Elekta

Q2

2017/18

November 30, 2017

Interim report May-October 2017/18

Second quarter

- Gross order intake amounted to SEK 3,267 M (3,383), unchanged based on constant exchange rates and a decrease of 3 percent in SEK. Growth was strong in North America, China and South-East Asia.
- Net sales was SEK 2,802 M (2,434), an increase of 19 percent based on constant exchange rates and 15 percent in SEK.
- Adjusted EBITA* amounted to SEK 509 M (391). Items affecting comparability was SEK 0 M (-117). Bad debt losses amounted to SEK -18 M (-23).
- The effect from changes in exchange rates compared with last year was approximately SEK -25 M (95) including hedges.
- Adjusted EBITA* margin was 18 percent (16).
- Operating result was SEK 365 M (140).
- Net income amounted to SEK 247 M (55). Earnings per share was SEK 0.65 (0.14) before/after dilution.
- Cash flow after continuous investments improved to SEK 226 M (114).
- Two new Elekta Unity customers.
- The final stage of the Unity development was extended and accordingly the planned CE mark and FDA submission. Consequently, the target for the first 75 orders was adjusted to the first half of calendar year 2020.

May – October 2017/18

- Gross order intake amounted to SEK 6,005 M (6,044), unchanged based on constant exchange rates and a decrease of 1 percent in SEK.
- Net sales was SEK 4,971 M (4,316), an increase of 16 percent based on constant exchange rates and 15 percent in SEK.
- Adjusted EBITA* amounted to SEK 696 M (558). Items affecting comparability was SEK 0 M (-206). Bad debt losses amounted to SEK -28 M (-29).
- The effect from changes in exchange rates compared with last year was approximately SEK -20 M (210) including hedges.
- Adjusted EBITA* margin was 14 percent (13).
- Operating result was SEK 403 M (106).
- Net income amounted to SEK 247 M (-9). Earnings per share was SEK 0.65 (-0.03) before/after dilution.
- Cash flow after continuous investments improved to SEK 131 M (-194).

Group summary

SEK M	Q2 2017/18	Q2 2016/17	Change	May - Oct 2017/18	May - Oct 2016/17	Change
Gross order intake	3,267	3,383	0% **	6,005	6,044	0% **
Net sales	2,802	2,434	19% **	4,971	4,316	16% **
Adjusted EBITA*	509	391	30%	696	558	25%
Operating result	365	140	160%	403	106	278%
Net income	247	55	349%	247	-9	n/a
Cash flow after continuous investments	226	114	98%	131	-194	n/a
Earnings per share before/after dilution, SEK	0.65	0.14	348%	0.65	-0.03	n/a

*Adjusted for items affecting comparability and bad debt losses, for a reconciliation to operating result, see page 12.The split between restructuring costs and costs for legal processes is presented on page 20.
**Compared to last fiscal year based on constant exchange rates.

Forward-looking information. This report includes forward-looking statements including, but not limited to, statements relating to operational and financial performance, market conditions, and other similar matters. These forward-looking statements are based on current expectations about future events. Although the expectations described in these statements are assumed to be reasonable, there is no guarantee that such forward-looking statements will materialize or are accurate. Since these statements involve assumptions and estimates that are subject to risks and uncertainties, results could differ materially from those set out in the statement. Some of these risks and uncertainties are described further in the section “Risks and uncertainties”. Elekta undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law or stock exchange regulations.

President and CEO comments

Our operations are improving and we are strengthening our platform for future growth. We have a strong and competitive product portfolio with good development in for example our linear accelerator and Leksell Gamma Knife® business.

I am satisfied with our financial performance in the quarter and it is developing according to plan. Net sales was up 19 percent in the quarter and 16 percent for the first half based on constant exchange rate. This was driven by strong net sales performance in China, Western Europe and emerging markets. Gross margin increased and adjusted EBITA amounted to SEK 509 M, equal to a 30 percent improvement. That said, it's clear to me that we have further potential for operational improvements and we will relentlessly work to realize it.

Our order intake in the quarter was strong in North America, China and South-East Asia. Activities for the turnaround in the U.S. are generating results, which was reflected in some impressive new customer wins, among them a major win with 21st Century Oncology. Activity in Europe and Japan was slow and total order intake was unchanged.

We are constantly improving our processes and increasing our efficiency. Direct cost savings are on track and we have reduced operating costs. The earlier increase in R&D investments has stabilized. In addition, results are clearly visible in higher cash flow and positive balance sheet effects. Cash flow improved over SEK 300 M in the first half and the rolling 12-month cash conversion rate is at 131 percent. Working capital in relation to sales amounted to -6 percent, which is notably better than our target of less than 5 percent.

Recently, we have made two difficult decisions for the short term, but I'm convinced that they are correct and necessary for the long term. Firstly, we have extended the final stage of the development and testing of Elekta Unity in order to finalize and validate the linac control system, as well as ensure that customers can make use of the full potential of high-field functional MRI imaging from day one. Unity is a unique and future-proof system as it's the only technology that combines an advanced linac with the real time visualization from a high-field MRI.

Apart from postponing CE mark to the first half of 2018, the program is progressing well. Interest from clinicians was very strong when we made the U.S. introduction of Unity at ASTRO in San Diego. In Europe, University Medical Center Utrecht recently presented results from the first patient study that demonstrated precision beyond expectations. The system generates excellent imaging quality synchronized with precise beam delivery. We now have 18 customers after we recently added two, one from a leading hospital in Italy and another from a research collaborator in the USA.

We are convinced that the new technology will revolutionize radiation therapy and create completely new opportunities for physicians and their patients. With the shift in CE mark and FDA submission, we adjust our target for the first 75 orders accordingly to the first half of calendar year 2020.

Secondly, we found it necessary to adjust the 4-year-old McLaren Health Care contract in the order backlog. The project had developed very slowly and the decision to continue our relation on a smaller basis was made in mutual agreement with McLaren.

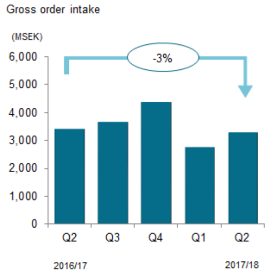
We are on the right track to create a stronger Elekta and building a foundation for future profitable growth. During my first six quarters our work have been characterized by positive change, increased transparency, openness and customer focus. We have also identified further activities with focus on operational excellence, which means that a lot of hard work and improvement potential remains.

Our targets for the year are clear – we will deliver profitable growth and reach an EBITA margin exceeding 20 percent through growth and our work with continuous operational improvements.

Richard Hausmann
President and CEO

Presented amounts refer to the six month period 2017/18 and amounts within parentheses indicate comparative values for the equivalent period last fiscal year unless otherwise stated.

Order intake and order backlog



Gross order intake decreased 1 percent to SEK 6,005 M (6,044) and was flat based on constant exchange rates.

Gross order intake

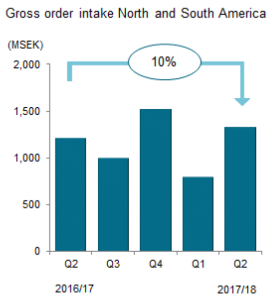
SEK M	Q2 2017/18	Q2 2016/17	Change*	Change	May - Oct 2017/18	May - Oct 2016/17	Change*	Change	May - Apr 2016/17
North and South America	1,320	1,205	14%	10%	2,111	2,016	6%	5%	4,516
Europe, Middle East and Africa	1,007	1,056	-5%	-5%	1,834	1,886	-5%	-3%	5,078
Asia Pacific	940	1,122	-11%	-16%	2,061	2,143	-2%	-4%	4,470
Group	3,267	3,383	0%	-3%	6,005	6,044	0%	-1%	14,064

**Compared to last fiscal year based on constant exchange rates.*

Order backlog was SEK 21,982 M, compared to SEK 22,459 M on April 30, 2017. Order backlog is converted at closing exchange rates which resulted in a negative translation difference of SEK 784 M. During the quarter Elekta and McLaren Health Care decided to reduce their business relationship and accordingly USD 72 M was reduced from the backlog. On the basis of current delivery plans, the order backlog is expected to be revenue recognized as follows: approximately 24 percent in the remaining six months of 2017/18, 31 percent in 2018/19 and 45 percent thereafter.

Regional development

North and South America

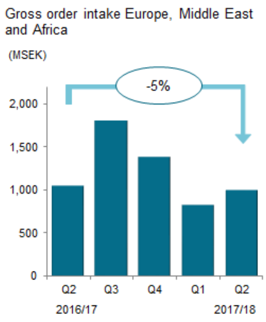


The US market is primarily driven by replacement investments of currently installed linear accelerators as well as aftermarket services. After the quarter, new reimbursement rates were decided, resulting in generally unchanged levels.

Our US operations is picking up nicely and order intake for the entire region, including Latin America, increased by 10 percent, corresponding to an increase of 14 percent based on constant exchange rates. Among other contracts, a major order was secured from 21st Century Oncology during the quarter. Elekta has also been recognized as Best in Klas in North America.

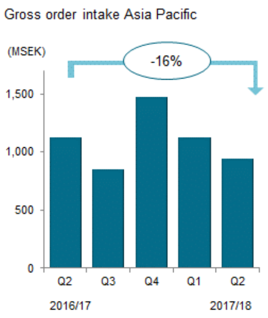
South America continues to have a significant need for high-quality, cost-efficient cancer care at the same time as slow economic development has prevailed for a number of years, resulting in lower investments in new equipment. Elekta has performed well recently.

Europe, Middle East and Africa



Market development is mixed among the various geographies. The established markets demonstrate stable growth driven mainly by replacement investments and aftermarket services, but are also in need of investment to expand radiation therapy capacity. The region's emerging markets are characterized by a major need and a substantial capacity gap.

In the second quarter order intake was strong in Italy and Central Europe, but overall it was a quarter of low activity for Elekta and order intake decreased 5 percent in SEK and constant exchange rates.



Asia Pacific

The Chinese market was strong in the quarter driven by the private sector. Elekta strengthened its leading position in the country during the quarter. We also noted healthy development in South Korea, Australia and New Zealand. The Japanese market is at a historically low level due to limited hospital investments.

Impacted by the weak Japanese market, combined with challenging comparative period, when a significant order in India was booked, order intake decreased 16 percent in the second quarter, corresponding to a decrease of 11 percent based on constant exchange rates.

Financial ambitions fiscal year 2017/18

The objectives announced in June 2015 are on track to be fully realized during the fiscal year.

Objectives	Status
EBITA margin of >20 percent in fiscal year 2017/18	On track – rolling 12 months was 16 percent
Cost savings of SEK 700* M with full effect from fiscal year 2017/18	On track - All savings related to operating expenses have been realized. In addition COGS savings of SEK 150 M will be realized during the fiscal year 2017/18. At the same time Elekta is prioritizing to continuously improve the processes to further reduce costs.
Net working capital to sales below 5 percent	Net working capital to net sales was -6 percent at the end of the second quarter

**Base year 2014/15, excluding currency effects.*

Net sales and earnings

Net sales amounted to SEK 4,971 M (4,316), an increase of 15 percent or 16 percent based on constant exchange rates. The increase is driven by strong growth in China, Western Europe, and emerging markets.

Net sales

SEK M	Q2 2017/18	Q2 2016/17	Change*	Change	May - Oct 2017/18	May - Oct 2016/17	Change*	Change	May-Apr 2016/17
North and South America	950	971	2%	-2%	1,776	1,793	0%	-1%	4,147
Europe, Middle East and Africa	1,093	713	54%	53%	1,850	1,266	45%	46%	3,444
Asia Pacific	760	750	7%	1%	1,345	1,257	10%	7%	3,114
Group	2,802	2,434	19%	15%	4,971	4,316	16%	15%	10,704

Compared to last fiscal year based on constant exchange rates.

Gross margin was 42.3 percent (41.5). The increase is mainly driven by higher delivery volumes. R&D expenditure adjusted for the net of capitalization and amortization of development costs, amounted to SEK 676 M (567), equal to 14 percent (13) of net sales. EBITA before items affecting comparability and bad debts losses increased to SEK 696 M (558) representing a margin of 14 percent (13). The effect from changes in exchange rates compared with last year was approximately SEK -20 M (210) including hedges. As the transformation program and the legal dispute with Varian was completed in 2016/17, items affecting comparability were SEK 0 M (-206). Bad debt losses amounted to SEK -28 M (-29) and operating result was SEK 403 M (106).

Expenses

	2017/18			2016/17		
SEK M	Q2	Q1	May-Oct	Q2	Q1	May-Oct
Selling expenses	-300	-305	-605	-314	-276	-590
Administrative expenses	-232	-248	-480	-231	-215	-446
R&D expenses	-282	-316	-598	-222	-251	-472
Total	-814	-869	-1,682	-767	-742	-1,508

In the second quarter the total expenses were SEK -814 M, compared to the first quarter this is a decline of SEK 55 M. The selling and administrative expenses amounted to SEK -532 M (-545) in the second quarter, a decrease compared to last year, and also a decline compared to the first quarter this year.

Net financial items amounted to SEK -72 M (-118). The improvement is mainly related to lower interest rates as a result of refinancing in 2016/17. Profit before tax amounted to SEK 331 M (-12), tax amounted to SEK -84 M (3) and net income amounted to SEK 247 M (-9). Earnings per share amounted to SEK 0.65 (-0.03) before/after dilution. Return on shareholders' equity amounted to 6 percent (1) and return on capital employed amounted to 8 percent (3).

Capitalized development costs

SEK M	Q2 2017/18	Q2 2016/17	May - Oct 2017/18	May - Oct 2016/17	12 months rolling	May - Apr 2016/17
Capitalization of development costs	146	134	274	239	570	535
of which R&D	146	134	273	239	568	534
Amortization of capitalized development costs	-96	-78	-207	-156	-431	-380
of which R&D	-90	-72	-195	-144	-407	-356
Capitalized development costs, net	50	56	67	83	139	155
of which R&D	56	62	79	95	162	178

The net of capitalization and amortization of development costs in the R&D function decreased to SEK 79 M (95). Amortization of capitalized development costs amounted to SEK 207 M (156).

Investments and depreciation

Investments in intangible assets were SEK 274 M (244) and investments in tangible assets were SEK 111 M (52). Investments in intangible assets are related to ongoing R&D programs. The increase was mainly related to investments in the commercialization of Elekta Unity. Amortization of intangible assets and depreciation of tangible fixed assets amounted to a total of SEK 339 M (294). The increase refers mainly to amortizations relating to Elekta Unity.

Cash flow

Cash flow from operating activities improved to SEK 478 M (202). The operational cash conversion for rolling 12 months was 131 percent (147). Cash flow after continuous investments was SEK 131 M (-194). The cash flow improvement was mainly due to higher earnings.

Cash flow (extract)

SEK M	Q2 2017/18	Q2 2016/17	May-Oct 2017/18	May-Oct 2016/17	12 months rolling	May - Apr 2016/17
Operating cash flow	483	142	547	105	1,209	767
Change in working capital	*-80*	*200*	*-68*	*97*	*886*	*1,051*
Cash flow from operating activities	403	342	478	202	2,095	1,819
Continuous investments	*-177*	*-228*	*-347*	*-396*	*-725*	*-774*
Cashflow after continuous investments	226	114	131	-194	1,370	1,045
Operational cash conversion	*76%*	*118%*	*64%*	*51%*	*131%*	*145%*

Working capital

Net working capital decreased to SEK -636 M (377), corresponding to -6 percent (4) of net sales.

Working capital

SEK M	Oct 31, 2017	Oct 31, 2016	Jul 31, 2017	Apr 30, 2017
Working capital assets				
Inventories	1,102	1,259	1,076	936
Accounts receivable	3,120	3,320	3,032	3,726
Accrued income	1,545	2,041	1,467	1,640
Other operating receivables	917	796 *	878	802
Sum working capital assets	6,683	7,416	6,453	7,104
Working capital liabilities				
Accounts payable	970	835	806	1,000
Advances from customers	2,440	2,439	2,537	2,531
Prepaid income	1,764	1,561	1,704	1,874
Accrued expenses	1,742	1,813	1,611	1,875
Short-term provisions	172	218	196	231
Other current liabilities	230	173	212	281
Sum working capital liabilities	7,319	7,039	7,066	7,792
Net working capital	-636	377	-613	-688
% of 12 months net sales	-6%	4%	-6%	-6%

** Adjusted for interest-bearing receivables of SEK -4 M.*

As a consequence of the produce to order process implemented in 2016/17, lead times have decreased compared to last year which reduced Days Sales Outstanding (DSO) to 15 days (47). Europe, Middle East and Africa, and Asia Pacific regions improved compared to last year, and North and South America is still showing negative DSO. In the quarter DSO increased, mostly from Region Europe, Middle East and Africa, primarily due to projects in the Middle East.

Days Sales Outstanding (DSO)

SEK M	Oct 31, 2017	Oct 31, 2016	Jul 31, 2017	Apr 30, 2017
North and South America	-40	-41	-40	-35
Europe, Middle East and Africa	67	112	45	74
Asia Pacific	27	83	33	84
Group	15	47	9	33

Financial position

Cash and cash equivalents and short-term investments amounted to SEK 3,214 M (3,383 on April 30, 2017) and interest-bearing liabilities amounted to SEK 5,149 M (5,272 on April 30, 2017). Net debt amounted to SEK 1,936 M (1,889 on April 30, 2017) and the net debt/equity ratio was 0.29 (0.28 on April 30, 2017).

Net debt

SEK M	Oct 31, 2017	Oct 31, 2016	Jul 31, 2017	Apr 30, 2017
Long-term interest-bearing liabilities	4,726	3,290	4,650	5,272
Short-term interest-bearing liabilities	423	1,890	421	0
Cash and cash equivalents and short-term investments	-3,214	-2,121	-3,158	-3,383
Net debt	1,936	3,060	1,912	1,889

The exchange rate effect from the translation of cash and cash equivalents amounted to SEK -78 M (195). The translation difference in interest-bearing liabilities amounted to SEK -129 M (225). Other comprehensive income was affected by exchange rate differences from translation of foreign operations amounting to SEK -132 M (506).

The change in unrealized exchange rate effects from effective cash flow hedges reported in other comprehensive income amounted to SEK 38 M (-233). The closing balance of unrealized exchange rate effects from effective cash flow hedges amounted to SEK 73 M (-224) exclusive of tax.

On June 29 Elekta AB entered into a new five year revolving credit facility for EUR 200 M, primarily intended to be used as a back-up financing. The previously existing EUR 175 M revolving credit facility with maturity in May 2018 was cancelled in connection with the signing of the new facility.

Significant events during the reporting period

Changes to Executive Management Team

Gustaf Salford was appointed Chief Financial Officer effective July 1, 2017. He succeeded Håkan Bergström. Steven Wort was appointed Chief Operating Officer effective September 1, 2017. He is an Elekta veteran and succeeded Johan Sedihn.

Ioannis Panagiotelis was appointed Chief Marketing and Sales Officer (CMSO) effective August 23, 2017. All Elekta markets report to the CMSO except China and North America; they report directly to the CEO.

New humediQ legal dispute

As earlier reported an arbitration tribunal in London issued an award in the dispute between two Elekta group companies and humediQ GmbH in May 2016. humediQ GmbH has now initiated a new arbitration against the same Elekta group companies and arising out of the same agreement as the previous arbitration. Elekta believes that the claims are meritless and will vigorously defend itself.

Investigation in Italy

As communicated in November 2015, Elekta's subsidiary in Italy and some former employees are suspected of interfering with public procurement processes. Elekta provided all requested information to the Italian authorities during the investigation which closed in August 2016. Elekta has zero tolerance for any deviation from the code of conduct and clear corporate policies and procedures in place. The Judge of the Milan Court declared on July 3, 2017 lack of jurisdiction and the case is referred to the Prosecution Office of Monza.

McLaren Health Care and Elekta mutually terminate long-term agreement

Michigan-based McLaren Health Care and Elekta have mutually agreed to terminate their business agreement from December 2013. McLaren Health Care and Elekta will continue their business relationship, but on a smaller scale.

Significant events after the reporting period

Changes to Executive Management Team

Paul Bergström was appointed EVP Global Services, effective November 1, 2017.

Elekta MR-linac functionality and CE mark update

On November 10, 2017, Elekta announced that the company extended the final stage of the development and testing of Elekta Unity in order to finalize and validate the linac control system, as well as ensure that customers can make use of the full potential of high-field functional MRI imaging from day one. Consequently, CE mark for Unity is currently expected during the first half of 2018 instead of the end of 2017.

Employees

The average number of employees during the period was 3,692 (3,550). The increase compared to previous year is mainly related to investments in research and development.

The average number of employees in the Parent Company was 29 (27).

Shares

Total number of registered shares on October 31, 2017 was 383,568,409 of which 14,980,769 were A-shares and 368,587,640 B-shares. On October 31, 2017 1,541,368 shares were treasury shares held by Elekta.

Risks and uncertainties

Elekta's presence in a large number of geographical markets exposes the Group to political and economic risks on a global scale and/or in individual countries. United Kingdom's decision to leave the European Union, as an example, might lead to economic uncertainty that may impact Elekta since an important part of the business is located in the United Kingdom.

The competitive landscape for Elekta is continuously changing. The medical equipment industry is characterized by technological developments and continuous improvements of industrial know-how, resulting in companies launching new products and improved methods for treatment. Elekta strives to be the leader in innovation and offer the most competitive product portfolio, developed in close collaboration with key research leaders in the field. To secure the proceeds of research investments, it is of importance that such new products and new technology are protected from the risk of improper use by competitors. When possible and deemed appropriate, Elekta protects its intellectual property rights by patents, copyrights and trademark registrations. Elekta carefully monitors intellectual property rights of third parties, but third parties may still direct infringement claims against Elekta which may lead to time-consuming and costly legal disputes as well as business interruption and other limitations in operations.

Elekta sells solutions through its direct sales force and through an external network of agents and distributors. The Company's continued success is dependent on the ability to establish and maintain successful relationships with customers. Elekta is continuously evaluating how to enter new markets, considering both the opportunities and the risks involved. There are regulatory registration requirements with each new market that potentially could delay product introductions and certifications. The stability of the political system in certain countries and the security situation for employees traveling to exposed areas are constantly evaluated. Corruption is a risk and an obstacle for development and growth in some countries. Elekta has implemented a specific anti-corruption policy to guide the business as it aims to be in line with national and international regulations and best practices against corruption as well as third party risk management processes.

Elekta's operations comprise several markets that expose the Group to a vast number of laws, regulations, policies and guidelines regarding, for example, health, security, environmental matters, trade restrictions, competition and delivery of products. Elekta's quality systems describe these requirements, which are reviewed and certified by external supervisory bodies and are regularly inspected by authorities in applicable countries, for example, the US FDA. Noncompliance of, for example, safety regulations can result in delayed or stopped deliveries of products. Changes in regulations and rules might also increase Elekta's costs and delay the development and introduction of new products.

Elekta depends also on the capability of producing advanced medical equipment, which requires highly qualified personnel. The Company's ability to attract and retain qualified personnel and management has a significant impact on the future success of the Group.

Weak economic development and high levels of public debt might, in some markets, mean less availability of financing for private customers and reduced future healthcare spending by governments. Political decisions that could impact the healthcare reimbursement systems also constitute a risk factor. Elekta's ability to commercialize products is dependent on the reimbursement level that hospitals and clinics can obtain for different types of treatments. Alterations in the existing reimbursement systems related to medical products, or implementation of new regulations, might impact future product mix in specific markets.

Elekta's delivery of treatment equipment relies largely on customers' readiness to receive the delivery at site. Depending on contractual payment terms, a delay can result in postponed invoicing and also affect timing of revenue recognition. The Group's credit risks are normally limited since customer operations are, to a large extent, financed either directly or indirectly by public funds.

Elekta depends on a number of suppliers for components. There is a risk that delivery difficulties might occur due to circumstances beyond Elekta's control. Critical suppliers are regularly followed up regarding delivery precision and quality of components.

Elekta's operations within research and development, production, distribution, marketing and administration depend on a large number of advanced IT systems and IT solutions. Routines and procedures are applied in order to protect the hardware, software and information against damages, manipulations, loss or incorrect use. If these systems and solutions should be affected by any interference resulting in loss of information it might have a negative impact on Elekta's operations, result and financial position.

In its operations, Elekta is subject to a number of financial risks primarily related to exchange rate fluctuations. In the short term, the effect of currency movements is reduced through forward contracts. Hedging is conducted on the basis of expected net sales over a period of up to 24 months. The scope of the hedging is determined by the Company's assessment of currency risks. Risk exposure is regulated through a financial policy established by the Board of Directors. The overall responsibility for handling the Group's financial risks, and developing methods and guidelines for dealing with financial risks, rests with the executive management and the finance function. For more detailed information regarding these risks, see Note 2 in the Annual Report 2016/17.

The Board of Directors and CEO declare that the undersigned interim report provides a fair overview of the parent company's and Group's operations, their financial position and performance, and describes material risks and uncertainties facing the parent company and other companies in the Group.

Stockholm, November 30, 2017

Laurent Leksell
Chairman of the Board

Annika Espander Jansson
Member of the Board

Luciano Cattani
Member of the Board

Caroline Leksell Cooke
Member of the Board

Wolfgang Reim
Member of the Board

Johan Malmquist
Member of the Board

Birgitta Stymne Göransson
Member of the Board

Jan Secher
Member of the Board

Tomas Puusepp
Member of the Board

Richard Hausmann
CEO and President

Auditor's report

Elekta AB (publ), reg.no. 556170-4015

Introduction

We have reviewed the condensed interim financial information (interim report) of Elekta AB (publ) as of 31 October 2017 and the six-month period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, November 30, 2017

PricewaterhouseCoopers AB

Johan Engstam
Authorized Public Accountant
Auditor in charge

Camilla Samuelsson
Authorized Public Accountant

Accounting principles

This interim report is prepared, with regard to the Group, according to IAS 34 and the Swedish Annual Accounts Act and, with regard to the Parent Company, according to the Swedish Annual Accounts Act and RFR 2. The accounting principles applied correspond to those presented in Note 1 of the Annual Report 2016/17.

Implementation of new accounting principles

The preparation for the implementation of IFRS 9 *Financial instruments* and IFRS 15 *Revenue from Contracts with Customers* as per May 1, 2018 is ongoing.

For IFRS 9 the current assessment is that the implementation of the standard will not have any material impact on the Group's financial position or result. Areas that will be further evaluated relate to classification of receivables and the effect on the bad debt provision from replacing the incurred loss model currently applied for impairment with an expected loss model.

For IFRS 15 a one-time effect is expected to be reported in equity mainly relating to the timing for revenue recognition of treatment solutions. With the present policy, treatment solutions are revenue recognized when risks and rewards are transferred to the customer, which is normally at the time of shipment. According to IFRS 15 revenue recognition should occur at the time of transfer of control to the customer, which according to Elekta's assessment is when the treatment solution is ready for installation at the customer's site. As under the present policy, some agreements with customers stipulate terms under which transfer of control occurs at the time of acceptance. The financial impact that will be reported in equity on transition will primarily depend on the number of treatment solutions that are shipped but are not yet ready for installation at the customer's site at this point in time. Other less significant financial effects are also expected from the transition, mainly relating to changes in the allocation of the transaction price to various performance obligations. The Group is currently performing a more detailed assessment of the impact from the implementation of IFRS 15, both from an operational and financial perspective. This exercise is still ongoing and therefore it is not practicably possible to disclose reliable estimates of the expected financial effects.

Exchange rates

Country	Currency	Average rate			Closing rate				
		May - Oct 2017/18	May - Oct 2016/17	Change *	Oct 31, 2017	Oct 31, 2016	Apr 30, 2017	Change * 12 months	Change **
Euroland	1 EUR	9.622	9.437	2%	9.722	9.869	9.630	-1%	1%
Great Britain	1 GBP	10.868	11.401	-5%	11.037	10.972	11.439	1%	-4%
Japan	1 JPY	0.075	0.080	-7%	0.074	0.086	0.079	-14%	-7%
United States	1 USD	8.346	8.427	-1%	8.355	9.010	8.840	-7%	-5%

** October 31, 2017 vs October 31, 2016*

*** October 31, 2017 vs April 30, 2017*

Regarding foreign Group companies, order intake and income statements are translated at average exchange rates for the reporting period, while order backlog and balance sheets are translated at closing exchange rates.

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

INCOME STATEMENT SEK M	Q2 2017/18	Q2 2016/17	May - Oct 2017/18	May - Oct 2016/17	12 months rolling	May - Apr 2016/17
Net sales	2,802	2,434	4,971	4,316	11,359	10,704
Cost of products sold	-1,620	-1,409	-2,870	-2,527	-6,620	-6,277
Gross income	1,183	1,025	2,101	1,789	4,739	4,427
Selling expenses	-300	-314	-605	-590	-1,180	-1,165
Administrative expenses	-232	-231	-480	-446	-962	-928
R&D expenses	-282	-222	-598	-472	-1,144	-1,018
Exchange rate differences	-4	-1	-16	32	-249	-201
Operating result before items affecting comparability	365	257	403	313	1,205	1,115
Items affecting comparability	-	-117	-	-206	-312	-518
Operating result	365	140	403	106	895	598
Result from participations in associates	1	2	3	5	-19	-17
Interest income	16	7	23	11	43	31
Interest expenses and similar items	-52	-74	-97	-136	-232	-271
Exchange rate differences	2	-1	-1	2	-4	-1
Profit before tax	332	73	331	-12	683	340
Income taxes	-84	-18	-84	3	-301	-214
Net income	247	55	247	-9	382	126
Net income attributable to:						
Parent Company shareholders	247	55	247	-10	382	125
Non-controlling interests	0	0	0	1	0	1
Earnings per share before dilution, SEK	0.65	0.14	0.65	-0.03	1.01	0.33
Earnings per share after dilution, SEK	0.65	0.14	0.65	-0.03	1.01	0.33

STATEMENT OF COMPREHENSIVE INCOME SEK M						
Net income	247	55	247	-9	382	126
Other comprehensive income:						
Items that will not be reclassified to the income statement:						
Remeasurements of defined benefit pension plans	-	0	-	0	1	1
Tax	-	0	-	0	0	0
Total items that will not be reclassified to the income statement	-	0	-	0	1	1
Items that subsequently may be reclassified to the income statement:						
Revaluation of cash flow hedges	-8	-92	38	-233	305	34
Translation differences from foreign operations	168	202	-132	506	-274	364
Tax	2	18	-8	45	-60	-7
Total items that subsequently may be reclassified to the income statement	162	128	-102	318	-29	391
Other comprehensive income for the period	162	128	-102	318	-28	392
Total comprehensive income for the period	409	183	145	309	354	518
Comprehensive income attributable to:						
Parent Company shareholders	409	182	145	308	354	517
Non-controlling interests	0	1	0	1	0	1

RESULT OVERVIEW

SEK M	Q2 2017/18	Q2 2016/17	May - Oct 2017/18	May - Oct 2016/17	12 months rolling	May - Apr 2016/17
Operating result/EBIT before items affecting comparability	365	257	403	313	1,205	1,115
Bad debt losses	18	23	28	29	45	46
Amortization:						
Capitalized development costs	96	78	207	156	431	380
Assets relating to business combinations	30	33	59	60	118	119
EBITA before items affecting comparability and bad debt losses	509	391	696	558	1,799	1,661

CONSOLIDATED BALANCE SHEET

SEK M	Oct 31, 2017	Oct 31, 2016	Apr 30, 2017
Non-current assets			
Intangible assets	8,541	8,797	8,704
Tangible fixed assets	812	785	795
Financial assets	279	369	308
Deferred tax assets	310	300	375
Total non-current assets	9,943	10,251	10,181
Current assets			
Inventories	1,102	1,259	936
Accounts receivable	3,120	3,320	3,726
Accrued income	1,545	2,041	1,640
Current tax assets	157	234	191
Derivative financial instruments	155	43	92
Other current receivables	917	800	802
Short-term investments	90	-	-
Cash and cash equivalents	3,124	2,121	3,383
Total current assets	10,209	9,817	10,769
Total assets	20,152	20,068	20,950
Elekta's owners' equity	6,734	6,581	6,774
Non-controlling interests	0	-	0
Total equity	6,734	6,581	6,774
Non-current liabilities			
Long-term interest-bearing liabilities	4,726	3,290	5,272
Deferred tax liabilities	669	679	778
Long-term provisions	165	139	142
Other long-term liabilities	5	107	33
Total non-current liabilities	5,565	4,215	6,224
Current liabilities			
Short-term interest-bearing liabilities	423	1,890	0
Accounts payable	970	835	1,000
Advances from customers	2,440	2,439	2,531
Prepaid income	1,764	1,561	1,874
Accrued expenses	1,742	1,813	1,875
Current tax liabilities	89	66	111
Short-term provisions	172	218	231
Derivative financial instruments	21	277	48
Other current liabilities	230	173	281
Total current liabilities	7,852	9,272	7,952
Total equity and liabilities	20,152	20,068	20,950

CASH FLOW

SEK M	Q2 2017/18	Q2 2016/17	May-Oct 2017/18	May-Oct 2016/17	12 months rolling	May - Apr 2016/17
Profit before tax	332	73	331	-12	683	340
Amortization and depreciation	163	150	339	294	700	655
Interest net	22	46	50	92	136	178
Other non-cash items	4	-29	-13	-44	81	50
Interest received and paid	-5	-57	-51	-103	-137	-189
Income taxes paid	-32	-41	-110	-122	-256	-268
Operating cash flow	*483*	*142*	*547*	*105*	*1,209*	*767*
Increase (-)/decrease (+) in inventories	7	-71	-194	-93	130	231
Increase (-)/decrease (+) in operating receivables	-168 *	-112	348 *	336	170 *	158
Increase (+)/decrease (-) in operating liabilities	81	383 *	-222	-146 *	586 *	662 *
Change in working capital	*- 80*	*200*	*-68*	*97*	*886*	*1,051*
Cash flow from operating activities	403	342	478	202	2,095	1,819
Investments intangible assets	-147	-193 *	-274	-336 *	-571 *	-633 *
Investments other assets	-67	-34	-111	-61	-191	-141
Sale of fixed assets	37 *	-	37 *	-	37 *	0
Continuous investments	*- 177*	*-228*	*- 347*	*- 396*	*- 725*	*-774*
Cash flow after continuous investments	226	114	131	-194	1,370	1,045
Increase(-)/decrease(+) in short-term investments	-90	-	-90	-	-90	-
Business combinations and investments in other shares	-11	-26	-35	-42	-11	-18
Cash flow after investments	125	89	5	-236	1,268	1,027
Cash flow from financing activities	-200	-103	-186	-112	-129	-55
Cash flow for the period	-75	-14	-181	-347	1,138	972
Change in cash and cash equivalents during the period						
Cash and cash equivalents at the beginning of the period	3,158	2,060	3,383	2,273	2,121	2,273
Cash flow for the period	-75	-14	-181	-347	1,138	972
Exchange rate differences	41	75	-78	195	-135	138
Cash and cash equivalents at the end of the period	3,124	2,121	3,124	2,121	3,124	3,383

** Adjusted for receivables/liabilities relating to investments/sale of fixed assets.*

CHANGES IN EQUITY

SEK M	May-Oct 2017/18	May-Oct 2016/17	May-Apr 2016/17
Attributable to Elekta's owners			
Opening balance	6,774	6,402	6,402
Comprehensive income for the period	145	308	517
Incentive programs including deferred tax	6	-	5
Conversion of convertible loan	-	-	72
Acquisition of non-controlling interest	-	-34	-31
Dividend	-191	-95	-191
Total	6,734	6,581	6,774
Attributable to non-controlling interests			
Opening balance	0	10	10
Comprehensive income for the period	0	1	1
Acquisition of non-controlling interest	-	-1	-1
Dividend	-	-10	-10
Total	0	-	0
Closing balance	6,734	6,581	6,774

Financial instruments

The table below shows the fair value of the Group's financial instruments, for which fair value is different than carrying value. The fair value of all other financial instruments is assumed to correspond to the carrying value.

SEK M	Oct 31, 2017 Carrying amount	Oct 31, 2017 Fair value	Oct 31, 2016 Carrying amount	Oct 31, 2016 Fair value	Apr 30, 2017 Carrying amount	Apr 30, 2017 Fair value
Long-term interest-bearing liabilities	4,726	4,767	3,290	3,354	5,272	5,322
Short-term interest-bearing liabilities	423	425	1,890	1,932	0	0

The Group's financial assets and financial liabilities, which have been measured at fair value, have been categorized in the fair value hierarchy. The different levels are defined as follows:

- Level 1: Quoted prices on an active market for identical assets or liabilities.
- Level 2: Other observable data than quoted prices included in Level 1, either directly (that is, price quotations) or indirectly (that is, obtained from price quotations).
- Level 3: Data not based on observable market data.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

SEK M	Level	Oct 31, 2017	Oct 31, 2016	Apr 30, 2017
FINANCIAL ASSETS				
Financial assets measured at fair value through profit or loss:				
Derivative financial instruments – non-hedge accounting	2	75	41	44
Derivatives used for hedging purposes:				
Derivative financial instruments – hedge accounting	2	82	2	63
Total financial assets		157	43	107
FINANCIAL LIABILITIES				
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments – non-hedge accounting	2	12	83	20
Contingent consideration	3	38	98	77
Derivatives used for hedging purposes:				
Derivative financial instruments – hedge accounting	2	9	232	28
Total financial liabilities		59	413	125

KEY FIGURES

	May - Apr 2012/13	May - Apr 2013/14	May - Apr 2014/15	May - Apr 2015/16	May - Apr 2016/17	May - Oct 2016/17	May - Oct 2017/18
Gross order intake, SEK M	n/a	n/a	12,825	13,821	14,064	6,044	6,005
Net sales, SEK M	10,339	10,694	10,839	11,221	10,704	4,316	4,971
Order backlog, SEK M	11,942	13,609	17,087	18,239	22,459	21,673	21,982
Operating result, SEK M	2,012	1,727	937	423	598	106	403
Operating margin before items affecting comparability, %	20	18	9	9	10	7	8
Operating margin, %	19	16	9	4	6	2	8
Profit margin, %	17	14	7	2	3	0	7
Shareholders' equity, SEK M	5,560	6,257	6,646	6,412	6,774	6,581	6,734
Capital employed, SEK M	10,112	10,743	12,678	11,360	12,046	11,761	11,884
Net debt, SEK M	1,985	2,239	2,768	2,677	1,889	3,060	1,936
Net debt/equity ratio, multiple	0.36	0.36	0.42	0.42	0.28	0.46	0.29
Return on shareholders' equity, %	27	21	9	2	2	1	6
Return on capital employed, %	21	17	9	4	5	3	8
Operational cash conversion, %	79	60	126	111	145	51	64
Average number of employees	3,336	3,631	3,679	3,677	3,581	3,550	3,692

DATA PER SHARE

	May - Apr 2012/13	May - Apr 2013/14	May - Apr 2014/15	May - Apr 2015/16	May - Apr 2016/17	May - Oct 2016/17	May - Oct 2017/18
Earnings per share							
before dilution, SEK	3.52	3.01	1.45	0.36	0.33	-0.03	0.65
after dilution, SEK	3.52	3.00	1.45	0.36	0.33	-0.03	0.65
Cash flow per share							
before dilution, SEK	3.17	1.31	1.78	1.00	2.69	-0.62	0.01
after dilution, SEK	3.17	1.24	1.78	1.00	2.69	-0.62	0.01
Shareholders' equity per share							
before dilution, SEK	14.55	16.39	17.41	16.79	17.73	17.26	17.63
after dilution, SEK	14.55	20.32	17.41	16.79	17.73	17.26	17.63
Average number of shares							
before dilution, 000s	380,672	381,277	381,287	381,288	381,306	381,288	382,027
after dilution, 000s	380,672	400,686	381,287	381,288	381,306	381,288	382,027
Number of shares at closing							
before dilution, 000s *	381,270	381,287	381,287	381,288	382,027	381,288	382,027
after dilution, 000s	381,270	400,696	381,287	381,288	382,027	381,288	382,027

In September 2012 a 4:1 share split was conducted. The data per share and number of shares has been restated pro forma.
** Number of registered shares at closing excluding treasury shares (1,541,368 per October 31, 2017).*

DATA PER QUARTER

	2015/16			2016/17				2017/18	
SEK M	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Gross order intake	3,398	2,616	5,238	2,662	3,383	3,653	4,366	2,738	3,267
Net sales	2,828	2,547	3,607	1,882	2,434	2,673	3,715	2,169	2,802
EBITA before items affecting comparability and bad debt losses	451	335	785	166	391	325	779	187	509
Operating result	304	56	155	-34	140	144	347	38	365
Cash flow from operating activities	346	327	846	-139	342	394	1,222	76	403

ORDER INTAKE GROWTH BASED ON CONSTANT EXCHANGE RATES *

	2015/16			2016/17				2017/18	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
North and South America, %	-18	23	15	-16	4	-6	-19	-6	14
Europe, Middle East and Africa, %	41	-43	38	14	-17	116	-32	-4	-5
Asia Pacific, %	-6	0	-5	20	10	2	-5	7	-11
Group, %	3	-15	16	4	-2	34	-20	0	0

** From Q1 2016/17 the numbers are based on gross order intake.*

Segment reporting

Elekta applies geographical segmentation. Order intake, net sales and contribution margin for respective regions are reported to Elekta's CFO and CEO (chief operating decision makers). The regions' expenses are directly attributable to the respective region reported including cost of products sold. Global costs for R&D, marketing, management of product supply centers and Parent Company are not allocated per region. Currency exposure is concentrated to product supply centers. The majority of exchange differences in operations are reported in global costs.

Segment reporting

May - Oct 2017/18

SEK M	North and South America	Europe, Middle East and Africa	Asia Pacific	Other/ Group-wide	Group total	% of net sales
Net sales	1,776	1,850	1,345	-	4,971	
Regional expenses	-1,133	-1,248	-960	-	-3,341	67%
Contribution margin	643	602	385	-	1,630	33%
Contribution margin, %	36%	33%	29%			
Global costs				-1,227	-1,227	25%
Operating result before items affecting comparability	643	602	385	-1,227	403	8%
Items affecting comparability				-	-	
Operating result	643	602	385	-1,227	403	8%
Net financial items				-72	-72	
Profit before tax	643	602	385	-1,298	331	

May - Oct 2016/17

SEK M	North and South America	Europe, Middle East and Africa	Asia Pacific	Other/ Group-wide	Group total	% of net sales
Net sales	1,793	1,266	1,257	-	4,316	
Regional expenses	-1,179	-875	-868	-	-2,923	68%
Contribution margin	614	391	389	-	1,394	32%
Contribution margin, %	34%	31%	31%			
Global costs				-1,081	-1,081	25%
Operating result before items affecting comparability	614	391	389	-1,081	313	7%
Items affecting comparability				-206	-206	
Operating result	614	391	389	-1,287	106	2%
Net financial items				-118	-118	
Profit before tax	614	391	389	-1,405	-12	

May - Apr 2016/17

SEK M	North and South America	Europe, Middle East and Africa	Asia Pacific	Other/ Group-wide	Group total	% of net sales
Net sales	4,147	3,444	3,114	-	10,704	
Regional expenses	-2,600	-2,365	-2,174	-	-7,139	67%
Contribution margin	1,547	1,079	940	-	3,565	33%
Contribution margin, %	37%	31%	30%			
Global costs				-2,450	-2,450	23%
Operating result before items affecting comparability	1,547	1,079	940	-2,450	1,115	10%
Items affecting comparability				-518	-518	
Operating result	1,547	1,079	940	-2,968	598	6%
Net financial items				-258	-258	
Profit before tax	1,547	1,079	940	-3,226	340	

12 months rolling

SEK M	North and South America	Europe, Middle East and Africa	Asia Pacific	Other/ Group-wide	Group total	% of net sales
Net sales	4,130	4,027	3,202	-	11,359	
Regional expenses	-2,554	-2,738	-2,266	-	-7,558	67%
Contribution margin	1,576	1,289	936	-	3,801	33%
Contribution margin, %	38%	32%	29%			
Global costs				-2,596	-2,596	23%
Operating result before items affecting comparability	1,576	1,289	936	-2,596	1,205	11%
Items affecting comparability				-312	-312	
Operating result	1,576	1,289	936	-2,908	895	8%
Net financial items				-212	-212	
Profit before tax	1,576	1,289	936	-3,119	683	

Elekta's operations are characterized by significant quarterly variations in delivery volumes and product mix, which have a direct impact on net sales and profits. This is accentuated when the operation is split into segments, as is the impact of currency fluctuations between the years.

PARENT COMPANY

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

SEK M	May-Oct 2017/18	May-Oct 2016/17
Operating expenses	-89	-79
Financial net	398	134
Income after financial items	308	55
Tax	30	28
Net income	338	83
Statement of comprehensive income		
Net income	338	83
Other comprehensive income	-	-
Total comprehensive income	338	83

BALANCE SHEET

SEK M	Oct 31, 2017	Apr 30, 2017
Non-current assets		
Intangible assets	71	75
Shares in subsidiaries	2,221	2,222
Receivables from subsidaries	1,901	2,679
Other financial assets	27	26
Deferred tax assets	92	63
Total non-current assets	4,311	5,065
Current assets		
Receivables from subsidaries	3,765	3,870
Other current receivables	118	31
Other short-term investments	90	-
Cash and cash equivalents	2,358	2,479
Total current assets	6,332	6,380
Total assets	10,643	11,445
Shareholders' equity	2,753	2,606
Non-current liabilities		
Long-term interest-bearing liabilities	4,723	5,268
Long-term liabilities to Group companies	39	39
Long-term provisions	9	36
Total non-current liabilities	4,772	5,343
Current liabilities		
Short-term interest-bearing liabilities	418	-
Short-term liabilities to Group companies	2,580	3,342
Short-term provisions	43	30
Other current liabilities	78	123
Total current liabilities	3,119	3,495
Total shareholders' equity and liabilities	10,643	11,445

Alternative performance measures

Alternative Performance Measures (APMs) are measures and key figures that Elekta's management and other stakeholders use when managing and analyzing Elekta's business performance. These measures are not substitutes, but rather supplements to financial reporting measures prepared in accordance with IFRS. Key figures and other APMs used by Elekta are defined on www.elekta.com/investors/financials/definitions.php. Definitions and additional information on APMs can also be found on pages 111-114 in the Annual Report 2016/17.

Order and sales growth based on constant exchange rates

Elekta's order intake and sales are, to a large extent, reported in subsidiaries with other functional currencies than SEK, which is the group reporting currency. In order to present order and sales growth on a more comparable basis and to show the impact of currency fluctuations, order and sales growth based on constant exchange rates are presented. The schedules below present growth based on constant exchange rates reconciled to the total growth reported in accordance with IFRS.

Change gross order intake	North and South America		Europe, Middle East, and Africa		Asia Pacific		Group total	
	%	SEK M	%	SEK M	%	SEK M	%	SEK M
Q2 2017/18 vs. Q2, 2016/17								
Change based on constant exchange rates	14	169	-5	-53	-11	-123	0	-7
Currency effects	-4	-54	0	4	-5	-59	-3	-109
Reported change	10	115	-5	-49	-16	-182	-3	-116
Q2 2016/17 vs. Q2 2015/16								
Change based on constant exchange rates	4	43	-17	-219	10	95	-2	-81
Currency effects	1	9	0	6	5	51	2	66
Reported change	5	52	-17	-213	15	146	0	-15
May - Oct 2017/18 vs. May - Oct 2016/17								
Change based on constant exchange rates	6	121	-5	-94	-2	-43	0	-16
Currency effects	-1	-26	2	42	-2	-39	-1	-23
Reported change	5	95	-3	-52	-4	-82	-1	-39
May - Oct 2016/17 vs. May - Oct 2015/16								
Change based on constant exchange rates	-5	-116	-6	-116	14	262	0	30
Currency effects	-1	-13	0	-3	4	63	1	47
Reported change	-6	-129	-6	-119	18	325	1	77

Change net sales	North and South America		Europe, Middle East, and Africa		Asia Pacific		Group total	
	%	SEK M	%	SEK M	%	SEK M	%	SEK M
Q2 2017/18 vs. Q2, 2016/17								
Change based on constant exchange rates	2	19	54	385	7	53	19	457
Currency effects	-4	-40	-1	-5	-6	-43	-4	-88
Reported change	-2	-21	53	380	1	10	15	368
Q2 2016/17 vs. Q2 2015/16								
Change based on constant exchange rates	-7	-72	-17	-149	-24	-220	-16	-441
Currency effects	1	11	-1	-9	5	45	2	47
Reported change	-6	-61	-18	-158	-19	-175	-14	-394
May - Oct 2017/18 vs. May - Oct 2016/17								
Change based on constant exchange rates	0	0	45	570	10	126	16	696
Currency effects	-1	-17	1	14	-3	-38	-1	-41
Reported change	-1	-17	46	584	7	88	15	655
May - Oct 2016/17 vs. May - Oct 2015/16								
Change based on constant exchange rates	-7	-144	-20	-328	-20	-300	-15	-772
Currency effects	0	-9	-1	-22	3	51	0	20
Reported change	-7	-153	-21	-350	-17	-249	-15	-752

EBITA before items affecting comparability and bad debt losses (Adjusted EBITA)

EBITA adjusted for items affecting comparability and bad debt losses is used by management to evaluate the business and is considered to assist management and investors in comparing the performance across reporting periods on a consistent basis. Bad debt losses have been excluded as these relate to turbulence in the market that is not expected to occur on a regular basis. For a reconciliation of EBITA adjusted for items affecting comparability and bad debt losses, to operating result (EBIT) as presented in the IFRS income statement, see page 12.

EBITDA

EBITDA is used for the calculation of operational cash conversion.

SEK M	Q2 2016/17	Q3 2016/17	Q4 2016/17	Q1 2017/18	Q2 2017/18
Operating result/EBIT	140	144	347	38	365
Amortization:					
Capitalized development costs	78	94	131	110	96
Assets relating business combinations	33	28	31	29	30
Depreciation	39	39	39	38	36
EBITDA	290	305	548	215	527

Items affecting comparability

Items affecting comparability are events or transactions with significant financial effects, which are relevant for understanding the financial performance when comparing income for the current period with previous periods, including restructuring programs, expenses relating to major legal disputes, impairments and gains and losses from acquisitions or disposals of subsidiaries. The classification of revenue or expenses as items affecting comparability is based on management's assessment of the characteristics and also the materiality of the item.

	Q2 2017/18				Q2 2016/17			
SEK M	Before items affecting comparability	Restructu-ring costs	Legal fees	Including items affecting comparability	Before items affecting comparability	Restructu-ring costs	Legal fees	Including items affecting comparability
Net sales	2,802			2,802	2,434			2,434
Cost of products and services sold	-1,620	-	-	-1,620	-1,409	-6	-	-1,415
Gross profit	1,183	-	-	1,183	1,025	-6	-	1,019
Selling expenses	-300	-	-	-300	-314	0	-	-314
Administrative expenses	-232	-	-	-232	-231	-65	-37	-333
R&D expenses	-282	-	-	-282	-222	-9	-	-231
Exchange rate differences	-4	-	-	-4	-1	-	-	-1
Operating result	365	-	-	365	257	-80	-37	140

	May - Oct 2017/18				May - Oct 2016/17			
SEK M	Before items affecting comparability	Restructu-ring costs	Legal fees	Including items affecting comparability	Before items affecting comparability	Restructu-ring costs	Legal fees	Including items affecting comparability
Net sales	4,971			4,971	4,316			4,316
Cost of products and services sold	-2,870	-	-	-2,870	-2,527	-9	-	-2,536
Gross profit	2,101	-	-	2,101	1,789	-9	-	1,780
Selling expenses	-605	-	-	-605	-590	-3	-	-593
Administrative expenses	-480	-	-	-480	-446	-78	-97	-622
R&D expenses	-598	-	-	-598	-472	-19	-	-491
Exchange rate differences	-16	-	-	-16	32	-	-	32
Operating result	403	-	-	403	313	-109	-97	106

Return on capital employed

Return on capital employed is a measure of the profitability after taking into account the amount of total capital used unrelated to type of financing. A higher return on capital employed indicates a more efficient use of capital. Capital employed represents the value of the balance sheet net assets that is the key driver of cash flow and capital required to run the business. It is also used in the calculation of return on capital employed.

SEK M	Oct 31, 2016	Jan 31, 2017	Apr 30, 2017	Jul 31, 2017	Oct 31, 2017
Profit before tax (12 months rolling)	100	146	340	424	683
Financial expenses (12 months rolling)	269	267	271	253	232
Profit before tax plus financial expenses	369	413	611	677	915
Total assets	20,068	19,688	20,950	19,659	20,152
Deferred tax liabilities	-679	-654	-778	-668	-669
Long-term provisions	-139	-132	-142	-159	-165
Other long-term liabilities	-107	-79	-33	-15	-5
Accounts payable	-835	-849	-1,000	-806	-970
Advances from customers	-2,439	-2,550	-2,531	-2,537	-2,440
Prepaid income	-1,561	-1,603	-1,874	-1,704	-1,764
Accrued expenses	-1,813	-1,709	-1,875	-1,611	-1,742
Current tax liabilities	-66	-57	-111	-96	-89
Short-term provisions	-218	-113	-231	-196	-172
Derivative financial instruments	-277	-154	-48	-74	-21
Other current liabilities	-173	-234	-281	-212	-230
Capital employed	11,761	11,552	12,046	11,582	11,884
Average capital employed (last five quarters)	11,582	11,554	11,668	11,712	11,765
Return on capital employed	3%	4%	5%	6%	8%

Return on shareholders' equity

Return on shareholders' equity measures the return generated on shareholders' capital invested in the company.

SEK M	Q2 2016/17	Q3 2016/17	Q4 2016/17	Q1 2017/18	Q2 2017/18
Net income (12 months rolling)	76	111	126	189	382
Average shareholders' equity excluding non-controlling interests (last five quarters)	6,516	6,471	6,541	6,563	6,604
Return on shareholders' equity	1%	2%	2%	3%	6%

Operational cash conversion

Cash flow is a focus area for management. The operational cash conversion shows the relation between cash flow from operating activities and EBITDA.

SEK M	Q2 2016/17	Q3 2016/17	Q4 2016/17	Q1 2017/18	Q2 2017/18
Cash flow from operating activities	342	394	1,222	76	403
EBITDA	290	305	548	215	527
Operational cash conversion	118%	129%	223%	35%	76%

Working capital

In order to optimize cash generation, management focuses on working capital and reducing lead times between orders booked and cash received. A reconciliation of working capital to items in the balance sheet is presented on page 5.

Days sales outstanding (DSO)

DSO is used by management to follow the development of overall payment terms to customers, which have significant impact on working capital and cash flow.

SEK M	Oct 31, 2016	Jan 31, 2017	Apr 30, 2017	Jul 31, 2017	Oct 31, 2017
Accounts receivable	3,320	3,324	3,726	3,032	3,120
Accrued income	2,041	1,701	1,640	1,467	1,545
Advances from customers	-2,439	-2,550	-2,531	-2,537	-2,440
Prepaid income	-1,561	-1,603	-1,874	-1,704	-1,764
Net receivable from customers	1,361	872	961	258	461
Net sales (12 months rolling)	10,470	10,596	10,704	10,991	11,359
Number of days	365	365	365	365	365
Net sales per day	29	29	29	30	31
Days sales outstanding (DSO)	47	30	33	9	15

Net debt and net debt/equity ratio

Net debt is important to understand the financial stability of the company. Net debt is used by management to track the debt evolvement and to analyze the leverage and refinancing need of the Group. Net debt/equity ratio is one of Elekta’s financial targets.

SEK M	Oct 31, 2016	Jan 31, 2017	Apr 30, 2017	Jul 31, 2017	Oct 31, 2017
Long-term interest-bearing liabilities	3,290	3,234	5,272	4,650	4,726
Short-term interest-bearing liabilities	1,890	1,896	0	421	423
Cash and cash equivalents and short-term investments	-2,121	-2,284	-3,383	-3,158	-3,214
Net debt	3,060	2,846	1,889	1,912	1,936
Shareholders' equity	6,581	6,422	6,774	6,511	6,734
Net debt/equity ratio, multiple	0.46	0.44	0.28	0.29	0.29

Shareholder information

Conference call

Elekta will host a telephone conference at 10:00-11:00 CET on November 30, 2017, with president and CEO Richard Hausmann, and CFO Gustaf Salford.

To take part in the conference call, please dial in about five minutes in advance.

Swedish dial-in number: +46 (0) 8 566 426 91
UK dial-in number: +44 (0) 203 008 9808
US dial-in number: +1 855 753 2237

The webcast will be through the following link:

http://event.on24.com/wcc/r/1551126-1/E4BC2ACE4B126C20D0B7272EE6FA15A5

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Financial calendar

Interim report May-January 2017/18	March 2, 2018
Year-end-report May-April 2017/18	June 1, 2018