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# Interim Report

# **Jan-June 2014**

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July 15<sup>th</sup>, 2014

Q2 2014

## Trends in organic order intake

GETINGE GROUP

|                   | 2014    |        |        |               | 2014    |        |        |               |
|-------------------|---------|--------|--------|---------------|---------|--------|--------|---------------|
|                   | Q2      |        |        |               | YTD     |        |        |               |
|                   | MS      | EC     | IC     | TOT           | MS      | EC     | IC     | TOT           |
| Western Europe    | 3,1 %   | -0,3 % | -0,4 % | <b>1,1 %</b>  | 3,3 %   | 0,0 %  | 6,9 %  | <b>3,0 %</b>  |
| USA and Canada    | 2,0 %   | 3,8 %  | 0,1 %  | <b>2,2 %</b>  | 0,3 %   | 1,4 %  | 5,8 %  | <b>1,6 %</b>  |
| Rest of the world | -10,9 % | 19,7 % | -2,5 % | <b>-5,1 %</b> | -10,6 % | 14,5 % | -2,3 % | <b>-5,5 %</b> |
| Total             | -2,9 %  | 4,5 %  | -0,9 % | <b>-0,5 %</b> | -3,1 %  | 2,7 %  | 3,6 %  | <b>-0,1 %</b> |

# Q2 2014

## Consolidated Results

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|                             | 2014          | 2013   |          | 2014          | 2013   |          |
|-----------------------------|---------------|--------|----------|---------------|--------|----------|
|                             | Q2            | Q2     | Change % | YTD           | YTD    | Change % |
| Net sales, SEK million      | <b>6 327</b>  | 6 016  | 5.2 %    | <b>11 959</b> | 11 680 | 2.4 %    |
| Gross margin                | <b>48.7 %</b> | 50.5 % | -1.8 %   | <b>49.0 %</b> | 50.4 % | -1.4 %   |
| Operating cost, SEK million | <b>-2 338</b> | -2 187 | 6.9 %    | <b>-4 592</b> | -4 397 | 4.4 %    |
| EBITA before restructuring  | <b>905</b>    | 1 004  | -9.9 %   | <b>1 575</b>  | 1 797  | -12.4 %  |
| EBITA margin                | <b>14.3 %</b> | 16.7 % | -2.4 %   | <b>13.2 %</b> | 15.4 % | -2.2 %   |
| Net financial items         | <b>-164</b>   | -149   |          | <b>-322</b>   | -297   |          |
| Profit before tax           | <b>549</b>    | 626    | -12.3 %  | <b>97</b>     | 878    | -89.0 %  |

# Q2 2014

## Medical Systems

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|                             | 2014          | 2013   | Change % | 2014          | 2013   | Change % |
|-----------------------------|---------------|--------|----------|---------------|--------|----------|
|                             | Q2            | Q2     |          | YTD           | YTD    |          |
| Net sales, SEK million      | <b>3 299</b>  | 3 152  | 4,7 %    | <b>6 118</b>  | 5 956  | 2.7 %    |
| Gross margin %              | <b>55,3 %</b> | 56,6 % | -1.3 %   | <b>55.2 %</b> | 59.4 % | - 4.2 %  |
| Operating cost, SEK million | <b>-1 349</b> | -1 302 | 3.6 %    | <b>-2 655</b> | -2 590 | 2.5 %    |
| EBITA before restructuring  | <b>600</b>    | 598    | 0.3 %    | <b>960</b>    | 1 027  | -6.5 %   |
| EBITA margin                | <b>18.2 %</b> | 19.0 % | -0.8 %   | <b>15.7 %</b> | 17.2 % | -1.5 %   |

- Medical Systems strengthens its quality management systems
  - A provision for quality management systems remediation activities of approximately SEK 800 M was accounted for in the first quarter and during the first six months, SEK 253 M was utilized of which SEK 172 M pertains to the second quarter
  - Getinge Group is in discussions with FDA and will provide information as soon as there is more clarity around the outcome of these discussions
- Acquisition of clinical logistics/patient flow management software innovator Cetrea
- Ongoing restructuring activities in the Cardiovascular division expected to be completed in H1 2015



# Q2 2014

## Extended Care

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|                             | 2014          | 2013   | Change % | 2014          | 2013   | Change % |
|-----------------------------|---------------|--------|----------|---------------|--------|----------|
|                             | Q2            | Q2     |          | YTD           | YTD    |          |
| Net sales, SEK million      | <b>1 709</b>  | 1 660  | 3.0 %    | <b>3 404</b>  | 3 381  | 0.7 %    |
| Gross margin %              | <b>45.6 %</b> | 48.0 % | -2.4 %   | <b>47.2 %</b> | 48.6 % | -1.4 %   |
| Operating cost, SEK million | <b>-640</b>   | -561   | 14.1 %   | <b>-1 256</b> | -1 120 | 12.1 %   |
| EBITA before restructuring  | <b>170</b>    | 269    | -36.8 %  | <b>411</b>    | 564    | -27.1 %  |
| EBITA margin                | <b>9.9 %</b>  | 16.2 % | -6.3 %   | <b>12.1 %</b> | 16.7 % | -4.6 %   |

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## Extended Care - Highlights

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- Extended Care strengthened its range of medical beds during the quarter with the **Enterprise® 9000**
- Launch of **Sara Combilizer**; an innovative means of providing early mobilization to a full standing position for patient treated in an intensive care environment



# Q2 2014

## Infection Control

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|                             | 2014          | 2013   |          | 2014          | 2013   |          |
|-----------------------------|---------------|--------|----------|---------------|--------|----------|
|                             | Q2            | Q2     | Change % | YTD           | YTD    | Change % |
| Net sales, SEK million      | <b>1 320</b>  | 1 204  | 9.6 %    | <b>2 437</b>  | 2 343  | 4.0 %    |
| Gross margin %              | <b>36.4 %</b> | 38.0 % | -1.6 %   | <b>36.0 %</b> | 37.9 % | -1.9 %   |
| Operating cost, SEK million | <b>-349</b>   | -322   | 8.4 %    | <b>-680</b>   | -686   | -0.9 %   |
| EBITA before restructuring  | <b>135</b>    | 137    | -1.5%    | <b>205</b>    | 206    | -0.5 %   |
| EBITA margin                | <b>10.2 %</b> | 11.4 % | -1.2 %   | <b>8.4 %</b>  | 8.8 %  | -0.4 %   |



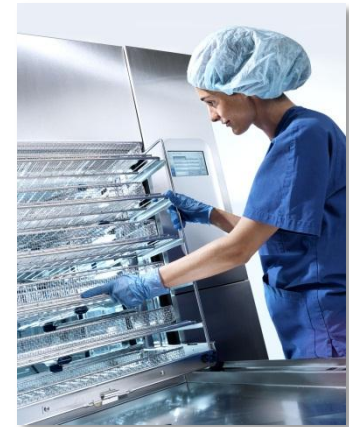
Q2 2014

## Infection Control - Highlights

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- The efficiency-enhancement program to improve the business area's profitability is proceeding as planned.
  - Negotiations initiated with trade unions to transfer the production of Getinge's flusher-disinfectors product range from Växjö, Sweden, to the newly established plant in Poznan, Poland
  - The negotiations about the discontinuation of manufacturing in Mansfield, UK, and transfer of all Life Science sterilizers to Getinge, Sweden, have been completed in the quarter
- Acquisition of UK based IT solutions company Altrax Group
- Launch of new generation washer-disinfector, **Getinge 86**, with patent-pending user interface, **CENTRIC**



|                                       | 2014          | 2013  | 2014          | 2013   |
|---------------------------------------|---------------|-------|---------------|--------|
|                                       | Q2            | Q2    | YTD           | YTD    |
| Cash flow from operation, SEK million | <b>901</b>    | 843   | <b>1 339</b>  | 1 209  |
| Cash conversion, %                    | <b>73.1 %</b> | 68.0% | <b>93.8 %</b> | 57.5 % |
| Net Debt, SEK million                 |               |       | <b>20 415</b> | 19 691 |
| Equity, SEK million                   |               |       | <b>16 284</b> | 14 839 |
| Equity / assets ratio, %              |               |       | <b>34.7 %</b> | 33.7 % |
| Net debt / equity ratio, multiple     |               |       | <b>1.25</b>   | 1.33   |

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# Outlook **2014**

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## Outlook 2014

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- Organic revenue growth is expected to be comparable to 2013 levels at approximately 4 %.
- Restructuring costs are estimated to amount to approx. SEK 960 M for 2014, of which SEK 799 M is attributable to the costs of consultant support for enhancing the quality management system within Medical Systems
- The outcome of the ongoing discussions with the US FDA will remain a short term risk
- The strengthening of the Swedish krona will result in negative currency transaction effects of approx. SEK 250 M
- As a result of a recently concluded strategy review, Getinge intends to leverage scale across its three business areas. The cost savings potential is expected to be substantial and will be reflected in the new financial targets that will be presented at the Capital Markets Day later this year (date to be confirmed)

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# Q&A

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## Forward-looking Information

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This document 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.

# Thank you!

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## GETINGE GROUP

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Getinge Group is a global leading medical technology company that operates in the areas of surgery, intensive care, infection control, care ergonomics and wound care. Getinge Group has more than 15,000 employees in over 40 countries and generates sales exceeding SEK 25 billion (2013). The Group is divided into three business areas: Medical Systems, Extended Care and Infection Control and operates under the brands of Maquet, ArjoHuntleigh and Getinge.