Making a difference in healthcare

2017 Annual Report

This is Getinge

Sometime in life, we all need to seek care. At Getinge, we have a long tradition of creating innovations that improve people's quality of life – and save lives. We believe it is the most important job in the world.

Needs in our business environment

Strained economic conditions, combined with a growing and aging population, have led to a dramatic increase in the need for efficient healthcare. Efficiency is required to save both time and money. At the same time, increasingly high demands are being made on quality and excellent clinical results in the healthcare system.

What we do

Getinge equips hospitals with high-tech products and IT solutions that contribute to effective therapies and efficient workflows and reduce risk of infection and increase patient safety. Most of Getinge's products are found in the operating room and adjacent rooms, including the central sterile supply department. Getinge also supplies products to pharmaceutical companies and research institutes.

Acute Care Therapies

Technologies and products for life support in acute health conditions. Getinge offers solutions for cardiac, pulmonary and vascular therapies, respirators for mobile ventilation, and portable, acute treatment of cardiac and pulmonary patients.

Surgical Workflows

Instruments and equipment for complete operating rooms. The product portfolio contains, for example, operating tables, lamps and systems for the cleaning, disinfection and sterilization of instruments, and advanced hospital IT systems.

Life Science

Products and systems for sterile and safe development and production of pharmaceuticals and research. A separate business area as of 2018.

The value we create

In addition to better clinical results and quicker recovery, we contribute to fewer patients contracting serious infections in hospital – a major and costly problem the world over. In addition, our solutions are a component of achieving greater efficiency in the operating room, which corresponds to a large share of the value created in hospitals. Our goal is that one additional operation should be able to be conducted per room per day at each hospital. Thus, not only is the waiting time for patients shortened – the hospital's finances are also improved.

Every care has been taken in the translation of this Annual Report. In the event of discrepancies, the Swedish original will supersede the English translation.

OUR GLOBAL PRESENCE

25,000
No. of customers

22.5
Net sales (SEK billion)

5.49
Earnings per share (SEK) for contunuing and discontinued operations

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2017 in brief

Arjo was distributed to the shareholders

At an Extraordinary General Meeting in December 2017, it was resolved to distribute all of the shares in Arjo AB to the shareholders of Getinge AB and to list these shares on Nasdaq Stockholm. The IPO entails that both Getinge and Arjo gain a clearer focus, which creates better opportunities to capitalize on growth possibilities and create long-term shareholder value.

Updated strategy and adapted organization

During the year, Getinge launched an updated strategy with more distinct prioritization of products and customer segments and a more effective allocation of resources to product development in these areas.

Additionally, the sales organization structure was simplified and the responsibility for production was transferred to the business areas to create clarity and efficiency all the way from product development to production.

One global brand – Getinge

Getinge grouped all of its former brands under a single name to simplify its customer offering and to further clarify the company's position as a world-leading medical device company.

GETINGE

Collaboration for lasting change

As a responsible player in society, Getinge endeavors to make a contribution wherever we have operations. One key for creating lasting change is education. Accordingly, Getinge has chosen to cooperate with Pratham, an NGO that focuses on eradicating illiteracy in India. To date, nearly 34 million Indian children have participated in the education program. www.pratham.org

1,000th

hybrid operating room in place

Getinge is a pioneer in the design and installation of hybrid operating rooms, meaning that the patient can be diagnosed and operated in the same room. In 2017, Getinge installed its 1,000th hybrid operating room.

The next generation of surgery is just around the corner

Getinge has launched a strategic collaboration with Verb Inc. to develop the next generation of surgery: Surgery 4.0, or digital surgery. This groundbreaking platform will comprise robot technology, advanced visualization and instruments, operating room integration, connection and data analysis/AI.

Continued focus on quality improvement

During the year, our improvements at the production units under the Consent Decree with the FDA continued. A provision of SEK 488 M was made during 2017, related to the improvement work in Hechingen, Germany.

Strengthened balance sheet through rights issue

In September, a fully subscribed rights issue was completed, which added SEK 4.3 billion.

Product development for the smallest patients

SERVO-n is Getinge's neonatal ventilator that has been used to date to provide breathing support for 50,000 premature babies. In 2017, the High Frequency Oscillation (HFO) clinical function was presented. HFO is a life-saving position, when the child's condition deteriorates and conventional ventilation is inadequate.

Key figures	2017	2016
Order intake, SEK M	23,228	22,603
Net sales, SEK M	22,495	22,170
Acquisition expenses, SEK M	-4	-14
Restructuring and integration costs, SEK M	-759	-1,158
EBITA before acquisition, restructuring and integration costs, SEK M	2,842	3,275
EBITA margin before acquisition, restructuring and integration costs, %	12.6	14.8
Earnings per share (SEK) for continuing and discontinued operations	5.49	4.91
No. of shares, thousand*	272,370	241,780
Interest-coverage ratio, multiple	8.3	9.0
Operating capital, SEK M	32,598	44,305
Return on operating capital, %	6.7	8.3
Return on equity, %	6.6	6.6
Net debt/equity ratio, multiple	0.65	1.12
Cash conversion, %	62.9	73.6
Equity/assets ratio, %	47.0	37.9
Equity per share, SEK**	72.72	86.51

*Adjusted for bonus issue effect of the rights issue
**Pertains to the entire Group, including discontinued operations which includes Arjo until the distribution date in December 2017.

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I look forward to take on the challenges and to build a strong Getinge together with all employees.

New CEO

Mattias Perjos assumed the position as President and CEO at the Annual General Meeting on March 27, 2017.

Sales per region

- Americas, 40% (SEK 9,039 M)
- EMEA, 39% (SEK 8,772 M)
- APAC, 21% (SEK 4,684 M)

Sales per business area

- Acute Care Therapies, 54% (SEK 12,201 M)
- Surgical Workflows, 46% (SEK 10,294 M)

CASE – Operating rooms

Efficient solutions for better healthcare

A majority of hospitals' value creation occurs in the operating room. Getinge's solutions contribute to more efficient use of resources and enable hospitals to focus on providing more and better care. Our goal is that one additional operation should be able to be conducted per room per day at each hospital.

Ceiling supply unit for equipment

Maquet Moduevo makes it easy to access all equipment and thus achieve a safe working environment that enhances efficiency.

Ceiling anchoring system for multimedia

Maquet Satelite is the hub for all multi-media in the operating room. It enables staff to always have a good overview and control.

Surgical lights

Maquet PowerLed offers shadow-free lighting with faithful colors that creates increased visibility for precision surgery, which means enhanced patient safety.

Advanced anesthesia

The **Flow-i** product series offers advanced lung support and safe anesthesia in a unit that is easy to use.

Other products and services

Getinge offers equipment for complete operating rooms for advanced surgery and a large number of sophisticated therapies, such as expandable stents for peripheral blood vessels.

In addition, Getinge offers products and services that are not as visible. These include disposables and service, as well as more advanced IT systems for the integration of operating equipment, enhancing the efficiency of patient flows and ensuring that instruments used are sterile and in the right location when they are required.

Systems for surgical tables

Maquet Magnus offers flexibility and precision when positioning the patient, providing major benefits when operating. In a hybrid operating room, the table is connected to a radiography machine.

Collaboration with leading manufacturers of radiography machines

Collaboration with all of the leading manufacturers of radiography technology. Together, we have established a new therapy standard in **hybrid operating rooms,** where the patient can be diagnosed and treated in the same room.

Modules for walls and ceilings

Getinge offer modules for walls and ceilings, which contribute to a calm and healing environment, while also reducing the risk of infection.

Foundation laid for higher customer focus and continuous improvements

Since Mattias Perjos became CEO in March 2017, the company has distributed and listed Arjo, implemented a rights issue, updated its strategy and simplified the organizational structure. With this in place, all energies can be concentrated on customers, the offering and continuous improvements to daily operations. This will lead to successive increases in sales and profitability.

How would you summarize your first impressions from your time as CEO?
"It has been an intense period that has clearly demonstrated that Getinge has a competitive offering and deep customer relations, which have been built up over a long time. At the same time, there is a strong entrepreneurial spirit and a high level of energy among the workforce – a passion for making a difference for customers and patients.

We have now updated our strategy and adapted our organization, which means we can focus fully on our customers and continuously address all of the improvement possibilities throughout the organization. This will generate benefits in the form of increased organic sales and profitability that will strengthen over time."

What are the advantages of taking on the role of CEO during such an intense period?
"There is increased acceptance for challenging, prioritizing and improving an organization's way of working in times of change, as compared with when everything is stable and has a fixed structure. This means that, in a short time, I have had the opportunity to be involved in shaping Getinge's future in a tangible manner."

How have sales and earnings been impacted by the changes?
"In the long term, the changes will make a positive contribution, but the short-term effect has been that the organization has been distracted.

The fact that we can now return to full focus on our customer relations, product development and continuous improvements in our daily work will naturally have a positive impact."

Is there anything that was managed particularly well during the year?
"There are two things that stand out. First of all, the strategic review, in which the composition of work groups and acceptance within the organization have functioned very well, with clear, internal ownership. This will prove worthwhile now that it is time for implementation. My experience is that the preparation of a strategy represents 5% of the work. The remaining 95% comprises efficient implementation and that work is commencing now.

The second aspect is the distribution of Arjo – few people outside the company understand how complex that was. I am impressed by all of the work put in and now we can concentrate 100% on our business."

What does the updated strategy mean for Getinge?
"The strategy comprises three main pillars and all of these are related to our offering. First of all, our products are to contribute both clinical benefits and economic value. Secondly, they must contribute to increasing productivity in and around the operating room. Our goal is that one additional operation should be able to be conducted per room per day without adding more resources. The benefits for our customers, their patients and, ultimately, society, will be fantastic if we succeed.

The final pillar involves us contributing to reduced risk of infection in the healthcare system. Every year, millions of patients the world over are hit by infections when they are in hospital. Apart from many patients having to suffer unnecessarily, these infections cost hospitals and society a lot of money. This is a subject that is gaining in importance every day, particularly regarding the increased occurrence of multiresistant bacteria."

How will you realize this strategy?
"We will focus our resources on therapies to which we can contribute major clinical and economic benefits. One such area is Critical Care, where we hold a leading position for

Growth through acquisitions: 1993–2014	Consolidation: 2015–2017	Increased customer focus: 2018–
• Acquisition-oriented growth • Decentralized organization and governance • Diversified product portfolio	• Focus on synergies and internal efficiency • One Getinge – one overall brand and several strong product trademarks • More distinct offering for hospitals and pharmaceuticals companies, distribution of Arjo	• Organic growth and supplementary acquisitions • Focus on continuous improvements in the business • Quality top priority

ventilators. Cardiopulmonary is another product segment where we have a leading position, which we will continue to nurture.

We will also become better at leveraging our strong position in the very important operating room and adjacent rooms, including the central sterile supply department. The prerequisites for this are excellent – Getinge has extensive experience of supplying all of the hardware required in an operating room of the highest class; we have leading technology for infection control in and around the operating room and we also offer leading therapies. In future, we will become even better at connecting all of these, based on our deep knowledge gathered over many years and using software that contributes to increased efficiency, both in work flows and clinical therapy. This will contribute to major gains for both hospitals and patients."

If we take another look back, what are your comments on this year's results?
"They are unacceptably low given the potential within Getinge. At the same time, they must be viewed against the backdrop of changes and distractions that have existed during the year.

Acute Care Therapies had a relatively strong year, considering the improvement work related to the Consent Decree with the FDA. Surgical Workflows also did many things right, but is acting in an environment of intense competition and there is still much to do in order to get back to a profit level that I am satisfied with. Life Science, which we defined as a separate business area from the start of the year, was hardest hit by the preceding reorganization. In the new organization, there are much better possibilities to develop the business area in the right direction."

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It was a year of change, in which everyone made their contribution. We now look forward to creating increased value for our customers.

You mentioned the FDA process – how will this impact Getinge going forward?
"Our improvement work has the highest priority and although major progress has been made, we will need to work with this for several more years. It is a rather mechanical process, but it takes time and needs to be supported by a cultural change that is also time-consuming. During the year, we worked intensively with our Group-wide quality organization, which will support this change."

What is Getinge's contribution to sustainability?
"Our entire core business contributes to more efficient use of resources in healthcare. This is how more and better care is generated, which leads to sustainable healthcare and ultimately, a more sustainable society. One specific example of this is our 9100E cart washer-disinfector, which in addition to effective infection control, also reduces the use of detergent by recycling water from earlier washes. It also recycles hot water, which minimizes energy consumption and costs related to this.

Diversity is another important sustainability aspect. There is a general tendency among us humans to recruit persons in our own likeness and that is not how I want us to work. We need an organization in which we constantly challenge ourselves to see new approaches and ways of working to continuously achieve positive results. That's why we need diversity."

Finally – how would you summarize your first year at Getinge?
"It has been an intense year with many key decisions falling into place, which is inspiring for the future. I therefore want to thank all employees for their contribution during the year. Now we are looking forward, toward increased value for our customers and shareholders."

Gothenburg, March 7, 2018

Mattias Perjos
President & CEO

Business environment and market trends

Increasing numbers of people are now living longer, entailing that the need for care is constantly growing. At the same time, the countries' healthcare expenses are becoming increasingly higher due to intensified demands for cost control and quality. This entails favorable long-term conditions for Getinge, whose efficient solutions free up resources at hospitals.

2-4%
Organic growth in viable markets

141
Number of countries where Getinge has sales

170
Sales in Getinge's total market in SEK billion

How we create value

RESOURCES WE REQUIRE

Financial capital
- SEK 2,763 M in cash flow from operating activities

Human capital
- 10,700 employees working on everything from product development to sales and support

Manufactured capital
- Business in 42 countries
- Production in eight countries

Natural assets
- 93,000 MWh of energy consumption

Intellectual capital
- One overall trademark, Getinge, and well-established product family names
- Values-based organization
- 16 of 21 production plants are certified in accordance with ISO 14001

Relationship capital
- 25,000 customers
- 38,000 shareholders

BUSINESS MODEL

90% of Getinge's sales go to hospitals. There, we will contribute to better clinical results, quicker recovery and fewer patients being affected by dangerous infections.

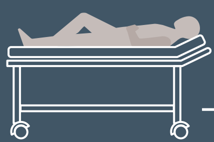
Getinge will also contribute to increased efficiency in the operating room. Sales to pharmaceuticals companies and research institutes account for the other 10% and in this area, the model is different, with customized solutions for the elimination of contamination risks in product development and manufacturing.

Strategic priorities

- **Strengthened offering in prioritized segments**
- **Expand global presence for increased growth**
- **Continuous improvements in the business and customer offerings**

Acute Care Therapies
Improved clinical results and reduced care time

Acute care unit



Needs and solutions

It is of great importance for patients, hospitals and the healthcare system in general that patients who visit the acute care unit receive the correct treatment rapidly and cost-effectively. Our INSIGHT IT system for efficient work and patient flows contribute to this.

Getinge also offers medical devices that need to be used directly on-site in the acute care unit. These devices include intra aortic balloon pumps for heart-support and ventilators for patients with respiratory problems.

Operating room and endoscope unit

Needs and solutions

The operating room is very important for hospitals from several perspectives: quality, patient safety and finance. Accordingly, Getinge has a goal of enabling one additional operation per day and room. The fact that Getinge has long been among the world leaders in operating tables, lamps and other operating room equipment means that we have solid understanding of what is required to achieve this.

For several years, we have also offered IT systems for efficient flows of patients, employees and sterile instruments, as well

Sterile supply management

Needs and solutions

Every year, hundreds of thousands of patients the world over die as a result of infections they have got in hospital, for example, in conjunction with operations. In addition to human suffering, this costs the healthcare systems and society billions, money that could have been used for treatment.

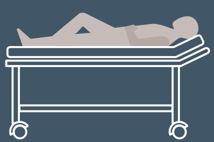
Getinge offers cost-effective systems for disinfection and sterilization of medical instruments, creating reduced risk of the spread of infection. The company also offers IT solutions for the management of sterile equipment.

Surgical Workflows
Increased efficiency and reduced infection risk

Getinge's products and solutions contribute to more efficient healthcare and pharmaceutical development, which both improves the hospitals' finances and creates the possibility for more care and more efficient processes. For patients, it entails shorter waiting lists for care and better treatment. In this way, Getinge contributes to sustainable healthcare, creating value for our employees, investors and the surrounding society.

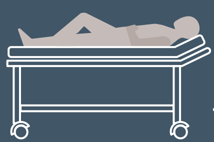
MISSION
We provide innovative products and solutions that create better results for healthcare and the economy

VISION
To become the world's most respected and trusted med-tech company



as the integration of technology in the operating room. In addition, we offer hybrid operating rooms, which enable radiology and operations in the same room. This is achieved in collaboration with leading manufacturers of radiology technology. Our advanced products for anesthesia, monitoring, thoracic drainage, heart-lung support and cardiac and vascular surgery are also used in the operating room.

Intensive care unit



Needs and solutions

In the intensive care unit, it is important that the patients' condition is carefully monitored and that vital organs receive support when needed.

Getinge offers advanced monitoring, heart-lung machines, intra aortic balloon pumps and ventilators with unique technology based on the bodies own impulses for breathing, which has several health benefits, not least in the case of children born prematurely. Our products are also used here for thoracic drainage and our IT systems for effective planning and flows of patients, employees and medical devices.

THE VALUE WE CREATE

Shareholders

We create value for the shareholders through annual dividend payments and the share's long-term development.

- Proposed dividend per share: SEK 1.50

Customers, patients and society

Getinge contributes to more efficient healthcare, which frees up resources for the treatment of more patients. One of our goals is to improve capacity utilization of operating rooms so that one additional operation can be conducted per day and operating room.

Studies show, for example, that our IT offering for efficient workflows makes a considerable contribution to increased productivity and efficiency.[1] In addition, Getinge contributes tax, which amounted to SEK 479 M for 2017.

Employees

- Salaries, other remuneration and social security contributions amounted to SEK 7,362 M
- Pension expenses amounted to SEK 338 M

Environment

Getinge wants to contribute to a more sustainable society and the goal is to reduce the company's products' environmental impact across their total life cycle.

- Reduced CO_2 emissions from production by 11.9%, compared with the base year 2015
- Reduced environmentally hazardous waste in production by 45.6% compared with the base year 2015

1) Including a study conducted by Mid Jutland Region, Denmark.

Trends and business drivers

Price pressure, excellent clinical results and digitalization – the business environment's demands on products and solutions in healthcare are becoming increasingly stringent. At the same time, prevailing mega-trends entail major opportunities for Getinge.

An increased need for healthcare that maintains a high level of clinical quality and cost-effectiveness offers favorable possibilities for Getinge in the long term.

1 Demographic changes require increased cost efficiency

Demographic changes in primarily Europe and the US are leading to an increase in the need for advanced healthcare. In these markets, there is an increase in the number of elderly people requiring care, for example, in the form of cardiovascular diseases. Ultimately, this means major strains on national budgets throughout the world. Increased demands for care are accompanied by price pressure and demands for more efficient care systems.

Opportunities for Getinge

Getinge's business concept is based on creating values for healthcare by offering products that provide more and better healthcare to more patients for the same economic resources. One example are surgical solutions that entail the patient being discharged more quickly, thus vacating a place for a new patient. Another is flow optimization that involves maximum utilization of operating rooms, for example.

A further example where Getinge can contribute to increased productivity is through its offering in Integrated Workflow Solutions – IT solutions that provide enhanced patient safety and a higher degree of efficiency. According to an independent Danish study, these IT solutions have contributed to a 19%[1] increase in patient throughput.

1) Source: Study financed by the Danish ABT (Arbejdskraftsbesparande Teknologi) fund

2 Healthcare systems that create value

At the same time as pressure is increasing on healthcare regarding efficiency, higher demands are being placed on quality. Value-based care focuses more on the clinical results than on the care process as such. Goals are established for each patient and healthcare personnel measure the extent to which care and treatment meet the established objectives. The risk of infection is a major problem in healthcare globally and value-based care is one of several means of addressing this.

Opportunities for Getinge

Higher demands for excellent clinical results involve needs for products and solutions that maximize patient benefits. Getinge's offering aims to create excellent results for patients, healthcare professionals and healthcare in its entirety – results that create value and make a difference in the healthcare sector.

An example of a value-generating result is Getinge's Flow-i anesthesia system, which, by keeping lungs healthier under anesthesia, reduce the risk of potential post-operative complications.

3 Innovation and digitalization

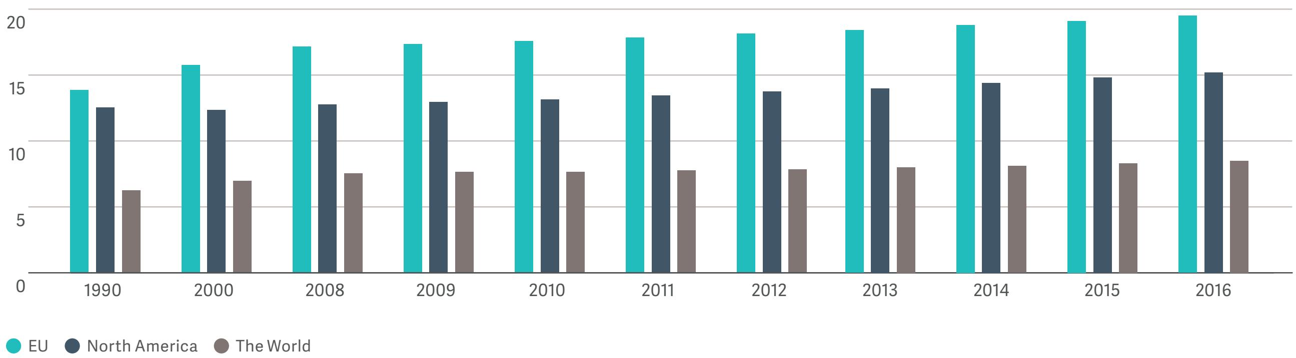
The digital development is having a major impact on the demand for products and services in healthcare. Apart from demands for innovations within each product, such as robot surgery, this trend is also about information transfer. For the healthcare system, the major benefits of digitalization are to be found in the flow of data between machinery, work groups and hospitals. Connections between various patient systems and products is becoming increasingly important, as is the possibility of transferring clinical data for better diagnostics, which leads to increased efficiency and patient safety.

Opportunities for Getinge

All of Getinge's products that are sold today have built-in operational compatibility, meaning that they can be connected with patient data systems in various hospitals and enhance the efficiency of healthcare through transfer of information. Older products may also have this functionality installed by Getinge's service technicians.

Getinge has major opportunities to position itself based on this new technology. Due to the enormous amounts of clinical data in the thousands of Getinge products that exist throughout the world, the company has access to big data, which can be analyzed and ultimately adapted to the specific needs of each patient according to the prevailing legislation on data storage.

Percentage of population aged 65 or older, %



Source: World Development Indicator, 2017

Market overview

Several of Getinge's products and services are leading in their segments, from a technological perspective. The opportunities for further growth are favorable, both geographically and through new ways of combining offerings. Getinge is one of the largest players in its premium segment, but is working strategically to also increase sales in the broader value segment.

Markets by business area

Getinge's addressable market amounts to SEK 170 billion. The Acute Care Therapies and Surgical Workflows business areas account for half of the market each, that is, SEK 85 billion each. The Surgical Workflows portion includes the new Life Science business area at SEK 23 billion.

The rate of growth of Getinge's total market is estimated at 2–4% per year. This is an aggregate of the rate of growth in each business area's sub segment, which is presented below:

Subsegment by business area	Growth
Acute Care Therapies	
Critical Care and Vascular Systems	4–5%
Cardiopulmonary	2–3%
Cardiac Assist and Cardiac Surgery	1–2 %
Surgical Workflows	
Integrated Workflow solutions	8–10 %
Infection Control	2–4 %
Surgical Workplaces	2–4 %
Life Science	3–5 %

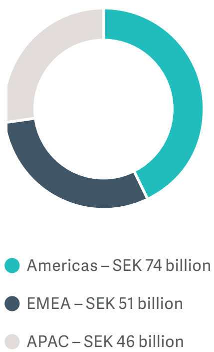
Market by geographic area

In 2007, EMEA accounted for a full 59% of Getinge's total net sales. In 2017, this share had declined to 39%, at the same time as sales increased in total. The two foremost explanations for this development is that a number of acquisitions were made and that Getinge's international expansion contributed to increased sales in North America and in the emerging markets of Asia, the Middle East and South America. The economic performance of emerging markets is enabling more countries to develop advanced healthcare. The trend of weaker growth in Europe is expected to continue in the coming years.

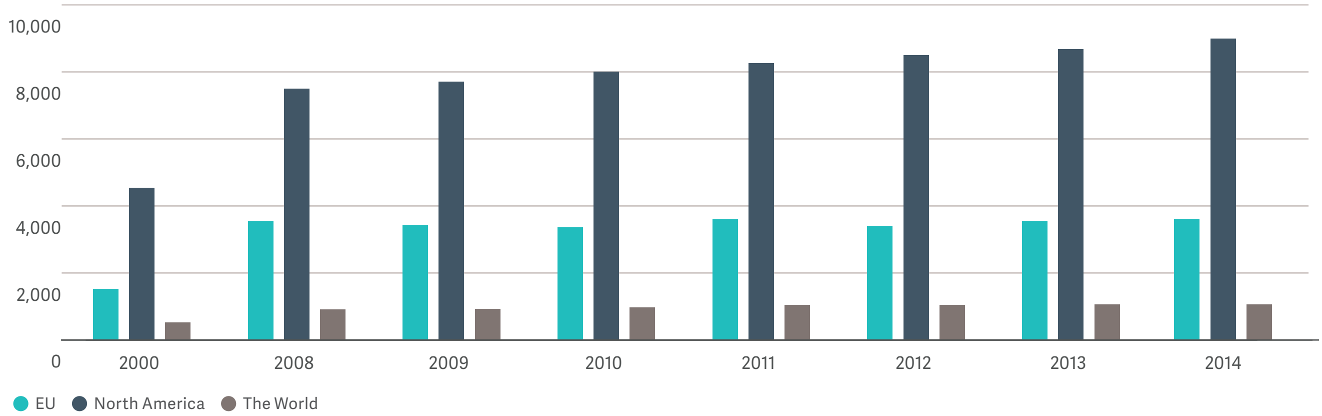
Changed market conditions

The entire healthcare industry is undergoing widespread change that is altering the rules of the game for both Getinge and its competitors. The rate of increase in healthcare costs in mature markets in recent decades has been far higher than GDP growth. Following the financial crisis in 2009, this trend slowed down and the demands increased in terms of price pressure and cost-efficiency. Another change in Getinge's markets are the new healthcare reimbursement systems. Healthcare was formerly reimbursed from a cost-based system. Today, healthcare is increasingly trending toward a reimbursement system based on results and systems that define costs on the basis of product groups.

Market size by region 2017



Development of healthcare costs per capita in USD



Source: World Bank, World Development Indicator, 2017

Clearer segmentation of the market

Getinge's strategy for 2018 and forward entails the market being analyzed from two perspectives. Firstly, the market is divided into three degrees of commitment related to our current position:

- Core segment
- Segment under development
- Selective niche segment

In its core segments, Getinge is already a leader and the key activity is defending and further developing this position. This includes our offering in Cardiopulmonary.

In segments under development, Getinge is not yet dominant, but foresees favorable opportunities to strengthen its position moving forward. This includes our offering that is related to Critical Care in North America.

Niche segments generally comprise a defined portion of a larger segment, where Getinge's ambition could be to retain a profitable position or to divest. Our offering in expandable stents for expanding peripheral arteries is an example of a product segment in which we have a clear niche position.

The second perspective is based on the market being organized geographically, on the basis of income:

Very high income*	High income*	Middle and low income*
USA	Western Europe Canada Japan Australia New Zealand	Latin America Eastern Europe Middle East Asia

*Based on GDP and healthcare costs per capita.

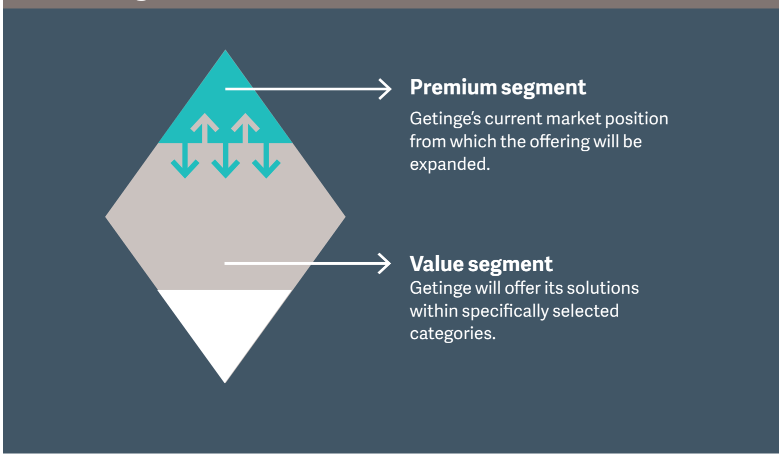
Based on this combined analysis, Getinge identifies strategies for each product and solution per geographic area.

Premium segment and value segment

Getinge divides its products into two segments: the value segment and the premium segment. The value segment is a segment in which Getinge has greater scope to grow compared with the products in the premium segment. The major portion of the value segment is in emerging markets, such as India, China and Latin America, but the products are also available in Europe and the US, often comprising a complement to the premium products because they meet other needs and requirements. Getinge's growing portfolio within the value segment is thus becoming a growth opportunity throughout the world.

Getinge's Servo-air ventilator, which was developed for use in intermediate healthcare in the premium segment is also in high demand from intensive care customers in the value segment.

Market segments



Strategy and targets

During the year, Getinge launched an updated strategy and new financial targets. For the company, this means a partly new direction with a clearer focus on selected products and services. Combined with an effective sales organization and an increased focus on research and development, it is expected to lead to profitable growth.

2-4%
Average annual organic growth in net sales

>10%
Average earnings per share growth

30-50%
Share of net profit to be distributed to shareholders

STRATEGY

Streamlined for better results

Results is a key word in Getinge's strategy – better results for patients and healthcare professionals, and better financial results for healthcare overall and for Getinge as a company. Getinge contributes to these results by applying a strategy built on streamlining and efficiency enhancement.

Strengthened offering in prioritized segments

Getinge is focusing on strengthening its product and service offering for the company's customers in the Acute Care Therapies, Surgical Workflows and Life Science business areas. Getinge currently has a significant proportion of its products that account for a small share of sales, but which use considerable resources and this must be reviewed. Additionally, the allocation of resources will be more selective, which entails concentrated investments in carefully selected product segments, in which the demand from customers is expected to increase.

More focused investments in research and development thus form a central part of the strategy. Priority is assigned on the basis of the markets and segments that have growth potential. Apart from these priorities, Getinge will continue, for example, to strengthen its service offering and to develop an attractive offering for carefully selected sections of the growing value segment – which could also be complemented by acquisitions.

Expanding global presence for increased growth

Getinge's ambition is to penetrate geographic markets more effectively with existing products. Some of Getinge's products are world-leading, but to date the technology is only used in a few markets, which means that Getinge needs to initiate sales activities to develop and broaden its geographic presence.

A uniform global sales organization has been created to better enable the use of the various sales channels in an effective manner. The new organization makes it possible to more easily identify and convey best practice, while sales staff continue to be located close to Getinge's customers.

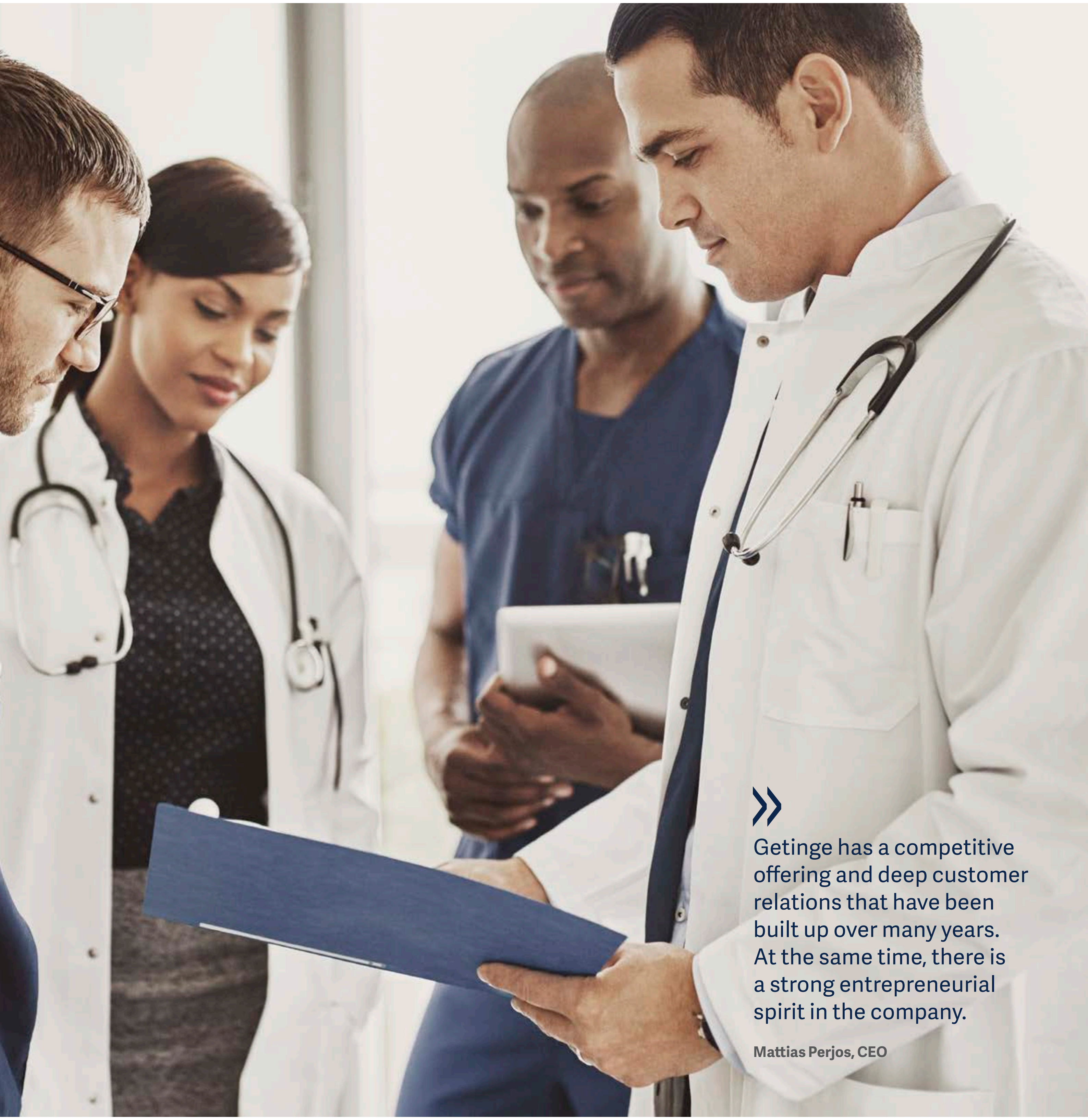
To further support geographic expansion, there is ongoing evaluation of opportunities of selected acquisitions and strategic partnerships.

Continuous improvements

To achieve goals using the adjusted strategy, Getinge as an organization needs to work more effectively. The care and passion to make a difference in healthcare already exists in the company. The employees are now being given even better organizational conditions to enable them to contribute to the targets.

Some of the changes that create conditions for continuous improvements are:

- The responsibility for production is being transferred to each business area instead of comprising a separate unit. This is to clarify responsibility and enhance the efficiency in the flow from concept and production, an onward to service – and finally, recycling. The responsibility for purchasing and logistics is assigned to a corporate function to ensure that synergies continue to be used.
- The sales organization has been concentrated, having been divided into three geographic markets, into a Group-wide organization with a global sales director.
- As of 2018, Getinge has a new, separate business area, Life Science. Accordingly, better conditions are being created to meet the needs of customers in the pharmaceuticals industry.



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Getinge has a competitive offering and deep customer relations that have been built up over many years. At the same time, there is a strong entrepreneurial spirit in the company.

Mattias Perjos, CEO

Getinge's financial targets from 2018

In conjunction with Getinge listing and distributing the former Patient & Post-Acute Care business area, now called Arjo, in the autumn of 2017, the Board of Directors resolved on new financial targets as of 2018. The focus is on organic growth and Getinge is expected to achieve a rate of growth corresponding to that of the market toward the end of 2018.

Average organic growth in net sales	Average growth in earnings per share	Dividend policy
The Group's foremost priority is to achieve organic growth. The first step involves growing in line with the addressable market.	To ensure that growth does not occur at the cost of profitability, Getinge has resolved on a target of growth per share.	The target for the dividend is set and aims to keep the organization in trim by distributing profit to the owners and reinvesting some of the profit.
Target 2-4%	**Target** >10%	**Policy** 30-50% of net profit

Until November 2017, and the Board's decision to propose the distribution of Arjo, Getinge had the following financial targets: Organic growth in net sales of 2–4%, growth in EBITA 1 of 10%, return on equity of not less than 15% and a cash conversion of more than 70%. These targets were not achieved in 2017. Sales increased by 1.3% organically, EBITA 1 declined 13.2%, return on equity was 6.6% and cash conversion amounted to 62.9%. This performance is mainly attributable to internal focus during the year, with a number of major projects being conducted, such as the rights issue, update of the strategy and adaptation of the organization, as well as the distribution of Arjo.

Sustainable development goals

Getinge's work on sustainable development is aimed at securing the company's long-term value creation and competitiveness. The goal is to contribute to creating a more sustainable market for healthcare, at the same time as strengthening relations with employees and customers.

Area	Indicator	Target	Outcome 2017
Equality	Share of female/male employees.	Getinge's long-term target is to have a 50/50 distribution of women and men in the business.	35/65
Safety in the workplace	Number of accidents per 100 employees	Getinge's long-term target is to have zero workplace-related accidents.	3.0*
Production-related CO_2 emissions	Direct and indirect emissions, tons per SEK M of internal sales	–5% in 2018, with 2015 as the base level.	–11.9%
Hazardous waste in production	Amount of hazardous waste, measured in kilos per SEK M of sales.	–10% in 2018, with 2015 as the base level.	–45.6%

*Number per 100 employees

UN Sustainable Development Goals

The 17 Sustainable Development Goals (SDGs) launched by the UN in September 2015 aim to achieve the changes necessary for the realization of long-term sustainable development by 2030. Companies' role and commitment are critical for the achievement of these SDGs.

During the year, Getinge commenced its work to analyze how the company can contribute to the achievement of the SDGs. This work will be completed in 2018. As a first step, Getinge identified a number of goals that best correspond to the company's impact on its business environment.

These goals are:

- **Goal 3** – Ensure healthy lives and promote well-being for all at all ages
- **Goal 4** – Ensure inclusive and quality education for all and promote lifelong learning
- **Goal 8** – Promote inclusive and sustainable economic growth, employment and decent work for all
- **Goal 12** – Ensure sustainable consumption and production patterns

Global focus on sales

The greatest challenges for 2018 regarding sales are connected to the prevailing price pressure due to consolidation in the healthcare sector. Currency devaluations in certain emerging markets are also a challenge.

Getinge's sales comprise approximately 75% direct sales, while agents and distributors account for the remaining 25%. Direct sales occur mainly in developed economies, while external activities are conducted in emerging and less stable markets. The internal sales organization is extremely patient-focused. Several of the sales staff are former nurses and physicians and thus have a unique understanding of the customers' needs, at the same time as they have a passion for and genuine dedication to the healthcare sector.

In 2017, there was a reorganization of sales internally to strengthen the relationship with the customers and create a better ability to share best practice through a global sales team in the organization. In 2018, Getinge's internal training activities are continuing to further strengthen the global sales organization.

In conclusion, the strategic approach for Getinge's global sales team can be summarized in six points:

1. **Position service as an engine for growth** by, for example, increasing the level of digital service in terms of remote connections and links between systems, at the same time as the overall service offering is increased.
2. **High ambition for sales culture and performance** by improving business management in Group-wide sales training course and in a new IT-based sales support system.
3. **Differentiation through value generation** such as customized solutions for each customer and to a higher degree, combine product, service, IT and advice in the offering.
4. **Use the full potential of emerging markets** by way of a detailed commercial analysis that identifies further growth opportunities per segment and market, and distributes resources accordingly.
5. **Geographic optimization of the product service portfolio** aimed at capturing market shares in the upper portion of the value segment.
6. **Reach the next level of customer focus** by following up in-depth customer satisfaction surveys and analyses, as well as acting on these.

Clearer strategy for research and development

The reorganizations of recent years in combination with the improvements related to the Consent Decree with the US FDA, entailed that Getinge has partly needed to refrain from research and development in related areas in Acute Care Therapies, specifically, Cardiopulmonary and Vascular Systems. Getinge's updated strategy involves a clearer allocation of resources, enabling a more concentrated and selective approach. This will ultimately lead to better exchange in product development in priority areas.

During the year, the EU adopted new regulations for the medical device industry, resulting in a certification process in Europe that will be close to the demands in the US as of 2020, which will lead to higher entry barriers. This is an opportunity for Getinge because the company has accumulated competence and resources over a long time for these types of demands and certification issues. Certification occurs in parallel market by market.

From concept to approved product

The development of Getinge's products is reminiscent of the processes in pharmaceutical development. The products are classified based on what type of risk they can be associated with for the patient. In general, products used in the body (such as implants) are placed in a higher class, while products used outside the body belong to a lower class (for example, operating tables and lights).

The lead times are long and it is not unusual for a product with a high classification to take about ten years to develop and another approximately five years to have certified. This involves relatively high costs before revenues start to be generated, a high entry barrier and thus good protection from competition. High classification generally also entails longer product life cycles.

Products in lower classes can take one to two years to develop and a few months to have certified. This means a lower investment requirement, but also a higher risk that competitors may more quickly launch a similar product.

A total of 3,300 persons currently work with sales and service at Getinge.

Sales representatives in the field

1,500

Service technicians:

1,800

Americas
1,000

APAC
900

EMEA
1,400

Continuous efficiency enhancements going forward

In 2017, Getinge continued to enhance the efficiency of parts of its business. The foremost improvements took place in purchasing and administration, and the overall savings contributed to reducing the negative earnings impact of the distribution and listing of Arjo and higher investments in sales, product development and quality. The work on continuous improvements and efficiency enhancements will continue with undiminished energy moving forward, which frees up further resources for investments in profitable growth. This work is facilitated by the organization changes determined in the autumn of 2017 and which entail that the responsibility for production is transferred to the business areas, a corporate function is established to ensure that synergies are utilized in purchasing and logistics, and a simplified, global sales team.

25,000
no. of customers

8%
of the total sales, goes to the ten largest customers

90%
of the sales, goes to hospitals, the remainder to pharmaceuticals companies

Quality work from the inside out

Meeting the medical device industry's demands on quality and product safety is a prerequisite of Getinge's business. Accordingly, there is a focus on quality aspects on all level of the business – in the overall strategic plan and in the local operative work, which is conducted every day in the business. Having a general quality system in place facilitates transparency and efficiency in the quality work.

One advantage of the new quality system is the possibility of a homogeneous interpretation of the demands and expectations on product quality, and increased transparency and the opportunity to work with continuous improvements.

Getinge endeavors to constantly develop its quality work. Since 2015, there has been a global function that reports directly to the CEO and during the autumn of 2016, a new quality management system was introduced, which applies Group-wide for all business areas and markets. The tool, designated GetAligned, is a quality, environmental and business control system for the entire company. The aim of GetAligned is to enhance the efficiency of the business by introducing overall policies and guidelines, as well as having shared key processes in one place. The implementation of this system was in under way throughout 2017 and will also continue in 2018.

Increased traceability and flexibility

Earlier, Getinge only had local quality systems to ensure that procedures, processes and certificates were in place for each production unit. The requirements in the medical device industry are that each manufacturer must be able to demonstrate using documented proof that a product is safe to use in accordance with its approved areas of use. This needs to be done from the start, when developing a new product, in order to show that the product meets applicable legal requirements, and that the product meets specified demands in production – and for the customers, who must be able to clearly assure themselves that the product fulfills its purpose and is safe to use.

One advantage of the new system is the possibility to have a homogeneous interpretation of the demands and expectations on product quality, and increased transparency and the opportunity to work with continuous improvements.

GetAligned creates a signal system, in which it is possible to identify potential shortcomings and thus deploy preventive measures immediately. Through this shared platform, greater flexibility and transparency are created within the company to support Getinge's overall growth strategy.

Enhanced development opportunities

For the employees, the hope is that this new system will break down today's geographic barriers in a positive manner. Location should not stand in the way of sharing experiences and personal development. Ultimately, it will also reduce the amount of administration related to system certification, but with an increased internal audit through homogeneous quality audits. At the same time, Getinge is creating an internal control organization at Group-level, with the aim of increasing the number of internal audits to ensure the early correction of identified faults.

Adjustment to new EU regulations

In May 2017, the EU introduced new regulations for medical devices that not only impact Getinge, but also the industry in general. The foremost difference is that more clinical information is required than previously, also for the lower product classification. In addition, the regulations entail that some of Getinge's products in the former Infection Control business area will now be classified as medical devices and are thus encompassed by the new product documentation requirements.

There is a project within Getinge that extends over all business areas, which aims to identify and implement the new EU requirements in all processes at every unit. All products will be reviewed in order to be evaluated on the basis of the new legislation.

Remediation process and the FDA

Ever since the US Food and Drug Administration (FDA), made its observations regarding a number of processes and procedures at Getinge's manufacturing units in 2013, the main focus of Getinge's quality work has been to correct these and reach a settlement. In 2017, the new Group-wide quality organization enabled a more structured push and a greater opportunity to drive improvement efforts as part of an overall plan, which has generated positive effects. This applies in particular to the US plants in Wayne and Merrimack. Rastatt, in Germany, also saw positive changes during the year. In Hechingen, in Germany, the situation is somewhat more complex, but after re-planning during the year, improvements were also implemented there in accordance with the Consent Decree with the FDA.

Business that saves lives

Getinge's offerings span several areas that all have one common goal – helping to save lives. Acute Care Therapies offers technologies and products for life support in acute health conditions. Surgical Workflows comprises equipment for complete surgical workplaces and advanced IT systems for hospitals. As of 2018, Life Science is a separate business area and offers, for example, products and solutions for pharmaceutical companies and research institutes.

90%

of sales go to hospitals and 10% to pharmaceuticals companies

1 of 4

operating tables in the world is made by Getinge

45 years'

development of advanced ventilators

ACUTE CARE THERAPIES

Driving development in Acute Care Therapies

In Acute Care Therapies, Getinge develops advanced technologies and products for intensive care, surgical interventions and catheter-based procedures. The offering also includes equipment for treatment in conjunction with patient transports.

A healthcare team's access to the right care solution is entirely decisive in acute care therapies. Getinge develops advanced clinical complete solutions that can contribute to improving therapy results and quality of life for patients in intensive care and surgery.

In Acute Care Therapies, technologies and products are developed for life support in acute health conditions. The offering includes solutions for cardiac, pulmonary and vascular therapies and a broad selection of products and therapies for intensive care, such as advanced ventilators and patient monitoring, as well as equipment for the portable acute treatment of heart and lung patients.

In 2017, the successful collaboration with Air Liquide continued, when a new version of the SERViNO special gas system, used in the treatment of newborns, was launched and was received very positively. Customer interest in the wall gas-independent SERVO-air continued to grow, particularly in the Nordic market. With a history of 45 years of development, the SERVO ventilators are synonymous with innovation and quality.

Getinge is also a leader in endoscopic vessel harvesting, which you can read more about on page 30-31.

Data communication is becoming increasingly important in healthcare, meaning the automatic transfer of data from medical devices to medical records systems. Getinge has developed MSync, which transfers clinical data in a HL7[1] format, which is an increasingly frequent requirement from healthcare providers. An update was launched in 2017, with the system now supporting even more Getinge products.

1) Health Level Seven or HL7 is a framework of international standards for the exchange, integration, sharing and capture of electronic health information.

Results and reflection 2017

Acute Care Therapies continued to perform positively, despite extensive activities relating to the Consent Decree with the FDA. Net sales amounted to SEK 12.2 billion (11.8), corresponding to organic growth of 3.1%. The gross margin was 55.6% (55.5) and operating profit was SEK 1.1 billion (1.0). Non-recurring costs of SEK 604 M, mainly related to the Consent Decree with the FDA, were charged to net profit for the year.

Moving forward, the focus will be on the further development of the business by identifying and conveying best practice between the four product segments in the business area.

One challenge in 2017, which will continue to feature in 2018, is that new, competing products have emerged in the US market in the area of Vascular Systems, specifically expandable stents, which are used to open blocked peripheral arteries. However, Getinge has been in the market for a long time and has extensive experience, as well as unique clinical data, which is valuable in addressing the new competitive situation.

FDA and focus on quality

In reaction to the US Food and Drug Administration's (FDA) comments on several of the quality management processes and documentation procedures in Acute Care Therapies' manufacturing units in 2013, quality work is under way in the form of a remediation program. This program continued to impact the business area's earnings in 2017. However, quality-enhancing measures contributed to increased profitability in the latter part of the year.

Product segments

Getinge is among the leaders in all of its product segments/areas.[1]

Critical Care

Share of sales

25%

Market rate of growth

4-5%

Solutions and market position

Anesthesia
Premium anesthesia systems.
3

Acute care ventilation
Ventilators for the premium and value segments.
1

Hemodynamic monitoring
Disposables and monitors.
1[2]
2[3]

Vascular Systems

Share of sales

20%

Market rate of growth

4-5%

Solutions and market position

Covered stents
Balloon expandable covered stents.
2

Aortic surgical grafts
Grafts for abdominal aortic and thoracic aortic vascular implants.
1

Peripheral vascular grafts
Grafts in polyester and polytetra-fluoroethylene (PTFE).
2

Thoracic drainage
Chest drains and thoracic catheters.
1

Cardiopulmonary

Share of sales

23%

Market rate of growth

2-3%

Solutions and market position

Surgery perfusion
Heart-lung machines and disposables.
3

Extracorporeal life support
External blood oxygenation.
1

Cardiac Systems

Share of sales

32%

Market rate of growth

1-2%

Solutions and market position

Cardiac assist
Pumps and disposables to improve blood circulation in coronary arteries.
1

EVH
Systems for endoscopic vessel harvesting.
1

Beating heart surgery
Heart stabilizers and devices for connecting vessels.
2

1) Getinge research. 2) Intensive care unit (IVA). 3) OR integration

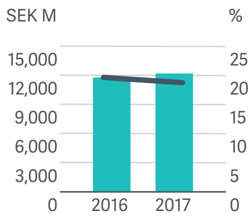
Share of Group sales

Acute Care Therapies, 54%

Sales per region

Americas, 51% (SEK 6,263 M)
EMEA, 31% (SEK 3,711 M)
APAC, 18% (SEK 2,227 M)

Net sales and EBITA margin



Net sales
EBITA margin

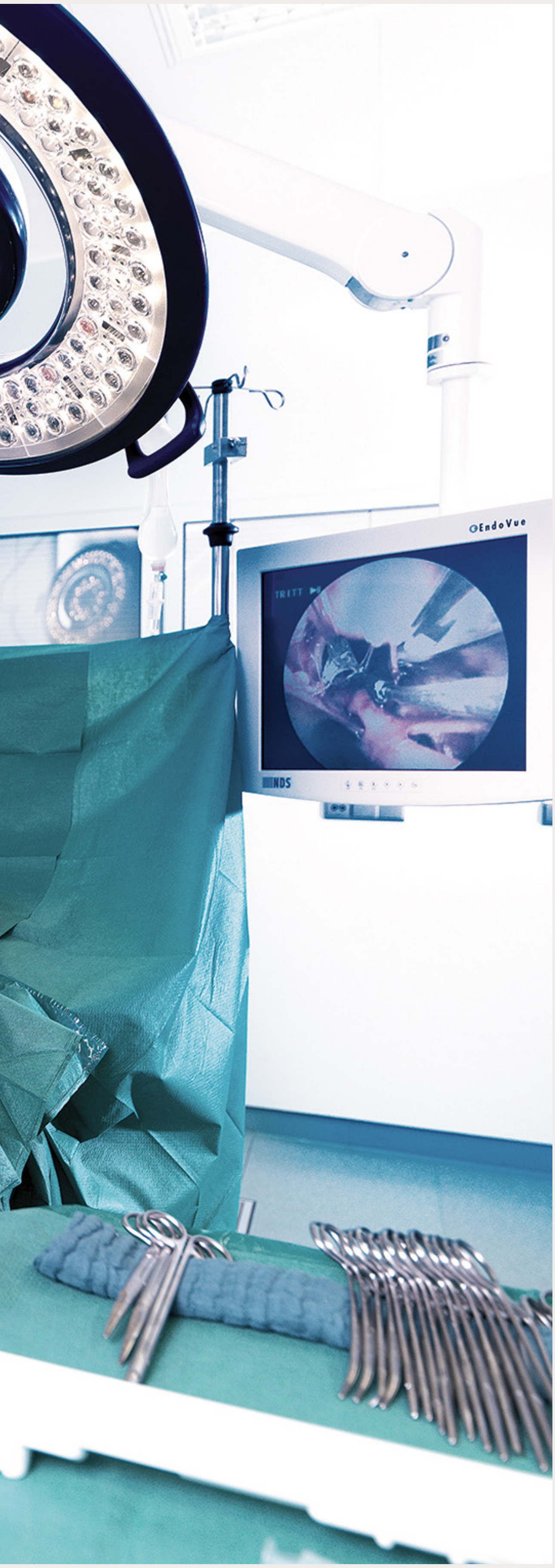
* EBITA margin before acquisition, restructuring and integration costs, %

Competitors

- BD
- Dräger
- Edwards Lifesciences
- GE
- Gore
- Hamilton
- LivaNova
- Medtronic
- Teleflex
- Terumo

»

Endoscopic vessel harvesting leads to faster recovery, better clinical results and improved patient satisfaction.



CASE – Endoscopic vessel harvesting

Benefits of endoscopic vessel harvesting

Getinge endeavors to help healthcare teams throughout the world to give patients healthy hearts. Vasoview System, which is used to conduct endoscopic vessel harvesting (EVH), is a good example of when technological progress can lead to better clinical results and increased patient satisfaction.

Cardiovascular diseases claim 17.5 million lives each year, making it the world's most common cause of death[1]. One condition that claims many victims is coronary artery disease, which entails that plaque in the heart's arteries blocks the flow of blood and oxygen to the heart muscle. Patients with severe coronary artery disease are often treated by conducting a coronary artery operation (CABG). During this procedure, the surgeon removes healthy blood vessels from the patient's arm or leg and use them to create a new passage so that the blood can bypass the blocked arteries. And this is where Getinge's Vasoview System for EVH comes into the picture.

Endoscopic vessel harvesting is at the forefront of technology development for improved vessel removal in CABG surgery, as a smaller incision is used than in conventional vessel removal. The smaller incision entails a lower infection frequency, reduced pain and reduced scarring – which also leads to faster recovery, better clinical results and improved patient satisfaction.

The use of EVH is not yet generally used outside the US and many hospitals still employ open vessel harvesting (OVH), which requires a longer recovery time and has a higher risk of infection. However, the EVH process is being implemented at the newly opened Royal Adelaide Hospital in Australia and several surgeons have received clinical training from Getinge in the use of the Vasoview Hemopro 2 EVH system.

"Endoscopic vessel harvesting has led to improved patient satisfaction due to reduced pain, meaning that patients have been able to achieve earlier and more effective mobilization. We have also registered a decline in the number of wound infections and other complications related to leg wounds," says Michael G. Worthington, Director of D'Arcy Sutherland Cardiothoraric Surgical Unit at the Royal Adelaide Hospital.

17.5

million people worldwide die from cardiovascular diseases each year.

Getinge's Vasoview System for endoscopic vessel harvesting (EVH) is at the forefront of technological development for improved vessel harvesting.

1) Source: World Heart Federation: world-heart-federation.org

SURGICAL WORKFLOWS

Efficient workflows improve healthcare

Every fourth operating table in the world is made by Getinge. But operating room equipment is only part of the offering in Surgical Workflows, which also comprises advanced IT systems and solutions for infection control. The Life Science offering builds on the same basic technology, but has a different customer group.

Getinge is a leader in several of its product segments for Surgical Workflows, which comprise products, disposables and services for cleaning, disinfection and sterilization of instruments and equipment for complete surgical workplaces. The products promote efficient and secure hospital work flows, which in turn, increases patient safety. The IT solutions also contribute to optimized flows of sterile goods, as optimized patient and work flows, risk minimization and the creation of better compliance with laws and regulations.

Collaborations and partnerships

One way of addressing the new conditions is by having successful partnerships. The collaborations with General Electric, Philips and Siemens are three successful examples of this. At the end of the year, collaboration was also launched with Verb Surgical Inc. with the ambition of jointly developing a new platform of high-tech products for the next generation of surgery.

In product development, one of the milestones during the year was the collaboration with Siemens ahead of the joint launch of Siemens Multimodality. The product is an extension of the offering with the existing Magnus operating table, which is a unique way to enable the patient to be seamlessly transferred from one apparatus to another during the operation without the need for them to be physically moved from the operating table.

Life Science

Getinge's Life Science offering comprises customized solutions for sterilization, which ensures an environment free of contamination. The common denominator between Surgical Workflows and Life Science is that both areas' products comprise technology for cleaning and sterilizing, and there are further technical synergies although the markets are completely differently structured. While the customers in Surgical Workflows are mainly from hospitals, there are Life Science customers in biomedical research, pharmaceutical production and the production of medical devices. With the aim of meeting these customers' needs for sterile processes in an even better manner, Life Science became a separate business area as of January 2018.

Results and reflection 2017

Net sales for Surgical Workflows amounted to SEK 10.3 billion (10.4). Organic net sales fell by 0.8%. The gross margin was 37.1% (37.1).

A challenge during the year was to maintain sales at the same time as the internal reorganization was under way.

Getinge's offering in Surgical Workflows comprises equipment for surgical workplaces and solutions for cleaning and disinfection, such as advanced IT systems for patient and work flows.

Product segments

Getinge is among the market leaders in all of its product segments/areas.[1,2]

Surgical Workplaces

Share of sales
38%

Market rate of growth
2-4%

Solutions and market position

Surgical tables
1-3

Surgical lamps
2

Ceiling service units
3

Wall modules
Prefabricated wall and ceiling modules for complete OR integration.
1

Hybrid OR
Integrated systems with table and radiography technology for diagnosis and operations in the same room.
1

Infection Control

Share of sales
36%

Market rate of growth
2-4%

Solutions and market position

Infection control
Cleaning, disinfection and sterilization of medical instruments at hospitals. This also includes disposables and service, as well as low temperature sterilization, which are areas in which Getinge foresees favorable long-term growth potential.
1-3

Integrated Workflow solutions

Share of sales
5%

Market rate of growth
8-10%

Solutions and market position

Sterile supply management
Optimization of the flows of sterile equipment. Software for optimized handling and tracking.
1

Patient flow optimization
Software for more efficient handling of patients and employees using the control of resources in real time.
1

OR integration
Software for the integration av technology and data in the operating room, which contributes to improved safety and efficiency.
5

Life Science

Share of sales
19%

Market rate of growth
3-5%

Solutions and market position

Sterilizers
Equipment for sterilization of pharmaceuticals, medical devices and utensils.
1-2

Cleaning
Disinfector-washers for equipment used in pharmaceuticals production and for equipment.
1-2

Asepsis
Products for the aseptic handling of components used in the manufacture of pharmaceuticals.
1

Isolators
Equipment providing protection from infected material.
3-4

1) Getinge research 2) other sales amounted to 2%

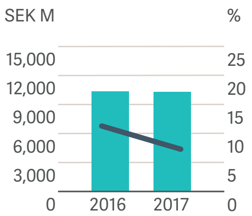
Share of Group sales

Surgical Workflows, 46%

Sales per region

Americas, 27% (SEK 2,776 M)
EMEA, 49% (SEK 5,061 M)
APAC, 24% (SEK 2,457 M)

Net sales and EBITA margin



Net sales
EBITA margin
* EBITA margin before acquisition, restructuring and integration costs

Competitors

- Belimed
- Dräger
- Hill-Rom
- Miele
- Steris
- Stryker

CASE – Surgical workflows

When software can save lives

INSIGHT Patient Flow Management is one of Getinge's core offerings in IT systems for integrated workflows. Thanks to healthcare professionals and the emergency services in Taipei acting quickly and getting the most out of their INSIGHT-installation, Getinge's software is now saving lives in Taiwan.

An ambulance was called to a patient who had what turned out to be a myocardial heart attack. When the life-threatening condition had been identified using the ECG in the ambulance, the patient was immediately registered in the INSIGHT system while still in the ambulance.

The healthcare professionals at the hospital were thus alerted immediately that the patient was on his way in and to how serious his condition was. With the early warning, an ECG available from the ambulance and the patient information already registered in INSIGHT, the hospital staff gained valuable time to prepare for the patient's arrival and the patient could be taken straight to the cardiac intensive care unit, where a team was waiting to treat him. Thanks to the fantastic work of the doctors and paramedics, which already began before the ambulance arrived at the hospital, it was possible to save the patient's life.

Although the INSIGHT installation in Taipei is a pilot project, it is very special because it is the first project that focuses on establishing a structured prehospital patient flow for ambulance care. This was developed and launched in close collaboration with the fire service of Taipei's emergency services, which is responsible for coordinating the city's ambulance service and manages all patient transports to hospitals. This project has succeeded in establishing clear, rapid and effective information flows between the ambulance service and two acute hospitals, resulting in smooth and efficient patient transportation and care that contribute to saving lives.

"Using the new software, the efficiency of patient care can be enhanced. The entire collaboration and the seamless transition between ambulance care and hospital is incredibly valuable to the public," says Dr Bin-Chou Lee, head of the intensive care unit at Taipei City Hospital, Zhongxiao Branch.

8–10%

The market growth for IT systems like INSIGHT, and the remainder of Getinge's offering, is estimated at 8–10% annually.

Getinge gears up in Life Science

With its solid experience of meeting the needs of pharmaceuticals companies and research institutes, Life Science already holds a strong position in both the national and international market. Getinge is now investing further in this area and it comprises a separate business area as of January 1, 2018.

Major achievements in biotechnology and biomedicine are in the process of redrawing the map for the classic pharmaceuticals companies. The transition from chemical to biotechnical preparations is creating entirely new challenges, which require a collaborative partner that is innovation-driven and has appropriate experience. This is the position that Getinge Life Science will claim.

Traditionally, Getinge's greatest expertise has been in the way solutions are to be managed for the pharmaceutical to ultimately be clean and sterile. It has often been possible to sterilize the finished product as the final production step, but this requires that the pharmaceutical comprises relatively short molecules.

The new, biotechnical preparations have long molecules and cannot be heated to more than 100 degrees without being destroyed. This means that the product has to be sterile form beginning to end, throughout the production chain.

"We also have very long experience of this, which is more valuable now than ever," says Harald Castler, President of the new Life Science business area. Biotechnology research is often very expensive, with few projects getting all the way to the finishing line, and official requirements are becoming increasingly strict. Accordingly, someone is needed who can help the pharmaceutical companies with the design of the right facilities and to get the substance onto the market quickly, effectively and safely.

» Our Life Science business area is already successful and has been for a long time, but now we have the muscle and opportunities to become stronger than we have ever been.

Harald Castler, President Life Science

Listing of Arjo

At an Extraordinary General Meeting in December 2017, it was resolved to distribute all of the shares in Arjo to the shareholders of Getinge AB and to list these shares on Nasdaq Stockholm. The IPO entails that both Getinge and Arjo gain a clearer focus, which creates better opportunities to capitalize on future growth opportunities.

Arjo is a global supplier of medical devices and solutions that improve quality of life for people with reduced mobility and age-related health challenges.

Arjo creates value by improving clinical outcomes for patients and enabling a better work environment for healthcare professionals. Arjo thereby contributes to a sustainable healthcare system – always with people in mind.

Arjo's main customers are private and public institutions providing acute and long-term care. The company's offering includes products and solutions for patient care, hygiene, disinfection, medical beds, prevention of pressure ulcers, prevention of deep vein thrombosis and for diagnostics. The Group also offers services such as training in connection with product sales.

Arjo operates in more than 60 countries, which have been divided into three geographic areas: North America, Western Europe and Rest of the World. The head office is located in Malmö, Sweden.

The Getinge share

Getinge's Class B share has been listed on Nasdaq Stockholm AB since 1993. The share is included in the Nasdaq Nordic Large Cap segment and the OMXS30 index. At December 31, 2017, the number of shareholders was 38,214 and the percentage of foreign-owned shares amounted to 47.3%. Institutional owners accounted for 56.2% of the share capital, of which Swedish institutional owners accounted for 22.1 percentage points.

Share trend and liquidity

At year-end, Getinge's share was listed at SEK 119.0, which was an increase of 0.5% during the year, adjusted for the distribution of Arjo, which took place in December 2017. The highest price paid in 2017 was SEK 149.2 (June 2) and the lowest was SEK 113.7 (July 31). At year-end, market capitalization amounted to SEK 32.4 billion. During the year, 280.7 million shares were traded (173.1).

Share capital and ownership structure

At year-end 2017, share capital in Getinge totaled SEK 136,184,786.50 distributed among 272,369,573 shares. All shares carry the same dividend entitlement. One Class A share carries ten votes and one Class B share carries one vote.

Dividend policy

The Board of Directors of Getinge has adopted a dividend policy entailing that future dividends will be adjusted in line with Getinge's profit level, financial position and future development potential. The aim is for the dividend to correspond to 30-50% of net income.

Shareholder information

Financial information about Getinge is available on the Group's website. Questions can also be put directly to the investor relations function of the company. Annual reports, interim reports and other information can be requested from the Group's head office by telephone, from the website or by e-mail.

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Shareholder value

Getinge Group's management works continuously to develop and improve the financial information relating to Getinge to provide current and future shareholders with favorable conditions to evaluate the company in as fair a manner as possible. This includes active participation at meetings with analysts, shareholders and the media.

Asset management companies who conduct analyses of Getinge

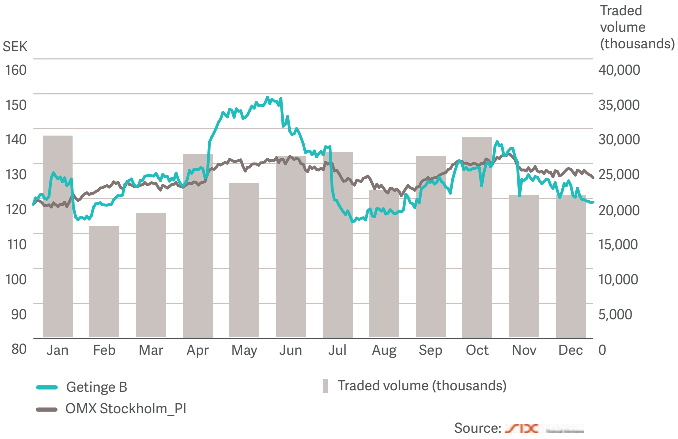
ABG Sundal Collier, Bank of America Merrill Lynch, Berenberg Bank, Carnegie, Danske Bank, DNB Markets, Handelsbanken, Jefferies International Ltd, J.P. Morgan, Kepler Cheuvreux, Morgan Stanley, Morningstar Equity Research, Nordea, Pareto Securities, Redburn and SEB Enskilda.

1.50
Dividend per share, SEK

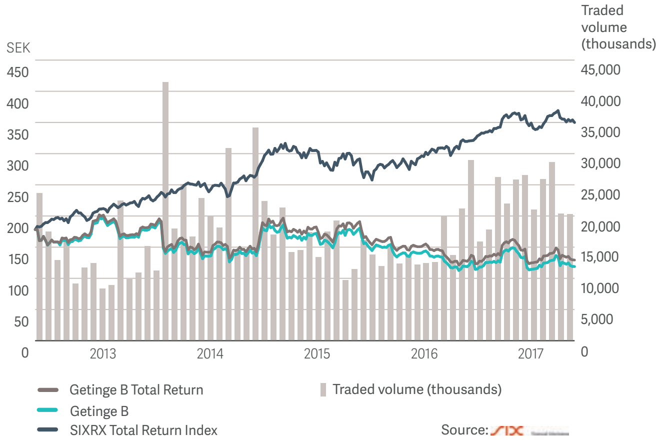
5.49
Earnings per share, SEK

32.4
Market capitalization, SEK billion

Performance in 2017, adjusted for distribution of Arjo



Performance 2013-2017, adjusted for distribution of Arjo



Share data

	2017	2016
Earnings per share after tax[1]	5.49	4.91
Market price, December 31	119.0	118.4
Dividend	1.50[3]	1.75[2]
Dividend yield, %	1.26	1.48
Equity[1]	72.72	86.51
Average number of shares (million)[4]	250.7	241.8
Number of shares, December 31 (million) [4]	272.4	241.8

1) Continuing and discontinued operations
2) Adjusted for newly issued shares
3) Dividend proposed by the Board of Directors
4) Adjusted for bonus issue effect of the rights issue

Development of share capital

Transaction		No. of shares after transaction	Share capital after transaction, SEK
1990	Formation	500	50,000
1992	Split 50:1, par value SEK 100 to SEK 2	25,000	50,000
1992	Private placement	5,088,400	10,176,800
1993	Private placement	6,928,400	13,856,800
1995	Non-cash issue	15,140,544	30,281,088
1996	Bonus issue 2:1	45,421,632	90,843,264
2001	Share issue 1:9 at SEK 100	50,468,480	100,936,960
2003	Split 4:1, par value SEK 2 to SEK 0.50	201,873,920	100,936,960
2008	New issue 1:16 at SEK 120	214,491,404	107,245,520
2009	New issue 1:9 at SEK 83.5	238,323,377	119,161,689
2017	New issue 1:7 at SEK 127	272,369,573	136,184,787

Ownership structure 2017

Equities	% of capital	% of votes	Ownership	Ownership, %
1 – 100	0.2	0.1	12,105	31.7
101 – 200	0.3	0.2	5,740	15.0
201 – 500	1.0	0.6	8,004	20.9
501 – 1,000	1.3	0.8	5,123	13.4
1,001 – 2,000	1.9	1.2	3,732	9.8
2,001 – 5,000	2.5	1.6	2,209	5.8
5,001 – 10,000	1.7	1.1	671	1.8
10,001 – 20,000	1.4	0.8	264	0.7
20,001 – 50,000	1.8	1.1	159	0.4
50,001 – 100,000	1.8	1.1	67	0.2
100,001 – 200,000	1.6	1.0	32	0.1
200,001 – 500,000	5.9	3.7	52	0.1
500,001 – 1,000,000	6.0	3.7	24	0.1
1,000,001 – 2,000,000	8.6	5.4	17	0.0
2,000,001 – 5,000,000	6.8	4.2	6	0.0
5,000,001 – 10,000,000	14.0	8.8	6	0.0
10,000,001 – 20,000,000	3.8	2.4	1	0.0
20,000,001 –	27.3	54.7	2	0.0
Anonymous ownership	12.1	7.5	N/A	N/A
Total	**100.0**	**100.0**	**38,214**	**100.0**

Getinge's largest shareholder at December 31, 2017

	Class A shares	Class B shares	% of capital	% of votes
Carl Bennet AB	18,217,200	31,032,969	18.1	48.9
Franklin Templeton		25,390,801	9.3	5.8
Fourth Swedish National Pension Fund		10,265,254	3.8	2.4
Fidelity		9,754,189	3.6	2.2
Abu Dhabi Investment Authority		5,851,247	2.1	1.3
Nordea funds		5,796,030	2.1	1.3
Swedbank Robur funds		5,794,851	2.1	1.3
BlackRock		5,564,513	2.0	1.3
Vanguard funds		5,399,806	2.0	1.2
Folksam		4,423,545	1.6	1.0
Other		144,879,168	53.3	33.3
Total	**18,217,200**	**254 152,373**	**100.0**	**100.0**

Share capital distribution

	Class A	Class B	Total
No. of shares	18,217,200	254,152,373	272,369,573
No. of votes	182,172,000	254,152,373	436,324,373
% of capital	6.7	93.3	100.0
% of votes	41.8	58.2	100.0

Five largest countries – capital, %

Sweden	52.7
USA	24.5
United Arab Emirates	2.2
UK	1.3
Norway	1.2

Ownership by category – capital, %

Swedish institutional owners	22.1
Foreign institutional owners	34.1
Swedish individuals	9.9
Other owners	21.8
Anonymous ownership	12.1
Total	**100.0**

Sustainable value creation

It is self-evident for Getinge to assume both global and local responsibility for working toward a more sustainable society. These efforts involve reducing the environmental impact of products over their entire life cycle and also a social responsibility for the markets served by the company. The aim is also to help use resources more efficiently so that hospitals can offer more and better healthcare.


31%
percentage of female managers rose from 26% to 31% in 2017
–4.1%
reduction in CO_2 emissions from production, ton per SEK M
+2.3%
percentage of non-hazardous waste for recycling from production

VALUES

Passion for improvement

We want to help save lives. This is the core of our corporate culture where values are based on a strong shared commitment – a passion for improvement. Our employees are themselves at the center of these efforts.

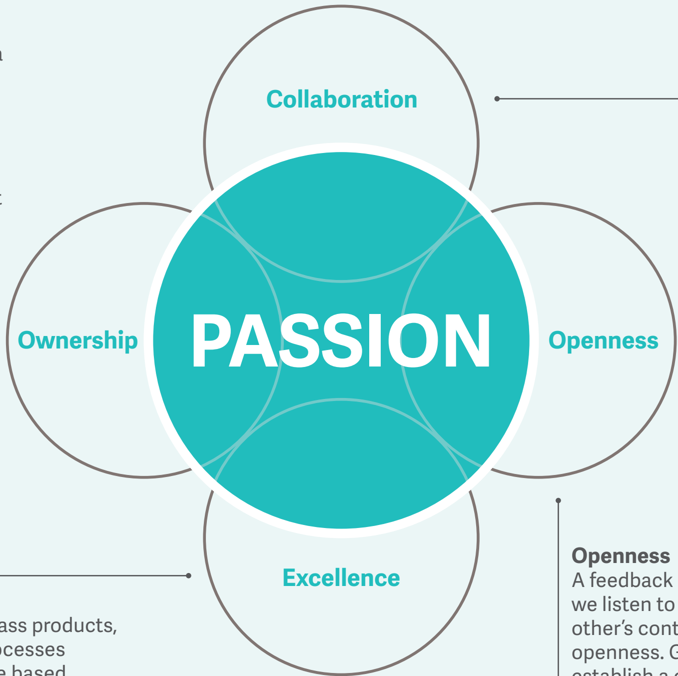
Shared values are a prerequisite for implementing the Group's strategy and achieving its targets. These values need to be anchored throughout the organization and feature in all aspects of our work.

Getinge's cultural core values combine Passion with Collaboration, Openness, Excellence and Ownership. Passion is central to Getinge's shared core values and comes directly from the employees themselves – passion for the mission of making a difference and saving lives, passion for their daily work and passion for Getinge as a company. Getinge is an authority in the field of medical devices and there is widespread commitment from within the company to help customers save lives and deliver the highest possible quality of care.

Our values

Passion is central to Getinge's core values. Employees of Getinge truly care for customers and the patients that they serve. Our passion is rooted in a desire to improve the health and well-being of others. Getinge makes a natural contribution by offering products and services that save lives, and also through its commitment to sustainability.

Ownership
A chain is only as strong as its weakest link. Getinge nurtures a culture based on collaboration and openness. To succeed, every individual must take responsibility for important decisions. Personal integrity, ethics and morals are important factors in all decisions that we make. Assuming responsibility ensures the best results for our customers, while building a strong culture.



Collaboration
Open communication and shared best practices enhance collaboration. By sharing successful models, bridges are created between departments that unify internal work flows and reduce the number of times that the wheel has to be reinvented. Collaboration-oriented and considerate feedback from colleagues helps remove obstacles and enhances the efficiency of work.

Excellence
Ensuring best-in-class products, employees and processes requires excellence based on leadership, mentorship, teamwork and processes. It is based on a joint effort that cannot be achieved individually. Getinge welcomes new ideas and encourages mentoring and coaching for new employees.

Openness
A feedback culture in which we listen to and respect each other's contributions requires openness. Getinge strives to establish a culture of openness and feedback in which we listen to and respect each other's contributions. The Group supports transparent communication, from new employees to the very highest management level. This creates confidence is the entire organization.

CASE – Getinge 9100 series

Product development that creates sustainable results

Developing innovative products is a vital cornerstone of Getinge's strategy. EcoDesign means that the products are developed based on the best interests of customers, society and the environment. An example of such development activities is Getinge's new 9100 series floor-loading cart & utensil washer-disinfectors.

The washer-disinfectors play a key role in reducing the risk of the spread of infection at hospitals. Accordingly, Getinge developed the new cart washer-disinfectors in close collaboration with hospitals to create a product series optimized for its purpose. The result is a machine that provides the highest quality of washing with minimal environmental impact.

Much of the development work took place at Getinge's ultra-modern testing lab in Växjö. The lab's technology can analyze the use of steam, water and electricity consumption to create a product that uses the least amount of energy possible.

"Sustainable product development is a core element and fundamental requirement for us. Developing products that are better for the environment, for example, with savings tanks for washing and rinsing water, is also positive for the end customers since it saves them time and money," says Jonas Johansson, R&D Manager in Växjö.

An important advantage with the new cart washer-disinfector is that it can be operated in power-saving mode that reuses hot water. This option not only reduces consumption of water, electricity and detergent in future wash cycles but also reduces the washing time to ten minutes. By using the power-saving mode, the hospital reduces the negative impact on the environment that the washing process would otherwise have, while saving time and money.

"This product combines great design with smart solutions for the highest quality washing process," says Björn Asking, Project Manager Global Sales at Getinge.

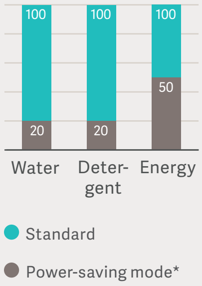
The new 9100 series has been developed to be user friendly with intuitive and simple instructions that minimize the risk of incorrect use. The machine is also sound isolated to provide a healthy work environment.

The Getinge 9100 series offers a shorter washing time and reduced consumption of water, electricity and detergent at the same time.

Sustainable product development is a core element and fundamental requirement for us. Developing products that are better for the environment, for example, with savings tanks for washing and rinsing water, is also positive for the end customers since it saves them time and money.

Jonas Johansson, R&D Manager in Växjö.

Lower resource consumption



*Maximum reduction in resource consumption through power-saving mode

Ethical basis permeates business

Getinge's sustainability work aims to secure the company's position and competitiveness in the long term. Contributing to a sustainable society is central to the continued development of Getinge, and the efforts being made have a favorable impact on the Group's ability to attract and retain customers and employees.

Getinge has signed the UN Global Compact and supports the ten principles on human rights, labor, environment and anti-corruption. In addition, Getinge's sustainability work is governed by the Group's Code of Conduct and a number of policies on, for example, environment and anti-corruption.

Getinge has a global organization for Ethics & Compliance. During the year, this was supplemented with regional committees that contribute to ensuring that laws and regulations, as well as ethical guidelines, are followed in the Group.

Quarterly environmental reporting from all of the Group's production units provides excellent opportunities for follow-up and comprises the basis for decisions concerning environmental goals and activities in the environmental area.

A materiality analysis will be conducted in 2018. This analysis, in conjunction with in-depth dialog with stakeholders, will be the foundation on which Getinge will continue its efforts in sustainable development.

Whistle-blowing policy

In 2017, a new whistle-blowing system was launched, under which employees have the opportunity to report any improprieties or deviations from the Code of Conduct through the Getinge Ethics Line. The Line is open 24 hours, every day, and is overseen by an independent third party.

Anti-corruption

A shared approach to business relations has been adopted in the global policy on anti-corruption. The policy is based on Getinge's Group-wide shared values and aims to ensure ethical behavior, locally and globally.

Gifts, corporate representation, compensation and personal benefits may only be offered to outside parties if they are of minor value and associated with the prevailing norms. No gifts, corporate representation or personal benefits may be given if they contravene the applicable legislation or prevailing norms. The Group's policy applies in the event that its requirements are stricter than the prevailing norms or applicable legislation. Gifts that do not meet these requirements must be reported to management, which will determine what action is to be taken. In addition to global anti-corruption and whistle-blowing policies, there are local additions (appendices) relating to specific legislation in various countries, wherever applicable. A comprehensive training program is in place to ensure that the employees have good knowledge of the policy and that there is compliance with it.

In 2017, Getinge initiated an internal investigation due to the Brazilian authorities commencing a number of corruption investigations related to alleged manipulation of procurement procedures and alleged formation of cartels in the country involving Getinge's subsidiaries. The Brazilian investigations refer to cases between 2000 and 2015. Getinge has made initial provisions of SEK 69 M for costs related to the Brazil competition authority's investigations. However, as previously announced, it cannot be ruled out that the ongoing investigations will have a material financial impact on the Group.

Human rights

In many of the countries where Getinge is active, health and safety in the workplace is regulated by stringent national legislation. Getinge is present in countries where the legislation is weaker, but the Group's demands on the organization are equally high in terms of health, safety, discrimination and ethics regardless of where in the world operations are conducted. The control of human rights occurs in the framework of the Code of Conduct.

During 2017, work was also begun to prepare a human rights policy. The work is progressing and is scheduled to be completed in 2018.

Getinge's Code of Conduct

Getinge's Code of Conduct stipulates how the company does business and describes the company's and employees' responsibilities to stakeholders. The Code of Conduct was updated during the year and has been extended in the way it expresses how the company and its employees must conduct operations in a long-term sustainable manner. The new Code of Conduct will be implemented in 2018.

All employees are to follow the values and principles set out in the Code of Conduct, and everyone is responsible for personifying Getinge's responsibilities in the day-to-day operations. In the revised version, there are several references to relevant policies and further information. Suppliers and business partners must also follow relevant sections of the Code of Conduct.

The Code of Conduct is based on the following international principles:

- The UN Universal Declaration of Human Rights
- UN Global Compact
- The ILO Declaration on Fundamental Principles and Rights at Work
- OECD's guidelines for multinational companies

»

Our entire core business contributes to more efficient use of resources in healthcare. This is how more and better care is generated, which leads to sustainable healthcare and ultimately, a more sustainable society.

Mattias Perjos, CEO

ENVIRONMENT

Continuous work for reduced environmental impact

Getinge wants to contribute to a more sustainable society by working actively and strategically in the environment area. The goal is to reduce the negative footprint being made, within Getinge as a company and by reducing the products' environmental impact throughout their entire life cycle.

All manufacturing units will implement and certify management systems that meet the ISO 14001 standard. New operations must have certified management systems in place within two years of being acquired or established. At the end of 2017, 16 of Getinge's 21 production units are certified in accordance with ISO 14001. This certification ensures structured environmental efforts through requirements for follow-up of the environmental impact of own operations and the preparation of goals, actions and procedures for significant areas.

Continuous follow-up and improvement

The Group's production facilities prepare quarterly reports on their performance regarding consumption of fuel and electricity, quantities of waste and recycling. The reporting is integrated with the consolidated financial statements and enables excellent opportunities to follow up the progress of the work with the Group's environmental goals. The information is regularly updated on the Group's intranet to create continuity and the opportunity for employee involvement. Getinge reports on an annual basis to the CDP (Carbon Disclosure Project), where the improvements in recent years contributed to Getinge receiving the B-grade in 2017, compared with C in 2016.

Goals and actions are focused on the elements that comprise the most significant environmental impact for each facility. Regular external and internal audits ensure that the management system develops continuously and contributes to an effective environmental effort.

Energy and climate

Reducing the climate impact of the operations constitutes a key element of Getinge's environmental efforts and goals are defined to reduce CO_2 emissions and energy consumption. Several measures were taken during the year, including further production facilities changing to hydropower and biofuels, and thereby reducing their CO_2 emissions.

Overall, Getinge's energy consumption and CO_2 emissions continued to decline during the year. This is primarily due to active environmental efforts, but to a certain extent to the fact that an energy-intensive manufacturing unit was divested during the year.

Energy-efficiency enhancements

During the year, Getinge continued its work to improve energy efficiency and energy savings in the business. As part of the continuous improvement work in the business, lighting and heating were optimized in production and storage premises. The work is continuing in close collaboration with energy auditors to achieve further reductions in energy use.

Indirect emissions from electricity use

To further reduce Getinge's climate impact, several production facilities only use green electricity, while other facilities aim to actively choose suppliers with a favorable electricity production mix for their electricity generation. These measures combined with rationalizations of production have led to a reduction in indirect emissions in a number of countries.

One of the challenges that Getinge is facing is that several of the company's production units are located in countries where it is more difficult to find a more renewable mix for electricity generation. Traditionally, emerging markets have higher emissions from electricity generation, which means that emissions in these markets rise with a growing manufacturing volume. To improve this situation, Getinge is making an active effort to identify other ways of reducing emissions, for example,

Our products are to maintain the highest possible clinical quality, but we also endeavor to contribute to reduced environmental impact, such as through increased energy efficiency and reduced use of chemicals.

through solutions that take advantage of solar power or encouraging local electricity suppliers to reduce emissions.

Freight transportation

A key component of Getinge's climate endeavors relates to emissions from freight transportation. This applies to transportation with the Group's own vehicles, such as service visits, and to freight transportation. Getinge's Company car policy makes far-reaching demands regarding CO_2 emissions, which have begun to have an impact in the form of reduced emission volumes.

A system for reporting CO_2 emissions from most of the (leased) vehicle fleet was already in place earlier.

Waste and recycling

Methodical work has resulted in the proportion of waste being sent to recycling gradually increasing year-by-year. For 2017, the share of waste brought to recycling was 83.1%, compared with 81.2% in 2016. During the year, the amount of hazardous waste increased 1.6% as a result of higher volumes.

Sustainable product development

A major part of Getinge's development efforts are carried out pursuant to the EcoDesign principles, which allows the provision of products and services for a more sustainable society. During all the product development phases, from feasibility studies to implementation, the project team involved must determine the product's environmental performance.

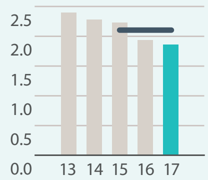
The environmental impact over the entire product life cycle is also taken into account during development. Environmental aspects are included when selecting materials and other input components, choosing manufacturing methods and in design to ensure low resource consumption. In addition, within the framework of EcoDesign efforts, guarantees are in place to ensure that prohibited substances are not used and that the use of environmentally hazardous substances in products and in manufacturing is minimized.

Environmental goals

Getinge's environmental goals comprise energy, climate and waste. The goals build on a survey of the foremost environmental aspects for each production facility.

Reduce CO_2 emissions from production by 5% by 2018, with 2015 as the base year.

Total production-related CO_2 emissions

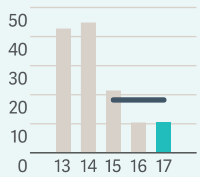


Direct and indirect emissions, tons per SEK M of internal sales.

Target by 2018

Reduce the amount of hazardous waste in production by 10% by 2018, with 2015 as the base year.

Hazardous waste

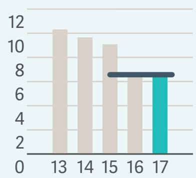


Quantity of hazardous waste, kg per SEK M of internal sales

Target by 2018

Reduce energy consumption in production by 10% by 2018, with 2015 as the base year.

Total energy consumption in production

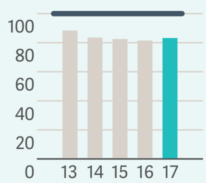


Energy consumption in production, MWh per SEK M of internal sales.

Target by 2018

All non-hazardous waste from production is to be recycled.

Recycling, %

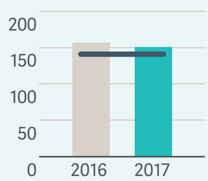


Waste to material or energy recycling.

Target: all other waste should be recycled.

Reduce CO_2 emissions from company vehicles by 10% by 2020, with 2016 as the base year.

CO_2 emissions from vehicles



CO_2 emissions from company vehicles.

Target by 2020

EMPLOYEES

Genuinely dedicated employees

Getinge's employees come from widely differing backgrounds, but are united by their dedication to developing solutions that improve healthcare and save lives. The diversity that exists is strategically important for success in the global market in which the company operates.

Getinge aspires to be an attractive employer by offering a work environment that is based on cooperation, responsibility and transparency. All employees are to be treated equally and Getinge does not accept any form of discrimination due to, for example, religion, age, ethnicity, national identity, gender, sexual orientation or political view.

In recent years, the company has undergone major changes. In March 2017, all of the Group's offerings and all of its trademarks, including Maquet, Lancer, Atrium, Pulsion, Datascope and Stericool, were gathered under a single trademark – Getinge. In this way, Getinge will become a stronger global player and market leader in many healthcare segments. The distribution of Arjo during the year also entails a more streamlined Getinge. Overall, a strong and unified trademark and increased streamlining of the business add up to better opportunities for the employees to develop and create customer benefits.

A safe work environment

The Group's work on health and safety matters is based on national legislation, international regulations and own requirements and policies. Getinge strives to offer a safe and non-discriminatory work environment for the company's employees worldwide and conducts a continuous, long-term health and safety effort at all facilities.

Sickness absence for 2017 totaled 4.1% (3.6) for the Group as a whole. The number of accidents per 100 employees was 3.0 (3.2). No serious accidents were reported during the year.

Recruitment and training

To continue to expand Getinge's business at a fast pace, the Group must attract, recruit, develop and retain employees with the appropriate expertise and right values. Getinge has thus pursued a long-term HR effort that supports the company's strategic and financial targets. This includes structured succession planning that is reviewed annually.

Every year, a number of training courses are held for the Group's executives, and customized training programs are offered at university level for future leadership talents. These programs are organized in close cooperation with some of the most distinguished universities in the world.

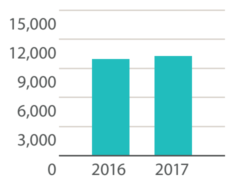
Equality and diversity

Getinge Group endeavors to create a business with extensive overall expertise and a wide range of experience to create a dynamic organization that can continue to advance the company in line with its strategic objectives. Accordingly, Getinge actively works on diversity issues, which are a key element of the Group's Code of Conduct.

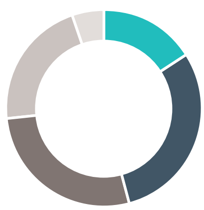
Getinge has also had a policy for a number of years to ensure that all employees – regardless of gender, race, religion and other irrelevant contextual factors – are given equal opportunity to develop and receive equal wages for equal work in due consideration of local conditions.

In 2017, the share of female managers in the organization amounted to 31% (26).

Number of employees



Age distribution



20–30 years, 16%
51–60 years, 21%
31–40 years, 30%
61–70 years, 5%
41–50 years, 28%

Gender distribution employees

Men, 65%
Women, 35%

Gender distribution managers

Men, 69%
Women, 31%

CASE – Mandy Gunn

Selling with passion

Mandy Gunn is a sales representative for Cardiac Surgery in the UK and Ireland. She has a background in nursing and is used to being in hospital environments when she is out discussing products and solutions with customers.

Former nurse Mandy Gunn is passionate about her job as a sales representative for Getinge and is happy that her job allows her to continue to make a difference every day. A normal work day mainly involves meetings with customers and traveling between them by car, train or plane. She calls her "office" the hospitals she visits on a daily basis, a nearby cafe or the time spent driving in her car. She does not miss having a fixed workplace since it would not fit her energetic lifestyle of always being on the go.

"I love the excitement of seeking out and initiating new business partnerships," she says.

When she isn't visiting customers, she works on planning, follow-ups and activities for various sales meetings. An important part of her job is also holding customer training courses, where she teaches how to use the products. She sometimes also gets to meet patients at these courses. Mandy plans an annual network meeting for her customers to exchange many good ideas and share experiences. Naturally, this is the perfect opportunity for Mandy to determine her customers' future needs and challenges, which is one of her most important tasks as a sales representative. Trust is at the core of everything.

"Getinge's successful business is all down to close customer relations."

In 2018, Getinge will launch a new Group-wide sales strategy which includes sharing best practice. However, the differentiated know-how of the various regional markets is invaluable. Mandy sees considerable potential for new business in her home markets of the UK and Ireland in the future.

"Many hospitals in the UK still perform open vessel harvesting (OVH), despite evidence[1] that endoscopic vessel harvesting (EVH) reduces the risk of wound infections, saves money and has a shorter recovery time. That means many opportunities for Getinge."

» We are very happy with Mandy. We communicate openly, based on trust. We trust her and like the Getinge products that she delivers.

Chief surgeon Chan Kean and theater nurse Wei Deng at the Royal Brompton Hospital.

1) The research report: "Endoscopic vein harvest in patients at high risk for leg wound complications: A cost-benefit analysis of an initial experience," published in December 2016.

Auditor's opinion regarding the statutory sustainability report

To the Annual General Meeting of Getinge AB (publ), Corp. Reg. No. 556408-5032

Assignment and distribution of responsibility
The Board of Directors is responsible for the sustainability report on pages 38-47 and for it being prepared in accordance with the Annual Accounts Act.

Approach and scope of review
Our review was conducted in accordance with the statement by the institute for the accounting profession in Sweden, FAR, RevR 12 Auditor's opinion regarding the statutory sustainability report. This means that our examination of the sustainability report is different and substantially less in scope than the approach and scope of an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review gives us an adequate basis for our opinion.

Opinions
A sustainability report has been prepared.

Gothenburg, March 8, 2018.
Öhrlings PricewaterhouseCoopers AB

Johan Rippe Authorized Public Accountant Auditor in Charge	Eric Salander Authorized Public Accountant

Administration Report

Operation and structure

Getinge is a global provider of products and solutions for operating rooms, intensive-care units, sterilization departments serving 42 countries and proprietary production in eight countries. Operations are conducted in two business areas – Acute Care Therapies and Surgical Workflows. A third business area, Life Science, which was previously included in the Surgical Workflows business area, is reported from January 2018. The former business area Patient and Post Acute Care was distributed to shareholders in December 2017 and listed as a separate, independent group under the name Arjo with its registered offices in Malmö.

Sales take place though proprietary companies and distributors in 141 countries. Approximately 75% of sales are conducted through the Group's proprietary sales companies and the remaining 25% are sold by agents and distributors in markets for which Getinge Group lacks proprietary representation. Slightly more than 90% of Getinge's sales go to hospitals, while the Life Science industry accounts for the remainder.

Production is conducted at a total of 21 facilities in Brazil, France, China, Germany, Poland, Sweden, Turkey and the US.

Recognition of discontinued operations

The distribution of Arjo in December 2017 is recognized in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Net profit for the year for the discontinued operations is recognized separately in the consolidated income statement under the item "Net profit for the year from discontinued operations." This means that income and expenses for Arjo are excluded from other income-statement items for all reported periods. The discontinued operations were not separated in the consolidated cash flow statement. Cash flow disclosures for these operations are instead recognized in Note 26. Only assets and liabilities remaining in the Group after the distribution of Arjo are recognized in the balance sheet.

Financial overview

Net sales

During the year, net sales increased 1.5% to SEK 22,495 M (22,170). Net sales rose organically by 1.3%. In Acute Care Therapies, sales amounted to SEK 12,201 M (11,804), corresponding to an organic increase of 3.1%. In 2017, Surgical Workflows' sales amounted to SEK 10,294 M (10,366). Sales fell organically by 0.8%. Americas represented the Group's largest market, accounting for 40% (40) of sales, followed by EMEA at 39% (39). APAC accounted for 21% (21) of sales.

EBITA

EBITA before acquisition, restructuring and integration costs amounted to SEK 2,842 M (3,275).

Operating profit (EBIT)

The Group's operating profit declined 0.9% to SEK 1,493 M (1,506), which corresponds to 6.6% (6.8) of net sales.

Net financial items

Net financial items amounted to SEK -560 M (-527), of which net interest items comprised SEK -501 M (-489).

Profit before tax

The Group's profit before tax declined 4.7% to SEK 933 M (979), which corresponds to 4.1% (4.4) of net sales.

Taxes

A bill regarding a tax reform in the US was approved in December 2017 that entails a reduction in the corporate tax rate from 35% to 21%. For Getinge, the bill resulted in a positive tax effect of SEK 302 M, which is primarily related to the restatement of deferred tax liabilities attributable to acquired intangible assets. Due to the positive non-recurring tax effect, the Group recognized a tax income of SEK 184 M (a tax expense of SEK –256 M) for the 2017 fiscal year (see Note 9).

Tied-up capital

The Group's tied-up capital declined year-on-year as a result of the spin-off of Arjo. Inventories amounted to SEK 4,879 M (5,431) and accounts receivable to SEK 6,067 M (8,159). Operating capital was SEK 32,598 M (44,305) and the return on working capital was 6.7% (8.3). Consolidated goodwill totaled SEK 16,873 M (22,992) at the end of the fiscal year.

Investments

Investments in intangible assets and tangible assets amounted to SEK 1,663 M (1,607). Investments primarily pertained to product development, production facilities, production tools and IT projects. Excluding discontinued operations, investments amounted to SEK 1,276 M (1,282).

Financial position and equity/assets ratio

The Group's net interest-bearing debt fell SEK 10,597 M to SEK 12,792 M (23,389) as a result of the spin-off of Arjo and the implemented rights issue. The equity/assets ratio improved to 47.0% (37.9) and the net debt/equity ratio to 0.65 (1.12). Net interest-bearing debt in relation to adjusted EBITDA before acquisition, restructuring and integration costs amounted to 3.07 (3.88). Equity at year-end amounted to SEK 19,806 M (20,916).

Cash flow

Cash flow from operating activities amounted to SEK 2,763 M (3,671). The cash conversion was 62.9% (73.6).

Class of shares and share data

For information regarding trading of shares in the company, the number of shares, shareholders, the classes of shares and the rights associated with these classes of share in the company, refer to the Getinge Share section on pages 38-39.

Events during the year

Changes to Getinge Executive Team

On March 27, 2017, Mattias Perjos took office as President and CEO of Getinge. Mattias Perjos previously served as the CEO of Coesia Industrial Process Solutions (IPS) and Coesia International. Prior to that Mattias Perjos held a number of leading international positions at FlexLink including the role of CEO.

Jeanette Hedén Carlsson took office as Executive Vice President, Communications & Brand Management at Getinge on June 12, 2017. Jeanette Hedén Carlsson joins the Group from Volvo trucks where she was Senior Vice President, Brand & Communications and also a member of Group Management. Jeanette Hedén Carlsson has previously held senior positions at Volvo Buses and Volvo Car Group. Jeanette Hedén Carlsson succeeded Kornelia Rasmussen, who took office as the Executive Vice President, Marketing Communication & Public Relations at Arjo.

Lars Sandström took up the role of Chief Financial Officer (CFO) in December 2017. Lars Sandström has held several senior positions within the Finance organization at Scania and most recently served as Senior Vice President and Head of Group reporting, Tax & Control in the Volvo Group. Lars Sandström succeeded Reinhard Mayer who choose to leave Getinge for personal reasons.

During the year, Harald Castler was also appointed a member of the Getinge Executive Team and President of Life Science, which is reported as a business area from January 1, 2018. Harald Castler has previously held senior positions at Getinge for more than 30 years.

Launch of new brand structure

A new brand structure featuring a single brand – Getinge – was launched in 2017. Under this structure, Getinge targets customers with a single brand that capitalizes on the value built up in all previous brands. Getinge's strong growth over the past 25 years, which has largely been achieved through acquisitions, has created a comprehensive brand portfolio including Maquet, Lancer and Atrium. Some of the former brands, such as Maquet, will serve as names of product families under the main brand of Getinge.

Distribution and listing of Arjo (formerly Patient & Post-Acute Care)

An Extraordinary General Meeting held on December 4 resolved to distribute Arjo to Getinge's shareholders and list the operations on Nasdaq Stockholm. The purpose of dividing the Group into two operations, Getinge and Arjo, was to give each company the best conditions for developing and realizing their potential.

The record date for distribution was Friday, December 8 and the final day of trading in Getinge's shares including the right to distribution of shares in Arjo was Wednesday, December 6. The Class B shares in Arjo have been traded on Nasdaq Stockholm from Tuesday, December 12.

In connection with the dividend, Getinge's earnings were recompensated with SEK 127 M for accumulated translation differences in equity that were reclassified to profit and loss and are recognized under the item "Profit from discontinued operations." Including transaction costs, the Group's cash and cash equivalents fell by SEK 623 M due to the distribution, which also reduced equity by SEK 5,533 M.

Consent Decree with FDA

During the year, improvements at the production units under the Consent Decree with the FDA continued. An additional provision of SEK 488 M for remediation activities in Hechingen was made in the second quarter of 2017.

Rights issue

Getinge implemented a rights issue during the year to strengthen its balance sheet and this create greater scope for action. A total of slightly more than 99.2% of the newly issued shares were subscribed with subscription rights. The remaining percentage was allotted to persons who subscribed for shares without subscription rights The issue resulted in Getinge receiving SEK 4,324 M before issue costs. The rights issue led to Getinge's share capital increasing by SEK 17,023,098, from SEK 119,161,688.50 to SEK 136,184,786.50, based on issuing 34,046,196 new shares, of which 2,277,150 Class A shares and 31,769,046 Class B shares. After the rights issue, the number of shares in Getinge amounted to 272,369,573, divided between 18,217,200 Class A shares and 254,152,373 Class B shares.

Reorganization for greater clarity in control of production and sales

Several steps were taken during the year to enhance the clarity in the control of production and sales. The Supply Chain function was divided and responsibility for manufacturing was transferred to each business area to thereby create greater clarity and efficiency across the entire line from R&D to production. At the same time, responsibility for direct sourcing and logistics was transferred to a Group-wide function that is responsible for continuing to capitalize on synergies.

The three former sales regions (Americas, APAC and EMEA) were also merged to form a global sales organization. The aim of this change is to enhance the efficiency of control of the Group's sales and other commercial activities. Carsten Blecker was appointed Chief Commercial Officer and remains a member of the Getinge Executive Team. Carsten Blecker previously served as President, EMEA.

Investigation in Brazil

In 2017, Getinge initiated an internal investigation due to the Brazilian authorities commencing a number of corruption investigations related to alleged manipulation of procurement procedures and alleged formation of cartels in the country involving Getinge's subsidiaries. The Brazilian investigations refer to cases between 2000 and 2015.

Getinge has made initial provisions of SEK 69 M for costs related to the Brazil competition authority's investigations. However, as previously announced, it cannot be ruled out that the ongoing investigations will have a material financial impact on the Group.

Acquired and divested operations

Carus HMS GmbH

During the second quarter of 2017, Getinge acquired the German IT company Carus to strengthen its offering in Integrated Workflow Solutions. The company has approximately 30 employees and generates annual sales of about SEK 20 M. The total purchase consideration amounted to SEK 19 M.

Simm Company and Surgeon Aids

In the second quarter of 2017, Getinge completed the acquisition of the operations of the Thai company Simm Company and Surgeon Aids. The operation has approximately 60 employees and generates annual sales of about SEK 75 M. The total purchase consideration amounted to SEK 40 M.

Innovation and product development

Innovation and product development are a cornerstone of the Group's strategy to strengthen the customer offering and thereby ensure future organic growth. The Group uses innovation and product renewal to manufacture products, systems and solutions with a documented ability to deliver excellent clinical results and economic benefits. In 2017, the Group's research and development costs, excluding discontinued operations, amounted to SEK 1,123 M (1,064). Of this amount, SEK 529 M (526) was capitalized as intangible assets.

Personnel

At December 31, 2017, there were 10,684 (9,959) employees, of whom 1,155 (1,148) were employed in Sweden. In 2017, Getinge continued its extensive efforts to strengthen the Group's personnel and management development. The work is based on an analysis of the company's needs for specialist and management competence and the company's demographic structure. In 2017, Getinge has also continued long-term efforts to increase diversity. Getinge has a previously implemented policy to ensure that all employees are given equal opportunity to develop and receive equal pay for equal work, regardless of such factors as gender, ethnicity or religion.

Remuneration to senior executives

The 2017 AGM established guidelines for remuneration to senior executives, primarily entailing the following: Remuneration and other employment terms and conditions for senior executives are to be market-based and competitive in every market where Getinge is active so as to attract, motivate and retain skilled and competent employees. The total remuneration package to senior executives is to comprise basic pay, variable remuneration, pension and other benefits. The allocation between basic pay and variable remuneration should be proportionate to the executive's responsibility and authority. Variable remuneration is limited to a maximum amount and linked to predetermined and measurable criteria, designed with the aim of promoting the company's long-term value creation. No variable remuneration will be paid if profit before tax is negative. For the CEO, variable remuneration is limited to a maximum of 80% of basic pay. Variable remuneration is based on the individual goals set by the Board. Examples of such goals include earnings, volume growth, working capital and cash flow. For other senior executives, variable remuneration is maximized at 70% of basic pay and is based on the outcome in the executive's personal area of responsibility and individually set targets. In addition to the aforementioned variable remuneration, adopted share or share-related incentive programs may be included. The Board is entitled to deviate from these guidelines if warranted in individual cases. Total remuneration to senior executives amounted to SEK 77 M (146) in 2017. Refer to Note 28 for further information.

Sustainability Report

Getinge's Sustainability Report, prepared in accordance with the new regulations of the Swedish Annual Accounts Act, is presented on pages 40-49. A description of diversity on the Board can be found on page 55.

Environmental accounting

The Group's environmental policy, the established environmental goals and the international environmental standard ISO 14001 form the basis of Getinge's environmental work. All manufacturing units will implement and certify environmental-management systems that meet the standard. For acquisitions, the management system is to be introduced and certified within 24 months. The management system ensures structured environmental work and provides a basis for the reporting of environmental performance that Getinge's manufacturing units submit every month. Through the targeted activities on environmentally compatible product development, EcoDesign, the aim is to reduce the environmental impact from manufacturing and product usage. Recycling of input substances and components is also facilitated.

One facility in Sweden conducts operations requiring permits or declaration under the Swedish Environmental Code. This facility holds the necessary permits. Most of the impact on the environment comprises emissions to water and air, and the environmental effects from energy consumption and waste production. The operations were conducted in accordance with applicable permits and conditions during the year. Further information concerning Getinge's environmental work is presented on pages 46-47.

Risk management

Healthcare reimbursement system

Political decisions represent the single greatest market risk to Getinge. Changes to the healthcare reimbursement system can have a major impact on individual markets by reducing or deferring grants. This risk is limited by Getinge being active in a large number of geographical markets.

Customers

Activities conducted by Getinge's customers are generally financed directly or indirectly by public funds and ability to pay is usually very solid, although payment behavior can vary between different countries. All transactions outside the OECD area are covered by payment guarantees, unless the customer's ability to pay is well documented.

Authorities and control bodies

Parts of Getinge's product range are covered by legislation stipulating rigorous assessments, quality control and documentation. It cannot be ruled out that Getinge's operations, financial position and earnings may be negatively impacted in the future by difficulties in complying with current regulations and requirements of authorities and control bodies or changes to such regulations and requirements. To limit these risks to the greatest possible extent, Getinge conducts extensive work focused on quality and regulatory issues and the Group-wide quality and regulatory compliance function has a representative on the management teams of each business area. The function is also represented in all R&D and production units. The majority of the Group's production facilities are certified according to the medical device quality standard ISO 13485 and/or the general quality standard ISO 9001.

Research and development

Getinge's future growth also depends on the company's ability to develop new and successful products. Research and development efforts are costly and it is impossible to guarantee that developed products will be commercially successful. As a means of maximizing the return on investments in research and development efforts, the Group applies a structured selection and planning process that includes careful analyses of the market, technological progress, choice of production method and selection of subcontractors. The actual development work is also conducted in a structured manner and each project undergoes a number of fixed control points.

Product liability and damage claims

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. Getinge cannot provide any guarantees that the operations will not be subject to compensation claims. Getinge carries the customary indemnity and product liability insurance, but there is a risk that the protection Getinge receives through its insurance policies would be limited for reasons such as amount limits and requirements to pay deductibles.

Protection of intellectual property rights

Getinge is a market leader in the areas in which it operates and invests significant amounts in product development. To secure returns on these investments, Getinge actively upholds its rights and monitors competitors' activities closely. If required, Getinge will protect its intellectual property rights through legal processes.

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-rate 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 the Getinge Executive Team 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. For more detailed information concerning these risks, refer to Note 27 Financial risk management. The Group has a number of participations in foreign operations whose net assets are exposed to currency risks. Currency exposure that arises from net assets in the Group's foreign operations is primarily managed by borrowing in said foreign currency.

Currency

The effect of exchange-rate movements on earnings and equity below is calculated using forecast volumes and earnings in foreign currency for 2018, taking into consideration currency hedging that has been conducted. In addition, there is the exchange-rate impact on net financial items related to interest expenses in foreign currencies.

For a rate movement of 5%, the impact on equity of a re-measurement of the Group's portfolio of currency derivatives held for hedging purposes is about SEK 140 M. At a 5% rate movement, the impact of other translation effects on equity is approximately SEK 1,165 M. Sensitivity to exchange-rate fluctuations on earnings is detailed in the following table, based on the exchange rates specified in the table below.

Currency: estimated rate in 2018	Budgeted net volume in 2018, millions	Impact in SEK M of 5% rate movement
JPY: 0.08	1,950	+/– 8
EUR: 9.65	-90	+/– 44
GBP: 11.00	25	+/– 13
USD: 8.75	115	+/– 50
CNY: 1.28	475	+/– 31

Sensitivity analysis

Getinge's earnings are affected by a series of external factors. The following table shows how changes to some of the key factors that are important to Getinge could have affected the Group's profit before tax in 2017.

Change in profit before tax		SEK M
Price change	+/– 1%	+/– 225
Cost of goods sold	+/– 1%	+/-119
Salary costs	+/– 1%	+/– 77
Interest rates	+/- 1 percentage point	+/– 66

The effect of a +/- 1 percentage point change in interest rates on the Group's profit before tax was calculated based on the Group's interest-bearing liabilities, excluding pension liabilities, at year-end 2017. The impact of a +/- 1 percentage point change in interest rates on equity is about SEK 135 M. Consideration was given to the effect of the various risk-management measures that Getinge applies in accordance with its approved policy.

Outlook

Organic sales growth is expected to be slightly positive in 2018. Currency transaction effects are expected to have a negative impact of approximately SEK 100 M on the Group's 2018 operating profit (EBIT).

Corporate Governance Report

Getinge AB (publ) is a Swedish public limited liability company listed on Nasdaq Stockholm, Large Cap segment. Getinge applies the Swedish Corporate Governance Code and hereby presents the Corporate Governance Report for 2017.

Introduction

Getinge is a global provider of innovative solutions for operating rooms, intensive-care units, sterilization departments and for life science companies and institutions. Based on our first-hand experience and close partnerships with clinical experts, healthcare professionals and medtech specialists, we are improving everyday life for people, today and tomorrow. The Group serves 42 countries and proprietary production in eight countries.

The Group's customers are found primarily in the healthcare and life science areas, where products are often pivotal to the quality and efficiency of operations.

Accordingly, confidence in Getinge and its products is entirely decisive for continued sales successes.

Corporate governance is aimed at ensuring the continued strong development of the company and, consequently, that the Group's operations fulfill its obligations to shareholders, customers, employees, suppliers, creditors and society.

The Group's corporate governance and internal regulations provide frameworks for achieving business objectives and strategies. The Group's risks are well-analyzed and risk management is integrated in the work of the Board and in operational activities.

Getinge's organization is designed to be able to react promptly to market changes. Accordingly, operational decisions are made on a decentralized basis, while overriding decisions concerning strategy and direction are made by Getinge's Board and the Getinge Executive Team.

External and internal regulations

The Group's corporate governance is based on Swedish legislation, as well as on the Swedish Corporate Governance Code ("the Code"), which is available at corporategovernanceboard.se Getinge complies with the Code's regulations and presents an explanation below for any deviation from the Code's regulations in 2017. In addition to the Code, the Group's corporate governance is based on Nasdaq Stockholm's Rulebook for Issuers, available at nasdaqomxnordic.com, and the Swedish Securities Council's opinions on good practice on the Swedish stock market, available on aktiemarknadsnamnden.se. This report summarizes how corporate governance is structured and how it has been carried out and developed in the Group during the 2017 fiscal year.

The internal steering documents relating to Getinge's corporate governance include Getinge AB's Articles of Association, instructions and formal work plan for the Board of Directors, Board committees and CEO, various policies and guidelines as well and the Group's Code of Conduct.

The company's Articles of Association are available on the Group's website: www.getinge.com.

Shareholders

For information about shareholders and the Getinge share, see pages 38-39 and www.getinge.com.

General Meeting of Shareholders

Shareholders can exert their influence at the Annual General Meeting (AGM) and, when applicable, at an Extraordinary General Meeting, which are Getinge's highest decision-making bodies.

All shareholders registered in the shareholders' register at a certain time before the Meeting and who have notified their attendance to the Meeting before the time given in the notice are entitled to participate in the Meeting and exercise their voting rights in full. Shareholders who are not able to personally attend can be represented by proxy. A shareholder who wishes to have a matter put forward at the General Meeting of Shareholders must submit a written proposal to the Board in a timely manner so that the proposal can be included in the notice of the AGM.

2017 Annual General Meeting

The 2017 Annual General Meeting was held on March 29 the Kongresshallen at Hotel Tylösand, in Halmstad, Sweden. A total of 992 shareholders, representing 52.2% of the number of shares and 70.2% of the total number of votes in the company attended the AGM. Board Chairman Carl Bennet was elected Chairman of the Meeting. All Board members elected by the AGM were present. The minutes from the AGM are available on Getinge's website: www.getinge.com.

The decisions made by the AGM include:

- Adoption of the income statements and balance sheets presented for the Parent Company and the Group
- Dividend in accordance with the Board's and the CEO's proposal of SEK 2.00 per share for the 2016 fiscal year
- Amendment to the Articles of Association regarding the highest number of Board members
- Adoption of the remuneration to Board members and auditor
- Carl Bennet, Johan Bygge, Cecilia Daun Wennborg, Johan Malmquist, Malin Persson and Johan Stern were reelected to the Board and Barbro Fridén, Dan Frohm, Sofia Hasselberg and Mattias Perjos were elected new members of the Board.
- Reelection of Carl Bennet as Chairman of the Board
- Reelection of Öhrlings PricewaterhouseCoopers AB as auditor for Getinge until the conclusion of the 2018 AGM
- Guidelines for the remuneration to senior executives.

Extraordinary General Meeting 15 August 2017

A total of 651 shareholders, representing 51.6% of the number of shares and 69.8% of the total number of votes in the company, attended Getinge's Extraordinary General Meeting held in Gothenburg on August 15, 2017. The Meeting decided the following:

- Amending the Articles of Association on the basis of a conversion provision
- Authorization to resolve on issue of new shares

The Meeting resolved in accordance with the Board's proposal regarding amendment of the Articles of Association by including a conversion provision entailing that a shareholder of Series A shares may on request convert such share to a Class B share. The request of conversion shall be addressed to the Board and the company shall without delay notify the conversion to the Swedish Companies Registration Office for registration.

The Meeting resolved in accordance with the Board's proposal to authorize the Board of Directors to resolve on the issue of new shares with preferential right for the company's shareholders during the period up to the company's 2018 Annual General Meeting. The total number of shares that may be issued by virtue of the authorization shall amount to the number of shares corresponding to issue proceeds of approximately SEK 4 billion, and shall be within the limits of the share capital. Getinge's Board exercised the authorization from the Meeting and announced on August 18, 2017 that it would carry out a rights issue. The final outcome of the rights issue was announced on September 21, 2017, with the company raising proceeds of SEK 4,324 M before issue costs.

Extraordinary General Meeting, December 4, 2017

A total of 692 shareholders, representing 57.3% of the number of shares and 73.4% of the total number of votes in the company, attended Getinge's Extraordinary General Meeting held in Gothenburg on December 4, 2017.

The Meeting resolved to distribute all of the shares in Arjo AB (publ) ("Arjo") to the shareholders of Getinge.

The Meeting resolved in accordance with the Board's proposal to distribute all shares in the wholly-owned subsidiary Arjo, whereby one (1) Class A share in Getinge AB entitles to one (1) Class A share A in Arjo and one (1) Class B share in Getinge AB entitles to one (1) Class B share in Arjo.

Nomination Committee

The Nomination Committee's task is to put forward proposals ahead of the AGM, regarding the election of the Chairman of the AGM, the Chairman of the Board and other members of the Board, election of auditors, as well as fees for Board members and auditors. Pursuant to a resolution by Getinge's 2005 AGM, the Nomination Committee comprises Getinge's Chairman and representatives of the five largest shareholders at August 31, 2017, as well as a representative for minority shareholders. Ahead of the 2018 AGM, this means that Getinge's Nomination Committee comprises:

- Carl Bennet – Chairman of the Board of Getinge and representative of Carl Bennet AB
- Per Colleen, Fourth Swedish National Pension Fund
- Viveka Ekberg, representing minority shareholders
- Ossian Ekdahl, First Swedish National Pension Fund
- Carina Lundberg Markow, Folksam
- Marianne Nilsson, Swedbank Robur AB

Chairman of the Board Carl Bennet was appointed Chairman of the Nomination Committee ahead of the 2018 AGM, which deviates from the rule 2.4 of the Code. The reason for this is the Chairman of the Board is very well suited to lead the Nomination Committee in an effective manner to achieve the best results for the company's shareholders.

The Nomination Committee conducts an evaluation of the Board and its work. A proposal for the new Board is subsequently drawn up by the Nomination Committee together with a proposal on remuneration to the Board of Directors and is submitted with the notice of the forthcoming AGM.

Ahead of the 2017 AGM, the Nomination Committee proposed reelection of Board members Carl Bennet (Chairman), Johan Bygge, Cecilia Daun Wennborg, Johan Malmquist, Malin Persson and Johan Stern and the elections of Barbro Fridén, Dan Frohm, Sofia Hasselberg and Mattias Perjos as new members of the Board. The Nomination Committee's reasoned statement ahead of the 2017 AGM stipulated that the Nomination Committee had applied rule 4.1 of the Code as diversity policy in preparing proposals of Board members. The aim of the policy is that the Board is to have a composition appropriate to the company's operations, phase of development and other relevant circumstances and to exhibit diversity and breadth of qualifications, experience and background, and strive for an equal gender distribution. The 2017 AGM resolved to appoint Board members in accordance with the Nomination Committee's proposal, entailing that ten members were elected, of whom four are women and six men (40% and 60%, respectively).

Shareholders who would like to submit proposals to Getinge's 2018 Nomination Committee, can contact the Nomination Committee by e-mail at valberedningen@getinge.com or by mail: Getinge AB, Att: Nomination Committee, Box 8861, SE-402 72 Gothenburg, Sweden.

Board of Directors

Primarily, the Board is responsible for the organization of the company and the management of its affairs. In carrying out its duties, the Board must safeguard the interest of all its shareholders. It is also the Board's duty and responsibility to ensure that this Corporate Governance Report is prepared.

According to the Articles of Association, Getinge's Board of Directors is to comprise not fewer than three and not more than ten members, with not more than ten deputy members. The Board members are elected annually at the AGM to serve for the period up to and including the next AGM. Employees have the right to appoint two representatives and two deputy members to the Board.

In 2017, Getinge's Board comprised nine members elected at the AGM. CEO and the Group's Finance Director and Chief Financial Officer participate at the Board meetings, with the latter also serving as Secretary. Other senior executives also participate when needed.

The work of the Board is governed mainly by the Swedish Companies Act, the Code and the Board's formal work plan. The Board's formal work plan is approved each year at the statutory Board meeting. According to the current applicable formal work plan, the Board will have approximately seven scheduled meetings during the fiscal year. In addition, the formal work plan will also determine the distribution of work and responsibility between the Board, the Chairman, Board committees and the CEO.

The Board held its statutory meeting on March 29, 2017 and convened 13 times during the year, with an average attendance rate of 96% of the elected members.

At its scheduled meetings, the Board addresses fixed agenda items in accordance with the Board's formal work plan, including the business situation, budget, annual accounts and interim reports. The Board also addressed the need for a rights issue, the distribution of Arjo as well as comprehensive issues related to the economy and associated cost issues, corporate acquisitions and other investments, long-term strategies, financial matters, and structural and organizational changes.

Carl Bennet was re-elected Chairman of the Board at the 2017 AGM. The Chairman's role is to lead and manage the Board's work and to ensure that this is conducted in an organized and efficient manner. It involves ensuring that the Board fulfills its responsibilities and monitors the development of the company, and ensuring that the Board continuously receives the information required for the Board to perform its work while maintaining the same level of quality in accordance with applicable regulations. The Chairman of the Board does not participate in the operational management of the company. According to rules 4.4 and 4.5 of the Code, the majority of the elected Board members are to be independent in relation to the company and its management and at least two of these members are also to be independent in relation to the Group's largest shareholders. The Nomination Committee believes that the Board's composition in Getinge meets the requirements for independent members as stipulated by the Code.

The Nomination Committee has observed that Mattias Perjos, in his capacity as CEO, and Johan Malmquist, in his capacity as former CEO, are to be regarded as dependent in relation to the company and executive management, and that Carl Bennet, Johan Stern and Dan Frohm as representatives and Board members of Getinge's principal owner Carl Bennet AB, are to be regarded as dependent in relation to the largest shareholders. Other Board members are deemed to be independent in relation to the company, executive management and the largest shareholders.

The Board members' individual shareholdings, their independence in relation to the company, executive management and the largest shareholders as well as their other assignments in other companies are presented in the table on the page below and in the presentation of Board members on pages 60-61.

Remuneration Committee

In 2017, Getinge's Remuneration Committee comprised Board members Carl Bennet (Chairman), Johan Stern, Barbro Fridén, Malin Persson, Johan Malmquist and Dan Frohm. Except for Johan Malmquist, who in his capacity as former CEO is to be considered to be dependent in relation to the company and executive management, all other members of the Remuneration Committee are independent in relation to

Board of Directors and Committees in 2017

			Committees		Attendance		
Member	**Year elected**	**Dependent[1]**	**Auditing Committee**	**Remuneration Committee**	**Board meetings**	**Auditing Committee**	**Remuneration Committee**
Carl Bennet, Chairman	1989	●		Chairman	13/13		1/1
Johan Bygge	2007		Chairman		13/13	6/6	
Cecilia Daun Wennborg	2010		Member		12/13	6/6	
Barbro Fridén	2017			Member	9/9		1/1
Dan Frohm	2017	●		Member	9/9		1/1
Sofia Hasselberg	2017		Member		9/9	5/5	
Johan Malmquist	2016	●		Member	13/13		1/1
Mattias Perjos	2017	●			9/9		
Malin Persson	2014			Member	13/13		1/1
Johan Stern, Vice Chairman	2004	●	Member	Member	13/13	6/6	1/1
Board members appointed by employees							
Peter Jörmalm (deputy)	2012				13/13		
Rickard Karlsson	2013				11/13		
Åke Larsson	2014				13/13		
Maria Grehagen Hedberg (deputy)	2014				12/13		

1) As defined by the Swedish Corporate Governance Code

● Representative of Getinge's principal owner Carl Bennet AB

● Former President and CEO of Getinge

● Getinge's President and CEO

● Board member of Getinge's principal owner Carl Bennet AB the company and executive management. The circumstance of the appointment of Johan Malmquist to the Remuneration Committee despite not being independent in relation to the company and executive management is a deviation from rule 9.2 of the Code. The reason for this deviation is that Johan Malmquist, who has served for many years as CEO and a Board member of Getinge, has in-depth knowledge of the company's circumstances and conditions in matters regarding, for example, the personnel situation, provision of skills and remuneration structures.

Ahead of the 2018 AGM, the Committee held one minuted meeting and remained in informal contact. The attendance of members at the Committee meetings are presented the table on page 56.

Following written instructions, the Remuneration Committee's duties include preparing questions concerning remuneration principles and remuneration and other employment terms and conditions for the CEO and other members of the Getinge Executive Team. The Committee also prepares proposals to the Board on the guidelines for the remuneration to senior executives, which the Board submits for decision at General Meetings. In addition, the Committee follows and evaluates ongoing and completed variable remuneration programs for the Getinge Executive Team during the year and the application of the guidelines for remuneration to senior executives resolved at the AGM.

Auditing Committee

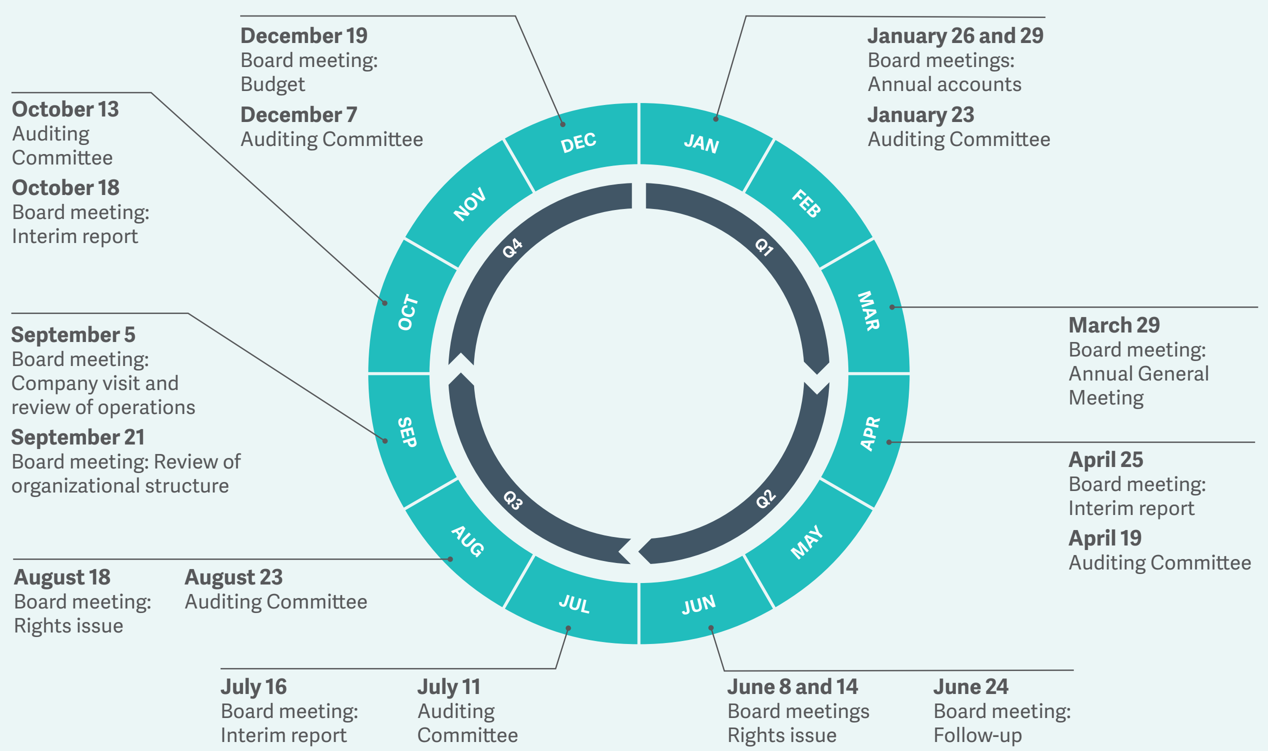
In 2017, Getinge's Auditing Committee comprised Board members Johan Bygge (Chairman), Cecilia Daun Wennborg, Sofia Hasselberg and Johan Stern. All members of the Auditing Committee are independent in relation to the company, executive management and the company's largest shareholders, with the exception of Johan Stern, who is not considered to be independent in relation to the company's largest shareholders. The Committee held six minuted meetings in 2017, including informal contact when necessary. The attendance of members at the Committee meetings are presented in the table on page 56. The company's auditors participated in all meetings convened by the Auditing Committee. Jointly with the auditors, the Committee discussed and established the scope of the audit.

The Auditing Committee is a standing committee in the contact between the Board and the auditors, and continuously reports on its work to the Board.

The Auditing Committee follows written instructions and its activities are to meet the requirements of the Swedish Companies Act and the EU Audit Regulation. The Committee's tasks include assisting the Nomination Committee with preparing proposals for resolutions by the General Meeting on election of auditors and fees to audits, for which the Committee is to monitor that the auditor's mandate period does not exceed applicable rules, procure the audit and present a recommendation in accordance with the EU Audit Regulation.

The Auditing Committee is also to examine and monitor the independence of the auditors and pay particular attention to whether the auditors provide other non-audit services. The Auditing Committee is also to publish guidelines on non-audit

Board and Auditing Committee meetings



services provided by the auditors and, in applicable cases, approve the provision of such services in accordance with these guidelines. The Auditing Committee is to examine and monitor the consolidated financial statements and provide recommendations and proposals on ensuring the reliability of the financial reporting and monitor the efficiency of the company's internal control and risk management. In addition, the Auditing Committee is involved in planning the external audits and continuously consults and confers with the external auditors.

External auditors

Getinge's auditors are elected at the AGM. The auditors will review the Annual report, financial statements and the consolidated financial statements as well as the management by the Board and CEO in accordance with generally accepted auditing standards. After every fiscal year an auditor's report is presented to the Parent Company and a Group auditor's report is presented to the General Meeting. At the 2017 AGM, the registered accounting firm Öhrlings PricewaterhouseCoopers AB was elected auditor with the authorized public accountant Johan Rippe as the Auditor in Charge and Eric Salander as co-auditor. The current mandate period expires at the 2018 AGM. The auditor's report to the Auditing Committee and the Board on their findings. In addition to standard audit assignments, Öhrlings PricewaterhouseCoopers AB provides advisory services and performs investigations. Such assignments take place in accordance with the regulations determined by the Auditing Committee for approval of the nature and scope of the services and the fees for such services. The performed assignments are not deemed to have given rise to a conflict of interest. Details about the amounts of remuneration paid to auditors are presented in Note 5.

CEO and Getinge Executive Team

Mattias Perjos assumed the position as President and CEO on March 27, and succeeded Acting CEO Joacim Lindoff. It is the CEO's responsibility to implement and ensure that the strategies, business plans and operational objectives agreed on by the Board are carried out. It is also the CEO's responsibility to keep the Board up to date with information and essential management information, to submit reports at the Board meetings while keeping the Board and Chairman continually updated about the Group's and company's financial position and future development opportunities. The CEO is supported by the Getinge Executive Team comprising presidents of the business areas, global sales and Group-wide support functions. At year-end 2017, Getinge Executive Team comprised nine individuals. These people are presented on pages 62-63 in this Annual report. The Getinge Executive Team held seven meetings in 2017 and remained in continuous contact between meetings. The focus of the meetings was mainly the Group's strategic and operational performance, monitoring results and quality issues.

Operational business and corporate staff functions

Up until autumn 2017, Getinge's business operations comprised the sales regions of EMEA, APAC and Americas with sales companies and the Surgical Workflows, Acute Care Therapies and Patient & Post Acute Care Business Category Units, whose main task was to develop world leading technologies and products within their respective fields, as well as the Group-wide supply chain function.

The sales organization was simplified in autumn 2017 by merging the three sales regions to form a single global organization. The purpose of this move was to come closer to customers and make it easier to pass on best practice. In addition, responsibility for production was transferred from the supply chain function to the business areas in order to enhance the degree of clarity and responsibility across the chain from product development and production to service.

The Patient & Post Acute Care business area was separated from Getinge's operations due to the distribution of Arjo at the end of 2017 and is now part of Arjo.

Life Science, which was previously part of Surgical Workflows, is reported as a new business area from January 2018.

Each operating unit at Getinge is headed by a management team responsible for the operations of each unit. The operational management team is the function below the Getinge Executive Team that is responsible for ensuring and monitoring that the decisions made are carried out. Getinge's Group functions are located centrally

Fees for Board and Committee work 2017, SEK

	Board fee	Remuneration Committee fee	Auditing Committee fee	Total
Carl Bennet, Chairman	1,150,000	125,000	–	1,275,000
Johan Bygge	575,000	–	240,000	815,000
Cecilia Daun Wennborg	575,000	–	120,000	695,000
Barbro Fridén	575,000	92,000	–	667,000
Dan Frohm	575,000	92,000	–	667,000
Sofia Hasselberg	575,000	–	120,000	695,000
Johan Malmquist	575,000	92,000	–	667,000
Malin Persson	575,000	92,000	–	667,000
Johan Stern, Vice Chairman	575,000	92,000	120,000	787,000
Total	**5,750,000**	**585,000**	**600,000**	**6,935,000**

to coordinate finance, IT, legal, human resources, communication and marketing, strategy and group operations (strategy, project management, shared services and indirect spend) as well as quality control and regulatory compliance.

These functions are responsible for creating applicable Group-wide strategies and activity plans within their respective areas of responsibility and driving, supporting and monitoring the development of the company based on their specific skills.

Internal Control and risk management of financial reporting

Description

At Getinge, internal control over the financial reporting is an integral part of corporate governance. It comprises processes and methods to safeguard the Group's assets and accuracy in the financial reporting, and in this manner, protects the shareholders' investment in the company.

Control environment

Getinge's organization is designed to quickly respond to changes in the market. Operational decisions are thus made on a decentralized basis, while decisions on strategy, focus, acquisitions and overall financial issues are made by Getinge Group's Board and the Getinge Executive Team. The internal control over the financial reporting at Getinge is designed to manage these conditions.

The basis of the internal control over the financial reporting comprises the control environment, including the organization, decision-making channels, authorities and the responsibilities that are documented and communicated in steering documents.

Each year, the Board adopts a formal work plan that regulates the duties of the Chairman and the CEO. The Board has established an Auditing Committee to increase knowledge of the level of transparency and control of the company's accounts, financial reporting and risk management, and a Remuneration Committee to manage remuneration to company management.

Each business area and the sales organization has one or more administrative centers that are responsible for the day-to-day handling of transactions and accounting. Each business area and the sales organization has a financial manager, who is responsible for the financial control and for ensuring that the financial statements are accurate, complete and submitted in good time prior to consolidated reporting.

Risk assessment

Risk assessment is based on the Group's financial targets. The overall financial risks have been defined and are mostly industry specific. By conducting quantitative and qualitative risk analyses based on the consolidated balance sheet and income statement, Getinge can identify the key risks that could threaten the achievement of business and financial targets. In addition, several units in each business area and in the sales organization are analyzed to gain a more detailed understanding of the actual application of the existing rules and regulations. Accordingly, measures to minimize identified risks are formulated centrally within the Group.

Control activities

The identified risks related to financial reporting are handled by the company's control activities. For example, there are automated controls in IT-based systems that manage authority levels and rights to authorization, as well as manual controls, such as duality in the day-to-day recording of transactions and closing entries. Detailed financial analyses of results and follow-ups against budgets and forecasts supplement the operation-specific controls and provide overall confirmation of the quality of the financial reporting. The Group follows standardized templates and models to identify and document processes and controls.

Information and communication

The Group has information and communication procedures to promote completeness and accuracy in the financial reporting. Policies, manuals and work descriptions are available on the company's intranet and/or in printed form. Information channels to monitor the efficiency of the internal controls in the Group is regularly reported to the relevant parties within the organization via implemented reporting tools.

Follow-up and monitoring

The finance department and management perform monthly analyses of the financial reporting at a detailed level. The Auditing Committee follows up the financial reporting at its meetings and the company's auditors report on their observations and provide recommendations. The Board receives financial reports on a monthly basis and the company's financial position is discussed at every Board meeting. The efficiency of the internal control activities is regularly followed up at different levels in the Group and comprises an assessment of the formulation and operative function of key control elements that have been identified and documented.

Self-assessment and validation

Since 2006, Getinge Group works with a formalized process for the follow-up and evaluation of the effectiveness of documentation and control activities. The control consists of both a Group-wide IT-based tool for self-assessment and validation of the self-assessments. The validations are carried out by controllers from another business category unit.

In 2017, a self-assessment was performed at the units whose combined net sales exceed 85% of the Group's total net sales. In conjunction with the standard audits, the auditors conducted a validation of the internal control. The self-assessment and validation function encompass the processes relating to financial reporting, production, inventories, sourcing and revenues from products and services. The system of self-assessment and validation provides the Board with a proper overview of how the Group manages different flows of information, how the Group reacts to new information and how the various control systems function.

Outcome 2017

The follow-up of the internal control in 2017 indicated that documentation and control activities were, in all material respects, established at the validated companies. Based on the internal control that was conducted, the Board has decided that there is no need to introduce a separate audit function (internal audit function).

Follow-on work

Over the next year, the continuing work related to internal control in Getinge will principally focus on risk assessment, control activities and follow-up/monitoring. In the Control activities area, resources will be used to document additional critical processes. Depending on the outcome of the implemented self-assessment, it may be necessary to address reported shortcomings.

Board of Directors

Carl Bennet (1951)

Board member elected by AGM, Chairman of the Board

M.Sc. (Economics), Dr. Tech. h.c.

Assignments on Getinge's Board: Chairman of the Board since 1997. Chairman of the Nomination Committee. Chairman of the Remuneration Committee. Board member since 1989.

Other assignments: CEO of Carl Bennet AB, Chairman of the Board of Elanders AB and Lifco AB. Board member of Arjo AB, Holmen AB and L E Lundbergföretagen AB.

Previous assignments: President and CEO of Getinge.

Shareholding (own and related parties): Holds 18,217,200 Class A shares and 31,032,969 Class B shares through companies.

Johan Bygge (1956)

Board member elected by AGM

M.Sc. (Economics)

Assignments on Getinge's Board: Chairman of the Auditing Committee. Board member since 2007.

Other assignments: Chairman of EQT Asia Pacific and PSM International, China. Board member of Anticimex International AB, Worldwide Education and Training Ltd, Ila Vietnam Ltd Co and I-Med Radiology Network, Australia.

Previous assignments: CFO of Investor AB, Executive Vice President of Electrolux AB and CFO of Electrolux AB.

Shareholding (own and related parties): 5,715 Class B shares.

Cecilia Daun Wennborg (1963)

Board member elected by AGM

M.Sc. (Economics)

Assignments on Getinge's Board: Member of the Auditing Committee. Board member since 2010.

Other assignments: Board member of companies including ICA Gruppen AB, Loomis AB, Bravida Holding AB, Hoist Finance AB, Oncopeptides AB, Atvexa AB and Sophiahemmet.

Previous assignments: Vice President of Ambea AB, President of Carema Vård och Omsorg AB, acting President of Skandiabanken, Head of Swedish Operations at Skandia and President of Skandia Link.

Shareholding (own and related parties): 4,500 Class B shares.

Åke Larsson (1966)

Regular Board member, representative of Swedish Association of Graduate Engineers

M.Sc. (Electrical engineering), Research & Development

Assignments on Getinge's Board: Deputy 2014-2015, regular Board member since 2016. Employed by Maquet Critical Care AB

Shareholding (own and related parties): Holds no shares.

Barbro Fridén (1956)

Board member elected by AGM

Licensed physician, M.D.

Assignments on Getinge's Board: Member of the Remuneration Committee. Board member since 2017.

Other assignments: Board member of Vitrolife AB. Consultant and Advisor.

Previous assignments: CEO of Sheikh Khalifa Medical City, Ajman, United Arab Emirates, CEO of Sahlgrenska University Hospital, Division Director of Astrid Lindgren Children's Hospital, Medical Director of Fertilitetscentrum AB in Stockholm and Gothenburg, and Operations Director and member of the hospital management of the clinic Women's and Children's Health in Varberg, Sweden.

Shareholding (own and related parties): 300 Class B shares.

Johan Malmquist (1961)

Board member elected by AGM

M.Sc. (Economics)

Assignments on Getinge's Board: Member of the Remuneration Committee. Board member since 2016.

Other assignments: Chairman of Arjo AB and Tingstad Pappers AB. Board member of Elekta AB, Mölnlycke Health Care AB, Dunkerstiftelserna, Essity AB, Stena Adactum and Trelleborg AB. Board member of Chalmers University of Technology Foundation.

Previous assignments: President and CEO of Getinge Group from 1997 to 2015, Business Area Director within Getinge Group, President of Getinge Group's French subsidiary, President of subsidiaries in the Electrolux Group.

Shareholding (own and related parties): 63,491 Class B shares.

Maria Grehagen Hedberg (1958)

Deputy representative of the Swedish Metalworkers' Union

Assembly

Assignments on Getinge's Board: Deputy representative since 2014. Employed by Maquet Critical Care AB

Shareholding (own and related parties): Holds no shares.

Peter Jörmalm (1959)

Deputy representative of Unionen

Service Product Specialist,Surgical Workflows

Assignments on Getinge's Board: Deputy representative 2012–2013. Regular Board member 2014–2015. Deputy representative 2016–2017. Employed at Getinge Infection Control AB

Shareholding (own and related parties): Holds no shares.

Rickard Karlsson (1970)

Regular Board member, representative of the Swedish Metalworkers' Union

Assembly

Assignments on Getinge's Board: Regular Board member since 2014. Deputy 2013–2014. Employed by Getinge Sterilization AB.

Shareholding (own and related parties): Holds no shares.

Malin Persson (1968)

Board member elected by AGM

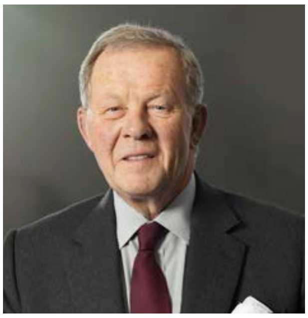
M.Sc. (Industrial Engineering and Management)

Assignments on Getinge's Board: Member of the Remuneration Committee. Board member since 2014.

Other assignments: CEO and owner of Accuracy AB, Board member of companies including Mekonomen AB, Hexatronic AB, Hexpol AB, Konecranes Plc and Peab AB.

Previous assignments: CEO of the Chalmers University of Technology Foundation, many years' experience in major Swedish industrial enterprises such as the Volvo Group.

Shareholding (own and related parties): 3,284 Class B shares.



Johan Stern (1951)

Board member elected by AGM, Vice Chairman of the Board

M.Sc. (Economics)

Assignments on Getinge's Board: Member of the Auditingand Remuneration Committee Board member since 2004.

Other assignments: Chairman of Healthinvest Partners AB, Rolling Optics AB, Fädriften Invest AB, Skanör Falsterbo Kallbadhus AB and Harry Cullberg's Fund Foundation. Board member of Carl Bennet AB, Elanders AB, Lifco AB, RP Ventures AB, Swedish-American Chamber of Commerce, Inc. and Estea AB.

Previous assignments: Active within SEB's operations in Sweden and the US.

Shareholding (own and related parties): 30,104 Class B shares.

Dan Frohm (1981)

Board member elected by AGM

M.Sc. (Industrial Engineering and Management)

Assignments on Getinge's Board: Member of the Remuneration Committee. Board member since 2017.

Other assignments: CEO of DF Advisory LLC. Board member of Carl Bennet AB and Elanders AB.

Previous assignments: Management consultant at Applied Value LLC in New York.

Shareholding (own and related parties): 149,510 Class B shares.

Sofia Hasselberg (1983)

Board member elected by AGM

M.D.

Assignments on Getinge's Board: Member Auditing Committee. Board member since 2017.

Other and previous assignments: Vast experience as a senior adviser, providing strategic, operational and organizational advice to organizations across the full healthcare value chain. Engagement Manager at McKinsey & Company until 2017. Physician at Karolinska University Hospital, Solna, Sweden.

Shareholding (own and related parties): Holds no shares.

Mattias Perjos (1972)

Board member elected by AGM, President & CEO

M.Sc. (Industrial Engineering and Management)

Assignments on Getinge's Board: Board member since 2017.

Other assignments: President and CEO of Getinge.

Previous assignments: CEO of Coesia Industrial Process Solutions (IPS) and Coesia International. Prior to that Mattias Perjos held a number of leading international positions at FlexLink including the role of CEO.

Shareholding (own and related parties): 34,500 Class B shares.

Getinge Executive Team

Mattias Perjos (1972)

CEO & President

M.Sc. (Industrial Engineering and Management)

Swedish citizen

Employed at Getinge since 2017

Shareholdings (own and related parties): 34,500 Class B shares

Previous experience: Senior positions at Coesia 2012-2017, including CEO of Coesia IPS Division and Coesia International. CEO of Flexlink 2006-2016 where he started his career in 1998 and, including serving as business area manager 2003-2006.

Lars Sandström (1972)

Chief Financial Officer

M.Sc. (Business Administration)

Swedish citizen

Employed at Getinge since 2017

Shareholdings (own and related parties): 10,159 Class B shares

Previous experience: Most recently as Senior Vice President Group reporting, Tax & Control in the Volvo Group (2015-2017). Several senior positions within Scania such as Vice President Financial Services, Head of Group Financial reporting and Head of Group Reporting and Control. Between 2010-2012 CFO Swedish Orphan Biovitrum AB.

Frédéric Pette (1973)

Acting President Surgical Workflows

B.Sc. (Economics), M.Sc. (HR Management), MBA

French citizen

Employed at Getinge since 2013

Shareholdings (own and related parties): Holds no shares.

Previous experience: Chief Strategy Officer of Surgical Workflows at Getinge. He has previously held senior positions at companies including Zimmer, Stryker and American Medical Systems.

Jens Viebke (1967)

President Acute Care Therapies

Executive MBA, PhD (Polymer Technology), M.Sc. (Chemical Engineering)

Swedish citizen

Employed at Getinge since 2010

Shareholdings (own and related parties): 1,100 Class B shares

Previous experience: Chief Technology Officer of Acute Care Therapies at Getinge. He had previously held positions at GE Healthcare Life Sciences.

Harald Castler (1957)

President, Life Science

M.Sc. (Chemical Engineering)

Swedish citizen

Employed at Getinge since 1988

Shareholdings (own and related parties): 12,966 Class B shares

Previous experience: Leading positions in Getinge for more than 30 years, including Sales and Marketing director for Infection Control and President for Getinge International.

Carsten Blecker (1966)

Chief Commercial Officer

PhD (Dentistry), Doctorate (Business Administration)

German citizen.

Employed at Getinge since 2014

Shareholdings (own and related parties): 1,000 Class B shares

Previous experience: President WEMEA in Medical Systems and President Middle East & Africa for Getinge. Carsten Blecker's previous experience includes positions at Biomet, McKinsey & Company, Kimberly-Clark, Medtronic and Palex Medical.

Lena Hagman (1965)

Executive Vice President Quality Regulatory Compliance

B.Sc. (Chemistry and Textile Engineering)

Swedish citizen

Employed at Getinge since 2010

Shareholdings (own and related parties): 3,656 Class B shares

Previous experience: Senior Vice President, Group Quality & Regulatory Compliance for Getinge. Lena has a broad background from the field of quality and her experience includes working at companies including Capio, Neoventa Medical AB and Mölnlycke Healthcare.

Jeanette Hedén Carlsson (1966)

Executive Vice President Communications & Brand Management

B.Sc. (Business Administration)

Swedish citizen

Employed at Getinge since 2017

Shareholdings (own and related parties): Holds no shares.

Previous experience: Leading management positions within Communication and Marketing in the Volvo Group and Volvo Car Group. Previous assignment held was as Senior Vice President Brand & Communication Volvo Trucks, with responsibility for global marketing, brand management, media relations and internal communication.

Magnus Lundbäck (1969)

Executive Vice President Human Resources & Sustainability

PhD (Strategy and Organization), Licentiate of Science

Swedish citizen

Employed at Getinge since 2017

Shareholdings (own and related parties): 1,000 Class B shares

Previous experience: SVP Human Resources & Sustainability for the Gunnebo group. He has previously served as Executive Vice President Human Resources and Sustainability at Getinge and as Vice President of Human Resources at Volvo Car Corporation.

Proposed appropriation of profit

Getinge AB (publ), Corp. Reg. No. 556408-5032

The following non-restricted equity in the Parent Company is at the disposal of the Annual General Meeting, SEK M:	
Share premium reserve	4,264
Retained earnings	2,530
Net profit for the year	3,129
Total	**9,923**
The Board and Chief Executive Officer propose that a dividend of SEK 1.50 per share shall be distributed to shareholders	409
to be carried forward	9,514
Total	**9,923**

The Board of Directors deems the proposed dividend to be justified in relation to requirements that the Group's nature of business, scope and risks impose on consolidated equity and the Group's consolidation requirements, liquidity and financial position.

The Board of Directors and CEO affirm that the consolidated financial statements have been prepared in accordance with international financial reporting standards IFRS, which have been adopted by the EU, and provide a fair and accurate account of the Group's financial position and profit. This Annual Report was prepared in accordance with generally accepted accounting policies and provides a fair and accurate account of the Parent Company's financial position and profit.

The Administration Report for the Group and Parent Company provides a fair and accurate overview of the performance of the Parent Company and the Group's operations, financial position and earnings and describes the material risks and uncertainties faced by the Parent Company and companies belonging to the Group.

Gothenburg, March 7, 2018

Carl Bennet
Chairman

Johan Bygge
AGM-elected Board member

Cecilia Daun Wennborg
AGM-elected Board member

Barbro Fridén
AGM-elected Board member

Dan Frohm
AGM-elected Board member

Sofia Hasselberg
AGM-elected Board member

Johan Malmquist
AGM-elected Board member

Malin Persson
AGM-elected Board member

Johan Stern
AGM-elected Board member
Chairman

Rickard Karlsson
Board member
Representative of the Swedish Metal-workers' Union

Åke Larsson
Board member
Deputy representative of the Swedish Association of Graduate Engineers

Mattias Perjos
President & CEO

Our auditor's report was submitted on March 8, 2018
Öhrlings PricewaterhouseCoopers AB

Johan Rippe
Authorized Public Accountant
Auditor in Charge

Eric Salander
Authorized Public Accountant

Consolidated income statement

SEK M	Note	2017	2016
Net sales	2, 3	22,495	22,170
Cost of goods sold	4	-11,893	-11,772
Gross profit		**10,602**	**10,398**
Selling expenses	4	-4,980	-4,858
Administrative expenses	4	-2,650	-2,343
Research and development costs	4, 33	-594	-538
Acquisition expenses	4	-4	-14
Restructuring and integration costs	4	-759	-1,158
Other operating income		243	230
Other operating expenses		-365	-211
Operating profit (EBIT)	3, 4, 5, 6	**1,493**	**1,506**
Interest income and other similar income	7	13	18
Interest expenses and other similar expenses	8	-573	-545
Profit after financial items		**933**	**979**
Taxes	9	184	-256
Net profit for the year from continuing operations		**1,117**	**723**
Net profit for the year from discontinued operations[1]	26	**280**	**490**
Net profit for the year from continuing and discontinued operations		**1,397**	**1,213**
Attributable to:			
Parent Company's shareholders			
Profit from continuing operations		1,096	698
Profit from discontinued operations		280	490
Profit from continuing and discontinued operations		**1,376**	**1,188**
Non-controlling interests			
Profit from continuing operations		21	25
Profit from discontinued operations		–	–
Profit from continuing and discontinued operations		**21**	**25**
Earnings per share, SEK[2]	11	**5.49**	**4.91**
Of which, continuing operations		4.37	2.89
Of which, discontinued operations		1.12	2.02
Weighted average number of shares for calculation of earnings per share (000s)[3]	11	250,720	241,780

1) The shares in Arjo were distributed to Getinge's shareholders in December 2017 and in this report Arjo is recognized separately as a discontinued operation in accordance with IFRS 5. Refer to Note 1 Accounting policies and Note 26 Discontinued operations for further information.
2) Before and after dilution.
3) Adjusted for bonus issue effect of the rights issue.

Consolidated statement of comprehensive income

SEK M	Note	2017	2016
Net profit for the year from continuing and discontinued operations		**1,397**	**1,213**
Other comprehensive income			
Items that cannot be restated in profit for the period			
Actuarial gains/losses pertaining to defined-benefit pension plans		179	-280
Tax attributable to items that cannot be restated in profit		-159	104
Items that can later be restated in profit for the period			
Translation differences and hedging of net investments		-762	551
Cash flow hedges		561	86
Reversal of translation differences and hedges, discontinued operations		-127	–
Tax attributable to items that can be restated in profit		-448	326
Other comprehensive income for the period, net after tax		**-756**	**787**
Comprehensive income for the year		**641**	**2,000**
Comprehensive income attributable to:			
Parent Company´s shareholders		609	1,964
Non-controlling interests		32	36

Consolidated balance sheet

SEK M	Note	2017	2016
ASSETS			
Non-current assets			
Intangible assets	3, 12	23,045	32,004
Tangible assets	3, 12	2,911	4,313
Financial instruments, long-term	27	12	25
Financial receivables, long-term		38	71
Deferred tax assets	9	1,536	1,233
Total non-current assets		**27,542**	**37,646**
Current assets			
Inventories	13	4,879	5,431
Accounts receivable	14	6,067	8,159
Current tax assets		288	442
Financial instruments, current	27	170	166
Other receivables		1,101	738
Prepaid expenses and accrued income	15	529	949
Cash and cash equivalents	32	1,526	1,680
Total current assets		**14,560**	**17,565**
TOTAL ASSETS		**42,102**	**55,211**
EQUITY AND LIABILITIES			
Equity			
Share capital	16	136	119
Other capital provided		6,789	5,960
Other reserves		168	955
Retained earnings		12,291	13,474
Equity attributable to the Parent Company´s shareholders		**19,384**	**20,508**
Non-controlling interests		422	408
Total equity		**19,806**	**20,916**
Long-term liabilities			
Interest-bearing long-term loans	18, 19	4,962	15,914
Financial instruments, long-term	27	184	–
Other long-term liabilities		210	182
Provisions for pensions, interest-bearing	18, 22	3,081	3,368
Provisions for pensions, non-interest-bearing	22	136	51
Deferred tax liabilities	9	799	599
Restructuring reserves, long-term	20	353	153
Other provisions, long-term	21	303	359
Total long-term liabilities		**10,028**	**20,626**
Current liabilities			
Restructuring reserves, current	20	345	378
Other provisions, current	21	266	316
Interest-bearing current loans	18, 19	6,275	5,787
Advance payments from customers		314	514
Accounts payable		2,025	2,201
Current tax liabilities		86	112
Financial instruments, current	27	57	800
Other liabilities		398	565
Accrued expenses and deferred income	23	2,502	2,996
Total current liabilities		**12,268**	**13,669**
TOTAL EQUITY AND LIABILITIES		**42,102**	**55,211**

Refer to Note 24 for information concerning Getinge Group's pledged assets and contingent liabilities.

Changes in equity for the Group

SEK M	Share capital	Other capital provided	Reserves[1]	Retained earnings	Total	Non-controlling interests	Total equity
Opening balance at January 1, 2016	**119**	**5,960**	**3**	**13,121**	**19,203**	**390**	**19,593**
Total comprehensive income for the year	–	–	952	1,012	1,964	36	2,000
Share-based remuneration	–	–	–	8	8	–	8
Dividend	–	–	–	-667	-667	-18	-685
Closing balance at December 31, 2016	**119**	**5,960**	**955**	**13,474**	**20,508**	**408**	**20,916**
Opening balance at January 1, 2017	**119**	**5,960**	**955**	**13,474**	**20,508**	**408**	**20,916**
Total comprehensive income for the year	–	–	-787	1,396	609	32	641
Share-based remuneration	–	–	–	-4	-4	–	-4
Dividend	–	–	–	-477	-477	-18	-495
Rights issue[2]	17	4,264	–	–	4,281	–	4,281
Distribution of Arjo[3]	–	-3,435	–	-2,098	-5,533	–	-5,533
Closing balance at December 31, 2017	**136**	**6,789**	**168**	**12,291**	**19,384**	**422**	**19,806**

1) Reserves pertain to cash flow hedges, hedges of net investments and translation differences.
2) After deductions for transaction costs and taking tax effects into consideration.
3) Including transaction costs and taxes.

Consolidated cash flow statement

SEK M	Note	2017	2016
Operating activities			
Operating profit (EBIT) for continuing operations		1,493	1,506
Operating profit (EBIT) for discontinued operations	26	294	781
Add-back of amortization, depreciation and write-downs		2,609	2,703
Other non-cash items	32	51	85
Add-back of restructuring and integration costs[1)]		887	1,015
Paid restructuring and integration costs		-539	-872
Interest paid		-609	-617
Other financial items		-54	-20
Taxes paid		-479	-332
Cash flow before changes in working capital		**3,653**	**4,249**
Changes in working capital			
Inventories		-910	-234
Current receivables		-653	-252
Current liabilities		673	-92
Cash flow from operating activities		**2,763**	**3,671**
Investing activities			
Acquired operations	25	-81	-212
Investments in intangible assets and tangible assets	12	-1,663	-1,607
Divestment of fixed assets		30	22
Cash flow from investing activities		**-1,714**	**-1,797**
Financing activities			
Raising of loans		649	1,822
Repayment of loans		-4,925	-2,928
Change in long-term receivables		-56	42
Distribution of Arjo	26	-623	–
Dividend paid		-495	-685
Rights issue		4,281	–
Cash flow from financing activities		**-1,169**	**-1,749**
Cash flow for the year		**-120**	**125**
Cash and cash equivalents at the beginning of the period		1,680	1,468
Cash flow for the year		-120	125
Translation differences		-34	87
Cash and cash equivalents at year-end	32	**1,526**	**1,680**

1) Excluding write-downs on fixed assets

NOTE 1 Accounting policies

General information
Getinge AB, which is the Parent Company of Getinge Group, is a limited liability company with its registered offices in Gothenburg, Sweden. A description of the company's operations is included in the Administration Report on page 50.

The consolidated financial statements for the fiscal year ending December 31, 2017 have been approved by the Board on March 7, 2018 and will be presented to the AGM on April 26, 2018 for adoption.

Accounting and measurement policies
Getinge's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), including interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 has been applied. The consolidated financial statements include the financial statements for Getinge AB and its subsidiaries and were prepared in accordance with the cost method. The Parent Company applies the same accounting policies as the Group, except in the instances stated below in the section "Parent Company's accounting policies." The differences that arise between the Parent Company and the Group's accounting policies are attributable to the limited opportunities for the application of IFRS in the Parent Company, as a result of the Swedish Annual Accounts Act and the Swedish Pension Obligations Vesting Act. The Parent Company's functional currency is Swedish kronor (SEK), which is also the Parent Company's and Group's presentation currency. This means that the financial statements are presented in Swedish kronor (SEK). Unless otherwise stated, all amounts are given in millions of Swedish kronor (SEK M).

Significant estimates and assessments
To prepare the financial statements in accordance with IFRS, the company management is required to make assessments and assumptions that affect the recognized amounts of assets and liabilities and other information in the financial statements as well as the revenues and expenses recognized during the period. Assumptions, assessments and estimates are reviewed on a regular basis. The actual outcome may diverge from these assumptions, assessments and estimates. The Board of Directors and Getinge Executive Team have deemed that the following areas may have a significant impact on Getinge's earnings and financial position:

Measurement of identifiable assets and liabilities in connection with acquisitions
In conjunction with acquisitions, all identifiable assets and liabilities in the acquired company are identified and measured at fair value, including the value of assets and liabilities in the previously owned share as well as the share attributable to non-controlling interests.

Goodwill and intangible assets with an indefinite useful life
The impairment requirement for goodwill and other intangible assets with an indefinite useful life is tested annually by Getinge in accordance with the accounting policy described here in Note 1. The recoverable amount for cash generating units (CGUs) has been established through the measurement of value in use. For these calculations, certain estimations must be made (see Note 12).

Pension commitments
Recognition of the costs of defined-benefit pensions and other applicable retirement benefits is based on actuarial valuations, relying on key assumptions for discount rates, future salary increases and expected inflation. In turn, the discount rate assumptions are based on rates for high-quality fixed-interest investments with durations similar to the pension plans (see Note 22).

Obsolescence reserve
Inventories are recognized at the lower of cost according to the first in/first out principle, and net realizable value. The value of inventories is adjusted for the estimated decrease in value attributable to products no longer sold, surplus inventories, physical damage, lead times for inventories, and handling and sales overheads. If the net realizable value is lower than the cost, a valuation reserve is established for inventory obsolescence (see Note 13).

Deferred tax
The measurement of loss carryforwards and the company's ability to utilize unutilized loss carryforwards is based on the company's assessments of future taxable income in various tax jurisdictions and includes assumptions regarding whether expenses that have not yet been subject to taxation are tax deductible. Deferred tax is recognized in profit and loss unless the deferred tax is attributable to items recognized in other comprehensive income, in which case the deferred tax is recognized together with the underlying transaction in other comprehensive income (refer to Note 9).

Consolidated financial statements
Subsidiaries are all companies (including structured entities) over which the Group exercises a controlling influence. The Group controls a company when it is exposed to or has the right to variability of returns from its holding in the company and can affect these returns through its influence over the company. The controlling influence is usually transferred at the acquisition date. Acquired companies are consolidated into the consolidated financial statements in accordance with the purchase method, which means that the cost of the shares in subsidiaries is eliminated against their equity at the acquisition date. Accordingly, only the portion of the subsidiary's equity that has arisen after the acquisition is included in consolidated equity. Getinge applies IFRS 3 Business Combinations for acquisitions after January 1, 2004, in accordance with the interim regulations in IFRS 1. Getinge has chosen not to restate earlier acquisitions. Equity in the subsidiaries is thus determined on a market-based value of identifiable assets, liabilities, provisions and contingent liabilities on the date of the acquisition. If the cost of the shares in the subsidiaries exceeds the value of the acquired net assets, calculated as described above, the difference is assigned to goodwill. If the acquisition cost falls below the fair value of the acquired subsidiary's net assets, the negative goodwill is recognized directly in profit and loss as other operating income. If assets are included in the subsidiary at the time of acquisition – for example, property, participations or other operations – that will not be

retained but sold in the near future, these assets are recognized in the acquisition analysis at the amount expected to be received. Deferred tax is calculated on the difference between the calculated market values of assets and liabilities and the fiscal residual values. Intra-Group transactions and unrealized inter-company profits are eliminated in the consolidated financial statements, except with respect of shares in non-controlling interests. In profit and loss, net profit/loss is recognized without deductions for non-controlling interests in net profit/loss for the year. Non-controlling interests are recognized as a separate item in consolidated equity in the balance sheet. The Group applies IFRS 3 Business Combinations to all acquisitions made after January 1, 2010, whereby the most significant change entails expensing transaction costs in conjunction with an acquisition.

Foreign currencies

Functional currency

Transactions in foreign currencies are translated to the functional currency of the financial statements according to the exchange rate on the date of the transaction. Receivables and liabilities in foreign currencies are measured at the closing day rate, and unrealized currency gains and losses are included in profit and loss. Exchange-rate differences attributable to operating receivables and liabilities are recognized as other operating income (operating expenses). Exchange-rate differences regarding financial assets and liabilities are recognized under "Other financial items." When preparing the consolidated financial statements, the balance sheets of the Group's foreign operations are translated from their functional currency to SEK, based on the closing day rate.

Translation of foreign operations

Getinge applies the current method for translation of foreign subsidiaries' balance sheets and income statements. This means that all assets and liabilities in subsidiaries are translated at the closing day rate, and all income statement items are translated at average annual exchange rates. Translation differences arising in this context are due to the difference between the income statement's average exchange rates and closing day rates, and to the net assets being translated at a different exchange rate at year-end than at the beginning of the year. Translation differences are recognized under other comprehensive income. The total translation differences in conjunction with divestments are recognized together with the gains/losses arising from the transaction. Hedge accounting is applied to external loans raised in order to reduce translation effects in exposed currencies to match the net assets in foreign subsidiaries. Exchange-rate differences for these loans are recognized directly in other comprehensive income for the Group.

Revenue recognition

Sales include products, services and rents, excluding indirect sales tax and discounts provided. Income is recognized when, essentially, all risks and rights connected with ownership have been transferred to the buyer. This usually occurs in connection with delivery, after the price has been determined and collection of the receivable is appropriately secured. If delivery of finished products is postponed at the buyer's request, but the buyer assumes the proprietary rights and accepts the invoice (a "bill and hold" sale), income is recognized when the proprietary rights are transferred. Income is normally recognized once the buyer has accepted delivery and after installation and final inspection. However, income is recognized immediately after delivery if the installation and final inspection are of a simple nature, and after establishing provisions for estimated residual expenses. Income recognition for services takes place as and when the services are performed. Income from rental is allocated to a particular period over the term of the rental agreement. Interest income is recognized continuously and dividends received are recognized after the right to the dividend is deemed secure. In the consolidated financial statements, intra-Group sales are eliminated. For larger assignments extending over more than one accounting period, where outcome can be measured in a reliable manner, income and expenses are recognized in relation to the degree of completion of the assignment on the closing date. The degree of completion of an assignment is established in a ratio between accrued assignment costs for work completed on the closing date and the calculated total assignment costs, except in those instances this does not correspond to the degree of completion. Changes in the scope and claims of the assignment are included only if there is an agreement with the customer. When the outcome of an assignment cannot be calculated in a reliable manner, only the amount corresponding to the accrued assignment costs that will probably be paid by the client is recognized as revenue. Other accrued assignment costs are recognized as costs in the period in which they occur. If it is probable that the total amount of accrued assignment costs will exceed total revenue from the assignment, the expected loss is promptly recognized as a cost in its entirety.

Government grants

Government grants are measured at fair value when it is probable that the terms associated with the grants will be met and that the grants will be received. Government grants relating to costs are recognized in profit and loss. The income is recognized in the same period as the cost that grants are intended to compensate. Government grants relating to the acquisition of assets reduce the assets' carrying amounts. Grants affect recognized earnings over the assets' useful life by reducing depreciation.

Financial income and expenses

Financial income and expenses include interest income on bank deposits and receivables, interest expenses on loans, income from dividends, unrealized and realized profits and losses on financial investments, exchange-rate differences, and the change in value of derivative instruments used in financial activities. Borrowing costs in conjunction with the raising of loans are recognized as part of the loan to which they pertain and are charged to profit during the term of the loan.

Discontinued operations

A discontinued operation is part of a company that has been divested, distributed to the shareholders or is classified as held for sale and that comprises a material, independent segment or an operation conducted in a geographic area. Profit from discontinued operations are recognized separately from continuing operations in profit and loss.

The distribution of Arjo in December 2017 is recognized as a discontinued operation in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Net profit for the period for Arjo is recognized separately in the consolidated income statement under the item "Net profit for the year from discontinued operations." This means that income and expenses for Arjo are excluded from other income-statement items for all reported periods. Arjo was not separated in the consolidated cash flow statement. Cash flow disclosures for Arjo are instead recognized in Note 26. Only assets and liabilities remaining in the Group after the distribution of Arjo are recognized in the balance sheet.

Intangible assets

Goodwill

Goodwill comprises the portion of a purchase price for an acquisition that exceeds the market value of the identifiable assets, with deductions for liabilities and contingent liabilities, calculated on the acquisition date, on the share of the acquired company's assets acquired by the Group. In a business acquisition whereby the acquisition costs are less than the net value of acquired assets, assumed liabilities and contingent liabilities, the difference is recognized directly in profit and loss. Goodwill arising in conjunction with the acquisition of a foreign entity is treated as an asset in the foreign entity and translated at the exchange rate on the closing date. Goodwill arising from the acquisition of associated companies is included in the value of the holdings in the associated company. An impairment test of goodwill is conducted once per year or more often if there is an indication that there could have been a decrease in value. Impairment of goodwill is recognized in profit and loss. The gain or loss in connection with the divestment of an entity includes the residual carrying amount of goodwill that pertains to the divested unit.

Other intangible assets

Other intangible assets comprise capitalized development costs, customer relations, technical know-how, trademarks, agreements and other assets. Intangible assets are recognized at cost with deductions for accumulated amortization and any impairment losses. Amortization is applied proportionally over the asset's anticipated useful life, which usually varies between three and 15 years. Acquired intangible assets are recognized separately from goodwill if they fulfill the criteria for qualifying as an asset, implying they can be separated or they are based on contractual or other legal rights and that their market value can be established in a reliable manner. Intangible assets that are recognized separately from goodwill in acquisitions of operations include customer relations, technical know-how, trademarks, agreements, etc.

Acquired intangible assets are measured at market value and amortized on a straight-line basis over their anticipated useful life. The useful life can, in certain cases, be indefinite. These intangible assets are not amortized, instead they are subject to an impairment test every year or more often if there is an indication that there could have been a decrease in value. Costs for development, whereby research results or other knowledge is applied to produce new products, are recognized as an asset in the balance sheet to the extent that these products are expected to generate future financial benefits. These costs are capitalized when management deems that the product is technically and financially viable, which is usually when a product development project has reached a defined milestone in accordance with an established project model. The capitalized value includes expenses for material, direct expenses for salaries and indirect expenses that can be assigned to the asset in a reasonable and consistent manner. In other cases, development costs are expensed as they arise. Research costs are charged to earnings as they arise. Capitalized expenses are amortized on a straight-line basis from the point in time at which the asset is put into commercial operation and during the asset's estimated useful life. The amortization period is between three and 15 years.

Tangible assets

Properties, machinery, equipment and other tangible assets are recognized at cost, with deductions for accumulated depreciation and any impairment losses. The cost includes the purchase price and expenses directly attributable to the asset to bring the asset to the site and in the working condition for its intended use. Examples of directly attributable expenses included in the cost are delivery and handling costs, installation, legal services and consultancy services. Assets provided to the company in conjunction with the acquisition of new subsidiaries are recognized at market value on the acquisition date. Depreciation is conducted straight line. The value in the balance sheet represents acquisition costs with deduction for accumulated depreciation and any impairment losses. Land is not depreciated since it is deemed to have an infinite economic life, however, the depreciation of other assets is based on the following anticipated useful lives:

Class of assets	Depreciation, number of years
Land	40–50
Buildings	10–50
Machinery	5–25
Equipment	10
Production tools	5
Rental equipment	5
Cars	4
Computer equipment	3

Tangible assets comprising parts with different useful lives are treated as separate components of tangible assets. Standard maintenance and repair costs are expensed during the periods in which they arise. More extensive repair and upgrading costs are capitalized and depreciated over the item's remaining anticipated useful life. Capital gains/losses are recognized under "Other operating income/ expenses."

Leasing – Getinge as a lessee

Financial leases

Leasing of properties, machines and equipment, whereby the Group essentially assumes the same rights as for direct ownership of the asset, is classified as financial leases. Financial leases are capitalized from the date on which the lease agreement is entered into, at the lower amount of the assets' market value or the calculated present value of the underlying leasing payments. Each leasing payment is divided between liabilities and financial expenses so that interest payments on outstanding liabilities are proportional. The corresponding rental liability, after deduction for financing costs, is attributed to interest-bearing liabilities, while the interest portion of leasing costs is recognized in revenue during the lease period. Properties, machines and equipment acquired by leasing are depreciated over their anticipated useful lives.

Operating leases
Leasing of assets whereby the lessor essentially remains the owner of the asset is classified as operating leases. Payments made according to operating leases or rental agreements are expensed proportionally during the lease or rental period, respectively. Any compensation, according to agreement, that the lessee is obliged to pay to the lessor if the leasing contract is terminated prematurely is expensed during the period in which the contract is terminated.

Leasing – Getinge as a lessor
Leasing agreements are defined in two categories, operational and financial, depending on the financial significance of the agreement. Operating leases are recognized as non-current assets. Revenues from operating leases are recognized evenly over the lease period. Straight-line depreciation is applied to these assets in accordance with the undertakings and the depreciation amount is adjusted to correspond with the estimated realizable value when the undertaking expires. The estimated impairment requirement is immediately charged to profit and loss. The products' estimated realizable value at the expiration of the undertaking is continuously followed up on an individual basis. Financial leases are recognized as long-term and current receivables. Payments received from financial leases are divided between interest income and depreciation of receivables.

Impairment
At the end of each accounting period, the carrying amount of the assets is assessed to determine whether there is any indication that impairment is required. If there is such an indication, the asset's recoverable amount is established. The recoverable amount is deemed to be the higher of the asset's net realizable value and its value in use, for which the impairment loss is recognized as soon as the carrying amount exceeds the recoverable amount. Earlier recognized impairment losses on intangible assets and tangible assets are reversed if the recoverable amount is deemed to have increased, although the impairment losses are not reversed to an amount greater than what the carrying amount would have been if no impairment losses had been recognized in earlier years. Recognized impairments of goodwill are not reversed.

Inventories
Inventories are measured at the lower of cost and production value, according to the first in/first out (FIFO) principle, and net realizable value. Inventories include a share of indirect costs related to this. The value of finished products includes raw materials, direct work, other direct costs and production-related expenses including depreciation. The net realizable value is calculated as the estimated sales price less estimated completion and selling expenses. An assessment of obsolescence in inventories is conducted on an ongoing basis during the year. The value of inventories is adjusted for the estimated decrease in value attributable to products no longer sold, surplus inventories, physical damage, lead times for inventories, and handling and sales overheads. If the net realizable value is lower than the cost, a valuation reserve is established for inventory obsolescence.

Financial instruments
A financial asset or financial liability is recognized in the balance sheet when the company is party to the contractual conditions of the instrument. A financial asset is derecognized from the balance sheet when the contractual rights to the asset are realized, extinguished or the company loses control over them. A financial liability is derecognized from the balance sheet when the contractual obligation has been fulfilled or in some other manner extinguished. Acquisitions and sales of financial assets are recognized on the transaction date, which is the date on which the company commits to acquire or sell the assets, apart from cases in which the company acquires or sells listed securities, when liquidity-date reporting is applied.

Financial instruments are recognized at amortized cost or fair value, depending on the initial classification according to IAS 39 (see below). At the end of each accounting period, the company assesses whether there are objective indications that a financial asset or group of financial assets requires impairment.

Further information about financial instruments can be found in Note 14 Accounts receivable, Note 17 Unutilized overdraft facilities and credit facilities and Note 27 Financial risk management.

Financial assets measured at fair value in profit and loss
Financial assets in this category comprise derivatives. They are included in current assets if they are expected to be settled within 12 months of the end of the reporting period, otherwise, they are classified as non-current assets. All derivatives are measured at fair value in the balance sheet. Changes in fair value are recognized as a component of other comprehensive income insofar as they are part of a hedging relationship that qualifies as hedge accounting. They are reversed to profit and loss when the hedged transaction occurs at which point they are recognized as part of gross profit.

Loan receivables and accounts receivable
Assets in this category comprise long-term financial receivables, accounts receivable and other current receivables. They are included in current assets with the exception of items that fall due more than 12 months after the end of the reporting period, which are classified as non-current assets. Assets in this category are initially measured at fair value including transaction costs. After the acquisition date, they are recognized at amortized cost using the effective interest method. Accounts receivable are recognized in the amounts that are expected to be received after deductions for doubtful receivables, which are assessed on a case-by-case basis. The expected term of accounts receivable is short, which is why amounts are recognized at nominal values without discounting. Any impairment of accounts receivable is recognized in operating expenses.

Cash and cash equivalents
The major portion of cash and cash equivalents comprises cash funds held at financial institutions, and only a minor portion comprises current liquid investments with a term from the acquisition date of less than three months, which are exposed to only an insignificant risk of value fluctuations. Cash and cash equivalents are recognized at nominal amounts, which are equivalent to fair value.

Other financial liabilities
This category includes liabilities to credit institutions, issued bonds, accounts payable and other current liabilities. Long-term liabilities have an expected term longer than one year while current liabilities have a term of less than one year. Items in this category are initially measured at fair value and in the subsequent periods at amortized cost using the effective interest method.

Hedge accounting
For derivative instruments or other financial instruments that meet hedge-accounting requirements under the cash flow hedging method or hedging of net investments in foreign operations method, the effective component of the value change is recognized in other comprehensive income. Accumulated value changes from cash flow hedges are reversed from equity to profit and loss at the same time as the hedged item impacts profit and loss. Accumulated value changes from the hedging of net investments in foreign operations are reversed from equity to profit and loss when the foreign operation is divested in full or in part. Interest-bearing liabilities to which hedge accounting has been applied in accordance with the method for fair-value hedging are measured at fair value regarding the hedged risk. The effect of the hedge is recognized on the same line as the hedged item.

Fair value
The fair value of derivative instruments was calculated using the most reliable market prices available. This requires all instruments that are traded in an effective market, such as currency forward contracts, to be measured at marked-to-market. In terms of instruments for which no reliable prices were available, such as interest-rate swaps, cash flows were discounted using deposit and interest-rate swaps for the currency in question. Translation to SEK is conducted at the closing day rate.

Remuneration to employees

Recognition of pensions
Getinge has both defined-contribution and defined-benefit pension plans, of which some have assets in special funds or similar securities. The plans are usually financed by payments from the respective Group companies and the employees. The Group's Swedish companies are generally covered by the ITP plan, which does not require any payments from employees.

Defined-benefit plans
Pension expenses for defined-benefit plans are calculated using the Projected Unit Credit Method in a manner that distributes expenses over the employee's working life. The calculation is performed annually by independent actuaries. These commitments are measured at the present value of expected future payments, with consideration for calculated future salary increases, utilizing a discount rate corresponding to the interest rate of first-class company or government bonds with a remaining term that is almost equivalent to the actual commitments. The Group's net liabilities for each defined-benefit plan (which is also recognized in the balance sheet), comprises the present value of the obligation less the fair value of the plan assets. If the value of the plan assets exceeds the value of the obligation, a surplus arises, which is recognized as an asset. The recognized asset value is limited to the total of costs related to services rendered during previous periods and the present value of future repayments from the plan, or reductions in future contributions to the plan. The actuarial assumptions constitute the company's best assessment of the different variables that determine the costs of providing the benefits. When actuarial assumptions are used, the actual results could differ from the estimated results, and actuarial assumptions change from one period to another. These differences are recognized as actuarial gains and losses. Actuarial gains and losses are recognized in other comprehensive income for the period in which they are incurred.

Costs for defined-benefit pension plans in profit and loss comprise the total costs for service during the current and earlier years, interest on commitments and the expected return on plan assets. Costs for service during the current period and previous periods are recognized as employee costs. The interest component of pension expenses is recognized under financial expenses.

Defined-contribution plans
These are plans in which the company pays fixed fees to a separate legal entity and does not have any legal or informal obligation to pay additional fees. The Group's payments for defined-contribution plans are recognized as expenses during the period in which the employees perform the services that the fee covers. The part of the Swedish ITP plan concerning family pension, disability pension, and employment group life insurance financed by insurance with Alecta is a defined-benefit pension multi-employer plan. For this pension scheme, according to IAS 19, a company is primarily to recognize its proportionate share of the defined-benefit pension commitment and the plan assets and expenses associated with the pension plan. The financial statements are also to include disclosure required for defined-benefit pension plans. Alecta is currently unable to provide the necessary information and therefore the above pension plans are recognized as defined-contribution plans in accordance with item 30 of IAS 19. This means that premiums paid to Alecta will also be recognized on an ongoing basis as expenses in the period to which they pertain.

Share-based remuneration

The Group has a long-term incentive program for senior executives for which remuneration is paid in shares. The value of the remuneration for services provided corresponds to the fair value of the shares on the allotment date. The remuneration is recognized as an expense over the three-year vesting period, with a corresponding increase in equity. Since the allotment of shares is conditional on certain vesting conditions being met, no accumulated expense is recognized for services provided if no shares are ultimately earned. Additional social security contributions are expensed and recognized as liabilities in accordance with UFR 7 (Statement from the Swedish Financial Reporting Board).

Provisions

Provisions are recognized when the Group has a legal or informal obligation as a result of past events and it is probable that payment will be required to fulfill the commitment and if a reliable estimation can be made of the amount to be paid. Pensions, deferred tax liabilities, restructuring measures, guarantee commitments and similar items are recognized as provisions in the balance sheet. Provisions are reviewed at the end of each accounting period.

Contingent liabilities

Contingent liabilities are commitments not recognized as liabilities/provisions either because it is not certain that an outflow of resources will be required to regulate the commitment or because it is not possible to make a reliable estimate of the amount.

Income taxes

Getinge's income taxes include taxes on Group companies' profits recognized during the accounting period and tax adjustments attributable to earlier periods and changes in deferred taxes. Measurement of all tax liabilities/receivables is conducted at nominal amounts and in accordance with enacted tax regulations and tax rates or those that have been announced and will almost certainly be adopted. Tax is recognized directly in equity if the tax is attributable to items that are recognized directly in equity. Deferred tax is calculated to correspond to the tax effect arising when final tax is determined. Deferred tax corresponds to the net effect of tax on all existing differences between fiscal and carrying amounts of assets and liabilities by applying applicable tax rates. Temporary differences primarily arise from the depreciation of properties, machines and equipment, the market valuations of identifiable assets, liabilities and contingent liabilities in acquired companies, the market valuation of investments classified as available-for-sale and financial derivatives, gains from intra-Group inventory transactions, untaxed reserves and tax loss carryforwards, of which the latter is recognized as an asset only to the extent that it is probable that these loss carryforwards will be matched by future taxable profits. Deferred tax liabilities pertaining to temporary differences that are attributable to investments in subsidiaries and affiliates are not recognized, since the Parent Company, in each instance, can control the point in time of reversal of the temporary differences and a reversal in the foreseeable future has been deemed improbable.

Segment reporting

Getinge's operations are controlled and reported primarily by business area. Each segment is consolidated according to the same policies as for the Group in its entirety. The earnings of the segments represent their contribution to the Group's earnings. Assets in a segment include all operating assets used by the segment and primarily comprise intangible assets, tangible assets, inventories, external accounts receivable, other receivables and prepaid expenses and accrued income. Liabilities in a segment include all operating liabilities utilized by the segment and primarily comprise provisions excluding interest-bearing pension provisions and deferred tax liabilities, external accounts payable, other current liabilities and accrued expenses and deferred income. Non-distributed assets and liabilities include all tax items and all items of a financial, interest-bearing nature.

Cash flow statements

Cash flow statements are prepared in accordance with IAS 7 Statement of Cash Flows, indirect method. Changes in the Group structure, acquisitions and divestments, are recognized net, excluding cash and cash equivalents, under Acquired operations and Divested operations and are included in cash flow from investing activities.

Earnings per share

Earnings per share before dilution are calculated by dividing net profit for the year attributable to the Parent Company's shareholders by the weighted average number of shares outstanding during the period.

Dividend

Dividends proposed by the Board of Directors are not deducted from distributable earnings until the dividend has been approved by the Annual General Meeting (AGM).

Alternative performance measures

In the Annual Report, alternative performance measures are used to facilitate analyses of the Group's performance. The primary alternative performance measures that are presented are EBITA, Cash conversion and Net debt/equity ratio. For definitions and reconciliation of the alternative performance measures, see page 119.

New accounting policies applied by the Group in 2017

No standards, amendments or interpretations effective from fiscal years beginning on or after January 1, 2017 had a material impact on the consolidated financial statements.

New and amended standards and interpretations that have not yet come into effect

A number of new standards and interpretations will come into effect for fiscal years beginning on or after January 1, 2017 and were not applied when preparing these financial statements. None of these are expected to have any material impact on the consolidated financial statements with the exception of the following:

IFRS 9 Financial Instruments

IFRS 9 addresses the classification, measurement and recognition of financial assets and liabilities. The complete version of IFRS 9 was issued in June 2014. It replaces the elements of IAS 39 related to the classification and measurement of financial instruments. IFRS 9 retains a mix valuation approach but simplifies the approach in certain respects. There will be three measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit and loss. The classification of an instrument is to be based on the company's business model and the characteristics of the instrument. Investments in equity instruments are to be measured at fair value through profit and loss, although there is also the option of measuring the instrument at fair value through other comprehensive income at initial recognition. The instrument will then not be reclassified to profit and loss when divested. IFRS 9 also introduced a new model for calculating a reserve based on expected credit losses. Classification and measurement are not changed for financial liabilities except in cases when a liability is measured at fair value through profit and loss based on the fair value option. Changes in value attributable to changes in own risk are then to be recognized in other comprehensive income. IFRS 9 reduces requirements for applying hedge accounting by replacing the 80-125 criterion with requirements for an economic relationship between the hedging instrument and the hedged item, and that the hedge ratio is the same as that actually used in risk management. The rules concerning hedging documentation are also changed compared with IAS 39. IFRS 9 has been adopted by the EU and is to be applied in fiscal years beginning on or after January 1, 2018. The Group has assessed the effects of the implementation of IFRS 9 and does not believe that there are any material differences between these new standard and the Group's current accounting policies for classification and measurement of financial instruments and impairment of doubtful receivables. The Group will apply the standard as of January 1, 2018.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 regulates recognition of revenue. The principles on which IFRS 15 is based provide users of financial statements with more informative information about a company's revenue. The expanded disclosure requirements entail that information is to be provided on the nature, timing and uncertainty of revenue, and cash flows arising from a contract with a customer. Under IFRS 15, revenue is to be recognized when the customer passes control of the sold good of service and is able to use or benefit from the good or service. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts and associated SIC and IFRIC. IFRS 15 comes into effect on January 1, 2018. The Group has assessed the effects of the implementation of IFRS 15 and does not believe that there are any material differences between these new standard and the Group's current accounting policies for revenue recognition. IFRS 15 will be applied as of January 1, 2018.

IFRS 16 Leases

IFRS 16 Leases were published by the IASB in January 2016. The standard regulates recognition of leasing and will replace the IAS 17 Leasing agreements along with the accompanying interpretations IFRIC 4, SIC–15 and SIC–27. The standard requires assets and liabilities attributable to all leasing agreements, with a few exceptions, to be recognized in the balance sheet. This recognition is based on the view that the lessee is entitled to use an asset over a specific time period, while also having a duty to pay for this entitlement. Recognition for the lessor will for the most part be unchanged. The standard is applicable to fiscal years beginning on or after January 1, 2019. The Group is currently assessing the effects of IFRS 16, which will be applied as of January 1, 2019.

NOTE 2 Net sales per revenue classification

SEK M	2017	2016
Product sales, capital goods	**9,589**	**9,441**
Recurring revenue		
Product sales	10,152	9,803
Spare parts	1,031	1,115
Service assignments	1,723	1,811
Total recurring revenue	**12,906**	**12,729**
Total	**22,495**	**22,170**

NOTE 3 Segment reporting

The segment reporting has been prepared in accordance with the same policies as for the Group in its entirety. Getinge's operations throughout the world are organized into two business areas – Acute Care Therapies and Surgical Workflows. These business areas form the basis for the Group's segment information. Business terms and conditions as well as market-regulated pricing apply for delivery of products and services between Group companies. Moreover, no sales take place between the business areas. The Group has no single customer that accounts for 10% or more of the Group's sales.

The reporting segments are active in the following operations

Acute Care Therapies: Acute Care Therapies offers solutions for life support in acute health conditions. The offering includes solutions for cardiac, pulmonary and vascular therapies and a broad selection of products and therapies for intensive care.

Surgical Workflows: Surgical Workflows develops solutions for infection control, operating rooms and advanced IT systems for traceability and management of the flow of sterile equipment as well as for optimal use of resources. The Group's Life Science operations were included in this business area until December 31, 2017.

	Net sales		Operating profit[1]		Amortization, depreciation and write-downs	
SEK M	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Acute Care Therapies	12,201	11,804	1,131	1,000	-1,395	-1,430
Surgical Workflows	10,294	10,366	575	885	-567	-517
Group functions	–	–	-213	-379	-4	-1
Total	**22,495**	**22,170**	**1,493**	**1,506**	**-1,966**	**-1,948**
Interest income and other similar income			13	18		
Interest expenses and other similar expenses			-573	-545		
Tax on profit for the year			184	-256		
Net profit for the year from continuing operations			**1,117**	**723**		

1) Restructuring and integration affected the Group's operating profit in a negative amount of SEK 759 M (1,158). Acute Care Therapies was charged with SEK 604 M (751), Surgical Workflows with SEK 149 M (254) and Group functions with SEK 6 M (153).

	Assets		Liabilities		Investments	
SEK M	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Acute Care Therapies	25,772	27,590	3,764	2,936	665	975
Surgical Workflows	13,218	12,130	3,176	3,591	561	281
Total business areas	**38,990**	**39,720**	**6,940**	**6,527**	**1,226**	**1,256**
Undistributed	3,112	3,008	15,356	26,470	50	26
Discontinued operations	–	12,483	–	1,298	387	325
Total	**42,102**	**55,211**	**22,296**	**34,295**	**1,663**	**1,607**

	Net sales		Intangible assets and tangible assets	
SEK M	**2017**	**2016**	**2017**	**2016[1]**
EMEA	8,772	8,719	9,892	15,539
of which, Sweden	*556*	*503*	*2,661*	*2,902*
Americas	9,039	8,889	15,433	19,698
APAC	4,684	4,562	631	1,080
Total	**22,495**	**22,170**	**25,956**	**36,317**

1) Including discontinued operations

Getinge's operations are secondarily reported by geographic area. Refer also to page 117 for a list of the Group's 20 largest markets. The geographic areas' consolidation is conducted in accordance with the same policies as for the Group in its entirety.

NOTE 4 Costs by cost category

Costs by cost category, SEK M	**2017**	**2016**
Salaries and remuneration	-6,165	-5,976
Social security expenses	-1,197	-1,262
Pension expenses	-338	-364
Amortization of intangible assets	-1,529	-1,524
Depreciation of tangible assets	-437	-424
Goods and services	-11,214	-11,133
Total	**-20,880**	**-20,683**

Amortization, depreciation and write-downs, SEK M	**2017**	**2016**
Cost of goods sold	-891	-737
Selling expenses	-661	-672
Administrative expenses	-333	-302
Research and development costs	-26	-27
Restructuring and integration costs	-55	-210
Total	**-1,966**	**-1,948**

NOTE 5 Auditing

Fee to PwC, SEK M	2017	2016
Auditing assignment	-22	-19
Auditing activities other than auditing assignments	-8	-1
Tax consultancy services	-4	-6
Other services	-16	-1
Total	**-50**	**-27**

Öhrlings PricewaterhouseCoopers AB (PwC) has the auditing assignment for the entire Group. Auditing assignments refer to statutory auditing, meaning assignments required to issue the auditor's report. Auditing activities other than auditing assignments mainly include examination of the prospect for the rights issue and the distribution of Arjo as well as the review of interim reports and services in conjunction with the issuance of certificates and audit certificates. Tax consultancy services primarily pertain to general tax matters concerning corporate tax and internal pricing. Other services mainly pertain to consultancy regarding the distribution of Arjo, consultancy regarding financial accounting and services in conjunction with acquisitions.

NOTE 6 Exchange-rate gains and losses, net

Exchange-rate differences were recognized in profit and loss as follows, SEK M	2017	2016
Other operating income and expenses	-52	32
Financial items	-1	3
Total	**-53**	**35**

NOTE 7 Interest income and other similar income

SEK M	2017	2016
Interest income	11	15
Currency gains	–	3
Other	2	–
Total	**13**	**18**

NOTE 8 Interest expenses and other similar expenses

SEK M	2017	2016
Interest expenses	-512	-504
Currency losses	-1	–
Other	-60	-41
Total	**-573**	**-545**

NOTE 9 Taxes

Taxes, SEK M	2017	2016
Current tax	-453	-416
Deferred tax	637	160
Total	**184**	**-256**

A bill regarding a tax reform in the US was approved in December 2017 that entails a reduction in the corporate tax rate from 35% to 21%. For Getinge, the bill resulted in a positive tax effect of SEK 302 M, which is primarily related to the restatement of deferred tax liabilities attributable to acquired intangible assets. Due to the positive non-recurring tax effect, the Group recognized a tax income of SEK 184 M (a tax expense of SEK -256 M) for the 2017 fiscal year.

The relationship between the year's tax expense and the recognized profit before tax, SEK M	2017	2016
Recognized profit before tax	**933**	**979**
Tax according to current tax rate in Sweden (22%)	-205	-215
Adjustment for tax rates in foreign subsidiaries	67	-151
Adjustment of tax expenses from earlier years	-97	50
Effects of non-taxable income	228	368
Adjustment for changed tax rates (US tax reform)	302	–
Changed value of temporary differences	5	-275
Other tax effects[1]	-116	-33
Recognized tax expense	**184**	**-256**

1) Mainly refers to foreign withholding tax and tax effects of non-deductible costs

Deferred tax assets relate to the following temporary differences and loss carryforwards, SEK M	2017	2016
Deferred tax assets relating to:		
Non-current assets	226	382
Financial receivables and derivatives	150	300
Current assets	324	228
Provisions	771	711
Loss carryforwards	1,243	1,554
Other	186	389
Offsetting	-1,364	-2,331
Deferred tax assets	**1,536**	**1,233**

Deferred tax liabilities relate to the following temporary differences, SEK M	2017	2016
Deferred tax liabilities relating to:		
Non-current assets	-1,797	-2,373
Current assets	-25	-3
Provisions	-10	-3
Other	-331	-551
Offsetting	1,364	2,331
Deferred tax liabilities	**-799**	**-599**

Maturity structure for loss carryforwards, SEK M	2017	2016
Due within 1 year	1	2
Due within 2 years	2	–
Due within 3 years	24	–
Due within 4 years	2	–
Due within 5 years	102	7
Due after 5 years	0	23
No due date	6,378	7,401
Total	**6,509**	**7,433**

At year-end 2017, there were unrecognized tax assets pertaining to loss carryforwards and unutilized interest deductions amounting to SEK 367 M (299).

NOTE 10 Dividend

On April 5, 2017, shareholders were paid a dividend of SEK 1.75[1] per share (SEK 477 M in total) relating to 2016.
The Board and the CEO propose to the Annual General Meeting that a dividend of SEK 1.50 per share be paid, which amounts to SEK 409 M. The proposed record date is April 30, 2018. Euroclear is expected to distribute the dividend to shareholders on May 4, 2018.

1) Adjusted for new shared issued in 2017

NOTE 11 Earnings per share

Earnings per share for continuing and discontinued operations and before and after dilution amounted to SEK 5.49 (4.91).

The calculation of earnings per share relating to Parent Company´s shareholders is based on the following information:

Earnings (numerator), SEK M	2017	2016
Earnings relating to the Parent Company's shareholders, which form the basis for calculation of earnings per share	1,376	1,188

Number of shares (denominator)	2017	2016
Weighted average number of ordinary shares for calculation of earnings per share[1)]	250,720,409	241,779,782

1) Adjusted for bonus issue effect of the rights issue

NOTE 12 Intangible assets and tangible assets

Intangible assets	Goodwill	Trade-marks	Capitalized development costs	Patents	Customer relations	Technical know-how	Agree-ments	Intangible assets, other
Cost, Jan 1, 2017	**23,788**	**1,359**	**6,588**	**826**	**3,671**	**1,628**	**186**	**5,869**
Investments	–	–	595	–	–	–	–	257
Acquisitions	53	–	–	–	–	–	3	–
Distribution of Arjo	-5,082	-742	-709	-4	-842	-343	-5	-1,241
Sales/disposals	–	–	-152	–	–	–	–	-286
Reclassifications	–	–	-15	–	–	–	–	166
Translation differences	-1,262	-45	-51	-69	-243	-115	-8	-237
Accumulated cost, Dec 31, 2017	**17,497**	**572**	**6,256**	**753**	**2,586**	**1,170**	**176**	**4,528**
Amortization and write-downs, Jan 1, 2017	**-796**	**-829**	**-2,882**	**-729**	**-2,369**	**-1,177**	**-88**	**-3,041**
Amortization for the year	–	-88	-543	-69	-217	-96	-18	-502
Acquisitions	–	–	–	–	–	–	–	–
Distribution of Arjo	163	390	361	4	514	293	5	564
Sales/disposals	–	–	149	–	–	–	–	272
Write-downs	–	–	-193	–	–	–	–	-77
Reclassifications	–	–	–	–	–	–	–	-12
Translation differences	9	40	19	61	172	89	–	128
Accumulated amortization and write-downs, Dec 31, 2017	**-624**	**-487**	**-3,089**	**-733**	**-1,900**	**-891**	**-101**	**-2,668**
Closing carrying amount, Dec 31, 2017	**16,873**	**85**	**3,167**	**20**	**686**	**279**	**75**	**1,860**

Intangible assets	Goodwill	Trade-marks	Capitalized development costs	Patents	Customer relations	Technical know-how	Agree-ments	Intangible assets, other
Cost, Jan 1, 2016	**22,562**	**1,379**	**6,182**	**762**	**3,430**	**1,418**	**70**	**4,127**
Investments	–	–	594	–	–	–	–	325
Acquisitions	162	–	–	–	39	–	–	–
Sales/disposals	–	–	-243	–	–	–	–	-4
Reclassifications	–	–	-118	3	-4	118	111	1,164
Translation differences	1,064	-20	173	61	206	92	5	257
Accumulated cost, Dec 31, 2016	**23,788**	**1,359**	**6,588**	**826**	**3,671**	**1,628**	**186**	**5,869**
Amortization and write-downs, Jan 1, 2016	**-764**	**-746**	**-2,343**	**-604**	**-2,011**	**-986**	**-62**	**-1,871**
Amortization for the year	–	-94	-530	-69	-244	-104	-20	-530
Sales/disposals	–	–	194	–	–	–	–	1
Write-downs	–	–	-181	–	–	–	–	-117
Reclassifications	–	–	21	-2	1	-22	-6	-383
Translation differences	-32	11	-43	-54	-115	-65	–	-141
Accumulated amortization and write-downs, Dec 31, 2016	**-796**	**-829**	**-2,882**	**-729**	**-2,369**	**-1,177**	**-88**	**-3,041**
Closing carrying amount, Dec 31, 2016	**22,992**	**530**	**3,706**	**97**	**1,302**	**451**	**98**	**2,828**

Tangible assets	Buildings and land[1]	Plant and machinery	Equipment, tools, fixtures and fittings	Rental equipment	Construction in progress
Cost, Jan 1, 2017	**3,371**	**1,722**	**2,994**	**4,651**	**408**
Investments	38	55	250	226	242
Acquisitions	–	1	–	–	–
Distribution of Arjo	-363	-219	-745	-3,896	-44
Sales/disposals	-58	-50	-130	-492	-11
Reclassifications	32	92	42	63	-324
Translation differences	-112	-36	-51	-100	-11
Accumulated cost, Dec 31, 2017	**2,908**	**1,565**	**2,360**	**452**	**260**
Depreciation and write-downs, Jan 1, 2017	**-1,585**	**-1,327**	**-2,207**	**-3,714**	**–**
Depreciation for the year	-117	-104	-258	-327	–
Acquisitions	–	-1	–	–	–
Distribution of Arjo	146	172	582	3,220	–
Sales/disposals	52	43	122	460	–
Reclassifications	4	5	13	-4	–
Translation differences	44	28	43	76	–
Accumulated depreciation and write-downs, Dec 31, 2017	**-1,456**	**-1,184**	**-1,705**	**-289**	**–**
Closing carrying amount, Dec 31, 2017	**1,452**	**381**	**655**	**163**	**260**

1) Of which, land amounted to SEK 175 M (233).

TANGIBLE ASSETS	Buildings and land	Plant and machinery	Equipment, tools, fixtures and fittings	Rental equipment	Construction in progress
Cost, Jan 1, 2016	**3,102**	**1,594**	**3,847**	**4,255**	**464**
Investments	44	42	191	172	239
Acquisitions	–	15	13	12	–
Sales/disposals	-4	-71	-94	-442	-1
Reclassifications	52	64	-1,038	468	-318
Translation differences	177	78	75	186	24
Accumulated cost, Dec 31, 2016	**3,371**	**1,722**	**2,994**	**4,651**	**408**
Depreciation and write-downs, Jan 1, 2016	**-1,389**	**-1,234**	**-2,314**	**-3,626**	**–**
Depreciation for the year	-114	-96	-271	-333	–
Acquisitions	–	-1	-6	–	–
Sales/disposals	3	64	86	404	–
Reclassifications	-5	3	380	-16	–
Translation differences	-80	-63	-82	-143	–
Accumulated depreciation and write-downs, Dec 31, 2016	**-1,585**	**-1,327**	**-2,207**	**-3,714**	**–**
Closing carrying amount, Dec 31, 2016	**1,786**	**395**	**787**	**937**	**408**

Impairment testing

Goodwill and intangible assets with an indefinite useful life	2017	2016
Acute Care Therapies	13,776	14,991
Surgical Workflows	3,097	3,034
Discontinued operations	–	5,012
Total	**16,873**	**23,037**

Goodwill and intangible assets with an indefinite useful life are distributed among the Group's cash generating units (CGUs), which are identified per business area.

Goodwill and other net assets are tested for impairment annually and whenever conditions indicate that impairment may be necessary. The recoverable amount for CGUs is determined based on the calculated value in use. For impairment-testing purposes, this has been done at the lowest level where separable cash flows have been identified, which for Getinge is the same as its business areas.

Assumptions

The value in use of goodwill and other net assets attributable to Acute Care Therapies and Surgical Workflows was calculated based on discounted cash flows. For the first year, cash flows are based on the budget determined by the Board. For the two subsequent years, cash flows are based on financial plans approved by the Board. Cash flows after this three-year period have been determined using a growth rate corresponding to 2%. This growth is based on reasonable prudence and does not exceed long-term growth for the industry as a whole. A discount rate of 9.0% (9.3) before tax was applied when calculating the value in use of both business areas. With the assumptions described above, value in use exceeds the carrying amount for all CGUs.

Sensitivity analysis

In connection with the impairment test, sensitivity analyses have been performed regarding changes in growth rate and discount rate, which have a significant impact on the calculation of the discounted cash flows. The sensitivity analyses showed that the negative changes below would not individually generate a need for impairment in any business area:

- Growth rate after year three decreases to 1%
- Discount rate before tax increases 1 percentage point to 10.0%

Intangible assets

Following the distribution of Arjo, there are no intangible assets other than goodwill whose useful life has been assessed as indefinite. The useful life for other intangible assets is three to 15 years. For strategic acquisitions, the useful life exceeds five years.

NOTE 13 Inventories

SEK M	2017	2016
Raw materials	1,500	1,538
Work in progress	531	473
Finished products	2,848	3,420
Total	**4,879**	**5,431**

Of the Group's inventories, SEK 4,842 (5,336) is measured at cost and SEK 37 M (95) at fair value less realizable value. At December 31, 2017, the Group's provisions for obsolescence totaled SEK 988 M (982).

NOTE 14 Accounts receivable

SEK M	2017	2016
Accounts receivable before provisions	6,248	8,450
Provisions for doubtful receivables	-181	-291
Total	**6,067**	**8,159**

Accounts receivable net, after provisions for doubtful receivables, theoretically constitutes maximum exposure for the calculated risk of losses. Accordingly, the carrying amount of accounts receivable represents the fair value. It is the Group's opinion that there is no significant concentration of accounts receivable to any single client. Letters of credit or the equivalent normally cover sales to countries outside the OECD.

A maturity analysis of accounts receivable is presented below:

SEK M	2017	2016
Not fallen due	4,072	5,185
Fallen due 1–5 days	426	523
Fallen due 6–30 days	518	609
Fallen due 31–60 days	393	455
Fallen due 61–90 days	94	218
Fallen due, more than 90 days	745	1,460
Total	**6,248**	**8,450**

At December 31, 2017, the Group's provisions for doubtful receivables totaled SEK 181 M (291). A maturity analysis of these accounts receivable is presented below:

SEK M	2017	2016
Not fallen due	-8	-11
Fallen due 1–5 days	-1	-1
Fallen due 6–30 days	-1	-1
Fallen due 31–60 days	-1	-2
Fallen due 61–90 days	-1	-1
Fallen due, more than 90 days	-169	-275
Total	**-181**	**-291**

Recognized amounts, by currency, for the Group's accounts receivable are as follows:

SEK M	2017	2016
EUR	1,752	2,335
USD	2,048	2,918
GBP	226	508
CAD	125	275
SEK	185	163
Other currencies	1,912	2,251
Total	**6,248**	**8,450**

Changes in provisions for doubtful receivables are as follows:

SEK M	2017	2016
At beginning of the year	**-291**	**-241**
Provision for doubtful accounts	-191	-85
Receivables written off during the year that cannot be recovered	63	22
Recovered doubtful receivables	43	45
In new companies at acquisition date	–	-12
Distribution of Arjo	191	–
Translation differences	4	-20
At year-end	**-181**	**-291**

NOTE 15 Prepaid expenses and accrued income

SEK M	2017	2016
Accrued income	256	429
Prepaid rental expenses	17	28
Prepaid insurance expenses	32	36
Prepaid commissions	7	5
Other	217	451
Total	**529**	**949**

NOTE 16 Share capital

Class of shares	A	B	Total
Quotient value per share, SEK	0.50	0.50	
Number of shares outstanding:			
December 31, 2016	15,940,050	222,383,327	238,323,377
December 31, 2017	18,217,200	254,152,373	272,369,573
Shares' voting rights in %	41.8	58.2	100.0

In accordance with the Articles of Association, the company's share capital amounts to not less than SEK 75 M and not more than SEK 300 M. Within these limits, the share capital can be raised or lowered without requiring an amendment to the Articles of Association. The maximum number of shares is 600 million. One Class A share carries ten votes and one Class B share carries one vote. Both classes of share have the same quotient value, which is SEK 0.50. At December 31, 2017, the company's share capital amounted to SEK 136 M (119).

NOTE 17 Unutilized overdraft facilities and credit facilities

At December 31, 2017, the total granted, unutilized overdraft facilities were SEK 925 M (1,177). In addition, there were unutilized short-term credit facilities of SEK 1,615 M (2,003) and committed, unutilized facilities for long-term credit of SEK 4,826 M (5,567), which may be utilized without qualification.

NOTE 18 The Group's interest-bearing net debt

SEK M	2017	Change	2016
Interest-bearing current loans	6,275	488	5,787
Interest-bearing long-term loans	4,962	-10,952	15,914
Provision for pension	3,081	-287	3,368
Less cash and cash equivalents	-1,526	154	-1,680
Total	**12,792**	**-10,597**	**23,389**

	Cash and cash equivalents	Interest-bearing loans	Provisions for pensions, interest-bearing	Total[1)]
Net debt at January 1, 2017	**-1,680**	**21,701**	**3,368**	**23,389**
Cash flow affecting net debt	-327	-4,195	-81	-4,603
Distribution of Arjo	447	-5,051	-25	-4,629
Other non-cash items	–	–	-179	-179
Exchange-rate differences	34	-1,218	-2	-1,186
Net debt at December 31, 2017	**-1,526**	**11,237**	**3,081**	**12,792**

1) Cash flowCash flowCash flow from long-term receivables of SEK –56 M (42) is also recognized in financing activities.

Liquidity risk

The Group's current interest-bearing liabilities totaled SEK 6,275 M (5,787) at December 31, 2017 and are covered by unutilized committed credit facilities of SEK 6,826 M. The Group's long-term interest-bearing liabilities amounted to SEK 4,962 M (15,914). Net debt is recognized with basis adjustments of SEK –469 M (–728). The average interest expense in terms of the Group's liabilities to credit institutions amounts to approximately 2.8%

Debt/equity ratio

According to the terms of the main credit facilities, the Group is obligated to maintain certain financial key figures, namely net debt/equity ratio and interest coverage ratio. At year-end 2017, Getinge had a highly favorable margin in relation to the restrictions stipulated in the loan agreements.

NOTE 19 Leases

Operating leases, SEK M	2017	2016
Costs relating to operating leases	-321	-319

Leasing costs for assets held via operating leases, such as leased premises, machinery and equipment, are recognized among operating expenses.

On the closing date, future leasing fees for non-cancellable leasing agreements amounted to the following:	2017	2016
Due within 1 year	-263	-246
Due within 2 to 5 years	-597	-491
Due in more than 5 years	-36	-41
Total	**-896**	**-778**

Getinge as a lessor under operating leases:	2017	2016
Due within 1 year	12	10
Due within 2 to 5 years	12	2
Due in more than 5 years	3	–
Total	**27**	**12**

NOTE 20 Restructuring reserves

SEK M	FDA	Personnel	Other	Total
Value according to opening balance 2016	**193**	**176**	**20**	**389**
Provisions	400	75	54	529
Utilized funds	-235	-161	-20	-416
Unutilized funds restored	–	–	–	–
Translation differences	13	12	4	29
Value according to closing balance 2016	**371**	**102**	**58**	**531**
Of which:				
Short-term				378
Long-term				153
Value according to opening balance 2017	**371**	**102**	**58**	**531**
Provisions	488	66	17	571
Utilized funds	-296	-46	-33	-375
Unutilized funds restored	–	-2	-1	-3
Distribution of Arjo	–	-1	-7	-8
Translation differences	-7	-7	-4	-18
Value according to closing balance 2017	**556**	**112**	**30**	**698**
Of which:				
Short-term				345
Long-term				353

Provision FDA

In reaction to the US Food and Drug Administration's (FDA) comments on several of the quality management processes and documentation procedures in Acute Care Therapies' manufacturing units in 2013, quality work is under way in the form of a remediation program. Getinge committed SEK 995 M in 2014 related to improvements under the remediation program, and in 2016 SEK 400 M was committed for the same purpose. An additional provision of SEK 488 M was made in 2017 and the total cost of the remediation program thus amounted to SEK 1,983 M, of which SEK 100 M is fines.

NOTE 21 Other provisions

SEK M	Guarantee reserve	Personnel	Other	Total
Value according to opening balance 2016	**185**	**52**	**478**	**715**
Provisions	50	34	235	319
Utilized funds	-105	-35	-198	-338
Unutilized funds restored	-7	–	-55	-62
Translation differences	4	2	35	41
Value according to closing balance 2016	**127**	**53**	**495**	**675**
Of which:				
Short-term				316
Long-term				359
Value according to opening balance 2017	**127**	**53**	**495**	**675**
Provisions	92	12	97	201
Utilized funds	-23	-27	-140	-190
Unutilized funds restored	–	-4	–	-4
Acquisition of operations	–	1	–	1
Distribution of Arjo	-34	-7	-56	-97
Translation differences	3	1	-21	-17
Value according to closing balance 2017	**165**	**29**	**375**	**569**
Of which:				
Short-term				266
Long-term				303

Expected timing of outflow SEK M	Total
Within 1 year	266
Within 3 years	258
Within 5 years	17
> 5 years	28
Value according to closing balance 2017	**569**

NOTE 22 Provisions for pensions and similar obligations

Defined-contribution plans

In many countries, the Group's employees are covered by defined-contribution pension plans. The pension plans primarily entail retirement pensions. The premiums are paid continuously throughout the year by each Group company to separate legal entities, such as insurance companies. The size of the premium paid by the company is normally based on a set proportion of the employee's salary.

Defined-benefit plans

Getinge has defined-benefit pension plans in a number of countries, such as Sweden, Germany and the US. The pension plans primarily comprise retirement pensions.

Each employer normally has an obligation to pay a lifelong pension, earned according to the number of employment years. The employee must be affiliated with the plan for a certain number of years to achieve full retirement pension entitlement. The pension is financed through payments from the company and, in some cases, the employees.

Pension commitments are usually calculated at year-end after actuarial methods. New calculations are made if substantial changes occur during the year. Gains and losses on changed actuarial assumptions are recognized as part of comprehensive income.

The net value of the defined-benefit pension commitments is detailed below:

Dec 31, 2017	Funded pension plans	Unfunded pension plans	Total
Present value of commitments	-1,262	-2,772	-4,034
Fair value of plan assets	817	–	817
Net provision in the balance sheet	**-445**	**-2,772**	**-3,217**

Dec 31, 2016	Funded pension plans	Unfunded pension plans	Total
Present value of commitments	-3,443	-2,746	-6,189
Fair value of plan assets	2,770	–	2,770
Net provision in the balance sheet	**-673**	**-2,746**	**-3,419**

Group, SEK M	2017	2016
Pension commitments		
Opening balance	**-3,419**	**-3,117**
Costs for service in the current year	-67	-59
Net interest expenses	-70	-82
Costs for service in previous years	-5	–
Administrative costs pertaining to plan assets	–	-1
Gains and losses from settelments	23	8
Distribution of Arjo[1]	-45	–
Return on plan assets	108	298
Gain/(loss) attributable to changed demographic assumptions	18	22
Gain/(loss) attributable to changed financial assumptions	113	-615
Experience-based gains/(losses)	15	2
Special employer's contribution on actuarial assumptions	-9	-16
Restriction in plan surpluses with regard to asset ceilings	-26	29
Exchange-rate differences	-29	-171
Fees paid by employer	86	186
Paid benefits	90	97
Closing balance	**-3,217**	**-3,419**
Of which:		
Interest-bearing pension commitments	-3,081	-3,368
Non-interest-bearing pension commitments	-136	-51

1) Pension assets and pension commitment, net

The defined-benefit pension commitment and composition of plan assets 2017	Present value of commitments	Fair value of plan assets	Net provision for pensions
Sweden	-623	50	-573
Germany	-2,068	4	-2,064
USA	-1,233	757	-476
Other countries	-110	6	-104
Total	**-4,034**	**817**	**-3,217**

Significant actuarial assumptions	2017	2016
Weighted average, %		
Discount rate	2.4	2.5
Expected salary increase rate	2.7	2.5
Expected inflation	1.6	3.0

Significant actuarial assumptions 2017	Sweden	Germany	USA	Other countries
Weighted average, %				
Discount rate	2.1	1.8	3.7	1.2
Expected salary increase rate	3.0	2.5	3.0	3.0
Expected inflation	2.0	1.2	2.1	1.5

Sensitivity of defined-benefit commitments to changes in the significant assumptions 2017	Expected value for pension commitments	Change compared with used assumption valuation
Pension commitments according to original valuation	**-4,034**	
Discount rate +1 percentage point	-3,455	579
Inflation +1 percentage point	-4,413	-379
Salary increases +1 percentage point	-4,129	-95

The sensitivity analyses above are based on a change in an assumption, while all other assumptions remain constant. It is unlikely that this will happen in practice, and changes in some of the assumptions may correlate. The calculation of sensitivity in the defined-benefit commitments for material actuarial assumptions uses the same method as that used in the calculation of pension liabilities.[1)]

1) The present value of defined-benefit commitments by applying the Projected Unit Credit Method at the end of the reporting period.

Composition of plan assets	2017	2016
Equities	18	1,897
Financial instruments	227	237
Properties	28	34
Cash and cash equivalents and similar assets	34	76
Other	510	526
Total	**817**	**2,770**

The weighted average term of the pension commitments is 17 years (18).

Information regarding recognition of multi-employer defined-benefit pension plans

The commitment for retirement pensions and family pensions for salaried employees in Sweden is safeguarded through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10, this is a multi-employer defined-benefit plan. For the 2017 fiscal year, the company did not have access to such information that makes it possible to recognize this plan as a defined-benefit plan. The pension scheme in accordance with ITP, which is safeguarded through insurance with Alecta, is thus recognized as a defined-contribution scheme. During the year, fees for pension insurance covered by Alecta amounted to SEK 39 M (34). Alecta's surplus can be distributed to the insurers and/or the insured. At year-end 2017, Alecta's surplus in the form of the collective consolidation level was approximately 154% (149). The collective consolidation level comprises the market value of Alecta's assets as a percentage of the insurance commitment calculated in accordance with Alecta's actuarial calculation assumption, which does not correspond with IAS 19.

NOTE 23 Accrued expenses and deferred income

SEK M	2017	2016
Salaries	1,039	1,199
Social security expenses	252	305
Commissions	159	187
Interest expenses	32	51
Consultancy fees	101	23
Deferred income	353	295
Other	566	936
Total	**2,502**	**2,996**

NOTE 24 Pledged assets and contingent liabilities

Pledged assets

The Group had no pledged assets.

Contingent liabilities, SEK M	2017	2016
Guarantees	306	146
Other	45	57
Total	**351**	**203**

NOTE 25 Acquired operations

Net assets acquired, SEK M	2017	2016[1]
Intangible assets	3	39
Tangible assets	1	33
Inventories	–	27
Other current assets	3	14
Cash and cash equivalents	2	47
Deferred tax liabilities	–	-7
Other current liabilities	-3	-16
Identifiable net assets	**6**	**137**
Goodwill	53	162
Total purchase consideration	**59**	**299**
Less:		
Unpaid purchase considerations	-16	-40
Cash and cash equivalents in the acquired companies	-2	-47
Add:		
Purchase consideration attributable to acquisitions in prior years	40	–
Impact on the Group's cash and cash equivalents	**81**	**212**

1) Accumed and 1st Call Mobility Ltd were acquired in 2016.

Acquired operations in 2017

Carus HMS GmbH

During the second quarter, Getinge acquired the German IT company Carus to strengthen its offering in Integrated Workflow Solutions. The company has approximately 30 employees and generates annual sales of about SEK 20 M. The total purchase consideration amounted to SEK 19 M.

Simm Company and Surgeon Aids

In the second quarter, Getinge completed the acquisition of the operations of the Thai company Simm Company and Surgeon Aids. The operation has approximately 60 employees and generates annual sales of about SEK 75 M. The total purchase consideration amounted to SEK 40 M.

NOTE 26 Discontinued operations

Arjo was distributed to the shareholders of Getinge AB and listed on Nasdaq Stockholm on December 12, 2017. In this report, Arjo is recognized as a discontinued operation in the consolidated income statement with retrospective effect for prior periods and in accordance with IFRS 5.

Income statement

Income statement for discontinued operations, SEK M	2017	2016
Net sales	6,929	7,808
Cost of goods sold	-3,863	-4,366
Gross profit	**3,066**	**3,442**
Selling expenses	-1,425	-1,392
Administrative expenses	-992	-1,016
Research and development costs	-118	-133
Acquisition expenses	–	-7
Restructuring and integration costs	-250	-155
Other operating income and expenses	13	42
Operating profit (EBIT)	**294**	**781**
Net financial items	-84	-110
Profit after financial items	**210**	**671**
Taxes	-57	-181
Net profit for the period from discontinued operations	**153**	**490**
Profit from translation differences and hedges	127	–
Net profit for the period from discontinued operations	**280**	**490**

Cash flow

Cash flow for discontinued operations, SEK M	2017	2016
Cash flow from operating activities	269	919
Cash flow from investing activities	-320	-526
Cash flow from financing activities	4	-13
Cash flow for the period	**-47**	**380**

Assets and liabilities in discontinued operations

Assets and liabilities in discontinued operations on the date of distribution of Arjo to shareholders.

Assets and liabilities in discontinued operations, SEK M	
Intangible assets	6,674
Tangible assets	1,147
Financial assets	86
Deferred tax assets	400
Inventories	1,167
Accounts receivable	1,824
Other current receivables	555
Cash and cash equivalents	447
Provisions for pensions, interest-bearing	-25
Other interest-bearing liabilities	-5,051
Deferred tax liabilities	-178
Restructuring reserves	-8
Other provisions	-97
Accounts payable	-529
Other non-interest-bearing liabilities	-1,073
Total net assets in discontinued operations	**5,339**
Distribution of operations and associated net assets	-5,339
Transaction costs related to distribution of operations[1)]	-176
Cash and cash equivalents in discontinued operations	-447
Impact on the Group's cash and cash equivalents	**-623**

1) Excluding non-cash items

NOTE 27 Financial risk management

Most of Getinge's operations are located outside Sweden. This situation entails exposure to different types of financial risks that may cause fluctuations in net profit for the year, cash flow and equity due to changes in exchange rates and interest rates. In addition, the Group is exposed to refinancing and counterparty risks The primary role of the Parent Company's treasury function is to support business activities and to identify and in the best way manage the Group's financial risks in line with the Board's established finance policy. Getinge's financial activities are centralized to benefit from economies of scale, to ensure good internal control and to facilitate monitoring of risk.

Currency risks

Currency risks comprise exchange-rate fluctuations, which have an impact on the Group's earnings and equity. Currency exposure occurs in connection with payments in foreign currency (transaction exposure) and when translating foreign subsidiaries' balance sheets and income statements into SEK (translation exposure). For a sensitivity analysis, see the Financial risk management section in the Administration Report. The effect of exchange-rate fluctuations on earnings calculated using forecast volumes and earnings in foreign currencies is presented in the Administration Report.

Transaction exposure

Payment flows as a result of sales income and cost of goods sold in foreign currencies cause currency exposure that affects Group earnings in the event of exchange-rate fluctuations. The Group's payment flows in foreign currencies consists mainly of the income generated by export sales. The most important currencies are USD, EUR, CNY, GBP and JPY. In line with Getinge's finance policy, the forecast flows in foreign currency are hedged to 100% for the next fiscal year. Getinge has the right to hedge for up to 42 months. Hedging is conducted using currency futures, currency swaps and currency options. The market value of financial currency derivatives that meet the cash flow hedging requirements amounted to SEK 132 M (–186) at December 31, 2017.

Translation exposure — income statement

When translating the results of foreign subsidiaries into SEK, currency exposure occurs, which affects the Group's earnings when exchange rates fluctuate.

Translation exposure — balance sheet

Currency exposure occurs when translating net assets of foreign subsidiaries into SEK, which can affect consolidated other comprehensive income. In accordance with the Group's finance policy, to minimize the effects of this translation, the exposure arising is hedged using loans or currency derivatives in the subsidiary's local currency. The market value of financial derivatives that meet the hedge-accounting requirements amounted to SEK –469 M (–728) at December 31, 2017.

Interest-rate risk

Interest-rate risks are the changes in market interest rates that affect the Group's net interest. How quickly interest-rate changes impact net interest depends on the fixed-interest term of the loans. At December 31, 2017, the average fixed-interest term in the loan portfolio was about 15 months. Interest-rate derivatives, such as interest-rate swaps, are used to achieve the desired fixed-interest term for borrowings. If the average interest rate for currencies represented in the Group's loan portfolio at the end of the year changed by 1 percentage point, this would affect profits by +/- SEK 9 M on an annual basis. The market value of financial interest-rate derivative instruments that meet the cash flowcash flow hedging requirements amounted to SEK –191 M (–423) at December 31, 2017.

Financing and liquidity risk

Financing risk is defined as the risk of the cost being higher and financing opportunities limited as the loan is renegotiated and that the ability to pay cannot be met as a result of insufficient liquidity or difficulties in securing funding. The Group's cash and cash equivalents are invested short-term with the aim that any excess cash balances are to be used for amortizing loans. The finance policy of the Group states that refinancing risks are managed by signing long-term committed credit agreements. The single largest loan is a syndicated loan agreement of EUR 490 M with seven banks. This loan agreement falls due in 2022 with an extension option of two years. In 2012, the Group established an MTN program with the aim of issuing bonds in the Swedish market. At year-end 2017, SEK 2,000 M was outstanding under this loan program. The Group signed a bilateral loan agreement with Bank of America Merrill Lynch during the year. The loan is for USD 80 M and falls due in 2022.

In addition to these credit facilities, the Group has short-term uncommitted credit lines. For further information on these credit lines, refer to Note 17.

At December 31, 2017, the Group's borrowings were in line with the requirements under Getinge's finance policy pertaining to diversification of lenders and maturity dates.

Credit and counterparty risks

The Group's financial transactions cause credit risks with regard to financial counterparties. Credit risks or counterparty risks constitute the risk of losses if the counterparties do not fully meet their commitments. Getinge's finance policy states that the credit risk must be limited through accepting only creditworthy counterparties and fixed limits. At December 31, 2017, the total counterparty exposure in derivative instruments was SEK 47 M (0). Credit risks in outstanding derivatives are limited by the offset rules agreed with the respective counterparty. The Group's liquidity is placed in bank accounts with negligible credit risks.

Commercial credit risks are limited by a diverse customer base with a high credit rating. The Group's customers are found primarily in the public sector, which means that its credit risk is generally very low. Getinge's customers in the private sector also normally represent a very low credit risk. When deemed necessary, credit risk is managed using letters of credit or export credit-related guarantees. Over the years, Getinge has recognized small amounts of bad debt losses. At year-end 2017, a provision was made for the part of accounts receivable considered to be at risk and this affected operating profit. The Group's accounts receivable are presented in Note 14, which shows that the share of past due accounts receivable at December 31, 2017 amounted to SEK 2,176 M in relation to the total volume of accounts receivable, which amounted to SEK 6,248 M. For a significant share of past due accounts receivable, payment is past due by a maximum of one month, which can be considered reasonable in relation to the operations conducted by the Group. In certain cases, customers pay after the agreed date since Getinge's deliveries are part of a larger project and payment is conditional on project approval.

Financial derivatives

Getinge uses financial derivatives to manage interest and currency exposure arising in its business. At December 31, 2017, all financial instruments outstanding were held for hedging purposes and were deemed to be efficient. Consequently, hedge accounting was applied for these. All derivatives are classified under level 2 of the value hierarchy. Fair value measurements for currency forward contracts are based on published forward rates in an active market. The measurement of interest-rate swaps is based on forward rates as expressed in market yield curves.

Fair value disclosures pertaining to borrowing and other financial instruments

Essentially, all loans have floating interest rates and, accordingly, the fair value is assessed as corresponding to the carrying amount. For other financial assets and liabilities, fair value is assessed as corresponding to the carrying amount due to the short expected maturity in time.

Offsetting of financial derivatives

The Group has ISDA agreements for all of its significant counterparties for raising funds and trading in financial instruments. For the financial assets and liabilities that are subject to legally binding offset agreements or similar, each agreement between the company and its counterparties permits the relevant financial assets and liabilities to be offset.

The Group has netted the value of basis swaps against loans in the balance sheet.

Cash flow for financial liabilities

The table below shows the Group's financial liabilities and net-settled derivative instruments that comprise financial liabilities, subdivided into the periods remaining on the closing date until the contractual agreed date of maturity. The amounts stated in the table comprise contractual, undiscounted cash flows.

SEK M	< 1 year	1–2 years	2–5 years	> 5 years
Bank loans and bond loans (including interest)	-6,415	-2,197	-2,988	–
Derivative instruments (net flows)	-144	-73	–	–
Accounts payable	-2,025	–	–	–
Total	**-8,584**	**-2,270**	**-2,988**	**–**

Outstanding derivative instruments

	2017		2016	
SEK M	Nominal amount	Fair value	Nominal amount	Fair value
Interest/currency derivatives[1]	2,000	-469	2,000	-728
Interest-rate derivatives	9,626	-191	16,656	-423
Currency derivatives	3,972	132	6,077	-186
Total	**15,598**	**-528**	**24,733**	**-1,337**

1) Combined instruments

	2017		2016	
SEK M	Asset	Liability	Asset	Liability
Interest-rate derivatives – fair-value hedges[1]	–	469	–	728
Interest-rate derivatives – cash flow hedges	–	191	–	423
Currency derivatives – cash flow hedges	182	50	191	377
Total	**182**	**710**	**191**	**1,528**
Of which, short-term	170	526	166	800
Of which, long-term	12	184	25	728

1) Combined instruments are recognized in the company's net liabilities.

The carrying amount of the interest-rate derivatives and combined instruments comprises paid and accrued interest. The fair value of derivative instruments is established using valuation techniques. For this purpose, market information is used. All derivatives are classified under level 2 of the value hierarchy.

Financial instruments by category

	Loan and accounts receivable		Assets at fair value through profit or loss		Derivatives used for hedging purposes		Available-for-sale financial assets		Total	
Financial assets	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Available-for-sale financial assets	–	–	–	–	–	–	–	–	–	–
Derivative instruments	–	–	–	–	182	191	–	–	182	191
Accounts receivable and other receivables, excluding accrued receivables	6,067	8,159	–	–	–	–	–	–	6,067	8,159
Financial assets at fair value through profit and loss	–	–	–	–	–	–	–	–	–	–
Cash and cash equivalents	1,526	1,680	–	–	–	–	–	–	1,526	1,680
Total	**7,593**	**9,839**	**–**	**–**	**182**	**191**	**–**	**–**	**7,775**	**10,030**

Financial liabilities	Liabilities at fair value through profit or loss 2017	2016	Derivatives used for hedging purposes 2017	2016	Other financial liabilities 2017	2016	Total 2017	2016
Borrowing	–	–	469	728	10,768	20,973	11,237	21,701
Liabilities pertaining to financial leases	–	–	–	–	–	–	–	–
Derivative instruments	–	–	241	800	–	–	241	800
Accounts payable and other financial liabilities	–	–	–	–	2,025	2,201	2,025	2,201
Total	**–**	**–**	**710**	**1,528**	**12,793**	**23,174**	**13,503**	**24,702**

Distribution of currency for outstanding derivative instruments in 2017, SEK M

AUD	129	GBP	66	SEK	3,500
CAD	117	HKD	195	SGD	1
CHF	5	JPY	413	THB	4
CNY	217	MXN	2	TRY	6
CZK	2	NOK	3	USD	7,055
DKK	3	NZD	0	ZAR	3
EUR	3,865	PLN	12		
Total					**15,598**

Distribution of currency for outstanding derivative instruments in 2016, SEK M

AUD	545	GBP	97	SEK	3,800
CAD	361	HKD	4	SGD	2
CHF	17	JPY	430	THB	3
CNY	264	MXN	1	TRY	10
CZK	2	NOK	3	USD	13,937
DKK	10	NZD	1	ZAR	4
EUR	4,527	PLN	715		
Total					**24,733**

Maturity structure for outstanding derivative instruments in 2017, SEK M

	2018	2019	2020	2021	2022	Total
Interest/currency derivatives[1]	2,000	–	–	–	–	2,000
Interest-rate derivatives	5,762	3,864	–	–	–	9,626
Currency derivatives	2,750	941	281	–	–	3,972
Total	**10,512**	**4,805**	**281**	**–**	**–**	**15,598**

1) Combined instruments

The table refers to net flows

Maturity structure for outstanding derivative instruments in 2016, SEK M

	2017	2018	2019	2020	2021	Total
Interest/currency derivatives[1]	–	2,000	–	–	–	2,000
Interest-rate derivatives	300	12,237	4,119	–	–	16,656
Currency derivatives	4,086	1,716	275	–	–	6,077
Total	**4,386**	**15,953**	**4,394**	**–**	**–**	**24,733**

1) Combined instruments

The table refers to net flows

NOTE 28 Employee costs

SEK M	2017 Board and CEO	2017 Other	2017 Total	2016 Board and CEO	2016 Other	2016 Total
Salaries and remuneration	-178	-5,987	-6,165	-224	-5,752	-5,976
Social security expenses	-29	-1,168	-1,197	-47	-1,215	-1,262
Pension expenses	-15	-323	-338	-27	-337	-364
Total, continuing operations	**-222**	**-7,478**	**-7,700**	**-298**	**-7,304**	**-7,602**

Remuneration and other benefits in 2017

SEK 000s	Board fee 1)	Basic pay	Variable remuneration	Other benefits	Pension expenses	Other remuneration	Total
Chairman of the Board	-1,275	–	–	–	–	–	-1,275
Board members	-5,660	–	–	–	–	–	-5,660
Mattias Perjos, CEO (from March 27, 2017)	–	-15,291	–	-148	-6,030	–	-21,469
Joacim Lindoff, Acting CEO (until March 27, 2017)	–	-3,027	–	-128	-226	–	-3,381
Other senior executives (8 people)	–	-31,634	-3,857	-2,403	-6,297	-7,939	-52,130
Total	**-6,935**	**-49,952**	**-3,857**	**-2,679**	**-12,553**	**-7,939**	**-83,915**

1) Also includes fees for work on Board Committees

Comments on the table

- Variable remuneration refers to bonuses for the 2017 financial year, which will be paid in 2018.
- Other benefits refer to company car, accommodation benefits, etc.
- For information on Board fees for each member, refer to page 58.
- Other remuneration pertains mainly to contractual severance pay and termination pay.
- Other senior executives pertains to remuneration to members in the Getinge Executive Team, other than the CEO. Excluding the CEO, the Getinge Executive Team comprised eight individuals at year-end. Only remuneration that has been received as a member of the Getinge Executive Team is included in the amounts recognized, which includes individuals that joined and left the Getinge Executive Team during the year.

Remuneration and other benefits in 2016

SEK 000s	Board fee 1)	Basic pay	Variable remuneration	Other benefits	Pension expenses	Other remuneration	Total
Chairman of the Board	-1,275	–	–	–	–	–	-1,275
Board members	-4,993	–	–	–	–	–	-4,993
Joacim Lindoff, Acting CEO (from August 22, 2016)	–	-2,681	–	-77	-434	–	-3,192
Alex Myers, former CEO (until August 22, 2016)	–	-14,000	–	-126	-5,600	-45,150	-64,876
Other senior executives (5 people)	–	-37,010	-15,985	-2,560	-6,053	-16,780	-78,388
Total	**-6,268**	**-53,691**	**-15,985**	**-2,763**	**-12,087**	**-61,930**	**-152,724**

1) Also includes fees for work on Board Committees

Remuneration to senior executives

Principles: The Annual General Meeting decides on remuneration to the Chairman of the Board and Board members. Employee representatives do not receive Board remuneration. Remuneration to the CEO and other senior executives comprises basic pay, variable remuneration, other benefits as well as pensions. Other senior executives comprise the individuals, who together with the CEO, comprise the Getinge Executive Team. For the Getinge Executive Team structure, see pages 62-63. The allocation between basic pay and variable remuneration should be proportionate to the executive's responsibility and authority. The CEO's variable remuneration is a maximum of 80% of basic pay. Other senior executives' variable remuneration is based on results in relation to set financial targets.

Bonus: The CEO's bonus for 2017 was based on financial targets set by the Board. For other senior executives, bonuses for 2017 were based on a combination of the result of the individual's area of responsibility and financial targets.

Pensions: The CEO is entitled to a pension from the age of 65. The pension is premium based and pension expenses amount to 40% of basic pay. For other senior executives, pension ages vary between the ages of 62 and 65. Pension agreements have been signed in accordance with local legislation in the country where the executive resides. All pension benefits are transferable, i.e. not conditional on future employment.

Severance pay: The period of notice for the CEO is a minimum of six months. If termination of employment is initiated by the company then severance pay of 12 months' pay will be awarded. Severance pay is not offset against any other income. After the end of the period of notice, severance pay corresponding to one annual salary is paid. The company is entitled to deduct any income the CEO may receive from other employment or business activities from the severance pay. Upon termination of employment of any other senior executives, they have the right to severance pay of a minimum of six months and a maximum of one year.

Drafting and decision-making process: During the year, the Remuneration Committee gave the Board its recommendations concerning policies for the remuneration to senior executives. The recommendations included the proportion between fixed and variable remuneration and the size of possible pay increases. The Remuneration Committee also proposed criteria for determining bonuses, allotment and the size of the pension conditions and severance pay. The Board discussed the Remuneration Committee's proposals and decided in line with the Remuneration Committee's recommendations. Remuneration to the CEO for the 2017 fiscal year was decided by the Board taking into account the Remuneration Committee's recommendations.

Remuneration to other senior executives was decided by the CEO in consultation with the Chairman of the Board. The Remuneration Committee was convened on one occasion prior to the 2018 AGM. The committee's work was conducted with the support of external experts in issues concerning remuneration levels and structures.

Long-term incentive program 2016

The 2016 AGM resolved to implement a long-term incentive program (LTIP 2016). The program includes the CEO and the Getinge Executive Team comprising 11 individuals, as well as maximum 75 additional senior executives and key individuals in Getinge Group. LTIP 2016 means that the participants are entitled to receive performance shares, free of charge, if the performance target has been achieved during the performance period (2016–2018). The allocation of performance shares is based on minimum and ceiling target levels respectively, as set by the Board, with regard to the accumulated development of earnings per share during the performance period. The minimum level for allocation of performance shares is a minimum of 90% fulfillment of the performance target and the ceiling for allocation is if the performance target is exceeded by 10% or more. Should the maximum number of performance shares be allocated, the total number of shares in LTIP 2016 will amount to 518,480 Class B Getinge shares. The total cost for LTIP 2016, including social security contributions, during the three-year program period, is estimated at SEK 94 M, if the performance target is met in full. The impact on earnings in 2017 was SEK 5 M (- 9) including social security contributions.

NOTE 29 Average number of employees

	2017			2016		
By country	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
Australia	149	81	230	140	77	217
Belgium	42	18	60	46	9	55
Brazil	82	37	119	62	53	115
Colombia	16	10	26	17	10	27
Costa Rica	46	28	74	40	29	69
Denmark	125	44	169	116	34	150
Finland	23	8	31	21	9	30
France	622	395	1,017	614	395	1,009
United Arab Emirates	43	18	61	49	22	71
Netherlands	89	29	118	80	24	104
Hong Kong	26	20	46	35	21	56
India	224	43	267	140	33	173
Ireland	7	1	8	6	0	6
Italy	96	50	146	95	45	140
Japan	187	42	229	173	44	217
Canada	78	49	127	75	39	114
China	381	153	534	314	149	463
Mexico	30	15	45	28	13	41
Norway	26	2	28	25	2	27
Poland	190	255	445	159	258	417
Portugal	17	8	25	16	6	22
Russia	33	15	48	31	16	47
Switzerland	38	10	48	38	10	48
Serbia	11	7	18	12	6	18
Singapore	36	22	58	36	20	56
Slovakia	2	1	3	2	1	3
Spain	62	27	89	55	28	83
UK	242	96	338	235	98	333
Sweden	870	304	1,174	799	359	1,158
South Africa	7	16	23	7	15	22
South Korea	8	5	13	7	5	12
Taiwan	17	17	34	17	11	28
Thailand	86	51	137	43	34	77
Czech Republic	21	7	28	11	17	28
Turkey	243	264	507	231	237	468
Germany	1,146	638	1,784	1,087	598	1,685
USA	1,533	879	2,412	1,470	836	2,306
Austria	36	3	39	24	1	25
Total average number of employees,continuing operations	**6,890**	**3,668**	**10,558**	**6,356**	**3,564**	**9,920**

Distribution of senior executives and Board members at the closing date, %	2017	2016
Women:		
Board members of the Parent Company	33%	30%
Other members of the company's management, incl. CEO	22%	25%
Men:		
Board members of the Parent Company	67%	70%
Other members of the company's management, incl. CEO	78%	75%

NOTE 30 Transactions with related parties

Transactions between Getinge AB and its subsidiaries, which are related companies to Getinge AB, were eliminated in the consolidated financial statements. Business terms and conditions as well as market-regulated pricing apply for delivery of products and services between Group companies. No Board member or senior executive has, or has had, any direct or indirect participation in any business transactions, between themselves and the company, that are or were unusual in character, regarding terms or conditions.

During the year, a rights issue was carried out which was guaranteed by Carl Bennet AB and where a guarantee commission of SEK 35,420 T was paid according to established practice. In addition, SEK 640 T (671) was invoiced by Carl Bennet AB in respect of costs related to Carl Bennet's assignment as Chairman of the Board.

Following the distribution of Arjo in December 2017, Getinge carried out normal commercial transactions with Arjo for the sale and purchase of goods and services. Getinge also provided temporary accounting and IT services on market terms while Arjo developed its own internal capacity. Getinge's receivables to Arjo amounted to SEK 199 M at December 31, 2017 and its liabilities to SEK 54 M.

In addition to the above, there were no other transactions with related parties. For remuneration and benefits to individuals in management positions and on the Board of Directors, see Note 28.

NOTE 31 Events after the end of the financial year

No significant events occurred after the end of the financial year.

NOTE 32 Supplementary disclosure to cash flow statement

Cash and cash equivalents, SEK M	2017	2016
Investments	2	15
Cash and bank balances	1,524	1,665
Total	**1,526**	**1,680**

Adjustments for items not included in cash flow, SEK M	2017	2016
Gain (–)/loss (+) from divestment/disposal of non-current assets	51	85
Total	**51**	**85**

NOTE 33 Capitalized development costs

SEK M	2017	2016
Research and development costs, gross	-1,123	-1,064
Capitalized development costs	529	526
Research and development costs, net	**-594**	**-538**

Parent Company's income statement

SEK M	Note	2017	2016
Administrative expenses	2, 16, 17	-251	-164
Operating result		**-251**	**-164**
Result from participations in Group companies	5	2,439	2,514
Interest income and other similar income	6	1,614	164
Interest expenses and other similar expenses	7	-574	-2,370
Profit after financial items		**3,228**	**144**
Taxes	8	-99	78
Net profit for the year		**3,129**	**222**

Parent Company's statement of comprehensive income

SEK M	Note	2017	2016
Net profit for the year		**3,129**	**222**
Other comprehensive income			
Cash flow hedges		–	-4
Tax attributable to cash flow hedges		–	1
Other comprehensive income for the period, net after tax		**–**	**-3**
Comprehensive income for the year		**3,129**	**219**

Parent Company's balance sheet

SEK M	Note	2017	2016
ASSETS			
Non-current assets			
Intangible assets	3	86	104
Tangible assets	4	6	3
Participations in Group companies	9	25,455	25,024
Deferred tax assets		189	222
Long-term receivables		53	–
Total non-current assets		**25,789**	**25,353**
Current assets			
Accounts receivable		19	–
Receivables from Group companies		953	7,160
Current tax assets		74	1
Other receivables		39	75
Prepaid expenses and accrued income	12	59	64
Cash and cash equivalents	19	0	0
Total current assets		**1,144**	**7,300**
TOTAL ASSETS		**26,933**	**32,653**
EQUITY AND LIABILITIES			
Equity	18		
Restricted equity			
Share capital		136	119
Statutory reserve		2,525	2,525
Non-restricted equity			
Share premium reserve		4,264	3,435
Retained earnings		2,530	3,259
Net profit for the year		3,129	222
Total equity		**12,584**	**9,560**
Long-term liabilities			
Interest-bearing long-term loans	10, 19	4,257	15,851
Liabilities to Group companies	19	659	–
Total long-term liabilities		**4,916**	**15,851**
Current liabilities			
Interest-bearing current loans	11, 19	6,127	5,646
Accounts payable		130	35
Liabilities to Group companies	19	2,990	1,351
Current tax liabilities		6	8
Other liabilities		3	2
Accrued expenses and deferred income	13	177	200
Total current liabilities		**9,433**	**7,242**
TOTAL EQUITY AND LIABILITIES		**26,933**	**32,653**

Refer to Note 14 for information concerning pledged assets and contingent liabilities.

Changes in Parent Company's equity

SEK M	Restricted equity: Share capital[3]	Restricted equity: Statutory reserve	Non-restricted equity: Share premium reserve	Non-restricted equity: Retained earnings and net profit for the year	Total equity
Opening balance at January 1, 2016	**119**	**2,525**	**3,435**	**3,921**	**10,000**
Total comprehensive income for the year	–	–	–	219	219
Share-based remuneration	–	–	–	8	8
Dividend	–	–	–	-667	-667
Closing balance at December 31, 2016	**119**	**2,525**	**3,435**	**3,481**	**9,560**
Opening balance at January 1, 2017	**119**	**2,525**	**3,435**	**3,481**	**9,560**
Total comprehensive income for the year	–	–	–	3,129	3,129
Share-based remuneration	–	–	–	-4	-4
Dividend	–	–	–	-477	-477
Rights issue[1]	17	–	4,264	–	4,281
Distribution of Arjo[2]	–	–	-3,435	-470	-3,905
Closing balance at December 31, 2017	**136**	**2,525**	**4,264**	**5,659**	**12,584**

1) After deductions for transaction costs and taking tax effects into consideration.
2) Including transaction costs and taking tax effects into consideration.
3) The share capital consists of 18,217,200 Class A shares and 254,152,373 Class B shares. Each share's quotient value is SEK 0.50 and all shares carry equal rights to dividends. One Class A share carries ten votes and one Class B share carries one vote.

Parent Company's cash flow statement

SEK M	Note	2017	2016
Operating activities			
Operating result		-251	-164
Adjustments for items not included in cash flow		19	23
Interest received and similar items		652	164
Dividend received		380	168
Interest paid and similar items		-583	-981
Taxes paid		-90	-61
Cash flow before changes in working capital		**127**	**-851**
Changes in working capital			
Current receivables		3,378	1,976
Current liabilities		1,648	1,330
Cash flow from operating activities		**5,153**	**2,455**
Investing activities			
Investments in intangible assets	3	-11	-25
Investments in tangible assets	4	-5	-1
Investments in subsidiaries		-1,850	-21
Divestment of subsidiaries		249	–
Cash flow from investing activities		**-1,617**	**-47**
Financing activities			
Raising of loans	19	649	1,822
Repayment of loans	19	-10,187	-5,132
Change in long-term receivables		-53	–
Distribution of Arjo		-176	–
Dividend paid		-477	-667
Rights issue		4,281	–
Group contributions received		2,427	1,569
Cash flow from financing activities		**-3,536**	**-2,408**
Cash flow for the year		**0**	**0**
Cash and cash equivalents at the beginning of the year		0	0
Cash flow for the year		0	0
Cash and cash equivalents at year-end		**0**	**0**

NOTE 1 Accounting policies

The financial statements of the Parent Company were prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Reporting of Legal Entities. In accordance with the regulations stipulated in RFR 2, in the annual financial statements for a legal entity, the Parent Company is to apply all of the IFRS/IAS regulations and statements that have been endorsed by the EU where possible within the framework of the Swedish Annual Accounts Act and with consideration of the link between accounting and taxation. The recommendation specifies which exceptions and additions are to be made from IFRS/IAS. Provisions conforming to IFRS/IAS are stated in Note 1 Accounting policies, for the consolidated financial statements.
The Parent Company applies the accounting policies detailed for the Group with the exception of the following:

Remuneration to employees
The Parent Company complies with the Swedish Pension Obligations Vesting Act and directives from the Swedish Financial Supervisory Authority when calculating defined-benefit pension plans.

Financial derivatives
The Parent Company applies hedge accounting for currency interest-rate swap in accordance with IAS 39. For other derivatives, the exemption in RFR 2 pertaining to IAS 39 is applied, meaning that measurement and recognition of financial instruments is based on cost pursuant to the Swedish Annual Accounts Act.

Shares and participations.
Subsidiaries are recognized in accordance with the acquisition method, implying that holdings are recognized at cost in the balance sheet less any impairment. Dividends from subsidiaries are recognized as dividend income.

NOTE 2 Depreciation/amortization according to plan

SEK M	2017	2016
Equipment, tools, fixtures and fittings	-1	-1
Intangible assets	-21	-22
Total	**-22**	**-23**

NOTE 3 Intangible assets

Intangible assets, SEK M	2017	2016
Opening cost	252	227
Investments	11	25
Sales/disposals	-19	–
Closing accumulated cost	**244**	**252**
Opening amortization	-148	-126
Amortization for the year	-21	-22
Sales/disposals	11	–
Closing accumulated amortization	**-158**	**-148**
Closing carrying amount	**86**	**104**

NOTE 4 Tangible assets

Equipment, tools, fixtures and fittings, SEK M	2017	2016
Opening cost	8	7
Investments	5	1
Sales/disposals	-1	–
Closing accumulated cost	**12**	**8**
Opening depreciation	-5	-4
Depreciation for the year	-1	-1
Sales/disposals	0	–
Closing accumulated depreciation	**-6**	**-5**
Closing carrying amount	**6**	**3**

NOTE 5 Result from participations in Group companies

SEK M	2017	2016
Dividends from Group companies	2,736	168
Divestment of subsidiaries	123	12
Impairment of shares in subsidiaries	–	-93
Group contributions received	–	2,427
Group contributions paid	-420	–
Total	**2,439**	**2,514**

NOTE 6 Interest income and other similar income

SEK M	2017	2016
Interest income from Group companies	18	163
Interest income	1	1
Currency gains	1,595	–
Total	**1,614**	**164**

NOTE 7 Interest expenses and other similar expenses

SEK M	2017	2016
Interest expenses to Group companies	-5	-3
Interest expenses	-527	-538
Currency losses	–	-1,803
Other	-42	-26
Total	**-574**	**-2,370**

NOTE 8 Taxes

SEK M	2017	2016
Current tax	-15	-90
Deferred tax	-84	168
Total	**-99**	**78**

The relationship between the year's tax expense and the recognized profit before tax, SEK M:

Recognized profit before tax	**3,228**	**144**
Tax according to current tax rate in Sweden (22%)	-710	-32
Tax effect of non-deductible costs	-7	-30
Tax effect of non-taxable income	633	49
Foreign withholding tax	-26	-8
Adjustment of tax expenses from earlier years	11	99
Recognized tax expense	**-99**	**78**

NOTE 9 Participations in Group companies

Parent Company's holdings	Reg. office	Swedish Corp. Reg. No.	No. of shares	Percentage holding	Carrying amount 2017, SEK M	Carrying amount 2016, SEK M
Getinge Finance Holding AB	Gothenburg	556473-1700	23,062,334	100	5,716	5,716
Getinge Sterilization AB	Halmstad	556031-2687	50,000	100	452	452
Maquet Holding AB	Halmstad	556535-6317	1,000	100	1,481	1,481
Getinge Disinfection AB	Halmstad	556042-3393	25,000	100	118	118
Getinge Letting AB	Halmstad	556495-6976	1,000	100	0	0
Getinge Skärhamn AB	Tjörn	556412-3569	1,000	100	6	6
Arjo AB[1]	Malmö	559092-8064	–	–	–	0
Getinge Australia Pty Ltd	Australia		39,500	100	9	9
Getinge NV	Belgium		599	100	2	2
Getinge Danmark A/S	Denmark		525	100	3	3
Getinge IT Solutions Aps	Denmark		533,000	100	27	27
Getinge Finland Oy	Finland		15	100	0	0
Getinge Infection Control SAS	France		1,666,712	85	698	236
Getinge/Castle International Ltd	Greece		100	100	2	2
Getinge Treasury Ireland DAC	Ireland		2	100	985	891
Getinge (Suzhou) Co. Ltd[1]	China		–	–	–	111
Getinge Holding Luxembourg Sarl	Luxembourg		163,972	100	10,887	10,887
Getinge Norge AS	Norway		4,500	100	4	4
Getinge Poland Sp.z.o.o.	Poland		50,500	100	13	13
NeuroMédica SA	Spain		40,000	100	16	16
ArjoHuntleigh GmbH[1]	Austria		–	–	–	7
Getinge Shared Services Sp.z o.o.	Poland		60,600	100	33	33
Getinge Holding USA Inc	USA		10,000	100	4,977	4,977
Getinge Group Shared Services CR Sociedad	Costa Rica		10	100	26	26
Maquet Medizintechnik Vertrieb und Service GmbH	Austria		–	–	–	7
Total carrying amount					**25,455**	**25,024**

1) Included in the Arjo Group that was distributed to the shareholders of Getinge AB in December 2017.

The Parent Company's holding of shares in the subsidiaries constitutes the entire capital of the respective company, which also corresponds to 100% of the voting rights, unless otherwise stated.

Subsidiaries of sub-groups

Getinge Group, with operations in many countries, is organized into sub-groups in several categories, and accordingly, the legal structure cannot be reflected in a simpler manner in a tabular presentation.

The Group companies directly or indirectly owned by Getinge AB are specified below Except for the following, the ownership interest is 100%.

- Maquet Thailand Co. Ltd Thailand, 49%
- ArjoHuntleigh (Thailand) Co. Ltd Thailand, 49%
- PULSION Medical Systems SE Germany, 78.2%

Sweden
- Getinge Finance Holding AB, 556473-1700, Gothenburg
- Arjo Ltd Med. AB, 556473-1718, Gothenburg
- Getinge Disinfection AB, 556042-3393, Halmstad
- Getinge Infection Control AB, 556547-8798, Halmstad
- Getinge International AB, 556547-8780, Halmstad
- Getinge Letting AB, 556495-6976, Gothenburg
- Getinge Sterilization AB, 556031-2687, Halmstad
- Getinge Sverige AB, 556509-9511, Gothenburg
- Getinge Skärhamn AB, 556412-3569, Tjörn
- Getinge Treasury AB, 556535-6309, Gothenburg
- Maquet Critical Care AB, 556604-8731, Solna
- Maquet Holding AB, 556535-6317, Gothenburg
- Maquet Nordic AB, 556648-1163, Solna

Australia
- Getinge Australia Pty Ltd
- Maquet Australia Pty Ltd

Belgium
- Getinge NV
- Maquet Belgium NV

Brazil
- Maquet do Brasil Equipamentos Medicos Ltda
- Maquet Cardiopulmonary do Brasil Ind. e Com S.A.

Colombia
- Maquet Colombia S.A.S

Costa Rica
- Getinge Group Shared Services CR Soc

Denmark
- Cetrea A/S
- Getinge Danmark A/S
- Getinge IT Solutions ApS
- Getinge Water Systems A/S
- Maquet Denmark A/S
- Polystan A/S

Finland
- Getinge Finland Oy
- Maquet Finland Oy

France
- Filance SA
- Getinge France SAS
- Getinge Infection Control SAS
- Getinge La Calhéne France SA
- Getinge Lancer SA
- Intervascular SAS
- Maquet SAS

United Arab Emirates
- Maquet Middle East FZ-LLC

Greece
- Getinge/Castle International Ltd

Hong Kong
- Getinge Hong Kong Company Ltd
- Maquet Hong Kong Ltd

India
- Atrium Medical India Pvt Ltd
- Getinge India Pvt Ltd
- Maquet Medical India Pvt Ltd

Ireland
- Getinge Treasury Ireland DAC
- Maquet Ireland Ltd

Italy
- Getinge S.p.A.
- Getinge Surgical Systems Holding Srl
- Maquet Italia Spa

Japan
- Arjo Japan Co., Ltd
- Maquet Japan K.K.

Canada
- Getinge Canada Ltd
- Maquet-Dynamed Inc

China
- Getinge (Shanghai) Trading Co. Ltd
- Maquet (Shanghai) Medical Equipment Co., Ltd.
- Maquet (SuZhou) Co., Ltd.
- Maquet (SuZhou) Medical Engineering Co., Ltd.

Luxembourg
- Getinge Holding Luxembourg S.a.r.l.

Mexico
- Maquet Mexicana, S. de R.L. de CV
- Pulsion Medical System S. de R.L. de C.V

Netherlands
- Arjo B.V.
- ArjoHuntleigh Nederland B.V.
- Atrium Europe B.V.
- Datascope B.V.
- Getinge B.V.
- Maquet Netherlands B.V.
- Maquet Verwaltungs B.V.

Norway
- Getinge Norge A/S

New Zealand
- Maquet New Zealand Pty Ltd

Poland
- Maquet Poland Sp.z.o.o.
- Getinge IC Production Poland Sp.z.o.o.
- Getinge Poland Sp.z.o.o.
- Getinge Shared Services Sp.z.o.o.

Portugal
- Maquet Portugal Lda

Russia
- Maquet LLC

Switzerland
- Getinge AG
- Getinge Schweiz AG
- Maquet AG

Serbia
- Getinge Group South East Europe

Singapore
- Getinge Singapore Pte. Ltd.
- Maquet South East Asia Ltd Singapore

Slovakia
- Maquet Slovakia s.r.o.

Spain
- Getinge Group Spain SL
- Neuromedica SA

UK
- Getinge IT Solutions Ltd
- Datascope Medical Co. Ltd
- Getinge Extended Care UK Limited*
- Getinge Holdings Ltd*
- Getinge Production Ltd
- Getinge UK Ltd
- Jostra Ltd
- Maquet Ltd
- Scantrack Healthcare Ltd

South Africa
- Maquet South Africa

South Korea
- Getinge Korea Co Ltd
- Maquet Medical Korea Co. Ltd

Taiwan
- Getinge Group Taiwan Co., Ltd

Thailand
- Maquet Thailand Co. Ltd
- ArjoHuntleigh (Thailand) Co. Ltd

Czech Republic
- Getinge Czech Republic, s.r.o.
- Maquet Czeck Republic s.r.o.

Turkey
- Getinge Saglik Urunleri Ithalat Ihracat Ticaret Ve Sanayi Limited Sirketi
- Getinge Stericool Medikal Aletler Sanayi ve
- Trans Medikal Aletler San.ve Tic A.S
- Maquet Cardiopulmonary Ltd Sti
- Maquet Tibbi Sistemler San Ve Tk AS

Germany
- Carus HMS GmbH
- Getinge Holding GmbH
- Getinge-Maquet Germany Holding GmbH
- Getinge Vertrieb und Service GmbH
- Getinge Vertriebs Holding GmbH
- Getinge Hospital Solution GmbH
- Maquet Cardiopulmonary GmbH
- Getinge Financial Services GmbH
- Maquet GmbH
- Maquet Holding BV&Co KG
- Maquet Hospital Solutions GmbH
- Maquet Vertrieb und Service Deutschland GmbH
- MediKomp GmbH
- Maquet Medical Systems AG

Ukraine
- Maquet Ukraine LLC

USA
- Atrium Medical Corp
- Getinge USA Sales LLC
- Genisphere Inc
- Getinge USA Inc
- Getinge Group Logistics Americas, LLC
- Getinge Holding USA, Inc
- Getinge Holding USA II, Inc
- Getinge Sourcing LLC
- Getinge La Calhéne USA Inc.
- Lancer Sales USA Inc
- Maquet Cardiovascular LLC
- Maquet Cardiovascular US Sales LLC
- Maquet Datascope Inc
- SteriTec Products Mfg Inc

Austria
- Maquet Medizintechnik Vertrieb und Service GmbH

* A Parent Company guarantee was issued in accordance with section 479(C) of the UK Companies Act 2006 for the 2017 fiscal year for certain subsidiaries registered in the UK. The Parent Company guarantee applies to all outstanding liabilities for the subsidiaries on the closing date until the commitments have been met. The stated subsidiaries have applied the exemption from statutory audit in accordance with section 479(A) of the UK Companies Act 2006.

NOTE 10 Interest-bearing long-term loans

SEK M	2017	2016
Liabilities to credit institutions	4,257	15,851
Total	**4,257**	**15,851**

All loans fall due for payment within five years.

NOTE 11 Interest-bearing current loans

SEK M	2017	2016
Liabilities to credit institutions	6,127	5,646
Total	**6,127**	**5,646**

NOTE 12 Prepaid expenses and accrued income

SEK M	2017	2016
Prepaid financial expenses	5	31
Other	54	33
Total	**59**	**64**

NOTE 13 Accrued expenses and deferred income

SEK M	2017	2016
Salaries	34	46
Social security expenses	74	84
Interest expenses	31	40
Other	38	30
Total	**177**	**200**

NOTE 14 Pledged assets and contingent liabilities

Pledged assets

The Parent Company had no pledged assets.

Contingent liabilities, SEK M	2017	2016
Guarantees FPG/PRI	261	251
Other	519	346
Total	**780**	**597**

Note 15 Average number of employees

Sweden	2017	2016
Men	42	37
Women	31	27
Total	**73**	**64**

Distribution of senior executives at the closing date	2017	2016
Women:		
Board members of the Parent Company	4	3
Other members of the company's management, incl. CEO	2	2
Men:		
Board members of the Parent Company	8	7
Other members of the company's management, incl. CEO	4	2

NOTE 16 Employee costs

2017, SEK M	Board and CEO	Other	Total
Salaries and remuneration	-26	-85	-111
Social security expenses	-9	-32	-41
Pension expenses	-6	-17	-23
Total	**-41**	**-134**	**-175**

2016, SEK M	Board and CEO	Other	Total
Salaries and remuneration	-58	-79	-137
Social security expenses	-24	-28	-52
Pension expenses	-14	-28	-42
Total	**-96**	**-135**	**–231**

NOTE 17 Auditing

Fee to PwC, SEK M	2017	2016
Auditing assignment	-8	-6
Auditing activities other than auditing assignments	-8	-1
Tax consultancy services	-1	–
Other services	-16	-1
Total	**–33**	**–8**

Öhrlings PricewaterhouseCoopers AB (PwC) has the auditing assignment for the Parent Company. Auditing assignments refer to statutory auditing, meaning assignments required to issue the auditor's report. Auditing activities other than auditing assignments mainly include examination of the prospect for the rights issue and the distribution of Arjo as well as the review of interim reports. Tax consultancy services primarily pertain to general tax matters concerning corporate tax and internal pricing. Other services mainly pertain to consultancy regarding the distribution of Arjo and services in conjunction with acquisitions.

NOTE 18 Proposed appropriation of profit

The following non-restricted equity in the Parent Company is at the disposal of the Annual General Meeting, SEK M:	
Share premium reserve	4,264
Retained earnings	2,530
Net profit for the year	3,129
Total	**9,923**

The Board of Directors and CEO propose that	
The Board and Chief Executive Officer propose that a dividend of SEK 1.50 per share shall be distributed to shareholders	409
to be carried forward	9,514
Total	**9,923**

NOTE 19 Parent Company's interest-bearing net debt

SEK M	2017	Change	2016
Interest-bearing current loans to Group companies	–	-46	46
Interest-bearing current loans to credit institutions	6,127	481	5,646
Interest-bearing long-term loans to Group companies	659	659	–
Interest-bearing long-term loans to credit institutions	4,257	-11,594	15,851
Less cash and cash equivalents	0	0	0
Total	**11,043**	**-10,500**	**21,543**

SEK M	Cash and cash equivalents	Interest-bearing loans	Total
Net debt at January 1, 2017	**0**	**21,543**	**21,543**
Cash flow affecting net debt	0	-9,538	-9,538
Exchange-rate differences	0	-962	-962
Net debt at December 31, 2017	**0**	**11,043**	**11,043**

NOTE 20 Events after the end of the fiscal year

No significant events occurred after the end of the fiscal year.

Auditor's report

To the meeting of shareholders in Getinge AB (publ), Corporate Identity Number 556408-5032

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Getinge AB for 2017 with the exception of the Corporate Governance Report on pages 54-63. The annual accounts and consolidated accounts of the Company are included on pages 50-110 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2017 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2017 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinion does not include the Corporate Governance Report found on pages 54-63. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore, recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit activities

The focus and scope of the audit

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered areas where the CEO and Board of Directors made subjective judgements; for example, in respect of critical accounting estimates based on assumptions of future events that are inherently uncertain. As in all audits, we also addressed the risk of management override of internal controls, including, among other, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an audit opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were most significant in our audit of the annual accounts and consolidated accounts for the current period. These matters were addressed in our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the Key audit matter
Valuation of intangible assets *Valuation of intangible assets with reference to Note 1 and Note 12.* Goodwill and other intangible assets with an indefinite useful life represents a significant part of the Balance Sheet of Getinge. The Company performs an impairment assessment of the assets based on a calculation of the discounted cash flow for the cash generating units in which goodwill and other intangible assets are reported. This impairment test is based on a high level of judgments and assumptions regarding future cash flows. Information is provided in Notes 1 and 12 as to how the Company's management has undertaken its assessments, and also provides information on important assumptions and sensitivity analyses. Key variables in the test are growth rate, profit margins and discount factor (cost of capital). It is presented that no impairment requirement has been identified based on the assumptions undertaken.	In our audit, we have evaluated the calculation model applied by management. We have reconciled and critically tested essential variables against budget and strategic plan for the Company. We have analyzed the accuracy on how previous years assumptions have been met and assessed any adjustments to assumptions compared to previous year, as a result from changes in the business and external factors. We have tested the sensitivity analysis for key variables in order to assess the risk of need for impairment. We have also assessed the correctness of the disclosures included in the financial statements.
Valuation of accounts receivables *With reference to Note 1 and Note 14.* Accounts receivables comprise a significant area in the Group's financial reports as they are equivalent to approximately 14% of total assets. Based on the Group's business operations, a significant portion of net sales is generated during the fourth quarter, which usually implies a significant increase in accounts receivables in conjunction with the year-end closing. The Group undertakes business operations with both private and public players in a number of different countries where, for certain regions, the payment of customer invoices takes a long time after delivery to the customers. In the Group's operation, this refers primarily to the United States of America, United Arab Emirates, Italy and Spain. As of 31 December 2017, accounts receivables matured more than 90 days amounted to MSEK 745 which is equivalent to approximately 12% of total accounts receivables as per the balance sheet date. The valuation of these, and other matured, or yet to mature, accounts receivables, is based on management's assessment of the customers future payment capacity.	In our audit we have evaluated the correctness of the valuation of the accounts receivables by assessing the appropriateness of the loss assessment executed by management, which was based on individual assessments taking into consideration the unique risk profiles of the local markets. In our audit we have evaluated the correctness of the valuation of the accounts receivables by assessing the appropriateness of the loss assessment executed by management, which was based on individual assessments taking into consideration the unique risk profiles of the local markets. Our audit includes an assessment of the control environment for the sales process and also includes an examination of the reported revenue transactions against underlying documentation, such as customer agreements, sales orders, suppliers' documentation, customer invoices, reconciliation against price lists, payment verification and obtaining customer invoice confirmations from customers. We have examined management's assessment of the valuation of customer receivables compared with the historical outcome for bad debts. The appropriate audit procedures for the respective significant units in the Group have been determined based on the nature of the operations and the complexity of the sales transactions. We have also assessed the correctness of the information regarding accounts receivables provided in the financial statements.
Accounting for provisions *With reference to Note 1, Note 20 and Note 21.* Provisions comprise a significant area in the Group's financial reports. Sub items reported in this area refer primarily to assumptions regarding pensions, restructuring programs, legal cases and requirements with regards to Consent Decree with FDA (Food and Drug Administration). Common for these is that they are primarily based on significant assessments undertaken by management regarding future events. The assessment of these areas is associated with a large degree of uncertainty and subjectivity.	In our audit, all of the sub items have been subject to examination but we have particularly focused our audit activities on the assessment of the provisions related to requirements under the Concent Decree with FDA and legal cases. We have examined the external documentation from FDA and also Getinge's internal documentation regarding the assessment of future costs for the action plan to fulfill FDA's quality requirements. We have assessed the reasonableness of the reported provision based on the information presented to us and based on the historical outcome of the previous action plans. We have assessed the completeness and

Key audit matters	How our audit addressed the Key audit matter
	correctness of the information included in the annual report regarding the action plans associated with FDA involving the management's judgments concerning these risks. With regards to legal cases we have examined the process for the Company to report and assessed exposures. We have also, where considered appropriate, obtained statements from the external legal advisor of the Company. As regards other provisions, we have assessed the reasonableness of the management's assumptions and cost calculations. This assessment has taken place based on available information and historical outcome.
Accounting for discontinued operations Arjo *With reference to Note 1 and Note 26.* In December 2017 the dividend of Arjo to the shareholders of the Company was performed. In the transaction all assets, liabilities and other financial items related to the Arjo business are accounted as dividend in Equity. In accordance with IFRS, the business for Arjo during the past year is accounted for as discontinued operations on an individual line in the Income Statement. The preparations of the dividend has generated significant transactions related to, for example, changes in legal structure, mergers and sale of assets to form Arjo as an individual Group. The effects on these transactions has a significant effect on the Getinge financial reports with risk that the account incorrectly reflects the transactions performed.	Our audit includes an evaluation of the Company internal processes and control environment for the separation of Arjo and examination of supporting documentation for the transactions made in forming of Arjo Group. We have also evaluated the Company assessment and assumptions that was made to separate financial reports related to Arjo from the Getinge financial reports. We have also assessed the correctness of the disclosures included in the financial statements.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-49 and 115-128. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the Company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee of the Board of Directors shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Getinge AB for the year 2017 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 54-63 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s auditing standard RevU 16 *The auditor´s examination of the corporate governance statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and Chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Öhrlings PricewaterhouseCoopers AB was appointed auditor of Getinge AB (publ) by the general meeting of the shareholders on the 29 March 2017 and has been the company's auditor since the 17 April 2008.

Gothenburg, 8 March 2018
Öhrlings PricewaterhouseCoopers AB

Johan Rippe Auktoriserad revisor Huvudansvarig revisor	Eric Salander Auktoriserad revisor

Multi-year overview: Group

Amounts in SEK M unless otherwise stated	Continuing operations 2017	2016	Continuing and discontinued operations 2016	2015	2014	2013
Order situation						
Order intake	23,228	22,603	30,142	30,431	26,817	25,395
Income statement						
Net sales	22,495	22,170	29,756	30,235	26,669	25,287
of which, overseas sales, %	*97.5*	*97.7*	*98.2*	*98.0*	*98.1*	*98.2*
EBITDA	3,459	3,454	4,990	5,187	4,765	5,614
EBITA – before acquisition, restructuring and integration costs.	2,842	3,275	4,341	4,179	4,501	4,766
Operating profit	1,493	1,506	2,287	2,729	2,646	3,748
Net financial items	-560	-527	-637	-732	-659	-595
Profit before tax	933	979	1,650	1,997	1,987	3,153
Taxes	184	-256	-437	-540	-539	-858
Net profit for the year	**1,117**	**723**	**1,213**	**1,457**	**1,448**	**2,295**
Margin measures						
EBITA margin before acquisition, restructuring and integration costs, %	12.6	14.8	14.6	13.8	16.9	18.8
Operating margin, %	6.6	6.8	7.7	9.0	9.9	14.8
EBITDA margin %	15.4	15.6	16.8	17.1	17.9	22.2
Personnel						
Number of employees, December 31	10,684	9,959	15,582	15,424	15,747	15,183

Amounts in SEK M unless otherwise stated	Continuing and discontinued operations 2017	2016	2015	2014	2013
Balance sheet					
Intangible assets	23,045	32,004	30,543	30,064	25,126
Tangible assets	2,911	4,313	4,699	4,971	4,341
Financial assets	1,586	1,329	1,374	1,410	667
Inventories	4,879	5,431	5,409	5,245	4,254
Other receivables	8,155	10,454	9,742	9,646	8,767
Cash and cash equivalents	1,526	1,680	1,468	1,482	1,148
Total assets	**42,102**	**55,211**	**53,235**	**52,818**	**44,303**
Equity	19,806	20,916	19,593	18,694	16,560
Provisions for pensions, interest-bearing	3,081	3,368	3,052	3,271	2,298
Restructuring reserves	698	531	389	649	238
Provisions	1,504	1,325	1,854	1,929	1,916
Loans, interest-bearing	11,237	21,701	21,283	20,752	17,169
Other liabilities, non-interest bearing	5,776	7,370	7,064	7,523	6,122
Total equity and liabilities	**42,102**	**55,211**	**53,235**	**52,818**	**44,303**
Net debt, including pension liabilities	12,792	23,389	22,867	22,541	18,318
Net debt, excluding pension liabilities	9,711	20,021	19,815	19,270	16,020
Cash flow					
Cash flow from operating activities	2,763	3,671	3,458	3,473	3,544
Cash flow per share, SEK	11.0	15.2	14.3	14.4	14.7
Net investments in non-current assets	1,633	1,585	2,054	1,839	1,982
Cash conversion, %	63	74	67	73	63
Return indicators					
Return on working capital, %	6.7	8.3	8.2	10.1	12.2
Return on equity, %	6.6	6.0	7.6	8.2	14.5
Financial indicators					
Equity/assets ratio, %	47.0	37.9	36.8	35.4	37.4
Net debt/equity ratio, multiple	0.65	1.12	1.17	1.21	1.10
Working capital, average	42,045	43,383	41,848	38,057	34,231
Equity, December 31	19,806	20,916	19,593	18,694	16,560
Amounts in SEK M unless otherwise stated					
Earnings per share – continuing and discontinued operations	5.49	4.91	5.75	5.93	9.45
Market price, December 31[1)]	119.00	146.10	222.50	177.80	220.00
Dividend[2)]	1.50[3)]	2.00	2.80	2.80	4.15
Dividend yield[1)], %	1.26	1.37	1.26	1.57	1.89
Price/earnings ratio[1)]	21.68	29.73	38.70	30.00	23.28
Dividend as profit percentage, %	27.33	40.70	48.70	47.24	43.91
Equity	72.72	86.51	81.03	77.31	68.49
Average number of shares (million)[4)]	250.7	241.8	241.8	241.8	241.8
Number of shares, December 31 (million)[4)]	272.4	241.8	241.8	241.8	241.8

1) Not adjusted for rights issue and distribution of Arjo
2) Information for 2013–2016 has not been adjusted for the rights issue implemented in 2017
3) Dividends proposed by the Board of Directors
4) Adjusted for bonus issue effect of the rights issue

Multi-year overview 2016–2017: Business areas

ACUTE CARE THERAPIES, SEK M	2017	2016
Order intake	12,383	12,059
Net sales	**12,201**	**11,804**
Share of Group's net sales, %	54.2	53.2
Gross profit	6,787	6,552
Gross margin, %	55.6	55.5
Operating expenses	-5,049	-4,793
EBITA – before acquisition, restructuring and integration costs	**2,292**	**2,326**
EBITA margin, %	**18.8**	**19.7**
Operating profit (EBIT)	1,131	1,000
Operating margin, %	9.3	8.5

SURGICAL WORKFLOWS, SEK M	2017	2016
Order intake	10,845	10,544
Net sales	**10,294**	**10,366**
Share of Group's net sales, %	45.8	46.8
Gross profit	3,815	3,846
Gross margin, %	37.1	37.1
Operating expenses	-3,091	-2,703
EBITA – before acquisition, restructuring and integration costs	**756**	**1,173**
EBITA margin, %	**7.3**	**11.3**
Operating profit (EBIT)	575	885
Operating margin, %	5.6	8.5

The Group's 20 largest markets

	2017			2016			2015		
	SEK M	%	#	SEK M	%	#	SEK M	%	#
USA	7,879	35.0%	1	7,727	34.9%	1	7,721	34.7%	1
Germany	1,511	6.7%	2	1,510	6.8%	2	1,521	6.8%	2
China	1,247	5.5%	3	1,123	5.1%	4	1,109	5.0%	4
Japan	1,189	5.3%	4	1,383	6.2%	3	1,218	5.5%	3
France	1,040	4.6%	5	1,052	4.7%	5	1,098	4.9%	5
UK	865	3.8%	6	984	4.4%	6	1,029	4.6%	6
Australia	663	2.9%	7	538	2.4%	8	681	3.1%	7
Italy	623	2.8%	8	580	2.6%	7	631	2.8%	8
Sweden	556	2.5%	9	503	2.3%	9	543	2.4%	9
India	485	2.2%	10	398	1.8%	11	420	1.9%	11
Canada	441	2.0%	11	432	1.9%	10	465	2.1%	10
Spain	386	1.7%	12	328	1.5%	13	315	1.4%	15
Netherlands	317	1.4%	13	336	1.5%	12	323	1.5%	14
Brazil	300	1.3%	14	323	1.5%	14	332	1.5%	13
Belgium	293	1.3%	15	249	1.1%	17	295	1.3%	17
Turkey	284	1.3%	16	305	1.4%	15	281	1.3%	18
Saudi Arabia	277	1.2%	17	215	1.0%	19	353	1.6%	12
Switzerland	241	1.1%	18	269	1.2%	16	297	1.3%	16
Denmark	240	1.1%	19	213	1.0%	20	171	0.8%	23
Hong Kong	194	0.9%	20	229	1.0%	18	176	0.8%	21

The ten largest markets by business area

	2017			2016			2015		
ACUTE CARE THERAPIES	SEK M	%	#	SEK M	%	#	SEK M	%	#
USA	5,598	45.9%	1	5,444	46.1%	1	5,268	45.5%	1
Germany	722	5.9%	2	697	5.9%	2	689	5.9%	2
China	628	5.1%	3	524	4.4%	4	552	4.8%	4
Japan	596	4.9%	4	654	5.5%	3	582	5.0%	3
France	366	3.0%	5	391	3.3%	5	383	3.3%	5
Italy	339	2.8%	6	317	2.7%	6	304	2.6%	7
India	308	2.5%	7	291	2.5%	7	287	2.5%	8
Australia	274	2.2%	8	226	1.9%	10	227	2.0%	10
Canada	271	2.2%	9	238	2.0%	9	253	2.2%	9
UK	258	2.1%	10	262	2.2%	8	313	2.7%	6

	2017			2016			2015		
SURGICAL WORKFLOWS	SEK M	%	#	SEK M	%	#	SEK M	%	#
USA	2,281	22.2%	1	2,283	22.0%	1	2,453	22.9%	1
Germany	789	7.7%	2	814	7.8%	2	833	7.8%	2
France	674	6.5%	3	660	6.4%	5	715	6.7%	4
China	619	6.0%	4	599	5.8%	6	556	5.2%	6
UK	606	5.9%	5	721	7.0%	4	717	6.7%	3
Japan	593	5.8%	6	729	7.0%	3	636	5.9%	5
Sweden	402	3.9%	7	344	3.3%	7	439	4.1%	8
Australia	389	3.8%	8	312	3.0%	8	454	4.2%	7
Italy	284	2.8%	9	263	2.5%	9	327	3.1%	9
Denmark	210	2.0%	10	198	1.9%	10	154	1.4%	14

Acquisition history

Year	Company	Business	Country	Sales	
2017	Carus HMS GmbH	Integrated Workflow solutions	DE	SEK	20 M
2017	Simm Company and Surgeon Aids	Distributor	TH	SEK	75 M
2016	AccuMed	Production facility for medical textiles	DR	SEK	100 M
2016	1st Call Mobility Ltd	Medical-device solutions for bariatric patients	GB	SEK	100 M
2015	GOA Teknoloji Danismanlik Elektronik	Low temperature sterilization technology	TR	SEK	20 M
2014	Pulsion AG	Systems for hemodynamic monitoring	DE	SEK	300 M
2014	Altrax Group Ltd	Systems for traceability and quality assurance for sterilization	GB	SEK	35 M
2014	Cetrea A/S	Systems for resource planning	DK	SEK	30 M
2014	Austmel Pty Ltd	Sterilization and thermal processes	AU	SEK	80 M
2013	LAAx Inc.	Cardiac and vascular surgery	US	SEK	8 M
2013	Trans Medikal Devices Inc.	Manufacture of sterilizers and distribution of disinfectors	TR	SEK	55 M
2013	STS East LLC	Service	US	SEK	25 M
2012	Product rights from Avalon Laboratories	Cardiopulmonary	US	–	–
2012	Eirus Medical	Critical Care	SE	–	–
2012	Acare Medical Science Ltd	Healthcare beds	CH	SEK	135 M
2012	USCI	Distributor	JP	SEK	150 M
2012	Tecno Hospitalia	Distributor	CO	SEK	4 M
2012	Therapeutic Support Systems (TSS)	Wound care	US	SEK	1,600 M
2012	Steritec Products Mfg Inc.	Disposables	US	SEK	70 M
2011	Blanchet Medical Service	Service	FR	SEK	3 M
2011	Atrium Medical Inc	Products for the cardiovascular market	US	USD	200 M
2011	Combimobil AB	Rehabilitation aids	SE	SEK	2 M
2011	Fumedica	Distributor	CH	SEK	70 M
2011	IDS Medical Equipment	Distributor	SG	SEK	25 M
2011	Mak Saglik	Distributor	TR	SEK	20 M
2011	STS Holding West	Service	US	SEK	20 M
2010	Odelga	Service	AT	SEK	25 M
2008	Datascope	Cardiac assist and vascular surgery	US	USD	231 M
2008	Cardio Research Pty Ltd.	Distributor	AU	AUD	5.1 M
2008	Subtil Crepieux	Service	FR	EUR	8 M
2008	Getus Services Ltd	Service	NZ	NZD	1.1 M
2008	Olmed AB	Distributor	SE	SEK	70 M
2008	Boston Scientific's Cardiac and Vascular surgery divisions	Endoscopic vessel harvesting (EVH), anastomosis, stabilizers and instruments for surgery on beating hearts and vascular implants	US	SEK	1,733 M
2007	NS Nielsen Equipment A/S	Distributor	DK	–	–
2006	Huntleigh Technology	Special mattresses for pressure-ulcer treatment, beds for intensive, specialist and elderly care vein thrombosis prophylaxis and equipment for fetal and vascular diagnostics.	UK	SEK	2,675 M
2006	Comercio E Industria Medicia	Consumables for open-heart surgery	BR	SEK	25 M
2006	OTY GmbH	Telemedicine specializing in products and solutions for hospitals' IT infrastructure focused on the operating room.	DE	SEK	20 M
2006	Getinge Czech Republic	Distributor	CZ	SEK	10 M
2005	Lancer UK	Distributor	UK	SEK	104 M
2005	La Cahlené	Isolator technology and electron sterilization technology	FR	EUR	40 m
2004	Dynamed	Distributor	CA	SEK	85 M
2004	BHM Medical Inc.	Patient management products for the care and elderly care segments	CA	SEK	206 M
2003	MAQUET AG, Swiss dealer	Distributor	CH	CHF	4.9 M
2003	Siemens LSS	Ventilators and anesthesia equipment for the hospital market	SE	EUR	230 M
2003	Jostra GmbH	Equipment and disposables for cardiac surgery	DE	EUR	90 M
2003	Copharm B.V.	Distributor	NL	EUR	10 M
2002	Heraeus Medical	Surgical lamps, ceiling service units and therapy accessories and gas distribution for operating rooms	DE	EUR	52 M
2001	ALM	Surgical lamps	FR	FRF	490 M
2000	Maquet	Surgical tables	DE	EUR	155 M
2000	Parker Bath	Bathing systems for the semi-institutional care market	UK	SEK	150 M
2000	Lenken Healthcare	Distributor	IE	SEK	65 M
2000	Gestion Techno-Medic	Patient lifting systems	CA	SEK	22 M
1999	Lunatronic Aps	Comprehensive IT solutions for the maintenance of sterilization departments	DK	DKK	15 M
1999	MPT Corp.	Washer-disinfectors for the Life Science market	US	SEK	35 M
1998	Egerton Hospital Equipment	Specialist beds and anti-decubitus mattresses for hospitals and care facilities	UK	SEK	45 M
1998	Royal Linden B.V.	Infection control	NL	SEK	60 M
1998	Medibo	Patient lifting and pressure-ulcer treatments	BE	SEK	28 M
1998	OMASA	Infection control	IT	SEK	100 M
1998	SMI/BBC	Infection control	FR	SEK	75 M
1998	Kemiterm	Water distillers pure-steam generators for pharmaceutical industry	DK	DKK	25 M
1998	Pegasus	Anti-decubitus products for hospitals and elderly care	UK	SEK	350 M
1996	MDT/Castle	Infection control	US	–	–
1996	Van Dijk Medizintechnik GmbH	Infection control	DE	SEK	30 M
1995	Arjo	Products for aging care related to hygiene and patient management	SE	SEK	1,538 M
1994	Lancer	Disinfection products	FR	FRF	70 M
1993	British Sterilizer	Sterilizers	UK	SEK	15 M
1993	Stirn	Disinfection	FR	–	–

Reconciliation of alternative performance measures

Alternative performance measures refer to financial measures used by the company's management and investors to evaluate the Group's earnings and financial position and that cannot be directly read or derived from the financial statements. These financial measures are intended to facilitate analysis of the Group's performance. The alternative performance measures are not to be considered a substitute for, but rather a supplement to, the financial statements prepared in accordance with IFRS.

The alternative performance measures recognized are not calculated in accordance with IFRS but are provided since Getinge believes that they are important to investors' assessments of the Group and the Getinge share, and that these performance measures are widely used by investors, securities analysts and others stakeholders as supplementary measures of the earnings trend and financial position. Getinge's performance measures that are not defined in accordance with IFRS are not necessary comparable with similar measures presented by other companies and have certain limitations as analysis tools.

THE GROUP'S PRIMARY PERFORMANCE MEASURES

EBITA for continuing operations	**2017**	**2016**
Operating profit (EBIT), SEK M	1,493	1,506
Add-back of amortization and write-down of acquired assets, SEK M	586	597
EBITA, SEK M	**2,079**	**2,103**

EBITA shows the operations' profit excluding effects of acquisition-related depreciation and provides an understanding of the profit generated by Getinge's operating activities.

EBITA – before acquisition, restructuring and integration costs for continuing operations	**2017**	**2016**
Operating profit (EBIT), SEK M	1,493	1,506
Add-back of amortization and write-down of acquired assets, SEK M	586	597
Add-back of acquisition, restructuring and integration costs, SEK M	763	1,172
EBITA – before acquisition, restructuring and integration costs for continuing operations, SEK M	**2,842**	**3,275**

EBITA – before acquisition, restructuring and integration costs for continuing operations shows the underlying earnings capacity of the operations and is a tool for comparing Getinge with other groups.

CASH CONVERSION	**2017**	**2016**
Cash flow from operating activities, SEK M	2,763	3,671
EBITDA from continuing and discontinued operations, SEK M	4,396	4,990
Cash conversion1), %	**62.9**	**73.6**

1) Cash flow from operating activities in relation to EBITDA.

Cash conversion provides an understanding of Getinge's ability to generate cash flow from the operations by showing the share of EBITDA that results in cash flow.

NET DEBT/EQUITY RATIO	**2017**	**2016**
Net interest-bearing debt, SEK M	12,792	23,389
Equity, SEK M	19,806	20,916
Net debt/equity ratio1), multiple	**0.65**	**1.12**

1) Net interest-bearing debt in relation to equity.

The net debt/equity ratio shows the relationship between net interest-bearing debt and equity, which provides an investor and other stakeholders an understanding of Getinge's capital structure.

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Definitions

Financial terms

Working capital. Average total assets with a reversal of cash and cash equivalents, other provisions, accounts payable and other non-interest-bearing liabilities.
Return on working capital. Operating profit (EBIT) with add-back of acquisition, restructuring and integration costs in relation to operating capital.
Return on equity. Profit after tax in relation to average equity.
Cash conversion. Cash flow from operating activities in relation to EBITDA.
Dividend yield. Dividend in relation to the market share price on December 31.
EBIT. Operating profit.
EBITA. Operating profit before amortization and write-down of intangible assets identified in conjunction with corporate acquisitions.
EBITA margin. EBITA in relation to net sales.
EBITDA. Operating profit before depreciation, amortization and write-down.
EBITDA margin. EBITDA in relation to net sales.
Cash flow per share. Cash flow from operating activities divided by the average number of shares.
Net debt/equity ratio. Net interest-bearing debt in relation to equity.
P/E ratio. Share price (final price) divided by earnings per share.
Interest-coverage ratio. Operating profit before amortization, depreciation and write-downs, with add-back of acquisition, restructuring and integration costs in relation to net interest.
Operating margin. Operating profit (EBIT) in relation to net sales.
Equity/assets ratio. Equity in relation to total assets.
Earnings per share. Net profit for the year attributable to Parent Company shareholders in relation to average number of shares.
Recurring revenue. Revenues from disposables, service, spare parts and similar items.

Medical terms

Anesthesia. Narcosis.
Asepsis The prevention of disease-causing microorganisms, for example through disinfection or sterilization.
Sterilizer. A type of pressure-cooker for sterilization.
Cardiac Assist. Technology that improves blood circulation in a patients' coronary artery in the heart by forcing blood into the coronary artery with the help of a balloon pump placed in the aorta. The pump works in synchronization with the heart rhythm and the increased blood circulation supplies oxygen to the heart muscle, which thus improves its ability to pump.
Cardiac Surgery. Heart surgery.
Cardiopulmonary. Pertaining or belonging to both heart and lung.
Cardiovascular. Pertaining or belonging to both heart and blood vessels.
Endoscope. Equipment for visual examination of the body's cavities, such as the stomach.
EVH (Endoscopic Vessel Harvesting). Minimally invasive surgical interventions, to explant a healthy blood vessel through endoscopic means.
Extracorporal life support. Extracorporal support, for instance external oxygenation of blood through medical technology.
Hemodynamics. Change in pressure and flow of blood in the cardiovascular system.
Hybrid OR. Hybrid operating rooms, meaning that the patient can be diagnosed and operated in the same room, thus enhancing patient safety and efficiency. A hybrid OR integrates the operating table with radiology/MRI equipment.
Surgery perfusion. A heart-lung machine conducts the work of the heart and lungs during an operation.
Low temperature sterilization. Low temperature sterilization of instruments is used in minimally invasive surgery, a type of instrument that is extremely sensitive to the high temperatures and pressure of a steam sterilization process.
Minimally invasive instruments. Various types of instruments that make it possible to conduct treatment and other measures through very small operations without the need for major surgery. The benefits of minimally invasive operations include less pain for the patient, shorter rehabilitation periods and lower costs.
Myocardial infarction. A heart attack. It involves the loss of cells in the heart muscle due to a lack of oxygen caused by a blood clot in the coronary artery.
Neonatal. The first month after birth.
Perfusion. Artificial circulation of body fluids, such as blood.
Perfusion products. Products that handle blood circulation and oxygenation during cardiac surgery, often referred to as heart-lung machines.
Prevention/prophylaxis. Preventive activity/treatment.
Vascular intervention. A medical procedure conducted through vascular puncturing instead of using an open surgery method.
Ventilator. A respirator to maintain a patient's ability to breathe.

Geographic areas

Americas. North, South and Central America.
APAC. Asia and Pacific.
EMEA. Europe, Middle East and Africa.

Reading guide and distribution policy

Reading guide

- Getinge Group is referred to as Getinge in the Annual Report.
- Figures in parentheses pertain to operations in 2016, unless otherwise specified.
- Swedish kronor (SEK) is used throughout.
- Millions of kronor are abbreviated SEK M.
- All figures pertain to SEK M, unless otherwise specified.
- Information provided in the Annual Report concerning markets, competition and future growth constitutes Getinge Group's assessment based on both external information and material compiled internally.

Distribution policy

The printed version of Getinge AB's Annual Report is only distributed to shareholders who expressly request a copy. The Annual Report is also available in its entirety at the Group's website: www.getinge.com

Annual General Meeting and Nomination Committee

Annual General Meeting

The Annual General Meeting will be held on April 26, 2018, at 2:00 p.m. in Kongresshallen at Hotel Tylösand, Halmstad, Sweden.

Registration

Shareholders wishing to participate at the Annual General Meeting should:

- Be registered in the shareholders' register kept by Euroclear, not later than April 20, 2018
- Inform the company of their intention to participate not later than April 20, 2018

Shareholders may register in the following ways:

- Getinge's website: www.getinge.com
- By conventional mail to: Getinge AB "AGM" c/o Euroclear Sweden Box 191, SE-101 23 Stockholm, Sweden
- By telephone: +46 (0) 10 335 08 18

Nominee-registered shares

Shareholders whose shares are registered in the name of a nominee through a bank or other nominee must be entered in the shareholders' register maintained by Euroclear Sweden AB not later than April 20, 2018 in order to be entitled to participate at the AGM. Shareholders must inform the nominees well in advance of this date.

Shareholders represented by proxy must submit a power of attorney to the company prior to the meeting. A power of attorney form can be downloaded at www.getinge.com. Anyone representing a legal entity must have a copy of the registration certificate or a corresponding authorization document that indicates the proper authorized signatory.

Nomination Committee

Getinge AB's interim report for the third quarter of 2017 contained instructions for shareholders on how to proceed to submit proposals to Getinge's Nomination Committee and how to propose motions to be addressed at the Annual General Meeting.

Dividend

The Board of Directors and CEO propose that a dividend of SEK 1.50 (1.75*) per share, a combined total of SEK 409 M (477), be paid for 2017. The Board's proposed record date is April 30, 2018. Euroclear expects to distribute the dividend to shareholders on May 4, 2018.

*Adjusted for newly issued shares.

Financial information

Updated information on, for example, the Getinge share and corporate governance is available on Getinge's website
www.getinge.com.

The Annual Report, year-end report and interim reports are published in Swedish and English and are available for download at www.getinge.com.

The Annual Report can also be ordered from:
Getinge AB
Att: Group Communications
P.O. Box 8861
SE-402 72, Gothenburg, Sweden
Tel: +46 (0) 10 335 00 00

Financial information

The following information will be published for the 2018 fiscal year:

- April 26, 2018: Interim report, January–March
- July 17, 2018: Interim report, January–June
- October 18, 2018: Interim report, January–September
- January 30, 2019: Year-End Report 2018
- March 2019: 2018 Annual Report

Contact

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