

INTERIM REPORT JUNE 2002

- ◆ **Heraeus acquisition concluded during Q2 – significant synergy effects**
- ◆ **The Q2 profit before tax rose by 22%**
- ◆ **The profit before tax was SEK 324.6 million (313.5)**
- ◆ **Good profit improvement in Extended Care and Surgical Systems**
- ◆ **Orders received in Q2 climbed organically by 5.3%**
- ◆ **Orders received stood at SEK 4,355.9 million (4,099.5)**
- ◆ **Strong inflow of orders for Infection Control and Extended Care**
- ◆ **Net sales amounted to SEK 3,987.4 million (3,845.1)**

The quarter

Orders received in Q2 climbed organically by 5.3%. Demand continued to be particularly good for Infection Control. The Extended Care business area noticeably improved its orders received. Orders received for Surgical Systems fell back in comparison to a very strong Q2 last year.

The profit before tax rose by 22% compared to the same period last year. The improvement is due to increased invoicing and lower net financial items in Q2. The Surgical Systems and Extended Care business areas have seen a very good profit trend in Q2, while Infection Control's profit trend has been weaker.

Outlook

Good demand for the Group's products and services is expected to continue in all business areas and on all the most important markets.

Improving and strengthening Infection Control's competitiveness is continuing according to plan and is laying a solid platform for sound and long-lasting profitability. Extended Care is well-positioned and has a strong product portfolio, which will take advantage of the sector's growth opportunities. Surgical Systems, which is today an important and integrated part of the Group, concluded the acquisition of the German company Heraeus Med Tec during Q2 and this will improve the business area's already strong position. The acquisition will significantly contribute to the earnings trend from 2003 for business area Surgical Systems.

To sum up, the profit outlook for the current year remains good, and the measures and activities now being carried out are also laying a stable foundation for continued, good profit growth next year.

Surgical Systems business area

Market development

	2002	2001	Change	2002	2001	Change
<i>Orders received per market</i>	Q 2	Q 2		H1	H1	
USA and Canada	115.1	106.9	7.7%	226.8	206.4	9.9%
Great Britain	24.9	19.1	30.4%	79.5	65.3	21.7%
Germany	109.5	166.5	-34.2%	246.7	315.5	-21.8%
Other Western Europe	172.1	213.5	-19.4%	340.6	339.9	0.2%
Rest of the world	118.7	134.0	-11.4%	305.9	254.2	20.3%
Business area total	540.3	640.0	-15.6%	1,199.5	1,181.3	1.5%
<i>adjusted for currency flucs.& corp.acqs</i>			-15.3%			-0.1%

Orders received during Q2 have slipped back when compared with the same period last year. The reduction in the inflow of orders is particularly noticeable on the German market and can be explained by the fact that volumes last year rose spectacularly in both Q1 and Q2. Surgical table sales in Germany are at a similar level to last year and the reduction can be attributed to fewer orders for the module-built operating room (Variop).

The Other Western Europe region also reported sluggish orders received in Q2, but for the six-month period the level was the same as last year. In France, which is responsible for a significant amount of the region's sales, public funds have been made available for investments later than usual. Orders received are expected to improve in the coming quarters.

For the Rest of the world, orders received were weak in Q2, but for Q1 and Q2 combined the figure is at a very good level.

Volumes in North America have progressed well, but are not at a satisfactory level yet. Coupled with Japan, the US has the most significant expansion potential for the business area.

Results

	2002	2001	Change	2002	2001	Change	2001
	Q 2	Q 2		H1	H1		FY
Net sales, SEK Million	565.7	533.9	6.0%	1,083.5	1,090.0	-0.6%	2,223.4
<i>adjusted for currency flucs.& corp.acqs</i>			6.5%			-1.7%	
Gross profit	286.2	269.7	6.1%	524.1	535.7	-2.2%	1,108.9
Gross margin %	50.6%	50.5%	0.1%	48.4%	49.1%	-0.7%	49.9%
Operating cost, SEK Million	-207.5	-207.2	0.1%	-412.8	-412.4	0.1%	-880.5
Operating profit	78.7	62.5	25.9%	111.3	123.3	-9.7%	228.4
Operating margin %	13.9%	11.7%	2.2%	10.3%	11.3%	-1.0%	10.3%

The earnings trend has been very good in Q2. Greater volumes have improved the factory utilisation level and enhanced the gross margin compared with Q1. Costs are at last year's level and mean that the business area can show a good operating margin of 14% for the period.

Sale of ALM's surgical tables business

As announced in an earlier press release, France's national competition authority has instructed Getinge to sell ALM's surgical tables business. Negotiations with potential buyers continue and it is thought the sale will be completed during the second half of 2002.

Acquisition of Heraeus Medical Technology

The acquisition of the German company Heraeus Medical Technology was concluded during Q2. Heraeus Med Tec has annual sales of around SEK 500 million and means a considerable strengthening of the business area's market position for surgical lights and ceiling service units.

The drawn out administrative process of the German national competition authorities, means that Heraeus Med Tec will be consolidated in the Group's activities from 1 July 2002. As a consequence of the postponed integration, the planned synergy gains will be insignificant in the current year. It has been assessed that next year Heraeus will contribute an operating profit after goodwill amortisation of at least SEK 50 million.

Other activities

The business area's recently developed surgical tables for image-guided surgery, AWIGS and VIWAS, continue to progress well and important reference orders have been secured in Japan during Q2.

Product development resources for the surgical table sector are aimed at strengthening the mobile table range, which is important for successful expansion in North America and Japan. The AXCEL project, which is a new family of surgical lights for simpler surgical requirements and for developing markets, will be launched during the latter half of the year. Modulis, which is the business area's new generation of Ceiling Service Units, has been very well received by the markets and is a significant improvement on the previous product range.

Infection Control business area

Market development

	2002	2001	Change	2002	2001	Change
<i>Orders received per market</i>	Q 2	Q 2		H1	H1	
Western Europe	400.6	374.3	7.0%	776.0	718.6	8.0%
USA and Canada	425.2	344.3	23.5%	750.1	642.8	16.7%
Asia/Australia	112.4	85.5	31.5%	178.8	148.7	20.2%
Rest of the world	46.1	40.7	13.3%	82.4	65.6	25.6%
Business area total	984.3	844.8	16.5%	1,787.3	1,575.7	13.4%
<i>adjusted for currency flucs.& corp.acqs</i>			14.9%			11.8%

Demand continues to progress well and the orders received increase in Q2 amounted organically 15%. Western Europe continued to be the region showing the lowest growth. As with the other business areas, performance in France was lacklustre at the start of the year as public funds have been made available for investments later than usual. On other European markets demand has been predominantly good, not least in the UK where considerable investments are being made this year and next year to upgrade sterilization and disinfection equipment as part of a national scheme. North America has continued to witness a strong volume trend as have a majority of the developing markets.

After several years' subdued demand from customers in the pharmaceutical industry, investments in infection prevention equipment have gathered pace and are responsible for an increasing proportion of the business area's volumes.

Results

	2002	2001	Change	2002	2001	Change	2001
	Q 2	Q 2		H1	H1		FY
Net sales, SEK Million	854.0	748.5	14.1%	1,542.5	1,430.8	7.8%	3,204.3
<i>adjusted for currency flucs.& corp.acqs</i>			12.4%			6.1%	
Gross profit	296.5	273.6	8.4%	549.2	517.0	6.2%	1,153.7
Gross margin %	34.7%	36.6%	-1.9%	35.6%	36.1%	-0.5%	36.0%
Operating cost, SEK Million	-245.8	-209.7	17.2%	-467.9	-401.9	16.4%	-832.9
Operating profit	50.7	63.9	-20.7%	81.3	115.1	-29.4%	320.8
Operating margin %	5.9%	8.5%	-2.6%	5.3%	8.0%	-2.7%	10.0%

The operating profit sank over the quarter, even though sales volumes climbed. The factory utilisation level has been good at the main units in Sweden, while productivity has been lower at the units that are being closed down and restructured in North America and France. The business area decided during Q2 to close down activities aimed at automated goods handling systems for life science customers, as it was seen to be difficult to achieve satisfactory profitability in this segment. Q2 includes considerable invoicing for this product segment.

World sterilizer project

The restructuring measures announced in Q1 and which are aimed at considerably reducing production costs for sterilization equipment, are going as planned. Manufacturing units in France will be closed down during Q3 and a restructuring scheme in the US will be concluded by the end of the year.

The world sterilizer project will lead to a profit improvement from next year of between SEK 60 – 70 million annually. For the current year net savings and restructuring costs will result in a net cost of SEK 25 million.

New head of Getinge Castle Inc

As a step in strengthening the Group's and business area's management, Charles Carrier has been appointed the new head of activities in the US. He has a solid general management background from Pepsico and Ameriserve, among others.

Product development

The business area is currently developing a number of innovative products. A new flusher disinfectant programme for the geriatric care sector with significantly improved competitiveness and innovative design is expected to be launched at the start of next year.

To meet the increased demand for efficient and automated handling of large volumes of instruments in the healthcare sector, an index disinfectant, which cleans and disinfects goods in a continual flow, will be launched in Q4.

The business area has been cooperating for some time with the Swedish innovation company OTRE, which has developed and patented an effective ozone-based method for disinfecting and sterilizing temperature-sensitive instruments. The test results so far have been assessed as being very promising.

Extended Care business area

Market development

	2002	2001	Change	2002	2001	Change
<i>Orders received per market</i>	Q 2	Q 2		H1	H1	
USA and Canada	237.0	237.0	0.0%	485.9	477.0	1.9%
Great Britain	155.9	137.7	13.2%	356.6	344.3	3.6%
Germany	74.5	67.5	10.4%	147.1	136.3	7.9%
Other Western Europe	156.1	151.0	3.4%	308.7	311.5	-0.9%
Rest of the world	30.7	21.8	40.8%	50.6	42.2	19.9%
Business area total	654.2	615.0	6.4%	1,348.9	1,311.3	2.9%
<i>adjusted for currency flucs.& corp.acqs</i>			13.9%			5.6%

Orders received strengthened in Q2 and an organic increase of 14% was seen. The increase has been particularly good in Europe with good growth on most markets. As with the other business areas, the start of the year has been weaker than expected in France, but the assessment is that growth will improve in the latter half of the year. Orders received in North America have been very moderate during the period and the explanation is a decline in Canada, which has experienced a very strong trend over the last two-year period.

Results

	2002	2001	Change	2002	2001	Change	2001
	Q 2	Q 2		H1	H1		FY
Net sales, SEK Million	648.7	629.2	3.1%	1,340.8	1,292.5	3.7%	2,655.5
<i>adjusted for currency flucs.& corp.acqs</i>			10.0%			6.4%	
Gross profit	311.7	305.9	1.9%	678.4	630.4	7.6%	1,307.1
Gross margin %	48.0%	48.6%	-0.6%	50.6%	48.8%	1.8%	49.2%
Operating cost, SEK Million	-219.4	-227.2	-3.4%	-459.4	-437.0	5.1%	-885.8
Operating profit	92.3	78.7	17.3%	219.0	193.4	13.2%	421.3
Operating margin %	14.2%	12.5%	1.7%	16.3%	15.0%	1.3%	15.9%

The earnings trend has been good in Q2 and the operating profit rose by 17% in spite of a modest increase in invoiced volumes.

Activities

The business area's logistics project, aimed at increasing the number of direct deliveries and minimising administration, is going according to plan. The new concept is currently being run in France, Belgium, Germany and Scandinavia. Spain and Italy will be added during Q4 and by the end of 2003 all the European companies will be incorporated in the new logistics structure with lower administrative costs and reduced tied-up capital as a consequence.

The closure of the business area's production units in Michigan, USA, was concluded during the quarter.

Product development

Development of a new generation of ceiling hoists, which will be the market's most complete range, is progressing as planned. The launch phase for the first models in what will be a comprehensive product suite will begin at the end of the year.

A new series of bathing products for semi-institutional use is being developed.

Next report

The next report from the Getinge Group (Q3 2002) will be published on 17 October 2002.

Johan Malmquist
President

A tele-conference will be held today at 10 a.m.. Swedish time. To take part, please ring +44 (0) 20 8401 1043, codeword: Getinge.

Income Statements	2002	2002	Change	2002	2001	Change	2001
SEK Million	Q 2	Q 2		H1	H1		FY
Net sales ¹⁾	2,078.2	1,926.1	7.9%	3,987.4	3,845.1	3.7%	8,148.2
Cost of goods sold	-1,181.4	-1,072.5	10.2%	-2,230.4	-2,152.5	3.6%	-4,560.6
Gross profit	896.8	853.6	5.1%	1,757.0	1,692.6	3.8%	3,587.6
Gross margin %	43.2%	44.3%	-1.1%	44.1%	44.0%	0.1%	44.0%
Selling expenses	-408.2	-393.6	3.7%	-838.0	-769.6	8.9%	-1,595.0
Administrative expenses	-193.7	-199.1	-2.7%	-388.6	-400.7	-3.0%	-804.2
Research & development costs	-63.5	-50.8	25.0%	-120.7	-104.6	15.4%	-217.4
Other operating income and expenses	-8.8	-4.3	104.7%	2.6	16.3	-84.0%	3.0
Operating profit ²⁾	222.6	205.8	8.2%	412.3	434.0	-5.0%	974.0
Operating margin %	10.7%	10.7%	0.0%	10.3%	11.3%	-1.0%	12.0%
Interest income	1.6	3.4		3.9	8.3		19.2
Interest expense	-43.3	-59.8		-87.9	-123.6		-231.2
Other financial items	-2.1	-3.1		-3.7	-5.2		-11.6
Profit before tax	178.8	146.3	22.2%	324.6	313.5	3.5%	750.4
Taxes	-54.8	-44.0		-100.6	-94.1		-225.1
Net profit	124.0	102.3	21.2%	224.0	219.4	2.1%	525.3
Earnings per share, SEK ³⁾	2.46	2.03		4.44	4.51		10.60
1) Adjusted for currency fluctuations and company acquisitions the net sales' change is 3.9%							
2) Operating profit is charged with							
— amortisation on goodwill	-40.2	-39.1		-79.7	-76.4		-156.2
— depr. on other fixed assets	-57.4	-52.1		-112.4	-101.6		-211.1
	-97.6	-91.2		-192.1	-178.0		-367.3

3) See note below table " Key ratios"

Quarterly results	2000	2000	2000	2001	2001	2001	2001	2002	2002
SEK Million	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2
Net sales	1,251.6	1,200.7	1,633.3	1,919.0	1,926.1	1,846.6	2,456.5	1,909.2	2,078.2
Cost of goods sold	-745.7	-721.2	-934.8	-1,080.0	-1,072.5	-1,071.5	-1,336.6	-1,049.0	-1,181.4
Gross profit	505.9	479.5	698.5	839.0	853.6	775.1	1,119.9	860.2	896.8
Operating cost	-356.6	-361.5	-420.8	-610.8	-647.8	-608.7	-746.3	-670.5	-674.2
Items affecting comp.			23.2						
Operating profit	149.3	118.0	300.9	228.2	205.8	166.4	373.6	189.7	222.6
Financial net	-24.2	-26.5	-28.9	-61.0	-59.5	-54.1	-49.0	-43.9	-43.8
Ass.comp.s' profit/loss	0.0	0.0	-0.5	0.0	0.0	0.0	0.0	0.0	0.0
Profit before tax	125.1	91.5	271.5	167.2	146.3	112.3	324.6	145.8	178.8
Taxes	-31.3	-22.8	-67.9	-50.1	-44.0	-33.7	-97.3	-45.8	-54.8
Net profit	93.8	68.7	203.6	117.1	102.3	78.6	227.3	100.0	124.0

Balance Sheets	2002	2001	2001
Assets SEK Million	30 June	30 June	31 Dec
Intangible fixed assets	2,541.1	2,769.9	2,768.3
Tangible fixed assets	1,243.0	1,325.7	1,341.0
Financial assets	555.4	413.6	462.4
Stock-in-trade	1,745.0	1,769.8	1,718.6
Current receivables	2,513.3	2,645.4	2,934.7
Liquid funds	433.0	441.7	364.4
Total assets	9,030.8	9,366.1	9,589.4
Shareholders' equity & Liabilities			
Shareholders' equity	2,784.7	2,642.8	2,952.9
Provisions for pensions, interest-bearing	1,061.6	1,058.4	1,089.8
Restructuring reserves	116.7	265.3	148.8
Other provisions	487.1	502.7	539.7
Long-term liabilities	3,017.4	2,237.2	2,179.4
Current liabilities	1,563.3	2,659.7	2,678.8
Total Equity & Liabilities	9,030.8	9,366.1	9,589.4

Cash flow statements	2002	2001	2002	2001	2001
SEK Million	Q 2	Q 2	H1	H1	FY
Operations					
Operating profit	222.6	205.8	412.3	434.0	974.0
Adjustment for items not included in cash flow	97.5	91.2	192.1	178.0	368.3
Financial items	-43.8	-59.5	-87.7	-120.5	-213.8
Taxes paid	-50.9	-21.6	-87.1	-79.9	-149.2
Cash flow before changes in working capital	225.4	215.9	429.6	411.6	979.3
Changes in working capital					
Stock-in-trade	40.5	-97.6	-25.1	-343.4	-292.2
Rental equipment	-5.1	-7.5	-12.9	-13.5	-24.7
Current receivables	193.6	40.1	425.9	14.0	-275.2
Current operating liabilities	-130.2	53.4	-251.3	54.2	226.4
Restructuring reserves, utilised	-13.6	-317.3	-27.8	-360.4	-523.7
Cash flow from operations	310.6	-113.0	538.4	-237.5	89.9
Investments					
Acquisition of subsidiaries	-15.9	-13.0	-15.9	-450.6	-450.6
Investments in tangible fixed assets	-39.2	-36.6	-67.6	-75.4	-180.9
Cash flow from investments	-55.1	-49.6	-83.5	-526.0	-631.5
Financial activities					
New share issue	–	489.9	–	490.1	490.1
Change in interest-bearing debt	73.9	-90.6	-127.1	555.6	324.2
Interest-bearing loan in acquired subsidiaries	–	–	–	133.8	133.8
Change in long-term receivables	-103.9	-66.7	-103.8	-68.1	-46.3
Dividend paid	-189.3	-159.0	-189.3	-159.0	-159.0
Translation differences	-1.2	53.8	33.9	17.4	-72.2
Cash flow from financial activities	-220.5	227.4	-386.3	969.8	670.6
Cash flow for the period	35.0	64.8	68.6	206.3	129.0
Liquid funds at begin of the year	398.0	376.9	364.4	235.4	235.4
Liquid funds at end of the period	433.0	441.7	433.0	441.7	364.4

Net interest-bearing debt	2002	2001	2001
SEK Million	30 June	30 June	31 Dec
Debt to credit institutions	3,205.8	3,565.5	3,304.6
Pension provisions	1,061.6	1,058.4	1,089.8
Less liquid funds	-433.0	-441.7	-364.4
Net interest-bearing debt	3,834.4	4,182.2	4,030.0

Changes to shareholders' equity	2002	2001	2001
SEK million	30 June	30 June	31 Dec
Shareholders' equity – opening balance	2,952.9	1,931.0	1,931.0
New share issue	–	490.1	490.1
Dividend distributed	-189.3	-159.0	-159.0
Translation differences	-202.9	161.3	165.5
Net profit for the period	224.0	219.4	525.3
Shareholders' equity – closing balance	2,784.7	2,642.8	2,952.9

Key figures	2002	2001	Change	2002	2001	Change	2001
	Q 2	Q 2		H1	H1		FY
Orders received, SEK Million	2,188.3	2,113.6	3.5%	4,355.9	4,099.5	6.3%	8,375.7
adjusted for currency flucs.& corp.acqs			5.3%			6.3%	
Net sales, SEK Million	2,078.2	1,926.1	7.9%	3,987.4	3,845.1	3.7%	8,148.2
adjusted for currency flucs.& corp.acqs			10.0%			3.9%	
Earnings per share after full tax, SEK ¹⁾	2.46	2.03	21.2%	4.44	4.51	-1.6%	10.60
Earnings per share before goodwill amortisation after full tax, SEK ¹⁾	3.25	2.80	16.1%	6.02	6.09	-1.1%	13.76
No. of shares after 2001 issue ¹⁾	50,468,480	50,468,480		50,468,480	50,468,480		50,468,480
No. of shares average after 2001 issue ¹⁾	50,468,480	50,468,480		50,468,480	48,607,872		49,537,676
Operating capital, SEK Million				6,848.4	4,369.7	56.7%	6,592.8
Return on operating capital, per cent				13.9%	19.0%	-5.1%	14.8%
Return on equity, per cent				18.8%	23.3%	-4.5%	20.4%
Net debt/equity ratio, multiple				1.38	1.58	-0.20	1.36
Interest cover, multiple				4.8	5.5	-0.7	4.2
Equity/assets ratio, per cent				30.8%	28.2%	2.6%	30.8%
Equity per share, SEK ¹⁾				55.18	52.37	5.4%	58.51
Net investments in fixed assets, SEK Million				67.6	75.4		180.9
Number of employees at the period's end				5,285	5,369		5,330

1) The new share issue was completed at the beginning of April 2001. Figures for earnings and equity per share relating to prior periods have been adjusted to reflect the bonus issue element of the new issue by a correction factor of 0.9717 (corresponding to 46,745,243 shares instead of 45,421,632).

The same accounting principles and methods of calculation have been used in this interim report as in the last annual report. In addition, the company applies the new recommendations from the Swedish Financial Accounting Standards Council that came into effect on 1 January 2002. These new recommendations have not, however, had any effect on the Group's accounting.

This report has not been subject to audit by the Group's accountants.