

Capital Markets Day 2014

June 17, Stockholm



ELEKTA

Capital Markets Day June 17, 2014

| | | |
|-------|------------------------------|--|
| 13:00 | Elekta - strategic agenda | Niklas Savander, <i>President and CEO</i> |
| 13:30 | Financials | Håkan Bergström, <i>Chief Financial Officer</i> |
| 13:50 | MRI-guided radiation therapy | Kevin Brown, <i>Head of Scientific and Medical Affairs</i> |
| 14:10 | Q&A | |
| 14:30 | Coffee | |
| 14:50 | Elekta North America | Jay Hoey, <i>Executive Vice President</i> |
| 15:10 | Elekta Asia Pacific | Gilbert Wai, <i>Executive Vice President</i> |
| 15:30 | Elekta Europe & AFLAME | Ian Alexander, <i>Executive Vice President</i> |
| 15:50 | Q&A | |
| 16:10 | Concluding remarks | Niklas Savander, <i>President and CEO</i> |

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Important information

This presentation includes forward-looking statements including, but not limited to, statements relating to operational and financial performance, market conditions, and other similar matters. These forward-looking statements are based on current expectations about future events. Although the expectations described in these statements are assumed to be reasonable, there is no guarantee that such forward-looking statements will materialize or are accurate. Because these statements involve assumptions and estimates that are subject to risks and uncertainties, results could differ materially from those set out in the statement. Certain of these risks and uncertainties are described further in the Annual Report in section "Risks". Elekta undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law or stock exchange regulation.

This presentation is intended for investors and analysts only. Some products are still in research and/or not cleared/approved in all markets. Cancer statistics are given to show the potential market in the respective area and does not mean that Elekta currently has products to treat these indications.

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Elekta Capital Markets Day 2014

Niklas Savander

President and CEO



| | Elekta 2013/14 | Growth since 2003/04 |
|-------------------|-------------------|-------------------------|
| Employees | 3,775 | 323% |
| Net sales (SEK M) | 10,694 | 368% |

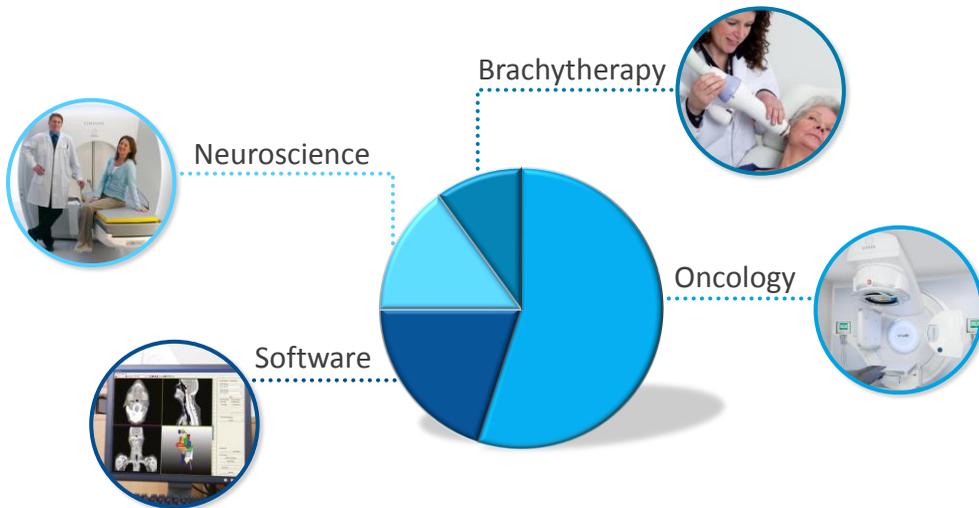


*Leksell Gamma Knife®
at MD Anderson*

*Eyes to the Oncologist
MRI-guided radiation therapy*



Our product areas



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Comment on last fiscal year

Achievements

- 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
- Leksell Gamma Knife®
- Working capital

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Financial targets



| | Guidance 2014/15 | Financial objective |
|------------------|------------------|----------------------------|
| Net sales growth | 7-9%* | >10%* |
| EBITA growth | 10% or more* | Exceed sales growth in SEK |

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*Based on constant exchange rates



33 million
cancer patients in the world

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Source: Globocan 2012. Within 5-year of diagnosis



Significant linac undercapacity

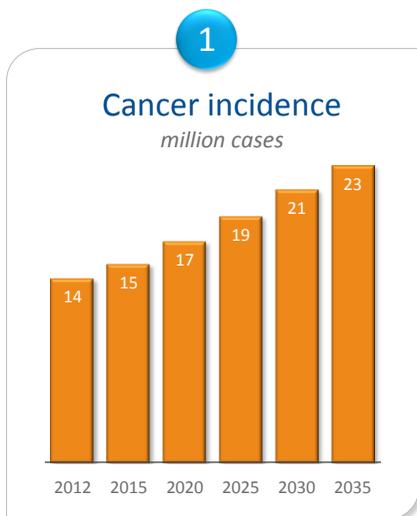


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Source: CCOR study, Elekta market model



Cancer care - growth factors



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Re-treatments are increasing:

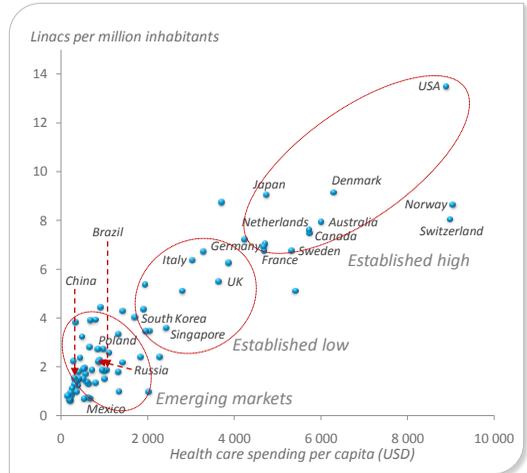
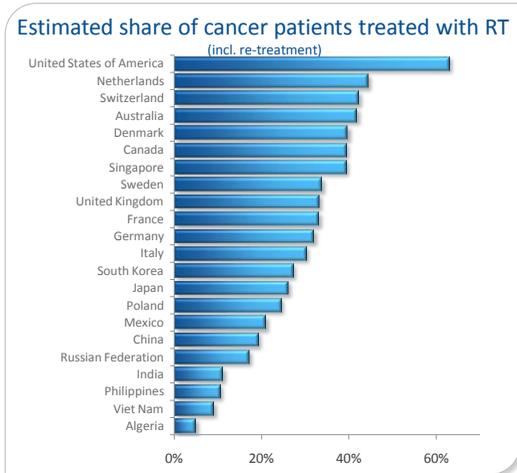
- Improved treatments
 - Increased survival rates
- Secondary tumors
 - Metastasis

Re-treatment factor today
25% of patients - estimated
to grow to **35%**

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3 Increased usage of radiation therapy



Continuous portfolio expansion

Growth partly offset by efficiency gains



Extending offering

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- Imaging (IGRT)
- VMAT
- Multileaf collimator
- Extended software solutions
- High dose rate mode

Efficiency gains

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- Increased throughput
- Fewer fractions
- Software enables increased efficiency

Underlying market growth

- Cancer incidence growth and re-treatments
- Increasing utilization of radiotherapy
- Closing the gap in emerging markets
- Higher technology content, more aftermarket revenues



- Elekta target - to grow faster than competition
- Elekta no.1 in emerging markets
- Siemens switch
- Software



Market growth rate of

6-7%

Elekta growth target

>10%



The Elekta strategic agenda

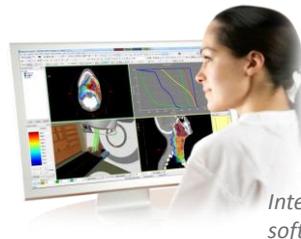


Innovation leadership

- Collaborative
- Software key enabler and differentiator
- Seamless and personalized solutions
- Informatics drive clinical outcome / efficiency



MRI-guided radiation therapy



Integrated software solutions



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Commercial transformation

- Improved speed / efficient delivery
- Right mix of competences and sites
- Efficient commercial processes

Initiated activities:



Restructuring program
SEK 100 M to streamline for growth

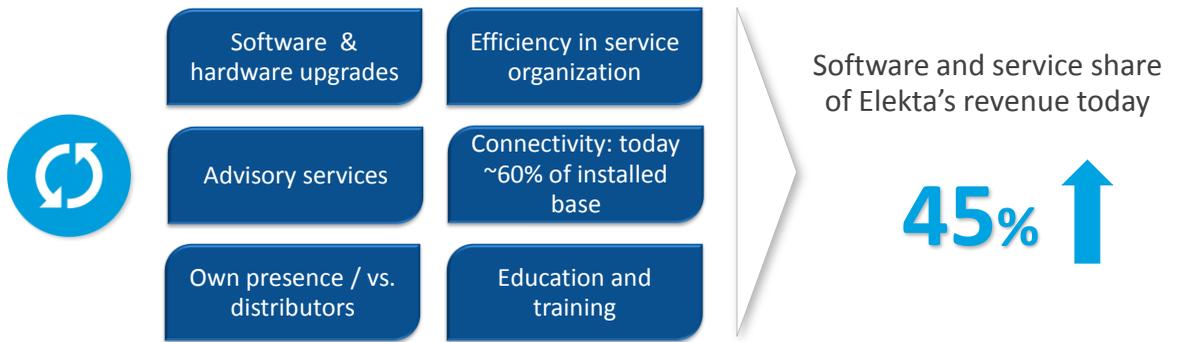
Activities for tighter working capital management

Strengthening of emerging market teams

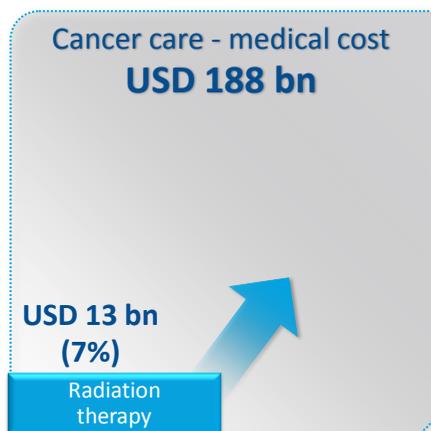
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Lifecycle management – drive aftermarket revenues



Grow the Pie



Levers

- Medical affairs and evidence-based medicine to drive therapy adoption
- Facilitate RT utilization, in existing and new indications
- Increased global focus on health care costs

Financial targets

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| EBITA growth | 10% or more* | Exceed sales growth in SEK |

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*Based on constant exchange rates



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Financials

Håkan Bergström

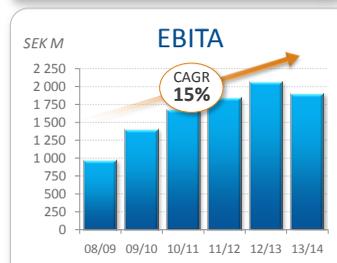
Chief Financial Officer



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Sustainable profitable growth – long-term targets

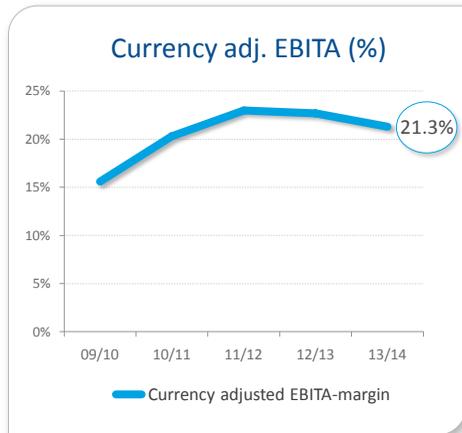
- Net sales growth: >10%
- EBITA growth to exceed sales growth in SEK
- Cash flow ambition: >70% cash conversion
- Strong balance sheet
 - Net debt / equity <0.5x



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EBITA-margin development



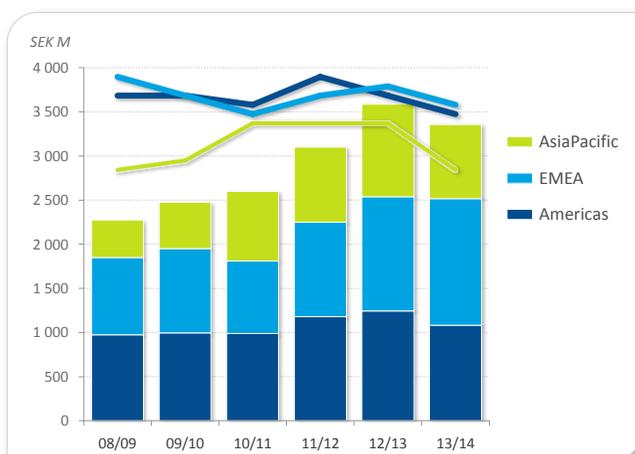
Fiscal year 2013/14:

- Leverage on SG&A costs; from 19,6% to 18.5% of net sales
- Lower Leksell Gamma Knife® volumes
- Negative currency effect; SEK 175 M

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Contribution margin development



Next year - FY 2014/15:

- Higher volumes for Leksell Gamma Knife®
- Versa HD™
- Efficiency measures

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Emerging markets instrumental in growth

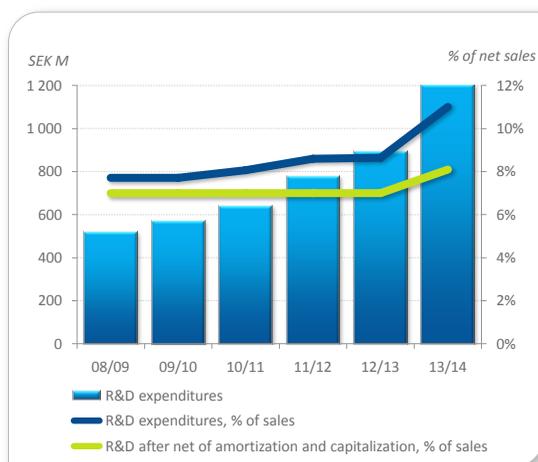


- Emerging markets: 35% of net sales in 2013/14
- No.1 position
 - Established network with the leading clinics
 - Education and training
 - Adaptation to local customer needs
- Temporarily slower growth compared with history

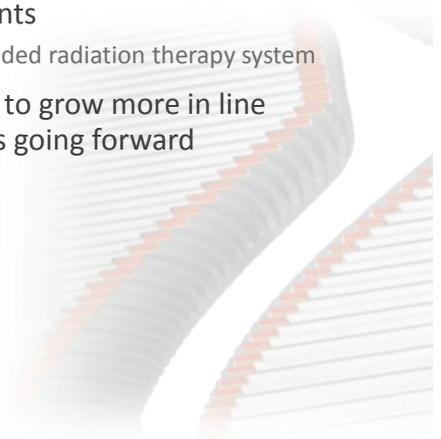
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R&D investments for future growth



- 2013/14: step change in R&D investments
 - MRI-guided radiation therapy system
- Expected to grow more in line with sales going forward

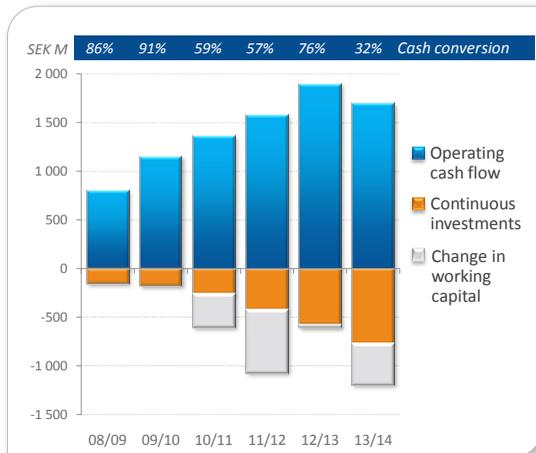


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Cash flow after investments

Average 6-year cash conversion: 70%



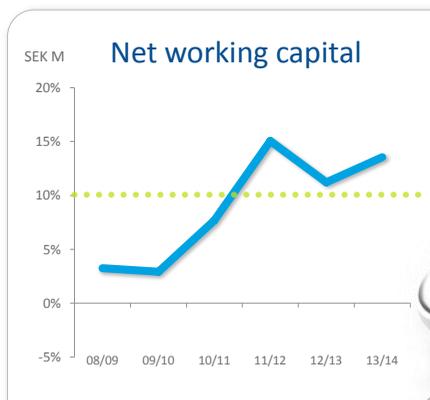
70% cash conversion expected for FY 2014/15:

- Higher operating cash flow
- Investments on a relative high level
 - Capex of around 3% to net sales
 - R&D capitalization going up slightly
- Lower net working capital

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Target to reach net working capital / net sales of 10% within two years



Target 10% reached within two years

Focus:

- Payment terms
- Collections
- Project lead times
 - Shorter due to delivery precision and improved efficiency
- Lower inventories at year end

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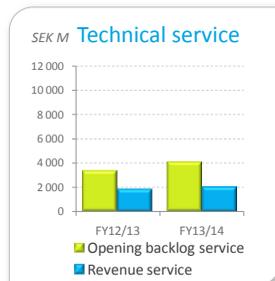
Project lead times and order backlog

Linac sales cycle:



- Improved efficiency and precision for shorter lead times

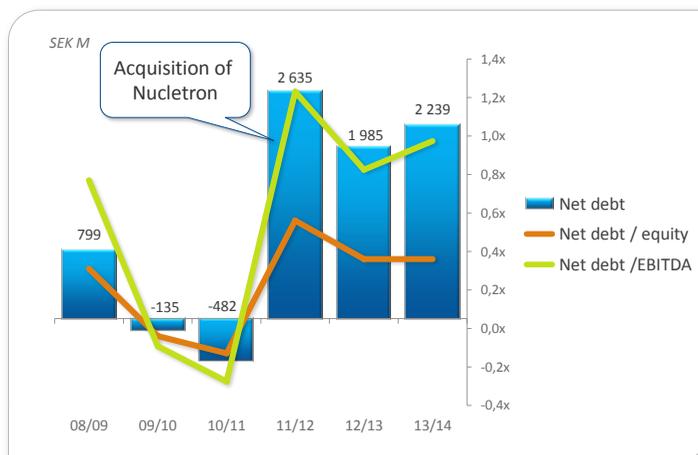
Backlog versus revenue:



- Elekta report net orders
 - Historic cancellations 2-3% annually
- Conservative in booking long-term service contracts going forward for commercial reasons



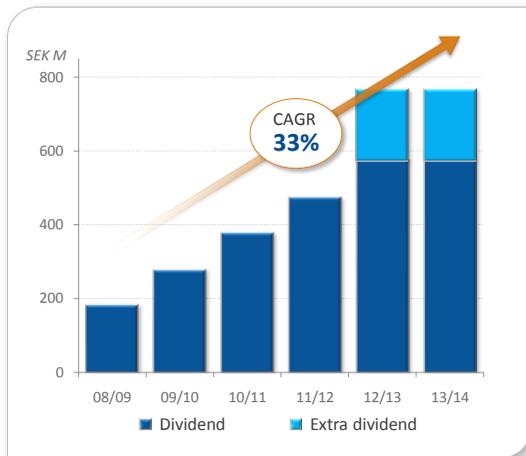
Strong financial position



Net debt / equity target <0.5x



Extra dividends proposed for second year running



- Dividend: 66% of net profit in FY 2013/14
- Ordinary dividend of **SEK 1.50** per share
- Extraordinary dividend of **SEK 0.50** per share
- Proposal for share repurchase program (max 5%)

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FY 2014/15 – outlook in summary

- Net sales growth: 7-9%*
 - Temporarily lower growth in some emerging markets
 - Focus on working capital management
- EBITA growth: 10%* or more
 - Cost leverage
 - Efficiency measures
- Cash flow ambition: >70% cash conversion
 - Higher operating cash flow
 - Slower growth rate in continuous investments compared with last year
 - Working capital management



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* In local currencies. Currency effect on EBITA growth assumed to -2 percentage points





MRI-guided radiation therapy

Kevin Brown

Global Vice President Scientific Research



Current challenges in radiation therapy

Current technology (CBCT IGRT) has been exceptionally successful in transforming RT practice and perception. It also has a lot of potential that has yet to be fully exploited

However, two main problems will remain:

- **Image quality**
 - This is not at all sufficient to deal with difficult targets
 - Some targets are marginal
 - CBCT image quality will always be inferior to CT in some way
- **Intrafraction motion**
 - Due to the acquisition time CBCT is limited to ‘pre-treatment’ or ‘periodic’ imaging. It is not realistic to make it ‘real time’





Region North America

Jay Hoey
*Executive Vice President
North America*

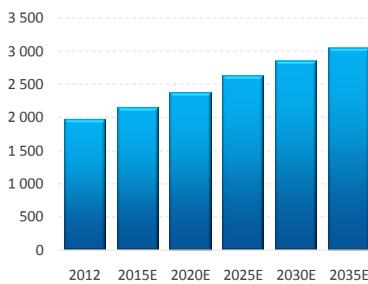


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North America – socio economic factors impact on RT

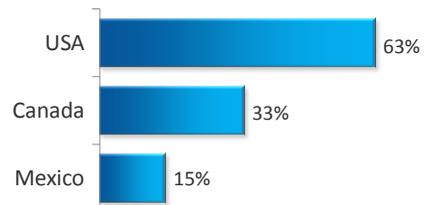
Number of new cancer cases

Thousands



- Population growth
- Access to insurance

Estimated usage of radiation therapy (incl. re-treatment)



- Cost-efficient
- Clinically effective

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North America market dynamics

USA

- Hospital consolidation drives larger deal sizes and comprehensive solutions
- Demonstrative cost efficiency & clinical effectiveness drives new technology purchases
- McLaren Hospital System
- University of Iowa



Canada

- Canadian Partnership Against Cancer commits to increasing access to Radiation Therapy
 - New RT access to care target set at 48% of patients - currently 33%
- Centre hospitalier de l'Université de Montréal (CHUM)
 - USD 20 M order



Mexico

- Government initiatives for expanding in radiation medicine
 - ~ 70% government and
 - ~ 30% private
- Installed base:
 - ~ 80 linacs installed ~ 25 cobalt units
- Increased Government interest in Leksell Gamma Knife™ Perfexion®



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*Based on unchanged exchange rates



USA – drivers

The crisis in US healthcare

- Need to cover more lives
- Need to reduce healthcare cost per capita
- Need to improve quality of care



The opportunity for Elekta:

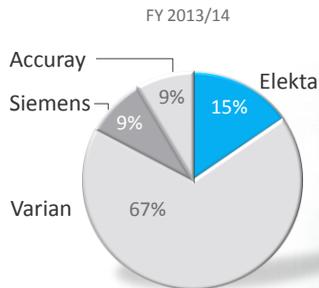
- Consolidation
- Clinical effectiveness
- Cost efficiency

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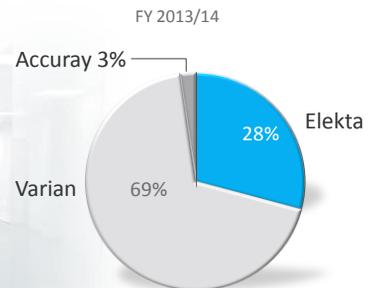


North America - order bookings up 9%* FY 2013/14

Market share – installed base



Market share – new orders



Sources: IMV, MD Buyline, Internal Win / Loss reports, Management analysis
* Local currency



Versa HD™ - Exceeding Expectations



- Majority of new orders are Versa HD™ - and growing
- Technology leadership
 - Agility uptake increasing
- Clinical versatility
 - 100% of Versa HD orders equipped for SRS



Leksell Gamma Knife™ Perfexion®

- 17th International Leksell Gamma Knife Society Meeting in NYC
 - Record attendance: 600 physicians/physicists, > 40 countries
 - New, compelling long term, large series studies
- System of choice at large volume brain centers
 - New state penetration: Alaska, Montana
 - Additional high quality data supporting dose delivery superiority
- Growing pipeline
 - Confidence in the long term underlying market
 - Best-of-breed focus for accountable care
 - Product innovation



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MOSAIQ® - One platform – multiple locations



Elekta LINC - Learning and Innovation Center



- Ideal environment for learning
- Innovative collaboration with users and industry

LINC Learning and
Innovation Center
Elekta



Service customer support

Driving quality and productivity

- Revenue - service agreement revenue up by 17% year over year
- Expanding installed base shifting to Versa HD™ - average service price increase
- Service function costs percentage of revenue - down 7% on improved economies of scale
- Elekta Intellimax™
 - ~80% of systems connected
 - ~20% of cases closed remotely



Elekta customer support - Awards & Industry Rankings



md buyline



- 2013 MD Buyline – Elekta #1 vendor in linacs, SRS, OIS, and brachy
- 2013 Best in KLAS for Radiation Therapy
 - #1 Elekta Leksell Gamma Knife® Perfexion™ (2013/2012/2011)
 - #2 Elekta Infinity™
- 2013 Top ranked OIS - Elekta MOSAIQ®
 - 4 years in a row!

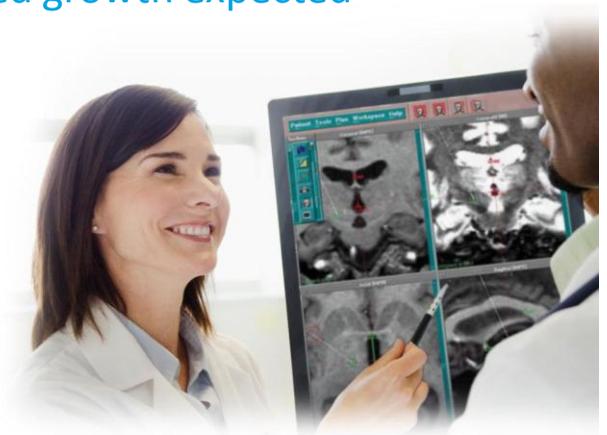


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Elekta North America - Continued growth expected

- Focus on comprehensive solutions and partner with customer
- Focus on education and support
- Growth for Leksell Gamma Knife®
- Growth from legacy Siemens installed base
- Growth in new software solutions for large installed MOSAIQ® base





Region Asia Pacific

Gilbert Wai
*Executive Vice President
Asia Pacific*

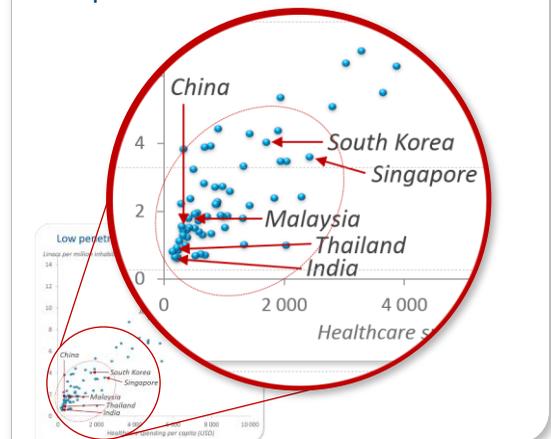


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A growing unmet need for cancer care

- Age group **+60 years** expected to **double** by 2030
- Currently only **~1 linacs** per million inhabitants
- Capacity gap of **4,000-5,000 linacs**
- GDP growth expected to continue and drive growth in healthcare spending

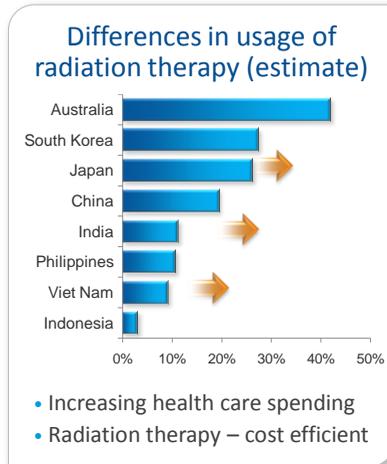
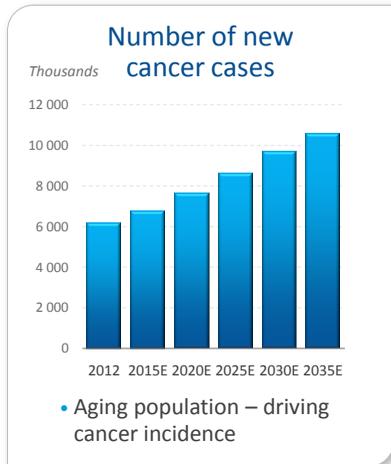
Low penetration of Linear accelerators



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Strong underlying growth factors

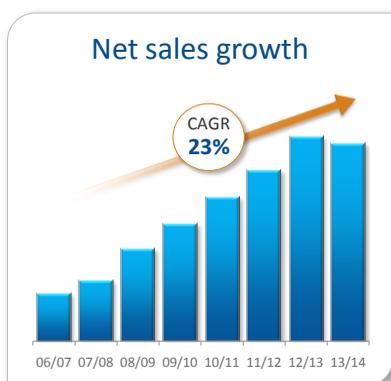


- High potential in underserved market
- Emerging market
 - Education and training
 - Accessibility

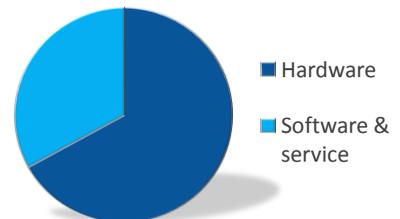
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Elekta - strong long-term growth in Asia Pacific



Net sales split 2013/14



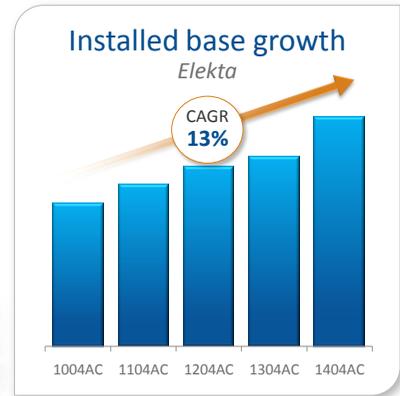
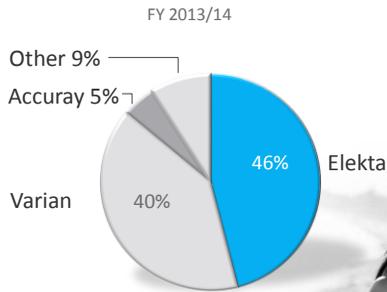
- Net sales of 3.1 SEK bn
 - 29% of Elekta
- 2013/14: Net sales: 6% growth in local currency
- 561 employees

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Elekta is the market leader in Asia Pacific

Market share – new orders



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China – second largest market for Elekta

- Elekta achieved double-digit growth last year
 - In a slowing market environment
- Elekta has a No. 1 position
 - PLA and NHFPC tender wins, with 50% share in new orders
- Market growth to continue:
 - Health care reform – clear direction
 - Continuous GDP growth, with health care investment prioritized
 - Great unmet need – 1.4 linacs/million, vs target of 2 to 3 linacs/million
- Growth within private sector
 - Growing trend of acquisition of hospitals
 - 20% capacity targeted for private investment



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Elekta provide a full offering of solutions in China



*Opening of
Elekta LINC
in Beijing*

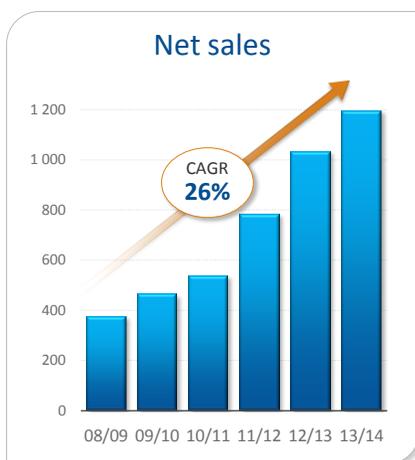


- Education and training
- Technology focused on local needs
- Software
- Service
- Manufacturing
- Sourcing

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Elekta in China - great success



8 of 10

Top cancer centers
have Elekta equipment



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Japan – growing need for cancer care

- Aging population – underlying growth
- Steady growth in oncology segment
- Agreement with Toshiba to provide better service, support and training to gain share
- Opportunity of Siemens, Mitsubishi and Toshiba installed base replacement
- Executing on a growth plan for Leksell Gamma Knife®



Rest of Asia – strong long-term potential



India

- Declining market in FY 2013/14 – challenging comparison with prior year
- Depreciating currency and high interest slowed private sector
- New political leadership
- Improved business environment expected
- Elekta has strengthened organization and sales team

Rest of Asia

Mature markets

- Steady growth - replacement

Emerging markets

- Economy affected by political climate
- Importance of education and training
- Strong underlying demand



Priorities for Asia Pacific



- Capture market potential and execute on growth strategy
- Further strengthen infrastructure to support the entire region including training and education
- Adapted range of solutions to suit all market needs
- Expand software and service business
- Capture full Siemens opportunity

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Region Europe & AFLAME

Ian Alexander
*Executive Vice President
Europe & AFLAME*

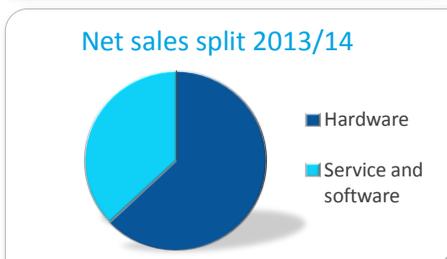


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Strong growth in region Europe EMEA



Emerging
markets 37%



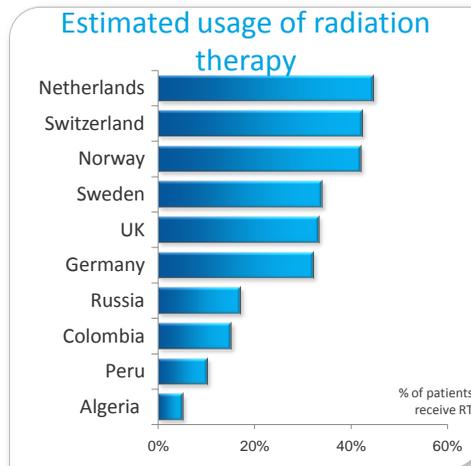
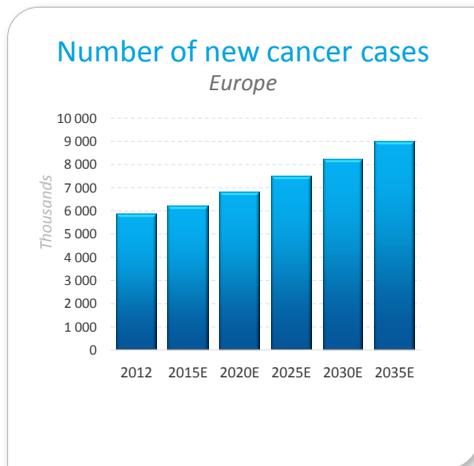
- Net sales of SEK 4.2 bn (~40% of Elekta)
- Sales in over 100 countries
- Strong order bookings, up 19%* in FY and 13%* in Q4
 - Strong growth in Southern and Northern Europe
 - Strong momentum in Middle East
 - Weak market in Russia
- Versa HD™ gaining share
- Installed base of ~1,400 units

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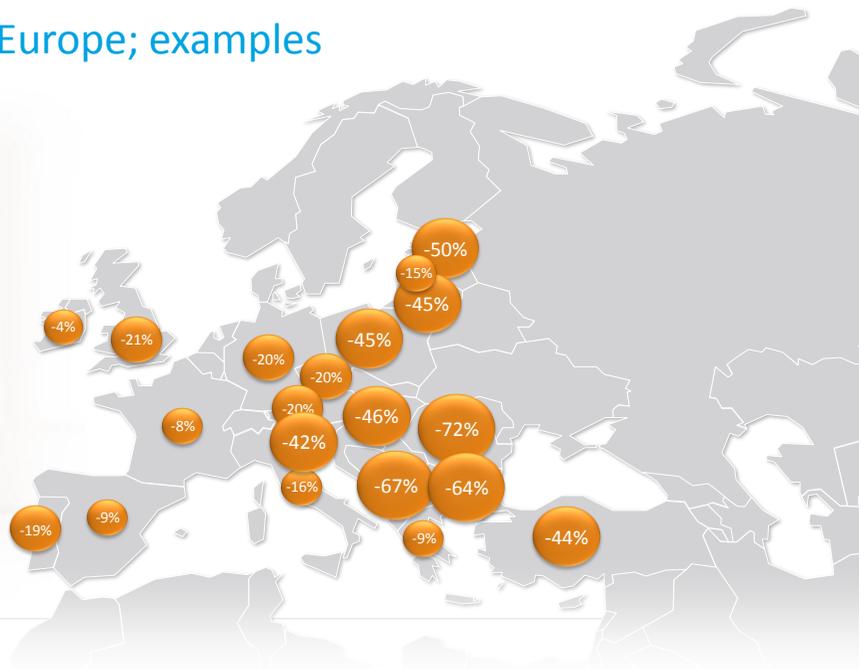
* In local currency



Cancer need is increasing



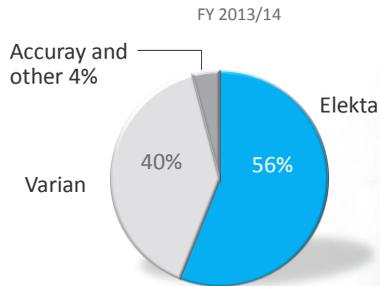
Undercapacity in Europe; examples



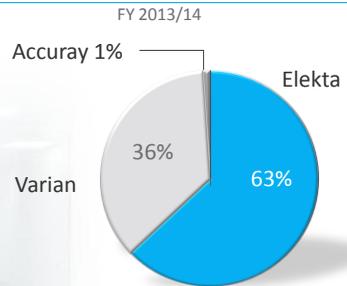
Source: Cancer World, September – October 2013

Elekta is gaining share in the region

Market share – new orders (entire region)



Emerging markets share – new orders

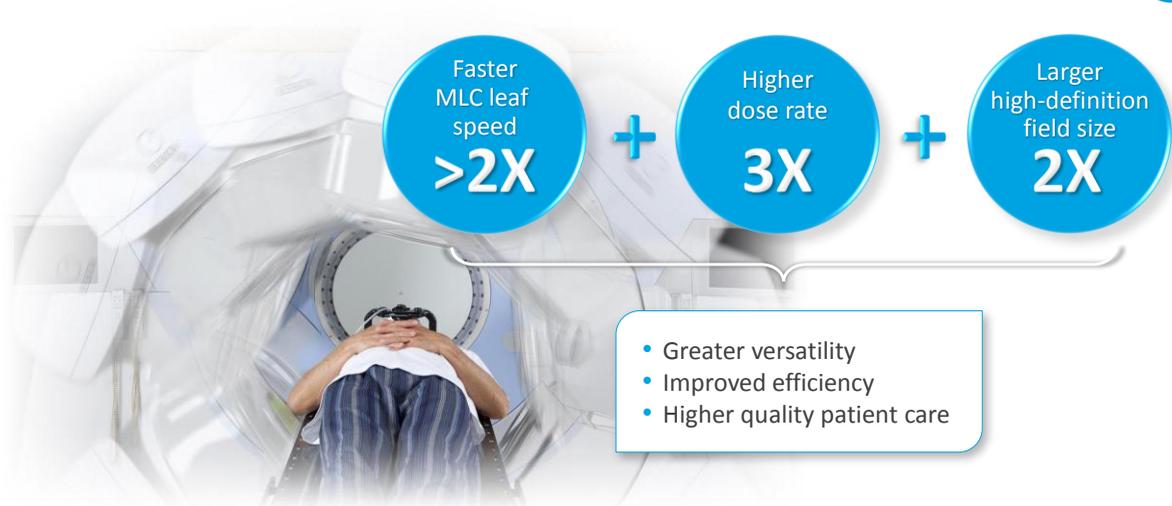


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Sources: Elekta



Versa HD™ – exceeding expectations



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Roll out of Elekta Care



Elekta Care™ Support – Single link and complete site support



Elekta Care™ Contracts

Elekta Care contains three different service and support tiers. Customers choose what's right for their situation.



Benefits for customers

- One number
- Remote support
- Quick response

Benefits for Elekta

- Cost and scalability
- Performance management
- Fast customer feedback

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Growing potential in emerging markets



Middle East – Strong growth

- Structural build-out of cancer care
- Major orders in Iraq and Saudi Arabia

Latin America

- Currency affected demand
- Low volumes in public market after major tender
- Internal improvements initiated

Russia – prolonged cancer care program

- Weak market in end of 2013/14. Elekta kept market share
- New RT investment program until 2020
- 10-15 centers per year

Africa

- Growing and opportunistic market
- South Africa well established with strong private sector
- Major order in Algeria, smaller but significant orders in others

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Establishment of own Elekta presence



- Continuously evaluating own presence
 - Secure aftermarket and leverage education and training capabilities
 - Direct relation with health care authorities
- Dynamic markets with several interesting prospects



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Priorities for Europe, Middle East, Africa

- Capture market potential and execute on growth strategy
- Cancer care programs in: Poland, Italy, UK, Ireland, Netherlands, Germany, Norway etc.
- Opportunities created by exit of Siemens. Elekta capture rate over 50%
- Drive usage of radiation therapy in market
- Continue to gain share in emerging markets



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