



# Towards improved performance

Capital Markets Day  
November 21, 2018

# Today's agenda

12.00-15.30

## ○ Strategy update

Break (20 min)

## ○ Acute Care Therapies

## ○ Surgical Workflows

## ○ Life Science

Q&A

# Towards improved performance

Mattias Perjos, President & CEO

# Getinge today

Leading positions in well defined segments

**170 BSEK**

Addressable market

**2-4%**

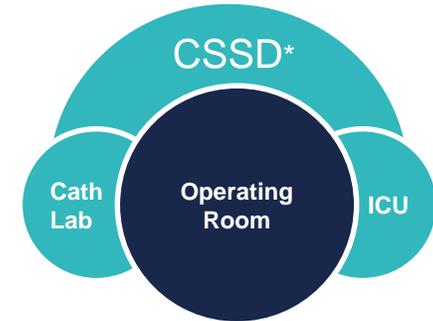
Organic growth in addressable market



**90%**

Hospitals represent 90 % of sales, 10% goes to Pharma, Lab & Medtech

Enabling advanced healthcare where it matters the most



The value we contribute with



**150**

Sales in 150 countries



**23.7 BSEK**

Net sales\*\*\*

\*Central Sterile Supply Department. \*\* Hospital Acquired Infections \*\*\* LTM (Last Twelve Months) Q3 2018

# Strong fundamentals in our business

Long term growth opportunities

**US and Emerging Markets represent the highest underlying growth expectations**

<b>Addressable market</b>	<b>Americas 75 BSEK</b>	<b>EMEA 50 BSEK</b>	<b>APAC 45 BSEK</b>
<b>Estimated organic growth</b>			

**Market growth per segment\***

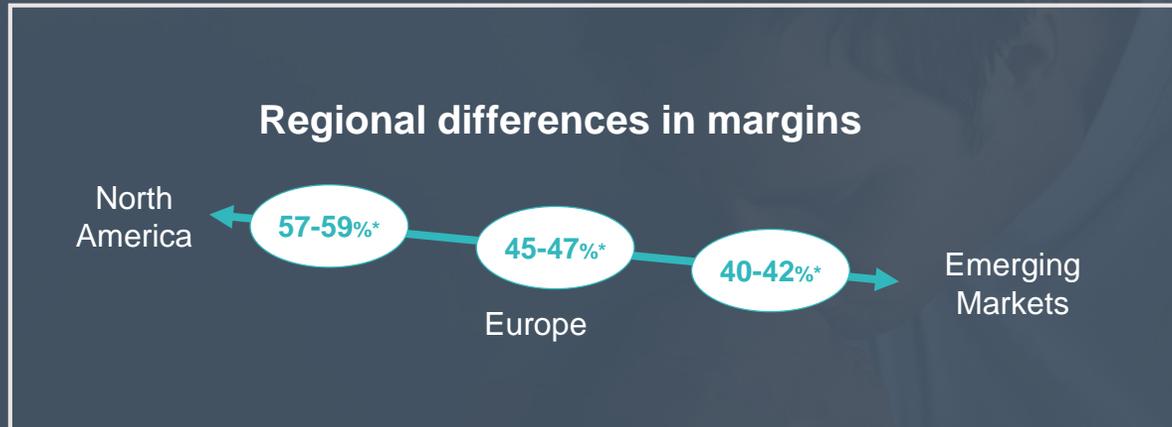
**Share of Getinge's Net Sales 2017**

<b>Acute Care Therapies</b>	<b>2-4%</b>	<b>54%</b>
<b>Surgical Workflows</b>	<b>2-4%</b>	<b>37%</b>
<b>Life Science</b>	<b>3-5%</b>	<b>9%</b>

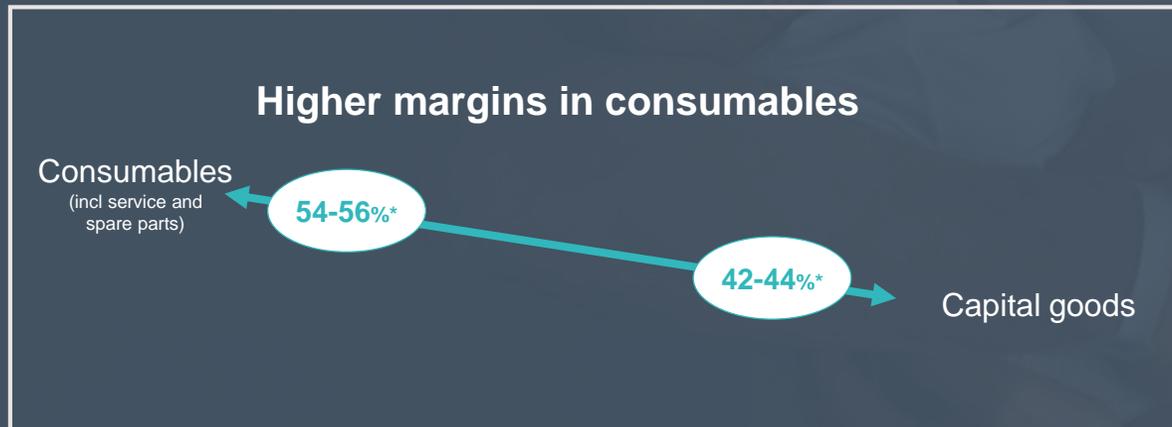
\*The addressable market, weighted and including 1-1.5% price erosion in the segments

# Strong fundamentals in our business

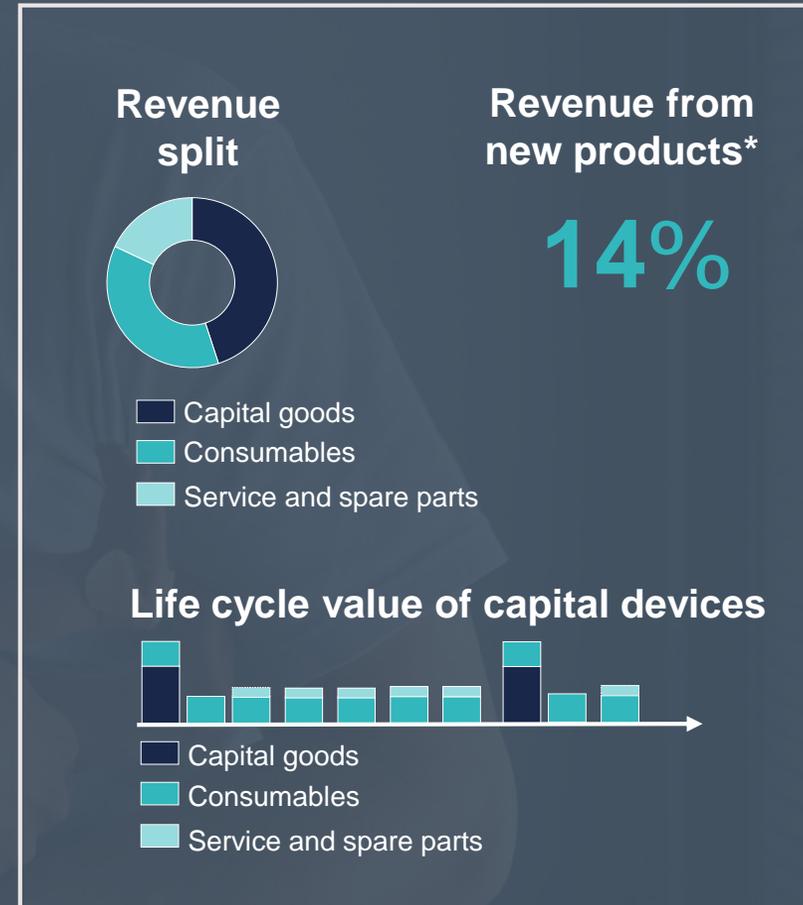
Long term growth opportunities



\*Adj gross margin Q1-Q3 2018.



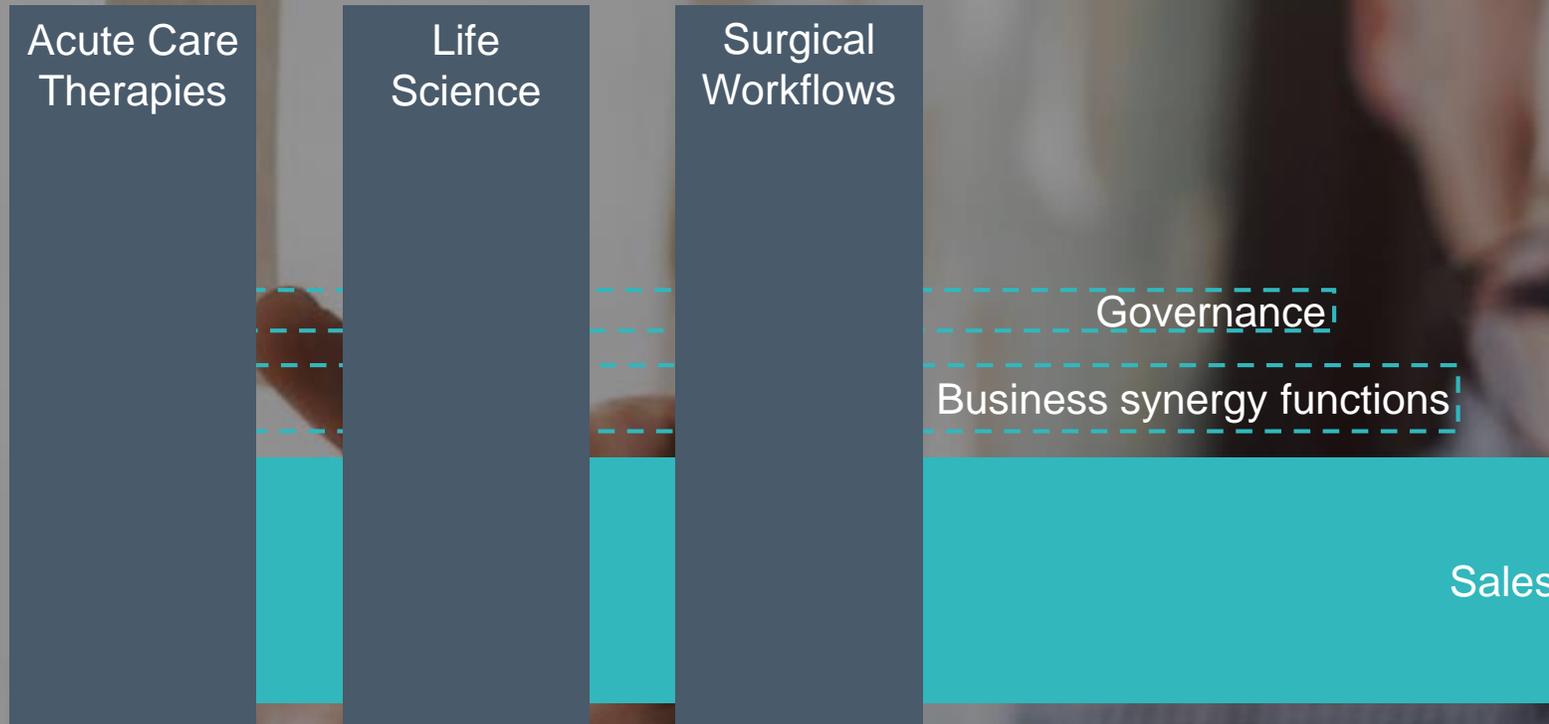
\*Adj gross margin Q1-Q3 2018.



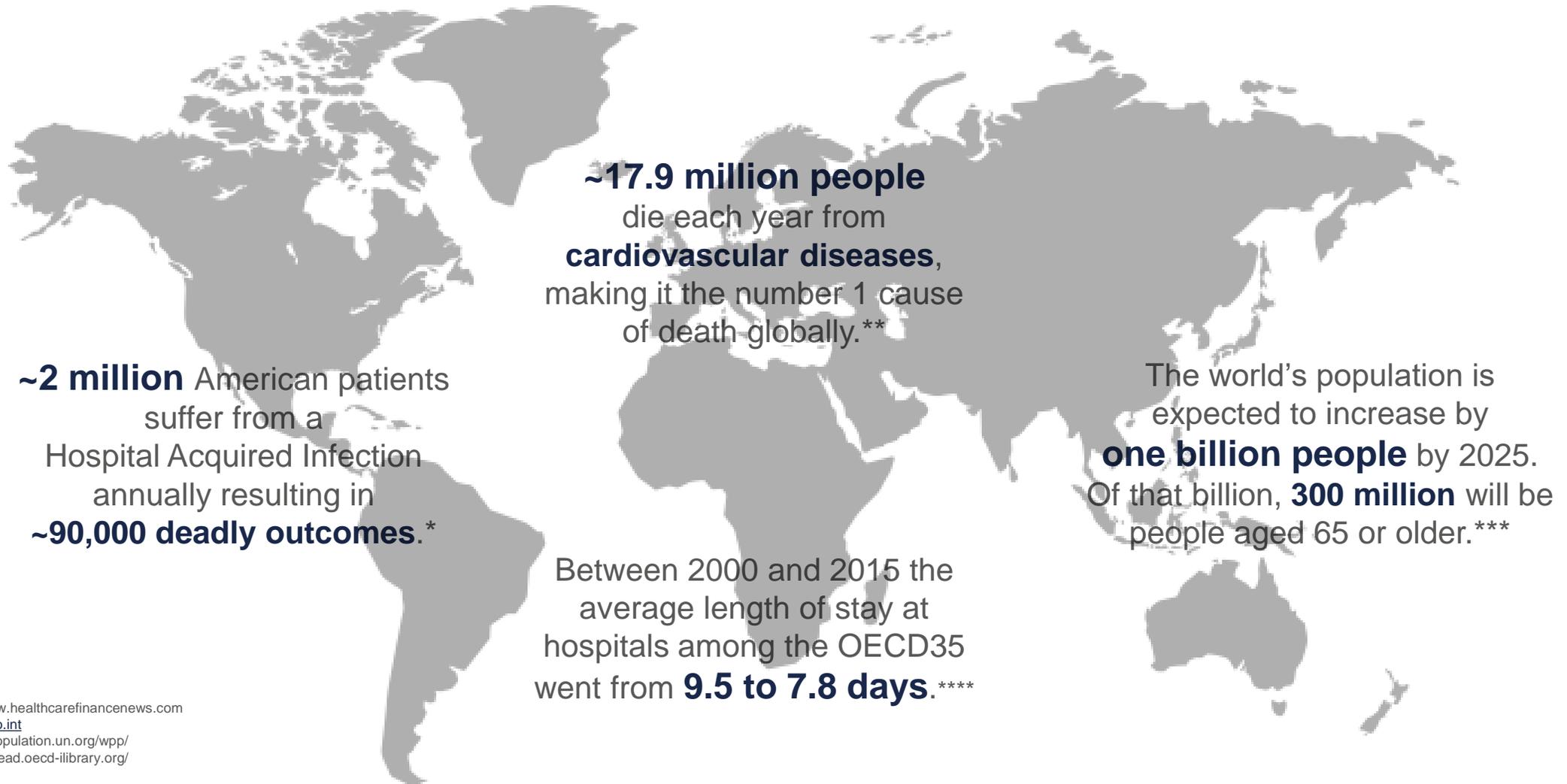
\*Acute Care Therapies & Surgical Workflows. Products launched in latest three-year period.

# Structured to optimize outcome from strategy

Balanced BA led organization – ensuring accountability and synergies



# Healthcare challenges



\*<https://www.healthcarefinancenews.com>

\*\* [www.who.int](http://www.who.int)

\*\*\*<https://population.un.org/wpp/>

\*\*\*\*<https://read.oecd-ilibrary.org/>

# In these trends lie significant opportunities



**Changing demographics**  
More people, older and sicker



**Macroeconomics**  
"More-for-less"



**Healthcare systems**  
Knowledge & value conscious healthcare



**Innovation**  
Broader definition of innovation and new competitors



- Value based health care
- New business and payment models
- Digitalization & Connectivity
- Digital surgery
- Partnerships & integrated eco-systems

# A sustainable approach in all we do

Materiality analysis undertaken in 2018

## 3 focus areas in our sustainability program

- Product quality
- Environmental footprint
- Social responsibility

## Reporting to measure progress

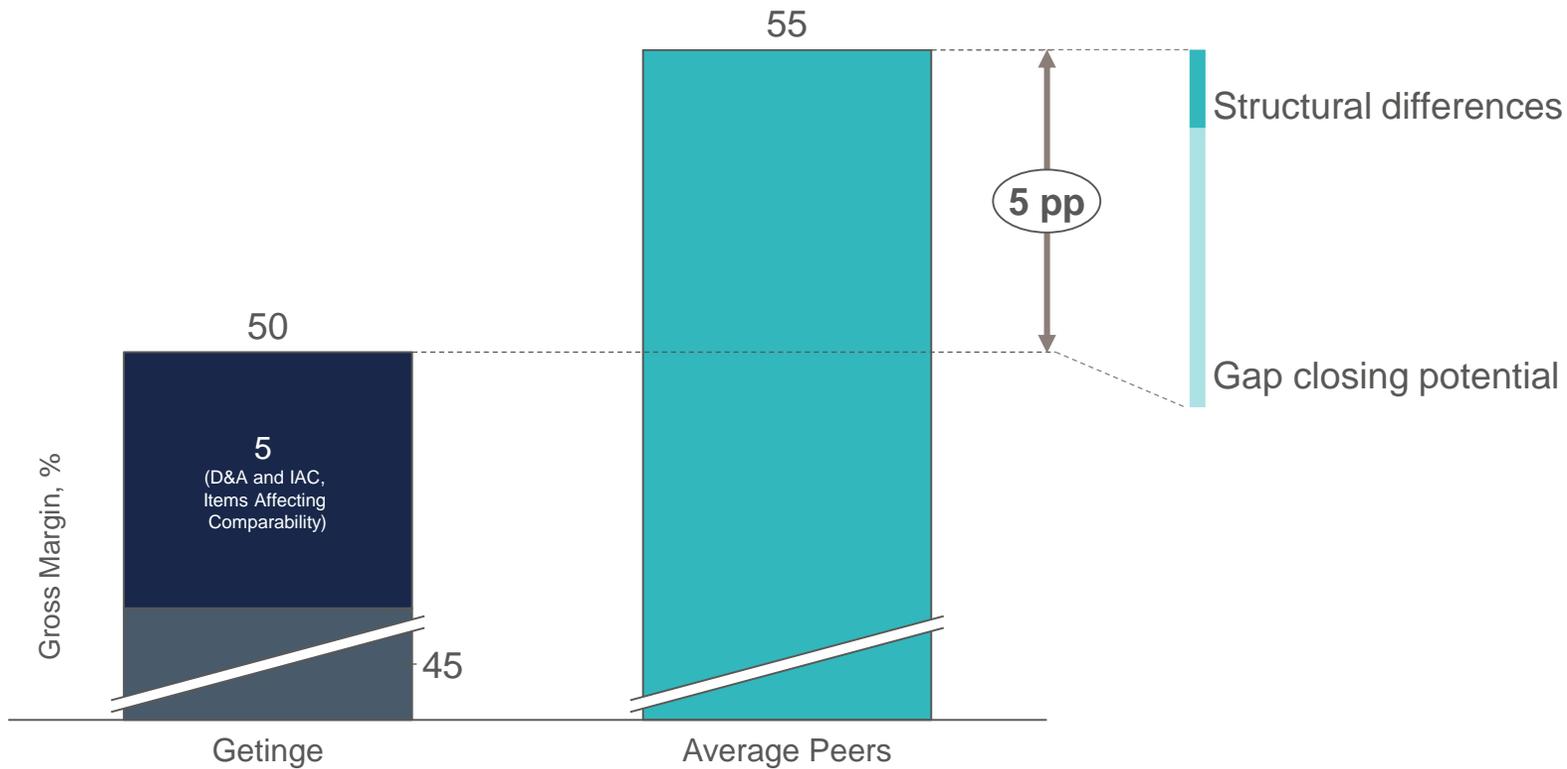
- Sustainability reporting in accordance with GRI (Annual Report 2018)
- Carbon Disclosure Project (CDP)
- UN Global Compact – Communication on Progress

## UN Sustainable Development Goals



# Significant room for improvement on gross margin

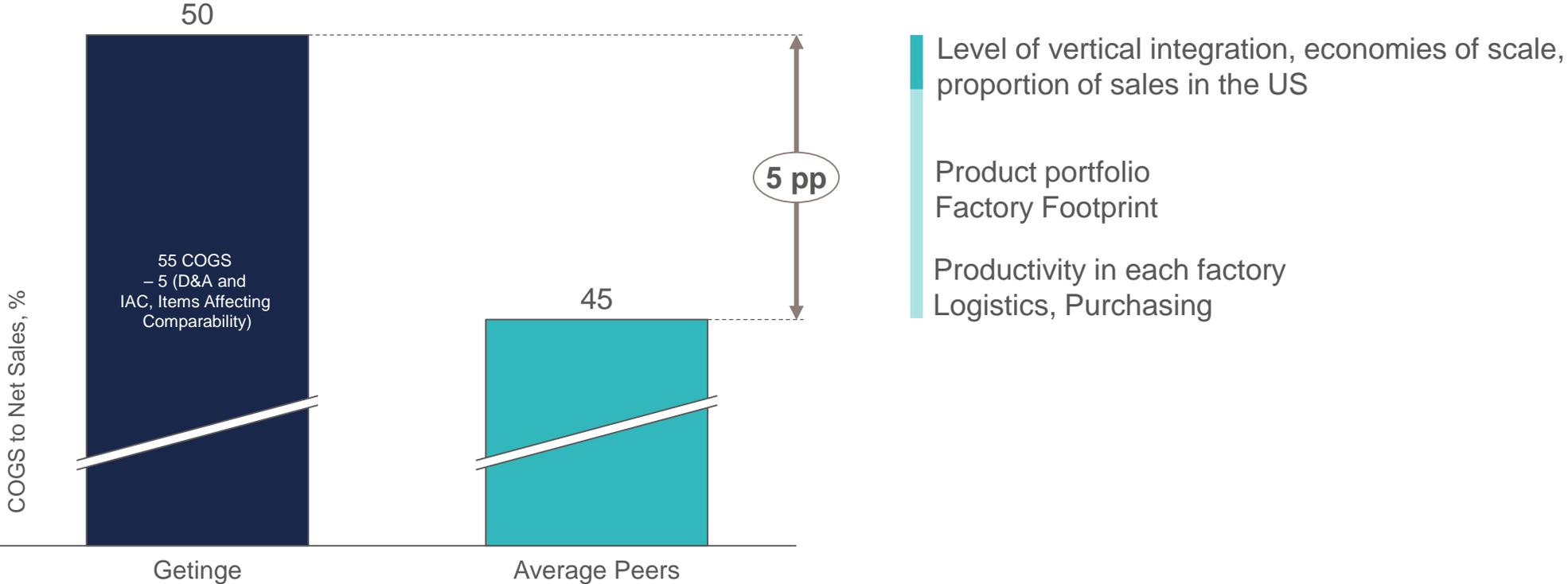
5 pp gap between Getinge's adjusted gross margin and the average amongst peers



Source: FactSet. Period: LTM. Peer Group: Weighted average of relevant peers.

# Largest potential for improvement is to be found in COGS

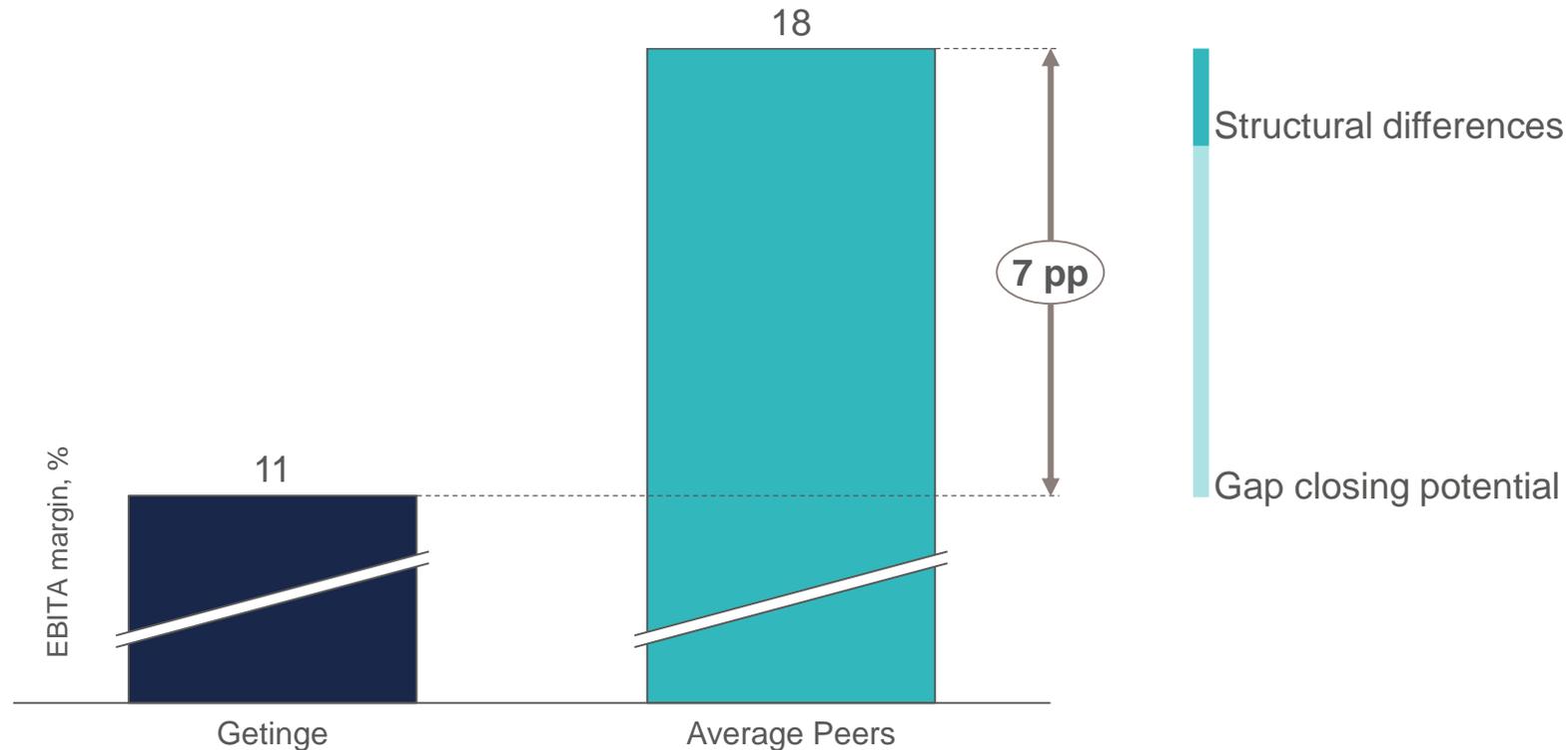
The potential seen from a cost perspective – not taking pricing, mix and growth into account



Source: FactSet. Period: LTM. Peer Group: Weighted average of relevant peers.

# Significant EBITA margin improvement potential

The gap should be tightened both through healthy growth and by addressing productivity throughout the value chain



Source: FactSet. Period: LTM. Peer Group: Weighted average of relevant peers.

# Ready for the next step, to improve margins and cash flows

## Step 1 Re-ignite growth

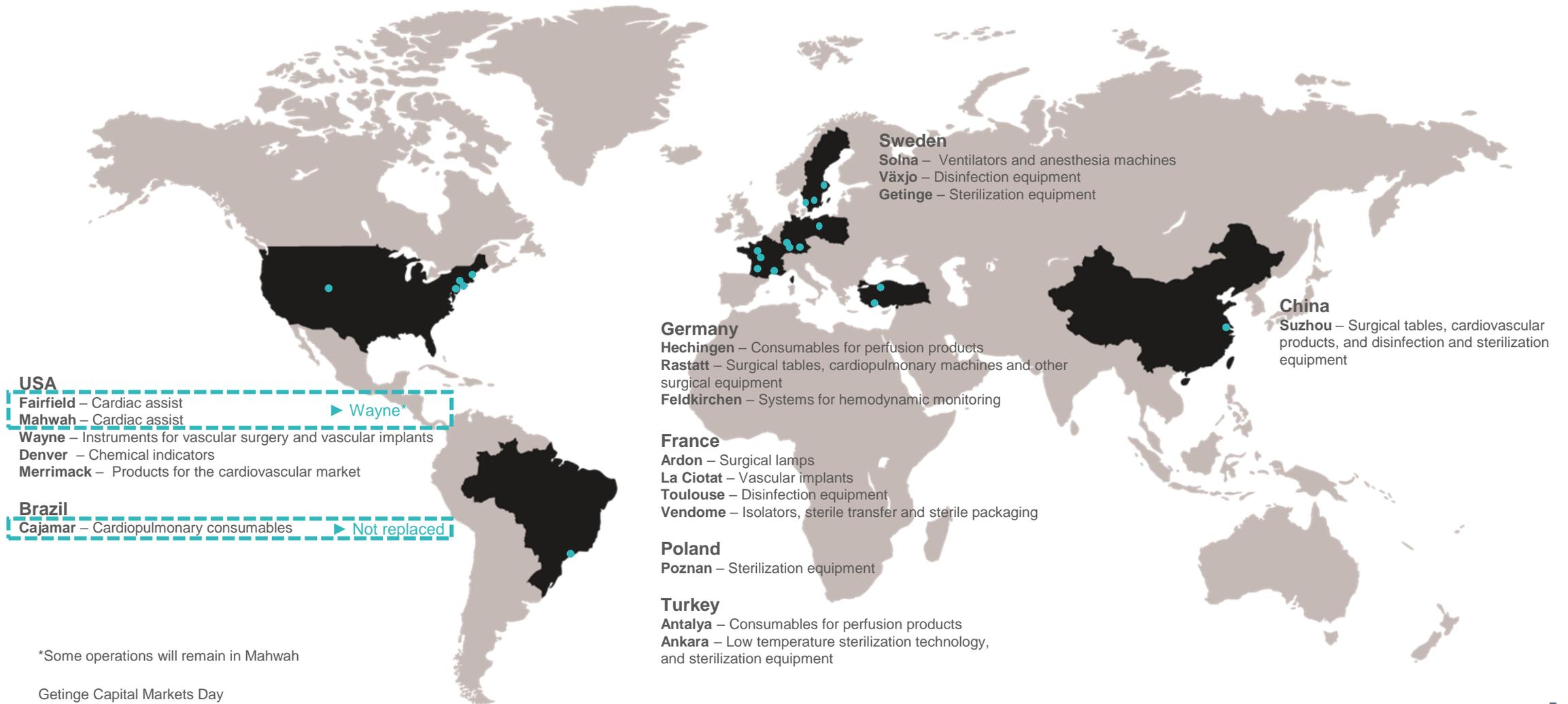
- Actions taken in 2017

## Step 2 Productivity

- Global QMS and ERP  
to ensure compliance and drive synergies
- Innovation and portfolio management  
to ensure pricing power and productivity in the value chain
- Harmonize processes  
to capture efficiency in the value chain
- Improving footprint and logistic structure  
to enhance service level and reduce cost

# Improving factory footprint

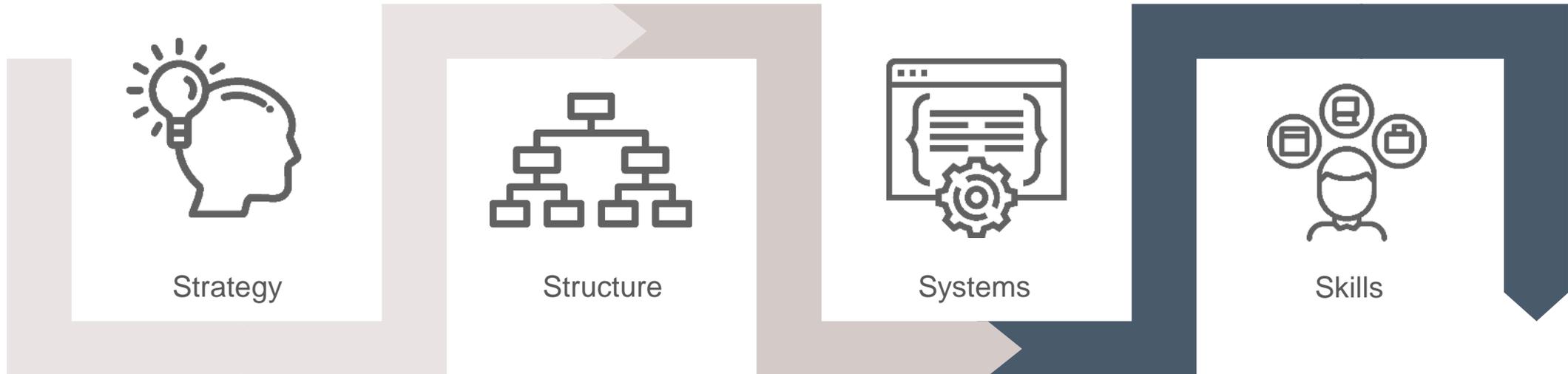
Global Quality Management System is an enabler for structural improvements in footprint



\*Some operations will remain in Mahwah

# Build to last – step by step

Effective and sustainable change is built upon a Strategy-Structure-Systems-Skills wave iteration



# Culture is key for bringing the strategy to life

Transformation starts from the top – our leaders set the tone



**Innovate  
with  
purpose**

**Co-architect**

**Inspire  
performance**

**Create  
trust**

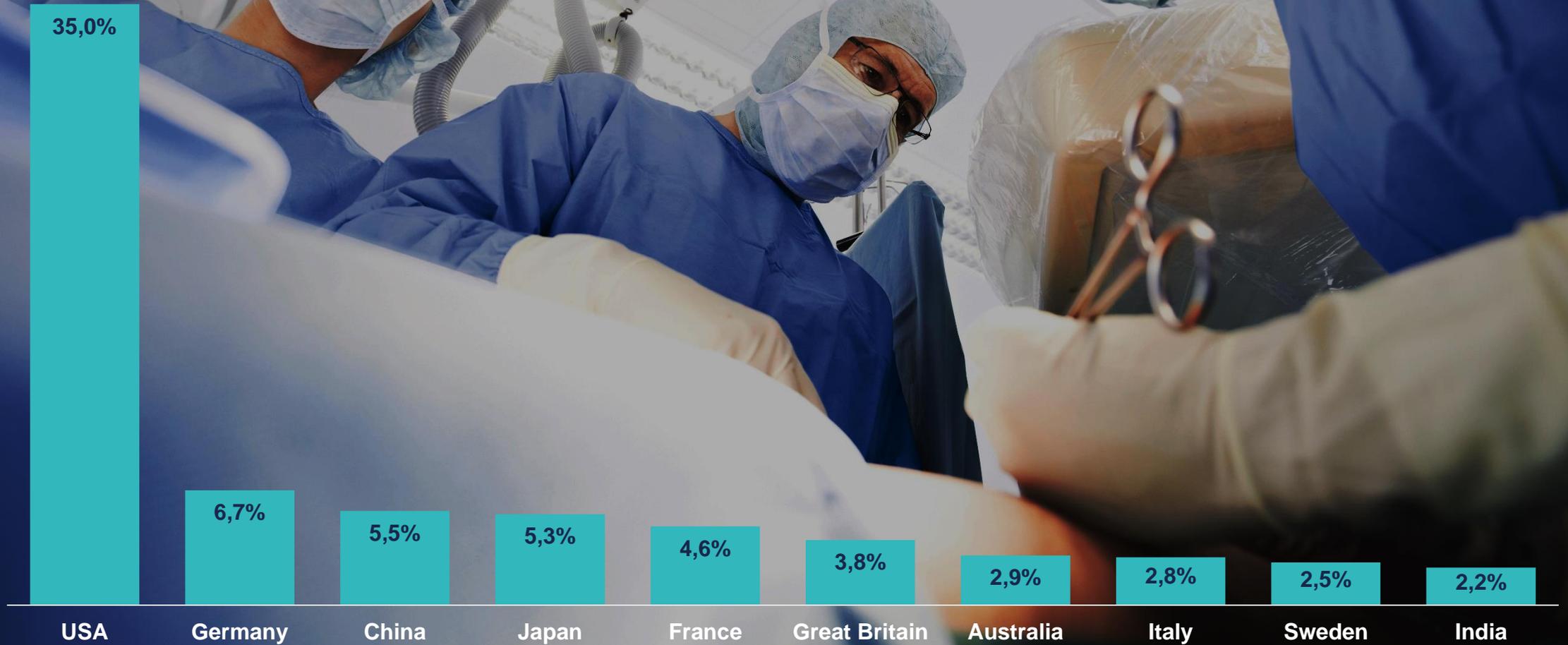
# Carsten Blecker

Chief Commercial Officer

# 10 Regions, 40 Subsidiaries, Conducting Business in +150 countries



# US represents the largest market and the largest growth opportunity for Getinge



# Six strategic commercial work streams to drive growth

Leveraging local entrepreneurship while assuring global best practice sharing

## Commercial Strategy 2018+

### Two-Pillar Ambition

Provide professional education to drive adoption of innovative therapies for cardiovascular diseases and respiratory support

Establish Getinge as the partner of choice for infrastructural projects and solutions for Life Sciences, ICU, OR and CSSD

### 6 Strategic Growth Initiatives

Differentiation through Value Creation

Service as a Growth Engine

High Ambition Sales Culture & Performance

Leverage Full Potential of High Growth Markets

Geographical Portfolio Mix Optimization

Reach Next Level of Customer Centricity

### Enablers

Lean Sales & Admin

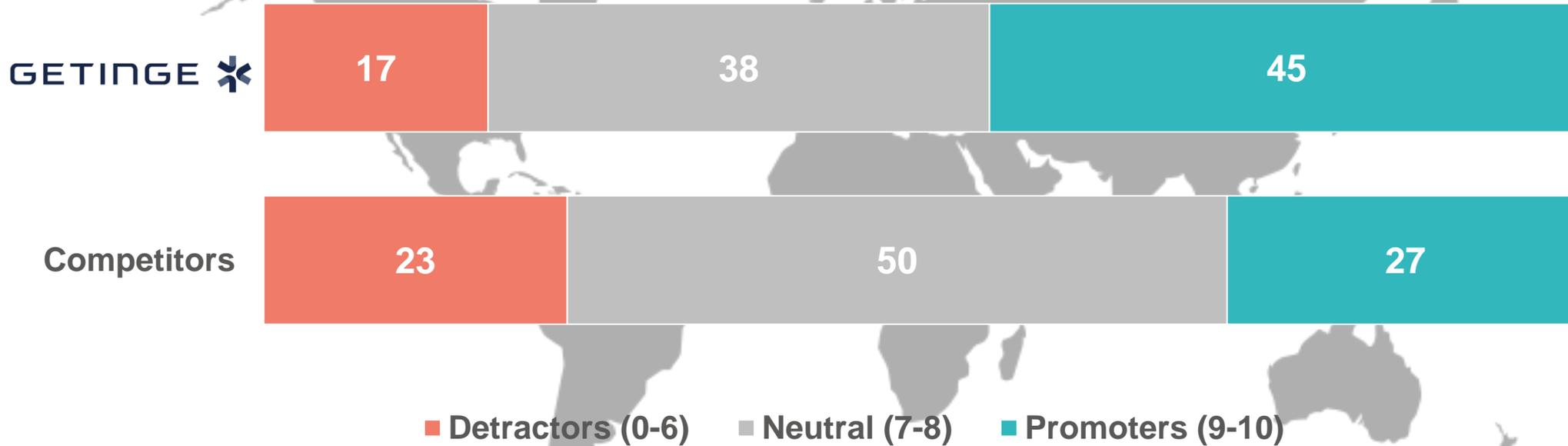
People Focus

# Building on promising customer satisfaction surveys

in Top 10 Getinge markets



## Net Promoter Score



Top 10 Countries

450 Interviews

# We will continue to stay laser-focused

on key performance indicators



# Lars Sandström

Chief Financial Officer

## Getinge's financial targets

Organic  
net sales

**2-4%**  
average growth

Earnings  
Per Share

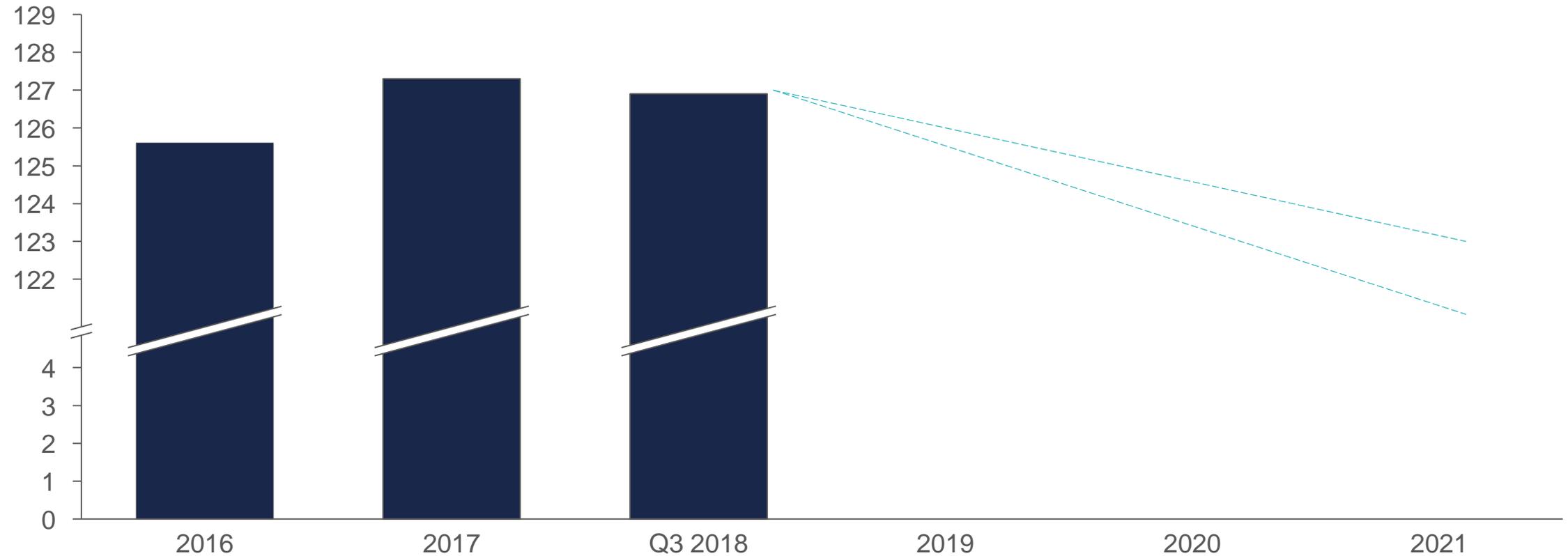
**>10%**  
average growth

Dividend  
policy

**30-50%**  
of net income

# Opportunities to improve working capital

1 day: SEK 65 M

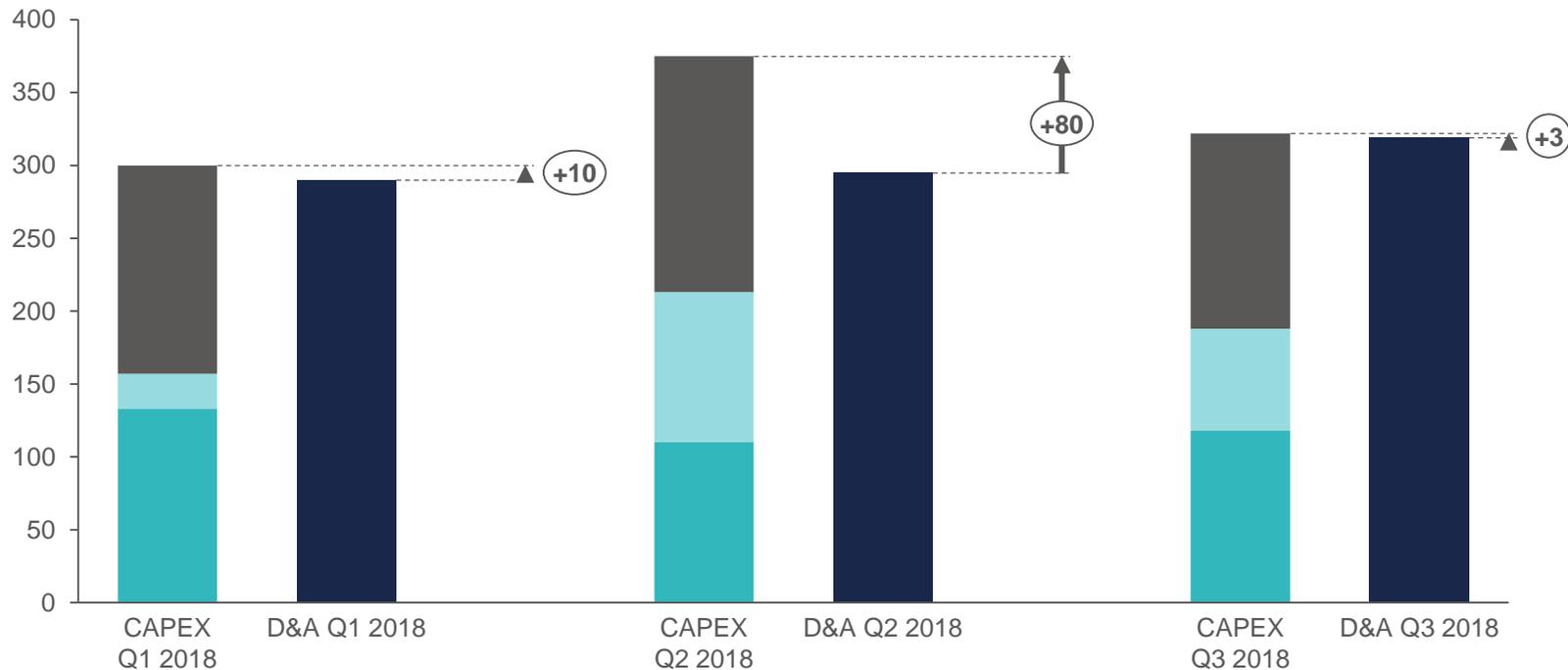


# Efficient allocation of CAPEX going forward

Depreciation and Amortization of non acquired assets versus CAPEX

## Quarter by quarter in 2018

MSEK



# 93 MSEK

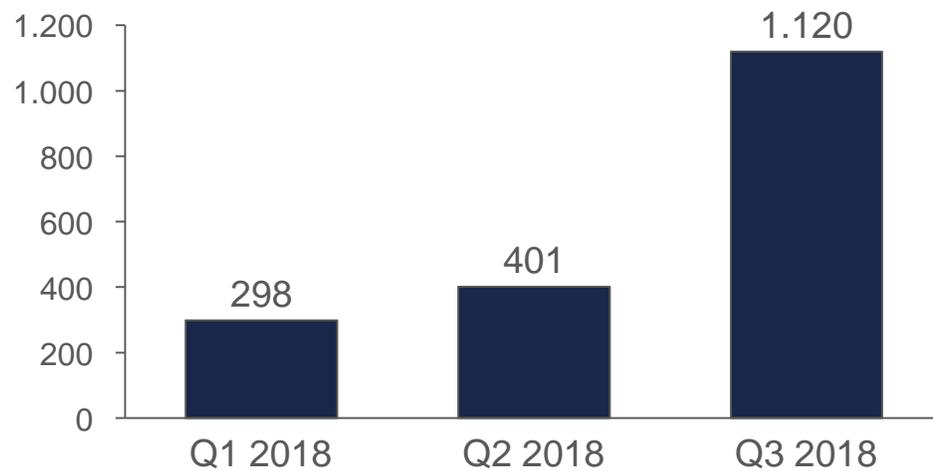
CAPEX SEK 93 M higher than D&A Q1-Q3 2018

# Cash Flows set to improve over time

Headroom for paying down debt and expected cash pay outs related to provisions

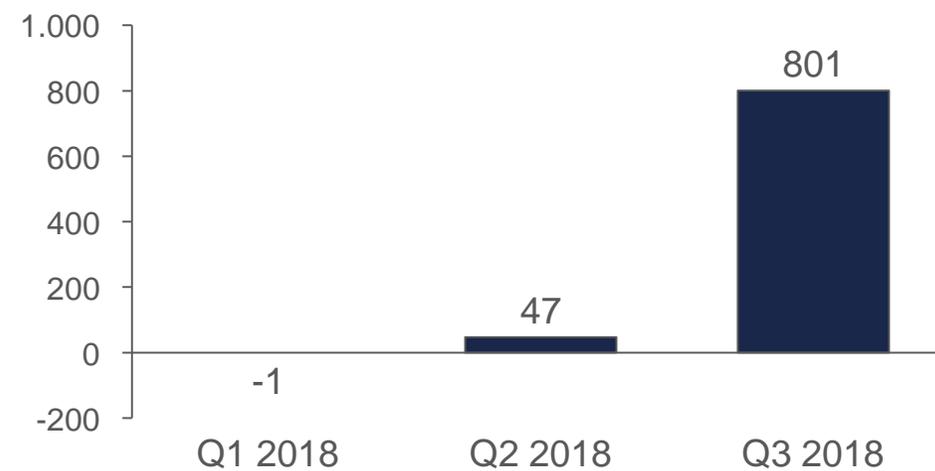
### Operating Cash Flow

MSEK



### Cash Flow after Net Investments

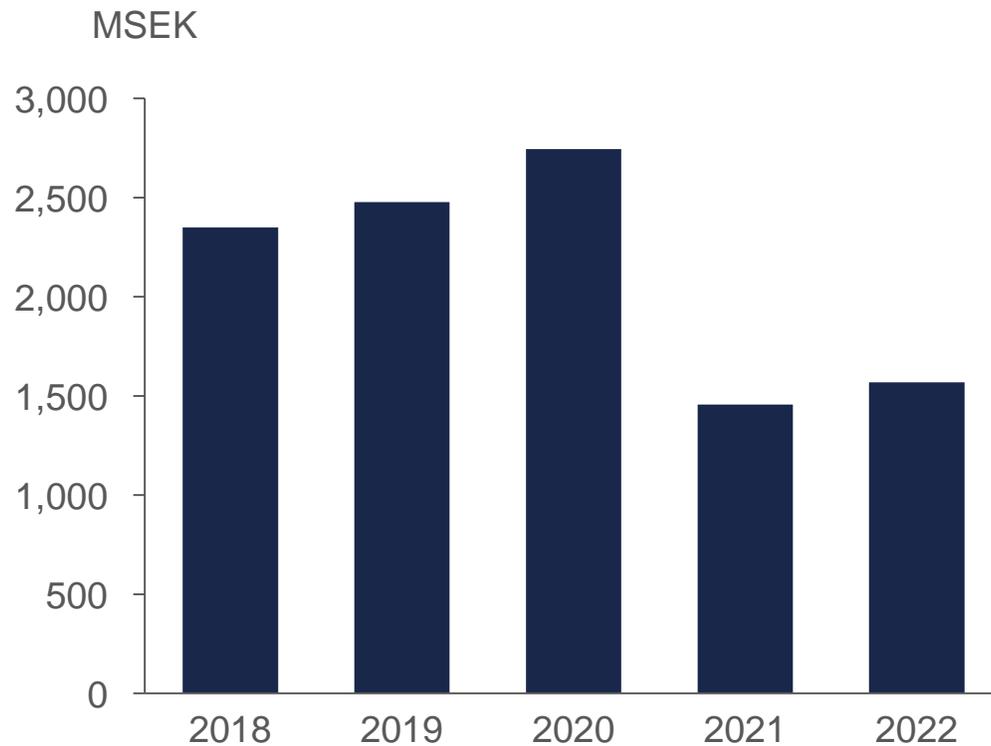
MSEK



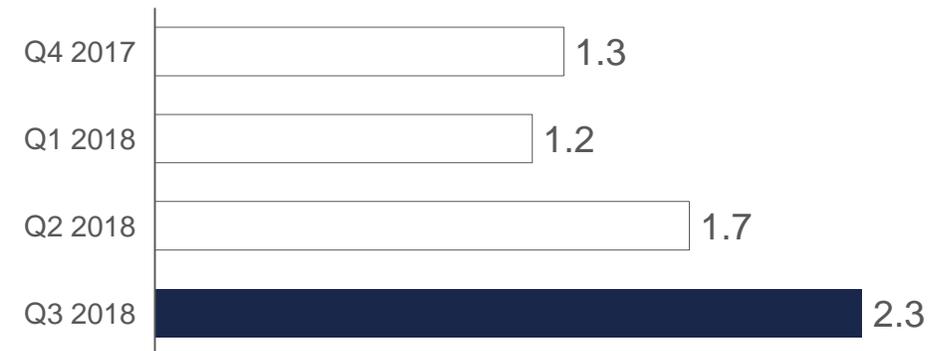
# Extended debt maturity profile

and a large proportion of un-utilized committed credit facilities

## Maturity profile 2018-2022



## Duration going from 1.3 years to 2.3 years

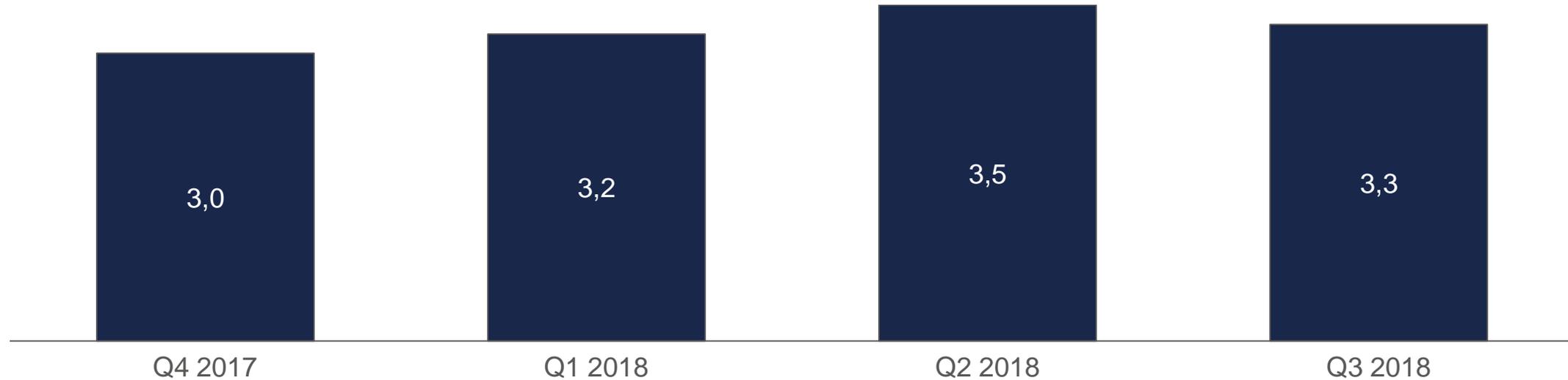


\* Excluding interest rate hedges and pension debt.  
All-in average funding rate is approximately 3 %.

# Increased earnings and more efficient use of capital

should result in a declining leverage over time

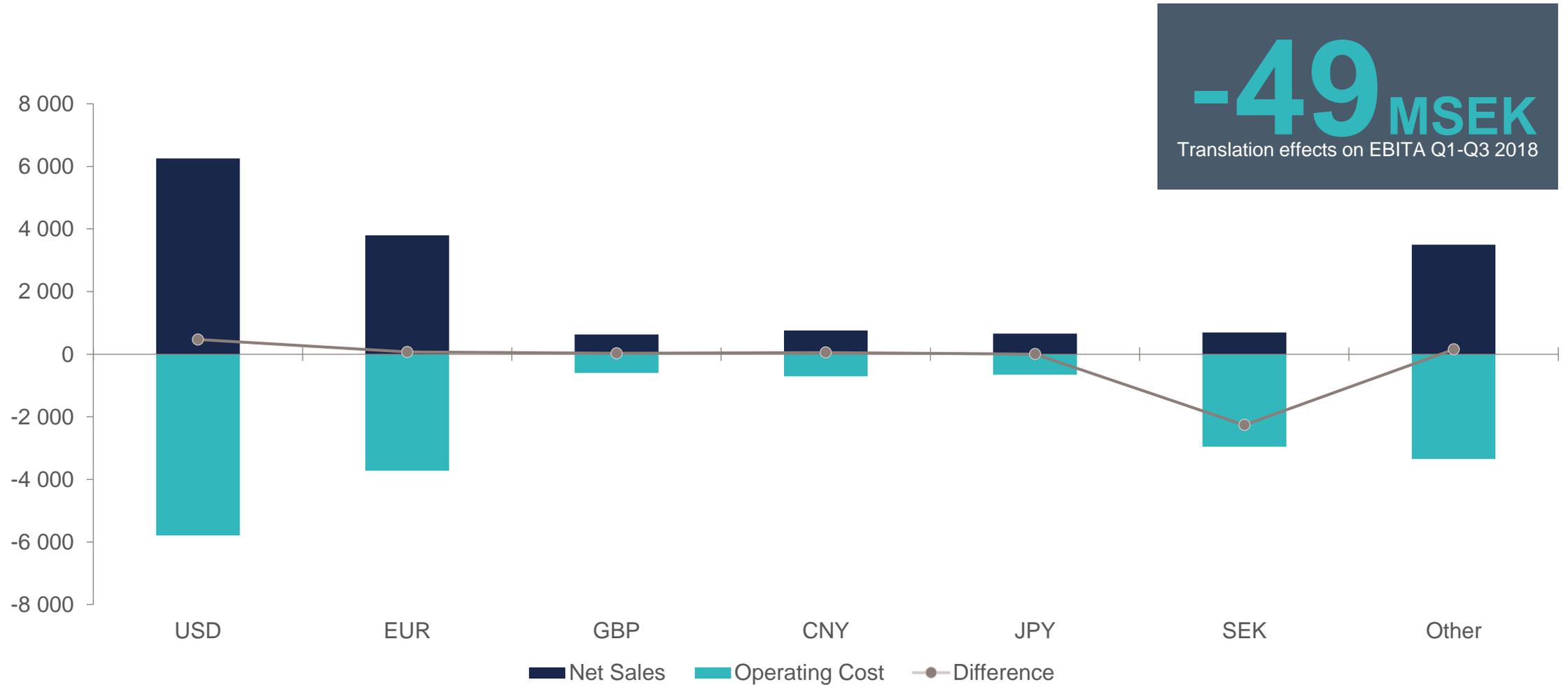
## Leverage Q4 2017 - Q1 2018



Definition of Leverage: Net interest bearing Debt to Adjusted EBITDA

# Net Sales and Operating Cost in major currencies

Translation flows Q1-Q3 2018 (reported)

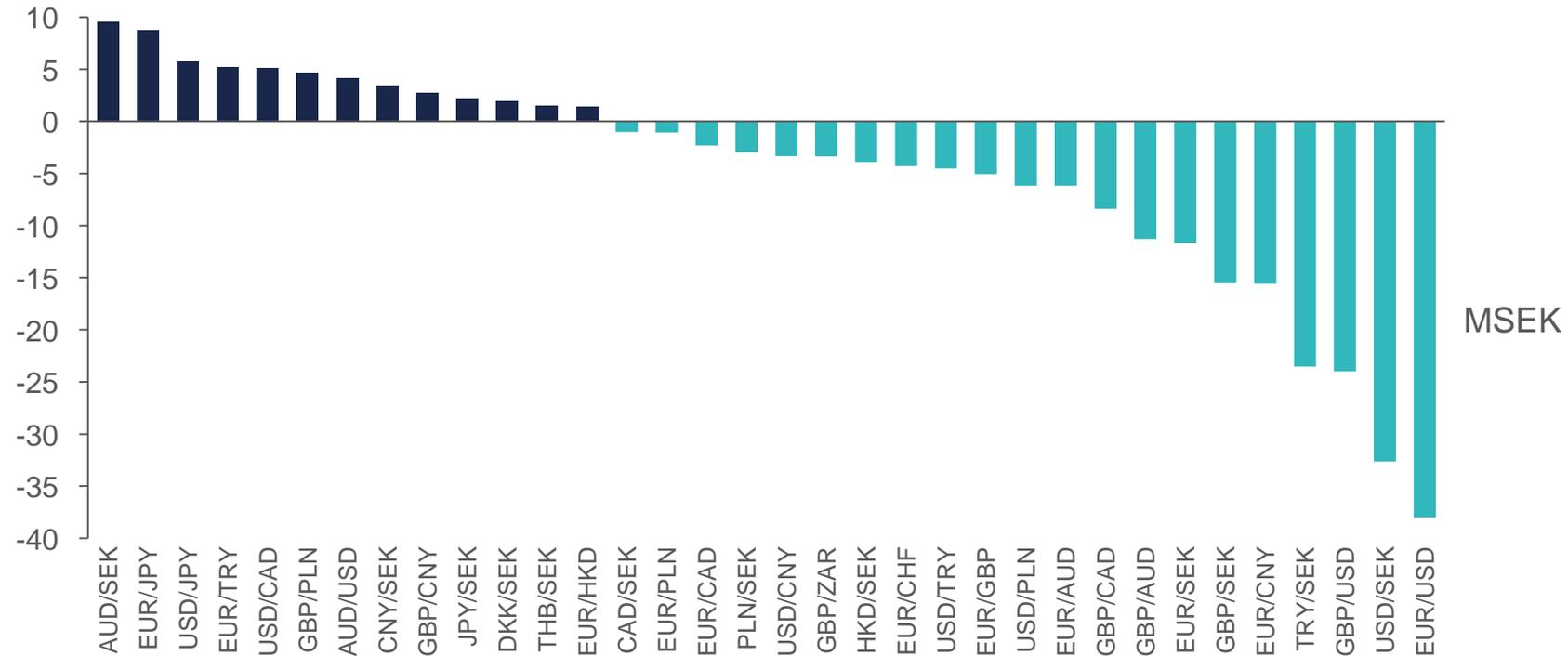


# Transaction effects Q1-Q3 2018

SEK -169 M on EBITA

**-169 M SEK**  
Transaction effects on EBITA Q1-Q3 2018

**-200 M SEK**  
Outlook for FY 2018



# Summary

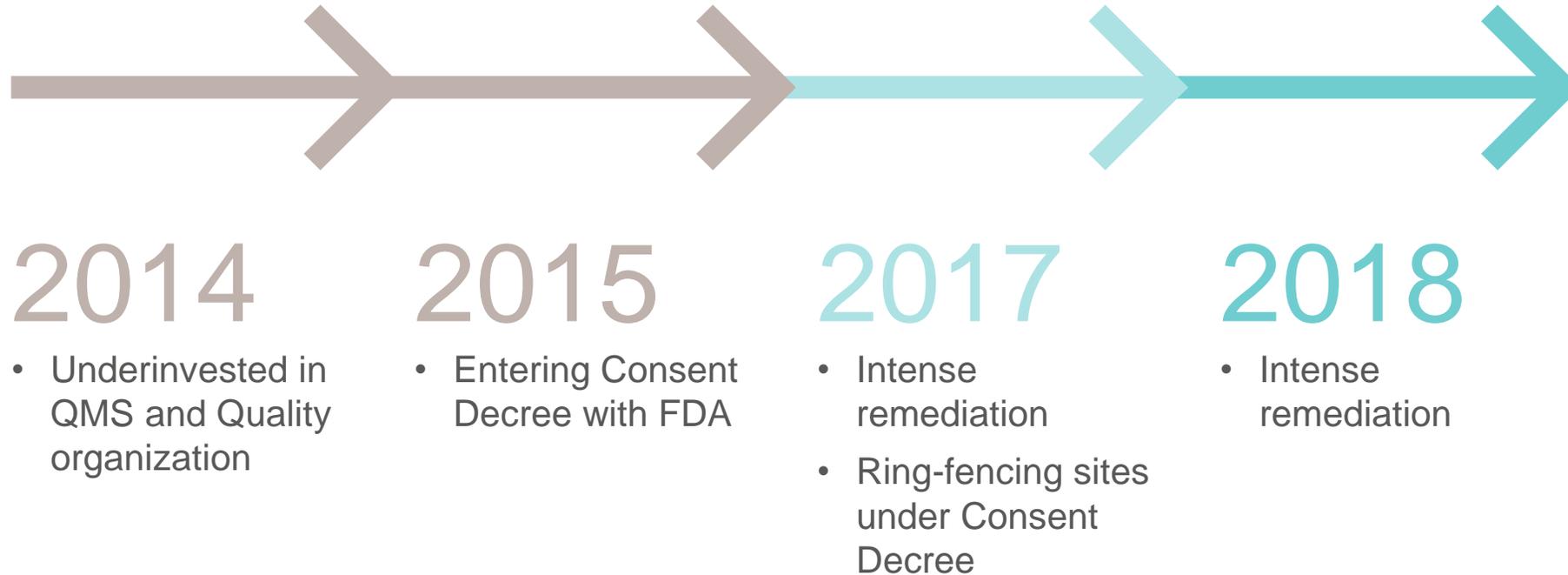
Lars Sandström, CFO

# Lena Hagman

Executive Vice President Quality and Regulatory Compliance

# Attention to Quality System & Compliance

Strengthened organization and Global QMS roll out – enabling productivity improvements going forward



## Remediation status on CD sites - US sites remediated by end of 2018

Site	Is the QMS remediated?	Is the product documentation remediated?
Wayne	Yes	Yes
Merrimack	Yes	Yes
Hechingen	Yes	2-3 years until fully remediated

# General update on Quality & Regulatory compliance related issues

- Warning Letter issued to Fairfield, NJ, September 2018
  - Gaps already identified internally and addressed Q4 2017
  - No patient risk related findings
  - Progress according to plan
  - No material financial impact
- Quality system preparation framework completed to support the Mahwah and Fairfield operations transfer to Wayne, NJ in 2020-2021

# Quality & Regulatory Compliance Strategy

## Purpose and targets

- Move away from remediation
- Move from local independent quality systems to one overarching quality system
- Less Certificates and Notified Bodies
- Gain productivity and efficiency
- Support company growth

## Status

- Remediation according to plan
- Base fully roll-outed Q1 2019 and prepared to support Business Area strategies
- Selected one Notified Body and transition plan developed

## Status on the European Medical Device Regulation process

- Progress according to internal plan
- Finalized according to Notified Body agreements
- Current Medical Device Directive (MDD) certification can be re-issued and effective until 2024
- Pruning the portfolio

# Short Break

# Global leader in Cardiovascular and Intensive Care

Acute Care Therapies  
Jens Viebke, President

GETINGE 

# Acute Care Therapies

## The Business Area in Brief

Solutions for life support and therapy in acute health conditions for

- Intensive Care
- Cardiovascular Surgery
- Cardiovascular Interventions

### The addressable market

- SEK 85 billion with expected organic growth of 2-4% per year

# Leading positions in all sub segments

The Business Area from a reporting perspective

## Acute Care Therapies

Product Area	Share of ACT's Net Sales*	Market growth estimate**	Products	Position
Critical Care	25%	4-5%	ICU Ventilators, Anesthesia, Hemodynamic Monitoring	1-4
Vascular Systems	20%	4-5%	Covered stents, Grafts, Thoracic Drainage	1-2
Cardiopulmonary	23%	2-3%	Heart-lung machines, Extracorporeal Life Support	1-3
Cardiac Systems	32%	1-2%	Intra-Aortic Counterpulsation, Endoscopic Vessel Harvesting, Beating Heart Surgery	1-2



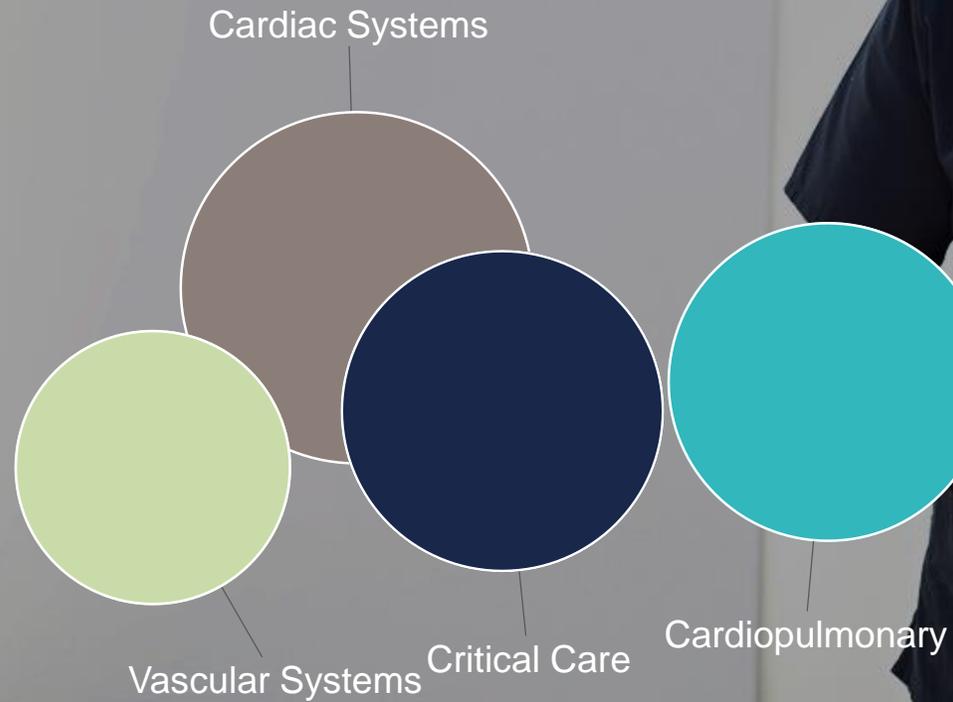
\* 2017

\*\*Organic growth estimate mid term, CAGR, based on Getinge's assessment of independent data sources.

# Highest profitability in Cardiac Systems and Cardiopulmonary

Highest growth in Cardiopulmonary and Critical Care

Gross Margin



Source: Getinge Q3 2018, LTM

Organic Growth

# Leading offerings towards distinctive needs

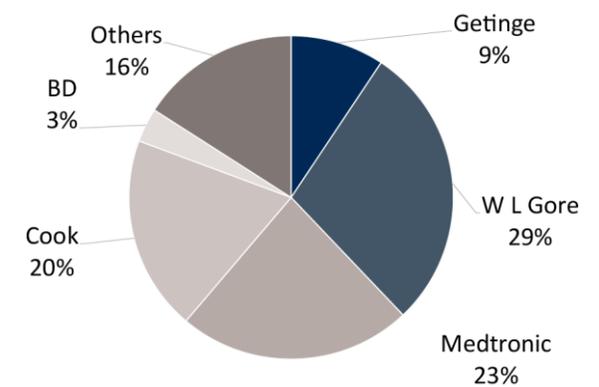
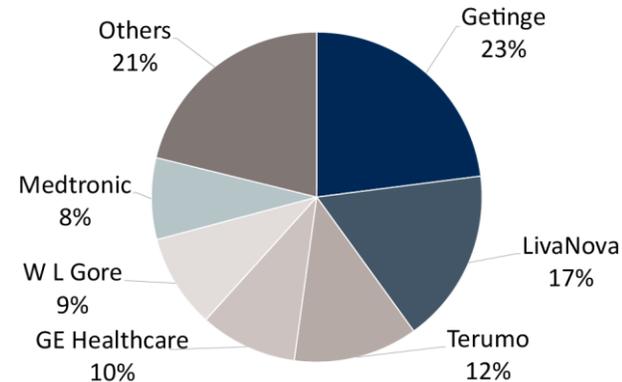
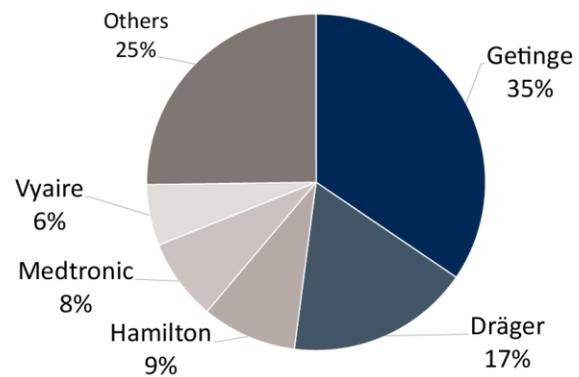
Our offering seen from a customer's perspective

	Intensive Care Systems	Cardiovascular Surgery	Cardiovascular Interventions
Critical Care	    <p>NICU Ventilation    ICU Ventilation    Adv Monitoring</p>	    <p>Anesthesia    HD Monitoring    ICU Ventilation</p>	
Cardiopulmonary	  <p>Extracorporeal Life Support</p>	   <p>Surgical Perfusion</p>	  <p>Extracorporeal Life Support</p>
Cardiac Systems	   <p>Intra-Aortic Counterpulsation</p>	   <p>Intra-Aortic Counterpulsation</p>     <p>EVH    LAAC    Beating Heart Surgery</p>	   <p>Intra-Aortic Counterpulsation</p>
Vascular Systems		     <p>Thoracic Drainage    Aortic Grafts    PV Grafts</p>	 <p>Covered Stents</p>

# Strong global leader in key areas in the hospital

Sharp offering concentrated to three areas

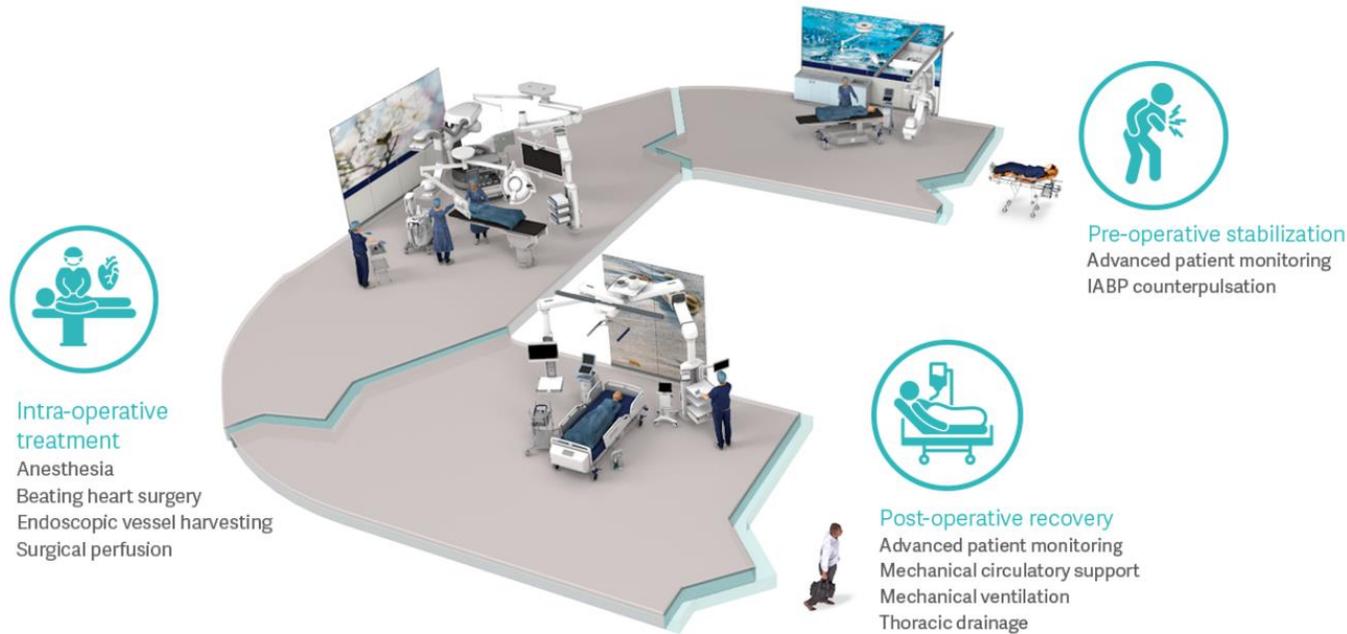
	Intensive Care Systems	Cardiovascular Surgery	Cardiovascular Interventions
Hospital Areas	Intensive Care Units	Cardiovascular ORs	Cathlabs, hybrid ORs
Products	Ventilators Hemodynamic Monitoring Extracorporeal Life Support IABP	Heart-Lung Machines, Heater-Cooler Units Anesthesia system EVH, Beating heart devices, LAAC device Vascular grafts IABP Hemodynamic monitoring	Intra-Aortic Counterpulsation Covered stents
Market growth	3-4 %	1-2 %	4-5 %



Market share estimates is based on Getinge's primary products for each segment. For Intensive Care system, this means that Intra-Aortic Counter pulsation is excluded in the estimate. For Cardiovascular Surgery this means that Intra-Aortic Counter pulsation and Hemodynamic Monitoring is excluded in the estimates. For Cardiovascular Interventions this means that stent-grafts is a part of the stent market.

# Benefitting from the leadership in Coronary Artery Bypass Surgery

Getinge has the broadest offering



	Heart-lung machines	Beating Heart Surgery	Endoscopic Vessel Harvesting	Intra-Aortic Counterpulsation	Hemodynamic Monitoring	Thoracic Drainage	Anesthesia Systems	ICU Ventilation
<b>GETINGE</b> ✱	Green	Green	Green	Green	Green	Green	Green	Green
<b>Medtronic</b>	Green	Green	Green	Green	Green	Green	Green	Green
<b>TERUMO</b>	Green	Green	Green	Green	Green	Green	Green	Green
<b>LivaNova</b>	Green	Green	Green	Green	Green	Green	Green	Green
<b>Teleflex</b>	Green	Green	Green	Green	Green	Green	Green	Green
<b>Edwards</b>	Green	Green	Green	Green	Green	Green	Green	Green
<b>GE Healthcare</b>	Green	Green	Green	Green	Green	Green	Green	Green
<b>Dräger</b>	Green	Green	Green	Green	Green	Green	Green	Green

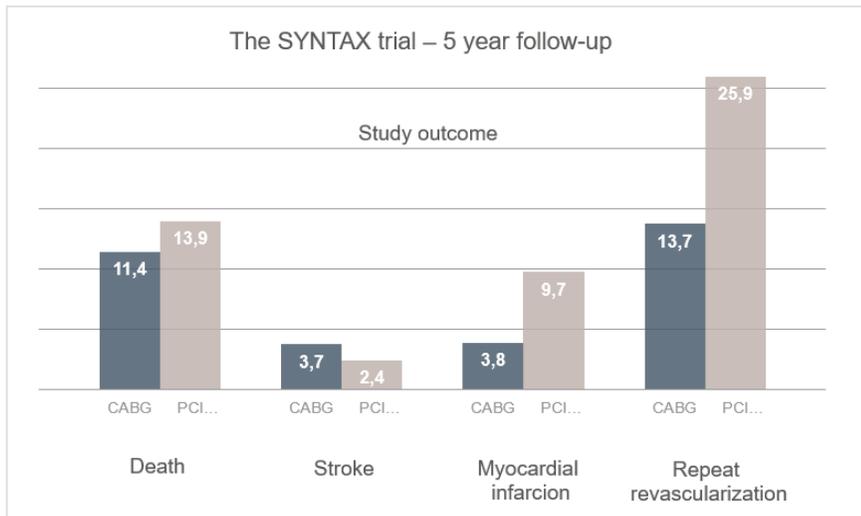
# Benefitting from the leadership in Coronary Artery Bypass Surgery

## CABG compared to Percutaneous Coronary Intervention (PCI) with stents

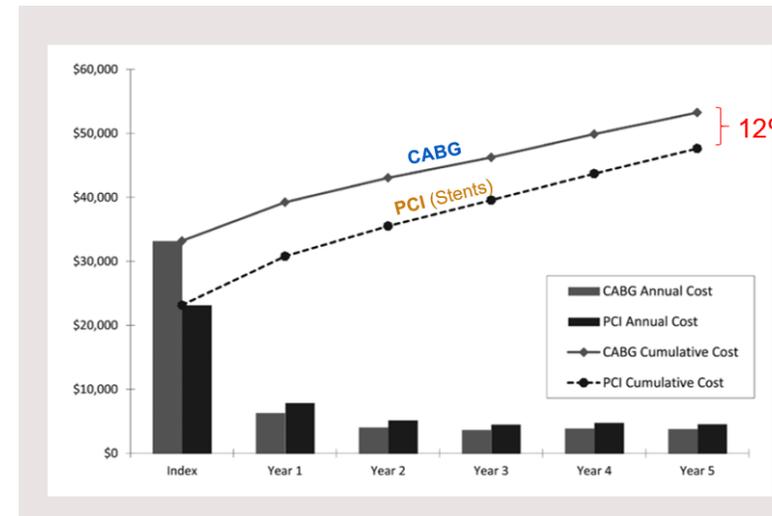
1. Better outcomes for a large patient subgroup
2. Attractive from a total economic outcome perspective – lower annual cost the years after surgery than PCI
3. CABG is growing outside high income markets
4. Opens up for offering solutions focusing on outcomes rather than specific products

Region	CABG cases 2016	CABG cases 2022	CABG growth 2016-2022
GLOBAL	959 355	1 032 612	1,2%
High Income Regions (incl US)	443 122	419 651	-0,9%
Mid & Low Income Regions	516 233	612 961	2,9%

Source: Getinge internal analysis



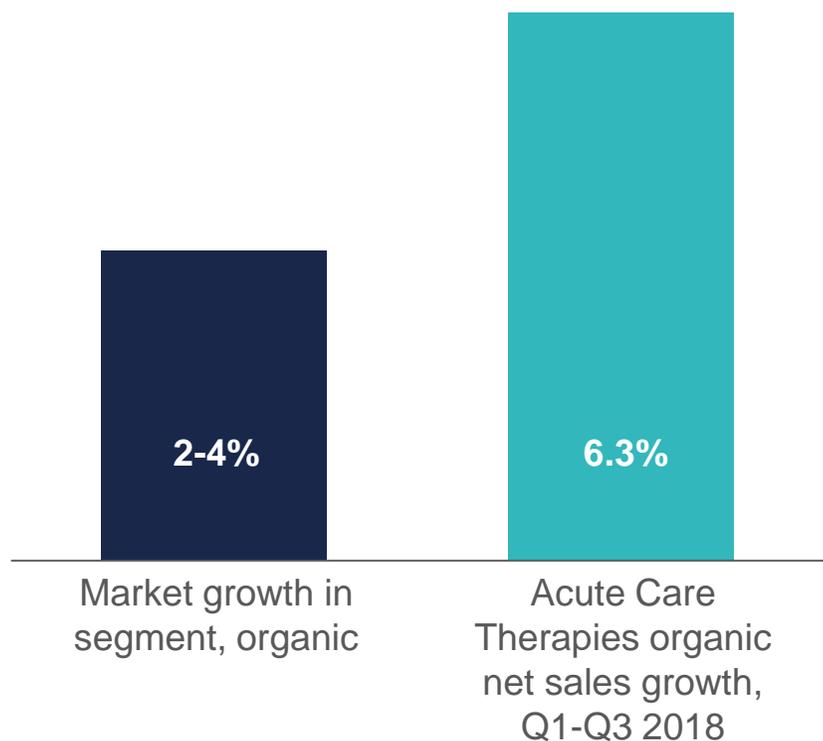
Source: Mohr et al, Coronary artery bypass graft surgery versus percutaneous coronary intervention in patients with three-vessel disease and left main coronary disease: 5-year follow-up of the randomized, clinical SYNTAX trial *The Lancet* 2013;381:629-638



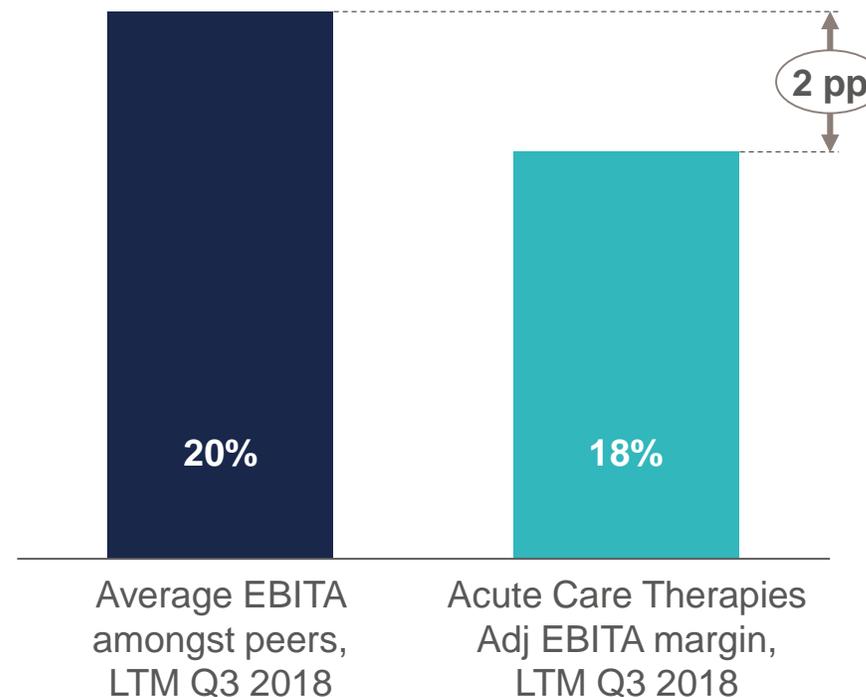
Source: Cohen et al, Cost-Effectiveness of Percutaneous Stents Versus Bypass Surgery for Patients With 3-Vessel or Left Main Coronary Artery Disease *AHA journals* 2014; 1146-1169

# Positive growth signs, but profitability needs to be improved

## Growth has returned to a healthy level



## Opportunities to improve EBITA



Source: FactSet. Period: LTM Q3 2018.

## Short term actions for margin improvement

- Sub-assembly outsourcing to best cost suppliers
- Improved category and vendor management
- Process and organizational optimization post remediation efforts
- Selective sales focus on higher margin growth opportunities

## Focus areas long term

**Growth through  
Innovation**



**Reinforce capability  
to develop and sell  
integrated solutions**



**Strategic  
partnerships**

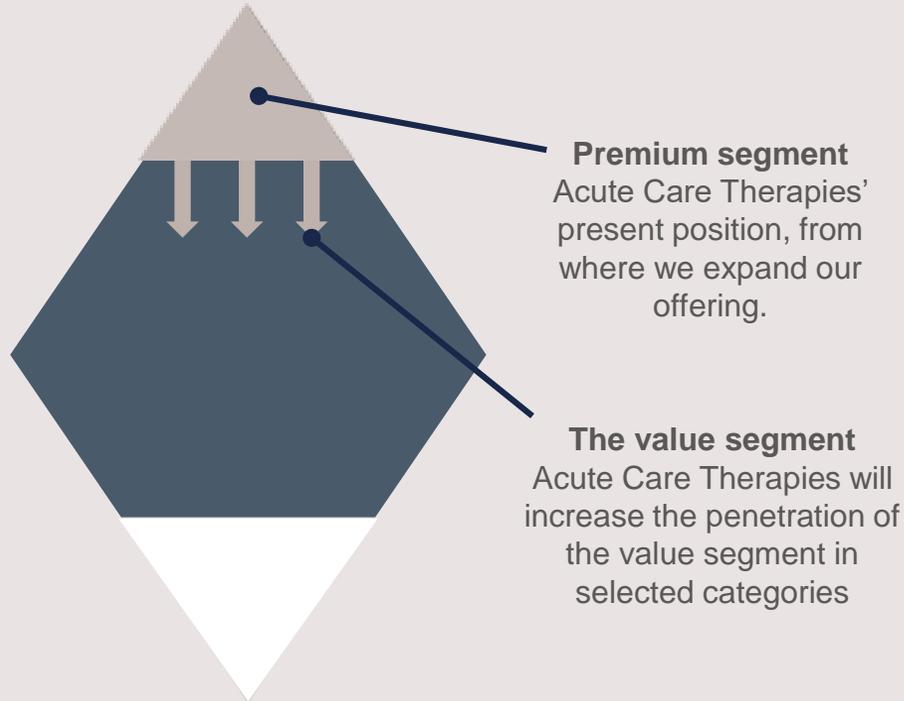


**Improve  
productivity in  
operations**



**Enabled by connectivity and digitalization**

# Expand the offering in order to capture growth in value segment



80%  
of the portfolio  
today

20%  
of the portfolio  
today

	Ventilation	Anesthesia	ECLS
Premium	 Servo-U	 Flow-i	 Cardiohelp
Value	 Servo-air	 Flow-c	 Rotaflow

# Summary key activities long term

To grow with the market and improve earnings

## Long term actions for growth

- R&D focus on solutions significantly improving patient outcomes and/or treatment cost
- Potential acquisitions to capitalize on cross-selling synergies
- Exploring new business models in partnerships with key customers and other partners

## Long term actions for productivity improvement

- Development and utilization of technology platforms across ACT and Getinge
- R&D investment in driving down COGS
- Selective footprint consolidations and continued cash flow improvement focus

# Safer surgeries Reduced infections Efficient operations

Surgical Workflows

Stéphane Le Roy, President

# Surgical Workflows

## The Business Area in Brief

### Surgical Workflows offering

- Sterilization: Equipment and consumables for safe and efficient reprocessing of instruments used in operations
- Operating Rooms: Tables, lights and other high-quality equipment
- Advanced software for efficient and secure hospital workflows
- Product life-long service activity on installed base

### The addressable market

- SEK 62 billion with expected organic growth of 2-4% per year

# A leading offering in key areas in the hospital

Integrated solutions to manage patient, staff and instrument workflows to optimize surgical efficiency

## Complete Range of Sterile Flow Equipment & Consumables



Sterilizers



Indicators



Washers



Low Temp Sterilization

Global Position #1-3



Patient flow

Instrument flow

## Supported by:

- Global service network
- Global academy
- Getinge Hospital Infrastructure Management
- Financing Solutions

## Extensive Range of Surgical Infrastructure Equipment



Tables



Lights



CSU systems



Anesthesia

Global Position #1-3

## Integrated Workflow Solutions



OR Management & OR Integration



Sterile Supply Management



Patient Flow Management

Global Position #1-5

# Providing efficiency and enable surgeries

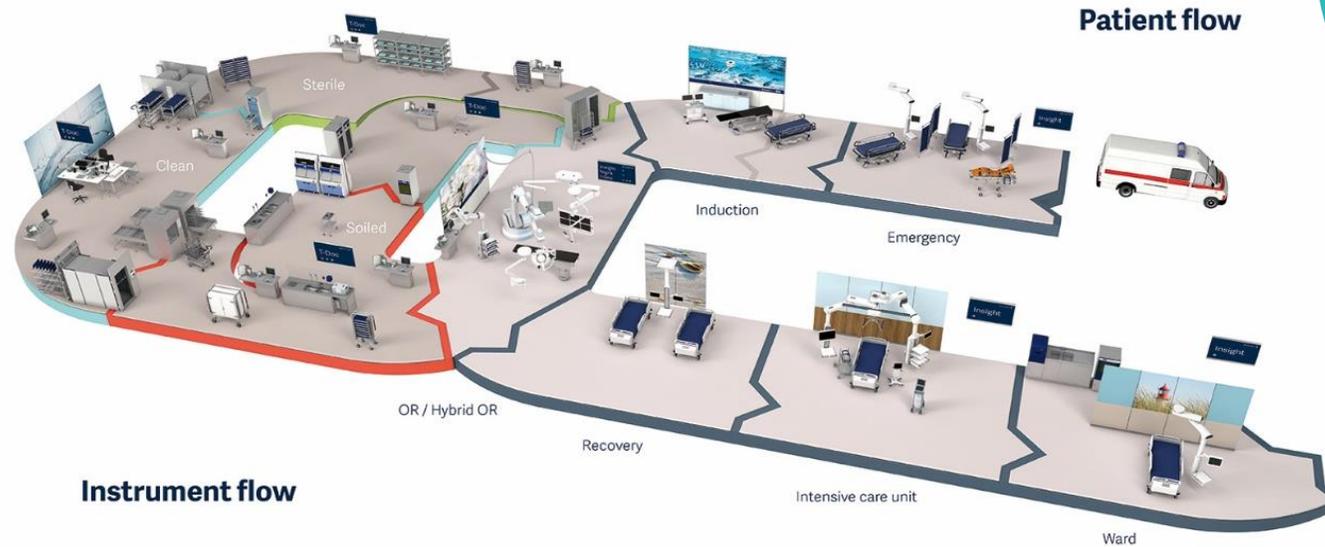
In the Eco Systems of Sterile Flow and Surgical procedures

Addressable market of 62 Billion SEK  
Organic growth of 2-4%

Global Position #1-3

## Sterile flow

- **Industry specific trends:** Low Temp Sterilization, Outsourcing of CSSD's, Automation, Digitalization
- **Competitors:** Steris, Steelco/Miele, Shinva, Belimed, 3M, Censis, Teletracking and local IT companies



Global Position #1-3

## Surgical Procedure

- **Industry specific trends:** Minimal Invasive Surgery, Ambulatory Surgery Centers, Digitalization, Robotic surgery, Hybrid OR's
- **Competitors:** HillRom/Trumpf, Steris, Stryker, Mindray, Dräger, Karl Storz, Olympus

# New Royal Adelaide Hospital in Australia

One of the largest projects in Getinge's history



# Markets trends impacting the Surgical Workflows business



**Ageing** population and increased need for healthcare



Increase in minimal invasive surgery, ambulatory care & **Robotic surgery**



**Globalization** and importance of new markets



**Digitalization** enabling new solutions and possibilities to improve efficiency



**Austerity measures** in mature healthcare systems, consolidation of hospitals

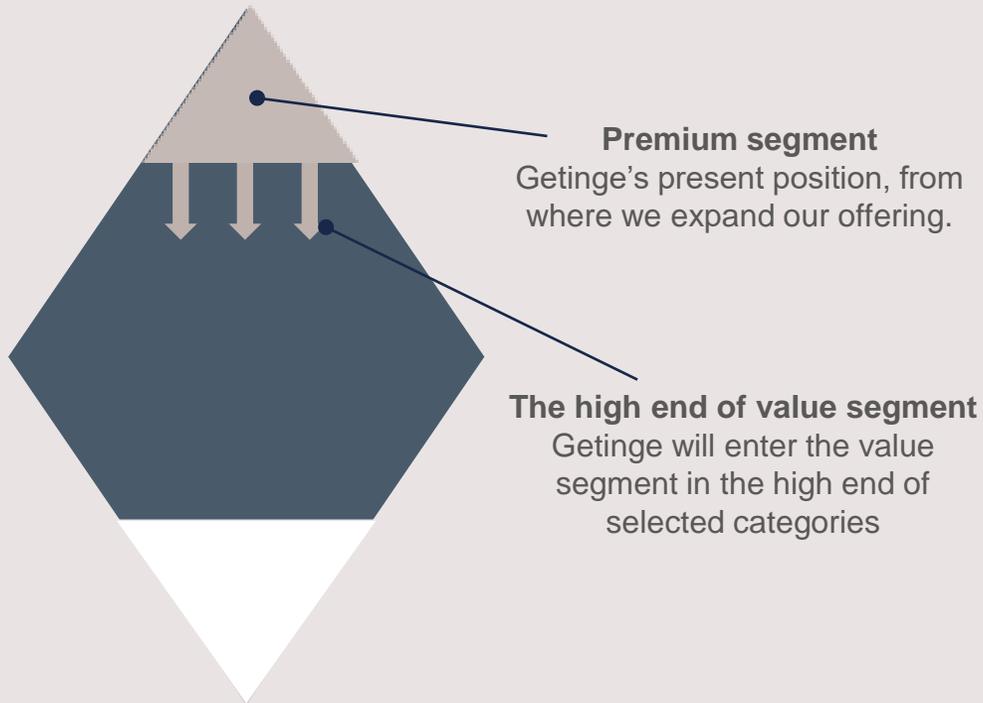
# Our digital strategy

Present and future

	Today	Tomorrow
<b>Digital Healthcare</b>	Software for OR Scheduling and Patient flow	
<b>Digital Equipment</b>	Connectivity and remote maintenance of our equipment	Big data and predictive maintenance
<b>Digital Customer Experience</b>	iPad real time service reporting	Online education and integrated online transactions
<b>Digital Getinge</b>	ERP and QMS harmonization	Process automation

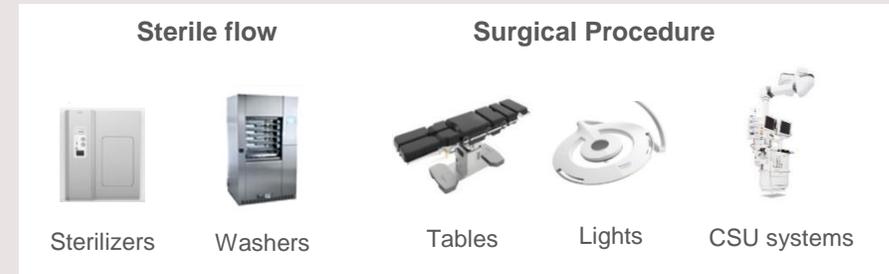


# Disciplined product segmentation and frugal innovation



~95%  
of the portfolio  
today

~5%  
of the portfolio  
today

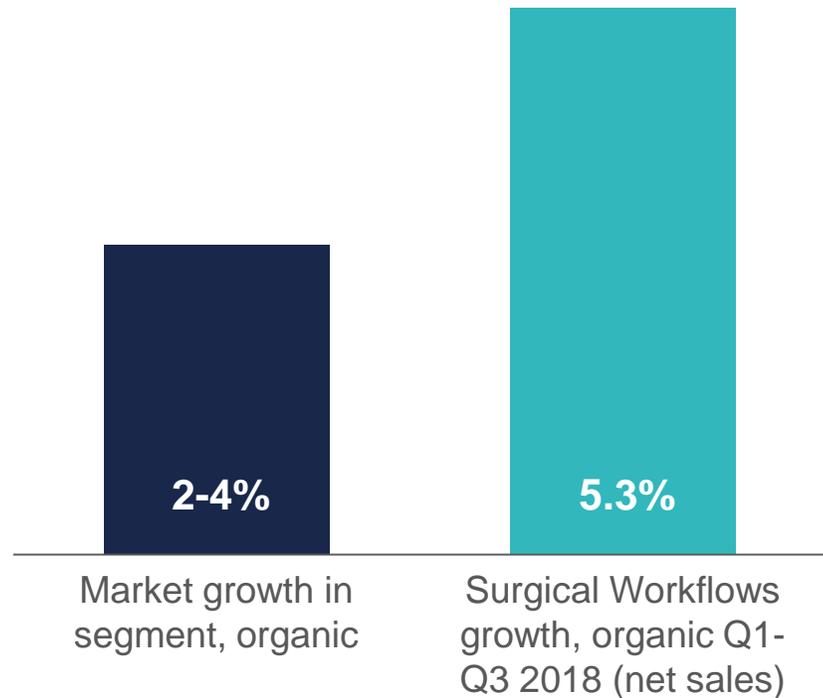


\*) Will be launched in 2019

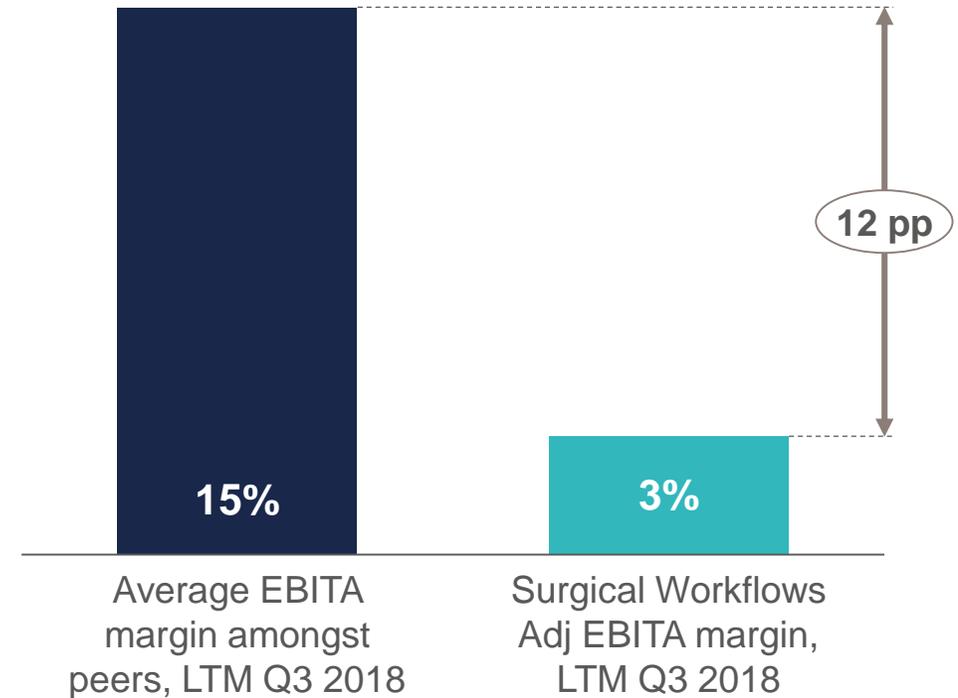
# Healthy revenue growth, but falling short on margins

EBITA needs to be improved going forward

## Outperforming market growth



## Significant profitability gap vs. industry standard



The average EBITA margin amongst peers was ~15% LTM Q3 2018 according to FactSet. The range is wide, from 2.5% to 25%.

# Ongoing actions for margin improvement

Continuous focus on productivity improvement

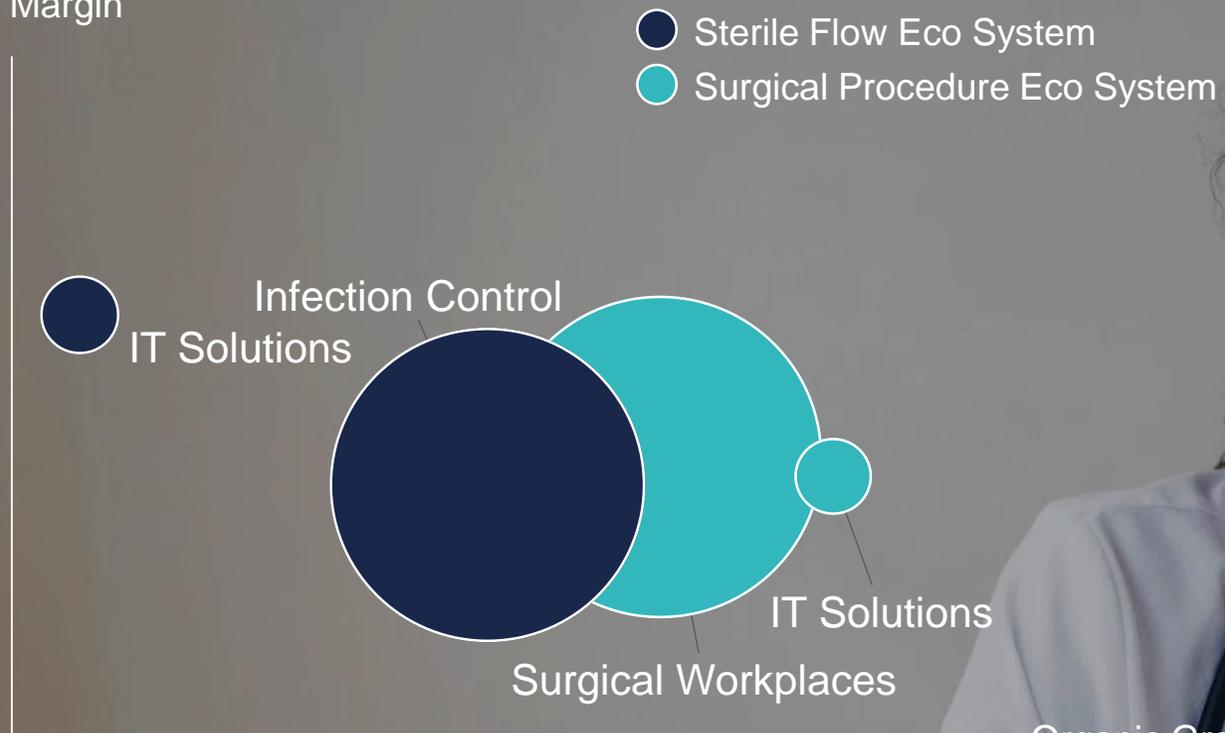
- Purchasing rationalization
- Productivity and manufacturing efficiency in production sites
- Discipline in expense control
- Service efficiency (First time fix, smart scheduling)



# Reinforce our core offering, capture emerging niche opportunities

Strong potential in all product categories

Gross Margin



Source: Getinge, Q3 2018, R12

# Focus areas for long term growth and margin improvement

**Growth through  
Innovation**



**Growth through  
focus in US and  
Emerging Markets**



**Growth through  
Customer  
Centricity**



**Profitability  
through  
Efficiency**



# Growing with Biopharma customers

Life Science

Harald Castler, President

# Life Science

## The Business Area in Brief

### Equipment, technical expertise and consultation to prevent contamination in

- Pharma and Medical device production
- Lab
- Medical Research

### The addressable market

- SEK 23 billion with expected organic growth of 3-5% per year

# Strong positions in attractive customer segments

The Business Area from a reporting perspective

## Life Science

Market growth estimate*	Products	Position
3-5%	Sterilizers, Washers, Sterile Transfer, Isolators	1-4



Sterilizers



Washers



Isolators



Sterile Transfer

\*Organic growth estimate mid term, CAGR, based on Getinge's assessment of independent data sources.

# Large potential to grow within Biopharma

The Business Area from a customer's perspective



## Pharma & Medical Device Production

**Sterilization and cleaning solution for pharma and medical device production. Largest growth in the Biopharma segment (biological drugs) with sterile transfer solutions**

- Share of sales, 68 %
- Market Growth, 6 % CAGR
- Getinge's position, 2
- Getinge's market share, 20 %
- Main competitors: Steris, Telstar, Fedegari, Belimed, Steelco, Sartorius



## Lab

**Dedicated washers and sterilizers for all Laboratory applications**

- Share of sales, 20 %
- Market Growth, 3 % CAGR
- Getinge's position, 4
- Getinge's market share, 15 %
- Main competitors: Steris, MMM, Steelco/Miele, Astell, Belimed, Tuttenauer



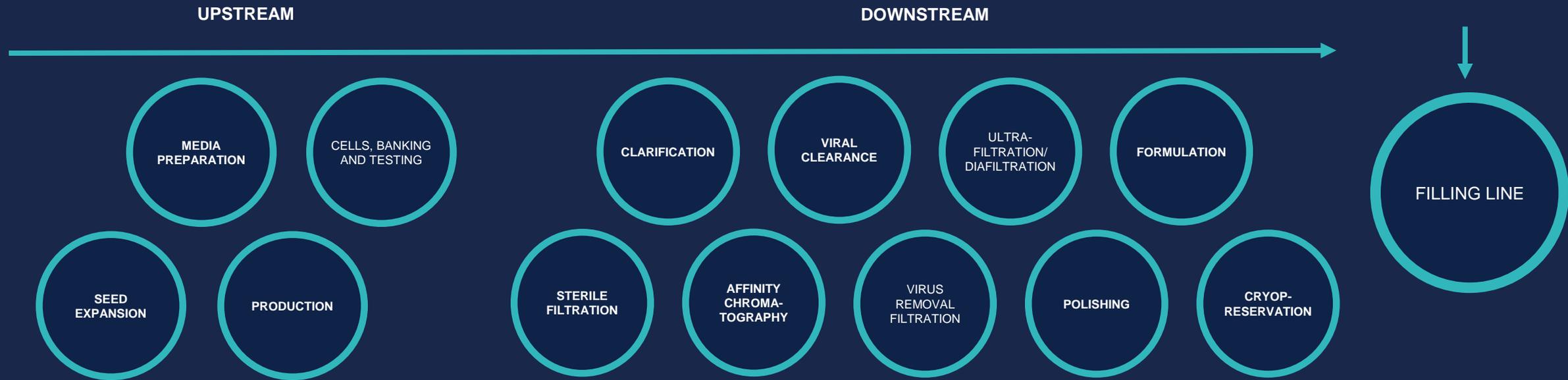
## Medical Research

**Solutions for washing and sterilization of animal cages in animal research including automation**

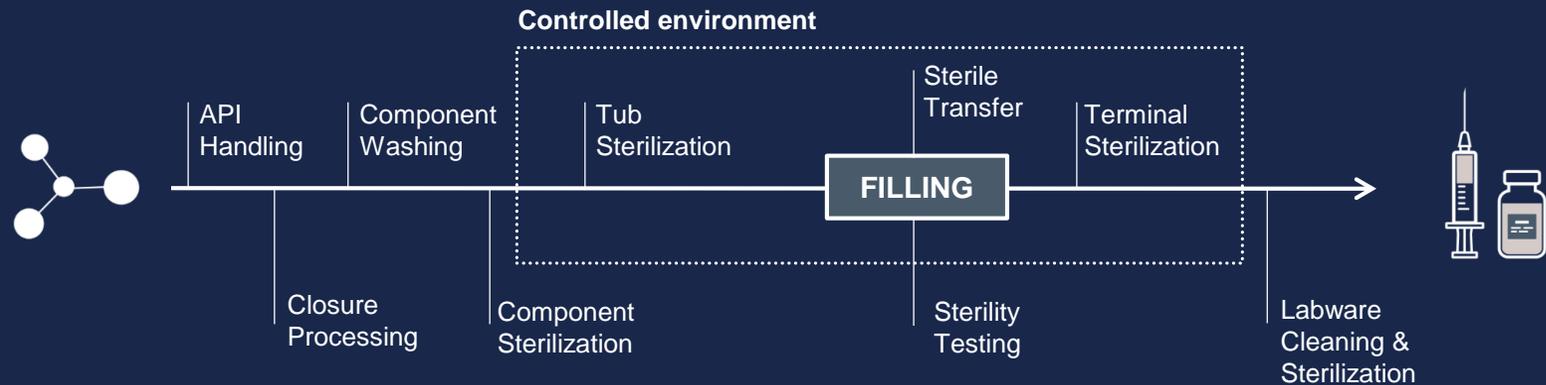
- Share of sales, 12 %
- Market Growth, 4 % CAGR
- Getinge's position, 3
- Getinge's market share, 8 %
- Main competitors: IWT, Steelco, Tuttenauer, Steris



# The Biopharma value stream



# The Filling Line



# B Braun – one of the world’s largest suppliers of infusion systems

Successful delivery driving additional orders

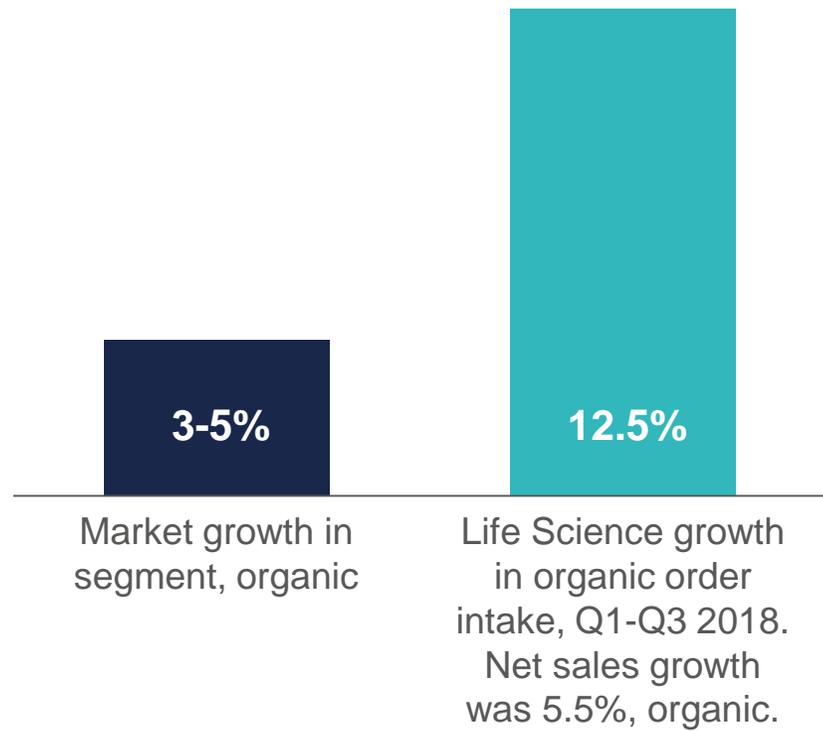
**B | BRAUN**  
SHARING EXPERTISE



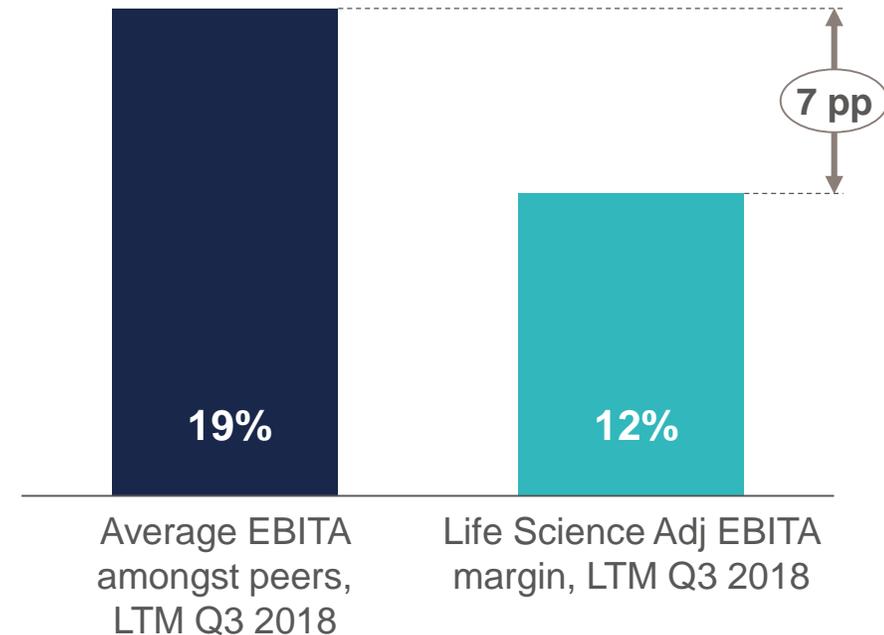
# Positive growth signs, but opportunity to improve margins

EBITA needs to be improved going forward

## Growth on a healthy level



## Move closer to Peer average on EBITA

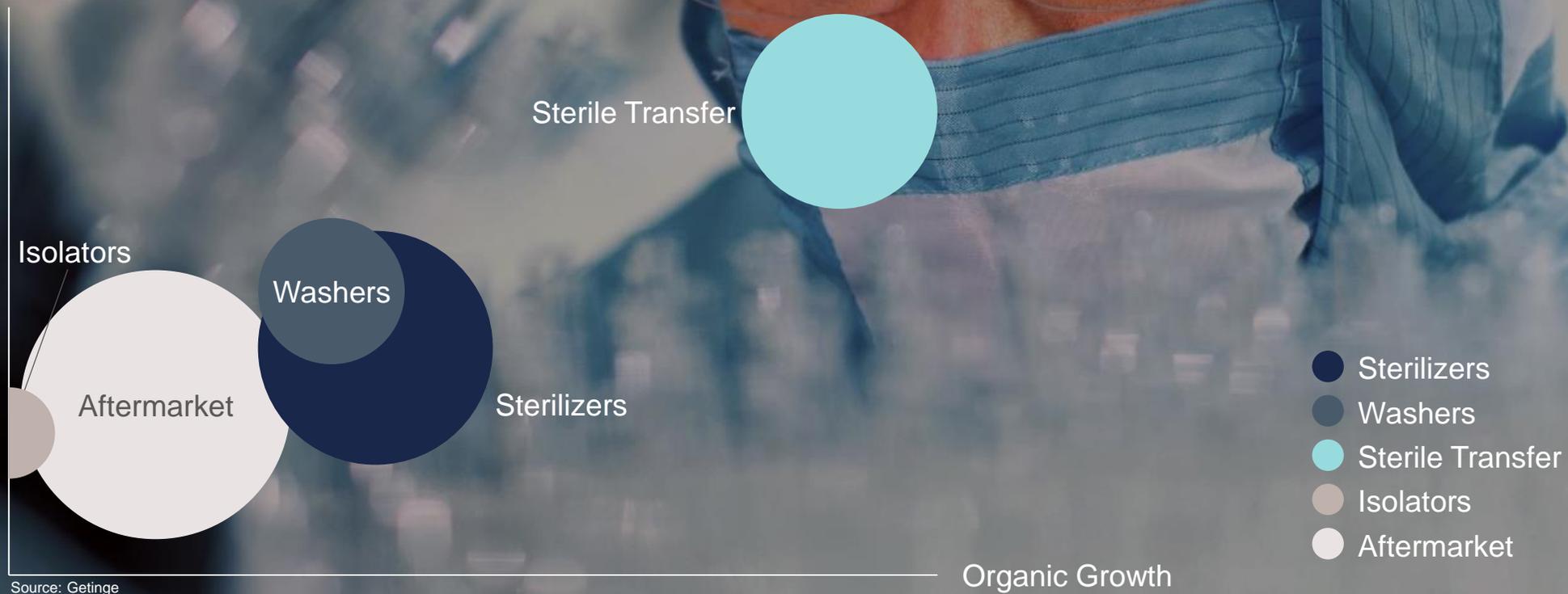


Source: FactSet. Period: LTM Q3 2018.

# Sterile Transfer has good opportunities

both on growth and margins

Gross Margin



# Key activities short term

To grow with the market and improve earnings

- **Lean manufacturing Washers**
  - Capacity up 25%
  - Cogs down 4%
- **Leverage design improvements Sterilizers**
  - Capacity up 15%
  - Cogs down 5%
- **Insourcing of semi finished Beta-bags (15% of volumes)**
  - Cogs down 5%
  - Inventory and quality improvements
- **Pruning of isolator portfolio**
  - Improve profitability
  - Reduce complexity



## Focus areas long term

**Growth through  
Innovation together  
with customers**



**Grow with  
Biopharma  
customers**

**Leverage on  
aftermarket  
business**



**Profitability  
through  
Efficiency**





**GETINGE**

PASSION FOR LIFE

## Forward looking information

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.