Interim report

January – March 2017

January-March 2017 in brief

- **Order intake** increased by 4.7% to SEK 7,249 M (6,924). Order intake increased organically by 0.7%.
- **Net sales** increased by 4.5% to SEK 6,664 M (6,377). Net sales increased organically by 0.6%.
- **Cash flow** from operations increased by 24.0% to SEK 868 M (700) making the cash conversion 72.0% (75.4).
- **EBITA 1*** improved by 31.9% to SEK 818 M (620).
- **Restructuring and integration costs** amounted to SEK 96 M (127).
- **Profit after financial items** increased and is amounting to SEK 383 M (157).
- **Earnings per share** increased and are amounting to SEK 1.16 (0.46).
- **Savings of approximately SEK 100 M** via the Big 5 efficiency-enhancement program.
- **New CEO, Mattias Perjos,** took office at the end of the quarter.
- **Estimated costs related to the proposed spin-off of Patient & Post-Acute Care** amounts to SEK 400-500 M for 2017.

Financial Summary

	Jan-Mar 2017	Jan-Mar 2016	Rolling 12M	Full Year 2016
Order intake, SEK M	7,249	6,924	30,467	30,142
Net sales, SEK M	6,664	6,377	30,043	29,756
Gross profit, SEK M	3,295	3,011	14,124	13,840
Gross margin, %	49.4	47.2	47.0	46.5
EBITA 1*, SEK M	818	620	4,539	4,341
EBITA 1* margin, %	12.3	9.7	15.1	14.6
Operating profit (EBIT), SEK M	540	316	2,511	2,287
Profit after financial items, SEK M	383	157	1,876	1,650
Net profit, SEK M	281	115	1,379	1,213
Earnings per share, SEK	1.16	0.46	5.68	4.98
Cash flow from operations, SEK M	868	700	3,839	3,671

**EBITA 1: EBITA before acquisition, restructuring and integration costs. See definition on page 21.*

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 every-day life for people, today and tomorrow. www.getinge.com

Comments by the CEO

Improved earnings – but challenges remain

I joined the Group as President and CEO on March 27, and I am delighted to now be fully focused on Getinge after the transition period that effectively started in November last year. My positive initial impression of the people in the company, and what we do for our customers, has been reinforced during my first month at the helm. I have also been able to dive into some of the short and long-term challenges we have ahead of us, which I will elaborate on further down.

Our performance in the first quarter has been rather positive. The organic order intake increased by 0.7%, thanks to the strong performance of Surgical Workflows in EMEA. The trend for net sales was similar, which increased organically by 0.6%, driven by a positive performance in EMEA and in Acute Care Therapies.

The gross profit trend in the quarter was very positive with a 49.4% gross margin compared with 47.2% last year. The main driver was Acute Care Therapies in Americas and efficient supply chain performance. While part of the gross margin improvement stems from a favorable product mix that can fluctuate over time, I am pleased to note that some of the structural changes in Supply Chain are leading to improved underlying efficiency. The improved gross profit combined with good general cost control paid off in improved earnings. EBITA before acquisition, restructuring, and integration expenses increased from SEK 620 M to SEK 818 M, corresponding to a margin of 12.3%.

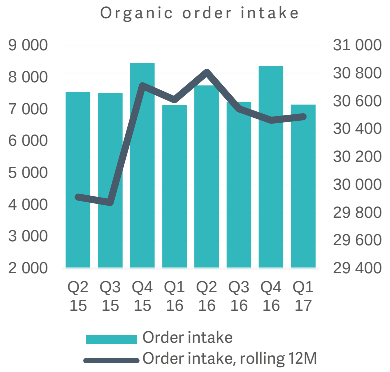
Our efficiency-enhancement program continues to move forward and a significant part of the savings generated has been allocated to strengthen the quality organization, in order to safeguard long-term competitiveness and compliance. Part of the savings will also be used for long-term investment in market development and innovation. The overall direction and content of the efficiency program remains firm, with some added complexity due to the planned spin-off of Patient & Post-Acute Care. The project is progressing according to plan and we have a first estimate of the costs related to the potential separation. We expect it to be in the range of SEK 400-500 M, of which just under half is non-recurring costs. We will provide more detailed information and plans for both companies during the second half of the year.

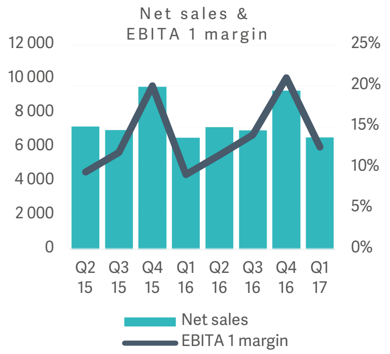
Our quality remediation program has continued with high intensity at the four manufacturing plants that are included in the Consent Decree with the FDA. In both Wayne and Hudson we are progressing according to earlier communicated plans, while the production site in Hechingen, where the situation is more complex, is undergoing a replanning of its remediation program.

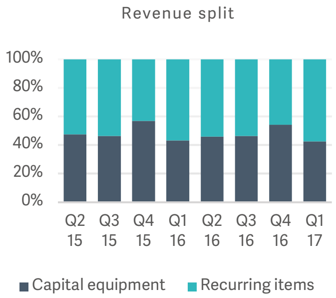
In parallel to the abovementioned challenges, we are working on the long-term plan for Getinge. I am firmly convinced that we will be able to reignite organic growth through market development and customer centric innovation, and I will share information on our progress as we move forward.

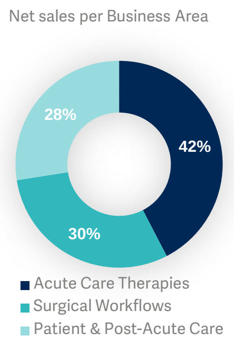
Mattias Perjos, President & CEO

Group performance









Order intake

First quarter of 2017

Getinge's order intake for the first quarter amounted to SEK 7,249 M (6,924). The order intake increased organically by 0.7% (-2.0).

Acute Care Therapies reported a decrease of 1.5% (+2.0) organically in the order intake for the quarter, largely due to lower order intake in Cardiopulmonary and Cardiac Assist, while Critical Care and Cardiac Surgery noted a strong order intake.

The order intake for Surgical Workflows increased organically by 5.2% (-4.7) during the quarter, mainly driven by the strong performance in Life Science and Surgical Workplaces.

The order intake for Patient & Post-Acute Care declined organically by 1.2% (-4.6), attributable to weak performance in rental and service. A moderate growth was reported in capital goods, with strong performance in Patient Handling and Medical Beds.

All business areas reported growth in EMEA, resulting in an increase in organic order intake by 5.8% (-4.2). This was mainly driven by a positive performance in northern Europe, the Middle East and Africa.

Americas reported a decline of 3.6% (+2.1), largely related to falling demand in the US within Acute Care Therapies and Patient & Post-Acute Care. Surgical Workflows' order intake grew in the US following a challenging fourth quarter 2016.

The APAC region reported a 1.5% (-6.1) decline in organic order intake, primarily due to weak demand in East Asia, which was offset to some extent by increased demand in Australia and New Zealand.

Order intake regions, SEK M	**Jan-Mar 2017**	**Jan-Mar 2016**	**Organic change**	**Rolling 12M**	**Full Year 2016**
Americas	2,975	2,909	-3.6%	12,004	11,938
APAC	1,121	1,068	-1.5%	5,514	5,461
EMEA	3,153	2,947	5.8%	12,949	12,743
Total	**7,249**	**6,924**	**0.7%**	**30,467**	**30,142**

Net sales and results

First quarter 2017

The Group's net sales for the quarter amounted to SEK 6,664 M (6,377). Net sales grew organically by 0.6% (-3.2).

The organic net sales in Acute Care Therapies rose 3.5% (+0.9) in the first quarter, mainly as a consequence of the strong performance in Cardiopulmonary. Surgical Workflows' net sales increased organically by 0.5% (-6.7) as the result of the positive trend in Life Science and Surgical Workplaces. Patient & Post-Acute Care reported an organic 3.4% (-4.9) decline in the first quarter, primarily due to lower sales in capital goods and the rental business. This was partly offset by increasing net sales in Patient Handling.

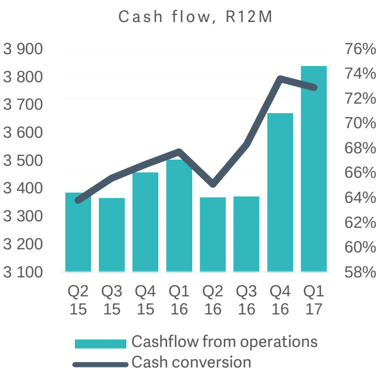
Organic net sales rose 3.8% (-5.1) in EMEA, mainly as an effect of the strong performance in Acute Care Therapies in northern Europe and Surgical Workflows in southern Europe. Americas reported a decline of 1.7% (+0.8), largely due to weaker sales in Patient & Post-Acute Care in the US. APAC posted a 1.5% (-8.4) decline, primarily attributable to weak demand in Japan, Australia and New Zealand year-on-year.

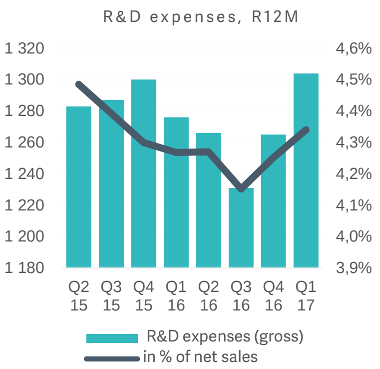
The gross margin improved to 49.4% (47.2), which is a result of increased net sales, a favorable product mix and enhanced productivity in Supply Chain. Operating expenses increased by 3.7% year-on-year. Administrative expenses increased by 5.4%, primarily attributable to currency effects and quality organization reinforcements.

EBITA 1 amounted to SEK 818 M (620). Exchange-rate effects had a positive impact of approximately SEK 33 M on EBITA 1.

The quarter was charged with restructuring and integration costs totaling SEK 96 M (127). These costs mainly refer to the write-down of intangible assets in the form of IT systems as a consequence of the decision to harmonize the ERP and CRM systems. Net financial items amounted to SEK -157 M (-159). Profit after financial items increased to SEK 383 M (157), mainly as the result of higher gross profit. Net profit for the period amounted to SEK 281 M (115).

Net sales regions, SEK M	**Jan-Mar 2017**	**Jan-Mar 2016**	**Organic change**	**Rolling 12M**	**Full Year 2016**
Americas	2,866	2,755	-1.7%	11,930	11,819
APAC	1,014	967	-1.5%	5,430	5,383
EMEA	2,784	2,655	3.8%	12,683	12,554
Total	**6,664**	**6,377**	**0.6%**	**30,043**	**29,756**





Cash flow and financial position

Operating cash flow amounted to SEK 868 M (700) for the quarter, corresponding to a cash conversion of a 72.0% (75.4). Net investments amounted to SEK 366 M (360). The Group's cash and cash equivalents at the end of the period amounted to SEK 2,334 M (2,056) and interest-bearing net debt was SEK 22,743 M (22,618). The equity/assets ratio amounted to 37.7% (35.2) and net debt/equity ratio to 1.10 (1.23).

Research and Development

The Group's research and development costs for the quarter amounted to SEK 327 M (288), corresponding to 4.9% (4.5) 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 approximately SEK 100 M, mainly as the result of higher efficiency in direct sourcing and lean sales and administration. Total savings in 2016 and the first quarter 2017 amounted to approximately SEK 500 M. The savings are mainly allocated to fund product development and to strengthening 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 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 and appropriate measures taken.

Progress during the first quarter 2017

During the first quarter, the improvement program continued on all production units under the Consent Decree. However, the production units are in different phases of the remediation program.

The US sites are progressing with their remediation programs according to plan, while the production site in Hechingen, where the situation is more complex, is undergoing a re-organization of its remediation program.

During the quarter, SEK 65 M of the provision was utilized for remediation measures. The provision at the end of the quarter amounted to SEK 302 M.

Future inspections will determine whether additional investments are needed to meet the FDA's requirements and expectations. Accordingly, Getinge cannot, at the current time, rule out that additional sanctions will be made or costs incurred.

Other key events during the quarter

Changes to Getinge Executive Team

Mattias Perjos took office as President and CEO of Getinge at the end of March. At the same time, Joacim Lindoff assumed the role as President for Patient & Post-Acute Care and member of Getinge's Executive Team.

A new brand structure with one single brand: Getinge

During the quarter a new brand structure with one single brand, Getinge, was launched. Consequently, Getinge will approach customers with a total portfolio that accumulates all inherent equities of the former brands under one single brand, Getinge. Getinge's rapid growth, primarily through acquisitions, over the last 25 years has built up an extensive brand portfolio comprising such brands as Maquet, Lancer, Atrium and more. Some of the former brands in Getinge, such as Maquet, will become product family names under the Getinge master brand.

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

The preparations for the intended distribution and listing of Patient & Post-Acute Care have continued according to plan during the quarter. The distribution is subject to decision by the shareholders at an Extraordinary General Meeting (EGM) on the basis of a proposal by the Board. Should the EGM approve the Board's proposal, the intention is to complete the distribution and listing no later than in the first quarter 2018.

Product upgrades and launches

Each business area released new products and upgrades during the quarter. For instance, Stericool Generation 4 low temperature sterilizer was launched by Surgical Workflows in Europe, strengthening the portfolio within this growing segment. A new washer-dryer product, GEW 8668, was also rolled out, filling a gap in the product portfolio targeting customers in biotechnology and related life science segments. In addition, a number of existing products were upgraded.

In Patient & Post-Acute care, the Wellness Nordic Relax Chair was released in a number of countries. Wellness Nordic helps people with dementia to relax through soothing music and tactile stimulation, which can have a beneficial effect on their behavior and quality of life. Getinge has entered into an exclusive distribution agreement with Wellness Nordic for this novel product, which will allow the company to further expand the Long Term Care offering. In addition the Citadel™ Plus Bariatric Care System was introduced to additional countries. Altogether 21 countries now sell or rent Citadel™ Plus, which is a purpose-built bariatric medical bed, designed to deliver value and safe dignified care for plus size patients.

In Acute Care Therapies, several upgrades were made on strategically important products, such as the successful ICU ventilator Servo-U, with the addition of new features enabling high flow oxygen therapy. Furthermore, Metavision Perfusion, a point-of-care clinical information system for Perfusionists, was introduced in Western Europe and APAC.

Continued improvements in Supply Chain

Efficiency improvements within Supply Chain continued during the quarter. These efforts were made in prioritized areas such as supplier management, process harmonization and production optimization – all based on a lean and networking culture.

A new distribution center was opened in Memphis, Tennessee, US. Memphis is a more favorable geographical location for serving all of Getinge's customers compared with the previous location in Dayton, New Jersey. Additionally, the new Memphis Distribution Center is process-oriented and data-driven, enhancing delivery performance, improving the customer service and being more cost-efficient.

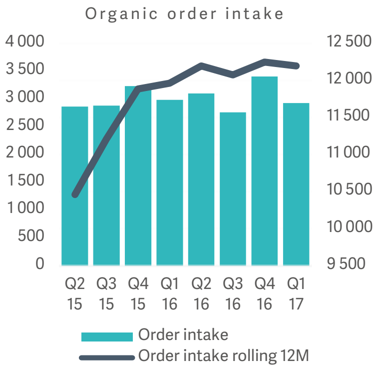
Outlook 2017

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

Currency transaction effects are expected to have a positive impact of approximately SEK 200 M 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, of which close to half are non-recurring. Further information on financial effects on both Getinge and the new company going forward is planned to be presented during the autumn of 2017.

Acute Care Therapies

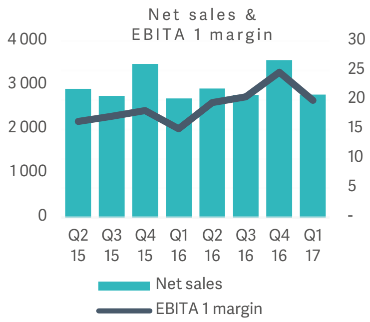


Order intake

The organic order intake declined by 1.5% (+2.0) compared with the year-earlier period, primarily due to weak order intake in Cardiopulmonary and Cardiac Assist. Critical Care and Cardiac Surgery reported a strong order intake for the quarter.

EMEA, particularly Middle East and Africa, noted a strong performance in the quarter while Americas and APAC presented a declining order intake year-on-year.

Order intake regions SEK M	Jan-Mar 2017	Jan-Mar 2016	Organic change	Rolling 12M	Full Year 2016
Americas	1,574	1,546	-4.0%	6,228	6,200
APAC	457	482	-10.9%	2,180	2,205
EMEA	944	853	8.2%	3,745	3,654
Total	**2,975**	**2,881**	**-1.5%**	**12,153**	**12,059**

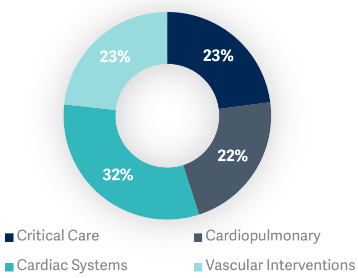


Net sales and results

Net sales for Acute Care Therapies increased organically by 3.5% (+0.9) in the first quarter. Cardiopulmonary products account for the largest increase, followed by Cardiac Surgery and Critical Care. All three regions reported positive net sales during the period, with EMEA and APAC performing strongly, while the increase in Americas was 0.7%. In EMEA, growth was mainly driven by the demand in southern Europe and growth in APAC was largely attributable to high demand in East Asia.

Net sales regions SEK M	Jan-Mar 2017	Jan-Mar 2016	Organic change	Rolling 12M	Full Year 2016
Americas	1,539	1,444	0.7%	6,182	6,087
APAC	457	403	6.9%	2,159	2,105
EMEA	829	764	7.1%	3,677	3,612
Total	**2,825**	**2,611**	**3.5%**	**12,018**	**11,804**

Net sales per product segment

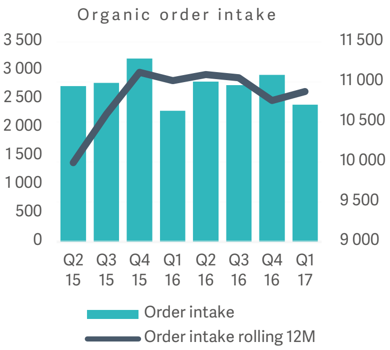


The gross margin increased to 57.9% (55.0) year-on-year, mainly due to higher net sales, a favorable product mix and increased efficiency within Supply Chain. Operating expenses increased by 1.5% and EBITA 1 rose by 50.1% to SEK 557 M (371). Exchange-rate fluctuations of SEK 22 M positively impacted EBITA 1 compared with the preceding year. The quarter was charged with significantly lower restructuring and integration costs year-on-year, in total amounting to SEK 9 M (58).

Income statement in brief	Jan-Mar 2017	Jan-Mar 2016	Rolling 12M	Full Year 2016
Net sales, SEK M	2,825	2,611	12,018	11,804
Gross profit, SEK M	1,635	1,436	6,751	6,552
Gross margin, %	*57.9%*	*55.0%*	*56.2%*	*55.5%*
Operating expenses, SEK M	- 1,220	- 1,202	- 4,811	- 4,793
EBITA 1, SEK M	557	371	2,512	2,326
EBITA 1 margin, %	*19.7%*	*14.2%*	*20.9%*	*19.7%*
Acquisition expenses, SEK M	- 1	- 2	- 7	- 8
Restructuring and integration costs, SEK M	- 9	- 58	- 702	- 751
Operating profit (EBIT), SEK M	405	174	1,231	1,000
EBIT margin, %	*14.3%*	*6.7%*	*10.2%*	*8.5%*

Acute Care Therapies offers solutions for life support in acute health conditions. The offering includes solutions for cardiac, pulmonary, vascular therapies and a broad selection of products and therapies for intensive care.

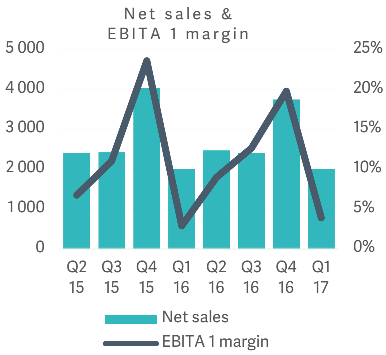
Surgical Workflows



Order intake

The organic order intake increased by 5.2% (-4.7), mainly driven by the strong performance in Life Science and Surgical Workplaces. All regions reported growth and the most marked increase took place in EMEA, due to strong performance in northern Europe in Surgical Workplaces. Growth in APAC was driven by Australia and New Zealand, while growth in Americas was the result of a positive trend in Surgical Workplaces in the US.

Order intake regions SEK M	Jan-Mar 2017	Jan-Mar 2016	Organic change	Rolling 12M	Full Year 2016
Americas	686	635	1.8%	2,847	2,796
APAC	448	410	3.1%	2,450	2,412
EMEA	1,283	1,191	7.7%	5,527	5,435
Total	**2,417**	**2,236**	**5.2%**	**10,824**	**10,643**

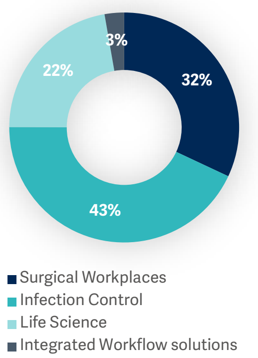


Net sales and results

Net sales increased organically by 0.5% (-6.7) in the quarter year-on-year, as the result of the positive performance in Life Science and Surgical Workplaces, offsetting the negative impact from the decline in Infection Control. Strong performance in northern Europe and Life Science resulted in growth in the EMEA region for the period. APAC reported a decline due to weak demand in Japan, mainly in Infection Control. Americas' net sales decreased, primarily due to lower demand in Latin America.

Net sales regions SEK M	Jan-Mar 2017	Jan-Mar 2016	Organic change	Rolling 12M	Full Year 2016
Americas	592	571	-2.0%	2,807	2,786
APAC	370	377	-7.4%	2,397	2,404
EMEA	1,046	995	4.9%	5,357	5,306
Total	**2,008**	**1,943**	**0.5%**	**10,561**	**10,496**

Net sales per product segment

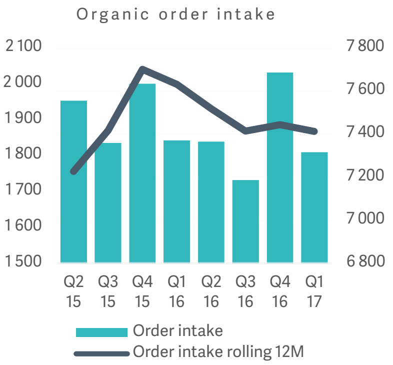


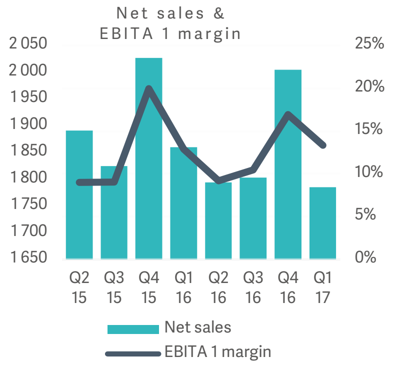
The gross margin for Surgical Workflows increased year-on-year to 38.7% (36.6), mainly the result of higher net sales and increased efficiency within Supply Chain. Operating expenses increased by 5.9%, primarily explained by currency effects. EBITA 1 rose to SEK 72 M (45). Exchange-rate fluctuations of SEK 20 M positively impacted EBITA 1. Restructuring and integration costs amounted to SEK 17 M (42).

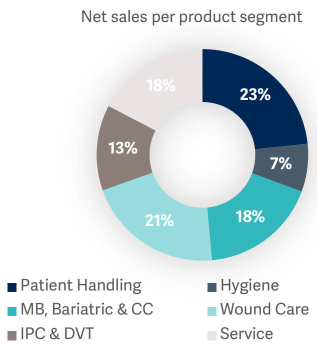
Income statement in brief	Jan-Mar 2017	Jan-Mar 2016	Rolling 12M	Full Year 2016
Net sales, SEK M	2,008	1,943	10,561	10,496
Gross profit, SEK M	777	712	4,026	3,961
Gross margin, %	*38.7%*	*36.6%*	*38.1%*	*37.7%*
Operating expenses, SEK M	- 713	- 673	- 2,745	- 2,705
EBITA 1, SEK M	72	45	1,310	1,283
EBITA 1 margin, %	*3.6%*	*2.3%*	*12.4%*	*12.2%*
Acquisition expenses, SEK M	0	0	- 2	- 2
Restructuring and integration costs, SEK M	- 17	- 42	- 228	- 253
Operating profit (EBIT), SEK M	47	- 3	1,051	1,001
EBIT margin, %	*2.3%*	*-0.2%*	*10.0%*	*9.5%*

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 Life Science segment is also included in this Business Area.

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 decreased organically by 1.2% (-4.6) year-on-year, due to weak order intake in rental and service. Moderate growth was reported in capital goods, with strong performance in Patient Handling and Medical Beds. The organic order intake was favorable in APAC as a result from the strong performance in Australia and New Zealand in capital goods. EMEA noted a moderate increase, largely driven by higher demand in northern Europe. Americas reported a decline due to a lower order intake in the US.

Order intake regions SEK M	Jan-Mar 2017	Jan-Mar 2016	Organic change	Rolling 12M	Full Year 2016
Americas	715	728	-7.3%	2,929	2,942
APAC	216	176	13.4%	884	844
EMEA	926	903	1.0%	3,677	3,654
Total	**1,857**	**1,807**	**-1.2%**	**7,490**	**7,440**

Net sales and results

Organic net sales fell by 3.4% (-4.9) in the first quarter, primarily as a consequence of lower sales in capital goods and in the rental business. This was partly offset by increased net sales in Patient Handling, Service and products for the prevention of Deep Vein Thrombosis.
A strong ending to the quarter in EMEA contributed to a flat trend in organic net sales year-on-year. APAC and Americas reported a decrease, although it slowed by the end of the quarter.

Net sales regions SEK M	Jan-Mar 2017	Jan-Mar 2016	Organic change	Rolling 12M	Full Year 2016
Americas	735	740	-6.3%	2,941	2,946
APAC	187	187	-7.6%	874	874
EMEA	909	896	-0.2%	3,649	3,636
Total	**1,831**	**1,823**	**-3.4%**	**7,464**	**7,456**

The gross margin increased year-on-year to 48.2% (47.3), mainly driven by enhanced efficiency in Supply Chain. Operating expenses rose by 6.1%, which is primarily explained by currency effects. EBITA 1 decreased by 6.7% to SEK 238 M (255). Exchange-rate fluctuations of SEK 9 M negatively impacted EBITA 1 compared with the preceding year. The quarter was charged with restructuring and integration costs of SEK 69 M (14), mostly attributable to write-down of IT-systems as a consequence of implementing new efficient IT business systems.

Income statement in brief	Jan-Mar 2017	Jan-Mar 2016	Rolling 12M	Full Year 2016
Net sales, SEK M	1,831	1,823	7,464	7,456
Gross profit, SEK M	883	863	3,347	3,327
Gross margin, %	*48.2%*	*47.3%*	*44.8%*	*44.6%*
Operating expenses, SEK M	- 677	- 638	- 2,536	- 2,497
EBITA 1, SEK M	238	255	939	956
EBITA 1 margin, %	*13.0%*	*14.0%*	*12.6%*	*12.8%*
Acquisition expenses, SEK M	0	0	- 9	- 9
Restructuring and integration costs, SEK M	- 69	- 14	- 211	- 156
Operating profit (EBIT), SEK M	137	211	591	665
EBIT margin, %	*7.5%*	*11.6%*	*7.9%*	*8.9%*

Other information

Key events after the end of the quarter

Chief Financial Officer has decided to leave Getinge

Reinhard Mayer, Chief Financial Officer of Getinge, has decided to leave the company for family reasons after nearly 20 years of service. Reinhard Mayer will remain CFO and member of the Getinge Executive Team until he leaves the position in November 2017.

Risk management

Healthcare reimbursement system

Political decisions represent the single greatest market risk to Getinge. 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. The 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. Each business area has an appointed person with overall responsibility for quality and regulatory matters (QRM). 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 actual development work is also 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 first quarter is normally weak in relation to the remainder of the financial 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, April 25, 2017

Carl Bennet Chairman	**Johan Bygge**	**Cecilia Daun Wennborg**
Barbro Fridén	**Dan Frohm**	**Sofia Hasselberg**
Rickard Karlsson	**Åke Larsson**	**Johan Malmquist**
Mattias Perjos CEO	**Malin Persson**	**Johan Stern** Vice Chairman

This report has not been subject for review by the auditors of the company.

Consolidated financial statements

Consolidated income statement

SEK M	Note	Jan-Mar 2017	Jan-Mar 2016	Full Year 2016
Net sales	2	6,664	6,377	29,756
Cost of goods sold	3	- 3,369	- 3,366	- 15,916
Gross profit		**3,295**	**3,011**	**13,840**
Selling expenses	3	- 1,635	- 1,578	- 6,250
Administrative expenses	3	- 873	- 828	- 3,359
Research and development costs	4	- 164	- 167	- 671
Acquisition expenses		- 1	- 4	- 21
Restructuring and integration costs		- 96	- 127	- 1,313
Other operating income and expenses		14	9	61
Operating profit (EBIT)	2,3	**540**	**316**	**2,287**
Financial net	2	- 157	- 159	- 637
Profit after financial items	2	**383**	**157**	**1,650**
Taxes		- 102	- 42	- 437
Net profit for the period		**281**	**115**	**1,213**
Attributable to:				
Parent company´s shareholders		277	110	1,188
Non-controlling interest		4	5	25
Earnings per share, SEK*		1.16	0.46	4.98

** Before and after dilution*

Consolidated statement of comprehensive income

SEK M	Jan-Mar 2017	Jan-Mar 2016	Full Year 2016
Net profit for the period	**281**	**115**	**1,213**
Other comprehensive income			
Items that cannot be restated in profit for the period			
Actuarial gains/losses pertaining to defined benefit pension plans	0	26	- 280
Tax attributable to items that cannot be restated in profit	0	- 5	104
Items that can later be restated in profit for the period			
Translation differences and hedging of net investments	- 101	- 576	551
Cash-flow hedges	134	- 52	86
Tax attributable to items that can be restated in profit	- 107	11	326
Other comprehensive income/loss for the period, net after tax	**- 74**	**- 596**	**787**
Total comprehensive income for the period	**207**	**- 481**	**2,000**
Comprehensive income attributable to:			
Parent company´s shareholders	203	- 482	1,964
Non-controlling interest	4	1	36

Consolidated balance sheet

SEK M	Note	31 March 2017	31 March 2016	31 December 2016
Assets				
Intangible assets		31,495	29,976	32,004
Tangible fixed assets		4,203	4,497	4,313
Financial fixed assets		1,426	1,469	1,329
Inventory		6,005	5,570	5,431
Accounts receivable		6,744	6,302	8,159
Other current receivables		2,619	2,516	2,295
Cash and cash equivalents	6	2,334	2,056	1,680
Total assets		**54,826**	**52,386**	**55,211**
Shareholders' equity and liabilities				
Shareholders' equity		20,648	18,445	20,916
Provisions for pensions, interest-bearing	6	3,349	2,944	3,368
Other interest-bearing liabilities	6	21,728	21,730	21,701
Provisions	8	1,835	2,149	1,856
Accounts payable		1,948	1,728	2,201
Other non-interest-bearing liabilities		5,318	5,390	5,169
Total equity & liabilities		**54,826**	**52,386**	**55,211**

Changes in shareholders' equity

SEK M	Share capital	Other Capital provided	Reserves	Retained earnings	Total	Non-controlling interest	Total equity
Opening balance on 1 January 2016	**119**	**5,960**	**3**	**13,121**	**19,203**	**390**	**19,593**
Total comprehensive earnings for the period	-	-	952	1,012	**1,964**	36	**2,000**
Share related remunerations	-	-	-	8	**8**	-	**8**
Dividend	-	-	-	- 667	**- 667**	- 18	**- 685**
Closing balance on 31 December 2016	**119**	**5,960**	**955**	**13,474**	**20,508**	**408**	**20,916**
Opening balance on 1 January 2017	**119**	**5,960**	**955**	**13,474**	**20,508**	**408**	**20,916**
Total comprehensive earnings for the period	-	-	- 74	277	**203**	4	**207**
Share related remunerations	-	-	-	2	**2**	-	**2**
Dividend	-	-	-	- 477	**- 477**	-	**- 477**
Closing balance on 31 March 2017	**119**	**5,960**	**881**	**13,276**	**20,236**	**412**	**20,648**

Consolidated cash flow statement

SEK M	Jan-Mar 2017	Jan-Mar 2016	Full Year 2016
Operating activities			
Operating profit (EBIT)	540	316	2,287
Reversal of amortizations, depreciations and write-downs	666	612	2,703
Other non-cash items	4	4	85
Expensed restructuring and integration costs*	28	127	1,015
Paid restructuring and integration costs	- 115	- 199	- 872
Financial items	- 157	- 159	- 637
Taxes paid	- 172	- 161	- 332
Cash flow before changes to working capital	**794**	**540**	**4,249**
Changes in working capital			
Inventory	- 558	- 354	- 234
Current receivables	973	922	- 252
Current liabilities	- 341	- 408	- 92
Cash flow from operating activities	**868**	**700**	**3,671**
Investing activities			
Acquired operations	- 40	-	- 212
Divested operations	-	-	-
Net investments	- 366	- 360	- 1,585
Cash flow from investing activities	**- 406**	**- 360**	**- 1,797**
Financing activities			
Change in interest-bearing liabilities	178	339	- 1,106
Change in interest bearing receivables	- 24	- 20	42
Dividend paid	-	-	- 685
Cash flow from financing activities	**154**	**319**	**- 1,749**
Cash flow for the period	**616**	**659**	**125**
Cash and cash equivalents at the beginning of the period	1,680	1,468	1,468
Translation differences	38	- 71	87
Cash and cash equivalents at the end of the period	**2,334**	**2,056**	**1,680**

* *Excluding write-downs on fixed 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 implementations of 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 has not yet been applied, refer to page 62 - 63 in the Annual Report 2016.

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

Note 2 Segment overview

Net sales, SEK M	**Jan-Mar 2017**	**Jan-Mar 2016**	**Full Year 2016**
Acute Care Therapies	2,825	2,611	11,804
Surgical Workflows	2,008	1,943	10,496
Patient & Post-Acute Care	1,831	1,823	7,456
Total	**6,664**	**6,377**	**29,756**

Operating profit (EBIT), SEK M	**Jan-Mar 2017**	**Jan-Mar 2016**	**Full Year 2016**
Acute Care Therapies	405	174	1,000
Surgical Workflows	47	- 3	1,001
Patient & Post-Acute Care	137	211	665
Group Functions*	- 49	- 66	- 379
Operating profit (EBIT)	**540**	**316**	**2,287**
Financial net	- 157	- 159	- 637
Profit after financial items	**383**	**157**	**1,650**

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

Note 3 Depreciations and write-downs

SEK M	**Jan-Mar 2017**	**Jan-Mar 2016**	**Full Year 2016**
Intangible assets in acquired companies	- 181	- 173	- 720
Intangible assets	- 283	- 227	- 1 169
Tangible fixed assets	- 202	- 212	- 814
Total	**- 666**	**- 612**	**- 2,703**
whereof write-downs	*- 68*	-	*- 298*

Some IT related tangible assets were reclassified to intangible assets in the fourth quarter 2016 and depreciations and write-downs are adjusted with a retroactive effect from January 1, 2016.

Note 4 Capitalized development costs

SEK M	**Jan-Mar 2017**	**Jan-Mar 2016**	**Full Year 2016**
Research and development costs, gross	- 327	- 288	- 1,265
Capitalized development costs	163	121	594
Research and development costs, net	**- 164**	**- 167**	**- 671**

Note 5 Quarterly results

SEK M	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017
Net sales	7,181	6,925	9,417	6,377	6,927	6,929	9,523	6,664
Cost of goods sold	- 3,850	- 3,685	- 4,968	- 3,366	- 3,760	- 3,654	-5,136	- 3,369
Gross profit	**3,331**	**3,240**	**4,449**	**3,011**	**3,167**	**3,275**	**4,387**	**3,295**
Operating expenses	- 2,903	- 2,819	- 2,904	- 2,695	- 2,694	- 3,226	- 2,938	- 2,755
Operating profit (EBIT)	**428**	**421**	**1,545**	**316**	**473**	**49**	**1,449**	**540**
Financial net	- 185	- 183	- 174	- 159	- 162	- 159	- 157	- 157
Profit after financial items	**243**	**238**	**1,371**	**157**	**311**	**- 110**	**1,292**	**383**
Taxes	- 66	- 64	- 372	- 42	- 84	29	- 340	- 102
Net profit for the period	**177**	**174**	**999**	**115**	**227**	**- 81**	**952**	**281**

Note 6 Consolidated interest-bearing net debt

SEK M	31 March 2017	31 March 2016	31 December 2016
Other interest-bearing liabilities	21,728	21,730	21,701
Provisions for pensions, interest-bearing	3,349	2,944	3,368
Interest-bearing liabilities	**25,077**	**24,674**	**25,069**
Cash and cash equivalents	- 2,334	- 2,056	- 1,680
Interest-bearing net debt	**22,743**	**22,618**	**23,389**

Note 7 Key figures for the Group

Financial and operative key figures

	Jan-Mar 2017	Jan-Mar 2016	Full Year 2016
Key figures based on Getinge's financial targets			
Organic growth in net sales, %	0.6	-3.2	-1.5
Return on equity, %	5.6	8.0	6.0
EBITA 1-growth, %	31.9	-13.5	3.9
Cash conversion, %	72.0	75.4	73.6
Other operative and financial key figures			
Organic growth in order intake, %	0.7	-2.0	-0.8
Gross margin, %	49.4	47.2	46.5
Selling expenses in % of net sales	24.5	24.7	21.0
Administrative expenses in % of net sales	13.1	13.0	11.3
Research & development costs in % of net sales	4.9	4.5	4.3
Operating margin, %	8.1	5.0	7.7
Earnings per share, SEK*	1.16	0.46	4.98
Number of shares, thousands	238,323	238,323	238,323
Interest cover, multiple	6.0	4.7	5.6
Operating capital, SEK M	43,391	41,063	44,305
Return on operating capital, *%*	8.8	8.1	8.2
Net debt/EBITDA**, multiple	3.67	3.90	3.88
Equity/assets ratio, *%*	37.7	35.2	37.9
Equity per share, SEK	86.64	77.4	87.76
Number of employees	15,924	15,276	15,582

** Before and after dilution*

*** Rolling 12 months´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	Jan-Mar 2017	Jan-Mar 2016	Full Year 2016
Operating profit (EBIT)	540	316	2,287
Add-back of depreciations and write-downs in acquired companies	181	173	720
Add-back of restructuring, integration and acquisition costs	97	131	1,334
EBITA 1	**818**	**620**	**4,341**

EBITA 2, SEK M	Jan-Mar 2017	Jan-Mar 2016	Full Year 2016
Operating profit (EBIT)	540	316	2,287
Add-back of depreciations and write-downs in acquired companies	181	173	720
EBITA 2	**721**	**489**	**3,007**

Cash Conversion	Jan-Mar 2017	Jan-Mar 2016	Full Year 2016
Cash flow from operations	868	700	3,671
EBITDA	1,206	928	4,990
Cash Conversion, %	**72.0**	**75.4**	**73.6**

Net debt/equity ratio	31 March 2017	31 March 2016	31 December 2016
Interest-bearing net debt	22,743	22,618	23,389
Equity	20,648	18,445	20,916
Net debt/equity ratio, multiple	**1.10**	**1.23**	**1.12**

Note 8 Provision FDA

SEK M	31 March 2017	31 March 2016	31 December 2016
Provision at beginning of period	371	193	193
Used amount	- 65	- 64	- 235
Provision	-	-	400
Translation difference	- 4	-	13
Provision at closing period	**302**	**129**	**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, which is recognized as a restructuring cost. During the period, SEK 65 M was utilized for corrections under the remediation program. The total cost for the remediation program and fines thus amounted to SEK 1,495 M, of which SEK 1,395 M was costs for the remediation program and SEK 100 M fines.

Parent Company financial statements

Parent Company's income statement

SEK M	Jan-Mar 2017	Jan-Mar 2016	Full Year 2016
Administrative expenses	- 124	- 127	- 164
Operating result	**- 124**	**- 127**	**- 164**
Result from participations in Group companies	-	-	2,514
Interest income and other similar income	359	231	164
Interest expenses and other similar expenses	- 142	- 140	- 2,370
Profit after financial items*	**93**	**- 36**	**144**
Taxes	- 22	- 1	78
Net profit for the year	**71**	**- 37**	**222**

** Interest income and other similar income and interest expenses and other similar expenses includes exchange gains and losses attributable to receivables and liabilities in foreign currencies measured at the closing day rate.*

Parent Company's balance sheet

SEK M	31 March 2017	31 March 2016	31 December 2016
Assets			
Intangible assets	102	105	104
Tangible fixed assets	4	3	3
Participations in Group companies	25,016	25,126	25,024
Deferred tax assets	211	55	222
Receivables from Group companies	5,763	8,473	7,160
Current receivables	137	127	140
Total assets	**31,233**	**33,889**	**32,653**
Shareholders' equity & liabilities			
Shareholders' equity	9,157	9,295	9,560
Long-term liabilities	14,789	15,719	15,851
Liabilities to Group companies	15	2,288	1,351
Current liabilities	7,272	6,587	5,891
Total equity & liabilities	**31,233**	**33,889**	**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. 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. For 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 Afric

Teleconference

Teleconference with President & CEO Mattias Perjos and CFO Reinhard Mayer on April 25 2017 at 3.00-4.00 pm CET. Please see dial in details below to join the conference:

Sweden: +46 (0)8 5065 3942
UK: +44 (0)330 336 9412
US: +1 719-325-2385
Code: 4107150

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=4107150&role=attend&pw=pw6586

Alternatively enter the Live Meeting site and log into your meeting using the Meeting ID and Password:

Live Meeting: https://www.livemeeting.com/cc/premconfeurope/
Your Name: (Enter your name)
Meeting ID: 4107150
Password: pw6586

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 financial year:

July 17, 2017:	Interim report January–June
October 18, 2017:	Interim report January–September
January 29, 2018:	Year-End Report 2017
March 2018:	Annual Report for 2017

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