

Revised strategy, new financial targets and restated financial information for Getinge (excluding Arjo)

November 10, 2017
Gothenburg, Sweden

Following the strategic review and the proposed distribution and listing of the business area Patient & Post-Acute Care (now called Arjo), the Board of Directors of Getinge has decided on a revised strategy, new financial targets and present restated historical financial information for Getinge excluding Arjo.

New financial targets

As a result of the proposed distribution and listing of Patient & Post-Acute Care and the related area disinfection flushers, now called Arjo, the Board of Directors of Getinge has decided on new financial targets based on the revised strategy for Getinge excluding Arjo. Focus is on organic growth and Getinge foresees an organic market growth of 2-4% on average during 2017-2020 in the addressable market. Getinge's organic growth in net sales is expected to increase gradually during 2018 and move closer to expected market growth on a run-rate basis by the end of 2018.

- **Average growth in organic net sales: 2-4%**
- **Average earnings per share growth: >10%**
- **Dividend policy: 30-50% of net income**

The new financial targets are valid from January 1, 2018.

Revised strategy

The priorities for Getinge going forward are to strengthen the product and service offering in prioritized segments for the customers within the business areas Acute Care Therapies and Surgical Workflows and continue to use the global salesforce to penetrate geographically with existing products. Furthermore, the company will put additional focus and continue to develop an attractive offering towards selected parts of the growing value segment. Getinge has also the intention to introduce Life Science as a separate Business Area as from January 1, 2018.

"I am confident that our revised strategy and financial targets will create a more focused business and organization that is better positioned to develop market leading offerings for our customers," says Mattias Perjos, President and CEO of Getinge. "The Life Science business has many similarities with our Infection Control business when it comes to technology, but given the customized solutions offering within this segment we believe this setup will better realize further growth opportunities", he continues.

Getinge excluding Arjo

- A global medtech leader within therapies and workflows, focusing on a well-defined space in hospitals: the operating room, Intensive Care Unit, Central Sterile Supply Department, Cathlab and Endo Suite.
- Customer offering that enables rapid recovery, shorter average length of stay, higher efficiency and reduced risk of infection in hospital settings.
- Net sales of SEK 22.6 billion (rolling 12 months, September 2017).
- Over 90% of sales go to hospitals, and the remainder to customers within Life Science, such as pharma companies.
- Close to 60% recurring revenues.
- Sales in over 150 countries worldwide.
- More than 10,000 employees.

Getinge restated financial information

Getinge provides historical financial information excluding the discontinued operations within Arjo in two appendices to this press release.

- *Appendix 1:* Pro forma restatement of income statement, balance sheet, cash flow statement and key figures. These tables are not financial reports according to IFRS 5.
- *Appendix 2:* Restated segment information according to IFRS 5. As a consequence of the planned distribution and listing of Arjo, the historical financial information for Surgical Workflows has been recalculated.

If the Extraordinary General Meeting on December 4, 2017, resolves on the distribution and listing of Arjo, Getinge will publish the results of the operations in Arjo separately, as discontinued operations in accordance with IFRS 5, in its year-end report, January 29, 2018.

Costs for creating an independent Arjo and transaction costs

Getinge has previously communicated that costs related to the planned distribution and listing and costs to create an independent Arjo are estimated to charge the group's result with SEK 400–500 M for 2017. For the period January to September in the current year, Getinge's result has been charged with SEK 360 M in respect of such costs. Of these, non-recurring restructuring costs in Arjo have accounted for SEK 144 M and increased operating costs in Arjo have accounted for the remaining SEK 216 M. In addition to the above costs, Getinge's equity will be charged with transaction costs that are estimated to amount to approximately SEK 147 M excluding tax expenses.

Telephone conference

A telephone conference with Getinge's President & CEO, Mattias Perjos, and Arjo's President & CEO, Joacim Lindoff, will be held at 09:00-10:00 CET, November 10, 2017. Please see dial in details below to join the conference:

Sweden: +46 (0)8 5065 3942

UK: +44 (0)330 336 9435

USA: +1 323 794 2551

Code: 3769823

A presentation will be held during the telephone conference. To access the presentation, please use this link: <https://slideassist.webcasts.com/starthere.jsp?ei=1170039>

Please join the event conference 5-10 minutes prior to the start time. You will be asked to provide the confirmation code.

A recording of the telephone conference will be available for 90 days via the following link: <https://slideassist.webcasts.com/starthere.jsp?ei=1170039>

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This information is information that Getinge AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 07:30 CET on November 10, 2017.

About Getinge

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 the every-day life for people, today and tomorrow.

Appendix 1: Restated financial information – Getinge excluding Arjo (pro forma, not according to IFRS 5)

The following tables show selected financial information for Getinge excluding Arjo (which represents the remaining business after the dividend), rolling 12 months, by the end of September 2017. Getinge excluding Arjo consists of the difference between Getinge's and Arjo's financial information adjusted for internal transactions. The information presented in the tables are not financial reports in accordance with IFRS and is thus not necessarily comparable to similar calculations in other companies and has some limitations as analytical tools.

Consolidated income statement (SEK M)

September 30, 2017 (R12)	Getinge	Arjo	Getinge excl Arjo
Net sales ¹	30,124	7,794	22,558
Cost of goods sold	-15,800	-4,278	-11,750
Gross profit	14,324	3,516	10,808
<i>Gross Profit Margin</i>	<i>47.6%</i>	<i>45.1%</i>	<i>47.9%</i>
Selling expenses	-6,458	-1,444	-5,014
Administrative expenses	-3,595	-1,191	-2,404
Research and development costs	-728	-136	-592
Acquisition expenses	-6	-2	-4
Restructuring and integration costs	-1,175	-326	-849
Other operating income and expenses	50	39	11
Operating profit (EBIT)	2,412	456	1,956
<i>EBIT Margin</i>	<i>8.0%</i>	<i>5.9%</i>	<i>8.7%</i>
Net financial items	-651	-91	-560
Profit/loss after financial items	1,761	365	1,396
Taxes	-466	-99	-367
Net profit/loss for the period	1,295	266	1,029

1) In Getinge excluding Arjo, sales to Arjo amounting to SEK 63 M is included, and in Arjo sales to Getinge excluding Arjo of SEK 165 M is included. In Getinge, all such internal sales are eliminated.

Balance sheet in summary after reallocation of net debt (SEK M)

September 30, 2017	Getinge	Arjo ¹⁾	Getinge excl Arjo
Assets			
Intangible assets	29,392	6,518	22,874
Tangible assets	4,105	1,079	3,026
Financial assets	1,365	469	896
Inventories	6,173	1,130	5,043
Accounts receivable	6,006	1,753 ²⁾	3,996 ⁴⁾
Other current receivables	3,094	545	2,549
Cash and cash equivalents	1,521	400	1,121
Total assets	51,656	11,894	39,505
Equity and liabilities			
Equity	23,755	5,209	18,546
Provisions for pensions, interest-bearing	2,981	27	2,954
Other interest-bearing liabilities	16,148	4,841	11,307
Other provisions	2,150	197	1,953
Accounts payable	1,792	542 ³⁾	993 ⁵⁾
Other non-interest-bearing liabilities	4,830	1,078	3,752
Total equity and liabilities	51,656	11,894	39,505

1) Arjo's balance sheet has been adjusted for the following changes after September 30, 2017:

- One intra-Group transfer to Getinge excluding Arjo, which reduced Arjo's net debt.
- Getinge made a shareholder contribution of SEK 1,203 M to Arjo.
- Net recording of intra-group financial transactions, which will be replaced by external financing at the time of listing.

2) Including SEK 123 M Group-internal receivables eliminated in Getinge.

3) Including SEK 134 M Group-internal debt eliminated in Getinge.

4) Including SEK 134 M Group-internal receivables eliminated in Getinge.

5) Including SEK 123 M Group-internal debt eliminated in Getinge.

Cash-flow from operating activities (SEK M)

September 30, 2017 (R12)	Getinge	Arjo	Getinge excl Arjo
Operating activities			
Operating profit (EBIT)	2,412	456	1,956
Add-back of amortization, depreciation and write-downs	2,670	799	1,871
Other non-cash items	55	30	25
Add-back of restructuring and integration costs ¹⁾	914	171	743
Paid restructuring and integration costs	-632	-61	-571
Financial items	-651	-91	-560
Taxes paid	-367	-144	-223
Cash flow before changes in working capital	4,401	1,160	3,241
Changes in working capital			
Inventories	-813	-195	-618
Current receivables	-867	-129	-738
Current liabilities	745	-243	988
Cash flow from operating activities	3,466	593	2,873

1) Excluding write-downs of fixed assets.

Key figures

September 30, 2017 (R12)	Getinge	Arjo	Getinge excl Arjo
EBITA 1 ¹⁾ , SEK M	4,311	891	3,420
EBITA 1 Margin, %	14.3	11.4	15.2
Net debt/equity ratio, multiple	0.74	0.84	0.71
Equity/assets ratio, %	46.0	43.8	46.9
Net debt, SEK M	17,608	4,400	13,208
Net debt/EBITDA ²⁾ , multiple	2.93	3.08	2.89
EBITDA, SEK M	5,082	1,255	3,827
Cash conversion, %	68.2	47.3	75.1
Earnings per share ³⁾ , SEK	5.23	1.09	4.14
Average number of shares, thousands	243,073	243,073	243,073
Number of employees	16,631	5,987	10,644

1) EBITA 1: EBITA before acquisition, restructuring and integration costs.

2) EBITDA: EBITDA before acquisition, restructuring and integration costs.

3) The calculation of earnings per share is based on the average number of shares in Getinge. As the average number of shares for Arjo and Getinge is not the same, Arjo reports other figures on earnings per share for the corresponding period.

Appendix 2: Restated segment information – Getinge excluding Arjo (according to IFRS 5)

As a consequence of the planned distribution and listing of Arjo, the historical financial information for Surgical Workflows has been recalculated. The adjustments mainly concern the disinfection flushers business in Arjo, previously reported in Surgical Workflows. In addition, Surgical Workflows has been adjusted for sales between Surgical Workflows and Arjo (eliminated in Getinge). Getinge will also continue to distribute Arjo products in some minor markets and these sales will be reported in Surgical Workflows.

Order intake	Q4	Q1	Q2	Q3	Jan-Sep	Full Year
SEK M	2016	2017	2017	2017	2017	2016
Acute Care Therapies	3,492	2,975	3,109	2,845	8,929	12,059
Surgical Workflows	3,020	2,404	2,414	2,857	7,675	10,544
Remaining operations	6,512	5,379	5,523	5,702	16,604	22,603

Net sales	Q4	Q1	Q2	Q3	Jan-Sep	Full Year
SEK M	2016	2017	2017	2017	2017	2016
Acute Care Therapies	3,649	2,825	3,094	2,621	8,540	11,804
Surgical Workflows	3,785	1,986	2,275	2,323	6,584	10,366
Remaining operations	7,434	4,811	5,369	4,944	15,124	22,170

Gross profit	Q4	Q1	Q2	Q3	Jan-Sep	Full Year
SEK M	2016	2017	2017	2017	2017	2016
Acute Care Therapies	1,990	1,635	1,766	1,492	4,893	6,552
Surgical Workflows	1,408	743	818	956	2,517	3,846
Remaining operations	3,398	2,378	2,584	2,448	7,410	10,398

EBITA 1*	Q4	Q1	Q2	Q3	Jan-Sep	Full Year
SEK M	2016	2017	2017	2017	2017	2016
Acute Care Therapies	923	557	638	458	1,653	2,326
Surgical Workflows	831	-23	113	148	238	1,173
Group Functions	-65	-49	-49	-62	-160	-224
Remaining operations	1,689	485	702	544	1,731	3,275

*EBITA 1: EBITA before acquisition-, restructuring and integration costs

EBIT	Q4	Q1	Q2	Q3	Jan-Sep	Full Year
SEK M	2016	2017	2017	2017	2017	2016
Acute Care Therapies	704	405	12	271	688	1,000
Surgical Workflows	690	-54	80	98	124	885
Group Functions	-86	-49	-50	-65	-164	-379
Remaining operations	1,308	302	42	304	648	1,506