Elekta

Q3

2018/19
February 22, 2019

Interim report May-January 2018/19

Third quarter

- Gross order intake amounted to SEK 4,551 M (3,833), an increase of 19 percent in SEK and 12 percent based on constant exchange rates.
- Net sales were SEK 3,320 M (2,756), an increase of 20 percent in SEK and 14 percent based on constant exchange rates.
- EBITA amounted to SEK 505 M (534).
- EBITA margin was 15.2 percent (19.4).
- Operating result was SEK 311 M (409).
- Net income amounted to SEK 212 M (342). Earnings per share was SEK 0.55 (0.90) before/after dilution.
- Cash flow after continuous investments was SEK -222 M (479).
- Seven Elekta Unity orders booked in the quarter.
- Strengthened sales funnel for Elekta Unity.

May - January

- Gross order intake amounted to SEK 11,395 M (9,837), an increase of 16 percent in SEK and 9 percent based on constant exchange rates.
- Net sales were SEK 9,468 M (8,164), an increase by 16 percent in SEK and 10 percent based on constant exchange rates.
- EBITA amounted to SEK 1,492 M (1,521), including a positive effect of SEK 70 M related to a divestment in current period.
- EBITA margin was 15.8 percent (18.6).
- Operating result was SEK 941 M (1,131).
- Net income amounted to SEK 662 M (846). Earnings per share was SEK 1.73 (2.21) before/after dilution.
- Cash flow after continuous investments was SEK -397 M (610).
- Net debt amounted to SEK 1,521 M (1,450).
- Eleven Elekta Unity orders were added to the order backlog.

GROUP SUMMARY

SEK M	Q3 2018/19	Q3 2017/18	Change	May - Jan 2018/19	May - Jan 2017/18	Change
Gross order intake	4,551	3,833	12% *	11,395	9,837	9% *
Net sales	3,320	2,756	14% *	9,468	8,164	10% *
EBITA	505	534	-5%	1,492	1,521	-2%
Operating result	311	409	-24%	941	1,131	-17%
Net income	212	342	-38%	662	846	-22%
Cash flow after continuous investments	-222	479	-146%	-397	610	n/a
Earnings per share before/after dilution, SEK	0.55	0.90	-39%	1.73	2.21	-22%

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

Outlook for fiscal year 2018/19 updated

- Net sales growth of around 8 percent, based on constant exchange rates.
- EBITA margin of around 18 percent.

Richard Hausmann

President and CEO

CEO comment

Strengthened innovation leadership and accelerated growth across our markets

The third quarter results showed double-digit order and net sales growth, demonstrating the growing need for effective cancer care globally and the competitiveness of our product portfolio. I am happy about the seven Elekta Unity orders in the quarter. However, margins were lower than expected mainly due to project mix and price. We have ongoing measures to address these issues and I see significant further improvement potential. The sales funnel for Unity is growing and feedback from customers who are treating patients is very positive. Unity is clearly delivering on the promise to enable precision radiation therapy in new clinical application fields.

Since announcing our strategic focus on thought leadership in Precision Radiation Medicine in September, we have already made clear progress. Proof points during the quarter of how Elekta is driving access to innovative cancer care include: FDA 510(k) clearance for Elekta Unity and the first patients treated in the U.S. at MD Anderson Cancer Center; our first Unity order signed in the Middle East; awards to Unity and MOSAIQ® for design and "best technology" respectively and the inauguration of our Elekta RT Academy in China.

We also announced the launch of the global MOMENTUM program, which will scientifically guide the use of the MR-linac to improve cancer treatment. I'm looking forward to seeing the clinical evidence for what I'm already hearing from customers - that Unity will have an impact on additional treatments and potential better outcomes for patients.

We saw strong order growth resulting in an increase of 12 percent for the quarter in constant currencies, and 9 percent year to date. This growth is underlined by the feedback from our customers, oncologists, politicians and others about the continued growing need for cost-effective cancer care, where precision radiation medicine plays an essential part.

I'm pleased to see increasing interest in Unity – the seven systems added during the quarter is a clear reflection of this – and we see the sales funnel strengthening. In addition to the order in the Middle East, we booked four orders in the EU, one in China, and one in Australia. We are now at 39 orders, on track to reaching the target of 75 orders by mid-2020.

Revenue came in at 14 percent for the quarter in constant currencies and 10 percent year to date, driven by an increased number of installations across our markets. On the back of this and what we foresee for the fourth quarter, we have decided to raise our net sales growth outlook from around 7 percent, to around 8 percent for the year.

Gross margin declined due to an unfavorable project mix and price in mature markets. This together with our ongoing ramp-up of the commercialization of Unity and continued investment in China has led to an EBITA margin of 15.2 percent in the quarter and 18.2 percent on a 12-month rolling basis. I'm not satisfied with this margin level, and we have ongoing measures to improve this, such as a COGS reduction program. I also see significant further improvement potential in our ongoing process excellence efforts.

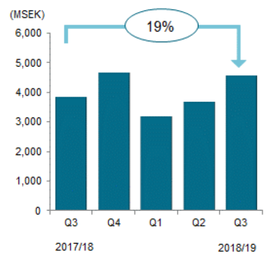
Despite an expected strong Q4, we will not be able to compensate for this shortfall in EBITA margin for the full year. Consequently, we have lowered our margin outlook for the year 2018/19 from 20 percent to around 18 percent.

We have now had five consecutive quarters with order growth and Elekta continues to move in the right direction and according to the strategy we have set out. I'm happy about Unity's clinical acceptance and the strong interest we see in our solutions overall. With this in mind, I remain very confident about the continued positive development of our business.

Order intake and order backlog

Gross order intake increased by 16 percent YTD to SEK 11,395 M (9,837) and 9 percent based on constant exchange rates.

Gross order intake



GROSS ORDER INTAKE

SEK M	Q3 2018/19	Q3 2017/18	Change*	Change	May - Jan 2018/19	May - Jan 2017/18	Change*	Change	12 months rolling	May - Apr 2017/18
North and South America	1,316	1,056	16%	25%	3,181	3,166	-6%	0%	4,734	4,720
Europe, Middle East and Africa	1,882	1,725	5%	9%	4,480	3,558	18%	26%	6,311	5,389
Asia Pacific	1,353	1,052	20%	29%	3,735	3,113	13%	20%	5,006	4,384
Group	4,551	3,833	12%	19%	11,395	9,837	9%	16%	16,051	14,493

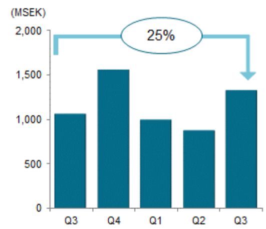
*Compared to last fiscal year based on constant exchange rates.

Order backlog was SEK 29,601 M, compared to SEK 27,974 M on April 30, 2018. Order backlog is converted at closing exchange rates which resulted in a positive translation difference of SEK 269 M.

Regional development

North and South America

Gross order intake North and South America



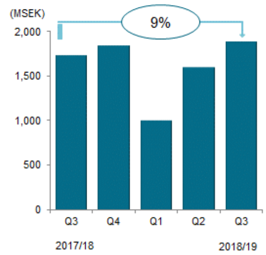
The U.S. is the world's largest market for radiation therapy. Market growth is primarily driven by service and software as well as upgrading the installed base of treatment systems. A large share of customers is private hospitals.

Elekta's performance in the region was strong in the quarter, with an order growth of 16 percent based on unchanged exchange rates. This was a result of a comeback from a poor second quarter in North America as well as an uptick in South America. On the net sales side the growth was even better - 18 percent - where the US contributed most but also a good momentum in Mexico.

The FDA clearance for Elekta Unity was received in December and has created a lot of interest among oncologists and hospitals. The first two hospitals, MD Anderson and Froedtert & the Medical College of Wisconsin, both MR-linac consortium members, started treating patients in January.

Europe, Middle East and Africa

Gross order intake Europe, Middle East and Africa



The growth in the established markets is mainly driven by upgrading the installed base to new systems and aftermarket services, but also by investments to expand radiation therapy capacity. The region's emerging markets are characterized by a significant need for radiation therapy from current low levels.

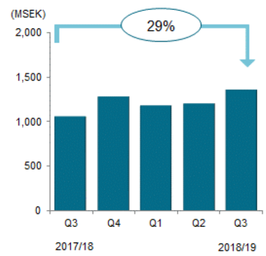
EMEA's order growth for the quarter was 5 percent and 18 percent year-to-date. Good performance in Spain and the Netherlands, while several Eastern European and Middle Eastern countries had tough comparisons. During the quarter five more Elekta Unity orders were booked in the region in the Netherlands, Spain and Bahrain.

The net sales trend was very positive, and the third quarter came in 19 percent higher than last year.

Elekta continues to prepare for potential consequences of Brexit in order to ensure that customers will have a continued supply of products.

Asia Pacific

Gross order intake Asia Pacific



The region has a significant long-term need for expanding cancer care and the markets are generally underserved in terms of radiation therapy capacity. During Q3 order intake rose by 20 percent with a strong contribution from Australia and East Asia. Sales were somewhat weaker in the quarter with 4 percent growth.

In October 2018, the Chinese Ministry of Health published a plan to invest substantially in radiation therapy over the coming years, with up to 1,400 new linacs to be ordered. The next step in this plan will be when licenses are given to hospitals across the country. Elekta is the market leader in China with local development, production and training, which is now being ramped up in order to capture the possibilities. In January, Elekta launched the RT Academy in China to support knowledge sharing, training and best practice across the radiation therapy clinical workflow.

Five Elekta Unity systems are now being shipped and installed in China in order to start the CFDA study in March and make the necessary evaluations needed in order to be able to receive the clearance.

Presented amounts and comments refer to the accumulated period 2018/19 and amounts within parentheses indicate comparative values for the equivalent period last fiscal year restated to IFRS 15 unless otherwise stated.

Net sales and earnings

Growth was strong in all regions and net sales increased to SEK 9,468 M (8,164) in the accumulated period, representing a growth of 16 percent or 10 percent based on constant exchange rates.

NET SALES

SEK M	Q3 2018/19	Q3 2017/18	Change*	Change	May - Jan 2018/19	May - Jan 2017/18	Change*	Change.	12 months rolling	May-Apr 2017/18
North and South America	1,245	981	18%	27%	3,297	2,890	7%	14%	4,294	3,888
Europe, Middle East and Africa	1,103	898	19%	23%	3,395	2,880	12%	18%	4,860	4,345
Asia Pacific	972	877	4%	11%	2,777	2,394	10%	16%	3,723	3,340
Group	3,320	2,756	14%	20%	9,468	8,164	10%	16%	12,877	11,573

*Compared to last fiscal year based on constant exchange rates. Comparable data for 12 months rolling not available due to IFRS15 restatement on quarterly basis starting Q1 2017/18.

Gross margin was 40.5 percent year to date (44.3). The decline is mainly due to an unfavorable project mix and price.

EBITA is SEK 1,492 M (1,521) representing a margin of 15.8 percent (18.6). The rolling 12-month EBITA margin was 18.2 percent.

The effect from changes in exchange rates compared with last year was approximately SEK 70 M including hedges. Operating result was SEK 941 M (1,131). The operating result includes a positive effect of SEK 70 M related to a divestment in the first quarter, reported as part of other operating income and expenses.

Net financial items amounted to SEK -92 M (-105). Profit before tax amounted to SEK 849 M (1,026) and tax amounted to SEK -187 M (-180), representing a tax rate of 22 percent (18).

Net income amounted to SEK 662 M (846) and earnings per share amounted to SEK 1.73 (2.21) before/after dilution. Return on shareholders' equity amounted to 17 percent (10**) and return on capital employed amounted to 15 percent (10**).

** Calculation based on IAS18

Expenses and capitalization

Operating expenses increased, mainly related to investments in the commercialization of Elekta Unity, Elekta Digital and the sales organization. R&D expenditure, adjusted for the net of capitalization and amortization of development costs, amounted to SEK 1,042 M (1,008), equal to 11 percent (12) of net sales or 11 percent on a 12-month rolling basis.

EXPENSES

	2018/19			2017/18		
SEK M	Q3	Q2	May - Jan	Q3	Q2	May - Jan
Selling expenses	-310	-320	-954	-277	-300	-882
Administrative expenses	-247	-237	-748	-232	-224	-699
R&D expenses	-400	-411	-1,176	-264	-282	-862
Total	-957	-967	-2,878	-773	-806	-2,443

The net of capitalization and amortization of development costs in the R&D function decreased to SEK -133 M (147). Amortization of capitalized development costs amounted to SEK 464 M (305). The increase is related to the start of amortization following the CE marking of Elekta Unity.

CAPITALIZED DEVELOPMENT COSTS

SEK M	Q3 2018/19	Q3 2017/18	May - Jan 2018/19	May - Jan 2017/18	12 months rolling	May - Apr 2017/18
Capitalization of development costs	97	161	331	435	534	637
of which R&D	97	161	329	434	532	637
Amortization of capitalized development costs	-167	-98	-464	-305	-567	-408
of which R&D	-166	-93	-462	-287	-560	-385
Capitalized development costs, net	-70	63	-133	130	-34	229
of which R&D	-69	68	-133	147	-28	252

Investments and depreciation

Investments in intangible assets were SEK 335 M (436) and investments in tangible assets were SEK 136 M (168). Amortization of intangible assets and depreciation of tangible fixed assets amounted to a total of SEK 670 M (502).

Cash flow

Cash flow from operating activities was SEK 73 M (1,170). The operational cash conversion for rolling 12 months was 52 percent. Cash flow after continuous investments was SEK -397 M (610). The decline in cash flow was due to increased levels of net working capital.

CASH FLOW (EXTRACT)

SEK M	Q3 2018/19	Q3 2017/18	May - Jan 2018/19	May - Jan 2017/18	12 months rolling	May - Apr 2017/18
Operating cash flow	409	630	1,320	1,495	2,182	2,357
Change in working capital	*-466*	*61*	*-1,246*	*-326*	*-874*	*47*
Cash flow from operating activities	-57	691	73	1,170	1,307	2,404
Continuous investments	*-165*	*-212*	*-470*	*-559*	*-726*	*-816*
Cashflow after continuous investments	-222	479	-397	610	582	1,589
Operational cash conversion	*-10%*	*121%*	*5%*	*72%*	*52%*	*95%*

Working capital

Net working capital was SEK -1,206 M corresponding to -9 percent of net sales (-13 per October 31, 2018).

Accounts receivable increased significantly in the quarter due to annual invoicing of service and significant project invoicing done late in the quarter. Accrued income decreased as a number of large projects were invoiced. Inventory levels continue to be somewhat elevated due to the Unity launch and Brexit preparations. Advances from customers and Prepaid income increased mirroring the high level of invoicing in the quarter.

WORKING CAPITAL

SEK M	Jan 31 2019	Jan 31 2018	Oct 31 2018	Apr 30 2018
Working capital assets				
Inventories	2,508	2,508	2,463	2,560
Accounts receivable	3,774	3,505	2,982	3,402
Accrued income	1,281	769	1,420	1,160
Other operating receivables	1,252	1,110	1,166	1,068
Sum working capital assets	8,815	7,892	8,031	8,191
Working capital liabilities				
Accounts payable	1,082	962	1,111	1,132
Advances from customers	4,850	5,025	4,652	5,316
Prepaid income	2,010	1,823	1,910	1,990
Accrued expenses	1,596	1,491	1,570	1,662
Short-term provisions	148	125	157	186
Other current liabilities	333	300	258	257
Sum working capital liabilities	10,020	9,727	9,659	10,543
Net working capital	-1,206	-1,835	-1,628	-2,352
% of 12 months net sales	-9%	n/a	-13%	-20%

Days Sales Outstanding (DSO) was negative 51 days (negative 64 per October 31, 2018). Asia Pacific decreased while increases were seen in North and South America and Europe, Middle East and Africa regions.

DAYS SALES OUTSTANDING (DSO)

SEK M	Jan 31 2019	Oct 31 2018	Jul 31 2018	Apr 30 2018
North and South America	-80	-114	-123	-122
Europe, Middle East and Africa	24	16	-9	-30
Asia Pacific	-112	-107	-106	-122
Group	-51	-64	-75	-87

Financial position

Cash and cash equivalents and short-term investments amounted to SEK 2,980 M (3,612) and interest-bearing liabilities amounted to SEK 4,501 M (5,063). Net debt amounted to SEK 1,521 M (1,450). Net debt in relation to EBITDA 12 months rolling was 0.61 (0.32 per April 30, 2018). During the quarter USD 50 M of external debt was repaid.

NET DEBT

SEK M	Jan 31 2019	Jan 31 2018	Oct 31 2018	Apr 30 2018
Long-term interest-bearing liabilities	4,463	4,180	4,422	4,369
Short-term interest-bearing liabilities	38	883	536	975
Cash and cash equivalents and short-term investments	-2,980	-3,612	-3,669	-4,541
Net debt	1,521	1,450	1,290	803

The exchange rate effect from the translation of cash and cash equivalents amounted to SEK 35 M (-147). The translation difference in interest-bearing liabilities amounted to SEK -107 M (-211). Other comprehensive income was affected by exchange rate differences from translation of foreign operations amounting to SEK -41 M (-149).

The change in unrealized exchange rate effects from effective cash flow hedges reported in other comprehensive income amounted to SEK -67 M (107). The closing balance of unrealized exchange rate effects from effective cash flow hedges amounted to SEK -35 M (144) exclusive of tax.

Acquisitions

Acquisition of quality assurance expert Acumyn

Elekta announced on July 27, 2018, that it has acquired the Canadian quality assurance expert Acumyn, a stand-alone commercial spin-off of University Health Network, Toronto. This follows an exclusive agreement between Elekta and Acumyn, signed in 2014, to commercialize its integrated Quality Management System, AQUA.

Legal disputes

humediQ

As earlier reported, during fiscal year 2017/18, humediQ GmbH initiated a new arbitration against Elekta group companies and arising out of the agreement as the previous arbitration in 2016. The hearing in the arbitration is tentatively scheduled to October 2019. Elekta is of the opinion that the claims overall lack merit and will defend itself.

Best Medical

During fiscal year 2018/2019 Best Medical International Inc. filed a patent lawsuit against Elekta group companies. After a first assessment made Elekta believes that the claims overall lack merit and will defend itself. It is expected that it will take years before any final ruling is made in the case.

Significant events during the quarter

Received U.S. FDA 510(k) clearance for Elekta Unity

On December 5, 2018, Elekta announced that it received a 510(k) premarket notification from the U.S. Food and Drug Administration, clearing the technology for commercial sales and clinical use in the United States.

First Elekta Unity patients treated in the U.S. at MD Anderson Cancer Center and Froedtert & the Medical College of Wisconsin

In January 2019, the MD Anderson Cancer Center and Froedtert & the Medical College of Wisconsin treated their first patients.

Elekta showcased precision radiation medicine at Arab Health Exhibition and Congress

The Arab Health Conference held in Dubai in the end of January was a success with many promising meetings, confirming Elekta's leadership in the region and demonstrated the strong local presence.

Significant events after the quarter

MOMENTUM program launched

The MOMENTUM program represents the next step in the development of the Elekta Unity MR/RT system. The program will focus on building a robust body of real-world clinical experience and insights made possible by this technology. Information gained through the MOMENTUM program will guide the use of MR/RT to improve outcomes for cancer patients.

Employees

The average number of employees during the period was 3,757 (3,692).

The average number of employees in the Parent Company was 38 (31).

Shares

Total number of registered shares on January 31, 2019 was 383,568,409 of which 14,980,769 were A-shares and 368,587,640 B-shares. On January 31, 2019 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. The 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 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 2017/18.

The Board of Directors and CEO declare that the undersigned interim report provides a fair overview of the parent company's and Group's operations, their financial position and performance, and describes material risks and uncertainties facing the parent company and other companies in the Group.

Stockholm, February 22, 2019

Richard Hausmann
CEO and President

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

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

INCOME STATEMENT SEK M	Q3 2018/19	Q3 2017/18	May - Jan 2018/19	May - Jan 2017/18	12 months rolling	May - Apr 2017/18
Net sales	3,320	2,756	9,468	8,164	12,877	11,573
Cost of products sold	-1,967	-1,561	-5,635	-4,548	-7,604	-6,517
Gross income	1,353	1,196	3,833	3,616	5,272	5,056
Selling expenses	-310	-277	-954	-882	-1,281	-1,208
Administrative expenses	-247	-232	-748	-699	-997	-949
R&D expenses	-400	-264	-1,176	-862	-1,409	-1,095
Other operating income and expenses	-19	-12	38	-25	63	0
Exchange rate differences	-66	-2	-52	-18	7	42
Operating result	311	409	941	1,131	1,656	1,845
Result from participations in associates	0	3	6	6	-7	-7
Interest income	10	21	42	44	65	67
Interest expenses and similar items	-50	-59	-142	-156	-211	-225
Exchange rate differences	1	1	1	1	2	1
Profit before tax	272	376	849	1,026	1,504	1,681
Income taxes	-60	-34	-187	-180	-340	-333
Net income	212	342	662	846	1,164	1,348
Net income attributable to:						
Parent Company shareholders	211	342	662	846	1,164	1,348
Non-controlling interests	0	0	0	0	0	0
Earnings per share before dilution, SEK	0.55	0.90	1.73	2.21	3.05	3.53
Earnings per share after dilution, SEK	0.55	0.90	1.73	2.21	3.05	3.53
STATEMENT OF COMPREHENSIVE INCOME SEK M						
Net income	212	342	662	846	1,164	1,348
Other comprehensive income:						
Items that will not be reclassified to the income statement:						
Remeasurements of defined benefit pension plans	-	-	-	-	-19	-19
Tax	-	-	-	-	5	5
Total items that will not be reclassified to the income statement	-	-	-	-	-14	-14
Items that subsequently may be reclassified to the income statement:						
Revaluation of cash flow hedges	120	69	-67	107	-179	-5
Translation differences from foreign operations	-15	-53	-41	-149	583	475
Tax	-24	-14	12	-21	35	2
Total items that subsequently may be reclassified to the income statement	81	3	-95	-63	440	472
Other comprehensive income for the period	81	3	-95	-63	426	458
Total comprehensive income for the period	293	345	567	783	1,590	1,806
Comprehensive income attributable to:						
Parent Company shareholders	293	345	567	783	1,590	1,806
Non-controlling interests	0	0	0	0	0	0

RESULT OVERVIEW

SEK M	Q3 2018/19	Q3 2017/18	May - Jan 2018/19	May - Jan 2017/18	12 months rolling	May - Apr 2017/18
Operating result/EBIT	311	409	941	1,131	1,656	1,845
Amortization:						
Capitalized development costs	167	98	464	305	567	408
Assets relating to business combinations	27	27	86	85	117	116
EBITA	505	534	1,492	1,521	2,340	2,369

CONSOLIDATED BALANCE SHEET

SEK M	Jan 31 2019	Jan 31 2018	Apr 30 2018
Non-current assets			
Intangible assets	9,076	8,445	9,175
Tangible fixed assets	907	830	895
Financial assets	298	285	261
Deferred tax assets	368	358	350
Total non-current assets	10,648	9,918	10,681
Current assets			
Inventories	2,508	2,508	2,560
Accounts receivable	3,774	3,505	3,402
Accrued income	1,281	769	1,160
Current tax assets	169	172	177
Derivative financial instruments	72	162	170
Other current receivables	1,252	1,110	1,068
Short-term investments	45	89	83
Cash and cash equivalents	2,936	3,523	4,458
Total current assets	12,036	11,838	13,080
Total assets	22,685	21,756	23,760
Elekta's owners' equity	7,254	6,154	6,987
Non-controlling interests	0	0	0
Total equity	7,254	6,154	6,987
Non-current liabilities			
Long-term interest-bearing liabilities	4,463	4,180	4,369
Deferred tax liabilities	537	455	511
Long-term provisions	165	159	158
Other long-term liabilities	57	57	63
Total non-current liabilities	5,222	4,851	5,102
Current liabilities			
Short-term interest-bearing liabilities	38	883	975
Accounts payable	1,082	962	1,132
Advances from customers	4,850	5,025	5,316
Prepaid income	2,010	1,823	1,990
Accrued expenses	1,596	1,491	1,662
Current tax liabilities	93	93	107
Short-term provisions	148	125	186
Derivative financial instruments	57	49	46
Other current liabilities	333	300	257
Total current liabilities	10,208	10,751	11,671
Total equity and liabilities	22,685	21,756	23,760

CASH FLOW

SEK M	Q3 2018/19	Q3 2017/18	May - Jan 2018/19	May - Jan 2017/18	12 months rolling	May - Apr 2017/18
Profit before tax	272	376	849	1,026	1,504	1,681
Amortization and depreciation	235	162	670	502	844	675
Interest net	45	19	84	69	111	96
Other non-cash items	19	175	-9	162	82	254
Interest received and paid	-62	-36	-106	-87	-117	-98
Income taxes paid	-98	-66	-167	-176	-242	-250
Operating cash flow	*409*	*630*	*1,320*	*1,495*	*2,182*	*2,357*
Increase (-)/decrease (+) in inventories	-20	-147	10	-250	135	-125
Increase (-)/decrease (+) in operating receivables	-785	-321	-787	-223 *	-585 *	-21 *
Increase (+)/decrease (-) in operating liabilities	339	529	-469	147	-424	192
Change in working capital	*- 466*	*61*	*-1,246*	*- 326*	*-874*	*47*
Cash flow from operating activities	-57	691	73	1,170	1,307	2,404
Investments intangible assets	-99	-162	-335	-436	-540	-642
Investments other assets	-66	-51	-136	-161	-187	-212
Sale of fixed assets	0	0	0	38 *	1 *	38 *
Continuous investments	*- 165*	*-212*	*- 470*	*- 559*	*- 726*	*-816*
Cash flow after continuous investments	-222	479	-397	610	582	1,589
Increase(-)/decrease(+) in short-term investments	2	1	39	-89	45	-83
Business combinations, divestments and investments in other shares	0	-6	-48	-42	-64	-58
Cash flow after investments	-220	474	-406	479	562	1,447
Cash flow from financing activities	-448	-6	-1,151	-192	-1,326	-367
Cash flow for the period	-668	468	-1,557	288	-764	1,080
Change in cash and cash equivalents during the period						
Cash and cash equivalents at the beginning of the period	3,622	3,124	4,458	3,383	3,523	3,383
Cash flow for the period	-668	468	-1,557	288	-764	1,080
Exchange rate differences	-18	-69	35	-147	177	-4
Cash and cash equivalents at the end of the period	2,936	3,523	2,936	3,523	2,936	4,458

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

CHANGES IN EQUITY

SEK M	May - Jan 2018/19	May - Jan 2017/18	May - Apr 2017/18
Attributable to Elekta's owners			
Opening balance	6,987	6,774	6,774
Opening balance adjustment due to IFRS 15 and IFRS 9	-39	-1,212	-1,212
Comprehensive income for the period	567	783	1,806
Incentive programs	6	0	2
Dividend	-267	-191	-382
Total	7,254	6,154	6,987
Attributable to non-controlling interests			
Opening balance	0	0	0
Comprehensive income for the period	0	0	0
Total	0	0	0
Closing balance	7,254	6,154	6,987

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 are consistent with those presented in Note 1 of the Annual Report 2017/18, with exception for the accounting policies described below.

New accounting principles

Two new IFRS standards are effective as from January 1, 2018; IFRS 15 *Revenue from Customer Contracts* and IFRS 9 *Financial instruments*, and both these standards are applied since May 1, 2018. For IFRS 15 Elekta applies the full retrospective method and thus the prior year comparative period has been restated. IFRS 9 is applied retrospectively and the comparative period has not been restated.

IFRS 15 Revenue from contracts with customers - revenue recognition

Elekta's revenue is primarily derived from the sales of treatment solutions and oncology informatics including equipment used for radiation therapy, radiosurgery and brachytherapy as well as software products and related services.

Many of Elekta's products and services are sold on a stand-alone basis but are often included in bundled deals, which are arrangements where equipment, software and services may be included in the same contract. A bundled deal is treated as a project which is supported by a project team that coordinates the production, delivery and installation, which can occur at different stages.

In most contracts the transaction price consists of a fixed consideration which is clearly stated in the contract and the products are usually sold without a right of return. In rare cases contracts can include variable consideration for which the value is estimated for revenue allocation purposes.

The allocation of the transaction price, including any discount, to the various goods and services (performance obligations) in a contract is performed based on the estimated stand-alone selling prices for the goods and services identified as performance obligations. As many items included in a bundled deal are also sold on a stand-alone basis, the stand-alone selling prices are based on observable prices in most cases. For items not sold on a stand-alone basis the stand-alone selling prices have been estimated using the best available market and internal data relating to those items.

Costs incurred to obtain a contract consist mainly of commissions, which are recognized at the time when the related revenue is recognized.

The timing for revenue recognition of the goods and services included in a bundled deal depends on their characteristics and when the control of each good or service is transferred to the customer.

Treatment solutions

Elekta sells treatment solutions including devices, software and service. Main devices are Leksell Gamma Knifes, Linear accelerators, MR linacs and Afterloaders. Software licenses consist mainly of Oncology informatics systems (OIS) and Treatment planning systems (TPS). Services include maintenance and support relating to equipment, software, training and installation services. Most bundled deals include at least one device, software licenses, installation, service and training. Revenue recognition for these deals is linked to when control for each identified performance obligation is transferred to the customer, which for a standard contract happens at different stages over a longer period, usually up to six months depending on the geographical market.

Devices

In a standard contract, the control is considered to be transferred when the device is delivered to the customer's site and installation is started. At this time, risk and rewards are transferred, the customer has physical possession of the unit and Elekta has the right to payment for the equipment delivered.

Software

For software licenses control is considered to be transferred and revenue is recognized when the licenses are made available to the customer, which is usually at the time of acceptance of the software.

Service

For service agreements, control is considered to be transferred over time and revenue is recognized on a straight-line basis over the contractual term of the arrangement or the expected period during which the specified services will be performed. Maintenance and support agreements relating to software products are generally renewed on an annual basis. Installation services and training with low values and which span over a limited time are considered non-material and revenue is recognized when the related device reaches the stage of technical acceptance.

Changes to the goods and services included in an arrangement and the amounts allocated to each item could affect the timing and amount of revenue recognition. Revenue recognition also depends on the timing of shipment, readiness of the customer's site, availability of products and for some contracts, customer acceptance terms. If shipments or installations are not made on scheduled timelines or if the products are not accepted by the customer in a timely manner, revenues may differ from expectations.

Revenue recognition does often not coincide with invoicing to, and payments from, customers. Payment terms or conditions for projects may differ between contracts and regions, but in a standard Elekta contract partial payments will be due upon certain events, such as order receipt, shipment and acceptance. In a standard project, amounts invoiced in accordance with an invoicing plan are reported as accounts receivable and as a contract liability included in advances from customers if performance obligations are not yet satisfied and revenue cannot be recognized. Amounts that have been recognized as revenue, but for which Elekta has not yet the right to invoice according to the invoicing plan agreed, are reported as contract assets and included in accrued income. For service contracts the agreed consideration is invoiced and paid in advance in most markets. When there is a contract agreed and invoiced to the customer, Elekta usually has the right to payment even if the performance obligations are still to be satisfied. Therefore, a receivable is accounted for with a corresponding contract liability reported as deferred income.

IFRS 9 - Financial instruments

IFRS 9 comprises classification, measurement and impairment of financial instruments as well as hedge accounting. The financial effects for Elekta from the transition to IFRS 9 are limited and relate to the introduction of an expected credit loss model for impairment of financial assets that replaces the previously used incurred loss model. An expected credit loss is to be calculated for all outstanding amounts based on historical experiences and expectations about the future. The main effect relates to the calculation of bad debt losses, as the provision for expected losses comprises all financial receivables, including those that are not yet due. Applying the expected credit loss model, the provision for bad debt will increase or decrease based on the outstanding value of financial assets. The financial effect from the application of expected credit loss model mainly affects the value of trade receivables and accrued project income and is presented in the schedule below.

IFRS 9 also introduces a new model for classification and related measurement of financial instruments. Elekta has reviewed all financial instruments in order to classify these according to the new standard and the following main categories have been identified:

Excess liquidity investments such as money market funds and tradeable securities are held in a portfolio managed on a fair value basis and are classified as financial assets at Fair Value through Profit and Loss.

Trade receivables are in general held with the objective to collect contractual cash flows and therefore fulfill the requirements for being classified into the Hold To Collect business model with valuation at amortized cost. In some countries Elekta holds trade receivables that may be sold and are managed within a business model with the objective to realize cash flows through both collection of contractual cash flows and sale of the asset. These trade receivables are valued at Fair Value through Other Comprehensive Income.

The reclassification of assets does not result in any material changes in valuation of assets at the transition date.

Hedge accounting is applied in accordance with IFRS 9 and hedging relationships existing at the transition date qualified for hedge accounting under IFRS 9 as well as under the previous standard, IAS 39. In general, IFRS 9, more closely than the previous standard, aligns the hedge accounting rules to the risk management objectives of a company. Elekta applies hedge accounting for the hedging of foreign currency risks and from time to time also for hedging interest rate risks. The application of hedge accounting according to IFRS 9 has no financial effects at the transition date.

Effects of future accounting standards

IFRS 16 Leases: comes into effect from 2019, and requires assets and liabilities relating to all lease arrangements, with a few exceptions, to be recognized in the Balance Sheet. This recognition is based on the view that the lessee has a right to use an asset for a specific period of time and a simultaneous obligation to pay for that right. IFRS 16 replaces IAS 17 Leases and the associated interpretation statements IFRIC 4, SIC-15 and SIC-27. The Standard is applicable to financial years beginning 1 January 2019 or later, and the company will not be using prospective adoption. This Standard is endorsed by the EU. The standard will primarily affect recognition of the group's operating leases. The present value of lease obligations will be measured and reported as a non-current asset and corresponding interest-bearing liability in the Balance Sheet. In the Income Statement, lease payments will be replaced with depreciation and interest expenses. This change means that total assets and operating profit will increase, which will affect various key indicators. Elekta has initiated a project to review the group's lease arrangements. The impacts on the Balance Sheet and Income Statement have not yet been quantified.

Other new or revised standards and interpretations, not yet applied, are not considered to have a material impact on the Elekta Group's financial statements.

Effects from the implementation of IFRS 15 and IFRS 9

The net balance effect from the transition to IFRS 15 was reported in equity with SEK - 987 M as per May 1, 2018 and SEK -1,212 M at the beginning of the comparative year. The transition to IFRS 9 has affected the opening balance of fiscal year 2018/19 and the impact on equity is SEK - 39 M.

The one-time effect reported in equity from the implementation of the standards is mainly relating to IFRS 15 and the timing for revenue recognition of treatment solutions. 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. Prior to the implementation of IFRS 15, revenue recognition for treatment solutions occurred when risks and rewards were transferred to the customer, which is normally at the time of shipment. The financial impact reported in equity on transition primarily depended on the number of treatment solutions that was shipped but not yet being installed at the customer's site at this point in time. Other less significant financial effects from the transition relate to changes in the allocation of the transaction price to various performance obligations. The effects from the implementation of IFRS 15 and IFRS 9 are further described below.

EFFECTS FROM IFRS 15 AND IFRS 9 ON CONSOLIDATED BALANCE SHEET

	Opening balance 2017/18			Closing balance 2017/18			Opening balance 2018/19		
	Reported		Restated	Reported		Restated	Restated		Adjusted
SEK M	Apr 30, 2017	Adj. IFRS 15	Apr 30, 2017	Apr 30, 2018	Adj. IFRS 15	Apr 30, 2018	Apr 30, 2018	Adj. IFRS 9	May 1, 2018
Non-current assets									
Deferred tax assets	375	91	466	267	83	350	350	10	360
Financial assets	308	-	308	261	-	261	261	-	261
Current assets									
Inventories	936	1,384	2,320	1,121	1,439	2,560	2,560	-	2,560
Accounts receivable	3,726	-	3,726	3,402	-	3,402	3,402	-25	3,377
Accrued income	1,640	-789	851	1,601	-441	1,160	1,160	-24	1,136
Other current receivables	802	134	936	846	222	1,068	1,068	-	1,068
Total assets	20,950	820	21,770	22,457	1,303	23,760	23,760	-39	23,721
Total equity	6,774	-1,212	5,562	7,975	-987	6,987	6,987	-39	6,948
Non-current liabilities									
Deferred tax liabilities	778	-225	553	693	-182	511	511	-	511
Current liabilities									
Advances from customers	2,531	2,680	5,211	2,575	2,741	5,316	5,316	-	5,316
Prepaid income	1,874	1	1,875	2,053	-63	1,990	1,990	-	1,990
Accrued expenses	1,875	-398	1,477	1,854	-192	1,662	1,662	-	1,662
Short-term provisions	231	-26	205	201	-15	186	186	-	186
Total equity and liabilities	20,950	820	21,770	22,457	1,303	23,760	23,760	-39	23,721

EFFECTS FROM IFRS 15 RESTATEMENT ON CONSOLIDATED BALANCE SHEET

	Q1 2017/18			Q2 2017/18			Q3 2017/18			Q4 2017/18		
SEK M	Reported	Adj.	Restated	Reported	Adj.	Restated	Reported	Adj.	Restated	Reported	Adj.	Restated
Non-current assets												
Deferred tax assets	290	124	415	310	131	441	260	98	358	267	83	350
Current assets												
Inventories	1,076	1,164	2,240	1,102	1,253	2,355	1,243	1,265	2,508	1,121	1,439	2,560
Accounts receivable	3,032	-	3,032	3,120	-	3,120	3,505	-	3,505	3,402	-	3,402
Accrued income	1,467	-570	897	1,545	-533	1,012	1,177	-408	769	1,601	-441	1,160
Other current receivables	878	148	1,026	917	155	1,072	926	184	1,110	846	222	1,068
Total assets	19,659	866	20,525	20,152	1,006	21,158	20,617	1,139	21,756	22,457	1,303	23,760
Total equity	6,511	-956	5,555	6,734	-919	5,815	7,040	-886	6,154	7,975	-987	6,987
Non-current liabilities												
Deferred tax liabilities	668	-134	534	669	-115	554	593	-138	455	693	-182	511
Current liabilities												
Advances from customers	2,537	2,324	4,861	2,440	2,280	4,720	2,643	2,382	5,025	2,575	2,741	5,316
Prepaid income	1,704	-50	1,653	1,764	10	1,774	1,830	-7	1,823	2,053	-63	1,990
Accrued expenses	1,611	-297	1,314	1,742	-232	1,510	1,688	-197	1,491	1,854	-192	1,662
Short-term provisions	196	-21	175	172	-18	154	140	-15	125	201	-15	186
Total equity and liabilities	19,659	866	20,525	20,152	1,006	21,158	20,617	1,139	21,756	22,457	1,303	23,760

EFFECTS FROM IFRS 15 RESTATEMENT ON CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

	Q1 2017/18			Q2 2017/18			Q3 2017/18			Q4 2017/18			May - Apr 2017/18		
SEK M	Reported	Adj.	Restated	Reported	Adj.	Restated	Reported	Adj.	Restated	Reported	Adj.	Restated	Reported	Adj.	Restated
Net sales	2,169	335	2,504	2,802	101	2,903	2,747	9	2,756	3,614	-205	3,409	11,333	240	11,573
Cost of products sold	-1,250	-92	-1,343	-1,620	-25	-1,645	-1,595	34	-1,561	-2,120	150	-1,970	-6,584	67	-6,517
Gross income	919	243	1,162	1,183	76	1,259	1,153	43	1,196	1,494	-55	1,439	4,748	307	5,056
Operating result	38	243	281	365	76	441	366	43	409	769	-55	714	1,538	307	1,845
Operating margin	*2%*	-	*11%*	*13%*	-	*15%*	*13%*	-	*15%*	*21%*	-	*21%*	*14%*	-	*16%*
Income taxes	0	-44	-44	-84	-18	-102	-25	-9	-34	-166	13	-153	-276	-57	-333
Net income	-1	199	199	247	58	305	308	34	342	544	-42	502	1,099	249	1,348
Total comprehensive income for the period	-265	256	-9	410	37	447	312	32	345	1,123	-101	1,023	1,581	225	1,806
Earnings per share before/after dilution, SEK	0.00	0.52	0.52	0.65	0.15	0.80	0.81	0.09	0.90	1.42	-0.11	1.31	2.88	0.65	3.53
EBITA	177	243	420	491	76	566	491	43	534	903	-55	848	2,062	307	2,369
EBITA margin	*8%*		*17%*	*18%*		*20%*	*18%*		*19%*	*25%*		*25%*	*18%*		*20%*

Exchange rates

Country	Currency	Average rate			Closing rate				
		May - Jan 2018/19	May - Jan 2017/18	Change *	Jan 31, 2019	Jan 31, 2018	Apr 30, 2018	Change * 12 months	Change **
Euroland	1 EUR	10.343	9.702	7%	10.373	9.787	10.509	6%	-1%
Great Britain	1 GBP	11.663	10.962	6%	11.837	11.166	11.942	6%	-1%
Japan	1 JPY	0.080	0.075	8%	0.083	0.072	0.079	15%	5%
United States	1 USD	8.946	8.322	7%	9.017	7.870	8.664	15%	4%

** January 31, 2019 vs January 31, 2018*

***January 31, 2019 vs April 30, 2018*

For Group companies with functional currency other than Swedish kronor, 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.

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.

May - Jan 2018/19

SEK M	North and South America	Europe, Middle East and Africa	Asia Pacific	Other/ Group-wide	Group total	% of net sales
Net sales	3,297	3,395	2,777	-	9,468	
Regional expenses	-2,126	-2,204	-1,948	-	-6,278	66%
Contribution margin	1,171	1,191	828	-	3,190	34%
Contribution margin, %	36%	35%	30%			
Global costs				-2,249	-2,249	24%
Operating result	1,171	1,191	828	-2,249	941	10%
Net financial items				-92	-92	
Profit before tax	1,171	1,191	828	-2,341	849	

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	2,890	2,880	2,394	-	8,164	
Regional expenses	-1,762	-1,844	-1,620	-	-5,225	64%
Contribution margin	1,128	1,036	773	-	2,939	36%
Contribution margin, %	39%	36%	32%			
Global costs				-1,808	-1,808	22%
Operating result	1,128	1,036	773	-1,808	1,131	14%
Net financial items				-105	-105	
Profit before tax	1,128	1,036	773	-1,913	1,026	

May - Apr 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	3,888	4,345	3,340	-	11,573	
Regional expenses	-2,375	-2,783	-2,294	-	-7,452	64%
Contribution margin	1,513	1,562	1,046	-	4,121	36%
Contribution margin, %	39%	36%	31%			
Global costs				-2,276	-2,276	20%
Operating result	1,513	1,562	1,046	-2,276	1,845	16%
Net financial items				-164	-164	
Profit before tax	1,513	1,562	1,046	-2,440	1,681	

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	4,294	4,860	3,723	-	12,877	
Regional expenses	-2,739	-3,143	-2,622	-	-8,503	66%
Contribution margin	1,555	1,717	1,101	-	4,373	34%
Contribution margin, %	36%	35%	30%			
Global costs				-2,717	-2,717	21%
Operating result	1,555	1,717	1,101	-2,717	1,656	13%
Net financial items				-151	-151	
Profit before tax	1,555	1,717	1,101	-2,868	1,504	

Elekta's operations are characterized by significant quarterly variations in 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.

Net sales by product type

Q3 2018/19 SEK M	North and South America	Europe, Middle East and Africa	Asia Pacific	Other/ Group-wide	Group total
Solutions	661	684	704	-	2,049
Service	584	419	268	-	1,270
Total	1,245	1,103	972	-	3,320

Q3 2017/18 SEK M	North and South America	Europe, Middle East and Africa	Asia Pacific	Other/ Group-wide	Group total
Solutions	483	514	632	-	1,629
Service	497	384	246	-	1,127
Total	981	898	877	-	2,756

May-Jan 2018/19 SEK M	North and South America	Europe, Middle East and Africa	Asia Pacific	Other/ Group-wide	Group total
Solutions	1,586	2,141	1,958	-	5,685
Service	1,711	1,254	819	-	3,783
Total	3,297	3,395	2,777	-	9,468

May-Jan 2017/18 SEK M	North and South America	Europe, Middle East and Africa	Asia Pacific	Other/ Group-wide	Group total
Solutions	1,385	1,780	1,654	-	4,819
Service	1,506	1,100	740	-	3,345
Total	2,890	2,880	2,394	-	8,164

May- Apr 2017/18 SEK M	North and South America	Europe, Middle East and Africa	Asia Pacific	Other/ Group-wide	Group total
Solutions	1,877	2,831	2,346	-	7,054
Service	2,011	1,514	994	-	4,519
Total	3,888	4,345	3,340	-	11,573

12 months rolling SEK M	North and South America	Europe, Middle East and Africa	Asia Pacific	Other/ Group-wide	Group total
Solutions	2,078	3,192	2,650	-	7,920
Service	2,216	1,668	1,073	-	4,957
Total	4,294	4,860	3,723	-	12,877

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, 2019 Carrying amount	Jan 31, 2019 Fair value	Jan 31, 2018 Carrying amount	Jan 31, 2018 Fair value	Apr 30, 2018 Carrying amount	Apr 30, 2018 Fair value
Long-term interest-bearing liabilities	4,463	4,471	4,180	4,196	4,369	4,372
Short-term interest-bearing liabilities	38	38	883	883	975	975

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, 2019	Jan 31, 2018	Apr 30, 2018
FINANCIAL ASSETS				
Financial assets measured at fair value through profit or loss:				
Derivative financial instruments – non-hedge accounting	2	61	45	111
Short-term investments	1	45	89	83
Derivatives used for hedging purposes:				
Derivative financial instruments – hedge accounting	2	16	148	59
Total financial assets		122	282	253
FINANCIAL LIABILITIES				
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments – non-hedge accounting	2	11	46	27
Contingent consideration	3	3	30	20
Derivatives used for hedging purposes:				
Derivative financial instruments – hedge accounting	2	51	4	26
Total financial liabilities		65	81	73

KEY FIGURES

	May - Apr * 2013/14	May - Apr * 2014/15	May - Apr * 2015/16	May - Apr * 2016/17	May - Apr 2017/18	May - Jan 2017/18	May - Jan 2018/19
Gross order intake, SEK M	n/a	12,825	13,821	14,064	14,493	9,837	11,395
Net sales, SEK M	10,694	10,839	11,221	10,704	11,573	8,164	9,468
Order backlog, SEK M	13,609	17,087	18,239	22,459	27,974	25,005	29,601
Operating result, SEK M	1,727	937	423	598	1,845	1,131	941
Operating margin, %	16	9	4	6	16	14	10
Profit margin, %	14	7	2	3	15	13	9
Shareholders' equity, SEK M	6,257	6,646	6,412	6,774	6,987	6,154	7,254
Capital employed, SEK M	10,743	12,678	11,360	12,046	12,331	11,216	11,756
Net debt, SEK M	2,239	2,768	2,677	1,889	803	1,450	1,521
Operational cash conversion, %	60	126	111	145	95	72	5
Average number of employees	3,631	3,679	3,677	3,581	3,702	3,692	3,757

	May - Apr * 2013/14	May - Apr * 2014/15	May - Apr * 2015/16	May - Apr * 2016/17	May - Apr 2017/18	May - Jan * 2017/18	May - Jan 2018/19
Return on shareholders' equity, %	21	9	2	2	22	10	17
Return on capital employed, %	17	9	4	5	17	10	15

* Calculation based on IAS18.

DATA PER SHARE

	May - Apr * 2013/14	May - Apr * 2014/15	May - Apr * 2015/16	May - Apr * 2016/17	May - Apr 2017/18	May - Jan 2017/18	May - Jan 2018/19
Earnings per share							
before dilution, SEK	3.01	1.45	0.36	0.33	3.53	2.21	1.73
after dilution, SEK	3.00	1.45	0.36	0.33	3.53	2.21	1.73
Cash flow per share							
before dilution, SEK	1.31	1.78	1.00	2.69	3.79	1.25	-1.06
after dilution, SEK	1.24	1.78	1.00	2.69	3.79	1.25	-1.06
Shareholders' equity per share							
before dilution, SEK	16.39	17.41	16.79	17.73	18.29	16.11	18.99
after dilution, SEK	20.32	17.41	16.79	17.73	18.29	16.11	18.99
Average number of shares							
before dilution, 000s	381,277	381,287	381,288	381,306	382,027	382,027	382,027
after dilution, 000s	400,686	381,287	381,288	381,306	382,027	382,027	382,027
Number of shares at closing							
before dilution, 000s **	381,287	381,287	381,288	382,027	382,027	382,027	382,027
after dilution, 000s	400,696	381,287	381,288	382,027	382,027	382,027	382,027

* Calculation based on IAS18.
**Number of registered shares at closing excluding treasury shares (1,541,368 per January 31, 2019).

DATA PER QUARTER

	2016/17 *		2017/18				2018/19		
SEK M	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Gross order intake	3,653	4,366	2,738	3,267	3,833	4,654	3,174	3,670	4,551
Net sales	2,673	3,715	2,504	2,903	2,756	3,409	2,819	3,330	3,320
EBITA	266	509	420	566	534	848	386	601	505
Operating result	144	347	281	440	409	714	238	393	311
Cash flow from operating activities	394	1,222	76	403	691	1,235	-381	512	-57

* Calculation based on IAS18

ORDER INTAKE GROWTH BASED ON CONSTANT EXCHANGE RATES

	2016/17		2017/18				2018/19		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
North and South America, %	-6	-19	-6	14	15	10	23	-41	16
Europe, Middle East and Africa, %	116	-32	-4	-5	-5	28	15	43	5
Asia Pacific, %	2	-5	7	-11	33	-9	2	18	20
Group, %	34	-20	0	0	9	10	12	2	12

PARENT COMPANY

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

SEK M	May - Jan 2018/19	May - Jan 2017/18
Operating expenses	-150	-128
Financial net	511	444
Income after financial items	361	315
Tax	29	17
Net income	390	332
Statement of comprehensive income		
Net income	390	332
Other comprehensive income	-	-
Total comprehensive income	390	332

BALANCE SHEET

SEK M	Jan 31, 2019	Apr 30, 2018
Non-current assets		
Intangible assets	64	68
Shares in subsidiaries	2,239	2,239
Receivables from subsidaries	2,386	2,411
Other financial assets	72	14
Deferred tax assets	29	0
Total non-current assets	4,790	4,731
Current assets		
Receivables from subsidaries	3,033	3,468
Other current receivables	79	137
Other short-term investments	45	83
Cash and cash equivalents	2,080	3,625
Total current assets	5,236	7,312
Total assets	10,027	12,044
Shareholders' equity	2,928	2,823
Non-current liabilities		
Long-term interest-bearing liabilities	4,461	4,366
Long-term liabilities to Group companies	0	39
Long-term provisions	9	9
Total non-current liabilities	4,469	4,414
Current liabilities		
Short-term interest-bearing liabilities	0	959
Short-term liabilities to Group companies	2,564	3,754
Short-term provisions	0	0
Other current liabilities	63	94
Total current liabilities	2,629	4,807
Total shareholders' equity and liabilities	10,027	12,044

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 120-122 in the Annual Report 2017/18.

Starting the first quarter of the fiscal year 2018/2019, no items in the income statement are reported as items affecting comparability. Thus, the definition is no longer included in the definitions presented below.

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 2018/19 vs. Q3 2017/18								
Change based on constant exchange rates	16	172	5	82	20	207	12	461
Currency effects	8	88	4	76	9	94	7	258
Reported change	25	260	9	157	29	301	19	718
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
May - Jan 2018/19 vs. May - Jan 2017/18								
Change based on constant exchange rates	-6	-181	18	642	13	390	9	850
Currency effects	6	195	8	280	7	232	7	707
Reported change	0	15	26	922	20	622	16	1558
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

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 2018/19 vs. Q3 2017/18								
Change based on constant exchange rates	18	177	19	167	4	39	14	383
Currency effects	9	86	4	37	6	56	6	179
Reported change	27	264	23	205	11	95	20	564
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
May - Jan 2018/19 vs. May - Jan 2017/18								
Change based on constant exchange rates	7	205	12	336	10	246	10	787
Currency effects	7	201	6	179	6	137	6	517
Reported change	14	407	18	515	16	383	16	1304
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

"* Calculation based on IAS18

EBITDA

EBITDA is used for the calculation of operational cash conversion and the net debt/EBITDA ratio.

SEK M	Q3 2017/18	Q4 2017/18	Q1 2018/19	Q2 2018/19	Q3 2018/19
Operating result/EBIT	409	714	238	393	311
Amortization:					
Capitalized development costs	98	103	120	176	167
Assets relating business combinations	27	30	27	32	27
Depreciation	37	40	41	38	40
EBITDA	571	888	427	639	545

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, 2018 *	Apr 30, 2018	Jul 31, 2018	Oct 31, 2018	Jan 31, 2019
Profit before tax (12 months rolling)	960	1,681	1,651	1,609	1,504
Financial expenses (12 months rolling)	231	225	225	220	211
Profit before tax plus financial expenses	1,191	1,905	1,877	1,829	1,715
Total assets	20,617	23,760	21,921	22,645	22,685
Deferred tax liabilities	-593	-511	-504	-537	-537
Long-term provisions	-159	-158	-169	-172	-165
Other long-term liabilities	-57	-63	-59	-84	-57
Accounts payable	-962	-1,132	-841	-1,111	-1,082
Advances from customers	-2,643	-5,316	-4,608	-4,652	-4,850
Prepaid income	-1,830	-1,990	-1,899	-1,910	-2,010
Accrued expenses	-1,688	-1,662	-1,508	-1,570	-1,596
Current tax liabilities	-93	-107	-111	-112	-93
Short-term provisions	-140	-186	-165	-157	-148
Derivative financial instruments	-49	-46	-105	-153	-57
Other current liabilities	-300	-257	-255	-258	-333
Capital employed	12,103	12,331	11,697	11,928	11,756
Average capital employed (last five quarters)	11,833	11,194	11,367	11,628	11,786
Return on capital employed	10%	17%	17%	16%	15%

"* Calculation based on IAS18

Return on shareholders' equity

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

SEK M	Q3 2017/18 *	Q4 2017/18	Q1 2018/19	Q2 2018/19	Q3 2018/19
Net income (12 months rolling)	648	1,348	1,315	1,294	1,164
Average shareholders' equity excluding non-controlling interests (last five quarters)	6,696	6,015	6,271	6,554	6,842
Return on shareholders' equity	10%	22%	21%	20%	17%

"* Calculation based on IAS18

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 2017/18	Q4 2017/18	Q1 2018/19	Q2 2018/19	Q3 2018/19
Cash flow from operating activities	691	1,235	-381	512	-57
EBITDA	571	888	427	639	545
Operational cash conversion	121%	139%	-89%	80%	-10%

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 4.

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, 2018 *	Apr 30, 2018	Jul 31, 2018	Oct 31, 2018	Jan 31, 2019
Accounts receivable	3,505	3,402	3,061	2,982	3,774
Accrued income	1,177	1,160	1,004	1,420	1,281
Advances from customers	-2,643	-5,316	-4,608	-4,652	-4,850
Prepaid income	-1,830	-1,990	-1,899	-1,910	-2,010
Net receivable from customers	209	-2,744	-2,441	-2,160	-1,805
Net sales (12 months rolling)	11,434	11,573	11,887	12,314	12,877
Number of days	365	365	365	365	365
Net sales per day	31	32	33	34	35
Days sales outstanding (DSO)	7	-87	-75	-64	-51

"* Calculation based on IAS18

Net debt and net debt/EBITDA ratio

Net debt is important to understand the financial stability of the company. Net debt and net debt/EBITDA ratio are used by management to track the debt evolvement, the refinancing need and the leverage for the Group.

Net debt and net debt/EBITDA ratio

SEK M	Apr 30, 2018	Jul 31, 2018	Oct 31, 2018	Jan 31, 2019
Long-term interest-bearing liabilities	4,369	4,341	4,422	4,463
Short-term interest-bearing liabilities	975	513	536	38
Cash and cash equivalents and short-term investmen	-4,541	-3,547	-3,669	-2,980
Net debt	803	1,307	1,290	1,521
EBITDA (12 months rolling)	2,520	2,489	2,522	2,499
Net debt/EBITDA ratio	0.32	0.53	0.51	0.61

Shareholder information

Conference call

Elekta will host a telephone conference at 10:00-11:00 CET on February 22, 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) 8 505 583 50
UK dial-in number: +44 (0) 333 300 9265
US dial-in number: +1 646 722 4902

The webcast will be through the following link:
http://event.on24.com/wcc/r/1919136-1/CA7E707987FE9817758D6C8899341F6F

This is information is such that Elekta AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication by the below mentioned contact persons at 07:30 CET on February 22, 2019. (REGMAR)

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Financial calendar

Year-end report, Q4 May-April 2018/19	May 29, 2019
Interim report, Q1 May-July 2019/20	August 22, 2019
Annual General Meeting	August 22, 2019

About Elekta

For almost five decades, Elekta has been a leader in precision radiation medicine. Our nearly 4,000 employees worldwide are committed to ensuring everyone in the world with cancer has access to – and benefits from – more precise, personalized radiotherapy treatments. Headquartered in Stockholm, Sweden, Elekta is listed on NASDAQ Stockholm Exchange. Visit elekta.com or follow @Elekta on Twitter.