



ELEKTA ACQUIRES BMEI, THE LEADING DOMESTIC CHINESE SUPPLIER OF RADIATION THERAPY EQUIPMENT

PRESS RELEASE

Stockholm, Sweden, March 31, 2006

Elekta, a world leader in radiation oncology and non-invasive neurosurgery solutions, today Friday, March 31, signed a contract to acquire 80 percent equity of Beijing Medical Equipment Institute (BMEI) for USD 20 M in cash, contingent upon approval from the Chinese Ministry of Commerce and other closing conditions.

BMEI is the largest domestic Chinese supplier of radiation therapy systems with an installed base of around 260 units, a strong R&D focus and a team of highly skilled engineers. BMEI, located in a modern facility in Changping, a suburb north of Beijing, was incorporated in 2000, having existed as a research and production institute since the late 1970's with close ties to many national institutions. The company is a domestic market leader with over 50 percent market share in its segment and annual revenue of around SEK 70 M.

Strategic acquisition to strengthen market and competitive position

This strategic acquisition will considerably strengthen Elekta's position on the fast growing Chinese market for radiation therapy solutions. Today, Elekta holds a market leading position in the high-end segment and BMEI brings to Elekta the ability to fully meet the needs of the Chinese and other emerging markets for affordable and lower cost radiation therapy solutions. The business combination of Elekta and BMEI will poise Elekta to become a comprehensive provider of linear accelerators across the spectrum of price and performance specifications.

"Our acquisition of BMEI should be seen as a part of the overall strategy to increase our presence in China and throughout Asia in terms of sales, marketing, manufacturing and R&D", says Tomas Puusepp, President and CEO of Elekta. "Welcoming BMEI to the Elekta Group and adding around 150 new colleagues to the Elekta family, will give us a significantly stronger footprint on the fast growing Chinese market and an operation with good physical infrastructure in Beijing, a very competent R&D team with high skills in radiation technology and close relationships to leading Chinese universities with solid radiation research capabilities."

As a part of Elekta's long term growth strategy, and in order to complete the plans for developing BMEI into a competitive international supplier of modern equipment for radiation therapy, Elekta is planning for further investments into the Group's operations in China. This strategic priority will be given considerable management attention during next fiscal year and onwards.

A rapidly growing market

The medical device market in China is the fastest growing in the world and is expected to sustain a growth rate of 10-15 percent over the next ten years. This will mean that China by 2010 will be the third largest medtech market and rival the



Japanese market as the second largest by 2020. Market growth is driven by a range of factors including an ageing population, healthcare reforms, increase in private healthcare insurance, product deregulation and the entry into the WTO. Overall, the Chinese market will provide substantial opportunities for medical device companies in general and even more so for companies providing cancer care solutions. Cancer incidence is expected to increase by 50 percent over the next 15 years and over 70 percent of cancer cases that would benefit from radiation therapy are currently not treated.

The need for clinical solutions for fighting cancer is very large not only in China, but throughout Asia, both for highly advanced solutions such as image guided radiation therapy (IGRT) and for more affordable solutions aimed at a broader market. Economic growth in many countries throughout the region is currently transforming this clinical need into demand for equipment in a broad spectrum of price and specification levels.

Technology development for domestic and international markets

Elekta intends to integrate its existing technical and software solutions with BMEI equipment and technology to develop highly competitive and affordable radiation therapy solutions for the expanding need for treatment capacity in China and other emerging markets.

“Elekta is today the market leader in China in advanced technology for fighting cancer. BMEI complements our current product range and will make it possible for us to address an important and growing segment of the market”, says Gilbert Wai, Regional Vice President and head of Elekta’s operations in China. “The very modern site in Beijing’s Changping district will also provide additional capacity for the further growth of Elekta’s international manufacturing, sourcing and R&D capabilities,” Gilbert Wai adds.

The operations of BMEI will be fully integrated into the Elekta Group both locally and globally and the acquisition of BMEI fits very well with Elekta’s strategy to expand its sourcing and manufacturing platform in China.

Elekta plans to expand the operations of BMEI and invest up to SEK 50 M during the coming two years in R&D, manufacturing capacity and infrastructure.

Management plans include that BMEI, once integrated into the Elekta Group, will within 2 years launch major new and highly cost effective radiation therapy equipment aimed at for the domestic and international markets, complementing the existing Elekta portfolio.

The transaction

BMEI was previously a wholly owned subsidiary to Beijing Pharmaceutical Group Co. Ltd., (BPGC), a medical enterprise and one of the 500 largest companies in China.

Elekta will acquire 80 percent equity of BMEI for a consideration of USD 20 M in cash. The company will then be converted into a Sino-foreign JV, pending final approval of the planned Joint Venture from the Ministry of Commerce and other closing conditions. The agreement includes a future option for Elekta to call and



BPGC to put for the transferal of the remaining 20 percent equity of the JV to Elekta. This second transferal will however be subject to Chinese government approval at the time of the transaction.

Financial effects

BMEI's revenue is estimated at around SEK 70 M for the current fiscal year and the company is modestly unprofitable at current sales volumes, capacity and price levels.

BMEI is projected to have total assets of approximately SEK 155 M and net equity of some SEK 40 M at closing. The transaction is estimated to lead to a total increase in Elekta goodwill of approx. SEK 140 M and intangible assets of some SEK 12 M. The acquisition intangible assets are expected to incur amortizations of SEK 2.5 M per year over the next five fiscal years.

The transaction is forecasted to be dilutive to Elekta earnings in fiscal year 2006/07 in an amount of 0.25 SEK per share, neutral in 2007/08 and accretive thereafter. Elekta will also invest by adding working capital to finance production and sales expansion as well as export preparation. Due to these investments, BMEI is estimated to be cash flow negative also during 2007/08.

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About Elekta

Elekta is an international medical-technology Group, providing meaningful clinical solutions, comprehensive information systems and services for improved cancer care and management of brain disorders. All of Elekta's solutions employ non-invasive or minimally invasive techniques and are therefore clinically effective, gentle on the patient and cost-effective.

Clinical solutions include among others Leksell Gamma Knife[®] for non-invasive treatment of brain surgery and Elekta Synergy[®] for image guided radiation therapy (IGRT). Following the acquisition of IMPAC Medical Systems Inc. in April 2005, The Elekta Group is the world's largest supplier of oncology software.

Elekta's systems and solutions are used at over 3,000 hospitals around the world to treat cancer and manage clinical operations as well as to diagnose and treat brain disorders, including tumors, vascular malformations and functional disorders.

With approx. 1850 employees, Elekta's corporate headquarter is located in Stockholm, Sweden and the company is listed on the Stockholm Stock Exchange under the ticker EKTA. For more information about Elekta, please visit www.elekta.com.