

## Six month report January-June 2003

- Revenue growth in line with company's outlook, up 8% currency adjusted
- Operating earnings, EBITDA, up 11% currency adjusted
- Earnings before tax, EBT, up 76%
- Earnings per share increased to SEK 0.98 (0.39)
- Strong operating cash flow at MSEK 582 (480)

MSEK	Q2				January-June			
	2003	2002	Nominal	Currency adjusted	2003	2002	Nominal	Currency adjusted
Revenues	6,527	7,053	-7%	+7%	13,036	13,962	-7%	+8%
EBITDA	1,100	1,126	-2%	+10%	2,206	2,232	-1%	+11%
EBITDA margin	16.9%	16.0%			16.9%	16.0%		
EBT	493	238	+107%		856	486	+76%	
EBT margin	7.6%	3.4%			6.6%	3.5%		
Operating cash flow	301	336	-10%		582	480	+21%	
Earnings per share, SEK	0.58	0.13	+333%		0.98	0.39	+150%	
Cash earnings per share, SEK	2.49	2.21	+13%		4.88	4.56	+7%	

### Second quarter highlights:

- Gambro Healthcare posted a currency adjusted revenue growth of 9%. This includes USD 261 (2002 Q2: 252) in U.S. revenue per treatment. MSEK 5 in laboratory revenues from previous periods has been recorded in the quarter. In addition, a reversal of accounts receivable provisions of MSEK 21 (not included in revenue per treatment) has positively affected revenues in the quarter. Gambro Renal Products and Gambro BCT achieved 5% currency adjusted growth respectively.
- EBITDA margin for the group at 16.9% (16.0%), well above second quarter last year, including improvements in all business areas, Gambro Healthcare 15.5% (14.7%), Gambro Renal Products 18.8% (18.3%) and Gambro BCT 25.2% (20.2%).
- EPS improved considerably to SEK 0.58 (0.13) due to good operational performance and a positive financial net of MSEK +51 (-172)
- Continued reduction in net debt. Net debt reduced by MSEK 374 from first quarter 2003 to MSEK 7,632 (June 2002: MSEK 9,608).

*"We continue to show results of improved operational and financial efficiency, which are our top priorities. We are delivering in line or above market growth on revenues, but are not fully satisfied, as our ambitions are set higher" said Sören Mellstig, Gambro President and CEO.*

*Gambro is a global medical technology and healthcare company with leading positions in renal care - services and products - and blood component technology. Gambro Healthcare is one of the leading providers of kidney dialysis services in the world with 54,770 patients in more than 700 clinics worldwide. Gambro Renal Products comprises dialyzers, dialysis machines, blood lines and dialysis concentrates. Gambro BCT is the market leader in separation and handling of blood components. The group, with 2002 revenues of SEK 27.6 billion (USD 2.7 billion), has 21,300 employees in some 40 countries.*

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**Key data** (excluding nonrecurring items)

MSEK	Q2		Jan-June		July 2002- June 2003	Jan-Dec 2002
	2003	2002	2003	2002		
Revenues	6,527	7,053	13,036	13,962	26,648	27,574
Operating earnings before depr. (EBITDA)	1,100	1,126	2,206	2,232	4,475	4,501
<i>EBITDA margin</i>	16.9%	16.0%	16.9%	16.0%	16.8%	16.3%
Operating earnings (EBIT)	442	410	862	796	1,660	1,594
<i>EBIT margin</i>	6.8%	5.8%	6.6%	5.7%	6.2%	5.8%
Earnings before tax (EBT)	493	238	856	486	1,433	1,063
Earnings per share (EPS) SEK <sup>1)</sup>	0.58	0.13	0.98	0.39	1.64	1.05
Earnings per share (EPS) SEK including nonrecurring <sup>1)</sup>	0.58	0.13	0.98	0.39	2.37	1.78
Cash earnings per share (CEPS) SEK <sup>2)</sup>	2.49	2.21	4.88	4.56	9.80	9.48
Goodwill amortization per share	-0.64	-0.78	-1.35	-1.59	-2.86	-3.10
Earnings per share pre goodwill amortization SEK	1.21	0.91	2.32	1.98	4.49	4.15
Operating cash flow <sup>3)</sup>	301	336	582	480	1,642	1,540
Operating cash flow per share <sup>3)</sup>	0.87	0.97	1.69	1.39	4.77	4.47
Net debt	7,632	9,608	7,632	9,608	7,632	8,369

1) After full tax

2) Net income plus depreciation and amortization divided by number of shares

3) Cash flow before acquisitions, divestitures and taxes

**SECOND QUARTER 2003** (\* =currency adjusted)

**Revenues** for the quarter showed a growth of 7%\*. In nominal values lower at MSEK 6,527 (7,053). Revenue development was strong in the U.S. +9%\*, -12% in nominal values, and Americas (excl. U.S.), Pacific and Asia +9%\*, -7% in nominal values. Europe, Africa and Middle East showed a somewhat lower growth at +3%\* (+2%).

For Gambro Healthcare, revenues increased by 9%\*; in nominal values the revenues declined 10%. For Gambro Renal Products, revenues increased by 5%\*, -3% in nominal values. Internal sales grew by 8%\*, -9% nominal. Gambro BCT posted a 5%\* revenue increase, -10% in nominal values.

**EBITDA margin (Earnings before interest, taxes, depreciation and amortization)** for the Group reached 16.9% (16.0%). Gambro Healthcare reached 15.5% (14.7%). Gambro Renal Products 18.8% (18.3%) and Gambro BCT at 25.2% (20.2%).

**EBIT (Earnings before interest and taxes)** for the group increased by 8% (+17%\*) to MSEK 442 (410), with minor changes in amortization mainly related to currency effects. The combined effect of increased depreciation due to new investments and currency effects caused depreciation to decline in nominal terms. The EBIT margin reached 6.8% (5.8%).

The **financial net** was significantly improved from second quarter last year to MSEK +51 (-172), as a result of lower U.S. dollar interests, reduced net debt, currency effects and positive effects from transactions to lock-in long-term interest rate differentials, which resulted in realized interest as well as currency gains of about MSEK 80.

**Earnings before tax (EBT)** increased by 107% to MSEK 493 (238) and the EBT margin reached 7.6% (3.4%).

Second quarter tax rate came in at 38.8% (34.9%) due to an earnings mix with a higher proportion of earnings in high tax countries like the US, Italy and Germany.

**Net income** for the quarter increased from MSEK 46 last year to MSEK 199 this year.

The group experienced a positive development in currency adjusted **operating cash flow**, mainly due to reduced capital expenditure and a strong cash flow from Gambro Healthcare as a result of improved underlying performance.

#### Operating cash flow

MSEK	Q2		January-June		Full year
	2003	2002	2003	2002	2002
Earnings before taxes	493	238	856	486	1,063
Earnings from participations in associated companies	1	2	1	4	7
Depreciation and write-downs	658	715	1,344	1,436	2,907
Change in operating working capital <sup>1)</sup>	-321	103	-641	-145	557
Capital expenditure, net	-530	-722	-978	-1,301	-2,994
<b>Operating cash flow</b>	<b>301</b>	<b>336</b>	<b>582</b>	<b>480</b>	<b>1,540</b>
Of which currency effects in operating cash flow	161	440	232	658	827

1) Includes inventories, trade receivables, trade payables and other current receivables and liabilities.

#### COMPANY OBJECTIVES FOR 2003 (\* =currency adjusted)

Gambro reconfirms the overall objectives for the year 2003: A currency adjusted revenue growth of 8-10% and growth in earnings and operating cash flow exceeding revenue growth.

Gambro Healthcare's objective is to have a revenue growth of 8-10%, mainly organic, and operating earnings growing at a higher rate than revenues. The objective for Gambro Renal Products is to achieve an annual increase in revenues of 6-8% with improved profit margin. The goal for Gambro BCT is to support present profit margin and achieve sales growth of 8-10%.

At mid-year we can establish the fact that we are delivering according to outlook for the Group, with especially strong growth in earnings and cash flow. Revenue growth for the group is within the outlook for the full year, incl. strong growth in Gambro Healthcare, +10%\* and slightly weaker for Gambro Renal Products +4%\*, and Gambro BCT +6%\*.

For Gambro Renal Products the high internal growth last year has not been compensated by higher external growth this year. Also challenging market conditions with reimbursement changes in Germany and with a tough competition in the U.K. have affected the growth negatively. If the challenging market conditions remains through out the year the revenue growth for Gambro Renal Products will be one or two percentage points below 6% for the full year. The weakening of the U.S. dollar is impacting the margin negatively over time as currency forward contracts expire.

Gambro BCT's business is running according to outlook, the growth is expected to increase in the second half of the year, with the approval and introduction of the Trima System in markets outside the US.

**GAMBRO HEALTHCARE**

MSEK	Q2		Currency		Jan-June		Currency	
	2003	2002	Nominal	adjusted	2003	2002	Nominal	adjusted
<b>Revenues</b>	3,869	4,312	-10%	+9%	7,811	8,568	-9%	+10%
U.S.	3,487	3,937	-11%	+9%	7,063	7,809	-10%	+11%
Rest of the world	382	375	+2%	+4%	748	759	-1%	+4%
<b>EBITDA</b>	600	632	-5%	+15%	1,211	1,245	-3%	+17%
<b>EBITDA margin</b>	15.5%	14.7%			15.5%	14.5%		
<b>EBIT</b>	223	186	+20%	+45%	441	346	+27%	+52%
<b>EBIT margin</b>	5.8%	4.3%			5.6%	4.0%		

  

	June 30		June 30, 2003	June 30, 2003
	2003	2002	vs. June 30, 2002	vs. March 31, 2003
<b>Total number of clinics</b>	708	680	+28	+7
U.S.	563	537	+26	+6
Rest of the world	145	143	+2	+1
<b>Total number of patients</b>	54,770	52,260	+2,510	+430
U.S.	43,470	41,630	+1,840	+230
Rest of the world	11,300	10,630	+670	+200

  

	2003				2002			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Total number of treatments in consolidated clinics ('000)</b>			1,985	1,905	1,959	1,928	1,888	1,819
U.S.			1,641	1,594	1,622	1,593	1,563	1,509
Rest of the world			344	311	337	335	325	310
Number of dialysis days	79	79	78	77	79	79	78	77
<b>Revenue per treatment, U.S. (USD)</b>			261 <sup>1)</sup>	261 <sup>1)</sup>	253	255	252	246
of which is lab services			10	11	9	10	9	9

1) Excluding a reversal of MSEK 21 in accounts receivable reserves.

For medical outcome data, please see page 18 in this report.

On June 30, Gambro operated 708 clinics, serving 54,770 patients worldwide. During the second quarter one clinic were acquired and 6 new clinics were opened.

The U.S. as well as the non-US business within Gambro Healthcare experienced a favorable organic revenue growth, including same store treatment growth in excess of 4% in both segments.

**Gambro Healthcare US second quarter 2003**

The U.S. posted a strong **revenue** growth of 9% currency adjusted. Revenues per treatment in the U.S. were USD 261, a USD 9 increase from the second quarter of 2002 and stable compared to the first quarter this year. Of the revenues and earnings recorded in the quarter MSEK 5 (approximately USD 0.4 per treatment) were recognized for laboratory tests performed prior to 2003 but that were billed during the quarter (January-June: MSEK 25, MUS\$ 3), for further information see section "Other" in this report.

Important contributors to the revenue increase in addition to same store growth are increases in pharmacy billings, outstanding collection experience which favorably impacted bad debt recognition and the favorable relative growth in the number of acute treatments performed.

In 2002 the reorganizations in the Accounts Receivable and Billing Departments had a very positive effect on cash collections. For 2003 the focus is on analysis of outstanding balances and related reserves. Due to the positive outcome of the analysis, the company reversed MSEK 21 of the current reserves in the second quarter 2003 (as well as in the first quarter). Depending on the outcome of further analysis the company might release similar amounts over the next coming quarters. These revenues are not included in the reported revenue per treatment.

In line with the strategy to be very selective with acquisitions, only one clinic with approximately 45 patients was acquired during the quarter.

On the cost side the company experienced increased costs for professional liability insurance and legal affairs, including MSEK 33 (January-June: MSEK 54) in fees related to the Ginsburg case (see section "Other"). Labor cost per treatment was less than 1% above last years level. With salary increases effective from April 1 for the majority of Gambro's caregivers this is a positive result of efficiency improvements and strategic human resources work.

#### Subpoena

During the quarter, Gambro Healthcare US continued to provide information pursuant to the subpoena received in June 2001 from the United States Department of Justice. The subpoena requested information and documentation relating to various aspects of dialysis operations in the United States. MSEK 18 (January-June MSEK 32) in legal fees and other costs of collecting the information requested in the subpoena were recorded in the second quarter 2003 (in "Other"). The legal fees for the full year 2003 are expected to reach a level of MUS\$ 10-12. The U.S. government has not served Gambro Healthcare with any claim or lawsuit. Depending on the results of its investigation, the U.S. government could seek material monetary penalties and other remedies.

#### **Gambro Healthcare International (non-U.S.) second quarter 2003**

Gambro Healthcare International's clinics are located in Europe (107 clinics in ten countries), Argentina (31 clinics), Uruguay (4 clinics) and Australia (3 clinics). Good development was shown particularly in Spain, Hungary and Argentina.

## GAMBRO RENAL PRODUCTS

	Q2		Currency		Jan-June		Currency	
MSEK	2003	2002	Nominal	adjusted	2003	2002	Nominal	adjusted
<b>Revenues</b>	2,536	2,602	-3%	+5%	4,971	5,133	-3%	+4%
<b>EBITDA</b>	475	477	0%	+2%	940	952	-1%	+1%
<b>EBITDA margin</b>	18.8%	18.3%			18.9%	18.5%		
<b>EBIT</b>	244	258	-5%	-5%	468	518	-10%	-10%
<b>EBIT margin</b>	9.6%	9.9%			9.4%	10.0%		

### Gambro Renal Products second quarter 2003

**Revenues** showed a growth of 5% currency adjusted, -3% in nominal terms, including firm growth for synthetic dialyzers, for renal intensive care and PD products. The sales trend was good in especially the U.S., Mexico and China. China is a prioritized growth market; the organization is in place and good results are shown. The company continued to face a challenging environment in Germany where the revenues were reduced. Internal sales showed a currency-adjusted growth of 8%, -9% in nominal terms compared to the second quarter last year.

**Operating earnings margin (EBITDA)** for Gambro Renal Products improved to 18.8% compared to 18.3% second quarter last year. The margin improvement is due to a favorable product and market mix as well as currency effects. As sales are expected to improve in new markets and for equipment throughout the year, no further improvement in margin is expected. The reduction in the EBIT margin is due to the somewhat lower growth in the quarter in combination with increased level of depreciation.

Gambro Renal Products strategy is to deliver profitable growth. The following business activities during the second quarter 2003 is a result of this strategy: The construction of new production lines for additional capacity for production of synthetic membrane dialyzers in Hechingen, Germany and Meyzieu, France were finalized in the quarter. The new plants will enable Gambro to increase its capacity by eight million units annually. The capacity will gradually be ramped up throughout this and next year. The sites manufacture dialyzers to both external customers and to Gambro Healthcare clinics.

In July Gambro received FDA approval of the Polyflux® LR Hemodialyzer. This is the newest member of its Polyflux hemodialyzer product line, used for the treatment of chronic and acute renal failure. The Polyflux LR may be reprocessed for reuse on the same patient and is a new important product in the U.S. product offering.

Gambro Renal Products' new monitor strategy, announced in March 2003 under which development responsibility and resources for hemodialysis monitors will be focused to Medolla, Italy, has resulted in personnel reductions in Lund. Individual solutions have been completed for the 26 people involved. The new organization is now fully implemented.

Gambro Renal Products and Gambro Healthcare International have launched a joint product portfolio optimization program aiming to reduce the product proliferation in Gambro Healthcare's clinics. This will reduce the stock needed on both sides. Beginning with dialyzers, the program will later include bloodlines and solutions.

**GAMBRO BCT**

MSEK	Q2		Currency		Jan-June		Currency	
	2003	2002	Nominal	adjusted	2003	2002	Nominal	adjusted
<b>Revenues</b>	440	490	-10%	+5%	889	970	-8%	+6%
<b>EBITDA</b>	111	99	+12%	+33%	222	216	+3%	+21%
<b>EBITDA margin</b>	25.2%	20.2%			25.0%	22.3%		
<b>EBIT</b>	66	53	+25%	+45%	130	122	+7%	+24%
<b>EBIT margin</b>	15.0%	10.8%			14.6%	12.6%		
<b>Navigant Biotechnologies, Pathogen Reduction Technology expenses</b>	39	45			77	75		

**Gambro BCT second quarter 2003**

**Revenues** decreased by 10% in nominal values. Currency adjusted growth was 5% which exceeds the growth of the overall market. Revenue growth was strongest in the U.S. The implementation of Trima Automated Blood Collection technology in American Red Cross Blood Regions (ARC) throughout the U.S. continues at a fast pace. With other customers, the Trima System as well as the newly launched Trima Accel products are gaining good acceptance. Trima Accel's advanced single-stage separation technology allows blood centers to collect more blood products per donor, reduce procedure times and increase donor comfort.

Revenue growth in the Europe, Africa and Middle East area was favorable in most markets. For the quarter the strongest currency adjusted growth was realized in the Benelux area, France, the Nordic region and Italy. Currency adjusted revenues in the Americas (excl U.S.), and Asia were down slightly versus second quarter 2002, due to strong equipment sales last year that were not repeated this year. Good growth in Australia, Taiwan and China was offset by soft sales in Japan compared to the prior year.

**Earnings before depreciation and amortization (EBITDA)** for Gambro BCT increased 12%, while the EBITDA margin reached 25.2% compared to 20.2% second quarter 2002. The growth in sales and improved gross margins on products sold contributed to the profitability increase.

The U.S. FDA has cleared the Gambro BCT Vista Information System's two-way interface with Wyndgate Technology's SafeTrace blood center software. The Vista Information System is an innovative software solution that allows blood centers to manage donors, blood center operations and blood collection devices. The Vista Information System features include automated donor blood component loss tracking and two-way connectivity with other blood center software systems. A number of blood centers in Europe and the US, and most recently the San Diego Blood Center have purchased and are using the Vista Information System.

Navigant Biotechnologies, Inc.

In the second quarter MSEK 39 (45) was invested in Gambro BCT's riboflavin-based pathogen reduction technology, now incorporated as Navigant Biotechnologies, Inc. Progress continues as expected and Navigant continues to be encouraged by the progress being made in scientific validation and in moving towards introduction of Mirasol Pathogen Reduction Technology. For the full year the company expects to invest about MUSD 21 (about MSEK 170).

## INVESTMENTS

MSEK	Q2		Jan-June		Full year
	2003	2002	2003	2002	2002
Gambro Healthcare	223	243	370	473	982
Gambro Renal Products	275	455	540	786	1 887
Gambro BCT	57	64	115	118	259
Total investments excluding acquisitions <sup>1)</sup>	555	762	1,025	1,377	3,128
Acquisitions	15	38	68	146	251
Total investments gross	570	800	1,093	1,523	3,379
Less: Disposals	-25	-57	-47	-101	-190
Total investment activities	545	743	1,046	1,422	3,189
1) Of which is capitalized development costs	28	44	54	90	157

About 70% of the Group's total investments for the full year 2002 were related to capacity expansions, the rest was related to maintenance. Capacity expansion in relation to other investments is expected to decrease during 2003. During 2003 Gambro Renal Products' investments largely refer to new production capacity for dialyzers in Germany, which will be ready according to plan in 2005, and solutions in Italy and the U.S., which will be up and running in 2003-2004.

Gambro Healthcare's investments largely refer to capacity expansions in existing and new clinics. Maintenance includes replacement of equipment in existing clinics and IT systems.

## FINANCIAL POSITION

MSEK	Q2		Jan-June		Full year
	2003	2002	2003	2002	2002
Net debt <sup>1)</sup> , closing balance June 30	7,632	9,608	7,632	9,608	8,369
Financial net	51	-172	-6	-310	-531
of which interest	-39	-149	-103	-284	-478
Average interest rate	3.5% <sup>2)</sup>	5.5%	3.4% <sup>2)</sup>	5.4%	4.8%

1) Loans and provisions for pension less cash and current investment, including other financial receivables.

2) Excluding one-time items

**Net debt** on June 30 amounted to MSEK 7,632, and was reduced by MSEK 1,976 compared to end of June 2002, including a reduction by MSEK 374 in the second quarter 2003.

The **financial net** was significantly improved from second quarter last year to MSEK +51 (-172), as a result of lower U.S. dollar interests, reduced net debt, currency effects and positive effects from transactions to lock in long-term interest rates, which resulted in realized interest rate differentials as well as currency gains of about MSEK 80.

The **equity/assets ratio** at the end of the period was 56% (54%). **Return on equity** for the first six months 2003 was 3.4% (1.3%) and **return on capital employed** 7.0% (5.4%). By the end of the period **equity per share** was 56 SEK (58). The change is mainly related to currency effects.



**PERSONNEL**

The number of Gambro employees increased by 20 during the second quarter. By the end of the period, the total number of employees amounted to 21,320 (20,682).

**PARENT COMPANY**

Parent Company earnings before tax and appropriations amounted to MSEK 330 (135) for the first six months 2003. The Parent Company's liquid funds at the end of the quarter amounted to MSEK 127 (66). The wholly owned subsidiary Örekron Service AB was merged into the parent company during the second quarter. The parent company's equity was negatively affected by the merger effect of MSEK 506.

**OTHER**

Gambro announced on April 23 that a jury verdict was received in a lawsuit that had been pending in a United States court in Florida for approximately six years. As outlined in the Gambro Annual Report 2002 (Note 31), the lawsuit, Ginsburg et al. vs. Gambro et al., relates to a 1995 tender offer to all public stockholders in REN Corporation US (REN) pursuant to which Gambro, Inc. acquired all of the remaining outstanding shares of REN for a total consideration of nearly MUSD 190. In 1997 a former REN stockholder sued Gambro making various allegations regarding the transaction. Gambro has accrued for MSEK 31 as an additional acquisition cost in the March 31, 2003 balance sheet (increase of goodwill and accruals), but, pending the final judgment no interest expense has been included in the income statement of this report. This amount is expected to be established before the end of the third quarter 2003 and will be reported accordingly.

The Gambro group applies recommendations by the Swedish Financial Accounting Standards Council and statements by their emerging issues task force. On January 1, 2003, seven new recommendations were introduced. The standards are disclosed in the Gambro Annual Report 2002, on page 38. The introduction of the new recommendations implies no change in accounting principles and does not affect the earnings of the current year or previous years nor shareholders' equity. However the introduction of RR22 Presentation of financial statements have implied a reclassification of some MSEK 42 from Long-term receivables to Trade receivables at year-end 2002. Comparative figures have not been restated.

As of April 1, 2001, Gambro made the assessment that Recommendation No. 11 of the Swedish Financial Accounting Standards Council did not allow for revenue recognition of laboratory tests until a service had been billed. From January 1, 2003 Gambro changes (back) to recognizing revenue when tests are performed. During the second quarter Gambro recognized revenues amounting some MSEK 5 (January-June: MSEK 25, MUSD 3) for tests performed prior to 2003 (for further information see Gambro Annual Report 2002, page 38).

The contingent liabilities and contingent assets of the Group have not significantly changed since year-end 2002 with exception of the contingent liabilities for the Ginsburg trial (see above) and equity swaps used for hedging of employee incentive programs (see Note 2 in the Annual Report 2002). Based on the stock price per end of June 2003 the contingent liabilities for the equity swaps are MSEK 177 (MSEK 205 as of December 31, 2002). As the swaps are long-term (maturing 2006-2008) and as there are no clear accounting standards or practices in Sweden the amount is disclosed as a contingent liability until further notice.

**AFTER THE BALANCE SHEET DATE**

No significant events that affect the Group's or the Parent Company's financial position have occurred since the end of the period.

Stockholm, July 25, 2003

Sören Mellstig  
President and CEO

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

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**TELECONFERENCE AND WEB CAST**

The company will host a conference call and web cast to present its first quarter results today at 16:00 Central European time. +44 (0)20 7162 0195 (if calling from Europe), +1 334 323 6203 (if calling from the US). Regarding the web cast, please find all related information on Gambro's web site: [www.gambro.com/investors/](http://www.gambro.com/investors/).

**CALENDAR**

October 24, 2003	Nine-month report, January-September 2003
Feb 10, 2004	Full-year report, January-December 2003

**Revenues by business area**

MSEK	January-June		Change in % Jan-June		Change in % Q2		Full year
	2003	2002	Nominal	Currency adj.	Nominal	Currency adj.	2002
Gambro Healthcare	7,811	8,568	-9%	+10%	-10%	+9%	16,872
Gambro Renal Products	4,971	5,133	-3%	+4%	-3%	+5%	10,212
Intra-Group <sup>1)</sup>	-635	-709	-10%	+5%	-9%	+8%	-1,389
<i>Total, Renal Care</i>	<i>12,147</i>	<i>12,992</i>	<i>-6%</i>	<i>+8%</i>	<i>-7%</i>	<i>+7%</i>	<i>25,695</i>
Gambro BCT	889	970	-8%	+6%	-10%	+5%	1,879
<b>Total</b>	<b>13,036</b>	<b>13,962</b>	<b>-7%</b>	<b>+8%</b>	<b>-7%</b>	<b>+7%</b>	<b>27,574</b>

1) The aim of the Gambro Group transfer price policy is to ensure a stable framework for intra-group business. The policy is based on the arm's length standard as defined in the Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations published by the OECD. All relationships that are based on this policy are supported by written contracts between the different parties. The concept is based on a division of function and risk between the different entities within Gambro. Profit is allocated based on functions paid for, risks assumed and available industry comparables.

**Revenues by market**

MSEK	January-June		Change in % Jan-June		Change in % Q2		Full year
	2003	2002	Nominal	Currency adj.	Nominal	Currency adj.	2002
Europe, Africa and Middle East	3,963	3,911	+1%	+2%	+2%	+3%	7,768
United States	8,082	8,976	-10%	+10%	-12%	+9%	17,647
Americas (excl. U.S.), Pacific and Asia	991	1,075	-8%	+10%	-7%	+9%	2,159
<b>Total</b>	<b>13,036</b>	<b>13,962</b>	<b>-7%</b>	<b>+8%</b>	<b>-7%</b>	<b>+7%</b>	<b>27,574</b>

**Exchange rates**

	Closing rate		Average rate							
	2003	2002	2003			2002				
(SEK)	Q2	Q2	Q1	Q2	YTD	Q1	Q2	Q3	Q4	FY 2002
USD-rate	<b>8.04</b>	9.14	8.56	<b>8.08</b>	<b>8.32</b>	10.43	9.97	9.33	9.15	9.72
EUR-rate	<b>9.19</b>	9.11	9.18	<b>9.14</b>	<b>9.16</b>	9.15	9.15	9.24	9.10	9.16

## GAMBRO GROUP INCOME STATEMENT

MSEK	Q2		Jan-June		July 2002- June 2003	Full year 2002
	2003	2002	2003	2002		
<b>Revenues</b>	<b>6,527</b>	<b>7,053</b>	<b>13,036</b>	<b>13,962</b>	<b>26,648</b>	<b>27,574</b>
Cost of sales	-4,765	-5,248	-9,522	-10,424	-19,727	-20,629
<b>Gross earnings</b>	<b>1,762</b>	<b>1,805</b>	<b>3,514</b>	<b>3,538</b>	<b>6,921</b>	<b>6,945</b>
Operating expenses	-1,320	-1,395	-2,652	-2,742	-5,261	-5,351
<b>Earnings before interest and taxes (EBIT) <sup>1)</sup></b>	<b>442</b>	<b>410</b>	<b>862</b>	<b>796</b>	<b>1,660</b>	<b>1,594</b>
Financial items, net	51	-172	-6	-310	-227	-531
<b>Earnings before tax (EBT)</b>	<b>493</b>	<b>238</b>	<b>856</b>	<b>486</b>	<b>1,433</b>	<b>1,063</b>
Taxes <sup>2)</sup>	-277	-177	-486	-322	-557	-393
Minority Interest	-17	-15	-33	-29	-62	-58
<b>Net income <sup>3)</sup></b>	<b>199</b>	<b>46</b>	<b>337</b>	<b>135</b>	<b>814</b>	<b>612</b>
1) Earnings before depreciation and amortization (EBITDA)	1,100	1,126	2,206	2,232	4,475	4,501
2) Including a nonrecurring reversal of tax provisions					250	250
Amortization, goodwill	-220	-269	-464	-548	-985	-1,069
Depreciation, other assets	-438	-447	-880	-888	-1,830	-1,838
	-658	-716	-1,344	-1,436	-2,815	-2,907
3) Earnings per share before and after dilution (SEK)	0.58	0.13	0.98	0.39	2.37	1.78

Average and total number of shares outstanding 344,653,288 (before and after dilution) of which:  
Series A: 250,574,090  
Series B: 94,079,198

## QUARTERLY DATA PER SEGMENT

MSEK	2003			2002				
	Q1	Q2	Total	Q 1	Q 2	Q 3	Q 4	Total
<b>Revenues</b>								
Gambro Healthcare	3,942	3,869	7,811	4,256	4,312	4,186	4,118	16,872
Gambro Renal Products	2,435	2,536	4,971	2,531	2,602	2,426	2,653	10,212
Gambro BCT	449	440	889	480	490	451	458	1,879
Intra-group	-317	-318	-635	-358	-351	-324	-356	-1,389
<b>Total Revenues</b>	<b>6,509</b>	<b>6,527</b>	<b>13,036</b>	<b>6,909</b>	<b>7,053</b>	<b>6,739</b>	<b>6,873</b>	<b>27,574</b>
<b>EBITDA</b>								
Gambro Healthcare	611	600	1,211	613	632	654	601	2,500
Gambro Renal Products	465	475	940	475	477	442	496	1,890
Gambro BCT	111	111	222	117	99	113	74	403
Other	-81	-86	-167	-99	-82	-65	-46	-292
<b>Total EBITDA</b>	<b>1,106</b>	<b>1,100</b>	<b>2,206</b>	<b>1,106</b>	<b>1,126</b>	<b>1,144</b>	<b>1,125</b>	<b>4,501</b>
<b>EBITDA margin %</b>	<b>17.0%</b>	<b>16.9%</b>	<b>16.9%</b>	<b>16.0%</b>	<b>16.0%</b>	<b>17.0%</b>	<b>16.4%</b>	<b>16.3%</b>
<b>Depreciation and amortization</b>								
Gambro Healthcare	-393	-377	-770	-453	-447	-425	-433	-1,758
Gambro Renal Products	-241	-231	-472	-215	-219	-215	-240	-889
Gambro BCT	-47	-45	-92	-48	-46	-97 <sup>1)</sup>	-48	-239 <sup>1)</sup>
Other	-5	-5	-10	-4	-4	-7	-6	-21
<b>Total depreciation and amortization</b>	<b>-686</b>	<b>-658</b>	<b>-1,344</b>	<b>-720</b>	<b>-716</b>	<b>-744<sup>1)</sup></b>	<b>-727</b>	<b>-2,907<sup>1)</sup></b>
<b>EBIT</b>								
Gambro Healthcare	218	223	441	160	186	228	167	741
Gambro Renal Products	224	244	468	260	258	227	257	1,002
Gambro BCT	64	66	130	69	53	17	26	165
Other	-86	-91	-177	-103	-87	-72	-52	-314
<b>Total EBIT</b>	<b>420</b>	<b>442</b>	<b>862</b>	<b>386</b>	<b>410</b>	<b>400<sup>1)</sup></b>	<b>398</b>	<b>1,594<sup>1)</sup></b>
<b>EBIT margin %</b>	<b>6.4%</b>	<b>6.8%</b>	<b>6.6%</b>	<b>5.6%</b>	<b>5.8%</b>	<b>5.9%<sup>1)</sup></b>	<b>5.8%</b>	<b>5.8%<sup>1)</sup></b>
<b>Financial net</b>								
Interest net	-64	-39	-103	-135	-149	-112	-82	-478
Other financial items	7	90 <sup>3)</sup>	97 <sup>3)</sup>	-3	-23	-1 <sup>2)</sup>	-26	-53 <sup>2)</sup>
<b>Financial net</b>	<b>-57</b>	<b>51<sup>3)</sup></b>	<b>-6<sup>3)</sup></b>	<b>-138</b>	<b>-172</b>	<b>-113<sup>2)</sup></b>	<b>-108</b>	<b>-531<sup>2)</sup></b>
<b>Earnings before tax (EBT)</b>	<b>363</b>	<b>493<sup>3)</sup></b>	<b>856<sup>3)</sup></b>	<b>248</b>	<b>238</b>	<b>287<sup>1,2)</sup></b>	<b>290</b>	<b>1,063<sup>1,2)</sup></b>

1) Including a write down of the investment in Eligix of MSEK 49.

2) Including a capital gain of MSEK 45 related to the divestiture of shares in Thoratec Corp.

3) Including MSEK 80 in positive effects from transactions to lock in long-term interest rates, which resulted in realized interest rates differentials as well as currency gains.

**QUARTERLY DATA PER SEGMENT (cont.)**

MSEK	2003			2002				
	Q1	Q2	Total	Q 1	Q 2	Q 3	Q 4	Total
<b>Assets</b>								
Gambro Healthcare	19,061	18,171		23,715	20,990	20,900	19,702	
Gambro Renal Products	11,681	11,951		10,569	11,003	11,180	11,606	
Gambro BCT	1,464	1,440		1,538	1,567	1,538	1,476	
Other	559	728		658	575	513	549	
Eliminations	-211	-212		-239	-234	-216	-237	
<b>Total segment assets</b>	<b>32,554</b>	<b>32,078</b>		<b>36,241</b>	<b>33,901</b>	<b>33,915</b>	<b>33,096</b>	
Shares and participations	107	112		216	207	193	112	
Deferred and current tax assets	1,429	1,251		1,966	2,120	1,910	1,578	
Liquid assets	690	621		554	578	484	563	
Interest bearing receivables	979*	681*		214	214	230	670*	
<b>Total assets</b>	<b>35,759</b>	<b>34,743</b>		<b>39,191</b>	<b>37,020</b>	<b>36,732</b>	<b>36,019</b>	
<b>Liabilities</b>								
Gambro Healthcare	1,771	1,658		2,189	1,931	1,960	1,851	
Gambro Renal Products	2,144	2,211		2,106	2,052	2,010	2,292	
Gambro BCT	162	159		180	188	199	213	
Other	448	765		442	667	617	452	
Eliminations	-211	-212		-239	-234	-216	-237	
<b>Total segment liabilities</b>	<b>4,314</b>	<b>4,581</b>		<b>4,678</b>	<b>4,604</b>	<b>4,570</b>	<b>4,571</b>	
Shareholders' equity	19,829	19,301		22,101	19,851	20,092	19,839	
Minority interests	153	154		180	154	161	165	
Provisions for taxes and tax liabilities	1,788	1,773		1,639	2,011	1,804	1,844	
Interest bearing liabilities incl. Pensions	9,675	8,934		10,593	10,400	10,105	9,600	
<b>Total shareholders' equity and liabilities</b>	<b>35,759</b>	<b>34,743</b>		<b>39,191</b>	<b>37,020</b>	<b>36,732</b>	<b>36,019</b>	
<b>Investments gross</b>								
Gambro Healthcare	194	224	418	323	279	222	315	1,139
Gambro Renal Products	271	289	560	346	457	465	713	1,981
Gambro BCT	58	57	115	54	64	54	87	259
<b>Total investments gross</b>	<b>523</b>	<b>570</b>	<b>1,093</b>	<b>723</b>	<b>800</b>	<b>741</b>	<b>1,115</b>	<b>3,379</b>
<b>Revenues by market</b>								
Europe, Africa and Middle East	1,922	2,041	3,963	1,909	2,002	1,857	2,000	7,768
United States	4,102	3,980	8,082	4,471	4,505	4,362	4,309	17,647
Americas (excl. USA), Asia and Pacific	485	506	991	529	546	520	564	2,159
<b>Total</b>	<b>6,509</b>	<b>6,527</b>	<b>13,036</b>	<b>6,909</b>	<b>7,053</b>	<b>6,739</b>	<b>6,873</b>	<b>27,574</b>
<b>Assets by market</b>								
Europe, Africa and Middle East	11,756	12,126		10,217	11,004	11,058	11,466	
United States	18,814	17,951		23,799	20,829	20,823	19,578	
Americas (excl. USA), Asia and Pacific	1,984	2,001		2,225	2,068	2,034	2,052	
<b>Total segment assets</b>	<b>32,554</b>	<b>32,078</b>		<b>36,241</b>	<b>33,901</b>	<b>33,915</b>	<b>33,096</b>	
<b>Investments gross by market</b>								
Europe, Africa and Middle East	239	264	503	369	471	428	591	1,859
United States	239	239	478	289	275	248	374	1,186
Americas (excl. USA), Asia and Pacific	45	67	112	65	54	65	150	334
<b>Total investments gross</b>	<b>523</b>	<b>570</b>	<b>1,093</b>	<b>723</b>	<b>800</b>	<b>741</b>	<b>1,115</b>	<b>3,379</b>

\* Incl. effects of a currency forward contract (transaction made in Q4/02) to lock in favorable interest rates differentials. The forward contract, recorded as interest bearing receivables, amounts to: 03/Q2: MSEK 400, 03/Q1: MSEK 705, 02/Q4: MSEK 404.

## GAMBRO GROUP BALANCE SHEET

MSEK	2003	June 30 2002	December 31 2002
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets <sup>1)</sup>	13,218	15,588	14,670
Tangible assets	7,987	7,525	8,146
Shares and participations	112	207	112
Long-term receivables <sup>2)</sup>	2,253	2,452	2,503
<b>Total fixed assets</b>	<b>23,570</b>	<b>25,772</b>	<b>25,431</b>
<b>Current assets</b>			
Inventories	2,633	2,762	2,549
Trade receivables <sup>2)</sup>	6,126	6,091	5,891
Other current receivables	1,793	1,817	1,585
Liquid assets	621	578	563
<b>Total current assets</b>	<b>11,173</b>	<b>11,248</b>	<b>10,588</b>
<b>TOTAL ASSETS</b>	<b>34,743</b>	<b>37,020</b>	<b>36,019</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity <sup>3)</sup>	19,301	19,851	19,839
Minority interests	154	154	165
Provisions	2,582	2,490	2,604
Long-term interest bearing liabilities	6,150	8,029	7,735
Current liabilities	6,556	6,496	5,676
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>34,743</b>	<b>37,020</b>	<b>36,019</b>
<b>NET DEBT</b>	<b>7,632</b>	<b>9,608</b>	<b>8,369</b>
1) Of which goodwill	12,247	14,585	13,685
2) Of which long-term receivables which, according to RR22 have been re-classified to current trade receivables per January 1, 2003		33	42
3) Total number of shares outstanding, 344,653,288 (of which Series A: 250,574,090, Series B: 94,079,198)			
Shareholders' equity:			
Opening balance	19,839	22,571	22,571
Net income	337	135	612
Translation difference	-496	-2,476	-2,965
Dividend	-379	-379	-379
Closing balance	19,301	19,851	19,839

## CASH FLOW STATEMENT

MSEK	January-June 2003	2002	Full year 2002
<i>Operating activities</i>			
Earnings before tax	856	486	1,063
<i>Adjustment for non-cash items</i>			
Depreciation and write-downs	1,344	1,436	2,907
Provisions	28	16	86
Unrealized interests and exchange gains/losses	270	56	269
Capital gains/losses	0	0	-46
Non-distributed earnings in associated companies	1	4	15
Income taxes paid	-310	-251	-201
Cash flow from current operations before changes in operating capital	2,189	1,747	4,093
Changes in operating capital:			
Inventories	-168	-224	-67
Receivables	-758	-694	-1,007
Liabilities	462	-136	-38
<b>Cash flow from operating activities</b>	<b>1,725</b>	<b>693</b>	<b>2,981</b>
<i>Investment activities</i>			
Investments in financial fixed assets	-34	-24	-47
Disposals of financial fixed assets	0	0	102
Investments in intangible fixed assets	-159	-361	-608
Disposals of intangible fixed assets	6	24	0
Investments in tangible fixed assets	-900	1,138	-2,724
Disposals of tangible fixed assets	41	77	134
<b>Cash flow from investment activities</b>	<b>-1,046</b>	<b>-1,422</b>	<b>-3,143</b>
<i>Financing activities</i>			
Change in loans	-227	845	274
Dividend paid	-379	-379	-379
<b>Cash flow from financing activities</b>	<b>-606</b>	<b>466</b>	<b>-105</b>
Cash flow this period	73	-263	-267
Liquid assets, opening balance	563	899	899
Currency effect in liquid assets	-15	-58	-69
Liquid assets at closing balance	621	578	563

### Reconciliation between cash flow statement and operating cash flow

Cash flow from operating activities	1,725	693	2,981
Add back: Provisions and unrealized exchange gains/losses etc	-298	-73	-363
Add back: Income taxes paid	310	251	201
Add back: Change in operating capital	464	1,054	1,112
Change in operating working capital	-641	-145	557
Cash flow from investment activities	-1,046	-1,422	-3,143
Add back: Acquisitions/divestitures net	68	122	195
<b>Operating cash flow</b>	<b>582</b>	<b>480</b>	<b>1,540</b>



## FIVE-YEAR SUMMARY

MSEK	2002	2001	2000	1999	1998 <sup>3)</sup>
<b>Income statement</b>					
Revenues	27,574	26,720	22,245	19,743	18,734
Earnings before interest and taxes (EBIT)	1,594	281	204	2,304	5,374
Earnings before tax (EBT)	1,063	-193	-527	1,893	4,991
Net income	612	-422	982	1,605	2,308
<b>Balance sheet</b>					
Total assets	36,019	40,151	36,664	33,920	33,406
Net debt	8,369	9,434	7,275	4,632	2,242
Shareholders' equity	19,839	22,571	21,897	19,655	17,850
<b>Cash flow analysis</b>					
Investments in fixed assets, net	-2,994	-2,465	-1,741	-1,529	-1,587
Operating cash flow <sup>1)</sup>	1,540	-11 <sup>5)</sup>	1,103	2,048	4,213
Change in net debt	1,065	-2,159	-2,643	-2,390	5,544
<b>Key figures</b>					
Earnings per share, SEK <sup>2) 3)</sup>	1.78	-1.22	2.85	4.66	6.70
Operating cash flow per share, SEK <sup>1)</sup>	4.47	-0.03 <sup>5)</sup>	3.20	5.94	12.22
Shareholders' equity per share, SEK <sup>2) 3)</sup>	58	65	64	57	52
Dividend per share, SEK <sup>3)</sup>	1.10	1.10	1.10	1.10	1.00 <sup>4)</sup>
Gambro share, total return, %	-24.9	-0.5	-10.7	-11.0	-29.3
Return on shareholders' equity, % <sup>2)</sup>	2.9	-1.9	4.7	8.6	10.7
Return on total capital, %	4.6	1.6	0.9	7.4	14.6
Return on capital employed, %	5.5	2.0	1.2	10.8	19.7
Interest coverage ratio	2.6	0.8	0.4	4.1	5.5
Solidity (equity/assets ratio), %	56	57	60	59	54
<b>Statistical data</b>					
Average number of employees	20,804	19,534	17,999	17,354	17,332
Wages, salaries and remuneration, incl. social security contribution	9,406	9,122	7,191	6,265	5,783

1) Cash flow before acquisitions and taxes

2) After full tax

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

4) In addition, value transferred in the sale of ABB shares

5) Exclusive capital gain on sale of Thoratec shares.

## GAMBRO MEDICAL OUTCOMES

(Latest data available)

		2003		2002			
<b>Kt/V</b>		Q2	Q1	Q4	Q3	Q2	Q1
<b>Europe</b>	Kt/V average	*	1.45	1.47	1.48	1.48	1.46
	Kt/V $\geq 1.2$ (%)	*	86	88	88	89	87
<b>U.S.</b>	Kt/V average	*	1.49	1.50	1.49	1.49	1.52
	Kt/V $\geq 1.2$ (%)	88	89	89	89	88	90

Kt/V is one method of assessing the dose of dialysis delivered. Most national standards recommend a minimum acceptable target for Kt/V of 1.2 in a thrice-weekly dialysis schedule. The somewhat reduced average Kt/V in the U.S. is in line with the strategy to reduce the variance in the treatment, to ensure that the patient receives the same dose or same Kt/V each and every treatment.

		2003		2002			
<b>Hemoglobin <math>\geq 11</math>g/dl, %</b>		Q2	Q1	Q4	Q3	Q2	Q1
<b>Europe</b>		*	70	72	72	71	69
<b>U.S.</b>		81	80	80	79	78	77

Hemoglobin is the iron-containing protein in red blood cells that transports oxygen in the body. Hemoglobin is used as a marker of anemia management. The current target for hemoglobin in dialysis patients according to DOQI guidelines is 11-12 g/dl. An anemia management program was started during 2002 in the U.S. and has been a major value add to patient treatment and improved the Hemoglobin level. Gambro Healthcare's anemia management efforts are focused on improving patient's hemoglobin levels especially those that are below 11 g/dl.

		2003		2002			
<b>Albumin <math>\geq 3.5</math> g/dl, %</b>		Q2	Q1	Q4	Q3	Q2	Q1
<b>Europe</b>		*	88	89	88	87	86
<b>U.S.</b>		78	77	75	77	78	79

Albumin is the major plasma protein responsible for much of the plasma colloid osmotic pressure, as it cannot pass the wall of blood vessels. In dialysis patients, serum albumin is used as a marker of nutrition but also of inflammation. A serum albumin concentration of  $>3.5$  g/dl is generally defined as adequate, although the target value depends on the analysis method used.

\* Data not available when publishing this report.