

GETINGE GROUP

GETINGE



# GETINGE

Capital Market Day

February 1<sup>st</sup>, 2006

# AGENDA

<b>08.30 – 09.30</b>	<b>Getinge Overview &amp; Targets</b>	<b><i>Johan Malmquist, Ulf Grunander</i></b>
<b>09.30 – 09.45</b>	<b>Break</b>	
<b>09.45 – 10.35</b>	<b>Getinge Medical Systems</b>	<b><i>Heribert Ballhaus, Michael Rieder</i></b>
<b>10.35 – 11.35</b>	<b>Surgical Academy and site tour</b>	
<b>11.35 – 12.35</b>	<b>Lunch</b>	
<b>12.35 – 13.25</b>	<b>Getinge Infection Control</b>	<b><i>Christophe Hammer, Mats Ottosson</i></b>
<b>13.25 – 14.15</b>	<b>Getinge Extended Care</b>	<b><i>Michael Berg</i></b>
	<b>Wrap-up and close</b>	<b><i>Johan Malmquist</i></b>



**Infection Control**



**Extended Care**



**Medical Systems**

## AGENDA

- Financial review 2005
- Strategic direction
- Financial targets
- Group initiatives
- Infection Control – **Focus & Outlook**
- Extended Care – **Focus & Outlook**
- Medical System – **Focus & Outlook**


# Financial Review 2005

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# GETINGE AB – FINANCIALS (MSEK)

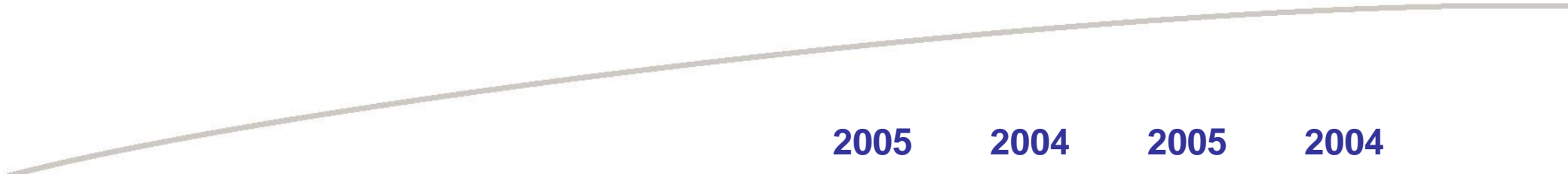
GETINGE



	2005	2004	Change	2005	2004	Change
	Q 4	Q 4		12 Mon	12 Mon	
<b>Orders received</b>	3,557	2,981	19%	12,225	10,812	13%
<b>Net sales</b>	3,889	3,477	12%	11,880	10,889	9%
<b>Operating profit</b>	740	681	9%	1,803	1,742	4%
<b>Operating margin</b>	19.0%	19.6%		15.2%	16.0%	
<b>Profit before tax</b>	693	634	9%	1,601	1,546	4%

## GETINGE AB KEY FIGURES (MSEK)

GETINGE



	2005	2004	2005	2004
	Q 4	Q 4	12 Mon	12 Mon
<b>Operating Cash Flow, MSEK</b>	512	485	1,868	1,786
<b>Net debt, MSEK</b>			5,104	4,705
<b>Equity / Assets ratio, %</b>			37.1%	34.3%
<b>Net debt / Equity ratio, multiple</b>			0.95	1.10
<b>Interest cover, multiple</b>			8.3	8.2

# INFECTION CONTROL FINANCIALS (MSEK)

GETINGE

	2005 Q 4	2004 Q 4	Change	2005 12 Mon	2004 12 Mon	Change
<b>Orders received</b>	1216	985	23%	3896	3570	9%
<b>Net sales</b>	1,393	1,245	12%	3,745	3,525	6%
<b>Gross margin %</b>	38.0%	37.3%	0.7%	37.6%	38.4%	-0.8%
<b>Operating cost</b>	-258	-209	23%	-895	-818	9%
<b>EBITA</b>	276	255	8%	518	534	-3%
<b>EBITA margin %</b>	19.8%	20.5%	-0.7%	13.8%	15.1%	-1.3%



## EXTENDED CARE FINANCIALS (MSEK)

GETINGE

	2005	2004	Change	2005	2004	Change
	Q 4	Q 4		12 Mon	12 Mon	
<b>Orders received</b>	863	753	15%	3,131	2,693	16%
<b>Net sales</b>	846	818	3%	2,982	2,701	10%
<b>Gross margin %</b>	45.2%	50.0%	-4.8%	45.9%	47.6%	-1.7%
<b>Operating cost</b>	-244	-213	15%	-862	-775	11%
<b>EBITA</b>	142	199	-29%	522	514	1%
<b>EBITA margin %</b>	16.8%	24.4%	-7.6%	17.5%	19.0%	-1.5%

# MEDICAL SYSTEMS FINANCIALS (MSEK)

GETINGE

	2005	2004	Change	2005	2004	Change
	Q 4	Q 4		12 Mon	12 Mon	
<b>Orders received</b>	1,466	1,229	19%	5,153	4503	14%
<b>Net sales</b>	1,639	1,402	17%	5,109	4,620	11%
<b>Gross margin %</b>	48.7%	44.2%	4.5%	48.7%	48.6%	0.1%
<b>Operating cost</b>	-469	-391	20%	-1,705	-1,549	10%
<b>EBITA</b>	331	229	44%	787	699	13%
<b>EBITA margin %</b>	20.2%	16.4%	3.8%	15.4%	15.1%	0.3%

# Strategic direction

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Getinge has gained a competitive position in its market that will be further strengthened by current trends



Successful healthcare companies in the future will need to be bigger and have broader capability to be regarded as preferred partners.



We will build our future  
on the successes  
that have brought us to our current position.





We strive to be a global No 1 or No 2 in the product areas focused. Market leadership will help us attain cost leadership through scale.

We strive to combine the strength of our leading product positions and the depth of our know-how to offer innovative solutions that lead to process improvements for our customers

A direct approach to our customers is crucial to our success. Getinge will strive to establish own distribution companies whenever justifiable

# Financial targets

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The Getinge Group will reach its targets of 15 % average growth per annum by:

- Development of existing positions
  - Organic growth 5 % +
  - Bolt-on acquisitions ~ 3 %
- Acquisitions of new globally leading product lines that will strengthen our position as a provider of integrated solutions ~ 7 %



**Organic growth**

**EBITA margin**

**Target**    **A2004**  
**4 – 5 %**

**~ 16 %**    **15.2 %**



**Organic growth**

**EBITA margin**

**Target**    **A2004**  
**~ 7 %**

**~ 19 %**    **18.9 %**



**Organic growth**

**EBITA margin**

**Target**    **A2004**  
**~ 5 %**

**~ 17 %**    **15.4 %**

<b>GROUP</b>	<b>Target</b>	<b>A2004</b>
<b>Organic growth</b>	<b>~ 5 % +</b>	
<b>EBITA margin</b>	<b>~ 17 % +</b>	<b>16.1 %</b>

## Assumptions

- Exchange rates as per January 1<sup>st</sup>, 2006
- Current group structure
- Future price erosion offset by supply chain enhancement

## Infection Control

Target: 16 % Ebita margin

Actual 2005: 13.8 % Ebita margin

Improved performance Getinge Inc: + 1.0 %

Improved logistics: + 1.0 %

Improved performance La Calhène: + 0.5 %

Optimised production structure: + 0.5 %

## Extended Care

Target: 19 % Ebita margin

Actual 2005: 17.5 % Ebita margin

Improved production structure : + 1.5 %

Improved performance Wound Care: + 0.5 %

Logistics improvement : + 0.5 %

## Medical Systems

Target:	17 %	Ebita margin
Actual 2005:	15.4 %	Ebita margin

Improved performance Cardiopulmonary:	+ 1.0 %
Improved performance Getinge Inc :	+ 0.5 %
Improved logistics + production structure:	+ 0.5 %

# Group initiatives

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## Group initiatives

- Supply chain development
  - **StinG-program**
  - **Logistics**
- Internationalization
- External growth



## GETINGE GROUP INITIATIVES

## StinG

Supply chain transformation in the Getinge group.

A corporate supply chain project to prepare us to meet a more competitive future with confidence.

## StinG

Establishing robust processes that will create a sustainable competitive edge.

Focus on value creation in design, assembly and quality assurance.

**StinG** consists of 3 related programs



## StinG - Product management

The long term management of our product portfolio to meet customer needs in a profitable way is the foundation for improving our competitiveness

- Product Generation Planning (PGP)
- Product Development Process

## StinG - Sourcing

To effectively use and manage our suppliers as an extension of our own organization

- Purchasing
  - **Consolidation**
  - **Re-localization**
  - **Integration**
  
- Make or Buy



# Infection Control

- *Focus & Outlook*

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## STRATEGY FOR GROWTH 2004 – 2007

### INFECTION CONTROL

Principally organic growth supplemented by bolt-on acquisitions to reach new geographical territories, add new technologies in existing product lines

- Strengthen solution provider capabilities
- Focused approach towards the global Life Science industry
- Geographical expansion
- Continue to strengthen competitiveness through improved production structure and logistics



## OUTLOOK 2006

### INFECTION CONTROL

- We expect demand to improve in most geographies
- We expect an improved currency situation
- La Calhène will contribute 30 MSEK to pre-tax earnings and lead to restructuring costs of 20 MSEK
- We expect profitability in Getinge Inc to improve
- Lancer UK will contribute to earnings
- Ongoing investments in logistics and improved production structure
- Investments in geographical expansion in USA, China, Japan
- Increased R/D investments





# Extended Care

- *Focus & Outlook*

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## STRATEGY FOR GROWTH 2004 - 2007

### EXTENDED CARE


GETINGE

Principally organic growth on existing markets supplemented by bolt-on acquisitions to add new technologies in existing product lines

- **Total bed-side management in elderly care**
- **Enter the hospital market / bariatric care**
- **Improved supply chain for increased competitiveness**



- We expect revenue growth to improve in Western Europe and remain solid in USA
- Improving currency situation
- Resumed patient handling deliveries in the US and new investment program in Ontario, Canada will compensate for the big shipment to Ontario in 2005
- New product launches and continued roll-out of new ceiling-hoist range will support growth
- New production structure in *Patient Handling* will improve earnings by 50 MSEK from 2007 and result in charges of 35 MSEK in 2006 Q1
- Investments will be made in increasing the sales and service organization
- Investments in a new and improved logistics structure



# Medical Systems

- *Focus & Outlook*

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Organic growth on existing markets and existing product lines. Acquisitions of new globally leading product lines that will strengthen our positions as an innovative solution provider with special emphasis on critical care and cardiac surgery

- **Position as provider of integrated solutions**
- **Strengthen sales network in developing economies and North America**
- **Continue to strengthen product leadership position**
- **Develop *Critical Care* product portfolio through acquisitions**



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- Continued good demand and revenue growth
  - Improving currency situation
  - Product launches in *Surgical Workplaces* will support growth
  - Investments in new production structure for *Cardiopulmonary*
  - Ongoing investments in own sales organizations in New markets and USA
  - Increased investments in product development in *Critical Care*
  - Investment in local production in China



Getinge has gained a competitive advantage in its market that will be further strengthened by current trends

- Internationalization
- Supply chain enhancement
- External growth