



Ambu acquires Invendo Medical and enters market of 70 million gastro procedures annually

Ambu fast-forwards its single-use endoscopy business. The purchase price of EUR 225 million includes contingent payments of up to EUR 110 million.

Today, Ambu has acquired Invendo Medical GmbH. Invendo Medical is a leading developer of sterile single-use high definition endoscopy products in the field of gastroenterology and gastrointestinal surgery. Started in 2002, Invendo Medical is a privately held medtech company that employs 35 people and is located in Kissing, Germany.

Invendo has developed the world's first single-use gastrointestinal platform of which the second version of the first product – a HD colonoscope – is expected to be CE marked and have FDA clearance in 2018. Ambu already operates in the field of single-use pulmonary endoscopy (visualisation of the airways) of which there are approximately 5 million procedures annually. With the acquisition of Invendo Medical, Ambu enters the field of gastrointestinal endoscopy (visualisation of the stomach and intestines) of which there are approximately 70 million procedures annually.

“This acquisition is a massive upgrade of our business potential. We introduced single-use endoscopy for airway procedures with the Ambu aScope, and now, we will get ready to introduce single-use for the gastrointestinal procedures,” says Lars Marcher, CEO of Ambu. *“This is an important acquisition that puts Ambu in an ideal position to further disrupt the reusable market within endoscopy.”*

Single-use for patient safety and healthcare economy

Advanced reusable medical devices – like endoscopes – pose a contamination risk to patients as the devices are difficult to sterilise between uses. Single-use scopes, on the other hand, are sterile straight from the pack to the patient. This means that single-use scopes eliminate the risk of device-related infections and – because they do not require cleaning or repair – also improve hospital workflows.

Since 2015, US authorities have increased their focus on endoscope cross-contamination considerably. And especially reusable endoscopes for gastrointestinal use have been tied to this.

Financial impact

The up-front payment for Invendo Medical is EUR 115 million on a debt and cash free basis. Contingent payments up to additional EUR 110 million consist of EUR 70 million in milestone payments based on FDA clearance of future products and EUR 40 million in earn-out over a four-year period. We currently expect that EUR 10 million of milestone payments will be due in the current financial year 2017/18 when the colonoscope receives FDA clearance.

A committed financing structure is in place to cover the full purchase price of EUR 225 million.

The impact from the acquisition to Ambu's 2017/18 guidance is minimal. Organic growth is unchanged in the level of 13% and we expect no contribution from Invendo sales this year. EBIT-margin was expected at the interval 20-21% and is now

expected around 20%. Free cash flow before acquisitions was expected in the interval DKK 275-300 million and is now expected at DKK ~275 million.

Our financial guidance for 2017/18 is hereafter:

- Organic growth at ~13%
- EBIT margin ~20%
- Free cash flow DKK ~275 million.

Our current gearing (net interest bearing debt / EBITDA) by end of September 2017 is 1.4, and with the acquisition of Invendo we expect the gearing to increase to 3.0. In accordance with our ambition of a long-term target gearing below 3.0 and with the purpose to position Ambu for further M&A activities, we are considering to increase the B-share capital in the level of 3% without pre-emption rights for the existing holders of B-shares. We expect that such capital increase can be completed before end of this calendar year.

Conference call today

A conference call is being held today, 25 October 2017, at 11.00 (CET). To participate actively, 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/webcastim and is held in English. The presentation can be downloaded immediately before the conference call via the same link.

Contact and further information

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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™ resuscitator and the legendary BlueSensor™ electrodes to our newest landmark solutions like the aScope™ endoscope – the world's first single-use flexible video scope. Our commitment to bringing 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 2,500 people in Europe, North America and the Asia Pacific. For more information, please visit www.ambu.com.

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