GETINGE GROUP

Getinge Group
Interim report January – March 2014

Reporting period January – March

- **Order intake** increased 0.2% to SEK 5,977 M (5,968), and grew 0.3% organically.
- **Net sales** declined 0.6% to SEK 5,632 M (5,664), and fell 0.4% organically.
- **The result before tax** declined to a loss of SEK 452 M (252). Adjusted for the provision of SEK 799 M for consulting efforts to strengthen the quality management system within Medical Systems, profit before tax rose 37.7% to SEK 347 M.
- **The net profit** declined to a loss of SEK 330 M (148). Adjusted for the provision of SEK 799 M for consulting efforts to strengthen the quality management system within Medical Systems, net profit increased 70.9 % to SEK 253 M.
- **Earnings per share** were a negative SEK 1.39 (0.76).
- **EBITA** before restructuring costs declined 15.4% to SEK 670 M (792).

First quarter of 2014

Order intake
The Group's order intake grew 0.3% organically during the first quarter of the year. The order intake for Medical Systems, which reported a highly satisfactory order intake in the year-earlier period, declined organically by 3.4%. Adjusted for delivery disruptions that impacted the Cardiovascular division during the quarter and were previously announced, the order intake for Medical Systems increased marginally. The order intake for Extended Care increased 0.9% organically compared with a weak year-earlier period and the order intake for Infection Control amounted to 8.9% organically.

The increase in demand in Western Europe noted during the latter part of last year was confirmed by the order intake for the first quarter, which rose 5% organically. In the North American market, the organic order intake increased 1.0%. Most of the delivery disruptions that impacted Medical Systems pertained to the North American market. With respect to the order intake for markets outside North America and Western Europe, the trend for the period was weak, particularly in the BRIC countries.

Teleconference with CEO Johan Malmquist and CFO Ulf Grunander
April 16, 2014 at 3:00 p.m. Swedish time
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Results

As announced earlier, the profit trend for the period was weak and the Group's result before tax was a loss of SEK 452 M (profit: 252). The quarter was charged with restructuring costs of SEK 814 M (240), the majority of which pertained to a provision of SEK 799 M for the consulting efforts previously announced and which will be implemented to strengthen the quality management system in Medical Systems. EBITA before restructuring costs amounted to SEK 670 M (792). The lower EBITA was partly the result of the weaker invoicing volume in the period, which declined 0.4% organically, and partly the result of the production disruptions that affected delivery in Medical Systems and had a negative impact of SEK 60 M on earnings. In addition, earnings were negatively impacted by currency transaction effects totaling SEK 43 M, compared with the year-earlier period.

Medical Systems' EBITA for the quarter totaled SEK 360 M (429). The lower results were due to the above-mentioned delivery disruptions and negative currency transaction effects. As a result of the weaker volume growth, EBITA for Extended Care was also weaker than in the year-earlier period and amounted to SEK 241 M (295). EBITA for Infection Control improved year-on-year as a result of the efficiency enhancements implemented.

Cash flow from operating activities improved 19.7% to SEK 438 M (366).

Outlook

The Group expects volume demand in the Western European market to make a slow recovery. In the North American market, demand for the year is expected to be stable and on par with the preceding year. In the markets outside Western Europe and North America, where the long-term growth potential has been deemed highly satisfactory, the short-term trend is difficult to assess primarily in the key BRIC markets. Overall, at the time of preparing this report, the organic volume growth for the current year is expected to be comparable with the preceding year's level of approximately 4 %.

Restructuring costs for the current year are expected to amount to about SEK 960 M (401) and consist primarily of the provision of SEK 799 M pertaining to costs to strengthen the quality management system in Medical Systems. In addition, previously announced restructuring costs are included, totaling approximately SEK 160 M. Negative currency transaction effects in the wake of the gradual strengthening of the Swedish krona are expected to have a negative impact of about SEK 250 M on earnings for the current year.

Management recently implemented a comprehensive review of the Group's strategic focus. A key result of the new strategy is the decision to coordinate certain functions on a Group-wide level. As a result of this increased coordination, the potential for further savings is deemed to be highly favorable. Getinge intends to announce new financial targets that will reflect these new initiatives on the Capital Market Day, which will be held in Stockholm on May 27.

Medical Systems business area

Order intake

Orders received per market	2014 3 mon	2013 3 mon	Change adjusted for curr.flucs.&corp.acqs.
Western Europe	**914**	845	*3,6%*
USA and Canada	**1 033**	1 051	*-1,5%*
Rest of the world	**990**	1 176	*-10,1%*
Business area total	**2 937**	3 072	*-3,4%*

The order intake declined 3.4% organically, year-on-year, when the organic increase was 7.5%. The order intake for the period was negatively impacted by the delivery disruptions previously announced in the Cardiovascular division. Adjusted for these delivery disruptions, the organic order intake rose slightly during the period. In the Western European market, the order intake rose 3.6% organically, with a healthy trend in Scandinavia, the UK and Southern Europe. In the German-speaking markets, the order intake declined organically. In North America, the order intake declined 1.5% organically, largely due to the above-mentioned delivery disruptions. In the regions outside Western Europe and North America, the trend was weak, particularly in the BRIC countries.

Results

	2014 3 mon	2013 3 mon	*Change*	2013 FY
Net sales, SEK million	**2 819**	2 804	*0,5%*	13 322
adjusted for currency flucs.& corp.acqs			*1,4%*	
Gross profit	**1 554**	1 600	*-2,9%*	7 482
Gross margin %	***55,1%***	*57,1%*	*-2,0%*	*56,2%*
Operating cost, SEK million	**-1 306**	-1 288	*1,4%*	-5 049
EBITA before restructuring and integration costs	**360**	429	*-16,1%*	2 894
EBITA margin %	***12,8%***	*15,3%*	*-2,5%*	21,7%
Acquisition expenses	**-4**	0		-18
Restructuring and integration costs	**-805**	-30		-81
EBIT	**-561**	282	*-298,9%*	2 334
EBIT margin %	***-19,9%***	*10,1%*	*-30,0%*	*17,5%*

EBITA before restructuring costs for the period amounted to SEK 360 M (429). Earnings for the period were charged with a provision of SEK 799 M pertaining to the consulting efforts that will be implemented this year and next year to strengthen the business area's quality management system. Of the SEK 799 M, SEK 81 M pertains to costs for consulting efforts that were expensed during the first quarter of the year. As mentioned previously, the Cardiovascular division was affected by production and delivery disruptions caused by a change in the raw-material specification from a supplier. The problem has now been rectified but the impact on earnings for the quarter was about SEK 60 M. In terms of transactions, exchange-rate fluctuations had a negative impact of SEK 25 M on earnings compared with the year-earlier period. Acquisition costs of SEK 4 M pertaining to Pulsion Medical Systems was recognized for the quarter. Surgical Workplaces performed well during the period, while Critical Care continued to be negatively impacted by a challenging product mix. It is likely that product-mix challenges noted in 2013 will largely continue this year.

Activities

Strengthening of Medical Systems' quality management system
As announced earlier, the Medical Systems business area is implementing significant investments to strengthen its quality management system. The measures are a result of observations received in connection with several inspections by the US FDA (Food and Drug Administration) during the second half of 2013, and internal evaluations and observations.

Aimed at building an appropriate and robust quality management system for the business area, external consulting resources have been retained. A provision totaling SEK 799 M was recognized in the quarter, of which SEK 81 M related to costs in the first quarter. The provision will be utilized in the coming five to six quarters. The costs of SEK 799 M do not pertain to recurring costs.

Acquisition of Pulsion Medical Systems
As previously announced, Getinge has issued a public tender offer to acquire all shares in the German company Pulsion Medical Systems SE ("Pulsion") listed on the German Stock Exchange (Deutsche Börse) for an offer price of EUR 16.90 per share in cash. All conditions in the tender offer have been fulfilled and Getinge is expected to take control of Pulsion in the near future.

Pulsion is a leading supplier of specialized solutions for hemodynamic monitoring of critically ill patients. The company is particularly strong in less invasive cardiac output measurement through its renowned PiCCO brand. In 2013, Pulsion reported sales of EUR 36.5 M and the operation has about 130 employees globally.

Pulsion has vast expertise in the commercialization of advanced monitoring solutions and associated catheters, which will contribute positively to the sales trend for the newly launched product EIRUS (Medical Systems' new product for glucose and lactate monitoring).

Efficiency-enhancement programs in Critical Care
The efficiency-enhancement programs in Critical Care that were announced at the end of 2013 were completed during the quarter according to plan and are expected to lead to annual savings of SEK 60 M.

Restructuring project in the Cardio-vascular division
As previously reported, the business area is currently implementing a restructuring program with the aim of enhancing the production of vascular implants. Costs related to the restructuring program were expensed as early as year-end 2011.

The manufacturing of vascular implants is currently conducted at two plants in the Cardio-vascular division. When the restructuring program is completed, all production of textile-based vascular implants will be concentrated to the production unit in the French city of La Ciotat. The move to La Ciotat is expected to be completed in the second quarter of 2015.

Extended Care Business Area

Order intake

Orders received per market	**2014 3 mon**	2013 3 mon	*Change adjusted for curr.flucs.&corp.acqs.*
Western Europe	**846**	802	*0,2%*
USA and Canada	**631**	646	*-0,9%*
Rest of the world	**233**	231	*8,3%*
Business area total	**1 710**	1 679	*0,9%*

Extended Care's order intake increased 0.9% organically. In the Western European market, the order intake rose marginally without any distinguishing negative or positive activities in any of the sub-markets. In the North American markets, the order intake declined 0.9% organically. The decline in the North American market is attributable to the leasing operation for therapeutic mattresses, which has been falling for some time in the industry as a whole. It is likely that the trend of declining leasing volumes will remain for some time in the future. In the markets outside Western Europe and North America, the increase in order intake was healthy.

Results

	2014 3 mon	2013 3 mon	*Change*	2013 FY
Net sales, SEK million	**1 695**	1 721	*-1,5%*	6 870
adjusted for currency flucs.& corp.acqs			*-2,4%*	
Gross profit	**827**	822	*0,6%*	3 328
Gross margin %	***48,8%***	*47,8%*	*1,0%*	*48,4%*
Operating cost, SEK million	**-616**	-559	*10,2%*	-2 161
EBITA before restructuring and integration costs	**241**	295	*-18,3%*	1 296
EBITA margin %	***14,2%***	*17,1%*	*-2,9%*	*18,9%*
Acquisition expenses	**0**	0		9
Restructuring and integration costs	**-1**	-166		-193
EBIT	**210**	97	*116,5%*	983
EBIT margin %	***12,4%***	*5,6%*	*6,8%*	*14,3%*

Extended Care's EBITA declined to SEK 241 M (295). The invoicing volume for the period declined 2.4% organically, primarily due to the above-mentioned continued challenging demand situation for leased therapeutic mattresses. In terms of transactions, exchange-rate fluctuations had a negative impact of SEK 4 M on earnings compared with the year-earlier period. A considerable portion of the increase in operating costs pertains to nonrecurring costs in the US business.

Activities

Streamlining of production structure

The discontinuation of the production unit in Eslöv, Sweden, which is included in the restructuring announced previously, concluded during the quarter. Manufacturing has been moved to the business area’s existing plant in Poznan, Poland, with the exception of production of bathing systems, which was transferred to an external supplier in Eastern Europe.

Restructuring costs for streamlining the production structure amounted to SEK 96 M and were expensed in 2013. The above description of the change in the production structure is expected to lead to annual savings of SEK 90-100 M from 2015.

Integration of Therapeutic Support Systems (TSS)

The integration of TSS is largely completed with the exception of some minor activities. The restructuring and integration program is expected to be fully completed during the first half of this year and the cost synergies will be fully reflected in 2015.

Extended Care receives Red Dot design award for innovative shower trolley

Extended Care has been awarded with the prestigious Red Dot “Best of the Best” product design award in the Life Science and Medicine category “for highest design quality and ground-breaking design” for its new Carevo shower trolley.

Carevo is a modern shower trolley for therapeutic showering and bathing in care environments. The shower trolley has been designed with a dual main focus to provide a comfortable and dignified hygiene experience for patients with reduced mobility, while at the same time providing safe and time-efficient work methods for caregivers.

Infection Control business area

Order intake

Orders received per market	2014 3 mon	2013 3 mon	Change adjusted for curr.flucs.&corp.acqs.
Western Europe	**570**	476	*15,6%*
USA and Canada	**403**	362	*11,9%*
Rest of the world	**356**	379	*-2,2%*
Business area total	**1 329**	1 217	*8,9%*

The order intake grew by a healthy 8.9% organically during the quarter. The order intake was particularly favorable in Western Europe with an organic growth of 15.6%. The exception was the Benelux region, which reported satisfactory performance in all sub-markets. The order intake in the North American market rose 11.9% organically, with particularly healthy growth in the hospital market. With respect to the order intake for markets outside North America and Western Europe, the trend for the period was weak, like that in Medical Systems, particularly in the BRIC countries.

Results

	2014 3 mon	2013 3 mon	Change	2013 FY
Net sales, SEK million	**1 117**	1 139	*-1,9%*	5 095
adjusted for currency flucs.& corp.acqs			*-1,9%*	
Gross profit	**397**	429	*-7,5%*	1 938
Gross margin %	***35,5%***	*37,7%*	*-2,2%*	*38,0%*
Operating cost, SEK million	**-331**	-364	*-9,1%*	-1 377
EBITA before restructuring and integration costs	**70**	69	*1,4%*	575
EBITA margin %	***6,3%***	*6,1%*	*0,2%*	*11,3%*
Acquisition expenses	**0**	-1		*-3*
Restructuring and integration costs	**-8**	-44		-127
EBIT	**58**	20	*190,0%*	431
EBIT margin %	***5,2%***	*1,8%*	*3,4%*	*8,5%*

EBITA for Infection Control increased to SEK 70 M (69). The earnings improvement was attributable to the efficiency-enhancement gains resulting from the ongoing restructuring of the business area. The invoicing volume declined 1.9% organically for the period. The lower gross margin was due to negative currency transaction effects that amounted to SEK 12 M and a seasonally low plant utilization.

Activities

Restructuring activities
Within the framework for the efficiency-enhancement program announced in connection with Capital Market Day in February 2013, the following activities were implemented during the first quarter.

Negotiations were initiated pertaining to the aim to concentrate all manufacturing of Life Science sterilizers to Getinge in Sweden and as a consequence discontinue the manufacturing unit in Mansfield, UK. Approximately 25 employees in Mansfield will be affected by the proposed closure.

The discontinuation of the facility in Skärhamn, Sweden and the relocation of the smaller, in terms of size, sterilizers to Suzhou, China have been completed.

During the quarter, an announcement was also made about the aim to establish a production facility for standardized products and a purchasing center in Poznan, Poland. The facility in Poznan is expected to come on line at the end of 2014. Poznan is already a key production location for the Getinge Group.

Restructuring costs to implement the total efficiency-enhancement program are expected to amount to approximately SEK 440 M over a four-year period, of which SEK 123 M was recognized in 2013. Restructuring costs for 2014 are expected to amount to approximately SEK 60 M, of which SEK 8 M was charged to the quarter.

Product launch for the mid-segment
The first proprietary washer disinfector aimed at the mid-segment in emerging markets was launched in China in January. The CASTLE 500 washer disinfector will be one of the product platforms that will generate an affordable offering for the rapidly growing emerging markets, where the purchasing power is lower. Together with the sterilizers manufactured in Turkey by the acquired company TRANS Medical, CASTLE 500 will constitute a more complete offering for the mid-range segment of the market.

Other information

Suspicion of insider crime

Following the end of the reporting period, Getinge has communicated that an IT employee is under investigation by the Swedish Economic Crime Authority and has been detained justifiably suspected for insider crime. Getinge is cooperating with the Swedish Economic Crime Authority in its investigation, and in parallel to this investigation, Getinge has started an internal investigation in the matter. The person concerned has been relieved of his duties during the course of the internal investigation.

Accounting

This interim report has been prepared for the Group in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. For the Parent Company, the report has been prepared in accordance with the Swedish Annual Accounts and RFR 2. The accounting policies adopted are consistent with those applied for the 2013 Annual Report and should be read in conjunction with that Annual Report.

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 customer operations are generally funded directly or indirectly by public funds. The Group's Risk Management team continuously works to minimize the risk of production disruptions.

Elements of the Getinge Group's product range are subject to legislation stipulating rigorous assessments, quality control and documentation. It cannot be ruled out that the Getinge Group's operations, financial position and earnings may be negatively impacted by difficulties in complying with current regulations and demands of authorities and control bodies or changes to such regulations and demands.

Healthcare suppliers run a risk, like other players in the healthcare industry, of being subject to claims relating to product liability and other legal claims. Such claims can involve large amounts and significant legal expenses. A comprehensive insurance program is in place to cover any property or liability risks (e.g. product liability) to which the Group is exposed.

Financial risk management. Getinge is exposed to a number of financial risks in its operations. Financial risks principally pertain to risks related to currency and interest risks, as well as credit risks. Risk management is regulated by the finance policy adopted by the Board. 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 Getinge's Group 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 finances, 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 (second quarter of 2014) will be published on July 15, 2014.

Teleconference

A teleconference will be held today at 3:00 p.m. (Swedish time) with Johan Malmquist, CEO, and Ulf Grunander, CFO.

To participate, please call:
Sweden: +46 (0) 8 5033 6538
UK: +44 (0) 20 3427 1906
US: +1 212 444 0481
Code: 5386501

2:45 p.m. Call the conference number
3:00 p.m. Review of the interim report
3:20 p.m. Questions and answers
4:00 p.m. End of the conference

A recorded version of the conference can be accessed for five working days at the following numbers:
Sweden: +46 (0) 8 5051 3897
UK: +44 (0) 20 3427 0598
US: +1 347 366 9565
Code: 5386501

During the telephone conference, a presentation will be held. To access the presentation, please use this link:

http://www.livemeeting.com/cc/premconfeurope/join?id=5386501&role=attend&pw=pw2878

Assurance

The Board of Directors and CEO assure 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 and uncertainties faced by the Parent Company and the Group.

Göteborg, April 16, 2014

Carl Bennet
Chairman

Johan Bygge

Cecilia Daun Wennborg

Peter Jörmalm

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The information stated herein is such that Getinge AB is obligated to publish under the Securities Exchange and Clearing Operations Act and/or the Financial Instruments Trading Act. This report has not been audited by Getinge's auditor.

Consolidated income statement

SEK million	2014 3 mon	2013 3 mon	Change	2013 FY
Net sales	**5 632**	5 664	-0,6%	25 287
Cost of goods sold	**-2 854**	-2 813	1,5%	-12 540
Gross profit [1]	**2 778**	2 851	-2,6%	12 747
Gross margin	*49,3%*	*50,3%*	-1,0%	*50,4%*
Selling expenses	**-1 384**	-1 342	3,1%	-5 363
Administrative expenses	**-677**	-641	5,6%	-2 599
Research & development costs [2]	**-164**	-171	-4,1%	-619
Acquisition expenses	**-4**	-1	300,0%	-13
Restructuring and integration costs [3]	**-814**	-240		-401
Other operating income and expenses [1]	**-29**	-56		-4
Operating profit [4]	**-294**	400	-173,5%	3 748
Operating margin	*-5,2%*	*7,1%*	-12,3%	*14,8%*
Financial Net, SEK	**-158**	-148		-595
Profit before tax	**-452**	252	-279,4%	3 153
Taxes	**122**	-68		-858
Net profit	**-330**	184	-279,3%	2 295
Attributable to:				
Parent company's shareholders	**-331**	182		2 285
Non-controlling interest	**1**	2		10
Net profit	**-330**	184		2 295
Earnings per share, SEK [5]	**-1,39**	0,76	-282,9%	9,59

1 The US imposed tax on medical devices have affected the gross profit by:			
	-24	-21	-98
2 Development costs totalling SEK million 157 (155) have been capitalised in the quarter.			
3 Restrutcturing and integration costs			
Consultancy Quality management systems	***-799***	*0*	*0*
Other	***-15***	*-240*	*-401*
	-814	*-240*	*-401*
4 Operating profit is charged with:			
— amort. Intangibles on acquired companies	***-146***	*-151*	*-604*
— amort. intangibles	***-136***	*-112*	*-476*
— depr. on other fixed assets	***-208***	*-199*	*-786*
	-490	*-462*	*-1 866*
5 There are no dilutions			

Comprehensive earnings statement

SEK million	2014 3 mon	2013 3 mon
Profit for the period	**-330**	184
Items that later can be reversed in profit		
Translation differences	**30**	-468
Cash-flow hedges	**-188**	186
Income tax related to other partial result items	**51**	-50
Other comprehensive earnings for the period, net after tax	**-107**	-332
Total comprehensive earnings for the period	**-437**	-148
Comprehensive earnings attributable to:		
Parent Company shareholders	**-438**	-150
Non-controlling interest	**1**	2

Quarterly results

SEK million	2012 Q 2	2012 Q 3	2012 Q 4	2013 Q 1	2013 Q 2	2013 Q 3	2013 Q 4	2014 Q 1
Net sales	5 612	5 574	7 816	5 664	6 015	5 850	7 757	5 632
Cost of goods sold	-2 606	-2 654	-3 792	-2 813	-2 893	-2 896	-3 656	-2 854
Gross profit	3 006	2 920	4 024	2 947	3 122	2 954	4 101	2 778
Operating cost	-2 141	-2 073	-2 433	-2 451	-2 347	-2 239	-2 242	-3 072
Operating profit	865	847	1 591	400	775	715	1 859	-294
Financial net	-149	-143	-144	-148	-149	-147	-150	-158
Profit before tax	716	704	1 447	252	626	568	1 709	-452
Taxes	-186	-183	-388	-68	-169	-153	-468	122
Profit after tax	530	521	1 059	184	457	415	1 241	-330

Consolidated balance sheet

Assets SEK million	2014 31 mar	2013 31 mar	2013 31 dec
Intangible assets	**26 204**	24 894	25 126
Tangible fixed assets	**4 373**	3 890	4 341
Financial assets	**724**	677	667
Stock-in-trade	**4 642**	4 313	4 254
Current receivables	**8 231**	8 012	8 767
Cash and cash equivalents	**1 155**	1 075	1 148
Total assets	**45 329**	42 861	44 303

Shareholders' equity & Liabilities			
Shareholders' equity	**15 404**	15 052	16 560
Long-term liabilities	**18 508**	16 839	17 603
Current liabilities	**11 417**	10 970	10 140
Total Equity & Liabilities	**45 329**	42 861	44 303

Financial assets and liabilities measured at fair value

Measurement methods used to calculate fair values in Level 2.

Derivatives at level 2, which are used for hedging purposes, comprise currency futures and interest rate swaps.

Fair-value measurements for currency swaps are based on published futures rates in an active market. The measurement of interest-rate swaps is based on interest-rate futures calculated on the basis of observable yield curves.

Fair value hierarchy

At 31 March 2014, the Group held derivatives for hedging purposes at level 2 in which the assets totalled SEK 605 M and liabilities SEK 899 M. The corresponding figures at 31 December 2013 were SEK 528 M and SEK 852 M, respectively. Since the Group only holds financial derivative instruments that are measured at level 2, there were no transfers among the measurement categories between the quarters.

Fair value of loans

	2014 31 Mar	2013 31 Dec
Long-term liabilities	14 724	13 707
Current liabilities	4 442	3 603

Other financial assets and liabilities

The fair value of the financial assets and liabilities listed below is estimated to be equivalent to their carrying amount in all material respects:

- Accounts receivable and other receivables
- Other current receivables
- Bank balances and other cash and cash equivalents
- Accounts payable and other liabilities
- Other assets and liabilities

Disclosures regarding the net recognition of financial assets and liabilities

Loans and financial instruments in the Group, recognised gross

	Assets	**Liabilities**	**Net**
Loans	0	19 166	19 166
Interest-rate derivatives	40	-434	-394
Fx-derivatives	392	-162	230
Total	432	18 570	19 002

The Group employs ISDA agreements for all of its significant counterparties for raising funds and trading in financial instruments. Accordingly, all receivables and liabilities that are held by the Group can be fully offset by one another. The Group has netted the value of the Group's basis swaps against loans in the balance sheet. The value of the netted basis swaps was a positive SEK +143 M at 31 March 2014 (pos: SEK 141 M at 31 Dec. 2013).

The Group does not apply net recognition for any of its other significant assets and liabilities.

Consolidated cash-flow statement

SEK million	**2014 3 mon**	2013 3 mon	2013 FY
Current activities			
EBITDA	**196**	862	5 614
Restructuring Cost expenses	**814**	240	401
Restructuring costs paid	**-229**	-68	-352
Adjustment for items not included in cash flow	**1**	13	153
Financial items	**-158**	-148	-595
Taxes paid	**-263**	-267	-859
Cash flow before changes in working capital	**361**	632	4 362
Changes in working capital			
Stock-in-trade	**-320**	-342	-233
Current receivables	**455**	307	-812
Current operating liabilities	**-58**	-231	227
Cash flow from operations	**438**	366	3 544
Investments			
Acquisition of subsidiaries	**-971**	-219	-248
Capitalized development costs	**-157**	-155	-679
Rental equipment	**-69**	-110	-299
Investments in tangible fixed assets	**-172**	-200	-1 004
Cash flow from investments	**-1 369**	-684	-2 230
Financial activities			
Change in interest-bearing debt	**1 859**	-166	-277
Change in long-term receivables	**42**	212	303
Dividend paid	**-989**	0	-989
Cash flow from financial activities	**912**	46	-963
Cash flow for the period	**-19**	-272	351
Cash and cash equivalents at begin of the year	**1 148**	1 254	1 254
Translation differences	**26**	93	-457
Cash and cash equivalents at end of the period	**1 155**	1 075	1 148

Consolidated net interest-bearing debt

SEK million	**2014 31 mar**	2013 31 mar	2013 31 dec
Debt to credit institutions	**19 023**	17 431	17 169
Provisions for pensions, interest-bearing	**2 303**	2 039	2 298
Interest bearing liabilities	**21 326**	19 470	19 467
Less liquid funds	**-1 155**	-1 075	-1 148
Net interest-bearing debt	**20 171**	18 395	18 319

Changes in shareholders' equity

SEK million	Share capital	Other contributed capital	Reserves	Profit brought forward	Total	Non controlling interest	Total equity
Opening balance on 1 January 2013	119	5 960	-2 160	11 251	**15 170**	30	**15 200**
Total comprehensive earnings for the period			-332	182	**-150**	2	**-148**
Closing balance on 31 March 2013	**119**	**5 960**	**-2 492**	**11 433**	**15 020**	**32**	**15 052**
Opening balance on 1 January 2014	119	5 960	-1 993	12 445	**16 531**	29	**16 560**
Minority interest						270	**270**
Dividend				-989	**-989**	0	**-989**
Total comprehensive earnings for the period			-107	-331	**-438**	1	**-437**
Closing balance on	**119**	**5 960**	**-2 100**	**11 125**	**15 104**	**300**	**15 404**

Key figures

	2014 3 mon	2013 3 mon	Change	2012 3 mon	2013 FY
Orders received, SEK million	**5 977**	5 968	0,2%	5 795	25 395
adjusted for currency flucs.& corp.acqs			0,3%		
Net sales, SEK million	**5 632**	5 664	-0,6%	5 246	25 287
adjusted for currency flucs.& corp.acqs			-0,4%		
EBITA before restructuring-, integration- and acquisition costs	**670**	792	-15,4%	854	4 766
EBITA margin before restructuring-, integration and acquisition costs	**11,9%**	14,0%	-2,1%	16,3%	18,8%
Restructuring and integration costs	**-814**	-240		0	-401
Acquisition costs	**-4**	-1		0	-13
EBITA	**-148**	551	-126,9%	854	4 352
EBITA margin	**-2,6%**	9,7%	-12,3%	16,3%	17,2%
Earnings per share after full tax, SEK	**-1,39**	0,76	-282,9%	1,76	9,59
Earnings per share before goodwill amortiz. after full tax, SEK	**1,57**	1,97		2,24	12,74
Number of shares, thousands	**238 323**	238 323		238 323	238 323
Interest cover, multiple	**7,0**	7,0	0,0	8,1	6,9
Operating capital, SEK million	**31 784**	31 537	0,8%	26 686	32 526
Return on operating capital, per cent	**12,7%**	13,2%	-0,5%	15,2%	12,8%
Return on equity, per cent	**11,2%**	15,2%	-4,0%	17,2%	14,4%
Net debt/equity ratio, multiple	**1,31**	1,22	0,09	1,10	1,10
Cash Conversion[1]	**44,0%**	42,5%	1,5%	64,2%	63,1%
Equity/assets ratio, per cent	**34,0%**	35,1%	-1,1%	37,3%	37,4%
Equity per share, SEK	**64,50**	63,10	2,2%	62,40	69,60

Five-year review

SEK million	2014 31 mar	2013 31 mar	2012 31 mar	2011 31 mar	2010 31 mar
Net Sales	5 632	5 664	5 246	4 671	4 863
Profit before tax	-330	184	422	420	400
Earnings per share	-1,39	0,76	1,76	1,75	1,68

Income statement for the Parent Company

M kr	**2014** **3 mon**	2013 3 mon	2013 FY
Administrative expenses	**-39**	-33	-150
Operating profit	**-39**	-33	-150
Financial net	**326**	113	791
Profit after financial items	**287**	80	641
Profit before tax	**287**	80	641
Taxes	**-2**	-3	-119
Net profit	**285**	77	522

Balance sheet for the Parent Company

Assets SEK million	**2014** **31 mar**	2013 31 mar	2013 31 Dec
Tangible fixed assets	**41**	25	36
Shares in group companies	**24 830**	7 605	22 410
Deferred tax assets	**0**	6	32
Receivable from group companies	**3 744**	34 201	6 552
Short-term receivables	**95**	93	38
Liquid funds	**0**	0	567
Total assets	**28 710**	41 930	29 635
Shareholders' equity & Liabilities			
Shareholders' equity	**8 366**	9 215	9 068
Long-term liabilities	**14 494**	12 887	13 347
Liabilities to group companies	**1 573**	15 582	3 534
Current liabilities	**4 277**	4 246	3 686
Total Equity & Liabilities	**28 710**	41 930	29 635

Information pertaining to the Parent Company's performance during the reporting period January – March 2014

Income Statement
At the end of the period, receivables and liabilities in foreign currencies were measured at the closing date exchange rate, and an unrealized gain of SEK 925 M (93) was included in net financial income for the period.

Acquisitions during 2014

Pulsion AG

During the first quarter of 2014, Medical Systems acquired over 78% of the shares in the german company Pulsion AG. The company which is a supplier of systems for hemodynamic monitoring, has sales of over 300 Mkr and employs approximately 130 people. Below shows preliminary purchase price allocation.

Acquired net assets

SEK M	Net assets	Assets and liabilities at the time of acquisition
	Intangible assets	35
	Tangible assets	44
	Long-term receivables	15
	Inventories	55
	Other current assets	83
	Provisions	-10
	Other current liabilities	-67
	Net assets	**155**
	Goodwill	1 086
	Total acquisition with liquid assets, holdings attributable to parent company shareholders	**971**
	Net outflow of liquid assets due to the acquisition	**971**
	Non-controlling interests	**270**

Definitions

EBIT	Operating profit
EBITA	Operating profit before amortisation of intangible assets identified in conjunction with corporate acquisitions
EBITDA	Operating profit before depreciation and amortization
Cash conversion	Cash flow from operating activities as a percentage of EBITDA.