Elekta London road show

Richard Hausmann, President and CEO

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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

Oncology Informatics Portfolio

TREATMENT SOLUTIONS

Precise & Efficient
Imaging centric
Adaptive workflows

Linacs Portfolio

Neuro Portfolio

Brachy Portfolio

MR-Linac (Research)
Elekta’s revenue base (Q3 rolling 12 months)

- Linear Accelerators*: 62%
- Neuroscience*: 13%
- Brachy Therapy*: 9%
- Oncology Informatics: 16%

*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
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“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

B 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*
7 consortium sites

5 commercial systems

12 MR-linac customers to date

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

Note: all in line with local regulatory requirements
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)**

- 11/12: 23%
- 12/13: 22%
- 13/14: 20%
- 14/15: 14%
- 15/16: 15%
- Q3 rolling 12 months: 16%

**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

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*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
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.