Strong finish to a successful year of proven Unity excellence and software innovations

Elekta Q4 and full-year report 2018/19

May 29, 2019
Agenda.

1. Q4 and year-end results
2. Financials
3. Outlook
4. Q & A
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.
1. Q4 and full-year results
We are Precision Radiation Medicine

Everyone with cancer should have access to and benefit from precise, personalized radiotherapy
Q4 – a strong finish, delivering on all key figures

Precision Radiation Medicine

Key Q4 financials

- Order intake +8%
- Net sales growth +12%
- Gross margin 45.2%
- EBITA margin 24.1%
- Improved cashflow
Elekta Unity – 6 systems ordered in Q4, 45 in total

Reiterating 75 orders by mid-2020
9 months of clinical experience with Elekta Unity
From Aug 2018 until today

>190 patients completed treatment
>1,700 online adaptations
52% SBRT adoption
16 min minimum session time (at AvL-NKI)
>12 different cancer types treated

Treated cancer types:
- Prostate; 27%
- Oligomets; 25%
- Rectum; 19%
- Liver; 7%
- Bone; 6%
- Breast; 6%
- Pancreas; 3%
- Head&Neck; 2%
- Brain/GBM; Esophagus; Cervix 1%
- Others 2%
Our Elekta Unity pioneers treating patients routinely

10 of 21 installed Elekta Unitys in use with great feedback on performance

1 Original consortium members
Elekta at ESTRO – high attendance and great interests for new launches

Our most recent software: MOSAIQ® Plaza

Treatment solutions – Unity

“We’re now taking advantage of the exceptional image quality of Elekta Unity to enhance and expand online adaptive protocols.”

Prof. Dr. Daniel Zips, Medical Director University Hospital Tübingen
Q4: Strong order growth in EMEA and North America

North & South America
+9% Q4
- Strong growth in North America, especially in software
- 2 new Elekta Unity orders

Europe, Middle East & Africa
+18% Q4
- Fifth consecutive growth quarter
- Strongest growth in Middle East and Africa
- Continued good trend in mature Western Europe
- 3 new Elekta Unity orders

Asia Pacific
-8% Q4
- Weak quarterly order intake
- Good order intake in Thailand, India and Japan
- 1 new Elekta Unity order
FY 18/19: EMEA strong order intake throughout the year

North & South America
-1% FY 18/19
- Strong development in North America in H2 more than compensated for Q2 drop
- Volatile South American market
- 3 new Elekta Unity orders

Europe, Middle East & Africa
+18% FY 18/19
- Good growth throughout the region
- Strong performance in southern Europe, the Netherlands, North and Sub-Saharan Africa
- 10 new Elekta Unity orders

Asia Pacific
+6% FY 18/19
- Good order intake
- Leading market share in China and high activity level
- 4 new Elekta Unity order
FY 18/19 – successful year of proven Unity excellence and software innovation

- Growth of installed base to ~ **4,300 units**
- Good base for service going forward. Services in the year grew by 7% accounting for ~40% of revenue
- Strong year for Leksell Gamma Knife®
- High interest for newly launched MOSAIQ® Plaza
- Increasing pipeline for Elekta Unity
FY 18/19: Strong growth – both order and sales

Based on unchanged exchange rates

- Order intake: +8%
- Gross margin: 41.9%
- Net sales growth: +10%
- EBITA margin: 18.3%

Guidance fulfillment:

- Checkmark
2. Financials
Strong net sales growth and gross margin in the quarter

<table>
<thead>
<tr>
<th>(SEK M)</th>
<th>Q4 2018/19</th>
<th>Q3 2018/19</th>
<th>Q2 2018/19</th>
<th>Q1 2018/19</th>
<th>Q4 2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>4,086</td>
<td>3,320</td>
<td>3,330</td>
<td>2,819</td>
<td>3,409</td>
</tr>
<tr>
<td>Solutions</td>
<td>2,708</td>
<td>2,049</td>
<td>2,054</td>
<td>1,582</td>
<td>2,235</td>
</tr>
<tr>
<td>Service</td>
<td>1,378</td>
<td>1,270</td>
<td>1,276</td>
<td>1,237</td>
<td>1,173</td>
</tr>
<tr>
<td>COGS</td>
<td>-2,240</td>
<td>-1,967</td>
<td>-1,953</td>
<td>-1,716</td>
<td>-1,969</td>
</tr>
<tr>
<td>Gross margin (%)</td>
<td>45.2%</td>
<td>40.8%</td>
<td>41.4%</td>
<td>39.1%</td>
<td>42.2%</td>
</tr>
<tr>
<td>Expenses</td>
<td>-819</td>
<td>-763</td>
<td>-759</td>
<td>-806</td>
<td>-676</td>
</tr>
<tr>
<td>Exchange diff and other</td>
<td>-43</td>
<td>-85</td>
<td>-17</td>
<td>89</td>
<td>85</td>
</tr>
<tr>
<td>EBITA</td>
<td>985</td>
<td>505</td>
<td>601</td>
<td>386</td>
<td>848</td>
</tr>
<tr>
<td>EBITA margin (%)</td>
<td>24.1%</td>
<td>15.2%</td>
<td>18.0%</td>
<td>13.7%</td>
<td>24.9%</td>
</tr>
<tr>
<td>Amortization</td>
<td>-231</td>
<td>-194</td>
<td>-208</td>
<td>-148</td>
<td>-133</td>
</tr>
<tr>
<td>EBIT</td>
<td>755</td>
<td>311</td>
<td>393</td>
<td>238</td>
<td>714</td>
</tr>
<tr>
<td>Net financial items</td>
<td>-23</td>
<td>-40</td>
<td>-29</td>
<td>-25</td>
<td>-59</td>
</tr>
<tr>
<td>Income taxes</td>
<td>-195</td>
<td>-60</td>
<td>-80</td>
<td>-47</td>
<td>-153</td>
</tr>
<tr>
<td>Net profit</td>
<td>536</td>
<td>212</td>
<td>284</td>
<td>166</td>
<td>502</td>
</tr>
<tr>
<td>EPS</td>
<td>1.40</td>
<td>0.55</td>
<td>0.75</td>
<td>0.43</td>
<td>1.31</td>
</tr>
</tbody>
</table>

- Net sales up 12% in Q4
  - North and South America: FY 9%
  - Europe Middle East and Africa: 3%
  - Asia Pacific: 29%
- Solutions: 13%
- Service: 9% - strong finish of year
- Gross margin at 45.2%
  - Volume and improved product mix
- EBITA at 24.1% in Q4
Full-year sales growth of 10% and EBITA margin of 18%

- Net sales up 10% for the full year – growth in all regions
  - North and South America: FY 8%
  - Europe Middle East and Africa: 9%
  - Asia Pacific: 16%
- Solutions: FY 12% - growth across all business lines
- Service: FY 7%
- Gross margin at 41.9% - Strong Q4 finish
- EBITA at 18.3% in line with revised guidance of 18%
- Tax rate 24% driven by product mix (increased software revenues)
EBITA% vs. last year impacted by price pressure, Unity commercialization and less capitalization

Q4 YTD - EBITA bridge (SEK M)

Focus where it matters.
Continued focus on cost control—however significant impact of less R&D capitalization and Unity amortization

- Continued focus on cost control
- Admin expense increase vs. Q4 LY in driven by increased regulatory requirements (Unity approvals and MDR)
- R&D expense increase driven by lower Capitalization and higher Amortization post Unity CE mark
- Gross R&D spend decrease both vs. Q4 and FY LY
- Gross R&D in relation to net sales at 10%

<table>
<thead>
<tr>
<th>Expenses (SEK M)</th>
<th>FY 2018/19</th>
<th>FY 2017/18</th>
<th>Growth* Y/Y</th>
<th>Q4 2018/19</th>
<th>Q4 2017/18</th>
<th>Growth* Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selling</td>
<td>-1 296</td>
<td>-1 208</td>
<td>2%</td>
<td>-342</td>
<td>-326</td>
<td>-1%</td>
</tr>
<tr>
<td>Administrative</td>
<td>-1 039</td>
<td>-949</td>
<td>2%</td>
<td>-291</td>
<td>-249</td>
<td>5%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>-1 592</td>
<td>-1 095</td>
<td>37%</td>
<td>-417</td>
<td>-234</td>
<td>68%</td>
</tr>
<tr>
<td>of which capitalization</td>
<td>453</td>
<td>637</td>
<td></td>
<td>124</td>
<td>207</td>
<td></td>
</tr>
<tr>
<td>of which amortization</td>
<td>-660</td>
<td>-385</td>
<td></td>
<td>-197</td>
<td>-97</td>
<td></td>
</tr>
<tr>
<td>Gross R&amp;D spend</td>
<td>-1 386</td>
<td>-1 347</td>
<td>-3%</td>
<td>-346</td>
<td>-339</td>
<td>-5%</td>
</tr>
<tr>
<td>Total</td>
<td>-3 927</td>
<td>-3 252</td>
<td>14%</td>
<td>-1 050</td>
<td>-810</td>
<td>21%</td>
</tr>
</tbody>
</table>

Expenses excl. Capitalization /Amortization: +0% / -1%

*In constant currency
Decrease in working capital from lower Accounts Receivables and higher Accounts Payable

Net working capital change in the quarter

<table>
<thead>
<tr>
<th></th>
<th>Assets</th>
<th>Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 18/19</td>
<td>8,815 Inventory</td>
<td>10,020 Customer Advances</td>
</tr>
<tr>
<td>Q4 18/19</td>
<td>8,548</td>
<td>10,638</td>
</tr>
</tbody>
</table>

Net working capital as % of net sales

<table>
<thead>
<tr>
<th></th>
<th>13/14</th>
<th>14/15</th>
<th>15/16</th>
<th>16/17</th>
<th>17/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFRS15</td>
<td>14%</td>
<td>8%</td>
<td>-6%</td>
<td>-10%</td>
<td>-14%</td>
</tr>
<tr>
<td>Q1</td>
<td>-13%</td>
<td>-15%</td>
<td>20%</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Focus where it matters.
**Strong Cash Conversion in the quarter driven by improved Working Capital**

<table>
<thead>
<tr>
<th>(SEK M)</th>
<th>FY 18/19</th>
<th>FY 17/18</th>
<th>Q4 18/19</th>
<th>Q4 17/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>2 639</td>
<td>2 520</td>
<td>1 028</td>
<td>888</td>
</tr>
<tr>
<td>Working capital</td>
<td>-636</td>
<td>47</td>
<td>610</td>
<td>372</td>
</tr>
<tr>
<td>Financial net</td>
<td>-116</td>
<td>-164</td>
<td>-23</td>
<td>-59</td>
</tr>
<tr>
<td>Paid tax</td>
<td>-269</td>
<td>-250</td>
<td>-102</td>
<td>-75</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>251</td>
<td>34</td>
<td>109</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>1 621</td>
<td>2 404</td>
<td>1 547</td>
<td>1 235</td>
</tr>
<tr>
<td>Cash conversion</td>
<td>61%</td>
<td>95%</td>
<td>151%</td>
<td>139%</td>
</tr>
</tbody>
</table>

Cash Conversion bridge:

Cash Conversion = Cash flow from operating activities / EBITDA

Operational cash conversion and EBITDA:

Focus where it matters.
We have a strong balance sheet and during the year we have allocated capital in four key areas:

**Dividend**
- Dividend policy of >30%
- 1.4 SEK/Share

**Selective acquisitions**
- Acquisition of Acumyn July 2018
- Investment in IRT April 2019

**Geographic Expansion**
- Increased footprint in emerging markets
- Investments in Middle East & Africa

**Maturing debt**
- Debt payback to improve long-term financial net
- Repaid 50 mUSD in Q1 and 50 mUSD in Q3
Impact from reporting IFRS 16 from FY 2019/20

Modified retrospective approach
Applied as of May 1, 2019

Balance Sheet
- Additional SEK 1.2 bn in total assets (right of use assets vs lease liabilities)
- Financial leases (primarily site lease in Crawley) become liabilities/assets

Effect on P&L and Cash Flow

Effect on FY 2019/20
- EBITDA ++
- EBITA/EBIT +
- Net income -
- Net cash flow unchanged
  (Operating activities +/financing activities -)
3. Outlook
Proposed dividend for FY 2018/19

Dividend, SEK per share

Pay-out ratio

57% of net income
Guidance and priorities going forward

<table>
<thead>
<tr>
<th>Net sales</th>
<th>Guidance FY 19/20: 8-10%</th>
<th>Scenario FY 20/21-22/23: 8-10%</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITA margin</td>
<td>~19%</td>
<td>&gt;20% with expansion of up to 200 BPS in the end of the period</td>
</tr>
</tbody>
</table>

**Focus in FY 19/20**

- Ramp-up of the commercialization of Elekta Unity, continuous development of Elekta Digital etc.
- Growing installed base
- Continued cost control
- Focus on innovation
In summary

- Good net sales and order growth
- Gross margin and EBITA pick up at year-end
- Strong financial position
- High interest for Unity and great customer feedback
- Good future prospects
Q&A.

We now welcome any of your questions

Richard Hausmann
President and CEO

Gustaf Salford
CFO
Thank you

Next report, Q1: Aug 22, 2019

Cecilia Ketels, Head of IR
E: cecilia.ketels@elekta.com
T: +46 76 611 76 25