Q1 Report 2020

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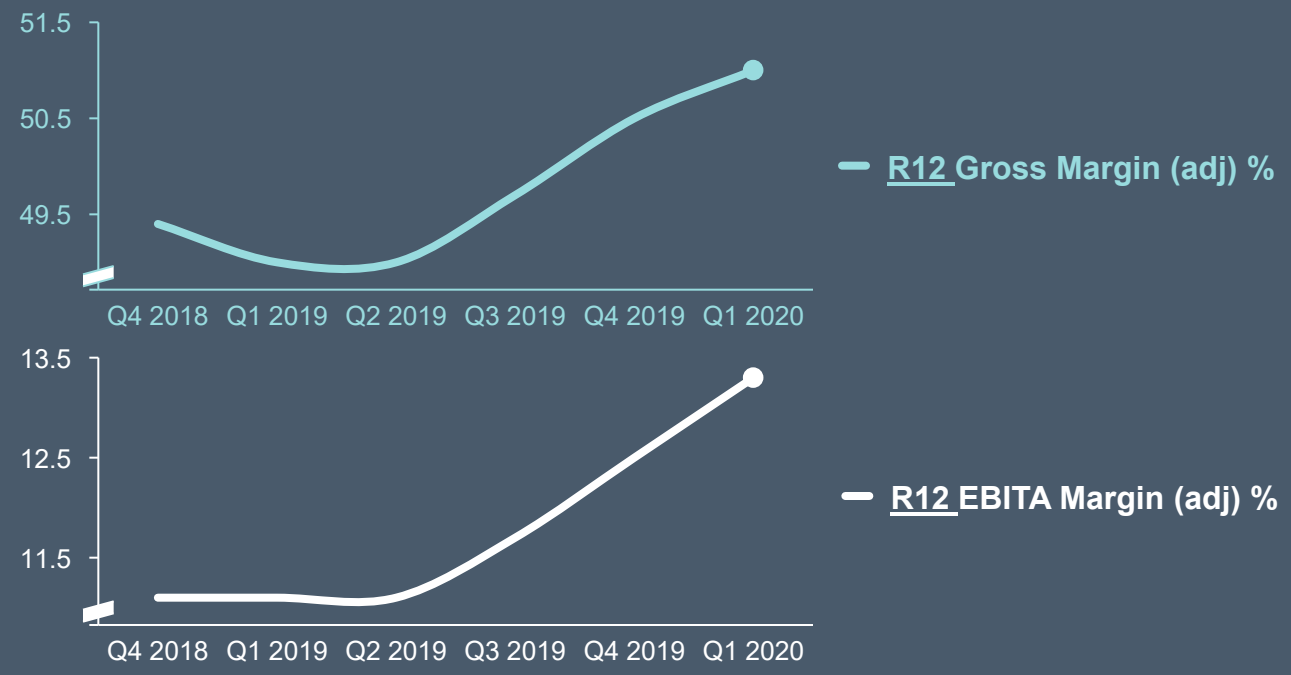
GETINGE

Key takeaways – performance

Q1 2020

- Exceptional order growth
- Sales growth continues
- Increasing margins
- Strong Cash Flow
- Leverage improved to 2.4 (3.4)



Leverage defined as net interest-bearing debt in relation to adjusted EBITDA R12M, multiple

COVID-19 impact on the business - status

Order intake

- ↗ Acute Care Therapies (Critical Care and Cardiopulmonary)
- ↘ Products for elective surgery
- ↘ Surgical Workflows and Life Science

Supply & Logistics

- ↘ Components being the bottleneck, supporting our suppliers to ramp up
- ↗ No negative impact from interruptions in logistics and distribution

Production

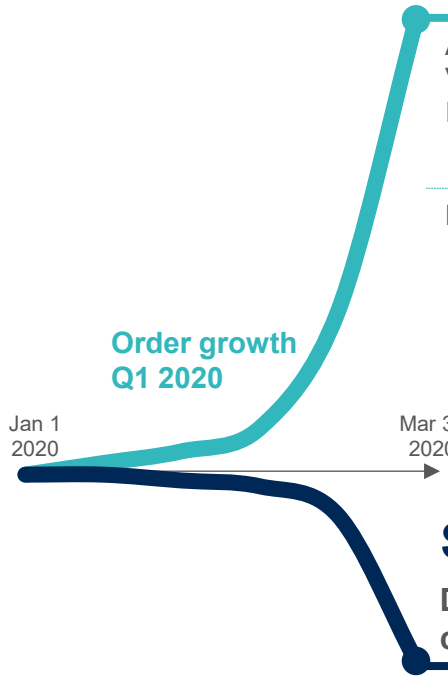
- ↗ Few interruptions – well structured and disciplined risk mitigation
- ↗ 160% ramp up in capacity in ventilators
- ↗ Prepared for adjustments if needed

Financials

- ↗ Improved margins due to mix
- ↗ Strong cash flows – but an increase in Working Capital to be expected
- ↗ High levels of liquidity

Order intake Q1 2020

– two divergent trends



Acute Care Therapies

Driving categories	Getinge's position	Global trend	Getinge's actions
Advanced Ventilators for ICU's	World leader ~25 % market share.	Extremely high demand for advanced ICU ventilators. Recent global volume increase largely taking place in mid acuity and sub acuity ventilators.	Increasing capacity in ICU ventilators by 160% to 26 000 ventilators.
ECMO	World leader ~70 % market share.	High activity. Strong demand for both hardware and consumables. Few competitors.	Investing in capacity increase. Shift in product mix towards to the more advanced consumables.

Surgical Workflows

Driving categories	Getinge's position	Global trend	Getinge's actions	Production lead time
Surgical Workplaces	World leader 10-18 % market share.	Low activity. External sources expect delays in elective surgery to last for 3-6 months.	Furloughs/temporary layoffs to balance capacity (and cost) with demand	<1 Quarter
Infection Control	# 1-2 in the world 10-20 % market share.	Low-Mid activity, increased interest for low temp sterilization.	Furloughs/temporary layoffs to balance capacity (and cost) with demand	1-2 Quarters

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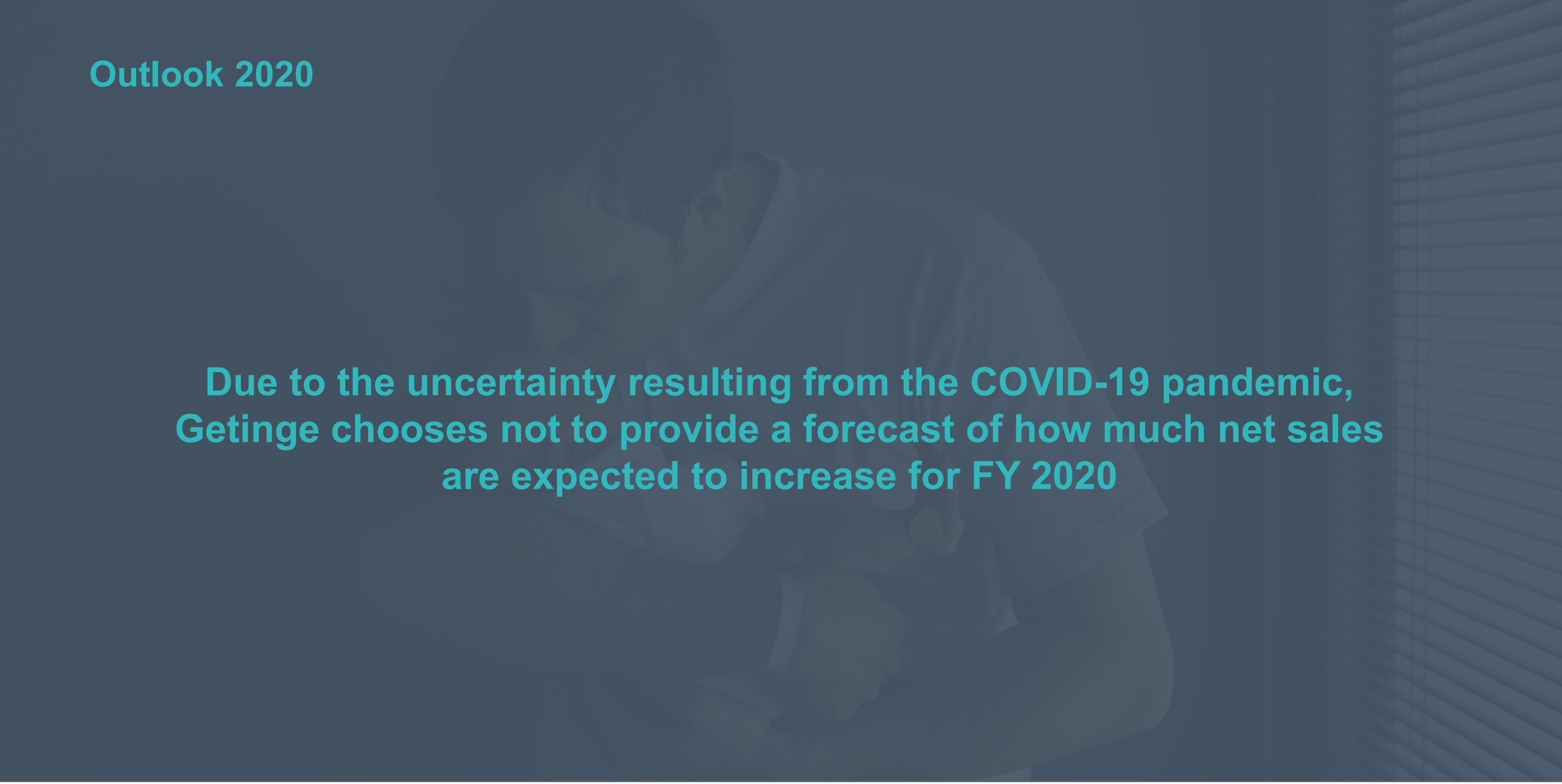
Outlook 2020



Due to the uncertainty resulting from the COVID-19 pandemic, Getinge chooses not to provide a forecast of how much net sales are expected to increase for FY 2020

Key takeaways – other

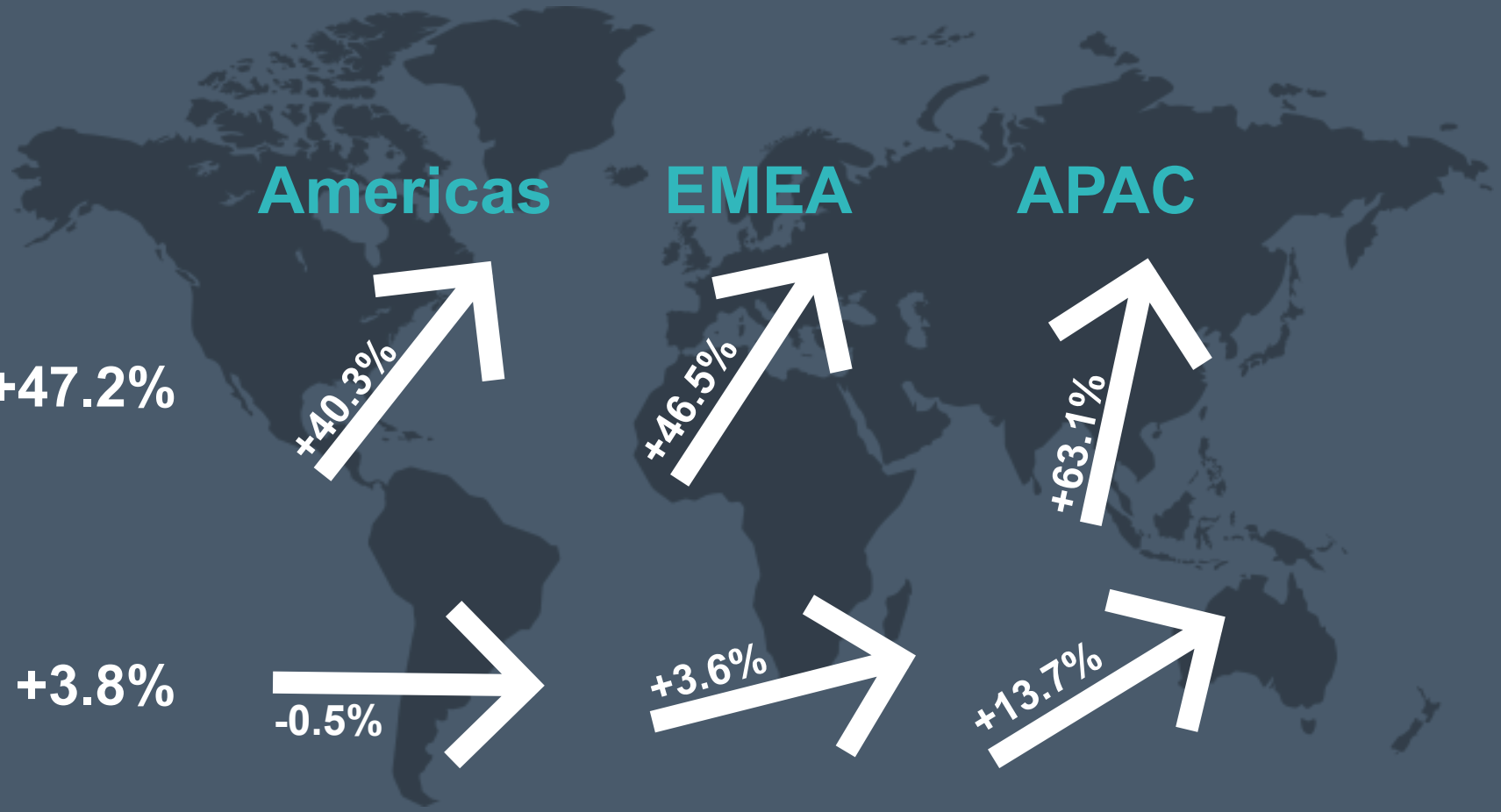
Q1 2020

- Operational leverage coming through
  - Positive impact from restructuring activities in 2019
  - Productivity gains in production
- The ventilator production unit received EU MDR certification*
- Decision to gradually ramp up production capacity related to ECMO
- Several product launches, for example Torin, a complete OR management software

*EU MDR: A new regulatory framework for medical devices which ensures a high level of safety and health whilst supporting innovation.

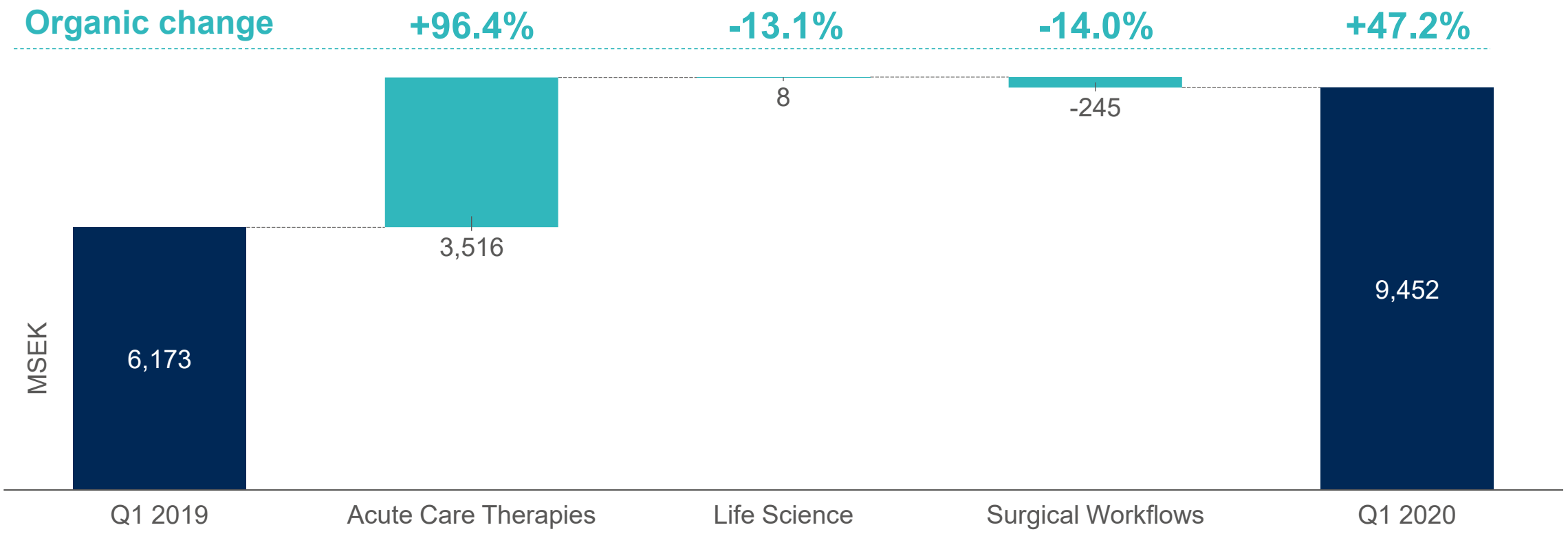
Order growth in Q1 – highly correlated with the spread of COVID-19

Only a small part of orders converted into net sales in the quarter



Order Intake per business area

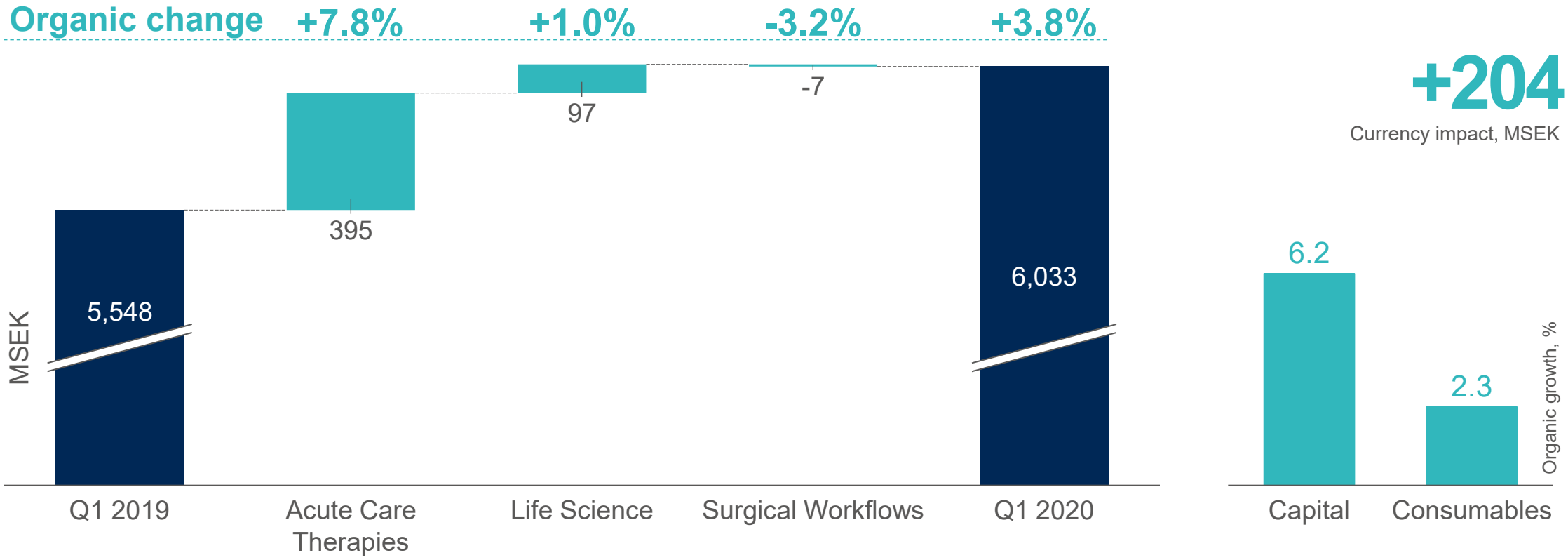
Bridge Q1 2019 - Q1 2020



The figures in tables and charts in Getinge's financial statements are no longer rounded (as was done in the past for tables and charts to sum up correctly). The change is made for practical reasons and has no material impact.

Net Sales per business area

Bridge Q1 2019 - Q1 2020



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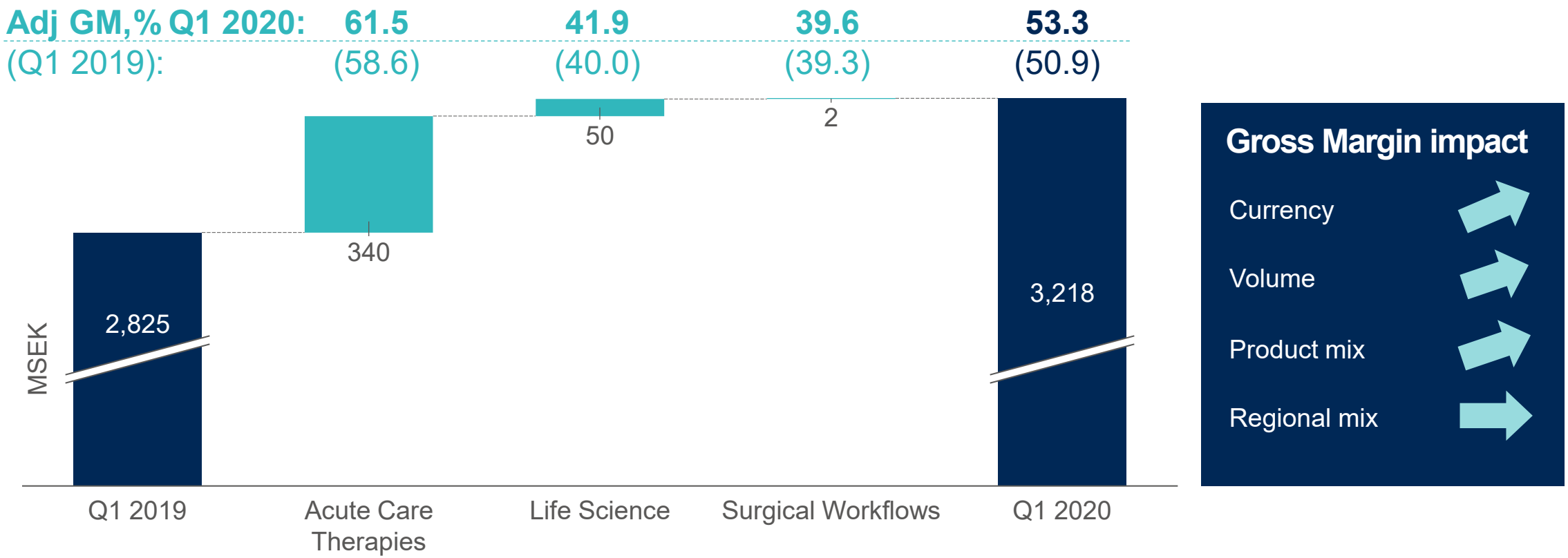
Adjusted Gross Margin development Q1 2020

Bridge Q1 2019 - Q1 2020



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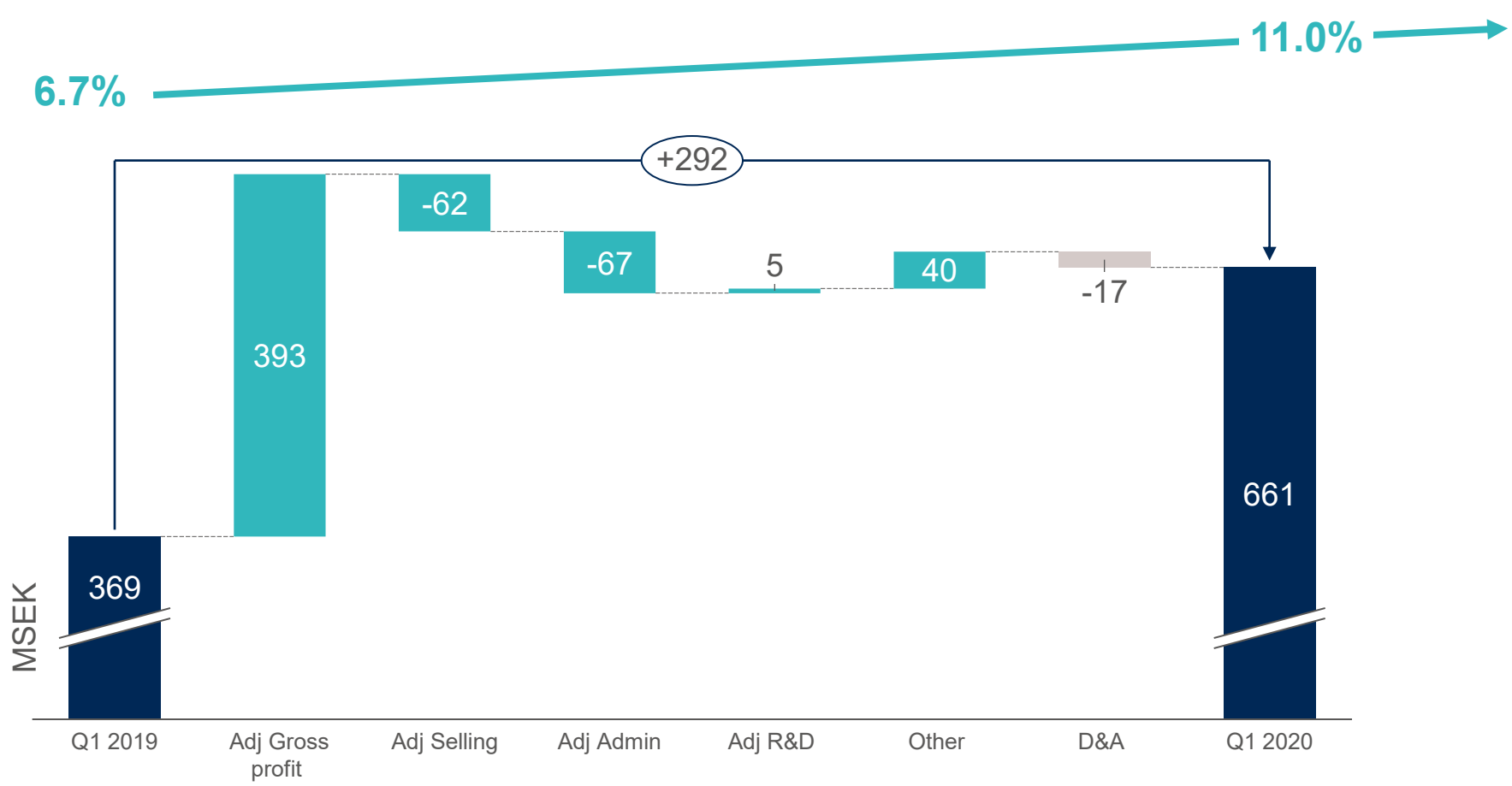
Financial development

Adjusted EBITA

Bridge Q1 2019 – Q1 2020



Margin improvement

+2.0 pp	Currency
+1.0 pp	GP
+1.0 pp	OPEX
+0.3 pp	Depreciation

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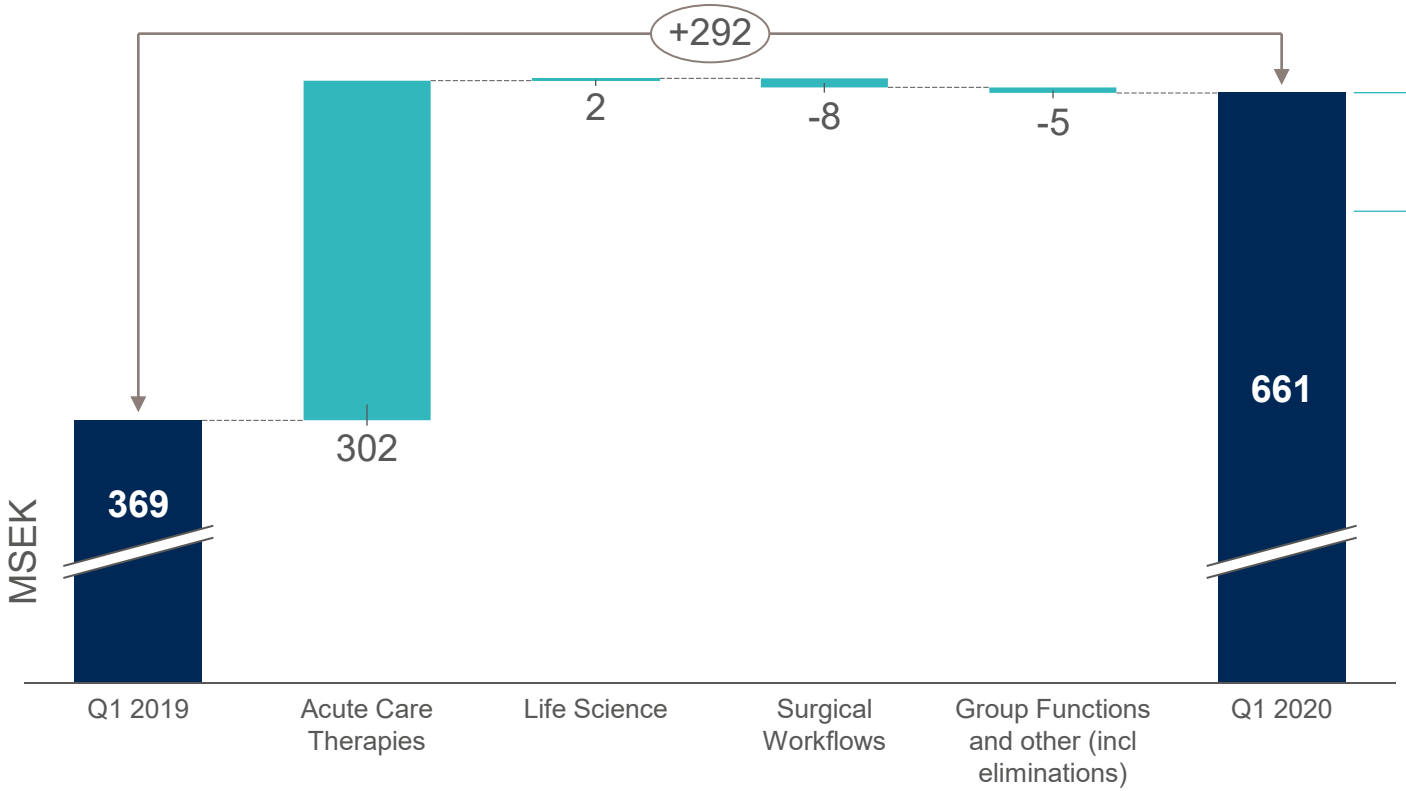
Adjusted EBITA

Bridge Q1 2019 – Q1 2020



+ 139

Currency effect, MSEK

	Jan-Mar 2020	Jan-Mar 2019	Total effect
Currency effect on adjusted EBITA	58	-81*	**139**

*Reported negative hedge outcome Jan-Mar 2019. Total negative hedge outcome FY 2019 amounted to -25 MSEK.

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Update on the tax situation

Reported effective tax rate FY 2019 34.2%

Impacted by new US tax regulation with “fixed” taxes on internal payment flows

Reported effective tax rate in Q1 2020 35.1%

- Due to seasonality and the US tax regulation
- Expecting a decline during the year towards 30-32% depending on country mix

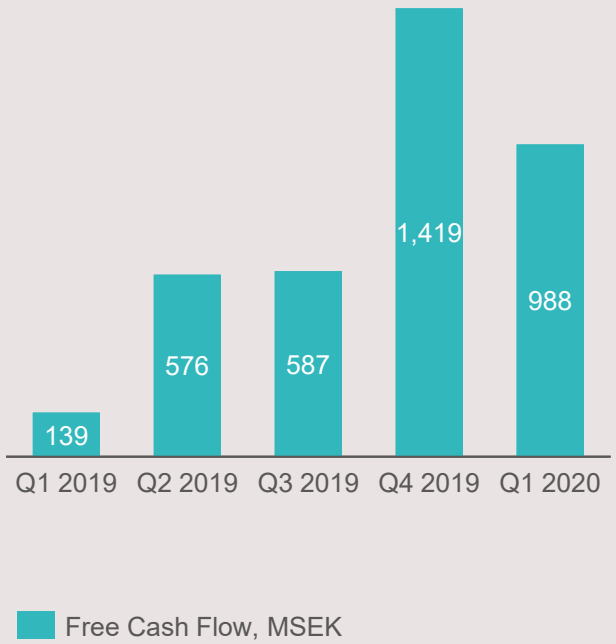
Paid tax lower than reported tax

- Due to unutilized tax losses carried forward
- Getinge expects to continue to utilize tax losses carried forward

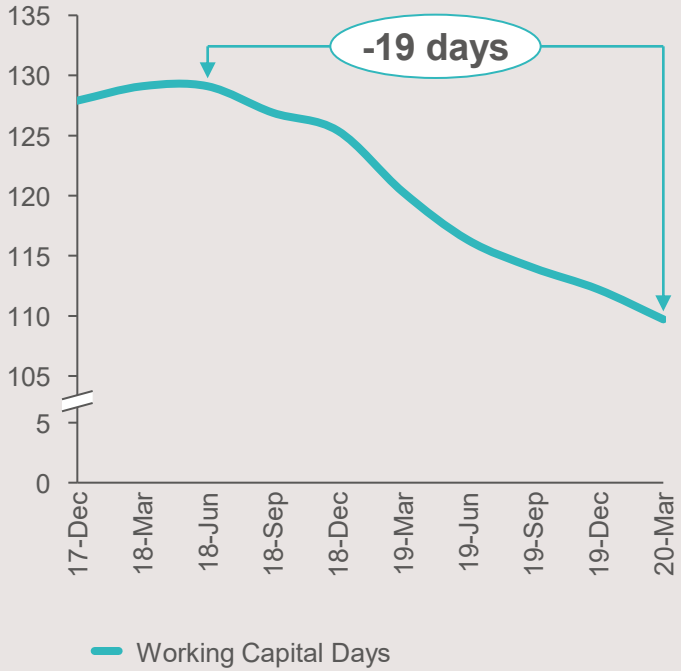
Improved free cash flow, working capital and reduced leverage

Continued efficiency enhancements

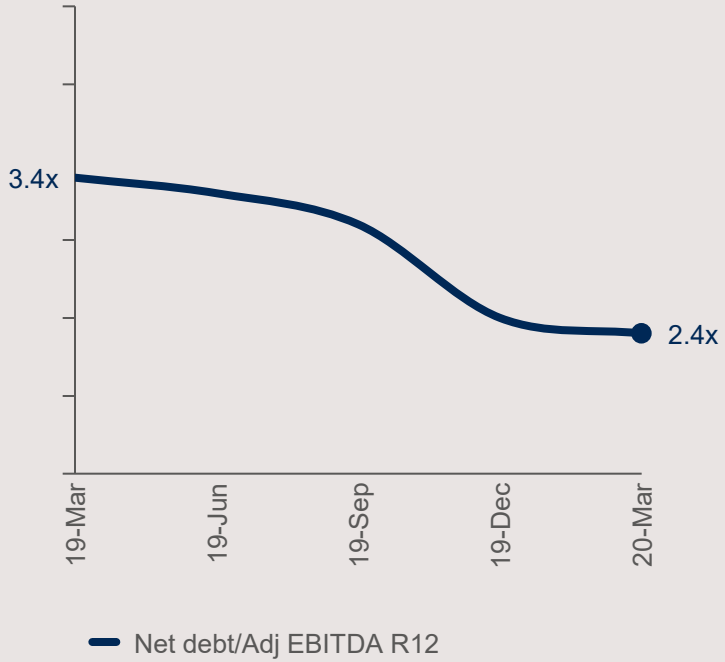
Significantly improved Free CF



WC days continue to improve



Reduced leverage



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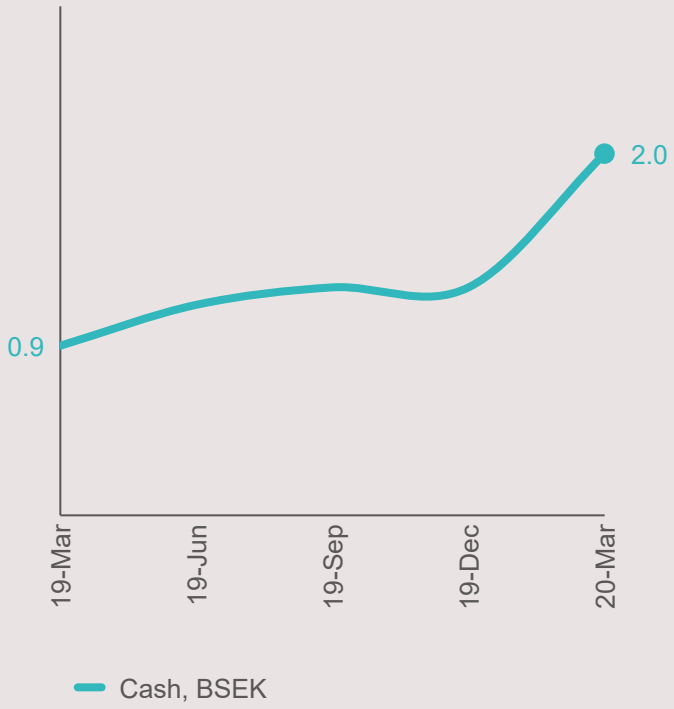
Strong funding and cash position

Improved net debt Y-o-Y despite acquisition and currency headwind

Strengthened cash position …



… and unutilized credit facilities amounting to:

SEK 7.3 B

Summary

Key takeaways

Summary Q1 2020

- Exceptional growth in order intake
- Increasing margins
- Strong Cash Flow and cash position
- The intense cooperation with hospitals to help patients with COVID-19 continues

Q&A

Thank you

Forward looking information

This document contains forward-looking information based on the current expectations of the Getinge'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.

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