Thought Leader in Precision Radiation Medicine

Elekta Capital Markets Day

September 27, 2018

Dr. Richard Hausmann
President and CEO
After 2 years and 4 month as CEO...

I am very happy to have you all here at our CMD!
Message 1:

Elekta is a better company now
We have built a solid foundation for further growth

- Completed transformation
- Delivered process improvements
- Solved working capital issue
- Launched Elekta Unity
- Returned to growth
Clear turn around

Underlying strong products – better positioning and competitiveness

- **Net sales** rolling 12 months
  - Rolling MSEK: 9,000 to 12,000
  - Q1 16/17 to Q1 18/19

- **EBITA-margin** rolling 12 months
  - % margin: 0% to 20%
  - Q1 16/17 to Q1 18/19

- **Cash flow** rolling 12 months
  - MSEK: 0 to 3,000
  - Q1 16/17 to Q1 18/19

Excluding one-off items
Strong market positions across our regions

- **24%**
  - market share (order intake)
  - Growing faster than overall market

- **49%**
  - market share (order intake)
  - No.1 Home base

- **44%**
  - market share (order intake)
  - No.1 Strong footprint
I see opportunity to improve Elekta even further
Message 2:

Our market is there and strong
An attractive growing global market

Global radiotherapy market

$ \sim 7 \text{bn}

Current market growth rate

\sim 7\%
Underlying fundamentals supporting growth

Driving investments in new capacity

Demographics

Growing cancer incidence

Growing need for cost-efficient cancer care

Breakthrough technologies and digitalization in health care
Message 3:

We have a clear strategy forward.
We focus on...

Precision
Radiation
Medicine
Our history is what drives us forward

Elekta was founded by Lars Leksell more than 46 years ago. We have dedicated ourselves to pioneering precision radiation medicine.

Dr. Lars Leksell (1907 – 1986)
Professor of Neurosurgery
What if?
What if this is the first contact of the patient to therapy?
First patient treatment at Royal Marsden Hospital, London!

'More cures, fewer side-effects' with pioneering radiotherapy machine

Fergus Walsh
Medical correspondent
@BBCFergusWalsh

24 September 2018
Our pioneers
This is reality today... 

...but there is more
10 years from now...

No separate planning CT

First plan done at Unity!
Instead, 10 years from now...

Ultrafast computing of adaptive real-time plans and dosimetry. AI supported and totally interactive.
Instead, 10 years from now...

Based on diagnostic quality MRI, real-time, monitoring response
With our focus on Precision Radiation Medicine we are increasing the addressable market.

Today's RT: 10M addressable RT patients

Diagnostic imaging enabled RT: 8M addressable RT patients, +25% patient population

Expanding the role of RT for indications like:
- Liver cancer
- Stomach cancer
- Cervix/Uterus cancer
- Pancreas cancer
- Head & neck cancer
- Oligo metastatic disease
- Oesophagus cancer
- Lung cancer
Let us listen to what our customers say
What if?
Repetitive tasks were automated and decision support was available anywhere and anytime – at your fingertips.
Each treatment is personalized based on insights from a global, self-learning ecosystem.
Treatment solutions uptime is 100% because they were serviced remotely and proactively.
AI and big data at the center of healthcare digitization

Elekta has filed numerous patents within AI in the last years – more to come...
Super accurate AI based contouring will enhance confidence

Complete virtual assistant joining patients and family support systems from home to hospital and beyond

Genetic profiling means we already know how we will treat the patient… even before they are diagnosed
MOSAIQ – a strong foundation to expand our future offering

- IBM Watson
- China Workspace
- Palabra voice automation
- Resource management (MOA)
- Customer workflow apps (Genesis care)
- Whiteboard workflow management
- Patient engagement
Do you know?

>60% of all cancer mortality occurs in emerging markets
What if?
Everybody around the world has access to precision radiation treatment.
Solutions are designed for the needs of growth markets

‘Scan-plan-treat’ with remote services and no physicists on site
Emerging markets are significantly underserved

Reasonable level should be ~6 linacs per million inhabitants

A shortage of >10,000 Linacs

Precision radiation medicine made easy to use and more accessible

• Turnkey solutions
• Ease of installation
• Intelligent automation
• Affordability
• Supported by solid training & education
We are working on a new solution catering exactly to those needs.
Supported by an integrated sustainability agenda

- **Fight Cancer**
  through an ecosystem of strategic partners

- **Business Ethics**
  and prevent corruption

- **People in Focus**
  based on diversity and inclusion

- **Sustainable Sourcing**
  human rights and environmental focus
The future is Precision Radiation Medicine...and it will drive our Growth.

- Expand addressable patient population
- Drive access to quality treatment
- Unity spearheading into new customers
The future is Precision Radiation Medicine... and it will drive our Growth.

Addressable market:

Today: $\sim 7$ BUSD

Future: $> 10$ BUSD
We will capture a larger share of total cancer care market

Today

Base business
Informatics
MR-linac

Scenario 2022/23 (illustrative)
We will continue to invest 10-11% of sales in innovation for our strategy in precision radiation.

- Innovative digital solutions
- Precision treatment devices
- Improved capabilities
In summary - a strategy to capture market potential

Focused on precision and growth

Grow our business with Unity in the lead

Elekta digital – improve workflows and outcomes

Delivering quality treatment for all

Grow service and aftermarket

Supported by strong innovation and R&D
My Promise:

Drive Elekta into the future as we drove it the last two years!
This is what we go for!

**Mid term scenario 2022/2023**

8-10%
Net sales CAGR over the period
(based on constant exchange rates)

Mid term margin view:
**EBITA >20%**
with expansion of up to 200 BPS
by the end of the period
We do it as thought leader in:

- Precision
- Radiation
- Medicine
Financial impact of mid-term scenario

Elekta Capital Markets Day

September 27, 2018
Elekta – an attractive value creation model

- Limited fixed assets
- Strong market position
- Innovation leader
- Negative working capital
- High growth
- Margin expansion
Reduction of risk from geographic diversification and high share of recurring revenue

Geographic diversification

- 28% North and South America
- 34% Europe, Middle East and Africa
- 38% Asia Pacific

Emerging and mature market mix

- Mature
  - 2013/14: 34%
  - 2014/15: 17%
  - 2015/16: 14%
  - 2016/17: 14%
  - 2017/18: 13%

- Emerging
  - 2013/14: 64%
  - 2014/15: 4%
  - 2015/16: 3%
  - 2016/17: 0%
  - 2017/18: 4%

- Back to growth in FY17/18
- Emerging markets high potential but volatile

Good mix of solutions and service business

- Solutions growing and positive outlook
- Strong service business

- Service
  - 2013/14: 60%
  - 2014/15: 10%
  - 2015/16: 5%
  - 2016/17: 6%
  - 2017/18: 10%

- Solutions
  - 2013/14: 40%
  - 2014/15: 10%
  - 2015/16: 5%
  - 2016/17: 10%
  - 2017/18: 14%

X% = Growth in constant currency
Current focus: growth and innovation

Last years’ focus - Transformation

- Cost saving of SEK 700 M
- EBITA margin target of 20%
- Net working capital <5% of net sales
- Get back to growth

Current Focus: Growth and Innovation

- Drive growth and market share gain
- Continue to invest in innovation and market expansion
Growth focus going forward
Precision Radiation Medicine
Delivering on our strategy will result in Elekta driving strong growth in the mid-term scenario.

- Grow our business with Unity in the lead
- Elekta digital – improve workflows and outcomes
- Delivering quality treatment for all
- Grow service and aftermarket
Unity commercialization will happen in three main phases and allow for faster growth and margin expansion.

First Phase
Until - H1 2020
- Early Adopters
  - 75 orders
- 300 leading Cancer Care Hospitals

Second Phase
2020-2022
- Growth phase from broad based market and gradual reimbursement
- Public and Private customers

Third Phase
2022-onwards
- Volume driven by clinical evidence and new reimbursement
- ~3 000-4 000 Hospitals
- 25% of total installed base
Market expansion in emerging markets provides high growth opportunities

Delivering quality treatment for all

34% Distributors 1/3

66%

Key focus areas

New products customized to emerging market need

Go direct in high growth markets

Continue to invest in Education and Training

Financial solutions

Note: FY17/18 revenue
Growing service and aftermarket increases the share of stable revenue streams

Key focus areas

- Growth in emerging markets – greenfield sites drive the installed base
- Focus on driving contract penetration and address aftermarket needs
- Unity driving additional service growth towards the end of the mid-term period

## Installed base

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of units</th>
</tr>
</thead>
<tbody>
<tr>
<td>13/14</td>
<td>3,061</td>
</tr>
<tr>
<td>14/15</td>
<td>3,301</td>
</tr>
<tr>
<td>15/16</td>
<td>3,512</td>
</tr>
<tr>
<td>16/17</td>
<td>3,785</td>
</tr>
<tr>
<td>17/18</td>
<td>4,006</td>
</tr>
</tbody>
</table>

## Service revenue growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth in SEK million</th>
</tr>
</thead>
<tbody>
<tr>
<td>13/14</td>
<td>3,093</td>
</tr>
<tr>
<td>14/15</td>
<td>3,577</td>
</tr>
<tr>
<td>15/16</td>
<td>4,199</td>
</tr>
<tr>
<td>16/17</td>
<td>4,493</td>
</tr>
<tr>
<td>17/18</td>
<td>4,650</td>
</tr>
</tbody>
</table>

- 7% growth in the installed base from 13/14 to 17/18
- Growth rates from 13/14 to 17/18: 5%, 10%, 5%, 6%
Our revenue scenario supports a strong mid-term growth of 8-10% Net Sales CAGR over the period (based on constant exchange rates). The strategic agenda includes:

- Grow our business with Unity in the lead
- Elekta digital – improve workflows and outcomes
- Delivering quality treatment for all
- Grow service and aftermarket

The revenue scenario until 2022/23 is expected to show a growth rate of 8-10%.
Continued margin improvement and continued investment in innovation
## Continued margin improvement

<table>
<thead>
<tr>
<th></th>
<th>Current Q1 R12</th>
<th>Drivers until 2022/23</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(SEK M)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>11,887</td>
<td><strong>Gross Margin drivers</strong></td>
</tr>
<tr>
<td>COGS</td>
<td>-58%</td>
<td>• Top-line growth from base business, Unity and Elekta Digital</td>
</tr>
<tr>
<td>Gross margin (%)</td>
<td>42%</td>
<td>• Price pressure on existing platforms</td>
</tr>
<tr>
<td>Selling Expenses</td>
<td>-10,3%</td>
<td>• Reduced material cost – Total cost and value sourcing focus</td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>-8,2%</td>
<td>• Efficiency in Service and Order Fulfillment – e.g. digitalization, remote servicing</td>
</tr>
<tr>
<td>Net R&amp;D</td>
<td>-9,6%</td>
<td></td>
</tr>
<tr>
<td>Other (FX, Other)</td>
<td>+1,2%</td>
<td><strong>SG&amp;A drivers</strong></td>
</tr>
<tr>
<td>Amortization</td>
<td>4,5%</td>
<td>• Scale and digitalization enabling leverage</td>
</tr>
<tr>
<td><strong>EBITA margin (%)</strong></td>
<td>20%</td>
<td>• Continued Shared Service Deployment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Additional investments to comply with regulations – e.g. MDR</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>R&amp;D drivers</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Continued investment in Elekta Digital and Precision Radiation Medicine</td>
</tr>
</tbody>
</table>
Elekta will increase its spend on R&D – continuing at 10-11% of net sales

* Net R&D% will decrease when Unity is amortized and new projects reach capitalization phase

Investing in innovation to drive future growth e.g. Elekta Digital

Protecting/improving price levels on existing portfolio through new functionality
Elekta’s supply chain well positioned to mitigate ongoing trade wars and tariffs

Main competitors

Trade tariffs

Elekta

Two main hubs Crawley (UK) and Beijing (China) to serve global markets
EBITA margin expansion is expected in the mid-term scenario.

Mid Term Margin scenario: EBITA >20% with expansion of up to 200 BPS in the end of the period.
Cash flow and capital allocation
Cash flow will continue to improve mid term primarily from higher EBITDA

<table>
<thead>
<tr>
<th></th>
<th>FY18/19</th>
<th>Mid Term</th>
<th>Main driver for mid-term scenario</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA (mSEK)</td>
<td></td>
<td></td>
<td>Improvement from topline growth and margin expansion</td>
</tr>
<tr>
<td>Working Capital Change</td>
<td>Build-up from last year’s low levels e.g. inventory (Unity, Brexit)</td>
<td>Continued negative Working Capital as % of sales</td>
<td></td>
</tr>
<tr>
<td>Financial Net</td>
<td>~ -25 mSEK per Quarter</td>
<td>Reduced debt related to maturity schedule</td>
<td></td>
</tr>
<tr>
<td>Paid Tax</td>
<td>21-22%</td>
<td></td>
<td>Expected to be at historic levels</td>
</tr>
<tr>
<td>Cash Flow from operating activities</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Cash conversion >70% and continued negative working capital levels in the mid term scenario

Operational cash conversion %

>70%

Net working capital as % of net sales

Negative ~10%

Note: *Cash flow from operating activities / EBITDA
Balanced view on capital allocation

- Selective acquisitions
  - Technology
  - Innovation
- Geographic Expansion
  - New markets
  - Service
- Maturing debt
  - According to maturity schedule
- Dividend
  - Dividend policy
    >30% of net profit*

* Dividend - BoD decision
Net Debt/EBITDA will continue to decrease

Leverage profile

Net debt / EBITDA and equity

Maturity profile

<table>
<thead>
<tr>
<th>Year</th>
<th>MSEK</th>
</tr>
</thead>
<tbody>
<tr>
<td>18/19</td>
<td>958</td>
</tr>
<tr>
<td>19/20</td>
<td>1000</td>
</tr>
<tr>
<td>20/21</td>
<td>215</td>
</tr>
<tr>
<td>21/22</td>
<td>1,296</td>
</tr>
<tr>
<td>22/23</td>
<td>1,430</td>
</tr>
</tbody>
</table>

- Repaid in May 2018
- EUR
- SEK
- GBP
- USD
Elekta has a history of acquisitions in innovation and market expansion.

- **2005**: IMPAC Medical Systems (Medical Intelligence)
- **2006**: Beijing Medical Equipment Institute
- **2007**: 3D Line
- **2008**: IMPAC Medical Systems (Medical Intelligence)
- **2010**: Resonant Medical
- **2011**: Nucletron
- **2012**: Radon
- **2014**: Distribution in Turkey (Mesi Medikal)
- **2015**: Distribution in Poland (RTA) and in Mexico (AEESA)
- **2018**: Acumyn Palabra investment

**Future**

Technology
Innovation
Market expansion
Summary

**FY18/19 Guidance**
- **Net Sales**: ~7%
- **EBITA**: ~20%

**Mid Term Scenario**
- **Until FY22/23**
  - **Net Sales CAGR**: 8-10% (based on constant exchange rates)
  - **EBITA**: >20% with expansion of up to 200 BPS in the end of the period

* Replaces Elekta’s current long-term financial ambitions
Thought Leader in Precision Radiation Medicine

Elekta Capital Markets Day

September 27, 2018

Dr. Ioannis Panagiotelis
Chief Marketing & Sales Officer
A strong market position and the right team
Strong market positions across regions

- 24% market share of linear accelerator orders
- 49% market share of linear accelerator orders
- 44% market share of linear accelerator orders
Strengthened competence and management team
Growing our market share in North America

24% market share of linear accelerator orders

Atlanta, Ga
Elekta NA HQ
Market leader in Europe

49% market share of linear accelerator orders

- Largest installed base and leader in new orders
- Predominately public markets, with a steadily growing private sector
- Need for replacement investments and modernization of the installed base
- Increasing demand for service and support
China leading the way in Asia

44% market share of linear accelerator orders
Driving operational excellence

- Organizational structure
- Efficiency & costs
- Leadership and governance
- Process improvement
- People
- Digitizing & technology for efficiency
Introducing guided selling tools

Quote in 4 easy steps
Easy to sell – easy to buy

Step 1 - Customer input

Step 2 - Recommendation

Step 3 - Packages

Step 4 – Finalize options and Output
Commercializing Unity
Elekta Unity has a CE Mark but is not available for commercial distribution or sale in the U.S.
Reaching the hard to treat cancers

Nodal Diseases

- Preoperative Breast
- Liver Metastases
- Biliary Cancers
- Pancreatic Cancer
- Renal Cell Carcinoma
- Adrenal metastasis (Oligo-metastatic disease)

Potential for multiple additional cases to be treated
Improving patient throughput with hypofractionation

Reducing total treatment time per patient

- 450 min
  Standard fractionation on linac

- 225 min
  SBRT on MR-linac

Increasing number of patients treated per year

- 266 patients
  Estimated number of patients per linac

- 533 patients
  Estimated number of patients per MR-linac

Increased precision and accuracy in dose placement

Increased dose to target and reduced dose to healthy tissue

New treatment regimes
Happening as we speak

Metastatic pelvic lymph node
T2w, TE 140ms, 3.5 mm sl., 1.1 x 1.1 mm res.

Metastatic axilla lymph node
3D T2w STIR, 1.5 mm sl., 1.5 x 1.5 mm res.
Happening as we speak

Treatment of metastatic pelvic lymph node

Pre-irradiated area (bowel, bone) with the need for maximum precision

T2w, TE 140ms, 3.5 mm sl., 1.1 x 1.1 mm res.
Happening as we speak

Courtesy University of Tubingen

Treatment plan for 35 Gy in 5 fractions (Left)

Live MRI - 5 frames/s (right)
Compelling value proposition

From CBCT to quantitative MR

Morphology:
Anatomy location

Pathology:
Tumor location

Sub-structure:
Tumor segmentation

Functionality:
Tumor characterization

*Quantitative MR is WIP and not available with Elekta Unity

1Doemer et. al., Radiation Oncology (2015) 10:37
2Courtesy of Avl-NKI
3Bjurlin et. al., Cent European J Urol. 2016; 69: 9-18
MR-linac on BBC news
Unity commercialization in three main phases

1st Phase
Until - H1 2020

- Early Adopters
  - 75 orders

- Addressable market
  - 300 leading Cancer Care Hospitals

2nd Phase
2020-2022

- Growth phase from broad based market and gradual reimbursement
- Public and Private customers
- Volume driven by clinical evidence and new reimbursement

3rd Phase
2022-onwards

- ~3,000-4,000 Hospitals
- 25% of total installed base
1st phase – academic institutions

<table>
<thead>
<tr>
<th>Akademiska Sjukhuset in Uppsala</th>
<th>~300-400 academic institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rationale:</td>
<td></td>
</tr>
<tr>
<td>• Conduct research publish papers</td>
<td></td>
</tr>
<tr>
<td>• Institution will be part of new paradigm in radiation therapy</td>
<td></td>
</tr>
<tr>
<td>• Improved patient outcomes and higher efficiency</td>
<td></td>
</tr>
</tbody>
</table>
1st phase – high-end cancer centers

**High end cancer centers**

**Rationale:**

- Leading clinical center with best in the world treatment solutions
- Reputation, improved outcomes and higher efficiency
- Return on investment

**Hong Kong Sanatorium & Hospital**
Rationale:

- Largest private cancer care in Australia, UK and Spain
- Reputation, improved outcomes and higher efficiency
- Eager to redesign care experience
2nd phase – clinical evidence through MOMENTUM

5 Sub-programs and deliverables

Technical/imaging data repository for **Machine Learning Program**

Disease-specific best-practice patient management manuals for **Training and Education**

Early clinical outcomes for **Market Access**

Mid-term clinical outcomes for **Clinical Marketing**

Infrastructure for future-oriented **Research and Development**
Best-practice patient management manuals
For Training and Education of Physicians and Physicists

MOMENTUM Partners will develop, test and iterate step by step instructions for managing patients Unity for ≥ 9 diseases
- Clinical Technical Profiles (CTPs)
- Contouring atlases in DICOM
- MR exam cards

Disease-specific manuals will comprehensively address:
- Simulation and delineation
- Initial planning
- On-line adaptation & QA
- Monitoring
- Off-line adaption

Materials made available to all Elekta customers on Elekta’s Training and Education website
Reimbursement strategy – Engaging with key markets

**USA**
- Medicare reimbursement through collaboration with customers and industry organizations. ~3 years timeline.
- In parallel private insurance companies and hospitals can work out separate reimbursement policies.

**Europe**
- Combination of private and public reimbursement systems
- Private insurance schemes can support early adoption

**China**
- Combination of private and public reimbursement systems
Indicative timeline for Elekta Unity registration
3rd phase – exploiting the full potential

Addressable market
25% of global installed base

6,000 hospitals world-wide

14,000 - global installed base of linear accelerators

3,000 – 4,000 systems as addressable market
Driving precision radiation medicine across our portfolio
Driving portfolio growth

Linacs
- Unity and “halo effect”
- Introduce HD Edition
- Capture upgrade cycles

Informatics
- Drive software penetration through bundling
- New functionality and add-ons

Neurosurgery
- Capture SRS growth with LGK
- Dual focus; Neurological clinics and Oncology centers

Brachytherapy
- Re-establish specialist sales channels within Brachytherapy
- Realize emerging market potential
Meet Elekta’s new family of HD* Linacs

Versa HD
Push the boundaries of your stereotactic capabilities

Infinity HD
Flexibility redefined, truly multifunctional

Synergy HD
Proven technology for everyone, everywhere

Note: *Works in progress and not available for distribution
Elekta Family of HD Linacs

Delivering precision radiation medicine to every clinic & every patient…

Higher Modulation
Combining power & control

Tighter Conformity
Higher Dose
Shorter Delivery

Competitor

Does not support jaw tracking of the Agility Dynamic Y-Jaw.

Only operates accurately with leaf speeds of up to 2.5cm/s

Elekta

Supports Jaw tracking

Up to 3.5cm/s leaf speed

Sustain high modulation while delivering high dose rate FFF
Elekta Family of HD Linacs
Delivering precision radiation medicine to every clinic & every patient…

Higher Modulation
Combining power & control

Tighter Conformity
Higher Dose
Shorter Delivery

Competition

Elekta

Disclaimer:
This case study is based on the experience and application of a medical expert, and is intended as an illustration of an innovative use of Elekta solutions. It is not intended to promote or exclude any particular treatment approach to the management of a condition. Any such approach should be determined by a qualified medical practitioner.

It is important to note that radiation treatments, while usually beneficial, may cause side effects that vary depending on the clinical site being treated along with other medical circumstances. The most frequent side effects are typically temporary and may include, but are not limited to, skin redness and irritation, hair loss, respiratory, digestive, urinary or reproductive system irritation, rib, bone, joint or soft tissue (muscle) pain, fatigue, nausea and vomiting. In some patients, these side effects may be severe. Treatment sessions may also vary in frequency, complexity and duration. Finally, radiation treatments are not appropriate for all cancers, and their use along with the potential benefits and risks should be discussed before treatment.
In summary

A strong market position and the right team in place

Commercializing Elekta Unity

Driving precision radiation medicine across our portfolio
Thought Leader in Precision Radiation Medicine

Elekta Capital Markets Day

September 27, 2018

Dr. Richard Hausmann
President and CEO
We will be #1
Elekta is a better company now
Our market is there and strong.
We have a clear strategy forward
We have unique products
It is all about Precision Radiation Medicine
...and it is driving our Growth
8-10% Net sales CAGR

EBITA >20% plus upside of 200 BPS
Thank you