

Press release

Malmö, October 17, 2018

Arjo to divest low-spec medical beds business

Arjo, a market-leading supplier of medical devices and solutions, today signed an agreement to divest Acare – the group’s low-spec medical beds business – to China-based CBL Group. The divestment is a key part of the group’s action plan to improve profitability in the medical beds product category.

Arjo acquired the Chinese company Acare Medical Science Ltd. in 2012 to expand its presence in emerging markets. Arjo has now decided to focus on the premium segment for medical beds where the company already has strong market positions and where the profitability is significantly better.

“The divestment of Acare is part of the action plan that we have prepared to improve the group’s gross margin in the medical beds category. Our strength is found outside the value segment and that is also the area on which we will focus to maintain and further strengthen our leading positions in the market,” says Joacim Lindoff, President and CEO of Arjo.

CBL Group has its head office situated in Guangzhou, China, and has about 1,200 employees. Acare is deemed to have better conditions for developing with CBL, which already has an extensive offering in the low and mid-price segment and thus will be able to add the know-how and the synergies required for continuing to develop the operations.

The divestment encompasses a production and sales unit in Zhuhai, China, that has 186 employees and generated sales of about SEK 80 M in 2017. The divestment is expected to be completed at the end of 2018.

The divestment has no considerable effect on cash flow or results 2018 but is expected to have a positive annual effect of approximately SEK 25 M on operating profit from 2019.

About Acare

Acare Medical was founded in 1999 and acquired by Getinge Group in 2012. Product development and production of simple low-price beds take place at Acare’s facility in Zhuhai, China, and sales amounted to about SEK 80 M in 2017. Acare Medical’s products are sold through Arjo’s in-house sales organisation and via distributors. The primary markets are China and India. Acare Medical has 186 employees.

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About Arjo

At Arjo, we are committed to improving the everyday lives of people affected by reduced mobility and age-related health challenges. With products and solutions that ensure ergonomic patient handling, personal hygiene, disinfection, diagnostics, and the effective prevention of pressure ulcers and venous thromboembolism, we help professionals across care environments to continually raise the standard of safe and dignified care. Arjo has approximately 6,000 employees worldwide and customers in over 100 countries. In 2017, Arjo sales amounted to approximately SEK 7.7 billion. Arjo is listed on Nasdaq Stockholm and its head office is located in Malmö, Sweden. Everything we do, we do with people in mind. www.arjo.com