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Gambro initiates manufacturing consolidation and relocation

Stockholm, Sweden - Gambro AB (Stockholm Stock Exchange: GAMBaST, GAMBbST), a leading international healthcare company, today announced the transfer of Gambro Renal Care Products manufacturing operations located in Lakewood, Colorado and Newport News, Virginia to other Gambro manufacturing sites in Europe and Mexico. A total of approximately 450 employees will be affected, 250 at the Lakewood site and 200 at Newport News. In addition, a manufacturing unit in Oklahoma City, Oklahoma with about 30 employees will be divested or closed during the first half of 1999.

Gambro's COBE BCT operation in Lakewood is not affected by this decision. Gambro Renal Care Products plants in DeLand, Florida and Tijuana, Mexico will also not experience any reductions as a result of the consolidation.

This consolidation of manufacturing is part of the two year restructuring and efficiency improvement program covering the Renal Care Products business which was announced earlier today. Its objectives are to reinforce Gambro's commitment to high quality renal care, secure continued good growth, improve profitability and restore group operating (EBITDA) margins which, at the close of the period, should reach 20 percent.

The consolidation plans announced today include the transfer of development and manufacturing of dialysis machines from Lakewood to Europe. This is to be completed within a two year period. Manufacturing services for bloodlines will, during this year, be transferred from Newport News to bloodline manufacturing units in Tijuana, Mexico; Mirandola, Italy and Meyzieu, France.

"The decision to transfer manufacturing operations is the result of a company wide study of our capabilities to meet the expectations of a global patient population", says Tim Schoenberg, Vice President, Communications, Gambro US. "The decision has been difficult but necessary for the long-term well-being of our company. Both Lakewood and Newport News have long proud histories. Through the renal care products they produce, the employees at these locations have made a difference in both the individual lives of dialysis patients and the transformation of the dialysis products industry. They have made substantial contributions to the success of this company."

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Employees affected by the transfer will be offered separation packages that include severance and retention payments. "The company is committed to provide the best possible services to help employees with their career transition", continued Schoenberg. "Services include on-site career centers at both Lakewood and Newport News and workshops to assist employees with the many issues this change will raise."

"We are a global company in a rapidly changing healthcare industry", says Mikael Lilius, President and CEO of Gambro. "There is a clear need to consolidate our manufacturing operations to improve our competitiveness and our ability to address the diverse needs of a worldwide patient base to receive high quality care."

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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.