



## Interim report May – July 2008/09

- Order bookings rose 9\* percent. Order backlog at an all time high level of SEK 5,229 M.
- Net sales amounted to SEK 1,025 M, an increase by 13\* percent.
- Operating profit amounted to SEK 13 M (36), due to a scheduled low volume of deliveries.
- Profit after taxes amounted to SEK 1 M (20).
- Earnings per share after dilution was SEK 0.02 (0.22).
- Cash flow from operating activities was negative SEK 163 M (neg. 28) due to seasonal build-up of working capital.
- Elekta reiterates the outlook of a net sales growth of over 15 percent in local currency and operating profit growth of over 15 percent for the full year 2008/09.

Summary SEK M	May-July 2008/09	May-July 2007/08	Change	Aug-July 2007/08	May-April 2007/08
Order bookings	1,151	1,136	9%*	5,897	5,882
Net sales	1,025	975	13%*	5,131	5,081
Operating profit	13	36	-64%	627	650
Net profit	1	20	-95%	387	406
Cash flow from operating activities	-163	-28		184	319

\* Compared to the first quarter last fiscal year at unchanged exchange rates.



### **President Tomas Puusepp comments**

Demand for Elekta's clinical solutions, products and services remains strong. Elekta continues to strengthen its market share and the product portfolio is more competitive than ever before.

Important when assessing Elekta's development, order bookings on a rolling twelve-month basis increased by 12 percent, despite a negative currency effect.

During the first quarter our major efforts were to integrate CMS' organization and offering with Elekta's other software solutions. Elekta's software systems support the entire workflow in cancer treatment, from diagnosis to dose planning, treatment, administration and follow-up. For the present fiscal year, CMS adds to net sales, but contributes only marginally to operating profit.

Elekta will strengthen its position in emerging markets. Our own office in Brazil was up and running by May 1 and Latin America will be an important growth market for Elekta going forward. We will also continue to invest substantially in R&D, with the aim of improving quality and cost-efficiency in cancer care and management of brain disorders.

The introduction of Elekta VMAT has created a good momentum in the market place and we see a continued positive trend for business area oncology systems going forward, even if the competition in this segment is high. Another growth driver in a mid-term perspective is the possibility to market Elekta Compact™ in markets in need of rapid build-up of care capacity.

The interest for Leksell Gamma Knife® Perfexion™ remains strong. During the first quarter Leksell Gamma Knife® Perfexion™ systems were delivered to Korea and Japan . We also see high interest in Elekta Axesse™, our fully integrated system for stereotactic radiation therapy.

After we communicated the full year outlook for 2008/09, particularly the US dollar has developed favorably for Elekta. Provided that today's currency rates remain for the full year, the positive effect on Elekta's earnings will be significant from the third quarter and onwards.

As an effect of a scheduled low level of delivery volumes the first quarter's operating profit was weak. However, we reiterate the previously communicated outlook for 2008/09. Net sales and operating profit will be significantly higher in the second half of the fiscal year, compared with the first.

**Tomas Puusepp**  
President and CEO



## The Group

### Order bookings and order backlog

Order bookings for the first quarter rose 1 percent to SEK 1,151 M (1,136). CMS acquired in March 2008, contributed SEK 100 M.

Order bookings increased by 9 percent, based on unchanged exchange rates.

On a rolling twelve-month basis, order bookings rose 12 percent to SEK 5,897 M.

Order backlog on July 31, 2008 was at an all time high level of SEK 5,229 M compared to SEK 5,069 M on April 30, 2008.

<b>Order bookings</b> SEK M	May-July 2008/09	May-July 2007/08	Change	Rolling 12 months	Change	May-April 2007/08
North and South America	478	556	-14%	2,616	6%	2,694
Europe, Middle East, Africa	401	382	5%	2,219	11%	2,200
Asia	272	198	37%	1,062	36%	988
<b>Group</b>	<b>1,151</b>	<b>1,136</b>	<b>1%</b>	<b>5,897</b>	<b>12%</b>	<b>5,882</b>

### Net sales

Net sales for the first quarter increased by 5 percent to SEK 1,025 M (975), whereof net sales from CMS amounted to SEK 83 M.

Net sales rose by 13 percent, based on unchanged exchange rates.

On a rolling twelve-month basis, net sales rose 14 percent to SEK 5,131 M.

<b>Net sales</b> SEK M	May-July 2008/09	May-July 2007/08	Change	Rolling 12 months	Change	May-April 2007/08
North and South America	420	408	3%	2,110	11%	2,098
Europe, Middle East, Africa	352	376	-6%	1,996	7%	2,020
Asia	253	191	32%	1,025	36%	963
<b>Group</b>	<b>1,025</b>	<b>975</b>	<b>5%</b>	<b>5,131</b>	<b>14%</b>	<b>5,081</b>

### Earnings

Operating profit for the quarter amounted to SEK 13 M (36) and was compared with the first quarter last year negatively impacted by product mix and CMS, that was acquired in March 2008.

Gross margin amounted to 43 percent (42). The increased operating cost in the first quarter is mainly because of the newly acquired CMS. Operating margin was 1 percent (4).



Investments in research and development rose 5 percent to SEK 106 M (101) equal to 10 percent (10) of net sales. Capitalization of development costs and amortization of capitalized development costs affected earnings positively by SEK 7 M (pos. 4). Capitalization amounted to SEK 13 M (9) and amortization to SEK 6 M (5).

Exchange rate movements affected operating profit before recorded exchange differences positively by SEK 2 M compared with the first quarter the previous year. Recorded exchange gains in operations during the first quarter 2008/09 amounted to SEK 11 M. The preceding year recorded exchange gains in operations was SEK 6 M. In total, exchange rate fluctuations affected the operating profit for the first quarter 2008/09, compared with the previous year, positively by SEK 7 M.

Currency hedging is done on the basis of anticipated sales in foreign currency over a period of up to 24 months. Exchange rate gains from forward contracts in operating profit amounted to SEK 7 M (gain 13). Unrealized exchange rate losses from cash flow hedges amounted to SEK 1 M and are reported in shareholders' equity taking into account the tax impact.

Calculated IFRS 2 costs for Elekta's outstanding option program amounted to SEK 13 M (6).

Net financial items amounted to an expense of SEK 11 M (expense 7). Net interest expenses increased to 18 (expense 7) Mkr due to a higher net debt position and interest rate increases. Financial exchange gains amounted to SEK 9 M (0) from realized portion of net investment hedge.

Profit after financial items amounted to SEK 2 M (29). Tax expense amounted to SEK 1 M or 34 percent. Profit after taxes amounted to SEK 1 M (20).

Earnings per share amounted to SEK 0.02 (0.22) before dilution and SEK 0.02 (0.22) after dilution.

## **Market development**

### **Region North and South America**

The North American market continues to show solid growth, primarily driven by the rising cancer incidence and the rapid acceptance of new and refined treatment methods. Software systems that support the entire treatment process are normally an integrated part of the delivery of treatment systems in this region, which results in larger average order values.

South America is expected to become an important growth market for Elekta. In May Elekta opened up its regional office with own local resources for sales, marketing and service in this region to strengthen and support its network of distributors.

Order bookings for Region North and South America declined based on unchanged exchange rates 3 percent during the first quarter compared to the same period last year.



On a rolling twelve-months basis, the reported order bookings for the region increased by 6 percent to SEK 2,616 M, despite a strong negative effect from currency.

Net sales for North and South America rose 3 percent, negatively impacted by currency and positively by CMS. On a rolling twelve-month basis, net sales for North and South America increased by 11 percent to SEK 2,110 M.

In June, Elekta received FDA 510(k) clearances for the technology which allows treatment with Elekta VMAT (Volumetric Modulated Arc Therapy), a technology that dramatically reduces treatment times while also enabling the delivery of a higher dose to the tumor target without compromising coverage and patient safety. The following month, treatment in the U.S. started with this ground-breaking technology. The introduction of Elekta Infinity™ and Elekta VMAT has met strong interest from new and existing customers.

#### **Europe including Middle East and Africa**

The market development in Europe is to largely extent driven by national and regional initiatives to remedy the lack of radiation treatment capacity. Elekta's ability to provide comprehensive and integrated solutions, based on industry standards and open connectivity, makes the company an attractive partner in tenders involving long-term commitments. There is substantial demand in Europe for information systems for cancer care, particularly for the purpose of improving productivity and multi-site connectivity.

Order bookings for Region Europe including Middle East and Africa increased based on unchanged exchange rates by 7 percent compared to the same period last year. Order bookings were low as an effect of the very strong previous quarter.

On a rolling twelve-month basis, order bookings increased by 11 percent to SEK 2,219 M.

Net sales for Europe including Middle East and Africa declined by 6 percent, in spite of contribution from CMS. On a rolling twelve month basis, net sales for Europe including Middle East and Africa increased by 7 percent to SEK 1,996 M.

In June, Elekta completed the process of adding CE marking to Elekta Compact™, thus preparing Elekta for entering new markets with this highly competitive linear accelerator platform.

#### **Asia**

There is a solid rationale for a continued long-term market growth in Asia. The number of linear accelerators per capita is low by international comparison. Elekta is well positioned to meet strong demand in the region and to support health care providers in these countries in their quest to develop cancer care. Elekta is the market leader in China in the segment for advanced radiation therapy solutions and the launch of Elekta Compact™ is expected to further strengthen Elekta's position. In Japan, Elekta has a large installed base of Leksell Gamma Knife® and software solutions from CMS.

Order bookings for Region Asia increased based on unchanged exchange rates by 47 percent.

On a rolling twelve month basis, order bookings rose 36 percent to SEK 1,062 M.



Net sales for Asia for the first quarter rose 32 percent, positively affected by CMS and negatively affected by currency. On a rolling twelve-month basis, net sales for Asia increased by 36 percent to SEK 1,025 M.

In May, the Japanese Ministry for Health, Labor and Welfare, issued regulatory approval for Leksell Gamma Knife® Perfexion™, which made it possible for Elekta to market and install this technology in Japan. The first Leksell Gamma Knife® Perfexion™ in Japan was delivered during the first quarter and Elekta expects that an additional number of Leksell Gamma Knife® Perfexion™ units will be installed in Japan during the present fiscal year.

### **Market outlook**

The total market for Elekta's clinical solutions, IT systems and services is expected to grow by 5-10 percent annually. However, the high value of individual orders and the particularities of the healthcare industry market often lead to significant quarterly variations in business volume, product mix and geographical mix.

Market development is driven by the shortage of radiation treatment capacity that prevails in most countries and by the increase in number of cancer cases, as a result of an aging population and better diagnostics. New advanced, more precise and accurate methods are expected to increase the role of radiation therapy in the future. The rapid development of new technology is resulting in higher average order values. An increasing number of customers are requesting more comprehensive and long-term relationships with suppliers.

In virtually all countries, health care systems are under strong pressure to improve efficiency and at the same time slow down cost expansion. Software systems for higher efficiency, in patient throughput as well as information management and administration, are becoming more critical for operations.

### **Outlook for the fiscal year 2008/09 – remains unchanged**

For 2008/09, Elekta's net sales are expected to grow by more than 15 percent in local currency. Elekta's operating profit for 2008/09 is also expected to grow by more than 15 percent. Net sales and operating profit will be significantly higher in the second half of the fiscal year, compared with the first.

### **Other information**

#### **Investments and depreciation**

Investment in intangible and tangible fixed assets amounted to SEK 22 M (26). Amortization of intangible and depreciation of tangible fixed assets amounted to SEK 47 M (44).

#### **Liquidity and financial position**

Due to seasonal build-up of working capital, cash flow from operating activities was negative SEK 163 M (neg. 28). Cash flow after investments was negative SEK 221 M (neg. 145). Acquisitions were included with SEK 50 (95) M. Part of previous years recorded liabilities for additional purchase price for Medical Intelligence and 3D Line were paid during the first quarter.



Liquid funds amounted to SEK 197 M on July 31, 2008 compared to SEK 402 M April 30, 2008. Of total bank balances SEK 1 M were pledged, primarily for commercial guarantees.

Interest-bearing liabilities totaled SEK 1,434 M on July 31, 2008 compared with SEK 1,449 M on April 30, 2008. Net debt amounted to SEK 1,237 M at the end of the first quarter, compared with SEK 1,047 M on April 30, 2008.

Net debt/equity ratio was 0.67 and equity/assets ratio was 30 percent.

#### **Exercise of warrants and repurchased shares**

During May-July 2008/09, 554,202 new Series B shares were subscribed through exercise of warrants distributed within the framework of the established option programs.

Elekta's current holding of own shares amounts to 951,300 B shares, which Elekta's Board intends to propose to the Annual General Meeting to be cancelled.

Total number of shares on August 31, 2008 was 93,075,863 divided between 3,562,500 A shares and 89,513,363 B shares.

#### **Employees**

The average number of employees was 2,390 (2,034), of which acquired entities 295 (-). The average number of employees in the parent company was 20 (20).

The number of employees on July 31, 2008 totaled 2,416 compared with 2,406 on April 30, 2008.

#### **Risks and uncertainties**

Elekta's ability to deliver treatment equipment is, to a large extent, dependent on customers being able to accept delivery in the agreed timeframe, which results in a risk of delayed deliveries and corresponding delayed revenue recognition. In its operations, Elekta is subject to a number of financial risks, primarily related to exchange rate fluctuations.

Description of risks and uncertainties in Elekta's business can be found in the annual report 2007/08 on page 39 and in note 2. Nothing essential has happened to change the risks described therein.

Stockholm, September 18, 2008

Elekta AB (publ)

Tomas Puusepp  
President and CEO

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

## ELEKTA AB (publ)

Corporate organization number 556170-4015  
Kungstensgatan 18 – Box 7593 – SE 103 93 Stockholm



### Financial information

6 month Interim report May-October 2008/09

December 4, 2008

9 month Interim report May-January 2008/09

March 4, 2008

Fiscal year-end report 2008/09

June 2009

### For further information, please contact:

Tomas Puusepp, President and CEO, Elekta AB (publ)

Tel: +46 8 587 25 520, e-mail: tomas.puusepp@elekta.com

Håkan Bergström, CFO, Elekta AB (publ)

Tel: +46 8 587 25 547, e-mail: hakan.bergstrom@elekta.com

Lena Schattauer, Investor Relations, Elekta AB (publ)

Tel: +46 8 587 25 722, e-mail: lena.schattauer@elekta.com

### Accounting principles

This interim report is prepared according to IAS 34 and recommendation RFR 1.1 of the Swedish Financial Reporting Board, and with regard to the Parent company, also according to RFR 1.2. The accounting principles applied correspond to those presented in the 2007/08 Annual Report.

Exchange rates		Average rate			Closing rate		
		May-Jul. 2008/09	May-Jul. 2007/08	Change	Jul. 31, 2008	Apr. 30, 2008	Change
Euro	1 EUR	9.384	9.242	2%	9.459	9.367	1%
Great Britain	1 GBP	11.841	13.653	-13%	12.000	11.815	2%
Japan	100 JPY	5.668	5.612	1%	5.610	5.780	-3%
United States	1 USD	6.004	6.825	-12%	6.055	6.008	1%



**CONSOLIDATED INCOME STATEMENT**

SEK M	3 months May - Jul. 2008/09	3 months May - Jul. 2006/07	12 months Aug. - Jul. 2007/08	12 months May - Apr. 2007/08
Net sales	1,025	975	5,131	5,081
Cost of products sold	-587	-567	-2,919	-2,899
Gross income	438	408	2,212	2,182
Selling expenses	-197	-159	-717	-679
Administrative expenses	-140	-122	-516	-498
R&D expenses	-99	-97	-385	-383
Exchange differences in operation	11	6	33	28
<b>Operating profit</b>	<b>13</b>	<b>36</b>	<b>627</b>	<b>650</b>
Result from participations in associated companies	-2	0	8	10
Interest income	5	11	26	32
Interest expenses	-23	-18	-81	-76
Financial exchange differences	9	0	17	8
<b>Income after financial items</b>	<b>2</b>	<b>29</b>	<b>597</b>	<b>624</b>
Taxes	-1	-9	-210	-218
<b>Net income</b>	<b>1</b>	<b>20</b>	<b>387</b>	<b>406</b>
Attributable to				
Parent Company shareholders	2	21	392	411
Minority shareholders	-1	-1	-5	-5
Earnings per share before dilution	0.02	0.22	4.26	4.46
Earnings per share after dilution	0.02	0.22	4.24	4.44
<b>CASH FLOW</b>				
Operating cash flow	-18	47	570	635
Change in working capital	-145	-75	-386	-316
<b>Cash flow from operating activities</b>	<b>-163</b>	<b>-28</b>	<b>184</b>	<b>319</b>
Investments and disposals	-58	-117	-540	-599
<b>Cash flow after investments</b>	<b>-221</b>	<b>-145</b>	<b>-356</b>	<b>-280</b>
External financing	15	-130	344	199
Change in liquid funds	-205	-272	-15	-82

**CONSOLIDATED BALANCE SHEET**

SEK M	July 31, 2008	July 31, 2007	April 30, 2008
Intangible assets	2,658	2,326	2,659
Tangible fixed assets	219	247	226
Shares and long-term receivables	35	35	37
Deferred tax assets	14	14	14
Inventories	593	500	529
Receivables	2,422	1,917	2,455
Liquid funds	197	212	402
<b>Total assets</b>	<b>6,138</b>	<b>5,251</b>	<b>6,322</b>
Shareholders' equity	1,854	1,793	1,813
Interest-bearing liabilities	1,434	956	1,449
Interest-free liabilities	2,850	2,502	3,060
<b>Total shareholders' equity and liabilities</b>	<b>6,138</b>	<b>5,251</b>	<b>6,322</b>
Assets pledged	1	9	2
Contingent liabilities	66	91	64

**CHANGES IN SHAREHOLDERS' EQUITY**

SEK M	July 31, 2008	July 31, 2007	April 30, 2008
Opening balance	1,813	1,863	1,863
IFRS 2 cost and deferred tax	2	5	17
IAS 39 unrealized cash flow hedges	-5	0	-8
Translation differences	13	3	-203
Net income	1	20	406
Option premiums and warrants exercised	30	2	22
Repurchase of shares		-100	-200
Dividend			-92
Minority's capital contribution			8
Closing balance	1,854	1,793	1,813

# ELEKTA AB (publ)

Corporate organization number 556170-4015  
Kungstensgatan 18 – Box 7593 – SE 103 93 Stockholm



KEY FIGURES	12 months	12 months	12 months	12 months	3 months	3 months
	May - Apr.	May - Apr.	May - Apr.	May - Apr.	May - Jul.	May - Jul.
	2004/05*	2005/06	2006/07	2007/08	2007/08	2008/09
Order bookings, SEK M	3,558	4,705	5,102	5,882	1,136	1,151
Net sales, SEK M	3,152	4,421	4,525	5,081	975	1,025
Operating result, SEK M	364	453	509	650	36	13
Operating margin	12%	10%	11%	13%	4%	1%
Profit margin	12%	10%	11%	12%	3%	0%
Shareholders' equity, SEK M	1,694	1,868	1,863	1813	1,793	1,854
Capital employed, SEK M	2,527	2,959	2,850	3,262	2,749	3,288
Equity/assets ratio	38%	35%	35%	29%	34%	30%
Net debt/equity ratio	0.05	0.06	0.27	0,58	0,41	0,67
Return on shareholders' equity**	16%	17%	19%	23%	17%	22%
Return on capital employed**	21%	18%	20%	24%	18%	24%

\* Restated according to IFRS.

\*\* Based on rolling 12 months.

DATA PER SHARE	12 months	12 months	12 months	12 months	3 months	3 months
	May - Apr.	May - Apr.	May - Apr.	May - Apr.	May - Jul.	May - Jul.
	2004/05*	2005/06	2006/07	2007/08	2007/08	2008/09
Earnings per share						
before dilution, SEK	2.69	3.23	3.72	4.46	0.22	0.02
after dilution, SEK	2.69	3.21	3.70	4.44	0.22	0.02
Cash flow per share						
before dilution, SEK	-11.09	1.68	-1.14	-3.04	-1.56	-2.41
after dilution, SEK	-11.06	1.67	-1.14	-3.03	-1.55	-2.41
Shareholders' equity per share						
before dilution, SEK	18.02	19.80	19.96	19.70	19.39	20.04
after dilution, SEK	18.84	20.45	20.46	20.03	20.01	22.04
Average number of shares						
before dilution, 000s	93,991	94,136	93,698	92,199	92,808	91,747
after dilution, 000s	94,182	94,785	94,249	92,479	93,383	91,763
Number of shares at closing						
before dilution, 000s	94,028	94,332	93,036	91,570	92,198	92,125
after dilution, 000s	95,703	95,703	94,072	92,245	93,465	93,933

\* Restated according to IFRS.

Dilution in 2004/05-2007/08 refers to warrants program 2004/2008.

All historical data restated for split 3:1 October 2005.

Data per quarter	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
SEK M	2006/07	2006/07	2006/07	2006/07	2007/08	2007/08	2007/08	2007/08	2008/09
Orderingång	987	1,315	1,237	1,563	1,136	1,336	1,229	2,181	1,151
Nettoomsättning	996	1,018	1,068	1,443	975	1,213	1,097	1,796	1,025
Rörelseresultat	85	74	87	263	36	159	72	383	13
Kassaflöde från den löpande verksamheten	-112	-39	53	248	-28	168	-51	230	-163

**INCOME STATEMENT PARENT COMPANY**

SEK M	May - July 2008/09	May - July 2007/08
Administrative expenses	-19	-15
Financial items	-8	-3
<b>Income after financial items</b>	<b>-27</b>	<b>-18</b>
Taxes	8	5
<b>Net income</b>	<b>-19</b>	<b>-13</b>

**BALANCE SHEET PARENT COMPANY**

SEK M	July 31, 2008	April 30, 2008
Financial fixed assets	2,074	2,079
Current assets	826	744
<b>Total assets</b>	<b>2,900</b>	<b>2,823</b>
Shareholders' equity	1,027	1,013
Untaxed reserve	32	32
Long-term liabilities	1,369	1,396
Short-term liabilities	472	382
<b>Total shareholders' equity and liabilities</b>	<b>2,900</b>	<b>2,823</b>