Interim report for Q1 2015/16

Ambu got off to a good start, posting revenue of DKK 462m and organic growth of 11% in local currencies, and 19% in Danish kroner. Earnings increased significantly to DKK 46m.

"*Q1 is traditionally the quarter where Ambu has the lowest level of activity, and we are therefore very pleased to deliver a strong Q1 this year with organic growth of 11% and very strong growth in earnings. The growth is generated by a broad range of products within our business areas and our two largest regions, the USA and Europe as well as the markets in Asia and Australia. With a gross profit of 50.6% and an EBIT margin of 10% from the start of the year, we are well on our way to meeting our financial targets for the year,"* says President and CEO Lars Marcher.

- Revenue of DKK 462m was posted in Q1, representing growth of 11% in local currencies, and 19% in Danish kroner.
- Growth in Q1 comprises growth of 13% in the Anaesthesia business area and growth of 8% in the PMD (Patient Monitoring & Diagnostics) business area when measured in local currencies.
- The gross profit for the quarter was DKK 234m (DKK 182m) and the gross margin 50.6% (46.9%). The improved gross margin is due to a combination of improved product mix, lower production costs as well as a positive effect of the strengthened USD.
- Capacity costs for the quarter totalled DKK 188m (DKK 167m), corresponding to an increase of 13%, of which about 6 percentage points can be ascribed to exchange rate effects. The rate of cost for the quarter was 41% (43%).
- EBIT for the quarter was DKK 46m (DKK 15m), and an EBIT margin of 10.0% (3.9%) was posted.
- Free cash flows before company acquisitions in Q1 totalled DKK 3m (DKK -50m). Cash flows are significantly affected by the increased focus on receivables which have been reduced by DKK 81m compared to the previous quarter.
- Sales of Ambu® aScope™ 3 continue to develop positively, and revenue has doubled compared to Q1 2014/15.
- In North America, growth of 8% was posted for the quarter when reported in local currencies, and of 24% in Danish kroner. The Anaesthesia business area, including the aScope, has seen healthy growth in the USA, and PMD also continues to grow.
- In Europe, growth of 16% was posted for the quarter when reported in local currencies, and of 17% in Danish kroner. The strong growth comes partly from the core business, partly from a continued strong growth in the aScope products.
- Growth in the rest of the world business area was -1% in local currencies, and 7% in Danish kroner. A continued, very solid development is characterising the markets in Asia and Australia which grew by 32% in Q1, while the markets in the Middle East detract from growth.

- The outlook for 2015/16 is maintained, and the company expects organic growth of approx. 7-9% when measured in local currencies, an EBIT margin in the region of 14-15% when measured in Danish kroner, free cash flows in the region of DKK 150-175m and gearing of approx. 2.0.

A **conference call** is being held today, 29 January 2016, at 11.00 (CET). To participate, 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/webcastQ12016 and is held in English. The presentation can be downloaded immediately before the conference call.

Contact

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About Ambu

Since 1937, breakthrough ideas have driven Ambu's work to bring efficient healthcare solutions to life within our fields of excellence: Anaesthesia, Patient Monitoring & Diagnostics and Emergency Care. Millions of patients and healthcare professionals worldwide depend and rely on the functionality and performance of our products. We are dedicated to improving patient safety and determined to advance single-use devices. The manifestations of our efforts range from early inventions like the Ambu bag and the legendary Blue Sensor® electrodes to our latest landmark solutions such as the aScope™ – the world's first single-use videoscope. Our commitment to bringing new ideas and superior service to our customers has made Ambu one of the most recognised medtech companies in the world. Our head office is situated in Ballerup near Copenhagen. Ambu has more than 2,350 employees in Europe, North America, Asia and the Pacific region. You can find more information about Ambu on our website: www.ambu.com

Financial highlights

DKKm	Q1 2015/16	Q1 2014/15	FY 2014/15
Income statement			
Revenue	462	388	1,889
Gross margin, %	50.6	46.9	48.5
EBITDA	70	39	332
Depreciation	11	11	48
Amortisation	13	13	48
EBIT	46	15	236
Net financials	-2	-4	-21
Profit before tax	44	11	215
Net profit for the period	31	8	152
Balance sheet			
Assets	2,271	2,107	2,254
Working capital	550	482	551
Equity	940	826	1,036
Net interest-bearing debt	883	843	731
Cash flows			
Cash flows from operating activities	22	-16	208
Cash flows from investing activities before acquisitions of companies and technology etc.	-19	-34	-101
Free cash flows before company acquisitions	3	-50	107
Acquisitions of companies and technology	0	0	17
Key figures and ratios			
Organic growth, %	11	9	9
Rate of cost, %	41	43	36
EBITDA margin, %	15.2	10.1	17.6
EBIT margin, %	10.0	3.9	12.5
Return on equity, %	20	21	16
NIBD/EBITDA	2.4	2.9	2.2
Equity ratio, %	41	39	46
Investments, % of revenue	4	9	5
Working capital, % of revenue	28	30	29
ROIC, % after tax, incl. goodwill	13	13	12
Average no. of employees	2,295	2,303	2,270
Share-related ratios			
Market price per share (DKK)	210	149	181
Earnings per share (EPS) (DKK)	0.65	0.17	3.16
Diluted earnings per share (EPS-D) (DKK)	0.63	0.17	3.06

Management's review
for Q1 2015/16

PRODUCT AREAS

Anaesthesia
Within Anaesthesia, sales increased by 13% in Q1 when measured in local currencies, and by 24% in Danish kroner.

Growth is primarily driven by aScope 3, face masks and laryngeal masks. Sales of aScope continue to develop positively, and revenue has doubled compared to Q1 2014/15.

Anaesthesia accounted for 60% of revenue in Q1 against 58% in the prior-year period.

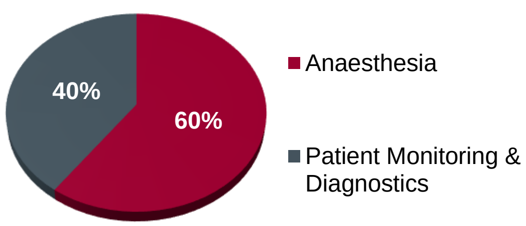
Patient Monitoring & Diagnostics
Within PMD, sales increased by 8% in Q1 when measured in local currencies, and by 13% in Danish kroner.

Growth in PMD follows the pattern from previous quarters by being strong within neurophysiology, while cardiology products have lower growth, but higher volumes. All in all, the business is solid, growing significantly more than the market average in Q1.

As announced in connection with the annual report for 2014/15, the Emergency Care business area is reported as a part of PMD as of the present quarter.

PMD accounted for 40% of revenue in Q1 against 42% in the prior-year period.

Breakdown of revenue on product areas



Revenue – product areas

	Q1		Composition of growth		
DKKm	2015/16	2014/15	Organic*	Currency	Reported
Anaesthesia	278	224	13%	11%	24%
PMD	184	164	8%	5%	13%
Revenue	**462**	**388**	**11%**	**8%**	**19%**

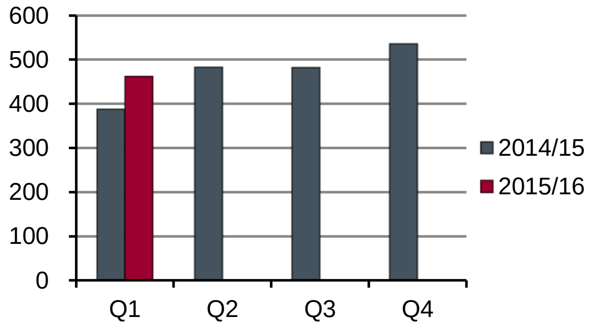
**Local currencies*

FINANCIAL RESULTS
(Comparative figures are stated in brackets)

INCOME STATEMENT

Revenue
Revenue of DKK 462m was posted in Q1, representing growth of 11% in local currencies, and 19% in Danish kroner. This is an extremely high growth rate compared to Q1 in the previous financial year. Growth is driven by positive developments in all important markets and across product categories. The growth in revenue is all organic.

Revenue – quarters (DKKm)



Ambu continues the positive developments in the US market with growth in Q1 of 8% when measured in local currencies and 24% in Danish kroner. Sales of aScope contribute significantly to this growth, but the rest of Ambu's product portfolio has also seen a sound development in sales, contributing just under half of total growth in North America.

Growth in circuits in particular in the present quarter – and presumably also in the forthcoming Q2 2015/16 – is lower than the underlying demand in the market. This is due to the challenges of stock handling reported up until Q2 2014/15 as well as the normalisation of sales that has occurred since then. It is therefore very satisfactory that growth in North America landed at the above-mentioned 8%.

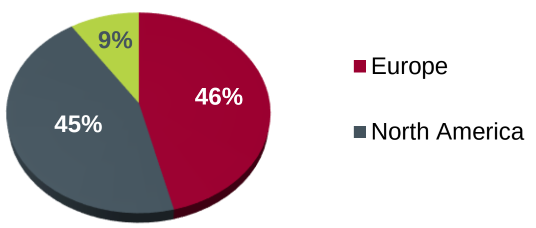
North America accounted for 45% of revenue in Q1 (43%). In Q1, Ambu renewed a three-year exclusive agreement with the US group purchasing organisation HealthTrust on the delivery of circuits and masks for their more than 1,000 hospital members.

In Europe, growth of 16% was posted in Q1 when reported in local currencies, and of 17% in Danish kroner. This represents solid growth across the European markets. Growth is highest in Northern and Central Europe with double-digit growth rates, while the markets in Southern Europe are seeing one-digit growth rates. Europe accounted for 46% of revenue in Q1 (47%).

The rest of the world segment consists of three markets: Asia and Australia, Latin America and the Middle East. All in all, growth of -1% was posted for this region in Q1 when measured in local currencies and 7% in Danish kroner. The markets in Asia are still experiencing high growth rates of 32% in Q1 when measured in local currencies, while growth was negative in the markets in the Middle East due to timing differences in large single orders. The markets in Latin America have now stabilised and contribute low one-digit growth rates.

The rest of the world accounted for 9% of revenue in Q1 (10%).

Geographical breakdown of revenue



On 1 November 2015, Ambu established its own sales office in Japan. Ambu has sold products via Japanese distributors for more than 30 years, but having its own sales office in Japan allows Ambu to develop its market position by improving the support offered to existing distributors and by establishing direct sales.

At the end of Q1, aScope 3 was approved by the Chinese authorities and can thus be sold in the Chinese market. The approval process has taken two years, which is to be expected for hospital equipment of this complexity. The opening in the Chinese market for aScope 3 is not expected to affect Ambu's results in the present financial year, but may have a major impact on aScope 3 sales in the long term.

Revenue – markets

	Q1		Composition of growth		
DKKm	2015/16	2014/15	Organic*	Currency	Reported
Europe	213	182	16%	1%	17%
North America	206	166	8%	16%	24%
Rest of the world	43	40	-1%	8%	7%
Revenue	**462**	**388**	**11%**	**8%**	**19%**

**Local currencies*

On 2 October 2015, Ambu launched a partnership agreement with Coloplast on the delivery of single-use scopes for the urology market. Since the announcement, Coloplast has initiated a pre-launch in important European markets.

Currency exposure

Ambu is significantly impacted by developments in USD/DKK, as approx. 50% of the company's revenue is invoiced in USD. Moreover, EBIT is influenced by developments in the CNY/DKK and MYR/DKK exchange rates, as a significant share of the value of Ambu's production in the Far East is settled in CNY and MYR. Developments in these exchange rates against DKK and USD are shown in the table below:

	Average exchange rates			Change	
	Q1 2014/15	**FY 2014/15**	**Q1 2015/16**	**FY 2014/15 - Q1 2015/16**	**Q1 2014/15 - Q1 2015/16**
USD/DKK	595.6	651.2	681.8	5%	14%
MYR/DKK	177.1	177.7	159.1	-10%	-10%
CNY/DKK	96.9	104.6	106.7	2%	10%
MYR/USD	29.7	27.3	23.3	-14%	-22%
CNY/USD	16.3	16.1	15.6	-3%	-4%

USD/DKK increased by 14% quarter on quarter, while MYR/DKK and CNY/DKK fell and increased by 10%, respectively, in the same period.

Given the strengthening of USD against DKK and the weakening of CNY and particularly MYR against USD, the overall effect of the changes in exchange rates is an increase in the value of the share of Ambu's revenue which is settled in USD, when measured in Danish kroner, combined with a reduction in the value of production costs for the same amount of sales. All in all, this results in an improvement of the gross profit.

The correlation between exchange rate changes and revenue and EBIT, respectively, can be summarised over a 12-month period as follows, based on an increase in exchange rates of 10% against DKK:

DKKm	USD	MYR	CNY
Revenue	100	0	0
EBIT	25	-10	-15

The value of the actual changes in these three currencies for Q1 corresponds to an increase in revenue of approx. DKK 30m and an increase in production and capacity costs of approx. DKK 25m, resulting in a positive exchange rate effect on EBIT in the order of DKK 7m.

Gross profit
Gross profit came to DKK 234m (DKK 182m), and the gross margin was increased by 3.7 percentage points to 50.6% (46.9%). The increased gross margin can be attributed to a significantly better product mix in Q1. The fact that circuits sales are now back to normal following the fluctuations in sales we experienced in H1 2014/15 also contributed to the improved gross margin.

The effect of changes in exchange rates is deemed to have a positive impact on the gross profit for Q1 of DKK 15m compared to the prior-year period.

Costs
Capacity costs totalled DKK 188m (DKK 167m). Out of the total increase of 13%, around 6% is attributable to exchange rate effects, resulting in an underlying increase in costs of approx. 7%.

The rate of cost for the quarter was 41% (43%).

Selling costs of DKK 100m (DKK 95m) were posted for Q1, where the increase essentially can be ascribed to exchange rate effects. Selling costs include the cost relating to Medical Device Excise tax (MDET) in the USA at 1.6% of sales in the USA. With effect from 1 January 2016, MDET is suspended for the next two years, which will produce cost savings in the order of 1.6% of Ambu's sales in the USA.

Development costs of DKK 15m (DKK 13m) were recorded for Q1. The correlation between capitalisation of costs and the recognition of amortisation in the income statement is shown in the table below. Year to date, amortisation of DKK 11m has been expensed, just as investments of DKK 11m have been made. The development costs recognised in the income statement are consequently equal to cash flows from the development activity.

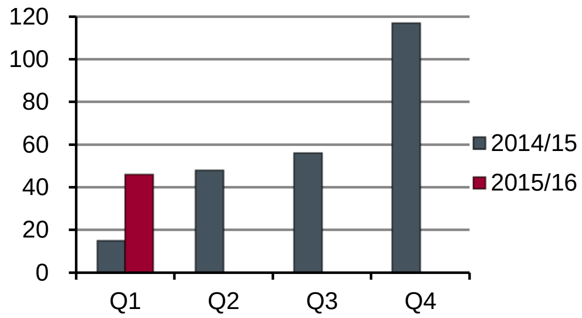
DKKm	YTD	
	2015/16	**2014/15**
Development costs	15	13
÷ Amortisation	-11	-10
+ Investments	11	6
= Cash flows	**15**	**9**

Management and administrative expenses for the quarter totalled DKK 73m (DKK 59m). The reason for the increase is increased costs at the head office as a result of a higher level of activity as well as the effect of exchange rates, among other things.

EBIT
EBIT for Q1 was DKK 46m (DKK 15m) with an EBIT margin of 10.0% (3.9%).

The impact of exchange rates on EBIT is estimated to be in the order of DKK 7m.

EBIT – quarters (DKKm)



Net financials
Net financials amounted to net expenses of DKK 2m (DKK -4m).

Net financials are composed as follows:
- Foreign exchange gains amounted to a net amount of DKK 13m (DKK 15m).
- Interest expenses for bank and bond debt totalled DKK 8m (DKK 7m).
- Foreign currency translation adjustments, interest rate and currency swaps amounted to a cost of DKK 6m (cost of DKK 10m).
- The interest element from liabilities stated at present discounted value is included with a cost of DKK 1m (DKK 2m).

Tax
A provision has been made for tax of 30% on the profit before tax adjusted for non-deductible items.

Net profit
Net profit in Q1 then came to DKK 31m (DKK 8m).

BALANCE SHEET
At the end of Q1, the value of the total assets was DKK 2,271m (DKK 2,107m).

Working capital totalled DKK 550m (DKK 482m), corresponding to 28% (30%) of 12 months of revenue.

Trade receivables totalled DKK 399m at the end of the quarter against DKK 371m in the prior-year period. Trade receivables were significantly reduced in the quarter so that the average number of credit days is now 74 (83). The credit risk attaching to outstanding debtors is deemed to be unchanged, and the quarter was not affected by bad debts to any significant extent.

At the end of the quarter, cash amounted to DKK 69m (DKK 74m). In addition, Ambu has unutilised credit facilities of DKK 90m. With effect from 4 January 2016, Ambu has refinanced its long-term bank debt, so that the committed facilities are increased from DKK 100m to DKK 400m with a binding commitment of a term of two years or more.

At the end of the quarter, total financial net debt amounted to DKK 883m (DKK 843m), of which DKK 700.5m is financed via corporate bonds. Interest-bearing net debt totalled 2.4 (2.9) x rolling 12-month EBITDA.

CASH FLOWS

Cash flows from operating activities during the first quarter of the year amounted to DKK 22m (DKK -16m) and were significantly affected by the fact that receivables were reduced by DKK 81m. The total adjustment of the working capital thus constituted DKK -2m at the end of the quarter (DKK -30m).

Investments in non-current assets totalled DKK 19m (DKK 34m) in Q1, consisting of ordinary development projects and production equipment.

Free cash flows before company acquisitions then totalled DKK 3m (DKK -50m) for the quarter.

OUTLOOK FOR 2015/16

The outlook for 2015/16 was announced in connection with the financial statements on 11 November 2015 and is unchanged at the time of the presentation of the interim report for Q1 2015/16.

	Local currencies	Danish kroner
Growth in revenue	7-9%	9-11%
EBIT margin	13-14%	14-15%
Free cash flows	-	DKK 150-175m
Gearing	-	Approx. 2.0

The outlook for 2015/16 is based on the following exchange rate assumptions, which are identical to the assumptions announced in connection with the presentation of the financial statements on 11 November 2015.

	Expectations for exchange rates for 2015/16
USD/DKK	675
CNY/DKK	103
MYR/DKK	155

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

12 April 2016	Silent period ending 3 May 2016
3 May 2016	Interim report for Q2 2015/16
29 July 2016	Silent period ending 19 August 2016
19 August 2016	Interim report for Q3 2015/16
30 September 2016	End of FY 2015/16

Quarterly results

DKKm	Q1 2015/16	Q4 2014/15	Q3 2014/15	Q2 2014/15	Q1 2014/15
Revenue	462	536	482	483	388
Composition of reported growth:					
Organic growth in local currencies	11%	10%	9%	9%	9%
Exchange rate effects on reported growth	8%	11%	12%	11%	4%
Reported revenue growth	**19%**	**21%**	**21%**	**20%**	**13%**
Organic growth, products:					
Anaesthesia	13%	14%	16%	19%	16%
PMD	8%	6%	2%	-3%	0%
Organic growth in local currencies	**11%**	**10%**	**9%**	**9%**	**9%**
Organic growth, markets:					
Europe	16%	16%	10%	5%	13%
North America	8%	12%	5%	13%	2%
Rest of the world	-1%	-10%	21%	6%	24%
Organic growth in local currencies	**11%**	**10%**	**9%**	**9%**	**9%**
Gross profit	**234**	**271**	**232**	**231**	**182**
Gross margin, %	*50.6*	*50.6*	*48.1*	*47.8*	*46.9*
Selling costs	-100	-83	-100	-104	-95
Development costs	-15	-13	-14	-14	-13
Management and administration	-73	-58	-57	-65	-59
Other operating expenses	0	0	-5	0	0
Operating profit (EBIT)	**46**	**117**	**56**	**48**	**15**
EBIT margin, %	*10.0*	*21.8*	*11.6*	*9.9*	*3.9*
Financial income	13	-5	-30	72	15
Financial expenses	-15	-12	1	-43	-19
Profit before tax (PBT)	**44**	**100**	**27**	**77**	**11**
Tax on profit for the period	-13	-34	-7	-19	-3
Net profit for the period	**31**	**66**	**20**	**58**	**8**

Quarterly results (continued)

DKKm	Q1 2015/16	Q4 2014/15	Q3 2014/15	Q2 2014/15	Q1 2014/15
Balance sheet:					
Assets	2,271	2,254	2,288	2,371	2,107
Working capital	550	551	565	556	482
Equity	940	1,036	978	978	826
Net interest-bearing debt	883	731	804	832	843
Cash flows:					
Cash flows from operating activities	22	140	57	27	-16
Cash flows from investing activities before acquisitions of companies and technology etc.	-19	-21	-23	-23	-34
Free cash flows before acquisitions of companies and technology etc.	3	119	34	4	-50
Of which payment of special items	0	0	0	-1	0
Key figures and ratios:					
Rate of cost, %	41	29	37	38	43
EBITDA	70	140	81	72	39
EBITDA margin, %	15.2	26.1	16.8	14.9	10.1
Depreciation	11	12	12	13	11
Amortisation	13	11	13	11	13
EBIT	46	117	56	48	15
EBIT margin, %	10.0	21.8	11.6	9.9	3.9
NIBD/EBITDA	2.4	2.2	2.7	2.8	2.9
Working capital, % of revenue	28	29	31	33	30
Share-related ratios:					
Market price per share (DKK)	210	181	175	161	149
Earnings per share (EPS) (DKK)	0.65	1.36	0.41	1.22	0.17
Diluted earnings per share (EPS-D) (DKK)	0.63	1.31	0.40	1.18	0.17

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 2015 to 31 December 2015. 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 December 2015 and of the results of the group's operations and cash flows for the period 1 October 2015 to 31 December 2015.

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, 29 January 2016

Executive Board

Lars Marcher	Michael Højgaard
CEO	CFO

Board of Directors

Jens Bager, Chairman	Mikael Worning, Vice-Chairman	Pernille Bartholdy
Oliver Johansen	Jakob Bønnelykke Kristensen	Allan Søgaard Larsen
Anita Krarup Rasmussen	Christian Sagild	Henrik Ehlers Wulff

Consolidated financial statements

Interim report for Q1 2015/16

Contents

Income statement and statement of comprehensive income – Group

Interim report for Q1 2015/16

DKKm

Income statement	Note	Q1 2015/16	Q1 2014/15	FY 2014/15
Revenue		462	388	1,889
Production costs		-228	-206	-973
Gross profit		**234**	**182**	**916**
Selling costs		-100	-95	-382
Development costs		-15	-13	-54
Management and administration		-73	-59	-239
Other operating expenses		0	0	-5
Operating profit (EBIT)		**46**	**15**	**236**
Financial income	9	13	15	52
Financial expenses	9	-15	-19	-73
Profit before tax		**44**	**11**	**215**
Tax on profit for the period		-13	-3	-63
Net profit for the period		**31**	**8**	**152**
Earnings per share in DKK				
Earnings per share (EPS)		0.65	0.17	3.16
Diluted earnings per share (EPS-D)		0.63	0.17	3.06

Statement of comprehensive income	Q1 2015/16	Q1 2014/15	FY 2014/15
Net profit for the period	31	8	152
Other comprehensive income:			
Items which are moved to the income statement under certain conditions:			
Translation adjustment in foreign subsidiaries	26	17	91
Tax on translation adjustments in foreign subsidiaries	0	-3	-3
Adjustment to fair value for the period:			
Additions concerning hedging instruments	0	0	1
Other comprehensive income after tax	**26**	**14**	**89**
Comprehensive income for the period	**57**	**22**	**241**

Balance sheet – Group

Interim report for Q1 2015/16

DKKm

Assets	Note	31.12.15	31.12.14	30.09.15
Acquired technologies, trademarks and customer relations		101	106	103
Completed development projects		54	64	61
Rights		53	50	54
Goodwill		826	768	810
Development projects in progress		71	30	58
Intangible assets		**1,105**	**1,018**	**1,086**
Land and buildings		131	134	128
Plant and machinery		104	94	93
Other plant, fixtures and fittings, tools and equipment		35	34	34
Prepayments and plant under construction		14	27	25
Property, plant and equipment		**284**	**289**	**280**
Deferred tax asset		25	26	30
Other receivables		6	0	5
Other non-current assets		**31**	**26**	**35**
Total non-current assets		**1,420**	**1,333**	**1,401**
Inventories		328	290	278
Trade receivables		399	371	473
Other receivables		13	9	15
Income tax receivable		5	6	4
Prepayments		37	24	35
Cash		69	74	48
Total current assets		**851**	**774**	**853**
Total assets		**2,271**	**2,107**	**2,254**

Equity and liabilities	Note	31.12.15	31.12.14	30.09.15
Share capital		121	120	121
Other reserves		819	706	915
Equity		**940**	**826**	**1,036**
Credit institutions		2	3	2
Provision for deferred tax		4	35	17
Corporate bonds		698	698	698
Other provisions	11	47	58	48
Non-current liabilities		**751**	**794**	**765**
Current portion of non-current liabilities		1	3	2
Other provisions	11	9	19	6
Bank debt		251	213	77
Trade payables		114	97	115
Income tax		39	22	72
Other payables		119	115	140
Derivative financial instruments		47	18	41
Current liabilities		**580**	**487**	**453**
Total liabilities		**1,331**	**1,281**	**1,218**
Total equity and liabilities		**2,271**	**2,107**	**2,254**

Cash flow statement – Group

Interim report for Q1 2015/16

DKKm

	Note	31.12.15	31.12.14	30.09.15
Net profit for the period		31	8	152
Adjustment of items with no cash flow effect	6	41	32	191
Income tax paid		-46	-25	-37
Interest income and similar items		0	0	0
Interest expenses and similar items		-2	-1	-28
Changes in working capital	7	-2	-30	-70
Cash flows from operating activities		**22**	**-16**	**208**
Purchase of non-current assets		-19	-34	-104
Divestment of subsidiary		0	0	3
Cash flows from investing activities before acquisitions of companies and technology etc.		**-19**	**-34**	**-101**
Free cash flows before acquisitions of companies and technology etc.		**3**	**-50**	**107**
Company acquisitions		0	0	-17
Cash flows from acquisitions of companies and technology etc.		0	0	-17
Cash flows from investing activities		**-19**	**-34**	**-118**
Free cash flows after acquisitions of companies and technology etc.		**3**	**-50**	**90**
Changes in other non-current liabilities		-1	-3	-3
Capital increase, Class B share capital		3	5	19
Exercise of options		3	11	11
Purchase of Ambu A/S shares, treasury shares		-124	-28	-74
Dividend paid		-38	-37	-45
Dividend, treasury shares		1	0	0
Cash flows from financing activities		**-156**	**-52**	**-92**
Changes in cash and cash equivalents		**-153**	**-102**	**-2**
Cash and cash equivalents, beginning of year		-29	-33	-33
Translation adjustment of cash and cash equivalents		0	-4	6
Cash and cash equivalents at year-end		**-182**	**-139**	**-29**
Cash and cash equivalent at year-end are composed as follows:				
Cash		69	74	48
Bank debt		-251	-213	-77
		-182	**-139**	**-29**

Statement of changes in equity – Group

Interim report for Q1 2015/16

DKKm

	Share capital	Share premium	Reserve for hedging transactions	Reserve for foreign currency translation adjustment	Retained earnings	Proposed dividend	Total
Equity as at 1 October 2015	**121**	**32**	**-3**	**128**	**712**	**46**	**1,036**
Net profit for the period					31		31
Other comprehensive income for the period			0	26			26
Total comprehensive income	**0**	**0**	**0**	**26**	**31**	**0**	**57**
Transactions with the owners:							
Exercise of options					3		3
Share-based payment					2		2
Tax deduction relating to share options					8		8
Purchase of treasury shares					-124		-124
Distributed dividend						-45	-45
Dividend, treasury shares					1	-1	0
Capital increase, Class B share capital		3					3
Equity as at 31 December 2015	**121**	**35**	**-3**	**154**	**633**	**0**	**940**

	Share capital	Share premium	Reserve for hedging transactions	Reserve for foreign currency translation adjustment	Retained earnings	Proposed dividend	Total
Equity as at 1 October 2014	**119**	**15**	**-4**	**40**	**639**	**45**	**854**
Net profit for the period					8		8
Other comprehensive income for the period			0	14			14
Total comprehensive income	**0**	**0**	**0**	**14**	**8**	**0**	**22**
Transactions with the owners:							
Exercise of options					11		11
Share-based payment					1		1
Tax deduction relating to share options					7		7
Purchase of treasury shares					-28		-28
Distributed dividend						-45	-45
Dividend, treasury shares							0
Capital increase, Class B share capital		4					4
Equity as at 31 December 2014	**119**	**19**	**-4**	**54**	**638**	**0**	**826**

Notes to the interim report

Interim report for Q1 2015/16

Notes to the interim report

Note 1 – Basis of preparation of interim report

The interim report for the period 1 October 2015 to 31 December 2015 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 2014/15. The key figures have been calculated in accordance with 'The Danish Society of Financial Analysts' 'Recommendations and Financial Ratios 2015'. For definitions, please refer to note 5.10 in the annual report for 2014/15.

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 2014/15.

Note 3 – Seasonal fluctuations

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

Cash flows from operating activities
Cash flows from operating activities were historically 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 medico-technical products for the global market. Except for the sales of the different products, no structural or organisational aspects allow for a division of earnings from individual products, as sales channels, customer types and sales organisations are identical for all important markets. Furthermore, production processes and internal controls and reporting are identical, which means that with the exception of revenue, everything else is unsegmented.

Ambu has thus only identified one segment.

Note 5 – Development in balance sheet since 30 September 2015

Since the beginning of the financial year, non-current assets have increased by a net amount of DKK 19m to DKK 1,420m. The increase was driven by investments of DKK 19m, depreciation and amortisation of DKK 25m and foreign currency translation adjustments of DKK 28m.

Since the start of the period, inventories have increased by DKK 50m, while trade receivables have been reduced by DKK 74m. This can be attributed to the lower activity level from Q4 2014/15 to Q1 2015/16.

Other provisions under current and non-current liabilities totalled DKK 56m at the end of Q1 and have increased by a net amount of DKK 2m since the beginning of the financial year.

At the beginning of the financial year until the end of Q1, other payables have been reduced by DKK 21m to DKK 119m. This reduction is due primarily to the group's lower activity level in the period as well as payment of items due at the end of FY 2014/15.

DKKm

Note 6 – Adjustment of items with no cash flow effect

	31.12.15	31.12.14	30.09.15
Depreciation and amortisation	24	24	96
Accounting loss on divestment of subsidiary	0	0	5
Share-based payment	2	1	6
Net financials and similar items	2	4	21
Tax on profit for the period	13	3	63
	41	**32**	**191**

Note 7 – Changes in working capital

	31.12.15	31.12.14	30.09.15
Changes in inventories	-43	-36	-17
Changes in receivables	81	5	-100
Changes in trade payables etc.	-40	1	47
	-2	**-30**	**-70**

Note 8 – Risks

For a description of Ambu's risks, see the 'Risk management' section in the annual report for 2014/15 on pages 16-17.

Note 9 – Net financials

	Q1 2015/16	Q1 2014/15	FY 2014/15
Other financial income:			
Foreign exchange gains, net	13	15	27
Fair value adjustment, earn-out	0	0	25
Financial income	**13**	**15**	**52**

	Q1 2015/16	Q1 2014/15	FY 2014/15
Interest expenses:			
Interest expenses, banks	2	1	5
Interest expenses, bonds	6	6	24
Other financial expenses:			
Effect of shorter discount period, earn-out	0	1	3
Effect of shorter discount period, acquisition of technology	1	1	4
Fair value adjustment, swap	6	10	37
Financial expenses	**15**	**19**	**73**

Note 10 – Capital increase, treasury shares and dividend paid

Capital increase
A capital increase was implemented in November 2015 in connection with the exercise by employees of warrants issued in 2011 and 2012. In consequence hereof, Ambu's share capital was increased by a nominal amount of DKK 180,000 through the issue of 28,000 Class B shares at a price of 40.125 and the issue of 44,000 Class B shares at a price of 39.50. Ambu's shares have a nominal value of DKK 2.50 per share.

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

	30.09.15	Q1 2015/16	31.12.15
No. of Class A shares	6,864,000	0	6,864,000
No. of Class B shares	41,397,920	72,000	41,469,920
	48,261,920	**72,000**	**48,333,920**
Share capital	120,654,800	180,000	120,834,800

Treasury shares
As at 30 September 2015, Ambu's holding of treasury shares totalled 242,900 Class B shares, which has grown to 759,241 Class B shares as at 31 December 2015. The majority of the treasury shares have been acquired under the announced share buyback programme. The total buyback of treasury shares amounts to DKK 124m.

Dividend paid
The Board of Directors' proposal on the distribution of dividend of DKK 0.95 per share was adopted at the company's annual general meeting on 10 December 2015. As at 31 December 2015, DKK 38m was paid to the company's shareholders. The related withholding taxes will be paid to the Danish tax authorities in January 2016. The declared dividend amounts to a total of DKK 46m.

Note 11 – Other provisions

Some minor customary provisions are related to court cases and are not specified and described in further detail in line with IAS 37.92 due to their adverse impact on Ambu.

Note 12 – Contingent liabilities

In October 2014, Ambu was contacted by the owner of rights to certain patents which Ambu has been utilising for a number of years upon agreement with the owner. The query from the owner concerns a royalty audit conducted and concerns a claim for additional payments due to allegedly too low royalty payments for the period since 2008. Based on the information currently available, it is not possible for Ambu to estimate the financial effect with sufficient certainty. However, based on the knowledge currently available, Ambu is convinced that the claim will not materially affect the group's financial position, and it is expected that the case can be finalised at the time of the presentation of the interim report for 2015/16 at the latest.

Ambu's ongoing operations and the use of Ambu's products in hospitals and clinics etc. involves the risk that claims for damages may be made against Ambu. The risk is assessed as being customary.

Note 13 – Subsequent events

In addition to the matters described in this interim report, the management is not aware of any events subsequent to 31 December 2015, which could be expected to have a significant impact on the group's financial position.