acquisition.

The total net deferred tax of DKK 20m on the fair value on acquisition of Invendo consists of a deferred tax liability from net assets revalued to fair value by DKK 186m, tax assets from deductible tax losses of DKK 144m and a future tax deductible on parts of the purchase price of DKK 22m.

Note 9 – Business combinations (continued)

Goodwill
Goodwill is recognised at the amount by which the calculated purchase price exceeds the fair value of identifiable net assets. The estimated goodwill can be attributed to 1) Invendo's know-how in the field of gastrointestinal endoscopy, 2) cost and revenue synergies, 3) synergies from future product development and 4) assessed first-mover benefits within gastrointestinal single-use endoscopy. Of the reported components of goodwill, the management attaches the greatest importance to nos 3 and 4. The recognised goodwill is not deductible for tax purposes.

At the end of Q1, recognised goodwill from the acquisition of Invendo constituted DKK 904m. At the end of Q2, the value is DKK 765m. The development is due to the revaluation of net assets acquired, see above.

Contingent consideration
The total purchase price comprises contingent consideration of up to DKK 819m, which was recognised at a fair value of DKK 555m as at the acquisition date. Assumptions have been applied in the management's fair value measurement which are not observable in the market, corresponding to a level 3 measurement in the fair value hierarchy. The management expects the agreed terms and conditions to be met, which means that the entire amount of DKK 819m must be paid to the seller. If a condition has not been met within four years of the acquisition date, Ambu's obligation in respect of the contingent payment will lapse.

The contingent consideration relates to the commercialisation of the acquired technologies. Ambu's obligation to settle the contingent payments is recognised as a provision. The difference between the fair value and the future payments of contingent consideration will be recognised in the income statement under net financials. As a result of the shorter discount period, the fair value of the contingent consideration had increased by DKK 48m to DKK 603m as at 31 March 2018, as shown in note 11.

The key assumptions in the valuation of the contingent consideration include future revenue from the acquired technologies, FDA approval of each endoscope as well as the discount rate of 18% applied.

Contingent payment	Condition	Undiscounted payment[1]
Milestone payment	FDA approval of colonoscope	DKK 0m or DKK 74m[2]
Milestone payment	FDA approval of gastroscope	DKK 0m or DKK 149m
Milestone payment	FDA approval of duodenoscope	DKK 0m or DKK 298m
Cumulative earn-out	Revenue of DKK 558m	DKK 0m or DKK 56m
Cumulative earn-out	26% of revenue in the range DKK 558-1,488m	DKK 0m to DKK 242m
		Maximum DKK 819m

[1]*The undiscounted payments were calculated at the acquisition date, and later outcomes have therefore not been adjusted in the payment intervals stated.*
[2]*Milestone payment related to FDA approval of colonoscope was paid to the seller in early April 2018.*

Impact on the group's income statement
In the period from the acquisition date and until 31 March 2018, Invendo contributed DKK 0m to consolidated revenue and DKK -7m to the operating profit for the year (EBIT). Had Invendo been consolidated as from 1 October 2017, Invendo would have contributed DKK 0m to revenue and DKK -8m to the operating profit (EBIT).

Note 10 – Risks

For a description of Ambu's risks, see the 'Risk management' section in the annual report for 2016/17, pages 23-24.

DKKm

Note 11 – Net financials

	Q2 2017/18	Q2 2016/17	YTD 2017/18	YTD 2016/17	FY 2016/17
Other financial income:					
Foreign exchange gains, net	0	-5	0	15	0
Fair value adjustment, contingent consideration	0	0	0	3	3
Fair value adjustment, swap	6	0	9	0	10
Financial income	**6**	**-5**	**9**	**18**	**13**

	Q2 2017/18	Q2 2016/17	YTD 2017/18	YTD 2016/17	FY 2016/17
Interest expenses:					
Interest expenses, banks	5	2	8	3	7
Interest expenses, leases	0	0	1	1	2
Interest expenses, bonds	5	6	11	12	24
Other financial expenses:					
Foreign exchange loss, net	12	0	18	0	33
Fair value adjustment, contingent consideration	21	0	48	0	0
Effect of shorter discount period, acquisition of technology	0	0	1	1	3
Ineffectiveness of interest rate swap	0	0	0	0	1
Fair value adjustment, swap	0	-2	0	15	0
Financial expenses	**43**	**6**	**87**	**32**	**70**

Note 12 – Interest-bearing debt

	31.03.18	31.03.17	30.09.17
Corporate bonds	0	0	0
Credit institutions	1,275	225	0
Finance leases	82	85	83
Long-term interest-bearing debt	**1,357**	**310**	**83**

	31.03.18	31.03.17	30.09.17
Corporate bonds	0	700	700
Credit institutions	0	0	0
Bank debt	0	27	0
Finance leases	3	3	3
Short-term interest-bearing debt	**3**	**730**	**703**

Note 13 – Share split, capital increases, treasury shares and dividend paid

Share split 1:5

At Ambu’s annual general meeting on 13 December 2017, it was decided to carry out a 1:5 share split with effect from January 2018. After the split, Ambu’s shares have a nominal value of DKK 0.50 each.

All relevant ratios have been restated to reflect the share split.

Capital increases

In November 2017, a direct placement was carried out to partially finance the acquisition of Invendo Medical GmbH. As a consequence hereof, Ambu’s share capital was increased by a nominal amount of DKK 3m through the issue of 1,255,000 Class B shares with a nominal value of DKK 2.50 each at a price of 537.00, which, less consultancy costs of DKK 7m, resulted in proceeds for the company of DKK 667m. These shares were included in the subsequent 1:5 share split, see the table below.

A capital increase was also implemented in November 2017 in connection with the exercise by employees of warrants allocated in 2013. In consequence hereof, Ambu’s share capital was increased by a nominal amount of DKK 5,000 through the issue of 2,000 Class B shares with a nominal value of DKK 2.50 each at a price of 66.30. These shares were included in the subsequent 1:5 share split, see table below.

In February 2018, another capital increase was carried out in connection with the exercise by employees of warrants allocated in 2014. In consequence hereof, Ambu’s share capital was increased by 960,000 Class B shares with a nominal value of DKK 0.50 each at a price of 23.06.

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

	30.09.17	Change	Share split	Change	31.03.18
No. of Class A shares	6,864,000	0	27,456,000	0	34,320,000
No. of Class B shares	41,843,920	1,257,000	172,403,680	960,000	216,464,600
	48,707,920	**1,257,000**	**199,859,680**	**960,000**	**250,784,600**
Share capital	121,769,800	3,142,500		480,000	125,392,300

Treasury shares

As at 30 September 2017, Ambu’s holding of treasury shares totalled 6,034,440 Class B shares with a nominal value of DKK 0.50 each. As at 31 March 2018, this had been increased by 1,076,205 shares to 7,110,645 Class B shares. The increase is due to the acquisition of 2,620,000 shares to cover share option programmes for employees as well as the disposal of 1,490,281 shares in connection with the exercise by employees of allocated option programmes and the establishment of an employee share programme of 53,514 shares. There have been no transactions with Class A shares.

Dividend paid

The Board of Directors’ proposal for the distribution of dividend of DKK 1.85 per share with a nominal value of DKK 2.50 was adopted at the company’s annual general meeting on 13 December 2017. As at 31 March 2018, dividend in the amount of DKK 92m was paid to the company’s shareholders following the withholding of related taxes.

Note 14 – 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 15 – Subsequent events

In addition to the matters described in this interim report, the management is not aware of any events subsequent to 31 March 2018 which could be expected to have a significant impact on the group’s financial position.