



9 Interim Report

NINE MONTHS ENDED
JANUARY 31, 2004

2003/04



ELEKTA

Interim Report

Nine months ended January 31, 2004

- **Operating profit amounted to SEK 192 M (235) and the operating margin to 10 (12) percent. Based on a rolling 12-month period, the operating margin was 10 percent.**
- **Profit after taxes amounted to SEK 138 M (157). Earnings per share, after dilution, amounted to SEK 4.18 (4.82).**
- **Cash flow after investments amounted to SEK 122 M (180). Cash flow before investments amounted to SEK 192 M (200).**
- **Order bookings declined 3 percent to SEK 2,143 M (2,212). At fixed exchange rates, order bookings rose 8 percent. On a rolling 12-month basis, order bookings rose 2 percent.**
- **Net sales declined 1 percent to SEK 2,021 M (2,037). At fixed exchange rates, net sales rose 10 percent.**
- **Continued progress in image-guided radiation therapy (IGRT) with Elekta Synergy™ orders received in Europe and in the U.S.**

Elekta is the market leader in equipment for radiosurgery and stereotactic treatment of brain disorders and the world's second-largest supplier of radiation equipment for the treatment of cancer.

The market for Elekta's products and treatment methods for cancer and brain disease continues to show a positive trend, and Elekta is successively strengthening its market position. Elekta is well positioned with new, advanced clinical solutions and a well-developed international market and service organization.

The savings requirements that have impacted health-care in many parts of the world can to a limited extent also be noted in neurosurgery and oncology care, although these two areas are assigned high priority in most countries.

Elekta Synergy™ leads development toward image-guided radiation therapy

Elekta is a leading supplier of equipment for high-precision radiation therapy of cancer using intensity modulated radiation therapy (IMRT).

Elekta is also leading the development of image-guided radiation therapy (IGRT). Elekta is the only supplier with IGRT systems in clinical operation. Systems which make it possible during treatment to take high-resolution 3D CT images of the patient's internal organs. As a result of improved visualization, it is possible to reduce the uncertainty related to the movement of organs in the body and the manual positioning of the patient during each treatment session. IGRT expands radiation therapy's possibilities and application areas and could potentially result in clinical improvements in terms of treatment results as well as fewer complications.

Interest in image-guided radiation therapy is high, especially among leading cancer centers. Elekta Synergy™ has regulatory approval in Europe and the US and Elekta have secured orders from both of these markets.

Continued rising interest for stereotactic radiosurgery

The increased need for higher precision in radiation therapy of cancer is resulting in rising interest for stereotactic solutions, an area in which Elekta has a unique expertise.

The stereotactic principles that are the basis of Leksell Gamma Knife® are now gaining increased application areas through stereotactic radiation therapy of tumor diseases in other parts of the body than the brain.

Leksell Gamma Knife® is the gold standard for stereotactic radiosurgery and today some 240 people per year out of every million inhabitants are diagnosed with brain disorders that are suitable for radiosurgery. The trend is steadily moving toward expanded areas of application for Leksell Gamma Knife®. In addition to vascular deformities and tumors, radiosurgery is also increasing as a treatment of functional disorders in the brain.

Order bookings and backlog

Order bookings declined 3 percent, to SEK 2,143 M (2,212). Orders for oncology products declined by 7 percent to SEK 1,474 M (1,583) and rose 6 percent for neurosurgery products to SEK 669 M (629). At fixed exchange rates, the Group's order bookings rose 8 percent.

Order bookings during the third quarter amounted to SEK 625 M (746), a decline by 16 percent, mainly caused by the change in currency exchange rates.

On a rolling 12-month basis, order bookings rose 2 percent.

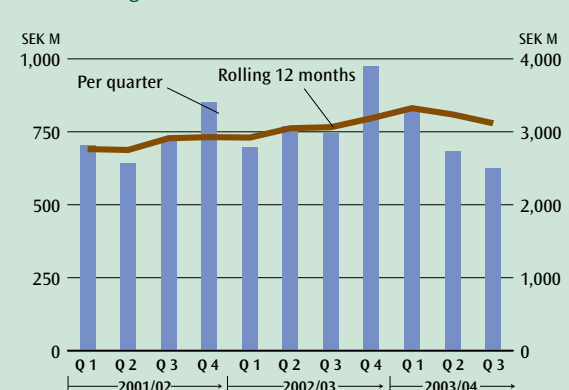
At January 31, 2004, the order backlog amounted to SEK 2,453 M, compared with SEK 2,411 M at April 30, 2003.

Market comments

Stable market in Europe

Order bookings in the Europe region, including the Middle East and Africa, declined 7 percent during the first nine months to SEK 934 M (1,008). At fixed exchange rates, total order bookings for the region declined 4 percent, while order bookings for oncology products declined 8 percent.

Order bookings



Order bookings

SEK M	Quarter 3 2003/04	Quarter 3 2002/03	Change %	9 months 2003/04	9 months 2002/03	Change %	Rolling 12 months	Change %
Europe, Middle East, Africa	277	359	-23	934	1,008	-7	1,236	-3
North and South America	183	243	-25	664	760	-13	1,045	-11
Japan	5	29	-83	184	141	30	371	74
Asia excl. Japan	160	115	39	361	303	19	465	19
Group	625	746	-16	2,143	2,212	-3	3,117	2
of which								
Oncology	473	549	-14	1,474	1,583	-7	2,034	-3
Neurosurgery	152	197	-23	669	629	6	1,083	12

Comparisons with the year-earlier period are affected by the fact that, during the autumn of 2002, Elekta received its largest order ever, worth SEK 160 M, for equipment for cancer radiation therapy in the Netherlands.

Demand on European markets for Elekta's products continues to develop steadily and Elekta continues to hold a very strong position on the European market. Order bookings developed positively in all major markets in the region, with the Netherlands as only exception.

The need for additional capacity within radiotherapy of cancer is very high in most countries in Europe. Certain countries, including the Netherlands, UK and France are currently implementing major investment programs for improved cancer care.

Strong interest in IGRT in North and South America

Order bookings in North and South America declined by 13 percent during the first nine months and amounted to SEK 664 M (760). At fixed exchange rates, order bookings in the region increased by 3 percent. Order bookings for oncology products increased by 11 percent while neurosurgery products declined 8 percent, at fixed exchange rates.

A 16-percent weakening of the US dollar in relation to the Swedish krona, combined with somewhat longer selling cycles for Leksell Gamma Knife® resulted in lower order bookings in the third quarter compared with the year-earlier period.

After the successful launch at the ASTRO radiation therapy congress at the end of October, interest in Elekta Synergy™ is high.

The ongoing launch of new, more advanced products and therapy concepts, primarily within radiation therapy of cancer, results in some cases in a more extensive evaluation and budget process for Elekta's customers.

Elekta's new, advanced solutions for image-guided radiation therapy are expected to contribute to strengthened order bookings during the fourth quarter of the fiscal year.

Strong aftermarket in Japan

Order bookings in Japan rose 30 percent to SEK 184 M (141). At fixed exchange rates, order bookings were up 40 percent.

Elekta continues to develop well on the Japanese

market, which is still characterized by the country's continued weak economic development. The relatively strong penetration of Leksell Gamma Knife® in Japan means increased demand for upgrades and reloads.

Interest in equipment for magneto-encephalography is high in Japan, with a number of leading research centers working on developing clinical methods and procedures.

Continued favorable demand in Asia

Order bookings in Asia, excl Japan, during the period rose 19 percent to SEK 361 M (303). At fixed exchange rates, order bookings rose 43 percent.

Demand for Elekta's equipment for both radiation therapy and radiosurgery has developed favorably, with major interest shown by countries with strong economies in the region. There is widespread need for additional equipment for the treatment of tumor-related diseases in most Asian countries, and Elekta holds a strong position in the region.

Net sales

Consolidated net sales declined 1 percent to SEK 2,021 M (2,037). At fixed exchange rates, net sales rose 10 percent.

Net sales of oncology products declined 9 percent to SEK 1,317 M (1,446) and increased 19 percent for neurosurgery products to SEK 704 M (591).

Net sales of after-market products and services increased 6 percent to SEK 643 M (605), and represented 32 percent (30) of consolidated net sales.

Net sales during the third quarter amounted to SEK 700 M (678).

Result

Operating profit declined by SEK 43 M to SEK 192 M (235), due mainly to movements in exchange rates. The operating margin amounted to 10 percent (12). The operating margin over a rolling 12-month period amounted to 10 percent.

The gross margin rose to 39 percent (36) as a result of the product mix and the improvements in quality, efficiency and profitability in service operations.

The increased expenses in the period are primarily a result of increased efforts in the development of new advanced technologies.

Income statement

SEK M	3 months Nov-Jan 2003/04	3 months Nov-Jan 2002/03	9 months May-Jan 2003/04	9 months May-Jan 2002/03	12 months Feb-Jan 2003/04	12 months May-Apr 2002/03
Net sales	700	678	2,021	2,037	2,765	2,781
Cost of products sold	-405	-419	-1,239	-1,297	-1,700	-1,758
Gross income	295	259	782	740	1,065	1,023
Selling expenses	-98	-87	-280	-258	-378	-356
Administrative expenses	-74	-74	-201	-205	-281	-285
R&D expenses	-59	-38	-155	-99	-204	-148
Exchange differences in operation	21	28	46	57	78	89
Operating result	85	88	192	235	280	323
Result from participations in associated companies	0	3	7	8	10	11
Interest income	9	5	22	13	31	22
Interest expenses	-4	-1	-10	-8	-17	-15
Financial exchange differences	-1	-5	-1	-12	-13	-24
Income after financial items	89	90	210	236	291	317
Taxes	-31	-33	-72	-83	-77	-88
Minority	0	2	0	4	1	5
Net income	58	59	138	157	215	234
Earnings per share before dilution	1.76	1.86	4.21	4.93	6.57	7.29
Earnings per share after dilution	1.76	1.82	4.18	4.82	6.50	7.14

Cash flow

Operating cash flow	103	87	249	236	328	315
Change in working capital	44	-49	-57	-36	25	46
Cash flow before investments	147	38	192	200	353	361
Investments and disposals	-33	-6	-70	-20	-123	-73
Cash flow after investments and disposals	114	32	122	180	230	288
External financing	10	240	22	241	12	231
Change in liquid assets	115	266	139	401	289	551

Balance sheet

SEK M	Jan. 31, 2004	Jan. 31, 2003	April 30, 2003
Intangible fixed assets	382	389	408
Tangible fixed assets	129	79	83
Financial fixed assets	14	21	16
Inventories	336	262	258
Receivables	1,066	1,200	1,110
Liquid assets	1,226	937	1,087
Total assets	3,153	2,888	2,962
Shareholders' equity	1,614	1,397	1,445
Minority		0	0
Provisions	155	79	110
Interest-bearing liabilities	227	255	252
Interest-free liabilities	1,157	1,157	1,155
Total shareholders' equity, provisions and liabilities	3,153	2,888	2,962

Changes in shareholders' equity

SEK M	Jan. 31, 2004	Jan. 31, 2003	April 30, 2003
Opening balance	1,445	1,272	1,272
Option premiums and warrants exercised	26	21	22
Translation differences	5	-53	-83
Net income	138	157	234
Closing balance	1,614	1,397	1,445

Key figures

	12 months* May–Apr 2000/01	12 months May–Apr 2001/02	12 months May–Apr 2002/03	9 months May–Jan 2002/03	9 months May–Jan 2003/04
Order bookings, SEK M	2,402	2,927	3,186	2,212	2,143
Net sales, SEK M	2,160	2,738	2,781	2,037	2,021
Operating result, SEK M	92	207	323	235	192
Operating margin, %	4	8	12	12	10
Profit margin, %	3	8	11	12	10
Shareholders' equity, SEK M	887	1,272	1,445	1,397	1,614
Capital employed, SEK M	1,178	1,313	1,697	1,652	1,841
Equity/assets ratio, %	39	50	49	48	51
Return on shareholders' equity, % **	5	13	17	16	14
Return on capital employed, % **	10	19	22	23	18

* Restated for new accounting principles for taxes. ** Based on rolling 12 months.

Data per share

	12 months* May–Apr 2000/01	12 months May–Apr 2001/02	12 months May–Apr 2002/03	9 months May–Jan 2002/03	9 months May–Oct 2003/04
Earnings per share					
before dilution, SEK	1.52	4.66	7.29	4.93	4.21
after dilution, SEK	1.89	4.56	7.14	4.82	4.18
Cash flow per share					
before dilution, SEK	8.11	3.64	8.99	5.63	3.73
after dilution, SEK	7.90	3.63	8.81	5.51	3.70
Shareholders' equity					
before dilution, SEK	31.84	40.03	44.79	43.37	48.96
after dilution, SEK	35.03	39.89	44.58	43.19	48.96
Interest on converted debentures, net after tax, SEK M	17	3	—	—	—
Average number of shares,					
before dilution, 000s	27,854	31,048	32,019	31,951	32,718
after dilution, 000s	31,662	32,504	32,694	32,677	32,954
Number of shares at closing,					
before dilution, 000s	27,854	31,765	32,256	32,206	32,954
after dilution, 000s	31,662	33,084	32,988	32,988	32,954

* Restated for new accounting principles for taxes.

The increase shown in 2000/01 is from debentures converted 2001. Dilution in the years after refers to warrants program 1999/2002 and 2000/2003.

Exchange rates

Country	Currency	Average rate			Closing rate		
		May–Jan 2003/04	May–Jan 2002/03	Change %	Jan. 31, 2004	April 30, 2003	Change %
Europe	1 EUR	9.103	9.166	–1	9.178	9.115	1
Great Britain	1 GBP	13.011	14.365	–9	13.435	13.050	3
Japan	100 JPY	6.875	7.650	–10	7.000	6.860	2
United States	1 USD	7.797	9.299	–16	7.413	8.195	–10

Accounting principles

This report has been prepared in accordance with Sweden's Annual Accounts Act and Recommendation RR20 on Interim Reports, issued by the Swedish Financial Accounting Standards Council. The accounting principles and calculation methods applied are the same as those used in the most recent Elekta Annual report. As of 2003, Elekta applies the Swedish Financial Accounting Standards Council's Recommendation RR 25 on segment accounting. Elekta's business operations are confined to a single operating segment, namely treatment methods for cancer and brain disorders, and reference is therefore made to the income statement and balance sheet in regard to primary segment accounting.

Net sales

SEK M	Quarter 3 2003/04	Quarter 3 2002/03	Change %	9 months 2003/04	9 months 2002/03	Change %	12 months 2002/03
Europe, Middle East, Africa	327	251	30	908	780	16	1,019
North and South America	179	257	-30	585	847	-31	1,160
Japan	101	59	71	232	125	86	224
Asia excl. Japan	93	111	-16	296	285	4	378
Group	700	678	3	2,021	2,037	-1	2,781
of which							
Oncology	447	479	-7	1,317	1,446	-9	1,937
Neurosurgery	253	199	27	704	591	19	844

Investments in research and development rose 16 percent to SEK 148 M (127), corresponding to 7 percent (6) of net sales. The Swedish Financial Accounting Standards Council's RR15 (IAS 38) recommendation, which demands capitalization of certain expenses, causes increased earnings volatility, depending on what phase the particular development project has reached. For the first nine months, capitalization/amortization, applied in accordance with RR15, impacted profit negatively by SEK 7 M (pos: 28). As recommended by RR15, SEK 5 M (29) was capitalized for certain projects, while the remainder was expensed. Amortization of development projects, capitalized as per RR15, amounted to SEK 12 M (1).

The movements in exchange rates compared with the corresponding period in the preceding year impacted operating profit negatively in an amount of approximately SEK 70 M. Elekta hedges contracted net flows and part of expected net flows through forward contracts over a rolling 18-month period. Unrealized exchange-rate gains, compared with currency exchange rates on January 31 for forward contracts that were not revalued in the balance sheet, were SEK 70 M.

Operating profit in the third quarter amounted to SEK 85 M (88) and the operating margin was 12 percent (13).

Net financial items amounted to income of SEK 18 M (1), including net interest income of SEK 12 M (5). Earnings from participations in associated companies amounted to SEK 7 M (8), including loss on divestment of SEK 2 M. Currency translation differences amounted to a loss of SEK 1 M (loss: 12).

Profit after net financial items totaled SEK 210 M (236). Tax expenses have been calculated at SEK 72 M, corresponding to a rate of 34 percent. Profit after taxes amounted to SEK 138 M (157).

Earnings per share amounted to SEK 4.21 (4.93) before dilution and SEK 4.18 (4.82) after dilution.

Return on equity amounted to 14 percent (16) and the return on capital employed was 18 percent (23). The payment in March of SEK 311.5 M as a result of the offer to redeem shares will decrease capital employed and shareholders equity. The estimated result, when this reaches full effect, is an increase of return on capital employed by approx. 2 percentage points.

Investments and depreciation/amortization

Investments in intangible and tangible fixed assets amounted to SEK 79 M (56). A new test facility was built in the UK and during the year companies in Sweden and Italy moved to new premises, which increased investments.

Amortization/depreciation of intangible and tangible fixed assets totaled SEK 65 M (46).

Liquidity and financial position

Cash flow before investments amounted to SEK 192 M (200). The operating flow was strong but tied-up working capital increased mainly through inventory build-up. Cash flow after investments and divestments amounted to SEK 122 M (180).

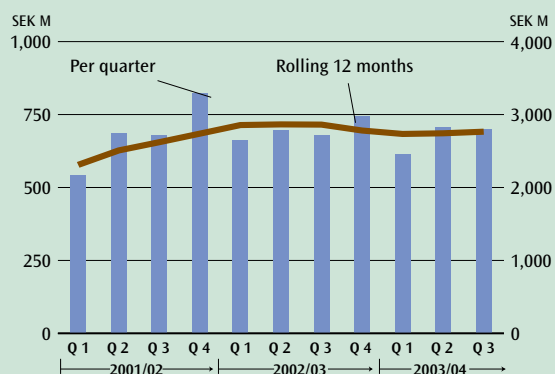
Liquid assets amounted to SEK 1,226 M, compared with SEK 1,087 M on April 30, 2003. Of the bank balances held, SEK 117 M was pledged, primarily for commercial guarantees.

Interest-bearing liabilities were SEK 227 M, compared with SEK 252 M at the beginning of the fiscal year.

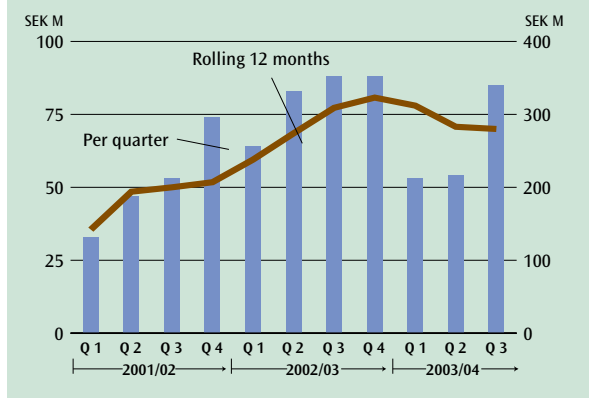
The equity/assets ratio was 51 percent.

During Elekta's first nine months, 298,525 new Series B shares were subscribed through the exercise of allotted warrants within the framework of the established warrants program. Total number of shares at January 31 was 32,953,967.

Net sales



Operating result



Redemption of shares and write-down of share capital

The Annual General Meeting on September 22, 2003, voted to approve the Board's proposal to redeem every 17th share held for SEK 165 in cash. According to the final count, 1,887,713 were registered for redemption, corresponding to 97.4 percent of the maximum number of shares that were redeemable under this offer. Approximately SEK 311.5 M will thereby be transferred to Elekta's shareholders through the offer. It is expected that the redemption amount will be distributed at the end of March 2004.

Employees

The average number of employees in the Group amounted to 1,126 (997). The number of employees at the end of the period was 1,167, compared with 1,073 on April 30, 2003.

Parent Company

Parent Company operations comprise Group management, joint Group functions and financial management. After net financial items, the Parent Company posted a loss of SEK 7 M (loss: 30). The average number of employees was 16 (16).

Financial targets for fiscal years 2004/05 – 2006/07

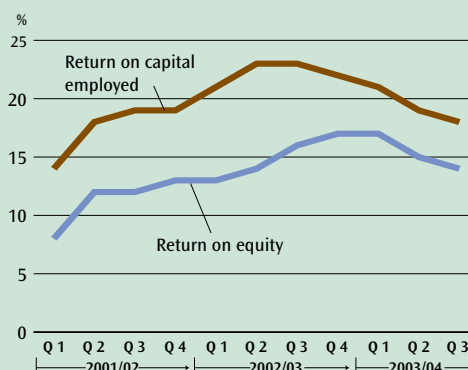
Elekta has established the financial objectives that shall form the basis of the Group's long-term financial planning for the fiscal years 2004/05–2006/07.

The objective for the Group's operating margin has been raised from 8–10 to 10–12 percent over a rolling 12-month period. The operating margin for individual quarters may deviate from established objectives. The development in currency exchange rates may affect the ability to achieve the objectives during 2004/05.

The objective for the return on capital employed was raised from over 15 percent to over 20 percent.

The objectives of sales growth of 10–15 percent in local currency and equity/assets in excess of 40 percent remain unchanged.

Return on shareholders' equity and capital employed



Future prospects for fiscal year 2003/04

Delivery volumes and, consequently, net sales, are expected to be higher in the second than in the first half of the fiscal year 2003/04.

For the full year 2003/04, Elekta expects a sales growth and an operating margin in line with the Group's financial objectives for the fiscal years 2001/02–2003/04, that is sales growth of 10–15 percent in local currency, and an operating margin of 8–10 percent, respectively.

Financial information

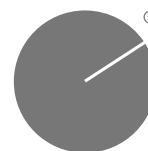
The year-end report will be published on June 15, 2004.

STOCKHOLM, MARCH 10, 2004

ELEKTA AB (PUBL)

Laurent Leksell,
President

The Company's auditors have not reviewed this interim report.



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