



## **PRESS RELEASE**

Stockholm, 22 September, 2003

### **ELEKTA'S ANNUAL GENERAL MEETING 2003**

Today, September 22, Elekta AB (publ) held its Annual General Meeting. 83 shareholders, representing 47.8 percent of the votes in the company attended the Meeting, which was held at the Finlandshuset Conference Center in Stockholm.

#### **President and CEO Laurent Leksell reported on the development of the company during the 2002/03 fiscal year and first quarter of 2003/04 fiscal year**

- Laurent Leksell stated that 2002/03 was another successful year for Elekta. Despite the generally weak business climate, the company continued to develop favorably. The global market for Elekta's products and treatment methods for cancer and brain disorders continues to develop positively. Elekta is well positioned to benefit from and contribute to future growth in these markets.
- Today, Elekta is the global market leader in equipment for radiosurgery treatment of brain disorders and the second largest supplier in the world for equipment for radiotherapy of cancer.
- Despite the weak business climate and unfavorable currency movements, operating profit rose by 56 percent during the year to SEK 323 M.
- Order bookings were up 9 percent denominated in SEK and by 20 percent in local currencies. The order backlog at April 30, 2003 was SEK 411 M – the highest level ever.
- During the fiscal year, all four market regions increased their business volumes by between 6 and 68 percent.

Elekta reached or exceeded all financial goals during the year.

- Operating margin was 12 percent, compared with the corporate objective of 8-10 percent.
- Sales growth in local currencies amounted to 12 percent, compared with the objective of 10-15 percent.
- Return on capital employed was 22 percent, as against the objective of at least 15 percent.
- The equity ratio amounted to 49 percent, compared with the objective of at least 40 percent



Elekta has an exposure to currency movements through its international organization and structure. Elekta shelter however the effect through by managing its currency mix and currency hedging in line with it's currency exposure management policies.

- During the year this had a major impact on net sales, which grew 2 percent in SEK, compared with 12 percent denominated in local currencies.
- Elekta's sales are mainly in USD and EUR. The costs for oncology products are largely in GBP and for neurosurgery products in SEK.
- Elekta hedges contracts as well as part of estimated net flows over a rolling 18-month period. Combined with the currency mix, this safeguarded earnings in 2002/03.

The President reported on developments within Elekta's four market regions.

- In Europe, including the Middle East and Africa, order bookings in local currencies rose 22 percent. Many countries continue to invest in improved cancer care and Elekta's market share is about 40 percent. The market for radiosurgery developed slowly, but a breakthrough was noted during the year with an additional Gamma Knife to a leading hospital in France.
- In North and South America, order bookings rose in local currencies by 6 percent. The underlying market growth is favorable and Elekta's market position remains strong. The market for radiotherapy is largely driven by upgrades to IGRT. There is a large market in the region for the Leksell Gamma Knife® and the clinical interest for the Elekta Neuromag® is substantial.
- In Japan, order bookings in local currency rose 68 percent. The country's economy remains weak, but Japan is still an important market for Elekta. The need for investment in cancer care is considerable. Elekta's large installed base of Leksell Gamma Knife® and Elekta Neuromag™ units creates major potential for profitable aftermarket sales.
- In Asia excluding Japan, order bookings in local currencies increases by 31 percent. The need for investment in cancer care is substantial and Elekta's market position is strong across the region.

Cancer is a growing problem worldwide and an ever-increasing lifetimes combined with improved diagnostics is resulting in an increase in the number of cancer cases.

- Annually, more than 6 million people die of cancer and more than 10 million cases are diagnosed. In the industrialized part of the world, cancer is the cause of every fourth death.



- In many parts of the world, the healthcare system is facing financial pressures. At the same time, an increasingly older population is resulting in a greater need for sophisticated care.
- Elekta develops and markets innovative solutions and advanced equipment for applications in oncology and neurosurgery. There are large similarities between these medical disciplines in terms of technology, product development, knowledge development and customer support.
- Traditionally, radiotherapy of cancer and radiosurgery of brain disorders have developed separately but in parallel. Today, however, there is a rapid development of methods for cancer treatment and a large exchange of experience and technology. This development is driven primarily by such new technologies as conformal, intensity-modulated, image-guided and stereotactic radiotherapy.
- Elekta conducts an extensive research and development operation with more than 200 qualified employees involved in research and product development at the company's research centers in Sweden, the UK, the US and Finland.
- The overall goal is to achieve higher precision in radiotherapy with the aim of improving clinical effectiveness and efficiency.

**Laurent Leksell continued with a presentation of Elekta's three-month interim report for the May-July period.**

- Order bookings rose by 20 percent to SEK 835 M (697) and at fixed exchange rates by 35 percent. Order backlog was at an all time high and amounted to SEK 2,625 M (2,411),
- Net sales declined by 7 percent to SEK 615 M (662). At fixed exchange rates, net sales rose 4 percent. The decline in SEK was explained by currency changes and low shipment volumes due to customer requirements.
- Order bookings for a rolling 12-month period increased by 14 percent in SEK, well in line with corporate targets.
- Currency effects impacted the operating margin, which was 9 percent (10). Compared with the year-earlier period, currency movements affected operating profit negatively by about SEK 14 M.
- Gross margin improved substantially as a result of favorable geographical and product mix.
- Profit after taxes amounted to SEK 41 M (43).



- Elekta's financial position is strong, with liquid assets of SEK 1,068 M (1,087), shareholders' equity of SEK 1,496 M (1,445) and an equity ratio of 51 percent (49).

In June, the Board of Directors decided to adopt a new dividend policy for Elekta.

- The goal is to distribute 20 percent or more of net profit in the form of dividends, share buyback or comparable measures. The distribution decision is based on Elekta's financial position, profitability trend, growth potential and investment needs.

The Elekta share has performed well on Stockholmsbörsen (Stockholm Exchange).

- During fiscal year 2002/03, the price of the Elekta share developed considerably better than the index on Stockholmsbörsen. The share's upward trend continued in the first quarter of 2003/04.

Future prospects for full-year 2003/04

- Demand remains favorable for Elekta's products and services. Order backlog is the highest ever. While order volumes remain healthy, delivery volumes, and thus net sales, are expected to be lower in the first half than in the second half of 2003/04 due to customer requirements.
- As a result of mainly the weakening of the USD against the SEK, Elekta's earnings growth will be adversely affected. The financial objectives for fiscal years 2001/02 to 2003/04 remain un-changed, with a sales growth of 10-15 percent in local currencies and an operating margin of 8-10 percent on a rolling 12-month basis. The operating margin for individual quarters can deviate from this objective. The return on capital employed is to exceed 15 percent and the equity/assets ratio is to exceed 40 percent.

Elekta has established three Groupwide priorities for fiscal year 2003/04.

1. World-class service operations. Providing world-class service and support is increasingly important. Elekta has therefore initiated a highly ambitious investment and skills enhancement program so that Elekta within a few years will be a world leader with respect to quality and efficiency in its customer service and support operations.

2. Rapid product development. To be able to maintain sustainable and profitable growth, Elekta will continue to develop and launch innovative new products in radiotherapy and radiosurgery at a rapid pace.

3. Strengthen business processes To retain and strengthen Elekta's strong position, Elekta will continue to improve its business processes and increase the efficiency of its operations.



In conclusion, the President stated that Elekta has a strong position for continued profitable growth.

- The product portfolio is strong and Elekta has a global presence through a streamlined organization.
- Cancer is increasing and half of all cancer patients need radiotherapy.
- IMRT and IGRT are driving growth in oncology.
- An increasing number of application areas are opening for the Leksell Gamma Knife®
- The market potential for the Elekta Neuromag® is substantial.
- Healthcare is increasingly in need of procedures for outpatient care.
- More knowledgeable patients place higher demands on high quality of life during the treatment period.

After the President's comments, the Meeting adopted the financial statements and discharged the members of the Board of Directors and the President from personal liability for the fiscal year.

#### **Election of the Board**

The Meeting re-elected Akbar Seddigh, Magnus Schmidt, Carl G. Palmstierna, Tommy Karlsson and Laurent Leksell as Board members.

Hans Barella, born 1943 and a citizen of the Netherlands, was elected new member. Hans Barella has extensive experience in the medical technology industry, including serving as CEO of Philips Medical Systems.

#### **Board proposal on redemption of shares and reduction of share capital**

The Meeting voted to approve the Board's proposal of redemption of each 17th share for a cash payment of SEK 165 per share. At full acceptance, 1,938,468 shares will be redeemed and about SEK 319.8 M will be transferred to the shareholders.

#### **Nomination procedure prior to the Annual General Meeting**

The Meeting decide that the nominating process shall be that the Board Chairman at the close of the fiscal year contacts representatives of at least five of the largest shareholders who together and under the leadership of the Board Chairman shall develop a proposal for members of the Board to be submitted to the Annual General Meeting for decision and that the names of the owner representatives who participate in the committee shall be announced publicly.

#### **Proposal that the Annual General Meeting mandate that the Board appoint an audit committee.**



With reference to the Board Chairman's and auditors' report on the auditing work in Elekta, in which the entire Board participates, the Meeting voted refer the question to the Board of Directors.

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Documentation provided at the Meeting can be requested from Corporate Relations, telephone +46 8 587 254 00.

**For additional information, contact:**

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Elekta is a world-leading supplier of advanced and innovative clinical solutions and services for and precise treatment of cancer and minimal-invasive neurosurgery for treatment of brain disorders. Elekta's solutions are clinically effective, cost efficient and gentle on the patient.

Additional information on Elekta is available on the Internet: [www.elekta.com](http://www.elekta.com)