# Emerging markets - accelerating the growth

<table>
<thead>
<tr>
<th>Time</th>
<th>Region</th>
<th>Presenter/Spokesperson</th>
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<tbody>
<tr>
<td>13.00</td>
<td>Emerging markets – accelerating the growth</td>
<td>Tomas Puusepp, President and CEO</td>
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<tr>
<td>13.20</td>
<td>Latin America &amp; Brazil</td>
<td>Antonio Ponce, VP Latin America</td>
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<td>13.40</td>
<td>Eastern Europe &amp; Middle East</td>
<td>Nabil Elias Romanos, VP Eastern Europe &amp; Middle East</td>
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<td>Q&amp;A and coffee</td>
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<td>14.10</td>
<td>Asia Pacific</td>
<td>Gilbert Wai, EVP Asia Pacific</td>
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<td>14.30</td>
<td>Focus: India</td>
<td>Percy Shroff, Managing Director, India</td>
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<td>15.50</td>
<td>Focus: Japan</td>
<td>Tim Rooney, Managing Director, Japan</td>
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<td>15.10</td>
<td>Focus: China</td>
<td>Gilbert Wai, EVP Asia Pacific</td>
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<td>Q&amp;A, conclusions</td>
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**Elekta**
Emerging markets - accelerating the growth
Tomas Puusepp, President and CEO
**Strong historical financial performance in emerging markets**

### Net sales, SEK bn

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>08/09</td>
<td>1.3</td>
</tr>
<tr>
<td>09/10</td>
<td>1.9</td>
</tr>
<tr>
<td>10/11</td>
<td>2.2</td>
</tr>
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**Success factors**

- Early establishment, (e.g. in China since 1982)
- Local and experienced management
- Established network with the leading clinics
- Adaption to local customer needs – including training and education

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**Age group +60 years will grow at the highest pace**

- **2010A**
  - Population: 5.6 bn, +25%
  - Population +60 years: 0.5 bn, +100%
  - Healthcare spending per capita: $20–800

- **2030E**
  - Population: 7.0 bn
  - Population +60 years: 1.0 bn
  - Healthcare spending per capita: $+

**Approx. 60 percent* of all new cancer cases occur in age group +60 years**

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*Source: Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, World Population Prospects: The 2010 Revision

Note: map is illustrative and does not show exactly where Elekta has sales

* Source: Globocan 2008
Aging population in emerging markets

1950
Total population: 1.7 bn
Share +60 years: 6%

2010
Total population: 5.6 bn
Share +60 years: 9%

Sources: Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, World Population Prospects: The 2010 Revision
Aging population in emerging markets

2050
Total population: 8.0 bn
Share +60 years: 20%

Sources: Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, World Population Prospects: The 2010 Revision

Solid underlying growth drivers
Emerging markets

1. Economic growth

Today growth markets account for 25% of world GDP but 50% of world GDP growth – World bank 2011 prospects

2. Aging population

3. Structural build-out of health care

“By 2020 it is estimated that 70% of all cancer cases globally will occur in developing markets” – IAEA 2011

- Increasing awareness of diseases
- Improving diagnostics

Government-financed health care programs

- Radiation therapy most cost-effective cancer treatment modality

Elekta’s strategic focus is double digit growth

- Secure strong market position early
  - Invest ahead of curve with focus on countries with potential opportunities
- Set standard of good and affordable care
  - Including clinical need, software infrastructure, education, financing and aftermarket services
- Recurrent revenue
  - Expand margin with aftermarket and service revenues
Making it accessible

**Training & education**
- Elekta Academy
- Partner hospitals
- Collaboration with universities
- Elekta user meetings

**Financing**
- Global Medical Investments AB (GMI)
- De Lage Landen Financial Services (DLL)
- Swedish Export Credit Corporation (SEK)
- Export credit guarantees (EKN)
- Local banks/financing companies

**Awareness & Infrastructure**
- Cancer registry software (based on MOSAIQ®)
- Close collaboration with international cancer councils

**Adaption to local needs**
- Local adaption of software
- Elekta CompactTM
- Brachytherapy

Elekta’s overall market share in emerging markets is >40%
Recent acquisition of Nucletron add growth opportunities

Nucletron:
- No 1. in brachytherapy globally with ~60% market share
- Affordable entry into radiation therapy
- Combined customer base of > 6,000

Sales through distributors:
- In emerging markets, Nucletron has direct sales in Brazil, India and China
- Nucletron distributor sales approx. 20% of total sales – higher than Elekta

Adapt to local needs - cancer incidence
Number of new cancer cases per year, Emerging markets, (thousands, 2008)

Source: Globocan 2008
Emerging markets growing in importance

High sustainable growth in emerging markets

**Emerging markets**

- Government-sponsored cancer programs as main driver for expansion
- Mainly greenfield projects
- Private initiatives will grow over the long-term

Sustainable growth: 10-20%
Elekta’s strategy for sustainable profitable growth
Outlook 2015

Growth accelerated to 13-15%
• Capture growth opportunities in emerging markets
• Increased investments in R&D for state-of-the-art clinical solutions
• Build on market-leading position in SRS, SRT and brachytherapy

Continued strong EBIT growth
• Recurrent revenue growth towards 50% of net sales
• Continued improved efficiency - SG&A reduced from 22% to <19%

EPS increased > 60%
• Cash conversion >70%
• Tax rate from 30% to 28%
• Net debt/Equity <0.5
Elekta - fast growing provider of radiation therapy solutions in Latin America

Order bookings, Latin America

- Present with own subsidiary since 2008, previously distributors only
- Total of 43 employees, headquartered in São Paulo
- Installed base of ~80 linacs and 6 Leksell Gamma Knife® units
- Expanding service organization
- No. 1 in terms of new sales on the market
  No. 3 in terms of installed base

Elekta in Latin America
Strong growth set to continue

Antonio Ponce
Vice President, Latin America
Market leader with Leksell Gamma Knife®

- Elekta is the market leader within stereotactic radio surgery (SRS) in Latin America
- 6 Leksell Gamma Knife® systems installed
- Large unmet need will drive expansion
- Additional hospitals decided to invest in Leksell Gamma Knife
  - Hospital das Clínicas São Paulo
  - HCor in São Paulo
  - Curitiba INC– dedicated neuro hospital

Key success factors driving our growth

- Long-term customer commitments, including complete solutions with education and service
- Close collaboration with leading hospitals and state-of-the-art customer references
- Vendor finance program agreement with Swedish Export Credit Corp. (SEK) implemented in summer/autumn 2009
  - 20 closed transactions

In recent years, Elekta has significantly strengthened its market position in Latin America and is committed to further expansion
Brazil’s radiation therapy capacity as of today

- Total installed base of ~250 machines in the market
  - Around 30 old cobalt-based machines need replacement
  - Government estimate a need for at least ~200 additional RT machines to meet the demand
- New centers are being built in public and private sector
- Radiation therapy reimbursement from government has been increased by 94% last year

Growing health care investments in Brazil

**Economy**
- Growing exports, oil revenue, domestic consumption

**Health care growth**
- Aging populations
  - Life expectancy: 71 years
- Build up of health care sector
  - Health care investment in 2010: USD 66 bn
  - Oncology investment in 2010: USD 2.2 bn
  - USD 4.5 bn investment in oncology above budget for the next 5 years

Health care investments

- CAGR: 14%
- 1999: 500 BRL m
- 2010: 1,000 BRL m
- 2011: 1,500 BRL m
Brazil’s aging population is set to increase
Driving demand of cancer care

Government-sponsored health care programs

Programa EXpande:
- 3 machines per year through INCA (National Cancer Institute)

State programs:
- 6 to 8 public tenders managed by Ministry of Health and Health Secretary of States
- Need for ~200 linacs
- Investment in ~50 new machines over the next 3 years

University programs:
- 1 to 2 public tenders managed by university hospitals

New Ministry of Health program under review:
- Ministry of Health PPP program for RT (80 new RT systems)
New direction Ministry of Health program

Incentives to build new RT departments

To be qualified as a cancer care provider and be reimbursed by the state - both public hospitals and private clinics - it is mandatory that the hospital supply chemo, radiotherapy and surgery

- New generation of equipment is required (multileaf + IMRT capability is standard on tender request)
- Replacement of cobalt machines
- Increase capacity within brachytherapy

Increasing interest from the private sector

- Increased reimbursement and new Ministry of Health Regulation (comprehensive cancer centers) are driving the growth
- Isolated chemotherapy clinics are expanding into radiation therapy
- Expansion into radiation therapy within the diagnostic sector
Elekta is growing in Brazil

**New orders, linacs 2010/11**
- Siemens: 6%
- Varian: 42%
- Elekta: 52%

**Installed base, linacs**
- Siemens: 16%
- Varian: 55%
- Other: 13%
- Cobalt: 14%
- Elekta: 13%

Public hospital ICESP
5 Synergy® platforms and 1 Axesse™
The future is focused on growth

- Drive expansion of radiotherapy usage and capacity build out
- Increase Elekta’s installed base significantly - long-term plan to become market leader also in terms of installed base
- Gradual expansion of aftermarket services and sales
Additional markets will add to the growth

**Colombia**
Population 45 M
Growth both in public and private sector

**Peru**
Population 29 M
Ministry of Health has decided to invest in oncology: 3 – 5 new machines per year

**Chile**
Population 16 M
Growth both in public and private sector

**Eastern Europe and Middle East**

Nabil Elias Romanos
Vice President, Eastern Europe & Middle East
**Eastern Europe and Middle East**

- Population ~350 M
- Large unmet need – low penetration of linacs
- Economic conditions vary across countries
- Dependency on oil prices and challenging regulatory environment

**Eastern Europe and Russia**
- Population ~300 M
- Large national programs for cancer care expansion
- Russia is the largest single market

**Middle East**
- Population ~350 M
- Large unmet need – low penetration of linacs
- Economic conditions vary across countries
- Dependency on oil prices and challenging regulatory environment

**Invest ahead of curve – strategic priorities**

- Go to market model - select best distributors
- Establish Elekta as the leading provider
- Increase awareness and knowledge with training and education
- Facilitate financing options
- Over time grow aftermarket and service revenues
Russia — market driven by government capacity build-out

Demography
• Population: 143 M, Moscow 12 M
• Population growth: -0%
• Life expectancy: 63 years (male), 75 (female)

Economic development
• Driven by natural resources
• Current GDP growth: ~5%

Health care spending
• Per capita: USD ~800
  – Mainly public hospitals

Elekta has a strong track record in Russia

Order bookings in Russia

- Present in Russia with distributor partnership since 2004
- No.1 in new sales, market share: 45-50%
- No.1 in installed base
- Installed base of 55 linacs and 3 Leksell Gamma Knife® units
- Focus on setting a high standard for cancer care
- Education and training
Russian government sponsored healthcare plan

- Five-year National Oncology program, started in 2009. Some 10-15 radiation therapy clinics are equipped every year
- In addition, regional authorities are funding 2-4 new radiation therapy centers per year
- Private sector is small, but beginning to invest

Strong sign of commitment from government

Opening of the Federal Scientific Clinical Center for Child Hematology, Oncology and Immunology in Moscow

Prime-Minister Vladimir Putin:

"1st of June 2011, at International Children’s Day, a long-waited opening of the biggest Federal Research and Clinical Center of Pediatric Hematology, Oncology and Immunology (FRC PHOI), was taken place in Moscow.

This is a real break through in the treatment of children's oncological diseases in Russia. There will be the best doctors, state-of-art equipment and comfortable living conditions not only for patients but also for their families..."
St. Petersburg - Russian Scientific Center
for Radiology and Surgical Technologies

5 Elekta linacs (2 Axesse™)

P. A. Herzen Moscow Cancer Research Institute
in Moscow, Russia
The first Leksell Gamma Knife® Perfexion™ in Moscow

Elekta is supporting training and education Moscow training center for medical physicists

The organizers:
- Moscow State University (MSU)
- Gertsen Moscow Research Oncological Institute (MROI)

Elekta
- MSM-MEDIMPEX
- IOMP - International Organization for Medical Physics (potential participant)
Case study
Activities in Iraq

• Significant need for replacing old capacity and building new cancer clinics

• Education and training is key

• Elekta to provide:
  – Linear accelerators
  – Brachytherapy afterloader and applicators
  – Education and training
  – Service and support

Radiation Oncology Center in Suleymaniyah - only treating radiation oncology unit in all of Iraq’s Kurdistan
Market area - region Asia Pacific

- Elekta Asia Pacific has around 500 employees (including Nucletron) and serves 15 major markets across the region
- Seven direct operations plus a network of distributors in other markets
- Almost 60% of the world population but less than 30% of the linacs
- Approx. 2,100 radiation oncology facilities across the region with almost 3,000 linacs
- High investment in new radiation therapy centers
Strong financial performance in Asia Pacific

Success factors
- Early establishment e.g. in China since 1982
- Build up strong local organization with local talent – China, India, Australia
- Strategic investment in
  - R&D, manufacturing and sourcing – Beijing and Shanghai
  - Product – Compact™, and Impact
  - Talent – leadership development, campus hiring
  - Education and training – China, India, ANZ, Japan

Elekta is No. 1 in terms of new orders

Total market share
New Order 10/11

Elekta 41%
Varian 36%
Siemens 15%
Tomo 2%
CyberKnife 1%
BrainLab 2%
Other 3%
We are just at the beginning of the curve

Solid underlying growth drivers
Asia – distribution of population

- Aging population – driving cancer incidence
- Improving diagnostics
- Awareness about cancer – training and education
- Government-sponsored health care programs
- Radiation therapy - significantly cheaper than surgery and chemotherapy

Source: Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, World Population Prospects: The 2010 Revision
Asia Pacific
Health expenditure per capita (USD)

<table>
<thead>
<tr>
<th>Country</th>
<th>Health expenditure per capita (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>8,203</td>
</tr>
<tr>
<td>Germany</td>
<td>4,657</td>
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<tr>
<td>Australia</td>
<td>4,604</td>
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<tr>
<td>Japan</td>
<td>3,246</td>
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<tr>
<td>Hong Kong</td>
<td>2,226</td>
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<td>Singapore</td>
<td>1,698</td>
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<td>South Korea</td>
<td>1,530</td>
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<td>Taiwan</td>
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<td>Malaysia</td>
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<td>China</td>
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<td>Thailand</td>
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<td>India</td>
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<td>Philippines</td>
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<td>Vietnam</td>
<td>67</td>
</tr>
<tr>
<td>Indonesia</td>
<td>64</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>22</td>
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</table>

- High spending in the top markets...but lower than USA and Germany
- Spending is set to grow significantly in low spending markets


Adapt to local needs - cancer incidence
Most frequent cancers, Asia

Number of new cancer cases per year (thousands, 2008)

<table>
<thead>
<tr>
<th>Cancer Type</th>
<th>Number of Cases (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lung</td>
<td>873</td>
</tr>
<tr>
<td>Stomach</td>
<td>728</td>
</tr>
<tr>
<td>Liver</td>
<td>584</td>
</tr>
<tr>
<td>Breast</td>
<td>529</td>
</tr>
<tr>
<td>Colorectum</td>
<td>509</td>
</tr>
<tr>
<td>Oesophagus</td>
<td>372</td>
</tr>
<tr>
<td>Cervix uteri</td>
<td>313</td>
</tr>
<tr>
<td>Leukaemia</td>
<td>172</td>
</tr>
<tr>
<td>Lip, oral cavity</td>
<td>145</td>
</tr>
<tr>
<td>Prostate</td>
<td>133</td>
</tr>
<tr>
<td>Bladder</td>
<td>132</td>
</tr>
</tbody>
</table>

Source: Globocan 2008
Accessibility - education and training overview

Elekta training facilities

- **Elekta classrooms**
  - Sydney, Australia
  - Beijing, China
  - Shanghai, China
  - Chennai, India (Nucletron)
  - Tokyo, Japan

- **Elekta linac facilities**
  - EBMEI, Beijing, China
  - Zhouzhou Hospital, China
  - TMSC Nasu facility, Japan (Toshiba)

- **Customer training facilities**
  - 17 potential institutes

Accessibility - education and training

- Develop further education and training facilities
  - Singapore: National Cancer Center to cover Vietnam, Indonesia and Malaysia
  - India expand to also cover Bangladesh, Sri Lanka and Nepal

- Partner with key centers to extend clinical training capacity
  - Establish partnerships
  - Specialties per center

- **Standardizing**
  - Standardization through official Elekta Training Center Agreement

- Collaboration with clinical consortium
Making it available - Elekta initiatives

- **Elekta investment in BMEI**
  - Strong presence in R&D, engineering, manufacturing and sourcing in China

- **Product development**
  - Elekta Compact™ - single energy
  - Software – treatment planning systems (TPS) and oncology information systems (OIS) enable sharing of critical resources between hospital networks in different location
  - Leksell Gamma Knife® – multiple Leksell Gamma Plan® software sharing the same unit

- **Financing options**
  - A full range of financial alternatives catering for specific customer requirements

Success factors going forward

**Elekta’s values**
- Long-term relationships
- Trust and responsibility
- Creativity
- Resourcefulness
- Responsiveness

- Continue to drive growth in oncology
- Continue to expand with Leksell Gamma Knife®
- Expansion of software and aftermarket services
- Accelerate brachytherapy success with organic growth and market expansion initiatives
- Drive awareness through education/training and promotion
Market comments – Far East

- Market leader in linac new order 2010/11
- Established a direct subsidiary in Korea in 2009
- Develop Singapore office as a regional support hub, partner with Singapore National University Hospital to provide clinical training
- Professional distributor network to cover other countries, Taiwan, Thailand, Malaysia, Vietnam, Indonesia and Philippines

Elekta Japan

Tim Rooney
President & Managing Director, Elekta KK
**Growth drivers**  
*Japan – distribution of population*

- Since 1981 cancer has become the leading cause of death in Japan
- Currently, there are more than 350,000 cancer deaths a year

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**Elekta in Japan**

- Presence in Japan since the late 1980s
- CMS operations integrated in 2010
- Installed base of 55 Leksell Gamma Knife® and 80 linacs
- 2010/11 Net sales: SEK ~950m. Currently employs 114 people
- 2010: Signed a sales and marketing agreement with Toshiba Medical Systems

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**Growth drivers**  
*Japan – distribution of population*
Japanese cancer care system

- Japan’s National Health Care System started in 1927
- Enrollment in health insurance programs is compulsory
  - National Health Insurance (Kokumin–Kenkō–Hoken)
  - Employees’ Health Insurance (Kenkō–Hoken)
- Radiation oncology care is provided by a mix of public, non-governmental and private providers
  - National/prefecture/city run cancer centers (312 sites)
  - University teaching hospitals (110 sites)
  - Non-governmental hospitals (163 sites)
  - Private hospitals (216 sites)
- Market predominately a replacement market

Market trends and reimbursement

- Implementation of 2007 Cancer Control Act
  - Collaboration between local & national governments in Japan
  - Primary & secondary detection and prevention
  - Funding for the equalization of medical treatment
  - Funding to help drive innovation in cancer research
- Improving levels of reimbursement of external beam radiotherapy
  - 2004: Stereotactic
  - 2008: IMRT + other major increases in reimbursement amounts paid for radiotherapy
  - 2010: Saw the addition of IGRT and a tripling of the reimbursements for brachytherapy
  - 2012: Discussions underway to have motion management included
- Last big government-funded investment (supplemental budget) into radiotherapy was in 2009
Low usage of radiation therapy in Japan

- 25–30 percent of cancer patients receive radiation therapy in Japan
- In Europe corresponding share is >50 percent
- Marketing not allowed from manufacturers to patient advocacy groups
- Shortage of radiation oncologists & medical physicists
- Physical constraints of existing hospitals to add more capacity

Leading position with Gamma Knife® surgery

- Installed base of 55 systems
- Leksell Gamma Knife® surgery recognized as the gold standard within neurosurgery
- Replacement of older Leksell Gamma Knife® systems to Perfexion™ progressing well
- Plans for making inroads into the radiation oncology space are progressing

SRS/SRT market share installed base 2011

- Cyberknife 24 units (21%)
- Leksell Gamma Knife® 55 units (47%)
- Novalis 37 units (32%)
Elekta’s market position in radiation oncology

FY10/11 Market share
New orders

Varian 49%
Elekta 27%
Toshiba 3%
HMC 5%
Siemens 7%

Market size
Installed base

Varian 32%
Elekta 21%
Mitsubishi 29%
Toshiba 21%
NEC 1%

Historical growth and decline in market share
Installed base linac

- Varian
- Toshiba
- Mitsubishi
- Elekta
- Siemens
- BrainLAB
- Tomo
- HMC
- NEC
- MHI

Graph showing the historical growth and decline in market share from 2006 to 2010.
Effects of the great eastern Japan earthquake
The aftermath of the March 11, 2011

**Triple disasters left Japan with:**

- More than 27,000 persons killed or missing
- Upwards of 300,000 people displaced in the Tohuko region
- Cost of rebuilding in excess of USD 300bn
- Major disruption to the national power grid with the removal of the Fukushima Daiiichi nuclear reactors from the grid

**Installed base profile - future opportunities**

- Mitsubishi linacs offer a clear opportunity
- TMSC’s installed base offers quite a few replacement opportunities over the coming years
Effects of the great eastern Japan earthquake
Impact on the medical device industry

- Immediate impact was the postponement/delay in projects until the facts were known, resulting in
  - Some projects have been delayed until next year
  - Some projects have had their funding reduced

- Announcement made in October on the National Medical Recapitalization Fund
  - JPY 12 bn being diverted to each of the three prefectures most affected by the tsunami
  - The remaining prefectures in Japan will see a reduction of between 40–50% in their allotment of the fund

Elekta’s competitive advantage and strategy

- Toshiba Medical Systems Corp. (TMSC)
  - Drive the conversion of Siemens’ linear accelerators
  - Leverage the TMSC sales channel of 300+ sales people in Japan

- Leading products
  - Best in class suite of solutions for radiation therapy
  - Leading supplier in neurosurgery

- Focus on training
  - Establishment of a joint training facility with TMSC in Nasu Radiation ready linac, OIS and TPS
  - Partner with leading teaching hospitals to provide advanced clinical training to our customers

- Leveraging position in SW
  - Largest installed base of treatment planning systems in Japan

- Strong position in neurosciences
  - Continue to convert our older Leksell Gamma Knife® systems to Perfexion™
  - Capitalize on our neuro position to help drive the sale of Perfexion into the radiation oncology space for use in treating brain metastasis
Incredible India

- 1.2 billion population
- 29 States, 5 Union Territories
- GDP USD 1.3 trillion
- 4th largest economy (PPP)
- Economic growth rate 7.5% to 8%
- 18 official languages but 325 languages spoken and 1,652 dialects
- 5,600 dailies; 15,000 weeklies; 20,000 periodicals in 21 languages - combined circulation of 142 million
- 1 in 6 people in the world are Indians
Elekta in India since 1994

1994  Elekta Instrument, India Liaison Office  
- 1st Leksell Stereotactic System® (1994)

1997  Elekta Instrument India Pvt., Ltd.  
- 1st Leksell Gamma Knife® (1997)  
- 1st Precise™ Linac (2000)

2005  Elekta Medical Systems India Pvt., Ltd.

2009  Responsibility for Bangladesh, Sri Lanka, Nepal and Bhutan (distributor markets)

2011  57 employees  
Offices: Gurgaon, Bangalore, Kolkata and Cochin

Elekta in India – strengthened positions

- Elekta’s rapidly growing strength in oncology
  - Order share equal to major competitor
  - Growing perception of Elekta as a better service provider
  - Entry into key strategic accounts: Major Cancer Hospitals, Corporate Groups and Oncology Franchises

Elekta India, net sales

CAGR 25%
Healthcare scenario in India

- **Lack of healthcare:**
  - Less than 10% of population are covered under medical insurance (only 2% covered by private insurance)
  - 40 million Indians are pushed to poverty every year because of ill health
  - Tertiary level healthcare facilities concentrated in metro cities
  - But growing at 15% CAGR, expected to be a USD280 billion industry by 2020

- **Structure of government healthcare:**
  - Primary Care (rural areas) >150,000 centers
  - Secondary Care (centers in smaller cities) ~9,000 centers
  - Tertiary Care (hospitals): 117 medical colleges & hospitals
  - Over 8,000 hospitals in India, 50% Government or State
  - Government spending 0.94% of GDP one of the lowest in the world
  - Increasing to 2.5% of GDP in 12th Five Year Plan from 2012

The private sector is dominant

- **Private healthcare**
  - Approx. 4.3% of GDP
  - 80% of medical expenses are out of pocket
  - Indians spent USD 5.1 bn in domestic travel for medical purpose in FY 08-09
  - Targeting the rich, middle and lower middle classes
  - Indian healthcare growth at CAGR of 15% - 90% from private sector
  - Growth in Medical Tourism, USD 2 bn by 2012
Investments are urgently needed in Cancer infrastructure

• Cancer burden
  – 2.5 to 3.0 million cancer patients at any given time
    – Oral & Lung cancers to dominate in males and Cervix & Breast cancer in females
  – 0.9 million new cases every year, expected to rise to 1.2M in 5 years
  – 0.4 million deaths due to cancer each year
  – National task force estimate - 2/3 patients will need radiotherapy

• Cancer infrastructure
  – Huge shortfall in cancer infrastructure and human resources
    – Shortfall in terms of radiation machines will reach 1,100 machines in next 5 years
  – 27 RCCs (<15 with linacs) increasing to 65 in 5 years
  – Major upgrade of linacs in public sector - NCI
  – High-end machines in private sector
  – Oncology franchise groups entering Indian market
  – Standard of treatment continues to improve

Making it accessible

• Education / training- Nucletron India Training Academy at Chennai and new Training Academy in collaboration with Fortis Healthcare at Gurgaon

• Financing- deferred LC, EKN guaranteed Supplier Credit, EKN guaranteed ECB from European Bank, GMI

• Software infrastructure- growing interest in OIS from large centers

• Penetration of Tier 2 & 3 cities- increase of geographical coverage with addition of Nucletron sales team
Elekta’s installed base in India

- 7 installed Leksell Gamma Knife®
- 54 installed linacs

Competitive market share analysis - Oncology

Market share

Installed units + Orders

- Siemens: 26%
- Varian: 45%
- Elekta: 26%
- Refurbished: 1%
- Cyberknife: 1%
- Tomotherapy: 1%

New orders, units 2010/11

- Siemens: 7%
- Varian: 44%
- Elekta: 44%
- Refurbished: 5%
Customer segmentation

**Regional cancer centers**
- Under National Cancer Control Program, MOH
- 27 Centres, large Cobalt installed base

**Corporate hospitals**
- Private ownership, oncology as part of Superspeciality service
- Apollo (46 Hospitals), Fortis (46), Max (8), Wockhardt (10), Narayana Hrudayalaya (12)
- Expanding to Tier 2/3 Cities
- Medical Tourism

**Private cancer trust hospitals**
- Run by Trust/ NGO, treatment at subsidized rates, mostly Cobalt installed base
- Fund issue for upgradation to Linac
- Looks at cost effective solutions, INR payment terms

**Tertiary care private hospitals**
- Privately owned large tertiary care superspeciality hospitals, mostly in Metros cities
- Oncology as part of superspeciality services
- Medanta, Moolchand, Artemis, Batra, Hinduja, Jaslok,

**General government hospitals**
- Mostly Medical Colleges & Hospitals, funded by State Governments
- Tender based purchase

**Cancer franchise groups**
- Promoted by group of Radiation Oncologists & Private Investors, runs as franchise
- Ex: HCG, CBCC, Clearmedi, International Oncology, ROS

Cross selling opportunity with Nucletron integration

**Corporate Hospital Groups / Oncology franchises**

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**Large Cancer Hospitals**

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- Presence
- No presence
China
Long-term growth is set to continue

Gilbert Wai
Executive Vice President, Asia Pacific

Elekta in China - great success
Now 3rd largest country in Elekta

Net sales
SEK M

CAGR 21%

374
478
550
FY 08/09
FY 09/10
FY 10/11

Market share – New orders 2010/11

Elekta

40%

Other 2%

Domestic

Siemens

Varian

18%

15%

25%
Elekta China - milestones

1982 - Start up of sales activities
1994 - Representative office in Beijing
2000 - JV SEOS* in Shanghai with NPSS
2002 - 100% ownership of SEOS*
2005 - Start of global sourcing
2006 - JV EBMEI started in Beijing
2008 - Elekta Compact™ received CE Mark
       Start of TPS R&D activities in Shanghai
2011 - Integration of Nucletron team to complement
       brachy, simulator and TPS product offering

*Shanghai Elekta Oncology System

7 of 10
Top clinics have
Elekta equipment
Installed base of linacs in China 2011

- Elekta: 33%
- Varian: 19%
- Siemens: 18%
- Others (1%)
- Cobalt & local: 29%

Elekta market share treatment planning software
New sales

- Elekta: 42%
- Eclipse: 29%
- Pinnacle: 24%
- Other (5%)
Market dynamics - China

- Continued strong growth in linac new orders (15-20% annually) as country strives to deliver improved healthcare
- Total installed base of ~1,300 linacs
- Availability of skilled staff and cancer center licensing remains a limiting factor. In 2010/11 Elekta delivered >2,400 customer training days and this will increase in 2011/12
- Achieved 21% CAGR net sales growth during last three years

Three forces are driving healthcare in China

- Economic and demographic development
- Healthcare reform
- 12th 5-year plan
**Hospital structure in China**

- **Class III**: Hospitals (~1,300) >500 beds
- **Class II**: hospitals (~6,000) >100 beds
- **Class I**: and other small hospitals (~13,000) <100 beds

**China**

Total annual healthcare expenditure 2006 - 2015E

Source: Frost & Sullivan 2011
Five highlights of the China Health Reform
Market drivers: Large investments in healthcare

- Increase of medical insurance coverage to all citizens
  - Provide a basic safety net to all citizens
- Establishing a national system for basic drugs
  - Will lower drug prices
- Improving the community-level medical and health service system
  - Will make primary level medical service more professional and accessible
- Promoting equality in right to basic health services
  - Will improve social equity and rural spending
- Pushing the reform of public hospitals
  - Ensuring accessibility and affordability of health care

Established coverage of healthcare insurance

- Urban Employee Basic Medical Insurance (UEBMI): ~250 people
- Urban Resident Basic Medical Insurance (URBMI): ~200 people
- New Rural Cooperative Medical Scheme (NRCMS): ~800 people
Affordability - China: BMEI

• Incorporated in 2000, having existed as a research and production institute since the late 1970s
• Strong R&D focus and team of highly-skilled engineers, developed Elekta Compact™ with CE mark in 2 years
• Located in a modern purpose-built linac facility in Chang Ping, a suburb north of Beijing, China

The platform for a major Chinese presence

Need of training and education

Source: Prof. Li, Nov. 2011
Strategic focus – training and education

4 Tiers Training course for Chinese Customers

Education and collaboration support to key universities

The selected Universities:
• Tsinghua University
• Wuhan University
• Tianjing University
Elekta’s future focus in China

**Best practice cancer care model**
- Create platforms and initiatives for leading hospitals to develop “Best Practice”
- Use Elekta global best practice for workflow and benchmark

**Continuous investment in:**
- Expanding R&D Center and launch of new products
- Expanding international supply and sourcing team
- Marketing, technical, and supporting teams

**Supporting the Ministry of Public Health initiatives**
- Healthcare Reform – national standards
- Bidding and procurement
- Reimbursement levels
- Support and partner with investors in health care sectors
Conclusions
Tomas Puusepp
President and CEO

High sustainable growth in emerging markets

Emerging markets

• Government-sponsored cancer programs as main driver for expansion
• Mainly greenfield projects
• Private initiatives will grow over the long-term

Sustainable growth: 10-20%