

Gambro makes provision for laboratory tests receivables in the US

Stockholm, Sweden, June 28, 2001 - Gambro AB (OM Stockholm Exchange: GAMBaST, GAMBbST), a leading international medical technology and healthcare company, today announced that it has decided to make a provision of USD 85 M for unbilled receivables for laboratory services in the US. In July 2000 Gambro reached a settlement of a government investigation for laboratory tests performed through May 31, 1998. Since July 2000, Gambro has invested significant efforts to understand the appropriate requirements on the information system and personnel resources needed to ensure accurate billing. During this time, Gambro engaged in extensive analysis of the various levels of documentation and the differences in interpretations of regulatory guidance. In addition, during this period, Gambro Healthcare designed a new order entry system (NOE) and a set of manual and computer procedures to ensure that billings to Medicare for laboratory tests meet the most stringent interpretations. The implementation of the NOE will be completed during 2001. Following the recent extensive analysis of the unbilled receivables and given the commitment to apply the most rigorous interpretation of documentation standards, management has now concluded that Gambro may be unable to bill for laboratory tests performed prior to the implementation of the NOE and has taken the conservative position to provide for all unbilled amounts. Unbilled accounts receivables generated prior to the NOE, that meet the most stringent interpretation of documentation, will be billed.

The provision of USD 85 M includes USD 9 M attributable to the recent analysis of the extensive documentation and USD 76 M of unbilled receivables for laboratory services that consists of USD 66.3 M attributable to Medicare with the balance being receivables from other payors, including certain state Medicaid programs. The receivables relate to tests performed during the period October 1998 through March 31, 2001. The provision for unbilled receivables of USD 76 M will not have any cash flow effect. The provision will be reflected in the second quarter of 2001 with an estimated effect on net income of USD -48.3 M or USD 0.14 (SEK 1.5) per share.



PRESS RELEASE

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Effective April 1, 2001, Gambro is changing its revenue recognition policy so that it will only record tests that have been billed, rather than recording revenue when tests have been performed. This means that revenues will be recorded at lower levels than before. With the new policy applied, revenues for the first quarter 2001 would have been about USD 12 M lower for the business area Gambro Healthcare and the corresponding operating (EBITDA) margin would have been about 2.8 percentage points lower. Gambro believes it will see reduced levels of revenues and margin from the laboratory operations until the end of 2002 compared to historical performance. However, improved performance is expected from third quarter 2001 and onwards.

Gambro continues to be committed to the providing of the highest level of patient care and ensuring that lab tests to support physician decisions are available as required by the physicians.

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Gambro is a global medical technology and healthcare company with leading positions in renal care - services and products - and blood component technology. Gambro Healthcare is one of the leading providers of kidney dialysis services in the world with about 49,000 patients in 650 clinics worldwide. Gambro Renal Products comprises dialyzers, dialysis machines, blood lines and dialysis concentrates. Gambro BCT includes products for the separation and handling of blood components. The group, with revenue of approximately SEK 22 billion (USD 2.4 billion), has approximately 18,500 employees in some 40 countries.

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