Q2 Report
December 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. Since 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 and uncertainties”. 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 regulations.

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.
Improved margins and cash flow

› **Order intake in H1** in line with market. Flat Y/Y*

› **Net Sales** -15%. Implementation of **Produce-to-order** had a one-off effect of SEK ~650 M

› **Transformation** on track
  › Target >20% EBITA margin (2017/18)
  › Cost savings of SEK 500 M reached (target SEK 700 M)

› **EBITA margin** improved to 16% (14%) rolling 12 months

› **Cash flow** improved with approx. SEK 530 M in H1 to SEK 126 M

*Based on constant exchange rates
**Before items affecting comparability of SEK -206 M and bad debt losses of SEK -29 M
***Cash Flow after continuous investments Adjusted for cash outflow related to legal processes and the transformation program, totaling SEK 303 M
Stable market with geographical and quarterly variations

Asia Pacific
• Strengthened market leadership
• Strong performance in India (AIIMS order), South East Asia and China
• Slow market in Japan

North and South America
• US improved from low levels in Q1
• Actions for improvement in place
• Growth in Latin America

Europe, Middle East and Africa
• Challenging comparison from last year
• Growth in Emerging Markets
• Significant orders delayed that will be booked in Q3

Q2 gross order intake (MSEK)

- Asia Pacific
  - Q2 15/16: 976
  - Q2 16/17: 1122
  - SEK growth: +15%
  - LC growth: +10%

- North and South America
  - Q2 15/16: 1153
  - Q2 16/17: 1205
  - SEK growth: +5%
  - LC growth: +4%

- Europe, Middle East and Africa
  - Q2 15/16: 1269
  - Q2 16/17: 1056
  - SEK growth: -17%
  - LC growth: -17%

*Based on constant exchange rates
Challenging market conditions

NORTH AMERICA
Replacement market. Hospital consolidation

WESTERN EUROPE
Pent-up demand but overall slow economic growth

CHINA
Growth, but lower than historic levels

JAPAN
Stabilization from low levels

SOUTH AMERICA
Challenging conditions. Growth from low levels.

EASTERN EUROPE & MIDDLE EAST
Political instability and weak economic conditions

ASIA PACIFIC
Weak economic growth and uncertain market conditions

GLOBAL SERVICES
Good growth and increased installed base
Two MR-linac orders signed* - to be booked in Q3

*All in line with local regulatory requirements
Our way towards excellence – strategic update

- Purpose, brand and values
- Priorities
- Organization simplified. Management changes

- Elevate the customer experience
- Act as an innovation leader
- Continuously improve our processes
- Live our values
- Sustain a competitive cost base
- Growth
  - Cost
Financial Update

Håkan Bergström
Chief Financial Officer
The ambition is to improve EBITA margin to 20%.

**Margin development** (illustrative)

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
- Implemented produce-to-order process. One-off revenue effect was SEK 650 in H1 2016/17

*EBIT-A margin for 2014/15 and onwards is adjusted for items affecting comparability
**Base year 2014/15, excluding currency effect and bad debt*
Improved margins
Cost reductions offset temporary lower net sales

I. Net sales decreased by SEK 751 M
   - “Produce-to-order” process implemented, SEK 650 M

II. Gross margin at 41.5% (40.8)
    - Product mix and improved efficiency

III. EBITA* margin improved
    - Decreased opex
    - Less R&D capitalization SEK ~80 M
    - Positive currency effect of SEK ~210 M

<table>
<thead>
<tr>
<th></th>
<th>2016/17 H1</th>
<th>2015/16 H1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>4,316</td>
<td>5,067</td>
</tr>
<tr>
<td>COGS</td>
<td>-2,527</td>
<td>-3,001</td>
</tr>
<tr>
<td>Gross margin</td>
<td>41.5%</td>
<td>40.8%</td>
</tr>
<tr>
<td>OPEX</td>
<td>-1,424</td>
<td>-1,718</td>
</tr>
<tr>
<td>Capitalization</td>
<td>239</td>
<td>317</td>
</tr>
<tr>
<td>Exchange rate diff.</td>
<td>32</td>
<td>-63</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-78</td>
<td>-83</td>
</tr>
<tr>
<td>EBITA*</td>
<td>558</td>
<td>519</td>
</tr>
<tr>
<td>EBITA* margin</td>
<td>12.9%</td>
<td>10.2%</td>
</tr>
<tr>
<td>Items affecting comparability (incl. bad debt)</td>
<td>-235</td>
<td>-82</td>
</tr>
</tbody>
</table>

*Before items affecting comparability of SEK 206 M and bad debt losses of SEK 29 M
Positive currency effect expected for FY 2016/17
Weakening of GBP have a positive effect on bottom line

<table>
<thead>
<tr>
<th>CURRENCY EFFECT H1 Y/Y (MSEK)</th>
<th>ESTIMATED EFFECT 2016/17 Y/Y (MSEK)</th>
<th>ESTIMATED EFFECT 2017/18 Y/Y (MSEK)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Effect on net sales: 1%</td>
<td>• Effect on net sales: 3%</td>
<td>• EBITA effect: ~130</td>
</tr>
<tr>
<td>• Effect on EBITA: 115</td>
<td>• Effect on EBITA: 380</td>
<td>• Exchange rate differences: -50</td>
</tr>
<tr>
<td>• Exchange rate differences: 32</td>
<td>• Exchange rate differences: -120</td>
<td>• Result last year (reversed): 120</td>
</tr>
<tr>
<td>• Result last year (reversed): 63</td>
<td>• Result last year (reversed): 165</td>
<td>• Impact on EBITA (Y/Y) 200</td>
</tr>
<tr>
<td>• Impact on EBITA (Y/Y) 210</td>
<td>• Impact on EBITA (Y/Y) 425</td>
<td></td>
</tr>
</tbody>
</table>
Underlying cash flow improved by approx. SEK 530 M

I. Improved working capital
   - Produce to order process

II. Lower continuous investments
    - Lower R&D capitalization

III. Items affecting comparability
     SEK ~320 M
     - Transformation program: SEK 144 M
     - Legal costs: SEK 176 M

<table>
<thead>
<tr>
<th>CASH FLOW (SEK M)</th>
<th>2016/17 H1</th>
<th>2015/16 H1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Cash Flow</td>
<td>105</td>
<td>400</td>
</tr>
<tr>
<td>Change in Working Capital</td>
<td>97</td>
<td>-403</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>202</td>
<td>-3</td>
</tr>
<tr>
<td>Continuous investments</td>
<td>-396</td>
<td>-414</td>
</tr>
<tr>
<td>Legal processes and transformation</td>
<td>320</td>
<td>17</td>
</tr>
<tr>
<td>Cash Flow after continuous investments</td>
<td>126</td>
<td>-400</td>
</tr>
</tbody>
</table>
Net working capital at 4% to 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 47 days (67)
- Increase in customer advances
- Target to reduce inventories with SEK >200 M

*Rolling 12-month
Improved backlog position

**Q2 2015/16**
(SEK bn)

<table>
<thead>
<tr>
<th>Order backlog</th>
<th>Revenue H1</th>
<th>Revenue from backlog</th>
</tr>
</thead>
<tbody>
<tr>
<td>18.2</td>
<td>5.1</td>
<td>4.3</td>
</tr>
</tbody>
</table>

**Q2 2016/17**
(SEK bn)

<table>
<thead>
<tr>
<th>Order backlog</th>
<th>Revenue H1</th>
<th>Expected revenue from backlog FY 2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>21.7</td>
<td>4.3</td>
<td>5.4</td>
</tr>
</tbody>
</table>