

Getinge's Board of Directors proposes a distribution of the Patient & Post-Acute Care business area to Getinge's shareholders

November 10, 2017
Gothenburg, Sweden

The Board of Directors of Getinge AB ("Getinge") has today proposed that the shareholders of Getinge shall decide, at an Extraordinary General Meeting in Getinge, to distribute the Patient & Post-Acute Care business area ("PPAC", previously Extended Care) through a distribution of all shares in the wholly-owned subsidiary Arjo AB (publ), corporate registration number 559092-8064 ("Arjo"), including the underlying Group, to the shareholders of Getinge. The proposal includes the distribution of all shares in Arjo, where each share of series A in Getinge entitles to one share of series A in Arjo and each share of series B in Getinge entitles to one share of series B in Arjo. The Extraordinary General Meeting will be held on December 4, 2017. Provided that the shareholders resolve in accordance with the proposal, the distribution will be executed and Arjo's shares of series B will be listed on Nasdaq Stockholm on December 12, 2017.

"The Board of Directors believes the proposal to split the Group into two separate listed companies, Getinge and Arjo, will enhance the prerequisites to successfully develop the respective businesses which will increase the value for customers as well as shareholders", says Carl Bennet, the principal owner and chairman of the Board of Directors of Getinge.

On October 18, 2016 Getinge announced that the company had completed a strategic review to clarify its long-term strategy in order to ensure continued sustainable and profitable growth. As a result of this review, the Board of Directors announced its intention that the business area PPAC and the related area Flusher Disinfection, collectively named Arjo, should be distributed to Getinge's shareholders. The preparation of the distribution and listing of Arjo has continued with high activity during 2017. The Board of Directors of Getinge has today decided to propose an Extraordinary General Meeting on December 4, 2017, to decide on distributing all shares in Arjo to the shareholders of Getinge. The record date for the distribution is proposed to be December 8, 2017. Provided that the shareholders resolves in accordance with the proposal, the first day of trading in Arjo's shares of series B on Nasdaq Stockholm is expected to be December 12, 2017.

"I am looking forward to an exciting and successful future for Arjo", says Joacim Lindoff, President and CEO of Arjo. "Arjo operates in a market with stable and growing demand, where I see opportunities for us to regain a market-leading position within long-term care while at the same time maintaining our strong market positions within acute care", concludes Joacim Lindoff.

About Arjo

Arjo is a global supplier of medical devices, services and solutions that improves the lives of people affected by reduced mobility and age-related health challenges. In 2016, Arjo's sales amounted to SEK 7,808 M and the company was present in more than 60 countries. Going forward, Arjo will focus on creating value in a market characterized by high growth opportunities, due to e.g. demographic changes with a rising number of elderly and those suffering from illness as well as an increase in lifestyle-related diseases. The goal for Arjo is to contribute to a more efficient healthcare system by becoming a market leader in long-term care, while maintaining the company's strong market positions in acute care – within the segments in which the company operates. For this purpose, Arjo has developed a business plan called Arjo 2020. The business plan is based on a number of focus areas with activities to create increased value for Arjo's customers, strengthen the company's commercial focus and increase operational agility. In order to realize Arjo's strategy and achieve its goals the company will aim for a business with strong fundamentals and whose work environment and business relationships are characterized by Arjo's core values: *Passion, Collaboration, Openness, Excellence and Ownership*.

As previously announced, the CEO of Arjo is Joacim Lindoff. Joacim Lindoff has a long experience from Getinge, most recently as acting CEO of the Getinge Group from August 2016 to March 2017, and prior to that as Executive Vice President for the business area Surgical Workflows. Johan Malmquist, who previously served as President and CEO of Getinge between 1997 and 2015, has been appointed chairman of the Board of Directors in Arjo. The Board of Directors also consist of Carl Bennet, Ulf Grunander, Eva Elmstedt, Carola Lemne, Joacim Lindoff and four employee representatives.

Arjo - Financial Overview

The starting point for Arjo's historical financial information is the financial information that has been presented in Getinge's financial reporting as the business segment Extended Care, and later PPAC, and the related segment Flusher Disinfection, with some additional adjustments. The majority of the functions and processes established with the purpose of making Arjo a separate entity, stand-alone from Getinge, has gradually been implemented during 2017. Thus, the financial information is not fully representative with respect to the costs related to these functions and processes. The Company believes that the costs related to new functions and processes will come into full effect in 2018.

Arjo - Financial Overview

MSEK	Jan-Sep 2017	Jan-Sep 2016	2016	2015	2014
Sales figures					
Net sales	5,620	5,634	7,808	8,115	7,568
Net sales, growth, %	-0.2%	-	-3.8%	7.2%	-
Organic sales, growth, %	-2.4%	-	-2.6%	-2.3%	-
Profit figures					
Operating profit (EBIT)	315	640	781	540	953
EBITDA	854	1,135	1,536	1,221	1,588
EBITDA adjusted	1,006	1,188	1,610	1,411	1,672
Earnings per share, SEK	0.68	1.51	1.80	1.13	2.27
Margin measures					
Gross margin, %	45.0%	43.5%	44.1%	44.3%	47.0%
Operating margin, %	5.6%	11.4%	10.0%	6.7%	12.6%
EBITDA-margin, %	15.2%	20.1%	19.7%	15.0%	21.0%
EBITDA-margin, adjusted, %	17.9%	21.1%	20.6%	17.4%	22.1%
Cash flow and return measures					
Cash conversion, %	46.5%	63.7%	59.8%	66.4%	60.4%
Return on operating capital, %	7.5%	-	8.5%	6.5%	9.7%
Other					
Number of shares	272,369,573	272,369,573	272,369,573	272,369,573	272,369,573
Number of employees (average)	5,717	5,402	5,763	5,339	5,294

The allocation of Getinge Group's net debt between Arjo and remaining Getinge are based on the principle of both entities having similar level of indebtedness, measured as interest-bearing net debt in relation to EBITDA before integration and restructuring costs. Consequently, Arjo will have a net debt of approximately SEK 4,400 M at listing with some adjustments.¹

Arjo's Board of Directors has adopted the following medium term financial targets:

- Average annual organic sales growth of at least 2-4 percent.
- Average annual EBITDA growth of at least 10 percent.
- Cash conversion exceeding 70 percent²

¹ Allocated net debt is based on Getinge Group's reported net debt as per September 30, 2017. Based on this date it was decided to allocate SEK 4,400 M of Getinge Group's net debt to Arjo. Hence, Arjo's net debt at listing will be SEK 4,400 M with adjustments for the cash flow generated from October 1, 2017 to first day of trading as well as potential currency effects

²Defined as cash flow from operating activities in relation to EBITDA

The Board of Directors and management have based these financial targets on factors such as growth in Arjo's main markets. Furthermore, growth is expected to be driven by strategic initiatives, for example, in the U.S. market and the increased operational focus that will come as a result of the distribution and separation from Getinge.

Dividend proposal

The shares in Arjo are proposed to be distributed to the shareholders of Getinge in proportion to each shareholder's holdings in Getinge on the proposed record date for the distribution, where each share of series A in Getinge entitles to one (1) share of series A in Arjo and each share of series B in Getinge entitles to one (1) share of series B series in Arjo. Other than from being registered as a shareholder on the record date for the distribution, no further actions are required by the shareholders in order to receive shares in Arjo. The proposed record date for the right to receive shares in Arjo is December 8, 2017.

The Extraordinary General Meeting will be held on 4 December at 4 p.m. CET at Elite Park Avenue Hotel in Gothenburg. Please see the separate press release for the notice to the Extraordinary General Meeting. The last day of trading in Getinge's shares including the right to distribution of shares in Arjo is December 6, 2017. This implies that as of December 7, 2017, Getinge's share will be traded excluding the right to receive the right to the distribution in Arjo and the price of the Getinge share will be adjusted accordingly.

Nasdaq Stockholm's listing committee has decided to approve Arjo's application of admission of the Nasdaq Company's shares of series B to trading on Nasdaq Stockholm provided that certain customary conditions are met. The first day of trading in Arjo's shares of series B is expected to be December 12, 2017. Arjo's shares of series B will be traded under ARJO B with ISIN code SE0010468116. Similar to Getinge's shares of series A, Arjo's shares of series A will not be listed.

The prospectus for the listing of Arjo's shares of series B is expected to be published on November 10, 2017. The prospectus will be available on Getinge's website (www.getinge.com) and on SEB's website (www.sebgroup.com/prospectuses).

An information brochure on the proposal to distribute all shares in Arjo and the listing of the B-shares will be available on Getinge's website (www.getinge.com) as of November 13, 2017.

Preliminary schedule

- **November, 10.** Prospectus made public.
- **November, 13.** Information brochure made public.
- **November, 28.** Final date for registering participation at Getinge's Extraordinary General Meeting
- **December, 4.** Extraordinary General Meeting in Getinge to decide on the distribution of the shares in Arjo.
- **December, 6.** Last day of trading in Getinge's shares including the right to receive shares in Arjo.
- **December, 7.** First day of trading in Getinge's shares excluding the right to receive shares in Arjo.
- **December, 8.** Record date for the distribution of shares in Arjo.
- **December, 12.** Estimated first day of trading in Arjo's shares of series B on Nasdaq Stockholm.

Advisor

The financial advisor in connection with the distribution and listing of Arjo at Nasdaq Stockholm is SEB Corporate Finance. Mannheimer Swartling Advokatbyrå is the legal advisor.

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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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.