



# Q4 Report 2018

Mattias Perjos, President and CEO  
Lars Sandström, CFO

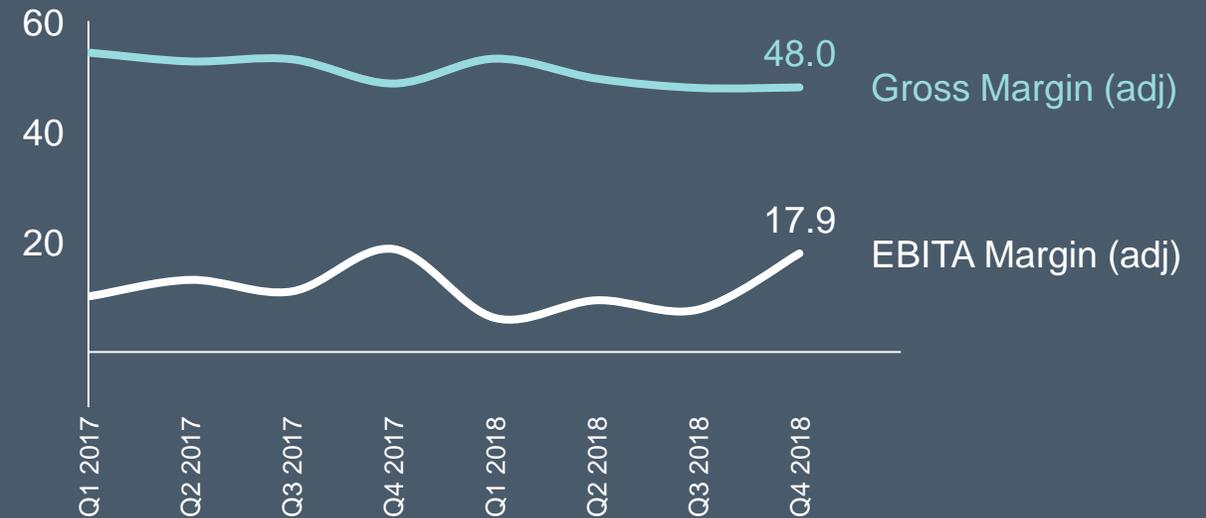
January 30, 2019

GETINGE 

# Key takeaways – performance

Q4 2018

- Sales growth continues
- Growth outlook is unchanged
- Early signs of improved margins
- Stable Cash Flow in a growth quarter
- Proposed dividend: SEK 1.00 per share (1.50)



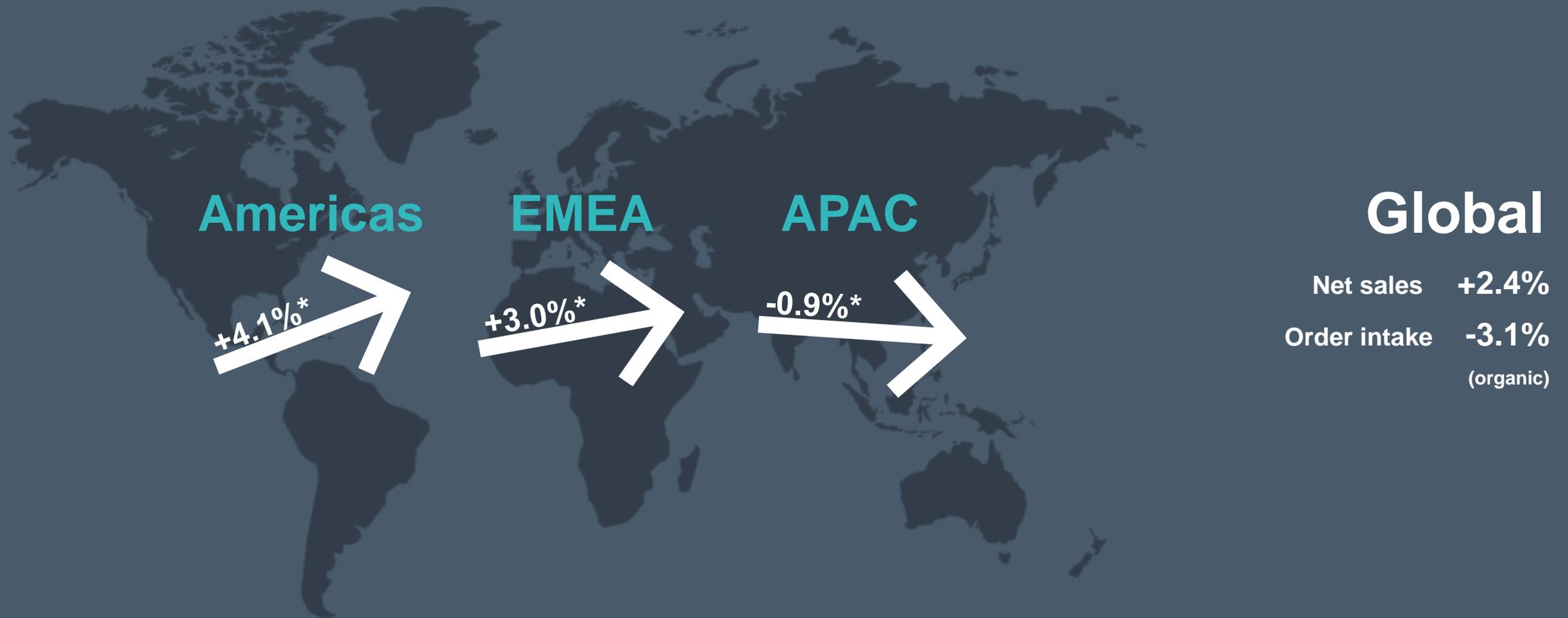
# Key takeaways – events

Q4 2018

- Wayne and Merrimack sites are remediated
- No new material information on Brazil, Mesh litigations and FDA Warning Letter
- New product launches and updates
- Stéphane Le Roy new President for Surgical Workflows

# Organic net sales growth continues

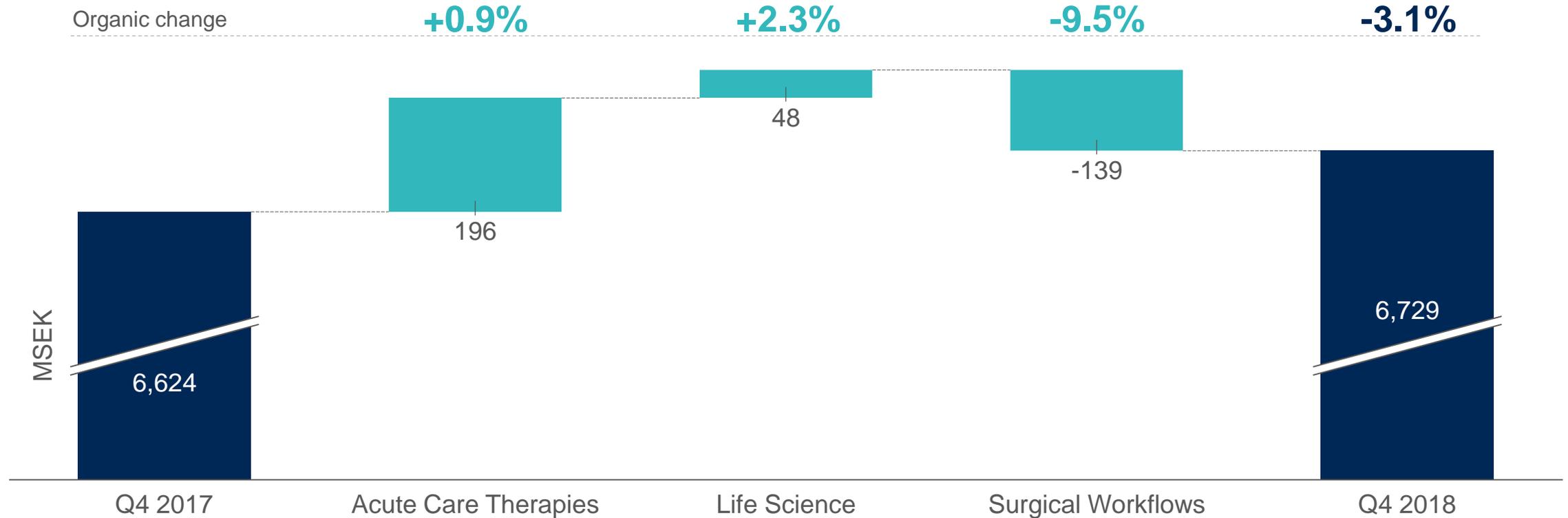
Order intake decrease vs Q4 2017 due to temporary decline in Surgical Workflows and emerging markets in EMEA



\*Organic net sales

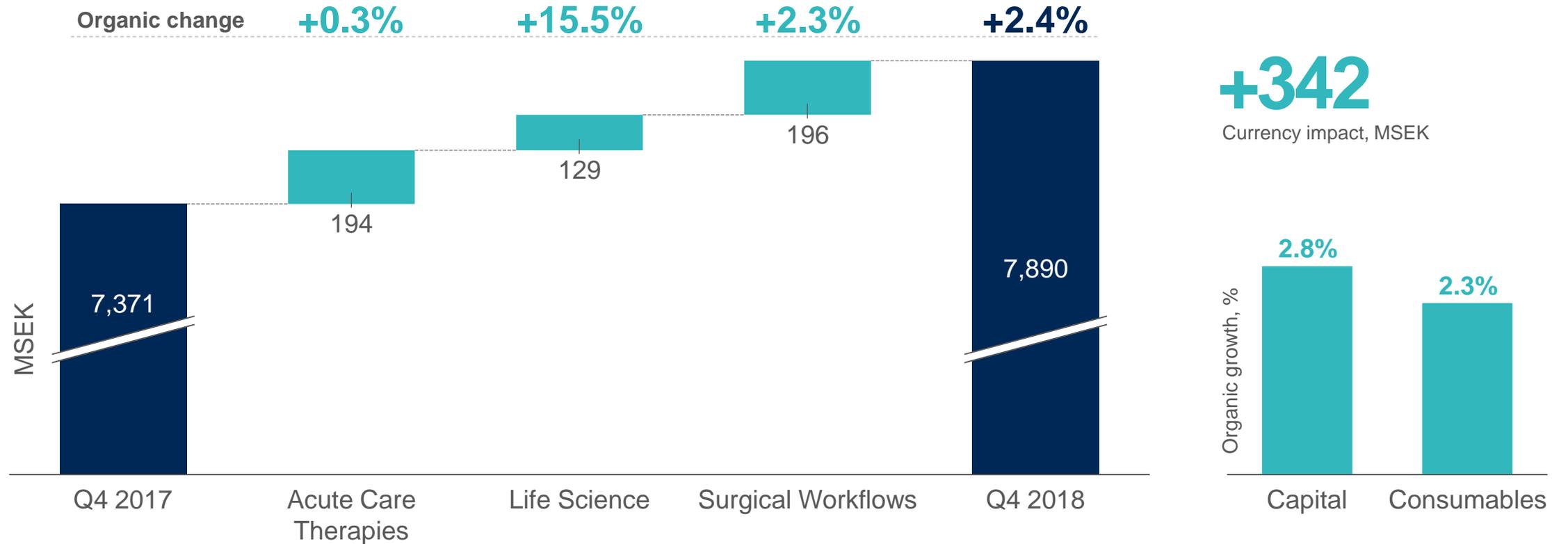
# Contribution in order intake Q4 2018

Challenging comparison (+6.6% organic growth Q4 2017) and temporary decline in Surgical Workflows and emerging markets in EMEA



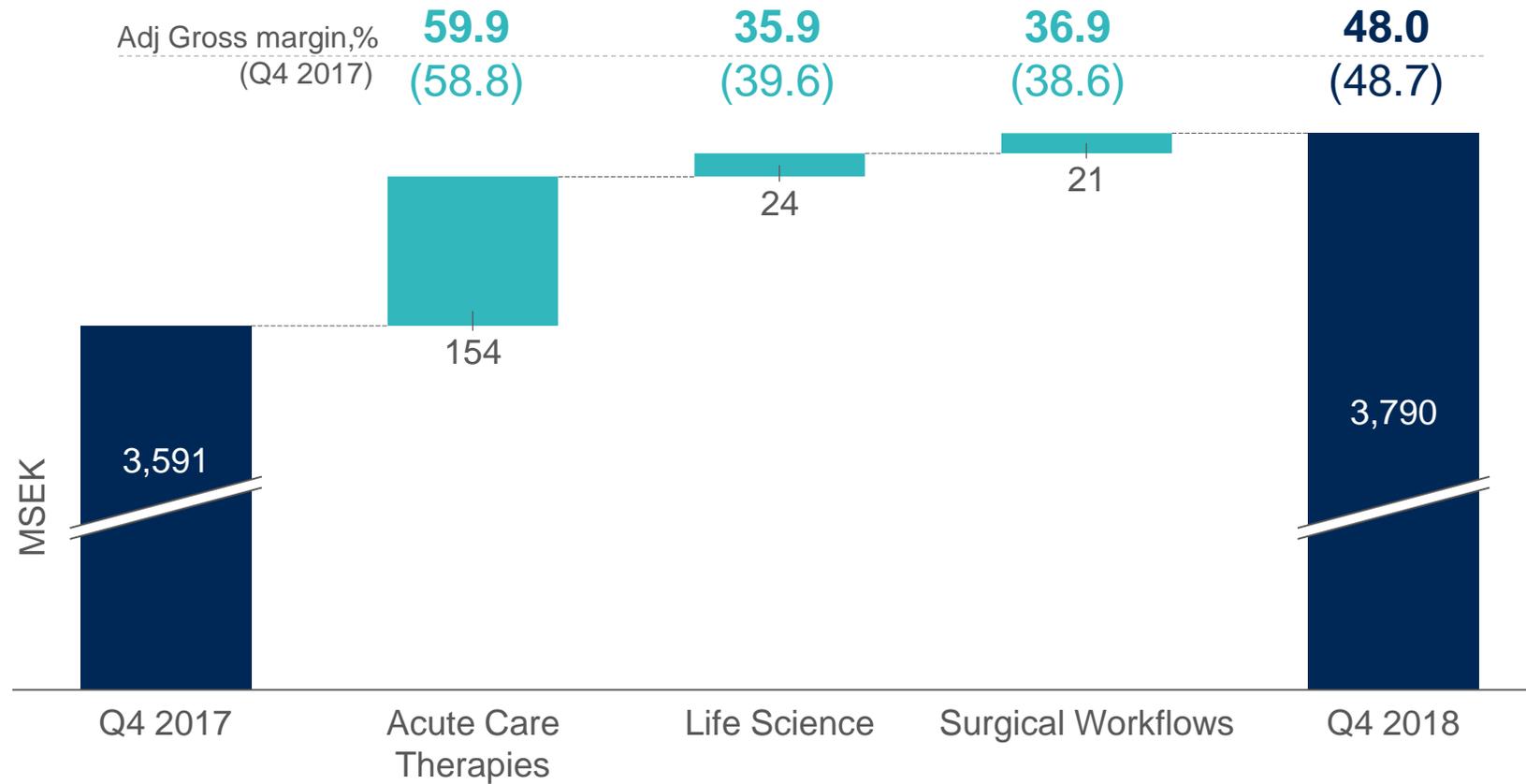
# Contribution in net sales Q4 2018

Growth in all business areas – capital goods still growing faster than consumables



# Gross Margin development Q4 2018

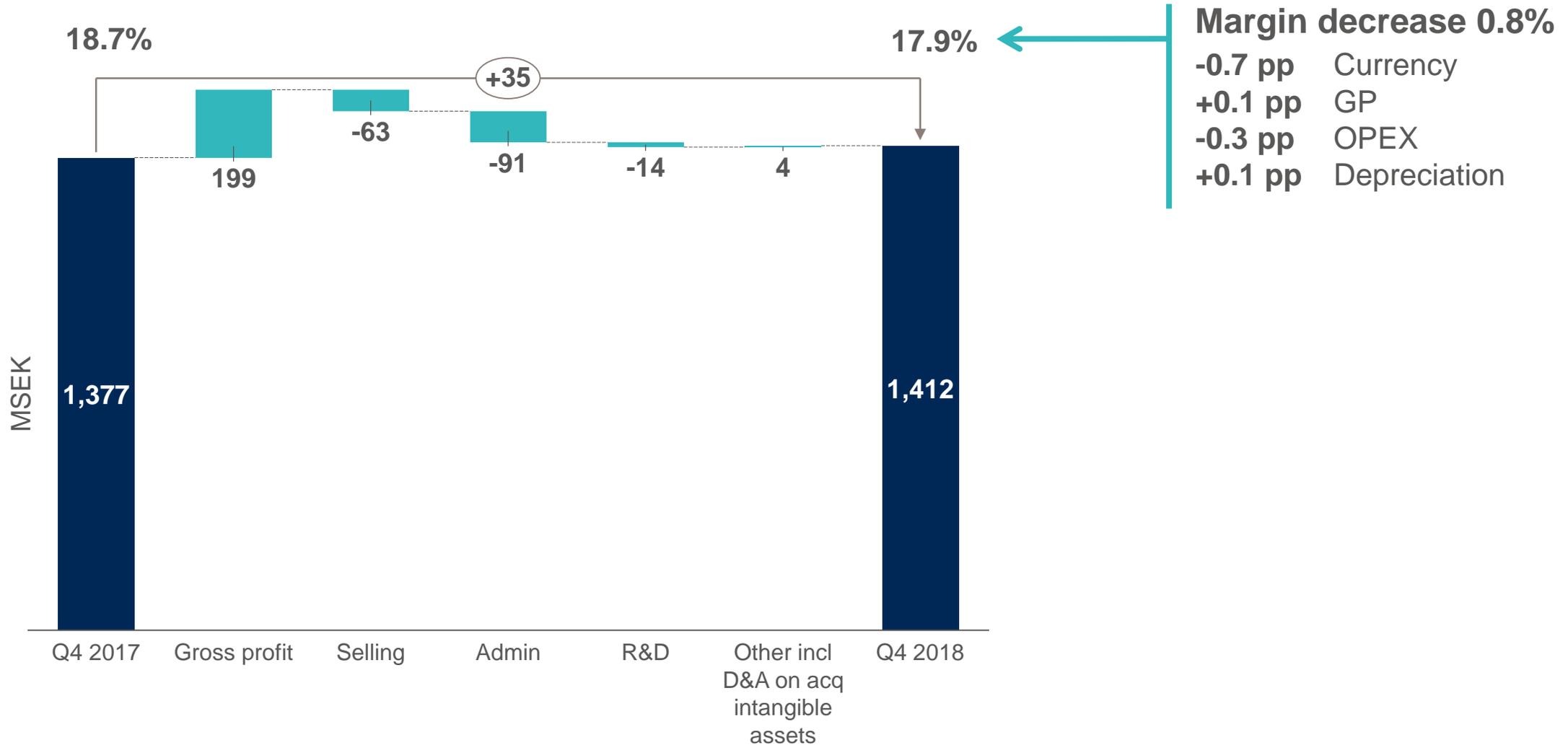
Margin supported by volume growth but negatively impacted by currency effects and product mix



# Financial development

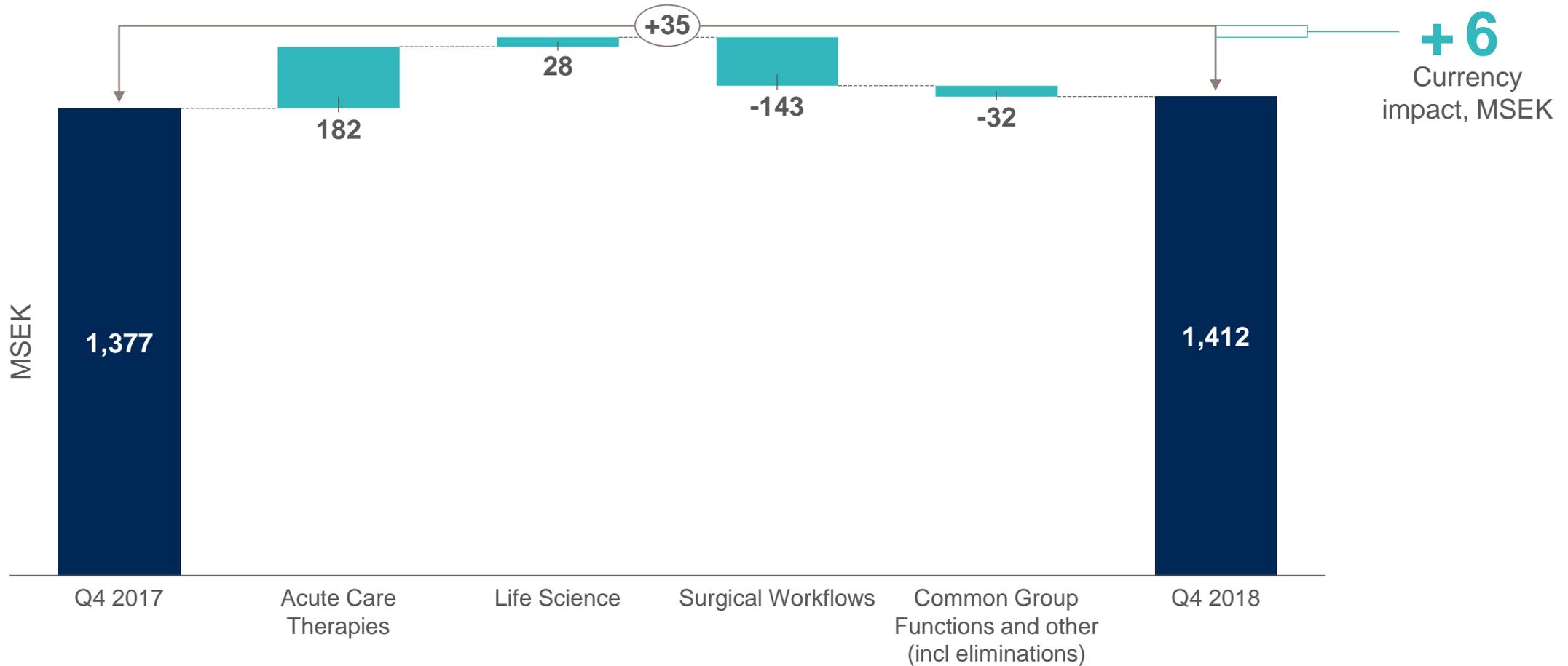
# Adjusted EBITA

Bridge Q4 2017 – Q4 2018



# Adjusted EBITA

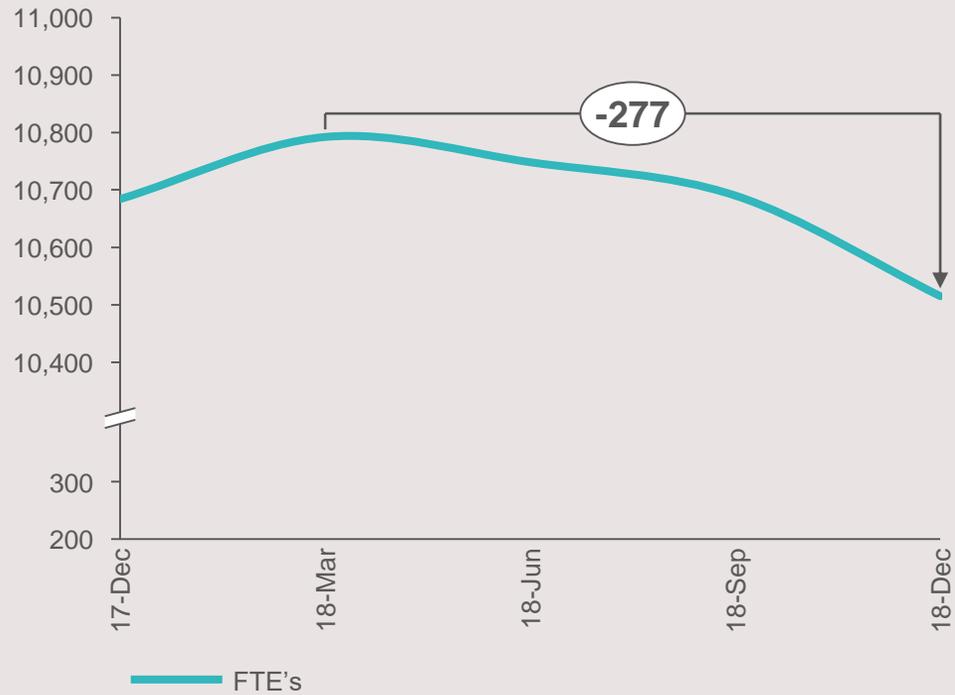
Bridge Q4 2017 – Q4 2018



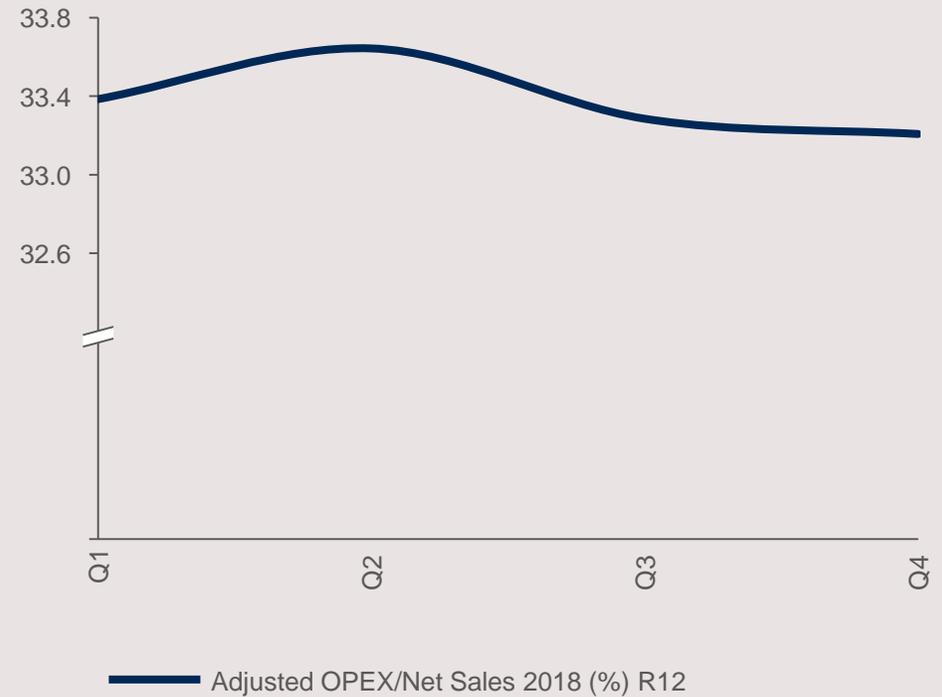
# Control on OPEX

Trend break: FTE's and OPEX in relation to Net Sales

### Trend break in FTE's



### Adj OPEX in relation to Net sales, R12



# Stable cash flow development

Q4 2018 and FY 2018

- Cash flow from operating activities in Q4 amounted to SEK 684 M and cash flow after net investments amounted to SEK 321 M.
- Negative one time effect in the quarter (payout of SEK 276 M related to investigations in Brazil communicated earlier in the year)
- Net debt decreased by SEK 201 M in 2018

SEK M	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Cash flow before changes in working capital	1 181	1 337	2 641	3 653
Changes in working capital	-497	-257	-138	-890
Net investments in non-current assets	-363	-467	-1 335	-1 633
<b>Cash flow after Net investments</b>	<b>321</b>	<b>613</b>	<b>1 168</b>	<b>1 130</b>
Net interest-bearing debt at end of the period			<b>12 591</b>	<b>12 792</b>
<i>In relation to adjusted EBITDA R12, multiple</i>			3,2	3,0

Cash Flow for 2017 is including Arjo

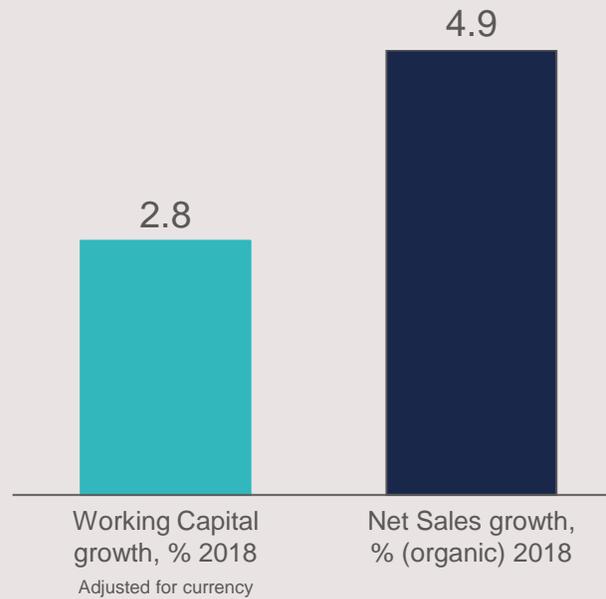
# Stable cash flow development

Working capital growing slower than sales on a yearly basis

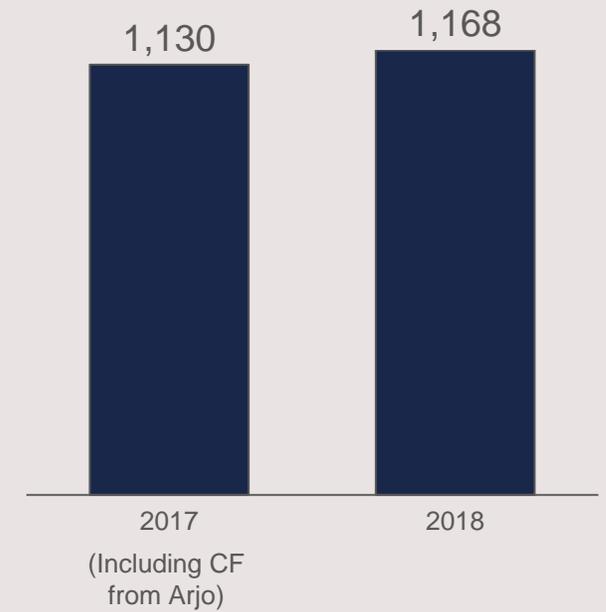
### Trend break in Working Capital



### Growth: Sales vs Working Capital



### CF after net investments, MSEK



# Outlook

# Outlook 2019

**2-4%**  
Organic Net Sales Growth

# Summary

# Key takeaways

Summary Q4 2018

- Sales growth continues
- Growth outlook is unchanged
- Early signs of improved margins
- Stable Cash Flow
- The activities to improve margins and cash flows continues

# Q&A

# Thank you

# Appendix – Business Information

# Getinge today

Leading positions in well defined segments

**170 BSEK**  
Addressable market

**2-4%**

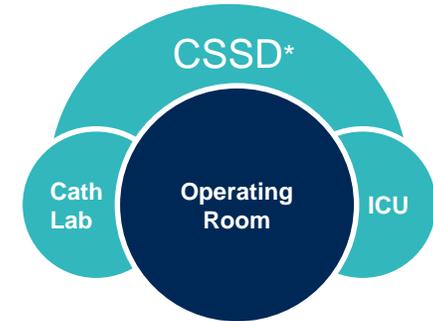
Organic growth in  
addressable market



**90%**

Hospitals represent 90 % of sales,  
10% goes to Pharma, Lab &  
Medtech

Enabling advanced healthcare  
where it matters the most



The value we contribute with



**150**

Sales in 150 countries



**24.2 BSEK**

Net sales\*\*\*

\*Central Sterile Supply Department. \*\* Hospital Acquired Infections \*\*\* FY 2018

# In these trends lie significant opportunities



**Changing demographics**  
More people, older and sicker



**Macroeconomics**  
"More-for-less"



**Healthcare systems**  
Knowledge & value conscious healthcare



**Innovation**  
Broader definition of innovation and new competitors



- Value based health care
- New business and payment models
- Digitalization & Connectivity
- Digital surgery
- Partnerships & integrated eco-systems

# Strong fundamentals in our business

Long term growth opportunities

## US and Emerging Markets represent the highest underlying growth expectations

Addressable market	Americas 75 BSEK	EMEA 50 BSEK	APAC 45 BSEK
Estimated organic growth			

## Market growth per segment\*

## Share of Getinge's Net Sales 2018

Acute Care Therapies	2-4%	54%
Surgical Workflows	2-4%	37%
Life Science	3-5%	9%

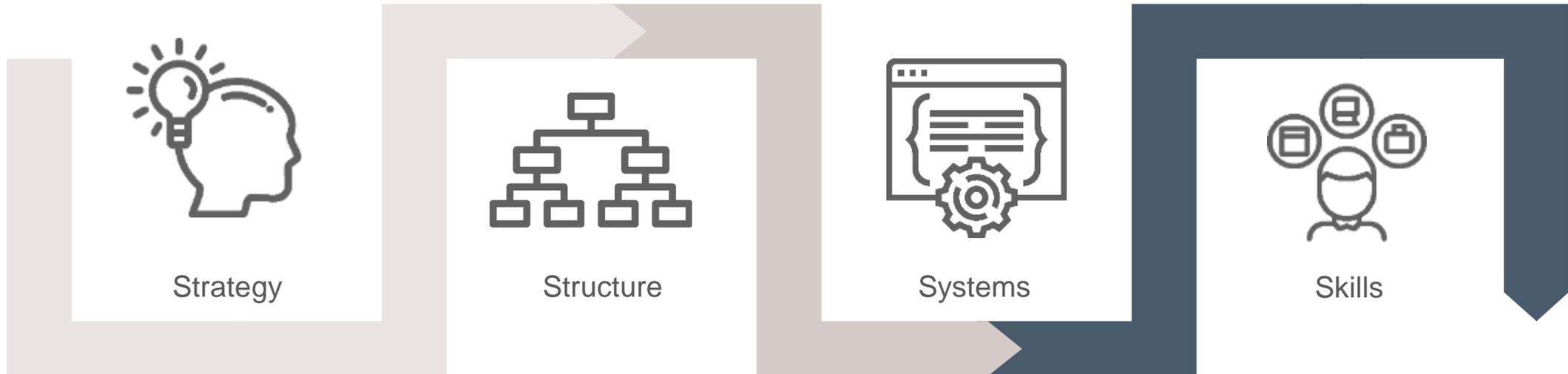
\*The addressable market, weighted and including 1-1.5% price erosion in the segments

# US represents the largest market and the largest growth opportunity for Getinge



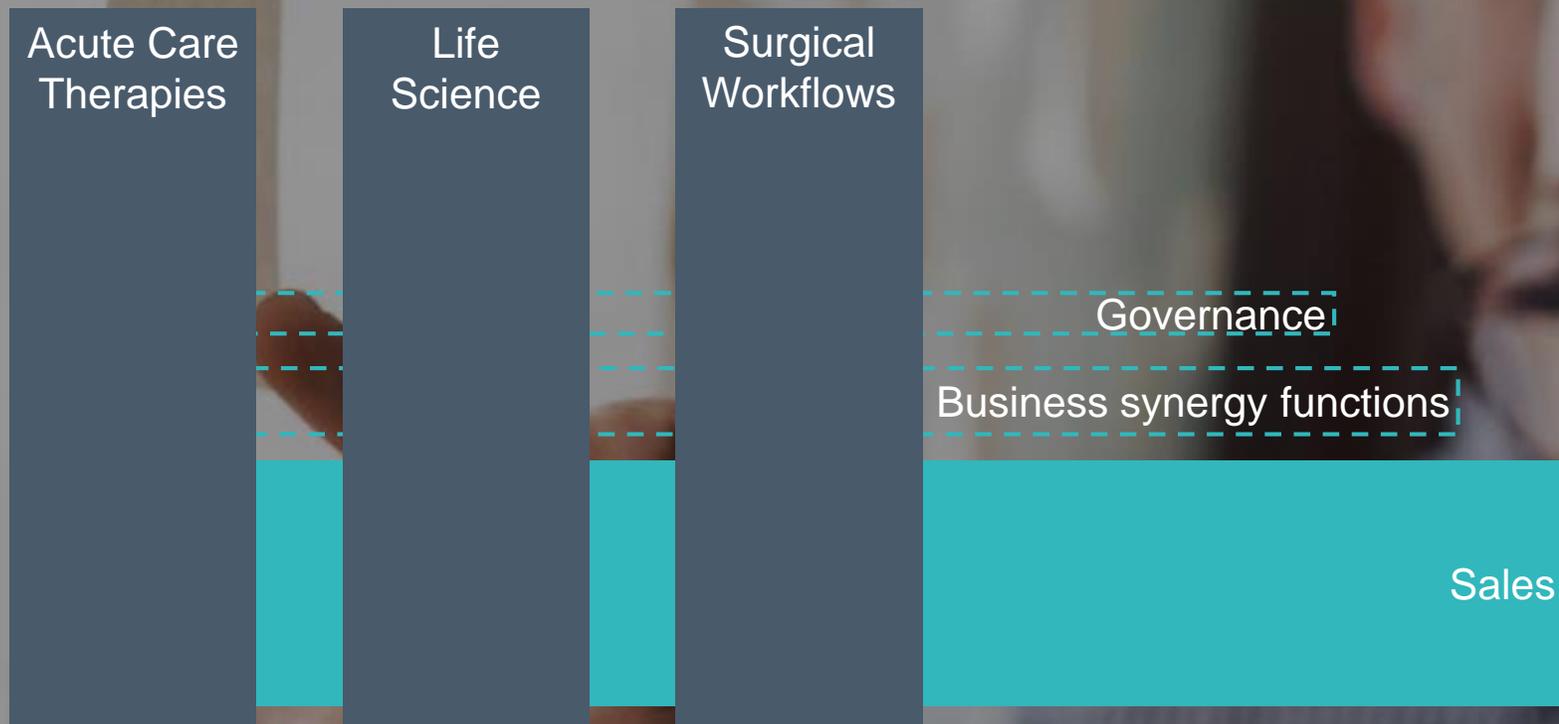
# Build to last – step by step

Effective and sustainable change is built upon a Strategy-Structure-Systems-Skills wave iteration

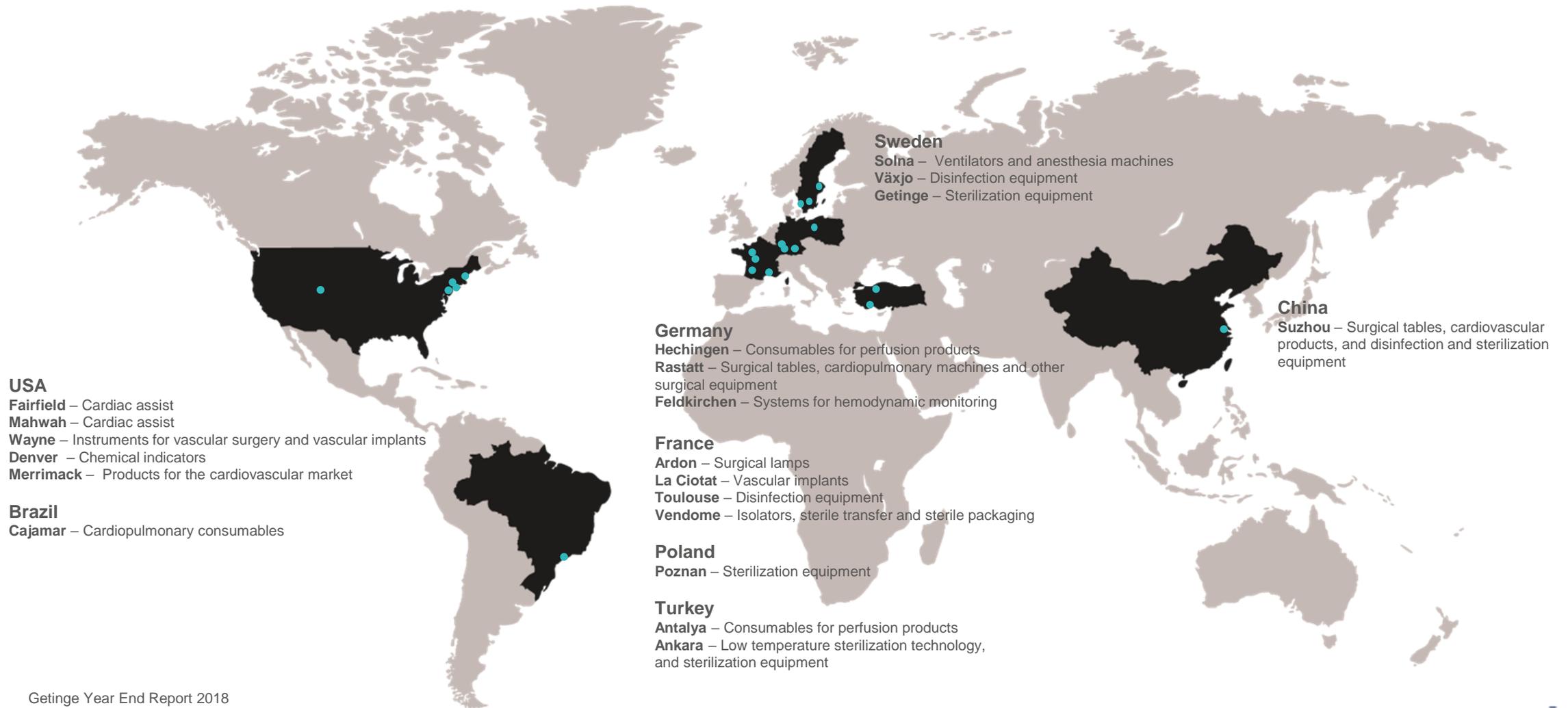


# Structured to optimize outcome from strategy

Balanced BA led organization – ensuring accountability and synergies



# Factory footprint



# Reignite growth, improve margins and cash flows

## Step 1 Re-ignite growth

- Actions taken in 2017 supporting growth in 2018

## Step 2 Productivity

- Global QMS and ERP to ensure compliance and drive synergies
- Innovation and portfolio management to ensure pricing power and productivity in the value chain
- Harmonize processes to capture efficiency in the value chain
- Improving footprint and logistic structure to enhance service level and reduce cost

# Getinge's financial targets

Organic  
net sales

**2-4%**  
average growth

Earnings  
Per Share

**>10%**  
average growth

Dividend  
policy

**30-50%**  
of net income

# 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