



ELEKTA AB (publ)
Corporate registration number 556170-4015
Kungstensgatan 18 – Box 7593 – SE-103 93 Stockholm

Report on operations in the year ended April 30, 2004

- **Profit after taxes increased to SEK 248 M (234). Earnings per share before dilution increased to SEK 7.63 (7.29) and after dilution to SEK 7.63 (7.14).**
- **Operating profit amounted to SEK 306 M (323) and the operating margin was 11 percent (12).**
- **Cash flow after investments rose sharply to SEK 363 M (288).**
- **Order bookings rose 2 percent to SEK 3,262 M (3,186). At fixed exchange rates, order bookings increased 12 percent. Order bookings in the fourth quarter were SEK 1,119 M (974), up 15 percent.**
- **The order backlog at April 30, 2004 amounted to SEK 2,728 M (2,411), a record high level.**
- **Net sales rose 4 percent to SEK 2,900 M (2,781). At fixed exchange rates, net sales increased 14 percent.**
- **The Board proposes that the Annual General Meeting provides authorization for buy-back of shares in Elekta AB corresponding to a maximum of 10 percent of the total number of shares outstanding.**

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 markets for Elekta products and treatment methods continue to develop positively and Elekta is successively strengthening its market position. As a result of successful product development, Elekta has now established a modern and competitive range of complete clinical solutions within:

- Precision radiation therapy
- Image guided radiation therapy
- Stereotactic radiation therapy
- Gamma Knife® surgery
- Stereotactic neurosurgery
- Functional mapping



New systems for radiation treatment with extreme precision launched during May

Elekta is a world-leading supplier of equipment for precision treatment of cancer and brain disorders and leads the development of advanced technology for intensity modulated radiation therapy (IMRT) and image-guided radiation therapy (IGRT) for treatment of tumor diseases. Elekta is the only supplier with IGRT systems in clinical operations, which gives online access to 3D CT images (Volume View™) allowing clinics to track organ movement during treatment and which makes it possible to treat tumor diseases with very high precision. Elekta's system also offers advanced two dimensional visualization in still pictures (PlanarView™) and time-lapse (MotionView™).

Interest in image-guided radiation therapy is high, particularly from larger hospitals. Elekta's system for IGRT - Elekta Synergy™ - has regulatory approvals in both Europe and the USA. Elekta's order bookings have developed well in this area.

During May, Elekta Synergy™ S, a new, highly advanced solution for stereotactic precision radiation therapy of tumor diseases in the whole body, was launched. As a result of this new, unique technology, stereotactic image-guided radiation therapy can now be carried out with extreme precision, which opens new possibilities for higher radiation doses during fewer treatment sessions as well for new treatment methods.

Leksell Gamma Knife® is the predominant and most advanced method for stereotactic radiosurgery in the brain and development toward expanded areas of application is continuing at a steady pace. In addition to vascular malformations and tumors, applications such as radiosurgical treatment of eye diseases as well as functional disorders of the brain are increasing.

Leksell Gamma Knife® 4C, the fourth generation of Elekta's world-unique equipment for radiosurgery treatment of brain diseases, was launched in May. The improvements introduced in Leksell Gamma Knife® 4C simplify the treatment flow, enhance precision and provide new, integrated image treatment possibilities. Image processing using Leksell GammaPlan® with MultiView™ provides the users a previously unattainable possibility to integrate images from various image sources, such as CT, MRI and PET and as a result achieves improved treatment precision and treatment results.

Both Elekta Synergy™ S and Leksell Gamma Knife® 4C were launched with great success at the annual meeting for American Association of Neurological Surgeons (AANS), in Orlando, Florida May 3-5.

Order bookings and order backlog

Order bookings rose 2 percent to SEK 3,262 M (3,186). Oncology products increased 9 percent to SEK 2,331 M (2,143) and neurosurgery products declined 11 percent to SEK 931 M (1,043). At fixed exchange rates, the Group's order bookings rose 12 percent, order bookings for oncology increased strongly by 19 percent and order bookings for neurosurgery was in level with previous year.

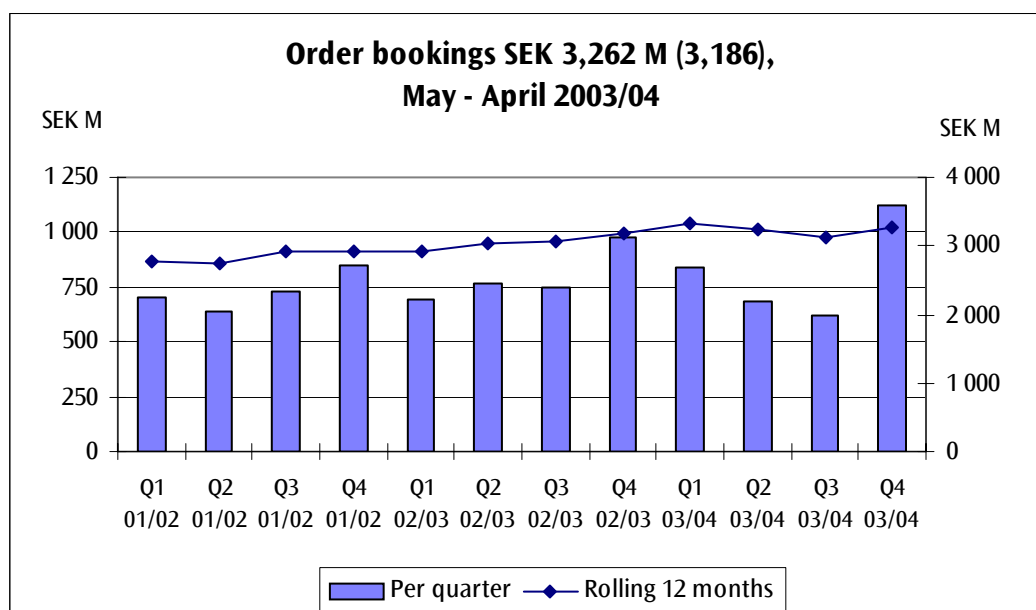
Demand for Elekta's products within both oncology and neurosurgery remains high. Order bookings for neurosurgical products are affected by the supply of third party financing. During the year, one large financial provider, servicing the healthcare sector, ceased its operations, which made it more difficult to find financing for medical equipment, mainly in the U.S. This has during parts of the year negatively affected the order intake for Leksell Gamma Knife®.



During the fourth quarter, Elekta successfully established broad cooperation with new financing sources and as of fiscal year 2004/05 will in cooperation with these financiers offer full-coverage financial solutions for its customers.

Order bookings in the fourth quarter rose 15 percent to SEK 1,119 M (974).

The order backlog at April 30, 2004 amounted to SEK 2,728 M (2,411), a record high level.



| Order bookings | Quarter 4 | Quarter 4 | Change | 12 months | 12 months | Change |
|-----------------------------|--------------|------------|------------|--------------|--------------|-----------|
| SEK M | 2003/04 | 2002/03 | | 2003/04 | 2002/03 | |
| Europe, Middle East, Africa | 542 | 302 | 79% | 1,476 | 1,310 | 13% |
| North and South America | 401 | 381 | 5% | 1,065 | 1,141 | -7% |
| Japan | 45 | 187 | -76% | 229 | 328 | -30% |
| Asia excl. Japan | 131 | 104 | 26% | 492 | 407 | 21% |
| Group | 1,119 | 974 | 15% | 3,262 | 3,186 | 2% |
| of which | | | | | | |
| Oncology | 857 | 560 | 53% | 2,331 | 2,143 | 9% |
| Neurosurgery | 262 | 414 | -37% | 931 | 1,043 | -11% |

Market comments

Continued market growth in Europe

Order bookings in Europe, including the Middle East and Africa, rose 13 percent to SEK 1,476 M (1,310). At fixed exchange rates, total order bookings for the region rose 16 percent and for oncology products by 11 percent.



Demand in the European market for Elekta products continues to develop favorably and Elekta's position on the European market is strong. The interest in Elekta's solutions for IMRT and Elekta's unique technology for image-guided radiation therapy (IGRT) is great among leading cancer clinics. The need for additional capacity for radiation therapy of cancer is substantial in most countries in Europe. Many countries are continuing major investment programs for improved cancer care, including the UK, Italy and France.

Strong order intake for oncology in North and South America

Order bookings in North and South America declined 7 percent and amounted to SEK 1,065 M (1,141), a result of the weakening of the USD against the SEK. The USD weakened 15 percent against the SEK compared with the rate for 2002/03. At fixed exchange rates, order bookings in the region rose 8 percent. Order bookings for oncology increased strongly by 21 percent and neurosurgery declined 9 percent, calculated at fixed exchange rates.

Interest in Elekta's unique clinical solutions for 3D image-guided radiation therapy – Elekta Synergy™ and Elekta Synergy™ S – is high also in the U.S. market, primarily from larger clinics.

Reduced access to third-party financing has affected order bookings and deliveries of Leksell Gamma Knife® adversely. However, during the fourth quarter Elekta established cooperation with other financing sources.

Weak quarter in Japan

Order bookings in Japan declined 30 percent to SEK 229 M (328). At fixed exchange rates, order bookings were down 23 percent.

Elekta holds a strong position on the Japanese market. A relatively high penetration of Leksell Gamma Knife® in Japan provides for a continued favorable demand for upgrades and after-market sales. This demand is expected to increase as a result of the authorities' approval of Leksell Gamma Knife® C 1.2 that was announced in March 2004.

Interest in equipment for magnetoencephalography – Elekta Neuromag™ – is high in Japan, with a number of leading research centers working on developing clinical methods and procedures. This equipment has now also been assigned a fixed compensation level within the Japanese healthcare system.

Continued favorable demand in Asia

Order bookings in Asia, excluding Japan, rose 21 percent to SEK 492 M (407). At fixed exchange rates, order bookings increased 43 percent.

Demand for Elekta's equipment has developed favorably, with major interest shown by countries with strong economies in the region. The need for equipment for the treatment of tumor-related diseases is very substantial in most Asian countries. Elekta holds a strong market position in the region.

Strong development for after-market products and services

The order intake for Elekta's products for the after-market increased during the year to SEK 1,087 M (966).



With the rapid growth of the installed base of Elekta's products, the aftermarket products and services are becoming increasingly important. As a consequence, Elekta has introduced a new world-wide organization and new systems to fully exploit this opportunity. During 2003/04 order intake and contribution improved significantly.

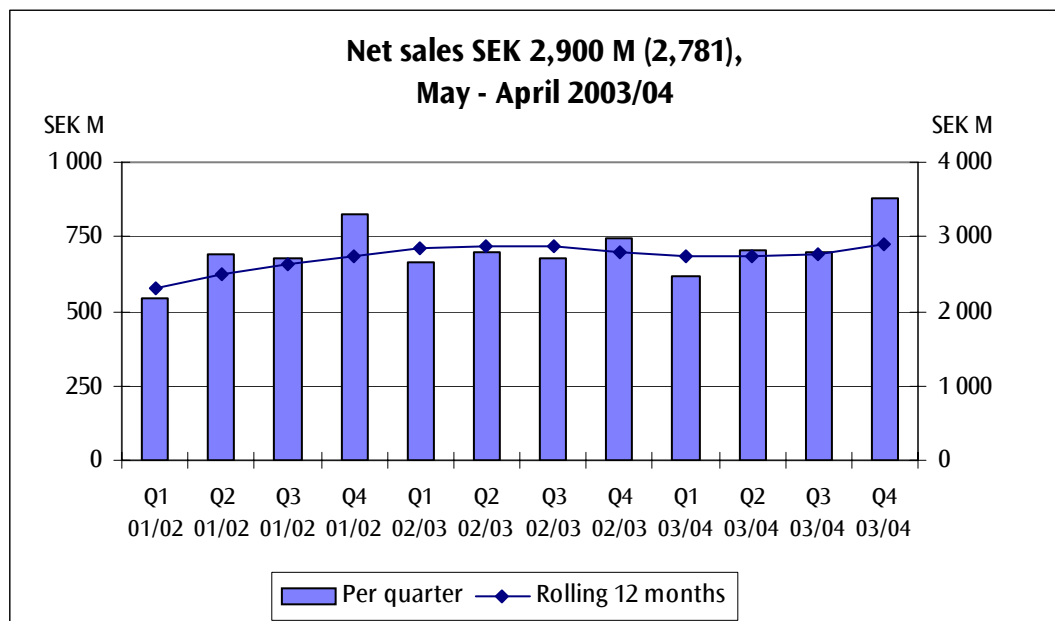
Net sales

Consolidated net sales increased 4 percent to SEK 2,900 M (2,781). At fixed exchange rates, net sales were up 14 percent, which is in line with Elekta's financial objective of 10-15 percent.

Net sales for oncology products declined 3 percent to SEK 1,876 M (1,937). Net sales of neurosurgery products increased 21 percent to SEK 1,024 M (844).

Net sales of after-market products and services increased 14 percent to SEK 900 M (791), corresponding to 31 percent (28) of consolidated net sales.

Net sales in the fourth quarter rose 18 percent to SEK 879 M (744).





| Net sales | Quarter 4 | Quarter 4 | Change | 12 months | 12 months | Change |
|-----------------------------|------------|------------|------------|--------------|--------------|-----------|
| SEK M | 2003/04 | 2002/03 | | 2003/04 | 2002/03 | |
| Europe, Middle East, Africa | 411 | 239 | 72% | 1,319 | 1,019 | 29% |
| North and South America | 283 | 313 | -10% | 868 | 1,160 | -25% |
| Japan | 71 | 99 | -28% | 303 | 224 | 35% |
| Asia excl. Japan | 114 | 93 | 23% | 410 | 378 | 8% |
| Group | 879 | 744 | 18% | 2,900 | 2,781 | 4% |
| of which | | | | | | |
| Oncology | 559 | 491 | 14% | 1,876 | 1,937 | -3% |
| Neurosurgery | 320 | 253 | 26% | 1,024 | 844 | 21% |

Result

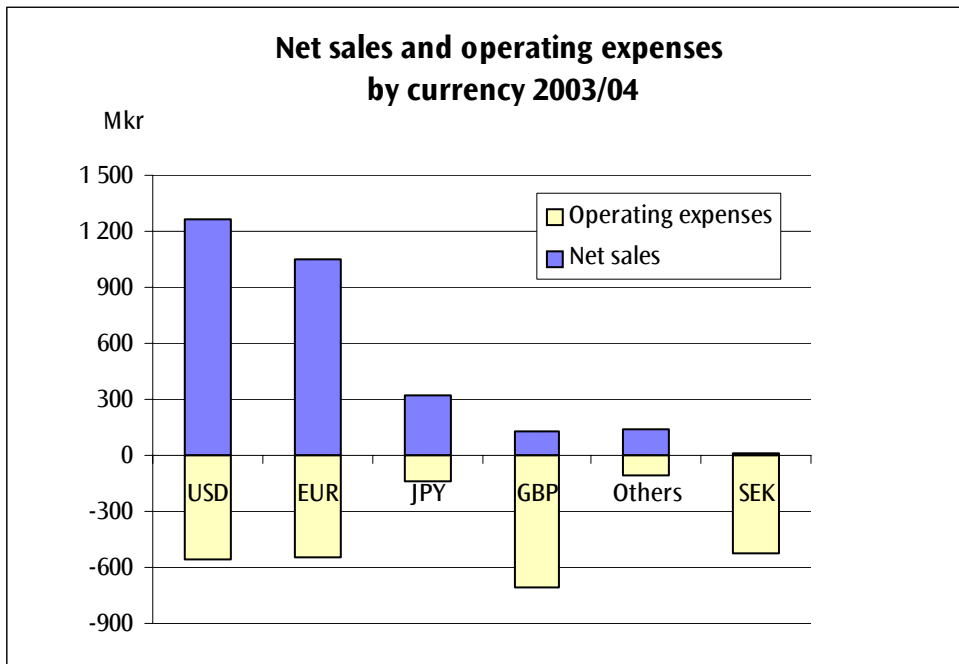
Operating profit declined by SEK 17 M to SEK 306 M (323). Exchange-rate movements affected profit negatively by approximately SEK 115 M. A lower capitalization of ongoing development projects and higher amortization of development costs affected profit negatively by SEK 45 M compared with last fiscal year. The operating margin was 11 percent (12).

The gross margin rose to 39 percent (37) as a result of improvements in efficiency, product mix and greater profitability in service operations.

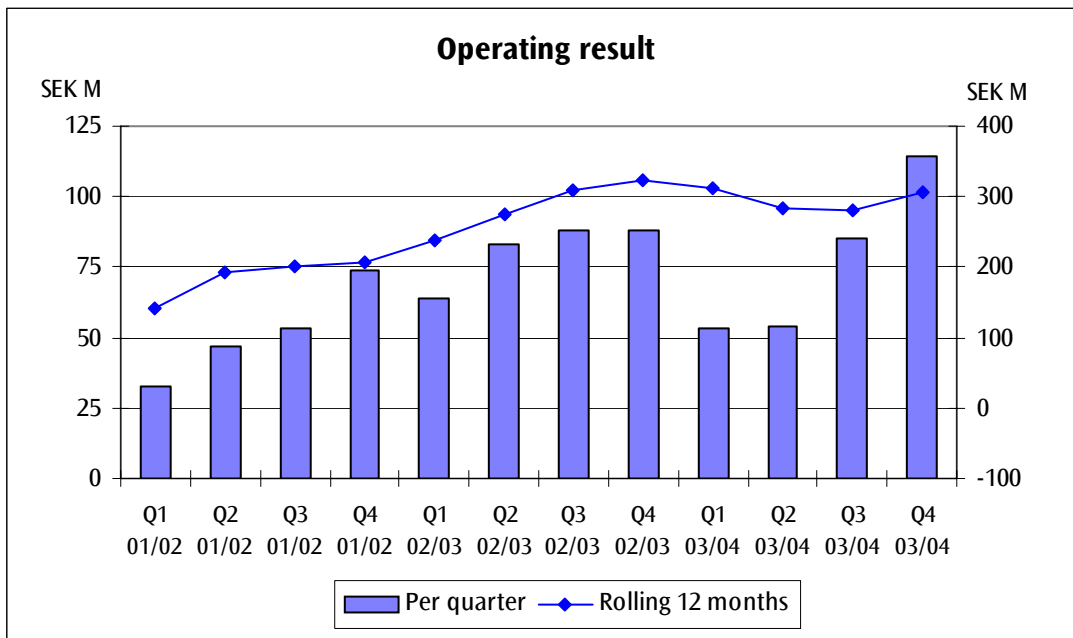
The cost increase noted during the period was due mainly to continued investments in the development of new advanced technology and clinical solutions.

Investments in research and development rose 13 percent to SEK 210 M (185), corresponding to 7 percent (7) of net sales. The Swedish Financial Accounting Standards Council's RR15 recommendation (IAS 38), which advises capitalization of certain development expenses, results in increased earnings volatility, depending on the phase reached by the particular development project. Capitalization/amortization had an adverse impact of SEK 8 M (pos: 37) on profit. Specific projects were capitalized with SEK 8 M (41), while the remainder was expensed. Amortization of capitalized development amounted to SEK 16 M (4).

Year-on-year exchange-rate movements had an adverse impact of approximately SEK 115 M on operating profit. Elekta hedges contracted net flows and part of expected net flows over a rolling 18-month period through forward contracts. Unrealized exchange-rate gains, compared with currency exchange rates on April 30 for forward contracts that were not revalued in the balance sheet, amounted to SEK 27 M.



Operating profit in the fourth quarter rose 30 percent to SEK 114 M (88), mainly as a result of increased volumes. The operating margin was 13 percent (12).



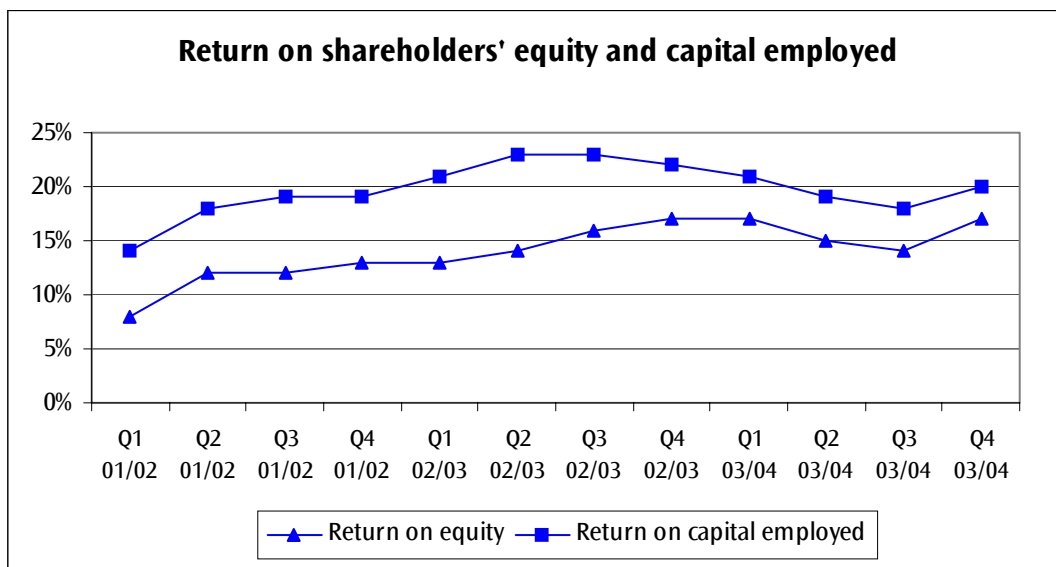
Net financial items amounted to income of SEK 19 M (expense: 6), including net interest income of SEK 11 M (7). Earnings from participations in associated companies amounted to SEK 8 M (11), including a loss of SEK 2 M on a divestment. Financial exchange differences amounted to SEK 0 M (loss: 24).



Profit after net financial items totaled SEK 325 M (317). Tax expenses relating to earnings fiscal 2003/04 have been calculated at SEK 103 M or 32 percent. Tax adjustments relating to previous years reduced tax expenses for the year. Total tax expense amounted to SEK 77 M of which deferred tax expense was SEK 24 M. Profit after taxes amounted to SEK 248 M (234).

Earnings per share amounted to SEK 7.63 (7.29) before dilution and SEK 7.63 (7.14) after dilution. The 2001/04 warrants program had no dilution impact.

Return on equity amounted to 17 percent (17) and return on capital employed was 20 percent (22). Based on the full impact of share redemption, return on capital employed would increase by 2 percentage points.



Investments and depreciation/amortization

Investments in intangible and tangible fixed assets amounted to SEK 99 M (78). A new test facility was built in the UK and companies in Sweden and Italy moved to new premises during the year, which increased investments.

Amortization/depreciation of intangible and tangible fixed assets totaled SEK 88 M (68).

Liquidity and financial position

Cash flow before investments amounted to SEK 448 M (361). Cash flow after investments and divestments amounted to SEK 363 M (288).

Liquid assets totaled SEK 1,151 M (1,087). Of the bank balances held, SEK 76 M was pledged, primarily for commercial guarantees.

Interest-bearing liabilities amounted to SEK 231 M (252).

The equity/assets ratio was 46 percent (49).



During the fiscal year, 698,125 new Series B shares were subscribed through the exercise of allotted warrants within the framework of the established warrants program. The total number of shares on April 30 was 31,066,254.

Redemption of shares and reduction 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. SEK 311.5 M was transferred to Elekta's shareholders at the end of March 2004.

Employees

The average number of employees in the Group rose by 125, mainly within product creation process and as a result of increased volumes, to 1,136 (1,011).

The number of employees at the end of the fiscal year was 1,170 (1,073).

Parent Company

Parent Company operations comprise Group management, joint Group functions and financial management. After net financial items, the Parent Company posted a profit of SEK 22 M (11). The average number of employees was 17 (15).

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

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

Elekta's objective for yearly sales growth is 10–15 percent in local currency.

The objective for the Group's operating margin is 10–12 percent over a rolling 12-month period. The operating margin for individual quarters may deviate from the established objective. Currency movements could affect the possibilities of achieving the established objective.

The objective for return on capital employed is that it will exceed 20 percent.

Elekta's objective for financial stability is that the equity/assets ratio will exceed 40 percent.



Future prospects for fiscal year 2004/2005

Demand for Elekta's products and clinical solutions remains high. The order backlog is at a high level.

For full-year 2004/05, Elekta expects its growth and operating margin to be in line with the Group's financial objectives.

Based on planned deliveries, the first quarter of the 2004/05 fiscal year is expected to be in line with the figures reported for the first quarter last fiscal year.

Dividend policy and proposal to repurchase shares

According to the company's dividend policy, the goal is to distribute 20 percent or more of net profit to the shareholders in the form of dividends, share repurchases or comparable measures. Decisions regarding dividend payments are based on Elekta's financial position, the expected profitability trend, growth potential and investment needs.

Against the background of the company's dividend policy, combined with its strong financial position and current capital structure, the Board has decided to propose to the Annual General Meeting that it will be authorized to repurchase a maximum of 3,106,625 Series B shares in Elekta AB (corresponding to 10 percent of the shares outstanding in the company) and that no dividend be paid for the 2003/04 fiscal year. Decisions regarding share repurchases are made on an ongoing basis during a fiscal year, depending on share price development and Elekta's financial position and investment requirements.

Annual General Meeting

The Annual General Meeting will be held on September 21, 2004 at 3:00 p.m. at the Finlandshuset Conference Center, Snickarbacken 4, Stockholm.

Financial information

The Annual Report 2003/04 will be available at Elekta, Kungstensgatan 18, Stockholm, two weeks prior to the Annual General Meeting.

The interim report for May-July 2004 will be published on September 21, 2004.

Stockholm, June 15, 2004

ELEKTA AB (publ)

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Further information on Elekta is available at: www.elekta.com

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.

| Exchange rates | | Average rate | | | Closing rate | | |
|-----------------------|-----------------|-----------------------------|-----------------------------|---------------|---------------------------|---------------------------|---------------|
| Country | Currency | May-Apr. 2003/04 | May-Apr. 2002/03 | Change | April 30, 2004 | April 30, 2003 | Change |
| Euro | 1 EUR | 9.125 | 9.169 | 0% | 9.138 | 9.115 | 0% |
| Great Britain | 1 GBP | 13.184 | 14.145 | -7% | 13.550 | 13.050 | 4% |
| Japan | 100 JPY | 6.895 | 7.517 | -8% | 6.930 | 6.860 | 1% |
| United States | 1 USD | 7.717 | 9.096 | -15% | 7.658 | 8.195 | -7% |



INCOME STATEMENT

| SEK M | 3 months Feb. - Apr. 2003/04 | 3 months Feb. - Apr. 2002/03 | 12 months May - Apr. 2003/04 | 12 months May - Apr. 2002/03 |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Net sales | 879 | 744 | 2,900 | 2,781 |
| Cost of products sold | -544 | -461 | -1,783 | -1,758 |
| Gross income | 335 | 283 | 1,117 | 1,023 |
| Selling expenses | -95 | -98 | -375 | -356 |
| Administrative expenses | -90 | -80 | -291 | -285 |
| R&D expenses | -63 | -49 | -218 | -148 |
| Exchange differences in operation | 27 | 32 | 73 | 89 |
| Operating result | 114 | 88 | 306 | 323 |
| Result from participations in associated companies | 1 | 3 | 8 | 11 |
| Interest income | 5 | 9 | 27 | 22 |
| Interest expenses | -6 | -7 | -16 | -15 |
| Financial exchange differences | 1 | -12 | 0 | -24 |
| Income after financial items | 115 | 81 | 325 | 317 |
| Taxes | -5 | -5 | -77 | -88 |
| Minority | | 1 | | 5 |
| Net income | 110 | 77 | 248 | 234 |
| Earnings per share before dilution | 3.42 | 2.36 | 7.63 | 7.29 |
| Earnings per share after dilution | 3.45 | 2.32 | 7.63 | 7.14 |
| CASH FLOW | | | | |
| Operating cash flow | 122 | 79 | 372 | 315 |
| Change in working capital | 134 | 82 | 76 | 46 |
| Cash flow before investments | 256 | 161 | 448 | 361 |
| Investments and disposals | -15 | -53 | -85 | -73 |
| Cash flow after investments and disposals | 241 | 108 | 363 | 288 |
| External financing | -324 | -10 | -302 | 231 |
| Change in liquid assets | -75 | 150 | 64 | 551 |



BALANCE SHEET

| SEK M | April 30, 2004 | April 30, 2003 |
|---|-------------------|-------------------|
| Intangible fixed assets | 372 | 408 |
| Tangible fixed assets | 134 | 83 |
| Financial fixed assets | 16 | 16 |
| Inventories | 311 | 258 |
| Receivables | 1,092 | 1,110 |
| Liquid assets | 1,151 | 1,087 |
| Total assets | 3,076 | 2,962 |
| Shareholders' equity | 1,413 | 1,445 |
| Provisions | 158 | 110 |
| Interest-bearing liabilities | 231 | 252 |
| Interest-free liabilities | 1,274 | 1,155 |
| Total shareholders' equity, provisions and liabilities | 3,076 | 2,962 |

CHANGES IN SHAREHOLDERS' EQUITY

| SEK M | April 30, 2004 | April 30, 2003 |
|--|-------------------|-------------------|
| Opening balance | 1,445 | 1,272 |
| Option premiums and warrants exercised | 26 | 22 |
| Redemption of shares | -312 | |
| Translation differences | 6 | -83 |
| Net income | 248 | 234 |
| Closing balance | 1,413 | 1,445 |



ELEKTA

| KEY FIGURES | 12 months 1) | 12 months | 12 months | 12 months |
|--------------------------------|----------------------|----------------------|-----------------------|-----------------------|
| | May - Apr 2000/01 | May - Apr 2001/02 | May - Apr. 2002/03 | May - Apr. 2003/04 |
| Order bookings, SEK M | 2,402 | 2,927 | 3,186 | 3,262 |
| Net sales, SEK M | 2,160 | 2,738 | 2,781 | 2,900 |
| Operating result, SEK M | 92 | 207 | 323 | 306 |
| Operating margin | 4% | 8% | 12% | 11% |
| Profit margin | 3% | 8% | 11% | 11% |
| Shareholders' equity, SEK M | 887 | 1,272 | 1,445 | 1,413 |
| Capital employed, SEK M | 1,178 | 1,313 | 1,697 | 1,644 |
| Equity/assets ratio | 39% | 50% | 49% | 46% |
| Return on shareholders' equity | 5% | 13% | 17% | 17% |
| Return on capital employed | 10% | 19% | 22% | 20% |

1) Restated for new accounting principles for taxes.

| DATA PER SHARE | 12 months 1) | 12 months | 12 months | 12 months |
|----------------------------------|----------------------|----------------------|-----------------------|-----------------------|
| | May - Apr 2000/01 | May - Apr 2001/02 | May - Apr. 2002/03 | May - Apr. 2003/04 |
| Earnings per share | | | | |
| before dilution, SEK | 1.52 | 4.66 | 7.29 | 7.63 |
| after dilution, SEK | 1.89 | 4.56 | 7.14 | 7.63 |
| Cash flow per share | | | | |
| before dilution, SEK | 8.11 | 3.64 | 8.99 | 11.14 |
| after dilution, SEK | 7.90 | 3.63 | 8.81 | 11.14 |
| Shareholders' equity per share | | | | |
| before dilution, SEK | 31.84 | 40.03 | 44.79 | 45.49 |
| after dilution, SEK | 35.03 | 39.89 | 44.58 | 45.49 |
| Interest on converted debentures | | | | |
| net after tax, SEK M | 17 | 3 | | |
| Average number of shares | | | | |
| before dilution, 000s | 27,854 | 31,048 | 32,019 | 32,585 |
| after dilution, 000s | 31,662 | 32,504 | 32,694 | 32,585 |
| Number of shares at closing | | | | |
| before dilution, 000s | 27,854 | 31,765 | 32,256 | 31,066 |
| after dilution, 000s | 31,662 | 33,084 | 32,988 | 31,066 |

1) 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 and redemption of shares March 2004.

The Company's auditors have not reviewed this report.