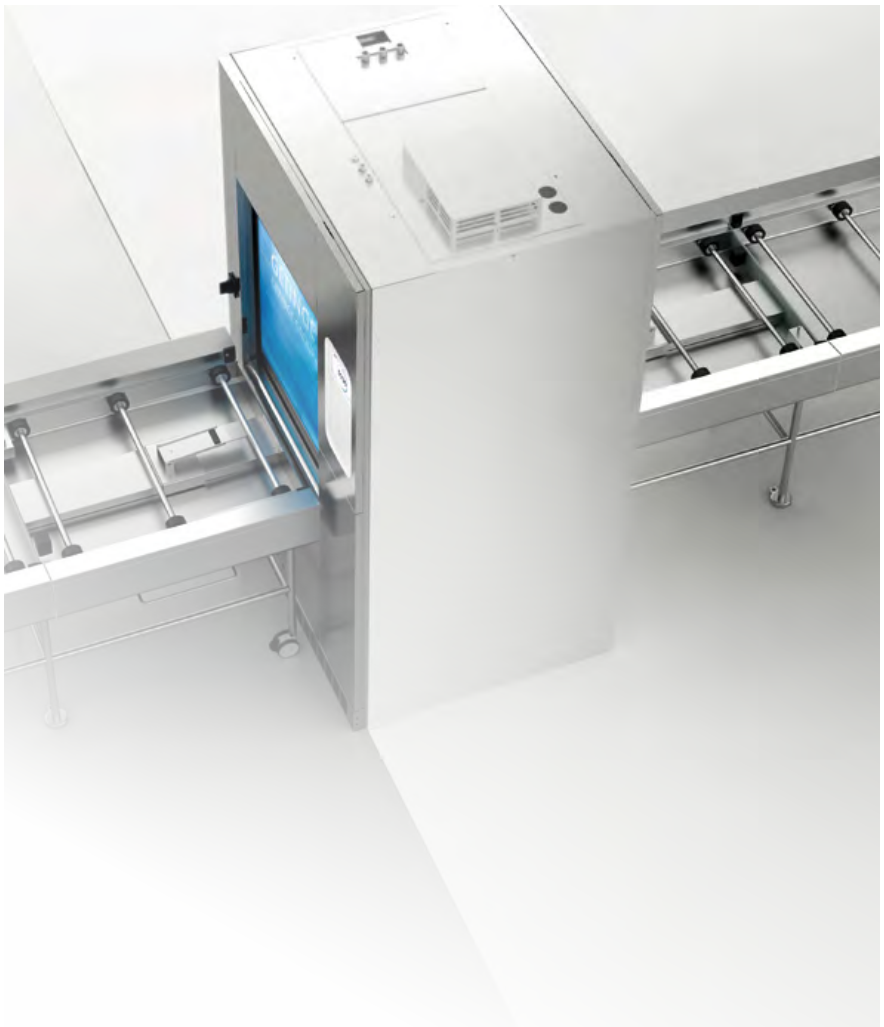
# GETINGE GROUP



Innovative solutions
that help **solve**
**healthcare challenges**

Annual Report

2014

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Our success will be driven by our dedication to solve customer challenges with **innovative solutions** that **save lives** and **ensure excellent care.**

**OUR MISSION**

**Disclaimer.** The information in this annual report is intended for an international audience outside of the United States.

# 2014 in brief

**USA & Canada**

**+5%**

**Sales**
SEK 9 030 M (8 575)

**Western Europe**

**+7%**

**Sales**
SEK 9 833 M (9 160)

**Rest of the World**

**+3%**

**Sales**
SEK 7 806 M (7 552)

## Order intake + 5,6 %
SEK 26 817 M (25 395). Organic Increase: +0,7 %

## Net sales + 5,5 %
SEK 26 669 M (25 287). Organic Increase: +0,6 %

## Profit before tax -37,0 %
SEK 1 987 M (3 153)

## Net profit -36,9 %
SEK 1 448 M (2 295)

## Earnings per share -37,3 %
SEK 6,01 (9,59 )

## EBITA before restructuring and acquisition cost -5,6 %
SEK 4 501 M (4 766)

## Cash conversion 72,9 %
(63,1 % )

## Dividend per share proposed at SEK 2,80 (4,15)
Corresponding to SEK 667 M (989)

| Key figures | 2014 | 2013 |
|---|---|---|
| Order intake, SEK M | 26 817 | 25 395 |
| Order intake, adjusted for exchange-rate effects and acquisitions, % | 0,7 | 4,0 |
| Net sales, SEK M | 26 669 | 25 287 |
| Net sales, adjusted for exchange-rate effects and acquisitions, % | 0,6 | 4,2 |
| Restructuring and integration costs, SEK M | 1 162 | 401 |
| Acquisition expenses, SEK M | 38 | 13 |
| EBITA before restructuring and acquisition cost, SEK M | 4 501 | 4 766 |
| EBITA margin before restructuring and acquisition cost, % | 16,9 | 18,8 |
| Earnings per share after comprehensive tax, SEK | 6,01 | 9,59 |
| No. of shares, thousand | 238 323 | 238 323 |
| Interest-coverage ratio, multiple | 5,70 | 6,90 |
| Working capital, SEK M | 36 529 | 32 526 |
| Return on working capital, % | 8,2 | 12,8 |
| Return on shareholders' equity, % | 10,4 | 14,4 |
| Net debt/equity ratio, multiple | 1,21 | 1,10 |
| Cash conversion, % | 72,9 | 63,1 |
| Equity/assets ratio, % | 35,4 | 37,4 |
| Equity per share, SEK | 78,44 | 69,60 |

The Annual General Meeting will be held on March 25, 2015. Information regarding application, the Nomination Committee, dividend and dates for the Group's financial reports in 2015 is available on pages 111 and 112.

# This is Getinge

Every day, Getinge's products contribute to saving lives and ensuring excellent care. The Group is a leading global provider of products and services for operating rooms, intensive-care units, hospital wards, sterilization departments, elderly care and for life science companies and institutions.

The Getinge Group currently generates sales of almost SEK 27 billion and conducts sales via proprietary companies throughout the world. Production is conducted at facilities in Brazil, Canada, China, Denmark, France, Poland, the UK, Sweden, Turkey, Germany and the US. In total, the Group has nearly 16,000 employees in over 40 countries.

Western Europe is the largest region with 37% of sales, closely followed by the US and Canada with 34%, and the Rest of the World with 29%. 84% of sales are to hospitals, while elderly care accounts for 8% and the life science industry for 8%.

Getinge has posted excellent growth since its listing and aims to continue growing in the next few years to achieve sales of SEK 50 billion.

We will be the **preferred healthcare partner** and **leading global contributor** to sustainable healthcare systems - **always with people in mind.**

**VISION**

# Getinge's Business Areas

## Medical Systems

The Medical Systems business area's product range includes operating-room equipment, intensive care units and cath labs, instruments and implants for cardiovascular surgery, anesthesia equipment and ventilators, as well as advanced products for the minimally invasive treatment of cardiovascular diseases.
Medical Systems' products and services are marketed under the brand Maquet.

| | |
|---|---|
| Sales, MSEK | 14 105 |
| Overall sales performance, % | 5,9 % |
| Organic sales growth, % | 0,5 % |
| Number of employees | 7 008 |
| Number of sales companies | 53 |
| Number of production facilities | 13 |

**Share of Group sales**

**53%**

SEK 14 105 M

## Extended Care

The Extended Care Business Area offers products and services geared toward the hospital and elderly care markets. The product range includes solutions for preventing the risk of pressure ulcers and deepvein thrombosis. The business area also features a vast selection of ergonomically designed products that facilitate daily tasks, such as lifting, transferring and patient hygiene.
Extended Care's products and services are marketed under the brand ArjoHuntleigh.

| | |
|---|---|
| Sales, MSEK | 7 164 |
| Overall sales performance, % | 4,3 % |
| Organic sales growth, % | 0,5 % |
| Number of employees | 5 542 |
| Number of sales companies | 33 |
| Number of production facilities | 5 |

**Share of Group sales**

**27%**

SEK 7 164 M

## Infection Control

The Infection Control Business Area offers an expansive range of disinfection and sterilization equipment, designed to suit the needs of hospitals, clinics, and within the life science industry. The business area features a full range of accessories to ensure consistent, secure, ergonomic and economic flow and storage of sterile goods.
Infection Control's products and services are marketed under the brand Getinge.

| | |
|---|---|
| Sales, MSEK | 5 400 |
| Overall sales performance, % | 6,0 % |
| Organic sales growth, % | 2,3 % |
| Number of employees | 3 089 |
| Number of sales companies | 36 |
| Number of production facilities | 10 |

**Share of Group sales**

**20%**

SEK 5 400 M

# 2014 - a challenging year for the Group

2014 was a challenging year for the Group on several levels. However, gradually improving demand for capital goods and greater visibility regarding Getinge's regulatory challenges allow for sustainable improvement of the Group's profitability through structural changes.

The market did not perform according to our expectations, especially in the emerging markets where our targets were set higher. Performance in mature markets was according to plan, although these markets began to recover from very low levels.

In recent years, healthcare has expanded extensively in the regions outside Western Europe and North America, and these markets have evolved into the Group's most important markets for capital goods. Due to the uncertain political situation in some of the Group's key emerging markets in China, Brazil and Russia, construction of new hospitals has not materialized or been postponed in these countries. This resulted in lower demand for capital goods during the year and lower order levels at the Group's capital goods plants.

## CHANGING HEALTHCARE MARKET

The changes we are witnessing in the healthcare market are not merely short term. The entire industry is undergoing extensive change that is altering the rules of the game for both Getinge and its competitors.

The rate of increase in healthcare costs in mature markets in recent decades has been far higher than GDP growth. This trend abated when the financial crisis of 2009 hit, and healthcare was put under intense financial pressure and forced to develop new strategies focusing on the financial agenda. As a supplier to the healthcare sector, this places stringent requirements on us to continue to develop our competitiveness and cost efficiency, while we must also clearly demonstrate the clinical and financial value added by our products and solutions.

## THE PATH TO FUTURE SUCCESS

It is important to adapt the Group to prevailing conditions to remain an attractive partner for the healthcare sector. More intense cost pressure and industry consolidation mean that size is increasingly critical to Getinge achieving success. In other words, acquisitions will remain a key strategic element to reach critical mass and a relevant size.

It is also important to continue to enhance efficiency and streamline the existing operations to ensure long-term and profitable organic growth. Focus will be directed to delivering clinical and financial benefits through our customer offering, making further investments in expanding in emerging markets and increasingly capitalize on the Group's economies of scale.

The potential for **improving the Group's profitability** in the medium term **remains favorable**

## CONSENT DECREE WITH THE FDA

A US federal judge approved the terms of a Consent Decree between Medical Systems and the FDA in February 2015. The Consent Decree establishes a framework that provides assurances to the FDA that Getinge will complete the improvements currently underway to strengthen Medical Systems' quality management system.

It is important to state that there is no indication that any of the business area's products are unsafe. We are taking this very seriously and have made significant investments in the quality management system. The remediation program has made considerable progress and has already led to major improvements.

As an organization, we have learned a great deal from this situation. We have strengthened our structure for the Group's quality work to ensure that this situation is not repeated. Quality is the foundation of our industry. The inspections and internal audits that have been performed shall be regarded as support in the work on continuous improvements. This is an area where we always have to strive for improvements.

## SHARED VALUES

Getinge has traditionally had a decentralized organization characterized by a culture of entrepreneurship and responsibility. Due to our growth and acquisitions, we are now a large company that in some respects requires more structure in certain areas.

Now that we are coordinating certain functions at a Group-wide level to capitalize on valuable economies of scale it is important that we strike the right balance between these new initiatives and our unique history of entrepreneurship and strong responsibility. The Group-wide values defined during the year comprise a unifying link and key element of our success in this effort. The results of this work will be implemented throughout the organization in 2015.

## BRIGHTER OUTLOOK FOR 2015

Gradually improving demand for capital goods and greater visibility regarding our regulatory challenges allows for a structural and sustained focus on improving the Group's profitability.

The potential for improving the Group's profitability in the medium term remains favorable. Getinge's intention is to present, at a future capital markets day in the second quarter of 2015, new financial targets based on the Group's updated strategy.

## TIME FOR NEW ENERGY

For me personally, the future holds new challenges. I have enjoyed a fantastic journey with Getinge. I feel that it is now time to make way for new energy, with new perspectives and new strength. One way of taking responsibility is knowing when it is time to hand over to someone new.

I am very happy to welcome Alex Myers as my successor. Alex Myers is a unifying force and an excellent leader, with extensive knowledge of the Getinge Group. I am convinced that Getinge will reach new heights under his leadership.

I would also like to take this opportunity thank all of my wonderful colleagues for these great years at Getinge. Without you, we would not have been able to grow and evolve into the successful Group that we are today.

**Johan Malmquist**
President & CEO

# New conditions in a changing market

The global healthcare industry has undergone major changes since the financial crisis in 2009, and market conditions have changed due to a range of factors.

## Demographic changes

Due to demographic changes, primarily in Europe and the US, the need for qualified healthcare and elderly care is continuing to grow. Today, these markets are characterized by an increasing number of older people who need healthcare, and an increased rate of lifestyle-related diseases, particularly various types of cardiovascular diseases. The weak economic trend combined with a population that is living longer and needs more care, means that the care sector is under financial pressure. In these markets, there is a need to provide better care for more people without increasing the cost to society. The focus of healthcare will mainly be limited to three areas: clinical results, efficiency and cost savings.

## Economic performance in emerging markets

The economic performance of emerging markets is enabling more countries to develop advanced healthcare. In recent years, many emerging markets have experienced strong economic growth, followed by greater prosperity and a growing middle class. These countries are now investing heavily in the expansion of healthcare in both the private and the public sector, requiring growing demand for products that can contribute to the rapid expansion of their healthcare systems.
However, the purchasing power in these markets is generally lower than in mature markets, which means that demand is mainly targeted toward products with simpler functionality and lower price.

## Changing requirements and behaviors

Changing customer behaviors and requirements creates new conditions for healthcare purchasing. The healthcare market is currently undergoing consolidation. This leads to fewer and larger players, which in turn leads to increased pricing pressure and reduced reimbursement levels for the medical device industry.

Today, purchasing is increasingly centralized and conducted higher up in the decision-making hierarchy. This means that central purchasing departments are usually responsible for purchasing, rather than physicians or healthcare professionals. It must also be possible to demonstrate that products and solutions can provide both documented clinical results and financial benefits.

## Challenges

For medical device companies, these trends bring a number of challenges, including:

- **Demonstrating proven financial and clinical benefits for products and services**
- **Offering products and solutions that contribute to efficiency enhancements**
- **Offering total service and support solutions, including training**
- **Offering products with simpler functionality at a lower price**

## Getinge's approach to these challenges

To become an attractive healthcare partner, size – in terms of product range, service and geographic presence – will become increasingly important for Getinge. To meet the challenges faced by the industry, the company is taking action in several areas:

**Customer-driven innovation**
It will be increasingly important that the products and services developed meet customer requirements and solve the challenges they face. Getinge's focus on customer-driven innovation means a product-development process that involves the customer from concept to finished product. The aim is to deliver solutions that meet customers' actual needs, rather than solutions driven solely by technological innovations.

**Solutions for increased efficiency in healthcare**
Getinge's offering includes IT systems for real-time resource planning for hospitals, technology that helps to optimize work processes. This helps ensure maximum utilization of for example operating rooms, and thus more efficient care.

**Service and support**
To guarantee safety and quality, Getinge offers professional total solutions for service and support.
In addition, training is also offered to support users, which ensures that the products are used properly and effectively. All to ensure optimal results for healthcare.

**Simpler functionality at a lower price**
Getinge is expanding its offering to also include products with simpler functionality at a lower price. The aim is to capitalize on the rapid growth and align with the lower purchasing power of the emerging markets.

# Geographic market trend

The medical device industry has been characterized by low global growth since the financial crisis in 2009. Growth will gradually improve over the coming years, but is unlikely to revert to pre-2009 levels, especially in mature markets and the US. However, emerging markets are expected to grow significantly faster than other parts of the world in the next few years.

**+4%**

Expected market growth in the medical device industry in the US

## USA

### FOCUS ON CLINICAL RESULTS AND FINANCIAL BENEFITS

In the coming years, the US market is expected to account for about 40% of the world's total healthcare costs, which can be compared with its current share of 42%.

**+12 %**

Expected market growth in the medical device industry in emerging markets

## Emerging markets

### CONTINUED INVESTMENT IN HEALTHCARE

In the coming years, emerging markets are expected to account for about 23% of the world's total healthcare costs, which can be compared with their current share of 15%.

**+2 %**

Expected market growth in the medical device industry in developed markets

## Mature markets

### FOCUS ON EFFICIENCY

In the coming years, mature markets are expected to account for about 37% of the world's total healthcare costs, which can be compared with their current share of 43%.

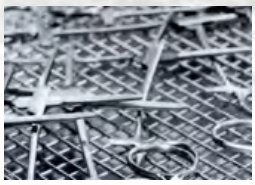
# Getinge's journey

We will be the **preferred healthcare partner** and **leading global contributor** to sustainable healthcare systems - **always with people in mind.**

**VISION**

**Agricultural roots**
In 1904, Swedish entrepreneur Olander Larsson started a business manufacturing agricultural equipment. The company is named after the town in which it was founded, Getinge. Getinge thrived, and soon began selling its products beyond Sweden.

**Diversification and global expansion**
In 1932, Getinge made a move into medical technology and began producing sterilizers for medical equipment. In the 1960s, Electrolux acquired Getinge and was able to help Getinge expand globally by leveraging its extensive international network.



**Leadership in infection control and sterilization**
In 1989, Swedish entrepreneurs Rune Andersson and Carl Bennet acquired Getinge from Electrolux. A new era of expansion and development began, and in the coming decades, many different companies across in Europe and the US were acquired. Getinge became a global leader in infection control and sterilization.

**Going public**
The story of Getinge is also about growing a financially strong and prosperous company. Getinge was listed in 1993, and the company's shares were issued on the Stockholm Stock Exchange (Nasdaq OMX). At the time, Getinge had 750 employees and sales of SEK 600 M.

**Building the Extended Care business area**
In 1995, the Getinge Group extended its product range to include medical beds, patient lifts and bathing solutions by acquiring Swedish company Arjo. Arjo became the core of the new Extended Care business area.

1900 1904 1932 1950

We have a **stable ownership structure**, which provides **long-term sustainability**. The business has evolved through a combination of organic growth and acquisitions, and the **entrepreneurial spirit** of all companies that currently comprise the Getinge Group is very much alive. We have a **positive corporate culture**, and many employees stay with the Group for a long time. The organization is **results-driven** with strong **ownership of the business** conducted by the operations. Our extensive **research and development activities** continue to deliver **innovative products and services** that meet **customer needs.**

## STRENGTHS

**Strong leadership**
In 1997, Carl Bennet became principal owner of the Getinge Group and was appointed Chairman of the Board, while Johan Malmquist was appointed President and CEO. They have since led the company with great success.

**Further expansion created Medical Systems**
Maquet, a global leader in operating tables, was acquired in 2000 and formed the foundation for the Medical Systems business area. Jostra (heart-lung machines) and Siemens LSS (ventilators) were acquired in 2003, making the business area's offering even more patient-centric.

**Continued development of Extended Care**
In 2007, development of the Extended Care business area continued through the acquisition of Huntleigh Technology PLC. The merger of Arjo and Huntleigh created a global leading player with a comprehensive product portfolio and service offering in the areas of patient handling, wound care and patient hygiene.

**Growing presence in the cardiovascular field**
Since 2008, Getinge has also contributed to advancements in the field of cardiology. With acquisitions such as Datascope, Boston Scientific's cardiac surgery division and Atrium, Getinge has expanded its presence in the cardiovascular field.

**Growth today and tomorrow**
Since the Getinge Group was listed on the Stockholm Stock Exchange in 1993, sales have grown at an average of more than 17% per year. In 2014, sales amounted to almost SEK 27 billion, with the aim of doubling that figure in the next few years. Today, the Getinge Group has nearly 16,000 employees in more than 40 countries.

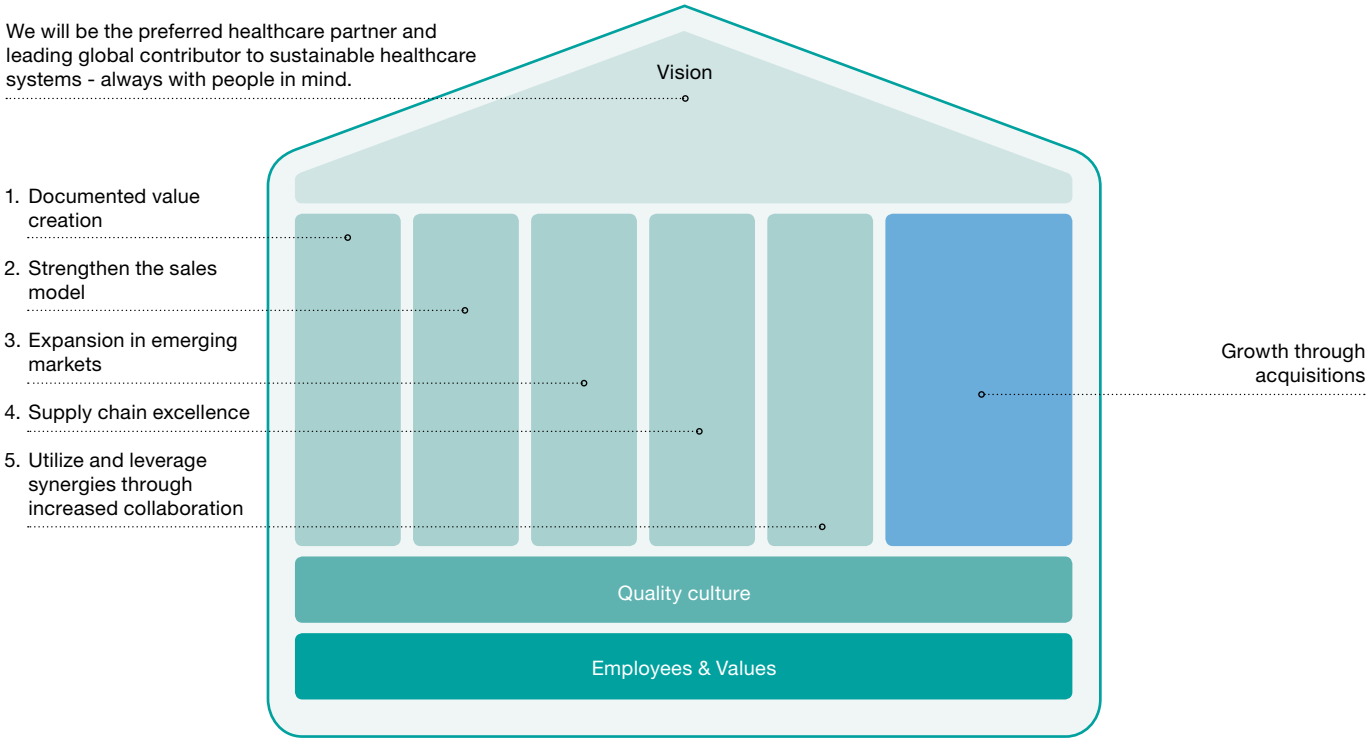
1989 1993 1995 1997 2000 2007 2008 2014

# Strategy for profitable growth

A key success factor for Getinge is the company's solid platform: dedicated employees, values based on entrepreneurship and efficient corporate governance. In all medical device companies, quality is a vital aspect and must permeate the entire operations in order to meet the safety requirements that are a prerequisite for players in the medical device industry.

Acquisitions have been a key element in building the Getinge Group. In the wake of continued consolidation among healthcare providers, and the increased focus on creating a financially sustainable healthcare sector, size becomes increasingly important for suppliers that want to achieve long-term success. A doubling of Getinge's size in the medium term is therefore desirable, which means that acquisitions will continue to play a key strategic role in the future. When the Group has reached a desirable critical mass, subsequent acquisitions will be complementary, while further development will mainly be achieved through organic growth.

A new strategy was implemented during 2014, in which five focus areas define how Getinge will achieve stronger organic growth as a complement to the strategic acquisition agenda. Through documented value creation, a strengthened sales model and further expansion in emerging markets, Getinge will become an even stronger player in the medical device industry. Supply chain excellence and increased collaboration between the business areas will, in turn, enhance efficiency in the operations and leverage significant synergies.



## The strategy's five focus areas

Focus area 1

### Documented value creation
through strengthened innovation power

Innovation and product renewal at Getinge will result in products, systems and solutions with a documented ability to deliver excellent clinical results and economic benefits. Put simply, it will pay to invest in Getinge's products. By putting their trust in Getinge, customers can improve their financial performance, while optimizing their clinical results.

**During the year,** Getinge introduced Outcome-Driven Innovation within Infection Control, a method in which the innovation process focuses clearly on customer needs. The method has two stages: firstly, in-depth interviews are conducted with customers to identify needs and requirements. These are then compared with a larger group of customers to identify how important they are, and how well these needs are met today. By adopting this new approach, the business area has identified a number of opportunities for both new product development and the repositioning of existing products and solutions. Outcome-Driven Innovation has also led to customer needs being transferred to the business area's research and development department in a consistent and structured manner, thereby ensuring that the right innovation project is prioritized.

Focus area 2

### Strengthen the sales model
through dialog with senior executives

The nature of decision-making is changing, and increasingly involves hospital management and central purchasing departments. As a result, Getinge must demonstrate the economic benefits of the Group's products more clearly, and develop the sales process to also include the new decision-makers. At the same time, the organization's ability to present advanced reasoning based on the financial and economic conditions of healthcare must be strengthened.

**During the year,** Getinge launched a global pricing program in the Extended Care business area. The goal is to introduce a pricing structure that is easy to communicate, and that is based on customer value rather than product list prices. Creating unique customer offers demonstrates the economic benefits and the total value contributed by the business area's solutions. Large, long-term customers are rewarded through this new initiative, which also promotes the development of new and innovative business models, which, in combination, is expected to contribute to improved operating profit in the business area.

Focus area 3

### Expansion in emerging markets
through a market-adapted product offering

Getinge's performance in emerging markets has been favorable, and accounts for almost 30% of total sales. Since this trend is expected to remain favorable in the long term, Getinge intends to further strengthen its position in these countries. However, due to higher demand and increased competition, the Group must be able to offer the right products at the right price. Getinge will continue to strengthen its leading position among the more demanding hospitals, but also develop a product range that is tailored to the mid-market segment, with products with simpler functionality at a lower price. The Group will thus be well positioned to leverage the next wave of growth in these markets.

**During the year,** Getinge initiated a project to benefit from the Group's size by coordinating certain functions at Group-wide level in emerging markets. This will promote collaboration between the business areas and help to capitalize on economies of scale, while customers will also benefit from the Getinge Group's single interface.

In addition, the Group has launched a number of products with simpler functionality at a lower price, tailored to the needs of the emerging markets.

Focus area

4

## **Supply chain excellence** through reduced complexity and geographic optimization

To further coordinate production and distribution and thus benefit from the Group's infrastructure, size and expertise, Getinge's supply chain will be streamlined. Production will be concentrated to fewer plants with stronger resources, reducing complexity, transferring sourcing to competitive suppliers and optimizing the Group's logistics solutions.

**During the year,** Getinge worked with the introduction of a global, harmonized and efficient supply chain within Medical Systems, with a clear customer focus. A large number of processes were identified and redesigned to optimize the business area's logistics solutions. Due to a more structured and organized planning capacity, the implementation has already generated results in the business area, in the form of improved forecast accuracy and customer service, as well as inventory optimization.

Focus area

5

## **Utilize and leverage synergies** through increased collaboration between the business areas

There are a number of areas in which the benefits of being a large Group have not yet been fully utilized. The coordination of certain Group functions and creation of a framework with clear processes will allow Getinge to better utilize its size and substantial purchasing power to lower costs and increase competitiveness.

**During the year,** Getinge launched a project to introduce Shared Services at Group level. The initial focus is on financial and administrative functions. A Shared Services center was established in Krakow, Poland, and a successful pilot project was concluded in Getinge, Sweden. The results of this project will provide a basis for the continued implementation of Shared Services.

# Financial targets 2014

The focus of Getinge's financial targets is high growth and improved profitability. These targets will help to develop the Group's position as a leading global medical device company and generate healthy returns for the company's shareholders. During 2014, a review of the financial targets was initiated and the results will be presented in 2015.

### PROFIT BEFORE TAX SHALL GROW BY AN AVERAGE OF 15% ANNUALLY

Earnings growth will be achieved through increased exposure to product areas with therapeutic values, a higher proportion of consumables and disposables and increased exposure to emerging markets.

In 2014, profit before tax declined by 37% to SEK 1,987 M (3,153). The decline was largely attributable to low volume growth in emerging markets, combined with non-recurring costs of SEK 995 M pertaining to enhancement of the quality management system in Medical Systems.

### ORGANIC GROWTH SHALL OUTPERFORM MARKET GROWTH BY 2 PERCENTAGE POINTS

In the short-term, this corresponds to organic growth of 4-5%, and 6-7% in the long term. Organic sales growth will be achieved through increased exposure to emerging markets, sales synergies from major acquisitions and continued investments in the development of products with the potential to expand the Group's market.

In 2014, organic sales growth was 0.6%. The growth trend was weak, particularly in emerging markets where expectations were higher.

### THE EBITA MARGIN SHALL BE ABOUT 22%

The EBITA margin will be reached primarily through lowering costs by streamlining the Group's supply chain including the consolidation of manufacturing units. Secondly, the operating margin will be boosted through increased exposure to product segments with higher profitability and increased collaboration between business areas to optimize sourcing and administrative processes.

In 2014, the EBITA margin was 12.4%. Adjusted for restructuring, integration and acquisition expenses, the EBITA margin was 16.9%.

### CASH CONVERSION. 60 TO 70% OF EBITDA SHALL BE CONVERTED TO OPERATING CASH FLOW.

Getinge works in a structured manner to ensure effective capital management. Among other items, the initiative includes active work with accounts receivable, business inventories and accounts payable. The lower financing cost that these efforts create is used to invest in the Group's future in the form of product development, innovation and acquisitions.

In 2014, cash conversion amounted to a favorable amount of 72.9%, which exceeded the Group's target.

Possibly the **strongest feedback** from employees was the **passion for their work** and the company.

# Group-wide values

Getinge has traditionally had a culture of professionalism and entrepreneurship. It is important that common values anchored throughout the organization permeate the operations in order to realize the Group's strategy and achieve the set targets.

Since it was first listed in 1993, Getinge has grown largely through acquisitions, which has resulted in the Group consisting of many different cultures. While the business areas continue to be responsible for large areas of their own operations, the Group-wide strategy implemented in 2014 imposes more demanding requirements on appropriate behaviors and a shared culture. It is essential to establish shared values to ensure that Getinge achieves its set targets in the five strategic focus areas, and also to ensure Getinge's continued success. In addition, it has appeared that the current values have not been sufficiently well-known in the organization. For this reason, a global project was initiated at the beginning of 2014 with the task of determining whether the existing values were to be relaunched or redefined.

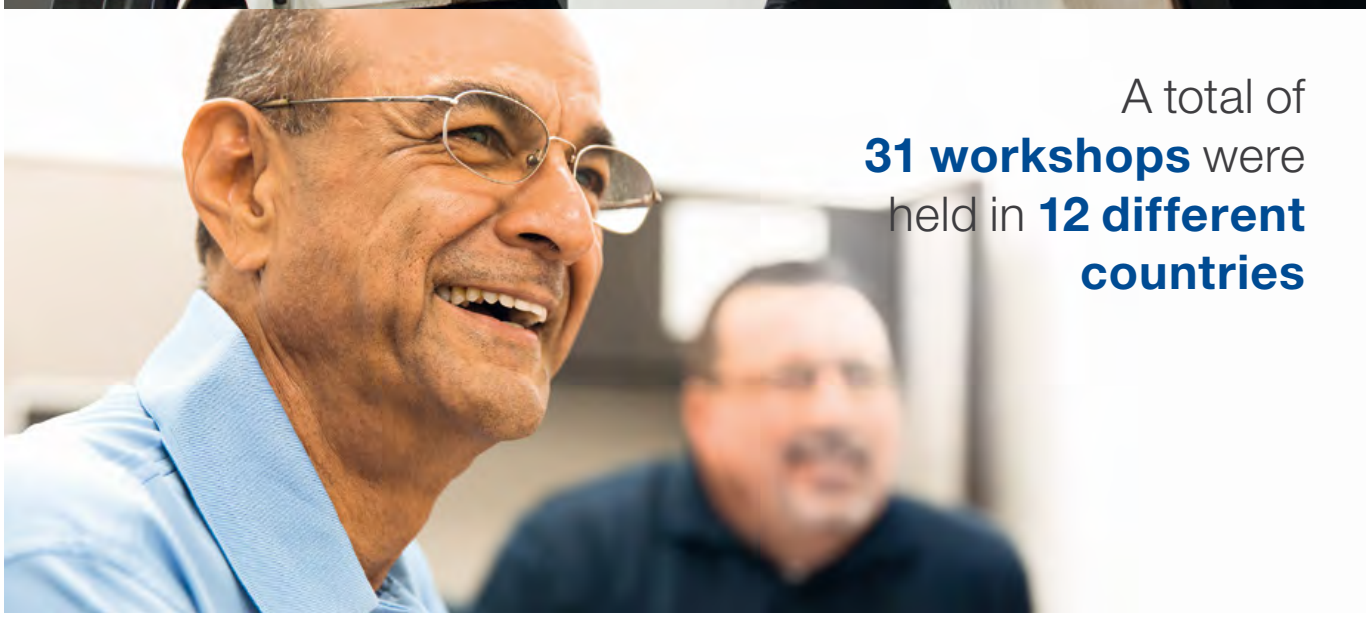
Extensive work was carried out during the year to identify values that could be applied to the entire Group and that symbolized One Getinge. Workshops were arranged with business area management teams and subsequently Group management to identify authentic values and to define the behaviors required for achieving the Group's targets. The results of this work led to five values.

A decision was made to validate these values in the organization to ensure that they supported the strategy and reflected the drive of the organization, and also to ensure that they would be well received by employees. The values were discussed at a large number of workshops held in many different countries, with country specific issues discussed and captured. A basic condition for these workshops was representation from different functions and levels of the organization, as well as employee representatives from all business areas and regions.

A total of 31 workshops were held in 12 different countries, with participant representation from three additional countries.

Although there were different preferences to the way of expressing the values, the views resulting from the workshops were very much the same. As a result, five values have been defined; passion, excellence, ownership, openness and collaboration. Possibly the strongest feedback from employees was the passion for their work and the company. For this reason, passion is at the very core of the Group-wide values.

The results of this work will be implemented throughout the organization in 2015.



A total of **31 workshops** were held in **12 different countries**

# Innovation based on customer insights

The foundation of all research and development at Getinge is an in-depth understanding of the customer. Efficient solutions and products that deliver added value for customers are needed to be successful in the medical device industry. In turn, this requires major investments in research and development.

Innovation and product renewal will result in products, systems and solutions with a documented ability to deliver excellent clinical results and financial benefits. The customer-oriented approach helps allocate resources to develop solutions that genuinely contribute to enhancing the efficiency of customers' work and solving the challenges that they face.

Getinge's research and development aims to design and manufacture safe products, developed for the intended environment and for users' level of expertise. Every product is unique and consequently the manufacturing processes are adapted to different projects. A common factor, however, is that of ensuring quality and regulatory aspects early on in the process to increase efficiency and profitability. It is also important to involve several parts of the operations in the development process to take into account manufacturing, sales and future upgrades, for example, at an early stage.

Research and development comprises a key component of Getinge's strategy and the Group currently has well-established organizations in this field via its three business areas. Work on coordinating research and development in each business area continued during the year. The aim was to capitalize on synergies and knowledge transfer to a greater extent, something that has previously been limited since research and development was decentralized and often associated directly with each business area's production units.

In 2014, the Getinge Group invested a total of SEK 1 270 M in innovation and product development, corresponding to 4,7% of sales (5,1%).

## EcoDesign for sustainable product development

The product's environmental performance is analyzed during all the development phases of the product, from pilot studies to implementation. The environmental impact over the entire product life cycle is taken into account. Environmental aspects are included when selecting materials and components, on choosing manufacturing methods and during design to ensure low resource consumption. In addition, within the framework of EcoDesign, it is ensured that no prohibited substances are used and that the use of environmentally hazardous substances in products and in manufacturing is minimized.

Read more about the Group's EcoDesign on page 25.

During the year, Extended Care launched the first product developed under EcoDesign. Skin IQ 365 is a mattress cover that controls moisture and heat from patients and thus helps prevent pressure ulcers.

## Development in cooperation with clinics on four continents

Medical Systems will launch a new turbine ventilator in 2015. This type of ventilator will be used at hospitals in parts of the world that do not always have access to air from wall outlets. The new ventilator will be of the same high quality as the other products in the SERVO series. It has been specially designed to be user friendly, light-weight and quiet. To ensure high user-friendliness, Medical Systems worked together with physicians and nurses from the regions where the product was expected to be used throughout the entire development project, for example, India, South Africa, Japan and the USA.

## Promoting early mobilization

Promoting early patient mobility in healthcare settings has many advantages, including slowing down muscle atrophy, improving respiratory function and reducing the risk of pressure ulcers.

Sara Combilizer, developed by the Extended Care business area, is a multifunction patient positioning and early mobilizing aid for use in critical care environments, and enables the early mobilization of critically ill patients as part of a structured rehabilitation plan.

## A new standard of user-friendliness

CENTRIC is a unique method developed by Getinge Infection Control to produce user interfaces for the business area's equipment. The system was designed in cooperation with customers and users and is the result of extensive, documented user studies from around the world. CENTRIC represents a new standard of user interaction with medical equipment. The interface has been developed for optimal user-friendliness, meaning that Getinge's products will be more efficient, easier to learn and more enjoyable to use.

The baby's general condition **continued to improve** over the next few weeks and **on her 37th day of life, she could breathe on her own.**

# Getinge's products help save lives - every single day

Almost four years ago, a little baby girl was born at only 23 weeks, weighing just 355 grams. Shortly after she was born, the baby underwent a critical operation where Getinge's anesthesia and ventilator unit FLOW-i truly delivered on its promises.

The baby was born by cesarean section at the University Hospital Graz in Austria. A decision was made to perform a cesarean section after her heart rate deteriorated. The baby's condition stabilized in the following days but her general condition became worse on the eleventh day. Her abdomen was swollen and she was sensitive to being touched. Blood tests revealed an elevated number of white blood cells – a clear sign of inflammation. An X-ray also showed that the baby may have been suffering from an obstructed bowel. Physicians decided to perform emergency surgery after the baby started to have difficulty breathing.

It is hard to prepare the amount of drugs and volumes for infants, and most anesthesia machines are not suited to infants, making it difficult to set the correct volume for breathing. But FLOW-i performed better than anyone could have hoped for during the three-hour operation. The machine gave no false alarms and provided correct ventilation for the baby.

After the operation, the baby was returned to the neonatal intensive care unit. At the time, her weight was 395 grams and she was about 20 cm. Although she still needed help with breathing, her condition was described as stable.

The baby's general condition continued to improve over the next few weeks and on her 37th day of life she could breathe on her own. By the time the baby had grown to 1,000 grams, the supplementary oxygen she had previously been receiving was no longer needed.

This year she will turn four. She is still a little small for her age but other than that she is just as active and sociable as any four-year old.

# Global responsibility

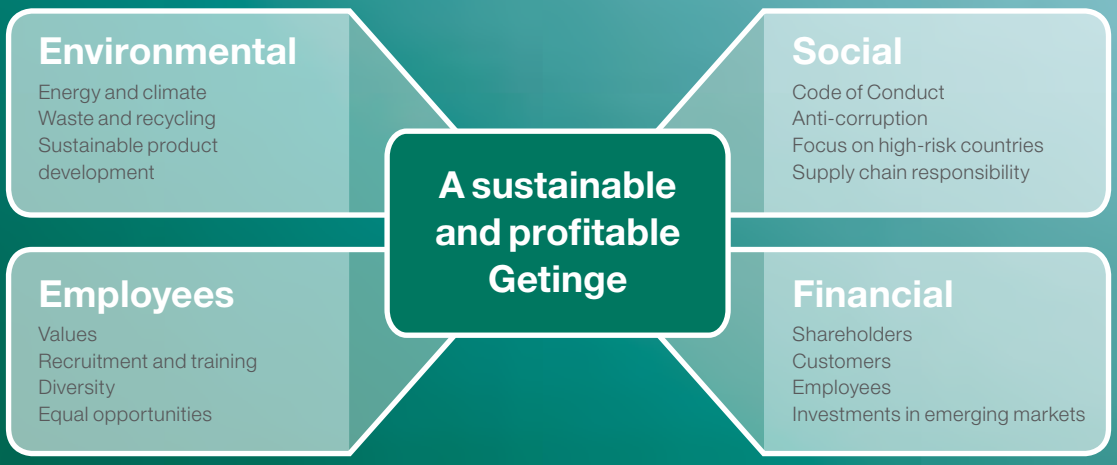
Getinge feels a considerable sense of responsibility to contribute to long-term sustainable development in terms of both lower environmental impact from production and finished products and social responsibility in the markets in which the company operates.

The Getinge Group's sustainability efforts also aim to ensure the Group's long-term earnings capacity and strengthen the company's competitiveness. The sustainability efforts have a favorable impact on the Group's ability to attract and retain both customers and employees, which is crucial for the continued development of Getinge.

Environmentally compatible product development, EcoDesign, is a key aspect of Getinge's development activities. Quarterly environmental reporting from all of the Group's production units provides excellent opportunities for follow-ups and comprises the basis for decisions concerning environmental goals and activities in the environmental area.

The Getinge Group endeavors to make positive contributions to the countries in which the company is active. While employees are encouraged to actively participate in social issues, the company does not make any contributions to political parties and makes no political donations.

## Getinge's sustainability work



# Lower environmental impact of manufacturing and products

Getinge strives to minimize any negative environmental impact of its operations and products. The aim is to reduce the environmental impact of products over their entire life cycle.

All manufacturing units will implement and certify management systems that meet the ISO 14001 standard. New operations must have certified management systems in place within two years of being acquired or established.

This ensures structured environmental efforts through requirements for follow-up of the environmental impact of own operations and the preparation of goals, actions and procedures for significant areas.

Goals and actions are focused on the elements that comprise the most significant environmental impact for each facility. Regular external and internal audits ensure that the management system develops continuously and contributes to an effective environmental effort.

Except for recently acquired units, all production facilities in the Group now have certified environmental-management systems. For more information, refer to the summary of certifications on page 104.

In 2014, a throughout analysis of the environmental impact of all production facilities was carried out. Each facility reported the most significant environmental aspects of its operations.

The Group-wide environmental group, which comprises representatives from all business areas, evaluated and compiled the results. This data provided an overall profile of the Group's most significant environmental footprint. The results of the analysis will form the basis for preparing new environmental goals during 2015.

### QUARTERLY ENVIRONMENTAL REPORTING

All production facilities prepare quarterly reports on their environmental performance regarding consumption of fuel and electricity, quantities of waste and recycling as well as emissions of solvents. The reporting is already fully integrated with the Group's financial reporting and enables excellent opportunities to follow up the progress of the work with the Group's environmental goals. The information is regularly updated on the Group's intranet.

## Getinge's environmental policy

The Getinge Group's overall goal is to contribute to a sustainable society. We have taken it upon ourselves to optimize our use of energy and natural resources, minimize our emissions to air and reduce the environmental impact of our waste management.

Accordingly, we will integrate environmental consideration in all of our activities; consider environmental legislation and regulations as minimum requirements; encourage employees to take personal responsibility and thus contribute to sustainable social development as well as continuously improve our environmental effort and regularly report our performance to our stakeholders.

## ENERGY AND CLIMATE

Reducing the climate impact of the operations constitutes a key element of environmental efforts. The Group's environmental goals include a 10% reduction of CO2 emissions from production between 2010 and 2015 and a 22% reduction in emissions from the Group's vehicle fleet by 2015.

**Energy-efficiency enhancements.** Efforts to enhance energy efficiency continued during the year. Examples of efficiency enhancements include replacing lighting with LED lighting or energy-efficient fluorescent lighting in production and warehouse premises, which resulted in a considerable reduction in electricity consumption. At a few facilities, more efficient heating equipment has been installed, including heat recovery equipment and heat pumps, which have reduced energy consumption at these units. The direct emissions from burning fuel have also been gradually reduced.

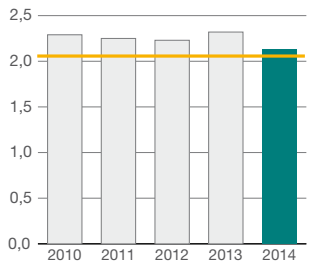
**Indirect emissions from electricity use.** As part of further reducing the Group's climate impact, more of the production facilities are using green electricity. Other facilities have actively chosen suppliers with a favorable electricity production mix. Accordingly, it was possible to decrease indirect emissions in a number of countries.

A challenge for the Getinge Group is that in many cases the production facilities are located in countries in which is it more difficult to find suitable electricity suppliers. Traditionally, emerging markets have higher emissions from electricity generation, which means that emissions in these markets rise with increased production. This was the primary reason why the Group's total CO2 emissions have not declined more significantly. To improve this situation, Getinge is striving as far as possible to identify other ways of reducing emissions, for example by installing solar panels or working on encouraging local electricity suppliers to reduce emissions from their electricity production.

**Freight transportation.** A key component of Getinge's climate endeavors relates to emissions from freight transportation. This applies to transportation with the Group's own vehicles, such as service visits, and to freight transportation. Getinge's car policy imposes far-reaching demands on CO2 emissions. Group-wide reports are prepared for the majority of the vehicle fleet. The reports are mainly based on actual fuel consumption and actual mileage. The establishment of regular reporting and follow-ups enables detailed monitoring of the progress on reaching the Group's environmental goals for its own vehicles. Proactive selection of carriers and efficient logistics operations will enable a reduction in the environmental impact from freight transportation in the coming years.

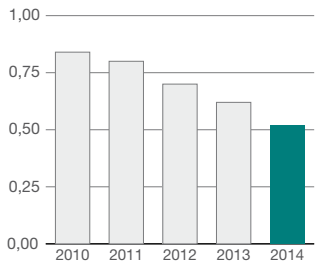
**Carbon Disclosure Project (CDP).** For many years, Getinge has participated in reporting to the CDP, a non-profit organization that compiles climate information from the major global listed companies. The extensive reporting includes fuel and electricity consumption, for which the direct and indirect CO2 emissions from the Group's activities are calculated. The reporting also includes established climate goals, emission-reduction measures and follow-up of earlier years' results. In the latest report from the CDP, "Nordic 260 Climate Change Report," which was published in October 2014, Getinge's ranking was the same level as the preceding year. More information about CDP is available at www.cdp.net.

**Total production-related $CO_2$ emissions**
Target: 10% reduction



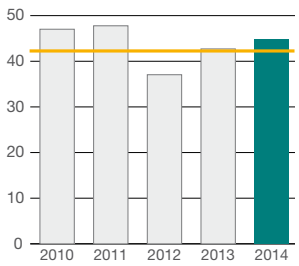

■ Direct and indirect emissions, tons per SEK M of internal sales
■ Target by 2015 with 2010 as base year

**Direct production-related $CO_2$ emissions**




■ Direct emissions, tons per SEK M of internal sales

**Hazardous waste** [1]
Target: 5% reduction




■ Quantity of hazardous waste, kg per SEK M of internal sales
■ Target by 2015 with 2010 as a base year

## WASTE AND RECYCLING

One of the Group's environmental goals applies to increased recycling of waste from the production facilities. Reaching the vision of recycling all production waste requires investments in efficient waste handling equipment, changed attitudes and behavior as well as environmentally compatible product development. Methodical work has resulted in the proportion of waste being sent to recycling gradually increasing year-by-year.

## Conscious choices in development of new products

EcoDesign is a core component of Getinge's contribution to long-term sustainable development. An increasing amount production work is now carried out pursuant to the EcoDesign principles, which provide excellent possibilities for meeting the market's increasingly stringent requirements and expectations.

EcoDesign allows the provision of products and services for a more sustainable society. Making conscious choices to improve products' environmental performance and reduce environmental impact from production is often extremely cost-effective. The products' reduced energy and resource consumption generates, in turn, a reduction in the environmental impact of the operations of Getinge's customers.

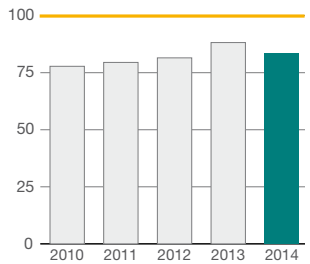
During all the development phases of the product, from feasibility studies to implementation, the project team involved must determine the product's environmental performance. The Group's procedures and guidelines include clearly detailed activities and responsibilities. Documentation requirements for the work can also be found here.

The environmental impact over the entire product life cycle is taken into account during development. Environmental aspects are included when selecting materials and other input components, on choosing manufacturing methods and during design to ensure low resource consumption.

In addition, within the framework of EcoDesign work, it is ensured that no prohibited substances are used and that the use of environmentally hazardous substances in products and in manufacturing is minimized.

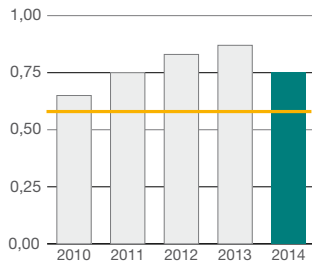
During the year, the first product designed under EcoDesign was launched, Skin IQ 365, which is a mattress cover that controls moisture and heat from patients and thus helps prevent pressure ulcers.

**Recycling** [2]
Target: all other waste should be recycled




■ Waste to material or energy recycling, %
■ Target by 2015

**Emissions of VOC** [3]
Target: 5% reduction




■ Emissions, kg per SEK M of internal sales
■ Target by 2015 with 2010 as a base year

1. **Hazardous waste:** The increase was mainly attributable to the discontinuation of certain production as well as technical changes in production at some of the Group's production facilities.
2. **Recycling:** The decrease is attributable to the discontinuation of certain production.
3. **Volatile organic compounds:** The emissions are mainly attributable to the painting of certain products, which will be phased out.

The graphs are based on reporting from all of the Group's production facilities.

# Focus on employees and values

As the Getinge Group expands its operations through corporate acquisitions and by establishing new operations in various regions of the world, the company's fundamental values becomes increasingly important.

Getinge aims to be an attractive employer and offer a work environment that is based on cooperation, responsibility and transparency. All employees are to be treated equally and Getinge does not accept any form of discrimination due to, for example, religion, age, ethnicity, national identity, gender, sexual orientation, political view or similar.

**Values.** Extensive work was carried out in 2014 to identify values that represent the entire Group and that symbolized One Getinge. The results of this work will be implemented throughout the organization in 2015. Read more about our values on pages 16-17.

**A safe work environment.** Employee health and safety is of the utmost importance, and a safe and secure work environment is a priority.

Considerable emphasis is placed on the employees' well-being and the company must provide safe and sound work environments in line with best practices.

The Group's work on health and safety matters is based on national legislation, international regulations and own requirements and policies. Getinge strives to offer a safe and nondiscriminatory work environment for the company's employees worldwide and conducts a continuous, long-term health and safety effort at all facilities.

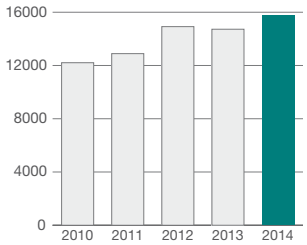
Sickness absence for 2014 totaled 2.7% for the Group as a whole, unchanged since the preceding year. The number of accidents per 100 employees was 2.9 (2.7). No serious accidents were reported during the year.

## RECRUITMENT AND TRAINING

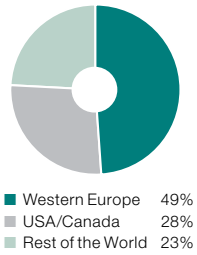
To continue to expand Getinge's business at a fast pace, the Group must attract, recruit, develop and retain employees with the appropriate expertise and right values. The Group has thus pursued a long-term HR effort that supports the company's strategic and financial targets, which includes structured succession planning that is reviewed annually.

A number of initiatives were started during the year to further improve the supply of suitable future leaders. One example is the Group-wide process for identifying talented individuals at an early stage in their career. Exchanges between the business areas have also been restructured and expanded to establish a Group-wide talent pool. Development plans were also further structured to ensure that the right competencies are built up within the Group.

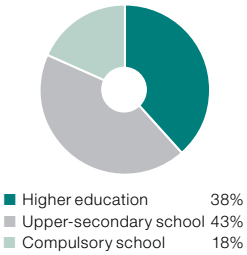
**Number of employees**



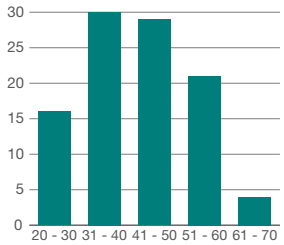

**Number of employees per region, %**




**Level of education**




**Age structure**
Distribution per age group, %



Every year, a number of training courses are held for the Group's executives, and customized training programs are offered at university level for future leadership talents. These programs are organized in close cooperation with some of the most distinguished universities in the world.

Furthermore, managers are continuously trained in the implementation of Getinge's strategy, such as in the form of challenges and opportunities associated with the prioritized activities established for achieving the targets.

## DIVERSITY

The Getinge Group endeavors to create a business with extensive overall expertise and a wide range of experience to create a dynamic organization that can continue to advance the company in line with its strategic objectives. Accordingly, Getinge actively works on diversity issues, which are a key element of the Group's Code of Conduct.

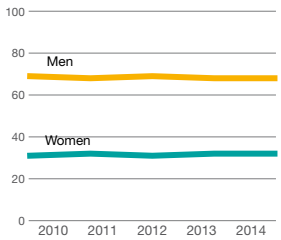
By creating an organization that attracts the best and most innovative men and women from the entire world, Getinge further reinforces its already highly result-oriented culture.

The industry is traditionally dominated by men and Getinge works actively on increasing the number of women, both in terms of total number of employees and among managers and future talents.

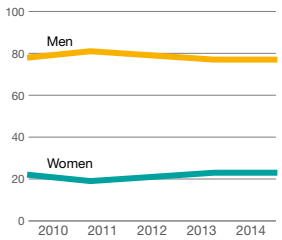
## EQUAL OPPORTUNITIES

Alongside diversity initiatives, Getinge also prepared a policy in 2011 to ensure that all employees – regardless of gender, race, religion and other irrelevant contextual factors – are given equal opportunity to develop and receive equal wages for equal work in due consideration of local conditions.

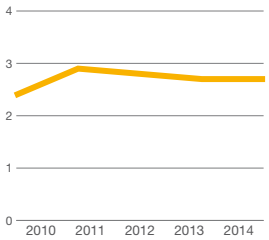
**Gender distribution, general, %**



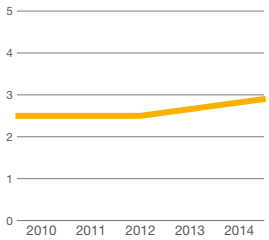

**Gender distribution, management, %**




**Sickness absence in the Group, %**




**Accidents**
# of accidents per 100 employees



Ryan, 6. Leukemia
I wish to go to Hawaii

# Integrity and social responsibility

Getinge places high demands on all of its operations in terms of health, safety, discrimination and ethics – regardless of where in the world operations are conducted.

To strengthen its competitiveness, Getinge has relocated parts of its supplier base in recent years from Western Europe and the US, to more competitive countries in Eastern Europe and Asia. To ensure that the Group's Code of Conduct is also upheld even in the supply chain, in 2012, the Group decided that all supplier agreements must be supplemented with an agreement under which the supplier pledges to comply with the requirements in Getinge's Code of Conduct, which is an ongoing process.

## FOCUS ON HIGH-RISK COUNTRIES

In many of the countries where Getinge is active, health and safety in the workplace is regulated by stringent national legislation. However, the Getinge Group is also active in countries where this legislation is significantly weaker. Nonetheless, the Group places the same demands on all of its operations in terms of health, safety, discrimination and ethics regardless of where in the world operations are conducted.

For operations in countries with weaker legislation, the company's Code of Conduct and policies are of the utmost importance and govern activities in the absence of legislation. To ensure management of the elevated risks in high-risk countries, Getinge performed a risk analysis during the year, and training activities in this field are being planned in the Group for next year.

## ANTI-CORRUPTION

Gifts, corporate representation, compensation and personal benefits may only be offered to outside parties if they are of minor value and associated with the prevailing norms. No gifts, corporate representation or personal benefits may be given if they contravene the applicable legislation or prevailing norms. Gifts that do not meet these requirements must be reported to management, which will determine what action is to be taken.

Getinge's employees are not permitted to strive for or accept gifts or benefits that can be presumed to impact their business decisions. Gifts that can be presumed to impact business decisions must be reported to the company's management, which will determine what action is to be taken. Work on combating corruption is highly important to Getinge. As part of this effort, activities were started in 2014 on securing training and certification for the Group's employees.

## RESPONSIBILITY FOR LOCAL COMMUNITIES

Getinge strives to make a positive and sustainable contribution to the communities in which the Group conducts operations. An example of the Group's community involvement is donations to Make-A-Wish America.

Make-A-Wish grants the wishes of children diagnosed with a life-threatening medical condition in the US. For the period between March 2014 and March 2015, Medical Systems in the US is donating USD 250 for every order of more than USD 50 000. The total donation was already at USD 90 000 by year-end.

## Our Code of Conduct

Getinge's Code of Conduct stipulates how the company does business and describes the company's and employees' responsibilities to stakeholders. The Code of Conduct stipulates how the company and its employees must conduct operations pursuant to ethical principles and in accordance with the applicable laws and regulations. All employees are to follow the values and principles set out in the Code of Conduct, and everyone is responsible for personifying Getinge's responsibilities in the day-to-day operations.

The Code of Conduct is based on the following international principles:

- The UN Universal Declaration of Human Rights
- UN Global Compact
- ILO Declaration on Fundamental Principles and Rights at Work
- OECD's guidelines for multinational companies

The Group is also in the process of implementing a global whistle-blowing system under which employees have the opportunity to report any improprieties or deviations from the Code of Conduct.

# Value creation for stakeholders

The Getinge Group's sustainability efforts also aim to ensure the Group's long-term earnings capacity and strengthen the company's competitiveness. The sustainability efforts have a favorable impact on the Group's ability to attract and retain customers and employees.

### SHAREHOLDER VALUE

Getinge creates value for its shareholders through annual dividend payments and the share's long-term development. Approximately one third of profit after tax is distributed to the company's shareholders as a return on invested capital. The remaining two thirds are reinvested in the company.

For 2014, the proposed dividend is SEK 2.80 per share (4.15).

### EMPLOYEES

Over the past 20 years, Getinge has grown from approximately 900 employees to almost 16 000 employees. The Group values healthy relationships with trade unions throughout the world and pays salaries and remuneration that exceed minimum levels and according to practice in all countries. According to the Group's policy, the Group does not employ minors. In 2014, salary costs and other remuneration amounted to SEK 6 480 M (6 136).

In many countries, the Group's employees are covered by defined-contribution pension plans, primarily retirement pensions. The premiums are paid continuously throughout the year by each Group company to separate legal entities, such as insurance companies. Certain employees pay a portion of the premium themselves. The size of the premium paid by the employees and Group companies is normally based on a set proportion of the employee's salary. In 2014, the total net cost for pensions amounted to SEK 399 M (373). For further information regarding the Group's pension commitments, see Note 22 of the consolidated financial statements.

### CUSTOMERS

The Getinge Group's customers are found in the healthcare sector. Through its operations, the Getinge Group contributes to enhancing care and making it more efficient, which ultimately leads to the release of resources for additional care production. The Group has long been a major player in the European healthcare market. The expansion of recent years means that Getinge's customers are currently found in all corners of the world.

### INVESTMENTS IN EMERGING MARKETS

In recent years, the Getinge Group has completed a number of investments in production facilities and sales companies in several emerging markets. New plants have been opened in China, Poland and Turkey thus creating new employment opportunities and favorable working conditions for employees in these countries.

# Medical Systems

The Medical Systems business area's product range includes operating-room equipment, intensive care units and cath labs, instruments and implants for cardiovascular surgery, anesthesia equipment and ventilators, as well as advanced products for the minimally invasive treatment of cardiovascular diseases.

**Share of Group employees**

**45 %**

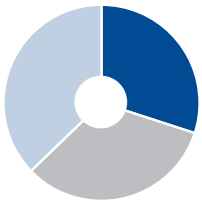
7 008 employees

**Share of Group sales**

**53 %**

SEK 14 105 M

**Share of sales, per region**



| | |
|---|---|
| Western Europe | 30 % |
| USA & Canada | 33 % |
| Rest of the World | 37 % |

# Extended Care

The Extended Care business area's offering encompasses products and services for hospitals and the elderly care sector. The product range encompasses solutions for the prevention of accidents and injuries associated with immobility, including pressure ulcers, deep-vein thrombosis, falls and work-related injuries when moving patients. The business area also features an extensive selection of ergonomically designed products that facilitate daily tasks, such as lifting, transferring and patient hygiene.

**Share of Group employees**

**35 %**

5 542 employees

**Share of Group sales**

**27 %**

SEK 7 164 M

**Share of sales, per region**

| | |
|---|---|
| Western Europe | 48 % |
| USA & Canada | 37 % |
| Rest of the World | 15 % |

# Infection Control

The Infection Control business area offers an extensive range of disinfectors and sterilizers which, combined with the business area's IT systems and consumables, create integrated solutions that meet customers' stringent efficiency and safety requirements. The business area also features a full range of accessories to ensure a consistent, secure, ergonomic and cost-effective flow and storage of sterile goods.

**Share of Group employees**

**20 %**

3 089 employees

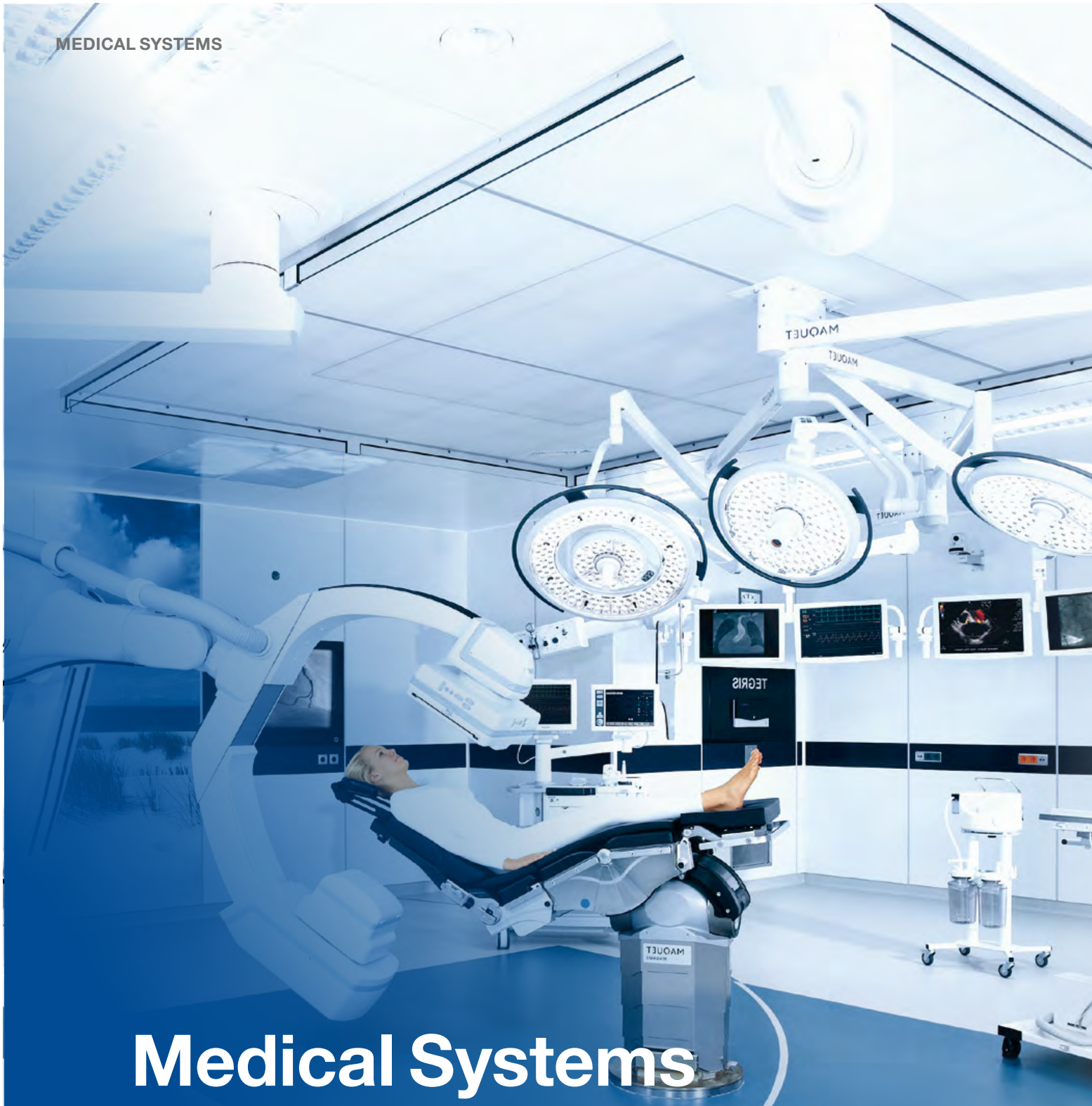
**Share of Group sales**

**20 %**

SEK 5 400 M

**Share of sales, per region**

| | |
|---|---|
| Western Europe | 41 % |
| USA & Canada | 31 % |
| Rest of the World | 28 % |




# Medical Systems

The Medical Systems product range includes operating-room equipment, intensive care units and cath labs, instruments and implants for cardiovascular surgery, anesthesia equipment and ventilators, as well as advanced products for the minimally invasive treatment of cardiovascular diseases.

Medical Systems accounts for 53% of Getinge's sales and 64% of EBITA. The number of employees amounts to 7 008, corresponding to 45% of the Group's total employees.

# Continued focus on quality

During the year, the business area continued its work to strengthen the quality management system and introduce improvements at its production facilities. The AGC* option, which is an extension to the functionality of the FLOW-i anesthesia delivery system, was launched and German company Pulsion and Danish company Cetrea were acquired. Going forward, Medical Systems will continue to strengthen the quality management system and support customers by launching products that contribute to better and safer care for patients and improved financial benefits for the healthcare sector.

Organic growth for Medical Systems in 2014 was lower than in the preceding year. Uncertainty remains in some of the company's markets, and in certain countries even crises are prevailing, which affects the rate of investment in healthcare. This applies to for example Russia and parts of South America. The trend in the Asia and Pacific region was more favorable, particularly in Japan and Australia.

## STRENGTHENING OF QUALITY MANAGEMENT SYSTEM

Substantial investments were made during the year to strengthen Medical Systems' quality management system. The measures were, in part, a result of observations submitted in connection with inspections by the US FDA (Food and Drug Administration) during 2013, and internal evaluations and observations.

A US court approved an agreement concerning a Consent Decree between Medical Systems and the FDA in February 2015. The Consent Decree provides a framework that guarantees that Getinge completes the improvement activities that are currently underway to strengthen Medical Systems' quality management system. Getinge has committed SEK 995 M for this remediation program and the aim is to conclude the program by mid-2016. Excluding the costs for the remediation program, the total financial consequences related to the Consent Decree are estimated to amount to approximately SEK 500 M.

*The description of the AGC option is intended for an international audience outside of the United States.

Heinz Jacqui
Executive Vice President
Medical Systems

There is no indication that any of the business area's products are unsafe. The substantial investments in the quality management system have already led to significant improvements and the agreement with the FDA provides the business area with a clear path forward.

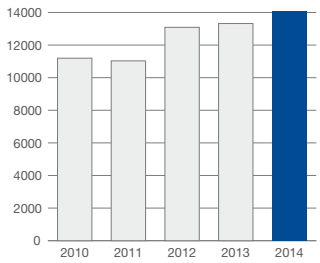
## ACQUISITIONS STRENGTHEN THE ORGANIZATION

During the year, Getinge has acquired the majority of shares of German company Pulsion Medical Systems SE, which is a leading supplier of specialized solutions for hemodynamic monitoring of critically ill patients. The company is particularly strong in less invasive cardiac output measurement through its renowned PiCCO brand.

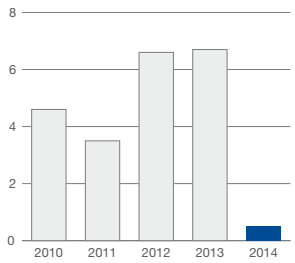
Pulsion has vast expertise in the commercialization of advanced monitoring solutions and associated disposables, which will contribute positively to the sales trend for the newly launched product EIRUS (Medical Systems' new product for continuous glucose and lactate monitoring).

The Danish company Cetrea A/S was also aquired during 2014. Cetrea develops and markets IT systems for real time resource planning at hospitals. This technology contributes to optimizing work processes that, for example, can ensure optimal use of operating rooms and thus more efficient care.

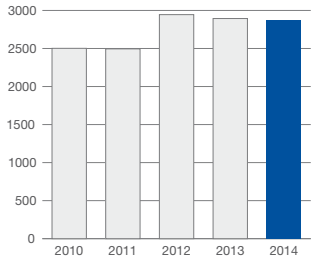
**Sales**
SEK 14 105 M



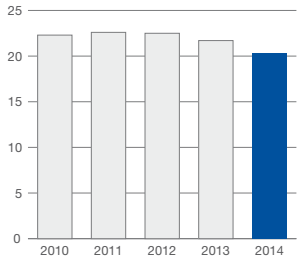

**Organic sales growth**
0,5 %




**EBITA result before restructuring and acquisition cost**
SEK 2 868 M




**EBITA margin before restructuring and acquisition cost**
20,3 %



## FURTHER DEVELOPMENT OF THE FLOW-i ANESTHESIA DELIVERY SYSTEM

The AGC* option, which is an extension to the functionality of FLOW-i, was launched during the year. The AGC, Automatic Gas Control, which facilitates low and minimal flow anesthesia, provides staff with an advanced prediction tool for improved efficiency and ease of use in administration of anesthetic gas delivery. AGC automatically adjusts the fresh gas flow and the anesthesia gas concentrations to reach the set target values. AGC has been well received and thousands of patients have been anesthetized using AGC.

An important parameter when purchasing anesthetic devices is the consumption level of the anesthetic agents. In a survey conducted by Technologie Institut Medizin GmbH, it was demonstrated that FLOW-i consumes approximately 30% less anesthetic agents compared with competitive products. The test results were confirmed in a clinical observation survey in the UK.

## OUTLOOK FOR 2015

Major focus will continue to be directed toward the strengthening of the quality management system in 2015. The acquisitions in Germany and Denmark have been completed and the operations will be integrated into the business area. Medical Systems will continue to support customers by launching products that contribute to better care and safety for patients and improved finances for the healthcare sector.

*The description of the AGC option is intended for an international audience outside of the United States.

# Product Offering

**Operating Rooms**
Medical Systems has a broad range of surgical tables, surgical lights, clinical logistics, OR integration and other products and services for operating rooms. The business area's expertise includes e.g. general surgery, neurosurgery, heart surgery, vascular surgery, orthopedic surgery and anesthesia.

**Hybrid Operating Rooms**
Hybrid operating rooms (combination of conventional OR systems and big imaging systems enlarging therapy options) and cath labs are included in the Medical Systems offering. The business area's expertise comprises interventional cardiology, heart surgery, neurosurgery, orthopedics and traumatology.

**Intensive Care Units**
Medical Systems' solutions for intensive care are designed to provide good care for all types of of conditions. Key product characteristics are simplicity, reliability and user-friendliness. The business area's expertise comprises intensive care, cardiology intensive care and neonatal intensive care.

**Patient Transport**
Medical Systems offers revolutionary solutions for mobile ventilation (intra-hospital transport), portable heart-lung products and radiology-adapted transfer solutions to make transport to or from hospital as smooth and safe as possible.

## Products, market size and competition

| | Surgical Workplaces | Cardiovascular | Critical Care |
|---|---|---|---|
| Products | Surgical tables, surgical lights, ceiling supply units, clinical logistics, OR integration, modular operating rooms | Perfusion products and products for cardio and vascular surgery, heart support and interventional cardiology | Ventilators, anesthesia systems, and advanced monitoring |
| Market size | SEK 12 billion | SEK 13 billion | SEK 12 billion |
| Competition | Berchtold (DE); Dräger (DE); Stryker (US); Steris(US); Trumpf Medical (DE) | Arrow (US); Bard (US); Gore (US); Medtronic (US); Sorin (IT); Terumo (JP) | Dräger (DE); GE (US); Hamilton (CH); Covidien (US); CareFusion (US) |

### Sales per market area

| | |
|---|---|
| Western Europe | 30 % |
| USA & Canada | 33 % |
| Rest of the World | 37 % |

In the past five years, Medical Systems' sales have grown from SEK 11 195 M to SEK 14 105 M.

### Sales per revenue type

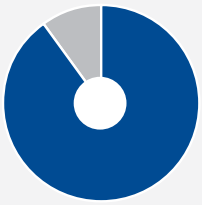
| | |
|---|---|
| Capital goods | 45 % |
| Recurring revenues | 55 % |

For several years, Medical Systems has had an even distribution between sales of capital goods and recurring revenue. In 2014, the share of recurring revenue continued to increase and now amounts to 55%.

### Sales per customer segment

| | |
|---|---|
| Hospitals | 100 % |

### Sales per distribution channel



| | |
|---|---|
| Own sales companies | 90 % |
| Agents/Distributors | 10 % |

# Extended Care

Extended Care operates under the brand of ArjoHuntleigh and is a leading provider of caregiver equipment for patients with reduced mobility. Extended Care's product range encompasses solutions for preventable injuries, including pressure ulcers, deep-vein thrombosis (DVT), patient falls and work-related injuries amongst caregivers. The business area also features an extensive selection of ergonomically designed products that facilitate daily care tasks, such as hygiene and mobilizing and transferring patients.

Extended Care accounts for 27 % of Getinge's sales and for 23 % of EBITA. The number of employees amounts to 5 542, corresponding to 35 % of the Group's total employees.

# Focus on quality and efficiency

During the year, the work on enhancing the efficiency of the business area's production structure continued, which resulted in extended production in Poland and China. A number of new products were launched and the business area is well-equipped to continue to expand in emerging markets.

Extended Care remained under pressure in 2014, one of the main reasons being the introduction of "Obamacare" in the US. Under Obamacare, more patients are insured but with no additional funding the hospitals are under heavy cost pressure. For Extended Care, this in combination with a weak US rental market has resulted in a challenging business environment.

Competition remained intense in Western Europe as well, with great savings in healthcare. In the emerging markets, growth continued, although at a slow rate. For Extended Care, the development in these markets will be increasingly important going forward.

The integration of the acquired Therapeutic Support Systems (TSS) is largely completed with the exception of some minor activities. The restructuring and integration program is expected to be fully completed in 2015.

## STREAMLINING THE PRODUCTION STRUCTURE

The efficiency enhancements of the business area's production structure continued during the year. Some of the measures taken include the discontinuation of the production unit in Eslöv, Sweden, and the relocation of production to the business area's other plants in Poland and China.

## NEW PRODUCTS FOR BETTER CARE

During the year, Extended Care strengthened its range of medical beds with the introduction of the Enterprise 9000®.

Harald F. Stock
Executive Vice President
Extended Care

The Enterprise range has been designed with a clear focus on ease of use and service and is equipped with a large number of functions to improve patient safety. The Enterprise 9000® is the business area's premium product for the intensive care patients requiring the highest level of care. Medical beds targeted to intensive care units is a segment with extensive growth potential, even in mature markets.

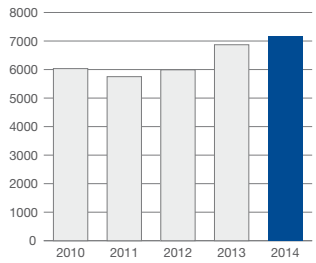
Extended Care offers a comprehensive range of standing and raising aids that promote rehabilitation and mobility. A new advanced standing and raising aid, Sara Combilizer, was launched during the year. The product is an aid that safely and comfortably facilitates early mobilization of intensive care patients, helping them move from a lying to a standing position.

Research has shown that early mobilization is very important in avoiding complications and accelerating patient rehabilitation.

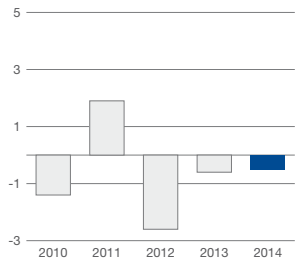
Two new compression systems for the prevention of deep vein thrombosis (DVT), under the product name Flowtron, were also launched during 2014. The compression system comprises a pump console and a sleeve. The sleeve is placed around the calf to stimulate the blood flow through the deep veins where thrombosis can easily form in patients with reduced mobility.

One of these new compression systems is intended to meet the increasing demand for treating obese patients. The other system facilitates sequential compression treatment, an advanced compression

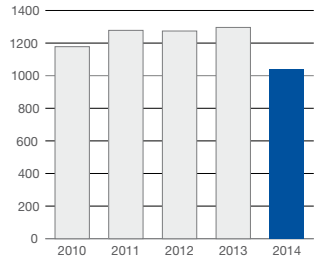
**Sales**
SEK 7 164 M



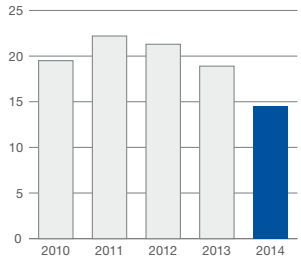

**Organic sales growth**
-0,5 %




**EBITA result before restructuring and acquisition cost**
SEK 1 041 M




**EBITA margin before restructuring and acquisition cost**
14,5 %



treatment, in which segments of the pressure sleeve are filled with air one-by-one to generate maximum effect, something that is primarily requested by clinics in the US.

### RED DOT DESIGN AWARD FOR INNOVATIVE SHOWER TROLLEY

In 2014, Extended Care won the prestigious Red Dot "Best of the Best" product design award in Life Science and Medicine for its new Carevo shower trolley. Carevo is a modern shower trolley for therapeutic showering and bathing in care environments. The shower trolley has been designed with a dual main focus to provide a comfortable and dignified hygiene experience for patients with reduced mobility, while at the same time securing safe and time-efficient work methods for caregivers.

### OUTLOOK FOR 2015

The integration of TSS will be completed in 2015 and measures will be taken to further improve performance and turn around the negative trend in the US market. Investments to further leverage the many opportunities of the emerging markets will be made. Extended Care will continue to focus on more customer-driven product development and to enhance its consultative business approach.

# Product offering

**Patient Transfer Solutions**
Extended Care offers a wide range of solutions for safe patient transfers to meet specific patient/ resident needs and to provide a safe and dignified transfer as well as achieving a safe and efficient working environment for the caregiver.

**Medical Beds**
Extended Care offers a wide range of beds that allow good infection control, offer enhanced ergonomics, comfort, safety and ease of use, and promote effective risk management.

**Prevention of pressure ulcers and DVT**
Patients with a low level of mobilityhave a heightened risk of pressure ulcers and deep-vein thrombosis (DVT). Extended Care has developed a range of user-friendly products that can reduce the occurrence of thromboses. An extensive range of products for the prevention and treatment of pressure ulcers is also offered.

**Hygiene Products**
Extended Care's hygiene products reduce workload, increase efficiency and improve quality of life for residents/patients. The range of shower, toilet and washbasin products enables safe, efficient daily hygiene routines for the full spectrum of resident/ patient mobility.

## Products, market size and competition

| | Patient Handling | Therapy & Prevention | Medical Beds | Diagnostics |
|---|---|---|---|---|
| Products | Products for lifting and transferring, and for showering and bathing systems | Products for the prevention and treatment of pressure ulcers | Hospital beds, stretchers and couches | Dopplers and products for fetal monitoring |
| Market size | SEK 6 billion | SEK 22 billion | SEK 14 billion | SEK 1 billion |
| Competition | Liko (Hill-Rom)(US), Sakai/OG Giken/Amano (JP), Waverly Glen/ Westholme (CA), Sunrise/Joerns (US), Guldmann (DK) | Covidien (US), Hill-Rom (US), Apex Medical (US) | Hill-Rom (US), Stryker (US), Paramount Beds (JP), Linet (CZ) | Nicolet (US), Hadeko (US), Philips (NL), GE (US) |

### Sales per market area

| | |
|---|---|
| Western Europe | 48 % |
| USA & Canada | 37 % |
| Rest of the World | 15 % |

Extended Care's sales over the past five years grew from SEK 6 033 M to SEK 7 164 M.

### Sales per revenue type

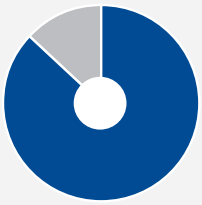
| | |
|---|---|
| Capital goods | 41 % |
| Recurring revenue | 59 % |

In the past few years, Extended Care has implemented a successful initiative to increase recurring revenue as a proportion of total sales to even out earnings over the year and reduce sensitivity to fluctuations in the economy.

### Sales per customer segment

| | |
|---|---|
| Hospitals | 66 % |
| Elderly care | 29 % |
| Life Science | 5 % |

### Sales per distribution channel



| | |
|---|---|
| Own sales companies | 87 % |
| Agents/distributors | 13 % |

# Infection Control

Infection Controls' products, combined with the business area's IT systems and consumables, create integrated solutions that help customers resolve the challenges of infection control. The business area also features a full range of accessories to ensure a consistent, secure, ergonomic and cost-effective flow and storage of sterile goods. Infection Control operates under the Getinge brand.

Infection Control accounts for 20% of Getinge's sales and 13% of EBITA. The number of employees amounts to 3 089, corresponding to 20% of the Group's total employees.

# Coordination generates advantages

Work on adapting resources and personnel levels to the conditions for the company continued during the year, which led to favorable results in productivity. A new production facility was established in Poland and several new products were launched. The business area further strengthened its offering with the acquisitions of Altrax and Austmel.

Infection Control performed well in Europe during the year. A large number of agreements were signed, particularly in Sweden but also in other countries. Since large parts of the operations are based on capital goods, performance is dependent on the number of large-scale hospital projects that are in progress. The positive trend also continued in the US.

The performance in the rest of the world was somewhat more varied. Infection Control strengthened its position in Australia with the acquisition of Austmel, a distributor specializing in quality assurance, and through several major projects. The trend in the Asian, African and South American markets was weaker.

In general, the decline in growth in capital goods continued, while growth was healthy in service, IT solutions and consumables.

## EFFICIENCY ENHANCEMENTS AND COORDINATION

The efficiency-enhancement program initiated in 2013 continued in 2014. Work on better adapting resources and staff levels continued, which led to favorable results in productivity.

A number of operations were discontinued or relocated. The operations in Skärhamn, Sweden were relocated to Suzhou, China, and the operations in Mansfield, UK were transferred to Getinge, Sweden.

Joacim Lindoff
Executive Vice President
Infection Control.

In January 2015, Joacim Lindoff succeeded Anders Grahn as Executive Vice President of the business area Infection Control.

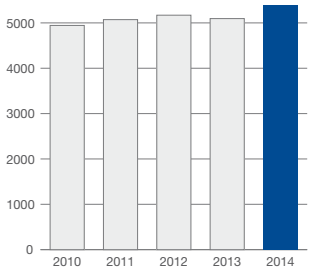
During the year, a production facility for standardized products and a purchasing center in Poznan, Poland were established. The facility in Poznan became operational at the end of 2014. Poznan is already a key production location for the Getinge Group. Getinge has also commenced negotiations with trade-union representatives with the aim of relocating production of the business area's flusher-disinfectors from Växjö, Sweden, to the new manufacturing unit in Poznan.

## ACQUISITIONS STRENGTHEN THE OFFERING

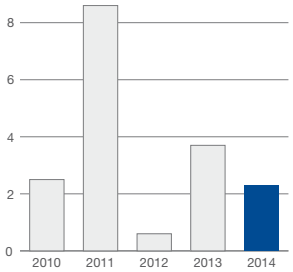
During the year, Infection Control completed the acquisition of Altrax Group Limited. Altrax is a supplier of traceability and quality assurance systems for handling sterile goods. Altrax provides simple systems that complement Infection Controls' existing, more advanced systems for quality assurance and optimal storage management of sterile goods. The acquisition is part of the aim to increase exposure to emerging markets where purchasing power is lower and there is demand for products with simpler functionality.

The acquisition of the Australian company Austmel Pty Ltd was also concluded during the year. The company specializes in products and services for quality assurance in the handling of sterile goods primarily within the healthcare industry. Infection Control has a market-leading position as the supplier of equipment for infection control in Australia. The acquisition of Austmel will also make the business area the largest supplier of products for the quality assurance of sterile goods in this market. In addition, Austmel's esta-

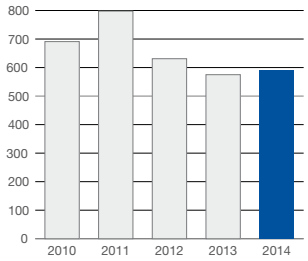
**Sales**
SEK 5 400 M



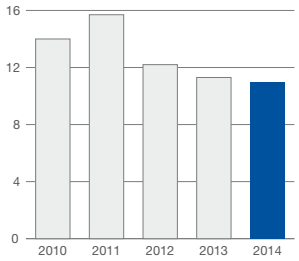

**Organic sales growth**
2,3 %




**EBITA result before restructuring and acquisition cost**
SEK 592 M




**EBITA margin before restructuring and acquisition cost**
11,0 %



blished sales network will facilitate higher sales of the business area's existing range of detergents.

### PRODUCT LAUNCH FOR THE MID-SEGMENT

The first proprietary washer-disinfector aimed at the mid-segment in emerging markets was launched in China in January 2014. The WD500 washer-disinfector will be one of the product platforms that will generate an affordable offering for the rapidly growing emerging markets where the purchasing power is lower. Together with the sterilizers manufactured in Turkey by the acquired company TRANS Medical, WD500 will constitute a more complete offering for the mid-segment market.

### LAUNCH OF NEXT-GENERATION WASHER-DISINFECTOR

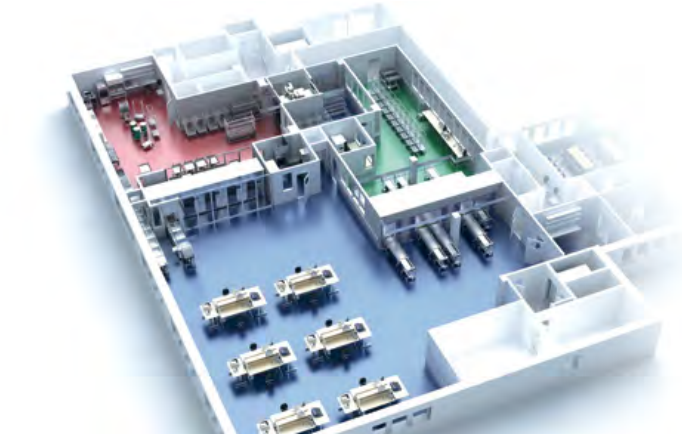
The next generation of washer-disinfectors, Getinge 86, was launched in 2014. Getinge 86 is the business area's first product with the new patent pending user interface CENTRIC, which has been developed with the customer in focus for optimal user-friendliness. CENTRIC offers a unique user interface that only shows the information the user needs in each individual situation. The interface will be introduced into all of the business area's products in the future, both within sterilization and disinfection areas, and will thus provide a uniform user interface that will facilitate and enhance the efficiency of work for staff at, for example, sterilization departments.

### INFECTION CONTROL RECEIVES RED DOT DESIGN AWARD

The business area won the prestigious Red Dot Design Award for its new innovative user interface, CENTRIC. The Red Dot Design Award is one of the world's largest design competitions and is internationally known as one of the most appreciated quality awards for design.

### OUTLOOK FOR 2015

Restructuring work will continue in 2015. Focus will be directed to turning around the negative trend in sales of capital goods, for example, by launching new products. Several products in the CENTRIC series will be launched and capitalize on economies of scale by linking to other service, IT and consumables products. The aim is to continue to defend the solid position in Europe, while strengthening the position in the US.



# Product offering

**Work-flow optimization**
Infection Control's solutions are designed to optimize and manage current and planned flows of sterile goods with the highest standards of infection control – controlling the flow from the moment when they've been used in the Operating Room, throughout the reprocessing and all the way until they are ready for use again, serving customers in the sterile processing department, CSSD (Central Sterile Supply Department), Endoscope Decontamination Department and the Operating Room.

**Assuring Outcomes**
Our customers are facing increased demand for delivering accurate and consistent results. Infection control offers solutions measuring the outcome and monitoring the customers' daily process compliance. By combining a manual or IT-based traceability and documentation system with indicators, customers ensure the results every time, every day. Pre-validated solutions for handling complex instruments and regular validation of the installed equipment, contributes to securing the overall quality.

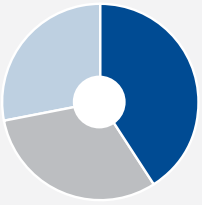
**State-of-the art technology**
Infection Control has a deep knowledge of sterilization, cleaning and disinfection. Packing this expertize with an agenda setting user interface and state-of-the art IT-solutions such as remote diagnostics, creates an equipment range that sets the standard in the industry, both for CSSD and flexible endoscope reprocessing.

**Life Science-produktion**
Infection Control's expertise covers the complete Life Science research through production cycle, enabling the business area to take care of virtually all needs in the Analytical Research and Biopharmaceutical industries. Engineered solutions are designed to meet capacities and client specifications.

## Products, market size and competition

| | Disinfection | Sterilization |
|---|---|---|
| Products | Washer-disinfectors and flusher-disinfectors | Sterilizers, loading equipment and IT-systems. |
| Market size | SEK 5 billion | SEK 8 billion |
| Competition | Steris (US), Miele (DE), Belimed (CH) | Steris (US), Belimed (CH) |

### Sales per market area



| | |
|---|---|
| Western Europe | 41 % |
| USA & Canada | 31 % |
| Rest of the world | 28 % |

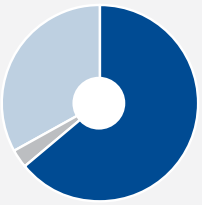
Infection Control's sales totaled SEK 5 400 M in 2014. The strongest trend over the last five years was posted in the Rest of the world area, which increased sales from SEK 1 097 M to SEK 1 526 M.

### Sales per revenue type

| | |
|---|---|
| Capital goods | 50 % |
| Recurring revenue | 50 % |

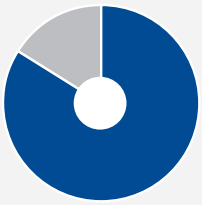
Infection Control endeavors to increase recurring revenue (e.g. detergents and sterilization monitoring) as a proportion of total sales to, thereby, even out earnings over the year and reduce sensitivity to fluctuations in the economy.

### Sales per customer segment



| | |
|---|---|
| Hospitals | 64 % |
| Elderly care | 3 % |
| Life Science | 33 % |

### Sales per distribution channel



| | |
|---|---|
| Own sales companies | 84 % |
| Agents/Distributors | 16 % |

# The Getinge Share

Getinge's Class B share has been listed on the NASDAQ OMX Stockholm AB since 1993. The share is included in the NASDAQ OMX Nordic Large Cap segment and the OMXS30 index. At December 31, 2014, the number of shareholders was 42,232 and the percentage of foreign-owned shares amounted to 44.8% (42.1). Swedish institutional ownership was 15.2% (16.3), of which equity funds constituted 9.5% (12.4).

## SHARE TREND AND LIQUIDITY

At year-end, Getinge's share was listed at SEK 177.80, which was a decrease of 19.2% during the year. The highest price paid in 2014 was SEK 237.30 (January 28) and the lowest was SEK 147 (October 16). At year-end, market capitalization amounted to SEK 42.3 billion, compared with SEK 52.4 billion at the end of the preceding year. The turnover of shares in 2014 totaled 247,223,849 (162,109,204).

## SHARE CAPITAL AND OWNERSHIP STRUCTURE

At year-end 2014, share capital in Getinge totaled SEK 39,539,755,541 distributed among 238,323,377 shares. All shares carry the same dividend entitlement. One Class A share carries ten votes and one Class B share carries one vote.

## DIVIDEND POLICY

Future dividends will be adjusted in line with Getinge's profit level, financial position and future development opportunities. The aim of the Board is that, in the long term, dividends will comprise approximately one third of the profit after financial items and standard tax of 28%.

## SHAREHOLDER INFORMATION

Financial information about Getinge is available on the Group's website. Questions can also be put directly to the company. Annual reports, interim reports and other information can be requested from the Group's head office by telephone, from the website or by e-mail.

| | |
|---|---|
| Website: | getingegroup.com |
| E-mail: | info@getinge.com |
| Telephone: | +46 (0)10-335 00 00 |

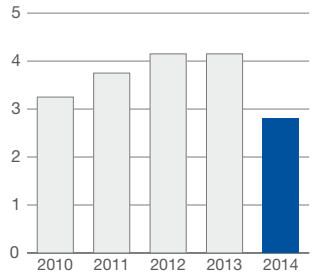
## SHAREHOLDER VALUE

The Getinge Group's management works continuously to develop and improve the financial information relating to Getinge to provide current and future shareholders with favorable conditions to evaluate the company in as fair a manner as possible. This includes active participation at meetings with analysts, shareholders and the media.

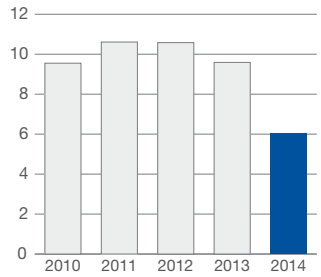
## ANALYSTS THAT MONITOR GETINGE

ABG Sundal Collier, Berenberg Bank, Carnegie, Cheuvreux Nordic, Danske Bank, DNB Markets, Goldman Sachs, Handelsbanken, Jefferies International Ltd, J.P. Morgan, Morgan Stanley, Nordea, Pareto Securities, Redeye AB, SEB Enskilda, Société Générale, Standard & Poor's, Swedbank and The Royal Bank of Scotland.

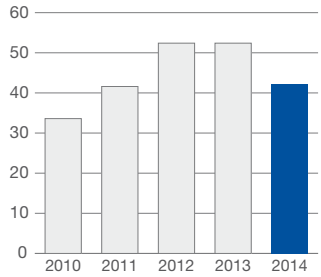
Dividend per share, SEK




Earnings per share, SEK

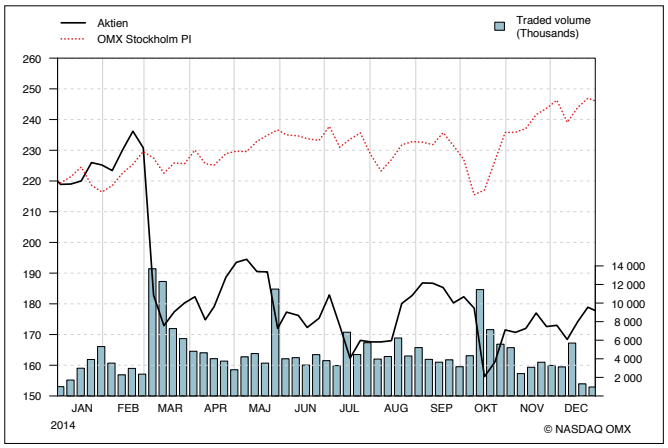



Market Capitalization, SEK billion

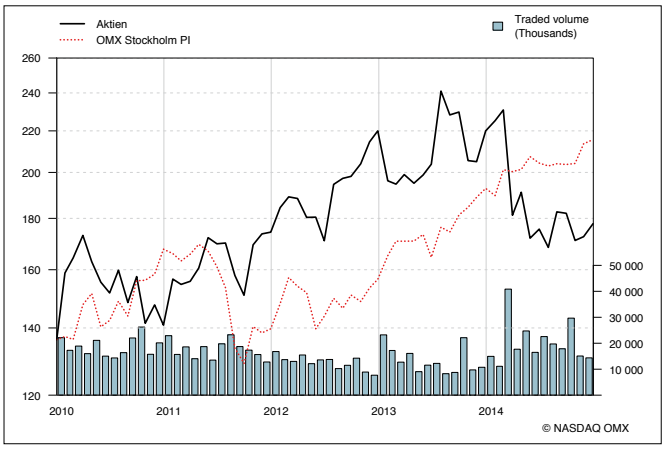



Information regarding Getinge's major shareholders, Ownership by country, Share capital distribution and Ownership structure was prepared on December 30th, 2014. Source: SIS Ägarservice.

## Price and volume trend 2014




## Price and volume trend 2010 – 2014




## Share data

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|
| *Amounts in SEK per share unless otherwise stated* | | | | | |
| Earnings per share after tax | 9,55 | 10,61 | 10,58 | 9,59 | 6,01 |
| Adjusted earnings per share after tax* | 9,55 | 10,61 | 10,58 | 9,59 | 6,01 |
| Market price at December 31 | 140,90 | 174,40 | 220,00 | 220,00 | 177,80 |
| Cash flow | 14,84 | 11,78 | 11,45 | 10,66 | 10,61 |
| Dividend | 3,25 | 3,75 | 4,15 | 4,15 | 2,80 |
| Dividend growth, % | 18,18 | 15,40 | 14,50 | 0,00 | -32,50 |
| Dividend yield, % | 2,31 | 2,15 | 1,89 | 1,89 | 1,57 |
| Price/earnings ratio | 14,75 | 16,44 | 20,79 | 22,94 | 29,58 |
| Dividend as profit percentage, % | 34,03 | 35,34 | 39,22 | 43,27 | 46,59 |
| Shareholders' equity | 55,49 | 61,30 | 63,66 | 69,58 | 76,96 |
| Average number of shares (million) | 238,3 | 238,3 | 238,3 | 238,3 | 238,3 |
| Number of shares, December 31, (million) | 238,3 | 238,3 | 238,3 | 238,3 | 238,3 |

* Adjusted earnings per share were recalculated according to the number of shares following the new share issue in 2009 to achieve comparability between the accounting periods.

## Getinge's major shareholders at December 30, 2014

| | Class A shares | Class B shares | % of capital | % of votes |
|---|---|---|---|---|
| Carl Bennet companies | 15 940 050 | 27 153 848 | 18,1 | 48,9 |
| Franklin Templeton Investments | | 19 290 257 | 8,1 | 5,1 |
| Swedbank Robur Funds | | 6 611 973 | 2,8 | 1,7 |
| Fjärde AP-fonden | | 4 891 671 | 2,1 | 1,3 |
| Norges Bank Investment Management | | 4 550 720 | 1,9 | 1,2 |
| Didner & Gerge Funds | | 4 121 472 | 1,7 | 1,1 |
| Folksam Group | | 4 110 731 | 1,7 | 1,1 |
| AMF Insurance & Funds | | 3 674 685 | 1,5 | 1,0 |
| Nordea Funds | | 3 170 561 | 1,3 | 0,8 |
| Vanguard Funds | | 2 960 340 | 1,2 | 0,8 |
| Other | | 141 847 069 | 63,8 | 37,0 |
| **TOTAL** | **15 940 050** | **222 383 327** | **100,0** | **100,0** |

The table shows the largest identified shareholders in terms of capital ranked by number of votes. There may be major individual shareholders who are listed in the share registry and included among other shareholders.

## Development of share capital

| Transaction | | Number of shares after transaction | Share capital after transaction, SEK |
|---|---|---|---|
| 1990 | Formation | 500 | 50 000 |
| 1992 | Split 50:1, par value SEK 100 to SEK 2 | 25 000 | 50 000 |
| 1992 | Private placement | 5 088 400 | 10 176 800 |
| 1993 | Private placement | 6 928 400 | 13 856 800 |
| 1995 | Non-cash issue | 15 140 544 | 30 281 088 |
| 1996 | Bonus issue 2:1 | 45 421 632 | 90 843 264 |
| 2001 | New issue 1:9 at SEK 100 | 50 468 480 | 100 936 960 |
| 2003 | Split 4:1, par value SEK 2 to SEK 0.50 | 201 873 920 | 100 936 960 |
| 2008 | New issue 1:16 at SEK 120 | 214 491 040 | 107 245 520 |
| 2009 | New issue 1:9 at SEK 83.5 | 238 323 377 | 119 161 689 |

## Share capital distribution

| | Class A | Class B | Total |
|---|---|---|---|
| No. of shares | 15 940 050 | 222 383 327 | **238 323 377** |
| No. of votes | 159 400 500 | 222 383 327 | **381 783 827** |
| % of capita | 7 | 93 | **100** |
| % of votes | 42 | 58 | **100** |

## Five largest countries – capital, %

| | |
|---|---|
| Sverige | 53,1 |
| USA | 24,9 |
| Storbritannien | 6,7 |
| Norge | 2,8 |
| Luxemburg | 2,5 |

## Ownership structure 2014

| From | To | Ownership, % | Shareholding, % |
|---|---|---|---|
| 1 | 100 | 32,5 | 0,3 |
| 101 | 200 | 14,8 | 0,4 |
| 201 | 300 | 9,6 | 0,4 |
| 301 | 400 | 4,8 | 0,3 |
| 401 | 500 | 7,3 | 0,6 |
| 501 | 1 000 | 13,8 | 1,9 |
| 1 001 | 2 000 | 8,5 | 2,2 |
| 2 001 | 5 000 | 5,3 | 3,0 |
| 5 001 | 10 000 | 1,5 | 2,0 |
| 10 001 | 20 000 | 0,7 | 1,8 |
| 20 001 | 50 000 | 0,5 | 2,8 |
| 50 001 | 100 000 | 0,2 | 3,0 |
| 100 001 | 500 000 | 0,3 | 12,9 |
| 500 001 | 1 000 000 | <0,1 | 8,9 |
| 1 000 001 | 5 000 000 | <0,1 | 33,7 |
| 5 000 001 | 10 000 000 | <0,1 | 3,4 |
| 10 000 001 | 50 000 000 | <0,1 | 22,3 |
| **Summa** | | **100,0** | **100,0** |

## Ownership by category – capital, %

| | |
|---|---|
| Swedish individuals | 30,5 |
| Swedish institutions | 15,2 |
| Swedish mutual funds | 9,5 |
| Foreign owners | 44,8 |

# Administration Report

## Operation and structure

Getinge is a global company with operations in over 40 countries and proprietary production in 11 countries. The pace of change and growth since the stock-market listing has been high. Every day, Getinge's products contribute to saving lives and ensuring excellent care. The Group operates in the areas of surgery, intensive care, infection control, care ergonomics and wound care.

**Organization.** Getinge comprises three business areas: Medical Systems, Extended Care and Infection Control. Approximately 88% of sales are conducted through the Group's proprietary sales companies and the remaining 12% are sold by agents and distributors in markets for which the Getinge Group lacks proprietary representation. Production is conducted at a total of 30 facilities in Brazil, Canada, China, Denmark, France, Poland, the UK, Sweden, Turkey, Germany and the US.

**Product range.** Medical Systems specializes in solutions and products for surgery and intensive care. The product range includes surgical tables, surgical lamps, telemedicine, perfusion products, instruments for bypass operations, ventilators, anesthesia systems, synthetic vascular implants and stents. Extended Care focuses on ergonomic solutions for patient mobility and on wound care. The product range encompasses bathing and shower solutions, lifting equipment and mattresses for the treatment and prevention of pressure ulcers, as well as service and consulting.
Infection Control provides solutions for infection control in healthcare, and contamination prevention operations in the life sciences. The product range comprises disinfectors, sterilizers, IT systems and related equipment, as well as service and consulting.

## Financial overview

**Revenues.** Consolidated net sales increased 5.5% to SEK 26 669 M (25 287). Adjusted for corporate acquisitions and exchange-rate fluctuations, net sales rose 0.6%.

**Operating profit.** The Group's operating profit declined 29.4% to SEK 2 646 M (3 748), which corresponds to 9.9% (14.8) of net sales.

**Net financial items.** Net financial items amounted to an expense of SEK 659 M (expense: 595), of which net interest items comprised an expense of SEK 632 M (expense: 561).

**Profit before tax.** The Group's profit before tax declined 37.0% to SEK 1 987 M (3 153), which corresponds to 7.5% (12.5) of net sales.

**Taxes.** The Group's total taxes amounted to SEK 539 M (858), corresponding to 27.1% (27.2) of profit before tax (see Note 9). Taxes paid amounted to SEK 790 M (859), corresponding to 39.8% (27.2) of profit before tax.

**Tied-up capital.** Inventories amounted to SEK 5 245 M (4 254) and accounts receivable to SEK 7 362 M (6 630). The average consolidated working capital was SEK 36 529 M (32 526). Return on working capital was 8.2% (12.8). Goodwill totaled SEK 21 118 M (17 391) at the end of the fiscal year.

**Investments.** Net investments in non-current assets amounted to SEK 945 M (1 004). Investments primarily pertained to production facilities, production tools and IT projects.

**Financial position and equity/assets ratio.** The Group's net debt totaled SEK 22 541 M (18 319), corresponding to a net debt/equity ratio of 1.21 (1.10). Shareholders' equity at year-end amounted to SEK 18 694 M (16 560), corresponding to an equity/assets ratio of 35.4% (37.4).

**Cash flow.** Operating cash flow amounted to SEK 3 473 M (3 544). The cash conversion was 72.9% (63.1).

**Shareholders' equity.** For information regarding trading of shares in the company, the number of shares, the classes of shares and the rights associated with these in the company, see the Getinge Share section on pages 50-51.

## Innovation and product development

Innovation and product development are a cornerstone of the Group's strategy to strengthen the customer offering and thereby ensure future organic growth.
Innovation and product renewal will result in products, systems and solutions with a documented ability to deliver excellent clinical results and economic benefits.
In 2014, research and development costs amounted to SEK 1 270 M (1 298). Of this amount, SEK 673 M (679) was capitalized as intangible assets, as it was deemed that these will generate future financial benefits.
In 2014, the Getinge Group introduced a number of new and updated products. More information about these can be found on pages 18-19.

## Personnel

At December 31, 2014, there were 15 747 (15 183) employees, of whom 1 278 (1 440) were employed in Sweden. In 2014, the Getinge Group continued its extensive efforts to strengthen the Group's personnel and management development. The work is based on an analysis of the company's needs for specialist and management competence and the company's demographic structure. In 2014, Getinge has also continued long-term efforts to increase diversity. Getinge has a previously implemented policy to ensure that all employees – regardless of gender, race, creed and other irrelevant factors – are given equal opportunity to develop and receive equal pay for equal work. For information about the guidelines for remuneration to senior executives adopted by the 2014 Annual General Meeting, refer to the Corporate Governance Report on page 56. In regard to remuneration to senior executives in 2014, refer to Note 27.

## Environmental impact

The company's environmental policy, the established environmental goals and the international environmental standard ISO 14001 form the basis of Getinge's environmental work. All manufacturing units will implement and certify environmental-management systems that meet the ISO 14001 standard. For acquisitions, the management system is to be certified within 24 months. The management system ensures structured environmental work and provides a basis for the reporting of environmental performance that manufacturing units submit every month. The targeted activities on environmentally compatible product development, EcoDesign, reduce the environmental impact of manufacturing and the product usage, and facilitate the recycling of input substances and components. Four facilities in Sweden conduct operations requiring permits or declaration under the Swedish Environmental Code. These facilities hold the necessary permits. Most of the impact on the environment comprises emissions to water and air, and the environmental effects from energy consumption and waste production. The operations were conducted in accordance with applicable permits and conditions during the year.
Further information concerning Getinge's environmental work is presented in the Sustainability Report on pages 22-25.

## Risk management

**Healthcare compensation system.** Political decisions represent the single greatest market risk to the Getinge Group. Changes to the healthcare compensation system can have a major impact on individual markets by reducing or deferring grants. Since Getinge is active in a large number of geographical markets, the risk for the Group as a whole is limited

**Customers.** Activities conducted by Getinge's customers are generally financed directly or indirectly by public funds and 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. Each business area has an appointed person with overall responsibility for quality and regulatory matters (QRM). 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.

**Research and development.** To a certain extent, Getinge's future growth 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 research and development efforts, the Group has a very structured selection and planning process to ensure that the company prioritizes correctly when choosing which potential projects to pursue. This process comprises thorough analysis of the market, technical development and choice of production method and 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.** Healthcare suppliers run a risk, like other players in the healthcare industry, of being subject to claims relating 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. A comprehensive insurance program is in place to cover any property or liability risks (e.g. product liability) to which the Group is exposed.

**Protection of intellectual property.** The Getinge Group is a market leader in the areas in which it operates and invests significant amounts in product development. To secure returns on these investments, the Group actively upholds its rights and monitors competitors' activities closely. If required, the company 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 and interest-rate risks, as well as credit risks. Risk management is regulated by the finance policy adopted by the Board. The ultimate responsibility for managing the Group's financial risks and developing methods and principles of financial risk management lies with Group management and the treasury function. The main financial risks to which the Group is exposed are currency risks, interest-rate risks and credit and counterparty risks. For further information concerning these risks, see Note 26 "Financial risk management and financial derivative instruments". 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.

**Currency.** The effect of exchange-rate movements on earnings and shareholders' equity is calculated using forecast volumes and earnings in foreign currency, taking into consideration currency hedging that has been conducted. In addition, there is the exchange-rate impact on net financial items related to interest expenses in foreign currencies. Based on the estimated rates for 2015, presented in the table below, the Group assesses the net exchange-rate impact on profit and loss for 2015 to amount to about SEK 40 M compared with the actual rates for 2014. For a rate movement of 5%, the impact on shareholders' equity of a remeasurement of the Group's portfolio of currency derivatives held for hedging purposes is about SEK 280 M. At a 5% rate movement, the impact of other translation effects on shareholders' equity is approximately SEK 686 M. Sensitivity to exchange-rate fluctuations on earnings is detailed in the table below, based on the exchange rates specified in the table.

| Currency: estimated rate in 2015 | Budgeted net volume in 2015, millions | Impact in SEK M of 5% rate movement |
|---|---|---|
| JPY: 7,00 | 2 585 | +/- 10 |
| EUR: 9,38 | 110 | +/- 50 |
| GBP: 12,40 | 50 | +/- 30 |
| USD: 8,27 | 155 | +/- 65 |

**Sensitivity analysis.** Getinge's earnings are affected by a series of external factors. The table below shows how changes to some of the key factors that are important to Getinge could have affected the Group's profit before tax in 2014.

| Change in profit before tax | | SEK M |
|---|---|---|
| Price change | +/- 1 % | +/- 267 |
| Cost of goods sold | +/- 1 % | +/- 136 |
| Salary costs | +/- 1 % | +/- 84 |
| Interest rates | +/- 1 percentage point | +/- 59 |

The effect of a +/- 1 percentage point change in interest rates on the Group's profit before tax was calculated based on the Group's interest-bearing liabilities, excluding pension liabilities, at year-end 2014. The impact of a +/- 1 percentage point change in interest rates on shareholders' equity is about SEK 630 M. Consideration was given to the effect of the various risk-management measures that Getinge applies in accordance with its approved policy.

## Sales trend

During the year, net sales increased 5.5% to SEK 26,669 M (25,287). Net sales rose organically by 0.6%. In 2014, Medical Systems' sales amounted to SEK 14,105 M (13,222). Sales grew organically by 0.5% (6.7). In Extended Care, sales totaled SEK 7,164 M (6,870), corresponding to negative organic growth of 0.5% (neg: 0.6). In Infection Control, sales amounted to SEK 5,400 M (5,095), corresponding to organic growth of 2.3% (3.7). Western Europe remains the Group's largest market, accounting for 37% (36) of sales, followed by the USA and Canada at 34% (34). Other countries account for 29% (30) of sales. The hospital segment accounts for 84% (84) of sales, elderly care for 8% (9) and the life science industry for 8% (7).

## Acquired companies and operations

**Pulsion AG.** During the first quarter of 2014, Medical Systems acquired over 78% of the shares in the German company, Pulsion AG. The company, which supplies systems for hemodynamic monitoring, generates sales of more than SEK 300 M and has about 130 employees. The total purchase consideration was SEK 971 M. The operations were included in Getinge's sales and operating profit from March 1, 2014.

**Altrax Group Ltd.** During the second quarter of 2014, Infection Control acquired the shares in the British company, Altrax Group Ltd. The company, which provides systems for traceability and quality assurance in the sterilization segment, generates sales of about SEK 35 M and has about 30 employees. The total purchase consideration was about SEK 59 M, of which SEK 8 M was paid upon acquisition. The operations were included in Getinge's sales and operating profit from June 1, 2014.

**Cetrea A/S.** Medical Systems acquired the shares in the Danish company Cetrea A/S during the third quarter of 2014. The company, which develops and markets IT systems that are used for resource planning in real time at hospitals, has annual sales of approximately SEK 30 M and has 30 employees. The total purchase consideration was SEK 110 M. The operations were included in Getinge's sales and operating profit from July 1, 2014.

**Austmel Pty Ltd.** During the third quarter of 2014, Infection Control acquired the operations of the Australian company, Austmel Pty Ltd. The company, which specializes in products and services for quality assurance of sterilization and thermal processes, has annual sales of about SEK 80 M and has about 25 employees. The total purchase consideration was about SEK 144 M. The operations were included in Getinge's sales and operating profit from September 1, 2014.

## Key events and activities

**MEDICAL SYSTEMS BUSINESS AREA**

**Strengthening of quality management system.** Substantial investments were made during the year to strengthen Medical Systems' quality management system. The measures were in part a result of observations submitted in connection with inspections by the US FDA (Food and Drug Administration) during 2013, and internal evaluations and observations.

A US federal judge approved the terms of a Consent Decree between Medical Systems and the FDA in February 2015. The Consent Decree entails a framework that provides assurances to the FDA that Getinge will complete the improvements currently underway to strengthen Medical Systems' quality management system. Getinge has committed SEK 995 M for this remediation program and the aim is to conclude the program by mid-2016. Excluding the costs for the remediation program, the total financial consequences related to the Consent Decree are estimated to amount to approximately SEK 500 M.

There is no indication that any of the business area's products are unsafe. The substantial investments in the quality management system have already led to significant improvements and the agreement with the FDA provides the business area with a clear path forward.

**Efficiency enhancements and restructuring.** The efficiency-enhancement programs in Critical Care that were announced at the end of 2013 were completed during the year and are expected to lead to annual savings of SEK 60 M.

The business area is currently implementing a restructuring program with the aim of enhancing the production of vascular implants. Costs related to the restructuring program were expensed as early as year-end 2011. When the restructuring program is completed by mid-2015, all production of textile-based vascular implants will be concentrated to the production unit in the French city of La Ciotat.

**Acquisitions strengthen the organization.** During the year, Getinge acquired German company Pulsion Medical Systems SE, which is a leading supplier of specialized solutions for hemodynamic monitoring of critically ill patients. Pulsion has vast expertise in the commercialization of advanced monitoring solutions and associated catheters, which will contribute positively to the sales trend for the newly launched product EIRUS (Medical Systems' new product for glucose and lactate monitoring).

Danish company Cetrea A/S, which develops and markets IT systems for resource planning in real time at hospitals, was also acquired during the year. This technology contributes to optimizing work processes that, for example, can ensure optimal use of operating rooms and thus more effective care.

**Further development of the FLOW-i anesthesia device.** The AGC* option, which is an extension to the functionality of FLOW-i, was launched during the year. The AGC, Automatic Gas Control, which facilitates low and minimal flow anesthesia, provides staff with an advanced prediction tool for improved efficiency and ease of use in administration of anesthetic gas delivery. AGC automatically adjusts the fresh gas flow and the anesthesia gas concentrations to reach the set target values.

**Launch of LUCEA DF surgical light .** The business area launched a new and improved surgical light under the product name LUCEA DF in October. The new model is an addition to the existing LUCEA product family.

**EXTENDED CARE BUSINESS AREA**

**Streamlining of production structure.** The work on measures to enhance the efficiency of the business area's production structure continued during the year. Some of the measures taken include discontinuing the production unit in Eslöv, Sweden, and relocating the business area's existing plants to Poland and China.

Restructuring costs for streamlining the production structure amounted to SEK 96 M and were expensed in 2013. The above description of the change in the production structure is expected to lead to annual savings of SEK 90-100 M from 2015.

*The description of the AGC option is intended for an international audience outside of the United States.

**New products for better care.** During the year, Extended Care strengthened its range of medical beds with the introduction of the Enterprise 9000®. The Enterprise range has been designed with a clear focus on ease of use and service and is equipped with a large number of functions to improve patient safety. The Enterprise 9000® is the business area's premium product for the intensive care patients requiring the highest level of care.
A new advanced standing and raising aid, Sara Combilizer, was launched during the year. The product is an aid that safely and comfortably facilitates early mobilization of intensive care patients, helping them move from a lying to a standing position.
Two new compression systems for the prevention of deep vein thrombosis, under the product name Flowtron, were also launched. The compression system comprises a pump console and a sleeve. The sleeve is placed around the calf to stimulate the blood flow through the deep veins where thrombosis can easily form in patients with impaired mobility.
During the year, the business area also launched SafeSet, a system developed for medical beds in the Enterprise range. SafeSet monitors important bed configurations and provides healthcare providers with rapid information about risk of injury and can thus help avoid and prevent such care-related injuries as crushes and falls.

**Red Dot Design Award for innovative shower trolley.** Extended Care won the prestigious Red Dot "Best of the Best" product design award in Life Science and Medicine for its new Carevo shower trolley, a modern shower trolley for therapeutic showering and bathing in care environments. The shower trolley has been designed with a dual main focus to provide a comfortable and dignified hygiene experience for patients with reduced mobility, while at the same time providing safe and time-efficient work methods for caregivers.

**INFECTION CONTROL BUSINESS AREA**
**Efficiency enhancements and coordination.** The efficiency-enhancement program initiated in 2013 continued in 2014. Work on adapting resources and personnel levels continued, which led to favorable results in productivity. A number of operations were discontinued or relocated. The operations in Skärhamn, Sweden were relocated to Suzhou, China, and the operations in Mansfield, UK were transferred to Getinge, Sweden. During the year, a production facility for standardized products and a purchasing center in Poznan, Poland were established. The facility in Poznan became operational at the end of 2014. Poznan is already a key production location for the Getinge Group. Getinge has also commenced negotiations with trade-union representatives with the aim of relocating production of the business area's flusher-disinfectors from Växjö, Sweden, to the new manufacturing unit in Poznan. Restructuring costs to implement the total efficiency-enhancement program are expected to amount to approximately SEK 440 M over a four-year period, of which SEK 123 M was expensed in 2013. Restructuring costs in 2014 amounted to SEK 34 M. The aim of the program is to improve the business area's EBITA margin from the current level of about 12% to 17% within two to four years.

**Acquisitions strengthen the offering.** During the year, Infection Control completed the acquisition of Altrax Group Limited. Altrax is a supplier of traceability and quality assurance systems for handling sterile goods. Altrax provides simple systems that complement Infection Controls' existing, more advanced quality assurance systems and optimal stock management of sterile goods. The acquisition is part of the aim to increase exposure to emerging markets where there is demand for products with simpler functionality and purchasing power is lower.
The acquisition of the Australian company Austmel Pty Ltd was also concluded during the year. The company specializes in products and services for quality assurance in the handling of sterile goods primarily within the healthcare industry. The acquisition of Austmel will make the business area the largest supplier of products for the quality assurance of sterile goods in Australia. In addition, Austmel's established sales network will facilitate higher sales of the business area's existing range of detergents.

**Product launch for the mid-segment.** The first proprietary washer-disinfector aimed at the mid-segment in emerging markets was launched in China in January 2014. The WD500 washer-disinfector will be one of the product platforms that will generate an affordable offering for the rapidly growing emerging markets where the purchasing power is lower. Together with the sterilizers manufactured in Turkey by the acquired company TRANS Medical, WD500 will constitute a more complete offering for the mid-segment of the market.

**Launch of next-generation washer-disinfector.** The next generation of washer-disinfector, Getinge 86, was launched in 2014. Getinge 86 is the business area's first product with the new patent pending user interface, CENTRIC, which has been developed with the customer in focus for optimal user-friendliness. CENTRIC offers a unique user interface that only shows the information the user needs in each individual situation. The interface will be introduced into all of the business area's products in the future, both within the sterilization and disinfection areas, and will thus provide a uniform user interface that will facilitate and enhance the efficiency of work for staff at, for example, sterilization departments.

**Infection Control receives Red Dot Design Award.** The business area won the prestigious Red Dot Design Award for its new innovative user interface, CENTRIC.

**New business area Executive Vice President.** Joacim Lindoff was appointed new Executive Vice President of the Infection Control Business Area and the Getinge Group in January 2015. Joacim Lindoff succeeded Anders Grahn who has left the Group. Joacim Lindoff has been employed at the Getinge Group since 1999 and has held a number of senior positions within Infection Control, both in Sweden and internationally. He has extensive experience in the industry and most recently served as the President Sales & Service Europe/International at Infection Control.

## Outlook

The Group expects volumes in the Western European market to continue to improve, although at a very slow rate. In the North American market, demand is expected to remain at current levels. The markets outside Western European and North American face challenges that could negatively impact volumes in the short term, but the long-term growth prospects are deemed positive and the Group predicts an improvement on current levels in 2015. The Group expects that the product launches and product acquisitions completed of late will continue to contribute to growth. Overall, volume growth is expected to improve during the current year.

A US federal judge approved the terms of a Consent Decree between Medical Systems and the FDA in February 2015. The Consent Decree entails a framework that provides assurances to the FDA that Getinge will complete the improvements currently underway to strengthen Medical Systems' quality management system. Getinge has committed SEK 995 M for this remediation program and the aim is to conclude the program by mid-2016. Excluding the costs for the remediation program, the total financial consequences related to the Consent Decree are estimated to amount to approximately SEK 500 M.

The net effect of exchange rate fluctuations in 2015 is expected to have a positive impact of approximately SEK 40 M on the Group's profit before tax, of which currency transaction effects amount to negative SEK 250 M and exchange rate translation effects to approximately positive SEK 290 M, based on the prevailing exchange rate scenario.

The potential for improving the Group's profitability in the medium term remains favorable. The extensive strategy update that has been made includes initiatives to enhance the efficiency of and streamline the operations and initiatives to ensure long-term organic growth. Getinge's intention is to present, at a future capital markets day, new financial targets based on these new initiatives.

The capital markets day will take place during the second quarter of 2015 due to the change in CEO that will take place at the end of the second quarter.

# Corporate governance report

## Introduction

Getinge is a global company with operations in 40 countries and proprietary production in 11 countries. The pace of change and growth since the stock-market listing has been high.

The Group's customer offering has been continuously expanded with new products and operational areas. The Group's customers are found in the healthcare, elderly care and life science area, and the Group's products are often pivotal to the quality and efficiency of customers' businesses. Accordingly, confidence in Getinge and its products is entirely decisive for continued sales successes.

Corporate governance at Getinge is aimed at ensuring the continued strong development of the company and, consequently, that the Group fulfills its obligations to shareholders, customers, employees, suppliers, creditors and society.

Getinge's corporate governance and internal regulations are consistently geared toward business objectives and strategies. The Group's risks are well-analyzed and risk management is integrated in the work of the Board and in operational activities. Gearing corporate governance so clearly toward the Group's business objectives creates the speed and flexibility in the decision-making process that can so often be decisive to success.

Getinge's organization is designed to be able to react promptly to market changes. Accordingly, operational decisions are taken at the company or business area level, while overriding decisions concerning strategy and direction are made by Getinge's Board and Group management.

## External and internal regulations

Getinge's corporate governance is based on Swedish legislation, primarily the Swedish Companies Act, the company's Articles of Association, Nasdaq Stockholm's Rulebook for Issuers and the rules and recommendations issued by the relevant organizations. Getinge applies the Swedish Corporate governance Code ("the Code"). The Code is based on the "comply or explain" principle, meaning that a company that applies the Code may deviate from regulations under the Code, but must provide explanations for each deviation. Getinge complies with the Code's regulations and presents an explanation below for any deviation from the Code's regulations in 2014. The Code is available at: www.bolagsstyrning.se.

Internal regulations that affect Getinge's corporate governance include the company's Articles of Association, the Board's formal work plan, the CEO's instructions, policy documents and the Group's Code of Conduct. The company's Articles of Association are available on the Group's website: www.getingegroup.com.

## Shareholders

At year-end 2014, Getinge had nearly 42,232 shareholders according to the share register maintained by SIS Ägarservice AB. The share capital of Getinge at year-end comprised 238,323,377 shares, of which 15,940,050 shares were Class A and 222,383,327 shares were Class B. One Class A share carries ten votes and one Class B share carries one vote. Getinge's shares are traded on the Nasdaq Stockholm. Getinge's market capitalization amounted to SEK 42.3 billion at December 31, 2014. The company's largest shareholder is Carl Bennet AB, which represents 48.9% of the total number of votes in the company. Further information concerning such factors as Getinge's ownership structure and share performance is presented on pages 50-51.

## 2014 Annual General Meeting (AGM)

A total of 982 shareholders, representing 53.3% of the number of shares and 70.8% of the total number of votes in the company, attended Getinge's AGM on March 20, 2014, in Halmstad, Sweden. The Board of Directors, CEO, CFO and the company's auditor were present at the Meeting. The AGM re-elected Board members Carl Bennet, Johan Bygge, Cecilia Daun Wennborg, Carola Lemne, Johan Malmquist, Johan Stern and Maths Wahlström. The AGM elected Malin Persson as a new Board member. Carl Bennet was elected Chairman of the Board. It was noted that the employee-representative organizations appointed Peter Jörmalm and Rickard Karlsson as Board members, and Åke Larsson and Maria Grehagen-Hedberg as deputy members. The minutes from the Annual General Meeting are available at www.getingegroup.com.

**The Meeting's resolutions:**

- Adoption of the income statements and balance sheets presented for the Parent Company and the Group.
- Dividend. The AGM approved the Board's proposal of a dividend of SEK 4.15 per share.
- Discharge from liability. The Meeting resolved to discharge the members of the Board and the CEO from liability for the 2013 fiscal year.
- Board fees. It was resolved that the Board be paid fees totaling SEK 4,400,000 excluding committee fees. More detailed information is available on page 60.
- Guidelines for the remuneration to senior executives. The AGM approved the Board's proposal for guidelines for the remuneration to senior executives. More detailed information is available on page 60.
- In accordance with the Nomination Committee's proposal, the Meeting resolved that the number of Board members should be eight, without deputies. The Meeting resolved to amend the Articles of Association in a manner requisite to facilitating this measure.
- The Meeting also resolved to amend the Articles of Association to change of the Board of Directors' registered office to Gothenburg and to allow for the possibility of general shareholder meetings to be held in Halmstad municipality.

# Overview of corporate governance at the Getinge Group

## General Meeting of Shareholders

The General Meeting of Shareholders is the highest decision-making body. At the General Meeting, shareholders exercise their voting rights in accordance with Swedish corporate legislation and Getinge's Articles of Association. The General Meeting elects the Board of Directors and auditors.

The other tasks of the General Meeting include adopting the company's balance sheets and income statements, deciding on the allocation of earnings in the operation and deciding on discharging the members of the Board and the CEO from liability. The General Meeting also decides on remuneration to the Board of Directors, auditors' fees and guidelines for remuneration to senior executives.

## Nomination Committee

The Nomination Committee's task is to put forward proposals regarding the election of the Chairman of the AGM, the Chairman of the Board and other members of the Board, election of auditors, as well as fees for Board members and auditors. The 2005 AGM resolved that a Nomination Committee shall comprise the Chairman of the Board and members representing each of the company's five largest shareholders as per 31 August each year and a representative of the minority shareholders. If any of the five largest shareholders should waive their right to appoint a representative to the Nomination Committee, or if a member leaves the Nomination Committee before his/her work is completed, that right shall be transferred to the shareholder who, after these shareholders, has the largest shareholding in the company. The Nomination Committee's composition shall be announced to the company in such time that it can be made public, not later than six months prior to the AGM.

## External auditors

The company has either one or two auditors, with not more than two deputy auditors or one registered accounting firm. The assignment as auditor applies until the end of the AGM held during the fourth fiscal year following which the auditor was appointed.

At the 2012 AGM, the accounting firm Öhrlings PricewaterhouseCoopers AB was elected as auditor for Getinge until the conclusion of the 2016 AGM.

## Board of Directors

The Board is the company's highest administrative body under the General Meeting. The Board is responsible for the organization of the company and the management of its affairs. It is also the Board's duty to ensure that the organizations in charge of accounting and the management of assets are subject to satisfactory controls.

According to the Articles of Association, Getinge's Board of Directors is to comprise not fewer than three and not more than eight elected members. The Board members are elected annually at the AGM to serve for the period up to and including the next AGM. The AGM also appoints the Chairman of the Board. The Chairman's role is to head the Board's work and ensure the Board completes its mandate.

The Board's work follows an annual agenda program, dedicated to securing the Board's information needs, and is otherwise determined by the formal work plan approved each year by the Board concerning the distribution of assignments between the Board and the CEO, including issues requiring a Board decision. The content and presentation of the information provided to the Board by management is strictly regulated and the formal work plan ensures that the Board reviews its own procedures.

## Remuneration Committee

The Board annually appoints Getinge's Remuneration Committee. The Committee is a body within the company's Board, tasked with preparing and evaluating questions related to remuneration and other employment terms and conditions for executive management and for preparing guidelines for remuneration to senior executives for the Board to propose to the AGM for resolution.

## Auditing Committee

The Board annually appoints Getinge's Auditing Committee. The Committee is a body within the company's Board, tasked with preparing questions for the Board related to the quality assurance of the company's financial reporting and maintaining ongoing contact with the auditors to keep informed of the focus and scope of the audit. The Committee assists the Board in these matters and reports its observations, recommendations and proposed measures and decisions to the Board. In addition, the Auditing Committee establishes guidelines for services other than auditing for which the company may engage its auditors. The Committee's tasks also include assessing the auditing activities and passing this information on to the Nomination Committee and assisting the Nomination Committee in producing proposals for auditors and fees for auditing services.

## President and CEO

The CEO is responsible for ensuring that the ongoing management of the company is pursued in accordance with the guidelines and instructions provided by the Board. The CEO obtains assurance that, on the basis of a satisfactory control system, the company complies with legislation and ordinances, NASDAQ OMX Stockholm's Rulebook for Issuers and the Swedish Corporate governance Code. The CEO must also ensure that the Board receives the necessary factual, detailed and relevant information it requires to make well-founded decisions. In addition, the CEO is to maintain a continuous dialog with the Chairman of the Board and keep him informed of the progress and financial position of the company and the Group.

## Human Resources

## CFO

## Business area Executive Vice Presidents

- Medical Systems Business Area
- Extended Care Business Area
- Infection Control Business Area

## Nomination Committee

The composition of the Nomination Committee ahead of the 2015 AGM was published on October 16, 2014 and all shareholders have had the opportunity to submit nomination proposals to the Committee. The Nomination Committee conducts an evaluation of the Board and its work. A proposal for the new Board is subsequently drawn up and submitted with the notice of the forthcoming AGM. Ahead of the 2015 AGM, the Nomination Committee convened on three occasions. For the 2015 AGM, the Nomination Committee comprises the following representatives of the largest shareholders:

- Carl Bennet, Carl Bennet AB
- Per Colleen, Fjärde AP-fonden
- Marianne Nilsson, Swedbank Robur AB
- John Hernander, Nordea Fonder
- Adam Nyström, Didner & Gerge
- Viveka Ekberg, representing minority shareholders

Chairman of the Board Carl Bennet was appointed Chairman of the Nomination Committee ahead of the 2015 AGM, which deviates from the rules of the Code. The company's largest shareholders have explained that this is because the Chairman of the Board is very well suited to lead the Nomination Committee in an effective manner to achieve the best results for the company's shareholders.

**Evaluation.** As a basis for its proposal to the 2015 AGM, the Nomination Committee has made an assessment as to whether the current Board of Directors is suitably composed and meets the demands that are placed on the Board in view of the company's position and future focus. The Nomination Committee's proposal will be published not later than in conjunction with the notice of the AGM.

## Board of Directors

The Board held its statutory meeting on March 20, 2014 and convened 15 times during the year, with an average attendance rate of 97%. The Board also convened a meeting in January 2015, at which the results for 2014 were addressed and subsequently published. With the exception of the CEO, no member of the Getinge Group's Board holds an operational position in the company. A more detailed description of the Board of Directors and CEO is presented on pages 62-63.

**Independence.** Getinge fulfills the requirements for independent Board members as stipulated in the Code. It is the opinion of the Nomination Committee that Johan Malmquist, in his capacity as CEO, is not to be regarded as independent in relation to the company and executive management, and that Carl Bennet and Johan Stern, as representatives and Board members of Getinge's principal owner Carl Bennet AB, are not to be regarded as independent in relation to the largest shareholders. The Nomination Committee deems the other Board members elected by the General Meeting – Johan Bygge, Cecilia Daun Wennborg, Carola Lemne, Maths Wahlström and Malin Persson – to be independent in relation to the company, executive management and the largest shareholders. The Secretary of the Board meetings is Ulf Grunander, Chief Financial Officer. At its scheduled meetings, the Board addresses fixed items in compliance with the Board's formal work plan, including the business situation, budget, year-end financial statements and interim reports, as well as comprehensive issues related to the economy and related cost issues, corporate acquisitions and other investments, long-term strategies, financial matters, and structural and organizational changes.

To increase efficiency and broaden the Board's work on certain issues, two committees have been established: the Auditing Committee and the Remuneration Committee. The delegation of responsibilities and rights of decision held by these committees are stipulated in the Board's formal work plan. Minutes are prepared to record the issues addressed and the decisions made at these committee meetings and these are presented at the subsequent Board meeting.

**BOARD OF DIRECTORS AND COMMITTEES IN 2014**

| | | | Committees | | Attendance | | |
|---|---|---|---|---|---|---|---|
| **Board members elected by the AGM** | **Year elected** | **Dependent[1]** | **Auditing Committeet** | **Remuneration Committee** | **Board meetings** | **Auditing Committee** | **Remuneration Committee** |
| Carl Bennet, chairman | 1989 | ■ | | Chairman | 15/15 | | 2/2 |
| Johan Bygge | 2007 | | Chairman | | 15/15 | 5/5 | |
| Cecilia Daun Wennborg | 2010 | | Member | | 13/15 | 5/5 | |
| Carola Lemne | 2003 | | Member | | 12/15 | 4/5 | |
| Johan Malmquist | 1997 | ▲ | | | 15/15 | | |
| Malin Persson | 2014 | | | Member | 11/15 | | 2/2 |
| Johan Stern | 2004 | ● | Member | Member | 15/15 | 5/5 | 2/2 |
| Maths Wahlström | 2012 | | | Member | 11/15 | | 2/2 |
| **Board members appointed by employees** | | | | | | | |
| Peter Jörmalm | 2012 | | | | 15/15 | | |
| Rickard Karlsson | 2013 | | | | 14/15 | | |
| Åke Larsson (deputy member) | 2014 | | | | 13/15 | | |
| Maria Grehagen-Hedberg (deputy member) | 2014 | | | | 12/15 | | |

1. As defined by the Swedish Corporate governance Code
■ = Representing Getinge's principal owner Carl Bennet AB
▲ = President and CEO
● = Board member of Getinge's principal owner Carl Bennet AB

## Remuneration Committee

During 2014, Getinge's Remuneration Committee comprised Board members Carl Bennet (Chairman), Johan Stern, Maths Wahlström and Malin Persson. The Committee held two minuted meetings in 2014, including informal contact when necessary. All members were present at all meetings during the year.

## Auditing Committee

During 2014, Getinge's Auditing Committee comprised Board members Johan Bygge (Chairman), Cecilia Daun Wennborg, Carola Lemne and Johan Stern. The Committee held five minuted meetings in 2014, including informal contact when necessary. The average attendance rate was 95%.
The Auditing Committee also held one meeting in January 2015, at which the 2014 audit was addressed. The Company's auditors participated in all meetings convened by the Auditing Committee. Jointly with the auditors, the Committee discussed and established the scope of the audit.

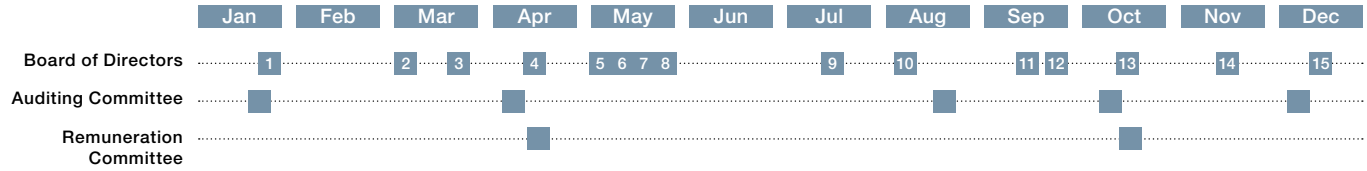
## Financial reporting

The Board of Directors monitors the quality of the company's financial reporting by issuing instructions to the CEO and the Auditing Committee and by establishing requirements concerning the content in the reports relating to financial conditions. These are regularly submitted to the Board through the instructions issued for financial reporting. The Board considers and quality assures financial reporting, such as the year-end reports and annual accounts, and has delegated to the executive management the task of ensuring the quality of press releases containing financial information and presentation material in conjunction with meetings with the media, owners and financial institutions.

## External auditors

The auditor in charge from Öhrlings PricewaterhouseCoopers AB is the authorized public accountant Magnus Willfors and the co-auditor is the authorized public accountant Eric Salander. Neither Magnus Willfors nor Eric Salander hold any shares in the company. When Öhrlings PricewaterhouseCoopers AB is engaged to provide services other than auditing services, such assignments take place in accordance with the regulations determined by the Auditing Committee for approval of the nature and scope of the services and the fees for such services. It is Getinge's assessment that the performance of these services has not jeopardized Öhrlings PricewaterhouseCoopers AB's independence. Such services have primarily concerned in-depth reviews and special review assignments. The full amounts of remuneration paid to auditors over the past three years are presented on page 61 and in Note 5 of the consolidated financial statements. The company's auditor in charge participated in all of the Auditing Committee's meetings and one Board meeting. In conjunction with the Board meeting, the auditors held a meeting with the Board in which no members of executive management participated.

### BOARD AND COMMITTEE MEETINGS IN 2014




**Board meetings**

1 Annual accounts
2 Information
3 Annual General Meeting
4 Interim report
5 Acquisition discussion
6 Information
7 Information
8 Information
9 Interim report
10 Information
11 Company visit, Review of operations
12 Acquisition discussion
13 Interim report
14 Information
15 Budget

## Operational business

The CEO and other members of Group management continuously hold meetings to review monthly results, update forecasts and plans and to discuss strategic matters. Getinge's Group management comprises six individuals, who are presented on pages 64-65. Group management deals with Group-wide issues in addition to operative matters related to each business area. Group management consists of the CEO and the business area executive vice presidents as well as the Chief Financial Officer and Vice President of Human Resources. The Board is responsible for ensuring that an effective system for internal control and risk management is in place. The CEO has been delegated the responsibility of creating the necessary prerequisites to work with these issues. Both Group management and managers at various levels in the company have this responsibility in their respective areas. Authorities and responsibilities are defined in policies, guidelines and descriptions of duties.

## Board fees

The 2014 AGM decided that fees would be paid to the Board in the total amount of SEK 4 400 000, of which SEK 1 100 000 to the Chairman and SEK 550 000 to each of the other Board members who are elected by the AGM and are not employed by the Group. Furthermore, the AGM decided that fees for the work of the Auditing Committee were to be paid in the amount of SEK 240 000 to the Chairman and SEK 120 000 to each of the other members, and that fees for the work of the Remuneration Committee were to be paid in the amount of SEK 125 000 to the Chairman and SEK 92 000 to each of the other members.

## Share and share-based incentive program

There are no outstanding shares or share-based incentive programs for Board members, the CEO or other senior executives.

## Remuneration to senior executives

The 2014 AGM established guidelines for remuneration to senior executives, primarily entailing the following: Remuneration and other employment terms and conditions for senior executives is to be market-based and competitive in every market where Getinge is active so as to attract, motivate and retain skilled and competent employees. The total remuneration package to senior executives is to comprise basic pay, variable remuneration, pension and other benefits. The allocation between basic pay and variable remuneration should be proportionate to the executive's responsibility and authority. Variable remuneration is limited to a maximum amount and linked to predetermined and measurable criteria, designed with the aim of promoting the company's long-term value creation. No variable remuneration will be paid if earnings before tax are negative. For the CEO, variable remuneration is limited to a maximum of 80% of basic pay. Variable remuneration is based on the individual targets set by the Board. Examples of such targets include earnings, volume growth, working capital and cash flow. For other senior executives, variable remuneration is based on the outcome in the executive's personal area of responsibility and individually established targets. In addition to the aforementioned variable remuneration, adopted share or share-related incentive programs may be included. The Board is entitled to deviate from these guidelines if warranted in individual cases.
Total remuneration to senior executives amounted to about SEK 69 M (75) in 2014. Refer to Note 27 for further information.
The Board proposes unchanged guidelines for remuneration to senior executives to the 2015 AGM.

**FEES FOR BOARD AND COMMITTEE WORK 2014**

| Name | Board fee | Committee fee | Total |
|---|---|---|---|
| Carl Bennet | 1 100 000 | 125 000 | **1 225 000** |
| Johan Bygge | 550 000 | 240 000 | **790 000** |
| Cecilia Daun Wennborg | 550 000 | 120 000 | **670 000** |
| Carola Lemne | 550 000 | 120 000 | **670 000** |
| Malin Persson | 550 000 | 92 000 | **642 000** |
| Johan Stern | 550 000 | 212 000 | **762 000** |
| Maths Wahlström | 550 000 | 92 000 | **642 000** |
| **Total** | **4 400 000** | **1 001 000** | **5 401 000** |

## Fees to auditors

Öhrlings PricewaterhouseCoopers is the company's auditor. Auditing assignments refer to the auditing of the annual accounts and financial statements, including the Board's and the President's administration, other assignments that the company's auditors are required to perform and advice or other support brought about by observations from auditing or conducting similar tasks. Other assignments refer mainly to consultancy services related to auditing and taxation issues as well as assistance in connection with company acquisitions. Fees for auditing assignments in 2014 amounted to SEK 22 M (21) and fees for other assignments totaled SEK 10 M (8).

## Internal Control and risk management in the financial reporting

**Description.** At the Getinge Group, internal control of financial reporting is an integral part of corporate governance. It comprises processes and methods to safeguard the Group's assets and accuracy in the financial reporting, and in this manner, protects the shareholders' investment in the company.

**Control environment.** The Getinge Group's organization is designed to quickly respond to changes in the market. Operational decisions are thus made at the company or business-area level, while decisions on strategy, focus, acquisitions and overall financial issues are made by the Getinge Group's Board and Group management. The internal control of financial reporting within Getinge is designed to manage these conditions. The basis of the internal control of the financial reporting comprises the control environment, including the organization, decision-making channels, authorities and the responsibilities that are documented and communicated in steering documents.
Each year, the Board adopts a formal work plan that regulates the duties of the Chairman and the CEO. The Board has established an Auditing Committee to increase knowledge of the level of transparency and control of the company's accounts, financial reporting and risk management, and a Remuneration Committee to manage remuneration to company management. Each business area has one or more administrative centers that are responsible for the day-to-day handling of transactions and accounting. Each business area has a financial manager, who is responsible for the financial control of the business unit and for ensuring that the financial statements are accurate, complete and submitted in good time prior to consolidated reporting.

**Risk assessment.** Risk assessment is based on the Group's financial targets. The overall financial risks have been defined and are mostly industry specific. By conducting quantitative and qualitative risk analyses based on the consolidated balance sheet and income statement, Getinge can identify the key risks that could threaten the achievement of business and financial targets. In addition, several units in each business area are analyzed to gain a more detailed understanding of the actual application of the existing rules and regulations. Accordingly, measures to minimize identified risks are formulated centrally within the Group.

**Control activities.** The identified risks related to financial reporting are handled by the company's control activities. For example, there are automated controls in IT-based systems that manage authority levels and rights to authorization, as well as manual controls, such as duality in the day-to-day recording of transactions and closing entries. Detailed financial analyses of results and follow-ups against budgets and forecasts supplement the operation-specific controls and provide overall confirmation of the quality of the reporting. The Group follows standardized templates and models to identify and document processes and controls.

**Information and communication.** The Group has information and communication procedures to promote completeness and accuracy in the financial reporting. Policies, manuals and work descriptions are available on the company's intranet and/or in printed form. Information channels were established to monitor how efficiently the internal controls in the Group function and data is regularly presented through the relevant parties within the organization via implemented reporting tools.

**Follow-up and monitoring.** The finance department and management perform monthly analyses of the financial reporting at a detailed level. The Auditing Committee follows up the financial reporting at its meetings and the company's auditors report on their observations and provide recommendations. The Board receives financial reports on a monthly basis and the company's financial position is discussed at every Board meeting. The efficiency of the internal control activities is regularly followed up at different levels in the Group and comprises an assessment of the formulation and operative function of key control elements that have been identified and documented.

**Self-assessment and validation.** Since 2006, the Getinge Group works with a formalized process for the follow-up and evaluation of the effectiveness of documentation and control activities. The control consists of both a Group-wide IT-based tool for self-assessment and validation of the self-assessments. The validations are carried out by controllers from another business unit.
During 2014, self-assessments were conducted at all of the most important operating units within the Group. In conjunction with the standard audits, the auditors conducted a validation of the internal control. The self-assessment and validation function encompass the processes relating to financial reporting, production, inventories, sourcing and revenues from products and services.
The system of self-assessment and validation provides the Board with a proper overview of how the Group manages different flows of information, how the Group reacts to new information and how the various control systems function.

**Outcome 2014.** The follow-up of the internal control in 2014 indicated that documentation and control activities were, in all material respects, established at the validated companies. Based on the internal control that was conducted, the Board has decided that there is no need to introduce a separate audit function (internal audit function).

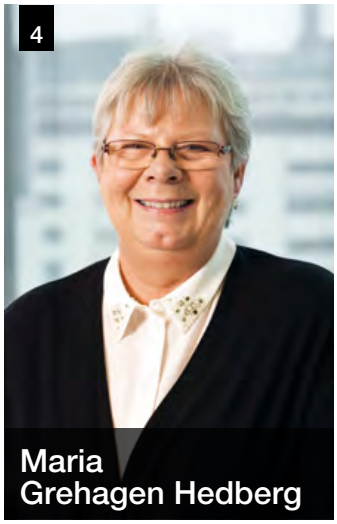
**Follow-on work.** Over the next year, the continuing work related to internal control in the Getinge Group will principally focus on risk assessment, control activities and follow-up/monitoring. An update of the risk analysis as regards relevant control processes and risk areas is conducted as a recurring annual activity. In the Control activities area, resources will be used to document additional processes resulting from the annual risk analysis. Depending on the outcome of the implemented self-assessment, it may be necessary to address reported shortcomings.

# Getinge's Board of Directors

1 Carl Bennet

2 Johan Bygge

3 Cecilia Daun Wennborg


4 Maria Grehagen Hedberg

5 Peter Jörmalm

6 Rickard Karlsson

7 Åke Larsson

8 Carola Lemne

9 Johan Malmquist

10 Malin Persson

11 Johan Stern

12 Maths Wahlström

1. **Carl Bennet** (1951)
   Chairman of the Board
   M.Sc. (Economics), Dr. Tech. h.c.
- Assignments on Getinge's Board: Chairman of the Board since 1997. Chairman of the Nomination Committee. Chairman of the Remuneration Committee. Board member since 1989.
- Current assignments: CEO of Carl Bennet AB, Chairman of the Board at Elanders and Lifco. Board member of Holmen and L E Lundbergsföretagen.
- Previous assignments: President and CEO of Getinge
- Shareholding: Holds 15 940 050 Class A shares and 27 153 848 Class B shares through companies.

2. **Johan Bygge** (1956)
   Board member elected by AGM
   M.Sc. (Economics)
- Assignments on Getinge's Board: Chairman of the Auditing Committee. Board member since 2007.
- Current assignments: Chief Operating Officer EQT Partners AB, Chairman of Novare Human Capital AB and Samsari AB. Board member of Anticimex International AB and Sanitec Oyj.
- Previous assignments: CFO of Investor AB, Executive Vice President of Electrolux and CFO of Electrolux.
- Shareholding: Holds 5 000 Class B shares.

3. **Cecilia Daun Wennborg** (1963)
   Board member elected by AGM
   M.Sc. (Economics)
- Assignments on Getinge's Board: Member of the Auditing Committee. Board member since 2010.
- Current assignments: Chairman of the Board at Proffice AB, Board member of companies including ICA Gruppen AB, Loomis AB, Eniro AB, AB Svensk Bilprovning, Hotell Diplomat AB, Atvexa AB and Sophiahemmet.
- Previous assignments: Vice President of Ambea AB, President of Carema Vård och Omsorg AB, acting President of Skandiabanken, Head of Swedish Operations at Skandia and President of Skandia Link.
- Shareholding: Holds 750 Class B shares.

4. **Maria Grehagen Hedberg** (1958)
   Deputy representative of the Swedish Metalworkers' Union
   Assembly
- Assignments on Getinge's Board: Deputy representative since 2014. Employed by Maquet Critical Care AB.
- Shareholding: Holds no shares.

5. **Peter Jörmalm** (1959)
   Board member, representative of Unionen
   Parts Management/Parts Specialist
- Assignments on Getinge's Board: Board member since 2014. Deputy from 2012 to 2014. Employed by Getinge Infection Control AB.
- Shareholding: Holds no shares.

6. **Rickard Karlsson** (1970)
   Board member, representative of the Swedish Metalworkers' Union
   Assembly
- Assignments on Getinge's Board: Board member since 2014. Deputy from 2013 to 2014. Employed by Getinge Sterilization AB.
- Shareholding: Holds no shares.

7. **Åke Larsson** (1966)
   Deputy representative of the Swedish Association of Graduate Engineers
   Engineer, Research & Development
- Assignments on Getinge's Board: Deputy representative since 2014. Employed by Maquet Critical Care AB.
- Shareholding: Holds no shares.

8. **Carola Lemne** (1958)
   Board member elected by AGM
   M.D, Ph.D., senior lecturer
- Assignments on Getinge's Board: Member of the Auditing Committee. Board member since 2003.
- Current assignments: CEO of the Confederation of Swedish Enterprise. Senior lecturer at Karolinska Institute. Chairman of Uppsala University. Co-owner of CALGO holding company.
- Previous assignments: President and CEO of Praktikertjänst AB, Board member of the Confederation of Swedish Enterprise, Investor AB, MEDA AB, the Swedish Foundation for Strategic Research and Apoteket AB. CEO of Danderyds Sjukhus AB. Clinical Research Manager at Pharmacia & Upjohn AB.
- Shareholding: Holds 2 300 Class B shares.

9. **Johan Malmquist** (1961)
   President and CEO
   M.Sc. (Economics)
- Assignments on Getinge's Board: Board member elected by AGM since 1997. Employed by Getinge since 1990.
- Shareholding: Holds 55 555 Class B shares.

10. **Malin Persson** (1968)
    Board member elected by AGM
    Master of Engineering
- Assignments on Getinge's Board: Board member elected by AGM since 2014. Member of the Remuneration Committee.
- Current assignments: CEO and owner of Accuracy AB, Board member in companies including Becker Industrial Coating, Hexpol AB, Konecranes Plc and Kongsberg Automotive.
- Previous assignments: CEO of the Chalmers University of Technology Foundation, many years' experience in major Swedish industrial enterprises such as the Volvo Group.
- Shareholding: Holds 1 000 Class B shares.

11. **Johan Stern** (1951)
    Board member elected by AGM
    M.Sc. (Economics)
- Assignments on Getinge's Board: Member of the Auditing Committee. Member of the Remuneration Committee. Board member since 2004.
- Current assignments: Chairman of Healthinvest Partners AB, Fädriften Invest AB, Skanör Falsterbo Kallbadhus AB and Harry Cullberg's Fund Foundation. Board member of Carl Bennet AB, Elanders AB, Lifco AB, Rolling Optics AB, RP Ventures AB, Swedish-American Chamber of Commerce, Inc and Estea AB.
- Previous assignments: Active within SEB's operations in Sweden and the US.
- Shareholding: Holds 30 104 Class B shares.

12. **Maths Wahlström** (1954)
    Board member elected by AGM
    M.Sc. (Economics)
- Assignments on Getinge's Board: Member of the Remuneration Committee. Board member since 2012.
- Current assignments: CEO and Chairman of KMG Capital Partners, LLC, Chairman of PCI HealthDev, LLC, and Somnia Health Wellness INC. Board member of Coherus Biosciences INC and Alteco Medical AB, and independent lead director of Coherus.
- Previous assignments: More than 30 years' international experience in preventive care and healthcare from such positions as CFO of the Gambro Group and as CEO of Gambro Healthcare INC. He has also served as CEO of Fresenius Medical Services and was a member of the Group management for Fresenius Medical Care AG & Co KGaA.
- Shareholding: Holds 9 000 Class B shares.

**Remuneration Committee**
Carl Bennet, Chairman
Johan Stern
Maths Wahlström
Malin Persson

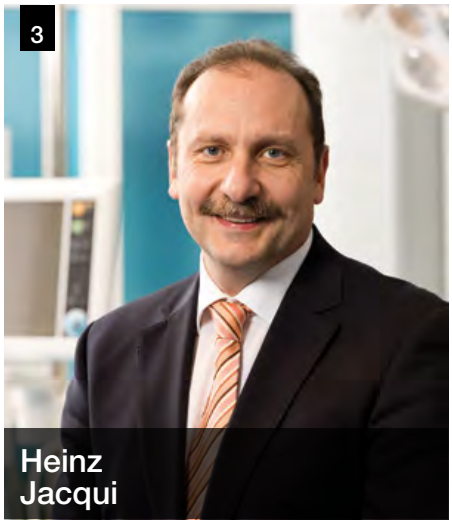
**Auditing Committee**
Johan Bygge, Chairman
Cecilia Daun Wennborg
Carola Lemne
Johan Stern

**Auditors**
Öhrlings PricewaterhouseCoopers AB
- Magnus Willfors, Chief Auditor
  Authorized Public Accountant
- Eric Salander, Co-Auditor
  Authorized Public Accountant

# Getinge's Group Management

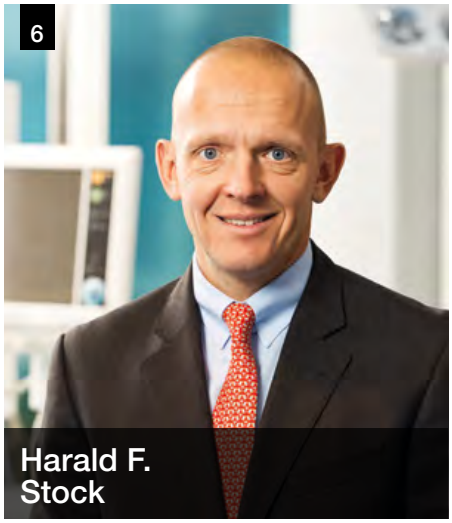
1 Johan Malmquist

2 Ulf Grunander

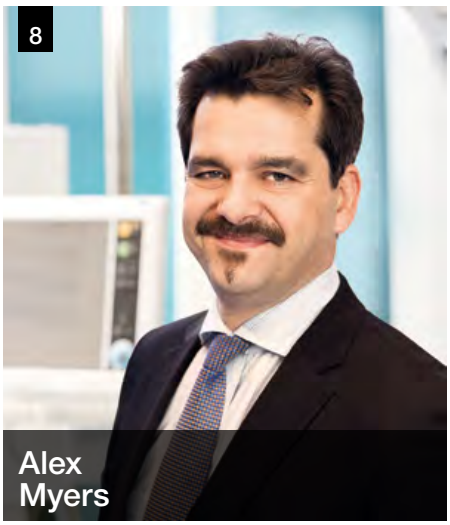

3 Heinz Jacqui

4 Joacim Lindoff

5 Andreas Quist


6 Harald F. Stock

7 Anders Grahn


8 Alex Myers

1. **Johan Malmquist** (1961)
   President and CEO
- M.Sc. (Economics)
- Swedish citizen
- Employed since 1990
- CEO since 1997
- Shareholding: 55 555 Class B shares

*Previous experience:*
Prior to becoming President and CEO of the Getinge Group, Johan Malmquist was Executive Vice President (1992-1997) and President of one of the Group's French subsidiaries (1990-1992). Before joining Getinge, Johan Malmquist worked at Electrolux Storkök.

2. **Ulf Grunander** (1954)
   Chief Financial Officer
- M.Sc. (Economics)
- Swedish citizen
- Employed since 1993
- Shareholding: 38 170 Class B shares

*Previous experience:*
Ulf Grunander has been Getinge's CFO since the company was listed in 1993. In this role, Ulf Grunander's achievements include nearly 50 corporate acquisitions. Between 1979 and 1993, Ulf Grunander worked as an Authorized Public Accountant.

3. **Heinz Jacqui** (1961)
   Executive Vice President,
   Medical Systems Business Area
- Diploma in mechanical and process engineering
- German citizen
- Employed since 2012
- Shareholding: Holds no shares

*Previous experience:*
Heinz Jacqui has had an extensive international career in the medical-technical sector and has held executive positions at such companies as Olympus Medical and Draeger Medical.

4. **Joacim Lindoff (1973)**
   Executive Vice President,
   Infection Control Business Area
- M.Sc. (Economics)
- Swedish citizen
- Employed since 1999
- Shareholding: Holds no shares

In January 2015, Joacim Lindoff succeeded Anders Grahn as Executive Vice President of the Infecion Control Business Area.

*Previous experience:*
Joacim Lindoff started his career at Getinge in 1999 and assumed his current position at the beginning of 2015. Prior to this post, he most recently served as the President Sales & Service Europe/International at Infection Control. He has previously held senior positions at NIBE and was Chairman of the medical technology industry organization, Swedish Medtech, from 2010 to 2014.

5. **Andreas Quist** (1974)
   Executive Vice President,
   Human Resources & Sustainability
- M.P.S. in business administration
- Swedish citizen
- Employed since 2010
- Shareholding: Holds no shares

*Previous experience:*
Andreas Quist started his career at the Getinge Group in 2010 as Vice President Human Resources for the Extended Care Business Area. He has previously held a number of senior international HR positions at major international corporations, including Nokia.

6. **Harald F. Stock** (1968)
   Executive Vice President,
   Extended Care business area
- PhD. in inorganic chemistry
- German citizen
- Employed since 2014
- Shareholding: Holds no shares

*Previous experience:*
Harald Stock has almost 20 years' experience of and a successful track record from the healthcare industry. He most recently served as the chief executive officer of the Grünenthal Group and previously held executive positions with companies including the Roche Group and at DePuy, the Orthopedics Division of Johnson & Johnson.

7. **Anders Grahn** (1969)
   Executive Vice President,
   Infection Control business area
- M.Sc. (Economics)
- Swedish citizen
- Employed since 2012
- Shareholding: Holds no shares

At year-end 2014, Anders Grahn stepped down from his position as Executive Vice President of Infection Control to continue his career outside of the Getinge Group. He was succeeded by Joacim Lindoff.

8. **Alex Myers** (1963)
   Alex Myers will assume his new position as President and CEO at the Annual General Meeting on March 25, 2015.
- B.A. Organizational Behavior & Economics
- Swedish citizen
- Shareholding: Holds 2 150 Class B shares

*Previous experience:*
Alex Myers' most recent position was as the President and CEO of Hilding Anders AB, but he has previous experience in the Getinge Group as President of ArjoHuntleigh and Executive Vice President of the Extended Care Business Area between 2009 and 2013. Prior to this, Alex Myers was a member of the Carlsberg Group Executive Management Team for ten years, of which the last five years he held the position as Head of Western European markets.

# Proposed allocation of profits

Getinge AB (publ), org.nr 556408-5032

| **The following profits in the Parent Company are at the disposal of the Annual General Meeting:** | |
|---|---|
| Share premium reserve | 3 435 |
| Retained earnings | 2 000 |
| Net profit for the year | 503 |
| **Total** | **5 938** |
| | |
| The Board and Chief Executive Officer propose that a dividend of SEK 2.80 per share shall be distributed to shareholders | 667 |
| to be carried forward | 5 271 |
| **Total** | **5 938** |

The Board of Directors deems the proposed dividend to be justified in relation to requirements that the Group's nature of business, scope and risks impose on consolidated shareholders' equity and the Group's consolidation requirements, liquidity and financial position.

For information regarding the results and financial position of the Group and the Parent Company, refer to the following financial statements. The income statements and balance sheets will be presented for approval to the Annual General Meeting on March 25, 2015.

The Board of Directors and CEO affirm that the consolidated financial statements have been prepared in accordance with international financial reporting standards IFRS, which have been adopted by the EU, and provide a fair and accurate account of the Group's financial position and profit. This Annual Report was prepared in accordance with generally accepted accounting policies and provides a fair and accurate account of the Parent Company's financial position and profit.

The Administration Report for the Group and Parent Company provides a fair and accurate overview of the performance of the Parent Company and the Group's operations, financial position and earnings and describes the material risks and uncertainties faced by the Parent Company and companies belonging to the Group.

**Göteborg, February 20, 2015**

**Carl Bennet**
Chairman

**Johan Bygge**
AGM-elected Board member

**Cecilia Daun Wennborg**
AGM-elected Board member

**Carola Lemne**
AGM-elected Board member

**Malin Persson**
AGM-elected Board member

**Johan Stern**
AGM-elected Board member

**Mats Wahlström**
AGM-elected Board member

**Peter Jörmalm**
Board member
Representative of the Swedish white-collar trade union, Unionen

**Rickard Karlsson**
Board member
Representative of the Swedish Metalworkers' Union, IF Metall

**Johan Malmquist**
AGM-elected Board member
CEO

**Our auditor's report was submitted on February 20, 2015**
**Öhrlings PricewaterhouseCoopers AB**

**Magnus Willfors**
Authorized Public Accountant
Chief Auditor

**Eric Salander**
Authorized Public Accountant

# Consolidated financial statements

## CONSOLIDATED INCOME STATEMENT

| SEK M | Note | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| Net sales | 2, 3 | 26 669 | 25 287 | 24 248 |
| Cost of goods sold* | 33 | -13 559 | -12 540 | -11 544 |
| **Gross profit** | | **13 110** | **12 747** | **12 704** |
| Selling expenses* | 33 | -5 772 | -5 363 | -5 452 |
| Administrative expenses | 33 | -2 824 | -2 599 | -2 405 |
| Research and development costs | 32, 33 | -597 | -619 | -598 |
| Acquisition costs | | -38 | -13 | -44 |
| Restructuring and integration costs | 20 | -1 162 | -401 | -184 |
| Other operating income | | 90 | 124 | 34 |
| Other operating expenses* | | -161 | -128 | -49 |
| **Operating profit** | 3, 4, 5, 6 | **2 646** | **3 748** | **4 006** |
| | | | | |
| Interest income and similar profit items | 7 | 23 | 24 | 21 |
| Interest expenses and similar loss items | 8 | -682 | -619 | -591 |
| **Profit after financial items** | | 1 987 | 3 153 | 3 436 |
| Tax on profit for the year | 9 | -539 | -858 | -905 |
| **Net profit for the year** | | **1 448** | **2 295** | **2 531** |
| | | | | |
| *Attributable to:* | | | | |
| Parent Company's shareholders | | 1 433 | 2 285 | 2 521 |
| Non-controlling interest | | 15 | 10 | 10 |
| **Net profit for the year** | | **1 448** | **2 295** | **2 531** |
| | | | | |
| Earnings per share for profits attributable to the Parent Company's shareholders during the year* | 11 | 6,01 | 9,59 | 10,58 |
| – weighted average number of shares for calculation of earnings per share | 11 | 238 323 | 238 323 | 238 323 |

*Cost of goods sold includes the cost of SEK 253 M (279) in sales commission, which was previously recognized as selling expenses, and a cost of SEK 100 M (98) attributable to the US Medical Device Tax, which was previously recognized as other operating expenses.

## STATEMENT OF COMPREHENSIVE INCOME

| SEK M | Note | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| **Net profit for the year** | | **1 448** | **2 295** | **2 531** |
| | | | | |
| **Other comprehensive income** | | | | |
| **Items that cannot be restated in profit for the period** | | | | |
| Actuarial gains/losses pertaining to defined-benefit pension plans | | -666 | -148 | -412 |
| Income tax attributable to components in other comprehensive income | | 223 | -25 | 142 |
| | | | | |
| **Items that can later be restated in profit for the period** | | | | |
| Translation differences | | 1 930 | -58 | -759 |
| Cash-flow hedges | 26 | -112 | 290 | -36 |
| **Other comprehensive income/loss for the period, net after tax** | | 1 375 | 59 | -1 065 |
| **Total comprehensive income for the period** | | **2 823** | **2 354** | **1 466** |
| | | | | |
| **Comprehensive income attributable to** | | | | |
| Parent Company's shareholders | | 2 800 | 2 350 | 1 456 |
| Non-controlling interest | | 23 | 4 | 10 |

## CONSOLIDATED BALANCE SHEET

| SEK M | Note | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Intangible assets | 3,4, 12 | 30 064 | 25 126 | 24 895 |
| Tangible assets | 3, 4,12, 19 | 4 971 | 4 341 | 4 066 |
| Derivative instruments, long-term | 26 | 40 | 138 | 113 |
| Long-term financial receivables | | 83 | 122 | 270 |
| Deferred tax assets | 9 | 1 287 | 407 | 504 |
| **Total non-current assets** | | **36 445** | **30 134** | **29 848** |
| **Current assets** | | | | |
| Inventories | 13 | 5 245 | 4 254 | 4 060 |
| Accounts receivable | 14 | 7 362 | 6 630 | 6 150 |
| Current tax receivables | | 523 | 169 | 66 |
| Financial instruments, current | 26 | 264 | 480 | 267 |
| Other receivables | | 705 | 843 | 738 |
| Prepaid expenses and accrued income | 15 | 792 | 645 | 538 |
| Cash and cash equivalents | 17 | 1 482 | 1 148 | 1 254 |
| **Total current assets** | | 16 373 | 14 169 | 13 073 |
| **TOTAL ASSETS** | | **52 818** | **44 303** | **42 921** |
| **SHAREHOLDERS' EQUITY AND LIABILITIES** | | | | |
| **Shareholders' equity** | | | | |
| Share capital | 16 | 119 | 119 | 119 |
| Other capital provided | | 5 960 | 5 960 | 5 960 |
| Other reserves | | -153 | -1 993 | -2 160 |
| Retained earnings including net profit for the year attributable to the Parent Company's shareholders | 10 | 12 416 | 12 445 | 11 251 |
| **Shareholders' equity attributable to the Parent Company's shareholders** | | 18 342 | 16 531 | 15 170 |
| Non-controlling interest | | 352 | 29 | 30 |
| **Total shareholders' equity** | | **18 694** | **16 560** | **15 200** |
| **Long-term liabilities** | | | | |
| Interest-bearing long-term loans | 18, 19 | 14 378 | 13 566 | 13 163 |
| Other long-term liabilities | | 26 | 20 | 21 |
| Provisions for pensions, interest-bearing | 18, 22 | 3 271 | 2 298 | 2 111 |
| Provisions for pensions, non-interest-bearing | 22 | 62 | 51 | 47 |
| Derivative instruments, long-term | 26 | – | – | 757 |
| Deferred tax liabilities | 9 | 1 317 | 1 410 | 1 378 |
| Other provisions, long-term | 21 | 326 | 258 | 241 |
| **Total long-term liabilities** | | **19 380** | **17 603** | **17 718** |
| **Current liabilities** | | | | |
| Restructuring reserves | 20 | 649 | 238 | 201 |
| Other provisions, current | 21 | 223 | 197 | 157 |
| Interest-bearing current loans | 18, 19 | 6 373 | 3 603 | 4 362 |
| Advance payments from customers | | 556 | 467 | 365 |
| Accounts payable | | 2 083 | 1 882 | 1 906 |
| Current tax liabilities | | 94 | 211 | 238 |
| Financial instruments, current | 26 | 1 338 | 660 | 96 |
| Other liabilities | | 599 | 524 | 414 |
| Accrued expenses and deferred income | 23 | 2 828 | 2 358 | 2 264 |
| **Total current liabilities** | | **14 744** | **10 140** | **10 003** |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | | **52 818** | **44 303** | **42 921** |

Refer to Note 24 for information concerning the Getinge Group's pledged assets.

## CHANGES IN SHAREHOLDERS' EQUITY FOR THE GROUP

| SEK M | Share capital | Other capital provided[1] | Reserves[2] | Retained earnings | Total | Non-controlling interest | Total shareholders' equity |
|---|---|---|---|---|---|---|---|
| **Opening balance at January 1, 2012** | **119** | **5 960** | **-1 375** | **9 904** | **14 608** | **28** | **14 636** |
| Total comprehensive income for the period | | | -785 | 2 241 | 1 456 | 10 | 1 466 |
| Dividend | | | | -894 | -894 | -8 | -902 |
| **Closing balance at December 31, 2012** | **119** | **5 960** | **-2 160** | **11 251** | **15 170** | **30** | **15 200** |
| | | | | | | | |
| **Opening balance at January 1, 2013** | **119** | **5 960** | **-2 160** | **11 251** | **15 170** | **30** | **15 200** |
| Total comprehensive income for the period | | | 167 | 2 183 | 2 350 | 4 | 2 354 |
| Dividend | | | | -989 | -989 | -5 | -994 |
| **Closing balance at December 31, 2013** | **119** | **5 960** | **-1 993** | **12 445** | **16 531** | **29** | **16 560** |
| | | | | | | | |
| **Opening balance at January 1, 2014** | **119** | **5 960** | **-1 993** | **12 445** | **16 531** | **29** | **16 560** |
| Total comprehensive income for the period | | | 1 840 | 960 | 2 800 | 23 | 2 823 |
| Arising in connection with acquisitions | | | | | | 304 | 304 |
| Dividend | | | | -989 | -989 | -4 | -993 |
| **Closing balance at December 31, 2014** | **119** | **5 960** | **-153** | **12 416** | **18 342** | **352** | **18 694** |

1) Other capital provided is entirely comprised of the share premium reserve.
2) Reserves comprise reserves for cash-flow hedges, hedges of net investments and exchange-rate differences.

## CONSOLIDATED CASH-FLOW STATEMENT

| SEK M | Note | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| **Operating activities** | | | | |
| EBITDA | | 4 765 | 5 614 | 5 748 |
| Expensed restructuring costs | 20 | 1 162 | 401 | 184 |
| Paid restructuring costs | 20 | -751 | -352 | *-128* |
| Other non-cash items | 31 | 47 | 153 | 43 |
| Interest expenses | | -649 | -580 | -542 |
| Other financial items | | -10 | -15 | -28 |
| Taxes paid | | -790 | -859 | -966 |
| **Cash flow before changes to working capital** | | **3 774** | **4 362** | **4 311** |
| | | | | |
| **Changes in working capital** | | | | |
| Inventories | | -421 | -233 | -126 |
| Current receivables | | -42 | -812 | -201 |
| Current liabilities | | 162 | 227 | -297 |
| **Cash flow from operating activities** | | **3 473** | **3 544** | **3 687** |
| | | | | |
| **Investing activities** | | | | |
| Acquired companies and operations | 25, 31 | -1 236 | -248 | -2 226 |
| Capitalized development costs | | -673 | -679 | -745 |
| Equipment for lease | | -221 | -299 | -296 |
| Acquisition of non-current assets | | -945 | -1 004 | -959 |
| **Cash flow from investing activities** | | **-3 075** | **-2 230** | **-4 226** |
| | | | | |
| **Financing activities** | | | | |
| Raising of loans | | 4 849 | 4 887 | 7 339 |
| Repayment of loans | | -766 | -5 164 | -6 299 |
| Change in long-term receivables | | -79 | 303 | 99 |
| Dividend paid | 10 | -993 | -989 | -894 |
| **Cash flow from financing activities** | | **3 011** | **-963** | **245** |
| | | | | |
| **Cash flow for the year** | | **3 409** | **351** | **-294** |
| | | | | |
| Cash and cash equivalents at the beginning of the period | | 1 148 | 1 254 | 1 207 |
| Cash flow for the year | | 3 409 | 351 | -294 |
| Translation differences | | -3 075 | -457 | 341 |
| **Cash and cash equivalents at year-end** | 31 | **1 482** | **1 148** | **1 254** |

## 1 Accounting policies

**GENERAL INFORMATION**
Getinge AB, which is the Parent Company of the Getinge Group, is a limited liability company with its registered offices in Gothenburg, Sweden. The company's address can be found on page 105. A description of the company's operations is included in the Administration Report on page 52.

**ACCOUNTING AND MEASUREMENT POLICIES**
Getinge's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), including interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 has been applied. The consolidated financial statements include the financial statements for Getinge AB and its subsidiaries and were prepared in accordance with the cost method. The Parent Company applies the same accounting policies as the Group, except in the instances stated below in the section "Parent Company's accounting policies." The differences that arise between the Parent Company and the Group's accounting policies are attributable to the limited opportunities for the application of IFRS in the Parent Company, as a result of the Swedish Annual Accounts Act and the Swedish Pension Obligations Vesting Act. The Parent Company's functional currency is Swedish kronor (SEK), which is also the Parent Company's and Group's presentation currency. This means that the financial statements are presented in Swedish kronor (SEK). Unless otherwise stated, all amounts are given in millions of Swedish kronor (SEK M).

**NEW GROUP ACCOUNTING POLICIES IN 2014**
No standards, amendments or interpretations effective from fiscal years beginning on or after January 1, 2014 had a material impact on the consolidated financial statements:

**SIGNIFICANT ESTIMATES AND ASSESSMENTS**
To prepare the financial statements in accordance with IFRS, the company management is required to make assessments and assumptions that affect the recognized amounts of assets and liabilities and other information, such as contingent liabilities and so forth, in the financial statements and for revenues and expenses recognized during the period. Assumptions, assessments and estimates are reviewed on a regular basis. The actual outcome may diverge from these assumptions, assessments and estimates. The Board of Directors and Group management have deemed that the following areas may have a significant impact on Getinge's earnings and financial position:

**Measurement of identifiable assets and liabilities in connection with acquisitions.** In conjunction with acquisitions, all identifiable assets and liabilities in the acquired company are identified and measured at fair value, including the value of assets and liabilities in the previously owned share as well as the share attributable to non-controlling interests.

**Goodwill and intangible assets with an indefinite useful life.** The impairment requirement for goodwill and other intangible assets with an indefinite useful life is tested annually by Getinge in accordance with the accounting policy described here in Note 1. The recoverable value for cash-generating units (CGUs) has been established through the measurement of value in use. For these calculations, certain estimations must be made (see Note 12).

**Pension commitments.** Recognition of the costs of defined-benefit pensions and other applicable retirement benefits is based on actuarial valuations, relying on key assumptions for discount rates, future salary increases, personnel-turnover rates and mortality tables. In turn, the discount rate assumptions are based on rates for high-quality fixed-interest investments with durations similar to the pension schemes (see Note 22).

**Obsolescence reserve.** Inventories are recognized at the lower of cost according to the first in/first out principle, and net realizable value. The value of inventories is adjusted for the estimated decrease in value attributable to products no longer sold, surplus inventories, physical damage, lead times for inventories, and handling and sales overheads. If the net realizable value is lower than the cost, a valuation reserve is established for inventory obsolescence (see Note 13).

**Deferred tax.** The measurement of loss carryforwards and the company's ability to utilize unutilized loss carryforwards is based on the company's assessments of future taxable income in various tax jurisdictions and includes assumptions regarding whether expenses that have not yet been subject to taxation are tax deductible. Deferred tax is recognized in profit and loss unless the deferred tax is attributable to items recognized in other comprehensive income, in which case the deferred tax is recognized together with the underlying transaction in other comprehensive income (refer to Note 9).

**CONSOLIDATED FINANCIAL STATEMENTS**
Getinge's consolidated financial statements comprise the Parent Company, Getinge AB, and all companies in which Getinge AB owns, either directly or indirectly, more than half of the shares' voting rights or where Getinge exercises a controlling influence on the basis of agreements. Subsidiaries are included in the consolidated financial statements from the point in time at which the controlling influence is transferred to the Group and are no longer included in the consolidated financial statements from the point in time at which the controlling influence ceases. The controlling influence is usually transferred at the acquisition date. Acquired companies are consolidated into the consolidated financial statements in accordance with the purchase method, which means that the cost of the shares in subsidiaries is eliminated against their shareholders' equity at the acquisition date. Accordingly, only the portion of the subsidiary's shareholders' equity that has arisen after the acquisition is included in consolidated shareholders' equity. Getinge applies IFRS 3 Business Combinations for acquisitions after January 1, 2004, in accordance with the interim regulations in IFRS 1. Getinge has chosen not to restate earlier acquisitions. Shareholders' equity in the subsidiaries is thus determined on a market-based value of identifiable assets, liabilities, provisions and contingent liabilities at the date of the acquisition. If the cost of the shares in the subsidiaries exceeds the value of the acquired net assets, calculated as described above, the difference is assigned to goodwill. If the acquisition cost falls below the fair value of the acquired subsidiary's net assets, the negative goodwill is recognized directly in profit and loss as other operating income. If assets are included in the subsidiary at the time of acquisition – for example, property, participations or other operations – that will not be retained but sold in the near future, these assets are recognized in the acquisition analysis at the amount expected to be received. Deferred tax is calculated on the difference between the calculated market values of assets and liabilities and the fiscal residual values. Intra-Group transactions and unrealized inter-company profits are eliminated in the consolidated financial statements, except with respect of shares in non-controlling interests. The fiscal effect is also calculated when eliminating internal transactions, based on the nominal tax rate. In profit and loss, net profit/loss is recognized without deductions for non-controlling interests in net profit/loss for the year. Non-controlling interests are recognized as a separate item in consolidated shareholders' equity in the balance sheet. The Group applies IFRS 3 Business Combinations to all acquisitions made after January 1, 2010, whereby the most significant change entails expensing transaction costs in conjunction with an acquisition.

**FOREIGN CURRENCIES**
**Functional currency.** Transactions in foreign currencies are translated to the functional currency of the financial statements according to the exchange rate on the date of the transaction. Receivables and liabilities in foreign currencies are measured at the closing day rate, and unrealized currency gains and losses are included in profit and loss. Exchange-rate differences attributable to operating receivables and liabilities are recognized as other operating income (operating expenses). Exchange-rate differences regarding financial assets and liabilities are recognized under "Other financial items." When preparing the consolidated financial statements, the balance sheets of the Group's foreign operations are translated from their functional currency to SEK, based on the closing day rate.

**Translation of foreign operations.** Getinge applies the current method for translation of foreign subsidiaries' balance sheets and income statements. This means that all assets and liabilities in subsidiaries are translated at the closing day rate, and all income statement items are translated at average annual exchange rates. Translation differences arising in this context are due to the difference between the income statement's average exchange rates and closing day rates, and to the net assets being translated at a different exchange rate at year-end than at the beginning of the year. Translation differences are recognized under other comprehensive income. The total translation differences in conjunction with divestments are recognized together with the gains/losses arising from the transaction. Hedge accounting is applied to external loans raised in order to reduce translation effects in exposed currencies to match the net assets in foreign subsidiaries. Exchange-rate differences for these loans are recognized directly in other comprehensive income for the Group.

**REVENUE RECOGNITION**
Sales include products, services and rents, excluding indirect sales tax and discounts provided. Income is recognized when, essentially, all risks and rights connected with ownership have been transferred to the buyer. This usually occurs in connection with delivery, after the price has been determined and collection of the receivable is appropriately secured. If delivery of finished products is postponed at the buyer's request, but the buyer assumes the proprietary rights and accepts the invoice (a "bill and hold" sale), income is recognized when the proprietary rights are transferred. Income is normally recognized once the buyer has accepted delivery and after installation and final inspection. However, income is recognized immediately after delivery if the installation and final inspection are of a simple nature, and after establishing provisions for estimated residual expenses. Income recognition for services takes place as and when the services are performed. Income from rental is allocated to a particular period over the term of the rental agreement. Interest income is recognized continuously and dividends received are recognized after the right to the dividend is deemed secure. In the consolidated financial statements, intra-Group sales are eliminated. For larger assignments extending over more than one accounting period, where outcome can be measured in a reliable manner, income and expenses are recognized in relation to the degree of completion of the assignment on the closing date. The degree of completion of an assignment is established in a ratio between accrued assignment costs for work completed on the closing date and the calculated total assignment costs, except in those instances this does not correspond to the degree of completion. Changes in the scope and claims of the assignment are included only if there is an agreement with the customer. When the outcome of an assignment cannot be calculated in a

reliable manner, only the amount corresponding to the accrued assignment costs that will probably be paid by the client is recognized as revenue. Other accrued assignment costs are recognized as costs in the period in which they occur. If it is probable that the total amount of accrued assignment costs will exceed total revenue from the assignment, the expected loss is promptly recognized as a cost in its entirety.

**GOVERNMENT GRANTS**
Government grants are measured at fair value when it is probable that the terms associated with the grants will be met and that the grants will be received. Government grants relating to costs are recognized in profit and loss. The income is recognized in the same period as the cost that grants are intended to compensate. Government grants relating to the acquisition of assets reduce the assets' carrying amounts. Grants affect recognized earnings over the assets' useful life by reducing depreciation.

**FINANCIAL INCOME AND EXPENSES**
Financial income and expenses include interest income on bank deposits and receivables, interest expenses on loans, income from dividends, unrealized and realized profits and losses on financial investments, exchange-rate differences, and the change in value of derivative instruments used in financial activities. Borrowing costs in conjunction with the raising of loans are recognized as part of the loan to which they pertain and are charged to profit during the term of the loan.

**INTANGIBLE ASSETS**
**Goodwill.** Goodwill comprises the portion of a purchase price for an acquisition that exceeds the market value of the identifiable assets, with deductions for liabilities and contingent liabilities, calculated on the acquisition date, on the share of the acquired company's assets acquired by the Group. In a business acquisition whereby the acquisition costs are less than the net value of acquired assets, assumed liabilities and contingent liabilities, the difference is recognized directly in profit and loss. Goodwill arising in conjunction with the acquisition of a foreign entity is treated as an asset in the foreign entity and translated at the exchange rate on the closing date. Goodwill arising from the acquisition of associated companies is included in the value of the holdings in the associated company. An impairment test of goodwill is conducted once per year or more often if there is an indication that there could have been a decrease in value. Impairment of goodwill is recognized in profit and loss. The gain or loss in connection with the divestment of an entity includes the residual carrying amount of goodwill that pertains to the divested unit.

**Other intangible assets.** Other intangible assets comprise capitalized development costs, customer relations, technical knowhow, trademarks, agreements and other assets. Intangible assets are recognized at cost with deductions for accumulated amortization and any impairment losses. Amortization is applied proportionally over the asset's anticipated useful life, which usually varies between three and 15 years. Acquired intangible assets are recognized separately from goodwill if they fulfill the criteria for qualifying as an asset, implying they can be separated or they are based on contractual or other legal rights and that their market value can be established in a reliable manner. Intangible assets that are recognized separately from goodwill in the context of acquisitions of operations include customer relations, technical knowhow, trademarks, agreements, etc. Acquired intangible assets are measured at market value and amortized on a straight-line basis over their anticipated useful life. The useful life can, in certain cases, be indefinite. These intangible assets are not amortized, instead they are subject to an impairment test every year or more often if there is an indication that there could have been a decrease in value. Costs for development, whereby research results or other knowledge is applied to produce new products, are recognized as an asset in the balance sheet to the extent that these products are expected to generate future financial benefits. These costs are capitalized when management deems that the product is technically and financially viable, which is usually when a product-development project has reached a defined milestone in accordance with an established project model. The capitalized value includes expenses for material, direct expenses for salaries and indirect expenses that can be assigned to the asset in a reasonable and consistent manner. In other cases, development costs are expensed as they arise. Research costs are charged to earnings as they arise. Capitalized expenses are amortized on a straight-line basis from the point in time at which the asset is put into commercial operation and during the asset's estimated useful life. The amortization period is between three and 15 years.

**TANGIBLE ASSETS**
Properties, machinery, equipment and other tangible assets are recognized at cost, with deductions for accumulated depreciation and any impairment losses. The cost includes the purchase price and expenses directly attributable to the asset to bring the asset to the site and in the working condition for its intended use. Examples of directly attributable expenses included in the cost are delivery and handling costs, installation, legal services and consultancy services. Assets provided to the company in conjunction with the acquisition of new subsidiaries are recognized at market value on the acquisition date. Depreciation is conducted straight line. The value in the balance sheet represents acquisition costs with deduction for accumulated depreciation and any impairment losses. Land is not depreciated since it is deemed to have an infinite economic life, however, the depreciation of other assets is based on the following anticipated useful lives:

| Class of assets | Depreciation, number of years |
|---|---|
| Land | 40 – 50 |
| Buildings | 10 – 50 |
| Machinery | 5 – 25 |
| Equipment | 10 |
| Production tools | 5 |
| Equipment for rental | 5 |
| Cars | 4 |
| Computer equipment | 3 |

Tangible assets comprising parts with different useful lives are treated as separate components of tangible assets. Standard maintenance and repair costs are expensed during the periods in which they arise. More extensive repair and upgrading costs are capitalized and depreciated over the item's remaining anticipated useful life. Capital gains/losses are recognized under "Other operating income/expenses."

**LEASING. GETINGE AS A LESSEE**
**Financial leasing.** Leasing of properties, machines and equipment, whereby the Group essentially assumes the same rights as for direct ownership of the asset, is classified as financial leasing. Financial leasing is capitalized from the date on which the lease agreement is entered into, at the lower amount of the assets' market value or the calculated present value of the underlying leasing payments. Each leasing payment is divided between liabilities and financial expenses so that interest payments on outstanding liabilities are proportional. The corresponding rental liability, after deduction for financing costs, is attributed to interest-bearing liabilities, while the interest portion of leasing costs is recognized in revenue during the lease period. Properties, machines and equipment acquired by leasing are depreciated over their anticipated useful lives.

**Operational leasing.** Leasing of assets whereby the lessor essentially remains the owner of the asset is classified as operational leasing, and payments made according to operational leasing contracts or rental agreements are expensed proportionally during the lease or rental period, respectively. Any compensation, according to agreement, that the lessee is obliged to pay to the lessor if the leasing contract is terminated prematurely is expensed during the period in which the contract is terminated.

**GETINGE AS A LESSOR**
Leasing agreements are defined in two categories, operational and financial, depending on the financial significance of the agreement. Operational leasing agreements are recognized as non-current assets. Revenues from operational leasing are recognized evenly over the lease period. Straight-line depreciation is applied to these assets in accordance with the undertakings and the depreciation amount is adjusted to correspond with the estimated realizable value when the undertaking expires. The estimated impairment requirement is immediately charged to profit and loss. The products' estimated realizable value at the expiration of the undertaking is continuously followed up on an individual basis. Financial leasing agreements are recognized as long-term and current receivables. Payments received from financial leasing agreements are divided between interest income and depreciation of receivables.

**IMPAIRMENT**
At the end of each accounting period, the carrying amount of the assets is assessed to determine whether there is any indication that impairment is required. If there is such an indication, the asset's recoverable value is established. The recoverable value is deemed to be the higher of the asset's net realizable value and its value in use, for which the impairment loss is recognized as soon as the carrying amount exceeds the recoverable value. Earlier recognized impairment losses on machines and equipment are reversed if the recoverable value is deemed to have increased, although the impairment losses are not reversed to an amount greater than what the carrying amount would have been if no impairment losses had been recognized in earlier years. Recognized impairments of goodwill are not reversed.

**INVENTORIES**
Inventories are measured at the lower of cost and production value, according to the first in/first out (FIFO) principle, and net realizable value. Inventories include a share of indirect costs related to this. The value of finished products includes raw materials, direct work, other direct costs and production-related expenses including depreciation. The net realizable value is calculated as the estimated sales price less estimated completion and selling expenses. An assessment of obsolescence in inventories is conducted on an ongoing basis during the year. The value of inventories is adjusted for the estimated decrease in value attributable to products no longer sold, surplus inventories, physical damage, lead times for inventories, and handling and sales overheads. If the net realizable value is lower than the cost, a valuation reserve is established for inventory obsolescence.

**FINANCIAL INSTRUMENTS**
A financial asset or financial liability is recognized in the balance sheet when the company is party to the contractual conditions of the instrument. A financial asset is derecognized from the balance sheet when the contractual rights to the asset are realized, extinguished or the company loses control over them. A financial liability is derecognized from the balance sheet when the contractual obligation has been fulfilled or in some other manner extinguished. Acquisitions and sales of financial assets are recognized on the transaction date, which is the date on which the company commits to acquire or sell the assets, apart from cases in which the company acquires or sells listed securities, when liquidity-date reporting is applied.

Financial instruments are recognized at amortized cost or fair value, depending on the initial classification according to IAS 39 (see below). At the end of each accounting period, the company assesses whether there are objective indications that a financial asset or

group of financial assets requires impairment.

Further information about financial instruments can be found in Note 14 Accounts receivable, Note 18 The Group's interest-bearing net debt and Note 26 Financial risk management and financial derivative instruments.

**Financial assets measured at fair value in profit and loss.** Financial assets in this category comprise derivatives. They are included in current assets if they are expected to be settled within 12 months of the end of the reporting period, otherwise, they are classified as non-current assets. All derivatives are measured at fair value in the balance sheet. Changes in fair value are recognized as a component of other comprehensive income insofar as they are part of a hedging relationship that qualifies as hedge accounting. They are reversed to profit and loss when the hedged transaction occurs at which point they are recognized as part of gross profit.

**Loan receivables and accounts receivable.** Assets in this category comprise long-term financial receivables, accounts receivable and other current receivables. They are included in current assets with the exception of items that fall due more than 12 months after the end of the reporting period, which are classified as non-current assets. Assets in this category are initially measured at fair value including transaction costs. After the acquisition date, they are recognized at amortized cost using the effective interest method. Accounts receivable are recognized in the amounts that are expected to be received after deductions for doubtful receivables, which are assessed on a case-by-case basis. The expected term of accounts receivable is short, which is why amounts are recognized at nominal values without discounting. Any impairment of accounts receivable is recognized in operating expenses.

**Cash and cash equivalents.** The major portion of cash and cash equivalents comprises cash funds held at financial institutions, and only a minor portion comprises current liquid investments with a term from the acquisition date of less than three months, which are exposed to only an insignificant risk of value fluctuations. Cash and cash equivalents are recognized at nominal amounts, which are equivalent to fair value.

**Other financial liabilities.** This category includes liabilities to credit institutions, issued bonds, accounts payable and other current liabilities. Long-term liabilities have an expected term longer than one year while current liabilities have a term of less than one year. Items in this category are initially measured at fair value and in the subsequent periods at amortized cost using the effective interest method.

**Hedge accounting.** For derivative instruments or other financial instruments that meet hedge-accounting requirements under the cash-flow hedging method or hedging of net investments in foreign operations method, the effective component of the value change is recognized in other comprehensive income. Accumulated value changes from cash-flow hedges are reversed from shareholders' equity to profit and loss at the same time as the hedged item impacts profit and loss. Accumulated value changes from the hedging of net investments in foreign operations are reversed from shareholders' equity to profit and loss when the foreign operation is divested in full or in part. Interest-bearing liabilities to which hedge accounting has been applied in accordance with the method for fair-value hedging are measured at fair value regarding the hedged risk. The effect of the hedge is recognized on the same line as the hedged item.

**Fair value.** The fair value of derivative instruments was calculated using the most reliable market prices available. This requires all instruments that are traded in an effective market, such as currency forward contracts, to be measured at marked-to-market. In terms of instruments for which no reliable prices were available, such as interest-rate swaps, cash flows were discounted using deposit and interest-rate swaps for the currency in question. Translation to SEK is conducted at the closing day rate.

## REMUNERATION OF EMPLOYEES

**Recognition of pensions.** Getinge has both defined-contribution and defined-benefit pension plans, of which some have assets in special funds or similar securities. The plans are usually financed by payments from the respective Group companies and the employees. The Group's Swedish companies are generally covered by the ITP plan, which does not require any payments from employees.

**Defined-benefit plans.** Pension costs for defined-benefit plans are calculated using the Projected Unit Credit Method in a manner that distributes expenses over the employee's working life. The calculation is performed annually by independent actuaries. These commitments are measured at the present value of expected future payments, with consideration for calculated future salary increases, utilizing a discount rate corresponding to the interest rate of first-class company or government bonds with a remaining term that is almost equivalent to the actual commitments. The Group's net liabilities for each defined-benefit plan (which is also recognized in the balance sheet), comprises the present value of the obligation less the fair value of the plan assets. If the value of the plan assets exceeds the value of the obligation, a surplus arises, which is recognized as an asset in other long-term receivables. The recognized asset value is limited to the total of costs related to services rendered during previous periods and the present value of future repayments from the plan, or reductions in future contributions to the plan. The actuarial assumptions constitute the company's best assessment of the different variables that determine the costs of providing the benefits. When actuarial assumptions are used, the actual results could differ from the estimated results, and actuarial assumptions change from one period to another. These differences are recognized as actuarial gains and losses. Actuarial gains and losses are recognized in other comprehensive income for the period in which they are incurred.

Costs for defined-benefit pension plans in profit and loss comprise the total costs for service during the current and earlier years, interest on commitments and the expected return on plan assets. Costs for service during the current period and previous periods are recognized as employee costs. The interest component of pension expenses is recognized under financial expenses.

**Defined-contribution plans.** These are plans in which the company pays fixed fees to a separate legal entity and does not have any legal or informal obligation to pay additional fees. The Group's payments for defined-contribution plans are recognized as expenses during the period in which the employees perform the services that the contribution covers. The part of the Swedish ITP plan concerning family pension, disability pension, and employment group life insurance financed by insurance with Alecta is a defined-benefit pension multi-employer plan. For this pension scheme, according to IAS 19, a company is primarily to recognize its proportionate share of the defined-benefit pension commitment and the plan assets and expenses associated with the pension plan. The financial statements are also to include disclosure required for defined-benefit pension plans. Alecta is currently unable to provide the necessary information and therefore the above pension plans are recognized as defined-contribution plans in accordance with item 30 of IAS 19. This means that premiums paid to Alecta will also be recognized on an ongoing basis as expenses in the period to which they pertain.

## PROVISIONS

Provisions are recognized when the Group has a legal or informal obligation as a result of past events and it is probable that payment will be required to fulfill the commitment and if a reliable estimation can be made of the amount to be paid. Pensions, deferred tax liabilities, restructuring measures, guarantee commitments and similar items are recognized as provisions in the balance sheet. Provisions are reviewed at the end of each accounting period.

## CONTINGENT LIABILITIES

Contingent liabilities are commitments not recognized as liabilities/provisions either because it is not certain that an outflow of resources will be required to regulate the commitment or because it is not possible to make a reliable estimate of the amount.

## INCOME TAXES

Getinge's income taxes include taxes on Group companies' profits recognized during the accounting period and tax adjustments attributable to earlier periods and changes in deferred taxes. Measurement of all tax liabilities/receivables is conducted at nominal amounts and in accordance with enacted tax regulations and tax rates or those that have been announced and will almost certainly be adopted. Tax is recognized directly in shareholders' equity if the tax is attributable to items that are recognized directly in shareholders' equity. Deferred tax is calculated to correspond to the tax effect arising when final tax is determined. Deferred tax corresponds to the net effect of tax on all existing differences between fiscal and carrying amounts of assets and liabilities by applying applicable tax rates. Temporary differences primarily arise from the depreciation of properties, machines and equipment, the market valuations of identifiable assets, liabilities and contingent liabilities in acquired companies, the market valuation of investments classified as available-for-sale and financial derivatives, gains from intra-Group inventory transactions, untaxed reserves and tax loss carryforwards, of which the latter is recognized as an asset only to the extent that it is probable that these loss carryforwards will be matched by future taxable profits. Deferred tax liabilities pertaining to temporary differences that are attributable to investments in subsidiaries and affiliates are not recognized, since the Parent Company, in each instance, can control the point in time of reversal of the temporary differences and a reversal in the foreseeable future has been deemed improbable.

## SEGMENT REPORTING

Getinge's operations are controlled and reported primarily by business area. Each segment is consolidated according to the same policies as for the Group in its entirety. The earnings of the segments represent their contribution to the Group's earnings and include distributed central head office expenses. Assets in a segment include all operating assets used by the segment and primarily comprise intangible assets, tangible assets, inventories, external accounts receivable, other receivables and prepaid expenses and accrued income. Liabilities in a segment include all operating liabilities utilized by the segment and primarily comprise provisions excluding interest-bearing pension provisions and deferred tax liabilities, external accounts payable, other current liabilities, accrued expenses and deferred income. Non-distributed assets and liabilities include all tax items and all items of a financial, interest-bearing nature.

## CASH-FLOW STATEMENTS

Cash-flow statements are prepared in accordance with IAS 7 Statement of Cash Flows, indirect method. The cash flows of foreign Group companies are translated at average exchange rates. Changes in the Group structure, acquisitions and divestments, are recognized net, excluding cash and cash equivalents, under "Acquisitions and divestments of subsidiaries" and are included in cash flow from investing activities.

## EARNINGS PER SHARE

Earnings per share before dilution are calculated by dividing net profits for the year attributable to the Parent Company's shareholders by the weighted average number of shares outstanding during the period.

**DIVIDEND**
Dividends proposed by the Board of Directors are not deducted from distributable earnings until the dividend has been approved by the General Meeting of Shareholders.

**NEW AND REVISED STANDARDS AND INTERPRETATIONS THAT HAVE NOT YET COME INTO EFFECT BUT WILL BE APPLIED IN FORTHCOMING PERIODS**
A number of new standards and interpretations will come into effect for fiscal years beginning on or after January 1, 2014 and were not applied when preparing these financial statements. None of these are expected to have any material impact on the consolidated financial statements with the exception of the following:

**IFRS 9 Financial Instruments** addresses the classification, measurement and recognition of financial assets and liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the elements of IAS 39 related to the classification and measurement of financial instruments. IFRS 9 retains a mix valuation approach but simplifies the approach in certain respects. There will be three measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit and loss. The classification of an instrument is to be based on the company's business model and the characteristics of the instrument. Investments in equity instruments are to be measured at fair value through profit and loss, although there is also the option of measuring the instrument at fair value through other comprehensive income at initial recognition. The instrument will then not be reclassified to profit and loss when divested. IFRS 9 also introduced a new model for calculating a reserve based on expected credit losses. Classification and measurement are not changed for financial liabilities except in cases when a liability is measured at fair value through profit and loss based on the fair value option. Changes in value attributable to changes in own risk are then to be recognized through other comprehensive income. IFRS 9 reduces requirements for applying hedge accounting by replacing 80-125 criteria with requirements for an economic relationship between the hedging instrument and the hedged item, and that the hedge ratio is the same as that actually used in risk management. Hedging documentation requirements have been changed to a minor extent compared with the documentation required under IAS 39. The standard is to be applied to fiscal years beginning on or after January 1, 2018. Early adoption is permitted. The standard has not yet been adopted by the EU. The Group has not yet evaluated the effect of introducing the standard.

**IFRS 15 Revenue from Contracts with Customers** regulates recognition of revenue. The principles on which IFRS 15 is based provide users of financial statements with more informative information about a company's revenue. The expanded disclosure requirements entail that information is to be provided on the nature, timing and uncertainty of revenue, and cash flows arising from a contract with a customer. Under IFRS 15, revenue is to be recognized when the customer passes control of the sold good of service and is able to use or benefit from the good or service. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts and associated SIC and IFRIC. IFRS 15 comes into effect on January 1, 2017. Early adoption is permitted. The standard has not yet been adopted by the EU. The Group has not yet evaluated the effect of introducing the standard.

None of the IFRS or IFRIC interpretations that have yet to come into legal effect are expected to have any significant impact on the Group.

## 2 Net sales per revenue classification

| SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| **Product sales, capital goods** | 12 023 | 11 885 | 12 609 |
| **Recurring revenue** | | | |
| *Product sales* | *7 779* | *7 043* | *6 087* |
| *Spare parts* | *2 067* | *1 909* | *1 927* |
| *Service assignments* | *2 835* | *2 616* | *2 637* |
| *Leasing* | *1 965* | *1 834* | *988* |
| **Total recurring revenue** | 14 646 | 13 402 | 11 639 |
| **Total** | **26 669** | **25 287** | **24 248** |

## 3 Segment reporting

Segment reporting is prepared in accordance with the same policies as described in the section concerning consolidated financial statements. Throughout the world, Getinge's operations are organized into three business areas: Infection Control, Extended Care and Medical Systems. These business areas form the basis for the Group's segment information. Business terms and conditions as well as market-regulated pricing apply for delivery of products and services between Group companies. No sales take place between the various business areas in the Group. The Group has no single customer that accounts for 10% or more of the Group's sales.

**THE REPORTING SEGMENTS ARE ACTIVE IN THE FOLLOWING OPERATIONS**
**Medical Systems:** Offers comprehensive surgical workstation systems and products for cardiac surgery and intensive care. The product range encompasses surgical workstations, respirators and heart-lung machines, including consumables, as well as service and consulting. Production is conducted at 14 plants in seven countries. Sales are conducted through 53 proprietary sales companies and through distributors in markets where the business area has no proprietary representation.

**Extended Care:** Provides systems for hygiene and the transfer of elderly and disabled persons, as well as products that prevent and treat pressure ulcers. The product range encompasses bathing and shower solutions, lifting equipment and mattresses for the treatment and prevention of pressure ulcers, as well as service and consulting. Production is conducted at five plants in four countries. Sales are conducted through 33 proprietary sales companies and through distributors in markets where the business area has no proprietary representation.

**Infection Control:** Features comprehensive systems for preventing the occurrence and spread of infection. The product range comprises disinfectors, sterilizers, documentation systems and related equipment, as well as service and consulting. Production is conducted at 10 plants in five countries. Sales are conducted through 36 proprietary sales companies and through distributors in markets where the business area has no proprietary representation.

| | Net sales | | | Operating profit | | | Depreciation/Amortization | | |
|---|---|---|---|---|---|---|---|---|---|
| SEK M | 2014 | 2013 | 2012 | 2014 | 2013 | 2012 | 2014 | 2013 | 2012 |
| Medical Systems | 14 105 | 13 322 | 13 089 | 1 293 | 2 334 | 2 384 | 1 284 | 1 113 | 1 111 |
| Extended Care | 7 164 | 6 870 | 5 990 | 817 | 983 | 1 005 | 638 | 569 | 457 |
| Infection Control | 5 400 | 5 095 | 5 170 | 536 | 431 | 618 | 197 | 183 | 173 |
| **Total** | **26 669** | **25 287** | **24 249** | **2 646** | **3 748** | **4 006** | **2 119** | **1 865** | **1 741** |
| Interest income and similar profit items | – | – | – | 23 | 24 | 21 | – | – | – |
| Interest expenses and similar loss items | – | – | – | -682 | -619 | -591 | – | – | – |
| Tax on profit for the year | – | – | – | -539 | -858 | -905 | – | – | – |
| **Net profit for the year** | – | – | – | **1 448** | **2 295** | **2 531** | – | – | – |

| | Assets | | | Liabilities | | | Investments in non-current assets | | |
|---|---|---|---|---|---|---|---|---|---|
| SEK M | 2014 | 2013 | 2012 | 2014 | 2013 | 2012 | 2014 | 2013 | 2012 |
| Medical Systems | 32 370 | 27 123 | 26 252 | 4 098 | 3 312 | 3 274 | 620 | 522 | 633 |
| Extended Care | 11 343 | 10 250 | 4 755 | 1 822 | 1 486 | 1 517 | 283 | 339 | 212 |
| Infection Control | 5 690 | 4 946 | 9 706 | 2 237 | 1 857 | 1 765 | 176 | 125 | 127 |
| **Total per segment** | **49 403** | **42 319** | **40 713** | **8 157** | **6 655** | **6 556** | **1 079** | **986** | **972** |
| Undistributed | 3 415 | 1 984 | 2 208 | 25 967 | 21 088 | 21 165 | 35 | 31 | 22 |
| **Total** | **52 818** | **44 303** | **42 921** | **34 124** | **27 743** | **27 721** | **1 114** | **1 017** | **994** |

## 3 Segment reporting, continued from preceding page

| | Net sales | | | Tangible and intangible assets | | |
|---|---|---|---|---|---|---|
| **Geographic area, SEK M** | **2014** | **2013** | **2012** | **2014** | **2013** | **2012** |
| Western Europe | 9 833 | 9 160 | 8 900 | 15 422 | 12 745 | 12 080 |
| *Of which, Sweden* | *494* | *464* | *429* | *2 966* | *2 862* | *2 775* |
| USA and Canada | 9 030 | 8 575 | 7 724 | 18 062 | 15 515 | 15 810 |
| Rest of the world | 7 806 | 7 552 | 7 624 | 1 551 | 1 207 | 1 071 |
| **Total geographic area** | **26 669** | **25 287** | **24 248** | **35 035** | **29 467** | **28 961** |

Getinge's operations are secondarily reported by geographic area. Refer also to page 101 for a list of the Group's 20 largest markets. The geographic areas' consolidation is conducted in accordance with the same policies as for the Group in its entirety.

## 4 Depreciation/amortization according to plan

| **Summary, SEK M** | **2014** | **2013** | **2012** |
|---|---|---|---|
| Buildings and land improvements | -95 | -101 | -94 |
| Plant and machinery | -111 | -110 | -112 |
| Equipment, tools, fixtures and fittings | -349 | -268 | -243 |
| Equipment for rental | -317 | -307 | -262 |
| **Total depreciation, tangible assets** | **-872** | **-786** | **-711** |
| Capitalized development costs | -415 | -330 | -304 |
| Patents | -72 | -71 | -57 |
| Customer relations | -210 | -195 | -208 |
| Technical knowhow | -118 | -112 | -114 |
| Trademarks | -85 | -78 | -72 |
| Agreements | -12 | -5 | -5 |
| Other | -335 | -288 | -270 |
| **Total amortization of intangible assets** | **-1 247** | **-1 079** | **-1 030** |
| **Total depreciation/amortization of non-current assets** | **-2 119** | **-1 865** | **-1 741** |
| | | | |
| Cost of goods sold | -959 | -855 | -753 |
| Selling expenses | -724 | -650 | -678 |
| Administrative expenses | -376 | -292 | -239 |
| Research and development costs | -60 | -68 | -71 |
| **Total** | **-2 119** | **-1 865** | **-1 741** |

## 5 Auditing

| **Fee to PwC, SEK M** | **2014** | **2013** | **2012** |
|---|---|---|---|
| *Fee and expense reimbursement:* | | | |
| Auditing assignments | 22 | 21 | 19 |
| Auditing activities other than auditing assignments | – | – | – |
| Tax consultancy services | 2 | 2 | 4 |
| Other services | 8 | 6 | 8 |
| **Total** | **32** | **29** | **31** |

PwC is the Group's auditor. Auditing assignments refer to statutory auditing, meaning assignments required to issue the auditor's report. Auditing activities other than auditing assignments include the review of interim reports and services in conjunction with the issuance of certificates and audit certificates. Tax consultancy services primarily pertain to general tax matters concerning corporate tax. Other services pertain to consultancy regarding financial accounting, internal control and services in conjunction with acquisitions.

## 6 Exchange-rate gains and losses, net

| **Exchange-rate differences were recognized in profit and loss as follows, SEK M:** | **2014** | **2013** | **2012** |
|---|---|---|---|
| Other operating income and expenses | -35 | -80 | -6 |
| Interest income and similar profit items (Note 7) | 1 | 4 | – |
| Interest expenses and similar loss items (Note 8) | – | – | -1 |
| **Total** | **-34** | **-76** | **-7** |

## 7 Interest income and similar profit items

| **SEK M** | **2014** | **2013** | **2012** |
|---|---|---|---|
| Interest income | 17 | 19 | 17 |
| Currency gains | 1 | 4 | – |
| Other | 5 | 1 | 4 |
| **Total** | **23** | **24** | **21** |

## 8 Interest expenses and similar loss items

| SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| Interest expenses | -649 | -580 | -542 |
| Currency losses | – | – | -1 |
| Other | -33 | -39 | -48 |
| **Total** | **-682** | **-619** | **-591** |

## 9 Taxes

| Tax expense, SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| Current tax expense | -535 | -822 | -1 023 |
| Deferred tax | -4 | -36 | 118 |
| **Total** | **-539** | **-858** | **-905** |

*In Sweden, tax on profit for the year was calculated at 22%. In other countries, tax was calculated in accordance with local tax rates.*

| The relationship between the year's tax expense and the recognized profit before tax, SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| Recognized profit before tax | 1 987 | 3 153 | 3 437 |
| Tax according to current tax rate | -437 | -694 | -905 |
| Adjustment of tax expenses from earlier years | -4 | 30 | -9 |
| Tax effect of non-deductible costs | -78 | -16 | -84 |
| Tax effect of non-taxable income | 341 | 172 | 50 |
| Utilized loss carryforwards not previously capitalized | 7 | 2 | 8 |
| Changed value of temporary differences | 32 | 104 | 143 |
| Adjustment for tax rates in foreign subsidiaries | -400 | -456 | -108 |
| **Recognized tax expense** | **-539** | **-858** | **-905** |

| Deferred tax assets relate to the following temporary differences and loss carryforwards, SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| *Deferred tax assets relating to:* | | | |
| Temporary differences in non-current assets | 398 | 366 | 276 |
| Temporary differences in long-term financial receivables | 268 | 243 | 51 |
| Temporary differences in current assets | 169 | 122 | 144 |
| Deductible temporary differences in provisions | 318 | 276 | 298 |
| Loss carryforwards | 328 | 83 | 278 |
| Other deductible temporary differences | 269 | 202 | 48 |
| *Deferred tax liabilities relating to:* | | | |
| Temporary differences in non-current assets | -328 | -487 | -434 |
| Other taxable temporary differences | -135 | -398 | -157 |
| **Deferred tax assets, net** | **1 287** | **407** | **504** |

| Deferred tax liabilities relate to the following temporary differences and loss carryforwards, SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| *Deferred tax assets relating to:* | | | |
| Temporary differences in non-current assets | -963 | -983 | -1 145 |
| Temporary differences in current assets | -40 | -119 | 34 |
| Deductible temporary differences in provisions | -157 | -148 | -11 |
| Other deductible temporary differences | 78 | 86 | 48 |
| *Deferred tax liabilities relating to:* | | | |
| Temporary differences in non-current assets | -196 | -188 | -271 |
| Temporary differences in current assets | -23 | -48 | -10 |
| Other taxable temporary differences | -16 | -10 | -23 |
| **Deferred tax liabilities, net** | **-1 317** | **-1 410** | **-1 378** |

| Maturity structure for loss carryforwards, SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| Due within 1 year | – | -6 | – |
| Due within 2 years | -4 | -2 | – |
| Due within 3 years | – | -4 | – |
| Due within 4 years | -1 | -3 | -4 |
| Due within 5 years | -1 | -47 | -1 |
| Due in more than 5 years | -204 | -3 | -12 |
| No due date | -118 | -18 | -261 |
| **Total** | **-328** | **-83** | **-278** |

| Unrecognized tax assets, SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| Temporary differences | 56 | 12 | 19 |
| Loss carryforwards | 2 | 12 | 19 |
| **Total** | **58** | **24** | **38** |

In the company's assessment, it will not be able to utilize unrecognized tax receivables in the foreseeable future. There are temporary taxable differences pertaining to shares in subsidiaries. Since there are no plans to sell the companies within the foreseeable future, no deferred tax has been recognized.

## 10 Dividend

On March 28, 2014, shareholders were paid a dividend of SEK 4.15 per share (SEK 989 M in total) relating to 2013. On April 2, 2013, shareholders were paid a dividend of SEK 4.15 per share (SEK 989 M in total) relating to 2012.

The Board and the CEO propose to the Annual General Meeting that a dividend of SEK 2.80 per share be paid to shareholders, which amounts to SEK 667 M. The Board's proposed record date is March 27, 2015. Euroclear anticipates being able to forward the dividend to shareholders on April 1, 2015. The dividend for the 2014 fiscal year is not included among the company's liabilities.

## 11 Earnings per share

The calculation of earnings per share relating to the Parent Company's shareholders is based on the following information:

| Earnings (numerator) | 2014 | 2013 | 2012 |
|---|---|---|---|
| Earnings relating to the Parent Company's shareholders, which form the basis for calculation of earnings per share | 1 433 | 2 285 | 2 521 |

| Number of shares (denominator) | 2014 | 2013 | 2012 |
|---|---|---|---|
| Weighted average number of ordinary shares for calculation of earnings per share | 238 323 377 | 238 323 377 | 238 323 377 |

## 12 Non-current assets' cost, etc.

| | Non-amortizable | | Amortizable | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| INTANGIBLE ASSETS | Goodwill | Trademarks | Capitalised development costs | Intangible assets, other | Patents | Customer relations | Technical knowhow | Trademarks | Agreements |
| COST | | | | | | | | | |
| **At January 1, 2013** | **17 692** | **44** | **3 676** | **3 125** | **588** | **2 325** | **1 068** | **1 027** | **49** |
| Investments | 230 | – | 678 | 82 | – | 23 | 32 | 3 | 1 |
| Sales/Disposals | -54 | – | -40 | -3 | – | -37 | -47 | -7 | – |
| Reclassifications | 91 | – | -9 | -320 | 103 | 316 | 22 | 72 | – |
| Translation differences | 87 | -4 | 46 | 20 | 4 | -4 | -5 | 17 | – |
| **At January 1, 2014** | **18 046** | **40** | **4 351** | **2 904** | **695** | **2 623** | **1 070** | **1 112** | **50** |
| Investments | 1 049 | – | 741 | 244 | – | 214 | 98 | 36 | 151 |
| Sales/Disposals | – | – | -59 | -37 | – | – | – | – | – |
| Reclassifications | -2 | – | 3 | 125 | – | -8 | – | – | – |
| Translation differences | 2 743 | 5 | 322 | 423 | 119 | 462 | 202 | 167 | 13 |
| **At December 31, 2014** | **21 836** | **45** | **5 358** | **3 659** | **814** | **3291** | **1 370** | **1 315** | **214** |
| ACCUMULATED AMORTIZATION | | | | | | | | | |
| **At January 1, 2013** | **-647** | **–** | **-1 007** | **-717** | **-325** | **-1 055** | **-517** | **-396** | **-35** |
| Amortization for the year | – | – | -330 | -288 | -71 | -195 | -112 | -78 | -5 |
| Sales/Disposals | 6 | – | 8 | 3 | – | 18 | 22 | 3 | – |
| Reclassifications | – | – | – | – | – | – | – | – | – |
| Translation differences | -13 | – | -14 | -11 | -3 | -3 | 4 | -6 | – |
| **At January 1, 2014** | **-654** | **–** | **-1 343** | **-1 013** | **-399** | **-1 235** | **-603** | **-477** | **-40** |
| Amortization for the year | – | – | -415 | -335 | -72 | -210 | -118 | -85 | -12 |
| Investments | – | – | -29 | -23 | – | – | – | – | – |
| Sales/Disposals | – | – | 29 | 32 | – | – | – | – | – |
| Reclassifications | – | – | – | -3 | – | 4 | – | – | – |
| Translation differences | -64 | – | -97 | -155 | -76 | -240 | -118 | -82 | -5 |
| **At December 31, 2014** | **-718** | **–** | **-1 855** | **-1 497** | **-547** | **- 1 681** | **-839** | **-644** | **-57** |
| **Carrying amount December 31, 2013** | **17 392** | **40** | **3 008** | **1 891** | **296** | **1 388** | **467** | **635** | **10** |
| **Carrying amount December 31, 2014** | **21 118** | **45** | **3 503** | **2 162** | **267** | **1 610** | **531** | **671** | **157** |

| TANGIBLE ASSETS | Value according to balance sheet 2013 | Investments | Sales/ Disposals | Acquired and divested operations | Reclassi-fications | Translation differences | Value according to balance sheet 2014 |
|---|---|---|---|---|---|---|---|
| COST | | | | | | | |
| Buildings and land [1] | 2 737 | 27 | -325 | 16 | 182 | 321 | 2 958 |
| Plant and machinery | 1 850 | 47 | -207 | 18 | 23 | 163 | 1 894 |
| Equipment, tools, fixtures and fittings | 2 995 | 421 | -187 | 18 | 47 | 310 | 3 604 |
| Equipment for rental | 3 825 | 265 | -176 | 85 | 15 | 550 | 4 564 |
| Construction in progress | 337 | 255 | -2 | – | -229 | 46 | 407 |
| Advance payments for tangible assets | 161 | 194 | 8 | – | -108 | 6 | 261 |
| **Total** | **11 905** | **1 209** | **-889** | **137** | **-70** | **1 396** | **13 688** |

1) Of which, land amounted to SEK 212 M (183) in 2014.

## 12 Non-current assets' cost, etc., continued from preceding page

| ACCUMULATED DEPRECIATION | Value according to balance sheet 2013 | Depreciation for the year | Sales/ Disposals | Acquired and divested operations | Reclassi-fications | Translation differences | Value according to balance sheet 2014 |
|---|---|---|---|---|---|---|---|
| Buildings and land | -1 265 | -95 | 184 | -7 | -8 | -125 | -1 316 |
| Plant and machinery | -1 383 | -111 | 184 | -11 | 3 | -125 | -1 443 |
| Equipment, tools, fixtures and fittings | -1 739 | -349 | 154 | -14 | 14 | -169 | -2 103 |
| Equipment for rental | -3 177 | -317 | 130 | -58 | 2 | -435 | -3 855 |
| **Total** | **-7 564** | **-872** | **652** | **-90** | **11** | **-854** | **-8 717** |

| Carrying amount December 31 | 2014 | 2013 |
|---|---|---|
| Buildings and land | 1 642 | 1 472 |
| Plant and machinery | 451 | 467 |
| Equipment, tools, fixtures and fittings | 1 501 | 1 256 |
| Equipment for rental | 709 | 648 |
| Construction in progress | 407 | 337 |
| Advance payments for tangible assets | 261 | 161 |
| **Total** | **4 971** | **4 341** |

Pledged non-current assets used as security for financial obligations are presented in Note 24.

| Goodwill and intangible assets | 2014 | 2013 | 2012 |
|---|---|---|---|
| Infection Control | 1 167 | 930 | 827 |
| Extended Care | 4 931 | 4 397 | 4 296 |
| Medical Systems | 15 020 | 12 105 | 11 966 |
| | **21 118** | **17 432** | **17 089** |

Goodwill and intangible assets with an indeterminate useful life are distributed among the Group's cash generating units (CGUs), which are identified per business area.

Impairment testing of goodwill is conducted annually and whenever conditions indicate that impairment may be necessary. The recoverable value for CGUs is based on the calculated value in use. For impairment-testing purposes, goodwill relating to acquisitions is allocated to the various business areas and divisions that are defined as separate cash-generating units.

### Assumptions

The value in use of goodwill and other intangible fixed assets attributable to Infection Control, Extended Care and Medical Systems was calculated based on discounted cash flows. For the first year, the cash flow is based on the budget determined by the Board, or in certain instances, a forecast, if the budget is out of date. The cash flows for the following four years are based on the company's best assessment and growth comprises approximately 5% (5) for Infection Control and Medical Systems, and approximately 5% (6) for Extended Care. For subsequent periods, cash flow pertaining to this operation is estimated to have a growth corresponding to 2% (2). This growth is based on reasonable prudence and does not exceed long-term growth for the industry as a whole. A discount rate of 9.9% (9.9) before tax was applied when calculating the value in use for all business areas.

**Sensitivity analysis**

| Assumptions for the impairment needs that are the most sensitive: | Infection Control | Extended Care | Medical Systems |
|---|---|---|---|
| Carrying amount* | 3 453 | 9 522 | 28 271 |
| Recoverable value exceeding the carrying amount | 5 647 | 4 107 | 4 601 |

| Significant assumptions: | Infection Control | Extended Care | Medical Systems |
|---|---|---|---|
| Growth rate between year two and year five decreases by 1%. | Growth rate decreases from 5% to 4%, the change involves no impairment requirement. The value in use decreases by SEK 276 M, but despite this, exceeds the carrying amount. | Growth rate decreases from 5% to 4%, the change involves no impairment requirement. The value in use decreases by SEK 497 M, but despite this, exceeds the carrying amount. | Growth rate decreases from 5% to 4%, the change involves no impairment requirement. The value in use decreases by SEK 921 M, but despite this, exceeds the carrying amount. |
| Growth rate after year five decreases by 1%. | Growth rate decreases from 2% to 1%, the change involves no impairment requirement. The value in use decreases by SEK 789 M, but despite this, exceeds the carrying amount. | Growth rate decreases from 2% to 1%, the change involves no impairment requirement. The value in use decreases by SEK 1 185 M, but despite this, exceeds the carrying amount. | Growth rate decreases from 2% to 1%, the change involves no impairment requirement. The value in use decreases by SEK 2 898 M, but despite this, exceeds the carrying amount. |
| Discount rate before tax increases by 1%. | Discount rate before tax increases from 9.9% to 10.9%, the change involves no impairment requirement. The value in use decreases by SEK 1 021 M, but despite this, exceeds the carrying amount. | Discount rate before tax increases from 9.9% to 10.9%, the change involves no impairment requirement. The value in use decreases by SEK 1 532 M, but despite this, exceeds the carrying amount. | Discount rate before tax increases from 9.9% to 10.9%, the change involves no impairment requirement. The value in use decreases by SEK 3 868 M, but despite this, exceeds the carrying amount. |

*The carrying amount corresponds with the segments' net assets.

### Intangible assets

There are a limited number of intangible assets, including trademarks valued at SEK 45 M (40), for which the useful life has been designated as indefinite. For these trademarks, there is no foreseeable limit for the time period during which the trademarks are expected to generate net revenues for Getinge. The useful life for other intangible assets is three to 15 years. For strategic acquisitions, the useful life exceeds five years.

## 13 Inventories

| SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| Raw materials | 1 869 | 1 654 | 1 422 |
| Work in progress | 432 | 340 | 392 |
| Finished products | 2 944 | 2 260 | 2 246 |
| **Total** | **5 245** | **4 254** | **4 060** |
| | | | |
| Part of inventories measured at fair value less realizable value. | 147 | 64 | 47 |
| Impairment of inventories recognized as an expense in profit and loss. | -63 | -47 | -7 |

## 14 Accounts receivable

| SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| Accounts receivable before provisions | 7 603 | 6 845 | 6 347 |
| Provisions for doubtful receivables | -241 | -215 | -197 |
| **Total** | **7 362** | **6 630** | **6 150** |

Accounts receivable net, after provisions for doubtful receivables, theoretically constitutes maximum exposure for the calculated risk of losses. Accordingly, the carrying amount of accounts receivable represents the fair value. It is the Group's opinion that there is no significant concentration of accounts receivable to any single client. Letters of credit or the equivalent normally cover sales to countries outside the OECD.

At December 31, 2014, accounts receivable amounting to SEK 2 883 M (2 735) had fallen due without the need to recognize any impairment loss. These relate to a number of independent customers that have previously not had any payment difficulties. A maturity analysis of these accounts receivable is presented below:

| SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| Fallen due 1-5 days | 377 | 437 | 399 |
| Fallen due 6-30 days | 615 | 544 | 438 |
| Fallen due 31-60 days | 363 | 433 | 336 |
| Fallen due 61-90 days | 227 | 251 | 231 |
| Fallen due, more than 90 days | 1 301 | 1 070 | 819 |
| **Total** | **2 883** | **2 735** | **2 223** |

At December 31, 2014, the Group recognized accounts receivable for which an impairment loss of SEK 241 M (215) must be recognized. A provision has been made for all of these accounts receivable. A maturity analysis of these is presented below:

| SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| Not fallen due | 15 | 13 | 19 |
| Fallen due 1-5 days | 1 | 1 | 1 |
| Fallen due 6-30 days | 1 | 1 | – |
| Fallen due 31-60 days | 1 | 3 | 1 |
| Fallen due 61-90 days | 2 | 2 | 3 |
| Fallen due, more than 90 days | 221 | 195 | 173 |
| **Total** | **241** | **215** | **197** |

Recognized amounts, by currency, for the Group's accounts receivable are as follows:

| SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| EUR | 2 302 | 2 210 | 2 349 |
| USD | 2 654 | 2 326 | 1 852 |
| GBP | 535 | 514 | 405 |
| CAD | 279 | 224 | 209 |
| SEK | 135 | 161 | 90 |
| Other currencies | 1 698 | 1 410 | 1 442 |
| **Total** | **7 603** | **6 845** | **6 347** |

Changes in provisions for doubtful receivables are as follows:

| SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| **At January 1** | -215 | -197 | -191 |
| In new companies at acquisition date | -5 | -5 | -8 |
| Change for the year recognized in profit and loss | -50 | -44 | -36 |
| Receivables written off during the year that cannot be recovered | 58 | 26 | 28 |
| Reclassifications | -16 | 8 | 2 |
| Exchange-rate gains/losses on receivables in foreign currencies | -13 | -3 | 8 |
| **At December 31** | **-241** | **-215** | **-197** |

## 15 Prepaid expenses and accrued income

| SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| Accrued income | 312 | 249 | 173 |
| Prepaid rental expenses | 33 | 41 | 56 |
| Prepaid insurance expenses | 41 | 26 | 24 |
| Prepaid commissions | 8 | 9 | 8 |
| Accrued interest income | - | - | - |
| Other prepaid expenses and accrued income | 398 | 320 | 277 |
| **Total** | **792** | **645** | **538** |

## 16 Share capital

| Class of shares | A | B | Total |
|---|---|---|---|
| Quotient value per share | 0,50 | 0,50 | |
| **Number of shares outstanding:** | | | |
| January 1, 2012 | 15 940 050 | 222 383 327 | 238 323 377 |
| January 1, 2013 | 15 940 050 | 222 383 327 | 238 323 377 |
| December 31, 2014 | 15 940 050 | 222 383 327 | 238 323 377 |
| Share's voting rights in % | 41,8 | 58,2 | 100,0 |

In accordance with the Articles of Association, the company's share capital amounts to not less than SEK 75 M and not more than SEK 300 M. Within these limits, the share capital can be raised or lowered without requiring an amendment to the Articles of Association. The maximum number of shares is 600 million. One Class A share carries ten votes and one Class B share carries one vote. Both classes of share have the same quotient value, which is SEK 0.50. At December 31, 2014, the company's share capital totaled SEK 119 M (119).

## 17 Unutilized overdraft facilities and credit facilities

At December 31, 2014, the total granted, unutilized overdraft facilities were SEK 761 M (659). In addition, there were unutilized short-term credit facilities of SEK 1 384 M (1 413) and committed, unutilized facilities for medium and long-term credit of SEK 4 011 M (3 936), which may be utilized without qualification.

## 18 The Group's interest-bearing net debt

| SEK M | 2014 | Change | 2013 | Change | 2012 |
|---|---|---|---|---|---|
| Current liabilities to credit institutions | **6 373** | 2 770 | **3 603** | -759 | 4 362 |
| Long-term liabilities to credit institutions | **14 378** | 812 | **13 566** | 403 | 13 163 |
| Pension provisions – interest-bearing | 3 271 | 973 | 2 298 | 187 | 2 111 |
| Less, cash and cash equivalents | -1 482 | -334 | -1 148 | 106 | -1 254 |
| **Total** | **22 541** | **4 221** | **18 319** | **-63** | **18 382** |

**Liquidity risk.** At December 31, 2014, the Group's long-term interest-bearing liabilities amounted to SEK 14 378 M, which is included in the Group's medium-term committed credit facilities at a corresponding value of SEK 18 247 M. Net debt is recognized with basis adjustments of negative SEK 432 M (pos: 142). The Group's current interest-bearing liabilities totaled SEK 6 373 M and are largely covered by unutilized long-term committed credit facilities of SEK 4 011 M. The average interest rate for the Group's liabilities to credit institution amounts to approximately 2,9%.

The table below analyzes the Group's financial liabilities and net-settled derivative instruments that comprise financial liabilities, subdivided into the periods remaining on the closing date until the agreed date of maturity. The amounts stated in the table comprise contractual, undiscounted cash flows.

| At December 31, 2014, SEK M | < 1 year | 1 – 2 years | 2 – 5 years | > 5 years |
|---|---|---|---|---|
| Bank loans and bond loans (including interest) | -6 609 | -1 947 | -12 573 | -667 |
| Derivative instruments (net flows) | -294 | -155 | -269 | – |
| Accounts payable | -2 083 | – | – | – |
| **Total** | **-8 986** | **-2 102** | **-12 842** | **-667** |

## 19 Leasing

| Financial leasing, SEK M | Leasing fees, minimum | | | Present value of financial leasing | | |
|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2012 | 2014 | 2013 | 2012 |
| *Future payments:* | | | | | | |
| Due within 1 year | 1 | 7 | 8 | 1 | 7 | 8 |
| Due within 2 to 5 years | 3 | 4 | 10 | 3 | 4 | 9 |
| Due in more than 5 years | 7 | 7 | 8 | 7 | 7 | 8 |
| **Total** | **11** | **18** | **26** | **11** | **18** | **25** |
| Less interest charges | – | – | -1 | n/a | n/a | n/a |
| Present value of future minimum leasing fees | 11 | 18 | 25 | 11 | 18 | 25 |
| Less short-term portion | – | – | – | -1 | -8 | -8 |
| Payments due after more than one year | – | – | – | 10 | 10 | 17 |

The interest rate is determined when the contract is entered into. All leasing agreements have fixed repayments and no agreement exists with variable fees. The fair value of Getinge's leasing obligations corresponds to their carrying amount. Leased assets under financial leasing are burdened with ownership restrictions to the lessor.

| Non-current assets held through financial leasing | Buildings and land | Plant and machinery | Equipment, tools, fixtures and fittings |
|---|---|---|---|
| Cost | – | – | – |
| Accumulated depreciation | – | – | – |
| **Carrying amount** | **–** | **–** | **–** |

| Operational leasing, SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| Costs relating to operating leases. | 400 | 298 | 249 |

Leasing costs for assets held via operating leases, such as leased premises, machinery, mainframe computers and office equipment, are recognized among operating expenses.

| On the closing date, future leasing fees for non-cancellable leasing agreements amounted to the following: | 2014 | 2013 | 2012 |
|---|---|---|---|
| Due within 1 year | 385 | 263 | 229 |
| Due within 2 to 5 years | 428 | 326 | 356 |
| Due in more than 5 years | 68 | 44 | 36 |
| **Total** | **881** | **633** | **621** |

| Getinge as a lessor under operating leases: | 2014 | 2013 | 2012 |
|---|---|---|---|
| Due within 1 year | 8 | 7 | 6 |
| Due within 2 to 5 years | 8 | 9 | 12 |
| **Total** | **16** | **16** | **18** |

## 20 Restructuring reserves

| SEK M | Medical Systems | Extended Care | Infection Control | Total |
|---|---|---|---|---|
| **Value according to balance sheet 2012** | **86** | **115** | **–** | **201** |
| Provisions | 81 | 196 | 124 | 401 |
| Utilized funds | -66 | -186 | -111 | -363 |
| **Value according to balance sheet 2013** | **101** | **125** | **13** | **239** |
| Provisions | 1 042 | 86 | 33 | 1 162 |
| Utilized funds | -545 | -172 | -34 | -751 |
| **Value according to balance sheet 2014** | **598** | **39** | **12** | **649** |

Provisions and utilized funds recognized for Medical Systems pertain to costs for the remediation program regarding the FDA (Food and Drug Administration) and a restructuring program aimed at enhancing the efficiency of the manufacture of vascular implants. The manufacturing of vascular implants is currently conducted at two plants in the Cardiovascular division. When the restructuring program is completed, all production of textile-based vascular implants will be concentrated to the production unit in the French city of La Ciotat. The move to La Ciotat is expected to be completed in the second quarter of 2015. The restructuring reserves recognized for Extended Care pertain to measures for simplifying and enhancing the efficiency of the organizational structure. Restructuring activities at Infection Control pertain to an ongoing efficiency-enhancement program with the aim of relocating Getinge's production of flusher-disinfectors from Växjö, Sweden, to the business area's manufacturing unit in Poznan, Poland.

## 21 Other provisions

| SEK M | Value according to opening balance | Provisions | Utilized funds | Unutilized funds restored | Reclassifications | Translation differences | Value according to closing balance |
|---|---|---|---|---|---|---|---|
| Guarantee reserve | 159 | 94 | -76 | -14 | 6 | 11 | 180 |
| Part-time retirement, German company | 22 | 15 | -10 | – | 6 | 2 | 35 |
| Severance pay and other employee-related provisions | 29 | 7 | -7 | – | -4 | 1 | 26 |
| Other provisions | 245 | 81 | -32 | -5 | -12 | 31 | 308 |
| **Total** | **455** | **197** | **-125** | **-19** | **-4** | **45** | **549** |

| SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| **Value according to opening balance** | **455** | **398** | **442** |
| Provisions | 197 | 186 | 154 |
| Utilised funds | -125 | -114 | -129 |
| Unutilised funds restored | -19 | -18 | -34 |
| Reclassifications | -4 | – | -15 |
| Translation differences | 45 | 3 | -20 |
| **Value according to closing balance** | **549** | **455** | **398** |

**The closing carrying amount is divided as follows:** **Expected timing of outflow**

| SEK M | 2014 | 2013 | 2012 | Within 1 year | Within 3 years | Within 5 years | > 5 years | Value according to closing balance |
|---|---|---|---|---|---|---|---|---|
| Guarantee reserve | 180 | 159 | 141 | 136 | 39 | 4 | 1 | 180 |
| Part-time retirement, German company | 35 | 22 | 17 | 15 | 20 | – | – | 35 |
| Severance pay and other employee-related provisions | 26 | 29 | 25 | 17 | 5 | 1 | 3 | 26 |
| Other provisions | 308 | 245 | 215 | 55 | 228 | 2 | 23 | 308 |
| **Total** | **549** | **455** | **398** | **223** | **292** | **7** | **27** | **549** |

In addition, guarantees have been provided for SEK 229 M (170), discounted bills receivable for SEK 1 M (1) and other contingent liabilities for SEK 6 M (7). Since it has been deemed that these obligations will not give rise to any outflow, no provisions have been made. The guarantee reserve is based on commitments that were not completed at the closing date. The calculation is based on earlier experiences. Provisions for part-time retirement in the German companies are determined using actuarial assumptions. The dates for the utilization of provisions in accordance with the above are based on the company's best forecast using the information that was available at the closing date. The amounts above have not been discounted due to the time effect.

## 22 Provisions for pensions and similar obligations

**Defined-contribution plans.** In many countries, the Group's employees are covered by defined-contribution pension plans. The pension plans primarily include retirement pensions. The premiums are paid continuously during the year by the respective Group companies to separate legal entities, such as insurance companies. Certain employees pay a portion of the premiums themselves. The size of the premium paid by the employees and Group companies is normally based on a set proportion of the employee's salary.

**Defined-benefit plans.** Getinge has defined-benefit pension plans in a number of countries, such as Sweden, Germany and the UK. The pension plans primarily comprise retirement pensions. Each employer normally has an obligation to pay a lifelong pension, earned according to the number of employment years. The employee must be affiliated with the plan for a certain number of years to achieve full retirement pension entitlement. The pension is financed through payments from each Group company and, in some cases, the employees. Pension commitments are usually calculated at year-end after actuarial assumptions. New calculations are made if substantial changes occur during the year. Gains and losses of changed actuarial assumptions are recognised as part of comprehensive income as of 2008. The net value of the defined-benefit commitment is detailed below:

## 22 Provisions for pensions and similar obligations, continued from preceding page

| December 31, 2014 | Funded pension plans | Unfunded pension plans | Total |
|---|---|---|---|
| Present value of commitments | -1 878 | -3 006 | -4 884 |
| Fair value of plan assets | 1 551 | – | 1 551 |
| **Net liability in the balance sheet** | **-327** | **-3 006** | **-3 333** |

| December 31, 2013 | Funded pension plans | Unfunded pension plans | Total |
|---|---|---|---|
| Present value of commitments | -660 | -2 815 | -3 475 |
| Fair value of plan assets | 1 126 | – | 1 126 |
| **Net liability in the balance sheet** | **466** | **-2 815** | **-2 349** |

| December 31, 2012 | Funded pension plans | Unfunded pension plans | Total |
|---|---|---|---|
| Present value of commitments | -1 309 | -1 832 | -3 141 |
| Fair value of plan assets | 983 | – | 983 |
| **Net liability in the balance sheet** | **-326** | **-1 832** | **-2 158** |

| Group, SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| Pension commitments | | | |
| **Opening balance** | **-2 349** | **-2 158** | **-1 668** |
| Costs for service in the current year | -46 | -48 | -42 |
| Interest expenses | -111 | -164 | -172 |
| Costs for service in previous years | – | – | – |
| Gains and losses from adjustments | -22 | – | – |
| Return on plan assets excluding amounts included in | 204 | 71 | 39 |
| – Gain/(loss) attributable to changed demographic assumptions | -97 | -1 | – |
| – Gain/(loss) attributable to changed financial assumptions | -777 | -106 | -484 |
| Experience-based gains/(losses) | -5 | -11 | -16 |
| Exchange-rate differences | -277 | -81 | 73 |
| Fees paid by employer | 173 | 180 | 146 |
| Fees paid by employees covered under the plan | -4 | - | – |
| Paid benefits | -23 | -31 | -34 |
| Adjustments | 1 | – | – |
| **Closing balance** | **-3 333** | **-2 349** | **-2 158** |

| The defined-benefit pension commitment and composition of plan assets | Present value of commitments | Fair value of plan assets | Net pension liability |
|---|---|---|---|
| Sweden | -43 | – | -438 |
| Germany | -1 808 | 4 | -1 804 |
| UK | -1 861 | 1 547 | -314 |
| USA | -684 | – | -684 |
| Other countries | -93 | – | -93 |
| **Total** | **-4 884** | **1 551** | **-3 333** |

| Key actuarial assumptions | 2014 | 2013 | 2012 |
|---|---|---|---|
| Weighted average, % | | | |
| Discount rate | 3,4 | 4,1 | 4,3 |
| Expected salary increase rate | 3,1 | 2,9 | 2,9 |
| Expected return on plan assets | 2,9 | 4,1 | 4,5 |
| Expected inflation | 1,8 | 2,1 | 1,9 |

| Sensitivity of defined-benefit commitments to changes in the significant weighted assumptions for 2014 | |
|---|---|
| Discount rate +1% | 495 |
| Inflation +1% | -422 |
| Salary increases +1% | -274 |
| Life expectancy +1 year | -139 |

The sensitivity analyses above are based on a change in an assumption, while all other assumptions remain constant. It is unlikely that this will happen in practice, and changes in some of the assumptions may correlate. The calculation of sensitivity in the defined-benefit commitments for material actuarial assumptions uses the same method (the present value of defined-benefit commitments by applying the Projected Unit Credit Method at the end of the reporting period) as that used in the calculation of pension liabilities recognized in the statement of financial position.

| Composition of plan assets | 2014 | 2013 | 2012 |
|---|---|---|---|
| Equities | 965 | 877 | 398 |
| Other | 586 | 249 | 585 |
| **Total** | **1 551** | **1 126** | **983** |

All plan assets are listed. The weighted average term of the pension commitments is 21 years.

**Information regarding recognition of multi-employer defined-benefit pension plans, Alecta**

The commitment for retirement pensions and family pensions for salaried employees in Sweden is safeguarded through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 3, this is a multi-employer defined-benefit plan. For the 2014 fiscal year, the company did not have access to such information that makes it possible to recognize this plan as a defined-benefit plan. The pension plan in accordance with ITP, which is safeguarded through insurance with Alecta, is thus recognized as a defined-contribution plan. In 2014, fees for pension insurance covered by Alecta amounted to SEK 24 M (35). Alecta's surplus can be distributed to the insurers and/or the insured. At year-end 2014, Alecta's surplus in the form of the collective consolidation level was approximately 143% (148). The collective consolidation level comprises the market value of Alecta's assets as a percentage of the insurance commitment calculated in accordance with Alecta's actuarial calculation assumption, which does not coincide with IAS 19.

## 23 Accrued expenses and deferred income

| SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| Salaries | 1 070 | 965 | 946 |
| Social security expenses | 266 | 246 | 225 |
| Commissions | 151 | 124 | 105 |
| Interest expenses | 66 | 49 | 59 |
| Consultancy fees | 38 | 23 | 18 |
| Other accrued expenses and deferred income | 1 237 | 951 | 911 |
| **Total** | **2 828** | **2 358** | **2 264** |

## 24 Pledged assets

| Pledge assets, SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| Property mortgages | – | – | 28 |
| Floating charges | 21 | 19 | 13 |
| Assets burdened with ownership restrictions | – | – | 1 |
| **Total** | **21** | **19** | 42 |

The assets burdened with ownership restrictions serve as security for interest-bearing liabilities to credit institutions.

## 25 Companies and operations acquired in 2014

**PULSION AG**

During the first quarter of 2014, Medical Systems acquired over 78% of the shares in the German company, Pulsion AG. The company, which supplies systems for hemodynamic monitoring, generates sales of more than SEK 300 M and has about 130 employees. Goodwill arising from the transaction is attributable to additional sales of Medical Systems' products. It is not feasible to estimate earnings for the acquired business since the acquisition date because of the extensive integration process that has been carried out. The resulting goodwill is not tax deductible.

| Acquired net assets, SEK M | Assets and liabilities at the time of acquisition | Adjustment to fair value | Fair value |
|---|---|---|---|
| Intangible assets | – | 473 | 473 |
| Tangible assets | 30 | – | 30 |
| Inventories | 46 | – | 46 |
| Other current assets | 83 | – | 83 |
| Provisions | – | -140 | -140 |
| Other current liabilities | -89 | – | -89 |
| **Total net assets** | **70** | **333** | **403** |
| Goodwill | | | 838 |
| **Total acquisition including cash and cash equivalents, holdings attributable to Parent Company shareholders** | | | **971** |
| **Net outflow of cash and cash equivalents due to the acquisition** | | | **971** |
| **Non-controlling interests** | | | **270** |

The company is included in Getinge's sales and operating profit from March 1, 2014.

**ALTRAX GROUP LTD**

During the second quarter of 2014, Infection Control acquired the shares in the British company, Altrax Group Ltd for the total amount of approximately SEK 51 M. The company, which provides systems for traceability and quality assurance in the sterilization segment, generates sales of about SEK 35 M and has about 30 employees. Goodwill arising in connection with the transaction is attributable to expected additional sales of Infection Control's products. It is not feasible to estimate earnings for the acquired business since the acquisition date because of the extensive integration process that has been carried out. The resulting goodwill is not tax deductible.

| Acquired net assets, SEK M | Assets and liabilities at the time of acquisition | Adjustment to fair value | Fair value |
|---|---|---|---|
| Intangible assets | – | 13 | 13 |
| Tangible assets | 1 | – | 1 |
| Inventories | 5 | – | 5 |
| Other current assets | 8 | – | 8 |
| Cash and cash equivalents | 8 | – | 8 |
| Provisions | – | -3 | -3 |
| Other current liabilities | -7 | – | -7 |
| **Total net assets** | **15** | **10** | **25** |
| Goodwill | | | 34 |
| **Total acquisition including cash and cash equivalents** | | | **59** |
| | | | |
| **Net outflow of cash and cash equivalents due to the acquisition** | | | **59** |
| **Cash and cash equivalents in the acquired company at the time of acquisition** | | | **-8** |
| | | | **51** |

The company is included in Getinge's sales and operating profit from June 1, 2014.

## 25 Companies and operations acquired in 2014

**CETREA A/S**

Medical Systems acquired the shares in the Danish company Cetrea A/S during the third quarter of 2014 for the total amount of approximately SEK 110 M, of which SEK 25 M pertained to an additional purchase price. The company, which develops and markets IT systems that are used for resource planning in real time at hospitals, has annual sales of approximately SEK 30 M and has 30 employees. Goodwill arising from the transaction is attributable to additional sales of Medical Systems' products. It is not feasible to estimate earnings for the acquired business since the acquisition date because of the extensive integration process that has been carried out. The resulting goodwill is not tax deductible.

| Acquired net assets, SEK M | Assets and liabilities at the time of acquisition | Adjustment to fair value | Fair value |
|---|---|---|---|
| Intangible assets | 35 | 21 | 56 |
| Inventories | 4 | – | 4 |
| Other current assets | 2 | – | 2 |
| Provisions | – | -5 | -5 |
| Other current liabilities | -30 | -25 | -55 |
| **Total net assets** | **11** | **-9** | **2** |
| Goodwill | | | 68 |
| **Total acquisition including cash and cash equivalents** | | | **70** |

The company is included in Getinge's sales and operating profit from July 1, 2014.

**AUSTMEL PTY LTD**

Infection Control acquired the operations of the Australian company, Austmel Pty Ltd during the third quarter of 2014, for the amount of approximately SEK 144 M. The company, which specializes in products and services for quality assurance of sterilization and thermal processes, has annual sales of about SEK 80 M and has about 25 employees. A preliminary purchase price allocation is provided below. Goodwill arising in connection with the transaction is attributable to expected additional sales of Infection Control's products. It is not feasible to estimate earnings for the acquired business since the acquisition date because of the extensive integration process that has been carried out. The resulting goodwill is tax deductible.

| Acquired net assets, SEK M | Assets and liabilities at the time of acquisition | Adjustment to fair value | Fair value |
|---|---|---|---|
| Intangible assets | – | 48 | 48 |
| Tangible assets | 1 | – | – |
| Inventories | 4 | – | 4 |
| Other current assets | – | – | – |
| Other current liabilities | -2 | – | -2 |
| **Total net assets** | **3** | **48** | **50** |
| Goodwill | | | 94 |
| **Total acquisition including cash and cash equivalents** | | | **144** |

The company is included in Getinge's sales and operating profit from September 1, 2014.

## 26 Financial risk management

Most of Getinge's operations are located outside Sweden. This situation entails exposure to different types of financial risks that may cause fluctuations in profit or loss for the year, cash flow and shareholders' equity due to changes in exchange rates and interest rates. In addition, the Group is exposed to refinancing and counterparty risks. The primary role of the Parent Company's treasury unit is to support business activities and to identify and in the best way manage the Group's financial risks in line with the Board's established finance policy. Getinge's financial activities are centralized to benefit from economies of scale, to ensure good internal control and to facilitate monitoring of risk.

### CURRENCY RISKS

Currency risks comprise exchange-rate fluctuations, which have an impact on the Group's earnings and shareholders' equity. Currency exposure occurs in connection with payments in foreign currency (transaction exposure) and when translating foreign subsidiaries' balance sheets and income statements into SEK (translation exposure). For a sensitivity analysis, see page 53 in the Administration Report.

**Transaction exposure.** Payment flows as a result of sales income and cost of goods sold in foreign currencies cause currency exposure that affects Group earnings in the event of exchange-rate fluctuations. The Group's payment flows in foreign currencies mainly comprise the income generated by export sales. The most important currencies are USD, EUR, GBP, PLN and JPY. In line with Getinge's finance policy, the forecast flows in foreign currency are hedged to 90% for the next fiscal year. Getinge has the right to hedge for up to 42 months. Hedging is conducted using currency forward contracts, currency swaps and currency options. The market value of financial currency derivatives that meet cash-flow hedging requirements, which are recognized in other comprehensive income, amounted to a negative SEK 475 M (pos: 363) at December 31, 2014.

**Translation exposure – income statement.** When translating the results of foreign subsidiaries into SEK, currency exposure occurs, which affects the Group's earnings when exchange rates fluctuate.

**Translation exposure – balance sheet.** Currency exposure occurs when translating net assets of foreign subsidiaries into SEK, which can affect the consolidated shareholders' equity. In accordance with the Group's finance policy, to minimize the effects of this translation, the exposure arising is hedged using loans or currency derivatives in the subsidiary's local currency. The market value of financial derivatives that meet hedge-accounting requirements, which are recognized in shareholders' equity, amounted to a negative SEK 432 M (pos: 125) at December 31, 2014.

### INTEREST-RATE RISKS

Interest-rate risks are the changes in market interest rates that affect the Group's net interest. How quickly interest-rate changes impact net interest depends on the fixed-interest term of the loans. At December 31, 2014, the average fixed-interest term for Group borrowings was about 40 months. Interest-rate derivatives, such as interest-swap agreements, are used to achieve the desired fixed-interest term for borrowings. If the average interest rate for currencies represented in the Group's borrowings at the end of the year changed instantaneously by 1 percentage point, this would affect profits by +/ SEK 59 M on an annual basis for 2014. The market value of financial interest-rate derivative instruments that meet cash-flow hedging requirements, which are recognized in shareholders' equity, amounted to a negative SEK 559 M (neg: 392) at December 31, 2014. For further information on liquidity flows attributable to interest-bearing liabilities, refer to Note 18.

### REFINANCING AND LIQUIDITY RISK

Refinancing risk is defined as the risk of the cost being higher and financing opportunities limited as the loan is renegotiated and that the ability to pay cannot be met as a result of insufficient liquidity or difficulties in securing funding. The Group's cash and cash equivalents are invested short-term with the aim that any excess cash balances are to be used for amortising loans. The finance policy of the Group states that refinancing risks are managed, for example, by signing long-term committed credit agreements. The single largest loan is a syndicated loan agreement of EUR 1 200 M with ten banks. A minor portion of this loan agreement falls due in July 2016, and the major portion in July 2018. In 2012, the Group established an MTN program with the aim of issuing bonds in the Swedish market. At year-end 2014, Getinge had SEK 2 900 M in this loan program. The Group refinanced loans with the Swedish Export Credit Corporation and Nordic Investment Bank during the year. In both cases, the loans increased in size compared with the loans that fell due. Getinge also refinanced a "back-stop facility" that the company has for covering outstanding volumes in the commercial paper market. In addition to these credit facilities, the Group uses short-term uncommitted credit lines. For further information on credit lines, refer to Note 17.

At December 31, 2014, the Group's borrowings were well in line with the requirements under Getinge's finance policy pertaining to diversification of lenders and maturity dates.

### CREDIT AND COUNTERPARTY RISKS

The Group's financial transactions cause credit risks with regard to financial counterparties. Credit risks or counterparty risks constitute the risk of losses if the counterparties do not fully meet their commitments. Getinge's finance policy states that the credit risk must be limited through accepting only creditworthy counterparties and fixed limits. At December 31, 2014, the total counterparty exposure in derivative instruments was SEK 26 M (96). Credit risks in outstanding derivatives are limited by the offset rules agreed with the respective counterparty. The Group's liquidity is placed in bank accounts with negligible credit risks. Commercial credit risks are limited by a diverse customer base with a high credit rating. A provision was made for the part of accounts receivable considered to be of risk and this affected the operating profit. For further information on doubtful receivables, refer to Note 14.

**Financial derivatives.** Getinge uses financial derivatives to manage interest and currency exposure arising in its business. At December 31, 2014, all financial derivatives outstanding were held for hedging purposes and were deemed to be efficient. Consequently, hedge accounting was applied for these. All recognized derivatives are classified under level 2 of the value hierarchy.

**Fair value disclosures pertaining to borrowing and other financial instruments.** Essentially, all loans have floating interest rates and, accordingly, the fair value is assessed as corresponding to the carrying amount. For other financial assets and liabilities, fair value is assessed as corresponding to the carrying amount.

**Offsetting of financial derivatives.** The Group has ISDA agreements for all of its significant counterparties for raising funds and trading in financial instruments. For the financial assets and liabilities that are subject to legally binding offset agreements or similar, each agreement between the company and its counterparties permits the relevant financial assets and liabilities to be offset. The Group has netted the value of the Group's basis swaps against loans in the balance sheet.

| Outstanding derivative instruments | 2014 | | 2013 | |
|---|---|---|---|---|
| SEK M | Principal | Fair value | Principal | Fair value |
| Interest/currency derivatives* | 3 005 | -432 | 3 005 | 125 |
| Interest-rate derivatives | 15 688 | -559 | 12 732 | -392 |
| Currency derivatives | 8 770 | -475 | 8 455 | 363 |
| **Total** | **27 463** | **-1 466** | **24 192** | **96** |

*Combined instrument

| SEK M | Asset | Liability | Asset | Liability |
|---|---|---|---|---|
| Interest-rate derivatives – cash-flow hedges | 11 | 570 | 52 | 444 |
| Interest-rate derivatives – hedges of net investments* | – | 432 | 142 | 17 |
| Currency derivatives – cash-flow hedges | 293 | 768 | 562 | 199 |
| **Total** | **304** | **1 770** | **756** | **660** |
| Of which, short-term | 264 | 1 427 | 475 | 165 |
| Of which, long-term | 40 | 343 | 281 | 495 |

* Combined instruments are recognized in the company's net liabilities.

Principal refers to the nominal value in foreign currencies measured at the closing-date rates. The carrying amount of the interest-rate derivatives and combined instruments comprises accrued interest. The fair value of derivative instruments is established using valuation techniques. For this purpose, observable market information is used.

## 26 Financial risk management, continued from preceding page

**Financial instruments by category**

| | Loan and accounts receivable | | Assets at fair value through profit and loss | | Derivatives used for hedging purposes | | Available-for-sale financial assets | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Assets in the balance sheet** | **2014** | **2013** | **2014** | **2013** | **2014** | **2013** | **2014** | **2013** | **2014** | **2013** |
| Available-for-sale financial assets | – | – | – | – | – | – | – | – | – | – |
| Derivative instruments | – | – | – | – | 304 | 614 | – | – | 304 | 614 |
| Accounts receivable and other receivables, excluding interim receivables | 7 362 | 6 630 | – | – | – | – | – | – | 7 362 | 6 630 |
| Financial assets at fair value through profit and loss | – | – | – | – | – | – | – | – | – | – |
| Cash and cash equivalents | 1 482 | 1 148 | – | – | 304 | 614 | – | – | 1 482 | 1 148 |
| **Total** | **8 844** | **7 778** | **–** | **–** | **304** | **614** | **–** | **–** | **9 148** | **8 392** |

| | Liabilities at fair value through profit and loss | | Derivatives used for hedging purposes | | Other financial liabilities | | Total | |
|---|---|---|---|---|---|---|---|---|
| **Liabilities in the balance sheet** | **2014** | **2013** | **2014** | **2013** | **2014** | **2013** | **2014** | **2013** |
| Borrowing (excluding liabilities pertaining to financial leasing) | – | – | 432 | -142 | 20 320 | 17 310 | 20 752 | 17 168 |
| Liabilities pertaining to financial leasing | – | – | – | – | 11 | 18 | 11 | 18 |
| Derivative instruments | – | – | 1 338 | 660 | – | – | 1 338 | 660 |
| Accounts payable and other liabilities excluding non-financial liabilities | – | – | – | – | 2 083 | 1 882 | 2 083 | 1 882 |
| **Total** | **–** | **–** | **1 770** | **518** | **22 414** | **19 210** | **24 184** | **19 728** |

**Distribution of currency for outstanding derivative instruments in 2014**

| | | | | | |
|---|---|---|---|---|---|
| AUD | 456 | GBP | 1 627 | SEK | 4 755 |
| CAD | 659 | HKD | 55 | SGD | – |
| CHF | 239 | JPY | 345 | THB | – |
| CZK | – | NOK | – | TRY | 2 |
| DKK | – | NZD | – | USD | 13 729 |
| EUR | 4 622 | PLN | 975 | ZAR | – |
| **Total, SEK M** | | | | | **27 463** |

**Distribution of currency for outstanding derivative instruments in 2013**

| | | | | | |
|---|---|---|---|---|---|
| AUD | 370 | GBP | 2 195 | SEK | 4 755 |
| CAD | 461 | HKD | 37 | SGD | 49 |
| CHF | 278 | JPY | 623 | THB | – |
| CZK | – | NOK | 60 | TRY | 21 |
| DKK | – | NZD | – | USD | 10 733 |
| EUR | 3 986 | PLN | 617 | ZAR | 7 |
| **Total, SEK M** | | | | | **24 192** |

**Maturity structure of outstanding derivative instruments (SEK M) in 2014**

| | 2015 | 2016 | 2017 | 2018 | 2019* | Total |
|---|---|---|---|---|---|---|
| Interest/currency derivative* | 1 005 | – | – | 2 000 | – | 3 005 |
| Interest-rate derivatives | 484 | 121 | – | 781 | 14 302 | 15 688 |
| Currency derivatives | 4 543 | 3 940 | 287 | – | – | 8 770 |
| **Total** | **6 032** | **4 061** | **287** | **2 781** | **14 302** | **27 463** |

The table refers to net flows
* Or later
** Combined instrument

**Maturity structure of outstanding derivative instruments (SEK M) in 2013**

| | 2014 | 2015 | 2016 | 2017 | 2018* | Total |
|---|---|---|---|---|---|---|
| Interest/currency derivative* | – | 1 005 | – | – | 2 000 | 3 005 |
| Interest-rate derivatives | 456 | 627 | 107 | 11 095 | 447 | 12 732 |
| Currency derivatives | 5 585 | 2 563 | 288 | 19 | – | 8 455 |
| **Total** | **6 041** | **4 195** | **395** | **11 114** | **2 447** | **24 192** |

The table refers to net flows
* Or later
** Combined instrument

## 27 Employee costs

| | 2014 | | | 2013 | | | 2012 | | |
|---|---|---|---|---|---|---|---|---|---|
| Group, SEK M | Board and CEO | Other | Total | Board and CEO | Other | Total | Board and CEO | Other | Total |
| Salaries and remuneration | 409 | 6 071 | 6 480 | 399 | 5 737 | 6 136 | 378 | 5 382 | 5 760 |
| Social security expenses | 70 | 1 445 | 1 515 | 67 | 1 312 | 1 379 | 70 | 1 314 | 1 384 |
| Pension expenses | 42 | 357 | 399 | 40 | 333 | 373 | 40 | 295 | 335 |
| **Total** | **521** | **7 873** | **8 394** | **506** | **7 382** | **7 888** | **488** | **6 991** | **7 479** |

**Salaries and remuneration per country**

| | 2014 | | | | 2013 | | | | 2012 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Group, SEK M | Board and CEO | of which, bonus | Other | Total | Board and CEO | of which, bonus | Other | Total | Board and CEO | of which, bonus | Other | Total |
| Australia | 12 | 1 | 199 | 211 | 7 | 1 | 184 | 191 | 7 | 1 | 195 | 202 |
| Belgium | 3 | 1 | 69 | 72 | 4 | 2 | 60 | 64 | 3 | 1 | 53 | 56 |
| Brazil | 16 | 5 | 32 | 48 | 13 | 4 | 30 | 43 | 16 | 5 | 25 | 41 |
| Colombia | 3 | 1 | 4 | 7 | 1 | 1 | 3 | 4 | – | – | – | – |
| Denmark | 12 | 2 | 86 | 98 | 8 | – | 68 | 76 | 8 | 1 | 60 | 68 |
| Finland | 1 | – | 17 | 18 | 1 | – | 15 | 16 | 1 | – | 14 | 15 |
| France | 39 | 10 | 437 | 476 | 48 | 7 | 382 | 430 | 52 | 9 | 365 | 417 |
| United Arab Emirates | 4 | 1 | 37 | 41 | 3 | 2 | 30 | 33 | 2 | 1 | 16 | 18 |
| Netherlands | 10 | 1 | 127 | 137 | 10 | 2 | 118 | 128 | 6 | 1 | 150 | 156 |
| Hong Kong | 10 | 6 | 19 | 29 | 8 | 3 | 18 | 26 | 7 | 3 | 15 | 22 |
| India | 4 | 1 | 21 | 25 | 4 | 1 | 19 | 23 | 4 | 1 | 14 | 18 |
| Ireland | – | – | 29 | 29 | – | – | 26 | 26 | – | – | 32 | 32 |
| Italy | 5 | 1 | 109 | 114 | 5 | 1 | 102 | 107 | 4 | 1 | 84 | 88 |
| Japan | 9 | 4 | 105 | 114 | 9 | 4 | 103 | 112 | 9 | 3 | 94 | 103 |
| Canada | 25 | 7 | 160 | 185 | 16 | 4 | 202 | 218 | 19 | 4 | 154 | 173 |
| China | 10 | 1 | 133 | 143 | 6 | 1 | 109 | 115 | 8 | 1 | 87 | 95 |
| Mexico | 2 | 1 | 9 | 11 | 2 | 1 | 6 | 8 | 2 | 1 | 4 | 6 |
| Norway | 1 | – | 21 | 22 | 1 | – | 20 | 21 | 1 | – | 18 | 19 |
| New Zealand | 1 | – | 13 | 14 | 1 | – | 10 | 11 | – | – | 10 | 10 |
| Poland | 4 | 1 | 79 | 83 | 3 | 1 | 57 | 60 | 3 | 1 | 53 | 56 |
| Portugal | 1 | 1 | 9 | 10 | 2 | 1 | 7 | 9 | 1 | – | 8 | 9 |
| Russia | 1 | – | 18 | 19 | 1 | – | 19 | 20 | 2 | 1 | 15 | 17 |
| Switzerland | 2 | – | 59 | 61 | 3 | – | 42 | 45 | 5 | – | 45 | 50 |
| Serbia | 3 | 1 | 3 | 6 | 2 | 1 | 2 | 4 | – | – | – | – |
| Singapore | 4 | 1 | 30 | 34 | 5 | 1 | 24 | 29 | 6 | 1 | 17 | 23 |
| Slovakia | – | – | 1 | 1 | – | – | 1 | 1 | – | – | 2 | 2 |
| Spain | 4 | 2 | 48 | 52 | 3 | 1 | 38 | 41 | 3 | 1 | 26 | 29 |
| UK | 27 | 7 | 374 | 401 | 22 | 5 | 410 | 432 | 21 | 5 | 411 | 432 |
| Sweden | 53 | 7 | 742 | 795 | 52 | 10 | 744 | 796 | 59 | 18 | 709 | 768 |
| South Africa | 3 | 1 | 16 | 19 | 3 | 1 | 12 | 15 | 1 | 1 | 14 | 15 |
| South Korea | – | – | 8 | 8 | – | – | 6 | 6 | – | – | 3 | 3 |
| Thailand | 1 | – | 10 | 11 | 1 | – | 8 | 9 | 1 | – | 5 | 6 |
| Czech Republic | 2 | – | 6 | 8 | 1 | – | 6 | 7 | 1 | – | 7 | 8 |
| Turkey | 4 | 1 | 46 | 50 | 5 | 3 | 50 | 55 | 3 | 2 | 34 | 37 |
| Germany | 40 | 14 | 1 149 | 1 189 | 60 | 28 | 1 028 | 1 088 | 40 | 16 | 943 | 983 |
| USA | 91 | 25 | 1 787 | 1 878 | 84 | 24 | 1 710 | 1 794 | 78 | 20 | 1 665 | 1 743 |
| Austria | 2 | 1 | 59 | 61 | 5 | 1 | 68 | 73 | 5 | 2 | 35 | 40 |
| **Total** | **409** | **105** | **6 071** | **6 480** | **399** | **111** | **5 737** | **6 136** | **378** | **101** | **5 382** | **5 760** |

**Remuneration and other benefits during the year, SEK 000s**

| | Basic pay | Board fee* | Variable remuneration | Other benefits | Pension expenses | Total |
|---|---|---|---|---|---|---|
| Chairman of the Board | – | 1 225 | – | – | – | 1 225 |
| Board members | – | 4 176 | – | – | – | 4 176 |
| CEO | 21 144 | – | – | 107 | 19 843 | 41 094 |
| Other senior executives** | 18 195 | – | 1 159 | 878 | 9 025 | 28 098 |
| **Total** | **39 339** | **5 401** | **1 159** | **985** | **28 868** | **74 593** |

* Also includes fees for work on Board Committees

** Six individuals

**Comments on the table**

- Variable remuneration refers to the 2014 fiscal year's expensed bonus, which will be paid in 2015. For information on the calculation of bonuses, see below.
- Other benefits refer to company car, accommodation benefits, etc.
- In addition to paid pension premiums in accordance with the table above, an additional payment of SEK 9.0 M was paid for the CEO to reflect the applicable pension commitment.
- The Chairman of the Board has not received any remuneration other than Board fees and remuneration for committee work.
- For information on Board fees for each member, refer to page 60.

## 27 Employee costs, continued from preceding page

### REMUNERATION TO SENIOR EXECUTIVES

**Principles:** The Annual General Meeting decides on remuneration to the Chairman of the Board and Board members. Employee representatives do not receive Board remuneration. Remuneration to the CEO and other senior executives comprises basic pay, variable remuneration, other benefits as well as pensions. Other senior executives comprise the six individuals, who together with the CEO, comprise Group management. For the Group management structure, see page 64. The allocation between basic pay and variable remuneration should be proportionate to the executive's responsibility and authority. The CEO's variable remuneration is a maximum of 80% of the basic pay. Other senior executives' variable remuneration is based on the result in relation to individually set goals.

The CEO has health insurance totalling 24.5% of the pensionable pay between 20 and 30 price base amounts and 32.5% of the pensionable pay that exceeds 30 price base amounts. The agreement is independent in relation to other pension benefits.

**Bonus:** The CEO's bonus for 2014 was based on the individual goals set by the Board. For other senior executives, bonuses for 2014 were based on a combination of results for the individual's area of responsibility and individual goals.

**Pensions:** Pension benefits for the CEO, not including the applicable ITP pension, are as follows: The CEO is entitled to a pension from the age of 60. The pension will be 70% of the pensionable pay between the ages of 60 and 65. At 65 and thereafter, the pension will be 50% of the pensionable pay in excess of 20 price base amounts that the CEO received from the company at age 60. Pensionable pay refers to basic pay. Survivor annuity is 16.25% of the pensionable pay in excess of 20 price base amounts. For other senior executives, pension ages vary between the ages of 60 and 65. Pension agreements have been signed in accordance with local legislation in the country where the executive resides. Subsequently, pension levels vary from 3% to 62% of the pensionable pay. All pension benefits are transferable, i.e. not conditional on future employment.

**Severance pay:** The period of notice for the CEO is six months. If termination of employment is initiated by the company then severance pay of 12 months' pay will be awarded. Severance pay is not offset against any other income. Upon termination of employment of any other senior executives, they have the right to severance pay of a minimum of six months and a maximum of one year.

**Drafting and decision-making process:** During the year, the Remuneration Committee gave the Board its recommendations concerning policies for the remuneration to senior executives. The recommendations included the proportion between fixed and variable remuneration and the size of possible pay increases. The Remuneration Committee also proposed criteria for determining bonuses, allotment and the size of the pension conditions and severance pay. The Board discussed the Remuneration Committee's proposals and decided in line with the Remuneration Committee's recommendations.

Remuneration to the CEO for the 2014 fiscal year was decided by the Board taking into account the Remuneration Committee's recommendations.

Remuneration to other senior executives was decided by the CEO in consultation with the Chairman of the Board. During 2014, the Remuneration Committee was convened on three occasions. The committee's work was conducted with the support of external experts in issues concerning remuneration levels and structures.

## 28 Average number of employees

| | 2014 | | | 2013 | | | 2012 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Men | Women | Total | Men | Women | Total | Men | Women | Total |
| Australia | 252 | 110 | 362 | 236 | 111 | 347 | 261 | 98 | 359 |
| Belgium | 102 | 33 | 135 | 98 | 30 | 128 | 95 | 32 | 127 |
| Brazil | 83 | 39 | 122 | 88 | 34 | 122 | 76 | 29 | 105 |
| Colombia | 16 | 8 | 24 | 16 | 7 | 23 | 11 | 6 | 17 |
| Denmark | 124 | 44 | 168 | 92 | 35 | 127 | 91 | 36 | 127 |
| Finland | 23 | 9 | 32 | 24 | 10 | 34 | 25 | 10 | 35 |
| France | 847 | 410 | 1 257 | 858 | 409 | 1 267 | 846 | 391 | 1 237 |
| United Arab Emirates | 41 | 20 | 61 | 34 | 22 | 56 | 37 | 14 | 51 |
| Netherlands | 174 | 82 | 256 | 187 | 93 | 280 | 211 | 113 | 324 |
| Hong Kong | 28 | 32 | 60 | 41 | 29 | 70 | 36 | 26 | 62 |
| India | 198 | 53 | 251 | 161 | 45 | 206 | 168 | 45 | 213 |
| Ireland | 80 | 22 | 102 | 72 | 24 | 96 | 74 | 28 | 102 |
| Italy | 187 | 84 | 271 | 181 | 86 | 267 | 151 | 68 | 219 |
| Japan | 188 | 43 | 231 | 183 | 39 | 222 | 184 | 34 | 218 |
| Canada | 321 | 157 | 478 | 335 | 183 | 518 | 284 | 152 | 436 |
| China | 676 | 289 | 965 | 658 | 265 | 923 | 521 | 221 | 742 |
| Mexico | 17 | 9 | 26 | 15 | 8 | 23 | 7 | 9 | 16 |
| Norway | 29 | 8 | 37 | 25 | 6 | 31 | 24 | 6 | 30 |
| New Zealand | 22 | 7 | 29 | 19 | 6 | 25 | 17 | 8 | 25 |
| Poland | 313 | 413 | 726 | 259 | 360 | 619 | 236 | 348 | 584 |
| Portugal | 15 | 7 | 22 | 15 | 7 | 22 | 15 | 6 | 21 |
| Russia | 38 | 19 | 57 | 37 | 20 | 57 | 20 | 36 | 56 |
| Switzerland | 66 | 21 | 87 | 62 | 18 | 80 | 62 | 19 | 81 |
| Serbia | 8 | 6 | 14 | 7 | 5 | 12 | – | – | – |
| Singapore | 38 | 26 | 64 | 37 | 24 | 61 | 37 | 21 | 58 |
| Slovakia | 2 | 1 | 3 | 2 | 3 | 5 | 2 | 3 | 5 |
| Spain | 59 | 31 | 90 | 51 | 24 | 75 | 61 | 32 | 93 |
| UK | 979 | 331 | 1 310 | 908 | 339 | 1 247 | 889 | 319 | 1 208 |
| Sweden | 996 | 353 | 1 349 | 1 119 | 376 | 1 495 | 1 192 | 395 | 1 587 |
| South Africa | 41 | 38 | 79 | 37 | 32 | 69 | 39 | 17 | 56 |
| South Korea | 8 | 8 | 16 | 8 | 6 | 14 | 5 | 3 | 8 |
| Thailand | 35 | 35 | 70 | 33 | 33 | 66 | 29 | 22 | 51 |
| Czech Republic | 26 | 9 | 35 | 26 | 9 | 35 | 26 | 9 | 35 |
| Turkey | 180 | 227 | 407 | 139 | 255 | 394 | 116 | 191 | 307 |
| Germany | 1 568 | 675 | 2 243 | 1 474 | 633 | 2 107 | 1 397 | 603 | 2 000 |
| Ukraine | 0 | 1 | 1 | – | 2 | 2 | – | 2 | 2 |
| USA | 2 236 | 1 040 | 3 276 | 2 297 | 1 173 | 3 470 | 1 976 | 915 | 2 891 |
| Austria | 87 | 55 | 142 | 110 | 18 | 128 | 111 | 18 | 129 |
| **Total** | **10 103** | **4 755** | **14 858** | **9 944** | **4 779** | **14 723** | **9 332** | **4 285** | **13 617** |

## 28 Average number of employees

**Distribution of senior executives at the closing date, %**

| | 2014 | 2013 | 2012 |
|---|---|---|---|
| **Women:** | | | |
| Board members of the Parent Company | 38% | 29% | 29% |
| Other members of the company's management, incl. CEO | 25% | 23% | 21% |
| **Men:** | | | |
| Board members of the Parent Company | 62% | 71% | 71% |
| Other members of the company's management, incl. CEO | 75% | 77% | 79% |

## 29 Transactions with related parties

Transactions between Getinge AB and its subsidiaries, which are related companies to Getinge AB, were eliminated in the consolidated financial statements.

**TRANSACTIONS WITH RELATED PARTIES**
Business terms and conditions as well as market-regulated pricing apply for delivery of products and services between Group companies.

In 2014, intra-Group sales amounted to SEK 17,746 M (15,531). No Board member or senior executive has, or has had, any direct or indirect participation in any business transactions, between themselves and the company, that are or were unusual in character, regarding terms or conditions. In addition, no other transactions with related parties occurred. For remuneration and benefits to key individuals in management positions, see Note 27.

## 30 Events after the end of the closing date

The company signed a Consent Decree with the Food and Drug Administration in the US at the start of February. The total financial consequences related to the Consent Decree, excluding the costs for the remediation program, are estimated to amount to approximately SEK 500 M and will impact the Group's operating profit for 2015.

## 31 Supplementary disclosure to cash-flow statement

| Acquisition of subsidiaries, SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| Intangible assets | 1 623 | 283 | 1 695 |
| Tangible assets | 32 | 4 | 325 |
| Financial assets | – | – | 52 |
| Inventories | 59 | 9 | 293 |
| Receivables | 93 | 10 | 324 |
| Non-controlling interests | -270 | – | – |
| Deferred tax | -148 | 10 | -8 |
| Non-interest-bearing liabilities | -153 | -68 | -455 |
| **Paid purchase considerations** | **1 236** | **248** | **2 226** |

| Cash and cash equivalents, SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| Investments | 7 | 13 | 7 |
| Cash and bank | 1 475 | 1 135 | 1 247 |
| **Cash and cash equivalents** | **1 482** | **1 148** | **1 254** |

| Adjustments for items not included in cash flow, SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| Profit/loss in connection with the sale/disposal of non-current assets | 47 | 153 | 43 |
| **Total** | **47** | **153** | **43** |

## 32 Capitalized development costs

| SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| Development costs, gross | -1 270 | -1 298 | -1 343 |
| Capitalized development costs | 673 | 679 | 745 |
| Development costs, net | -597 | -619 | -598 |

## 33 Costs by cost category

| SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| Salaries and remuneration | 6 480 | 6 136 | 5 760 |
| Social security expenses | 1 515 | 1 379 | 1 384 |
| Pension expenses | 399 | 373 | 335 |
| Amortization of intangible assets | 1 247 | 1 079 | 1 030 |
| Depreciation of tangible assets | 872 | 786 | 711 |
| Goods and services | 13 510 | 11 786 | 11 022 |
| **Total costs** | **24 023** | **21 539** | **20 242** |

# Parent Company financial statements

| PARENT COMPANY'S INCOME STATEMENT | | | | |
|---|---|---|---|---|
| **SEK M** | **Note** | **2014** | **2013** | **2012** |
| Administrative expenses | 2 | -164 | -150 | -114 |
| **Operating loss** | 15, 16 | -164 | -150 | -114 |
| Income from participations in Group companies | 4 | 4 113 | 983 | 1 531 |
| Interest income and other similar profit items | 5 | 306 | 658 | 1 632 |
| Interest expenses and other similar loss items | 6 | -3 740 | -850 | -882 |
| **Profit after financial items** | | 515 | 641 | 2 167 |
| Tax on profit for the year | 7 | -12 | -119 | -6 |
| **Net profit for the year** | | **503** | **522** | **2 161** |

| PARENT COMPANY'S STATEMENT OF COMPREHENSIVE INCOME | | | | |
|---|---|---|---|---|
| **SEK M** | **Note** | **2014** | **2013** | **2012** |
| **Net profit for the year** | | **503** | 522 | 2 161 |
| | | | | |
| **Other comprehensive income** | | | | |
| Cash-flow hedges interest risk | | – | -45 | -60 |
| Income tax related to other comprehensive income items | | – | 10 | 18 |
| **Other comprehensive loss for the year, net after tax** | | – | -35 | -42 |
| **Total comprehensive income for the period** | | **503** | **487** | **2 119** |

## PARENT COMPANY'S BALANCE SHEET

| SEK M | Note | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Fixed assets** | | | | |
| Tangible fixed assets | 2, 3 | 45 | 36 | 38 |
| Participations in Group companies | 8 | 24 869 | 22 410 | 7 605 |
| Deferred tax assets | 7 | 43 | 32 | 23 |
| **Total fixed assets** | | **24 957** | **22 478** | **7 666** |
| **Current assets** | | | | |
| Receivables from Group companies | | 5 715 | 6 552 | 30 929 |
| Tax assets | | 13 | – | – |
| Other receivables | | – | 6 | 9 |
| Prepaid expenses and accrued income | 11 | 50 | 32 | 23 |
| Cash and cash equivalents | | 801 | 567 | 32 |
| **Total current assets** | | **6 579** | **7 157** | **30 993** |
| **TOTAL ASSETS** | | **31 536** | **29 635** | **38 659** |
| **SHAREHOLDERS' EQUITY AND LIABILITIES** | | | | |
| **Shareholders' equity** | | | | |
| *Restricted shareholders' equity* | | | | |
| Share capital | | 119 | 119 | 119 |
| Statutory reserve | | 2 525 | 2 525 | 2 525 |
| Share premium reserve | | 3 435 | 3 435 | 3 435 |
| Retained earnings | | 2 000 | 2 467 | 1 330 |
| Net profit for the year | | 503 | 522 | 2 161 |
| **Total shareholders' equity** | | **8 582** | **9 068** | **9 570** |
| **Long-term liabilities** | | | | |
| Interest-bearing long-term loans | 9 | 14 282 | 13 347 | 13 059 |
| Deferred tax liabilities | 7 | – | – | – |
| **Total long-term liabilities** | | **14 282** | **13 347** | **13 059** |
| **Current liabilities** | | | | |
| Interest-bearing current loans (external) | 10 | 6 081 | 3 458 | 4 107 |
| Interest-bearing current loans (subsidiaries) | | 2 308 | 3 535 | 11 728 |
| Accounts payable (external) | | 73 | 3 | 39 |
| Accounts payable (subsidiaries) | | 44 | – | – |
| Current tax liabilities | | – | 71 | 22 |
| Other liabilities | | 5 | 2 | 1 |
| Accrued expenses and prepaid income | 12 | 161 | 151 | 133 |
| **Total current liabilities** | | **8 672** | **7 220** | **16 030** |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | | **31 536** | **29 635** | **38 659** |
| Pledged assets | | – | – | – |
| Contingent liabilities | 13 | 496 | 305 | 306 |

## CHANGES IN PARENT COMPANY SHAREHOLDERS' EQUITY

| SEK M | Share capital | Statutory reserve | Share premium reserve | Unrestricted reserves | Total |
|---|---|---|---|---|---|
| **Opening balance at January 1, 2011** | **119** | **2 525** | **3 435** | **2 489** | **8 568** |
| Total comprehensive income for the period | | | | 552 | 552 |
| Dividend | | | | -775 | -775 |
| **Closing balance at December 31, 2011** | **119** | **2 525** | **3 435** | **2 266** | **8 345** |
| Total comprehensive income for the period | | | | 2 119 | 2 119 |
| Dividend | | | | -894 | -894 |
| **Closing balance at December 31, 2012** | **119** | **2 525** | **3 435** | **3 491** | **9 570** |
| Total comprehensive income for the period | | | | 487 | 487 |
| Dividend | | | | -989 | -989 |
| **Closing balance at December 31, 2013** | **119** | **2 525** | **3 435** | **2 989** | **9 068** |
| Total comprehensive income for the period | | | | 503 | 503 |
| Dividend | | | | -989 | -989 |
| **Closing balance at December 31, 2014** | **119** | **2 525** | **3 435** | **2 503** | **8 582** |

Each share's quotient value is SEK 0.50. The share capital consists of 15,940,050 Class A shares carrying ten voting rights per share and 222,383,327 Class B shares carrying one voting right per share, totaling 238,323,377 shares.

## PARENT COMPANY CASH-FLOW STATEMENT

| SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| **Operating activities** | | | |
| Operating loss | -164 | -150 | -114 |
| Adjustments for items not included in cash flow | 26 | -19 | -33 |
| | -138 | -169 | -147 |
| Payments from participations in Group companies | 488 | 175 | 2 130 |
| Interest received and similar items | 306 | 658 | 1 632 |
| Interest paid and similar items | -3 740 | -850 | -878 |
| Taxes paid | -98 | -51 | -4 |
| **Cash flow before changes in working capital** | **-3 182** | **-237** | **2 733** |
| **Changes in working capital** | | | |
| Current receivables | 824 | 24 371 | -905 |
| Current liabilities | 127 | -16 | 41 |
| **Cash flow from operating activities** | **-2 231** | **24 118** | **1 869** |
| **Investing activities** | | | |
| Shareholders' contributions paid | -2 459 | -14 805 | -694 |
| Acquisition of tangible fixed assets | -35 | -17 | -34 |
| Sale of tangible fixed assets | – | – | – |
| **Cash flow from investing activities** | **-2 494** | **-14 822** | **-728** |
| **Financing activities** | | | |
| Change in interest-bearing loans | 2 334 | -8 571 | 407 |
| Change in long-term receivables | -11 | -9 | -23 |
| Dividend paid | -989 | -989 | -894 |
| Group contributions paid to subsidiaries | – | – | -599 |
| Group contributions received from subsidiaries | 3 625 | 808 | – |
| **Cash flow from financing activities** | **4 959** | **-8 761** | **-1 109** |
| **Cash flow for the period** | **234** | **535** | **32** |
| Cash and cash equivalents at the beginning of the year | 567 | 32 | – |
| Cash flow for the year | 234 | 535 | 32 |
| **Cash and cash equivalents at year-end** | **801** | **567** | **32** |

## 1 Accounting policies

The financial statements of the Parent Company were prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Reporting of Legal Entities, as well as statements from the Emerging Issues Task Force of the Swedish Financial Accounting Standards Council. In accordance with the regulations stipulated in RFR 2, in the annual financial statements for a legal entity, the Parent Company is to apply all of the IFRS/IAS regulations and statements that have been endorsed by the EU where possible within the framework of the Swedish Annual Accounts Act and with consideration of the link between accounting and taxation. The recommendation specifies which exceptions and additions are to be made from IFRS/IAS. Provisions conforming to IFRS/IAS are stated in Note 1 Accounting policies, for the consolidated financial statements. The Parent Company applies the accounting policies detailed for the Group with the exception of the following:

**Untaxed reserves.** In the Parent Company, the recognition of untaxed reserves includes the deferred tax liabilities. Untaxed reserves are recognized at the gross amount in the balance sheet, and appropriations at the gross amount in profit and loss.

**Remuneration to employees.** The Parent Company complies with the Swedish Pension Obligations Vesting Act and directives from the Swedish Financial Supervisory Authority when calculating defined-benefit pension plans.

**Financial derivatives.** Getinge AB applies the exemption in RFR 2 pertaining to IAS 39, meaning that measurement and recognition of financial instruments is based on cost pursuant to the Swedish Annual Accounts Act. The Parent Company applies hedge accounting for its derivatives (interest-rate swaps and currency interest-rate swaps), which means that derivatives are not measured at fair value on an ongoing basis. Any interest-rate difference to be received or paid that arises on an interest-rate swap is recognized in profit and loss on an ongoing basis. Loans in foreign currencies that are hedged through currency interest-rate swaps are not remeasured and, instead, are valued at the hedged rate.

**Shares and participations.** Subsidiaries are recognized in accordance with the acquisition method, implying that holdings are recognized at cost in the balance sheet less any impairment. Dividends from subsidiaries are recognized as dividend income.

## 2 Depreciation according to plan

| SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| Buildings and land | - | - | - |
| Equipment, tools, fixtures and fittings | -26 | -19 | -9 |
| **Total** | **-26** | **-19** | **-9** |
| | | | |
| Depreciation is recognized as administrative expenses | -26 | -19 | -9 |

## 3 Tangible fixed assets

| Buildings and land, SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| Opening cost | – | – | 9 |
| Investments | – | – | – |
| Sales/disposals | – | – | -9 |
| **Closing accumulated cost** | – | – | – |
| Opening depreciation | – | – | -1 |
| Sales/disposals | – | – | 1 |
| **Closing accumulated depreciation** | – | – | – |
| **Closing planned residual value** | – | – | – |
| | | | |
| **Equipment, tools, fixtures and fittings** | | | |
| Opening cost | 121 | 104 | 70 |
| Investments | 35 | 17 | 34 |
| **Closing accumulated cost** | **156** | **121** | **104** |
| Opening depreciation | -85 | -66 | -57 |
| Depreciation for the year | -26 | -19 | -9 |
| **Closing accumulated depreciation** | **-111** | **-85** | **-66** |
| **Closing planned residual value** | **45** | **36** | **38** |

## 4 Income from participations in Group companies

| SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| Dividends from Group companies | 488 | 175 | 6 297 |
| Impairment of participations in Group companies | – | – | -4 167 |
| Group contributions | 3 625 | 808 | -599 |
| **Total** | **4 113** | **983** | **1 531** |

## 5 Interest income and similar profit items

| SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| Interest income from Group companies | 304 | 657 | 1 108 |
| Interest income | 2 | 1 | – |
| Currency gains | – | – | 524 |
| **Total** | **306** | **658** | **1 632** |

## 6 Interest expenses and similar loss items

| SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| Interest expenses to Group companies | -10 | -232 | -418 |
| Interest expenses | -542 | -482 | -431 |
| Currency losses | -3 166 | -110 | - |
| Other | -22 | -26 | -33 |
| **Total** | **-3 740** | **-850** | **-882** |

## 7 Taxes

| SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| *Tax expense:* | | | |
| Current tax | -25 | -117 | -11 |
| Deferred tax | 13 | -2 | 5 |
| **Tax on profit for the year** | **-12** | **-119** | **-6** |
| | | | |
| **Relationship between the year's tax expenses and the recognized profit before tax:** | | | |
| Recognized profit before tax | 515 | 641 | 2 167 |
| Tax according to current tax rate | -113 | -141 | -570 |
| Tax effect of non-deductible costs | -9 | -8 | -7 |
| Tax effect of non-taxable income | 110 | 30 | 571 |
| **Recognized tax expense** | **-12** | **-119** | **-6** |

Calculation of the current tax rate for the current tax is based on the tax rate that applies to the Parent Company of 22% for 2014 and 2013 and 26.3% for 2012.

| **Deferred tax assets attributable to temporary differences:** | | | |
|---|---|---|---|
| Temporary differences | – | 32 | 23 |
| **Total** | **32** | **32** | **23** |

## 8 Shares in subsidiaries

| Parent Company's holdings | Reg. office | Swedish Corp. Reg. No. | No. of shares | Percentage holding | Carrying amount, SEK M 2014 | Carrying amount, SEK M 2013 | Carrying amount, SEK M 2012 |
|---|---|---|---|---|---|---|---|
| Arjo Finance Holding AB | Gothenburg | 556473-1700 | 23 062 334 | 100 | 5 716 | 3 296 | 2 236 |
| Getinge Sterilization AB | Halmstad | 556031-2687 | 50 000 | 100 | 452 | 452 | 452 |
| Maquet Holding AB | Gothenburg | 556535-6317 | 100 | 100 | 1 481 | 1 481 | 1 481 |
| Getinge Disinfection AB | Växjö | 556042-3393 | 25 000 | 100 | 118 | 118 | 118 |
| Getinge Letting AB | Gothenburg | 556495-6976 | 1 000 | 100 | – | – | – |
| Getinge Skärhamn AB | Tjörn | 556412-3569 | 1 000 | 100 | 6 | 6 | 6 |
| Getinge Australia Pty Ltd | Australia | | 39 500 | 100 | 9 | 9 | 9 |
| Getinge NV | Belgium | | 600 | 100 | 2 | 2 | 2 |
| Getinge Danmark A/S | Denmark | | 525 | 100 | 3 | 3 | 3 |
| Getinge IT-Solution Aps | Denmark | | 533 000 | 100 | 27 | 27 | 27 |
| Getinge Finland AB | Finland | | 15 | 100 | – | – | – |
| Getinge Arjo France SAS | France | | 289 932 | 85 | 236 | 236 | 236 |
| Getinge/Castle Inernational Ltd | Greece | | 100 | 100 | 2 | 2 | 2 |
| Getinge Treasury Ireland Ltd | Ireland | | 1 | 100 | 772 | 740 | 694 |
| Getinge Japan KK | Japan | | 10 000 | 100 | 16 | 16 | 16 |
| Getinge Sterilizing Equipment Inc | Canada | | 1 230 100 | 100 | – | – | – |
| Getinge (Suzhou) Co. Ltd | China | | 1 | 100 | 111 | 111 | 111 |
| Getinge Holding Luxembourg Sarl | Luxembourg | | 163 972 | 100 | 10 887 | 10 887 | – |
| Arjo International Sarl | Luxembourg | | 10 000 | 100 | – | – | – |
| Getinge Norge AS | Norway | | 4 500 | 100 | 4 | 4 | 4 |
| Getinge Poland Sp Zoo | Poland | | 500 | 100 | 13 | 13 | 13 |
| NeuroMédica SA | Spain | | 40 000 | 100 | 16 | 16 | 16 |
| ArjoHuntleigh GmbH | Austria | | 1 273 | 100 | 7 | 7 | 7 |
| Getinge Shared Services | Poland | | 10 000 | 100 | 7 | – | – |
| Getinge Holding USA Inc | USA | | | 100 | 4 977 | 4 977 | 2 164 |
| Maquet Medizintechnik | Austria | | | 100 | 7 | 7 | 7 |
| **Total carrying amount** | | | | | **24 869** | **22 410** | **7 604** |

The Parent Company's holding of shares in the subsidiaries constitutes the entire capital of the respective company, which also corresponds to 100% of the voting rights, unless otherwise stated.

## 8 Shares in subsidiaries, continued from preceding page

**Subsidiaries of sub-groups**
The Getinge Group, with operations in many countries, is organized into subgroups in several categories, and accordingly, the legal structure cannot be reflected in a simpler manner in a tabular presentation. The following is a list of the companies that were a part of Getinge's sub-groups as of December 31, 2014. Except for the following, the ownership interest is 100%.

- Maquet Thailand Co. Ltd Thailand, 49 %
- ArjoHuntleigh (Thailand) Co. Ltd Thailand, 49 %
- Huntleigh Africa Provincial Sales (Pty) Ltd, South Africa, 50 %
- Huntleigh Africa Provinciall Sales Ltd South Africa, 50 %

**Sweden**
- ArjoHuntleigh AB 556304-2026, Malmö
- Arjo Hospital Equipment AB 556090-4095, Eslöv
- Arjo Ltd Med. AB 556473-1718, Gothenburg
- Arjo Scandinavia AB 556528-4600, Eslöv
- ArjoHuntleigh International AB 556528-1440, Eslöv
- CombiMobil AB 556475-7242, Eslöv
- Getinge Infection Control AB 556547-8798, Halmstad
- Getinge International AB 556547-8780, Halmstad
- Getinge Sverige AB 556509-9511, Halmstad
- Maquet Critical Care AB 556604-8731, Solna
- Maquet Nordic AB 556648-1163, Solna
- Getinge Treasury AB 556535-6309, Gothenburg

**Australia**
- Arjo Hospital Equipment Pty Ltd
- Pulsion Pacific Pty Ltd
- Huntleigh Healthcare Pty Ltd
- Joyce Healthcare Group Pty Ltd
- Maquet Australia Pty Ltd

**Belgium**
- ArjoHuntleigh NV
- Maquet Belgium NV
- Medibol Holding NV
- Medibol NV
- Pulsion Benelux NV/SA

**Brazil**
- Maquet do Brasil Equipamentos Medicos Ltda
- Maquet Cardiopulmonary do Brasil Ind. e Com S.A.

**Colombia**
- Maquet Colombia S.A.S

**Denmark**
- ArjoHuntleigh A/S
- Getinge Water Systems A/S
- Maquet Denmark A/S
- Polystan A/S
- Cetrea A/S

**Finland**
- Maquet Finland Oy

**France**
- Arjo Huntleigh SAS
- Filance SA
- Getinge France SAS
- Getinge La Calhéne France SA
- Intervascular SAS
- Intervascular Sarl
- Getinge Lancer SA
- Maquet SAS
- Pulsion France Sarl
- Datascope France-Production IB

**United Arab Emirates**
- Maquet Middle East FZ-LLC
- ArjoHuntleigh Middle East FZ-LLC

**Hong Kong**
- ArjoHuntleigh (Hong Kong) Ltd
- Getinge Hong Kong Company Ltd
- Maquet Hong Kong Ltd

**India**
- ArjoHuntleigh Healthcare India Pvt Ltd
- Atrium Medical India Pvt Ltd
- Getinge India Pvt Ltd
- Maquet Medical India Pvt Ltd

**Ireland**
- ArjoHuntleigh Ireland Ltd
- Maquet Ireland Ltd

**Italy**
- ArjoHuntleigh Spa
- Getinge S.p.A.
- Getinge Surgical Systems Holding Srl
- Maquet Italia Spa
- Getinge Service Italia S.p.A.

**Japan**
- Arjo Japan KK
- Maquet Japan KK

**Canada**
- ArjoHuntleigh Canada Inc
- ArjoHuntleigh Magog Inc
- Getinge Canada Ltd
- Maquet-Dynamed Inc

**China**
- Acare Medical Science Co. Ltd
- ArjoHuntleigh (Shanghai) Medical Equipment Co Ltd
- Getinge (Shanghai) Trading Co.Ltd
- Getinge (Suzhou) Co. Ltd
- Maquet (Shanghai) Medical Equipment Co., Ltd.
- Maquet (SuZhou) Co Ltd
- Maquet (SuZhou) Medical Engineering Co., Ltd.
- Getinge Group China Holding Co. Ltd.

**Mexico**
- Maquet Mexicana, S. de R.L. de CV
- Pulsion Medical System S. de R.L. de C.V

**Netherlands**
- ArjoHuntleigh Nederland B.V.
- Atrium Europe BV
- Datascope BV
- Getinge Arjo Holding Netherlands B.V.
- Getinge B.V.
- Huntleigh Holdings BV
- Maquet Netherlands B.V.
- Maquet Verwaltungs B.V.

**Norway**
- ArjoHuntleigh Norway A/S

**New Zealand**
- ArjoHuntleigh Ltd

**Poland**
- ArjoHuntleigh Polska Sp. z.o.o.
- Maquet Poland Sp.z.o.o.
- Pulsion Poland Sp.z.o.o.
- Getinge IC Production Poland Sp.z.o.o.
- Getinge Shared Services Sp.z.o.o.

**Portugal**
- Maquet Portugal Lda

**Russia**
- Maquet LLC

**Switzerland**
- ArjoHuntleigh AG
- Getinge AG
- Getinge Schweiz AG
- Maquet AG
- Pulsion Switzerland GmbH

**Serbia**
- Maquet South East Europe

**Singapore**
- ArjoHuntleigh Singapore Pte Ltd
- Boxuan Medical Equipment Pte Ltd
- Getinge Singapore Pte. Ltd.
- Maquet South East Asia Ltd Singapore

**Spain**
- ArjoHuntleigh Ibérica SL
- Getinge Ibérica S.L.
- Maquet Spain S.L.
- Pulsion Medical Systems Ibérica S.L.

**UK**
- Arjo Ltd
- ArjoHuntleigh International Ltd
- Altrax Group Ltd
- Getinge Extended Care UK Limited
- Getinge Disinfection Ltd
- Getinge Holding Ltd
- Getinge UK Ltd
- James Ind Ltd UK
- Hoskins Medical Equipment Limited
- Huntleigh Akron Limited
- Huntleigh Diagnostics Limited
- Huntleigh Healthcare Ltd
- Huntleigh International Holdings Ltd
- Huntleigh Leasing Ltd
- Huntleigh Luton Ltd
- Huntleigh Medical Limited
- Huntleigh Nesbit Evans Healthcare Ltd
- Huntleigh Properties Ltd
- Huntleigh Renray Ltd
- Huntleigh (SST) Ltd
- Huntleigh Technology Ltd
- Huntleigh Technology (Engineering) Ltd
- Impro Limited
- J Nesbit Evans & Company Limited
- Lancer UK Ltd
- Maquet Ltd
- Medical Ultrasonics Ltd
- MLG Furniture Limited
- Parker Bath Ltd
- Pegasus Ltd
- Rowan Leasing Ltd
- Buchanan Leasing Ltd
- British Sterilizer Ltd
- Pulsion Medical UK Ltd
- Scantrack Healthcare Ltd

**South Africa**
- ArjoHuntleigh South Africa (Pty) Ltd
- Huntleigh Africa Provincial Sales (Pty) Ltd
- Huntleigh Africa (Pty) Ltd
- Maquet South Africa

**South Korea**
- ArjoHuntleigh Korea Co. Ltd
- Getinge Korea Co Ltd
- Maquet Medical Korea Co. Ltd

**Taiwan**
- Maquet Taiwan Medical Co., Ltd

**Thailand**
- Maquet Thailand Co. Ltd
- ArjoHuntleigh (Thailand) Co. Ltd

**Czech Republic**
- Arjo Huntleigh sro
- Getinge Czech Republic, s.r.o.
- Maquet Czeck Republic s.r.o.

**Turkey**
- Getinge Saglik Urunleri Ithalat Ihracat Ticaret Ve Sanayi Limited Sirketi
- Trans Medikal Aletler San.ve Tic A.S
- Maquet Cardiopulmonary Ltd Sti
- Maquet Tibbi Sistemler San Ve Tk AS
- Pulsion Medical Systems Mes. Ürün. Tic. Ltd. Sti.

**Germany**
- ArjoHuntleigh GmbH
- Getinge Holding GmbH
- Getinge-Maquet Germany Holding GmbH
- Getinge Vertrieb und Service GmbH
- Getinge Produktions-GmbH
- HCS Homecare Service GmbH
- HNE Huntleigh Nesbit Evans Healthcare GmbH
- Maquet Cardiopulmonary AG
- Maquet Financial Services GmbH
- Maquet GmbH
- Maquet BV&Co KG
- Maquet Hospital Solutions GmbH
- Maquet Vertrieb und Service Deutschland GmbH
- MediKomp GmbH
- Maquet Medical Systems AG
- Maquet Sales and Services GmbH
- MK Metallkomponenten GmbH
- Pulsion Medical System SE

**Ukraine**
- Maquet Ukraine LLC

**USA**
- ArjoHuntleigh Inc
- Atrium Medical Corp
- Datascope Corp
- Datascope Investment Corp
- Datascope Trademark Corp
- Genisphere Inc
- Getinge USA Inc
- Getinge Holding USA II, Inc
- Getinge Sourcing LLC
- InterVascular Inc
- InterVascular C Inc
- InterVascular V Inc
- Idatech LLC
- La Calhéne Inc.
- Lancer Inc
- Laax Inc
- Maquet Cardiovascular LLC
- Maquet Medical Systems LLC
- Maquet Inc
- Pegasus Airwave Inc
- SteriTec Products Mfg Inc
- Sterilizer Technical Specialists East LLC
- Sterilizer Technical Specialists LLC
- Pulsion Medical Inc

**Austria**
- ArjoHuntleigh GmbH
- Maquet Medizintechnik Vertrieb und Service GmbH
- Pulsion Austria GmbH

## 9 Interest-bearing long-term loans

| SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| Liabilities to credit institutions | 14 282 | 13 347 | 13 059 |
| **Total** | **14 282** | **13 347** | **13 059** |

All loans fall due for payment within five years.

## 10 Interest-bearing current loans

| SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| Liabilities to credit institutions | 6 081 | 3 458 | 4 107 |
| **Total** | **6 081** | **3 458** | **4 107** |

## 11 Prepaid expenses and accrued income

| SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| Prepaid financial expenses | 28 | 16 | 9 |
| Other accrued expenses and prepaid income | 22 | 16 | 14 |
| **Total** | **50** | **32** | **23** |

## 12 Accrued expenses and prepaid income

| SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| Salaries | 12 | 17 | 23 |
| Social security expenses | 50 | 42 | 35 |
| Interest expenses | 59 | 49 | 54 |
| Other accrued expenses and prepaid income | 41 | 43 | 21 |
| **Total** | **162** | **151** | **133** |

## 13 Contingent liabilities

| SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| Guarantees FPG/PRI | 433 | 224 | 216 |
| Other guarantees | 63 | 81 | 90 |
| **Total** | **496** | **305** | **306** |
| Valuation adjustment | -496 | -305 | -306 |
| Carrying amount | – | – | – |

## 14 Average number of employees

| Sweden | 2014 | 2013 | 2012 |
|---|---|---|---|
| Men | 27 | 21 | 19 |
| Women | 13 | 9 | 6 |
| **Total** | **40** | **30** | **25** |
| | | | |
| **Distribution of senior executives at year-end** | | | |
| *Women* | | | |
| Board members | 3 | 2 | 2 |
| Other members of senior management, including the CEO | – | – | – |
| *Men* | | | |
| Board members | 8 | 7 | 7 |
| Other members of senior management, including the CEO | 3 | 3 | 3 |

## 15 Employee costs

| 2014, SEK M | Board and CEO | Other | Total |
|---|---|---|---|
| Salaries and remuneration | 31 | 39 | 70 |
| Social security expenses | 23 | 13 | 36 |
| Pension expenses | 29 | 13 | 42 |
| **Total** | **83** | **65** | **148** |

| 2013, SEK M | Board and CEO | Other | Total |
|---|---|---|---|
| Salaries and remuneration | 27 | 37 | 64 |
| Social security expenses | 7 | 9 | 16 |
| Pension expenses | 19 | 7 | 26 |
| **Total** | **53** | **53** | **106** |

| 2012, SEK M | Board and CEO | Other | Total |
|---|---|---|---|
| Salaries and remuneration | 34 | 29 | 63 |
| Social security expenses | 14 | 10 | 24 |
| Pension expenses | 16 | 7 | 23 |
| **Total** | **64** | **46** | **110** |

## 16 Auditing

| Fee to PwC, SEK M | 2014 | 2013 | 2012 |
|---|---|---|---|
| *Fee and expense reimbursement:* | | | |
| Auditing assignments | 4 | 4 | 3 |
| Auditing activities other than auditing assignments | – | – | – |
| Tax consultancy services | – | – | – |
| Other services | 2 | 1 | – |
| **Total** | 6 | 5 | 3 |

Auditing assignments pertain to fees for statutory audits, meaning the work necessary to produce the auditor's report, and what are known as auditing advisory services, which are provided in conjunction with the auditing assignment.

## AUDITOR'S REPORT

# To the annual meeting of the shareholders of Getinge AB (publ), corporate identity number 556408-5032

**REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS**
We have audited the annual accounts and consolidated accounts of Getinge AB for the year 2014 except for the corporate governance statement on pages 56-65. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 52-97.

**Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts**
The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards , as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**
Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**
In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 56-65. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.
We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Getinge AB for the year 2014. We have also conducted a statutory examination of the corporate governance statement.

**Responsibilities of the Board of Directors and the Managing Director**
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act and that the corporate governance statement has been prepared in accordance with the Annual Accounts Act.

**Auditor's responsibility**
Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.
As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.
As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.
Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

**Opinions**
We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.
A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and consolidated accounts.

Göteborg, 20 February 2015
Öhrlings PricewaterhouseCoopers AB

**Magnus Willfors**
Authorized Public Accountant
Lead Auditor

**Eric Salander**
Authorized Public Accountant

# Getinge information

## MULTI-YEAR OVERVIEW: GROUP

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Order situation,** SEK M | | | | | | | | | | |
| Order intake | 12 225 | 13 316 | 16 497 | 19 447 | 23 036 | 22 406 | 22 012 | 24 416 | 25 395 | 26 817 |
| **Income statement.** Amounts in SEK M unless otherwise stated. | | | | | | | | | | |
| Net sales | 11 880 | 13 001 | 16 445 | 19 272 | 22 816 | 22 172 | 21 854 | 24 248 | 25 287 | 26 669 |
| of which, overseas sales, % | 97,4 | 97,6 | 97,8 | 98,0 | 98,2 | 98,4 | 98,0 | 98,2 | 98,2 | 98,1 |
| Operating profit before depreciation and amortization | 2 131 | 2 270 | 2 938 | 3 846 | 4 446 | 5 111 | 5 376 | 5 748 | 5 614 | 4 765 |
| EBITA - before restructuring and acquisition cost | 1 831 | 2 018 | 2 651 | 3 428 | 3 933 | 4 371 | 4 571 | 4 849 | 4 766 | 4 501 |
| Operating profit | 1 803 | 1 936 | 2 255 | 2 877 | 3 070 | 3 689 | 3 924 | 4 006 | 3 748 | 2 646 |
| Net financial items | -201 | -208 | -507 | -751 | -436 | -573 | -480 | -570 | -595 | -659 |
| Profit before tax | 1 602 | 1 728 | 1 748 | 2 126 | 2 634 | 3 116 | 3 444 | 3 436 | 3 153 | 1 987 |
| Taxes | -452 | -469 | -515 | -603 | -720 | -836 | -907 | -905 | -858 | -539 |
| **Net profit for the year** | **1 150** | **1 259** | **1 233** | **1 523** | **1 914** | **2 280** | **2 537** | **2 531** | **2 295** | **1 448** |
| **Balance sheet,** SEK M | | | | | | | | | | |
| Intangible assets | 5 530 | 5 516 | 10 524 | 15 879 | 20 353 | 19 224 | 24 498 | 24 895 | 25 126 | 30 064 |
| Tangible assets | 1 498 | 1 397 | 2 327 | 3 257 | 3 674 | 3 192 | 3 452 | 4 066 | 4 341 | 4 971 |
| Financial assets | 650 | 1 876 | 755 | 1 250 | 1 135 | 761 | 750 | 887 | 667 | 1 410 |
| Stock-in-trade | 2 156 | 2 083 | 2 913 | 4 015 | 4 156 | 3 619 | 3 837 | 4 060 | 4 254 | 5 245 |
| Other receivables | 4 015 | 4 332 | 5 557 | 7 125 | 6 791 | 6 696 | 7 725 | 7 759 | 8 767 | 9 646 |
| Cash and bank balances | 684 | 673 | 894 | 1 506 | 1 389 | 1 093 | 1 207 | 1 254 | 1 148 | 1 482 |
| **Total assets** | **14 533** | **15 877** | **22 970** | **33 032** | **37 498** | **34 585** | **41 469** | **42 921** | **44 303** | **52 818** |
| Shareholders' equity | 5 381 | 6 005 | 6 805 | 10 890 | 12 726 | 13 248 | 14 636 | 15 200 | 16 560 | 18 694 |
| Provisions for pensions, interest-bearing | 1 690 | 1 639 | 1 510 | 1 435 | 1 409 | 1 813 | 1 627 | 2 111 | 2 298 | 3 271 |
| Restructuring reserve | 10 | 9 | 71 | 68 | 202 | 219 | 172 | 201 | 238 | 116 |
| Provisions | 483 | 535 | 980 | 1 285 | 2 116 | 1 499 | 2 087 | 1 823 | 1 916 | 2 462 |
| Loans, interest-bearing | 4 109 | 4 609 | 9 455 | 13 244 | 16 052 | 12 656 | 16 689 | 17 525 | 17 169 | 20 752 |
| Other liabilities, non-interest bearing | 2 860 | 3 080 | 4 149 | 6 110 | 4 993 | 5 150 | 6 258 | 6 061 | 6 122 | 7 523 |
| **Total shareholders' equity and liabilities** | **14 533** | **15 877** | **22 970** | **33 032** | **37 498** | **34 585** | **41 469** | **42 921** | **44 303** | **52 818** |
| Net debt, including pension liabilities | 5 115 | 5 575 | 10 071 | 13 173 | 16 072 | 13 376 | 17 109 | 18 382 | 18 318 | 22 541 |
| Net debt, excluding pension liabilities | 3 414 | 3 936 | 8 561 | 11 738 | 14 663 | 11 563 | 15 482 | 16 271 | 16 020 | 19 270 |
| **Cash flow.** Amounts in SEK M unless otherwise stated. | | | | | | | | | | |
| Cash flow from operating activities | 1 184 | 1 515 | 1 496 | 1 774 | 4 000 | 4 124 | 3 496 | 3 687 | 3 544 | 3 473 |
| - per average number of shares | 5,9 | 7,5 | 7,4 | 8,4 | 16,8 | 17,3 | 14,7 | 15,5 | 14,9 | 14,6 |
| Acquisition values | 544 | 272 | 6 106 | 5 008 | 5 072 | 10 | 4 649 | 2 226 | 248 | 1 236 |
| Net investments in non-current assets | 225 | 165 | 468 | 642 | 907 | 588 | 688 | 959 | 1 004 | 945 |
| Cash conversion, % | 56 | 67 | 51 | 46 | 90 | 81 | 65 | 64 | 63 | 73 |
| **Return indicators** | | | | | | | | | | |
| Return on working capital, % | 18,5 | 19,2 | 19,4 | 14,0 | 13,3 | 14,2 | 15,3 | 13,1 | 12,8 | 8,2 |
| Return on shareholders' equity, % | 24,3 | 22,6 | 20,0 | 17,2 | 16,2 | 17,6 | 18,2 | 17,0 | 14,4 | 10,4 |
| EBITA margin, % | 15,4 | 15,5 | 16,1 | 17,8 | 17,2 | 19,7 | 20,9 | 20,0 | 18,8 | 16,9 |
| Operating margin, % | 15,2 | 14,9 | 13,7 | 14,9 | 13,5 | 16,6 | 18,0 | 16,5 | 14,8 | 9,9 |
| Operating profit before depreciation margin, % | 17,9 | 17,5 | 17,9 | 20,0 | 19,5 | 23,1 | 24,6 | 23,7 | 22,2 | 17,9 |
| **Financial indicators** | | | | | | | | | | |
| Interest-coverage ratio, multiple | 8,3 | 9,0 | 4,7 | 4,002 | 5,5 | 6,7 | 8,4 | 7,3 | 6,9 | 5,7 |
| Equity/assets ratio, % | 37,0 | 37,8 | 29,6 | 33,0 | 33,9 | 38,3 | 35,3 | 35,4 | 37,4 | 35,4 |
| Net debt/equity ratio, multiple | 0,95 | 0,93 | 1,48 | 1,21 | 1,26 | 1,01 | 1,17 | 1,21 | 1,10 | 1,21 |
| Working capital | 9 571 | 10 217 | 10 555 | 22 051 | 23 771 | 27 247 | 26 453 | 31 920 | 32 526 | 36 529 |
| Shareholders' equity, December 31, SEK M | 5 381 | 6 005 | 6 805 | 10 890 | 12 726 | 13 248 | 14 636 | 15 200 | 16 560 | 18 694 |
| **Personnel** | | | | | | | | | | |
| No. of employees, December 31 | 7 362 | 7 531 | 10 358 | 11 604 | 12 135 | 12 208 | 13 111 | 14 919 | 15 183 | 15 747 |
| Salaries and other remuneration | 2 963 | 3 051 | 5 190 | 5 838 | 7 113 | 6 938 | 7 155 | 7 479 | 7 888 | 8 394 |
| **Share data.** Amounts in SEK per share unless otherwise stated. | | | | | | | | | | |
| Earnings per share after tax | 5,65 | 6,21 | 6,10 | 7,23 | 8,02 | 9,55 | 10,61 | 10,58 | 9,59 | 6,01 |
| Adjusted earnings per share after tax 1) | 4,82 | 5,28 | 5,17 | 6,39 | 8,02 | 9,55 | 10,61 | 10,58 | 9,59 | 6,01 |
| Market price, December 31 | 109,50 | 153,50 | 173,50 | 93,50 | 136,30 | 140,90 | 174,40 | 220,00 | 220,00 | 177,80 |
| Cash flow | 4,75 | 6,69 | 5,09 | 5,37 | 12,98 | 14,84 | 11,78 | 11,45 | 10,66 | 10,61 |
| Dividend | 2,00 | 2,20 | 2,40 | 2,40 | 2,75 | 3,25 | 3,75 | 4,15 | 4,15 | 2,80 |
| Dividend growth, % | 21,21 | 10,00 | 9,09 | 0,00 | 14,58 | 18,18 | 15,40 | 10,67 | 0,00 | -32,53 |
| Dividend yield, % | 1,83 | 1,43 | 1,38 | 2,57 | 2,02 | 2,31 | 2,15 | 1,89 | 1,89 | 1,57 |
| Price/earnings ratio | 19,38 | 24,72 | 28,44 | 12,93 | 17,00 | 14,75 | 16,44 | 20,79 | 22,94 | 29,58 |
| Dividend as profit percentage, % | 35,40 | 35,43 | 39,34 | 33,20 | 34,29 | 34,03 | 35,34 | 39,22 | 43,27 | 46,59 |
| Shareholders' equity | 26,29 | 29,64 | 32,54 | 50,66 | 53,30 | 55,49 | 61,30 | 63,66 | 69,58 | 78,45 |
| Average number of shares (million) | 201,9 | 201,9 | 201,9 | 210,8 | 238,3 | 238,3 | 238,3 | 238,3 | 238,3 | 238,3 |
| Number of shares, December 31 (million) | 201,9 | 201,9 | 201,9 | 214,5 | 238,3 | 238,3 | 238,3 | 238,3 | 238,3 | 238,3 |

1) Adjusted earnings per share were recalculated in accordance with the number of shares after the new share issues in 2008 and 2009 to achieve comparability between the accounting periods.

## MULTI-YEAR OVERVIEW: BUSINESS AREAS

| MEDICAL SYSTEMS BUSINESS AREA | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| Order intake, SEK M | 5 153 | 5 835 | 5 879 | 8 560 | 11 488 | 11 179 | 11 214 | 13 242 | 13 340 | 14 061 |
| **Net sales** | **5 109** | **5 542** | **6 079** | **8 416** | **11 255** | **11 195** | **11 031** | **13 089** | **13 322** | **14 105** |
| Share of Group's net sales, % | 43,0 | 42,6 | 37,0 | 43,7 | 49,3 | 50,5 | 50,5 | 54,0 | 52,7 | 52,9 |
| Gross profit | 2 486 | 2 784 | 3 112 | 4 723 | 6 343 | 6 492 | 6 365 | 7 668 | 7 789 | 7 756 |
| Gross margin, % | 48,7 | 50,2 | 51,2 | 56,1 | 56,4 | 58,0 | 57,7 | 58,6 | 58,5 | 55,0 |
| Operating costs, SEK M | -1 705 | -1 895 | -2 079 | -3 140 | -4 510 | -4 372 | -4 234 | -5 236 | -5 356 | -5 390 |
| **EBITA – before restructuring and acquisition costs** | **787** | **896** | **1 040** | **1 784** | **2 231** | **2 502** | **2 495** | **2 945** | **2 894** | **2 868** |
| Share of Group's EBITA, % | 43,0 | 44,4 | 39,2 | 52,0 | 56,7 | 57,2 | 54,6 | 60,7 | 60,7 | 63,7 |
| **EBITA margin, %** | **15,4** | **16,2** | **17,1** | **21,2** | **19,8** | **22,3** | **22,6** | **22,5** | **21,7** | **20,3** |
| Operating profit | 781 | 889 | 1 033 | 1 511 | 1 636 | 1 990 | 2 016 | 2 384 | 2 334 | 1 292 |
| Share of Group's operating profit, % | 43,3 | 45,9 | 45,8 | 52,5 | 53,3 | 53,9 | 51,4 | 59,5 | 62,3 | 48,8 |
| Operating margin, % | 15,3 | 16,0 | 17,0 | 18,0 | 14,5 | 17,8 | 18,3 | 18,2 | 17,5 | 9,2 |
| No. of employees at December 31 | 2 806 | 2 986 | 3 264 | 4 295 | 5 028 | 5 202 | 6 011 | 6 344 | 6 572 | 7 008 |

| EXTENDED CARE BUSINESS AREA | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| Order intake, SEK M | 3 131 | 3 181 | 6 124 | 6 223 | 6 406 | 6 033 | 5 711 | 5 965 | 6 910 | 7 217 |
| **Net sales** | **2 982** | **3 183** | **6 009** | **6 174** | **6 467** | **6 033** | **5 751** | **5 990** | **6 870** | **7 164** |
| Share of Group's net sales, % | 23,2 | 23,3 | 36,5 | 27,9 | 28,4 | 27,2 | 26,3 | 24,7 | 27,2 | 26,9 |
| Gross profit | 1 368 | 1 500 | 2 750 | 2 847 | 2 964 | 2 977 | 2 981 | 3 052 | 3 369 | 3 398 |
| Gross margin, % | 45,9 | 47,1 | 45,8 | 46,1 | 45,8 | 49,3 | 51,8 | 51,0 | 49,0 | 47,4 |
| Operating costs, SEK M | -891 | -977 | -1 895 | -1 969 | -2 074 | -1 904 | -1 800 | -1 871 | -2 202 | -2 494 |
| **EBITA – before restructuring and acquisition costs** | **522** | **538** | **971** | **992** | **1 002** | **1 178** | **1 278** | **1 274** | **1 296** | **1 041** |
| Share of Group's EBITA, % | 26,9 | 24,9 | 28,6 | 25,6 | 23,8 | 27,0 | 28,0 | 26,3 | 27,2 | 23,1 |
| **EBITA margin, %** | **17,5** | **16,9** | **16,2** | **16,1** | **15,5** | **19,5** | **22,2** | **21,3** | **18,9** | **14,5** |
| Operating profit | 506 | 488 | 597 | 732 | 835 | 1 048 | 1 121 | 1 005 | 983 | 817 |
| Share of Group's operating profit, % | 26,5 | 23,5 | 21,8 | 24,4 | 24,4 | 28,4 | 28,6 | 25,1 | 26,2 | 30,9 |
| Operating margin, % | 17,0 | 15,3 | 9,9 | 11,9 | 12,9 | 17,4 | 19,5 | 16,8 | 14,3 | 11,4 |
| No. of employees at December 31 | 1 776 | 1 754 | 4 228 | 4 314 | 4 111 | 3 958 | 5 092 | 5 457 | 5 479 | 5 542 |

| INFECTION CONTROL BUSINESS AREA | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| Order intake, SEK M | 3 896 | 4 286 | 4 494 | 4 665 | 5 142 | 5 192 | 5 086 | 5 209 | 5 144 | 5 539 |
| **Net sales** | **3 745** | **4 262** | **4 357** | **4 682** | **5 094** | **4 944** | **5 072** | **5 170** | **5 095** | **5 400** |
| Share of Group's net sales, % | 31,5 | 32,8 | 26,5 | 24,3 | 22,3 | 22,3 | 23,2 | 21,3 | 20,1 | 20,2 |
| Gross profit | 1 407 | 1 605 | 1 659 | 1 763 | 1 945 | 1 902 | 2 056 | 1 984 | 1 966 | 1 956 |
| Gross margin, % | 37,6 | 37,7 | 38,1 | 37,7 | 38,2 | 38,5 | 40,5 | 38,4 | 38,6 | 36,2 |
| Operating costs, SEK M | -918 | -1 044 | -1 034 | -1 126 | -1 261 | -1 225 | -1 268 | -1 363 | -1 405 | -1 380 |
| **EBITA – before restructuring and acquisition costs** | **518** | **577** | **640** | **652** | **700** | **691** | **798** | **631** | **575** | **592** |
| Share of Group's EBITA, % | 28,3 | 28,6 | 24,1 | 19,0 | 17,8 | 15,8 | 17,5 | 13,0 | 12,1 | 13,2 |
| **EBITA margin, %** | **13,8** | **13,5** | **14,7** | **13,9** | **13,7** | **14,0** | **15,7** | **12,2** | **11,3** | **11,0** |
| Operating profit | 511 | 552 | 625 | 634 | 599 | 652 | 788 | 618 | 431 | 536 |
| Share of Group's operating profit, % | 28,4 | 28,5 | 27,7 | 22,0 | 19,5 | 17,7 | 20,1 | 15,4 | 11,5 | 20,3 |
| Operating margin, % | 13,6 | 13,0 | 14,3 | 13,5 | 11,8 | 13,2 | 15,5 | 12,0 | 8,5 | 9,9 |
| No. of employees at December 31 | 2 737 | 2 791 | 2 866 | 2 995 | 2 996 | 3 048 | 2 008 | 3 118 | 3 132 | 3 089 |

The Getinge Group has performed extremely well over the past ten years. Sales have grown from SEK 11.9 billion to SEK 26.7 billion during the period, corresponding to an average growth of 8.4%. Profit before tax increased from SEK 1,602 M in 2005 to SEK 1,987 M in 2014. The increase in profit corresponds to an average growth of 2.8%. The strong growth was achieved through a combination of acquisitions of leading businesses and organic growth. Major acquisitions include Huntleigh (wound care, healthcare beds, etc.) two divisions of Boston Scientific (cardiac and vascular surgery), Datascope (heart-support products), Atrium Medical (products for the cardiovascular market) and the TSS division of the US company KCI. The total acquisition value amounts to SEK 25.3 billion for the period. Organic growth primarily derives from the development and launch of new products and geographic expansion. Product-development investments amounted to a total of SEK 9.7 billion for the period.

## THE GROUP'S 20 LARGEST MARKETS

| | 2014 | | | 2013 | | | 2012 | | | 2011 | | | 2010 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | SEK M | % | # | SEK M | % | # | SEK M | % | # | SEK M | % | # | SEK M | % | # |
| USA | 7 204 | 27.0% | 1 | 7 567 | 29.9% | 1 | 6 778 | 28.0% | 1 | 5 829 | 26.7% | 1 | 5 992 | 27.0% | 1 |
| UK | 1 998 | 7.5% | 2 | 1 755 | 6.9% | 3 | 1 746 | 7.2% | 3 | 1 680 | 7.7% | 3 | 1 933 | 8.7% | 2 |
| Germany | 1 963 | 7.4% | 3 | 1 899 | 7.5% | 2 | 1 758 | 7.2% | 2 | 1 746 | 8.0% | 2 | 1 747 | 7.9% | 3 |
| Canada | 1 826 | 6.8% | 4 | 1 008 | 4.0% | 6 | 946 | 3.9% | 7 | 882 | 4.0% | 6 | 834 | 3.8% | 7 |
| France | 1 716 | 6.4% | 5 | 1 578 | 6.2% | 4 | 1 607 | 6.6% | 4 | 1 598 | 7.3% | 4 | 1 697 | 7.7% | 4 |
| Japan | 1 166 | 4.4% | 6 | 1 158 | 4.6% | 5 | 1 344 | 5.5% | 5 | 1 149 | 5.3% | 5 | 1 077 | 4.9% | 5 |
| China | 982 | 3.7% | 7 | 964 | 3.8% | 7 | 970 | 4.0% | 6 | 719 | 3.3% | 8 | 641 | 2.9% | 11 |
| Australia | 897 | 3.4% | 8 | 786 | 3.1% | 8 | 867 | 3.6% | 8 | 698 | 3.2% | 9 | 674 | 3.0% | 10 |
| Italy | 777 | 2.9% | 9 | 743 | 2.9% | 9 | 753 | 3.1% | 9 | 818 | 3.7% | 7 | 922 | 4.2% | 6 |
| Netherlands | 586 | 2.2% | 10 | 562 | 2.2% | 11 | 614 | 2.5% | 11 | 627 | 2.9% | 10 | 682 | 3.1% | 9 |
| Brazil | 569 | 2.1% | 11 | 641 | 2.5% | 10 | 509 | 2.1% | 12 | 432 | 2.0% | 12 | 811 | 3.7% | 8 |
| Sweden | 494 | 1.9% | 12 | 464 | 1.8% | 13 | 429 | 1.8% | 13 | 442 | 2.0% | 11 | 355 | 1.6% | 14 |
| Belgium | 465 | 1.7% | 13 | 459 | 1.8% | 14 | 422 | 1.7% | 14 | 410 | 1.9% | 14 | 435 | 2.0% | 12 |
| Russia | 463 | 1.7% | 14 | 490 | 1.9% | 12 | 751 | 3.1% | 10 | 430 | 2.0% | 13 | 228 | 1.0% | 19 |
| India | 407 | 1.5% | 15 | 384 | 1.5% | 15 | 335 | 1.4% | 16 | 308 | 1.4% | 15 | 285 | 1.3% | 15 |
| Austria | 345 | 1.3% | 16 | 306 | 1.2% | 18 | 227 | 0.9% | 20 | 181 | 0.8% | 20 | 221 | 1.0% | 20 |
| Saudi Arabia | 341 | 1.3% | 17 | 332 | 1.3% | 17 | 375 | 1.5% | 15 | 293 | 1.3% | 17 | 239 | 1.1% | 18 |
| Spain | 337 | 1.3% | 18 | 252 | 1.0% | 20 | 259 | 1.1% | 18 | 306 | 1.4% | 16 | 399 | 1.8% | 13 |
| Switzerland | 321 | 1.2% | 19 | 339 | 1.3% | 16 | 308 | 1.3% | 17 | 282 | 1.3% | 18 | 282 | 1.3% | 16 |
| Turkey | 245 | 0.9% | 20 | 174 | 0.7% | 22 | 147 | 0.6% | 26 | 144 | 0.7% | 24 | 90 | 0.4% | 28 |

## THE TEN LARGEST MARKETS BY BUSINESS AREA

| | 2014 | | | 2013 | | | 2012 | | | 2011 | | | 2010 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | SEK M | % | # | SEK M | % | # | SEK M | % | # | SEK M | % | # | SEK M | % | # |
| **MEDICAL SYSTEMS** | | | | | | | | | | | | | | | |
| USA | 4 431 | 31.4% | 1 | 4 139 | 31.1% | 1 | 3 965 | 30.3% | 1 | 2 962 | 26.9% | 1 | 3 040 | 27.2% | 1 |
| Germany | 1 216 | 8.6% | 2 | 1 135 | 8.5% | 2 | 1 168 | 8.9% | 2 | 1 159 | 10.5% | 2 | 1 121 | 10.0% | 2 |
| Japan | 887 | 6.3% | 3 | 853 | 6.4% | 3 | 984 | 7.5% | 3 | 840 | 7.6% | 3 | 860 | 7.7% | 3 |
| China | 700 | 5.0% | 4 | 662 | 5.0% | 4 | 626 | 4.8% | 4 | 478 | 4.3% | 6 | 443 | 4.0% | 7 |
| France | 641 | 4.5% | 5 | 553 | 4.1% | 6 | 589 | 4.5% | 6 | 496 | 4.5% | 5 | 553 | 4.9% | 4 |
| Brazil | 449 | 3.2% | 6 | 554 | 4.2% | 5 | 474 | 3.6% | 7 | 403 | 3.7% | 7 | 779 | 7.0% | 6 |
| UK | 441 | 3.1% | 7 | 345 | 2.6% | 9 | 317 | 2.4% | 9 | 270 | 2.4% | 10 | 289 | 2.6% | 5 |
| Italy | 433 | 3.1% | 8 | 430 | 3.2% | 7 | 459 | 3.5% | 8 | 516 | 4.7% | 4 | 592 | 5.3% | 13 |
| Russia | 398 | 2.8% | 9 | 413 | 3.1% | 8 | 611 | 4.7% | 5 | 361 | 3.3% | 8 | 201 | 1.8% | 9 |
| Australia | 308 | 2.2% | 10 | 271 | 2.0% | 12 | 291 | 2.2% | 10 | 157 | 1.4% | 16 | 148 | 1.3% | 11 |
| **EXTENDED CARE** | | | | | | | | | | | | | | | |
| Canada | 1 390 | 19.4% | 1 | 568 | 8.3% | 3 | 490 | 8.2% | 4 | 435 | 7.6% | 4 | 432 | 7.2% | 4 |
| USA | 1 274 | 17.8% | 2 | 2 031 | 29.6% | 1 | 1 485 | 24.8% | 1 | 1 468 | 25.5% | 1 | 1 538 | 25.5% | 1 |
| UK | 1 137 | 15.9% | 3 | 1 091 | 15.9% | 2 | 1 105 | 18.4% | 2 | 1 101 | 19.1% | 2 | 1 282 | 21.2% | 2 |
| France | 550 | 7.7% | 4 | 525 | 7.6% | 4 | 521 | 8.7% | 3 | 555 | 9.6% | 3 | 576 | 9.5% | 3 |
| Germany | 478 | 6.7% | 5 | 486 | 7.1% | 5 | 329 | 5.5% | 6 | 321 | 5.6% | 6 | 342 | 5.7% | 6 |
| Australia | 378 | 5.3% | 6 | 355 | 5.2% | 6 | 407 | 6.8% | 5 | 386 | 6.7% | 5 | 364 | 6.0% | 5 |
| Netherlands | 255 | 3.6% | 7 | 251 | 3.7% | 7 | 269 | 4.5% | 7 | 289 | 5.0% | 7 | 302 | 5.0% | 7 |
| Italy | 187 | 2.6% | 8 | 182 | 2.7% | 8 | 146 | 2.4% | 9 | 156 | 2.7% | 8 | 169 | 2.8% | 8 |
| Austria | 165 | 2.3% | 9 | 161 | 2.3% | 9 | 58 | 1.0% | 15 | 40 | 0.7% | 17 | 37 | 0.6% | 18 |
| Ireland | 161 | 2.2% | 10 | 112 | 1.6% | 11 | 125 | 2.1% | 10 | 106 | 1.9% | 10 | 104 | 1.7% | 10 |
| **INFECTION CONTROL** | | | | | | | | | | | | | | | |
| USA | 1 500 | 27.8% | 1 | 1 398 | 27.4% | 1 | 1 328 | 25.7% | 1 | 1 398 | 27.6% | 1 | 1 414 | 28.6% | 1 |
| France | 525 | 9.7% | 2 | 501 | 9.8% | 2 | 496 | 9.6% | 2 | 548 | 10.8% | 2 | 569 | 11.5% | 2 |
| UK | 420 | 7.8% | 3 | 319 | 6.3% | 3 | 324 | 6.3% | 4 | 309 | 6.1% | 3 | 363 | 7.3% | 3 |
| Sweden | 273 | 5.1% | 4 | 263 | 5.2% | 6 | 264 | 5.1% | 5 | 283 | 5.6% | 5 | 230 | 4.7% | 5 |
| Germany | 269 | 5.0% | 5 | 277 | 5.4% | 5 | 260 | 5.0% | 6 | 265 | 5.2% | 6 | 284 | 5.7% | 4 |
| Japan | 261 | 4.8% | 6 | 279 | 5.5% | 4 | 329 | 6.4% | 3 | 285 | 5.6% | 4 | 194 | 3.9% | 6 |
| Australia | 211 | 3.9% | 7 | 160 | 3.1% | 8 | 170 | 3.3% | 9 | 155 | 3.1% | 9 | 162 | 3.3% | 9 |
| China | 186 | 3.4% | 8 | 194 | 3.8% | 7 | 219 | 4.2% | 7 | 205 | 4.0% | 7 | 167 | 3.4% | 8 |
| Italy | 158 | 2.9% | 9 | 131 | 2.6% | 10 | 148 | 2.9% | 10 | 146 | 2.9% | 10 | 160 | 3.2% | 10 |
| Canada | 153 | 2.8% | 10 | 149 | 2.9% | 9 | 193 | 3.7% | 8 | 174 | 3.4% | 8 | 173 | 3.5% | 7 |

## ACQUISITION HISTORY, 1993-2014

| Year | Company | Business | Country | Business area | Sales | |
|---|---|---|---|---|---|---|
| 2014 | Pulsion AG | Systems for hemodynamic monitoring | DE | Medical Systems | SEK | 300 M |
| 2014 | Altrax Group Ltd | Systems for traceability and quality assurance for sterilization | GB | Infection Control | SEK | 35 M |
| 2014 | Cetrea A/S | Systems for resource planning | DK | Medical Systems | SEK | 30 M |
| 2014 | Austmel Pty Ltd | Sterilization and thermal processes | AU | Infection Control | SEK | 80 M |
| 2013 | LAAx Inc. | Cardiac and vascular surgery | US | Medical Systems | SEK | 8 M |
| 2013 | Trans Medikal Devices Inc. | Manufacture of autoclaves and distribution of disinfectors | TR | Infection Control | SEK | 55 M |
| 2013 | STS East LLC | Service | US | Infection Control | SEK | 25 M |
| 2012 | Product rights from Avalon Laboratories | Cardiopulmonary | US | Medical Systems | – | – |
| 2012 | Eirus Medical | Critical Care | SE | Medical Systems | – | – |
| 2012 | Acare Medical Science Ltd | Healthcare beds | CH | Extended Care | SEK | 135 M |
| 2012 | USCI | Distributor | JP | Medical Systems | SEK | 150 M |
| 2012 | Tecno Hospitalia | Distributor | CO | Medical Systems | SEK | 4 M |
| 2012 | Therapeutic Support Systems (TSS) | Wound care | US | Extended Care | SEK | 1 600 M |
| 2012 | Steritec Products Mfg Inc. | Consumables | US | Infection Control | SEK | 70 M |
| 2011 | Blanchet Medical Service | Service | FR | Infection Control | SEK | 3 M |
| 2011 | Atrium Medical Inc | Products for the cardiovascular market | US | Medical Systems | USD | 200 M |
| 2011 | Combimobil AB | Rehabilitation aids | SE | Extended Care | SEK | 2 M |
| 2011 | Fumedica | Distributor | CH | Medical Systems | SEK | 70 M |
| 2011 | IDS Medical Equipment | Distributor | SG | Infection Control | SEK | 25 M |
| 2011 | Mak Saglik | Distributor | TR | Infection Control | SEK | 20 M |
| 2011 | STS Holding West | Service | US | Infection Control | SEK | 20 M |
| 2010 | Odelga | Service | AT | Infection Control | SEK | 25 M |
| 2008 | Datascope | Cardiac assist and vascular surgery | US | Medical Systems | USD | 231 M |
| 2008 | Cardio Research Pty Ltd. | Distributor | AU | Medical Systems | AUD | 5,1 M |
| 2008 | Subtil Crepieux | Service | FR | Infection Control | EUR | 8 M |
| 2008 | Getus Services Ltd | Service | NZ | Infection Control | NZD | 1,1 M |
| 2008 | Olmed AB | Distributor | SE | Medical Systems | SEK | 70 M |
| 2008 | Boston Scientific's Cardiac and Vascular surgery divisions | Endoscopic vessel harvesting (EVH), anastomosis, stabilizers and instruments for surgery on beating hearts and vascular implants | US | Medical Systems | SEK | 1 733 M |
| 2007 | NS Nielsen Equipment A/S | Distributor | DK | Medical Systems | – | – |
| 2006 | Huntleigh Technology | Special mattresses for pressure-ulcer treatment, beds for intensive, specialist and elderly care vein thrombosis prophylaxis and equipment for fetal and vascular diagnostics. | UK | Extended Care | SEK | 2 675 M |
| 2006 | Comercio E Industria Medicia | Consumables for open-heart surgery | BR | Medical Systems | SEK | 25 M |
| 2006 | OTY GmbH | Telemedicine specializing in products and solutions for hospitals' IT infrastructure focused on the operating room. | DE | Medical Systems | SEK | 20 M |
| 2006 | Getinge Czech Republic | Distributor | CZ | Infection Control | SEK | 10 M |
| 2005 | Lancer UK | Distributor | UK | Infection Control | SEK | 104 M |
| 2005 | La Cahlené | Isolator technology and electron sterilisation technology | FR | Infection Control | EUR | 40 M |
| 2004 | Dynamed | Distributor | CA | Medical Systems | SEK | 85 M |
| 2004 | BHM Medical Inc. | Patient management products for the care and elderly care segments | CA | Extended Care | SEK | 206 M |
| 2003 | MAQUET AG, Swiss dealer | Distributor | CH | Medical Systems | CHF | 4,9 m |
| 2003 | Siemens LSS | Ventilators and anesthesia equipment for the hospital market | SE | Medical Systems | EUR | 230 M |
| 2003 | Jostra GmbH | Equipment and consumables for cardiac surgery | DE | Medical Systems | EUR | 90 M |
| 2003 | Copharm B.V. | Distributor | NL | Medical Systems | EUR | 10 M |
| 2002 | Heraeus Medical | Surgical lamps, ceiling service units and therapy accessories and gas distribution for operating rooms | DE | Medical Systems | EUR | 52 M |
| 2001 | ALM | Surgical lamps | FR | Medical Systems | FRF | 490 m |
| 2000 | Maquet | Surgical tables | DE | Medical Systems | EUR | 155 M |
| 2000 | Parker Bath | Bathing systems for the semi-institutional care market | UK | Extended Care | SEK | 150 M |
| 2000 | Lenken Healthcare | Distributor | IE | Extended Care | SEK | 65 M |
| 2000 | Gestion Techno-Medic | Patient lifting systems | CA | Extended Care | SEK | 22 M |
| 1999 | Lunatronic Aps | Comprehensive IT solutions for the maintenance of sterilization centers | DK | Infection Control | DKK | 15 M |
| 1999 | MPT Corp. | Washer disinfectors for the Life Science market | US | Infection Control | SEK | 35 M |
| 1998 | Egerton Hospital Equipment | Specialist beds and anti-decubitus mattresses for hospitals and care facilities | UK | Extended Care | SEK | 45 M |
| 1998 | Royal Linden B.V. | Infection control | NL | Infection Control | SEK | 60 M |
| 1998 | Medibo | Patient lifting and pressure-ulcer treatments | BE | Extended Care | SEK | 28 M |
| 1998 | OMASA | Infection control | IT | Infection Control | SEK | 100 M |
| 1998 | SMI/BBC | Infection control | FR | Infection Control | SEK | 75 M |
| 1998 | Kemiterm | Water distillers pure-steam generators for pharmaceutical industry | DK | Infection Control | DKK | 25 M |
| 1998 | Pegasus | Anti-decubitus products for hospitals and elderly care | UK | Extended Care | SEK | 350 M |
| 1996 | MDT/Castle | Infection control | US | Infection Control | – | |
| 1996 | Van Dijk Medizintechnik GmbH | Infection control | DE | Infection Control | SEK | 30 M |
| 1995 | Arjo | Products for aging care related to hygiene and patient management | SE | Extended Care | SEK | 1 538 M |
| 1994 | Lancer | Disinfection products | FR | Infection Control | FRF | 70 M |
| 1993 | British Sterilizer | Sterilizers | UK | Infection Control | SEK | 15 M |
| 1993 | Stirn | Disinfection | FR | Infection Control | – | |

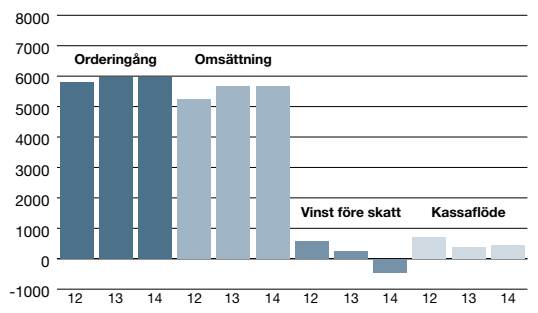
## DISTRIBUTION OF SALES AND EARNINGS BY QUARTER

| | Percentage distribution of sales for the year | | | | Percentage distribution of operating profit for the year | | | |
|---|---|---|---|---|---|---|---|---|
| | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 |
| **2010 total** | **21,9** | **25,5** | **22,6** | **30,0** | **19,0** | **22,2** | **22,4** | **36,4** |
| Medical Systems | 21,9 | 25,9 | 22,1 | 30,2 | 19,2 | 23,2 | 20,4 | 37,2 |
| Extended Care | 24,0 | 25,9 | 23,8 | 26,3 | 24,7 | 22,6 | 26,0 | 26,8 |
| Infection Control | 19,5 | 24,1 | 22,5 | 33,9 | 9,2 | 18,6 | 22,5 | 49,7 |
| **2011 total** | **21,4** | **22,7** | **22,3** | **33,7** | **17,6** | **19,6** | **20,5** | **42,3** |
| Medical Systems | 21,0 | 22,6 | 21,5 | 34,9 | 15,1 | 20,7 | 17,3 | 46,9 |
| Extended Care | 23,9 | 23,5 | 24,0 | 28,6 | 25,6 | 17,8 | 27,8 | 28,8 |
| Infection Control | 19,4 | 22,0 | 21,9 | 36,7 | 12,6 | 19,4 | 18,1 | 49,9 |
| **2012 total** | **21,6** | **23,1** | **23,0** | **32,2** | **17,6** | **21,6** | **21,1** | **39,7** |
| Medical Systems | 20,5 | 22,8 | 23,9 | 32,8 | 12,5 | 19,6 | 21,0 | 46,9 |
| Extended Care | 24,4 | 23,5 | 22,4 | 29,7 | 31,7 | 27,2 | 24,0 | 17,1 |
| Infection Control | 21,2 | 23,7 | 21,4 | 33,8 | 14,4 | 20,0 | 17,1 | 48,5 |
| **2013 total** | **22,4** | **23,8** | **23,1** | **30,7** | **10,7** | **20,7** | **19,1** | **49,6** |
| Medical Systems | 21,0 | 23,7 | 22,9 | 32,4 | 12,1 | 20,5 | 16,7 | 50,7 |
| Extended Care | 25,0 | 24,2 | 24,0 | 26,8 | 9,9 | 22,4 | 23,6 | 44,2 |
| Infection Control | 22,4 | 23,6 | 22,5 | 31,5 | 4,6 | 17,6 | 21,6 | 56,1 |
| **2014 total** | **21,2** | **23,7** | **23,3** | **31,7** | **-11,0** | **27,3** | **25,6** | **58,2** |
| Medical Systems | 20,2 | 23,4 | 23,1 | 33,3 | -43,3 | 35,9 | 33,1 | 74,3 |
| Extended Care | 23,7 | 23,8 | 24,5 | 27,9 | 25,7 | 16,4 | 19,7 | 38,2 |
| Infection Control | 20,7 | 24,4 | 22,4 | 32,5 | 10,6 | 22,9 | 16,6 | 49,8 |

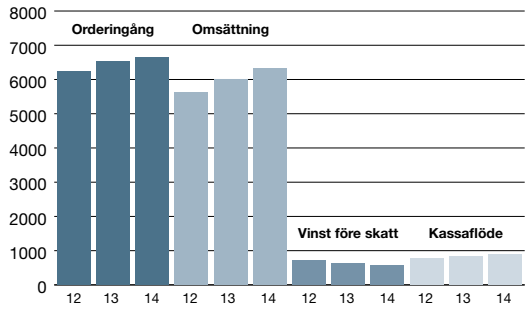
Historically, most of Getinge's sales are conducted in the fourth quarter of the year. A significant reason behind this pattern is that portions of customers' investment budgets are released late in the year. Although this pattern has continued unchanged, a certain equalization can be seen between the different quarters as the proportion of recurring revenues has increased as a share of the Group's sales. The high capacity utilization in the fourth quarter also results in a considerable portion of the net profit for the year being generated during the final quarter.

## QUARTERLY PERFORMANCE IN 2014

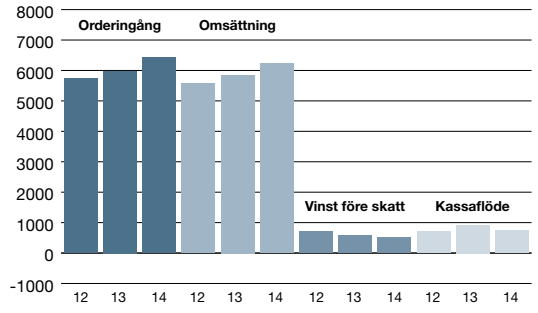
Quarter 1




Quarter 2




Quarter 3

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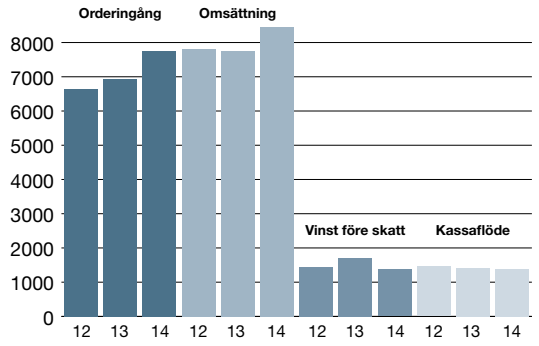

## QUALITY & ENVIRONMENTAL CERTIFICATIONS

| Medical Systems | | Production | ISO 9001 | ISO 13485 | ISO 14001 |
|---|---|---|---|---|---|
| Antalya | Turkey | Consumables for perfusion products | – | ■ | ■ |
| Ardon | France | Surgical lamps | ■ | ■ | ■ |
| Fairfield/Mahwah | USA | Cardiac assist | – | ■ | ■ |
| Hechingen | Germany | Consumables for perfusion products | ■ | ■ | – |
| Hudson | USA | Products for the cardiovascular market | – | ■ | – |
| La Ciotat | France | Vascular implants | – | ■ | ■ |
| Rastatt | Germany | Surgical tables, other surgical equipment and cardiopulmonary machines | ■ | ■ | ■ |
| Solna | Sweden | Ventilators and anesthesia machines | – | ■ | ■ |
| Suzhou | China | Ceiling service units, surgical tables and cardiovascular products | ■ | ■ | ■ |
| Wayne | USA | Instruments for vascular surgery and vascular implants | – | ■ | ■ |
| **Extended Care** | | | | | |
| Cardiff | UK | Diagnostics | ■ | ■ | ■ |
| Eslöv | Sweden | Hygiene systems | ■ | ■ | ■ |
| Magog | Canada | Passive patient lifts | ■ | ■ | ■ |
| Poznan | Poland | Therapeutic Surfaces, Medical Beds and DVT cuffs | ■ | ■ | ■ |
| Zhuhai | China | Medical Beds | ■ | ■ | ■ |
| Suzhou | China | Pump consoles for DVT products and therapeutic surfaces | ■ | ■ | ■ |
| **Infection Control** | | | | | |
| Ankara | Turkey | Sterilization equipment | ■ | ■ | ■ |
| Denver | USA | Chemical indicators | ■ | ■ | ▲ |
| Getinge | Sweden | Sterilization equipment | ■ | ■ | ■ |
| Rochester | USA | Disinfection and sterilization equipment | ■ | ■ | ■ |
| Rush City | USA | Isolators and sterile packaging | ■ | – | ■ |
| Skärhamn | Sweden | Table-top autoclaves | ■ | ■ | ■ |
| Sutton-in-Ashfield | UK | Sterilization equipment | ■ | – | ■ |
| Suzhou | China | Disinfection and sterilization equipment | ■ | ■ | ■ |
| Toulouse (Tournefeuille) | France | Disinfection equipment | ■ | ■ | ■ |
| Vendôme | France | Isolators | ■ | – | ■ |
| Växjö | Sweden | Disinfection equipment | ■ | ■ | ■ |

■ Certified plant. ▲ Acquired autumn 2012. ISO 14001 certification initiated and formal certification planned for May 2015.

## ENVIRONMENTAL DATA

| | CO2/Internal sales* | Recycled waste, % | Hazardous waste, tons | Solvent emissions, kilograms |
|---|---|---|---|---|
| Medical Systems | 2,1 | 73 | 204 | 8 525 |
| Extended Care | 2,1 | 55 | 253 | 612 |
| Infection Control | 2,1 | 9 | 90 | 57 |
| **Getinge Group** | 2,1 | 83 | 547 | 9 194 |

* Direct and indirect carbon emissions deriving from production. Tons/SEK 1 M of internal sales.

## SOCIAL DATA

| | | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|---|
| **Number of employees, December 31** | Total | 15 747 | 15 183 | 14 919 | 13 111 | 12 208 |
| | Of whom women, % | 32 | 32 | 31 | 32 | 31 |
| | | | | | | |
| **Age distribution** | 20-30, % | 16 | 16 | 17 | 17 | 17 |
| | 31-40, % | 30 | 30 | 29 | 29 | 29 |
| | 41-50, % | 29 | 30 | 30 | 30 | 31 |
| | 51-60, % | 21 | 20 | 20 | 20 | 19 |
| | 61-70, % | 4 | 4 | 4 | 4 | 4 |
| | | | | | | |
| **Academic exam or equivalent, %** | | 38 | 36 | 36 | 35 | 32 |
| | | | | | | |
| **Health and safety** | Number of accidents per 100 employees | 2,9 | 2,7 | 2,5 | 2,5 | 2,5 |
| | *Sickness absence, (entire Group)* | | | | | |
| | Total sickness absence in regular working hours, % | 2,7 | 2,7 | 2,8 | 2,8 | 2,4 |
| | Men, % | 2,3 | 2,4 | 2,5 | 2,5 | 1,9 |
| | Women, % | 3,5 | 3,3 | 3,6 | 3,5 | 3,5 |

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# DEFINITIONS

## FINANCIAL TERMS

**Working capital.** Total assets, less cash and cash equivalents and non-interest-bearing liabilities. Based on the average and calculated over the year.

**Return on working capital.** Operating profit in relation to working capital.

**Return on shareholders' equity.** Net profit for the year in relation to average shareholders' equity.

**Cash conversion.** Cash flow from operating activities in relation to EBITDA.

**Dividend yield.** Dividend in relation to the market share price on December 31.

**EBIT.** Operating profit before interest and taxes.

**EBITA.** Earnings before interest, taxes and the amortization of acquisition-related intangible assets.

**EBITA margin.** EBITA in relation to net sales.

**EBITDA.** Earnings before interest, taxes and the amortization and depreciation of tangible and intangible assets.

**EBITDA margin.** EBITDA in relation to net sales.

**Cash flow per share.** Cash flow after investments in tangible assets divided by the number of shares.

**Net debt/equity ratio.** Interest-bearing liabilities, including pension liabilities, less cash and cash equivalents in relation to shareholders' equity.

**P/E ratio.** Share price (final price) divided by earnings per share.

**Interest-coverage ratio.** Profit after net financial items plus interest expenses, as a percentage of interest expenses.

**Operating margin.** Operating profit in relation to net sales.

**Equity/assets ratio.**Shareholders' equity plus non-controlling interests in relation to total assets.

**Earnings per share.** Net profit for the year divided by the number of shares (the average number).

**Recurring revenue.**Revenues from consumables, service, spare parts and similar items.

## MEDICAL TERMS

**Anesthesia.** Narcosis.

**Autoclave.** A type of pressure-cooker for sterilization.

**Cardiac Assist.** Technology that improves blood circulation in a patients' coronary artery in the heart by forcing blood into the coronary artery with the help of a balloon pump placed in the aorta. The pump works in synchronization with the heart rhythm and increased blood circulation in the coronary artery supplies more oxygen to the heart muscle, which thus improves its ability to pump.

**Cardiac Output.** The volume of blood pumped by the heart per minute.

**Cardiopulmonary.** Pertaining or belonging to both heart and lung.

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

**Cardiovascular surgery.** Surgical treatment of cardiovascular diseases.

**Cardiovascular diseases.** Heart and blood vessel diseases.

**Cath lab.** Short for "catheterization laboratory" – a laboratory or smaller operating room that is equipped for interventional cardiology/minimally invasive cardiovascular procedures.

**Deep-vein thrombosis (DVT).** Formation of a blood clot in a deep leg vein.

**Endoscopic vessel harvesting (EVH).** Minimally invasive (see below) technique that removes part of a blood vessel (often from the leg) and uses this blood vessel to replace the diseased coronary artery.

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

**Endovascular intervention.** Operation on the cardiac and vascular system conducted without invasive surgery. Through small holes in the skin and selected blood vessels, instruments are inserted into the vessel where the surgery takes place.

**Hemodynamics.** The study of blood flow or circulation in the cardiovascular system.

**Interventional cardiology.** A subcategory of the medical speciality cardiology (cardio and vascular diseases), which involves active operations in addition to medication. May include cardiac assist (see above), for example.

**Mechanical ventilation.** Maintaining a patient's ability to breathe through a ventilator (respirator).

**Microorganisms.** Bacteria, viruses, fungus and similar organisms that can only be observed through a microscope.

**Minimally invasive instruments.** Various types of instruments that make it possible to conduct treatment and other measures through very small operations without the need for major surgery. The benefits of minimally invasive operations include less pain for the patient, shorter rehabilitation periods and lower costs.

**Neonatal.** Newborn infant during the first month.

**Obese.** Morbidly overweight.

**Oxygenator.** The component in perfusion products (see below) that oxygenates the blood during cardio surgery.

**Perfusion.** Artificial circulation of body fluids, such as blood.

**Perfusion products.** Products that handle blood circulation and oxygenation during cardio surgery, often referred to as heart-lung machines.

**Prevention/prophylaxis.**Preventive activity/treatment

**Reimbursement system.** The system that defines how the healthcare sector receives reimbursement for various services.

**Resistance problems.** Problems with bacteria that have become resistant to penicillin or other antibiotics.

**Telemedicine.** Providing remote medical care by real time video conference within a hospital or using external specialists.

**Terminal sterilization.** Sterilization at the end of the production process in the pharmaceuticals industry.

**Thrombosis.** Blood clot.

**Pressure ulcers.** Ulcers that arise as a result of blood flow to the skin being limited by external pressure. Most often affects patients with limited mobility.

**Vein.**Blood vessel that carries blood to the heart.

# READING GUIDE AND DISTRIBUTION POLICY

## READING GUIDE

- The Getinge Group is referred to as Getinge in the Annual Report.
- Figures in parentheses pertain to operations in 2013, unless otherwise specified.
- Swedish kronor (SEK) are used throughout.
- Millions of kronor are abbreviated SEK M.
- All figures pertain to SEK M, unless otherwise specified.
- The term EBITA is defined as "Earnings before interest, taxes and amortization of acquisition-related intangible assets."
- The term EBITDA is defined as "Earnings before interest, taxes and the amortization and depreciation of tangible and intangible assets."

Information provided in the Annual Report concerning markets, competition and future growth constitutes the Getinge Group's assessment based mainly on material compiled within the Group.

## DISTRIBUTION POLICY

The printed version of Getinge AB's Annual Report is only distributed to shareholders who expressly request a copy. The Annual Report is also available in its entirety at the Group's website: www.getingegroup.com

## ANNUAL GENERAL MEETING AND NOMINATION COMMITTEE

### Annual General Meeting

The Annual General Meeting will be held on March 25, 2015, at 2:00 p.m. in Kongresshallen at Hotel Tylösand, Halmstad, Sweden.

### Application

Shareholders wishing to participate at the Annual General Meeting should:

- Be registered in the shareholders' register kept by Euroclear, (the Swedish Central Securities Depository), not later than March 19, 2015
- Inform the company of their intention to participate not later than March 19, 2015

*Applications can be submitted in the following ways:*

- Getinge's website: www.getingegroup.com
- By conventional mail to: Getinge AB, "AGM", P.O. Box 7841, SE-103 98 Stockholm, Sweden
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### Nominee-registered shares

Shareholders whose shares are registered in the name of a nominee must have temporarily registered their shares in their own name, well in advance of March 19, 2015, to be able to participate at the Annual General Meeting . Shareholders represented by proxy must submit a power of attorney to the company prior to the meeting. Anyone representing a legal entity must have a copy of the registration certificate or a corresponding authorization document that indicates the proper authorized signatory.

### Nomination Committee

Getinge AB's interim report for the third quarter of 2014 contained instructions for shareholders on how to proceed to submit proposals to Getinge's Nomination Committee and how to propose motions to be addressed at the Annual General Meeting.

### Dividend

The Board of Directors and CEO propose that a dividend for 2014 of SEK 2.80 (4.15) per share be paid, totaling SEK 667 M (989). The Board's proposed record date is March 27, 2015. Euroclear anticipates being able to forward the dividend to shareholders on April 1, 2015.

## FINANCIAL INFORMATION

Updated information on, for example, the Getinge share and corporate governance is available on Getinge's website www.getingegroup.com.

The Annual Report, year-end report and interim reports are published in Swedish and English and are available for download at www.getingegroup.com.

The Annual Report can also be ordered from:
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### Financial information

The following information will be published for the 2015 fiscal year:

- April 20, 2015: Interim report January – March
- July 15, 2015: Interim report January – June
- October 15, 2015: Interim report January – September
- January 2016: Year-End Report 2015
- March 2016 Annual Report for 2015

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