

Gambro launches restructuring of Renal Care Products business

Stockholm, Sweden - Gambro AB (Stockholm Stock Exchange: GAMBaST, GAMBbST), a leading international healthcare company, today announced a global, two year restructuring and efficiency improvement program for its Renal Care Products business. Its objectives are to reinforce Gambro's commitment to quality renal care, secure continued good growth, improve profitability and to restore group operating (EBITDA) margins which, at the close of the period, should reach 20 percent.

The restructuring program follows the completion of an extensive internal review started in autumn of 1998. The program's key elements are

- A further expansion of Gambro's strong global market position by leveraging on existing successful brands - Gambro and Hospal. For renal care products the brand name COBE will be discontinued.
- A strengthened and focused sales, service and marketing organization supported by streamlined administrative functions.
- A significant reduction of the product line to eliminate duplications and the simultaneous creation of modular and platform-based product families which will improve efficiency and flexibility in production.
- The creation of a more streamlined and effective manufacturing and logistics structure including
 - an acceleration of the manufacturing restructuring and concentration including site consolidation.
 - a further reduction of warehouses and a concentration on a few logistics centers.



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The restructuring and efficiency improvement program, which predominantly includes the Renal Care Products business, will involve a reduction of more than 1,000 employees. The program is expected to involve costs of approximately SEK 1,100 M which will entirely be charged as a provision against operating income for the fourth quarter 1998. The measures have had no impact on 1998 results.

A clear organization has been established covering two business areas in renal care: Renal Care Services (Gambro Healthcare) including renal care services worldwide under the responsibility of Mats Wahlström, Executive Vice President, and Renal Care Products including renal care products worldwide under the responsibility of Sören Mellstig, Executive Vice President.

"The restructuring is a necessary step to increase the operational efficiency of Gambro and to underwrite our commitment to quality renal care worldwide" says Mikael Lilius, President and CEO. "We are confident that this process will increase Gambro's competitive position both in terms of product offering and production."

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Gambro is a global healthcare company with leading positions in renal care - services and products – and blood component technology (BCT). Gambro is the second largest provider of kidney dialysis services in the world. Gambro treats about 40,000 patients in 460 clinics worldwide. Renal care products comprise dialyzers, dialysis machines, blood lines and dialysis fluid. BCT includes products for the separation and handling of blood components. The Group, with revenue of approximately SEK 18 billion (USD 2.3 billion) has 17,000 employees in some 40 countries.

The Renal Care Products business area had sales (1997) of about SEK 7.4 billion (USD 900 million) with direct sales operations in 29 countries. The total number of employees is about 6,000.