

## Elekta changes outlook for 2019/20 and addresses challenges related to COVID-19

STOCKHOLM – As a result of the impact of the COVID-19 pandemic on our last quarter (ending April 30), Elekta (EKTA-B.ST) changes the outlook for the fiscal year 2019/20. We expect net sales growth of around 1 percent compared to last year based on constant currency, and an EBITA margin between 16 and 17 percent. Due to ongoing uncertainties related to the development of the COVID-19 pandemic, we also withdraw our scenario for 2020/21 to 2022/23. An updated outlook will be published when we can further quantify the impact of COVID-19 on the radiation therapy market and the effect on our business.

The COVID-19 pandemic has swept like a wave over the world affecting all our markets and our business, with an increasing effect in April. In **China** orders and installations were halted but are now recovering. Public tenders are restarting from the end of March, and installations are back on track. Production is now running fully at our Beijing site after it restarted on February 10 already.

Since COVID-19 became a pandemic, Elekta has managed well through the crisis, balancing our commitments to our customers with the safety of our employees. The treatment utilization rate in our **installed base** has been maintained at nearly normal levels (around 97 percent), despite very challenging conditions. This was possible due to a strong local presence and our capability to service remotely with our IntelliMax system. The remote fix-rate has increased globally with 12 percentage points and in Europe even by around 20 percentage points during the crisis, demonstrating Elekta's adaptability and digitization level. The impact of COVID-19 on service revenue is limited.

**Order intake and sales** have been negatively affected during the quarter with an increasing effect in April due to limited access to hospitals and delayed starts of installations as a consequence of lock down of countries. Despite this, Elekta has managed to attain new orders, including three new Elekta Unity orders the recent weeks, one of it with a digital signing ceremony via internet. We have not experienced any order cancellation in the quarter.

**EBITA margin** in the fourth quarter will be affected by lower revenue, however, we will be able to leverage from cost and productivity measures, supporting an increase in the margin compared to the first nine months. We will continue and strengthen productivity initiatives in the next fiscal year to mitigate the effects of COVID-19.

The continuity of our **supply chain** has benefitted from our dual source strategy and the fact that Elekta and its suppliers being labelled essential business by relevant government authorities. For Linacs we are fully operational in both our sites: Crawley and Beijing. Our Brachy and Neuro production facilities are up and running.

We are emphasizing our **digital applications** in order to enable our customers to work more effectively remotely and with less physical contact. Elekta is offering free usage for 90 days of our new application ProKnow, which enables clinicians to create, modify and release treatments plans remotely as a way to maintain cancer care during the pandemic.

Since the end of January, we have further strengthened our already **strong financial position** with a low net debt to EBITDA ratio. We expect our available cash at the end of April 2020 to amount to approximately SEK 6 billion with balanced and long maturities. In March, Elekta issued two new bonds totaling SEK 1.5 billion, replacing maturing bonds and loans of SEK 1.2 billion. In April, we also signed a seven-year loan agreement with the Nordic Investment Bank (NIB) of GBP 90 million for investments in R&D for future innovations and a two-year loan of SEK 300 million with the Swedish Export Credit Corporation (SEK).

“Elekta will be here until cancer isn’t, which will be long after the corona virus. The underlying **demand for radiotherapy** and the increased cancer incidence in the world will not change. In fact, access to high-precision radiotherapy with less fractions and reduced side effects is even more important now as it limits the exposure to potential infection by reducing visits at hospitals,” says Richard Hausmann, President and CEO of Elekta.

Today, at 10:00 am CET, Elekta will host a web/telephone conference with Richard Hausmann, President and CEO, and Gustaf Salford, CFO, to discuss the updated outlook and the situation around COVID-19. To take part in the conference call, please dial the numbers below or watch via the web link below:

Conference ID: 5083929  
UK/International: +44 (0) 2071 928338  
U.S.: +1 646 741 3167  
SE: +46 8 566 18467

<https://edge.media-server.com/mmc/p/4q5ohg6d>

Our full-year report for fiscal year 2019/20 is scheduled for release on May 29, 2020.

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### **About Elekta**

For almost five decades, Elekta has been a leader in precision radiation medicine. Our more than 4,000 employees worldwide are committed to ensuring everyone in the world with cancer has access to – and benefits from – more precise, personalized radiotherapy treatments. Headquartered in Stockholm, Sweden, Elekta is listed on NASDAQ Stockholm Exchange. Visit [elekta.com](http://elekta.com) or follow @Elekta on Twitter.