Interim report May-July 2017/18

Q1
2017/18
August 23, 2017

First quarter

- Gross order intake amounted to SEK 2,738 M (2,662), an increase of 3 percent in SEK and unchanged based on constant exchange rates.
- Net sales was SEK 2,169 M (1,882), an increase of 15 percent in SEK and 12 percent based on constant exchange rates.
- Adjusted EBITA* amounted to SEK 187 M (166). No items affecting comparability were reported (SEK -89 M). Bad debt losses amounted to SEK -10 M (-6).
- The effect from changes in exchange rates compared with last year was approximately SEK 5 M including hedges.
- Adjusted EBITA* margin was 9 percent (9).
- Operating result was SEK 38 M (-34).
- Net income amounted to SEK -1 M (-64). Earnings per share was SEK 0.00 (-0.17) before/after dilution.
- Cash flow after continuous investments improved by SEK 213 M to SEK -95 M (-308).
- Two Elekta Unity orders from leading hospitals in Hong Kong were added to the backlog.

Group summary

SEK M	Q1 2017/18	Q1 2016/17	Change
Gross order intake	2,738	2,662	0% **
Net sales	2,169	1,882	12% **
Adjusted EBITA*	187	166	13%
Operating result	38	-34	
Net income	-1	-64	
Cash flow after continuous investments	-95	-308	
Earnings per share before/after dilution, SEK	0.00	-0.17	

*Adjusted for items affecting comparability and bad debt losses, for a reconciliation to operating result, see page 10.The split between restructuring costs and costs for legal processes, is presented on pages 18.
**Compared to last fiscal year based on constant exchange rates.

President and CEO comments

Our continuous improvements and transformation are generating results. Delivery volumes are approaching satisfactory levels following the major adjustment we implemented in the first half of last year. Gross margin has improved, cash flow has strengthened and net working capital continues at a low level. At the same time the commercialization of Elekta Unity is progressing well and we continue to invest in it, as well as our activities relating to Elekta Digital.

Net sales in the quarter increased by 15 percent as reported or by 12 percent based on constant exchange rates, driven by strong growth in China, Western Europe and emerging markets. Delivery volumes are approaching satisfactory levels following the implementation of our produce-to-order process during the first half of last year. Gross margin strengthened by 1.8 percentage points and EBITA rose 13 percent to SEK 187 M.

We continue to invest in cancer care for the future and during the quarter, further resources were allocated to the commercialization of Elekta Unity and our commitment in the software development program Elekta Digital. This has affected the EBITA-margin, but at the same time, we are prioritizing day-to-day work to continuously improve our processes and further reduce our cost base to reach our targets. In addition, the finalized transformation program also adds direct cost savings of SEK 150 M which will be realized during the year. As the transformation program is completed and major legal disputes were closed last year, we had no one-off costs in the quarter.

Our order intake grew by 3 percent in SEK and was flat based on constant exchange rates. Overall, I am convinced that we can do better, especially with Elekta Unity coming to the market this year. Order intake in Asia Pacific rose 10 as reported or 7 percent based on local currencies, driven by strong development in Southeast Asia and good growth in China. In Europe, we had strong performance in Germany, Italy and Spain, but the overall comparison was challenging from last year. In North America, we begin to see the results of our improvement program and order bookings increased 8 percent as reported or 5 percent in local currencies. However, development in Latin America was slow.

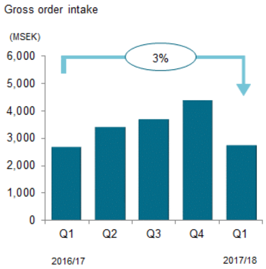
Much of the interest at ASTRO in September this year will center around our groundbreaking system, Elekta Unity, which combines radiation therapy and visualization with high-field MRI in real time. We have also added two Unity orders from leading hospitals in Hong Kong to our order backlog during the quarter. The first patient study has now been concluded and demonstrated precision beyond expectations. The system generates excellent imaging synchronized with precision beam delivery. We are convinced that the new technology will revolutionize radiation therapy and create completely new opportunities for physicians and their patients. We are advancing towards CE-mark and 510k filing that are planned before end of this calendar year and we reiterate our ambition to generate 75 orders until year end 2019.

I have my management team in place and organization aligned. I am looking forward to the rest of this fiscal year and our targets are clear. We will return to profitable growth and with continuous process improvements and cost savings we reiterate our target of an EBITA margin exceeding 20 percent.

Richard Hausmann
President and CEO

Presented amounts refer to the fiscal year 2017/18 and amounts within parentheses indicate comparative values for the equivalent period last fiscal year unless otherwise stated.

Order intake and order backlog



Gross order intake increased 3 percent to SEK 2,738 M (2,662) and was flat based on constant exchange rates.

Gross order intake

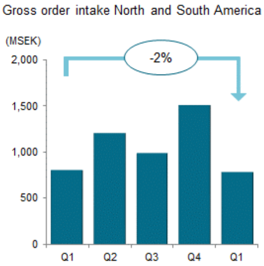
SEK M	Q1 2017/18	Q1 2016/17	Change*	Change	12 months rolling	Change*	May - Apr 2016/17
North and South America	791	811	-6%	-2%	4,496	-9%	4,516
Europe, Middle East and Africa	826	830	-4%	0%	5,074	1%	5,078
Asia Pacific	1,121	1,021	7%	10%	4,570	3%	4,470
Group	2,738	2,662	0%	3%	14,140	-2%	14,064

**Compared to last fiscal year based on constant exchange rates.*

Order backlog was SEK 21,699 M, compared to SEK 22,459 M on April 30, 2017. Order backlog is converted at closing exchange rates which resulted in a negative translation difference of SEK 1,277 M. According to current delivery plans, the order backlog is expected to be recognized as follows: approximately 32 percent in the remaining nine months of 2017/18, 28 percent in 2018/19 and 40 percent thereafter.

Regional development

North and South America

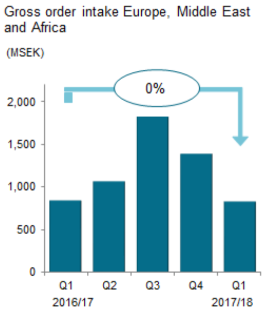


The market in the US is stable and driven by investments to renew the installed base of radiation therapy systems. In the first quarter, new proposals for radiation therapy reimbursement were presented. The reimbursement levels, if implemented, would generally remain unchanged.

Elekta is working intensively to strengthen its operations in North America, with the aim of improvement during this year. Order intake in North America grew by 8 percent during the first quarter. Order intake for the entire region, decreased by 2 percent, which is equivalent to a decrease by 6 percent based on constant exchange rates. The decline is related to Latin America.

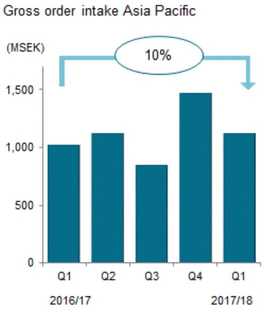
Demand for cancer care is growing in South America, mainly driven by a rapidly aging population and a considerable shortage in capacity for radiation therapy. However, weak economic conditions throughout the region have slowed investments in new equipment.

Europe, Middle East and Africa



Radiation therapy capacity in Western Europe is inadequate, evidenced by the long waiting times for treatment in many countries. This is being addressed by investments in public health care systems and through an increase in investments from private care providers.

Order intake in the region was unchanged during the first quarter, or declined by 4 percent based on constant exchange rates. The growth was favorable in Germany, Italy and Spain, while the comparison from last year is challenging due to a large order of EUR 20 M booked in Austria.



Asia Pacific

The region is home to 60 percent of the global population, but less than 30 percent of the world's total radiation therapy capacity. Accordingly, there is a large unmet need for cancer care. The main market drivers are longer life expectancy and greater economic prosperity, which are leading to a growing need for investments in health care. Market growth in the region was favorable in the first quarter. High-growth markets include Southeast Asia and China. The Japanese market is currently weak.

Elekta's order intake increased 10 percent in the first quarter or by 7 percent based on unchanged exchange rates.

Financial ambitions fiscal year 2017/18

The implementation of the transformation program is completed and all the objectives announced in June 2015 are on track to be fully realized during the fiscal year.

Objectives	Status
EBITA margin of >20 percent in fiscal year 2017/18	On track – rolling 12 months was 15 percent
Cost savings of SEK 700* M with full effect from fiscal year 2017/18	On track - All savings related to operating expenses have been realized. In addition COGS savings of SEK 150 M will be realized during the fiscal year 2017/18. At the same time Elekta is prioritizing to continuously improve the processes to further reduce costs.
Net working capital to sales below 5 percent	Net working capital to net sales was -6 percent at the end of the first quarter

**Base year 2014/15, excluding currency effects.*

Net sales and earnings

Net sales amounted to SEK 2,169 M (1,882), an increase of 15 percent or 12 percent based on constant exchange rates. The increase is driven by strong growth in China, Western Europe, and emerging markets. Delivery volumes are approaching satisfactory levels following the implementation of the produce-to-order process during the first half of last year.

Net sales

SEK M	Q1 2017/18	Q1 2016/17	Change*	Change	12 months rolling	Change*	May-Apr 2016/17
North and South America	827	822	-3%	1%	4,152	2%	4,147
Europe, Middle East and Africa	757	553	33%	37%	3,648	5%	3,444
Asia Pacific	586	507	13%	16%	3,193	-13%	3,114
Group	2,169	1,882	12%	15%	10,991	-2%	10,704

Compared to last fiscal year based on constant exchange rates.

Gross margin was 42.4 percent (40.6). The increase is mainly driven by higher delivery volumes. Operating expenses increased, mainly related to investments in the commercialization of Elekta Unity and Elekta Digital. R&D expenditure, before capitalization of development costs, amounted to SEK 338 M (284), equal to 16 percent (15) of net sales. EBITA before items affecting comparability and bad debts losses increased to SEK 187 M (166) representing a margin of 9 percent (9). The effect from changes in exchange rates compared with last year was approximately SEK 5 M including hedges.

As the transformation program and the legal dispute with Varian was completed in 2016/17 no items affecting comparability were reported in the quarter (SEK -89 M). Bad debt losses amounted to SEK -10 M (-6) and operating result was SEK 38 M (-34).

Net financial items amounted to SEK -39 M (-51). The decline is mainly related to lower interest rates as a result of refinancing in 2016/17. Profit before tax amounted to SEK -1 M (-85), tax amounted to SEK 0 M (20) and net income amounted to SEK -1 M (-64). Earnings per share amounted to SEK 0.00 (-0.17) before/after dilution. Return on shareholders' equity amounted to 3 percent (3) and return on capital employed amounted to 6 percent (5).

Capitalized development costs

SEK M	Q1 2017/18	Q1 2016/17	12 months rolling	May - Apr 2016/17
Capitalization of development costs	127	105	557	535
of which R&D	127	105	556	534
Amortization of capitalized development costs	-110	-78	-412	-380
of which R&D	-105	-72	-389	-356
Capitalized development costs, net	17	27	145	155
of which R&D	23	33	168	178

The net of capitalization and amortization of development costs in the R&D function decreased to SEK 23 M (33). Amortization of capitalized development costs amounted to SEK 110 M (78).

Investments and depreciation

Continuous investments were SEK 171 M (132), including investments in intangible assets of SEK 128 M (105) and investments in other assets of SEK 43 M (26). Investments in intangible assets is related to ongoing R&D programs. The increase was mainly related to investments in commercialization of Elekta Unity. Amortization of intangible assets and depreciation of tangible fixed assets amounted to a total of SEK 177 M (144). The increase refers mainly to amortizations relating to Elekta Unity.

Cash flow

Cash flow from operating activities improved to SEK 76 M (-139). The operational cash conversion for rolling 12 months was 150 percent (124). Cash flow after continuous investments was SEK -95 M (-308). The cash flow improvement was mainly due to higher earnings and improved working capital.

Cash flow (extract)

SEK M	Q1 2017/18	Q1 2016/17	12 months rolling	May - Apr 2016/17
Operating cash flow	64	-37	868	767
Change in working capital	*12*	*-103*	*1,166*	*1,051*
Cash flow from operating activities	76	-139	2,034	1,819
Continuous investments	*-171*	*-169*	*-776*	*-774*
Cashflow after continuous investments	-95	-308	1,258	1,045
Operational cash conversion	*35%*	*N/A*	*150%*	*145%*

Working capital

Net working capital decreased to SEK -613 M (525), corresponding to -6 percent (5) of net sales.

Working capital

SEK M	Jul 31, 2017	Jul 31, 2016	Apr 30, 2017
Working capital assets			
Inventories	1,076	1,193	936
Accounts receivable	3,032	3,288	3,726
Accrued income	1,467	1,916	1,640
Other operating receivables	878	782	802
Sum working capital assets	6,453	7,179	7,104
Working capital liabilities			
Accounts payable	806	704	1,000
Advances from customers	2,537	2,168	2,531
Prepaid income	1,704	1,629	1,874
Accrued expenses	1,611	1,721	1,875
Short-term provisions	196	247	231
Other current liabilities	212	184	281
Sum working capital liabilities	7,066	6,654	7,792
Net working capital	-613	525	-688
% of 12 months net sales	-6%	5%	-6%

Foreign exchange rates had a relatively large impact on individual working capital items but a small impact on net working capital.

As a consequence of the produce to order process implemented in 2016/17, lead times continued to decrease which reduced Days Sales Outstanding (DSO) to 9 days (47). Europe, Middle East and Africa, and Asia Pacific regions improved compared to last year, and North and South America is still showing negative DSO. In the quarter most of the improvement related to reduced levels of accounts receivable and accrued income.

Days Sales Outstanding (DSO)

SEK M	Jul 31, 2017	Jul 31, 2016	Apr 30, 2017
North and South America	-40	-52	-35
Europe, Middle East and Africa	45	113	74
Asia Pacific	33	90	84
Group	9	47	33

Net debt

SEK M	Jul 31, 2017	Jul 31, 2016	Apr 30, 2017
Long-term interest-bearing liabilities	4,650	3,201	5,272
Short-term interest-bearing liabilities	421	1,891	0
Cash and cash equivalents	-3,158	-2,060	-3,383
Net debt	1,912	3,031	1,889

Financial position

Cash and cash equivalents amounted to SEK 3,158 M (3,383 on April 30, 2017) and interest-bearing liabilities amounted to SEK 5,070 M (5,272 on April 30, 2017). Net debt amounted to SEK 1,912 M (1,889 on April 30, 2017) and the net debt/equity ratio was 0.29 (0.28 on April 30, 2017).

The exchange rate effect from the translation of cash and cash equivalents amounted to SEK -119 M (120). The translation difference in interest-bearing liabilities amounted to SEK -216 M (136). Other comprehensive income was affected by exchange rate differences from translation of foreign operations amounting to SEK -300 M (304).

The change in unrealized exchange rate effects from effective cash flow hedges reported in other comprehensive income amounted to SEK 46 M (-141). The closing balance of unrealized exchange rate effects from effective cash flow hedges amounted to SEK 79 M (-137) exclusive of tax.

On June 29 Elekta AB entered into a new five year revolving credit facility for EUR 200 M, primarily intended to be used as a back-up financing. The previously existing EUR 175 M revolving credit facility with maturity in May 2018 was cancelled in connection with the signing of the new facility.

Significant events during the reporting period

Changes to Executive Management Team

Gustaf Salford was appointed Chief Financial Officer effective July 1, 2017. He succeeded Håkan Bergström. Steven Wort was appointed Chief Operating Officer effective September 1, 2017. He succeeds Johan Sedihn.

New humediQ legal dispute

As earlier reported an arbitration tribunal in London issued an award in the dispute between two Elekta group companies and humediQ GmbH in May 2016. humediQ GmbH has now initiated a new arbitration against the same Elekta group companies and arising out of the same agreement as the previous arbitration. Elekta believes that the claims are meritless and will vigorously defend itself.

Investigation in Italy

As communicated in November 2015, Elekta's subsidiary in Italy and some former employees are suspected of interfering with public procurement processes. Elekta provided all requested information to the Italian authorities during the investigation which closed in August 2016. Elekta has zero tolerance for any deviation from the code of conduct and clear corporate policies and procedures in place. The Judge of the Milan Court declared on July 3, 2017 lack of jurisdiction and the case is referred to the Prosecution Office of Monza.

Events after the reporting period

Changes to Executive Management Team

Elekta has appointed Ioannis Panagiotelis as Chief Marketing and Sales Officer (CMSO) with immediate effect following the decision by Chief Commercial Officer Ian Alexander to resign. All Elekta markets will report to the new CMSO except China and North America; they will report directly to the CEO.

Employees

The average number of employees during the period was 3,680 (3,530). The increase compared to previous year is mainly related to investments in research and development.

The average number of employees in the Parent Company was 31 (31).

Shares

Total number of registered shares on July 31, 2017 was 383,568,409 of which 14,980,769 were A-shares and 368,587,640 B-shares. On July 31, 2017 1,541,368 shares were treasury shares held by Elekta.

Risks and uncertainties

Elekta's presence in a large number of geographical markets exposes the Group to political and economic risks on a global scale and/or in individual countries. United Kingdom's decision to leave the European Union, as an example, might lead to economic uncertainty that may impact Elekta since an important part of the business is located in the United Kingdom.

The competitive landscape for Elekta is continuously changing. The medical equipment industry is characterized by technological developments and continuous improvements of industrial know-how, resulting in companies launching new products and improved methods for treatment. Elekta strives to be the leader in innovation and offer the most competitive product portfolio, developed in close collaboration with key research leaders in the field. To secure the proceeds of research investments, it is of importance that such new products and new technology are protected from the risk of improper use by competitors. When possible and deemed appropriate, Elekta protects its intellectual property rights by way of patents, copyrights and trademark registrations. Elekta carefully monitors intellectual property rights of third parties, but third parties may still direct infringement claims against Elekta which may lead to time-consuming and costly legal disputes as well as business interruption and other limitations in operations.

Elekta sells solutions through its direct sales force and through an external network of agents and distributors. The Company's continued success is dependent on the ability to establish and maintain successful relationships with customers. Elekta is continuously evaluating how to enter new markets, considering both the opportunities and the risks involved. There are regulatory registration requirements with each new market that potentially could delay product introductions and certifications. The stability of the political system in certain countries and the security situation for employees traveling to exposed areas are constantly evaluated. Corruption is a risk and an obstacle for development and growth in some countries. Elekta has implemented a specific anti-corruption policy to guide the business as it aims to be in line with national and international regulations and best practices against corruption as well as third party risk management processes.

Elekta's operations comprise several markets that expose the Group to a vast number of laws, regulations, policies and guidelines regarding, for example, health, security, environmental matters, trade restrictions, competition and delivery of products. Elekta's quality systems describe these requirements, which are reviewed and certified by external supervisory bodies and are regularly inspected by authorities in applicable countries, for example, the US FDA. Noncompliance of, for example, safety regulations can result in delayed or stopped deliveries of products. Changes in regulations and rules might also increase Elekta's costs and delay the development and introduction of new products.

Elekta depends also on the capability of producing advanced medical equipment, which requires highly qualified personnel. The Company's ability to attract and retain qualified personnel and management has a significant impact on the future success of the Group.

Weak economic development and high levels of public debt might, in some markets, mean less availability of financing for private customers and reduced future healthcare spending by governments. Political decisions that could impact the healthcare reimbursement systems also constitute a risk factor. Elekta's ability to commercialize products is dependent on the reimbursement level that hospitals and clinics can obtain for different types of treatments. Alterations in the existing reimbursement systems related to medical products, or implementation of new regulations, might impact future product mix in specific markets.

Elekta's delivery of treatment equipment relies largely on customers' readiness to receive the delivery at site. Depending on contractual payment terms, a delay can result in postponed invoicing and also affect timing of revenue recognition. The Group's credit risks are normally limited since customer operations are, to a large extent, financed either directly or indirectly by public funds.

Elekta depends on a number of suppliers for components. There is a risk that delivery difficulties might occur due to circumstances beyond Elekta's control. Critical suppliers are regularly followed up regarding delivery precision and quality of components.

Elekta's operations within research and development, production, distribution, marketing and administration depend on a large number of advanced IT systems and IT solutions. Routines and procedures are applied in order to protect the hardware, software and information against damages, manipulations, loss or incorrect use. If these systems and solutions should be affected by any interference resulting in loss of information it might have a negative impact on Elekta's operations, result and financial position.

In its operations, Elekta is subject to a number of financial risks primarily related to exchange rate fluctuations. In the short term, the effect of currency movements is reduced through forward contracts. Hedging is conducted on the basis of expected net sales over a period of up to 24 months. The scope of the hedging is determined by the Company's assessment of currency risks. Risk exposure is regulated through a financial policy established by the Board of Directors. The overall responsibility for handling the Group's financial risks, and developing methods and guidelines for dealing with financial risks, rests with the executive management and the finance function. For more detailed information regarding these risks, see Note 2 in the Annual Report 2016/17.

Stockholm, August 23, 2017

Richard Hausmann
CEO and President

This report has not been reviewed by the Company´s auditors.

Accounting principles

This interim report is prepared, with regard to the Group, according to IAS 34 and the Swedish Annual Accounts Act and, with regard to the Parent Company, according to the Swedish Annual Accounts Act and RFR 2. The accounting principles applied correspond to those presented in Note 1 of the Annual Report 2016/17.

Implementation of new accounting principles

The preparation for the implementation of IFRS 9 *Financial instruments* and IFRS 15 *Revenue from Contracts with Customers* as per May 1, 2018 is ongoing.

For IFRS 9 the current assessment is that the implementation of the standard will not have any material impact on the Group's financial position or result. Areas that will be further evaluated relate to classification of receivables and the effect on the bad debt provision from replacing the incurred loss model currently applied for impairment with an expected loss model.

For IFRS 15 a one-time effect is expected to be reported in equity mainly relating to the timing for revenue recognition of treatment solutions. With the present policy, treatment solutions are revenue recognized when risks and rewards are transferred to the customer, which is normally at the time of shipment. According to IFRS 15 revenue recognition should occur at the time of transfer of control to the customer, which according to Elekta's assessment is when the treatment solution is ready for installation at the customer's site. As under the present policy, some agreements with customers stipulate terms under which transfer of control occurs at the time of acceptance. The financial impact that will be reported in equity on transition will primarily depend on the number of treatment solutions that are shipped but are not yet ready for installation at the customer's site at this point in time. Other less significant financial effects are also expected from the transition, mainly relating to changes in the allocation of the transaction price to various performance obligations. The Group is currently performing a more detailed assessment of the impact from the implementation of IFRS 15, both from an operational and financial perspective. This exercise is still ongoing and therefore it is not practicably possible to disclose reliable estimates of the expected financial effects.

Exchange rates

Country	Currency	Average rate			Closing rate				
		May - Jul 2017/18	May - Jul 2016/17	Change *	Jul 31, 2017	Jul 31, 2016	Apr 30, 2017	Change * 12 months	Change **
Euroland	1 EUR	9.681	9.325	4%	9.535	9.579	9.630	0%	-1%
Great Britain	1 GBP	11.102	11.659	-5%	10.668	11.389	11.439	-6%	-7%
Japan	1 JPY	0.077	0.078	-1%	0.074	0.083	0.079	-11%	-7%
United States	1 USD	8.605	8.298	4%	8.131	8.637	8.840	-6%	-8%

** July 31, 2017 vs July 31, 2016*

*** July 31, 2017 vs April 30, 2017*

Regarding foreign Group companies, order intake and income statements are translated at average exchange rates for the reporting period, while order backlog and balance sheets are translated at closing exchange rates.

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

INCOME STATEMENT SEK M	Q1 2017/18	Q1 2016/17	12 months rolling	May - Apr 2016/17
Net sales	2,169	1,882	10,991	10,704
Cost of products sold	-1,250	-1,118	-6,409	-6,277
Gross income	919	764	4,582	4,427
Selling expenses	-305	-276	-1,194	-1,165
Administrative expenses	-248	-215	-961	-928
R&D expenses	-316	-251	-1,083	-1,018
Exchange rate differences	-12	33	-246	-201
Operating result before items affecting comparability	38	55	1,098	1,115
Items affecting comparability	-	-89	-429	-518
Operating result	38	-34	670	598
Result from participations in associates	2	3	-18	-17
Interest income	7	5	33	31
Interest expenses and similar items	-44	-62	-253	-271
Exchange rate differences	-3	3	-7	-1
Profit before tax	-1	-85	424	340
Income taxes	0	20	-234	-214
Net income	-1	-64	189	126
Net income attributable to:				
Parent Company shareholders	-1	-65	189	125
Non-controlling interests	-	1	0	1
Earnings per share before dilution, SEK	0.00	-0.17	0.50	0.33
Earnings per share after dilution, SEK	0.00	-0.17	0.50	0.33

STATEMENT OF COMPREHENSIVE INCOME SEK M				
Net income	-1	-64	189	126
Other comprehensive income:				
Items that will not be reclassified to the income statement:				
Remeasurements of defined benefit pension plans	-	-	1	1
Tax	-	-	0	0
Total items that will not be reclassified to the income statement	-	-	1	1
Items that subsequently may be reclassified to the income statement:				
Revaluation of cash flow hedges	46	-141	221	34
Translation differences from foreign operations	-300	304	-240	364
Tax	-10	27	-44	-7
Total items that subsequently may be reclassified to the income statement	-264	190	-63	391
Other comprehensive income for the period	-264	190	-62	392
Total comprehensive income for the period	-265	126	127	518
Comprehensive income attributable to:				
Parent Company shareholders	-265	126	126	517
Non-controlling interests	-	0	1	1

RESULT OVERVIEW

SEK M	Q1 2017/18	Q1 2016/17	12 months rolling	May - Apr 2016/17
Operating result/EBIT before items affecting comparability	38	55	1,098	1,115
Bad debt losses	10	6	50	46
Amortization:				
Capitalized development costs	110	78	412	380
Assets relating business combinations	29	27	121	119
EBITA before items affecting comparability and bad debt losses	187	166	1,681	1,661

CONSOLIDATED BALANCE SHEET

SEK M	Jul 31, 2017	Jul 31, 2016	Apr 30, 2017
Non-current assets			
Intangible assets	8,343	8,545	8,704
Tangible fixed assets	760	795	795
Financial assets	287	365	308
Deferred tax assets	290	253	375
Total non-current assets	9,681	9,957	10,181
Current assets			
Inventories	1,076	1,193	936
Accounts receivable	3,032	3,288	3,726
Accrued income	1,467	1,916	1,640
Current tax assets	248	243	191
Derivative financial instruments	119	59	92
Other current receivables	878	784	802
Cash and cash equivalents	3,158	2,060	3,383
Total current assets	9,978	9,543	10,769
Total assets	19,659	19,500	20,950
Elekta's owners' equity	6,511	6,528	6,774
Non-controlling interests	0	1	0
Total equity	6,511	6,529	6,774
Non-current liabilities			
Long-term interest-bearing liabilities	4,650	3,201	5,272
Deferred tax liabilities	668	687	778
Long-term provisions	159	131	142
Other long-term liabilities	15	79	33
Total non-current liabilities	5,491	4,097	6,224
Current liabilities			
Short-term interest-bearing liabilities	421	1,891	0
Accounts payable	806	704	1,000
Advances from customers	2,537	2,168	2,531
Prepaid income	1,704	1,629	1,874
Accrued expenses	1,611	1,721	1,875
Current tax liabilities	96	45	111
Short-term provisions	196	247	231
Derivative financial instruments	74	284	48
Other current liabilities	212	184	281
Total current liabilities	7,656	8,874	7,952
Total equity and liabilities	19,659	19,500	20,950

CASH FLOW

SEK M	Q1 2017/18	Q1 2016/17	12 months rolling	May - Apr 2016/17
Profit before tax	-1	-85	424	340
Amortization and depreciation	177	144	688	655
Interest net	28	45	161	178
Other non-cash items	-17	-15	48	50
Interest received and paid	-46	-46	-189	-189
Income taxes paid	-77	-80	-265	-268
Operating cash flow	*64*	*-37*	*868*	*767*
Increase (-)/decrease (+) in inventories	-201	-22	52	231
Increase (-)/decrease (+) in operating receivables	516	448	226	158
Increase (+)/decrease (-) in operating liabilities	-303	-529 *	888 *	662 *
Change in working capital	*12*	*-103*	*1,166*	*1,051*
Cash flow from operating activities	76	-139	2,034	1,819
Investments intangible assets	-128	-142 *	-619 *	-633 *
Investments other assets	-43	-26	-158	-141
Sale of fixed assets	0	0	0	0
Continuous investments	*- 171*	*-169*	*- 776*	*-774*
Cash flow after continuous investments	-95	-308	1,258	1,045
Business combinations and investments in other shares	-24	-16	-26	-18
Cash flow after investments	-119	-324	1,232	1,027
Cash flow from financing activities	14	-8	-33	-55
Cash flow for the period	-105	-333	1,200	972
Change in cash and cash equivalents during the period				
Cash and cash equivalents at the beginning of the period	3,383	2,273	2,060	2,273
Cash flow for the period	-105	-333	1,200	972
Exchange rate differences	-119	120	-101	138
Cash and cash equivalents at the end of the period	3,158	2,060	3,158	3,383

** Adjusted for receivables/liabilities relating to investments/sale of fixed assets.*

CHANGES IN EQUITY

SEK M	May - Jul 2017/18	May - Jul 2016/17	May - Apr 2016/17
Attributable to Elekta's owners			
Opening balance	6 774	6 402	6 402
Comprehensive income for the period	-265	126	517
Incentive programs including deferred tax	2	-	5
Conversion of convertible loan	-	-	72
Acquisition of non-controlling interest	-	-	-31
Dividend	-	-	-191
Total	6 511	6 528	6 774
Attributable to non-controlling interests			
Opening balance	0	10	10
Comprehensive income for the period	-	0	1
Acquisition of non-controlling interest	-	-	-1
Dividend	-	-9	-10
Total	0	1	0
Closing balance	6 511	6 529	6 774

Financial instruments

The table below shows the fair value of the Group's financial instruments, for which fair value is different than carrying value. The fair value of all other financial instruments is assumed to correspond to the carrying value.

	Jul 31, 2017		Jul 31, 2016		Apr 30, 2017	
SEK M	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Long-term interest-bearing liabilities	4,650	4,700	3,201	3,338	5,272	5,322
Short-term interest-bearing liabilities	421	424	1,891	1,988	0	0

The Group's financial assets and financial liabilities, which have been measured at fair value, have been categorized in the fair value hierarchy. The different levels are defined as follows:

> Level 1: Quoted prices on an active market for identical assets or liabilities
> Level 2: Other observable data than quoted prices included in Level 1, either directly (that is, price quotations) or indirectly (that is, obtained from price quotations)
> Level 3: Data not based on observable market data

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

SEK M	Level	Jul 31, 2017	Jul 31, 2016	Apr 30, 2017
FINANCIAL ASSETS				
Financial assets measured at fair value through profit or loss:				
Derivative financial instruments – non-hedge accounting	2	40	54	44
Derivatives used for hedging purposes:				
Derivative financial instruments – hedge accounting	2	89	5	63
Total financial assets		129	59	107
FINANCIAL LIABILITIES				
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments – non-hedge accounting	2	64	151	20
Contingent consideration	3	50	93	77
Derivatives used for hedging purposes:				
Derivative financial instruments – hedge accounting	2	10	149	28
Total financial liabilities		124	393	125

KEY FIGURES

	May - Apr 2012/13	May - Apr 2013/14	May - Apr 2014/15	May - Apr 2015/16	May - Apr 2016/17	May - Jul 2016/17	May - Jul 2017/18
Gross order intake, SEK M	n/a	n/a	12,825	13,821	14,064	2,662	2,738
Net sales, SEK M	10,339	10,694	10,839	11,221	10,704	1,882	2,169
Order backlog, SEK M	11,942	13,609	17,087	18,239	22,459	20,058	21,699
Operating result, SEK M	2,012	1,727	937	423	598	-34	38
Operating margin before items affecting comparability, %	20	18	9	9	10	3	2
Operating margin, %	19	16	9	4	6	- 2	2
Profit margin, %	17	14	7	2	3	- 4	0
Shareholders' equity, SEK M	5,560	6,257	6,646	6,412	6,774	6,529	6,511
Capital employed, SEK M	10,112	10,743	12,678	11,360	12,046	11,620	11,582
Net debt, SEK M	1,985	2,239	2,768	2,677	1,889	3,031	1,912
Net debt/equity ratio, multiple	0.36	0.36	0.42	0.42	0.28	0.46	0.29
Return on shareholders' equity, %	27	21	9	2	2	3	3
Return on capital employed, %	21	17	9	4	5	5	6
Operational cash conversion, %	79	60	126	111	145	n/a	35
Average number of employees	3,336	3,631	3,679	3,677	3,581	3,530	3,680

DATA PER SHARE

	May - Apr 2012/13	May - Apr 2013/14	May - Apr 2014/15	May - Apr 2015/16	May - Apr 2016/17	May - Jul 2016/17	May - Jul 2017/18
Earnings per share							
before dilution, SEK	3.52	3.01	1.45	0.36	0.33	-0.17	0.00
after dilution, SEK	3.52	3.00	1.45	0.36	0.33	-0.17	0.00
Cash flow per share							
before dilution, SEK	3.17	1.31	1.78	1.00	2.69	-0.85	-0.31
after dilution, SEK	3.17	1.24	1.78	1.00	2.69	-0.85	-0.31
Shareholders' equity per share							
before dilution, SEK	14.55	16.39	17.41	16.79	17.73	17.12	17.04
after dilution, SEK	14.55	20.32	17.41	16.79	17.73	17.12	17.04
Average number of shares							
before dilution, 000s	380,672	381,277	381,287	381,288	381,306	381,288	382,027
after dilution, 000s	380,672	400,686	381,287	381,288	381,306	381,288	382,027
Number of shares at closing							
before dilution, 000s *	381,270	381,287	381,287	381,288	382,027	381,288	382,027
after dilution, 000s	381,270	400,696	381,287	381,288	382,027	381,288	382,027

In September 2012 a 4:1 share split was conducted. The data per share and number of shares has been restated pro forma.
** Number of registered shares at closing excluding treasury shares (1,541,368 per July 31, 2017).*

DATA PER QUARTER

	2015/16				2016/17				2017/18
SEK M	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Gross order intake	2,569	3,398	2,616	5,238	2,662	3,383	3,653	4,366	2,738
Net sales	2,239	2,828	2,547	3,607	1,882	2,434	2,673	3,715	2,169
EBITA before items affecting comparability and bad debts losses	68	451	335	785	166	391	325	779	187
Operating result	-93	304	56	155	-34	140	144	347	38
Cash flow from operating activities	-349	346	327	846	-139	342	394	1,222	76

ORDER INTAKE GROWTH BASED ON CONSTANT EXCHANGE RATES *

	2015/16				2016/17				2017/18
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
North and South America, %	13	-18	23	15	-16	4	-6	-19	-6
Europe, Middle East and Africa, %	-30	41	-43	38	14	-17	116	-32	-4
Asia Pacific, %	12	-6	0	-5	20	10	2	-5	7
Group, %	-5	3	-15	16	4	-2	34	-20	0

** From Q1 2016/17 the numbers are based on gross order intake.*

Segment reporting

Elekta applies geographical segmentation. Order intake, net sales and contribution margin for respective regions are reported to Elekta's CFO and CEO (chief operating decision makers). The regions' expenses are directly attributable to the respective region reported including cost of products sold. Global costs for R&D, marketing, management of product supply centers and Parent Company are not allocated per region. Currency exposure is concentrated to product supply centers. The majority of exchange differences in operations are reported in global costs.

Segment reporting

May - Jul 2017/18

SEK M	North and South America	Europe, Middle East and Africa	Asia Pacific	Other/ Group-wide	Group total	% of net sales
Net sales	827	757	586	-	2,169	
Regional expenses	-532	-541	-435	-	-1,507	69%
Contribution margin	295	216	151	-	662	31%
Contribution margin, %	36%	28%	26%			
Global costs				-624	-624	29%
Operating result before items affecting comparability	295	216	151	-624	38	2%
Items affecting comparability				-	-	
Operating result	295	216	151	-624	38	2%
Net financial items				-39	-39	
Profit before tax	295	216	151	-663	-1	

May - Jul 2016/17

SEK M	North and South America	Europe, Middle East and Africa	Asia Pacific	Other/ Group-wide	Group total	% of net sales
Net sales	822	553	507	-	1,882	
Regional expenses	-551	-381	-374	-	-1,306	69%
Contribution margin	271	173	132	-	576	31%
Contribution margin, %	33%	31%	26%			
Global costs				-521	-521	28%
Operating result before items affecting comparability	271	173	132	-521	55	3%
Items affecting comparability				-89	-89	
Operating result	271	173	132	-610	-34	-2%
Net financial items				-51	-51	
Profit before tax	271	173	132	-661	-85	

May - Apr 2016/17

SEK M	North and South America	Europe, Middle East and Africa	Asia Pacific	Other/ Group-wide	Group total	% of net sales
Net sales	4,147	3,444	3,114	-	10,704	
Regional expenses	-2,600	-2,365	-2,174	-	-7,139	67%
Contribution margin	1,547	1,079	940	-	3,565	33%
Contribution margin, %	37%	31%	30%			
Global costs				-2,450	-2,450	23%
Operating result before items affecting comparability	1,547	1,079	940	-2,450	1,115	10%
Items affecting comparability				-518	-518	
Operating result	1,547	1,079	940	-2,968	598	6%
Net financial items				-258	-258	
Profit before tax	1,547	1,079	940	-3,226	340	

12 months rolling

SEK M	North and South America	Europe, Middle East and Africa	Asia Pacific	Other/ Group-wide	Group total	% of net sales
Net sales	4,152	3,648	3,193	-	10,991	
Regional expenses	-2,581	-2,525	-2,235	-	-7,340	67%
Contribution margin	1,571	1,123	958	-	3,651	33%
Contribution margin, %	38%	31%	30%			
Global costs				-2,553	-2,553	23%
Operating result before items affecting comparability	1,571	1,123	958	-2,553	1,098	10%
Items affecting comparability				-429	-429	
Operating result	1,571	1,123	958	-2,982	670	6%
Net financial items				-246	-246	
Profit before tax	1,571	1,123	958	-3,228	424	

Elekta's operations are characterized by significant quarterly variations in delivery volumes and product mix, which have a direct impact on net sales and profits. This is accentuated when the operation is split into segments, as is the impact of currency fluctuations between the years.

PARENT COMPANY

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

SEK M	May - Jul 2017/18	May - Jul 2016/17
Operating expenses	-56	-40
Financial net	16	49
Income after financial items	-41	9
Tax	0	10
Net income	-40	19
Statement of comprehensive income		
Net income	-40	19
Other comprehensive income	-	-
Total comprehensive income	-40	19

BALANCE SHEET

SEK M	Jul 31, 2017	Apr 30, 2017
Non-current assets		
Intangible assets	75	75
Shares in subsidiaries	2,226	2,222
Receivables from subsidaries	1,898	2,679
Other financial assets	26	26
Deferred tax assets	63	63
Total non-current assets	4,288	5,065
Current assets		
Receivables from subsidaries	3,637	3,870
Other current receivables	53	31
Cash and cash equivalents	2,424	2,479
Total current assets	6,114	6,380
Total assets	10,402	11,445
Shareholders' equity	2,565	2,606
Non-current liabilities		
Long-term interest-bearing liabilities	4,647	5,268
Long-term liabilities to Group companies	39	39
Long-term provisions	36	36
Total non-current liabilities	4,721	5,343
Current liabilities		
Short-term interest-bearing liabilities	407	-
Short-term liabilities to Group companies	2,562	3,342
Short-term provisions	31	30
Other current liabilities	116	123
Total current liabilities	3,116	3,495
Total shareholders' equity and liabilities	10,402	11,445

Alternative performance measures

Alternative Performance Measures (APMs) are measures and key figures that Elekta's management and other stakeholders use when managing and analyzing Elekta's business performance. These measures are not substitutes, but rather supplements to financial reporting measures prepared in accordance with IFRS. Key figures and other APMs used by Elekta are defined on www.elekta.com/investors/financials/definitions.php. Definitions and additional information on APMs can also be found on pages 111-114 in the Annual Report 2016/17.

Order and sales growth based on constant exchange rates

Elekta's order intake and sales are, to a large extent, reported in subsidiaries with other functional currencies than SEK, which is the group reporting currency. In order to present order and sales growth on a more comparable basis and to show the impact of currency fluctuations, order and sales growth based on constant exchange rates are presented. The schedules below present growth based on constant exchange rates reconciled to the total growth reported in accordance with IFRS.

Change gross order intake	North and South America		Europe, Middle East, and Africa		Asia Pacific		Group total	
	%	SEK M	%	SEK M	%	SEK M	%	SEK M
Q1 2017/18 vs. Q1 2016/17								
Change based on constant exchange rates	-6	-47	-4	-35	7	74	0	-8
Currency effects	4	27	4	31	3	26	3	84
Reported change	-2	-20	0	-4	10	100	3	76
Q1 2016/17 vs. Q1 2015/16								
Change based on constant exchange rates	-16	-156	14	100	20	167	4	111
Currency effects	-2	-25	-1	-7	1	13	0	-19
Reported change	-18	-181	13	93	21	180	4	92

Change net sales	North and South America		Europe, Middle East, and Africa		Asia Pacific		Group total	
	%	SEK M	%	SEK M	%	SEK M	%	SEK M
Q1 2017/18 vs. Q1 2016/17								
Change based on constant exchange rates	-3	-21	33	185	13	65	12	229
Currency effects	4	26	4	19	3	14	3	59
Reported change	1	5	37	204	16	79	15	288
Q1 2016/17 vs. Q1 2015/16								
Change based on constant exchange rates	-8	-71	-24	-179	-14	-80	-15	-330
Currency effects	-2	-21	-2	-13	1	7	-1	-27
Reported change	-10	-92	-26	-192	-13	-73	-16	-357

EBITA before items affecting comparability and bad debt losses (Adjusted EBITA)

EBITA adjusted for items affecting comparability and bad debt losses is used by management to evaluate the business and is considered to assist management and investors in comparing the performance across reporting periods on a consistent basis. Bad debt losses have been excluded as these relate to turbulence in the market that is not expected to occur on a regular basis. For a reconciliation of EBITA adjusted for items affecting comparability and bad debt losses, to operating result (EBIT) as presented in the IFRS income statement, see page 10.

EBITDA

EBITDA is used for the calculation of operational cash conversion.

SEK M	Q1 2016/17	Q2 2016/17	Q3 2016/17	Q4 2016/17	Q1 2017/18
Operating result/EBIT	-34	140	144	347	38
Amortization:					
Capitalized development costs	78	78	94	131	110
Assets relating business combinations	27	33	28	31	29
Depreciation	39	39	39	39	38
EBITDA	110	290	305	548	215

Items affecting comparability

Items affecting comparability are events or transactions with significant financial effects, which are relevant for understanding the financial performance when comparing income for the current period with previous periods, including restructuring programs, expenses relating to major legal disputes, impairments and gains and losses from acquisitions or disposals of subsidiaries. The classification of revenue or expenses as items affecting comparability is based on management's assessment of the characteristics and also the materiality of the item.

	Q1 2017/18				Q1 2016/17			
SEK M	Before items affecting comparability	Restructu-ring costs	Legal fees	Including items affecting comparability	Before items affecting comparability	Restructu-ring costs	Legal fees	Including items affecting comparability
Net sales	2,169			2,169	1,882			1,882
Cost of products and services sold	-1,250	-	-	-1,250	-1,118	-3	-	-1,121
Gross profit	919	-	-	919	764	-3	-	761
Selling expenses	-305	-	-	-305	-276	-3	-	-279
Administrative expenses	-248	-	-	-248	-215	-13	-60	-288
R&D expenses	-316	-	-	-316	-251	-10	-	-261
Exchange rate differences	-12	-	-	-12	33	-	-	33
Operating result	38	-	-	38	55	-29	-60	-34

Return on capital employed

Return on capital employed is a measure of the profitability after taking into account the amount of total capital used unrelated to type of financing. A higher return on capital employed indicates a more efficient use of capital. Capital employed represents the value of the balance sheet net assets that is the key driver of cash flow and capital required to run the business. It is also used in the calculation of return on capital employed.

SEK M	Jul 31, 2016	Oct 31, 2016	Jan 31, 2017	Apr 30, 2017	Jul 31, 2017
Profit before tax (12 months rolling)	269	100	146	340	424
Financial expenses (12 months rolling)	268	269	267	271	253
Profit before tax plus financial expenses	537	369	413	611	677
Total assets	19,500	20,068	19,688	20,950	19,659
Deferred tax liabilities	-687	-679	-654	-778	-668
Long term provisions	-131	-139	-132	-142	-159
Other long-term liabilities	-79	-107	-79	-33	-15
Accounts payable	-704	-835	-849	-1,000	-806
Advances from customers	-2,168	-2,439	-2,550	-2,531	-2,537
Prepaid income	-1,629	-1,561	-1,603	-1,874	-1,704
Accrued expenses	-1,721	-1,813	-1,709	-1,875	-1,611
Current tax liabilities	-45	-66	-57	-111	-96
Short-term provisions	-247	-218	-113	-231	-196
Derivative financial instruments	-284	-277	-154	-48	-74
Other current liabilities	-184	-173	-234	-281	-212
Capital employed	11,620	11,761	11,552	12,046	11,582
Average capital employed (last five quarters)	11,827	11,582	11,554	11,668	11,712
Return on capital employed	5%	3%	4%	5%	6%

Return on shareholders' equity

Return on shareholders' equity measures the return generated on shareholders' capital invested in the company.

SEK M	Q1 2016/17	Q2 2016/17	Q3 2016/17	Q4 2016/17	Q1 2017/18
Net income (12 months rolling)	210	76	111	126	189
Average shareholders' equity excluding non-controlling interests (last five quarters)	6,565	6,516	6,471	6,541	6,563
Return on shareholders' equity	3%	1%	2%	2%	3%

Operational cash conversion

Cash flow is a focus area for management. The operational cash conversion shows the relation between cash flow from operating activities and EBITDA.

SEK M	Q1 2016/17	Q2 2016/17	Q3 2016/17	Q4 2016/17	Q1 2017/18
Cash flow from operating activities	-139	342	394	1,222	76
EBITDA	110	290	305	548	215
Operational cash conversion	N/A	118%	129%	223%	35%

Working capital

In order to optimize cash generation, management focuses on working capital and reducing lead times between orders booked and cash received. A reconciliation of working capital to items in the balance sheet is presented on page 5.

Days sales outstanding (DSO)

DSO is used by management to follow the development of overall payment terms to customers, which have significant impact on working capital and cash flow.

SEK M	Jul 31, 2016	Oct 31, 2016	Jan 31, 2017	Apr 30, 2017	Jul 31, 2017
Accounts receivable	3,288	3,320	3,324	3,726	3,032
Accrued income	1,916	2,041	1,701	1,640	1,467
Advances from customers	-2,168	-2,439	-2,550	-2,531	-2,537
Prepaid income	-1,629	-1,561	-1,603	-1,874	-1,704
Net receivable from customers	1,407	1,361	872	961	258
Net sales (12 months rolling)	10,864	10,470	10,596	10,704	10,991
Number of days	365	365	365	365	365
Net sales per day	30	29	29	29	30
Days sales outstanding (DSO)	47	47	30	33	9

Net debt and net debt/equity ratio

Net debt is important to understand the financial stability of the company. Net debt is used by management to track the debt evolvement and to analyze the leverage and refinancing need of the Group. Net debt/equity ratio is one of Elekta's financial targets.

SEK M	Jul 31, 2016	Oct 31, 2016	Jan 31, 2017	Apr 30, 2017	Jul 31, 2017
Long-term interest-bearing liabilities	3,201	3,290	3,234	5,272	4,650
Short-term interest-bearing liabilities	1,891	1,890	1,896	0	421
Cash and cash equivalents	-2,060	-2,121	-2,284	-3,383	-3,158
Net debt	3,031	3,060	2,846	1,889	1,912
Shareholders' equity	6,529	6,581	6,422	6,774	6,511
Net debt/equity ratio, multiple	0.46	0.46	0.44	0.28	0.29

Shareholder information

Conference call

Elekta will host a telephone conference at 12:00-13:00 CET on August 23, with president and CEO Richard Hausmann, and CFO Gustaf Salford.

To take part in the conference call, please dial in about five minutes in advance.

Swedish dial-in number: +46 (0)8 566 42 690
UK dial-in number: +44 (0) 203 008 98 01
US dial-in number: +1 855 753 22 36

The webcast will be through the following link:

http://event.onlineseminarsolutions.com/r.htm?e=1484137&s=1&k=39E555725E4C5C2CC7AFBC63D03E1012

This is information that Elekta AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication at 07:30 CET on August 23, 2017.

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Financial calendar

Annual General Meeting 2017	August 23, 2017
Interim report May-October 2017/18	November 30, 2017
Interim report May-January 2017/18	March 2, 2018