Elekta - Year end report
2013/14
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2013/14

Niklas Savander
President and CEO
Elekta - strong foundation earned

Plenty of structural growth opportunities ahead

• Dedication to innovation, customers and patients

• Industry leading innovation
  − Versa HD™, MRI-guided radiation therapy

• Global challenges in cancer care
  − Radiation therapy very well positioned
Comment on Q4 and fiscal year

**Achievements**
- Delivered on revised guidance
- Sales in Q4 best ever
- Double digit order growth in US, China, EMEA
- Esteya and Monaco 5 launched
- MRI-guided radiation therapy project progresses as planned
- Versa HD™ huge success

**Challenges**
- Weak results in Russia, Latin America and India
- Working capital
- Uneven distribution of sales in the year
Short-term measures

- Increased efficiency
- Program to further streamline the organization; charge of 100 MSEK in Q4
- Improved working capital efficiency: targeted cash conversion of 70%
- Strengthen emerging market teams
Strong Q4 performance

Result in line with expectations

- Net sales up 7%* in fiscal year
  - Strong growth in Europe
  - Recovery of Leksell Gamma Knife® in Q4
- EBITA growth of 3%** to SEK 2,183*** M
- Order bookings up 5%* (14%*) in FY
  + Europe, China and North America
  - Brazil, Russia and India
- Cash flow below expectations
- Strong balance sheet. Dividend and extraordinary dividend of SEK 2.00 per share

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* Based on unchanged exchange rates
** Before non-recurring items and based on unchanged exchange rates
*** Before non-recurring items
North and South America

Strong growth in US

- Order bookings up 4%* in FY

- North America
  - 9% order growth in US
  - Hospital consolidation continue to drive strategic partnerships built on comprehensive solutions
  - Good momentum on Versa HD™
  - Leksell Gamma Knife® recovered in Q4. Full year: lower volumes than last year

- South America
  - Latin America below expectations
  - Measures initiated to improve development

*Based on unchanged exchange rates
Strong growth

- Strong order bookings, up 19%* in FY and 13%* in Q4
- Established markets
  - Strong growth in Southern and Northern Europe
  - Versa HD™ gaining share
- Emerging markets
  - Strong growth in Middle East
  - Large system wins in Iraq
  - Weak market in Russia

*Based on unchanged exchange rates
Asia Pacific

Mixed picture among markets

- Order bookings down 9%* in FY
- Strong development in China
  - Double digit growth in flat market
  - PLA and NHFPC tender wins
- Flat development in Japan
  - Currency effects from JPY
- Weak development in South-East Asia, especially India

*Based on unchanged exchange rates
Strong deliveries in Q4

Result in line with expectations

- Net sales increased 7%* in Q4 and 7%* YTD
- Gross margin at 43% (46)
  - Currency
  - Lower volumes of Leksell Gamma Knife®
- EBITA of SEK 2,183** M (2,297**)
  - R&D expenditures, before capitalization, increased to SEK 1,202 M (894), due to MR linac
  - Currency effect SEK -175 M
  - Continue to leverage on SG&A, at 18.5% (19.6) for fiscal year
- Tax rate at 23% (25%)

*Based on constant exchange rates
** Before non-recurring items
Working capital at 14% of net sales

<table>
<thead>
<tr>
<th>Working Capital</th>
<th>April 30, 2013</th>
<th>April 30, 2014</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Working capital assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>3 192</td>
<td>4 197</td>
<td>+1 005</td>
</tr>
<tr>
<td>Accrued income</td>
<td>1 861</td>
<td>1 699</td>
<td>-162</td>
</tr>
<tr>
<td>Inventories</td>
<td>850</td>
<td>1 078</td>
<td>+228</td>
</tr>
<tr>
<td>Other operating receivables</td>
<td>461</td>
<td>566</td>
<td>+105</td>
</tr>
<tr>
<td><strong>Sum working capital assets</strong></td>
<td>6 364</td>
<td>7 540</td>
<td></td>
</tr>
<tr>
<td><strong>Working capital liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer advances</td>
<td>1 292</td>
<td>1 686</td>
<td>+394</td>
</tr>
<tr>
<td>Prepaid income</td>
<td>1 034</td>
<td>1 200</td>
<td>+166</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>1 404</td>
<td>1 526</td>
<td>+122</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>1 217</td>
<td>1 295</td>
<td>+78</td>
</tr>
<tr>
<td>Other operating liabilities</td>
<td>250</td>
<td>384</td>
<td>+134</td>
</tr>
<tr>
<td><strong>Sum working capital liabilities</strong></td>
<td>5 197</td>
<td>6 091</td>
<td></td>
</tr>
<tr>
<td><strong>Net working capital</strong></td>
<td>1 167</td>
<td>1 449</td>
<td></td>
</tr>
<tr>
<td>% of 12 months rolling net sales</td>
<td>11%</td>
<td>14%</td>
<td></td>
</tr>
</tbody>
</table>

- Net working capital ratio at year end: 14% (11%)
  - Higher inventory due to the lower-than-planned shipments levels
  - Delay in receiving already secured payments of approximately 250 MSEK
  - Decrease in accrued income

- Target net working capital of 10% to net sales
Cash flow affected by continued R&D investments and higher working capital

<table>
<thead>
<tr>
<th>Cash flow (SEK M)</th>
<th>12 months May - April 2012/13</th>
<th>12 months May - April 2013/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before tax</td>
<td>1 800</td>
<td>1 502</td>
</tr>
<tr>
<td>Amortization &amp; Depreciation</td>
<td>349</td>
<td>414</td>
</tr>
<tr>
<td>Interest net</td>
<td>159</td>
<td>180</td>
</tr>
<tr>
<td>Other non-cash items</td>
<td>66</td>
<td>111</td>
</tr>
<tr>
<td>Interest received and paid</td>
<td>-142</td>
<td>-162</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>-338</td>
<td>-353</td>
</tr>
<tr>
<td>Operating cash flow</td>
<td>1 894</td>
<td>1 692</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>-24</td>
<td>-417</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>1 870</td>
<td>1 275</td>
</tr>
<tr>
<td>Continuous investments</td>
<td>-578</td>
<td>-781</td>
</tr>
<tr>
<td>Cash flow after continuous invest.</td>
<td>1 292</td>
<td>494</td>
</tr>
</tbody>
</table>

- Cash flow from operating activities SEK 1,275 M (1,870)
  - Lower operating result
  - Increased net working capital

- Cash flow after continuous investments SEK 494 M (1,292)
  - Increased investments to continue supporting future growth
    - R&D, MRI-guided radiation therapy
Volatile currency markets

Reported currency effect:

- EBITA: SEK -175 M. Q4: SEK -35 M
  - JPY, AUD, CAD, GBP, ZAR

- Estimated currency effect for 2014/15
  - Net sales: -1 percentage points
  - EBITA: -2 percentage points
Extra dividends proposed for second year

- Ordinary dividend of **SEK 1.50** per share
- Extraordinary dividend of **SEK 0.50** per share
- Proposal for share repurchase program
Opening backlog vs. revenue

- Elekta report net orders
  - Historic cancellations 2-3% annually

- Increase ageing in order backlog related to technical service

- Conservative in booking long-term service contracts going forward for commercial reasons
Guidance for 2014/15:
Growth in line with last year, continued margin expansion

<table>
<thead>
<tr>
<th>Guidance 2014/15</th>
<th>Financial objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales growth</td>
<td>~7-9%*</td>
</tr>
<tr>
<td></td>
<td>10% or more*</td>
</tr>
<tr>
<td>EBITA growth</td>
<td>&gt;10%*</td>
</tr>
<tr>
<td></td>
<td>Exceed sales growth in SEK</td>
</tr>
</tbody>
</table>

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