



GETINGE GROUP

Q3 REPORT

JOACIM LINDOFF, CEO & REINHARD MAYER, CFO

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GETINGE GROUP

OVERVIEW

GENERAL BUSINESS

JOACIM LINDOFF, CEO

Q3 IN BRIEF

A QUARTER WITH KEY STRATEGIC DECISIONS

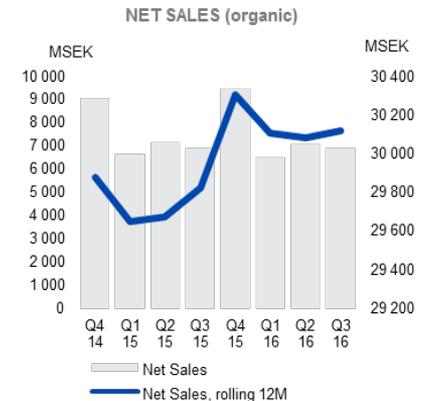
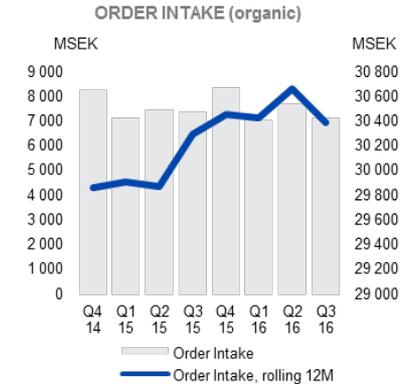
- **Organic top line growth:** Negative order intake and flat net sales
- **Gross Margin:** Margin up 0.5 pp due to currency effects and positive product mix
- **EBITA-growth*:** +16.3% to SEK 963 M (828)
- **Restructuring costs:** Increased to SEK 732 M (213)
 - Due to FDA provision, write-down of capitalized development project and costs due to change of management
- **FDA Update:**
 - SEK 400 M in additional provision related to the ongoing remediation process mainly in Hechingen
- **Decision after Q3:**
 - Strategic review to ensure profitable growth in all three BCU's
 - Preparation of distribution of Patient & Post-Acute Care (former Extended Care) to shareholders
 - A split would increase the ability for both companies to execute their strategies and to enhance shareholder value

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TOP LINE DEVELOPMENT

CHALLENGING ORDER INTAKE DURING THE QUARTER

- **Organic order intake –3.2%**
 - Negative organic order growth in all BCU's
 - Stable growth in EMEA while negative development in both APAC and Americas
- **Organic Net sales +0.2 %**
 - Growth in ACT while declining net sales in SW and PPAC
 - APAC developed in line with LY while Americas is growing and EMEA shows small decline in the quarter



BCU UPDATE – SURGICAL WORKFLOWS

LOWER SALES COMPENSATED BY CONTINUED COST REDUCTIONS

- **Weak order intake development**
 - Organic order growth down by 1.1% in the quarter with positive growth in EMEA
- **Negative growth in net sales**
 - Organic decrease of 0.1 %. Strong growth in both Life Science and Integrated Workflow Solutions but Surgical Workplaces shows negative impact
- **Gross profit**
 - Gross margin up 1.2 pp
- **EBITA***
 - Selling and admin expenses down in the quarter improving the EBITA margin with 2.8 pp

Segment Overview, mSEK	Q3 2016			Q3 2015			YTD 2016			YTD 2015		
	Surgical Workflows		%	Surgical Workflows		%	Surgical Workflows		%	Surgical Workflows		%
Order Intake, external	2 710	2 733	-0,8%	7 656	7 846	-2,4%						
Net Sales, external	2 375	2 389	-0,6%	6 702	6 909	-3,0%						
Cost of Goods/Services sold	-1 425	-1 461	2,5%	-4 184	-4 312	3,0%						
Gross Profit	950	928	2,4%	2 518	2 597	-3,0%						
Gross margin, %	40,0%	38,8%	1,2%	37,6%	37,6%	0,0%						
EBITA before restructuring-, integration and acquisition costs	293	228	28,5%	531	418	27,0%						
EBITA margin, %	12,3%	9,5%	2,8%	7,9%	6,1%	1,8%						
Restructuring-, integration and acquisition costs	- 49	- 18	-172,2%	- 129	- 91	-41,8%						
EBIT	237	202	17,3%	382	305	25,2%						
EBIT margin, %	10,0%	8,5%	1,5%	5,7%	4,4%	1,3%						

Order Intake, external	Q3			YTD		
	2016	2015	%*	2016	2015	%*
EMEA	1 423	1 364	6.6%	3 973	4 039	1.2%
Americas	652	736	-12.7%	2 026	2 166	-5.2%
APAC	635	633	-4.4%	1 657	1 641	0.7%
Surgical workflows	2 710	2 733	-1.1%	7 656	7 846	-0.7%

* AC adjusted for currency, acquisitions and divestments

* Before restructuring, acquisition and integration costs

BCU UPDATE – ACUTE CARE THERAPIES

BETTER MARGINS DUE TO GOOD COST CONTROL

• Order intake decrease

- Organic growth of -4.1% with decline in all markets, mainly due to decrease in Critical Care and Cardiopulmonary

• Growth in net sales

- Organic growth of 1.3% due to positive growth in both Americas and EMEA, while APAC declines due to Australia

• EBITA*

- + 13.4 % due to higher gross margin and lower S&A spending

• Restructuring, integration and acquisition costs

- Restructuring costs including FDA and write-down of capitalized development project

Segment Overview, mSEK	Q3 2016			Q3 2015			YTD 2016			YTD 2015		
	Acute Care Therapies		%	Acute Care Therapies		%	Acute Care Therapies		%	Acute Care Therapies		%
Order Intake, external	2 728		-3,1%	2 816			8 567		1,0%	8 482		
Net Sales, external	2 748		2,0%	2 695			8 155		-0,2%	8 175		
Cost of Goods/Services sold	-1 188		-0,8%	-1 178			-3 593		1,4%	-3 643		
Gross Profit	1 560		2,8%	1 517			4 562		0,7%	4 532		
Gross margin, %	56,8%		0,5%	56,3%			55,9%		0,5%	55,4%		
EBITA before restructuring-, integration and acquisition costs	541		13,4%	477			1 403		-3,3%	1 451		
EBITA margin, %	19,7%		2,0%	17,7%			17,2%		-0,5%	17,7%		
Restructuring-, integration and acquisition costs	- 594		-321,3%	- 141			- 694		-174,3%	- 253		
EBIT	- 192		-203,8%	185			296		-60,6%	751		
EBIT margin, %	-7,0%		-13,9%	6,9%			3,6%		-5,6%	9,2%		

Order Intake, external	Q3			YTD		
	2016	2015	%*	2016	2015	%*
EMEA	822	862	-3.4%	2 645	2 651	2.3%
Americas	1 431	1 444	-2.0%	4 465	4 410	2.0%
APAC	475	510	-11.2%	1 457	1 421	2.6%
Acute Care Therapies	2 728	2 816	-4.1%	8 567	8 482	2.2%

* AC adjusted for currency, acquisitions and divestments

* Before restructuring, acquisition and integration costs

BCU UPDATE – PATIENT & POST-ACUTE CARE

UNFAVORABLE PRODUCT MIX DECREASING THE GP MARGIN

- **Order intake down 4,9% (org)**
 - Negative growth in Americas and APAC mainly due to lower demand in the capital segment
 - Rental and Service down due to large orders last year
- **Net sales decrease 0,9% organically**
 - Strong quarter for Patient Handling but lower sales in Rental and Service offsetting the net sales drop
- **Gross profit**
 - Gross margin down 0.8 pp
- **EBITA***
 - Good cost control in the quarter increases EBITA* with 8.1 % despite lower GP

Segment Overview, mSEK	Q3 2016			Q3 2015			YTD 2016			YTD 2015		
	Patient & Post-Acute		%	Patient & Post-Acute		%	Patient & Post-Acute		%	Patient & Post-Acute		%
Order Intake, external	1 738	1 848	-6,0%	5 337	5 777	-7,6%						
Net Sales, external	1 806	1 841	-1,9%	5 376	5 734	-6,2%						
Cost of Goods/Services sold	-1 041	-1 045	0,4%	-3 003	-3 149	4,6%						
Gross Profit	765	796	-3,9%	2 373	2 585	-8,2%						
Gross margin, %	42,4%	43,2%	-0,8%	44,1%	45,1%	-1,0%						
EBITA before restructuring-, integration and acquisition costs	187	173	8,1%	596	541	10,2%						
EBITA margin, %	10,4%	9,4%	1,0%	11,1%	9,4%	1,7%						
Restructuring-, integration and acquisition costs	- 5	- 46	89,1%	- 53	- 150	64,7%						
EBIT	152	94	61,7%	453	291	55,7%						
EBIT margin, %	8,4%	5,1%	3,3%	8,4%	5,1%	3,3%						

Order Intake, external	Q3			YTD		
	2016	2015	%*	2016	2015	%*
EMEA	858	893	-1.4%	2 654	2 792	-1.9%
Americas	690	733	-5.4%	2 086	2 248	-5.2%
APAC	190	222	-17.4%	597	737	-16.4%
Patient & Post-Acute Care	1 738	1 848	-4.9%	5 337	5 777	-5.1%

* AC adjusted for currency, acquisitions and divestments

* Before restructuring, acquisition and integration costs

FDA & REMEDIATION UPDATE

IMPROVEMENT WORK AT HECHINGEN CONTINUED AT THE SAME ROBUST RATE

- Intense work has been carried out on activities under the improvement plan during the quarter
- An ongoing dialogue with the FDA – still awaiting response on the plan for Hechingen
- Getinge has reserved an additional SEK 400 M to for the remediation program, mainly related to Hechingen

FDA & REMEDIATION BACKGROUND

4 LEGAL ENTITIES IN PHASE 1 OF 3 – HARD TO ESTIMATE TOTAL COST

- **4 legal entities covered by the Consent Decree**
- **The Consent Decree consists of 3 phases**
- **All Getinge Group sites are in phase 1**
- **Annual inspections**
 - The Consent Decree we reached with the FDA at the start of 2015 entails compulsory annual inspections at the production units encompassed by the Decree
 - These inspections will determine whether additional investments are needed to meet the FDA's requirements and expectations
- **Accordingly, we cannot rule out additional sanctions or costs**

FOCUSED STRATEGY

BUILD ON SOURCES OF STRENGTHS

- **Strategic review** clarifying long-term strategy for the company
- **Build on core competences** to drive sustainable and profitable growth
- **Focus needed**
 - Surgical Workflows
 - Acute Care Therapies

 - Patient & Post-Acute Care

FOCUS ON ACT AND SW

TWO AREAS OF FOCUS

1

Acute Care Therapies
Cardiovascular and Respiratory

Improve outcome via cardiovascular and respiratory therapies to offer superior therapies in selected areas with growing unmet need

Value proposition

2

Surgical Workflows
Hospital Infrastructure and Services

Offer integrated solutions to meet customer needs in capital, services, consultative knowledge, and IT

Fundamentals

- Attractive long term growth prospects
- Building on existing Getinge leadership and relationships in specific categories

- Increased demand in order to enhance quality, safety and productivity
- Need for integrated solutions in areas where Getinge has strong presence

FOCUS ON PPAC

BUILD ON SOURCES OF STRENGTHS – AS A LISTED COMPANY

3

Patient & Post-Acute Care

Integrated and effective solutions for mobility

Value proposition

Deliver integrated solutions to improve the lives of people affected by reduced mobility and enable caregivers to provide better and more productive health care

Fundamentals

- Large addressable market with recurring revenue and with favourable drivers (aging population, increased incidence of chronic diseases)
- Comprehensive care offering and category leadership across Acute and Long Term Care settings
- Global footprint, well established customer relationships and large installed base
- Focused approach to managing business unleashes true potential and drives sustainable profitable growth

- **Based on a corporate wide strategic assessment, the Board of Directors has tasked the management of Getinge Group to:**
 - Prepare a distribution of Patient & Post-Acute Care to Getinge's shareholders
 - Presentation to EGM in fall 2017
 - Listing in Q1 2018, at the latest
- **The potential spin off, would enable both companies to:**
 - Have a distinct focus on areas of strength
 - Enhance ability to leverage market opportunities
 - Maximize customer centricity and increase shareholder value

PATIENT & POST-ACUTE CARE

PRODUCT PORTFOLIO – STRONG GLOBAL MARKET POSITIONS

	Pressure Ulcer Prevention	Safe Patient Handling	VTE Prevention	Service	Clinical Services	Diagnostics
Solutions						
	Medical Beds	Patient Lifts	DVT Pumps and Garments	Service and Repair Rental Services		Cardiovascular Dopplers Obstetric Dopplers Fetal Monitors Blood Flow Diagnostics
						
	Therapeutic Surfaces	Patient Hygiene Equipment				
Global Market Position	4	1	2	2	2	1

TRANSFORMATION PROGRAM

CONTINUES BUT EXPECTED TO BE AFFECTED BY THE SPLIT

- **BIG 5 – cost efficiency program**
 - Continued good cost control
 - Savings amounted to SEK 95-100 M in Q3
 - Accumulated savings YTD amounts to SEK 255-270 M
- **Effects from the distribution of Patient & Post-Acute Care**
 - The current One Getinge transformation program continues with Acute Care Therapies and Surgical Workflows
 - Further integration initiatives related to PPAC will be paused to ensure that we build a sustainable standalone business



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OVERVIEW FINANCIALS

REINHARD MAYER, CFO

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Results



PERFORMANCE

CONTINUED COST REDUCTIONS

- Order intake**

- Stable growth in EMEA but decline in both Americas and APAC
- All BCU:s down in the quarter

- Net sales** – growth 0.1% (org. 0.2%)

- Gross Profit**

- Higher GP due to positive currency transaction effects and the reduction of medical device tax
- Good cost control in Supply Chain

- S&A**

- Big 5 on plan with selling and admin expenses reduced by 2.1 %

- EBITA* development**

- EBITA*-growth 16.3% increasing the margin to 13.9%

SEK M	Q3		Change %	YTD		Change %
	2016	2015		2016	2015	
Order intake, SEK M	7 176	7 397	-3,0%	21 560	22 105	-2,5%
Organic			-3,2%			-0,7%
<i>FX-effects</i>			<i>0,0 pp</i>			<i>1,7 pp</i>
<i>Acquisitions / divestments</i>			<i>-0,2 pp</i>			<i>0,1 pp</i>
Net Sales	6 929	6 925	0,1%	20 233	20 818	-2,8%
Organic			0,2%			-1,1%
<i>FX-effects</i>			<i>0,4 pp</i>			<i>1,7 pp</i>
<i>Acquisitions / divestments</i>			<i>-0,3 pp</i>			<i>0,0 pp</i>
Gross Margin, %	47,3	46,8	0,5	46,7	46,7	0,0
Selling expenses (in % of net sales)	22,2	23,4	-1,2	22,9	23,9	-1,0
Admin expenses (in % of net sales)	12,1	11,6	0,5	12,3	12,2	0,1
EBITA*, SEK M	963	828	16,3%	2 371	2 260	4,9%
EBITA* margin, %	13,9	12,0	1,9	11,7	10,9	0,8

Order Intake, external	Q3			YTD		
	2016	2015	%*	2016	2015	%*
EMEA	3 103	3 119	1,6%	9 272	9 482	0,6%
Americas	2 773	2 913	-5,5%	8 577	8 824	-1,6%
APAC	1 300	1 365	-9,0%	3 711	3 799	-1,9%
Group Total	7 176	7 397	-3,2%	21 560	22 105	-0,7%

* AC adjusted for currency, acquisitions and divestments

RESTRUCTURING COST

SIGNIFICANT INCREASE IN RESTRUCTURING COST DUE TO THREE FACTORS

- | | |
|--|--------------------|
| 1. FDA provision | SEK 400 M |
| 2. Write-down of capitalized development project | SEK 158 M |
| 3. Cost for changes among senior executives | SEK 70 M |
| • Earlier FY guidance on Restructuring cost | SEK 800 M |
| • New FY guidance on Restructuring cost | SEK 1 260 M |

FX EFFECTS

POSITIVE EXCHANGE RATE EFFECTS IN Q3

Positive effects in the quarter

- Exchange-rate effects had a positive impact of SEK 32 M on EBITA* in the quarter, of which transaction effects accounted for SEK 61 M and translation effects for SEK -29 M

MSEK	Transaction effect	Translation effect	Total
Gross Profit	61	- 50	11
EBITA*	61	- 29	32
EBIT	61	- 26	35

Positive full year effects

- Currency transaction effects are expected to have a positive impact of approximately SEK 150 M (273) on the Group's 2016 earnings

* Before restructuring, acquisition and integration costs



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Balance Sheet

BALANCE SHEET

FOCUS ON NET DEBT DEVELOPMENT

- **Net debt development**
 - Adjusted change in net debt for the period amounting to SEK -697 M
- **Net debt to equity ratio**
 - Decreased 3.8 pp to 121.0%
- **Net debt to EBITDA before restructuring**
 - Decrease from 4.0 to 3.9 for the period

Assets,	2016	2015	2015
MSEK	30-Sep	30-Sep	31-Dec
Intangible assets	30 697	30 832	30 543
Tangible fixed assets	4 691	4 846	4 699
Financial fixed assets	1 695	1 552	1 371
Inventory	6 139	6 182	5 409
Accounts receivable	6 373	5 858	7 470
Other current receivables	2 843	2 742	2 272
Cash and cash equivalents	1 812	1 544	1 461
Total assets	54 250	53 556	53 235

Shareholders' equity & Liabilities	2016	2015	2015
MSEK	30-Sep	30-Sep	31-Dec
Shareholders' equity	19 251	18 855	19 590
Pension Provision	3 176	3 171	3 052
Other interest bearing liabilities	21 929	21 898	21 280
Other Provisions	2 382	2 402	2 243
Accounts Payable	1 753	1 935	1 981
Other non interests-bearing liabilities	5 759	5 295	5 078
Total Equity & Liabilities	54 250	53 556	53 235

Change in net debt,	2016	2015	2015
mSEK	30-Sep	30-Sep	31-Dec
Change in net debt	425	983	326
Currency effect	- 726	- 848	- 581
Acquisitions/Divestments	- 214	297	261
Actuarial gains/losses pensions, gross	- 182	89	- 23
Adjusted change in net debt	- 697	521	- 17

Net debt to equity ratio	121.0%	124.8%	116.7%
Net debt to EBITDA before restructuring	3.90	4.00	3.89

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Cash Flow



CASH FLOW

CASH FROM OPERATIONS IMPACTED BY TAX AND WORKING CAPITAL REDUCTIONS

- Operating cash flow at SEK 725 M representing a increase by SEK 1 M in Q3 compared to last year
- Cash Conversion at 89.5 % compared to 69.0 % last year
- Investing activities decreased by SEK 2 M relative to last year, in total amounting to SEK 376 M
- Cash flow after net investments SEK 349 M, increased by SEK 3 M compared to last year

September 2016, MSEK	Q3 2016	Q3 2015	YTD 2016	YTD 2015	FY 2015
EBITDA	810	1 046	2 773	3 019	5 187
Restructuring cost expenses	352	-22	211	-199	-261
Adjustment for items not included in cash flow	29	27	61	42	230
Financial items	-159	-184	-480	-558	-732
Taxes paid	-139	-124	-401	-650	-858
Cash flow before changes in working capital	893	743	2 164	1 654	3 566
Changes in working capital	-168	-19	-276	320	-108
Cash flow from operations	725	724	1 888	1 974	3 458
Cash Conversion	89.5%	69.0%	68.1%	65.4%	66.7%
Cash flow from investments	-376	-378	-1 351	-937	-1 793
Cash flow after net investments	349	346	537	1 037	1 665
Cash flow from financial activities	-646	352	-449	385	-422
Cash flow for the period	-297	698	88	1 422	1 243



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OUTLOOK

JOACIM LINDOFF, CEO

OUTLOOK

GETINGE GROUP 2016

- **We expect moderately negative growth in organic net sales in 2016**
- **Currency transaction effects** are expected to have positive impact of approximately SEK150 M for 2016
- **Restructuring costs for the full-year 2016** are expected to amount to approximately SEK 1 260 M (657)
- **The financial consequences of the Consent Decree with the FDA**, excluding costs for the remediation program, are expected to have a negative impact of approximately SEK 130 M on the Group's 2016 operating profit

SUMMARY

Q&A

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THANK YOU

FORWARD LOOKING INFORMATION

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