Arjo

Pareto Healthcare Conference
September 3, 2020

Daniel Fäldt, CFO

Agenda

1. My initial reflections

2. Arjo 2020 and our progress

3. Brief business update

4. Summary

My initial reflections

- Fantastic to join the healthcare industry - even more so during the Covid-19 pandemic
- Arjo is a solid company and a great foundation has been built during the last 3 years
- A lot has been done but I still see great opportunities and potential going forward
- Many great and dedicated colleagues - a strong company culture built on what we call our guiding principles

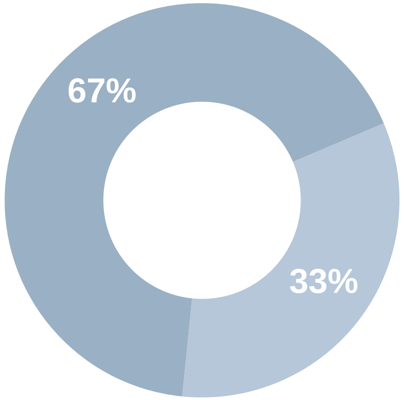
Arjo 2020
and our progress

Arjo in essence

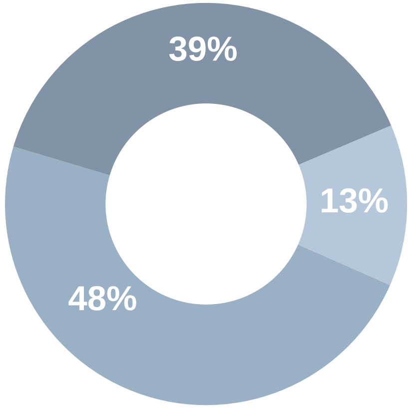
To be the most trusted partner in driving healthier outcomes for people facing mobility challenges

Net sales of	Customers in more than	5 production sites in	Approx.
8,9	**100**	**5**	**6 200**
SEK billion (2019)	countries	countries	employees

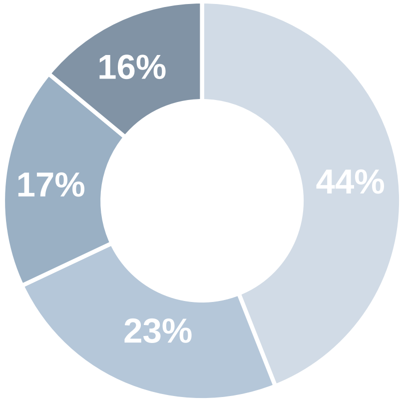
Sales per customer type



Sales per geography



Sales per revenue type



25%	16%	19%	10%	7%	3%	4%	17%
Patient handling	Therapeutic Surfaces	Medical beds	VTE prevention	Hygiene	Diagnostics	Disinfection	Service

The market growth is driven by a number of factors

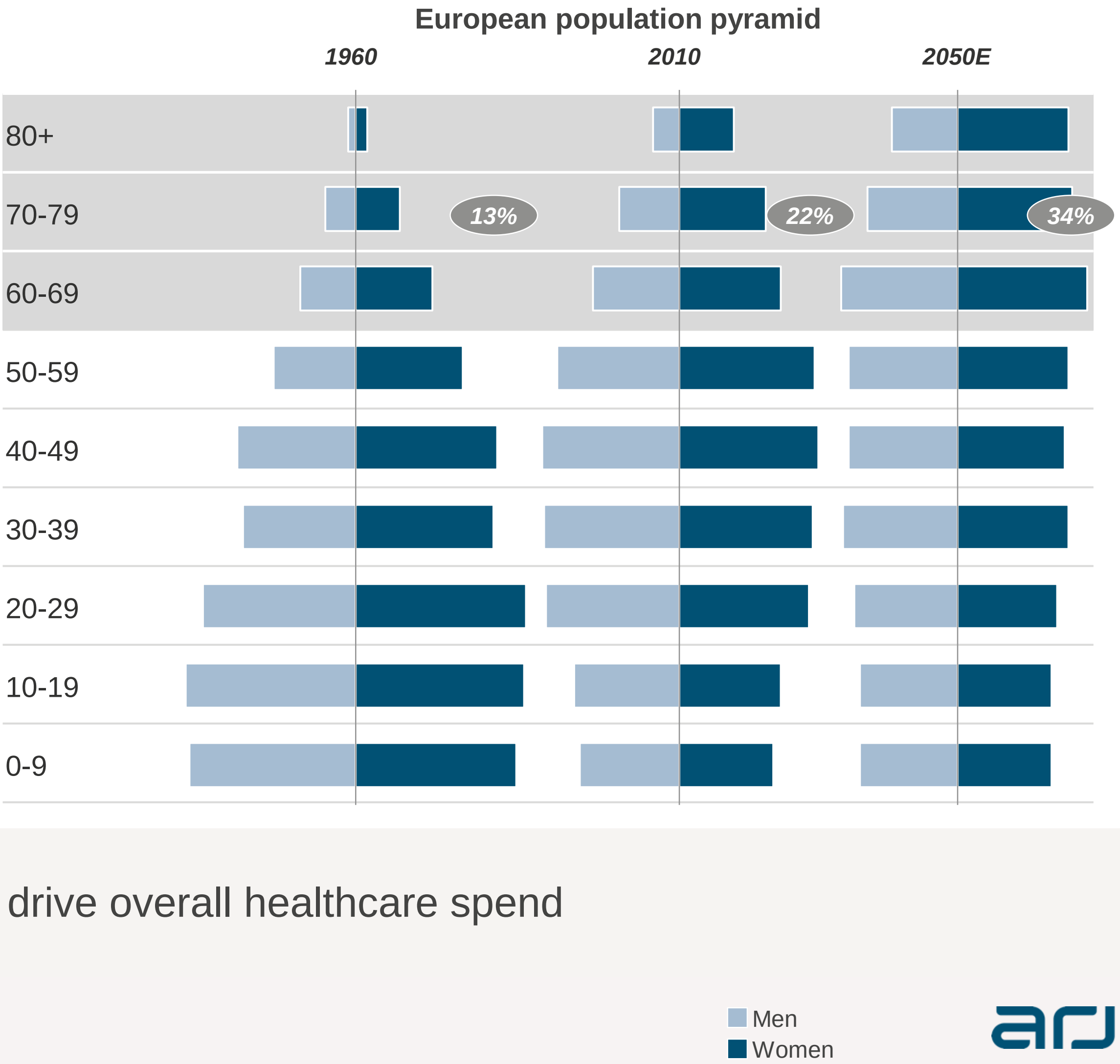
Strong growth fundamentals…

√ **Improved life time expectancy**

√ **Increased prevalence of chronic diseases**

√ **Enhanced health care access**

… such as an ageing population



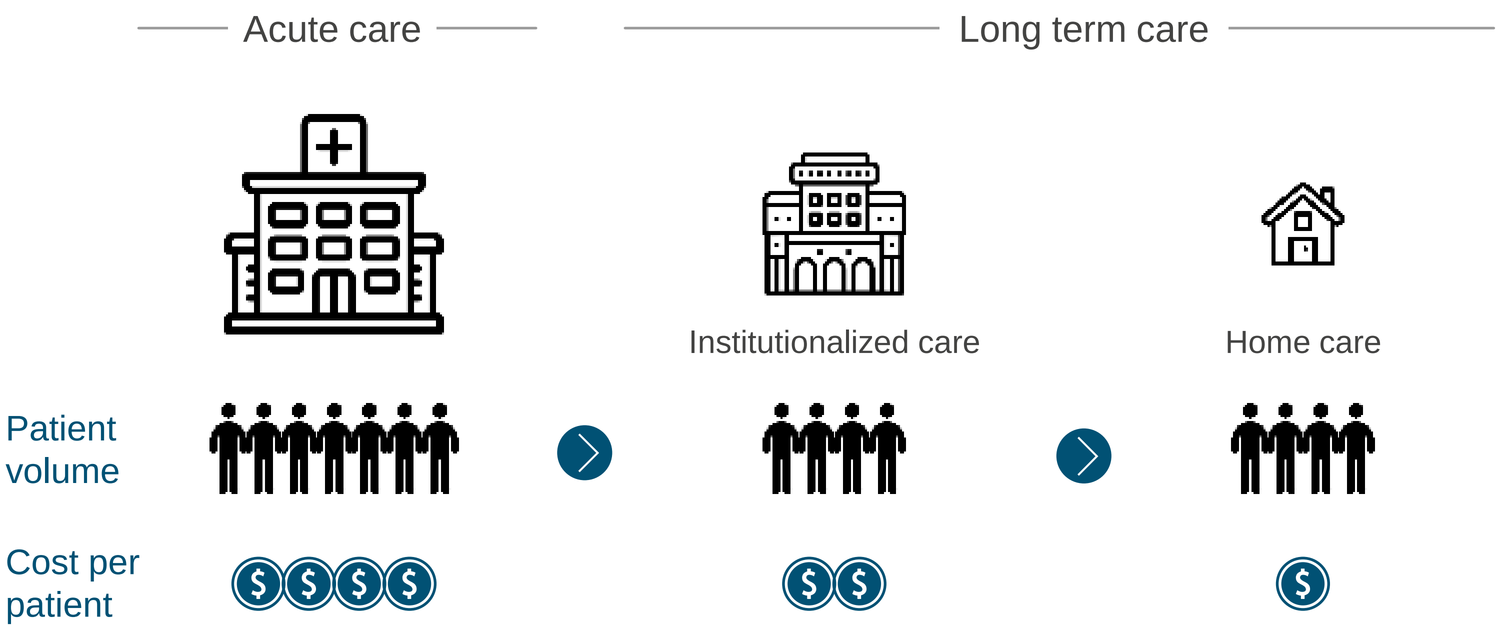
Ageing population and other strong growth fundamentals will drive overall healthcare spend

Need to further increase value of healthcare – more for less

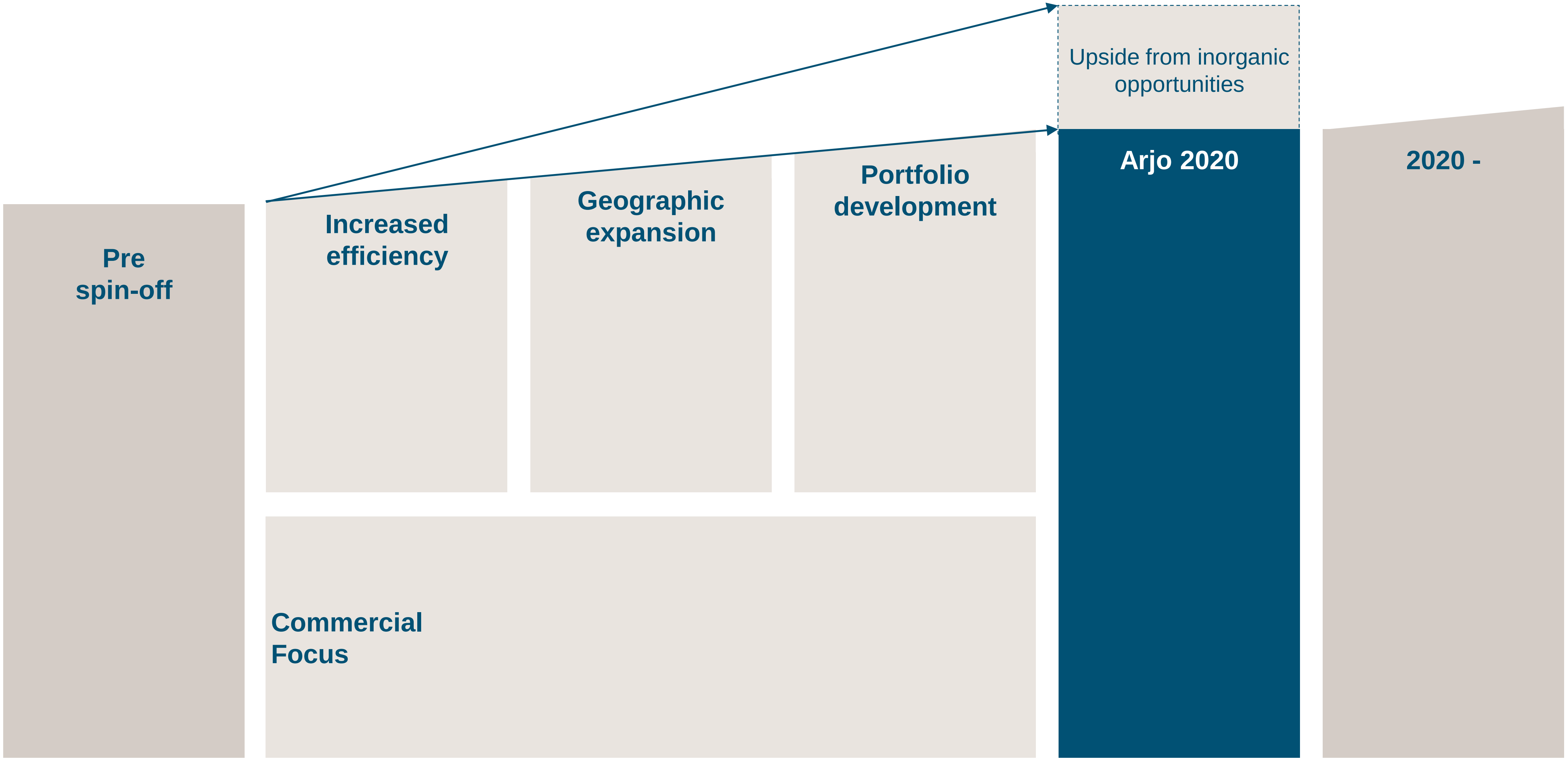
Increasing patient population with more comorbidities

- Increasing life expectancy
- Increasing lifestyle disease burden
- Increasing Healthcare access

Pressure on healthcare system driving patients towards outpatient / lower acute settings where cost per day are significantly lower



Initiatives for profitable growth – Arjo 2020



Arjo 2020 and beyond aims to elevate Arjo to the next level

- by continuing to build competitive advantage through improved clinical and financial outcomes

- Continue the clear efficiency journey
- Continue to focus on prevention & outcome driven solutions
- Build and focus on a solid pipeline for inorganic opportunities
- Continue investing in product development & innovation aligned with strategy
- Strategy for 2021 and beyond to be rolled out and implemented

Brief business update

Q2 2020 Highlights

Strong Q2 with significantly improved profitability

- Net sales exceeded expectations, grew 2,2% organically vs. strong Q2 2019
- Continued strong development in US Rental, Medical beds, Therapeutic mattresses and Diagnostics
- Significantly improved profitability – rental volumes, high spec medical beds & mattresses, efficient utilization in supply chain and good cost control
- Strong financial position – solid work on accounts receivables, strong cash flow and improved working capital
- Overall very good Q2 with closing of Q stronger than expected

Net sales grew organically by

2,2%

Gross margin increased to

45,2%

EBIT before restructuring up

47,7%

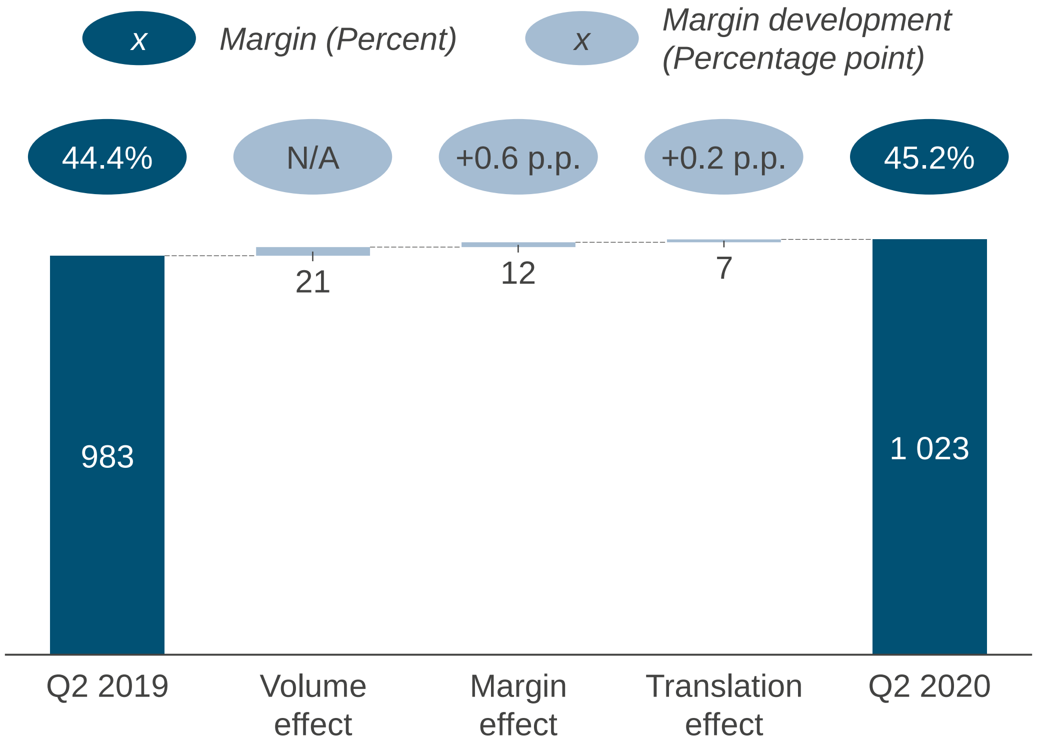
Cash conversion

129,2%

Q2 gross profit
Improved gross profit in quarter

- High volumes in US rental generating operational leverage along with previous efficiency measures paying off
- Increase in high spec medical beds and mattresses
- Lower demand for Patient Handling, Hygiene and DVT with negative impact on gross margin
- Efficient utilization of supply chain with good operational leverage
- Continued good cost control throughout value chain

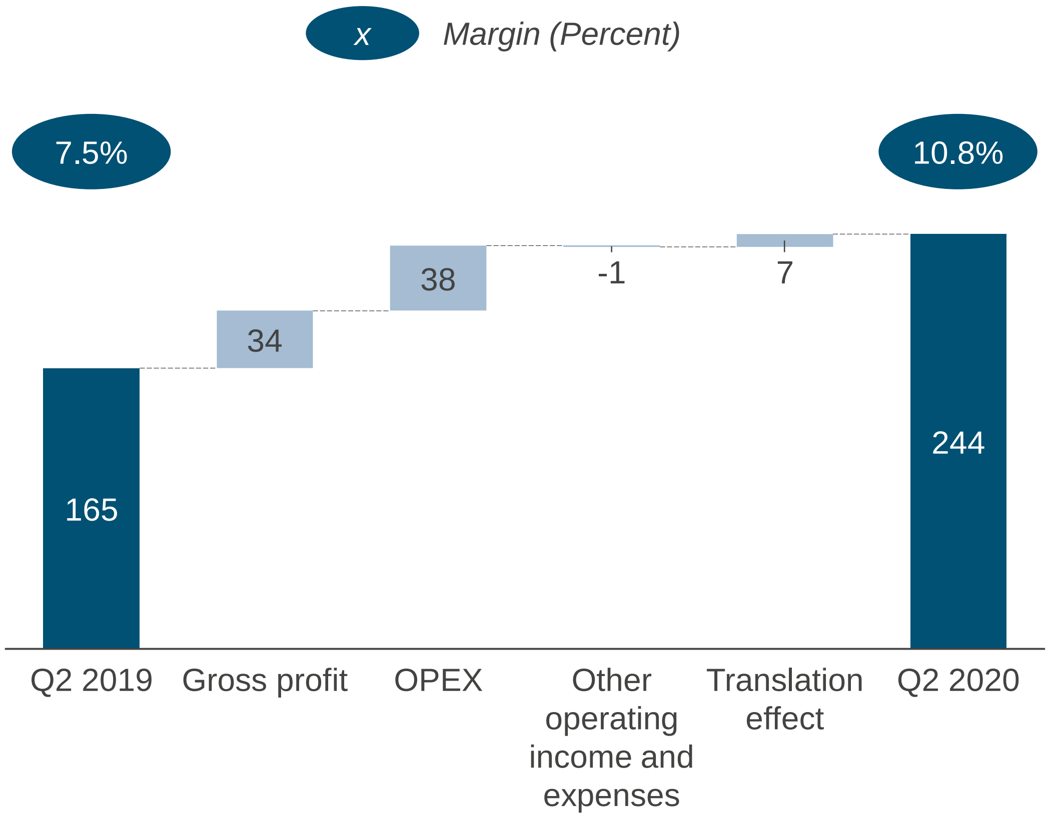
Gross profit bridge – Q2 2020 vs. Q2 2019 (SEK M)



Q2 Adjusted EBIT
Significant improvement of 47.7% vs. last year

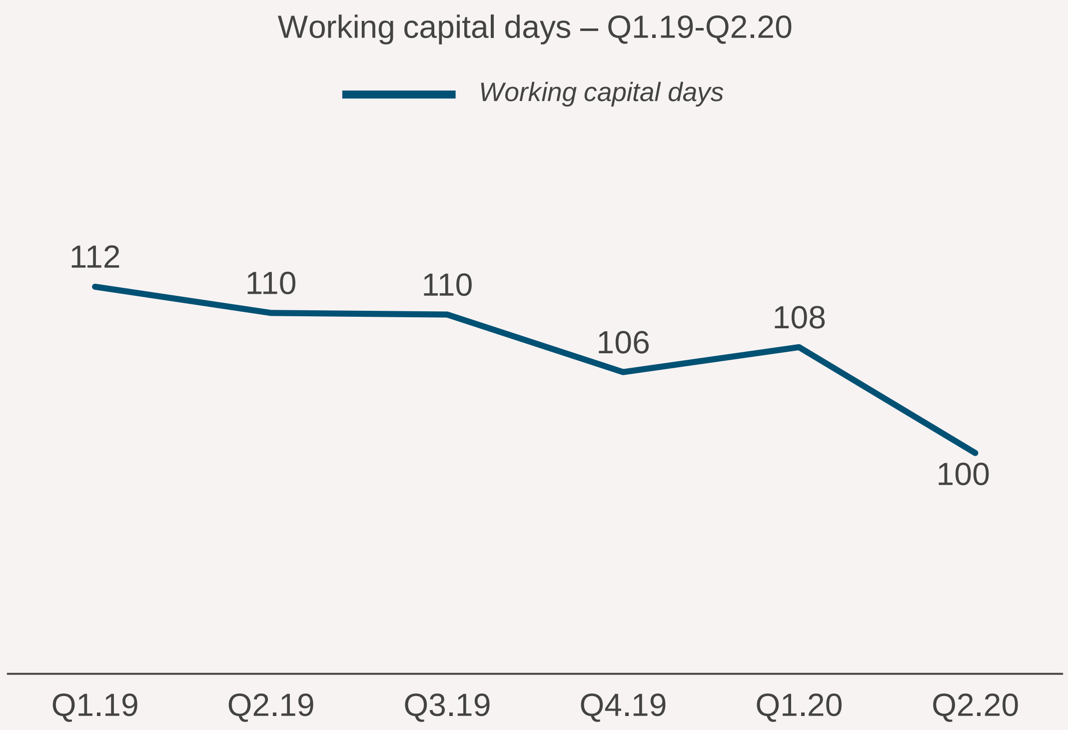
- Adjusted EBIT grew by 47.7% vs last year to 244 MSEK (165)
- Solid profitability within rental operations and good cost control throughout value chain

Adj. EBIT bridge – Q2 2020 vs. Q2 2019 (SEK M)

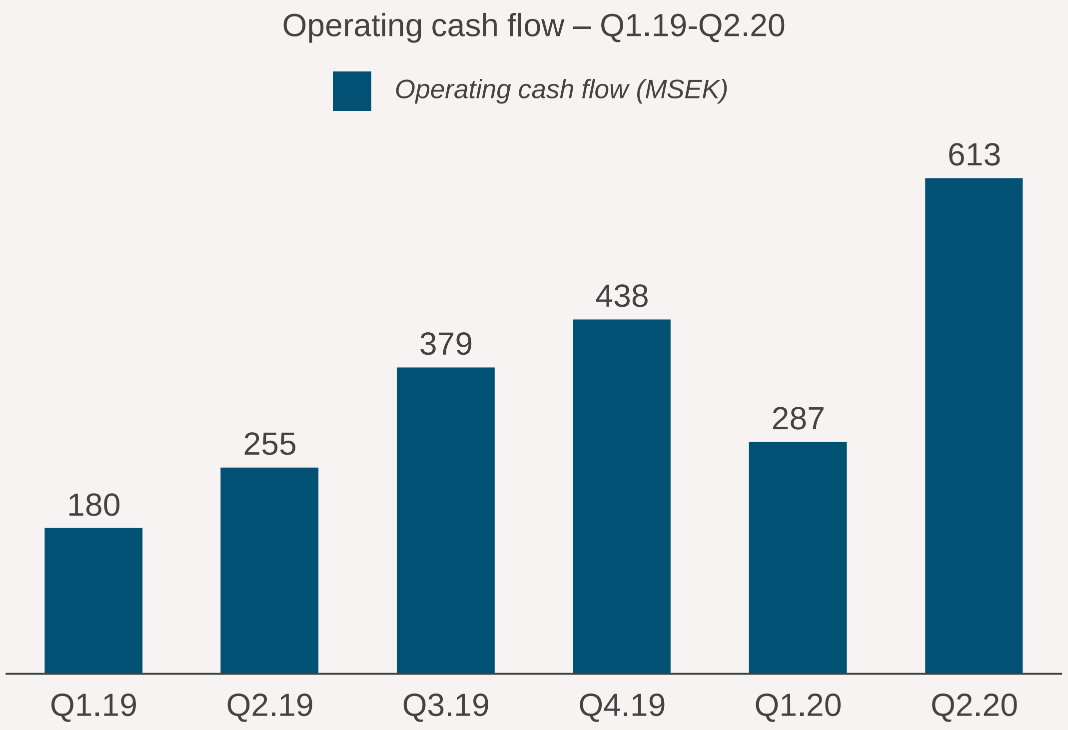


Q2 Working capital and Operating cash flow

Continued improvement in working capital

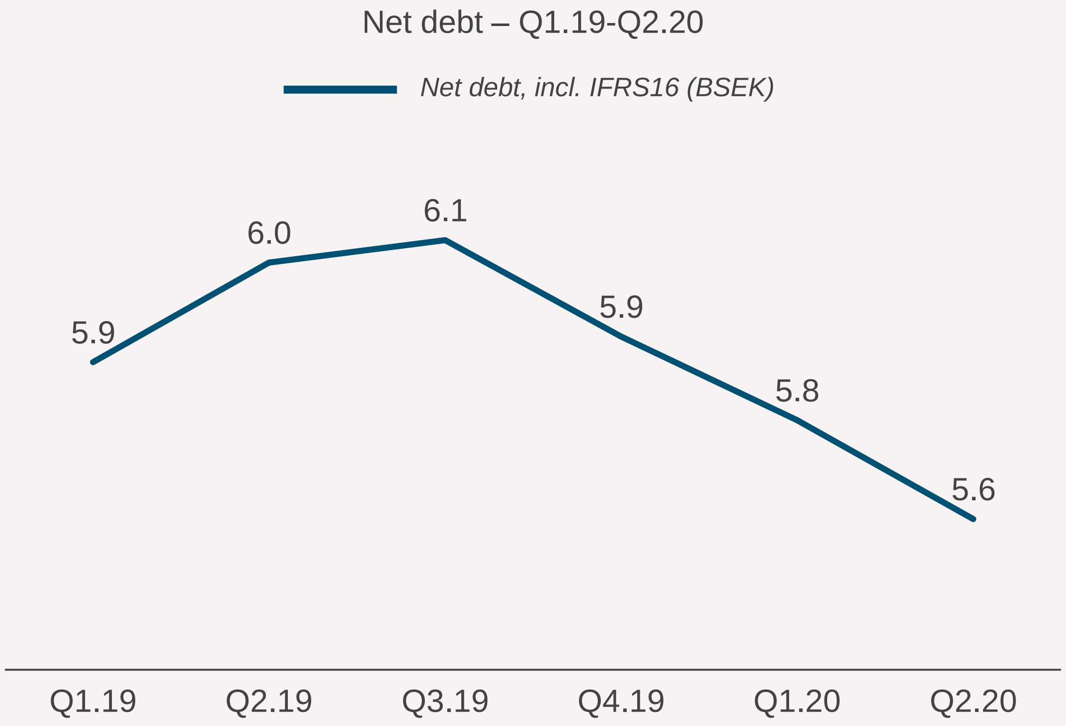


Operating cash flow at record high level

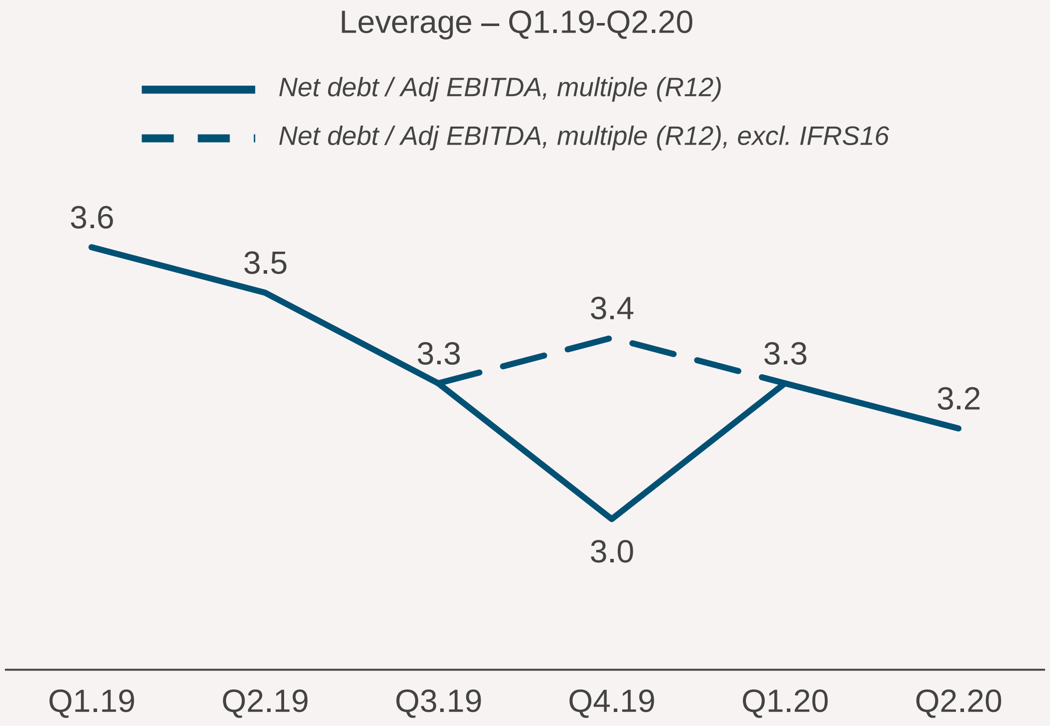


Q2 Net debt and leverage

Debt level decline continues



Solid improvement in leverage



Summary

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- Covid-19 put further stress on already pressured healthcare system
- We need to further increase value of healthcare - more for less
- By empowering movement, we contribute to improving clinical and financial outcomes
- New strategy to be launched at CMD in Q4
  - focus on improved clinical and financial outcomes
- Strong Q2 – net sales grew 2.2% org. and significant profit improvement

Q&A

Forward looking information

This document contains forward-looking information based on the current expectations of Arjo’s management. Although management deems that the expectations presented by such forward-looking information are reasonable, no guarantee can be given that these expectations will prove correct. Accordingly, the actual future outcome could vary considerably compared with what is stated in the forward-looking information, due to such factors as changed conditions regarding business cycles, market and competition, changes in legal requirements and other political measures, and fluctuations in exchange rates.

with people in mind