Interim report May-January 2017/18

Q3
2017/18
March 2, 2018

Third quarter

- Gross order intake amounted to SEK 3,833 M (3,653), an increase of 9 percent based on constant exchange rates and 5 percent in SEK. Growth was strong in North America, China, Southeast Asia, Australia and Eastern Europe.
- Net sales was SEK 2,747 M (2,673), an increase of 7 percent based on constant exchange rates and 3 percent in SEK.
- Adjusted EBITA* amounted to SEK 502 M (325). Items affecting comparability was SEK 0 M (-58). Bad debt losses amounted to SEK -10 M (-1).
- The effect from changes in exchange rates compared with last year was approximately SEK 30 M (30) including hedges.
- Adjusted EBITA margin* was 18 percent (12).
- Operating result was SEK 366 M (144).
- Net income amounted to SEK 308 M (42). Earnings per share was SEK 0.81 (0.11) before and after dilution.
- Cash flow after continuous investments improved to SEK 479 M (223).
- Two new Elekta Unity orders were booked in the quarter.
- Elekta remains committed to reaching an EBITA margin* of >20 percent. However, for this fiscal year the company expects to reach an EBITA margin* of around 19 percent. The adjustment is due to less favorable currency effects and the impact from the previously communicated delay of the Elekta Unity launch.

May-January 2017/18

- Gross order intake amounted to SEK 9,838 M (9,698), an increase of 3 percent based on constant exchange rates and 1 percent in SEK.
- Net sales was SEK 7,719 M (6,989), an increase of 13 percent based on constant exchange rates and 10 percent in SEK.
- Adjusted EBITA* amounted to SEK 1,197 M (882). Items affecting comparability was SEK 0 M (-264). Bad debt losses amounted to SEK -38 M (-30).
- The effect from changes in exchange rates compared with last year was approximately SEK 10 M (240) including hedges.
- Adjusted EBITA* margin was 16 percent (13).
- Operating result was SEK 769 M (250).
- Net income amounted to SEK 555 M (33). Earnings per share was SEK 1.45 (0.08) before and after dilution.
- Cash flow after continuous investments improved to SEK 610 M (28).

Group summary

SEK M	Q3 2017/18	Q3 2016/17	Change	May - Jan 2017/18	May - Jan 2016/17	Change
Gross order intake	3,833	3,653	9% **	9,838	9,698	3% **
Net sales	2,747	2,673	7% **	7,719	6,989	13% **
Adjusted EBITA*	502	325	54%	1,197	882	36%
Operating result	366	144	154%	769	250	208%
Net income	308	42	633%	555	33	1581%
Cash flow after continuous investments	479	223	115%	610	28	2079%
Earnings per share before/after dilution, SEK	0.81	0.11	636%	1.45	0.08	1713%

**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 page 18.*
***Compared to last fiscal year based on constant exchange rates.*

President and CEO comments

Our third quarter showed strong progress; both orders and net sales grew, while we continued to improve our cash flow and maintained a low level of working capital. Unity continued its positive momentum, adding three orders since the last report. We remain committed to reaching an EBITA margin of over 20 percent. However, for this fiscal year we expect to reach an EBITA margin of around 19 percent.

Order intake* increased 9 percent in the quarter and 3 percent in the first nine months. I'm happy to see that we are strengthening our leading position in the important Chinese market, while continuing to improve in North America. In addition, Eastern Europe, Southeast Asia and Australia showed strong growth. However, development in Europe was mixed, as expected, primarily due to a challenging comparison from the third quarter last year.

During the quarter, net sales* grew by 7 percent and 13 percent in the first nine months. We had strong delivery volumes for linear accelerators and a continued positive trend for Leksell Gamma Knife®. In total, our installed base of treatment systems has grown 6 percent compared to last year – a key driver for the services business, forming the foundation for stable and recurring revenues over time.

Furthermore, the gross margin in Q3 was 42.0 percent, a year-on-year increase of 2.3 percentage points, driven by higher volumes and COGS savings. At the same time, the adjusted EBITA margin in the quarter increased over 6 percentage points to 18.3 percent, compared to last year. We see a growing demand for advanced cancer care and will continue to improve our margins going forward. We remain committed to reaching an EBITA margin of over 20 percent, but for this fiscal year, the EBITA margin is expected to be around 19 percent. The adjustment is due to less favorable currency effects and the impact from the previously communicated delay of the Elekta Unity launch.

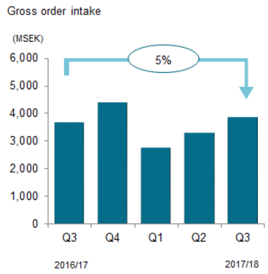
The commercialization of Unity is our main focus at the moment. The work to secure CE mark during the first half of 2018, and subsequent FDA approval, is progressing well and on schedule. On that note, we are pleased to see that interest in Unity is steadily growing. The three new customers added since the last report is a clear reflection of this: Townsville Cancer Center in Australia, and the Sun Yat-sen University Cancer Center in China during the quarter, and just after the end of the quarter, Memorial Sloan Kettering Cancer Center in New York acquired a research system. That means that, in total, we now have 21 customers. In the meanwhile, the focus of the MR-linac consortium is currently on imaging with volunteer patients. The results show very high image quality, which is entirely in line with the diagnostic standard for an MRI system of 1.5 Tesla. Our customers will have access to sophisticated imaging sequences at the time of CE mark, such as functional imaging opportunities.

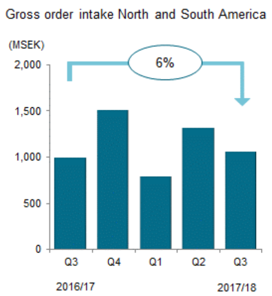
Another important part of our current and future business is Elekta Digital. In this area, there is immense potential to develop and, simultaneously, enhance the efficiency and application of the way in which radiation therapy is administered. The partnership we commenced with IBM Watson Oncology in the quarter is a great example of this. One objective with the partnership is to largely automate the preparation of treatment plans using artificial intelligence to convert big data into customized cancer therapy for individual patients. We are excited about the opportunity this offers and are looking forward to being a pioneer in this field.

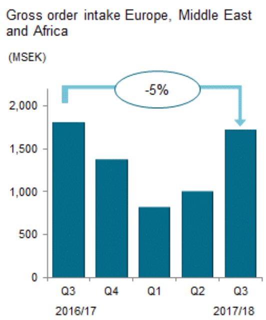
In summary, the third quarter shows that we are moving in the right direction, creating a stable platform for long-term growth for Elekta. With that said, we still have a lot to do and will continue to remain focused on the Unity project, improving our processes and business, keeping track of costs and raising our margins. I would also like to thank our employees for their continued commitment to our company and customers.

Richard Hausmann, President and CEO

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







Presented amounts refer to the nine month period 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 amounted to SEK 9,838 M (9,698), an increase of 3 percent based on constant exchange rates and 1 percent in SEK.

Gross order intake

SEK M	Q3 2017/18	Q3 2016/17	Change*	Change	May - Jan 2017/18	May - Jan 2016/17	Change*	Change	May - Apr 2016/17
North and South America	1,056	993	15%	6%	3,166	3,009	9%	5%	4,516
Europe, Middle East and Africa	1,725	1,809	-5%	-5%	3,558	3,695	-5%	-4%	5,078
Asia Pacific	1,052	851	33%	24%	3,113	2,994	8%	4%	4,470
Group	3,833	3,653	9%	5%	9,838	9,698	3%	1%	14,064

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

Order backlog was SEK 22,197 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 1,510 M. Based on current delivery plans, the order backlog is expected to be revenue recognized as follows: approximately 15 percent in the remaining quarter of 2017/18, 30 percent in 2018/19 and 55 percent thereafter.

Regional development

North and South America

The US market is primarily driven by replacement investments of currently installed linear accelerators as well as aftermarket services. During the quarter, new reimbursement rates for radiation therapy were decided, resulting in generally unchanged levels compared with last year.

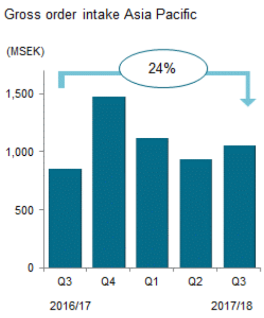
Performance in our US operations continued to improve during the quarter. For the region as a total, order intake increased by 6 percent, corresponding to an increase of 15 percent based on constant exchange rates. A major order was secured from The Ottawa Hospital in Canada and just after the closing of the quarter Memorial Sloan Kettering Cancer Center in New York acquired an Elekta Unity research system.

South America has a significant need for high-quality, cost-efficient cancer care at the same time as slow economic development has prevailed for a number of years, resulting in low investments in new equipment. However, Elekta's activities has recently started to gain momentum in the region with for example orders in Brazil and Peru as well as a significant order in Bolivia after the closing of the quarter.

Europe, Middle East and Africa

Market development is mixed across the various geographies. The established markets demonstrate stable growth driven mainly by replacement investments and aftermarket services, but are also in need of investments to expand radiation therapy capacity. The region's emerging markets are characterized by a major need and a substantial capacity gap.

Our Middle East and Africa operations had a good momentum during the period. In Russia we began to see growth in the market. We had good performance in Spain and Italy, as well as in the UK where we won a major order from the NHS. Order intake decreased 5 percent in SEK as well as in constant exchange rates primarily due to a challenging comparison from last year.



Asia Pacific

The Chinese market continued to grow at a high pace and Elekta strengthened its leading position in the country during the quarter. Chinese reimbursement levels have increased and growth is strong in the private sector. We also noted good performance in our service business. In addition, the region added two new Unity customers in Townsville Cancer Center in Australia, and the Sun Yat-sen University Cancer Center in China. The Japanese market is stable, but at a historically low level due to limited hospital investments.

In summary, Elekta had a strong quarter with order intake increasing by 24 percent, corresponding to an increase of 33 percent based on constant exchange rates.

Financial ambitions

Objectives	Status/comment
EBITA margin of >20 percent	The company remains committed to reaching its target of an EBITA margin of >20 percent. However, the EBITA margin for this fiscal year (2017/18) is expected to be around 19 percent. The adjustment is due to: • Less favorable currency effects (changed from a positive SEK +150 M (at Q2) to SEK +110 M for the fiscal year) • Impact from the previously communicated delay of the Elekta Unity launch (higher investments in the commercialization and delayed revenue)
Cost savings of SEK 700* M with full effect from fiscal year 2017/18	All savings related to operating expenses have been realized. In addition COGS savings of SEK 150 M is targeted to 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 third quarter

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

Net sales and earnings

Net sales during the period amounted to SEK 7,719 M (6,989), an increase of 13 percent based on constant exchange rates and 10 percent in SEK. The increase is driven by strong growth in China, Western Europe, and emerging markets.

Net sales

SEK M	Q3 2017/18	Q3 2016/17	Change*	Change	May - Jan 2017/18	May - Jan 2016/17	Change*	Change	May-Apr 2016/17
North and South America	920	952	5%	-3%	2,696	2,745	1%	-2%	4,147
Europe, Middle East and Africa	998	917	8%	9%	2,849	2,183	29%	30%	3,444
Asia Pacific	829	804	10%	3%	2,174	2,061	10%	5%	3,114
Group	2,747	2,673	7%	3%	7,719	6,989	13%	10%	10,704

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

Gross margin was 42.2 percent (40.8). The increase is mainly driven by higher delivery volumes and COGS savings. R&D expenditure adjusted for the net of capitalization and amortization of development costs, amounted to SEK 1,008 M (873), equal to 13 percent (12) of net sales. EBITA before items affecting comparability and bad debts losses increased to SEK 1,197 M (882) representing a margin of 16 percent (13). The effect from changes in exchange rates compared with last year was approximately SEK 10 M (240) including hedges. As the transformation program and the legal dispute with Varian was completed in 2016/17, items affecting comparability were SEK 0 M (-264). Bad debt losses amounted to SEK -38 M (-30) and operating result was SEK 769 M (250).

Expenses

	2017/18			2016/17		
SEK M	Q3	Q2	May-Jan	Q3	Q2	May - Jan
Selling expenses	-277	-300	-882	-279	-314	-869
Administrative expenses	-244	-232	-724	-234	-231	-680
R&D expenses	-264	-282	-862	-261	-222	-733
Total	-785	-814	-2,467	-774	-767	-2,282

In the third quarter the total expenses were SEK -785 M, SEK 29 M lower than the second quarter.

Net financial items amounted to SEK -105 M (-207). The improvement is mainly related to lower interest rates as a result of refinancing in 2016/17. Profit before tax amounted to SEK 664 M (44) and tax amounted to SEK -109 M (-10), representing a tax rate of 16 percent (24). The decrease of the tax rate relates to SEK 50 M revaluation of deferred taxes resulting from the US tax reform. Net income amounted to SEK 555 M (33) and earnings per share amounted to SEK 1.45 (0.08) before/after dilution. Return on shareholders' equity amounted to 10 percent (2) and return on capital employed amounted to 10 percent (4).

Capitalized development costs

SEK M	Q3 2017/18	Q3 2016/17	May - Jan 2017/18	May - Jan 2016/17	12 months rolling	May - Apr 2016/17
Capitalization of development costs	161	132	435	371	599	535
of which R&D	161	132	434	371	597	534
Amortization of capitalized development costs	-98	-94	-305	-250	-435	-380
of which R&D	-93	-87	-287	-231	-412	-356
Capitalized development costs, net	63	39	130	122	163	155
of which R&D	68	45	147	140	185	178

The net of capitalization and amortization of development costs in the R&D function increased to SEK 147 M (140). Amortization of capitalized development costs amounted to SEK 305 M (250).

Investments and depreciation

Investments in intangible assets were SEK 436 M (376) and investments in tangible assets were SEK 168 M (96). Investments in intangible assets are related to ongoing R&D programs and the increase was mainly related to investments in Elekta Unity. Amortization of intangible assets and depreciation of tangible fixed assets amounted to a total of SEK 502 M (455). The increase refers mainly to amortizations relating to Elekta Unity.

Cash flow

Cash flow from operating activities improved to SEK 1,170 M (596). The operational cash conversion for rolling 12 months was 132 percent (140). Cash flow after continuous investments was SEK 610 M (28). The cash flow improvement was mainly due to higher earnings and continued low levels of working capital.

Cash flow (extract)

SEK M	Q3 2017/18	Q3 2016/17	May - Jan 2017/18	May - Jan 2016/17	12 months rolling	May - Apr 2016/17
Operating cash flow	587	162	1,133	267	1,633	767
Change in working capital	*105*	*232*	*36*	*329*	*758*	*1,051*
Cash flow from operating activities	691	394	1,170	596	2,393	1,819
Continuous investments	*-212*	*-171*	*-559*	*-568*	*-765*	*-774*
Cashflow after continuous investments	479	223	610	28	1,627	1,045
Operational cash conversion	*131%*	*129%*	*92%*	*85%*	*132%*	*145%*

Working capital

Net working capital decreased to SEK -713 M (83), corresponding to -6 percent (1) of net sales. The decline in accrued income continued in the quarter.

Working capital

SEK M	Jan 31, 2018	Jan 31, 2017	Oct 31 2017	Apr 30, 2017
Working capital assets				
Inventories	1,243	1,244	1,102	936
Accounts receivable	3,505	3,324	3,120	3,726
Accrued income	1,177	1,701	1,545	1,640
Other operating receivables	926	873	917	802
Sum working capital assets	6,851	7,142	6,683	7,104
Working capital liabilities				
Accounts payable	962	849	970	1,000
Advances from customers	2,643	2,550	2,440	2,531
Prepaid income	1,830	1,603	1,764	1,874
Accrued expenses	1,688	1,709	1,742	1,875
Short-term provisions	140	113	172	231
Other current liabilities	300	234	230	281
Sum working capital liabilities	7,564	7,059	7,319	7,792
Net working capital	-713	83	-636	-688
% of 12 months net sales	-6%	1%	-6%	-6%

As a consequence of the produce to order process implemented in 2016/17, lead times have decreased compared to last year which reduced Days Sales Outstanding (DSO) to 7 days (30). Europe, Middle East and Africa as well as Asia Pacific improved compared to last year, while North and South America is still showing negative DSO. In the quarter DSO decreased, mostly from region Europe, Middle East and Africa, and North and South America.

Days Sales Outstanding (DSO)

SEK M	Jan 31, 2018	Jan 31, 2017	Oct 31 2017	Apr 30, 2017
North and South America	-52	-54	-40	-35
Europe, Middle East and Africa	51	92	67	74
Asia Pacific	29	70	27	84
Group	7	30	15	33

Financial position

Cash and cash equivalents and short-term investments amounted to SEK 3,612 M (3,383 on April 30, 2017) and interest-bearing liabilities amounted to SEK 5,063 M (5,272 on April 30, 2017). Net debt amounted to SEK 1,450 M (1,889 on April 30, 2017) and the net debt/equity ratio was 0.21 (0.28 on April 30, 2017).

Net debt

SEK M	Jan 31, 2018	Jan 31, 2017	Oct 31 2017	Apr 30, 2017
Long-term interest-bearing liabilities	4,180	3,234	4,726	5,272
Short-term interest-bearing liabilities	883	1,896	423	0
Cash and cash equivalents and short-term investments	-3,612	-2,284	-3,214	-3,383
Net debt	1,450	2,846	1,936	1,889

The exchange rate effect from the translation of cash and cash equivalents amounted to SEK -147 M (125). The translation difference in interest-bearing liabilities amounted to SEK -211 M (167). Other comprehensive income was affected by exchange rate differences from translation of foreign operations amounting to SEK -184 M (214).

The change in unrealized exchange rate effects from effective cash flow hedges reported in other comprehensive income amounted to SEK -107 M (-129). The closing balance of unrealized exchange rate effects from effective cash flow hedges amounted to SEK 144 M (-124) exclusive of tax.

On June 29 Elekta AB entered into a new five-year revolving credit facility of 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.

Ioannis Panagiotelis was appointed Chief Marketing and Sales Officer (CMSO) effective August 23, 2017. All Elekta markets report to the CMSO except China and North America; they report directly to the CEO.

Steven Wort was appointed Chief Operating Officer effective September 1, 2017. He is an Elekta veteran and succeeded Johan Sedihn.

Paul Bergström was appointed EVP Global Services, effective November 1, 2017.

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 its code of conduct and have 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.

McLaren Health Care and Elekta mutually terminate long-term agreement

Michigan-based McLaren Health Care and Elekta have mutually agreed to terminate their business agreement from December 2013. McLaren Health Care and Elekta will continue their business relationship, but on a smaller scale.

Elekta MR-linac functionality and CE mark update

On November 10, 2017, Elekta announced that the company extended the final stage of the development and testing of Elekta Unity in order to finalize and validate the linac control system, as well as ensure that customers can make use of the full potential of high-field functional MRI imaging from day one. Consequently, CE mark for Unity is currently expected during the first half of 2018 instead of the end of 2017.

Significant events after the reporting period

Changes to Executive Management Team

Oskar Bosson was appointed Global EVP Corporate Communications and Investor Relations, effective February 12, 2018.

Employees

The average number of employees during the period was 3,692 (3,567). 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 (29).

Shares

Total number of registered shares on January 31, 2018 was 383,568,409 of which 14,980,769 were A-shares and 368,587,640 B-shares. On January 31, 2018 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 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, March 2, 2018

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 are being 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 - Jan 2017/18	May - Jan 2016/17	Change *	Jan 31, 2018	Jan 31, 2017	Apr 30, 2017	Change * 12 months	Change **
Euroland	1 EUR	9.702	9.514	2%	9.787	9.446	9.630	4%	2%
Great Britain	1 GBP	10.962	11.366	-4%	11.166	11.031	11.439	1%	-2%
Japan	1 JPY	0.075	0.080	-7%	0.072	0.078	0.079	-7%	-9%
United States	1 USD	8.322	8.628	-4%	7.870	8.827	8.840	-11%	-11%

** January 31, 2018 vs January 31, 2017*

*** January 31, 2018 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	Q3 2017/18	Q3 2016/17	May - Jan 2017/18	May - Jan 2016/17	12 months rolling	May - Apr 2016/17
Net sales	2,747	2,673	7,719	6,989	11,434	10,704
Cost of products sold	-1,595	-1,611	-4,464	-4,138	-6,603	-6,277
Gross income	1,153	1,062	3,254	2,851	4,830	4,427
Selling expenses	-277	-279	-882	-869	-1,178	-1,165
Administrative expenses	-244	-234	-724	-680	-972	-928
R&D expenses	-264	-261	-862	-733	-1,147	-1,018
Exchange rate differences	-2	-85	-18	-53	-166	-201
Operating result before items affecting comparability	366	202	769	515	1,369	1,115
Items affecting comparability	-	-58	-	-264	-254	-518
Operating result	366	144	769	250	1,117	598
Result from participations in associates	3	-28	6	-23	12	-17
Interest income	21	6	44	17	58	31
Interest expenses and similar items	-59	-64	-156	-196	-231	-271
Exchange rate differences	1	-3	1	-5	5	-1
Profit before tax	333	56	664	44	960	340
Income taxes	-25	-13	-109	-10	-313	-214
Net income	308	42	555	33	648	126
Net income attributable to:						
Parent Company shareholders	308	42	555	32	648	125
Non-controlling interests	0	-	0	1	0	1
Earnings per share before dilution, SEK	0.81	0.11	1.45	0.08	1.70	0.33
Earnings per share after dilution, SEK	0.81	0.11	1.45	0.08	1.70	0.33
STATEMENT OF COMPREHENSIVE INCOME SEK M						
Net income	308	42	555	33	648	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	69	104	107	-129	270	34
Translation differences from foreign operations	-51	-292	-184	214	-34	364
Tax	-14	-20	-21	25	-53	-7
Total items that subsequently may be reclassified to the income statement	4	-208	-98	110	183	391
Other comprehensive income for the period	4	-208	-98	110	184	392
Total comprehensive income for the period	312	-166	457	143	832	518
Comprehensive income attributable to:						
Parent Company shareholders	312	-166	457	142	832	517
Non-controlling interests	0	-	0	1	0	1

RESULT OVERVIEW

SEK M	Q3 2017/18	Q3 2016/17	May - Jan 2017/18	May - Jan 2016/17	12 months rolling	May - Apr 2016/17
Operating result/EBIT before items affecting comparability	366	202	769	515	1,369	1,115
Bad debt losses	10	1	38	30	54	46
Amortization:						
Capitalized development costs	98	94	305	250	435	380
Assets relating to business combinations	27	28	85	88	116	119
EBITA before items affecting comparability and bad debt losses	502	325	1,197	882	1,976	1,661

CONSOLIDATED BALANCE SHEET

SEK M	Jan 31, 2018	Jan 31, 2017	Apr 30, 2017
Non-current assets			
Intangible assets	8,445	8,577	8,704
Tangible fixed assets	830	776	795
Financial assets	285	285	308
Deferred tax assets	260	286	375
Total non-current assets	9,820	9,924	10,181
Current assets			
Inventories	1,243	1,244	936
Accounts receivable	3,505	3,324	3,726
Accrued income	1,177	1,701	1,640
Current tax assets	172	273	191
Derivative financial instruments	162	65	92
Other current receivables	926	873	802
Short-term investments	89	-	-
Cash and cash equivalents	3,523	2,284	3,383
Total current assets	10,797	9,764	10,769
Total assets	20,617	19,688	20,950
Elekta's owners' equity	7,040	6,422	6,774
Non-controlling interests	0	-	0
Total equity	7,040	6,422	6,774
Non-current liabilities			
Long-term interest-bearing liabilities	4,180	3,234	5,272
Deferred tax liabilities	593	654	778
Long-term provisions	159	132	142
Other long-term liabilities	57	79	33
Total non-current liabilities	4,989	4,099	6,224
Current liabilities			
Short-term interest-bearing liabilities	883	1,896	0
Accounts payable	962	849	1,000
Advances from customers	2,643	2,550	2,531
Prepaid income	1,830	1,603	1,874
Accrued expenses	1,688	1,709	1,875
Current tax liabilities	93	57	111
Short-term provisions	140	113	231
Derivative financial instruments	49	154	48
Other current liabilities	300	234	281
Total current liabilities	8,589	9,166	7,952
Total equity and liabilities	20,617	19,688	20,950

CASH FLOW

SEK M	Q3 2017/18	Q3 2016/17	May - Jan 2017/18	May - Jan 2016/17	12 months rolling	May - Apr 2016/17
Profit before tax	333	55	664	44	960	340
Amortization and depreciation	162	161	502	455	702	655
Interest net	19	46	69	138	109	178
Other non-cash items	175	29	162	-15	227	50
Interest received and paid	-36	-48	-87	-151	-125	-189
Income taxes paid	-66	-81	-176	-203	-241	-268
Operating cash flow	*587*	*162*	*1,133*	*267*	*1,633*	*767*
Increase (-)/decrease (+) in inventories	-146	-14	-340	-107	-2	231
Increase (-)/decrease (+) in operating receivables	-167	67	181 *	403	-64 *	158
Increase (+)/decrease (-) in operating liabilities	418	179 *	196	33 *	825 *	662 *
Change in working capital	*105*	*232*	*36*	*329*	*758*	*1,051*
Cash flow from operating activities	691	394	1,170	596	2,393	1,819
Investments intangible assets	-162	-132 *	-436	-468 *	-601 *	-633 *
Investments other assets	-51	-39	-161	-100	-202	-141
Sale of fixed assets	0	-	38 *	-	38 *	0
Continuous investments	*- 212*	*-171*	*- 559*	*- 568*	*- 765*	*-774*
Cash flow after continuous investments	479	223	610	28	1,627	1,045
Increase(-)/decrease(+) in short-term investments	1	-	-89	-	-89	-
Business combinations and investments in other shares	-6	-	-42	-13	-47	-18
Cash flow after investments	474	223	479	15	1,491	1,027
Cash flow from financing activities	-6	11	-192	-130	-117	-55
Cash flow for the period	468	234	288	-114	1,374	972
Change in cash and cash equivalents during the period						
Cash and cash equivalents at the beginning of the period	3,124	2,121	3,383	2,273	2,284	2,273
Cash flow for the period	468	234	288	-114	1,374	972
Exchange rate differences	-69	-70	-147	125	-134	138
Cash and cash equivalents at the end of the period	3,523	2,284	3,523	2,284	3,523	3,383

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

CHANGES IN EQUITY

SEK M	May - Jan 2017/18	May - Jan 2016/17	May - Apr 2016/17
Attributable to Elekta's owners			
Opening balance	6,774	6,402	6,402
Comprehensive income for the period	457	142	517
Incentive programs including deferred tax	0	4	5
Conversion of convertible loan	-	0	72
Acquisition of non-controlling interest	-	-31	-31
Dividend	-191	-95	-191
Total	7,040	6,422	6,774
Attributable to non-controlling interests			
Opening balance	0	10	10
Comprehensive income for the period	0	1	1
Acquisition of non-controlling interest	-	-1	-1
Dividend	-	-10	-10
Total	0	-	0
Closing balance	7,040	6,422	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.

SEK M	Jan 31, 2018 Carrying amount	Jan 31, 2018 Fair value	Jan 31, 2017 Carrying amount	Jan 31, 2017 Fair value	Apr 30, 2017 Carrying amount	Apr 30, 2017 Fair value
Long-term interest-bearing liabilities	4,180	4,196	3,234	3,310	5,272	5,322
Short-term interest-bearing liabilities	883	883	1,896	1,915	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	Jan 31, 2018	Jan 31, 2017	Apr 30, 2017
FINANCIAL ASSETS				
Financial assets measured at fair value through profit or loss:				
Derivative financial instruments – non-hedge accounting	2	45	54	44
Derivatives used for hedging purposes:				
Derivative financial instruments – hedge accounting	2	148	15	63
Total financial assets		193	69	107
FINANCIAL LIABILITIES				
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments – non-hedge accounting	2	46	22	20
Contingent consideration	3	30	101	77
Derivatives used for hedging purposes:				
Derivative financial instruments – hedge accounting	2	4	143	28
Total financial liabilities		81	266	125

KEY FIGURES

	May - Apr 2012/13	May - Apr 2013/14	May - Apr 2014/15	May - Apr 2015/16	May - Apr 2016/17	May - Jan 2016/17	May - Jan 2017/18
Gross order intake, SEK M	n/a	n/a	12,825	13,821	14,064	9,698	9,838
Net sales, SEK M	10,339	10,694	10,839	11,221	10,704	6,989	7,719
Order backlog, SEK M	11,942	13,609	17,087	18,239	22,459	21,932	22,197
Operating result, SEK M	2,012	1,727	937	423	598	250	769
Operating margin before items affecting comparability, %	20	18	9	9	10	7	10
Operating margin, %	19	16	9	4	6	4	10
Profit margin, %	17	14	7	2	3	1	9
Shareholders' equity, SEK M	5,560	6,257	6,646	6,412	6,774	6,422	7,040
Capital employed, SEK M	10,112	10,743	12,678	11,360	12,046	11,552	12,103
Net debt, SEK M	1,985	2,239	2,768	2,677	1,889	2,846	1,450
Net debt/equity ratio, multiple	0.36	0.36	0.42	0.42	0.28	0.44	0.21
Return on shareholders' equity, %	27	21	9	2	2	2	10
Return on capital employed, %	21	17	9	4	5	4	10
Operational cash conversion, %	79	60	126	111	145	85	92
Average number of employees	3,336	3,631	3,679	3,677	3,581	3,567	3,692

DATA PER SHARE

	May - Apr 2012/13	May - Apr 2013/14	May - Apr 2014/15	May - Apr 2015/16	May - Apr 2016/17	May - Jan 2016/17	May - Jan 2017/18
Earnings per share							
before dilution, SEK	3.52	3.01	1.45	0.36	0.33	0.08	1.45
after dilution, SEK	3.52	3.00	1.45	0.36	0.33	0.08	1.45
Cash flow per share							
before dilution, SEK	3.17	1.31	1.78	1.00	2.69	0.04	1.25
after dilution, SEK	3.17	1.24	1.78	1.00	2.69	0.04	1.25
Shareholders' equity per share							
before dilution, SEK	14.55	16.39	17.41	16.79	17.73	16.84	18.43
after dilution, SEK	14.55	20.32	17.41	16.79	17.73	16.84	18.43
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 January 31, 2018).*

DATA PER QUARTER

	2015/16		2016/17				2017/18		
SEK M	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Gross order intake	2,616	5,238	2,662	3,383	3,653	4,366	2,738	3,267	3,833
Net sales	2,547	3,607	1,882	2,434	2,673	3,715	2,169	2,802	2,747
EBITA before items affecting comparability and bad debt losses	335	785	166	391	325	779	187	509	502
Operating result	56	155	-34	140	144	347	38	365	366
Cash flow from operating activities	327	846	-139	342	394	1,222	76	403	691

ORDER INTAKE GROWTH BASED ON CONSTANT EXCHANGE RATES *

	2015/16		2016/17				2017/18		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
North and South America, %	23	15	-16	4	-6	-19	-6	14	15
Europe, Middle East and Africa, %	-43	38	14	-17	116	-32	-4	-5	-5
Asia Pacific, %	0	-5	20	10	2	-5	7	-11	33
Group, %	-15	16	4	-2	34	-20	0	0	9

** 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 - Jan 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	2,696	2,849	2,174	-	7,719	
Regional expenses	-1,710	-1,936	-1,492	-	-5,138	67%
Contribution margin	986	913	682	-	2,581	33%
Contribution margin, %	37%	32%	31%			
Global costs				-1,812	-1,812	23%
Operating result before items affecting comparability	986	913	682	-1,812	769	10%
Items affecting comparability				-	-	
Operating result	986	913	682	-1,812	769	10%
Net financial items				-105	-105	
Profit before tax	986	913	682	-1,918	664	

May - Jan 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	2,745	2,183	2,061	-	6,989	
Regional expenses	-1,818	-1,473	-1,437	-	-4,728	68%
Contribution margin	927	710	624	-	2,261	32%
Contribution margin, %	34%	33%	30%			
Global costs				-1,745	-1,745	25%
Operating result before items affecting comparability	927	710	624	-1,745	515	7%
Items affecting comparability				-264	-264	
Operating result	927	710	624	-2,009	250	4%
Net financial items				-207	-207	
Profit before tax	927	710	624	-2,216	44	

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	4,098	4,110	3,227	-	11,434	
Regional expenses	-2,492	-2,828	-2,229	-	-7,548	66%
Contribution margin	1,606	1,281	998	-	3,885	34%
Contribution margin, %	39%	31%	31%			
Global costs				-2,516	-2,516	22%
Operating result before items affecting comparability	1,606	1,281	998	-2,516	1,369	12%
Items affecting comparability				-254	-254	
Operating result	1,606	1,281	998	-2,770	1,117	10%
Net financial items				-156	-156	
Profit before tax	1,606	1,281	998	-2,927	960	

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-Jan 2017/18	May-Jan 2016/17
Operating expenses	-128	-130
Financial net	444	91
Income after financial items	315	-39
Tax	17	39
Net income	332	0
Statement of comprehensive income		
Net income	332	0
Other comprehensive income	-	-
Total comprehensive income	332	0

BALANCE SHEET

SEK M	Jan 31, 2018	Apr 30, 2017
Non-current assets		
Intangible assets	71	75
Shares in subsidiaries	2,221	2,222
Receivables from subsidaries	1,901	2,679
Other financial assets	27	26
Deferred tax assets	80	63
Total non-current assets	4,300	5,065
Current assets		
Receivables from subsidaries	3,650	3,870
Other current receivables	43	31
Other short-term investments	89	-
Cash and cash equivalents	2,746	2,479
Total current assets	6,528	6,380
Total assets	10,828	11,445
Shareholders' equity	2,747	2,606
Non-current liabilities		
Long-term interest-bearing liabilities	4,177	5,268
Long-term liabilities to Group companies	39	39
Long-term provisions	9	36
Total non-current liabilities	4,225	5,343
Current liabilities		
Short-term interest-bearing liabilities	883	-
Short-term liabilities to Group companies	2,843	3,342
Short-term provisions	29	30
Other current liabilities	101	123
Total current liabilities	3,856	3,495
Total shareholders' equity and liabilities	10,828	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
Q3 2017/18 vs. Q3, 2016/17								
Change based on constant exchange rates	15	148	-5	-99	33	281	9	330
Currency effects	-9	-85	0	15	-9	-80	-4	-150
Reported change	6	63	-5	-84	24	201	5	180
Q3 2016/17 vs. Q3 2015/16								
Change based on constant exchange rates	-6	-61	116	949	2	16	34	904
Currency effects	3	32	5	41	8	59	5	132
Reported change	-3	-29	121	991	10	75	40	1,037
May - Jan 2017/18 vs. May - Jan 2016/17								
Change based on constant exchange rates	9	264	-5	-184	8	234	3	314
Currency effects	-4	-107	1	47	-4	-115	-2	-175
Reported change	5	157	-4	-137	4	119	1	140
May - Jan 2016/17 vs. May - Jan 2015/16								
Change based on constant exchange rates	-6	-190	29	819	11	285	11	914
Currency effects	1	32	2	53	4	116	2	201
Reported change	-5	-158	31	872	15	401	13	1,115

Change net sales	North and South America		Europe, Middle East, and Africa		Asia Pacific		Group total	
	%	SEK M	%	SEK M	%	SEK M	%	SEK M
Q3 2017/18 vs. Q3, 2016/17								
Change based on constant exchange rates	5	43	8	74	10	83	7	200
Currency effects	-8	-75	1	7	-7	-58	-4	-126
Reported change	-3	-32	9	81	3	25	3	74
Q3 2016/17 vs. Q3 2015/16								
Change based on constant exchange rates	-2	-18	8	68	-4	-31	1	19
Currency effects	6	57	0	-1	7	52	4	108
Reported change	4	38	8	67	3	21	5	126
May - Jan 2017/18 vs. May - Jan 2016/17								
Change based on constant exchange rates	1	40	29	643	10	203	13	886
Currency effects	-3	-89	1	23	-5	-90	-3	-156
Reported change	-2	-49	30	666	5	113	10	730
May - Jan 2016/17 vs. May - Jan 2015/16								
Change based on constant exchange rates	-6	-172	-11	-271	-15	-343	-10	-786
Currency effects	2	57	0	-12	5	116	2	161
Reported change	-4	-115	-11	-283	-10	-227	-8	-625

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	Q3 2016/17	Q4 2016/17	Q1 2017/18	Q2 2017/18	Q3 2017/18
Operating result/EBIT	144	347	38	365	366
Amortization:					
Capitalized development costs	94	131	110	96	98
Assets relating business combinations	28	31	29	30	27
Depreciation	39	39	38	36	37
EBITDA	305	548	215	527	528

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.

	Q3 2017/18				Q3 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	2,747			2,747	2,673			2,673
Cost of products and services sold	-1,595	-	-	-1,595	-1,611	-12	-	-1,623
Gross profit	1,153	-	-	1,153	1,062	-12	-	1,050
Selling expenses	-277	-	-	-277	-279	-3	-	-282
Administrative expenses	-244	-	-	-244	-234	-6	-33	-273
R&D expenses	-264	-	-	-264	-261	-4	-	-265
Exchange rate differences	-2	-	-	-2	-85	-	-	-85
Operating result	366	-	-	366	202	-25	-33	144

	May - Jan 2017/18				May - Jan 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	7,719			7,719	6,989			6,989
Cost of products and services sold	-4,464	-	-	-4,464	-4,138	-22	-	-4,160
Gross profit	3,254	-	-	3,254	2,851	-22	-	2,829
Selling expenses	-882	-	-	-882	-869	-5	-	-874
Administrative expenses	-724	-	-	-724	-680	-84	-130	-895
R&D expenses	-862	-	-	-862	-733	-23	-	-756
Exchange rate differences	-18	-	-	-18	-53	-	-	-53
Operating result	769	-	-	769	515	-134	-130	250

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	Jan 31, 2017	Apr 30, 2017	Jul 31, 2017	Oct 31, 2017	Jan 31, 2018
Profit before tax (12 months rolling)	146	340	424	683	960
Financial expenses (12 months rolling)	267	271	253	232	231
Profit before tax plus financial expenses	413	611	677	915	1,191
Total assets	19,688	20,950	19,659	20,152	20,617
Deferred tax liabilities	-654	-778	-668	-669	-593
Long-term provisions	-132	-142	-159	-165	-159
Other long-term liabilities	-79	-33	-15	-5	-57
Accounts payable	-849	-1,000	-806	-970	-962
Advances from customers	-2,550	-2,531	-2,537	-2,440	-2,643
Prepaid income	-1,603	-1,874	-1,704	-1,764	-1,830
Accrued expenses	-1,709	-1,875	-1,611	-1,742	-1,688
Current tax liabilities	-57	-111	-96	-89	-93
Short-term provisions	-113	-231	-196	-172	-140
Derivative financial instruments	-154	-48	-74	-21	-49
Other current liabilities	-234	-281	-212	-230	-300
Capital employed	11,552	12,046	11,582	11,884	12,103
Average capital employed (last five quarters)	11,554	11,668	11,712	11,765	11,833
Return on capital employed	4%	5%	6%	8%	10%

Return on shareholders' equity

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

SEK M	Q3 2016/17	Q4 2016/17	Q1 2017/18	Q2 2017/18	Q3 2017/18
Net income (12 months rolling)	111	126	189	382	648
Average shareholders' equity excluding non-controlling interests (last five quarters)	6,471	6,541	6,563	6,604	6,696
Return on shareholders' equity	2%	2%	3%	6%	10%

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	Q3 2016/17	Q4 2016/17	Q1 2017/18	Q2 2017/18	Q3 2017/18
Cash flow from operating activities	394	1,222	76	403	691
EBITDA	305	548	215	527	528
Operational cash conversion	129%	223%	35%	76%	131%

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.

Days sales outstanding (DSO)

SEK M	Jan 31, 2017	Apr 30, 2017	Jul 31, 2017	Oct 31, 2017	Jan 31, 2018
Accounts receivable	3,324	3,726	3,032	3,120	3,505
Accrued income	1,701	1,640	1,467	1,545	1,177
Advances from customers	-2,550	-2,531	-2,537	-2,440	-2,643
Prepaid income	-1,603	-1,874	-1,704	-1,764	-1,830
Net receivable from customers	872	961	258	461	209
Net sales (12 months rolling)	10,596	10,704	10,991	11,359	11,434
Number of days	365	365	365	365	365
Net sales per day	29	29	30	31	31
Days sales outstanding (DSO)	30	33	9	15	7

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	Jan 31, 2017	Apr 30, 2017	Jul 31, 2017	Oct 31, 2017	Jan 31, 2018
Long-term interest-bearing liabilities	3,234	5,272	4,650	4,726	4,180
Short-term interest-bearing liabilities	1,896	0	421	423	883
Cash and cash equivalents and short-term investments	-2,284	-3,383	-3,158	-3,214	-3,612
Net debt	2,846	1,889	1,912	1,936	1,450
Shareholders' equity	6,422	6,774	6,511	6,734	7,040
Net debt/equity ratio, multiple	0.44	0.28	0.29	0.29	0.21

Shareholder information

Conference call

Elekta will host a telephone conference at 10:00-11:00 CET on March 2, 2018, 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) 8 566 426 91
UK dial-in number: +44 (0) 203 008 9808
US dial-in number: +1 855 753 2237

The webcast will be through the following link:

http://event.on24.com/wcc/r/1610945-1/DED93131C299D012C6AE58D8B0CA96B6?partnerref=rss-events

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Financial calendar

Year-end-report May-April 2017/18	June 1, 2018
Interim report May-July 2018/19	August 30, 2018
Annual General Meeting	August 30, 2018

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