# Interim Report

## January – June 2017

## April – June 2017 in brief

- **Order intake** increased by 1.1% to SEK 7,539 M (7,460). The order intake declined organically by 3.8%.
- **Net sales** rose by 4.5% to SEK 7,241 M (6,927). Net sales decreased organically by 0.5%.
- **Cash flow from operations** declined 51.8% to SEK 223 M (463). The cash conversion amounted to 29.1% (44.7).
- **EBITA 1*** increased 9.6% to SEK 864 M (788).
- **Restructuring and integration costs** amounted to SEK 524 M (133), of which SEK 488 M comprised a provision for improvements in Hechingen in accordance with the Consent Decree with the FDA.
- **Profit after financial items** fell to SEK 9 M (311).
- **Earnings per share** declined to SEK 0.01 (0.93).
- **Savings of slightly more than SEK 100 M** were achieved via the Big 5 efficiency-enhancement program.
- **Plan for guaranteed rights issue** of approximately SEK 4 billion.
- **A minor acquisition within Surgical Workflows**
- **After the quarter:** Lars Sandström was appointed CFO and the notice of the EGM for the proposed Rights Issue was published.

## January – June 2017 in brief

- **Order intake** increased by 2.8% to SEK 14,788 M (14,384). The order intake declined organically by 1.6%.
- **Net sales** increased by 4.5% to SEK 13,905 M (13,304), corresponding to an organic change of 0.0%.
- **Cash flow from operations** fell by 6.2% to SEK 1,091 M (1,163). The cash conversion amounted to 55.3% (59.2).
- **EBITA 1*** improved by 19.5% to SEK 1,682 M (1,408).
- **Restructuring and integration costs** amounted to SEK 620 M (260).
- **Profit after financial items** decreased to SEK 392 M (468).
- **Earnings per share** declined to SEK 1.17 (1.39).
- **Savings of slightly more than SEK 200 M** were achieved via the Big 5 efficiency-enhancement program.

## Financial summary

| | Quarter 2 2017 | Quarter 2 2016 | Jan-Jun 2017 | Jan-Jun 2016 | Rolling 12M | Full year 2016 |
|---|---|---|---|---|---|---|
| Order intake, SEK M | 7,539 | 7,460 | 14,788 | 14,384 | 30,546 | 30,142 |
| Net sales, SEK M | 7,241 | 6,927 | 13,905 | 13,304 | 30,357 | 29,756 |
| Gross profit, SEK M | 3,449 | 3,167 | 6,744 | 6,178 | 14,406 | 13,840 |
| Gross margin, % | 47.6 | 45.7 | 48.5 | 46.4 | 47.5 | 46.5 |
| EBITA 1*, SEK M | 864 | 788 | 1,682 | 1,408 | 4,615 | 4,341 |
| EBITA 1* margin, % | 11.9 | 11.4 | 12.1 | 10.6 | 15.2 | 14.6 |
| Operating profit (EBIT), SEK M | 162 | 473 | 702 | 789 | 2,200 | 2,287 |
| Profit after financial items, SEK M | 9 | 311 | 392 | 468 | 1,574 | 1,650 |
| Net profit, SEK M | 7 | 227 | 288 | 342 | 1,159 | 1,213 |
| Earnings per share, SEK | 0.01 | 0.93 | 1.17 | 1.39 | 4.77 | 4.98 |
| Cash flow from operating activities, SEK M | 223 | 463 | 1,091 | 1,163 | 3,599 | 3,671 |

** EBITA 1: EBITA before acquisition, restructuring and integration costs. See definition on page 23.*

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.

Comments by the CEO

# Increased EBITA and continued actions related to our challenges

Our business performance for the second quarter was not satisfactory. Our net sales and order intake declined organically compared with the year-earlier quarter. At EBITA level, this trend was partly offset by currency effects and internal efficiency improvements.

One of the reasons for the weak performance is found in the Surgical Workflows business area. After having delivered a relatively strong first quarter of 2017, order intake in the second quarter declined organically by 8.4% year-on-year. The largest downturn was noted in the Americas sales region, in the Life Science, Surgical Workplaces and Infection Control product segments, and in Infection Control in the EMEA sales region. Net sales in Surgical Workflows fell organically by 6.5% compared with the second quarter of 2016.

We saw a more positive performance in the Acute Care Therapies business area during the quarter, reporting a +4.8% (+0.8) organic increase in net sales. Cardiopulmonary represented the largest increase, followed by Critical Care. All regions reported growth.

Patient & Post-Acute Care noted a weak quarter for order intake which declined organically by 2.2%, mainly attributable to Americas. Net sales declined organically by 0.8% compared with the year-earlier period.

On a positive note, the gross margin strengthened to 47.6% compared with 45.7% in 2016, due to continued efficiency enhancements, a favorable product mix and positive currency effects. EBITA before acquisition, restructuring and integration costs increased 9.6% from SEK 788 M to SEK 864 M, corresponding to a margin of 11.9%.

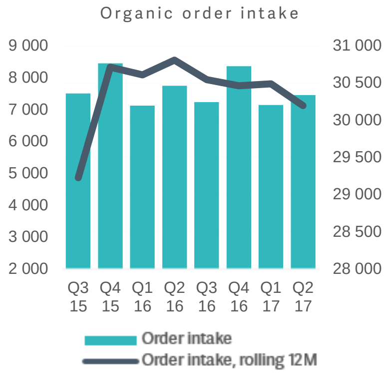
Improvements at the production units under the Consent Decree with the FDA continued during the quarter. The US sites are progressing with their remediation programs according to plan and the scheduled relocation of production from Hudson to Merrimack was completed during the second quarter. As I stated in the first quarter, the situation in Hechingen is more complex and the remediation program was re-planned during the quarter. As a result, we are making a provision of an additional SEK 488 M for employee costs and process validation.

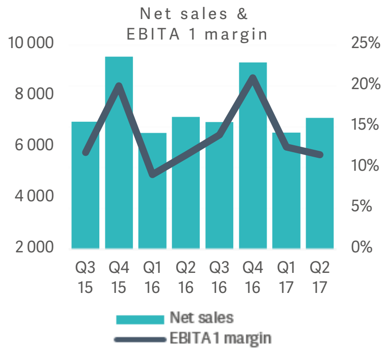
Progress was made on the preparations for the proposed distribution and listing of Patient & Post-Acute Care. If the Board of Directors decides to propose this, and if it is approved by the EGM, the plan is to distribute and list the company in the first quarter 2018, at the latest. During the quarter, we also announced our plans for a rights issue of approximately SEK 4 billion to strengthen our balance sheet. The rights issue has been guaranteed in its entirety by our principal owner Carl Bennet AB and an Extraordinary General Meeting will be held on August 15.

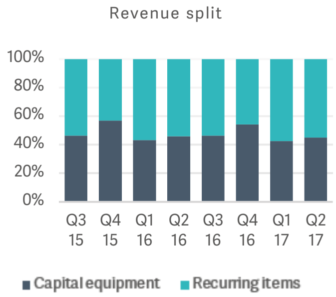
I have devoted most of my time in my first few months to meeting customers and employees. I can conclude that we have a solid platform to work from but challenges will remain in 2017. Alongside managing these challenges, we are working on our long-term plan for Getinge in order to bring us back to profitable growth, which I am confident we will succeed with. I look forward to presenting more information about this later in the year.

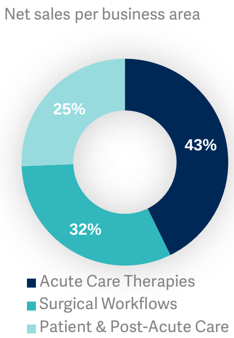
Mattias Perjos, President & CEO

# Group performance




## Order intake

### April–June 2017

Getinge's order intake for the second quarter amounted to SEK 7,539 M (7,460). The organic order intake declined by -3.8% (+3.0). The order intake for capital goods declined by -7.5% (+1.6) during the quarter, while the order intake for disposables was +0.1% (+4.4) compared with the year-earlier period.

The order intake for Acute Care Therapies fell organically by -0.4% (+8.7) year-on-year, primarily due to a lower order intake in Cardiac Systems and Vascular Systems. However, Cardiopulmonary reported a strong order intake for the quarter.

The order intake for Surgical Workflows declined organically by -8.4% (+3.3) during the quarter. Integrated Workflow Solutions reported growth in all regions, while the other product segments noted declines in their organic order intakes year-on-year.

The organic order intake for Patient & Post-Acute Care fell by -2.2% (-5.6) due to the weak performance of DVT and Wound Care in both leasing and capital goods.

APAC reported a slightly increased organic order intake for the quarter due to robust growth in Acute Care Therapies, while EMEA noted a downturn in order intake, mainly in Surgical Workflows. Americas reported negative growth in all business areas.

### January-June 2017

The weak second-quarter order intake led to the organic order intake for the first half of the year declining by -1.6% (+0.5) compared with the year-earlier period.

| Order intake regions, SEK M | Quarter 2 2017 | Quarter 2 2016 | Organic change | Jan-Jun 2017 | Jan-Jun 2016 | Organic change | Rolling 12M | Full year 2016 |
|---|---|---|---|---|---|---|---|---|
| Americas | 2,902 | 2,895 | -6.2% | 5,877 | 5,804 | -4.9% | 12,011 | 11,938 |
| APAC | 1,419 | 1,343 | 0.1% | 2,540 | 2,411 | -0.7% | 5,590 | 5,461 |
| EMEA | 3,218 | 3,222 | -3.2% | 6,371 | 6,169 | 1.1% | 12,945 | 12,743 |
| **Total** | **7,539** | **7,460** | **-3.8%** | **14,788** | **14,384** | **-1.6%** | **30,546** | **30,142** |

## Net sales and results

### April–June 2017

Getinge's net sales for the second quarter amounted to SEK 7,241 M (6,927). Net sales declined organically by -0.5% (-0.3). Sales of capital goods fell by -2.3% (-3.6), while net sales in disposables increased by +1.0% (+2.7) year-on-year.

Organic net sales increased by +4.8% (+0.8) in Acute Care Therapies, primarily the result of the favorable performance in Cardiopulmonary. Surgical Workflows' net sales declined organically by -6.5% (+2.4), mainly due to the weak trend in Life Science and Surgical Workplaces. Net sales for Patient & Post-Acute Care fell organically by -0.8% (-5.3), as a result of lower sales of capital goods and leasing in Hygiene and Wound Care. However, this was partly offset by higher net sales in Medical Beds and Bariatric.

The robust trend in Acute Care Therapies contributed to an increase in organic net sales in Americas of +2.4% (-1.1). Net sales in EMEA declined organically by -2.0% (-0.3) as the result of low sales in Surgical Workflows. APAC reported net sales that declined organically by -3.8% (+1.6), as a result of weaker sales, mainly in Surgical Workflows.

Gross profit amounted to SEK 3,449 M (3,167) with currency effects of approximately SEK 235 M positively impacting profit. The gross margin strengthened to 47.6% (45.7), which was the result of higher net sales, a favorable product mix and enhanced efficiency in sourcing and production.

Operating expenses increased by 8.2% year-on-year, mainly due to currency effects, improvements in the quality organization and the sales organization.

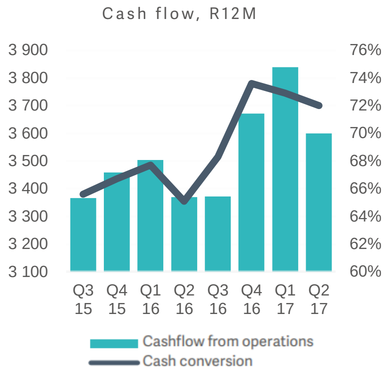
EBITA 1 amounted to SEK 864 M (788) with currency effects of approximately SEK 127 M positively impacting profit.

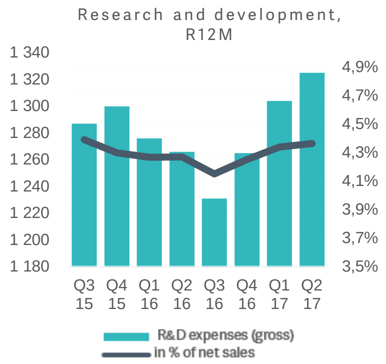
The quarter was charged with restructuring and integration costs totaling SEK 524 M (133). These costs mainly refer to the provision of SEK 488 M for continued corrections at the production unit in Hechingen related to the Consent Decree with the FDA. Net financial items amounted to SEK -153 M (-162). Profit after financial items fell to SEK 9 M (311). Net profit for the period amounted to SEK 7 M (227).

### January-June 2017

Lower organic net sales in the second quarter contributed to slightly negative growth for the first half of the year compared with the year-earlier period. Gross profit and EBITA 1 were positively impacted by completed efficiency enhancements and currency effects. However, the provision of SEK 488 M for remediation activities in Hechingen meant that operating profit declined compared with the first half of 2016.

| Net sales regions, SEK M | Quarter 2 2017 | Quarter 2 2016 | Organic change | Jan-Jun 2017 | Jan-Jun 2016 | Organic change | Rolling 12M | Full year 2016 |
|---|---|---|---|---|---|---|---|---|
| Americas | 3,027 | 2,765 | 2.4% | 5,893 | 5,520 | 0.3% | 12,192 | 11,819 |
| APAC | 1,206 | 1,184 | -3.8% | 2,220 | 2,151 | -2.7% | 5,452 | 5,383 |
| EMEA | 3,008 | 2,978 | -2.0% | 5,792 | 5,633 | 0.7% | 12,713 | 12,554 |
| **Total** | **7,241** | **6,927** | **-0.5%** | **13,905** | **13,304** | **0.0%** | **30,357** | **29,756** |




## Cash flow and financial position

Cash flow from operations amounted to SEK 223 M (463) for the quarter, corresponding to a cash conversion of a 29.1% (44.7). Net investments amounted to SEK 390 M (401). The Group's cash and cash equivalents at the end of the period amounted to SEK 1,400 M (1,845) and interest-bearing net debt was SEK 22,666 M (23,341). The equity/assets ratio amounted to 38.0% (35.4) and net debt/equity ratio to 1.13 (1.23).

## Research and development

Getinge's research and development costs for the quarter amounted to SEK 346 M (325), corresponding to 4.8% (4.7) of the Group's net sales.

## Big 5 efficiency-enhancement program progressing according to plan

The Big 5 efficiency-enhancement program is progressing according to plan. The savings for the quarter amounted to slightly more than SEK 100 M, mainly as the result of improved efficiency in direct and indirect sourcing. Total savings in 2016 and the first half of 2017 amounted to approximately SEK 600 M. The savings are mainly allocated to fund product development and to strengthen the quality organization.

## Update regarding Consent Decree with the FDA

### Background

As previously announced, a US federal judge approved the terms of a Consent Decree between Getinge's former Medical Systems business area (corresponding to Acute Care Therapies today) and the FDA on February 3, 2015. The Consent Decree establishes a framework that provides assurances to the FDA that Getinge will complete the improvements to strengthen the quality management system. The Consent Decree originally encompasses four legal entities: Atrium Medical Corporation in Hudson (New Hampshire, USA), Wayne (New Jersey, USA), Rastatt (Germany) and Hechingen (Germany).

Under the terms of the Consent Decree, ongoing third-party inspections are carried out at the production units encompassed by the Decree. Improvement plans have been prepared based on the deviations identified. The plans are continuously updated to ensure that the right priorities are made and that shortcomings are correctly addressed.

### Progress during the second quarter of 2017

During the second quarter, the remediation program continued at all production units under the Consent Decree. However, the production units remain in different phases of the remediation program.

The US sites are progressing with their remediation programs according to plan and the scheduled relocation of production from Hudson to Merrimack, New Hampshire, was completed during the quarter.

The situation is more complex in Hechingen, which has led to comprehensive re-planning of the ongoing remediation program during the quarter. A provision of an additional SEK 488 M was made in order to make the necessary changes in Hechingen. The costs are primarily attributable to increased staffing and process validation.

During the first half of 2017, SEK 141 M of the provision had been utilized for remediation measures, of which SEK 76 M in the second quarter. The provision, including the additional SEK 488 M, totaled SEK 710 M at the end of the quarter.

## Other key events during the quarter

### A guaranteed rights issue of approximately SEK 4 billion is being planned.

Getinge announced during the quarter that it is planning a new share issue of approximately SEK 4 billion to strengthen the Group's balance sheet by reducing debt and thereby creating greater scope for action. An Extraordinary General Meeting will be held on 15 August at which the Board of Directors proposes that the Meeting authorize the Board to resolve on a new share issue with preferential rights for Getinge's shareholders.

Provided that the Extraordinary General Meeting grants authorization to the Board, the intention is utilize such authorization relatively promptly and set out the terms and conditions of the rights issue. A prospectus for the rights issue will be published at the end of August and the issue is expected to be completed by the end of September.

Getinge's principal owner, Carl Bennet AB, representing 18.1% of the share capital and 48.9% of the number of votes in Getinge, has undertaken to vote in favor of and subscribe for its portion of the new share issue. Furthermore, in an agreement with Getinge, Carl Bennet AB has undertaken to subscribe for any shares that are not subscribed and paid for by the remaining shareholders. The Fourth Swedish National Pension Fund has expressed support for the rights issue and has the intention to subscribe for its portion.

### Preparation for potential distribution and listing of Patient & Post-Acute Care

As previously announced, the Getinge Board is preparing a proposal on a structural change under which the Group will be divided into two businesses, Getinge and Arjo (Patient & Post-Acute Care) to give each the best possible conditions for developing and realizing their potential. The preparations for the intended distribution and listing of Patient & Post-Acute Care have continued according to plan during the second quarter. Provided that the Board so decides, a proposal will be presented at an extraordinary general meeting. Should the meeting approve the potential proposal, the intention is to complete the distribution and listing no later than in the first quarter of 2018.

### Investigation by Brazilian competition authority encompasses two Getinge subsidiaries

Two of Getinge's subsidiaries in Brazil and the employees of these companies are being investigated by the Brazilian competition authority for allegedly forming cartels. According to a press release from the authority, a total of 46 companies, 80 individuals and one industrial organization are being investigated. The potential consequences of the ongoing investigations for Getinge are not yet known and it is too early make any statement. Brazil accounted for 1.1% of the Group's net sales in 2016.

### Changes to Getinge Executive Team

Jeanette Hedén Carlsson took office as Executive Vice President, Communications & Brand Management at Getinge on June 12. She joins the Group from Volvo trucks where she was Senior Vice President, Brand & Communications and also a member of Group Management.  She has previously held senior positions at Volvo Buses and Volvo Car Group. Jeanette Hedén Carlsson succeeds Kornelia Rasmussen, who has taken office as Communications Director for Patient & Post-Acute Care, which is prepared for a potential proposal to be distributed to the shareholders and listed.

### Product launches, updates and other initiatives to strengthen the offering

*Acute Care Therapies*

Getinge launched two updates of its FLOW-i anesthesia device in the first half of 2017. In February, an automatic and stepwise lung recruitment function that helps the doctor by easily and safely opening collapsed alveoli in the lung was released. It is important to reduce the risk of atelectasis that can lead to pneumonia and other complications. The update in the second quarter (SW 4.4) allows the clinician to further reduce the fresh gas flow, which gives even lower consumption of expensive and environmentally hazardous anesthetics. To prevent the risk of hypoxia during low fresh gas flows, Flow-i has a unique function, the $O_2$Guard, that automatically adjusts to the new "low Flow".

Compatibility between systems that communicate and exchange data is becoming increasingly important to healthcare providers. For this reason, Getinge now offers MSync, which transfers clinical data in the international standard format of Health Level Seven (HL7). MSync is already offered as an accessory to SERVO ventilators and FLOW-i anesthesia systems. MSync was updated in the second quarter to now also support CARDIOHELP and HCU 40. CARDIOHELP is the world's smallest heart-lung support system for treating patients in critical conditions. The device is portable meaning that a patient can start to be treated even in an ambulance or helicopter while being transported to hospital. The Heater-Cooler Unit (HCU 40) is used to cool or heat a patient undergoing cardiac bypass surgery and offers precise temperature control for use during the surgical procedure.

In the US, the relocation of the production of covered stents and thoracic drainage products from Hudson to Merrimack was completed during the quarter. A new size of V12 stents was also launched in Europe and the first patients received implants in June.

*Surgical Workflows*

During the quarter, Getinge acquired German IT company Carus to strengthen its offering in Integrated Workflow Solutions, comprising leading software systems for higher quality, safety and efficiency in managing sterile supplies, patient flows and work flows in operating rooms. Carus was founded in 1994 and has its head office in Hamburg, Germany. The company has about 30 employees and forecasts sales of SEK 20 M for 2017. The company holds a strong position in software for surgery scheduling. Sales are currently generated in German-speaking regions of Europe.

A new modern hybrid operating room was opened at the end of June at the Getinge Experience Center in Rastatt, Germany – an international knowledge center featuring a wide range of leading medical devices and attracting more than 24,000 visitors from the international healthcare industry every year. Getinge's new Hybrid OR is the result of a successful collaboration with Siemens Healthineers and displays advanced medical imaging devices that enable intraoperative 2D and 3D imaging during minimally-invasive surgery.

*Patient & Post-Acute Care*

Investments were made to rapidly expand current product portfolios in new and existing markets. For example, the AtmosAir™ 9000A, a powered hybrid mattress, was launched during the quarter in the UK and Ireland, and will be expanded further into Singapore, Hong Kong and European markets in the coming months. The product is already offered in the US as part of the product range for preventing pressure ulcers. The product can be used in acute care and long-term care settings.

## Continued Supply Chain improvements

Efficiency enhancements continued to be made in the Group's Supply Chain function during the quarter. Activities include the priority areas such as efficient supplier management, process harmonization and production optimization based on the Lean Production principles.

The measures taken during the quarter resulted in direct spend reductions according to plan. Productivity was particularly high in manufacturing for Acute Care Therapies, which had a positive effect on the Group's profit.

## Outlook 2017 (The preceding quarter's outlook is provided in parentheses if changed)

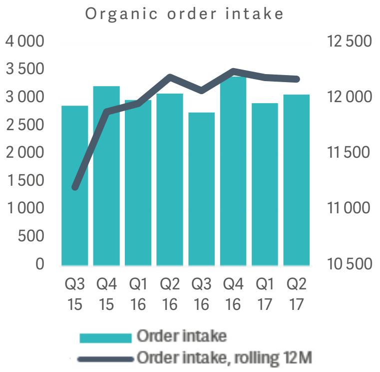
Organic sales growth is deemed to be slightly positive in 2017.

Currency transaction effects are expected to have a positive impact of approximately SEK 250 M (200) on the Group's 2017 earnings.

Estimated costs related to the potential distribution and listing of Patient & Post-Acute Care amount to SEK 400-500 M for 2017, of which about half are non-recurring.

# Acute Care Therapies

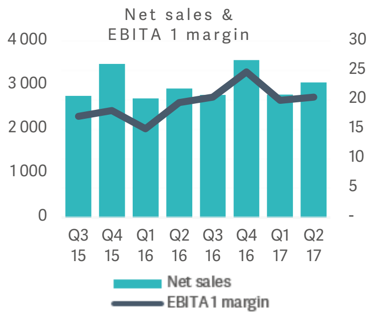
## Order intake




The order intake declined organically by -0.4% (+8.7) compared with the second quarter of 2016. Cardiopulmonary, comprising cardiopulmonary machines and associated disposables, reported growth. Critical Care, which includes ventilators and anesthesia devices, also increased its order intake. However, Vascular Systems and Cardiac Systems reported a weaker performance year-on-year. The order intake increased significantly in APAC, with China standing out and noting a strong order intake in the Cardiopulmonary product segment. Americas and EMEA reported a lower order intake year-on-year.

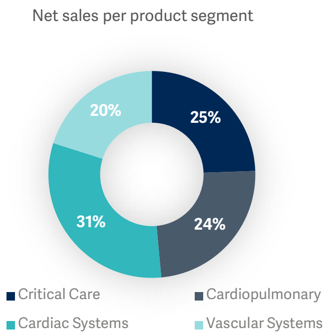
| **Order intake regions, SEK M** | **Quarter 2 2017** | **Quarter 2 2016** | **Organic change** | **Jan-Jun 2017** | **Jan-Jun 2016** | **Organic change** | **Rolling 12M** | **Full year 2016** |
|---|---|---|---|---|---|---|---|---|
| Americas | 1,564 | 1,487 | -1.9% | 3,138 | 3,033 | -3.0% | 6,305 | 6,200 |
| APAC | 567 | 501 | 7.4% | 1,024 | 983 | -1.6% | 2,246 | 2,205 |
| EMEA | 978 | 970 | -2.3% | 1,922 | 1,823 | 2.6% | 3,753 | 3,654 |
| **Total** | **3,109** | **2,958** | **-0.4%** | **6,084** | **5,839** | **-1.0%** | **12,304** | **12,059** |

## Net sales and results




Net sales increased organically by +4.8% (+0.8) in the second quarter, with Cardiopulmonary representing the largest increase, followed by Critical Care. All regions reported growth. Growth in Americas was mainly attributable to the solid performance in the US, Canada and Latin America. East Asia, Australia and New Zealand reported a particularly favorable performance in APAC, while the trend in EMEA was primarily the result of increased sales in Cardiopulmonary and Critical Care in Central and Western Europe.

| **Net sales, regions, SEK M** | **Quarter 2 2017** | **Quarter 2 2016** | **Organic change** | **Jan-Jun 2017** | **Jan-Jun 2016** | **Organic change** | **Rolling 12M** | **Full year 2016** |
|---|---|---|---|---|---|---|---|---|
| Americas | 1,634 | 1,441 | 5.8% | 3,173 | 2,885 | 3.2% | 6,375 | 6,087 |
| APAC | 541 | 479 | 7.1% | 998 | 882 | 6.9% | 2,221 | 2,105 |
| EMEA | 919 | 876 | 1.8% | 1,748 | 1,640 | 4.3% | 3,720 | 3,612 |
| **Total** | **3,094** | **2,796** | **4.8%** | **5,919** | **5,407** | **4.1%** | **12,316** | **11,804** |

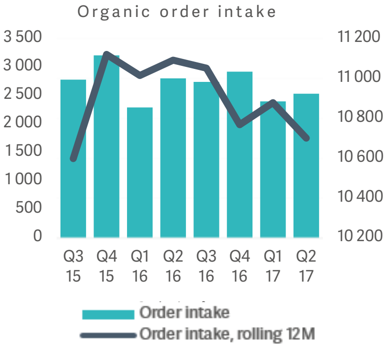


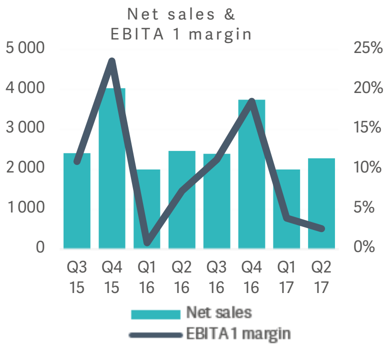

The gross margin increased to 57.1% (56.0) in the quarter, due to higher net sales, a favorable product mix and continued efficiency enhancements in the Supply Chain function. Operating expenses increased by 4.1%, and EBITA 1 increased by 29.9% to SEK 638 M (491). Exchange-rate fluctuations had a positive effect of approximately SEK 123 M on gross profit and about SEK 66 M on EBITA 1. The quarter was charged with SEK 491 M (38) in restructuring and integration costs, of which SEK 488 M comprised a provision for improvements at the production unit in Hechingen in accordance with the Consent Decree with the FDA.

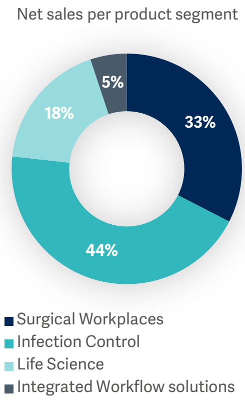
| **Income statement in brief** | **Quarter 2 2017** | **Quarter 2 2016** | **Jan-Jun 2017** | **Jan-Jun 2016** | **Rolling 12M** | **Full year 2016** |
|---|---|---|---|---|---|---|
| Net sales, SEK M | 3,094 | 2,796 | 5,919 | 5,407 | 12,316 | 11,804 |
| Gross profit, SEK M | 1,766 | 1,566 | 3,401 | 3,002 | 6,951 | 6,552 |
| *Gross margin %* | *57.1%* | *56.0%* | *57.5%* | *55.5%* | *56.4%* | *55.5%* |
| Operating expenses, SEK M | -1,262 | -1,212 | -2,482 | -2,414 | -4,861 | - 4,793 |
| EBITA 1, SEK M | 638 | 491 | 1,195 | 862 | 2,659 | 2,326 |
| *EBITA 1 margin, %* | *20.6%* | *17.6%* | *20.2%* | *15.9%* | *21.6%* | *19.7%* |
| Acquisition expenses, SEK M | -1 | -2 | -2 | -4 | -6 | - 8 |
| Restructuring and integration costs, SEK M | -491 | -38 | -500 | -96 | -1,155 | - 751 |
| Operating profit (EBIT), SEK M | 12 | 314 | 417 | 488 | 929 | 1,000 |
| *EBIT margin, %* | *0.4%* | *11.2%* | *7.0%* | *9.0%* | *7.5%* | *8.5%* |

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 segment is also included in this business area.

## Order intake

The organic order intake declined by -8.4% (+3.3) during the quarter. The Integrated Workflow Solutions product segment reported growth in all regions, while the other product segments noted declines in their organic order intakes year-on-year. All regions reported lower order intakes for the period. The most substantial decline was in Americas, attributable to Life Science and Surgical Workplaces as well as Infection Control. The lower order intake mainly in Infection Control led to the decline in EMEA, while APAC reported a lower order intake in Surgical Workplaces and Infection Control.

| Order intake region, SEK M | Quarter 2 2017 | Quarter 2 2016 | Organic change | Jan-Jun 2017 | Jan-Jun 2016 | Organic change | Rolling 12M | Full year 2016 |
|---|---|---|---|---|---|---|---|---|
| Americas | 686 | 740 | -13.0% | 1,372 | 1,375 | -6.2% | 2,793 | 2,796 |
| APAC | 610 | 611 | -5.2% | 1,058 | 1,021 | -1.9% | 2,449 | 2,412 |
| EMEA | 1,293 | 1,359 | -7.4% | 2,576 | 2,550 | -0.4% | 5,461 | 5,435 |
| **Total** | **2,589** | **2,710** | **-8.4%** | **5,006** | **4,946** | **-2.3%** | **10,703** | **10,643** |

## Net sales and results

Net sales declined organically by -6.5% (+2.4) compared with the second quarter of 2016. The downturn was primarily due to lower sales in Life Science and Surgical Workplaces. This trend was only partly offset by higher sales in Integrated Workflow Solutions.

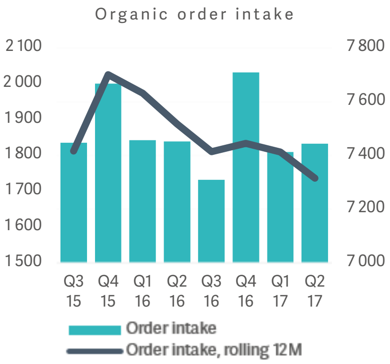
All regions reported lower organic sales growth for the quarter. The decline in APAC was mainly attributable to Surgical Workplaces and Life Science. It should be noted in this context that APAC reported growth of 9.8% in the year-earlier period. Lower sales in Surgical Workplaces also contributed to the decline in EMEA, while the slightly negative trend in Americas was mainly related to declining sales in Life Science.

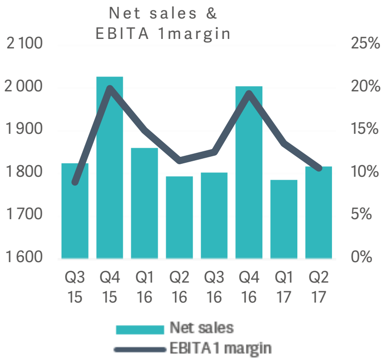
| Net sales regions, SEK M | Quarter 2 2017 | Quarter 2 2016 | Organic change | Jan-Jun 2017 | Jan-Jun 2016 | Organic change | Rolling 12M | Full year 2016 |
|---|---|---|---|---|---|---|---|---|
| Americas | 690 | 653 | -0.9% | 1,282 | 1,224 | -1.5% | 2,844 | 2,786 |
| APAC | 448 | 495 | -14.3% | 818 | 872 | -11.4% | 2,350 | 2,404 |
| EMEA | 1,185 | 1,236 | -6.4% | 2,231 | 2,231 | -1.3% | 5,306 | 5,306 |
| **Total** | **2,323** | **2,384** | **-6.5%** | **4,331** | **4,327** | **-3.4%** | **10,500** | **10,496** |

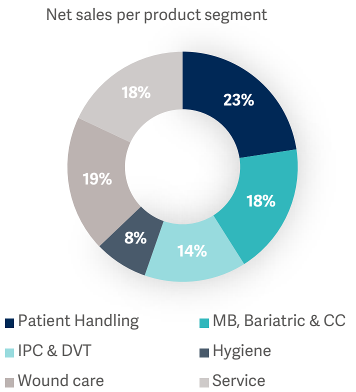
The gross margin for Surgical Workflows increased to 36.1% (35.9) in the quarter. Operating expenses increased by 14.8%, primarily due to currency effects and higher expenses for sales and R&D. EBITA 1 fell to SEK 78 M (193). Exchange-rate fluctuations had a positive effect of approximately SEK 61 M on gross profit and about SEK 31 M on EBITA 1 compared with the preceding year. Restructuring and integration costs amounted to SEK 7 M (37).

| Income statement in brief | Quarter 2 2017 | Quarter 2 2016 | Jan-Jun 2017 | Jan-Jun 2016 | Rolling 12M | Full year 2016 |
|---|---|---|---|---|---|---|
| Net sales, SEK M | 2,323 | 2,384 | 4,331 | 4,327 | 10,500 | 10,496 |
| Gross profit, SEK M | 839 | 856 | 1,616 | 1,568 | 4,009 | 3,961 |
| *Gross margin %* | *36.1%* | *35.9%* | *37.3%* | *36.2%* | *38.2%* | *37.7%* |
| | | | | | | |
| Operating expenses, SEK M | -769 | -670 | *-1,482* | -1,343 | -2,844 | - 2,705 |
| | | | | | | |
| EBITA 1, SEK M | 78 | 193 | 150 | 238 | 1,195 | 1,283 |
| *EBITA 1 margin, %* | *3.4%* | *8.1%* | *3.5%* | *5.5%* | *11.4%* | *12.2%* |
| | | | | | | |
| Acquisition expenses, SEK M | 0 | -1 | 0 | -1 | -1 | - 2 |
| Restructuring and integration costs, SEK M | -7 | -37 | -24 | -79 | -198 | - 253 |
| | | | | | | |
| Operating profit (EBIT), SEK M | 63 | 148 | 110 | 145 | 966 | 1,001 |
| *EBIT margin, %* | *2.7%* | *6.2%* | *2.5%* | *3.4%* | *9.2%* | *9.5%* |

# Patient & Post-Acute Care




Patient & Post-Acute Care offers solutions for daily tasks of lifting and transferring patients. This includes promotion of early mobility and prevention of pressure ulcers and deep vein thrombosis, as well as patient hygiene.

## Order intake

The order intake fell organically by -2.2% (-5.6) year-on-year, primarily as the result of the negative performance in the DVT product segment (products for prevention of deep vein thrombosis) and in Wound Care regarding both rental and capital goods.

EMEA reported a higher organic order intake, mainly due to the favorable trend in Medical Beds. The lower order intake in the US within DVT and Patient Handling contributed to the negative performance in Americas.

| Order intake regions, SEK M | Quarter 2 2017 | Quarter 2 2016 | Organic change | Jan-Jun 2017 | Jan-Jun 2016 | Organic change | Rolling 12M | Full year 2016 |
|---|---|---|---|---|---|---|---|---|
| Americas | 652 | 668 | -8.4% | 1,367 | 1,396 | -7.9% | 2,913 | 2,942 |
| APAC | 242 | 231 | -1.7% | 458 | 407 | 4.7% | 895 | 844 |
| EMEA | 947 | 893 | 2.2% | 1,873 | 1,796 | 1.6% | 3,731 | 3,654 |
| **Total** | **1,841** | **1,792** | **-2.2%** | **3,698** | **3,599** | **-1.7%** | **7,539** | **7,440** |

## Net sales and results

Net sales declined organically by -0.8% (-5.3) in the quarter, primarily as a result of reduced rental and lower sales of capital goods in Hygiene and Wound Care. However, this was offset by higher sales in Medical Beds and Bariatric. Patient Handling made a positive contribution to the quarter and was the main reason for growth in EMEA. The decline in Americas was primarily due to lower sales in DVT and Wound Care, while weak sales in Hygiene were the main reason for the downturn in APAC.

| Net sales regions, SEK M | Quarter 2 2017 | Quarter 2 2016 | Organic change | Jan-Jun 2017 | Jan-Jun 2016 | Organic change | Rolling 12M | Full year 2016 |
|---|---|---|---|---|---|---|---|---|
| Americas | 703 | 671 | -1.5% | 1,438 | 1,411 | -4.0% | 2,973 | 2,946 |
| APAC | 217 | 210 | -3.8% | 404 | 397 | -5.3% | 881 | 874 |
| EMEA | 904 | 866 | 0.5% | 1,813 | 1,762 | 0.1% | 3,687 | 3,636 |
| **Total** | **1,824** | **1,747** | **-0.8%** | **3,655** | **3,570** | **-2.1%** | **7,541** | **7,456** |

The gross margin increased to 46.3% (42.6) in the quarter, primarily due to higher sales, efficiency enhancements in the Supply Chain function. Operating expenses increased by 9.5 %, mainly as the result of costs related to the planned distribution and listing of the business area. EBITA 1 increased 27.9% to SEK 197 M (154). Exchange-rate fluctuations had a positive effect of approximately SEK 51 M on gross profit and about SEK 30 M on EBITA 1. The quarter was charged with restructuring and integration costs totaling SEK 27 M (29). These costs were mainly related to the ongoing preparations for the proposed distribution and listing of the business area.

| Income statement in brief | Quarter 2 2017 | Quarter 2 2016 | Jan-Jun 2017 | Jan-Jun 2016 | Rolling 12M | Full year 2016 |
|---|---|---|---|---|---|---|
| Net sales, SEK M | 1,824 | 1,747 | 3,655 | 3,570 | 7,541 | 7,456 |
| Gross profit, SEK M | 844 | 745 | 1,727 | 1,608 | 3,446 | 3,327 |
| *Gross margin %* | *46.3%* | *42.6%* | *47.3%* | *45.0%* | *45.7%* | *44.6%* |
| | | | | | | |
| Operating expenses, SEK M | -680 | -621 | -1,357 | -1,259 | -2,595 | - 2,497 |
| | | | | | | |
| EBITA 1, SEK M | 197 | 154 | 435 | 409 | 982 | 956 |
| *EBITA 1 margin, %* | *10.8%* | *8.8%* | *11.9%* | *11.5%* | *13.0%* | *12.8%* |
| | | | | | | |
| Acquisition expenses, SEK M | 0 | -5 | 0 | -5 | -4 | - 9 |
| Restructuring and integration costs, SEK M | -27 | -29 | -96 | -43 | -209 | - 156 |
| | | | | | | |
| Operating profit (EBIT), SEK M | 137 | 90 | 274 | 301 | 638 | 665 |
| *EBIT margin, %* | *7.5%* | *5.2%* | *7.5%* | *8.4%* | *8.5%* | *8.9%* |

# Other information

## Key events after the end of the quarter

### Notice of Extraordinary General Meeting regarding the planned rights issue

The notice of the Extraordinary General Meeting was published on July 17, 2017. The Meeting will be held on Tuesday, August 15, 2017, at 11:00 a.m. at Clarion Hotel Post, Drottningtorget 10 in Gothenburg, Sweden.

### Getinge appoints Lars Sandström as CFO and member of Getinge Executive Team

Lars Sandström has been appointed CFO and member of Getinge Executive Team. He has held a large number of senior positions within the Finance organization in Scania and most recently served as Senior Vice President, Group reporting, Tax & Control in the Volvo Group.

Lars Sandström will be a member of the Getinge Executive Team and report to Mattias Perjos, President and CEO Getinge. He succeeds Reinhard Mayer, who will leave Getinge for personal reasons, and takes up the position latest January 2018.

## Risk management

### Healthcare reimbursement system

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

### 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 every business area assumes overall responsibility for quality and regulatory issues. 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 research and development efforts, the Group has a very structured selection and planning process to ensure that the company prioritizes correctly when choosing which potential projects to pursue. This process comprises thorough analysis of the market, technical development and choice of production method and subcontractors. The development work is 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 its operations will not be subject to compensation claims. A comprehensive insurance program is in place to cover any property or liability risks (e.g. product liability) to which the Group is exposed.

### Protection of intellectual property

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, the Group 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.

## Seasonal variations

Getinge's earnings are affected by seasonal variations. The second quarter is normally weak in relation to the remainder of the fiscal year. The third and particularly fourth quarters are usually the Group's strongest quarters.

## Transactions with related parties

Getinge had no significant transactions with related parties other than transactions with subsidiaries.

## Forward-looking information

This report contains forward-looking information based on the current expectations of Getinge's Group management. Although management deems that the expectations presented by such forward-looking information are reasonable, no guarantee can be given that these expectations will prove correct. Accordingly, the actual future outcome could vary considerably compared with what is stated in the forward-looking information, due to such factors as changed conditions regarding finances, market and competition, changes in legal requirements and other political measures, and fluctuations in exchange rates.

## Assurance

The Board of Directors and CEO assure that the interim report provides a true and fair view of the Parent Company and the Group's operations, position and earnings and describes the material risks and uncertainties faced by the Parent Company and the Group.

**Gothenburg, July 16, 2017**

| | | |
|---|---|---|
| **Carl Bennet**<br>Chairman | **Johan Bygge** | **Cecilia Daun Wennborg** |
| **Barbro Fridén** | **Dan Frohm** | **Sofia Hasselberg** |
| **Rickard Karlsson** | **Åke Larsson** | **Johan Malmquist** |
| **Mattias Perjos**<br>President & CEO | **Malin Persson** | **Johan Stern**<br>Vice Chairman |

This interim report is unaudited.

# Consolidated financial statements

## Consolidated income statement

| SEK M | Note | Quarter 2 2017 | Quarter 2 2016 | Jan-Jun 2017 | Jan-Jun 2016 | Full year 2016 |
|---|---|---|---|---|---|---|
| Net sales | 2 | 7,241 | 6,927 | 13,905 | 13,304 | 29,756 |
| Cost of goods sold | 3 | -3,792 | -3,760 | -7,161 | -7,126 | - 15,916 |
| **Gross profit** | | **3,449** | **3,167** | **6,744** | **6,178** | **13,840** |
| | | | | | | |
| Selling expenses | 3 | -1,649 | -1,514 | -3,284 | -3,092 | - 6,250 |
| Administrative expenses | 3 | -908 | -828 | -1,781 | -1,656 | - 3,359 |
| Research and development costs | 4 | -185 | -160 | -349 | -327 | - 671 |
| Acquisition expenses | | -2 | -8 | -3 | -12 | - 21 |
| Restructuring and integration costs | | -524 | -133 | -620 | -260 | - 1,313 |
| Other operating income and expenses | | -19 | -51 | -5 | -42 | 61 |
| **Operating profit (EBIT)** | **2, 3** | **162** | **473** | **702** | **789** | **2,287** |
| | | | | | | |
| Net financial items | 2 | -153 | -162 | -310 | -321 | - 637 |
| **Profit after financial items** | **2** | **9** | **311** | **392** | **468** | **1,650** |
| Taxes | | -2 | -84 | -104 | -126 | - 437 |
| **Net profit for the period** | | **7** | **227** | **288** | **342** | **1,213** |
| | | | | | | |
| *Attributable to:* | | | | | | |
| Parent Company's shareholders | | 2 | 221 | 279 | 331 | 1,188 |
| Non-controlling interests | | 5 | 6 | 9 | 11 | 25 |
| | | | | | | |
| Earnings per share, SEK* | | 0.01 | 0.93 | 1.17 | 1.39 | 4.98 |

** Before and after dilution*

## Consolidated statement of comprehensive income

| SEK M | Quarter 2 2017 | Quarter 2 2016 | Jan-Jun 2017 | Jan-Jun 2016 | Full year 2016 |
|---|---|---|---|---|---|
| **Net profit for the period** | **7** | **227** | **288** | **342** | **1,213** |
| | | | | | |
| **Other comprehensive income** | | | | | |
| **Items that cannot be restated in profit for the period** | | | | | |
| Actuarial gains/losses pertaining to defined-benefit pension plans | 122 | -167 | 122 | -141 | - 280 |
| Tax attributable to items that cannot be restated in profit | -47 | 31 | -47 | 26 | 104 |
| | | | | | |
| **Items that can later be restated in profit for the period** | | | | | |
| Translation differences and hedging of net investments | -676 | 651 | -777 | 75 | 551 |
| Cash-flow hedges | 201 | -252 | 335 | -304 | 86 |
| Tax attributable to items that cannot be restated in profit | -193 | 56 | -300 | 67 | 326 |
| **Other comprehensive income for the period, net after tax** | **-593** | **319** | **-667** | **-277** | **787** |
| **Total comprehensive income for the period** | **-586** | **546** | **-379** | **65** | **2,000** |
| | | | | | |
| *Comprehensive income attributable to* | | | | | |
| Parent Company's shareholders | -594 | 527 | -391 | 45 | 1,964 |
| Non-controlling interests | 8 | 19 | 12 | 20 | 36 |

## Consolidated balance sheet

| SEK M | Note | June 30 2017 | June 30 2016 | December 31 2016 |
|---|---|---|---|---|
| **Assets** | | | | |
| Intangible assets | | 30,463 | 30,686 | 32,004 |
| Tangible assets | | 4,155 | 4,652 | 4,313 |
| Financial assets | | 1,391 | 1,773 | 1,329 |
| Inventories | | 6,188 | 5,896 | 5,431 |
| Accounts receivable | | 6,694 | 6,284 | 8,159 |
| Other current receivables | | 2,546 | 2,420 | 2,295 |
| Cash and cash equivalents | 6 | 1,400 | 1,845 | 1,680 |
| **Total assets** | | **52,837** | **53,556** | **55,211** |
| | | | | |
| **Shareholders' equity and liabilities** | | | | |
| Shareholders' equity | | 20,060 | 18,977 | 20,916 |
| Provisions for pensions, interest-bearing | 6 | 3,169 | 3,115 | 3,368 |
| Other interest-bearing liabilities | 6 | 20,897 | 22,071 | 21,701 |
| Other provisions | 8 | 2,157 | 2,024 | 1,856 |
| Accounts payable | | 1,839 | 1,765 | 2,201 |
| Other non-interest-bearing liabilities | | 4,715 | 5,604 | 5,169 |
| **Total shareholders' equity and liabilities** | | **52,837** | **53,556** | **55,211** |

## Changes in shareholders' equity for the Group

| SEK M | Share capital | Other capital provided | Reserves | 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 period | - | - | 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 period | - | - | - 745 | 354 | **-391** | 12 | **-379** |
| Share-based remuneration | - | - | - | - | - | - | - |
| Dividend | - | - | - | - 477 | **- 477** | - | **- 477** |
| **Closing balance at June 30, 2017** | **119** | **5,960** | **210** | **13,351** | **19,640** | **420** | **20,060** |

# Consolidated cash-flow statement

| SEK M | Quarter 2 2017 | Quarter 2 2016 | Jan-Jun 2017 | Jan-Jun 2016 | Full year 2016 |
|---|---|---|---|---|---|
| **Operating activities** | | | | | |
| Operating profit (EBIT) | 162 | 473 | 702 | 789 | 2,287 |
| Add-back of amortization, depreciation and write-downs | 605 | 562 | 1,271 | 1,174 | 2,703 |
| Other non-cash items | 11 | 28 | 15 | 32 | 85 |
| Expensed restructuring and integration costs* | 523 | 133 | 551 | 260 | 1,015 |
| Paid restructuring and integration costs | -142 | -202 | -257 | -401 | - 872 |
| Financial items | -153 | -162 | -310 | -321 | - 637 |
| Taxes paid | -81 | -101 | -253 | -262 | - 332 |
| **Cash flow before changes in working capital** | **925** | **731** | **1,719** | **1,271** | **4,249** |
| | | | | | |
| **Changes in working capital** | | | | | |
| Inventories | -492 | -211 | -1,050 | -565 | - 234 |
| Current receivables | -152 | 193 | 821 | 1,115 | - 252 |
| Current liabilities | -58 | -250 | -399 | -658 | - 92 |
| **Cash flow from operating activities** | **223** | **463** | **1,091** | **1,163** | **3,671** |
| | | | | | |
| **Investing activities** | | | | | |
| Acquired operations | -41 | -214 | -81 | -214 | - 212 |
| Divested operations | - | - | - | - | - |
| Net investments | -390 | -401 | -756 | -761 | - 1,585 |
| **Cash flow from investing activities** | **-431** | **-615** | **-837** | **-975** | **- 1,797** |
| | | | | | |
| **Financing activities** | | | | | |
| Change in interest-bearing liabilities | -224 | 511 | -46 | 850 | - 1,106 |
| Change in interest-bearing receivables | 39 | 48 | 15 | 28 | 42 |
| Dividend paid | -477 | -681 | -477 | -681 | - 685 |
| **Cash flow from financing activities** | **-662** | **-122** | **-508** | **197** | **- 1,749** |
| | | | | | |
| **Cash flow for the period** | **-870** | **-274** | **-254** | **385** | **125** |
| | | | | | |
| Cash and cash equivalents at the beginning of the period | 2,334 | 2,056 | 1,680 | 1,468 | 1,468 |
| Translation differences | -64 | 63 | -26 | -8 | 87 |
| **Cash and cash equivalents at the end of the period** | **1,400** | **1,845** | **1,400** | **1,845** | **1,680** |

** Excluding write-downs on non-current assets*

## Note 1 Accounting policies

The Group's interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. For the Parent Company, the report has been prepared in accordance with the Swedish Annual Accounts and RFR 2. The accounting policies adopted are consistent with those applied for the 2016 Annual Report and should be read in conjunction with that Annual Report. The interim report provides alternative performance measures for monitoring the Group's operations.

The Group is yet to assess the full impact of implementing the standards IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases. For more information about these new standards, which have not yet come into force, refer to page 62 in the 2016 Annual Report.

Percentual changes and key figures in the report have been calculated based on the rounded amounts as presented in the report. Unless otherwise specified, all figures pertain to SEK M and figures in parentheses pertain to operations in 2016.

## Note 2 Segment overview

| **Net sales, SEK M** | **Quarter 2 2017** | **Quarter 2 2016** | **Jan-Jun 2017** | **Jan-Jun 2016** | **Full year 2016** |
|---|---|---|---|---|---|
| Acute Care Therapies | 3,094 | 2,796 | 5,919 | 5,407 | 11,804 |
| Surgical Workflows | 2,323 | 2,384 | 4,331 | 4,327 | 10,496 |
| Patient & Post-Acute Care | 1,824 | 1,747 | 3,655 | 3,570 | 7,456 |
| **Total** | **7,241** | **6,927** | **13,905** | **13,304** | **29,756** |

| **Operating profit (EBIT), SEK M** | **Quarter 2 2017** | **Quarter 2 2016** | **Jan-Jun 2017** | **Jan-Jun 2016** | **Full year 2016** |
|---|---|---|---|---|---|
| Acute Care Therapies | 12 | 314 | 417 | 488 | 1,000 |
| Surgical Workflows | 63 | 148 | 110 | 145 | 1,001 |
| Patient & Post-Acute Care | 137 | 90 | 274 | 301 | 665 |
| Group functions* | -50 | -79 | -99 | -145 | - 379 |
| **Operating profit (EBIT)** | **162** | **473** | **702** | **789** | **2,287** |
| Net financial items | -153 | -162 | -310 | -321 | - 637 |
| **Profit after financial items** | **9** | **311** | **392** | **468** | **1,650** |

** Group functions refer mainly to central functions such as finance, communication and HR.*

## Note 3 Depreciation and write-downs

| **SEK M** | **Quarter 2 2017** | **Quarter 2 2016** | **Jan-Jun 2017** | **Jan-Jun 2016** | **Full year 2016** |
|---|---|---|---|---|---|
| Intangible assets in acquired companies | -176 | -174 | -357 | -347 | - 720 |
| Intangible assets | -221 | -200 | -504 | -427 | - 1,169 |
| Tangible assets | -208 | -188 | -410 | -400 | - 814 |
| **Total** | **-605** | **-562** | **-1,271** | **-1,174** | **- 2,703** |
| *of which write-downs* | *-1* | *-* | *-69* | *-* | *- 298* |

Some IT-related tangible assets were reclassified to intangible assets in the fourth quarter of 2016 and depreciation for comparative periods were adjusted accordingly.

## Note 4 Capitalized development costs

| **SEK M** | **Quarter 2 2017** | **Quarter 2 2016** | **Jan-Jun 2017** | **Jan-Jun 2016** | **Full year 2016** |
|---|---|---|---|---|---|
| Research and development costs, gross | -346 | -325 | -673 | -613 | - 1,265 |
| Capitalized development costs | 161 | 165 | 324 | 286 | 594 |
| **Research and development costs, net** | **-185** | **-160** | **-349** | **-327** | **- 671** |

# Note 5 Quarterly results

| SEK M | Q3 2015 | Q4 2015 | Q1 2016 | Q2 2016 | Q3 2016 | Q4 2016 | Q1 2017 | Q2 2017 |
|---|---|---|---|---|---|---|---|---|
| Net sales | 6,925 | 9,417 | 6,377 | 6,927 | 6,929 | 9,523 | 6,664 | 7,241 |
| Cost of goods sold | - 3,685 | - 4,968 | - 3,366 | - 3,760 | - 3,654 | -5,136 | - 3,369 | -3,792 |
| **Gross profit** | **3,240** | **4,449** | **3,011** | **3,167** | **3,275** | **4,387** | **3,295** | **3,449** |
| Operating expenses | - 2,819 | - 2,904 | - 2,695 | - 2,694 | - 3,226 | - 2,938 | - 2,755 | -3,287 |
| **Operating profit (EBIT)** | **421** | **1,545** | **316** | **473** | **49** | **1,449** | **540** | **162** |
| Net financial items | - 183 | - 174 | - 159 | - 162 | - 159 | - 157 | - 157 | -153 |
| **Profit after financial items** | **238** | **1,371** | **157** | **311** | **- 110** | **1,292** | **383** | **9** |
| Taxes | - 64 | - 372 | - 42 | - 84 | 29 | - 340 | - 102 | -2 |
| **Net profit for the period** | **174** | **999** | **115** | **227** | **- 81** | **952** | **281** | **7** |

# Note 6 Consolidated interest-bearing net debt

| SEK M | June 30 2017 | June 30 2016 | December 31 2016 |
|---|---|---|---|
| Other interest-bearing liabilities | 20,897 | 22,071 | 21,701 |
| Provisions for pensions, interest-bearing | 3,169 | 3,115 | 3,368 |
| **Interest-bearing liabilities** | **24,066** | **25,186** | **25,069** |
| Cash and cash equivalents | -1,400 | - 1,845 | - 1,680 |
| **Interest-bearing net debt** | **22,666** | **23,341** | **23,389** |

# Note 7 Key figures for the Group

## Financial and operative key figures

| | Quarter 2 2017 | Quarter 2 2016 | Jan-Jun 2017 | Jan-Jun 2016 | Full year 2016 |
|---|---|---|---|---|---|
| **Key figures based on Getinge's financial targets** | | | | | |
| Organic growth in net sales, % | -0.5 | -0.3 | 0.0 | -1.7 | -1.5 |
| EBITA 1 growth, % | 9.6 | 10.2 | 19.5 | -1.7 | 3.9 |
| Cash conversion, % | 29.1 | 44.7 | 55.3 | 59.2 | 73.6 |
| Return on equity, % | | | 5.9 | 8.0 | 6.0 |
| | | | | | |
| **Other operative and financial key figures** | | | | | |
| Organic growth in order intake, % | -3.8 | 3.0 | -1.6 | 0.5 | -0.8 |
| Gross margin, % | 47.6 | 45.7 | 48.5 | 46.4 | 46.5 |
| Selling expenses, % of net sales | 22.8 | 21.9 | 23.6 | 23.2 | 21.0 |
| Administrative expenses, % of net sales | 12.5 | 12.0 | 12.8 | 12.4 | 11.3 |
| Research and development costs, % of net sales | 4.8 | 4.7 | 4.8 | 4.6 | 4.3 |
| Operating margin, % | 2.2 | 6.8 | 5.0 | 5.9 | 7.7 |
| Earnings per share, SEK* | 0.01 | 0.93 | 1.17 | 1.39 | 4.98 |
| Number of shares, thousands | 238,323 | 238,323 | 238,323 | 238,323 | 238,323 |
| Interest-coverage ratio, multiple | | | 6.3 | 5.0 | 5.6 |
| Operating capital, SEK M | | | 42,523 | 42,245 | 43,383 |
| Return on operating capital, % | | | 9.1 | 8.1 | 8.3 |
| Net debt/equity ratio, multiple | | | 1.13 | 1.23 | 1.12 |
| Net debt/EBITDA**, multiple | | | 3.58 | 3.99 | 3.88 |
| Equity/assets ratio, % | | | 38.0 | 35.4 | 37.9 |
| Equity per share, SEK | | | 84.17 | 79.63 | 87.76 |
| Number of employees | | | 16,333 | 15,591 | 15,582 |

** Before and after dilution*

***EBITDA before acquisition, restructuring and integration costs*

### 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 financial measures recognized in this report may differ from similar measures used by other companies.

| EBITA 1, SEK M | Quarter 2 2017 | Quarter 2 2016 | Jan-Jun 2017 | Jan-Jun 2016 | Full year 2016 |
|---|---|---|---|---|---|
| Operating profit (EBIT) | 162 | 473 | 702 | 789 | 2,287 |
| Add-back of depreciation and write-down in acquired companies | 176 | 174 | 357 | 347 | 720 |
| Add-back of acquisition, restructuring and integration costs | 526 | 141 | 623 | 272 | 1,334 |
| **EBITA 1** | **864** | **788** | **1,682** | **1,408** | **4,341** |

| EBITA 2, SEK M | Quarter 2 2017 | Quarter 2 2016 | Jan-Jun 2017 | Jan-Jun 2016 | Full year 2016 |
|---|---|---|---|---|---|
| Operating profit (EBIT) | 162 | 473 | 702 | 789 | 2,287 |
| Add-back of depreciation and write-down in acquired companies | 176 | 174 | 357 | 347 | 720 |
| **EBITA 2** | **338** | **647** | **1,059** | **1,136** | **3,007** |

| Cash conversion | Quarter 2 2017 | Quarter 2 2016 | Jan-Jun 2017 | Jan-Jun 2016 | Full year 2016 |
|---|---|---|---|---|---|
| **Cash flow from operating activities, SEK M** | **223** | **463** | **1,091** | **1,163** | **3,671** |
| | | | | | |
| Operating profit (EBIT) | 162 | 473 | 702 | 789 | 2,287 |
| Add-back of depreciation and write-downs in intangible and tangible assets | 605 | 562 | 1,271 | 1,174 | 2,703 |
| **EBITDA, SEK M** | **767** | **1,035** | **1,973** | **1,963** | **4,990** |
| | | | | | |
| **Cash conversion, %** | **29.1** | **44.7** | **55.3** | **59.2** | **73.6** |

| Net debt/equity ratio | June 30 2017 | June 30 2016 | December 31 2016 |
|---|---|---|---|
| Interest-bearing net debt, SEK M | 22,666 | 23,341 | 23,389 |
| Equity, SEK M | 20,060 | 18,977 | 20,916 |
| **Net debt/equity ratio, multiple** | **1.13** | **1.23** | **1.12** |

## Note 8 Provision FDA

| SEK M | June 30 2017 | June 30 2016 | December 31 2016 |
|---|---|---|---|
| Provision at beginning of period | 371 | 193 | 193 |
| Used amount | -141 | - 106 | - 235 |
| Provisions | 488 | - | 400 |
| Translation differences | -8 | - | 13 |
| **Provision at close of period** | **710** | **87** | **371** |

Getinge committed SEK 995 M in 2014 related to the remediation program for strengthening the former Medical Systems' quality management system, and in 2016, an additional SEK 400 M was committed for this purpose. During the period, SEK 141 M was utilized for corrections under the remediation program. An additional provision of SEK 488 M was made during the period. The total cost of the remediation program thus amounted to SEK 1,983 M, of which SEK 1,883 comprised costs for the remediation program and SEK 100 M fines.

## Note 9 Acquisitions

### Carus HMS GmbH

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

### Simm Company and Surgeon Aid

During the quarter, Getinge completed the acquisition from Thai Simm Company and Surgeon Aids. The operation has about 60 employees and generates sales of about SEK 75 M. The total purchase consideration is expected to amount to SEK 40 M.

# Parent Company financial statements

## Parent Company's income statement

| SEK M | Quarter 2 2017 | Quarter 2 2016 | Jan-Jun 2017 | Jan-Jun 2016 | Full year 2016 |
|---|---|---|---|---|---|
| Administrative expenses | -71 | -149 | -195 | -276 | - 164 |
| **Operating result** | **-71** | **-149** | **-195** | **-276** | **- 164** |
| Result from participations in Group companies | 1,959 | -4 | 1,959 | -4 | 2,514 |
| Interest income and other similar income | 799 | -105 | 1,158 | 126 | 164 |
| Interest expenses and other similar expenses | -140 | -605 | -282 | -745 | - 2,370 |
| **Profit/loss after financial items*** | **2,547** | **-863** | **2,640** | **-899** | **144** |
| Taxes | -25 | -5 | -47 | -6 | 78 |
| **Net profit for the period** | **2,522** | **-868** | **2,593** | **-905** | **222** |

** Interest income and similar profit items and interest expenses and similar loss items includes exchange-rate gains and losses attributable to the translation of receivables and liabilities in foreign currencies measured at the closing day rate.*

## Parent Company's balance sheet

| SEK M | June 30 2017 | June 30 2016 | December 31 2016 |
|---|---|---|---|
| **Assets** | | | |
| Intangible assets | 98 | 107 | 104 |
| Tangible assets | 5 | 3 | 3 |
| Participations in Group companies | 27,364 | 25,133 | 25,024 |
| Deferred tax assets | 183 | 54 | 222 |
| Receivables from Group companies | 5,255 | 7,258 | 7,160 |
| Current receivables | 196 | 117 | 140 |
| **Total assets** | **33,101** | **32,672** | **32,653** |
| | | | |
| **Shareholders' equity and liabilities** | | | |
| Shareholders' equity | 11,676 | 8,431 | 9,560 |
| Long-term liabilities | 11,098 | 17,296 | 15,851 |
| Liabilities to Group companies | 527 | 2,190 | 1,351 |
| Current liabilities | 9,800 | 4,755 | 5,891 |
| **Total shareholders' equity and liabilities** | **33,101** | **32,672** | **32,653** |

# Definitions

## Financial terms

**Cash conversion.** Cash flow from operating activities in relation to EBITDA.

**EBITA 1**. Operating profit before amortization and write-down of intangible assets identified in conjunction with corporate acquisitions with add-back of restructuring, integration and acquisition costs.

**EBITA 2.** Operating profit before amortization and write-down of intangible assets identified in conjunction with corporate acquisitions.

**EBITA 1 margin.** EBITA in relation to net sales.

**EBITDA.** Operating profit before depreciation, amortization and write-down.

**EBITDA margin.** EBITDA in relation to net sales.

**Earnings per share**. Net profit attributable to Parent Company shareholders in relation to average number of shares.

**Equity/assets ratio.** Shareholders' equity in relation to total assets.

**Interest-coverage ratio.** Profit after net financial items plus interest expenses and add-back of restructuring costs, as a percentage of interest expenses.

**Net debt/equity ratio.** Net interest-bearing debt in relation to equity.

**Operating capital.** Average total assets with a reversal of cash and cash equivalents, other provisions, accounts payable and other non-interest-bearing liabilities.

**Operating margin.** Operating profit in relation to net sales.

**Organic change.** A financial change adjusted for currency, acquisitions and divestments.

**Return on operating capital.** Rolling 12 months' operating profit with add-back of restructuring, integration and acquisition costs in relation to operating capital.

**Recurring revenue.** Revenues from consumables, service, spare parts and similar items.

**Return on shareholders' equity**. Rolling 12 months' profit after tax in relation to average shareholders' equity.

## Medical terms

**Artificial grafts.** Artificial vascular implants.

**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.

**Cardiopulmonary.** Pertaining or belonging to both heart and lung.

**Cardiac Surgery.** Heart surgery.

**Cardiovascular.** Pertaining or belonging to both heart and blood vessels.

**Cardiovascular diseases.** Heart and blood vessel diseases.

**Counterpulsation.** Therapy for treatment of resistant angina.

**Deep vein thrombosis (DVT).** Formation of a blood clot in a deep leg vein.

**Endoscope.** Equipment for visual examination of the body's cavities, such as the stomach.

**Extracorporal life support. F**or instance external oxygenation of blood using medical technology.

**EVH (Endoscopic Vessel Harvesting).** Minimally invasive surgical interventions, to explant a healthy blood vessel through endoscopic means.

**Hemodynamics**. Change in pressure and flow of blood in the cardiovascular system.

**Kinetic Therapy.** A function in Getinge's hightech RotoProne™ hospital bed. This function offers continuous rotation of immobile patients from side to side down to 40° and up to 62° to treat and prevent complications in the lungs.

**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.

**Perfusion products**. Products that handle blood circulation and oxygenation during cardio surgery, often referred to as heart-lung machines.

**Surgery perfusion.** A heart-lung machine conducts the work of the heart and lungs during an operation.

**Sterilizer.** A type of pressure-cooker for sterilization.

**Vascular intervention.** A medical procedure conducted through vascular puncturing instead of using an open surgery method.

## Geographical areas

**Americas.** North, South and Central America.

**APAC.** Asia and Pacific.

**DACH**. Germany, Austria and Switzerland

**EMEA.** Europe, Middle East and Africa.

## Teleconference

Teleconference with President & CEO Mattias Perjos and CFO Reinhard Mayer on July 17, 2017 at 10:00-11:00 a.m. CET. Please see dial in details below to join the conference:

| | |
|---|---|
| Sweden: | +46 (0)8 5033 6574 |
| UK: | +44 (0)330 336 9105 |
| USA: | +1 719-457-2086 |
| Code: | 6534318 |

A presentation will be held during the telephone conference. To access the presentation, please use this link:
https://slideassist.webcasts.com/starthere.jsp?ei=1153628

Alternatively, use the following link to download the presentation:
https://www.getinge.com/sv/om-oss/investerare/rapporter-presentationer/2017/

A recording of the teleconference will be available for 90 days via the following link:
https://slideassist.webcasts.com/starthere.jsp?ei=1153628

## 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 following information will be published for the 2017 fiscal year:

| | |
|---|---|
| October 18, 2017: | Interim report January – September |
| January 29, 2018: | Year-End Report 2017 |
| March 2018: | 2017 Annual Report |

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