WORKING OUR WAY TO EXCELLENCE

Elekta 2016 Capital Markets Day
<table>
<thead>
<tr>
<th>Time</th>
<th>Session Title</th>
<th>Speaker</th>
</tr>
</thead>
<tbody>
<tr>
<td>13:30</td>
<td>Working our way to excellence</td>
<td>Tomas Puusepp, President and CEO</td>
</tr>
<tr>
<td>13:50</td>
<td>Market development and regional performance</td>
<td>Ian Alexander, Chief Commercial Officer</td>
</tr>
<tr>
<td>14:10</td>
<td>Driving margin expansion</td>
<td>Håkan Bergström, Chief Financial Officer</td>
</tr>
<tr>
<td>14:30</td>
<td>Q&amp;A 20 min</td>
<td></td>
</tr>
<tr>
<td>14:50</td>
<td>Coffee 20 min</td>
<td></td>
</tr>
<tr>
<td>15:10</td>
<td>Innovation for growth and improved cancer care</td>
<td>John Lapré, Chief Technology Officer</td>
</tr>
<tr>
<td>15:30</td>
<td>MR-linac – the clinical perspective</td>
<td>Dr. Stella Mook, Radiation Oncologist, UMC Utrecht</td>
</tr>
<tr>
<td>16:00</td>
<td>Q&amp;A 15 min</td>
<td></td>
</tr>
<tr>
<td>16:15</td>
<td>Introduction to Elekta’s new President and CEO</td>
<td>Richard Hausmann, President and CEO as of June 10</td>
</tr>
<tr>
<td>16:35</td>
<td>Q&amp;A 10 min and concluding remarks</td>
<td></td>
</tr>
</tbody>
</table>
Priorities since 2005

- Innovation leadership
- Growing scale
- Transformation

**Net Sales**

CAGR 12%
Innovation leadership - leading portfolio of recently launched solutions

Image guided radiation therapy

Leksell Gamma Knife® Icon™

Versa HD™

Technologies

SEK 9 bn invested since 2005

Agility

VMAT

TPS and OIS
Innovation leadership

Next step in Image guided radiation therapy: MR-linac
Growing scale - installed base growth and No. 1 in emerging markets

**Installed base growth**

<table>
<thead>
<tr>
<th>Year</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009/10</td>
<td>2,350</td>
</tr>
<tr>
<td>2015/16</td>
<td>3,650</td>
</tr>
</tbody>
</table>

CAGR: 8%

**Growth in emerging markets**

<table>
<thead>
<tr>
<th>Year</th>
<th>SEK bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009/10</td>
<td>1,9</td>
</tr>
<tr>
<td>2015/16</td>
<td>4,0</td>
</tr>
</tbody>
</table>

Emerging markets: CAGR: 14%

Established markets: CAGR: 4%
Transformational and strategic acquisitions
Transformation program launched one year ago

- Leaner company
- Improved financial performance
- Focus on high growth areas: service, software and image guided radiation therapy
Results and targets for the transformation program

- EBITA margin target of **20%** FY 2017/18
- Net working capital <**5%** of net sales
- Cost saving target **SEK 700 M**
  - **SEK 200 M** in realized savings
The most common causes of death...

- Heart & circulatory disorders
- Cancer
- Respiratory disorders
  - Nervous system disorders
  - Digestive disorders
  - Kidney disorders
  - Infections
  - Non-transport accidents
  - Diabetes
  - Musculoskeletal disorders
  - Suicide
  - Transport accident
  - Mental health disorders
  - Undetermined events
  - Murder
  - Medical complications
  - Pregnancy & birth
  - War

Data for North America
Growing need for cost-efficient cancer care

Currently there are **33 million people** living with cancer (within 5 years of diagnosis)

Globocan 2012, all cancer types, excluding melanoma
Well positioned in attractive market

- Well positioned in long-term growing market
- Strong product offering and leading innovation portfolio
- Transformation program on track driving operational excellence
Working our way to excellence
Market development and regional performance

Ian Alexander
Chief Commercial Officer
WORKING OUR WAY TO EXCELLENCE

GROWING SCALE

INNOVATION LEADERSHIP

EXECUTING TRANSFORMATION
A diversified revenue base with business in >100 countries

- Americas: 36% of sales
- Europe: 33% of sales
- RoW: 10% of sales
- China: 14% of sales
- Japan: 7% of sales

Sales by region (SEK bn)

- 2005/06: 1.6, 2.0, 0.8
- 2015/16: 3.7, 4.0, 3.6

CAGR:
- Asia Pacific: 16%
- North and South America: 7%
- Europe, Middle East and Africa: 9%

Commercial organization of 2,000 people
Good momentum in order bookings

**Net order bookings**

- **SEK bn**

<table>
<thead>
<tr>
<th>Year</th>
<th>Hardware</th>
<th>Service and software</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/07</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>07/08</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>08/09</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>09/10</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td>10/11</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>11/12</td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td>12/13</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>13/14</td>
<td>11</td>
<td>9</td>
</tr>
<tr>
<td>14/15</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>15/16</td>
<td>13</td>
<td>11</td>
</tr>
</tbody>
</table>

- **Large strategic wins in all regions**
  - MD Anderson in US
  - HCG in India
  - Genesis Care Australia/Europe
  - Medicana in Turkey
  - NHSSC and Leeds in UK

- **Orders for Leksell Gamma Knife® improved in Q4**

- **Good growth in service in all markets**
Elekta’s new orders for linear accelerators exceed the share of the installed base

**Total orders**
- Elekta 39%
- Varian 51%
- Other 10%

**Orders to new clinics and new bunkers**
- Elekta 51%
- Varian 35%
- Other 14%

**Total installed base**
- Elekta 25%
- Varian 53%
- Other 22%

*Unmet market need of >10,000 units*

Note: Order intake of linear accelerators in FY 2015/16
Elekta’s market opportunities

- Modernization, replacements in established markets
- Service and aftermarket sales
- Highly competitive product portfolio
- Cost-efficient and holistic solutions to new markets
Regional performance

A mixed bag of growth and challenges

• North and South America
  – US: strategic wins, growth in service
  – Challenging economic conditions in South America

• Europe, Middle East and Africa
  – Capacity expansion in Western Europe
  – Strategic wins across many markets
  – Continued development in Middle East and Africa

*Source: IMV 2016 Radiation Therapy Market Summary Report
Regional performance

Continued potential in China and Asia Pacific

- China offers huge long-term expansion
  - Strong product portfolio and supply chain
  - Continued growth in Oncology
  - Early wave of installs now approaching replacement point
  - Emergence of private market
  - Regulatory environment

- Market share gains in Asia Pacific
  - Japan: slow market, gaining share
  - India: good growth in sluggish market
  - Rest of Asia: growth from low levels

China order bookings

- Elekta: 44%
- Varian: 36%
- Other: 20%

Asia Pacific order bookings

- Elekta: 42%
- Varian: 49%
- Other: 9%
## Market dynamics improving

### Market development (indication)

<table>
<thead>
<tr>
<th>Region</th>
<th>Market Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>Replacement market. Hospital consolidation</td>
</tr>
<tr>
<td>South America</td>
<td>Challenging conditions in Brazil</td>
</tr>
<tr>
<td>Western Europe</td>
<td>Pent-up demand and private initiatives</td>
</tr>
<tr>
<td>Eastern Europe &amp; Middle East</td>
<td>Markets depending on the economy recovering</td>
</tr>
<tr>
<td>China</td>
<td>Growth, but lower than historic levels</td>
</tr>
<tr>
<td>Japan</td>
<td>Stabilization on relatively low levels</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>Challenging market conditions in near term</td>
</tr>
<tr>
<td>Global service</td>
<td>Good growth from increased installed base</td>
</tr>
</tbody>
</table>
WORKING OUR WAY TO EXCELLENCE

GROWING SCALE

INNOVATION LEADERSHIP

EXECUTING TRANSFORMATION
The installed base - the platform for service and aftermarket revenue growth

- High share of hardware sales to new centers
- Loyal customer base with over >85% retention
- Growing scale will continue

*Linear accelerators and Leksell Gamma Knife
Business model: large opportunity in recurring revenue

USD 2 M

Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10
--- | --- | --- | --- | --- | --- | --- | --- | --- | ---

Including:
- Software
- Installation
- Training
- Service

USD +2-3 M
- Field service
- Remote service
- Software license
- Upgrades

Note: This is an illustration and an example only
Significant potential to expand the service business

Service share of total revenues

(FY 2015/16)

- Focused on service and selling upgrades
- Alignment in offering and expansion of services
- New hardware systems coming out of warranty

<table>
<thead>
<tr>
<th>Region</th>
<th>15-20%</th>
<th>35-40%</th>
<th>47%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emerging markets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Established markets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Other
Service revenues
The service business enables margin expansion ... 
... and stable recurring revenues at limited capital investment.

**Service revenues**

<table>
<thead>
<tr>
<th>FY11/12</th>
<th>FY12/13</th>
<th>FY13/14</th>
<th>FY14/15</th>
<th>FY15/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEK M</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>1000</td>
<td>2000</td>
<td>3000</td>
<td>4000</td>
</tr>
</tbody>
</table>

CAGR 15%

**Service contract for a linear accelerator** (example)

One year contract with automatic renewal. Typical life-time for a linear accelerator is ~10 years

**Growth drivers:** installed base, focused sales, upselling

Elekta Care Silver
Elekta Care Gold
Elekta Care Platinum
Innovative portfolio

Leksell Gamma Knife® Icon™

Venezia™

Versa HD™

Esteya®

MOSAIQ®

Monaco®

MR-linac – research program
Drive sales effectiveness and topline growth

- Driving sales and marketing focus on topline growth
- Excellence in customer satisfaction
- Accelerating service business growth
- Large complex customer solutions
- Commercialization of MR-linac
Working our way to excellence
Driving margin expansion

Håkan Bergström
Chief Financial Officer
WORKING OUR WAY TO EXCELLENCE

EXECUTING TRANSFORMATION

Cost savings
Process improvements
Cash flow
Initiated efficiency programs
Announced in June 2015

- Prioritize Roadmap
- Centers of Excellence: Site consolidation
- Consolidate Functions: Shared Services
- Process Improvements
- Working Capital Efficiency: Reduced lead times and inventory
- COGS Reduction
Executing transformation

Benchmark against best practices

**WE REDUCE THE COST BASE**
- Travel, consolidation of sites, reduced office space and rent
- Procurement – skills and structured processes
- Innovation – prioritization and pruning

**WE IMPROVE OUR INTERNAL PROCESSES**
- Produce to order
- Credit risk management
- Working capital and cash flow

**WE AIM AT INCREASED VISIBILITY**
- Net sales
- Backlog
- Cash flow
The ambition is to improve EBITA margin to 20%

**Margin development**

**Gross margin**
- 47%
- 46%
- 44%
- 40%
- 41%

**EBITA margin**
- 23%
- 22%
- 20%
- 14%
- 15%

**Transformation program targets**

- EBITA margin of 20% by 2017/18
- Cost reductions of SEK 700* M (OPEX 500 + COGS 200) with full effect 2017/18
- Net working capital to sales below 5% by 2016/17
- Produce-to-order with one-off negative revenue impact of SEK 500 M in H1 2016/17

---

* Base year 2014/15, excluding currency effect and bad debt
On track to reach the target of SEK 500 M in OPEX-savings

**Accumulated expense reduction, SEK M**

- FY15/16 Gross savings: 320
- Increase in service personnel: 120
- FY15/16 Net savings: 200
- FY16/17 Net savings: ~100
- FY17/18 Net savings: ~500
- Target FY17/18*: ~500

*Base year 2014/15, excluding currency effects

**Leaner and more efficient operations**

- Lean administration
- Shared service center
- Prioritization of R&D projects
- Consolidation of marketing
- Scale/geographic footprint
Margin improvement from reduction in expenses

<table>
<thead>
<tr>
<th>Functions</th>
<th>2014/15</th>
<th>2017/18 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>3.2%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Service</td>
<td>13.3%</td>
<td>13.5%</td>
</tr>
<tr>
<td>Sales*</td>
<td>10.0%</td>
<td>9%</td>
</tr>
<tr>
<td>Admin</td>
<td>9.6%</td>
<td>7%</td>
</tr>
<tr>
<td>R&amp;D Net</td>
<td>8.8%</td>
<td>9%</td>
</tr>
<tr>
<td>R&amp;D Gross</td>
<td>13.1%</td>
<td>10%</td>
</tr>
<tr>
<td><strong>Total (of sales)</strong></td>
<td><strong>45%</strong></td>
<td><strong>~41%</strong></td>
</tr>
</tbody>
</table>

* Excluding bad debt
...and to reach COGS reductions of SEK >200 M

Accumulated COGS savings, SEK M

<table>
<thead>
<tr>
<th>Savings in FY15/16</th>
<th>FY16/17</th>
<th>FY17/18</th>
<th>Target FY17/18*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achieved</td>
<td>50</td>
<td>~150</td>
<td>~250</td>
</tr>
<tr>
<td>Confirmed</td>
<td>80</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plan in place. Good progress</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Process - Best practices

- Cost analysis
- Supplier economics analysis
- Value chain analytics
- Structured RFQ process

*Base year 2014/15, excluding currency effects
Operational excellence: produce to order process
Announced in March 2016

“Historically we have accepted to take orders late in a quarter and ship in the same quarter. To manage these shipments we have pre-produced equipment.”

Outcome

“The change will result in a temporary lower production and shipment volumes during H1 2016/17.”

“In Q1 FY 2016/17 we have changed this practice – now we produce to customer order without allowing for pre-produced units.”

One-off negative revenue impact of SEK 500 M in H1 2016/17

Shorter project lead-times – improved efficiency with reduced receivables and accrued income

Inventory will be reduced with additionally approximately SEK 200 M from current levels

“Minimized risk of having finished goods in inventory and a reduced need for components in inventory.”
Operational excellence: Produce-to-order process

*Linac installation lead time to be reduced*

**PROJECT INSTALLATION PLAN – AFFECTING WORKING CAPITAL**

**Current: 210 projects**

<table>
<thead>
<tr>
<th>&lt;3 m</th>
<th>3-6 m</th>
<th>6-9 m</th>
<th>9-12 m</th>
<th>&gt;12 m</th>
</tr>
</thead>
<tbody>
<tr>
<td>60</td>
<td>75</td>
<td>30</td>
<td>10</td>
<td>35</td>
</tr>
</tbody>
</table>

**Future: shorter lead time**

<table>
<thead>
<tr>
<th>&lt;3 m</th>
<th>3-6 m</th>
<th>6-9 m</th>
<th>9-12 m</th>
<th>&gt;12 m</th>
</tr>
</thead>
<tbody>
<tr>
<td>80</td>
<td>40</td>
<td>10</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Reduced accrued income expected
Reduction of outstanding receivables

**Accounts receivables**

<table>
<thead>
<tr>
<th></th>
<th>End FY14/15</th>
<th>End FY15/16</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Established markets</td>
<td>2 303</td>
<td>1 557</td>
<td>-32%</td>
</tr>
<tr>
<td>Emerging markets</td>
<td>1 903</td>
<td>1 743</td>
<td>-8%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4 206</strong></td>
<td><strong>3 300</strong></td>
<td><strong>-21%</strong></td>
</tr>
</tbody>
</table>

Overdue >90 days: SEK 400 M

- **Emerging markets**: SEK 270 M

- **Bad debt provision**: SEK 100 M

**Risk perspective**

- Customer, project risk – credit process
- Country risks
  - Iraq
  - Brazil
  - Russia
- Distributor risks - due to macroeconomic problems
Credit management—standardized processes

**ORDER PHASE**
- Approval needed for all projects with payments terms >180 days
- Development of financing solutions for customers
- Negotiation with customer and with financial partners
- Ensure that contract reflects the agreed exposure

**PRE-SHIPMENT PHASE**
- Financial check pre-shipment for risk projects
- LC creation, approval and confirmation. Guarantee issuance
- Well established cooperation with external financial partners

**COLLECTION PHASE**
- Group policy for overdue receivables management
- Work out committee calls on weekly basis for all outstanding overdue >60 days and >100,000 SEK
- Default management phase
  - Credit manager drives/supports in default management
Cash conversion - target > 70%

- Transformation program
- Lower R&D investments
- Tangible capex of ~ 2%

Definition: cash flow from operating activities / EBITDA
Order backlog going into FY 2016/17

Order backlog per region

- Asia Pacific: 2.7
- Europe, Middle East and Africa: 5.6
- North and South America: 9.9

Total: SEK 18.2 bn

Order backlog per product area

- Service and Software: 10.5
- Hardware: 7.7

Total: SEK 18.2 bn
Visibility of revenue - from order backlog

<table>
<thead>
<tr>
<th>Year/Backlog</th>
<th>2015/16</th>
<th>2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening backlog</td>
<td>17.1 (SEK bn)</td>
<td>18.2 (SEK bn)</td>
</tr>
<tr>
<td>Revenue from backlog</td>
<td>6.7</td>
<td>6.8</td>
</tr>
<tr>
<td>Book &amp; bill</td>
<td>4.5</td>
<td></td>
</tr>
<tr>
<td>Revenue FY15/16</td>
<td>11.2</td>
<td></td>
</tr>
</tbody>
</table>

*Share of the order booked in the quarter that is revenue recognized during the fiscal year

Q1: 75%
Q2: 50%
Q3: 25%
Q4: <10%
Initiated efficiency programs

Announced in June 2015

- Prioritize roadmap
- Centers of excellence: site consolidation
- Consolidate functions: shared services
- Working capital efficiency: reduced lead times and inventory
- COGS reduction
- Process improvements
Working our way to excellence
Innovation for growth and improved cancer care

John Lapré
Chief Technology Officer
WORKING OUR WAY TO EXCELLENCE

GROWING SCALE

INNOVATION LEADERSHIP

EXECUTING TRANSFORMATION
Create value

Prioritize

Capitalize on innovation leadership

Drive customer satisfaction
Prioritize: ambition to lower R&D expenses to ~9%

Prioritizing and pruning

Priorities

- MR-linac
- Software
- Integration
Innovative portfolio

Leksell Gamma Knife® Icon™

Versa HD™

Venezia™

Esteya®

MOSAIQ®

Monaco®

MR-linac – research program
Innovation leadership

Leksell Gamma Knife® Icon™

Highest precision in the market
- Average 0.15 mm accuracy in clinical setting
- High therapeutic dose with maximum precision
- Lowest dose to healthy tissue: 2-4 times lower dose to normal brain

Integrated imaging

Efficient and safe through seamless integration and optimization
- Launched in 2015
  - >30 orders (upgrades and new systems)
Customer satisfaction

- Accuracy
- Speed
- Integration

Example: Monaco

Treatment Planning Software up to 4 times faster
MRI guided radiation therapy: MR-linac

*Treat the patient while simultaneously being imaged by a conventional 1.5T diagnostic MRI*

- Fully integrate three subsystems
- State-of-the-art radiotherapy system
  - Treatment volume coincident with MRI imaging volume
  - Modified to make it compatible with the MR environment
- 1.5T Philips MRI system
  - Minimize material in the beam path and ensure it is homogeneous
  - Minimize magnetic field at the linac
- Adaptive workflow
  - Integrated user experience
  - Adaptive treatment planning
Increased interest in MR guided RT reflected in the scientific literature

- Strong and sustained growth since 1995
- Growth rate increased dramatically since 2010 (beginning of MRgRT “buzz”)

Source: PUBMED  http://www.ncbi.nlm.nih.gov/pubmed - Keywords in Title and abstract only. AND to be assumed unless stated otherwise
**MR-linac on track - launch and commercial orders from 2017**

<table>
<thead>
<tr>
<th>Planning</th>
<th>Ambition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivery of all consortium systems</td>
<td>By end 2016</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>

>700 MUSD order opportunity until 2019
Working our way to excellence
MR-linac, the clinical perspective

Capital Market Day Elekta
Stella Mook
June 9, 2016
Introduction

Richard Hausmann
President and CEO of Elekta as of June 10, 2016
At home 1961

Physicist by education
- Studied in Regensburg (Germany)
- NY University at Stony Brook (USA)

Amherst, 1985

Marriage 1985

Nanjing, 2008
A long career at Siemens...

- Magnetic Resonance & Computed Tomography
- President & CEO of Computed Tomography
- President & CEO of Siemens China
...then I joined GE Healthcare

- President and CEO of Global MR Business
- Turned around USD 2.4 bn business with full P&L responsibility
- Increased global market share with 4 percentage points.
I believe in...

Clear visions

Focused strategies

Operational excellence
Growth by innovation
Customer focus
Result driven
... True innovations in workflows, software, technology to achieve real customer benefits

SIGNA NICU-MR

SIGNA PET-MR

SILENT MR
... Listening to and working with customers!

*Customer visit in China for GE MR:*

**Prof Jin, PUMC**

... an old friend from the Siemens CT times!
Joined Elekta as of May 2

ESTRO 2016, Turin, Italy

Gamma Knife Society Meeting, Amsterdam

100+ customer meetings

• Visited Elekta sites around the world

• Met with 2 MR-linac consortium members
First observations

COMMITMENT  INNOVATION  TRANSFORMATION
MRI: true breakthrough and guidance for our future therapy solutions
See you

September 1st
Working our way to excellence
Well positioned in attractive market

- Well positioned in long-term growing market
- Strong product offering and leading innovation portfolio
- Transformation program on track driving operational excellence
Working our way to excellence