Elekta – global leader in radiation therapy

- One of the two major global companies in radiation therapy
- Active on 120 markets globally
- ~40% global market share; leader in Asia Pacific and Europe
- Over 1 M treatments per year
- 3,700 installed systems
- 3,600 employees worldwide
- Net sales SEK 10.6 bn
- Listed on the Nasdaq OMX Nordic Exchange since 1994
Radiation therapy – underlying growth potential

Underlying growing need
- New cancer cases to grow from 15 M per year to 24 M by 2035
- Increased recurrence

Lack of capacity
- At least 10,000 additional linacs are required to meet current needs*

Innovation enable broader usage
- Additional cancer types to be treated (MR-linac)

Growth somewhat damped by:
- Current low economic growth and healthcare spend
- New technology drive higher efficiency per system

Well established and cost efficient modality
- 40-60 percent of cancer patients receive RT in Western World. Account for much lower share of cost

Less educated personnel
- Need for workflow automation
- Learning systems / decision support

*Elekta estimate
ONCOLOGY INFORMATICS

Treatment pathway centric
Vendor & therapy agnostic
Localized to markets

MOSAIQ
Oncology specific EMR

MOSAIQ
Oncology Analytics

MOSAIQ
Image & Plan Review

METRIC/LGK
Cancer Registries

TREATMENT SOLUTIONS

Precise & Efficient
Imaging centric
Adaptive workflows

Linacs Portfolio

Neuro Portfolio

Brachy Portfolio

MR-Linac (Research)
Elekta’s revenue base (rolling 12 months)

*Including treatment planning software and service
Market position in linear accelerators

NEW ORDERS*

- Elekta: 41%
- Varian: 49%
- Other: 10%

NEW SOCKETS**

- Elekta: 47%
- Varian: 41%
- Other: 12%

INSTALLED BASE

- Elekta: 24%
- Varian: 53%
- Other: 23%

*Order intake of linear accelerators last twelve months
**New radiation therapy departments or expansion by new bunker
Focus areas:
1. Innovation
2. Transformation
Focus areas:

1. Innovation

2. Transformation

“To create the possible we have to constantly try the impossible”

Hermann Hesse
## The innovation opportunities for radiotherapy

**More outcome and focus where it matters**

### Image guidance
- High field MR as the ultimate soft tissue imaging tool
- Adaptive workflows to save healthy tissue by reducing margins!

### Workflow
- Integrated and automated workflows on treatment units
- Seamless integration of alternative treatments on OIS level

### Automation
- Big data applications
- Decision support with self learning
- Analytics for efficiency improvements and patient outcomes
Wrapping high dose as tight as possible to a target is sufficient in static situations…
...but targets often move and only advanced imaging helps reduce margins and further limit dose to healthy tissue...
...and for day-to-day changes of shape and position, seamless and on-line plan adaptation is vital.
MR-Linac (New)  Cone Beam IGRT (Today)

Esophagus
Bladder
Rectal tumor

MR-Linac
Brings together the capability of high-field diagnostic MR imaging, the highest standard of precision radiation therapy delivery and sophisticated adaptive workflow software for the first time.
How to navigate in today's RT-world

Plan dose

Anatomical changes

Patient moves

Arrive at actual delivered dose

Adaptive navigation provides **actual** information to decide how to best reach destination

IGRT added navigation

Faster cars

No harm to healthy tissue
Note: all in line with local regulatory requirements

7 consortium sites

5 commercial systems

12 MR-linac customers to date

Ambition: 75 orders until 2019
Launch in H2 calendar year 2017
Focus areas:

1. Innovation
2. Transformation
Transformation for profitable growth on track

Objectives

• Improve processes and structure
• Reduce cost and restore profitability
• Strengthen cash flow and reduce working capital
• Improve customer experience and drive excellence in product development
Ambition is to improve EBITA margin to >20%

**Margin development* (illustrative)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Margin (%)</th>
<th>EBITA Margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/12</td>
<td>23%</td>
<td>16%</td>
</tr>
<tr>
<td>12/13</td>
<td>22%</td>
<td>15%</td>
</tr>
<tr>
<td>13/14</td>
<td>20%</td>
<td>14%</td>
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<tr>
<td>14/15</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>15/16</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>Q3 rolling 12 months</td>
<td>16%</td>
<td>16%</td>
</tr>
</tbody>
</table>

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**Transformation program targets**

- EBITA margin of >20% by 2017/18
- Cost reductions of SEK 700** M with full effect 2017/18
- Net working capital to sales below 5% by 2016/17
- Produce-to-order process. One-off revenue effect was SEK 650 in H1 2016/17
- Realized SEK 535 M as of Q3
- Net working capital to sales at 1%
- Implemented

* EBITA margin for 2014/15 and onwards is adjusted for items affecting comparability and bad debt losses
** Base year 2014/15, excluding currency effect and bad debt
Net working capital at 1% of net sales*

**Key Working Capital Assets**
- Accounts receivables
- Accrued income
- Inventories

**Key Working Capital Liabilities**
- Customer advances
- Prepaid income
- Accounts payable

**Net Working Capital as % of Sales**
- DSO at 30 days (56)
- Lower accrued income
- Target to reduce inventories

*Rolling 12-month
**Q3 update: strong order intake and cash flow**

› **Order growth** in Q3 +34% and +11% YTD
  › Growth in all product areas

› **Net Sales in Q3:** +5% in SEK and +1% in local currency

› **EBITA margin in Q3:** at 12% (13)
  › Rolling 12-months EBITA margin improved to 16 percent or +2 percentage points since last year

› **Transformation program** on track - SEK 535 M in annualized savings

› **Cash flow** improved SEK 650* M
  › Net working capital at 1% to net sales

› **MR-linac** – 2 new customers

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*Cash flow after continuous investments. Adjusted for items affecting comparability of SEK 358 M, related to cash outflow attributable to legal processes and the transformation program.
Improved backlog position going into Q4

**Q3 2015/16**  
(SEK bn)

- **Order backlog**: 18.0
- **Revenue YTD**: 7.6
- **Expected revenue from backlog in Q4**: 2.7

**Q3 2016/17**  
(SEK bn)

- **Order backlog**: 21.9
- **Revenue YTD**: 7.0
- **Expected revenue from backlog in Q4**: 3.5
UNIQUE POSITION
in long-term growing market

STRONG PRODUCT OFFERING
and leading R&D portfolio

TRANSFORMATION ON TRACK
for operational excellence and profitable growth
Focus where it matters.