Elekta – Q2 report
2015/16

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Important information

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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 - highlights

Order bookings increased by 3*% in Q2

Net sales grew 1*% during H1

Improved gross margin by 2.3 ppts to 40.8%

EBITA increased 35**%

Cash flow improved 80 MSEK

Transformation program on track

*Based on unchanged exchange rates
** Before non-recurring items of SEK -48 M
Order bookings increased 3*% in Q2

**Europe, Middle East and Africa**

- Continued growth in Western Europe, improvements in emerging markets
- Amethyst Radiotherapy order signed in Q2

**North and South America**

- Volatile development in the US with challenging comparison from last year
- Good growth in South America

**Asia Pacific**

- Good development in Australia and China
- Low activity in Japan and Southeast Asia

*Based on unchanged exchange rates*
Transformation program to drive margin improvement

- Two-year plan for improved growth, profitability and cash flow
- Activities launched
- No. of employees reduced by 91 (end of Q2)

**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
Transformation activities on track

› Continue to invest in strategic R&D
› Strengthen customer service network including customer training and education
› Reduce costs – primarily in administration, supply chain and procurement
› Drive aftermarket growth and profitability
Strong product portfolio and R&D pipeline

Atlantic
*Game changer in radiation therapy*
- On track for launch and commercial orders from 2017
- Second system installed at MD Anderson

Software
*Treatment planning*
- Outstanding precision
- Improving the speed of calculation

Leksell Gamma Knife® Icon™
*Ultra-precise Microradiosurgery™ with Online Adaptive DoseControl™*
- FDA clearance in August
- Nya Karolinska Solna and NKI-Avl after Q2
Our financial ambitions

Short-term (2015/16)
• Growth in net sales to continue to be modest for FY 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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Håkan Bergström
Chief Financial Officer
EBITA grew by 35*% in the first half

- Favorable growth in services and aftermarket sales
- Higher gross margin
- Improved leverage on expenses**
- Currency effects of SEK 30 M

\* Adjusted for non-recurring items of -48 (-2) MSEK
** Excluding amortizations and based on constant exchange rates
FX Impact – weakening of SEK

**Currency Exposure Q2 FY15/16**

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Gross Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>51%</td>
<td>31%</td>
</tr>
<tr>
<td>25%</td>
<td>17%</td>
</tr>
<tr>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>SEK</td>
<td>Other</td>
</tr>
</tbody>
</table>

**Main currency rates vs. last year**

<table>
<thead>
<tr>
<th>Main currency rates</th>
<th>Q2 LY</th>
<th>Q2 FY</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR/SEK</td>
<td>9,15</td>
<td>9,36</td>
<td>+2%</td>
</tr>
<tr>
<td>USD/SEK</td>
<td>6,89</td>
<td>8,43</td>
<td>+22%</td>
</tr>
<tr>
<td>GBP/SEK</td>
<td>11,47</td>
<td>12,98</td>
<td>+13%</td>
</tr>
<tr>
<td>JPY/SEK</td>
<td>0,066</td>
<td>0,069</td>
<td>+5%</td>
</tr>
</tbody>
</table>

**Currency effect YoY**

<table>
<thead>
<tr>
<th>Effect on revenue:</th>
<th>+13%</th>
<th>+570</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effect on COGS:</td>
<td>+12%</td>
<td>-210</td>
</tr>
<tr>
<td>Effect on Gross exp:</td>
<td>+13%</td>
<td>-270</td>
</tr>
<tr>
<td>Exchange differences</td>
<td></td>
<td>-60</td>
</tr>
<tr>
<td>Effect on EBITA</td>
<td>SEK +30 M</td>
<td></td>
</tr>
</tbody>
</table>

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

- On net sales: +8 percentage points
- On EBITA: SEK +70 M
  - Exchange rate differences SEK -120 M
Cash conversion from operating activities. Target >70% for full year

- Working capital ambition <10% of sales
- Strong Q4 expected
R&D investments for future growth

• Investments and capitalization of development costs is expected to decline for the full fiscal year.

* Start of amortization for Atlantic and LGK Icon drives increase in amortization in FY15/16
Net working capital to be further improved

- DSO* improved to 67 (84) days in first half
  - North and South America - decrease in accounts receivable and accrued income
  - Europe, Middle East & Africa - decrease in accounts receivable
  - Asia Pacific - increase in accrued income in China

- Programs for improvement have been initiated
  - Inventory reduction
  - Decrease project lead times
Order backlog

Visibility of future revenue

Order backlog maturity by year (bnSEK)

Q2 Order backlog:

- SEK ~4.5 bn from backlog expected as revenue in H2
- Significant currency effects in changes of backlog

18,2

25%

30%

15%

30%

Opening Backlog H2 FY15/16

FY15/16

FY16/17

FY17/18

FY18/19 and later

xx% = Forecasted share of current order backlog to be revenue recognized in year
Q&A