“Strengthened innovation leadership and continued growth across our markets”

Elekta Q3 report

February 22, 2019
Agenda.

1. Q3 in short
2. Financials
3. Key takeaways
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. Q3 in short
We are Precision Radiation Medicine

Everyone with cancer should have access to and benefit from precise, personalized radiotherapy
Precision Radiation Medicine will drive our Growth

**Precision**
- Treat exactly where the tumor is, saving surrounding tissues
- Delivering optimal, individualized treatment for every patient

**Radiation**
- Providing unmatched expertise based on our heritage
- Catering to the global and increasing need for radiation therapy

**Medicine**
- Supporting cancer patients and clinicians throughout the treatment pathway, enabling better decisions
- Driving continuous learning and improvement of treatments and outcomes
Many highlights in the quarter – our strategy in action

Precision
Radiation
Medicine
Double-digit growth in Q3 but unsatisfactory margins

- Order intake +12% (9% YTD)
- Net sales growth +14% (10% YTD)
- Gross margin 40.8% (40.5% YTD)
- EBITA margin 15.2% (15.8% YTD)
Updated guidance for 2018/19

**FY18/19 guidance**

- Net sales ~7%
- EBITA ~20%

**Updated FY 18/19 guidance**

- Net sales ~8%
- EBITA ~18%
Strong order growth in all regions

North & South America
+16% in Q3
- Installed base continues to grow overall
- Positive contribution from South America although volatile market

Europe, Middle East & Africa
+5% in Q3
- Fourth consecutive growth quarter
- Europe continues to show good growth momentum
- 5 new Elekta Unity orders in the region

Asia Pacific
+20% in Q
- Asia Pacific showing very strong growth.
- China continues to grow with double digits
<table>
<thead>
<tr>
<th>Event</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increasing momentum for Elekta Unity</td>
<td></td>
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<tr>
<td>Launched MOMENTUM study</td>
<td></td>
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<tr>
<td>Launched Unity in China</td>
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<tr>
<td>First patients treated in the U.S.</td>
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<tr>
<td>7 new orders in the quarter</td>
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<tr>
<td>Over 1,000 online adaptations</td>
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<tr>
<td>Over 80 patients treated so far</td>
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<tr>
<td>Regulatory cleared in over 30 countries</td>
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<tr>
<td>16 minutes minimum fraction timing</td>
<td></td>
</tr>
<tr>
<td>Received FDA 510(k) clearance</td>
<td></td>
</tr>
<tr>
<td>Over 1,000 online adaptations</td>
<td></td>
</tr>
<tr>
<td>6 months of clinical practice</td>
<td></td>
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<tr>
<td>Won Good Design® Award</td>
<td></td>
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<tr>
<td>First order in the Middle East</td>
<td></td>
</tr>
</tbody>
</table>
Our Elekta Unity pioneers treating patients routinely

Great feedback from customers on the performance of the system

Ref: Froedtert Health, Inc., 2019

Ref: Albert Koong, MD PhD, Chair, MD Anderson Department of Radiation Oncology

Ref: Froedtert Health, Inc., 2019
Elekta Unity – delivering on its promise

See clearly
Monitor motion
Adapt real time
Treat accurately
Assess response*

Submillimetric soft tissue visualization with 5 imaging contrasts
Live motion monitoring on 3 planes simultaneously
Online adaptation to daily changes in size and shape in 12 clicks
Highly conformal dose distribution with 1mm beam precision
Early response assessment with real-time biological MR

Focus where it matters.
Elekta Unity is CE and 510k approved. Not commercially available in all regions. Images courtesy of UMC Utrecht.

*DWI is not commercially available yet.
Unity clinical examples

New cases from UMC Utrecht, University of Tübingen, Froedtert/MCW, NKI

1st patient at UMC Utrecht: Pelvic oligometastatic lymph node
1st patient at Univ. Tübingen: Pelvic oligometastatic lymph node
UMC Utrecht: Rectal cancer
Univ. Tübingen: Head-Neck cancer
Univ. Tübingen: Oligoprogressive pancreatic cancer
Univ. Tübingen: Rectal cancer
MCW: Liver metastasis
NKI: Prostate (16min fraction)

Focus where it matters.
Elekta Unity is CE marked and 510k approved. Not commercially available in all regions.
Elekta Unity – 7 systems ordered in Q3, 39 in total
Successful Arab Health congress

- Signed first Elekta Unity order for the region – Bahrain's King Hamad University Hospital
- Signed reference site agreement with King Hussein Cancer Center in Jordan
- Orders for over USD 20 M signed with Iran, Egypt, Bahrain, Algeria and Jordan
- Great customer interaction and feedback
Elekta Precision Radiation Summit in China

Launched Elekta RT Academy

Launched Elekta Unity, Leksell Gamma Knife® Icon™ and new Elekta Axesse™

Workshops focused on the clinical application of Icon, Elekta Unity, HDRS and QA
2. Financials

Gustaf Salford
CFO
Strong net sales growth but weaker gross margin in the quarter

<table>
<thead>
<tr>
<th>(SEK M)</th>
<th>Q3 2018/19</th>
<th>Q2 2018/19</th>
<th>Q1 2018/19</th>
<th>Q3 2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>3,320</td>
<td>3,330</td>
<td>2,819</td>
<td>2,756</td>
</tr>
<tr>
<td>Solutions</td>
<td>2,049</td>
<td>2,054</td>
<td>1,582</td>
<td>1,629</td>
</tr>
<tr>
<td>Service</td>
<td>1,270</td>
<td>1,276</td>
<td>1,237</td>
<td>1,127</td>
</tr>
<tr>
<td>COGS</td>
<td>-1,967</td>
<td>-1,953</td>
<td>-1,716</td>
<td>-1,561</td>
</tr>
<tr>
<td>Gross margin (%)</td>
<td>40.8%</td>
<td>41.4%</td>
<td>39.1%</td>
<td>43.4%</td>
</tr>
<tr>
<td>Expenses</td>
<td>-763</td>
<td>-759</td>
<td>-806</td>
<td>-647</td>
</tr>
<tr>
<td>Exchange diff and other</td>
<td>-85</td>
<td>-17</td>
<td>89</td>
<td>-14</td>
</tr>
<tr>
<td>EBITA</td>
<td>505</td>
<td>601</td>
<td>386</td>
<td>534</td>
</tr>
<tr>
<td>EBITA margin (%)</td>
<td>15.2%</td>
<td>18.0%</td>
<td>13.7%</td>
<td>19.4%</td>
</tr>
<tr>
<td>Amortization</td>
<td>-194</td>
<td>-208</td>
<td>-148</td>
<td>-125</td>
</tr>
<tr>
<td>EBIT</td>
<td>311</td>
<td>393</td>
<td>238</td>
<td>409</td>
</tr>
<tr>
<td>Net financial items</td>
<td>-40</td>
<td>-29</td>
<td>-25</td>
<td>-35</td>
</tr>
<tr>
<td>Income taxes</td>
<td>-60</td>
<td>-80</td>
<td>-47</td>
<td>-34</td>
</tr>
<tr>
<td>Net profit</td>
<td>212</td>
<td>284</td>
<td>166</td>
<td>342</td>
</tr>
<tr>
<td>EPS</td>
<td>0.55</td>
<td>0.75</td>
<td>0.43</td>
<td>0.90</td>
</tr>
</tbody>
</table>

- Net sales up 14% in Q3
  - 10% YTD - growth in all regions
  - Solutions: 12% YTD - growth across all business lines
  - Service: 7% YTD
- Gross margin at 40.8%
  - Lower than plan due to unfavorable project mix and Unity ramp-up
  - 40.5% YTD and 40.9% R12
- EBITA at 15.2% in Q3
  - 15.8% YTD and 18.2% R12
EBIT% vs. last year impacted by project mix, price pressure, Unity commercialization and less capitalization.
Expenses declined in Q3 compared to Q2

<table>
<thead>
<tr>
<th>Expenses (SEK M)</th>
<th>Q3 2018/19</th>
<th>Q2 2018/19</th>
<th>Q1 2018/19</th>
<th>Growth* Q/Q</th>
<th>Q3 2017/18</th>
<th>Growth* Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selling</td>
<td>-310</td>
<td>-320</td>
<td>-324</td>
<td>-3%</td>
<td>-277</td>
<td>7%</td>
</tr>
<tr>
<td>Administrative</td>
<td>-247</td>
<td>-237</td>
<td>-265</td>
<td>3%</td>
<td>-232</td>
<td>0%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>-400</td>
<td>-411</td>
<td>-365</td>
<td>-1%</td>
<td>-264</td>
<td>45%</td>
</tr>
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<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>capitalization</td>
<td>97</td>
<td>104</td>
<td>128</td>
<td></td>
<td>161</td>
<td></td>
</tr>
<tr>
<td>of which</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>amortization</td>
<td>-166</td>
<td>-176</td>
<td>-120</td>
<td></td>
<td>-93</td>
<td></td>
</tr>
<tr>
<td>Gross R&amp;D spend</td>
<td>-331</td>
<td>-339</td>
<td>-373</td>
<td>-1%</td>
<td>-332</td>
<td>-5%</td>
</tr>
<tr>
<td>Total</td>
<td>-957</td>
<td>-967</td>
<td>-953</td>
<td>-1%</td>
<td>-773</td>
<td>18%</td>
</tr>
</tbody>
</table>

*In constant currency

- Continued focus on cost control
- Expenses decrease vs. Q2 in constant currencies
- Gross R&D spend decrease both vs. Q2 and vs. Q3 last year
- Gross R&D in relation to net sales at 11%
EBITA expected to improve in Q4 reaching ~18% for the full year – change from previous ~20%

### Margin drivers Q4 2018/19 (indicative)

<table>
<thead>
<tr>
<th>Net sales growth leverage</th>
<th>Market mix</th>
<th>R&amp;D Capitalization</th>
<th>Investments in innovation &amp; geographic expansion</th>
<th>Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</table>

**EBITA YTD**

<table>
<thead>
<tr>
<th>16%</th>
</tr>
</thead>
</table>

**Focus where it matters.**

EBITA FY ~18%

**Scale and improved product mix**

Increased mature market volume

Higher share of projects in capitalizable phase

Investments in growth markets

Estimated FX EBITA impact +115\* SEK M in FY 18/19

* 175 mSEK in Q2
Increase in working capital from Accounts Receivables

Focus where it matters.

Net working capital change in the quarter

<table>
<thead>
<tr>
<th>Assets</th>
<th>Q2 18/19</th>
<th>Inventory</th>
<th>45</th>
<th>Accounts receivable</th>
<th>792</th>
<th>INI</th>
<th>139</th>
<th>Other</th>
<th>86</th>
<th>Q3 18/19</th>
<th>8,815</th>
</tr>
</thead>
</table>

| Liabilities | Q2 18/19 | Customer Advances | 198 | Accounts payable | 29 | Prepaid income | 100 | Other | 92 | Q3 18/19 | 10,020 |

Net working capital as % of net sales

- 13/14: 14%
- 14/15: 8%
- 15/16: 2%
- 16/17: -6%
- 17/18: -10%
- IFRS15: -14%
- Q1: -20%
- Q2: -13%
- Q3: -9%

Focus where it matters.
Decline in Cash Conversion mainly from increased working capital

<table>
<thead>
<tr>
<th>(SEK M)</th>
<th>Q3 2018/19</th>
<th>Q2 2018/19</th>
<th>Q1 2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>545</td>
<td>639</td>
<td>427</td>
</tr>
<tr>
<td>Working capital</td>
<td>-466</td>
<td>-81</td>
<td>-699</td>
</tr>
<tr>
<td>Financial net</td>
<td>-40</td>
<td>-29</td>
<td>-25</td>
</tr>
<tr>
<td>Paid tax</td>
<td>-98</td>
<td>-47</td>
<td>-21</td>
</tr>
<tr>
<td>Other</td>
<td>2</td>
<td>30</td>
<td>-63</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>-57</td>
<td>512</td>
<td>-381</td>
</tr>
<tr>
<td>Cash conversion</td>
<td>-10%</td>
<td>80%</td>
<td>-89%</td>
</tr>
</tbody>
</table>

Cash Conversion bridge

Operational cash conversion and EBITDA

Cash Conversion = Cash flow from operating activities / EBITDA
Financial position: Net Debt/ EBITDA at 0.61 and an external debt of USD 50m with maturity 21/22 was repaid.

Net debt / EBITDA

Maturity profile

Focus where it matters.
Elekta is prepared for Brexit

Mitigation measures within supply chain, regulatory affairs and movement of people

New legal entity set up in Sweden to transfer regulatory and transactional activities from UK to EU

Continued ramp-up of production volumes in China
3. Key takeaways
In summary

• Double-digit order and net sales growth
• Strong Unity demand and great customer feedback
• Margins to improve
• Investment in innovation and market expansion
• Precision Radiation Medicine is the future
Updated guidance for 2018/19

FY18/19 guidance

- Net sales ~7%
- EBITA ~20%

Updated FY 18/19 guidance

- Net sales ~8%
- EBITA ~18%
Q&A

We now welcome any of your questions

Richard Hausmann
President and CEO

Gustaf Salford
CFO
Thank you

Next report; Q4, May 29, 2019

Gunilla Öhman, Head of IR (interim)
E: gunilla.oehman@elekta.com
T: +46707638125