Interim Report January – March 2019

January – March 2019 in brief

- Net sales increased by 9.3% to SEK 2,123 M (1,943). Net sales grew organically by 2.0%.
- EBITDA increased by 66% to SEK 413 M (249), including the effect of IFRS 16. Excluding IFRS 16, EBITDA was SEK 328 M, an increase of 32%.
- Profit after financial items increased to SEK 133 M (67).
- Earnings per share increased to SEK 0.37 (0.18).
- Cash flow from operations amounted to SEK 180 M (268), including the effect of IFRS 16. Excluding the effect of IFRS 16, cash flow was SEK 104 M.
- Cash conversion was 43.6% (107.6), including the effect of IFRS 16. Excluding IFRS 16 effect, the cash conversion was 31.6%.
- The divestment of Acare, the low-spec medical beds business, was completed on February 28, which means that the sale of Acare products are included in the accounts for January and February.

Financial summary

SEK M	Quarter 1 2019	Quarter 1 2018	Rolling 12 months	Full-year 2018
Net sales	2,123	1,943	8,397	8,217
Gross profit	937	856	3,743	3,662
Gross margin, %	44.1%	44.1%	44.6%	44.6%
Adjusted EBITA[1]	234	189	975	930
Adjusted EBITA margin, %[1]	11.0%	9.7%	11.6%	11.3%
EBITDA	413	249	1,344	1,180
EBITDA margin, %	19.5%	12.8%	16.0%	14.4%
Adjusted EBITDA[1]	413	289	1,436	1,312
Adjusted EBITDA margin, %[1]	19.5%	14.9%	17.1%	16.0%
Operating profit (EBIT)	168	83	578	493
Profit after financial items	133	67	461	395
Net profit for the period	100	50	346	296
Number of shares, thousands	272,370	272,370	272,370	272,370
Earnings per share, SEK	0.37	0.18	1.28	1.09
Cash flow from operations	180	268	903	991
Cash conversion, %	43.6%	107.6%	67.2%	84.0%

1 Before exceptional items. See Alternative performance measures on page 19 and definitions on page 22.
For more information about the effects of IFRS 16, refer to Note 6 on pages 13-14.

At Arjo, we are committed to improving the everyday lives of people affected by reduced mobility and age-related health challenges. With products and solutions that ensure ergonomic patient handling, personal hygiene, disinfection, diagnostics, and the effective prevention of pressure ulcers and venous thromboembolism, we help professionals across care environments to continually raise the standard of safe and dignified care. Everything we do, we do with people in mind. www.arjo.com

with people in mind

Positive start to 2019 with strong growth in North America

Arjo begins 2019 with continued growth. Can you tell us more?

We are maintaining a high activity level and started the year well with an organic growth of 2%, which is to be compared with a strong first quarter in 2018. We also noted a positive profitability trend in the quarter and a continued healthy order intake, ensuring that we are entering the second quarter with a strong base. We are continuing to reach our milestones in the Arjo 2020 plan and feel confident that we will reach our previously announced 3% organic sales growth target in 2019.

North America continued showing a strong performance. What factors have contributed to this?

Both the US and Canada had a solid start to the year. I can also state that our organization in North America is doing an outstanding job and has implemented effective work methods and clear follow-up procedures. We are continuing to capture market share in the US, which our latest order from Kindred Healthcare confirms, and we grew organically by 4.2% in the US in the quarter. Canada is continuing to build on an already solid performance and reported an organic growth of just over 15%. We look forward to continuing this positive trend for the rest of 2019.

How did the other markets perform?

Our Rest of the World sales region performed well during the quarter. It is highly gratifying that our organization in Australia succeeded in stabilizing the situation and now reports sales in line with the strong first quarter last year. I have visited a number of countries in this region in recent months and it is highly inspiring to see the commitment shown by our employees toward the growth plans that we have put in place for the region. There is great demand for high-quality healthcare in these markets and we see high growth potential by continuing to build on the investments we have made in our own sales organization.

Sales growth in Western Europe was slightly held back. We noted a weaker trend in the quarter in a number of countries in this region, but feel comfortable about our full-year plans. On the positive side, we can highlight France – our fourth largest market – which is continuing to report healthy growth. As expected, we saw a decline in the UK compared with a strong first quarter in 2018. For us, this decline was primarily driven by uncertainty surrounding Brexit, where the NHS is not prioritizing investments in capital goods in their year-end budgets to the same extent as before. This has impacted both Arjo and the industry at large. We are continuing to closely monitor Brexit to minimize any potential negative impact for our customers.

Can you comment on this quarter's results?

The gross margin amounted to 44.1% in the quarter and is therefore at the same level as the first quarter in 2018. The gross margin was negatively affected by a slightly unfavorable product mix, mainly as a result of higher deliveries of VTE pumps. This is according to plan and part of

"We also noted a positive profitability trend in the quarter and a continued healthy order intake, ensuring that we are entering the second quarter with a strong base."

driving higher sales of disposables. The higher resource utilization in our production units has had a positive effect in the quarter. In comparable currencies, the gross margin was about 1 percentage point higher.

We maintained good cost control in the quarter and operating expenses as a percentage of net sales continued to decline.

Reported EBITDA for the quarter amounted to SEK 413 M (249), up 66% including IFRS 16 effect. Excluding the effect of IFRS 16, EBITDA was SEK 328 M, up 32%. You can read more about IFRS 16 on page 4.

We did not have any restructuring costs in the quarter. This further strenghtened our operating profit, which increased by a healthy 102%.

2018 was a strong year for Arjo. What can we expect in 2019?

The Group's main priorities for 2019 are to continue strengthening our commercial focus, where the US is one of our key markets. Focus is also directed towards achieving efficiency enhancements in Supply Chain and Purchasing to gradually improve our gross margin. Furthermore, we will continue to develop our offering during the year and thereby create increased value for our customers. Dementia is a growing challenge in the healthcare sector and three of Arjo's products have been accredited by the University of Stirling's Dementia Services Development Centre during the quarter. It is through a clear focus on our solutions in dementia care that we can improve work for healthcare providers and enhance the quality of life for those living with dementia.

We have made a solid start to 2019 and we have a significant order stock for delivery in coming quarters. As a result, we are even more confident in delivering yet another year of profitable growth for the Group.

Joacim Lindoff
President & CEO

Group performance

Net sales and results

First quarter of 2019

Net sales increased organically by 2.0% to SEK 2,123 M (1,943) in the first quarter, mainly driven by high sales of capital goods and services.

The sales trend was particularly favorable in North America, which grew organically by 6.4%. The Group's largest market, the US, reported an organic growth of 4.2% and Canada also continued to perform positively, growing 15.5% in the quarter. The healthy earnings in Canada were driven by a positive performance across all product categories and in rental operations.

Organic growth in Western Europe fell by 2.7% with a decline in a number of countries in this region, although France performed well with a 7.7% organic growth in the quarter. In the UK, uncertainty surrounding Brexit has continued to impact the National Health Service's (NHS) level of investments in capital goods, which in turnnegatively impacted sales for the quarter. The lower sales in the UK were primarily driven by this as well as continued price pressure within Rental operations, but must also be seen in relation to a strong first quarter in 2018.

Overall growth for Rest of the World was healthy with net sales increasing organically by 8.3% in the quarter. Australia had a good start to the year with a sales trend in line with the strong first quarter of last year. Several other markets in Rest of the World reported a positive performance, including Singapore, New Zealand and India. Investments to build up a sales organization in Japan resulted in a good start to the year with continued growth potential over time.

The gross margin was 44.1% (44.1) in the quarter. The gross margin and earnings were negatively affected by a slightly unfavorable product mix, mainly related to higher deliveries of VTE pumps in the quarter, as well as continued price pressure within Rental operations. A higher degree of utilization of the plants had a positive effect in the period. The divestment of Acare, the low-spec medical beds business, was completed on February 28, which was slightly later than planned. This means that the sale of Acare products are included in the accounts for January and February. With this divestment, profitability and the gross margin for sales of medical beds will improve. In constant currencies, the gross margin was about 1 percentage point higher.

Compared to the first quarter of 2018, the gross margin was positively impacted by currency effects of SEK 41 M, of which SEK 42 M is translation effects and SEK -1 M is transaction effects.

Operating expenses amounted to SEK 768 M (725) for the quarter. Operating expenses as a percentage of net sales decreased by 1.1%. The Group is continuing to invest in the sales organization with new initiatives and full-year effects are contributing to increased selling expenses. Administrative expenses declined according to plan as a result of efficiency measures and continuous improvements that are being made in the organization. Continued investments in research and development were also made in the quarter, which contributed to higher costs. Translation effects of currencies had a negative impact of SEK 43 M on operating expenses compared to exchange rates in the first quarter of 2018. Excluding currency effects, operating expenses are at the same level as the first quarter in 2018.

The Group did not have any exceptional items in the quarter.

The Group's EBITDA increased by 66% to SEK 413 M (249), including the effect of IFRS 16. This resulted in an EBITDA margin of 19.5% (12.8). Excluding IFRS 16, EBITDA was SEK 328 M, an increase of 32%. This corresponded to an EBITDA margin of 15.5%.

Net financial items amounted to SEK -35 M (-16). Net interest increased by SEK 9 M as a result of IFRS 16. Net financial items also include currency effects of SEK -4 M (5).

Cash flow and financial position

Cash flow from operations amounted to SEK 180 M (268) for the quarter. Cash flow before changes in working capital increased by SEK 100 M compared to the same quarter previous year, primarily due to an improved operating profit. Working capital was impacted by a temporary inventory build-up during the period resulting from recent sizable orders and increased inventory related to uncertainties around Brexit. These major orders will be delivered in the second and third quarters of 2019. Accounts receivable contributed to a positive cash flow as a result of strong sales in the final quarter of 2018. Finally, current liabilities have declined, which was primarily attributable to the payment accrued expenses.

The Group's cash conversion in the quarter amounted to 43.6% compared to 107.6% in the first quarter of 2018. The difference was due to the temporary increase in working capital.

The introduction of IFRS 16 had a positive impact of SEK 76 M on cash flow before changes to working capital relative to the first quarter of last year.

Net investments for the quarter amounted to SEK 181 M (108), divided between tangible assets of SEK 141 M (67) and intangible assets of SEK 40 M (41). The investments in tangible assets includes investments in the rental fleet that amounted to 110 Mkr (47), which is to be seen as an

Net sales by geographic area, SEK M	Quarter 1 2019	Quarter 1 2018	Organic change	Rolling 12 months	Full-year 2018
North America	812	679	6.4%	3,148	3,015
Western Europe	1,025	1,004	-2.7%	4,146	4,125
Rest of the World	286	260	8.3%	1,103	1,077
Total	**2,123**	**1,943**	**2.0%**	**8,397**	**8,217**

investment based on healthy demand.

Arjo repaid loans of a net SEK 464 M (net borrowing SEK 157 M) during the quarter. The Group also repaid lease liabilities of SEK 79 M (-), of which SEK 76 M was attributable to new lease liabilities under IFRS 16 and SEK 3 M referred to financial lease liabilities from 2018. At the end of the quarter, the Group's cash and cash equivalents amounted to SEK 506 M (999), and interest-bearing net debt was SEK 5,858 M (4,549). The increase in interest-bearing net debt was primarily attributable to IFRS 16 effects that impacted net debt by SEK 1,188 M at the end of the quarter. Excluding the IFRS 16 effect, net debt amounted to SEK 4,670 M. The equity/assets ratio was 41.0% (41.3) and excluding IFRS 16 was 44.9%. The net debt/equity ratio was 1.0% (0.9) and excluding IFRS 16 was 0.8%.

Research and development

Arjo's research and development costs amounted to SEK 51 M (44) for the quarter, corresponding to 2.4% (2.3) of consolidated net sales. See Note 4 for more information.

Outlook 2019

Organic sales growth for 2019 is expected to be in line with the 2018 level of approximately 3%.

Operating expenses are expected to continue to decline slightly as a percentage of sales in 2019.

Other key events during the quarter

IFRS 16

IFRS 16 Leases came into effect for the fiscal year starting January 1, 2019. The amendment compared to IAS 17 Leases is that all contracts in which the Group is the lessee are to be recognized in the balance sheet as an asset and a liability, except for short-term leases or leases where the underlying asset has low value. The income statement is impacted by the depreciation of the asset and an interest expense on the lease liability instead of an operating lease cost. Arjo is mainly impacted by leases of premises and cars. The lease portfolio contains about 2,500 agreements.

In the first quarter of 2019, EBIT was positively affected by SEK 3 M and EBITDA by SEK 85 M. Net financial items were negatively impacted by SEK 9 M and profit before tax negatively impacted by SEK 6 M. The total lease liability increased SEK 1,253 M due to IFRS 16 on January 1 and amounted to SEK 1,304 M (including lease liabilities from 2018). The value of the lease assets on January 1 was SEK 1,290 M, the difference compared to the lease liability comprises prepaid lease payments at the start of the year. At the end of the quarter, the lease liability amounted to SEK 1,239 M and the lease assets to SEK 1,210 M. Refer to Note 6 for more information.

Accreditation of dementia products

As part of Arjo's focus on contributing and delivering improved dementia care, three of Arjo's products were accredited by the University of Stirling's Dementia Services Development Centre. Dementia is a growing problem due to an ageing global population. Since there is currently no cure for this illness, dementia care primarily seeks to develop non-pharmacological care. Improving dementia care is a focus area for Arjo which, through its broad product portfolio and industry expertise, can contribute to the creation of person-centric care, a key aspect for delivering better dementia care.

Divestment of Acare completed

The Acare transaction was completed on February 28, 2019. The divestment did not result in a significant effect on earnings or cash flow, but is expected to have an annual positive impact of about SEK 25 M on operating profit 2019 onwards.

Capital Markets Day 2019

Arjo invited institutional investors, analysts and the media to the company's first Capital Markets Day, which was very well received. At the event, President & CEO Joacim Lindoff, together with his colleagues from the Management Team, provided an update on the Arjo 2020 business plan and the initiatives that will continue to drive profitable growth for the Group. The Capital Markets Day presentations and a recording of the event is available at: https://www.arjo.com/int/about-us/investors/calendar2/2019/capital-market-day-2019/

MDR

The new Medical Device Regulation (MDR), which comes into force in May 2020, includes demands on more comprehensive clinical information, also for medical devices with lower classification. For Arjo, this means that the new regulation must be implemented for all of our CE-marked products in accordance with the new classification rules.
A number of updates to documentation and product marking are required. Arjo launched an extensive effort in 2017 to implement the new requirements and adapt its business to the new regulations. This work is being managed within the company's existing structure and is progressing well and according to plan.

Other information

Key events after the end of the quarter

The Queen's Awards for innovative solutions

Arjo's subsidiary in Cardiff, UK, Huntleigh Diagnostics, won the prestigious *Queen's Awards for Enterprise*. This prize was awarded in recognition of the new innovative range of Digital Handheld Dopplers. The Queen's Award confirms Huntleigh's ability to combine modern design with the highest quality and performance. Functions in these new products help caregivers make quicker and more precise assessments that benefit both users and their patients.

The organization in Cardiff has a deep expertise and ability to develop highly innovative products demanded by the healthcare sector. Arjo reorganized its global product development function in 2018 to facilitate increased co-location and a higher degree of efficiency. As a result, the Group established additional research and development resources in Cardiff that are responsible for developing the Group's VTE and Pressure Injury solutions. This work is progressing better than planned and with a high level of activity.

Risk management

Customers and healthcare reimbursement systems

A considerable share of Arjo's revenue is derived from sales of products to public sector entities. A political discussion taking place in many countries concerns whether private healthcare providers should be able to offer publicly funded healthcare services. There is a risk that authorities in countries where Arjo operates will decide to limit or completely discontinue public funding of private healthcare, which could affect the establishment of new hospitals and other healthcare facilities and their purchasing of healthcare products, such as Arjo's emergency and long-term care products.

Sales of the Group's products are also dependent on various reimbursement systems in each of Arjo's markets. In many of Arjo's markets (such as the US), it is often the patient's insurance company that – within the framework of the existing political reimbursement system – funds or subsidizes products for the patient's emergency or long-term care. Some of the success for sales of Arjo's products in these markets is dependent on whether Arjo's products have been approved for reimbursement under the various reimbursement systems. Since Arjo conducts operations in many different countries and markets, the above-named risks are limited for the Group as a whole.

Research and development

Arjo's future growth is also dependent on the continued expansion of new product segments and new product types in existing product segments, which is dependent on the Group's ability to influence, predict, identify and respond to changing customer preferences and needs. Arjo invests in research and development in order to produce and launch new products, but there is no guarantee that any new products will achieve the same degree of success as in the past. Nor is there any certainty that Arjo will succeed in predicting or identifying trends in customer preferences and needs, or that Arjo will identify them earlier than its competitors. To maximize the return on research and development efforts, the Group has a highly structured selection and planning process to ensure that the Group prioritizes correctly when making decisions about potential projects. This process includes careful analyses of the market, technological progress, choice of production method and selection of subsuppliers. Development activities are conducted in a structured manner and the deliveries of every project undergo a number of fixed control points. Arjo is focused on product launches that will lead to more efficient care, in which more patients can be treated, which is expected to drive demand from end customers and therefore market growth. Product development that leads to a broader product range is a means for increasing organic growth.

Product liability and damage claims

As a medical device supplier, Arjo, like other healthcare industry players, could be subject to claims related to product liability and other legal issues. Such claims could involve large financial amounts and significant legal expenses. Arjo cannot provide any guarantee that its operations will not be subject to claims for compensation. 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 rights

Arjo invests significant financial amounts in research and development, and is continuously developing new products and technological solutions. To secure revenues from these investments, new products and technologies must be protected from unlawful use by competitors. If possible and appropriate, Arjo protects its intellectual property rights by registering patents, copyrights and trademarks. The Group is also dependent upon know-how and trade secrets that cannot be protected under intellectual property law.

Changes related to general economic and political conditions

Arjo operates in several parts of the world and, like other companies, is affected by general global economic, financial and political conditions. Demand for Arjo's medical devices and solutions is influenced by various factors, including general macroeconomic trends.

Uncertainty about future economic prospects, including political concerns, could adversely affect customers' decisions to buy Arjo's products, which would adversely affect Arjo's operations, financial position and results. Furthermore, changes in the political situation in a region or country, or political decisions affecting an industry or country, could also have a material adverse impact on sales of Arjo's products. Since Arjo operates in a large number of geographical markets, this risk is limited for the Group as a whole.

Authorities and supervisory bodies

The healthcare market is highly regulated in all of the countries where Arjo operates. Arjo's product range is subject to legislation, including EU Directives and implementing acts regarding medical devices, and the US Food and Drug Administration's (FDA) regulations and related quality systems requirements, which also encompass comprehensive evaluation, quality assurance and product documentation. It cannot be ruled out that Arjo's future operations, financial position and earnings may be adversely affected by difficulties in complying with the current regulations and requirements of authorities and notified bodies, or any changes thereof. Arjo has developed its operations to comply with these laws and regulations and, to limit the above-named risk, Arjo devotes considerable efforts and resources. Annual audits are performed by designated certification bodies to ensure compliance with CE marking of Arjo's products, and authorities such as FDA conduct regular inspections of Arjo's production units to ensure regulatory compliance. The Group's head office and all of the Group's production facilities are also certified according to ISO 13485 (Medical devices – quality management systems) and/or ISO 9001 (Quality management systems).

Financial risk management

Through its operations, Arjo is exposed to a number of financial risks. Arjo's risk management is regulated by a finance policy established by the Board. Ultimate responsibility for managing the Group's financial risks and developing methods and policies for mitigating these risks lies with Group management and Group Finance. The most significant financial risks to which the Group is exposed are currency risk, interest-rate risk and credit and counterparty risk.

Transactions with related parties

Transactions between Arjo and companies in Getinge Group are specified in Note 12.

Forward-looking information

This report contains forward-looking information based on the current expectations of Arjo's Management Team. Although management considers the expectations presented by such forward-looking information to be reasonable, there is no guarantee that these expectations will prove correct. Consequently, actual outcomes may vary considerably compared with what is stated in the forward-looking information, due to such factors as changed conditions regarding the economy, market and competition, changes in legal and regulatory requirements, as well as other policy measures and fluctuations in exchange rates.

This interim report is unaudited.

Assurance

The Board of Directors and CEO assure that the interim report provides a true and fair review 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.

Malmö, May 7, 2019

Johan Malmquist Chairman of the Board	**Carl Bennet**	**Sten Börjesson**	**Eva Elmstedt**
Ulf Grunander	**Ingrid Hultgren**	**Carola Lemne**	**Joacim Lindoff** President & CEO

Consolidated financial statements

Consolidated income statement

SEK M	Note	Quarter 1 2019	Quarter 1 2018	Full-year 2018
Net sales	2	2,123	1,943	8,217
Cost of goods sold	6	-1,186	-1,087	-4,555
Gross profit	**6**	**937**	**856**	**3,662**
Selling expenses		-442	-392	-1,657
Administrative expenses		-289	-307	-1,219
Research and development costs	4	-37	-26	-141
Exceptional items	5	0	-42	-156
Other operating income and expenses		-1	-6	4
Operating profit (EBIT)	**3, 6, 8**	**168**	**83**	**493**
Net financial items	6	-35	-16	-98
Profit after financial items	**6**	**133**	**67**	**395**
Taxes		-33	-17	-99
Net profit for the period		**100**	**50**	**296**
Attributable to:				
Parent Company shareholders		100	50	296
Number of shares, thousands		272,370	272,370	272,370
Earnings per share, SEK[1]		0.37	0.18	1.09

1 Before and after dilution. For definition, see page 22.

Consolidated statement of comprehensive income

SEK M	Quarter 1 2019	Quarter 1 2018	Full-year 2018
Net profit for the period	**100**	**50**	**296**
Other comprehensive income			
Items that cannot be restated in profit			
Actuarial gains/losses pertaining to defined-benefit pension plans	-54	–	108
Tax attributable to items that cannot be restated in profit	9	–	-18
Items that can later be restated in profit			
Translation differences	333	290	264
Hedges of net investments	-31	-125	-126
Cash-flow hedges	17	48	-52
Tax attributable to items that can be restated in profit	3	17	39
Other comprehensive income for the period, net after tax	**277**	**230**	**215**
Total comprehensive income for the period	**377**	**280**	**511**
Comprehensive income attributable to:			
Parent Company shareholders	377	280	511

Consolidated balance sheet

SEK M	Note	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Assets				
Intangible assets		7,071	6,845	6,946
Tangible assets		1,231	1,142	1,153
Tangible lease assets	6	1,210	–	–
Financial assets	10	504	408	448
Inventories		1,285	1,227	1,117
Accounts receivable		1,799	1,726	1,802
Current financial receivables	10	33	–	10
Other current receivables		503	553	625
Cash and cash equivalents	10	506	999	961
Assets held for sale		–	–	74
Total assets		**14,142**	**12,900**	**13,136**
Shareholders' equity and liabilities				
Shareholders' equity		5,804	5,332	5,427
Non-current financial liabilities	10	2,166	3,089	2,859
Non-current lease liabilities	6, 10	978	–	41
Provisions for pensions, interest-bearing	10	27	56	27
Other provisions		316	306	301
Current financial liabilities	10	3,024	2,412	2,761
Current lease liabilities	6, 10	261	–	10
Accounts payable		504	507	458
Other non-interest-bearing liabilities		1,062	1,198	1,208
Liabilities held for sale		–	–	44
Total shareholders' equity and liabilities		**14,142**	**12,900**	**13,136**

Changes in shareholders' equity for the Group

SEK M	Share capital	Reserves	Retained earnings	Total share-holders' equity[1]
Opening balance at January 1, 2018	**91**	**419**	**4,564**	**5,074**
Adjustment for prior years	–	–	-22	-22
Total comprehensive income for the period	–	124	387	511
Dividend	–	–	-136	-136
Closing balance at December 31, 2018	**91**	**543**	**4,793**	**5,427**
Opening balance at January 1, 2019	**91**	**543**	**4,793**	**5,427**
Total comprehensive income for the period	–	322	55	377
Closing balance at March 31, 2019	**91**	**865**	**4,848**	**5,804**

1 Fully attributable to Parent Company shareholders

Consolidated cash-flow statement

SEK M	Note	Quarter 1 2019	Quarter 1 2018	Full-year 2018
Operating activities				
Operating profit (EBIT)		168	83	493
Add-back of amortization, depreciation and write-down	3	245	166	687
Other non-cash items		39	9	-84
Expensed exceptional items[1]		0	40	130
Paid exceptional items		-11	-2	-81
Financial items		-30	-16	-92
Taxes paid		-58	-27	-171
Cash flow before changes to working capital		**353**	**253**	**882**
Changes in working capital				
Inventories		-141	-110	24
Current receivables		21	110	95
Current liabilities		-53	15	-10
Cash flow from operations		**180**	**268**	**991**
Investing activities				
Divested / acquired operations	8	-5	-	-144
Acquired financial assets		-	-	-16
Net investments		-181	-108	-557
Cash flow from investing activities		**-186**	**-108**	**-717**
Financing activities				
Raising of loans		2,280	2,412	5,507
Repayment of interest-bearing liabilities		-2,823	-2,260	-5,336
Change in pension assets/liabilities		-1	-6	-22
Change in interest-bearing receivables		0	0	0
Dividend		-	-	-136
Realized derivatives attributable to financing activities		93	-	-
Cash flow from financing activities		**-451**	**146**	**13**
Cash flow for the period		**-457**	**306**	**287**
Cash and cash equivalents at the beginning of the period		961	672	672
Translation differences		2	21	16
Reclassification to Assets held for sale		-	-	-14
Cash and cash equivalents at the end of the period		**506**	**999**	**961**

1 Excluding write-down of non-current assets

Note 1 Accounting policies

The Group's interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the applicable rules of the Swedish Annual Accounts Act. The Parent Company has prepared the interim report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities.

The accounting policies applied in the preparation of this interim report apply to all periods and are consistent with the accounting policies presented in Note 1 Significant accounting policies in the 2018 Annual Report, published on www.arjo.com.

New accounting standards

IFRS 16 Leases

IFRS 16 Leases is applied from the 2019 fiscal year and replaces IAS 17 Leases. The amendment compared with the current IAS 17 Leases is that all contracts in which the Group is the lessee are to be recognized in the balance sheet as an asset and a liability, except for short-term leases or leases where the underlying asset has a low value. The standard does not entail any material change for the lessor.

The accounting policies applied by Arjo due to the introduction of IFRS 16 are presented in the 2018 Annual Report Note 1 Significant accounting policies. The financial effects of IFRS 16 Leases are presented in this report in Note 6.

IFRIC 23 Uncertainty over Income Tax Treatments

This IFRIC interpretation clarifies the accounting for uncertainties in income taxes. If it is probable that the taxation authority will accept a tax treatment, the accounting is to reflect its income tax filings in this respect. If it is not probable that a particular tax treatment is accepted, the effect is to be reflected when determining, for example, taxable profit, tax bases, unused tax losses, etc.

The introduction of IFRIC 23 does not have any material effect on Arjo's financial position.

None of the IFRS or IFRIC interpretations that have yet to come into legal effect are expected to have any significant impact on Arjo.

Note 2 Net sales by geographic area and type of revenue

Net sales by geographic area, SEK M	Quarter 1 2019	Quarter 1 2018	Full-year 2018
North America	812	679	3,015
Western Europe	1,025	1,004	4,125
Rest of the World	286	260	1,077
Total	**2,123**	**1,943**	**8,217**

Net sales by type of revenue, SEK M	Quarter 1 2019	Quarter 1 2018	Full-year 2018
Product sales	1,236	1,109	4,810
Service incl. spare parts	361	330	1,373
Rental	526	504	2,034
Total	**2,123**	**1,943**	**8,217**

Note 3 Depreciation/amortization and write-down

SEK M	Quarter 1 2019	Quarter 1 2018	Full-year 2018
Intangible assets	-66	-66	-305
Tangible assets	-97	-100	-382
Tangible lease assets	-82	-	-
Total	**-245**	**-166**	**-687**
Of which, write-down	-	-2	-24

Note 4 Capitalized development costs

SEK M	Quarter 1 2019	Quarter 1 2018	Full-year 2018
Research and development costs, gross	-51	-44	-201
Capitalized development costs	14	18	60
Research and development costs, net	**-37**	**-26**	**-141**

Note 5 Exceptional items

SEK M	Quarter 1 2019	Quarter 1 2018	Full-year 2018
Acquisition expenses	–	–	-3
Restructuring and integration costs	0	-42	-113
Adjustment of pension liability, UK	–	–	-40
Total	**0**	**-42**	**-156**

Note 6 Leases

IFRS 16 Leases comes into effect for the fiscal year beginning on January 1, 2019. The amendment compared with IAS 17 Leases is that all contracts in which the Group is the lessee are to be recognized in the balance sheet as an asset and a liability, except for short-term leases or leases where the underlying asset has a low value. The income statement is impacted by depreciation of the asset and an interest expense on the lease liability instead of an operating lease cost. Arjo is mainly impacted by leases of premises and cars. The lease portfolio contains about 2,500 agreements. Commitments that exist regarding operating leases are described in Note 18 of the 2018 Annual Report. On the transition to IFRS 16 on January 1, 2019, Arjo decided to apply the modified retrospective approach and in accordance with the standard did not restate the comparative year. Leases that were previously classified as operating leases under IAS 17 are recognized from 2019 at the present value of the remaining lease payments discounted by the incremental borrowing rate on January 1, 2019. Arjo recognizes a right-of-use asset that corresponds to the lease liability adjusted by any prepaid lease payments recognized on December 31, 2018. This entails that there will be no impact on the Group's shareholders' equity in connection with the transition. Arjo applies the practical exemption for short-term leases (leases with a term of 12 months or less) and low-value leases (the value of the underlying asset in new condition is less than about USD 5,000) of not recognizing an asset or a liability, and instead recognizing an expense in profit or loss. Arjo has also decided to include non-lease components in the calculation for all assets except buildings. Arjo decided to utilize the following practical exemptions the first time that IFRS 16 is applied:

- The same discount rate was used on lease portfolios with similar characteristics
- Direct costs for right-of-use assets were not included in connection with the transition
- Historical information (hindsight) was used when determining the length of the lease if the contract contains options to extend or terminate the lease.
- Relied on its assessment as to whether leases are onerous by applying IAS 37 immediately before the date of initial application.

On the transition date of January 1, 2019, Arjo recognized a right-of-use asset of SEK 1,290 M and a lease liability of SEK 1,253 M. The difference comprised prepaid lease payments. The standard does not entail any material change for Arjo as the lessor.

NOTE 6 CONTINUED

Commitments for operating leases at December 31, 2018

	Quarter 1 2019
Operating leases at December 31, 2018	-1,313
Discounted using the Group's weighted average incremental borrowing rate	299
Liabilities for financial leases at December 31, 2018	-51
Short-term leases expensed straight-line	1
Leases for which the underlying asset is of low value expensed straight-line	3
Leases reclassified to service contracts	88
Adjustment due to different handling of options to extend and cancel the lease	-331
Lease liability recognized at January 1, 2019	**-1,304**

Lease assets

SEK M	Quarter 1 2019
Buildings and land	934
Cars and other vehicles	264
Other	12
Total	**1,210**

Lease liabilities

	Quarter 1 2019
Financial leases from 2018	51
New leases according to IFRS 16	1,188
Total	**1,239**

Lease liabilities of SEK 79 M were repaid in the first quarter of 2019, of which a total of SEK 76 M was attributable to new lease liabilities under IFRS 16 and SEK 3 M referred to financial lease liabilities existing already in 2018.

Impact of IFRS 16 on Income statement, first quarter of 2019

	Leasing costs under IAS 17	Leases, depreciation under IFRS 16	Net impact
Cost of goods sold	51	-49	2
Gross margin	**51**	**-49**	**2**
Operating expenses	34	-33	1
Operating profit (EBIT)	**85**	**-82**	**3**
Net financial items			-9
Loss before tax			**-6**
EBIT			**3**
Add-back of amortization of intangible assets			-
EBITA			**3**
Add-back of depreciation of tangible assets			82
EBITDA			**85**

IFRS 16 had a material impact on a number of key performance measures. Accordingly, Arjo has decided to present certain selected key performance measures in this report both including and excluding the effect of IFRS 16. These are key performance measures that include the following items:

- EBITDA
- Operating cash flow
- Total assets
- Net debt
- Interest expenses

These key performance measures are recognized in a separate section in Note 11 Key performance measures for the Group. The amounts with which IFRS 16 adjustments have been made are presented under the heading alternative performance measures.

Note 7 Financial assets and liabilities measured at fair value

Mar 31, 2019	Assets measured at fair value through profit or loss	Derivatives used for hedging purposes	Total
Other current receivables	–	17	17
Total assets	–	**17**	**17**
Other non-interest-bearing liabilities	–	102	102
Total liabilities	**-**	**102**	**102**

Mar 31, 2018	Assets measured at fair value through profit or loss	Derivatives used for hedging purposes	Total
Other current receivables	–	82	82
Total assets	–	**82**	**82**
Other non-interest-bearing liabilities	–	–	–
Total liabilities	**-**	**-**	**-**

The fair value of derivative instruments is established using valuation techniques. For this purpose, observable market information is used. All derivatives are classified under level 2 of the fair value hierarchy.

Note 8 Divestments

In February, Acare Medical Sciences Co., Ltd – the Group's low-spec medical beds business – was divested to CBL based in China. The divestment involves a production and sales unit in Zhuhai, China, with 186 employees and sales of about SEK 80 M. Acare was recognized in the balance sheet for 2018 under assets and liabilities held for sale. The divestment did not have any significant capital gains effect. The sales proceeds of about SEK 24 M were received via a promissory note that falls due for payment in the third quarter of 2019. Cash and cash equivalents in Acare on the divestment date amounted to SEK 5 M.

Divested net assets	Carrying amount
Net assets	
Assets held for sale	70
Liabilities held for sale	-46
Total net assets	**24**
Cash-flow effect	
Proceeds received	-
Cash and cash equivalents in divested company	-5
Total cash-flow effect	**-5**

Note 9 Financial data per quarter

SEK M	Quarter 1 2018	Quarter 2 2018	Quarter 3 2018	Quarter 4 2018	Quarter 1 2019
Net sales	1,943	1,986	1,981	2,307	2,123
Cost of goods sold	-1,087	-1,090	-1,113	-1,265	-1,186
Gross profit	**856**	**896**	**868**	**1,042**	**937**
Operating expenses	-725	-744	-734	-814	-768
Exceptional items	-42	-15	-21	-78	0
Other operating income and expenses	-6	5	-2	7	-1
Operating profit (EBIT)	**83**	**142**	**111**	**157**	**168**
Net financial items	-16	-21	-34	-27	-35
Profit after financial items	**67**	**121**	**77**	**130**	**133**
Taxes	-17	-30	-19	-33	-33
Net profit for the period	**50**	**91**	**58**	**97**	**100**
Adjusted EBITDA[1]	289	313	301	409	413
Adjusted EBITDA margin, %[1]	14.9	15.7	15.2	17.7	19.5

1 EBITDA before exceptional items. Refer to Note 5 Exceptional items on page 13, Alternative performance measures on page 19 and definitions on page 22.

Note 10 Consolidated interest-bearing net debt

SEK M	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Non-current financial liabilities	2,166	3,089	2,859
Non-current lease liabilities	978	-	41
Current financial liabilities	3,024	2,412	2,761
Current lease liabilities	261	-	10
Provisions for pensions, interest-bearing	27	56	27
Interest-bearing liabilities	**6,456**	**5,557**	**5,698**
Less financial receivables	-91	-9	-55
Less pension assets	-1	-	-52
Less cash and cash equivalents	-506	-999	-961
Interest-bearing net debt	**5,858**	**4,549**	**4,630**
Adjustment IFRS 16, Non-current lease liabilities	-929	-	-
Adjustment IFRS 16, Current lease liabilities	-259	-	-
Interest-bearing net debt, excluding IFRS 16	**4,670**	**4,549**	**4,630**

Note 11 Key performance measures for the Group

SEK M	Quarter 1 2019	Quarter 1 2018	Full-year 2018
Sales measures			
Net sales	2,123	1,943	8,217
Net sales growth, %	9.3%	0.6%	6.9%
Organic growth in sales, %	2.0%	2.3%	3.0%
Expense measures			
Selling expenses as a % of net sales	20.8%	20.2%	20.2%
Administrative expenses as a % of net sales	13.6%	15.8%	14.8%
Research and development costs as a % of net sales	1.7%	1.3%	1.7%
Earnings measures			
Operating profit (EBIT)	168	83	493
EBITA	234	149	798
Adjusted EBITA[2]	234	189	930
EBITDA	413	249	1,180
EBITDA growth, %	65.8%	-45.6%	18.4%
Adjusted EBITDA[2]	413	289	1,312
Earnings per share, SEK	0.37	0.18	1.09
Margin measures			
Gross margin, %	44.1%	44.1%	44.6%
Operating margin, %	7.9%	4.3%	6.0%
EBITA margin, %	11.0%	7.7%	9.7%
Adjusted EBITA margin, %[2]	11.0%	9.7%	11.3%
EBITDA margin, %	19.5%	12.8%	14.4%
Adjusted EBITDA margin, %[2]	19.5%	14.9%	16.0%
Cash flow and return measures			
Return on shareholders' equity, %[1]	6.2%	0.0%	5.6%
Cash conversion, %	43.6%	107.6%	84.0%
Operating capital, SEK M	10,821	10,565	9,946
Return on operating capital, %[1]	6.4%	4.0%	6.5%
Capital structure			
Interest-bearing net debt	5,858	4,549	4,630
Interest-coverage ratio, multiple[1]	5.7x	3.8×	6.2×
Net debt/equity ratio, multiple	1.0x	0.9×	0.9×
Net debt/adjusted EBITDA, multiple[1,2]	3.6x	4.3×	3.5×
Equity/assets ratio, %	41.0%	41.3%	41.3%
Equity per share, SEK	21.3	19.6	19.9
Other			
No. of shares	272,369,573	272,369,573	272,369,573
Number of employees, average	6,140	5,872	6,123

1 Rolling 12 months.
2 Before exceptional items. See Alternative performance measures on page 19 and definitions on page 22.
For more information about the effects of IFRS 16, refer to Note 6 on pages 13–14.

NOTE 11 CONTINUED

SEK M	Quarter 1 2019	Quarter 1 2018	Full-year 2018
Earnings measures, excluding IFRS 16			
EBITDA	328	249	1,180
EBITDA growth, %	31.9%	-45.6%	18.4%
Adjusted EBITDA[2]	328	289	1,312
Margin measures, excluding IFRS 16			
EBITDA margin, %	15.5%	12.8%	14.4%
Adjusted EBITDA margin, %[2]	15.5%	14.9%	16.0%
Cash flow and return measures, excluding IFRS 16			
Cash conversion, %	31.6%	107.6%	84.0%
Operating capital, SEK M	10,216	10,565	9,946
Return on operating capital, %[1]	6.8%	4.0%	6.5%
Capital structure, excluding IFRS 16			
Interest-bearing net debt	4,670	4,549	4,630
Interest-coverage ratio, multiple[1]	6.2x	3.8x	6.2x
Net debt/equity ratio, multiple	0.8x	0.9x	0.9x
Net debt/adjusted EBITDA, multiple[1]	3.4x	4.3x	3.5x
Equity/assets ratio, %	44.9%	41.3%	41.3%

1 Rolling 12 months.
2 Before exceptional items. See Alternative performance measures on page 19 and definitions on page 22.
For more information about the effects of IFRS 16, refer to Note 6 on pages 13-14.

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 should not be considered substitutes, 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.

The alternative performance measures recognized below have not been calculated in accordance with IFRS but have been presented since Arjo believes that they are important in connection with investors' assessments of the Company and the Company's share.

Adjusted EBITA/EBITDA SEK M	Quarter 1 2019	Quarter 1 2018	Full-year 2018
Operating profit (EBIT)	168	83	493
Add-back of amortization and write-down of intangible assets	66	66	305
EBITA	**234**	**149**	**798**
Add-back of depreciation and write-down of tangible assets	179	100	382
EBITDA	**413**	**249**	**1,180**
Adjustment for IFRS 16	-85	-	-
EBITDA, excluding IFRS 16	**328**	**249**	**1,180**
Exceptional items[1]	0	42	156
Add-back of write-down of restructuring and integration costs	-	-2	-24
Adjusted EBITA	**234**	**189**	**930**
Adjusted EBITDA	**413**	**289**	**1,312**
Adjustment for IFRS 16	-85	-	-
Adjusted EBITDA, excluding IFRS 16	**328**	**289**	**1,312**

1 Refer to Note 5 Exceptional items on page 13.

Cash conversion	Quarter 1 2019	Quarter 1 2018	Full-year 2018
Cash flow from operations, SEK M	**180**	**268**	**991**
Operating profit (EBIT)	168	83	493
Add-back of amortization, depreciation and write-down of intangible and tangible assets	245	166	687
EBITDA, SEK M	**413**	**249**	**1,180**
Cash conversion, %	**43.6%**	**107.6%**	**84.0%**

Cash conversion, excluding IFRS 16	Quarter 1 2019	Quarter 1 2018	Full-year 2018
Cash flow from operations, SEK M	**180**	**268**	**991**
Adjustment for IFRS 16	-76	-	-
Cash flow from operations, SEK M, excluding IFRS 16	**104**	**268**	**991**
Operating profit (EBIT)	168	83	493
Add-back of amortization, depreciation and write-down of intangible and tangible assets	245	166	687
Adjustment for IFRS 16	-85	-	-
EBITDA, SEK M, excluding IFRS 16	**328**	**249**	**1,180**
Cash conversion, %, excluding IFRS 16	**31.6%**	**107.6%**	**84.0%**

Net debt/equity ratio	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Interest-bearing net debt, SEK M	5,858	4,549	4,630
Adjustment for IFRS 16	-1,188	–	–
Interest-bearing net debt, SEK M, excluding IFRS 16	**4,670**	**4,549**	**4,630**
Shareholders' equity, SEK M	5,804	5,332	5,427
Net debt/equity ratio	**1.01**	**0.85**	**0.85**
Net debt/equity ratio, multiple, excluding IFRS 16	**0.80**	**0.85**	**0.85**

Calculation of return on operating capital	Quarter 1 2019	Quarter 1 2018	Full-year 2018
Total assets opening balance	12,900	14,286	12,210
Total assets closing balance	14,142	12,900	13,136
Adjustment for IFRS 16	-1,210	–	–
Total assets closing balance, excluding IFRS 16	12,932	12,900	12,673
Average total assets	**13,521**	**13,593**	**12,673**
Average total assets, excluding IFRS 16	**12,916**	**13,593**	**12,673**
Average total assets	13,521	13,593	12,673
Average total assets, excluding IFRS 16	12,916	13,593	12,673
Excluding average cash and cash equivalents	-753	-1,144	-817
Excluding average other provisions	-311	-269	-278
Excluding average other non-interest-bearing liabilities	-1,636	-1,615	-1,632
Average operating capital	**10,821**	**10,565**	**9,946**
Average operating capital, excluding IFRS 16	**10,216**	**10,565**	**9,946**
Operating profit (EBIT)[1]	578	126	493
Add-back of exceptional items[1]	114	298	156
EBIT after add-back of exceptional items	692	424	649
Return on operating capital, %	**6.4%**	**4.0%**	**6.5%**
Return on operating capital, %, excluding IFRS 16	**6.8%**	**4.0%**	**6.5%**

1 Rolling 12 months.

Note 12 Transactions with related parties

	Quarter 1 2019	Quarter 1 2018	Full-year 2018
Transactions with related parties, SEK M			
Sales	15	12	72
Purchases of goods	-1	-1	-9
Other expenses	–	-21	-69
Accounts receivable	15	12	20
Other current receivables	–	1	–
Non-current financial liabilities	58	82	55
Accounts payable	1	12	10
Other non-interest-bearing liabilities	6	32	6

Transactions between Arjo and companies in Getinge Group are specified in the table above. In addition to the above, there were no other material transactions with related parties.

Arjo uses Getinge as a distributor in certain markets. Business terms and conditions as well as market-regulated pricing apply for delivery of products and services between the Groups.

Other expenses primarily refer to administrative services.

Parent Company financial statements

Parent Company income statement

SEK M	Quarter 1 2019	Quarter 1 2018	Full-year 2018
Administrative expenses	-40	-44	-155
Restructuring and integration costs	-	-2	-49
Other operating income and expenses	0	-7	66
Operating loss (EBIT)	**-40**	**-53**	**-138**
Income from participations in Group companies	-	-	1,370
Net financial items[1]	-31	-58	-85
Profit/loss after financial items	**-71**	**-111**	**1,147**
Taxes	15	24	-33
Net profit/loss for the period	**-56**	**-87**	**1,114**

1 Net financial items contain interest income and other similar items, and interest expenses and other similar expenses include exchange-rate gains and losses attributable to the translation of financial receivables and liabilities in foreign currencies measured at the closing day rate.

Parent Company balance sheet

SEK M	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Assets			
Intangible assets	335	369	349
Financial assets	6,332	5,454	6,317
Current financial receivables, Group companies	931	307	677
Other current receivables, Group companies	2	15	82
Current receivables	35	12	30
Total assets	**7,635**	**6,157**	**7,455**
Shareholders' equity and liabilities			
Shareholders' equity	4,549	3,540	4,605
Provisions	1	-	1
Current financial liabilities	3,024	2,412	2,761
Current financial liabilities, Group companies	-	167	-
Other current liabilities, Group companies	43	12	55
Other non-interest-bearing liabilities	18	26	33
Total shareholders' equity and liabilities	**7,635**	**6,157**	**7,455**

At the end of the period, the carrying amount of shares and participations in subsidiaries amounted to SEK 6,292 M (5,390). The carrying amount was unchanged during this period.

The Parent Company's commercial paper program has a framework amount of SEK 4,000 M. The total amount issued at the end of the period amounted to SEK 3,026 M (2,414).
Intangible assets comprise software.

Definitions

Financial terms

Operating capital
Average total assets less cash and cash equivalents, other provisions, accounts payable and other non-interest-bearing liabilities.
Return on operating capital
Rolling 12 months' operating profit with add-back of exceptional items in relation to operating capital.
Return on shareholders' equity
Rolling 12 months' profit after tax in relation to average shareholders' equity.
Cash conversion
Cash flow from operations in relation to EBITDA.
EBIT
Operating profit.
EBITA
Operating profit before amortization and write-down of intangible assets.
Adjusted EBITA
EBITA with add-back of exceptional items.
EBITA margin
EBITA in relation to net sales.
Adjusted EBITA margin
Adjusted EBITA in relation to net sales.
EBITDA
Operating profit before amortization, depreciation and write-down.
Adjusted EBITDA
EBITDA with add-back of exceptional items.
EBITDA margin
EBITDA in relation to net sales.
Adjusted EBITDA margin
Adjusted EBITDA in relation to net sales.
Exceptional items
Total of acquisition, restructuring and integration costs as well as major non-recurring items.
Net debt/equity ratio
Interest-bearing net debt in relation to shareholders' equity.
Organic change
A financial change adjusted for currency fluctuations, acquisitions and divestments.
Earnings per share
Profit for the period attributable to Parent Company shareholders in relation to average number of shares. The following data was used to calculate earnings per share:

Profit for the period attributable to Parent Company shareholders	SEK 100 M
Number of shares, thousands	272,370
Earnings per share	SEK 0.37

Interest-coverage ratio
Profit after financial items plus interest expenses and add-back of exceptional items in relation to interest expenses. Calculated based on rolling twelve-month data.
Operating expenses
Selling expenses, administrative expenses and research and development costs.
Operating margin
Operating profit in relation to net sales.
Equity/assets ratio
Shareholders' equity in relation to total assets.

Medical and other terms

Deep vein thrombosis (DVT)
Formation of a blood clot in a deep leg vein.
Ergonomics
A science concerned with designing the job to fit the worker to prevent illness and accidents.
US Food and Drug Administration (FDA)
The US authority responsible for protecting the public health by carrying out
regular inspections of, among other things, medical devices.
Compression therapy
Treatment technique which means that one uses outer pressure with a certain frequency and for a certain period of time to treat and prevent venous leg ulcers.
EU Medical Device Regulation (MDR)
Regulations created by the EU to ensue better protection for the public health and patient safety by establishing modernized and more robust EU legislation. All medical device manufacturers and distributors must comply with these new regulations that will come into force in May 2020.
Prevention
Preventive activity/treatment.
Sequential VTE prevention
A treatment that aims to enhance the circulation of blood in the deep veins of the legs, which helps reduce deep vein thrombosis (blood clot in the deep veins of the legs).
Pressure ulcers
Sores that occur when blood flow to the skin is reduced by external pressure. Most common in patients with reduced mobility.
VTE
The abbreviation VTE standards for venous thromboembolism – a blood clot in the veins, similar to DVT (above).
Edema
Swelling due to accumulation of fluid in tissues.

Teleconference

Fund managers, analysts and the media are invited to a teleconference on May 7 at 8:00 a.m. CEST.

Dial the number below to participate:

Sweden: +46 (0) 8 5065 3942
UK: +44 (0)330 336 9411
USA: +1 323-794-2093
Code: 8316273

A presentation will be held during the telephone conference. To access the presentation, please use this link: https://slideassist.webcasts.com/starthere.jsp?ei=1242715

Alternatively, use the following link to download the presentation: https://www.arjo.com/int/about-us/investors/reports--presentations/2019/

A recording of the teleconference will be available for 90 days via the following link: https://slideassist.webcasts.com/starthere.jsp?ei=1242715

Financial information

Updated information on, for example, the Getinge share and corporate governance is available on Arjo's website www.arjo.com. The Annual Report, year-end report and interim reports are published in Swedish and English and are available for download at www.arjo.com.

The following financial statements will be published in 2019:

July 19, 2019: Interim report, January–June
October 23, 2019: Interim report January–September

Contact

Kornelia Rasmussen
Executive Vice President, Marketing Communications & Public Relations
+46 (0)10 335 4810
kornelia.rasmussen@arjo.com

Saloni Deva
Investor Relations & Corporate Communications
+46 (0)10 335 4867
saloni.deva@arjo.com

This information is information that Arjo AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication, through the agency of the contact person set out above, on May 7, 2019 at 7:30 a.m. CEST.

Customers in more than **100** countries

Approximately **6,000** employees worldwide

1,180 EBITDA (SEK M, full-year 2018)

8,217 Net sales (SEK M, full-year 2018)

About Arjo

Arjo's work is based on genuine care for human health and well-being, and contributes to a sustainable healthcare system – always with people in mind.

Arjo is a market-leading supplier of medical devices and solutions that improve quality of life for patients with reduced mobility and age-related health challenges.

Arjo creates value by improving clinical outcomes for patients and enabling a better work environment for healthcare professionals. Arjo thereby contributes to a sustainable healthcare system – always with people in mind.

Arjo's main customers are private and public institutions providing acute and long-term care. The company's offering includes products and solutions for patient handling, prevention of pressure ulcers, prevention of deep vein thrombosis and for diagnostics. The Group also offers medical beds and services such as training in connection with product sales.

The company has customers in more than 100 countries, which Arjo has divided into three geographic areas: North America, Western Europe and Rest of the World. Arjo has about 6,000 employees worldwide and the head office is in Malmö, Sweden.

Arjo's work is based on genuine care for human health and well-being. Arjo is a market-leading supplier of medical devices and solutions that improve quality of life for patients with reduced mobility and age-related health challenges. The company's offering includes products and solutions for patient handling, hygiene, disinfection, medical beds, prevention of pressure ulcers, prevention of deep vein thrombosis and for obstetric and cardiac diagnostics.

Arjo AB · Corp. Reg. No. 559092-8064 · Hans Michelsensgatan 10 · SE-211 20 Malmö · Sweden

www.arjo.com