



Passion for life

2019 Annual Report



COLLABORATION



OPENNESS



EXCELLENCE



OWNERSHIP

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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.

Cover: Lisa Kuehn, working at Getinge's production site in Rastatt, Germany.

Passion for life

Sometime in life, we all need to seek health care. At Getinge, we have a long tradition of creating innovations that improve people's quality of life – and save lives. We think it is the most important job in the world.

This is Getinge

The world is facing major challenges, one of which is the ability to provide the increasing world population with safe and effective health care. People are living longer and, according to WHO, lifestyle diseases such as cardiovascular diseases are one of the primary causes of death globally.

Getinge is committed to work to ensure that all people and societies have access to the best possible health care. The company helps its customers to meet their challenges in health care and life science institutions by providing knowledge, technology and resources to achieve optimal clinical outcomes and, ultimately, to save lives.

25,000

No. of customers

170 BSEK

Addressable market

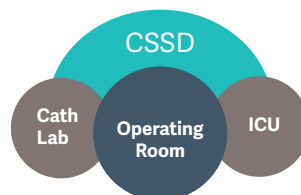
2–4%

Organic growth in addressable market

At Getinge we enable



Enabling advanced health care where it matters the most



130

Sales in 130 countries

90%

of sales are made to hospitals and 10% to pharma companies and research institutes

26.6 BSEK

Net sales 2019

For a more effective health care

Getinge's products and solutions contribute to a more effective and sustainable health care for patients and customers. This is also beneficial for employees, shareholders and society in general. It all starts with having the right passion, which is at the heart of our values.

Getinge today

Customer oriented sales organization

- 25,000 customers in 130 countries
- A global distribution network with sales offices in 38 countries.
- 90% of sales are made to hospitals with the ambition of contributing to better clinical results, quicker recovery and fewer patients being affected by dangerous infections.
- Pharmaceutical companies and research institutes account for 10% of sales. In this area, the model is different, with customized solutions for the elimination of contamination risks in product development and manufacturing.

Established innovation processes

- EcoDesign is used to develop sustainable products and solutions.
- 4.7% of sales is spent on R&D.
- Effective allocation of resources to attractive product segments.

Certified and quality assured production

- Production in 7 countries, where 16 of 19 production units are certified according to ISO 14001.
- A global Quality management system in place: GetAligned.

Value based organization

- An organisation driven by the passion to help customers and patients.
- Uses a global Performance Development Process to inspire performance.
- Equal development opportunities to all 10,500 employees and high standards in business ethics.

Financial stability

- Growth in net sales, earnings and free cash flow.
- Solid financial situation and stable ownership structure.

What Getinge wants to achieve

VISION

To become the world's most respected and trusted medical device company

MISSION

Getinge provides innovative products and solutions that enable better patient outcomes while enhancing health economics

VALUES

Passion is at the heart of our values



Business model

Strategic priorities

Top priority

Quality and sustainability as an integral part of the organization

Focus areas

1

Drive productivity and efficiency enhancement

2

Secure leadership by strengthening the offering

3

Capture global growth

4

Capitalize on having one truly global brand

Enablers

Build a proud global organization with engaged and performance driven people

Our Business Areas

ACUTE CARE THERAPIES

World-leading solutions for life support in acute health conditions. Solutions for cardiovascular procedures and a broad selection of products and therapies for intensive care.

SURGICAL WORKFLOWS

Products and solutions to serve as an end-to-end partner for optimizing the quality, safety and capacity usage of the sterile supply departments and operating rooms.

LIFE SCIENCE

Equipment, expertise and consultation to prevent contamination in pharmaceutical and medical device production, and to strengthen integrity of results in medical research.

The value created

Getinge's contribution to health care

Together with its customers, Getinge contributes to more effective health care, which frees up resources for the treatment of more patients. One goal is to improve the use of operating rooms so that one more operation can be conducted per day per operating room. Getinge's products are part of the solution to a decrease of the number of health care related infections.

Production and products

Getinge are committed to contribute to a more sustainable society and the goal is to reduce the company's products' environmental impact across their total life cycle. New and updated non-financial goals are set and the progress is continuously monitored. Read more about Getinge's sustainability work on page 36.

Our relations

Getinge's value creation rests on long-term relationships with shareholders, customers, distributors, suppliers and employees.

Value to customers and society

Engaged employees and hard work throughout the organization are the factors behind Getinge's continued growth and improved profitability during the year, says President and CEO Mattias Perjos. Customer inquiries for sustainable products are increasing, entirely in line with the company's strategic direction. The focus going forward is on continuing the implementation of the strategy in a structured manner, strengthening the operations and creating added value for customers and society.

How would you describe 2019 in brief?

"I am proud of an organization driven by the passion to help customers and patients. I believe that we took many steps in the right direction in 2019, which was also reflected in our results. Our organic growth was 3.9%, we improved profitability and we have a strong and stable cash flow thanks to the improved management of working capital. These are well-deserved achievements for all of our employees and were of course down to hard work across the entire organization.

A strong culture of quality is the foundation of operating in our industry and it is therefore gratifying that we have been successful with the remediation measures carried out at our two German plants, in addition to the enhancements already made in our US plants.

I am also happy with our heightened focus on service, which makes us an even better partner for our customers. Internally, we intensified our work on improving our productivity. For example, we have reviewed internal processes, improved logistics and stock management. We have also digitalized parts of the work pro-

cesses performed by, for example, HR and Finance, while also running a program to consolidate our product portfolio."

Are there any areas that you are less satisfied with?

"Our Surgical Workflows team has worked hard during the year and I believe they deserved a faster return on their efforts, particularly in the US market where our customer offering has great potential going forward. I also believe that it is important to continue to improve our internal productivity in general throughout the organization since there is still much untapped potential in this area."

How successful are we in innovation and product development?

"We are moving in the right direction in this respect, and all of our product launches were well received by customers during the year.

For example, in 2019 we released updated software for our Servo-u ventilator. We also introduced Maquet Lyra, a mobile OR table that is both stable and flexible and improves functionality while also improving

the cost efficiency of the OR. In steam sterilization, we have been at the forefront of developments and innovative solutions for almost 90 years now. The latest sterilizer is called GSS610H and was launched during the year."

Sustainability is a high priority area at Getinge. What progress has been made during the year?

"Sustainability for us is not simply an initiative from senior management but instead forms an integral part of the operations and is something that we must all focus on. We saw many good results, such as a continued reduction in our carbon emissions from production. Another aspect is that we are seeing an increase in inquiries for sustainable products from our customers, which we are incorporating into product development through for example EcoDesign."

How will you tackle the challenges of 2020?

"We have a solid starting point and will of course continue to follow a structured approach as we continue to implement the strategy we launched in 2017. We have great traction across the organization and we are continuing to work in all six of our strategic priority areas. 2020 is very much about building on the good momentum we have established.

We need a committed and highly energized organization to succeed in managing challenges – that is what will make the difference. Accordingly, we are reviewing and simplifying work processes and investing in skills development to ensure that we can harness the full potential of all our people. There is enormous passion and commitment throughout our organization!"

Key figures

	2019	2018
Order intake, SEK M	26,832	24,347
Net sales, SEK M	26,559	24,172
Adjusted EBITA (SEK M)	3,310	2,689
Adjusted EBITA margin, %	12.5	11.1
Adjusted earnings per share, SEK	7.02	5.91
Net debt/equity ratio, multiple	0.59	0.64
Equity/assets ratio, %	46.9	45.3
Equity per share, SEK	77.00	72.16

What is it like being CEO of a company that helps saving lives every day?

"It is an extra source of energy to know that we help make a difference in the health care sector and society in general.

Currently we support the tremendous efforts that are being put in place to fight the effects from the Covid-19 virus on a global scale. We contribute with knowledge, equipment and consumables that are of help when treating critically ill patients. We also support with infection control technology in order to prevent the spread of the virus.

The idea that our technology can achieve something like this is amazing. It is also inspiring to see the commitment amongst our employees. At Getinge we are passionate about what we do."

Gothenburg, March 12, 2020

Mattias Perjos
President & CEO



We need a committed and highly energized organization to succeed – that is what will make the difference.



Environmental impact guides Getinge's EcoDesign

EcoDesign is a core ingredient in Getinge's sustainability efforts. Creating a process for calculating and presenting the environmental impact of a product during its entire lifecycle in a simple way helps Getinge to design products that meet the needs of its customers, society and the environment.

By using EcoDesign principles in product development, Getinge can minimize the use of materials, make sure that products are recyclable and help customers reduce their consumption of energy, water and other resources.

Robin Jousse, R&D Director Surgical Workflows, and his team in Ardon, France, has created a process for calculating environmental indicators from a lifecycle perspective and presenting them in a simple, useful way. The calculations have been performed using software from the leading testing, inspection and certification institute Bureau Veritas.

"The end result is a one-pager that can be used in customer communication, for example in tenders. It is also the base for our development efforts," says Robin Jousse.

Getting the priorities right is the base for successful EcoDesign – and the Product Environmental Profile becomes a valuable compass in Getinge's aim to improve the environmental performance of upcoming product generations.

The Product Environmental Profile becomes the basis for the life cycle assessment by summarizing the environmental impact of the product with 11 indicators, such as global warming potential (CO₂),

production of hazardous waste, raw material consumption and water consumption.

During the design phase of the surgical light Maquet PowerLED II, the Product Environmental Profile guided the development team towards focusing on enhancing optical and electrical components in order to decrease electricity consumption when the light is in use, which is the main cause of CO₂ emissions during the product's lifecycle.

Using detailed and correct data is the major challenge when a life cycle assessment is performed. As an example of the meticulous approach, the Maquet PowerLED II case includes emissions from truck and boat transports from suppliers in France, Europe, North Africa and Asia to the French assembly plant.

"Our aim is to make the Product Environmental Profile a standardized part in all of the company's EcoDesign efforts. Its ability to making it transparent where improvements matter most gives our sustainability efforts extra momentum," concludes Robin Jousse.

EcoDesign in a nutshell

EcoDesign refers to design solutions of products and services that take the entire lifecycle into consideration; from extraction of raw materials to production, distribution and use, all the way to recycling and disposal.



Our aim is to make the Product Environmental Profile a standardized part in all of the company's EcoDesign efforts.



Robin Jousse, R&D Director for OR Lights at Surgical Workflows, and Eric Penverne, Testing and Verification Technician at Getinge's site in Ardon, France



In 2019 Getinge inaugurated a brand new Hybrid Operating Room in its Experience Center in Rastatt, Germany.

► CASE – EXPERIENCE CENTERS

International knowledge hubs

To offer a clear overview of all products and solutions in a comprehensive portfolio, Getinge has Experience Centers all over the world. Here, visitors can exchange knowledge and truly experience the products in a relaxed but real-world medical setting.

Getinge has Experience Centers in Rastatt (Germany), Wayne (US), Shanghai (China), Tokyo (Japan) and Singapore. Also, there are smaller showrooms around the world, for example one that opened up in Sydney (Australia) during 2019.

These are all international knowledge hubs within a complete, real-world medical

setting, where visitors get hands-on practice of the products in hybrid operating rooms, intensive care unit set-ups, cardiovascular areas and central sterile supply departments.

In 2018, more than 25,000 visitors came to the Experience Center in Rastatt while around 15,000 visited Wayne.

For visitors who cannot physically come to any of the locations, the experience can be brought directly to them as anyone can take a virtual 360 degree tour by visiting www.getinge.com. Physically or virtually, these are places to come for knowledge and the doors are always open.

Business environment and strategy

There is an extensive need for increased efficiency in global health care, from both a clinical and financial perspective. This provides major opportunities for Getinge.

90%

of sales are made to hospitals and 10% to pharma companies and research institutes

40

million surgical procedures are performed annually using Getinge's products

6,500

sterile supply departments throughout the world are equipped with Getinge's products



Getinge has contributed to better healthcare for more than 100 years, always staying ahead of trends.

3 key trends impacting Getinge's business

Getinge's products are used in hospitals worldwide and demand increases by 2–4% per year. But what is behind this trend and what does the future look like for the company's customers?

1

DEMOGRAPHIC CHANGES REQUIRE INCREASED CLINICAL AND COST EFFICIENCY

Global demographic changes are leading to an increase in the need for advanced health care. There is a strong increase in the number of elderly people needing care, which is evident, for example, in more cases of cardiovascular diseases. Ultimately, this means major strains on national budgets throughout the world. Increased demands for care are accompanied by price pressure and demands for increased clinical efficiency.

Opportunities for Getinge

Getinge's business concept is based on creating value for health care by offering products that provide more and better care to an increasing number of patients with the same economic resources. One example are surgical solutions that entail the patient to be discharged faster, thus vacating a place for a new patient. Another is patient and instrument flow optimization that involves maximum throughput in operating rooms.

2

GRADUAL CHANGE OF HEALTH CARE SYSTEMS IN ORDER TO CREATE MORE VALUE

At the same time as pressure is increasing on health care regarding efficiency, higher demands are being placed on quality and the total value contributed by various forms of treatment in relation to the cost for the forms of treatment in question. This is often referred to as value-based health care.

Opportunities for Getinge

Getinge's offering aims to create excellent clinical results, while also being cost-efficient. This of course relates to the therapies that Getinge offers, but also to the infrastructure, like for example Infection Control systems. The hospital-related infection risk is a major global problem, taking up considerable resources and creating suffering for millions of patients annually. One effect of this is an increased global requirement for effective infection control solutions, where Getinge is a leader.



Protecting patients and staff from hospital-acquired infections (HAIs) is one of the most important roles in any medical facility. Getinge offers a comprehensive range of sterile reprocessing solutions such as washer-disinfectors, sterilizers, consumables and sterile supply management solutions for effective instrument workflows and improved patient safety.

3

**INNOVATION AND DIGITALIZATION
AS ENABLERS FOR EFFICIENCY AND
VALUE CREATION**

The digital development is having a major impact on the demand for products and services in health care. In addition to demands related to individual products, therapies and processes, there is an extensive need to develop solutions for the secure and effective transfer of information. For the health care system, the major benefits of digitalization are to be found in the flow of data between machinery, work groups and hospitals. Connections between various patient systems and products is becoming increasingly important, as is the possibility of transferring clinical data for better diagnostics, which leads to increased efficiency and patient safety.

Opportunities for Getinge

Many of Getinge's devices that are sold today have built-in compatibility for connection with hospital info systems for effective transfer of information. In addition, Getinge is involved in collaborations, such as the partnership with Verb Surgical Inc. for the development of digital surgery.



For the health care system, the major benefits of digitalization are to be found in the flow of data between machinery, work groups and hospitals.



Getinge's market

Several of Getinge's products and services are market leaders in their segments. The opportunities for further growth are favorable, both geographically and through new ways of combining offerings. Getinge is one of the largest players in its premium segment, but is working strategically to also increase sales in the broader value segment.

Markets by business area

Getinge's addressable market amounts to SEK 170 billion. The Acute Care Therapies business area's share amounts to SEK 85 billion and Surgical Workflows' share accounts for SEK 62 billion, while the Life Science market amounts to SEK 23 billion.

The weighted organic rate of growth for Getinge's total market is estimated at 2–4% per year, based on the rate of growth in each business area's subsegment put in relation to the proportion of sales in the same subsegment.

Subsegment by business area	Growth
Acute Care Therapies	
Intensive Care	4–5%
Cardiovascular interventions	2–3%
Cardiovascular surgery	1–2%
Surgical Workflows	
Integrated Workflow	8–10%
Infection Control	2–4%
Surgical Workplaces	2–4%
Life Science	
Pharma & Medical Device	5–7%
Lab	2–4%
Medical Research	2–4%

Market by geographic area

Getinge's sales are reported based on three regions, Americas, EMEA (Europe, Middle East and Africa) and APAC (Asia and Pacific region). Of these, Americas is the largest, with a total estimated value of SEK 75 billion in realizable value per year, followed by EMEA with SEK 50 billion and APAC with SEK 45 billion – viewed in terms of Getinge's addressable market. Growth is highest in APAC followed by Americas and EMEA, and the average rate of growth is 2–4% per year globally.

Historically, Getinge has had a large share of its sales in EMEA, mainly because the company has its origins in Europe. However, this share has successively declined in favor of faster growing markets in Americas and APAC. The US is the largest single country in terms of sales, followed by China and Germany. Although a large share of Getinge's sales is already made in the US, this is one of the countries that Getinge assigns priority regarding future growth. Partly because the company's offering has not yet fully penetrated this market and partly because there is underlying growth for premium products such as those offered by Getinge. Getinge also foresees favorable prospects for contin-

ued strong growth in large parts of Asia, where China and India are two key markets where the financial trend is enabling the expansion of advanced health care.

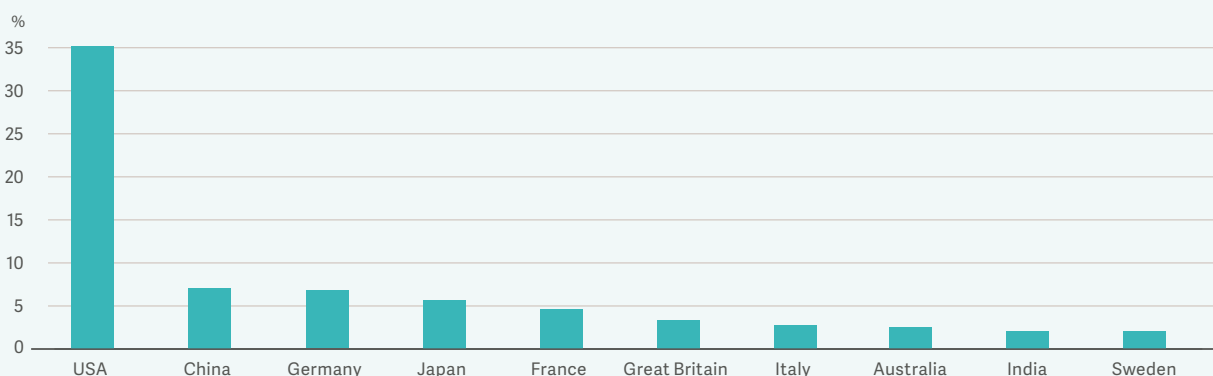
The trend of weaker growth in Central and Western Europe is expected to continue for the next few years, while Eastern Europe, the Middle East and Africa offer somewhat higher growth opportunities.

Market size by region 2019



- Americas – SEK 75 billion
- EMEA – SEK 50 billion
- APAC – SEK 45 billion

Getinge's top ten sales countries in 2019 – significant opportunities still untapped in the US





The weighted organic rate of growth for Getinge's total market is estimated at 2–4% per year.

Changed market conditions

The entire health care industry is undergoing widespread change that is altering the rules of the game for both Getinge and its competitors. The rate of increase in health care costs in mature markets in recent decades has been far higher than GDP growth. Following the financial crisis in 2009, this trend slowed down and the demands increased in terms of price pressure and cost-efficiency.

Another change is that new reimbursement systems are becoming increasingly commonplace. Health care was formerly mainly reimbursed from a cost-based system. Today, health care is increasingly trending toward a reimbursement system based on results and quality of treatment in relation to costs and systems that define costs on the basis of diagnosis related groups (DRG).

Three levels of commitment

New business models that correspond to these changes are being developed and tested within Getinge. To increase the

efficiency of the activities, the market is divided into three degrees of commitment related to our current position:

- Core segment
- Segment under development
- Selective niche segment

In its core segments, Getinge is already a leader and the key activity is defending and further developing this position. This includes our offering within the cardiopulmonary area.

In segments under development, Getinge is not yet leading, but foresees favorable opportunities to strengthen its

position moving forward. This includes our offering that is related to advanced ventilators in North America.

Niche segments generally comprise a defined portion of a larger segment, where Getinge's ambition could be to retain a profitable position or to divest.

The offering in expandable stents for expanding peripheral arteries is an example of a product segment in which Getinge has a clear niche position. Getinge also segments its market geographically, based on GDP and health care costs per inhabitant. Based on this, three groups emerge:

Very high income*	High income*	Middle and low income*
USA	Western Europe Canada Japan Australia New Zealand	Latin America Eastern Europe Middle East Asia

* Based on GDP and health care costs per capita.

Getinge's strategy for sustainable growth

Much progress has been made since the revised strategy was launched in late 2017. At the same time, a considerable amount of work remains, which offers generous opportunities to create profitable growth in line with the financial targets as well as reaching the non-financial targets.

Getinge's strategy consists of three interlinked parts:

- The Top Priority, a prerequisite for a sustainable business
- The Focus Areas, what to prioritize in order to improve performance
- The Enablers, making it possible to implement and amplify the effects of improvements

For every part there is a detailed plan with activities. In this section you will see some examples of activities linked to each part.

TOP PRIORITY

Quality and sustainability as an integral part of the organization

Getinge believes that the world's best job is to save lives and the company's strategy conveys an expressed ambition to help customers to improve and save lives and to create sustainable development for all of the company's various stakeholders. In order to do this, Getinge needs to have quality and sustainability as top priorities.

Examples on prioritized activities:

- Implementation of a global Quality Management System to ensure compliance and synergies
- Continuous contribution to a sustainable health care market through environmental and social responsibility
- Securing responsible leadership and a quality mindset throughout the organization

FOCUS AREAS

1 Drive productivity and efficiency enhancement

Getinge has major possibilities to improve the efficiency and productivity of its operations, particularly by setting more distinct priorities in everything from product development, purchasing and production to marketing activities and service.

Examples on prioritized activities:

- Harmonizing of business processes and implementation of one global ERP system
- Rationalization of product portfolio
- Optimizing manufacturing footprint and logistic structure and implementation of lean manufacturing principles

3 Capture global growth

Getinge operates in about 130 markets and has a global sales organization that is based on local entrepreneurship, but in which experience and resources are shared to achieve global economies of scale. To succeed in this, a clear approach to sales work has been developed.

Examples on prioritized activities:

- Leverage full potential of high growth markets
- Secure geographical portfolio mix optimization
- Differentiate through value creation process

2 Secure leadership by strengthening the offering

Getinge has identified prioritized segments to cohesively strengthen the product and service offering in its three business areas. This prioritization contributes to enabling the allocation of resources being more selective and investments being focused on the product and service areas where there is the largest demand among customers.

Examples on prioritized activities:

- Strengthening of leading positions within selected segments
- Build presence in attractive adjacent segments
- Strengthening of the service offer with digitalization as enabler

4 Capitalize on having one truly global brand

Getinge is operating in an industry where trust is crucial. This means that the brand needs to be associated with high credibility and reliability when it comes to creating relevant and consistent patient and customer benefits. But Getinge also needs to earn a high level of trust amongst other stakeholders, such as employees. All efforts linked to this strengthens the brand, which we intend to leverage in a more effective way on a global level.

Examples on prioritized activities:

- Create higher brand recognition for Getinge
- Drive product rebranding as an awareness builder

ENABLERS

Build a proud global organization with engaged and performance driven people

Getinge's aim is 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.

Examples on prioritized activities:

- Drive engagement through openness and collaboration
- Global performance development process
- Continue development of talent and leadership

Financial Targets

Getinge's financial targets, since 2018, apply to the key areas of sales, profitability and distribution of profit to shareholders.

Average organic growth in net sales

2–4%

The company's foremost priority is to grow sustainably in line with the addressable market.

In 2019 Getinge's organic net sales growth amounted to 3.9%, due to continuous improvement efforts in line with the strategy that was launched in 2017 (see page 20 for more information on the sales strategy).

Average growth in earnings per share

10%

Getinge is endeavoring to successively improve profitability and thereby increasing the value that accrues to the shareholders.

As reported earnings per share were negative in 2018, a growth metric on reported earnings per share for 2019 is not applicable. However, on an adjusted basis the earnings per share grew by 18.8% in 2019. This is mainly due to higher sales volumes, productivity gains and positive impact from currency.



The Board's dividend proposal for 2019 is in line with the policy of distributing 30–50% of net profit. The proposal is based on the favorable trends and strong cash flow that is generated in the operations.

Dividend policy

30–50%

of net profit

Dividend for fiscal year 2018

SEK **1.00**/share

(neg.)

Proposed dividend for fiscal year 2019

SEK **1.50**/share

(33% of net profit)

Non-financial targets

Getinge's non-financial targets apply to the material topics defined in the company's strategy and Sustainability Program 2019–2024.

Product specifics

Customer satisfaction

>25%

The goal is to achieve >25% Net Promoter Score higher than the competitor average. The latest customer satisfaction survey was performed in 2018 with a result of 27%.

Hazardous waste

-10%

The goal is to reduce the amount of hazardous waste from production by 10% (kg/MSEK) within the program period. In 2019, the amount of hazardous waste increased, mainly due to the phase-out of some production lines and chemical clean sweeps undertaken at several production sites.

Non-hazardous waste

100%

All non-hazardous waste from production is to be recycled within the program period. In 2019, the recycling ratio was 80.3%. A continued work to increase recycling fraction is undertaken at production sites. Further, the implementation of EcoDesign also contributes to increased recycling.

Environmental impact

Emissions from production

-5%

The goal is to reduce CO₂ emissions from production by 5% (ton CO₂/MSEK) within the program period.

In 2019, emissions was reduced by 6.7%. The use of oil has almost been phased out at production sites. Many sites have contractual arrangements on green energy, and other sites have invested in solar panels.

Emissions from company cars

-10%

The goal is to reduce CO₂ emissions from company cars by 10% (gCO₂/km) within the program period.

In 2019, emissions from cars decreased by 5.9%. A strict car policy has been introduced during 2019, which over time will substantially reduce climate impact from the vehicle fleet.

Energy in production

-10%

The goal is to reduce energy consumption in production by 10% (MWh/MSEK) within the program period.

In 2019, energy consumption decreased by 7.6%. All production sites have ongoing activities to optimize the use of energy. Many sites have undertaken energy audits using external consultants to identify improvement areas.

Social responsibility

Safe workplace

0

The goal is to have zero occupational accidents. For 2019, the total number of accidents per 100 employees was 1.96. No serious accidents were reported during the year.

Employee engagement

>70%

The goal is to achieve >70% as the index for employee commitment. The latest employee survey was done in 2019, with a result of 64%, and will be followed up by a number of targeted Pulse Surveys in 2020.

Getinge is currently reviewing its environmental non-financial targets, with the aim to achieve increased relevance and impact. The outcome from the review is expected to be presented in the coming year.

Strengthening the position further through customer centric R&D

Getinge is positioned among the leaders in all market segments where present, to a large extent due to the appreciated offerings and highly skilled R&D teams. High emphasis is placed on collaboration with customers early on in the process, to increase productivity and accuracy in terms of output.



4.7%
of sales are
invested in research
and development

The development of medtech products is reminiscent of the processes in pharmaceutical development. The products are classified based on what type of risk they can be associated with for the patient. In general, products used in the body (such as implants) are placed in a higher class, while products used outside the body belong to a lower class (for example, operating tables and lights).

The lead times are long and it is not unusual for a product with a high classification to take up to ten years to develop and another approximately five years to have certified. This involves relatively high costs before revenues start to be generated, a high entry barrier and thus good protection from competition. High classification generally also entails longer product life cycles.

Products in lower classes can take one to two years to develop and a few months to have certified. This means a lower investment requirement, but also a higher risk as competitors may more quickly launch a similar product. Hence it is important that the product is unique and distinguishable, and that it is developed at a low production costs to be able to be offered at a competitive price with a good margin.

Highly prioritized areas of innovation

The R&D cost for bringing a new product to the market can be significant. This creates a need for good investment decisions, based on long term business cases, covering all from customer demand and price levels to the cost for development and serial production of the product. With

this information at hand, Getinge can become more concentrated in the R&D process, developing unique offerings with desired functions for attractive customer segments.

Equally important for Getinge is to transfer resources intended for developing products with lower production costs to market segments where there is a need for less functionality and where Getinge has a differentiated offering and a strong position. In this way, the company can offer high quality products at competitive prices to, for example, selected parts of the growing value segment.

Competitive advantage through EcoDesign

Getinge EcoDesign means that the products are developed based on the best interests of customers, society and the environment. An example of such development activities is Getinge's new steam sterilizer GSS610H, which brings consistent and reliable results at a low and predictable total cost of ownership and at the same time enables lower consumption of cooling water. Getinge's R&D strategy is to have EcoDesign as an integrated part in the development process, why future launches will have more features like this.

Allocation of R&D-resources to remediation

The remediation work of recent years related to the Warning Letters and Consent Decree with FDA (US) has meant that Getinge has partly needed to refrain from research and development in related areas in Acute Care Therapies, specifically, Cardiopulmonary, Cardiac Systems and Vascular Systems. Since the operations in parts of Cardiac Systems and the whole of Vascular Systems were remediated at the



The lead times are long and it is not unusual for a product with a high classification to take about ten years to develop and another approximately five years to have certified.



Getinge's R&D strategy is having EcoDesign as an integrated part in the development process.

end of 2018, research and development resources were moved back, which created the opportunity for more intensive development in this area moving forward. The improvement work at the plant in Hechingen, which manufactures products for Cardiopulmonary, is expected to continue into 2021. Resources has been allocated to be able to conduct R&D in parallel with the remediation work to ensure that there is also an attractive research and development portfolio in the future.

Well prepared for the new EU regulation

In 2019, Getinge worked intensively to prepare its business for the new EU regulation for the medical device industry (EU MDR). This means that the certification process in Europe will be close to the demands in place in the US as of end of May 2020. The implementation of EU MDR is expected to bring higher entry barriers to the industry. Getinge is well prepared for this development, as it possesses both relevant competences and resources and have vast experience from these kind of processes.

Pruning of the product portfolios – supporting productivity

At the same time as the preparations for EU MDR are being made, Getinge conducts a review of product versions, where there is at least one corresponding alternative for its customers. This pertains to a material part of the stock keeping units (SKU's) in Acute Care Therapies and Surgical Workflows, whose discontinuation does not have a negative impact on customers or Getinge's total sales volume. In the long term, this review is expected to have a positive impact on profitability.

The customer centric approach is fueling further growth

Getinge has been growing every quarter during 2018–2019. The main reason for this is to be found in the global sales organization and the more agile and customer centric approach which was launched in the second half of 2017.

Getinge's sales organization is strongly customer and patient centric as several of the sales staff are former nurses and physicians and thus have a unique understanding of the customers' needs. This is confirmed by the latest customer survey, from 2018, where the sales and service organization received high ratings compared to peers. However, for a number of years the organization struggled with performing at market growth. In order to change this, a couple of important changes were made in the second half of 2017. The most important change was to transform the sales operations into a more agile and customer oriented global organization, thus enabling increased sales activities wherever the company were underrepresented and creating better conditions for sharing experiences and successful concepts.

In conclusion, the strategic approach for Getinge's global sales organization can be summarized in six points:

- 1 Differentiation through value creation such as customized solutions for each customer and to a higher degree, combine product, service, IT and advice in the offering.
- 2 Position service as an engine for growth by, for example, increasing the level of digital service in terms of remote connections and links between systems, at the same time as the overall service offering is increased.
- 3 High ambition for sales culture and performance by improving business management in Group-wide sales training and in a new IT-based sales support system.
- 4 Use the full potential of high growth markets by way of a detailed commercial analysis that identifies further growth opportunities per segment and market, and distributes resources accordingly.
- 5 Geographic optimization of the product service portfolio mix aimed at capturing market share.
- 6 Reach the next level of customer focus by following up in-depth customer satisfaction surveys and analysis, as well as acting on these.

There are still a lot of untapped opportunities in these six areas, which suggests good reasons for performing at market growth in the future as well.

3,100

No. of persons currently working with sales and service at Getinge

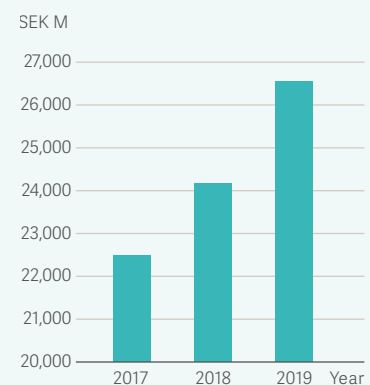
1,350

Sales representatives in the field

1,750

Service technicians

Net Sales Growth



Quality in everything Getinge does

For Getinge, quality is about making sure we do the right thing, every day and in each part of the company. During the year, the main focus of the quality function was to introduce the quality management system, GetAligned, throughout the company and to continue the intensive improvement work at the manufacturing units included in the Consent Decree with the Food and Drug Administration (FDA) in the US.

GetAligned is a system that ensures and improves efficiency and transparency, as well as compliance, and strengthens and governs Getinge's entire value chain. It is an integral part of Getinge's business model and makes a strong contribution to a successful implementation of the company strategy.

New quality management system

Since the FDA made observations regarding a number of processes and procedures at Getinge's production sites in 2013, the main focus of Getinge's quality work has been to correct these observations, reach a settlement with the FDA and strengthen its quality work with the aim of preventing a recurrence of similar problems. In 2018, the work was further intensified and, due to such factors as the new quality management system and systematic improvement work, both of Getinge's production sites in the US, in Wayne, New Jersey and in Merrimack, New Hampshire, comply entirely with applicable regulations. Where the site in Hechingen, in Germany, is concerned, improvement work is expected to continue into 2021. However, major progress has also been made in Hechingen and the site has advanced well in its improvement work. A new digital system for managing incoming complaints and the corrective actions (Corrective and Preventive Actions, CAPAs) that are required to rectify any disruptions, was also launched during the year.

Customer centric approach

A key part of Getinge's ambition to be customer-centric is to listen to the customers' wishes, but also to regard complaints and claims as valuable information. This is an opportunity to ensure that Getinge's products are always safe for health care professionals and patients and that they contribute to saving lives. Great importance is attached to securing the flow between Getinge's suppliers, throughout the production chain, onward to the sales organization and out to the end customers without disruption and that the company always delivers safe products.

An important task during the year was to prepare the operations for the new EU Medical Devices Regulation (MDR), which will be fully implemented no later than May 2020.

In February 2020, Getinge received its first EU MDR certificates for the production site in Solna, Sweden and the intensive care unit ventilators Servo-u and Servo-n.



Creating value

Getinge has a strong position in the market, with more than 25,000 customers across the globe, and a long-standing relationship with many of them. Therefore, it is of utmost importance to create value for our customers in terms of knowledge, products and solutions, which is something Getinge's three business areas are continuously working on.

ACUTE CARE THERAPIES

is Getinge's largest business area in which strong focus has been on getting the right balance between the cost of a therapy and the outcome. Here, evidence-based health care is an important part just as the increased importance of the software business. One example is the NAVA technology that picks up signals from the brain to the diaphragm and uses them to run the ventilators, so it works with the patient instead of having a traditional mechanical ventilation system.

SURGICAL WORKFLOWS

is Getinge's second largest business area. It has a value proposition centered on creating value for customers by improving productivity in hospitals and infection control. Today, health care productivity is a global theme, and in most reports, the spending continues to outpace GDP growth in most places, which is not sustainable. Studies from universities have found that Getinge's solutions are able to increase productivity from 10 to 30%; if the products and software are correctly used. Overall, this can lead to one extra surgery per operating room a day.

LIFE SCIENCE is the newest and smallest business area within Getinge, but operates in a niche with a lot of potential growth and creates value for customers related to current market trend towards biological pharmaceutical products. The business area brings together a comprehensive offering of equipment, technical expertise and consultative services. Together, these solutions meet both common and highly specialized process needs for contamination prevention in biopharmaceutical production, biomedical research, heat sensitive goods manufacturing, and laboratory applications.



Getinge is organized in three business areas where decisions are to be made as close to the customers as possible.

ACUTE CARE THERAPIES

Continued growth and higher margins

Acute Care Therapies offers world-leading solutions for life support in acute health conditions. The offering includes solutions for cardiovascular procedures and a broad selection of products and therapies for intensive care.

2019 in brief

- Continued organic growth in net sales, with strong development in all regions.
- Successful launch of the updated version of the Servo-u ventilator.
- Growth and productivity enhancements contributed to improved margins.
- Continued remediation and preparation for EU MDR had a negative impact on margins.

Customers' needs

A health care team's access to the right care solution is entirely decisive in acute care therapies. Getinge develops advanced clinical solutions that can contribute to improving therapy results, achieving more rapid recovery and enhancing quality of life for patients in intensive care and surgery.

Getinge's offering

In Acute Care Therapies, Getinge offers advanced technologies and products for life support care and therapies for acute health conditions related to:

- Critical care
- Cardiac surgery
- Vascular interventions

The offering comprises products for the treatment of cardiac, pulmonary and vascular therapies, a broad selection of products and therapies for intensive care, such as advanced ventilators and patient monitoring, as well as equipment for the acute treatment of heart and lung patients.

Research and development

Acute Care Therapies is the business area within Getinge that allocates the largest share of its sales to research and development. The ambition moving forward is to effectively allocate resources to R&D with a high innovation value within the product segments that have favorable future prospects and where Acute Care Therapies have a leading position and can gain a price premium for the unique advantages that the product has. This includes, for example, ventilators and extra-corporeal life support units.

New products

Several new products and updates, with new functions supporting enhanced clinical quality and efficiency through existing machinery, were launched during the year. Such an example is the updated Servo-u ventilator, including functions of automatic lung recruitment and transpulmonary pressure monitoring. The reception among customers has been very positive.

Production sites

Acute Care Therapies has production at sites in the US, Germany, France, Sweden, Turkey and China. Getinge is continuously adjusting the manufacturing unit footprint in order to enhance productivity. One example of this is the planned transfer of the production in the units in Fairfield and Mahwah to an existing unit close by, in Wayne (US), in 2020–2021.

Quality

The products in Acute Care Therapies maintain the highest levels of quality, which is evident in the tests that are regularly conducted. When it comes to documentation and processes there has been a lot of activities in recent years in order to ensure high levels of quality and control. In 2018–2019, a global quality management system was implemented and remediation efforts related to the Consent Decree with FDA (US) continued according to plan in 2019. The two US sites in the Consent Decree were remediated at the beginning of 2019 and the process in Hechingen in Germany, is deemed to continue until 2021.

Sales and profitability

Net sales increased organically by 5.8% in 2019, which can be compared with market growth of 2–4%. Growth was positive in all regions with especially strong development in Cardiopulmonary and Critical Care.

The activity plan to improve profit and margins has started to contribute positively. The adjusted gross margin improved to 59.2% (58.6) mainly as a result of higher volumes, currency effects and a strong development in Critical Care. As a consequence the adjusted operating margin (EBITA) increased to 21.2% (19.5), despite higher costs related to remediation and preparations for the upcoming EU MDR.



2019 developed according to plan. We received positive responses on product launches and continued to outgrow the market. In addition, the plan for increased productivity started to deliver. For 2020 we have many activities, which should support further improvements on performance.



Jens Viebke, President Acute Care Therapies

Leading positions

Getinge is among the leaders in all of its product segments/areas.

	Intensive care	Cardiovascular surgery	Cardiovascular interventions ¹
Products	Life support therapies for intensive care, in the form of ventilators, hemodynamic monitoring and extra-corporeal life support.	Products for advanced cardiac surgery, such as heart-lung machines, heater-cooler units, beating heart surgery, endoscopic vessel harvesting, left atrial appendage closure devices, anesthesia systems, aortic and peripheral vascular grafts and thoracic drainage systems.	Products to facilitate cardiovascular procedures, such as products for cardiac assist and peripheral vascular stents.
Share of sales within Acute Care Therapies	44%	36%	20%
Market growth per year	4–5%	1–2%	6%
Getinge's position	1	1	5
Getinge's market share ²	37%	21%	8%
Main competitors	Dräger, Hamilton, Medtronic, Edwards Lifesciences	LivaNova, Terumo, GE Healthcare, Dräger, WL Gore, Medtronic	WL Gore, Medtronic, Boston Scientific, Abbott, Cook, BD

1) Cath lab procedures such as percutaneous coronary interventions and endovascular interventions.

2) Estimates of market shares based on Getinge's primary products for each segment.

Share of Group sales



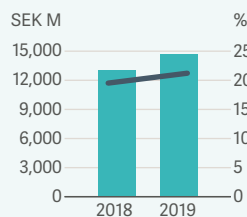
● Acute Care Therapies, 55%

Sales per region



● Americas, 50% (SEK 7,288 M)
 ● EMEA, 29% (SEK 4,305 M)
 ● APAC, 21% (SEK 3,044 M)

Net sales and adjusted EBITA margin



● Net sales
 — Adjusted EBITA margin

Getinge's addressable market amounts to SEK

85

billion with expected organic growth of 2–4% per year.

▶ CASE – NAVA TECHNOLOGY

Smallest surviving baby boy ever born was saved by doctors using NAVA technology

A baby weighing only 258 grams after 24 weeks and 5 days of gestation is believed to be the smallest baby boy to have ever survived in the world. Dr. Ryo Itoshima, one of the doctors behind the miraculous recovery, says the Getinge innovation Neurally Adjusted Ventilatory Assist (NAVA) played a crucial role in his lung development.

After months in the neonatal intensive care unit (NICU) at Nagano Children's Hospital in Japan, little Ryusuke Sekino was finally able to move home together with his parents in April 2019. At that point, he was believed to be the smallest baby boy ever born to leave a hospital safely.

It was in the end of 2018 that his mother Toshiko gave birth to him via an emergency C-section. Neonatologist Ryo Itoshima was on duty that night.

"I got really worried when the obstetrician told me that the estimated body weight of the baby was less than 300 grams. Two duty doctors work in our NICU every night, but that specific night three more doctors came in to support," he recalls.

Ryusuke spent his first months in the NICU on different modes of mechanical ventilation, but the longest treatment, two and half months, was with Getinge's innovation NAVA.

NAVA is a ventilation mode where the patient's own respiratory drive controls timing and assist delivered by the ventilator. It uses the diaphragm activity to deliver assist adapted to the patient's effort. In this specific case mostly NIV-NAVA was used, which is a synchronized Non-Invasive Ventilation (NIV) mode independent of leakages, allowing a better trigger and synchrony as well as a gentler application of nasal masks or prongs.

"The baby's lung condition (BPD) was not good even after extubation – so we used NIV-NAVA after extubation for a long time, more than two months. This is the final step in liberating a patient from mechanical ventilation," explains Dr. Ryo Itoshima. He continues:

"NAVA supported the baby's own respiration well and helped his weight gain and lungs development, especially after extubation. Without NIV-NAVA, the baby would surely have needed reintubation and the lung damage would be much worse."

At three months old, Ryusuke finally put on weight day by day and his lung conditions started getting better. In April 2019, six months old, he was ready to go home with his parents. By this time, he had increased his weight thirteen fold, up to 3,374 grams.

"We could help him safely home at the starting line of his life. It is truly my favorite moment at work; when a baby leaves our hospital healthy and the parents are smiling. Little Ryusuke got to me, I almost feel like I have one more son of my own," says Dr. Ryo Itoshima.



NAVA supported the baby's own respiration well and helped his weight gain and lungs development, especially after extubation. Without NIV-NAVA, the baby would surely have needed reintubation and the lung damage would be much worse.





Baby Ryusuke Sekino weighed only 258 grams when born, and spent his first months at the neonatal intensive care unit at Nagano Children's Hospital in Japan.

SURGICAL WORKFLOWS

Early signs of margin improvements

Surgical Workflows is a world leading supplier of products and solutions to serve as an end-to-end partner for optimizing the quality, safety and capacity usage of the sterile supply departments and operating rooms.

2019 in brief

- Slight organic growth, where Integrated Workflows and Surgical Workplaces developed positively, whilst Infection Control sales declined organically.
- Successful launch of Maquet Lyra, a flexible and mobile operating table for the value segment, and the new steam sterilizer GSS610H, offering advantages in cost efficiency and sustainability.
- Dedicated activities to enhance productivity contributed to increased margins from the second half of 2019.

Customers' needs

Health care's access to effective infrastructure is of major importance in conjunction with surgical interventions to ensure a high level of clinical safety and quality. In addition, there is a great need to reduce the risk of hospital related infections because they entail additional suffering for patients, utilize large amounts of resources for individual hospitals and have a negative impact on society in general. Health care also has a need to increase productivity to enable higher treatment volumes with limited resources.

Getinge's offering

Getinge is a leader in several of its product segments for Surgical Workflows, which comprise:

- Products to minimize infection risks during surgery
- Operating room equipment
- IT system for efficient workflows
- Service

Research and development

Getinge has a leading position in the development of prominent products relating to the operating room and infection control in hospitals, thanks to a more than one hundred year tradition. In the future, the operations will focus more on developing products for the needs of various customer segments, including the growing value segment that requires products of high quality, but with fewer functions at a lower price.

In addition to proprietary product development, Surgical Workflows is included in several strategic collaborations. An example of this is the collaboration with Philips and Siemens, who are leading manufacturers of radiography technology. The collaboration with Verb Surgical Inc. is another example, with the ambition of jointly developing the next generation of robotic surgery.

New products

During the year, several new products and updates were launched, including Maquet Lyra, a flexible and mobile operating table targeting the growing value segment. The table was developed in collaboration between the R&D units in Germany and China and is produced at Getinge's production site in Suzhou, China. 2019 also saw the launch of the GSS610H steam sterilizer, offering advantages in cost efficiency and sustainability, for example, by reducing consumption of cooling water.

Production sites

Surgical Workflows has production at sites in Sweden, Germany, France, Poland, Turkey, China and the US. By the end of 2019 Getinge decided to restructure the manufacturing set up of the production of low temperature sterilizers. As a consequence the production in Ankara (Turkey) will be moved to the existing site in Poznan (Poland) by the end of 2020.

Discussions are also initiated with the workers councils on the project to transfer the Endoscope Washer production from Toulouse (France) to Växjö (Sweden), which will enable Toulouse to focus on the growing Life Sciences business and for Surgical Workflows to increase productivity and competence further in Växjö (Sweden).

Quality

The quality of the products and services offered by Surgical Workflows maintain a high level of quality, which is an important explanation of its positive reputation among customers. In 2019 the organization continued to refine the new global quality management system which was implemented in Getinge in 2018. The organization has also been preparing for the new EU MDR legislation.

Sales and profitability

Net sales increased organically by 0.1% in 2019, where Integrated Workflows and Surgical Workplaces developed positively, whilst Infection Control sales declined.

The plan to improve profit and margins has started to contribute positively from the second half of 2019. For the full year the adjusted gross margin improved to 40.1% (39.1) mainly as a result of general productivity improvements. As a consequence the adjusted operating margin (EBITA) increased to 2.4% (1.6), despite higher costs related to preparations for the upcoming EU MDR.



We improved the margins from the second half of 2019, and we have identified additional activities to continue this journey in 2020 and beyond. In parallel we are strengthening the pipeline with new and attractive products, which will hit the market in the coming years.

Stéphane Le Roy, President Surgical Workflows



Leading positions

Getinge is among the leaders in all of its segments.

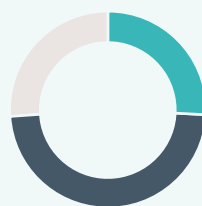
	Sterile supply department	Operating room equipment	Integrated Workflow Solutions
Products	Complete systems and automation for the sterilization of instruments used in surgery, with sterilizers, low-temperature sterilizers and disinfectors, as well as consumables and service.	Complete operating room solutions including high-end hybrid operating rooms in combination with imaging partners, advanced operating tables, lights and ceiling supply units, modular room systems as well as consulting on lay-outs, workflows and technical service.	IT systems to enhance efficiency and safety in the flow of patients, employees and sterile equipment to and from the operating room.
Share of sales in Surgical Workflows	46%	48%	6%
Market growth per year	2–4%	2–4%	8–10%
Getinge's position	1–2*	1	1–5*
Getinge's market share	10–18%*	10–20%*	2–5%**
Main competitors	Steris, Steelco/Miele, Shinva, Belimed, ASP	HillRom/Trumpf, Steris, Stryker, Mindray, Dräger	Censis, Teletracking and local IT companies
	* Share varies between geographical regions and offerings.	* Share varies between geographical regions and offerings.	* Position varies from 1 to 5 depending on the offering. ** Fragmented market.

Share of Group sales



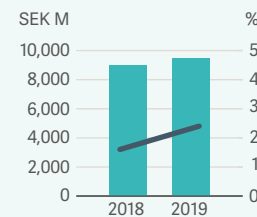
● Surgical Workflows, 36%

Sales per region



● Americas, 26% (SEK 2,460 M)
● EMEA, 48% (SEK 4,509 M)
● APAC, 26% (SEK 2,466 M)

Net sales and adjusted EBITA margin



● Net sales
— Adjusted EBITA margin

Getinge's addressable market amounts to SEK

62

billion with expected organic growth of 2–4% per year.

▶ CASE – STERILE WORKFLOWS

Shaping the sterile workflows of tomorrow

In 2019 Getinge introduced several innovations within sterile reprocessing. The GSS610H steam sterilizer was launched and an updated version of the 46-series mid-sized washer-disinfectors was presented to the market.

Sterile reprocessing continues to be an important part of Getinge's portfolio; with focus on designing, implementing and maintaining world-class sterile workflows for hospitals around the world.

"In order for our customers to improve more people's lives, it's crucial that the sterile instruments they use are at the right place at the right time. They need to be cleaned, disinfected and sterilized – ready in time for each surgery," says Stéphane Le Roy, President Surgical Workflows at Getinge. "A huge challenge for hospitals is also to make sure their patients avoid catching hospital acquired infections, and our easy-to-follow solutions for infection control help reduce the risks."

Combinations of equipment, consumables and digital traceability solutions are uniquely tailored by Getinge in collaboration with the customers, to serve each specific health care facility's needs, allowing the best possible care.

One example is the GSS610H; a new steam sterilizer engineered in close collaboration with Central Sterile Supply Departments worldwide.

"We want to contribute to an efficient and sustainable health care, and with nearly 90 years' experience in steam sterilization, our GSS610H is built on a broad foundation of trust. Just like our other steam sterilizers it integrates with existing sterilization departments to optimize throughput," tells Karolina Olofsson, Product Manager Steam Sterilization at Getinge.

GSS610H has the same great features as the popular GSS67H, but with a spacious chamber of four different depths enabling three sterile units on top of each other. It automatically optimizes process time and media consumption for each load.

"It is compatible with both Getinge systems and Hupfer Känguruh Loading Systems to maximize the return of our customer's investments. The sterile goods can remain in the push-in rack throughout the entire workflow, which means less hands on the goods – a more hygienic and ergonomic solution. This solution is key for some markets and customers such as the DACH region," explains Karolina Olofsson.

In 2019 a new version of Getinge's 46-series mid-sized washer-disinfectors was also introduced. It brings efficiency and a fresh look to the market and focuses even more on function and reliability; especially when it comes to improved quality, accessories and ergonomics. It's designed to meet current regulatory requirements which have been revised since the series was launched.

"The new look of the washer-disinfectors is pleasing to the eye, looking better than ever before. But there is more to it as the medical staff who get to operate these latest machines will immediately feel the difference. From an ergonomic point of view we have taken big steps forward," explains Marcus Samuelsson, Product Manager Cleaning and Disinfection at Getinge.

One example is the loading trolleys used to exchange and carry wash carts filled with surgical instruments. Earlier they used to have cold, hard, square-shaped metal-rod-like handles. The new ones however, are rounded and polyamide-coated for grip comfort, and angled to gain a positive ergonomic effect.

"We switched to modern wheels to make them easy to maneuver compared with the bulky older models," says Marcus Samuelsson.

The wash carts offer flexibility with removable shelf and spray arms. They can be adapted with varying numbers of levels to accommodate different loads. As more and more complicated tubular instruments that needs to be connected and cleaned internally are being used in for example day surgery, a new wash cart adapted for Minimally Invasive Surgical (MIS) instruments has also been added.

"The washer-disinfectors come in two sizes; 46-4 and the taller 46-5. The 46-5 can efficiently be used with 2 to 5 levels of wash carts depending on what space and capacity is needed," tells Marcus Samuelsson.

Those are two of the latest examples of Getinge innovations within sterile reprocessing. Stéphane Le Roy, concludes:

"Our absolute aim is to help offer the safest and most productive hospital environments, with the highest level of infection control. Together with our customers, we are shaping the sterile workflows of tomorrow."



When it comes to software a sustainable intensive program with dual wash is available, enabling an extra wash without additional use of water.



Combinations of equipment, consumables and digital traceability solutions are uniquely tailored together with the customers, to serve each specific health care facility's needs.

LIFE SCIENCE

Continued growth and improved margins

Life Science offers a comprehensive range of equipment, technical expertise and consultation to prevent contamination in pharmaceutical and medical device production and with the aim to strengthen integrity of results in biomedical research.

2019 in brief

- Continued strong organic growth in net sales.
- Successful product launches and updates, such as the Ultima 1800 washer and the chuteless BetaBag.
- Improved gross margin and operating margin (EBITA) due to higher volumes, currency and productivity improvements.
- Acquisition of a leader in bioreactor systems, Applikon Biotechnology B.V. The transaction was finalized in January 2020.

Customers' needs

The customers include world leading manufacturers of pharmaceuticals and medical devices. These customers need research and production processes that achieve clean and sterile products and results.

Getinge's offering

Within Life Science, Getinge offers advanced technologies and products to minimize the risk of contamination, which can be divided into the following categories:

- Sterilizers for the sterilization of pharmaceuticals and medical devices
- Machinery for cleaning of technical production equipment
- Isolators for the protection of operators and quality assurance of aseptic processes
- Ports, containers and single use bags for sterile transfer of components, tools and fluids, in and out of aseptic filling lines

Research and development

Life Science is based on the same base technology for sterilizers and disinfectant-washers that exist in the Surgical Workflows business area. However, the degree of customized solutions is considerably higher in Life Science, hence a large degree of product development is conducted together with the customers. This entails that the collaboration is generally comprehensive and extends over a long time, creating favorable opportunities to create value for both parties.

New products

During the year, the Ultima 1800 washer for laboratories was launched. The introduction of the Ultima series is now completed and the previous generation (the Labexa series) has consequently been phased out. In 2019, the BetaBag portfolio was strengthened even further with the launch of the chuteless BetaBag providing greater user friendliness and enabling higher productivity for customers.

Production sites

Life Science conducts production in a total of four sites in Sweden, France and Poland.

Quality

The customers are subject to regulations containing high safety and quality requirements. They themselves are responsible for qualifying and quality assuring their processes and end products. Getinge's focus is to support our customers in this important work.

Sales and profitability

Net sales increased organically by 7.6% in 2019, which can be compared with market growth of 3–5%. The activity plan to improve profit and margins, which was launched by the end of 2018, has started to contribute positively. The adjusted gross margin improved to 38.7% (37.1) mainly as a result of higher volumes, productivity improvements and favorable currency effects. As a consequence the adjusted operating margin (EBITA) increased to 13.0% (12.6).

Acquisition of a leading company in bioreactors: Applikon Biotechnology B.V.

On December 20, 2019, Getinge announced an agreement to acquire Applikon Biotechnology, a leading company in the development and supply of advanced bioreactor systems for the research and production of vaccines and antibodies in the biopharmaceutical industry, as well as enzymes and bio-plastics for industrial biotechnology.

Applikon Biotechnology has an annual net sales of approximately SEK 450 M. The value of the global bioreactor market is estimated to be SEK 10 B with an expected growth rate 2019-2024 of approximately 10% per year.

Long-term, Applikon Biotechnology is expected to further broaden Getinge's position within the biopharma segment and to bring a material contribution to Getinge's Life Science business area in terms of net sales and EBITA. The transaction was completed with effect as from January 3, 2020.



2019 we continued to grow organically and started to improve margins again. We still have several activities in our plan to continue to grow and enhance margins, and it is all in our own hands. This makes me look forward to 2020 with confidence."

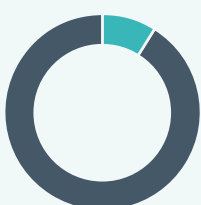
Harald Castler President Life Science



Strong position in all customer groups

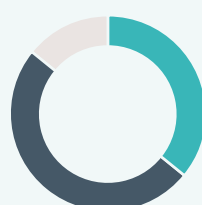
	Biomedicine and medical devices	Laboratories	Medical research
Products	Sterile/aseptic transfer solutions, sterilization and cleaning in Life Science manufacturing.	Disinfectant-washers and sterilizers for broad use in laboratory environments.	Automated systems for cleaning and sterilization of animal cages in conjunction with animal testing.
Share of sales in Life Science	69%	19%	12%
Market growth per year	5–7%	2–4%	2–4%
Getinge's position	2	4	3
Getinge's market share	20%	15%	8%
Main competitors	Steris, Telstar, Fedegari, Belimed, Steelco/Miele, Sartorius	Steris, 3M, Steelco/Miele, Astell, Belimed, Tuttenauer	IWT, Steelco/Miele, Tuttenauer, Steris

Share of Group sales



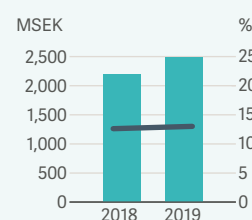
● Life Science, 9%

Sales per region



● Americas, 36% (SEK 887 M)
● EMEA, 50% (SEK 1,233 M)
● APAC, 14% (SEK 367 M)

Net sales and adjusted EBITA margin



● Net sales
— Adjusted EBITA margin

Getinge's addressable market amounts to SEK

23

billion with an anticipated organic growth of 3–5% per year.

▶ CASE – FLEXIBLE SOLUTIONS

Getinge and IMA Life create flexible solutions for the pharma and biopharma industries

Preserving the integrity of pharmaceutical products, ensuring the maximum level of sterility while protecting both the operator and the environment with innovative containment systems lay at the heart of IMA Life. And in some projects IMA Life works together with Getinge to find advanced solutions to meet the most demanding customer needs.

IMA Life is one of the three Pharma divisions of IMA Group – world leader in the design and manufacture of automatic machines for processing and packaging of pharmaceuticals, cosmetics, food & dairy products, tea and coffee.

Operating through six production sites, IMA Life is a supplier for companies dealing in the field of aseptic processing, filling technology and freeze drying solutions for the pharmaceutical and biopharmaceutical industries. As a solution provider, the division can satisfy the most stringent requirements, offering products with consolidated technology gained in over 50 years of experience and through ongoing collaboration with leading pharmaceutical companies worldwide.

"Our aseptic filling lines and containment solutions are designed in cooperation with suppliers who can provide sterile and safe transfer systems. With this in mind, it is clear to us that Getinge is to be considered a real partner rather than a mere supplier," says Michele Pellegrini, Production Engineering Manager at IMA Life.

Both for Getinge and IMA Life, a strong relationship based on strict contact and cooperation with the customer from the very early stage of the manufacturing process is vital. The aim is to make sure that the machines on order are designed and finalized to be perfectly integrated with the customer's production site interface.

"As with all our main partners, we involve Getinge from the beginning of the production process to make sure we can fulfill all the customer's needs together. All parenteral products must be filled according to the industry standards to preserve the safety and aseptic requirements and get rid

of waste without any contamination risk for the drugs and for the operators involved," explains Michele Pellegrini.

When it comes to moving pharmaceutical products in and out of the isolators, Getinge's DPTE® sterile transfer system is seen as a very good solution by Michele Pellegrini's engineering staff. It consists of an Alpha port which is installed on the isolator or filling line, and a Beta part which is a rigid container or DPTE-BetaBag® that docks onto the Alpha port. Once connected, they form a leak-tight barrier enabling transfer without risking contamination.

"It is a flexible system allowing a wide range of options when it comes to size, for example, the DPTE-BetaBag® and the doors to the Alpha port", Michele Pellegrini comments. "It also encourages better opportunities to design the machine in a more flexible way. Flexibility is a key design ingredient for IMA Life equipment. Our customers often need to be able to produce different drug products on the same production line," says Michele Pellegrini.

"Considering the growing demand for flexibility in fill-finish operations, as well as for robotic and automation processes, I think we have a joint journey ahead of us with companies like Getinge. We need to work together to find better solutions, such as teaming up our engineers already in the R&D process," concludes Michele Pellegrini.

Fabien Billy, Key Account Manager at Getinge agrees:

"Having a close collaboration with IMA Life, as with all our customers, is extremely important. It allows us to help create even safer tailored solutions for them, which in the end also creates value for the end customer."



As with all our main partners, we involve Getinge from the beginning of the production process to make sure we can fulfill all the customer's needs together.



Getinge and IMA Life work together to find advanced solutions to meet the most demanding customer needs.



Sustainability

Getinge's aim is to contribute to a sustainable health care environmentally as well as socially. To secure long-term value-creation and competitiveness, sustainability is an integral part of the organization, actively working to minimize the negative environmental footprint.

29% | of managers in the organization are women

-6.7% | reduced carbon dioxide emissions from production in 2019 (ton CO₂/MSEK)

80.3% | share of waste from production brought to recycling



Sustainability is an integral part of the organization at Getinge, with the aim to contribute to a sustainable health care market globally.

An offer that saves lives

As a medical device company, Getinge creates products and solutions that help its customers to improve and save lives and to find the cures of today and tomorrow. Patient and user safety is key, and all products have to live up to the highest quality standards in compliance with national laws and regulations.

For Getinge, acting sustainably means that the company conducts business that is ethically, socially and environmentally sound across the entire value chain. Sustainability is an elementary part of Getinge's company strategy to meet customer challenges and health care market needs globally.

To be able to offer products that minimize the negative environmental impact through the product life cycle all starts with R&D. Getinge's R&D teams have implemented its EcoDesign Standards in global research centers for all new products. The approach of creating a sustainable health care market offering is in line with an increasing demand from customers for responsible sourcing and product environmental purchasing programs.

Sustainability Program 2019–2024

Getinge's sustainability work is based on three main areas: product specifics, environmental impact and social responsibilities.

The sustainability program is based on a materiality analysis where all of Getinge's group functions and business areas have identified its impact on social and environmental aspects, and set KPIs and measurement. Aggregated it defines Getinge's sustainability engagement level summarized in eight non-financial company targets, presented on page 17. More information about Getinge's sustainability program is presented on page 127.

It's all about creating value

Along with Getinge's products and solutions comes tailor-made clinical training, on-site consultation, installation, service and technical support. It is their role as a trusted knowledge provider that makes Getinge's offering complete.

One example of how knowledge is a big part of the offering is Getinge Financial Services; financial support to customers

who truly need it. Another one is Getinge Academy, responsible for development and delivery of training for both employees, customers and other partners. Getinge also coordinates networks to enable knowledge sharing between their different stakeholders; because when knowledge is being shared there are amazing potential for better outcomes for the entire medical device industry.

Getinge also has several Experience Centers around the world; places for visitors to learn more about the products in a real-life environment and get a clear picture of how comprehensive the portfolio is.

Valuable customer dialogue

Getinge's customer centricity focus means close relationships and dialogues with its customers, but also to act upon their wishes, complaints and claims to deliver valuable products and services. To further improve and standardize the customer complaints response process, Getinge has during the year worked on a cross-functional Lean Six-Sigma project including members from Global sales, Business Areas, and QRC. So far, the team has developed a set of standard templates for customer response letters and developed lean workflows for letter creation, writing and approval prior to sending to the customer. The next steps are to set up and execute a pilot program for a few select sites to trial the process.

To ensure that Getinge provides products and solutions that are meeting the actual needs, customers and end-users are included when designing a new product or a product upgrade. One recent example is the OR table Maquet Lyra that was launched during the year*. Maquet Lyra is designed for universal use and offers the stability and functionality needed for

almost all surgical disciplines. When developing the Maquet Lyra OR table, Getinge engineers from Germany and China teamed up to design a safe, stable and affordable solution that meet the needs of customers who don't need extra features.

Designing products for a sustainable health care

Through the EcoDesign principles, the products' environmental impact over the product life cycle is taken into account: from extraction of raw materials to production, distribution and use, all the way to recycling and disposal.

This approach is becoming increasingly more important as the market requirements were changing towards product environmental aspects in purchasing by acute care hospitals, laboratories and larger industries. In this regards EcoDesign offers an opportunity in making a meaningful customer contribution and providing a competitive advantage for Getinge's sustainable product offerings to the markets globally.

By using the EcoDesign principles, Getinge designs its products to be recyclable, minimize the use of raw materials and help their customers to reduce their consumption of energy, water and detergents in the user phase. The life cycle assessments of present products are functioning as a baseline when developing future product generations to minimize the negative environmental footprint continuously.

Today approximately 25% of Getinge's new products are designed using the EcoDesign principles.

Learn more about how Getinge is working with EcoDesign as a part of its R&D at page 6.

Governance and organization

Together with Getinge's Head of Sustainability, the Executive Team has the overall responsibility for goals, strategies, measuring and monitoring. In addition, the company has a Sustainability Committee, led by the Head of Sustainability, with representatives from all business functions and production units.

The Getinge Sustainability Program is, together with the company's Code of Conduct, a key enabler in the progress of sustainability areas.

Each group function and production unit is responsible for compliance with the Code of Conduct and to implement the sustainability targets in their organizations. They are also responsible for evaluation of sustain-

ability-related risks in their operations, such as the environment, health, safety, anti-corruption, human rights, labor and supplier responsibility. The Sustainability Committee has frequently hosted meetings and an Annual Sustainability Conference led by the Head of Sustainability.

*Maquet Lyra is CE marked and available across Europe. It is pending registration in the rest of the world.

Getinge supports all of the UN's 17 Sustainable Development Goals (SDGs) for environmental, social and economically sustainable development, but has identified a number of goals that best correspond to the company's impact on its business environment. These goals are:



Goal 3 – Ensure healthy lives and promote well-being for all at all ages

As a company in the medical device industry, Getinge contributes its therapeutic innovations to considerably improve health and well-being as an integrated part of its business strategy. This includes own employees, as well as suppliers, distributors and customers.

Goal 4 – Ensure inclusive and quality education for all and promote lifelong learning opportunities for all

Receiving high-quality education is a basis for a more prosperous life. Getinge contributes continuously to partners within health care organizations, universities and medical schools to educate and train healthcare professionals, as well as students starting their medical training. In addition to involvement in medical training, Getinge also actively supports the Pratham Sweden Project in India to employ education in the fight against poverty.

Goal 8 – Promote inclusive and sustainable economic growth, employment and decent work for all

Getinge endeavors to give all employees productive employment and decent work. This includes the protection of employee rights, assurance of a safe and secure work environment, equality and equal conditions in working life. As a global player, Getinge works to promote economic growth, a higher productivity level and technical innovation.

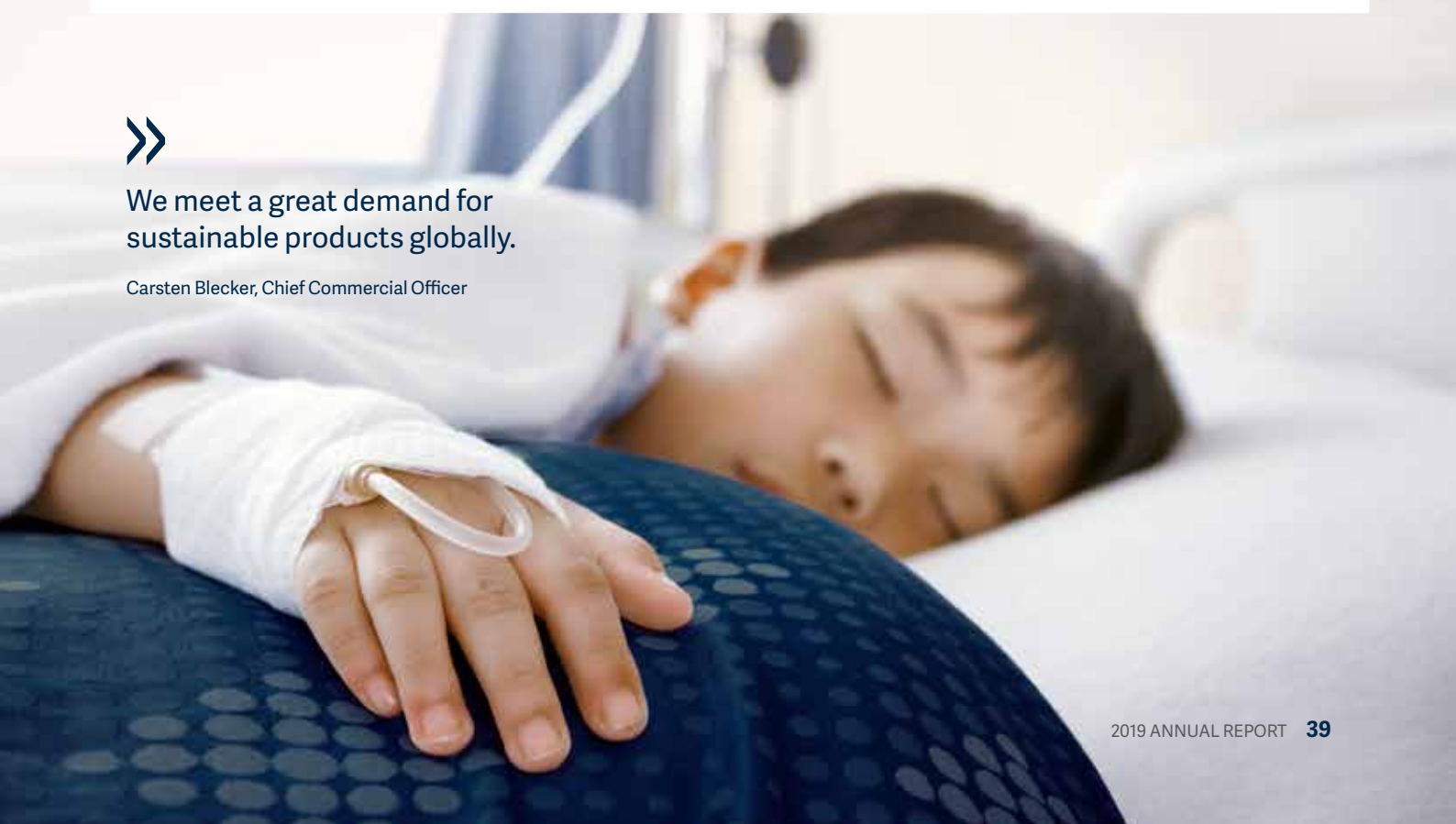
Goal 12 – Ensure sustainable consumption and production patterns

Getinge works to achieve more sustainable consumption and production that is anchored in environmental sustainable goals and corresponds with international norms, standards and certifications such as ISO 14001. Getinge addresses defined goals and indicators related to CO₂ emissions, energy efficiency, EcoDesign, waste and recycling.



We meet a great demand for sustainable products globally.

Carsten Blecker, Chief Commercial Officer





The imaging systems make the invisible visible and the medical team can continue with procedures without putting the patient at risk by moving him or her.



► CASE – HYBRID OPERATING ROOM

Twenty years of driving the future of surgery

For ten years Getinge has been a driving force when it comes to Hybrid operating rooms (Hybrid ORs), where both diagnostics and therapies take place. But even ten years before that Getinge was already pioneering this area, it was just phrased differently: Image Guided Surgery. So, in 2019, Getinge celebrated 10 + 10 years of providing Hybrid ORs.

Hybrid ORs go beyond medical boundaries by combining a state-of-the-art OR with an imaging system, such as angiography systems, computed tomography scanners (CT) or magnetic resonance imaging (MRI). Combining more than one imaging system with an OR, turns the Hybrid OR into a cutting-edge Multi-modality Hybrid Suite.

“Back in 1999 when we started providing these solutions, it was actually a customer who came to us because we had the heart of the Hybrid OR – the operating table,” recalls Thomas Schneider, Vice President Global Product Management at Getinge.

The customer needed better real time information during surgery, especially about what was going on inside the patient. They needed this information without being forced to lift or move the patient.

Getinge teamed up with world-leading imaging partners to provide a sustainable and comprehensive solution and the best possible working environment for clinicians, where they could diagnose and treat patients at the very same time.

“During the years we come to have much more to offer in the Hybrid OR – such as modular room systems, OR integration systems, surgical lights, pendants, anesthesia machines and mechanical ventilators. The Hybrid OR really is the complete solution,” says Thomas Schneider.

Well planned Hybrid ORs enable multi-disciplinary use as well as conventional procedures, in a highly cost-efficient and flexible way. Key is to optimize space and equipment to maximize OR uptime and use of expensive equipment such as imaging technology which is also ideal for non-operative diagnostic procedures.

At the same time, trauma patient outcomes are significantly improved in the Hybrid OR since it decreases transport between departments and medical teams. As the patient remains in the sterile OR the risk of health care acquired infections is lower. Also, repeated surgeries can be avoided since the clinicians immediately see if the ongoing surgery is successful, which also means reducing the amount of anesthetic needed.

“It is simply a safe area where you have everything you need to care for the patient. The imaging systems make the invisible visible and the medical team can continue with procedures without putting the patient at risk by moving him or her,” says Thomas Reichenbach, Director Global Product Management Hybrid OR Solutions at Getinge.

Patients who are scheduled for routine procedures also benefit from treatment in a Hybrid OR.

“Clear intraoperative tumor visualization, for example, can improve tumor resection, minimize damage to healthy tissue and deliver better patient outcomes,” explains Thomas.

He continues: “Even if we have just celebrated twenty years of providing this solution we still consider it the future of surgery; it is truly an environment with increasing possibilities. With more than 1,400 Hybrid ORs sold worldwide we have gained deep experience and still see huge potential to create even more value in the Hybrid OR together with our imaging partners and customers. It is an ongoing exciting journey where we will continue to be a pioneer.”

Power partnerships

Getinge works together with four major imaging partners:

- Siemens Healthineers
- Philips
- GE Healthcare
- Canon Medical Systems

Right sourcing is key to success

Getinge wants to contribute to a more sustainable society by working actively and strategically in the environmental area. The company is committed to optimize its use of energy and natural resources, minimizing emissions to air and reducing the environmental impact of waste handling.

Getinge is continuously working to minimize its environmental impact and wants to contribute to the fulfillment of the Paris Agreement. Getinge sees a business risk in the dependence on energy from fossil sources, which may be affected by both the supply of and requirements for reduced carbon dioxide emissions. Getinge manages the risk by reducing emissions from production, the company's vehicle fleet and by minimizing the products impact on environment throughout the product life cycle.

During the coming year, Getinge will evaluate the possibility of developing environmental targets in line with the Science Based Targets initiative (SBTi).

Purchasing and Supply Chain

Getinge provides innovative products and solutions that enable better patient outcomes, while at the same time improve health economy. Having the right set of suppliers is key to succeed, as sourcing and purchasing, is an important part of minimizing the product's environmental impact throughout its life cycle.

Stéphane Pendaries, Process Engineer at Getinge's production site in Ardon, France, presenting the surgical light packaging that saves plastics as well as waste.

When selecting suppliers, Getinge values quality regulations (QRC), price and environmental standards. All of Getinge's suppliers have to comply with the company's Code of Conduct, and both internal and third party audits and follow ups are conducted to ensure compliance with the Code of Conduct and accompanying guidelines.

Learn more about Getinge's business ethics on page 50.

Manufacturing Excellence in production

Getinge has 19 production sites in 7 countries. All production sites are required to have management systems that meet the ISO 14001 standards. New operations must have certified management systems in place within two years of being acquired or established. At the end of 2019, 13 of Getinge's 19 production sites were certified according to ISO14001. The remaining sites have certification audits planned for the beginning of 2020.

In 2017, Getinge introduced a strategic companywide initiative for improving efficiency and productivity in production called the Manufacturing Excellence Program. The program's goal is to:

- improve product quality by 40%
 - reach delivery performance with over 97%
 - improve productivity by 30%
 - shorten lead-time by 30%
 - reduce inventory by 30%
- by the end of 2021/2022, depending on when the production site joined the program.

The Manufacturing Excellence Program cover production flows in an end-to-end scope in the company's production site and its interfaces with suppliers and sales- and service units. Initially the program covered nine of Getinge's production sites in France, Sweden, Poland, Germany and Turkey, all starting with a pilot production flow. Once a production site has completed their pilot, the Manufacturing Excellence scope is extended with the remaining product flows at their site.

During 2019, the first two production sites in Poznan, Poland, and Toulouse, France, completed their pilots with significant improvements for efficiency and productivity. During the year, three additional production sites were added to the program, and more are planned to join in 2020.

The success of the Manufacturing Excellence initiative relies on empowerment of the local teams to develop their production systems for higher performance. Teamwork is in focus, and the continuous improvement efforts aims to involve all employees every day.

Energy

During 2019 Getinge has continued its activities for energy efficiency at its production sites and warehouses, that was undertaken together with energy auditors in 2017. Several measures have been taken during the year, including changing to electricity produced by hydropower and biofuels where possible.

The company's own use of energy and water in production and warehouses has

decreased during the year through, for example, optimized lighting and heating.

Getinge's goal is to reduce its energy consumption in production by 10% (MWh/MSEK) by 2024.

Emissions

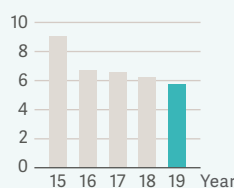
As a result of Getinge's methodical work to minimize its emissions from production, the direct and indirect emissions were reduced by 29% (ton CO₂/MSEK) between 2010–2018. The company's goal is to reduce its emissions from production by 5% (tonCO₂/MSEK) and from company cars by 10% (gCO₂/km) by 2024.

Where possible Getinge's production sites only use green electricity, while other facilities actively choose suppliers with a high level of renewables in their electricity generation. In some geographies, there is still a challenge for Getinge to choose renewable sources for electricity generation actively. In those cases, Getinge works to reduce emissions through solutions that take advantage of solar power or encouraging local electricity suppliers to reduce emissions.

Continuous follow-up on environmental targets

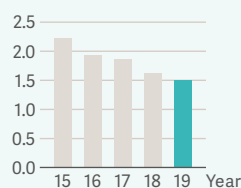
All of Getinge's production sites report their district heating, gas, fuel and electricity consumption from renewable and non-renewable sources, quantities of waste and hazardous waste and recycling. The reporting is done quarterly, integrated with the consolidated financial statements. This enables Getinge to follow the progress on its environmental goals closely.

Total energy consumption in production



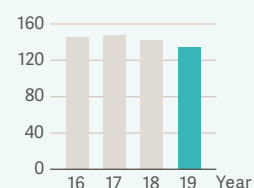
Energy consumption in production, MWh per SEK M of internal sales.

Total production-related CO₂ emissions



Direct and indirect emissions, tons per SEK M of internal sales.

CO₂ emissions from vehicles



CO₂ emissions from company vehicles, gCO₂/km.

Waste and recycling

Getinge works methodically to decrease the amount of waste as a part of using the EcoDesign principles in product design. Simultaneously efforts are made to increase the amount of waste sent to recycling in production. For 2019, the total amount of waste generated at production sites remained at the same level as previous year, but the share of waste brought to recycling was 80.3%, compared to 78.8% in 2018. The amount of hazardous waste increased during the year, mainly due to the phase-out of some production lines and chemical clean sweeps undertaken at several production sites during the year.

Getinge’s goal is that all non-hazardous waste shall be recycled and the amount of hazardous waste from production shall decrease by 10% (kg/MSEK) by 2024.

When establishing a smooth material flow in the Manufacturing Excellence Program, the production sites has managed to reduce waste of material used in production significantly. By empowering employees to tailor-make productivity solutions, great ideas have come to life. One example is the new packaging of all Getinge’s surgical lights. Earlier, large quantities of foam rubber was used in the packaging, which was both unsustainable and expensive. Now, thanks to creative Getinge employees, less quantities of foam rubber is used as fewer pieces of tailor-made packaging is needed. This invention is reducing both time, cost and plastic waste. As a bonus, it makes it easier for Getinge’s customers to unpack the products.

Reducing transport and warehouse footprint

Getinge is continuously working to increase efficiency and reduce complexity in its logistics and distribution processes.

In 2017, Getinge’s logistics became a more centralized organization. By incorporating logistics functions from different parts of the organization into a global organization the company has enabled increased visibility and control. Multiple harmonization and complexity reduction projects have been implemented since, for example by consolidating warehouses. Not only considerable savings have been accomplished, but also improvements in service levels and lead times.

Larger warehouses

Between 2017–2019, Getinge has strategically consolidated many of its warehouses and distribution centers into larger units, which has resulted in a reduced footprint of 26 warehouses. A reduced number of larger warehouses, strategically placed in both in proximity to the company’s customers and in more optimal locations in its logistics network, has led to both financial savings as well as improved service levels.

Optimized transports

In 2019, a consolidation of transport suppliers was implemented and has enabled a more harmonized transport process that has generated savings and has reduced complexity. Global agreements have been made and implemented within both sea and airfreight. This has resulted in cost savings and better visibility of transport set-up that supports identifying future improvements, such as optimizing choice of transport mode and leveraging on company size when negotiating with freight suppliers.

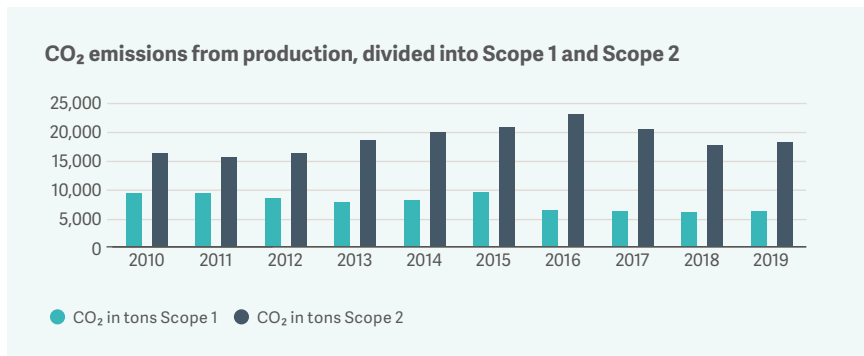
On a day-to-day business, Getinge is choosing sea or train freight instead of airfreight and actively choose transport routes as a natural part in reducing the company’s CO₂ emissions in total. Airfreight shall only be chosen if there is a true lead-time requirement for the shipment.

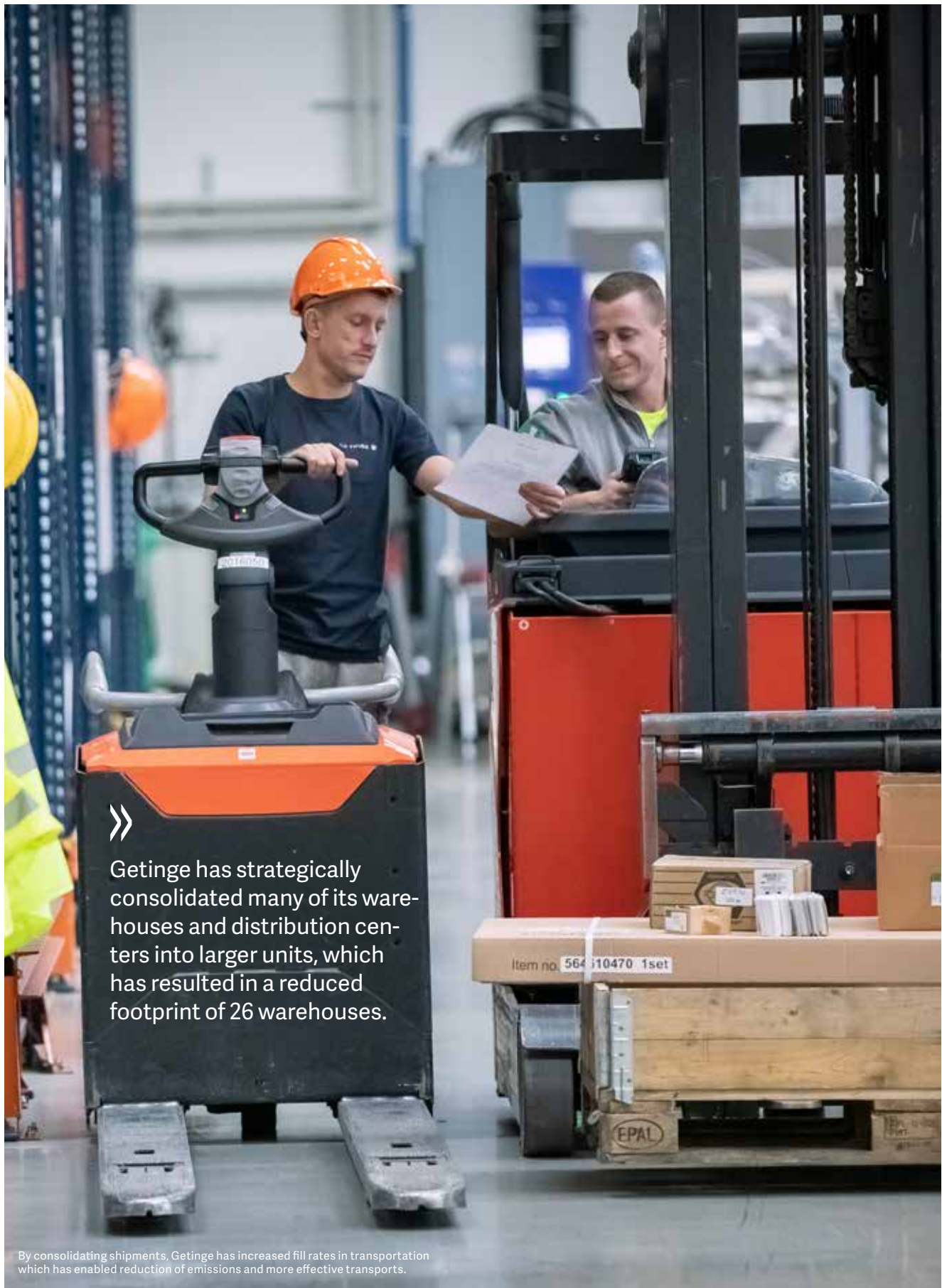
Considerable efforts have also been made in the planning of stock levels in Getinge’s warehouses, ensuring that the level of stock is enough to meet demand in time, without unnecessary surplus stock. The development and rollout of a car pool program for controlling stock levels in the service technician’s cars is a part of these efforts.

Critical to meet demand

Development within sales and operations planning has improved the processes of matching the supply from factories with the demand from customers. A governance structure and processes for both the strategic, tactical and operational levels have been developed with good results in a large part of the products portfolio. Ensuring to plan production output from the company’s production sites to meet the true customer demand is critical to success. The supply chain management goals of delivery rate, stock optimization and productivity have been brought together to a better conformity in planning.

Customs and trade is an area that requires increased focus as the world has seen increased regulations and trade restrictions during the year. Getinge is monitoring the global development and continuously mitigating with internal actions.





Getinge has strategically consolidated many of its warehouses and distribution centers into larger units, which has resulted in a reduced footprint of 26 warehouses.

By consolidating shipments, Getinge has increased fill rates in transportation which has enabled reduction of emissions and more effective transports.

Inspire performance to increase engagement

Getinge has a key objective to make sure all employees feel engaged, empowered and encouraged to contribute, and by that building a proud global organization. During 2019, several initiatives to develop both Getinge and its employees were introduced, including a new Performance Development Process and a People Plan to demonstrate how Getinge can become an even better place to work.

One important part of the company's commitment to secure and strengthen Getinge as an attractive workplace, is to invite the employees to share their views on a regular basis. An employee survey was conducted in April 2019, with more than 80% of all employees taking part. After thorough analysis each leader in Getinge were tasked to work with their teams to develop and implement action plans. This work has been initiated during the year and will continue to be in focus also for 2020.

Inspiring performance through dialogue

In accordance with the company's intention to inspire employees to develop and to do their best a new way of inspiring performance was launched at the end of 2018 and implemented throughout 2019. In essence, the new Performance Development Process supports regular feedback and conversations, clear objective setting, performance and development. While inspire performance is key, Getinge is moving away from focusing on rating to a more inspirational approach where the focus is on coaching, dialogue and regular feedback. Digital tools are accessible to support managers and employees throughout this process.

Employee diversity strengthens Getinge

Getinge strongly believes that diversity is a driver of innovation, culture and talent attraction and as Getinge wants to be an attractive employer, today and for employees of tomorrow, one important foundation is to provide equal employment and development opportunities to all employees.

Continuous work to identify and develop the company's talents, aiming at enabling more employees to progress to new positions took place throughout the year.

In 2019, the focal point was to increase the balance in our ratio of female and male leaders as well as increasing the number of young and emerging talent. This focus will continue in 2020.

The work will be run by Getinge's local HR organizations with support from a Diversity and Inclusion toolbox, in which 'Female coaching' is one important tool.

In 2019, the division in gender balance for managers was 29/71 (31/69).

A safe work environment

Getinge's work on health and safety matters is based on national legislation, international regulations and own requirements and policies. In 2019, a new business steering document framework was launched, with updated policies to guide how Getinge should act towards other businesses, customers and employees. Getinge strives to provide 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.

The number of accidents per 100 employees was 1.96 (2.4). No serious accidents were reported during the year.

Protecting human rights

To protect all human rights is of highest importance for Getinge. Risks linked to human rights are the risk of child labor, forced labor or compulsory labor, but also the risk of discrimination, prevention of association and freedom of negotiation and work environment-related problems. These risks are not considered significant for Getinge's direct operations.

The company's business operations are guided by the principles of diversity and inclusion, freedom of association and ensuring a safe and secure workplace.

Getinge routinely identify, assess, and manage the human rights impact of its business and operations.

Any Getinge employee who suspects violations of the company's Human Rights Policy is expected to speak up and raise the issue to their line manager, to Human Resources, to the Ethics and Compliance Office, or to use the Getinge Speak-Up Line.

All stakeholders have the opportunity to raise questions and/or concerns regarding potential and actual adverse Human Rights impacts by using the Getinge Speak-Up Line.

Getinge are committed to investigate any concerns, and if any severe adverse human rights impacts are discovered, the company will act appropriately without delay.

Read more about Getinge's Speak-Up-Line on page 51.

Employee risks

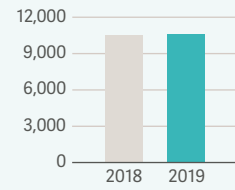
Getinge is dependent on recruiting and retaining the best talents and emphasizes dialogue to manage the risk of not being perceived as an attractive employer.

Being able to manage diversity and channel the value that diversity can generate is business critical. Getinge encourages collaborations, both between different cultures and professions.

Getinge attaches great importance to managing risks that affect employees' health and safety and works consciously to provide a safe workplace.



Number of employees

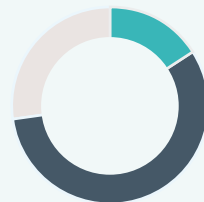


Gender distribution employees



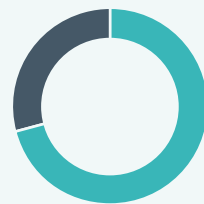
- Men, 65%
- Women, 35%

Age distribution



- 20-30, 16%
- 31-50, 57%
- > 51 total, 27%

Gender distribution managers



- Men, 71%
- Women, 29%

► CASE – PASSIONATE PEOPLE

The passionate people of Getinge

Every day more than 10,000 people go to work at Getinge. They work in research and development, sales, service, production and many other areas. And they do it with passion. But who are the people of Getinge? What do they do outside of work? What superpowers do they bring when they enter the doors of offices and sites around the world?

In a series of stories called “The passionate people of Getinge”, co-workers with exciting passions are put in the spotlight. They are people who cannot settle for anything less than to always go where their passion takes them.

Some of them are surfers who travel the globe to find the perfect wave – while they also handle Getinge’s cash management. Others are pilots who are as dedicated to cruising in the sky as they are to

their work within Quality and Regulatory Compliance. And there are also those who optimize central sterile supply departments’ daytime – and at night, they are famous power metal stars.

At Getinge, people can be anything. In passion for life there must also be room for passion about who you are.

Are you curious to meet the passionate people of Getinge? Tune in at www.getinge.com/careers.



Björn Asking, Sweden
Project Manager Field Service
and Power metal star



Lizzie Ge, China
Finance accountant
and Opera singer



Johannes Wenzell, Sweden
Manufacturing assembly
and Superhero



Stefano Federico, Germany
Manufacturing assembly
and Futsal coach



Srdjan Kovacevik, Serbia
Sales & Product Manager
and Goat cheese producer



Patricia Chesnais, France
Managing Director Sales
and Desert hiker



Yuko Yamada, Japan
Sales representative
and Equestrienne



At Getinge, people can be anything.
In passion for life there must also be
room for passion about who you are.



Michael Hamersley, Australia
Service manager
and Firefighter



Serap Tosun, Turkey
HR Manager
and Writer

All employees acting as role models

Doing business responsibly in all relations, in the company’s own organization and in external contexts, is a key part of Getinge’s strategy. Responsible leadership at Getinge means involving all employees to set the standard and acting as role models for ethical behavior and professional integrity.

Getinge has signed the UN Global Compact and supports the ten principles on human rights, labor, environment and anti-corruption. All Getinge employees are to follow the company Code of Conduct and accompanying policies, which stipulates how the company does business and describes, as well the company’s, and the employees’ responsibilities to its stakeholders.

The Legal & Compliance Office at Getinge provides with employees support and guidance on how to act to ensure compliance with applicable laws when doing business. A close collaboration between Ethics & Compliance and the business is fundamental to achieving a responsible business conduct.

Ethics & Compliance Program

Getinge has identified four main risk areas; Bribery and Corruption, Antitrust, Data Privacy and Trade Compliance. Dedicated Ethics & Compliance Programs for each of the four risk areas were designed and implementation begun during the year.

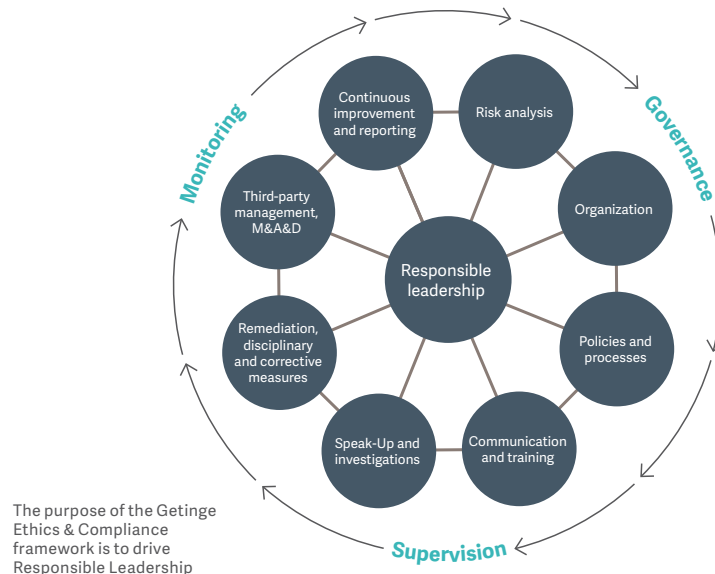
The Ethics & Compliance work is structured according to this model:

Responsible leadership

Getinge’s work within Ethics & Compliance is centered around Responsible Leadership. The Board of Directors has the overall responsibility for the implementation of an effective Ethics & Compliance program. The Chief Ethics & Compliance Officer reports regularly to the Board and the Audit Committee.

Risk Assessments

During the year Getinge conducted a combined Anti-Bribery and Corruption and Antitrust Risk assessments in Mexico, Dubai/MEA and Germany. In Germany, Ethics & Compliance conducted a joint risk assessment together with Internal Audit, covering all the various risk assessment needs. With this approach, Getinge will create a more



The purpose of the Getinge Ethics & Compliance framework is to drive Responsible Leadership

efficient process with the aim to continue this collaboration going forward.

The Legal & Compliance Office also performed a global overall risk assessment on Trade Compliance during 2019.

Organization

The Ethics & Compliance Office is headed by the Chief Ethics & Compliance Officer who reports to the CEO. To further strengthen Getinge’s global Ethics & Compliance function, several positions have been appointed during the year:

- Global Ethics & Compliance program Manager, based in Gothenburg.
- Ethics & Compliance Officer for Middle East & Africa and India with responsibility for the global Trade Compliance Program, based in Dubai.
- Ethics & Compliance Officer for Russia and Eastern Europe with global responsibility for the Anti-Bribery and Corruption program, based in Stockholm.
- Head of Ethics & Compliance in North America.
- Ethics & Compliance Special Investigations.

Policies & Procedures

During the year Getinge has implemented a new business steering document framework, with 14 global policies applicable for all employees.

All Getinge employees must know and comply with all company policies and directives relevant to their work. The new Global Policies are translated into 12 languages and are available for all employees on the intranet and in Getinge’s quality management system.

Training & Communication

Training and internal communications are important parts of Getinge’s work with Ethics & Compliance, which includes targeted training for specific groups at all levels of the company including employees, the Board of Directors and all members of the Executive Management Team.

The Ethics & Compliance training is done on a regular basis and during the year training on topics such as Ethical Blindness, Lessons Learned, Anti-Trust, Anti-Bribery & Corruption, Data Privacy and Money laundering & fraud has been held. During 2019, 1513 employees have been trained face-to-face.



Responsible leadership at Getinge means involving all employees to set the standard and acting as role models for ethical behavior and professional integrity.

As of 2019 Ethics & Compliance has been included as an integral component of all Getinge's Leadership Programs. Since October 2019, 65 managers from different parts of the company have participated in the face-to-face training on Responsible Leadership focusing on trust and integrity as part of the Leading People Leadership Program. This will continue with more programs for all managers and future leaders during 2020.

Speak-Up and investigations

The Ethics & Compliance team assesses all reports of suspected misconduct and Code of Conduct violations. The process is governed by the Getinge Internal Investigations Directive and Ethics Committee. Getinge has a policy of non-retaliation, which means retaliation is not accepted against anyone who speaks up, expresses concerns or opinions in good faith or who participates in an investigation of an issue.

In 2019, 36 reports were recorded and investigated by the Ethics & Compliance team. 15 reports were received through Getinge's reporting tool (Speak-Up Line), and 21 reports through other channels.

Following investigations disciplinary actions, including employee dismissals and termination of contracts, were taken in 12 cases.

Remediation, Disciplinary and Corrective actions

An Ethics Committee has been established for the review and monitoring of Code of Conduct case investigation and remediation. The Ethics Committee is a subset to the Getinge Executive Team (GET). The Ethics Committee provide guidance on major cases, including involvement of external counsel, remediation and disciplinary action.

Third Parties and Mergers, Acquisitions & Divestitures (M&A&D)

To manage third party representative risk, Getinge has established a Third Party Risk Management Office in its Shared Service Center in Krakow. A new mandatory third party engagement process has been set up and a pilot implementation project started during 2019.

The process will be implemented in phases, starting from sales intermediaries

based in LATAM countries. Over a period of time and in a manner of prioritization deemed acceptable by the CFO and Chief Ethics and Compliance Officer, the organization must bring all Third Parties within the process and up to the level of due diligence required.

Improvements

With a promise to always act with honesty, fairness and integrity, Getinge shows responsible leadership every day.

To ensure the effectiveness of the Ethics & Compliance program, Getinge is working with an external consultant to uncover any possible gaps in the program, its implementation and to establish KPIs for program effectiveness.

▶ CASE – ETHICS & COMPLIANCE PROGRAM

Making business ethics a vital part of leadership

The new Ethics & Compliance Program has started and progress can already be seen. Michaela Ahlberg, Chief Ethics & Compliance Officer, and her team are supporting the management and the business in this process.

“Doing business in a global and regulated environment comes with many challenges, which means this is not an easy journey. However, we have a solid plan and are determined to face the challenges one by one,” explains Michaela Ahlberg who joined Getinge in 2018.

“We need to ask ourselves all the difficult questions, and difficult questions rarely have easy answers. My team wants to be part of making a difference but ultimately it comes down to, not us but leadership. Responsible leadership to create the best possible prerequisites for all employees to act as role models in ethical behavior.”

The program focuses on different trainings and communications as well as new ways to do risk assessments and investigate allegations of wrong doing with strong focus on remediation plans owned by the business.

“The most important question to ask yourself is why? To make sure everyone truly understand why we work with the model of effective ethics & compliance. The purpose is not keep ourselves busy in the ethics & compliance team but to strengthen leadership, to really make leadership own business ethics. If we were to fail in that, the program wouldn't be successful.”

Michaela has full buy in from the Board of Directors and Getinge Executive Team, which she identifies as great opportunity for the program to be successful. She also sees understanding and high ambitions from managers at all levels; a bigger openness and courage to bring up the difficult questions and see things from new perspectives.

“We are switching the lens of our ethics and compliance work. Instead of just presenting what we in the Ethics & Compliance team do we will measure overtime whether the work has effect in leadership or not. That way we will know if we are effective, if we are doing the right things.”

The training sessions she and the rest of the team have done across the globe so far have had very positive reactions.

“For example the dilemma trainings and lessons learned identifying red flags and false comforts are highly appreciated. I see progress as it becomes a natural part of leadership. More and more people ask for training and risk assessments. This is good.”

According to Michaela the medtech industry are somewhat behind when it comes to business ethics. In many cases because the assumption has been that the regulatory departments takes care of these questions.

“But that is not the case at all. They are working with regulations related to the products, while ethics and compliance is something completely different – it's about human behavior. That is why, again, it all comes down to responsible leadership.”

If Michaela were to summarize ethics and compliance during 2019 at Getinge it would be with three words starting with the same letter: “Program, progress and passion. We have established a program and I truly see progress and a lot of passion out there. We are dedicated to an ambitious plan and we will continue this journey together, step by step.”



Being transparent while doing business in a global and regulated environment comes with many challenges, which means this won't be an easy journey. However, we have a solid plan and are determined to face the challenges one by one.



Michaela Ahlberg, Chief Ethics & Compliance Officer

Administration Report

Operation and structure

Getinge is a global provider of products and solutions for operating rooms, intensive-care units and sterilization departments serving 38 countries and with proprietary production in seven countries. Operations are conducted in three business areas – Acute Care Therapies, Life Science and Surgical Workflows.

Sales take place through proprietary companies and distributors in 130 countries. Approximately 70% of sales are conducted through the Group's proprietary sales companies and the remaining 30% are sold by agents and distributors in markets for which Getinge lacks proprietary representation. Production is conducted at a total of 19 facilities in France, China, Poland, Sweden, Turkey, Germany and the US.

Financial overview

During the year, net sales increased 9.9% to SEK 26,559 M (24,172). Net sales rose organically by 3.9%. In Acute Care Therapies, sales amounted to SEK 14,637 M (13,013), corresponding to an organic change of 5.8%. Life Science's net sales increased organically by 7.6% to SEK 2,487 M (2,194). In 2019, Surgical Workflows' sales amounted to SEK 9,435 M (8,965). Organic sales were in line with the preceding year.

Americas represented the Group's largest market, accounting for 40% (39) of net sales, followed by EMEA at 38% (39). APAC accounted for 22% (22) of sales.

Adjusted EBITA

Adjusted EBITA before restructuring, acquisition and non-recurring costs amounted to SEK 3,310 M (2,689).

Operating profit

The Group's operating profit amounted to SEK 2,372 M (-284). Adjusted for restructuring, acquisition and non-recurring costs, operating profit amounted to SEK 2,813 M (2,216), corresponding to 10.6% (9.2) of net sales.

Net financial items

Net financial items amounted to SEK -463 M (-340), of which net interest items comprised SEK -408 M (-398).

Profit before tax

The Group's profit before tax increased to SEK 1,909 M (-624).

Taxes

The Group's tax expense amounted to SEK -653 M (-315), entailing a tax rate of 34%. The tax rate was negatively impacted by a high tax expense in the US operations due to the BEAT tax introduced as part of the US Tax Reform in 2018.

Tied-up capital

Inventories amounted to SEK 4,691 M (4,544) and accounts receivable to SEK 6,344 M (6,108). Return on equity was 6.2% (-4.7). Goodwill totaled SEK 18,674 M (18,092) at the end of the fiscal year.

Investments

Investments in intangible assets and tangible assets amounted to SEK 1,220 M (1,380). Investments primarily pertained to product development, production facilities, production tools and IT projects.

Financial position and equity/assets ratio

Consolidated net interest-bearing debt fell to SEK 12,321 M (12,591). The equity/assets ratio amounted to 46.9% (45.3) and the net debt/equity ratio to 0.59 (0.64). Net interest-bearing debt in relation to adjusted EBITDA before acquisition, restructuring, integration and non-recurring costs amounted to 2.5 (3.2). Equity at year-end amounted to SEK 20,973 M (19,655).

Cash flow

Cash flow from operating activities amounted to SEK 3,832 M (2,503).

Class of shares and share data

For information regarding trading of shares in the company, the number of shares, shareholders, the classes of shares and the rights associated with these classes of share in the company, refer to the Getinge Share section on pages 132–133.

Events during the year

Update regarding Consent Decree with the FDA

In autumn 2018 and the start of 2019, Getinge's production units in Fairfield and Mahwah received warning letters from the FDA. The reason for the warning letters was routine inspections performed by the FDA at these production units in 2018. The FDA's observations and opinions pertain to procedures and processes linked to demands for supplier checks, processes for the approval of design changes and incident reporting. The same observations were identified by Getinge during internal inspections in the fourth quarter of 2017. The local organization has since worked to correct the shortcomings in the quality management system. Getinge has submitted an action plan, including activities and a related schedule, to the FDA and improvements are proceeding according to plan.

US FDA clearance for software upgrade

In March 2019, the US FDA provided clearance for a software upgrade of the Servo-u and Servo-n ventilator platforms. The upgrade will meet the demand in the US market to support the ARDS (Acute Respiratory Distress Syndrome) therapy as well as integrated high-flow oxygen therapy. The global burden of ARDS has been estimated to be in excess of 3 million patients per year. Virtually all patients with ARDS require mechanical ventilation to assist the lungs with oxygenation and provide time to heal. The incidence of ARDS in the US alone has been estimated to be about 80 per 100,000 population. The approval brings possibilities to grow Getinge's business within the US ventilator market.

Restructuring activities regarding administrative process

To enhance the efficiency of administrative processes, the Group's shared service center in Costa Rica was discontinued in 2019 and the operations were transferred to the unit in Krakow, Poland.

Introduction of GSS610H

In the second quarter, Getinge introduced GSS610H, a steam sterilizer built on a platform that is engineered in cooperation with Central Sterile Supply Department (CSSD) staff at hospitals. Like the other steam sterilizers in the portfolio, GSS610H integrates with existing sterilization departments to optimize throughput.

Adjustments to forthcoming EU Medical Device Regulation (EU MDR)

To meet the requirements of the forthcoming EU Medical Device Regulation (EU MDR), Getinge began making adjustments at selected manufacturing sites in 2019. The first EU MDR certification was received in February 2020 and the remaining selected sites will be adjusted to comply with the new regulations in 2020 and 2021.

Launch of Maquet Lyra

The third quarter marked the launch of Maquet Lyra, a flexible and mobile OR table targeted at the value segment that meets the needs of almost all surgical disciplines. Maquet Lyra was developed in collaboration between the Group's R&D units in Germany and China and is produced at Getinge's factory in Suzhou, China.

Settlement Agreements with authority in Brazil

In November 2019, Getinge reached two Settlement Agreements with the Brazilian competition authority, the Administrative Council for Economic Defense (CADE), related to cases of anticompetitive practices. The agreements stipulate that Getinge will pay corporate fines of about BRL 15 M, corresponding to approximately SEK 35 M. This amount is included in the provision made by Getinge during the first quarter of 2018. The cases are part of ongoing government investigations regarding anticompetitive practices relating to the sale of medical equipment, mainly to Brazilian public entities. The cases mainly relate to 2004–2017, and primarily involve Getinge's Brazilian subsidiaries Maquet Cardiopulmonary do Brasil Comércio Ltda. and Getinge do Brasil Equipamentos Médicos Ltda.

Getinge previously reached a settlement agreement with the Brazilian Federal Prosecutor's Office (Ministério Público Federal) related to the manipulation of tender procedures in Brazil.

Efficiency enhancements in manufacturing

In the fourth quarter, important actions were initiated to improve the company's manufacturing footprint efficiency by moving the production of low-temperature sterilizers from the manufacturing unit in Ankara (Turkey) to Poznan (Poland). The move is expected to be completed by the end of 2020, after which the manufacturing unit in Ankara will be closed. Discussions have been initiated with employee representatives regarding the possibility of transferring the company's Endoscope Washer production from Toulouse (France) to Växjö (Sweden), which will enable Toulouse to focus on the growing Life Science business area and allow Surgical Workflows to improve its productivity and further strengthen its competitiveness in Växjö.

Acquisition of Applikon Biotechnology BV.

On December 19, 2019, Getinge announced an agreement to acquire Applikon Biotechnology B.V., a leading company in the development and supply of advanced bioreactor systems for the research and production of vaccines and antibodies in the biopharmaceutical industry, as well as enzymes and bio-plastics for industrial biotechnology. The company has annual sales of approximately SEK 450 M and will further strengthen Getinge's position in the fast growing market for biopharmaceutical production and research. The acquisition was completed on January 3, 2020, and in the long-term, Applikon Biotechnology B.V. is expected to bring a material contribution to Getinge's Life Science business area in terms of net sales and EBITA.

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 high-quality clinical results and economic benefits. In 2019, the Group's research and development costs amounted to SEK 1,261 M (1,262). Of this amount, SEK 499 M (571) was capitalized as intangible assets.

Personnel

At December 31, 2019, there were 10,538 (10,515) employees, of whom 1,207 (1,161) were employed in Sweden. In 2019, 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. The Group also carried out activities intended to further strengthen the commitment of its employees and implemented digital tools for personnel development. In 2019, the Group also continued its long-term endeavors to increase diversity. Getinge has a previously implemented policy to ensure that all employees are given equal opportunity to develop and receive equal pay for equal work, regardless of such factors as gender, ethnicity or religion.

Remuneration to senior executives

The 2019 AGM established guidelines for remuneration to senior executives, primarily entailing the following: Remuneration and other employment terms and conditions for senior executives are 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 senior executives, variable remuneration is limited to a maximum of 60–90% of basic pay. Variable remuneration is based on the goals set by the Board. Examples of such goals include earnings, volume growth, operating capital and cash flow.

In addition to basic pay and the above annual variable remuneration, senior executives may also receive a variable long-term bonus that rewards and promotes the company's long-term value creation. The earnings period for this bonus must be at least three fiscal years and the bonus may amount to a maximum of 100% of basic pay.

In addition to the aforementioned variable remuneration, adopted share or share-related incentive programs may be included. Pension premiums for the members of the Getinge Executive Team are paid according to a defined-contribution plan and based on a certain portion of basic pay. The age of retirement is 62 for the CEO and 65 for other senior executives, unless local rules in the country in which the executive resides prescribe differently. The period of notice is 12 months when employment is terminated by the company and six when terminated by the senior executive. If employment is terminated by the company, a severance pay of maximum 12 monthly salaries may be paid.

The Board is entitled to deviate from these guidelines if warranted in individual cases. No deviations from the guidelines were made during 2019. Total remuneration to senior executives amounted to SEK 96 M (78) in 2019. Refer to Note 29 for further information.

The guidelines for remuneration to senior executives that the Board has decided to propose to the 2020 AGM for the period after the AGM are presented on pages 70–71.

Sustainability Report

In accordance with Chapter 6, Section 11, Getinge has chosen to prepare a sustainability report as a separate report from the annual report. The Sustainability Report is presented on pages 36–53 and 126–131. A description of diversity on the Board can be found on pages 61–62.

Environmental accounting

The Group's environmental policy, the established environmental goals and the international environmental standard ISO 14001 form the basis of Getinge's environmental work. The sustainability program 2019–2024 has been based upon a materiality analysis which anchors KPIs within the entire organization. All manufacturing units will implement and certify environmental-management systems that meet the 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 facility in Sweden conducts operations requiring permits or declaration under the Swedish Environmental Code. This facility holds the necessary permits. 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 38–45 and 126–131.

Risk management

Health care reimbursement system

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

Customers

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

area are covered by payment guarantees, unless the customer's ability to pay is well documented.

Authorities and control bodies

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

Research and development

Getinge's future growth also depends on the company's ability to develop new

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

Product liability and damage claims

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

Protection of intellectual property rights

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

Financial risk management

Getinge is exposed to a number of financial risks in its operations. Financial risks principally pertain to risks related to currency risks, interest-rate risks, and credit and counterparty risks. Risk management is regulated by the finance policy adopted

by the Board and a Treasury directive decided by the Getinge Executive Team based on the finance policy. The ultimate responsibility for managing the Group’s financial risks and developing methods and principles of financial risk management lies with the Getinge Executive Team and the finance function. For more detailed information concerning these risks, refer to Note 28 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 below is calculated using forecast volumes and earnings in foreign currency for 2020, 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. 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 20 M. At a 5% rate movement, the impact of other translation effects on equity is approximately SEK 1,090 M. Sensitivity to exchange-rate fluctuations on earnings is detailed in the following table, based on the exchange rates specified in the table below.

Currency: estimated rate in 2020	Budgeted net volume in 2020, M	Impact in SEK M of 5% rate movement
CNY: 1.33	1,020	+/- 68
EUR: 10.43	-140	+/- 73
JPY: 0.0853	5,975	+/- 25
USD: 9.32	335	+/- 156

Sensitivity analysis

Getinge’s earnings are affected by a series of external factors. The following table

shows how changes to some of the key factors that are important to Getinge could have affected the Group’s profit before tax in 2019.

Change in profit before tax		SEK M
Price change	+/- 1%	+/- 266
Cost of goods sold	+/- 1%	+/- 141
Salary costs	+/- 1%	+/- 90
Interest rates	+/- 1 percentage point	+/- 74

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 leasing and pension liabilities, at year-end 2019. The impact of a +/- 1 percentage point change in interest rates on equity is about SEK 46 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 expected to be 2–4% for the full-year 2020.

Events after the end of the reporting period

On January 3, 2020, the acquisition of 100% of Applikon Biotechnology BV was completed. The acquired company has annual sales of approximately SEK 450 M and 180 employees. The purchase price paid amounted to SEK 840 M. In addition, a maximum of EUR 60 M (SEK 630 M) may be paid in so-called additional purchase prices in 2021–2022 if certain financial targets are met. Acquisition expenses charged to 2019’s profit amounted to SEK 23 M. The consolidated surplus that arose in connection with the acquisition is yet to be determined as the work with the acquisition analysis is still ongoing.

Corporate Governance Report

Getinge AB (publ) is a Swedish public limited liability company, Corp. Reg. No. 556408-5032, that is listed on Nasdaq Stockholm. The company has its registered office in Gothenburg Municipality. The company applies the Swedish Corporate Governance Code and hereby presents the Corporate Governance Report for 2019. This Corporate Governance Report is reviewed by the company's auditors. The review is presented in the auditor's report on pages 121–125.

Introduction

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 everyday life for people, today and tomorrow. The Group serves over 38 countries and conducts proprietary production in seven countries.

The Group's customers are found primarily in the healthcare and life science areas, where products are often pivotal to the quality and efficiency of operations.

Accordingly, confidence in Getinge and its products is decisive for continued sales successes.

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

The Group's corporate governance and internal regulations provide frameworks for achieving 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 made on a decentralized basis, while overriding decisions concerning strategy and direction are made by Getinge's CEO, with the assistance of the Getinge Executive Team.

External and internal regulations

The Group's corporate governance is based on Swedish legislation, as well as on the Swedish Corporate Governance Code ("the Code"), which is available at corporate-governanceboard.se. Getinge complies with the Code's regulations and presents an explanation for any deviation from the Code's regulations in 2019, based on the version of the Code per December 31, 2019. In addition to the Code, the Group's corporate governance is based on Nasdaq Stockholm's Rulebook for Issuers, available at nasdaqomxnordic.com, and the Swedish Securities Council's rulings on good practice on the Swedish stock market, available on aktiemarknadsnamnden.se. This report summarizes how corporate governance is structured and how it has been carried out and developed in the Group during the 2019 fiscal year.

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, the Group's Code of Conduct, and various Group-wide steering documents such as policies, directives and instructions on several topics.

The company's Articles of Association are available on the Group's website: www.getinge.com.

Share and shareholders

The number of shares in the company increased to 272,369,573, of which 18,217,200 are Class A shares with each share carrying entitlement to ten votes and 254,152,373 are Class B shares with each share carrying

entitlement to one vote. All shares carry the same dividend entitlement. The company's Class B shares are admitted to trading on Nasdaq Stockholm and the share is included in the Nasdaq Nordic Large Cap segment and the OMXS30 index.

The largest shareholder, Carl Bennet, held 20.00% of the shares outstanding at year-end 2019 and 50.10% of all votes in the company, making him the only direct or indirect shareholder with a holding in the company representing over one tenth of the number of votes for all of the shares in the company.

For information about shareholders and the Getinge share, see the Annual Report pages 132–133 and 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. General Meetings are Getinge's highest decision-making bodies. A General Meeting of Shareholders will be held in the location that the Board has its registered office (Gothenburg Municipality, Västra Götaland County) or in Halmstad Municipality, Halland County. A General Meeting of Shareholders will be convened by publishing notice in Post- och Inrikes Tidningar and on the company's website. An announcement is to be made in Svenska Dagbladet that notice of the Meeting has been published. All shareholders registered in the shareholders' register five days 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 Meeting.

The AGM must be held within six months of the end of the fiscal year. At the AGM, the shareholders exercise their voting rights in key issues, such as the adoption of income statements and balance sheets, allocation of the company's earnings, discharge from liability of members of the Board and the CEO, election of Board members and auditors, fees to Board members and auditors and the establishment of guidelines for remuneration to senior executives.

2019 Annual General Meeting

The 2019 Annual General Meeting (AGM) was held on April 23 in the Kongresshallen at Hotel Tylösand, in Halmstad, Sweden. A total of 709 shareholders, representing approximately 60.84% of the number of shares and 75.56% of the total number of votes in the company attended the AGM. Board Chairman Carl Bennet was elected Chairman of the Meeting. All of the Board members elected at the AGM and the employee representatives and their deputy members were present as well as the company's CEO, auditor and representatives from the Nomination Committee. The minutes from the AGM are available on Getinge's website: 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 1.00 per share for the 2018 fiscal year
- Adoption of the remuneration to Board members and the auditor
- Carl Bennet, Johan Bygge, Cecilia Daun Wennborg, Barbro Fridén, Dan Frohm, Sofia Hasselberg, Johan Malmquist, Mattias Perjos, Malin Persson and Johan Stern were reelected to the Board.
- Johan Malmquist was elected the new Chairman of the Board
- Öhrlings PricewaterhouseCoopers AB was reelected auditor for Getinge until the conclusion of the 2020 AGM
- Guidelines for the remuneration to senior executives.

2020 Annual General Meeting

The 2020 Annual General Meeting (AGM) was held on April 22 in the Kongresshallen at Hotel Tylösand, in Halmstad, Sweden. The date and location of the AGM was published on the company's website in conjunction with the publication of the interim report for the third quarter. The website also states that shareholders who would like to have a matter addressed at the AGM must submit a motion by March 4, 2020, at the latest. Shareholders who are entered in the shareholders' register (managed by Euroclear Sweden AB) by April 16, 2020, and who have notified their intention to participate at the AGM have the right to do so in person or by proxy.

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 the company's 2005 AGM, the Nomination Committee is to comprise Getinge AB's Chairman and representatives of the five largest shareholders at August 31, as well as a representative for minority shareholders.

The composition of the Nomination Committee was published on October 18, 2019. Ahead of the 2020 AGM, the Nomination Committee comprises representatives for the four largest owner-registered shareholders in terms of the number of votes as well as a representative for minority shareholders and the Chairman of the Board. The composition is a deviation from the instructions for the Nomination Committee. The reason for this is that such a composition of the Nomination Committee is deemed to be more appropriate with respect to the ownership structure as per August 31, 2019. No change to the composition of the Nomination Committee has occurred since.

The Nomination Committee ahead of the 2020 AGM is comprised of Johan Malmquist, Getinge AB's Chairman; Carl Bennet, Carl Bennet AB; Per Colleen, Fourth Swedish National Pension Fund; Mikael Berglund, Incentive; Marianne Nilsson, Swedbank Robur and Viveka Ekberg, representing minority shareholders.

Carl Bennet was appointed Chairman of the Nomination Committee ahead of the 2020 AGM. No remuneration is paid to members of the Nomination Committee, and the members have affirmed that there are no conflicts of interest that affect their assignment on the Committee.

The Nomination Committee has held three minuted meetings ahead of the 2020 AGM. The members of the Nomination Committee have maintained contact and engaged in telephone dialog with one another between meetings. The Nomination Committee has addressed all the matters that the Nomination Committee must address in accordance with the Swedish Corporate Governance Code. The Nomination Committee has also, with the purpose of fulfilling its obligation to provide information to shareholders, informed the company on how the Nomination Committee conducted its work and of the proposals the Nomination Committee has decided to submit. As a basis for its work, the Nomination Committee studied the financial statements for the company's oper-

ations in 2019. The Nomination Committee has also studied the nomination proposals received and the evaluation of the Board of Directors as well as the work it has carried out. In addition, the Nomination Committee has conducted interviews with some of Board members elected by the AGM. The results of the evaluation of the Board of Directors have been presented in their entirety to the Nomination Committee and, together with the interviews conducted by the Nomination Committee, demonstrated that the current Board members have a wide set of skills, with solid industry know-how and financial expertise, as well as knowledge about sustainability aspects, international circumstances and markets that are relevant for the company. The evaluation also showed that the rate of attendance at the Board's meetings has been high, and that all the Board members have displayed a high level of commitment. Additional information on the Nomination Committee's work is presented in the Nomination Committee's report ahead of the 2020 AGM.

The Nomination Committee has applied rule 4.1 of the Code as its diversity policy in preparing proposals of Board members. The aim of the policy is that the Board is to have a composition appropriate to the company's operations, phase of development and other relevant circumstances and to exhibit diversity and breadth of qualifications, experience and background, and strive for an equal gender distribution. The Nomination Committee's proposal to Board members, remuneration to the Board of Directors and election of auditors and other relevant proposals are submitted together with the notice of the forthcoming 2020 AGM.

Ahead of the 2019 AGM, the Nomination Committee proposed reelection of Board members Johan Malmquist, Carl Bennet, Johan Bygge, Cecilia Daun Wennborg, Barbro Fridén, Dan Frohm, Sofia Hasselberg, Mattias Perjos, Malin Persson and Johan Stern. The 2019 AGM resolved to appoint Board members in accordance with the Nomination Committee's proposal, entailing that ten members were elected,

Board of Directors and Committees in 2019

Member	Year elected	Dependent ¹⁾	Committees		Attendance		
			Auditing Committee	Remuneration Committee	Board meetings	Auditing Committee	Remuneration Committee
Johan Malmquist, Chairman*	2016	●		Chairman	16/16		3/3
Carl Bennet, Vice Chairman**	1989	●		Member	16/16		2/3
Johan Bygge	2007			Chairman	16/16	7/7	
Cecilia Daun Wennborg	2010			Member	15/16	7/7	
Barbro Fridén	2017			Member	15/16		3/3
Dan Frohm	2017	●		Member	16/16	7/7	3/3
Sofia Hasselberg	2017			Member	16/16	7/7	
Mattias Perjos	2017	●			16/16		
Malin Persson	2014			Member	15/16		2/3
Johan Stern***	2004	●		Member	16/16		3/3
<i>Board members appointed by employees</i>							
Peter Jörmalm	2012				16/16		
Rickard Karlsson	2013				16/16		
Åke Larsson, suppleant	2014				16/16		
Maria Grehagen Hedberg, (deputy)	2014				11/16		

1) As defined by the Swedish Corporate Governance Code

- Dependent in relation to major shareholders: owners and chairman of Getinge's main owner Carl Bennet AB
- Dependent in relation to the company and company management: former President and CEO of Getinge
- Dependent in relation to the company and company management: Getinge's President and CEO
- Dependent in relation to major shareholders: board member of Getinge's principal owner Carl Bennet AB

* Chairman of the Board and the Remuneration Committee after the AGM 2019.

** Chairman of the Board and the Remuneration Committee until the AGM 2019. Deputy Chairman after the AGM 2019.

*** Vice Chairman until the 2019 AGM.

of whom four are women and six men (40% and 60%, respectively). Johan Malmquist was appointed Chairman of the Board in accordance with the Nomination Committee's proposal.

Shareholders who wished to submit proposals to Getinge's 2020 Nomination Committee have been able to contact the Nomination Committee by e-mail at valberedningen@getinge.com or by mail: Getinge AB (publ) Nomination Committee, Box 8861, SE-402 72 Gothenburg, Sweden.

Board of Directors

According to the Articles of Association, Getinge's Board of Directors is to comprise not fewer than three and not more than ten members, with not more than ten 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 2019, Getinge's Board comprised ten members elected at the AGM and two

employee representatives as well as two deputy members for the employee representatives. The CEO is one of the members elected by the AGM and is responsible for submitting reports at the Board meetings. The Group's Finance Director and Chief Financial Officer is also responsible for submitting reports at the Board meetings and the Group's Head of Corporate Legal serves as Secretary for the Board, with the exception of instances where there is a conflict of interest or where it is otherwise inappropriate for them to attend. Other senior executives also participate when needed.

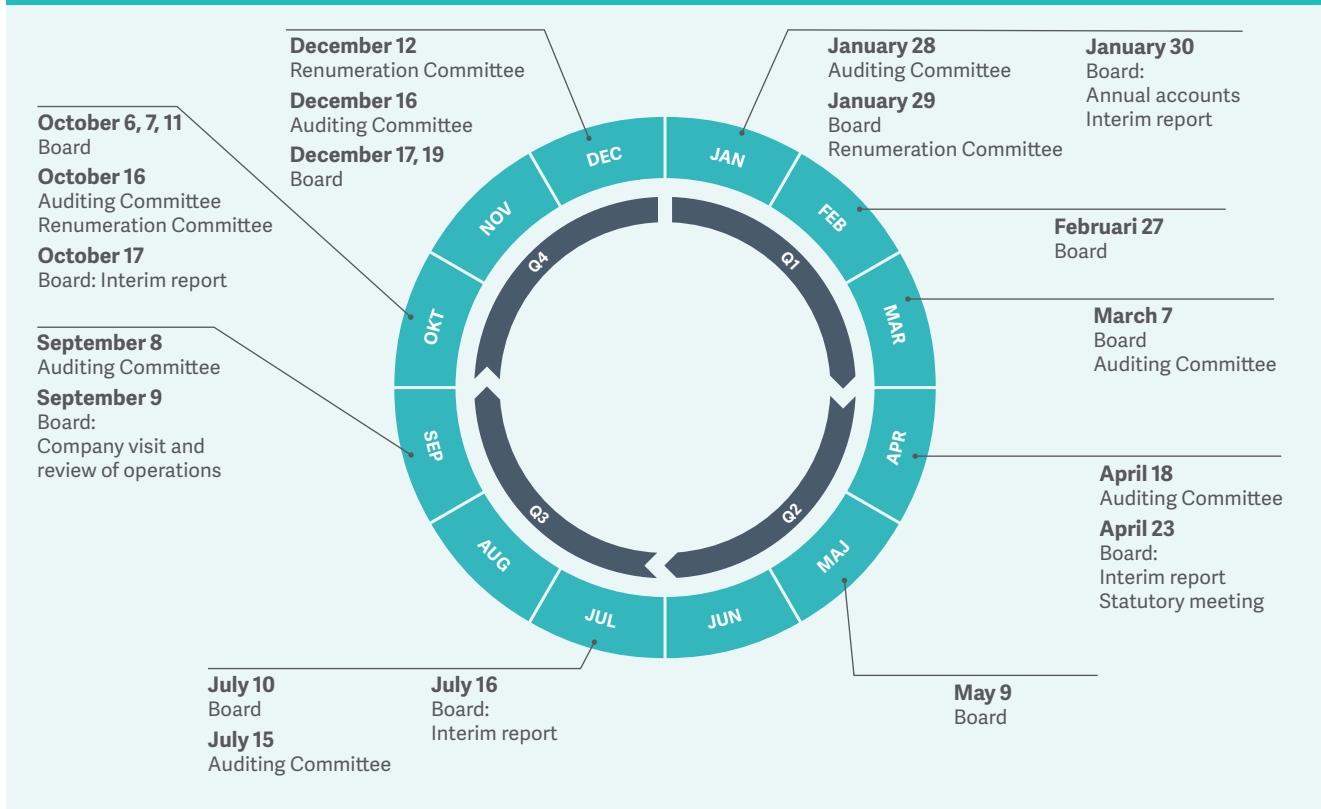
The work of the Board is governed mainly by the Swedish Companies Act, the Code and the Board's formal work plan. Primarily, the Board is responsible for the organization of the company and the management of its affairs. In carrying out its duties, the Board must safeguard the interest of all its shareholders. It is also the Board's duty and responsibility to ensure that this Corporate Governance Report is prepared.

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 fiscal 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 as well as when and how the Board is to receive information and documentation for its work and to allow the Board to make well-founded decisions.

The Board of Directors has established a Remuneration Committee and an Auditing Committee. The Committees are to be viewed as executive committees to the Board and do not assume the responsibility that lies with the Board as a whole.

The Board held its statutory meeting on April 23, 2019 and convened 16 times during the year, with an average attendance rate of 98% of the AGM-elected members.

Board and Committee meetings



At its scheduled meetings, the Board addresses fixed agenda items in accordance with the Board's formal work plan and annual plan. Accordingly, the Board has addressed the Group's long-term objectives, strategy and risks and risk management, adopted corporate governance documents and focused on sustainability issues, the financial plan and investment plan, the annual accounts and financial reports. The Board has also continuously addressed business situation and financial issues, ethics and compliance, as well as quality and regulatory issues. During the year, the Board addressed issues related to the economic climate, cost issues, company acquisitions and other investments as well as succession planning and talent development and overall organizational issues.

The Board has met without the presence of the CEO or any other individual from executive management or the company's auditors at one of its meetings. The Board continuously evaluates the work of the CEO and devotes one meeting every year to this matter without the presence of anyone from executive management.

Ahead of the 2019 AGM, the Board's former Chairman, Carl Bennet, chose to decline reelection as Chairman of the Board. The 2019 AGM elected Johan Malmquist as the new Chairman of the Board and Carl Bennet was elected by the Board as Vice Chairman at the statutory meeting. 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 rules 4.4 and 4.5 of the Code, the majority of 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 AB during 2019 meets the requirements for independent members as stipulated by the Code.

The Nomination Committee has observed that Mattias Perjos, 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, Johan Stern and Dan Frohm as representatives and Board members of Getinge AB'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 the previous two facing pages and in the presentation of Board members on pages 66–67.

The Board carries out an annual evaluation of its work for the purpose of evolving its methods and effectiveness. The evaluation has, as in previous years, been based on a survey. Additionally, the Chairman of the Board carries out individual interviews with the members. The results and analysis of this has been reported to the Board and followed up on with discussions and identification of focus areas moving forward. It can be noted that the Nomination Committee has read the report in its entirety as well as the Board's conclusions.

Remuneration Committee

In 2019, Getinge AB's Remuneration Committee comprised Board members Johan Malmquist (Chairman), Carl Bennet, Johan Stern, Barbro Fridén, Malin Persson, and Dan Frohm. Except for Johan Malmquist, who in his capacity as former CEO is to be considered to be dependent in relation to the company and executive management, all other members of the Remuneration Committee are independent in relation to the company and executive management.

The Committee will, under normal circumstances, hold three meetings per year.

Fees for Board and Committees 2019, SEK

	Board fee	Remuneration Committee fee	Auditing Committee fee	Total
Johan Malmquist, ordförande	1,184,000	125,000		1,309,000
Carl Bennet, vice ordförande	592,000	92,000		684,000
Johan Bygge	592,000		260,000	852,000
Cecilia Daun Wennborg	592,000		130,000	722,000
Barbro Fridén	592,000	92,000		684,000
Dan Frohm	592,000	92,000	130,000	814,000
Sofia Hasselberg	592,000		130,000	722,000
Malin Persson	592,000	92,000		684,000
Johan Stern	592,000	92,000		684,000
Totalt	5,920,000	585,000	650,000	7,155,000

Ahead of the 2020 AGM, the Committee held three minuted meetings and remained in informal contact. The attendance of members at the Committee meetings are presented in the table on page 60.

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. The Remuneration Committee is also a standing committee in issues concerning succession planning and talent development.

Auditing Committee

In 2019, Getinge AB's Auditing Committee comprised Board members Johan Bygge (Chairman), Cecilia Daun Wennborg, Sofia Hasselberg and Dan Frohm who were all members for the entire year.

All members of the Auditing Committee were independent in relation to the company, executive management and the company's largest shareholders, with

the exception of Dan Frohm, who is not considered to be independent in relation to the company's largest shareholders. The composition of the Committee is set up to meet the qualification criteria that is placed on accounting or auditing expertise. The Committee will, under normal circumstances, hold six meetings per calendar year.

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 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 Committee's tasks include assisting the Nomination Committee with preparing proposals for resolutions by the General Meeting on election of auditors and fees to audits, 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 to the Nomination Committee in accordance with the EU Audit Regulation. 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 also to examine and monitor the independence of the auditors and pay particular attention to whether the auditors provide other non-audit services and

otherwise evaluate the auditing activities. In addition, the Auditing Committee is involved in planning the external audits and continuously consults and confers with the external auditors. Among the Auditing Committee's tasks is to examine and monitor the consolidated financial statements and prepare the financial reports that the company provides externally as well as monitor the efficiency of the company's internal control, financial risk management and internal audit. The Committee also discusses the company's significant financial risk exposure and measures to be taken to limit, monitor and control such exposures with the company's auditor and executive management.

The Committee held (seven) minuted meetings in 2019, including informal contact when necessary. The Auditing Committee has continuously addressed all the issues that the Committee must address in accordance with the formal work plan. The attendance of members at the Committee meetings are presented in the table on the previous two facing pages. The company's auditor participated in all meetings convened by the Auditing Committee. Jointly with the auditor, the Committee discussed and established the scope of the audit. Additionally, the company's internal auditors have participated in every meeting with the Committee to the extent to which has been deemed relevant.

External auditor

Getinge AB's auditor is elected at the AGM. The auditor 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 fiscal 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 2019 AGM, the registered accounting firm Öhrlings PricewaterhouseCoopers AB was elected auditor. The auditor in charge is the authorized public accountant Johan Rippe. The co-auditor is the authorized public accountant Eric Salander.

The current mandate period expires at the 2020 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

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 business areas, global sales and Group-wide support functions. At year-end 2019, Getinge Executive Team comprised nine individuals. These people are presented on pages 68–69 in this Annual Report. The Getinge Executive Team held seven meetings in 2019 and remained in continuous contact between meetings. The focus of the meetings was mainly the Group's strategic and operational performance, monitoring results and quality issues.

Operating activities

Getinge's operating activities comprise the business areas of Acute Care Therapies, Life Science and Surgical Workflows as well as a global and shared sales organization that aims to capitalize on synergies in sales. Each operating unit at Getinge is headed by a management team responsible for the operations of each unit. The operational management team is the function below the Getinge Executive Team that is responsible for ensuring and monitoring that the decisions made are carried out.

Getinge's synergy functions are located centrally in the Group to coordinate finance, IT, legal, human resources, communication and marketing, purchasing, logistics and shared services, quality and ethics & compliance. These functions are responsible for supporting and monitoring the development of the company.

Internal Control and risk management

Description

At Getinge, 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's organization is designed to quickly respond to changes in the market. Operational decisions are thus made on a decentralized basis, 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 company management. Each business area and the sales organization has one or more administrative centers that are responsible for the day-to-day handling of transactions and accounting. Each business area and the sales organization has a financial manager, who is responsible for the financial control and for ensuring that the financial statements are accurate, complete and submitted in good time prior to consolidated reporting.

Risk assessment

By conducting quantitative and qualitative risk analyses based on the offering and

operations, Getinge can identify the key risks that could threaten the achievement of business and financial targets. In addition, several units in each business area and in the sales organization 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.

In 2019, Getinge has continued its work to raise risk awareness and to more efficiently manage identified risks.

The Group-wide risk analysis carried out in 2019 identified the following opportunities and risks:

- Digitalization of product offering
- Quality
- Sales via third-party distributors
- Regulatory changes for product certification
- Changes in demand and remuneration models for Getinge's customers
- Supplier relationships
- Technology shifts
- Company culture
- Platforms and processes
- Ethical and legal risks
- Financial risks

In 2019, Getinge continued its extensive efforts to strengthen risk identification, preventive measures and management through internal revision.

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 plan 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. In 2019, processes, roles and responsibility in connection with internal control of financing reporting were clarified.

Information and communication

The Group has information and communication procedures to promote completeness and accuracy in the financial reporting. Steering documents, manuals and work descriptions are available on the company's intranet and/or in printed form. Information regarding the efficiency of the internal controls in the Group is regularly reported to the relevant parties within the organization.

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 for the financial reporting is followed up centrally in the Group every year 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 comprises both a self-assessment and validation of the self-assessments. Validation is performed centrally by the internal control function.

In 2019, a self-assessment was performed at the units whose combined net sales amounts to 92% of the Group's total net sales. In conjunction with the standard audits, the auditors conducted an in-depth validation of the internal control environment. The self-assessment and validation function encompass the processes relating to financial reporting, production, inventories, tangible and intangible assets, 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 and reacts to new information, and how the various control systems function.

Outcome 2019

The follow-up of the internal control in 2019 indicated that documentation and control activities over the financial reporting were, in all material respects, established at the validated companies.

Follow-on work

Over the next year, the continuing work related to internal control in Getinge will principally focus on risk assessment, control activities and follow-up/monitoring. Based on the outcome of the company-wide risk analysis carried out annually, resources will continue to be assigned to documenting additional critical processes and control activities. Depending on the outcome of the implemented self-assessment and risk analysis, it may be necessary to address reported shortcomings.

Board of Directors



Johan Malmquist (1961)

Board member elected by AGM, Chairman of the Board

B.Sc. (Business Administration)

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

Other assignments: Chairman of Arjo AB. Board member of Elekta AB (publ.), Mölnlycke Health Care AB, the Dunker Foundations, Stena Adactum AB, Trelleborg AB and Chalmers University of Technology Foundation.

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

Shareholding (own and related parties): 90,000 Class B shares.

Synthetic options: 144,927 attributable to Class B shares.



Carl Bennet (1951)

Board member elected by AGM, Vice Chairman of the Board

B.Sc. (Business Administration), Dr. Tech. h.c.

Assignments on Getinge's Board: Chairman of the Board 1997–2019. Chairman of the Nomination Committee. Member of the Remuneration Committee. Board member since 1989.

Other assignments: CEO and Chairman of the Board of Carl Bennet AB, Chairman of the Board of Elanders AB and Lifco AB. Vice Chairman of Arjo AB. Board member of Holmen AB and L E Lundbergföretagen.

Previous assignments: President and CEO of Getinge.

Shareholding (own and related parties): Holds 18,217,200 Class and 36,332,969 Class B shares.



Johan Bygge (1956)

Board member elected by AGM

B.Sc. (Business Administration)

Assignments on Getinge's Board: Chairman of the Auditing Committee. Board member since 2007.

Other assignments: Chairman of PSM International, China, Vice Chairman of Nobina AB. Member of Board Lantmännen and AP3 Fund.

Previous assignments: Chairman of EQT Asia Pacific, COO EQT, CFO of Investor AB, Executive Vice President of Electrolux AB and CFO of Electrolux AB.

Shareholding (own and related parties): 10,000 Class B shares.

Synthetic options: 144,927 attributable to Class B shares.



Cecilia Daun Wennborg (1963)

Board member elected by AGM

M.Sc. (Business Administration)

Assignments on Getinge's Board: Member of the Auditing Committee. Board member since 2010.

Other assignments: Board member of companies including ICA Gruppen AB, Loomis AB, Bravida Holding AB, Hoist Finance AB, Oncopeptides AB, Atvexa AB and Sophiahemmet. Member of the Swedish Securities Council.

Previous assignments: Deputy CEO of Ambea AB, CEO of Carema Vård och Omsorg AB, acting CEO of Skandia-banken, Head of Swedish Operations at Skandia and President of Skandia Link.

Shareholding (own and related parties): 4,500 Class B shares.

Synthetic options: 144,927 attributable to Class B shares.



Barbro Fridén (1956)

Board member elected by AGM

Licensed physician, M.D.

Assignments on Getinge's Board: Member of the Remuneration Committee. Board member since 2017.

Other assignments: Board member of companies including Apoteket AB, Helsa AB, Sophiahemmet. Consultant and Advisor.

Previous assignments: Board member in companies like Vitrolife AB and leading positions in healthcare such as CEO of Sheikh Khalifa Medical City, United Arab Emirates and CEO of Sahlgrenska University Hospital, Sweden.

Shareholding (own and related parties): 300 Class B shares.

Synthetic options: 72,463 attributable to Class B shares.



Dan Frohm (1981)

Board member elected by AGM

M.Sc. (Industrial Engineering and Management).

Assignments on Getinge's Board: Member of the Auditing Committee. Member of the Remuneration Committee. Board member since 2017.

Other assignments: CEO of DF Advisory LLC. Board member of Arjo AB, Carl Bennet AB, Elanders AB and Swedish-American Chamber of Commerce, Inc.

Previous assignments: Management consultant at Applied Value LLC in New York.

Shareholding (own and related parties): 149,510 Class B shares.

Synthetic options: 144,927 attributable to Class B shares.



Maria Grehagen Hedberg (1958)

Deputy Board member, representative of the Swedish Metalworkers' Union Assembly

Assignments on Getinge's Board: Deputy representative 2014-2019. Employed at Maquet Critical Care AB

Shareholding (own and related parties): Holds no shares.

Since the accounts of 2019, Maria Grehagen Hedberg is no longer a deputy member of the board. It is with great sadness that we announce that Maria Grehagen Hedberg passed away in February 2020. Our thoughts go to family, friends and colleagues.



Sofia Hasselberg (1983)

Board member elected by AGM

M.D.

Assignments on Getinge's Board: Member of the Auditing Committee. Board member since 2017.

Other assignments: Director, Head of Digital and Customer Solutions at MSD AB.

Previous assignments: Vast experience as a senior adviser, providing strategic, operational and organizational advice to players across the full healthcare value chain. Engagement Manager at McKinsey & Company until 2017. Physician at Karolinska University Hospital, Solna, Sweden.

Shareholding (own and related parties): Holds no shares.

**Peter Jörmalm (1959)**

Regular Board member, representative of Unionen

Materials Planner, Supply Chain department at Getinge Sterilization.

Assignments on Getinge's Board: Deputy 2012–2014. Regular Board member 2014–2016. Deputy 2016–2018. Regular member since 2018. Employed at Getinge Infection Control AB

Shareholding (own and related parties): Holds no shares.

**Rickard Karlsson (1970)**

Regular Board member, representative of Swedish Metalworkers' Union Assembly

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

Shareholding (own and related parties): Holds no shares.

**Åke Larsson (1966)**

Deputy Board member, representative of Swedish Association of Graduate Engineers

M.Sc. (Engineering), Research & Development

Assignments on Getinge's Board: Deputy 2014–2016, regular Board member 2016–2018. Deputy since 2018. Employed at Maquet Critical Care AB

Shareholding (own and related parties): Holds no shares.

**Mattias Perjos (1972)**

Board member elected by AGM

M.Sc. (Industrial Engineering and Management).

Assignments on Getinge's Board: Board member since 2017.

Other assignments: President and CEO of Getinge.

Previous assignments: CEO of Coesia Industrial Process Solutions (IPS) and Coesia International. Prior to that, Mattias Perjos held a number of senior international positions at FlexLink including the role of CEO.

Shareholding (own and related parties): 34,500 Class B shares.

Synthetic options: 579,710 attributable to Class B shares.

**Malin Persson (1968)**

Board member elected by AGM

M.Sc. (Industrial Engineering & Management)

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

Other assignments: CEO and owner of Accuracy AB, Board member of companies including Hexatronix AB, Hexpol AB and Peab AB.

Previous assignments: CEO of the Chalmers University of Technology Foundation, many years' experience in major Swedish industrial enterprises such as the Volvo Group.

Shareholding (own and related parties): 5,284 Class B shares.

Synthetic options: 144,927 attributable to Class B shares.

**Johan Stern (1951)**

Board member elected by AGM, Vice Chairman of the Board

B.Sc. (Business Administration)

Assignments on Getinge's Board: Member of the Remuneration Committee. Board member since 2004.

Other assignments: Chairman of Health-invest Partners AB, Rolling Optics AB, Fädrift 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 and Estea AB.

Previous assignments: Active within SEB's operations in Sweden and the US.

Shareholding (own and related parties): 37,004 Class B shares.

Synthetic options: 144,927 attributable to Class B shares.

Definition of related parties, linked to shareholdings: Related parties are legal entities directly or indirectly controlled by the board member or CEO or by his or her related parties. In the case of physical relatives, the spouse/cohabiting partner, children under custody and other relatives with whom households have been shared for at least one year are covered.

Getinge Executive Team



Mattias Perjos (1972)

CEO & President

M.Sc. (Industrial Engineering and Management).

Swedish citizen

Employed at Getinge since 2017

Shareholdings (own and related parties):
34,500 Class B shares

Synthetic options: 579,710 attributable to Class B shares

Previous experience: CEO of Coesia IPS Division and Coesia International 2012–2017. CEO of Flexlink 2006–2016 and other senior positions in the Group where he started his career in 1998.



Lars Sandström (1972)

Chief Financial Officer

M.Sc. (Economics)

Swedish citizen

Employed at Getinge since 2017

Shareholdings (own and related parties):
13,159 Class B shares

Synthetic options: 289,855 attributable to Class B shares

Previous experience: Senior Vice President Group reporting, Tax & Control at AB Volvo (2015–2017). Several senior positions within Scania such as Vice President Financial Services, Head of Group Financial reporting and Head of Group Reporting and Control. CFO of Swedish Orphan Biovitrum AB 2010–2012.



Stéphane Le Roy (1977)

President Surgical Workflows

Masters Degree (Industrial Engineering).

French citizen

Employed at Getinge since 2012

Shareholdings (own and related parties):
Holds no shares.

Previous experience: Regional President, South West Europe for Getinge where he started his career in 2012 as country manager for Infection Control in France. Between 2006 and 2012 he was business unit manager for CT Scanners in France for Siemens Healthcare. Before that, he held several senior positions at GE Healthcare.



Jens Viebke (1967)

President Acute Care Therapies

Executive MBA, PhD (Polymer Technology) and M.Sc. (Chemical Engineering).

Swedish citizen

Employed at Getinge since 2010

Shareholdings (own and related parties):
1,100 Class B shares

Synthetic options: 217,391 attributable to Class B shares

Previous experience: Chief Technology Officer of Acute Care Therapies and President of Vascular Systems and Critical Care at Getinge. He had previously held positions at GE Healthcare Life Sciences.



Harald Castler (1957)

President, Life Science

M.Sc. (Chemical Engineering)

Swedish citizen

Employed at Getinge since 1988

Shareholdings (own and related parties):
12,966 Class B shares

Synthetic options: 217,391 attributable to Class B shares

Previous experience: Leading positions in Getinge for more than 30 years, including Sales and Marketing director for Infection Control and President for Getinge International.



Carsten Blecker (1966)

Chief Commercial Officer

PhD (Dentistry), Doctorate (Business Administration)

German citizen.

Employed at Getinge since 2014

Shareholdings (own and related parties):
1,000 Class B shares

Synthetic options: 144,927 attributable to Class B shares

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



Lena Hagman (1966)

Executive Vice President Quality Regulatory Compliance

B.Sc. (Chemistry and Textile Engineering)

Swedish citizen

Employed at Getinge since 2010

Shareholdings (own and related parties):
3,656 Class B shares

Synthetic options: 217,391 attributable to Class B shares

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



Jeanette Hedén Carlsson (1966)

Executive Vice President Communications & Brand Management

B.Sc. (Business Administration)

Swedish citizen

Employed at Getinge since 2017

Shareholdings (own and related parties):
Holds no shares.

Synthetic options: 144,927 attributable to Class B shares

Previous experience: Senior management positions within Communication and Marketing in the Volvo Group and Volvo Car Group. Most recent assignment held was as Senior Vice President Brand & Communication Volvo Trucks, with responsibility for global marketing, brand management, media relations and internal communication.



Magnus Lundbäck (1969)

Executive Vice President Human Resources & Sustainability

PhD (Strategy and Organization) and Licentiate of Science

Swedish citizen

Employed at Getinge since 2017

Shareholdings (own and related parties):
1,000 Class B shares

Synthetic options: 217,391 attributable to Class B shares

Previous experience: SVP Human Resources & Sustainability for the 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.

The Board of Directors' proposal to guidelines for remuneration to Senior Executives

The Board of Directors of Getinge AB (publ) proposes that the 2020 Annual General Meeting resolves on the following guidelines for remuneration to Senior Executives.

1. Scope of the guidelines, etc.

These guidelines cover the individuals who, during the validity period of the guidelines, are included in the group management of Getinge AB (publ), below referred to as "Senior Executives". After adoption of the guidelines by the Annual General Meeting 2020, the guidelines shall be applicable on remuneration agreed and amendments in remunerations already agreed. These guidelines do not apply on any remuneration decided on by the General Meeting.

2. Promotion of Getinge's business strategy, long-term interests and sustainability, etc.

A prerequisite for successful implementation of the company's business strategy and safeguarding of its long-term interests is that the company is able to recruit and retain qualified personnel. The basic principle is that remuneration, and other conditions for employment for Senior Executives, shall be in line with market conditions and competitive on every market where Getinge operates, to ensure that competent and skilled personnel can be attracted, motivated and retained. Individual levels of remuneration shall be based on experience, competence, level of responsibility and performance, and also the country where the Senior Executive is employed. These guidelines promote the company's business strategy, long-term interests and sustainability as described in the below section regarding criteria for variable remuneration, and also contributes to the ability for the company to, on a long-term basis, retain qualified personnel to the business.

3. Principles for various types of remuneration, etc.

The total remuneration to Senior Executives shall be in line with market conditions and consist of base salary (fixed cash remuneration), variable cash remuneration, pension benefits and other benefits. In addition, the General Meeting may – irrespective of these guidelines – resolve on, for instance, share- or share price-related remunerations.

Fixed remuneration

The fixed remuneration, meaning the base salary, shall be based on the individual employee's area of responsibility, mandate, competence, experience and performance.

Variable remuneration

The allocation between base salary and variable remuneration shall be in proportion with the area of responsibility and mandate of the executive. The variable remuneration shall always be prelimited to a maximum amount and related to predetermined and measurable criterias, designed to contribute to the company's business strategy and long-term added value of the company.

The sustainability work is integrated in the company's day-to-day operations. If the company's principles for sustainability or ethical guidelines are not complied with, the company has the possibility to withhold any variable remuneration or reclaim already paid remuneration. The variable remuneration is designed to promote the company's strategy to long-term produce and offer products that help to make care giving more efficient and to provide better medical care for the people who require Getinge's products. If the above-mentioned activities are performed in an efficient and sustainable manner, one effect is improved financial results and increased capital efficiency, which constitutes the foundation of the variable remuneration.

Annual variable remuneration

For Senior Executives, the annual variable remuneration (annual bonus) shall be capped at 70% and, in specific cases, where the nature of the position, the competitive situation and the country of employment so require, up to 90% of the fixed yearly base salary. The variable remuneration shall be based on the objectives set by the Board of Directors. These objectives are connected to earnings, organic growth, working capital and cash flow. In order to promote the interest of the shareholders, the company's values and collectively strive to achieve the company's business strategy, long-term interests and sustainable development of the company, all members of the group management have the same targets for annual variable remuneration.

Variable long-term cash bonus (LTI-bonus)

In addition to base salary and the annual variable remuneration described above, Senior Executives can obtain a variable long-term bonus (LTI-bonus), which rewards clear, measurable performance targets and is con-

ditioned by continued employment at the end of the performance period for the LTI-bonus (with some customary exceptions). The criteria for payment of the LTI-bonus shall be constructed to promote the long-term interests and sustainable development of Getinge by a clear connection to the business strategy. The criteria for the LTI-bonus are connected to earnings per share, adjusted in accordance with any acquisitions, sale of companies, restructuring costs and/or other material non-recurrent costs. By connecting the targets to the main objectives of the shareholders, a common interest to further promote Getinge's business strategy and long-term interests is created. The performance period for the LTI-bonus shall be no less than three financial years and, for each three-year period, the LTI-bonus shall be capped at an amount corresponding to one year's base salary. Each Senior Executive of the group management shall invest at least 50% of the payout (net, after taxes paid) in Getinge shares, until a reinvestment corresponding to one year's salary (gross) has been reached. The Senior Executive shall keep the shares for at least three years.

Determination of the outcome of variable remuneration, etc.

At the end of the performance period to fulfil the criteria for payment of the variable remuneration, the Board of Directors shall, based on proposal by the Remuneration Committee, establish to which extent the criterias are fulfilled. In its assessment on whether the criterias are fulfilled or not, the Board of Directors may, in accordance with proposal by the Remuneration Committee, allow exception from the established targets on the conditions set out in the below item 5. The assessment of whether the financial targets have been reached shall be based on the company's most recent published financial information, with any adjustments predetermined by the Board of Directors when implementing the program. Variable cash payment may be awarded after the expiration of the performance period (annual variable remuneration) or be subject to postponed payment (LTI-bonus).

Getinge is actively working to ensure that the company is managed in the most sustainable, responsible and efficient way possible, and that applicable legislation and regulations are complied with. Getinge also

apply internal regulations, including the code of conduct and different Group-wide steering documents (policies, instructions and guidelines) within many different fields. Any variable remuneration can be withheld or reclaimed, if the Senior Executive has acted contrary to these rules, principles or the company's code of conduct. Any variable remuneration shall not be awarded if the earnings before tax is negative. The Board of Directors shall also have the possibility to, in accordance with legislation or agreement, in whole or in part, reclaim any variable remuneration awarded on incorrect basis.

Other variable remuneration

Further variable cash remuneration may be awarded due to extraordinary circumstances, provided that such extraordinary arrangements are only conducted for the purpose of recruiting or retaining executives. Such remuneration may not exceed an amount corresponding to 100% of the base salary and may not be paid more than once each year per individual. Any resolution on such remuneration shall be made by the Board of Directors and based on a proposal by the Remuneration Committee. In addition to variable remuneration, resolutions on share- or share price related incentive plans, in accordance with the above, may from time to time be made.

Pension and health insurance

The CEO has right to retire from the age of 62 and other Senior Executives has right to retire in accordance with current local regulations.

Pension contributions for the CEO shall amount to no more than 40% of the fixed base salary on a defined contribution basis. Variable cash remuneration shall not qualify for pension benefits.

Other Senior Executives shall be covered by ITP1 or ITP2 and the pension benefits shall be on a defined contribution basis. Variable cash remuneration shall not qualify for pension benefits in general, except where mandatory collective agreement provisions are applicable for the Executive, in which case, this shall be considered when establishing the total benefit package. Senior Executives covered by ITP2, with the possibility to choose 'alternative ITP' has, according to the ITP2-pension plan, benefits up to 7.5 income base amounts ("IBB") and health insurance covering a salary up to 30 IBB. On parts of the salary above the cap of the ITP2-plan of 30 IBB, there is a supplementary contribution of 30% of the pensionable salary.

In addition to the above, Senior Executives can be covered by an additional health

income insurance for parts of the salary over 30 IBB, premium relief insurance and part-time pension premium, amounting to not more than 3% of the fixed base salary.

For employments governed by other than Swedish regulations, pension benefits and other benefits may be duly amended to comply with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these Guidelines.

Other benefits

Other benefits such as company car, additional medical insurance and company health care, may be provided to the extent this is considered to be in line with market terms for Senior Executives in equal positions in the employment location. The total value of such benefits may not exceed 10% of the fixed base salary.

Conditions for termination

Senior executives shall have a permanent employment. The notice period may not exceed twelve months if notice of termination of employment is made by the company. Upon notice of termination, the fixed salary during the period of notice together with severance pay may together not exceed an amount equivalent to the CEO's fixed base salary for two years, and one year for other executives. The period of notice may not to exceed six months when termination is made by the executive, without any right to severance pay.

Senior executives may be entitled to reimbursement for competition restrictions after the termination of their employment, however, only to the extent severance pay for the corresponding period is not awarded. The purpose of such reimbursement is to compensate the executive for the gap between the monthly base salary at the period for the notice of termination and the (lower) monthly income received, or which could be received, by a new employment, assignment or own business. The reimbursement may be paid during the period of the competition restriction, however, not more than 12 months after the termination of the employment.

Salary and employment conditions for employees

When preparing the Board of Director's proposal for these remuneration guidelines, salary and employment conditions for the company's employees have been considered. This have been made by including information of the total income of the employees, the components of the remuneration and the increase and growth rate over time, and constitutes one part of the Remuneration

Committee's and the Board of Directors' basis for decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The increase of the gap between the remuneration to Senior Executives and remuneration to other employees will be disclosed in the remuneration report.

4. The decision-making process to determine, review and implement the guidelines

The Board of Directors has established a Remuneration Committee. The Committee's tasks include preparing the Board of Directors' decision to propose Guidelines for executive remuneration. These are reviewed by the Board annually and presented to the Annual General Meeting for resolution. The guidelines shall be in force until new guidelines are adopted by the General Meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for the group management, the guidelines for remuneration to Senior Executives, as well as the current remuneration structures and compensation levels in the company. The CEO and other members of the group management do not participate in the Board of Directors' processing of, and resolutions on remuneration-related matters as far as such matters concerns them.

5. Deviations from the guidelines

The Board of Directors may temporarily resolve to deviate from the guidelines, in whole or in part, if in a specific case there is special cause for the deviation and a deviation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to deviate from the Guidelines.

6. Other

The guidelines entail a level of remuneration, which in principle is equivalent to the remuneration for the financial year 2019.

Information on remuneration, etc. to Senior Executives during the financial year 2019 is set out on page 106 (part of note 29) of the Annual Report 2019, including any previously resolved remuneration that has not yet been due for payment.

Gothenburg in March 2020
The Board of Directors of Getinge AB (publ)

Proposed appropriation of profit

Getinge AB (publ), Corp. Reg. No. 556408-5032

The following non-restricted equity in the Parent Company is at the disposal of the Annual General Meeting, SEK M:

Share premium reserve	4,264
Retained earnings	13,959
Net profit for the year	428
Total	18,651

The Board and Chief Executive Officer propose that a dividend of SEK 1.50 per share shall be distributed to shareholders	409
to be carried forward	18,242
Total	18,651

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 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 12, 2020

Johan Malmquist
AGM-elected Board member
Chairman

Carl Bennet
Vice Chairman

Johan Bygge
AGM-elected Board member

Barbro Fridén
AGM-elected Board member

Dan Frohm
AGM-elected Board member

Sofia Hasselberg
AGM-elected Board member

Peter Jörmalm
Board member
Representative of Unionen

Rickard Karlsson
Board member
Representative of
the Swedish Metalworkers' Union

Mattias Perjos
President & CEO

Malin Persson
AGM-elected Board member

Johan Stern
AGM-elected Board member

Cecilia Daun Wennborg
AGM-elected Board member

Our auditor's report was submitted on March 12, 2020 Öhrlings PricewaterhouseCoopers AB

Johan Rippe
Authorized Public Accountant
Auditor in Charge

Eric Salander
Authorized Public Accountant

Consolidated income statement

SEK M	Note	2019 ¹⁾	2018
Net sales	2, 3	26,559	24,172
Cost of goods sold	4	-14,104	-13,119
Gross profit		12,455	11,053
Selling expenses	4	-5,411	-5,202
Administrative expenses	4	-3,443	-3,090
Research and development costs	4, 34	-762	-691
Acquisition expenses	4	-45	-4
Restructuring costs	4	-279	4
Other operating income		172	252
Other operating expenses ²⁾		-315	-2,606
Operating profit/loss (EBIT)	3, 4, 5, 6	2,372	-284
Interest income and other similar income	7	11	112
Interest expenses and other similar expenses	8	-474	-452
Profit/loss after financial items		1,909	-624
Taxes	9	-653	-315
Net profit/loss for the year		1,256	-939
Net profit/loss for the year attributable to:			
Parent Company shareholders		1 222	-967
Non-controlling interests		34	28
Earnings per share, SEK³⁾		4.48	-3.55
Weighted average number of shares for calculation of earnings per share (000s)	11	272,370	272,370

1) Getinge applies IFRS 16 Leases from January 1, 2019 and comparative figures have not been restated since the Group has chosen to apply the modified retrospective approach.

2) Other operating expenses in 2018 SEK -1,800 M was related to surgical Mesh-related claims and SEK -350 M was related to ongoing investigations in Brazil.

3) Before and after dilution.

Consolidated statement of comprehensive income

SEK M	Note	2019	2018
Net profit/loss for the year		1,256	-939
Other comprehensive income			
Items that cannot be restated in profit			
Actuarial gains/losses pertaining to defined-benefit pension plans		-526	143
Tax attributable to items that cannot be restated in profit		142	-15
Items that can later be restated in profit			
Translation differences and hedging of net investments		600	844
Cash flow hedges	28	168	-60
Tax attributable to items that can be restated in profit		-24	304
Other comprehensive income for the year, net after tax		360	1,216
Comprehensive income for the year		1,616	277
Comprehensive income for the year attributable to:			
Parent Company shareholders		1,567	230
Non-controlling interests		49	47

Consolidated balance sheet

SEK M	Note	2019 ¹⁾	2018
ASSETS			
Non-current assets			
Intangible assets	3, 12	24,283	24,098
Tangible assets	3, 12	3,146	3,160
Right-of-use assets	20	941	–
Financial instruments, long-term	28	15	0
Financial receivables, long-term		32	80
Deferred tax assets	9	1,802	1,866
Total non-current assets		30,219	29,204
Current assets			
Inventories	13	4,691	4,544
Accounts receivable	14	6,344	6,108
Contract assets	15	803	581
Current tax assets		170	280
Financial instruments, current	28	12	17
Other receivables		895	1,019
Prepaid expenses and accrued income	16	325	326
Cash and cash equivalents	33	1,254	1,273
Total current assets		14,494	14,148
TOTAL ASSETS		44,713	43,352
EQUITY AND LIABILITIES			
Equity			
Share capital	17	136	136
Other capital provided		6,789	6,789
Other reserves		1,965	1,235
Retained earnings		11,606	11,041
Equity attributable to the Parent Company shareholders		20,496	19,201
Non-controlling interests		477	454
Total equity		20,973	19,655
Long-term liabilities			
Interest-bearing long-term loans	19	6,487	7,378
Financial instruments, long-term	28	–	81
Other long-term liabilities		277	241
Provisions for pensions, interest-bearing	19, 24	3,555	3,035
Provisions for pensions, non-interest-bearing	24	160	133
Leasing liabilities, long-term	20, 28	581	–
Deferred tax liabilities	9	661	693
Restructuring reserves, long-term	21	93	195
Other provisions, long-term	22	2,062	1,936
Total long-term liabilities		13,876	13,692
Current liabilities			
Restructuring reserves, current	21	258	268
Other provisions, current	22	354	546
Interest-bearing current loans	19	2,625	3,451
Leasing liabilities, current	20, 28	327	–
Accounts payable		1,995	1,868
Contract liabilities	23	1,293	983
Current tax liabilities		237	199
Financial instruments, current	28	7	73
Other liabilities		454	476
Accrued expenses and deferred income	25	2,314	2,141
Total current liabilities		9,864	10,005
TOTAL EQUITY AND LIABILITIES		44,713	43,352

1) Getinge applies IFRS 16 Leases from January 1, 2019 and comparative figures have not been restated since the Group has chosen to apply the modified retrospective approach.

Refer to Note 26 for information concerning Getinge Group's pledged assets and contingent liabilities.

Changes in equity for the Group

SEK M	Share capital	Other capital provided	Reserves ¹⁾	Retained earnings	Total	Non-controlling interests	Total equity
Opening balance at January 1, 2018	136	6,789	168	12,291	19,384	422	19,806
Comprehensive income for the year	–	–	1,067	-837	230	47	277
Share-based remuneration	–	–	–	-4	-4	–	-4
Dividend	–	–	–	-409	-409	-15	-424
Closing balance at December 31, 2018	136	6,789	1,235	11,041	19,201	454	19,655
Opening balance at January 1, 2019	136	6,789	1,235	11,041	19,201	454	19,655
Comprehensive income for the year	–	–	730	837	1,567	49	1,616
Dividend	–	–	–	-272	-272	-26	-298
Closing balance at December 31, 2019	136	6,789	1,965	11,606	20,496	477	20,973

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

Consolidated cash flow statement

SEK M	Note	2019 ¹⁾	2018
Operating activities			
Operating profit/loss (EBIT)		2,372	-284
Add-back of amortization, depreciation and write-down		2,223	1,808
Other non-cash items	33	54	2,073
Add-back of restructuring costs ²⁾		249	-4
Paid restructuring costs		-369	-261
Interest paid and received		-419	-383
Other financial items		-55	58
Taxes paid		-357	-366
Cash flow before changes in working capital		3,698	2,641
Changes in working capital			
Inventories		-107	-36
Operating receivables		-109	-30
Operating liabilities		350	-72
Cash flow from operating activities		3,832	2,503
Investing activities			
Acquisition of operations	27	-6	-4
Investments in intangible assets and tangible assets	12	-1,220	-1,380
Divestment of non-current assets		109	45
Cash flow from investing activities		-1,117	-1,339
Financing activities			
Raising of loans		2,075	3,666
Repayment of loans		-4,552	-4,671
Change in long-term receivables		3	-11
Dividend paid		-298	-424
Cash flow from financing activities		-2,772	-1,440
Cash flow for the year		-57	-276
Cash and cash equivalents at the beginning of the year		1,273	1,526
Cash flow for the year		-57	-276
Translation differences		38	23
Cash and cash equivalents at year-end	33	1,254	1,273

1) Getinge applies IFRS 16 Leases from January 1, 2019 and comparative figures have not been restated since the Group has chosen to apply the modified retrospective approach.

2) Excluding write-downs on 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 54.

The consolidated financial statements for the fiscal year ending December 31, 2019 have been approved by the Board on March 12, 2020 and will be presented to the AGM on April 22, 2020 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 as well as the 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 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 and 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 24).

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 or 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 equity at the acquisition date. Accordingly, only the portion of the subsidiary's equity that has arisen after the acquisition is included in consolidated 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. 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 or 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. In profit or loss, net profit is recognized without deductions for non-controlling interests in net profit for the year. Non-controlling interests are recognized as a separate item in consolidated equity in the balance sheet. The Group applies revised 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 or 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 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 rental, net after discounts, excluding indirect sales tax. Revenue is mainly recognized when the buyer passes control of the sold product or service and is able to use or benefit from the product or service. Getinge's overall performance obligations can be divided into products and services. Revenue recognition of sales of products usually takes place at a point in time when the goods are delivered and when collection of the receivable is reasonably assured. Revenue is normally recognized once the buyer has accepted delivery and after installation and final inspection. Revenue from services is recognized over time 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 that meet the criteria for revenue recognition over time, revenue 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 or 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.

Discontinued operations

A discontinued operation is part of a company that has been divested, distributed to the shareholders or is classified as held for sale and that comprises a material, independent segment or an operation conducted in a geographic area. Profit from discontinued operations are recognized separately from continuing operations in profit or loss.

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 or 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 or 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 tested for impairment 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 determined based on historical data and taking into consideration future changes in technology. For capitalized development costs, the amortization period is five to 15 years and for software three 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
Rental equipment	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

The Group's leases mainly comprise right-of-use assets for premises and vehicles. The leases are recognized as a right-of-use asset with a corresponding lease liability when the leased asset is available for use. Short-term leases and leases for which the underlying asset is of low value are exempted. Each lease payment should be divided between amortization of the lease liability and a financial cost. The financial cost should be allocated over the lease term, so that each reporting period is charged with an amount corresponding to a fixed interest rate for the liability recognized under each period.

The Group's lease liabilities are recognized at the present value of the Group's fixed lease payments. Purchase options are included if it is reasonably certain that Getinge will exercise the option to acquire the underlying asset. Penalties for terminating the lease are included if the lease term reflects that the lessee will exercise an option to cancel the lease. Lease payments are discounted with the interest rate implicit in the lease, if this rate can easily be determined. Otherwise, the Group's incremental borrowing rate is applied.

The Group's right-of-use assets are recognized at cost, and include initial present value of the lease liability, adjusted for lease payments made at or before the commencement date and any initial direct expenses. Restoration costs are included in the asset if a corresponding provision for restoration costs exists. The right-of-use asset is depreciated on a straight-line basis over the assets useful life and the lease term, whichever is the shortest.

Leasing – Getting as a lessor

Leasing agreements are defined in two categories, operating and finance, depending on the financial significance of the agreement. Operating leases are recognized as non-current assets. Revenue from operating leases is recognized evenly over the lease term. 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 or loss. The products' estimated realizable value at the expiration of the undertaking is continuously followed up on an individual basis. Finance leases are recognized as long-term and current receivables. Payments received from finance leases 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 intangible assets and tangible assets 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

Initial recognition

Financial assets and financial liabilities are recognized when the Group becomes party to the contractual terms of the instrument. Purchases and sales of financial assets are recognized on the transaction date, which is the date on which the Group undertakes to buy or sell the asset. 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. Financial instruments are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of a financial asset or financial liability. The Group classified its financial assets and liabilities depending on the purpose for which the financial asset or liability was acquired.

Financial assets measured at amortized cost

Assets held for the purpose of collecting the contractual cash flows that are solely payments of principal and interest on the

principal amount are measured at amortized cost. 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. The carrying amount of the assets is adjusted for any impairment for expected credit losses. Interest income from these financial assets is recognized using the effective interest method and is included in financial income. 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.

Impairment of financial assets measured at amortized cost

The Group assesses the future expected credit losses related to assets measured at amortized cost and recognizes a reserve for such credit losses ("loss allowance") on each reporting date. For accounts receivable, the Group applies the simplified approach for loss allowance, meaning that the reserve will correspond to the expected loss for the full lifetime of the receivable. Expected credit losses on accounts receivable are recognized under the item selling expenses in profit or loss.

Financial liabilities measured at amortized cost

The Group's other financial liabilities are initially measured at fair value, net after transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Long-term liabilities have an expected term longer than one year while current liabilities have a term of less than one year. This category includes liabilities to credit institutions, issued bonds, accounts payable and other current liabilities.

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.

Financial assets measured at fair value

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 or loss when the hedged transaction occurs. Derivatives that do not meet the requirements for hedge accounting are measured at fair value through profit or loss.

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 equity to profit or loss at the same time as the hedged item impacts profit or loss. Accumulated value changes from the hedging of net investments in foreign operations are reversed from equity to profit or 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 market-to-market at current prices. 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 of pensions

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

Defined-benefit plans

Pension 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 or 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

A long-term share-based incentive program for senior executives ended in 2018 with no dividends paid. There were no share-based incentive programs in the Group at the end of 2019.

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 equity if the tax is attributable to items that are recognized directly in 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 prepaid expenses and accrued income. Liabilities in a segment include all operating liabilities utilized by the segment and primarily comprise provisions excluding interest-bearing pension provisions and deferred tax liabilities, external accounts payable, other current liabilities 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. 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 operations, and the primary alternative performance measures that are presented are gross profit, EBIT, EBITA, EBITDA with add-back of acquisition and restructuring costs as well as other items affecting comparability and net debt/equity ratio. For definitions and reconciliation of the alternative performance measures, see page 138.

New accounting policies applied by the Group in 2019

No standards, amendments or interpretations effective from fiscal years beginning on or after January 1, 2019 had a material impact on the consolidated financial statements, except for the following:

Amendments to IFRS 7, IFRS 9 and IAS 39

– Interest Rate Benchmark Reform

As part of the ongoing Interest Rate Benchmark Reform (IBOR reform), the IASB published amendments to the rules on hedge accounting in IFRS 9 and IAS 39 and associated disclosure requirements in IFRS 7 on September 26, 2019. The aim of these amendments is to mitigate the accounting effects of the uncertainty arising from the phasing out of interest-rate benchmarks. The amendments have been approved by the EU and apply from January 1, 2020. Getinge utilized the option of advance application meaning that the amendments were included in the annual accounts for the 2019 fiscal year.

IFRS 16 Leases

Getinge applies IFRS 16 Leases from January 1, 2019. The Group has decided to apply the modified retrospective approach and accordingly has not restated comparative figures. Instead, right-of-use assets for leased assets have been measured at an amount corresponding to the outstanding lease obligations on January 1, 2019¹⁾. In connection with the transition to IFRS 16, Getinge decided to use the same discount rate for lease assets of similar characteristics. Getinge's decision to apply the modified retrospective approach has also meant that direct costs for the measurement of the right-of-use assets were excluded and assessment was used in determining the remaining lease terms in connection with initial application of the standard.

Under IFRS 16, an asset (the right to use the leased asset) and a financial liability (the obligation to pay to make lease payments) are recognized in the balance sheet. Since no difference is made between operating and finance leases, the implementation of the standard entailed that all material leases in which Getinge is the lessee were recognized in the consolidated balance sheet. Only short-term leases and low-value leases are exempted.

When the standard was introduced on January 1, 2019, right-of-use assets of SEK 1,056 M and lease liabilities of SEK 1,017 M were recognized on new rows in the consolidated balance sheet²⁾. Right-of-use assets are primarily attributable to leased premises and vehicles. In the income statement, operating leasing costs have been replaced by costs for depreciation of right-of-use assets and interest expenses attributable to lease liabilities. For this reason, operating profit increased compared with previously since some of the lease payments were recognized as interest expenses in net financial items. As a result, the standard impacted several of the Group's key figures. For more information on the effects of IFRS 16, refer to Note 20.

- 1) Upon the introduction of IFRS 16, Getinge applied the modified retrospective method, which meant that opening retained earnings were not affected by the transition.
- 2) Under IFRS 16, right-of-use assets are recognized at an amount corresponding to the present value of the lease liability, plus lease payments paid at or prior to the start of the lease term. For this reason, an amount of SEK 39 M was reclassified from the item other current receivables to right-of-use assets in connection with the introduction of IFRS 16.

New and amended standards and interpretations that have not yet come into effect

No new standards and interpretations that come into effect after December 31, 2019 are expected to have any material impact on the consolidated financial statements.

NOTE 2 Net sales per revenue classification

SEK M	2019	2018
Product sales, capital goods	11,583	10,552
Recurring revenue		
Product sales	11,243	11,242
Spare parts	1,547	885
Service assignments	2,186	1,493
Total recurring revenue	14,976	13,620
Total	26,559	24,172

NOTE 3 Segment reporting

The segment reporting has been prepared in accordance with the same policies as for the Group in its entirety. Getinge's operations throughout the world are organized into three business areas – Acute Care Therapies, Life Science 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. No sales are made between the different 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 solu-

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

Life Science Life Science offers a comprehensive range of equipment, technical expertise and consultation to prevent contamination in biopharmaceutical production, biomedical research, medical device manufacturing and laboratory applications.

Surgical Workflows: Surgical Workflows offers products and services for efficient disinfection and sterilization of instruments used in operations, operating tables and other high-quality hardware for operating rooms and advanced IT systems for efficient and secure hospital workflows.

SEK M	Net sales		Adjusted EBITA		Operating profit (EBIT)		Amortization, depreciation and write-downs ¹⁾	
	2019	2018	2019	2018	2019	2018	2019	2018
Acute Care Therapies	14,637	13,013	3,110	2,533	2,402	-100	-1,428	-1,237
Life Science	2,487	2,194	323	277	309	271	-116	-75
Surgical Workflows	9,435	8,965	222	142	49	-191	-669	-491
Group functions	–	–	-345	-263	-388	-264	-10	-5
Total	26,559	24,172	3,310	2,689	2,372	-284	-2,223	-1,808
Interest income and other similar income					11	112		
Interest expenses and other similar expenses					-474	-452		
Tax on profit for the year					-653	-315		
Net profit/loss					1,256	-939		

1) Whereof IFRS 16 effect associated with Acute Care Therapies SEK -160 M, Life Science SEK -21 M, Surgical Workflows SEK -192 M and Group functions SEK -4 M.

SEK M	Assets		Liabilities		Investments	
	2019	2018	2019	2018	2019	2018
Acute Care Therapies	30,271	29,411	6,165	5,934	927	890
Life Science	2,052	1,914	686	632	47	95
Surgical Workflows	9,287	8,807	2,646	2,420	239	363
Total business areas	41,610	40,132	9,497	8,986	1,213	1,348
Undistributed	3,103	3,220	14,243	14,711	7	32
Total	44,713	43,352	23,740	23,697	1,220	1,380

SEK M	Net sales		Intangible assets, tangible assets and right-of-use assets	
	2019	2018	2019	2018
EMEA	10,047	9,439	10,731	10,234
<i>of which, Sweden</i>	524	554	2,552	2,588
Americas	10,635	9,530	16,707	16,329
APAC	5,877	5,203	932	695
Total	26,559	24,172	28,370	27,258

Net sales per business area and region, 2019

SEK M	Acute Care Therapies	Life Science	Surgical Workflows	Total
EMEA	4,305	1,233	4,509	10,047
Americas	7,288	887	2,460	10,635
APAC	3,044	367	2,466	5,877
Total	14,637	2,487	9,435	26,559

Net sales per business area and region, 2018

SEK M	Acute Care Therapies	Life Science	Surgical Workflows	Total
EMEA	3,982	1,004	4,453	9,439
Americas	6,404	815	2,311	9,530
APAC	2,627	375	2,201	5,203
Total	13,013	2,194	8,965	24,172

Net sales per business area and revenue type, 2019

SEK M	Acute Care Therapies	Life Science	Surgical Workflows	Total
Product sales, capital goods	4,066	1,635	5,882	11,583
Recurring revenue	10,571	852	3,553	14,976
Total	14,637	2,487	9,435	26,559

Net sales per business area and revenue type, 2018

SEK M	Acute Care Therapies	Life Science	Surgical Workflows	Total
Product sales, capital goods	3,501	1,403	5,648	10,552
Recurring revenue	9,512	791	3,317	13,620
Total	13,013	2,194	8,965	24,172

Getinge's operations are secondarily reported by geographic area. The US accounted for 35% (34) of the Group's sales and was the only country that accounted for more than 10% of total sales. Refer

also to page 136 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	2019	2018
Salaries and remuneration	-7,339	-6,734
Social security expenses	-1,309	-1,185
Pension expenses	-392	-367
Amortization and write-downs of intangible assets	-1,343	-1,345
Depreciation and write-downs of tangible assets	-503	-463
Depreciation of right-of-use assets	-377	-
Goods and services	-12,781	-12,008
Total	-24,044	-22,102

Amortization, depreciation and write-downs, SEK M	2019	2018
Cost of goods sold	-946	-799
Selling expenses	-745	-647
Administrative expenses	-428	-333
Research and development costs	-74	-29
Restructuring costs	-30	-
Total	-2,223	-1,808

NOTE 5 Auditing

Fee to PwC, SEK M	2019	2018
Auditing assignment	-25	-23
Auditing activities other than auditing assignments	-8	-2
Tax consultancy services	-1	-4
Other services	-9	-2
Total	-43	-31

Total fees to PwC and its international network amount to SEK 43 M (31) for the 2019 fiscal year. Fee to auditing firm Öhrlings PricewaterhouseCoopers AB amounted to SEK 19 M (13), of which SEK 11 M (11) refers to the auditing assignment, SEK 7 M (1) to other statutory assignments and other auditing assignment and SEK 1 M (1) to tax consultancy and other services.

Öhrlings PricewaterhouseCoopers AB (PwC) has the auditing assignment for the entire Group. Auditing assignments refer to fees for the statutory auditing, meaning assignments required to issue the auditor's report. Auditing activities other than auditing assignments include the review of interim reports, services in conjunction with the issuance of certificates and audit certificates as well as other auditing assignments. Tax consultancy services primarily pertain to general tax matters concerning corporate tax and internal pricing. Other services mainly pertain to services in connection with acquisitions.

NOTE 6 Exchange-rate gains and losses, net

Exchange-rate differences were recognized in profit or loss as follows, SEK M	2019	2018
Other operating income and expenses	-10	-36
Financial items	0	89
Total	-10	53

NOTE 7 Interest income and other similar income

SEK M	2019	2018
Interest income	7	20
Currency gains	2	91
Other	2	1
Total	11	112

NOTE 8 Interest expenses and other similar expenses

SEK M	2019	2018
Interest expenses	-415	-418
Currency losses	-2	-2
Other	-57	-32
Total	-474	-452

NOTE 9 Taxes

The Group's tax expense amounted to SEK -653 M (-315), entailing a tax rate of 34%. The tax rate was negatively impacted by a high tax expense in the US operations due to the BEAT tax introduced as part of the US Tax Reform.

The high tax expense in the preceding year was due to non-deductible costs related to a company fine in Brazil and a provision for self-correction of tax declarations for non-deductible commission payments.

Taxes, SEK M	2019	2018
Current tax	-514	-504
Deferred tax	-139	189
Total	-653	-315
The relationship between the year's tax expense and the recognized profit before tax, SEK M	2019	2018
Recognized profit before tax	1909	-624
Tax according to current tax rate in Sweden (21.4%)	-409	137
Adjustment for tax rates in foreign subsidiaries	-92	-79
Adjustment of tax expenses from earlier years	-23	-148
Adjustment for changed tax rates	-	-88
Changed value of temporary differences	-	-24
Other tax effects ¹⁾	-129	-113
Recognized tax expense	-653	-315
Deferred tax assets relate to the following temporary differences and loss carryforwards, SEK M	2019	2018
<i>Deferred tax assets relating to:</i>		
Non-current assets	169	165
Financial receivables and derivatives	3	21
Current assets	339	333
Provisions	1,079	1,056
Loss carryforwards	1,444	1,514
Other	198	58
Offset	-1,430	-1,281
Deferred tax assets	1,802	1,866
Deferred tax liabilities relate to the following temporary differences, SEK M	2019	2018
<i>Deferred tax liabilities relating to:</i>		
Non-current assets	-1,631	-1,613
Current assets	-45	-37
Provisions	-8	-6
Other	-407	-318
Offset	1,430	1,281
Deferred tax liabilities	-661	-693
Maturity structure for loss carryforwards, SEK M	2019	2018
Due within 1 year	5	0
Due within 2 years	8	9
Due within 3 years	1	2
Due within 4 years	23	0
Due within 5 years	0	0
Due after 5 years	13	22
No due date	7,356	8,034
Total	7,406	8,067

At year-end 2019, there were unrecognized tax assets pertaining to loss carryforwards and unutilized interest deductions amounting to SEK 335 M (433).

NOTE 10 Dividend

On April 30, 2019, shareholders were paid a dividend of SEK 1.00 per share (SEK 272 M in total) relating to 2018. The Board and the CEO propose to the Annual General Meeting that a dividend of SEK 1.50

per share be paid to shareholders, which amounts to SEK 409 M. The proposed record date is April 24, 2020. Euroclear is expected to distribute the dividend to shareholders on April 29, 2020.

NOTE 11 Earnings per share

Earnings per share, before and after dilution, amounted to SEK 4.48 (-3.55).

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

Earnings (numerator), SEK M	2019	2018
Earnings relating to the Parent Company shareholders, which form the basis for calculation of earnings per share	1,222	-967
Number of shares (denominator)	2019	2018
Weighted average number of ordinary shares for calculation of earnings per share	272,369,573	272,369,573

NOTE 12 Intangible assets and tangible assets

Intangible assets	Goodwill	Trade- marks	Capitalized development costs	Patents & Agreements	Customer relations	Technical know-how	Intangible assets, other	Total
Cost, Jan 1, 2019	18,747	616	6,979	996	2,798	1,270	4,891	36,297
Investments	-	-	500	-	-	-	335	835
Sales/disposals	-	-	-49	-	-	-	-185	-234
Reclassifications	-	-	-14	-	-	-	-	-14
Translation differences	596	20	85	36	101	47	123	1,008
Accumulated cost, Dec 31, 2019	19,343	636	7,501	1,032	2,899	1,317	5,164	37,892
Amortization and write-downs, Jan 1, 2019	-655	-538	-3,661	-946	-2,248	-1,043	-3,108	-12,199
Amortization for the year	-	-10	-507	-8	-191	-78	-501	-1,295
Write-downs	-	-	-31	-	-	-	-17	-48
Sales/disposals	-	-	48	-	-	-	184	232
Reclassifications	-	-	-	-	-	-	-	-
Translation differences	-14	-20	-39	-34	-80	-38	-74	-299
Accumulated amortization and write-downs, Dec 31, 2019	-669	-568	-4,190	-988	-2,519	-1,159	-3,516	-13,609
Closing carrying amount, Dec 31, 2019	18,674	68	3,311	44	380	158	1,648	24,283

Intangible assets	Goodwill	Trade- marks	Capitalized development costs	Patents & Agree- ments	Customer relations	Technical know-how	Intangible assets, other	Total
Cost, Jan 1, 2018	17,497	572	6,256	929	2,586	1,170	4,528	33,538
Investments	–	–	571	–	–	–	254	825
Sales/disposals	–	–	-60	–	–	–	-258	-318
Reclassifications	–	–	12	–	–	–	89	101
Translation differences	1,250	44	200	67	212	100	278	2,151
Accumulated cost, Dec 31, 2018	18,747	616	6,979	996	2,798	1,270	4,891	36,297
Amortization and write-downs, Jan 1, 2018	-624	-487	-3,089	-834	-1,900	-891	-2,668	-10,493
Amortization for the year	–	-10	-504	-15	-182	-72	-445	-1,228
Write-downs	–	–	-15	-32	–	–	-70	-117
Sales/disposals	–	–	41	–	–	–	252	293
Reclassifications	–	–	-7	–	–	–	-6	-13
Translation differences	-31	-41	-87	-65	-166	-80	-171	-641
Accumulated amortization and write-downs, Dec 31, 2018	-655	-538	-3,661	-946	-2,248	-1,043	-3,108	-12,199
Closing carrying amount, Dec 31, 2018	18,092	78	3,318	50	550	227	1,783	24,098

Tangible assets	Buildings and land ¹⁾	Plant and machinery	Equipment, tools, fixtures and fittings	Rental equipment	Construction in progress	Total
Cost, Jan 1, 2019	3,166	1,708	2,533	594	222	8,223
Investments	47	51	162	22	103	385
Sales/disposals	-105	-46	-226	-30	–	-407
Reclassifications	68	8	40	80	-90	106
Translation differences	80	37	60	16	5	198
Accumulated cost, Dec 31, 2019	3,256	1,758	2,569	682	240	8,505
Depreciation and write-downs, Jan 1, 2019	-1,636	-1,299	-1,785	-343	–	-5,063
Depreciation for the year	-112	-95	-216	-58	–	-481
Write-downs	-5	-4	-13	–	–	-22
Sales/disposals	37	44	218	18	–	317
Reclassifications	–	3	–	2	–	5
Translation differences	-38	-26	-42	-9	–	-115
Accumulated depreciation and write-downs, Dec 31, 2019	-1,754	-1,377	-1,838	-390	–	-5,359
Closing carrying amount, Dec 31, 2019	1,502	381	731	292	240	3,146

1) Closing carrying amount for land is SEK 208 M (214)

	Buildings and land ¹⁾	Plant and machinery	Equipment, tools, fixtures and fittings	Rental equipment	Construction in progress	Total
Tangible assets						
Cost, Jan 1, 2018	2,908	1,565	2,360	452	260	7,545
Investments	35	59	246	30	185	555
Sales/disposals	-16	-40	-217	-49	-1	-323
Reclassifications	68	42	33	148	-234	57
Translation differences	171	82	111	13	12	389
Accumulated cost, Dec 31, 2018	3,166	1,708	2,533	594	222	8,223
Depreciation and write-downs, Jan 1, 2018	-1,456	-1,184	-1,705	-289	-	-4,634
Depreciation for the year	-113	-92	-208	-50	-	-463
Sales/disposals	15	32	196	30	-	273
Reclassifications	-	5	14	-27	-	-8
Translation differences	-82	-60	-82	-7	-	-231
Accumulated depreciation and write-downs, Dec 31, 2018	-1,636	-1,299	-1,785	-343	-	-5,063
Closing carrying amount, Dec 31, 2018	1,530	409	748	251	222	3,160

Impairment testing

Goodwill	2019	2018
Acute Care Therapies	15,382	14,857
Surgical Workflows	2,897	2,851
Life Science	395	384
Total	18,674	18,092

Goodwill is distributed among the Group's 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 determined based on the calculated value in use. For impairment-testing purposes, this has been done at the lowest level where separable cash flows have been identified, which for Getinge is the same as its business areas.

Assumptions

The value in use of goodwill and other net assets attributable to Acute Care Therapies, Surgical Workflows and Life Science was calculated based on discounted cash flows, which are based on assumptions regarding sales growth and the cost trend. Cash flows for the first three years are based on a financial plan approved by the Board. Cash flows after this three-year period have been determined using 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 8.6% (8.9) before tax was applied when calculating the value in use of all business areas. Right-of-use assets are included in the net assets tested for impairment for each business area and future cash flows referring to lease contracts are taken into account when determining the value in use. With the assumptions described above, value in use exceeds the carrying amount for all CGUs.

Sensitivity analysis

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

- Growth rate after year three decreases to 1%
- Discount rate before tax increases 1 percentage point to 9.6%

Intangible assets

There are no intangible assets other than goodwill whose useful life has been assessed as indefinite. The useful life for other intangible assets is three to 15 years. For strategic acquisitions, the useful life exceeds five years.

NOTE 13 Inventories

SEK M	2019	2018
Raw materials	1,473	1,627
Work in progress	572	530
Finished products	2,646	2,387
Total	4,691	4,544

Of the Group's inventories, SEK 4,649 M (4,521) is measured at cost and SEK 42 M (23) at net realizable value. At December 31, 2019, the Group's provisions for obsolescence totaled SEK 867 M (855).

The write-down amount was SEK 178 M (169) and is included in cost of goods sold. Reversed amounts from prior years amounted to SEK 113 M (114).

NOTE 14 Accounts receivable

SEK M	2019	2018
Accounts receivable before provisions	6,541	6,297
Loss allowance	-197	-189
Total	6,344	6,108

Accounts receivable net, after provision for expected credit losses, 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. Confirmed credit losses in relation to net sales amounted to 0.1% (0.1) for the 2019 fiscal year. The loss allowance is based on historical credit losses and taking into consideration current and forward-looking information about customers' payment capacity.

A maturity analysis of accounts receivable before loss allowance is presented below:

SEK M	2019	2018
Not fallen due	4,705	4,271
Fallen due 1–5 days	279	378
Fallen due 6–30 days	372	391
Fallen due 31–60 days	329	358
Fallen due 61–90 days	154	157
Fallen due, more than 90 days	702	742
Total	6,541	6,297

At December 31, 2019, the Group's provisions for doubtful receivables totaled SEK 197 M (189). A maturity analysis of these accounts receivable is presented below:

SEK M	2019	2018
Not fallen due	-3	-9
Fallen due 1–5 days	0	0
Fallen due 6–30 days	0	0
Fallen due 31–60 days	-1	-1
Fallen due 61–90 days	0	-1
Fallen due, more than 90 days	-193	-178
Total	-197	-189

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

SEK M	2019	2018
EUR	1,855	1,843
USD	2,352	2,097
GBP	170	179
CAD	123	111
SEK	120	166
Other currencies	1,921	1,901
Total	6,541	6,297

Changes in loss allowance are as follows:

SEK M	2019	2018
At beginning of the year	-189	-181
Provision for expected losses	-74	-61
Receivables written off during the year that cannot be recovered	33	34
Recovered doubtful receivables	38	24
Translation differences	-5	-5
At year-end	-197	-189

NOTE 15 Contract assets

SEK M	2019	2018
Service	70	44
Projects	705	515
Other	28	22
Total	803	581

Contract assets refer to accrued income relating to service, projects that are recognized according to the percentage of

completion method and other income. The change in contract assets between the year was mainly attributable to the business in Australia and Germany.

NOTE 16 Prepaid expenses and accrued income

SEK M	2019	2018
Prepaid rental expenses	2	22
Prepaid insurance expenses	44	30
Prepaid commissions	40	24
Other	239	250
Total	325	326

NOTE 17 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, 2018	18,217,200	254,152,373	272,369,573
December 31, 2019	18,217,200	254,152,373	272,369,573
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, 2019, the company's share capital totaled SEK 136 M (136).

NOTE 18 Unutilized overdraft facilities and credit facilities

At December 31, 2019, the total granted, unutilized overdraft facilities were SEK 729M (740). In addition, there were unutilized short-term credit facilities of SEK 963 (958) and committed, unutilized

facilities for medium and long-term credit of SEK 5,634 M (5,035), which may be utilized without qualification.

NOTE 19 Net interest-bearing debt

SEK M	2019	Change	2018
Interest-bearing current loans	2,625	-826	3,451
Interest-bearing long-term loans	6,487	-891	7,378
Pension provisions, interest-bearing	3,555	520	3,035
Leasing liabilities	908	908	–
Less cash and cash equivalents	-1,254	19	-1,273
Total	12,321	-270	12,591

	Cash and cash equivalents	Interest-bearing loans and leasing liabilities	Provisions for pensions, interest-bearing	Total
Net debt at January 1, 2018	-1,526	11,237	3,081	12,792
Cash flow affecting net debt	276	-973	-32	-729
Other non-cash items	–	–	-143	-143
Exchange-rate differences	-23	565	129	671
Net debt at December 31, 2018	-1,273	10,829	3,035	12,591
Net debt at January 1, 2019	-1,273	10,829	3,035	12,591
Lease liability under IFRS 16 at January 1, 2019	–	1,017	–	1,017
Cash flow affecting net debt	57	-2,427	-50	-2,420
Other non-cash items	–	225	526	751
Exchange-rate differences	-38	376	44	382
Net debt at December 31, 2019	-1,254	10,020	3,555	12,321

Liquidity risk

The Group's current interest-bearing liabilities totaled SEK 2,625 M (3,451) and are covered by unutilized committed credit facilities of SEK 5,634 M (5,035). The Group's long-term interest-bearing liabilities amounted to SEK 6,487 M (7,378). The average interest expense for the Group's liabilities to credit institutions amounted to approximately 2.3% excluding interest-rate swaps and to approximately 3.0% including interest-rate swaps.

Debt/equity ratio

According to the terms of the main credit facilities, the Group is obligated to maintain certain financial key figures. These are net debt/equity ratio and interest-coverage ratio. At year-end, Getinge had a highly favorable margin in relation to the restrictions stipulated in the loan agreements.

NOTE 20 Leases

Right-of-use assets	Building	Car & other vehicles	Machinery & equipment	Total
Cost, Jan 1, 2019	761	277	18	1,056
Entered into new leasing contracts	92	152	5	249
End of lease contracts	-41	-18	-3	-62
Reassessment/modifications	15	–	0	15
Translation differences	19	6	0	25
Accumulated cost, Dec 31, 2019	846	417	20	1,283
Depreciation and write-downs, Jan 1, 2019	–	–	–	–
Depreciation for the year	-218	-152	-7	-377
End of lease contracts	10	18	2	30
Translation differences	3	2	0	5
Accumulated depreciation and write-downs, Dec 31, 2019	-205	-132	-5	-342
Closing carrying amount, Dec 31, 2019	641	285	15	941

Recognized cost for lease contracts, SEK M	2019	
Depreciation on right-of-use assets		-377
Interest expenses on lease liabilities		-23
Cost related to short-term leases		-5
Cost related to low-value leases		-12
Total		-417

Lease liabilities, SEK M	2019-12-31	2019-01-01¹⁾
Short-term	327	348
Long-term	581	669
Total	908	1,017

1) Refer to the effect at the date of inception of IFRS 16 on January 1, 2019.

The total cash-outflow for leasing contracts in 2019 amounted to SEK -407 M. Information about Getinge's lease liabilities undiscounted cash out-flows, see Note 28.

Transition to IFRS16

As from January 1, 2019 Getinge applies IFRS 16 Leases. The Group has decided to apply the modified retrospective approach and accordingly has not restated comparative figures. Instead, right-of-use assets for leased assets have been valued at an amount corresponding to the outstanding lease obligations on January 1, 2019.

When the standard was introduced, right-of-use assets of SEK 1,056 M and lease liabilities of SEK 1,017 M were recognized on new rows in the consolidated balance sheet. Right-of-use assets are primarily attributable to leased premises and vehicles. In the income statement, operating leasing costs have been replaced by costs for depreciation of right-of-use assets and interest expenses attributable to lease liabilities. For more information about IFRS 16, see Note 1 Accounting policies.

Effects of introduction of IFRS 16, SEK M

Obligation for operating leases under IAS 17 at December 31, 2018	996
Discount effect ¹⁾	-55
Short-term leases and low-value leases	-11
Extension/termination options that with reasonable certainty will be exercised	87
Lease liability under IFRS 16 at January 1, 2019	1,017
Prepaid lease payments ²⁾	39
Right-of-use assets under IFRS 16 at January 1, 2019	1,056

1) The discount effect were calculated using the Group's weighted average borrowing rate of 2.5%.

2) Under IFRS 16, right-of-use assets are recognized at an amount corresponding to the present value of the lease liability, plus lease payments paid at or prior to the start of the lease term. For this reason, an amount of SEK 39 M was reclassified from the item other current receivables to right-of-use assets in connection with the introduction of IFRS 16.

Leases in 2018 recognized according to IAS 17

Operating leases, SEK M	2018
Costs relating to operating leases	-446

On the closing date, future lease payments for non-cancellable leases, SEK M	2018
Due within 1 year	-332
Due within 2 to 5 years	-636
Due in more than 5 years	-28
Total	-996

Getinge as a lessor under operating leases

SEK M	2019	2018
Due within 1 year	38	20
Due within 2 to 5 years	66	53
Due in more than 5 years	28	3
Total	132	76

NOTE 21 Restructuring reserves

SEK M	FDA	Personnel	Other	Total
Value according to opening balance 2018	556	112	30	698
Provisions	–	44	3	47
Used amount	-200	-77	-10	-287
Unutilized funds restored	–	-26	-1	-27
Translation differences	26	5	1	32
Value according to closing balance 2018	382	58	23	463
<i>Of which:</i>				
Short-term				268
Long-term				195
Value according to opening balance 2019	382	58	23	463
Provisions	–	182	53	235
Used amount	-154	-135	-23	-312
Unutilized funds restored	–	-32	-10	-42
Translation differences	6	1	0	7
Value according to closing balance 2019	234	74	43	351
<i>Of which:</i>				
Short-term				258
Long-term				93
Expected timing of outflow, SEK M				Total
Within 1 year				258
Within 3 years				93
Within 5 years				–
> 5 years				–
Value according to closing balance 2019				351

Provision FDA

In reaction to the US Food and Drug Administration's (FDA) comments on several of the quality management processes and documentation procedures in Acute Care Therapies' manufacturing units in 2013, quality work is under way in the form of a remediation program.

Getinge committed SEK 995 M in 2014 related to improvements under the remediation program, and in 2016 SEK 400 M was committed for the same purpose. An additional provision of SEK 488 M was made in 2017 and the total cost of the remediation program thus amounted to SEK 1,983 M, of which SEK 100 M is fines.

NOTE 22 Other provisions

SEK M	Guarantee reserve	Personnel	Other	Total
Value according to opening balance 2018	165	29	375	569
Provisions ¹⁾	43	44	1,919	2,006
Used amount	-36	-7	-76	-119
Translation differences	4	1	21	26
Value according to closing balance 2018	176	67	2,239	2,482
<i>Of which:</i>				
Short-term				546
Long-term				1,936
Value according to opening balance 2019	176	67	2,239	2,482
Provisions	68	81	54	203
Used amount	-60	-7	-286	-353
Reclassification	20	13	-33	0
Translation differences	3	1	80	84
Value according to closing balance 2019	207	155	2,054	2,416
<i>Of which:</i>				
Short-term				354
Long-term				2,062

1) Of which SEK 1,800 M in other refers to the provision for surgical Mesh-related claims

Expected timing of outflow, SEK M	Total
Within 1 year	354
Within 3 years	1,138
Within 5 years	882
> 5 years	42
Value according to closing balance 2019	2,416

NOTE 23 Contract liabilities

SEK M	2019	2018
Advances from customers	723	480
Service	499	433
Other	71	70
Total	1,293	983

Contract liabilities refers to advances from customers and deferred income relating to service and other. The change between the years in advances from customers is mainly attributable to the Group's business in China and in USA. Contract liabilities in the form of deferred income and advances from customers in the beginning of the year were essentially recognized in income during the fiscal year.

NOTE 24 Provisions for pensions and similar obligations**Defined-contribution plans**

In several countries, the Group's employees are covered by defined-contribution pension plans. The pension plans are primarily 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 employees and Group companies is normally based on a set proportion of the employee's salary and in certain cases the employees pay for a portion of the premiums themselves.

Defined-benefit plans

Getinge has large defined-benefit pension plans in Sweden, Germany and the US. The pension plans primarily comprise retirement pensions. Each employer normally has an obligation to pay a lifelong pension. The pension is earned according to the number of employment years and the employee must be affiliated with the plan for a certain number of years to achieve full retirement pension entitlement. Pension commitments are calculated based on actuarial assumptions and gains and losses of changed actuarial assumptions are recognized as part of comprehensive income.

Sweden

Most of the Group's defined-benefit pension commitments in Sweden are so called PRI liabilities. These plans are closed for new employees but remain open for the employees encompassed by the plans. The commitments pertain to lifelong retirement pensions and the benefits are primarily based on the employees' final salary. The pension commitments were calculated at a discount rate based on the return on the market rate of Swedish mortgage bonds. These bonds are deemed to be of high quality since they are guaranteed by assets and the mortgage bond market in Sweden is considered to be deep and liquid. The terms of the bonds correspond to the average term of the commitments, which is 23 years.

At year-end, the amount of the Group's defined-benefit pension commitments in Sweden totaled SEK 659 M (543). The Swedish pension commitments increased year-on-year due to a lower discount rate. Plan assets exist to only a minor extent and are attributable to a small plan that is not credit-insured.

Germany

Some employees in Germany are part of defined-benefit pension plans. These plans are closed for new employees but remain open for the employees encompassed by the plan. The benefits are based on the employees' final salary and the remaining weighted average term of the total commitment is 16 years. The pension plans are insured in accordance with statutory requirements.

Total defined-benefit pension commitments increased to SEK 2,453 M (2,139) during the year. The increase was mainly the result of a decrease in the discount rate, which is based on high-quality corporate bonds with a term corresponding to the average remaining term of the commitment.

USA

The Group's defined-benefit pension commitment in the US is closed for new employees and also to the employees encompassed by the plan, meaning that no new pension rights are vested. The commitment's remaining average term is 14 years.

The total defined-benefit commitment increased to SEK 1,322 M (1,073), mainly due to changes in financial assumptions and net interest expenses.

The value of the plan assets increased from SEK 672 M to SEK 802 M, primarily the result of this year's return on plan assets and pension payments to the plan from the employer. Both the defined-benefit commitment and the return on the plan assets were calculated using a discount rate based on high-quality corporate bonds with a term corresponding to the average remaining term of the commitment.

Dec 31, 2019, SEK M	Funded pension plans	Unfunded pension plans	Total
Present value of commitments	-1,367	-3,205	-4,572
Fair value of plan assets	857	-	857
Net provision in the balance sheet	-510	-3,205	-3,715

Dec 31, 2018, SEK M	Funded pension plans	Unfunded pension plans	Total
Present value of commitments	-1,112	-2,770	-3,882
Fair value of plan assets	714	-	714
Net provision in the balance sheet	-398	-2,770	-3,168

Pension commitments, SEK M	2019	2018
Opening balance	-3,168	-3,217
Costs for service in the current year	-46	-56
Net interest expenses	-73	-68
Costs for service in previous years	0	-
Gains and losses from settlements	-	2
Gains and losses from acquisitions and sales of operations	-	-42
Return on plan assets	88	-45
Gains/(loss) attributable to changed demographic assumptions	18	-27
Gains/(loss) attributable to changed financial assumptions	-616	188
Experience-based gains/(losses)	-1	13
Special employer's contribution on actuarial assumptions	-20	15
Restriction in plan surpluses with regard to asset ceilings	5	-1
Exchange-rate differences	-51	-88
Contributions paid by employer	38	52
Paid benefits	111	106
Closing balance	-3,715	-3,168

Of which:

Interest-bearing pension commitments	-3,555	-3,035
Non-interest-bearing pension commitments	-160	-133

The defined-benefit pension commitment and composition of plan assets 2019, SEK M	Present value of commitments	Fair value of plan assets	Net provision for pensions
Sweden	-659	32	-627
Germany	-2,453	17	-2,436
USA	-1,322	802	-520
Other countries	-138	6	-132
Total	-4,572	857	-3,715

Significant actuarial assumptions, %	2019	2018
<i>Weighted average, %</i>		
Discount rate	1.7	2.7
Expected salary increase rate	2.6	2.6
Expected inflation	1.6	1.6

Significant actuarial assumptions 2019, %	Sweden	Germany	USA	Other countries
<i>Weighted average, %</i>				
Discount rate	1.6	1.2	3.0	0.9
Expected salary increase rate	2.0	2.5	3.0	2.4
Expected inflation	2.0	1.2	2.3	1.2

Sensitivity of defined-benefit commitments to changes in the significant assumptions 2019, SEK M	Expected value of pension commitments	Changed compared with used calculation assumptions
Pension commitments according to original valuation	-4,572	
Discount rate +1 percentage point	-3,926	646
Inflation +1 percentage point	-5,036	-464
Salary increases +1 percentage point	-4,657	-85

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 as that used in the calculation of pension liabilities¹⁾.

1) The present value of defined-benefit commitments by applying the Projected Unit Credit Method at the end of the reporting period.

Composition of plan assets, SEK M	2019	2018
Equities	222	176
Financial instruments	544	403
Properties	19	19
Cash and cash equivalents and similar assets	14	54
Other	58	62
Total	857	714

The weighted average term of the pension commitments is 17 years (17).

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 2019 fiscal year, the company did not have access to such information that makes it possible to recognize this plan as a defined-benefit plan. The pension scheme in accordance with ITP, which is safeguarded through insurance with Alecta, is thus

recognized as a defined-contribution scheme. During the year, fees for pension insurance covered by Alecta amounted to SEK 34 M (26). Alecta's surplus can be distributed to the insurers and/or the insured. At year-end 2019, Alecta's surplus in the form of the collective consolidation level was approximately 148% (142). 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 25 Accrued expenses and deferred income

SEK M	2019	2018
Salaries	1,197	1,045
Social security expenses	283	275
Commissions	184	181
Interest expenses	36	47
Consultancy fees	95	55
Other	519	538
Total	2,314	2,141

NOTE 26 Pledged assets and contingent liabilities

Pledged assets

The Group had no pledged assets.

Contingent liabilities, SEK M	2019	2018
Guarantees	327	300
Other	109	74
Total	436	374

NOTE 27 Acquisition of operations

No acquisitions were made during 2019. Paid purchase considerations attributable to acquisitions in prior years amounted to SEK 6 M (4).

NOTE 28 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, cash flow and 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 Group’s finance function is to support the 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 and related directives. 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 equity. Currency exposure occurs in connection with payments in foreign currency (transaction exposure) and when translating foreign subsidiaries’ balance sheets and income statements to SEK (translation exposure). The effect of exchange-rate fluctuations is presented in the section on financial risk management in the Administration Report.

Transaction exposure

Payment flows as a result of sales income and cost of goods sold in foreign currencies cause currency exposure that affects Group earnings in the event of exchange-rate fluctuations.

The Group’s payment flows in foreign currencies are mainly generated by export sales, with the largest flows in USD, EUR, CNY and JPY. According to Getinge’s finance policy, up to 100% of forecasted net flows in foreign currencies can be hedged for the next 12 months. For the subsequent 12-month period, meaning the future period of between 12 and 24 months applicable at any time, a maximum of 50% of the forecasted net flows in foreign currencies may be hedged. Hedging is conducted using currency forwards, currency swaps and currency options. The market value of financial currency derivatives that meet the cash flow hedging requirements amounted to SEK 5 M (-56) at December 31, 2019.

Translation exposure – income statement

When translating the results of foreign subsidiaries into SEK, currency exposure occurs, which affects the Group’s earnings when exchange rates fluctuate.

Translation exposure – balance sheet

Currency exposure occurs when translating net assets of foreign subsidiaries into SEK, which can affect consolidated other comprehensive income. To limit the effects of this translation, the translation exposure is hedged using loans in the subsidiary’s local currency. Although Getinge does not have the specifically stated goal of hedging translation exposure, the finance policy states that the Group’s borrowing is to take place in the currencies that entail that translation exposure is limited.

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, 2019, the average fixed-interest term in the loan portfolio was seven 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 by 1 percentage point, this would affect profits by +/- SEK 74 M on an annual basis. The market value of financial interest-rate derivative instruments that meet the cash flow hedging requirements amounted to SEK 15 M (-81) at December 31, 2019.

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 committed long-term credit agreements. The single largest loan is a syndicated loan agreement of EUR 490 M with seven banks. This loan agreement falls due in 2024. In 2012, the Group established an MTN program with the aim of issuing bonds in the Swedish market. At year-end 2019, SEK 1,250 M was outstanding under this loan program. During the year, the Group signed two new credit agreements with KfW-IPEX Bank for EUR 50 M and USD 50 M, and refinanced a loan agreement for USD 150 M with the Swedish Export Credit Corporation for a new five-year period.

In addition to these credit facilities, the Group has short-term uncommitted credit lines. For further information on these credit lines, refer to Note 18.

At December 31, 2019, the Group's borrowings were in line with the requirements under the 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, 2019, the total counterparty exposure in derivative instruments was SEK 20 M (0). 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 diversified customer base with a high credit rating. The Group's customers are found primarily in the public sector, which means that its credit risk is generally very low. The credit risk for Getinge's customers in the private sector is also deemed to be low. When deemed necessary, credit risk is managed using letters of credit or export credit-related guarantees. The loss allowance at year-end totaled SEK 197 M (189). The Group's accounts receivable are presented in Note

14, which shows that the share of past due accounts receivable at December 31, 2019 amounted to SEK 1,836 M in relation to the total volume of accounts receivable, which amounted to SEK 6,541 M. For about one-third of past due accounts receivable, payment is past due by a maximum of one month.

Financial derivatives

Getinge uses financial derivatives to manage interest and currency exposure arising in its business. The effectiveness of a hedge is assessed when the hedging relationship is entered into. The hedged item and the hedging instrument are continuously assessed to ensure that the relationship meets the requirements. When the Group hedges purchases/sales in foreign currency, a hedging relationship is entered into whereby the critical terms of the hedging instrument match the terms of the hedged item. In this way, a qualitative assessment of the effectiveness of the relationship is performed and the hedges are expected to be effective for the period for which they are valid.

The Group also enters into interest-rate swaps that have the same critical terms as the hedged item. Critical terms may be benchmark interest rates, reset dates, payment dates, maturities and nominal amount. The Group does not hedge 100% of the principal and thus identifies only a portion of the outstanding principal that corresponds to the nominal amount of the swap. At December 31, 2019, all financial derivatives outstanding were held for hedging purposes and were deemed to be effective. Consequently, hedge accounting was applied for these. All derivatives are classified under level 2 of the value hierarchy. Fair value measurements for currency forwards 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.

As part of the ongoing Interest Rate Benchmark Reform (IBOR reform), the IASB published amendments to the rules on hedge accounting in IFRS 9 and IAS 39 on September 26, 2019, which Getinge applied in the annual accounts for the 2019 fiscal year. This reform entails that the base rates applied to some of the Group's financial instruments will be changed in the future. The volumes subject to the amendments are presented in the table on interest-rate swaps in this Note and refer to the base rates of USD Libor and Stibor. Getinge believes that the effect of the forthcoming change will be minor and that the financial risk will be low.

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.

Cash flow for financial liabilities

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

At December 31, 2019, SEK M	< 1 year	1–2 years	2–5 years	> 5 years
Bank loans and bond loans (including interest)	-2,769	-1,919	-4,425	-459
Derivative instruments	-7	-	-	-
Leasing liabilities	-350	-256	-284	-109
Accounts payable	-1,995	-	-	-
Total	-5,121	-2,175	-4,709	-568

Outstanding derivative instruments

SEK M	2019		2018	
	Nominal amount	Fair value	Nominal amount	Fair value
Interest-rate derivatives	1,745	15	3,144	-81
Currency derivatives	698	5	1,974	-56
Total	2,443	20	5,118	-137

SEK M	2019		2018	
	Asset	Liability	Asset	Liability
Interest-rate derivatives – cash flow hedges	15	-	-	81
Currency derivatives – cash flow hedges	12	7	17	73
Total	27	7	17	154
Of which, short-term	12	7	17	73
Of which, long-term	15	-	-	81

Paid and accrued interest on interest-rate derivatives and combined instruments is continuously recognized in profit or loss. The fair value of derivative instruments is established using valuation techniques based on observable market information.

Financial instruments by category

Financial assets, SEK M	Assets at amortized cost		Assets at fair value through profit or loss		Derivatives used for hedging purposes		Assets at fair value through other comprehensive income		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Derivative instruments	-	-	-	-	27	17	-	-	27	17
Accounts receivable and other receivables, excluding interim receivables	7,271	7,207	-	-	-	-	-	-	7,271	7,207
Cash and cash equivalents	1,254	1,273	-	-	-	-	-	-	1,254	1,273
Total	8,525	8,480	-	-	27	17	-	-	8,552	8,497

Financial liabilities, SEK M	Liabilities at amortized cost		Liabilities at fair value through profit or loss		Derivatives used for hedging purposes		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Borrowing	9,112	10,829	-	-	-	-	9,112	10,829
Derivative instruments	-	-	7	-	-	154	7	154
Accounts payable and other financial liabilities	2,726	2,585	-	-	-	-	2,726	2,585
Total	11,838	13,414	7	-	-	154	11,845	13,568

Distribution of currency for outstanding derivative instruments in nominal amounts 2019, SEK M

	2019	2018
CHF	–	65
CNY	–	19
EUR	130	2,046
GBP	–	38
JPY	–	248
SEK	1,000	1,500
USD	1,313	1,202
Total	2,443	5,118

Maturity structure for outstanding derivative instruments in 2019, SEK M

	2020	2021	2022	2023	2024	Total
Interest-rate derivatives		–	1,745	–	–	1,745
Currency derivatives	698		–	–	–	698
Total	698	–	1,745	–	–	2,443

The table refers to net flows

Maturity structure for outstanding derivative instruments in 2018, SEK M

	2019	2020	2021	2022	2023	Total
Interest-rate derivatives	3,144	–	–	–	–	3,144
Currency derivatives	1,949	25	–	–	–	1,974
Total	5,093	25	–	–	–	5,118

The table refers to net flows

Reserve of cash flow hedges

The table below shows the composition of the Group's reserve of cash flow hedges and the change in each component during the year.

SEK M	Currency forwards	Interest-rate swaps	Total
Opening balance 2018	86	-150	-64
Change in fair value of hedging instruments recognized in other comprehensive income	-69	7	-62
Reclassification to profit or loss	-103	105	2
Deferred tax	38	-24	14
Closing balance 2018	-48	-62	-110
Opening balance 2019	-48	-62	-110
Change in fair value of hedging instruments recognized in other comprehensive income	12	71	83
Reclassification to profit or loss	61	24	85
Deferred tax	-16	-22	-38
Closing balance 2019	9	11	20

Derivative instruments – currency forwards

Currency forwards, in the three largest currency pairs, impact the Group's financial position and earnings as follows:

Derivative instruments - currency forwards EUR/SEK, SEK M	2019	2018
Recognized amount (asset)	1	-16
Nominal amount EUR	13	39
Maturity	Jan 2020–Dec 2020	Jan 2019–Dec 2020
Hedge ratio	1:1	1:1
Change in discounted forward rates for outstanding hedging instruments since January 1	1	-15
Change in value of hedged item to determine effectiveness	-1	15
Weighted average of forward rates at year-end (including forward points)	10.52	9.89

Derivative instruments - currency forwards USD/SEK, SEK M	2019	2018
Recognized amount (asset)	3	-22
Nominal amount USD	32	65
Maturity	Jan 2020–Apr 2020	Jan 2019–Sep 2019
Hedge ratio	1:1	1:1
Change in discounted forward rates for outstanding hedging instruments since January 1	3	-22
Change in value of hedged item to determine effectiveness	-3	22
Weighted average of forward rates at year-end (including forward points)	1.11	1.20

Derivative instruments - currency forwards EUR/USD, SEK M	2019	2018
Recognized amount (asset)	8	-26
Nominal amount USD	29	69
Maturity	Jan 2020–Dec 2020	Jan 2019–Nov 2019
Hedge ratio	1:1	1:1
Change in discounted forward rates for outstanding hedging instruments since January 1	8	-33
Change in value of hedged item to determine effectiveness	-8	33
Weighted average of forward rates at year-end (including forward points)	9.53	8.47

Derivative instruments – interest-rate swaps

Interest-rate swaps impact the Group's financial position and earnings as follows:

SEK M	2019	2018
Recognized amount (asset)	15	-80
Nominal amount ¹⁾	1,745	3,144
Maturity	Aug 2022–Oct 2022	Jan 2019–Dec 2020
Hedge ratio	1:1	1:1
Change in value of outstanding derivative instruments since January 1	71	7
Change in value of hedged item to determine effectiveness	-71	-7
Weighted average rate for outstanding interest-rate swap at year-end	0.55%	2.26%

1) The nominal amount will be affected by the changes in benchmark interest rates after 2021 (USD Libor and Stibor)

NOTE 29 Employee costs

SEK M	2019			2018		
	Board and CEO	Other	Total	Board and CEO	Other	Total
Salaries and remuneration	-232	-7,107	-7,339	-198	-6,536	-6,734
Social security expenses	-57	-1,252	-1,309	-37	-1,148	-1,185
Pension expenses	-19	-373	-392	-19	-348	-367
Total	-308	-8,732	-9,040	-254	-8,032	-8,286

Remuneration and other benefits in 2019

SEK 000s	Board fee ¹⁾	Basic pay	Variable remuneration	Other benefits	Pension expenses	Other remuneration	Total
Chairman of the Board	-1,309	–	–	–	–	–	-1,309
Board members	-5,846	–	–	–	–	–	-5,846
Mattias Perjos, President & CEO	–	-22,056	-14,116	-992	-8,879	–	-46,043
Other senior executives (8 people)	–	-24,611	-15,388	-2,686	-7,191	–	-49,876
Total	-7,155	-46,667	-29,504	-3,678	-16,070	–	-103,074

1) Also includes fees for work on Board Committees

Comments on the table

- Variable remuneration refers to bonuses for the 2019 fiscal year, which will be paid in 2020.
- Other benefits refer to company car, accommodation benefits, etc.
- For information on Board fees for each member, refer to page 62.
- Other remuneration pertains mainly to contractual severance pay and termination pay.
- Other senior executives pertains to remuneration to members in the Getinge Executive Team, other than the CEO. Excluding the CEO, the Getinge Executive Team comprised eight individuals at year-end. Only remuneration that has been received as a member of the Getinge Executive Team is included in the amounts recognized, which includes individuals that joined and left the Getinge Executive Team during the year.

Remuneration and other benefits in 2018

SEK 000s	Board fee ¹⁾	Basic pay	Variable remuneration	Other benefits	Pension expenses	Other remuneration	Total
Chairman of the Board	-1,309	–	–	–	–	–	-1,309
Board members	-5,846	–	–	–	–	–	-5,846
Mattias Perjos, President & CEO	–	-21,000	-3,500	-506	-8,554	–	-33,560
Other senior executives (8 people)	–	-24,664	-11,359	-2,546	-5,859	–	-44,428
Total	-7,155	-45,664	-14,859	-3,052	-14,413	–	-85,143

1) Also includes fees for work on Board Committees

Annual General Meeting's guidelines for remuneration to senior executives

The 2019 Annual General Meeting resolved on guidelines for remuneration to senior executives, which are described in the Administration Report on pages 70–71. Getinge applied the guidelines adopted by the AGM as follows:

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 68–69. The allocation between basic pay and variable remuneration should be proportionate to the executive's responsibility and authority. The CEO's variable remuneration is maximized to of 80% of basic pay. For other senior executives, the variable remuneration is maximized to between 60 and 90% of the basic salary.

Annual bonus: The CEO's bonus for 2019 was based on financial targets set by the Board. For other senior executives, bonuses for 2019 were based on financial targets for the Group.

Variable long-term bonus: In addition to basic pay and the above annual variable remuneration, senior executives may also receive a variable long-term bonus that rewards and promotes the company's long-term value creation. The earnings period for this bonus must be at least three fiscal years and the bonus may amount to a maximum of 100% of basic pay.

Pensions: The CEO is entitled to a pension from the age of 65. The pension is premium based and pension expenses amount to 40% of basic pay. For other senior executives, the retirement age is 65 years, except for one senior executive whose retirement age is 62 years in accordance with local regulations in the country of residence. All pension benefits are transferable, i.e. not conditional on future employment.

Severance pay: The period of notice for the 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. After the end of the period of notice, severance pay corresponding to one annual salary is paid. The company is entitled to deduct any income the CEO may receive from other employment or business activities from the severance pay. Upon termination of employment of any other senior executives, they have the right to severance pay of a minimum of six months and a maximum of one year.

Drafting and decision-making process: During the year, the Remuneration Committee gave the Board its recommendations concerning policies for the remuneration to senior executives. The recommendations included the proportion between fixed and variable remuneration and the size of possible pay increases. The Remuneration Committee also proposed criteria for determining bonuses, allotment and the size of the pension conditions and severance pay. The Board discussed the Remuneration Committee's proposals and decided in line with the Remuneration Committee's recommendations. Remuneration to the CEO for the 2019 fiscal year was decided by the Board taking into account the Remuneration Committee's recommendations. Remuneration to other senior executives was decided by the Remuneration Committee following a recommendation by the CEO and in consultation with the Chairman of the Board. The Remuneration Committee was convened on three occasions prior to the 2020 AGM. The committee's work was conducted with the support of external experts in issues concerning remuneration levels and structures.

NOTE 30 Average number of employees

By country	2019			2018		
	Men	Women	Total	Men	Women	Total
Australia	142	87	229	147	85	232
Belgium	56	9	65	54	9	63
Brazil	63	37	100	79	42	121
Colombia	19	12	31	16	14	30
Costa Rica	42	14	56	52	36	88
Denmark	107	39	146	123	43	166
Finland	26	8	34	24	7	31
France	620	411	1,031	623	404	1,027
United Arab Emirates	44	19	63	47	18	65
Hong Kong	29	25	54	24	27	51
India	199	39	238	185	36	221
Ireland	11	1	12	7	1	8
Italy	103	52	155	95	45	140
Japan	182	59	241	179	49	228
Canada	76	44	120	81	50	131
China	370	168	538	379	162	541
Mexico	30	15	45	30	15	45
Netherlands	86	25	111	89	27	116
Norway	27	2	29	26	3	29
Poland	200	266	466	184	253	437
Portugal	15	6	21	16	8	24
Russia	33	15	48	33	15	48
Switzerland	43	8	51	35	10	45
Serbia	11	6	17	11	6	17
Singapore	36	22	58	38	23	61
Slovakia	2	1	3	2	1	3
Spain	70	31	101	64	32	96
Great Britain	213	81	294	228	85	313
Sweden	895	331	1,226	854	307	1,161
South Africa	9	14	23	6	14	20
South Korea	8	6	14	7	6	13
Taiwan	20	12	32	18	15	33
Thailand	91	54	145	89	53	142
Czech Republic	25	11	36	23	6	29
Turkey	240	270	510	229	260	489
Germany	1,250	706	1,956	1,199	679	1,878
USA	1,483	864	2,347	1,504	857	2,361
Austria	35	3	38	34	3	37
Total average number of employees	6,911	3,773	10,684	6,834	3,706	10,540

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

	2019	2018
Women:		
Board members of the Parent Company	33%	33%
Other members of the company's management, incl. CEO	22%	22%
Men:		
Board members of the Parent Company	67%	67%
Other members of the company's management, incl. CEO	78%	78%

NOTE 31 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. Business terms and conditions as well as market-regulated pricing apply for delivery of products and services between Group companies. 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 non-transparent in nature, regarding the applicable terms or conditions. In 2018, Board members and the Executive Team of Getinge AB acquired synthetic options in Getinge AB issued by the company's principal owner Carl Bennet AB. Getinge was not a party to the transactions and the offering was submitted

on Carl Bennet AB's own initiative, without Getinge's participation. The options were acquired at a price corresponding to the estimated market value.

Following the distribution of Arjo in December 2017, Getinge carried out normal commercial transactions with Arjo for the sale and purchase of goods and services. Getinge's receivables from Arjo amounted to SEK 35 M and liabilities amounted to SEK 14 M at December 31, 2019.

In addition to the above, there were no other transactions with related parties. For remuneration and benefits to senior executives and Board members, see Note 29.

NOTE 32 Events after the end of the fiscal year

On January 3, 2020, the acquisition of 100% of Applikon Biotechnology BV was completed. The acquired company has annual sales of approximately SEK 450 M and 180 employees. The purchase price paid amounted to SEK 840 M. In addition, a maximum of EUR 60 M (SEK 630 M) may be paid in so-called additional purchase

prices in 2021–2022 if certain financial targets are met. Acquisition expenses charged to 2019's profit amounted to SEK 23 M. The consolidated surplus that arose in connection with the acquisition is yet to be determined as the work with the acquisition analysis is still ongoing.

NOTE 33 Supplementary disclosure to cash flow statement

Cash and cash equivalents, SEK M	2019	2018
Investments	1	1
Cash and bank balances	1,253	1,272
Total	1,254	1,273
Adjustments for items not included in cash flow, SEK M	2019	2018
Gain(-)/loss(+) from divestment/disposal of non-current assets	-18	30
Write-down of inventories	-	91
Write-down of operating receivables	72	111
Provisions	-	1,841
Total	54	2,073

NOTE 34 Capitalized development costs

SEK M	2019	2018
Research and development costs, gross	-1,261	-1,262
Capitalized development costs	499	571
Research and development costs, net	-762	-691

Parent Company's income statement

SEK M	Note	2019	2018
Administrative expenses	2, 16, 17	-234	-288
Other operating expenses		-43	-311
Operating result		-277	-599
Result from participations in Group companies	5	979	8,951
Interest income and other similar income	6	1	206
Interest expenses and other similar expenses	7	-783	-1,642
Profit after financial items		-80	6,916
Appropriations	18	493	2,188
Taxes	8	15	-119
Net profit for the year		428	8,985

Parent Company's statement of comprehensive income

SEK M	Note	2019	2018
Net profit for the year		428	8,985
Other comprehensive income		-	-
Comprehensive income for the year		428	8,985

Parent Company's balance sheet

SEK M	Note	2019	2018
ASSETS			
Non-current assets			
Intangible assets	3	34	58
Tangible assets	4	7	9
Participations in Group companies	9	28,431	28,062
Deferred tax assets		112	80
Long-term receivables		–	29
Total non-current assets		28,584	28,238
Current assets			
Accounts receivable		6	5
Receivables from Group companies		587	2,718
Current tax assets		6	74
Other receivables		34	43
Prepaid expenses and accrued income	12	18	52
Cash and cash equivalents	20	0	0
Total current assets		651	2,892
TOTAL ASSETS		29,235	31,130
EQUITY AND LIABILITIES			
Equity			
	19		
<i>Restricted equity</i>			
Share capital		136	136
Statutory reserve		2,525	2,525
<i>Non-restricted equity</i>			
Share premium reserve		4,264	4,264
Retained earnings		13,959	5,246
Net profit for the year		428	8,985
Total equity		21,312	21,156
Long-term liabilities			
Interest-bearing long-term loans	10, 20	1,456	4,206
Liabilities to Group companies	20	745	718
Other provisions, long-term		29	10
Total long-term liabilities		2,230	4,934
Current liabilities			
Interest-bearing current loans	11, 20	2,191	3,302
Accounts payable		38	46
Liabilities to Group companies	20	3,197	1,493
Current tax liabilities		4	9
Other liabilities		3	2
Accrued expenses and deferred income	13	260	188
Total current liabilities		5,693	5,040
TOTAL EQUITY AND LIABILITIES		29,235	31,130

Refer to Note 14 for information concerning pledged assets and contingent liabilities.

Changes in Parent Company equity

SEK M	Restricted equity		Non-restricted equity		Total equity
	Share capital ¹⁾	Statutory reserve	Share premium reserve	Retained earnings and net profit for the year	
Opening balance at January 1, 2018	136	2,525	4,264	5,659	12,584
Comprehensive income for the year	–	–	–	8,985	8,985
Share-based remuneration	–	–	–	-4	-4
Dividend	–	–	–	-409	-409
Closing balance at December 31, 2018	136	2,525	4,264	14,231	21,156
Opening balance at January 1, 2019	136	2,525	4,264	14,231	21,156
Comprehensive income for the year	–	–	–	428	428
Dividend	–	–	–	-272	-272
Closing balance at December 31, 2019	136	2,525	4,264	14,387	21,312

1) The share capital consists of 18,217,200 Class A shares and 254,152,373 Class B shares. Each share's quotient value is SEK 0.50 and all shares carry equal rights to dividends. One Class A share carries ten votes and one Class B share carries one vote.

Parent Company's cash flow statement

SEK M	Note	2019	2018
Operating activities			
Operating result		-277	-599
Adjustments for items not included in cash flow		49	251
Interest received and similar items		1	206
Dividend received		987	6,175
Interest paid and similar items		-584	-1,093
Taxes paid		46	-7
Cash flow before changes in working capital		222	4,933
Changes in working capital			
Current receivables		478	856
Current liabilities		1,915	-1,704
Cash flow from operating activities		2,615	4,085
Investing activities			
Investments in intangible assets	3	-4	-28
Investments in tangible assets	4	-1	-5
Divestment of fixed assets		1	35
Investments in subsidiaries		-408	-49
Divestment of subsidiaries		31	-
Cash flow from investing activities		-381	-47
Financing activities			
Raising of loans	20	-	1,667
Repayment of loans	20	-4,179	-4,900
Change in long-term receivables		29	24
Dividend paid		-272	-409
Group contributions received		2,188	-420
Cash flow from financing activities		-2,234	-4,038
Cash flow for the year		0	0
Cash and cash equivalents at the beginning of the year		0	0
Cash flow for the year		0	0
Cash and cash equivalents at year-end		0	0

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 and additions are to be made from IFRS/IAS. Provisions conforming to IFRS/IAS are stated in Note 1 Accounting policies, for the consolidated financial statements.

The Parent Company applies the accounting policies detailed for the Group with the exception of the following:

Remuneration to employees

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

Financial derivatives

For derivatives, the exemption in RFR 2 pertaining to IFRS 9 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.

Group contributions

Group contributions received and paid are recognized as appropriations according to the alternative rule in RFR 2.

Operational leases

All leasing agreements in the Parent Company are recognized as operational leases.

NOTE 2 Depreciation/amortization according to plan

SEK M	2019	2018
Equipment, tools, fixtures and fittings	-2	-1
Intangible assets	-11	-22
Total	-13	-23

NOTE 3 Intangible assets

Intangible assets, SEK M	2019	2018
Opening cost	206	244
Investments	4	28
Sales/disposals	-157	-66
Closing accumulated cost	53	206
Opening amortization	-148	-158
Amortization for the year	-11	-22
Sales/disposals	140	32
Closing accumulated amortization	-19	-148
Closing carrying amount	34	58

NOTE 4 Tangible assets

Equipment, tools, fixtures and fittings, SEK M	2019	2018
Opening cost	16	12
Investments	1	5
Sales/disposals	-6	-1
Closing accumulated cost	11	16
Opening depreciation	-7	-6
Depreciation for the year	-2	-1
Sales/disposals	5	0
Closing accumulated depreciation	-4	-7
Closing carrying amount	7	9

NOTE 5 Result from participations in Group companies

SEK M	2019	2018
Dividends from Group companies	987	622
Divestment of subsidiaries	29	-
Liquidation gain	-	8,329
Impairment of shares in subsidiaries	-37	-
Total	979	8,951

NOTE 6 Interest income and other similar income

SEK M	2019	2018
Interest income from Group companies	-	205
Interest income	1	1
Total	1	206

NOTE 7 Interest expenses and other similar expenses

SEK M	2019	2018
Interest expenses to Group companies	-106	-179
Interest expenses	-203	-281
Currency losses	-464	-1,173
Other	-10	-9
Total	-783	-1,642

NOTE 8 Taxes

SEK M	2019	2018
Current tax	-17	-10
Deferred tax	32	-109
Total	15	-119

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

	2019	2018
Recognized profit before tax	413	9,104
Tax according to current tax rate in Sweden (21.4%)	-88	-2,003
Tax effect of non-deductible costs	-99	-72
Tax effect of non-taxable income	221	1,976
Foreign withholding tax	-17	-10
Adjustment of tax expenses from earlier years	-1	-4
Revaluation of deferred tax assets to new tax rate	-1	-6
Recognized tax expense	15	-119

NOTE 9 Participations in Group companies

Parent Company's holdings	Reg. office	Swedish Corp. Reg. No.	No. of shares	Percentage holding	Carrying amount 2019, SEK M	Carrying amount 2018, SEK M
Getinge Finance Holding AB	Gothenburg	556473-1700	23,062,334	100	10,959	10,959
Getinge Sterilization AB	Halmstad	556031-2687	50,000	100	623	458
Maquet Holding AB	Gothenburg	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	–	–	–	0
Getinge Australia Pty Ltd	Australia		39,500	100	9	9
Getinge Belgium NV	Belgium		–	–	–	2
Getinge Danmark A/S	Denmark		10,000	100	41	41
Getinge IT Solutions ApS	Denmark		533,000	100	27	27
Getinge Finland Oy	Finland		15	100	0	0
Getinge Infection Control SAS	France		1,666,712	85	698	698
Getinge/Castle International Ltd	Greece		100	100	2	2
Getinge Treasury Ireland DAC	Ireland		2	100	985	985
Getinge Norge A/S	Norway		4,500	100	4	4
Neuromedica SA	Spain		40,000	100	16	16
Getinge Shared Services Sp.z o.o.	Poland		60,600	100	33	33
Getinge Holding USA Inc	USA		10,000	100	13,179	13,179
Getinge Group Shared Services CR Sociedad	Costa Rica		10	100	0	37
Getinge Polska Sp.z o.o.	Polen		2,109	35	13	13
Getinge Group Japan K.K.	Japan		800	100	243	–
Total carrying amount					28,431	28,062

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 ownership interest is 100% except in cases where the ownership interest is stated in parentheses.

Sweden

- Getinge Finance Holding AB, 556473-1700, Göteborg
- Arjo Ltd Med. AB, 556473-1718, Göteborg
- Getinge Disinfection AB, 556042-3393, Halmstad
- Getinge Infection Control AB, 556547-8798, Halmstad
- Getinge International AB, 556547-8780, Halmstad

- Getinge Sterilization AB, 556031-2687, Halmstad
- Getinge Sverige AB, 556509-9511, Halmstad
- Getinge Treasury AB, 556535-6309, Göteborg
- Maquet Critical Care AB, 556604-8731, Solna
- Maquet Holding AB, 556535-6317, Gothenburg
- Maquet Nordic AB, 556648-1163, Solna

Australia

- Getinge Australia Pty Ltd

Belgium

- Getinge Belgium NV

Brazil

- Getinge do Brasil Equipamentos Medicos Ltda

Colombia

- Maquet Colombia S.A.S

Costa Rica

- Getinge Group Shared Services CR Sociedad

Denmark

- Getinge Cetrea A/S
- Getinge Danmark A/S
- Getinge IT Solutions ApS
- Getinge Water Systems A/S
- Polystan A/S

Finland

- Getinge Finland Oy
- Maquet Finland Oy

France

- Filance SAS
- Getinge France SAS
- Getinge Infection Control SAS

- Getinge La Calh ne France SAS
- Getinge Lancer SAS
- Intervascular SAS
- Maquet SAS

United Arab Emirates

- Getinge Group Middle East FZ-LLC

Greece

- Getinge/Castle International Ltd

Hong Kong

- Getinge Hong Kong Company Ltd
- Getinge Group Hong Kong Ltd

India

- Atrium Medical India Pvt Ltd
- Getinge India Pvt Ltd
- Getinge Medical India Pvt Ltd

Ireland

- Getinge Treasury Ireland DAC
- Getinge Ireland Ltd

Italy

- Getinge Italia SRL

Japan

- Getinge Group Japan K.K.

Canada

- Getinge Canada Ltd

China

- Getinge Shanghai Trading Co. Ltd
- Maquet (Shanghai) Medical Equipment Co., Ltd.
- Maquet (SuZhou) Co., Ltd.
- Suzhou MAQUET Medical Engineering Co., Ltd.

Mexico

- Maquet Mexicana, S. de R.L. de CV

Netherlands

- Getinge Holding Netherlands B.V.
- Atrium Europe B.V.
- Datascope B.V.
- Getinge Netherlands B.V.
- Maquet Verwaltungs B.V.

Norway

- Getinge Norge A/S

Poland

- Getinge Polska Sp.z.o.o.
- Getinge IC Production Polska Sp.z.o.o.
- Getinge Shared Services Sp.z.o.o.

Portugal

- Getinge Group Portugal Unipessoal Lda

Russia

- Maquet LLC

Switzerland

- Getinge Schweiz AG

Serbia

- Getinge Group South East Europe d.o.o. Beograd- Novi Beograd

Singapore

- Getinge Singapore Pte. Ltd.
- Getinge South East Asia Pte Ltd

Slovakia

- Maquet Slovakia s.r.o.

Spain

- Getinge Group Spain SL
- Neuromedica SA

UK

- Getinge IT Solutions Ltd
- Getinge Extended Care UK Ltd- HHGB*
- Getinge Holdings Ltd- AHGB*
- Getinge Production Ltd
- Getinge UK Ltd
- Maquet Ltd
- Scantrack Healthcare Ltd

South Africa

- Maquet Southern Africa (Pty) Ltd

South Korea

- Getinge Korea Co Ltd
- Getinge Medical Korea Co. Ltd

Taiwan

- Getinge Group Taiwan Co. Ltd

Thailand

- Getinge (Thailand) Co. Ltd (49%)

Czech Republic

- Getinge Czech Republic, s.r.o.

Turkey

- Getinge Stericool Medikal Aletler Sanayi ve Ticaret Anonim Sirketi
- Trans Medikal Aletler Sanayi ve Ticaret A.S
- Maquet Cardiopulmonary Medikal Teknik Sanayi Ticaret Limited Sirketi
- Maquet Tibbi Sistemler San ve Tic A.S

Germany

- Getinge Holding GmbH
- Getinge Vertriebs Holding GmbH
- Getinge Hospital Solutions GmbH
- Maquet Cardiopulmonary GmbH
- Getinge Financial Services GmbH
- Maquet GmbH
- Getinge Holding B.V. & Co KG
- MediKomp GmbH
- Maquet Medical Systems AG
- Getinge Deutschland GmbH
- Getinge IT Solutions GmbH
- PULSION Medical Systems SE (78%)

Ukraine

- Maquet Ukraine LLC

USA

- Atrium Medical Corp
- Getinge USA Sales LLC
- Genisphere Inc
- Getinge Group Logistics Americas, LLC
- Getinge Holding USA, Inc
- Getinge Sourcing LLC
- Getinge La Calhéne USA Inc
- Lancer Sales USA Inc
- Maquet Cardiovascular LLC
- Maquet Cardiovascular US Sales LLC
- Datascope Corp
- Steritec Products Mfg Co Inc

Austria

- Getinge Österreich GmbH

* A Parent Company guarantee was issued in accordance with section 479(C) of the UK Companies Act 2006 for the 2019 fiscal year for certain subsidiaries registered in the UK. The Parent Company guarantee applies to all outstanding liabilities for the subsidiaries on the closing date until the commitments have been met. The stated subsidiaries have applied the exemption from statutory audit in accordance with section 479(A) of the UK Companies Act 2006.

NOTE 10 Interest-bearing long-term loans

SEK M	2019	2018
Liabilities to credit institutions	1 456	4,206
Total	1 456	4,206

All loans fall due for payment within two years.

NOTE 11 Interest-bearing current loans

SEK M	2019	2018
Liabilities to credit institutions	2 191	3,302
Total	2 191	3,302

NOTE 12 Prepaid expenses and accrued income

SEK M	2019	2018
Prepaid financial expenses	1	3
Other	17	49
Total	18	52

NOTE 13 Accrued expenses and deferred income

SEK M	2019	2018
Salaries	63	44
Social security expenses	97	80
Interest expenses	18	36
Other	82	28
Total	260	188

NOTE 14 Pledged assets and contingent liabilities**Pledged assets**

The Parent Company had no pledged assets.

Contingent liabilities, SEK M	2019	2018
Guarantees FPG/PRI	280	271
Other guarantees	917	657
Total	1 197	928

NOTE 15 Average number of employees

	2019	2018
Men	38	42
Women	38	35
Total	76	77

Distribution of senior executives at the closing date

	2019	2018
Women:		
Board members of the Parent Company	4	4
Other members of the company's management, incl. CEO	2	2
Men:		
Board members of the Parent Company	8	8
Other members of the company's management, incl. CEO	4	4

NOTE 16 Employee costs

2019, SEK M	Board and CEO	Other	Total
Salaries and remuneration	-44	-114	-158
Social security expenses	-16	-43	-59
Pension expenses	-9	-33	-42
Total	-69	-190	-259

2018, SEK M	Board and CEO	Other	Total
Salaries and remuneration	-32	-92	-124
Social security expenses	-12	-35	-47
Pension expenses	-9	-20	-29
Total	-53	-147	-200

NOTE 17 Auditing

Fee to PwC, SEK M	2019	2018
Auditing assignment	-9	-9
Auditing activities other than auditing assignments	-7	-1
Tax consultancy services	-	-1
Other services	-9	0
Total	-25	-11

Öhrlings PricewaterhouseCoopers AB has the auditing assignment for the Parent Company. 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 other auditing assignments. Tax

consultancy services primarily pertain to general tax matters concerning corporate tax. Other services mainly pertain to services in connection with acquisitions, of which SEK 2 M is attributable to the registered accounting firm Öhrlings PricewaterhouseCoopers AB.

NOTE 18 Appropriations

SEK M	2019	2018
Group contributions received	493	2,188
Total	493	2,188

NOTE 19 Proposed appropriation of profit**The following non-restricted equity in the Parent Company is at the disposal of the Annual General Meeting, SEK M:**

Share premium reserve	4,264
Retained earnings	13,959
Net profit for the year	428
Total	18,651
The Board and Chief Executive Officer propose that a dividend of SEK 1.50 per share shall be distributed to shareholders to be carried forward	409
	18,242
Total	18,651

NOTE 20 Parent Company's net interest-bearing debt

SEK M	2019	Change	2018
Interest-bearing current loans to Group companies	–	-128	128
Interest-bearing current loans to credit institutions	2,191	-1,111	3,302
Interest-bearing long-term loans to Group companies	745	27	718
Interest-bearing long-term loans to credit institutions	1,456	-2,750	4,206
Less cash and cash equivalents	0	0	0
Total	4,392	-3,962	8,354

SEK M	Cash and cash equivalents	Interest-bearing loans	Total
Net debt at January 1, 2018	0	11,043	11,043
Cash flow affecting net debt	0	-3,233	-3,233
Exchange-rate differences	0	544	544
Net debt at December 31, 2018	0	8,354	8,354
Net debt at January 1, 2019	0	8,354	8,354
Cash flow affecting net debt	0	-4,179	-4,179
Exchange-rate differences	0	217	217
Net debt at December 31, 2019	0	4,392	4,392

NOTE 21 Events after the end of the fiscal year

No significant events occurred after the end of the fiscal year.

Auditor's report

To the general meeting of the shareholders of 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 (publ) for the year 2019 except for the corporate governance statement on pages 58–71. The annual accounts and consolidated accounts of the company are included on pages 54–120 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 and the group as of 31 December 2019 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 2019 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 opinions do not cover the corporate governance statement on pages 58–71. 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.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

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. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Our audit approach

Audit scope

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 consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated 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 judgement, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of 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	How our audit addressed the Key audit matter
<p>Valuation of intangible assets <i>With reference to Note 1 and Note 12.</i> Goodwill and other intangible assets with an indefinite useful life represents a significant part of the Balance Sheet of Getinge. The Company performs an impairment assessment of the assets based on a calculation of the discounted cash flow for the cash generating units in which goodwill and other intangible assets are reported.</p> <p>This impairment test is based on a high level of judgments and assumptions regarding future cash flows. 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. Key variables in the test are growth rate, profit margins and discount factor (cost of capital).</p> <p><i>It is presented that no impairment requirement has been identified based on the assumptions undertaken.</i></p>	<p>In our audit, we have evaluated the calculation model applied by management.</p> <p>We have reconciled and critically tested essential variables against the financial plan for the Company. We have analyzed the accuracy on how previous years assumptions have been met and assessed any adjustments to assumptions compared to previous year, as a result from changes in the business and external factors.</p> <p>We have tested the sensitivity analysis for key variables in order to assess the risk of need for impairment.</p> <p>We have also assessed the correctness of the disclosures included in the financial statements.</p>
<p>Valuation of accounts receivables <i>With reference to Note 1 and Note 14.</i> Accounts receivables comprise a significant area in the Group's financial reports. 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 customer invoices takes a long time after delivery to the customers. In the Group's operation, this refers primarily to the Italy, United Arab Emirates, and Australia. As of 31 December 2019, accounts receivables matured more than 90 days amounted to MSEK 702 which is equivalent to approximately 11% 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 management's assessment of the customers future payment capacity.</p>	<p>In our audit we have evaluated the correctness of the valuation of the accounts receivables by assessing the appropriateness of the loss assessment executed by management, which was based on individual assessments taking into consideration the unique risk profiles of the local markets.</p> <p>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, customer invoices, reconciliation against price lists, payment verification and obtaining customer invoice confirmations from customers.</p> <p>We have examined management's assessment of the valuation of customer 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.</p>
<p>Accounting for provisions <i>With reference to Note 1, Note 21 and Note 22.</i> Provisions comprise a significant area in the Group's financial reports. Sub items reported in this area refer primarily to assumptions regarding pensions, restructuring programs, legal cases and requirements with regards to Consent Decree with FDA (Food and Drug Administration). The main provision relates to expected costs associated with surgical mesh product liability claims previously produced by the Group that was initially accounted for in 2018. Common for these provisions 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.</p>	<p>In our audit, all of the sub items have been subject to examination but we have particularly focused our audit activities on the assessment of the provisions related to surgical mesh product liability claims and requirements under the Consent Decree with FDA.</p> <p>We have received Managements calculations for exposures related to surgical mesh product liability claim. We have also received statements from external legal advisors which has also been complemented with follow up meetings with the external legal advisors. We have assessed the reasonability in Managements calculations also taken into considerations information from legal advisors.</p> <p>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.</p> <p>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.</p>

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 1–53 and 125–144. The Board of Directors and the Chief Executive Officer 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 Chief Executive Officer

The Board of Directors and the Chief Executive Officer 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 Chief Executive Officer 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 Chief Executive Officer 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 Chief Executive Officer intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee 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 and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is 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 Chief Executive Officer of Getinge AB (publ) for the year 2019 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 Chief Executive Officer 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 Chief Executive Officer

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 Chief Executive Officer shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill 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 and the Chief Executive Officer 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 administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is 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 58–71 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.

Öhrlings PricewaterhouseCoopers AB, was appointed auditor of Getinge AB (publ) by the general meeting of the shareholders on the 23 April 2019 and has been the company's auditor since the 17 April 2008.

Gothenburg, March 12, 2020

Johan Rippe
Authorized Public Accountant
Auditor in charge

Eric Salander
Authorized Public Accountant



Sustainability notes

About the report

This report has been prepared in accordance with the GRI Standards: Core option, and pertains the 2019 fiscal year. It encompasses the company's production facilities and subsidiaries, but not associated companies and joint ventures. Getinge's reporting cycle is annual, and the company's latest Annual and Sustainability Report was published on March 15, 2019.

Getinge sustainability report in accordance with GRI Standards: Core Option has not been examined by a third party.

In accordance with Chapter 6, Section 11 of the Annual Accounts Act, Getinge has chosen to prepare the sustainability report as a separate report from the annual report. The following issues are reported:

- Business model page 2–3
- Anti-corruption page 50
- Environment pages 42–45 and page 127
- Employee pages 46–47 and page 126
- Human rights and other social aspects pages 46–47

Risks related to these issues are found in conjunction with the information, in Getinge's overall risk management description on pages 56–57.

Sustainability report contact:

Ralf Uwe Schmitt
Corporate Head of Sustainability
Phone: +49 7222932591
Email: ralf.schmitt@getinge.com

Stakeholders	Prioritized topics	Channels for dialogue
Customers	<ul style="list-style-type: none"> • Company's philosophy and sustainability commitment • Product-related environmental information • ISO 14001 certification • Recycling • Reduction in waste • Reduction in energy and water consumption 	<ul style="list-style-type: none"> • Financial statements and Annual Report • Sustainability Report • Getinge.com • Product-related data sheet • Database information for purchase searches • ISO 14001 certification plan • EcoDesign SOP
Investors and owners	<ul style="list-style-type: none"> • Emission av greenhouse gases; reporting of environmental performance in relation to goals • Energy mix • Anti-corruption • Responsible sourcing with suppliers • ISO 14001 certification • Social commitment 	<ul style="list-style-type: none"> • Investor meetings • Financial statements and Annual Report • Supplier Code of Conduct • Certification plan • ISO 14001 • Social commitment at Group, regional and local levels • Updates to sustainability assessments (per demand)
Employees	<ul style="list-style-type: none"> • Sustainable company for the future • Environmental footprint • Social commitment • Corporate culture • Commitment for employees to actively contribute to sustainability work 	<ul style="list-style-type: none"> • Leadership plan • Meetings, interviews and workshops • Education • Commitment in social projects at Group, regional and local levels • Intranet

Sustainability – part of the company strategy

Getinge's strategy includes an expressed stated ambition to help customers save lives in the best possible manner while creating a sustainable development for the company's different stakeholders. In 2017, the company's strategy was revitalized, and great progress has since been made in line with the stated direction.

As a signatory of the UN Global Compact, and supporter of the UN Sustainable Development Goals, Getinge is considering global trends and challenges, international principles for responsible business and the expectation from stakeholders as work continuously develops.

In 2019 Getinge evaluated its sustainability performance through EcoVadis for the first time. EcoVadis is the leading system for evaluating suppliers' environmental aspects, working conditions, corporate social responsibility and subcontractors. The EcoVadis rating is an important achievement that illustrates Getinge's commitment regarding sustainability and the continued improvement in this area.

Getinge also holds positions as members of the Board of Directors at Swecare, a Swedish semi-governmental non-profit organization within health care, and Swedish Medtech, association for Medical Technology in Sweden.

Stakeholder dialogue and materiality analysis

In 2018, Getinge conducted a materiality analysis to identify the issues that are of greatest importance to the company and most relevant for internal and external stakeholders. Dialogues with the

stakeholders believed to have the greatest business impact was held: employees, customers, investors and owners. The internal dialogue was held in workshops or other interactive forums. Dialogue with investors or other owners were primarily performed in individual meetings in larger or smaller groups. Dialogue with customers took place in day-to-day work, and in procurement and related documentation.

The analysis resulted in three general material topics: Product specifics, Environmental impact and Social responsibility, and updated non-financial targets as presented on page 17.

The internal and external stakeholder dialogues are held continuously as a part of the day-to-day work.

Sustainability program 2019–2024

In 2018, the Getinge Executive Management Team adopted the company's Sustainability Program for 2019–2024. While the sustainability program was set-up in its new form in 2018, it became part of the overall company strategy and implementation process in 2019.

During the year, an execution model including defined governance and reporting was implemented covering all of Getinge's group functions and business areas.

The non-financial results are reported on a quarterly basis, and continuous improvement programs are tailored to increase performance and outcomes. During 2019, a set of new internal steering documents was introduced ensuring that Getinge's sustainability program is geared towards international standards and certifications.

Material topics

Product specifics

- Product innovation and product environmental data
- Eco Design principles for products and packaging
- Hazardous substances and waste

Boundaries

Improvements on this topic have a direct financial impact in terms of sales (sustainable products) and cost-savings throughout Getinge's value chain. Reducing hazardous material and waste will also have a positive cost effect and have a favorable impact on the relationship with Getinge's customers, local authorities and society.

Governance

The management of the R&D teams in the business areas will be achieved in collaboration with Getinge's production facilities, as well as the purchasing and logistics functions. The business areas will be supported by Getinge's Sustainability Committee through coordination and exchange of knowledge.

Environmental impact

- CO₂ emissions (along the value chain: production, transport, travel, facilities)
- Energy resources and consumption (production, logistics, vehicles, plants, travel)

Boundaries

Identified measures will contribute to reducing Getinge's total CO₂ emissions and have a positive impact on the company's reputation, supplier relations and work processes. Improvements in this area will also have a positive effect on cost and, consequently, profitability.

Governance

A sustainability manager is appointed for each production facility and business function to coordinate and implement improvement measures. The operations are adapted to established regulation and quality-management processes. Governance and reporting of activities and measurement data are based on standards and a centralized IT infrastructure, adapted to Getinge's control organization.

Social responsibility

- Employer commitment, sustainable workplace
- Business ethics and agreement
- Companies and local involvement

Boundaries

Activities in this area have a positive impact on the company's reputation, legal compliance, customer and employee satisfaction.

Governance

The operations are driven by company-wide policies (such as the Code of Conduct, travel policy, donation policy and global/local initiatives in company commitment, training and development.) Implementation guidelines and exchange of experience are shared within the Sustainability Committee.

Getinge's sustainability committee follows up the goals and activities every quarter, as described on page 39.

To increase the internal knowledge about sustainability among Getinge's employees, the company has held seminars and workshops during the year.

Supply chain

Getinge's supply chain is part of an organizational matrix. Direct and indirect sourcing and logistics, including inventory, are managed by centralized business units. The company's business area functions are decentralized. This is particularly the case for manufacturing-related operations. A number of service and maintenance measures are run by regional sales offices.

The company's brand is Getinge. Product names partly reflect brand names from previously acquired companies.

Collective agreements

Getinge welcomes a close dialogue and participation with employee representatives and trade unions, and values a constructive employee participation for all employees. Collective agreements are in place in Sweden and most European countries.

Boundaries and measuring methods

Personnel

Employee statistics concerning age, part-time/full-time and gender are collected from our Group-wide HR system. These figures are compiled each year. Financial information and personnel statistics not mentioned above are derived from the financial reporting system.

Occupational health and safety

Getinge'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.

During 2019 a dedicated work stream of cross-functional Health & Safety Managers was working on identifying a new group wide Operational Health & Safety Management System (OHS MS) for Getinge. It is based on key elements and building blocks reflecting standards of ISO 45001. The implementation of this harmonized Management System will start in 2020.

Responsibility for the implementation of the companywide health and safety management systems, and for compliance with local legislative requirements, rests with the production site and global sales unit managers.

The local health and safety management systems in place encompass all employees, outside workers and visitors. Management systems include risk assessments, preventive and improvement initiatives in the workplace. Incidents and accidents are

registered locally to the operational management and reported centrally. Reports are followed up to establish preventive measures and continuous improvements.

Getinge holds safety training on-site for employees and outside workers in accordance with local standards and legal requirements. The training sessions are regularly revised to ensure the quality.

All production units work with preventive measures as a means of safeguarding the health and safety of employees, and medical and healthcare services are provided in accordance with local standards and legislative requirements. Some plants have a doctor on-site, at least part-time, to offer employees regular health check-ups and consultations.

Vaccinations are offered to employees who spend a great deal of time with customers in healthcare, particularly at emergency care hospitals, and to employees who travel to specific countries.

Accidents and injury

During 2019, Getinge registered a total of 207 occupational injuries. The number of accidents per 100 employees was 1.96 (2.4). Most of the injuries were in car accidents traveling to and from work, or during business travel. No occupational fatalities were reported during the year.

Information about health and safety is provided by our financial and HMS reporting systems, where reporting takes place every month for safety-related indicators and every quarter for data concerning environmental key figures. Supporting information is collected and compiled manually once every year.

Working hours when calculating the accident frequency rate are based on the assumption of 2,000 working hours per employee and year.

Proprietary vehicles

A key component of Getinge's efforts to reduce the operations' environmental impact relates to emissions from transportation. This applies to transportation with the company's own vehicles, such as service visits. Getinge's Company fleet policy makes far-reaching demands regarding CO₂ emissions, which have begun to have an impact in the form of reduced emission volumes.

During the year, Getinge has started adapting its car fleet policy and its CO₂ levels accordingly to the EU transition to World harmonised Light vehicle Test Procedure (WLTP). The target is to decrease CO₂ emissions from company vehicles by 10% ton (gCO₂/km) until 2024, based on WLTP measurements.

Business travel

A global company such as Getinge has a need for business travel in certain professional roles. However, the company has a strict travel policy based on smart travel – it is to be conducted for the right reasons and be booked in the most cost-efficient manner. Online meetings are always encouraged to reduce environmental impact, costs and the impact that travel has on the work-life balance.

Energy consumption in production, MWh

	2019	2018	2017
Electricity	53,446	53,057	53,378
- of which renewable energy	9,108	6,412	5,306
District heating	3,222	2,943	4,490
Gas	35,037	33,869	34,380
Oil	219	239	537
Total	91,924	90,108	92,785

When calculating the share of renewable energy, only 100% renewable electricity with a certificate has been included.

Greenhouse gas emissions from production, tons CO₂

	2019	2018	2017
Direct (Scope 1)			
Gas and oil	6,064	5,869	6,038
Indirect (Scope 2)			
Electricity	17,783	17,773	19,915
District heating	181	235	262
Total	24,028	23,877	26,215

Calculations of CO₂ emissions include direct and indirect emissions from our production facilities. Most of the company's production facilities have obtained specific conversion factors from electricity and heating suppliers to use when calculating indirect CO₂ emissions.

Waste in production, tons

	2019	2018	2017
Non-hazardous waste	3,087	3,006	3,413
- of which recycled	2,477	2,368	2,836
- recycling fraction, %	80	79	83
Hazardous waste	208	118	148
Total volume of waste	3,295	3,124	3,561

The volume of waste and recycling is measured and reported every quarter in the company's financial reporting system by our production facilities.

Total number of employees by employment contract, by gender

Gender Category	Permanent	Internal Temporary	Total
Female	3,425	166	3,591
Male	6,572	161	6,733
Unknown	83	13	96
	10,080	340	10,420

Total number of employees by employment type, by gender

Gender Category	Full Time	Part Time	Total
Female	3,398	193	3,591
Male	6,663	70	6,733
Unknown	94	2	96
	10,155	265	10,420

Total number of employees by employment contract, by region

Region	Internal Permanent	Internal Temporary	Total
Americas	2,601	37	2,638
Latin America	220	14	234
North America	2,381	23	2,404
APAC	1,500	33	1,533
Eastern Asia	604	18	622
Japan	235	6	241
South East Asia, Australia and New Zealand	661	9	670
EMEA	5,979	270	6,249
Central Eastern Europe	965	72	1,037
DACH	1,843	100	1,943
Middle East and Africa	84	3	87
North Europe	1,670	46	1,716
South West Europe	1,417	49	1,466
	10,080	340	10,420

GRI content index

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Auditor’s opinion on the statutory sustainability report

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

Assignment and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2019 on pages 36–53 and 126–131 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR’s auditing standard RevR 12 The auditor’s opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and 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 opinion.

Opinions

A sustainability report has been prepared.

Gothenburg, March 12, 2020

Öhrlings PricewaterhouseCoopers AB

Johan Rippe
Authorized Public Accountant
Auditor in Charge

Eric Salander
Authorized Public Accountant

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, 2019, the number of shareholders was 31,848 and the percentage of foreign-owned shares amounted to 49.8%. Institutional owners accounted for 53.9% of the share capital, of which Swedish institutional owners accounted for 21.9 percentage points.

Share trend and liquidity

At year-end, Getinge's share was listed at SEK 174.0, which was a decrease of 54.9% during the year. The highest price paid in 2019 was SEK 175.45 (December 30) and the lowest was SEK 76.92 (January 3). At year-end, market capitalization amounted to SEK 47.4 billion. During the year, 266.4 million shares were traded (419.1).

Share capital and ownership structure

At year-end 2019, share capital in Getinge totaled SEK 136,184,786.50 distributed among 272,369,573 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 value

Getinge'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 participation at meetings with analysts and shareholders.

Shareholder information

Financial information about Getinge is available on the Group's website. Questions about this annual report and other financial communication can 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
Tel: +46 (0) 10 335 00 43
Internet: getinge.com

Peers

Getinge's peers include Edwards Lifesciences, LivaNova, Medtronic, Sartorius, Steris, Stryker and Terumo. More information about competitors for each business area is presented in the respective sections of this Annual Report.

Sell-side analysts covering Getinge

AlphaValue, ABG Sundal Collier, Berenberg Bank, Carnegie, Danske Bank, DNB Markets, Handelsbanken, J.P. Morgan, Kepler Cheuvreux, Morgan Stanley, Nordea, Pareto Securities, Redburn and SEB Enskilda.

1.50

Dividend
per share, SEK

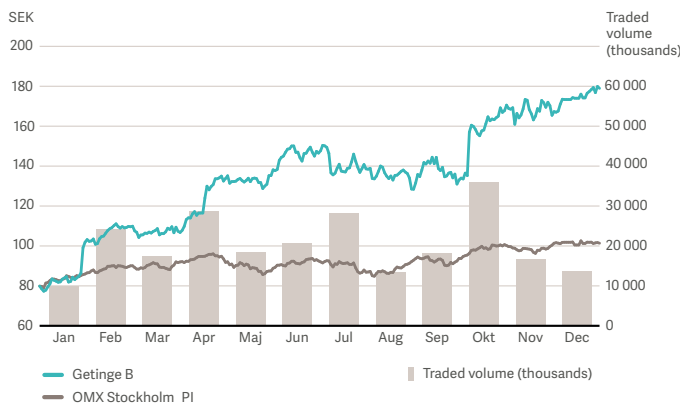
7.02

Adjusted earnings
per share, SEK

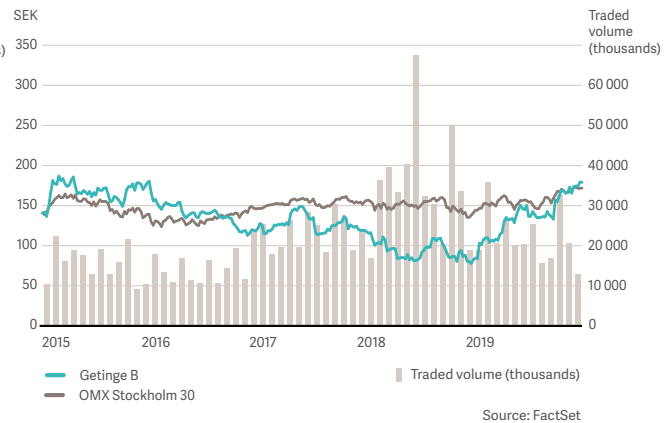
47.4

Market capitalization,
SEK billion

Performance in 2019



Performance 2015–2019



Share data

	2019	2018
Earnings per share after tax ¹⁾	4.48	-3.55
Market price, December 31	174.00	79.90
Dividend ²⁾	1.50	1.00
Dividend yield, %	0.86	1.25
Equity	77.00	72.16
Average number of shares (million)	272.4	272.4
Number of shares, December 31 (million)	272.4	272.4

- 1) Before and after dilution (no dilutive effect during the periods stated)
2) Dividend proposed by the Board of Directors for 2019

Development of share capital

Transaction		No. of shares after transaction	Share capital after transaction, SEK
1990	Formation	500	50,000
1992	Split 50:1, par value SEK 100 to SEK 2	25,000	50,000
1992	Private placement	5,088,400	10,176,800
1993	Private placement	6,928,400	13,856,800
1995	Non-cash issue	15,140,544	30,281,088
1996	Bonus issue 2:1	45,421,632	90,843,264
2001	Share 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	214,491,404	107,245,520
2009	New issue 1:9 at SEK 83.5	238,323,377	119,161,689
2017	New issue 1:7 at SEK 127	272,369,573	136,184,787

Ownership structure 2019

Equities	% of capital	% of votes	Owner- ship	Owner- ship, %
1–100	0.2	0.1	12,308	38.6
101–200	0.3	0.2	4,740	14.9
201–500	0.7	0.5	6,157	19.3
501–1,000	1.0	0.6	3,803	11.9
1,001–2,000	1.3	0.8	2,556	8.0
2,001–5,000	1.6	1.0	1,450	4.6
5,001–10,000	1.0	0.6	408	1.3
10,001–20,000	0.9	0.5	168	0.5
20,001–50,000	1.0	0.6	94	0.3
50,001–100,000	1.4	0.9	53	0.2
100,001–200,000	1.3	0.8	25	0.1
200,001–500,000	3.8	2.4	33	0.1
500,001–1,000,000	5.7	3.6	22	0.1
1,000,001–2,000,000	4.3	2.7	9	0.0
2,000,001–5,000,000	13.9	8.7	13	0.0
5,000,001–10,000,000	9.1	5.7	4	0.0
10,000,001–20,000,000	12.5	7.8	3	0.0
20,000,001–	27.5	54.7	2	0.0
Anonymous ownership	12.5	7.8	N/A	N/A
Total	100.0	100.0	31,848	100.0

Getinge's largest shareholder at December 31, 2019

	Class A shares	Class B shares	% of capital	% of votes
Carl Bennet AB	18,217,200	36,332,969	20.0	50.1
Fourth Swedish National				
Pension Fund		20,362,572	7.5	4.7
Incentive AS		12,637,700	4.6	2.9
CDPQ		11,008,432	4.0	2.5
T. Rowe Price		10,296,775	3.8	2.4
Swedbank Robur Fonder		6,959,522	2.6	1.6
Vanguard		6,254,512	2.3	1.4
Norges Bank		5,766,653	2.1	1.3
Nordea		5,740,373	2.1	1.3
Schroders		4,306,889	1.6	1.0
Other		134,485,976	49.4	30.8
Total	18,217,200	254,152,373	100.0	100.0

Share capital distribution

	Class A	Class B	Total
No. of shares	18,217,200	254,152,373	272,369,573
No. of votes	182,172,000	254,152,373	436,324,373
% of capital	6.7	93.3	100.0
% of votes	41.8	58.2	100.0

Five largest countries – capital, %

Sweden	50.2%
USA	16.8%
Norway	7.8%
Bermuda	4.5%
UK	3.4%

Ownership by category – capital, %

Swedish institutional owners	21.9%
Foreign institutional owners	32.0%
Swedish individuals	26.3%
Other owners	7.3%
Anonymous ownership	12.5%
Total	100.0%

Multi-year overview: Group

Amounts in SEK M unless otherwise stated	Continuing operations				Continuing and discontinued operations		
	2019	2018	2017	2016	2016	2015	2014
Order situation							
Order intake	26,832	24,347	23,228	22,603	30,142	30,431	26,817
Net sales	26,559	24,172	22,495	22,170	29,756	30,235	26,669
of which, overseas sales, %	98.0	97.7	97.5	97.7	98.2	98.0	98.1
EBITDA	4,595	1,524	3,459	3,454	4,990	5,187	4,765
Adjusted EBITA	3,310	2,689	2,842	3,275	4,341	4,179	4,501
Operating profit/loss (EBIT)	2,372	-284	1,493	1,506	2,287	2,729	2,646
Net financial items	-463	-340	-560	-527	-637	-732	-659
Profit/loss after financial items	1,909	-624	933	979	1,650	1,997	1,987
Taxes	-653	-315	184	-256	-437	-540	-539
Net profit/loss for the year	1,256	-939	1,117	723	1,213	1,457	1,448
Margin measures							
EBITDA margin, %	17.3	6.3	15.4	15.6	16.8	17.1	17.9
Adjusted EBITA margin, %	12.5	11.1	13.8	14.8	14.6	13.8	16.9
Operating margin (EBIT), %	8.9	-1.2	6.6	6.8	7.7	9.0	9.9
Personnel							
Number of employees, December 31	10,538	10,515	10,684	9,959	15,582	15,424	15,747

Amounts in SEK M unless otherwise stated	2019	2018	Continuing and discontinued operations			
			2017	2016	2015	2014
Balance sheet						
Intangible assets	24,283	24,098	23,045	32,004	30,543	30,064
Tangible assets	3,146	3,160	2,911	4,313	4,699	4,971
Right-of-use assets	941	-	-	-	-	-
Financial assets	1,849	1,946	1,586	1,329	1,374	1,410
Inventories	4,691	4,544	4,879	5,431	5,409	5,245
Other receivables	8,549	8,331	8,155	10,454	9,742	9,646
Cash and cash equivalents	1,254	1,273	1,526	1,680	1,468	1,482
Total assets	44,713	43,352	42,102	55,211	53,235	52,818
Equity	20,973	19,655	19,806	20,916	19,593	18,694
Provisions for pensions, interest-bearing	3,555	3,035	3,081	3,368	3,052	3,271
Leasing liabilities	908	-	-	-	-	-
Other interest-bearing liabilities	9,112	10,829	11,237	21,701	21,283	20,752
Other provisions	3,588	3,771	2,202	1,856	2,243	2,578
Other non-interest-bearing liabilities	6,577	6,062	5,776	7,370	7,064	7,523
Total equity and liabilities	44,713	43,352	42,102	55,211	53,235	52,818
Net debt, including pension liabilities ¹⁾	12,321	12,591	12,792	23,389	22,867	22,541
Net debt, excluding pension liabilities ¹⁾	8,766	9,556	9,711	20,021	19,815	19,270
Cash flow						
Cash flow from operating activities	3,832	2,503	2,763	3,671	3,458	3,473
Cash flow per share, SEK	14.1	9.2	11.0	15.2	14.3	14.4
Net investments in non-current assets	-1,111	1,335	1,633	1,585	2,054	1,839
Return indicators						
Return on operating capital, %	8.3	6.7	7.3	8.3	8.2	10.1
Return on equity, %	6.2	-4.7	6.6	6.0	7.6	8.2
Financial indicators						
Equity/assets ratio, %	46.9	45.3	47.0	37.9	36.8	35.4
Net debt/equity ratio, multiple	0.59	0.64	0.65	1.12	1.17	1.21
Operating capital, average	33,735	32,868	42,045	43,383	41,848	38,057
Equity, December 31	20,973	19,655	19,806	20,916	19,593	18,694
Data per share, amounts in SEK unless otherwise stated						
Earnings per share	4.48	-3.55	5.49	4.91	5.75	5.93
Market price, December 31 ²⁾	174.00	79.90	119.00	146.10	222.50	177.80
Dividend ³⁾	1.50 ⁴⁾	1.00	1.50	2.00	2.80	2.80
Dividend yield ²⁾ , %	0.86	1.25	1.26	1.37	1.26	1.57
Price/earnings ratio ²⁾	38.84	E/T	21.68	29.73	38.70	30.00
Dividend as profit percentage, %	33.48	E/T	27.33	40.70	48.70	47.24
Equity per share	77.00	72.16	72.72	86.51	81.03	77.31
Average number of shares (million) ⁵⁾	272.4	272.4	250.7	241.8	241.8	241.8
Number of shares, December 31 (million) ⁵⁾	272.4	272.4	272.4	241.8	241.8	241.8

1) From 2019, leasing liabilities is included in the term net debt

2) Information for 2014–2016 has not been adjusted for rights issue and distribution of Arjo

3) Information for 2014–2016 has not been adjusted for the rights issue in 2017

4) Dividend proposed by the Board of Directors

5) Adjusted for bonus issue effect of the rights issue

Multi-year overview 2017–2019: Business areas

ACUTE CARE THERAPIES, SEK M	2019	2018	2017
Order intake	14,778	13,069	12,383
Net sales	14,637	13,013	12,201
Adjusted gross profit	8,660	7,627	7,403
<i>Margin, %</i>	59.2	58.6	60.7
Adjusted EBITDA	4,026	3,259	3,174
<i>Margin, %</i>	27.5	25.0	26.0
Depreciation, amortization and write-downs of tangible and intangible assets	-916	-726	-674
Adjusted EBITA	3,110	2,533	2,500
<i>Margin, %</i>	21.2	19.5	20.5
LIFE SCIENCE, SEK M	2019	2018	2017
Order intake	2,640	2,295	2,011
Net sales	2,487	2,194	1,947
Adjusted gross profit	962	815	790
<i>Margin, %</i>	38.7	37.1	40.6
Adjusted EBITDA	432	348	435
<i>Margin, %</i>	17.4	15.9	22.3
Depreciation, amortization and write-downs of tangible and intangible assets	-109	-71	-66
Adjusted EBITA	323	277	369
<i>Margin, %</i>	13.0	12.6	19.0
SURGICAL WORKFLOWS, SEK M	2019	2018	2017
Order intake	9,414	8,983	8,834
Net sales	9,435	8,965	8,347
Adjusted gross profit	3,779	3,501	3,459
<i>Margin, %</i>	40.1	39.1	41.4
Adjusted EBITDA	863	567	878
<i>Margin, %</i>	9.1	6.3	10.5
Depreciation, amortization and write-downs of tangible and intangible assets	-641	-425	-433
Adjusted EBITA	222	142	445
<i>Margin, %</i>	2.4	1.6	5.3

The Group's 20 largest markets

	2019			2018			2017		
	SEK M	%	#	SEK M	%	#	SEK M	%	#
USA	9,315	35.1%	1	8,225	34.0%	1	7,879	35.0%	1
China	1,854	7.0%	2	1,499	6.2%	3	1,247	5.5%	3
Germany	1,783	6.7%	3	1,569	6.5%	2	1,511	6.7%	2
Japan	1,478	5.6%	4	1,282	5.3%	4	1,189	5.3%	4
France	1,228	4.6%	5	1,167	4.8%	5	1,040	4.6%	5
UK	880	3.3%	6	813	3.4%	6	865	3.8%	6
Italy	727	2.7%	7	685	2.8%	8	623	2.8%	8
Australia	660	2.5%	8	686	2.8%	7	663	2.9%	7
India	531	2.0%	9	545	2.3%	10	485	2.2%	10
Sweden	524	2.0%	10	554	2.3%	9	556	2.5%	9
Canada	516	1.9%	11	472	2.0%	11	441	2.0%	11
Spain	453	1.7%	12	429	1.8%	12	386	1.7%	12
Belgium	416	1.6%	13	345	1.4%	15	293	1.3%	15
Netherlands	411	1.5%	14	371	1.5%	14	317	1.4%	13
Brazil	343	1.3%	15	379	1.6%	13	300	1.3%	14
Korea	288	1.1%	16	213	0.9%	23	162	0.7%	25
Switzerland	286	1.1%	17	287	1.2%	18	241	1.1%	18
Thailand	283	1.1%	18	273	1.1%	20	187	0.8%	21
Turkey	269	1.0%	19	277	1.1%	19	284	1.3%	16
Saudi Arabia	261	1.0%	20	301	1.2%	17	277	1.2%	17

The ten largest markets by business area

ACUTE CARE THERAPIES	2019			2018			2017		
	SEK M	%	#	SEK M	%	#	SEK M	%	#
USA	6,567	44.9%	1	5,705	43.8%	1	5,598	45.9%	1
China	1,090	7.4%	2	843	6.5%	2	628	5.1%	3
Germany	830	5.7%	3	764	5.9%	3	722	5.9%	2
Japan	745	5.1%	4	667	5.1%	4	596	4.9%	4
Italy	441	3.0%	5	392	3.0%	6	339	2.8%	6
France	436	3.0%	6	411	3.2%	5	366	3.0%	5
India	389	2.7%	7	353	2.7%	7	308	2.5%	7
UK	315	2.2%	8	284	2.2%	8	258	2.1%	10
Canada	307	2.1%	9	280	2.2%	9	271	2.2%	9
Spain	278	1.9%	10	259	2.0%	11	243	2.0%	11

LIFESCIENCE	2019			2018			2017		
	SEK M	%	#	SEK M	%	#	SEK M	%	#
USA	818	32.9%	1	752	34.3%	1	684	35.1%	1
France	389	15.7%	2	325	14.8%	2	270	13.9%	2
Germany	218	8.8%	3	109	4.9%	5	108	5.6%	4
UK	150	6.0%	4	126	5.8%	4	139	7.1%	3
China	135	5.4%	5	154	7.0%	3	88	4.5%	5
Belgium	106	4.3%	6	71	3.2%	6	60	3.1%	6
Japan	89	3.6%	7	71	3.2%	7	57	2.9%	8
Ireland	65	2.6%	8	57	2.6%	10	30	1.5%	16
Switzerland	52	2.1%	9	60	2.8%	9	33	1.7%	12
Italy	51	2.0%	10	31	1.4%	13	18	0.9%	19

SURGICAL WORKFLOWS	2019			2018			2017		
	SEK M	%	#	SEK M	%	#	SEK M	%	#
USA	1,930	20.5%	1	1,767	19.7%	1	1,597	19.1%	1
Germany	734	7.8%	2	696	7.8%	2	681	8.2%	2
Japan	644	6.8%	3	544	6.1%	3	536	6.4%	3
China	629	6.7%	4	502	5.6%	4	531	6.4%	4
UK	415	4.4%	5	402	4.5%	6	468	5.6%	5
France	403	4.3%	6	431	4.8%	5	404	4.8%	6
Australia	379	4.0%	7	371	4.1%	7	346	4.1%	7
Sweden	369	3.9%	8	350	3.9%	8	342	4.1%	8
Italy	235	2.5%	9	262	2.9%	9	266	3.2%	9
Belgium	192	2.0%	10	161	1.8%	15	134	1.6%	14

Acquisition history

Year	Company	Business	Country	Sales
2017	Carus HMS GmbH	Integrated workflow solutions	DE	SEK 20 M
2017	Simm Company and Surgeon Aids	Distributor	TH	SEK 75 M
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	Olmed 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 Medicia	Consumables for open-heart surgery	BR	SEK 25 M
2006	OTY 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	Lunatronics 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	Kemiterm	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	-

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 alternative performance measures recognized are not calculated

in accordance with IFRS but are provided since Getinge believes that they are important to investors' assessments of the Group and the Getinge share, and that these performance measures are widely used by investors, securities analysts and other stakeholders as supplementary measures of the earnings trend and financial position. Getinge's performance measures that are not defined in accordance with IFRS are not necessarily comparable with similar measures presented by other companies and have certain limitations as analysis tools.

THE GROUP'S PRIMARY PERFORMANCE MEASURES	2019	2018
Adjusted gross profit, SEK M		
Gross profit	12,455	11,053
<i>Add-back of:</i>		
Depreciation, amortization and write-downs of tangible and non-acquired intangible assets	946	799
Other items affecting comparability	–	102
Adjustment for write-downs included in other items affecting comparability	–	-11
Adjusted gross profit	13,401	11,943
Adjusted EBITDA, SEK M	2019	2018
Operating profit/loss (EBIT)	2,372	-284
<i>Add-back of:</i>		
Depreciation, amortization and write-downs of tangible and non-acquired intangible assets	1,726	1,238
Amortization and write-down of acquired intangible assets	497	570
Other items affecting comparability	117	2,500
Acquisition and restructuring costs	324	0
Adjustment for write-downs included in other items affecting comparability and restructuring costs	-50	-108
Adjusted EBITDA	4,986	3,916
EBITA, SEK M	2019	2018
Operating profit/loss (EBIT)	2,372	-284
<i>Add-back of:</i>		
Amortization and write-down of acquired intangible assets	497	570
EBITA	2,869	286
Adjusted EBITA, SEK M	2019	2018
Operating profit/loss (EBIT)	2,372	-284
<i>Add-back of:</i>		
Amortization and write-down of acquired intangible assets	497	570
Other items affecting comparability	117	2,500
Acquisition and restructuring costs	324	0
Adjustment for write-downs of acquired intangible assets included in other items affecting comparability and restructuring costs	–	-97
Adjusted EBITA	3,310	2,689
Adjusted EBIT, SEK M	2019	2018
Operating profit/loss (EBIT)	2,372	-284
<i>Add-back of:</i>		
Other items affecting comparability	117	2,500
Acquisition and restructuring costs	324	0
Adjusted EBIT	2,813	2,216
Net debt/equity ratio, multiple	2019	2018
Net interest-bearing debt, SEK M	12,321	12,591
Equity, SEK M	20,973	19,655
Net debt/equity ratio¹⁾	0.59	0.64

1) Net interest-bearing debt in relation to equity

Group companies

Head Office

Getinge AB

Lindholmospiren 7A
SE-417 56 Gothenburg
Tel: +46 10 335 0000
President: Mattias Perjos

Australia

Getinge Australia Pty Ltd

Level 2, 4 Talavera Road,
Macquarie Park NSW AU-2113
Tel: +61 1800 438 464
President: Jaylea Strauch

Austria

Getinge Österreich GmbH

Lemböckgasse 49
AT-1230 Vienna
Tel: +43 1 8651 4870
President: Josef Hinterberger

Belgium

Getinge Belgium NV

Alfons Gossetlaan 17
BE-1702, Groot Bijgaarden
Tel: +32 24 67 8585
President: Bettina Quaedvlieg

Brazil

Getinge do Brasil

Equipamentos Medicos Ltda
Aviada Manuel Bandeira, 291,
Bloco B - Conj. 33 e 34
Vila Leopoldina
BR-05317-020, São Paulo
Tel: +55 11 2608 7400
President: Marcio Mazon

Canada

Getinge Canada Ltd

90 Matheson Blvd. West – suite 300
Mississauga, Ontario L5R 3R3
Tel: +1 905 629 8777
President: Therese Mueller

China

Getinge (Shanghai) Trading Co. Ltd.

No.3, Lane 128, Lin Hong Road,
Changning District
CN-200 335 Shanghai
Tel: +86 21 61973999
President: Florian Mond

Maquet (Shanghai) Medical Equipment Co. Ltd.

No.3, Lane 128, Lin Hong Road,
Changning District
CN-200 335 Shanghai
Tel: +86 21 61973999
President: Takehiro Umoto

Maquet (Suzhou) Co. Ltd.

No. 158, Fang Zhou Road
CN-215024 Suzhou
Tel: +86 512 6283 9880
President: Shukun Liu

Suzhou MAQUET Medical Engineering Co. Ltd

No. 158, Fangzhou Road
CN-215024 Suzhou
Tel: +86 512 6283 8861
President: Takehiro Umoto

Colombia

Maquet Colombia S.A.S.

Carrera 16 No. 95-70 Of. 701
Bogotá, D.C.
Tel: +57 1 7438124
President: Marcio Mazon

Costa Rica

Getinge Shared Services Costa Rica SA

Avenida Escazú Edificio 101B Piso #5
Escazu, San José 10203
Tel: +506 4100 5523
President: Niclas Sjöswärd

Czech Republic

Getinge Czech Republic, s.r.o

Na Strži 1702/65
CZ 140 00 Prague 4
Tel: +420 261 142 520
President: Jiri Lacina

Denmark

Getinge Cetrea A/S

Brendstrupgaardsvvej 21F
DK-8200 Aarhus
Tel: +45 38 400 570
President: Charlotte Enlund

Getinge Danmark A/S

Industriparken 44B
DK-2750 Ballerup
Tel: +45 459 32 727
President: Magnus Back

Getinge IT Solutions ApS

Amaliegade 4.1
DK-1256 Copenhagen
Tel: +45 33 33 88 55
President: Charlotte Enlund

Finland

Getinge Finland Oy

Rietomtevägen 7 C
FI-02200 Espoo
Tel: +358 96 82 41 20
President: Magnus Back

Maquet Finland OY

Rietomtevägen 7 C
FI-02200 Espoo
Tel: +358 96 82 41 250
President: Magnus Back

France

Getinge France SAS

7 avenue du Canada CS20049
FR-91942 Courtaboeuf Les Ulis
Tel: +33 164 868 900
President: Bernard Derock

Getinge Infection Control SAS

30 Boulevard de l'industrie
FR-31170 Tournefeuille
Tel: +33 561 151 111
President: Bernard Derock

Getinge La Calhène SAS

1 Rue du Comte de Donegal
FR-41100 Vendome
Tel: +33 254 734 747
President: Boris Leonard

Getinge Lancer SAS

30 Boulevard de l'Industrie
FR-31170 Tournefeuille
Tel: +33 561 151 111
President: Julien Albouy-Meyer

Intervascular SAS

Z.I. Athelia 1
FR-13 600, La Ciotat
Tel: +33 442 084 646
President: Jocelyn Lebrun

Maquet SAS

Parc de Limere Avenue de la Pomme de Pin
CS 10008 Ardon
FR-45074 Orleans
Tel: +33 238 258 888
President: Gregory Pinaton

Germany

Getinge IT Solutions GmbH

Südportal 5
DE-22848 Norderstedt
Tel: +49 40. 514 35 0
President: Dr. Matthias Rath

Getinge Hospital Solution GmbH

Kehler Strasse 31
DE-76437 Rastatt
Tel: +49 7222 932 0
President: Dr. Björn Werner

Maquet Cardiopulmonary GmbH

Kehler Strasse 31
DE-76437 Rastatt
Tel: +49 7222 932 0
President: Lena Hagman
& Markus Medart

Maquet GmbH

Kehler Strasse 31
DE-76437 Rastatt
Tel: +49 7222 932 0
President: Dr. Dieter Engel
& Stéphane Le Roy

Maquet Holding B.V. & Co KG

Kehler Strasse 31
DE-76437 Rastatt
Tel: +49 7222 932 0
President: Matthias Gelsok

Getinge Deutschland GmbH

Kehler Strasse 31
DE-76437 Rastatt
Tel: +49 7222 932 0
President: Josef Hinterberger

Getinge Financial Services GmbH

Kehler Strasse 31
DE-76437 Rastatt
Tel: +49 7222 932 0
President: Peter Hjalmarson
& Sebastien Blanche

MediKomp GmbH

Kehler Strasse 31
DE-76437 Rastatt
Tel: +49 7222 932 0
President: Özgür Yildiz & Markus Medart

Pulsion Medical Systems SE

Hans-Riedl-Strasse 21
DE-85622, Feldkirchen,
Tel: +49 894 599 140
President: Stephan Haft
& Dr. Sergej Kammerzell

Hong Kong

Getinge Group Hong Kong Ltd

26/F, Port 33
33 Tseuk Luk Street
San Po Kong Kowloon
Tel: +852 2207 6111
President: CM Leung

India

Getinge Medical India Pvt Ltd

203-204, Fulcrum "B" Wing, 2nd Floor,
Airport Road, Andheri East
IN-400 099, Mumbai
Tel: +91 22 6233 2100
President: Dr. Gurmukh Advani

Ireland

Getinge Treasury Ireland DAC

International House Harbourmaster Place,
IFSC, Dublin 1
Tel: +353 863805182
President: Peter Hjalmarson

Getinge Ireland Ltd

B6 Calmount Business Park, Ballymount,
Dublin 12
Tel: +44 (0) 191 5196200
President: Avril Forde

Italy

Getinge Italia S.r.l.

Via Gozzano 14
20092 Cinisello Balsamo (MI)
Tel: +39 026 111 35200
President: Roberto Chareun

Japan

Getinge Group Japan K.K.

Sphere Tower Tennoz 23F
2-2-8 Higashi-shinagawa, Shinagawa-ku
JP-140-0002, Tokyo
Tel: +81 3 5463 8310
President: Hideaki Yamashita

Korea

Maquet Medical Korea Co., Ltd.

13F KeumKang Building, 304,
Bongeunsa-ro, Gangnam-gu
06143, Seoul
Tel: +82 2567 1240
President: Hyun Dong Kim

Getinge Korea Co. Ltd.

13F KeumKang Building, 304,
Bongeunsa-ro, Gangnam-gu
06143, Seoul
Tel: +82 255 822 71
President: Hyun Dong Kim

Mexico

Maquet Mexicana, S. de R.L. de C.V.

Montecito 38, piso 10, oficina 33, Col.
Napoles
03810 Mexico; D.F.
Tel: +52 55 9000 8970
President: Paul Barber

Netherlands**Getinge Netherlands B.V.**

Oscar Romerolaan 3
NL-1216, TJ Hilversum,
Tel: +31 (0) 344 809 900
President: Bettina Quaadvlieg

Norway**Getinge Norge AS**

Strandveien 13,
NO-1366, Lysaker
Tel: +47 2303 5200
President: Magnus Back

Poland**Getinge IC Production Poland SP. z.o.o.**

ul. Szkolna 30
PL-62-064 Plewiska
Tel: +48 61 630 9900
President: Jakub Cegiela

Getinge Poland Sp. z.o.o.

ul. Osmańska 14
PL-02-823 Warsaw
Tel: +48 22 882 06 26
President: Joanna Miros-Gorecka

Getinge Shared Services Sp. z.o.o.

Klimeckiego 1
PL-30-705 Krakow
Tel: +48 12 385 42 22
President: Agnieszka Obuchowska

Portugal**Getinge Group Portugal Unipessoal Lda**

Rua Poeta Bocage, 2-2G,
PT-1600-233, Lisbon
Tel: +351 214 189 815
President: Manuel Moreno

Russia**Maquet LLC**

Stanislavskogo street 21, Building 3
RU-109004, Moscow
Tel: +7 495 514 0055
President: Anna Mednikova

Serbia**Getinge Group South East Europe Ltd.**

Spaniskih Boraca 3,
11070, Belgrade,
Tel: +381 11 785 63 70
President: Jiri Lacina

Singapore**Getinge Singapore Pte. Ltd**

20 Bendemeer Road BS Bendemeer Centre
#06-04
339914 Singapore
Tel: +65 6 396 7298
President: Teodor Johansson

Getinge South East Asia Pte. Ltd

20 Bendemeer Road BS Bendemeer Centre
#06-01/02
339914 Singapore
Tel: +65 6 296 1992
President: Teodor Johansson

Slovakia**Maquet Slovakia s.r.o.**

Pribinova 25
SK-811 09, Bratislava
Tel: +42 1 2335 59150
President: Jiri Lacina

South Africa**Maquet Southern Africa (Pty) Ltd.**

4 Bridle Close, Woodmead Office Park,
Van Reenen Avenue
Woodmead, Sandton
President: Karen Botma

Spain**Getinge Group Spain S.L.**

C/Marie Curie 5, Edificio Alfa Planta 6
ES-28521 Rivas Vacia Madrid
Tel: +34 91 678 1652
President: Manuel Moreno

Sweden**Getinge AB**

Lindholmspiren 7A
SE-417 56 Gothenburg
Tel: +46 10 335 0000
President: Mattias Perjos

Getinge Disinfection AB

Ljungadalsgatan 11
SE-352 46 Växjö
Tel: +46 10 335 9800
President: Leif Persson

Getinge Infection Control AB

Ekebergsvägen 26
SE-305 75, Getinge
Tel: +46 10 335 0000
President: Christian Lambrant

Getinge Sterilization AB

Ekebergsvägen 26
SE-305 75, Getinge
Tel: +46 10 335 0000
President: Anna Eklöf-Persson

Getinge Sverige AB

Ekebergsvägen 26
SE-305 75, Getinge
Tel: +46 10 335 0000
President: Magnus Back

Getinge Treasury AB

Lindholmspiren 7A
SE-417 56 Gothenburg
Tel: +46 10 335 0000
President: Peter Hjalmarson

Maquet Critical Care AB

Box 6108
SE-171 06, Solna,
Röntgenvägen 2
SE-171 54, Solna,
Tel: +46 10 335 7300
President: Elin Frostehav

Switzerland

Getinge Schweiz AG

Quellenstrasse 41b
CH-4310 Rheinfelden
Tel: +41 (0)61 836 47 70
President: Josef Hinterberger

Taiwan

Getinge Group Taiwan Co. Ltd.

Rm. 08, 6F., No. 288, Sec. 6, Civic Blvd.
Xinyi Dist. 110 Taipei City
Tel: +886 2 81616588
President: Jeff Kuo

Thailand

Getinge Thailand

5 soi 4 Krungthep Kreetha Road Huamark
Bangkapi
TH-10240, Bangkok,
Tel: +66 2 704 4388
President: Yaowapa Hatthasakul

Turkey

Getinge Stericool Medikal Aletler Sanayi ve Ticaret Anonim Şirketi

Ahievran 1. OSB Kırımhanlığı Cad. No:6
Sincan
TR-06935 Ankara
Tel: +90 312 387 39 40
President: Mehmet Nuri Ak

Maquet Cardiopulmonary Medikal Teknik San.Tic.Ltd.Şti.

Serbest Bolge R Ada,
108/1,109/1,110/1,111/1 Parseller 1
Cadde Dış Kapı No:8
Adres No: 2419050956
TR-07070 Antalya
Tel: +90 242 249 90 00
President: Murat Calik

Maquet Tibbi Sistemler

San. Ve Tic.Ltd. A.S.

Buyukhanlı Plaza Kucukbakkalkoy
Mahallesi Defne Sokak No:3 Kat.8
34750 Istanbul
Tel: +90 216 444 66 78
President: Vecihe Özek

Trans Medikal Aletler Sanayi ve Tic A.Ş

Ahievran 1. OSB Kırımhanlığı Cad. No:6
Sincan
TR-06935 Ankara
Tel: +90 312 385 77 20
President: Mehmet Nuri Ak

United Arab Emirates

Getinge Group Middle East FZ-LLC

G05 Laboratory Building
Dubai Science Park
Box 214742 Dubai,
Tel: +971 4 447 0963
President: Salah Malek

UK

Getinge IT Solutions Ltd

Unit 5 Bowling Hill Business Park,
Chipping Sodbury
BS37 6JL, Bristol
Tel: +44 (0) 1454 318373
President: Charlotte Enlund

Getinge UK Ltd

i2 Oakham Business Park, Hamilton Way
NG18 5FB Mansfield Nottingham
Tel: +44 (0) 1773 814730
President: Avril Forde

Maquet Ltd

14-15 Burford Way, Boldon Business Park
NE35 9PZ Sunderland
Tel: +44 191 519 6200
President: Avril Forde

USA

Atrium Medical Corporation

40 Continental Boulevard
Merrimack, NH 03054
Tel: +1 603 880 1433
President: Chad Carlton

Datascope Corp.

15 Law Drive
Fairfield, NJ 07004
Tel: +1 800 777 4222
President: Jennifer Paradise

Getinge Group Logistics Americas LLC

45 Barbour Pond Drive
Wayne, NJ 07470
Tel: +1 973 709 7000
President: Frank Kuzar

Getinge USA Sales, LLC

1777 East Henrietta Road
Rochester, NY 14623-3133
Tel: +1 585 475 1400
President: Eric Honroth

Lancer Sales USA Inc

1150 Emma Oaks Trail 140
Lake Mary, FL 32746
Tel: +1 407 327 8488
President: Sean Herdlein

Maquet Cardiovascular LLC

45 Barbour Pond Drive
Wayne, NJ 07470
Tel: +1 973 709 7000
President: Stephanie Trizinski

SteriTec Products Mfg. Co., Inc

74 Inverness Drive East
Englewood, CO 80112
Tel: +1 303 660 4201
President: Philip Hendricks

Definitions

Financial terms

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

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

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

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

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

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

Cash flow per share. Cash flow from operating activities divided by the average number of shares.

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

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

EBIT. Operating profit (EBIT).

EBITA. Operating profit (EBIT) with add-back of amortization and write-down of intangible assets identified in conjunction with corporate acquisitions.

EBITDA. Operating profit (EBIT) with add-back of amortization, depreciation and write-downs.

EBITDA margin. EBITDA in relation to net sales.

EBITA margin. EBITA in relation to net sales.

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

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

Gross margin. Gross profit in relation to net sales.

Interest-coverage ratio. Adjusted EBITDA in relation to net interest.

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

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

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

P/E ratio. Share price (final price) in relation to earnings per share.

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

Return on equity. Profit after tax in relation to average equity.

Return on operating capital. Adjusted EBIT in relation to operating capital.

Medical terms

Anesthesia. Narcosis.

Asepsis. The prevention of disease-causing microorganisms, for example through disinfection or sterilization.

Cardiopulmonary. Pertaining or belonging to both heart and lung.

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

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.

Extubation. The removal of a tube from an organ.

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

Hybrid OR. Hybrid operating rooms, meaning that the patient can be diagnosed and operated in the same room, thus enhancing patient safety and efficiency. A hybrid OR integrates the operating table with radiology/MRI equipment.

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.

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.

Sterilizer. A type of pressure-cooker for sterilization.

Stent. A tube for endovascular widening of blood vessels.

Transpulmonary Pressure. The difference between the pressure of the respired gas at the mouth and the pleural pressure around the lungs. It varies with the breathing phase and is an expression of the elastic power of the lungs, which prevents them from collapsing during inhalation.

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

Ventilator. A respirator to maintain a patient's ability to breathe.

Geographic areas

Americas. North, South and Central America.

APAC. Asia and Pacific.

EMEA. Europe, Middle East and Africa.

Annual General Meeting and Nomination Committee

Annual General Meeting

The Annual General Meeting will be held on April 22, 2020, at: 11:00 a.m. in Kongresshallen at Hotel Tylösand, Halmstad, Sweden.

Registration

Shareholders wishing to participate at the Annual General Meeting should:

- Be registered in the shareholders' register kept by Euroclear, not later than April 16, 2020
- Inform the company of their intention to participate not later than April 16, 2019

Shareholders may register in the following ways:

- Getinge's website: www.getinge.com
- By conventional mail to: Getinge AB (publ) "AGM" c/o Euroclear Sweden Box 191, SE-101 23 Stockholm, Sweden
- By telephone: +46 (0) 10 335 08 18

Nominee-registered shares

Shareholders whose shares are registered in the name of a nominee through a bank or other nominee must be entered in the shareholders' register maintained by Euroclear Sweden AB not later than April 16, 2020 in order to be entitled to participate at the AGM. Shareholders must inform the nominees well in advance of this date.

Shareholders represented by proxy must submit a power of attorney to the company prior to the meeting. A power of attorney form can be downloaded at www.getinge.com. 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's interim reports for the third and fourth quarter of 2019 contained instructions for shareholders on how to proceed to submit proposals to Getinge's Nomination Committee and how to propose motions to be addressed at the Annual General Meeting.

Dividend

The Board of Directors and CEO propose that a dividend of SEK 1.50 (1.00) per share, a combined total of SEK 409 M (272), be paid for 2019.

The proposed record date is April 24, 2020. Euroclear is expected to distribute the dividend to shareholders on April 29, 2020.

Financial information

Updated information on, for example, the Getinge share and corporate governance is available on Getinge's website www.getinge.com.

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

A printed copy of the Annual Report can also be ordered at www.getinge.com.

Financial information

Preliminary dates for financial information are as follows:

- April 22, 2020: Interim report January–March 2020
- April 22, 2020: Annual General Meeting
- July 16, 2020: Interim report, January–June 2020
- October 16, 2020: Interim report January–September 2020
- January 28, 2021: Year-end report 2020
- March 2021: 2020 Annual Report

Reading guide and distribution policy

Reading guide

- The Getinge group is referred to as Getinge in the Annual Report.
- Figures in parentheses pertain to operations in 2018, 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's assessment based on both external information and material compiled internally.

Distribution policy

The Annual Report is available for download at www.getinge.com. A printed version of the report can also be ordered from the website. The decision not to automatically send a printed version to the company's shareholders is based on the ambition to reduce Getinge's negative impact on the environment.

Contact

Getinge AB (publ)
Lindholmspiren 7A
P.O. Box 8861
SE-402 72, Gothenburg
Sweden

Tel: +46 (0)10 335 00 00
E-mail: info@getinge.com
www.getinge.com

Production: Narva
Print: Elanders





Getinge AB
Lindholmspiren 7A
P.O. Box 8861
SE-402 72, Gothenburg
Sweden

Tel: +46 (0)10 335 0000
E-mail: info@getinge.com
www.getinge.com