



9 Interim Report

Nine months
ended January 31, 2000

1999/2000



ELEKTA

Interim Report Nine months ended January 31, 2000

- An operating loss of SEK 26 M (loss: 134) was reported, an improvement of SEK 108 M. Before items affecting comparability the operating loss was SEK 45 M (loss: 188).
- The sale of IGS and the related provisions for divestment costs had a favorable impact on the third quarter of SEK 19 M.
- A new share issue, with preferential rights for existing shareholders was implemented during December and generated proceeds of SEK 134 M after deduction of issue expenses.
- A new share issue to holders of convertible debentures, corresponding to an increase in the Group's shareholders' equity of SEK 210 M after deduction of issue expenses, was carried out in February.

Elekta is a world-leading supplier of systems and clinical solutions for precise radiation of cancer and minimally invasive neurosurgical treatment of brain and spinal disorders. Elekta's treatment methods contribute to gentle and effective care, which improves clinical results, reduces complications and shortens the period of hospitalization.

ORDERBOOKINGS AND ORDER BACKLOG

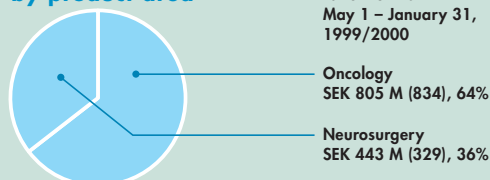
A total of 6 (12) Gamma Knife orders were signed during the first nine months of the year, excluding establishment of Gamma Knife centers within the framework of Elekta Medical Services, EMS. On a rolling 12-month basis, orders for 13 (18) Gamma Knife units have been received. Order bookings for magnetic encephalographs amounted to slightly more than SEK 100 M (0). Order bookings for oncology products were at the same level as a year earlier.

The Group's order backlog at January 31, 2000 was SEK 1,511 M, compared with SEK 1,539 M on April 30, 1999.

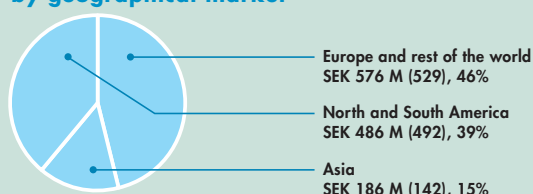
Elekta Medical Services has signed agreement with two leading hospitals, in Mexico and in Europe, covering establishment of a Gamma Knife center in cooperation with each hospital. The centers are scheduled to open during the next fiscal year. Elekta supplies the equipment and service and shares the revenues from the centers with each hospital partner.

NET SALES:

by product area



by geographical market



NET SALES

The Group's net sales amounted to SEK 1,248 M (1,163). 11 (7) Gamma Knife units were delivered during the first nine months of the year, while deliveries of linear accelerators were lower than the year-earlier level.

Net sales during the third quarter totaled SEK 432 M (340).

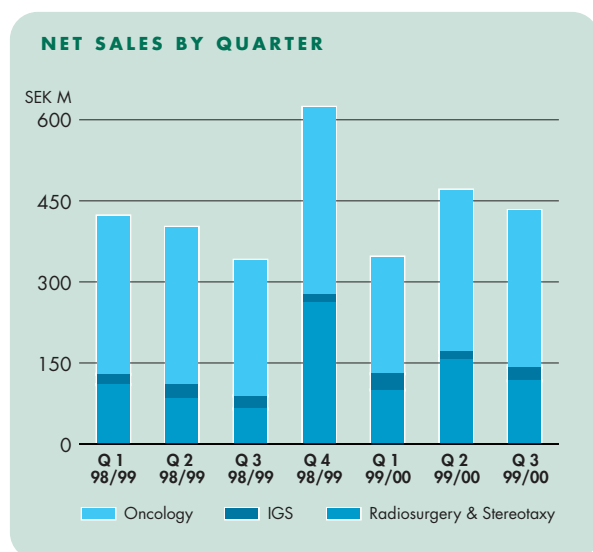
RESULT

An operating loss of SEK 26 M (loss: 134) was reported for the period. Excluding items affecting comparability, the operating loss was SEK 45 M (loss: 188), an improvement of SEK 143 M. The improvement was attributable to a combination of higher sales, better gross margins and lower overhead costs. The IGS operations, excluding items affecting comparability, resulted in a charge against operating profit of SEK 33 M (67).

An operating loss, excluding items affecting comparability, of SEK 8 M (loss: 91) was reported for the third quarter.

Strategically important investments in research and development continued during the first nine months of the year and amounted to SEK 97 M (127). These investments are expensed on a current basis and corresponded to 8 percent (11) of net sales.

Net financial items amounted to an expense of SEK 30 M (expense: 30). Net interest items amounted to an expense of SEK 43 M (expense: 44), of which SEK 36 M related to the convertible debenture loan.



Participations in associated companies resulted in profit of SEK 4 M (0) and currency exchange-rate differences in a gain of SEK 9 M (gain: 14).

The loss before taxes was SEK 56 M (loss: 164) and the loss after taxes was SEK 62 M (loss: 173).

Net income per share amounted to a loss of SEK 3.86 (loss: 11.55) for the first nine months.

DIVESTMENT OF IGS

On November 17, 1999, Elekta signed an agreement with the US company Medtronic, Inc. regarding the sale of IGS operations. The sales price was USD 11.75 M. The sale of IGS affected third quarter result positively by SEK 19 M after taking into account winding up expenses.

FIXED ASSETS AND INVESTMENTS

Investments in intangible and tangible fixed assets amounted to SEK 0 M (1) and SEK 21 M (20), respectively.

Amortization/depreciation of intangible and tangible fixed assets amounted to SEK 25 M (35) and SEK 30 M (37), respectively.

RIGHTS ISSUE AND OFFSET ISSUE

In order to strengthen Elekta's financial position, a new rights issue was carried out during December. The issue, which was fully subscribed, generated proceeds to Elekta of SEK 134 M after issue expenses. The number of shares increased by 10,497,451. An offset issue was carried out during February.

Holder of convertible debentures in Elekta were offered the opportunity to offset a maximum of 50 percent of the debenture loan for newly issued Series B Elekta shares. The offset issue, which was oversubscribed, increased Elekta's shareholders' equity, after issue expenses, by SEK 210 M. The number of shares rose by 6,858,715 to 27,853,617. Interest expenses in the next fiscal year, 2000/2001, decline through conversion by about SEK 25 M.

LIQUIDITY AND FINANCIAL POSITION

Liquid assets at January 31, 2000 amounted to SEK 170 M compared with SEK 159 M on April 30, 1999.

During the first nine months, cash flow before investments and divestments was negative, amounting to SEK 104 M (neg: 133). Cash flow after investments and divestments amounted to a negative SEK 37 M (pos: 238).

Cash flow before investments and divestments in the third quarter was a negative SEK 148 M due to increased tied-up operating capital. A delay with one version of software systems for linear accelerators was the main reason for the increase in tied-up operating capital and the resulting negative cash flow. The problem with this version has now been corrected and tied-up capital is expected to normalize in

CHANGE IN ACCOUNTING PRINCIPLES

The production and sale of a new generation of the Gamma Knife has commenced. The new product generation, the C model, incorporates a higher degree of standardization, makes the sales process more uniform and reduces project lead-times. This means that the sale of the Gamma Knife to a less degree has the character of a unique project. As percentage-of-completion no longer is considered to reflect the income of recognition in a correct way, Elekta is now, in order to provide a more accurate recognition, switching over to income recognition on delivery. As a result, shareholders' equity at May 1, 1999 was reduced by SEK 224 M, which corresponds to the Gamma Knife projects that were recognized as income but which had not been delivered on April 30, 1999. To keep comparability all figures for the preceding year have been recalculated in accordance with the new principle.

pace with installation and acceptance by the customers who ordered the system.

Net debt – interest-bearing liabilities less liquid assets – amounted to SEK 361 M at January 31, 2000, compared with SEK 442 M on April 30, 1999. The amount of SEK 361 M includes a convertible debenture loan in an amount of SEK 427 M. Liquid assets plus lines of credit granted but not utilized amounted to SEK 199 M at January 31, 2000, compared with SEK 160 M on April 30, 1999. A total of SEK 67 M (Apr. 30, 1999: 5) of the bank balances has been pledged to cover guarantees for customer advances received.

The Group's net debt/equity ratio was a multiple

of 0.91 on January 31, 2000, compared with 1.41 on April 30, 1999.

EMPLOYEES

The average number of employees in the Group was 801 (867). The number of employees at the end of the period was 796, compared with 862 on April 30, 1999.

The Extraordinary General Meeting on November 17, 1999 also approved a resolution from the Board of Directors regarding an incentive program for senior executives. The aim is to promote the executives' involvement in the Elekta Group and heighten the incentive for favorable efforts for the Group. The program will be introduced in March 2000.

Key Figures

| | 9 months May - Jan 1998/99 | 12 months May - Apr 1998/99 | 3 months May - July 1999/2000 | 6 months May - Oct 1999/2000 | 9 months May - Jan 1999/2000 |
|---|----------------------------------|-----------------------------------|-------------------------------------|------------------------------------|------------------------------------|
| Net revenues, SEK M | 1,163 | 1,787 | 345 | 816 | 1,248 |
| Items affecting comparability, SEK M | 54 | 14 | – | – | 19 |
| Operating loss, SEK M | -134 | -208 | -57 | -37 | -26 |
| Operating margin % | -12 | -12 | -17 | -5 | -2 |
| Profit margin, % | -14 | -14 | -20 | -7 | -4 |
| Shareholders' equity, SEK M | 370 | 313 | 232 | 241 | 396 |
| Capital employed, SEK M | 1,015 | 914 | 805 | 835 | 927 |
| Net debt, SEK M | 503 | 458 | 442 | 426 | 432 |
| Equity/assets ratio, % | 19 | 17 | 13 | 14 | 21 |
| Net debt/equity ratio, times | 1.24 | 1.41 | 1.84 | 1.79 | 0.91 |
| Return on shareholders' equity, % ¹⁾ | – | -56 | -74 | -74 | -47 |
| Return on capital employed, % ¹⁾ | – | -17 | -22 | -19 | -9 |

Per share data

| | Q 3 1998/99 | Q 4 1998/99 | Q 1 1999/2000 | Q 2 1999/2000 | Q 3 1999/2000 |
|------------------------------|----------------|----------------|------------------|------------------|------------------|
| Net income | | | | | |
| before conversion, SEK | -6.68 | -5.54 | -4.62 | 0.54 | 0.22 |
| after full conversion, SEK | -3.40 | -2.83 | -2.22 | 0.78 | 0.50 |
| Shareholders' equity | | | | | |
| before conversion, SEK | 24.72 | 20.96 | 15.51 | 16.09 | 18.84 |
| after full conversion, SEK | 30.25 | 28.25 | 25.27 | 25.80 | 25.92 |
| Average number of shares | | | | | |
| before conversion (000s) | 14,957 | 14,957 | 14,957 | 14,957 | 15,829 |
| after full conversion (000s) | 25,690 | 25,690 | 25,690 | 25,690 | 26,562 |
| Number of shares at closing | | | | | |
| before conversion (000s) | 14,957 | 14,957 | 14,957 | 14,957 | 20,995 |
| after full conversion (000s) | 25,690 | 25,690 | 25,690 | 25,690 | 31,729 |

1) Based on rolling 12 months.

Due to changed accounting principles in the Gamma Knife operations historical data have been recalculated to get comparability. Historical share data have been recalculated to take into account the bonus issue element of the new issue, according to the recommendation of the Swedish Society of Financial Analysts. The number of shares after full conversion are calculated taking into account the number from the offsetting issue and the residual loan to the conversion rate 60,20.

PARENT COMPANY

The Parent Company's operations comprise Group management, shared Group functions and financial management. The Parent Company's loss after net financial items was SEK 38 M (loss: 47). The average number of employees was 14 (18).

FUTURE PROSPECTS

The effects of restructuring measures have become noticeable in the form of lower operating expenses, increased productivity and lower losses. This trend of improvement is expected to continue and result in improved net income during the 1999/2000 fiscal year as a whole. The restructuring of operations

continues and is expected to result in a satisfactory profitability level at the end of next fiscal year.

FINANCIAL INFORMATION

The preliminary report for the year end will be published on June 20, 2000.

STOCKHOLM, MARCH 15, 2000

ELEKTA AB (PUBL)

LAURENT LEKSELL
President

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

Income Statement

| SEK M | 9 months | | 12 months | |
|-------------------------------|------------------------|----------------------|------------------------|------------------------|
| | May - Jan 1999/2000 | May - Jan 1998/99 | Feb - Jan 1999/2000 | May - April 1998/99 |
| Net sales | 1,248 | 1,163 | 1,872 | 1,787 |
| Operating expenses | -1,196 | -1,224 | -1,829 | -1,857 |
| R&D expenses | -97 | -127 | -122 | -152 |
| Items affecting comparability | 19 | 54 | -21 | 14 |
| Operating loss | -26 | -134 | -100 | -208 |
| Financial net | -30 | -30 | -42 | -42 |
| Income before taxes | -56 | -164 | -142 | -250 |
| Taxes | -6 | -9 | -3 | -6 |
| Net income | -62 | -173 | -145 | -256 |

Cash Flow

| | | | | |
|---|-------------|-------------|------------|-------------|
| Operating cash flow | -14 | -143 | -29 | -158 |
| Change in working capital | -90 | 10 | -57 | 43 |
| Cash flow before investments and disposals | -104 | -133 | -86 | -115 |
| Investments and disposals | 67 | 371 | 56 | 360 |
| Cash flow after investments and disposals | -37 | 238 | -30 | 245 |

Balance Sheet

| SEK M | Jan. 31, 2000 | Jan. 31, 1999 | April 30, 1999 |
|---|------------------|------------------|-------------------|
| Intangible fixed assets | 449 | 504 | 465 |
| Tangible fixed assets | 62 | 82 | 88 |
| Financial fixed assets | 14 | 22 | 15 |
| Inventories | 307 | 310 | 265 |
| Other current assets | 840 | 798 | 879 |
| Liquid assets | 170 | 187 | 159 |
| Total assets | 1,842 | 1,903 | 1,871 |
| Shareholders' equity | 396 | 370 | 313 |
| Provisions | 105 | 138 | 100 |
| Convertible debenture loan | 427 | 408 | 412 |
| Other interest-bearing liabilities | 104 | 237 | 189 |
| Interest-free liabilities | 810 | 750 | 857 |
| Total shareholders' equity, provisions and liabilities | 1,842 | 1,903 | 1,871 |

Due to changed accounting principles in the Gamma Knife operations historical data have been recalculated to get comparability.



E L E K T A

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