



Continued strong growth

Q3 Report 2018

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October 18, 2018

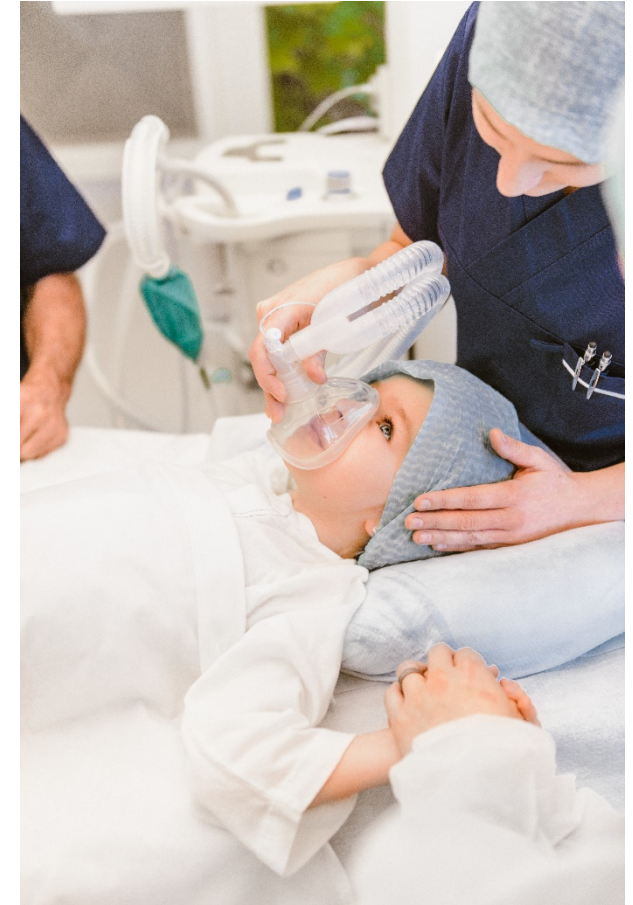
GETINGE 

Q3 2018 in brief

Strong organic growth – but gross margin impacted by mix

Takeaways from Q3 2018

- Continued strong growth in net sales
- Gross margin negatively impacted by mainly product and geographical mix
- Adj. EBITA amounted to SEK 438M (544)
- Adj. EBITA impacted by SEK -24 M in currency effects
- Adjusted earnings per share amounted to SEK 0.78 (1.20)
- Provision of SEK 1.8 B and write-down SEK 90 M related to expected costs associated to surgical mesh claims in North America.
- Improved cash flow after net investments



Continued progress according to plan

Key activities in Q3

Growth

- Systematic sales approach continues to support growth in top line

Quality

- Continued roll out of the QMS and remediation related to the FDA consent decree continues according to plan – US sites expected to be remediated by the end of 2018

Cost efficiency

- OPEX decrease
- Productivity focus while making necessary investments

Other

- Provision of SEK 1.8 Bn related to hernia mesh claims in North America
- Agreement signed to divest surgical mesh business
- No renewal of the distribution agreement with TSO3, SEK -126 M on operating profit and SEK +71 M on Cash Flow



Provision of SEK 1.8 billion

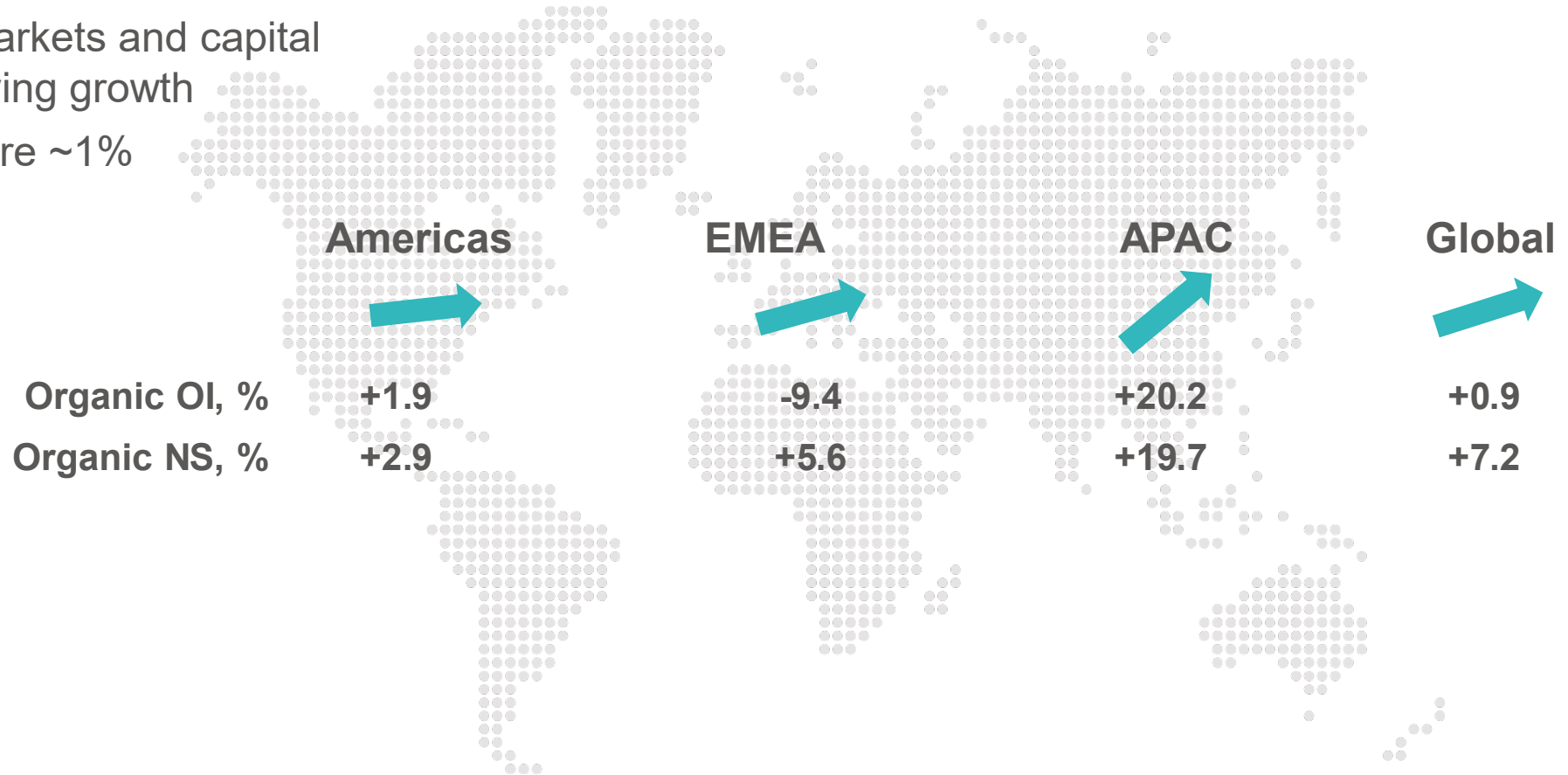
To cover future expenses related to the mesh claims

- Provision of SEK 1.8 billion to cover expected expenses related to the claims
- A write-down bringing a negative impact of SEK 90 M to the result
- Recognized as Items Affecting Comparability (IAC) in the 3rd quarter 2018
- Pay-outs related to trials, if any, expected to be impacting cash flows from late 2019, early 2020
- Legal defense cost is significant and covered by the provision
- October 18, Getinge's subsidiary, Atrium Medical Corporation, signed an agreement to divest the biosurgery business (surgical mesh)

Strong sales growth in all regions and Business Areas

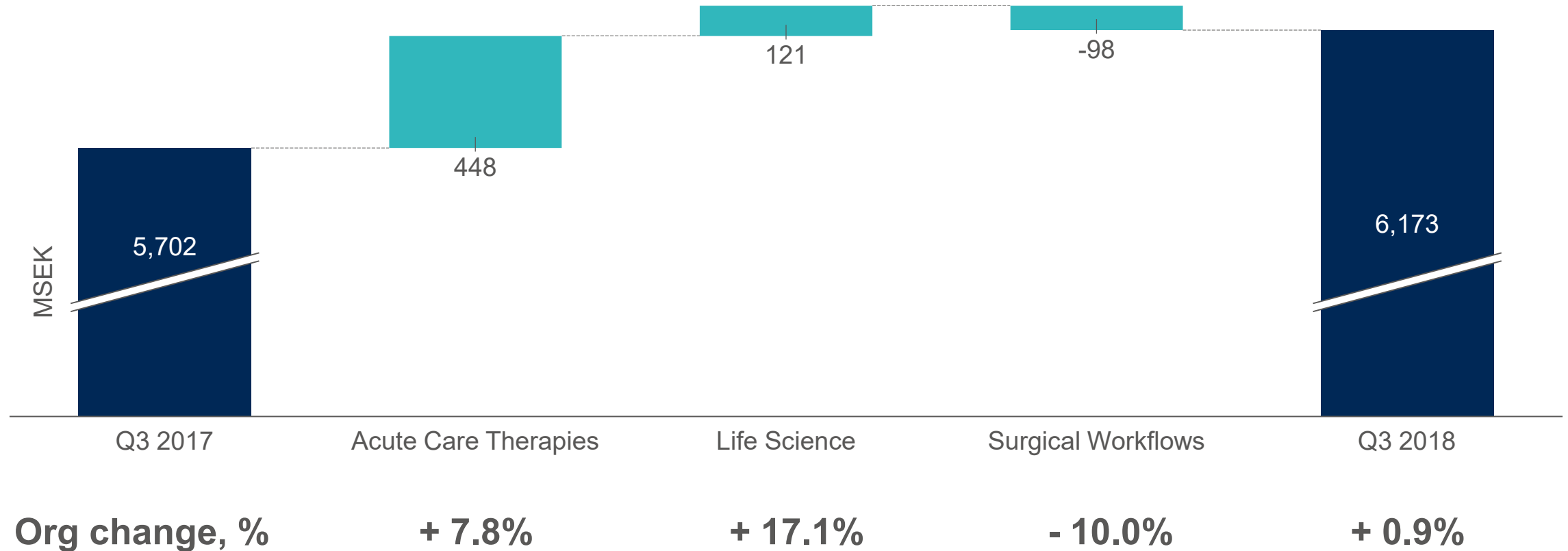
Continued positive momentum in capital goods and emerging markets

- Emerging markets and capital goods is driving growth
- Price pressure ~1%



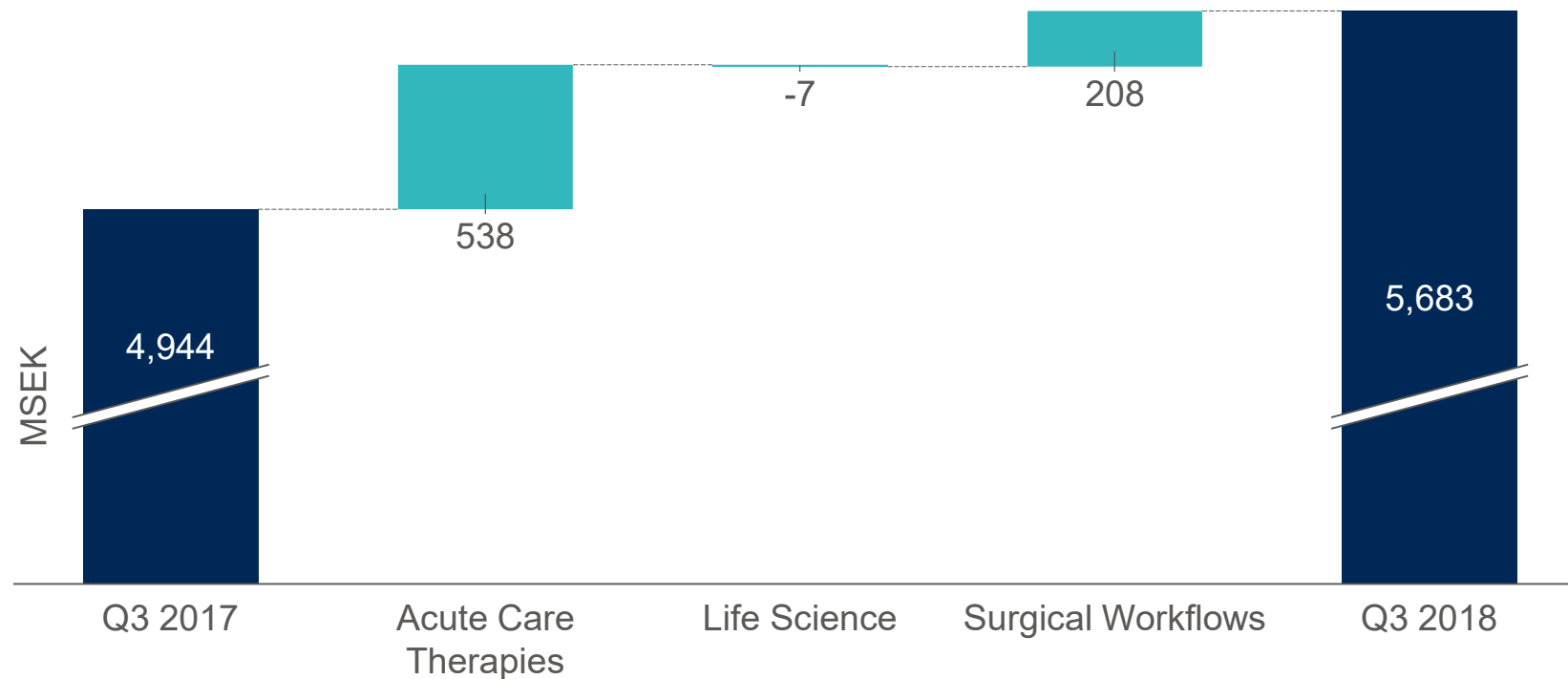
Contribution in order intake Q3 2018

Strong organic growth in Acute Care Therapies and Life Science



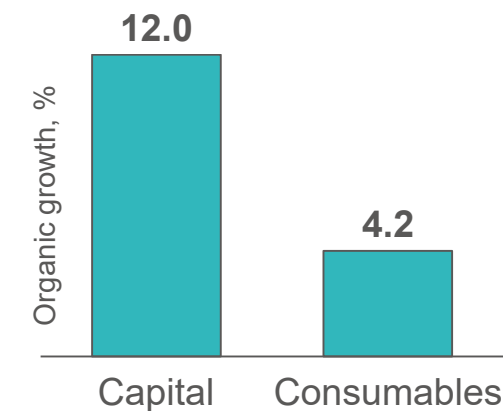
Contribution in net sales Q3 2018

Strong organic growth in both Acute Care Therapies and Surgical Workflows



+383

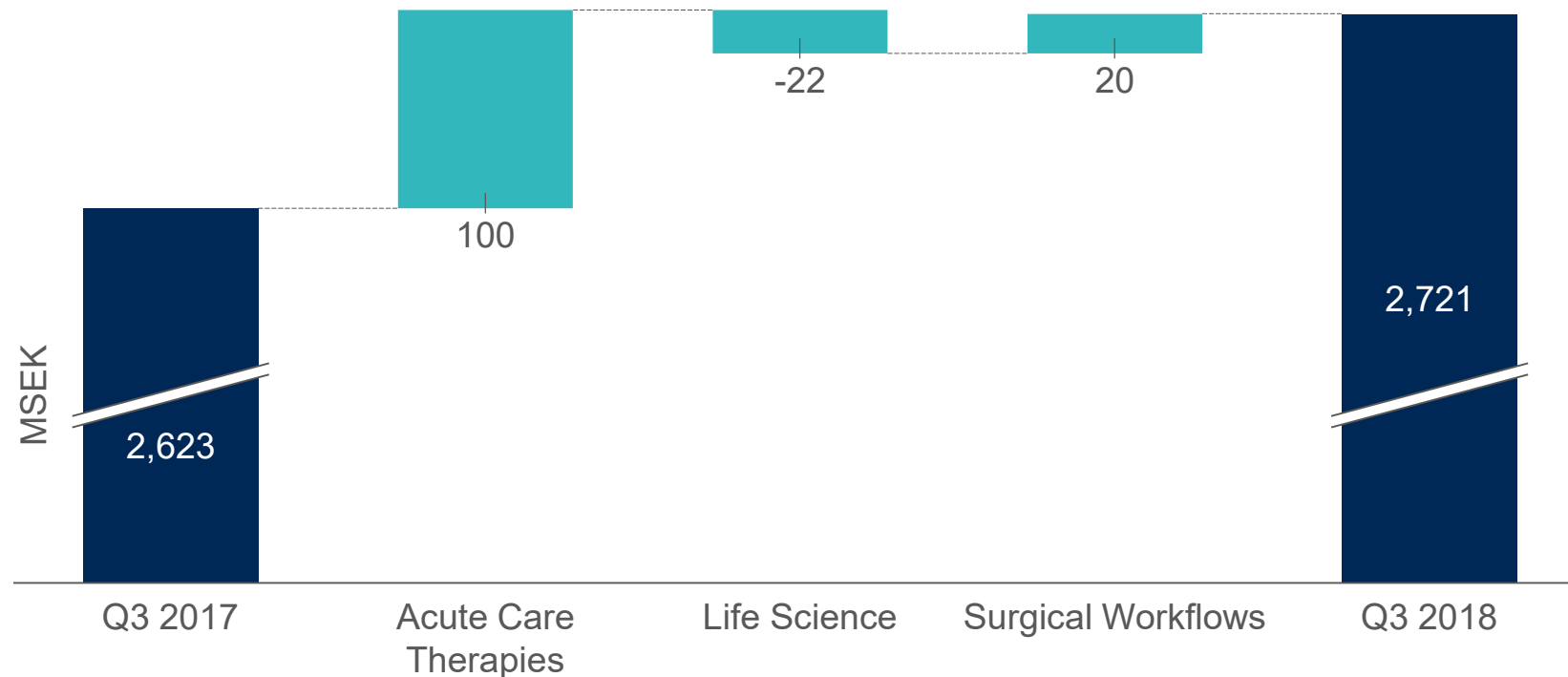
Currency impact, MSEK



Org change, % **+ 12.2%** **- 9.8%** **+ 4.6%** **+ 7.2%**

Gross Margin development Q3 2018

Product and market mix and currency impacting negatively

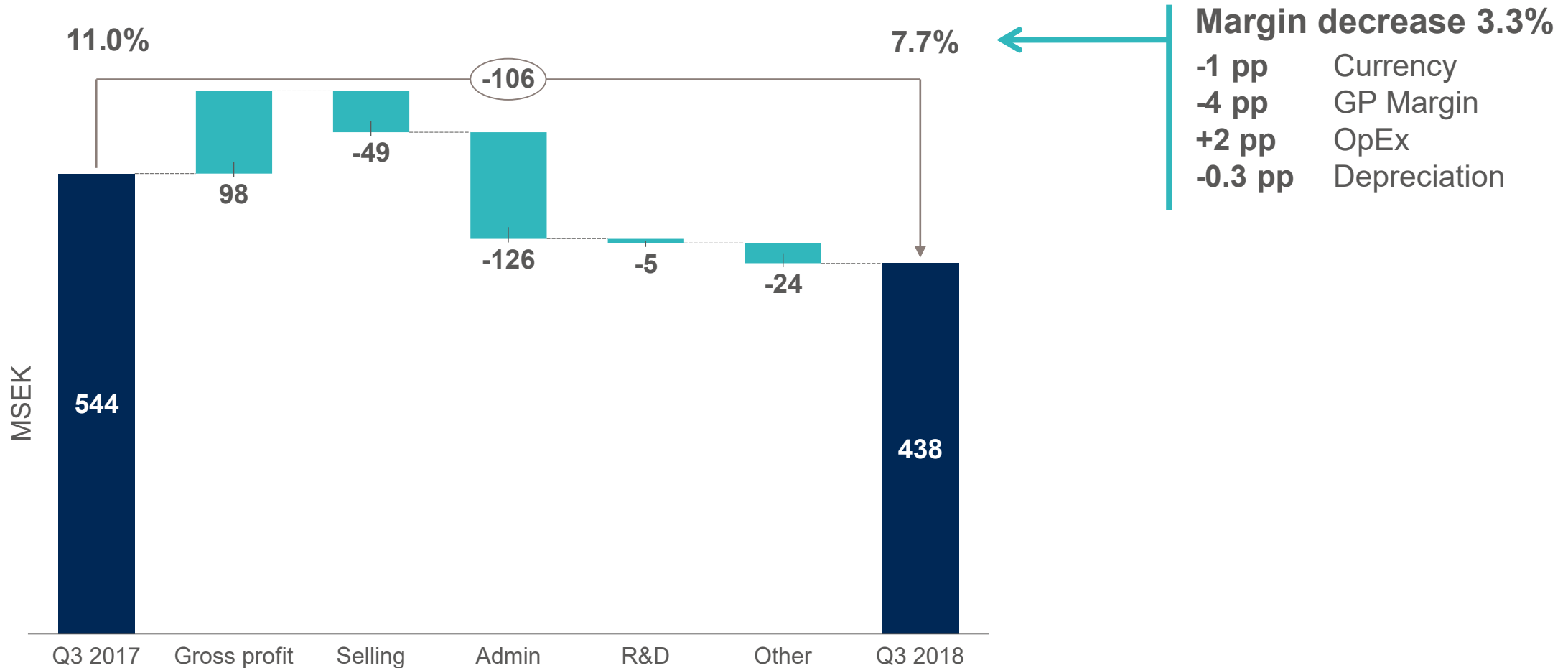


Adj Gross margin, % (Q3 2017)	54.1 (61.4)	36.3 (40.2)	40.9 (44.5)	47.9 (53.1)
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Financial development

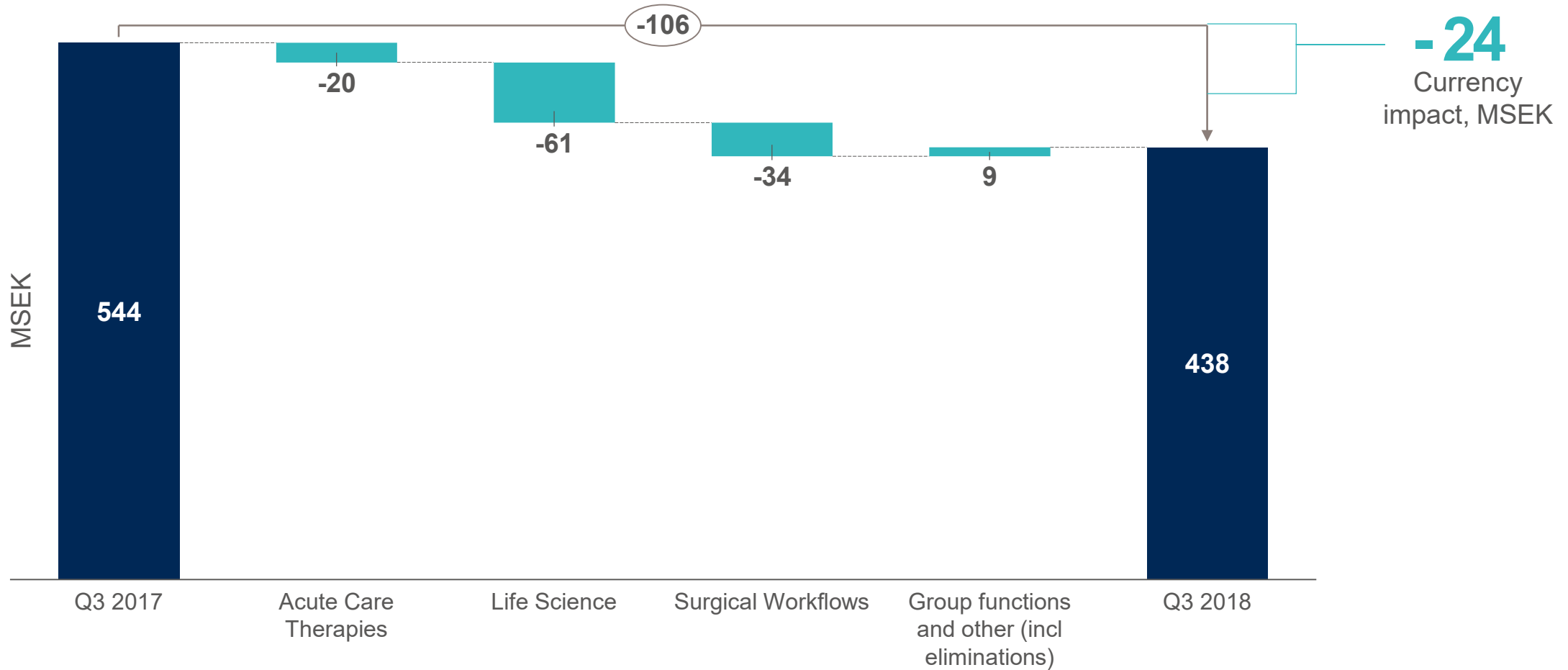
Adjusted EBITA

Bridge Q3 2017 – Q3 2018



Adjusted EBITA

Bridge Q3 2017 – Q3 2018



SEK 801 M in cash flow after net investments

General improvement in working capital in the 3rd quarter

- SEK 71 M positive impact from TSO3
- General improvement in working capital
- The fine of SEK 276 M related to investigations in Brazil is expected to be paid out in Q4 2018

SEK M	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Jan-Dec 2017
Cash flow before changes in working capital	748	597	1 460	2 316	3 653
Changes in working capital	372	-5	359	-633	-890
Net investments in non-current assets	-319	-410	-972	-1 166	-1 633
Cash flow after Net investments	801	182	847	517	1 130
Net interest-bearing debt at end of the period			12 936	17 608	12 792
<i>In relation to EBITDA R12M, multiple</i>			9.9	E/T	3.7
<i>In relation to adjusted EBITDA R12M, multiple</i>			3,3	E/T	3,0

Outlook 2018

Organic net sales and currency transaction effects

- Organic sales growth is expected to be well within 2-4% in 2018
- Currency transaction effects FY 2018 are expected to have a negative impact of approximately SEK -200 M (-175) on EBIT



Summary – key takeaways

Q3 2018

- Strong organic growth
- Gross margin adversely impacted by product and regional mix and currency
- OPEX lower than in Q1 and Q2
- SEK -24 M currency impact on EBITA adjusted
- Provision of SEK 1.8 billion related to surgical mesh claims
- Product launches, such as the compact and effective disinfectant S-8668T
- Significantly improved cash flow



Q&A

Thank you

Appendix – Business Information

Leading positions in well defined segments

Enabling better healthcare to more patients with the same resources

170 BSEK

Addressable market

2-4%

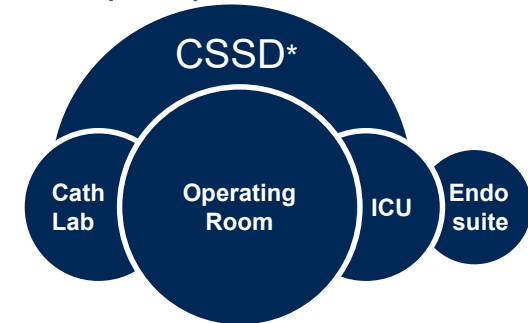
Organic growth in addressable market



90%

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

Hospital products used in



Offering leading therapies, infrastructure and IT-solutions towards hospitals

The value we contribute with

Improving outcomes and reducing length of stay

Improving efficiency and minimizing HAI**

Compliant and contamination free production and research processes



150

Sales in 150 countries



22.5 BSEK

Net sales***

*Central Sterile Supply Department. ** Hospital Acquired Infections *** 2017

Three business areas in brief

And key financials for 2017

Acute Care Therapies

Advanced life supporting therapies in acute care hospitals

Value offering: Contributing to a better clinical outcome in a cost efficient way in Critical Care and Cardiac Surgery

Products: Advanced Ventilators and Anesthesia machines, Heart-Lung machines and devices for Open heart surgery, Cardiac Assist, Vascular disease and Thorax drainage

12,201 Net Sales, MSEK	54% Share of Group's net sales	27/73 Capital/cons.(incl. service)
2,500 Adj EBITA*, MSEK	75.5% Share of Group's Adj EBITA*	20.5% Adj EBITA margin

Addressable market: 85 BSEK.
2-4 % organic growth

Main competitors: Medtronic, Hamilton, Gore, Terumo

Position: Among the global leaders in all product segments



Life Science

Solutions for sterile R&D and production (BioPharma, Labs & Medical Device)

Value offering: Contributing to a compliant and contamination free production and research process

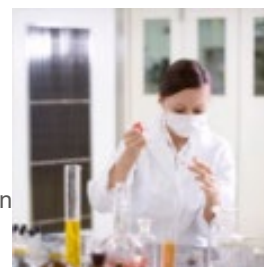
Products: Sterilizers, Disinfectant-washers, products for Aseptic handling and Isolators.

1,947 Net Sales, MSEK	9% Share of Group's net sales	61/39 Capital/Cons(incl. service)
369 Adj EBITA*, MSEK	11.3% Share of Group's Adj EBITA*	19.0% Adj EBITA margin

Addressable market: 23 BSEK.
3-5 % organic growth

Main competitors: Steris, Belimed, Miele/Steelco

Position: Among the global leaders in all product segments



Surgical Workflows

Leading technology for operating rooms and sterile supply

Value offering: Contributing to higher productivity and less risk for Hospital Acquired Infections

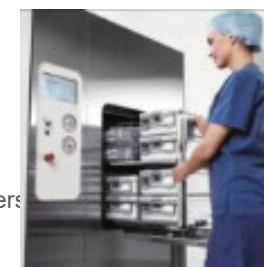
Products: Tables, Lights and Pendants, Sterilizers, Disinfectors and software systems for efficient workflows

8,347 Net Sales, MSEK	37% Share of Group's net sales	61/39 Capital/Cons.(incl. service)
445 Adj EBITA*, MSEK	13.2% Share of Group's Adj EBITA*	5.3% Adj EBITA margin

Addressable market: 62 BSEK.
2-4 % organic growth

Main competitors: Steris, Stryker, HillRom/Trumpf

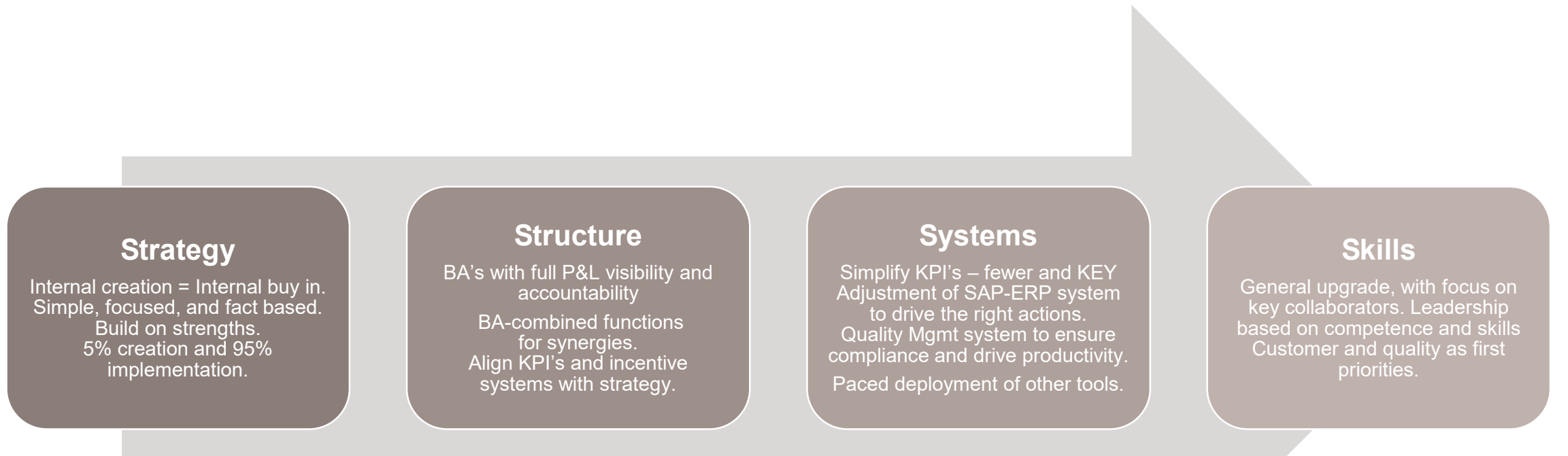
Position: Among the global leaders in all product segments



*Adjusted for cost for Group functions (SEK -206 M in 2017)

Recap – the building blocks of our turn around

Effective and sustainable change should follow Strategy-Structure-Systems-Skills wave iteration



Strategy

Internal creation = Internal buy in.
Simple, focused, and fact based.
Build on strengths.
5% creation and 95% implementation.

Done



Q2 2017

Structure

BA's with full P&L visibility and accountability
BA-combined functions for synergies.
Align KPI's and incentive systems with strategy.

Done



1st October 2017

Systems

Simplify KPI's – fewer and KEY
Adjustment of SAP-ERP system to drive the right actions.
Quality Mgmt system to ensure compliance and drive productivity.
Paced deployment of other tools.

KPI's: Done



Q4 2017

SAP adjustments: Ongoing



Quality system: Ongoing



Ongoing



(continuous improvement)

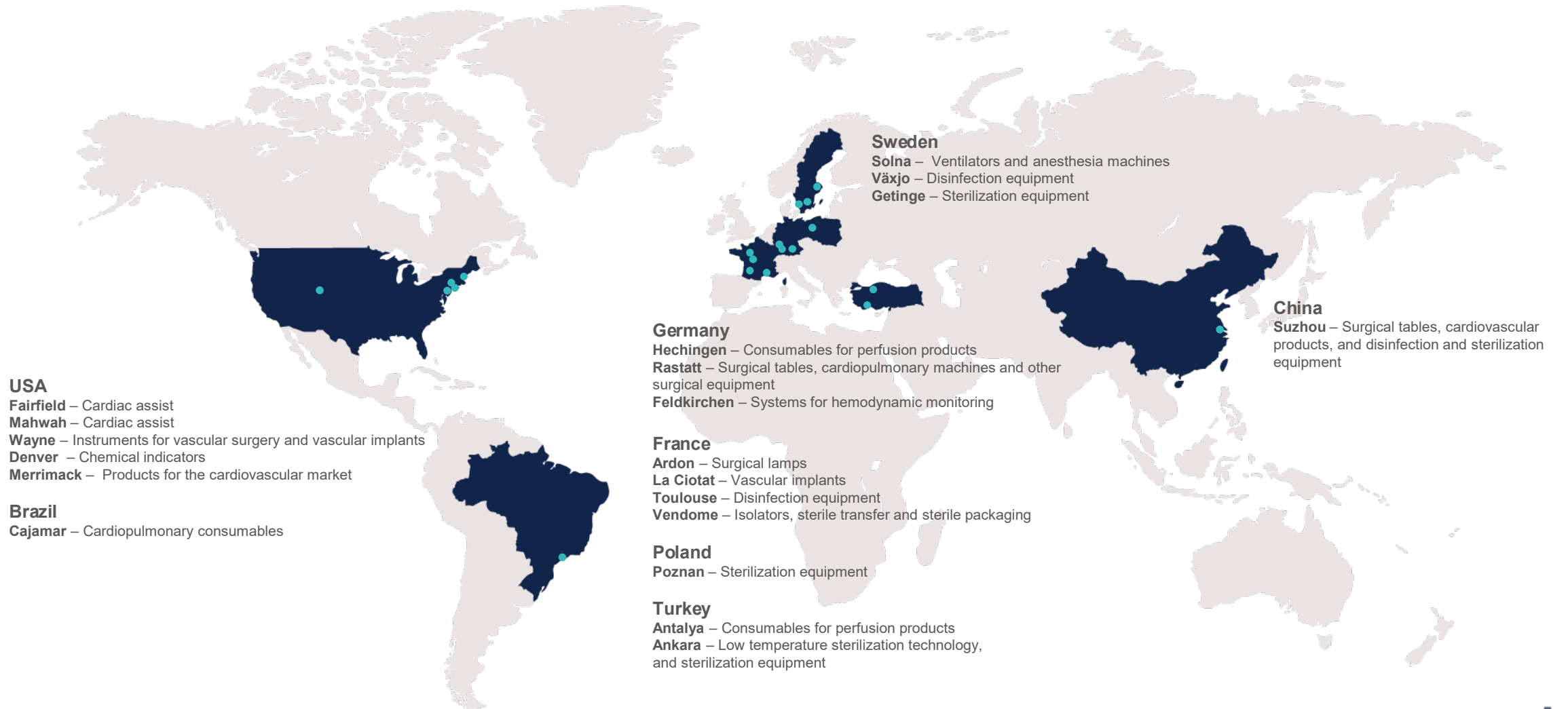
Recap - Turn around towards sustainable profitable growth

10+1 Key steps in order of priority (and pace dictated by management bandwidth)

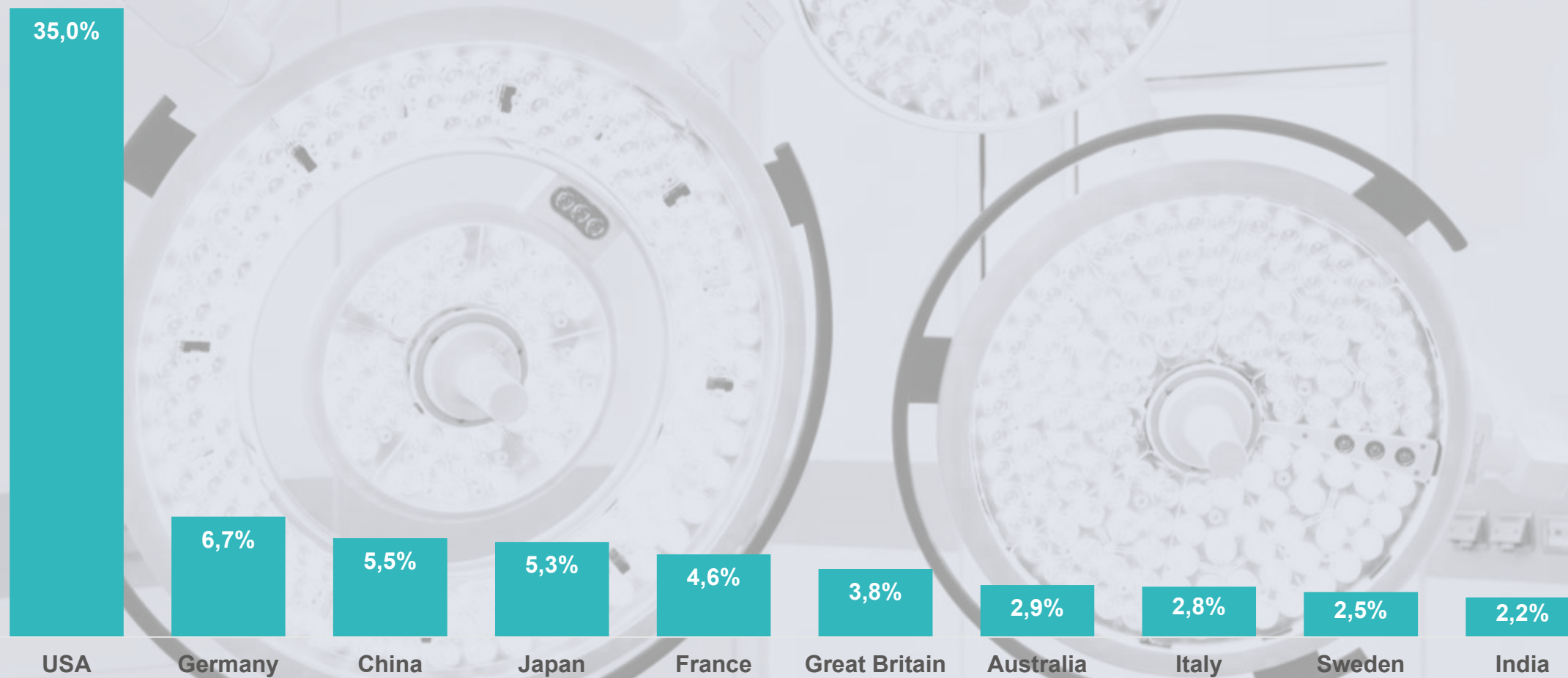
<p>1. Culture (and strategy). Culture more important than strategy long term. Needs to start day 1. Aligned with strategy, which was updated in 2017.</p>	<p>Focus 2017</p>	<p>Continues</p>
<p>2. Do not compromise on quality/remediation. License to operate. Functional organization in 2016 disturbed the remediation process.</p>	<p>Focus 2017</p>	<p>Continues</p>
<p>3. Speed up spin-off to enable proper turnaround activities. Done 2017, ahead of plan.</p>	<p>Focus 2017</p>	
<p>4. Rights Issue to strengthen the balance sheet. Room to move and act on opportunities. Done 2017.</p>	<p>Focus 2017</p>	
<p>5. Re-ignite organic growth. Other challenges are easier to deal with when growing. Positive momentum helps positive culture shaping.</p>	<p>Focus 2017</p>	<p>Continues</p>
<p>6. Build a global Quality Mgmt System in parallel with remediation. Will enhance efficiency and ensure compliance. Build up 2018. Full implementation will take longer.</p>		<p>Focus 2018</p>
<p>7. High ethical standards. Needed swift action in 2017. Finished in 2018.</p>		<p>Continues</p>
<p>8. Innovation and portfolio management. Part of strategy update. Pruning and selective allocation started. High activity 2018 and then continuous improvement.</p>		<p>Continues</p>
<p>9. Simplify the supply chain. Over-complicated setup, which was discontinued in 2017. Still suffering from some of the errors in the setup. Improvement journey starting 2018.</p>		<p>Continues</p>
<p>10. Factory efficiency and foot print structure. Foot print analysis done. Lean program structure decided, implementation 2018 and onwards.</p>		<p>Continues</p>
<p>11 Other activities to strengthen the company and the offering, such as scouting for bolt on M&A's, partnerships etc</p>		<p>From 2018 and onwards</p>

Production

20 production units in 8 countries



Our 10 largest markets 2017



Forward looking information

This document contains forward-looking information based on the current expectations of the Getinge Group's management. Although management deems that the expectations presented by such forward-looking information are reasonable, no guarantee can be given that these expectations will prove correct. Accordingly, the actual future outcome could vary considerably compared with what is stated in the forward-looking information, due to such factors as changed conditions regarding business cycles, market and competition, changes in legal requirements and other political measures, and fluctuations in exchange rates.



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