



ELEKTA AB (publ)

**Interim report
Nine months ended January 31, 1999**

- Elekta is releasing a nine-month report for the first time and will continue to release reports quarterly.
- The result before tax amounted to a loss of SEK 115 M (208).
- Net revenues amounted to SEK 1,230 M (1,299). Revenues reported by comparable units increased SEK 153 M, or 14 percent.

This is Elekta

Elekta is a world-leading supplier of systems and clinical solutions for precision radiotherapy of cancer and minimally invasive neurosurgical treatment of disorders in the brain and spine. Elekta's treatment methods contribute to gentle, effective care that offers improved clinical results, fewer complications and shorter periods of care.

Product launches

Elekta has received clearance in the American market to introduce its Precise Treatment Table, which is used to support and position patients during simulation and radiotherapy of cancer. The Company's entire product portfolio for cancer radiation treatment, the Elekta Precise Treatment System, is now cleared by the FDA for marketing in the U.S.

At the end of February, Elekta successfully introduced its new version of the Leksell Gamma Knife at the International Stereotactic Radiosurgery Society Congress in Sydney, Australia. The new product generation, Model C, enhances the possibilities to optimize radiation doses, broadens areas of application and reduces treatment times. Existing equipment can be upgraded to the new version.

Cooperations



E L E K T A

Several cooperations were entered during the period under review, with special emphasis in the field of cancer treatment.

Elekta and GE Medical Systems have reached an agreement that allows Elekta to offer in Europe, GE's simulation system for simulating radiotherapy treatment of cancer.

Elekta has also signed an agreement with Nexus of Germany, to offer in Europe Nexus's integrated information systems for patient data as well as scheduling and billing routines in radiotherapy treatment of cancer.

In the U.S., Elekta signed an agreement with the University of Pittsburgh and Carnegie Mellon University concerning a research partnership based on new methods to detect patient position and movements, which will result in greater precision in radiotherapy treatment of cancer.

In the field of image guided surgery, IGS, Elekta has signed a memorandum of understanding for clinical research and development with Queen Elizabeth Hospital in Hong Kong. Elekta will supply the hospital with a range of IGS-systems for various neurosurgical applications.

Order bookings and order backlog

The Group's order backlog on January 31, 1999 amounted to SEK 1,145 M, compared with SEK 1,066 M on April 30, 1998.

Order bookings for Leksell Gamma Knives has improved somewhat. Orders for 4 (2) Gamma Knives were booked during the third quarter of fiscal year 1998/99, comprising one each in the U.S. and Asia and two in Africa (the Middle East). During the first nine months of fiscal year 1998/99, the Group booked 12 (13) orders for Gamma Knives. On a rolling 12-month basis, 18 new orders were booked for Gamma Knives compared with 16 at the end of October 1998.

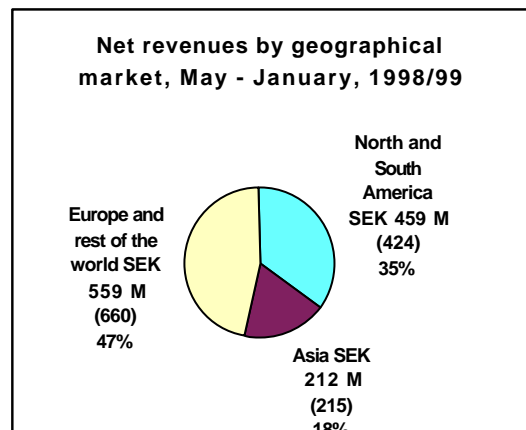
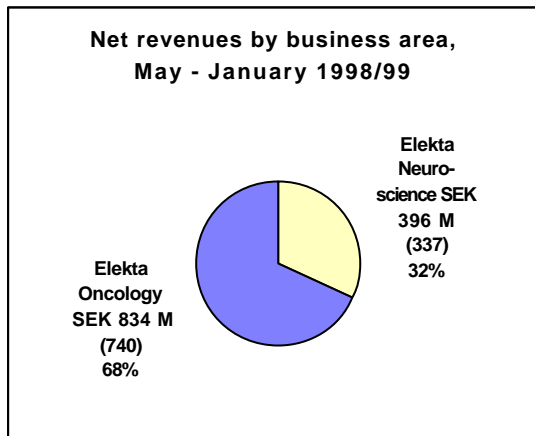
Elekta Oncology reported favorable order bookings. A three-year purchase agreement was signed with the University of Pittsburgh Medical Center, UPMC Health Systems. Valued at USD 10 M, the contract covers delivery of linear accelerators for eight hospitals in the northeastern section of the U.S.

Net revenues

The Group's net revenues amounted to SEK 1,230 M (1,299). Net revenues of comparable units, which excludes Surgical Instruments, increased by SEK 153 M, or 14 percent.



ELEKTA



Result

Elekta incurred an operating loss of SEK 86 M (175), an improvement of SEK 89 M compared with the year-earlier period. The operating loss for comparable units, excluding items affecting comparability, was SEK 140 M (185).

The negative result was due in part to weak markets for the Gamma Knife in Asia, excluding Japan, and in Europe. According to plan delivery of oncology products during the third quarter was low and margins were squeezed particularly in some countries in Europe. Losses totaling SEK 67 M by the Image Guided Surgery (IGS) segment were charged against income during the fiscal year's first nine months. Within IGS the efforts continue to establish cooperations in the market. The costs for Elekta's operations are high. The work continues to restructure the operations according to earlier announced plans.

Investments in research and development amounted to SEK 127 M (125). These investments are expensed on a current basis and corresponded to 10 (10) percent of net revenues.

Of the Group's restructuring costs for the period, SEK 30 M was debited to the restructuring reserve established in connection with the acquisition of Philips Radiation Therapy; the reserve amounted to SEK 23 M on January 31, 1999.

Effective May 1, 1998, surgical products for ultrasound and cryosurgery as well as implants and disposable articles for hydrocephalus, that constituted the product range of the Elekta Surgical Instruments business area, were sold in July, 1998. The capital gain of SEK 24 M, and the gain of SEK 30 M from the sale of Elekta's former property in Crawley, were reported as items affecting comparability.

Net financial expense amounted to SEK 29 M (33).

The loss before taxes amounted to SEK 115 M (208).



The loss after taxes was SEK 128 M (213).

The loss per share was SEK 12.15 (20.34).

Fixed assets and investments

Investments in intangible and tangible fixed assets amounted to SEK 1 M (16) and SEK 20 M (31), respectively.

Amortization of intangible fixed assets and depreciation of tangible fixed assets amounted to SEK 35 M (40) and SEK 37 M (48), respectively.

Under terms of its agreement with Philips, Elekta has received SEK 39 M to compensate it for the fact that new large orders from customers in Eastern Europe were not signed before June 30, 1998. Of this amount, SEK 7 M has been reserved for necessary restructuring because of failed orders, following which goodwill has been reduced in the amount of SEK 32 M.

Liquidity and financial position

Elekta's liquid assets amounted to SEK 187 M on January 31, 1999, compared with SEK 176 M on April 30, 1998.

The cash flow, after investments and divestments, amounted to SEK 224 M, which includes divestments totaling SEK 354 M. Cash flow from operations during the third quarter amounted to a surplus of SEK 74 M. This is mainly explained by a reduction in accounts receivable.

In June 1998 Elekta issued convertible debentures with preferential rights for the Company's shareholders. The issue, which was fully subscribed, was effected at 85 percent of the nominal amount, SEK 467 M. This provided the Group with SEK 375 M, net.

Net debt – interest-bearing liabilities less liquid assets – amounted to SEK 458 M on January 31, 1999, compared with SEK 647 M on April 30, 1998. The SEK 458 M includes convertible loans amounting to SEK 408 M. Bank debt was reduced by SEK 580 M. Elekta's total available credit – liquid assets plus lines of credit granted but not utilized – amounted to SEK 198 M on January 31, 1999, compared with SEK 203 M on April 30, 1998.

The Company's debt/equity ratio as of January 31, 1999 was 81 percent, compared with 90 percent on April 30, 1998.

Employees

The average number of employees was 867 (1,145). The number of employees at the close of the period was 872.



E L E K T A

Parent Company

The Parent Company's operations comprise Group management, joint Group functions and financial management. The Parent Company incurred a loss of SEK 47 (profit 27) M after financial items. The average number of employees was 18 (17).

Future prospects

As earlier announced, it will take a while before we shall see a clearly discernible change in present result trends. The result for the full 1998/99 fiscal year will be better than last year but a substantial loss can be expected. The restructuring program of business operations continues according to earlier announced plans and is expected to result in satisfactory profitability within two years.

Financial reports

The preliminary report for fiscal year 1998/99 will be issued on June 15, 1999.

Stockholm, March 19, 1999

ELEKTA AB (publ)

Laurent Leksell
President

This interim report has not been reviewed by the Company's auditors.

For additional information, please contact:
Lars Jonsteg, VP Corporate Relations, Elekta AB (publ), tel: +46 8-587 254 82.

Additional information about Elekta is available at www.elekta.com



E L E K T A

INCOME STATEMENT

SEK M	9 months		12 months	
	May - Jan 1998/99	May - Jan 1997/98	Feb - Jan 1998/99	May - April 1997/98
Net revenues	1 230	1 299	1 783	1 852
Operating expenses	-1 243	-1 382	-1 797	-1 936
R&D expenses	- 127	- 125	-160	-158
Items affecting comparability	54	33	55	34
Operating loss	- 86	- 175	-119	-208
Financial net	- 29	- 33	-40	-44
Income before taxes	- 115	- 208	-159	-252
Taxes	- 13	- 5	-18	-10
Net income	- 128	- 213	-177	-262

BALANCE SHEET

SEK M	31 Jan 1998	31 Jan 1997	30 April 1998
Intangible fixed assets	504	638	616
Tangible fixed assets	82	303	292
Financial fixed assets	16	24	20
Inventories	264	422	383
Receivables	979	1 003	930
Liquid assets	187	125	176
Total assets	2 032	2 515	2 417
Shareholders' equity	564	805	722
Provisions	139	283	198
Convertible debenture loan	408		
Other interest-bearing liabilities	237	868	823
Interest-free liabilities	684	559	674
Total shareholders' equity, provisions and liabilities	2 032	2 515	2 417



E L E K T A

KEY FIGURES

	6 months May - Oct 1997/98	9 months May - Jan 1997/98	12 months May - Apr 1997/98	6 months May - Oct 1998/99	9 months May - Jan 1998/99
Net revenues, SEK M	910	1,299	1,852	827	1,230
Operating loss, SEK M	-65	-175	-208	-35	-86
Operating margin	-7%	-13%	-11%	-4%	-7%
Profit margin	-9%	-16%	-14%	-7%	-9%
Shareholders' equity, SEK M	874	805	722	650	564
Capital employed, SEK M	1,739	1,673	1,545	1,248	1 209
Net debt, SEK M	715	743	647	503	458
Equity/assets ratio	33%	32%	30%	31%	28%
Net debt/equity ratio	82%	92%	90%	77%	81%
Return on shareholders' equity 1)	-16%	-28%	-31%	-32%	-25%
Return on capital employed 1)	-6%	-11%	-12%	-11%	-6%
Per share data					
Net income					
before conversion, SEK	-8.52	-20.34	-24.96	-6.25	-12.15
after full conversion, SEK	-8.52	-20.34	-24.96	-5.76	-10.51
Shareholders' equity, SEK					
before conversion, SEK	83.28	76.65	68.80	61.97	53.77
after full conversion, SEK	83.28	76.65	68.80	67.17	61.99
Average number of shares					
before conversion (000s)	10,497	10,497	10,497	10,497	10,497
after full conversion (000s)	10,497	10,497	10,497	15,681	15,681
Number of shares at closing					
before conversion (000s)	10,497	10,497	10,497	10,497	10,497
after full conversion (000s)	10,497	10,497	10,497	15,681	15,681

1) Based on moving 12 months.