

**Year end report 1999:  
Focused on core areas and internal strength**

- Revenues amounted to SEK 19,743 M (18,734). This represented a continued good growth of 12% (for present structure).
- Operating income (EBITDA) increased to SEK 3,761 M (3,294) with a corresponding margin of 19.0% (17.6). This excludes non-recurring items.
- A non-core French hospital divested, capital loss of SEK 135 M.
- Additional SEK 124 M (USD 15 M) provision due to US laboratory billings investigations.
- Fourth quarter included good revenue growth and improved operating margin.
- Continued strong expansion (+15%) in the clinics operations. Renal products kept its strong position in main markets. Blood components operations had a continued positive development and is repositioning into a broad-based player in Blood Bank Technology, including pathogen eradication technology.
- Successful restructuring program and investments in new products, production capacity and marketing lay foundation for future growth.
- EPS: SEK 4.66 (6.70) incl. non-recurring items, excl. ditto: SEK 1.40 (0.45).
- The Board proposes a dividend of SEK 1.10 (1.00) and authority for a share buy-back.

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Gambro's financial information is also available on the Internet: [www.gambro.com](http://www.gambro.com)

*Gambro is a global medical technology and healthcare company with leading positions in renal care - services and products - and blood component technology (BCT). Gambro is one of the leading providers of kidney dialysis services in the world. Gambro treats about 44,200 patients in 580 clinics worldwide. Renal care products comprise dialyzers, dialysis machines, blood lines and dialysis concentrates. BCT includes products for the separation and handling of blood components. The group, with revenue of approximately SEK 20 billion (USD 2.2 billion), has approximately 17,000 employees in some 40 countries.*

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## YEAR END REPORT 1999

Revenues amounted to SEK 19,743 M (18,734). For present structure revenues rose 12% (9% currency adjusted) compared to 1998. Operating earnings before depreciation (EBITDA) amounted to SEK 4,313 M (7,452). This includes non-recurring items of SEK 552 M (4,179). Excluding non-recurring items EBITDA was SEK 3,761 M (3,294) with a corresponding margin of 19.0% (17.6). Operating earnings after depreciation (EBIT) amounted to SEK 2,304 M (5,374) including non-recurring items of SEK 552 M (4,179). Earnings after financial items amounted to SEK 1,893 M (4,991) including non-recurring items. Earnings per share amounted to SEK 4.66 (6.70), of which SEK 3.26 (6.25) was attributable to non-recurring items.

In total Gambro had a continued good growth and improved operating margins. The clinics operation, Gambro Healthcare, continued to expand and took some efficiency enhancing measures. Gambro Renal Products kept the strong position on its main markets including Europe and as planned carried through a substantial part of a major restructuring program. Extensive internal efficiency measures were taken in parallel with considerable investments in new products, markets and production capacity. The blood component technology operations, Gambro BCT, had a good, but somewhat lower growth, and started a major strategic expansion of its business foundation to address larger markets. Gambro BCT also announced promising research findings in the area of pathogen eradication.

After the divestiture of the cardiopulmonary products business, Gambro is focused on core operations with a strong common base - the deep knowledge in handling, separation of components and purification of the blood outside the body. These are areas with good growth and where Gambro has global leading positions.

### Group key ratios

SEK M	1999	1998
Revenues	19,743	18,734
Operating earnings before depreciation (EBITDA)	4,313	7,472
EBITDA margin, %	21.9	39.8
Operating earnings (EBIT)	2,304	5,374
Operating margin, %	11.7	28.7
Cash flow from operations <sup>1)</sup>	2,048	4,213
Earnings after financial items (EBT)	1,893	4,991
Net debt	4,632	2,242
Return on shareholders' equity, % <sup>2)</sup>	8.6	10.7
Return on total assets, %	7.4	14.6
Earnings per share, SEK <sup>2)</sup>	4.66	6.70
Do. excl. non-recurring items	1.40	0.45
Shareholders' equity per share, SEK	57.03	51.79
Solidity (equity/assets ratio), %	59	54

1) Cash flow before acquisitions and taxes

2) After full tax

## **FOCUSED ON CORE AREAS AND INTERNAL STRENGTH**

In May 1999 the Cardiopulmonary Care business area with a turnover of about SEK 1,150 M (USD 140 M) was divested. Also a non-core French hospital, with a turnover of about SEK 300 M, and an immunoadsorption business have been divested.

Gambro is now focused on the core areas for future development - Gambro Healthcare, Gambro Renal Products and Gambro BCT. Early 1999 a more clear-cut and efficient organization was established for the two business areas in renal care - Gambro Healthcare and Gambro Renal Products - which took direct global responsibilities for their operations. During the year major efforts have been taken to further strengthen Gambro as a more coherent company.

## **BUSINESS AREAS**

### **Gambro Healthcare**

Total revenues rose to SEK 10,828 M (9,087), an increase of 19% (15 % currency adjusted). At the close of the period the total number of patients treated worldwide in 588 clinics owned, operated or managed by Gambro was about 44,200. In the US Gambro owns, operates or manages 483 clinics in 31 states and the District of Columbia. The total number of treatments given to patients in clinics consolidated by Gambro was 5,769,000. The corresponding average revenue per treatment (excluding non dialysis clinics) was SEK 1,820, corresponding to USD 220. Treatment volumes rose by 15% during the year.

Gambro Healthcare has continued to show a favorable growth which has been based on good organic growth, establishment of new clinics and acquisitions. The acquisitions have been made on a strategically selective base focusing on clinics with high quality and good locations. In total 34 clinics with 3,344 patients were acquired. In the US 19 clinics with 2,050 patients were acquired. Acquisitions in Europe included clinics in France, Portugal and Spain. An increasingly important part of the growth strategy is the establishment of new clinics. In the US some 30 new clinics have been started during the year.

Gambro Healthcare supports its strategy of being a high quality healthcare provider by key initiatives for improved patient treatment. The use of single-use dialyzers is one key initiative towards high quality care combined with higher efficiency. The number of treatments in single-use clinics represent 34% of the treatments in the US. The use of single-use dialyzers has grown during the year supported by increasing deliveries of dialyzers from Gambro Renal Products. Gambro Healthcare's use of single-use dialyzers is a pioneering initiative in the industry and is an important part of a total system approach whereby the entire process in the dialysis clinics is reengineered to improve quality and long term efficiency. Gambro Healthcare has also initiated a vascular access program for taking care of, at an early stage, the problems that can arise with vascular access. During the year the program has been introduced at some 40 clinics in the US, with very successful results. During 2000-2001 the program will be introduced within all remaining clinics. It will also be introduced in clinics outside the US during 2000. A third key initiative involves anemia management which focuses on improving the anemia outcomes through special training programs. The program has resulted in very significant improvements in the anemia outcomes during the year.

In the measures implemented to increase cost efficiency, the number of employees was reduced during the year by the equivalent of 340 full time employees (excluding acquisitions). Major investments have been made in improved information systems including Internet based solutions, which makes it easier for physicians and care providers to follow treatment results.

In Europe a French hospital including non-dialysis operations was divested during the fourth quarter. The hospital had a turnover of about SEK 300 M and about 430 employees. The divestiture is part of the ongoing restructuring program in Gambro and will result in a strategic focusing of the European clinics operation to renal care. The divestiture resulted in a capital loss of SEK 135 M.

In the US the reimbursement from Medicare for dialysis treatment was raised by 1.2% on January 1, 2000 and will be raised with an additional 1.2% on January 1, 2001.

#### Review of laboratory services billings

As announced by Gambro in August 1998, the billing records of two US subsidiaries for laboratory testing have been the subject of investigations regarding Medicare billings. US government agencies have requested the records from two different periods during 1996-1998. In December 1999, the agencies announced their intention to expand the period under review to include the years 1994-95.

Health Care Financing Administration (HCFA), which is one of the agencies involved, has made overpayment determinations for a total amount of USD 20.3 M. The refunded amounts have been charged against the 1999 results of operations. Upon request by HCFA, these amounts have been repaid in order to avoid interest penalties. The respective rights of appeal of the laboratories have been preserved. The validity and accuracy of the overpayment determinations currently is the subject of discussion with HCFA. The Company believes that not all relevant information has been considered and has advised the agencies of its intent to appeal the overpayment determinations. Total Medicare billing by the laboratories amounted to USD 102.0 M for the period under review (January 1994 - May 1998). The period covered by the overpayment determinations represents billings of USD 44.8 M.

In the fourth quarter 1999, the Company established a provision of USD 15.0 M (SEK 124 M). The amount includes USD 1.5 M representing an overpayment claim related to the Deland laboratory (included in the USD 20.3 M above), which was received in late December, and a general provision of USD 13.5 M. The reserve is being provided to recognize that, because of statutory and regulatory requirements, certain claims may not be billable since the investigation described above has not yet been resolved. The reserve also takes into consideration receivables that may not be collectible due to the ongoing dispute with the former manager of the Deland laboratory.

It is not known whether additional claims will be made with respect to the other periods. It is also not known whether federal agencies other than HCFA will take any action against either laboratory. The Company continues to cooperate fully with the government and has established a productive dialogue with government representatives. Because of the government investigations, the laboratories discontinued submitting claims for its services effective mid 1998. The Company has recorded Medicare revenues of approximately USD 58 M for such services up to end 1999.

**Gambro Renal Products**

Revenues increased to SEK 8,059 M (7,771), an increase of 4% (1% currency adjusted). The strong market position has been maintained at the same time as major restructuring, efficiency enhancing and product development efforts have been pursued. On the European market sales volumes have continued to develop positively and in line with overall market trends. Sales have developed well in major markets including France, Germany and Italy. For Asia Pacific good sales development is reported for Korea, Taiwan and Australia, while in Japan sales decreased compared to the same period last year. Some markets in Eastern Europe, Russia and others have experienced a decline in sales. Both product brands, Gambro and Hospal, have shown a good development. Major product categories, including equipment as well as disposables, had a positive sales development. Especially synthetic dialyzers, bloodlines, monitors for hemodialysis and products for renal intensive care had a very good development. Manufacturing continued to proceed with high efficiency and a good capacity utilization.

The extensive restructuring program, which was launched early last year, has continued to proceed according to plan. A new joint global organization was established including coherent sales and marketing organizations and a new joint organization responsible for operations, i.e. mainly product development, procurement, manufacturing and logistics. Major efforts have been taken during the year to both increase efficiency and invest in new ranges of products. Thus major steps have been taken to create a more efficient and global manufacturing and logistics structure. Factories have been closed or divested, enabling manufacturing to be consolidated. A joint venture production of semi-synthetic dialyzers was established in the US, mainly intended for deliveries to own clinics in the US. This has developed according to plan and capacity will be increased during 2000. To meet the demand for synthetic dialyzers, production will be increased during this year and next by almost 1.5 million dialyzers annually. Also investments have started in substantial new capacity, exceeding 5 million dialyzers, for production of next generation, platform-based synthetic dialyzers. Deliveries will start late next year. Capacity is also increased for the production of BiCart and other powder cartridge products to meet increasing demands. In logistics the cutback in the number of warehouses has continued with a concentration on a limited number of advanced logistics centers. A new logistics center was opened in Lyon, France and another center is under construction in Italy, completing the pan-European logistics structure.

Gambro Renal Products sharpened its focus on product development during 1999. Greater resources are allocated for new development activities and R&D investments have increased. Development of products and production technology is focused into four product centers of excellence. Strong emphasis is made on common technology platforms used in several products. Gambro's advanced synthetic Polyflux dialyzer was launched in the US for single use during 1999 and is planned to be introduced also for reuse. In dialysis concentrates focus is on expanding the pioneering BiCart concept with additional dry concentrate products. Thus BiCart Select, which combines a cartridge with an ion bag, has been introduced to form a complete coverage system. In 1999 Gambro's water treatment plants were approved by FDA and launched on the US market. A new monitor for hemodialysis is under development and will be introduced late 2000. A new unique solution product for peritoneal dialysis was approved in Sweden 1999 and by European authorities early 2000. Sales will start in Europe

during the second quarter 2000. Also a new machine for peritoneal dialysis, PD 200, designed for automated peritoneal dialysis, was introduced during 1999 with full market introduction to follow during 2000. The machine is based on a unique pressure chamber concept. The products are part of Gambro's expansion strategy in the peritoneal sector based on innovative products and systems.

Important expansion and consolidation moves have also been taken within the sales organization. Distributor sales rights in about ten countries have been consolidated. In Japan Gambro has merged its activities and terminated two unprofitable sales joint ventures. These represent annual sales of more than SEK 200 M and will be ended effective January 1, 2000. This will enable Gambro to give more efficient, direct and active marketing and customer support.

In summary, Gambro Renal Products had a challenging but very positive development during 1999. Improved financial results and margins were achieved. With the extensive internal efficiency measures taken and the investments in new products, markets and production capacity Gambro Renal Products is well positioned for continued positive development.

### **Gambro BCT**

Revenues for Gambro BCT increased to SEK 1,359 M (1,212), an increase of 12% (7% currency adjusted). Sales growth has been somewhat lower than previous years. This has mainly been due to somewhat lower demand in the US blood industry, where the pace of consolidation slowed down. Sales development in Europe has been strong, including major markets like France, Spain and the UK. Sales of COBE Spectra blood component system and related disposable products have been good. In the US the launch of the TRIMA Automated Blood Collection system has continued. The system can be applied broadly for the collection of all types of blood components - platelets, plasma and red cells. Sales in the Therapeutic Apheresis and Cell Therapy businesses showed very positive growth.

During the year Gambro BCT decided to expand its strategic business foundation and aim for a position as a broad based, leading player in Blood Bank Technology. The market for Blood Bank Technology provides blood centers with products and systems for blood collection, purification and storage. This market is much larger and grows faster than the market for apheresis products, which previously was the focus for Gambro BCT. However, apheresis products will still play an important role in Gambro BCT's two business segments Blood Bank Technology and Therapeutic Specialties. As part of the strategic refocusing the Excorim immunoadsorption business, with annual sales of about SEK 30 M, was divested in January 2000.

The repositioning and growth of Gambro BCT as a broad-based player within Blood Bank Technology will primarily involve the areas Automated Blood Collection, Leukoreduction and Pathogen Eradication Technology. New expertise must be acquired, either by building it internally or by creating alliances. An alliance, including a 33% ownership, has been established with HemaSure Inc. An agreement with HemaSure provided requisite filtration technology and a filter for leukoreduction of collected red blood cells. This product was then launched on the market. The current market for red cell leukoreduction is worth about USD 250 M and is expected to grow to over USD 400 M in the next few years.

### Pathogen Eradication Technology

Because of patients' needs for safer blood components, Gambro BCT research scientists have long searched for ways to remove viruses and other pathogens from blood. This is a goal common to several companies in the industry. Two years ago, Gambro BCT recognized this goal could be accomplished using a specially designed process based upon light and a natural vitamin – Vitamin B<sub>2</sub>, or riboflavin. In 1999, after protective patent applications had been filed Dr. Ray Goodrich presented Gambro BCT's research findings on riboflavin's ability to inactivate pathogens such as viruses and bacteria.

This research reported upon studies which used riboflavin as a photosensitizer to alter the nucleic acids of viruses and bacteria, rendering them inactive. Additionally, the metabolism and behavior *in vitro* and *in vivo* of the photoproducts formed upon its exposure to light were described. All research reported supported the use of riboflavin based Pathogen Eradication Technology (PET) for use in the platelets and plasma that were the subject of the research.

Generally considered to be non-toxic and non-mutagenic, riboflavin is ingested in normal diets. In fact, riboflavin is considered essential for human health. Consequently, it is believed that it will be more readily accepted to add a vitamin to blood products than synthetic chemicals being developed by others.

Given the extensive positive attention from blood banks, scientists and regulators to this PET announcement, Gambro BCT is now rapidly increasing its efforts in this field. A program to turn PET into a series of products to inactivate selected blood components was started in late 1999. Thus R&D resources will be spent beyond previous levels for Gambro BCT.

As this PET development is in a very early stage, it is too early to predict timing of either availability or regulatory approval of a product that can be used by blood centers to improve the safety of the world's blood supply.

### **THE FOURTH QUARTER 1999**

The fourth quarter included a continued positive development with good organic growth in Gambro Healthcare (no acquisitions were made for Y2k reasons), good product sales in Europe and some other markets for Gambro Renal Products and good product sales also for Gambro BCT. Total revenues for the group increased by 10% for present structure (8% currency adjusted). Operating margin (EBITDA) increased to 19.3% (15.5) compared to the third quarter margin of 19.0% (17.8).

### **THE RESTRUCTURING PROGRAM**

The restructuring program initiated early 1999 has proceeded according to plan. Actions and initiatives taken within the program are described above. During 1999, 930 employees (including 430 employees in the French hospital divested in December) left the group through cutbacks, reorganizations and divestitures of operations. Approximately SEK 592 M has been utilized of the provision of SEK 1,100 M that was made during the fourth quarter 1998.

**THE YEAR 2000**

The millennium shift was successfully managed and no significant problems have occurred in any of the production sites, logistics centers and business systems. The same applied to systems incorporated in products. The total cost to secure Y2k compliance amounted to approximately SEK 150 M (excluding investments in IT systems), of which approximately SEK 100 M has been expensed in 1999.

**INVESTMENTS**

Group investments during the period amounted to SEK 1,529 M (1,587) net.

**ACQUISITIONS**

Group acquisitions during the period amounted to SEK 1,050 M (1,204). Acquisitions included 34 clinics with 3,344 patients in the US and RoW, sales distribution companies and sales rights in different countries in the Americas, Asia and Europe as well as ownership in the blood filter company HemaSure Inc.

**FINANCIAL POSITION**

Net debt (loans and accruals for pension less cash and short-term investments) amounted to SEK 4,632 M at the close of the period. The equity/assets ratio at the close of the period was 59%. To avoid currency exposure in the parent company, liquid assets have been swapped from SEK to USD, resulting in an interest expense of SEK 70 M (representing the interest differential between USD and SEK) during 1999.

**TAXES**

Gambro applies full tax accounting, which means that the item "Taxes" in the income statement also includes deferred tax. Combined tax cost for the year amounted to SEK 216 M (2,635). Taxes regarding non-recurring items are included with approximately SEK +0.6 billion (-2.0 billion). The total tax rate on earnings was 11% (53). Adjusted for amortization of goodwill, which is not a deductible expense, and non-recurring items the tax rate was 35% (32).

In connection with comprehensive divestitures of companies and shares in prior years, taxes have been provided for based on conservative accounting principles. By year end Gambro concluded that SEK 969 M were excess reserves that have been reversed as tax income in the 1999 accounts.

**PERSONNEL**

The total number of employees in the Gambro group decreased by 510 during 1999. By the end of the period the total number of employees was 17,286. Through the divestiture of the Cardiopulmonary Care business area during the second quarter the number of employees decreased by about 950. Rationalizations and divestitures within the restructuring program have involved a reduction of 930 employees. In Gambro Healthcare efficiency improvement initiatives have included staff reductions of about 340 during the year. New employees have joined the group during the year mainly through the acquisition of clinics.

Early 1999 a new remuneration system was introduced including a rolling stock option program for persons in senior management positions. In line with this the Board of Directors has decided to offer options for the year 2000 to about 130 key employees. The options have a duration of seven years and are exercisable after three years. The hedging costs for the offer is about SEK 8 M.

## **BOARD PROPOSALS**

### Dividend

The Board of Directors proposes a dividend of SEK 1.10 (1.00) per share, to which SEK 379 M (345) is allocated.

### Share buy-back

In order to create better opportunities for transferring surplus capital to the shareholders and to make acquisitions, the Board of Directors has decided to make a proposal to the Annual General Meeting asking for authority to repurchase the Company's own shares.

## **ANNUAL GENERAL MEETING**

Gambro's Annual General Meeting will be held at 6.00 pm on March 27, 2000 at the Globe Arena Annex, Stockholm.

## **AFTER CLOSING OF THE PERIOD**

The common group identity was strengthened early January 2000 by the establishment of a Group-wide identity system. COBE BCT was renamed Gambro BCT and a new common logotype was established for Gambro as a Group and for the business areas: Gambro Healthcare, Gambro Renal Products and Gambro BCT.

For Gambro Healthcare a new President was announced in February 2000. Brad Nutter has replaced Mats Wahlström. Brad Nutter joins Gambro from a position as Executive Vice President and Chief Operating Officer of Syncor Intl Corporation, a US healthcare service company.

In February 2000 major expansions and investments in new production capacity of dialyzers were announced. This includes the start of building substantial new capacity for production of next generation synthetic Polyflux dialyzers based on common technology platforms. The new capacity exceeds 5 million dialyzers annually with deliveries starting late next year. Substantial increases in capacity from existing production sites were also announced. To meet increasing demand the output of Polyflux dialyzers is increased this year and next with almost 1.5 million dialyzers annually.

Stockholm, February 23, 2000

The Board of Directors

*This report has not been subject to examination by the Company's auditors.*

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Coming reports and events:

Annual General Meeting: March 27, 2000

Three month report January-March: April 26, 2000

Six month report January - June: July 26, 2000

Nine month report January - September: October 26, 2000

Annual Report for 1999 to be distributed March 10, 2000.

## **PRESIDENT'S COMMENT**

1999 was a both challenging and encouraging year including major strategic initiatives and efforts for increased efficiency. At the same time we have expanded our business and kept our global leading positions. Mid January 1999 we launched a major restructuring and efficiency improvement program covering mainly the renal products area. The aim is to sharpen the competitiveness of the Group and secure continued good growth, improve profitability and restore margins. Being about halfway through the program I feel very confident. All strategic initiatives were defined early, major consolidation moves and cost-cutting measures have been initiated. A global operations organization has been established covering product development, procurement, production and logistics. Production has been consolidated, one factory has been closed and another divested. A joint venture dialyzer production has successfully been established in the US. Deliveries of dialyzers, bloodlines and cartridge products have increased and decisions have been taken to increase capacity considerably. Substantial investments have been made in product development with new products starting to come out this year and next. Thus new PD products are introduced, a new dialysis machine will be launched later this year, and a new family of platform based synthetic dialyzers will be introduced late next year.

The clinics operation, Gambro Healthcare has shown a continued good growth. We are striving for a quality leadership in renal care. This is supported by key strategic initiatives which have developed very positively during the year. It is also encouraging to see the increasingly stronger cooperation between the clinics and the products operations. It has already started to give substantial results. During the year we have also taken some necessary efficiency improvement measures in the clinics operations.

Also Gambro BCT had an exciting year. By strategically redefining the business scene, new opportunities are created for leveraging the knowledge and competence we have in the blood component technology area. This of course also includes the new research findings in the pathogen eradication area. It looks very promising but involves substantial business risks.

Gambro is entering the year 2000 as a more united, efficient and streamlined group, better positioned for growth and improved performance. I am sure that all efforts made during 1999 will start to pay off. We have laid a new foundation for the future by investing in research, product development, manufacturing and in new markets. Our 1999 results with improving margins show that we are heading in the right direction.

Mikael Lilius

## Revenues by business area

SEK M	1999	1998	Change <sup>1)</sup> %
Gambro Healthcare	10,828	9,087	15
Gambro Renal Products	8,059	7,771	1
Intra-Group	-503	-488	
<i>Total, Renal Care</i>	<i>18,384</i>	<i>16,370</i>	<i>9</i>
Gambro BCT	1,359	1,212	7
Total, present structure	19,743	17,582	9
Cardiopulmonary Care		1,152	
Total	19,743	18,734	

1) Currency adjusted

 Revenues by market <sup>1)</sup>

SEK M	1999	1998	+/- %
Europe	6,247	6,051	+3
Americas	11,980	10,297	+16
Asia, Pacific, RoW	1,516	1,234	+23
Total	19,743	17,582	+12

1) For present structure

 Operating earnings <sup>1)</sup>

SEK M	1999	% <sup>2)</sup>	1998	% <sup>2)</sup>
Operating earnings (EBIT)	1,752	8.9	1,509	8.1
<i>Group:</i>				
Depreciation and amortization			-293	
Other			-21	
Non-recurring items	552		4,179	
Total	2,304	11.7	5,374	28.7

1) After depreciation 2) Operating margin

## GAMBRO GROUP INCOME STATEMENT

SEK M	1999	1998
<b>Revenues</b>	<b>19,743</b>	<b>18,734</b>
Operating expenses <sup>1), 2)</sup>	-17,439	-13,360
<b>Operating earnings (EBIT)</b>	<b>2,304</b>	<b>5,374</b>
Financial items, net <sup>3)</sup>	-411	-383
<b>Earnings after financial items (EBT)</b>	<b>1,893</b>	<b>4,991</b>
Taxes	-216	-2,635
Minority interest	-72	-48
<b>Net income</b>	<b>1,605</b>	<b>2,308</b>

1) Earnings before depreciation and amortization (EBITDA)	4,313	7,452
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2) Of which, non-recurring items		
result from divestitures	831	5,279
provision for repayment of lab. billing	-279	-
restructuring reserve	-	-1,100
	<u>552</u>	<u>4,179</u>
amortization, goodwill	-891	-1,077
depreciation, other assets	-1,118	-1,001

3) Of which earnings in companies divested during the year	-	84
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Of which dividends from associated companies	-	259*
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\* (April-June 1998)

## QUARTERLY DATA

 Present structure <sup>1)</sup>

SEK M	1999					1998				
	Q 1	Q 2	Q 3	Q 4	Total	Q 1	Q 2	Q 3	Q 4	Total
<b>Operations</b>										
Revenues	4,654	4,990	4,857	5,242	19,743	4,447	4,560	4,650	5,077	18,734
Operating earnings - before depr. (EBITDA)	878	948	921	1,014	3,761	858	823	826	787	3,294
Operating margin %	18.9	19.0	19.0	19.3	19.0	19.3	18.0	17.8	15.5	17.6
Operating earnings - after depr. (EBIT)	406	443	429	474	1,752	431	387	377	314	1,509
Do. margin %	8.7	8.9	8.8	9.0	8.9	9.7	8.5	8.1	6.2	8.1
<b>Group</b>										
Overhead costs	-	-	-	-	-	19	-40	-	-	-21
Non-recurring	-	966	-155	-259 <sup>2)</sup>	552	274	601	4,404	-1,100	4,179
Depreciation	-	-	-	-	-	-146	-147	-	-	-293
<b>Financial net</b>										
Associated companies/ /dividends	-7	7	-5	-11	-16	-10	248	-11	-12	215
Income in divested companies	-	-	-	-	-	-	-	84	-	84
Interest net	-128	-95	-84	-101	-408	-162	-199	-193	-111	-665
Other financial items	-8	-7	-1	29	13	-9	-3	10	-15	-17
Financial net	-143	-95	-90	-83	-411	-181	46	-110	-138	-383

1) Quarter 1, 1999 restated because of the sale of the business area Cardiopulmonary Care during Quarter 2, 1999

	<u>SEK M</u>
2) Capital loss from the divestiture of French hospital	-135
Provision for repayment of lab. billing	-124
Prior year items	-96
Reversal of provisions relating to divestitures in prior years	<u>+96</u>
	-259

## GAMBRO GROUP BALANCE SHEET

SEK M	Dec 31, 1999	Dec 31, 1998
<b>ASSETS</b>		
<b>Fixed assets</b>		
Intangible assets	16,410	15,593
Property, plant and equipment	5,515	5,340
Shares and participations	417	244
Long-term receivables	668	638
<b>Total fixed assets</b>	<b>23,010</b>	<b>21,815</b>
<b>Current assets</b>		
Inventories	2,217	2,282
Trade receivables	5,940	5,585
Other current receivables	2,147	2,555
Liquid assets	606	1,169
<b>Total current assets</b>	<b>10,910</b>	<b>11,591</b>
<b>TOTAL ASSETS</b>	<b>33,920</b>	<b>33,406</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
Shareholders' equity <sup>1)</sup>	19,655	17,850
Minority interests	192	149
Accruals	3,412	3,681
Long-term liabilities	2,146	1,182
Current liabilities	8,515	10,544
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>33,920</b>	<b>33,406</b>
<b>NET DEBT</b>	<b>4,632</b>	<b>2,242</b>

1) Total number of shares outstanding 344,653,288 (of which, Series A: 250,574,090, Series B: 94,079,198)

## STATEMENT OF CHANGES IN FINANCIAL POSITION

SEK M	1999	1998 <sup>2)</sup>
<i>Operating activities</i>		
Earnings after financial items (excl. capital gains)	1,062	-288
Non-cash items	1,288	1,247
	2,350	959
Taxes paid	-1,843	-473
	507	486
Changes in operating capital: <sup>1)</sup>		
Inventories	-205	-180
Receivables	-193	-1,551
Liabilities	-1,179	1,625
<b>Cash flow from operating activities</b>	<b>-1,070</b>	<b>380</b>
<i>Investment activities</i>		
Capital expenditure	-1,667	-1,598
Disposals	138	11
Acquisitions and divestitures net	571	7,077
<b>Cash flow from investment activities</b>	<b>-958</b>	<b>5,490</b>
<i>Financing activities</i>		
New issue		342
Change in short term loans	817	-2,694
Change in long term loans	964	-8,882
Change in accruals for pensions	46	-48
Dividend paid	-344	-684
<b>Change in financing activities</b>	<b>1,483</b>	<b>-11,966</b>
Cash flow this period	-545	-6,096
Liquid assets opening balance	1,169	7,249
Currency effect in liquid assets	-18	16
Liquid assets closing balance	606	1,169
1) Of which change in operating working capital	-325	-1,269
2) For previous periods the figures have been restated to comply with RR 7		

## FIVE YEAR SUMMARY

Group SEK M	1999	1998 <sup>5)</sup>	1997	1996	1995
<b>Income statement</b>					
Revenues	19,743	18,734	19,490	20,220	24,324
Operating earnings (EBIT)	2,304	5,374	14,135	4,050	3,239
Earnings after financial items (EBT)	1,893	4,991	13,890	5,228	4,653
Net income	1,605	2,308	11,520	2,884	2,431
<b>Balance sheet</b>					
Total assets	33,920	33,406	49,881	34,696	32,035
Net debt	4,632	2,242	7,786	11,163	7,823
Shareholders' equity	19,655	17,850	25,385	14,581	12,246
<b>Cash flow analysis</b>					
Cash flow from operations <sup>3)</sup>	2,048	4,213	13,485	2,862	1,374
Investments in fixed assets, net	-1,529	-1,587	-1,258	-1,258	-1,550
Change in net debt	-2,390	5,544	3,377	-3,340	3,606
<b>Key figures</b>					
Earnings per share, SEK <sup>4)</sup>	4.66	6.70	33.70	8.44	7.11
Shareholders' equity per share, SEK <sup>4)</sup>	57	52	74	43	36
Net asset value per share, SEK <sup>2)</sup>	57	52	101	70	58
Dividend per share, SEK <sup>4)</sup>	1.10 <sup>1)</sup>	1.00 <sup>6)</sup>	2.00	2.00	1.80
Gambro share, total return, %	-11.0	-29.3	46.9	73.8	24.7
Return on shareholders' equity, % <sup>4)</sup>	8.6	10.7	57.6	21.5	20.8
Return on total capital, %	7.4	14.6	35.3	19.1	18.1
Return on capital employed, %	10.8	19.7	44.5	24.8	21.4
Interest coverage ratio	4.1	5.5	14.7	4.6	4.0
Solidity (equity/assets ratio), %	59	54	52	44	52
<b>Statistical data</b>					
Average number of employees	17,354	17,332	16,108	17,145	18,573
Wages, salaries and remuneration, Incl. social costs	6,265	5,783	5,364	5,423	6,145

1) Proposed

2) Shareholders' equity/share adjusted for surplus value in associated companies

3) Cash flow before acquisitions and taxes

4) After full tax

5) All figures per share are proforma after split (June 1998)

6) In addition value transferred in the sale of ABB shares

## DATES FOR FINANCIAL REPORTS, ETC. 2000

March 10	Annual Report for 1999 to be distributed
March 17	Last day for temporary listing in VPC's register of shares, registered in the name of trustees, to be eligible for participation in the Annual General Meeting
March 21	Last day to notify participation in the Annual General Meeting (by 12.00 noon)
March 27	Annual General Meeting at 6.00 p.m. in the Globe Arena Annex in Stockholm
March 27	Last day for trading in the share, incl. right to dividend
March 28	The share is listed, excl. right to dividend
March 30	Record date at VPC for right to receive dividend
April 4	Payment of dividend from VPC
April 26	Three month report, January-March 2000
July 26	Six month report, January-June 2000
October 26	Nine month report, January-September 2000