Elekta – Q1 report
2015/16

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Chief Financial Officer
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.
Good performance in Q1 - highlights

- Growth: net sales increased +4*% 
- Improved gross margin: 6 ppts to 40 % 
- EBITA improved by SEK 79** M 
- The launch of a comprehensive action program
  - New organization implemented 
- Leksell Gamma Knife® Icon™
  - 510(k) clearance in the US

*Based on unchanged exchange rates
** Before non-recurring items of SEK -30 M
Priorities for short-, mid- and long-term

Priorities:

• Growth
• Profitability
• Cash flow
Favorable market for radiation therapy

- **North America**
  - Consolidation drives large and complex orders with long sales processes
  - Replacement market with growth potential in software and services

- **Western Europe**
  - Stable and growing in line with GDP

- **Emerging markets**
  - Increased risk in some markets due to political instability

- **Asia Pacific**
  - Continued good growth in China
  - Stable in Japan
  - Decline in Far East Asia

- **Good growth opportunities within service and software**

**Current market growth**

3-5%
Net sales grew by 4%* in Q1

**Order bookings**
- Good growth in the US. Volatility expected to continue
- Strong performance in South America
- Challenging y/y comparison in Europe, Middle East and Africa
- Continued growth in China. Strong performance in India and Australia
- Decline in Far-East Asia

**Net sales**
- Favorable growth in software and services
- Strong deliveries in Europe, Middle East and Africa and North and South America

*Based on unchanged exchange rates*
Gross margin improved by 6 percentage points

Gross margin

- Growth in software and services
- Improved product mix with higher share of Versa HD™

EBITA

- Increased volumes
- Currency effects of SEK -20 M
- Limited cost savings in Q1

* Adjusted for non-recurring items of -30 MSEK (-2)
Double-digit growth in service revenues

- Sales focused on existing customers
- Increased value in the customer offering
- Cost-efficient service concept through Elekta care
- Continuous upgrades in software and services

Service revenues*

*CAGR: 12%
Atlantic – game changer in radiation therapy

- Treatment and MRI imaging in real time
- Opportunity for new indications
- Improved treatments

Atlantic status
- Assembly and test of 12 systems over the next 10 months
- Delivery to all consortium members within 16 months
- Second system in installation
Atlantic – launch and commercial orders from 2017

<table>
<thead>
<tr>
<th>Planning</th>
<th>Ambition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consortium orders – research systems</td>
<td>8</td>
</tr>
<tr>
<td>Regulatory approvals - CE Mark, 510(k)</td>
<td>During 2017</td>
</tr>
<tr>
<td>Launch and taking commercial orders</td>
<td>2017</td>
</tr>
<tr>
<td>Total orders during ramp up (until 2019)</td>
<td>75</td>
</tr>
<tr>
<td>Expected market price</td>
<td>USD 8-10 M</td>
</tr>
</tbody>
</table>

>700M USD order opportunity until 2019
Leksell Gamma Knife® Icon™
Ultra-precise Microradiosurgery™ with Online Adaptive DoseControl™

- Significant interest from new customers
- Upgrade potential: 200 installed Leksell Gamma Knife® Perfexion™

Regulatory status:
- 510k clearance from FDA in August
- CE-mark in June
- Expected approval in China and Japan in 2016

>200 MUSD upgrade opportunity
Global action program to drive efficiency

- More efficient organization for rapid change in place
- Concrete two-year plan to achieve improved growth and profitability
- Several activities and actions launched
- In-depth study for value creation completed with the support from external consultants

**TARGET**
- 2-year cost reduction program of 450 MSEK
- EBITA-margin improvement of 6 ppts until 2017/18
- Lowering net working capital by 200 MSEK with full effect 2016/17
Initiated actions for reduced costs and higher efficiency

1. Reduce costs and increase efficiency in administration

2. Increase efficiency and productivity in:
   - Marketing
   - Product development
   - Service operations

3. COGS - reduction of product costs

4. Reduce working capital

5. Consolidate sites and functions
Our financial ambitions

**Short-term**
(2015/16)
- Return to growth in H2 2015/16*
- Improve EBITA margin
  - Cost reductions
  - Product mix and recurring revenue

**Mid-term**
(2016/17 – 2017/18)
- 3-5%* net sales growth per year
- Improve EBITA margin with more than 6** percentage points

**Long-term**
- >10%* net sales growth per year
- Growth in EBITA to exceed sales growth in SEK
- ROCE >20%
- Net debt / equity <0.5x

* In local currency
** Base year 2014/15, excluding currency effects
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2015/16

Håkan Bergström
Chief Financial Officer
Financial performance - Q1 FY 2015/16

- **EBITA**: SEK 41* M (-38)
  - EBITA margin improved 4 percentage points to 2%
  - Costs related to comprehensive action program SEK 29 M
  - Bad debt loss SEK 27 M. Customers in Latin America. Bad debt provision at SEK 162 M

- **R&D expenditures of SEK 362 M (349); 16% (19) of net sales**
  - Amortization of capitalized R&D increased by SEK 21 M

- **Net financial items SEK -72 M (-54)**
  - Increase due to borrowings to be used to repay upcoming debt maturities

- **EPS of SEK -0.34 (-0.36)**

- **Cash flow slightly better than previous year**
  - Cash flow from operating activities improved by SEK 129 M to SEK -349 M
  - Cash flow after continuous investments SEK -564 M (-670)
  - Working capital reduction from SEK 1 807 M to SEK 1 235 M (Y/Y)

* Before non-recurring items
FY 15/16 - FX Impact – weakening of SEK

Currency Exposure Q1 FY15/16

Main currency rates vs. last year

<table>
<thead>
<tr>
<th></th>
<th>Q1 LY</th>
<th>Q1 FY</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR/SEK</td>
<td>9,12</td>
<td>9,32</td>
<td>+2%</td>
</tr>
<tr>
<td>USD/SEK</td>
<td>6,69</td>
<td>8,44</td>
<td>+26%</td>
</tr>
<tr>
<td>GBP/SEK</td>
<td>11,34</td>
<td>12,98</td>
<td>+14%</td>
</tr>
<tr>
<td>JPY/SEK</td>
<td>0,066</td>
<td>0,069</td>
<td>+5%</td>
</tr>
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Currency effect YoY

- Effect on revenue: +16% +290
- Effect on COGS: +12% -140
- Effect on Gross exp: +14% -110
- Exchange differences -60
- Effect on EBITA SEK -20 M

Positive effect in FY 2015/16 expected with current exchange rates:

- On net sales: +8 percentage points
- On EBITA: SEK +50 M
  - Exchange rate differences -100 M
Order backlog - visibility of future revenue

**Order backlog maturity by year**

<table>
<thead>
<tr>
<th>Year</th>
<th>Service (%)</th>
<th>Hardware/Software/Aftersales (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY15/16</td>
<td>39</td>
<td>61</td>
</tr>
<tr>
<td>FY16/17</td>
<td>43</td>
<td>57</td>
</tr>
<tr>
<td>FY17/18</td>
<td>66</td>
<td>34</td>
</tr>
<tr>
<td>&gt;3 years</td>
<td>62</td>
<td>38</td>
</tr>
</tbody>
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**Q1 Order backlog:**
- SEK ~6,300 M from backlog expected as revenue in FY 2015/16
  - Maturity unchanged
  - Significant currency effects in changes of backlog
R&D investments for future growth

- Gross R&D investments will normalize
- Net R&D trailing behind due to amortizations

* Start of amortization for Atlantic and LGK Icon drives increase in amortization in FY15/16
Cash conversion – ambition > 70%

- High period of investments, will decrease
- Working Capital <10% of sales
Net working capital at 11% of net sales

Net working capital / net sales

DSO* development

Inventory increase in Q1

Improvement in USA

*DSO calculation based on: Accounts receivables, Accrued income, advances from customers, prepaid income
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at ASTRO

October 19 – San Antonio, Texas, USA