

REPORT JANUARY - SEPTEMBER 2002

- ◆ **Profit before tax rose by 30% to 146.0 SEK million (112.3) in Q3, including WSP costs of SEK 25 million**
- ◆ **Cash flow continued to be strong**
- ◆ **Orders received stood at SEK 6 521.8 million (6 058.2)**
- ◆ **Net sales amounted to SEK 6 041.4 million (5 691.7)**
- ◆ **The profit before tax was SEK 470.6 million (425.8)**
- ◆ **Extensive restructuring of Heraeus Med Tec has started**

The third quarter

Orders received climbed organically over the quarter by 4.1%. Demand for Surgical Systems improved significantly in comparison to the year's first two quarters. The increase rate of orders received by Infection Control decreased somewhat and should be seen in the light of a very strong volume growth over the last three quarters. Extended Care saw organic growth of 5.2%. In summary the Group's orders received rose organically by 5.6% during the first three quarters and the order book continued to be at a very good level.

The profit before tax rose by 30% compared with the same period last year. Results for the quarter have been charged with one-off costs of SEK 25 million for restructuring Infection Control's manufacturing units in France and the US. Excluding the restructuring costs, the consolidated profit before tax soared 52%. All the business areas reported improvements in their operating profits and operating margins. Surgical Systems reported an exceptional increase.

The Group's cash flow development continues to be positive.

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.

The Infection Control business area, which has been, and is being significantly reorganized, concerning its production structure and marketing organization, strengthened its operating margin during the quarter if the one-off costs charged to the quarter's results are ignored. The outlook for continued, stable, operating margins is very good when coupled with the effects the restructuring measures will have. Surgical Systems continued to bolster its positions and competitive strength. The acquisition of Heraeus Med Tec, where the restructuring scheme was started in Q3, will significantly contribute to a profit improvement over the coming two years. Simultaneously the potential to continue the volume growth in general is good, not least in the US. Extended Care continued to strengthen its operating profit on a stable, expanding market and by continuing to concentrate on market penetration, geographic expansion and product development, focus more on organic growth.

To sum up: the consolidated profit outlook for both the current year and next, continues to be good.

Surgical Systems business area

Market development

	2002	2001	Change	2002	2001	Change
<i>Orders received per market</i>	Q 3	Q 3		9 mon	9 mon	
USA and Canada	154.2	86.6	78.1%	381.0	293.0	30.0%
Great Britain	31.5	25.7	22.6%	111.0	91.0	22.0%
Germany	181.6	148.8	22.0%	428.3	464.3	-7.8%
Other Western Europe	173.6	96.6	79.7%	514.2	436.5	17.8%
Rest of the world	107.2	140.8	-23.9%	413.1	395.0	4.6%
Business area total	648.1	498.5	30.0%	1,847.6	1,679.8	10.0%
<i>adjusted for currency flucs.& corp.acqs</i>			6.9%			2.0%

Orders received strengthened during Q3 and were particularly positive in the US and Western Europe. The excellent volume trend in the US coupled with organic growth of 52% should be viewed together with the volume trend for Infection Control in the US, because distribution for both business areas in the US is carried out by a joint organization. The Western European markets that stood out during Q3 were France, Scandinavia, Benelux and Spain. The orders received increase in Germany, excluding Heraeus Med Tec, continued to be modest. Volumes fell somewhat on the Japanese market but are still at a good level for the year as a whole after the dynamic start to the year.

Results

	2002	2001	Change	2002	2001	Change	2001
	Q 3	Q 3		9 mon	9 mon		FY
Net sales, SEK Million	659.5	498.8	32.2%	1,743.0	1,588.8	9.7%	2,223.4
<i>adjusted for currency flucs.& corp.acqs</i>			8.8%			1.6%	
Gross profit	331.7	245.0	35.4%	855.8	778.6	9.9%	1,106.2
Gross margin %	50.3%	49.1%	1.2%	49.1%	49.0%	0.1%	49.8%
Operating cost, SEK Million	-281.2	-215.3	30.6%	-694.0	-625.6	10.9%	-877.8
Operating profit	50.5	29.7	70.0%	161.8	153.0	5.8%	228.4
Operating margin %	7.7%	6.0%	1.7%	9.3%	9.6%	-0.3%	10.3%

Surgical Systems' operating profit and operating margin significantly improved over Q3, which can be seen as good because Heraeus Med Tec, which has yet to show any serious profitability traits, is included in the results from 1 July.

The profit hike is primarily an effect of the improved efficacy in the non-US related business.

Heraeus Med Tec

Heraeus Med Tec, included in the business area's and Group's financial year with effect from 1 July, is undergoing a complete rationalisation. It was announced in August that the business area had decided to close the factory in Hanau, Germany, and move current production of surgical lamps and ceiling service units to Ardon in France, while other manufacturing facilities would move to Rastatt in Germany.

The number of jobs that will be lost as a consequence of this is around 130. Furthermore Heraeus' sales organization will be merged with Surgical Systems' current marketing organization with immediate effect. The restructuring scheme that has been launched means that the operating profit after synergy effects and goodwill amortization is estimated to be around SEK 50 million in 2003. In 2004, it is estimated the comparative figure will be around SEK 70 million. Restructuring costs for carrying out the planned scheme amount to SEK 269 million (of which SEK 244 million is cash-affective). Heraeus Med Tec has raised consolidated goodwill by SEK 364 million in Q3's consolidated balance sheet. The increase in net debt as a consequence of the acquisition amounts to around SEK 300 million; SEK 161 million refers to acquisition costs of the shares and SEK 130 million is attributable to a pension liability that Heraeus had when it was taken over.

Sale of ALM's surgical table business

After the end of the quarter Getinge reached agreement about the sale of the surgical table business that was part of the ALM acquisition. The buyer of the business is the French company Fournitures Hospitalières with annual sales of around EUR 40 million. The acquisition is a net assets' purchase and covers the sale of assets such as stocks of products and components, tools and fixtures. In addition is a purchase price for the net assets booked value received by the Group and a payment for goodwill. The sale will give rise to a smaller capital gain and the combined amount for the net assets and goodwill amounts to about EUR 11 million.

Infection Control business area

Market development

	2002	2001	Change	2002	2001	Change
<i>Orders received per market</i>	Q 3	Q 3		9 mon	9 mon	
Western Europe	357.8	340.9	5.0%	1,133.8	1,059.5	7.0%
USA and Canada	312.4	383.3	-18.5%	1,062.5	1,026.1	3.5%
Asia/Australia	99.2	82.1	20.8%	278.0	230.8	20.5%
Rest of the world	59.3	25.7	130.7%	141.7	91.3	55.2%
Business area total	828.7	832.0	-0.4%	2,616.0	2,407.7	8.7%
<i>adjusted for currency flucs.& corp.acqs</i>			1.6%			8.2%

Orders received during Q3 weakened somewhat and amounted organically to 1.6% which compares to an organic growth of 8.2% for the year's first three quarters. The flatter demand in the period should be seen in relation to the considerably strong growth over the last three quarters. On the North American market volumes sank organically by 15%. The comparative figure for Q3 last year was an increase of 10%. A number of markets performed well in Western Europe, not least the UK and France. Germany saw a weaker performance. Orders received on developing markets continued to be very good, both in Eastern Europe and markets in the Far East, where China was responsible for a significant part of the increase.

Results

	2002	2001	Change	2002	2001	Change	2001
	Q 3	Q 3		9 mon	9 mon		FY
Net sales, SEK Million	745.2	733.8	1.6%	2,287.7	2,164.6	5.7%	3,204.3
<i>adjusted for currency flucs.& corp.acqs</i>			3.5%			5.2%	
Gross profit	250.8	229.0	9.5%	800.0	738.8	8.3%	1,142.7
Gross margin %	33.7%	31.2%	2.5%	35.0%	34.1%	0.9%	35.7%
Operating cost, SEK Million	-210.7	-182.2	15.6%	-678.6	-576.9	17.6%	-821.9
Operating profit	40.1	46.8	-14.3%	121.4	161.9	-25.0%	320.8
Operating margin %	5.4%	6.4%	-1.0%	5.3%	7.5%	-2.2%	10.0%

The results for the quarter were affected by restructuring costs relating to the business area's World Sterilizer Project (WSP), which aims to improve the production structure. Structural costs in the quarter amounted to SEK 25 million and included costs for closing the factory in France and reserves for remaining WSP costs.

Excluding WSP structural costs, the operating margin for the quarter was 8.7%, which compares with 6.4% for the same period last year. The business area views this improvement in the operating margin as an important breakthrough. It is especially strong in operations not related to the US. Following a change in management at the start of the year, the US company has implemented various measures aimed at strengthening results in future. Unprofitable products are being decommissioned, the logistics structure has been simplified and centralised, the headcount has been reduced, and outsourcing of peripheral production has been intensified. The costs of these measures will affect the year's results and should lead to clear improvements in results starting next year.

Activities

The business area continues the work of merging activities and making them more efficient. The task of refining the profusion of brands with the Getinge name is virtually complete, as is the creation of a unified, global marketing organisation. Work on the World Sterilizer Project is entering its final phase.

A project will soon be started aimed at concentrating the production and development of a washer disinfector for large items. Production and product development for this range is currently taking place at three units within Infection Control. The business area expects to cut costs considerably for this product range when the project has been completed in 2004.

Furthermore, Infection Control intends to start a logistics project aimed at reducing costs for distribution, administration and tied-up capital. This project will run for two years starting in 2003.

Extended Care business area

Market development

	2002	2001	Change	2002	2001	Change
<i>Orders received per market</i>	Q 3	Q 3		9 mon	9 mon	
USA and Canada	248.2	230.2	7.8%	734.1	707.2	3.8%
Great Britain	174.7	189.5	-7.8%	531.3	533.8	-0.5%
Germany	77.9	70.4	10.7%	225.0	206.7	8.9%
Other Western Europe	153.2	100.0	53.2%	461.9	411.5	12.2%
Rest of the world	25.6	24.1	6.2%	76.2	66.3	14.9%
Business area total	679.6	614.2	10.6%	2,028.5	1,925.5	5.3%
<i>adjusted for currency flucs. & corp. acqs</i>			5.2%			5.4%

With the exception of the UK, orders received were buoyant during the quarter. In the US, volumes climbed organically by 14% during the period. Several European markets distinguished themselves positively during the period, especially France, Germany, the Netherlands, Italy and Spain. During the quarter the wound care business (Pegasus) and patient handling business (Arjo) in the UK were merged to form a joint sales organisation, which in the short term has affected marketing negatively. The changes that have been made will enhance the marketing effort and lead to reduced sales costs from next year.

Results

	2002	2001	Change	2002	2001	Change	2001
	Q 3	Q 3		9 mon	9 mon		FY
Net sales, SEK Million	640.2	600.6	6.6%	1,981.0	1,893.1	4.6%	2,655.5
<i>adjusted for currency flucs.& corp.acqs</i>			1.7%			4.8%	
Gross profit	320.2	296.8	7.9%	998.6	927.2	7.7%	1,307.1
Gross margin %	50.0%	49.4%	0.6%	50.4%	49.0%	1.4%	49.2%
Operating cost, SEK Million	-222.5	-207.6	7.2%	-681.9	-644.6	5.8%	-885.8
Operating profit	97.7	89.2	9.5%	316.7	282.6	12.1%	421.3
Operating margin %	15.3%	14.9%	0.4%	16.0%	14.9%	1.1%	15.9%

Profits and margins continued to strengthen during the quarter. Profitability for the wound care business unit is still unsatisfactory, although activities in the US improved considerably over the year.

Activities

The formation continues according to plan of a sales division for developing markets which currently account for a small proportion of the business area's sales.

The logistics project which was started 18 months ago is running according to plan and should be completed in 2003. When the structure is finalized, all deliveries to end-users in Europe will be directly from the factory, while all invoicing will be handled centrally with minimal administration costs.

Potential in the US

The business area has made a positive assessment regarding the outlook in the US for the coming year. Market penetration for lifting equipment is much lower in the US than in many parts of Europe and it is expected that OSHA, the US occupational health and safety administration, will soon implement stricter guidelines in the extended care sector, which will further strengthen the market prospects of the business area.

Getinge has made the assessment, like most other players in the US market for extended care, that the reduced payment levels in Medicare that apply from 1 October this year will be temporary. A likely scenario is that a decision will be made which re-sets payment amounts back to the pre-1 October levels. Unlike the situation in 1999 when Medicare introduced PPS (Prospective Payment System) the investment levels of care providers are currently at a very low level and the downside must be considered to be very limited.

Getinge's exposure to institutional care for the elderly in the US in terms of equipment amounts to around SEK 350 million. During 1999 to 2000 when PPS was introduced, the business area's sales stagnated but did not fall back, despite overall investment in the geriatric care chains being cut back by 30%.

Extended Care's efficiency enhancing products and services enable care providers to cut costs and improve efficiency in a market where recruiting staff is becoming more expensive and more difficult.

Next report

The next report from the Getinge Group (Q4 2002) will be published on 27 January 2003.

Johan Malmquist
CEO

A tele-conference will be held today at 3 p.m.. Swedish time. To take part, please ring +44 (0) 20 8240 8243, codeword: Getinge.

Income Statements	2002	2002	Change	2002	2001	Change	2001
SEK Million	Q 3	Q 3		9 mon	9 mon		FY
Net sales	2,054.0	1,846.6	11.2%	6,041.4	5,691.7	6.1%	8,148.2
Cost of goods sold	-1,148.7	-1,071.6	7.2%	-3,379.1	-3,233.4	4.5%	-4,574.3
Gross profit	905.3	775.0	16.8%	2,662.3	2,458.3	8.3%	3,573.9
Gross margin	44.1%	42.0%	2.1%	44.1%	43.2%	0.9%	43.9%
Selling expenses	-441.8	-367.6	20.2%	-1,279.8	-1,127.9	13.5%	-1,581.3
Administrative expenses	-189.8	-182.8	3.8%	-578.4	-583.5	-0.9%	-804.2
Research & development costs	-54.1	-52.5	3.0%	-174.8	-157.1	11.3%	-217.4
Other operating income and expenses	-31.2	-5.7	447.4%	-28.6	10.6	-369.8%	3.0
Operating profit ¹⁾	188.4	166.4	13.2%	600.7	600.4	0.0%	974.0
Operating margin	9.2%	9.0%	0.2%	9.9%	10.5%	-0.6%	12.0%
Financial net	-42.4	-54.1		-130.1	-174.6		-223.6
Profit before tax	146.0	112.3	30.0%	470.6	425.8	10.5%	750.4
Taxes ²⁾	-40.6	-33.7		-141.2	-127.8		-225.1
Net profit	105.4	78.6	34.1%	329.4	298.0	10.5%	525.3
Earnings per share, SEK ³⁾	2.09	1.56		6.53	6.05		10.60
1) Operating profit is charged with							
— amortisation on goodwill	-44.4	-38.8		-124.1	-115.2		-156.2
— depr. on other fixed assets	-56.3	-56.0		-168.7	-157.6		-211.1
	-100.7	-94.8		-292.8	-272.8		-367.3

2) After Q3 the tax rate for the full year, 2002, is estimated at 30%, a 1% reduction on previous quarters in 2002. In 2001 the complete tax cost for the Group for the full year was 30% of the profit before tax.

3) See note below table " Key ratios"

Quarterly results	2000	2000	2001	2001	2001	2001	2002	2002	2002
SEK Million	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3
Net sales	1,200.7	1,633.3	1,919.0	1,926.1	1,846.6	2,456.5	1,909.2	2,078.2	2,054.0
Cost of goods sold	-721.2	-934.8	-1,080.0	-1,081.7	-1,071.6	-1,341.0	-1,049.0	-1,181.4	-1,148.7
Gross profit	479.5	698.5	839.0	844.4	775.0	1,115.5	860.2	896.8	905.3
Operating cost	-361.5	-420.8	-610.8	-638.6	-608.6	-741.9	-670.5	-674.2	-716.9
Items affecting comp.		23.2							
Operating profit	118.0	300.9	228.2	205.8	166.4	373.6	189.7	222.6	188.4
Financial net	-26.5	-28.9	-61.0	-59.5	-54.1	-49.0	-43.9	-43.8	-42.4
Ass.comp.s' profit/loss	0.0	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit before tax	91.5	271.5	167.2	146.3	112.3	324.6	145.8	178.8	146.0
Taxes	-22.8	-67.9	-50.1	-44.0	-33.7	-97.3	-45.8	-54.8	-40.6
Net profit	68.7	203.6	117.1	102.3	78.6	227.3	100.0	124.0	105.4

Balance Sheets	2002	2001	2001
Assets SEK Million	30 September	30 September	31 Dec
Intangible fixed assets	2,887.0	2,828.4	2,768.3
Tangible fixed assets	1,242.2	1,358.5	1,341.0
Financial assets	448.1	430.3	462.4
Stock-in-trade	1,884.5	1,822.2	1,718.6
Current receivables	2,555.4	2,616.1	2,934.7
Liquid funds	381.8	272.9	364.4
Total assets	9,399.0	9,328.4	9,589.4
Shareholders' equity & Liabilities			
Shareholders' equity	2,893.2	2,744.9	2,952.9
Provisions for pensions, interest-bearing	1,203.1	1,123.0	1,089.8
Restructuring reserves	376.0	177.1	148.8
Other provisions	504.7	508.2	539.7
Long-term liabilities	2,834.9	2,206.0	2,179.4
Current liabilities	1,587.1	2,569.2	2,678.8
Total Equity & Liabilities	9,399.0	9,328.4	9,589.4

Cash flow statements	2002	2001	2002	2001	2001
SEK Million	Q 3	Q 3	9 mon	9 mon	FY
Operations					
Operating profit	188.4	166.4	600.7	600.4	974.0
Adjustment for items not included in cash flow	100.7	94.8	292.8	272.8	368.3
Financial items	-42.4	-54.1	-130.1	-174.6	-213.8
Taxes paid	-85.4	-24.4	-172.5	-104.3	-149.2
Cash flow before changes in working capital	161.3	182.7	590.9	594.3	979.3
Changes in working capital					
Stock-in-trade	-56.4	-52.4	-81.5	-395.8	-292.2
Rental equipment	-0.1	-13.1	-13.0	-26.6	-24.7
Current receivables	146.9	28.3	572.8	42.3	-275.2
Current operating liabilities	-14.0	-4.8	-265.3	49.4	226.4
Restructuring reserves, utilised	-19.8	-65.6	-47.6	-426.0	-523.7
Cash flow from operations	217.9	75.1	756.3	-162.4	89.9
Investments					
Acquisition of subsidiaries	-300.1		-316.0	-450.6	-450.6
Investments in tangible fixed assets	-29.8	-27.9	-97.4	-103.3	-180.9
Cash flow from investments	-329.9	-27.9	-413.4	-553.9	-631.5
Financial activities					
New share issue	–		–	490.1	490.1
Change in interest-bearing debt	-212.3	-47.1	-339.4	508.5	324.2
Interest-bearing loan in acquired subsidiaries	143.2	–	143.2	133.8	133.8
Change in long-term receivables	152.3	-30.4	48.5	-98.5	-46.3
Dividend paid			-189.3	-159.0	-159.0
Translation differences	-22.4	-138.5	11.5	-121.1	-72.2
Cash flow from financial activities	60.8	-216.0	-325.5	753.8	670.6
Cash flow for the period	-51.2	-168.8	17.4	37.5	129.0
Liquid funds at begin of the year	433.0	441.7	364.4	235.4	235.4
Liquid funds at end of the period	381.8	272.9	381.8	272.9	364.4

Net interest-bearing debt	2002	2001	2001
SEK Million	30 September	30 September	31 Dec
Debt to credit institutions	2,995.2	3,453.6	3,304.6
Pension provisions	1,203.1	1,123.0	1,089.8
Less liquid funds	-381.8	-272.9	-364.4
Net interest-bearing debt	3,816.5	4,303.7	4,030.0

Changes to shareholders' equity	2002	2001	2001
SEK million	30 September	30 September	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	-199.8	184.8	165.5
Net profit for the period	329.4	298.0	525.3
Shareholders' equity – closing balance	2,893.2	2,744.9	2,952.9

Key figures	2002	2001	Change	2002	2001	Change	2001
	Q 3	Q 3		9 mon	9 mon		FY
Orders received, SEK Million	2,165.9	1,958.7	10.6%	6,521.8	6,058.2	7.7%	8,375.7
adjusted for currency flucs.& corp.acqs			4.1%			5.6%	
Net sales, SEK Million	2,054.0	1,846.6	11.2%	6,041.4	5,691.7	6.1%	8,148.2
adjusted for currency flucs.& corp.acqs			4.3%			4.1%	
Earnings per share after full tax, SEK ¹⁾	2.09	1.56	34.0%	6.53	6.05	7.9%	10.60
Earnings per share before goodwill amortiz. after full tax, SEK ¹⁾	2.97	2.33	27.5%	8.99	8.39	7.2%	13.76
Nmb of shares after 2001 issue ¹⁾	50,468,480	50,468,480		50,468,480	50,468,480		50,468,480
Nmb of shares average after 2001 issue ¹⁾	50,468,480	50,468,480		50,468,480	49,227,408		49,537,676
Operating capital, SEK Million				6,709.0	5,003.5	34.1%	6,592.8
Return on operating capital, per cent				14.4%	17.5%	-3.1%	14.8%
Return on equity, per cent				19.4%	21.5%	-2.1%	20.4%
Net debt/equity ratio, multiple				1.32	1.57	-0.25	1.36
Interest cover, multiple				5.3	4.3	1.0	4.2
Equity/assets ratio, per cent				30.8%	29.4%	1.4%	30.8%
Equity per share, SEK ¹⁾				57.33	54.39	5.4%	58.51
Netinvestments in fixed assets, SEK Million				97.4	103.3		180.9
Number of employees at the period's end				5,551	5,310		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.