



# Annual report

2016

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GETINGE \*

## The Group

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Every care has been taken in the translation of this Annual Report. In the event of discrepancies, the Swedish original will supersede the English translation.



# 2016

A year of change

## 29.8

Net sales SEK billions

## 3.9%

EBITA\*-growth

- Order intake SEK 30,142 M
- Earnings per share, SEK 4.98
- Dividend per share SEK 2.00

Sales per market region



EMEA, 42% (12,552 M)

APAC, 18% (5,384 M)

Americas, 40% (11,820 M)

Sales per business area



Acute Care Therapies, 40% (11,804 M)

Patient & Post-Acute Care, 25% (7,456 M)

Surgical Workflows, 35% (10,496 M)

### Key figures

	2016	2015
Order intake, SEK M	30,142	30,431
Growth in order intake, adjusted for exchange-rate effects and acquisitions, %	-0.8	1.9
Net sales, SEK M	29,756	30,735
Net sales, adjusted for exchange-rate effects and acquisitions, %	-1.5	1.8
Restructuring and integration costs, SEK M	-1,313	-657
Acquisition expenses, SEK M	-21	-33
EBITA before restructuring, acquisition and integration costs, %	4.341	4.179
EBITA margin before restructuring, acquisition and integration costs, %	14.6	13.8
Earnings per share after comprehensive tax, SEK	4.98	5.83
No. of shares, thousand	238,323	238,323
Interest-coverage ratio, multiple	5.6	4.6
Working capital, SEK M	43,383	40,771
Return on working capital, %	8.3	8.6
Return on shareholders' equity, %	6.0	8.5
Net debt/equity ratio, multiple	1.12	1.17
Cash conversion, %	73.6	66.7
Equity/assets ratio, %	37.9	36.8
Equity per share, SEK	87.76	82.21

\* EBITA margin before restructuring, acquisition and integration costs.

# Passion for life

Getinge is built on a genuine compassion for people's health, safety and well-being. Based on long experience and in close cooperation with the healthcare industry, Getinge develops innovative solutions that improve people's lives, today and tomorrow – which is in line with the brand promise, Passion for life.

Getinge provides products and services for surgery, intensive-care, long-term care, infection control and sterilization. Founded in 1904 on the Swedish west coast, the company has grown to become a global market leader in many segments.

Today, Getinge generates sales of close to SEK 30 billion and conducts sales via proprietary companies throughout the world. The production is conducted at facilities in Brazil, Dominican Republic, France, Canada, China, Germany, Poland, Sweden, Turkey, the UK and the US. In total, Getinge has over 15,500 employees in more than 40 countries.

EMEA is the largest region with 42% of sales, closely followed by the Americas with 40%, and APAC with 18%. 85% of sales are to hospitals, while elderly care accounts for 8% and the life science industry for 7%.

» ... the company has grown to become a global market leader in many segments. «

## Vision

To become the world's most desired medtech company

## Values

Getinge's cultural values are based on a strong sense of a shared commitment with people in mind.

- Passion
- Ownership
- Collaboration
- Excellence
- Openness



# Our business

Getinge's offering is mainly targeted at care providers, care givers and care receivers. The offering is organized in three areas: Acute Care Therapies, Surgical Workflows and Patient & Post-Acute Care.

## Acute Care Therapies

Offers pioneering technologies and solutions for intensive-care, surgery and cardiology.

### Net Sales 2016

# 11.8

SEK billion

### Getinge's position

Among the global leaders in all product segments.



## Surgical Workflows

Offers efficient solutions for infection control and operating rooms.

### Net Sales 2016

# 10.5

SEK billion

### Getinge's position

Among the global leaders in all product segments.



## Patient & Post-Acute Care

Offers solutions for daily tasks of lifting and transferring patients, as well as wound care and prevention of deep vein thrombosis.

### Net Sales 2016

# 7.5

SEK billion

### Getinge's position

Global leader within Safe Patient Handling and strong contender in the other segments, such as Pressure Injury Prevention.



# Efficiency enhancements and key decisions for the future

2016 was yet another year of change and key decisions for the future, based on an additional review of the strategy that was launched in the autumn of 2015. This has resulted in adjustments to create increased focus, which will strengthen us.



» During the year, we intensified our focus on quality, which resulted in the strengthening of our quality control. «

When summarizing the past year, I see several areas that were particularly positive. I am very pleased with the achievements made in the Big 5 efficiency enhancement program. In total, the program generated savings of approximately SEK 400 M, which contributed to an increase in profitability before restructuring costs, despite lower sales. Streamlining the operations in this manner means that we can expect high leverage on profitability when sales turn around.

We also saw cash flow strengthen toward the end of the year, yet another sign of our efficiency enhancements.

## **A strong brand**

During the year, we developed and prepared the brand transformation that we are now executing. This change will reduce the complexity of our brand portfolio and clearly position Getinge as a supplier and a partner of integrated medical-device solutions for the healthcare sector.

## **Prepared for several product launches in 2017**

Both the organic order intake and net sales performed slightly negatively during the year, which obviously is not satisfactory. The development was challenging in several important growth markets, regarding capital goods. In addition, our focus has been too internally oriented during the year. We launched plans to turn this trend around in terms of both our regional sales organizations and our product offering.

In 2016, we have upgraded our product portfolio, for example in the area for advanced operating tables, lights and pendants, but also in the growing area of low temperature sterilization. This is followed up with a large number of product updates and launches of several new products in all business areas during 2017.

All in all, we expect moderate organic growth in net sales for 2017.

### Proposal of potential distribution of operations

A strategic review was completed in the autumn to enhance the effects of the ongoing change process and also clarify Getinge's long-term strategy. The review resulted in a need to intensify focus to better capture growth opportunities for all of the business areas. To achieve this, a decision was made to prepare for a listing and distribution of Patient & Post-Acute Care to shareholders. The final proposal is subject to a decision by the shareholders at an Extraordinary General Meeting during autumn 2017. Should the Meeting approve the Board's coming proposal, the aim is to complete the distribution not later than the first quarter of 2018.

The distribution will increase the ability of both companies to successfully realize their strategies and to best continue to enhance customer benefits and shareholder value. The work on preparing for this structural change will continue in 2017.

### Continued quality enhancements

Quality and patient safety are the foundation of our business and a prerequisite for our future development. During the year, we intensified our focus on quality, which resulted in the strengthening of our quality control.

The remediation activities linked to the Consent Decree with the FDA continued at a rapid pace and an additional SEK 400 M was reserved for these measures in the autumn. A new governance model was introduced at the end of the year for the units under the Consent Decree. In brief, the model will create greater control and clarity in order to meet established time frames.

### Intensified focus moving forward

In conclusion, I can state that it has been a year that has demanded considerable effort and hard work from Getinge's employees and I would like to take this opportunity to express my thanks for their tremendous performance during the year. More hard work lies ahead of us, but we are maintaining the pace of our activities to enhance our competitiveness and thereby ensuring future profitable growth. We are increasing our investments in research and development to ensure new products and solutions. We are continuing our work to create a streamlined organization and to focus on continuous improvements and efficiency enhancements in the operations.

2017 will be an eventful year for Getinge, which will be managed by the new CEO, Mattias Perjos, who will take office March 27 and I give him a warm welcome to Getinge. I myself will take on the role of CEO for Patient & Post-Acute Care, which also has a very exciting future ahead. All in all, I look forward to being part of a successful 2017.

Joacim Lindoff  
Acting President and CEO

### Focus 2017

- Shift from internal focus in 2016 to a more external focus and thereby create profitable growth for all three business areas.
- Continued work on strengthening the quality management system according to the Consent Decree with the FDA.
- Preparations for a potential distribution of Patient & Post-Acute Care, including review of targets for both operations.
- Conduct a large number of product launches and ensure future growth via focused and effective R&D.
- Continued efficiency enhancements to and development of the organization.



Mattias Perjos was appointed President and CEO of Getinge Group in autumn 2016. He will take office on March 27, 2017. Mattias Perjos most recently held the role of CEO of Coesia Industrial Process Solutions (IPS) as well as serving as Managing Director of Coesia International. Mattias Perjos has an extensive industrial background and international experience, and also an impressive track record of consistently achieving improved business results.

# Drivers in a global market

Several different business drivers affect the market conditions of the global healthcare industry. Getinge is working to meet each and every one of them in a structured and sustainable manner.



## Greater consolidation in healthcare

The global healthcare industry has undergone many changes since the financial crisis in 2009, including declining reimbursement rates and greater consolidation. This has resulted in fewer and larger players, which in turn has led to increased price pressure. Purchasing is now 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.



## Cost efficiency and documented clinical results

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 a growing number of elderly people who need healthcare, and an increased incidence of lifestyle-related diseases, particularly various types of cardiovascular diseases. In these markets, there is a need to provide better care for more people without increasing the cost to society. Accordingly, it must be possible to demonstrate that products and solutions can provide both documented clinical results and deliver economic benefits.



## Expansion of healthcare in emerging markets

The economic performance of emerging markets is enabling more countries to develop advanced healthcare. Due to greater prosperity and a growing middle class, many of these countries are investing heavily in the expansion of both private and public healthcare. Products with simpler functionality and a lower price that accelerate the expansion of healthcare are in demand predominantly in public healthcare. However, the purchasing power in these markets is generally lower than in mature markets.





## Opportunities for Getinge

The overall business drivers, as described on the opposite page, bring several opportunities for Getinge. The most important ones are presented below.

### **Focus on entire product offering**

Getinge can offer complete and integrated solutions tailored to customer needs and challenges.

### **Customer-driven innovation**

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.

### **Simpler functionality at a lower price**

Getinge is expanding its offering to include products with simpler functionality at a lower price in order to capitalize on the rapid growth and align with the lower purchasing power of emerging countries.

### **Solutions for increased efficiency**

Getinge's offering includes IT systems for medical processes and real-time resource planning for hospitals, technology that helps to optimize work processes and the flow of patients. Accordingly, maximum utilization of operating rooms for instance is guaranteed, which contributes to increased efficiency enhancements of healthcare in general.

### **Support and education**

Getinge provides professional complete solutions for service and support. In addition, training is offered to support users, which ensures that the products are used properly and effectively, all to guarantee the best possible results in healthcare.

# Getinge's transformation program

Getinge's transformation program, which was launched during the autumn of 2015, includes initiatives to reposition the company for higher organic growth as well as increased competitiveness.

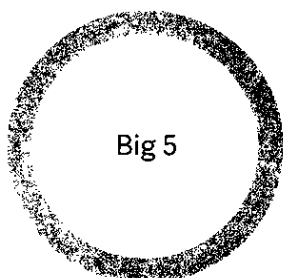
A key success factor for Getinge is the company's solid platform: dedicated and passionate employees, values based on entrepreneurship and efficient corporate governance. In all medical device companies, quality is a vital aspect and must permeate the entire operations in order to meet the safety requirements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

The goal is for Getinge to be a successful company in several perspectives, in order to reach the vision of becoming the most

desired medtech company in the world. In order to accomplish this there is a need for an efficient and competitive organization that produces more value for a lower cost. At the same time, it is important to continue developing products and services corresponding to the customers' needs.

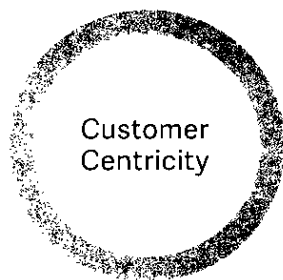
As a consequence, Getinge launched a transformation program in autumn 2015 aimed at enabling realizing the company's full potential.

The transformation program comprises three components aimed at:



Big 5

**Improving profitability** by leveraging the Group's scale to a greater extent. Five focus areas have been identified to effectively drive the cost agenda.



Customer  
Centricity

**Reigniting growth** through alignment of the product portfolio, and a sales organization that offers Getinge's complete product portfolio and is more clearly tailored to healthcare's needs and value chain. The focus is on structuring the organization to deliver increased clinical and economic value through the unique customer offering, thereby responding to the challenges and changes being faced in healthcare.



Organize  
to win

**Establishing a new organizational structure** that will facilitate a timely and smooth implementation of the program.

## Big 5

In order to improve the Group's profitability, an efficiency enhancement program was initiated with five focus areas, Big 5. The savings from Big 5 amounted to approximately SEK 400 M in 2016.

Focus Area	Examples of activities in 2016
<b>Lean support and administration</b>	Enhanced coordination and efficiency, primarily in finance, sales, service, marketing and HR. In 2016, a Shared Service unit was established in San José, Costa Rica, serving the Americas. Since 2014, there has been a Shared Services unit in Cracow, Poland, serving EMEA.
<b>Indirect spend optimization</b>	Activities to reduce costs of indirect purchasing through consolidation of the supplier base and coordinated negotiations.
<b>Direct spend optimization</b>	A global structure was designed for lower costs via direct purchases of input goods linked to Getinge production.
<b>Portfolio simplification</b>	Streamline and optimize the product portfolio and remove unprofitable products. A new brand strategy was developed to clarify the offering and further strengthen Getinge's leading positions.
<b>Commercial excellence</b>	A shared CRM system was established to support collaboration between sales teams. The platform has been rolled out in Australia, France, India, the Nordic region and New Zealand. The roll-out will continue in the rest of the world in 2017–2018.

## Customer Centricity

To generate growth, the sales organization will offer the complete product portfolio under one brand, Getinge. Focus is targeted to delivering documented clinical and economic benefits. This is summarized under the name of Customer Centricity, which comprises the following five focus areas:

Focus Area	Examples of activities in 2016
<b>Customer-centric business model</b>	Change processes initiated, targeting the offering to even more clearly reflect customer needs for integrated solutions that enhance quality and productivity and the efficiency of patient flows.
<b>Focus on entire product offering</b>	Established joint market organizations offering Getinge's complete product portfolio.
<b>Innovation based on customer value</b>	A process established for customer-driven innovation focusing on documented clinical and economic benefits for customers. This will be implemented in the product development process from 2017.
<b>Increased exposure in the US and emerging markets</b>	The ambition going forward is to better match regional exposure, taking into account growth potential and size. For example, Getinge has prepared a product development plan for the value segment in emerging markets. The target is to develop products in 2017–2018 with launch scheduled for 2019–2020.
<b>Continued focus on acquisitions</b>	Getinge continuously identifies acquisition candidates based on the criteria of generating growth and strengthening leadership in priority segments.

## Organize to win

In order to achieve the activities within Big 5 and Customer Centricity, a organizational structure suited for this is needed.

Focus Area	Examples of activities in 2016
<b>Establish a suitable organization</b>	Implementation of the new organization valid as of January 1, 2016.

# Enhanced focus

## – potential distribution of Patient & Post-Acute Care

An additional strategic review was completed in autumn 2016 to enhance the effects of the ongoing change process and also clarify the Group's long-term strategy that better captures growth opportunities for all three businesses.

As a result of the review, Getinge has decided to focus on two business areas – Acute Care Therapies and Surgical Workflows.

Based on this long-term strategic direction, the Board tasked the Getinge Executive Team to prepare for a potential distribution and listing of Patient & Post-Acute Care, formerly Extended Care, in accordance with the Lex ASEA\* rules.

» Following a potential split, both companies will have a more concentrated focus, with more opportunities... «

The preparation activities are based on a carefully managed project plan to ensure a controlled process and thus a well-worked through proposal.

The final proposal is planned to be presented to the shareholders for decision at an Extraordinary General Meeting in the autumn 2017. The aim is to complete the listing not later than during the first quarter of 2018.

Following a split, both companies will have a more concentrated focus, with more opportunities to continue to develop products and solutions to meet customer needs and thereby help solve healthcare challenges.

For Patient & Post-Acute Care this will, for example, create greater opportunities to capture the possibilities from the growing market within long-term care.

The financial targets for both companies will be determined and presented in the autumn of 2017 as part of the preparation work.

\* Lex ASEA means, in brief, that a parent company can, under certain circumstances, distribute the company's shares in a subsidiary to its shareholders without any immediate Swedish taxation arising on the distribution for the shareholders.

### Plan for a potential distribution of Patient & Post-Acute Care

On October 18, 2016, the Board of Directors announced that the Executive Team had been given the task of preparing for a proposal of a potential distribution and listing of Patient & Post-Acute Care. The preparations for this have started, and a new management team has been appointed, with Joacim Lindoff as CEO. Getinge's former CEO, Johan Malmquist, is proposed for the position as Chairman of the Board.

Q1  
2017

Q2  
2017

Q3  
2017

Q4  
2017

Q1  
2018

Preparations for potential distribution

Extraordinary  
General Meeting

Potential listing of  
the new company





## From multiple to one brand

From spring 2017, Geringe will group all of its brands under a single name to simplify its customer offering and to further clarify Geringe's position as a world-leading medical device company. Preparations have been under way for much of 2016.

Over the years, Geringe has grown as a company and so has its brand portfolio. Geringe has created a fairly complex brand structure with over 70 brands, which has sometimes been difficult for the sales force to convey to customers. Continuing to use all these brands would also prevent the company from acting efficiently and building strong brand equity.

The task of creating the new brand was conducted over the course of 2016 and was based on extensive research. Interviews were carried out with customers from the largest markets and with Geringe employees. Discussions with other players in the med-tech industry also provided information about market trends.

The result is that Geringe is now unifying all former brands under the Geringe name – with a new company logo and graphic identity which will reinforce the customer centric face of Geringe.

To safeguard the brand equity built over the years in the other brands, for example Maquet, they will be transformed into product family names under the Geringe master brand.

Unifying the company under one brand is in line with the ongoing transformation program and aims at positioning Geringe better toward the customers and further strengthening its position as a global leading med-tech company.

» ... will be transformed into product family names under the Geringe master brand. «

# Getinge's financial targets

In the autumn 2015, the financial targets stated below were established for 2016–2019. The targets will be reviewed and presented during the autumn of 2017 as the preparation of the proposal for a potential listing and distribution of Patient & Post-Acute Care is finalized.

## Annual organic growth in net sales

2–4%

### Outcome 2016: –1.5%

The declining net sales in 2016 are mainly attributable to weaker sales in Surgical Workflows and Patient & Post-Acute Care during the two final quarters. Measures are being taken to reverse the trend, including extensive product launches in 2017.

## Annual in EBITA\*-growth

>10%

### Outcome 2016: 3.9%

The efficiency program, Big 5, resulted in extensive savings during 2016. The savings, however, could not offset the full effects of declining sales. As a consequence, EBITA\*-growth amounted to 3.9%.

\*Before restructuring, integration and acquisition costs.

## Return on equity

15%

### Outcome 2016: 6.0%

Return on equity fell short of the target of 15%, as a result of reduced net profit. Net profit was negatively affected by this year's restructuring and integration costs, which amounted to SEK 1,313 M.

## Cash conversion

>70%

### Outcome 2016: 73.6%

Getinge's cash conversion was strengthened gradually during the autumn of 2016 and amounted to 80.4% in the last quarter, which contributed to reaching the target for the full year.

# Pioneering solutions that save lives

Acute Care Therapies develops pioneering technologies and products for intensive-care, surgery and catheter-based interventions. The offering also includes equipment for treating patients while in transport.

Acute Care Therapies offers solutions for life support in acute health conditions. The offering includes solutions for cardiac, pulmonary and vascular therapies and a broad selection of products and therapies for intensive care units (ICU).

ICU products and solutions, together with equipment and disposables for cardiac, pulmonary and vascular therapies, create a broader selection for patient care in acute health conditions. Furthermore, revolutionary solutions are offered for mobile ventilation and portable heart-lung therapies.

By focusing on future-oriented technology that makes daily operations easier and improves patient care, Acute Care Therapies follows the patient throughout the continuum of care for surgeries and cardiac, pulmonary and vascular therapies.

In 2016, the new range of ventilators, SERVO-U, SERVO-n and SERVO-air, captured market shares. With CARDIOHELP, which is targeting the extracorporeal life support segment, Acute Care Therapies has continued to build a world-leading position.

## Result 2016

Acute Care Therapies continued to perform well despite intense activities associated with the quality management system and the Consent Decree with the FDA.

The net sales totaled SEK 11.8 billion (11.6) in 2016. The order intake increased by 3.1% organically and net sales grew organically by 1.4% during the year, mainly related to higher demand in the Cardiovascular segment. Growth was evenly distributed geographically. Organic net sales increased by 1.5% in EMEA, by 1.4% in the Americas and 1.3% in APAC.

Acute Care Therapies reached a gross margin of 55.5% (55.5%) for the full year, which is in line with the previous year. The EBITA-margin before restructuring, integration and acquisition costs was also unchanged (19.7%). EBITA amounted to SEK 2.3 billion (2.3).

Non-recurring costs, amounting to SEK 751 M, had a negative impact on EBIT, which decreased by 25.7% to SEK 1.0 billion (1.3). These non-recurring costs are related to such matters as the Consent Decree with the FDA.

Loss of revenue attributable to the Consent Decree with the FDA was offset by higher sales volumes and a favorable product mix.

## Important activities 2016

- FDA-related remediation activities
- Jens Viebke appointed as new President
- High activity in the transformation and efficiency program

## Focus 2017

- Continued FDA-related remediation activities
- Increased R&D investments to capture long-term growth opportunities
- Successful product launches



### Product Segments

- Critical Care
- Cardiopulmonary
- Cardiac Systems
- Vascular Interventions

### Getinge's position

Among the global leaders in all product segments.

### Peers and competitors

BD, Dräger, Edwards Lifesciences., GE, Gore, Hamilton, LivaNova, Medtronic, Teleflex, Terumo.\*

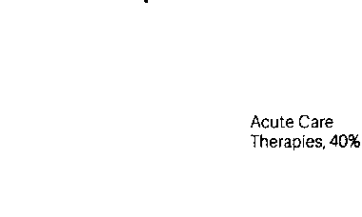


### Examples of solutions and global market positions\*

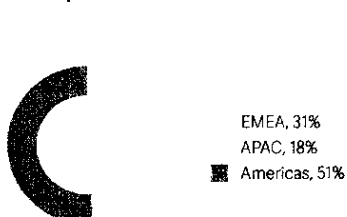
<b>Anesthesia</b> Premium anesthesia systems	<b>Acute Care Ventilation</b> Ventilators for the premium and value segment	<b>Hemodynamic Monitoring</b> Disposables and monitors	<b>Surgical Perfusion</b> Heart-lung machines and disposables	<b>Extracorporeal Life Support</b> Portable devices and disposables	<b>Counterpulsation therapy</b> Pumps and disposables
4	2	2	2	1	1
<b>EVH</b> Systems for endoscopic vessel harvesting	<b>Beating Heart Surgery</b> Heart stabilizers & devices for connecting vessels	<b>Aortic Surgical Grafts</b> Grafts for abdominal aortic and thoracic aortic	<b>Peripheral Vascular Grafts</b> Grafts in polyester and polytetrafluoreten (PTFE)	<b>Covered Stents</b> Balloon expandable covered stents	<b>Thoracic Drainage</b> Chest drains and thoracic catheters
1	2	1	2	2	1

\*Getinge research.

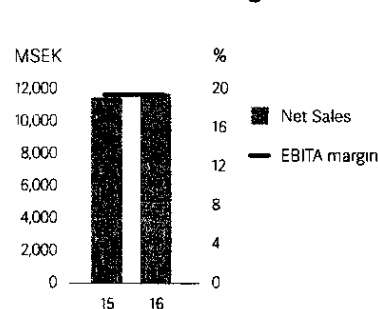
### Share of Group sales



### Sales per market area



### Net Sales and EBITA margin\*\*



\*\* EBITA margin before restructuring, acquisition and integration cost.

# Continued focus on quality

Getinge has been working intensively to ensure the procedures and processes in the company's quality management system in accordance with the remediation program launched in 2013.

The FDA, the US Food and Drug Administration, inspected several Medical Systems' (now Acute Care Therapies) manufacturing units in 2013, which led to observations about procedures and processes in the quality management system. Extensive internal work began immediately to strengthen the quality management system, while at the same time dialog began with the FDA.

This resulted in a Consent Decree that was formally approved by the FDA in February 2015. The contents of the Decree are aimed primarily at raising the level of the quality management system and the FDA will then be shown confirmation that this level has been maintained. The Decree encompasses the manufacturing units in Hudson, New Hampshire and Wayne, New Jersey in the US, as well as Rastatt and Hechingen in Germany, under which the FDA will monitor developments for a certain period of time, for example, by performing third-party inspections of the production units under the Decree.

## A global quality function

Since 2013, Getinge has increased its focus on enhancing the level of the quality management system. During 2015, efforts in quality and regulatory compliance intensified, with the establishment of a new global function, reporting directly to the CEO.

In 2016, a new system for quality, environmental and operational control was launched called GetAligned that gathers documentation and shared processes for the Group. During the autumn a new governance and organization model was introduced for the units

under the Consent Decree. The change will further clarify responsibilities and authorities that will enhance the level of control in the ongoing change process in order to established time frames.

## Phase one of three in the Consent Decree

The Consent Decree consists of three phases and work will continue for many years. All of Getinge's entities are in the first phase and the Group will continue its intensive efforts with improvements to the quality system in the coming years.

The total costs for the improvement activities since 2014 amount to SEK 1,495 M of which SEK 995 M were reserved in 2014. An additional SEK 400 M was reserved in the autumn 2016 for improvement activities. In addition, to this the financial consequences for loss of revenue are estimated to SEK 130 M on Getinge's operating profit in 2016.

» Extensive internal work began immediately to strengthen the quality management system. «



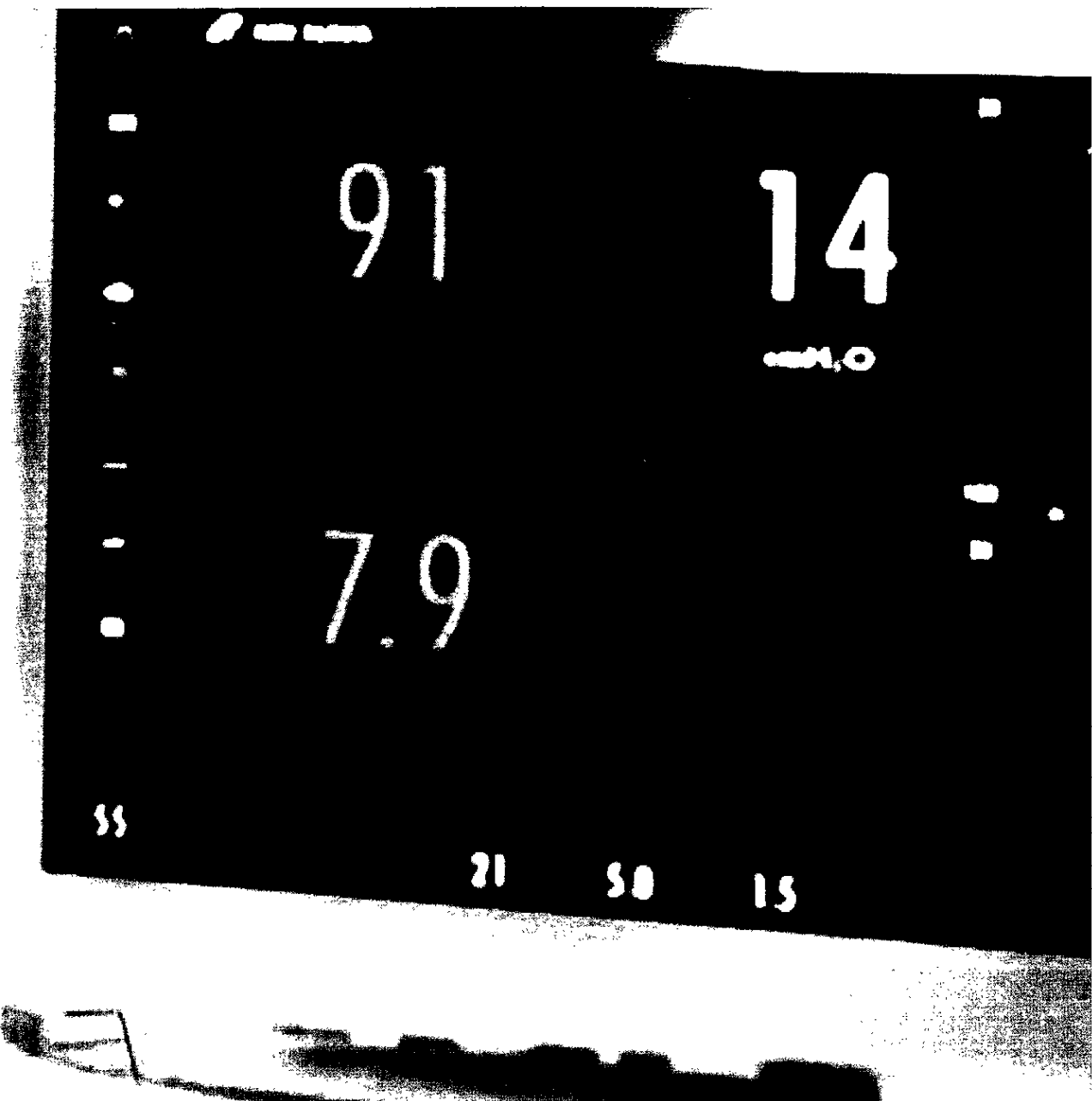


## Life-saving support for newborn babies

The SERVO-n neonatal ventilator provides vulnerable newborn babies with the breathing support they need, while at the same time protecting the lungs, brain and other developing organs. The product is developed and designed to help neonatal intensive-care units (NICU) create ideal environments for newborns to breathe, sleep and grow.

More comfortable breathing means reducing sedation and a better chance of sleep. Improved comfort and reduced work on breathing may also allow the baby to focus energy on growth and maturation of lungs and brain.

The technology behind the product is called NAVA, short for Neurally Adjusted Ventilatory Assist, a unique approach to mechanical ventilation based on neural respiratory output. With NAVA, the electrical activity of the diaphragm (Edi) is captured, fed to the ventilator and used to assist the patient's breathing both in synchrony with and in proportion to the patient's own efforts. Since the ventilator and the diaphragm are controlled by



the same signal, coupling between the diaphragm and the SERVO ventilators are synchronized virtually simultaneously.

The uniqueness of this product lies in the combination of the ultimate physiological trigger with the Edi signal together with the SERVO gas modules that allows babies as small as 300 grams to be ventilated.

The NAVA technology works regardless of patient size and is used in most of the SERVO ventilators to support all kinds of patient categories. Unique to Getinge, NAVA is available for both invasive and non-invasive ventilation, assuring effective patient-ventilator synchrony independent of patient interface.

» A unique approach to mechanical ventilation based on neural respiratory output. «



Photo: US Rowing

## Getinge paved the way for Paralympic success

When the American rower Blake Haxton finished in fourth place in the single sculls in the 2016 Rio Paralympics, his parents Steve and Heather paid an extraordinary tribute to Getinge: "Without your technology, our son wouldn't be alive."



Blake Haxton has a successful rowing career.  
Photo: US Rowing

The story about how Getinge's brand promise, Passion for life, helped pave the way for high school rower Blake Haxton's international career started in 2009 as an ordinary Saturday evening in suburban Columbus, Ohio. In the Haxton home, Blake complained of a sore calf after a high school basketball game and then went to bed.

However, what seemed to be a harmless sports injury quickly developed into something far more lethal: necrotizing fasciitis, more commonly known as flesh-eating disease. Within 72 hours, Blake endured his first amputation and he would eventually lose his left leg up to the hip and his right leg to above the knee. As the infections spread, his heart, lungs, kidneys and liver began to shut down. Doctors would not even put a percentage on Blake's survival chances.

"It was simply because they thought there was no hope," recalls Dr. Michael Firstenberg, Assistant Professor of Surgery and Integrative Medicine at Northeast Ohio Medical University.

Dr. Firstenberg, an adult cardiac surgeon, helped coordinate and manage the solutions that oxygenated Blake Haxton's blood outside of the body after his multiple organ failure seven years ago.

A SERVO-i ventilator and a Quadrox-D (a temporary extra-corporeal support technology, similar to currently available CARDIO-HELP, the world's smallest portable heart-lung support system), are two other Getinge technologies involved in bringing Blake back to life. In all, the young athlete endured more than a month

» I am amazed by what people have been willing to do for me. «

in a coma, 100 days in hospital and no less than 20 surgeries.

After the ordeal, it took four years before Blake picked up his rowing career again. He returned to the boat to take up arms and shoulders single sculls. Different from traditional leg-driven rowing, the Paralympic version requires athletes to have a different type of balance and focus more on upper-body strength.

Blake has quickly reached world class level by taking fourth and fifth place at the last two world championships before finishing fourth in Rio de Janeiro this year.

On land, the 25-year old has just completed his law school finals, with his eyes set on moving into the investment sphere.

"I am amazed by what people have been willing to do for me," Blake says. "And believe it or not, I'm as healthy as a horse. I don't have a single prescription in my name. There could have been so many complications from all I went through. Although I don't have my legs anymore, I have been told I have above average health."

# Efficient and secure hospital workflows

Surgical Workflows develops solutions for infection control, operating rooms and advanced IT systems for traceability and management of the flow of sterile equipment as well as for optimal use of resources. Getinge's Life Science segment is also included in this business.

The Surgical Workflows offering includes equipment, consumables and services for cleaning, disinfection and sterilization of instruments, as well as equipment for complete surgical workplaces. The products promote efficient and secure hospital workflows.

The IT solutions contribute to optimized patient and workflows, minimized risks and create better compliance. In turn, this offers greater patient safety and efficient utilization of resources, staff and equipment.

In addition, the offering includes products and solutions for the Life Science segment. A comprehensive range of products and full project planning is offered in this segment through customized solutions for contamination prevention operations.

## Result 2016

Surgical Workflows' net sales amounted to SEK 10.5 billion (10.9). The organic order intake and net sales decreased by 3.1% and 3.4% during the year.

The Gross margin decreased by 1.1 percentage points to 37.7% (38.8%), as a consequence of lower sales.

Operating expenses decreased by 10.5%, mainly due to the efficiency program, Big 5. The savings helped to increase EBITA before restructuring, acquisition and integration costs by 4.1% to approximately SEK 1.3 billion (1.2).

## Important events 2016

- Merge of former Surgical Workplaces and Infection Control to become Surgical Workflows
- Major releases in several different product segments, such as the mobile operating table, MEERA, and Volista, which comprises world-leading surgical light technology.
- Launch of distribution of TSO3's unique low-temperature sterilizer in the US

## Focus 2017

- Strengthen the offering of integrated solutions further in areas where Getinge has strong presence, to meet customer need for higher quality and cost efficiency
- Product launches and R&D in order to capture long term organic growth
- Continued efficiency enhancements in line with the Big 5 program



**Product Segments**

- Surgical Workplaces
- Infection Control
- Life Science
- Integrated Workflow solutions

**Getinge's position**

Among the global leaders in all product segments.

**Peers and competitors**

Belimed, Dräger, Hill-Rom, Miele, Steris, Stryker.\*

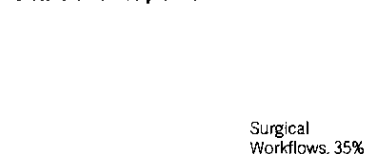
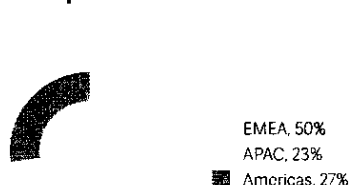
**Examples of solutions and global market positions\***

<b>Infection Prevention</b>		<b>Enabling Surgery</b>		<b>Integrated Workflow Solutions</b>		<b>Service &amp; Consumables</b>	
Cleaning, disinfection and sterilization		Operating Room (OR) tables and lights and ceiling service units for an improved working environment		Patient flow management	OR integration	Sterile supply management	Service and disposables
1		1, 3**		1***	5	1	1
<b>Sterilizers</b>		<b>Washers</b>		<b>Isolation</b>		<b>Sterile Transfer</b>	
Sterilizers for drug and medical device companies, products that suits both research and production		Washers for laboratory and vivarium applications and cGMP washers for drug manufacturers		Equipment for protecting drugs or humans from the surrounding environment		Transfer containers and isolators.	
1		2		2		1	

\* Getinge research.

\*\*1 in OR tables and lights, 3 in ceiling service units.

\*\*\* Only available in Denmark to date.

**Share of Group sales****Sales per market area****Net Sales and EBITA margin\*\*\*\***

\*\*\*\* EBITA margin before restructuring, acquisition and integration cost.

## Higher clinical quality, productivity and cost-efficiency

Getinge's Integrated Workflow Solutions focuses on enhancing the clinical quality, patient safety and efficiency by utilizing workflow and logistic information-based systems. Furthermore, they contribute to a better working environment, with benefits for both healthcare staff and patients.

With Integrated Workflow Solutions, part of the Surgical Workflows' offering, Getinge brings together a portfolio of excellent IT solutions. This includes the INSIGHT Patient Flow Management System, the TEGRIS Operation Room Integration System, and the T-DOC Sterile Supply Management System, as well as several other solutions for specific markets around the world.

» Hospitals strive to reach higher quality, productivity and cost-efficiency. «

The long-term prospects are positive for Integrated Workflow Solutions, as hospitals strive to boost higher quality, productivity and cost efficiency.

An independent study funded by the Danish Welfare Technology Foundation showed that productivity enhancement, in terms of patient throughput, increased by 19% in the emergency department at the regional hospital of Horsens, Denmark, thanks to Getinge's INSIGHT solution for secure and efficient clinical logistics. Another survey, performed by the central region of Denmark, revealed outcomes with 15% higher utilization of operating rooms and a 66% reduction in the number of canceled operations – which is a common problem leading to a stress-

ful work environment, disturbances and time-wasting and resources that otherwise could have been used for treating patients.

The benefits from the TEGRIS Operation Room Integration (ORI) System are just as clear. It delivers full control over the information and equipment in the operating room, ensuring an efficient workflow in surgery and thereby also optimizing patient safety and medical quality. There are proven effects in terms of reduced errors, reduced risk of infection due to less equipment being needed in the theater, as well as higher productivity and cost efficiency.

The T-DOC Sterile Supply Management System is a best-in-class sterile and supply management solution, providing complete traceability of surgical instruments and endoscopes, all the way to the patient. This leads to a higher level of patient safety, efficiency and control – ensuring that all equipment is available at the right place, at the right time, at the right cost and with the right quality.

Getinge is currently delivering the largest project in this business area in the world so far, to hospitals in the capital region of Copenhagen, Denmark. The installation includes two major sterile supply units servicing eight hospitals with 220 operating theaters, performing over 600 surgeries. This is done with using a never-before seen level of automation using robot technology and self-driving vehicles, all managed by T-DOC.



# Improving lives for people with reduced mobility

Patient & Post-Acute Care offers solutions that improve the lives of people affected by reduced mobility and wellness challenges. This is achieved by providing integrated solutions for both acute and long-term healthcare settings.

Patient & Post-Acute Care is well positioned in a global market with recurring revenue and underlying growth driven by an ageing population and increase of chronic diseases.

The product portfolio consists of several products and solutions, creating a strong position in relation to competitors. The solutions help improve patient and resident outcomes while increasing healthcare practitioner safety and productivity. The offering encompasses a broad number of products and solutions for Safe Patient Handling, Prevention of Venous Thromboembolism, Medical Beds, Critical Care Units, Early Mobility, Hygiene Systems, Bariatric Care and Pressure Injury Prevention.

## Result 2016

The net sales for Patient & Post-Acute Care amounted to SEK 7.5 billion (7.8). The organic order intake and organic net sales growth declined by 3.4% and 3.0%. However, in the fourth quarter the business showed positive growth in organic order intake.

The gross margin declined by 0.6 percentage points to 44.6% (45.2%) during the year. The operating expenses decreased by 9.2% during, where cost control contributed to significant declines of both selling and administrative expenses, primarily related to measures implemented as part of the ongoing corporate transformation program. This contributed to EBITA before restructuring, acquisition and integration costs increasing by 7.5% to approximately SEK 1.0 billion (0.9).

## Important activities 2016

- Getinge Executive Management Team was tasked by the Board to develop a proposal for a potential listing and distribution of Patient & Post-Acute Care to shareholders. The proposal will be presented at an Extraordinary General Meeting in autumn of 2017.
- Acquisition of 1st Call Mobility Ltd, a UK specialist in the sale and rental of medical beds and mattresses for bariatric patients, and launch of Citadel™ Plus Bariatric Care System, a medical bed frame.
- Efficiency enhancements in line with the Big 5 program.

## Focus 2017

- Preparation of a proposal of a potential listing and distribution of Patient & Post-Acute Care to shareholders.
- Increased investment in product development to ensure long-term organic growth.
- Continued efficiency enhancements in line with the Big 5 program.

### Product Segments

- Safe Patient Handling
- Hygiene
- Bariatric Care
- Critical Care
- Venous Thromboembolism
- Pressure Injury Prevention
- Medical Beds
- Diagnostics

### Getinges position

Global leader within Safe Patient Handling and Diagnostics and strong contender in the other segments, such as Pressure Injury Prevention.

### Peers and competitors

Hill-Rom, Joerns, Linet, Medtronic, Natus Medical, Paramount Beds, Stryker.\*



### Examples of solutions and global market positions\*

Safe Patient Handling	Patient Hygiene	Critical Care	Diagnostics	DVT Prevention	Bariatric Care	Pressure Injury Prevention	Medical Beds
Patient lifts, slide sheets, slings and flites.	Bathing and showering systems, chemicals and specialized liquids.	Kinetic therapy systems, prone positioning, integrated therapeutic beds.	Cardiovascular and obstetric dopplers and blood flow diagnostics.	Active compression systems, pumps and garments.	Patient handling equipment and medical beds.	Alternating and low pressure systems.	Acute care and long-term care medical beds.
1	1	1**	1, 3***	2	3	3	5

\* Getinge research.

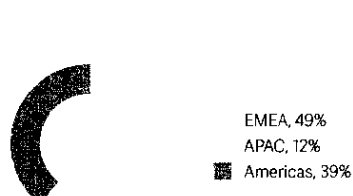
\*\*1 in USA in Prone Positioning.

\*\*\*1 Cardiovascular and 3 in Obstetric.

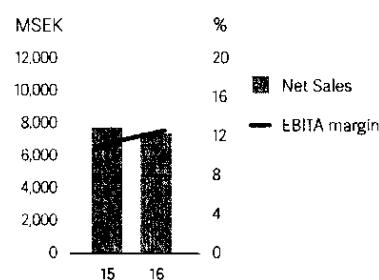
### Share of Group sales



### Sales per market area



### Net Sales and EBITA margin\*\*\*\*



\*\*\*\* EBITA margin before restructuring, acquisition and integration cost.



## A successful combination

The New Royal Adelaide Hospital project in Australia is a prime example of how Getinge can offer integrated, comprehensive solutions including consultancy, planning, design, products and installation.

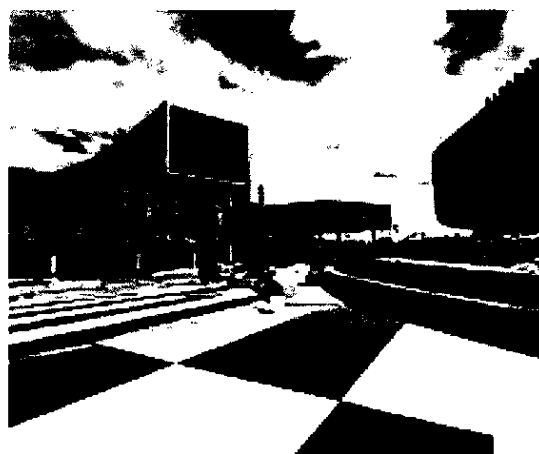
Close cooperation and a clear focus on the customer has led to the most successful hospital development project ever for Getinge in Australia. When it officially opens in 2018, the New Royal Adelaide Hospital will be the most advanced hospital in the Southern Hemisphere.

"Working with customers intimately from the early stages, and leveraging the Group's capabilities through collaboration, underpinned our success in securing our largest ever win, and gave our competitors no chance to match the solution offered," says Michael Luxton, President of Getinge Australia and New Zealand.

"What works for us is good product knowledge in front of the customer and taking care of sales and service relationships. Customer see a holistic view of the way we run our business, and that makes them feel comfortable," continues Michael.

In addition to the major capital purchases throughout the hospital, the order includes consumables and service which generate recurring revenue for the business.

Under the contract, Getinge will have at least one full-time engineer on site at the hospital to provide service and on-the-spot customer care.



Getinge delivers products to the advanced New Royal Adelaide Hospital which will open in 2018.

» The new Royal Adelaide Hospital will be the most advanced hospital in the Southern Hemisphere. «

# Global responsibility for sustainable development

As a global manufacturer of medical devices and services, Getinge has operations in many locations across the world, and its employees represent a variety of cultures and backgrounds. With this comes responsibility – both locally and globally.

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

Getinge's sustainability efforts also aim to ensure the 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.

Quarterly environmental reporting from the Group's production units provides good opportunities for follow-ups and comprises the basis for decisions concerning environmental goals and activities in the environmental area.

Getinge has signed the UN's Global Compact and supports the ten principles on human rights, labor, environment and anti-corruption. In addition, Getinge's sustainability work is governed by the Group's Code of Conduct and a number of policies on, for example, the environment and anti-corruption.

During the year, work began on defining the issues that are the most essential for Getinge to work in the future, aided by a materiality analysis. This analysis, in conjunction with in-depth dialog with stakeholders, will be the foundation on which the Group will continue its efforts in sustainable development.

A global organization for Ethics & Compliance was established during the year. To support this work, there is also a global Compliance Committee, which will contribute to ensuring that laws and regulations, as well as ethical guidelines are followed throughout the company. Next year, regional committees will be added to the organization, in order to increase focus on specific geographical areas.

## Getinge's 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 expresses how the company and its employees must conduct operations in a sustainable manner 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. In 2016, a revised version of the Code of Conduct, in accordance with the Group's values and updated policies, was launched.

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

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

### Whistleblowing policy

The Group has begun 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.

### Supplier Code of Conduct

In addition, a Code of Conduct for suppliers has also been compiled, which will be implemented during the coming year.

### Anti-corruption policy

Getinge has a global policy for anti-corruption to group together the company's shared standpoints in this area.





## Value creation for stakeholders

### Shareholder value

Getinge creates value for its shareholders through annual dividend payments and the share's long-term development. The dividend policy states that future dividends will be adjusted in line with Getinge's profit level, financial position and future development opportunities. The aim is for the dividend to the company's shareholders, as a return on capital invested, to correspond to 30–50% of net profit. The remaining portion is reinvested in the company. For 2016, the proposed dividend is SEK 2.00 (2.80) per share, which is 40% of the net profit.

### Customers

Getinge Group's customers are found in the healthcare sector. Through its operations, Getinge 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.

### Employees

Over the past 20 years, Getinge has grown from approximately 900 employees to more than 15,500 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. Under the Group's policy, no minors are employed.

In 2016, salary costs and other remuneration amounted to SEK 8,198 million (8,122). 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 Getinge, is normally based on a set proportion of the employee's salary. In 2016, the total net cost for pensions amounted to SEK 490 million (504). For further information regarding the Group's pension commitments, see Note 22 of the consolidated financial statements.

### Investments in emerging markets

In recent years, Getinge has completed a number of investments in production facilities and sales companies in several emerging markets. New plants have been established in, for example, China and Poland. Accordingly, new employment opportunities have been created, and Getinge endeavors to ensure adjustments to favorable working conditions for employees in these countries.

# Business ethics and social responsibility

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

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

During the year Getinge launched a revised Code of Conduct, which is the foundation for all operations and it describes how the company and employees are to act in relation to each other and other stakeholders. A number of global policies support the Code and are supplemented with local policies where necessary.

To ensure that the Group's Code of Conduct is also upheld 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. In addition, a Code of Conduct for suppliers has been compiled during 2016, which will be implemented over the coming years.

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. In recent years, Getinge has worked on extended risk analyses of high-risk countries, which has resulted in more extensive efforts, for example in the form of training, in identified high-risk countries.

Getinge strives to make a positive and sustainable contribution to the communities in which the Group is active. Such efforts primarily take the form of projects linked to the company's operations.

## Anti-corruption

Ethics and morals are the basis of all of the company's operations and are reflected in all relationships, both internally and externally. A global anti-corruption policy has been adopted to group

together the company's shared standpoints in this area. The policy is based on Getinge's shared values and aims to ensure ethical behavior in all business.

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. When Getinge's policy contains stricter requirements than current practice or applicable legislation, then the Group's policy takes precedence.

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 decide how the matter is to be handled.

Combating corruption is highly important to Getinge. In addition to global anti-corruption and whistle-blowing policies, there are local additions (appendices) relating to specific legislation in various countries, wherever applicable. Getinge has also set up a whistle-blowing hot line, a telephone number to which employees can call around-the-clock to report on events that cannot be reported according to internal procedures for various reasons.

During the year, the Code of Conduct, the anti-corruption policy and the whistle-blowing system continued to be rolled out across the company, by means of an extensive training program, for which global trainers have been appointed, who then in turn instruct the rest of the organization. Using tools such as dilemma scenarios, information videos and online tests helps ensure employees' understanding of the content of these policies, as well as regulatory compliance.



# Focus on reduced environmental impact

Getinge contributes to a sustainable society through active work in the environment. 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.

The aim for 2017 is to ensure that all major production sites, except the ones included in the agreement with the FDA, are certified according to ISO 14001. To support this, global routines concerning environmental management were approved during 2016, and will now be implemented.

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. A summary of the Group's certifications can be found on page 96. Getinge's environmental goals include greater responsibility in the areas of energy, climate and waste and are based on the analysis of the most important environmental aspects that are carried out at each production facility.

## Quarterly environmental reporting

The Group's 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 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 also reports annually to the Carbon Disclosure Project (CDP), for which continuous improvements have been made in recent years.

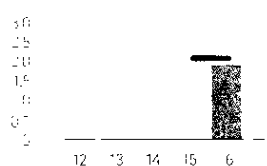
## Energy and climate

Reducing the climate impact of the operations constitutes a key element of environmental efforts. The Group has a number of targets to reduce CO<sub>2</sub> emissions and energy consumption. During the year both energy consumption and CO<sub>2</sub> emissions have continued to decrease, partly as a result of optimization of lighting and conversion to green electricity and biogas at several facilities.

## Energy-efficiency enhancements

Efforts to enhance energy efficiency continued during the year, for example, by continuing to upgrade lighting and heating in manufacturing and warehouse premises. In order to decrease the company's energy consumption further, the work with energy audits at the Swedish and Polish production units will continue. Based on these, and the previously conducted audits in Germany and France, further reductions will hopefully be achieved.

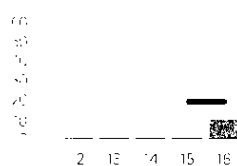
**Total production-related CO<sub>2</sub> emissions**



Direct and indirect emissions, tonnes per SEK M of internal sales

— Target: -5% in 2017 with 2015 as base year

**Hazardous waste**



Quantity of hazardous waste, kg per SEK M of internal sales

— Target: -1% in 2017 with 2015 as base year

**Vehicles CO<sub>2</sub> emission**



CO<sub>2</sub> emission g/km from company vehicles and long trucks

— Target: -1% in 2017 with 2016 as base year

CO<sub>2</sub> emission g/km for vehicles acquired that year

**Total production energy use**



Energy consumption in production, MWh per SEK M of internal sales

— Target: -10% in 2017 with 2015 as base year

### Indirect emissions from electricity use

To further reduce the Group's climate impact, several production facilities only use green electricity. Other facilities have the ambition to actively choose suppliers with a favorable electricity production mix. In combination with rationalisations in the production, this has made it possible to decrease indirect emissions in a number of countries. A challenge for Getinge is that in many cases the production facilities are in countries in which it is 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. To improve this situation, Getinge is striving as far as possible, to identify other ways of reducing emissions, for example, by solutions to use solar energy or encouraging local electricity suppliers to reduce emissions from their electricity production.

### Transportation

A key component of Getinge's climate endeavors relates to emissions from 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 CO<sub>2</sub> emissions, which has started to show a positive impact. In 2016, a system for reporting CO<sub>2</sub> emissions from the main part of the (leased) vehicle fleet has been established. The reporting and follow-up is done partly as average emissions of g/ CO<sub>2</sub> per 100 km for cars, and partly as estimated total emissions based on reported or estimated mileage. Getinge's CO<sub>2</sub> emissions from air travel decreased by 6% in 2016 compared to the year before.

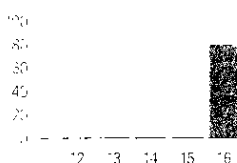
Together with the main supplier of freight transports, Getinge has chosen a system for reporting future CO<sub>2</sub> emissions from these transports. Today, only a small part of Getinge's freight transports are included in this, but this is expected to increase in 2017.

### Waste and recycling

Methodical work has resulted in the proportion of waste being sent to recycling gradually increasing year-by-year. This year the amount of hazardous waste has decreased while the amount of recycled waste was unchanged compared to 2015.

Optimization of raw materials for production is part of the development process, and is further enhanced through EcoDesign. In 2016, a few new opportunities for further optimization have been identified, and will be further investigated.

### Recycling, %



Waste to material or energy recycling, %

Target: all waste shall be recycled

Getinge's environmental goals include energy, climate and waste. They are based on the analysis of the most important environmental aspects that is carried out at each production facility.

### Sustainable product development

A major part of Getinge's development efforts are carried out pursuant to the EcoDesign principles, which allows the provision of products and services for a more sustainable society. During all the product development phases, from feasibility studies to implementation, the project team involved must determine the product's environmental performance.

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 efforts, guarantees are in place to ensure that prohibited substances are not used and that the use of environmentally hazardous substances in products and in manufacturing is minimized.



### Environmental goals

#### Energy and climate

- Reduce CO<sub>2</sub> emissions from production by 5% by 2018, with 2015 as the base year.
- Reduce energy consumption in production by 10% by 2018, with 2015 as the base year.
- Reduce CO<sub>2</sub> emissions from company vehicles by 10% by 2020, with 2016 as the base year.

#### Waste

- Reduce the amount of hazardous waste in production by 10% by 2018, with 2015 as the base year.
- All non-hazardous waste from production is to be recycled.

# Shared values

Getinge has a culture characterized by professionalism and entrepreneurship. The values are based on a strong sense of a shared commitment with people in mind.



» Passion is the willingness to improve results for others. «

It is important that shared values anchored throughout the organization permeate the operations in order to realize the Group's strategy and achieve the set targets.

Getinge's cultural core values combine Passion with Collaboration, Openness, Excellence and Ownership. These values are needed to meet future challenges and requirements and to grow in new markets, among new customer groups and through new business models. Possibly the strongest feedback from employees in the organization is the passion for their work and the company. For this reason, passion is at the very core of the values.

A commitment to people is central to all Getinge's operations and also to the core values. Getinge is an authority in the specialist field of medical devices and is committed to helping its customers save lives and guarantee excellent care.

The strong culture, values with people in mind, and Getinge's operational results attract employees and contribute to the Group retaining the best talent in all specialist areas.

During the year, Getinge's approximately 90 cultural core values ambassadors have continued to implement these values throughout the organization. Internal surveys show that these efforts have increased awareness of the values within the Group. Using this as a foundation, work is now continuing on putting the values into practice in order to further develop employees as well as the company.



The cultural core values combine passion with collaboration, openness, excellence and ownership.

### **Passion is the willingness to improve results for others**

Passion is central to Getinge's core values. Employees of Getinge truly care for customers and the patients that they serve. Our passion is rooted in a desire to improve the health and wellbeing of others. Getinge makes a natural contribution by offering products and services that save lives, and also through its commitment to sustainability.

### **Collaboration is about working together to encourage positive results**

Open communication and shared best practices enhance collaboration. By sharing successful models, bridges are created between departments that unify internal work flows and reduce the number of times that the wheel has to be reinvented. Collaboration-oriented and considerate feedback from colleagues helps remove obstacles, enhances the efficiency of work and improves the outcome for customers and their patients.

### **Openness is the foundation of a feedback culture in which we listen to and respect each other's contributions**

Getinge strives to establish a culture of openness and feedback in which we listen to and respect each other's contributions. The Group supports transparent and honest communication from everyone, from new employees to the very highest man-

agement level. Confidence is created throughout the organization by being open to and providing feedback, thus fostering an environment of collaboration.

### **Excellence is an undertaking to ensure the best products, employees and processes**

Excellence is a cultural phenomenon based on leadership, mentorship, teamwork and processes that set the foundation for high quality, best-in-class products and services. It is based on a joint effort that cannot be achieved individually. Getinge welcomes new ideas and encourages mentoring and coaching for new employees. The Group invests in innovation, clinical evidence and strong relationships with key opinion-makers to identify as yet unsatisfied clinical requirements. To earn customer confidence as a market leader, Getinge must continuously strive to identify and invest in best practice in these areas.

### **Ownership is a proactive effort for making important decisions**

A chain is only as strong as its weakest link. Getinge nurtures a culture based on collaboration and openness. To succeed, every individual must take ownership of important decisions. Personal integrity, ethics and morale are important factors in all decisions that we make. Assuming responsibility ensures the best results for our customers and builds a strong culture.

# A changing organization

Shared values and a focus on shaping the new organization have become the foundation for Getinge's continuous development during the year.

Getinge aims to be an attractive employer and offer a work environment that is based on collaboration, 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.

During the year, focus was primarily directed to establishing the new organization presented during the second half of 2015 and which was put into effect on January 1, 2016. In conjunction with this process, a continuous strategic review was conducted. In October 2016, this resulted in Getinge's Board of Directors tasking management to prepare a potential proposal to an Extraordinary General Meeting to distribute Patient & Post-Acute Care to shareholders, with the aim of listing the company in the first quarter of 2018. From past experience, structural and organizational changes bring challenges with them as regards creating a balance between internal and external focus, similar to what Getinge is currently experiencing. One of the key elements of this process was to lead change efforts based on business strategy objectives and a focus on customers, toward both managers and employees.

Part of the company's long-term strategy is to increase harmonization within the Group. Efforts in this area were initiated through strategic HR processes and investments in a new HR system during the year. This system supports both short and long-term staff planning, but is also a crucial tool for steering the

organization toward the Group's long-term strategic HR goals.

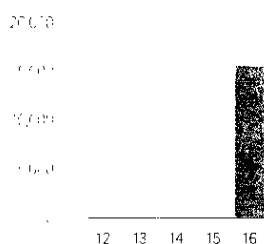
A significant measure in conjunction with the change process was to ensure that everyone in the company has the required information and knowledge about what the change process is expected to lead to, in the form of actions and results for the entire organization, but also for the individual work teams and employees. In addition to detailed information on the intranet and other standard communication channels, workshops were conducted to address any questions, increase understanding of and identify areas of improvement and solutions, in a structured and efficient manner.

Change processes, such as those that Getinge is currently experiencing, usually entail that some managers and employees chose to leave the company for various reasons. The objective is to manage these situations in a professional and considerate manner. During the year, several other key positions were filled through internal recruitment and many employees were given the opportunity to grow with new and increased areas of responsibility.

## 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 Getinge must provide safe and sound work environments in line with best practices.

### Number of employees



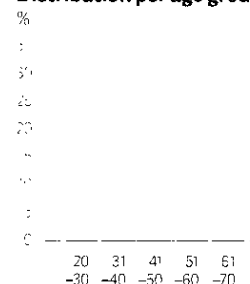
### Number of employees per region

Americas 54%  
EMEA 28%  
APAC 18%

### Level of education

Higher education 44%  
Upper-secondary school 33%  
Compulsory school 23%

### Age structure Distribution per age group







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 non-discriminatory work environment for the company's employees worldwide and conducts a continuous, long-term health and safety effort at all facilities.

Sickness absence during 2016 totaled 3.4% (2.9) for the entire company. The number of accidents per 100 employees increased during the year to 2.9 (2.5). 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 goals. This includes structured succession planning that is reviewed annually.

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 managing change efforts and 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.

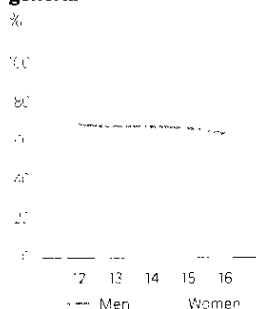
### Equality and diversity

Getinge 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.

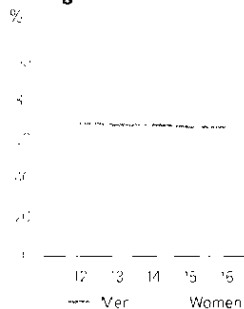
Getinge has also had a policy for a number of years to ensure that all employees – regardless of gender, ethnicity, religion and other irrelevant contextual factors – are given equal opportunity to develop and receive equal wages for equal work in due consideration of local conditions.

Diversity is becoming increasingly important to success in a global environment in which customers represent diversified groups from different cultures and ages, a factor that must be reflected in our own management structures. Diversity is a key competitive advantage and the new management team will continue to pursue this work in their respective functions.

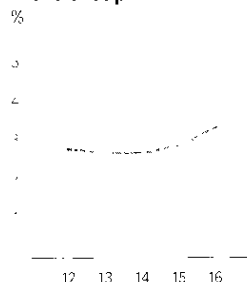
**Gender distribution, general**



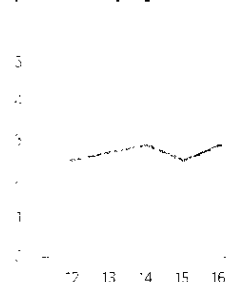
**Gender distribution, management**



**Sickness absence in the Group**



**Accidents per 100 employees**



# The Getinge share

Getinge's Class B share has been listed on Nasdaq Stockholm AB since 1993. The share is included in the Nasdaq Nordic Large Cap segment and the OMXS30 index. At December 31, 2016, the number of shareholders was 38,720 and the percentage of foreign-owned shares amounted to 49.1% (48.7). Swedish institutional ownership was 19.7% (24.3), of which equity funds constituted 7.6% (8.1).

## Share trend and liquidity

At year-end, Getinge's share was listed at SEK 146.10, which was a decrease of 34.3% during the year. The highest price paid in 2016 was SEK 218.70 on January 4 and the lowest was SEK 136.90 on December 2. At year-end, market capitalization amounted to SEK 34.8 billion, compared with SEK 53.0 billion at the end of the preceding year. The turnover of shares during the year totaled 173,080,592 (211,007,531).

## Share capital and ownership structure

At year-end 2016, share capital in Getinge totaled SEK 119,161,689 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

The Board of Directors of Getinge has adopted a dividend policy entailing that future dividends will be adjusted in line with Getinge's profit level, financial position and future development potential. The aim is for the dividend to correspond to 30–50% of net income.

## Shareholder information

Financial information about Getinge is available on the Group's website. Questions can also be put directly to the investor relations function of 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.

Lars Mattsson, Head of Investor Relations

E-mail: [lars.mattsson@getinge.com](mailto:lars.mattsson@getinge.com)

Tel: +46 (0) 10 335 00 43

Website: [getinge.com](http://getinge.com)

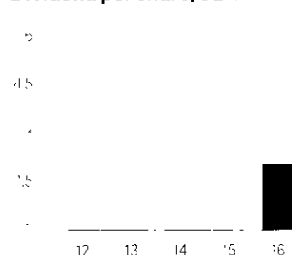
## Shareholder value

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.

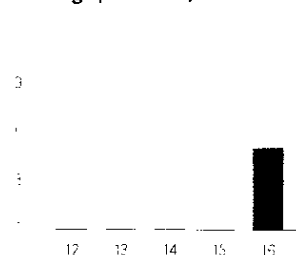
## Analysts that monitor Getinge

ABG Sundal Collier, Bank of America Merrill Lynch, Berenberg Bank, Carnegie, Danske Bank, DNB Markets, Handelsbanken, HSBC, Jefferies International Ltd, J.P. Morgan, Kepler Cheuvreux, Morgan Stanley, Nordea, Pareto Securities, SEB Enskilda and Swedbank.

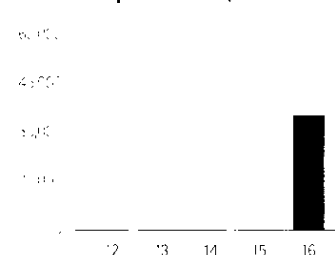
Dividend per share, SEK



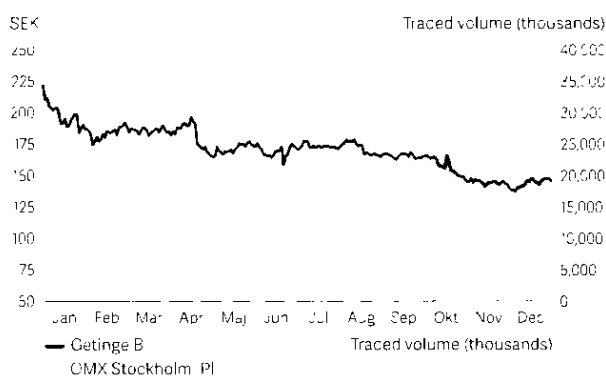
Earnings per share, SEK



Market Capitalization, SEK billion

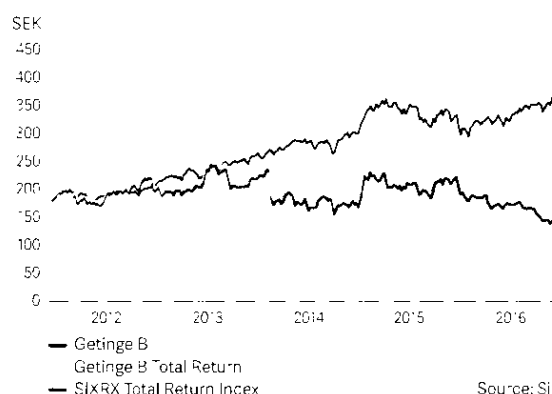


## Price- and volume trend 2016



Source: Six

## Price- and volume trend 2012–2016



Source: Six

## Share data

	2012	2013	2014	2015	2016
Amounts in SEK per share unless otherwise stated					
Earnings per share after tax	10.58	9.59	6.01	5.83	4.98
Market price at December 31	220.00	220.00	177.80	222.50	146.1
Cash flow	11.45	10.66	10.61	10.12	11.92
Dividend	4.15	4.15	2.80	2.80	2.00*
Dividend growth, %	10.67	0.00	-32.50	0.00	-28.6
Dividend yield, %	1.89	1.89	1.57	1.26	1.37
Price/earnings ratio	20.79	22.94	29.58	38.16	29.34
Dividend as profit percentage, %	39.22	43.27	46.59	48.03	40.15
Shareholders' equity	63.66	69.58	78.45	82.21	87.76
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

\*Proposed dividend for the financial year 2016.

## 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 2.0	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

## Ownership structure 2016

Shares	Capital %	Votes %	Shareholder	Shareholder %
1–100	0.3	0.2	13,165	34.0
101–200	0.4	0.2	5,618	14.4
201–500	1.2	0.8	8,157	21.1
501–1,000	1.8	1.1	5,262	13.6
1,001–2,000	1.9	1.2	3,124	8.1
2,001–5,000	2.8	1.7	2,059	5.3
5,001–10,000	1.9	1.2	611	1.6
10,001–20,000	1.7	1.0	273	0.7
20,001–50,000	2.5	1.6	190	0.5
50,001–100,000	2.5	1.6	81	0.2
100,001–500,000	10.7	6.7	114	0.3
500,001–2,000,000	20.6	12.9	49	0.2
2,000,001–5,000,000	12.5	7.8	10	0.0
5,000,001–10,000,000	16.8	10.5	5	0.0
10,000,001–20,000,000	4.3	2.7	1	0.0
20,000,001–	18.1	48.8	1	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>38,720</b>	<b>100.0</b>

## Göttinge's major shareholders at December 31 2016

	Class A shares	Class B shares	% of capital	% of votes
Carl Bennet AB	15,940,050	27,153,848	18.1	48.9
Franklin Templeton		20,752,171	8.7	5.4
Invesco		12,101,465	5.1	3.2
ADIA		9,418,867	4.0	2.5
Fjärde AP-fonden		7,773,796	3.3	2.0
Första AP-fonden		5,084,509	2.1	1.3
Vanguard		4,104,881	1.7	1.1
Nordea funds		4,027,946	1.7	1.1
Folksam		4,021,743	1.7	1.1
Black Rock		3,873,030	1.6	1.0
Other		124,071,071	52.0	32.4
<b>Total</b>	<b>15,940,050</b>	<b>222,383,327</b>	<b>100.0</b>	<b>100.0</b>

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.

## 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 capital	6.7	93.3	100
% of votes	41.8	58.2	100

## Five largest countries - capital, %

Sweden	50.9
USA	20.2
UK	14.1
United Arab Emirates	4.0
Luxembourg	3.0

## Ownership by category - capital, %

Swedish owners	50.9
Foreign owners	49.1
Swedish individuals	10.5
Swedish institutions	12.1
Swedish mutual funds	7.6
Swedish owners, other	20.7
Foreign institutions	7.0
Foreign mutual funds	28.2
Foreign owners, other	13.9

# Administration Report

## Operation and structure

Getinge is a global company with operations in 44 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.** From January 1, 2016, Getinge Group has been organized in three business areas — Surgical Workflows, Acute Care Therapies and Patient & Post-Acute Care. Approximately 75% of sales are conducted through the Group's proprietary sales companies and the remaining 25% are sold by agents and distributors in markets for which Getinge Group lacks proprietary representation. Production is conducted at a total of 26 facilities in Brazil, the Dominican Republic, France, Canada, China, Poland, the UK, Sweden, Turkey, Germany and the US.

## Financial overview

**Revenues.** Consolidated net sales decreased 1.6% to SEK 29,756 M (30,235). Adjusted for corporate acquisitions, divestments and exchange-rate fluctuations, net sales decreased 1.5%.

**EBITA.** EBITA before restructuring, acquisition and integration costs improved to SEK 4,341 M (4,179).

**Operating profit.** The Group's operating profit declined 16.2% to SEK 2,287 M (2,729), which corresponds to 7.7% (9.0) of net sales.

**Net financial items.** Net financial items amounted to an expense of SEK 637 M (expense: 732), of which net interest items comprised an expense of SEK 600 M (expense: 696).

**Profit before tax.** The Group's profit before tax declined 17.4% to SEK 1,650 M (1,997), which corresponds to 5.5% (6.6) of net sales.

**Taxes.** The Group's total tax expense amounted to SEK 437 M (540), corresponding to 26.5% (27.0) of profit before tax (see Note 9).

**Tied-up capital.** Inventories amounted to SEK 5,431 M (5,409) and accounts receivable to SEK 8,159 M (7,470).

The average consolidated working capital was SEK 43,383 M (40,771). Return on working capital was 8.3% (8.6). Goodwill totaled SEK 22,992 M (21,798) at the end of the financial year.

**Investments.** Net investments in rental equipment and other fixed assets amounted to SEK 991 M (1,352). Investments primarily pertained to production facilities, production tools and IT projects.

**Financial position and equity/assets ratio.** The Group's net debt totaled SEK 23,389 M (22,867), corresponding to a net debt/equity ratio of 1.12 (1.17). Shareholders' equity at year-end amounted to SEK 20,916 M (19,593), corresponding to an equity/assets ratio of 37.9% (36.8).

**Cash flow.** Cash flow from operating activities amounted to SEK 3,671 M (3,458). The cash conversion was 73.6% (66.7).

**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 40–41.

## Sales trend

In the year, net sales decreased 1.6% to SEK 29,756 M (30,235). Net sales fell organically by 1.5%. In 2016, Surgical Workflows' sales amounted to SEK 10,496 M (10,891). Sales fell organically by 3.4%. In Acute Care Therapies, sales amounted to SEK 11,804 M (11,577), corresponding to an organic increase of 1.4%. In Patient & Post-Acute Care, sales amounted to SEK 7,456 M (7,767), corresponding to organic growth of negative 3.0%. The EMEA represented the Group's largest market, accounting for 42% (43) of sales, followed by the Americas at 40% (40). APAC accounted for 18% (17) of sales. The hospital segment accounted for 85% (84) of sales. The elderly care sector comprised 8% (8), while the life science industry represented 7% (8).

**Group-wide events during the year**  
**Changes to Getinge Executive Team.** The Board of Directors of Getinge AB decided

during the year to make a change to the position of President of Getinge, which meant that Getinge's President and CEO Alex Myers left his position and stepped down from the Board in August. The Board appointed Joacim Lindoff as Acting President and CEO. In November, the Board of Getinge AB announced the appointment of Mattias Perjos as President and CEO of Getinge. Mattias currently joins Getinge from his position as CEO of Coesia Industrial Process Solutions (IPS) and Head of Coesia International. Mattias will take office on March 27, 2017.

In the third quarter, Getinge Group appointed Reinhard Mayer as the new CFO and Magnus Lundbäck as the new Executive Vice President Human Resources & Sustainability.

Reinhard Mayer succeeds Pernille Fabricius who left the Group in September. Magnus Lundbäck succeeds Andreas Quist. During the year, Getinge Group also appointed Jens Viebke as the new President of Acute Care Therapies, which means he also joins the Getinge Executive Team.

**Settlement in US litigation case.** As previously announced, the subsidiary Atrium Medical Corporation was involved in litigation regarding the sale and marketing of certain products. In August 2015, the court dismissed the relator's claim and during the fourth quarter of 2015, the magistrate judge recommended dismissal of the relator's remaining claims pertaining. The parties agreed to a preliminary settlement of the remaining claims. Based on this preliminary settlement, the Group's fourth quarter of 2015 was charged an amount of about SEK 110 M. A settlement in line with the preliminary agreement was reached in the second quarter of 2016, resulting in no additional costs. The settlement does not constitute an admission from any of the parties or an acknowledgment that any of the parties' claims are unfounded.

**Restructuring activities — production unit transfer completed.** As previously announced, Getinge decided to relocate the production conducted at the unit in Rochester, New York, US to the production unit in Poznan, Poland. The relocation was completed in the second quarter of 2016 and comprises part of the Group's

efficiency-enhancement program, and is expected to generate annual savings of about SEK 45 M.

### Acquired and divested operations

#### AccuMed

The acquisition of AccuMed was completed in April 2016. Through the acquisition, Getinge obtains a manufacturing unit for the production of medical textiles in the Dominican Republic. The operations have about 400 employees and the total purchase consideration amounted to SEK 66 M. The goodwill arising in connection with the acquisition amounted to SEK 29 M and is attributable to future integration synergies for production. Acquisition expenses of SEK 1.0 M were charged to earnings.

#### 1st Call Mobility Limited

All of the shares in the UK company 1st Call Mobility Limited were acquired during the second quarter. The company is specialized in medical-device solutions for bariatric patients, and generates sales of approximately SEK 100 M and has 48 employees. The total purchase consideration amounted to SEK 233 M and the goodwill arising in connection with the acquisition amounted to SEK 133 M and is primarily attributable to geographical spread. Acquisition expenses of SEK 1.6 M were charged to earnings.

### 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. The Group uses innovation and product renewal to manufacture products, systems and solutions with a documented ability to deliver excellent clinical results and economic benefits. In 2016, the Group's research and development expenditure amounted to SEK 1,265 M (1,300). Of this amount, SEK 594 M (702) was capitalized as intangible assets, as it was deemed that these will generate future financial benefits.

### Personnel

At December 31, 2016, there were 15,582 (15,424) employees, of whom 1,236 (1,271) were employed in Sweden. In 2016, Getinge 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 2016, Getinge has also continued long-term efforts to increase diversity. Getinge has a previously implemented policy to ensure that all employees — regardless of gender, ethnicity, creed and other irrelevant factors — are given equal opportunity to develop and receive equal pay for equal work.

### Remuneration to senior executives

The 2016 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 profit before tax is negative. For the CEO, variable remuneration is limited to a maximum of 80% of basic pay. Variable remuneration is based on the individual goals set by the Board. Examples of such goals 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 set 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 SEK 146 M (82) in 2016. Refer to Note 27 for further information. The Board proposes unchanged guidelines for remuneration to senior executives to the 2017 AGM.

### 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 introduced and certified within 24 months. The management system ensures structured environmental work and provides a basis for the reporting of environmental performance that Getinge's manufacturing units submit every quarter.

Through the targeted activities on environmentally compatible product development, EcoDesign, the aim is to reduce the environmental impact from manufacturing and product usage. Recycling of input substances and components is also facilitated.

One facilities in Sweden conducts operations requiring permits or declaration under the Swedish Environmental Code. This facility holds 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 on pages 34–35.

### Risk management

**Healthcare reimbursement system.** Political decisions represent the single greatest market risk to Getinge. Changes to the healthcare reimbursement 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. The ability to pay is usually very solid, although payment behavior can vary between different countries. All transactions outside the OECD area are covered by payment guarantees, unless the customer's ability to pay is well documented.

**Authorities and control bodies.** Parts of Getinge's product range are covered by legislation stipulating rigorous assessments, quality control and documentation. It cannot be ruled out that Getinge's operations, financial position and earnings may be negatively impacted in the future by difficulties in complying with current regulations and requirements of authorities and control bodies or changes to such regulations and requirements. To limit these risks to the greatest possible extent, Getinge conducts extensive work focused on quality and regulatory issues. 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.** Getinge's future growth also depends on the company's ability to develop new and successful products. Research and development efforts are costly and it is impossible to guarantee that developed products will be commercially successful. As a means of maximizing the return on 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.

Getinge is a market leader in the areas in which it operates and invests significant amounts in product development. To secure returns on these investments, the Group actively upholds its rights and monitors competitors' activities closely. If required, Getinge will protect its intellectual property rights through legal processes.

#### Financial risk management

Getinge is exposed to a number of financial risks in its operations. Financial risks principally pertain to risks related to currency 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 the Getinge Executive Team 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 more detailed information concerning these risks, refer to Note 26 "Financial risk management." 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 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. Currency transaction effects are expected to have a positive impact of approximately SEK 200 M on the Group's 2017 earnings. For a rate movement of 5%, the impact on equity of a remeasurement of the Group's portfolio of currency derivatives held for hedging purposes is about SEK 185 M. At a 5% rate movement, the impact of other translation effects on equity is approximately SEK 1,185 M. Sensitivity to exchange-rate fluctuations on earnings is detailed in the following table, based on the exchange rates specified in the table.

Currency: estimated rate in 2017	Estimated net volume in 2017, millions	Impact in SEK M of 5% rate movement
JPY: 8.25	2,210	+/- 10
EUR: 9.65	-10	+/- 5
GBP: 11.00	90	+/- 50
USD: 8.75	30	+/- 15

**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 2016.

Change in profit before tax	SEK M
Price change	+/- 1% +/- 298
Cost of goods sold	+/- 1% +/- 159
Salary costs	+/- 1% +/- 101
Interest rates	+/- 1 percentage point +/- 66

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 2016. The impact of a +/- 1 percentage point change in interest rates on equity is about SEK 315 M. Consideration was given to the effect of the various risk management measures that Getinge applies in accordance with its approved policy.

#### Outlook

Organic sales growth is deemed to be slightly positive in 2017.

Currency transaction effects are expected to have a positive impact of approximately SEK 200 M on the Group's 2017 earnings.

The financial consequences of the Consent Decree with the FDA, excluding reconstruction costs, are related to loss of revenue and are expected to have a negative impact of approximately SEK 50 M on the Group's 2017 operating profit. As previously mentioned, the Group is still awaiting the FDA's decision on the action plan related to the production unit in Hechingen. The financial consequences could be adjusted in line with the final plan in the future.

# Corporate Governance Report

Getinge AB (publ) is a Swedish public limited liability company listed on Nasdaq Stockholm, Large Cap segment. Getinge applies the Swedish Corporate Governance Code and hereby presents the Corporate Governance Report for 2016.

## Introduction

Getinge Group is a global company in the medical device field with operations in 44 countries and proprietary production in 11 countries.

The Group's customers are found primarily in the healthcare, elderly care and life science areas, 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 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.

Getinge's organization is designed to be able to react promptly to market changes. Accordingly, operational decisions are taken at a decentralized level, while overriding decisions concerning strategy and direction are made by Getinge's Board and the Getinge Executive Team.

## External and internal regulations

Getinge's corporate governance is based on Swedish legislation, as well as on the Swedish Corporate Governance Code ("the Code"), Nasdaq Stockholm AB's Rulebook for Issuers and also the Swedish Securities Council's opinions on good practice on the Swedish stock market. This report summarizes how corporate governance is structured and how it has been carried out and developed in the Group during the 2016 financial year. Getinge complies with the Code's regulations and presents an explanation below for any deviation from the Code's regulations in 2016.

The internal steering documents relating to Getinge's corporate governance

include Getinge AB's Articles of Association, instructions and formal work plan for the Board of Directors, Board committees and CEO, various policies and guidelines as well as the Group's Code of Conduct. The company's Articles of Association are available on the Group's website: [www.getinge.com](http://www.getinge.com).

## Shareholders

For information about shareholders and the Getinge share, see pages 40–41 and [www.getinge.com](http://www.getinge.com).

## General Meeting of Shareholders

Shareholders can exert their influence at the Annual General Meeting (AGM) and, when applicable, at an Extraordinary General Meeting, which are Getinge's highest decision-making bodies.

All shareholders registered in the shareholders' register at a certain time before the Meeting and who have notified their attendance to the Meeting before the time given in the notice are entitled to participate in the Meeting and exercise their voting rights in full. Shareholders who are not able to personally attend can be represented by proxy. A shareholder who wishes to have a matter put forward at the General Meeting of Shareholders must submit a written proposal to the Board in a timely manner so that the proposal can be included in the notice of the AGM.

## 2016 Annual General Meeting

The 2016 Annual General Meeting was held on March 30 at the Kongresshallen at Hotel Tylösand, in Halmstad, Sweden. A total of 1,005 shareholders, representing 61.3% of the number of shares and 75.9% of the total number of votes in the company attended the AGM. Board Chairman Carl Bennet was elected Chairman of the Meeting. All Board members elected by the AGM were present. The minutes from the AGM are available at: [www.getinge.com](http://www.getinge.com). The decisions made by the AGM include:

- Adoption of the income statements and balance sheets presented for the Parent Company and the Group
- Dividend in accordance with the Board's and the CEO's proposal of SEK 2.80 per share for the 2015 financial year
- Amendment to the Articles of Association regarding the highest number of

Board members as well as the auditor's term of office

- Adoption of the remuneration to Board members and auditor
- Reelection of all Board Members and election of Johan Malmquist as a new Board member
- Reelection of Carl Bennet as Chairman of the Board
- Reelection of Öhrlings PricewaterhouseCoopers AB as auditor for Getinge until the conclusion of the 2017 AGM
- Guidelines for the remuneration to senior executives
- Establishment of the long-term share-based incentive program, LTIP 2016, and hedging activities in view of the program through amendments of the Articles of Association (entailing that the company shall be able to issue new convertible and redeemable Class C shares with one (1) vote and not entitle to dividends) and authorization for the Board to resolve on a directed issue of Class C shares to a third party and the repurchase of such shares and transfer of Class B shares to the participants of the program

## Nomination Committee

The Nomination Committee's task is to put forward proposals ahead of the AGM, 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. Pursuant to a resolution by Getinge AB's 2005 AGM, the Nomination Committee comprises Getinge's Chairman and representatives of the five largest shareholders at August 31, 2016, as well as a representative for minority shareholders. Ahead of the 2017 AGM, this means that Getinge's Nomination Committee comprises:

- Carl Bennet, Carl Bennet AB
- Carina Lundberg Markow, Folksam
- Ossian Ekdahl, First Swedish National Pension Fund
- Per Colleen, Fourth Swedish National Pension Fund
- Cecilia Marlow, Nordea and
- Viveka Ekberg, representing minority shareholders

The Nomination Committee conducts an evaluation of the Board and its work. A

proposal for the new Board is subsequently drawn up by the Nomination Committee together with a proposal on remuneration to the Board of Directors and is submitted with the notice of the forthcoming AGM. Shareholders who would like to submit proposals to Getinge's 2017 Nomination Committee, can contact the Nomination Committee by e-mail at [valberedningen@getinge.com](mailto:valberedningen@getinge.com) or by mail: Getinge AB, Att: Nomination Committee, Box 8861, SE-402 72 Gothenburg, Sweden.

Chairman of the Board Carl Bennet was appointed Chairman of the Nomination Committee ahead of the 2017 AGM, which deviates from the rules of the Code. The reason for this is 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.

### Board of Directors

Primarily, the Board is responsible for the organization of the company and the management of its affairs. In carrying out its duties, the Board must safeguard the interest of all its shareholders. It is also the Board's duty and responsibility to ensure that this Corporate Governance Report is prepared. According to the Arti-

cles of Association, Getinge's Board of Directors is to comprise not fewer than three and not more than nine members, with not more than nine deputy members. The Board members are elected annually at the AGM to serve for the period up to and including the next AGM.

Employees have the right to appoint two representatives and two deputy members to the Board. In 2016, Getinge's Board comprised nine members elected at the AGM up until August when Alex Myers left his position as CEO and Board member of Getinge AB. Alex Myers was not replaced on the Board during the year.

The Group's President & CEO and CFO participate at the Board meetings, with the latter also serving as Secretary. Other senior executives also participate when needed. The work of the Board is governed mainly by the Swedish Companies Act, the Code and the Board's formal work plan. The Board's formal work plan is approved each year at the statutory Board meeting. According to the current applicable formal work plan, the Board will have approximately seven scheduled meetings during the financial year. In addition, the formal work plan will also determine the distribution of work and responsibility between the Board, the Chairman, Board committees and the CEO.

The Board held its statutory meeting on March 30, 2016 and convened nine times during the year, with an average attendance rate of 95% of the elected members. At its scheduled meetings, the Board addresses fixed agenda items in accordance with the Board's formal work plan, including the business situation, budget, annual accounts and interim reports. The board has addressed as well comprehensive issues related to the economy and associated cost issues, corporate acquisitions and other investments, long-term strategies, financial matters, and structural and organizational changes.

Carl Bennet was reelected Chairman of the Board at the 2016 AGM. The Chairman's role is to lead and manage the Board's work and to ensure that this is conducted in an organized and efficient manner. It involves ensuring that the Board fulfills its responsibilities and monitors the development of the company, and ensuring that the Board continuously receives the information required for the Board to perform its work while maintaining the same level of quality in accordance with applicable regulations. The Chairman of the Board does not participate in the operational management of the company.

According to the Code, the majority of

### Board of Directors and Committees in 2016

Board members elected by the AGM	Year elected	Dependent <sup>1</sup>	Committees		Attendance		
			Auditing Committee	Remuneration Committee	Board meetings	Auditing Committee	Remuneration Committee
Carl Bennet, Chairman	1989	■		Chairman	9/9		3/3
Johan Bygge	2007		Chairman		8/9	5/5	
Cecilia Daun Wennborg	2010		Member		9/9	5/5	
Carola Lemne	2003		Member		8/9	5/5	
Joacim Lindoff*	2016	▲			3/4		
Johan Malmquist**	2016	▲		Member	7/7		2/2
Alex Myers***	2015	▲			4/4		
Malin Persson	2014			Member	9/9		3/3
Johan Stern, Vice Chairman	2004	●	Member	Member	9/9	5/5	3/3
Maths Wahlström	2012			Member	8/9		3/3
<i>Board members appointed by employees</i>							
Peter Jörmalm (deputy)	2012				8/9		
Rickard Karlsson	2013				9/9		
Åke Larsson	2014				9/9		
Maria Grehagen-Hedberg (deputy member)	2014				8/9		

1. As defined by the Swedish Corporate Governance Code

■ Representative for Getinge's principal owner Carl Bennet AB

▲ President and CEO

● Board member of Getinge's principal owner Carl Bennet AB

\* Joacim Lindoff participated in his capacity as Acting CEO from August.

\*\* Johan Malmquist, former CEO, was elected member at the AGM held on March 30 and participated at all subsequent Board meetings.

\*\*\* Alex Myers stepped down as CEO in August.



the elected Board members are to be independent in relation to the company and its management and at least two of these members are also to be independent in relation to the Group's largest shareholders. The Nomination Committee believes that the Board's composition in Getinge meets the requirements for independent members as stipulated by the Code. The Nomination Committee has observed that Alex Myers (up until August), in his capacity as CEO, and Johan Malmquist, in his capacity as former CEO, are to be regarded as dependent 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 to be regarded as dependent in relation to the largest shareholders. Other Board members are deemed to be independent in relation to the company, executive management and the largest shareholders.

The Board members' individual shareholdings, their independence in relation to the company, executive management and the largest shareholders as well as their other assignments in other companies are presented in the table on page 46 and in the presentation of Board members on pages 50–51.

### Remuneration Committee

In 2016, Getinge's Remuneration Committee comprised Board members Carl Bennet (Chairman), Johan Stern, Maths Wahlström, Malin Persson and Johan Malmquist. Except for Johan Malmquist, who is to be regarded as dependent in his capacity as former CEO, all other members of the Remuneration Committee are to be regarded as independent in relation to the company and the executive management. The fact that Johan Malmquist is a member of the Remuneration Committee even though he is not considered as independent in relation to the company and the company's management constitutes a deviation from the rules of the Code. The reason for this deviation is that Johan Malmquist, having been the company's CEO and board member for many years, is well acquainted with the company's conditions in terms of, amongst other things, employee situation, supply of competence and remuneration structures.

In 2016, the Committee held three minuted meetings, including informal contact when necessary. The attendance of members at the Committee meetings are presented in the table on page 46.

Following written instructions, the Remuneration Committee's duties include

preparing questions concerning remuneration principles and remuneration and other employment terms and conditions for the CEO and other members of the Getinge Executive Team. The Committee also prepares proposals to the Board on the guidelines for the remuneration to senior executives, which the Board submits for decision at General Meetings. In addition, the Committee follows and evaluates ongoing and completed variable remuneration programs for the Getinge Executive Team during the year and the application of the guidelines for remuneration to senior executives resolved at the AGM.

### Auditing Committee

In 2016, Getinge's Auditing Committee comprised Board members Johan Bygge (Chairman), Cecilia Daun Wennborg, Carola Lemne and Johan Stern. All members of the Auditing Committee are independent in relation to the company, executive management and the company's largest shareholders, with the exception of Johan Stern, who is not considered to be independent in relation to the company's largest shareholders. In 2016, the Committee held five minuted meetings, including informal contact when neces-

## Board and Committee meetings in 2016

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Board of Directors	1		2	3			4	5	6	7	8	9
Auditing Committee	■			■				■		■		■
Remuneration Committee		■						■			■	

### Board meetings

- 1 Annual accounts
- 2 Annual General Meeting
- 3 Interim Report
- 4 Interim Report
- 5 Changes in management
- 6 Company visit and Review of operations
- 7 Interim Report
- 8 New President & CEO
- 9 Budget

sary. The attendance of members at the Committee meetings are presented in the table on page 46.

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.

The Auditing Committee is a standing committee in the contact between the Board and the auditors, and continuously reports on its work to the Board. The Auditing Committee follows written instructions and its activities are to meet the requirements of the Swedish Companies Act and the EU Audit Regulation. The Committee's tasks include assisting the Nomination Committee with preparing proposals for resolutions by the General Meeting on election of auditors and fees to auditors, for which the Committee is to monitor that the auditor's mandate period does not exceed applicable rules, procure the audit and present a recommendation in accordance with the EU Audit Regulation. The Auditing Committee is also to examine and monitor the independence of the auditors and pay particular attention to whether the auditors provide other non-audit services. The Auditing Committee is also to publish guidelines on non-audit services provided by the auditors and, in applicable cases, approve the provision of such services in accordance with these guidelines. The Auditing Committee is to examine and monitor the consolidated financial statements and provide recommendations and proposals on ensuring the reliability of the financial reporting and monitor the efficiency of the company's internal control and risk management. In addition, the Auditing Committee is involved in planning the external audits

and continuously consults and confers with the external auditors.

### External auditors

Getinge's auditors are elected at the AGM. The auditors will review the Annual report, financial statements and the consolidated financial statements as well as the management by the Board and CEO in accordance with generally accepted auditing standards. After every financial year an auditor's report is presented to the Parent Company and a Group auditor's report is presented to the General Meeting. At the 2016 AGM, the registered accounting firm Öhrlings PricewaterhouseCoopers AB was elected auditor with the authorized public accountant Johan Rippe as the Auditor in Charge. The current mandate period expires at the 2017 AGM. The auditors report to the Auditing Committee and the Board on their findings. In addition to standard audit assignments, Öhrlings PricewaterhouseCoopers AB provides advisory services and performs investigations. 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. The performed assignments are not deemed to have given rise to a conflict of interest. Details about the amounts of remuneration paid to auditors are presented in Note 5.

### CEO and Getinge Executive Team

Alex Myers left his position as President & CEO of Getinge in August 2016, and Joacim Lindoff has served as Acting President and CEO of Getinge since August 22, 2016 and leads Getinge's ongoing operations. On 3 November 2016, the Board

announced the appointment of Mattias Perjos as President & CEO. He will take office on March 27, 2017. It is the CEO's responsibility to implement and ensure that the strategies, business plans and operational objectives agreed on by the Board are carried out. It is also the CEO's responsibility to keep the Board up to date with information and essential management information, to submit reports at the Board meetings while keeping the Board and Chairman continually updated about the Group's and company's financial position and future development opportunities. The CEO is supported by the Getinge Executive Team comprising presidents of the regions, Business Category Units, supply chain and Group-wide support functions. At year-end 2016, Getinge Executive Team comprised 12 individuals. These are presented on pages 52–53 in this Annual report. The Getinge Executive Team met 12 times in 2016. The focus of the meetings was mainly the Group's strategic and operational performance and on monitoring results.

### Operational business and corporate staff functions

Getinge's business operations comprise the EMEA, APAC and the Americas sales regions with sales companies, the Business Category Units Surgical Workflows, Acute Care Therapies and Patient & Post Acute Care Business Category Units, whose main task is to develop world leading technologies and products within their respective fields, as well as the group function supply chain. Each unit is headed by an operational management team responsible for the business activities of each unit. The operational management team is the function below the Getinge

### Fees for Board and Committee work 2016 (SEK)

Name	Board fee	Committee fee	Total
Carl Bennet	1,150,000	125,000	1,275,000
Johan Bygge	575,000	240,000	815,000
Cecilia Daun Wennborg	575,000	120,000	695,000
Carola Lemne	575,000	120,000	695,000
Johan Malmquist	575,000	92,000	667,000
Malin Persson	575,000	92,000	667,000
Johan Stern	575,000	212,000	787,000
Maths Wahlström	575,000	92,000	667,000
<b>Total</b>	<b>5,175,000</b>	<b>1,093,000</b>	<b>6,268,000</b>

Executive Team that is responsible for ensuring and monitoring that the decisions made are carried out.

Getinge's Group functions are located centrally to coordinate finance, IT, legal, human resources, communication and marketing, group operations (project management, shared services and indirect spend) as well as quality control and regulatory compliance. These functions are responsible for creating applicable Group-wide strategies and activity plans within their respective areas of responsibility and driving, supporting and monitoring the development of the company based on their specific skills.

### **Internal Control and risk management of financial reporting**

**Description:** At Getinge Group, internal control over the 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:** Getinge Group's organization is designed to quickly respond to changes in the market. Operational decisions are thus made at decentralized level, while decisions on strategy, focus, acquisitions and overall financial issues are made by Getinge Group's Board and the Getinge Executive Team. The internal control over the financial reporting at Getinge is designed to manage these conditions. The basis of the internal control over 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 CEO and the Getinge Executive Team. Each sales region and supply chain has one or more administrative centers that are responsible for the day-to-day handling of transactions and accounting. Each sales region and supply chain 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 sales region and supply chain 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 financial 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 to monitor the efficiency of the internal controls in the Group is regularly reported to 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, 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 category unit. Self-assessments were conducted at all of the most important operating units within the Group in 2016. 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 2016:** The follow-up of the internal control in 2016 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 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



**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 of Elanders and Lifco. Board member of Holmen and L. E. Lundbergs-företagen.

Previous assignments: President and CFO of Getinge.

Shareholding: Holds 15,940,050 Class A shares and 27,153,848 Class B shares through companies.



**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: Chairman of EQT Asia Pacific and member of the Executive team, Vice Chairman of Swiss Smile AG, Board member of Anticimex International AB, Chairman of PSM International, China, and Board member of I-Med Radiology Network, Australia.

Previous assignments: CFO of Investor AB, Executive Vice President of Electrolux and CFO of Electrolux.

Shareholding: Holds 5,000 Class B shares.



**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: Board member of companies including ICA Gruppen AB, Loomis AB, Bravida Holding AB, 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.



**Åke Larsson** (1966)

Board member, representative of 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.



**Carola Lemne** (1958)

Board member elected by AGM

M.D, Ph.D., associate professor

Assignments on Getinge's Board: Member of the Auditing Committee. Board member since 2003.

Current Assignments: CEO of the Confederation of Swedish Enterprise. Associate professor at Karolinska Institute. Chairman of Uppsala University. Board member of AFA Försäkringar. 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 & Jpjohn AB.

Shareholding: Holds 2,300 Class B shares.



**Johan Malmquist** (1961)

Board member elected by AGM

M.Sc. (Economics)

Assignments on Getinge's Board: Member of the Remuneration Committee. Board member since 2016.

Current assignments: Chairman of Tingstad Pappers AB. Board member of Elekta AB (publ.), Mölnlycke Health Care AB, the Dunker Foundations, SCA AB and Trelleborg AB. Board member of Chalmers University of Technology Foundation.

Previous assignments: President and CEO of Getinge Group from 1997 to 2015, Business Area Director within Getinge Group, President of Getinge Group's French subsidiary, President of subsidiaries in the Electrolux Group.

Shareholding: Holds 55,555 Class B shares.



**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.



**Peter Jörmalm (1959)**

Deputy representative of Unionen

Service Product Specialist, BCU Service Excellence Surgical Workflow.

Assignments on Getinge's Board: Deputy 2012–2013, Board member 2014–2015, Deputy 2016–2017.

Employed by Getinge Infection Control AB.

Shareholding: Holds no shares.



**Rickard Karlsson (1970)**

Board member, representative of the Swedish Metalworkers' Union Assembly

Assignments on Getinge's Board: Board member since 2014, Deputy 2013–2014. Employed by Getinge Sterilization AB.

Shareholding: Holds no shares.



**Malin Persson (1968)**

Board member elected by AGM

M.Sc. in Industrial Engineering & Management

Assignments on Getinge's Board: Member of the Remuneration Committee. Board member elected by AGM since 2014.

Current assignments: CEO and owner of Accuracy AB, Board member of companies including Mekonomen, Hexatronic, Hexpol AB, Konecranes Plc and Peab.

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 2,000 Class B shares.



**Johan Stern (1951)**

Board member elected by AGM, Vice Chairman of the Board

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, Rolling Optics AB, Fädriften Invest AB, Skanör Falsterbo Kallbadhus AB and Harry Cullberg's Fund Foundation, Board member of Carl Bennet AB, Elanders AB, Lifco 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.



**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: Chairman of KMG Capital Partners, LLC, Surefire Medical, Inc. and in Triomed AB. Board member and independent lead director of Coherus Biosciences Inc, Board member of Alteco Medical AB, PCI HealthDev, LLC and Circuit Clinical, Inc.

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.

# Getinge Executive Team



**Joacim Lindoff (1973)**

Acting President & CEO

- M.Sc. (Economics)
- Swedish citizen
- Employed at Getinge Group since 1999
- Shareholding: Holds no shares

Previous experience: Executive Vice President of Getinge's former Infection Control business area. He has previously held senior positions at NIBE and was Chairman of the medical technology industry organization, Swedish Medtech, from 2010 to 2014.



**Reinhard Mayer (1967)**

CFO

- Diploma in Business Engineering and Economics
- German citizen
- Employed at Getinge Group since 2002
- Shareholding: Holds no shares

Previous experience: CFO of Getinge's former Medical Systems business area. He has previously held senior positions in the finance function of companies including Lexware GmbH & Co. and Dow Chemical.



**Carsten Blecker (1966)**

President EMEA

- PhD in Dentistry, Doctorate in Business Administration
- German citizen
- Employed at Getinge Group since 2014
- Shareholding: Holds no shares

Previous experience: President WEMEA in Medical Systems and President Middle East & Africa for Getinge. Carsten's previous experience includes positions at Biomet, McKinsey & Company, Kimberly-Clark, Medtronic and Palex Medical.



**Paul Lyon (1962)**

President Asia/Pacific

- B.Sc. Engineering, degree in Business Administration
- Australian citizen
- Employed at Getinge Group since 2007
- Shareholding: Holds no shares

Previous experience: Acting Executive Vice President for Getinge's former Extended Care business area. He has more than 20 years of international experience from many different markets and has previously held senior positions at listed companies in both South-East Asia and Australia.



**Markus Medart (1970)**

Acting President Supply Chain and Chief Purchasing Officer

- Degree in Business Engineering
- German citizen
- Employed at Getinge Group since 2004
- Shareholding: Holds no shares

Previous experience: Chief Operating Officer at Getinge's former Medical Systems until year-end 2015/2016. Prior to that, he held senior positions in Medical Systems, including President Surgical Workplaces and Purchasing Manager.



**Raoul Quintero (1956)**

President Americas

- B.A. Political Science
- American citizen
- Employed at Getinge Group since 2008
- Shareholding: Holds no shares

Previous experience: President Maquet North America at Getinge. Raoul's previous experience from the medical technology industry including leading positions at Boston Scientific and Guidant Corporation.

**Lena Hagman (1965)**

Executive Vice President Quality Regulatory Compliance

- B.Sc. Chemistry and Textile Engineering
- Swedish citizen
- Employed at Getinge Group since 2010
- Shareholding: Holds no shares

Previous experience: Until year-end 2015, Lena Hagman was Senior Vice President, Group Quality & Regulatory Compliance for Getinge Group. Lena has a broad background from the field of quality and her experience includes working at companies including Capio, Neoventa Medical AB and Mölnlycke Healthcare.

**Felix Lara (1969)**

President Patient & Post-Acute Care

- B.Sc. in Mechanical Engineering and MBA
- American citizen
- Employed at Getinge Group since 2014
- Shareholding: Holds no shares

Previous experience: Senior Vice President Marketing and Business Development at Getinge's Extended Care business area. He has more than 15 years of experience from the healthcare industry and has held senior positions in marketing and business development at companies including Grünenthal Group and Bristol-Myers Squibb.

**Magnus Lundbäck (1969)**

Executive Vice President Human Resources & Sustainability

- PhD in Strategy and Organization and Licentiate of Science
- Swedish citizen
- Employed at Getinge Group since 2017
- Shareholding: Holds no shares

Previous experience: SVP Human Resources & Sustainability at Gunnebo Group. He has previously served as Executive Vice President Human Resources and Sustainability at Getinge and as Vice President of Human Resources at Volvo Car Corporation.

**Frédéric Pette (1973)**

Acting President, Surgical Workflows

- B.Sc. in Economics, a Master's degree in HR Management and an MBA.
- French citizen
- Employed at Getinge Group since 2013
- Shareholding: Holds no shares

Previous experience: Frédéric Pette served as Chief Strategy Officer of Surgical Workflows at Getinge until August 2016. He has previously held senior positions at companies including Zimmer, Stryker and American Medical Systems.

**Kornelia Rasmussen (1977)**

Executive Vice President: Communications & Brand Management

- International Business School, IHM Business School and Communications at Jönköping University
- Swedish citizen
- Employed at Getinge Group since 2012
- Shareholding: Holds no shares

Previous experience: Head of Group Communications for Getinge Group. Prior to joining Getinge in 2012, she held several senior positions in communications at Volvo Car Corporation, including responsibility for global internal and external communication.

**Jens Viebke (1967)**

President Acute Care Therapies

- Executive MBA, PhD in Polymer Technology and MSc Chemical Engineering
- Swedish citizen
- Employed at Getinge Group since 2010
- Shareholding: Holds no shares

Previous experience: Jens Viebke served as Chief Technology Officer of Acute Care Therapies at Getinge until June 2016. He had previously held positions at GE Healthcare Life Sciences.

# Proposed allocation of profits

Getinge AB (publ), Corp. Reg. No. 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	3,259
Net profit for the year	222
<b>Total</b>	<b>6,916</b>

The Board and Chief Executive Officer propose that a dividend of SEK 2.00 per share shall be distributed to shareholders	477
to be carried forward	6,439
<b>Total</b>	<b>6,916</b>

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.

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.

**Gothenburg, March 1, 2017**

**Carl Bennet**  
Chairman

**Johan Bygge**  
AGM-elected Board member

**Carola Lemne**  
AGM-elected Board member

**Johan Malmquist**  
AGM-elected Board member

**Malin Persson**  
AGM-elected Board member

**Johan Stern**  
AGM-elected Board member  
Vice Chairman

**Maths Wahlström**  
AGM-elected Board member

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

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

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

**Joacim Lindoff**  
CEO

**Our auditor's report was submitted on March 1, 2017**  
**Öhrlings PricewaterhouseCoopers AB**

**Johan Rippe**  
Authorized Public Accountant  
Auditor in Charge

**Eric Salander**  
Authorized Public Accountant



# Consolidated financial statements

## Consolidated income statement

SEK M	Note	2016	2015
Net sales	2, 3	29,756	30,235
Cost of goods sold	4	-15,916	-16,072
<b>Gross profit</b>		<b>13,840</b>	<b>14,163</b>
Selling expenses	4	-6,250	-6,605
Administrative expenses	4	-3,359	-3,300
Research and development costs	32, 4	-671	-598
Acquisition expenses	4	-21	-33
Restructuring and integration costs	4	-1,313	-657
Other operating income		288	222
Other operating expenses		-227	-463
<b>Operating profit</b>	3, 4, 5, 6	<b>2,287</b>	<b>2,729</b>
Interest income and other similar income	7	25	26
Interest expenses and other similar expenses	8	-662	-758
<b>Profit after financial items</b>		<b>1,650</b>	<b>1,997</b>
Taxes	9	-437	-540
<b>Net profit for the year</b>		<b>1,213</b>	<b>1,457</b>
<i>Attributable to:</i>			
Parent Company's shareholders		1,188	1,390
Non-controlling interests		25	67
		<b>1,213</b>	<b>1,457</b>
Earnings per share, SEK*	11	4.98	5.83
– weighted average number of shares for calculation of earnings per share (thousands)	11	238,323	238,323

\* Before and after dilution

## Consolidated statement of comprehensive income

SEK M	Note	2016	2015
<b>Net profit for the year</b>		<b>1,213</b>	<b>1,457</b>
<b>Other comprehensive income</b>			
<b>Items that cannot be restated in profit for the period</b>			
Actuarial gains/losses pertaining to defined-benefit pension plans		-280	-23
Tax attributable to items that cannot be restated in profit		104	6
<b>Items that can later be restated in profit for the period</b>			
Translation differences and hedging of net investments		551	-115
Cash-flow hedges	26	86	340
Tax attributable to items that can be restated in profit		326	-75
<b>Other comprehensive income for the period, net after tax</b>		<b>787</b>	<b>133</b>
<b>Total comprehensive income for the period</b>		<b>2,000</b>	<b>1,590</b>
<b>Comprehensive income attributable to</b>			
Parent Company's shareholders		1,964	1,528
Non-controlling interests		36	62

# Consolidated balance sheet

SEK M	Note	2016	2015
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	3, 4, 12	32,004	30,543
Tangible assets	3, 4, 12, 19	4,313	4,699
Financial instruments, long-term	26	25	80
Financial receivables, long-term		71	69
Deferred tax assets	9	1,233	1,225
<b>Total non-current assets</b>		<b>37,646</b>	<b>36,616</b>
<b>Current assets</b>			
Inventory	13	5,431	5,409
Accounts receivable	14	8,159	7,470
Current tax assets		442	604
Financial instruments, current	26	166	158
Other receivables		738	716
Prepaid expenses and accrued income	15	949	794
Cash and cash equivalents	17	1,680	1,468
<b>Total current assets</b>		<b>17,565</b>	<b>16,619</b>
<b>TOTAL ASSETS</b>		<b>55,211</b>	<b>53,235</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital	16	119	119
Other capital provided		5,960	5,960
Other reserves		955	3
Retained earnings	10	13,474	13,121
<b>Shareholders' equity attributable to the Parent Company's shareholders</b>		<b>20,508</b>	<b>19,203</b>
Non-controlling interests		408	390
<b>Total shareholders' equity</b>		<b>20,916</b>	<b>19,593</b>
<b>Long-term liabilities</b>			
Interest-bearing long-term loans	18, 19	15,914	16,006
Other long-term liabilities		182	170
Provisions for pensions, interest-bearing	18, 22	3,368	3,052
Provisions for pensions, non-interest-bearing	22	51	65
Deferred tax liabilities	9	599	1,074
Restructuring reserves, long-term	20	153	159
Other provisions, long-term	21	359	377
<b>Total long-term liabilities</b>		<b>20,626</b>	<b>20,903</b>
<b>Current liabilities</b>			
Restructuring reserves, current	20	378	230
Other provisions, current	21	316	338
Interest-bearing current loans	18, 19	5,787	5,277
Advance payments from customers		514	475
Accounts payable		2,201	1,986
Current tax liabilities		112	63
Financial instruments, current	26	800	931
Other liabilities		565	552
Accrued expenses and deferred income	23	2,996	2,887
<b>Total current liabilities</b>		<b>13,669</b>	<b>12,739</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>55,211</b>	<b>53,235</b>

Refer to Note 24 for information concerning Getinge Group's pledged assets and contingent liabilities.

## Changes in shareholders' equity for the Group

SEK M	Share capital	Other capital provided	Reserves <sup>1</sup>	Retained earnings	Total	Non-controlling interests	Total shareholders' equity
<b>Opening balance at January 1, 2015</b>	<b>119</b>	<b>5,960</b>	<b>-153</b>	<b>12,416</b>	<b>18,342</b>	<b>352</b>	<b>18,694</b>
Total comprehensive income for the period	-	-	156	1,372	1,528	62	1,590
Dividend	-	-	-	-667	-667	-24	-691
<b>Closing balance at December 31, 2015</b>	<b>119</b>	<b>5,960</b>	<b>3</b>	<b>13,121</b>	<b>19,203</b>	<b>390</b>	<b>19,593</b>
<b>Opening balance at January 1, 2016</b>	<b>119</b>	<b>5,960</b>	<b>3</b>	<b>13,121</b>	<b>19,203</b>	<b>390</b>	<b>19,593</b>
Total comprehensive income for the period	-	-	952	1,012	1,964	36	2,000
Share-based remuneration	-	-	-	8	8	-	8
Dividend	-	-	-	-667	-667	-18	-685
<b>Closing balance at December 31, 2016</b>	<b>119</b>	<b>5,960</b>	<b>955</b>	<b>13,474</b>	<b>20,508</b>	<b>408</b>	<b>20,916</b>

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

# Consolidated cash flow statement

SEK M	Note	2016	2015
<b>Operating activities</b>			
EBITDA		4,990	5,187
Expensed restructuring and integration costs*	20	1,015	657
Paid restructuring and integration costs	20	-872	-918
Other non-cash items	31	85	230
Interest paid		-617	-719
Other financial items		-20	-13
Taxes paid		-332	-858
<b>Cash flow before changes to working capital</b>		<b>4,249</b>	<b>3,566</b>
<b>Changes in working capital</b>			
Inventory		-234	-171
Current receivables		-252	-30
Current liabilities		-92	93
<b>Cash flow from operating activities</b>		<b>3,671</b>	<b>3,458</b>
<b>Investing activities</b>			
Acquired operations	25	-212	-41
Divested operations		-	302
Capitalized development costs		-594	-702
Equipment for rental		-160	-306
Investments and divestments of fixed assets		-831	-1,046
<b>Cash flow from investing activities</b>		<b>-1,797</b>	<b>-1,793</b>
<b>Financing activities</b>			
Raising of loans		1,822	1,907
Repayment of loans		-2,928	-1,612
Change in long-term receivables		42	-26
Dividend paid		-685	-691
<b>Cash flow from financing activities</b>		<b>-1,749</b>	<b>-422</b>
<b>Cash flow for the year</b>		<b>125</b>	<b>1,243</b>
Cash and cash equivalents at the beginning of the period		1,468	1,482
Cash flow for the year		125	1,243
Translation differences		87	-1,257
<b>Cash and cash equivalents at year-end</b>	<b>31</b>	<b>1,680</b>	<b>1,468</b>

\* Excluding write-downs of fixed assets

## NOTE 1 Accounting policies

### GENERAL INFORMATION

Getinge AB, which is the Parent Company of Getinge Group, is a limited liability company with its registered offices in Gothenburg, Sweden. A description of the company's operations is included in the Administration Report on page 42.

The consolidated financial statements for the financial year that ends at 31 December, 2016 have been approved by the Board at 1 March, 2017 and will be presented to the AGM at 29 March, 2017 for adoption.

### 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).

### 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 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 Getinge Executive Team 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 amount 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, expected inflation. In turn, the discount rate assumptions are based on rates for high-quality fixed-interest investments with durations similar to the pension plans (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

Subsidiaries are all companies (including structured entities) over which the Group exercises a controlling influence. The Group controls a company when it is exposed to or has the right to variability of returns from its holding in the company and can affect these returns through its influence over the company. 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 on 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 know-how, 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 acquisitions of operations include customer relations, technical know-how, 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. Getting 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.

### Leasing. Getting 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 amount is established. The recoverable amount 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 amount. Earlier recognized impairment losses on machines and equipment are reversed if the recoverable amount 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.

**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 to employees

**Recognition to 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 expenses 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. 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 fee 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.

### Share-based remuneration

The Group has a long-term incentive program for senior executives for which remuneration is paid in shares. The value of the remuneration for services provided corresponds to the fair value of the shares on the allotment date. The remuneration is recognized as an expense over the three-year vesting period, with a corresponding increase in shareholders' equity. Since the allotment of shares is conditional on certain vesting conditions being met, no accumulated expense is recognized for services provided if no shares are ultimately earned. Additional social security contributions are expensed and recognized as liabilities in accordance with UFR 7 (Statement from the Swedish Financial Reporting Board).

### 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. 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 pre-paid 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 and 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 Acquired operations and Divested operations and are included in cash flow from investing activities.

### Earnings per share

Earnings per share before dilution are calculated by dividing net profit 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 Annual General Meeting (AGM).

### Alternative performance measures

In the annual report alternative performance measures are used to facilitate analyses of the Group's performance. The primary alternative performance measures that are presented are EBITA, Cash conversion and Net debt/Equity ratio. Definitions and reconciliation of the alternative performance measures see page 95.

### New accounting policies applied by the Group in 2016

No standards, amendments or interpretations effective from the financial year beginning January 1, 2016 had a material impact on the consolidated financial statements.

### New and revised standards and interpretations that have not yet come into effect

A number of new standards and interpretations will come into effect for financial years beginning on or after January 1, 2016 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 in other comprehensive income. IFRS 9 reduces requirements for applying hedge accounting by replacing the 80–125 criterion 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 also been changed compared with the documentation required under IAS 39. The standard has been adopted by EU and is to be applied to the financial year beginning January 1, 2018. The Group is currently assessing the impact of implementation of the standard. The Group will apply the standard as from 1 January, 2018.

**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, 2018. Early adoption is permitted. The standard has been adopted by the EU but the EU has not yet adopted the clarifi-



cation of the standard. The Group is currently assessing the impact of the implementation of the standard. The Group will apply the standard as from 1 January, 2018.

**IFRS 16 Leases** was published by the IASB in January 2016. The standard regulates recognition of leasing and will replace the IAS 17 Leasing agreements along with the accompanying interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires assets and liabilities attributable to all leasing agreements, with a few exceptions, to be recognized in the balance sheet. This recognition is based on the view that the lessee is entitled to use an asset

over a specific time period, while also having a duty to pay for this entitlement. Recognition for the lessor will for the most part be unchanged. The standard is applicable to financial years beginning on or after January 1, 2019. Early adoption is permitted. The EU has not yet adopted the standard. The Group is yet to assess IFRS 16's full impact, that will be applied as from 1 January, 2019.

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

## NOTE 2 Net sales per revenue classification

SEK M	2016	2015
<b>Product sales, capital goods</b>	<b>14,283</b>	<b>13,229</b>
<b>Recurring revenue</b>		
Product sales	10,352	9,398
Spare parts	1,513	2,234
Service assignments	2,250	3,361
Leasing	1,358	2,013
<b>Total recurring revenue</b>	<b>15,473</b>	<b>17,006</b>
<b>Total</b>	<b>29,756</b>	<b>30,235</b>

## NOTE 3 Segment reporting

Segment reporting is prepared in accordance with the same policies as for the Group in its entirety. Getinge's operations worldwide are organized into three business areas: Acute Care Therapies, Patient & Post-Acute Care and Surgical Workflows. 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 and no sales are conducted between the various business areas. 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

**Acute Care Therapies:** Acute Care Therapies offers solutions for life support in acute health conditions. The offering includes solutions for cardiac,

pulmonary and vascular therapies and a broad selection of products and therapies for intensive care.

**Patient & Post-Acute Care:** Patient & Post-Acute Care offers solutions for daily tasks of lifting and transferring patients. This includes promotion of early mobility and prevention of pressure ulcers and deep vein thrombosis, as well as patient hygiene.

**Surgical Workflows:** Surgical Workflows develops solutions for infection control, operating rooms and advanced IT systems for traceability and management of the flow of sterile equipment as well as for optimal use of resources. The Group's Life Science segment is also included in this business area.

SEK M	Net sales		Operating profit*		Depreciation, amortization and impairment	
	2016	2015	2016	2015	2016	2015
Acute Care Therapies	11,804	11,577	1,000	1,346	-1,430	-1,473
Patient & Post-Acute Care	7,456	7,767	665	573	-714	-721
Surgical Workflows	10,496	10,891	1,001	1,054	-558	-264
Group functions	-	-	-379	-244	-1	-
<b>Total</b>	<b>29,756</b>	<b>30,235</b>	<b>2,287</b>	<b>2,729</b>	<b>-2,703</b>	<b>-2,458</b>
Interest income and other similar income			25	26		
Interest expenses and other similar expenses			-662	-758		
Tax on profit for the year			-437	-540		
<b>Net profit for the year</b>			<b>1,213</b>	<b>1,457</b>		

\* Restructuring and integration costs affected the Group's operating profit with negative SEK 1,313 M (neg. 657). Acute Care Therapies was charged with SEK 751 M (313), Patient & Post-Acute Care with SEK 156 M (180), Surgical Workflows with SEK 253 M (142) and Group functions with SEK 153 M (22).

SEK M	Assets		Liabilities		Investments	
	2016	2015	2016	2015	2016	2015
Acute Care Therapies	27,590	26,895	2,936	2,677	975	1,185
Patient & Post-Acute Care	12,006	10,982	1,743	1,747	325	556
Surgical Workflows	12,607	11,913	3,146	3,562	281	253
<b>Total per business area</b>	<b>52,203</b>	<b>49,790</b>	<b>7,825</b>	<b>7,986</b>	<b>1,581</b>	<b>1,994</b>
Undistributed	3,008	3,445	26,470	25,656	26	122
<b>Total</b>	<b>55,211</b>	<b>53,235</b>	<b>34,295</b>	<b>33,642</b>	<b>1,607</b>	<b>2,116</b>

Geographic area, SEK M	Net sales		Intangible and tangible assets	
	2016	2015	2016	2015
EMEA	12,552	12,935	15,539	15,642
<i>of which, Sweden</i>	<i>549</i>	<i>595</i>	<i>2,902</i>	<i>3,025</i>
Americas	11,820	11,925	19,698	18,559
APAC	5,384	5,375	1,080	1,041
<b>Total</b>	<b>29,756</b>	<b>30,235</b>	<b>36,317</b>	<b>35,242</b>

Getinge's operations are secondarily reported by geographic area. Refer also to page 92 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.

## NOTE 4 Costs by cost category

Costs by cost category, SEK M	2016	2015
Salaries and remuneration	-8,198	-8,122
Social security expenses	-1,411	-1,375
Pension expenses	-490	-504
Amortization and impairment of intangible assets	-1,889	-1,471
Depreciation of tangible assets	-814	-987
Goods and services	-14,728	-14,806
<b>Total</b>	<b>-27,530</b>	<b>-27,265</b>

Depreciation/amortization and impairment, SEK M	2016	2015
Cost of goods sold	-1,140	-1,092
Selling expenses	-807	-810
Administrative expenses	-428	-465
Research and development costs	-30	-91
Restructuring and integration costs	-298	-
<b>Total</b>	<b>-2,703</b>	<b>-2,458</b>

## NOTE 5 Auditing

Fee to PwC, SEK M	2016	2015
<i>Fee and expense reimbursement:</i>		
Auditing assignments	-26	-25
Auditing activities other than auditing assignments	-1	-1
Tax consultancy services	-9	-5
Other services	-2	-9
<b>Total</b>	<b>-38</b>	<b>-40</b>

Öhrlings PricewaterhouseCoopers (PwC) is the entire 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 and services in conjunction with acquisitions.

## NOTE 6 Exchange-rate gains and losses, net

Exchange-rate differences were recognized in profit and loss as follows, SEK M:	2016	2015
Other operating income and operating expenses	31	-21
Financial items	5	-3
<b>Total</b>	<b>36</b>	<b>-24</b>

## NOTE 7 Interest income and other similar income

SEK M	2016	2015
Interest income	17	23
Currency gains	5	-
Other	3	3
<b>Total</b>	<b>25</b>	<b>26</b>

## NOTE 8 Interest expenses and other similar expenses

SEK M	2016	2015
Interest expenses	-617	-719
Currency losses	-	-3
Other	-45	-36
<b>Total</b>	<b>-662</b>	<b>-758</b>

## NOTE 9 Taxes

<b>Taxes, SEK M</b>	<b>2016</b>	<b>2015</b>
Current tax	-545	-793
Deferred tax	108	253
<b>Total</b>	<b>-437</b>	<b>-540</b>

**The relationship between the year's tax expense and the recognized profit before tax, SEK M**

	<b>2016</b>	<b>2015</b>
Recognized profit before tax	1,650	1,997
Tax according to current tax rate in Sweden (22%)	-363	-439
Adjustment of tax expenses from earlier years	52	73
Effects of non-deductible costs	-68	-254
Effects of non-taxable income	413	384
Utilized loss carryforwards not previously capitalized	-	10
Changed value of temporary differences	-296	1
Adjustment for tax rates in foreign subsidiaries	-175	-315
<b>Recognized tax expense</b>	<b>-437</b>	<b>-540</b>

**Deferred tax assets relate to the following temporary differences and loss carryforwards, SEK M**

	<b>2016</b>	<b>2015</b>
<i>Deferred tax assets relating to:</i>		
Non-current assets	382	135
Financial receivables and derivatives	300	123
Current assets	228	192
Provisions	711	509
Loss carryforwards	1,554	1,245
Other	389	424
Offsetting	-2,331	-1,403
<b>Deferred tax assets</b>	<b>1,233</b>	<b>1,225</b>

**Deferred tax liabilities relate to the following temporary differences, SEK M**

	<b>2016</b>	<b>2015</b>
<i>Deferred tax liabilities relating to:</i>		
Non-current assets	-2,373	-1,924
Current assets	-3	-2
Provisions	-3	-2
Other	-551	-549
Offsetting	2,331	1,403
<b>Deferred tax liabilities</b>	<b>-599</b>	<b>-1,074</b>

**Maturity structure for loss carryforwards, SEK M**

	<b>2016</b>	<b>2015</b>
Due within 1 year	2	-
Due within 2 years	-	-
Due within 3 years	-	-
Due within 4 years	-	-
Due within 5 years	7	18
Due in more than 5 years	23	-
No due date	7,401	5,509
<b>Total</b>	<b>7,433</b>	<b>5,527</b>

At year-end 2016, there were unrecognized tax assets in an amount of SEK 299 M (46) pertaining to loss carryforwards and temporary differences.

## NOTE 10 Dividend

On April 6, 2016, shareholders were paid a dividend of SEK 2.80 per share (SEK 667 M in total) relating to 2015.

The Board and the CEO propose to the Annual General Meeting that a dividend of SEK 2.00, which amounts to SEK 477 M. The proposed record date is March 31, 2017. Euroclear expects to be able to forward the dividend to shareholders on April 5, 2017.

## NOTE 11 Earnings per share

Earnings per share, before and after dilution, amounted to SEK 4.98 (5.83).

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

<b>Earnings (numerator)</b>	<b>2016</b>	<b>2015</b>
Earnings relating to the Parent Company's shareholders, which form the basis for calculation of earnings per share	1,188	1,390
<b>Number of shares (denominator)</b>	<b>2016</b>	<b>2015</b>
Weighted average number of ordinary shares for calculation of earnings per share	238,323,377	238,323,377

## NOTE 12 Intangible assets and tangible assets

INTANGIBLE ASSETS	Goodwill	Trade-marks	Capitalized development costs	Patents	Customer relations	Technical know-how	Agreements	Intangible assets, other*
<b>Cost, Jan 1, 2016</b>	<b>22,562</b>	<b>1,379</b>	<b>6,182</b>	<b>762</b>	<b>3,430</b>	<b>1,418</b>	<b>70</b>	<b>4,127</b>
Investments	–	–	594	–	–	–	–	325
Acquisition/divestment of operations	162	–	–	–	39	–	–	–
Sales/disposals	–	–	–243	–	–	–	–	–4
Reclassifications	–	–	–118	3	–4	118	111	1,164
Translation differences	1,064	–20	173	61	206	92	5	257
<b>Accumulated cost, Dec 31, 2016</b>	<b>23,788</b>	<b>1,359</b>	<b>6,588</b>	<b>826</b>	<b>3,671</b>	<b>1,628</b>	<b>186</b>	<b>5,869</b>
<b>Amortization and impairment, Jan 1, 2016</b>	<b>–764</b>	<b>–746</b>	<b>–2,343</b>	<b>–604</b>	<b>–2,011</b>	<b>–986</b>	<b>–62</b>	<b>–1,871</b>
Amortization for the year	–	–94	–530	–69	–244	–104	–20	–530
Sales/disposals	–	–	194	–	–	–	–	1
Impairment	–	–	–181	–	–	–	–	–117
Reclassifications	–	–	21	–2	1	–22	–6	–383
Translation differences	–32	11	–43	–54	–115	–65	–	–141
<b>Accumulated amortization and impairment, Dec 31, 2016</b>	<b>–796</b>	<b>–829</b>	<b>–2,882</b>	<b>–729</b>	<b>–2,369</b>	<b>–1,177</b>	<b>–88</b>	<b>–3,041</b>
<b>Closing carrying amount, Dec 31, 2016</b>	<b>22,992</b>	<b>530</b>	<b>3,706</b>	<b>97</b>	<b>1,302</b>	<b>451</b>	<b>98</b>	<b>2,828</b>
<b>Cost, Jan 1, 2015</b>	<b>21,836</b>	<b>1,360</b>	<b>5,358</b>	<b>814</b>	<b>3,291</b>	<b>1,370</b>	<b>214</b>	<b>3,659</b>
Investments	–	1	702	21	29	–	–	278
Acquisition/divestment of operations	–28	–	–	9	–	–11	–141	–23
Sales/disposals	–	–	–81	–	–	–	–	–34
Reclassifications	–	–22	163	–127	–94	–	–	80
Translation differences	754	40	40	45	204	59	–3	167
<b>Accumulated cost, Dec 31, 2015</b>	<b>22,562</b>	<b>1,379</b>	<b>6,182</b>	<b>762</b>	<b>3,430</b>	<b>1,418</b>	<b>70</b>	<b>4,127</b>
<b>Amortization and impairment, Jan 1, 2015</b>	<b>–718</b>	<b>–644</b>	<b>–1,855</b>	<b>–547</b>	<b>–1,681</b>	<b>–839</b>	<b>–57</b>	<b>–1,497</b>
Amortization for the year	–	–100	–523	–69	–251	–118	–5	–405
Acquisition/divestment of operations	–	–	–	–	–	–	–	17
Sales/disposals	–	–	22	–	–2	–	–	34
Reclassifications	–	22	5	39	–39	–	–	–27
Translation differences	–46	–24	8	–27	–38	–29	–	7
<b>Accumulated amortization and impairment, Dec 31, 2015</b>	<b>–764</b>	<b>–746</b>	<b>–2,343</b>	<b>–604</b>	<b>–2,011</b>	<b>–986</b>	<b>–62</b>	<b>–1,871</b>
<b>Closing carrying amount, Dec 31, 2015</b>	<b>21,798</b>	<b>633</b>	<b>3,839</b>	<b>158</b>	<b>1,419</b>	<b>432</b>	<b>8</b>	<b>2,256</b>

\* During the year some IT-related tangible assets have been reclassified to intangible assets with a retroactive effect from January 1, 2016. Corresponding figures for 2015 have not been reclassified.

Note 12, continued from preceding page

<b>TANGIBLE ASSETS</b>	<b>Buildings and land*</b>	<b>Plant and machinery</b>	<b>Equipment, tools, fixtures and fittings**</b>	<b>Equipment for lease</b>	<b>Construction in progress</b>
<b>Cost, Jan 1, 2016</b>	<b>3,102</b>	<b>1,594</b>	<b>3,847</b>	<b>4,255</b>	<b>464</b>
Investments	44	42	191	172	239
Acquisition/divestment of operations	–	15	13	12	–
Sales/disposals	–4	–71	–94	–442	–1
Reclassifications	52	64	–1,038	468	–318
Translation differences	177	78	75	186	24
<b>Accumulated cost, Dec 31, 2016</b>	<b>3,371</b>	<b>1,722</b>	<b>2,994</b>	<b>4,651</b>	<b>408</b>
<b>Depreciation and impairment, Jan 1, 2016</b>	<b>–1,389</b>	<b>–1,234</b>	<b>–2,314</b>	<b>–3,626</b>	<b>–</b>
Depreciation for the year	–114	–96	–271	–333	–
Acquisition/divestment of operations	–	–1	–6	–	–
Sales/disposals	3	64	86	404	–
Reclassifications	–5	3	380	–16	–
Translation differences	–80	–63	–82	–143	–
<b>Accumulated depreciation and impairment, Dec 31, 2016</b>	<b>–1,585</b>	<b>–1,327</b>	<b>–2,207</b>	<b>–3,714</b>	<b>–</b>
<b>Closing carrying amount, Dec 31, 2016</b>	<b>1,786</b>	<b>395</b>	<b>787</b>	<b>937</b>	<b>408</b>
<b>Cost, Jan 1, 2015</b>	<b>2,958</b>	<b>1,894</b>	<b>3,604</b>	<b>4,564</b>	<b>668</b>
Investments	89	48	369	306	273
Acquisition/divestment of operations	–6	–	–76	–	–
Sales/disposals	–94	–398	–172	–693	–
Reclassifications	122	46	114	12	–489
Translation differences	33	4	8	66	12
<b>Accumulated cost, Dec 31, 2015</b>	<b>3,102</b>	<b>1,594</b>	<b>3,847</b>	<b>4,255</b>	<b>464</b>
<b>Depreciation and impairment, Jan 1, 2015</b>	<b>–1,316</b>	<b>–1,443</b>	<b>–2,103</b>	<b>–3,855</b>	<b>–</b>
Depreciation for the year	–117	–111	–413	–346	–
Sales/disposals	50	324	205	560	–
Reclassifications	5	1	–6	42	–
Translation differences	–11	–5	3	–27	–
<b>Accumulated depreciation and impairment, Dec 31, 2015</b>	<b>–1,389</b>	<b>–1,234</b>	<b>–2,314</b>	<b>–3,626</b>	<b>–</b>
<b>Closing carrying amount, Dec 31, 2015</b>	<b>1,713</b>	<b>360</b>	<b>1,533</b>	<b>629</b>	<b>464</b>

\* Closing carrying amount for land amounts to SEK 233 M (191)

\*\* During the year some IT-related tangible assets have been reclassified to intangible assets with a retroactive effect from January 1, 2016. Corresponding figures for 2015 have not been reclassified.

### Impairment test

#### Goodwill and intangible assets with an indefinite useful life.

	<b>2016</b>	<b>2015</b>
Surgical Workflows	3,845	2,612
Patient & Post-Acute Care	5,063	5,023
Acute Care Therapies	14,129	14,203
<b>Total</b>	<b>23,037</b>	<b>21,838</b>

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

Goodwill and other net assets are tested for impairment annually and whenever conditions indicate that impairment may be necessary. The recoverable amount 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 that are defined as separate CGUs.

#### Assumptions

The value in use of goodwill and other net assets attributable to Surgical Workflows, Patient & Post-Acute Care, and Acute Care Therapies 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. Future cash flow has been assumed to have a growth rate corresponding to 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 9.3% (9.6) before tax was applied when calculating the value in use for all business areas. With the assumptions described above, value in use exceeds the carrying value for all cash generating units.

#### Sensitivity analysis

In connection to the impairment test, sensitivity analyses have been performed regarding changes in growth rate and discount interest rate, which have a significant impact on the calculation of the discounted cash flows. The sensitivity analyses showed that the below negative changes one and each would not generate any need for impairment in any business area:

- The growth rate years 2 to 5 decreases to 1%
- The growth rate after year 5 decreases to 1%
- The discount rate before tax increases by 1 percentage point to 10.3%

#### Intangible assets

There are a limited number of intangible assets, in the form of trademarks with a carrying amount of SEK 45 M (40), for which the useful life has been assessed as indeterminable. For these trademarks, there is no foreseeable limit for the time period during which the trademarks are expected to generate net revenue for Getinge. The useful life for other intangible assets is 3 to 15 years. For strategic acquisitions, the useful life exceeds five years.

## NOTE 13 Inventory

SEK M	2016	2015
Raw materials	1,538	1,999
Work in progress	473	406
Finished products	3,420	3,004
<b>Total</b>	<b>5,431</b>	<b>5,409</b>

Out of the inventory SEK 5,336 M (5,326) is measured at cost and SEK 95 M (83) is measured at fair value less realizable value. At December 31, 2016, the Group's provisions for obsolescence totaled SEK 982 M (864).

## NOTE 14 Accounts receivable

SEK M	2016	2015
Accounts receivable before provisions	8,450	7,711
Provisions for doubtful receivables	-291	-241
<b>Total</b>	<b>8,159</b>	<b>7,470</b>

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.

A maturity analysis of these accounts receivable is presented below:

SEK M	2016	2015
Not fallen due	5,185	4,885
Fallen due 1-5 days	523	418
Fallen due 6-30 days	609	643
Fallen due 31-60 days	455	400
Fallen due 61-90 days	218	210
Fallen due, more than 90 days	1,460	1,155
<b>Total</b>	<b>8,450</b>	<b>7,711</b>

At December 31, 2016, the Group's provisions for doubtful receivables totaled SEK 291 M (241). A maturity analysis of these accounts receivable is presented below:

SEK M	2016	2015
Not fallen due	-11	-8
Fallen due 1-5 days	-1	-
Fallen due 6-30 days	-1	-1
Fallen due 31-60 days	-2	-3
Fallen due 61-90 days	-1	-5
Fallen due, more than 90 days	-275	-224
<b>Total</b>	<b>-291</b>	<b>-241</b>

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

SEK M	2016	2015
EUR	2,335	2,241
USD	2,918	2,724
GBP	508	464
CAD	275	207
SEK	163	170
Other currencies	2,251	1,905
<b>Total</b>	<b>8,450</b>	<b>7,711</b>

Changes in provisions for doubtful receivables are as follows:

SEK M	2016	2015
<b>At January 1</b>	<b>-241</b>	<b>-241</b>
Provision for doubtful accounts	-85	-45
Receivables written off during the year that cannot be recovered	22	11
Recovered doubtful receivables	45	30
In new companies at acquisition date	-12	-1
Translation differences	-20	5
<b>At December 31</b>	<b>-291</b>	<b>-241</b>

## NOTE 15 Prepaid expenses and accrued income

SEK M	2016	2015
Accrued income	429	421
Prepaid rental expenses	28	28
Prepaid insurance expenses	36	51
Prepaid commissions	5	7
Other	451	287
<b>Total</b>	<b>949</b>	<b>794</b>

## NOTE 16 Share capital

Class of shares	A	B	Total
Quotient value per share, SEK	0.50	0.50	
<i>Number of shares outstanding:</i>			
December 31, 2015	15,940,050	222,383,327	238,323,377
December 31, 2016	15,940,050	222,383,327	238,323,377
Shares' 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, 2016, the company's share capital totaled SEK 119 M (119).

## NOTE 17 Unutilized overdraft facilities and credit facilities

At December 31, 2016, the total granted, unutilized overdraft facilities were SEK 1,177 M (801). In addition, there were unutilized short-term credit facilities of SEK 2,003 M (1,655) and committed, unutilized facilities for medium and long-term credit of SEK 5,567 M (3,837), which may be utilized without qualification.

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

SEK M	2016	Change	2015
Interest-bearing current loans	5,787	510	5,277
Interest-bearing long-term loans	15,914	-92	16,006
Provision for pensions, interest-bearing	3,368	316	3,052
Less, cash and cash equivalents	-1,680	-212	-1,468
<b>Total</b>	<b>23,389</b>	<b>522</b>	<b>22,867</b>

**Liquidity risk.** At December 31, 2016, the Group's long-term interest-bearing loans amounted to SEK 15,914 M. Net debt is recognized with basis adjustments of negative SEK 728 M (neg: 504). The Group's current interest-bearing loans totaled SEK 5,787 M and are covered by unutilized committed credit facilities of SEK 8,567 M. The average interest expense in terms of the Group's liabilities to credit institutions amounts to approximately 2.5%.

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 contractual agreed date of maturity. The amounts stated in the table comprise contractual, undiscounted cash flows.

At December 31, 2016, SEK M	< 1 year	1-2 years	2-5 years	> 5 years
Bank loans and bond loans (including interest)	-6,068	-9,052	-7,192	-193
Derivative instruments (net flows)	-214	-247	-102	-
Accounts payable	-2,201	-	-	-
<b>Total</b>	<b>-8,483</b>	<b>-9,299</b>	<b>-7,294</b>	<b>-193</b>

## NOTE 19 Leasing

Operational leasing, SEK M	2016	2015
Costs relating to operating leases	-496	-497
Leasing costs for assets held via operating leases, such as leased premises, machinery, mainframe computers and office equipment, are recognized among operating expenses.		
<b>On the closing date, future leasing fees for non-cancellable leasing agreements amounted to the following:</b>	<b>2016</b>	<b>2015</b>
Due within 1 year	-374	-426
Due within 2 to 5 years	-753	-602
Due in more than 5 years	-125	-109
<b>Total</b>	<b>-1,252</b>	<b>-1,137</b>
<b>Getinge as a lessor under operating leases:</b>	<b>2016</b>	<b>2015</b>
Due within 1 year	10	11
Due within 2 to 5 years	2	11
<b>Total</b>	<b>12</b>	<b>22</b>

## NOTE 20 Restructuring reserves

SEK M	FDA Personnel	Other	Total	
<b>Value according to opening balance 2015</b>	<b>525</b>	<b>85</b>	<b>39</b>	<b>649</b>
Provisions	–	171	487	658
Utilized funds	–332	–81	–504	–917
Unutilized funds restored	–	–1	–	–1
Translation differences	–	2	–2	–
<b>Value according to closing balance 2015</b>	<b>193</b>	<b>176</b>	<b>20</b>	<b>389</b>
<b>Of which:</b>				
Short-term				230
Long-term				159
<b>Value according to opening balance 2016</b>	<b>193</b>	<b>176</b>	<b>20</b>	<b>389</b>
Provisions	400	75	54	529
Utilized funds	–235	–161	–20	–416
Unutilized funds restored	–	–	–	–
Translation differences	13	12	4	29
<b>Value according to closing balance 2016</b>	<b>371</b>	<b>102</b>	<b>58</b>	<b>531</b>
<b>Of which:</b>				
Short-term				378
Long-term				153

## NOTE 21 Other provisions

<b>SEK M</b>	<b>Guarantees</b>	<b>Personnel</b>	<b>Other</b>	<b>Total</b>
<b>Value according to opening balance 2015</b>	<b>180</b>	<b>61</b>	<b>308</b>	<b>549</b>
Provisions	109	22	209	340
Utilized funds	-74	-25	-39	-138
Unutilized funds restored	-28	-4	-6	-38
Translation differences	-2	-2	6	2
<b>Value according to closing balance 2015</b>	<b>185</b>	<b>52</b>	<b>478</b>	<b>715</b>
<b>Of which:</b>				
Short-term				338
Long-term				377
<b>Value according to opening balance 2016</b>	<b>185</b>	<b>52</b>	<b>478</b>	<b>715</b>
Provisions	50	34	235	319
Utilized funds	-105	-35	-198	-338
Unutilized funds restored	-7	-	-55	-62
Translation differences	4	2	35	41
<b>Value according to closing balance 2016</b>	<b>127</b>	<b>53</b>	<b>495</b>	<b>675</b>
<b>Of which:</b>				
Short-term				316
Long-term				359
<b>Expected timing of outflow, SEK M</b>				<b>Total</b>
Within 1 year				316
Within 3 years				299
Within 5 years				14
> 5 years				46
<b>Value according to closing balance 2016</b>				<b>675</b>



## NOTE 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 throughout the year by each Group company to separate legal entities, such as insurance companies. The size of the premium paid by the company 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, the UK and the US. 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 the company and, in some cases, the employees. Pension commitments are usually calculated at year-end in line with actuarial methods. New calculations are made if substantial changes occur during the year. Gains and losses on changed actuarial assumptions are recognized as part of comprehensive income.

	Funded pension plans	Unfunded pension plans	Total
<b>Dec 31, 2016</b>			
Present value of commitments	-3,443	-2,746	-6,189
Fair value of plan assets	2,770	-	2,770
<b>Net liability in the balance sheet</b>	<b>-673</b>	<b>-2,746</b>	<b>-3,419</b>
	Funded pension plans	Unfunded pension plans	Total
<b>Dec 31, 2015</b>			
Present value of commitments	-3,321	-2,331	-5,652
Fair value of plan assets	2,535	-	2,535
<b>Net liability in the balance sheet</b>	<b>-786</b>	<b>-2,331</b>	<b>-3,117</b>
<b>Group, SEK M</b>		<b>2016</b>	<b>2015</b>
<b>Pension commitments</b>			
<b>Opening balance</b>		<b>-3,117</b>	<b>-3,333</b>
Costs for service in the current year		-59	-61
Net interest expenses		-82	-102
Costs for service in previous years		-	-
Administrative costs pertaining to plan assets		-1	-
Gains and losses from settlements		8	167
Return on plan assets		298	13
Gain/(loss) attributable to changed demographic assumptions		22	160
Gain/(loss) attributable to changed financial assumptions		-615	-232
Experience-based gains/(losses)		2	26
Special salary tax on actuarial assumptions		-16	10
Restriction in plan surpluses with regard to asset ceilings		29	-
Exchange-rate differences		-171	17
Fees paid by employer		186	160
Fees paid by employees covered under the plan		-	-6
Paid benefits		97	64
<b>Closing balance</b>		<b>-3,419</b>	<b>-3,117</b>
	Present value of commitment	Fair value of plan assets	Net pension liability
<b>The defined-benefit pension commitment and composition of plan assets</b>			
Sweden	-569	76	-493
Germany	-2,117	4	-2,113
UK	-1,850	1,899	49
USA	-1,545	788	-757
Other countries	-108	3	-105
<b>Total</b>	<b>-6,189</b>	<b>2,770</b>	<b>-3,419</b>

Significant actuarial assumptions	2016	2015
<i>Weighted average, %</i>		
Discount rate	2.5	3.1
Expected salary increase rate	2.5	2.8
Expected inflation	3.0	2.2

Significant actuarial assumptions 2016	Germany	UK	Other countries
<i>Weighted average, %</i>			
Discount rate	1.6	3.0	3.0
Expected salary increase rate	2.5	2.0	2.9
Expected inflation	1.2	3.7	4.0

Sensitivity of defined-benefit commitments to changes in the significant weighted assumptions for 2016	Expected value for pension commitment	Change compared to used assumptions in valuation
<b>Pension commitment originally used in valuation</b>	-6,189	
Discount rate +1 percentage points	-5,296	893
Inflation +1 percentage points	-6,845	-656
Salary increases +1 percentage points	-6,310	-121

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.

Composition of plan assets	2016	2015
Equities	1,897	1,595
Financial instruments	237	193
Properties	34	48
Cash and cash equivalents and similar assets	76	105
Other	526	594
<b>Total</b>	<b>2,770</b>	<b>2,535</b>

All plan assets are listed. The weighted average term of the pension commitments is 18 years.

#### Information regarding recognition of multi-employer defined-benefit pension plans

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 10, this is a multi-employer defined-benefit plan. For the 2016 financial 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.

During the year, fees for pension insurance covered by Alecta amounted to SEK 29 M (21). Alecta's surplus can be distributed to the insurers and/or the insured. At year-end 2016, Alecta's surplus in the form of the collective consolidation level was approximately 149% (153). 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 correspond with IAS 19.

## NOTE 23 Accrued expenses and deferred income

SEK M	2016	2015
Salaries	1,199	1,157
Social security expenses	305	289
Commissions	187	139
Interest expenses	51	61
Consultancy fees	23	31
Other deferred income	295	334
Other	936	876
<b>Total</b>	<b>2,996</b>	<b>2,887</b>

## NOTE 24 Pledged assets and contingent liabilities

<b>Pledged assets</b>		
The Group has no pledged assets.		
<b>Contingent liabilities, SEK M</b>	<b>2016</b>	<b>2015</b>
Guarantees	146	255
Other	57	5
<b>Total</b>	<b>203</b>	<b>260</b>

## NOTE 25 Acquired operations

<b>Net assets acquired, SEK M</b>	<b>2016</b>	<b>2015</b>
Intangible assets	39	9
Tangible assets	33	–
Inventory	27	2
Other current assets	14	7
Cash and cash equivalents	47	3
Deferred tax liabilities	–7	–9
Other current liabilities	–16	–6
<b>Identifiable net assets</b>	<b>137</b>	<b>6</b>
Goodwill	162	38
<b>Total purchase consideration</b>	<b>299</b>	<b>44</b>
<b>Less:</b>		
Unpaid purchase considerations	–40	–
Cash and cash equivalents in the acquired companies	–47	–3
<b>Impact on the Group's cash and cash equivalents</b>	<b>212</b>	<b>41</b>

**ACCUMED**

The acquisition of AccuMed was completed in April 2016. Under the acquisition, Getinge will obtain a manufacturing unit for the production of medical textiles in the Dominican Republic. The operations have about 400 employees and the total purchase consideration amounted to SEK 66 M. The goodwill arising in connection with the acquisition amounted to SEK 29 M and was attributable to future integration synergies for production. Acquisition expenses of SEK 1.0 M were charged to earnings.

<b>Net assets acquired, SEK M</b>	<b>Carrying amount</b>
Tangible assets	16
Inventory	22
Other current liabilities	–1
<b>Identifiable net assets</b>	<b>37</b>
Goodwill	29
<b>Total purchase consideration</b>	<b>66</b>
<b>Less:</b>	
Cash and cash equivalents in the acquired company	0
<b>Impact on the Group's cash and cash equivalents</b>	<b>66</b>

The operation was included in Getinge's consolidated financial statements on April 1, 2016.

**1ST CALL MOBILITY LIMITED**

All of the shares in the UK company 1st Call Mobility Limited were acquired during the second quarter. The company is specialized in medical-device solutions for bariatric patients, generates sales of approximately SEK 100 M and has 48 employees. The total purchase consideration amounted to SEK 233 M and the goodwill arising in connection with the acquisition amounted to SEK 133 M and was primarily attributable to geographical spread. Acquisition expenses of SEK 1.6 M were charged to earnings.

<b>Net assets, SEK M</b>	<b>Carrying amount</b>
Intangible assets	39
Tangible assets	17
Inventory	5
Other current assets	14
Cash and cash equivalents	47
Deferred tax liabilities	–7
Other current liabilities	–15
<b>Identifiable net assets</b>	<b>100</b>
Goodwill	133
<b>Total purchase consideration</b>	<b>233</b>
<b>Less:</b>	
Unpaid purchase considerations	–40
Cash and cash equivalents in the acquired company	–47
<b>Impact on the Group's cash and cash equivalents</b>	<b>146</b>

The operation was included in Getinge's consolidated financial statements on June 10, 2016.

## NOTE 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 net profit 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 function 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 44 in the Administration Report. The effect of exchange-rate fluctuations on earnings calculated using forecast volumes and earnings in foreign currencies is presented on page 44 of 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 consists mainly of 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 up to 90% for the next financial year. Getinge has the right to hedge for up to 42 months. Hedging is conducted using currency futures, 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 (OCI), amounted to a negative SEK 186 M (neg: 206) at December 31, 2016.

**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 affect the consolidated OCI. 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 OCI, amounted to a negative SEK 728 M (neg: 504) at December 31, 2016.

### Interest-rate risk

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, 2016, the average fixed-interest term in the loan portfolio was about 18 months. Interest-rate derivatives, such as interest-rate swaps, are used to achieve the desired fixed-interest term for borrowings. If the average interest rate for currencies represented in the Group's loan portfolio at the end of the year changed instantaneously by 1 percentage point, this would affect profits by +/- SEK 66 M on an annual basis. The market value of financial interest-rate derivative instruments that meet cash-flow hedging requirements, which are recognized in OCI, amounted to a negative SEK 423 M (neg: 487) at December 31, 2016. For further information on liquidity flows attributable to interest-bearing liabilities, refer to Note 18.

### Financing and liquidity risk

Financing 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 amortizing loans. The finance policy of the Group states that refinancing risks are managed by signing long-term committed credit agreements. The single largest loan is a syndicated loan agreement of EUR 1,062 M with nine banks. A minor portion of this loan agreement falls due in July 2017, 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 2016, SEK 2,000 M was outstanding under this loan program. The Group signed a bilateral loan agreement with Intesa Sanpaolo during the year. The loan volume is EUR 100 M and the loan expires in 2019. The Group also refinanced and extended loans of USD 200 M and EUR 140 M with existing lenders during the year.

In addition to these credit facilities, the Group has short-term uncommitted credit lines. For further information on credit lines, refer to Note 17.

At December 31, 2016, 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, 2016, the total counterparty exposure in derivative instruments was SEK 0 M (2). 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 at risk and this affected operating profit.

**Financial derivatives.** Getinge uses financial derivatives to manage interest and currency exposure arising in its business. At December 31, 2016, all financial instruments 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 measurements for currency forward contracts are based on published forward rates in an active market. The measurement of interest-rate swaps is based on forward rates as expressed in market yield curves.

**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 due to the short expected maturity in time.

**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.

	2016		2015	
	Nominal amount	Fair value	Nominal amount	Fair value
<b>Outstanding derivative instruments, SEK M</b>				
Interest/currency derivatives*	2,000	-728	2,000	-504
Interest-rate derivatives	16,656	-423	15,730	-487
Currency derivatives	6,077	-186	7,901	-206
<b>Total</b>	<b>24,733</b>	<b>-1,337</b>	<b>25,631</b>	<b>-1,197</b>

\* Combined instruments

Note 26, continued from preceding page

SEK M	2016		2015	
	Asset	Liability	Asset	Liability
Interest-rate derivatives – cash-flow hedges	–	423	–	487
Interest-rate derivatives – fair-value hedges*	–	728	–	504
Currency derivatives – cash-flow hedges	191	377	238	444
<b>Total</b>	<b>191</b>	<b>1,528</b>	<b>238</b>	<b>1,435</b>
Of which, short-term	166	800	158	931
Of which, long-term	25	728	80	504

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

The fair value of derivative instruments is established using valuation techniques. For this purpose, observable market information is used. All derivatives are classified under level 2 of the value hierarchy.

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	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Financial assets										
Available-for-sale financial assets	–	–	–	–	–	–	–	–	–	–
Derivative instruments	–	–	–	–	191	238	–	–	191	238
Accounts receivable and other receivables	8,159	7,470	–	–	–	–	–	–	8,159	7,470
Financial assets at fair value through profit and loss	–	–	–	–	–	–	–	–	–	–
Cash and cash equivalents	1,680	1,468	–	–	–	–	–	–	1,680	1,468
<b>Total</b>	<b>9,839</b>	<b>8,938</b>	<b>–</b>	<b>–</b>	<b>191</b>	<b>238</b>	<b>–</b>	<b>–</b>	<b>10,030</b>	<b>9,176</b>

Financial liabilities	Liabilities at fair value through profit and loss		Derivatives used for hedging purposes		Other financial liabilities		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Borrowing	–	–	728	504	20,973	20,779	21,701	21,283
Derivative instruments	–	–	800	931	–	–	800	931
Accounts payable and other financial liabilities	–	–	–	–	2,201	1,986	2,201	1,986
<b>Total</b>	<b>–</b>	<b>–</b>	<b>1,528</b>	<b>1,435</b>	<b>23,174</b>	<b>22,765</b>	<b>24,702</b>	<b>24,200</b>

Distribution of currency for outstanding derivative instruments in 2016					Distribution of currency for outstanding derivative instruments in 2015				
AUD	545	GBP	97	SEK	3,800	AUD	862	GBP	1,184
CAD	361	HKD	4	SGD	2	CAD	669	HKD	8
CHF	17	JPY	430	THB	3	CHF	139	JPY	450
CNY	264	MXN	1	TRY	10	CNY	–	MXN	–
CZK	2	NOK	3	USD	13,937	CZK	–	NOK	–
DKK	10	NZD	1	ZAR	4	DKK	–	NZD	–
EUR	4,527	PLN	715			EUR	4,001	PLN	1,536
<b>Total, SEK M</b>				<b>24,733</b>		<b>Total, SEK M</b>			<b>25,631</b>

#### Maturity structure of outstanding derivative instruments (SEK M) in 2016

	2017	2018	2019	2020	2021	Total
Interest/currency derivatives*	–	2,000	–	–	–	2,000
Interest-rate derivatives	300	12,237	4,119	–	–	16,656
Currency derivatives	4,086	1,716	275	–	–	6,077
<b>Total</b>	<b>4,386</b>	<b>15,953</b>	<b>4,394</b>	<b>–</b>	<b>–</b>	<b>24,733</b>

The table refers to net flows

\* Combined instruments

#### Maturity structure of outstanding derivative instruments (SEK M) in 2015

	2016	2017	2018	2019	2020	Total
Interest/currency derivatives*	–	–	2,000	–	–	2,000
Interest-rate derivatives	124	371	11,270	3,965	–	15,730
Currency derivatives	5,118	2,643	140	–	–	7,901
<b>Total</b>	<b>5,242</b>	<b>3,014</b>	<b>13,410</b>	<b>3,965</b>	<b>–</b>	<b>25,631</b>

The table refers to net flows

\* Combined instruments

## NOTE 27 Employee costs

Group, SEK M	2016			2015		
	Board and CEO	Other	Total	Board and CEO	Other	Total
Salaries and remuneration	287	7,911	8,198	385	7,737	8,122
Social security expenses	55	1,356	1,411	55	1,320	1,375
Pension expenses	31	459	490	31	473	504
<b>Total</b>	<b>373</b>	<b>9,726</b>	<b>10,099</b>	<b>471</b>	<b>9,530</b>	<b>10,001</b>

### Salaries and remuneration per country

Group, SEK M	2016				2015			
	Board and CEO	of which, bonus	Other	Total	Board and CEO	of which, bonus	Other	Total
Australia	6	1	225	231	11	2	231	242
Belgium	1	–	70	71	3	1	75	78
Brazil	5	2	30	35	14	5	29	43
Colombia	–	–	11	11	4	1	5	9
Costa Rica	–	–	14	14	–	–	–	–
Denmark	6	1	140	146	13	1	103	116
Dominican Republic	–	–	1	1	–	–	–	–
Finland	–	–	18	18	1	–	17	18
France	29	6	565	594	28	5	491	519
United Arab Emirates	4	1	40	44	7	1	39	46
Netherlands	6	1	121	127	9	1	117	126
Hong Kong	10	3	31	41	11	5	24	35
India	3	1	31	34	6	2	32	38
Ireland	–	–	19	19	–	–	37	37
Italy	3	1	121	124	4	1	121	125
Japan	7	2	135	142	13	5	119	132
Canada	16	4	197	213	17	4	171	188
China	6	1	155	161	9	1	158	167
Mexico	2	–	8	10	–	–	10	10
Norway	–	–	24	24	1	–	23	24
New Zealand	1	–	12	13	1	–	16	17
Poland	10	1	135	145	8	1	119	127
Portugal	–	–	12	12	1	–	9	10
Russia	1	–	12	13	1	–	12	13
Switzerland	5	1	73	78	–	–	65	65
Serbia	3	1	3	6	3	–	3	6
Singapore	4	1	43	47	7	2	35	42
Slovakia	–	–	1	1	1	–	–	1
Spain	2	1	54	56	3	1	42	45
UK	14	3	580	594	40	8	520	560
Sweden	72	4	768	840	63	6	708	771
South Africa	2	1	15	17	2	1	4	6
South Korea	1	–	6	7	–	–	8	8
Taiwan	1	–	7	8	1	–	7	8
Thailand	2	–	14	16	1	–	15	16
Czech Republic	4	1	7	11	2	–	8	10
Turkey	8	2	66	74	7	2	62	69
Germany	32	8	1,200	1,232	32	8	1,285	1,317
USA	14	3	2,891	2,905	53	16	2,950	3,003
Austria	7	2	56	63	8	2	67	75
<b>Total</b>	<b>287</b>	<b>53</b>	<b>7,911</b>	<b>8,198</b>	<b>385</b>	<b>82</b>	<b>7,737</b>	<b>8,122</b>

Note 27, continued from preceding page

Remuneration and other benefits during 2016, SEK 000s	Board fee*	Basic pay	Variable remuneration	Other benefits	Pension expenses	Other remuneration	Total
Chairman of the Board	1,275	–	–	–	–	–	1,275
Board members	4,993	–	–	–	–	–	4,993
Joacim Lindoff, Acting CEO (from 22 August 2016)	–	2,681	–	77	434	–	3,192
Alex Myers, former CEO (until 22 August 2016)	–	14,000	–	126	5,600	45,150	64,876
Other senior executives	–	37,010	15,985	2,560	6,053	16,780	78,388
<b>Total</b>	<b>6,268</b>	<b>53,691</b>	<b>15,985</b>	<b>2,763</b>	<b>12,087</b>	<b>61,930</b>	<b>152,724</b>

\* Also includes fees for work on Board Committees

**Comments on the table**

- Variable remuneration refers to the 2016 financial year's expensed bonus, which will be paid in 2017.
- Other benefits refer to company car, accommodation benefits, etc.
- For information on Board fees for each member, refer to page 48.
- Other remuneration pertains mainly to contractual severance pay and termination pay.
- Other senior executives pertains remunerations to members in the Getinge Executive Team, other than the acting CEO and the former CEO (11 individuals). Only remunerations that have been received as a member of the executive team are included in the amounts, which comprises persons that has joined and left the executive team during the year.

Remuneration and other benefits during 2015, SEK 000s	Board fee*	Basic pay	Variable remuneration	Other benefits	Pension expenses	Total
Chairman of the Board	1,225	–	–	–	–	1,225
Board members	4,176	–	–	–	–	4,176
Johan Malmquist, CEO (until March 25, 2015)	–	5,500	–	25	8,230	13,755
Alex Myers, CEO (from March 25, 2015)	–	15,493	–	88	6,194	21,775
Other senior executives **	–	18,868	17,961	838	8,490	46,157
<b>Total</b>	<b>5,401</b>	<b>39,861</b>	<b>17,961</b>	<b>951</b>	<b>22,914</b>	<b>87,088</b>

\* Also includes fees for work on Board Committees

\*\* Five individuals

**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 individuals, who together with the CEO, comprise the Getinge Executive Team. For the Getinge Executive Team structure, see pages 52–53. 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 basic pay. Other senior executives' variable remuneration is based on results in relation to individually set targets.

**Bonus:** The acting CEO's bonus for 2016 was based on the individual goals set by the Board. For other senior executives, bonuses for 2016 were based on a combination of the result of the individual's area of responsibility and individual goals.

**Pensions:** The acting CEO is entitled to a pension from the age of 65. The pension is premium based and pension expenses amount to 16% of basic pay. For other senior executives, pension ages vary between the ages of 62 and 65. Pension agreements have been signed in accordance with local legislation in the country where the executive resides. All pension benefits are transferable, i.e. not conditional on future employment.

**Severance pay:** The period of notice for the acting CEO is a minimum of 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 deter-

mining 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 2016 financial 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 2016, 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.

**Long-term incentive program 2016**

The 2016 AGM resolved to implement a long-term incentive program (LTIP 2016). The program includes the CEO and the Getinge Executive Team comprising 11 individuals, as well as maximum 75 additional senior executives and key individuals in Getinge Group. LTIP 2016 means that the participants are entitled to receive performance shares, free of charge, if the performance target has been achieved during the performance period (2016–2018). The allocation of performance shares is based on minimum and ceiling target levels respectively, as set by the Board, with regard to the accumulated development of earnings per share during the performance period. The accumulated earnings per share during the performance period must reach SEK 33 per share. The minimum level for allocation of performance shares is a minimum of 90% fulfillment of the performance target and the ceiling for allocation is if the performance target is exceeded by 10% or more.

Should the maximum number of performance shares be allocated, the total number of shares in LTIP 2016 will amount to 439,390 Class B Getinge shares. The total cost for LTIP 2016, including social security contributions, under the three-year program period, is estimated at SEK 94 M, if the performance target is met in full. The impact on earnings in 2016 was SEK 9 M including social security contributions.

## NOTE 28 Average number of employees

	2016			2015		
	Men	Women	Total	Men	Women	Total
Australia	283	128	411	275	122	397
Belgium	100	33	133	105	32	137
Brazil	62	53	115	83	41	124
Colombia	17	10	27	17	9	26
Costa Rica	40	29	69	–	–	–
Denmark	143	49	192	121	56	177
Dominican Republic	99	353	452	–	–	–
Finland	21	9	30	23	10	33
France	911	488	1,399	856	434	1,290
United Arab Emirates	52	24	76	43	18	61
Netherlands	162	79	241	174	77	251
Hong Kong	37	22	59	37	23	60
India	224	57	281	358	57	415
Ireland	78	21	99	76	20	96
Italy	184	84	268	189	85	274
Japan	173	44	217	209	55	264
Canada	293	139	432	307	164	471
China	561	271	832	666	300	966
Mexico	28	13	41	23	10	33
Norway	32	6	38	30	8	38
New Zealand	25	5	30	25	7	32
Poland	428	651	1,079	416	581	997
Portugal	16	6	22	16	6	22
Russia	31	16	47	29	16	45
Switzerland	74	23	97	71	21	92
Serbia	12	6	18	8	6	14
Singapore	64	33	97	50	28	78
Slovakia	2	1	3	2	1	3
Spain	60	31	91	51	32	83
UK	907	377	1,284	910	362	1,272
Sweden	856	405	1,261	973	367	1,340
South Africa	61	42	103	79	43	122
South Korea	8	6	14	9	7	16
Taiwan	17	11	28	19	10	29
Thailand	43	34	77	40	36	76
Czech Republic	18	22	40	28	9	37
Turkey	231	237	468	213	239	452
Germany	1,388	666	2,054	1,529	726	2,255
USA	2,144	1,028	3,172	2,269	1,079	3,348
Austria	127	19	146	114	25	139
<b>Total</b>	<b>10,012</b>	<b>5,531</b>	<b>15,543</b>	<b>10,443</b>	<b>5,122</b>	<b>15,565</b>

### Distribution of senior executives and Board members at the closing date, %

	2016	2015
<b>Women:</b>		
Board members	30%	30%
Other members of the company's management, incl. CEO	25%	25%
<b>Men:</b>		
Board members	70%	70%
Other members of the company's management, incl. CEO	75%	75%

## NOTE 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 2016, intra-Group sales amounted to SEK 19,332 M (19,554). 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.

From Carl Bennet AB SEK 671 T (986) has been invoiced in respect of costs for Carl Bennet related to the assignment as Chairman of the Board.

During the year, the pension plan for Johan Malmquist, Board member and former CEO, was changed to be premium-based instead of defined benefit-based. The change has not resulted in any costs for the Group.

In addition, no other transactions with related parties occurred. For remuneration and benefits to individuals in management positions and on the Board of Directors, see Note 27.

## NOTE 30 Events after the end of the financial year

On February 22 it was announced that Barbro Fridén, Dan Frohm and Sofia Hasselberg are proposed, together with the incoming President and CEO Mattias Perjos, to be elected to the board at the Annual General Meeting on March 29. Carola Lemne and Maths Wahlström have declined reelection.

## NOTE 31 Supplementary disclosures to the cash-flow statement

Cash and cash equivalents, SEK M	2016	2015
Investments	15	10
Cash and bank	1,665	1,458
<b>Total</b>	<b>1,680</b>	<b>1,468</b>
<b>Adjustments for items not included in cash flow, SEK M</b>	<b>2016</b>	<b>2015</b>
Gain from divestment/disposal of non-current assets	85	198
Gain from divestment of operations	–	32
<b>Total</b>	<b>85</b>	<b>230</b>

## NOTE 32 Capitalized development costs

SEK M	2016	2015
Development costs, gross	–1,265	–1,300
Capitalized development costs	594	702
<b>Development costs, net</b>	<b>–671</b>	<b>–598</b>



# Parent Company financial statements

## Parent Company's income statement

SEK M	Note	2016	2015
Administrative expenses	2	-164	-261
<b>Operating result</b>	16, 17	<b>-164</b>	<b>-261</b>
Result from participations in Group companies	5	2,514	3,459
Interest income and other similar income	6	164	248
Interest expenses and other similar expenses	7	-2,370	-1,287
<b>Profit after financial items</b>		<b>144</b>	<b>2,159</b>
Taxes	8	78	-74
<b>Net profit for the year</b>		<b>222</b>	<b>2,085</b>

## Parent Company's statement of comprehensive income

SEK M	Note	2016	2015
Net profit for the year		222	2,085
<b>Other comprehensive income</b>			
Cash-flow hedges		-4	-
Tax attributable to cash-flow hedges		1	-
<b>Other comprehensive loss for the period, net after tax</b>		<b>-3</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>219</b>	<b>2,085</b>

## Parent Company's balance sheet

SEK M	Note	2016	2015
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	2, 3	104	101
Tangible assets	2, 4	3	3
Participations in Group companies	9	25,024	25,112
Deferred tax assets		222	54
<b>Total non-current assets</b>		<b>25,353</b>	<b>25,270</b>
<b>Current assets</b>			
Receivables from Group companies		7,160	8,333
Current tax assets		1	22
Other receivables		75	–
Prepaid expenses and accrued income	12	64	48
Cash and cash equivalents		0	0
<b>Total current assets</b>		<b>7,300</b>	<b>8,403</b>
<b>TOTAL ASSETS</b>		<b>32,653</b>	<b>33,673</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>	18		
<i>Restricted shareholders' equity</i>			
Share capital		119	119
Statutory reserve		2,525	2,525
<i>Non-restricted shareholders' equity</i>			
Share premium reserve		3,435	3,435
Retained earnings		3,259	1,836
Net profit for the year		222	2,085
<b>Total shareholders' equity</b>		<b>9,560</b>	<b>10,000</b>
<b>Long-term liabilities</b>			
Interest-bearing long-term loans	10	15,851	15,929
<b>Total long-term liabilities</b>		<b>15,851</b>	<b>15,929</b>
<b>Current liabilities</b>			
Interest-bearing current loans	11	5,646	5,147
Accounts payable		35	30
Liabilities to Group companies		1,351	2,396
Current tax liabilities		8	–
Other liabilities		2	3
Accrued expenses and deferred income	13	200	168
<b>Total current liabilities</b>		<b>7,242</b>	<b>7,744</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>32,653</b>	<b>33,673</b>

For information about pledged assets and contingent liabilities, refer to Note 14.

## Changes in Parent Company shareholders' equity

SEK M	Restricted shareholders' equity		Non-restricted shareholders' equity		Total shareholders' equity
	Share capital	Statutory reserve	Share premium reserve	Retained earnings and net profit for the year	
<b>Opening balance at January 1, 2015</b>	119	2,525	3,435	2,503	8,582
Total comprehensive income for the period	–	–	–	2,085	2,085
Dividend	–	–	–	–667	–667
<b>Closing balance at December 31, 2015</b>	119	2,525	3,435	3,921	10,000
<b>Opening balance at January 1, 2016</b>	119	2,525	3,435	3,921	10,000
Total comprehensive income for the period	–	–	–	219	219
Share-based remuneration	–	–	–	8	8
Dividend	–	–	–	–667	–667
<b>Closing balance at December 31, 2016</b>	119	2,525	3,435	3,481	9,560

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	Note	2016	2015
<b>Operating activities</b>			
Operating result		–164	–261
Adjustments for items not included in cash flow		23	19
Interest received and similar items		164	248
Dividend received		168	1,890
Interest paid and similar items		–2,383	–1,293
Taxes paid		–61	–94
<b>Cash flow before changes to working capital</b>		<b>–2,253</b>	<b>509</b>
<b>Changes in working capital</b>			
Current receivables		1,976	–4,672
Current liabilities		1,330	–54
<b>Cash flow from operating activities</b>		<b>1,053</b>	<b>–4,217</b>
<b>Investing activities</b>			
Investments in intangible assets	3	–25	–78
Investments in tangible assets	4	–1	–
Investments in subsidiaries		–21	–243
<b>Cash flow from investing activities</b>		<b>–47</b>	<b>–321</b>
<b>Financing activities</b>			
Change in interest-bearing loans		–1,908	779
Dividend paid		–667	–667
Group contributions received		1,569	3,625
<b>Cash flow from financing activities</b>		<b>–1,006</b>	<b>3,737</b>
<b>Cash flow for the year</b>		<b>0</b>	<b>–801</b>
Cash and cash equivalents at the beginning of the year		0	801
Cash flow for the year		0	–801
<b>Cash and cash equivalents at year-end</b>		<b>0</b>	<b>0</b>

## NOTE 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. 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 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:

**Remunerations 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.** The Parent Company applies hedge accounting for currency and interest rate swaps in accordance with IAS 39. For other derivatives, the exemption in RFR 2 pertaining to IAS 39 is applied, meaning that measurement and recognition of financial instruments is based on cost pursuant to the Swedish Annual Accounts Act.

**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.

## NOTE 2 Depreciation/amortization according to plan

SEK M	2016	2015
Equipment, tools, fixtures and fittings	-1	0
Intangible assets	-22	-19
<b>Total</b>	<b>-23</b>	<b>-19</b>
Depreciation/amortization is recognized as administrative expenses	-23	-19

## NOTE 3 Intangible assets

Intangible assets, SEK M	2016	2015
Opening cost	227	149
Investments	25	78
<b>Closing accumulated cost</b>	<b>252</b>	<b>227</b>
Opening amortization	-126	-107
Amortization for the year	-22	-19
<b>Closing accumulated amortization</b>	<b>-148</b>	<b>-126</b>
<b>Closing carrying amount</b>	<b>104</b>	<b>101</b>

## NOTE 4 Tangible assets

Equipment, tools, fixtures and fittings, SEK M	2016	2015
Opening cost	7	7
Investments	1	-
<b>Closing accumulated cost</b>	<b>8</b>	<b>7</b>
Opening depreciation	-4	-4
Depreciation for the year	-1	0
<b>Closing accumulated depreciation</b>	<b>-5</b>	<b>-4</b>
<b>Closing carrying amount</b>	<b>3</b>	<b>3</b>

## NOTE 5 Result from participations in Group companies

SEK M	2016	2015
Dividends from Group companies	168	1,890
Divestment of subsidiaries	12	-
Impairment of shares in Group companies	-93	-
Group contributions	2,427	1,569
<b>Total</b>	<b>2,514</b>	<b>3,459</b>

## NOTE 6 Interest income and other similar income

SEK M	2016	2015
Interest income from Group companies	163	242
Interest income	1	6
<b>Total</b>	<b>164</b>	<b>248</b>

## NOTE 7 Interest expenses and other similar expenses

SEK M	2016	2015
Interest expenses to Group companies	-3	-7
Interest expenses	-538	-627
Currency losses	-1,803	-631
Other	-26	-22
<b>Total</b>	<b>-2,370</b>	<b>-1,287</b>

## NOTE 8 Taxes

Tax, SEK M	2016	2015
Current tax	-90	-85
Deferred tax	168	11
<b>Total</b>	<b>78</b>	<b>-74</b>

### Relationship between the year's tax expenses and the recognized profit before tax, SEK M:

Recognized profit before tax	144	2,159
Tax according to current tax rate in Sweden (22%)	-32	-475
Effects of non-deductible costs	-30	-16
Effects of non-taxable income	49	417
Foreign tax	-8	-
Adjustment of tax from earlier years	99	-
<b>Recognized tax expense</b>	<b>78</b>	<b>-74</b>

## NOTE 9 Participations in Group companies

Parent Company's holdings	Reg. office	Swedish Corp. Reg. No.	No. of shares	Percentage holding	Carrying amount, SEK M 2016	Carrying amount, SEK M 2015
Arjo Finance Holding AB	Göteborg	556473-1700	23,062,334	100	5,716	5,716
Getinge Sterilization AB	Halmstad	556031-2687	50,000	100	452	452
Maquet Holding AB	Halmstad	556535-6317	1,000	100	1,481	1,481
Getinge Disinfection AB	Halmstad	556042-3393	25,000	100	118	118
Getinge Letting AB	Halmstad	556495-6976	1,000	100	0	0
Getinge Skärhamn AB	Tjörn	556412-3569	1,000	100	6	6
Arjo AB	Göteborg	559092-8064	500,000	100	0	–
Getinge Australia Pty Ltd	Australia		39,500	100	9	9
Getinge NV	Belgium		600	100	2	2
Getinge Danmark A/S	Denmark		525	100	3	3
Getinge IT Solutions Aps	Denmark		533,000	100	27	27
Getinge Finland Oy	Finland		15	100	0	0
Getinge Infection Control SAS	France		289,932	85	236	236
Getinge/Castle International Ltd	Greece		100	100	2	2
Getinge Treasury Ireland DAC	Ireland		1	100	891	984
Getinge Japan KK	Japan		10,000	100	–	16
Getinge (Suzhou) Co. Ltd.	China		1	100	111	111
Getinge Holding Luxembourg Sarl	Luxembourg		163,972	100	10,887	10,887
Getinge Norge AS	Norway		4,500	100	4	4
Getinge Poland Sp.z.o.o	Poland		50,500	100	13	13
NeuroMédica SA	Spain		40,000	100	16	16
ArjoHuntleigh GmbH	Austria		1	3	7	7
Getinge Shared Services Sp.z.o.o	Poland		60,600	100	33	33
Getinge Holding USA Inc	USA		10,000	100	4,977	4,977
Getinge Shared Services CR Sociedad	Costa Rica		10	100	26	5
Maquet Medizintechnik vertrieb und Service GmbH	Austria		1	100	7	7
<b>Total carrying amount</b>					<b>25,024</b>	<b>25,112</b>

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.

### Subsidiaries of sub-groups

Getinge Group, with operations in many countries, is organized into sub-groups 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 is not owned directly by Getinge AB. Except for the following, the ownership interest is 100%.

- Maquet Thailand Co. Ltd Thailand, 49%
- ArjoHuntleigh (Thailand) Co. Ltd Thailand, 49%
- PULSION Medical Systems SE Germany, 78%

### Sweden

- Arjo AB, 559092-8064, Göteborg
- ArjoHuntleigh AB, 556304-2026, Malmö
- Arjo Finance Holding AB, 556473-1700, Göteborg
- Arjo Hospital Equipment AB, 556247-0145, Eslöv
- Arjo Ltd Med. AB, 556473-1718, Göteborg

- Arjo Scandinavia AB, 556528-4600, Eslöv
- ArjoHuntleigh International AB, 556528-1440, Eslöv
- CombiMobil AB, 556475-7242, Eslöv
- Getinge Disinfection AB, 556042-3393, Halmstad
- Getinge Infection Control AB, 556547-8798, Halmstad
- Getinge International AB, 556547-8780, Halmstad
- Getinge Letting AB, 556495-6976, Halmstad
- Getinge Sterilization AB, 556031-2687, Halmstad
- Getinge Sverige AB, 556509-9511, Göteborg
- Getinge Skärhamn AB, 556412-3569, Tjörn
- Getinge Treasury AB, 556535-6309, Göteborg
- Maquet Critical Care AB, 556604-8731, Solna
- Maquet Holding AB, 556535-6317, Halmstad
- Maquet Nordic AB, 556648-1163, Solna

### Australia

- Getinge Australia Pty Ltd
- Huntleigh Healthcare Pty Ltd
- Maquet Australia Pty Ltd
- Pulsion Pacific Pty Ltd

### Belgium

- ArjoHuntleigh NV
- Getinge 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

### Costa Rica

- Getinge Group Shared Services CR Sociedad

### Denmark

- ArjoHuntleigh A/S
- Cetrea A/S
- Getinge Danmark A/S
- Getinge IT Solutions Aps
- Getinge Water Systems A/S
- Maquet Denmark A/S
- Polystan A/S

### Dominican Republic

- Getinge Dominican Republic SA

### Finland

- Getinge Finland Oy
- Maquet Finland Oy

### France

- ArjoHuntleigh SAS
- Filance SA
- Getinge France SAS
- Getinge Infection Control SAS
- Getinge La Calhène France SA
- Getinge Lancer SA
- Intervascular SAS
- Maquet SAS

## PARENT COMPANY FINANCIAL STATEMENTS

Note 9, continued from preceding page

### United Arab Emirates

- ArjoHuntleigh Middle East FZ-LLC
- Maquet Middle East FZ-LLC

### Greece

- Getinge/Castle International Ltd

### 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
- Getinge Treasury Ireland DAC
- Maquet Ireland Ltd

### Italy

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

### 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.

### Luxembourg

- Getinge Holding Luxembourg S.a.r.l.

### 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 Verwaltungen B.V.

### Norway

- ArjoHuntleigh Norway A/S
- Getinge Norge A/S

### New Zealand

- ArjoHuntleigh Ltd
- Maquet New Zealand Pty Ltd

### Poland

- ArjoHuntleigh Polska Sp. z o.o.
- Maquet Poland Sp.z.o.o.
- Getinge IC Production Poland Sp.z.o.o.
- Getinge 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

### Serbia

- Getinge Group South East Europe

### Singapore

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

### Slovakia

- Maquet Slovakia s.r.o.

### Spain

- Getinge Group Spain SL
- Neuromedica SA

### UK

- 1st Call Mobility Ltd
- ArjoHuntleigh International Ltd\*
- Altrax Group Ltd
- Datascope Medical Co. Ltd
- Getinge Extended Care UK Limited\*
- Getinge Holding Ltd\*
- Getinge Production Ltd
- Getinge UK Ltd
- Jostra Ltd
- Huntleigh Diagnostics Limited
- Huntleigh Healthcare Ltd
- Huntleigh International Holdings Ltd\*
- Huntleigh Luton Ltd\*
- Huntleigh Properties Ltd\*
- Huntleigh (SST) Ltd
- Huntleigh Technology Ltd\*
- Maquet Ltd
- Pegasus 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

- Getinge Group Taiwan Co., Ltd

### Thailand

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

### Czech Republic

- ArjoHuntleigh sro
- Getinge Czech Republic, s.r.o.
- Maquet Czech Republic s.r.o.

### Turkey

- Getinge Saglik Urunleri Ithalat Ihracat Ticaret Ve Sanayi Limited Sirketi
- Getinge Stericool Medikal Aletler Sanayi ve
- Trans Medikal Aletler San.ve Tic A.S

- Maquet Cardiopulmonary Ltd Sti
- Maquet Tibbi Sistemler San Ve Tk AS

### Germany

- ArjoHuntleigh GmbH
- Getinge Holding GmbH
- Getinge-Maquet Germany Holding GmbH
- Getinge Vertrieb und Service GmbH
- HCS Homecare Service GmbH
- HNE Huntleigh Nesbit Evans Healthcare GmbH
- Maquet Cardiopulmonary GmbH
- Maquet Financial Services GmbH
- Maquet GmbH
- Maquet Holding BV&Co KG
- Maquet Hospital Solutions GmbH
- Maquet Vertrieb und Service Deutschland GmbH
- MediKomp GmbH
- Maquet Medical Systems AG

### Ukraine

- Maquet Ukraine LLC

### USA

- ArjoHuntleigh Inc
- Atrium Medical Corp
- Datascope Trademark Corp
- Genisphere Inc
- Getinge USA Inc
- Getinge Group Logistics Americas, LLC
- Getinge Holding USA, Inc
- Getinge Holding USA II, Inc
- Getinge Sourcing LLC
- InterVascular Inc
- InterVascular C Inc
- InterVascular V Inc
- La Calh ne Inc.
- Lancer Inc
- Laax Inc
- Maquet Cardiovascular LLC
- Maquet Cardiovascular US Sales LLC
- Maquet Datascope Inc
- SteriTec Products Mfg Inc

### Austria

- ArjoHuntleigh GmbH
- Maquet Medizintechnik Vertrieb und Service GmbH

\* The Parent Company has issued a guarantee under section 479(C) of the UK Companies Act 2006 for the year ended 31 December 2016 in respect of the subsidiaries registered in the United Kingdom, marked above. The Parent Company guarantees all outstanding liabilities to which the subsidiary companies are subject to at 31 December 2016, until they are satisfied in full and the guarantee is enforceable against the company by any person to whom the subsidiary companies are liable in respect of those liabilities. The subsidiaries have taken advantage of the exemption from audit by virtue of Section 479(A) of the Companies Act 2006.

## NOTE 10 Interest-bearing long-term loans

SEK M	2016	2015
Liabilities to credit institutions	15,851	15,929
<b>Total</b>	<b>15,851</b>	<b>15,929</b>

All loans fall due for payment within five years.

## NOTE 11 Interest-bearing current loans

SEK M	2016	2015
Liabilities to credit institutions	5,646	5,147
<b>Total</b>	<b>5,646</b>	<b>5,147</b>

## NOTE 12 Prepaid expenses and accrued income

SEK M	2016	2015
Prepaid financial expenses	31	9
Other	33	39
<b>Total</b>	<b>64</b>	<b>48</b>

## NOTE 13 Accrued expenses and deferred income

SEK M	2016	2015
Salaries	46	27
Social security expenses	84	66
Interest expenses	40	53
Other	30	22
<b>Total</b>	<b>200</b>	<b>168</b>

## NOTE 14 Pledged assets and contingent liabilities

### Pledged assets

The Parent Company has no pledged assets in 2016 or 2015.

Contingent liabilities, SEK M	2016	2015
Pension guarantees FPG/PRI	251	243
Other	346	37
<b>Total</b>	<b>597</b>	<b>280</b>

## NOTE 15 Average number of employees

Sweden	2016	2015
Men	37	36
Women	27	19
<b>Total</b>	<b>64</b>	<b>55</b>

### Distribution of senior executives and Board members at year-end

<i>Women</i>		
Board members	3	3
Other members of senior management, including the CEO	2	–
<i>Men</i>		
Board members	7	7
Other members of senior management, including the CEO	2	3

## NOTE 16 Employee costs

2016, SEK M	Board and CEO	Other	Total
Salaries and remuneration	–58	–79	–137
Social security expenses	–24	–28	–52
Pension expenses	–14	–28	–42
<b>Total</b>	<b>–96</b>	<b>–135</b>	<b>–231</b>

2015, SEK M	Board and CEO	Other	Total
Salaries and remuneration	–43	–50	–93
Social security expenses	–12	–9	–21
Pension expenses	–36	–5	–41
<b>Total</b>	<b>–91</b>	<b>–64</b>	<b>–155</b>

## NOTE 17 Auditing

Fee to PwC, SEK M	2016	2015
<i>Fee and expense reimbursement:</i>		
Auditing assignment	–6	–5
Auditing activities other than auditing assignments	–1	–1
Tax consultancy services	–	–
Other services	–1	–4
<b>Total</b>	<b>–8</b>	<b>–10</b>

Öhrlings PricewaterhouseCoopers AB (PwC) has the auditing assignment for the Parent Company. Auditing assignment 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 and services in conjunction with acquisitions.

## NOTE 18 Proposed allocation of profits

### The following profits in the Parent Company are at the disposal of the Annual General Meeting, SEK M:

Share premium reserve	3,435
Retained earnings	3,259
Net profit for the year	222
<b>Total</b>	<b>6,916</b>

The Board and Chief Executive Officer propose that a dividend of SEK 2.00 per share shall be distributed to shareholders	477
to be carried forward	6,439
<b>Total</b>	<b>6,916</b>

# Auditor's report

To the meeting of shareholders in Getinge AB (publ),  
Corporate Identity Number 556408-5032

## Report on the annual accounts and consolidated accounts Opinions

We have audited the annual accounts and consolidated accounts of Getinge AB for 2016 with the exception of the Corporate Governance Report on pages 45–49. The annual accounts and consolidated accounts of the Company are included on pages 42–85 in this document.

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 parent company as of 31 December 2016 and its financial performance and cash flow 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 2016 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinion does not include the Corporate Governance Report found on pages 45–49. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore, recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

## Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

## Our audit activities

The focus and scope of the audit

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

## Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

## Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were most significant in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

## Key audit matters

### Impairment testing of intangible assets

As at 31 December 2016, goodwill and other intangible assets with an indefinite useful life amounted to MSEK 23,037 (21,838). According to IFRS, an annual impairment test is to be performed.

The Company's management bases its impairment assessment on a calculation of the discounted cash flow for the cash generating units in which goodwill is reported.

This impairment test is based on judgments and assumptions regarding future cash flows and on circumstances which are complex and involve a high level of judgment by company management. Information is provided in Notes 1 and 12 as to how the Company's management has undertaken its assessments, and also provides information on important assumptions and sensitivity analyses. It is also seen that no impairment requirement has been identified based on the assumptions undertaken.

## How our audit addressed the Key audit matter

In our audit, we have evaluated the calculation model applied by management and we have reconciled important assumptions against the Company's budget and strategic plan.

We have also taken a position regarding the management's assumptions and judgments. This has taken place through an analysis of the degree to which previous years' assumptions have been achieved and of any possible adjustments of the assumptions from previous years, arising as a result of the development of the operations, or external factors.

We have challenged management's assumptions, primarily linked to the variables having the largest impact on the impairment assessment, such as growth, profit margins and the discount factor (cost of capital). This has taken place through our own sensitivity analyses in order to test the margin of safety for the respective segments.

We have tested the impact of changes in significant assumptions which such factors as operating income and the discount factor have on the margin of safety and, based on these tests, we have evaluated the risk of the existence of an impairment requirement.

We have also assessed the correctness of the disclosures included in the financial statements.



**Key audit matters****How our audit addressed the Key audit matter****Valuation of accounts receivables**

Accounts receivables comprise a significant area in the Group's financial reports as they are equivalent to approximately 15% of total assets. Based on the Group's business operations, a significant portion of net sales is generated during the fourth quarter, which usually implies a significant increase in accounts receivables in conjunction with the year-end closing. The Group undertakes business operations with both private and public players in a number of different countries where, for certain regions, the payment of client invoices takes a long time after delivery to the clients. In the Group's operation, this refers primarily to the United States of America, United Arab Emirates, Italy and Spain. As at 31 December 2016, accounts receivables matured more than 90 days amounted to MSEK 1,460 which is equivalent to approximately 18% of total accounts receivables as per the balance sheet date. The valuation of these, and other matured, or yet to mature, accounts receivables, is based on the management's assessment of the clients' future payment capacity.

In our audit we have evaluated the correctness of the valuation of the accounts receivables by assessing the appropriateness of the impairment testing executed by management, which was based on individual assessments taking into consideration the unique risk profiles of the local markets.

Our audit includes an assessment of the control environment for the sales process and also includes an examination of the reported revenue transactions against underlying documentation, such as customer agreements, sales orders, suppliers' documentation, client invoices, reconciliation against price lists, payment verification and obtaining client invoice confirmations from clients. We have examined management's assessment of the valuation of client receivables compared with the historical outcome for bad debts. The appropriate audit procedures for the respective significant units in the Group have been determined based on the nature of the operations and the complexity of the sales transactions. We have also assessed the correctness of the information regarding accounts receivables provided in the financial statements.

**Reporting of provisions**

Provisions comprise a significant area in the Group's financial reports. Sub items reported in these areas refer primarily to assumptions regarding pensions, restructuring programs, severance pay to previous group management and action plans as regards FDA. Common to these areas is that they are primarily based on significant assessments undertaken by management regarding future events. The assessment of these areas is associated with a large degree of uncertainty and subjectivity. In our audit, all of these areas have been subject to examination but we have particularly focused our audit activities on the assessment of the provisions for the action plans regarding FDA, which amount to MSEK 371.

We have examined the external documentation from FDA and also Getinge's internal documentation regarding the assessment of future costs for the action plan to fulfill FDA's quality requirements. We have assessed the reasonableness of the reported provision based on the information presented to us and based on the historical outcome of the previous action plans. We have assessed the completeness and correctness of the information included in the annual report regarding the action plans associated with FDA involving the management's judgments concerning these risks.

As regards other provisions, we have assessed the reasonableness of the management's assumptions and cost calculations. This assessment has taken place based on available information and historical outcome.

**Other information than the annual accounts and consolidated accounts**

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–41. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they 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.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the Company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee of the Board of Directors shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

**Auditor's responsibility**

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts is found on Revisorsnämnden's (The Supervisory Board of Public Accountant's) web site: [www.revisorsinspektion.se/rn/showdocument/documents/re\\_dok/revisors\\_ansvar.pdf](http://www.revisorsinspektion.se/rn/showdocument/documents/re_dok/revisors_ansvar.pdf). This description is a part of the Auditor's Report.

## Report on other legal and regulatory requirements

### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Getinge AB for the year 2016 and the proposed appropriations of the company's profit or loss.

We recommend to the general 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.

### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### 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. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the annual accounts is found on Revisorsnämnden's (The Supervisory Board of Public Accountant's) web site: [www.revisorsinspektion.se/rn/showdocument/documents/re\\_dok/revisors\\_ansvar.pdf](http://www.revisorsinspektion.se/rn/showdocument/documents/re_dok/revisors_ansvar.pdf). This description is a part of the Auditor's Report.

### The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 45–49 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our 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. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and Chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Gothenburg, 1 March 2017

Öhrlings PricewaterhouseCoopers AB

### Johan Rippe

Authorised Public Accountant  
Auditor-in-Charge

### Eric Salander

Authorised Public Accountant

# Getinge information

## Multi-year overview: Group

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>ORDER SITUATION, SEK M</b>										
Order intake	16,497	19,447	23,036	22,406	22,012	24,416	25,395	26,817	30,431	30,142
<b>INCOME STATEMENT, AMOUNTS IN SEK M UNLESS OTHERWISE STATED.</b>										
Net sales	16,445	19,272	22,816	22,172	21,854	24,248	25,287	26,669	30,235	29,756
of which, overseas sales, %	97.8	98.0	98.2	98.4	98.0	98.2	98.2	98.1	98.0	98.2
EBITDA	2,938	3,846	4,446	5,111	5,376	5,748	5,614	4,765	5,187	4,990
FRITA – before restructuring, integration and acquisition expenses	2,651	3,428	3,933	4,371	4,571	4,849	4,766	4,501	4,179	4,341
Operating profit	2,255	2,877	3,070	3,689	3,924	4,006	3,748	2,646	2,729	2,287
Net financial items	-507	-751	-436	-573	-480	-570	-595	-659	-732	-637
Profit before tax	1,748	2,126	2,634	3,116	3,444	3,436	3,153	1,987	1,997	1,650
Taxes	-515	-603	-720	-836	-907	-905	-858	-539	-540	-437
<b>Net profit for the year</b>	<b>1,233</b>	<b>1,523</b>	<b>1,914</b>	<b>2,280</b>	<b>2,537</b>	<b>2,531</b>	<b>2,295</b>	<b>1,448</b>	<b>1,457</b>	<b>1,213</b>
<b>BALANCESHEET, SEK M</b>										
Intangible assets	10,524	15,879	20,353	19,224	24,498	24,895	25,126	30,064	30,543	32,004
Tangible assets	2,327	3,257	3,674	3,192	3,452	4,066	4,341	4,971	4,699	4,313
Financial assets	755	1,250	1,135	761	750	887	667	1,410	1,374	1,329
Inventory	2,913	4,015	4,156	3,619	3,837	4,060	4,254	5,245	5,409	5,431
Other receivables	5,557	7,125	6,791	6,696	7,725	7,759	8,767	9,646	9,742	10,454
Cash and cash equivalents	894	1,506	1,389	1,093	1,207	1,254	1,148	1,482	1,468	1,680
<b>Total assets</b>	<b>22,970</b>	<b>33,032</b>	<b>37,498</b>	<b>34,585</b>	<b>41,469</b>	<b>42,921</b>	<b>44,303</b>	<b>52,818</b>	<b>53,235</b>	<b>55,211</b>
Shareholders' equity	6,805	10,890	12,726	13,248	14,636	15,200	16,560	18,694	19,593	20,916
Provisions for pensions, interest-bearing	1,510	1,435	1,409	1,813	1,627	2,111	2,298	3,271	3,052	3,368
Restructuring reserve	71	68	202	219	172	201	238	649	389	531
Provisions	980	1,285	2,116	1,499	2,087	1,823	1,916	1,929	1,854	1,325
Loans, interest-bearing	9,455	13,244	16,052	12,656	16,689	17,525	17,169	20,752	21,283	21,701
Other liabilities, non-interest bearing	4,149	6,110	4,993	5,150	6,258	6,061	6,122	7,523	7,064	7,370
<b>Total shareholders' equity and liabilities</b>	<b>22,970</b>	<b>33,032</b>	<b>37,498</b>	<b>34,585</b>	<b>41,469</b>	<b>42,921</b>	<b>44,303</b>	<b>52,818</b>	<b>53,235</b>	<b>55,211</b>
Net debt, including pension liabilities	10,071	13,173	16,072	13,376	17,109	18,382	18,318	22,541	22,867	23,389
Net debt, excluding pension liabilities	8,561	11,738	14,663	11,563	15,482	16,271	16,020	19,270	19,815	20,021
<b>CASH FLOW, AMOUNTS IN SEK M UNLESS OTHERWISE STATED.</b>										
Cash flow from operating activities	1,496	1,774	4,000	4,124	3,496	3,687	3,544	3,473	3,458	3,671
– per average number of shares	7.4	8.4	16.8	17.3	14.7	15.5	14.9	14.6	14.5	15.4
Acquired operations	6,106	5,008	5,072	10	4,649	2,226	248	1,236	41	212
Net investments in non-current assets*	468	642	907	588	688	959	1,004	945	1,046	831
Cash conversion, %	51	46	90	81	65	64	63	73	67	74
<b>RETURN INDICATORS</b>										
Return on working capital, %	19.4	14.0	13.3	14.2	15.3	13.1	12.8	8.2	8.6	8.3
Return on shareholders' equity, %	20.0	17.2	16.2	17.6	18.2	17.0	14.4	10.4	8.5	6.0
EBITA margin before restructuring, acquisition expenses and integr. cost, %	16.1	17.8	17.2	19.7	20.9	20.0	18.8	16.9	13.8	14.6
Operating margin, %	13.7	14.9	13.5	16.6	18.0	16.5	14.8	9.9	9.0	7.7
EBITDA margin, %	17.9	20.0	19.5	23.1	24.6	23.7	22.2	17.9	17.1	16.8
<b>FINANCIAL INDICATORS</b>										
Interest-coverage ratio, multiple	4.0	4.0	5.5	6.7	8.4	7.3	6.9	5.7	4.6	5.6
Equity/assets ratio, %	29.6	33.0	33.9	38.3	35.3	35.4	37.4	35.4	36.8	37.9
Net debt/equity ratio, multiple	1.48	1.21	1.26	1.01	1.17	1.21	1.10	1.21	1.17	1.12
Working capital, SEK M	10,555	22,051	23,771	27,247	26,453	31,920	32,526	36,529	40,771	43,383
Shareholders' equity, December 31, SEK M	6,805	10,890	12,726	13,248	14,636	15,200	16,560	18,694	19,593	20,916
<b>PERSONNEL</b>										
No. of employees, December 31	10,358	11,604	12,135	12,208	13,111	14,919	15,183	15,747	15,424	15,582
Salaries and other remuneration, SEK M	5,190	5,838	7,113	6,938	7,155	7,479	7,888	8,394	10,001	10,099
<b>SHARE DATA, AMOUNTS IN SEK PER SHARE UNLESS OTHERWISE STATED.</b>										
Earnings per share after tax	6.10	7.23	8.02	9.55	10.61	10.58	9.59	6.01	5.83	4.98
Market price, December 31	173.50	93.50	136.30	140.90	174.40	220.00	220.00	177.80	222.50	146.1
Cash flow	5.09	5.37	12.98	14.84	11.78	11.45	10.66	10.61	10.12	11.92
Dividend	2.40	2.40	2.75	3.25	3.75	4.15	4.15	2.80	2.80	2.00
Dividend growth, %	9.09	0.00	14.58	18.18	15.40	10.67	0.00	-32.53	0.00	-28.6
Dividend yield, %	1.38	2.57	2.02	2.31	2.15	1.89	1.89	1.57	1.26	1.37
Price/earnings ratio	28.44	12.93	17.00	14.75	16.44	20.79	22.94	29.58	38.16	29.34
Dividend as profit percentage, %	39.34	33.20	34.29	34.03	35.34	39.22	43.27	46.59	48.03	40.15
Shareholders' equity	32.54	50.66	53.30	55.49	61.30	63.66	69.58	78.45	82.21	87.76
Average number of shares (million)	201.9	210.8	238.3	238.3	238.3	238.3	238.3	238.3	238.3	238.3
Number of shares, December 31 (million)	201.9	214.5	238.3	238.3	238.3	238.3	238.3	238.3	238.3	238.3

\*Excluding capital development costs and rental equipment

## Multi-year overview 2015–2016: current business areas

<b>SURGICAL WORKFLOWS</b>	<b>2015</b>	<b>2016</b>
Order intake, SEK M	11,013	10,643
<b>Net sales, SEK M</b>	<b>10,891</b>	<b>10,496</b>
Share of Group's net sales, %	36.0	35.3
Gross profit, SEK M	4,228	3,961
Gross margin, %	38.8	37.7
Operating expenses, SEK M	–3,023	–2,705
<b>EBITA – before restructuring, acquisition and integration costs, SEK M</b>	<b>1,233</b>	<b>1,283</b>
Share of Group's EBITA, %	29.5	29.6
<b>EBITA margin, %</b>	<b>11.3</b>	<b>12.2</b>
Operating profit, SEK M	1,054	1,001
Share of Group's operating profit, %	38.6	43.8
Operating margin, %	9.7	9.5
 <b>ACUTE CARE THERAPIES</b>	 <b>2015</b>	 <b>2016</b>
Order intake, SEK M	11,637	12,059
<b>Net sales, SEK M</b>	<b>11,577</b>	<b>11,804</b>
Share of Group's net sales, %	38.3	39.7
Gross profit, SEK M	6,428	6,552
Gross margin, %	55.5	55.5
Operating expenses, SEK M	–4,751	–4,793
<b>EBITA – before restructuring, acquisition and integration costs, SEK M</b>	<b>2,276</b>	<b>2,326</b>
Share of Group's EBITA, %	54.5	53.6
<b>EBITA margin, %</b>	<b>19.7</b>	<b>19.7</b>
Operating profit, SEK M	1,346	1,000
Share of Group's operating profit, %	49.3	43.7
Operating margin, %	11.6	8.5
 <b>PATIENT &amp; POST-ACUTE CARE</b>	 <b>2015</b>	 <b>2016</b>
Order intake, SEK M	7,781	7,440
<b>Net sales, SEK M</b>	<b>7,767</b>	<b>7,456</b>
Share of Group's net sales, %	25.7	25.1
Gross profit, SEK M	3,507	3,327
Gross margin, %	45.2	44.6
Operating expenses, SEK M	–2,750	–2,497
<b>EBITA – before restructuring, acquisition and integration costs, SEK M</b>	<b>889</b>	<b>956</b>
Share of Group's EBITA, %	21.3	22.0
<b>EBITA margin, %</b>	<b>11.4</b>	<b>12.8</b>
Operating profit, SEK M	573	665
Share of Group's operating profit, %	21.0	29.1
Operating margin, %	7.4	8.9

Getinge Group has performed extremely well over the past ten years. Sales grew from SEK 16 billion to SEK 30 billion during the period. 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. Organic growth primarily derives from the development and launch of new products and geographic expansion.

## Multi-year overview 2007–2015: previous business areas

	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>MEDICAL SYSTEMS</b>									
Order intake, SEK M	5,879	8,560	11,488	11,179	11,214	13,242	13,340	14,061	16,035
<b>Net sales, SEK M</b>	<b>6,079</b>	<b>8,416</b>	<b>11,255</b>	<b>11,195</b>	<b>11,031</b>	<b>13,089</b>	<b>13,322</b>	<b>14,105</b>	<b>16,078</b>
Share of Group's net sales, %	37.0	43.7	49.3	50.5	50.5	54.0	52.7	52.9	53.0
Gross profit, SEK M	3,112	4,723	6,343	6,492	6,365	7,668	7,789	7,756	8,348
Gross margin, %	51.2	56.1	56.4	58.0	57.7	58.6	58.5	55.0	51.9
Operating expenses, SEK M	-2,079	-3,140	-4,510	-4,372	-4,234	-5,236	-5,356	-5,390	-6,326
<b>EBITA – before restructuring, acquisition and integration costs, SEK M</b>	<b>1,040</b>	<b>1,784</b>	<b>2,231</b>	<b>2,502</b>	<b>2,495</b>	<b>2,945</b>	<b>2,894</b>	<b>2,868</b>	<b>2,628</b>
Share of Group's EBITA, %	39.2	52.0	56.7	57.2	54.6	60.7	60.7	63.7	62.9
<b>EBITA margin, %</b>	<b>17.1</b>	<b>21.2</b>	<b>19.8</b>	<b>22.3</b>	<b>22.6</b>	<b>22.5</b>	<b>21.7</b>	<b>20.3</b>	<b>16.3</b>
Operating profit, SEK M	1,033	1,511	1,636	1,990	2,016	2,384	2,334	1,292	1,628
Share of Group's operating profit, %	45.8	52.5	53.3	53.9	51.4	59.5	62.3	48.8	59.6
Operating margin, %	17.0	18.0	14.5	17.8	18.3	18.2	17.5	9.2	10.1
No. of employees at December 31	3,264	4,295	5,028	5,202	6,011	6,344	6,572	7,045	6,761
<b>EXTENDED CARE</b>									
Order intake, SEK M	6,124	6,223	6,406	6,033	5,711	5,965	6,910	7,217	7,781
<b>Net sales, SEK M</b>	<b>6,009</b>	<b>6,174</b>	<b>6,467</b>	<b>6,033</b>	<b>5,751</b>	<b>5,990</b>	<b>6,870</b>	<b>7,164</b>	<b>7,767</b>
Share of Group's net sales, %	36.5	27.9	28.4	27.2	26.3	24.7	27.2	26.9	25.7
Gross profit, SEK M	2,750	2,847	2,964	2,977	2,981	3,052	3,369	3,398	3,505
Gross margin, %	45.8	46.1	45.8	49.3	51.8	51.0	49.0	47.4	45.1
Operating expenses, SEK M	-1,895	-1,969	-2,074	-1,904	-1,800	-1,871	-2,202	-2,494	-2,806
<b>EBITA – before restructuring, acquisition and integration costs, SEK M</b>	<b>971</b>	<b>992</b>	<b>1,002</b>	<b>1,178</b>	<b>1,278</b>	<b>1,274</b>	<b>1,296</b>	<b>1,041</b>	<b>831</b>
Share of Group's EBITA, %	28.6	25.6	23.8	27.0	28.0	26.3	27.2	23.1	19.9
<b>EBITA margin, %</b>	<b>16.2</b>	<b>16.1</b>	<b>15.5</b>	<b>19.5</b>	<b>22.2</b>	<b>21.3</b>	<b>18.9</b>	<b>14.5</b>	<b>10.7</b>
Operating profit, SEK M	597	732	835	1,048	1,121	1,005	983	817	509
Share of Group's operating profit, %	21.8	24.4	24.4	28.4	28.6	25.1	26.2	30.9	18.7
Operating margin, %	9.9	11.9	12.9	17.4	19.5	16.8	14.3	11.4	6.5
No. of employees at December 31	4,228	4,314	4,111	3,958	5,092	5,457	5,479	5,499	4,460
<b>INFECTION CONTROL</b>									
Order intake, SEK M	4,494	4,665	5,142	5,192	5,086	5,209	5,144	5,539	6,615
<b>Net sales, SEK M</b>	<b>4,357</b>	<b>4,682</b>	<b>5,094</b>	<b>4,944</b>	<b>5,072</b>	<b>5,170</b>	<b>5,095</b>	<b>5,400</b>	<b>6,390</b>
Share of Group's net sales, %	26.5	24.3	22.3	22.3	23.2	21.3	20.1	20.2	21.1
Gross profit, SEK M	1,659	1,763	1,945	1,902	2,056	1,984	1,966	1,956	2,309
Gross margin, %	38.1	37.7	38.2	38.5	40.5	38.4	38.6	36.2	36.1
Operating expenses, SEK M	-1,034	-1,126	-1,261	-1,225	-1,268	-1,363	-1,405	-1,380	-1,611
<b>EBITA – before restructuring, acquisition and integration costs, SEK M</b>	<b>640</b>	<b>652</b>	<b>700</b>	<b>691</b>	<b>798</b>	<b>631</b>	<b>575</b>	<b>592</b>	<b>720</b>
Share of Group's EBITA, %	24.1	19.0	17.8	15.8	17.5	13.0	12.1	13.2	17.2
<b>EBITA margin, %</b>	<b>14.7</b>	<b>13.9</b>	<b>13.7</b>	<b>14.0</b>	<b>15.7</b>	<b>12.2</b>	<b>11.3</b>	<b>11.0</b>	<b>11.3</b>
Operating profit, SEK M	625	634	599	652	788	618	431	536	592
Share of Group's operating profit, %	27.7	22.0	19.5	17.7	20.1	15.4	11.5	20.3	21.7
Operating margin, %	14.3	13.5	11.8	13.2	15.5	12.0	8.5	9.9	9.3
No. of employees at December 31	2,866	2,995	2,996	3,048	2,008	3,118	3,132	3,203	4,203

## The group's 20 largest markets

	2016			2015			2014			2013			2012		
	SEK M	%	#	SEK M	%	#	SEK M	%	#	SEK M	%	#	SEK M	%	#
USA	10,058	33.8%	1	10,098	33.4%	1	8,045	30.2%	1	7,567	29.9%	1	6,778	28.0%	1
Germany	2,091	7.0%	2	2,081	6.9%	3	1,963	7.4%	3	1,899	7.5%	2	1,758	7.2%	2
UK	2,052	6.9%	3	2,256	7.5%	2	1,998	7.5%	2	1,755	6.9%	3	1,746	7.2%	3
France	1,684	5.7%	4	1,685	5.6%	4	1,716	6.4%	4	1,578	6.2%	4	1,607	6.6%	4
Japan	1,399	4.7%	5	1,250	4.1%	5	1,166	4.4%	5	1,158	4.6%	5	1,344	5.5%	5
China	1,208	4.1%	6	1,243	4.1%	6	982	3.7%	7	964	3.8%	7	970	4.0%	6
Canada	1,002	3.4%	7	1,035	3.4%	8	985	3.7%	6	1,008	4.0%	6	946	3.9%	7
Australia	965	3.2%	8	1,117	3.7%	7	897	3.4%	8	786	3.1%	8	867	3.6%	8
Italy	813	2.7%	9	852	2.8%	9	777	2.9%	9	743	2.9%	9	753	3.1%	9
Netherlands	605	2.0%	10	605	2.0%	10	586	2.2%	10	562	2.2%	11	614	2.5%	11
Sweden	549	1.8%	11	595	2.0%	11	494	1.9%	12	464	1.8%	13	429	1.8%	13
India	504	1.7%	12	526	1.7%	12	407	1.5%	15	384	1.5%	15	335	1.4%	16
Belgium	428	1.4%	13	482	1.6%	13	465	1.7%	13	459	1.8%	14	422	1.7%	14
Switzerland	394	1.3%	14	418	1.4%	14	321	1.2%	19	339	1.3%	16	308	1.3%	17
Spain	359	1.2%	15	341	1.1%	18	337	1.3%	18	252	1.0%	20	259	1.1%	18
Austria	353	1.2%	16	386	1.3%	15	345	1.3%	16	306	1.2%	18	227	0.9%	20
Brazil	339	1.1%	17	355	1.2%	17	569	2.1%	11	641	2.5%	10	509	2.1%	12
Turkey	308	1.0%	18	282	0.9%	19	245	0.9%	20	174	0.7%	22	147	0.6%	26
Denmark	303	1.0%	19	263	0.9%	20	237	0.9%	21	260	1.0%	19	236	1.0%	19
Hong Kong	263	0.9%	20	235	0.7%	21	166	0.6%	24	134	0.5%	29	125	0.5%	27

## The ten largest markets by business area

	2016			2015			2014			2013			2012		
	SEK M	%	#	SEK M	%	#	SEK M	%	#	SEK M	%	#	SEK M	%	#
<b>SURGICAL WORKFLOWS BUSINESS AREA</b>															
USA	2,283	21.8%	1	2,453	22.5%	1	1,859	19.3%	1	1,822	19.5%	1	1,672	18.2%	1
Germany	904	8.6%	2	895	8.2%	2	840	8.7%	2	848	9.1%	2	858	9.3%	2
Japan	716	6.8%	3	636	5.8%	5	610	6.3%	4	582	6.2%	4	679	7.4%	4
France	709	6.8%	4	751	6.9%	3	754	7.8%	3	721	7.7%	3	743	8.1%	3
UK	681	6.5%	5	690	6.3%	4	601	6.2%	5	465	5.0%	5	453	4.9%	5
China	584	5.6%	6	558	5.1%	6	437	4.5%	6	418	4.5%	6	439	4.8%	6
Sweden	344	3.3%	7	440	4.0%	8	342	3.6%	7	332	3.5%	7	312	3.4%	9
Australia	313	3.0%	8	454	4.2%	7	285	3.0%	9	226	2.4%	11	245	2.7%	10
Italy	284	2.7%	9	339	3.1%	9	296	3.1%	8	294	3.1%	8	330	3.6%	8
Switzerland	203	1.9%	10	218	2.0%	10	154	1.6%	16	180	1.9%	14	160	1.7%	16
<b>ACUTE CARE THERAPIES BUSINESS AREA</b>															
USA	5,444	46.1%	1	5,269	45.5%	1	4,071	41.3%	1	3,714	41.0%	1	3,621	40.0%	1
Germany	697	5.9%	2	689	5.9%	2	645	6.5%	2	565	6.2%	2	570	6.3%	3
Japan	654	5.5%	3	582	5.0%	3	538	5.5%	3	550	6.1%	3	634	7.0%	2
China	524	4.4%	4	552	4.8%	4	449	4.6%	4	437	4.8%	4	406	4.5%	4
France	391	3.3%	5	383	3.3%	5	413	4.2%	5	333	3.7%	6	342	3.8%	5
Italy	317	2.7%	6	304	2.6%	7	294	3.0%	6	266	2.9%	7	277	3.1%	8
India	291	2.5%	7	287	2.5%	8	241	2.4%	9	223	2.5%	9	194	2.1%	11
UK	262	2.2%	8	313	2.7%	6	261	2.6%	8	199	2.2%	12	188	2.1%	12
Canada	238	2.0%	9	253	2.2%	9	226	2.3%	11	260	2.9%	8	225	2.5%	9
Australia	226	1.9%	10	227	2.0%	10	235	2.4%	10	205	2.3%	10	216	2.4%	10
<b>PATIENT &amp; POST-ACUTE CARE BUSINESS AREA</b>															
USA	2,331	31.3%	1	2,376	29.6%	1	2,115	28.4%	1	2,031	28.6%	1	1,485	23.9%	1
UK	1,109	14.9%	2	1,253	15.6%	2	1,137	15.3%	2	1,091	15.4%	2	1,105	17.8%	2
France	583	7.8%	3	550	6.8%	4	550	7.4%	3	525	7.4%	4	521	8.4%	3
Canada	562	7.5%	4	564	7.0%	3	549	7.4%	4	568	8.0%	3	490	7.9%	4
Germany	490	6.6%	5	497	6.2%	5	478	6.4%	5	486	6.8%	5	329	5.3%	6
Australia	426	5.7%	6	436	5.4%	6	378	5.1%	6	355	5.0%	6	407	6.5%	5
Netherlands	244	3.3%	7	249	3.1%	7	255	3.4%	7	251	3.5%	7	269	4.3%	7
Italy	212	2.8%	8	208	2.6%	8	187	2.5%	8	182	2.6%	8	146	2.3%	9
Austria	176	2.4%	9	168	2.1%	10	165	2.2%	9	161	2.3%	9	58	0.9%	15
Belgium	165	2.2%	10	173	2.2%	9	154	2.1%	11	147	2.1%	10	148	2.4%	8

# Acquisition history 1993–2016

Year	Company	Business	Country	Sales
2016	AccuMed	Production facility for medical textiles	DR	SEK 100 M
2016	1st Call Mobility Ltd	Medical-device solutions for bariatric patients	GB	SEK 100 M
2015	GOA Teknoloji Danismanlik Elektronik	Low temperature sterilization technology	TR	SEK 20 M
2014	Pulsion AG	Systems for hemodynamic monitoring	DE	SEK 300 M
2014	Altrax Group Ltd	Systems for traceability and quality assurance for sterilization	GB	SEK 35 M
2014	Cetrea A/S	Systems for resource planning	DK	SEK 30 M
2014	Austmel Pty Ltd	Sterilization and thermal processes	AU	SEK 80 M
2013	LAAX Inc.	Cardiac and vascular surgery	US	SEK 8 M
2013	Trans Medikal Devices Inc.	Manufacture of sterilizers and distribution of disinfectors	TR	SEK 55 M
2013	STS East LLC	Service	US	SEK 25 M
2012	Product rights from Avalon Laboratories	Cardiopulmonary	US	–
2012	Eirus Medical	Critical Care	SE	–
2012	Acare Medical Science Ltd	Healthcare beds	CH	SEK 135 M
2012	USCI	Distributor	JP	SEK 150 M
2012	Tecno Hospitalia	Distributor	CO	SEK 4 M
2012	Therapeutic Support Systems (TSS)	Wound care	US	SEK 1,600 M
2012	Steritec Products Mfg Inc.	Consumables	US	SEK 70 M
2011	Blanchet Medical Service	Service	FR	SEK 3 M
2011	Atrium Medical Inc	Products for the cardiovascular market	US	USD 200 M
2011	Combimobil AB	Rehabilitation aids	SE	SEK 2 M
2011	Fumedica	Distributor	CH	SEK 70 M
2011	IDS Medical Equipment	Distributor	SG	SEK 25 M
2011	Mak Saglik	Distributor	TR	SEK 20 M
2011	STS Holding West	Service	US	SEK 20 M
2010	Odelga	Service	AT	SEK 25 M
2008	Datascope	Cardiac assist and vascular surgery	US	USD 231 M
2008	Cardio Research Pty Ltd.	Distributor	AU	AUD 5.1 M
2008	Subtil Crepieux	Service	FR	EUR 8 M
2008	Getus Services Ltd	Service	NZ	NZD 1.1 M
2008	Oimed AB	Distributor	SE	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	SEK 1,733 M
2007	NS Nielsen Equipment A/S	Distributor	DK	–
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	SEK 2,675 M
2006	Comercio E Industria Medica	Consumables for open-heart surgery	BR	SEK 25 M
2006	QTY GmbH	Telemedicine specializing in products and solutions for hospitals' IT infrastructure focused on the operating room.	DE	SEK 20 M
2006	Getinge Czech Republic	Distributor	CZ	SEK 10 M
2005	Lancer UK	Distributor	UK	SEK 104 M
2005	La Cahlené	Isolator technology and electron sterilization technology	FR	EUR 40 M
2004	Dynamed	Distributor	CA	SEK 85 M
2004	BHM Medical Inc.	Patient management products for the care and elderly care segments	CA	SEK 206 M
2003	MAQUET AG, Swiss dealer	Distributor	CH	CHF 4.9 M
2003	Siemens LSS	Ventilators and anesthesia equipment for the hospital market	SE	EUR 230 M
2003	Jostra GmbH	Equipment and consumables for cardiac surgery	DE	EUR 90 M
2003	Copharm B.V.	Distributor	NL	EUR 10 M
2002	Heraeus Medical	Surgical lamps, ceiling service units and therapy accessories and gas distribution for operating rooms	DE	EUR 52 M
2001	ALM	Surgical lamps	FR	FRF 490 M
2000	Maquet	Surgical tables	DE	EUR 155 M
2000	Parker Bath	Bathing systems for the semi-institutional care market	UK	SEK 150 M
2000	Lenken Healthcare	Distributor	IE	SEK 65 M
2000	Gestion Techno-Medic	Patient lifting systems	CA	SEK 22 M
1999	Lunatron ApS	Comprehensive IT solutions for the maintenance of sterilization departments	DK	DKK 15 M
1999	MPT Corp.	Washer disinfectors for the Life Science market	US	SEK 35 M
1998	Egerton Hospital Equipment	Specialist beds and anti-decubitus mattresses for hospitals and care facilities	UK	SEK 45 M
1998	Royal Linden B.V.	Infection control	NL	SEK 60 M
1998	Medibo	Patient lifting and pressure-ulcer treatments	BE	SEK 28 M
1998	OMASA	Infection control	IT	SEK 100 M
1998	SMI/BBC	Infection control	FR	SEK 75 M
1998	Kemitem	Water distillers pure-steam generators for pharmaceutical industry	DK	DKK 25 M
1998	Pegasus	Anti-decubitus products for hospitals and elderly care	UK	SEK 350 M
1996	MDT/Castle	Infection control	US	–
1996	Van Dijk Medizintechnik GmbH	Infection control	DE	SEK 30 M
1995	Arjo	Products for aging care related to hygiene and patient management	SE	SEK 1,538 M
1994	Lancer	Disinfection products	FR	FRF 70 M
1993	British Sterilizer	Sterilizers	UK	SEK 15 M
1993	Stirn	Disinfection	FR	–

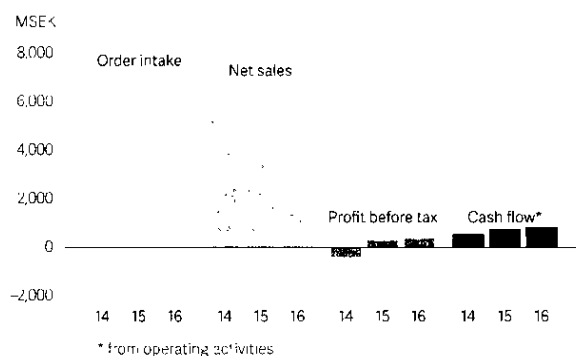
## Distribution of sales and earnings by quarter

	Percentage distribution of sales for the year				Percentage distribution of operating profit			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4
<b>2012 total</b>	<b>21.6</b>	<b>23.1</b>	<b>23.0</b>	<b>32.2</b>	<b>17.6</b>	<b>21.6</b>	<b>21.1</b>	<b>39.7</b>
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
<b>2013 total</b>	<b>22.4</b>	<b>23.8</b>	<b>23.1</b>	<b>30.7</b>	<b>10.7</b>	<b>20.7</b>	<b>19.1</b>	<b>49.6</b>
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
<b>2014 total</b>	<b>21.2</b>	<b>23.7</b>	<b>23.3</b>	<b>31.7</b>	<b>-11.0</b>	<b>27.3</b>	<b>25.6</b>	<b>58.2</b>
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
<b>2015 total</b>	<b>22.2</b>	<b>23.8</b>	<b>22.9</b>	<b>31.1</b>	<b>12.3</b>	<b>15.7</b>	<b>15.4</b>	<b>56.6</b>
Surgical Workflows	19.5	22.0	21.9	36.6	2.7	7.1	19.2	71.1
Acute Care Therapies	22.6	24.7	23.3	29.4	17.5	24.6	13.7	44.2
Patient & Post-Acute Care	25.4	24.7	23.7	26.2	20.1	14.3	16.4	49.2
Group functions	-	-	-	-	-17.6	-24.6	-24.6	-33.2
<b>2016 total</b>	<b>21.4</b>	<b>23.3</b>	<b>23.3</b>	<b>32.0</b>	<b>13.8</b>	<b>20.7</b>	<b>2.1</b>	<b>63.4</b>
Surgical Workflows	18.5	22.7	22.6	36.1	-0.3	14.8	23.7	61.8
Acute Care Therapies	22.1	23.7	23.3	30.9	17.4	31.4	-19.2	70.4
Patient & Post-Acute Care	24.5	23.4	24.2	27.9	31.7	13.5	22.9	31.9
Group functions	-	-	-	-	-17.4	-20.8	-39.1	-22.7

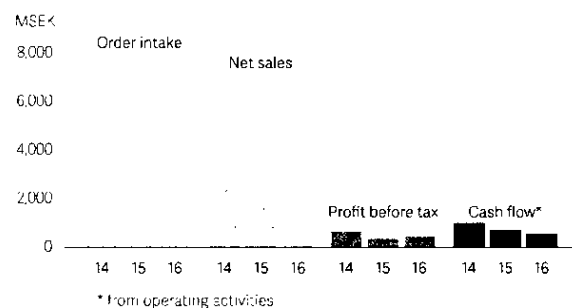
Historically, most of Getinge's sales are conducted in the fourth quarter of the year. A significant reason behind this pattern is that portions of customers' investment budgets are released late in the year. The high capacity utilization in the fourth quarter also results in a considerable portion of the net profit for the year being generated during the final quarter.

## Quarterly performance in 2016

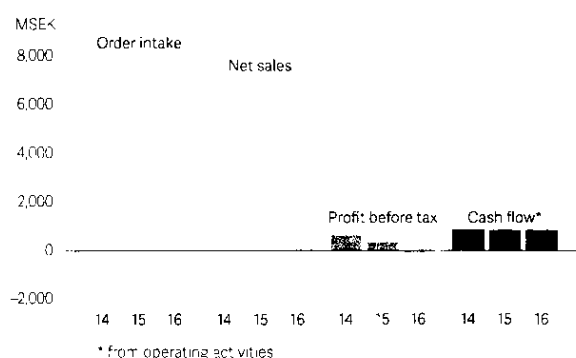
### Quarter 1



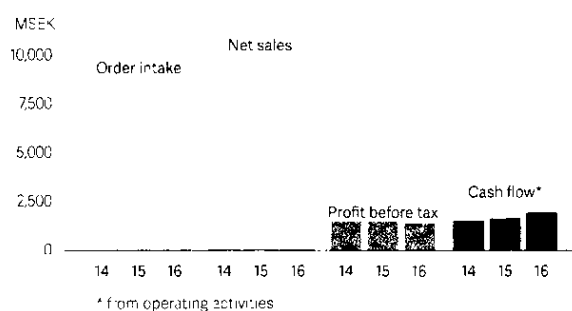
### Quarter 2



### Quarter 3



### Quarter 4



Source: Interim Reports



## Reconciliation of alternative performance measures

Alternative performance measures refer to financial measures used by the company's management and investors to evaluate the Group's earnings and financial position and that cannot be directly read or derived from the financial statements. These financial measures are intended to facilitate analysis of the Group's performance. The alternative performance measures are

not to be considered a substitute for, but rather a supplement to, the financial statements prepared in accordance with IFRS. The financial measures recognized in this report may differ from similar measures used by other companies.

### THE GROUP'S PRIMARY PERFORMANCE MEASURES

<b>EBITA</b>	<b>2016</b>	<b>2015</b>
Operating profit, SEK M	2,287	2,729
Add-back of amortizations and write-downs of business acquired intangible assets, SEK M	720	761
<b>EBITA, SEK M</b>	<b>3,007</b>	<b>3,490</b>

<b>EBITA BEFORE RESTRUCTURING, ACQUISITION AND INTEGRATION COSTS</b>	<b>2016</b>	<b>2015</b>
Operating profit, SEK M	2,287	2,729
Add-back of amortizations and write-downs of business acquired intangible assets, SEK M	720	761
Add-back of restructuring, acquisition and integration costs, SEK M	1,334	689
<b>EBITA before restructuring, acquisition and integration costs, SEK M</b>	<b>4,341</b>	<b>4,179</b>

<b>CASH CONVERSION</b>	<b>2016</b>	<b>2015</b>
Cash flow from operating activities, SEK M	3,671	3,458
EBITDA, SEK M	4,990	5,187
<b>Cash conversion*, %</b>	<b>73.6%</b>	<b>66.7%</b>

\*Cash flow from operating activities in relation to EBITDA

<b>NET DEBT/EQUITY RATIO</b>	<b>2016</b>	<b>2015</b>
Net interest-bearing debt, SEK M	23,389	22,867
Equity, SEK M	20,916	19,593
<b>Net debt/equity ratio*, multiple</b>	<b>1.12</b>	<b>1.17</b>

\* Net interest-bearing debt in relation to equity

## Quality & environmental certifications

Medical Systems		Production	ISO 9001	ISO 13485	ISO 14001
Antalya	Turkey	Consumables for perfusion products	N/A	■	■
Ardon	France	Surgical lamps	■	■	■
Fairfield/Mahwah	USA	Cardiac assist	N/A	■	⊗
Hechingen	Germany	Consumables for perfusion products	■	■	—
Hudson	USA	Products for the cardiovascular market	N/A	■	—
La Ciotat	France	Vascular implants	N/A	■	■
Rastatt	Germany	Surgical tables, other surgical equipment and cardiopulmonary machines	■	■	■
Solna	Sweden	Ventilators and anesthesia machines	N/A	■	■
Suzhou	China	Ceiling service units, surgical tables and cardiovascular products	■	■	■
		Pump consoles for DVT products and therapeutic surfaces			
		Disinfection and sterilization equipment			
Wayne	USA	Instruments for vascular surgery and vascular implants	N/A	■	—
Cardiff	UK	Diagnostics	■	■	■
Magog	Canada	Passive patient lifts	■	■	■
Poznan	Poland	Therapeutic Surfaces, Medical Beds, DVT cuffs, table-top autoclaves	■	■	■
Zhuhai	China	Medical Beds	■	■	■
Ankara	Turkey	Sterilization equipment	■	■	■
Denver	USA	Chemical indicators	■	■	■
Getinge	Sweden	Sterilization equipment	■	■	■
Toulouse (Tournefeuille)	France	Disinfection equipment	■	■	■
Vendôme	France	Isolators	■	N/A	■
Växjö	Sweden	Disinfection equipment	■	■	■
San Cristobal	Dominican Republic	Slings for patient lifting systems and mattress covers	■	■	⊗
Feldkirchen	Germany	Advanced monitoring	N/A	■	⊗

■ Certified plant    ⊗ Certification planned in 2017

## Environmental Data

	CO <sub>2</sub> /Internal sales *	Recycled waste, %	Hazardous waste, tons
Getinge Group	1.9 (2.2)	81.4 (82.0)	148 (289)

\* Direct and indirect carbon emissions deriving from production. Tons/SEK 1,000 M of internal sales.

## Social data

		2016	2015	2014	2013	2012
Number of employees, December 31	Total	15,582	15,424	15,747	15,183	14,919
	Of whom are women, %	36	33	32	32	31
Age distribution, %	20–30, %	17	16	16	16	17
	31–40, %	30	29	30	30	29
	41–50, %	28	29	29	30	30
	51–60, %	21	21	21	20	20
	61–70, %	4	5	4	4	4
Health and safety	Number of accidents per 100 employees	2.9	2.5	2.9	2.7	2.5
	Sickness absence (entire Group)					
	Total sickness absence in regular working hours, %	3.4	2.9	2.7	2.7	2.8
	Men, %	2.9	2.4	2.3	2.4	2.5
	Women, %	4.3	3.9	3.5	3.3	3.6

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# Definitions

## Financial terms

**Working capital.** Average total assets with a reversal of cash and cash equivalents, other provisions, accounts payable and other non-interest-bearing liabilities.

**Return on working capital.** Rolling 12 months' operating profit with add-back of restructuring, integration and acquisition expenses in relation to working capital.

**Return on shareholders' equity.** Rolling 12 months' profit after tax 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.

**EBITA.** Operating profit before amortization and write-down of intangible assets identified in conjunction with corporate acquisitions.

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

**EBITDA.** Operating profit before depreciation/amortization and write-down.

**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.** Net interest-bearing debt in relation to equity.

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

**Interest-coverage ratio.** Profit after net financial items plus interest expenses and add-back of restructuring costs, as a percentage of interest expenses.

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

**Equity/assets ratio.** Shareholders' equity in relation to total assets.

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

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

## Medical terms

**Anesthesia.** Narcosis.

**ARDS (Acute respiratory distress syndrome).** Life-threatening lung damage.

**Sterilizer.** 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 the increased blood circulation supplies oxygen to the heart muscle, which thus improves its ability to pump.

**Cardiac Surgery.** Heart surgery.

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

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

**Deep vein thrombosis (DVT).** Formation of a blood clot in a deep leg vein.

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

**EVH (Endoscopic Vessel Harvesting).** Minimally invasive surgical interventions, to explant a healthy blood vessel through endoscopic means.

**Extracorporeal life support.** Extracorporeal support, for instance external oxygenation of blood through medical technology.

**Hemodynamics.** Change in pressure and flow of blood in the cardiovascular system.

**Cardiovascular diseases.** Heart and blood vessel diseases.

**Kinetic Therapy.** A function in Getinge's high-tech RotoProne™ hospital bed. This function offers continuous rotation of immobile patients from side to side down to 40° and up to 62° to treat and prevent complications in the lungs.

**Surgery perfusion.** A heart-lung machine conducts the work of the heart and lungs during an operation.

**Artificial grafts.** Artificial vascular implants.

**Low temperature sterilization.** Low temperature sterilization of instruments is used in minimally invasive surgery, a type of instrument that is extremely sensitive to the high temperatures and pressure of a steam sterilization process.

**Counterpulsation.** Therapy for treatment of resistant angina.

**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.

**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.

**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.

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

**Vein.** Blood vessel that carries blood to the heart.

**Ventilator.** Maintaining a patient's ability to breathe through a ventilator (respirator).

## Geographic areas

**Americas.** North, South and Central America.

**APAC.** Asia and Pacific.

**EMEA.** Europe, Middle East and Africa.

# Reading guide and distribution policy

## Reading guide

- Getinge Group is referred to as Getinge in the Annual Report.
- Figures in parentheses pertain to operations in 2015, unless otherwise specified.
- Swedish kronor (SEK) is used throughout.
- Millions of kronor are abbreviated SEK M.
- All figures pertain to SEK M, unless otherwise specified.
- Information provided in the Annual Report concerning markets, competition and future growth constitutes 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.getinge.com](http://www.getinge.com)

# Annual General Meeting and Nomination Committee

## Annual General Meeting

The Annual General Meeting will be held on March 29, 2017, 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, not later than March 23, 2017
- Inform the company of their intention to participate not later than March 23, 2017

Applications can be submitted in the following ways:

- Getinge's website: [www.getinge.com](http://www.getinge.com)
- By conventional mail to: Getinge AB, Att: "AGM", P.O. Box 7841, SE-103 98 Stockholm, Sweden
- By telephone: +46 (0) 10 355 08 18

## 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 23, 2017, 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 2016 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 the CEO propose that a dividend for 2016 of SEK 2.00 (2.80) per share be paid, totaling SEK 477 M (667). The Board's proposed record date is March 31, 2017. Euroclear anticipates being able to forward the dividend to shareholders on April 5, 2017.



# Financial information

Updated information on, for example, the Getinge share and corporate governance is available on Getinge's website [www.getinge.com](http://www.getinge.com).

The Annual Report, year-end report and interim reports are published in Swedish and English and are available for download at [www.getinge.com](http://www.getinge.com).

The Annual Report can also be ordered from:

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## Financial information

The following information will be published for the 2017 financial year:

- April 25, 2017: Interim report January–March
- July 17, 2017: Interim report January–June
- October 18, 2017: Interim report January–September
- January 30, 2018: Year-End Report 2017
- March 2018: Annual Report for 2017





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Getinge is a global provider of innovative solutions for operating rooms, intensive-care units, sterilization departments and for life science companies and institutions. Based on our first-hand experience and close partnerships with clinical experts, healthcare professionals and medtech specialists, we are improving the every-day life for people, today and tomorrow.