

Q1 Report

September 1, 2016 - Stockholm

Richard Hausmann

President and CEO

Håkan Bergström

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.

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Improved margins and cash flow in Q1

- › Gross order intake grew by 4%*
- › Produce-to-order-process implemented. Net sales declined by 15%*
- › Transformation on track. Half of savings target reached
- › EBITA** margin improved to 9% (3)
- › Cash flow*** from continuous investments improved with over SEK 400 M



*Based on constant exchange rates

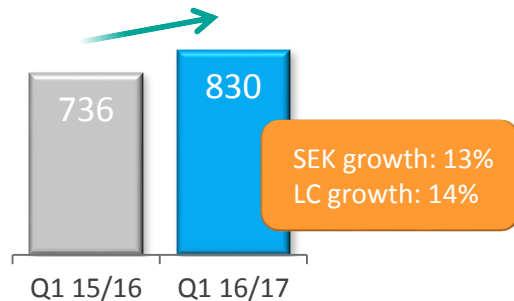
**Before items affecting comparability of SEK -89 M and bad debt losses of SEK -6 M

***Adjusted for cash outflow related to legal processes including HumediQ and the transformation program, totaling SEK 170 M

Gross order intake grew by 4* percent in Q1

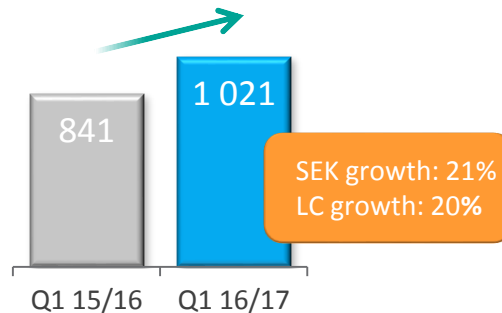
Europe, Middle East and Africa

- › Strong growth in Western Europe. Major win in Austria – Vienna Hospital Association
- › Growth in Middle East, driven by Iran
- › Russia on low levels



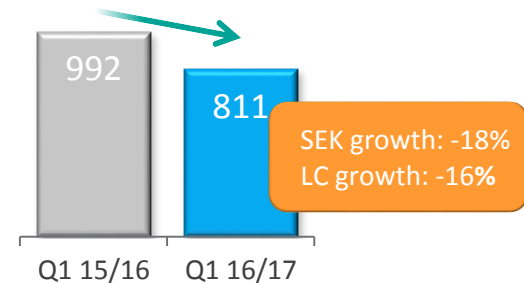
Asia Pacific

- › 30%* growth in China
- › Good development in India and South East Asia
- › Slow market in Japan



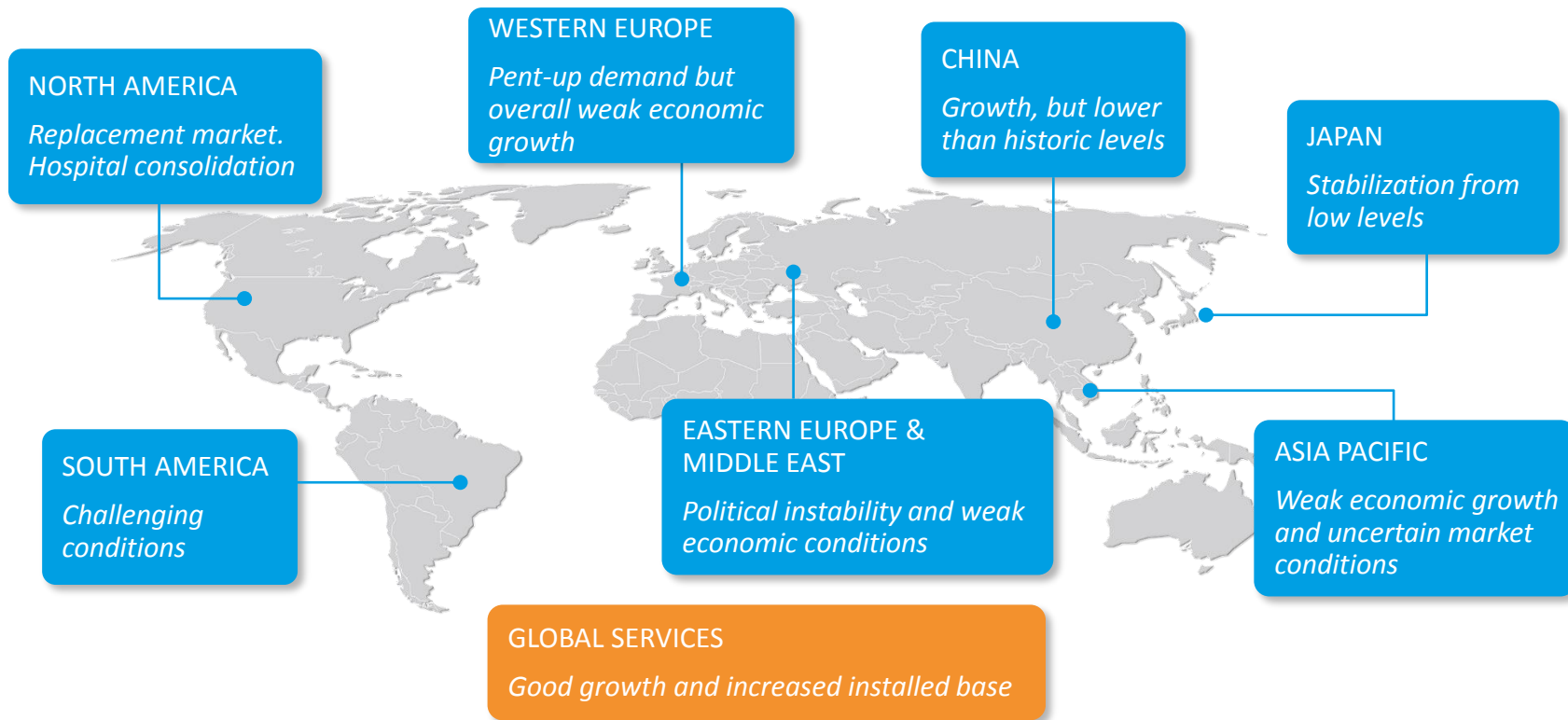
North and South America

- › US: robust development in services. Low hardware volumes – actions initiated
- › Latin America affected by weak economic development
- › Challenging comparison from last year



*Based on constant exchange rates

Challenging market conditions



Leading offering in two strong businesses



TREATMENT SOLUTIONS



Linac RT and
SRS & SBRT



Gamma Knife
Radiosurgery &
Neurosurgery



Brachytherapy



MR Linac RT

- Gold standard devices and software (incl. TPS and OIS modules)
- Imaging enhanced and adaptive planning

MRI guided radiation therapy: MR-linac



State-of-the-art radiotherapy system
Integrated MR-imaging
Adaptive workflow
Launch in second half of 2017
Ambition: 75 orders until 2019

Five priorities to accelerate our performance



Cost



Pursue excellence in all we do



Work as One company



Strengthen customer experience and sales



Be recognized as the innovation leader



Complete our cost turnaround program

**Profitable
growth**





ELEKTA

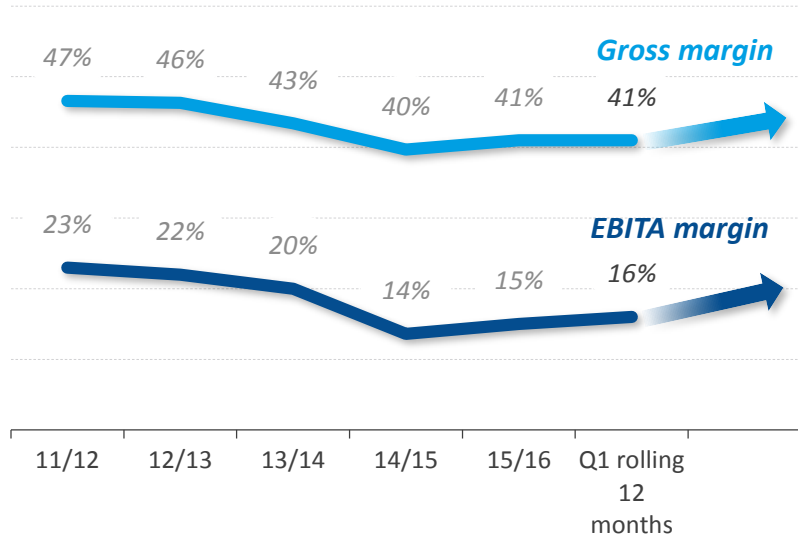
Financial update

Håkan Bergström
CFO



The ambition is to improve EBITA margin to 20%

Margin development (illustrative)



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

Working our way to excellence



Improved margins

Cost reductions offset temporary lower net sales

(SEK M)	2015/16 Q1	2016/17 Q1
Revenue	2 239	1 882
COGS (variable)	-839	-636
<i>Variable margin</i>	<i>62,5%</i>	<i>66,2%</i>
<i>Gross margin</i>	<i>39,7%</i>	<i>40,6%</i>
Gross spend	-1 385	-1 183
Capitalization	156	105
Exchange diff.	-61	33
Depreciation and other	-42	-35
EBITA*	68	166
EBITA* margin	3,0%	8,8%
Items affecting comparability	-30	-89

1. *Net sales decreased by SEK 357 M*
– Produce-to-order process implemented

2. *Gross margin at 41% (40)*
– Product mix and improved efficiency

3. *EBITA* improved SEK 98 M*
– Gross spend decreased SEK ~200 M or 15%
– Positive currency effect of SEK ~115 M
– Less R&D capitalization by SEK ~50 M

Currency impact

Weakening of GBP have a positive effect on bottom line

CURRENCY EFFECT Q1

- Effect on revenue: -1,2%
- EBITA effect SEK +115 M

CURRENCY EFFECT FY 2016/17E

- Effect on revenue: 0%
- EBITA effect SEK ~400 M

CURRENCY EFFECT FY 2017/18E

- EBITA effect SEK ~100 M

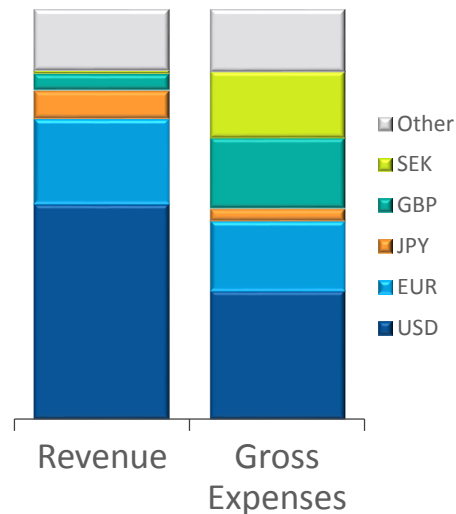
MAIN CURRENCY RATES

vs. last year

	Q1 15/16	Q1 16/17	Change
EUR/SEK	9,32	9,32	0%
USD/SEK	8,44	8,30	-2%
GBP/SEK	12,98	11,66	-10%
JPY/SEK	0,069	0,078	+12%

CURRENCY EXPOSURE Q1

FY16/17



Underlying cash flow improved by over SEK 400 M

CASH FLOW (SEK M)	2015/16 Q1	2016/17 Q1
Operating cash flow	-8	-37
Change in working capital	-341	-103
Cash flow from operating activities	-349	-139
Continuous investments	-215	-169
Legal processes and transformation		170
Cash flow after continuous investments	-564	-138

1.

Working capital

- Lower receivables and accrued income
- Lower payables, reflecting reduced volumes

2.

Lower continuous investments

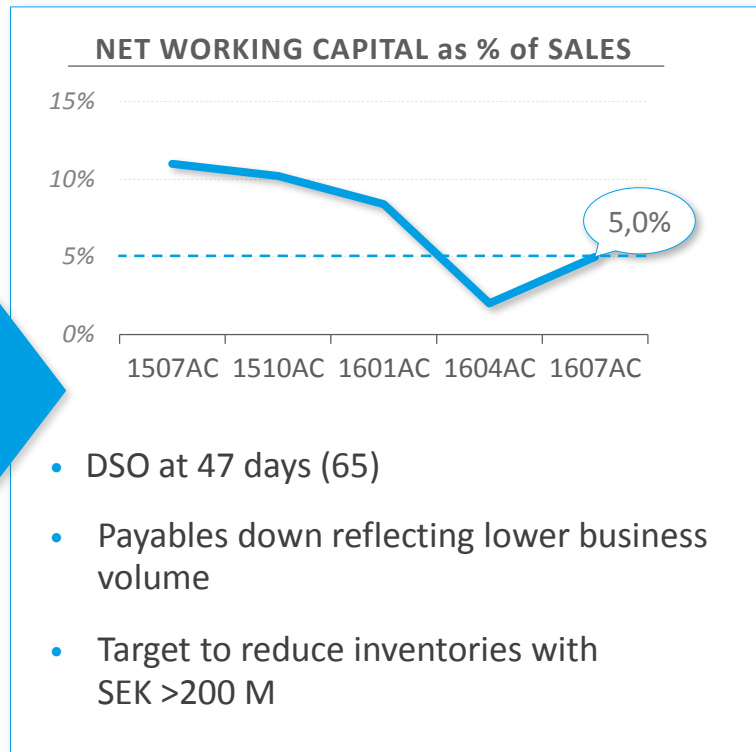
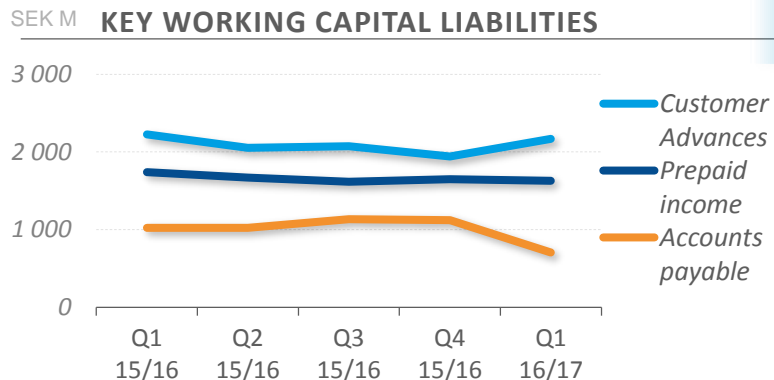
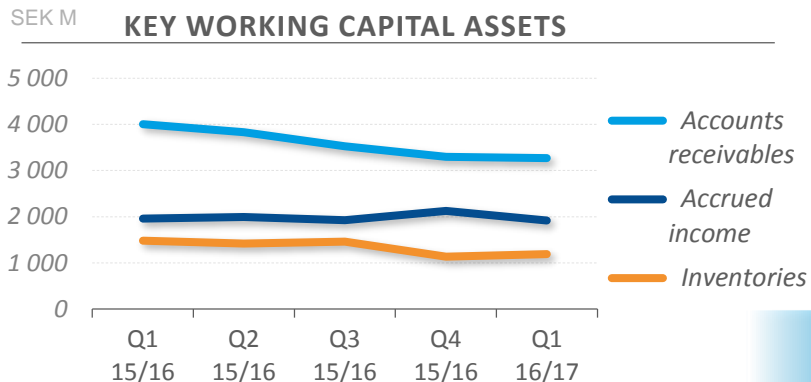
- Lower decrease in R&D capitalization

3.

Items affecting comparability SEK ~170 M

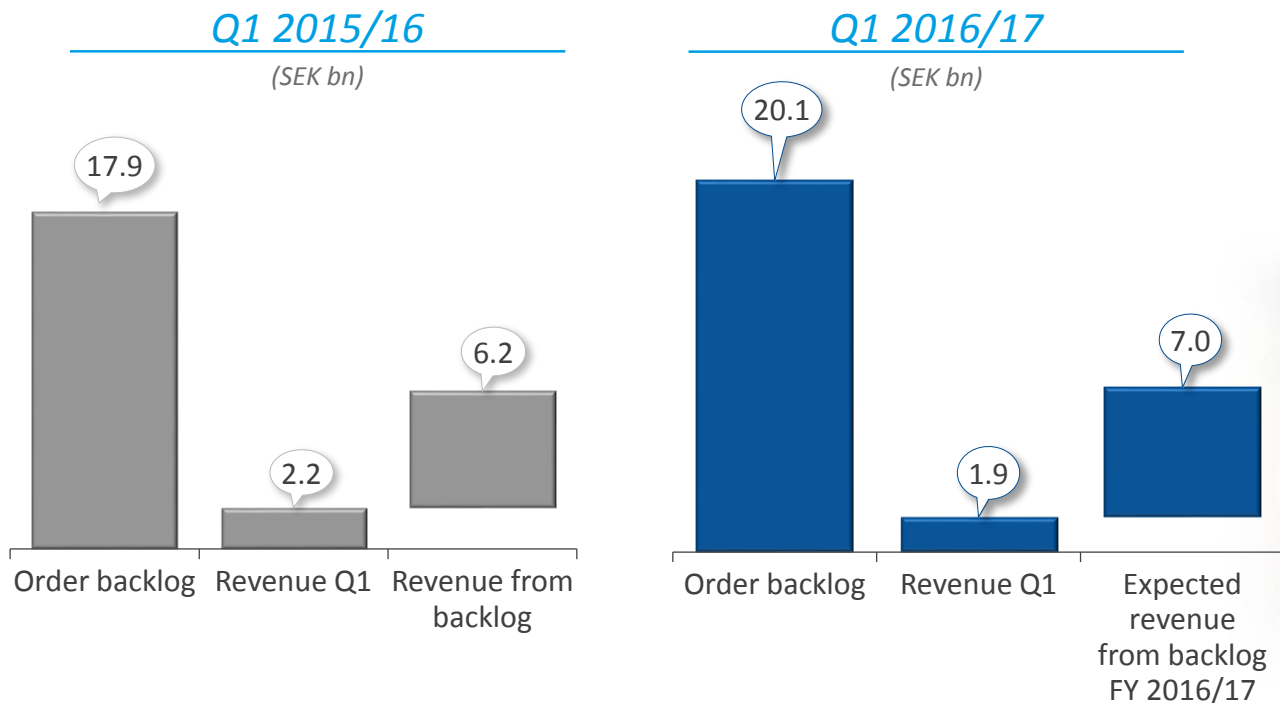
- Humediq settlement SEK 93 M
- Transformation program and legal costs: SEK ~77 M

Net working capital at target of 5% to net sales



DSO receivables = (A/R+INI) - (Prepaid Income+Customer Adv)

Improved backlog position



Book and bill in %
by quarter* – indication

- ✓ Q1: 75%
- Q2: 50%
- Q3: 25%
- Q4: <10%

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September 26 – Boston, USA



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