

*Reporting period January – June*

- ◆ **Orders received** increased by 15.7% to SEK 9,184 million (7,940), corresponding to organic growth of 6.9%
- ◆ **Net sales** increased by 15% to SEK 8,558 million (7,444)
- ◆ **Profit before tax** rose by 16% to SEK 756 million (652)
- ◆ **Net profit** increased by 17.5% to SEK 544 million (463)
- ◆ **Earnings per share** increased by 17% to SEK 2.61 (2.23)
- ◆ **EBITA before restructuring** rose by 28.6% to SEK 1,390 million (1,081)
- ◆ **Strong cash flow in second quarter**
- ◆ **Continued strong earnings outlook for the year**

**Second quarter 2008**

**Cumulative orders received were in line with anticipated growth and demand remains generally favourable. The EBITA margin continues to improve in line with the Group's long and short-term targets.**

**Orders received** Orders received by the Group increased organically by 3.4% during the quarter. Accordingly, for the period January to June, the organic growth in orders received was a full 6.9%, which is in line with the Group's growth ambitions. Volume growth for the Group's business areas and for the various geographic regions was mixed during the period. For the Group in its entirety, orders received during the period were strong in markets outside Western Europe, particularly in the North American market.

Medical Systems' orders received increased organically by a full 11.9%. Growth was positive in all geographic regions, except in North America, where in contrast to the other business areas, orders received declined. Growth in Eastern Europe and parts of Western Europe, and in Latin America, was particularly good during the period.

For Extended Care, organic orders received during the quarter were in line with the same period last year. Orders received were excellent in North America, but weaker in Western Europe.

In Infection Control, orders received declined compared with the excellent second quarter of 2007. Volume growth was positive in North America and in most West European markets. In Eastern Europe, where a major order was booked in the second quarter of last year, orders received declined.

## Results

Consolidated profit before tax for the period amounted to SEK 387 million (366). EBITA before restructuring costs increased by 21.9% to SEK 735 million (603), while the EBITA margin improved by 1.5% to 16.5%. The earnings improvement is mainly attributable to the contribution from the cardiac surgery and vascular surgery divisions recently acquired from Boston Scientific. Restructuring costs for the period related to the integration of Huntleigh and the cardiac surgery and vascular surgery divisions and amounted to SEK 97 million (70). Negative exchange-rate effects of approximately SEK 67 million impacted the quarter's earnings.

Medical Systems' EBITA before restructuring costs increased by 55.7% to SEK 344 million (221), while the EBITA margin rose by 2.9% to 18.5%. The improvement is attributable to the recently acquired cardiac surgery and vascular surgery divisions.

Extended Care's EBITA before restructuring costs increased by 8.3% to SEK 260 million (240). The EBITA margin amounted to 17.3% (15.5). Gross margin remains at a strong level in the wake of efficiency measures implemented in relation to the production structure.

For Infection Control, EBITA declined somewhat to SEK 131 million (141). The reduced operating profit is an effect of a lower gross margin and reflects negative exchange-rate effects and an uneven capacity utilisation of plants during the period.

The Group's operating cash flow for the quarter amounted to a full SEK 785 million (419), an increase of 87.4%.

## Outlook

Demand is expected to remain at a good level. The lower demand in the Western European markets at the beginning of the year was offset by continued strong demand in emerging markets and North America. Orders from customers in Western Europe are expected to improve in the second half of the year. The Group's order book remains at a good level.

Medical Systems is expected to have continued positive volume development at levels that exceed the market's underlying growth. This growth is supported by the expansion of the business area's market organisation that has taken place globally and the improvements that have already been made and that are under way in the area of product development. Competitiveness was strengthened as a result of investment in production in China and Turkey.

The cardiac surgery and vascular surgery divisions that are consolidated into the Group from the start of the current year contribute to increased operating margins and continued positive earnings growth for Medical Systems. The cost efficiency programme announced in the cardiac surgery and vascular surgery divisions will lead to cost savings of between SEK 100 and 120 million per year from 2010 and onwards.

Extended Care anticipates improved volume growth during the current year as a result of implemented and planned product launches, at the same time as revenue synergies connected with the Huntleigh acquisition will become apparent during the latter part of the current year. The business area's operating margin is improving significantly as a result of realised synergy gains and declining restructuring costs.

Infection Control continues to anticipate positive volume growth in the wake of a gradual expansion of the market organisation, particularly in

the emerging markets and North America. A strengthened product program is also contributing to positive growth.

Exchange-rate fluctuations will have a negative impact on this year's earnings, most significantly so in the first half of the year. Restructuring costs for the integration of Huntleigh and the cardiac surgery and vascular surgery divisions are estimated to amount to approximately SEK 200 million for the full year.

The development during the quarter did not result in any revision of the earnings outlook for the year. The Group continues to anticipate organic invoicing growth in line with the 2007 level, while the EBITA margin continues to strengthen, even when excluding the cardiac surgery and vascular surgery divisions which are expected to contribute to earnings before tax already in the current year.

# Business area Medical Systems

## Orders received

| <b>Orders received per market</b> | <b>2008</b>  | 2007  | <i>Change adjusted for</i>        | <b>2008</b>  | 2007  | <i>Change adjusted for</i>        |
|-----------------------------------|--------------|-------|-----------------------------------|--------------|-------|-----------------------------------|
|                                   | <b>Q 2</b>   | Q 2   | <i>curr.flucs.&amp;corp.acqs.</i> | <b>6 Mon</b> | 6 Mon | <i>curr.flucs.&amp;corp.acqs.</i> |
| Europe                            | <b>1 066</b> | 854   | 21,5%                             | <b>1 873</b> | 1 652 | 9,8%                              |
| USA and Canada                    | <b>558</b>   | 272   | -8,6%                             | <b>1 178</b> | 511   | 2,5%                              |
| Asia and Australia                | <b>312</b>   | 278   | 0,5%                              | <b>576</b>   | 480   | 4,7%                              |
| Rest of the world                 | <b>107</b>   | 85    | 18,7%                             | <b>325</b>   | 175   | 77,8%                             |
| <b>Business area total</b>        | <b>2 043</b> | 1 489 | 11,9%                             | <b>3 952</b> | 2 818 | 11,8%                             |

Orders received continued to develop well for the business area. During the quarter, orders received grew organically by a full 11.9%.

In Europe, orders received were generally at an excellent level. Apart from Scandinavia and the UK, all submarkets reported positive volume growth. The increases in the German-speaking markets, in Benelux and in Eastern Europe were particularly good.

In North America, orders received declined as a result of fewer order transactions, primarily in Critical Care. In terms of demand, the North American market is assessed as remaining stable.

In the emerging markets, orders received remained favourable in Southeast Asia, Latin America and the Middle East.

The weaker level of orders received in the Asia and Australia region is attributable to the Japanese market.

## Results

|   | <b>2008</b>  | 2007  | <i>Change</i> | <b>2008</b>   | 2007   | <i>Change</i> | 2007   |
|---|--------------|-------|---------------|---------------|--------|---------------|--------|
|   | <b>Q 2</b>   | Q 2   |               | <b>6 Mon</b>  | 6 Mon  |               | FY     |
| Net sales, SEK million                              | <b>1 857</b> | 1 413 | 31,4%         | <b>3 643</b>  | 2 685  | 35,7%         | 6 079  |
| <i>adjusted for currency flucs. &amp; corp.acqs</i> |              |       | 4,8%          |               |        | 6,3%          |        |
| Gross profit  | <b>1 078</b> | 724   | 48,9%         | <b>2 101</b>  | 1 428  | 47,1%         | 3 112  |
| <i>Gross margin %</i>                               | <b>58,1%</b> | 51,2% | 6,9%          | <b>57,7%</b>  | 53,2%  | 4,5%          | 51,2%  |
| Operating cost, SEK million                         | <b>-780</b>  | -505  | 54,5%         | <b>-1 520</b> | -1 010 | 50,5%         | -2 079 |
| EBITA before restructuring and integration costs    | <b>344</b>   | 221   | 55,7%         | <b>674</b>    | 422    | 59,7%         | 1 040  |
| <i>EBITA margin %</i>                               | <b>18,5%</b> | 15,6% | 2,9%          | <b>18,5%</b>  | 15,7%  | 2,8%          | 17,1%  |
| Restructuring and integration costs                 | <b>-42</b>   | -     |               | <b>-45</b>    | -      |               | -      |
| EBIT  | <b>256</b>   | 219   | 16,9%         | <b>536</b>    | 418    | 28,2%         | 1 033  |
| <i>EBIT margin %</i>                                | <b>13,8%</b> | 15,5% | -1,7%         | <b>14,7%</b>  | 15,6%  | -0,9%         | 17,0%  |

EBITA before restructuring amounted to SEK 344 million (221), corresponding to an earnings increase of 55.7%. The earnings improvement is attributable to contributions from the newly acquired Cardiac and Vascular Surgery divisions. The improved gross profit and EBITA margins are also an effect of the newly acquired divisions. Restructuring costs impact earnings for the quarter by SEK 42 million and pertain to costs for the relocation of production from Dorado, Puerto Rico, to Wayne, New Jersey, that was announced earlier.

## **Activities**

### **Integration of Cardiac and Vascular divisions**

Work on integrating the Cardiac and Vascular Surgery divisions that were acquired from Boston Scientific is progressing according to plan. The business area anticipates being able to realise the costs and revenue relating to synergies presented in conjunction with the acquisition.

The cost-related synergies, which are expected to amount to SEK 100 - 120 million from 2010, pertain to efficiency enhancements partly in production and partly in administration. With regard to production streamlining, a decision was made during the period to transfer the manufacture of cardiac surgery products from the unit in Dorado, Puerto Rico to the business area's plant in Wayne, New Jersey. An optimal administrative structure will have been achieved by the end of 2009.

With regard to revenue synergies, the business area estimates that these will lead to the new Cardiovascular division achieving sustainable organic growth of 10% from 2009. The revenue-related synergies will partly comprise cardiac and vascular surgical products offered to Medical Systems' existing customers primarily outside the US and Perfusion products being marketed in the US through the cardiac and vascular divisions' strong sales channels.

During the second quarter of the year, integration costs pertaining to the plant transfer mentioned above amounting to SEK 42 million were charged against revenue. Total integration costs for the current year are estimated to amount to approximately SEK 60 million. The remaining portion of the integration costs of approximately SEK 25 million is expected to be charged against the first six months of 2009.

### **Product development and product launches**

#### **NAVA**

Work on launching the business area's new and pioneering ventilator technology, NAVA, is progressing according to plan. During the period, an updated version of NAVA (NAVA 2) with improved signal treatment has been launched. To date this year, sales of the software module that facilitates the upgrading of Servo-i ventilator to NAVA status have been highly satisfactory. In parallel with the work to introduce NAVA to more important hospitals and to key opinion-builders, clinical studies and evaluations are being conducted to demonstrate that NAVA will result in the reduction of treatment time and thereby medical expenses.

#### **Flow-i**

As previously announced, Medical Systems intends to become established in the global anaesthesia market with a new and competitive

anaesthesia product program. The new product family will offer several clinical improvements compared with existing and competing products.

To ensure that the impending product launch of Flow-i is successful and pioneering, the business area has decided to upgrade the specification in terms of performance and functionality in the first generation of anaesthesia machines that are intended for the market. As a result of this decision, the commercial launch of Flow-i was postponed until the ESA anaesthesia conference, which will take place in June 2009 in Milan, Italy. The effects in terms of invoicing and revenue resulting from the above-mentioned schedule changes will be insignificant with respect to the 2008 and 2009 fiscal years.

### **Cardiovascular**

Medical Systems introduced its new ELS product (Emergency Life Support) at a number of medical congresses, most recently in May at the International Congress on Perfusion in Frankenthal, Germany. Potential customers have shown major interest in the product, which will be launched during the first six months of 2009. ELS is a cardiac assist product that opens up entirely new markets and applications within emergency care. Similar to the life-support system, ELS replaces both the heart and the lung functions and can thus keep a patient suffering from cardiac arrest alive until qualified medical care can be given. The product, which is portable, is already in use as a prototype in a number of hospitals in Germany with positive results. The ELS product is initially intended for use in "cath-labs" and for emergency transportation between hospitals. In the long term, the product is expected to be used in ambulances and other emergency vehicles.

Work on developing a new generation of heart-lung machines is also progressing according to plan. The future heart-lung machine, which is built in modules, will be largely based on the technology in the above-mentioned ELS product. The business area expects to launch the new heart-lung machines at the end of 2010.

### **Production in China**

As previously announced, Medical Systems has completed its production plant in Suzhou, China. The plant will be globally responsible for the manufacture of ceiling service units and from the end of this year, basic operating tables.

### **Acquisition of Swedish Olmed AB**

During the period, Medical Systems acquired all of the shares in Olmed AB, based in Dalby, Sweden. Olmed, which had sales of slightly less than SEK 70 million in 2007, has been the distributor of Surgical Workplaces products since the beginning of the 1990s and has 10 employees. The acquisition of Olmed is in line with the Group's and business area's strategy to own, to the largest possible extent, distribution channels in all key markets. Olmed, will be consolidated with the Group's accounts from July 1, 2008, and is expected to contribute to the Group's earnings per share during 2008.

# Business area Extended Care

## Orders received

| <b>Orders received per market</b> | <b>2008</b>  | 2007  | <i>Change adjusted for</i>        | <b>2008</b>  | 2007  | <i>Change adjusted for</i>        |
|-----------------------------------|--------------|-------|-----------------------------------|--------------|-------|-----------------------------------|
|                                   | <b>Q 2</b>   | Q 2   | <i>curr.flucs.&amp;corp.acqs.</i> | <b>6 Mon</b> | 6 Mon | <i>curr.flucs.&amp;corp.acqs.</i> |
| Europe                            | <b>816</b>   | 945   | -5,1%                             | <b>1 885</b> | 1 822 | 4,9%                              |
| USA and Canada                    | <b>403</b>   | 411   | 16,0%                             | <b>812</b>   | 798   | 5,6%                              |
| Asia and Australia                | <b>136</b>   | 138   | 2,1%                              | <b>285</b>   | 219   | 15,8%                             |
| Rest of the world                 | <b>33</b>    | 50    | -22,0%                            | <b>56</b>    | 67    | -11,7%                            |
| <b>Business area total</b>        | <b>1 388</b> | 1 544 | 0,5%                              | <b>3 038</b> | 2 906 | 5,6%                              |

Extended Care's orders received were organically in line with the second quarter of 2007. Volume development for the Medical Beds' product line, which is the business area's weakest product line in terms of profit, declined. Orders received during the period, excluding the Medical Beds' product line, increased organically by 7%.

In the European market, which developed strongly during the first quarter of the year, orders received decreased during the quarter.

The lower number of orders received in Europe is attributable to the UK market, which fell following the strong start to the year. Other European markets were at the same level as, or somewhat better than, the corresponding period last year.

In North America, orders received developed very well during the period, with strong growth in the US and Canada.

## Results

|  | <b>2008</b>  | 2007  | <i>Change</i> | <b>2008</b>  | 2007  | <i>Change</i> | 2007   |
|--|--------------|-------|---------------|--------------|-------|---------------|--------|
|  | <b>Q 2</b>   | Q 2   |               | <b>6 Mon</b> | 6 Mon |               | FY     |
| Net sales, SEK million                             | <b>1 505</b> | 1 552 | -3,0%         | <b>2 903</b> | 2 842 | 2,1%          | 6 009  |
| <i>adjusted for currency flucs.&amp; corp.acqs</i> |              |       | 8,9%          |              |       | 3,2%          |        |
| Gross profit                                       | <b>722</b>   | 699   | 3,3%          | <b>1 423</b> | 1 326 | 7,3%          | 2 775  |
| <i>Gross margin %</i>                              | <b>48,0%</b> | 45,0% | 3,0%          | <b>49,0%</b> | 46,7% | 2,3%          | 46,2%  |
| Operating cost, SEK million                        | <b>-490</b>  | -489  | 0,2%          | <b>-979</b>  | -951  | 2,9%          | -1 894 |
| EBITA before restructuring and integration costs   | <b>260</b>   | 240   | 8,3%          | <b>501</b>   | 429   | 16,8%         | 998    |
| <i>EBITA margin %</i>                              | <b>17,3%</b> | 15,5% | 1,8%          | <b>17,3%</b> | 15,1% | 2,2%          | 16,6%  |
| Restructuring and integration costs                | <b>-54</b>   | -70,0 |               | <b>-73</b>   | -120  |               | -257   |
| EBIT   | <b>178</b>   | 140   | 27,1%         | <b>371</b>   | 255   | 45,5%         | 624    |
| <i>EBIT margin %</i>                               | <b>11,8%</b> | 9,0%  | 2,8%          | <b>12,8%</b> | 9,0%  | 3,8%          | 10,4%  |

EBITA, before restructuring costs, increased by 8.3% and amounted to SEK 260 million (240). The EBITA margin amounted to 17.3% in the period, corresponding to a marginal improvement of 1.8%. The somewhat improved operating profit and the higher operating margin are the effect of an improved cost structure in the wake of the Huntleigh integration. Invoicing growth increased organically by 8.9% during the quarter. Negative currency effects of approximately SEK 21 million impacted on the quarter. The quarterly results were charged with restructuring costs amounting to SEK 54 million.

## **Activities      Integration of Huntleigh**

Work on developing and realising synergies in the wake of the Huntleigh acquisition is progressing well. During the quarter, an agreement was reached with trade union representatives at the production unit in Luton, UK, regarding the transfer of the remaining production in Luton to the production facility in Suzhou, China, which was completed during the quarter. The production transfer is expected to be completed before the end of this year and refers primarily to the transfer of pump consoles for compressor mattresses and DVT prevention. The relocation of manufacturing at the unit in Ipswich, UK to the plant in Poland is also in its final stages. The transformation of Huntleigh's production structure is thus essentially completed.

With a few exceptions, the merger and efficiency enhancement of Huntleigh's and Extended Care's marketing and sales organisations is also complete.

As previously announced, Extended Care expects that the restructuring measures undertaken will result in annual cost savings exceeding SEK 300 million and with full effect from 2009.

Taking into account that the program described above for cost rationalisation is nearly complete, future focus will be on realising potential revenue synergies. Given the fact that Huntleigh's and Extended Care's operations complement each other in terms of customers and products, organic growth is expected to strengthen in coming years. The target is for revenue synergies to contribute to the business area achieving a stable and sustainable organic volume growth of 7%. A number of new customer offerings consisting of both Huntleigh's and Extended Care's products have been developed in the recent year and will be the basis for the development of sales synergies. Training of individual sales teams has been in progress for some time and expectations are that revenue synergies will be visible from the second half of the year.

In summary, the integration of Huntleigh was implemented more rapidly than planned and with better effect in terms of cost synergies than was originally estimated.

## **Product development and launches**

As previously announced, the business area's ambition is to launch 15 to 20 new products and larger product upgrades in 2008. In this quarter, 10 products were launched, for example, the Care-O-Line product series, which has an overall solution for private bathrooms and where the product can be adapted over time, depending on changes in the patient's mobility.



The market for Negative Pressure Wound Therapy, NPWT, is one of the largest and most rapidly growing areas in advanced wound-care products. Within this sector, Extended Care offers the Wound Assist product, which was launched in Germany and the UK at the end of 2007. During the second quarter, the launch of Wound Assist continued in an additional number of markets outside the US, with a focus on Europe. The business area's ambition is to become a significant player in the European market in which Extended Care has long had strong relations with decision makers within the wound care area.

It is estimated that the need for products adapted for extremely overweight patients will grow considerably in the future. Extended Care sees major potential for growth within this segment. During the period, the business area launched a complete program of products intended for this group of patients.

## Business area Infection Control

### Orders received

| <b>Orders received per market</b> | <b>2008</b>  | <b>2007</b> | <i>Change adjusted for</i>        | <b>2008</b>  | <b>2007</b>  | <i>Change adjusted for</i>        |
|-----------------------------------|--------------|-------------|-----------------------------------|--------------|--------------|-----------------------------------|
|                                   | <b>Q 2</b>   | <b>Q 2</b>  | <i>curr.flucs.&amp;corp.acqs.</i> | <b>6 Mon</b> | <b>6 Mon</b> | <i>curr.flucs.&amp;corp.acqs.</i> |
| Europe                            | <b>569</b>   | 647         | -10,9%                            | <b>1 175</b> | 1 272        | -7,1%                             |
| USA and Canada                    | <b>329</b>   | 345         | 6,6%                              | <b>652</b>   | 645          | 12,1%                             |
| Asia and Australia                | <b>138</b>   | 130         | 6,2%                              | <b>268</b>   | 240          | 11,5%                             |
| Rest of the world                 | <b>45</b>    | 49          | -6,5%                             | <b>99</b>    | 59           | 69,0%                             |
| <b>Business area total</b>        | <b>1 081</b> | 1 171       | -3,7%                             | <b>2 194</b> | 2 216        | 2,5%                              |

In comparison to last year's good second quarter, orders received declined during the period.

Orders received in Europe declined compared with the strong second quarter last year. The lower orders received in the region are attributable to Eastern Europe, where a major order was registered during the second quarter last year. In other European markets, orders received were generally better or in line with the second quarter of 2007.

In North America, volume growth and demand remained strong.

Orders received from emerging markets varied during the period, with strong growth in the Middle East and Latin America, but somewhat lower in South-East Asia.

## Results

|  | 2008  | 2007  | Change | 2008  | 2007  | Change | 2007   |
|--|-------|-------|--------|-------|-------|--------|--------|
|  | Q 2   | Q 2   |        | 6 Mon | 6 Mon |        | FY     |
| Net sales, SEK million                             | 1 089 | 1 065 | 2,3%   | 2 013 | 1 917 | 5,0%   | 4 357  |
| <i>adjusted for currency flucs.&amp; corp.acqs</i> |       |       | 6,7%   |       |       | 8,9%   |        |
| Gross profit                                       | 400   | 400   | 0,0%   | 752   | 733   | 2,6%   | 1 659  |
| Gross margin %                                     | 36,7% | 37,6% | -0,9%  | 37,4% | 38,2% | -0,8%  | 38,1%  |
| Operating cost, SEK million                        | -273  | -263  | 3,8%   | -545  | -511  | 6,7%   | -1 034 |
| EBITA before restructuring and integration costs   | 131   | 141   | -7,1%  | 214   | 230   | -7,0%  | 640    |
| EBITA margin %                                     | 12,0% | 13,2% | -12%   | 10,6% | 12,0% | -14%   | 14,7%  |
| Restructuring and integration costs                | -1    | -     |        | -2    | -     |        | -      |
| EBIT   | 126   | 137   | -8,0%  | 205   | 222   | -7,7%  | 625    |
| EBIT margin %                                      | 11,6% | 12,9% | -13%   | 10,2% | 11,6% | -14%   | 14,3%  |

Infection Control's EBITA result amounted to SEK 131 million (141). The poor results were primarily an effect of a lower gross margin, which is due to uneven capacity utilisation in Swedish plants and the negative exchange-rate effects amounting to SEK 13 million in the quarter. The increased operating costs are in line with planned activities.

## Activities

### New organisation

Aimed at creating a more integrated business area, a number of organisational improvements have been implemented since the autumn of 2007, including the merger of the sales & marketing and supply chain functions, which were previously separate. At the beginning of the year, the business area's US operations were also coordinated to increase focus and better utilise the business area's joint resources. During the second quarter, an aggressive strategy was launched for the new Infection Control, aimed at creating more dynamic and growth-oriented operations and strengthening the business area's market-leading position within infection care.

### Production in China

During the second quarter of the year, Infection Control announced that it intends to transfer manufacture of pressure vessels for standard sterilizers from the plant in Getinge, Sweden to the business area's production plant in Suzhou, China. The decision is in line with the business area's ambition to concentrate more production and components purchase to countries with more competitive cost positions. When the transfer to Suzhou is completed in its entirety, cost savings for the business area will amount to approximately SEK 15 million annually.

### New markets

The business area's ambition is to increase its exposure in markets with strong growth potential and during the period, sales offices were opened

in Dubai, the United Arab Emirates and Sao Paulo, Brazil. In the Japanese market, a sales office was opened in Fukuoka.

## Other information

**Accounting** This interim report was prepared for the Group in accordance with the IAS 34 Interim Financial Reporting and for the Parent Company, in accordance with the Annual Accounts Act. The accounting and calculation principles used in the interim report are identical to those used in the most recent annual report. This report is unaudited.

**Risk management** Political decisions altering the healthcare reimbursement system represent the single greatest risk to the Getinge Group. The risk to the Group as a whole is limited by the fact that Getinge is active in a large number of countries. The Group's operational risks are limited, since as a rule its customers' operations are funded directly or indirectly from public funds. The Group's Risk Management team works continuously to minimise the risk of production disruptions.

### *Financial risk management*

Getinge is exposed to a number of financial risks in its operations. "Financial risks" refer primarily to risks related to currency and interest rates as well as credit risks. Risk management is regulated by a financial policy established by the Board of Directors. The ultimate responsibility for managing the Group's financial risks and developing methods and principles of financial risk management lies with Group management and the treasury function. The main financial risks to which the Group is exposed are currency risks, interest-rate risks, and credit and counterparty risks.

**Forward-looking information** This report contains forward-looking information based on the current expectations of the Getinge Group's management. Although management deems that the expectations presented by such forward-looking information are reasonable, no guarantee can be given that these expectations will prove correct. Accordingly, the actual future outcome could vary considerably compared with what is stated in the forward-looking information, due to such factors as changed conditions regarding business cycles, market and competition, changes in legal requirements and other political measures, and fluctuations in exchange rates.

**Next report** The next report from the Getinge Group (third quarter of 2008) will be published on 16 October, 2008.

**Telephone Conference** The telephone conference will take place today at 9:30 a.m. Swedish time. To participate, please call:  
Within Sweden +46 (0)8 5052 0114, password: Getinge  
Outside Sweden +44 (0)20 7162 0125, password: Getinge

A recorded version of the conference is available for five working days at the following numbers:

Sweden: +46 (0)8 5052 0333, access code: 802340  
UK: +44 (0)20 7031 4064, access code: 802340

The Board of Directors and CEO ensure that the interim report provides a true and fair overview of the Parent Company and the Group's operations, position and earnings and describes the material risks faced by the Parent Company and the Group.

Getinge, 14 July 2008

Carl Bennet  
*Chairman*

Johan Bygge

Rolf Ekedahl

Arild Karlsson

Carola Lemne

Margareta Norell Bergendahl

Bo Sehlin

Johan Stern

Johan Malmquist  
*CEO*

Getinge AB  
Box 69, 310 44 Getinge  
Telephone 035-15 55 00. Telefax 035-549 52  
e-mail [info@getinge.com](mailto:info@getinge.com)  
Corporate Registration Number 556408-5032  
[www.getingegroup.com](http://www.getingegroup.com)

*The information given here is information that Getinge AB is obligated to publish under the Securities Exchange and Clearing Operations Act and/or the Financial Instruments Trading Act.*

## Consolidated Income statement

|   | 2008         | 2007   | Change | 2008         | 2007   | Change | 2007   |
|---|--------------|--------|--------|--------------|--------|--------|--------|
| SEK million   | Q 2          | Q 2    |        | 6 Mon        | 6 Mon  |        | FY     |
| Net sales   | 4 451        | 4 029  | 10,5%  | 8 558        | 7 444  | 15,0%  | 16 445 |
| Cost of goods sold  | -2 251       | -2 206 | 2,0%   | -4 282       | -3 957 | 8,2%   | -8 899 |
| <b>Gross profit</b>   | <b>2 200</b> | 1 823  | 20,7%  | <b>4 276</b> | 3 487  | 22,6%  | 7 546  |
| Gross margin  | 49,4%        | 45,2%  | 4,2%   | 50,0%        | 46,8%  | 3,2%   | 45,9%  |
| Selling expenses  | -984         | -793   | 24,1%  | -1 900       | -1 508 | 26,0%  | -3 072 |
| Administrative expenses   | -446         | -394   | 13,2%  | -883         | -785   | 12,5%  | -1 604 |
| Research & development costs <sup>1</sup>   | -116         | -78    | 48,7%  | -261         | -180   | 45,0%  | -335   |
| Restructuring and integration costs   | -97          | -70    |        | -119         | -120   |        | -257   |
| Other operating income and expenses   | 4            | 8      | -50,0% | 0            | 2      |        | 4      |
| <b>Operating profit <sup>2</sup></b>  | <b>561</b>   | 496    | 13,1%  | <b>1 113</b> | 896    | 24,2%  | 2 282  |
| Operating margin  | 12,6%        | 12,3%  | 0,3%   | 13,0%        | 12,0%  | 1,0%   | 13,9%  |
| Financial net   | -174         | -130   |        | -357         | -244   |        | -507   |
| <b>Profit before tax</b>  | <b>387</b>   | 366    | 5,7%   | <b>756</b>   | 652    | 16,0%  | 1 775  |
| Taxes   | -108         | -106   |        | -212         | -189   |        | -514   |
| <b>Net profit</b>   | <b>279</b>   | 260    | 7,3%   | <b>544</b>   | 463    | 17,5%  | 1 261  |
| <b>Attributable to:</b>   |              |        |        |              |        |        |        |
| Parent company's shareholders   | 278          | 260    |        | 542          | 463    |        | 1 260  |
| Minority interest   | 1            | -      |        | 2            | -      |        | 1      |
| <b>Net profit</b>   | <b>279</b>   | 260    |        | <b>544</b>   | 463    |        | 1 261  |
| Earnings per share, SEK <sup>3</sup>  | 1,31         | 1,22   | 7,4%   | 2,61         | 2,23   | 17,0%  | 5,97   |
| <i>1 Development costs totalling SEK 207 (142) million have been capitalised during the year, of which SEK 122 (87) million were capitalised during the quarter.</i>  |              |        |        |              |        |        |        |
| <i>2 Operating profit is charged with</i>   |              |        |        |              |        |        |        |
| — amortisation intangibles on acquired companies  | -77          | -37    |        | -158         | -65    |        | -139   |
| — amortisation intangibles  | -23          | -16    |        | -51          | -34    |        | -82    |
| — depreciation other fixed assets   | -128         | -122   |        | -247         | -218   |        | -463   |
|   | <b>-228</b>  | -175   |        | <b>-456</b>  | -317   |        | -684   |
| <i>3 New share issue registered on 15 April 2008. The key ratios per share for prior periods have been recalculated using the number of shares after the new share issue to achieve comparability between accounting periods.</i> |              |        |        |              |        |        |        |

## Quarterly results

|                    | 2006   | 2006   | 2006   | 2007   | 2007   | 2007   | 2007   | 2008   | 2008   |
|--------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| SEK million        | Q 2    | Q 3    | Q 4    | Q 1    | Q 2    | Q 3    | Q 4    | Q 1    | Q 2    |
| Net sales          | 3 148  | 2 883  | 3 995  | 3 415  | 4 029  | 3 844  | 5 157  | 4 107  | 4 451  |
| Cost of goods sold | -1 726 | -1 618 | -2 120 | -1 751 | -2 206 | -2 140 | -2 802 | -2 031 | -2 251 |
| Gross profit       | 1 422  | 1 265  | 1 875  | 1 664  | 1 823  | 1 704  | 2 355  | 2 076  | 2 200  |
| Operating cost     | -1 004 | -898   | -1 035 | -1 264 | -1 327 | -1 351 | -1 322 | -1 524 | -1 639 |
| Operating profit   | 418    | 367    | 840    | 400    | 496    | 353    | 1 033  | 552    | 561    |
| Financial net      | -54    | -53    | -52    | -114   | -130   | -132   | -131   | -183   | -174   |
| Profit before tax  | 364    | 314    | 788    | 286    | 366    | 221    | 902    | 369    | 387    |
| Taxes              | -98    | -85    | -215   | -83    | -106   | -64    | -261   | -104   | -108   |
| Profit after tax   | 266    | 229    | 573    | 203    | 260    | 157    | 641    | 265    | 279    |

## Consolidated Balance sheet

| Assets SEK million                            | 2008<br>30 June | 2007<br>30 June | 2007<br>31 Dec |
|---|-----------------|-----------------|----------------|
| Intangible fixed assets                       | 14 039          | 10 569          | 10 396         |
| Tangible fixed assets                         | 2 674           | 2 297           | 2 327          |
| Financial assets                              | 990             | 968             | 755            |
| Stock-in-trade                                | 3 452           | 3 066           | 2 913          |
| Current receivables                           | 5 175           | 4 568           | 5 706          |
| Cash and cash equivalents                     | 1 081           | 843             | 894            |
| <b>Total assets</b>                           | <b>27 411</b>   | <b>22 311</b>   | <b>22 991</b>  |
| <b>Shareholders' equity &amp; Liabilities</b> |                 |                 |                |
| Shareholders' equity                          | 7 632           | 6 110           | 6 623          |
| Long-term liabilities                         | 14 773          | 12 139          | 11 908         |
| Current liabilities                           | 5 006           | 4 062           | 4 460          |
| <b>Total Equity &amp; Liabilities</b>         | <b>27 411</b>   | <b>22 311</b>   | <b>22 991</b>  |

## Consolidated Cash flow statement

| SEK million  | 2008<br>Q 2 | 2007<br>Q 2 | 2008<br>6 Mon | 2007<br>6 Mon | 2007<br>FY    |
|--|-------------|-------------|---------------|---------------|---------------|
| <i>Current activities</i>                          |             |             |               |               |               |
| Operating profit                                   | 562         | 496         | 1 113         | 896           | 2 282         |
| Adjustment for items not included in cash flow     | 371         | 205         | 541           | 377           | 761           |
| Financial items                                    | -175        | -130        | -357          | -244          | -507          |
| Taxes paid   | -152        | -171        | -356          | -296          | -528          |
| <b>Cash flow before changes in working capital</b> | <b>606</b>  | <b>400</b>  | <b>941</b>    | <b>733</b>    | <b>2 008</b>  |
| <i>Changes in working capital</i>                  |             |             |               |               |               |
| Stock-in-trade                                     | -141        | -122        | -467          | -507          | -341          |
| Rental equipment                                   | -45         | -74         | -79           | -85           | -168          |
| Current receivables                                | 224         | 100         | 656           | 577           | -458          |
| Current operating liabilities                      | -226        | -214        | -129          | 5             | 287           |
| <b>Cash flow from operations</b>                   | <b>418</b>  | <b>90</b>   | <b>922</b>    | <b>723</b>    | <b>1 328</b>  |
| <i>Investments</i>                                 |             |             |               |               |               |
| Acquisition of subsidiaries                        | 1           | -58         | -4 893        | -5 572        | -5 622        |
| Investments in intangible fixed assets             | -131        | -95         | -221          | -155          | -348          |
| Investments in tangible fixed assets               | -129        | -137        | -249          | -220          | -467          |
| Disposal of tangible fixed assets                  | 11          | 2           | 11            | 7             | 34            |
| <b>Cash flow from investments</b>                  | <b>-248</b> | <b>-288</b> | <b>-5 352</b> | <b>-5 940</b> | <b>-6 403</b> |
| <i>Financial activities</i>                        |             |             |               |               |               |
| Change in interest-bearing debt                    | 11          | 472         | 3 193         | 4 667         | 4 518         |
| Change in long-term receivables                    | -44         | 5           | 15            | 1 230         | 1 249         |
| New share issue                                    | -1,0        | -           | 1 491         | -             | -             |
| Dividend paid                                      | -515        | -444        | -515          | -444          | -444          |
| <b>Cash flow from financial activities</b>         | <b>-549</b> | <b>33</b>   | <b>4 184</b>  | <b>5 453</b>  | <b>5 323</b>  |
| <b>Cash flow for the period</b>                    | <b>-379</b> | <b>-165</b> | <b>-246</b>   | <b>236</b>    | <b>248</b>    |
| Cash and cash equivalents at begin of the year     | 1 610       | 931         | 894           | 673           | 673           |
| Translation differences                            | -150        | 77          | 433           | -66           | -27           |
| Cash and cash equivalents at end of the period     | 1 081       | 843         | 1 081         | 843           | 894           |



## Operating cash flow statement

| SEK million   | 2008<br>Q 2 | 2007<br>Q 2 | 2008<br>6 Mon | 2007<br>6 Mon | 2007<br>FY   |
|---|-------------|-------------|---------------|---------------|--------------|
| <b>Business activities</b>                          |             |             |               |               |              |
| Operating profit                                    | 561         | 496         | 1 113         | 896           | 2 282        |
| Restructuring costs                                 | 97          | 69          | 119           | 120           | 257          |
| Adjustment for items not included in cash flow      | 315         | 205         | 500           | 377           | 695          |
|   | 973         | 770         | 1 732         | 1 393         | 3 234        |
| <b>Changes in operating capital</b>                 |             |             |               |               |              |
| Stock-in-trade                                      | -141        | -122        | -467          | -507          | -341         |
| Rental equipment                                    | -45         | -74         | -79           | -85           | -168         |
| Current receivables                                 | 224         | 100         | 656           | 577           | -458         |
| Current liabilities                                 | -226        | -255,0      | -129          | -67           | 287          |
| <b>Operating cash flow</b>                          | <b>785</b>  | <b>419</b>  | <b>1 713</b>  | <b>1 311</b>  | <b>2 554</b> |
| Restructuring cost cash generated                   | -41         | -27         | -78           | -48           | -190         |
| <b>Operating cash flow after restructuring cost</b> | <b>744</b>  | <b>392</b>  | <b>1 635</b>  | <b>1 263</b>  | <b>2 364</b> |

## Consolidated Net interest-bearing debt

| SEK million                               | 2008<br>30 June | 2007<br>30 June | 2007<br>31 Dec |
|---|-----------------|-----------------|----------------|
| Debt to credit institutions               | 12 669          | 9 562           | 9 454          |
| Provisions for pensions, interest-bearing | 1 765           | 1 937           | 1 805          |
| Less liquid funds                         | -1 081          | -843            | -894           |
| <b>Net interest-bearing debt</b>          | <b>13 353</b>   | <b>10 656</b>   | <b>10 365</b>  |

## Changes to shareholders' equity

| SEK million                            | 2008<br>30 June | 2007<br>30 June | 2007<br>31 Dec |
|--|-----------------|-----------------|----------------|
| Shareholders' equity – opening balance | 6 623           | 6 005           | 6 005          |
| Dividend distributed                   | -515            | -444            | -444           |
| New share issue                        | 1 491           | –               | –              |
| Change of reserve hedge accounting     | -12             | -55             | -58            |
| Translation differences                | -499            | 141             | -141           |
| Net profit                             | 544             | 463             | 1 261          |
| Shareholders' equity – closing balance | 7 632           | 6 110           | 6 623          |
| <b>Attributable to:</b>                |                 |                 |                |
| Parent company's shareholders          | 7 606           | 6 086           | 6 598          |
| Minority interest                      | 26              | 24              | 25             |
| Total shareholders' equity             | 7 632           | 6 110           | 6 623          |

## Key figures

|  | 2008           | 2007    | Change | 2006    | 2008           | 2007    | Change | 2006    | 2007    |
|--|----------------|---------|--------|---------|----------------|---------|--------|---------|---------|
|  | Q 2            | Q 2     |        | Q 2     | 6 Mon          | 6 Mon   |        | 6 mån   | FY      |
| Orders received, SEK million                             | <b>4 512</b>   | 4 204   | 7,3%   | 3 355   | <b>9 184</b>   | 7 940   | 5,7%   | 6 669   | 16 519  |
| adjusted for currency flucs.& corp.acqs                  |                |         | 3,4%   |         |                |         | 6,9%   |         |         |
| Net sales, SEK million                                   | <b>4 451</b>   | 4 029   | 10,5%  | 3 148   | <b>8 558</b>   | 7 444   | 5,0%   | 6 123   | 16 445  |
| adjusted for currency flucs.& corp.acqs                  |                |         | 6,8%   |         |                |         | 5,8%   |         |         |
| EBITA before restructuring- and integration costs        | <b>735</b>     | 603     | 219%   | 427     | <b>1 390</b>   | 1 081   | 28,6%  | 794     | 2 678   |
| EBITA margin before restructuring- and integration costs | <b>16,5%</b>   | 15,0%   | 15%    | 13,6%   | <b>16,2%</b>   | 14,5%   | 1,7%   | 13,0%   | 16,3%   |
| Restructuring and integration costs                      | <b>97</b>      | 70      |        | –       | <b>119</b>     | 120     | 0,0%   | 47,0    | 257     |
| EBITA  | <b>638</b>     | 533     | 9,7%   | 427     | <b>1 271</b>   | 961     | 32,3%  | 747     | 2 421   |
| EBITA margin   | <b>14,3%</b>   | 13,2%   | 1,1%   | 13,6%   | <b>14,9%</b>   | 12,9%   | 2,0%   | 12,2%   | 14,7%   |
| Earnings per share after full tax, SEK *                 | <b>1,31</b>    | 1,22    | 7,4%   | 1,25    | <b>2,61</b>    | 2,23    | 17,0%  | 2,18    | 5,97    |
| Number of shares, thousands                              | <b>212 388</b> | 201 874 |        | 201 874 | <b>207 281</b> | 201 874 |        | 201 874 | 201 874 |
| Operating capital, SEK million                           |                |         |        |         | <b>16 450</b>  | 10 359  | 58,8%  | 10 041  | 10 778  |
| Return on operating capital, per cent                    |                |         |        |         | <b>15,5%</b>   | 16,9%   | -1,4%  | 17,9%   | 19,7%   |
| Return on equity, per cent                               |                |         |        |         | <b>20,9%</b>   | 21,6%   | -0,7%  | 22,6%   | 20,3%   |
| Net debt/equity ratio, multiple                          |                |         |        |         | <b>1,75</b>    | 1,74    | 0,01   | 0,87    | 1,57    |
| Interest cover, multiple                                 |                |         |        |         | <b>3,9</b>     | 5,8     | -1,9   | 8,5     | 4,3     |
| Equity/assets ratio, per cent                            |                |         |        |         | <b>27,8%</b>   | 27,4%   | 0,4%   | 37,5%   | 28,8%   |
| Equity per share, SEK                                    |                |         |        |         | <b>35,46</b>   | 30,15   | 17,6%  | 26,23   | 32,68   |
| Number of employees at the period's end                  |                |         |        |         | <b>11 275</b>  | 10 495  | 7,4%   | 7 382   | 10 358  |

\* New share issue registered on 15 April 2008. The key ratios per share for prior periods have been recalculated using the number of shares after the new share issue to achieve comparability between accounting periods.

## Income statement for the parent company

|                                     | 2008       | 2007       | 2008       | 2007       | 2007       |
|-------------------------------------|------------|------------|------------|------------|------------|
| M kr                                | Q 2        | Q 2        | 6 Mon      | 6 Mon      | Helår      |
| Administrative expenses             | -21        | -22        | -46        | -51        | -67        |
| <b>Operating profit</b>             | <b>-21</b> | <b>-22</b> | <b>-46</b> | <b>-51</b> | <b>-67</b> |
| Financial net                       | -49        | 58         | 154        | 36         | 542        |
| <b>Profit after financial items</b> | <b>-70</b> | <b>36</b>  | <b>108</b> | <b>-15</b> | <b>475</b> |
| Appropriations                      |            |            | -          | -          | 0          |
| <b>Profit before tax</b>            | <b>-70</b> | <b>36</b>  | <b>108</b> | <b>-15</b> | <b>475</b> |
| Taxes                               | 18         | -11        | -32        | 1          | 96         |
| <b>Net profit</b>                   | <b>-52</b> | <b>25</b>  | <b>76</b>  | <b>-14</b> | <b>571</b> |

## Balance sheet for the parent company

| Assets  | SEK million | 2008          | 2007          | 2007          |
|---|-------------|---------------|---------------|---------------|
|   |             | 30 June       | 30 June       | 31 Dec        |
| Tangible fixed assets                         |             | 11            | 14            | 12            |
| Shares in group companies                     |             | 4 767         | 3 485         | 4 120         |
| Long-term financial receivables               |             | 39            | 48            | 41            |
| Deferred tax asset                            |             | 86            | -             | 86            |
| Receivable from group companies               |             | 16 318        | 12 255        | 13 033        |
| Short-term receivables                        |             | 58            | 49            | 65            |
| <b>Total assets</b>                           |             | <b>21 279</b> | <b>15 851</b> | <b>17 357</b> |
| <b>Shareholders' equity &amp; Liabilities</b> |             |               |               |               |
| Shareholders' equity                          |             | 4 911         | 3 188         | 3 829         |
| Long-term liabilities                         |             | 10 124        | 7 167         | 7 523         |
| Current liabilities                           |             | 6 244         | 5 496         | 6 005         |
| <b>Total Equity &amp; Liabilities</b>         |             | <b>21 279</b> | <b>15 851</b> | <b>17 357</b> |

### Information pertaining to the Parent Company's development during the January – June 2008 reporting period

**Income statement** At the end of the period, receivables and liabilities in foreign currencies were valued at the closing day rate and an unrealised loss of SEK 147 million is included in the year's net financial items.

**Balance sheet** During the first quarter of 2008, the Cardiac and Vascular Surgery divisions from Boston Scientifics were acquired at a purchase price of USD 750 million (SEK 4,851 million). The increase in the Parent Company's long-term liabilities is largely attributable to financing of the acquisition.

# Companies acquired in 2008

## **Boston Scientific's Cardiac and Vascular Surgery divisions**

In January 2008, Boston Scientific's Cardiac and Vascular Surgery divisions were acquired. The divisions operate within the areas of endoscopic vessel harvesting, anastomosis, stabilisers and instrument for surgery on beating hearts and vessel implants. The total acquisition price amounted to approximately USD 750 million (SEK 4,851). The acquisition was reported according to the acquisition method. Acquisition costs in conjunction with the acquisition amounted to SEK 45 million.

### **Acquired net assets and goodwill in connection with the acquisition**

| <b>Net assets</b>                                       | <b>Balance sheet at<br/>time of<br/>acquisition</b> | <b>Adjustments to<br/>fair value</b> | <b>Fair value</b> |
|---|---|--------------------------------------|-------------------|
| Intangible assets                                       | 2   | 1 947                                | 1 949             |
| Tangible fixed assets                                   | 351   | 45                                   | 396               |
| Stock-in-trade  | 163   |                                      | 163               |
| Other current assets                                    | 239   |                                      | 239               |
| Provisions  | -170  |                                      | -170              |
| Short-term liabilities                                  | -138  | -49                                  | -187              |
|   | 447   | 1 943                                | 2 390             |
| Goodwill  |   |                                      | 2 461             |
| <b>Total acquisition with cash and cash equivalents</b> |   |                                      | <b>4 851</b>      |

**Net outflow of cash and cash equivalents due to acquisition** 4 851

Goodwill generated in connection with the transaction is principally attributable to synergies in terms of customer relationship's, geography, production and sales and distribution.

The acquired divisions from Boston Scientific are included in Getinge's sales and operating profit from 1 January 2008.

It is not practical to disclose the profits for the acquired business from the acquisition date due to the integration work that has been conducted during the first six months of the year.

## **Olmed AB**

During the period, Medical Systems acquired all the shares in Olmed AB, based in Dalby, Sweden. Olmed, which in 2007 had sales of slightly less than SEK 70 million, has been a distributor of Surgical Workplaces products since the beginning of the 1990s and has 10 employees. The acquisition of Olmed is in line with the Group's and the business area's strategy to own, to the largest possible extent, distribution channels in all key markets. Olmed, which will be consolidated in the Group's accounts from 1 July 2008, and is expected to contribute to the Group's earnings per share during 2008.

## **Definitions**

|              |  |
|--------------|--|
| <b>EBIT</b>  | Operating profit   |
| <b>EBITA</b> | Operating profit before amortisation of intangible assets identified in conjunction with corporate acquisitions. |
| <b>BRIC</b>  | Brazil, Russia, India, China   |