



Q3 Report 2020

“Extraordinary efforts, when needed the most”

Mattias Perjos, President and CEO
Lars Sandström, CFO

October 16, 2020

GETINGE 

Cutting through the COVID-19 surgical backlog

October 2, 2020 | Article

By [Gretchen Berlin](#), [David Bueno](#), [Kyle Gibler](#), and [John Schultz](#)

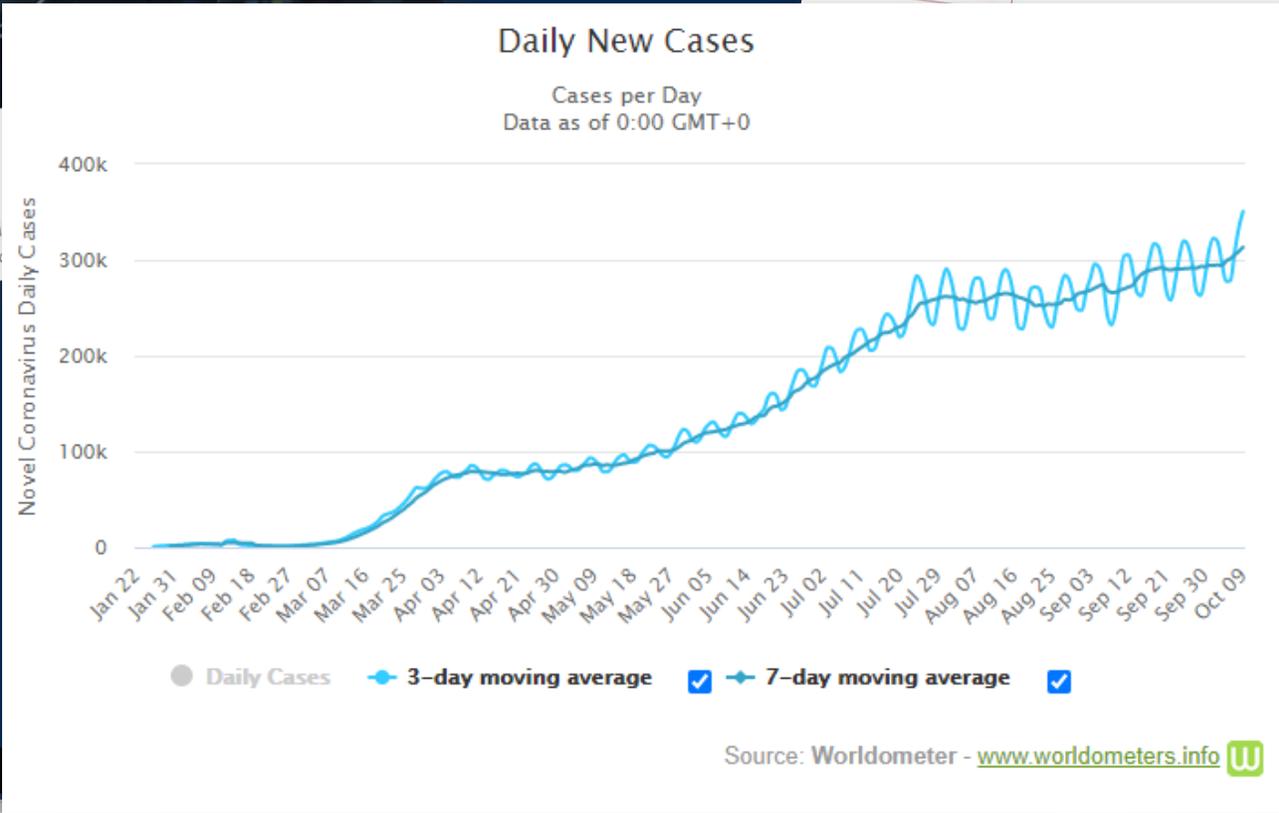
COVID-19 has caused the deferral of millions of elective surgeries, resulting in a potential backlog of case volume.

Coronavirus: Spain imposes partial lockdown on defiant Madrid

By [Damian Grammaticas](#)
BBC News, Madrid

2 October

Coronavirus pandemic



WALL STREET JOURNAL



EXCLUSIVE CDC director warns second wave of coronavirus is likely to be even more devastating

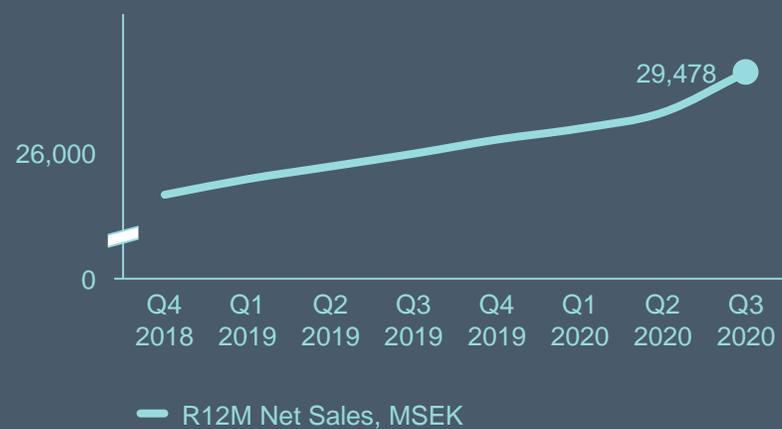
Europe's Second Covid-19 Wave Starts to Spill Over From Young to Old

Hospitalizations and deaths rise on Continent as autumn infections start to spread to older, more vulnerable people

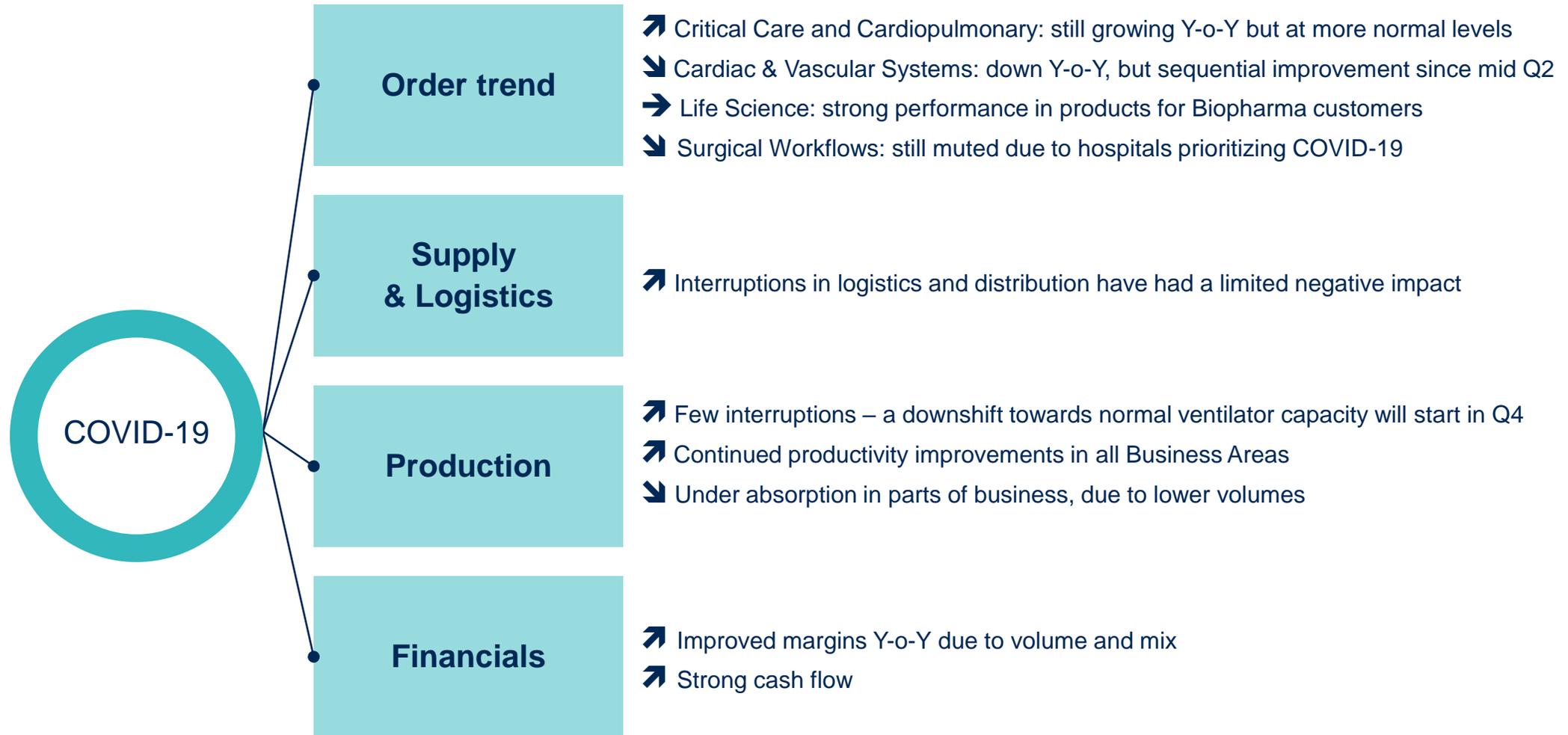
Key takeaways – performance

Q3 2020

- Record sales growth
- Improved margins
- Strengthened Free Cash Flow
- Leverage improved to 1.4x (3.1x)

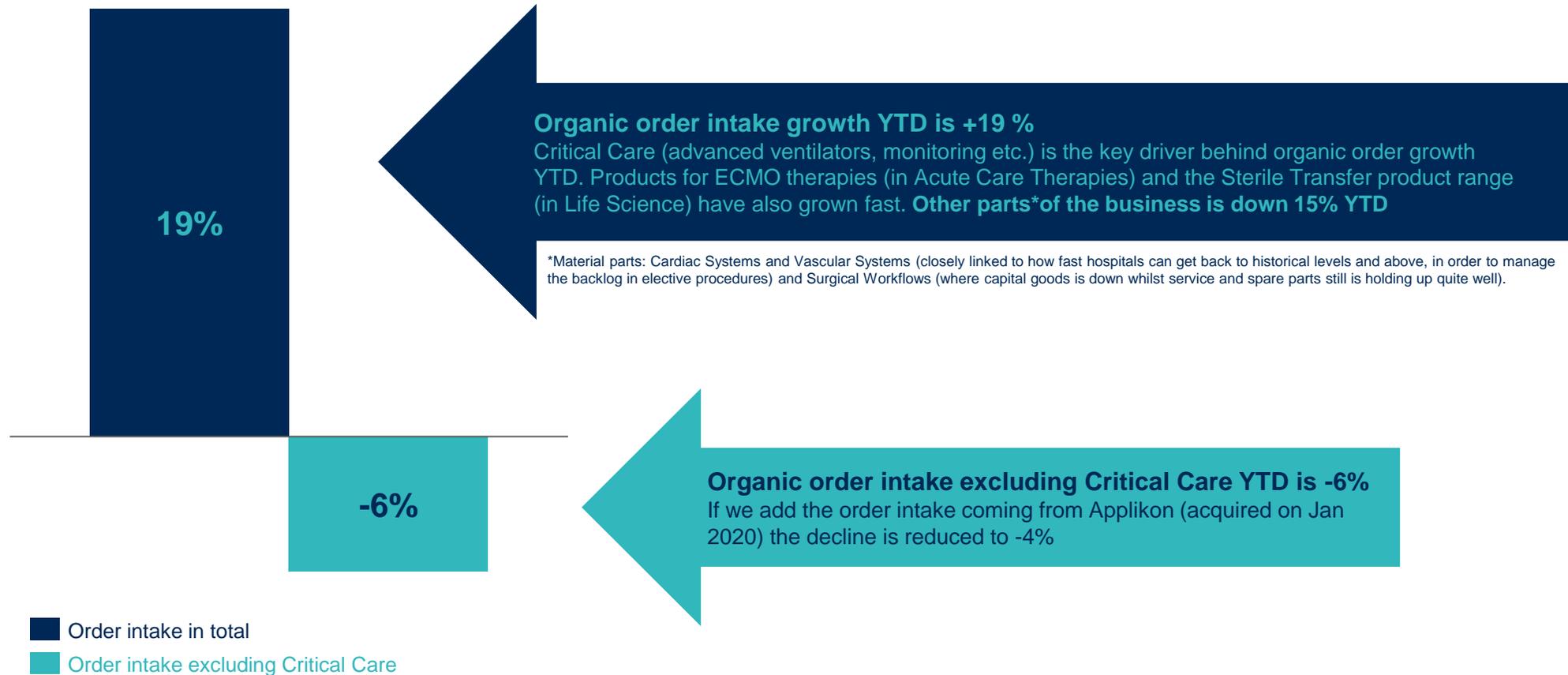


COVID-19 impact on the business – status Q3



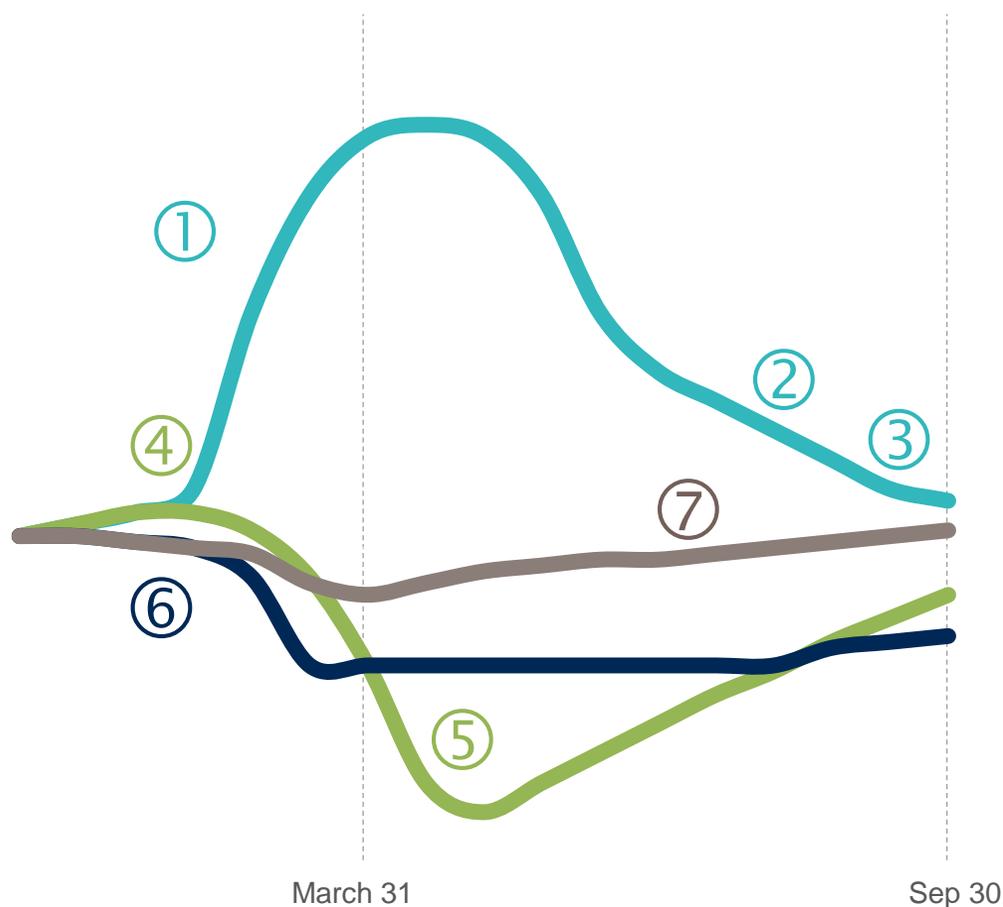
Organic order growth is +19 % YTD

Organic order growth YTD is up 19 % in total and down 6% if the Critical Care product range is excluded



Order intake Q1-Q3 2020

Trends are converging



Critical Care and Cardiopulmonary

(~50% of sales in Acute Care Therapies before COVID-19)

- ① Decisions to ramp up capacity in advance ICU-ventilators and ECMO
- ② The 26,000 advanced ICU-ventilator capacity for 2020 was fully booked
- ③ Hospitals starting to come close to the flu season, on top of COVID-19 flare-up's

Cardiac & Vascular

(~50% of sales in Acute Care Therapies before COVID-19)

- ④ Steep decline in elective surgeries due to lock down, creating a back-log in hospitals
- ⑤ Sequential growth since May as elective surgeries regained. The comeback is threatened by local/regional flare-up's of COVID-19

Surgical Workflows

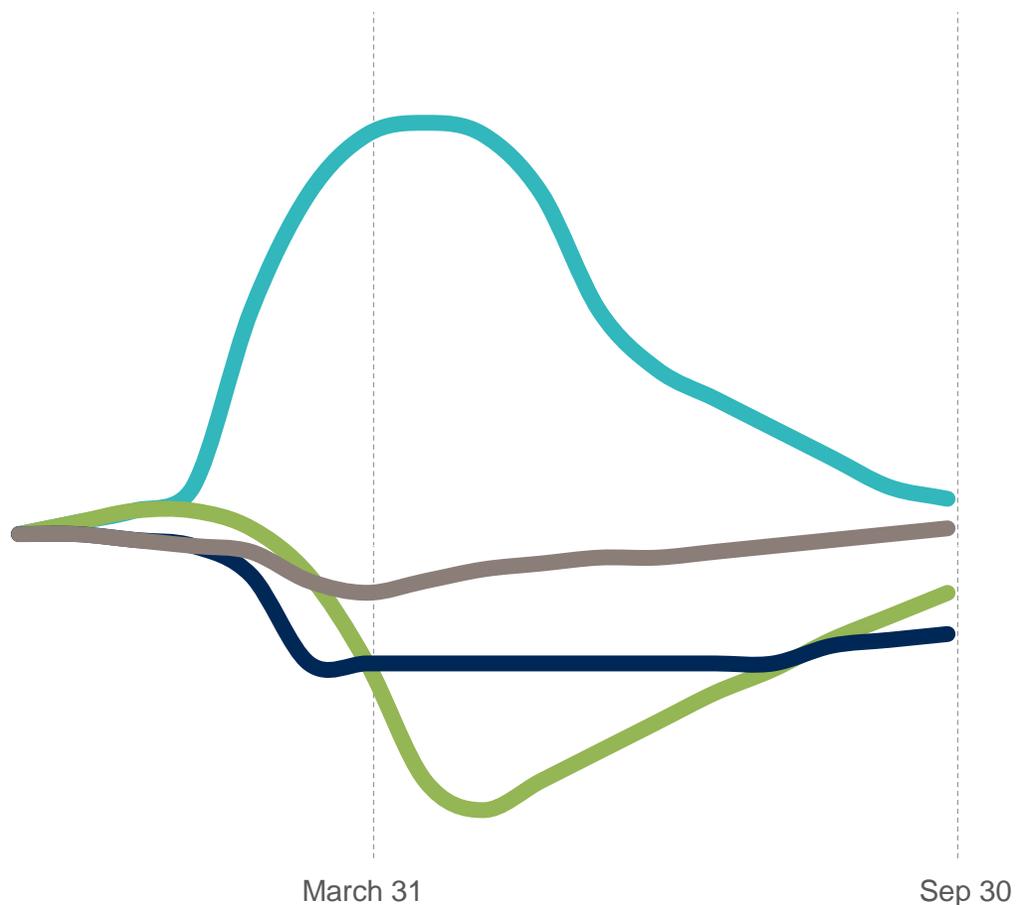
- ⑥ Decline due to low activity in elective surgery. Service, spare parts and consumables mitigating some of the decline

Life Science

- ⑦ Strong growth in offering towards Biopharma mitigating the effects from the decline in the traditional pharma oriented business

Order intake Q1-Q3 2020

Impact on net sales 2021



Critical Care and Cardiopulmonary

(~50% of sales in Acute Care Therapies before COVID-19)

Trend is moving towards a normalized demand for advanced ICU-ventilators in 2021

Expecting the positive underlying demand for ECMO-therapies to transform into increased net sales

Cardiac & Vascular

(~50% of sales in Acute Care Therapies before COVID-19)

Backlog in elective cardiovascular procedures continues to grow. Hard to predict pace and magnitude of comeback, due to flare-up's of COVID-19 and the overall capacity in hospitals

Surgical Workflows

Turning point in net sales on capital goods could drag well into 2021 due to hospitals prioritizing COVID-19 and the long lead times in this business

Life Science

Expecting the positive underlying demand on Biopharma offering to transform into increased net sales.

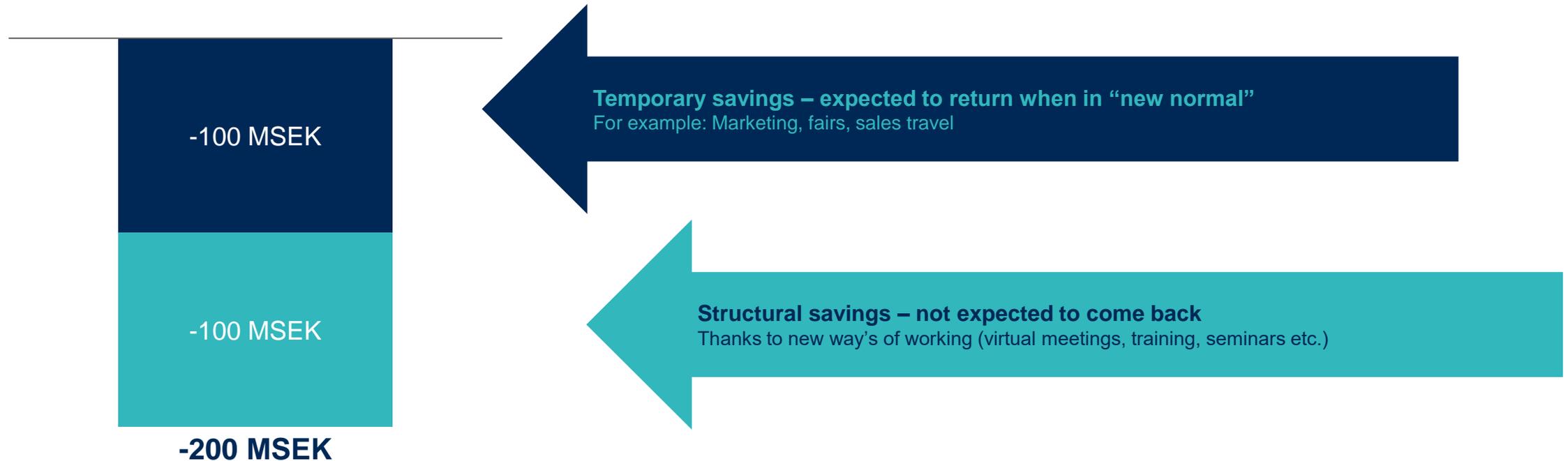
The reduced order intake YTD on capital goods might have a dampening impact on 2021 net sales

Outlook FY 2020

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

Savings in OPEX YTD due to new ways of working

Related to COVID-19



- Non structural cost decrease
- Structural cost decrease

Key activities and events

Q3 2020

Improvement journey continues

- Enabling productivity gains in production, logistics and OPEX

Product news

- NAVA shortening time on ventilation by almost 35% for adult ICU patients (independent multicenter study)
- Getinge's Flow-e and Flow-c Anesthesia Systems and Servo-air Ventilator received 510(k)
- Presentation of the concept "Quiet ICU", a healing environment for patients and an efficient workplace
- Introduction of Torin OptimalQ, for optimal planning when tackling the backlog in elective surgery

Organization

- Anna Romberg appointed Executive Vice President Legal, Compliance & Governance



Launch of the "Life-Defining Moments" campaign

A new ambition on sustainability – going CO₂ neutral by 2025

Addressing major challenges in society and healthcare

In our operations ...

Getinge to become CO₂ neutral by 2025

Press releases | 24/07/2020

Today Getinge announces its intention to become a CO₂ neutral company by 2025. The target will be reached by a stepwise approach in several areas and supports the company's objective to contribute to a sustainable health care environmentally as well as socially.

Other visible text in the collage includes: "CASE-ETHICS & COMPLIANCE PROGRAM", "Making business ethics & leadership", "New quality management system", and "Follow-on work Over the next year, the continuing work related to internal control in Getinge will principally focus on risk assessment, control activities and follow-up/measur..."

... and supporting customers' ambitions on reducing environmental impact

Fast, green cycles

There's no need to sacrifice turnaround time to achieve your goals for reducing the use of natural resources. A high-efficiency vacuum pump is standard equipment on the COSEW device. This format not only drastically reduces water consumption, but also reduces cycle time to improve throughput.

In addition, COSEW Emflow has an A1 standard water saving system that recirculates most of the water used for cooling and lubricating the vacuum pump. This is a great need for the environment as well as your bottom line.

Shows how much energy you save with the new design COSEW compared to conventional standards.

Category	COSEW	Conventional
Energy consumption	75%	100%
Water consumption	95%	100%

Shows how much water you save thanks to the new recirculating cooling water solution compared to conventional standards.

Up to 20–30% lower energy consumption

Up to 95% lower water consumption

42 % agent reduction with AGC

"With the introduction of AGC most colleagues have switched over to use low-flow anesthesia", says Dr. Alain Kalmar, Anesthetist, Maria Middelaere Hospital, Belgium.

In the two-year period between 2014 and 2018, the hospital increased the number of surgical procedures by 24%, yet they saw an overall decrease in agent consumption of 28%. That's a net reduction of 42%.

"The biggest advantage of Flow-i is that you can dramatically decrease the consumption of volatiles while even improving the stability of high flows, maintaining a precise EtAA level," continues Dr. Kalmar.

Evolution of agent consumption and number of surgical procedures at Maria Middelaere hospital

Year	Agent consumption (ml)	Number of surgical procedures
2014	21,246	27,048
2015	27,048	28,077
2016	28,077	29,791
2017	29,791	35,595
2018	35,595	

Record net sales in Q3 – but orders starting to move towards normal

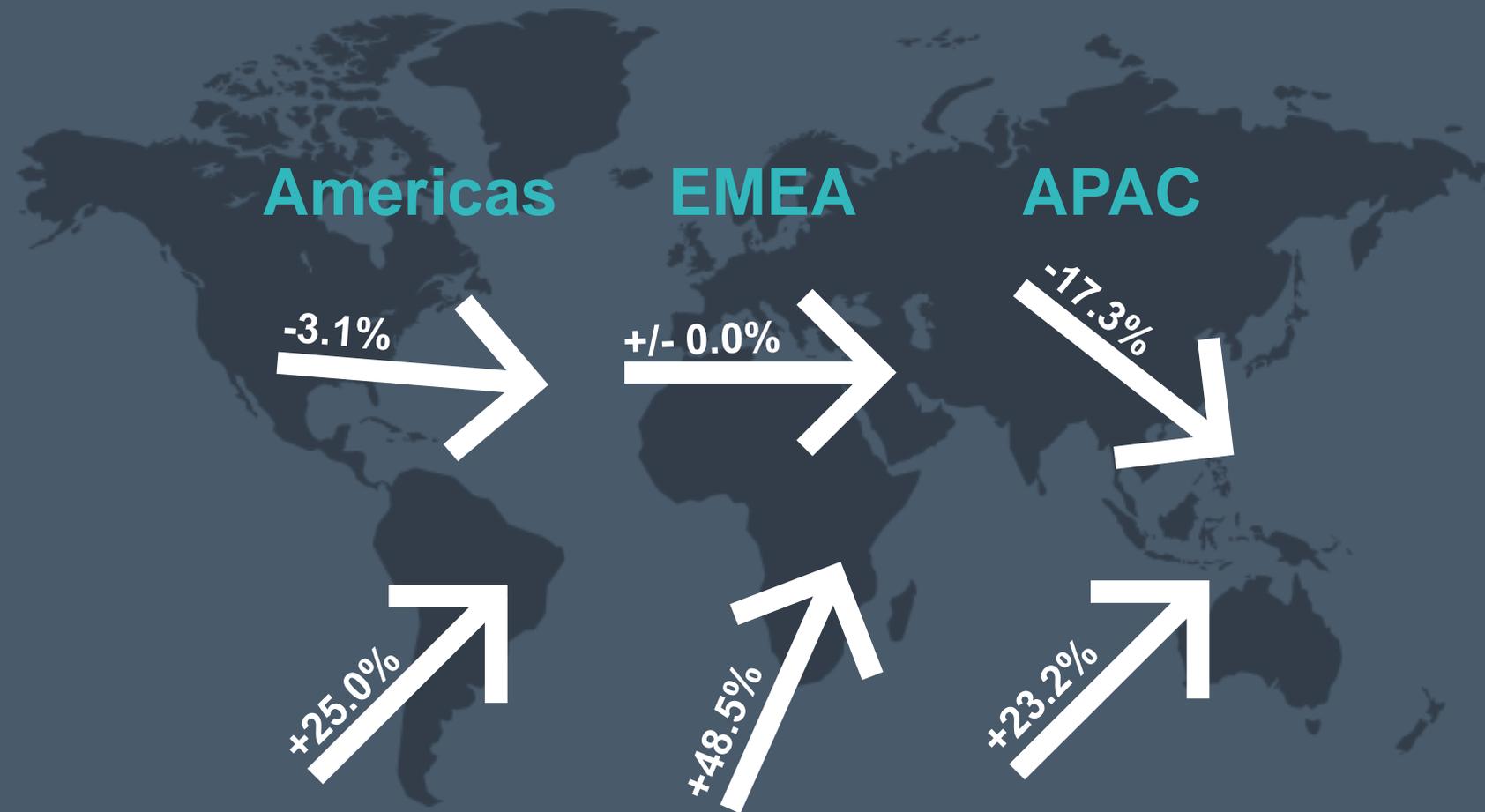
Critical Care, products for ECMO therapies and Life Science driving net sales growth

Global

Order Growth
-5.3%

Net Sales Growth
+33.4%

(Organic)



Order Intake per business area

Bridge Q3 2019 - Q3 2020

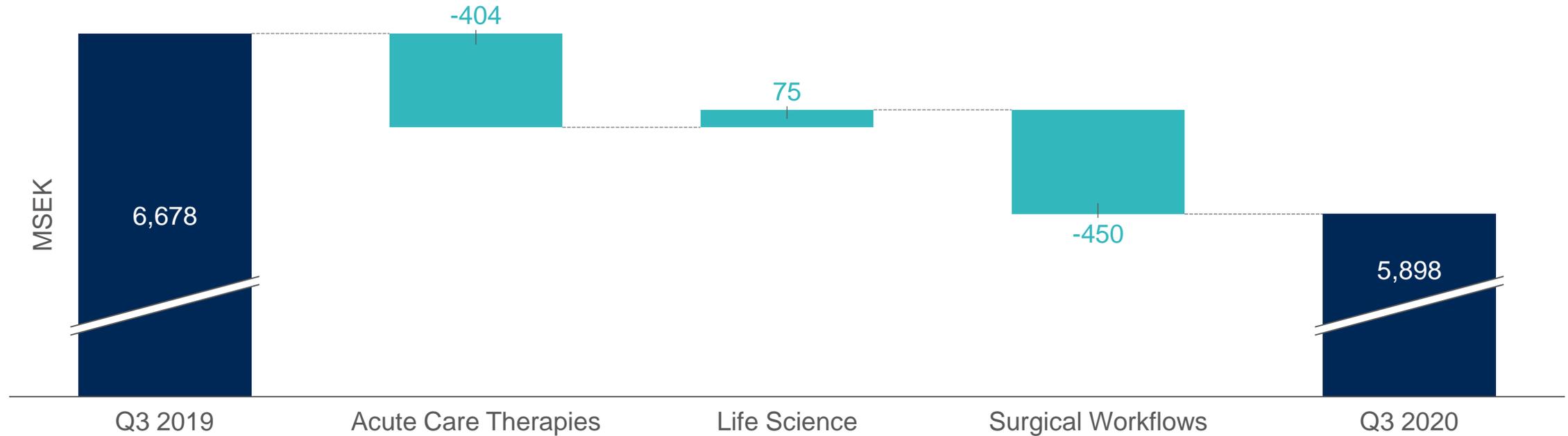
Organic change

-0.4%

-0.2%

-14.5%

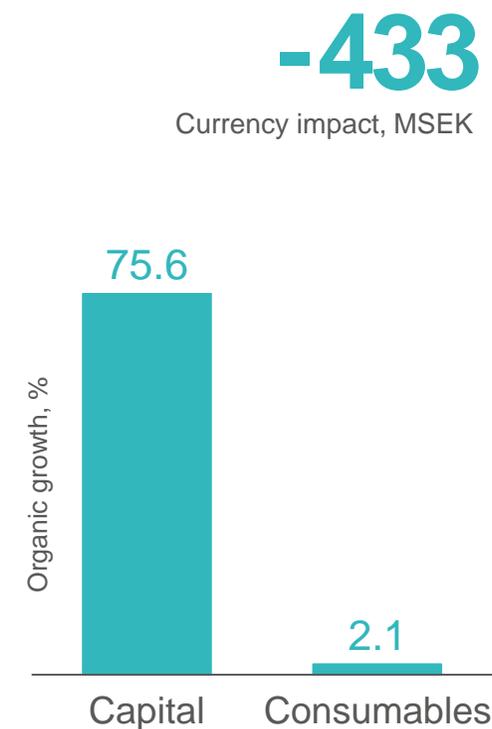
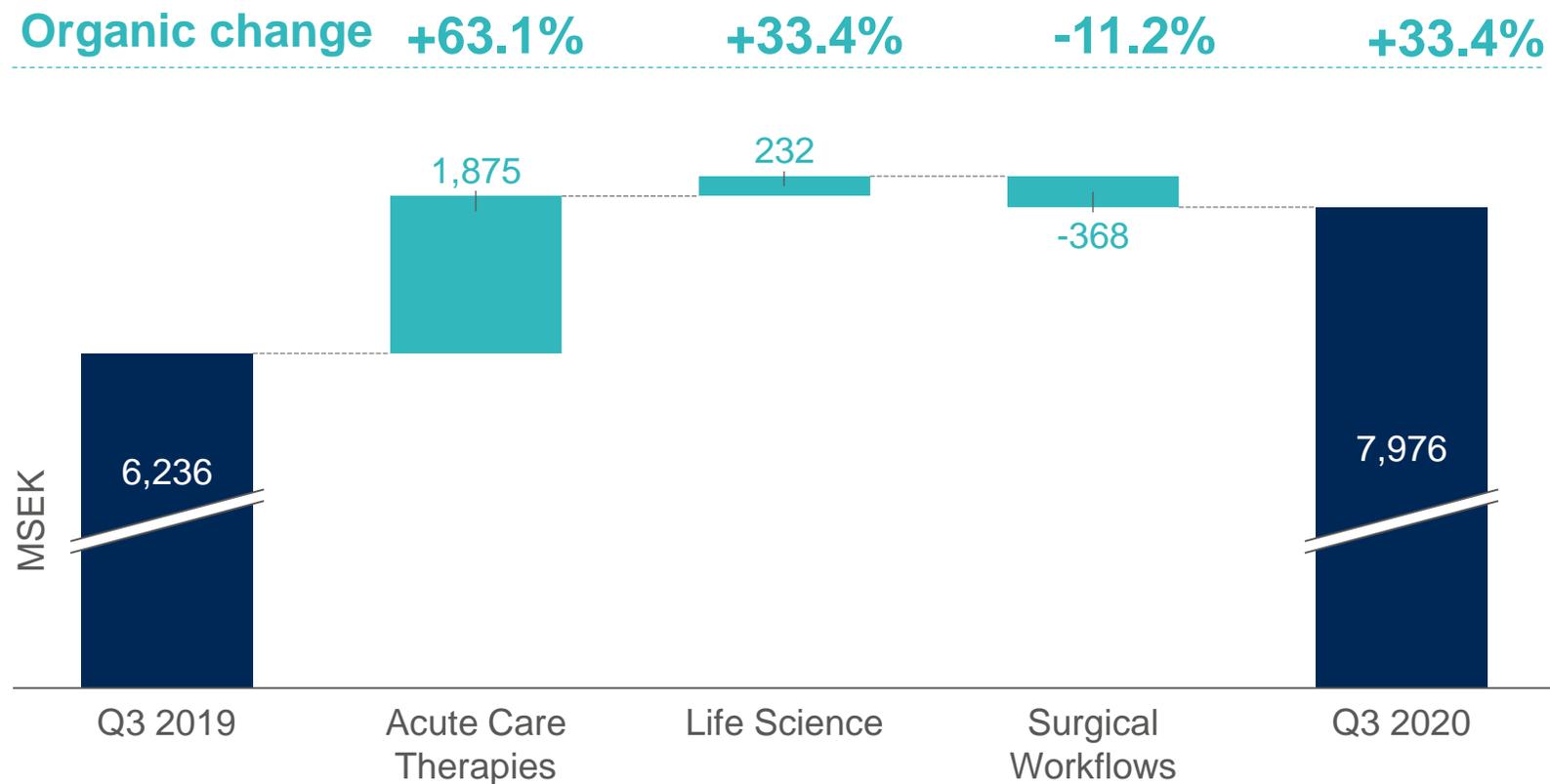
-5.3%



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

Net Sales per business area

Bridge Q3 2019 - Q3 2020



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Adjusted Gross Profit and Margin development Q3 2020

Bridge Q3 2019 - Q3 2020

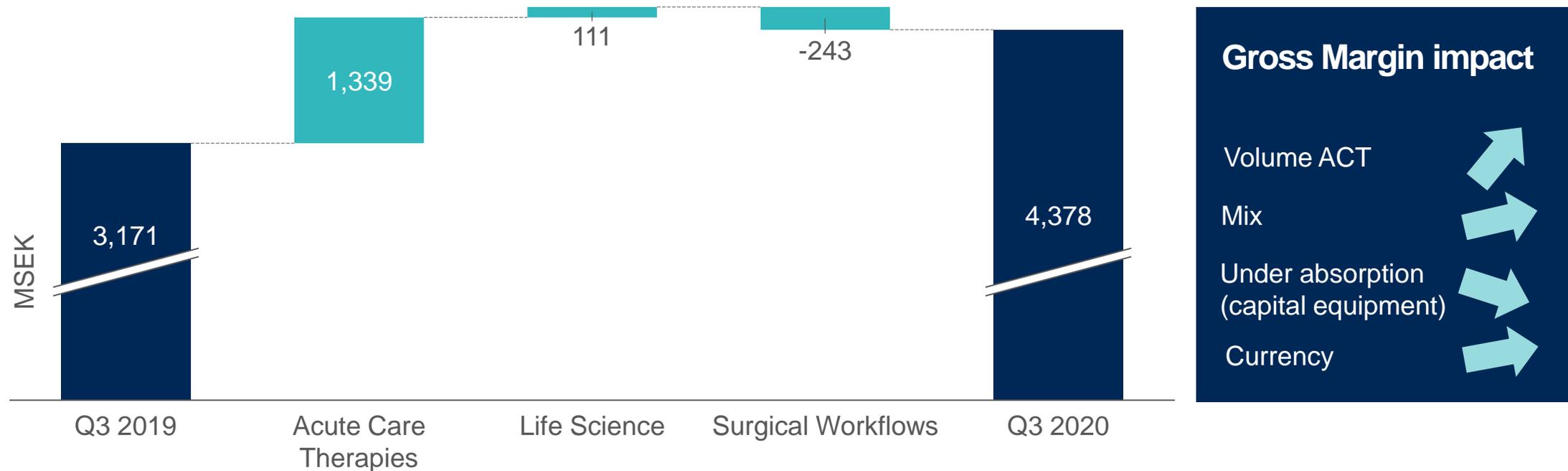
Adj GM,%
Q3 2020
 (Q3 2019)

62.4
 (57.4)

42.6
 (40.4)

39.0
 (43.3)

54.9
 (50.8)

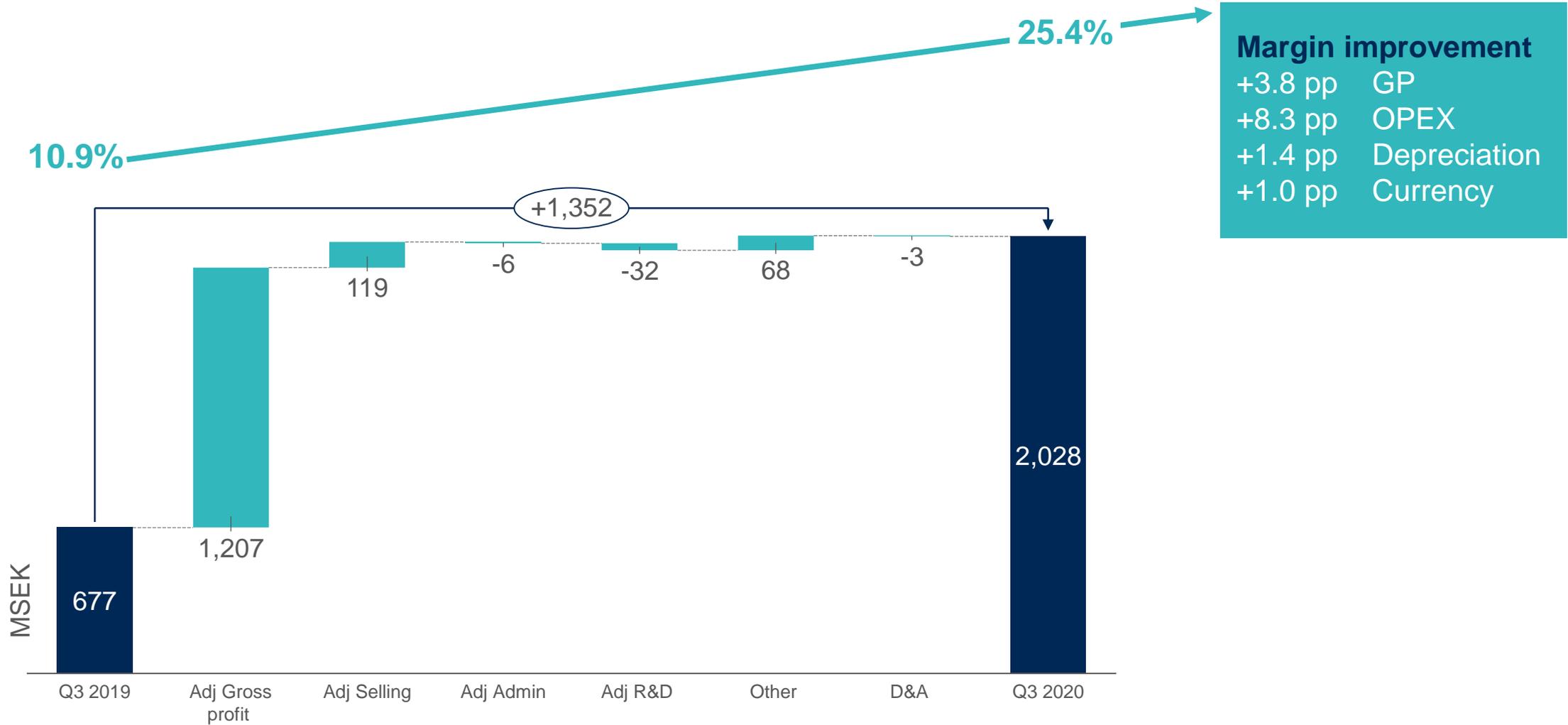


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Financial development

Adjusted EBITA

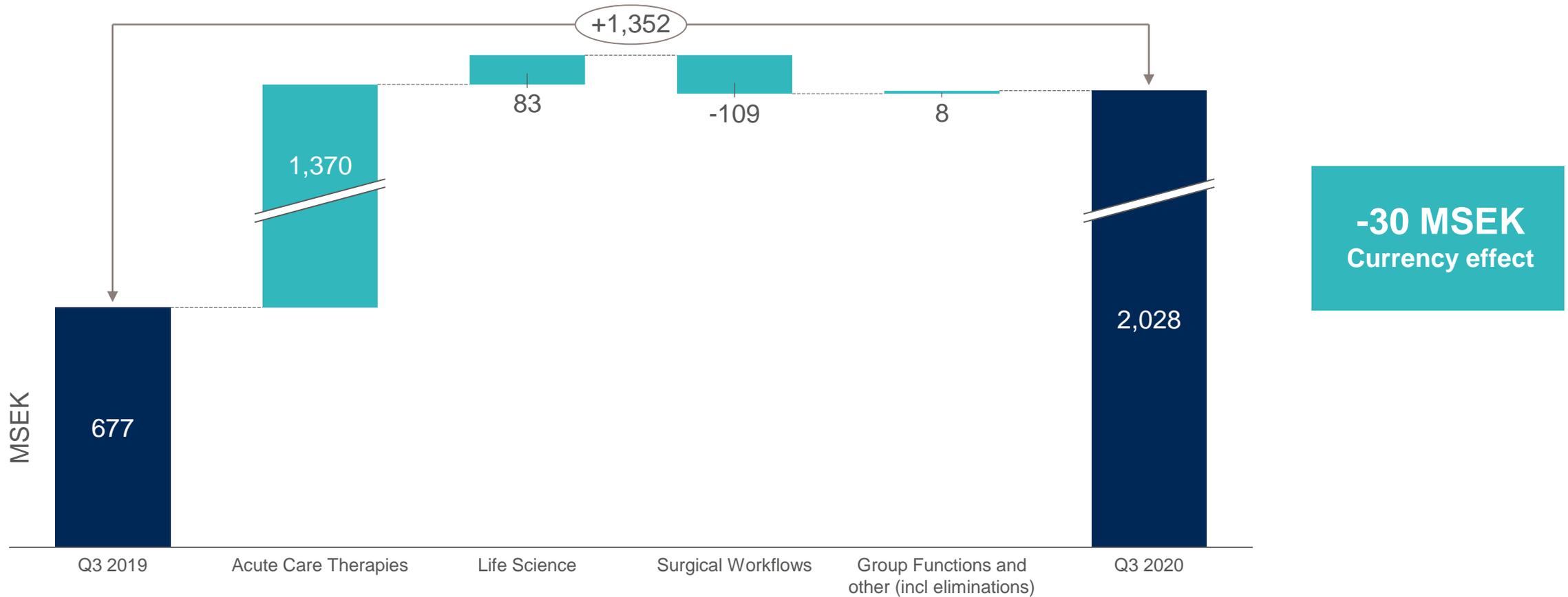
Bridge Q3 2019 – Q3 2020



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Adjusted EBITA

Bridge Q3 2019 – Q3 2020



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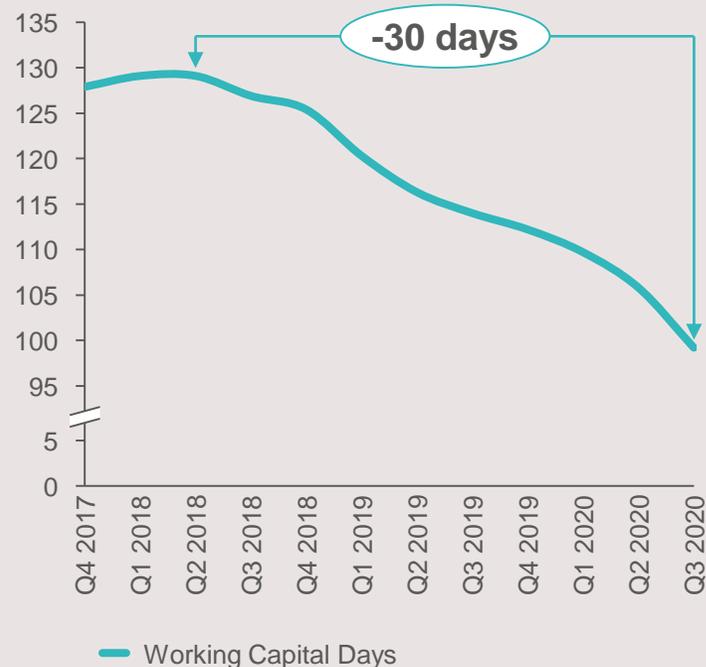
Improved free cash flow, working capital and increasing ROIC

Continued efficiency enhancements

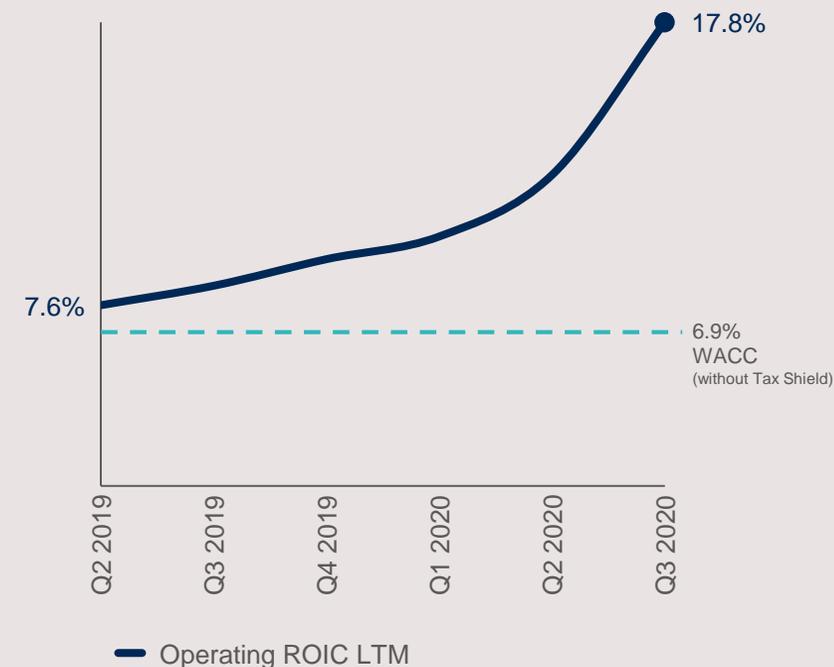
Improved Free Cash Flow



Improvement of WC days



Improved Return on Invested Capital



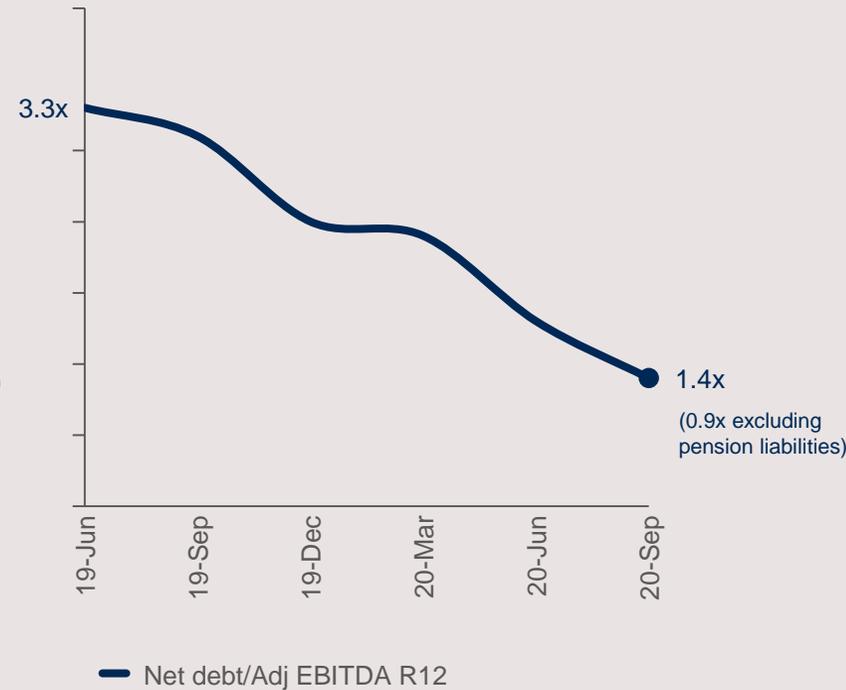
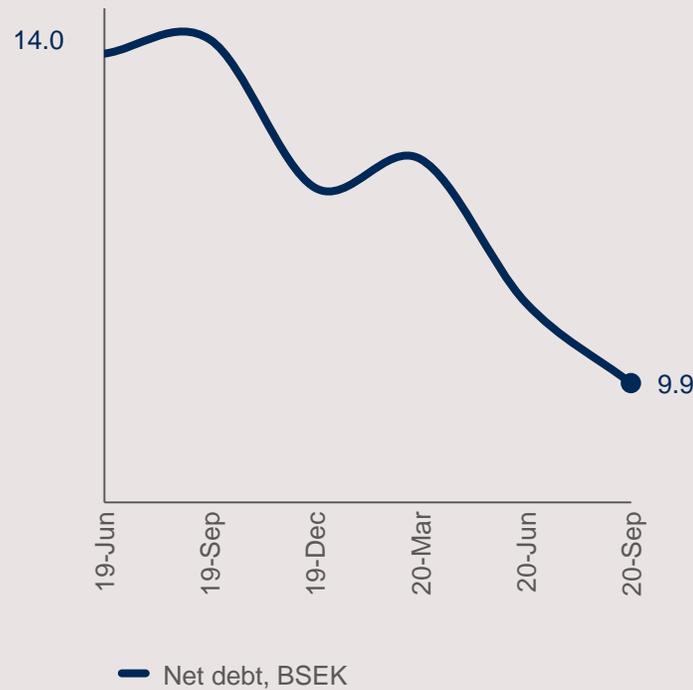
Working Capital, as defined on this page, is including accounts receivables, accounts payables and inventory - adjusted for currency

ROIC: Trailing 12 month adjusted EBIT/Invested Capital. Invested Capital is equal to (Invested capital is defined as Equity + Net debt (excl. pension liabilities) and calculated as (Opening balance + Closing balance of Invested Capital)/2. WACC excl. Tax Shield is based on Book value of Equity and Net Debt (excl. pension liabilities) per Sep 30 times Cost of Capital (source: Bloomberg) and cost of Debt (source: Getinge).

Strong funding and cash position

Improved net debt ...

... and leverage



5.7 BSEK
in cash (Sep 30)

Intention is to reduce
excess cash going forward

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Summary

Key takeaways

Summary Q3 2020

- Record sales growth
- Improved margins
- Strengthened Free Cash Flow
- Leverage improved to 1.4x (3.1x)
- The intense cooperation with hospitals continues

Q&A

Thank you

Forward looking information

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



GETINGE

PASSION FOR LIFE