



## **Ambu enters agreement to acquire Unomedical's electrode business**

Ambu has signed a conditional agreement to acquire Unomedical's electrode business. The purchase is conditional on clearance by the UK competition authorities and a satisfactory clarification to Ambu of a few contractual issues. Ambu is a leading supplier of electrodes for diagnostic purposes, and the acquisition strengthens the company's position in the market for electrodes for monitoring.

"In acquiring Unomedical's electrode business, Ambu becomes an important player in the global market for electrodes for both diagnostic examinations and patient monitoring. In future, we can offer a complete product programme to both hospitals and rescue services. This will give Ambu a stronger platform in both the Asian and US markets. Combining the two businesses will strengthen Ambu and contribute to the future growth of Ambu's electrode business," says Ambu President & CEO Lars Marcher.

### **Acquisition of product rights and assets**

Ambu is purchasing the product rights and assets associated with Unomedical's electrode business. The seller is Unomedical Limited, part of Unomedical A/S, which has been owned by the US medical company ConvaTec since 2008.

The acquisition comprises two product lines (ECG electrodes and grounding plates), equipment and machines at the Unomedical factory in Gloucestershire, UK, existing inventories, customer relations as well as electrode delivery contracts. Ambu is not taking over the factory building, but has signed a lease with the seller. Fifty-six employees will be taken over in connection with the acquisition of the electrode business.

The purchase sum for the acquired assets is up to GBP 3.4m, or DKK 30m, payable in cash, the main element being the value of inventories and, to a limited extent, production equipment and rights. In the past financial year, the acquired electrode business generated revenues of approx. DKK 60m.

The agreement is conditional on clearance by the UK competition authorities, which it is anticipated will take approximately two months, and a satisfactory clarification to Ambu of a few contractual issues.

### **Good match**

Ambu's existing electrode products are well matched and offer a complimentary fit with the acquired Unomedical products, which enjoy a solid position and a strong customer base.

The combination of Ambu's and Unomedical's electrode portfolios creates a full palette of electrodes for both diagnostics and monitoring. In addition to the current sales of Unomedical's electrodes, Ambu expects to be able to boost sales of

both Unomedical electrodes and Ambu's existing electrodes via its direct sales organisation and distributors in the coming years, as Ambu can now act as a turnkey supplier of electrodes for both existing Ambu customers and Unomedical customers.

The acquisition is expected to affect all Ambu sales regions. In Europe, Ambu already has a strong position in the electrode market and, with the acquisition, will further strengthen its product portfolio. In the USA, there is a preference for the monitoring electrodes which Unomedical supplies, so Ambu will now be able to meet, in particular, the demands of the purchasing organisations for this type of electrode. The acquisition will also strengthen Ambu's position in the emerging markets, where there is also a growing demand for electrodes for monitoring, in particular.

## **Integration process**

Following the clearance hoped for from the UK competition authorities, Ambu will start integrating and optimising the acquired activities.

On the production side, Ambu expects to be able to reduce production costs through streamlining. Over the past couple of years, Ambu has optimised its electrode production, and the experience gained here will be used to optimise Unomedical's electrode production. In the current calendar year, costs will be associated with the streamlining measures, but looking ahead, the profitability of the acquired electrode business is expected to be on a par with Ambu's existing electrode business.

## **Outlook for 2011/12**

Assuming that the acquisition will be implemented before the end of May 2012, it is expected to have a positive effect on revenue in FY 2011/12 of approx DKK 25m, while it is not expected to have any appreciable effect on EBIT after extraordinary expenses in the form of integration and transaction costs. The costs are expected to be in the region of approx. DKK 5m in 2011/12.

Against this background, the outlook for revenue in 2011/12 has been adjusted upwards from DKK 1,025-1,035m to DKK 1,050-1,060m.

For FY 2012/13, the acquisition is expected to have a positive effect on EBIT levels from H2, and profitability will subsequently be on a par with Ambu's existing electrode business.

## **Contact**

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## **About Ambu**

Since 1937, breakthrough ideas have fuelled our work on bringing efficient healthcare solutions to life. This is what we create within our fields of excellence – Anaesthesia, Patient Monitoring & Diagnostics, and Emergency Care. Millions of patients and healthcare professionals worldwide depend on the functionality and performance of our products. We are dedicated to improve patient safety and determined to advance single-use devices. The manifestations of our efforts range from early inventions like the Ambu bag and the legendary Blue Sensorâ electrodes to our newest landmark solutions like the aScope™ – the world's first single-use videoscope. Our commitment to bring new ideas and superior service to our customers has made Ambu one of the most recognized medical companies in the world. Headquartered near Copenhagen in Denmark, Ambu employs approximately 1,700 people in Europe, North America and the Asia Pacific. For more information, please visit [www.ambu.com](http://www.ambu.com).