

January – September 2020

Comments from Mattias Perjö, President & CEO

“Extraordinary efforts when they were needed the most”

“We are continuing to deepen our partnerships with hospitals and pharmaceutical companies around the world to combat COVID-19 and this quarter we delivered more advanced ICU ventilators than we normally do in a whole year. The order intake for ventilators also increased in the third quarter, but at a less spectacular level and we will adjust capacity accordingly. We are continuing to see strong sales in ECMO therapy products for hospitals and Sterile Transfer products for the pharmaceutical industry. Our offering is also creating a favorable outlook for the future. The results of an independent multi-center trial were published that showed that ventilator time can be reduced by almost 35% using our unique NAVA technology. This has obvious advantages for patients, but also for the health care system due to reduced length of treatment and lower overall cost.

Getinge's sales increased organically by 33.4% and the order intake fell by 5.3% in the quarter. Parts of our business continue to be negatively affected by COVID-19. However, moving forward we see the need for managing the medical care that is being postponed in connection with COVID-19, even though it's hard to determine exactly when, and to what extent, this can take place. Surgical Workflows is the business area that was hardest hit in terms of orders and we believe that we will not see a lasting turnaround until the second half of 2021, given the longer lead times in this business. We are continuing with our long term improvements and to implement our strategy and our new work methods to create added value for our customers and enhance our own productivity, which in combination with higher sales volumes contributed to further strengthening of the margins and cash flow. We also announced in the quarter that Getinge will be CO₂ neutral by 2025, which will be achieved by a combination of activities, such as switching to renewable energy sources, new virtual ways of conducting meetings, smarter logistics and sustainable product development. I would again like to thank all hospital staff, our partners and my coworkers for your extraordinary efforts when they were needed the most. I look forward to continuing to work with you!”

July – September 2020 in brief

- Net sales increased organically by 33.4% and the order intake declined by 5.3% organically (despite this, the order backlog was higher than at the same time in 2019).
- Adjusted gross profit amounted to SEK 4,378 M (3,171) and the margin was 54.9% (50.8).
- Adjusted EBITA amounted to SEK 2,028 M (677) and the margin was 25.4% (10.9).
- Adjusted earnings per share amounted to SEK 5.37 (1.42).
- Cash flow after net investments amounted to SEK 1,567 M (587).
- Anna Romberg was appointed Executive Vice President Legal, Compliance & Governance and member of the Executive Team.

Outlook for organic growth in net sales 2020: Due to the continuing uncertainty caused by the COVID-19 pandemic, Getinge has decided not to present a forecast for the expected increase in net sales for the full-year 2020.

Summary of financial performance¹⁾

SEK M	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Order intake					
Organic change, %	5,898	6,678	23,431	19,638	26,832
	-5.3	3.5	19.1	5.3	4.1
Net sales					
Organic change, %	7,976	6,236	20,980	18,061	26,559
	33.4	4.8	15.9	4.8	3.9
Adjusted gross profit					
Margin, %	4,378	3,171	11,318	9,097	13,401
	54.9	50.8	53.9	50.4	50.5
Adjusted EBITDA					
Margin, %	2,455	1,101	5,200	2,870	4,986
	30.8	17.7	24.8	15.9	18.8
Adjusted EBITA					
Margin, %	2,028	677	3,907	1,637	3,310
	25.4	10.9	18.6	9.1	12.5
Adjusted EBIT					
Margin, %	1,915	554	3,537	1,267	2,813
	24.0	8.9	16.9	7.0	10.6
Operating profit (EBIT)					
Margin, %	1,913	433	3,175	895	2,372
	24.0	6.9	15.1	5.0	8.9
Profit before tax					
	1,841	315	2,944	544	1,909
Net profit for the period					
	1,395	218	2,169	346	1,256
Adjusted net profit for the period					
Margin, %	1,478	397	2,707	895	1,947
	18.5	6.4	12.9	5.0	7.3
Adjusted earnings per share, SEK					
	5.37	1.42	9.85	3.18	7.02
Earnings per share, SEK					
	5.07	0.76	7.88	1.16	4.48
Cash flow from operating activities					
	1,773	874	4,656	2,152	3,832

1) See page 3 for calculations of adjusted performance measures.

Group performance

Order intake

July–September 2020

- The organic order intake declined after a period of strong growth earlier in the year in Critical Care, which is part of Acute Care Therapies.
- The order intake in most other parts of Acute Care Therapies and Surgical Workflows is increasing sequentially but is still not in line with the preceding year, as a result of postponed elective health care.
- The organic order intake declined marginally in Life Science, related to capital goods.

Order intake business areas, SEK M	Jul-Sep 2020	Jul-Sep 2019	Org Δ, %	Jan-Sep 2020	Jan-Sep 2019	Org Δ, %	Jan-Dec 2019
Acute Care Therapies	3,285	3,690	-0.4	15,504	10,782	45.5	14,778
Life Science	701	626	-0.2	2,178	1,976	-4.8	2,640
Surgical Workflows	1,912	2,362	-14.5	5,749	6,880	-15.6	9,414
Total	5,898	6,678	-5.3	23,431	19,638	19.1	26,832

Order intake regions, SEK M	Jul-Sep 2020	Jul-Sep 2019	Org Δ, %	Jan-Sep 2020	Jan-Sep 2019	Org Δ, %	Jan-Dec 2019
Americas	2,260	2,514	-3.1	8,974	7,814	14.1	10,723
APAC	1,257	1,605	-17.3	5,074	4,346	14.6	6,037
EMEA	2,381	2,559	0.0	9,383	7,478	26.9	10,072
Total	5,898	6,678	-5.3	23,431	19,638	19.1	26,832

Net sales

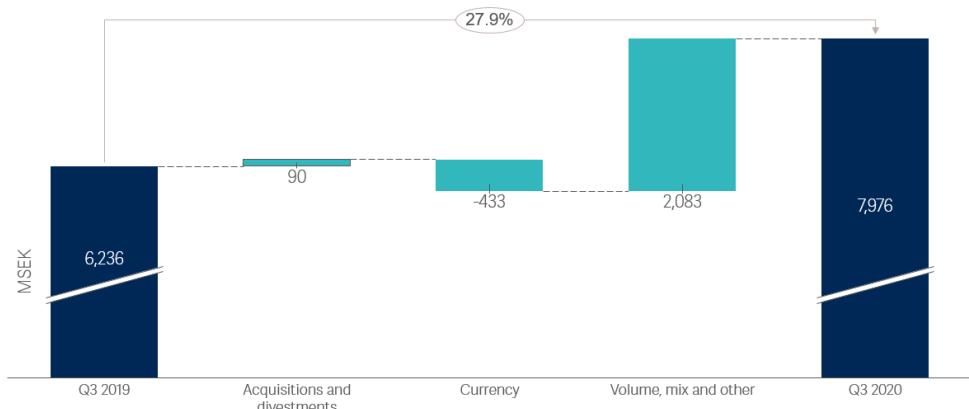
July–September 2020

- The very strong growth in Acute Care Therapies was attributable to advanced ICU ventilators and ECMO therapy products. In addition, sales increased – albeit marginally – in products for planned vascular procedures.
- Net sales in Life Science were positively impacted by continued high sales in Sterile Transfer and the recovery in sterilizers in line with installation being carried out where possible.
- Net sales in Surgical Workflows were negatively affected by lower order intake in prior quarters. Continued high activity in service, spare parts and consumables helped offset the negative effect.

Net sales business areas, SEK M	Jul-Sep 2020	Jul-Sep 2019	Org Δ, %	Jan-Sep 2020	Jan-Sep 2019	Org Δ, %	Jan-Dec 2019
Acute Care Therapies	5,310	3,435	63.1	13,327	10,297	30.7	14,637
Life Science	746	513	33.4	2,048	1,622	11.1	2,487
Surgical Workflows	1,920	2,288	-11.2	5,605	6,142	-7.8	9,435
Total	7,976	6,236	33.4	20,980	18,061	15.9	26,559

Net sales regions, SEK M	Jul-Sep 2020	Jul-Sep 2019	Org Δ, %	Jan-Sep 2020	Jan-Sep 2019	Org Δ, %	Jan-Dec 2019
Americas	2,940	2,491	25.0	8,156	7,491	8.4	10,635
APAC	1,669	1,391	23.2	4,378	3,888	10.5	5,877
EMEA	3,367	2,354	48.5	8,446	6,682	27.4	10,047
Total	7,976	6,236	33.4	20,980	18,061	15.9	26,559

Net sales specified by capital goods & consumables, SEK M	Jul-Sep 2020	Jul-Sep 2019	Org Δ, %	Jan-Sep 2020	Jan-Sep 2019	Org Δ, %	Jan-Dec 2019
Capital goods	4,543	2,655	75.6	10,335	7,343	39.2	11,781
Consumables	3,434	3,581	2.1	10,645	10,718	-0.1	14,778
Total	7,976	6,236	33.4	20,980	18,061	15.9	26,559



- Net sales increased by SEK 1,740 M, corresponding to 27.9%.
- Acquired operations represented growth of SEK 90 M, corresponding to 1.4%.
- Exchange rates had a negative impact of SEK 433 M on sales, corresponding to almost 6.9%.
- Volume, mix and other items positively affected sales by SEK 2,083 M, corresponding to an organic growth of 33.4%.

Underlying earnings trend

- Currency effects impacted adjusted gross profit by SEK -217 M and adjusted EBITA by SEK -30 M.
- The gross margin continued to strengthen year on year, mainly due to a sharp increase in sales of ventilators, ECMO therapy and Sterile Transfer products, and continued productivity improvements.
- Adjusted operating expenses declined by 7.1%, compared with Q3 2019, and fell organically by 0.7%.
- Adjusted EBITA rose by SEK 1,352 M year-on-year and the margin increased by 14.5 percentage points to 25.4%.
- Net financial items improved SEK 46 M as a result of lower net debt and interest expenses.

SEK M	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Net sales	7,976	6,236	20,980	18,061	26,559
Adjusted gross profit	4,378	3,171	11,318	9,097	13,401
Margin, %	54.9	50.8	53.9	50.4	50.5
Adjusted operating expenses	-1,923	-2,070	-6,118	-6,227	-8,415
Adjusted EBITDA	2,455	1,101	5,200	2,870	4,986
Margin, %	30.8	17.7	24.8	15.9	18.8
Depreciation, amortization and write-downs of intangible assets and tangible assets ¹⁾	-427	-424	-1,293	-1,233	-1,676
Adjusted EBITA	2,028	677	3,907	1,637	3,310
Margin, %	25.4	10.9	18.6	9.1	12.5
A Amortization and write-down of acquired intangible assets¹⁾	-113	-123	-370	-370	-497
Adjusted EBIT	1,915	554	3,537	1,267	2,813
Margin, %	24.0	8.9	16.9	7.0	10.6
B Acquisition and restructuring costs	-2	-49	-172	-265	-324
C Other items affecting comparability²⁾	-	-72	-190	-107	-117
Operating profit (EBIT)	1,913	433	3,175	895	2,372
Net financial items	-72	-118	-230	-351	-463
Profit before tax	1,841	315	2,944	544	1,909
Adjusted profit before tax (adjusted for A, B and C)	1,956	559	3,677	1,286	2,847
Margin, %	24.5	9.0	17.5	7.1	10.7
Taxes	-446	-97	-775	-198	-653
D Adjustment of tax²⁾	-32	-65	-194	-193	-247
Adjusted net profit for the period (adjusted for A, B, C and D)	1,478	397	2,707	895	1,947
Margin, %	18.5	6.4	12.9	5.0	7.3
Of which, attributable to Parent Company shareholders	1,463	387	2,683	866	1,913
Average number of shares, thousands	272,370	272,370	272,370	272,370	272,370
Adjusted earnings per share, SEK (adjusted for A, B, C and D)	5.37	1.42	9.85	3.18	7.02

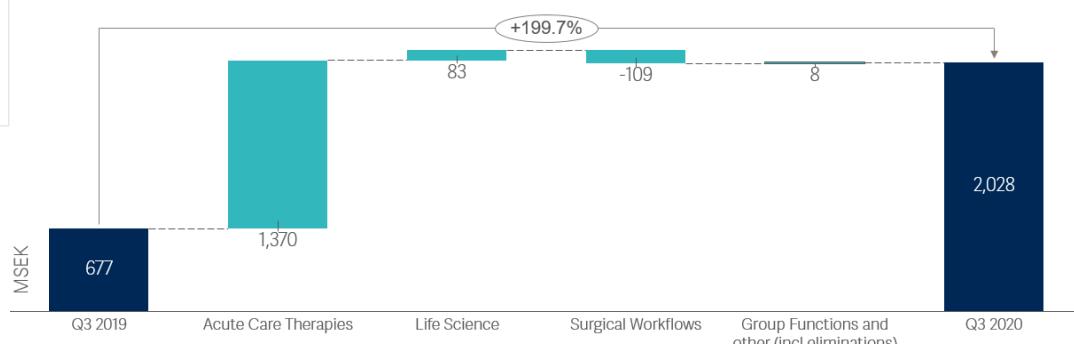
1) Excluding items affecting comparability (see Note 3 for depreciation, amortization and write-downs).

2) See Note 5.

Adjusted EBITA per business area¹⁾

SEK M	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Acute Care Therapies	1,990	620	4,178	1,916	3,110
Margin, %	37.5	18.0	31.3	18.6	21.2
Life Science	136	54	281	163	323
Margin, %	18.3	10.5	13.7	10.0	13.0
Surgical Workflows	-10	99	-283	-170	222
Margin, %	-0.5	4.3	-5.0	-2.8	2.4
Group functions and other (incl. eliminations)	-88	-96	-269	-272	-345
Total	2,028	677	3,907	1,637	3,310
Margin, %	25.4	10.9	18.6	9.1	12.5

1) See Note 3 for depreciation and write-downs and Note 5 for other items affecting comparability.



- Acute Care Therapies increased its adjusted EBITA by SEK 1,370 M and the margin improved by 19.4 percentage points, due to a sharp increase in sales volumes.
- Life Science's adjusted EBITA rose by SEK 83 M and the margin increased by 7.8 percentage points, mainly due to higher volumes and mix effects.
- Surgical Workflows' adjusted EBITA fell by SEK 109 M compared with Q3 2019 and the margin declined by 4.8 percentage points as a result of lower sales volumes.

- Adjusted operating expenses declined by 7.1%, compared with Q3 2019, and operating expenses fell organically by 0.7%.
- The main reason that operating expenses were slightly lower compared with last year, despite a sharp increase in sales volumes, was previously implemented measures to enhance productivity. In addition, new work methods as a consequence of COVID-19 made a positive contribution.

- Adjusted gross profit was negatively impacted by translation effects of SEK 165 M and transaction effects and hedging outcome of SEK 52 M.
- Adjusted EBITA was negatively impacted by translation effects of SEK 41 M and positively by the net of transaction effects, hedging outcome and revaluation of operating receivables and liabilities of SEK 11 M.

- Cash flow after net investments trended very positively, mainly due to improved earnings.
- Working capital increased slightly as a result of higher sales volumes.
- Net debt in relation to adjusted EBITDA R12M continued to improve.

- Gross expenses for R&D increased by SEK 8 M to SEK 297 M.
- Capitalized development costs declined SEK 24 M compared with the year-earlier period.
- Amortization and write-downs increased by SEK 17 M compared with the preceding year to SEK 146 M, of which SEK 7 M was write-downs.

Adjusted operating expenses

(excluding depreciation, amortization and write-downs and other items affecting comparability)¹⁾

SEK M	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Selling expenses	-1,030	-1,148	-3,275	-3,479	-4,666
Administrative expenses	-739	-732	-2,319	-2,197	-3,015
Research and development costs	-195	-162	-588	-524	-688
Other operating income and expenses	40	-28	64	-27	-46
Total	-1,923	-2,070	-6,118	-6,227	-8,415

1) See Note 3 for depreciation and write-downs and Note 5 for other items affecting comparability.

Currency impact

SEK M	Jul-Sep 2020	Jan-Sep 2020
Net sales	-433	-194
Adjusted gross profit	-217	18
Adjusted EBITDA	-48	100
Adjusted EBITA	-30	105
Adjusted EBIT	-21	104

Cash flow and financial position¹⁾

SEK M	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Cash flow before changes in working capital	2,197	719	4,354	1,794	3,698
Changes in working capital	-424	155	302	358	134
Net investments in non-current assets	-206	-287	-732	-850	-1,111
Cash flow after net investments	1,567	587	3,924	1,302	2,721
Net interest-bearing debt			9,946	14,123	12,321
<i>In relation to adjusted EBITDA¹⁾ R12M, multiple</i>			1.4	3.1	2.5
Net interest-bearing debt, excl. pension provisions			6,320	10,378	8,766
<i>In relation to adjusted EBITDA¹⁾ R12M, multiple</i>			0.9	2.3	1.8

1) See Note 5 for items affecting comparability and Note 7 for alternative performance measures.

Research and development

SEK M	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
R&D costs, gross	-297	-289	-1,077	-935	-1,261
<i>In relation to net sales, %</i>	3.7	4.6	5.1	5.2	4.7
Capitalized development costs	90	114	318	366	499
<i>In relation to net sales, %</i>	1.1	1.8	1.5	2.0	1.9
Research and development costs, net	-207	-175	-759	-569	-762
Amortization and write-downs of capitalized R&D	-146	-129	-544	-390	-539
<i>Of which write-downs</i>	-7	-2	-123	-12	-31

Acute Care Therapies

Acute Care Therapies offers world-leading solutions for life support in acute health conditions. The offering includes solutions for cardiovascular procedures and a broad selection of products and therapies for intensive care. The addressable market, excluding the effects of COVID-19, amounts to SEK 85 billion with expected organic growth of 2-4% per year.

Order intake and net sales

- Continued growth in advanced ICU ventilators, but at a lower level.
- The order intake in products for cardiovascular procedures increased sequentially but did not reach last year's level for the quarter as a whole.

- Intense efforts to deliver ventilators and ECMO products to hospitals contributed to a sharp increase in sales.
- Deliveries of products for planned vascular surgery increased marginally, while sales of products for cardiac surgery remained lower than the year-earlier period.
- Sales of capital goods increased significantly as a result of large deliveries of ventilators.
- Disruptions to production and logistics had a limited impact on deliveries in the quarter.

- The adjusted gross margin rose 4.9 percentage points in relation to the year-earlier quarter, primarily as a result of volumes effects from the sharp increase in sales of ventilators and ECMO products and increased productivity due to previously implemented rationalizations.
- Adjusted operating expenses fell by 4.0%. Adjusted operating expenses increased organically by 5.5%, mainly due to expenses resulting from the sales increase. Costs for R&D and quality rose slightly year on year.
- Acute Care Therapies increased its adjusted EBITA by SEK 1,370 M and the margin improved by 19.4 percentage points, due to a sharp increase in sales volumes.
- Currency effects impacted sales by SEK -293 M, adjusted gross profit by SEK -155 M and adjusted EBITA by SEK -36 M.

Order intake regions, SEK M	Jul-Sep 2020	Jul-Sep 2019	Org Δ, %	Jan-Sep 2020	Jan-Sep 2019	Org Δ, %	Jan-Dec 2019
Americas	1,593	1,766	1.1	6,816	5,356	28.4	7,404
APAC	643	864	-18.7	3,181	2,265	40.3	3,138
EMEA	1,049	1,060	12.4	5,507	3,161	78.7	4,236
Total	3,285	3,690	-0.4	15,504	10,782	45.5	14,778

Net sales regions, SEK M	Jul-Sep 2020	Jul-Sep 2019	Org Δ, %	Jan-Sep 2020	Jan-Sep 2019	Org Δ, %	Jan-Dec 2019
Americas	2,227	1,684	41.2	5,940	5,190	15.3	7,288
APAC	994	739	41.0	2,612	2,096	24.4	3,044
EMEA	2,089	1,012	116.2	4,775	3,011	62.0	4,305
Total	5,310	3,435	63.1	13,327	10,297	30.7	14,637

Net sales specified by capital goods & consumables, SEK M	Jul-Sep 2020	Jul-Sep 2019	Org Δ, %	Jan-Sep 2020	Jan-Sep 2019	Org Δ, %	Jan-Dec 2019
Capital goods	2,915	916	232.0	5,757	2,688	117.7	4,207
Consumables	2,396	2,519	1.8	7,570	7,609	0.0	10,430
Total	5,310	3,435	63.1	13,327	10,297	30.7	14,637

Underlying earnings trend¹⁾

SEK M	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Net sales	5,310	3,435	13,327	10,297	14,637
Adjusted gross profit	3,312	1,973	8,314	6,001	8,660
Margin, %	62.4	57.4	62.4	58.3	59.2
Adjusted EBITDA	2,226	841	4,905	2,581	4,026
Margin, %	41.9	24.5	36.8	25.1	27.5
Depreciation, amortization and write-downs of intangible assets and tangible assets	-236	-221	-728	-665	-916
Adjusted EBITA	1,990	620	4,178	1,916	3,110
Margin, %	37.5	18.0	31.3	18.6	21.2

1) See Note 3 for depreciation and write-downs and Note 5 for other items affecting comparability.

Events in the business area

- The US Food & Drug Administration (FDA) gave 510(k) clearance for Getinge's Flow-e and Flow-c Anesthesia Systems which complete the portfolio of Flow anesthesia machines and offers innovative solutions with personalized anesthesia for high acuity patients in the US marketplace. In addition, FDA gave a 510(k) clearance for the Servo-air ventilator in the US.
- The modern ICU uses a large number of medical devices that generate independent alarms. Without coordination, this can result in a cacophony of alarms causing unnecessary anxiety for clinicians and patients. In September, Getinge showcased the concept "Quiet ICU" together with other leading industry partners, with groundbreaking solutions expected to reach the health care market in the years to come.
- A large, independent multi-center trial, called NAVIATOR, shows that Getinge's patented Neurally Adjusted Ventilatory Assist (NAVA) ventilation mode shortens time of mechanical ventilation by almost 35% for adult Intensive Care Units patients. The study showed that through the use of NAVA, the days on mechanical ventilation could be reduced from 12 to 8 days, which is quite a remarkable improvement with many positive consequences. Fewer days in the ICU also translates to a significantly improved health economy, enabling hospitals to free up precious ICU beds and resources.

Life Science

Life Science offers a comprehensive range of equipment, technical expertise and consultation for pharmaceutical bioprocesses and to prevent contamination in biopharmaceutical production, medical device manufacturing and biomedical research. The addressable market, excluding the effects of COVID-19, amounts to SEK 33 billion with expected organic growth of 4-6% per year.

- The order intake increased organically in Sterile Transfer and washer-disinfectors, while other product segments did not reach last year's levels.
- The positive trend in Americas in Q2 continued in Q3 2020.
- Net sales increased organically in all regions and product categories due to large deliveries, some of which were earlier than scheduled
- Growth was particularly high in sterilizers since installations could be resumed on a larger scale in the quarter, and in Sterile Transfer for which growth from prior quarters was further strengthened.

Order intake and net sales

Order intake regions, SEK M	Jul-Sep 2020	Jul-Sep 2019	Org Δ, %	Jan-Sep 2020	Jan-Sep 2019	Org Δ, %	Jan-Dec 2019
Americas	289	214	15.7	918	754	4.3	988
APAC	85	90	-27.2	319	258	-13.3	408
EMEA	327	322	-3.4	940	964	-9.6	1,244
Total	701	626	-0.2	2,178	1,976	-4.8	2,640

Net sales regions, SEK M	Jul-Sep 2020	Jul-Sep 2019	Org Δ, %	Jan-Sep 2020	Jan-Sep 2019	Org Δ, %	Jan-Dec 2019
Americas	265	191	28.6	831	584	25.0	887
APAC	159	87	52.8	341	254	0.1	367
EMEA	321	235	30.1	876	784	4.3	1,233
Total	746	513	33.4	2,048	1,622	11.1	2,487

Net sales specified by capital goods & consumables, SEK M	Jul-Sep 2020	Jul-Sep 2019	Org Δ, %	Jan-Sep 2020	Jan-Sep 2019	Org Δ, %	Jan-Dec 2019
Capital goods	534	311	48.4	1,434	1,002	18.5	1,635
Consumables	212	202	10.2	614	620	-1.0	852
Total	746	513	33.4	2,048	1,622	11.1	2,487

Underlying earnings trend¹⁾

SEK M	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Net sales	746	513	2,048	1,622	2,487
Adjusted gross profit	318	207	856	629	962
Margin, %	42.6	40.4	41.8	38.8	38.7
Adjusted EBITDA	170	84	380	243	432
Margin, %	22.8	16.4	18.5	15.0	17.4
Depreciation, amortization and write-downs of intangible assets and tangible assets	-33	-30	-98	-80	-109
Adjusted EBITA	136	54	281	163	323
Margin, %	18.3	10.5	13.7	10.0	13.0

1) See Note 3 for depreciation and write-downs and Note 5 for other items affecting comparability.

Events in the business area

- The extensive number of initiatives to develop vaccines against COVID-19 around the world are contributing to increased interest in Beta Bags, which is part of Getinge's Sterile Transfer offering. Getinge is in negotiations with several pharmaceutical companies working to develop vaccines for this purpose. However, the strong increase in sales of Beta Bags so far this year is mainly due to increased demand for other types of biopharmaceuticals.
- The integration of Applikon, which was acquired in January 2020, follows the plan and the order intake increases sequentially. Applikon offers bioreactors and systems for advanced development and production of biopharmaceutical drugs such as vaccines.
- In the quarter, GEW 101210 FT cGMP, a cGMP* compatible washer for use in pharmaceutical production, was launched. It is developed together with our users to secure optimized and pre-configured functionality and shortened delivery time, which is often a critical parameter for our customers. The initial reception has been very positive.

*Current Good Manufacturing Practice regulations enforced by the FDA and other regulatory bodies. cGMPs provide for systems that assure proper design, monitoring, and control of manufacturing processes and facilities.

Surgical Workflows

Surgical Workflows offers products and solutions to serve as an end-to-end partner for optimizing the quality, safety and capacity usage of the sterile supply departments and operating rooms. The addressable market, excluding the effects of the COVID-19 pandemic, amounts to SEK 62 billion with expected organic growth of 2-4% per year.

<ul style="list-style-type: none"> Continued lower order intake in capital goods in all regions, primarily as a result of COVID-19. The order intake in the smallest product category, Integrated Workflow Solutions, increased during the quarter.
<ul style="list-style-type: none"> The lower order intake in Q1 and Q2 had a significant impact on the organic net sales trend for this quarter. Invoicing for both of the larger product categories, Infection Control and Surgical Workplaces, declined significantly. Sales for Integrated Workflow Solutions, which offers IT systems for greater control and productivity, fared well year on year. Sales of services, spare parts and consumables were also relatively high compared with Q3 2019.
<ul style="list-style-type: none"> The adjusted gross margin fell by 4.3 percentage points mainly as a result of lower sales, under absorption in production and negative currency effects. Enhanced productivity helped to slightly soften the negative effect. Adjusted operating expenses declined by 16.4% and fell organically by 10.2%, due to rationalizations combined with new work methods as a result of COVID-19. Surgical Workflows' adjusted EBITA fell by SEK 109 M compared with Q3 2019 and the margin declined by 4.8 percentage points as a result of lower sales volumes. Currency effects impacted sales by SEK -112 M, adjusted gross profit by SEK -55 M and adjusted EBITA by SEK -3 M.

Order intake and net sales

Order intake regions, SEK M	Jul-Sep 2020	Jul-Sep 2019	Org Δ, %	Jan-Sep 2020	Jan-Sep 2019	Org Δ, %	Jan-Dec 2019
Americas	378	534	-24.6	1,239	1,704	-26.8	2,331
APAC	529	651	-14.0	1,574	1,823	-13.4	2,491
EMEA	1,005	1,177	-10.1	2,936	3,353	-11.1	4,592
Total	1,912	2,362	-14.5	5,749	6,880	-15.6	9,414

Net sales regions, SEK M	Jul-Sep 2020	Jul-Sep 2019	Org Δ, %	Jan-Sep 2020	Jan-Sep 2019	Org Δ, %	Jan-Dec 2019
Americas	448	616	-20.6	1,386	1,717	-18.1	2,460
APAC	515	565	-4.4	1,425	1,538	-6.8	2,466
EMEA	957	1,107	-9.5	2,794	2,887	-2.2	4,509
Total	1,920	2,288	-11.2	5,605	6,142	-7.8	9,435

Net sales specified by capital goods & consumables, SEK M	Jul-Sep 2020	Jul-Sep 2019	Org Δ, %	Jan-Sep 2020	Jan-Sep 2019	Org Δ, %	Jan-Dec 2019
Capital goods	1,094	1,428	-18.7	3,144	3,653	-12.8	5,939
Consumables	826	860	1.2	2,460	2,489	-0.4	3,496
Total	1,920	2,288	-11.2	5,605	6,142	-7.8	9,435

Underlying earnings trend¹⁾

SEK M	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Net sales	1,920	2,288	5,605	6,142	9,435
Adjusted gross profit	748	991	2,148	2,467	3,779
Margin, %	39.0	43.3	38.3	40.2	40.1
Adjusted EBITDA	144	270	176	311	863
Margin, %	7.5	11.8	3.1	5.1	9.1
Depreciation, amortization and write-downs of intangible assets and tangible assets	-155	-171	-459	-481	-641
Adjusted EBITA	-10	99	-283	-170	222
Margin, %	-0.5	4.3	-5.0	-2.8	2.4

1) See Note 3 for depreciation and write-downs and Note 5 for other items affecting comparability.

Events in the business area

- In July, Getinge introduced Torin OptimalQ, an efficient planning tool to bring down surgery backlogs which is a worldwide priority due to COVID-19. Torin OptimalQ is a cloud-based software solution that calculates the best way to prioritize the surgery schedule per operating room, week or service.
- The newly launched horizontal ceiling supply unit, Maquet Moduevo Bridge, is equipped with Getinge's latest light innovation – the Somnus light. It helps critical care patients sleep better by keeping the biological clock in sync through artificial light.

Other information

Financial impact of COVID-19

The outbreak of COVID-19 was characterized by the WHO as a pandemic on March 11, 2020. In this situation, Getinge is prioritizing the health and safety of its employees and is taking measures to limit the spread of the virus by following the instructions of the relevant authorities. In addition, Getinge has made considerable efforts to enhance production capacity for ventilators and safeguard production of critical and life support products. Getinge has also worked intensively together with hospitals and pharmaceutical companies around the world to combat COVID-19.

The order intake for the Acute Care Therapies business area declined organically by 0.4% in the third quarter. The order intake for ventilators increased year on year, but at a lower level than in the first and second quarters. Demand declined for the other product segments in the business area since non-urgent operations were postponed. The order intake in products for cardiovascular procedures recovered somewhat and increased sequentially but did not reach last year's level for the quarter as a whole. In other parts of the operations, mainly Surgical Workflows was negatively affected by the economic downturn resulting from the pandemic, with order intake for this business area falling organically by 14.5%. The order intake for the Life Science business area declined organically by 0.2%.

The Group's sales and earnings improved as a result of the outbreak of the virus and the increase in the order intake for ventilators and cardiopulmonary products in the first and second quarters could be increasingly converted to net sales in the third quarter. It has been possible to continue work on the installation and servicing of products, and this was not negatively affected by restrictions in key markets. Minor disruptions occurred in the production operations in the form of sick leave among employees and problems with deliveries of components, which were possible to resolve without any significantly negative consequences arising. The sharp increase in activity in the areas of Acute Care Therapies that are directly linked to treating patients with COVID-19 contributed to the improvement in sales and earnings for the business area despite a decline in other product segments. Sales and earnings fell in Surgical Workflows due to a lower level of activity in the areas of health care that are not related to the outbreak of the virus. Sales and earnings for Life Science were not impacted by the outbreak of the virus to any significant extent.

Although few signs currently suggest this, it cannot be ruled out that the situation regarding the pandemic could result in negative financial effects in the future due to lower demand, a shortage of components and disruptions to production. Installation and service of products at hospitals and care facilities could also be limited by restrictions to reduce the spread of the virus. Combined with a potential inventory build-up and impaired payment discipline among the Group's customers, this could negatively impact the Group's cash flow. Accordingly, Getinge is closely monitoring developments and is continuously evaluating the operational and financial effects. Some minor measures to adjust costs were carried out (as presented in the interim report for the second quarter of 2020) and plans have been made to further reduce costs if necessary. In addition, the sharp increase in ventilator production capacity may need to be adjusted as demand normalizes.

Since there is currently significant uncertainty regarding the future course of events, Getinge does not provide a forecast for organic sales growth for the full-year 2020. The year-end report for 2019 stated that organic sales growth for 2020 was expected to amount to 2-4%.

Update regarding Consent Decree with the FDA

SEK M	Sep 30 2020	Sep 30 2019	December 31 2019
Provision at beginning of period	234	382	382
Used amount	-98	-108	-154
Provisions	-	-	-
Translation differences	2	17	6
Provision at close of period	138	291	234

The Consent Decree with the FDA was signed in February 2015 and originally encompassed a total of four production units in the US and Germany. Improvement plans for the identified corrections have been prepared for each unit. Such identified corrections have been completed at the two production units in the US. This work is expected to continue until 2021 at Hechingen. In autumn 2018 and the start of 2019, Getinge's production units in Fairfield and Mahwah received warning letters from the FDA. The reason for the warning letters was routine inspections performed by the FDA at these production units in 2018. The FDA's observations and opinions pertain to procedures and processes linked to demands for supplier checks, processes for the approval of design changes and incident reporting. The same observations were identified by Getinge during internal inspections in the fourth quarter of 2017. The local organization has since worked to correct the shortcomings in the quality management system. Getinge has submitted an action plan, including activities and a related schedule, to the FDA and improvements are proceeding according to plan.

Risk management¹⁾

Health care reimbursement system

Political decisions represent the single greatest market risk to Getinge Group. Changes to the health care reimbursement system can have a major impact on individual markets by reducing or deferring grants. This risk is limited by Getinge being active in a large number of geographical markets.

Customers

Activities conducted by Getinge's customers are generally financed directly or indirectly by public funds. The ability to pay is usually very solid, although payment behavior can vary between different countries. All transactions outside the OECD area are covered by payment guarantees, unless the customer's ability to pay is well documented.

Authorities and control bodies

Parts of Getinge's product range are covered by legislation stipulating rigorous assessments, quality control and documentation. It cannot be ruled out that Getinge's operations, financial position and earnings may be negatively impacted in the future by difficulties in complying with current regulations and requirements of authorities and control bodies or changes to such regulations and requirements. To limit these risks to the greatest possible extent, Getinge conducts extensive work focused on quality and regulatory issues. The Group-wide quality and regulatory compliance function has, besides a representative in the executive management team, a representative on the management teams of each business area, and the function is represented in all R&D and production units. The majority of the Group's production facilities are certified according to the medical device quality standard ISO 13485 and/or the general quality standard ISO 9001. Getinge is also, and may become in the future, involved in government investigations, disputes and similar proceedings within the framework of its other business operations concerning such issues as the environment, tax and competition. Since Getinge operates in a global environment, the company is also exposed to local business risks, such as corruption and restrictions on trade. To minimize the risk of being subject to such investigations, disputes and proceedings, Getinge works actively on developing, implementing and maintaining policies and systems for ensuring compliance with applicable rules and regulations. The overall responsibility for identifying and addressing potential risk areas lies with the Getinge Executive Team and the business operations. The Compliance and the Internal Audit functions assist with support and ongoing monitoring as well as investigations and internal auditing.

¹⁾ For information regarding risks related to COVID-19 and the ongoing pandemic, refer to the section on "Financial impact of COVID-19" on page 8.

Research and development

Getinge's future growth also depends on the company's ability to develop new and successful products. Research and development efforts are costly and it is impossible to guarantee that developed products will be commercially successful. As a means of maximizing the return on investments in research and development efforts, the Group applies a structured selection and planning process that includes careful analyses of the market, technological progress, choice of production method and selection of subcontractors. The actual development work is also conducted in a structured manner and each project undergoes a number of fixed control points.

Product liability and damage claims

Health care suppliers run a risk, like other players in the health care industry, of being subject to product liability and other legal claims. Such claims can involve large amounts and significant legal expenses. Getinge cannot provide any guarantees that its operations will not be subject to compensation claims. Getinge carries the customary indemnity and product liability insurance, but there is a risk that Getinge's insurance coverage may not fully cover product liability and other claims.

Protection of intellectual property rights

Getinge is a market leader in the areas in which it operates and invests significant amounts in product development. To secure returns on these investments, Getinge actively upholds its rights and monitors competitors' activities closely. There is the risk when new products are developed that other companies may claim a patent infringement, which could result in disputes. If required, Getinge will protect its intellectual property rights through legal processes.

Financial risk management

Getinge is exposed to a number of financial risks in its operations. Financial risks principally pertain to risks related to currency risks, interest-rate risks, and credit and counterparty risks. Risk management is regulated by the finance policy adopted by the Board and a Treasury directive decided by the Getinge Executive Team based on the finance policy. The ultimate responsibility for managing the Group's financial risks and developing methods and principles of financial risk management lies with the Getinge Executive Team and the treasury function. For more detailed information concerning these risks, refer to the Group's Annual Report. The Group has a number of participations in foreign operations whose net assets are exposed to currency risks. Currency exposure that arises from net assets in the Group's foreign operations is primarily managed by borrowing in said foreign currency.

Seasonal variations

Getinge's sales and earnings are affected by seasonal variations. The highest net sales are usually generated in the fourth quarter, followed by the second, third and first quarters. The shares of sales derived from capital goods and consumables also normally changes during the year, with a higher share of sales of capital goods toward the end of the year.

Transactions with related parties

Getinge carried out normal commercial transactions with Arjo, which was distributed to shareholders in December 2017, for the sale and purchase of goods and services. In addition, no other significant transactions with related parties occurred during the period other than transactions with subsidiaries.

Forward-looking information

This report contains forward-looking information based on the current expectations of company 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 finances, market and competition, changes in legal and regulatory requirements and other political measures, and fluctuations in exchange rates.

Getinge's financial targets

- Average annual organic growth in net sales: 2-4%
- Average earnings per share growth: >10%
- Getinge's dividend policy is to pay dividends of 30-50% of net profit to shareholders.

Nomination Committee ahead of 2021 Annual General Meeting

Ahead of the Annual General Meeting, the Nomination Committee shall, in accordance with the principles adopted at the 2020 Annual General Meeting, be composed of members appointed by the four largest shareholders in terms of voting rights, based on a list of owner-registered shareholders from Euroclear Sweden AB or other reliable ownership information, as of August 31 of each year, and the Chairman of the Board of Directors. In addition, if the Chairman of the Board in consultation with the member appointed by the largest shareholder in terms of voting rights deems it appropriate, it shall include an, in relation to the company and its major shareholders, independent representative of the minor shareholders as a member of the Nomination Committee.

Getinge's Nomination Committee ahead of the 2021 Annual General Meeting has been appointed and comprises the company's Chairman Johan Malmquist, and representatives from the following owners, listed by size.

- **Carl Bennet AB:** Carl Bennet
- **Fourth Swedish National Pension Fund:** Per Colleen
- **Swedbank Robur:** Marianne Nilsson
- **SHB Fonder & Liv:** Anna Sundberg
- **Representing minority shareholders:** Sophie Nachemson-Ekwall

Shareholders who would like to submit proposals to Getinge's 2021 Nomination Committee can contact the Nomination Committee by e-mail at valberedningen@getinge.com or by mail: Getinge AB, Att: Nomination Committee, Box 8861, SE-402 72 Gothenburg, Sweden.

2021 Annual General Meeting

Getinge AB's Annual General Meeting will be held on April 20, 2021 in Kongresshallen at Hotel Tylösand in Halmstad, Sweden. Shareholders wishing to have a matter addressed at the Annual General Meeting can submit their proposal to Getinge's Board Chairman by e-mail: arenden.bolagsstamma@getinge.com, or by mail: Getinge AB, Att: Bolagsstämmaörenden, Box 8861, SE-402 72 Gothenburg, Sweden. To ensure inclusion in the notice and the agenda, proposals must be received by the company not later than March 2, 2021.

Assurance

The Board of Directors and CEO assure that the interim report provides a true and fair review of the Parent Company and the Group's operations, position and earnings and describes the material risks and uncertainties faced by the Parent Company and the Group.

Gothenburg, October 16, 2020

Johan Malmquist
Chairman

Carl Bennet
Vice Chairman

Johan Bygge
AGM-elected Board member

Barbro Fridén
AGM-elected Board member

Dan Frohm
AGM-elected Board member

Sofia Hasselberg
AGM-elected Board member

Rickard Karlsson
Board member
Representative of the Swedish
Metalworkers' Union

Åke Larsson
Board member
Representative of the Swedish
Association of Graduate
Engineers

Mattias Perjos
President & CEO

Malin Persson
AGM-elected Board member

Johan Stern
AGM-elected Board member

Cecilia Daun Wennborg
AGM-elected Board member

AUDITOR'S REPORT

INTERIM REPORT PREPARED IN ACCORDANCE WITH IAS 34 AND CHAPTER 9 OF THE SWEDISH ANNUAL ACCOUNTS ACT

Introduction

We have reviewed the condensed interim financial information (interim report) of Getinge AB (publ) as of 30 September 2020 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Gothenburg October 16, 2020

Öhrlings PricewaterhouseCoopers AB

Johan Rippe
Authorized Public Accountant
Auditor in charge

Tomas Hilmarsson
Authorized Public Accountant

Consolidated financial statements

Consolidated income statement

SEK M	Note	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Net sales	2	7,976	6,236	20,980	18,061	26,559
Cost of goods sold		-3,846	-3,303	-10,416	-9,662	-14,104
Gross profit	2, 3	4,130	2,933	10,564	8,399	12,455
Selling expenses		-1,203	-1,332	-3,883	-4,032	-5,411
Administrative expenses		-845	-844	-2,639	-2,514	-3,443
Research and development costs		-207	-175	-759	-569	-762
Acquisition expenses		-2	-10	-4	-12	-45
Restructuring costs		0	-39	-168	-253	-279
Other operating income and expenses		40	-100	64	-124	-143
Operating profit (EBIT)	2, 3	1,913	433	3,175	895	2,372
Net financial items	2	-72	-118	-230	-351	-463
Profit after financial items	2	1,841	315	2,944	544	1,909
Taxes		-446	-97	-775	-198	-653
Net profit for the period		1,395	218	2,169	346	1,256
Attributable to:						
Parent Company shareholders		1,380	208	2,145	317	1,222
Non-controlling interests		15	10	24	29	34
Net profit for the period		1,395	218	2,169	346	1,256
Earnings per share, SEK ¹⁾		5.07	0.76	7.88	1.16	4.48
Weighted average number of shares for calculation of earnings per share (000s)		272,370	272,370	272,370	272,370	272,370

1) Before and after dilution

Consolidated statement of comprehensive income

SEK M	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Net profit for the period	1,395	218	2,169	346	1,256
Other comprehensive income					
Items that cannot be restated in profit for the period					
Actuarial gains/losses pertaining to defined-benefit pension plans	-158	-277	-108	-595	-526
Tax attributable to items that cannot be restated in profit	42	70	24	162	142
Items that can later be restated in profit for the period					
Translation differences and hedging of net investments	-584	864	-615	1,540	600
Cash flow hedges	46	1	-35	80	168
Tax attributable to items that can be restated in profit	4	4	24	-13	-24
Other comprehensive income for the period, net after tax	-650	662	-711	1,174	360
Total comprehensive income for the period	744	880	1,458	1,520	1,616
Comprehensive income attributable to:					
Parent Company shareholders	732	859	1,437	1,463	1,567
Non-controlling interests	12	21	22	57	49
Total comprehensive income for the period	744	880	1,458	1,520	1,616

Consolidated balance sheet

SEK M	Note	Sep 30 2020	Sep 30 2019	December 31 2019
Assets				
Intangible assets		23,835	25,440	24,283
Tangible assets		3,061	3,270	3,146
Right-of-use assets		974	1,035	941
Financial assets		1,402	2,120	1,849
Inventories		5,737	5,473	4,691
Accounts receivable		5,346	5,393	6,344
Other current receivables		2,156	2,593	2,205
Cash and cash equivalents	6	5,716	1,254	1,254
Total assets		48,227	46,578	44,713
Equity and liabilities				
Equity		22,001	20,877	20,973
Provisions for pensions, interest-bearing	6	3,626	3,745	3,555
Lease liabilities	6	947	1,001	908
Other interest-bearing liabilities	6	11,089	10,631	9,112
Other provisions		3,280	3,842	3,588
Accounts payable		1,943	1,815	1,995
Other non-interest-bearing liabilities		5,341	4,667	4,582
Total equity and liabilities		48,227	46,578	44,713

Changes in equity for the Group

SEK M	Share capital	Other capital provided	Reserves ¹⁾	Retained earnings	Total	Non-controlling interests	Total equity
Opening balance at January 1, 2019	136	6,789	1,235	11,041	19,201	454	19,655
Total comprehensive income for the period	-	-	730	837	1,567	49	1,616
Dividend	-	-	-	-272	-272	-26	-298
Closing balance at December 31, 2019	136	6,789	1,965	11,606	20,496	477	20,973
Opening balance at January 1, 2020	136	6,789	1,965	11,606	20,496	477	20,973
Total comprehensive income for the period	-	-	-624	2,061	1,437	22	1,458
Dividend	-	-	-	-409	-409	-22	-430
Closing balance at September 30, 2020	136	6,789	1,341	13,258	21,524	476	22,001

1) Reserves pertain to cash flow hedges, hedges of net investments and translation differences.

Consolidated cash flow statement

SEK M	Note	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Operating activities						
Operating profit (EBIT)		1,913	433	3,175	895	2,372
Add-back of depreciation, amortization and write-downs	3	540	548	1,830	1,640	2,223
Other non-cash items		9	66	16	72	54
Add-back of restructuring costs ¹⁾		0	38	168	226	249
Paid restructuring costs		-67	-98	-199	-269	-369
Financial items		-72	-121	-233	-347	-474
Taxes paid		-126	-147	-404	-423	-357
Cash flow before changes in working capital		2,197	719	4,354	1,794	3,698
Changes in working capital						
Inventories		-211	-70	-1,175	-665	-107
Operating receivables		-198	81	1,035	959	-109
Operating liabilities		-15	144	442	64	350
Cash flow from operating activities		1,773	874	4,656	2,152	3,832
Investing activities						
Acquisition of operations	8	-	-	-829	-6	-6
Investments in intangible assets and tangible assets		-215	-295	-761	-863	-1,220
Divestment of non-current assets		9	8	29	13	109
Cash flow from investing activities		-206	-287	-1,561	-856	-1,117
Financing activities						
Change in interest-bearing liabilities		-1,232	-494	1,894	-1,081	-2,477
Change in long-term receivables		5	-3	-8	3	3
Dividend paid		-424	-17	-430	-298	-298
Cash flow from financing activities		-1,650	-514	1,456	-1,376	-2,772
Cash flow for the period		-83	73	4,551	-80	-57
Cash and cash equivalents at the beginning of the period		5,850	1,158	1,254	1,273	1,273
Translation differences		-51	23	-89	61	38
Cash and cash equivalents at the end of the period		5,716	1,254	5,716	1,254	1,254

1) Excluding write-downs on non-current assets

Note 1 Accounting policies

The Group's interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. For the Parent Company, the report has been prepared in accordance with the Swedish Annual Accounts Act and RFR 2. The accounting policies adopted are consistent with those applied for the 2019 Annual Report and should be read in conjunction with that Annual Report.

For practical reasons, the figures in this interim report have not been rounded off, which is why notes and tables may not total correct amounts. Unless otherwise specified, all figures pertain to SEK M and figures in parentheses pertain to the year-earlier period. The interim report provides alternative performance measures for monitoring the Group's operations.

Note 2 Segment overview

	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Net sales, SEK M					
Acute Care Therapies	5,310	3,435	13,327	10,297	14,637
Life Science	746	513	2,048	1,622	2,487
Surgical Workflows	1,920	2,288	5,605	6,142	9,435
Total	7,976	6,236	20,980	18,061	26,559
Gross profit, SEK M					
Acute Care Therapies	3,162	1,838	7,849	5,587	8,085
Life Science	297	189	799	584	900
Surgical Workflows	670	906	1,917	2,228	3,470
Total	4,130	2,933	10,564	8,399	12,455
Operating profit (EBIT), SEK M					
Acute Care Therapies	1,889	401	3,672	1,335	2,402
Life Science	130	53	261	150	309
Surgical Workflows	-15	86	-486	-307	49
Group functions and other (incl. eliminations) ¹⁾	-90	-107	-272	-283	-388
Operating profit (EBIT)	1,913	433	3,175	895	2,372
Net financial items	-72	-118	-230	-351	-463
Profit after financial items	1,841	315	2,944	544	1,909

1) Group functions and other refer mainly to central functions such as finance, communication, HR and other items, such as eliminations.

Note 3 Depreciation, amortization and write-downs

SEK M	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Acquired intangible assets	-113	-123	-401	-370	-497
Intangible assets	-216	-204	-759	-620	-846
Right-of-use assets	-94	-95	-287	-278	-377
Tangible assets	-117	-126	-383	-372	-503
Total	-540	-548	-1,830	-1,640	-2,223
of which write-downs	-7	-6	-174	-42	-70
SEK M					
Cost of goods sold	-248	-238	-749	-698	-946
Selling expenses	-173	-184	-590	-553	-745
Administrative expenses	-106	-112	-320	-317	-428
Research and development costs	-12	-13	-171	-45	-74
Restructuring costs	-	-1	-	-27	-30
Total	-540	-548	-1,830	-1,640	-2,223
of which write-downs	-7	-6	-174	-42	-70

Note 4 Quarterly results

SEK M	Jul-Sep 2020	Apr-Jun 2020	Jan-Mar 2020	Oct-Dec 2019	Jul-Sep 2019	Apr-Jun 2019	Jan-Mar 2019	Oct-Dec 2018
Net sales	7,976	6,971	6,033	8,498	6,236	6,277	5,548	7,890
Cost of goods sold	-3,846	-3,513	-3,057	-4,442	-3,303	-3,408	-2,951	-4,315
Gross profit	4,130	3,458	2,976	4,056	2,933	2,869	2,597	3,575
Operating expenses	-2,217	-2,701	-2,470	-2,579	-2,500	-2,545	-2,459	-2,367
Operating profit (EBIT)	1,913	757	505	1,477	433	324	138	1,208
Net financial items	-72	-80	-78	-112	-118	-119	-114	-104
Profit after financial items	1,841	677	427	1,365	315	205	24	1,104
Taxes	-446	-179	-150	-455	-97	-94	-7	-389
Net profit for the period	1,395	497	277	910	218	111	17	715

Note 5 Adjustment items

Adjusted EBITA, SEK M	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Acute Care Therapies	1,990	620	4,178	1,916	3,110
Life Science	136	54	281	163	323
Surgical Workflows	-10	99	-283	-170	222
Group functions and other (incl. eliminations)	-88	-96	-269	-272	-345
Total	2,028	677	3,907	1,637	3,310
Adjustments of EBITA, SEK M	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Specification of items affecting comparability that impact EBITA					
Acquisition and restructuring costs, Acute Care Therapies	1	-30	-54	-138	-132
Acquisition and restructuring costs, Life Science	0	0	0	-10	-9
Acquisition and restructuring costs, Surgical Workflows	-1	-9	-115	-107	-140
Write-down of R&D, Acute Care Therapies ²	-	-	-73	-10	-20
Write-down of R&D, Surgical Workflows ²	-	-	-63	-	-
Impairment av receivables, Acute Care Therapies ³	-	-72	-	-79	-79
Impairment av receivables, Surgical Workflows ³	-	-	-	-18	-18
Other, Acute Care Therapies ¹	-	-	-2	-	-
Other, Surgical Workflows ¹	-	-	-3	-	-
Other, Acute Care Therapies ²	-	-	-7	-	-
Other, Surgical Workflows ²	-	-	-11	-	-
Group functions and other (incl. eliminations)	-2	-10	-4	-10	-43
Total	-2	-121	-331	-372	-441
Items affecting comparability per segment					
Acute Care Therapies	1	-102	-135	-227	-231
Life Science	0	-	0	-10	-9
Surgical Workflows	-1	-9	-192	-125	-158
Group functions and other (incl. eliminations)	-2	-10	-4	-10	-43
Total	-2	-121	-331	-372	-441

1) Reported in Cost of goods sold

2) Reported in Operating expenses

3) Reported in Other operating income and operating expenses

EBITA, SEK M	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Acute Care Therapies	1,991	518	4,042	1,689	2,879
Life Science	136	54	281	153	314
Surgical Workflows	-12	90	-475	-295	64
Group functions and other (incl. eliminations)	-90	-106	-272	-282	-388
Total	2,026	556	3,576	1,265	2,869

Adjustments of EBIT (in addition to the above adjustments of EBITA), SEK M	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Specification of items affecting comparability that impact EBIT but not EBITA					
Write-down of acquired intangible assets, Acute Care Therapies ¹⁾	-	-	-31	-	-
Total, Group	-	-	-31	-	-

1) Reported in Operating expenses

Adjustments of EBIT, SEK M	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Items affecting comparability that impact EBITA (according to above)	-2	-121	-331	-372	-441
Items affecting comparability that impact EBIT but not EBITA (according to above)	-	-	-31	-	-
Total	-2	-121	-362	-372	-441

Adjustment of tax, SEK M	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Amortization and write-down of acquired intangible assets ¹⁾	113	123	370	370	497
Items affecting comparability	2	121	362	372	441
Adjustment items, total	115	244	733	742	938
Tax effect on adjustment items ²⁾	32	-65	194	-193	-247
Adjustment for tax items affecting comparability	-	-	-	-	-
Total	32	-65	194	-193	-247

1) Excluding write-downs classified as items affecting comparability

2) Tax effect on tax deductible adjustment items

Note 6 Consolidated net interest-bearing debt

SEK M	Sep 30 2020	Sep 30 2019	Dec 31 2019
Other interest-bearing liabilities	11,089	10,631	9,112
Provisions for pensions, interest-bearing	3,626	3,745	3,555
Lease liabilities	947	1,001	908
Interest-bearing liabilities	15,662	15,377	13,575
Less cash and cash equivalents	-5,716	-1,254	-1,254
Net interest-bearing debt	9,946	14,123	12,321

Note 7 Key figures for the Group

	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Financial and operative key figures					
Key figures based on Getinge's financial targets					
Organic growth in net sales, %	33.4	4.8	15.9	4.8	3.9
Earnings per share ¹⁾ , SEK	5.07	0.76	7.88	1.16	4.48
Other operative and financial key figures					
Organic growth in order intake, %	-5.3	3.5	19.1	5.3	4.1
Gross margin, %	51.8	47.0	50.4	46.5	46.9
Selling expenses, % of net sales	15.1	21.4	18.5	22.3	20.4
Administrative expenses, % of net sales	10.6	13.5	12.6	13.9	13.0
Research and development costs, % of net sales	3.7	4.6	5.1	5.2	4.7
Operating margin, %	24.0	6.9	15.1	5.0	8.9
EBITDA, SEK M	2,453	981	5,005	2,535	4,595
Average number of shares, thousands	272,370	272,370	272,370	272,370	272,370
Number of shares at the end of the period, thousands	272,370	272,370	272,370	272,370	272,370
Interest-coverage ratio, multiple			25.3	11.5	12.3
Net debt/equity ratio, multiple			0.45	0.68	0.59
Net debt/Rolling 12m adjusted EBITDA, multiple			1.4	3.1	2.5
Operating capital, SEK M			33,575	33,444	33,735
Return on operating capital, %			15.1	7.6	8.3
Return on equity, %			14.3	5.3	6.2
Equity/assets ratio, %			45.6	44.8	46.9
Equity per share, SEK			80.78	76.65	77.00
Number of employees			10,800	10,457	10,538

1) Before and after dilution

Alternative performance measures

Alternative performance measures refer to financial measures used by the company's management and investors to evaluate the Group's earnings and financial position and that cannot be directly read or derived from the financial statements. These financial measures are intended to facilitate analysis of the Group's performance. Accordingly, the alternative performance measures should be considered a supplement to the financial statements prepared in accordance with IFRS. The financial measures recognized in this report may differ from similar measures used by other companies.

	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Adjusted gross profit, SEK M					
Gross profit	4,130	2,933	10,564	8,399	12,455
<i>Add-back of:</i>					
Depreciation, amortization and write-downs of intangible assets and tangible assets	248	238	749	698	946
Other items affecting comparability	-	-	5	-	-
Adjustment for write-downs included in other items affecting comparability	-	-	-	-	-
Adjusted gross profit	4,378	3,171	11,318	9,097	13,401
Adjusted EBITDA, SEK M					
Operating profit (EBIT)	1,913	433	3,175	895	2,372
<i>Add-back of:</i>					
Depreciation, amortization and write-downs of intangible assets and tangible assets	427	425	1,429	1,270	1,726
Amortization and write-down of acquired intangible assets	113	123	401	370	497
Other items affecting comparability	-	72	23	107	117
Acquisition and restructuring costs	2	49	172	265	324
Adjustment for write-downs included in other items affecting comparability and restructuring costs	-	-1	-	-37	-50
Adjusted EBITDA	2,455	1,101	5,200	2,870	4,986
Adjusted EBITA, SEK M					
Operating profit (EBIT)	1,913	433	3,175	895	2,372
<i>Add-back of:</i>					
Amortization and write-down of acquired intangible assets	113	123	401	370	497
Other items affecting comparability	-	72	159	107	117
Acquisition and restructuring costs	2	49	172	265	324
Adjustment for write-downs of acquired intangible assets included in other items affecting comparability and restructuring costs	-	-	-	-	-
Adjusted EBITA	2,028	677	3,907	1,637	3,310
Adjusted EBIT, SEK M					
Operating profit (EBIT)	1,913	433	3,175	895	2,372
<i>Add-back of:</i>					
Other items affecting comparability	-	72	190	107	117
Acquisition and restructuring costs	2	49	172	265	324
Adjusted EBIT	1,915	554	3,537	1,267	2,813
Adjusted net profit for the period, SEK M					
Net profit for the period	1,395	218	2,169	346	1,256
<i>Add-back of:</i>					
Amortization and write-down of acquired intangible assets	113	123	401	370	497
Other items affecting comparability	-	72	190	107	117
Acquisition and restructuring costs	2	49	172	265	324
Adjustment for write-downs of acquired intangible assets included in other items affecting comparability and restructuring costs	-	-	-31	-	-
Tax items affecting comparability	-	-	-	-	-
Tax on add-back items	-32	-65	-194	-193	-247
Adjusted net profit for the period	1,478	397	2,707	895	1,947

Note 8 Acquisitions

Acquisition of Applikon Biotechnology BV.

Net assets acquired, SEK M	Jan 3, 2020
Intangible assets	370
Tangible assets	11
Inventories	78
Other current receivables	134
Cash and cash equivalents	16
Other provisions	-5
Other interest-bearing liabilities	-11
Accounts payable	-34
Other non-interest-bearing liabilities	-177
Identifiable net assets	382
Goodwill	457
Total purchase price	839
<i>Less:</i>	
Unpaid purchase prices	-
Cash and cash equivalents in the acquired company	-16
Impact on the Group's cash and cash equivalents	823

On January 3, 2020, the acquisition of 100 percent of Applikon Biotechnology BV was completed. The acquired company has annual sales of approximately SEK 400 M and 180 employees. The purchase price paid amounted to SEK 839 M. In addition, a maximum of EUR 60 M may be paid in so-called additional purchase prices in 2021-2022 if certain financial targets are met. Acquisition expenses amounted to SEK 24 M, of which SEK 23 M was charged to profit for 2019. The goodwill that arose in connection with the acquisition has not been finally determined since the acquisition analysis is still preliminary but is expected to amount to SEK 457 M, and is primarily attributable to strategic advantages in the form of growth opportunities and a broader product range. After the acquisition, the company generated sales of SEK 248 M and EBITA of SEK 12 M.

Additional purchase prices for the acquisition of Simm Company and Surgeon Aids

In the second quarter of 2020, an additional purchase price of SEK 6 M was paid for the acquisition of the Thai company Simm Company and Surgeon Aids, which was completed in 2017.

Parent Company financial statements

Parent Company's income statement

SEK M	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Administrative expenses	-35	-122	-82	-304	-234
Other operating income and expenses	0	-	38	-	-43
Operating result	-35	-122	-44	-304	-277
Result from participations in Group companies	19	74	53	962	979
Interest income and other similar income	0	1	0	1	1
Interest expenses and other similar expenses	-41	-477	-351	-918	-783
Profit/loss after financial items¹⁾	-57	-524	-342	-259	-80
Appropriations	-	-	-	-	493
Taxes	5	122	56	246	15
Net profit/loss for the period²⁾	-52	-402	-286	-13	428

1) Interest income and other similar income and interest expenses and other similar expenses include exchange-rate gains and losses attributable to the translation of financial receivables and liabilities measured in foreign currencies

2) Comprehensive income for the period corresponds to net profit for the period

Parent Company's balance sheet

SEK M	Sep 30 2020	Sep 30 2019	Dec 31 2019
Assets			
Intangible assets	26	37	34
Tangible assets	6	9	7
Participations in Group companies	28,493	28,189	28,431
Deferred tax assets	175	332	112
Receivables from Group companies	78	32	587
Current receivables	66	175	64
Cash and cash equivalents	894	0	0
Total assets	29,738	28,774	29,235
Equity and liabilities			
Equity	20,617	20,871	21,312
Long-term liabilities	-	1,462	1,456
Long-term liabilities to Group companies	-	784	745
Other provisions	55	25	29
Current liabilities to Group companies	6,398	1,747	3,197
Current liabilities	2,668	3,885	2,496
Total equity and liabilities	29,738	28,774	29,235

Definitions

Financial terms

Adjusted earnings per share. Adjusted net profit for the period attributable to Parent Company shareholders in relation to average number of shares.

Adjusted EBIT. Operating profit (EBIT) with add-back of acquisition and restructuring costs and other items affecting comparability.

Adjusted EBITA. EBITA with add-back of acquisition and restructuring costs and other items affecting comparability.

Adjusted EBITDA. EBITDA with add-back of acquisition and restructuring costs and other items affecting comparability.

Adjusted gross profit. Gross profit with add-back of depreciation, amortization and write-downs and other items affecting comparability.

Adjusted net profit for the period. Net profit for the period with add-back of amortization and write-down of acquired intangible assets, acquisition and restructuring costs, other items affecting comparability and tax effect of add-back of income-statement items.

Adjusted profit before tax. Profit before tax for the period with add-back of amortization and write-down of acquired intangible assets, acquisition and restructuring costs and other items affecting comparability.

Cash flow after net investments. Cash flow from operating activities and investing activities, excluding acquisitions and divestment of operations.

Currency transaction effect. Exchange of current year's volumes of foreign currency at this year's exchange rates, compared with the exchange rates in the preceding year.

Earnings per share. Net profit attributable to Parent Company shareholders in relation to average number of shares.

EBIT. Operating profit.

EBITA margin. EBITA in relation to net sales.

EBITA. Operating profit (EBIT) before depreciation and write-down of acquired intangible assets.

EBITDA margin. EBITDA in relation to net sales.

EBITDA. Operating profit (EBIT) before depreciation, amortization and write-downs.

Equity per share. Equity in relation to the number of shares at the end of the period.

Equity/assets ratio. Equity in relation to total assets.

Gross margin. Gross profit in relation to net sales.

Interest-coverage ratio. Rolling 12 months' adjusted EBITDA in relation to rolling 12 months' net interest.

Net debt/equity ratio. Net interest-bearing debt in relation to equity.

Operating capital. Average total assets with add-back of cash and cash equivalents, other provisions, accounts payable and other non-interest-bearing liabilities.

Operating margin. Operating profit (EBIT) in relation to net sales.

Organic change. A financial change adjusted for currency, acquisitions and divestments.

Return on equity. Rolling 12 months' profit after tax in relation to average equity.

Return on operating capital. Rolling 12 months' adjusted EBIT in relation to operating capital.

Medical terms

Artificial grafts. Artificial vascular implants.

Cardiopulmonary. Pertaining or belonging to both heart and lung.

Cardiovascular. Pertaining or belonging to both heart and blood vessels.

ECMO Extracorporeal membrane oxygenation, meaning oxygenation outside the body through a membrane. Put simply, a modified cardiac and respiratory machine that exchanges oxygen and carbon dioxide, like an artificial lung.

Endoscope. Equipment for visual examination of the body's cavities, such as the stomach.

Endovascular. Vascular treatment using catheter technologies.

EU MDR. A new regulatory framework for medical devices which ensures a high level of safety and health whilst supporting innovation.

Low temperature sterilization. A device used to sterilize surgical instruments which cannot be sterilized with high temperature steam. It is mainly used for instruments used in the minimal invasive and robotic surgery.

NAVA. Neurally Adjusted Ventilatory Assist (NAVA) identifies the electric activity that activates the human diaphragm and using these signals adapts the ventilation to the patient's respiratory rhythm.

Stent. A tube for endovascular widening of blood vessels.

Sterilizer. A device to eliminate microorganisms on surgical instruments, usually by high temperature with steam.

Vascular intervention. A medical procedure conducted through vascular puncturing instead of using an open surgery method.

Ventilator. Medical device to help patients breath.

Geographic areas

Americas. North, South and Central America.

APAC. Asia and Pacific.

EMEA. Europe, Middle East and Africa.

Teleconference

Getinge will hold a teleconference on October 16, 2020 at 10:00-11:00 a.m. (CEST) with Mattias Perjos, President & CEO, and Lars Sandström, CFO. Please see dial in details below to join the conference:

SE: +46856642692

UK: +443333009268

US: +18335268347

A presentation will be held during the telephone conference. To access the presentation, please use this link:

<https://tv.streamfabriken.com/getinge-q3-2020>.

Alternatively, use the following link to download the presentation: <https://www.getinge.com/int/about-us/investors/reports-presentations/>.

Financial information

Updated information on, for example, the Getinge share and corporate governance is available on Getinge's website www.getinge.com. The Annual Report, year-end report and interim reports are published in Swedish and English and are available for download at www.getinge.com. The preliminary dates for future financial communication are provided below:

January 28, 2021	Q4 report 2020
End of March 2021	2020 Annual Report

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This information is such that Getinge AB must disclose in accordance with the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, on October 16, 2020 at 8:00 a.m. CEST.

With a firm belief that every person and community should have access to the best possible care, Getinge provides hospitals and life science institutions with products and solutions that aim to improve clinical results and optimize workflows. The offering includes products and solutions for intensive care, cardiovascular procedures, operating rooms, sterile reprocessing and life science. Getinge employs over 10,000 people worldwide and the products are sold in more than 135 countries. Getinge has been listed on Nasdaq OMX Stockholm, Nordic Large Cap since 1993 and is included in the OMXS30 index of the 30 most actively traded shares.