



Q3 Report 2017

Mattias Perjos, President and CEO

Niclas Sjöswärd, interim CFO

October 18, 2017

Agenda

Business overview

Financial performance

Outlook

Summary

Q&A

Business overview

Mattias Perjos, President and CEO

Takeaway from the quarter

Increased organic order intake and high pace in the spin-off process

**Growth in
organic order intake**

**Increased costs, partly
due to spin-off**

**FDA Consent Decree
– a new MD in Hechingen**

Spin-off

**Adjustments in
the Sales and Supply
Chain organizations**

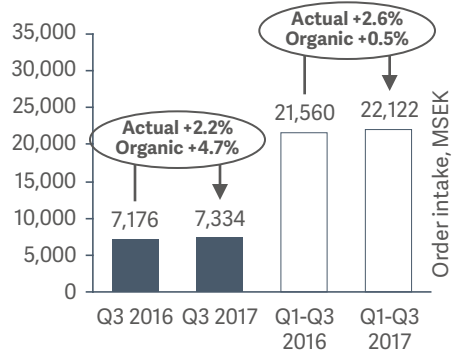
**Rights Issue
– decrease in net debt**

Increased organic order intake but higher OPEX

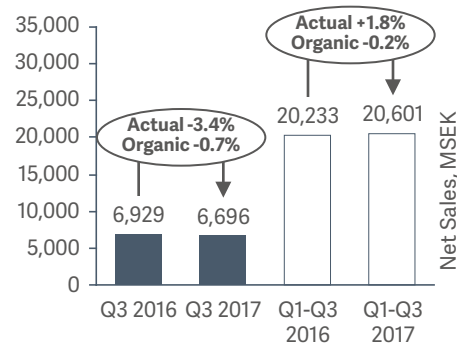
... and lower leverage thanks to the rights issue



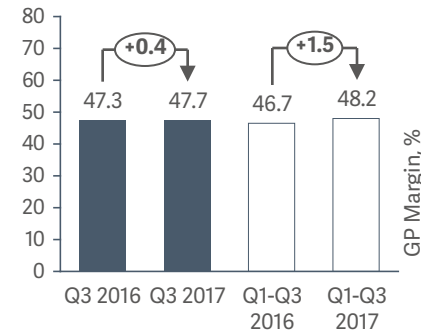
1. Order Intake growth, organically and in actuals



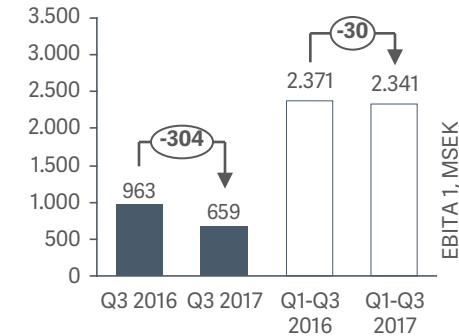
... but net sales is down SEK 233 M due to weak order intake in Q2



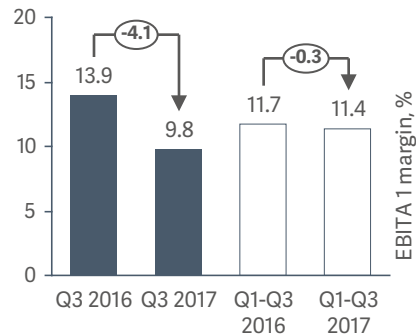
2. Higher Gross Margin despite lower net sales



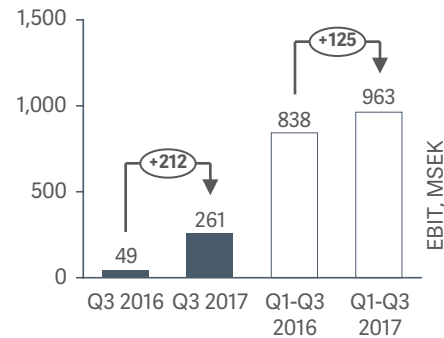
3. Lower net sales and higher OPEX (spin-off, R&D, Quality and Sales) impacting EBITA 1 ...



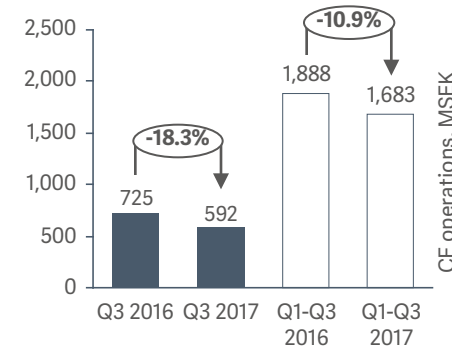
... and the EBITA 1 margin negatively



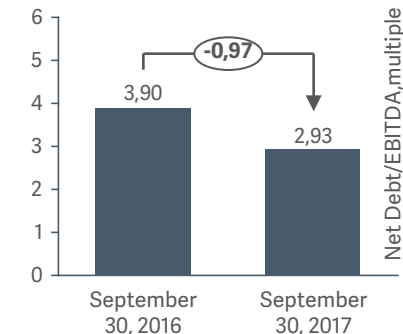
4. Improved EBIT due to lower restructuring costs



5. Cash Flow from operations impacted by tied up capital



6. Decreasing Net debt/EBITDA* due to rights issue



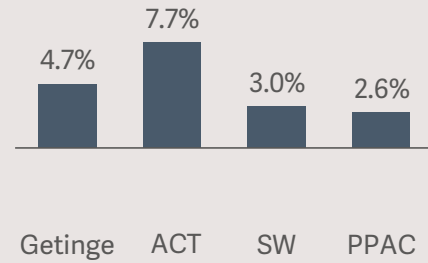
* EBITDA before acquisition, restructuring and integration costs (rolling 12M)

Organic topline development in Q3

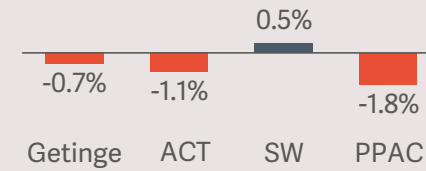


Business areas

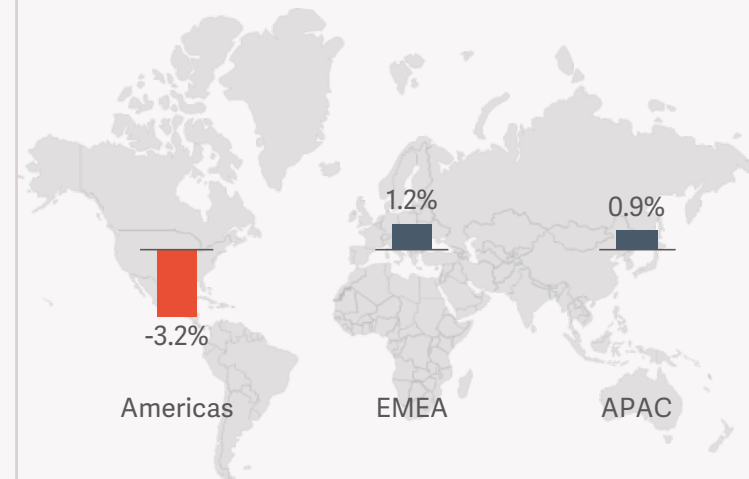
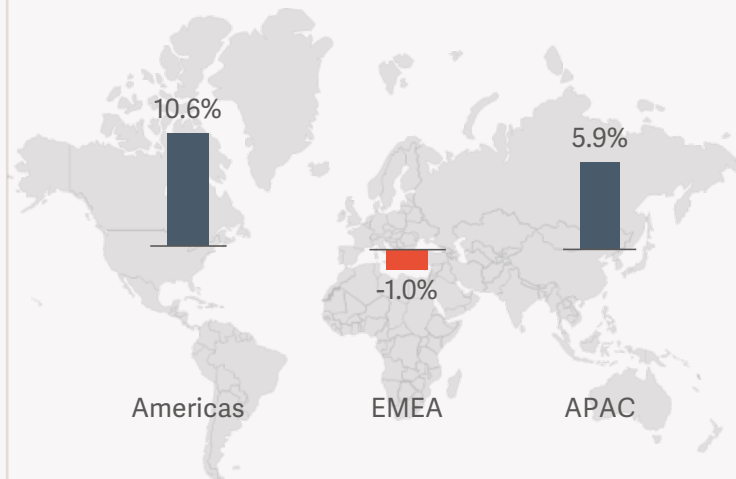
Organic order intake: +4.7%



Organic net sales: -0.7%

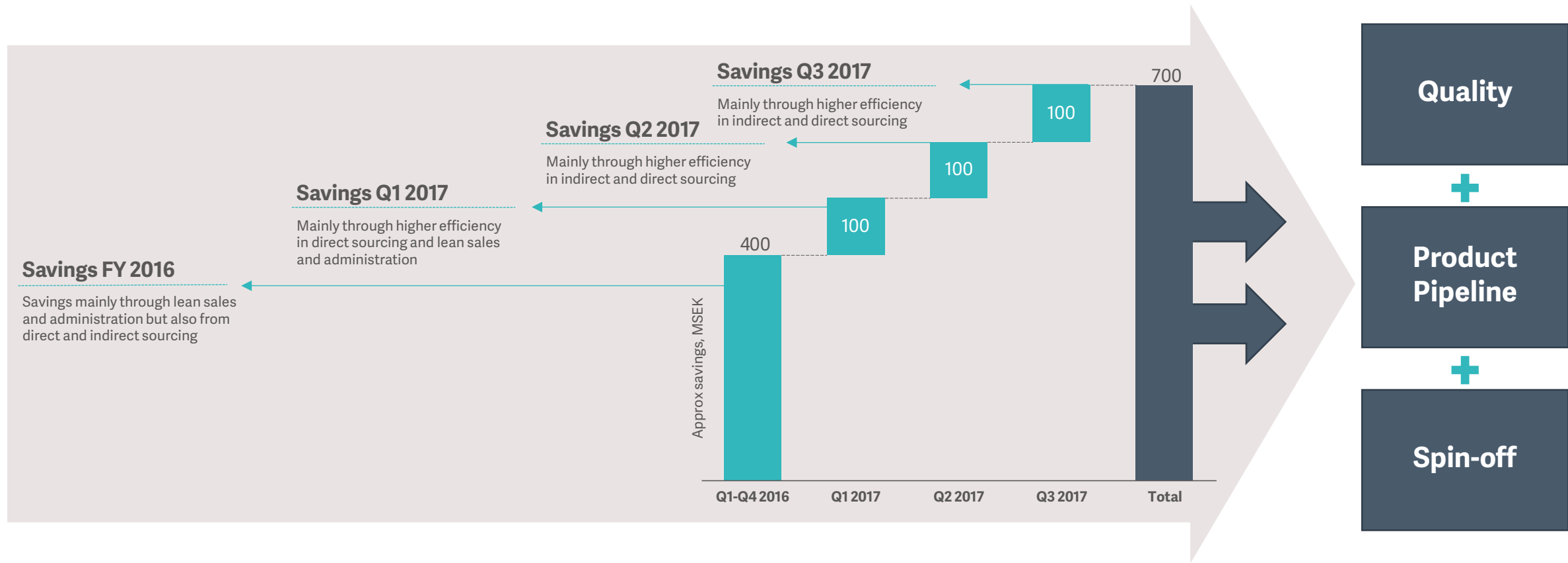


Regional



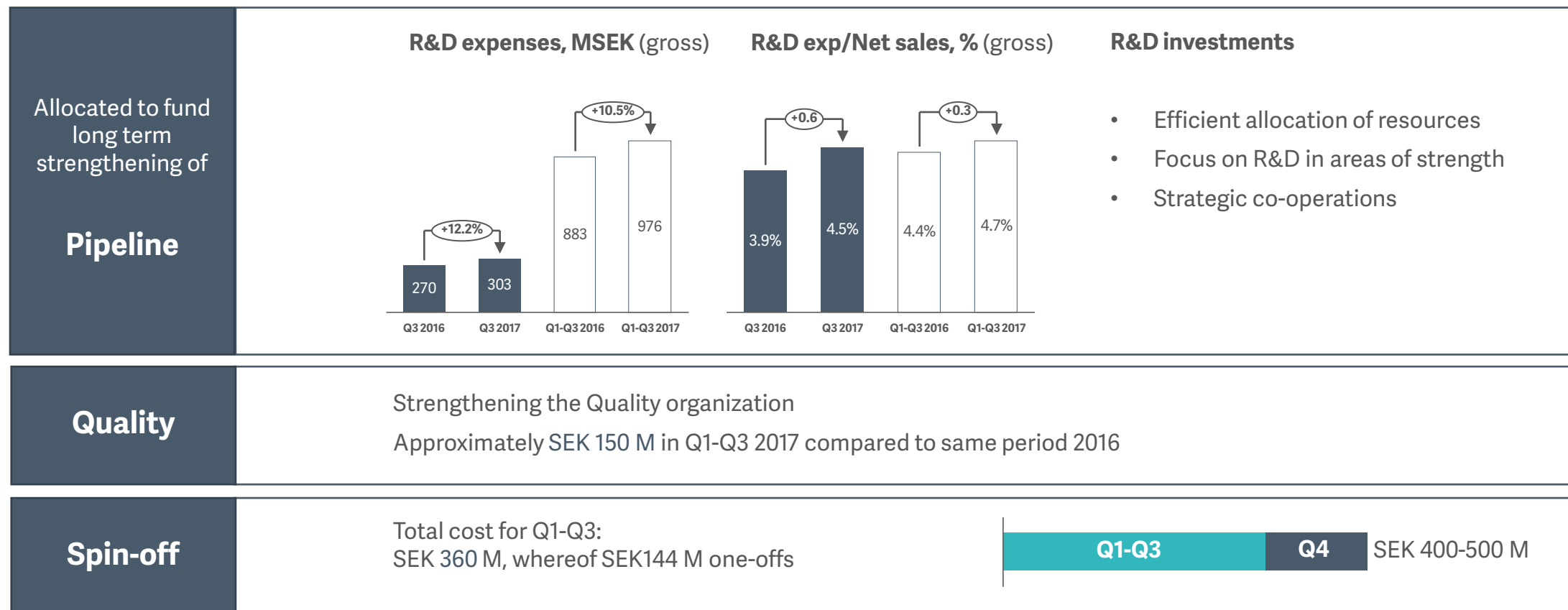
Efficiency enhancements

SEK 100 M in savings in Q3 – mitigating the impact from cost increases in Spin-off, Quality and R&D



Increasing R&D, Quality and spin-off related costs

Spin-off costs amounts to SEK 360 M Q1-Q3



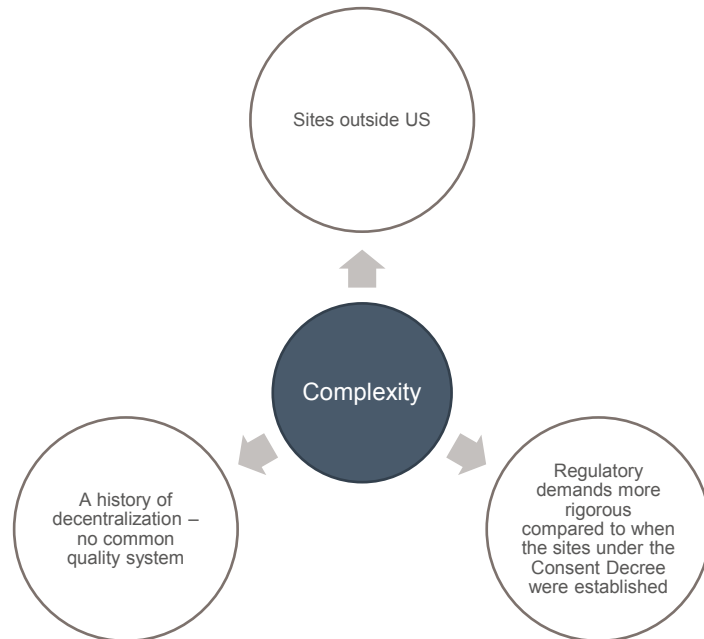
Consent Decree update

A new MD in Hechingen



Background

Three main reasons behind the complexity



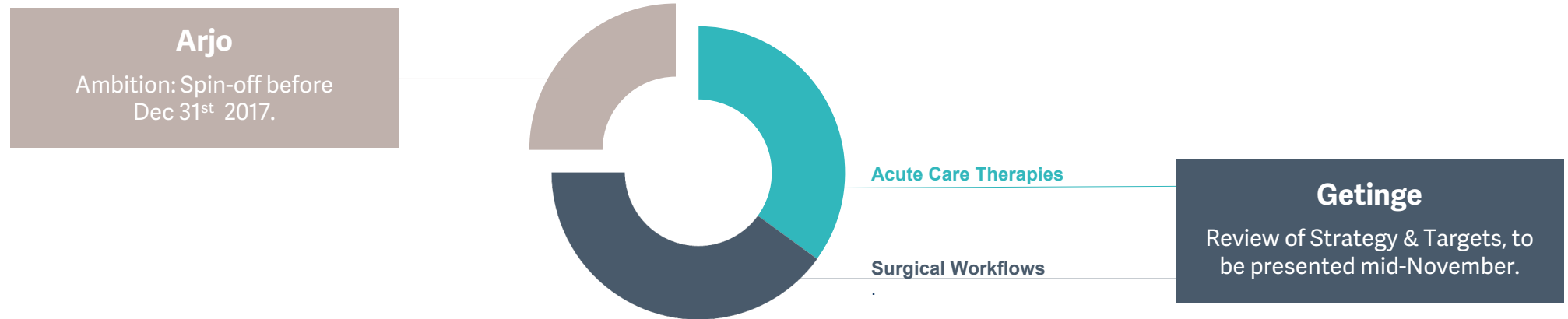
Update

Utilization of provision and progress on sites

Merrimack (US)	• Stable remediation progress according to plan
Wayne (US)	• Progressing in the right direction
Hechingen (Germany)	• New Managing Director for Cardiopulmonary production • To accelerate and enhance efficiency in remediation
Provision utilized: SEK 71 M in Q3	• SEK 615 M in provision remaining when entering Q4 2017

Spin-off, strategy and financial targets

Process is moving ahead according to plan



Organizational adjustments

To increase efficiency both in sales and supply through clarity and accountability



Moving production to the Business Areas in order to enhance efficiency

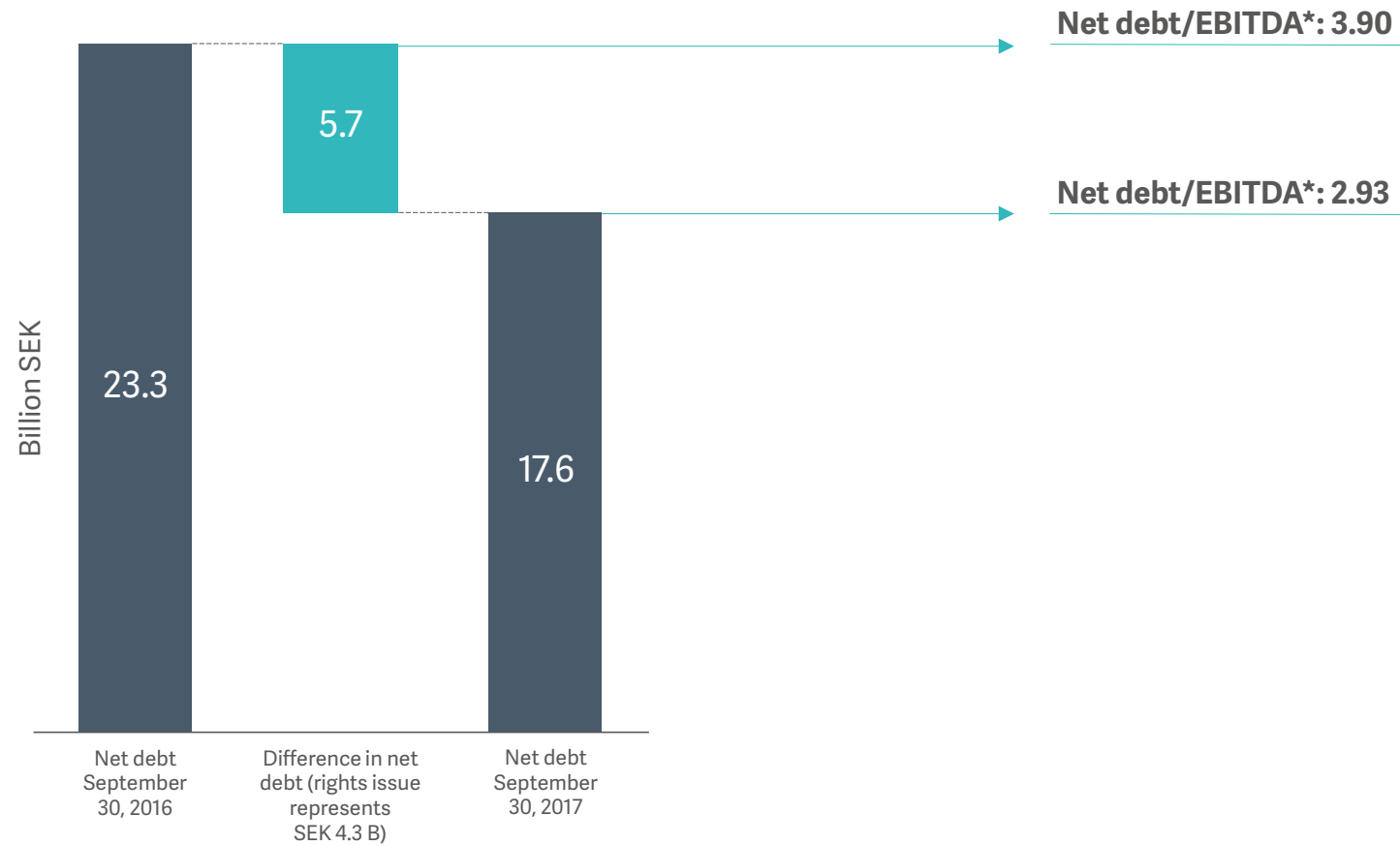
- Incorporating the manufacturing sites into each Business Area, supporting higher efficiency and a clear link between R&D and Production
- Purchasing and Logistics to be integrated in Strategy & Group Operations, in order to capture synergies

Simplifying the commercial organization

- Moving from three sales organizations to one global sales organization, with one Chief Commercial Officer instead of three Presidents of sales regions.

Rights Issue finalized – enabling a significant reduction of net debt

Bringing down leverage from 3.90 to 2.93



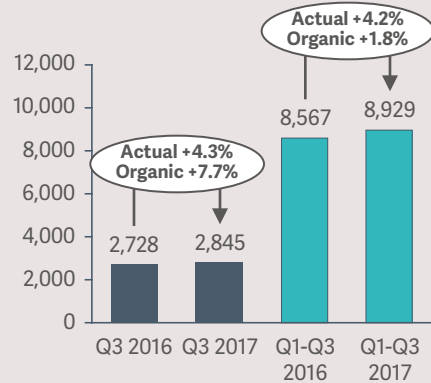
*Rolling 12 months EBITDA before acquisition, restructuring and integration costs

Acute Care Therapies Q3 – topline and operational efficiency

Strong development in organic order intake, but EBITA 1 impacted by declining net sales

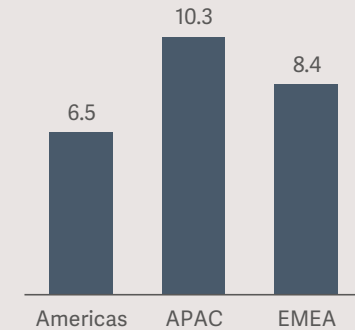
1. Strong development in organic order intake...

Order intake (SEK M)



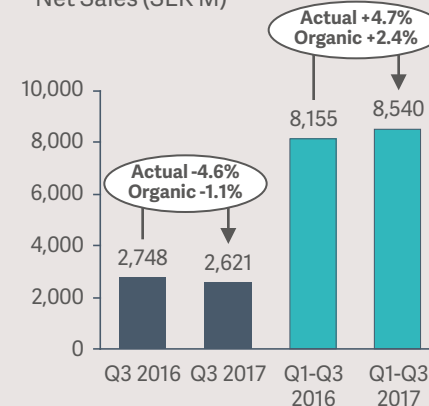
... in all regions

Order intake, regional org growth (%)



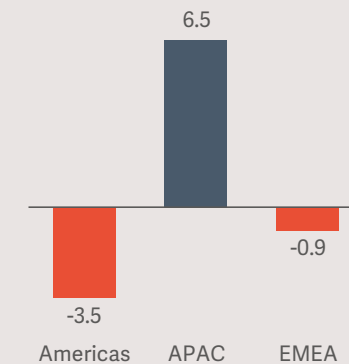
2. Declining net sales ...

Net Sales (SEK M)



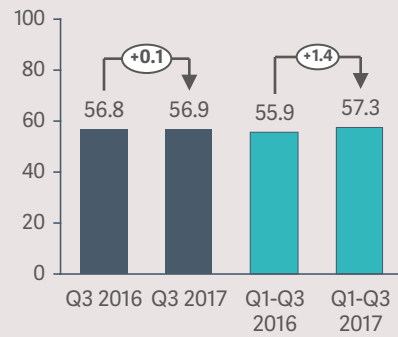
... in Americas and EMEA due to lower order intake in Q2

Net sales, regional organic growth (%)



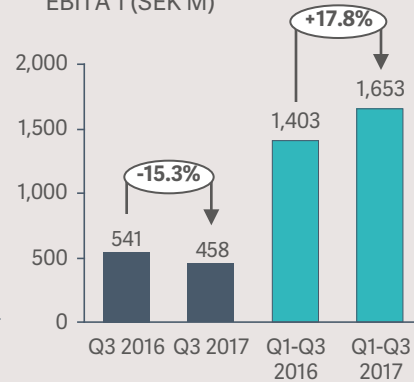
3. Slightly improved gross margin ...

Gross profit margin (%)



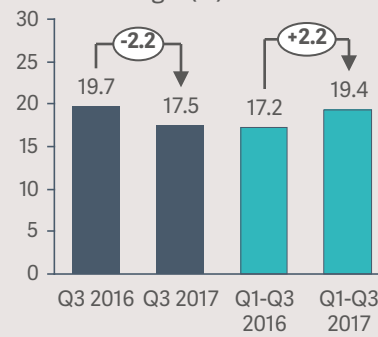
... but declining EBITA 1 ...

EBITA 1 (SEK M)



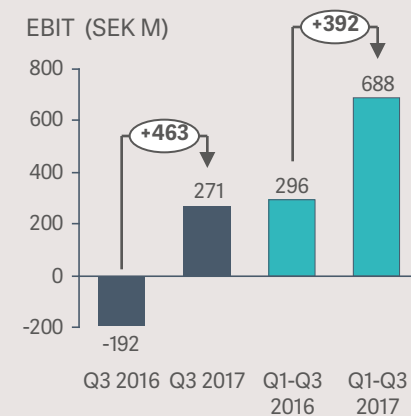
... and EBITA 1 margin due to higher R&D costs

EBITA 1 margin (%)



4. But EBIT is higher due to restructuring costs in Q3 2016

EBIT (SEK M)

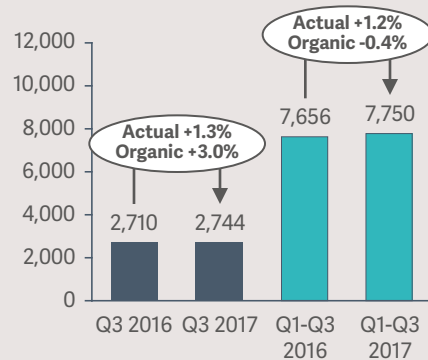


Surgical Workflows in Q3 – topline and operational efficiency

Strong development in order intake in Americas, but increased OPEX (R&D, Quality and Sales) impacting EBITA 1

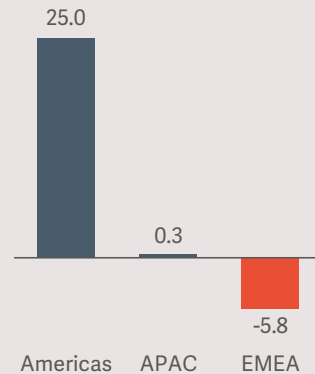
1. Growth in organic order intake ...

Order intake (SEK M)



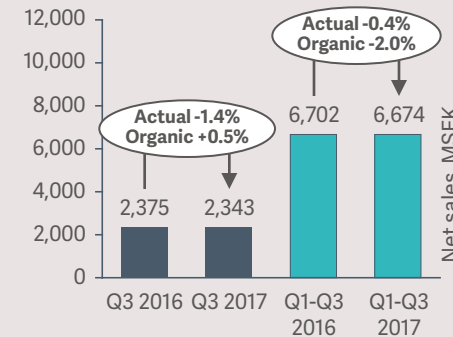
... coming from strong development in Americas

Order intake, regional organic growth (%)



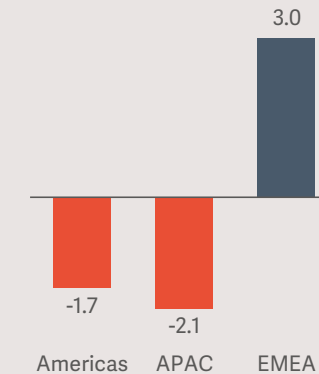
2. Slightly positive organic net sales

Net Sales (SEK M)



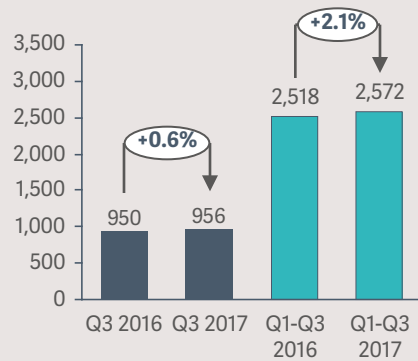
... thanks to growth in EMEA

Net sales, regional organic growth (%)



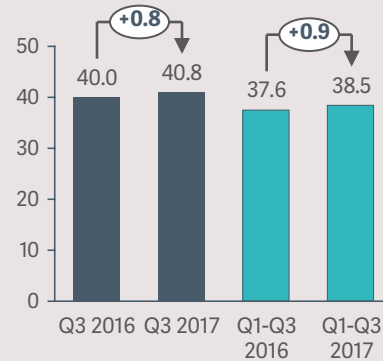
3. Moderate increase in gross profit ...

Gross profit (SEK M)



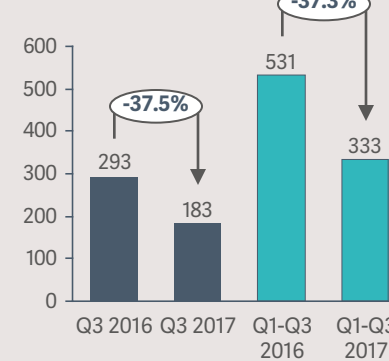
... and GP margin due to FX and efficiency enhancements

Gross margin (%)



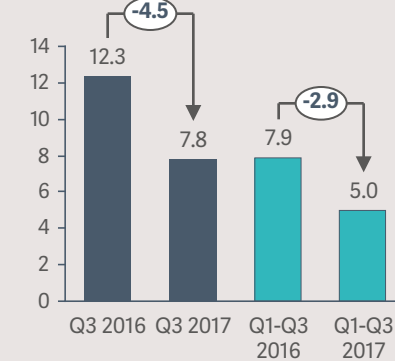
4. SEK 119 M increase in OPEX (R&D, Quality and Sales) impacting EBITA 1 ...

EBITA 1 (SEK M)



... and EBITA 1 margin

EBITA 1 margin (%)

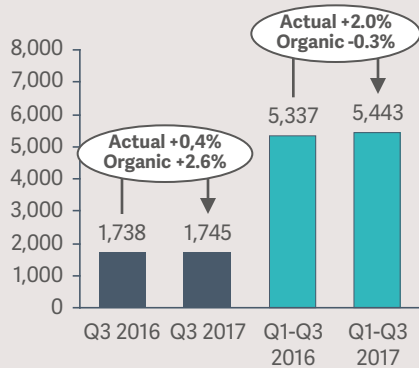


Patient & Post-Acute Care Q3 – topline and operational efficiency

Growth in order intake and gross margin, but EBITA 1 is impacted by spin-off related OPEX

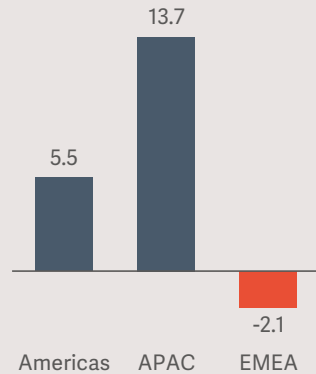
1. Growth in organic order intake ...

Order intake (SEK M)



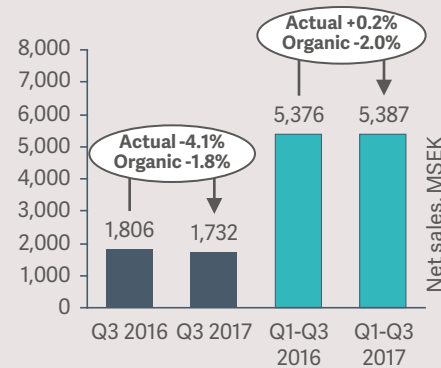
... with strong performance in both Americas and APAC

Order intake, regional organic growth (%)



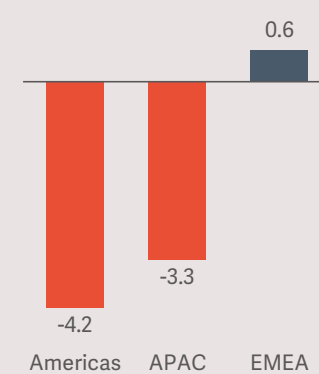
2. Decline in organic net sales

Net Sales (SEK M)



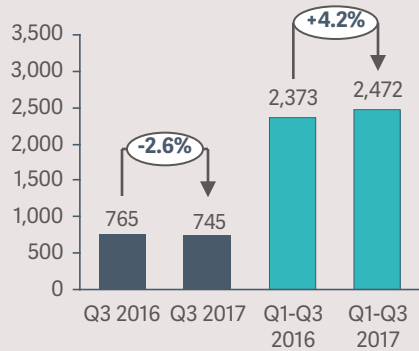
... driven by Americas and APAC

Net sales, regional organic growth (%)



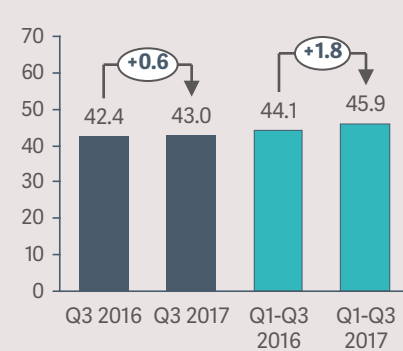
3. Declining gross profit due to declining net sales ...

Gross profit (SEK M)



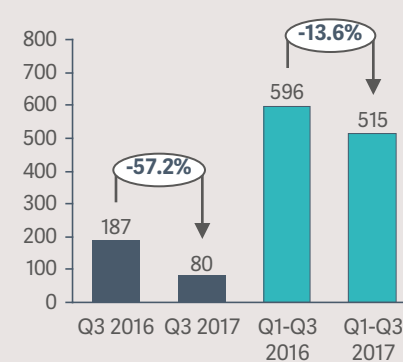
... but slightly improved gross margin

Gross margin (%)



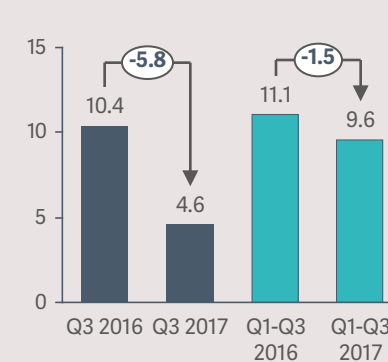
4. Increasing OPEX (spin-off) impacting EBITA 1 ...

EBITA 1 (SEK M)



... and EBITA 1 margin

EBITA 1 margin (%)



Overview financials

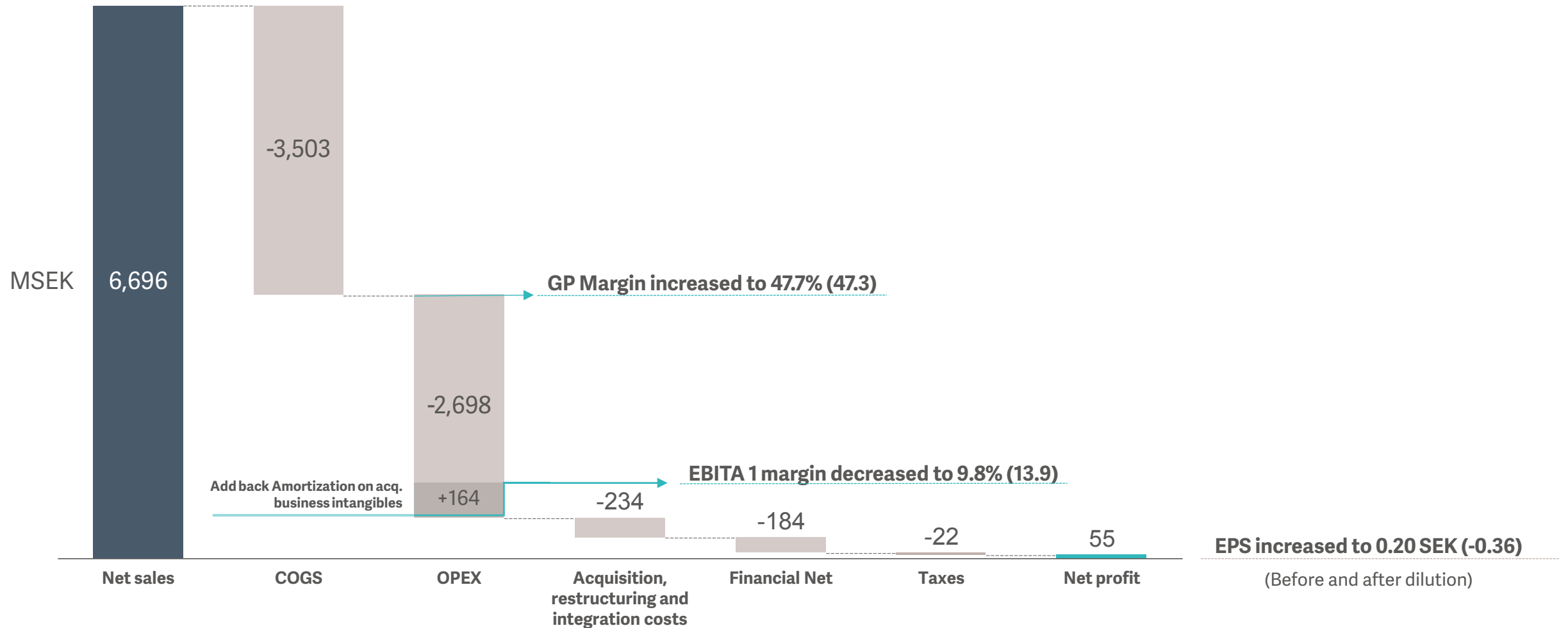
Niclas Sjöswärd, Interim CFO

Results

Q3 2017

A slight increase in GP Margin

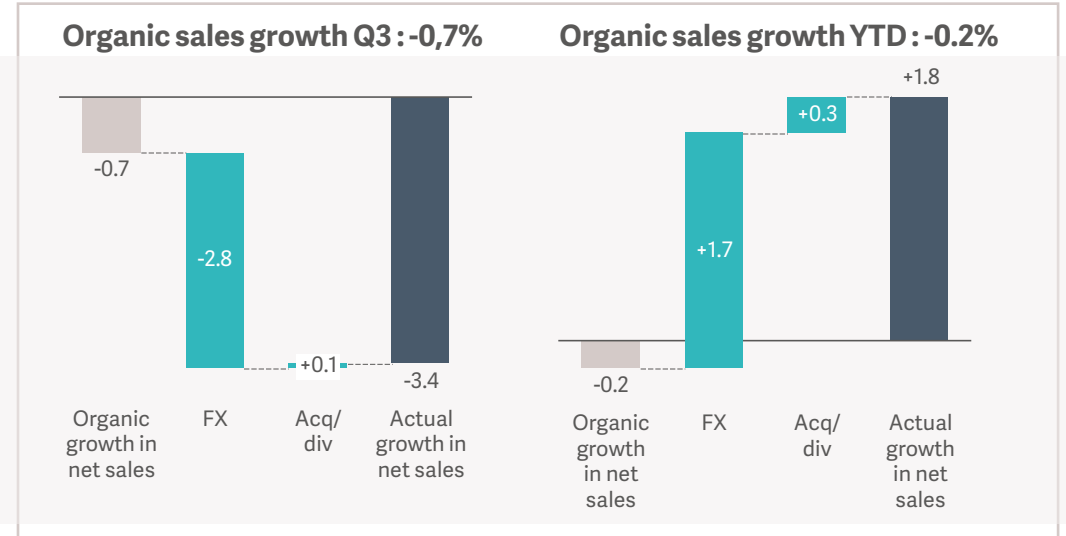
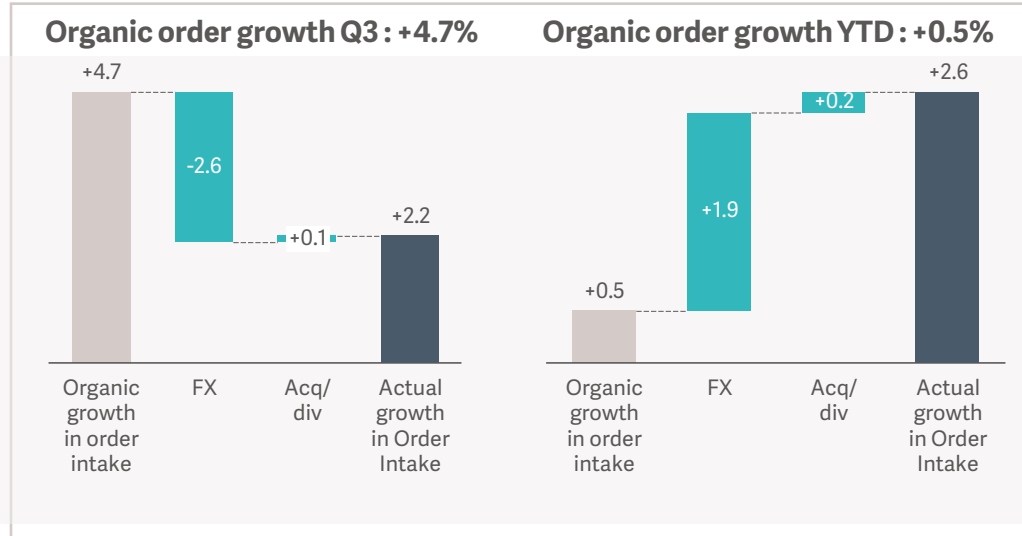
But higher OPEX from spin-off, R&D and Quality is impacting EBITA 1



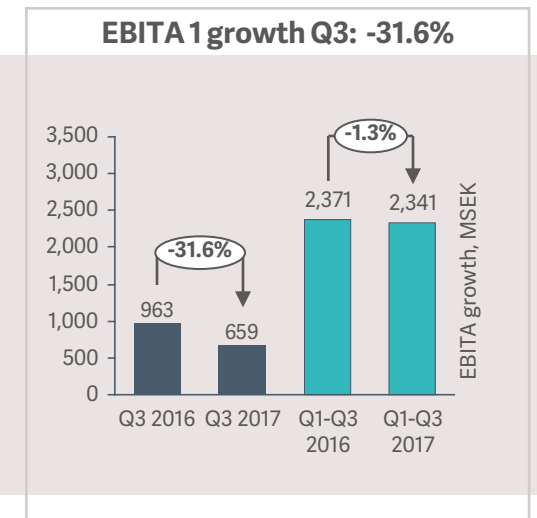
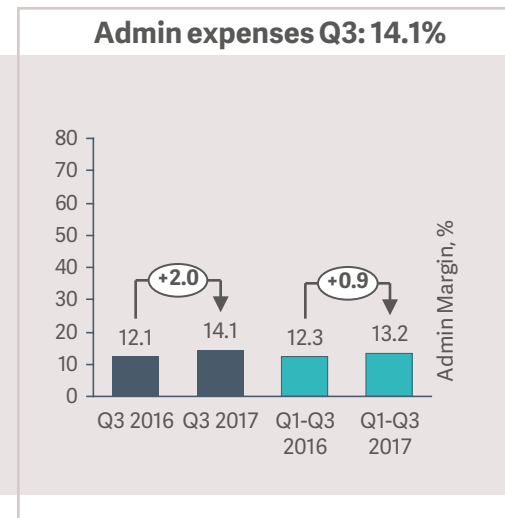
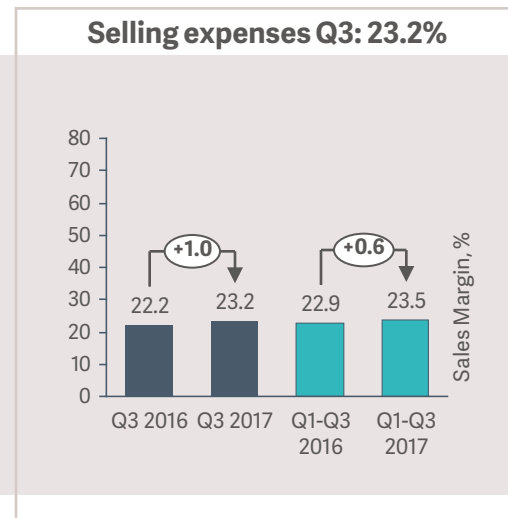
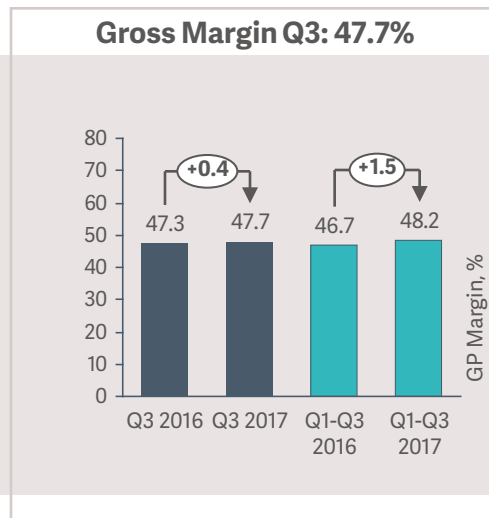
Performance summary

Organic order growth and increasing Gross Margin – but increasing selling and admin expenses impact EBITA1

Topline development

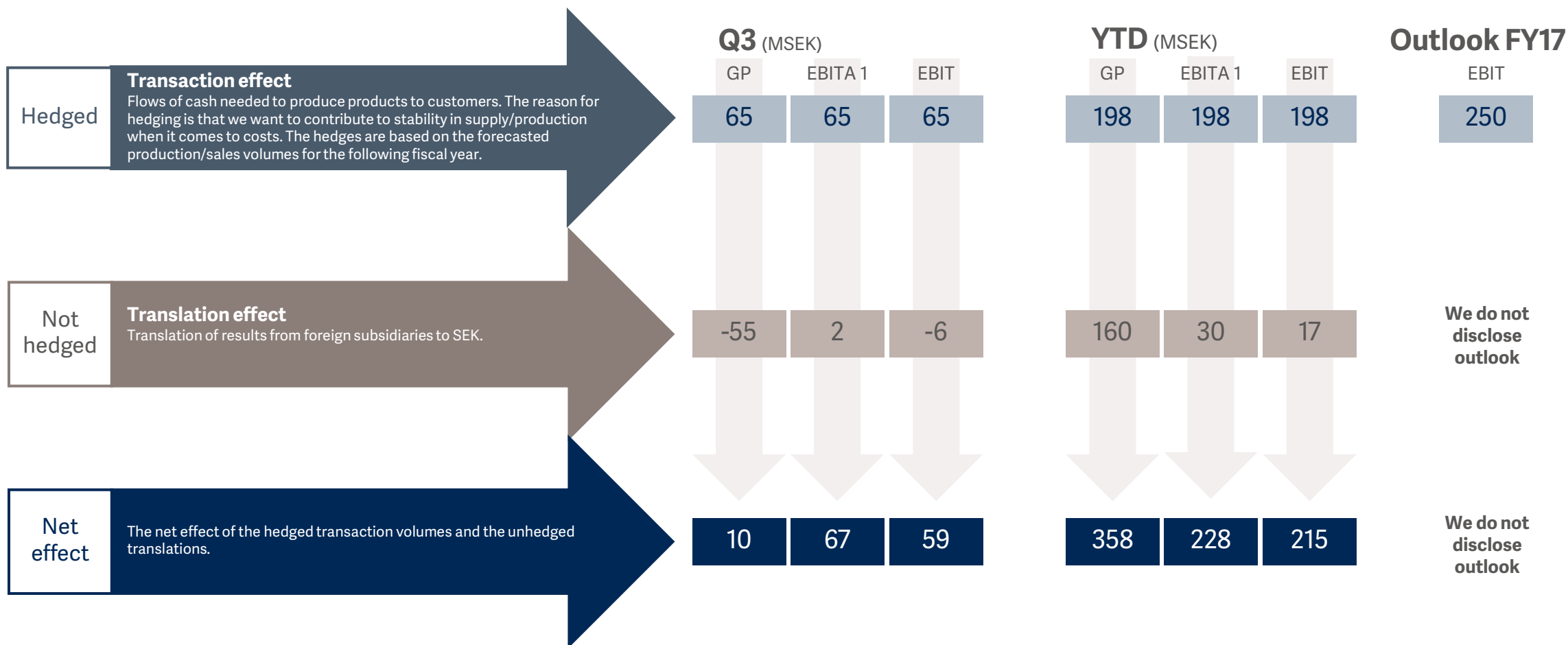


Margin development



FX effects

Outlook on transaction and translation effects on Group's earnings for FY2017: SEK 250 M



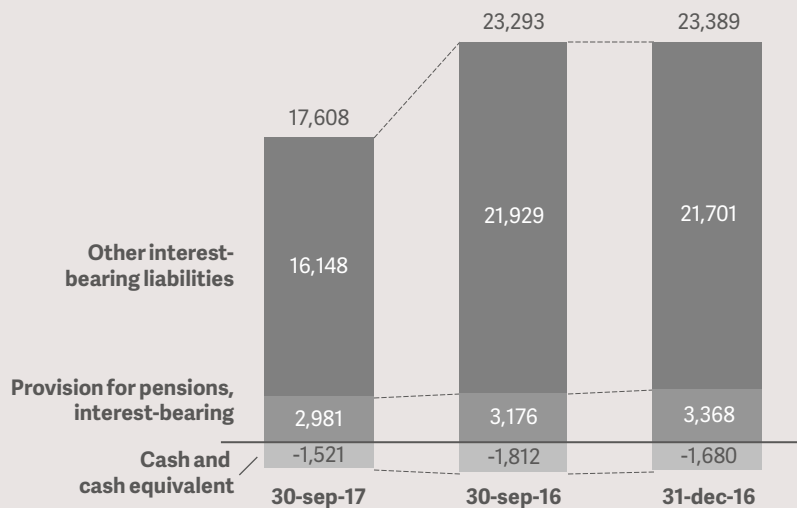
Balance sheet

Q3 2017

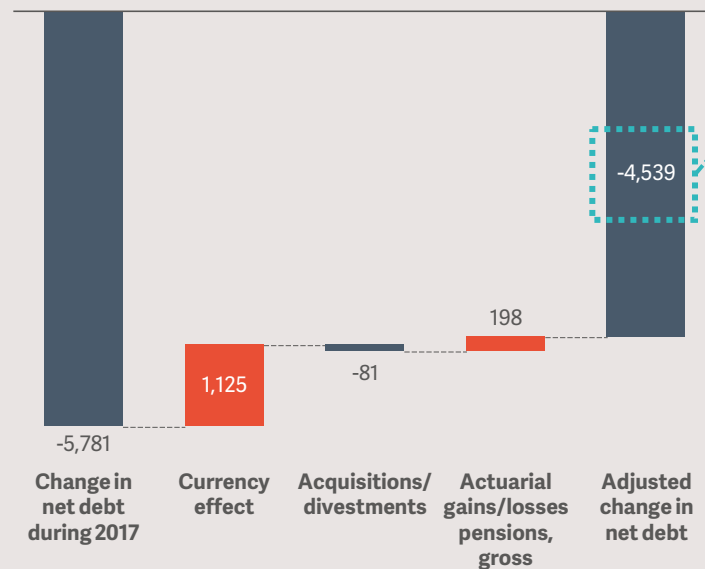
Balance sheet

A significant decrease in net debt

Net debt development, MSEK



Adjusted change in net debt, MSEK



Adjusted change in net debt
Decrease in adjusted change in net debt amounted to SEK -4 539 M (-697)

Net debt to equity ratio
Decreased to 74.1% (121.0)

Net debt to EBITDA*
Decreased to 2.93 (3.90)

* EBITDA before acquisition, restructuring and integration costs (rolling 12M)

Cash Flow

Q3 2017

Cash flow

Negatively impacted by increasing working capital

Operational Cash Flow

Decreased by 18.3% to SEK 592 M (725) in the quarter.

Cash Conversion

Amounted to 66.4% (89.5) in the quarter.

Cash Flow after Net Investments

Decreased by 47.9 % to SEK 182 M (349).

SEK M	Q3 2017	Q3 2016	Jan-Sep 2017	Jan-Sep 2016	Full Year 2016
Operating activities					
Operating profit (EBIT)	261	49	963	838	2 287
Amortizations, depreciations and write-downs	631	761	1 902	1 935	2 703
Other non-cash items	16	29	31	61	85
Expensed restructuring and integration costs*	182	574	733	834	1 015
Paid restructuring and integration costs	-126	-222	-383	-623	-872
Financial items	-184	-159	-494	-480	-637
Taxes paid	-183	-139	-436	-401	-332
Cash flow before changes to working capital	597	893	2 316	2 164	4 249
Changes in working capital	-5	-168	-633	-276	-578
Cash flow from operating activities	592	725	1 683	1 888	3 671
Cash conversion,%	66,4%	89,5%	58,7%	68,1%	73,6%
Cash flow from investing activities	-410	-376	-1 247	-1 351	-1 797
Cash flow after net investments	182	349	436	537	1 874
Cash flow from financing activities	-19	-646	-527	-449	-1 749
Cash flow for the period	163	-297	-91	88	125

* Excluding write-downs on fixed assets

Outlook

Mattias Perjos, President and CEO

Outlook 2017

Unchanged from Q2

- We expect slight growth in organic net sales in 2017
- Currency transaction effects FY 2017 are expected to have a positive impact of approximately SEK 250 M on Getinge's EBIT
- Estimated costs related to the potential distribution and listing of Patient & Post-Acute Care amounts to SEK 400-500 M, of which roughly half are one-time costs

Summary

Mattias Perjos, President and CEO

Takeaway from the quarter

Increased organic order intake and high tempo in the spin-off process

**Growth in
organic order intake**

**Increased costs, partly
due to spin-off**

**FDA Consent Decree
– a new MD in Hechingen**

Spin-off

**Adjustments in
the Sales and Supply
Chain organization**

Rights Issue

Q&A

Q3 2017

Thank you

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.



GETINGE

PASSION FOR LIFE