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Arjo

Q3 2026

QUARTR



Speakers



Operator



Andréas Elgaard
President and CEO | Arjo



Christofer Carlsson
CFO | Arjo



Ludvig Lundgren
Analyst | Arctic

Prepared Remarks

**Operator**

Welcome to the Arjo Q3 Presentation for 2026. During the questions-and-answers session, participants are able to ask questions by dialing pound key five on their telephone keypad. Now I will hand the conference over to President and CEO, Andréas Elgaard, and CFO, Christofer Carlsson. Please go ahead.

**Andréas Elgaard**

President and CEO | Arjo

Hello everybody, and thanks for joining our Q3 call. We are happy to report that we have solid growth and a lot of good news to share with you today. I think we can head into the presentation, and as usual, we will begin just with a few words to remind everybody about who we are. At Arjo, we are really guided by a real and living strong purpose that is something that is driving a lot of the commitment and passion across all our coworkers. We exist really when we are needed the most for our customers, when they need somebody to help them with their integrity and dignity, when they are at their most vulnerable position. That's something that is really strong and important across our group.

**Andréas Elgaard**

President and CEO | Arjo

We are experts in mobility care settings, and we are every day working in healthcare systems that are put under a lot of pressure. The need for care is growing. The number of patients that need care is growing. The money that floods into the system is not enough for the needs. It's good for us. It's a growing need, and this is regardless of how the economy performs around us. The need is still continuing to grow. We are a company that has been around for a while. We are soon going to have a celebration next year to celebrate 70 years as a company. We have SEK 11 billion in turnover, and we are around 7,000 employees, and we sell to more than 100 countries. We manufacture or assemble our products in five facilities across three continents.

**Andréas Elgaard**

President and CEO | Arjo

Now we'll come in a little bit to the Q3 presentation, and we'll start with some of the key takeaways. Of course, the growth is what sticks out this quarter with the 6% organic growth. We're really proud of that. We also see that the gross margin is healthy in the quarter. Of course, the gross margin have been a little bit boost by tariff refunds of approximately \$3.7 million in the quarter. Also important to mention that is maybe not as positive is that we have done a reevaluation of our assets that we hold in Atlas Mobility and Veplas. That has affected us on the net financial items side. At the Capital Markets Day a few weeks ago, we shared our new strategy in the direction that we will take for the coming years.

**Andréas Elgaard**

President and CEO | Arjo

That is really focusing on improving our performance and building a more scalable platform. We, at that time, communicated a SEK 350 million commitment of profit improvements until H1 2029. We are continuing to prepare for change and to drive change, and we are adjusting our operating model. We are changing a little bit the roles and responsibilities across the group, and that also leads to changes on group management level where we try to strengthen and focus on the job that we have the next few years. Maybe worth mentioning is that we have recently shared with all of you that we introduce a new segment reporting divided into three parts. North America, Europe, and our international and distributor-led markets. Take the next slide. Just to continue a little bit to share and spread some light on the quarter.

**Andréas Elgaard**

President and CEO | Arjo

North America was really a big part of leading the growth, especially given the size of the business there, together with Europe. Europe had really strong month. You can also see that year-to-date, we are on a very good path. This quarter, our international and distributor-led markets did not have a similar strong growth, but year-to-date, they are really performing well. I think that is also important to mention that you need to look at us maybe not just quarter-by-quarter, but to see the trend that we are on. I think by that, it is time for me to hand over to Christofer.

**Christofer Carlsson**

CFO | Arjo

Thank you, Andreas. As Andreas noted, we delivered a solid growth during the quarter. Our gross margin increased by 1.9% year-on-year. During the quarter, we received a reimbursement of approximately SEK 35 million related to U.S. tariff. The reimbursement was recognized as a reduction in cost of goods sold, consistent with the treatment in the second quarter. Excluding reimbursements, U.S. tariff costs were approximately SEK 11 million lower than in the corresponding quarter last year. The total gross margin impact from U.S. tariffs was 1.6%. The remaining gross margin improvement was driven by a favorable sales mix, supported by strong growth in capital sales, with patient handling the main contributor. Higher transportation costs across all categories partly offset the benefit of the favorable sales mix. FX provided a tailwind during the quarter.

**Christofer Carlsson**

CFO | Arjo

It had no impact on gross margin, but increased gross profit approximately with SEK 16 million year-on-year. In summary, gross margin improved even if we exclude U.S. tariff effects, despite higher transportation costs. This means that we had a healthy underlying development driven by good momentum in our patient handling business. Let us now turn to the adjusted EBIT and operating expenses. Next slide, please. Adjusted EBIT for the third quarter amounted to SEK 247 million, compared to SEK 165 million last year. Higher gross profit was the main driver of the improvement. A lower operating expense to sales ratio also contributed, although strong capital sales led to higher variable sales costs. Overall, FX increased adjusted EBIT by approximately SEK 50 million during the quarter. The positive impact on the adjusted EBIT margin was 0.5% from the FX.

**Christofer Carlsson**

CFO | Arjo

Excluding FX and the U.S. tariff reimbursement, adjusted EBIT amounted to SEK 195 million with an improved EBIT margin of 6.8% compared to 6.2% last year. Turning to EBIT, the margin improved 7.2% compared to 5.7% last year. This improvement came despite higher restructuring costs of SEK 41 million compared to SEK 30 million last year. The increases mainly reflected costs related to the strategy review and activities in our sales organization. Turning from profitability to cash generation, let's look at working capital and operating cash flow. Operating cash flow increased to SEK 485 million, up SEK 31 million compared with the same period last year. The improvement was driven primarily by strong operating profit, partly offset by less favorable development in working capital. Working capital contributed with SEK 67 million to cash flow compared to SEK 83 million last year.

**Christofer Carlsson**

CFO | Arjo

Inventories increased mainly due to finished goods in transit to support sales in the final quarter of the year. Working capital days increased to 88 compared to 82 last year. Cash conversion was 100.4% compared to 105% in the corresponding period last year. On a rolling 12-month basis, cash conversion remained above our financial target of 80%. Cash flow from investing activities was SEK -177 million compared to SEK 148 million in Q3 2025. I could also mention that, as you have seen, our net financial items amounted to SEK -102 million compared to SEK -41 million in Q3 last year.

**Christofer Carlsson**

CFO | Arjo

This includes negative revaluation effects, as Andreas earlier talked about, of SEK 62 million related to the investment in Atlas Mobility and Veplas. Both investments now have a carrying value of zero. Net debt to adjusted EBITDA decreased to 2.2x at the quarter end, and our equity ratio stood at 50.3%, slightly up from 49.8% at year-end. In summary, profitability improved, and operating cash flow increased while working capital and days rose. Leverage decreased to 2.2x. With that, I hand it over to Andreas.

**Andréas Elgaard**

President and CEO | Arjo

Thanks, Christofer. I thought that before we open up the floor for questions and answers, I will remind everybody a little bit about what we said when we had the Capital Markets Day a few weeks ago, where we laid out our strategic direction and talked about what to expect from us in the coming years. The strategy is really all about a plan to put Arjo back on track. By that, I mean focusing on where we have our strengths, and building a more focused and lean organization that is concentrating where we have the right to play. Of course, that's within acute care. That's our biggest segment. It is within long-term care where we're really successful and profitable, and to make sure that we are more evenly covering that across our countries and markets.

**Andréas Elgaard**

President and CEO | Arjo

We also see opportunities to expand selectively into new care settings. The reason why I say selectively is that we need to be sure that we will be successful and that we have the right to play. Simplify to amplify as a strategic pillar, I would say, is really focusing on us doing our homework. It is about building a stronger, more focused portfolio and to increase our speed to market. This is an area where Arjo has been struggling for years, and we really need to come together and do this and activate the whole company in the process.

**Andréas Elgaard**

President and CEO | Arjo

Commercial excellence is an area where we see potential that is all around us, both by leveraging the good examples that we have internally, but also then leverage insights that we have from bringing new competence into the company and also understanding what others do better than us that we can learn from. Then we have to become more digital, and we call that to become digital and an AI-enabled care partner. This is mainly about how we perform our own job, how we drive our own process, how we drive our own efficiency, but also how we activate this in our offer, in our services, going forward. Then working better together. That is all about us leveraging all the diversity and all the strengths that we have together as a company, and make that work for the benefit of all our stakeholders.

**Andréas Elgaard**

President and CEO | Arjo

We need to be really laser-focused on driving performance-based culture and to make sure that everybody understands if we are adding value to the customer or not. This is really important in order for us to be able to manage both continuous performance and drive transformational change. We are a really strong and purpose-led organization. I began this presentation today to talk about that, and we need to continue to strengthen that. One part of doing it is to really focus on our core business that is really delivering on that purpose. But another one is also to contribute to better and more sustainable healthcare, and we have several initiatives that will drive that in the years to come. What we presented at the Capital Markets Day, in summary, was a SEK 350 million profit improvement that we believe we will be able to deliver by mid-2029.

**Andréas Elgaard**

President and CEO | Arjo

This is a significant change in unlocking the potential that Arjo has. This is something that we feel very confident in saying because we know where we will find it and we have it within our own control. Just to share where this is coming from. The SEK 350 million, it will be EBIT improvement. We got some questions in the Capital Markets Day. Is this on adjusted level or unadjusted? That does not matter. This is real concrete profit improvement, and it will come from our operating model and our re-engineered cost structure. It will come from the potential that we have within procurement, where we see that we have not been focused enough there. So there is a lot of potential, and we are already working on that.

**Andréas Elgaard**

President and CEO | Arjo

We see that within commercial excellence, there are many leverage points that we can activate in order to drive value. Just to also then reiterate that these are just the first things that we are addressing and that we felt was so important for us to share at the Capital Markets Day, but we have more things that we need to drive. Our product portfolio optimization, supply chain optimization, capital efficiency, and then clarity on our growth agenda, both organically and then, of course, through M&A. There's further value creation potential in Arjo that we will come back and talk about, and that's also why we will come back in Q1 with presenting new financial targets. With this improvement, of course, everybody understands that we need to do some restructuring. We need to do some reshuffling of our roles and responsibilities across the group.

**Andréas Elgaard**

President and CEO | Arjo

The restructuring cost that we have here is conservatively mentioned. We hope that we will not need all of this, but the majority will happen largely over the coming 18 months. We will continue to report back to all of you guys that follow us every quarter, when we start the new year in how we are progressing towards delivering the SEK 350 million and how we are spending the restructuring investment. All of this is really about trying to create a stronger platform for Arjo so we can drive further expansion.

**Andréas Elgaard**

President and CEO | Arjo

That doesn't mean that we wait until 2029. It really means that we need to build a more scalable platform where we're focusing on our strengths and where we have our strongest customer and market positions. Based on that, be able to scale up and add on more to the future Arjo. We can take the next slide. That's just to remind everybody that we, as I mentioned, we will present new financial targets in Q1 2027, and we will give regular updates on our progress in how we are delivering towards the promises that we have made.

**Andréas Elgaard**

President and CEO | Arjo

What you have to look forward to is, of course, the year-end report that comes in the end of January. Then we are presenting the financial targets during Q1, and we have a Q1 report in April 2027. Time will fly very quickly. For me, certainly, this first year in Arjo has just flown by. I think this is the fourth report I'm presenting in nine months, so it's been really intense, and we have done so much so far. I just want to say big thanks to all the coworkers in Arjo for this quarter. Now I think it's time for us to open the floor.

Q&A

**Operator**

If you wish to ask a question, please dial pound key five on your telephone keypad to enter the queue. If you wish to withdraw your question, please dial pound key six on your telephone keypad. The next question comes from June Roy from Nexa. Please go ahead.

**Andréas Elgaard**

President and CEO | Arjo

June Roy, do you have a question for us? Do we have any other questions?

**Operator**

As a reminder, if you wish to ask a question, please dial pound key five on your telephone keypad. The next question comes from Ludvig Lundgren from Arctic. Please go ahead.

**Ludvig Lundgren**

Analyst | Arctic

Yes. Hi, guys. Thank you for taking my questions. I just wanted to hear a bit more on the trends during the quarter. Any changes, maybe thinking most on the U.S. and Europe side, was there any shifts in the key markets there? Starting with that one.

**Andréas Elgaard**

President and CEO | Arjo

Yes. Thank you for your question. I would say that we had positive developments throughout all the three months in the quarter, and I think also we came from a strong finish in Q2. I would say that we carry that momentum with us into Q3. We have not seen any particular trends that have changed how we have presented the business from before. It is clear that the patient handling is what is driving strong results in this quarter, and that is also explaining, I would say, growth in key markets where we are strong in patient handling, but also then the margin that comes from that.

**Ludvig Lundgren**

Analyst | Arctic

Okay, great. Very clear. Then I just had, maybe it is too early to say, but I guess the flu season was quite weak last year, in particular in the U.S. Do you have any indicators and so on to say how you expect the flu season to unfold this year? I guess in some regions we are already seeing effects of this.

**Andréas Elgaard**

President and CEO | Arjo

No, we do not have that. During Q3, we do not have anything that typically happens now in this quarter. We are all, of course, hoping that everybody will stay safe, but also we are of course hoping that we have more normal situation compared to what we had last year. But this is something that we do not really influence. But it can really make or break the fourth quarter. Yes.

**Ludvig Lundgren**

Analyst | Arctic

Okay, fair enough. Those were my questions. I will jump back to the queue.

**Andréas Elgaard**

President and CEO | Arjo

Thank you very much, Ludvig.

**Operator**

As a reminder, if you wish to ask a question, please dial pound key five on your telephone keypad. There are no more questions at this time, so I hand the conference back to the speakers for any closing comments.

**Andréas Elgaard**

President and CEO | Arjo

I just want to say a big thanks for listening in to us today, or if you're listening in to the recorded version of this. We're happy with the quarter that we're presenting, and we're looking forward to ending the year. Big thanks, everybody. Bye-bye.



Christofer Carlsson
CFO | Arjo

Thank you. Bye.