GETINGE GROUP

Getinge Group
Interim report January – June 2014

Reporting period January – June

- **Order intake** rose 1.2% to SEK 12,628 M (12,483), and declined 0.1% organically
- **Net sales** increased by 2.4% to SEK 11,959 M (11,680), and grew 1.0% organically
- **The result before tax** declined 89.0% to SEK 97 M (878)
- **Net profit declined** 88.9% to SEK 71 M (641)
- **Earnings per share** declined 89.1% to SEK 0.29 (2,67)
- **EBITA** before restructuring costs declined 12.4% to SEK 1,575 M (1,797)
- **Cash flow** from operating activities increased 10.8% to SEK 1,339 M (1,209)

Reporting period April – June

- **Order intake** rose 2.1% to SEK 6,651 M (6,515), and declined 0.5% organically
- **Net sales** increased by 5.2 % to SEK 6,327 M (6,016), and grew 2.3% organically
- **The result before tax** declined 12.3% to SEK 549 M (626)
- **EBITA** before restructuring costs declined 9.9% to SEK 905 M (1,004)

Second quarter of 2014

Despite a challenging quarter, the Group takes a confident view of the future. The weak demand situation experienced in the emerging markets at the beginning of the year is expected to improve during the remainder of the year. Specific action plans are in place to address the areas that are obstructing profit development: the quality management system within Medical Systems, a ventilator offering adapted to the needs of the emerging markets, and an adaptation of TSS (Therapeutic Support Systems) to prevailing market conditions. In addition to these short-term priorities, there are favorable opportunities to enhance the efficiency of the business and strengthen profitability in the medium term.

Teleconference with CEO Johan Malmquist and CFO Ulf Grunander
15 July 2014 at 10:00 a.m. Swedish time
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Order intake

The organic order intake for the period was in line with the year-earlier period. Demand in the mature markets of Western Europe, North America, Japan and Oceania remained stable, while there was a weak trend in demand in the emerging markets during the period.

For Infection Control and Extended Care, the organic order intake for the first two quarters of the year was on a level according to plan. For Medical Systems, the volume trend was weaker than expected as a result of the operation’s greater exposure to emerging markets and due to disruptions to deliveries in the wake of work to strengthen the business area’s quality management system.

Results

The Group’s result before tax for the quarter declined to SEK 549 M (626). EBITA before restructuring costs declined to SEK 905 M (1,004). The period was charged with restructuring and acquisition costs according to plan amounting to SEK 32 M (78). The lower operating profit for the period is largely attributable to the decrease in gross margin. The lower gross margin is a result of negative currency transaction effects of SEK 55 M for the quarter, an unfavorable product and market mix, and the impact of activities in progress to strengthen the quality management system within Medical Systems. The expenses trend for the Group as a whole was moderate during the period.

Cash flow from operating activities amounted to SEK 901 M (843), corresponding to a cash conversion of 73.1% (68.0%)

Outlook

The Group expects that the Western European market has now leveled off, but that volume recovery will be slow. For the North American market, demand is expected to be stable and in line with the preceding year. In the markets outside Western Europe and North America, where the long-term growth conditions are assessed as highly favorable, demand is expected to improve during the remainder of the year after a period of weak demand. Organic invoicing growth for the full year is expected to amount to about 4% at the time of writing.

The restructuring costs for the current year are expected to amount to about SEK 960 M, of which about SEK 800 M pertains to the previously announced costs for strengthening the quality management system within Medical Systems. Negative currency transaction effects in the wake of the gradual strengthening of the Swedish krona are expected to have an adverse impact of about SEK 250 M on earnings for the current year.

The operational impact of the activities currently being conducted to strengthen Medical Systems’ quality management system and the outcome of the dialog in progress with the US FDA are creating uncertainty regarding the short-term earnings outlook.

The potential for improving the Group’s profitability in the medium term remains favorable. Getinge’s intention, as soon as there is greater clarity regarding Medical Systems’ regulatory status, is to communicate revised financial targets at a future capital markets day for which the date is not yet set.

Medical Systems Business Area

Order intake

Order intake per market	2014 Q 2	2013 Q 2	Change adjusted for curr.flucs.&corp.acqs.	2014 6 mon	2013 6 mon	Change adjusted for curr.flucs.&corp.acqs.
Western Europe	**1 062**	921	*3,1%*	**1 976**	1 766	*3,3%*
USA and Canada	**1 148**	1 116	*2,0%*	**2 181**	2 167	*0,3%*
Rest of the world	**1 210**	1 371	*-10,9%*	**2 200**	2 547	*-10,6%*
Business area total	**3 420**	3 408	*-2,9%*	**6 357**	6 480	*-3,1%*

The business area's order intake declined 2.9% organically during the period. The reduced order intake stems from the delivery disruptions that arose in relation to the work to strengthen the business area's quality management system and the weak level of demand that prevailed in several emerging markets at the beginning of the year. The delivery disruptions primarily affected the Cardiovascular division, which was not able to fully meet market demand. Despite reduced delivery capacity, the Cardiovascular division demonstrated a favorable volume trend during the quarter. Order intake in markets outside Western Europe and North America declined 10.9% organically and was particularly weak in Asia and Latin America. The volume trend in the emerging markets is expected to be considerably better during the second half of the current year and the project portfolio that can lead to future orders is at a high level. In the Western European market, order intake increased 3.1% organically, with favorable growth in Southern Europe, the Benelux region and the UK. In North America, order intake grew 2.0% organically.

Results

	2014 Q 2	2013 Q 2	Change	2014 6 mon	2013 6 mon	Change	2013 FY
Net sales, SEK million	**3 299**	3 152	*4,7%*	**6 118**	5 956	*2,7%*	13 322
adjusted for currency flucs.& corp.acqs			*1,3%*			*1,4%*	
Gross profit	**1 823**	1 785	*2,1%*	**3 377**	3 385	*-0,2%*	7 482
Gross margin %	***55,3%***	*56,6%*	*-1,3%*	***55,2%***	*59,4%*	*-4,2%*	*56,2%*
Operating cost, SEK million	**-1 349**	-1 302	*3,6%*	**-2 655**	-2 590	*2,5%*	-5 049
EBITA before restructuring and integration costs	**600**	598	*0,3%*	**960**	1 027	*-6,5%*	2 894
EBITA margin %	***18,2%***	*19,0%*	*-0,8%*	***15,7%***	*17,2%*	*-1,5%*	*21,7%*
Acquisition expenses	**-5**	-3		**-9**	-3		-18
Restructuring and integration costs	**-14**	-1		**-819**	-31		-81
EBIT	**455**	479	*-5,0%*	**-106**	761	*-113,9%*	2 334
EBIT margin %	***13,8%***	*15,2%*	*-1,4%*	***-1,7%***	*12,8%*	*-14,5%*	*17,5%*

Medical Systems' EBITA for the quarter was comparable with the year-earlier period, amounting to SEK 600 M (598). Invoicing volumes performed modestly and rose 1.3% organically. The decline in gross margin is attributable to negative currency transaction effects and operational disruptions attributable to the strengthening of the quality management system. Cost control was favorable during the quarter and costs declined organically. Pulsion's operations, which were included in the Group from the second quarter, contributed to operating profit. The quarter was charged with restructuring and acquisition costs amounting to SEK 19 M.

Activities

Strengthening of Medical Systems' quality management system

As announced earlier, Medical Systems is making significant investments to strengthen its quality management system. These measures are a result of observations received in connection with several inspections by the US FDA during 2013 and internal observations. The enhancement program has already led to significant improvements and is expected to be concluded during the second half of 2015.

In parallel with the improvement efforts, a dialog is being conducted with the FDA to ensure that the measures conducted meet the FDA's requirements. Getinge intends to provide further information when there is greater clarity regarding the outcome of the discussions.

As previously disclosed, the costs for the measures are estimated at approximately SEK 800 M, which was charged to the first quarter. During the first six months of the year, SEK 253 M was utilized, of which SEK 172 M pertains to the second quarter.

Acquisition of Danish company Cetrea A/S

During the quarter, Medical Systems signed an agreement to acquire the Danish company Cetrea A/S. The company develops and markets IT systems that are used for real-time resource planning in hospitals. The technology contributes to the optimization of work processes, including ensuring maximum utilization of operating rooms, thus providing more efficient care. The technology can be installed as a freestanding solution, but can also be integrated with hospitals' existing information systems. Cetrea's sales in 2013 amounted to about SEK 30 M and the business has about 30 employees.

Cetrea, which has grown rapidly in recent years, has strong positions in Scandinavia and, as a result of the acquisition, will have access to a considerably larger sales organization and the opportunity for globalization of its products and services. At the same time, the Getinge Group is strengthening its offering for IT systems to facilitate resource planning for hospitals. Cetrea has large relevance for all of the business areas in the Group, but will be operationally integrated with Medical Systems.

The acquisition price amounted to SEK 110 M on a debt-free basis (enterprise value, EV), which corresponds to an EV/EBITDA multiple of 8.3. Cetrea will be consolidated as of 1 July and is expected to contribute to Getinge's earnings per share during 2014.

Restructuring project in the Cardiovascular division

As previously reported, the business area is currently implementing a restructuring program with the aim of enhancing the production of vascular implants. The restructuring program was already expensed at the end of 2011.

The manufacturing of vascular implants is currently conducted at two plants in the Cardiovascular division. When the restructuring program is completed, all production of textile-based vascular implants will be concentrated to the production unit in the French city of La Ciotat. The move to La Ciotat is expected to be completed in the second quarter of 2015.

Extended Care Business Area

Order intake

Order intake per market	2014 Q 2	2013 Q 2	Change adjusted for curr.flucs.&corp.acqs.	2014 6 mon	2013 6 mon	Change adjusted for curr.flucs.&corp.acqs.
Western Europe	**817**	767	*-0,3%*	**1 663**	1 569	*0,0%*
USA and Canada	**672**	652	*3,8%*	**1 303**	1 298	*1,4%*
Rest of the world	**328**	279	*19,7%*	**561**	510	*14,5%*
Business area total	**1 817**	1 698	*4,5%*	**3 527**	3 377	*2,7%*

The business area's order intake improved organically and rose by a good 4.5% during the quarter. In the Western European market, the organic order intake was in line with the year-earlier period, with favorable growth in Northern Europe, but a weaker trend in Central Europe. In North America, order intake increased 3.8% organically. In the regions outside Western Europe and North America, order intake increased 19.7% organically, with favorable growth in several markets.

Results

	2014 Q 2	2013 Q 2	Change	2014 6 mon	2013 6 mon	Change	2013 FY
Net sales, SEK million	**1 709**	1 660	*3,0%*	**3 404**	3 381	*0,7%*	6 870
adjusted for currency flucs.& corp.acqs			*0,5%*			*-1,0%*	
Gross profit	**779**	797	*-2,3%*	**1 606**	1 619	*-0,8%*	3 328
Gross margin %	***45,6%***	*48,0%*	*-2,4%*	***47,2%***	*48,6%*	*-1,4%*	*48,4%*
Operating cost, SEK million	**-640**	-561	*14,1%*	**-1 256**	-1 120	*12,1%*	-2 161
EBITA before restructuring and integration costs	**170**	269	*-36,8%*	**411**	564	*-27,1%*	1 296
EBITA margin %	***9,9%***	*16,2%*	*-6,3%*	***12,1%***	*16,7%*	*-4,6%*	*18,9%*
Acquisition expenses	**0**	0	*0,0%*	**0**	0		9
Restructuring and integration costs	**-5**	-16	*0,0%*	**-6**	-182		-193
EBIT	**134**	220	*-39,1%*	**344**	317	*8,5%*	983
EBIT margin %	***7,8%***	*13,3%*	*-5,5%*	***10,1%***	*9,4%*	*0,7%*	*14,3%*

The business area's EBITA declined significantly during the period, amounting to SEK 170 M (269). Organically, the invoicing volume was comparable with the year-earlier period. The reduced gross margin is the result of an unfavorable product mix, with a weaker trend for consumables and the leasing of wound care products and with a stronger trend for capital goods, particularly beds, for which profitability is lower. Operating profit was also negatively impacted by the cost trend during the quarter, with about SEK 50 M of the costs for the period comprising nonrecurring costs pertaining to TSS and the migration to a new, shared business system.

Activities

Product launches

During the quarter, the business area strengthened its range of medical beds with the addition of Enterprise 9000®. The Enterprise range was developed with high regard to user-friendliness and service and is equipped with a large number of functions to improve patient safety. Enterprise 9000® is the business area’s premium product for intensive care patients with the most care requirements. Medical beds aimed at intensive care units comprise a segment with large growth potential, even in mature markets.

The business area currently provides a comprehensive range of standing and raising aids that promotes rehabilitation and maintains the mobility level of the patient. During the quarter, the business area launched a new, advanced standing and raising aid, Sara Combilizer. The product enables early mobilization of intensive care patients from lying to standing position in a secure and comfortable manner. Research has shown that early mobilization is very important in avoiding complications and accelerating the rehabilitation of patients.

Infection Control Business Area

Order intake

Order intake per market	**2014 Q 2**	2013 Q 2	*Change adjusted for curr.flucs.&corp.acqs.*	**2014 6 mon**	2013 6 mon	*Change adjusted for curr.flucs.&corp.acqs.*
Western Europe	**595**	567	*-0,4%*	**1 165**	1 043	*6,9%*
USA and Canada	**388**	387	*0,1%*	**791**	749	*5,8%*
Rest of the world	**432**	455	*-2,5%*	**788**	834	*-2,3%*
Business area total	**1 415**	1 409	*-0,9%*	**2 744**	2 626	*3,6%*

The business area's order intake declined 0.9% organically during the quarter, but is on a level according to plan in terms of the first two quarters of the year. Order intake continued its positive trend for the important and more profitable hospital business, while the development of the life science market was weak at the beginning of the year. In both the Western European and North American markets, organic order intake was in line with the year-earlier period. In the markets outside Western Europe and North America, order intake declined 2.5% organically. With the exception of the Australian market, which had very strong growth during the quarter, Infection Control's trend in emerging markets was similar to that of Medical Systems. Demand in the emerging markets is expected to be strengthened during the second half of the year.

Results

	2014 Q 2	2013 Q 2	*Change*	**2014 6 mon**	2013 6 mon	*Change*	2013 FY
Net sales, SEK million	**1 320**	1 204	*9,6%*	**2 437**	2 343	*4,0%*	5 095
adjusted for currency flucs.& corp.acqs			*7,6%*			*3,0%*	
Gross profit	**481**	457	*5,3%*	**878**	886	*-0,9%*	1 938
Gross margin %	***36,4%***	*38,0%*	*-1,6%*	***36,0%***	*37,9%*	*-1,9%*	*38,0%*
Operating cost, SEK million	**-349**	-322	*8,4%*	**-680**	-686	*-0,9%*	-1 377
EBITA before restructuring and integration costs	**135**	137	*-1,5%*	**205**	206	*-0,5%*	575
EBITA margin %	***10,2%***	*11,4%*	*-1,2%*	***8,4%***	*8,8%*	*-0,4%*	*11,3%*
Acquisition expenses	**-1**	-1	**0**	**-1**	-2	**0**	-3
Restructuring and integration costs	**-9**	-56	*0,0%*	**-17**	-100	*0,0%*	-127
EBIT	**122**	78	*56,4%*	**180**	98	*83,7%*	431
EBIT margin %	***9,2%***	*6,5%*	*2,7%*	***7,4%***	*4,2%*	*3,2%*	*8,5%*

EBITA for the period was in line with the year-earlier period and amounted to SEK 135 M (137). The invoicing volume increased organically by a good 7.6%, but a significant portion of the volume pertained to life science customers, for whom the profitability is generally lower, which had a negative impact on the gross margin. When adjusted for negative currency transaction effects of SEK 31 M for the period, the gross margin for the period improved despite the less favorable product mix. The expenses trend developed according to plan during the period.

Activities

Restructuring activities

Within the framework of the efficiency program communicated earlier, the following activities were conducted in the second quarter of 2014.

Negotiations have commenced with trade union leaders with the intention of relocating Getinge's production of flusher disinfectors from Växjö in Sweden to the business newly established plant in Poznan, Poland. Poznan is already a key production location for the Getinge Group. The trade union negotiations regarding the discontinuation of the production facility in Mansfield in the UK were concluded during the quarter. Accordingly, all production of life science sterilizers will be concentrated to Getinge in Sweden. Both of these changes are expected to be completed during the fourth quarter of the year.

Restructuring costs related to the implementation of the overall efficiency program are expected to amount to SEK 440 M over a four-year period, of which SEK 123 M was expensed in 2013. In 2014, restructuring costs are expected to amount to SEK 60 M, of which SEK 17 M was charged to the first two quarters. The aim of the program is to improve the business area's EBITA margin to a level of 17% within a period of three to five years.

Acquisition of Altrax Group Limited

During the quarter, the business area completed the acquisition of Altrax Group Limited. Altrax is a supplier of systems for traceability and quality assurance in the handling of sterile goods. Altrax provides more simple systems that complement Infection Control's existing, more advanced systems for quality assurance and optimized storage handling of sterile goods. The acquisition is part of the business area's ambition to increase exposure to the emerging markets, which are seeking more basic products and where there is lower purchasing power.

In the most recent 12-month period, Altrax' sales amounted to SEK 35 M and the operation, which has its head office in Bristol in the UK, has about 30 employees. The acquisition price amounted to approximately SEK 50 M on a debt-free basis (enterprise value, EV), which corresponds to an EV/EBITDA multiple of 6.4. Altrax was consolidated from 1 June and is expected to contribute to Getinge's earnings per share in 2014.

Launch of next generation washer-disinfector – Getinge 86

The next generation of washer-disinfector, Getinge 86, was launched during the quarter. Getinge 86 is the business area's first product to have the new CENTRIC patent-pending user interface, which was developed with the customer in focus for optimal user-friendliness. Getinge 86 also offers improved performance compared with its predecessors in the form of reduced processing time, increased capacity and lower operating cost. Getinge 86 is fully compatible with the business area's other integrated solutions.

CENTRIC is the business area's new user interface, the so-called HMI (Human-Machine Interface), which will be introduced to all of the business area's products in the future, in both the sterilization and disinfection areas.

Other information

Accounting

This interim report has been prepared for the Group 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 Act and RFR 2. The accounting policies adopted are consistent with those applied for the 2013 Annual Report and should be read in conjunction with that Annual Report.

This report has not been subject to an audit.

Since the newly acquired subsidiary Pulsion Medical Systems SE is a listed company and given the regulations regarding public information for listed companies, the income statement and balance sheet are included based on the latest published public information for the subsidiary. This means that the company's earnings, other comprehensive income and balance sheet are consolidated with a one quarter delay.

Risk management

Political decisions altering the healthcare reimbursement system represent the single greatest risk to the Getinge Group. The risk to the Group as a whole is limited by the fact that Getinge is active in a large number of countries. The Group's operational risks are limited, since customer operations are generally funded directly or indirectly by public funds. The Group's Risk Management team works continuously to minimize the risk of production disruptions.

Elements of the Getinge Group's product range are subject to legislation stipulating rigorous assessments, quality control and documentation. It cannot be ruled out that the Getinge Group's operations, financial position and earnings may be negatively impacted in the future by difficulties in complying with current regulations and demands of authorities and control bodies or changes to such regulations and demands.

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. A comprehensive insurance program is in place to cover any property or liability risks (e.g. product liability) to which the Group is exposed.

Financial risk management. Getinge is exposed to a number of financial risks in its operations. "Financial risks" refer primarily to risks related to exchange and interest rates as well as credit risks. Risk management is regulated by a financial policy established by the Board of Directors. The ultimate responsibility for managing the Group's financial risks and developing methods and principles of financial risk management lies with Group management 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.

Forward-looking information

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

Next report

The next report from the Getinge Group (third quarter of 2014) will be published on 16 October 2014.

Teleconference

A teleconference will be held today, July 15, at 10:00 p.m. (Swedish time) with Johan Malmquist, CEO, and Ulf Grunander, CFO.

To participate, please call:
Sweden: +46 (0)8 5065 3938
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USA: +1 646 254 3365
Code: 9813592

Agenda:
9:45 a.m. Call the conference number
10:00 a.m. Review of the interim report
10:20 a.m. Q&A
11:00 a.m. End of the conference

A recorded version of the conference can be accessed for five working days at the following numbers:
Sweden: +46 (0) 8 5051 3897
UK: +44 (0) 20 3427 0598
USA: +1 347 366 9565
Code: 9813592

During the telephone conference, a presentation will be held. To access the presentation, please use this link:

http://www.livemeeting.com/cc/premconfeurope/join?id=9813592&role=attend&pw=pw5344

Assurance

The Board of Directors and CEO assure that the interim report provides a true and fair overview 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, 15 July 2014

Carl Bennet *Chairman*	Johan Bygge	Cecilia Daun Wennborg
Peter Jörmalm	Rickard Karlsson	Carola Lemne
Johan Malmquist *CEO*	Malin Persson	Johan Stern
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The information stated herein is such that Getinge AB is obligated to publish under the Securities Exchange and Clearing Operations Act and/or the Financial Instruments Trading Act.

Consolidated income statement

SEK million	2014 Q 2	2013 Q 2	Change	2014 6 mon	2013 6 mon	Change	2013 FY
Net sales	**6 327**	6 016	5,2%	**11 959**	11 680	2,4%	25 287
Cost of goods sold	**-3 244**	-2 976	9,0%	**-6 098**	-5 789	5,3%	-12 540
Gross profit [1]	**3 083**	3 040	1,4%	**5 861**	5 891	-0,5%	12 747
Gross margin	*48,7%*	*50,5%*	*-1,8%*	*49,0%*	*50,4%*	*-1,4%*	*50,4%*
Selling expenses	**-1 448**	-1 384	4,6%	**-2 832**	-2 726	3,9%	-5 363
Administrative expenses	**-708**	-632	12,0%	**-1 385**	-1 273	8,8%	-2 599
Research & development costs [2]	**-160**	-152	5,3%	**-324**	-323	0,3%	-619
Acquisition expenses	**-5**	-4	0	**-9**	-5	80,0%	-13
Restructuring and integration costs [3]	**-27**	-74	0,0%	**-841**	-314	167,8%	-401
Other operating income and expenses [1]	**-22**	-19	0,0%	**-51**	-75	-32,0%	-4
Operating profit [4]	**713**	775	-8,0%	**419**	1 175	-64,3%	3 748
Operating margin	*11,3%*	*12,9%*	*-1,6%*	*3,5%*	*10,1%*	*-6,6%*	*14,8%*
Financial Net, SEK	**-164**	-149	0,0%	**-322**	-297	0,0%	-595
Profit before tax	**549**	626	-12,3%	**97**	878	-89,0%	3 153
Taxes	**-148**	-169	0,0%	**-26**	-237	0,0%	-858
Net profit	**401**	457	-12,3%	**71**	641	-88,9%	2 295
Attributable to:							
Parent company's shareholders	**397**	455		**70**	637		2 285
Non-controlling interest	**4**	2		**1**	4		10
Net profit	**401**	457		**71**	641		2 295
Earnings per share, SEK [5]	**1,67**	1,91	-12,6%	**0,29**	2,67	-89,1%	9,59
Adjusted Earnings per share, SEK	**2,27**	2,62	-13,4%	**3,85**	3,70	4,1%	12,74

1 The US imposed tax on medical devices have affected the gross profit by:

	2014 Q 2	2013 Q 2	2014 6 mon	2013 6 mon	2013 FY
	-21	-24	**-45**	-45	-98

2 Development costs totalling SEK million 310 (337) have been capitalised during the year, of which SEK million 153 (182) in the quarter.

3 Restructuring and integration costs

	2014 6 mon	2013 6 mon	2013 FY
Consultancy Quality management systems	**-799**	0	0
Other	**-42**	-314	-401
	-841	-314	-401

4 Operating profit is charged with:

	2014 Q 2	2013 Q 2	2014 6 mon	2013 6 mon	2013 FY
— amort. Intangibles on acquired companies	**-160**	-152	**-306**	-303	-604
— amort. intangibles	**-145**	-119	**-281**	-231	-476
— depr. on other fixed assets	**-213**	-193	**-421**	-392	-786
	-518	-464	**-1 008**	-926	-1 866

5 There are no dilutions

Comprehensive earnings statement

SEK million	**2014 Q 2**	2013 Q 2	**2014 6 mon**	2013 6 mon
Profit for the period	**401**	457	**71**	641
Items that later can be reversed in profit				
Translation differences	**681**	330	**711**	-138
Cash-flow hedges	**-289**	-15	**-477**	171
Income tax related to other partial result items	**78**	4	**129**	-46
Other comprehensive earnings for the period, net after tax	**470**	319	**363**	-13
Total comprehensive earnings for the period	**871**	776	**434**	628
Comprehensive earnings attributable to:				
Parent Company shareholders	**871**	774	**433**	624
Non-controlling interest	**0**	2	**1**	4

Quarterly results

SEK million	2012 Q 2	2012 Q 3	2012 Q 4	2013 Q 1	2013 Q 2	2013 Q 3	2013 Q 4	2014 Q 1	2014 Q 2
Net sales	5 612	5 574	7 816	5 664	6 016	5 850	7 757	5 632	6 327
Cost of goods sold	-2 606	-2 654	-3 792	-2 813	-2 976	-2 986	-3 764	-2 854	-3 244
Gross profit	3 006	2 920	4 024	2 851	3 040	2 864	3 993	2 778	3 083
Operating cost	-2 141	-2 073	-2 433	-2 451	-2 265	-2 149	-2 134	-3 072	-2 370
Operating profit	865	847	1 591	400	775	715	1 859	-294	713
Financial net	-149	-143	-144	-148	-149	-147	-150	-158	-164
Profit before tax	716	704	1 447	252	626	568	1 709	-452	549
Taxes	-186	-183	-388	-68	-169	-153	-468	122,0	-148
Profit after tax	530	521	1 059	184	457	415	1 241	-330	401

Consolidated balance sheet

Assets SEK million	**2014 30 Jun**	2013 30 Jun	2013 31 dec
Intangible assets	**23 883**	22 760	22 118
Capitalised Development Projects	**3 213**	2 855	3 008
Tangible fixed assets	**4 551**	4 096	4 341
Financial fixed assets	**801**	682	667
Stock-in-trade	**5 061**	4 498	4 254
Accounts receivable	**5 814**	5 485	6 630
Other current receivables	**2 559**	2 567	2 137
Cash and cash equivalents	**1 064**	1 080	1 148
Total assets	**46 946**	44 023	44 303

Shareholders' equity & Liabilities			
Shareholders' equity	**16 284**	14 839	16 560
Pension Provision	**2 385**	2 141	2 298
Other interest bearing liabilities	**19 094**	18 630	17 169
Other Provisions	**2 585**	2 201	2 154
Accounts Payable - trade	**1 908**	1 721	1 882
Other non interets-bearing liabilities	**4 690**	4 491	4 240
Total Equity & Liabilities	**46 946**	44 023	44 303

Financial assets and liabilities measured at fair value

Measurement methods used to calculate fair values in Level 2.
Derivatives at level 2, which are used for hedging purposes, comprise currency futures and interest rate swaps.

Fair-value measurements for currency swaps are based on published futures rates in an active market. The measurement of interest-rate swaps is based on interest-rate futures calculated on the basis of observable yield curves.

Fair value hierarchy
At 30 June 2014, the Group held derivatives for hedging purposes at level 2 in which the assets totalled SEK 354 M and liabilities SEK 824 M. The corresponding figures at 31 December 2013 were SEK 755 M and SEK 660 M, respectively. Since the Group only holds financial derivative instruments that are measured at level 2, there were no transfers among the measurement categories between the quarters.

Fair value of loans

	2014 **30 Jun**	2013 31 Dec
Long-term liabilities	12 341	13 707
Current liabilities	6 793	3 603
	19 134	17 310

Other financial assets and liabilities
The fair value of the financial assets and liabilities listed below is estimated to be equivalent to their carrying amount in all material respects:

- Accounts receivable and other receivables
- Other current receivables
- Bank balances and other cash and cash equivalents
- Accounts payable and other liabilities
- Other assets and liabilities

Disclosures regarding the net recognition of financial assets and liabilities
Loans and financial instruments in the Group, recognised gross

	Assets	**Liabilities**	**Net**
Loans		19 134	19 134
Interest-rate derivatives	26	-515	-489
Fx-derivatives	328	-309	19
Total	354	18 310	18 664

The Group employs ISDA agreements for all of its significant counterparties for raising funds and trading in financial instruments. Accordingly, all receivables and liabilities that are held by the Group can be fully offset by one another. The Group has netted the value of the Group’s basis swaps against loans in the balance sheet. The value of the netted basis swaps was a positive SEK +40 M at 30 June 2014 (pos: SEK 141 M at 31 Dec. 2013).

The Group does not apply net recognition for any of its other significant assets and liabilities.

Consolidated cash-flow statement

SEK million	2014 Q 2	2013 Q 2	2014 6 mon	2013 6 mon	2013 FY
Current activities					
EBITDA	**1 231**	1 239	**1 427**	2 101	5 614
Restructuring Cost expenses	**27**	74	**841**	314	401
Restructuring costs paid	**-179**	-87	**-408**	-155	-352
Adjustment for items not included in cash flow	**32**	8	**33**	21	153
Financial items	**-164**	-149	**-322**	-297	-595
Taxes paid	**-195**	-227	**-458**	-494	-859
Cash flow before changes in working capital	**752**	858	**1 113**	1 490	4 362
Changes in working capital					
Stock-in-trade	**-229**	-86	**-549**	-428	-233
Current receivables	**191**	27	**646**	334	-812
Current operating liabilities	**187**	44	**129**	-187	227
Cash flow from operations	**901**	843	**1 339**	1 209	3 544
Investments					
Acquisition of subsidiaries	**-51**	0	**-1 022**	-219	-248
Capitalized development costs	**-153**	-182	**-310**	-337	-679
Rental equipment	**-41**	-70	**-110**	-180	-299
Investments in tangible fixed assets	**-316**	-257	**-488**	-457	-1 004
Cash flow from investments	**-561**	-509	**-1 930**	-1 193	-2 230
Financial activities					
Change in interest-bearing debt	**153**	1 301	**2 012**	1 135	-277
Change in long-term receivables	**6**	10	**48**	222	303
Dividend paid	**0**	-989	**-989**	-989	-989
Cash flow from financial activities	**159**	322	**1 071**	368	-963
Cash flow for the period	**499**	656	**480**	384	351
Cash and cash equivalents at begin of the year	**1 155**	1 075	**1 148**	1 254	1 254
Translation differences	**-590**	-651	**-564**	-558	-457
Cash and cash equivalents at end of the period	**1 064**	1 080	**1 064**	1 080	1 148

Consolidated net interest-bearing debt

SEK million	2014 30 Jun	2013 30 Jun	2013 31 dec
Debt to credit institutions	**19 094**	18 630	17 169
Provisions for pensions, interest-bearing	**2 385**	2 141	2 298
Interest bearing liabilities	**21 479**	20 771	19 467
Less liquid funds	**-1 064**	-1 080	-1 148
Net interest-bearing debt	**20 415**	19 691	18 319

Changes to shareholders' equity

SEK million	Share capital	Other contributed capital	Reserves	Profit brought forward	Total	Non controlling interest	Total equity
Opening balance on 1 January 2013	119	5 960	-2 160	11 251	**15 170**	30	**15 200**
Dividend				-989	**-989**	0	**-989**
Total comprehensive earnings for the period			-13	637	**624**	4	**628**
Closing balance on 30 June 2013	**119**	**5 960**	**-2 173**	**10 899**	**14 805**	**34**	**14 839**
Opening balance on 1 January 2014	119	5 960	-1 993	12 445	**16 531**	29	**16 560**
Minority interest						279	**279**
Dividend				-989	**-989**	0	**-989**
Total comprehensive earnings for the period			363	70	**433**	1	**434**
Closing balance on 30 June 2014	**119**	**5 960**	**-1 630**	**11 526**	**15 975**	**309**	**16 284**

Key figures

	2014	2013	Change	**2014**	2013	Change	2012	2013
	Q 2	Q 2		**6 mon**	6 mon		6 mon	FY
Order intake, SEK million	**6 651**	6 515	2,1%	**12 628**	12 483	1,2%	12 025	25 395
adjusted for currency flucs.& corp.acqs			-0,5%			-0,1%		
Net sales, SEK million	**6 327**	6 016	5,2%	**11 959**	11 680	2,4%	10 858	25 287
adjusted for currency flucs.& corp.acqs			2,3%			1,0%		
EBITA before restructuring-, integration- and acquisition costs	**905**	1 004	-9,9%	**1 575**	1 797	-12,4%	1 873	4 766
EBITA margin before restructuring-, integration and acquisition costs	**14,3%**	16,7%	-2,4%	**13,2%**	15,4%	-2,2%	17,2%	18,8%
Restructuring and integration costs	**27**	-74	0,0%	**-841**	-314	0,0%	0	-401
Acquisition costs	**5**	-4	0,0%	**-9**	-5	0,0%	-2	-13
EBITA	**873**	926	-5,7%	**725**	1 478	-50,9%	1 871	4 352
EBITA margin	**13,8%**	15,4%	-1,6%	**6,1%**	12,7%	-6,6%	17,2%	17,2%
Earnings per share after full tax, SEK	**1,67**	1,91	-12,6%	**0,29**	2,67	-89,1%	3,98	9,59
Adjusted earnings per share, SEK	**2,27**	2,62	-13,4%	**3,85**	3,70	4,1%	4,90	12,74
Number of shares, thousands	**238 323**	238 323		**238 323**	238 323		238 323	238 323
Interest cover, multiple				**6,3**	7,0	-0,7	7,7	6,9
Operating capital, SEK million				**32 910**	31 453	4,6%	27 541	32 526
Return on operating capital, per cent				**12,7%**	13,2%	-0,5%	14,7%	12,8%
Return on equity, per cent				**10,5%**	17,6%	-7,1%	17,7%	14,4%
Net debt/equity ratio, multiple				**1,25**	1,33	-0,08	1,20	1,10
Cash Conversion	**73,1%**	68,0%	*5,1%*	**93,8%**	57,5%	36,3%	62,5%	63,1%
Equity/assets ratio, per cent				**34,7%**	33,7%	1,0%	35,5%	37,4%
Equity per share, SEK				**67,80**	62,20	9,0%	61,30	69,60

Five-year review

SEK million	**2014 30 Jun**	**2013 30 Jun**	**2012 30 Jun**	**2011 30 Jun**	**2010 30 Jun**
Net Sales	11 959	11 680	10 858	9 634	10 512
Profit before tax	71	641	951	905	890
Earnings per share	0,29	2,67	3,98	3,78	3,72

Income statement for the Parent Company

SEK Million	**2014 Q 2**	2013 Q 2	**2014 6 mon**	2013 6 mon	2013 FY
Administrative expenses	**-47**	-37	**-86**	-70	-150
Operating profit	**-47**	-37	**-86**	-70	-150
Financial net	**-741**	705	**-415**	818	791
Profit after financial items	**-788**	668	**-501**	748	641
Profit before tax	**-788**	668	**-501**	748	641
Taxes		-3	**-2**	-6	-119
Net profit	**-788**	665	**-503**	742	522

Balance sheet for the Parent Company

Assets SEK million	**2014 30-jun**	2013 30-jun	2013 31 Dec
Tangible fixed assets	**47**	28	36
Shares in group companies	**24 830**	10 757	22 410
Deferred tax assets	**27**	11	32
Receivable from group companies	**3 658**	32 752	6 552
Short-term receivables	**111**	117	38
Liquid funds	**0**	0	567
Total assets	**28 673**	43 665	29 635

Shareholders' equity & Liabilities			
Shareholders' equity	**7 581**	9 301	9 068
Long-term liabilities	**14 670**	15 258	13 347
Liabilities to group companies	**2 172**	15 971	3 534
Current liabilities	**4 250**	3 135	3 686
Total Equity & Liabilities	**28 673**	43 665	29 635

Information regarding the parent company’s development in the reporting period of January to June 2014

Income statement
At the end of the period, receivables and liabilities in foreign currency were measured at the closing date rate, and a loss of SEK 714 M (gain 615) was included in the period’s net financial items.

Companies acquired in 2014

Pulsion AG

During the first quarter of 2014, Medical Systems acquired over 78% of the shares in the german company Pulsion AG. The company which is a supplier of systems for hemodynamic monitoring, has sales of over 300 Mkr and employs approximately 130 people. Below shows preliminary purchase price allocation.

Acquired net assets

SEK M	Net assets	Assets and Liabilities at the time of acquisition	Adjustment to fair value	Fair value
	Intangible assets	35		35
	Tangible assets	44		44
	Long-term receivables	15		15
	Inventories	55		55
	Other current assets	83		83
	Provisions	-10		-10
	Other current liabilities	-67		-67
	Net assets	**155**	**0**	**155**
	Goodwill			1 086
	Total acquisition with liquid assets, holdings attributable to parent company shareholders			**971**
	Net outflow of liquid assets due to the acquisition			**971**
	Non-controlling interests			**270**

Altrax Group Ltd

During the second quarter of 2014, Infection Control acquired the British company Altrax Group Ltd for the total amount of MSEK 51. The company which is a supplier of systems for traceability and quality assurance annually turns over SEKM 35 and employs approximately 30 people. Goodwill arising in connection to the transaction is attributable to expected additional sales of Infection Control products. It is not feasible to estimate profits for the acquired business since the acquisition date due to an integration that has been carried out. The resulting goodwill is tax deductible.

Acquired net assets

SEK M	Net assets	Assets and Liabilities at the time of acquisition	Adjustment to fair value	Fair value
	Intangible assets	0	13	13
	Tangible assets	1		1
	Inventories	5		5
	Other current assets	8		8
	Liquid funds	8		8
	Provisions	0	-3	-3
	Other current liabilities	-7		-7
	Net assets	**15**	**10**	**25**
	Goodwill			34
	Total acquisition with liquid assets, holdings attributable to parent company shareholders			**59**
	Net outflow of liquid assets due to the acquisition			
	Paid liquid assets due to the acquisition			**59**
	Liquid funds in the aquired company at the aqcuisition date			**-8**
				51

The company is part of Getinge's sales and gross proft from 1 June 2014.

Definitions

EBIT	Operating profit
EBITA	Operating profit before amortisation of intangible assets identified in conjunction with corporate acquisitions
EBITDA	Operating profit before depreciation and amortization
Cash conversion	Cash flow from operating activities as a percentage of EBITDA.
Adjusted earnings	Net profit adjusted for acquisition expense, restructuring and integration costs and amortization of intangibles on acquired companies with consideration of the tax effects on all items