Passion for life

2018 Annual Report

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Every care has been taken in the translation of this Annual Report. In the event of discrepancies, the Swedish original will supersede the English translation.

Cover:

Mickaël Fresnay and Jason Courtin, DPTE® Transfer System Fitters at Getinge's production facility in Vendôme, France.

Passion for life

Sometime in life, we all need to seek healthcare. At Getinge, we have a long tradition of creating innovations that improve people's quality of life – and save lives. We think it is the most important job in the world.

This is Getinge

The world is facing major challenges, one of which is the possibility to provide people with high-quality and effective healthcare. The Earth's population is increasing, while we are also living longer, which increases the pressure on healthcare. According to the WHO, lifestyle diseases, such as cardiovascular diseases are one of the primary causes of death in the world. The risk of being exposed to infection, outside or within the hospital environment, also impacts our everyday life.

Getinge is deeply committed to finding solutions to these challenges and thereby enhancing people's quality of life.

This is achieved by Getinge providing its customers with the necessary knowledge, technology and resources to achieve the optimal clinical outcomes and, ultimately, to save lives.

How Getinge contributes

We work to ensure that all people and society have access to the best possible healthcare. We contribute to this through improvements for patients and professionals in hospitals and institutions in life science using technology, infrastructure design and workflow expertise. In addition, we are at our customers' side, ready to provide technical support, training, on-site consultation and financial services. Our operations are conducted in the following three business areas.

Acute Care Therapies

The offering contains solutions for cardiac, pulmonary and vascular therapies, and a broad selection of technologies and therapies for life support in acute health conditions, as well as respirators for mobile ventilation, and portable, acute treatment of cardiac and pulmonary patients.

Surgical Workflows

Products and solutions to optimize quality, safety and capacity use of sterilization departments and operating rooms. The product portfolio contains, for example, operating tables and lights and systems for the cleaning, disinfection and sterilization of instruments, and advanced hospital IT systems.

Life Science

Equipment, technical expertise and consultation to prevent contamination in pharmaceutical and medical device production. The business area also works to ensure research integrity in biomedical research and in simplifying qualification processes.

25,000

No. of customers

24.2

Net sales (SEK billion)

4.9%

Organic growth in net sales

2018 in brief

Flow-c – a new anesthesia machine

In June, a new, compact anesthesia machine was launched for the safe and cost-effective treatment of patients. Flow-c is based on the reputable Servo ventilator and the same innovative technology as Flow-i, which ensures superior ventilation performance, with the power and precision required for all patient categories.

New patient transfer system for the multifunctional hybrid operating room

PILOT, the very first patient transfer solution for multi-modality operating rooms, was presented in May. The new patient-centered transfer system enables the transfer of patients between imaging systems and treatment rooms without repositioning. PILOT is part of many innovative results of Getinge's strategic partnership with Siemens Healthineers.

New business area – Life Science

The Life Science organization, which was formerly part of Surgical Workflows, has been a separate business area since January 1, 2018.

Launch of the S-8668T washer-disinfector

A new model in the 86 washer-disinfector series, the S-8668T, was launched in September with the aim of improving the cleaning capacity in central sterile supply departments. The turbo technology, with multitasking function, in the S-8668T means that the processing time can be reduced by up to 25%, leading to increased productivity and reduced environmental impact.

GSS Sterilizer series for Life Science

In June, two models of sterilizers were launched for customers in Life Science. GSS R is aimed at biomedical research and GSS P at pharmaceutical production.

Result of EOLIA study

The ECMO to Rescue Lung Injury in Severe ARDS (EOLIA) trial was the first randomized multicenter trial with ECMO at 64 centers worldwide. The results demonstrated that the care of the patient with appropriate ventilation management combined with planned early extracorporeal membrane oxygenation (ECMO) is an effective strategy for treatment of patients suffering from severe acute respiratory distress syndrome (ARDS).

Provision for and divestment of biosurgery business

In October, Getinge announced a provision of SEK 1.8 billion for expected costs associated with the liability claims filed in the US and Canada against the subsidiary Atrium Medical's surgical mesh implants, which are used, for example, in the surgical treatment of hernias. The suits consist of individual lawsuits, consolidated state cases and consolidated multi-district federal litigations. The first trials are expected to take place in late 2019 and early 2020. The biosurgery business will be divested to HJ Capital 1, parent company of SeCQure Surgical Corporation, conditional upon the customary official approval and other conditions of completion.

New President of Surgical Workflows business area

Stéphane Le Roy was appointed President of the Surgical Workflows business area and joined the Getinge Executive Team in November. Stéphane Le Roy most recently served as the Regional President of South West Europe within Getinge's global sales organization.

Synthetic options

All Board members elected by the AGM and all members of the Getinge Executive Team received an offer in May to purchase synthetic options in Getinge issued by Carl Bennet AB. Getinge will have no costs related to the program. A total of 3,153,889 synthetic options were acquired at a price considered to correspond to the market value. The market value of the options at the time of the transaction was estimated to be approximately SEK 21.8 M.

A bright future – Maquet PowerLED II

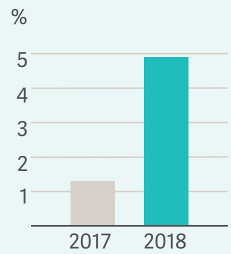
To strengthen the offering of operating room lighting, Maquet PowerLED II was launched, featuring world-leading technology that improves working conditions for surgeons and hospital personnel.

Agreement with the Brazilian Federal Public Prosecutor's Office

Getinge reached an agreement with the Brazilian Federal Public Prosecutor's Office (Ministério Público Federal) on a Leniency Agreement mainly related to the manipulation of tender procedures by Getinge's subsidiary in Brazil in 2004-2015. The agreement entails that Getinge will pay a company fine corresponding to approximately SEK 276 M (BRL 121.8 M). The amount is covered by the provision announced in March 2018. Read more about this in the Administration Report.

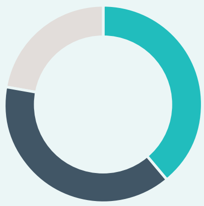
Key figures	2018	2017
Order intake, SEK M	24,347	23,228
Net sales, SEK M	24,172	22,495
Adjusted EBITA (SEK M)	2,689	3,108
Adjusted EBITA margin, %	11.1	13.8
Adjusted earnings per share, SEK	5.91	7.87
Net debt/equity ratio, multiple	0.64	0.65
Equity/assets ratio, %	45.3	47.0
Equity per share, SEK	72.16	72.72

Organic growth in net sales



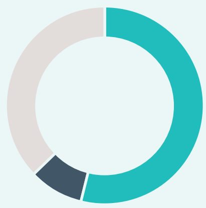
In 2018, Getinge's sales increased by 7.5%, of which 4.9 % organically, which is a growth rate not seen for many years. For the year before, 2017, organic growth was 1.3%.

Sales per region



- Americas, 39% (SEK 9,530 M)
- EMEA, 39% (SEK 9,439 M)
- APAC, 22% (SEK 5,203 M)

Sales per business area



- Acute Care Therapies, 54% (SEK 13,013 M)
- Life Science, 9% (SEK 2,194 M)
- Surgical Workflows, 37% (SEK 8,965 M)

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Getinge's solutions address the challenge that today's bypass patients have a high risk profile.

CASE – BYPASS

Solutions that save hearts every day

In the case of coronary stenosis, medication or stents are often the primary treatment option. However, sometimes a bypass operation is required. Getinge's broad product portfolio and comprehensive knowledge bank have solutions that facilitate each step of the treatment.

Bypass is the most common surgery conducted by heart surgeons the world over. This is a major procedure, with the patient often being admitted the day before the operation and it can take time to fully recover afterwards. During the operation, the patient is under anesthetic and a heart-lung machine is also often used.

The procedure entails that new blood vessels are connected to the heart by being sown to the coronary artery, beyond the narrowing. The other end of the artery is attached to the large aorta, which carries oxygenated blood to the heart muscle. Arteries or veins from other parts of the patient's body are used as new vessels, usually arteries from the inside of the chest or veins from the lower leg.

After the operation, the patient is monitored in the intensive care unit and, during the initial hours, a ventilator is always used to manage breathing, which may have been affected by various substances during the anesthetic.

The bypass has been a common treatment for coronary artery disease for more than 50 years and Getinge has been creating the innovations that enable this procedure for nearly as long. With its solutions, the company also addresses the challenge that today's bypass patients have a high risk profile due to other diseases that coexist with coronary artery disease, which could lead to increased surgical complexity, greater risk of complications and higher healthcare costs.

The portfolio offers equipment and aids for all stages of the bypass procedure – both the preparatory work, the actual operation and the post-operative care in the intensive care unit. When it comes to the preparations, Getinge has advanced intra-aortic balloon pumps that temporarily ease the blood supply to the coronary artery.

During the procedure, there is a range of anesthesia machines, patient-monitoring systems, solutions for open surgery on beating hearts and endoscopic vessel harvesting. Following the operation, the customers once again have use for the patient monitoring systems, but also for Getinge's ventilators and thorax drainage systems. Throughout the process, heart-lung support equipment is on standby, in case complications arise.

Getinge also offers product and application training at its Experience Centers and at hospitals. All to contribute solutions that save more hearts every day.

A year of growth and continuous improvements

Being customer-centric and making continuous improvements were among the focus areas for 2018, which proceeded according to plan and in line with the strategy, according to CEO Mattias Perjos. Growth is increasing and the customers have had their say in a global survey. Improved earnings are now top of the agenda, and are to be achieved by, for example, continued strong focus on productivity.

What were the most important events for Getinge in 2018?
"Above all, we saw increased growth. We have also developed and implemented our global quality system, GetAligned, and made major progress in the remediation of our four plants that were impacted by the Consent Decree with the FDA. In terms of working capital, we have also moved in the right direction.

We can look back on several product launches during the year, such as two models of sterilizers for Life Science customers, which are manufactured efficiently and add a generous amount of customer value. In 2018, we also conducted a global customer satisfaction survey to take a measure of how our customers perceive us and our solutions."

Are there any special trends or market tendencies that you needed to address?
"There is definitely a continued trend toward consolidation and intensified focus on productivity throughout our sector. Outpatient care, such as day surgery, is an example of where we see an increase and, naturally, there is much happening in the area of AI (artificial intelligence), which is creating favorable opportunities for us. It is also becoming more common and more in demand to package offerings in the form of products and knowledge of processes, such as for bypass operations and in infection control, where we at Getinge have a strong product portfolio, but also extensive know-how on methods and ways of working. We are also seeing a stronger trend of customers increasingly being remunerated for clinical outcomes rather than for procedures, which also creates major opportunities for us."

How far have you come in the roll-out of the updated strategy presented in 2017?
"Growth increased throughout the year, which is a result of the measures we took within the framework of our strategy. We also made progress in our quality and sustainability work and in the second half of the year, we succeeded in gearing up the productivity in our plants.

We have also initiated several development programs for employees, in everything from leadership to more specialized training, and the branding effort is proceeding to plan."

Is there anything you would like to highlight that was particularly positive during the year?
"Once again, what stands out is growth, the progress on our working capital and the remediation work. In this regard, I want to take this opportunity to thank all of our employees who have done a fantastic job."

Is there anything you were not satisfied with during 2018?
"We have a lot left to do in terms of our own productivity and, accordingly, our earnings performance. We have invested the increased gross profit and more besides in quality, sales, service and innovation, and it is important that we see returns on this in the future."

During the year, a major customer satisfaction survey was conducted; what did it show?
"The customers say that they are far more satisfied with us that they are with our competitors. The survey showed that, in particular, our services, our in-depth clinical know-how and our broad offering are greatly appreciated. Our customers feel that we support them in their important work, which is obviously extremely positive."

Intensified customer focus, in particular, has been expressed as a focus area from 2018, what efforts were made?
"We have employed more sales staff in key and prioritized areas, such as Critical Care. We now also have more service technicians, which is resulting in us being able to help our customers to an even greater extent to work preventively and to gain the maximum value from their investment. We also invested in more clinical competence among our employees and became better at including the customer perspective when we develop innovations. Product development must add value that meets the customers' actual needs, which means that this input is entirely decisive."

You have an ongoing case in Brazil, where employees breached the company's Code of Conduct several years ago. How have you worked with these types of issues since then?
"We now have completely new management in place in Brazil – a good team that is taking far-reaching responsibility. We are working with new customers and the business is again growing in this market, which is positive.

I want to emphasize that former conduct is never acceptable and that we have worked intensively to increase knowledge of responsible business acumen throughout the company. Looking at the organization as a whole, I believe that the events in Brazil have contributed to increased awareness and knowledge. There is now extensive focus on our Code of Conduct, exactly as there should be. We are conducting more training in this area, more internal reviews are being carried out and we are generally very transparent and clear about the culture we want to have at Getinge. More questions are brought to the table than previously and I perceive

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Growth increased throughout the year, which is a result of the measures we took within the framework of our strategy.

that it is now more common to ask for help if you are unsure."

How has Getinge contributed to sustainability in 2018?

"During the year, we focused on identifying and prioritizing the areas in which we have the highest impact for sustainable development. We have also prepared a sustainability program for 2019–2024, with new targets for social and environmental sustainability, which we are now working to implement throughout the company. New for 2018 is that we are reporting our sustainability work in accordance with GRI.

Our focused work is on reducing our CO_2 emissions in production is continuing to generate results and we saw a 12.9% reduction compared with the preceding year.

We are also taking an increasingly active approach to diversity issues because we strongly believe that the company will be more successful by having employees of different nationalities, gender, cultural background, abilities and experience."

Getinge remains in the Consent Decree with the FDA – where do you stand in this process?

"Our improvement efforts continue to have highest priority and we are now finished with the remediation of our two plants in the US. We are also making progress at our two plants in Germany, which we have had confirmed through a third-party inspection. A large amount of work remains, but I believe we have good control of the process and we are in line with the updated schedule from 2017."

Finally, Getinge's products help save lives – every single day. Was there any particular event during the year, in which your products made a difference that has made a particular impression on you?

"I have several good examples, but one that really stands out involves a pregnant woman and her unborn child who were saved using extracorporeal life support (ECLS). The mother was only in the 23rd week of her pregnancy when she began to have increasingly acute problems with her lungs as a result of influenza. A team of physicians connected her to ECLS support with Cardiohelp and made an immediate decision – both the mother and her unborn child would be saved. To gain time to restore her lung functionality, the birth was delayed by two weeks, at the same time as the baby's vital signs were constantly monitored. On day 16 of ECLS support, the mother was doing so well that labor could be started and the baby was born weighing only 820 grams. Eventually, both the mother's and the baby's lung functionality improved; they could at last be reunited and breathe by themselves. A fantastic story about how we can help to save lives!"

Gothenburg, March 15, 2019

Mattias Perjos
President & CEO

Business environment and market trends

There is an extensive need for increased efficiency in global healthcare, from both a clinical and financial perspective. This provides major opportunities for Getinge.

2-4%
Organic growth in viable markets

139
Number of countries where Getinge had sales in 2018

170
Sales in Getinge's addressable market (billions)

Global value creation

Getinge's products and solutions contribute to more efficient healthcare and pharmaceutical development, which both improves the hospitals' finances and treatment possibilities, as well as providing safer and more rapid processes in the development and manufacture of pharmaceuticals. For patients, it entails shorter waiting lists for care and better treatment, as well as reduced risk of being affected by hospital-related infections. In this way, Getinge contributes to sustainable healthcare, which also creates value for the company's employees, shareholders and society in general.

Resources used

Financial capital
- SEK 2,503 M in cash flow from operating activities

Human capital
- 10,515 employees in everything from product development to sales and support

Manufactured capital
- Business in 38 countries
- Production in 7 countries

Natural assets
- 88,951 MWh of energy consumption

Intellectual capital
- One overall trademark, Getinge, and well-established product family names
- Values-based organization
- 16 of 19 production plants are certified in accordance with ISO 14001

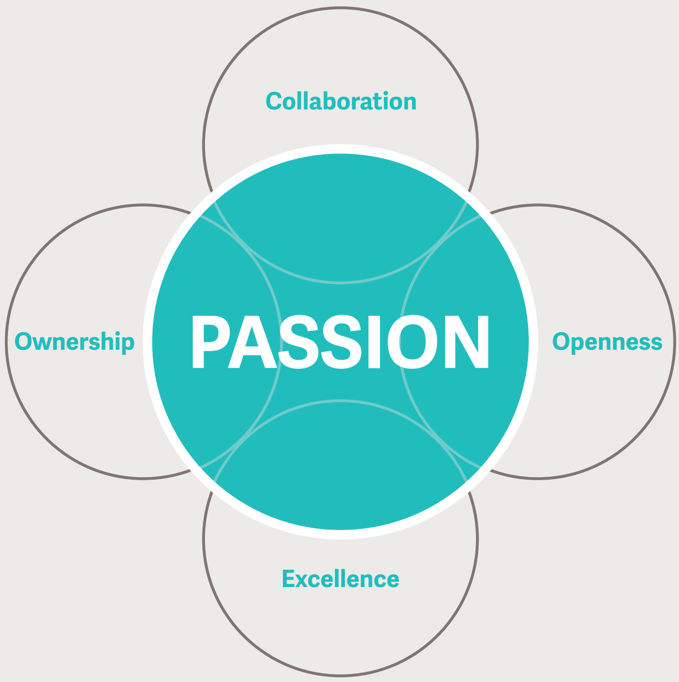
Relationship capital
- 25,000 customers
- 35,400 shareholders

What Getinge wants to achieve

VISION
To become the world's most respected and trusted medical device company

MISSION
Getinge provides innovative products and solutions that cenable better patient outcomes while enhancing health economics

VALUES



Business model

90% of Getinge's sales go to hospitals with the ambition of contributing to better clinical results, quicker recovery and fewer patients being affected by dangerous infections. Getinge will also contribute to increased efficiency in the operating room.

Sales to pharmaceuticals companies and research institutes account for the other 10% and in this area, the model is different, with customized solutions for the elimination of contamination risks in product development and manufacturing.

Strategic priorities

- **Strong customer focus and targeted offerings**
- **Increased growth through global attendance**
- **Improved efficiency and productivity**

ACUTE CARE THERAPIES
Improved clinical results and reduced care time in hospital.

SURGICAL WORKFLOWS
Enhanced efficiency in healthcare and reduced risk of hospital-related infections.

LIFE SCIENCE
Research and production process that is free of contamination and meets stringent official requirements within pharmaceutical and medical device production.

The value created

Shareholders

Getinge creates value for its shareholders through annual dividend payments and the share's long-term value development.

- Proposed dividend per share: SEK 1.00

Customers, patients and society

Getinge contributes to more efficient healthcare, which frees up resources for the treatment of more patients. One of our goals is to improve the use of operating rooms so that one more operation can be conducted per day per operating room. Studies show, for example, that Getinge's IT offering for efficient flows contributes to considerably increased productivity and efficiency [1]. In addition, Getinge pays tax in every country where the company conducts profitable business. In 2018, tax paid amounted to SEK 366 M.

Employees

- Salaries, other remuneration and social security contributions amounted to SEK 7,919 M
- Pension expenses amounted to SEK 367 M

Environment

Getinge wants to contribute to a more sustainable society and the goal is to reduce the company's products' environmental impact across their total life cycle.

- Reduced CO_2 emissions from production by 27.3%, compared with the base year 2015
- Reduced environmentally hazardous waste in production by 61.9% compared with the base year 2015

1) Including a study conducted by Mid Jutland Region, Denmark.

Trends and business drivers

Getinge's products are used in hospitals worldwide and demand increases by 2-4% per year. But what is behind this trend and what does the future look like for the company's customers? Getinge asked some of its regional teams for a brief analysis of the hospitals' situation, which is key knowledge for future work. This showed that some challenges are the same the world over, in particular, the ageing population and increased costs for healthcare.

Australia and New Zealand

Healthcare models that prevent diseases, instead of treating them only when the patient reaches the hospital, are becoming increasingly common. It is also becoming increasingly challenging to keep the current healthcare model in operation. Several hospitals are also looking more closely at the possibility of offering patients digital alternatives, such as being able to contact with their physicians over the Internet.

Japan

The Japanese healthcare system comprises that everyone is entitled to care throughout the country at all times, even if they are not in their home location. For this reason, the authorities are upgrading equipment and advanced care everywhere. The social security system will be reformed and adapted to an ageing population with fewer children. The hospitals will become more specialized, for example.

China, Taiwan and Hong Kong

As most other countries, China is facing an ageing population and hospitals risk being overcrowded in the next few years. At the same time, private investments in hospitals are becoming more common and this should contribute to resolving the problems. The trend of fewer people wanting to train as physicians is also a challenge.

Spain

The population is becoming increasingly older and the elderly use the health insurance system to a greater extent than the young. This also puts pressure on the hospitals. The government has recently decided to permit more private investment in hospitals, both domestic and foreign, to address the pressure on hospitals. Digital healthcare is also growing in Spain.

South Africa

South Africa is slightly different to the other countries described here, since the greatest challenge derives from highly infectious diseases, such as HIV and tuberculosis. Accordingly, access to high-quality healthcare for all is assigned high priority, and in most countries in Africa, work is being done to increase the number of trained nurses and physicians to ensure that these targets are met.

USA

Hospitals in the United States is in the process of shifting from a charge-based model to a public health-based model. This entails a move from charging a fee per procedure or a volume-based model to a model in which reimbursement is based on results and quality of treatment – a value-based structure. The hospitals will be key to a coordinated care model that unites physicians, payers, hospitals and insurers and which is based on keeping people healthy through financial incentives instead of treating a person who has already been diagnosed with a critical or chronic disease.

Country	Healthcare costs in relation to GDP 2014 (2008)	Percentage of population aged over 65, 2017 (2008)
Australia and New Zealand	9.1% (8.3)	15.5% (13.1)
Japan	10.2% (8.6)	27.0% (21.2)
China, Taiwan and Hong Kong	6.9% (6.5)	10.4% (8.2)
Spain	10.0% (9.4)	19.8% (17.2)
South Africa	8.8% (7.8)	5.3% (4.6)
USA	17.1% (16.0)	15.4% (12.6)

External sources: World Bank and World Health Organization

Three core trends and what this entails for Getinge

1 Demographic changes require increased cost efficiency

Global demographic changes are leading to an increase in the need for advanced healthcare. There is a strong increase in the number of elderly people needing care, which is evident, for example, in more cases of cardiovascular diseases. Ultimately, this means major strains on national budgets throughout the world. Increased demands for care are accompanied by price pressure and demands for increased clinical efficiency.

Opportunities for Getinge

Getinge's business concept is based on creating values for healthcare by offering products that provide more and better healthcare to more patients for the same economic resources. One example are surgical solutions that entail the patient being discharged more quickly, thus vacating a place for a new patient. Another is flow optimization that involves maximum utilization of operating rooms, for example.

2 Healthcare systems that create value

At the same time as pressure is increasing on healthcare regarding efficiency, higher demands are being placed on quality and the total value contributed by various forms of treatment in relation to the cost for the forms of treatment in question. This is often referred to as value-based healthcare.

The hospital-related infection risk is a major problem in global healthcare, taking up considerable resources and creating significant suffering for millions of patients annually. One effect of this is an increased global requirement for effective infection control solutions.

Opportunities for Getinge

Getinge's offering aims to create excellent clinical results for patients, healthcare professionals and healthcare in its entirety, while also being cost-efficient. An example of a value-generating result is Getinge's Flow-i anesthesia system, which, by keeping lungs healthier under anesthesia, considerably reduces the risk of dangerous and costly post-operative complications.

Getinge will direct more of its research and development toward, for example Critical Care and Cardiopulmonary, where unique and value-creating properties and products are rewarded with a higher price and margin. The image shows the Flow-i anesthesia system, which is included in Critical Care.

3 Innovation and digitalization

The digital development is having a major impact on the demand for products and services in healthcare. In addition to demands related to individual products, therapies and processes, there is an extensive need to develop solutions for the secure and efficient transfer of information. For the healthcare system, the major benefits of digitalization are to be found in the flow of data between machinery, work groups and hospitals. Connections between various patient systems and products is becoming increasingly important, as is the possibility of transferring clinical data for better diagnostics, which leads to increased efficiency and patient safety.

Opportunities for Getinge

Many of Getinge's devices that are sold today have built-in compatibility for connection with patient data systems in various hospitals and enhance the efficiency of healthcare through the efficient transfer of information. Older products may also have this functionality installed. Thousands of Getinge products are installed all over the world, which can enable access to data that can be used for better and more secure diagnostics in accordance with the prevailing regulations on data storage.

Getinge also has good possibilities to further improve its traditional research and development, including directing resources in a more efficient way to areas where unique and value-creating innovations enable higher prices and margins, for example, within Critical Care and Cardiopulmonary.

In addition, Getinge is involved in strategic collaborations, such as the partnership with Verb Surgical Inc. for the development of digital surgery. The company also has favorable opportunities to allocate resources to research and development to reduce production costs in, for example, Cardiac Systems and Surgical Workplaces, which means that the company can offer competitive prices with the same or a higher margin.

Getinge's market

Several of Getinge's products and services are leaders in their segments. The opportunities for further growth are favorable, both geographically and through new ways of combining offerings. Getinge is one of the largest players in its premium segment, but is working strategically to also increase sales in the broader value segment.

Markets by business area

Getinge's addressable market amounts to SEK 170 billion. The Acute Care Therapies business area's share amounts to SEK 85 billion and Surgical Workflows' share accounts for SEK 62 billion, while the Life Science market amounts to SEK 23 billion.

The weighted rate of growth for Getinge's total market is estimated at 2-4% per year, based on the rate of growth in each business area's subsegment put in relation to the proportion of sales in the same subsegment.

Subsegment by business area	Growth
Acute Care Therapies	
Critical Care and Vascular Systems	4-5%
Cardiopulmonary	2-3%
Cardiac Systems	1-2%
Surgical Workflows	
Integrated Workflow	8-10%
Infection Control	2-4%
Surgical Workplaces	2-4%
Life Science	
Pharma & Medical Device	5-7%
Lab	2-4%
Medical Research	3-5%

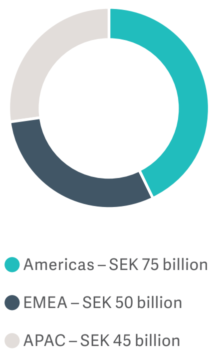
Market by geographic area

Getinge's sales are reported based on three regions, Americas, EMEA (Europe, Middle East and Africa) and APAC (Asia and Pacific region). Of these, Americas is the largest, with a total estimated value of SEK 75 billion in realizable value per year, followed by EMEA with SEK 50 billion and APAC with SEK 45 billion – viewed in terms of Getinge's addressable market. Growth is highest in APAC followed by Americas and EMEA, and the average rate of growth is 2-4% per year globally.

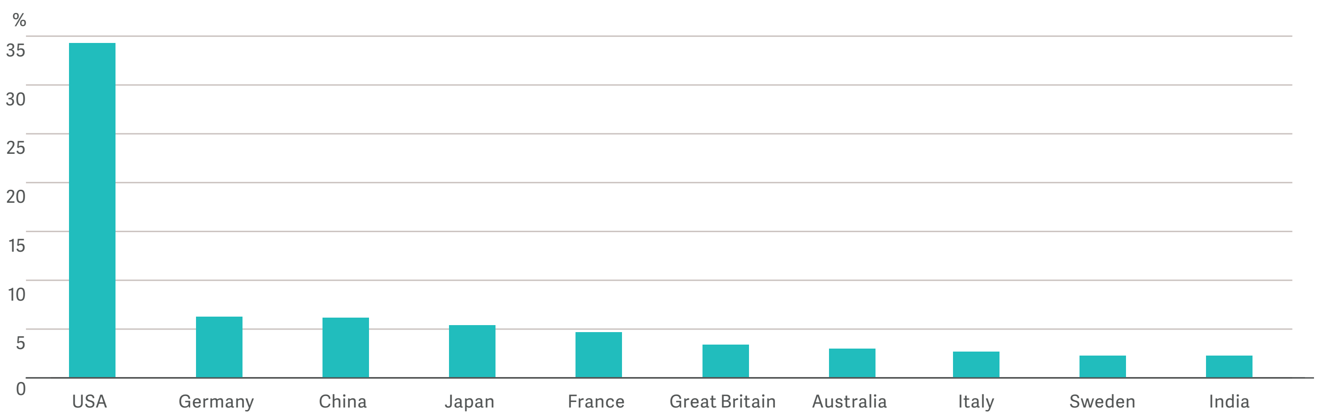
Historically, Getinge has had a large share of its sales in EMEA, mainly because the company has its origins in Europe. However, this share has successively declined to amount to 39% of total sales in 2018, as compared with 2007 when EMEA accounted for a full 59% of sales. The US is the largest single country in terms of sales income, followed by Germany and China. Although a large share of Getinge's sales is already made in the US, this is one of the countries that Getinge assigns priority regarding future growth, partly because the company's offering has not yet fully penetrated this market and partly because there is underlying growth for premium products such as those offered by Getinge.

Getinge also foresees favorable prospects for continued strong growth in large parts of Asia, where China and India are two key markets where the financial trend is enabling the expansion of advanced healthcare.

Market size by region 2018



The ten largest countries represented 70% of Getinge's sales in 2018



The trend of weaker growth in Central and Western Europe is expected to continue for the next few years, while Eastern Europe, the Middle East and Africa offer somewhat higher growth opportunities.

Changed market conditions

The entire healthcare industry is undergoing widespread change that is altering the rules of the game for both Getinge and its competitors. The rate of increase in healthcare costs in mature markets in recent decades has been far higher than GDP growth. Following the financial crisis in 2009, this trend slowed down and the demands increased in terms of price pressure and cost-efficiency.

Another change is that new reimbursement systems are becoming increasingly commonplace. Healthcare was formerly mainly reimbursed from a cost-based system. Today, healthcare is increasingly trending toward a reimbursement system based on results and quality of treatment in relation to costs and systems that define costs on the basis of product groups.

New business models that correspond to these changes are being developed and tested within Getinge. To increase the efficiency of the activities, the market is divided into three degrees of commitment related to our current position:

- Core segment
- Segment under development
- Selective niche segment

In its core segments, Getinge is already a leader and the key activity is defending and further developing this position. This includes our offering in Cardiopulmonary.

In segments under development, Getinge is not yet dominant, but foresees favorable opportunities to strengthen its position moving forward. This includes our offering that is related to Critical Care in North America.

Niche segments generally comprise a defined portion of a larger segment, where Getinge's ambition could be to retain a profitable position or to divest. The offering in expandable stents for expanding peripheral arteries is an example of a product segment in which Getinge has a clear niche position.

Getinge also segments its market geographically, based on GDP and healthcare costs per inhabitant. Based on this, three groups emerge:

Very high income*	High income*	Middle and low income*
USA	Western Europe Canada Japan Australia New Zealand	Latin America Eastern Europe Middle East Asia

* Based on GDP and healthcare costs per capita.

Based on this combined analysis, Getinge identifies strategies for each product and solution per geographic area.

The price structure varies between these three groups, which affects the gross margin that can be as much as 10-15 percentage points higher in the US than in countries with high income and 15-20 percentage points higher than in countries with low and middle income, for one and the same product. However, it should be added that selling expenses are lower in countries with low and middle income.

Higher margin for consumables than for capital goods

Of Getinge's net sales, approximately 44% (43) derives from sales of capital goods (devices such as ventilators) and the remainder derives from sales of consumables, spare parts and service.

The gross margin for capital goods is generally lower than for consumables, spare parts and service. The difference can be 10-20 percentage points.

In 2018, sales of capital goods increased more rapidly than for consumables, which had a negative impact on the gross margin. In the long term, it is expected to lead to higher sales of consumables and service, related to each newly installed device. The life cycle value of a device can vary from three to five times or more of the realizable value for sterilizer or disinfector. The life cycle value for a portable heart-lung machine could be significantly greater than so.

Premium segment and value segment

Getinge organizes its products into two segments: the value segment and the premium segment. The value segment is a segment in which Getinge has greater scope to grow compared with the products in the premium segment. The major part of the value segment is in the emerging markets, but there is also a need in Europe and the US, often as a complement to premium products because they meet other requirements regarding functionality, which entail a lower sales price and production cost – without impacting quality.

Today, Getinge already has an offering targeted at the value segment, but it could become significantly larger. Acute Care Therapies has made the most progress in this development and approximately 20% of its products are products for the value segment, while the share in Surgical Workflows amounts to about 5%. However, the intention is for this share to increase in both business areas in the coming years.

Strategy and targets

In 2018, sales increased at a rate not seen for many years and was as a result of measures decided in 2017. In addition, the foundation was laid for gradually increased profitability and strengthened cash flow for the coming years.

2–4%	>10%	30–50%
Average annual organic growth in net sales (target)	Average annual growth in earnings per share (target)	Share of net profit to be distributed to shareholders (policy)

Strategy

Getinge believes that the world's best job is to save lives and the company's strategy conveyes an expressed ambition to help customers to save lives in the best possible way and at the same time, to create sustainable development for all of the company's various stakeholders. In 2017, the company's strategy was revitalized, and much progress has been made since in line with the expressed direction. At the same time, a large amount of work remains, which offers generous opportunities.

Strong customer focus and targeted offerings

Getinge has identified prioritized segments to cohesively strengthen the product and service offering in its three business areas, Acute Care Therapies, Surgical Workflows and Life Science. This prioritization contributes to enabling the allocation of resources being more selective and investments being focused on the product and service areas where there is the largest demand among customers.

As part of the work to improve the company's customer awareness and strengthen customer relations, a survey was conducted during the year among approximately 450 customers in the ten most important markets. The result shows that the customers have a generally very positive view of Getinge and that, on average, the company exceeds expectations or is in line with its competitors. At the same time, the survey showed a number of improvement areas, for which activities have been prepared.

Increased growth through global attendance

Getinge operates in about 140 markets and has a global sales organization that is based on local entrepreneurship, but in which experience and resources are shared to achieve global economies of scale. To succeed in this, a clear approach to sales work has been developed, which is summarized in six points (see page 24). The segmentation of the company's product and service offering also enables distinct market strategies to be developed by country. Another example of how increased global growth can be accommodated is Getinge Financial Services, from which the company provides competitive and sustainable financial solutions for customers in emerging markets. Using a trade and export financing system that Getinge has developed in collaboration with fund companies and export credit agencies, customers are offered, for example, flexible terms of payment and competitive prices.

Improved efficiency and productivity

Getinge has major possibilities to improve the efficiency and productivity of its operations, particularly by setting more distinct priorities in everything from product development, purchasing and production to marketing activities and service.

The prerequisites for success are largely in place. For example, the responsibility for manufacturing has been transferred to each business area, which clarifies ownership and strengthens the development process from concept to finished product. Each business area also has several support functions that, together with the global sales organization, work to create internal synergies.

During the year, several efficiency enhancement decisions were made, including the gathering of three closely located production facilities in New Jersey in the US to a single unit. The transfer is planned for 2020-2021.

CASE – DIGITAL TALK

Creating global commitment

For a global company such as Getinge, with employees located throughout the world, one of the challenges is to create a sense of belonging, participation and commitment. One of the solutions is "Digital Talk", a live broadcast meeting in which all employees are invited to participate. Since its inception in 2017, this has proved to be a successful initiative.

As a key aspect of presenting the strategy updated in the autumn of 2017 to all employees and to get everyone to really understand and adopt it, Getinge developed an entirely new internal communications concept.

"Digital Talk" is a digital meeting that is streamed to all employees and offices throughout the world at the same time. It has proved a successful way to create commitment and a sense of belonging, which is an important part of strengthening the Getinge spirit and uniting employees throughout the world, while the same information reaches all employee simultaneously.

Digital Talk is a TV show that is broadcast live from different locations each time and employees throughout the world can watch on their computer, tablet or mobile phone, or gather around screens to watch the content together, and to participate in such activities as voting or asking questions. President and CEO Mattias Perjos hosts the broadcasts and invites various guests along to speak about current topics. Both the number of employees that watch the broadcast live and the extensive commitment and participation in subsequent activities show that Digital Talk is popular and engages.

Digital Talk comprises a TV show that is broadcast live from different locations each time.

2:00 p.m. – Gothenburg, Sweden

Getinge's President and CEO, Mattias Perjos, leads the live broadcast meeting, which focuses on long-term strategic issues from a current and company-specific perspective. Employees from various parts of the organization participate in the features and discussions, and external stakeholders such as customers also sometimes participate, such as customers. The broadcast usually lasts for 30 minutes.

Fairfield | Mumbai | Gothenburg | Poznan | Suzhou

8:00 a.m. – Fairfield, USA

6:30 p.m. – Mumbai, India

2:00 p.m. – Poznan, Poland

9:00 p.m. – Suzhou, China

Getinge's financial targets

Getinge's financial targets apply from January 2018 and apply to the key areas of sales, profitability and distribution of profit to shareholders.

Target	Outcome 2018	Reason for outcome
2-4% **Average organic growth in net sales** The company's foremost priority is to grow sustainably in line with the addressable market.	**4.9%**	During the second half of 2017, a number of activities were conducted to increase sales, including the establishment of a global sales organization and a clear review of the regions that are under-penetrated by the company's products and these can thus be sold with the application of increased vigor. This made a positive contribution to sales for 2018.
>10% **Average growth in earnings per share** Getinge is endeavoring to successively improve profitability and thereby increasing the value that accrues to the shareholders.	**neg.**	Earnings per share were SEK -3.55 for 2018, meaning that the target was not met. This was mainly attributable to a provision of SEK 1.8 billion related to mesh implants and a provision of SEK 350 M related to the ongoing investigations in Brazil, which had a negative impact on net income. In addition, profitability was negatively impacted by product and market mix effects and continuing costs after the distribution of Arjo.

Dividend policy	Dividend for 2017	Proposed dividend for 2018
30-50%	SEK **1.50**/share	SEK **1.00**/share
of net profit	(37% of net profit)	(neg.)

The Board's dividend proposal for 2018 entails a departure from the policy of distributing 30-50% of net profit. The proposal is based on the favorable cash flow that is generated in the operations.

Sustainable Development Goals

Getinge's non-financial targets contribute to creating a more sustainable market for healthcare, at the same time as they strengthen relations with employees and customers.

Area	Indicator	Target	Outcome 2018
Equality	Share of female/male managers.	Getinge's long-term target is to have a 50/50 distribution of women and men in management positions.	31/69
Safety in the workplace	Number of accidents per 100 employees	Getinge's long-term target is to have zero workplace-related accidents.	2.4
Production-related CO_2 emissions	Direct and indirect emissions, tons per SEK M of internal sales	-5% in 2018, with 2015 as the base level.	-27.3%
Hazardous waste in production	Amount of hazardous waste, measured in kilos per SEK M of sales.	-10% in 2018, with 2015 as the base level.	-61.9%

UN Sustainable Development Goals

The 17 Sustainable Development Goals (SDGs) launched by the UN in September 2015 aim to achieve the changes necessary for the realization of long-term sustainable development by 2030. Companies' role and commitment are critical for the achievement of these SDGs.

Getinge identified a number of goals that best correspond to the company's impact on its business environment. These goals are:

Goal 3 – Ensure healthy lives and promote well-being for all at all ages
As a company in the medical device industry, health and well-being are the natural focus for Getinge. This includes our own labor force, as well as suppliers, distributors and customers. As a manufacturer of medical devices, Getinge contributes its therapeutic innovations to considerably improve health and well-being as an integrated part of its business strategy.

Goal 4 – Ensure inclusive and quality education for all and promote lifelong learning opportunities for all
Receiving high-quality education is a basis for a more prosperous life. Getinge contributes continuously to partners within healthcare organizations, universities and medical schools to educate and train healthcare professionals, as well as students starting their medical training. In addition to involvement in medical training, Getinge also actively supports the Pratham Sweden Project in India to employ training in the fight against poverty.

Goal 8 – Promote inclusive and sustainable economic growth, employment and decent work for all
Getinge endeavors to give all employees productive employment and decent work. This includes the protection of employee rights, assurance of a safe and secure work environment, reduced inequality and equal conditions in working life. As a global player, Getinge works to promote economic growth, a higher productivity level and technical innovation.

Goal 12 – Ensure sustainable consumption and production patterns
Getinge works to achieve more sustainable consumption and production that is anchored in environmental sustainable goals and corresponds with international norms, standards and certifications such as ISO 14001. Getinge addresses defined goals and indicators related to CO_2 emissions, energy efficiency, EcoDesign, waste and recycling.

Selective research and development

Getinge offers a large number of products, of which many have a long life before there is a need to replace them with new products. This means that the company is not dependent on individual products, which is positive from a risk perspective. Of Getinge's sales, approximately 14% derives from products launched in the past three years.

The development of Getinge's products is reminiscent of the processes in pharmaceutical development, which means that the lead time from concept to launch can amount to several years.

Getinge's ambition in research and development is to have a more concentrated and selective approach to developing unique offerings for which the customers are willing to pay extra, which entails attractive prices and margins. For example, this is current in areas of:

- Critical Care and Cardiopulmonary in Acute Care Therapies
- Integrated Workflow Solutions in Surgical Workflows
- Sterile Transfer in Life Science

Getinge will also transfer resources intended for developing products with lower production costs to markets where the need for innovation is not as great. In this way, the company can offer competitive prices with a good margin to, for example, selected parts of the growing value segment. For example, this is current in areas of:

- Surgical Workplaces and Infection Control within Surgical Workflows
- Sterilizers and disinfectors within Life Science

Free resources when the remediation work is finished

The improvement work of recent years related to the Consent Decree with the US FDA has entailed that Getinge has partly needed to refrain from research and development in related areas in Acute Care Therapies, specifically, Cardiopulmonary, Cardiac Systems and Vascular Systems. Since the operations in Vascular Systems were remediated at the end of 2018, research and development resources can start to be moved back, which creates the opportunity for more intensive development in this area moving forward. The improvement work at the plant in Hechingen, which manufactures products for Cardiopulmonary, is two to three years behind Vascular Systems, but the management here has added resources to be able to conduct research and development in parallel with the remediation work to ensure that there is also an attractive research and development portfolio in the future.

Preparation for the new EU regulation

In 2018, Getinge worked intensively to prepare its business for the new EU regulation for the medical device industry. This entails that the certification process in Europe will be close to the demands in place in the US as of 2020, which will lead to higher entry barriers. This is an opportunity for Getinge because the company has accumulated competence and resources over a long time for these types of demands and certification issues. At the same time as these preparations are being made, Getinge conducts a review of product versions, where there is at least one corresponding alternative for its customers. This pertains to products whose discontinuation does not have a negative impact on customers or Getinge's total sales volume. In the long term, this review is expected to possibly have a positive impact on profitability.

Products in lower classes can take one to two years to develop and a few months to have certified.

From concept to approved product

The development of Getinge's products is reminiscent of the processes in pharmaceutical development. The products are classified based on what type of risk they can be associated with for the patient. In general, products used in the body (such as implants) are placed in a higher class, while products used outside the body belong to a lower class (for example, operating tables and lights).

The lead times are long and it is not unusual for a product with a high classification to take about ten years to develop and another approximately five years to have certified. This involves relatively high costs before revenues start to be generated, a high entry barrier and thus good protection from competition. High classification generally also entails longer product life cycles.

Products in lower classes can take one to two years to develop and a few months to have certified. This means a lower investment requirement, but also a higher risk that competitors may more quickly launch a similar product, which means that it is important to add uniqueness to the product so that it is distinguishable, and to develop it for low production costs to be able to offer a competitive price with a good margin.

5.2%

of sales are invested in research and development

14%

of net sales derives from products launched in the past three years

Effective global sales

In the second half of 2017, Getinge conducted a number of key activities to increase organic growth. The measures included establishing a global sales organization with an increased focus on growing in areas formerly under-penetrated. This generated favorable results for 2018 in all business areas and regions. The work is now continuing at an unabated pace, not least in the US market, which continues to represent Getinge's greatest potential.

Getinge's sales comprise approximately 70% direct sales, while external agents and distributors account for the remaining 30%. Direct sales occur mainly in developed economies, while external activities are conducted in emerging and less stable markets.

The sales organization is strongly patient-centric as several of the sales staff are former nurses and physicians and thus have a unique understanding of the customers' needs. In 2017, the sales operations were reorganized to become a global sales organization. This was designed to strengthen relations with the customers, increase sales activities wherever the company has under-penetrated, and to create better conditions for sharing experiences and success concepts.

The implementation continued in 2018 with positive sales results in all business areas and regions, and the work will continue into 2019 at an unabated pace. In conclusion, the strategic approach for Getinge's global sales organization can be summarized in six points:

1. **Differentiation through value creation** such as customized solutions for each customer and to a higher degree, combine product, service, IT and advice in the offering.
2. **Position service as an engine for growth** by, for example, increasing the level of digital service in terms of remote connections and links between systems, at the same time as the overall service offering is increased.
3. **High ambition for sales culture and performance** by improving business management in Group-wide sales training and in a new IT-based sales support system.
4. **Use the full potential of high growth markets** by way of a detailed commercial analysis that identifies further growth opportunities per segment and market, and distributes resources accordingly.
5. **Geographic optimization of the product service portfolio mix** aimed at capturing market shares.
6. **Reach the next level of customer focus** by following up in-depth customer satisfaction surveys and analysis, as well as acting on these.

A total of 3,200 persons currently work with sales and service at Getinge.

Sales representatives in the field

1,400

Service technicians

1,800

Americas

900

APAC

800

EMEA

1,500

Many in the sales organization are former nurses or physicians, with a unique understanding of the customers' and the patients' needs.

Quality in everything Getinge does

For Getinge, quality is about making sure we do the right thing, every day and in each part of the company. During the year, the main focus of the quality function was to introduce the new quality management system, GetAligned, which was launched in 2017, throughout the company and to continue the intensive improvement work at the manufacturing units included in the Consent Decree with the Food and Drug Administration (FDA) in the US.

GetAligned is a system that ensures and improves efficiency and transparency, as well as compliance, and strengthens and governs Getinge's entire value chain. It is an integral part of Getinge's business model and makes a strong contribution to a successful implementation of the company strategy.

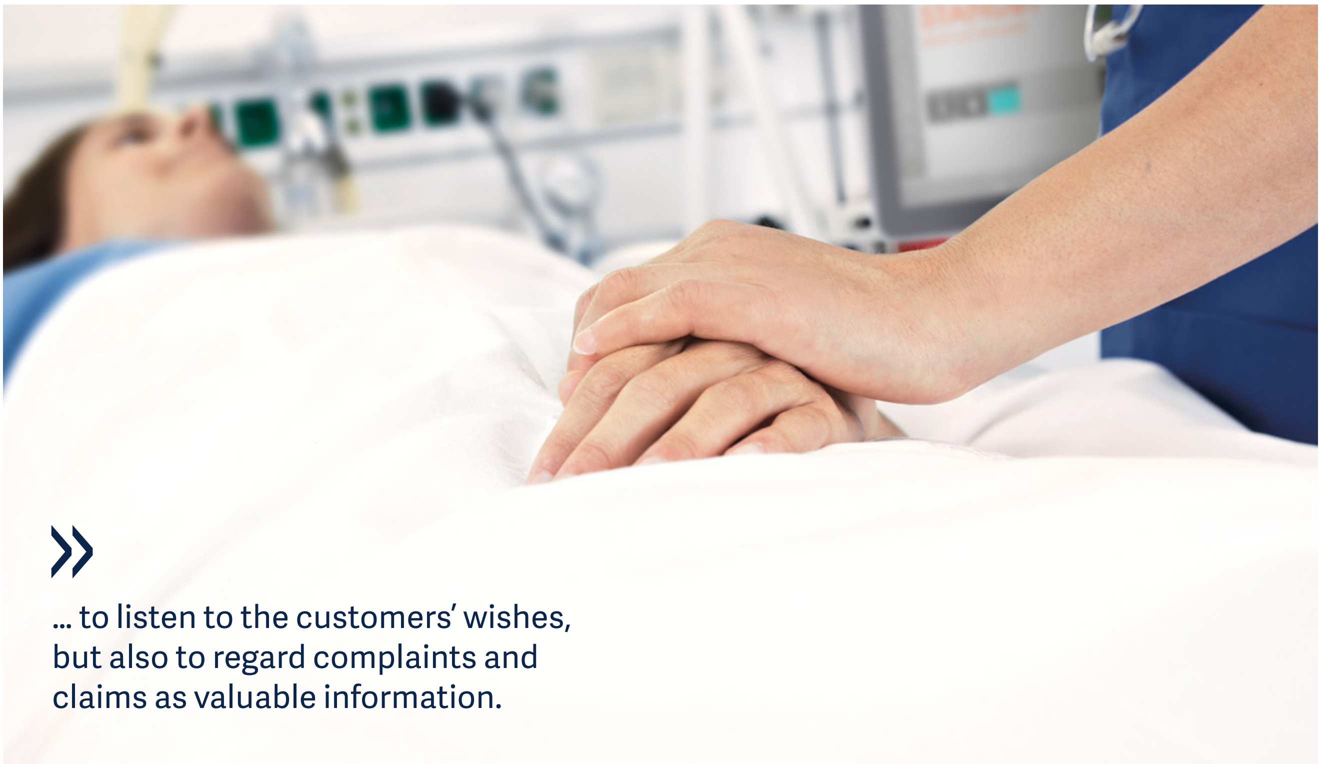
New quality management system

Since the FDA made observations regarding a number of processes and procedures at Getinge's manufacturing units in 2013, the main focus of Getinge's quality work has been to correct these observations, reach a settlement with the FDA and strengthen its quality work with the aim of preventing a recurrence of similar problems. In 2018, the work was further intensified and, due to such factors as the new quality management system and systematic improvement work, both of Getinge's manufacturing units in the US, in Wayne, New Jersey and in Merrimack, New Hampshire, comply entirely with applicable regulations. Where the unit in Hechingen, in Germany, is concerned, a few more years' work will be required. However, major progress has also been made in Hechingen and the unit has advanced well in its improvement work. A new digital system for managing incoming complaints and the corrective actions (Corrective and Preventive Actions, CAPAs) that are required to rectify any disruptions, was also launched during the year.

Valuable customer dialog

A key part of Getinge's ambition to be customer-centric is to listen to the customers' wishes, but also to regard complaints and claims as valuable information. This is also an opportunity to ensure that Getinge's products are always safe for healthcare professionals and patients and that they contribute to saving lives. Great importance is attached to securing the flow between Getinge's suppliers, throughout the production chain, onward to the sales organization and out to the end customers without disruption and that the company always delivers safe products.

An important task during the year was also to prepare the operations for the new EU Medical Devices Regulation (MDR), which will be fully implemented not later than May 2020.



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... to listen to the customers' wishes, but also to regard complaints and claims as valuable information.

Operations

Since January 1, 2018, Getinge has been organized in three business areas: Acute Care Therapies, Life Science and Surgical Workflows. 90% of sales go to hospitals and the remaining 10% to companies that are mainly within the pharmaceuticals industry.

90%

of sales go to hospitals and 10% to pharmaceutical companies

40

million surgical procedures are performed annually using Getinge's products

6,500

sterile supply departments throughout the world are equipped with Getinge's products

ACUTE CARE THERAPIES

World-leading in advanced intensive care and cardiac surgery

Acute Care Therapies offers solutions for life support in acute health conditions. The offering includes solutions for cardiac, pulmonary and vascular therapies and a broad selection of products and therapies for intensive care.

Key events in 2018

- Significant organic growth, particularly in emerging markets:
- Profitability was softened by product and market mix effects.
- The remedial work was completed in the two US manufacturing units covered by the Consent Decree with the FDA.
- Decision to transfer production from Mahwah and Fairfield to Wayne (USA) in 2020-2021 and discontinue production in Cajamar (Brazil) in 2019.
- Provision of SEK 1.8 billion related to damage claims against the subsidiary Atrium Medical Corporation's surgical mesh implants. Atrium Medical also entered an agreement on the divestment of this business

Customers' needs

A healthcare team's access to the right care solution is entirely decisive in acute care therapies. Getinge develops advanced clinical solutions that can contribute to improving therapy results, achieving more rapid recovery and enhancing quality of life for patients in intensive care and surgery.

Getinge's offering

In Acute Care Therapies, Getinge offers advanced technologies and products for life support care and therapies for acute health conditions related to:

- Critical care
- Heart surgery
- Vascular interventions

The offering comprises products for the treatment of cardiac, pulmonary and vascular therapies, a broad selection of products and therapies for intensive care, such as advanced ventilators and patient monitoring, as well as equipment for the acute treatment of heart and lung patients.

New products and offerings

Several new products were launched during the year, including an anesthesia machine in the form of Flow-c, which is compact and offers a high level of functionality at an attractive cost, which means it is well-adapted to the rapidly expanding value segment. The reception among customers has been very positive.

In addition, new functions were launched for existing machinery, which generate enhanced clinical quality and efficiency. Such an example is high-frequency oscillation to the Servo-n ventilator, which enables the effective treatment of premature babies with respiratory difficulties.

Research and development

Acute Care Therapies is the business area within Getinge that allocates the largest share of its sales to research and development. The ambition moving forward is to effectively allocate resources to R&D with a high innovation value within the product segments that have favorable future prospects and where Acute Care Therapies have a leading position and can gain a price premium for the unique advantages that the product has. This includes, for example, ventilators and portable heart-lung machines. Development resources will also be assigned to reducing production costs and thus make a positive contribution to profitability.

Manufacturing units

Acute Care Therapies has production at manufacturing units in the US, Germany, France, Sweden, Turkey and China. In the autumn of 2018, it was decided to transfer the production in the units in Fairfield and Mahwah to an existing unit in Wayne (USA) in 2020-2021, and discontinue manufacturing at Cajamar (Brazil) in 2019.

Quality

The products in Acute Care Therapies maintain a high level of quality, which is evident in the tests that are regularly conducted. However, an improvement potential in the quality management system and quality documentation was identified previously. In 2018, the organization worked intensively to implement a global quality management system. For a number of years, a remediation program has also been under way, comprising the manufacturing units in the US and Germany, in accordance with the Consent Decree signed with the US FDA in 2015. At the end of 2018, the two units in the US had implemented the necessary improvements. The production in Hechingen, in Germany, is deemed to be two to three years behind in its process.

Sales and profitability

Net sales increased organically by 4.5% in 2018, which can be compared with market growth of 2-4%. Growth was particularly favorable in emerging markets and in capital goods.

The gross margin declined as a result of the product and market mix, as well as lower sales of expandable vascular stents in the US. The lower operating profit was mainly attributable to a lower gross margin. A plan has been prepared to improve profitability, which is expected to contribute to successively higher margins in the coming years.

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It is satisfying that there was a strong sales trend in 2018, particularly in emerging markets. We are now looking forward to continued focused R&D to create long-term growth in attractive areas and measures to increase productivity in the operations. In particular, this will contribute to strengthened margins and cash flow over time.

Jens Viebke
President Acute Care Therapies

Leading positions

Getinge is among the leaders in all of its product segments/areas.[1]

	Critical care	Cardiac and vascular surgery	Cardiovascular interventions[1]
Products	Life support therapies for intensive care, in the form of ventilators, hemodynamic monitoring, extra-corporeal heart and lung support.	Products for advanced cardiac surgery, in the form of heart-lung machines, heating and cooling machines, anesthesia machines, endoscopic vessel harvesting, surgery on beating hearts, closure of the left atrial appendage, artificial blood vessels, cardiac assistance and hemodynamic monitoring.	Products to facilitate cardiovascular procedures, such as products for cardiac assistance and expandable vascular stents.
Share of sales within Acute Care Therapies	40%	38%	22%
Market growth per year	3-4%	1-2%	4-5%
Getinge's position	1	1	5
Getinge's market share[2]	35%	23%	9%
Main competitors	Dräger, Hamilton, Medtronic, Vyaire	LivaNova, Terumo, GE Healthcare, WL Gore, Medtronic	WL Gore, Medtronic, Cook, BD

1) Catheter-based solutions for the treatment of coronary stenosis.
2) Estimates of market shares based on Getinge's primary products for each segment. For intensive care, this means that estimation of intra-aortic balloon pumps is excluded. For cardiac and vascular surgery, this means that intra-aortic balloon pumps and hemodynamic monitoring are excluded. For cardiovascular procedures, it means that expandable stents for peripheral vessels are included, but not stents for the coronary artery (percutaneous coronary intervention, PCI).

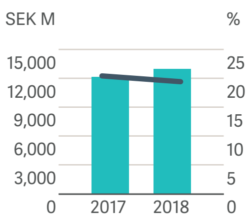
Share of Group sales

● Acute Care Therapies, 54%

Sales per region

● Americas, 49% (SEK 6,404 M)
● EMEA, 31% (SEK 3,982 M)
● APAC, 20% (SEK 2,627 M)

Net sales and adjusted EBITA margin



● Net sales
— Adjusted EBITA margin

Getinge's addressable market amounts to SEK.

85

billion with expected organic growth of 2-4% per year.

CASE – FLOW-C

Compact anesthesia machine creates better flow

Limited work space, advanced technology and high pace. Anesthesia personnel wrestle with all of these challenges on a daily basis. Getinge's new Flow-c anesthesia machine has been developed to enhance the efficiency of work in the operating room.

The new Flow-c anesthesia machine has been developed to facilitate everyday work in the operating room. Smart innovation and design, developed in cooperation with users, will enhance the efficiency of the work environment, while also enabling high-quality care. Using the Flow technology, it is possible to reduce the use of anesthetic and thereby reduce costs and greenhouse gas emissions.

"Everything is controlled from an intuitive touch screen, from which all functions are controlled. The system is simple to learn and control, which saves time and reduces the risk of error," says Lena Evander, Director Product Management Anesthesia.

Despite its compact size, Flow-c contains many practical and advanced functions. To enable the user to adapt their workstation to accommodate monitoring equipment, monitors and other accessories, the length of the stepless rails has been maximized.

And since anesthesia personnel often have their hands full, practical hooks have been included where hoses and other accessories can be hung. Flow-c has easily accessible USB ports for easy data transfer and power supply.

"Large bundles of wires and cables often gather around the anesthesia machine, but we have ensured that Flow-c has the space to hang these up and hide them neatly behind doors at the back of the machine. This contributes to a safer and more hygienic operating room," Lena explains.

Just as with all of Getinge's other anesthesia machines in the Flow series, Flow-c has the unique O2Guard function that actively minimizes the risk of the patient being affected by hypoxia, that is, lack of oxygen.

"Our O2Guard is the only active safety mechanism in the market and automatically adjusts the oxygen and flow settings if the patient's inhaled oxygen level falls to a level that is too low," says Lena.

Getinge also offers customized training programs and convenient service contracts for the entire Flow series so that the customers are able to get the very most from their anesthesia machines across the product's entire life cycle.

Getinge's products are developed in cooperation with medical personnel, which contributes to safe and high-quality treatment of each individual patient and increased productivity and sustainability.

Using the Flow technology, it is possible to reduce the use of anesthetic and thereby reduce costs and greenhouse gas emissions.

SURGICAL WORKFLOWS

Safe surgery, increased productivity and reduced infection risk

Surgical Workflows offers products and services for efficient disinfection and sterilization of instruments used in operations, operating tables and other high-quality hardware for operating rooms and advanced IT systems for efficient and secure hospital workflows.

Key events in 2018

- Significant organic growth, particularly in emerging markets:
- Profitability was softened by product and market mix effects and continuing costs after the distribution of Arjo in December 2017.
- Stéphane Le Roy took office as President of the business area in the autumn of 2018.

Customers' needs

Healthcare's access to effective infrastructure is of major importance in conjunction with surgical interventions to ensure a high level of clinical safety and quality. In addition, there is a great need to reduce the risk of hospital-related infections because they entail additional suffering for patients, utilize large amounts of resources for individual hospitals and have a negative impact on society in general. Healthcare also has a huge need to increase productivity to enable higher treatment volumes with limited resources.

Getinge's offering

Getinge is a leader in several of its product segments for Surgical Workflows, which comprise:

- Products to minimize infection risks during surgery
- Operating room equipment
- IT system for efficient workflows
- Service

Research and development

Getinge has a leading position in the development of prominent products relating to the operating room and infection control in hospitals, thanks to a more than hundred year tradition. In future, the operations will focus more on developing products for the needs of various customer segments, including the growing value segment that requires products of high quality, but with fewer functions at a lower price.

In addition to proprietary product development, Surgical Workflows is included in several strategic collaborations. An example of this is the collaboration with Philips and Siemens, who are leading manufacturers of radiography technology. The collaboration with Verb Surgical Inc. is another example, with the ambition of jointly developing a new platform of high-tech products for the next generation of surgery.

New products and offerings

During the year, several new products were launched, including a new model of the successful Getinge 86 disinfector, the S-8668T. It offers increased process volumes, lower water and energy consumption, and a safe and ergonomic work environment. The autumn also saw the launch of the Maquet PowerLED II, an advanced surgical light that enables increased precision and safety for surgery.

Manufacturing units

Surgical Workflows has manufacturing at production facilities in Sweden, Germany, France, Poland, Turkey, China and the US.

Quality

The quality of the products and services offered by Surgical Workflows maintain a high level of quality, which is an important explanation of its positive reputation among customers. In 2018, intensive work was conducted to implement a global quality management system. Ultimately, this will lead to increased efficiency in the quality management work, including in Surgical Workflows.

Sales and profitability

Net sales increased organically by 4.7% in 2018, which can be compared with market growth of 2-4%. Growth was particularly favorable in emerging markets and in capital goods.

Gross margin declined as a result of product and market mix effects. The operating margin was negatively affected by the lower gross margin and the continuing costs that arose from the distribution of Arjo in December 2017. A plan has been prepared to improve profitability, which is expected to contribute to successively higher margins in the coming years.

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We are satisfied with the growth for the year and we have a strong offering that we can continue to develop selectively for both the premium and value segment. In parallel with this, we have several activities in our plan aimed at strengthening our margins in the coming years.

Stéphane Le Roy
President Surgical Workflows

Leading positions

Getinge is among the leaders in all of its product segments/areas.

	Sterile supply department	OR integration	Workflow Guidance connected with operation
Products	Complete systems for the sterilization of instruments used in surgery, with sterilizers, low-temperature sterilizers and disinfectors, as well as consumables and service.	Getinge offers complete operating rooms for open surgical interventions and minimally invasive surgery, as well as hybrid operating rooms. The products include advanced operating tables and lights, ceiling booms and wall modules, as well as service.	IT systems to enhance efficiency and safety in the flow of patients, employees and sterile equipment to and from the operating room.
Share of sales in Surgical Workflows	46%	48%	6%
Market growth per year	2-4%	2-4%	8-10%
Getinge's position	2	1	1-5*
Getinge's market share	10-18%*	10-20%*	2-5%**
Main competitors	Steris, Steelco/Miele, Shinva, Belimed, 3M	HillRom/Trumpf, Steris, Stryker, Mindray, Dräger, Karl Storz, Olympus	Censis, Teletracking and local IT companies

Sterile supply department: * Share varies between geographical regions and offerings.

OR integration: * Share varies between geographical regions and offerings.

Workflow Guidance connected with operation: * Position varies from 1 to 5 depending on the offering. ** Fragmented market.

Share of Group sales

Surgical Workflows, 37%

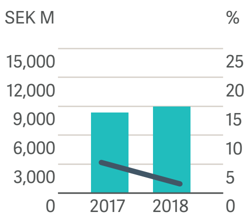
Sales per region

Americas, 26% (SEK 2,311 M)

EMEA, 50% (SEK 4,453 M)

APAC, 24% (SEK 2,201 M)

Net sales and adjusted EBITA margin



Net sales

Adjusted EBITA margin

Getinge's addressable market amounts to SEK.

62

billion with expected organic growth of 2-4% per year.

»

We want to create a safe environment and protect the surgeon's eyes when working in the operating room.

CASE – MAQUET POWERLED II

A bright future for the operating room

During the year, the Maquet PowerLED II surgical light was launched that will help surgeons and hospital personnel throughout the world to become less distracted when performing surgery. The best surgical lighting is that which can be forgotten about during the entire procedure, lighting that is simply there.

After the success of the Maquet PowerLED I, one of the first surgical lights with LED technology, its successor, the Maquet PowerLED II, was launched in 2018.

"We wanted to create an extremely safe environment and protect the surgeon's eyes when working in the operating room. Convenient work conditions were the highest priority, since that leads to greater safety for the patients," says Stephane Tabillon, Senior BD Manager Surgical Lights.

Maquet PowerLED II is produced in a plant in the French city of Ardon – the home of Getinge's surgical lights.

"We have been building this type of product for several years and our guiding principle is that the best surgical lighting is that which can be forgotten. When the settings have been made, the surgeon can work without giving the lighting a second thought for the rest of the operation," Stephane explains.

When the surgeon moves under the lamp and looks in various directions, the eyes shift between light and dark areas, which cause dizziness and visual fatigue. With a new Comfort Light function in the Maquet PowerLED II, the difference between these areas is significantly reduced, which means the eyes can adapt more quickly.

"The new lamp has laser guidance for exact positioning and an adjustable light patch to direct the light where it is most needed. We also added six colors of background lighting that is used in minimally invasive surgery (MIS), which restricts reflections on monitors and improves contrast and clarity during MIS," says Stephane.

To minimize the risk of infections in the operating room, the place where patients are at their most vulnerable, Maquet PowerLED II has an antibacterial surface coating. Automatic Illumination Management (AIM) is also applied and is a technology that is present in some of Getinge's earlier surgical lights and mean that the surgeon can move freely under the light without creating a single shadow.

"The LED lights are configured in an overlapping pattern and have a sensor that detects obstructions. It compensates for shadows by dimming blocked light-emitting diodes while the light from others is strengthened," Stephane says.

A quicklock system that fits all of Getinge's surgical lights enable the easy transfer of accessories and cameras between different operating rooms. The ability to attach the camera to the lamp just above the patient is very useful during training – instead of the students gathering around the patient, they can stand in another room and watch the operation in peace and quiet.

"Surgical lighting is much more than simply a lamp, it is a machine full of technology and software. We are looking forward to creating even more innovations that lead to better working conditions for hospital personnel and better care for their patients," says Stephane.

LIFE SCIENCE

Solutions that reduce the risk of contamination

Life Science offers a comprehensive range of equipment, technical expertise and consultation to prevent contamination in biopharmaceutical production, biomedical research, sterilization of medical devices and in various laboratory applications.

Key events in 2018

- The operation became a separate business area as of January 1, 2018
- Significant growth, particularly in emerging markets
- Increased costs and product mix contributed to reduced profitability.

Customers' needs

The customers include world-leading manufacturers of pharmaceuticals and medical devices. These customers need research and production processes that achieve clean and sterile products and results.

Life Science offering

Within Life Science, Getinge offers advanced technologies and products to minimize the risk of contamination, which can be divided into the following categories:

- Sterilizers for the sterilization of pharmaceuticals and medical devices
- Machinery for cleaning of technical production equipment
- Isolators for the protection of operators and quality assurance of aseptic processes
- Sterile transfer of components, equipment and fluids at various stages of the process of manufacturing biopharmaceuticals

New products and offerings

During the year, the new Getinge Steam Sterilizer product series was launched, which was developed to meet the strict requirements placed on production and research in such areas as the rapidly growing biomedicine area. The reception has been highly positive, with a solid level of demand.

Research and development

Life Science is based on the same base technology for sterilizers and disinfector-washers that exist in the Surgical Workflows business area. However, the degree of customized solutions is considerably higher in Life Science, since a large amount of product development is conducted together with the customer. This entails that the collaboration is generally comprehensive and extends over a long time, creating favorable opportunities to create value for both parties.

Manufacturing units

Life Science conducts production in a total of four manufacturing units in Sweden, France and Poland.

Quality

The customers are subject to regulations containing high safety and quality requirements. They themselves are responsible for qualifying and quality-assuring their processes and end products. Getinge's focus is to support our customers in this important work.

Sales and profitability

Organic growth was favorable in 2018, both in terms of net sales (+8.5%) and order intake (+9.6%). Since most projects are large and extend over a long period of time, the high order intake for the year will generate increased deliveries and invoicing volumes in 2019.

The gross margin was negatively affected by the disadvantageous product mix and added to this are higher operating expenses in sales and administration in connection with the establishment of the business area at the beginning of the year. Profitability was also adversely impacted by continuing costs after the distribution of Arjo in December 2017. A plan has been prepared to improve profitability, which is expected to result in a successive effect in the coming years.

The customers include world-leading manufacturers of pharmaceuticals and medical devices. Life Science contributes to their research and production being free of contamination, which has major significance in terms of quality and economics.

»

2018 was characterized by excellent order intake, particularly in the growing biomedicine area. This prepares the way for higher invoicing volumes for 2019. In parallel with this, we have several activities in our plan aimed at enhancing the efficiency of operations moving forward and successively increasing profitability.

Harald Castler
President Life Science

Strong position in all customer groups

	Biomedicine and medical devices	Laboratories	Medical research
Products	Sterilization and cleaning in the manufacture of pharmaceuticals (including the rapidly growing biomedicine area) and medical devices	Disinfector-washers and sterilizers for broad use in laboratory environments	Automated systems for cleaning and sterilization of animal cages in conjunction with animal testing
Share of sales in Life Science	68%	20%	12%
Market growth per year	5-7%	2-4%	2-4%
Getinge's position	2	4	3
Getinge's market share	20%	15%	8%
Main competitors	Steris, Telstar, Fedegari, Belimed, Steelco/Miele, Sartorius	Steris, 3M, Steelco/Miele, Astell, Belimed, Tuttenauer	IWT, Steelco, Tuttenauer, Steris

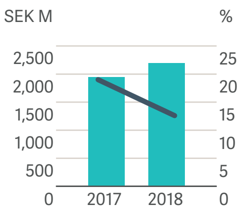
Share of Group sales

Life Science, 9%

Sales per region

Americas, 37% (SEK 815 M)
EMEA, 46% (SEK 1,004 M)
APAC, 17% (SEK 375 M)

Net sales and adjusted EBITA margin



Net sales
Adjusted EBITA margin

Getinge's addressable market amounts to SEK.

23

billion with an anticipated organic growth of 3-5% per year.

»

We offer a complete solution for the secure production and transfer of pharmaceuticals.

CASE – DPTE® STERILE TRANSFER SYSTEM

Smart solutions for secure preparation and sterile transfer of pharmaceuticals

Getinge has a major Life Science hub in Vendôme, in France. Solutions are manufactured there that help customers in the pharmaceutical industry to prepare and transport medicine without risk of contamination.

DPTE® Sterile Transfer System is a solution that enables sterile transfer. It comprises two parts: an Alfa part that is mounted on an isolator or filling line, and a Beta part that comprises a durable container or a flexible DPTE-BetaBag® that connects with the Alfa part.

"When they are connected, a secure barrier is created, entirely free of leakage, so that sterile or toxic substances can be transferred without becoming a contamination risk to the production line or people working there," says Anneke Evers, Senior Director Sales & Market Support.

This is a technology that is employed by customers in the pharmaceuticals industry and at research facilities.

"The DPTE-BetaBag® itself is a 100% validated disposable products, which drastically reduce the contamination risk and cut the production time. This is one of Getinge's best-selling products and we are increasing the volumes, year after year," Anneke explains.

The DPTE® system enables the transfer of material in and out of a barrier isolator, which is also manufactured in Vendôme. Inside the isolators, the pharmaceuticals manufacturers can test and prepare medicine in a safe manner and dispose of waste without a risk of contamination.

In most countries, it is obligatory in accordance with the pharmacopeia to conduct sterile testing of every batch of pharmaceuticals prior to issue. Isolators provide the perfect environment for this by limiting the risk of false positive results. At the same time, the isolator is a safe and ergonomic environment for operators because they are not exposed to the pharmaceutical being tested.

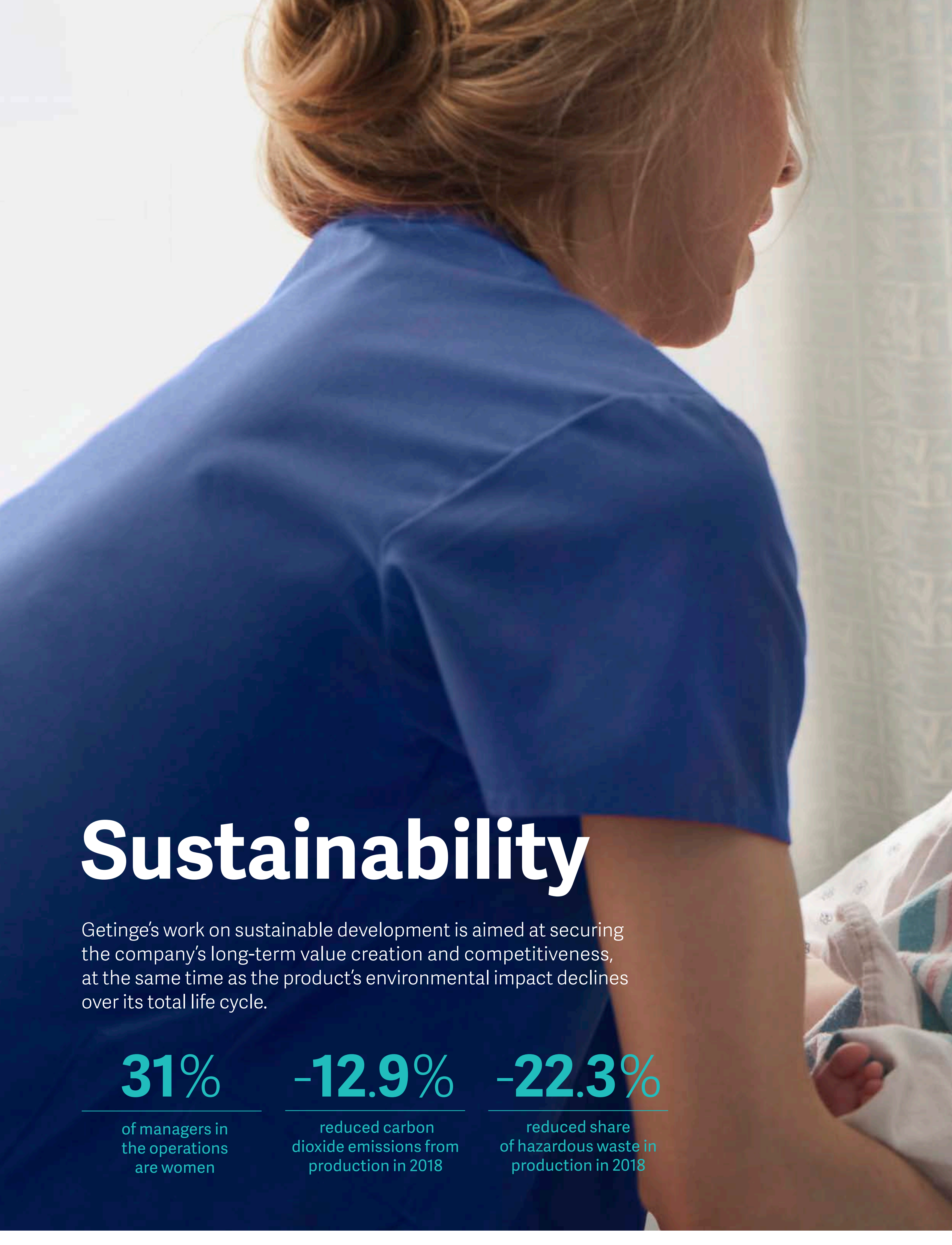
"We offer a complete solution for the secure production and transfer of pharmaceuticals, which is understandably of the highest importance for our customers who make the pharmaceutical that is taken directly by the patients," says Julien Mansuy, Isolator Engineering Pool Manager.

When the pharmaceutical is prepared in this clean and safe environment, they can achieve a higher level of quality.

"And if the pharmaceutical is of high quality, treatment becomes more effective and generates fewer side effects," Julien explains.

For most of us, a pharmaceutical is something we come into contact with when we ourselves, or someone close to us, becomes seriously ill. For the team in Vendôme, this is a central part of their daily work.

"We are proud to be able to offer this solution. In this way, physicians and nurses can treat patients at the next stage with pharmaceuticals that are effective and safe. Even if we are only a single link in a long chain, we feel we can contribute to saving people's lives, and that is undoubtedly the world's best job," says Julien.



Sustainability

Getinge's work on sustainable development is aimed at securing the company's long-term value creation and competitiveness, at the same time as the product's environmental impact declines over its total life cycle.

31%
of managers in the operations are women

-12.9%
reduced carbon dioxide emissions from production in 2018

-22.3%
reduced share of hazardous waste in production in 2018

Sustainable value creation

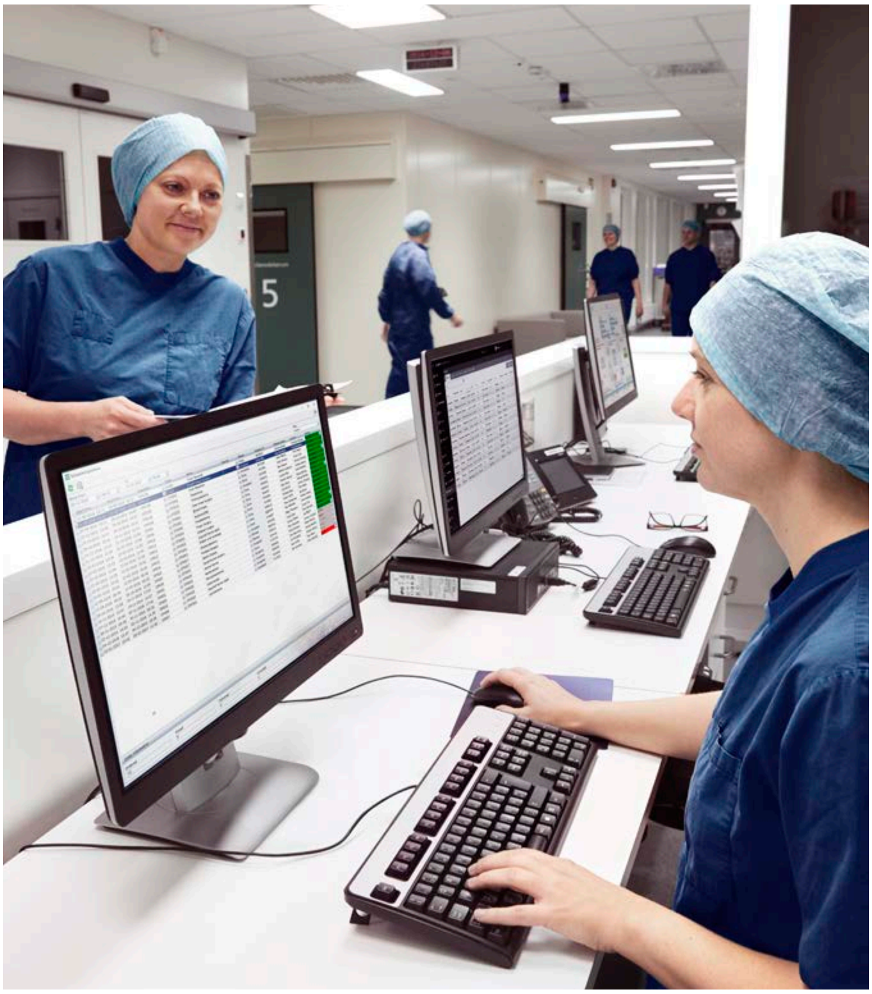
During the year, Getinge conducted a materiality analysis. Based on this analysis and the company's Code of Conduct, a sustainability program has been prepared, which is now employed as the tool for conducting sustainability activities. The program contributes to sustainable value creation for customers, employees, investors and the surrounding society.

Getinge supports all of the UN's 17 Sustainable Development Goals (SDGs) for environmental, social and economically sustainable development, but has identified a number of goals as being the most relevant for its own operations. Goal #3 "Good health and wellbeing" is directly connected with the products and solutions that the company provides, but there is also a focus on goal #8 "Decent work and economic growth," goal #12 "Responsible production and consumption" and goal #4 "Quality education."

Governance and organization of sustainability work

The Getinge Executive Team, together with the company's head of sustainability, has overall responsibility for goals, strategies and measures, as well as monitoring. Together with the company's Code of Conduct, Getinge's Sustainability Program, which is based on the materiality analysis conducted in 2018, is a key control instrument in the sustainability activities.

During the year, a Sustainability Committee was appointed that comprises representatives of all of the company's functions and production units. Each function and production unit is responsible for compliance with the Code of Conduct and breaking down the sustainability goals in the organization. They are also responsible for evaluation of sustainability-related risks in their operations, such as the environment, health, safety, anti-corruption, human rights, labor and supplier responsibility. The Sustainability Committee has quarterly meetings led by the head of sustainability.



In 2018, Getinge conducted a materiality analysis to identify the most important issues for the company and its internal and external stakeholders.

Getinge's Code of Conduct

Getinge's Code of Conduct stipulates how the company does business and describes the company's and employees' responsibilities to stakeholders. The Code of Conduct was updated and extended in the way it expresses how the company and its employees must conduct operations in a long-term sustainable manner. The new Code of Conduct was implemented in 2018. All employees are to follow the values and principles set out in the Code of Conduct, and everyone is responsible for personifying Getinge's responsibilities in the day-to-day operations. In the revised version, there are several references to relevant policies and further information. Suppliers and business partners must also follow relevant sections of the Code of Conduct.

The Code of Conduct is based on the following international principles:

- The UN Universal Declaration of Human Rights
- UN Global Compact
- The ILO Declaration on Fundamental Principles and Rights at Work
- OECD's guidelines for multinational companies

Quarterly environmental reporting from all of the Group's production units provides many opportunities for follow-up and forms the basis of decisions on environmental goals and activities.

Getinge also has a global organization for Ethics & Compliance that helps ensure the Group's compliance with laws, regulations and ethical guidelines.

Reporting

As a signatory of the UN Global Compact, and supporter of the UN SDGs, Getinge also considers global trends and challenges, international principles for responsible business and the expectations of stakeholders as work is continuously developed. This is Getinge's first sustainability report in accordance with the GRI Standards, Core level. Detailed information is contained in the Sustainability notes on page 119 and in the GRI index on page 122.

Since 2007, Getinge has also reported annually to the CDP.

Materiality analysis

In 2018, Getinge conducted a materiality analysis to identify the issues that are of greatest importance to the company and most relevant for internal and external stakeholders. Getinge's most important stakeholder groups are customers, employees and investors, as well as the surrounding society, suppliers and other business partners. The analysis derived from dialog with internal and external stakeholders resulted in three general material topics that are presented below.

The materiality analysis also forms the basis of Getinge's Sustainability program.

Further information about Getinge's materiality analysis and stakeholder dialog can be found on page 119.

» Together with the company's Code of Conduct, Getinge's Sustainability program is a key control instrument in sustainability activities.

Getinge's new Code of Conduct, encompassing all employees, was implemented in 2018. Suppliers and business partners must comply with relevant sections.

Material topics

Product quality

- Product innovation and product environmental data
- Eco Design principles for products and packaging
- Hazardous substances and waste

Boundaries:
Improvements on this topic have a direct financial impact in terms of sales (sustainable products) and cost-savings throughout Getinge's value chain. Reducing hazardous material and waste will also have a positive cost effect and have a favorable impact on the relationship with Getinge's customers, local authorities and society.

Governance:
The management of the R&D teams in the business areas will be achieved in collaboration with Getinge's production facilities, as well as the purchasing and logistics functions. The business areas will be supported by Getinge's Sustainability Committee through coordination and exchange of knowledge.

Environmental impact

- CO_2 emissions (along the value chain: production, transport, travel, facilities)
- Energy resources and consumption (production, logistics, vehicles, plants, travel)

Boundaries:
Identified measures will contribute to reducing Getinge's total CO_2 emissions and have a positive impact on the company's reputation, supplier relations and work processes. Improvements in this area will also have a positive effect on cost and, consequently, profitability.

Governance:
A sustainability manager is appointed for each production facility and business function to coordinate and implement improvement measures. The operations are adapted to established regulation and quality-management processes. Governance and reporting of activities and measurement data are based on standards and a centralized IT infrastructure, adapted to Getinge's control organization.

Social responsibility

- Employer commitment, sustainable workplace
- Business ethics and agreement
- Companies and local involvement

Boundaries:
Activities in this area have a positive impact on the company's reputation, legal compliance, customer and employee satisfaction.

Governance:
The operations are driven by company-wide policies (such as the Code of Conduct, travel policy, donation policy and global/local initiatives in company commitment, training and development.) Implementation guidelines and exchange of experience are shared within the Sustainability Committee.

Getinge's Sustainability program 2019-2024

Getinge's sustainability work is driven by the conviction that a responsible operation contributes to increased value for customers and society at large. Getinge's strategy includes an expressed ambition to help customers save lives, while creating sustainable development for the company's different stakeholders.

Much progress has been made to date, and to further advancing its positions in sustainability, Getinge conducted a materiality analysis in 2018, based on dialog with the stakeholders deemed to have the greatest impact: employees, customers, investors and shareholders.

Based on the materiality analysis, the Getinge Executive Team adopted a Sustainability program for Getinge for 2019–2024 with defined goals. The program is based on three material areas that have been identified: Product quality, Environmental impact and Social responsibility. Within the framework of the Sustainability program, updated nonfinancial goals were set at Group level, and based on these, the company's functions and production units set their own goals and activities to contribute to the Group-wide goals below.

The main responsibility for the Group-wide non-financial goals are carried by the Executive Team and the head of sustainability, while operational responsibility for implementation of the activities belongs to the operations. Activities and measures are established as an integrated part of Getinge's quality management system and company policies.

Follow-up

The follow-up of goals and activities is conducted in Getinge's Sustainability Committee on a quarterly basis, as described earlier on page 42. The results are reported annually in Getinge's Annual Report. Information about Getinge's activities is communicated continuously on the company's website and via the company's other channels.

Social goals 2019-2024	Goal	
Customer satisfaction	>25	The goal is to achieve >25 Net Promoter Score better than the group of competitors
Safe workplace	0	The goal is to have no occupational accidents
Employee committment	>70	The goal is to achieve >70 as the index for employee commitment
Diversity and equal opportunities	All	The goal is for all Getinge employees to be offered equal opportunities

Environmental goals 2019-2024	Goal
Emissions Reduce CO_2 emissions from production by 5%	-5% until 2024
Energy Reduce energy consumption in production by 10%	-10% until 2024
Emissions Reduce CO_2 emissions from company cars by 10%	-10% until 2024
Waste Reduce the amount of hazardous waste from production by 10%. All non-hazardous waste from production is to be recycled.	-10% until 2024


0152
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MAQUET
GETINGE
» ... the conviction that a responsible operation contributes to increased value for customers and society at large.

ETHICS

Responsible leadership central to the operations

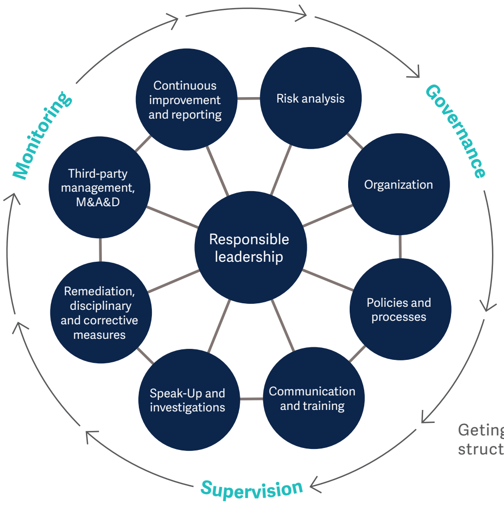
Getinge's sustainability work aims to secure the company's position and competitiveness in the long term. Contributing to a sustainable society is central to the continued development of Getinge, and the efforts being made have a favorable impact on the Group's ability to attract and retain customers and employees.

Getinge has signed the UN Global Compact and supports the ten principles on human rights, labor, environment and anti-corruption. In addition, Getinge's sustainability work is governed by the Group's Code of Conduct and a number of policies, such as those applying to human rights, the environment and anti-corruption.

Responsible ownership in all relations, in the company's own organization and in external contexts, are a key part of Getinge's operations. It is crucial for the Getinge's continued success that employees, customers, subcontractors and other stakeholders have confidence in the company.

During the year, a Chief Compliance Officer was appointed, who reports to the President and CEO, to further strengthen Getinge's global compliance function and continue to develop and operate effective compliance activities through, for example, training, internal audits, monitoring and continuous improvements.

The work in the area of Ethics & Compliance is structured according to the model above and this work will be developed further in 2019.



Getinge's work within Ethics & Compliance is structured on the basis of responsible leadership.

EU General Data Protection Regulation (GDPR)

The right to a private life is a basic human right. Getinge works to meet the demands of the EU General Data Protection Regulation (GDPR), which came into force in May 2018, within the framework of Ethics & Compliance. This work is overseen by a committee comprising members of Getinge's Executive Team and the Group's Group Data Privacy Manager.

During the year, several activities were undertaken to increase internal knowledge of the Data Protection Regulation. For example, training material and templates were prepared to ensure work in accordance with the EU GDPR. The next step for Getinge is to implement further country-specific requirements, where these are supplementary to the EU GDPR.

Whistle-blowing policy

Getinge's employees have the opportunity to report any improprieties or deviations from the Code of Conduct through the Getinge Ethics Line. The Line is open 24 hours, every day, and is overseen by an independent third party.

Anti-corruption

Medical devices and healthcare are an industry at risk of corruption, which Getinge works actively to identify and prevent. A shared approach to business relations has been adopted in the global policy on anti-corruption. The policy is based on Getinge's Group-wide shared values and aims to ensure ethical behavior, locally and globally. The Group's policy applies in the event that its requirements are stricter than the prevailing norms or applicable legislation.

In addition to global anti-corruption and whistle-blowing policies, there are local additions (appendices) relating to specific legislation in various countries, wherever applicable. A comprehensive training program is in place to ensure that employees have good knowledge of the policy and follow it.

Human rights

In many of the countries where Getinge is active, health and safety in the workplace is regulated by stringent national legislation. Getinge is present in countries where legislation is weaker, but the Group's demands on the organization remain just as high in terms of health, safety, discrimination and ethics regardless of where in the world operations are conducted. The control of human rights occurs in the framework of the Code of Conduct and in the Human Rights Policy that has applied since October 2018.

Supply chain

Getinge's assignment is to provide innovative products and solutions that enable better patient outcomes, while the health economy improves. Having the right suppliers is key to success in this. With suppliers throughout the world, the company conducts continuous inspections and follow-ups to ensure compliance with the Code of Conduct and Guidelines. In choosing suppliers, it is equally important that they meet environmental requirements as quality regulation (QRC) and price.

CASE – INSIGHT PATIENT FLOW MANAGEMENT

Reduced food waste in hospital kitchens

It is becoming increasingly apparent that the human way of life is burdening the Earth's resources. More and more national, regional and private guidelines are now being presented to reduce this impact. At the regional hospital in Horsens, Denmark, several steps have been taken in the right direction that give hopeful results, in one case with the smart use of Getinge's solution for patient-flow management.

By giving the kitchen staff access to Getinge's INSIGHT patient-flow management system, the regional hospital in Horsens was able to reduce its environmental impact and its costs.

According to the Ministry of Environment and Food of Denmark, as much as 30,000 tons of food from hospitals, hospital cafeterias and care homes is thrown into the trash every year. This is an untenable situation that the hospital in Horsens has attempted to address.

Using five initiatives, the hospital succeeded in reducing its environmental impact, while also reducing costs, as a case study shows*. And one of the initiatives involves only preparing the food that is actually needed.

The kitchen staff often have difficulty in gaining a complete overview of how many patients need food and which of them require special food. Without access to this information, it was a major challenge to determine how much food needed to be prepared.

At Horsens, this was resolved by giving the kitchen access to INSIGHT, a digital solution for patient-flow management that is supplied by Getinge. INSIGHT is normally mainly used to plan the hospital's patient flow, from when patients arrive until they are discharged. The information on the exact number of patients on each ward is constantly correct since the solution is updated in real time.

Screens showing this information are mounted in the hospital kitchen and also show which patients need special food. Previously, the kitchen did not receive information that patients requiring special food had already been discharged until three or four days later, resulting in this food being put straight into the trash because the patients had left the hospital. This was a waste of both food and time.

INSIGHT quickly assumed an important role together with one of the other initiatives that involved using a "food runner". For three hours a day, the person moved between the various ward kitchens and ensured that they had everything required and restocked as necessary, instead of the kitchens working in a traditional manner and preparing more food than needed to make sure there were reserves.

With the right information available to the kitchen, it was now possible to:

- reduce the daily menu options
- reduce the amount of preparation of reserve food
- serve starters and desserts individually

Previously, it was often the case that large portions of starters and desserts were prepared and hardly touched, and with individual servings it has been possible to halve production of these dishes.

The other three environmentally friendly initiatives at Horsens involve the use of organic products, preparing more food in-house instead of buying readymade meals, and allowing hospital personnel to buy leftover food to take home on Fridays at half price.

Getinge's customer, the regional hospital in Horsens, is at the forefront and is continuing its sustainability journey by identifying even more ways of reducing food waste. The next step will be to look at various ways of reducing consumption of disposables, such as plates, cutlery and cups.

Background

In 2012, the Ministry of Environment and Food of Denmark declared that all public kitchens would be 60% organic by 2020. At the regional hospital in Horsens, the figure in 2012 was 19% and in 2018 85% of its food products were organic.

* http://www.magasinetpleje.dk/article/view/248841/horsens_sparer_kolde_kontanter_ved_at_reducere_madspild

EMPLOYEES

Creating commitment and community

The survey that Getinge conducted of all of its employees at the end of 2017 indicated some key areas that the company needs to improve further. In 2018, further global and local activities were initiated to meet these needs and to ensure that Getinge is an efficient and attractive workplace, both now and in the future.

Getinge is strongly characterized by all of its impassioned employees. They are the company's most important asset and a prioritized focus area is ensuring that Getinge is a world-class workplace with a culture in which all employees can thrive, feel a sense of commitment and be motivated to do their jobs well. In 2018, a significant part of the work was to have everyone on management level introduce the competencies that identify Getinge's leadership. The leadership skills that Getinge values highly are the ability to create trust, establish the conditions for finding shared solutions, developing products and solutions that meet the customers' needs and inspire employees to develop and do their work well.

Dialog and development

During the year, a large number of different measures were taken to further improve the employees' opportunities for developing and having a sense of commitment. Several of these were based on the results of the employee survey. Lunches with invited speakers aimed at inspiring, engaging internal competitions and increased focus on the leadership program, continuous dialog and individual development are just some examples of initiatives started up during the year. The key is to assume ownership of your own personal development and thereby contribute to enhanced wellbeing. A new method of identifying and developing the company's talents was also presented during the year, aimed at enabling more employees to progress to new positions and reduce new recruitment.

Inspiring development

A plan developed for the way in which the company will nurture a shared Getinge spirit was launched at the end of 2018. Getinge is making an extensive effort to build a culture and atmosphere marked by openness, honesty and collaboration. It should be fun to work at Getinge and the employees should feel well and know that there are favorable opportunities for personal development. Personal development is monitored using feedback and a continuous dialog between managers and employees. In 2019, Getinge will depart from an individual assessment process and focus on inspiring development.

Equality and diversity

Another prioritized area is to continue working for diversity. Getinge strongly believes that the company will be more successful by having employees of different nationalities, gender, cultural background, abilities and experience. Accordingly, Getinge actively works on diversity issues, which are a key element of the Group's Code of Conduct.

Getinge has also had a policy for a number of years to ensure that all employees – regardless of gender, race, religion and other contextual factors – are given equal opportunity to develop and receive equal wages for equal work in due consideration of local conditions.

Getinge's long-term goal is for the proportion of female and male managers to be 50/50. In 2018, the division was 31/69 (31/69).

A safe work environment

The Group's work on health and safety matters is based on national legislation, international regulations and own requirements and policies. Getinge strives to offer a safe and non-discriminatory work environment for the company's employees worldwide and conducts a continuous, long-term health and safety effort at all facilities.

Sickness absence for 2018 totaled 4.2% (4.1) for the Group as a whole. The number of accidents per 100 employees was 2.4 (3.0). No serious accidents were reported during the year.

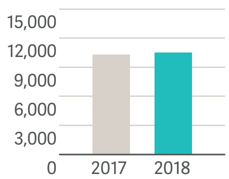
31%
the share of female managers in the organization

4.2%
sickness absence in 2018

»

... more successful by having employees of different nationalities, gender, cultural background, abilities and experience.

Number of employees



Age distribution

- 20-30, 15%
- 31-50, 58%
- > 51 total, 27%

Gender distribution employees

- Men, 64.6%
- Women, 35.4%

Gender distribution managers

- Men, 69%
- Women, 31%

ENVIRONMENT

Climate and environment

Getinge wants to contribute to a more sustainable society by working actively and strategically in the environment area. The goal is to reduce the negative footprint being made, within Getinge as a company and by reducing the products' environmental impact throughout their entire life cycle.

Reducing the climate impact of the operations constitutes a key element of Getinge's environmental efforts and goals are defined to reduce CO_2 emissions and energy consumption. Overall, Getinge's energy consumption and CO_2 emissions declined during the year and this is an effort that is continuous.

All of Getinge's production facilities are to implement and certify management systems that meet the ISO 14001 standard. New operations must have certified management systems in place within two years of being acquired or established. At the end of 2018, 13 of Getinge's 19 production units were certified in accordance with ISO 14001. The management system ensures structured environmental efforts through requirements for follow-up of the environmental impact of own operations, and that goals, actions and the establishment of procedures are conducted in significant areas. In the systems, there is also a follow-up of compliance with legislation and other demands on the operations.

Continuous follow-up and improvement

The Group's production facilities prepare quarterly reports on their performance regarding consumption of fuel and electricity, quantities of waste and recycling. The reporting is integrated with the consolidated financial statements and enables excellent opportunities to follow up the progress of the work with the Group's environmental goals.

Goals and measures are aimed at whatever factor comprises each production facility's most significant environmental impact. Regular external and internal audits ensure that the management systems develop continuously and contribute to an effective environmental effort.

Energy

As part of the continuous improvement work for energy efficiency and energy savings in the business, Getinge continued its work during the year to optimize lighting and heating in production and storage premises. The work is continuing in close collaboration with energy auditors to achieve further reductions in energy use.

Several measures were taken during the year, including further production facilities changing to electricity produced by hydropower and biofuels, and thereby reducing their CO_2 emissions. The company's own use of energy and water also decreased in the production facilities through active efficiency work, which also contributed to reducing costs and climate impact.

Climate-impacting emissions

Direct emissions from production facilities

The direct emissions from the production facilities, mainly from the use of natural gas, has declined significantly in recent years. This is the result of energy-efficiency enhancements and a more efficient production structure.

Indirect emissions from electricity use and district heating

Several of Getinge's production facilities only use green electricity, while other facilities aim to actively choose suppliers with a high level of renewables in their electricity generation. These measures combined with rationalizations of production have led to a reduction in indirect emissions in a number of countries. One of the challenges that Getinge is facing is that several of the company's production units are located in countries where it is more difficult to find a more renewable mix for electricity generation. To improve this situation, Getinge is working actively to identify other ways of reducing emissions, for example, through solutions that take advantage of solar power or encouraging local electricity suppliers to reduce emissions.

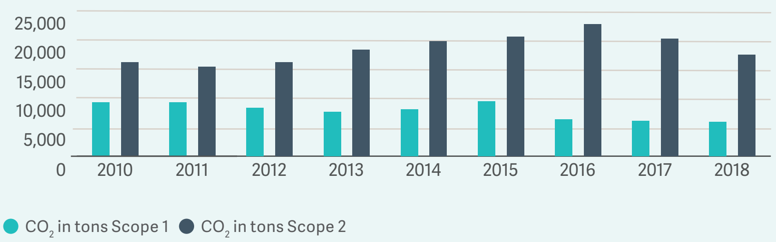
Proprietary vehicles

A key component of Getinge's efforts to reduce the operations' environmental impact relates to emissions from transportation. This applies to transportation with the Group's own vehicles, such as service visits. Getinge's Company car policy makes far-reaching demands regarding CO_2 emissions, which have begun to have an impact in the form of reduced emission volumes. A system for reporting CO_2 emissions from most of the vehicle fleet was already in place earlier.

Business travel

A global company such as Getinge has a need for business travel in certain professional roles. However, the company has a strict travel policy based on smart travel – it is to be conducted for the right reasons and be booked in the most cost-efficient manner. Online meetings are always encouraged, to reduce environmental impact, costs and the impact that travel has on the work-life balance.

CO_2 emissions from production, divided into Scope 1 and Scope 2



Freight transportation

To further reduce the company's CO_2 emissions, Getinge works actively to select appropriate modes of transport and transport companies for freight transportation. Seaborne transportation is chosen in preference to air freight where possible, taking into consideration time and transport needs. In 2019, Getinge will establish a platform for information on CO_2 emissions from the logistics companies used by Getinge to optimize the reduction in emissions from freight transportation. This will form the basis for the company's choice of freight suppliers.

Waste and recycling

Getinge works methodically to increase the amount of waste sent to recycling in production. For 2018, the share of waste brought to recycling was 78.8%, compared with 83.1% in 2017. The amount of hazardous waste in production during the year declined by 22.3%.

Sustainable product development

A major part of Getinge's development efforts are carried out pursuant to the EcoDesign principles, which allows the provision of products and services for a more sustainable society. During all the product development phases, from feasibility studies to implementation, the project team involved must determine the product's environmental performance. The environmental impact over the entire product life cycle is also taken into account during development. Environmental aspects are included when selecting materials and other input components, choosing manufacturing methods and in design to ensure low resource consumption. In addition, within the framework of EcoDesign efforts, guarantees are in place to ensure that prohibited substances are not used and that the use of environmentally hazardous substances in products and in manufacturing is minimized.

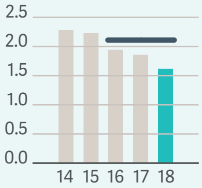
An example of a product developed using EcoDesign is the S-8668T washer-disinfector, which was launched during the year and was designed to improve the cleaning capacity in the CSSDs. The washer-disinfector has turbo technology with a multitasking function that reduces the processing time by up to 25%, which, in turn, leads to higher productivity. In addition, the S-8668T uses a smaller amount of water, detergent and energy, thereby reducing the product's total environmental impact.

Environmental goals 2015 – 2018

Getinge's environmental goals comprise energy, climate and waste. The goals build on a survey of the foremost environmental aspects for each production facility.

Reduce CO_2 emissions from production by 5% by 2018, with 2015 as the base year.

Total production-related CO_2 emissions

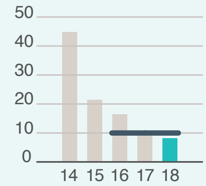


Direct and indirect emissions, tons per SEK M of internal sales.

Target by 2018

Reduce the amount of hazardous waste in production by 10% by 2018, with 2015 as the base year.

Hazardous waste

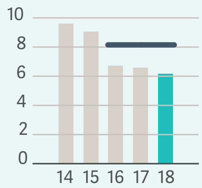


Quantity of hazardous waste, kg per SEK M of internal sales

Target by 2018

Reduce energy consumption in production by 10% by 2018, with 2015 as the base year.

Total energy consumption in production

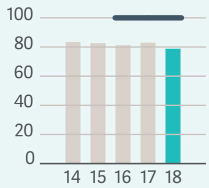


Energy consumption in production, MWh per SEK M of internal sales.

Target by 2018

All non-hazardous waste from production is to be recycled.

Recycling, %

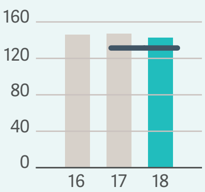


Waste to material or energy recycling.

Target all other waste should be recycled.

Reduce CO_2 emissions from company vehicles by 10% by 2020, with 2016 as the base year.

CO_2 emissions from vehicles



CO_2 emissions from company vehicles.

Target by 2020

Administration Report

Operation and structure

Getinge is a global provider of products and solutions for operating rooms, intensive-care units and sterilization departments serving 38 countries and with proprietary production in seven countries. Operations are conducted in three business areas – Acute Care Therapies, Life Science and Surgical Workflows.

Sales take place through proprietary companies and distributors in almost 140 countries. Approximately 70% of sales are conducted through the Group's proprietary sales companies and the remaining 30% are sold by agents and distributors in markets for which Getinge Group lacks proprietary representation. Production is conducted at a total of 19 facilities in France, China, Poland, Sweden, Turkey, Germany and the US.

Financial overview

During the year, net sales increased 7.5% to SEK 24,172 M (22,495). Net sales rose organically by 4.9%. In Acute Care Therapies, sales amounted to SEK 13,013 M (12,201), corresponding to an organic increase of 4.5%. Life Science's net sales increased organically by 8.5% to SEK 2,194 M (1,947). In 2018, Surgical Workflows' sales amounted to SEK 8,965 M (8,347). Net sales rose organically by 4.7%. Americas represented the Group's largest market, accounting for 39% (40) of sales, followed by EMEA at 39% (39). APAC accounted for 22% (21) of sales.

Adjusted EBITA

Adjusted EBITA before restructuring, acquisition and non-recurring costs amounted to SEK 2,689 M (3,108).

Operating profit (EBIT)

The Group's operating loss amounted to SEK -284 M (1,493). Adjusted for restructuring, acquisition and non-recurring costs, operating profit amounted to SEK 2,216 (2,522), corresponding to 9.2% (11.2) of net sales.

Net financial items

Net financial items amounted to SEK -340 M (-560), of which net interest items comprised SEK -398 M (-501).

Profit/loss before tax

The Group's loss before tax fell to SEK -624 M (933).

Taxes

The Group's tax expense amounted to SEK -315 M (184).

Tied-up capital

Inventories amounted to SEK 4,544 M (4,879) and accounts receivable to SEK 6,108 M (6,067). The return on equity was -4.7% (6.6). Goodwill totaled SEK 18,092 M (16,873) at the end of the fiscal year.

Investments

Investments in intangible assets and tangible assets amounted to SEK 1,380 M (1,663). Investments primarily pertained to product development, production facilities, production tools and IT projects. Excluding discontinued operations, investments amounted to SEK 1,380 M (1,276).

Financial position and equity/assets ratio

The Group's net interest-bearing debt fell to SEK 12,591 M (12,792). The equity/assets ratio amounted to 45.3% (47.0) and the net debt/equity ratio to 0.64 (0.65). Net interest-bearing debt in relation to adjusted EBITDA before acquisition, restructuring, integration and non-recurring costs amounted to 3.2 (3.0). Equity at year-end amounted to SEK 19,655 M (19,806).

Cash flow

Cash flow from operating activities amounted to SEK 2,503 M (2,763).

Class of shares and share data

For information regarding trading of shares in the company, the number of shares, shareholders, the classes of shares and the rights associated with these classes of share in the company, refer to the Getinge Share section on pages 124-125.

Events during the year

Life Science is reported as a business area

Getinge reports Life Science as a new business area from January 1, 2018, and segment information for 2017 was thus restated. Life Science was previously part of the Surgical Workflows business area.

Nomination Committee proposes Johan Malmquist as new Chairman of the Board

Getinge's Nomination Committee announced on December 10 its proposal that Johan Malmquist be elected the new Chairman of the Board at the Annual General Meeting on April 23, 2019. Carl Bennet will continue as a member of the Board and is proposed as Vice Chairman.

New President of Surgical Workflows business area

It was announced on November 12 that Stéphane Le Roy had been appointed President of the Surgical Workflows business area and joined the Getinge Executive Team. Stéphane Le Roy most recently served as the Regional President of South West Europe at Getinge's global sales organization. He began his career at Getinge in 2012 as country manager for Infection Control in France, and before that, he had held several positions within sales, product and marketing management of medical imaging systems, for GE Healthcare and Siemens.

Provision of SEK 350 M for the ongoing investigations in Brazil

During the first quarter of 2018, Getinge made a provision of SEK 350 M related to the investigations of alleged manipulation in bidding proceedings in Brazil. In the fourth quarter of 2017, Getinge made initial provisions of MSEK 69 for costs related to the Brazilian investigations, which means that total costs amounted to SEK 419 M.

In the second quarter of 2018, Getinge reached an agreement with the Brazilian Federal Public Prosecutor's Office (Ministério Público Federal) on a Leniency Agreement mainly related to cases concerning the manipulation of tender procedures in Brazil. These cases mainly relate to 2004-2015, and primarily involve Getinge's Brazilian subsidiaries Maquet Cardiopulmonary do Brasil Indústria e Comércio Ltda and Maquet do Brasil Equipamentos Médicos Ltda.

The agreement entails that Getinge will pay a company fine corresponding to SEK 276 M. The amount is included in the previous provision made by Getinge for costs related to the Brazilian investigations. As a result of the agreement, Getinge also made a provision of SEK 64 M for self-correction of tax related to non-deductible costs.

Negotiations with the relevant authorities are ongoing and expected to be completed in 2019. At the current time, it cannot be ruled out that settlements with relevant authorities may have a material impact on Getinge's earnings and financial position.

Provision of SEK 1.8 billion related to Atrium Medical Corporation's surgical Mesh claims

In the third quarter of 2018, Getinge has made a provision of SEK 1.8 billion for expected costs related to Atrium Medical Corporation's surgical Mesh product liability claims filed in the US and Canada. The claims consist of individual lawsuits, consolidated state cases and consolidated multi-district federal litigation. The provision is intended to cover all costs related to the claims, including defense and handling of claims.

The surgical mesh implants are manufactured by Getinge's subsidiary Atrium Medical, which was acquired by Getinge in 2011. The use of polypropylene mesh is the established standard for hernia repair and the patients are claiming damages for complications allegedly sustained after receiving surgical mesh implants. A material uptick in the number of claims filed began in late 2017, following the consolidation of individual cases in the group action. The claims are being defended by Getinge and there have, to date, been no adverse verdicts against Atrium Medical. The first trials are expected to take place in late 2019 and early 2020.

Due to the uncertainty relating to loss reserve estimates, additional provisions may be required and actual costs may be materially higher or lower than the provisions recognized on the closing date. The Group holds related product liability insurance and is in continuing discussions with its insurance carriers regarding the scope of its insurance coverage.

As a result of these claims for damages, the Group also recognized a write-down of SEK 90 M mainly related to intangible assets, which had a negative impact on earnings for the third quarter of 2018.

Getinge and TSO3 end exclusive distribution agreement on low temperature sterilization

Getinge and TSO3 have mutually decided not to renew the exclusive distribution agreement between the two companies, which was signed in 2015. The agreement ended on August 1, 2018 and the earnings effect amounted to SEK -126 M mainly related to write-offs.

Under the agreement, Getinge acquired exclusive global distribution rights to the STERIZONE VP4 Sterilizer. Due to a slower market development than expected for the product, both companies have jointly decided it would be equally beneficial not to continue with the current distribution set-up. Getinge continues to believe in the future of low temperature sterilization technology and will primarily focus on the development of the company's own product, Stericool, offering a wide portfolio of sterilizers and a complete range of consumables for markets outside North America.

Innovation and product development

Innovation and product development are a cornerstone of the Group's strategy to strengthen the customer offering and thereby ensure future organic growth. The Group uses innovation and product renewal to manufacture products, systems and solutions with a documented ability to deliver high-quality clinical results and economic benefits. In 2018, the Group's research and development costs, amounted to SEK 1,262 M (1,123). Of this amount, SEK 571 M (529) was capitalized as intangible assets.

Personnel

At December 31, 2018, there were 10,515 (10,684) employees, of whom 1,161 (1,155) were employed in Sweden. In 2018, Getinge continued its extensive efforts to strengthen the Group's personnel and management development. The work is based on an analysis of the company's needs for specialist and management competence and the company's demographic structure. In 2018, Getinge also continued its long-term endeavors to increase diversity and collaboration. Getinge has a previously implemented policy to ensure that all employees are given equal opportunity to develop and receive equal pay for equal work, regardless of such factors as gender, ethnicity or religion.

Remuneration to senior executives

The 2018 AGM established guidelines for remuneration to senior executives, primarily entailing the following: Remuneration and other employment terms and conditions for senior executives are to be market-based and competitive in every market where Getinge is active so as to attract, motivate and retain skilled and competent employees. The total remuneration package to senior executives is to comprise basic pay, variable remuneration, pension and other benefits. The allocation between basic pay and variable remuneration should be proportionate to the executive's responsibility and authority. Variable remuneration is limited to a maximum amount and linked to predetermined and measurable criteria, designed with the aim of promoting the company's long-term value creation. No variable remuneration will be paid if profit before tax is negative. For senior executives, variable remuneration is limited to a maximum of 60-90% of basic pay. Variable remuneration is based on the goals set by the Board. Examples of such goals include earnings, volume growth, operating capital and cash flow.

In addition to basic pay and the above annual variable remuneration, senior executives may also receive a variable long-term bonus that rewards and promotes the company's long-term value creation. The earnings period for this bonus must be at least three fiscal years and the bonus may amount to a maximum of 100% of basic pay.

In addition to the aforementioned variable remuneration, adopted share or share-related incentive programs may be included. Pension premiums for the members of the Getinge Executive Team are paid according to a defined-contribution plan and based on a certain portion of basic pay. The retirement age for the CEO is 60 and for other senior executives 60-65. The period of notice is 12 months when employment is terminated by the company and six when terminated by the senior executive. If employment is terminated by the company, a severance pay of maximum 12 monthly salaries may be paid.

The Board is entitled to deviate from these guidelines if warranted in individual cases. Variable remuneration was paid to senior executives during the year despite profit before tax being negative, which comprises a deviation from the guidelines. The reasons for this is that adjustments were made to certain items affecting comparability. Total remuneration to senior executives amounted to SEK 78 M (77) in 2018. Refer to Note 28 for further information.

Ahead of the 2019 AGM, the Board proposes guidelines for remuneration to senior executives that essentially correspond to the current guidelines, but with one exception. The proposal for the 2019 AGM includes that the age of retirement for the CEO be 62 and for other senior executives 65, unless local rules in the country in which the executive resides prescribe differently. The guidelines refer to the CEO and the other member of the Getinge Executive Team and apply to employment contracts signed after the guidelines were approved by the AGM and to amendments to existing employment contracts made thereafter.

Sustainability Report

Getinge's Sustainability Report, prepared in accordance with the Swedish Annual Accounts Act, is presented on pages 40-51 and 119-123. A description of diversity on the Board can be found on page 57.

Environmental accounting

The Group's environmental policy, the established environmental goals and the international environmental standard ISO 14001 form the basis of Getinge's environmental work. All manufacturing units will implement and certify environmental-management systems that meet the standard. For acquisitions, the management system is to be introduced and certified within 24 months. The management system ensures structured environmental work and provides a basis for the reporting of environmental performance that Getinge's manufacturing units submit every quarter. Through the targeted activities on environmentally compatible product development, EcoDesign, the aim is to reduce the environmental impact from manufacturing and product usage. Recycling of input substances and components is also facilitated.

One facility in Sweden conducts operations requiring permits or declaration under the Swedish Environmental Code. This facility holds the necessary permits. The operations were conducted in accordance with applicable permits and conditions during the year. Further information concerning Getinge's environmental work is presented on pages 50-51 and 119-123.

Risk management

Healthcare reimbursement system

Political decisions represent the single greatest market risk to Getinge Group. Changes to the healthcare reimbursement system can have a major impact on individual markets by reducing or deferring grants. This risk is limited by Getinge being active in a large number of geographical markets.

Customers

Activities conducted by Getinge's customers are generally financed directly or indirectly by public funds and ability to pay is usually very solid, although payment behavior can vary between different countries. All transactions outside the OECD area are covered by payment guarantees, unless the customer's ability to pay is well documented.

Authorities and control bodies

Parts of Getinge's product range are covered by legislation stipulating rigorous assessments, quality control and documentation. It cannot be ruled out that Getinge's operations, financial position and earnings may be negatively impacted in the future by difficulties in complying with current regulations and requirements of authorities and control bodies or changes to such regulations and requirements. To limit these risks to the greatest possible extent, Getinge conducts extensive work focused on quality and regulatory issues and the Group-wide quality and regulatory compliance function has a representative on the management teams of each business area. The function is also represented in all R&D and production units. The majority of the Group's production facilities are certified according to the medical device quality standard ISO 13485 and/or the general quality standard ISO 9001.

Research and development

Getinge's future growth also depends on the company's ability to develop new and successful products. Research and development efforts are costly and it is impossible to guarantee that developed products will be commercially successful. As a means of maximizing the return on investments in research and development efforts, the Group applies a structured selection and planning process that includes careful analysis of the market, technological progress, choice of production method and selection of subcontractors. The actual development work is also conducted in a structured manner and each project undergoes a number of fixed control points.

Product liability and damage claims
Healthcare suppliers run a risk, like other players in the healthcare industry, of being subject to product liability and other legal claims. Such claims can involve large amounts and significant legal expenses. Getinge cannot provide any guarantees that its operations will not be subject to compensation claims. Getinge carries the customary indemnity and product liability insurance, but there is a risk that Getinge's insurance coverage may not fully cover product liability and other claims.

Protection of intellectual property rights
Getinge is a market leader in the areas in which it operates and invests significant amounts in product development. To secure returns on these investments, Getinge actively upholds its rights and monitors competitors' activities closely. There is the risk when new products are developed that other companies may claim a patent infringement, which could result in disputes. If required, Getinge will protect its intellectual property rights through legal processes.

Financial risk management

Getinge is exposed to a number of financial risks in its operations. Financial risks principally pertain to risks related to currency risks, interest-rate risks and credit and counterparty risks. Risk management is regulated by the finance policy adopted by the Board and a Treasury directive decided by the Getinge Executive Team based on the finance policy. The overall responsibility for managing the Group's financial risks and developing methods and principles of financial risk management lies with the Getinge Executive Team and the treasury function. For more detailed information concerning these risks, refer to Note 27 Financial risk management. The Group has a number of participations in foreign operations whose net assets are exposed to currency risks. Currency exposure that arises from net assets in the Group's foreign operations is primarily managed by borrowing in said foreign currency.

Currency
The effect of exchange-rate movements on earnings and equity below is calculated using forecast volumes and earnings in foreign currency for 2019, taking into consideration currency hedging that has been conducted. In addition, there is the exchange-rate impact on net financial items related to interest expenses in foreign currencies. For a rate movement of 5%, the impact on equity of a remeasurement of the Group's portfolio of currency derivatives held for hedging purposes is about SEK 62 M. At a 5% rate movement, the impact of other translation effects on equity is approximately SEK 1,080 M. Sensitivity to exchange-rate fluctuations on earnings is detailed in the following table and based on the exchange rates specified.

Currency: estimated rate in 2019	Estimated net volume in 2019, millions	Impact in SEK M of 5% rate movement
CNY: 1.31	623	+/- 26
EUR: 10.28	- 96	+/- 49
JPY: 0.0812	3,984	+/- 16
USD: 8.97	99	+/- 44

Sensitivity analysis
Getinge's earnings are affected by a series of external factors. The following table shows how changes to some of the key factors that are important to Getinge would have affected the Group's profit before tax in 2018.

Change in profit before tax		SEK M
Price change	+/- 1%	+/- 242
Cost of goods sold	+/- 1%	+/- 131
Salary costs	+/- 1%	+/- 83
Interest rates	+/- 1 percentage point	+/- 75

The effect of a +/- 1 percentage point change in interest rates on the Group's profit before tax was calculated based on the Group's interest-bearing liabilities, excluding pension liabilities, at year-end 2018. The impact of a +/- 1 percentage point change in interest rates on equity is about SEK 32 M. Consideration was given to the effect of the various risk-management measures that Getinge applies in accordance with its approved policy.

Outlook
Organic sales growth is expected to be 2-4% for the full-year 2019. Currency transaction effects are expected to have a negative impact of approximately SEK 10 M on the Group's operating profit (EBIT) based on prevailing exchange rates at year-end.

Corporate Governance Report

Getinge AB (publ) is a Swedish public limited liability company listed on Nasdaq Stockholm, Large Cap segment. Getinge applies the Swedish Corporate Governance Code and hereby presents the Corporate Governance Report for 2018.

Introduction

Getinge is a global provider of innovative solutions for operating rooms, intensive-care units, sterilization departments and for life science companies and institutions. Based on our first-hand experience and close partnerships with clinical experts, healthcare professionals and medtech specialists, we are improving everyday life for people, today and tomorrow. The Group serves 38 countries and conducts proprietary production in seven countries.

The Group's customers are found primarily in the healthcare and life science areas, where products are often pivotal to the quality and efficiency of operations.

Accordingly, confidence in Getinge and its products is entirely decisive for continued sales successes.

Corporate governance is aimed at ensuring the continued strong development of the company and, consequently, that the Group's operations fulfill its obligations to shareholders, customers, employees, suppliers, creditors and society.

The Group's corporate governance and internal regulations provide frameworks for achieving business objectives and strategies. The Group's risks are well-analyzed and risk management is integrated in the work of the Board and in operational activities.

Getinge's organization is designed to be able to react promptly to market changes. Accordingly, operational decisions are made on a decentralized basis, while overriding decisions concerning strategy and direction are made by Getinge's Board and the Getinge Executive Team.

External and internal regulations

The Group's corporate governance is based on Swedish legislation, as well as on the Swedish Corporate Governance Code ("the Code"), which is available at corporategovernanceboard.se Getinge complies with the Code's regulations and presents an explanation for any deviation from the Code's regulations in 2018. In addition to the Code, the Group's corporate governance is based on Nasdaq Stockholm's Rulebook for Issuers, available at nasdaqomxnordic.com, and the Swedish Securities Council's opinions on good practice on the Swedish stock market, available on aktiemarknadsnamnden.se. This report summarizes how corporate governance is structured and how it has been carried out and developed in the Group during the 2018 fiscal year.

The internal steering documents relating to Getinge's corporate governance include Getinge AB's Articles of Association, instructions and formal work plan for the Board of Directors, Board committees and CEO, various policies and guidelines as well and the Group's Code of Conduct.

The company's Articles of Association are available on the Group's website: www.getinge.com.

Shareholders

For information about shareholders and the Getinge share, see pages 124-125 and www.getinge.com.

General Meeting of Shareholders

Shareholders can exert their influence at the Annual General Meeting (AGM) and, when applicable, at an Extraordinary General Meeting, which are Getinge's highest decision-making bodies.

All shareholders registered in the shareholders' register at a certain time before the Meeting and who have notified their attendance to the Meeting before the time given in the notice are entitled to participate in the Meeting and exercise their voting rights in full. Shareholders who are not able to personally attend can be represented by proxy. A shareholder who wishes to have a matter put forward at the General Meeting of Shareholders must submit a written proposal to the Board in a timely manner so that the proposal can be included in the notice of the AGM.

2018 Annual General Meeting

The 2018 Annual General Meeting (AGM) was held on April 26 in the Kongresshallen at Hotel Tylösand, in Halmstad, Sweden. A total of 914 shareholders, representing approximately 60.2% of the number of shares and 75.2% of the total number of votes in the company attended the AGM. Board Chairman Carl Bennet was elected Chairman of the Meeting. All Board members elected by the AGM were present. The minutes from the AGM are available on Getinge's website: www.getinge.com.

The decisions made by the AGM include:

- Adoption of the income statements and balance sheets presented for the Parent Company and the Group
- Dividend in accordance with the Board's and the CEO's proposal of SEK 1.50 per share for the 2017 fiscal year
- Adoption of the remuneration to Board members and auditor
- Carl Bennet, Johan Bygge, Cecilia Daun Wennborg, Barbro Fridén, Dan Frohm, Sofia Hasselberg, Johan Malmquist, Mattias Perjos, Malin Persson and Johan Stern were reelected to the Board.
- Carl Bennet was reelected as Chairman of the Board
- Öhrlings PricewaterhouseCoopers AB was reelected auditor for Getinge until the conclusion of the 2019 AGM
- Guidelines for the remuneration to senior executives.

Nomination Committee

The Nomination Committee's task is to put forward proposals ahead of the AGM, regarding the election of the Chairman of the AGM, the Chairman of the Board and other members of the Board, election of auditors, as well as fees for Board members and auditors. Pursuant to a resolution by Getinge's 2005 AGM, the Nomination Committee is to comprise Getinge's Chairman and representatives of the five largest shareholders at August 31, 2018, as well as a representative for minority shareholders.

Ahead of the 2019 AGM, the Nomination Committee comprises representatives for the four largest owner-registered shareholders in terms of the number of votes, which is a deviation from the instructions for the Nomination Committee adopted by the General Meeting. The reason for this is that such a composition of the Nomination Committee is deemed to be more appropriate with respect to the ownership structure as per August 31, 2018.

This means that ahead of the 2019 AGM, Getinge's Nomination Committee comprises:

- Carl Bennet – Board Chairman of Getinge and representative of Carl Bennet AB
- Per Colleen – Fourth Swedish National Pension Fund
- Viveka Ekberg – representing minority shareholders
- Mikael Berglund, Incentive
- Marianne Nilsson, Swedbank Robur

Chairman of the Board Carl Bennet was appointed Chairman of the Nomination Committee ahead of the 2019 AGM, which deviates from rule 2.4 of the Code. The reason for this is the Chairman of the Board is very well suited to lead the Nomination Committee in an effective manner to achieve the best results for the company's shareholders.

The Nomination Committee conducts an evaluation of the Board and its work. A proposal for the new Board is subsequently drawn up by the Nomination Committee together with a proposal on remuneration to the Board of Directors and is submitted with the notice of the forthcoming AGM.

Ahead of the 2018 AGM, the Nomination Committee proposed reelection of Board members Carl Bennet (Chairman), Johan Bygge, Cecilia Daun Wennborg, Barbro Fridén, Dan Frohm, Sofia Hasselberg, Johan Malmquist, Mattias Perjos, Malin Persson and Johan Stern.

The Nomination Committee's reasoned statement ahead of the 2018 AGM stipulated that the Nomination Committee had applied rule 4.1 of the Code as diversity policy in preparing proposals of Board members. The aim of the policy is that the Board is to have a composition appropriate to the company's operations, phase of development and other relevant circumstances and to exhibit diversity and breadth of qualifications, experience and background, and strive for an equal gender distribution. The 2018 AGM resolved to appoint Board members in accordance with the Nomination Committee's proposal, entailing that ten members were elected, of whom four are women and six men (40% and 60%, respectively).

Shareholders who would like to submit proposals to Getinge's 2019 Nomination Committee can contact the Nomination Committee by e-mail at valberedningen@getinge.com or by mail: Getinge AB, Att: Nomination Committee, Box 8861, SE-402 72 Gothenburg, Sweden.

Board of Directors

Primarily, the Board is responsible for the organization of the company and the management of its affairs. In carrying out its duties, the Board must safeguard the interest of all its shareholders. It is also the Board's duty and responsibility to ensure that this Corporate Governance Report is prepared.

According to the Articles of Association, Getinge's Board of Directors is to comprise not fewer than three and not more than ten members, with not more than ten deputy members. The Board members are elected annually at the AGM to serve for the period up to and including the next AGM. Employees have the right to appoint two representatives and two deputy members to the Board.

In 2018, Getinge's Board comprised ten members elected at the AGM. CEO and the Group's Finance Director and Chief Financial Officer participate at the Board meetings, with the latter also serving as Secretary. Other senior executives also participate when needed.

The work of the Board is governed mainly by the Swedish Companies Act, the Code and the Board's formal work plan. The Board's formal work plan is approved each year at the statutory Board meeting. According to the current applicable formal work plan, the Board will have approximately six scheduled meetings during the fiscal year. In addition, the formal work plan will also determine the distribution of work and responsibility between the Board, the Chairman, Board committees and the CEO.

The Board held its statutory meeting on April 26, 2018 and convened 11 times during the year, with an average attendance rate of 98% of the elected members.

At its scheduled meetings, the Board addresses fixed agenda items in accordance with the Board's formal work plan, including the business situation, budget, annual accounts and interim reports. The Board also addressed comprehensive issues related to the economy and associated cost issues, corporate acquisitions and other investments, long-term strategies, financial matters, quality issues, compliance, internal control, risk management as well as organization and structure.

Carl Bennet was re-elected Chairman of the Board at the 2018 AGM. The Chairman's role is to lead and manage the Board's work and to ensure that this is conducted in an organized and efficient manner. It involves ensuring that the Board fulfills its responsibilities and monitors the development of the company, and ensuring that the Board continuously receives the information required for the Board to perform its work while maintaining the same level of quality in accordance with applicable regulations. The Chairman of the Board does not participate in the operational management of the company. According to rules 4.4 and 4.5 of the Code, the majority of the elected Board members are to be independent in relation to the company and its management and at least two of these members are also to be independent in relation to the Group's largest shareholders. The Nomination Committee believes that the Board's composition in Getinge meets the requirements for independent members as stipulated by the Code.

The Nomination Committee has observed that Mattias Perjos, in his capacity as CEO, and Johan Malmquist, in his capacity as former CEO, are to be regarded as dependent in relation to the company and executive management, and that Carl Bennet, Johan Stern and Dan Frohm as representatives and Board members of Getinge's principal owner Carl Bennet AB, are to be regarded as dependent in relation to the largest shareholders. Other Board members are deemed to be independent in relation to the company, executive management and the largest shareholders.

The Board members' individual shareholdings, their independence in relation to the company, executive management and the largest shareholders as well as their other assignments in other companies are presented in the table on the page below and in the presentation of Board members on pages 62-63.

Remuneration Committee

In 2018, Getinge's Remuneration Committee comprised Board members Carl Bennet (Chairman), Johan Stern, Barbro Fridén, Malin Persson, Johan Malmquist and Dan Frohm. Except for Johan Malmquist, who in his capacity as former CEO is to be considered to be dependent in relation to the company and executive management, all other members of the Remuneration Committee are independent in relation to the company and executive management. The circumstance of the appointment of Johan Malmquist to the Remuneration Committee despite not being independent in relation to the company and executive management is a deviation from rule 9.2 of the Code. The reason for this deviation is that Johan Malmquist, who has served for many years as CEO and a Board member of Getinge, has in-depth knowledge of the company's circumstances and conditions in matters regarding, for example, the personnel situation, provision of skills and remuneration structures.

Ahead of the 2019 AGM, the Committee held two minuted meetings and remained in informal contact. The attendance of members at the Committee meetings are presented in the table below.

Following written instructions, the Remuneration Committee's duties include preparing questions concerning remuneration principles and remuneration and other employment terms and conditions for the CEO and other members of the Getinge Executive Team. The Committee also prepares proposals to the Board on the guidelines for the remuneration to senior executives, which the Board submits for decision at General Meetings. In addition, the Committee follows and evaluates ongoing and completed variable remuneration programs for the Getinge Executive Team during the year and the application of the guidelines for remuneration to senior executives resolved at the AGM.

Auditing Committee

In 2018, Getinge's Auditing Committee comprised Board members Johan Bygge (Chairman), Cecilia Daun Wennborg, and Sofia Hasselberg who served as members for all of 2018 as well as Johan Stern who was a member until the 2018 AGM and Dan Frohm who was appointed a new member on the same occasion at the statutory Board meeting following election.

All members of the Auditing Committee were independent in relation to the company, executive management and the company's largest shareholders, with the exception of Johan Stern and Dan Frohm, who are not considered to be independent in relation to the company's largest shareholders. The Committee held nine minuted meetings in 2018, including informal contact when necessary. The attendance of members at the Committee meetings are presented in the table below. The company's auditors participated in all meetings convened by the Auditing Committee. Jointly with the auditors, the Committee discussed and established the scope of the audit.

Board of Directors and Committees in 2018

			Committees		Attendance		
Member	**Year elected**	**Dependent[1]**	**Auditing Committee**	**Remuneration Committee**	**Board meetings**	**Auditing Committee**	**Remuneration Committee**
Carl Bennet, Chairman	1989	●		Chairman	10/11		2/2
Johan Bygge	2007		Chairman		11/11	9/9	
Cecilia Daun Wennborg	2010		Member		11/11	9/9	
Barbro Fridén	2017			Member	11/11		2/2
Dan Frohm	2017	●	Member*	Member	11/11	4/5	2/2
Sofia Hasselberg	2017		Member		11/11	9/9	
Johan Malmquist	2016	●		Member	11/11		2/2
Mattias Perjos	2017	●			11/11		
Malin Persson	2014			Member	11/11		2/2
Johan Stern, Vice Chairman	2004	●	Member**	Member	10/11	3/4	1/2
Board members appointed by employees							
Peter Jörmalm	2012				11/11		
Rickard Karlsson	2013				11/11		
Åke Larsson (deputy)	2014				11/11		
Maria Grehagen Hedberg (deputy)	2014				9/11		

1) As defined by the Swedish Corporate Governance Code
● Representative of Getinge's principal owner Carl Bennet AB
● Former President and CEO of Getinge
● Getinge's President and CEO
● Board member of Getinge's principal owner Carl Bennet AB

* Dan Frohm was appointed a new member at the statutory Board meeting following the 2018 AGM.
** Johan Stern was a member until the 2018 AGM.

The Auditing Committee is a standing committee in the contact between the Board and the auditors, and continuously reports on its work to the Board.

The Auditing Committee follows written instructions and its activities are to meet the requirements of the Swedish Companies Act and the EU Audit Regulation. The Committee's tasks include assisting the Nomination Committee with preparing proposals for resolutions by the General Meeting on election of auditors and fees to audits, for which the Committee is to monitor that the auditor's mandate period does not exceed applicable rules, procure the audit and present a recommendation in accordance with the EU Audit Regulation.

The Auditing Committee is also to examine and monitor the independence of the auditors and pay particular attention to whether the auditors provide other non-audit services. The Auditing Committee is also to publish guidelines on non-audit services provided by the auditors and, in applicable cases, approve the provision of such services in accordance with these guidelines. The Auditing Committee is to examine and monitor the consolidated financial statements and provide recommendations and proposals on ensuring the reliability of the financial reporting and monitor the efficiency of the company's internal control, risk management and internal audit. In addition, the Auditing Committee is involved in planning the external audits and continuously consults and confers with the external auditors.

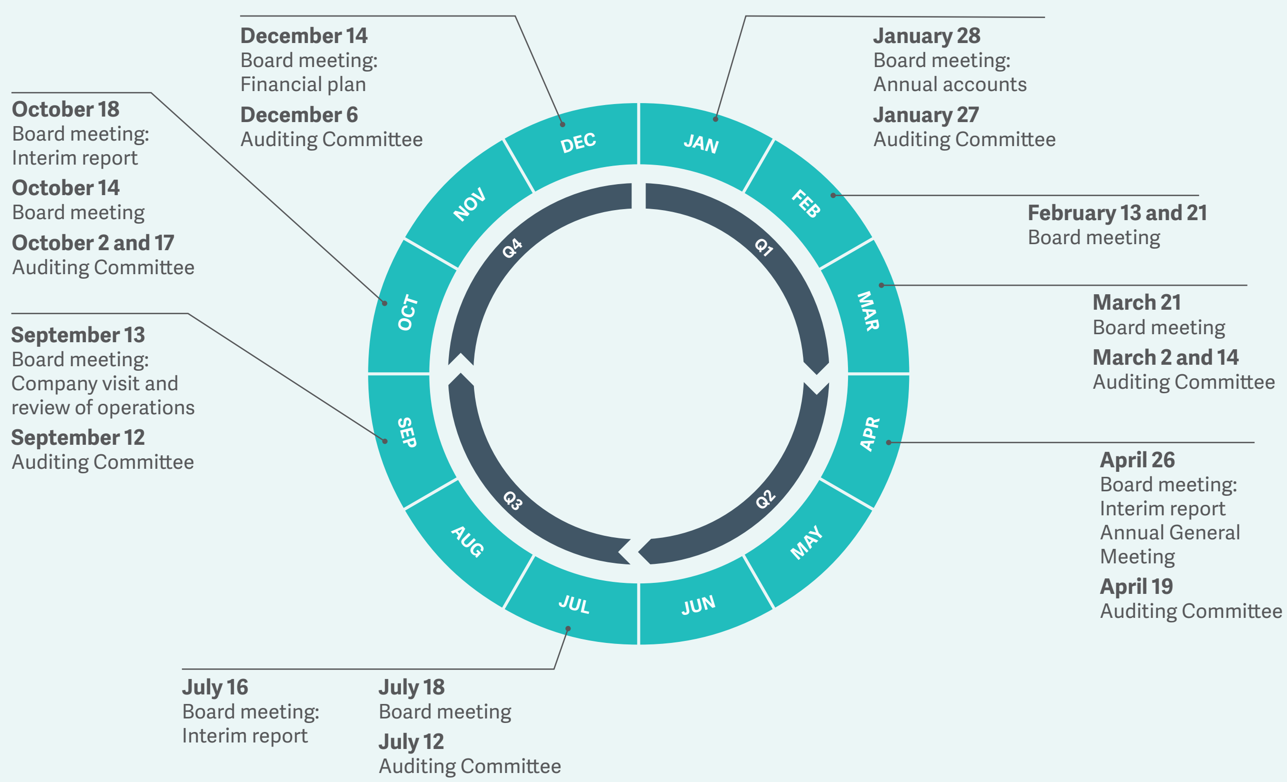
External auditors

Getinge's auditors are elected at the AGM. The auditors will review the Annual report, financial statements and the consolidated financial statements as well as the management by the Board and CEO in accordance with generally accepted auditing standards. After every fiscal year an auditor's report is presented to the Parent Company and a Group auditor's report is presented to the General Meeting. At the 2018 AGM, the registered accounting firm Öhrlings PricewaterhouseCoopers AB was elected auditor with the authorized public accountant Johan Rippe as the Auditor in Charge and Eric Salander as co-auditor. The current mandate period expires at the 2019 AGM. The auditors report to the Auditing Committee and the Board on their findings. In addition to standard audit assignments, Öhrlings PricewaterhouseCoopers AB provides advisory services and performs investigations. Such assignments take place in accordance with the regulations determined by the Auditing Committee for approval of the nature and scope of the services and the fees for such services. The performed assignments are not deemed to have given rise to a conflict of interest. Details about the amounts of remuneration paid to auditors are presented in Note 5.

CEO and Getinge Executive Team

It is the CEO's responsibility to implement and ensure that the strategies, business plans and operational objectives agreed on by the Board are carried out. It is also the CEO's responsibility to keep the Board up to date with information and essential management information, to submit reports at the Board meetings while keeping the Board and Chairman continually

Board and Auditing Committee meetings



updated about the Group's and company's financial position and future development opportunities. The CEO is supported by the Getinge Executive Team comprising presidents of the business areas, global sales and Group-wide support functions. At year-end 2018, Getinge Executive Team comprised nine individuals. These people are presented on pages 64-65 in this Annual Report. The Getinge Executive Team held seven meetings in 2018 and remained in continuous contact between meetings. The focus of the meetings was mainly the Group's strategic and operational performance, monitoring results and quality issues.

Operating activities

Getinge's operating activities comprise the business areas of Acute Care Therapies, Life Science and Surgical Workflows as well as a global and shared sales organization that aims to capitalize on synergies in sales. Each operating unit at Getinge is headed by a management team responsible for the operations of each unit. The operational management team is the function below the Getinge Executive Team that is responsible for ensuring and monitoring that the decisions made are carried out.

Getinge's synergy functions are located centrally in the Group to coordinate finance, IT, legal, human resources, communication and marketing, strategy and group operations (strategy, purchasing, logistics and shared services), quality and ethics & compliance. These functions are responsible for supporting and monitoring the development of the company.

Internal Control and risk management

Description

At Getinge, internal control over the financial reporting is an integral part of corporate governance. It comprises processes and methods to safeguard the Group's assets and accuracy in the financial reporting, and in this manner, protects the shareholders' investment in the company.

Control environment

Getinge's organization is designed to quickly respond to changes in the market. Operational decisions are thus made on a decentralized basis, while decisions on strategy, focus, acquisitions and overall financial issues are made by Getinge Group's Board and the Getinge Executive Team. The internal control over the financial reporting at Getinge is designed to manage these conditions. The basis of the internal control over the financial reporting comprises the control environment, including the organization, decision-making channels, authorities and the responsibilities that are documented and communicated in steering documents.

Each year, the Board adopts a formal work plan that regulates the duties of the Chairman and the CEO. The Board has established an Auditing Committee to increase knowledge of the level of transparency and control of the company's accounts, financial reporting and risk management, and a Remuneration Committee to manage remuneration to company management.

Each business area and the sales organization has one or more administrative centers that are responsible for the day-to-day handling of transactions and accounting. Each business area and the sales organization has a financial manager, who is responsible for the financial control and for ensuring that the financial statements are accurate, complete and submitted in good time prior to consolidated reporting.

Risk assessment

By conducting quantitative and qualitative risk analyses based on the offering and operations, Getinge can identify the key risks that could threaten the achievement of business and financial targets. In addition, several units in each business area and in the sales organization are analyzed to gain a more detailed understanding of the actual application of the existing rules and regulations.

Accordingly, measures to minimize identified risks are formulated centrally within the Group. Getinge initiated several activities in 2018 to raise risk awareness and to more efficiently manage identified risks. A company-wide risk analysis was one of the measures carried out in the autumn of 2018. The following risk areas were identified:

- Quality-related risks
- Sales via third-party distributors
- Regulatory changes for product certification
- Changes to remuneration models for Getinge's customers
- Cyber security
- Business continuity
- Platforms and processes
- Ethical and legal risks
- Financial risks

Fees for Board and Committee work 2018, SEK

	Board fee	Remuneration Committee fee	Auditing Committee fee	Total
Carl Bennet, Chairman	1,184,000	125,000	-	1,309,000
Johan Bygge	592,000	-	260,000	852,000
Cecilia Daun Wennborg	592,000	-	130,000	722,000
Barbro Fridén	592,000	92,000	-	684,000
Dan Frohm	592,000	92,000	130,000	814,000
Sofia Hasselberg	592,000	-	130,000	722,000
Johan Malmquist	592,000	92,000	-	684,000
Malin Persson	592,000	92,000	-	684,000
Johan Stern, Vice Chairman	592,000	92,000	-	684,000
Total	**5,920,000**	**585,000**	**650,000**	**7,155,000**

An independent internal audit function was established in 2018, supported by external parties. A framework is being developed to further analyze probability and impact and to determine ownership and strategies for monitoring, preventing and minimizing the effects of identified risks.

Control activities

The identified risks related to financial reporting are handled by the company's control activities. For example, there are automated controls in IT-based systems that manage authority levels and rights to authorization, as well as manual controls, such as duality in the day-to-day recording of transactions and closing entries.

Detailed financial analyses of results and follow-ups against plan and forecasts supplement the operation-specific controls and provide overall confirmation of the quality of the financial reporting. The Group follows standardized templates and models to identify and document processes and controls.

Information and communication

The Group has information and communication procedures to promote completeness and accuracy in the financial reporting. Policies and guidelines are available on the company's intranet. Information regarding the efficiency of the internal controls in the Group is regularly reported to the relevant parties within the organization.

Follow-up and monitoring

The finance department and management perform monthly analyses of the financial reporting at a detailed level. The Auditing Committee follows up the financial reporting at its meetings and the company's auditors report on their observations and provide recommendations.

The Board receives financial reports on a monthly basis and the company's financial position is discussed at every Board meeting.

The efficiency of the internal control activities related to the financial reporting is followed up centrally in the Group every year and comprises an assessment of the formulation and operative function of key control elements that have been identified and documented.

Self-assessment and validation

Since 2006, Getinge Group works with a formalized process for the follow-up and evaluation of the effectiveness of documentation and control activities. The control comprises both a self-assessment and validation of the self-assessments. Validation is performed centrally by the internal control function.

In 2018, a self-assessment was performed at the units whose combined net sales exceed 85% of the Group's total net sales.

In conjunction with the standard audits, the auditors conducted an in-depth validation of the internal control environment. The self-assessment and validation function encompass the processes relating to financial reporting, production, inventories, fixed and intangible assets, sourcing and revenues from products and services.

The system of self-assessment and validation provides the Board with a proper overview of how the Group manages different flows of information and reacts to new information, and how the various control systems function.

Outcome 2018

The follow-up of the internal control in 2018 indicated that documentation and control activities over the financial reporting were, in all material respects, established at the validated companies.

Follow-on work

Over the next year, the continuing work related to internal control in Getinge will principally focus on risk assessment, control activities and follow-up/monitoring.

Based on the outcome of the company-wide risk analysis carried out in the autumn of 2018, resources will continue to be assigned to documenting additional critical processes and control activities.

Depending on the outcome of the implemented self-assessment and risk analysis, it may be necessary to address reported shortcomings.

Board of Directors

Carl Bennet (1951)

Board member elected by AGM, Chairman of the Board

M.Sc. (Economics), Dr. Tech. h.c.

Assignments on Getinge's Board: Chairman of the Board since 1997. Chairman of the Nomination Committee. Chairman of the Remuneration Committee. Board member since 1989.

Other assignments: CEO of Carl Bennet AB, Chairman of the Board of Elanders and Lifco. Board member of Arjo, Holmen and L E Lundberg-företagen.

Previous assignments: President and CEO of Getinge.

Shareholding (own and related parties): Holds 18,217,200 Class A shares and 36,332,969 Class B shares.

Johan Bygge (1956)

Board member elected by AGM

M.Sc. (Economics)

Assignments on Getinge's Board: Chairman of the Auditing Committee. Board member since 2007.

Other assignments: Senior industrial advisor at EQT stationed in Asia Pacific and Board Chairman of PSM International, China, member of Board of Trustees of SNS, Centre for Business and Policy Studies.

Previous assignments: CFO of Investor AB, Executive Vice President of Electrolux and CFO of Electrolux.

Shareholding (own and related parties): 10,000 Class B shares.

Synthetic options: 144,927 Class B shares.

Cecilia Daun Wennborg (1963)

Board member elected by AGM

M.Sc. (Economics)

Assignments on Getinge's Board: Member of the Auditing Committee. Board member since 2010.

Other assignments: Board member of companies including ICA Gruppen AB, Loomis AB, Bravida Holding AB, Hoist Finance AB, Oncopeptides AB, Atvexa AB and Sophiahemmet. Member of the Swedish Securities Council.

Previous assignments: Vice President of Ambea AB, President of Carema Vård och Omsorg AB, acting President of Skandiabanken, Head of Swedish Operations at Skandia and President of Skandia Link.

Shareholding (own and related parties): 4,500 Class B shares.

Synthetic options: 144,927 Class B shares.

Barbro Fridén (1956)

Board member elected by AGM

Licensed physician, M.D.

Assignments on Getinge's Board: Member of the Remuneration Committee. Board member since 2017.

Other assignments: Board member of Vitrolife AB, Apoteket AB, Helsa AB, Brighter AB and the Swedish Sea Rescue Society. Consultant and Advisor.

Previous assignments: CEO of Sheikh Khalifa Medical City, United Arab Emirates, CEO of Sahlgrenska University Hospital, Division Director of Astrid Lindgren Children's Hospital, Medical Director of Fertilitetscentrum AB in Stockholm and Gothenburg, and Operations Director of the clinic Women's and Children's Health in Varberg, Sweden.

Shareholding (own and related parties): 300 Class B shares.

Synthetic options: 72,463 Class B shares.

Dan Frohm (1981)

Board member elected by AGM

M.Sc. (Industrial Engineering and Management).

Assignments on Getinge's Board: Member of the Auditing Committee. Member of the Remuneration Committee. Board member since 2017.

Other assignments: CEO of VD i DF Advisory LLC. Board member of Carl Bennet AB, Elanders AB and Swedish-American Chamber of Commerce, Inc.

Previous assignments: Management consultant at Applied Value LLC in New York.

Shareholding (own and related parties): 149,510 Class B shares.

Synthetic options: 144,927 Class B shares.

Maria Grehagen Hedberg (1958)

Deputy representative of the Swedish Metalworkers' Union

Assembly

Assignments on Getinge's Board: Deputy representative since 2014. Employed at Maquet Critical Care AB

Shareholding (own and related parties): Holds no shares.

Sofia Hasselberg (1983)

Board member elected by AGM

M.D.

Assignments on Getinge's Board: Member of the Auditing Committee. Board member since 2017.

Other assignments: Director, Head of Digital and Customer Solutions at MSD AB.

Previous assignments: Vast experience as a senior adviser, providing strategic, operational and organizational advice to players across the full healthcare value chain. Engagement Manager at McKinsey & Company until 2017. Physician at Karolinska University Hospital, Solna, Sweden.

Shareholding (own and related parties): Holds no shares.

Peter Jörmalm (1959)

Regular Board member 2018-, representative of Unionen

Materials Planner, Logistics department at Getinge Sterilization.

Assignments on Getinge's Board: Deputy 2012–2014. Regular Board member 2014–2016. Deputy 2016–2018. Employed at Getinge Infection Control AB

Shareholding (own and related parties): Holds no shares.

Rickard Karlsson (1970)

Regular Board member, representative of Swedish Metalworkers' Union

Assembly

Assignments on Getinge's Board: Regular Board member since 2014. Deputy 2013–2014. Employed at Getinge Sterilization AB

Shareholding (own and related parties): Holds no shares.

Åke Larsson (1966)

Deputy 2018-, representative of Swedish Association of Graduate Engineers

M.Sc. (Engineering), Research & Development

Assignments on Getinge's Board: Deputy 2014-2016, regular Board member 2016-2018.
Employed at Maquet Critical Care AB

Shareholding (own and related parties): Holds no shares.

Johan Malmquist (1961)

Board member elected by AGM

M.Sc. (Economics)

Assignments on Getinge's Board: Member of the Remuneration Committee. Board member since 2016.

Other assignments: Chairman of Arjo AB and Tingstad Pappers AB. Board member of Elekta AB (publ.), Mölnlycke Health Care AB, the Dunker Foundations, Stena Adactum, Trelleborg AB and Chalmers University of Technology Foundation.

Previous assignments: President and CEO of Getinge Group from 1997 to 2015, Business Area Director within Getinge Group, President of Getinge Group's French subsidiary, President of subsidiaries in the Electrolux Group.

Shareholding (own and related parties): 90,000 Class B shares.

Synthetic options: 144,927 Class B shares.

Mattias Perjos (1972)

Board member elected by AGM

M.Sc. (Industrial Engineering and Management).

Assignments on Getinge's Board: Board member since 2017.

Other assignments: President and CEO of Getinge.

Previous assignments: CEO of Coesia Industrial Process Solutions (IPS) and Coesia International. Prior to that, Mattias Perjos held a number of senior international positions at FlexLink including the role of CEO.

Shareholding (own and related parties): 34,500 Class B shares.

Synthetic options: 579,710 Class B shares.

Malin Persson (1968)

Board member elected by AGM

M.Sc. (Industrial Engineering & Management)

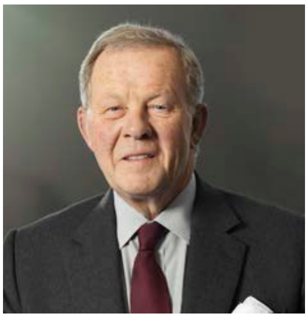
Assignments on Getinge's Board: Member of the Remuneration Committee. Board member since 2014.

Other assignments: CEO and owner of Accuracy AB, Board member of companies including Mekonomen, Hexatronic, Hexpol AB, Evry AS and Peab.

Previous assignments: CEO of the Chalmers University of Technology Foundation, many years' experience in major Swedish industrial enterprises such as the Volvo Group.

Shareholding (own and related parties):
5,284 Class B shares.

Synthetic options: 144,927 Class B shares.



Johan Stern (1951)

Board member elected by AGM, Vice Chairman of the Board

M.Sc. (Economics)

Assignments on Getinge's Board: Member of the Remuneration Committee. Board member since 2004.

Other assignments: Chairman of Healthinvest Partners AB, Rolling Optics AB, Fädriften Invest AB, Skanör Falsterbo Kallbadhus AB and Harry Cullberg's Fund Foundation. Board member of Carl Bennet AB, Elanders AB, Lifco AB, RP Ventures AB, Swedish-American Chamber of Commerce, Inc. and Estea AB.

Previous assignments: Active within SEB's operations in Sweden and the US.

Shareholding (own and related parties): 30,104 Class B shares.

Synthetic options: 144,927 Class B shares.

Getinge Executive Team

Mattias Perjos (1972)
CEO & President

M.Sc. (Industrial Engineering and Management).

Swedish citizen

Employed at Getinge since 2017

Shareholdings (own and related parties):
34,500 Class B shares

Synthetic share options: 579,710 Class B shares

Previous experience: CEO of Coesia IPS Division and Coesia International 2012-2017. CEO of Flexlink 2006-2016 and other senior positions in the Group where he started his career in 1998.

Lars Sandström (1972)
Chief Financial Officer

M.Sc. (Economics)

Swedish citizen

Employed at Getinge since 2017

Shareholdings (own and related parties):
13,159 Class B shares

Synthetic share options: 289,855 Class B shares

Previous experience: Senior Vice President Group reporting, Tax & Control at AB Volvo (2015-2017). Several senior positions within Scania such as Vice President Financial Services, Head of Group Financial reporting and Head of Group Reporting and Control. CFO of Swedish Orphan Biovitrum AB 2010-2012.

Stéphane Le Roy (1977)
President Surgical Workflows

Masters Degree (Industrial Engineering).

French citizen

Employed at Getinge since 2012

Shareholdings (own and related parties):
Holds no shares.

Synthetic share options: Holds no shares.

Previous experience: Regional President, South West Europe for Getinge where he started his career in 2012 as country manager for Infection Control in France. Between 2006 and 2012 he was business unit manager for CT Scanners in France for Siemens Healthcare. Before that, he held several senior positions at GE Healthcare.

Jens Viebke (1967)
President Acute Care Therapies

Executive MBA, PhD (Polymer Technology) and M.Sc. (Chemical Engineering).

Swedish citizen

Employed at Getinge since 2010

Shareholdings (own and related parties):
1,100 Class B shares

Synthetic share options: 217,391 Class B shares

Previous experience: Chief Technology Officer of Acute Care Therapies and President of Vascular Systems and Critical Care at Getinge. He had previously held positions at GE Healthcare Life Sciences.

Harald Castler (1957)
President, Life Science

M.Sc. (Chemical Engineering)

Swedish citizen

Employed at Getinge since 1988

Shareholdings (own and related parties):
12,966 Class B shares

Synthetic share options: 217,391 Class B shares

Previous experience: Leading positions in Getinge for more than 30 years, including Sales and Marketing director for Infection Control and President for Getinge International.

Carsten Blecker (1966)
Chief Commercial Officer

PhD (Dentistry), Doctorate (Business Administration)

German citizen.

Employed at Getinge since 2014

Shareholdings (own and related parties):
1,000 Class B shares

Synthetic share options: 144,927 Class B shares

Previous experience: President WEMEA in Medical Systems and President Middle East & Africa for Getinge. Carsten Blecker's previous experience includes positions at Biomet, McKinsey & Company, Kimberly-Clark, Medtronic and Palex Medical.

Lena Hagman (1966)

Executive Vice President Quality Regulatory Compliance

B.Sc. (Chemistry and Textile Engineering)

Swedish citizen

Employed at Getinge since 2010

Shareholdings (own and related parties): 3,656 Class B shares

Synthetic share options: 217,391 Class B shares

Previous experience: Senior Vice President, Group Quality & Regulatory Compliance for Getinge. Lena has a broad background from the field of quality and her experience includes working at companies including Capio, Neoventa Medical AB and Mölnlycke Healthcare.

Jeanette Hedén Carlsson (1966)

Executive Vice President Communications & Brand Management

B.Sc. (Business Administration)

Swedish citizen

Employed at Getinge since 2017

Shareholdings (own and related parties): Holds no shares.

Synthetic share options: 144,927 Class B shares

Previous experience: Senior management positions within Communication and Marketing in the Volvo Group and Volvo Car Group. Most recent assignment held was as Senior Vice President Brand & Communication Volvo Trucks, with responsibility for global marketing, brand management, media relations and internal communication.

Magnus Lundbäck (1969)

Executive Vice President Human Resources & Sustainability

PhD (Strategy and Organization) and Licentiate of Science

Swedish citizen

Employed at Getinge since 2017

Shareholdings (own and related parties): 1,000 Class B shares

Synthetic share options: 217,391 Class B shares

Previous experience: SVP Human Resources & Sustainability for the Gunnebo group. He has previously served as Executive Vice President Human Resources and Sustainability at Getinge and as Vice President of Human Resources at Volvo Car Corporation.

Proposed appropriation of profit

Getinge AB (publ), Corp. Reg. No. 556408-5032

The following non-restricted equity in the Parent Company is at the disposal of the Annual General Meeting, SEK M:	
Share premium reserve	4,264
Retained earnings	5,246
Net profit for the year	8,985
Total	**18,495**
The Board and Chief Executive Officer propose that a dividend of SEK 1.00 per share shall be distributed to shareholders	272
to be carried forward	18,223
Total	**18,495**

The Board of Directors deems the proposed dividend to be justified in relation to requirements that the Group's nature of business, scope and risks impose on consolidated equity and the Group's consolidation requirements, liquidity and financial position.

The Board of Directors and CEO affirm that the consolidated financial statements have been prepared in accordance with international financial reporting standards IFRS, which have been adopted by the EU, and provide a fair and accurate account of the Group's financial position and profit. This Annual Report was prepared in accordance with generally accepted accounting policies and provides a fair and accurate account of the Parent Company's financial position and profit.

The Administration Report for the Group and Parent Company provides a fair and accurate overview of the performance of the Parent Company and the Group's operations, financial position and earnings and describes the material risks and uncertainties faced by the Parent Company and companies belonging to the Group.

Gothenburg, March 15, 2019

Carl Bennet
Chairman

Johan Bygge
AGM-elected Board member

Cecilia Daun Wennborg
AGM-elected Board member

Barbro Fridén
AGM-elected Board member

Dan Frohm
AGM-elected Board member

Sofia Hasselberg
AGM-elected Board member

Johan Malmquist
AGM-elected Board member

Malin Persson
AGM-elected Board member

Johan Stern
AGM-elected Board member
Vice Chairman

Rickard Karlsson
Board member
Representative of the Swedish Metal-workers' Union

Peter Jörmalm
Board member
Representative of Unionen

Mattias Perjos
President & CEO

Our auditor's report was submitted on March 15, 2019
Öhrlings PricewaterhouseCoopers AB

Johan Rippe
Authorized Public Accountant
Auditor in Charge

Eric Salander
Authorized Public Accountant

Consolidated income statement

SEK M	Note	2018	2017
Net sales	2, 3	24,172	22,495
Cost of goods sold	4	-13,119	-11,783
Gross profit		**11,053**	**10,712**
Selling expenses	4	-5,202	-4,980
Administrative expenses	4	-3,090	-2,760
Research and development costs	4, 33	-691	-594
Acquisition expenses	4	-4	-4
Restructuring costs	4	4	-759
Other operating income		252	243
Other operating expenses[1]		-2,606	-365
Operating profit/loss (EBIT)	3, 4, 5, 6	**-284**	**1,493**
Interest income and other similar income	7	112	13
Interest expenses and other similar expenses	8	-452	-573
Profit/loss after financial items		**-624**	**933**
Taxes	9	-315	184
Net profit/loss for the year from continuing operations		**-939**	**1,117**
Net profit for the year from discontinued operations[2]		**-**	**280**
Net profit/loss for the year from continuing and discontinued operations		**-939**	**1,397**
Attributable to:			
Parent Company shareholders			
Profit/loss from continuing operations		-967	1,096
Profit from discontinued operations		-	280
Profit/loss from continuing and discontinued operations		**-967**	**1,376**
Non-controlling interests			
Profit from continuing operations		28	21
Profit from discontinued operations		-	-
Profit from continuing and discontinued operations		**28**	**21**
Earnings per share, SEK[3]		**-3.55**	**5.49**
Of which, continuing operations	11	-3.55	4.37
Of which, discontinued operations		-	1.12
Weighted average number of shares for calculation of earnings per share (000s)[4]	11	272,370	250,720

1) Of which SEK -350 M is related to ongoing investigations in Brazil and SEK -1,800 M to surgical Mesh-related claims.
2) The shares in Arjo were distributed to Getinge's shareholders in December 2017 and in this report Arjo is recognized separately as a discontinued operation in accordance with IFRS 5.
3) Before and after dilution.
4) The information for 2017 has been adjusted for the bonus issue effect of the rights issue

Consolidated statement of comprehensive income

SEK M	Note	2018	2017
Net profit/loss for the year from continuing and discontinued operations		**-939**	**1,397**
Other comprehensive income			
Items that cannot be restated in profit for the period			
Actuarial gains/losses pertaining to defined-benefit pension plans		143	179
Tax attributable to items that cannot be restated in profit		-15	-159
Items that can later be restated in profit for the period			
Translation differences and hedging of net investments		844	-762
Cash flow hedges	27	-60	561
Reversal of translation differences and hedges, discontinued operations		-	-127
Tax attributable to items that can be restated in profit		304	-448
Other comprehensive income for the period, net after tax		**1,216**	**-756**
Comprehensive income for the year		**277**	**641**
Comprehensive income attributable to:			
Parent Company shareholders		230	609
Non-controlling interests		47	32

Consolidated balance sheet

SEK M	Note	2018	2017
ASSETS			
Non-current assets			
Intangible assets	3, 12	24,098	23,045
Tangible assets	3, 12	3,160	2,911
Financial instruments, long-term	27	0	12
Financial receivables, long-term		80	38
Deferred tax assets	9	1,866	1,536
Total non-current assets		**29,204**	**27,542**
Current assets			
Inventories	13	4,544	4,879
Accounts receivable	14	6,108	6,067
Current tax assets		280	288
Financial instruments, current	27	17	170
Other receivables		1,019	1,101
Prepaid expenses and accrued income	15	907	529
Cash and cash equivalents	32	1,273	1,526
Total current assets		**14,148**	**14,560**
TOTAL ASSETS		**43,352**	**42,102**
EQUITY AND LIABILITIES			
Equity			
Share capital	16	136	136
Other capital provided		6,789	6,789
Other reserves		1,235	168
Retained earnings		11,041	12,291
Equity attributable to the Parent Company shareholders		**19,201**	**19,384**
Non-controlling interests		454	422
Total equity		**19,655**	**19,806**
Long-term liabilities			
Interest-bearing long-term loans	18	7,378	4,962
Financial instruments, long-term	27	81	184
Other long-term liabilities		241	210
Provisions for pensions, interest-bearing	18, 22	3,035	3,081
Provisions for pensions, non-interest-bearing	22	133	136
Deferred tax liabilities	9	693	799
Restructuring reserves, long-term	20	195	353
Other provisions, long-term	21	1,936	303
Total long-term liabilities		**13,692**	**10,028**
Current liabilities			
Restructuring reserves, current	20	268	345
Other provisions, current	21	546	266
Interest-bearing current loans	18	3,451	6,275
Advance payments from customers		480	314
Accounts payable		1,868	2,025
Current tax liabilities		199	86
Financial instruments, current	27	73	57
Other liabilities		476	398
Accrued expenses and deferred income	23	2,644	2,502
Total current liabilities		**10,005**	**12,268**
TOTAL EQUITY AND LIABILITIES		**43,352**	**42,102**

Refer to Note 24 for information concerning Getinge Group's pledged assets and contingent liabilities.

Changes in equity for the Group

SEK M	Share capital	Other capital provided	Reserves[1]	Retained earnings	Total	Non-controlling interests	Total equity
Opening balance at January 1, 2017	**119**	**5,960**	**955**	**13,474**	**20,508**	**408**	**20,916**
Comprehensive income for the year	-	-	-787	1,396	609	32	641
Share-based remuneration	-	-	-	-4	-4	-	-4
Dividend	-	-	-	-477	-477	-18	-495
Rights issue[2]	17	4,264	-	-	4,281	-	4,281
Distribution of Arjo[3]	-	-3,435	-	-2,098	-5,533	-	-5,533
Closing balance at December 31, 2017	**136**	**6,789**	**168**	**12,291**	**19,384**	**422**	**19,806**
Opening balance at January 1, 2018	**136**	**6,789**	**168**	**12,291**	**19,384**	**422**	**19,806**
Comprehensive income for the year	-	-	1,067	-837	230	47	277
Share-based remuneration	-	-	-	-4	-4	-	-4
Dividend	-	-	-	-409	-409	-15	-424
Closing balance at December 31, 2018	**136**	**6,789**	**1,235**	**11,041**	**19,201**	**454**	**19,655**

1) Reserves pertain to cash flow hedges, hedges of net investments and translation differences.
2) After deductions for transaction costs and taking tax effects into consideration.
3) Including transaction costs and taxes.

Consolidated cash flow statement

SEK M	Note	2018	2017
Operating activities			
Operating profit/loss (EBIT) for continuing operations		-284	1,493
Operating profit (EBIT) for discontinued operations		-	294
Add-back of amortization, depreciation and write-down		1,808	2,609
Other non-cash items	32	2,073	51
Add-back of restructuring costs[1)]		-4	887
Paid restructuring costs		-261	-539
Interest paid and received		-383	-597
Other financial items		58	-66
Taxes paid		-366	-479
Cash flow before changes in working capital		**2,641**	**3,653**
Changes in working capital			
Inventories		-36	-910
Current receivables		-30	-653
Current liabilities		-72	673
Cash flow from operating activities		**2,503**	**2,763**
Investing activities			
Acquisition of operations	25	-4	-81
Investments in intangible assets and tangible assets	12	-1,380	-1,663
Divestment of fixed assets		45	30
Cash flow from investing activities		**-1,339**	**-1,714**
Financing activities			
Raising of loans		3,666	649
Repayment of loans		-4,671	-4,925
Change in long-term receivables		-11	-56
Distribution of Arjo, net impact on liquidity	26	-	-623
Dividend paid		-424	-495
Rights issue		-	4,281
Cash flow from financing activities		**-1,440**	**-1,169**
Cash flow for the year		**-276**	**-120**
Cash and cash equivalents at the beginning of the period		1,526	1,680
Cash flow for the year		-276	-120
Translation differences		23	-34
Cash and cash equivalents at year-end	32	**1,273**	**1,526**

1) Excluding write-downs on fixed assets

NOTE 1 Accounting policies

General information

Getinge AB, which is the Parent Company of Getinge Group, is a limited liability company with its registered offices in Gothenburg, Sweden. A description of the company's operations is included in the Administration Report on page 52.

The consolidated financial statements for the fiscal year ending December 31, 2018 have been approved by the Board on March 15, 2019 and will be presented to the AGM on April 23, 2019 for adoption.

Accounting and measurement policies

Getinge's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), including interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 has been applied. The consolidated financial statements include the financial statements for Getinge AB and its subsidiaries and were prepared in accordance with the cost method. The Parent Company applies the same accounting policies as the Group, except in the instances stated below in the section "Parent Company's accounting policies." The differences that arise between the Parent Company and the Group's accounting policies are attributable to the limited opportunities for the application of IFRS in the Parent Company, as a result of the Swedish Annual Accounts Act and the Swedish Pension Obligations Vesting Act. The Parent Company's functional currency is Swedish kronor (SEK), which is also the Parent Company's and Group's presentation currency. This means that the financial statements are presented in Swedish kronor (SEK). Unless otherwise stated, all amounts are given in millions of Swedish kronor (SEK M).

Significant estimates and assessments

To prepare the financial statements in accordance with IFRS, the company management is required to make assessments and assumptions that affect the recognized amounts of assets and liabilities and other information in the financial statements as well as the revenues and expenses recognized during the period. Assumptions, assessments and estimates are reviewed on a regular basis. The actual outcome may diverge from these assumptions, assessments and estimates. The Board of Directors and Getinge Executive Team have deemed that the following areas may have a significant impact on Getinge's earnings and financial position:

Measurement of identifiable assets and liabilities in connection with acquisitions

In conjunction with acquisitions, all identifiable assets and liabilities in the acquired company are measured at fair value, including the value of assets and liabilities in the previously owned share as well as the share attributable to non-controlling interests.

Goodwill and intangible assets with an indefinite useful life

The impairment requirement for goodwill and other intangible assets with an indefinite useful life is tested annually by Getinge in accordance with the accounting policy described here in Note 1.

The recoverable amount for cash generating units (CGUs) has been established through the measurement of value in use. For these calculations, certain estimations must be made (see Note 12).

Pension commitments

Recognition of the costs of defined-benefit pensions and other applicable retirement benefits is based on actuarial valuations, relying on key assumptions for discount rates, future salary increases and expected inflation. In turn, the discount rate assumptions are based on rates for high-quality fixed-interest investments with durations similar to the pension plans (see Note 22).

Obsolescence reserve

Inventories are recognized at the lower of cost according to the first in/first out principle, and net realizable value. The value of inventories is adjusted for the estimated decrease in value attributable to products no longer sold, surplus inventories, physical damage, lead times for inventories, and handling and sales overheads. If the net realizable value is lower than the cost, a valuation reserve is established for inventory obsolescence (see Note 13).

Deferred tax

The measurement of loss carryforwards and the company's ability to utilize unutilized loss carryforwards is based on the company's assessments of future taxable income in various tax jurisdictions and includes assumptions regarding whether expenses that have not yet been subject to taxation are tax deductible. Deferred tax is recognized in profit or loss unless the deferred tax is attributable to items recognized in other comprehensive income, in which case the deferred tax is recognized together with the underlying transaction in other comprehensive income (refer to Note 9).

Consolidated financial statements

Subsidiaries are all companies (including structured entities) over which the Group exercises a controlling influence. The Group controls a company when it is exposed to or has the right to variability of returns from its holding in the company and can affect these returns through its influence over the company. The controlling influence is usually transferred at the acquisition date. Acquired companies are consolidated into the consolidated financial statements in accordance with the purchase method, which means that the cost of the shares in subsidiaries is eliminated against their equity at the acquisition date. Accordingly, only the portion of the subsidiary's equity that has arisen after the acquisition is included in consolidated equity. Getinge applies IFRS 3 Business Combinations for acquisitions after January 1, 2004, in accordance with the interim regulations in IFRS 1. Getinge has chosen not to restate earlier acquisitions. Equity in the subsidiaries is thus determined on a market-based value of identifiable assets, liabilities, provisions and contingent liabilities on the date of the acquisition. If the cost of the shares in the subsidiaries exceeds the value of the acquired net assets, calculated as described above, the difference is assigned to goodwill. If the acquisition cost falls below the fair value of the acquired subsidiary's net assets, the negative goodwill is recognized directly in profit or loss as other operating income. If assets are included in the subsidiary at the time of acquisition – for example, property, participations or other operations – that will not be retained but sold in the near future, these assets are recognized in the acquisition analysis at the amount expected to be received. Deferred tax is calculated on the difference between the calculated market values of assets and liabilities and the fiscal residual values.

Intra-Group transactions and unrealized inter-company profits are eliminated in the consolidated financial statements, except with respect of shares in non-controlling interests. In profit or loss, net profit is recognized without deductions for non-controlling interests in net profit for the year. Non-controlling interests are recognized as a separate item in consolidated equity in the balance sheet. The Group applies IFRS 3 Business Combinations to all acquisitions made after January 1, 2010, whereby the most significant change entails expensing transaction costs in conjunction with an acquisition.

Foreign currencies

Functional currency

Transactions in foreign currencies are translated to the functional currency of the financial statements according to the exchange rate on the date of the transaction. Receivables and liabilities in foreign currencies are measured at the closing day rate, and unrealized currency gains and losses are included in profit or loss. Exchange-rate differences attributable to operating receivables and liabilities are recognized as other operating income (operating expenses). Exchange-rate differences regarding financial assets and liabilities are recognized under Other financial items. When preparing the consolidated financial statements, the balance sheets of the foreign operations are translated from their functional currency to SEK, based on the closing day rate.

Translation of foreign operations

Getinge applies the current method for translation of foreign subsidiaries' balance sheets and income statements. This means that all assets and liabilities in subsidiaries are translated at the closing day rate, and all income statement items are translated at average annual exchange rates. Translation differences arising in this context are due to the difference between the income statement's average exchange rates and closing day rates, and to the net assets being translated at a different exchange rate at year-end than at the beginning of the year. Translation differences are recognized under other comprehensive income. The total translation differences in conjunction with divestments are recognized together with the gains/losses arising from the transaction. Hedge accounting is applied to external loans raised in order to reduce translation effects in exposed currencies to match the net assets in foreign subsidiaries. Exchange-rate differences for these loans are recognized directly in other comprehensive income for the Group.

Revenue recognition

Sales include products, services and rental, net after discounts, excluding indirect sales tax. Revenue is mainly recognized when the buyer passes control of the sold product or service and is able to use or benefit from the product or service. Getinge's overall performance obligations can be divided into products and services. Revenue recognition of sales of products usually takes place at a point in time when the goods are delivered and when collection of the receivable is reasonably assured. Revenue is normally recognized once the buyer has accepted delivery and after installation and final inspection. Revenue from services is recognized over time when the services are performed. Income from rental is allocated to a particular period over the term of the rental agreement.

Interest income is recognized continuously and dividends received are recognized after the right to the dividend is deemed secure. In the consolidated financial statements, intra-Group sales are eliminated. For larger assignments that meet the criteria for revenue recognition over time, revenue and expenses are recognized in relation to the degree of completion of the assignment on the closing date. The degree of completion of an assignment is established in a ratio between accrued assignment costs for work completed on the closing date and the calculated total assignment costs, except in those instances this does not correspond to the degree of completion. Changes in the scope and claims of the assignment are included only if there is an agreement with the customer. When the outcome of an assignment cannot be calculated in a reliable manner, only the amount corresponding to the accrued assignment costs that will probably be paid by the client is recognized as revenue. Other accrued assignment costs are recognized as costs in the period in which they occur. If it is probable that the total amount of accrued assignment costs will exceed total revenue from the assignment, the expected loss is promptly recognized as a cost in its entirety.

Government grants

Government grants are measured at fair value when it is probable that the terms associated with the grants will be met and that the grants will be received. Government grants relating to costs are recognized in profit or loss. The income is recognized in the same period as the cost that grants are intended to compensate. Government grants relating to the acquisition of assets reduce the assets' carrying amounts. Grants affect recognized earnings over the assets' useful life by reducing depreciation.

Financial income and expenses

Financial income and expenses include interest income on bank deposits and receivables, interest expenses on loans, income from dividends, unrealized and realized profits and losses on financial investments, exchange-rate differences, and the change in value of derivative instruments used in financial activities. Borrowing costs in conjunction with the raising of loans are recognized as part of the loan to which they pertain and are charged to profit during the term of the loan.

Discontinued operations

A discontinued operation is part of a company that has been divested, distributed to the shareholders or is classified as held for sale and that comprises a material, independent segment or an operation conducted in a geographic area. Profit from discontinued operations are recognized separately from continuing operations in profit or loss.

The distribution of Arjo in December 2017 is recognized as a discontinued operation in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Net profit for the period for Arjo is recognized separately in the consolidated income statement under the item Net profit for the year from discontinued operations. This means that income and expenses for Arjo are excluded from other income-statement items for all reported periods. Arjo was not separated in the same way in the consolidated cash flow statement. Cash-flow disclosures for Arjo are instead recognized in Note 26. Only assets and liabilities remaining in the Group after the distribution of Arjo are recognized in the balance sheet.

Intangible assets

Goodwill

Goodwill comprises the portion of a purchase price for an acquisition that exceeds the market value of the identifiable assets, with deductions for liabilities and contingent liabilities, calculated on the acquisition date, on the share of the acquired company's assets acquired by the Group. In a business acquisition whereby the acquisition costs are less than the net value of acquired assets, assumed liabilities and contingent liabilities, the difference is recognized directly in profit or loss. Goodwill arising in conjunction with the acquisition of a foreign entity is treated as an asset in the foreign entity and translated at the exchange rate on the closing date. Goodwill arising from the acquisition of associated companies is included in the value of the holdings in the associated company. An impairment test of goodwill is conducted once per year or more often if there is an indication that there could have been a decrease in value. Impairment of goodwill is recognized in profit or loss. The gain or loss in connection with the divestment of an entity includes the residual carrying amount of goodwill that pertains to the divested unit.

Other intangible assets

Other intangible assets comprise capitalized development costs, customer relations, technical know-how, trademarks, agreements and other assets. Intangible assets are recognized at cost with deductions for accumulated amortization and any impairment losses. Amortization is applied proportionally over the asset's anticipated useful life, which usually varies between three and 15 years. Acquired intangible assets are recognized separately from goodwill if they fulfill the criteria for qualifying as an asset, implying they can be separated or they are based on contractual or other legal rights and that their market value can be established in a reliable manner. Intangible assets that are recognized separately from goodwill in acquisitions of operations include customer relations, technical know-how, trademarks, agreements, etc.

Acquired intangible assets are measured at market value and amortized on a straight-line basis over their anticipated useful life. The useful life can, in certain cases, be indefinite. These intangible assets are not amortized, instead they are tested for impairment every year or more often if there is an indication that there could have been a decrease in value. Costs for development, whereby research results or other knowledge is applied to produce new products, are recognized as an asset in the balance sheet to the extent that these products are expected to generate future financial benefits. These costs are capitalized when management deems that the product is technically and financially viable, which is usually when a product development project has reached a defined milestone in accordance with an established project model. The capitalized value includes expenses for material, direct expenses for salaries and indirect expenses that can be assigned to the asset in a reasonable and consistent manner. In other cases, development costs are expensed as they arise. Research costs are charged to earnings as they arise. Capitalized expenses are amortized on a straight-line basis from the point in time at which the asset is put into commercial operation and during the asset's estimated useful life. The amortization period is determined based on historical data and taking into consideration future changes in technology. For capital goods, the amortization period is five to 15 years and for software three years.

Tangible assets

Properties, machinery, equipment and other tangible assets are recognized at cost, with deductions for accumulated depreciation and any impairment losses. The cost includes the purchase price and expenses directly attributable to the asset to bring the asset to the site and in the working condition for its intended use. Examples of directly attributable expenses included in the cost are delivery and handling costs, installation, legal services and consultancy services. Assets provided to the company in conjunction with the acquisition of new subsidiaries are recognized at market value on the acquisition date. Depreciation is conducted straight line. The value in the balance sheet represents acquisition costs with deduction for accumulated depreciation and any impairment losses. Land is not depreciated since it is deemed to have an infinite economic life, however, the depreciation of other assets is based on the following anticipated useful lives:

Class of assets	Depreciation, number of years
Land	40-50
Buildings	10-50
Machinery	5-25
Equipment	10
Production tools	5
Rental equipment	5
Cars	4
Computer equipment	3

Tangible assets comprising parts with different useful lives are treated as separate components of tangible assets. Standard maintenance and repair costs are expensed during the periods in which they arise. More extensive repair and upgrading costs are capitalized and depreciated over the item's remaining anticipated useful life. Capital gains/losses are recognized under Other operating income/ expenses.

Leasing – Getinge as a lessee

Financial leases

Leasing of properties, machines and equipment, whereby the Group essentially assumes the same rights as for direct ownership of the asset, is classified as financial leases. Financial leases are capitalized from the date on which the lease agreement is entered into, at the lower amount of the assets' market value or the calculated present value of the underlying leasing payments. Each leasing payment is divided between liabilities and financial expenses so that interest payments on outstanding liabilities are proportional. The corresponding rental liability, after deduction for financing costs, is attributed to interest-bearing liabilities, while the interest portion of leasing costs is recognized in revenue during the lease term. Properties, machines and equipment acquired by leasing are depreciated over their anticipated useful lives.

Operating leases

Leasing of assets whereby the lessor essentially remains the owner of the asset is classified as operating leases. Payments made according to operating leases or rental agreements are expensed proportionally during the lease or rental period, respectively. Any compensation, according to agreement, that the lessee is obliged to pay to the lessor if the leasing contract is terminated prematurely is expensed during the period in which the contract is terminated.

Leasing – Getinge as a lessor

Leasing agreements are defined in two categories, operational and financial, depending on the financial significance of the agreement. Operating leases are recognized as non-current assets. Revenue from operating leases is recognized evenly over the lease term. Straight-line depreciation is applied to these assets in accordance with the undertakings and the depreciation amount is adjusted to correspond with the estimated realizable value when the undertaking expires. The estimated impairment requirement is immediately charged to profit or loss. The products' estimated realizable value at the expiration of the undertaking is continuously followed up on an individual basis. Financial leases are recognized as long-term and current receivables. Payments received from financial leases are divided between interest income and depreciation of receivables.

Impairment

At the end of each accounting period, the carrying amount of the assets is assessed to determine whether there is any indication that impairment is required. If there is such an indication, the asset's recoverable amount is established. The recoverable amount is deemed to be the higher of the asset's net realizable value and its value in use, for which the impairment loss is recognized as soon as the carrying amount exceeds the recoverable amount. Earlier recognized impairment losses on intangible assets and tangible assets are reversed if the recoverable amount is deemed to have increased, although the impairment losses are not reversed to an amount greater than what the carrying amount would have been if no impairment losses had been recognized in earlier years. Recognized impairments of goodwill are not reversed.

Inventories

Inventories are measured at the lower of cost and production value, according to the first in/first out (FIFO) principle, and net realizable value. Inventories include a share of indirect costs related to this. The value of finished products includes raw materials, direct work, other direct costs and production-related expenses including depreciation. The net realizable value is calculated as the estimated sales price less estimated completion and selling expenses. An assessment of obsolescence in inventories is conducted on an ongoing basis during the year. The value of inventories is adjusted for the estimated decrease in value attributable to products no longer sold, surplus inventories, physical damage, lead times for inventories, and handling and sales overheads. If the net realizable value is lower than the cost, a valuation reserve is established for inventory obsolescence.

Financial instruments

Initial recognition

Financial assets and financial liabilities are recognized when the Group becomes party to the contractual terms of the instrument. Purchases and sales of financial assets are recognized on the transaction date, which is the date on which the Group undertakes to buy or sell the asset. A financial asset is derecognized from the balance sheet when the contractual rights to the asset are realized, extinguished or the company loses control over them. A financial liability is derecognized from the balance sheet when the contractual obligation has been fulfilled or in some other manner extinguished. Financial instruments are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of a financial asset or financial liability. The Group classified its financial assets and liabilities depending on the purpose for which the financial asset or liability was acquired.

Financial assets measured at amortized cost

Assets held for the purpose of collecting the contractual cash flows that are solely payments of principal and interest on the principal amount are measured at amortized cost. Assets in this category are initially measured at fair value including transaction costs. After the acquisition date, they are recognized at amortized cost using the effective interest method. The carrying amount of the assets is adjusted for any impairment for expected credit losses. Interest income from these financial assets is recognized using the effective interest method and is included in financial income. Assets in this category comprise long-term financial receivables, accounts receivable and other current receivables. They are included in current assets with the exception of items that fall due more than 12 months after the end of the reporting period, which are classified as non-current assets.

Impairment of financial assets measured at amortized cost

The Group assesses the future expected credit losses related to assets measured at amortized cost and recognizes a reserve for such credit losses ("loss allowance") on each reporting date. For accounts receivable, the Group applies the simplified approach for loss allowance, meaning that the reserve will correspond to the expected loss for the full lifetime of the receivable. Expected credit losses on accounts receivable are recognized under the item selling expenses in profit or loss.

Financial liabilities measured at amortized cost

The Group's other financial liabilities are initially measured at fair value, net after transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Long-term liabilities have an expected term longer than one year while current liabilities have a term of less than one year. This category includes liabilities to credit institutions, issued bonds, accounts payable and other current liabilities.

Cash and cash equivalents

The major portion of cash and cash equivalents comprises cash funds held at financial institutions, and only a minor portion comprises current liquid investments with a term from the acquisition date of less than three months, which are exposed to only an insignificant risk of value fluctuations. Cash and cash equivalents are recognized at nominal amounts, which are equivalent to fair value.

Financial assets measured at fair value

Financial assets in this category comprise derivatives. They are included in current assets if they are expected to be settled within 12 months of the end of the reporting period, otherwise, they are classified as non-current assets. All derivatives are measured at fair value in the balance sheet. Changes in fair value are recognized as a component of other comprehensive income insofar as they are part of a hedging relationship that qualifies as hedge accounting. They are reversed to profit or loss when the hedged transaction occurs. Derivatives that do not meet the requirements for hedge accounting are measured at fair value through profit or loss.

Hedge accounting

For derivative instruments or other financial instruments that meet hedge accounting requirements under the cash flow hedging method or hedging of net investments in foreign operations method, the effective component of the value change is recognized in other comprehensive income. Accumulated value changes from cash flow hedges are reversed from equity to profit or loss at the same time as the hedged item impacts profit or loss. Accumulated value changes from the hedging of net investments in foreign operations are reversed from equity to profit or loss when the foreign operation is divested in full or in part. Interest-bearing liabilities to which hedge accounting has been applied in accordance with the method for fair-value hedging are measured at fair value regarding the hedged risk. The effect of the hedge is recognized on the same line as the hedged item.

Fair value

The fair value of derivative instruments was calculated using the most reliable market prices available. This requires all instruments that are traded in an effective market, such as currency forward contracts, to be measured at market-to-market at current prices. In terms of instruments for which no reliable prices were available, such as interest-rate swaps, cash flows were discounted using deposit and interest-rate swaps for the currency in question. Translation to SEK is conducted at the closing day rate.

Remuneration to employees

Recognition of pensions

Getinge has both defined-contribution and defined-benefit pension plans, of which some have assets in special funds or similar securities. The plans are usually financed by payments from the respective Group companies and the employees. The Group's Swedish companies are generally covered by the ITP plan, which does not require any payments from employees.

Defined-benefit plans

Pension expenses for defined-benefit plans are calculated using the Projected Unit Credit Method in a manner that distributes expenses over the employee's working life. The calculation is performed annually by independent actuaries. These commitments are measured at the present value of expected future payments, with consideration for calculated future salary increases, utilizing a discount rate corresponding to the interest rate of first-class company or government bonds with a remaining term that is almost equivalent to the actual commitments. The Group's net liabilities for each defined-benefit plan (which is also recognized in the balance sheet), comprises the present value of the obligation less the fair value of the plan assets. If the value of the plan assets exceeds the value of the obligation, a surplus arises, which is recognized as an asset. The recognized asset value is limited to the total of costs related to services rendered during previous periods and the present value of future repayments from the plan, or reductions in future contributions to the plan. The actuarial assumptions constitute the company's best assessment of the different variables that determine the costs of providing the benefits. When actuarial assumptions are used, the actual results could differ from the estimated results, and actuarial assumptions change from one period to another. These differences are recognized as actuarial gains and losses. Actuarial gains and losses are recognized in other comprehensive income for the period in which they are incurred.

Costs for defined-benefit pension plans in profit or loss comprise the total costs for service during the current and earlier years, interest on commitments and the expected return on plan assets. Costs for service during the current period and previous periods are recognized as employee costs. The interest component of pension expenses is recognized under financial expenses.

Defined-contribution plans

These are plans in which the company pays fixed fees to a separate legal entity and does not have any legal or informal obligation to pay additional fees. The Group's payments for defined-contribution plans are recognized as expenses during the period in which the employees perform the services that the fee covers. The part of the Swedish ITP plan concerning family pension, disability pension, and employment group life insurance financed by insurance with Alecta is a defined-benefit pension multi-employer plan. For this pension scheme, according to IAS 19, a company is primarily to recognize its proportionate share of the defined-benefit pension commitment and the plan assets and expenses associated with the pension plan. The financial statements are also to include disclosure required for defined-benefit pension plans. Alecta is currently unable to provide the necessary information and therefore the above pension plans are recognized as defined-contribution plans in accordance with item 30 of IAS 19. This means that premiums paid to Alecta will also be recognized on an ongoing basis as expenses in the period to which they pertain.

Share-based remuneration

A long-term share-based incentive program for senior executives ended in 2018 without any compensation to the participants.

Provisions

Provisions are recognized when the Group has a legal or informal obligation as a result of past events and it is probable that payment will be required to fulfill the commitment and if a reliable estimation can be made of the amount to be paid. Pensions, deferred tax liabilities, restructuring measures, guarantee commitments and similar items are recognized as provisions in the balance sheet. Provisions are reviewed at the end of each accounting period.

Contingent liabilities

Contingent liabilities are commitments not recognized as liabilities/provisions either because it is not certain that an outflow of resources will be required to regulate the commitment or because it is not possible to make a reliable estimate of the amount.

Income taxes

Getinge's income taxes include taxes on Group companies' profits recognized during the accounting period and tax adjustments attributable to earlier periods and changes in deferred taxes. Measurement of all tax liabilities/receivables is conducted at nominal amounts and in accordance with enacted tax regulations and tax rates or those that have been announced and will almost certainly be adopted. Tax is recognized directly in equity if the tax is attributable to items that are recognized directly in equity. Deferred tax is calculated to correspond to the tax effect arising when final tax is determined. Deferred tax corresponds to the net effect of tax on all existing differences between fiscal and carrying amounts of assets and liabilities by applying applicable tax rates. Temporary differences primarily arise from the depreciation of properties, machines and equipment, the market valuations of identifiable assets, liabilities and contingent liabilities in acquired companies, the market valuation of investments classified as available-for-sale and financial derivatives, gains from intra-Group inventory transactions, untaxed reserves and tax loss carryforwards, of which the latter is recognized as an asset only to the extent that it is probable that these loss carryforwards will be matched by future taxable profits. Deferred tax liabilities pertaining to temporary differences that are attributable to investments in subsidiaries and affiliates are not recognized, since the Parent Company, in each instance, can control the point in time of reversal of the temporary differences and a reversal in the foreseeable future has been deemed improbable.

Segment reporting

Getinge's operations are controlled and reported primarily by business area. Each segment is consolidated according to the same policies as for the Group in its entirety. The earnings of the segments represent their contribution to the Group's earnings. Assets in a segment include all operating assets used by the segment and primarily comprise intangible assets, tangible assets, inventories, external accounts receivable, other receivables and prepaid expenses and accrued income. Liabilities in a segment include all operating liabilities utilized by the segment and primarily comprise provisions excluding interest-bearing pension provisions and deferred tax liabilities, external accounts payable, other current liabilities and accrued expenses and deferred income. Non-distributed assets and liabilities include all tax items and all items of a financial, interest-bearing nature.

Cash flow statements

Cash flow statements are prepared in accordance with IAS 7 Statement of Cash Flows, indirect method. Changes in the Group structure, acquisitions and divestments, are recognized net, excluding cash and cash equivalents, under Acquired operations and Divested operations and are included in cash flow from investing activities.

Earnings per share

Earnings per share before dilution are calculated by dividing net profit for the year attributable to the Parent Company's shareholders by the weighted average number of shares outstanding during the period.

Dividend

Dividends proposed by the Board of Directors are not deducted from distributable earnings until the dividend has been approved by the Annual General Meeting (AGM).

Alternative performance measures

In the Annual Report, alternative performance measures are used to facilitate analyses of the Group's operations, and the primary alternative performance measures that are presented are EBIT, EBITA, EBITDA with add-back of acquisition and restructuring costs as well as other items affecting comparability and net debt/equity ratio. For definitions and reconciliation of the alternative performance measures, see page 130.

New accounting policies applied by the Group in 2018

No standards, amendments or interpretations effective from fiscal years beginning on or after January 1, 2018 had a material impact on the consolidated financial statements, except for the following:

IFRS 9 Financial Instruments

The Group applies IFRS 9, which addresses the classification, measurement and recognition of financial assets and liabilities, from January 1, 2018. IFRS 9 replaces the elements of IAS 39 related to the classification and measurement of financial instruments. IFRS 9 retains a mixed valuation approach but simplifies the approach in certain respects. Furthermore, IFRS 9 contains three measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit or loss. The classification of an instrument is to be based on the company's business model and the characteristics of the instrument. Investments in equity instruments are to be measured at fair value through profit or loss, although there is also the option of measuring the instrument at fair value through other comprehensive income on initial recognition. The instrument is then not reclassified to profit or loss when divested.

IFRS 9 also introduced a new model for calculating a reserve based on expected credit losses. Classification and measurement are not changed for financial liabilities except in cases when a liability is measured at fair value through profit or loss based on the fair value option. Changes in value attributable to changes in own risk are then to be recognized in other comprehensive income. IFRS 9 reduces requirements for applying hedge accounting by replacing the 80-125 criterion with requirements for an economic relationship between the hedging instrument and the hedged item, and that the hedge ratio is to correspond to the ratio used in risk management. The rules concerning hedging documentation have also changed compared with IAS 39.

The Group has assessed the effects of the implementation of IFRS 9 and has concluded that there are no material differences between these new standards and the accounting policies previously applied by the Group as regards the recognition and measurement of financial instruments and impairment of doubtful receivables. Accordingly, the introduction of IFRS 9 did not impact consolidated equity.

IFRS 15 Revenue from Contracts with Customers
The Group applies IFRS 15 Revenue from Contracts with Customers from January 1, 2018. This standard regulates how revenue is to be recognized and the principles on which IFRS 15 is based aim to provide users of financial statements with more relevant information about the company's revenue. The expanded disclosure requirements entail, for example, that information is to be provided on the nature, timing and uncertainty of revenue, and cash flows arising from a contract with a customer. Under IFRS 15, revenue is to be recognized when the customer passes control of the sold good or service and is able to use or benefit from the good or service. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts and associated SIC and IFRIC.

The Group has assessed the effects of the implementation of IFRS 15 and has concluded that there are no material differences between the new standard and the Group's former accounting policies for revenue recognition, which is why the introduction of IFRS 15 did not impact consolidated equity.

New and amended standards and interpretations that have not yet come into effect

A number of new standards and interpretations will come into effect for fiscal years beginning on or after January 1, 2019 and were not applied when preparing these financial statements. None of these are expected to have any material impact on the consolidated financial statements with the exception of the following:

IFRS 16 Leases
IFRS 16 will be applied from January 1, 2019. The Group has decided to apply the modified retrospective approach and will not restate comparative figures. Right-of-use assets will thus be valued at an amount corresponding to the lease liability on adoption. Getinge has used a single discount rate for lease assets of similar characteristics in the transition to IFRS 16. Since Getinge has decided to apply the modified retrospective approach, the Group has excluded initial direct costs for the measurement of the right-of-use assets and used assessment in determining the remaining lease terms in connection with initial application of the standard. The implementation of the standard will result in almost all leases being recognized in the lessee's balance sheet since the distinction between operating and finance leases is removed.

Under the new standard, an asset (the right to use the leased asset) and a financial liability to make future lease payments are recognized. Short-term leases and low-value leases are exempted. IFRS 16 will increase total assets for the Group since the new lease accounting for lessees entails that all material leases are recognized in the balance sheet. At the same time, operating profit will increase compared with the current amount, because some of the lease payments will be recognized as interest expenses in net financial items. As a result, the standard will impact several of the Group's key figures. For remaining lease obligations, the Group expects to recognize lease liabilities of approximately SEK 1,100 M and right-of-use assets of approximately SEK 1,100 M on January 1, 2019, primarily relating to leased vehicles and premises.

NOTE 2 Net sales per revenue classification

SEK M	2018	2017
Product sales, capital goods	**10,552**	**9,589**
Recurring revenue		
Product sales	11,242	10,152
Spare parts	885	1,031
Service assignments	1,493	1,723
Total recurring revenue	**13,620**	**12,906**
Total	**24,172**	**22,495**

NOTE 3 Segment reporting

The segment reporting has been prepared in accordance with the same policies as for the Group in its entirety. Getinge's operations throughout the world are organized into three business areas – Acute Care Therapies, Life Science and Surgical Workflows. These business areas form the basis for the Group's segment information. Business terms and conditions as well as market-regulated pricing apply for delivery of products and services between Group companies. No sales are made between the different business areas. The Group has no single customer that accounts for 10% or more of the Group's sales.

The reporting segments are active in the following operations

Acute Care Therapies: Acute Care Therapies offers solutions for life support in acute health conditions. The offering includes solutions for cardiac, pulmonary and vascular therapies and a broad selection of products and therapies for intensive care.

Life Science Life Science offers a comprehensive range of equipment, technical expertise and consultation to prevent contamination in biopharmaceutical production, biomedical research, medical device manufacturing and laboratory applications.

Surgical Workflows: Surgical Workflows offers products and services for efficient disinfection and sterilization of instruments used in operations, operating tables and other high-quality hardware for operating rooms and advanced IT systems for efficient and secure hospital workflows.

	Net sales		Adjusted EBITA		Operating profit (EBIT)		Amortization, depreciation and write-downs	
SEK M	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Acute Care Therapies	13,013	12,201	2,533	2,500	-100	1,131	-1,237	-1,395
Life Science	2,194	1,947	277	369	271	364	-75	-70
Surgical Workflows	8,965	8,347	142	445	-191	211	-491	-497
Group functions	-	-	-263	-206	-264	-213	-5	-4
Total	**24,172**	**22,495**	**2,689**	**3,108**	**-284**	**1,493**	**-1,808**	**-1,966**
Interest income and other similar income					112	13		
Interest expenses and other similar expenses					-452	-573		
Tax on profit for the year					-315	184		
Net profit/loss for the year from continuing operations					**-939**	**1,117**		

	Assets		Liabilities		Investments	
SEK M	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Acute Care Therapies	29,411	25,772	5,934	3,764	890	665
Life Science	1,914	2,369	632	658	95	101
Surgical Workflows	8,807	10,849	2,420	2,518	363	460
Total business areas	**40,132**	**38,990**	**8,986**	**6,940**	**1,348**	**1,226**
Undistributed	3,220	3,112	14,711	15,356	32	50
Discontinued operations	-	-	-	-	-	387
Total	**43,352**	**42,102**	**23,697**	**22,296**	**1,380**	**1,663**

	Net sales		Intangible assets and tangible assets	
SEK M	**2018**	**2017**	**2018**	**2017**
EMEA	9,439	8,772	10,234	9,892
of which, Sweden	*554*	*556*	*2,588*	*2,661*
Americas	9,530	9,039	16,329	15,433
APAC	5,203	4,684	695	631
Total	**24,172**	**22,495**	**27,258**	**25,956**

Net sales per business area and region, 2018

SEK M	Acute Care Therapies	Life Science	Surgical Workflows	Total
EMEA	3,982	1,004	4,453	9,439
Americas	6,404	815	2,311	9,530
APAC	2,627	375	2,201	5,203
Total	**13,013**	**2,194**	**8,965**	**24,172**

Net sales per business area and region, 2017

SEK M	Acute Care Therapies	Life Science	Surgical Workflows	Total
EMEA	3,711	901	4,160	8,772
Americas	6,263	718	2,058	9,039
APAC	2,227	328	2,129	4,684
Total	**12,201**	**1,947**	**8,347**	**22,495**

Net sales per business area and revenue type, 2018

SEK M	Acute Care Therapies	Life Science	Surgical Workflows	Total
Product sales, capital goods	3,501	1,403	5,648	10,552
Recurring revenue	9,512	791	3,317	13,620
Total	**13,013**	**2,194**	**8,965**	**24,172**

Net sales per business area and revenue type, 2017

SEK M	Acute Care Therapies	Life Science	Surgical Workflows	Total
Product sales, capital goods	3,289	1,183	5,117	9,589
Recurring revenue	8,912	764	3,230	12,906
Total	**12,201**	**1,947**	**8,347**	**22,495**

Getinge's operations are secondarily reported by geographic area. The US accounted for 34% (35) of the Group's sales and was the only country that accounted for more than 10% of total sales. Refer also to page 128 for a list of the Group's 20 largest markets. The geographic areas' consolidation is conducted in accordance with the same policies as for the Group in its entirety.

NOTE 4 Costs by cost category

Costs by cost category, SEK M	2018	2017
Salaries and remuneration	-6,734	-6,165
Social security expenses	-1,185	-1,197
Pension expenses	-367	-338
Amortization of intangible assets	-1,345	-1,529
Depreciation of tangible assets	-463	-437
Goods and services	-12,008	-11,214
Total	**-22,102**	**-20,880**

Amortization, depreciation and write-downs, SEK M	2018	2017
Cost of goods sold	-799	-891
Selling expenses	-647	-661
Administrative expenses	-333	-333
Research and development costs	-29	-26
Restructuring costs	-	-55
Total	**-1,808**	**-1,966**

NOTE 5 Auditing

Fee to PwC, SEK M	2018	2017[1)]
Auditing assignment	-23	-22
Auditing activities other than auditing assignments	-2	-8
Tax consultancy services	-4	-4
Other services	-2	-16
Total	**-31**	**-50**

1) Auditing activities other than auditing assignments and other services in 2017 primarily referred to the distribution of Arjo and review of the rights issue prospectus

Total fees to PwC and its international network amount to SEK 31 M (50) for the 2018 fiscal year. Fee to auditing firm Öhrlings PricewaterhouseCoopers AB amounted to SEK 13 M (35), of which SEK 11 M (10) refers to the auditing assignment, SEK 1 M (8) to other statutory assignments and SEK 1 M (17) to tax consultancy and other services.

Öhrlings PricewaterhouseCoopers AB (PwC) has the auditing assignment for the entire Group. Auditing assignments refer to statutory auditing, meaning assignments required to issue the auditor's report. Auditing activities other than auditing assignments include the review of interim reports and services in conjunction with the issuance of certificates and audit certificates as well as advisory services on the financial reporting. Tax consultancy services primarily pertain to general tax matters concerning corporate tax and internal pricing. Other services mainly pertain to services in connection with acquisitions and operational efficiency

NOTE 6 Exchange-rate gains and losses, net

Exchange-rate differences were recognized in profit or loss as follows, SEK M	2018	2017
Other operating income and expenses	-36	-52
Financial items	89	-1
Total	**53**	**-53**

NOTE 7 Interest income and other similar income

SEK M	2018	2017
Interest income	20	11
Currency gains	91	-
Other	1	2
Total	**112**	**13**

NOTE 8 Interest expenses and other similar expenses

SEK M	2018	2017
Interest expenses	-418	-512
Currency losses	-2	-1
Other	-32	-60
Total	**-452**	**-573**

NOTE 9 Taxes

The Group's tax expense amounted to SEK -315 M (184).

Tax expense for the year was negatively impacted by non-deductible costs related to a company fine in Brazil and a provision for self-correction of tax declarations for non-deductible commission payments. In total, the Group was impacted by SEK 193 M in negative, non-recurring tax effects relating to Brazil. Approved reductions of the Swedish corporate tax rate meant that deferred tax assets, mainly referring to loss carryforwards, were recalculated, which resulted in a negative tax effect of SEK 88 M.

Tax income in the preceding year was due to non-recurring income of SEK 302 M related to the US Tax Reform. This bill included a reduction of the corporate tax rate from 35% to 21% and due to the changed tax rate deferred tax liabilities attributable to acquired intangible assets were recalculated.

Taxes, SEK M	**2018**	**2017**
Current tax	-504	-453
Deferred tax	189	637
Total	**-315**	**184**

The relationship between the year's tax expense and the recognized profit before tax, SEK M	**2018**	**2017**
Recognized profit before tax	**-624**	**933**
Tax according to current tax rate in Sweden (22%)	137	-205
Adjustment for tax rates in foreign subsidiaries	-79	67
Adjustment of tax expenses from earlier years	-148	-97
Effects of non-taxable income	-	228
Adjustment for changed tax rates	-88	302
Changed value of temporary differences	-24	5
Other tax effects[1]	-113	-116
Recognized tax expense	**-315**	**184**

1) Mainly refers to foreign withholding tax and tax effects of non-deductible costs

Deferred tax assets relate to the following temporary differences and loss carryforwards, SEK M	**2018**	**2017**
Deferred tax assets relating to:		
Non-current assets	165	226
Financial receivables and derivatives	21	150
Current assets	333	324
Provisions	1,056	771
Loss carryforwards	1,514	1,243
Other	58	186
Offset	-1,281	-1,364
Deferred tax assets	**1,866**	**1,536**

Deferred tax liabilities relate to the following temporary differences, SEK M	**2018**	**2017**
Deferred tax liabilities relating to:		
Non-current assets	-1,613	-1,797
Current assets	-37	-25
Provisions	-6	-10
Other	-318	-331
Offset	1,281	1,364
Deferred tax liabilities	**-693**	**-799**

Maturity structure for loss carryforwards, SEK M	**2018**	**2017**
Due within 1 year	0	1
Due within 2 years	9	2
Due within 3 years	2	24
Due within 4 years	0	2
Due within 5 years	0	102
Due after 5 years	22	0
No due date	8,034	6,378
Total	**8,067**	**6,509**

At year-end 2018, there were unrecognized tax assets pertaining to loss carryforwards and unutilized interest deductions amounting to SEK 433 M (367).

NOTE 10 Dividend

On May 4, 2018, shareholders were paid a dividend of SEK 1.50 per share (SEK 409 M in total) relating to 2017.

The Board and the CEO propose to the Annual General Meeting that a dividend of SEK 1.00 per share be paid to shareholders, which amounts to SEK 272 M. The proposed record date is April 25, 2019. Euroclear is expected to distribute the dividend to shareholders on April 30, 2019.

NOTE 11 Earnings per share

Earnings per share from continuing operations, before and after dilution, amounted to SEK -3.55 (4.37).

The calculation of earnings per share relating to the Parent Company's shareholders is based on the following information:

Earnings (numerator), SEK M	2018	2017
Earnings relating to the Parent Company shareholders, which form the basis for calculation of earnings per share	-967	1,096

Number of shares (denominator)	2018	2017
Weighted average number of ordinary shares for calculation of earnings per share[1]	272,369,573	250,720,409[1]

1) Adjusted for bonus issue effect of the rights issue

NOTE 12 Intangible assets and tangible assets

Intangible assets	Goodwill	Trade-marks	Capitalized development costs	Patents & Agree-ments	Customer relations	Technical know-how	Intan-gible assets, other	Total
Cost, Jan 1, 2018	**17,497**	**572**	**6,256**	**929**	**2,586**	**1,170**	**4,528**	**33,538**
Investments	-	-	571	-	-	-	254	825
Sales/disposals	-	-	-60	-	-	-	-258	-318
Reclassifications	-	-	12	-	-	-	89	101
Translation differences	1,250	44	200	67	212	100	278	2,151
Accumulated cost, Dec 31, 2018	**18,747**	**616**	**6,979**	**996**	**2,798**	**1,270**	**4,891**	**36,297**
Amortization and write-downs, Jan 1, 2018	**-624**	**-487**	**-3,089**	**-834**	**-1,900**	**-891**	**-2,668**	**-10,493**
Amortization for the year	-	-10	-504	-15	-182	-72	-445	-1,228
Sales/disposals	-	-	41	-	-	-	252	293
Write-downs	-	-	-15	-32	-	-	-70	-117
Reclassifications	-	-	-7	-	-	-	-6	-13
Translation differences	-31	-41	-87	-65	-166	-80	-171	-641
Accumulated amortization and write-downs, Dec 31, 2018	**-655**	**-538**	**-3,661**	**-946**	**-2,248**	**-1,043**	**-3,108**	**-12,199**
Closing carrying amount, Dec 31, 2018	**18,092**	**78**	**3,318**	**50**	**550**	**227**	**1,783**	**24,098**

Intangible assets	Goodwill	Trade-marks	Capitalized development costs	Patents & Agree-ments	Customer relations	Technical know-how	Intan-gible assets, other	Total
Cost, Jan 1, 2017	**23,788**	**1,359**	**6,588**	**1,012**	**3,671**	**1,628**	**5,869**	**43,915**
Investments	-	-	595	-	-	-	257	852
Acquisitions	53	-	-	3	-	-	-	56
Distribution of Arjo	-5,082	-742	-709	-9	-842	-343	-1,241	-8,968
Sales/disposals	-	-	-152	-	-	-	-286	-438
Reclassifications	-	-	-15	-	-	-	166	151
Translation differences	-1,262	-45	-51	-77	-243	-115	-237	-2,030
Accumulated cost, Dec 31, 2017	**17,497**	**572**	**6,256**	**929**	**2,586**	**1,170**	**4,528**	**33,538**
Amortization and write-downs, Jan 1, 2017	**-796**	**-829**	**-2,882**	**-817**	**-2,369**	**-1,177**	**-3,041**	**-11,911**
Amortization for the year	-	-88	-543	-87	-217	-96	-502	-1,533
Acquisitions	-	-	-	-	-	-	-	-
Distribution of Arjo	163	390	361	9	514	293	564	2,294
Sales/disposals	-	-	149	-	-	-	272	421
Write-downs	-	-	-193	-	-	-	-77	-270
Reclassifications	-	-	-	-	-	-	-12	-12
Translation differences	9	40	19	61	172	89	128	518
Accumulated amortization and write-downs, Dec 31, 2017	**-624**	**-487**	**-3,089**	**-834**	**-1,900**	**-891**	**-2,668**	**-10,493**
Closing carrying amount, Dec 31, 2017	**16,873**	**85**	**3,167**	**95**	**686**	**279**	**1,860**	**23,045**

Tangible assets	Buildings and land[1]	Plant and machinery	Equipment, tools, fixtures and fittings	Rental equipment	Construction in progress	Total
Cost, Jan 1, 2018	**2,908**	**1,565**	**2,360**	**452**	**260**	**7,545**
Investments	35	59	246	30	185	555
Sales/disposals	-16	-40	-217	-49	-1	-323
Reclassifications	68	42	33	148	-234	57
Translation differences	171	82	111	13	12	389
Accumulated cost, Dec 31, 2018	**3,166**	**1,708**	**2,533**	**594**	**222**	**8,223**
Depreciation and write-downs, Jan 1, 2018	**-1,456**	**-1,184**	**-1,705**	**-289**	**-**	**-4,634**
Depreciation for the year	-113	-92	-208	-50	-	-463
Sales/disposals	15	32	196	30	-	273
Reclassifications	-	5	14	-27	-	-8
Translation differences	-82	-60	-82	-7	-	-231
Accumulated depreciation and write-downs, Dec 31, 2018	**-1,636**	**-1,299**	**-1,785**	**-343**	**-**	**-5,063**
Closing carrying amount, Dec 31, 2018	**1,530**	**409**	**748**	**251**	**222**	**3,160**

1) Closing carrying amount for land is SEK 214 M (175)

Tangible assets	Buildings and land	Plant and machinery	Equipment, tools, fixtures and fittings	Rental equipment	Construction in progress	Total
Cost, Jan 1, 2017	**3,371**	**1,722**	**2,994**	**4,651**	**408**	**13,146**
Investments	38	55	250	226	242	811
Acquisitions	-	1	-	-	-	1
Distribution of Arjo	-363	-219	-745	-3,896	-44	-5,267
Sales/disposals	-58	-50	-130	-492	-11	-741
Reclassifications	32	92	42	63	-324	-95
Translation differences	-112	-36	-51	-100	-11	-310
Closing accumulated cost, Dec 31, 2017	**2,908**	**1,565**	**2,360**	**452**	**260**	**7,545**
Depreciation and write-downs, Jan 1, 2017	**-1,585**	**-1,327**	**-2,207**	**-3,714**	**-**	**-8,833**
Depreciation for the year	-117	-104	-258	-327	-	-806
Acquisitions	-	-1	-	-	-	-1
Distribution of Arjo	146	172	582	3,220	-	4,120
Sales/disposals	52	43	122	460	-	677
Reclassifications	4	5	13	-4	-	18
Translation differences	44	28	43	76	-	191
Accumulated depreciation and write-downs, Dec 31, 2017	**-1,456**	**-1,184**	**-1,705**	**-289**	**-**	**-4,634**
Closing carrying amount, Dec 31, 2017	**1,452**	**381**	**655**	**163**	**260**	**2,911**

Impairment testing

Goodwill	2018	2017
Acute Care Therapies	14,857	13,776
Surgical Workflows	2,851	2,730
Life Science	384	367
Total	**18,092**	**16,873**

Goodwill is distributed among the Group's cash generating units (CGUs), which are identified per business area.

Goodwill and other net assets are tested for impairment annually and whenever conditions indicate that impairment may be necessary. The recoverable amount for CGUs is determined based on the calculated value in use. For impairment-testing purposes, this has been done at the lowest level where separable cash flows have been identified, which for Getinge is the same as its business areas.

Assumptions

The value in use of goodwill and other net assets attributable to Acute Care Therapies, Surgical Workflows and Life Science was calculated based on discounted cash flows, which are based on assumptions regarding sales growth and the cost trend. Cash flows for the first three years are based on a financial plan approved by the Board. Cash flows after this three-year period have been determined using a growth rate corresponding to 2%. This growth is based on reasonable prudence and does not exceed long-term growth for the industry as a whole. A discount rate of 8.9% (9.0) before tax was applied when calculating the value in use of all business areas. With the assumptions described above, value in use exceeds the carrying amount for all CGUs.

Sensitivity analysis

In connection with the impairment test, sensitivity analyses have been performed regarding changes in growth rate and discount rate, which have a significant impact on the calculation of the discounted cash flows. The sensitivity analyses showed that the negative changes below would not individually generate a need for impairment in any business area:

- Growth rate after year three decreases to 1%
- Discount rate before tax increases 1 percentage point to 9.9%

Intangible assets

Following the distribution of Arjo, there are no intangible assets other than goodwill whose useful life has been assessed as indefinite. The useful life for other intangible assets is three to 15 years. For strategic acquisitions, the useful life exceeds five years.

NOTE 13 Inventories

SEK M	2018	2017
Raw materials	1,627	1,500
Work in progress	530	531
Finished products	2,387	2,848
Total	**4,544**	**4,879**

Of the Group's inventories, SEK 4,521 M (4,842) is measured at cost and SEK 23 M (37) at net realizable value. At December 31, 2018, the Group's provisions for obsolescence totaled SEK 855 M (988). The write-down amount was SEK 169 M (106) and is included in cost of goods sold. Reversed amounts from prior years amounted to SEK 114 M (57).

NOTE 14 Accounts receivable

SEK M	2018	2017
Accounts receivable before provisions	6,297	6,248
Loss allowance	-189	-181
Total	**6,108**	**6,067**

Accounts receivable net, after provision for expected credit losses, theoretically constitutes maximum exposure for the calculated risk of losses. Accordingly, the carrying amount of accounts receivable represents the fair value. It is the Group's opinion that there is no significant concentration of accounts receivable to any single client. Letters of credit or the equivalent normally cover sales to countries outside the OECD. Confirmed credit losses in relation to net sales amounted to 0.1% (0.3) for the 2018 fiscal year. The loss allowance is based on historical credit losses and taking into consideration current and forward-looking information about customers' repayment capacity.

A maturity analysis of accounts receivable before loss allowance is presented below:

SEK M	2018	2017
Not fallen due	4,271	4,072
Fallen due 1-5 days	378	426
Fallen due 6-30 days	391	518
Fallen due 31-60 days	358	393
Fallen due 61-90 days	157	94
Fallen due, more than 90 days	742	745
Total	**6,297**	**6,248**

At December 31, 2018, the Group's provisions for doubtful receivables totaled SEK 189 M (181). A maturity analysis of these accounts receivable is presented below:

SEK M	2018	2017
Not fallen due	-9	-8
Fallen due 1-5 days	0	-1
Fallen due 6-30 days	0	-1
Fallen due 31-60 days	-1	-1
Fallen due 61-90 days	-1	-1
Fallen due, more than 90 days	-178	-169
Total	**-189**	**-181**

Recognized amounts, by currency, for the Group's accounts receivable are as follows:

SEK M	2018	2017
EUR	1,843	1,752
USD	2,097	2,048
GBP	179	226
CAD	111	125
SEK	166	185
Other currencies	1,901	1,912
Total	**6,297**	**6,248**

Changes in loss allowance are as follows:

SEK M	2018	2017
At beginning of the year	**-181**	**-291**
Provision for expected losses	-61	-191
Receivables written off during the year that cannot be recovered	34	63
Recovered doubtful receivables	24	43
Distribution of Arjo	-	191
Translation differences	-5	4
At year-end	**-189**	**-181**

NOTE 15 Prepaid expenses and accrued income

SEK M	2018	2017
Accrued income	581	256
Prepaid rental expenses	22	17
Prepaid insurance expenses	30	32
Prepaid commissions	24	7
Other	250	217
Total	**907**	**529**

Accrued income refers to contract assets relating to service of SEK 44 M (26), installation of SEK 1 M (1), projects that are recognized according to the percentage of completion method of SEK 515 M (215) and other income of SEK 21 M (14). The change in accrued income between the year was mainly attributable to projects in the Life Science business area.

NOTE 16 Share capital

Class of shares	A	B	Total
Quotient value per share, SEK	0.50	0.50	
Number of shares outstanding:			
December 31, 2017	18,217,200	254,152,373	272,369,573
December 31, 2018	18,217,200	254,152,373	272,369,573
Shares' voting rights in %	41.8	58.2	100.0

In accordance with the Articles of Association, the company's share capital amounts to not less than SEK 75 M and not more than SEK 300 M. Within these limits, the share capital can be raised or lowered without requiring an amendment to the Articles of Association. The maximum number of shares is 600 million. One Class A share carries ten votes and one Class B share carries one vote. Both classes of share have the same quotient value, which is SEK 0.50. At December 31, 2018, the company's share capital totaled SEK 136 M (136).

NOTE 17 Unutilized overdraft facilities and credit facilities

At December 31, 2018, the total granted, unutilized overdraft facilities were SEK 740 M (925). In addition, there were unutilized short-term credit facilities of SEK 958 M (1,615) and committed, unutilized facilities for medium and long-term credit of SEK 5,035 M (4,826), which may be utilized without qualification.

NOTE 18 Net interest-bearing debt

SEK M	2018	Change	2017
Interest-bearing current loans	3,451	-2,824	6,275
Interest-bearing long-term loans	7,378	2,416	4,962
Pension provisions, interest-bearing	3,035	-46	3,081
Less cash and cash equivalents	-1,273	253	-1,526
Total	**12,591**	**-201**	**12,792**

	Cash and cash equivalents	Interest-bearing loans	Provisions for pensions, interest-bearing	Total
Net debt at January 1, 2017	**-1,680**	**21,701**	**3,368**	**23,389**
Cash flow affecting net debt	-327	-4,195	-81	-4,603
Distribution of Arjo	447	-5,051	-25	-4,629
Other non-cash items	-	-	-179	-179
Exchange-rate differences	34	-1,218	-2	-1,186
Net debt at December 31, 2017	**-1,526**	**11,237**	**3,081**	**12,792**
Net debt at January 1, 2018	**-1,526**	**11,237**	**3,081**	**12,792**
Cash flow affecting net debt	276	-973	-32	-729
Other non-cash items	-	-	-143	-143
Exchange-rate differences	-23	565	129	671
Net debt at December 31, 2018	**-1,273**	**10,829**	**3,035**	**12,591**

Liquidity risk

The Group's current interest-bearing liabilities totaled SEK 3,451 M (6,275) at December 31, 2018 and are covered by unutilized committed credit facilities of SEK 7,035 M (6,826). The Group's long-term interest-bearing liabilities amounted to SEK 7,378 M (4,962). The average interest expense for the Group's liabilities to credit institutions amounts to approximately 2.2% excluding interest-rate swaps and to approximately 3.0% including interest-rate swaps.

Debt/equity ratio

According to the terms of the main credit facilities, the Group is obligated to maintain certain financial key figures. These are net debt/equity ratio and interest-coverage ratio. At year-end, Getinge had a highly favorable margin in relation to the restrictions stipulated in the loan agreements.

NOTE 19 Leases

Operating leases, SEK M	2018	2017
Costs relating to operating leases	-446	-321

Leasing costs for assets held via operating leases, such as leased premises, cars, computers and office equipment, are recognized among operating expenses. The Group has no single significant lease agreements or variable fees of a material nature. Some leases have index or extension clauses.

On the closing date, future lease payments for non-cancellable leases amounted to the following:	2018	2017
Due within 1 year	-332	-263
Due within 2 to 5 years	-636	-597
Due in more than 5 years	-28	-36
Total	**-996**	**-896**

Getinge as a lessor under operating leases:	2018	2017
Due within 1 year	20	12
Due within 2 to 5 years	53	12
Due in more than 5 years	3	3
Total	**76**	**27**

NOTE 20 Restructuring reserves

SEK M	FDA	Personnel	Other	Total
Value according to opening balance 2017	**371**	**102**	**58**	**531**
Provisions	488	66	17	571
Used amount	-296	-46	-33	-375
Unutilized funds restored	-	-2	-1	-3
Distribution of Arjo	-	-1	-7	-8
Translation differences	-7	-7	-4	-18
Value according to closing balance 2017	**556**	**112**	**30**	**698**
Of which:				
Short-term				345
Long-term				353
Value according to opening balance 2018	**556**	**112**	**30**	**698**
Provisions	-	44	3	47
Used amount	-200	-77	-10	-287
Unutilized funds restored	-	-26	-1	-27
Translation differences	26	5	1	32
Value according to closing balance 2018	**382**	**58**	**23**	**463**
Of which:				
Short-term				268
Long-term				195

Expected timing of outflow **SEK M**	**Total**
Within 1 year	268
Within 3 years	195
Within 5 years	-
> 5 years	-
Value according to closing balance 2018	**463**

Provision FDA

In reaction to the US Food and Drug Administration's (FDA) comments on several of the quality management processes and documentation procedures in Acute Care Therapies' manufacturing units in 2013, quality work is under way in the form of a remediation program.

Getinge committed SEK 995 M in 2014 related to improvements under the remediation program, and in 2016 SEK 400 M was committed for the same purpose. An additional provision of SEK 488 M was made in 2017 and the total cost of the remediation program thus amounted to SEK 1,983 M, of which SEK 100 M is fines.

NOTE 21 Other provisions

SEK M	Guarantee reserve	Personnel	Other	Total
Value according to opening balance 2017	**127**	**53**	**495**	**675**
Provisions	92	12	97	201
Used amount	-23	-27	-140	-190
Unutilized funds restored	-	-4	-	-4
Acquisition of operations	-	1	-	1
Distribution of Arjo	-34	-7	-56	-97
Translation differences	3	1	-21	-17
Value according to closing balance 2017	**165**	**29**	**375**	**569**
Of which:				
Short-term				266
Long-term				303
Value according to opening balance 2018	**165**	**29**	**375**	**569**
Provisions [1)]	43	44	1,919	2,006
Used amount	-36	-7	-76	-119
Translation differences	4	1	21	26
Value according to closing balance 2018	**176**	**67**	**2,239**	**2,482**
Of which:				
Short-term				546
Long-term				1,936

1) Of which SEK 1,800 M in other refers to the provision for surgical Mesh-related claims

Expected timing of outflow SEK M	Total
Within 1 year	546
Within 3 years	317
Within 5 years	1,590
> 5 years	29
Value according to closing balance 2018	**2,482**

NOTE 22 Provisions for pensions and similar obligations

Defined-contribution plans

In several countries, the Group's employees are covered by defined-contribution pension plans. The pension plans are primarily retirement pensions. The premiums are paid continuously throughout the year by each Group company to separate legal entities, such as insurance companies. The size of the premium paid by the employees and Group companies is normally based on a set proportion of the employee's salary and in certain cases the employees pay for a portion of the premiums themselves.

Defined-benefit plans

Getinge has large defined-benefit pension plans in Sweden, Germany and the US. The pension plans primarily comprise retirement pensions.

Each employer normally has an obligation to pay a lifelong pension. The pension is earned according to the number of employment years and the employee must be affiliated with the plan for a certain number of years to achieve full retirement pension entitlement.

Pension commitments are calculated based on actuarial assumptions and gains and losses of changed actuarial assumptions are recognized as part of comprehensive income.

Sweden

Most of the Group's defined-benefit pension commitments in Sweden are PRI liabilities. These plans are closed for new employees but remain open for the employees encompassed by the plans. The commitments pertain to lifelong retirement pensions and the benefits are primarily based on the employees' final salary.

The pension commitments were calculated at a discount rate based on the return on the market rate of Swedish mortgage bonds. These bonds are deemed to be of high quality since they are guaranteed by assets and the mortgage bond market in Sweden is considered to be deep and liquid. The terms of the bonds correspond to the average term of the commitments, which is 23 years.

At year-end, the amount of the Group's defined-benefit pension commitments in Sweden totaled SEK 543 M (623). The Swedish pension commitments declined year-on-year due to a higher discount rate and experienced-based adjustments. Plan assets exist to only a minor extent and are attributable to a small plan that is not credit-insured.

Germany

Some employees in Germany have a defined-benefit pension plan. This plan is closed for new employees but remains open for the employees encompassed by the plan. The benefits are based on the employees' final salary and the remaining average term of the total commitment is 15 years. The pension plan is insured in accordance with statutory requirements.

Total defined-benefit pension commitments increased to SEK 2,139 M (2,068) during the year. The increase was mainly the result of negative translation differences caused by the weakening of the SEK against the EUR. Actuarial changes had only an insignificant effect on the pension commitment, which was calculated using a discount rate based on high-quality corporate bonds with a term corresponding to the average remaining term of the commitment.

USA

The Group's defined-benefit pension commitment in the US is closed for new employees and also to the employees encompassed by the plan, meaning that no new pension rights are vested. The commitment's remaining average term is 13 years.

The total defined-benefit commitment declined to SEK 1,073 M (1,233), mainly due to pension payments and changed financial assumptions.

The value of the plan assets fell from SEK 757 M to SEK 672 M, primarily the result of pension payments.

Both the defined-benefit commitment and the return on the plan assets were calculated using a discount rate based on high-quality corporate bonds with a term corresponding to the average remaining term of the commitment.

Dec 31, 2018	**Funded pension plans**	**Unfunded pension plans**	**Total**
Present value of commitments	-1,112	-2,770	-3,882
Fair value of plan assets	714	-	714
Net provision in the balance sheet	**-398**	**-2,770**	**-3,168**

Dec 31, 2017	**Funded pension plans**	**Unfunded pension plans**	**Total**
Present value of commitments	-1,262	-2,772	-4,034
Fair value of plan assets	817	-	817
Net provision in the balance sheet	**-445**	**-2,772**	**-3,217**

Group, SEK M	**2018**	**2017**
Pension commitments		
Opening balance	**-3,217**	**-3,419**
Costs for service in the current year	-56	-67
Net interest expenses	-68	-70
Costs for service in previous years	-	-5
Gains and losses from settlements	2	23
Gains and losses from acquisitions and sales of operations	-42	-
Distribution of Arjo	-	-45
Return on plan assets	-45	108
Gains/(loss) attributable to changed demographic assumptions	-27	18
Gains/(loss) attributable to changed financial assumptions	188	113
Experience-based gains/(losses)	13	15
Special employer's contribution on actuarial assumptions	15	-9
Restriction in plan surpluses with regard to asset ceilings	-1	-26
Exchange-rate differences	-88	-29
Contributions paid by employer	52	86
Paid benefits	106	90
Closing balance	**-3,168**	**-3,217**
Of which:		
Interest-bearing pension commitments	-3,033	-3,081
Non-interest-bearing pension commitments	-133	-136

The defined-benefit pension commitment and composition of plan assets 2018	Present value of commitments	Fair value of plan assets	Net provision for pensions
Sweden	-543	31	-512
Germany	-2,139	5	-2,134
USA	-1,073	672	-401
Other countries	-127	6	-121
Total	**-3,882**	**714**	**-3,168**

Significant actuarial assumptions	2018	2017
Weighted average, %		
Discount rate	2.7	2.4
Expected salary increase rate	2.6	2.7
Expected inflation	1.6	1.6

Significant actuarial assumptions 2018	Sweden	Germany	USA	Other countries
Weighted average, %				
Discount rate	2.4	2.0	4.4	1.5
Expected salary increase rate	2.0	2.5	3.0	3.0
Expected inflation	2.0	1.2	2.1	1.5

Sensitivity of defined-benefit commitments to changes in the significant assumptions 2018	Expected value of pension commitments	Changed compared with used calculation assumptions
Pension commitments according to original valuation	**-3,882**	
Discount rate +1 percentage point	-3,362	520
Inflation +1 percentage point	-4,246	-364
Salary increases +1 percentage point	-3,955	-73

The sensitivity analyses above are based on a change in an assumption, while all other assumptions remain constant. It is unlikely that this will happen in practice, and changes in some of the assumptions may correlate. The calculation of sensitivity in the defined-benefit commitments for material actuarial assumptions uses the same method as that used in the calculation of pension liabilities[1].

1) The present value of defined-benefit commitments by applying the Projected Unit Credit Method at the end of the reporting period.

Composition of plan assets	2018	2017
Equities	176	18
Financial instruments	403	227
Properties	19	28
Cash and cash equivalents and similar assets	54	34
Other	62	510
Total	**714**	**817**

The weighted average term of the pension commitments is 17 years (17).

Information regarding recognition of multi-employer defined-benefit pension plans

The commitment for retirement pensions and family pensions for salaried employees in Sweden is safeguarded through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10, this is a multi-employer defined-benefit plan. For the 2018 fiscal year, the company did not have access to such information that makes it possible to recognize this plan as a defined-benefit plan. The pension scheme in accordance with ITP, which is safeguarded through insurance with Alecta, is thus recognized as a defined-contribution scheme. During the year, fees for pension insurance covered by Alecta amounted to SEK 26 M (39). Alecta's surplus can be distributed to the insurers and/or the insured. At year-end 2018, Alecta's surplus in the form of the collective consolidation level was approximately 142% (154). The collective consolidation level comprises the market value of Alecta's assets as a percentage of the insurance commitment calculated in accordance with Alecta's actuarial calculation assumption, which does not correspond with IAS 19.

NOTE 23 Accrued expenses and deferred income

SEK M	2018	2017
Salaries	1,045	1,039
Social security expenses	275	252
Commissions	181	159
Interest expenses	47	32
Consultancy fees	55	101
Deferred income	503	353
Other	538	566
Total	**2,644**	**2,502**

Deferred income refers to contract liabilities relating to service SEK 433 M (316), installation SEK 6 M (0) and other income SEK 64 M (37). The change in deferred income between the years is mainly attributable to service contracts in the Group's US operations. In addition to deferred income, the Group has contract liabilities in the form of advance payments of SEK 480 M (314), which mainly refer to projects. Contract liabilities in the form of deferred income and advance payments at the start of the year were essentially recognized in income during the fiscal year.

NOTE 24 Pledged assets and contingent liabilities

Pledged assets

The Group had no pledged assets.

Contingent liabilities, SEK M	2018	2017
Guarantees	300	306
Other	74	45
Total	**374**	**351**

NOTE 25 Acquisition of operations

Net assets acquired, SEK M	2018	2017[1]
Intangible assets	-	3
Tangible assets	-	1
Other current assets	-	3
Cash and cash equivalents	-	2
Other current liabilities	-	-3
Identifiable net assets	**-**	**6**
Goodwill	-	53
Total purchase consideration	**-**	**59**
Less:		
Unpaid purchase considerations	-	-16
Cash and cash equivalents in the acquired companies	-	-2
Add:		
Purchase consideration attributable to acquisitions in prior years	4	40
Impact on the Group's cash and cash equivalents	**4**	**81**

1) Carus HMS GmbH and Simm Company and Surgeon Aids were acquired in 2017.

NOTE 26 Discontinued operations

Arjo was distributed to the shareholders of Getinge AB and listed on Nasdaq Stockholm on December 12, 2017. In this report, Arjo is recognized as discontinued operations in the consolidated income statement in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Net profit for the year for the discontinued operations is recognized separately in the consolidated income statement under the item "Net profit for the year from discontinued operations." This means that income and expenses for Arjo are excluded from other income-statement items for all reported periods. The discontinued operations were not separated in the consolidated cash flow statement. Cash flow disclosures for these operations are instead recognized in this Note. Only assets and liabilities remaining in the Group after the distribution of Arjo are recognized in the balance sheet.

Income statement

Income statement for discontinued operations, SEK M	**2018**	**2017**
Net sales	-	6,929
Cost of goods sold	-	-3,863
Gross profit	**-**	**3,066**
Selling expenses	-	-1,425
Administrative expenses	-	-992
Research and development costs	-	-118
Acquisition expenses	-	-
Restructuring costs	-	-250
Other operating income and expenses	-	13
Operating profit/loss (EBIT)	**-**	**294**
Net financial items	-	-84
Profit after financial items	**-**	**210**
Taxes	-	-57
Net profit for the period from discontinued operations	**-**	**153**
Profit from translation differences and hedges	-	127
Net profit for the period from discontinued operations	**-**	**280**

Cash flow

Cash flow for discontinued operations, SEK M	**2018**	**2017**
Cash flow from operating activities	-	269
Cash flow from investing activities	-	-320
Cash flow from financing activities	-	4
Cash flow for the period	**-**	**-47**

Assets and liabilities in discontinued operations

Assets and liabilities in discontinued operations on the date of distribution of Arjo to shareholders, December 12, 2017.

Assets and liabilities in discontinued operations, SEK M	
Intangible assets	6,674
Tangible assets	1,147
Financial assets	86
Deferred tax assets	400
Inventories	1,167
Accounts receivable	1,824
Other current receivables	555
Cash and cash equivalents	447
Provisions for pensions, interest-bearing	-25
Other interest-bearing liabilities	-5,051
Deferred tax liabilities	-178
Restructuring reserves	-8
Other provisions	-97
Accounts payable	-529
Other non-interest-bearing liabilities	-1,073
Total net assets in discontinued operations	**5,339**
Distribution of operations and associated net assets	-5,339
Transaction costs related to distribution of operations[1)]	-176
Cash and cash equivalents in discontinued operations	-447
Impact on the Group's cash and cash equivalents	**-623**

1) Excluding non-cash items

NOTE 27 Financial risk management

Most of Getinge's operations are located outside Sweden.This situation entails exposure to different types of financial risks that may cause fluctuations in net profit, cash flow and equity due to changes in exchange rates and interest rates. In addition, the Group is exposed to refinancing and counterparty risks. The primary role of the Group's treasury function is to support business activities and to identify and in the best way manage the Group's financial risks in line with the Board's established finance policy. Getinge's financial activities are centralized to benefit from economies of scale, to ensure good internal control and to facilitate monitoring of risk.

Currency risks

Currency risks comprise exchange-rate fluctuations, which have an impact on the Group's earnings and equity. Currency exposure occurs in connection with payments in foreign currency (transaction exposure) and when translating foreign subsidiaries' balance sheets and income statements to SEK (translation exposure). For a sensitivity analysis, see the Financial risk management section in the Administration Report. The effect of exchange-rate fluctuations on earnings calculated using forecast volumes and earnings in foreign currencies is presented in the Administration Report.

Transaction exposure

Payment flows as a result of sales income and cost of goods sold in foreign currencies cause currency exposure that affects Group earnings in the event of exchange-rate fluctuations. The Group's payment flows in foreign currencies consist mainly of the income generated by export sales. The most important currencies are USD, EUR, CNY and JPY. In line with Getinge's finance policy, the forecast flows in foreign currency are hedged up to 100% for the next fiscal year. Getinge has the right to hedge for up to 36 months. Hedging is conducted using currency forwards, currency swaps and currency options. The market value of financial currency derivatives that meet the cash flow hedging requirements amounted to SEK -56 M (132) at December 31, 2018.

Translation exposure — income statement

When translating the results of foreign subsidiaries into SEK, currency exposure occurs, which affects the Group's earnings when exchange rates fluctuate.

Translation exposure — balance sheet

Currency exposure occurs when translating net assets of foreign subsidiaries into SEK, which can affect consolidated other comprehensive income. In accordance with the Group's finance policy, to minimize the effects of this translation, the exposure arising is hedged using loans or currency derivatives in the subsidiary's local currency. At year-end, the Group did not hold any currency derivatives to hedge the translation exposure.

Interest-rate risk

Interest-rate risks are the changes in market interest rates that affect the Group's net interest. How quickly interest-rate changes impact net interest depends on the fixed-interest term of the loans. At December 31, 2018, the average fixed-interest term in the loan portfolio was 12 months. Interest-rate derivatives, such as interest-rate swaps, are used to achieve the desired fixed-interest term for borrowings. If the average interest rate for currencies represented in the Group's loan portfolio at the end of the year changed by 1 percentage point, this would affect profits by +/- SEK 75 M on an annual basis. The market value of financial interest-rate derivative instruments that meet the cash flow hedging requirements amounted to SEK -81 M (-191) at December 31, 2018.

Financing and liquidity risk

Financing risk is defined as the risk of the cost being higher and financing opportunities limited as the loan is renegotiated and that the ability to pay cannot be met as a result of insufficient liquidity or difficulties in securing funding. The Group's cash and cash equivalents are invested short-term with the aim that any excess cash balances are to be used for amortizing loans. The finance policy of the Group states that refinancing risks are managed by signing long-term committed credit agreements. The single largest loan is a syndicated loan agreement of EUR 490 M with seven banks. This loan agreement falls due in 2023 with an extension option of one year. In 2012, the Group established an MTN program with the aim of issuing bonds in the Swedish market. At year-end 2018, SEK 1,250 M was outstanding under this loan program. The Group signed a bilateral loan agreement with the European Investment Bank during the year. The loan volume is SEK 1,558 M and falls due in 2026, with repayments starting in 2020. Getinge also signed a new loan of SEK 860 M with Bank of America Merrill Lynch, which runs until 2022.

In addition to these credit facilities, the Group has short-term uncommitted credit lines. For further information on these credit lines, refer to Note 17.

At December 31, 2018, the Group's borrowings were in line with the requirements under Getinge's finance policy pertaining to diversification of lenders and maturity dates.

Credit and counterparty risks

The Group's financial transactions cause credit risks with regard to financial counterparties. Credit risks or counterparty risks constitute the risk of losses if the counterparties do not fully meet their commitments. Getinge's finance policy states that the credit risk must be limited through accepting only creditworthy counterparties and fixed limits. At December 31, 2018, the total counterparty exposure in derivative instruments was SEK 0 M (47). Credit risks in outstanding derivatives are limited by the offset rules agreed with the respective counterparty. The Group's liquidity is placed in bank accounts with negligible credit risks.

Commercial credit risks are limited by a diverse customer base with a high credit rating. The Group's customers are found primarily in the public sector, which means that its credit risk is generally very low. Getinge's customers in the private sector also normally represent a very low credit risk. When deemed necessary, credit risk is managed using letters of credit or export credit-related guarantees. Over the years, Getinge has recognized small amounts of bad debt losses and the loss allowance at year-end totaled SEK 61 M (191). The Group's accounts receivable are presented in Note 14, which shows that the share of past due accounts receivable at December 31, 2018 amounted to SEK 2,026 M in relation to the total volume of accounts receivable, which amounted to SEK 6,297 M. For a significant share of past due accounts receivable, payment is past due by a maximum of one month, which can be considered reasonable in relation to the operations conducted by the Group. One of the reasons why customers pay after the agreed date is that, in certain cases, Getinge's deliveries are part of a larger project and payment may thus be conditional on project approval.

Financial derivatives

Getinge uses financial derivatives to manage interest and currency exposure arising in its business. The effectiveness of a hedge is assessed when the hedging relationship is entered into. The hedged item and the hedging relationship are continuously assessed to ensure that the relationship meets the requirements. When the Group hedges purchases/sales in foreign currency, a hedging relationship is entered into whereby the critical terms of the hedging instrument match the terms of the hedged item. In this way, a qualitative assessment of the effectiveness of the relationship is performed and the hedges are expected to be effective for the period for which they are valid.

The Group also enters into interest-rate swaps that have the same critical terms as the hedged item. Critical terms may be reference rate, reset dates, payment dates, maturities and nominal amount. The Group does not hedge 100% of the principal and thus identifies only a portion of the outstanding principal that corresponds to the nominal amount of the swap. At December 31, 2018, all financial derivatives outstanding were held for hedging purposes and were deemed to be effective. Consequently, hedge accounting was applied for these. Fair value measurements for currency forward contracts are based on published forward rates in an active market. The measurement of interest-rate swaps is based on forward rates as expressed in market yield curves.

Fair value disclosures pertaining to borrowing and other financial instruments

Essentially, all loans have floating interest rates and, accordingly, the fair value is assessed as corresponding to the carrying amount. For other financial assets and liabilities, fair value is assessed as corresponding to the carrying amount due to the short expected maturity in time.

Offsetting of financial derivatives

The Group has ISDA agreements for all of its significant counterparties for raising funds and trading in financial instruments. For the financial assets and liabilities that are subject to legally binding offset agreements or similar, each agreement between the company and its counterparties permits the relevant financial assets and liabilities to be offset.

Cash flow for financial liabilities

The table below shows the Group's financial liabilities and net-settled derivative instruments that comprise financial liabilities, subdivided into the periods remaining on the closing date until the agreed date of maturity. The amounts stated in the table comprise contractual, undiscounted cash flows.

At December 31, 2018, SEK M	< 1 year	1-2 years	2-5 years	> 5 years
Bank loans and bond loans (including interest)	-3,645	-3,084	-3,875	-711
Derivative instruments (net flows)	-77	-	-	-
Accounts payable	-1,868	-	-	-
Total	**-5,590**	**-3,084**	**-3,875**	**-711**

Outstanding derivative instruments

	2018		2017	
SEK M	Nominal amount	Fair value	Nominal amount	Fair value
Interest/currency derivatives[1]	-	-	2,000	-469
Interest-rate derivatives	3,144	-81	9,626	-191
Currency derivatives	1,974	-56	3,972	132
Total	**5,118**	**-137**	**15,598**	**-528**

1) Combined instruments

	2018		2017	
SEK M	Asset	Liability	Asset	Liability
Interest-rate derivatives – fair-value hedges[1]	-	-	-	469
Interest-rate derivatives – cash flow hedges	-	81	-	191
Currency derivatives – cash flow hedges	17	73	182	50
Total	**17**	**154**	**182**	**710**
Of which, short-term	17	73	170	526
Of which, long-term	-	81	12	184

1) Combined instruments are recognized in the company's net debt.

Paid and accrued interest on interest-rate derivatives and combined instruments is continuously recognized in profit or loss. The fair value of derivative instruments is established using valuation techniques. For this purpose, observable market information is used.

Financial instruments by category

	Assets at amortized cost		Assets at fair value through profit or loss		Derivatives used for hedging purposes		Assets at fair value through other comprehensive income		Total	
Financial assets	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Derivative instruments	-	-	-	-	17	182	-	-	17	182
Accounts receivable and other receivables, excluding interim receivables	7,207	7,206	-	-	-	-	-	-	7,207	7,206
Cash and cash equivalents	1,273	1,526	-	-	-	-	-	-	1,273	1,526
Total	**8,480**	**8,732**	**-**	**-**	**17**	**182**	**-**	**-**	**8,497**	**8,914**

	Liabilities at amortized cost		Liabilities at fair value through profit or loss		Derivatives used for hedging purposes		Total	
Financial liabilities	2018	2017	2018	2017	2018	2017	2018	2017
Borrowing	10,829	10,768	-	-	-	469	10,829	11,237
Derivative instruments	-	-	-	-	154	241	154	241
Accounts payable and other financial liabilities	2,585	2,633	-	-	-	-	2,585	2,633
Total	**13,414**	**13,401**	**-**	**-**	**154**	**710**	**13,568**	**14,111**

Distribution of currency for outstanding derivative instruments in 2018, SEK M

AUD	-	GBP	38	SEK	1,500
CAD	-	HKD	-	SGD	-
CHF	65	JPY	248	THB	-
CNY	19	MXN	-	TRY	-
CZK	-	NOK	-	USD	1,202
DKK	-	NZD	-	ZAR	-
EUR	2,046	PLN	-		
Total					**5,118**

Distribution of currency for outstanding derivative instruments in 2017, SEK M

AUD	129	GBP	66	SEK	3,500
CAD	117	HKD	195	SGD	1
CHF	5	JPY	413	THB	4
CNY	217	MXN	2	TRY	6
CZK	2	NOK	3	USD	7,055
DKK	3	NZD	0	ZAR	3
EUR	3,865	PLN	12		
Total					**15,598**

Maturity structure for outstanding derivative instruments in 2018, SEK M

	2019	2020	2021	2022	2023	Total
Interest/currency derivatives[1]	-	-	-	-	-	0
Interest-rate derivatives	3,144	-	-	-	-	3,144
Currency derivatives	1,949	25	-	-	-	1,974
Total	**5,093**	**25**	**-**	**-**	**-**	**5,118**

1) Combined instruments

The table refers to net flows

Maturity structure for outstanding derivative instruments in 2017, SEK M

	2018	2019	2020	2021	2022	Total
Interest/currency derivatives[1]	2,000	-	-	-	-	2,000
Interest-rate derivatives	5,762	3,864	-	-	-	9,626
Currency derivatives	2,750	941	281	-	-	3,972
Total	**10,512**	**4,805**	**281**	**-**	**-**	**15,598**

1) Combined instruments

The table refers to net flows

Reserve of cash flow hedges

The table below shows the composition of the Group's reserve of cash flow hedges and the change in each component during the year.

SEK M	Currency forwards	Interest-rate swaps	Total
Opening balance 2017	**-143**	**-330**	**-473**
Change in fair value of hedging instruments recognized in other comprehensive income	165	36	**201**
Reclassification to profit or loss	165	195	**360**
Distribution of Arjo	-36	-	**-36**
Deferred tax	-65	-51	**-116**
Closing balance 2017	**86**	**-150**	**-64**
Opening balance 2018	**86**	**-150**	**-64**
Change in fair value of hedging instruments recognized in other comprehensive income	-69	7	**-62**
Reclassification to profit or loss	-103	105	**2**
Deferred tax	38	-25	**13**
Closing balance 2018	**-48**	**-62**	**-110**

Derivative instruments - currency forwards

Currency forwards, in the three largest currency pairs, impact the Group's financial position and earnings as follows:

Derivative instruments - currency forwards EUR/SEK, SEK M	2018	2017
Recognized amount (liability)	-16	-10
Nominal amount EUR	39	153
Maturity	Jan 2019 - Dec 2020	Jan 2018 - Jan 2021
Hedge ratio	1:1	1:1
Change in discounted forward rates for outstanding hedging instruments since January 1	-15	-21
Change in value of hedged item to determine effectiveness	15	21
Weighted average of forward rates at year-end (including forward points)	9.89	9.80

Derivative instruments - currency forwards USD/SEK, SEK M	2018	2017
Recognized amount (liability)	-26	42
Nominal amount USD	69	100
Maturity	Jan 2019 - Nov 2019	Jan 2018 - March 2019
Hedge ratio	1:1	1:1
Change in discounted forward rates for outstanding hedging instruments since January 1	-33	54
Change in value of hedged item to determine effectiveness	33	-54
Weighted average of forward rates at year-end (including forward points)	8.47	8.55

Derivative instruments - currency forwards EUR/USD, SEK M	2018	2017
Recognized amount (liability)	-22	32
Nominal amount USD	65	56
Maturity	Jan 2019 - Sep 2019	Jan 2018 - Oct 2018
Hedge ratio	1:1	1:1
Change in discounted forward rates for outstanding hedging instruments since January 1	-22	33
Change in value of hedged item to determine effectiveness	22	-33
Weighted average of forward rates at year-end (including forward points)	1.20	1.13

Derivative instruments - interest-rate swaps

Interest-rate swaps impact the Group's financial position and earnings as follows:

SEK M	2018	2017
Recognized amount (liability)	-80	-191
Nominal amount	3,144	9,626
Maturity	Jan 2019 - Dec 2020	Jan 2018 - Dec 2020
Hedge ratio	1:1	1:1
Change in value of outstanding derivative instruments since January 1	7	36
Change in value of hedged item to determine effectiveness	-7	-36
Weighted average rate for outstanding interest-rate swap at year-end	2.26%	2.24%

NOTE 28 Employee costs

SEK M	2018 Board and CEO	2018 Other	2018 Total	2017 Board and CEO	2017 Other	2017 Total
Salaries and remuneration	-198	-6,536	-6,734	-178	-5,987	-6,165
Social security expenses	-37	-1,148	-1,185	-29	-1,168	-1,197
Pension expenses	-19	-348	-367	-15	-323	-338
Total, continuing operations	**-254**	**-8,032**	**-8,286**	**-222**	**-7,478**	**-7,700**

Remuneration and other benefits in 2018

SEK 000s	Board fee [1]	Basic pay	Variable remuneration	Other benefits	Pension expenses	Other remuneration	Total
Chairman of the Board	-1,309	-	-	-	-	-	-1,309
Board members	-5,846	-	-	-	-	-	-5,846
Mattias Perjos, President & CEO	-	-21,000	-3,500	-506	-8,554	-	-33,560
Other senior executives (8 people)	-	-24,664	-11,359	-2,546	-5,859	-	-44,428
Total	**-7,155**	**-45,664**	**-14,859**	**-3,052**	**-14,413**	**-**	**-85,143**

1) Also includes fees for work on Board Committees

Comments on the table

- Variable remuneration refers to bonuses for the 2018 fiscal year, which will be paid in 2019.
- Other benefits refer to company car, accommodation benefits, etc.
- For information on Board fees for each member, refer to page 60.
- Other remuneration pertains mainly to contractual severance pay and termination pay.
- Other senior executives pertains to remuneration to members in the Getinge Executive Team, other than the CEO. Excluding the CEO, the Getinge Executive Team comprised eight individuals at year-end. Only remuneration that has been received as a member of the Getinge Executive Team is included in the amounts recognized, which includes individuals that joined and left the Getinge Executive Team during the year.

Remuneration and other benefits in 2017

SEK 000s	Board fee [1]	Basic pay	Variable remuneration	Other benefits	Pension expenses	Other remuneration	Total
Chairman of the Board	-1,275	-	-	-	-	-	-1,275
Board members	-5,660	-	-	-	-	-	-5,660
Mattias Perjos, CEO (from March 27, 2017)	-	-15,291	-	-148	-6,030	-	-21,469
Joacim Lindoff, Acting CEO (until March 27, 2017)	-	-3,027	-	-128	-226	-	-3,381
Other senior executives (8 people)	-	-31,634	-3,857	-2,403	-6,297	-7,939	-52,130
Total	**-6,935**	**-49,952**	**-3,857**	**-2,679**	**-12,553**	**-7,939**	**-83,915**

1) Also includes fees for work on Board Committees

Remuneration to senior executives

Principles: The Annual General Meeting decides on remuneration to the Chairman of the Board and Board members. Employee representatives do not receive Board remuneration. Remuneration to the CEO and other senior executives comprises basic pay, variable remuneration, other benefits as well as pensions. Other senior executives comprise the individuals, who together with the CEO, comprise the Getinge Executive Team. For the Getinge Executive Team structure, see pages 64-65. The allocation between basic pay and variable remuneration should be proportionate to the executive's responsibility and authority. The CEO's variable remuneration is a maximum of 80% of basic pay. Other senior executives' variable remuneration is based on results in relation to set financial targets.

Bonus: The CEO's bonus for 2018 was based on financial targets set by the Board. For other senior executives, bonuses for 2018 were based on financial targets for the Group.

Pensions: The CEO is entitled to a pension from the age of 65. The pension is premium based and pension expenses amount to 40% of basic pay. For other senior executives, pension ages vary between the ages of 62 and 65. Pension agreements have been signed in accordance with local legislation in the country where the executive resides. All pension benefits are transferable, i.e. not conditional on future employment.

Severance pay: The period of notice for the CEO is a minimum of six months. If termination of employment is initiated by the company then severance pay of 12 months' pay will be awarded. Severance pay is not offset against any other income. After the end of the period of notice, severance pay corresponding to one annual salary is paid. The company is entitled to deduct any income the CEO may receive from other employment or business activities from the severance pay. Upon termination of employment of any other senior executives, they have the right to severance pay of a minimum of six months and a maximum of one year.

Drafting and decision-making process: During the year, the Remuneration Committee gave the Board its recommendations concerning policies for the remuneration to senior executives. The recommendations included the proportion between fixed and variable remuneration and the size of possible pay increases. The Remuneration Committee also proposed criteria for determining bonuses, allotment and the size of the pension conditions and severance pay. The Board discussed the Remuneration Committee's proposals and decided in line with the Remuneration Committee's recommendations. Remuneration to the CEO for the 2018 fiscal year was decided by the Board taking into account the Remuneration Committee's recommendations. Remuneration to other senior executives was decided by the CEO in consultation with the Chairman of the Board. The Remuneration Committee was convened on two occasions prior to the 2019 AGM. The committee's work was conducted with the support of external experts in issues concerning remuneration levels and structures.

Long-term incentive program 2016

The 2016 AGM resolved to implement a long-term incentive program (LTIP 2016). The program includes the CEO and the Getinge Executive Team comprising 11 individuals, as well as maximum 75 additional senior executives and key individuals in Getinge Group. The program was concluded without compensation to the participants since the performance targets were not achieved during the performance period (2016-2018). The impact on earnings for 2018 was positive and amounted to SEK 1 M (5).

NOTE 29 Average number of employees

By country	2018 Men	2018 Women	2018 Total	2017 Men	2017 Women	2017 Total
Australia	147	85	232	149	81	230
Belgium	54	9	63	42	18	60
Brazil	79	42	121	82	37	119
Colombia	16	14	30	16	10	26
Costa Rica	52	36	88	46	28	74
Denmark	123	43	166	125	44	169
Finland	24	7	31	23	8	31
France	623	404	1,027	622	395	1,017
United Arab Emirates	47	18	65	43	18	61
Hong Kong	24	27	51	26	20	46
India	185	36	221	224	43	267
Ireland	7	1	8	7	1	8
Italy	95	45	140	96	50	146
Japan	179	49	228	187	42	229
Canada	81	50	131	78	49	127
China	379	162	541	381	153	534
Mexico	30	15	45	30	15	45
Netherlands	89	27	116	89	29	118
Norway	26	3	29	26	2	28
Poland	184	253	437	190	255	445
Portugal	16	8	24	17	8	25
Russia	33	15	48	33	15	48
Switzerland	35	10	45	38	10	48
Serbia	11	6	17	11	7	18
Singapore	38	23	61	36	22	58
Slovakia	2	1	3	2	1	3
Spain	64	32	96	62	27	89
Great Britain	228	85	313	242	96	338
Sweden	854	307	1,161	870	304	1,174
South Africa	6	14	20	7	16	23
South Korea	7	6	13	8	5	13
Taiwan	18	15	33	17	17	34
Thailand	89	53	142	86	51	137
Czech Republic	23	6	29	21	7	28
Turkey	229	260	489	243	264	507
Germany	1,199	679	1,878	1,146	638	1,784
USA	1,504	857	2,361	1,533	879	2,412
Austria	34	3	37	36	3	39
Total average number of employees, continuing operations	**6,834**	**3,706**	**10,540**	**6,890**	**3,668**	**10,558**

Distribution of senior executives and Board members at the closing date, %	2018	2017
Women:		
Board members of the Parent Company	33%	33%
Other members of the company's management, incl. CEO	22%	22%
Men:		
Board members of the Parent Company	67%	67%
Other members of the company's management, incl. CEO	78%	78%

NOTE 30 Transactions with related parties

Transactions between Getinge AB and its subsidiaries, which are related companies to Getinge AB, were eliminated in the consolidated financial statements. Business terms and conditions as well as market-regulated pricing apply for delivery of products and services between Group companies. No Board member or senior executive has, or has had, any direct or indirect participation in any business transactions, between themselves and the company, that are or were unusual in character, regarding terms or conditions.

SEK 0 T (640) was invoiced by Carl Bennet AB in respect of costs related to Carl Bennet's assignment as Chairman of the Board. During the year, Board members and the Executive Team of Getinge AB acquired synthetic options in Getinge issued by the company's principal owner Carl Bennet AB. Getinge is not a party to the transactions and the offering was submitted on Carl Bennet AB's own initiative, without Getinge's participation. The options were acquired at a price corresponding to the estimated market value.

Following the distribution of Arjo in December 2017, Getinge carried out normal commercial transactions with Arjo for the sale and purchase of goods and services. Getinge also provided temporary accounting and IT services on market terms while Arjo developed its own internal capacity. Getinge's receivables to Arjo amounted to SEK 71 M at December 31, 2018 and its liabilities to SEK 20 M.

In addition to the above, there were no other transactions with related parties. For remuneration and benefits to individuals in management positions and on the Board of Directors, see Note 28.

NOTE 31 Events after the end of the fiscal year

No significant events occurred after the end of the fiscal year.

NOTE 32 Supplementary disclosure to cash flow statement

Cash and cash equivalents, SEK M	2018	2017
Investments	1	2
Cash and bank balances	1,272	1,524
Total	**1,273**	**1,526**

Adjustments for items not included in cash flow, SEK M	2018	2017
Gain(-)/loss(+) from divestment/disposal of non-current assets	30	51
Write-down of inventories	91	-
Write-down of operating receivables	111	-
Provisions[1]	1,841	-
Total	**2,073**	**51**

1) Mainly refers to Mesh-related provision

NOTE 33 Capitalized development costs

SEK M	2018	2017
Research and development costs, gross	-1,262	-1,123
Capitalized development costs	571	529
Research and development costs, net	**-691**	**-594**

Parent Company's income statement

SEK M	Note	2018	2017
Administrative expenses	2, 16, 17	-288	-251
Other operating expenses		-311	-
Operating result		**-599**	**-251**
Result from participations in Group companies	5	8,951	2,859
Interest income and other similar income	6	206	1,614
Interest expenses and other similar expenses	7	-1,642	-574
Profit after financial items		**6,916**	**3,648**
Appropriations	18	2,188	-420
Taxes	8	-119	-99
Net profit for the year		**8,985**	**3,129**

Parent Company's statement of comprehensive income

SEK M	Note	2018	2017
Net profit for the year		**8,985**	**3,129**
Other comprehensive income		-	-
Comprehensive income for the year		**8,985**	**3,129**

Parent Company's balance sheet

SEK M	Note	2018	2017
ASSETS			
Non-current assets			
Intangible assets	3	58	86
Tangible assets	4	9	6
Participations in Group companies	9	28,062	25,455
Deferred tax assets		80	189
Long-term receivables		29	53
Total non-current assets		**28,238**	**25,789**
Current assets			
Accounts receivable		5	19
Receivables from Group companies		2,718	953
Current tax assets		74	74
Other receivables		43	39
Prepaid expenses and accrued income	12	52	59
Cash and cash equivalents	20	0	0
Total current assets		**2,892**	**1,144**
TOTAL ASSETS		**31,130**	**26,933**
EQUITY AND LIABILITIES			
Equity	19		
Restricted equity			
Share capital		136	136
Statutory reserve		2,525	2,525
Non-restricted equity			
Share premium reserve		4,264	4,264
Retained earnings		5,246	2,530
Net profit for the year		8,985	3,129
Total equity		**21,156**	**12,584**
Long-term liabilities			
Interest-bearing long-term loans	10, 20	4,206	4,257
Liabilities to Group companies	20	718	659
Other provisions, long-term		10	-
Total long-term liabilities		**4,934**	**4,916**
Current liabilities			
Interest-bearing current loans	11, 20	3,302	6,127
Accounts payable		46	130
Liabilities to Group companies	20	1,493	2,990
Current tax liabilities		9	6
Other liabilities		2	3
Accrued expenses and deferred income	13	188	177
Total current liabilities		**5,040**	**9,433**
TOTAL EQUITY AND LIABILITIES		**31,130**	**26,933**

Refer to Note 14 for information concerning pledged assets and contingent liabilities.

Changes in Parent Company equity

SEK M	Restricted equity		Non-restricted equity		
	Share capital[3]	Statutory reserve	Share premium reserve	Retained earnings and net profit for the year	Total equity
Opening balance at January 1, 2017	**119**	**2,525**	**3,435**	**3,481**	**9,560**
Comprehensive income for the year	-	-	-	3,129	3,129
Share-based remuneration	-	-	-	-4	-4
Dividend	-	-	-	-477	-477
Rights issue[1]	17	-	4,264	-	4,281
Distribution of Arjo[2]	-	-	-3,435	-470	-3,905
Closing balance at December 31, 2017	**136**	**2,525**	**4,264**	**5,659**	**12,584**
Opening balance at January 1, 2018	**136**	**2,525**	**4,264**	**5,659**	**12,584**
Comprehensive income for the year	-	-	-	8,985	8,985
Share-based remuneration	-	-	-	-4	-4
Dividend	-	-	-	-409	-409
Closing balance at December 31, 2018	**136**	**2,525**	**4,264**	**14,231**	**21,156**

1) After deductions for transaction costs and taking tax effects into consideration.
2) Including transaction costs and taking tax effects into consideration.
3) The share capital consists of 18,217,200 Class A shares and 254,152,373 Class B shares. Each share's quotient value is SEK 0.50 and all shares carry equal rights to dividends. One Class A share carries ten votes and one Class B share carries one vote.

Parent Company's cash flow statement

SEK M	Note	2018	2017
Operating activities			
Operating result		-599	-251
Adjustments for items not included in cash flow		251	19
Interest received and similar items		206	652
Dividend received		6,175	380
Interest paid and similar items		-1,093	-583
Taxes paid		-7	-90
Cash flow before changes in working capital		**4,933**	**127**
Changes in working capital			
Current receivables		856	3,378
Current liabilities		-1,704	1,648
Cash flow from operating activities		**4,085**	**5,153**
Investing activities			
Investments in intangible assets	3	-28	-11
Investments in tangible assets	4	-5	-5
Divestment of fixed assets		35	-
Investments in subsidiaries		-49	-1,850
Divestment of subsidiaries		-	249
Cash flow from investing activities		**-47**	**-1,617**
Financing activities			
Raising of loans	20	1,667	649
Repayment of loans	20	-4,900	-10,187
Change in long-term receivables		24	-53
Distribution of Arjo		-	-176
Dividend paid		-409	-477
Rights issue		-	4,281
Group contributions received		-420	2,427
Cash flow from financing activities		**-4,038**	**-3,536**
Cash flow for the year		**0**	**0**
Cash and cash equivalents at the beginning of the year		0	0
Cash flow for the year		0	0
Cash and cash equivalents at year-end		**0**	**0**

NOTE 1 Accounting policies

The financial statements of the Parent Company were prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Reporting of Legal Entities. In accordance with the regulations stipulated in RFR 2, in the annual financial statements for a legal entity, the Parent Company is to apply all of the IFRS/IAS regulations and statements that have been endorsed by the EU where possible within the framework of the Swedish Annual Accounts Act and with consideration of the link between accounting and taxation. The recommendation specifies which exceptions and additions are to be made from IFRS/IAS. Provisions conforming to IFRS/IAS are stated in Note 1 Accounting policies, for the consolidated financial statements.

The Parent Company applies the accounting policies detailed for the Group with the exception of the following:

Remuneration to employees
The Parent Company complies with the Swedish Pension Obligations Vesting Act and directives from the Swedish Financial Supervisory Authority when calculating defined-benefit pension plans.

Financial derivatives
The Parent Company applies hedge accounting for currency interest-rate swaps in accordance with IFRS 9. For other derivatives, the exemption in RFR 2 pertaining to IFRS 9 is applied, meaning that measurement and recognition of financial instruments is based on cost pursuant to the Swedish Annual Accounts Act.

Shares and participations.
Subsidiaries are recognized in accordance with the acquisition method, implying that holdings are recognized at cost in the balance sheet less any impairment. Dividends from subsidiaries are recognized as dividend income.

Group contributions
The Parent Company changed its accounting policy for Group contributions in 2018. Group contributions paid and received are now recognized as appropriations according to the alternative rule in RFR 2 and for this reason Group contributions were reclassified from Result from participations in Group companies to Appropriations.

NOTE 2 Depreciation/amortization according to plan

SEK M	2018	2017
Equipment, tools, fixtures and fittings	-1	-1
Intangible assets	-22	-21
Total	**-23**	**–22**

NOTE 3 Intangible assets

Intangible assets, SEK M	2018	2017
Opening cost	244	252
Investments	28	11
Sales/disposals	-66	-19
Closing accumulated cost	**206**	**244**
Opening amortization	-158	-148
Amortization for the year	-22	-21
Sales/disposals	32	11
Closing accumulated amortization	**-148**	**-158**
Closing carrying amount	**58**	**86**

NOTE 4 Tangible assets

Equipment, tools, fixtures and fittings, SEK M	2018	2017
Opening cost	12	8
Investments	5	5
Sales/disposals	-1	-1
Closing accumulated cost	**16**	**12**
Opening depreciation	-6	-5
Depreciation for the year	-1	-1
Sales/disposals	0	0
Closing accumulated depreciation	**-7**	**-6**
Closing carrying amount	**9**	**6**

NOTE 5 Result from participations in Group companies

SEK M	2018	2017
Dividends from Group companies	622	2,736
Divestment of subsidiaries	-	123
Liquidation gain	8,329	-
Total	**8,951**	**2,859**

NOTE 6 Interest income and other similar income

SEK M	2018	2017
Interest income from Group companies	205	18
Interest income	1	1
Currency gains	–	1,595
Total	**206**	**1,614**

NOTE 7 Interest expenses and other similar expenses

SEK M	2018	2017
Interest expenses to Group companies	-179	-5
Interest expenses	-281	-527
Currency losses	-1,173	-
Other	-9	-42
Total	**-1,642**	**-574**

NOTE 8 Taxes

SEK M	2018	2017
Current tax	-10	-15
Deferred tax	-109	-84
Total	**-119**	**-99**

The relationship between the year's tax expense and the recognized profit before tax, SEK M

Recognized profit before tax	**9,104**	**3,228**
Tax according to current tax rate in Sweden (22%)	-2,003	-710
Tax effect of non-deductible costs	-72	-7
Tax effect of non-taxable income	1,976	633
Foreign withholding tax	-10	-26
Adjustment of tax expenses from earlier years	-4	11
Revaluation of deferred tax assets to new tax rate	-6	-
Recognized tax expense	**-119**	**-99**

NOTE 9 Participations in Group companies

Parent Company's holdings	Reg. office	Swedish Corp. Reg. No.	No. of shares	Percentage holding	Carrying amount 2018, SEK M	Carrying amount 2017, SEK M
Getinge Finance Holding AB	Gothenburg	556473-1700	23,062,334	100	10,959	5,716
Getinge Sterilization AB	Halmstad	556031-2687	50,000	100	458	452
Maquet Holding AB	Halmstad	556535-6317	1,000	100	1,481	1,481
Getinge Disinfection AB	Halmstad	556042-3393	25,000	100	118	118
Getinge Letting AB	Halmstad	556495-6976	1,000	100	0	0
Getinge Skärhamn AB	Tjörn	556412-3569	-	-	-	6
Getinge Australia Pty Ltd	Australia		39,500	100	9	9
Getinge NV	Belgium		599	100	2	2
Getinge Danmark A/S	Denmark		10,000	100	41	3
Getinge IT Solutions ApS	Denmark		533,000	100	27	27
Getinge Finland Oy	Finland		15	100	0	0
Getinge Infection Control SAS	France		1,666,712	85	698	698
Getinge/Castle International Ltd	Greece		100	100	2	2
Getinge Treasury Ireland DAC	Ireland		2	100	985	985
Getinge Holding Luxembourg Sarl	Luxembourg		-	-	-	10,887
Getinge Norge A/S	Norway		4,500	100	4	4
Getinge Poland Sp.z.o.o.	Poland		-	-	-	13
Neuromedica SA	Spain		40,000	100	16	16
Getinge Group Shared Services Sp.z o.o.	Poland		60,600	100	33	33
Getinge Holding USA Inc	USA		10,000	100	13,179	4,977
Getinge Group Shared Services CR Sociedad	Costa Rica		10	100	37	26
Maquet Polska Sp.z o.o.	Poland		2,109	35	13	-
Total carrying amount					**28,062**	**25,455**

The Parent Company's holding of shares in the subsidiaries constitutes the entire capital of the respective company, which also corresponds to 100% of the voting rights, unless otherwise stated.

Subsidiaries of sub-groups

Getinge Group, with operations in many countries, is organized into sub-groups in several categories, and accordingly, the legal structure cannot be reflected in a simpler manner in a tabular presentation.

The ownership interest is 100% except in cases where the ownership interest is stated in parentheses.

Sweden
- Getinge Finance Holding AB, 556473-1700, Gothenburg
- Arjo Ltd Med. AB, 556473-1718, Gothenburg
- Getinge Disinfection AB, 556042-3393, Halmstad
- Getinge Infection Control AB, 556547-8798, Halmstad
- Getinge International AB, 556547-8780, Halmstad
- Getinge Letting AB, 556495-6976, Halmstad
- Getinge Sterilization AB, 556031-2687, Halmstad
- Getinge Sverige AB, 556509-9511, Halmstad
- Getinge Treasury AB, 556535-6309, Gothenburg
- Maquet Critical Care AB, 556604-8731, Solna
- Maquet Holding AB, 556535-6317, Halmstad
- Maquet Nordic AB, 556648-1163, Solna

Australia
- Getinge Australia Pty Ltd

Belgium
- Getinge NV
- Maquet Belgium NV

Brazil
- Maquet do Brasil Equipamentos Medicos Ltda
- Maquet Cardiopulmonary do Brasil Ind. e Com Ltda

Colombia
- Maquet Colombia S.A.S

Costa Rica
- Getinge Group Shared Services CR Sociedad

Denmark
- Cetrea A/S
- Getinge Danmark A/S
- Getinge IT Solutions ApS
- Getinge Water Systems A/S
- Polystan A/S

Finland
- Getinge Finland Oy
- Maquet Finland Oy

France
- Filance SA
- Getinge France SAS
- Getinge Infection Control SAS
- Getinge La Calhéne France SA
- Getinge Lancer SA
- Intervascular SAS
- Maquet SAS

United Arab Emirates
- Getinge Group Middle East FZ-LLC

Greece
- Getinge/Castle International Ltd

Hong Kong
- Getinge Hong Kong Company Ltd
- Getinge Group Hong Kong Ltd

India
- Atrium Medical India Pvt Ltd
- Getinge India Pvt Ltd
- Getinge Medical India Pvt Ltd

Ireland
- Getinge Treasury Ireland DAC
- Maquet Ireland Ltd

Italy
- Getinge Italia S.p.A.

Japan
- Getinge Group Japan K.K.

Canada
- Getinge Canada Ltd

China
- Getinge Shanghai Trading Co. Ltd
- Maquet (Shanghai) Medical Equipment Co., Ltd.
- Maquet (SuZhou) Co., Ltd.
- Suzhou MAQUET Medical Engineering Co., Ltd.

Mexico
- Maquet Mexicana, S. de R.L. de CV

Netherlands
- Getinge Holding Netherlands B.V.
- Atrium Europe B.V.
- Datascope B.V.
- Maquet Netherlands B.V.
- Maquet Verwaltungs B.V.

Norway
- Getinge Norge A/S

Poland
- Maquet Polska Sp.z.o.o.
- Getinge IC Production Poland Sp.z.o.o.
- Getinge Shared Services Sp.z.o.o.

Portugal
- Maquet Portugal Lda

Russia
- Maquet LLC

Switzerland
- Getinge AG
- Getinge Schweiz AG

Serbia
- Getinge Group South East Europe

Singapore
- Getinge Singapore Pte. Ltd.
- Maquet South East Asia Pte. Ltd.

Slovakia
- Maquet Slovakia s.r.o.

Spain
- Getinge Group Spain SL
- Neuromedica SA

UK
- Getinge IT Solutions Ltd
- Datascope Medical Co. Ltd
- Getinge Extended Care UK Ltd*
- Getinge Holdings Ltd*
- Getinge Production Ltd
- Getinge UK Ltd
- Jostra Ltd
- Maquet Ltd
- Scantrack Healthcare Ltd

South Africa
- Maquet Southern Africa (Pty) Ltd.

South Korea
- Getinge Korea Co Ltd
- Maquet Medical Korea Co. Ltd

Taiwan
- Getinge Group Taiwan Co. Ltd

Thailand
- Getinge (Thailand) Co. Ltd (49%)

Czech Republic
- Getinge Czech Republic, s.r.o.
- Maquet Czech Republic s.r.o.

Turkey
- Getinge Saglik Urunleri Ithalat Ihracat San. Ve. Tic Ltd Sti.
- Getinge Stericool Medikal Aletler Sanayi ve Ticaret Anonim Sirketi
- Trans Medikal Aletler Sanayi ve Ticaret A.S
- Maquet Cardiopulmonary Medikal Teknik Sanayi Ticar-et Limited Sirketi
- Maquet Tibbi Sistemler San ve Tic A.S

Germany
- Getinge Holding GmbH
- Getinge-Maquet Germany Holding GmbH
- Getinge Vertriebs Holding GmbH
- Getinge Hospital Solution GmbH
- Maquet Cardiopulmonary GmbH
- Getinge Financial Services GmbH
- Maquet GmbH
- Maquet Holding BV&Co KG
- MediKomp GmbH
- Maquet Medical Systems AG
- Getinge Deutschland GmbH
- Getinge IT solutions GmbH
- PULSION Medical Systems SE (78%)

Ukraine
- Maquet Ukraine LLC

USA
- Atrium Medical Corp
- Getinge USA Sales LLC
- Genisphere Inc
- Getinge Group Logistics Americas, LLC
- Getinge Holding USA, Inc
- Getinge Holding USA II, Inc
- Getinge Sourcing LLC
- Getinge La Calhéne USA Inc.
- Lancer Sales USA Inc
- Maquet Cardiovascular LLC
- Maquet Cardiovascular US Sales LLC
- Datascope Corp
- Steritec Products Mfg Inc.

Austria
- Getinge Österreich GmbH

* A Parent Company guarantee was issued in accordance with section 479(C) of the UK Companies Act 2006 for the 2017 fiscal year for certain subsidiaries registered in the UK. The Parent Company guarantee applies to all outstanding liabilities for the subsidiaries on the closing date until the commitments have been met. The stated subsidiaries have applied the exemption from statutory audit in accordance with section 479(A) of the UK Companies Act 2006.

NOTE 10 Interest-bearing long-term loans

SEK M	2018	2017
Liabilities to credit institutions	4,206	4,257
Total	**4,206**	**4,257**

All loans fall due for payment within five years.

NOTE 11 Interest-bearing current loans

SEK M	2018	2017
Liabilities to credit institutions	3,302	6,127
Total	**3,302**	**6,127**

NOTE 12 Prepaid expenses and accrued income

SEK M	2018	2017
Prepaid financial expenses	3	5
Other	49	54
Total	**52**	**59**

NOTE 13 Accrued expenses and deferred income

SEK M	2018	2017
Salaries	44	34
Social security expenses	80	74
Interest expenses	36	31
Other	28	38
Total	**188**	**177**

NOTE 14 Pledged assets and contingent liabilities

Pledged assets

The Parent Company had no pledged assets.

Contingent liabilities, SEK M	2018	2017
Guarantees FPG/PRI	271	261
Other	657	519
Total	**928**	**780**

Note 15 Average number of employees

	2018	2017
Men	42	42
Women	35	31
Total	**77**	**73**

Distribution of senior executives at the closing date	**2018**	**2017**
Women:		
Board members of the Parent Company	4	4
Other members of the company's management, incl. CEO	2	2
Men:		
Board members of the Parent Company	8	8
Other members of the company's management, incl. CEO	4	4

NOTE 16 Employee costs

2018, SEK M	**Board and CEO**	**Other**	**Total**
Salaries and remuneration	-32	-92	-124
Social security expenses	-12	-35	-47
Pension expenses	-9	-20	-29
Total	**-53**	**-147**	**-200**

2017, SEK M	**Board and CEO**	**Other**	**Total**
Salaries and remuneration	-26	-85	-111
Social security expenses	-9	-32	-41
Pension expenses	-6	-17	-23
Total	**-41**	**-134**	**-175**

NOTE 17 Auditing

Fee to PwC, SEK M	**2018**	**2017**
Auditing assignment	-9	-8
Auditing activities other than auditing assignments	-1	-8
Tax consultancy services	-1	-1
Other services	0	-16
Total	**-11**	**-33**

Öhrlings PricewaterhouseCoopers AB (PwC) has the auditing assignment for the Parent Company. Auditing assignments refer to statutory auditing, meaning assignments required to issue the auditor's report. Auditing activities other than auditing assignments mainly include the review of interim reports. Tax consultancy services primarily pertain to general tax matters concerning corporate tax.

NOTE 18 Appropriations

SEK M	2018	2017
Group contributions received	2,188	-
Group contributions paid	-	-420
Total	**2,188**	**-420**

NOTE 19 Proposed appropriation of profit

The following non-restricted equity in the Parent Company is at the disposal of the Annual General Meeting, SEK M:	
Share premium reserve	4,264
Retained earnings	5,246
Net profit for the year	8,985
Total	**18,495**
The Board and Chief Executive Officer propose that a dividend of SEK 1.00 per share shall be distributed to shareholders	272
to be carried forward	18,223
Total	**18,495**

NOTE 20 Parent Company's net interest-bearing debt

SEK M	2018	Change	2017
Interest-bearing current loans to Group companies	128	128	-
Interest-bearing current loans to credit institutions	3,302	-2,825	6,127
Interest-bearing long-term loans to Group companies	718	59	659
Interest-bearing long-term loans to credit institutions	4,206	-51	4,257
Less cash and cash equivalents	0	0	0
Total	**8,354**	**-2,689**	**11,043**

SEK M	Cash and cash equivalents	Interest-bearing loans	Total
Net debt at January 1, 2017	**0**	**21,543**	**21,543**
Cash flow affecting net debt	0	-9,538	-9,538
Exchange-rate differences	0	-962	-962
Net debt at December 31, 2017	**0**	**11,043**	**11,043**
Net debt at January 1, 2018	**0**	**11,043**	**11,043**
Cash flow affecting net debt	0	-3,233	-3,233
Exchange-rate differences	0	544	544
Net debt at December 31, 2018	**0**	**8,354**	**8,354**

NOTE 21 Events after the end of the fiscal year

No significant events occurred after the end of the fiscal year.

Auditor's report

To the general meeting of the shareholders of Getinge AB (publ), corporate identity number 556408-5032

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Getinge AB (publ) for the year 2018 except for the corporate governance statement on pages 56-65. The annual accounts and consolidated accounts of the company are included on pages 52-114 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 56-65. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the Key audit matter
Valuation of intangible assets *With reference to Note 1 and Note 12.* Goodwill and other intangible assets with an indefinite useful life represents a significant part of the Balance Sheet of Getinge. The Company performs an impairment assessment of the assets based on a calculation of the discounted cash flow for the cash generating units in which goodwill and other intangible assets are reported. This impairment test is based on a high level of judgments and assumptions regarding future cash flows. Information is provided in Notes 1 and 12 as to how the Company's management has undertaken its assessments, and also provides information on important assumptions and sensitivity analyses. Key variables in the test are growth rate, profit margins and discount factor (cost of capital). It is presented that no impairment requirement has been identified based on the assumptions undertaken.	In our audit, we have evaluated the calculation model applied by management. We have reconciled and critically tested essential variables against budget and strategic plan for the Company. We have analyzed the accuracy on how previous years assumptions have been met and assessed any adjustments to assumptions compared to previous year, as a result from changes in the business and external factors. We have tested the sensitivity analysis for key variables in order to assess the risk of need for impairment. We have also assessed the correctness of the disclosures included in the financial statements.
Valuation of accounts receivables *With reference to Note 1 and Note 14.* Accounts receivables comprise a significant area in the Group's financial reports as they are equivalent to approximately 14% of total assets. Based on the Group's business operations, a significant portion of net sales is generated during the fourth quarter, which usually implies a significant increase in accounts receivables in conjunction with the year-end closing. The Group undertakes business operations with both private and public players in a number of different countries where, for certain regions, the payment of customer invoices takes a long time after delivery to the customers. In the Group's operation, this refers primarily to the China, Italy, United Arab Emirates, and France. As of 31 December 2018, accounts receivables matured more than 90 days amounted to MSEK 742 which is equivalent to approximately 12% of total accounts receivables as per the balance sheet date. The valuation of these, and other matured, or yet to mature, accounts receivables, is based on management's assessment of the customers future payment capacity.	In our audit we have evaluated the correctness of the valuation of the accounts receivables by assessing the appropriateness of the loss assessment executed by management, which was based on individual assessments taking into consideration the unique risk profiles of the local markets. Our audit includes an assessment of the control environment for the sales process and also includes an examination of the reported revenue transactions against underlying documentation, such as customer agreements, sales orders, suppliers' documentation, customer invoices, reconciliation against price lists, payment verification and obtaining customer invoice confirmations from customers. We have examined management's assessment of the valuation of customer receivables compared with the historical outcome for bad debts. The appropriate audit procedures for the respective significant units in the Group have been determined based on the nature of the operations and the complexity of the sales transactions. We have also assessed the correctness of the information regarding accounts receivables provided in the financial statements.
Accounting for provisions *With reference to Note 1, Note 20 and Note 21.* Provisions comprise a significant area in the Group's financial reports. Sub items reported in this area refer primarily to assumptions regarding pensions, restructuring programs, legal cases and requirements with regards to Consent Decree with FDA (Food and Drug Administration). The main provision for financial year 2018 was provision of 1.8 billon SEK for expected costs associated with surgical mesh product liability claims previously produced by the Group. Common for these provisions is that they are primarily based on significant assessments undertaken by management regarding future events. The assessment of these areas is associated with a large degree of uncertainty and subjectivity.	In our audit, all of the sub items have been subject to examination but we have particularly focused our audit activities on the assessment of the provisions related to surgical mesh product liability claims and requirements under the Concent Decree with FDA. We have received Managements calculations for exposures related to surgical mesh product liability claim. We have also received statements from external legal advisors which has also been complemented with follow up meetings with the external legal advisors. We have assessed the reasonability in Managements calculations also taken into considerations information from legal advisors. We have examined the external documentation from FDA and also Getinge's internal documentation regarding the assessment of future costs for the action plan to fulfill FDA's quality requirements. We have assessed the reasonableness of the reported provision based on the information presented to us and based on the historical outcome of the previous action plans. As regards other provisions, we have assessed the reasonableness of the management's assumptions and cost calculations. This assessment has taken place based on available information and historical outcome.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-51 and 119-136. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Getinge AB (publ) for the year 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 56-65 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act/ the Annual Accounts Act for Credit Institutions and Securities Companies/ the Annual Accounts Act for Insurance Companies.

Öhrlings PricewaterhouseCoopers AB, was appointed auditor of Getinge AB (publ) by the general meeting of the shareholders on the 26 April 2018 and has been the company's auditor since the 17 April 2008.

Gothenburg 15 March 2019

Öhrlings PricewaterhouseCoopers AB

Johan Rippe
Authorized Public Accountant
Auditor in charge

Eric Salander
Authorized Public Accountant

Sustainability notes

About the report

This is Getinge's first sustainability report in accordance with GRI Standards, Core level. The aim is to continue reporting in a similar manner each year. The report was pertains to the 2018 fiscal year and encompass the Group's production facilities and subsidiaries, but not associated companies and joint ventures.

Getinge has previously reported Sustainability as part of its Annual Report, but not in accordance with GRI. Getinge's latest Annual Report including the Sustainability Report was published on March 8, 2018.

In the Sustainability notes, Getinge presents more information about sustainability approach, stakeholder dialogues, materiality analyses and sustainability data, as well as a description of sustainability goals. Getinge sustainability report in accordance with GRI Standards has not been examined by a third party.

Sustainability – part of the company strategy

Getinge's strategy includes an expressed stated ambition to help customers save lives in the best possible manner while creating a sustainable development for the company's different stakeholders. In 2017, the company's strategy was revitalized, and great progress has since been made in line with the stated direction. To further move its position in sustainability work, Getinge conducted a materiality analysis in 2018, and based on this work implemented a Sustainability Program for 2019-2024 with defined goals. Read more about this on page 44.

As a signatory of the UN Global Compact, and supporter of the UN Sustainable Development Goals, Getinge is also considering global trends and challenges, international principles for responsible business and the expectation from stakeholders as work continuously develops.

Materiality analysis

In 2018, Getinge also focused a great deal on conducting a materiality analysis to identify and prioritize the company's most important areas to foster sustainable development. A materiality analysis is carried out to define the sustainability issues that are most important for the company's stakeholders. Using stakeholder dialogues and the materiality analysis, Getinge has identified three key topics where the company must focus its sustainability activities: Product quality, Environmental impact and Social responsibility. More information about the boundaries and governance in each area is available on page 43.

Stakeholder dialogues

As one part of the completed materiality analysis, the stakeholder dialogues in 2018 concentrated primarily on focus areas for Getinge in its sustainability efforts, in operations and its offering.

Dialogues were held with stakeholders deemed to have the greatest impact, meaning employees, customers, investors and owners. Internal dialogues were conducted in the form of workshops or other forms of interactive forums. Dialogues with investors or other owners were primary performed in individual meetings in larger or smaller groups. Dialogues with customers took place in day-to-day work, and in procurements and related documentation.

Stakeholders	Prioritized topics	Channels for dialogue
Customers	• Company's philosophy and sustainability commitment • Product-related environmental information • ISO 14001 certification • Recycling • Reduction in waste • Reduction in energy and water consumption	• Financial statements and Annual Report • Sustainability Report • Getinge.com • Product-related data sheet • Database information for purchase searches • ISO 14001 certification plan • EcoDesign SOP
Investors and owners	• Emission av greenhouse gases; reporting of environmental performance in relation to goals • Energy mix • Anti-corruption • Responsible sourcing with suppliers • ISO 14001 certification • Social commitment	• Investor meetings • Financial statements and Annual Report • Supplier Code of Conduct • Certification plan • ISO 14001 • Social commitment at Group, regional and local levels • Updates to sustainability assessments (per demand)
Employees	• Sustainable company for the future • Environmental footprint • Social commitment • Corporate culture • Commitment for employees to actively contribute to sustainability work	• Leadership plan • Meetings, interviews and workshops • Education • Commitment in social projects at Group, regional and local levels • Intranet

To increase internal knowledge about sustainability among Getinge's employees, the company has held seminars and workshops during the year in:

- Energy and emissions
- Suppliers and responsible sourcing
- Employment
- Anti-corruption
- Non-discrimination
- Human rights
- Gender equality
- Donations and Sponsorship

During the year, the updated goals for environmental and social responsibility were adopted by the Getinge Executive Team. These are defined in Getinge's sustainability program.

Sustainability program

During the year, a sustainability program for Getinge was adopted by the Getinge Executive Team. The program is based on the three material topics as identified in Getinge's materiality analysis: Product quality, Environmental impact and Social responsibility.

Within the scope of the sustainability program, updated non-financial targets for 2019-2024 were adopted at Group level. According to these, the company's functions and production units have set their own targets and activities to contribute to the Group-wide goals.

Getinge's sustainability committee follows up the goals and activities every quarter, as described on page 42.

Supply chain

Getinge's supply chain is part of an organizational matrix. Direct and indirect sourcing and logistics, including inventory, are managed by centralized business units. The company's business area functions are decentralized. This is particularly the case for manufacturing-related operations. A number of service and maintenance measures are run by regional sales offices.

The company's brand is Getinge. Product names partly reflect brand names from previously acquired companies.

Collective agreements

Getinge welcomes a close dialogue and participation with employee representatives and trade unions, and values a constructive employee participation for all employees. Collective agreements are in place in Sweden and most European countries.

Boundaries and measuring methods:

Personnel

Employee statistics concerning age, part-time/full-time and gender are collected from our Group-wide HR system. These figures are compiled each year. Financial information and personnel statistics not mentioned above are derived from the financial reporting system.

Occupational health and safety

The Group's work on health and safety matters is based on national legislation, international regulations and own requirements and policies. Getinge strives to offer a safe and non-discriminatory work environment for the company's employees worldwide and conducts a continuous, long-term health and safety effort at all facilities.

Responsibility for the implementation of Group-wide health and safety systems, and for compliance with local legislative requirements, rests with the plants' site managers. The procedure for this has not yet been fully harmonized between plants.

The local health and safety systems in place encompass all employees, outside workers and visitors. Management systems include risk assessments, preventive and improvement initiatives in the workplace. Incidents and accidents are registered locally to the operational management and reported centrally. Reports are followed up to establish preventive measures and continuous improvements.

Getinge holds safety training on-site for employees and outside workers in accordance with local standards and legal requirements. The training sessions are regularly revised to ensure the quality.

All plants work with preventive measures as a means of safeguarding the health and safety of employees, and medical and healthcare services are provide in accordance with local standards and legislative requirements. Some plants have a doctor on-site, at least part-time, to offer employees regular health check-ups and consultations.

Vaccinations are offered to employees who spend a great deal of time with customers in healthcare, particularly at emergency care hospitals, and to employees who travel to specific countries.

Accidents and injury

During 2018, Getinge registered a total of 248 occupational injuries. The number of accidents per 100 employees was 2.4 (3.0). Most of the injuries were in car accidents traveling to and from work, or during business travel. No occupational fatalities were reported during the year.

Information about health and safety is provided by our financial and HMS reporting systems, where reporting takes place every month for safety-related indicators and every quarter for data concerning environmental key figures. Supporting information is collected and compiled manually once every year.

Working hours when calculating the accident frequency rate are based on the assumption of 2,000 working hours per employee and year.

Energy consumption in production 2018, MWh:

	2018	2017	2016
Electricity	51,901	53,378	60,452
- of which renewable energy	*6,412*	*5,306*	*4,382*
District heating	2,943	4,490	3,866
Gas	33,869	34,380	35,949
Oil	239	537	488
Total	**88,952**	**92,785**	**100,755**

When calculating the share of renewable energy, only 100% renewable electricity with a certificate has been included.

Greenhouse gas emissions from production, tons CO2

	2018	2017	2016
Direct (Scope 1)			
Gas and oil	5,869	6038	6,351
Indirect (Scope 2)			
Electricity	17,241	19,915	22,687
District heating	235	262	251
Total	**23,345**	**26,215**	**29,289**

Calculations of CO_2 emissions include direct and indirect emissions from our production facilities. Most of the company's production facilities have obtained specific conversion factors from electricity and heating suppliers to use when calculating indirect CO_2 emissions.

Waste in production 2018, tons:

	2018	2017	2016
Non-hazardous waste	3,006	3,413	3,678
- of which recycled	2,368	2,836	2,985
- recycling fraction	79%	83	81
Hazardous waste	118	148	155
Total volume of waste	**3,124**	**3,561**	**3,833**

The volume of waste and recycling is measured and reported every quarter in the company's financial reporting system by our production facilities.

GRI content index

General disclosures

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102-5	Ownership and legal form	56-61, 125	
102-6	Markets served	128	
102-7	Scale of the organization	52, 126	
102-8	Information on employees and other workers	49, 102	Getinge can not report the indicator in full, as the company is currently implementing a new tool for global HR reporting. This was previously reported locally, which is why no uniform approach to reporting is available for the 2018 Annual Report. Getinge expects to report the indicator in full for 2019.
102-9	Supply chain	120	
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Auditor's opinion regarding the statutory sustainability report

To the Annual General Meeting of Getinge AB (publ), Corp. Reg. No. 556408-5032

Assignment and distribution of responsibility
The Board of Directors is responsible for the sustainability report on pages 40-51 and 119-123 and for it being prepared in accordance with the Annual Accounts Act.

Approach and scope of review
Our review was conducted in accordance with the statement by the institute for the accounting profession in Sweden, FAR, RevR 12 Auditor's opinion regarding the statutory sustainability report. This means that our examination of the sustainability report is different and substantially less in scope than the approach and scope of an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review gives us an adequate basis for our opinion.

Opinions
A sustainability report has been prepared.

Gothenburg, March 15, 2019

Öhrlings PricewaterhouseCoopers AB

Johan Rippe
Authorized Public Accountant
Auditor in Charge

Eric Salander
Authorized Public Accountant

The Getinge share

Getinge's Class B share has been listed on Nasdaq Stockholm AB since 1993. The share is included in the Nasdaq Nordic Large Cap segment and the OMXS30 index. At December 31, 2018, the number of shareholders was 35,393 and the percentage of foreign-owned shares amounted to 45.4%. Institutional owners accounted for 54.2% of the share capital, of which Swedish institutional owners accounted for 23.2 percentage points.

Share trend and liquidity

At year-end, Getinge's share was listed at SEK 79.9, which was a decrease of 47.1% during the year. The highest price paid in 2018 was SEK 120.45 (January 8) and the lowest was SEK 79.20 (October 16). At year-end, market capitalization amounted to SEK 21.8 billion. During the year, 419.1 million shares were traded (280.7).

Share capital and ownership structure

At year-end 2018, share capital in Getinge totaled SEK 136,184,786.50 distributed among 272,369,573 shares. All shares carry the same dividend entitlement. One Class A share carries ten votes and one Class B share carries one vote.

Dividend policy

The Board of Directors of Getinge has adopted a dividend policy entailing that future dividends will be adjusted in line with Getinge's profit level, financial position and future development potential. The aim is for the dividend to correspond to 30-50% of net income.

Shareholder information

Financial information about Getinge is available on the Group's website. Questions about this annual report and other financial communication can be put directly to the investor relations function of the company. Annual reports, interim reports and other information can be requested from the Group's head office by telephone, from the website or by e-mail.

Lars Mattsson, Head of Investor Relations
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Shareholder value

Getinge Group's management works continuously to develop and improve the financial information relating to Getinge to provide current and future shareholders with favorable conditions to evaluate the company in as fair a manner as possible. This includes participation at meetings with analysts and shareholders.

Asset management companies who conduct analyses of Getinge

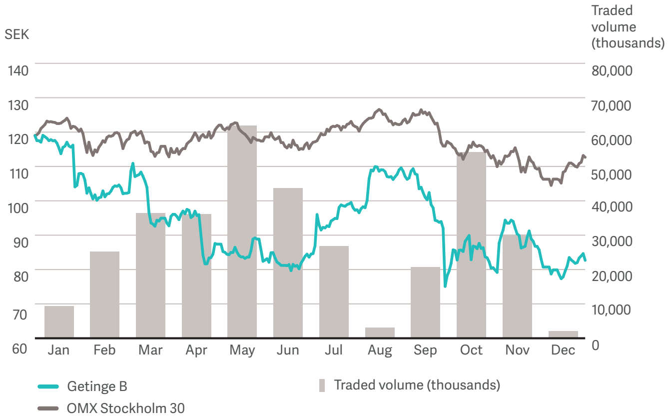
AlphaValue, ABG Sundal Collier, Berenberg Bank, Carnegie, DNB Markets, Handelsbanken, J.P. Morgan, Kepler Cheuvreux, Morgan Stanley, Morningstar Equity Research, Nordea, Pareto Securities, Redburn and SEB Enskilda.

1.00
Dividend per share, SEK

5.91
Adjusted earnings per share, SEK

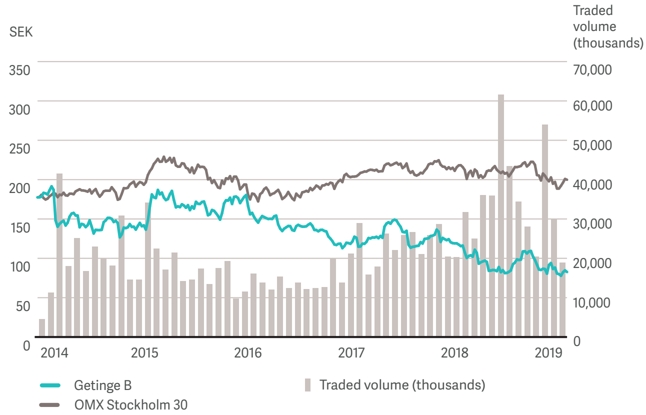
21.8
Market capitalization, SEK billion

Performance in 2018



Source: FactSet

Performance 2014-2018



Source: FactSet

Share data

	2018	2017
Earnings per share after tax[1)]	-3.55	4.37
Market price, December 31	79.90	119.0
Dividend[2)]	1.00	1.50
Dividend yield, %	1.25	1.26
Equity[3)]	72.16	72.72
Average number of shares (million)[4)]	272.4	250.7
Number of shares, December 31 (million)	272.4	272.4

1) Before and after dilution (no dilutive effect during the periods stated)
2) Dividend proposed by the Board of Directors for 2018
3) Refers to continuing and discontinued operations
4) Adjusted for bonus issue effect of the rights issue

Development of share capital

Transaction		No. of shares after transaction	Share capital after transaction, SEK
1990	Formation	500	50,000
1992	Split 50:1, par value SEK 100 to SEK 2	25,000	50,000
1992	Private placement	5,088,400	10,176,800
1993	Private placement	6,928,400	13,856,800
1995	Non-cash issue	15,140,544	30,281,088
1996	Bonus issue 2:1	45,421,632	90,843,264
2001	Share issue 1:9 at SEK 100	50,468,480	100,936,960
2003	Split 4:1, par value SEK 2 to SEK 0.50	201,873,920	100,936,960
2008	New issue 1:16 at SEK 120	214,491,404	107,245,520
2009	New issue 1:9 at SEK 83.5	238,323,377	119,161,689
2017	New issue 1:7 at SEK 127	272,369,573	136,184,787

Ownership structure 2018

Equities	% of capital	% of votes	Ownership	Ownership, %
1 – 100	0.2	0.1	11,813	31.7
101 – 200	0.3	0.2	5,375	15.0
201 – 500	0.9	0.6	7,310	20.9
501 – 1,000	1.2	0.8	4,623	13.4
1,001 – 2,000	1.6	1.0	3,224	9.8
2,001 – 5,000	2.2	1.4	1,941	5.8
5,001 – 10,000	1.5	0.9	585	1.8
10,001 – 20,000	1.3	0.8	243	0.7
20,001 – 50,000	1.3	0.8	118	0.4
50,001 – 100,000	1.3	0.8	49	0.2
100,001 – 200,000	1.8	1.1	35	0.1
200,001 – 500,000	3.9	2.4	32	0.1
500,001 – 1,000,000	3.8	2.4	17	0.1
1,000,001 – 2,000,000	4.9	3.0	10	0.0
2,000,001 – 5,000,000	10.9	6.8	10	0.0
5,000,001 – 10,000,000	10.7	6.7	4	0.0
10,000,001 – 20,000,000	4.7	2.9	1	0.0
20,000,001 –	38.5	61.6	3	0.0
Anonymous ownership	9.0	5.7	N/A	N/A
Total	**100.0**	**100.0**	**35,393**	**100.0**

Getinge's largest shareholder at December 31, 2018

	Class A shares	Class B shares	% of capital	% of votes
Carl Bennet AB	18,217,200	36,332,969	20.1	50.1
Franklin Templeton		27,329,628	10.0	6.3
Fourth Swedish National Pension Fund		22,907,262	8.4	5.3
Incentive AS		12,674,017	4.7	2.9
T. Rowe Price		8,401,442	3.1	1.9
Swedbank Robur Fonder		7,423,221	2.7	1.7
Fidelity International (FIL)		7,317,267	2.7	1.7
Vanguard		6,024,551	2.2	1.4
Nordea		4,905,171	1.8	1.1
Folksam		4,571,219	1.7	1.0
Other		116,265,626	42.7	26.6
Total	**18,217,200**	**254,152,373**	**100.0**	**100.0**

Share capital distribution

	Class A	Class B	Total
No. of shares	18,217,200	254,152,373	272,369,573
No. of votes	182,172,000	254,152,373	436,324,373
% of capital	6.7	93.3	100.0
% of votes	41.8	58.2	100.0

Five largest countries – capital, %

Sweden	54.6
USA	22.2
Norway	5.8
Bermuda	2.7
UK	1.9

Ownership by category – capital, %

Swedish institutional owners	23.1
Foreign institutional owners	31.1
Swedish individuals	9.7
Other owners	27.1
Anonymous ownership	9.0
Total	**100.0**

Multi-year overview: Group

Amounts in SEK M unless otherwise stated	Continuing operations 2018	2017	2016	Continuing and discontinued operations 2016	2015	2014
Order situation						
Order intake	24,347	23,228	22,603	30,142	30,431	26,817
Income statement						
Net sales	24,172	22,495	*22,170*	29,756	30,235	26,669
of which, overseas sales, %	*97.7*	*97.5*	*97.7*	*98.2*	*98.0*	*98.1*
EBITDA	1,524	3,459	3,454	4,990	5,187	4,765
Adjusted EBITA	2,689	2,842	3,275	4,341	4,179	4,501
Operating profit/loss (EBIT)	-284	1,493	1,506	2,287	2,729	2,646
Net financial items	-340	-560	-527	-637	-732	-659
Profit/loss after financial items	-624	933	979	1,650	1,997	1,987
Taxes	-315	184	-256	-437	-540	-539
Net profit/loss for the year	**-939**	**1,117**	**723**	**1,213**	**1,457**	**1,448**
Margin measures						
EBITDA margin, %	6.3	15.4	15.6	16.8	17.1	17.9
Adjusted EBITA margin, %	11.1	13.8	14.8	14.6	13.8	16.9
Operating margin (EBIT), %	-1.2	6.6	6.8	7.7	9.0	9.9
Personnel						
Number of employees, December 31	10,515	10,684	9,959	15,582	15,424	15,747

Amounts in SEK M unless otherwise stated	2018	Continuing and discontinued operations 2017	2016	2015	2014
Balance sheet					
Intangible assets	24,098	23,045	32,004	30,543	30,064
Tangible assets	3,160	2,911	4,313	4,699	4,971
Financial assets	1,946	1,586	1,329	1,374	1,410
Inventories	4,544	4,879	5,431	5,409	5,245
Other receivables	8,331	8,155	10,454	9,742	9,646
Cash and bank balances	1,273	1,526	1,680	1,468	1,482
Total assets	**43,352**	**42,102**	**55,211**	**53,235**	**52,818**
Equity	19,655	19,806	20,916	19,593	18,694
Provisions for pensions, interest-bearing	3,035	3,081	3,368	3,052	3,271
Other interest-bearing liabilities	10,829	11,237	21,701	21,283	20,752
Other provisions	3,771	2,202	1,856	2,243	2,578
Other non-interest-bearing liabilities	6,062	5,776	7,370	7,064	7,523
Total equity and liabilities	**43,352**	**42,102**	**55,211**	**53,235**	**52,818**
Net debt, including pension liabilities	12,591	12,792	23,389	22,867	22,541
Net debt, excluding pension liabilities	9,556	9,711	20,021	19,815	19,270
Cash flow. Amounts in SEK M unless otherwise stated.					
Cash flow from operating activities	2,503	2,763	3,671	3,458	3,473
Cash flow per share, SEK	9.2	11.0	15.2	14.3	14.4
Net investments in non-current assets	1,335	1,633	1,585	2,054	1,839
Return indicators					
Return on operating capital, %	6.7	7.3	8.3	8.2	10.1
Return on equity, %	-4.7	6.6	6.0	7.6	8.2
Financial indicators					
Equity/assets ratio, %	45.3	47.0	37.9	36.8	35.4
Net debt/equity ratio, multiple	0.64	0.65	1.12	1.17	1.21
Operating capital, average	32,868	42,045	43,383	41,848	38,057
Equity, December 31	19,655	19,806	20,916	19,593	18,694
Amounts in SEK unless otherwise stated					
Earnings per share – continuing and discontinued operations	-3.55	5.49	4.91	5.75	5.93
Market price, December 31[1]	79.90	119.00	146.10	222.50	177.80
Dividend[2]	1.00[3]	1.50	2.00	2.80	2.80
Dividend yield[1], %	1.25	1.26	1.37	1.26	1.57
Price/earnings ratio[1]	N/A	21.68	29.73	38.70	30.00
Dividend as profit percentage, %	N/A	27.33	40.70	48.70	47.24
Equity	72.16	72.72	86.51	81.03	77.31
Average number of shares (million)[4]	272.4	250.7	241.8	241.8	241.8
Number of shares, December 31 (million)[4]	272.4	272.4	241.8	241.8	241.8

1) Not adjusted for rights issue and distribution of Arjo
2) Information for 2014-2016 has not been adjusted for the rights issue implemented in 2017
3) Dividend proposed by the Board of Directors
4) Adjusted for bonus issue effect of the rights issue

Multi-year overview 2017-2018: Business areas

ACUTE CARE THERAPIES, SEK M	2018	2017
Order intake	**13,069**	**12,383**
Net sales	**13,013**	**12,201**
Adjusted gross profit	**7,627**	**7,403**
Margin, %	*58.6*	*60.7*
Adjusted EBITDA	**3,259**	**3,174**
Margin, %	25.0	26.0
Depreciation, amortization and write-downs of tangible and intangible assets	-726	-674
Adjusted EBITA	**2,533**	**2,500**
Margin, %	*19.5*	*20.5*

LIFE SCIENCE, SEK M	2018	2017
Order intake	**2,295**	**2,011**
Net sales	**2,194**	**1,947**
Adjusted gross profit	**815**	**790**
Margin, %	*37.1*	*40.6*
Adjusted EBITDA	**348**	**435**
Margin, %	*15.9*	*22.3*
Depreciation, amortization and write-downs of tangible and intangible assets	-71	-66
Adjusted EBITA	**277**	**369**
Margin, %	*12.6*	*19.0*

SURGICAL WORKFLOWS, SEK M	2018	2017
Order intake	**8,983**	**8,834**
Net sales	**8,965**	**8,347**
Adjusted gross profit	**3,501**	**3,459**
Margin, %	*39.1*	*41.4*
Adjusted EBITDA	**567**	**878**
Margin, %	*6.3*	*10.5*
Depreciation, amortization and write-downs of tangible and intangible assets	-425	-433
Adjusted EBITA	**142**	**445**
Margin, %	*1.6*	*5.3*

The Group's 20 largest markets

	2018			2017			2016		
	SEK M	%	#	SEK M	%	#	SEK M	%	#
USA	8,225	34.0%	1	7,879	35.0%	1	7,727	34.9%	1
Germany	1,569	6.5%	2	1,511	6.7%	2	1,510	6.8%	2
China	1,499	6.2%	3	1,247	5.5%	3	1,123	5.1%	4
Japan	1,282	5.3%	4	1,189	5.3%	4	1,383	6.2%	3
France	1,167	4.8%	5	1,040	4.6%	5	1,052	4.7%	5
UK	813	3.4%	6	865	3.8%	6	984	4.4%	6
Australia	686	2.8%	7	663	2.9%	7	538	2.4%	8
Italy	685	2.8%	8	623	2.8%	8	580	2.6%	7
Sweden	554	2.3%	9	556	2.5%	9	503	2.3%	9
India	545	2.3%	10	485	2.2%	10	398	1.8%	11
Canada	472	2.0%	11	441	2.0%	11	432	1.9%	10
Spain	429	1.8%	12	386	1.7%	12	328	1.5%	13
Brazil	379	1.6%	13	300	1.3%	14	323	1.5%	14
Netherlands	371	1.5%	14	317	1.4%	13	336	1.5%	12
Belgium	345	1.4%	15	293	1.3%	15	249	1.1%	17
Russia	337	1.4%	16	174	0.8%	22	204	0.9%	21
Saudi Arabia	301	1.2%	17	277	1.2%	17	215	1.0%	19
Switzerland	287	1.2%	18	241	1.1%	18	269	1.2%	16
Turkey	277	1.1%	19	284	1.3%	16	305	1.4%	15
Thailand	273	1.1%	20	187	0.8%	21	175	0.8%	22

The ten largest markets by business area

	2018			2017			2016		
ACUTE CARE THERAPIES	SEK M	%	#	SEK M	%	#	SEK M	%	#
USA	5,705	43.8%	1	5,598	45.9%	1	5,444	46.1%	1
China	843	6.5%	2	628	5.1%	3	524	4.4%	4
Germany	764	5.9%	3	722	5.9%	2	697	5.9%	2
Japan	667	5.1%	4	596	4.9%	4	654	5.5%	3
France	411	3.2%	5	366	3.0%	5	391	3.3%	5
Italy	392	3.0%	6	339	2.8%	6	317	2.7%	6
India	353	2.7%	7	308	2.5%	7	291	2.5%	7
UK	284	2.2%	8	258	2.1%	10	262	2.2%	8
Canada	280	2.2%	9	271	2.2%	9	238	2.0%	9
Australia	262	2.0%	10	274	2.2%	8	226	1.9%	10

	2018			2017			2016		
LIFE SCIENCE	SEK M	%	#	SEK M	%	#	SEK M	%	#
USA	752	34.3%	1	684	35.1%	1	694	35.1%	1
France	325	14.8%	2	270	13.9%	2	259	13.1%	2
China	154	7.0%	3	88	4.5%	5	74	3.7%	6
UK	126	5.8%	4	139	7.1%	3	157	8.0%	3
Germany	109	4.9%	5	108	5.6%	4	94	4.8%	4
Belgium	71	3.2%	6	60	3.1%	6	52	2.6%	9
Japan	71	3.2%	7	57	2.9%	8	66	3.4%	7
Sweden	61	2.8%	8	60	3.1%	7	46	2.3%	10
Switzerland	60	2.8%	9	33	1.7%	12	55	2.8%	8
Ireland	57	2.6%	10	30	1.5%	16	26	1.3%	17

	2018			2017			2016		
SURGICAL WORKFLOWS	SEK M	%	#	SEK M	%	#	SEK M	%	#
USA	1,767	19.7%	1	1,597	19.1%	1	1,589	18.9%	1
Germany	696	7.8%	2	681	8.2%	2	719	8.6%	2
Japan	544	6.1%	3	536	6.4%	3	663	7.9%	3
China	502	5.6%	4	531	6.4%	4	525	6.3%	5
France	431	4.8%	5	404	4.8%	6	401	4.8%	6
UK	402	4.5%	6	468	5.6%	5	564	6.7%	4
Australia	371	4.1%	7	346	4.1%	7	276	3.3%	8
Sweden	350	3.9%	8	342	4.1%	8	298	3.6%	7
Italy	262	2.9%	9	266	3.2%	9	245	2.9%	9
Thailand	180	2.0%	10	120	1.4%	17	106	1.3%	18

Acquisition history

Year	Company	Business	Country	Sales	
2017	Carus HMS GmbH	Integrated workflow solutions	DE	SEK	20 M
2017	Simm Company and Surgeon Aids	Distributor	TH	SEK	75 M
2016	AccuMed	Production facility for medical textiles	DR	SEK	100 M
2016	1st Call Mobility Ltd	Medical-device solutions for bariatric patients	GB	SEK	100 M
2015	GOA Teknoloji Danismanlik Elektronik	Low temperature sterilization technology	TR	SEK	20 M
2014	Pulsion AG	Systems for hemodynamic monitoring	DE	SEK	300 M
2014	Altrax Group Ltd	Systems for traceability and quality assurance for sterilization	GB	SEK	35 M
2014	Cetrea A/S	Systems for resource planning	DK	SEK	30 M
2014	Austmel Pty Ltd	Sterilization and thermal processes	AU	SEK	80 M
2013	LAAx Inc.	Cardiac and vascular surgery	US	SEK	8 M
2013	Trans Medikal Devices Inc.	Manufacture of sterilizers and distribution of disinfectors	TR	SEK	55 M
2013	STS East LLC	Service	US	SEK	25 M
2012	Product rights from Avalon Laboratories	Cardiopulmonary	US	-	-
2012	Eirus Medical	Critical Care	SE	-	-
2012	Acare Medical Science Ltd	Healthcare beds	CH	SEK	135 M
2012	USCI	Distributor	JP	SEK	150 M
2012	Tecno Hospitalia	Distributor	CO	SEK	4 M
2012	Therapeutic Support Systems (TSS)	Wound care	US	SEK	1,600 M
2012	Steritec Products Mfg Inc.	Consumables	US	SEK	70 M
2011	Blanchet Medical Service	Service	FR	SEK	3 M
2011	Atrium Medical Inc	Products for the cardiovascular market	US	USD	200 m
2011	Combimobil AB	Rehabilitation aids	SE	SEK	2 M
2011	Fumedica	Distributor	CH	SEK	70 M
2011	IDS Medical Equipment	Distributor	SG	SEK	25 M
2011	Mak Saglik	Distributor	TR	SEK	20 M
2011	STS Holding West	Service	US	SEK	20 M
2010	Odelga	Service	AT	SEK	25 M
2008	Datascope	Cardiac assist and vascular surgery	US	USD	231 M
2008	Cardio Research Pty Ltd.	Distributor	AU	AUD	5.1 M
2008	Subtil Crepieux	Service	FR	EUR	8 M
2008	Getus Services Ltd	Service	NZ	NZD	1.1 M
2008	Olmed AB	Distributor	SE	SEK	70 M
2008	Boston Scientific's Cardiac and Vascular surgery divisions	Endoscopic vessel harvesting (EVH), anastomosis, stabilizers and instruments for surgery on beating hearts and vascular implants	US	SEK	1,733 M
2007	NS Nielsen Equipment A/S	Distributor	DK	-	-
2006	Huntleigh Technology	Special mattresses for pressure-ulcer treatment, beds for intensive, specialist and elderly care vein thrombosis prophylaxis and equipment for fetal and vascular diagnostics.	UK	SEK	2,675 M
2006	Comercio E Industria Medicia	Consumables for open-heart surgery	BR	SEK	25 M
2006	OTY GmbH	Telemedicine specializing in products and solutions for hospitals' IT infrastructure focused on the operating room.	DE	SEK	20 M
2006	Getinge Czech Republic	Distributor	CZ	SEK	10 M
2005	Lancer UK	Distributor	UK	SEK	104 M
2005	La Cahlené	Isolator technology and electron sterilization technology	FR	EUR	40 M
2004	Dynamed	Distributor	CA	SEK	85 M
2004	BHM Medical Inc.	Patient management products for the care and elderly care segments	CA	SEK	206 M
2003	MAQUET AG, Swiss dealer	Distributor	CH	CHF	4.9 M
2003	Siemens LSS	Ventilators and anesthesia equipment for the hospital market	SE	EUR	230 M
2003	Jostra GmbH	Equipment and consumables for cardiac surgery	DE	EUR	90 M
2003	Copharm B.V.	Distributor	NL	EUR	10 M
2002	Heraeus Medical	Surgical lamps, ceiling service units and therapy accessories and gas distribution for operating rooms	DE	EUR	52 M
2001	ALM	Surgical lamps	FR	FRF	490 M
2000	Maquet	Surgical tables	DE	EUR	155 M
2000	Parker Bath	Bathing systems for the semi-institutional care market	UK	SEK	150 M
2000	Lenken Healthcare	Distributor	IE	SEK	65 M
2000	Gestion Techno-Medic	Patient lifting systems	CA	SEK	22 M
1999	Lunatronic Aps	Comprehensive IT solutions for the maintenance of sterilization departments	DK	DKK	15 M
1999	MPT Corp.	Washer disinfectors for the Life Science market	US	SEK	35 M
1998	Egerton Hospital Equipment	Specialist beds and anti-decubitus mattresses for hospitals and care facilities	UK	SEK	45 M
1998	Royal Linden B.V.	Infection control	NL	SEK	60 M
1998	Medibo	Patient lifting and pressure-ulcer treatments	BE	SEK	28 M
1998	OMASA	Infection control	IT	SEK	100 M
1998	SMI/BBC	Infection control	FR	SEK	75 M
1998	Kemiterm	Water distillers pure-steam generators for pharmaceutical industry	DK	DKK	25 M
1998	Pegasus	Anti-decubitus products for hospitals and elderly care	UK	SEK	350 M
1996	MDT/Castle	Infection control	US	-	-
1996	Van Dijk Medizintechnik GmbH	Infection control	DE	SEK	30 M
1995	Arjo	Products for aging care related to hygiene and patient management	SE	SEK	1,538 M
1994	Lancer	Disinfection products	FR	FRF	70 M
1993	British Sterilizer	Sterilizers	UK	SEK	15 M
1993	Stirn	Disinfection	FR	-	-

Reconciliation of alternative performance measures

Alternative performance measures refer to financial measures used by the company's management and investors to evaluate the Group's earnings and financial position and that cannot be directly read or derived from the financial statements. These financial measures are intended to facilitate analysis of the Group's performance. The alternative performance measures are not to be considered a substitute for, but rather a supplement to, the financial statements prepared in accordance with IFRS. The alternative performance measures recognized are not calculated in accordance with IFRS but are provided since Getinge believes that they are important to investors' assessments of the Group and the Getinge share, and that these performance measures are widely used by investors, securities analysts and others stakeholders as supplementary measures of the earnings trend and financial position. Getinge's performance measures that are not defined in accordance with IFRS are not necessary comparable with similar measures presented by other companies and have certain limitations as analysis tools.

THE GROUP'S PRIMARY PERFORMANCE MEASURES	2018	2017
Adjusted gross profit, SEK M		
Gross profit	**11,053**	**10,712**
Add-back of:		
Depreciation, amortization and write-downs of tangible and non-acquired intangible assets	799	891
Other items affecting comparability	102	197
Adjustment for write-downs included in other items affecting comparability	-11	-148
Adjusted gross profit	**11,943**	**11,652**
Adjusted EBITDA, SEK M		
Operating profit/loss (EBIT)	**-84**	**1,493**
Add-back of:		
Depreciation, amortization and write-downs of tangible and non-acquired intangible assets	1,238	1,380
Amortization and write-down of acquired intangible assets	570	586
Other items affecting comparability	2,500	266
Acquisition and restructuring costs	0	763
Adjustment for write-downs included in other items affecting comparability and restructuring costs	-108	-203
Adjusted EBITDA	**3,916**	**4,285**
EBITA, SEK M		
Operating profit/loss (EBIT)	**-284**	**1,493**
Add-back of:		
Amortization and write-down of acquired intangible assets	570	586
EBITA	**286**	**2,079**
Adjusted EBITA, SEK M		
Operating profit/loss (EBIT)	**-284**	**1,493**
Add-back of:		
Amortization and write-down of acquired intangible assets	570	586
Other items affecting comparability	2,500	266
Acquisition and restructuring costs	0	763
Adjustment for write-downs of acquired intangible assets included in other items affecting comparability and restructuring costs	-97	-
Adjusted EBITA	**2,689**	**3,108**
Adjusted EBIT, SEK M		
Operating profit/loss (EBIT)	**-284**	**1,493**
Add-back of:		
Other items affecting comparability	2,500	266
Acquisition and restructuring costs	0	763
Adjusted EBIT	**2,216**	**2,522**
Net debt/equity ratio		
Net interest-bearing debt, SEK M	12,591	12,792
Equity, SEK M	19,655	19,806
Net debt/equity ratio[1], multiple	**0.64**	**0.65**

1) Net interest-bearing debt in relation to equity.

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Definitions

Financial terms

Adjusted EBIT. Operating profit (EBIT) with add-back of acquisition and restructuring costs and other items affecting comparability.

Adjusted EBITA. EBITA with add-back of acquisition and restructuring costs and other items affecting comparability.

Adjusted EBITDA. EBITDA with add-back of acquisition and restructuring costs and other items affecting comparability.

Adjusted gross profit. Gross profit with add-back of depreciation, amortization and write-downs and other items affecting comparability.

Cash flow per share. Cash flow from operating activities divided by the average number of shares.

Dividend yield. Dividend in relation to the market share price on December 31.

Earnings per share. Net profit for the year attributable to Parent Company shareholders in relation to average number of shares.

EBIT. Operating profit (EBIT).

EBITA. Operating profit (EBIT) with add-back of amortization and write-down of intangible assets identified in conjunction with corporate acquisitions.

EBITDA. Operating profit (EBIT) with add-back of amortization, depreciation and write-downs.

EBITA margin. EBITA in relation to net sales.

Equity/assets ratio. Equity in relation to total assets.

Equity per share. Equity in relation to the number of shares at the end of the period.

Gross margin. Gross profit in relation to net sales.

Interest-coverage ratio. Adjusted EBITDA in relation to net interest.

Net debt/equity ratio. Net interest-bearing debt in relation to equity.

Operating capital. Average total assets with a reversal of cash and cash equivalents, other provisions, accounts payable and other non-interest-bearing liabilities.

Operating margin. Operating profit (EBIT) in relation to net sales.

P/E ratio. Share price (final price) in relation to earnings per share.

Recurring revenue. Revenues from consumables, service, spare parts and similar items.

Return on equity. Profit after tax in relation to average equity.

Return on operating capital.
Adjusted EBIT in relation to operating capital.

Medical terms

Anesthesia. Narcosis.

Asepsis. The prevention of disease-causing microorganisms, for example through disinfection or sterilization.

Cardiopulmonary. Pertaining or belonging to both heart and lung.

Cardiovascular. Pertaining or belonging to both heart and blood vessels.

Endoscope. Equipment for visual examination of the body's cavities, such as the stomach.

EVH (Endoscopic Vessel Harvesting).
Minimally invasive surgical interventions, to explant a healthy blood vessel through endoscopic means.

Extracorporal life support. Extracorporal support, for instance external oxygenation of blood through medical technology.
Hemodynamics. Change in pressure and flow of blood in the cardiovascular system.

Hemodynamics. Change in pressure and flow of blood in the cardiovascular system.

Hybrid OR. Hybrid operating rooms, meaning that the patient can be diagnosed and operated in the same room, thus enhancing patient safety and efficiency. A hybrid OR integrates the operating table with radiology/MRI equipment.

Low temperature sterilization. Low temperature sterilization of instruments is used in minimally invasive surgery, a type of instrument that is extremely sensitive to the high temperatures and pressure of a steam sterilization process.

Minimally invasive instruments. Various types of instruments that make it possible to conduct treatment and other measures through very small operations without the need for major surgery. The benefits of minimally invasive operations include less pain for the patient, shorter rehabilitation periods and lower costs.

Prevention/prophylaxis. Preventive activity/treatment.

Sterilizer. A type of pressure-cooker for sterilization.

Stent. A tube for endovascular widening of blood vessels.

Vascular intervention. A medical procedure conducted through vascular puncturing instead of using an open surgery method.

Ventilator. A respirator to maintain a patient's ability to breathe.

Geographic areas

Americas. North, South and Central America.

APAC. Asia and Pacific.

EMEA. Europe, Middle East and Africa.

Annual General Meeting and Nomination Committee

Annual General Meeting

The Annual General Meeting will be held on April 23, 2019, at:
2:00 p.m. in Kongresshallen at Hotel Tylösand, Halmstad, Sweden.

Registration

Shareholders wishing to participate at the Annual General Meeting should:

- Be registered in the shareholders' register kept by Euroclear, not later than April 15, 2019
- Inform the company of their intention to participate not later than April 15, 2019

Shareholders may register in the following ways:

- Getinge's website: www.getinge.com
- By conventional mail to:
  Getinge AB
  "AGM"
  c/o Euroclear Sweden
  Box 191, SE-101 23 Stockholm, Sweden
- By telephone: +46 (0) 10 335 08 18

Nominee-registered shares

Shareholders whose shares are registered in the name of a nominee through a bank or other nominee must be entered in the shareholders' register maintained by Euroclear Sweden AB not later than April 15, 2019 in order to be entitled to participate at the AGM. Shareholders must inform the nominees well in advance of this date.

Shareholders represented by proxy must submit a power of attorney to the company prior to the meeting. A power of attorney form can be downloaded at www.getinge.com. Anyone representing a legal entity must have a copy of the registration certificate or a corresponding authorization document that indicates the proper authorized signatory.

Nomination Committee

Getinge AB's interim report for the third quarter of 2018 contained instructions for shareholders on how to proceed to submit proposals to Getinge's Nomination Committee and how to propose motions to be addressed at the Annual General Meeting.

Dividend

The Board of Directors and CEO propose that a dividend of SEK 1.00 (1.50) per share, a combined total of SEK 272 M (409), be paid for 2018.

The proposed record date is April 25, 2019. Euroclear is expected to distribute the dividend to shareholders on April 30, 2019.

Financial information

Updated information on, for example, the Getinge share and corporate governance is available on Getinge's website www.getinge.com.

The Annual Report, year-end report and interim reports are published in Swedish and English and are available for download at:
www.getinge.com. A printed copy of the Annual Report can also be ordered at www.getinge.com.

Financial information

The following information will be published in 2019:

- April 23, 2019: Interim report January–March 2019
- April 23, 2019: Annual General Meeting
- July 17, 2019: Interim report, January–June 2019
- October 17, 2019: Interim report January–September 2019
- January 29, 2020: Year-end report 2019
- March 2020: 2019 Annual Report

Reading guide and distribution policy

Reading guide

- Getinge Group is referred to as Getinge in the Annual Report.
- Figures in parentheses pertain to operations in 2017, unless otherwise specified.
- Swedish kronor (SEK) is used throughout.
- Millions of kronor are abbreviated SEK M.
- All figures pertain to SEK M, unless otherwise specified.
- Information provided in the Annual Report concerning markets, competition and future growth constitutes Getinge Group's assessment based on both external information and material compiled internally.

Distribution policy

The Annual Report is available for download at www.getinge.com. A printed version of the report can also be ordered from the website. The decision not to automatically send a printed version to the company's shareholders is based on the ambition to reduce Getinge's negative impact on the environmental.

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