

Report on Getinge COVID-19 commercial paper

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Transaction date: April 21, 2020

Repayment date: October 21, 2020

Nominal value in total: 1,000 MSEK

Executive summary

Getinge has used the proceeds of the 1,000 MSEK transaction in its entirety to ramp up ventilator production at the Solna facility. As of November 6th, 2020, the objective to build and ship an additional 16,000 ventilators was attained. This translates to an output 160% above a “normal” year.

The social impact of the total volume of ventilators (more than 26,000 ventilators were produced in 2020) is that by the end of this year almost 1 000 000 patients will have been treated on a Getinge ventilator made in 2020. If only taking the increased volume of ventilators into account, around 16,000, the increase in the number of treated patients in 2020 is around 600.

Introduction

As a response to the COVID-19 pandemic, Getinge embarked on a mission to increase our ventilation manufacturing and deliveries by three times our normal yearly production before the 31st of October. To achieve this, extraordinary investments as well as plans and actions were needed to be put in place.

The Corona virus, COVID-19, is a highly infectious virus and does not discriminate between who it infects. How a person is able to cope with the virus is very much dependent upon the individual's pre-conditions, but also on other factors such as age and access to care can impact the outcome.

Patients with severe symptoms such as difficulty breathing or shortness of breath, chest pain or pressure, or loss of speech or movement, must be treated in a hospital to be provided with the best opportunity to recover.

Some patients get so ill that they cannot breathe adequately on their own. These patients will require the assistance of a ventilator and will be treated in the intensive care unit within the hospital.

We have created an easy to digest video to describe what a ventilator is and why it is needed: [“What is a Ventilator and why is it needed?”](#)

Early increase in orders

During December 2019, we started to get reports regarding the challenges China had managing the outbreak of a new virus in Wuhan, that we later got to know as COVID-19. Our Chinese colleagues placed the first known COVID-19 related orders in late December and in early January we did get a pre-warning as we started to get inquiries for more ventilators, both for China and from other countries in South East Asia, as well as from Australia and New Zealand.

As we were getting into February we started to get reports for the first cases in Italy. By the end of March we had received orders that exceeded 160% of what we normally produce in a year. This order intake has since further increased, and we are currently on track for producing almost three years volumes in a single year; i.e going from an annual volume of approximately 10,000 units to 26,000 units.

Manufacturing challenge

The manufacturing of the Getinge ventilators is located in Solna, just outside of Stockholm. The manufacturing area has been optimized to produce approx. 10,000 – 12,000 systems every year. To enable the ramping up of production to about 3 times the capacity, changes needed to be made.

- To be able to meet the demand, we needed to add a production line within the current facility and at the same time increase from 1 to 3 production shifts.
- We needed skilled operators to build the lifesaving equipment that a ventilator is.
 - During this time, we increased the number operators by over 500%.
 - We worked primarily with consultancy agencies, whom we had worked with previously, and also took in skilled production personnel from, for instance, Scania.
- A specific introduction program was put in place that would allow the new team members to quickly get up to speed within as short a time period as possible.

It was all hands-on deck during some very hectic weeks while we were in the midst of the ramp up. We called in product experts from other departments to help coach and train new team members and to ensure key personnel were not taken out of production.

As the material started to flow in, the efficient manufacturing team turned every piece of material into a lifesaving ventilator within hours.

Clear goals and a conduit spirit made this impossible mission possible. In the end, the only limiting factor for not being able to produce and deliver more ventilators was the access to materials.

Sales distribution

Before the COVID-19 pandemic, Getinge was the world leader in high acuity mechanical ventilation with a distribution network and direct sales world-wide.

We have been trying to prioritize distribution of the received orders in accordance with the humanitarian need from the different markets. Early orders from for instance China, Italy and Spain were prioritized accordingly. As ramping up continued, we have been able to accommodate a more normal distribution, i.e. executing the orders in the order they come in.

In terms of pricing we have maintained our normal pricing to customers. In some cases, discounts, if any, have been used to a lower degree than normal. Apart from this, there has been no material change in pricing from 2020 vs 2019.

If and when significant cost increases from suppliers have occurred (due to suppliers having to invest in increased capacity), these increased costs have been transferred to customers when possible, leaving Getinge unimpacted.

Below is a chart over the distribution, in percent, of orders received as per October 2020.

We can confirm that as of November 6th, 2020, we have produced and delivered 26,120 units of advanced ventilators and shipped these to customers according to the chart below.



Social impact

When a patient ends up on a ventilator, they are very ill. Clinicians try keep patients off ventilators to the greatest extent they can, as being put on a ventilator can introduce other risks for the patient. In the hands of a skilled clinician, a ventilator is not only a life supporting tool but also a life saving tool.

There is no typical length of ventilation for ARDS (Acute Respiratory Distress Syndrom) and COVID-19 patients. What can be said is that these patients typically stay longer on ventilators and in the ICU (Intensive Care Unit) than other patients. As a discussion point, the medical field sometimes use five days as an average number of days*. The ventilators delivered during this pandemic will save millions of lives for the duration of the expected life of the ventilator.

Getinge has supplied more than 26,000 ventilators in 2020. Hypothetically the ventilators that we are delivering right now will, before the end of 2020, have been used on close to 1 million patients. This means the incremental volume of 16,000 ventilators, financed by the proceeds from the transaction, will deliver mechanical ventilation to around 600,000 additional patients, only in 2020, compared to if we had stayed on the normal level of output of 10,000 ventilators. If we take into consideration the pre-existing supply of Getinge ventilators around the world, which we calculate to be ca. 100,000, over **5 million patients** could be treated on a Getinge ventilator in 2020.

Our **ECLS**-treatment (extra-corporeal life support) equipment, the next level of treatment if the ventilator is not assistance enough for the patient, has also played a vital part in fighting COVID-19.

The funding need to boost this part of our operations has mainly been organized through reallocation of resources within the product area Cardiopulmonary.

However, we estimate that around 75,000 patients will have access to ECLS-treatment in 2020.

Use of proceeds

For the **ventilator ramp-up** (increased volume of 16,000) we have had an incremental spend in direct material and operational expenses of more than 1 000 MSEK for the period 1st January 2020 to 31st October 2020. Meaning we have easily used up the proceeds of 1 000 MSEK from the transaction to build and ship 16,000 ventilators more than a “normal” year.

Moreover, a temporary build-up of net working capital, during the period mentioned above, has amounted to 1 500 MSEK.

Heart warming stories of patients saved

There are many heart warming stories of communities coming together during this pandemic. Patients are being saved on a daily basis by clinicians using our ventilators. Having an underlying condition or being elderly does not mean that you cannot beat this virus, but you may need help.

The pandemic hit the US hard in early spring. Below are two stories from the same hospital system in New Jersey, one from a patient and one from a clinician.

This particular hospital reached out to the community for support and has been using Getinge's Servo ventilators for years. However, during the pandemic they needed more ventilators than they had available and ventilators of different makes were shipped to their facilities to assist with taking care of patients in urgent need of respiratory support. From a nearby clinic they received a Servo-i ventilator as support. As the pandemic calmed down in May, the director for respiratory care at this facility took the time to write a thank you note for the help with getting them the Servo-i ventilator. He stated:

"Not only was your offer timely and generous, I can assure you that it was truly life-saving. When we picked up the ventilator (a Getinge Servo-i ventilator), we didn't know just how badly our intubations would continue to sky-rocket. In the last six plus weeks, this ventilator was critical life-sustaining equipment for 5 out of the 100 adult ventilator patients in our Critical Care Unit. I can report that in 4 out of 5 cases, the patients were extubated and survived – a much higher survival percentage than was typical in this catastrophic event."

From the same hospital system, a heart warming story about a 100 year-old World War II Veteran with underlying health conditions that was admitted in early April emerged. This patient was extubated and removed from the ventilator after several of days in the ICU and could go home to his loved ones.

This gentleman survived a war, he was somebody's husband and he is somebody's father and grandfather. He was saved by the skilled clinicians at this hospital and we are proud to have been able to provide them with tools to do so.

[*\)https://www.researchgate.net/publication/224914260_Variability_in_Mean_Duration_of_Mechanical_Ventilation_among_Community_Hospitals](https://www.researchgate.net/publication/224914260_Variability_in_Mean_Duration_of_Mechanical_Ventilation_among_Community_Hospitals)

Please refer to table 1.