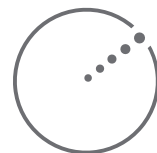


Annual Report 2013/14



ELEKTA

# Elekta cares *for life*

Elekta is a human care company pioneering significant innovations and clinical solutions for treating cancer and brain disorders. The company develops sophisticated, state-of-the-art tools and treatment planning systems for radiation therapy including brachytherapy and radiosurgery, as well as workflow enhancing software systems across the spectrum of cancer care. Stretching the boundaries of science and technology, providing intelligent and resource-efficient solutions that offer confidence to both health care providers and patients, Elekta aims to improve, prolong and even save patient lives.



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### REGULATORY STATUS OF PRODUCTS

This document presents Elekta's product portfolio. Certain products or functionality described may be works in progress or pending regulatory approval for certain markets.

# Highlights

## Key figures

	2013/14	2012/13	Change, %
Order bookings, SEK M	12,253	12,117	1
Net sales, SEK M	10,694	10,339	3
EBITA, before non-recurring items, SEK M	2,183	2,297	-5
EBITA-margin, before non-recurring items, %	20	22	-10
Operating result, SEK M	1,727	2,012	-14
Operating margin, %	16	19	-16
Profit for the year, SEK M	1,152	1,351	-15
Earnings per share before dilution, SEK	3.01	3.52	-14
Earnings per share after dilution, SEK	3.00	3.52	-15
Equity/Asset ratio, %	35	34	3
Net debt/Equity ratio, multiple	0.36	0.36	0
Capital employed, SEK M	10,743	10,112	6
Dividend, SEK	2.00 <sup>1)</sup>	2.00	-

<sup>1)</sup> Proposed dividend. Ordinary dividend SEK 1.50 and extraordinary dividend SEK 0.50.

## September 2013

### Largest order ever for Leksell Gamma Knife

Elekta is awarded a contract by the National Health and Family Planning Commission (NHFP) in China. The order comprises seven Leksell Gamma Knife® Perfexion™ with a total value of about USD 25 M.

### Elekta included in Dow Jones Sustainability Index

As one of the most sustainable companies in Europe, Elekta is incorporated in the Dow Jones Sustainability Indices (DJSI), among the most widely referenced sustainability benchmarks in the world.

### Monaco 5 launched

The latest version of treatment planning system Monaco, Monaco® 5 enables more efficient and faster planning, and integrates all of the most important treatment methods. The system receives 510(k) clearance from the US Food and Drug Administration (FDA) in November.

## Cont. September 2013

### Esteya launched

Esteya® is a new system for treating skin cancer using electronic brachytherapy. Skin cancer is one of the most common forms of cancer in the world. The method receives 510(k) clearance from the US Food and Drug Administration (FDA).

## December 2013

### Strategic partnership with McLaren Health Care

An extensive partnership with US McLaren Health Care is initiated, in which McLaren will implement Elekta's solutions throughout its entire network. The agreement is valued at more than USD 50 M.

## January 2014

### Major order from Algeria for cancer care solutions

Elekta helps Algeria modernize cancer care with hardware and software solutions, including training to seven cancer centers. The total order value is around SEK 250 M.

## April 2014

### Advanced radiation therapy system for the UK

NHS Supply Chain in the UK purchases several Elekta Synergy® linear accelerators with the Agility™ multileaf collimator. The agreement is valued at GBP 19 M.

### Imaging milestone during ongoing radiation therapy

Elekta and Philips commence the installation of the world's first high-field MRI-guided radiation therapy system at the University Medical Center Utrecht in the Netherlands. This marks a milestone in capturing images of tumors during ongoing radiation therapy.



## FORWARD LOOKING STATEMENTS

This Report includes forward-looking statements including, but not limited to, statements relating to operational and financial performance, market conditions, and other similar matters. These forward-looking statements are based on current expectations about future events. Although the expectations described in these statements are assumed to be reasonable, there is no guarantee that such forward-looking statements will materialize or are accurate. Because these statements involve assumptions and estimates that are subject to risks and uncertainties, results could differ materially from those set out in the statement. Certain of these risks and uncertainties are described further in the section 'Risks' on pages 76–77. Elekta undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law or stock exchange regulation.

# Elekta around *the world*

Today, Elekta solutions in oncology and neurosurgery are used in over 6,000 hospitals worldwide. Elekta employs around 3,800 employees spread globally across 35 offices in 24 countries. Manufacturing is located to eight production units in the US, China and Europe. The corporate headquarter is located in Stockholm, Sweden, and the company is listed on NASDAQ OMX Stockholm.

## NORTH AND SOUTH AMERICA

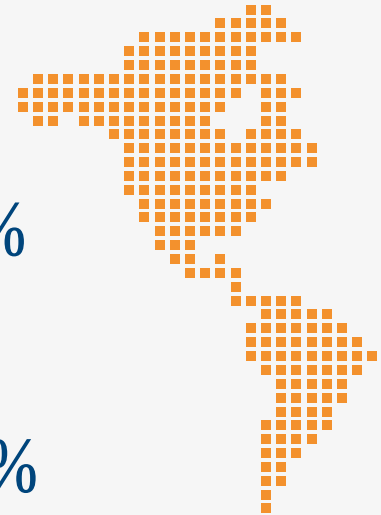
- The world's largest market for radiation therapy
- Elekta is the leader in software and brachytherapy and a rapidly growing number two in the market for linear accelerators
- Elekta showed good momentum in the US and outperformed market
- Measures initiated in Latin America after weak performance
- Order bookings rose by 4 percent based on constant exchange rates

NET SALES  
SEK 3,328 M

31%

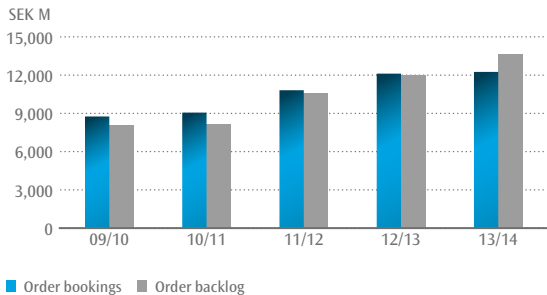
EMPLOYEES  
1,119 persons

30%

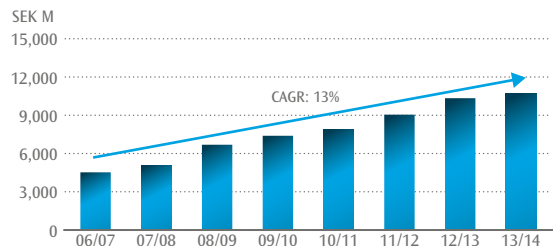


## ELEKTA GROUP

### Order bookings and order backlog



### Net sales



## PRODUCT AREAS

### ELEKTA NEUROSCIENCE

Elekta Neuroscience develops solutions that are extremely accurate for the diagnosis and treatment of neurological diseases. Elekta's solutions within radiosurgery, stereotactic neurosurgery and magnetoencephalography are world leading and the Company has the world's largest installed base of stereotactic radiation treatment systems intended for neurological treatments.

### ELEKTA ONCOLOGY

Elekta Oncology creates innovative clinical solutions for radiation therapy, such as linear accelerators, integrated imaging systems and clinical solutions for patient positioning and immobilization. Elekta is a leading supplier of image guided radiation therapy (IGRT) and the pioneer in volumetric modulated arc therapy (VMAT).

**ELEKTA SERVICES** Elekta Services offers solutions that give Elekta's customers the greatest possible use of their cancer treatment solutions.

### EUROPE, MIDDLE EAST AND AFRICA

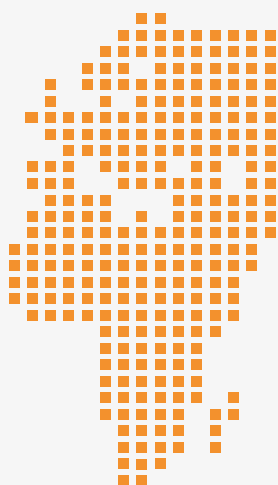
- Elekta is market leader in the region
- Elekta showed strength in the mature markets of Europe and outperformed market
- In emerging markets, Elekta recorded strong growth in the Middle East while Russia weakened during the latter part of the year
- Order bookings rose by 19 percent based on constant exchange rates

NET SALES  
SEK 4,220 M

39%

EMPLOYEES  
1,831 persons

48%



### ASIA PACIFIC

- Elekta is the market leader in the region
- Elekta is number one in China and performed strongly with double-digit growth for the year, outperforming market
- Development in Asia Pacific was mixed. South-East Asia and especially India were weak
- Order bookings declined by 9 percent based on constant exchange rates

NET SALES  
SEK 3,146 M

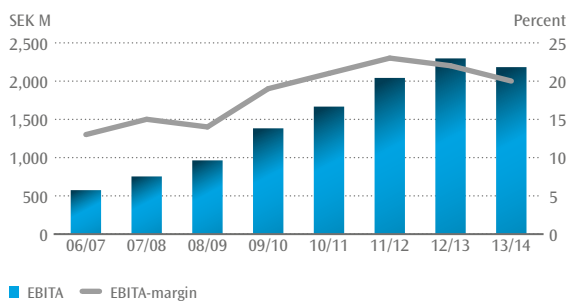
30%

EMPLOYEES  
825 persons

22%



### EBITA and EBITA-margin (before non-recurring items)



### Total return



### ELEKTA BRACHYTHERAPY

Elekta Brachytherapy is the world leader in cancer treatment based on internal radiation. Brachytherapy enables radiation treatment using effective high doses with an extremely high level of precision directly into or close to the tumor, which provides accuracy, short treatment times and spares surrounding tissue from unnecessary radiation.

### ELEKTA SOFTWARE

Elekta Software creates an efficient clinical environment in which all activities related to patient care – from diagnosis and treatment to follow-up – are as streamlined as possible, giving clinicians more time to focus on patients. Elekta's open systems and vendor-neutral connectivity ensure cross-platform flexibility to integrate the most advanced and useful tools.

The service offering enables customer to shorten patient waiting times, change care routines, simplify workflows and increase efficiency at the entire clinic.

# Paving the way for growth

**AS A LEADER IN OUR INDUSTRY** we have a tremendous opportunity and responsibility to help the world cope with its ever growing cancer problem. We offer solutions for radiation therapy and neurosurgery, indisputably the most cost-effective treatment modalities available. Building on established long-term relationships with leading clinics around the world, our innovation track record and our current research and development pipeline, we are determined to play a bigger role in the cancer care continuum. With a plan to bring us back to over 10 percent sales growth per year, a dedicated work force and an engaged, growing customer base, we look confidently to the future.

I am proud to have joined a company whose mission is to enhance the lives of patients, and with a vision to be a pioneer and partner in cancer care and neurosurgery. I have 3,800 colleagues who share this passion as we strive toward the one thing that matters most to all of us: saving and improving lives by bringing better treatment to more patients. Elekta has been achieving that primarily through innovation and working closely with our users. Most technologies and many methodologies used in radiation therapy and neuroscience today are the fruit of co-creation between the leading institutions of the world and Elekta.

## Investing in the future

During the year, we offered our customers even greater speed and accuracy in treatment planning with the launch of Monaco® 5, our integrated treatment planning system. Our pursuit of better, more efficient treatment methods also led to the launch of Esteya® electronic brachytherapy – a new approach for treating skin cancer.

One of our most exciting collaborative projects – requiring the largest investment to date – is the Elekta MRI-guided radiation therapy research consortium. The mission of this group is to help develop and define

the clinical value of precision radiation delivery using a linear accelerator with magnetic resonance imaging (MRI) in a single system. This past year, four more world-leading cancer research hospitals joined the consortium. And we reached a milestone as installation began of the world's first high-field MRI-guided radiation therapy system at the University Medical Center Utrecht in the Netherlands.

## Growth drivers

The radiotherapy and neurosurgery markets will continue to grow. People live longer, often combined with less healthy lifestyles. Emerging markets are quickly following these trends.

As cancer becomes a chronic disease, people will return to their hospitals for retreatment several times during their lives. Radiotherapy is part of the solution to cope with this ever rising demand, because it is recognized as the most cost-effective modality, and offers a viable alternative to other, more costly ways to treat cancer.

Currently, there are 33 million cancer patients in the world; unfortunately, that number is steadily rising. In the US, cancer is the second leading cause of death just after cardiovascular diseases and in Africa,

cancer just passed aids as the disease that claims the most lives. Today's health care systems are not even close to keeping up with the need for cancer care, and research institutes conclude that a global expansion of radiation therapy is essential.

We forecast that approximately 10,000 additional linear accelerators are required to meet the world's need for cancer care. This represents twice as many systems as are currently installed. Approximately 80 percent of the gap between the installed base and need for radiation therapy systems is in emerging markets.

Closing the gap only takes care of today's problem. The underlying need for cancer care is increasing every year, compounding the urgency to implement a solution.

## Elekta Strategic Agenda

We have developed a strategic agenda to help us focus and deliver on our ambition of over 10 percent sales growth per year. We call it the Elekta Strategic Agenda. It has four focus areas:

### *Innovation Leadership*

Innovation is at the core of our business. It ranges from developing new products and generating intellectual property, to integrating our hardware with software and services to form customized solutions. We aim to deliver a seamless user experience across the Elekta portfolio and we believe that the future of innovation in our industry will increasingly be in software. We have a huge opportunity to be the company that can make sense of all of the cancer-related big data and drive the industry toward an information-guided care paradigm.

### *Commercial Transformation*

Typical of a growth company, we have focused on new customers and growing sales – and have been very successful.

At some point, however, every company needs to industrialize itself. I see potential for improving our efficiency in general, with an immediate imperative to more stringently manage working capital and cash flow. This potential for improvement is especially obvious on the front line, where we will have to develop our capabilities to sell multiple products to multiple customers in an optimized way.

#### *Lifecycle Management*

I see further potential to broaden our offering beyond the initial sale and work with the installed base more efficiently. This includes not only services but also upgrades, software and the potential to offer advisory services to our customers. This is a key driver for future growth and profitability. We need to develop the capacity to work with our users for their total lifetime potential and to share these insights across our regions.

#### *Grow the Pie*

Radiation therapy is clearly underused. It accounts for only about 7 percent of the global cancer treatment spend today, although a significantly higher share of patients are being treated. In a world that is focused on efficient health care, this is an exciting opportunity. We intend to lead the radiation therapy industry to grow its share of the pie as markets evolve.

All data we have available makes one thing clear: Elekta's markets will continue to grow in the long-term. And as we strive to meet the growing demand, we always maintain perspective – a market is not a percentage, statistic or illustration in a presentation. Our markets are people. These are the patients whose lives we can affect; they are the reason we are constantly trying to improve the treatment they will hopefully receive.

Our commitment, enthusiasm and urge to change how cancer and brain diseases are treated are stronger than ever.

Stockholm, July 22, 2014

Niklas Savander  
President and CEO



# Pioneer in *cancer care*

**ELEKTA'S COMMITMENT TO INNOVATION** is constantly opening new frontiers and creating improvements in cancer care. With focus on the patient and in close collaboration with leading clinics and researchers, Elekta generates groundbreaking advances in the form of efficient, reliable and gentle cancer treatments, often at a reduced cost for health care systems.

**MISSION**

## *We care for life*

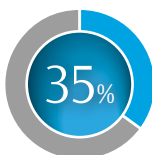
Elekta's mission is to enhance patient and customer value by providing solutions that improve, prolong and save lives. We are at the forefront of science and technology, delivering clinical advances and improved patient outcome. This applies to everything from the clinical solutions we deliver to an exact and adapted treatment that enable the gathering and efficient exchange of information.

**VISION**

## *Pioneer and partner in cancer care*

Elekta's vision is to pioneer cutting-edge cancer care and become the number one partner for the entire spectrum of care in oncology and neurosurgery.

**Emerging markets share of net sales**



**Business model**

Elekta contributes to more efficient and gentler treatment alternatives for the patient and with less need for hospitalization, which also reduces costs for health care systems.

Elekta's equipment, including services, is supporting care in neuroscience and oncology. In addition Elekta provides world leading software solutions. Each area focuses on specific medical technology needs and clinical solutions with an essentially shared technology base and expertise structure.

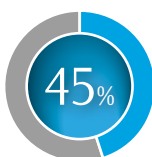
Elekta's clinical solutions and information systems are developed in close cooperation with customers through research and advanced product development. Elekta sells equipment, software and services to more than 6,000 customers into

three geographic regions: North and South America, Europe, Middle East and Africa and Asia Pacific. Emerging markets accounted for about 35 percent of net sales in 2013/14 fiscal year.

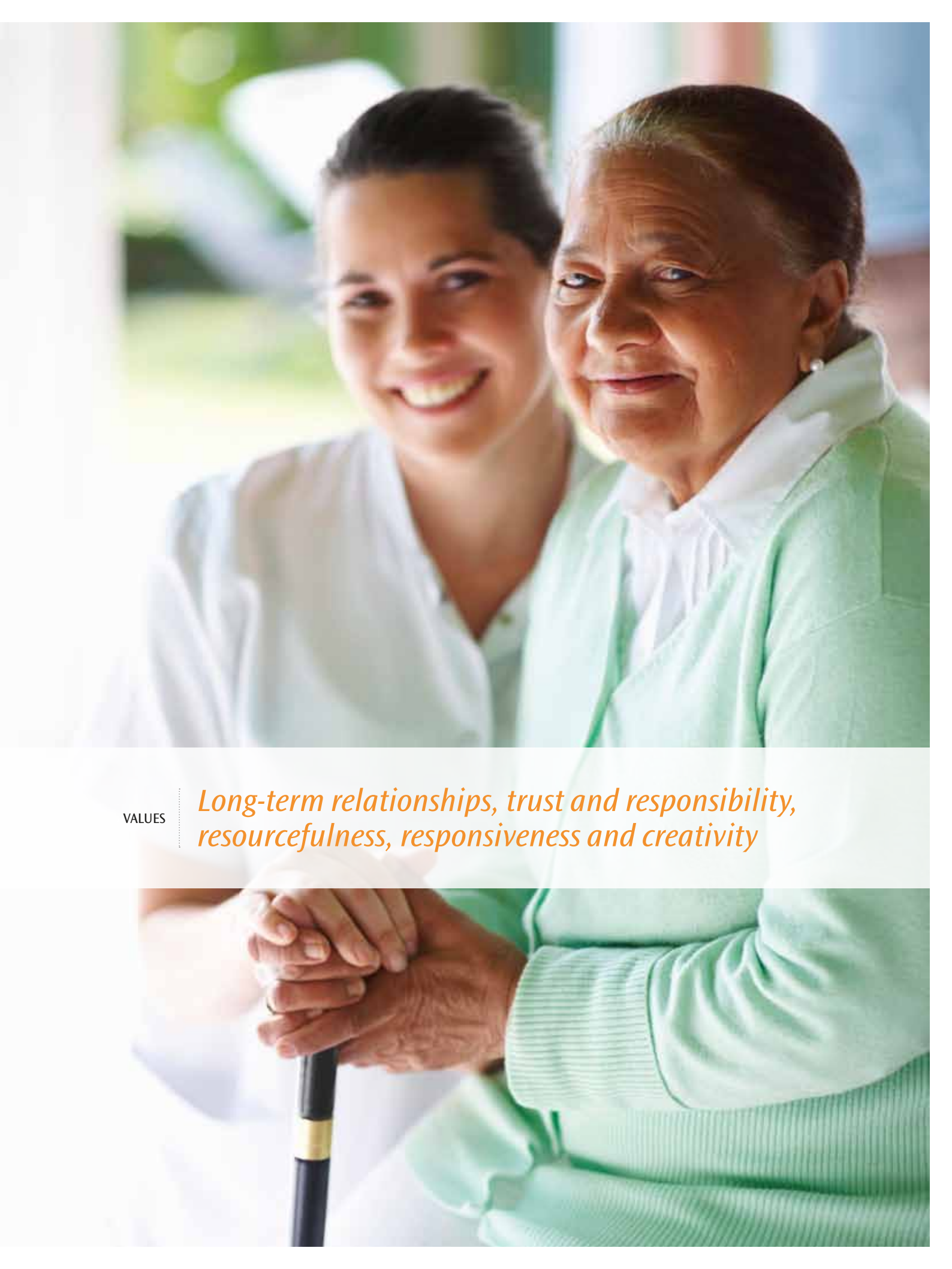
**Product areas**

Sales are mainly conducted through Elekta's own sales organization. Elekta has four sources of revenue: hardware, software, system sales in which both hardware and software are integrated, and aftermarket services. Software and services accounted for about 45 percent of net sales in 2013/14 fiscal year.

**Software and services share of net sales**







VALUES

*Long-term relationships, trust and responsibility, resourcefulness, responsiveness and creativity*

# Agenda for *profitable growth*

**AS A PIONEER AND LEADER**, Elekta will continue focusing on disease-specific solutions and keeping the patient in the forefront of everything we do. Combined with a strategy of collaboration, and integrating products and software into a seamless user experience, Elekta is shaping the industry in fighting cancer and brain disorders. Elekta has the objective to continue to exceed market growth.

## Elekta's base

Elekta's culture is focusing on growth and innovation with patient centricity and customer collaboration as key to our strategy. Over the last five years, more than SEK 4 billion has been invested in research and development, generating important products and projects. Some examples are Versa HD™, Agility™, and industry-leading software such as the MOSAIQ® information system and Monaco® treatment planning system.

In addition Elekta has used acquisitions to strengthening the product port-

folio and to extend the industrial platform and geographical footprint.

With 3,800 employees and net sales in excess of SEK 10 billion, the growth strategy has generated a leading position in the industry. Forty-five percent of what Elekta sells today is service and software, a share we intend to increase. This leading position, together with our strategic advantages, creates the foundation for future growth opportunities.

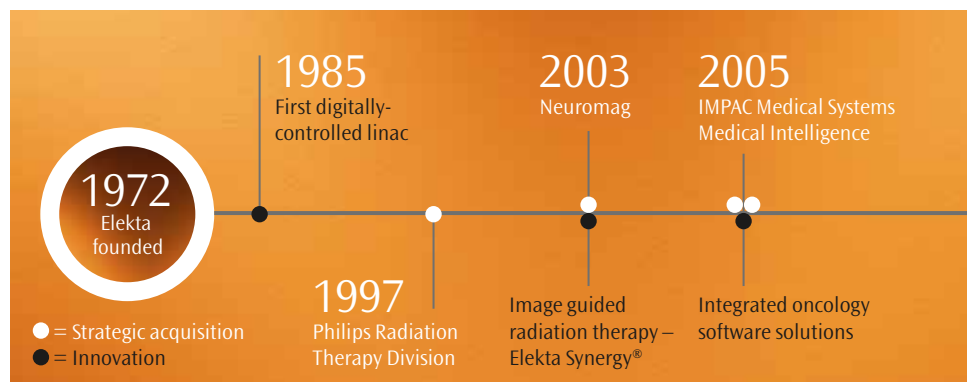
## MARKET DRIVERS

The drivers behind cancer and radiation therapy are hard to dispute as they are fundamental in nature, and founded in the changes society is undergoing. These changes support the firm belief in the increased need for Elekta's solutions, in established as well as in emerging markets.

## STRATEGIC ADVANTAGES

- Patient centricity
- Customer collaboration
- Game changing innovation
- Leading software in cancer care
- Strong position in emerging markets

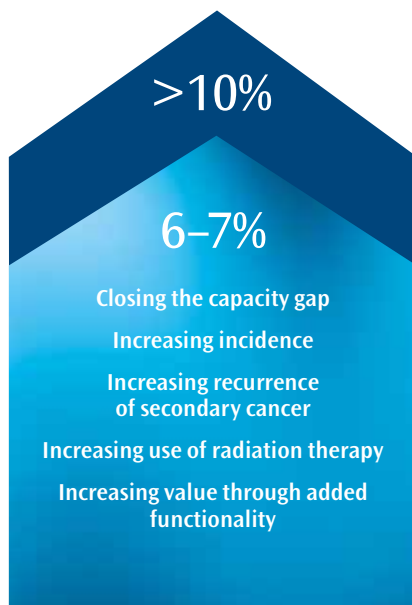
## STRATEGIC ACQUISITIONS AND INNOVATIONS



**ELEKTA'S STRATEGIC OBJECTIVE**

**Elekta to continue to exceed market growth**

Elekta has a culture focused on growth and holds a strong track record of outperforming the market. Some 35 percent of Elekta's net sales are generated in emerging markets, which account for the majority of the long-term growth potential. The industry undergoes a consolidation including the replacement of Siemens machines. In addition, the US healthcare system is experiencing a consolidation. All of these factors benefit Elekta and support the financial objective to exceed market growth of 6–7 percent and to continue to grow more than 10 percent.



ELEKTA'S FINANCIAL OBJECTIVE

MARKET GROWTH

**Closing the capacity gap**

There are currently 33 million cancer patients worldwide, a number that is steadily rising as the global population ages. Healthcare systems are not even close to keeping up with the need for cancer care.

Today about 26 percent of cancer patients receive radiation therapy compared with a recommended 52 percent. To close this gap it is estimated that 10,000 additional linear accelerators will be needed, or twice as many as currently installed. Eighty percent of the gap is in emerging markets. Closing this gap only solves today's problem.

**Increasing incidence**

About 60 percent of cancer cases occur in those 60-years-of-age and older. The global aging of the population – and the result increased incidence – is the single biggest driver of cancer in society. Today the cancer incidence is rising 3–4 percent per year.

**Increasing recurrence of secondary cancer**

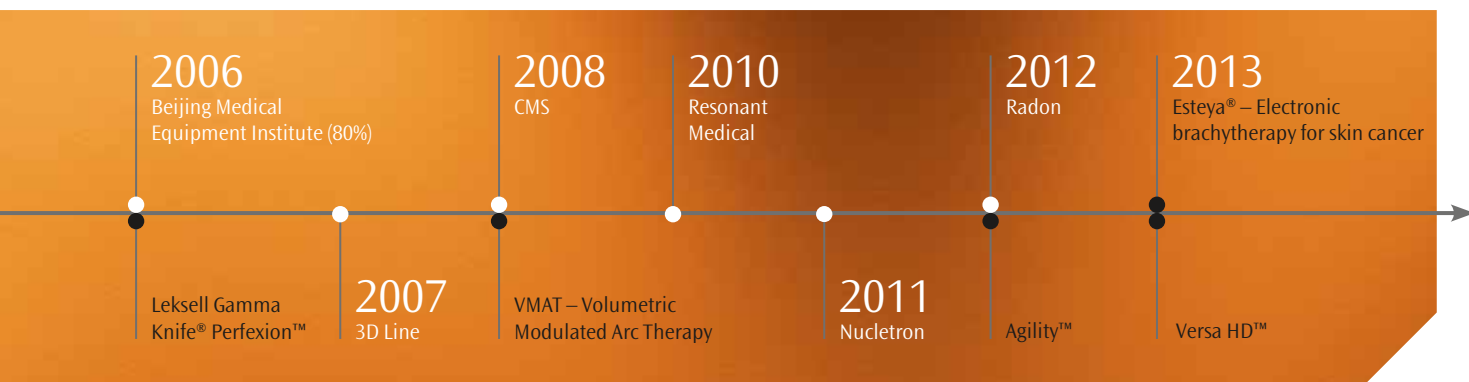
Cancer is becoming a chronic disease. Advances in cancer care increasing survival rates, resulting in patients having second and third recurrences, of their cancer such as brain and spine metastasis. Retreatment is estimated to climb from 25 percent of patients retreated today to 35 percent.

**Increasing use of radiation therapy**

Research suggests that 52 percent of patients would benefit from radiation therapy. Today it accounts for only 7 percent of cancer care spending globally. With continued innovation, radiation therapy is well-positioned to expand in indications. Its efficiency and precision compared with surgery and drugs position it to gain a larger share in the cancer care continuum.

**Increasing value through added functionality**

By innovating in close collaboration with our users, the solutions are continuously expanded with added functionality to serve a larger part of the customer's practices. These increased capabilities also facilitate increased efficiency and throughput.



**ELEKTA'S STRATEGIC AGENDA**

To grasp the market opportunity and grow faster, Elekta has launched a strategic agenda focused on four areas. This agenda is firmly rooted in the growth strategy, patient centricity and the ambition to serve customers over their lifecycle.

**1 Innovation Leadership**

One in four of the 3,800 employees are involved in R&D – a cornerstone of Elekta's business. It ranges from developing new products and generating intellectual property, to integrating hardware with software and services to form customized solutions. Elekta will focus on delivering a seamless user experience and drive the industry toward



an information-guided care paradigm. Data and analytics provided through Elekta's leading software, such as MOSAIQ® offer the opportunity to revolutionize the way customers make decisions. But innovation leadership is more than product innovation; it also includes how we develop our business process and conduct ourselves.

**2 Commercial Transformation**

Elekta will industrialize and transform while maintaining the entrepreneurial spirit. As Elekta now enters this phase, the Company will align to better capture market opportunities, including more stringently managing



working capital and cash flow. It also means that Elekta will make sure to have the right skill sets and that the commercial processes deliver consistent value to patients and customers.

**3 Lifecycle Management**

The industry matures and Elekta grows in size relative to the market. Elekta's capacity to manage and drive business from the installed base then becomes critical for performance. It's both in terms of internal efficiency and by doing a better job of capturing a larger part of the



customer's value. Elekta will systematically evaluate relationships with customers to work even better for their total lifetime potential. Software will be an even greater component of the aftermarket offering.



**4 Grow the Pie**

In a healthcare world that demands higher efficiency and throughput, radiation therapy, with its precision and cost-effectiveness, is well-positioned to capture a higher share than the 7 percent of the cancer care spend it commands today. Market growth is not fixed but is affected by the degree of activity from Elekta and other actors. Elekta



has a key role in growing radiation therapy. It will be done by leveraging medical affairs and evidence-based medicine to drive adoption, by investing in and facilitating training and education to the customers, and by ensuring that Elekta is present in the best possible way in the emerging markets.

# Sustainable *profitable growth*

**ELEKTA'S STRATEGY** – to provide integrated, innovative, patient-focused clinical solutions and services through collaboration and growth – enables ambitious financial objectives.

## Long-term financial objectives

Elekta's aim is to achieve sustainable, profitable growth. Elekta conducts its operations based on a long-term plan, regularly reviewed and evaluated by the Board of Directors and with a perspective of at least three years. The following financial objectives form the base in the long-term planning:

- Organic sales growth exceeding 10 percent in local currency
- Operating result improvement rate to exceed sales growth in SEK
- Return on capital employed to exceed 20 percent
- Net debt/equity ratio not to exceed 0.50

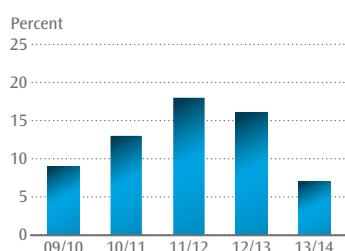
## Dividend and proposal to repurchase shares

Elekta's goal is to provide shareholders with a favorable return and value growth. The policy is to distribute at least 30 percent of net profit in the form of dividends, repurchase of shares or comparable measures. A dividend decision is based on Elekta's financial position, earnings trend, growth potential and investment requirements.

The Board proposes a dividend of SEK 2.00 (2.00) per share for 2013/14, of which SEK 1.50 is the ordinary dividend in accordance with the Company's policy and SEK 0.50 is an extraordinary dividend. The total dividend amounts to approximately SEK 763 M and 66 percent of net profit for the year. The Board's intention is to propose a similar extraordinary dividend of SEK 0.50 for the next year as well.

The Board also intends to propose to the Annual General Meeting 2014 to renew the Board's authorization to repurchase a maximum of 5 percent of the number of shares outstanding in Elekta AB.

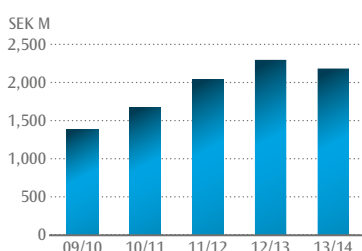
### Growth in net sales<sup>1)</sup>



■ Outcome

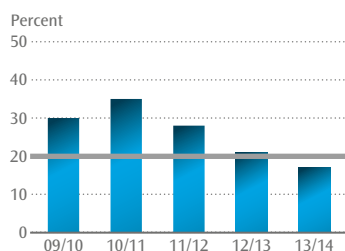
<sup>1)</sup> Based on constant exchange rates

### EBITA, before non-recurring items



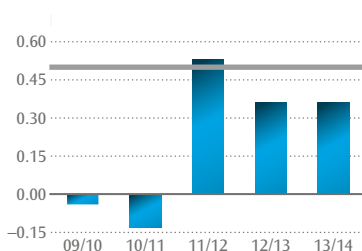
■ Outcome

### Return on capital employed



■ Outcome — Objective

### Net debt/equity ratio



■ Outcome — Objective

# Cancer cases *continue to rise*

**MORE THAN 14 MILLION** new cancer cases were added around the world in 2012, the most recent year for which global statistics are available. In 2035, this figure is expected to reach almost 24 million. In the US, cancer is the leading cause of death after cardiovascular diseases. Early detection and more effective treatment improve the chance of survival but the differences are great, depending on the type of cancer and the form of care available. A major proportion of the world's countries still have no national plans for preventing, detecting and treating cancer.

## Over 200 types of cancer

Cancer is a group of more than 200 different diseases that can affect any part of the body. In all cancers, the cells never stop dividing. This may be due to mutations caused by viruses, environmental factors, hereditary changes or genetic changes or other unknown factors.

Aside from the strong link between smoking and lung cancer, and the HPV virus and cervical cancer, it is difficult to pinpoint single causes of cancer. But the risk increases with age and about 60 percent of all new cancer cases worldwide are recorded in the over-60 age group. Another key factor is the interplay between an individual's genetic makeup and external factors. Lifestyle-related risk factors include

smoking, obesity, physical inactivity and overconsumption of alcohol.

At the same time, survival rates are increasing in many countries due to earlier detection and more effective treatment. In the industrialized world, breast cancer and prostate cancer are the diseases with the highest proportion of patients surviving more than five years. The lowest survival rates are found in low-income countries, where resources for prevention, diagnosis and treatment of cancer are limited or practically non-existent for large parts of the population.

## Treatment methods

The most common types of treatment are radiation therapy, surgery and drugs

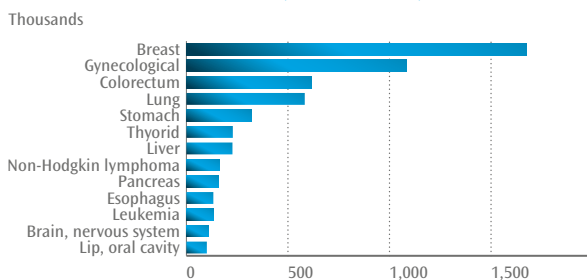
(usually chemotherapy or hormone therapy). These are used singly or in combination, in virtually all cancer treatment. In recent years, treatment based on immunotherapy has also been introduced.

Radiation therapy is used to treat a growing numbers of patients, with both curative and palliative intent. As more exact and advanced methods are developed, the role of radiation therapy is expected to grow, since it causes less discomfort for the patient, maximizes precision and is cost-efficient.

## Lung cancer

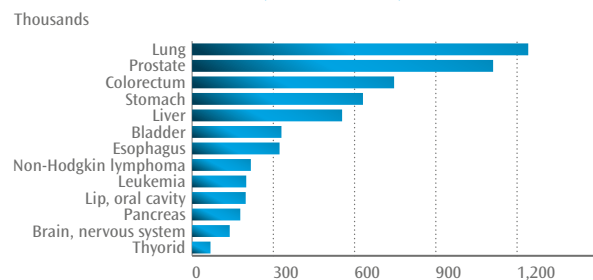
Lung cancer is the most common type of cancer in the world and the leading cause of cancer death. There are two main types

Most common cancers, women (incidence 2012)



Source: WHO GLOBOCAN 2012

Most common cancers, men (incidence 2012)



Source: WHO GLOBOCAN 2012



of lung cancer: small-cell and non-small cell. Non-small cell lung cancer is most common and the type of lung cancer that is increasing most. In 2012, 1.8 million people were diagnosed and 1.6 million died from lung cancer. All established methods can be used to treat lung cancer, radiation therapy including brachytherapy, surgery and cytostatic drugs (chemotherapy).

Movement poses the greatest challenge for radiation therapy of the lungs. The lungs are constantly moving as the patient breathes, but tumors inside the lungs also change position during the course of treatment. These movements complicate imaging and treatment planning and usually require substantial margins to compensate for lung tumor movement. The solution is

to deliver powerful doses with high precision using a very rapid beam, enabling a more direct delivery to the tumor while protecting healthy tissue. Elekta's unique linear accelerator, Versa HD™, uses the Agility™ multileaf collimator to combine powerful radiation doses with exact beam delivery. The short treatment session helps the patient lie still without breathing during beam delivery and reduces the risk of damage to healthy tissue.

#### Breast cancer

Breast cancer is the most common type of cancer in women and the second most common cancer worldwide. In 2012, there were 1.7 million new cases and 520,000 people died from the disease. Breast cancer

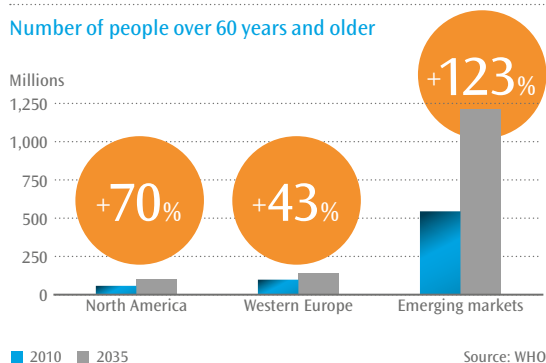
is the leading cause of cancer death among women in less developed countries, and the second highest cause, after lung cancer, in developed countries.

The primary treatment options are surgery, radiation therapy and cytostatic drugs. Hormone therapy is used for hormone-receptor-positive tumors. Other drugs may also be effective for certain types of tumors. Surgery followed by radiation therapy is also common.

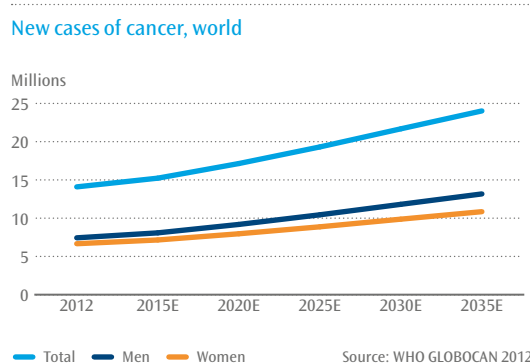
#### Prostate cancer

Prostate cancer is the second most common type of cancer among men with more than 1.1 million new cases in 2012. More than two-thirds of all cases occur in developed countries. This is probably linked to

Number of people over 60 years and older



New cases of cancer, world



the widespread use of PSA screening, which enables early detection.

In most cases, prostate cancer develops slowly and most men who receive this diagnosis are over 65. By the age of 80, more than 50 percent of men have cancer cells in their prostate. Mortality rates are significantly lower than for other common types of cancer.

Common forms of treatment are external beam radiation therapy, brachytherapy, surgery and hormone therapy or a combination of these.

### Colorectal cancer

Colorectal cancer (colon cancer) is the third most common cancer among men. Also among women it is the third most common cancer after the group of gynecological cancers. In 2012, 1.4 million new cases were reported and 700,000 people died from the disease.

Surgery is the most common method of treatment for colon cancer. Survival rates after surgery often dependent on whether the cancer has spread to other organs. Radiation therapy is also a common treatment method, and some patients may also require chemotherapy.

### Gynecological cancer

Gynecological cancer is a group of cancers that affect the female reproductive organs and genitalia. The most common type is cervical cancer with some 530,000 new cases in 2012, of which less developed countries account for about 85 percent. About 265,000 women died from cervical cancer in 2012. Virtually all cases of cervical

cancer are caused by HPV infections. The second most common type of gynecological cancer is uterine cancer.

Both cervical cancer and uterine cancer are treated with surgery, radiation and cytostatic drugs, usually in combination. Brachytherapy is an established method of treatment that has shown positive results.

### Skin cancer

Skin cancer can take several forms. The best-known and most dangerous is malignant melanoma. Another type is squamous cell carcinoma. Ultraviolet radiation from the sun is the most important risk factor for both of these skin cancers. A less serious type of skin tumor is basal cell carcinoma, which tends to grow slowly and metastasis is rare. Basal cell carcinoma is not included in normal cancer statistics.

The number of skin cancer cases has risen sharply in recent decades. If all types were included, skin cancer would account for about one-third of all new cancer cases.

The traditional form of treatment for skin cancer has been surgery. Elekta's new solution, Esteya®, makes it possible to treat skin cancer non-invasively yet with high precision using electronic brachytherapy.

### Brain tumors

Brain tumors are usually divided into two categories: primary brain tumors, in which the tumor starts from brain cells, and secondary brain tumors, or brain metastases, in which tumor cells have spread to the brain from primary tumors in other parts of the body. Primary brain tumors include any type of tumor that starts in the brain,

while brain metastases usually originate from cancers of the lung, skin, breast, kidney and colon.

The most common form of treatment is whole brain radiation therapy. However, this method is now subject to growing criticism in scientific journals. The treatment method currently gaining ground is stereotactic radiosurgery, which is proving more effective and results in fewer side-effects.

There is growing evidence that stereotactic radiosurgery can achieve equivalent or superior outcome, alone or in combination with other treatments. Due to its high precision and automation, Leksell Gamma Knife® Perfexion™ is particularly suitable for the treatment of brain metastases, as well as for patients with multiple metastases.

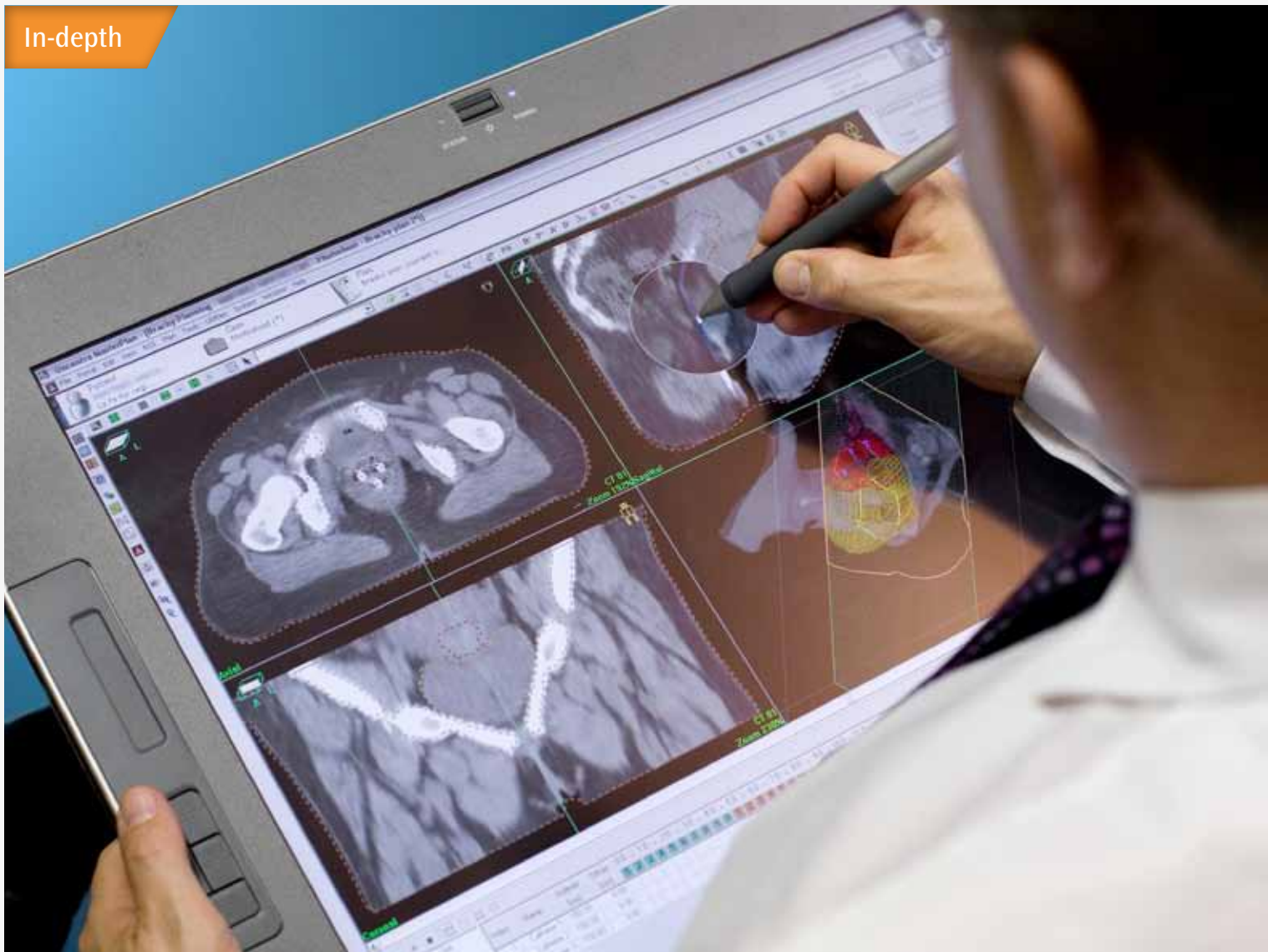
### Metastases

Metastases, daughter tumors, occur when cancer cells spread from the site of the original tumor, the primary tumor, to another organ in the body. Metastasized tumor cells have the same kind of abnormal cells as the primary tumor and it is therefore important to identify the primary tumor site prior to treatment.

Virtually all types of cancer can cause metastases. However, it is impossible to safely predict if a tumor will form metastases or not. Metastases usually occur in the brain and spine, lungs, skeleton, liver or lymph nodes. Since more patients are living longer after their original cancer treatment, the number of metastasis cases is expected to rise.







## High-precision radiation therapy

Radiation therapy is used to treat a large and growing number of cancers. The aim of radiation therapy is to precisely target and damage tumor cells, while sparing healthy cells in the surrounding tissue. A variety of treatment methods can be used, depending on the type, location and size of the tumor.

**Brachytherapy** is also called internal radiation treatment and involves placing a radiation source in or near the treatment area. This allows very high tumor doses to be achieved, while limiting the effect on surrounding organs. The method is typically used to treat gynecological cancer and prostate cancer, but also breast cancer, skin cancer and other cancers.

**External beam radiation therapy** is the most common type of radiation therapy, in which the radiation source is delivered by a linear accelerator, with a beam delivery head that rotates around the patient. By delivering the radiation from various angles,

the radiation dose is distributed more evenly in the tumor without causing excess damage to surrounding healthy tissue.

**Image-Guided Radiation Therapy (IGRT)** enables high targeting precision and accuracy using high-resolution multi-dimensional X-ray images of the patient's soft tissue.

**Intensity-Modulated Radiation Therapy (IMRT)** is an advanced type of treatment that uses hundreds of tiny beams of varying intensity rather than a single, large, uniform beam. The radiation beams can therefore be tailored to the size and shape of the tumor,



allowing higher doses of radiation while minimizing the impact on healthy tissue.

#### **Stereotactic Body Radiation Therapy**

(SBRT) enables accurate delivery of radiation to a tumor in the body and minimizes the radiation dose to surrounding normal tissue. The high targeting precision enables small and medium-sized tumors to be treated with higher doses and fewer sessions, known as hypofractionation.

**Stereotactic Radiosurgery (SRS)** is typically used to treat tumors and other diseases of the brain and head. The method involves the delivery of a single, precise, high dose

to small and critically located targets in the brain. The method precisely targets and delivers high doses of radiation to the tumor, while minimizing the impact on surrounding brain tissue. Leksell Gamma Knife® Perfexion™, equipped with Extend™, also enables multi-session therapy, in which radiation is delivered in lower doses over the course of several days. This allows for the treatment of tumors that are too large or too critically located to be treated in a single session.

**Proton therapy** is another method of external radiation therapy. During this treatment, a particle accelerator is used to direct

the proton beams at the tumor. Proton therapy is only used to a limited extent, partly due to the large capital investment required.

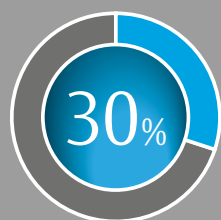
#### **Volumetric Modulated Arc Therapy (VMAT)**

is a more advanced variant of IMRT. VMAT enables the physician to control the radiation beam, dosage amount and rotational speed of the linear accelerator around the patient in real-time. This enables faster and more accurate treatment.

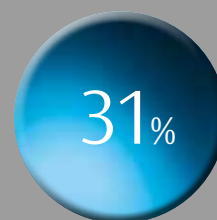
# North and South America

Elekta achieved double-digit growth in the US, while measures were initiated to improve a weak development in Latin America.

## Employees

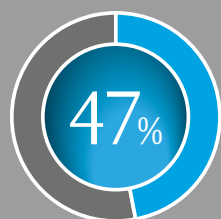


■ Region's share of total employees



Region's share of Group net sales

## Use of radiation therapy (including retreatment)



■ Patients receiving radiation therapy



Market share of new orders in the region

## Net sales

3,328 SEK M

## Contribution margin

33%

## Order bookings development

4%

Based on unchanged exchange rates compared to previous year

# Efficient solutions for large hospital networks

**ELEKTA'S NORTH AMERICAN MARKET** includes Canada, the US, Mexico, and several islands of the Caribbean. Together they comprise the world's largest market for oncology and neurosurgical systems and services. Elekta is the North American market leader in oncology information systems and brachytherapy treatment systems, and the second-largest solutions provider overall. Elekta has exceeded the overall market growth rate in recent years.



*"Elekta's reputation as an innovation leader that offers a full breadth of products backed by a world-class support organization is resonating with professionals throughout the North American cancer care and neurosurgery communities. Helping our customers maximize their investment in our solutions helps them provide better care for their patients."*

**James P Hoey**  
Executive Vice President,  
Region North America

## Market and driving forces

**The US** has a substantial capacity to deliver timely, high quality care for new cancer patients entering the system every year, but also spends significantly more on healthcare per capita than any other country in the world. Healthcare reform is mobilizing providers to prepare for a growing population with greater access to healthcare coverage under a reimbursement system being overhauled to help increase cost efficiency.

**The US Patient Protection and Affordable Care Act** is designed to increase access to healthcare coverage and reward more efficient and effective patient care. Hospitals, payers, specialty, and multi-specialty clinics are reorganizing, and in many cases consolidating, into larger healthcare provider networks better positioned to meet this rapidly evolving market.

While the number of new cancer centers coming on line per year in the US remains relatively low, the dynamic driving consolidation and reorganization and a large, aging equipment base support a significant market for new products, services, education and upgrades. The US market remains an early adopter of new technology, particularly in areas such as stereotactic radiosurgery and stereotactic radiotherapy, and patient motion management before and during treatment.

**Provider consolidation is creating** larger healthcare networks that are compelling medical device manufacturers to structure larger, more comprehensive solutions than ever before. Elekta's solution suite, which includes a broad range of radiation therapy accelerators, stereotactic radiosurgery, brachytherapy, treatment planning, oncology information systems and associated education and support services, is well positioned to satisfy the requirements of this new generation of purchaser.

**Canada** continues to advance a government mandate to increase the use of effective and cost-efficient radiation therapy to achieve a utilization rate of about 50 percent of cancer patients nationwide.

**Radiation therapy capacity in Latin America** remains considerably lower than other regions and the unmet need for cancer care is significant. The long-term growth drivers are strong both in the public and private sectors.

## Summary of 2013/14

Based on unchanged exchange rates, order bookings for North and South America increased 4 percent year-on-year. Net sales decreased to SEK 3,328 M (3,521), down 5 percent.

**The North American market** continued a trend of slow to moderate, and somewhat uneven order intake with Elekta growing ahead of the market. Demand for Versa HD™, launched in spring 2013, was strong and surpassed expectations. Order volume for Leksell Gamma Knife® was lower after a strong full year 2012/13 but trended upward at the end of the period.

**Elekta launched several products** during the fiscal year, including Esteya®, a new solution for high-precision skin cancer treatment, and Monaco® 5, the latest release of Elekta's high-end treatment planning system. Customer response to both introductions was very positive.

Elekta completed several large orders in the region during the fiscal year: McLaren Health Care hospital network, a large and growing healthcare system in the US, and the Centre Hospitalier de l'Université de Montréal, one of the largest hospitals and a leading academic hub in the province of Quebec, Canada. Both will utilize Elekta's treatment planning and delivery solutions, information technology, and education and support services to strengthen the

operational effectiveness and efficiency of their cancer care systems.

**LINC**, Elekta's Learning and Innovation Center, was inaugurated during ASTRO 2013 in Atlanta, Elekta's North American Headquarters. Over 2,000 Elekta customers and employees have attended LINC classes since its opening.

**The market trend in Latin America** was weak. Following a major procurement process in Brazil during the autumn of 2013,

volumes to the public sector were limited. The private sector was impacted by a weaker currency, which resulted in delayed orders and deliveries. However, long-term underlying growth is expected to be positive.

**Priorities for 2014/15**

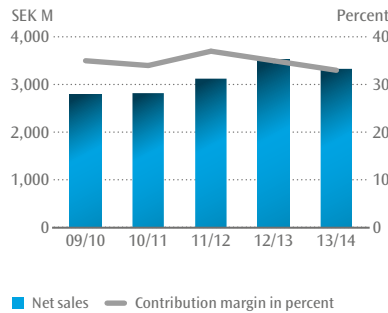
Elekta will continue to focus on its core strengths: capitalizing on the high interest and uptake of Versa HD™, expanding the footprint and use of the MOSAIQ® oncology

In-depth

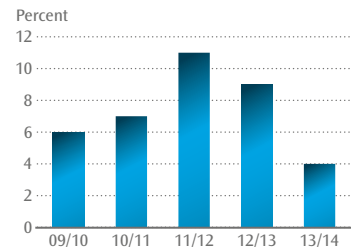


information system, including additional development of informatic software solutions, continuing the rollout of Flexitron® and Esteya® brachytherapy solutions, enhancing our stereotactic radiosurgery systems, and delivering superior support and services to the North American customer base.

Contribution margin and net sales



Order bookings development<sup>1)</sup>



<sup>1)</sup> Based on unchanged exchange rates. 2011/12 excluding Nucletron.



# Together, we're transforming cancer care forever

In December 2013 Elekta formed a partnership with US healthcare provider McLaren Health Care. A partnership, per se, is nothing new, but this agreement is anything but ordinary – this is the future.

The key to the partnership is not in the machines but in MOSAIQ® oncology information system. In regard to the MOSAIQ implementation, Philip A. Incarnati, President and CEO at McLaren says: “This platform will allow for a single interface for cancer care across McLaren. Together, our teams will deploy a software solution that includes customized care plans, disease pathways, and an enhanced patient portal, to maximize patient and caregiver participation.”

To Elekta, the partnership with McLaren signals a new era of business focus. Joanne Lacourciere, Elekta’s vice president and executive-in-residence at McLaren Health Care, is heading up the launch and implementation of the system and she is certain that in the years ahead the OIS will be

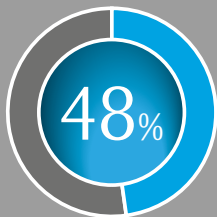
instrumental in the provision of effective care. Lacourciere says: “It’s really all about MOSAIQ. For healthcare providers, standardized practices through an OIS such as MOSAIQ are crucial in maintaining high quality care throughout an organization. The need for software conformity and alignment, as well as the best practice possibilities that MOSAIQ provides, is what makes the business deals move from the selling of machines to providing the customer with a complete care offering.”

With MOSAIQ, healthcare providers will have a system that will allow their organizations to truly offer their patients the best possible treatments and follow-ups. As Incarnati of McLaren says: “Together, we’re transforming cancer care forever.”

# Europe, Middle East and Africa

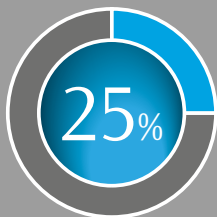
Elekta's performance in the mature markets of Europe was very strong. The Middle East showed strong growth while Russia weakened during the latter part of the year.

## Employees



■ Region's share of total employees

## Use of radiation therapy (including retreatment)



■ Patients receiving radiation therapy

## Net sales

4,220 SEK M

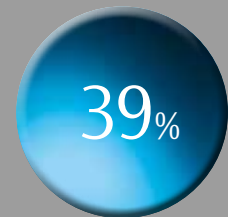
## Contribution margin

34%

## Order bookings development

19%

Based on unchanged exchange rates compared to previous year



Region's share of Group net sales



Market share of new orders in the region



# Strong demand *in most markets*

**DEMAND GREW STRONGLY** in most markets in Europe, the Middle East and Africa. Customer response to Versa HD™, the linear accelerator launched in Europe during the year, was consistently positive.



*“Elekta performed strongly in the region throughout the year – particularly in the Middle East and in our main markets in Europe, where we secured several major orders in countries such as Algeria and in the UK.”*

**Ian Alexander**  
Executive Vice President,  
Region Europe, Africa,  
Latin America and the  
Middle East

## Market and driving forces

**Elekta is a market leader in Western Europe**, where longer life expectancy means that the number of cancer cases is increasing while people with cancer are living longer due to improved diagnostics and more effective treatment. The proportion of cancer patients receiving radiation therapy is significantly lower than in the US, but the realization that radiation therapy is an effective, patient-friendly and cost-effective treatment option is growing. There are signs that the proportion of patients receiving radiation therapy in Western Europe is rising. Although replacement investments account for most demand, there is a subsequent need to increase capacity in radiation therapy. Customers are predominantly public care providers, but the private proportion is growing, since private care providers that specialize in radiation therapy are considered a means for meeting the growing need for more efficient solutions.

**In Eastern Europe, the Middle East and Africa**, resources for treating cancer and brain diseases are often unsatisfactory. Many patients do not receive treatment until the later stages of their disease. Several of these countries have extensive programs for expanding and modernizing cancer care.

**In Russia**, national and regional cancer programs have increased capacity in oncology and radiation therapy within a short period of time, but

the need for additional radiation therapy systems remains great. Elekta has secured numerous contracts at major Russian cancer clinics.

**Turkey also** has a national strategy for addressing the country’s limited capacity for cancer care. The objective is to establish a large number of new cancer clinics by 2015. Regulatory changes have made it easier for private care providers to establish radiation therapy clinics.

## Summary of 2013/14

Based on unchanged exchange rates, order bookings for Region Europe, Middle East and Africa increased 19 percent in 2013/14 compared with the preceding year. Net sales rose to SEK 4,220 M (3,561), up 19 percent.

**Most European markets showed** a strong trend and Elekta’s growth was strong, particularly in southern and northern Europe. Growing demand is driven by both upgrades of installed systems and investments in additional capacity. Customer response to Versa HD, the linear accelerator launched in spring 2013, was consistently positive.

**In Russia**, the five-year national cancer program concluded in 2013. The investment in expanded cancer care will continue but in early 2014 there was some uncertainty regarding the investment schedule, which slowed demand temporarily.

**Growth strengthened in the Middle East and Africa** during the year, and Elekta secured several

major orders. One example was an order for equipment for seven new cancer centers from the Algerian Ministry of Health.

**An advanced training** center for cancer care personnel was established in South Africa, which Elekta had built in partnership with Equra Health, a leading local private care provider.

**During the second half** of the year, the European service operations were combined into one joint organization instead of a local service business in each country, as previously. The objective is to further improve service and customer satisfaction through more efficient resource utilization. A central helpdesk was established to rapidly redirect customers to relevant specialists.

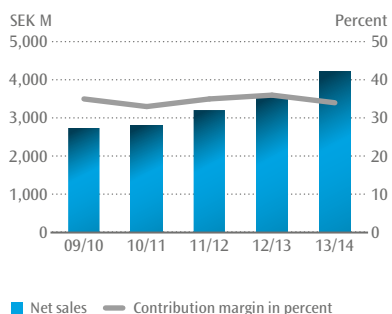
**Elekta's innovations** take place in close collaboration with leading research institutions and hospitals. One example is the MRI-guided radiation therapy research consortium, headed by Elekta. The consortium which is exploring the feasibility of MRI-guided radiation therapy continued to make good progress during the year. Installation of the world's first high-field MRI-guided radiation therapy system commenced at the University Medical Center Utrecht in the Netherlands. This was a milestone in the development of a clinical system that can deliver highly detailed magnetic resonance images of tumors and surrounding soft tissues in real-time during radiation therapy.

**Priorities for 2014/15**

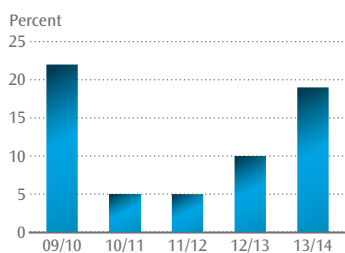
Elekta will continue to grow and develop its leading position through continuous innovations, an additionally strengthened service operation and more long-term partnerships with major customers.

**In emerging markets**, a key part of the strategy is to offer training for both caregivers and service personnel, since the shortage of trained personnel is a limiting factor in many countries.

**Contribution margin and net sales**



**Order bookings development<sup>1)</sup>**



<sup>1)</sup> Based on unchanged exchange rates. 2011/12 excluding Nucletron.



## Bringing radiotherapy to Africa

Fewer than half of Africa's 54 countries offer any kind of radiation therapy. The main challenge in establishing advanced cancer treatment on the continent is not infrastructure, financing or education and training – it is presence. Elekta is breaking this barrier.

Although there are more than 170 linear accelerators (linacs) in Africa, these numbers are incredibly low considering that the International Atomic Energy Agency recommends four linacs per 1 million people. This should also be put in the perspective that cancer just has passed AIDS as the disease that claims the most lives in Africa.

Being present physically is the best way to help the continent fulfill its need, says Van Phuc Le, Elekta's sales director for Sub-Saharan Africa. "Nobody is going to come to Stockholm and knock on our door to buy a linac," he says. "That's why we have been strengthening our presence in the region."

This year, Equra Health in Cape Town South Africa, entered into a long-term agreement with Elekta. The corporation of 24 private clinics will acquire 15 Elekta

radiation therapy systems. Elekta and Equra Health are also establishing an advanced facility for training cancer management professionals.

Prior to the announcing of an agreement for a number of Elekta Synergy® and Versa HD™ in Algeria in January, 2014, the company had brought the benefits of radiation therapy to Gabon, Ghana, Kenya, Mali and other African countries.

The Sweden Ghana Medical Centre near the capital, Accra, acquired the country's first radiation therapy system in 2012 and today uses Elekta Synergy together with the Oncentra® treatment planning system.

Gabon, on the west coast of Central Africa, had a cobalt teletherapy system but the source had aged and was not replaced for more than seven years. After a renewed

investment in radiation therapy, the first patients were treated with modern Elekta solutions in October 2013.

Due to the small size of its radiation therapy center, a hospital in Mali chose an Elekta Compact™ and an XIO® treatment planning system. The next phase of the project is to implement Elekta brachytherapy solutions.

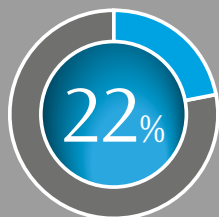
These are just a few of the many countries where Elekta is having an impact on people's lives.

Van Phuc Le says: "The cancer is there and the need for equipment is there – that's why Elekta needs to be there."

# Asia Pacific

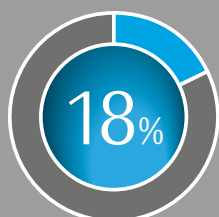
The region had a mixed performance. Elekta continued to perform well in China with double-digit growth, which was significantly better than the market as a whole. Development in India was weak and measures have been initiated.

## Employees



■ Region's share of total employees

## Use of radiation therapy (including retreatment)



■ Patients receiving radiation therapy

## Net sales

3,146 SEK M

## Contribution margin

27%

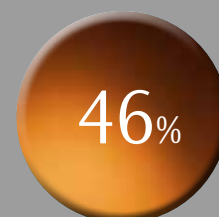
## Order bookings development

-9%

Based on unchanged exchange rates compared to previous year



Region's share of Group net sales



Market share of new orders in the region

# Good long-term growth potential

**THE DEVELOPMENT IN ASIA PACIFIC WAS MIXED** during the year with strong growth in China, for example, but the Indian market weakened. The long-term demand for cancer care remains strong, driven by higher living standards and longer life expectancies.



*“The development in Asian markets was mixed during the year. While China still maintains strong performance, the Indian market weakened. However, the potential for long-term growth throughout the region remains highly favorable.”*

**Gilbert Wai**  
Executive Vice President,  
Region Asia Pacific

## Market and driving forces

**Elekta operates in all major countries** across this region, which exhibits considerable differences in terms of cancer care advancement. Australia, Hong Kong, Japan, Singapore, South Korea and Taiwan have well-established healthcare systems and high capacity for treating cancer patients. However, the shortage of radiation therapy systems and trained care personnel throughout the rest of the region is major in relation to needs. While almost 60 percent of the global population is located here, the region accounts for less than 30 percent of all linear accelerators. This indicates a huge unmet need for cancer care.

**The key drivers** of growth in Asian healthcare markets are longer life expectancies and increased economic prosperity, which lead to a greater need for, and investments in, healthcare. Several countries, including China, conduct extensive national health and medical programs, which indicates an awareness that cancer is a major and growing health problem.

**In China**, Elekta’s second-largest market globally, the authorities are continuously striving to develop the country’s healthcare system by, for example, encouraging private alternatives. The National Health and Family Planning Commission is a key driver behind this trend, and the expansion of radiation therapy is expected to continue. With a market share of over 50 percent, Elekta has the largest installed base of radiation equipment and treatment planning in China. This large installed base provides ideal opportunities for upgrading hardware, software and services.

**In India**, the vast majority of citizens lack adequate healthcare. Specialized healthcare is dominated by the private sector. This means that Elekta’s customer group is relatively fragmented, compared with China, for example. Public investment in radiation therapy is expected to rise over time.

**In Japan**, only 25–30 percent of cancer patients are treated with radiation therapy, compared with over 60 percent in the US. Leksell Gamma Knife® has made Elekta a clear market leader within stereotactic radiosurgery and the market share for linear accelerators is rising.

**Australia and New Zealand** are mature markets and early adopters of new technology. Healthcare is both public and private in Australia, but primarily public in New Zealand. In the Australian market, Elekta continues to develop valuable partnership with a leading supplier of oncology services.

## Summary of 2013/14

During the fiscal year, order bookings in the region declined 9 percent based on unchanged exchange rates. Net sales decreased 3 percent to SEK 3,146 M (3,257). Based on constant exchange rates net sales increased by 6 percent. Elekta’s estimated market share of new orders in the region is 46 percent. In China, the share was over 50 percent.

**The trend** in the region was mixed. In certain markets, primarily India, business declined primarily due to a weaker currency which meant that care providers postponed their investments. However, the positive trend in the Chinese market

continued. In Japan, Elekta increases the oncology presence with successful partnerships with leading companies.

**The Chinese Ministry of Health** in the People’s Liberation Army (PLA) ordered a series of comprehensive clinical treatment solutions, including the purchase of 15 linear accelerators for 14 hospitals throughout the country. Elekta was also awarded a central contract by the National Health and Family Planning Commission (NHFPC) in China. The contract comprises seven

Leksell Gamma Knife® Perfexion™ systems, with a total value of about USD 25 M, and is the largest-ever single order for Leksell Gamma Knife®. In South Korea, the Yonsei University Health System purchased an additional four linear accelerators, with an order value of about USD 10 M.

**In China**, Elekta’s Learning and Innovation Center (LINC) in Beijing was inaugurated. The center’s programs are intended for caregivers in oncology and neuroscience, as well as Elekta’s personnel. In addition

to Elekta product training, Beijing LINC partners with local hospitals and universities to offer radiation therapy training.

**The process to produce software** in local languages, which is a key competitive advantage, also made good progress during the year.

**Priorities for 2014/15**

A major focus has been placed on further broadening and strengthening Elekta’s services offering, to make an even greater

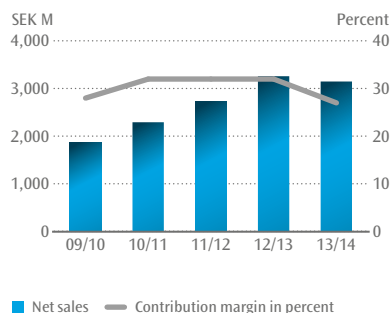
**In-depth**



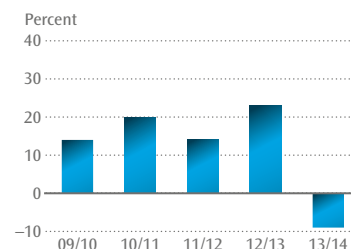
contribution to helping customers improve their efficiency.

Elekta's strong focus on training will also continue, since the shortage of trained personnel in radiation oncology is a key limiting factor for growth. The training initiatives are conducted in close collaboration with authorities and leading universities.

Contribution margin and net sales



Order bookings development<sup>1)</sup>



<sup>1)</sup> Based on unchanged exchange rates. 2011/12 excluding Nucletron.

## Building the business through education and training

To help caregivers give their patients the best treatment, training is paramount. People, not machines, treat people, and as the emerging markets grow, the need for properly trained medical staff grows as well. In answer to this, Elekta opened a new center for education and training in Beijing in November 2013. It is following Elekta's new concept: LINC – the Learning and Innovation Center.

Elekta's first LINC officially opened its doors in Atlanta, US, in September 2013, and a second LINC was inaugurated in Beijing, China at the end of November. These centers were built following similar plans and with the same goal in mind: to offer a state-of-the-art training facility covering as close to the full scope of Elekta's equipment and software as possible.

Charles Schanen, General Manager, Product Supply Center China, was in charge of the Beijing LINC project. Schanen says: "Modern radiation therapy is constantly evolving and it is important to ensure that

our users are always up to date with relevant knowledge. As service provider this new state-of-the-art facility is a very important component in our user training."

The centers are intended for hosting training sessions and classes to teach Elekta customers how to use our products to the best effect, though they will also be used for internal training. Schanen says: "The first trainees greatly appreciated the facilities which enable much better training and more hands on experiences than we previously could offer. We have also used the showroom to show our own employees

what our products actually look like and how they are used in a clinical workflow."

The team in Beijing is developing activities to utilize the facility's potential. To inspire learning the LINC also hosted its first school class with their physics teacher, introducing linear accelerators in real life. More activities like this are planned for the future.





# Elekta's product areas

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Elekta's operations are divided in four different product areas working closely together in many projects. The product areas are supported by a cross-functional service organization fully integrated in the different areas.

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# Elekta Neuroscience

*Extensive experience in patient-focused innovations*



# World-leading treatment *of brain diseases*

**ELEKTA NEUROSCIENCE DEVELOPS** world-leading solutions for the diagnosis and treatment of brain diseases. Leksell Gamma Knife® is the market's leading system for stereotactic radiation treatments of the brain.

## Share of employees



■ Elekta Neuroscience

Elekta has been pioneering and setting the standard for treating cancer and other serious disorders of the brain for decades. During the year, more than 70,000 patients worldwide were treated with radiosurgery using Leksell Gamma Knife. Almost 80 percent of these treatments were for various types of tumors. The remaining 20 percent were related to vascular malformations and functional disorders such as severe facial pain.

## Brain metastases

An estimated 20–40 percent of all cancer patients develop brain metastases, one of the fastest growing indications for radiosurgery.

The treatment options for brain metastases are surgery, whole brain radiation therapy and, increasingly, stereotactic radiosurgery using, for example, Leksell Gamma Knife. In recent years, clinical trials have provided increasing evidence that stereotactic radiosurgery is an equivalent, or better, alternative to whole brain radiation.

Gamma Knife® radiosurgery is more efficient, faster and gentle on the patient. During the year, new studies demonstrated the unique ability of Leksell Gamma Knife® Perfexion™ to efficiently also treat patients with multiple lesions.

## Growing need for radiosurgery

Due to the growing number of patients with brain metastases, the global need for radiosurgery is also increasing very rapidly. Economic development in emerging markets is contributing to increased longevity which, in turn, is increasing the number of cancer cases. Cancer patients are also living longer today, due to improved diagnoses and more effective treatment for the primary tumor that can later give rise to metastases.

For the treatment of benign tumors, the transition from conventional open surgery to radiosurgery treatment continues. As a result, the major, unmet need for radiosurgery, also in mature markets, provides a growing potential.

In emerging markets, the market penetration of radiosurgery is low and the growth potential remains favorable in both the medium and long-term.

Elekta Neuroscience has research and development partnerships with many of the world's most prestigious universities and hospitals. In recent years, a number of new solutions have further expanded treatment possibilities and enhanced the efficacy of Leksell Gamma Knife. With Extend™ non invasive fixation system, oncologists and neurosurgeons can treat tumors

Leksell Gamma Knife® radiosurgery is offered in more than

# 50 countries



*“Following a year of slower-than-expected growth in our key markets, we are confident that the steps we have now initiated will improve performance in the years ahead. Interest in radiosurgery has never been greater.”*

**Maurits Wolleswinkel**  
Executive Vice President,  
Elekta Neuroscience

the size and location of which preclude treatment with a high dose on a single occasion. Another example is MOSAIQ® Connectivity, which simplifies the clinical workflow and facilitates information management.

During the year, Elekta was awarded a central contract by the NHFPC (National Health and Family Planning Commission) in China. The

contract comprises seven Leksell Gamma Knife® Perfexion™ systems with a total value of about USD 25 M, which makes it the largest-ever single order for Leksell Gamma Knife®. The product area also achieved major successes in the Middle East. New customers during the year included a number of leading academic institutions in the field of cancer therapy, such as the University

#### Leksell Gamma Knife® Perfexion™

## *The gold standard for intracranial radiosurgery*

Leksell Gamma Knife® is a dedicated, fully integrated system for brain radiosurgery. Leksell Gamma Knife® Perfexion™ combines the latest technology, clinical leadership and 40 years of collaborating with the world’s leading institutions, which making it the primary benchmark for all radiosurgery solutions.

Gamma Knife® radiosurgery is a clinically efficient choice for complex and challenging cases. It can manage single as well as multiple targets, such as brain metastases, in only one session, making the treatment much easier on the patient. Gamma Knife radiosurgery is renowned for its exceptional dose conformity and selectivity, enabling the dose to essentially be wrapped

around the most complex shapes while limiting radiation to surrounding brain tissue and critical structures. Leksell Gamma Knife typically delivers two to three times lower dose to normal brain tissue than competing technologies.

Leksell Gamma Knife Perfexion represents the future of stereotactic radiosurgery. This innovative system broadens the scope of treatments. The system communicates seamlessly with MOSAIQ®, Elekta’s comprehensive oncology information system that making it easy to exchange information such as treatment plans, treatment records and protocols, both prior to and after treatment.



## In-depth

## Stereotactic radiosurgery with Leksell Gamma Knife

Medical Center Mannheim in Germany and the Odette Cancer Center at Sunnybrook Hospital in Canada.

In the third quarter, deliveries of Leksell Gamma Knife® were lower than expected, particularly in North and South America and in Region Asia Pacific. A number of measures were introduced and improvements were already noticeable in the fourth quarter.

### Unique level of clinical accuracy

Elekta holds a strong position in minimally invasive neurosurgical procedures with Leksell Stereotactic System®. It is the most widely used and reliable stereotactic system on the market and serves as a benchmark for all stereotactic neurosurgery procedures. The system's applications include biopsies of deep-seated brain tumors and accurate placement and implantation of Deep Brain Stimulation (DBS) electrodes as well as injection of cells and therapeutic drugs.

Stereotactic applications (SRS and SRT) are the fastest-growing segment in radiation therapy. The expected potential for radiosurgery and stereotactic neurosurgical treatment in functional neurosurgery is major.

Leksell Gamma Knife is the only radiosurgery system with disease-specific indications for use cleared by the US Food and Drug Administration (FDA). During the year, the Leksell Gamma Knife received FDA clearance for an additional three indications. The eight indications for Leksell Gamma Knife® Perfexion™ radiosurgery are brain metastases, AVM, trigeminal neuralgia, intractable tremor, meningioma, acoustic tumors, operated pituitary tumors and recurrent glioblastoma.

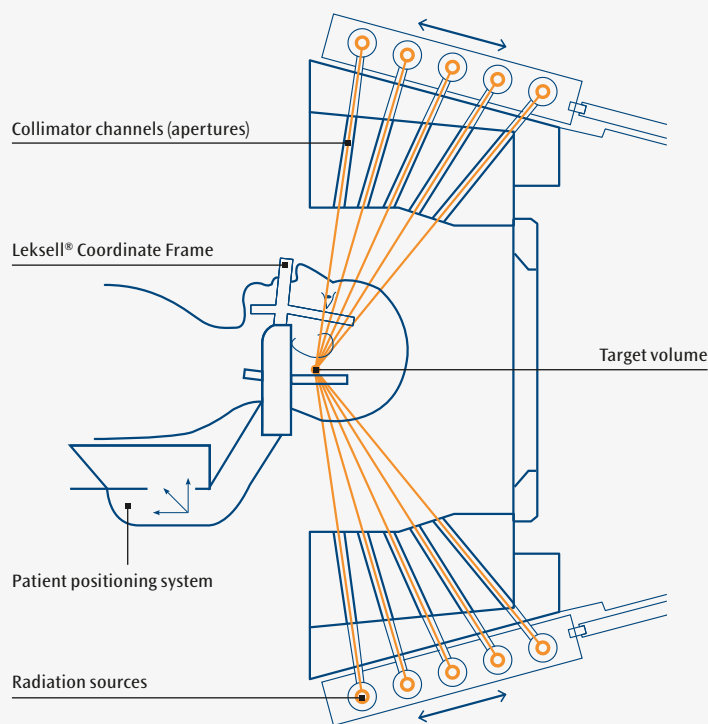
### Brain mapping

Elekta is a market leader in magnetoencephalography (MEG) and produces Elekta Neuromag®, used to map brain activity with exact millisecond resolution and localization. Several major institutions use Elekta Neuromag® for clinical research on neurological and psychiatric disorders.

Gamma Knife® radiosurgery is, with very few exceptions, administered in a single session and without general anesthesia. After Gamma Knife radiosurgery, the patient normally leaves the hospital the same day, making it a very cost-effective and gentle alternative to open surgery, and also to fractionated radiation treatments.

During the procedure, some 200 radiation beams from cobalt-60 sources converge on the target with very high accuracy. Each individual beam has a low intensity and therefore does not affect the tissue through which it passes on its way to the target. The beams converge in an isocenter where the cumulative radiation intensity becomes extremely high.

By moving the patient's head in relation to the beams' isocenter, the radiation dose can be optimized in relation to the shape and size of the target. Leksell Gamma Knife has extreme precision with a level of accuracy better than 0.5 millimeters, making it possible to administer a high radiation dose to the diseased area, with minimal risk of damaging adjacent healthy tissue.



Research findings presented during the year further strengthened the clinical role of MEG in the surgical treatment of epilepsy, and MEG is expected to become standard at the world's major epilepsy centers.

**Leksell Gamma Knife Society**

Leksell Gamma Knife Society is a forum for information sharing and partnerships, with the aim to improve clinical practices and

patient outcomes. The Society has succeeded in developing and communicating progress and best practices in radiosurgery. Meetings are held every second year and attract hundreds of neurosurgeons, radiation oncologists, medical physicists and other care providers.

At the most recent meeting, held in New York in May 2014, almost 600 delegates presented the current and growing

scientific status of Leksell Gamma Knife® by the presentation of more than 100 new scientific reports.





## São Paulo's patients get Perfexion

Two neurosurgeons in Brazil have overcome the obstacles to offering their patients the best stereotactic radiosurgery treatment: equipment and education.

Some of the challenges that Brazil shares with other emerging markets are that, in addition to a shortage of sophisticated treatment equipment to meet the needs of patients, there aren't enough trained professionals who can use it. Dr. Alessandra Gorgulho and Dr. Antonio De Salles have overcome both of these. They have been working with radiosurgery since the 1980s and are very familiar with Elekta products.

Hospital do Coração translates as "Hospital for the Heart," which it was primarily, until the two doctors opened a state-of-the-art oncology and neuroscience center in January, 2014. For this center, they chose Leksell Gamma Knife® Perfexion™ and an Elekta Axe™ linear accelerator.

"We are a unique center in terms of equipment and medical expertise and experience," says Dr. Gorgulho. "With Perfexion and Axe, we can treat the entire range of pathologies."

She says that they chose Leksell Gamma Knife Perfexion "for its exquisite physics, safety throughout the process, ease of use and its proven efficacy." Dr. Gorgulho adds: "With Perfexion, we can treat benign tumors and malignant tumors, including arteriovenous malformations (AVMs), selected cavernoma cases and functional indications such as essential tremor or trigeminal neuralgia."

Although Hospital do Coração has expanded its capabilities with the addition

of an oncology and neuroscience center, another challenge remains. Stereotactic radiosurgery has been offered in Brazil since the mid-1990s, however the technique has not been largely advertised or accepted among neurosurgeons and radiation oncologists. Dr. Gorgulho says: "There is a great need to educate and raise awareness on the cost-effectiveness of Leksell Gamma Knife at the government level as well as with private health plans."

# Elekta Oncology

*Groundbreaking, patient-friendly treatment*





# Major success for Versa HD

**ELEKTA IS ONE OF THE LEADING MANUFACTURERS** of linear accelerators in the world. Versa HD™, launched in 2013, was very favorably received by customers and achieved major success in sales during the year.

## Share of employees



■ Elekta Oncology

Versa HD, which was launched in March 2013, is the most advanced linear accelerator on the market and surpassed all market expectations. During the year, Versa HD received regulatory approval in additional markets, including Canada. Other innovative solutions launched in recent years include the Agility™ multileaf collimator and Clarity™ soft tissue visualization system.

Major orders during the year included 15 Versa HD linear accelerators for McLaren Health Care in the US, a number of Elekta Synergy® linear accelerators for NHS Supply Chain in the UK, and cancer equipment and software solutions to seven cancer centers for the Ministry of Health in Algeria.

### Building for the future

A key part of Elekta Oncology's business is to help customers maintain and improve safety, performance and efficiency in the company's installed base of linear accelerators worldwide. This is

conducted through upgrades, expansions, services and training. The market potential increases as the installed base grows.

Emerging markets are expected to continue growing faster than established markets over time, mainly due to high economic growth and increased life expectancy. Demand for cancer care is far higher than supply in these markets. In many countries, such as Brazil, China and Russia, cancer care is undergoing a major expansion.

### Growth driven by training

A key part of the strategy to maintain and strengthen Elekta's leading position in emerging markets is to offer training, since the shortage of trained personnel in radiation oncology is a limiting factor in many countries. During the year, Elekta inaugurated training centers for radiation therapy in Beijing, China and Atlanta, US.

Systems and solutions are also being customized for clinics in these less-developed markets. Elekta Compact™ is one example of a simpler type of linear accelerator that can be extended with new functionality as needs grow.

### Broad development portfolio

Elekta Oncology continuously pursues a comprehensive innovation process to develop new solutions. Key focus areas include visualization and image guidance, and methods for body movement compensation during treatment. A new version of

Versa HD™ can reduce treatment times by as much as

# 43%



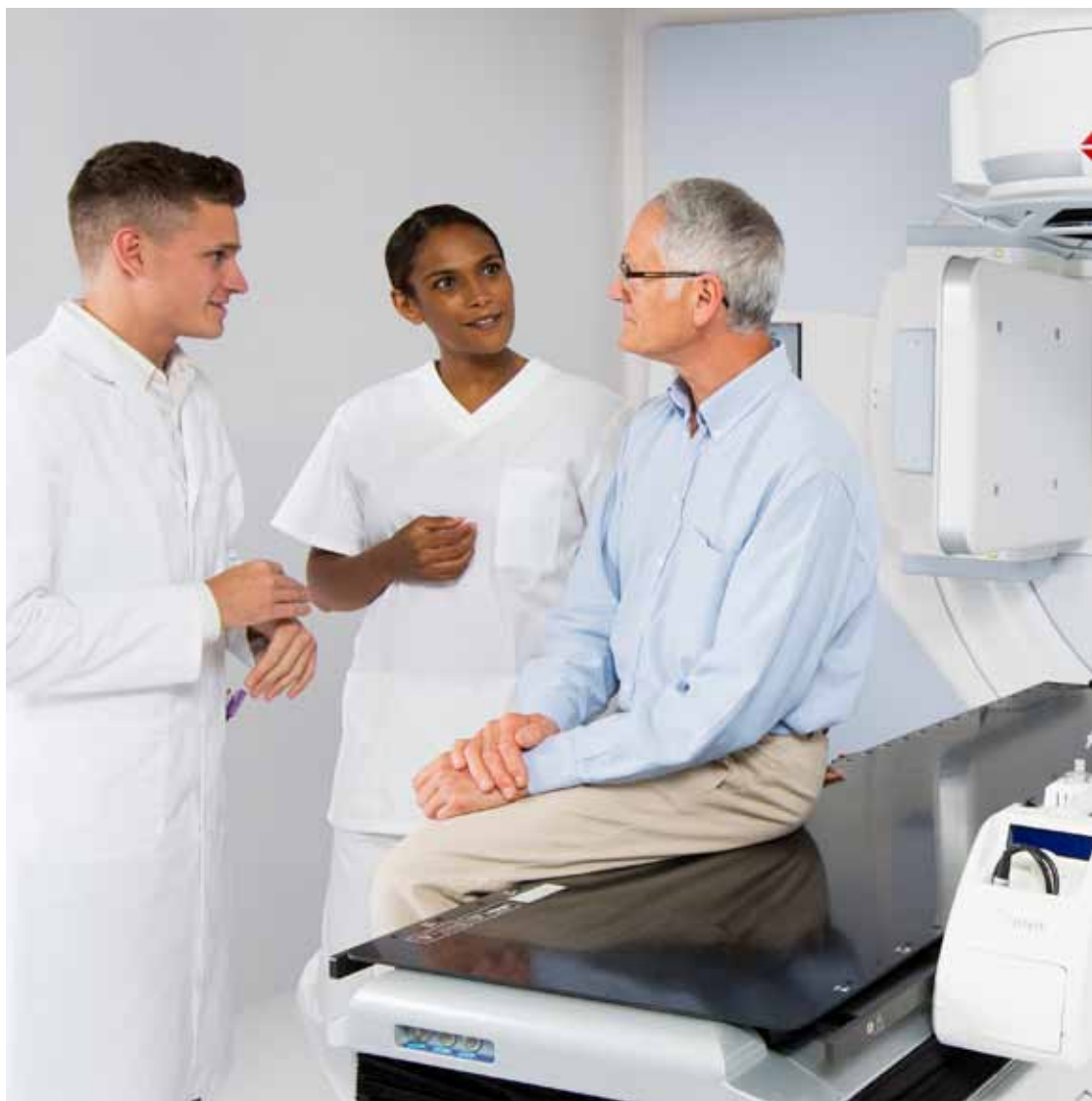
*“It is very gratifying to see how our innovations in oncology are changing the lives of people with cancer. Versa HD™ is an excellent example of Elekta’s ability to develop innovative products that are making radiation therapy increasingly effective, both clinically and from a cost perspective. The advanced linear accelerator was very favorably received by customers, and sales have exceeded expectations.”*

**Bill Yaeger**  
Executive Vice President,  
Elekta Oncology

Active Breathing Coordinator™ was launched during the year, making it possible to adapt radiation therapy to the patient’s respiratory motion and improve the treatment of lung and breast cancer, for example.

Elekta’s innovation takes place in close collaboration with leading hospitals and physicians. One example is the research consortium, headed by Elekta, which is exploring the feasibility of MRI-guided radiation therapy. The project combines

MRI with a radiation therapy system on a joint platform. Treating physicians receive high-quality images of soft tissue and tumors during treatment. Another objective is to enable adaptation of the radiation dose in real-time for the best-possible precision. The consortium was founded by Elekta and Philips Healthcare in 2012 and a number of leading institutions have since joined the project. The consortium continued to make good progress throughout the year.



Elekta Oncology also participates in a number of other research projects related to the company's technology, such as the Elekta International IMRT Consortium, the Elekta Synergy Research Group, the Elekta Clarity Consortium, the Elekta Spine Consortium, the Elekta Lung Research Group and the Elekta Pediatric Research Group.



#### Versa HD™ with Agility™

## One solution – unlimited possibilities

Versa HD™ is Elekta's most advanced digital linear accelerator and, in combination with the Agility™ multileaf collimator, provides unsurpassed versatility. The system enables treatment sessions with a high dose of radiation delivered quickly and efficiently for a broad spectrum of complex tumors.

Versa HD can deliver radiation doses up to three times faster than Elekta's earlier linear accelerators. In addition, clinics can use Agility to fully benefit from high doses of radiation, and the radiation dose can be shaped even more precisely for higher doses during complex treatment sessions.

The system is supported by a series of customized treatment solutions for several parts of the body:

#### ● Brain and spine

Maximum precision beam shaping and optimal ability to deliver high doses during stereotactic radiosurgery for targets in the brain and spine, while avoiding nearby healthy tissue.

#### ● Breast

Innovative solutions for imaging and defining the contours of a lumpectomy cavity, and enabling precise patient positioning and management of respiratory motion.

#### ● Head-and-neck

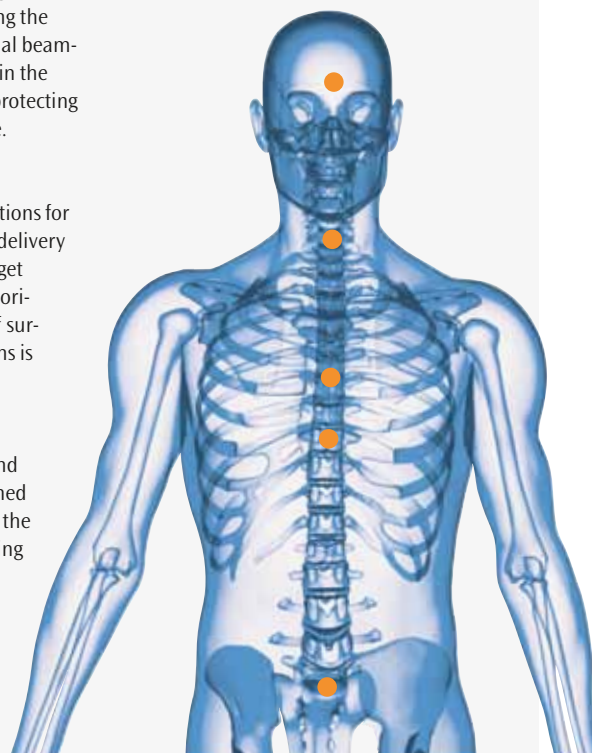
High-resolution beam shaping and safe patient positioning with convenience features for fixing the head, to achieve optimal beaming of selected tumors in the head-and-neck while protecting adjacent healthy tissue.

#### ● Lungs

Radiation therapy solutions for lung tumors, in which delivery to precisely shaped target areas in the lungs is prioritized while exposure of surrounding healthy organs is minimized.

#### ● Prostate

Features for imaging and tracking that are designed to visualize and isolate the prostate and surrounding critical structures.



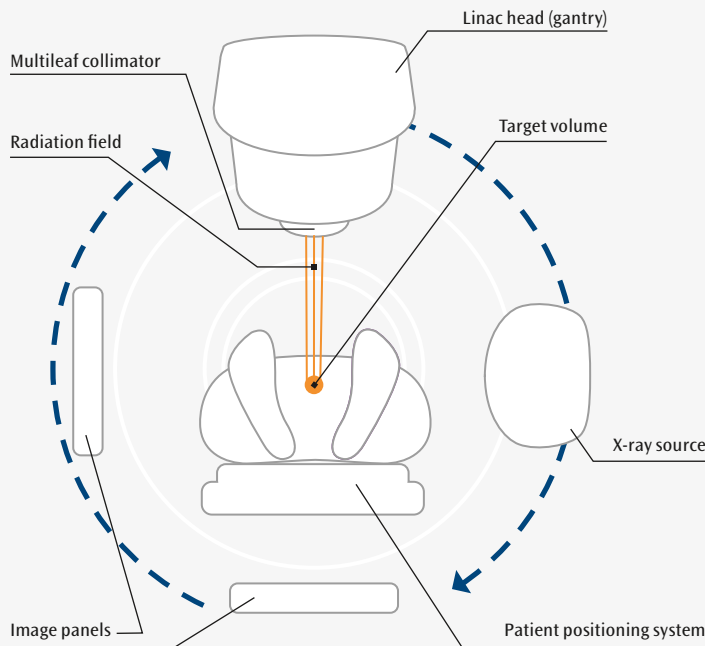
In-depth

# Radiation therapy with a linear accelerator

A linear accelerator produces a radiation beam of either high energy X-rays or electrons. The patient is positioned to ensure the beam is directed at the tumor and shaped to conform to the tumor's contours.

In the majority of cases, radiation therapy is provided as fractionated treatment, meaning that the patients receive a daily dose of radiation five days a week for up to seven weeks. At each daily treatment, the radiation beam from the linear accelerator head is rotated around the patient at different angles so that the entire tumor receives an optimal radiation dose.

In addition, image guided radiation therapy allows the patient to be imaged in the treatment position during or immediately prior to treatment. An integrated X-ray source and an additional image panel are used, which provide 2D images, moving real-time images and volumetric 3D images.



Elekta Compact™

## Cost-efficient entry into high-tech care

Elekta Compact™ is a cost-efficient entry point into radiation therapy or as an additional treatment system for a growing radiology department. It is a linear accelerator that meets the needs of emerging markets as it satisfies fundamental radiation treatment requirements, while also providing a wide range of treatment techniques. With its modular design, Elekta Compact is a state-of-the-art treatment system on a platform designed to incorporate new features and functions as a department's clinical needs grow. Elekta Compact is equipped with a single low-energy photon beam, making it ideal for small treatment rooms.





## Collaborating against cancer

One of the biggest challenges to providing unrivaled radiation therapy is the difficulty in visualizing the tumor and the surrounding anatomy in real time during treatment. Visually tracking the tumor, while simultaneously delivering external beam radiation, would enable doctors to more precisely conform the therapy beam to the tumor, thereby sparing healthy tissue and potentially providing better outcomes.

A research consortium of the world's leading radiation oncology centers and clinicians is currently developing the world's first high field MRI-guided radiation therapy system. The system comprises a Philips magnetic resonance imaging system integrated with an advanced Elekta linear accelerator on a single platform.

Development of the system is meant to enable unprecedented precision in radiation therapy, especially on moving body parts.

Installation of the system started during spring 2014 at University Medical Center Utrecht, the Netherlands.

The revolutionary combination of MRI and radiotherapy technology has the potential to open up many exciting, new

treatment concepts. A close collaboration between world-leading clinical partners is fundamental to demonstrate the value of MRI-guided radiation therapy. Together they will explore the technology to discover the best matches between technology options and the potential clinical use cases.

Dutch Professor, Jan Lagendijk, had the bold vision to combine the technologies over a decade ago and started the project at the Department of Radiotherapy, University Medical Center in Utrecht. He says: "Once we give the doctors the possibility to see inside patients during treatment, it will be like giving them a pair of eyeglasses they'll never want to work without."

The consortium includes the University Medical Center in Utrecht and The Netherlands Cancer Institute-Antoni van Leeuwenhoek Hospital in Amsterdam in the Netherlands, The University of Texas MD Anderson Cancer Center in Houston and The Froedtert & Medical College of Wisconsin Cancer Center in Milwaukee in the US, Sunnybrook Health Sciences Centre in Toronto, Canada, and The Institute of Cancer Research/The Royal Marsden NHS Foundation Trust and The Christie NHS Foundation Trust in UK.

# Elekta Brachytherapy

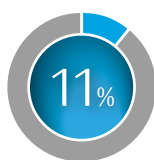
*Precision solutions for cancer treatment*



# Broader use *drives growth*

**ELEKTA BRACHYTHERAPY IS THE WORLD LEADER** in brachytherapy – solutions for cancer treatment based on internal radiation. The Esteya® system, which was launched during the year, expands the use of radiation for treatment of skin cancer.

## Share of employees



■ Elekta Brachytherapy

Brachytherapy works by placing a source of radiation on the surface or inside the body, in or near the tumor. This makes it possible to deliver higher doses of radiation directly to the tumor, while minimizing the risk of damage to surrounding healthy tissue.

The advantages for patients are substantial. The high precision allows the intensity of the radiation dose to be individualized at each treatment session. The treatment time is short and has a limited impact on the patient's everyday life.

Brachytherapy is particularly effective for treatment of clearly delineated smaller tumors. For more complex tumors, the method is often combined with external radiation and other types of treatment such as cytostatic therapy and surgery. Brachytherapy is mainly used in the treatment of gynecological cancer, prostate and breast cancer, representing over 80 percent of its current use. At the same time, there is a growing trend towards its use for other cancer types.

One example of this is Esteya electronic brachytherapy, a new dedicated solution for high-precision skin cancer treatment launched during the year. This is a new segment for Elekta, and a type of cancer not previously treated with radiation therapy to any major degree. In addition to being gentle and effective, treatment with Esteya is also time-efficient. A typical treatment session takes no more than ten minutes and the patient normally requires only a few sessions. Unlike traditional radiation therapy, which needs major shielding, this method requires no specially adapted premises. Therefore an Esteya treatment could be performed in, for example, an ordinary dermatology clinic with minimal adaptation.

Esteya was launched in the US in autumn 2013, and in Europe in spring 2014, and attracted a great deal of interest from customers. Skin cancer is a fast-growing cancer with 8 percent growth in incidence worldwide and 3.5 million new cases annually in the US alone.

When combining external radiation therapy with brachytherapy the cervical cancer survival rate increases

# 12%



*“Esteya® is a new and effective treatment method for skin cancer, which is one of the most common and fastest-growing cancers in the world. The solution has attracted major interest and has been well-received by our customers.”*

**John Lapré**  
Executive Vice President,  
Elekta Brachytherapy

#### **New product launches**

Elekta Brachytherapy offers innovative product solutions for delivering radiation, such as afterloaders and applicators, and software in areas such as treatment planning. During the year, new products were launched in all brachytherapy product areas: treatment planning, applicators and treatment delivery.

Elekta Brachytherapy has sales in more than 100 countries and is the leader in most of these markets. Employees specialized in brachytherapy are represented in all regional organizations, and Elekta Brachytherapy can benefit from the business opportunities generated by the entire Group’s contact network and customer base.

#### **Increased investment in research and product development**

Investments in research and development continued to increase during the year. A key part of these efforts is to extend the use of brachytherapy to other major cancer types. New types of applicators for treating lung cancer (LumenCare® Azure) and for minimally invasive treatment of bladder cancer (Luneray®) were launched during the year. Elekta now offers applicators for more than 15 types of cancer in different parts of the body. The ongoing development of Flexitron®, a technologically advanced afterloading platform with major potential for continued innovation and upgrading, sets a new direction for brachytherapy treatment delivery.

#### **Growing interest in brachytherapy**

A key element of Elekta Brachytherapy’s growth strategy is to raise awareness of brachytherapy and the clinical benefits of this treatment method. This is conducted through various means, including the BrachyAcademy ([www.brachyacademy.com](http://www.brachyacademy.com)), which brings together a platform for peer-to-peer education and training in brachytherapy. The number of participants in educational courses and visitors to the BrachyAcademy’s website indicates that interest in brachytherapy is growing rapidly among physicians and clinics. Brachytherapy is also an integral part of the activities at the Learning and Innovation Centers (LINC) in Atlanta and Beijing. The strong foundation of Elekta on innovation and education & training continues to fuel growth in brachytherapy as an integrated treatment modality for cancer care.





Esteya®

## *A new approach for high precision skin cancer treatment*

Esteya® is a patient-friendly electronic brachytherapy solution for treating skin cancer. Esteya electronic brachytherapy relies on a small, high dose rate X-ray source to apply radiation directly to the cancerous site. The transportable set-up enables the system to be used in any minimally shielded treatment room. With a fully optimized workflow, featuring intuitive data management and simple patient setup, Esteya requires less than ten minutes from patient entry to completion of treatment.

esteya

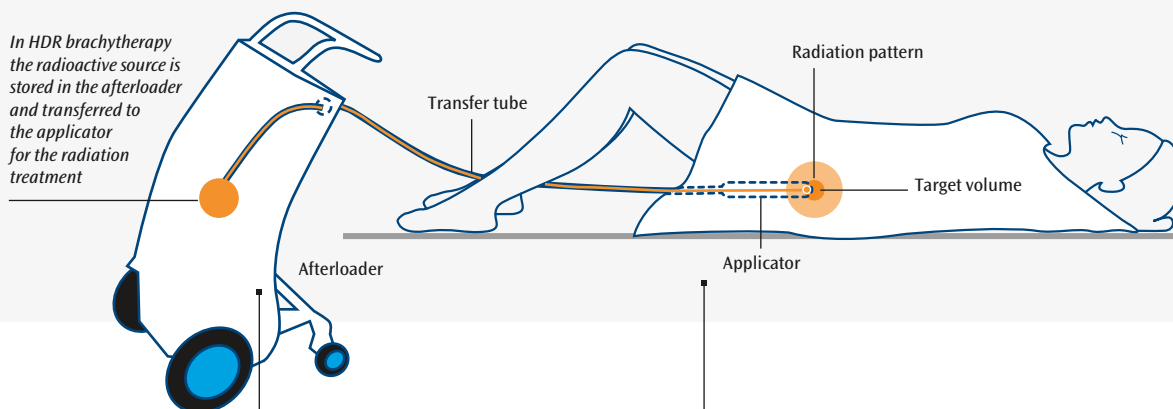
Brachytherapy

## Precise and effective cancer treatment

Brachytherapy works by placing a source of radiation directly in, or next to the cancerous tumor inside the body. This allows the radiation to be precisely targeted to ensure the tumor receives the most effective dose to destroy the cancer cells. Radiation exposure to healthy tissues further away from the target area is reduced.

The radiation is delivered to the tumor through a small radiation source, held on the end of a wire or as loose 'seeds', implanted directly into the tumor. The source is placed into the target area by the use of special applicators and an afterloading device. Special planning software is used to plan the required radiation pattern.

Brachytherapy represents an effective treatment option for cervical, prostate, breast, and skin cancer and can also be used to treat tumors in many other body sites. It is associated with a high local control and low risk of serious adverse side effects and can be used alone or in combination with other therapies such as surgery, external beam radiotherapy and chemotherapy.



Flexitron® remote afterloading platform

### Safety through simplicity

The Flexitron® afterloading platform is the newest afterloader on the market, offering unrivalled potential for continued innovation. The platform represents a new way of working, introducing a new standard in afterloading. It optimizes the treatment delivery process based on the clinic's workflow, and supports the clinical team to work safely and efficiently, so that execution of all steps in the workflow proceed as planned. The Flexitron platform integrates seamlessly with MOSAIQ®, is scalable with 10, 20 or 40 channels and can easily be tailored to the evolving needs of the clinic.

Applicators for brachytherapy

### Complete patient-centric applicator range

Applicators are a pivotal part of Elekta Brachytherapy's fully integrated solutions. With a broad portfolio of specialized applicators, Elekta Brachytherapy offers a comprehensive range of patient-centric applicators for more than 15 types of cancer in a variety of anatomies. Recently, two new applicators were launched focusing on the treatment of lung cancer and bladder cancer.



## First US patients receive Esteya electronic brachytherapy

In January 2014, Thomas Roberts received his last Esteya® electronic brachytherapy session to treat a squamous cell carcinoma on his right hand. He was the first patient in the US to receive Esteya treatments, which were delivered by Rakesh Patel, MD, Medical Director at The Targeted Radiation Institutes in California.

“The hand is traditionally a very difficult place to treat because of healing potential issues,” he says. “The skin is very thin and with surgery there’s a potential risk of damage to the nerves and tendons. I recommended – and Mr Roberts agreed – that electronic brachytherapy was a good option. It’s pain-free, non-invasive and takes just a few minutes per fraction.”

Roberts was treated from late December 2013 to mid January, 2014.

“Each treatment was very quick and efficient and I had no pain whatsoever,” he recalls. “I wouldn’t hesitate to have this procedure again.”

A few weeks after his final Esteya session, Roberts is surprised and pleased with the results.

“The healing process began very quickly,” he says. “I’m looking at it now and the site where the lesion was looks

completely flat and the skin is starting to come back to its normal color.”

Dr Patel says: “From a patient welfare perspective, electronic brachytherapy as a modality can control the dose and minimize the exposure to underlying critical structures relative to electron beam radiation and superficial radiotherapy. In addition, a typical course of electronic brachytherapy involves just six to eight short visits often twice a week.”



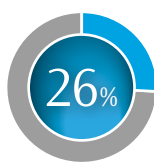
# Elekta Software

*World leading software for oncology*

# Software increasingly *important in cancer care*

**ELEKTA SOFTWARE IS THE WORLD'S LEADING DEVELOPER** of software solutions for patient information, treatment planning and soft tissue visualization in oncology. The solutions contribute to both enhanced quality of care for patients and greater cost efficiency for hospitals.

## Share of employees



■ Elekta Software

Software plays an increasingly significant role in cancer care. Population growth and increased life expectancy are contributing to more cases of cancer. At the same time, healthcare systems are subject to harsh budgetary constraints in virtually every country. As a result, care providers are faced with the challenge of achieving more with unchanged or diminished resources. To achieve this goal, hospitals and clinics have a strong need for software solutions that make cancer care more cost-efficient.

Continual technological progress also means that more cancers are treatable. As the number of technologies and solutions to treat cancer has increased, so has the level of complexity. Elekta Software simplifies this complexity by designing software that is responsive, easy to use and designed around the way clinicians work.

### Meeting market demands

Software solutions also contribute to further improving the precision of treatment and patient safety, and enable hospitals to choose the optimal treatment solution for each patient.

Elekta Software is the world's leading developer of software solutions for cancer care and, as a result, is ideally positioned to meet growing demand from both mature and emerging markets.

In the vast majority of mature markets, clinics are required to measure, document and increase their efficiency. In the US, authorities offer financial incentives to care providers for demonstrating meaningful use of electronic health records. Elekta's MOSAIQ® was the first comprehensive oncology information system to receive full HITECH Act certification.

Cancer care is undergoing rapid expansion in many emerging markets, followed by a need for software to achieve maximum leverage from investments. Many of these countries are densely populated, which also increases the need for efficient patient throughput. Elekta's MOSAIQ is already the world's most widely used, oncology-specific software platform and has now also achieved major success in emerging markets.

### Development of a comprehensive system

Elekta's MOSAIQ is the world's leading oncology information system, supporting all vendors and manufacturer solutions.

MOSAIQ supports the patient and care team throughout the entire continuum of care improving communication, workflow and safe delivery of treatment – both for medical oncology and radiation oncology.

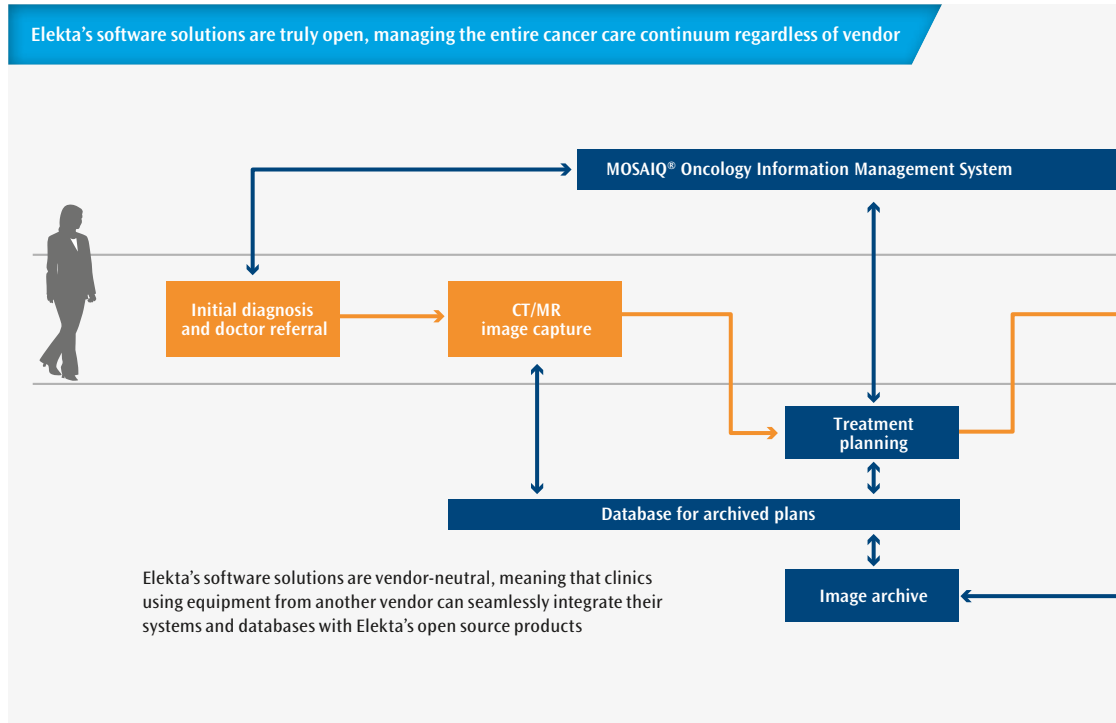
# 140,000

patients per day receive diagnosis, treatment or follow-up facilitated by software systems from Elekta



*“Care providers are faced with the challenge of achieving more with unchanged or diminished resources. To achieve this goal, hospitals and clinics have a strong need for software solutions that make cancer care more cost-efficient.”*

**Todd Powell**  
Executive Vice President,  
Elekta Software



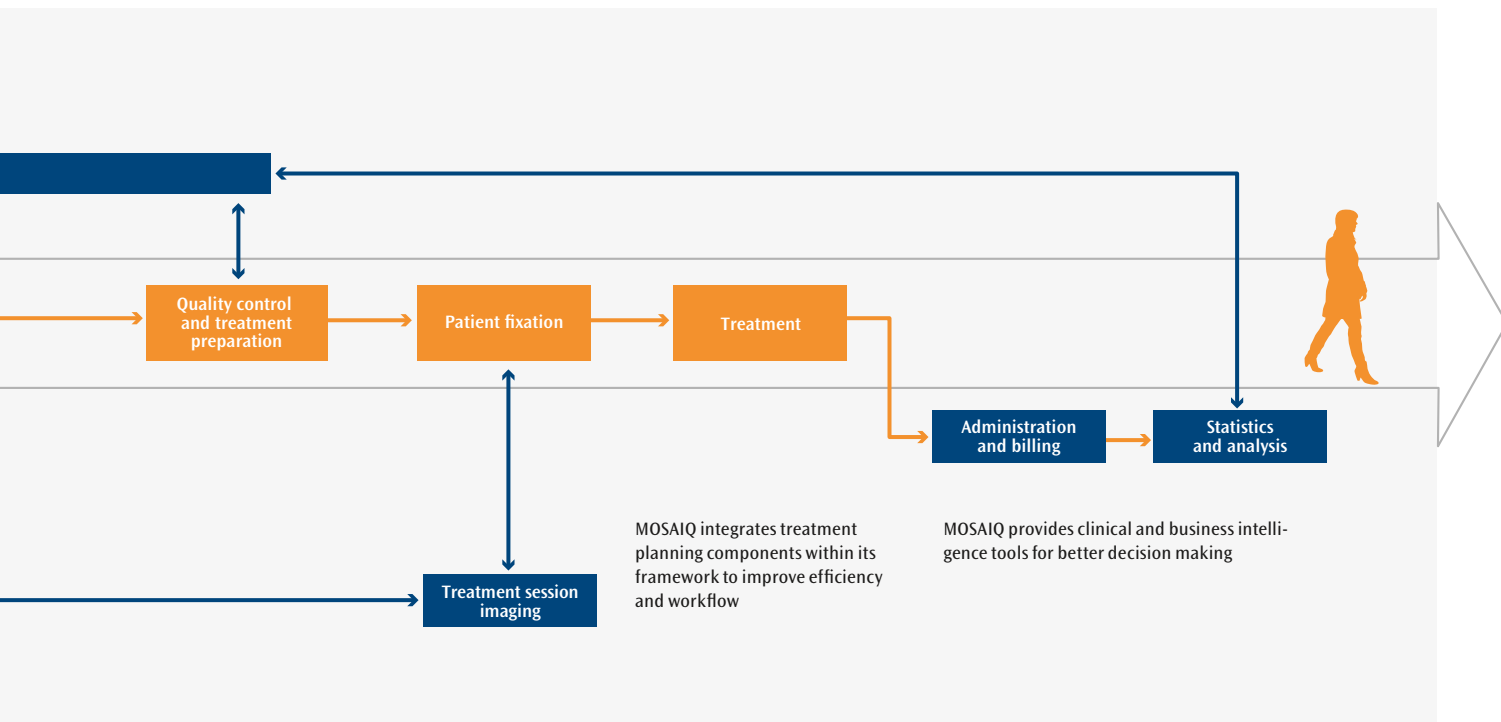
Elekta's Software platform is continuously evolving and now supports improvements in workflows, knowledge management and patient care within a single system and user interface. The ongoing integration of treatment planning solutions, such as MOSAIQ® Evaluate, is the first step in the development of a new generation of software, MOSAIQ RTP (Radiation Treatment Plan). MOSAIQ Evaluate enables clinicians to review, evaluate and promote treatment plans from any location – saving time and improving efficiency.

The comprehensive treatment planning system Monaco® 5 received FDA 510(k) clearance in November and was launched during the year. Monaco 5 marked yet another milestone for Elekta, enabling clinicians to perform multiple treatment planning techniques all within a single, comprehensive treatment planning solution. With an emphasis on design and simplicity, the Monaco 5 user interface was completely redesigned to improve both the user experience and efficiency.

During the year, an extensive partnership was initiated with McLaren Health Care in the US that includes installation of MOSAIQ and Monaco at all of McLaren's cancer clinics. The systems will enable McLaren to connect its entire network of clinics and make patient information more accessible for various units.

**Groundbreaking visualization system**

Successful radiation therapy of tumors requires extremely high targeting precision to ensure that cancer cells are destroyed while damage to healthy tissue is minimized. As a result, having a clear image of the tissue surrounding the tumor and its borders is crucial for positioning the patient and compensating for motion during treatment. Elekta's Clarity® system is a groundbreaking, non-invasive, non-ionizing soft tissue visualization system that produces exceptionally sharp images of soft tissue and provides a promising platform for next-generation motion management.



Oncology information

## Patient-focused information system

MOSAIQ® is Elekta’s comprehensive platform for oncology information. It is a complete system for patient information management. Patient data for radiation oncology, particle therapy and medical oncology is collected in a shared user interface that treatment teams across a range of disciplines and departments can access.

MOSAIQ is a completely open system that works with virtually any existing linear accelerator or planning system. Therefore hospitals can choose the optimal treatment solution for their particular activities and patients.

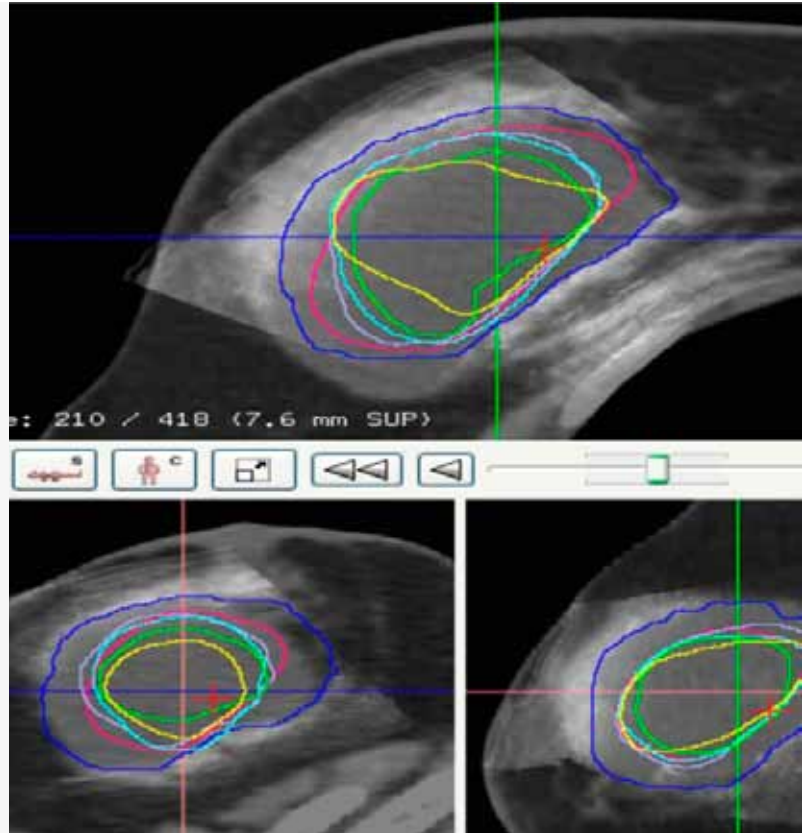
MOSAIQ offers comprehensive image, data and workflow management – for a single medical practice, or the most sophisticated hospital network with hundreds of users. One single application provides fast and efficient access to correct information for all authorized users.



## Visualization

## Soft tissue visualization without added dose

CT simulation is a key part of the radiation therapy workflow, but its limited ability to visualize soft tissue can make it difficult to find the target and surrounding structures. Clarity® is a non-invasive imaging technology without ionizing radiation that takes soft tissue visualization in radiation therapy to entirely new levels. Clarity is easy to use and learn and can be integrated with any existing workflows or equipment in external radiation therapy to facilitate simulation, planning and treatment. Clarity's hybrid imaging technology also provides physicians with high quality soft tissue visualization in connection with CT scans.



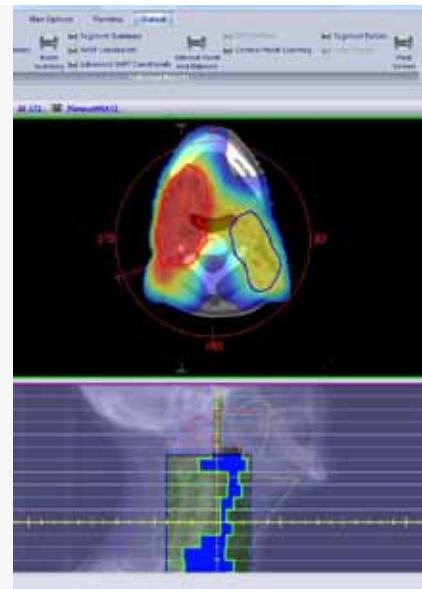
## Treatment planning

## Wide range of planning solutions

The legacy of clinical excellence is reflected in a wide range of leading-edge applications and comprehensive workflow solutions designed to make all members of the radiation therapy team more effective in providing patient care.

Elekta's planning solutions cover the spectrum of radiation therapy, radiosurgery and particle therapy techniques. Elekta provides comprehensive tools to make planning easier and more clinically reliable, enabling clinicians to spare as much healthy tissue as possible.

Elekta's contouring solutions provide all members of the treatment team with flexible, convenient access to planning functionality and patient data. Elekta's software enables seamless transferring of data between workstations.







## A single source for treatment planning

Elekta released the latest version of Monaco® treatment planning system in October 2013, marking a major milestone for Elekta treatment planning. Monaco now supports a comprehensive range of treatment planning techniques in a single system, bringing speed and precision to new levels. Monaco offers clinics the opportunity to do more, faster, and with more accuracy than ever before.

Designed for advanced precision and planning speed, this new platform allows for faster planning than previous versions. Monaco incorporates the Monte Carlo algorithms to provide the highest level of accuracy and precision. The completely redefined user interface is highly intuitive and enables increased workflow efficiency and enhanced usability. “Monaco® 5 offers excellent planning capabilities with a full continuum of modalities to provide

clinicians with advanced planning capabilities and extremely accurate dose calculation,” says Frank Lohr, MD at Mannheim University Hospital, Germany.

With Monaco 5, clinicians can select the tools needed to optimize radiation therapy delivery for each patient. Designed with the patient in mind, Monaco 5 treatment planning solution assures that organs at risk are spared to the highest degree possible while maintaining target coverage.

Monaco connects to Elekta’s MOSAIQ oncology information system for a truly optimized clinical workflow and supports all major oncology information systems and linear accelerators. Elekta is committed to an open systems environment, empowering clinicians to select the solutions that best fit their practise, regardless of vendor.

# Elekta Services

*Integrated service for better patient care*



# Service packages strengthen *customer relationships*

**ELEKTA'S SERVICE PACKAGES ENSURE** a high level of reliability and thus help customers maximize their investments. At the same time, the services operation plays a central role in developing long-term, positive customer relationships.

Share of the Elekta employees working with services

# 35%

Elekta Services maintains and develops installed equipment and software for clinics in all of the Group's product areas. The service packages help customers maximize their investments by preventing and promptly remedying downtime or any other disruptions. The offering also includes training and consulting services, for example, to develop and strengthen the customer's competitiveness and efficiency.

Elekta Services plays an important role as a customer interface. A well-functioning service operation contributes to high levels of customer satisfaction, thus strengthening long-term relationships and enhancing the potential for sales of accessories, upgrades, services and new systems to existing customers. In addition, satisfied customers are often ambassadors for Elekta as a whole.

Elekta has a strong global network of service units with a presence corresponding to the installed base of equipment. Some 700 service engineers are employed in the service units. This broad presence enables rapid response all over the world.

In mature markets, Elekta Services accounts for a significant and growing portion of revenues. In growth regions, the need for service is rapidly increasing as the installed base grows.

#### **New organization in Europe**

Last year, Elekta Care™ was introduced to the American organization and during the year it has been launched in Europe as well. It is part of continuous efforts to deliver correct and prompt service for the entire product range. At the same time, a major part of the European service operation was coordinated and a direct service number was introduced for all of Elekta's products. This is done under Elekta Care support and by using resources more efficiently, Elekta aims to offer correct and prompt service, minimize downtime for customers and further improve service and customer satisfaction. Elekta Care Contracts was also introduced, offering customers a coordinated service and support package with three different levels: Silver, Gold and Platinum.



*“Customer contact through Elekta Services is crucial for improving customer satisfaction and strengthening long-term relationships.”*

**Niklas Savander**  
President and CEO,  
Elekta AB

The packages provide customers with the level of service they require and generate simplicity and clarity for both the customer and the service organization. In addition, customers have access to a central support service that provides rapid contact with the relevant specialists.

Elekta Care™ includes the Internet-based components of Remote Services, in which customer systems are monitored and diagnosed remotely, thus increasing the potential for rapid problem solving and for preventing downtime at clinics. For example, Elekta’s linear accelerators are equipped with 2,000 alarm points, making it possible to diagnosis system issues faster, ensure that the correct components are identified and ordered, and that service is scheduled before the error can impact the customer. Updating software remotely is also possible.

#### **Growth driven by training**

Training is a key component of Elekta’s growth strategy. Lack of trained personnel is often a limiting factor and, particularly in emerging markets, training initiatives will play a major role in the future of effective cancer care. Clinical training is conducted in partnership with leading university hospitals. During the year, training centers for radiation therapy were inaugurated in Beijing in China and Atlanta in the US.

#### **Consulting services boost customer competitiveness**

In many markets Elekta Services also offers services that boost customer competitiveness and efficiency. These include software consulting services that help customers develop efficient workflows and processes, or that maximize the benefits of all software available at the clinic. They may also include customer-specific adaptation of systems, or advice and management support in connection with expansion in order to meet a growing need for care.

#### **Installation and implementation**

Elekta’s installation and start-up team helps customers rapidly obtain maximum leverage of their new equipment and clinical applications. The service package includes planning, project management, installation, testing and verification.

#### **Customer satisfaction**

Elekta continuously measures customer satisfaction by means of large-scale global surveys and by measuring each customer case. This provides a basis for systematic productivity improvements, so that existing customers increasingly recommend and advocate Elekta’s solutions and services. The daily contact with customers is extremely important to strengthen our long-term customer relationships, and an area that we work every day with.



## When services become preventative medicine

When the Thompson Cancer Survival Center in Knoxville, Tennessee, US, had a small issue with their linear accelerator software last year, they found out from an Elekta service technician. This proactive process – and ability to solve issues remotely – is powered by Elekta IntelliMax™.

Robby Adams, National Systems Specialist in Elekta's Services department, works from a desk in Atlanta, Georgia, US. He was the one who made the call to the hospital in Tennessee. He says: "I remember the therapist answering the phone. They were delighted to hear that Elekta had an eye on things, that we could diagnose and solve their problem, and that all they had to do was reboot the machine."

The remote service team on which Robby works solves technical problems for customers whose equipment is connected online to Elekta's service desk. Thirteen specialists monitor the status of customers' machines using large computer screens. This unique approach enables them to predict issues and call customers to tell them they could soon have a problem. Or, if a customer has an issue, they can call this

team, which often quickly solves the problem online, without engineers having to visit the hospital.

By using IntelliMax, hospitals like the Thompson Cancer Survival Center can improve their service to patients, increase equipment uptime and reduce operational costs. It makes the equipment more reliable and efficient – just like Robby and his colleagues.

# Responsibility for safety, *ethics and the environment*

**RESPONSIBLE AND SUSTAINABLE BUSINESS IS CRITICAL** to Elekta's ability to fulfill its key mission: to improve, prolong and save lives.

Elekta develops safe and efficient solutions to improve cancer care worldwide. Everything that Elekta does is aimed at improving, prolonging and saving lives, and all equipment is developed with the aim of ensuring that patients receive the best possible treatment. This endeavor is based on a core value that promotes long-term relationships, trust and responsibility. Elekta aims to conduct transparent and continuous dialog regarding responsible business with all of its stakeholders.

#### **Code of Conduct is a cultural pillar**

Elekta's Code of Conduct is one of the Company's most important governing documents for responsible business and supports the Company's culture. The Code clarifies the basic principles that every Elekta employee and partner is expected to follow. Some of the areas covered are employee rights, product safety, corruption, conflicts of interest and competition.

The Code of Conduct adheres to international principles such as the Universal Declaration on Human Rights, the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy.

The Code of Conduct is actively maintained in many ways, including being signed by all senior executives every year. It also plays a key role when integrating acquisitions.

#### **Anti-Corruption Policy**

The cornerstone of Elekta's Anti-Corruption Policy is a zero tolerance approach to corruption. The rules cover a wide range of undue practices that could damage Elekta's credibility in connection with various types of agreements, for example, or in relation to gifts and donations. There is a particular focus on relationships with healthcare personnel and other external parties such as suppliers, agents and distributors.

The Anti-Corruption Policy has been translated into several languages and all employees are to take part in an e-learning course to become familiar with the policy. The policy applies to all companies and employees in the Elekta Group. It is also to be communicated and applied in all contractual relations with business partners.

Ultimate responsibility for informing employees and partners about the Code of Conduct and Anti-Corruption Policy rests with each manager. The Group's Compliance Officer supports the implementation and monitors compliance using measures such as regular auditing. A whistle blowing procedure enables employees and the public to anonymously report any suspected impropriety. The Compliance Officer reports serious incidents directly to the President and CEO as well as the Board.

#### **Safe products**

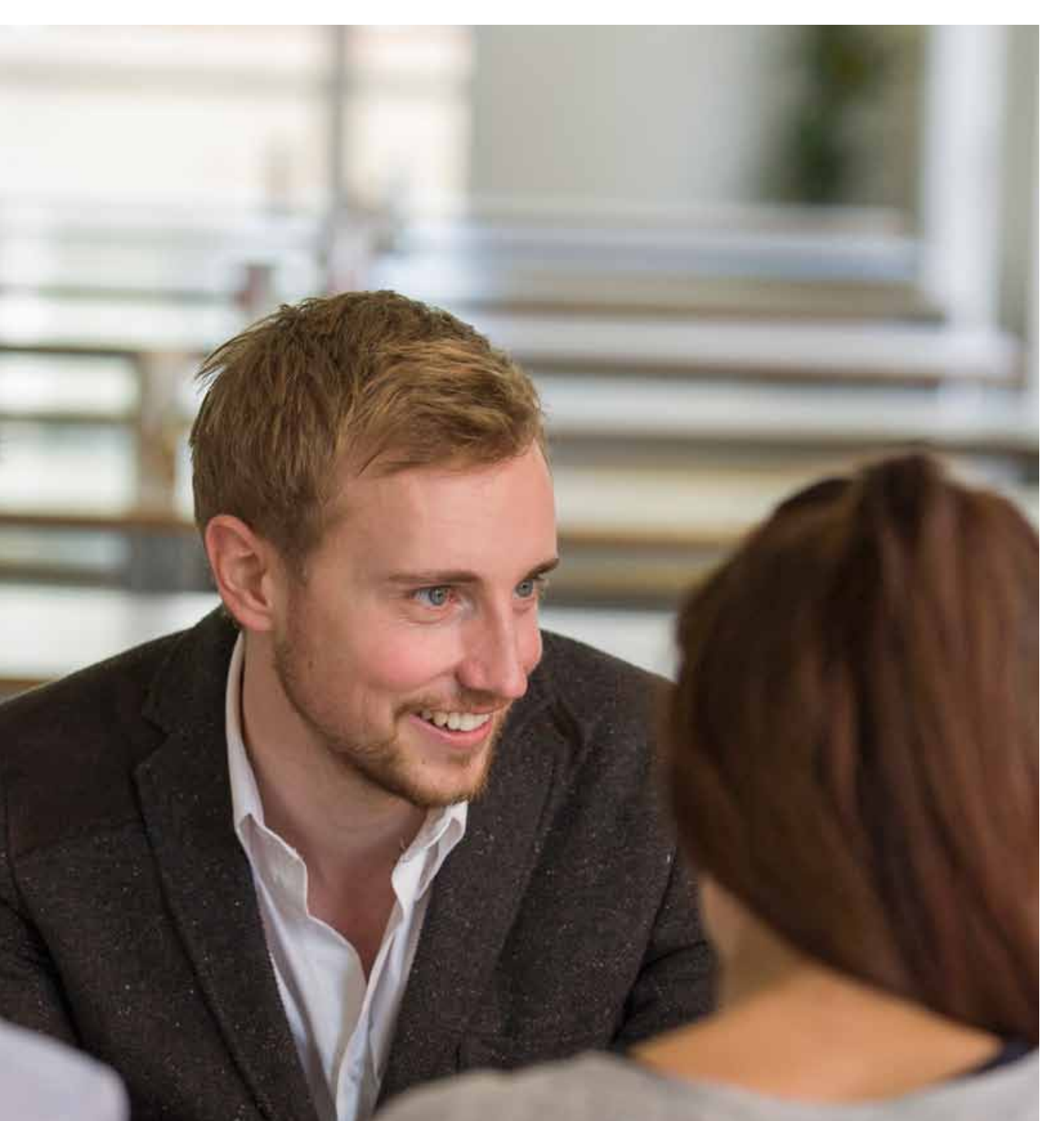
Product safety is a top priority and permeates the entire operations. The objective is to provide the safest possible products for customers and patients, but also for the Company's own installation and service employees.

Elekta's products are developed, manufactured, marketed, sold and serviced in accordance with quality-controlled processes and procedures. As a manufacturer of medical devices, Elekta operates in a highly regulated environment. The Company must therefore comply with the rigorous requirements of international law and product-safety standards, such as the IEC/ISO Directives, the European Directive on Medical Devices, the US FDA's Quality Systems Regulation and numerous national directives and laws.

These are described in ISO 9001 (Quality Management) and ISO 13485 (Quality Management System for Medical Devices) and in standards that are specifically applicable to medical devices. Quality management systems are reviewed by both internal and third-party auditors and certified by external regulatory bodies and authorities that conduct regular inspections.

#### **Environmentally sustainable operations**

Elekta's vision is to be an environmentally sustainable organization that continuously strives to reduce the environmental impact of the Company's activities and products. This process is based on Elekta's environmental policy and includes minimizing resource consumption during manufacturing, reducing emissions to air and water and avoiding the use of environmentally hazardous materials. Elekta's largest environmental impact arises from electricity consumption in production and from heating premises, as well as transportation and business travel.



#### Abbreviations

**COCIR** European Coordination Committee of the Radiological, Electromedical and Healthcare IT Industry

**IEC** International Electrotechnical Commission

**ILO** International Labour Organization, a UN agency

**ISO** The International Organization for Standardization

**MITA** The Medical Imaging & Technology Alliance

**OECD** The Organization for Economic Co-operation and Development

# Responsibility throughout *the value chain*

## 1 Product development

Ecodesign is a key component of product development. It ensures that environmental aspects, such as energy consumption and choice of materials, are accounted for in the development process. Ecodesign is based on a lifecycle perspective and aims to restrict the use of harmful substances, minimize energy and resource utilization from production through to consumption, encourage and facilitate product upgrades and recycling, and avoid composite materials that are more difficult to recycle. The need for hospitals to reduce their own energy consumption, and thus costs, means that energy-efficient products are an important part of Elekta's customer offering.

Elekta's work with environmentally sustainable design complies with international standards for ecodesign requirements for medical devices. Under the European trade association COCIR, Elekta participates in the initiative to produce a plan using ecodesign and energy efficiency to facilitate voluntary affiliation with the ErP Directive (Energy-related products). All developers of medical devices have participated in ecodesign training.

Evaluation of product risks and safety aspects is an integral and key part of the product development process. The evaluation covers all phases of the product's lifecycle, including installation, handling and application.

Elekta also supports knowledge transfers and the sharing of best practices by coordinating several product associations and user meetings, during which researchers and healthcare specialists can present the latest research findings. These meetings are an important source of information for future product development.

## 2 Suppliers

Elekta has a global base of more than 600 active suppliers to the Group's manufacturing processes. Suppliers in Asia account for about 35 percent of the delivery value, and suppliers in Europe and North America for the remaining 65 percent.

Elekta's supplier relationships are characterized by good business practices and high ethical standards. Elekta's Code of Conduct and Anti-Corruption Policy are included in all standard contracts with suppliers. Elekta continuously monitors the Company's suppliers in terms of quality systems and

delivery performance, for example, but also in relation to occupational health and safety and environmental considerations. The performance of suppliers is monitored at least every second year. Should the supplier not satisfy requirements, Elekta initiates dialog to achieve improvements.

## 3 Manufacturing

Elekta has several production units in the US, China and Europe. The main activities of these units are assembly, testing and quality assurance, which means that their environmental impact is limited.

All major production facilities, representing approximately 75 percent of the Group's production value, are certified according to ISO 14001 (Environmental management system). As a result, the production units in Sweden and the UK now use energy from renewable sources only.

Elekta publishes detailed information about the Company's climate impact and CO<sub>2</sub> emissions within the framework of the Carbon Disclosure Project (CDP). The CDP provides a basis for investors to assess how companies identify and manage risks, and opportunities connected to climate change. In the 2013 Climate Change Report, Elekta



1 Product development



2 Suppliers



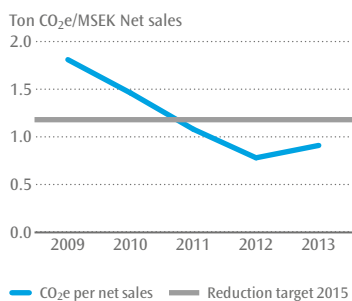
3 Manufacturing



received a disclosure score of 85 points (78). The CDP's definition of high value is between 70 and the maximum score of 100 points. For more detailed information about CDP reporting, see [www.cdproject.net](http://www.cdproject.net).

Elekta's target is to reduce CO<sub>2</sub>-related greenhouse gas emissions from fossil fuel and electricity by 35 percent per unit net sales by 2015, with 2009 as the base year. A necessary step for achieving this target is the recovery of SF<sub>6</sub> gas from production processes. SF<sub>6</sub> is one of the most potent greenhouse gases and is a necessary component for generating radiation inside a linear accelerator. At present, 94 percent of SF<sub>6</sub> from production is recovered and Elekta aims to address recovery of the remaining portion during the 2014/15 fiscal year.

**CO<sub>2</sub>-related emissions**



**4 Transportation**  
 Transportation and business travel account for a significant portion of Elekta's environmental impact. A Group-wide logistics platform is used to reduce this environmental impact by, for example, reducing the amount of transportation, controlling the freight distribution between various transport modes, reducing packaging sizes and streamlining the delivery of spare parts.

The Remote Services solution for digital surveillance and remote servicing of Elekta's installed systems reduces the need for on-site service operations. For Elekta's service technicians, this means less travel which subsequently reduces emissions.

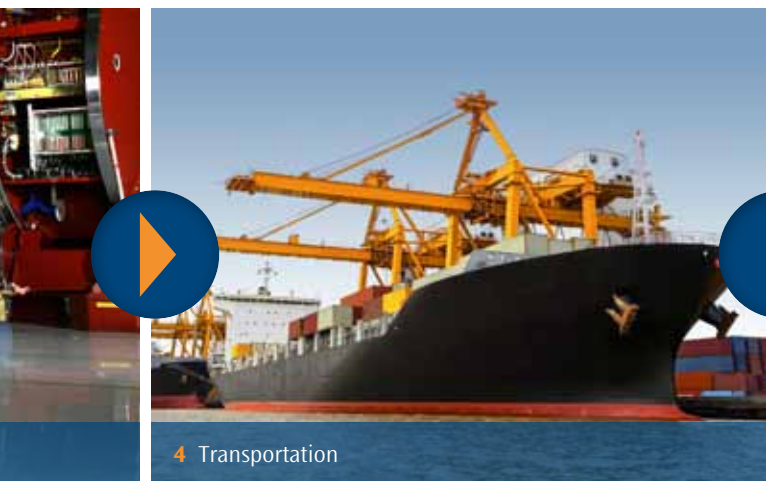
Elekta also has a web conferencing system that is widely used and reduces the need for business travel. At local level, Elekta offers various incentives that encourage employees to use public transportation, carpooling and bike-sharing.

accelerators, which uses about 30 percent less energy than comparable devices in the market. For a hospital, this corresponds to annual energy savings of about 21,000 kWh for each system and an approximately 10.5 metric ton-reduction of CO<sub>2</sub> emissions.

Safety is the highest priority throughout the entire value chain and in-depth training in the product's functionality and use is conducted in connection with delivery. The software generates safety messages and controls to support the user. Special procedures have been established for corrective or preventative action, incident reporting and updating.

Close and long-term partnerships with customers continuously generate significant improvements in treatment methods and products. Elekta does not provide specific medical advice concerning the treatment of individual patients; this is the responsibility of physicians and hospitals. However, Elekta's online Patient Center includes fact sheets and summaries, detailed information for patients about various treatment options and information about the most common types of cancer.

**5 Usage**  
 Elekta's products help customer clinics achieve their own environmental objectives as well as their requirements for cost-effective treatment. One such example is Elekta's linear



4 Transportation



5 Usage

# Strong values *drive our business*

**WELL-QUALIFIED AND PASSIONATE EMPLOYEES** are critical to Elekta's ability to meet market needs and further strengthen the Company's leading position. The number of employees has grown rapidly, partly through acquisitions, and efforts to further strengthen a culture characterized by collaboration, responsibility, communication and trust are ongoing.

Elekta's business is driven by a desire to improve, prolong and save lives. Elekta's core values are permeated by a passion for the Company's customers and products, and aim to provide support in all external relationships and all forms of decision-making.

The cornerstones of Elekta's core values are that employees strive to:

- Build truly collaborative and long-term relationships
- Build relationships based on trust and responsibility
- Make the most out of our resources
- Be responsive to patients and customers
- Have a creative approach to research and development

A values-based approach enhances Elekta's opportunities to remain a pioneer and shape the future of cancer care.

The number of employees in the Group continued to grow during the year, increasing by approximately 300 to approximately 3,800 people. This was primarily due to intensified R&D initiatives. The number of employees has increased by more than 200 percent since 2005.

This rapid expansion, largely a result of acquisitions, requires active and systematic efforts to further strengthen the joint corporate culture. Another contributing factor is the increased complexity of business operations, which makes collaboration between the various regions,

product areas and functions increasingly important.

As a result, work with the strategic One Elekta agenda continued during the year. The aim is to strengthen the Company's growth potential by optimizing efficiency both organizationally and geographically, increasing integration between the Company's product development processes and further enhancing a culture characterized by collaboration, responsibility, communication and trust. The objective is that this will further increase customer satisfaction and employee commitment. One Elekta includes activities across a range of areas, such as core values, leadership development, information, performance

## Strong foundational values

Elekta's decentralized organization and decision processes give each manager and employee considerable scope in making decisions regarding his or her work. While this implies a large degree of freedom, it also places substantial demands on Elekta's employees. The five Elekta Values function as support for decision-making and as general guidelines in our daily internal and external work.

### Long-term relationships

Elekta is renowned for building truly collaborative and long-term relationships with its customers. We see our customers as much more than partners and these relationships have yielded

the breakthroughs that have transformed and continue to transform treatment and practice. These relationships are very much part of how and why we are delivering solutions that redefine clinical care and improve the future of cancer care.

### Trust and responsibility

Trust is something that is hard earned and yet so easily lost. Without responsibility there is no trust, and without trust we cannot build the long-term relationships that drive our collaborations and research. For Elekta, demonstrating our commitment to the very highest level of service and customer care is about a shared responsibility and a trust we will deliver – to our colleagues and our customers.



management, recruitment, and research and development. During the year, a number of cross-functional development projects commenced and a joint product development process was introduced across the Group.

#### Effective leadership strengthens corporate culture

Effective leadership is crucial for building a strong culture, and Elekta strives continuously to strengthen leadership at all levels of the Group. Elekta conducts leadership development through several different programs. Elekta Model Manager has been designed for all managers, in staff functions as well as product areas and regions.

The program creates a common platform and is intended to provide managers with a tool kit to further enhance and manage their operations.

The global Elekta Business Leadership Program aims to increase the ability of senior managers to provide effective leadership in an increasingly complex and changing business climate. Another specially designed program, Business Discovery, aims to increase participants' understanding of how the Elekta Group operates financially and commercially. At year-end, approximately 20 percent of the Group's managers had participated in one of the leadership development programs.

#### Personal development and leadership pipeline

A key objective of the One Elekta initiative is for Elekta to become an even stronger employer and to link colleagues' individual goals more consistently to Group goals. The Company's performance management process includes all employees and focuses on individual goals for job performance and professional development. The annual evaluation is based on individuals' performance within their area of responsibility as well as the degree to which the individual embraces Elekta's core values. The process seeks to increase employee autonomy and give every employee the best opportunities to perform based on their own abilities.

#### Resourcefulness

Elekta's pioneering spirit has enabled the Company to push the boundaries of what is possible. Making the most of our resources – whether time, money or simply human endeavor – is key to our competitiveness and the impact of our clinical advances.

#### Responsiveness

Whether it is the continuous refinement of our solutions to benefit patients and providers, the service promise we make to all our customers, or the collaborations and partnerships we build internally and externally, speed and flexibility of response have been integral in building Elekta's reputation for excellence in the marketplace.

#### Creativity

Elekta's creative spirit lies at the core of our research and development strategy, the way we do business, and how we work with our customers to forge the relationships that yield the paradigm shifts in treatment and care.



**Jason Hoffman**  
Global Vice President HR

*“We continually work to further strengthen our common corporate culture. It’s something that always permeates our leadership development and communication.”*

Employees are offered training and development within their own areas of responsibility, but also in general compliance areas related to the medical technology industry.

Elekta has an active management succession plan, in which senior management levels and other Group-critical positions are reviewed annually. The aim is to support and develop employees for future positions within the Company and thereby create a regeneration of talented managers and specialists – primarily from within the organization.

**Employee surveys capture perceptions**

To promote the long-term retention of talented employees, Elekta works methodically to capture colleagues’ perceptions of the Company and to identify improvement areas. A key tool in this process is the global employee survey. Follow-up is an integral part of the surveys and the most important

stage in the process. The results of the 2011 and 2012 surveys confirmed the need to further focus on collaboration, responsibility, communication, leadership and trust, and this feedback has been incorporated into the One Elekta process. The next employee survey will take place during 2014.

**Diversity is a natural element**

The Group’s global reach means that diversity is a natural part of Elekta. The Company also promotes diversity and equal treatment – in all units, and at all levels. Elekta has a policy of zero-tolerance toward any form of discrimination, whether age, gender, religion, sexual orientation, marital status, social or ethnic background, political opinion, disability or any other factor.

Elekta also strives to ensure that all employees with similar experience and qualifications receive equal pay for performing similar work. All employees are also to be offered equal career opportunities, based on their merits and qualifications or similar work-related criteria.

About one-third of Elekta’s employees are women, reflecting Elekta’s role in a technology-intensive, and thus traditionally male-dominated, industry. A gender balance in terms of job roles and positions is a special focus area for the Company and

work is ongoing to achieve a better gender balance in certain units and in certain geographic markets.

**Respect for employees’ rights**

Elekta complies with the applicable labor laws in all countries in which the Company operates and expects the same from its partners. Elekta respects that all employees are free to join a trade union of their choice and to bargain collectively in accordance with local laws and applicable conventions.

Elekta also promotes the health, safety and welfare of its employees, and expects all of its own employees and partners to respect and contribute to this goal.

**Elekta’s employees worldwide**

On April 30, 2014, Elekta’s employees worldwide amounted to approximately 3,800, spread across 35 offices in 24 countries. Some 240 people work in Sweden, where the head office and Elekta Neuroscience product area are based. Most employees are located in the US and Canada (1,100), followed by the UK (1,000) and China (500). One in four employees works in research and development.

**Employees per function**



■ Production 10% ■ Services 35% ■ R&D 25%  
■ Sales 17% ■ Administration 13%



## On the front line

Tony Black belongs to a dedicated group of people who work far from meeting rooms and desktop computers at any of Elekta's offices. You're more likely to find this installation engineer in a barren bunker in Turkey or Brazil.

This assignment finds Tony in Kemerovo, Russia installing an Elekta Compact™ linear accelerator (linac). Starting with an empty, dusty bunker, he makes sure it is up to specification, then marks out the floor where the equipment will stand.

Meanwhile, the linac has been dismantled at the factory and shipped in as many as 50 boxes, each weighing anything from 20 to 3,650 kilo. They might have traveled by air or sea, but the last leg of the trip to the hospital is by truck. Cranes and forklifts unload the boxes, and local laborers manhandle them into the bunker. This process, appropriately called the 'Push in' can take a day or a week, depending on how difficult the site is and the amount of labor available.

This first phase of the installation is complete once the linac is assembled and fully up and running. The second phase consists of calibration, setting up the radiation beam followed by the customer acceptance testing.

This highly specialized position requires electrical, mechanical and electronic skills, as well as experience with air-conditioning and water systems, gas fittings and even carpentry. It also demands continuous Elekta training. Tony is one of our most experienced installation engineers. Since starting at Elekta in November 2006, he has installed linacs at more than 50 sites in 23 countries.

### Tony Black

**Lives:** Brighton, UK

**Education:** A Fellow of the Institute Engineering and Technology; registered with the British Engineering Council; graduated from Gloucestershire College of Technology with a Higher National Diploma

**Career:** Over 30 years clinical experience in telecommunications and radiation therapy in more than 30 countries

**Hobbies:** Making and flying model airplanes, do-it-yourself, cooking and reading

**Family:** Married with four children



## Making things better

### Stina Berg

**Lives:** Linköping, Sweden

**Education:** Master of Science in Mechanical Engineering

**Career:** Stina joined Elekta in the fall of 2010 and works at the Linköping office in Sweden

**Hobbies:** She is very much an outdoors person and has done a lot of orienteering, both as recreation and in competitions, in the past

**Family:** In June 2014 Stina and her husband became parents to twins. "I am a twin myself so this feels rather normal, it's the way it should be," she says

As Research & Development proposes updates or new solutions for Leksell Gamma Knife®, the team of service engineering product specialists makes sure it will work. Stina Berg sees the role she and her team plays as the bridge between the ideas and the reality where the ideas come to life.

What if this handle was at an angle rather than horizontal, would this compartment be easier to open? Can the field support technician change out this part with one hand or will he risk dropping it? And if he drops it and it lands on his toes, what happens then?

Questions like these are what the service product specialists deal with on a daily basis.

Stina says: "We examine, question and formulate demands. We ask: 'Is this simple and practical?', 'Is this doable?' With feedback from the field technicians we help ensure that the products get better, safer and easier to service."

With a Master of Science degree in Mechanical Engineering Stina has the technical background to do the job, but she has found that other skills are equally important to do the job well.

Stina says: "A large part of the work I do is communication. I talk with field and service engineers, with R&D and with QA/RA to collect, interpret and relay information so communication skills are essential."

Stina likes to work within the service organization. She says: "To me service is reality, that's where our products are used, where patients are treated and users operate. But in this role I'm also close to the ideas and the development as well as the regulatory aspects of a product, which gives me the privilege of seeing the whole."

# Sustainable *shareholder value*

Elekta B-shares have been listed on the NASDAQ OMX Stockholm since 1994. Total number of registered shares on April 30, 2014 was 382,828,584. Total trading in Elekta shares on NASDAQ OMX Stockholm during the period May 1, 2013 – April 30, 2014 amounted to 405.6 million shares (439.4), corresponding to 106 percent (115) of the total number of shares. The average number of shares traded each day during the period amounted to 1,628,950 (1,757,654). Market capitalization at April 30, 2014 amounted to SEK 34,697 M (38,127), a decrease by 9 percent.

## Distribution of shares April 30, 2014

Class of share	No. of shares	No. of votes	Percentage of	
			capital	votes
A-shares	14,250,000	142,500,000	3.7	27.9
B-shares	368,578,584	368,578,584	96.3	72.1
<b>Total</b>	<b>382,828,584</b>	<b>511,078,584</b>	<b>100.0</b>	<b>100.0</b>

Treasury shares as per April 30, 2014, amounted to 1,541,368 series B-shares. See Note 24 for more information on Elekta's share capital.

## Dividend and proposal to repurchase shares

Elekta's goal is to provide shareholders with a favorable return and value growth. The policy is to distribute at least 30 percent of net profit in the form of dividend, repurchase of shares or comparable measures. A dividend decision is based on Elekta's financial position, earnings trend, growth potential and investment requirements. For 2013/14, the Board proposes, in accordance with the Company's dividend policy, a total dividend of SEK 2.00 (2.00) per share, of which SEK 1.50 is the ordinary dividend and SEK 0.50 is an extraordinary dividend. Total dividend amounts to approximately SEK 763 M and 66 percent of net profit for the year.

The Board also intends to propose to the Annual General Meeting 2014 to renew the Board's authorization to repurchase a maximum of 5 percent of the number of shares outstanding in Elekta AB.

## Share program

The Annual General Meeting in the years 2009–2013 have resolved to adopt share programs, called Performance Share Plans. Performance Share Plan 2010/13, resolved by the Annual General Meeting in 2010, was concluded during the year. Outstanding programs as per April 30, 2014 were Performance Share Plan 2011/14, 2012/15 and 2013/16 respectively. The resolutions entailed that the conditions and the guidelines stated in the respective plans shall form the basis for the receipt of shares by key employees of Elekta upon fulfillment of certain performance requirements during the periods 2011/12–2013/14, 2012/13–2014/15 and 2013/14–2015/16, respectively. The EPS target under Performance Share Plan 2011/14 has not been met and therefore no allotment of shares will take place. The Performance Share Plans 2012/15 and 2013/16 are summarized in the tables below. See Note 5 for more information on the plans.

### Share program 2012/2015

Originally designated number of shares	1,043,040
Theoretical value at time of allotment, SEK	78,228,000
Allotment of shares	2015-09-04
Number of shares as of April 30, 2014	1,017,924

### Share program 2013/2016

Originally designated number of shares	773,000
Theoretical value at time of allotment, SEK	93,960,000
Allotment of shares	2016-09-13
Number of shares as of April 30, 2014	761,415

## Convertible bonds

In April 2012 Elekta conducted an issue of convertible bonds. The issue raised approximately SEK 1,894 M for the Company, before transaction costs. The conversion price is SEK 97.50 and bondholders have the right to require conversion into shares at any time until March 28, 2017. At full conversion, the number of shares of Series A will increase by a total of 730,768 and the number of shares of Series B will increase by a total of 18,699,932. As per April 30, 2014, a total of 21,904 B-shares have been subscribed through conversion of convertible bonds into shares, whereof 4,568 were converted in 2013/14 fiscal year.

## OWNERSHIP STRUCTURE APRIL 30, 2014

Shareholding, No. of shares	No. of share- holders	Percent- age of share- holders	No. of shares	Percent- age of share capital	Average No. per share- holder
1–500	20,180	57.4	3,525,901	0.9	175
501–1,000	5,580	15.9	4,591,407	1.2	823
1,001–10,000	8,057	22.9	23,807,870	6.2	2,955
10,001–100,000	985	2.8	28,653,606	7.5	29,090
100,001–	343	1.0	322,249,800	84.2	939,504
<b>Total</b>	<b>35,145</b>	<b>100.0</b>	<b>382,828,584</b>	<b>100.0</b>	<b>10,893</b>

Source: SIS Ågarservice AB and Euroclear AB

MAJOR SHAREHOLDERS APRIL 30, 2014<sup>1)</sup>

Owner	No. of shares	Percentage of	
		capital	votes
Laurent Leksell and companies	23,106,624	6.0	29.6
Swedbank Robur funds	22,780,276	6.0	4.5
AMF Insurance & Funds	13,847,481	3.6	2.7
Didner & Gerge fonder	10,131,135	2.6	2.0
Första AP-fonden	8,901,945	2.3	1.7
T Rowe Price funds (USA)	8,210,683	2.1	1.6
Fjärde AP-fonden	7,815,072	2.0	1.5
Standard Life Investment fond (UK)	7,501,322	2.0	1.5
Skandia Liv	7,480,198	2.0	1.5
Catella fonder	6,566,030	1.7	1.3
Other	266,487,818	69.7	52.1
<b>Total</b>	<b>382,828,584</b>	<b>100.0</b>	<b>100.0</b>

Source: SIS Ågarservice AB and Euroclear AB

<sup>1)</sup> The table above lists the 10 largest known shareholders in Elekta AB as of April 30, 2014. Foreign ownership was approximately 43 (55) percent. Of these shares, 65 (74) percent of holdings were held by trustees. As a result, there may be other large shareholders with undisclosed holdings, even if no other foreign shareholder has declared holdings above 5 percent. The proportion of Swedish institutional ownership was 21 (17) percent.

## CHANGES IN SHARE CAPITAL UNTIL APRIL 30, 2014

Year	Transaction	Total No. of shares	Total share capital
1994	New issue	7,397,180	36,985,900
1994	Exercise of warrants	7,897,180	39,485,900
1997	New issue	10,497,451	52,487,255
2000	New issue	27,853,617	139,268,085
2001	Conversion of debentures	31,661,867	158,309,335
2001	Exercise of warrants	31,678,867	158,394,335
2002	Exercise of warrants	32,181,742	160,908,710
2003	Exercise of warrants	32,647,067	163,235,335
2003	Conversion of debentures	32,781,267	163,906,335
2003	Exercise of warrants	32,953,967	164,769,835
2003	Redemption of shares	31,066,254	155,331,270
2004	Exercise of warrants	31,567,454	157,837,270
2005	Exercise of warrants	31,596,236	157,981,180
2005	Bonus issue	31,596,236	189,577,416
2005	Split 3:1	94,788,708	189,577,416
2005	Cancellation of repurchased shares	94,114,008	188,228,016
2005	Exercise of warrants	94,194,372	188,388,744
2006	Exercise of warrants	94,451,456	189,902,912
2006	Redemption of shares	93,649,756	187,299,512
2006	Exercise of warrants	93,741,598	187,483,196
2007	Exercise of warrants	93,880,090	187,760,180
2007	Conversion of debentures	93,900,016	187,800,032
2007	Exercise of warrants	92,272,445	187,806,632
2007	Cancellation of repurchased shares	93,903,316	184,544,890
2008	Exercise of warrants	93,075,863	186,151,726
2008	Cancellation of repurchased shares	92,124,563	184,249,126
2009	Exercise of warrants	92,237,944	184,475,888
2010	Exercise of warrants	94,188,044	188,376,088
2011	Exercise of warrants	94,769,763	189,539,526
2012	Exercise of warrants	95,701,670	191,403,340
2012	Split 4:1	382,806,680	191,403,340
2012	Conversion of convertible loan	382,807,329	191,403,665
2013	Conversion of convertible loan	382,828,114	191,414,057
2014	Conversion of convertible loan	382,828,584	191,414,292

## FINANCIAL CALENDAR

Three-month interim report May–July 2014/15	August 28, 2014
Annual General Meeting	August 28, 2014
Six-month interim report May–October 2014/15	November 27, 2014



DATA PER SHARE<sup>1)</sup>

	2009/10	2010/11	2011/12	2012/13	2013/14
<b>Earnings per share</b>					
before dilution, SEK	2.27	2.76	3.26	3.52	3.01
after dilution, SEK	2.25	2.73	3.23	3.52	3.00
<b>Cash flow per share<sup>2)</sup></b>					
before dilution, SEK	2.63	1.31	-7.07	3.17	1.31
after dilution, SEK	2.60	1.30	-7.01	3.17	1.24
<b>Shareholders' equity per share</b>					
before dilution, SEK	8.74	10.22	13.19	14.55	16.39
after dilution, SEK	9.38	10.61	13.31	14.55	20.32
Dividend, SEK	0.75	1.00	1.25	2.00	2.00 <sup>3)</sup>
Share price, Elekta Series B, April 30, SEK	47.38	68.85	85.25	99.65	91.00
Market capitalization, April 30, SEK M	17,585	25,954	32,309	38,127	34,697
Lowest share price, SEK	22.75	42.88	51.95	76.88	82.10
Highest share price, SEK	51.75	70.85	90.75	104.50	115.60
<b>Average number of shares</b>					
before dilution, 000's	368,832	373,364	376,431	380,672	381,277
after dilution, 000's	371,780	378,028	380,125	380,672	400,686
<b>Number of shares, April 30<sup>4)</sup></b>					
before dilution, 000's	371,181	374,951	378,991	381,270	381,287
after dilution, 000's	383,580	383,618	384,284	381,270	400,696

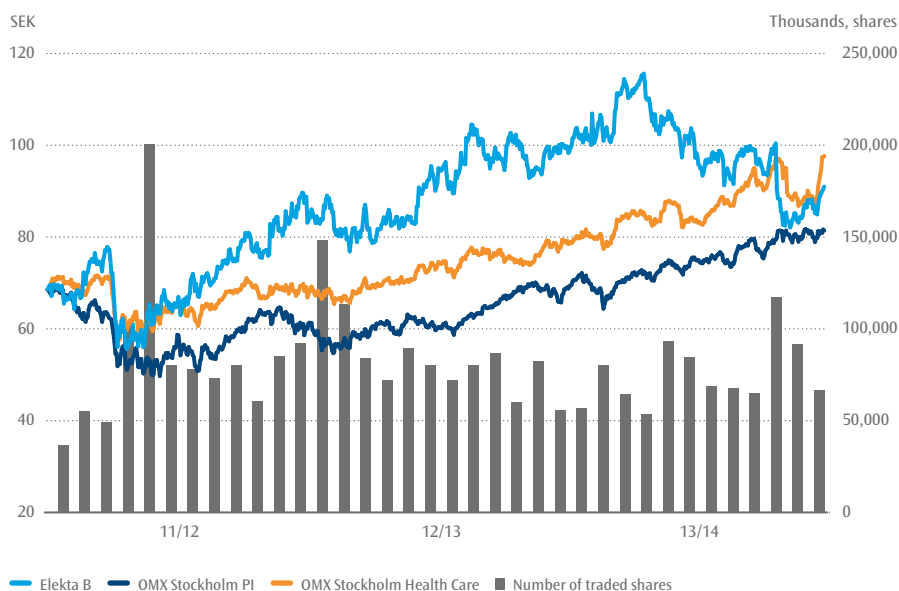
<sup>1)</sup> In September 2012 a 4:1 share split was conducted. The data per share and number of shares has been restated pro forma.

<sup>2)</sup> Excluding the acquisitions of RMI and Elekta Korea 2010/11: SEK 7.77 before dilution and SEK 7.60 after dilution, Nucletron 2011/12: 7.10 before dilution and 7.03 after dilution.

<sup>3)</sup> Proposed dividend. Ordinary dividend SEK 1.50 and extraordinary dividend SEK 0.50.

<sup>4)</sup> Number of registered shares at closing excluding treasury shares (1,541,368 per April 30, 2014).

## The Elekta share



Source: Six Trust and Fidessa

## Five year review, key figures and definitions

### INCOME STATEMENT

SEK M	2009/10	2010/11	2011/12	2012/13	2013/14
Net sales	7,392	7,904	9,048	10,339	10,694
Operating expenses excl. amortization, depreciation and non-recurring items	-5,932	-6,161	-6,916	-7,932	-8,393
<b>EBITDA before non-recurring items</b>	<b>1,460</b>	<b>1,743</b>	<b>2,132</b>	<b>2,407</b>	<b>2,301</b>
Depreciation	-77	-76	-90	-110	-118
<b>EBITA before non-recurring items</b>	<b>1,383</b>	<b>1,667</b>	<b>2,042</b>	<b>2,297</b>	<b>2,183</b>
Amortization	-151	-165	-205	-239	-295
Other non-recurring items	-	-	12	-46	-161
<b>Operating result</b>	<b>1,232</b>	<b>1,502</b>	<b>1,849</b>	<b>2,012</b>	<b>1,727</b>
Financial net	-40	-38	-141	-212	-225
<b>Profit before tax</b>	<b>1,192</b>	<b>1,464</b>	<b>1,708</b>	<b>1,800</b>	<b>1,502</b>
Taxes	-359	-433	-480	-449	-350
<b>Profit for the year</b>	<b>833</b>	<b>1,031</b>	<b>1,228</b>	<b>1,351</b>	<b>1,152</b>
<b>Attributable to</b>					
Parent Company shareholders	838	1,031	1,227	1,340	1,148
Non-controlling interests	-5	0	1	11	4

### CASH FLOW

SEK M	2009/10	2010/11	2011/12	2012/13	2013/14
Operating flow	1,133	1,355	1,576	1,894	1,692
Changes in working capital	12	-340	-641	-24	-417
<i>Cash flow from operating activities</i>	<i>1,145</i>	<i>1,015</i>	<i>935</i>	<i>1,870</i>	<i>1,275</i>
Continuous investments	-173	-265	-432	-578	-781
<b>Cash flow after continuous investments</b>	<b>972</b>	<b>750</b>	<b>503</b>	<b>1,292</b>	<b>494</b>
Acquisition of operations	-4	-259	-3,166	-84	4
<i>Cash flow from investing activities</i>	<i>-177</i>	<i>-524</i>	<i>-3,598</i>	<i>-662</i>	<i>-777</i>
<b>Cash flow after investments</b>	<b>968</b>	<b>491</b>	<b>-2,663</b>	<b>1,208</b>	<b>498</b>
<i>Cash flow from financing activities</i>	<i>-571</i>	<i>-227</i>	<i>3,164</i>	<i>-380</i>	<i>-888</i>
<b>Cash flow for the year</b>	<b>397</b>	<b>264</b>	<b>501</b>	<b>828</b>	<b>-390</b>

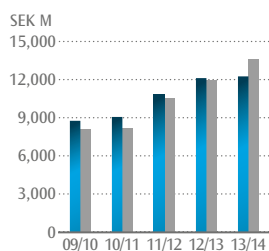
### BALANCE SHEET

SEK M	April 30, 2010	April 30, 2011	April 30, 2012	April 30, 2013	April 30, 2014
Intangible assets	2,880	2,692	6,457	6,424	6,845
Tangible fixed assets	247	236	407	487	624
Financial assets	60	67	147	236	359
Deferred tax assets	128	206	233	92	143
Inventories	592	540	755	850	1,078
Receivables	3,434	3,858	5,341	5,651	6,596
Cash and cash equivalents	1,174	1,363	1,895	2,567	2,247
<b>Total assets</b>	<b>8,515</b>	<b>8,962</b>	<b>15,235</b>	<b>16,307</b>	<b>17,892</b>
Shareholders' equity	3,244	3,833	5,010	5,560	6,257
Interest-bearing liabilities	1,039	881	4,530	4,552	4,486
Interest-free liabilities	4,232	4,248	5,695	6,195	7,149
<b>Total shareholders' equity and liabilities</b>	<b>8,515</b>	<b>8,962</b>	<b>15,235</b>	<b>16,307</b>	<b>17,892</b>

## KEY FIGURES

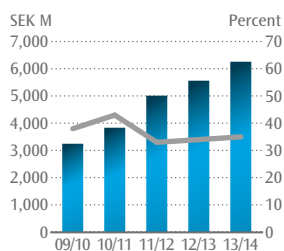
	2009/10	2010/11	2011/12	2012/13	2013/14
Order bookings, SEK M	8,757	9,061	10,815	12,117	12,253
Order backlog, SEK M	8,093	8,147	10,546	11,942	13,609
Operating margin, %	17	19	20	19	16
Profit margin, %	16	19	19	17	14
Shareholders' equity, SEK M	3,244	3,833	5,010	5,560	6,257
Capital employed, SEK M	4,283	4,714	9,540	10,112	10,743
Net debt, SEK M	-135	-482	2,635	1,985	2,239
Equity/Assets ratio, %	38	43	33	34	35
Net debt/Equity ratio, multiple	-0.04	-0.13	0.53	0.36	0.36
Interest cover ratio, multiple	24.8	26.1	9.5	9.1	7.5
Return on shareholders' equity, %	30	30	29	27	21
Return on capital employed, %	30	35	28	21	17
Capital turnover ratio, multiple	0.9	0.9	0.8	0.7	0.7
Investments in tangible and intangible assets, SEK M	186	274	432	544	726
Depreciation, SEK M	-229	-241	-295	-349	-414
Cash conversion, %	91	59	33	76	32
Average number of employees	2,485	2,621	3,162	3,336	3,631

## Orderbookings and order backlog



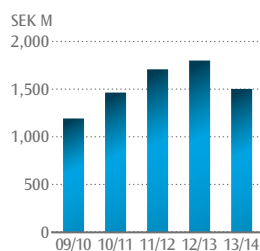
■ Order bookings ■ Order backlog

## Equity and Equity/Assets ratio

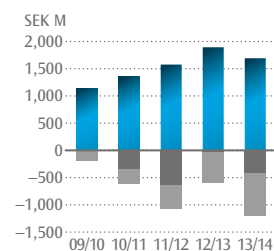


■ Equity — Equity/Assets ratio

## Profit before tax



## Cash flow after continuous investments



■ Continuous investments  
■ Change in working capital  
■ Operating flow

## DEFINITIONS

**Average number of employees**

Total annual number of paid working hours divided by number of standard working hours per year.

**Capital employed**

Total assets less interest-free liabilities.

**Capital turnover ratio**

Net sales divided by average total assets.<sup>1)</sup>

**Cash conversion**

Cash flow after continuous investments divided by profit for the year adjusted by depreciation and amortization for the year.

**Cash flow per share**

Cash flow after investments in relation to the weighted average number of shares.

**Contribution margin per region**

Net sales less cost of products sold and expenses directly attributable to the respective region.

**Earnings per share**

Net profit for the year attributable to Parent Company shareholders in relation to the weighted average number of shares (excluding treasury shares).

**EBITA**

Operating result items plus amortization.

**Equity/Assets ratio**

Total equity in relation to total assets.

**Interest cover ratio**

Profit before tax plus financial expenses in relation to financial expenses.

**Net debt**

Interest-bearing liabilities less cash and cash equivalents.

**Net Debt/Equity ratio**

Net debt in relation to total equity.

**Operating margin**

Operating result in relation to net sales.

**Profit margin**

Profit before tax in relation to net sales.

**Return on capital employed**

Profit before tax plus financial expenses in relation to average capital employed.<sup>1)</sup>

**Return on shareholders' equity**

Net profit for the year attributable to Parent Company shareholders in relation to average shareholders' equity excluding non-controlling interests.<sup>1)</sup>

**Shareholders' equity per share**

Shareholders' equity excluding non-controlling interests in relation to the number of shares at year-end (excluding treasury shares).

**Value added per employee**

Operating profit plus salaries, other remuneration and social security costs and cost of incentive programs divided by average number of employees.

**Working capital**

Short-term interest-free assets less short-term interest-free liabilities, excluding current tax and derivatives.

<sup>1)</sup> Average based on the last five quarters.

## Board of Directors' Report

The Board of Directors and the CEO of Elekta AB (publ.), corporate identity number 556170-4015 and registered office in Stockholm, hereby submit the consolidated financial statements and annual report for the fiscal year 2013/14, covering the period May 1, 2013 – April 30, 2014. Amounts in parentheses indicate values for the previous fiscal year.

### ELEKTA'S OPERATIONS

Elekta is a medical technology company which aims to improve, prolong and save lives through clinical solutions for treating cancer and brain disorders. The Company develops clinical treatment solutions for radiation therapy and radiosurgery, as well as workflow-enhancing software systems, across the spectrum of cancer care. Elekta is a leader in clinical solutions for image guided radiation therapy and stereotactic radiosurgery, giving oncologists and neurosurgeons an unmatched capability to treat tumors and functional targets with ultra-high precision while sparing healthy tissue.

Elekta's products comprise hardware as well as software and service in four product areas: Neuroscience, Oncology, Brachytherapy and Software. Each product area focuses on specific medical technology needs and clinical solutions and, as such, shares to a large extent a common technology base and competence structure. Elekta's operations are divided into three geographical regions:

- North and South America
- Europe, Middle East and Africa
- Asia Pacific

### MARKET OUTLOOK

The global market development for Elekta's clinical solutions is driven by the need of cancer care. Cancer has become the biggest cause of mortality in the world with more than 8 million deaths in 2012. More than 14 million new cancer cases were added in 2012, a yearly number forecasted to rise by 75 percent over the next two decades. In addition, the number of people living with cancer is growing as a result of more effective treatments and even larger patient populations need to be managed by health systems around the world. Radiation therapy is expected to continue to have a very important role in the comprehensive cancer care as it has proven to be one of the most cost-effective management alternatives. A complete radiation therapy program includes various technologies in Elekta's product portfolio: Gamma Knife radiosurgery as well as different radiation therapy solutions including brachytherapy in comprehensive cancer programs. Each solution is addressing various cancer types as well as cancer patients and are all important complementing solutions. New advancement in precision, accuracy and effectiveness will further increase the need of radiation therapy and consequently the role of the treatment modality. Information management solutions will continue to be very important elements in care delivery and hospital information systems and cancer informatics are other markets addressed by various Elekta solutions.

The cost pressure in health systems and among care providers is an important market dynamic supporting radiation therapy and information management solutions. The consolidation in care delivery will further support comprehensive and complete solution-suppliers, such as Elekta, offering broad solutions with technologies, software and information management support. Mainly, the significant shortage of radiation therapy capacity forms the basis for our market outlook.

### COMPETITION

From a competitive perspective there are various companies addressing specific segments within radiation therapy. Niche-companies, such as Accuray with radiosurgery solutions, Bebig with brachytherapy products, and Phillips and Raysearch with treatment planning solutions, are part of our competitive landscape. Hospital Information System (HIS) companies are addressing the HIS market with solutions where cancer care is one of many different specialties. In the fragmented IT business there are a number of companies with products supporting different cancer care processes.

The main competitor in the global market, with a more complete product range and overlap with Elekta, is Varian Medical Systems. Elekta is currently the world's second largest supplier of radiation therapy solutions. In many segments, such as intracranial radiosurgery, HDR brachytherapy and information management solutions, Elekta is the market leader.

### LONG-TERM FINANCIAL OBJECTIVES

Elekta's aim is to achieve sustainable profitable growth. Elekta conducts its operations based on a long-term plan, regularly reviewed and evaluated by the Board of Directors, and with a perspective of at least three years. The following financial objectives form the base in the long-term planning:

- Organic sales growth exceeding 10 percent in local currency
- Operating result improvement to exceed the sales growth in SEK
- Return on capital employed to exceed 20 percent
- Net debt/equity ratio not to exceed 0.50

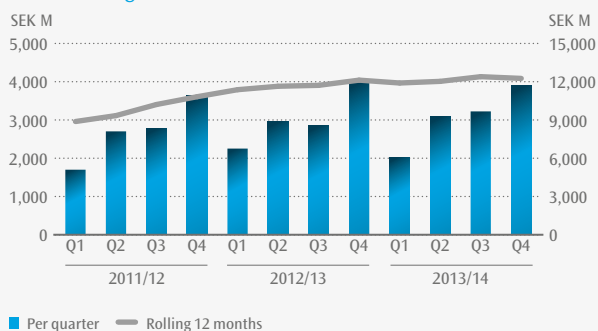
### THE FINANCIAL YEAR 2013/14

- Order bookings increased to SEK 12,253 M (12,117), equivalent to 5 percent based on constant exchange rates
- Net sales increased to SEK 10,694 M (10,339), equivalent to 7 percent based on constant exchange rates
- Operating result amounted to SEK 1,888 M (2,058) excluding non-recurring items of SEK -161 M (-46)
- Net income amounted to SEK 1,152 M (1,351)
- Earnings per share amounted to SEK 3.01 (3.52) before dilution and SEK 3.00 (3.52) after dilution
- Cash flow after continuous investments was SEK 494 M (1,292)
- For 2013/14, the Board proposes, in accordance with the Company's dividend policy, a total dividend of SEK 2.00 (2.00) per share, of which SEK 1.50 is ordinary dividend and SEK 0.50 extraordinary dividend

### Order bookings and order backlog

Order bookings increased 1 percent to SEK 12,253 M (12,117) and 5 percent based on constant exchange rates. Based on constant exchange rates order bookings rose 4 percent in North and South America, 19 percent in Europe, Middle East and Africa, and decreased 9 percent in Asia Pacific. Order backlog was SEK 13,609 M, compared to SEK 11,942 M on April 30, 2013. Order backlog is converted at closing exchange rates. The translation of the backlog at exchange rates on April 30, 2014 compared to exchange rates on April 30, 2013 resulted in a translation difference of SEK 300 M.

### Order bookings



SEK M	2013/14	2012/13	Change, %
North and South America	4,491	4,470	0
Europe, Middle East and Africa	4,620	3,878	19
Asia Pacific	3,142	3,769	-17
<b>Group</b>	<b>12,253</b>	<b>12,117</b>	<b>1</b>

### Market comments

#### North and South America

Order bookings in the region were flat year-on-year but increased 4 percent based on constant exchange rates. Net sales decreased 5 percent. In summary, Elekta's business in the US has shown good momentum during the year while the market trend in Latin America has been weak.

In the US, hospital consolidation continues and is driving the market toward more comprehensive solutions. Elekta's oncology treatment and management solutions, support the demand for greater focus on clinical efficiency and productivity across large integrated health care systems. See pages 18–21 for more information on region North and South America.

#### Europe, Middle East and Africa

Order bookings rose 19 percent for the year, equivalent to an increase of 19 percent based on constant exchange rates. Net sales in the region increased 19 percent. Elekta's performance in the mature markets of southern and northern Europe was strong during the year. The growing demand for advanced cancer care in established markets is driving the need to upgrade existing systems as well as the need for additional capacity. Growth strengthened in the Middle East and Africa and a structural expansion of radiation therapy capacity is taking place in emerging markets. See pages 22–25 for more information on region Europe, Middle East and Africa.

#### Asia Pacific

Order bookings in the region declined 17 percent year-on-year, equivalent to a decline of 9 percent based on constant exchange rates. Net sales decreased 3 percent. The development in Asia Pacific was mixed during the year. South-East Asia and India were weak while China performed strongly with double digit growth for the year, outperforming a market with low growth in general. Demand in Japan primarily comprises replacement investments resulting in essentially flat order bookings in line with the market. There are favorable long-term prospects for a growing proportion of radiation therapy in cancer care. See pages 26–29 for more information on region Asia Pacific.

### Net sales

Net sales increased 3 percent to SEK 10,694 M (10,339). Growth over last year was negatively affected by lower volumes of Leksell Gamma Knife® as well as changes in foreign exchange rates during the year. Based on constant exchange rates net sales grew by 7 percent.

SEK M	2013/14	2012/13	Change, %
North and South America	3,328	3,521	-5
Europe, Middle East and Africa	4,220	3,561	19
Asia Pacific	3,146	3,257	-3
<b>Group total</b>	<b>10,694</b>	<b>10,339</b>	<b>3</b>

### Earnings

Gross margin was 43 percent (46). As for sales, the decrease is mainly related to foreign exchange effects and lower delivery volumes of Leksell Gamma Knife compared to last year. Selling and administrative expenses amounted to SEK 1,974 M (2,025) corresponding to 18 percent (20) of net sales.

EBITA before non-recurring items amounted to SEK 2,183 M (2,297). Operating result before non-recurring items was SEK 1,888 M (2,058). Operating margin, before non-recurring items, amounted to 18 percent (20). Non-recurring items amounted to SEK -161 M (-46) and relate to restructuring and legal costs. Net financial items amounted to SEK -225 M (-212). The financial net was affected by participations in associates amounting to SEK -15 M (-29).

Profit before tax amounted to SEK 1,502 M (1,800). Tax amounted to SEK -350 M (-449). Net income amounted to SEK 1,152 M (1,351). Earnings per share amounted to SEK 3.01 (3.52) before dilution and SEK 3.00 (3.52) after dilution. Return on shareholders' equity amounted to 21 percent (27) and return on capital employed amounted to 17 percent (21).

### Investments and depreciation

Continuous investments increased to SEK 781 M (578) whereof investments in intangible assets amounted to SEK 492 M (325). The increase in continuous investments is mainly related to investments in technology development within the R&D function (see below), and the establishment of new advanced education and training centers. Amortization of intangible assets and depreciation of tangible fixed assets amounted to a total of SEK 414 M (349).

### Research and development

Elekta conducts research and development (R&D) aimed at strengthening and enhancing its position as technology leader. Investments in R&D, before capitalization of development costs, increased by 34 percent (15) over last year and totaled SEK 1,202 M (894), corresponding to 11 percent (9) of net sales. Costs related to the R&D function amounted to SEK 866 M (715) and capitalization of development costs within the R&D function and amortization of capitalized development costs amounted to net SEK 335 M (179). Capitalization amounted to SEK 484 M (286) and amortization to SEK 149 M (107).

**Cash flow**

Cash flow after continuous investments amounted to SEK 494 M (1,292). The cash flow was negatively affected by a lower operating result of SEK 1,727 M (2,012), higher continuous investments of SEK 781 M (578) and an increase in working capital with a cash flow effect of SEK -417 M (-24). Cash conversion amounted to 32 percent (76) for the year. Please refer to the consolidated cash flow statement for more information on cash flow.

**Financial position**

Cash and cash equivalents amounted to SEK 2,247 M (2,567) and interest-bearing liabilities amounted to SEK 4,486 M (4,552). Thus, net debt amounted to SEK 2,239 M (1,985). Shareholder's equity amounted to SEK 6,257 (5,560) M. Net debt/equity ratio was 0.36 (0.36). Please refer to the consolidated balance sheet and related notes for more information on the Group's financial position.

**Significant events during the year***Lawsuit with Varian Medical Systems resolved*

The lawsuit with Varian Medical Systems, announced in August 2012, has been resolved by mutual agreement by the parties.

*Acquisition of shares in Elekta BMS (former BMEI)*

Elekta has acquired the remaining 20 percent of shares in the Chinese subsidiary BMS, and owns thereafter 100 percent. BMS develops and manufactures the Elekta Compact™ linear accelerator, among other products.

*Niklas Savander appointed as new President and CEO of Elekta*

Niklas Savander has been appointed as Elekta's next President and Chief Executive Officer, effective May 1, 2014. Niklas Savander has succeeded Tomas Puusepp, who will continue within Elekta as a Executive Director of the Board.

*Restructuring program*

A program has been launched to further streamline the organization. Restructuring costs of SEK 100 M have been expensed in the fourth quarter.

**Employees**

The average number of employees was 3,631 (3,336). The number of employees on April 30, 2014 totaled 3,775 (3,488). Value added per average employee amounted to SEK 1,243 K (1,380).

**Significant event after year-end***Changes to Executive Management team*

Maurits Wolleswinkel has been appointed as EVP Elekta Neuroscience effective August 1, 2014 and will become a new member of the Executive Management team. Åsa Hedin has been appointed as Executive Vice President (EVP) Corporate Strategy, assuming responsibility for Strategy, Marketing and Education & Training.

**CORPORATE SOCIAL RESPONSIBILITY**

Responsible and sustainable business is critical to Elekta's ability to fulfill its business objectives. Elekta's CSR activities embrace ethical, social, product and environmental responsibilities and are based on the Group's Code of Conduct. All Elekta employees, as well as all business partners, are expected to comply with ethical behavior as described in e.g. the Anti-Corruption Policy.

The Elekta principles for employment practices, employee rights and human rights as described in the Code of Conduct are deployed on local level throughout the Company. Product safety and quality in products and services are key for Elekta and permeate all activities from product development and manufacturing to service activities. Elekta is striving to reduce the environmental impact of the Company's products and activities and to comply with all relevant environmental laws and regulations. The environmental responsibility is described in the Group's environmental policy. See pages 60–63 for more information about our responsibilities.

**QUALITY**

Elekta continuously works to improve quality in all processes. Quality work ensures that relevant government requirements are fulfilled. Elekta conducts regular audits to ensure compliance with established requirements from various medical technology supervisory authorities. Where appropriate, Elekta's development and production units are certified in accordance with the relevant ISO 9000 and ISO 13485.

**IT**

Elekta has continued to invest in its IT capability. By using leading cloud solutions, a global deployment program has been completed to modernize the full suite of business solutions to enable process standardization and efficiency measures in all principle business activities. In addition, a new multi-year contract was signed with the incumbent vendor to provide long-term stability to the global IT operation and leading-edge security solutions.

**RISKS**

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 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 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 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 an anti-corruption policy to guide the business by aiming to be in line with national and international regulations and best practices against corruption.

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 system describes 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. Non-compliance 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 health care 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 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.

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 exposures regulated through a financial policy established by the Board of Directors. Overall responsibility for handling the Group's financial risks, and developing methods and guidelines for dealing with financial risks, rests with executive management and the finance function. For more detailed information regarding these risks, please see Note 2.

#### SENSITIVITY ANALYSIS

Elekta's operations are characterized by quarterly variations in delivery volumes, which have an impact on net sales and profit. Elekta's gross margin can vary from period to period depending on projects delivered, product and geographic mix and currency movements. During the year, Elekta had a gross margin of 43 percent (46).

As a result of its international operations and structure, Elekta has an exposure to exchange rate fluctuations. This pertains primarily to expenses in SEK and GBP against revenue in USD and EUR. Based on the year's income, expense and currency structure a general change of 1 percentage point in the SEK exchange rate against other currencies would affect the Group's operating profit by approximately +/- SEK 22 M (27). Short-term the effect is reduced through hedging.

Based on the balance sheet structure at year-end a general change of 1 percentage point in the interest on borrowings and investments would affect the Group's profit before tax by approximately +/- SEK 11 M (22).

#### OUTLOOK

There are strong drivers for growth in radiation therapy. Elekta's ambition is to continue to grow faster than the market and the financial objective of an annual net sales growth exceeding 10 percent in local currency remains unchanged.

Due to lower growth in some emerging markets and a focus on tighter management of working capital net sales is expected to grow by 7–9 percent in local currency for the fiscal year 2014/15.

EBITA is expected to grow by 10 percent or more in local currency compared with last year. Exchange rate movements are expected to have a negative impact of approximately 2 percentage points on EBITA growth.

#### PARENT COMPANY

The Parent Company of the Group, Elekta AB, conducts no operating activities but provides group management, joint group functions and financial management. Profit for the year amounted to SEK 584 M (712) inclusive of dividends from subsidiaries of SEK 588 M (705). Total assets amounted to SEK 9,673 M (9,616) of which shares in subsidiaries amounted to SEK 1,877 M (1,837) and short-term receivables from subsidiaries amounted to SEK 3,110 M (2,804). Cash and cash equivalents at year-end amounted to SEK 1,793 M (2,125). Shareholders' equity amounted to SEK 2,414 M (2,586). Interest-bearing liabilities amounted to SEK 7,086 M (6,857). The average number of employees during the year was 32 (25). The number of employees on April 30, 2014 was 33 (25). For further information refer to the Parent Company's financial reports and the accompanying notes.

#### Shares

During the year 4,568 new Series B-shares were subscribed through conversion of convertibles. Total number of registered shares on April 30, 2014 was 382,828,584 divided between 14,250,000 A-shares and 368,578,584 B-shares whereof 1,541,368 (1,554,288) treasury shares equivalent to 0.4 percent (0.4) of the total number of outstanding shares. One series A-share entitles the holder to 10 votes and series B-shares entitle the holder to one vote for each share. All shares carry equal rights to participate in the Company's assets and profits. In accordance with Section 12 of the Articles of Association, series A-shares are subject to right of first refusal. All A-shares are owned by Laurent Leksell via companies, also the only shareholder representing more than ten percent of total votes. For more information regarding the Elekta share see pages 69–71.

#### Dividend and proposal to repurchase shares

For 2013/14, the Board proposes, in accordance with the Company's dividend policy, a total dividend of SEK 2.00 (2.00) per share, of which SEK 1.50 (1.50) is the ordinary dividend and SEK 0.50 (0.50) is an extraordinary dividend. Total dividend amounts to approximately SEK 763 M and 66 percent of net profit for the year. The extraordinary dividend is proposed under the three-year program which was initiated last year. The Board also intends to propose to the 2014 Annual General Meeting to renew the Board's authorization to repurchase a maximum of 5 percent of the number of shares outstanding in Elekta AB.

*Appropriation of profit*

Amounts in SEK.

Distributable shareholders' equity of the Parent Company:	
Premium reserve	584,846,536
Retained earnings	897,709,490
Profit for the year	584,066,991
<b>Total</b>	<b>2,066,623,017</b>

The Board of Directors and the President and CEO propose:

to be distributed to the shareholders, a total dividend of SEK 2.00 per share <sup>1)</sup>	762,574,432
and that the remaining amount be carried forward	1,304,048,585
<b>Total</b>	<b>2,066,623,017</b>

<sup>1)</sup> The total amount distributed may change up until the record date depending on changes in the number of shares.

*The Board's statement on the proposed dividend*

In making this proposal for dividend, the Board has taken into account the Company's dividend policy, solidity as well as general financial position, whereby the Company's ability to timely fulfill existing and foreseeable payment obligations as well as potential acquisitions and other investments. The equity ratio is reassuring, under the assumption that the Company and the Group continue to be profitable. The Group reports an equity/assets ratio of 35 percent (34). Concerning the Company's and the Group's result and position in general, refer to the statements of income, statements of comprehensive income, balance sheets and statements of cash flow and notes.

It is the assessment of the Board of Directors that the proposed dividend neither prevents the Company, and other companies within the Group, from fulfilling its obligations, nor from making the necessary investments. The proposed dividend can therefore be justified in respect of Chapter 17, section 3, paragraphs 2 and 3 of the Swedish Companies Act (the prudence rule).

**Articles of association**

The Articles of Association state that board members are appointed and dismissed by the Annual General Meeting. The Articles of Association contain no specific regulations regarding changes to the Articles of Association.

**GUIDELINES FOR REMUNERATION TO EXECUTIVE MANAGEMENT**

The Board of Directors proposes that the Annual General Meeting on August 28, 2014 approve the following guidelines for remuneration and other terms of employment for the executive management of the Group. The guidelines will be valid for employment agreements entered into after the Annual General Meeting and for any changes made to existing employment agreements thereafter. It is proposed that the Board be given the ability to deviate from the below-stated guidelines in individual cases where specific reasons or requirements exist. The guidelines in the following proposal are unchanged compared to the guidelines which were proposed by the Board of Directors and approved by the Annual General Meeting on September 3, 2013.

**Guidelines**

It is of fundamental importance to Elekta and its shareholders that the guidelines for remuneration and other terms of employment for the executives of the Group attract, motivate and retain competent employees and managers, both in the short and long-term. To achieve this goal, it is

important to ensure fairness and internal equity, while maintaining market competitiveness in terms of the structure, scope and level of executive compensation within Elekta. Employment conditions for executive management should comprise a balanced mix of fixed salary, a variable salary component, annual incentive, long-term incentives, pension and other benefits, as well as notice and severance payments, where applicable.

**Total target cash compensation**

Total target cash compensation, (fixed plus variable salary components), should be competitive in the geographic market where the executive is resident. The level of total target compensation should be reviewed annually to ensure that it is above market median and within the third quartile for similar positions in that market. Market medians are established with the assistance of external compensation benchmarking. Since compensation should be performance-driven, the target annual variable salary component should account for a relatively high portion of the total target compensation.

**Compensation components**

The Group compensation system comprises various forms of compensation. This ensures well-balanced remuneration, thereby strengthening and underpinning short and long-term objective setting and achievement.

*Fixed salary*

Executive Management's fixed salary shall be individual and based on the content and responsibility of the position, the individual's competence and experience in relation to the role held, as well as the geography in which the position is based.

*Variable salary*

In addition to a fixed salary, Executive Management also has a variable salary component. The variable component is structured as a portion of the total cash remuneration package and is primarily related to the achievement of common Group financial performance goals. The Key Performance Indicators (KPIs) for variable salary components shall primarily be related to the outcome of specific financial and functional objectives within the Group compensation and benefit system.

The size of the variable salary component depends on the position held and may amount to between 30 percent and 60 percent of the fixed salary for on-target performance. Performance against fixed targets and payment for results achieved are measured quarterly. Quarterly payments against variable salary components are capped at 100 percent.

The goals for the variable salary component are established annually by the Board so as to sustain the business strategy and objectives. Other KPIs may be used to drive focus on non-financial objectives of particular interest.

*Annual incentive*

For performance related to financial goals within the variable salary plan exceeding 100 percent of the target, there is the opportunity for additional compensation called annual incentive. The annual incentive entails a potential to earn a maximum of 60 percent of the target variable salary component. Accordingly, the maximum payout level for the sum of the variable salary component and the annual incentive is capped at a 160 percent of the original target for variable compensation. The plan also contains a minimum performance level or threshold under which no variable salary or annual incentive will be paid out at all.



### Equity-based long-term incentive programs

The Board also uses long-term incentives to ensure alignment between shareholder interests and executive management, senior managers and other key colleagues. On an annual basis, the Board of Directors evaluates whether an equity-based long-term incentive program should be proposed to the Annual General Meeting.

In order to strengthen long-term thinking in decision-making and ensure achievement of long-term objectives, while also covering situations where equity-based solutions may be inappropriate or precluded by law, the Board may also selectively decide on other types of non-equity-based long-term incentive programs. Monetary long-term incentives should only be used as remuneration in special circumstances and be in line with practice in each market. They must also require continued employment in the Group.

### Retention measures

In order to ensure long-term engagement and retention of key staff in connection with the acquisition of new business, the divestment of operations or other transitional activities, an additional annual incentive with a deferred payment of 12–24 months may or may not be applied. This deferred incentive requires continued employment until an agreed future date for any payment to be made and is applied only in special and rare circumstances, which means that it is not part of any ordinary executive remuneration scheme. The deferred incentive should never exceed 50 percent of the contractual annual variable salary component and shall in other aspects comply with the Group bonus plan.

### Pensions

When establishing new pension agreements, senior executives who are entitled to pension benefits should only be enrolled in defined-contribution schemes. The standard retirement age for Swedish citizens is 65 years while other executives follow the rules of their respective countries of residence. The main guideline is that the size of pension contributions be based only on the fixed salary. Certain individual adjustments may occur based on local market practice.

### Other benefits

Benefits such as company cars and health, medical and sickness-related insurance schemes, should be of a more limited value compared with other items of the compensation package and in line with the market practice for the respective geographic market.

### Notice periods and severance agreements

Periods of notice in Elekta follow local labor legislative requirements in the geographies in which they are based. Senior executives generally have notice periods of between 6 and 12 months. In the event of a material change of control, the President and CEO shall have the right to terminate the employment with 6 months notice within 120 days, and the President and CEO shall be entitled to severance payment equal to 18 months employment including all employment benefits except for annual incentives and company car.

Severance agreements entitling executives to lump sum payments will in principle not be signed.

### Preparation and decision process

During the year, Elekta's Executive Compensation & Capability Committee (ECCC) provided the Board with recommendations regarding principles for formulating the Group's remuneration system and remuneration of senior executives and senior managers. The recommendations covered formulation of the bonus system, distribution between fixed and variable remuneration and the size of any salary increases. The ECCC also proposed criteria for assessing the performance of senior executives and senior managers. The Board has discussed the proposals from the ECCC and its motion to the Annual General Meeting is based on the recommendation submitted. Elekta's ECCC comprises the Chairman of the Board and two independent Board members. The President and CEO attend the committee's meetings. The Group Vice President Human Resources acts as the ECCC secretary.

## Corporate Governance Report 2013/14

Elekta AB is a Swedish public limited liability company listed on NASDAQ OMX Stockholm. Elekta considers good corporate governance, risk management and internal control to be important elements of a successful business operation through providing opportunities for maintain-

ing confidence among customers, patients, shareholders, authorities and other stakeholders. Elekta's Corporate Governance Report for 2013/14 was prepared by the Company's Board of Directors and has been reviewed by the Company's auditors.

### CHAIRMAN'S COMMENTS

Elekta is a global human care company that conducts development and sales of solutions for treating cancer and brain disorders. Every year, about 1 million patients worldwide receive treatment in which Elekta's products are included. This means that we have a major responsibility toward our customers and their patients. As a manufacturer of medical devices, Elekta's operations are governed by requirements and standards established by regulatory authorities in various countries. The Company is also listed on NASDAQ OMX Stockholm. This places high demands on the Group's governance and monitoring processes, as well as sound risk management.

In recent years, we have worked intensively with the Group's strategy and international development together with corporate governance, risk management and internal control systems. In 2013/14, the ongoing internal control project has – among other things – resulted in a decision to strengthen the governance organization with both an internal audit function and a compliance function.

We also evaluated the work of the Board during the year and how we want this to be conducted in the future. Some of the Board's most important responsibilities are to ensure that efficient systems are in place for monitoring and controlling the operations and compliance with laws and regulations. This minimizes risk and helps Elekta conduct a successful business. These are issues that concern me greatly and as Chairman, I will continue to pursue and develop.

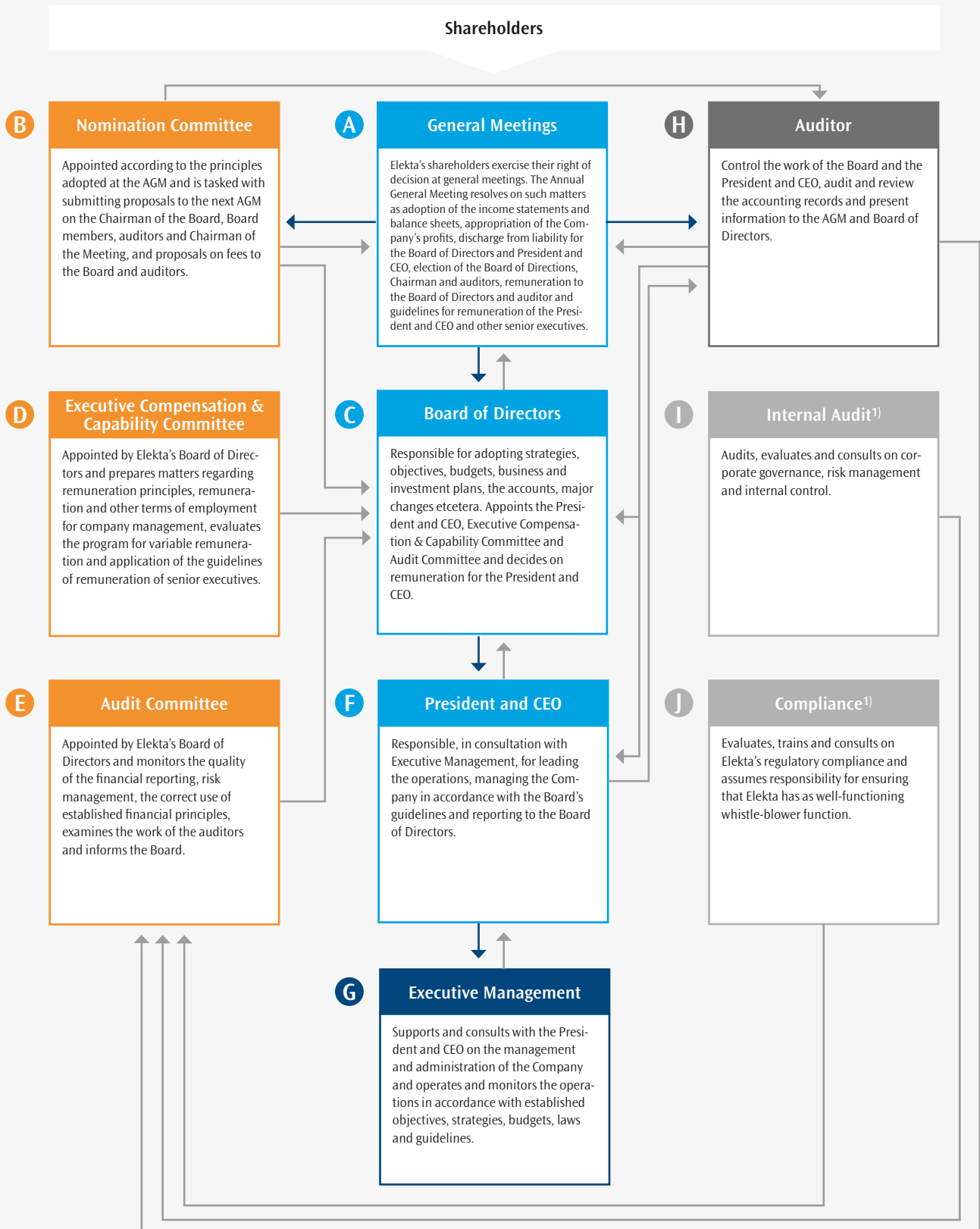
During the year, the Board worked with the recruitment of a new President and CEO, since Tomas Puusepp has now transferred to a function as Executive Director of the Board. At the same time as we thanked Tomas for his essential achievements during his nine year as President and CEO we were as pleased to welcome Niklas Savander in his role as President and CEO from May 1, 2014.

July 22, 2014

Laurent Leksell  
Chairman of the Board



- Elects/appoints
- Informs/reports



<sup>1)</sup> The function will be implemented during the 2014/15 fiscal year.

### SWEDISH CORPORATE GOVERNANCE CODE

Elekta has implemented and complies with the Swedish Corporate Governance Code (the Code) with one exception during the 2013/14 fiscal year. Elekta's Nomination Committee resolved to appoint the Chairman of the Board, Laurent Leksell, as Chairman of the Nomination Committee, motivated by the fact that in his capacity of the major shareholder, he is well-suited to effectively lead the work of the Nomination Committee in order to achieve the best results for the Company's shareholders. According to point 2.4 of the Code, the Chairman of the Board is not to be the Chairman of the Nomination Committee.

### SHAREHOLDERS

#### Ownership structure

At the end of the fiscal year, Elekta had 35,145 shareholders, of whom 57 percent were domiciled in Sweden. At April 30, 2014, the largest shareholders were Laurent Leksell with companies, with 29.6 percent of the votes, Swedbank Robur funds with 4.5 percent of the votes and AMF Försäkring & fonder with 2.7 percent of the votes. Read more about the share and shareholders on page 69–71.

#### Shares and votes

Elekta's share is listed on NASDAQ OMX Stockholm. On April 30, 2014, the total number of registered shares in Elekta was 382,828,584, divided between 14,250,000 Series A-shares and 368,578,584 Series B-shares. At General Meetings, which is the forum in which shareholders may exercise influence, Series A-shares entitle the holder to ten votes, while Series B-shares carry one vote each. Read more about the share and shareholders on page 69–71.

## A GENERAL MEETING OF SHAREHOLDERS

The general meeting of shareholders is Elekta's highest decision-making body. Decisions are normally made by simple majority, and in elections, the person receiving the most votes is deemed elected. The Swedish Companies Act requires certain decisions, such as amendment of the Articles of Association, to be made by qualified majority.

Disclosures on direct or indirect shareholding in Elekta representing at least one-tenth of the voting rights, and information about authorizations by the General Meeting for the Board of Directors to decide upon repurchases of treasury shares is set out on page 77.

### Annual General Meeting

The Annual General Meeting is held in Stockholm, Sweden. The date and venue for the meeting will be announced on Elekta's website not later than in connection with the third quarterly report. Notification of the Annual General Meeting is published according to the rules of the Companies Act, not earlier than six weeks and not later than four weeks in advance of the meeting.

Shareholders who cannot attend in person may be represented by an authorized proxy. Only shareholders included in the shareholder register are entitled to vote. Shareholders with trustee-registered shares who wish to vote must request that they be entered in the shareholder register by the record date for the Annual General Meeting.

The Annual General Meeting is held in Swedish, but all relevant documentation is also available in English. At the Annual General Meeting, shareholders have the opportunity to ask questions. Elekta always strives to ensure that the members of the Board of Directors, the Executive Management and the auditors are present at the meeting.

### 2013 Annual General Meeting

The Annual General Meeting was held in Stockholm on September 3, 2013. All of the Company's Board members were present at the meeting, with the exception of the Chairman Akbar Seddigh. The 2013 Annual General Meeting resolved on the following:

- Adoption of the income statement and balance sheet
- A dividend payment of SEK 2.00 per share to shareholders, of which SEK 1.50 comprises an ordinary dividend and SEK 0.50 a bonus dividend
- Discharge of the Board, and President and CEO, from liability
- Adoption of Board fees of SEK 1,000,000 (750,000) to the Chairman and SEK 425,000 (340,000) to each of the other external members
- Adoption of the following fees for committee work: Executive Compensation & Capability Committee: SEK 70,000 (unchanged) to the Chairman and SEK 35,000 (unchanged) to other Board members on the Committee.  
Audit Committee: SEK 175,000 (150,000) to the Chairman and SEK 70,000 (unchanged) to other Board members on the Committee
- Re-election of Board members Hans Barella, Luciano Cattani, Laurent Leksell, Siaou-Sze Lien, Wolfgang Reim, Jan Secher and Birgitta Stymne Göransson and election of new Board member Tomas Puusepp. Laurent Leksell was elected Chairman of the Board, since Akbar Seddigh declined re-election
- Re-election of PwC as auditor, with Johan Engstam as Auditor in Charge
- Adoption of the Board's proposed guidelines for remuneration of senior executives
- Adoption of the Board's proposed incentive plan, Performance Share Plan 2013, to encompass approximately 150 key employees of the Group
- Authorization of the Board to purchase and transfer treasury shares, and decide on a transfer of treasury shares in conjunction with Performance Share Plans for 2011, 2012 and 2013

The minutes of the meeting are available on Elekta's website. No other general meetings were held during the 2013/14 fiscal year.

## B NOMINATION COMMITTEE

### Principles for appointing the Nomination Committee

The 2013 Annual General Meeting in September resolved that the Nomination Committee for the 2014 Annual General Meeting would be appointed through a procedure whereby the Chairman of the Board, before the end of the second quarter, would approach three to five of the largest holders of Series A and B-shares as of the last banking day of September. These shareholders would each be invited to appoint a member who, together with the Board Chairman, would comprise the Nomination Committee. This process was described in detail in the notice of the Annual General Meeting and in the minutes of the 2013 Annual General Meeting, which are available at [www.elekta.com](http://www.elekta.com).

**Elekta's 2014 Annual General Meeting:** August 28, 2014 at 3:00 pm at Hotell Courtyard by Marriott, Råambshovsleden 50, Stockholm, Sweden.

### Composition of the Nomination Committee

The composition of the Nomination Committee was announced in a press release on October 31, 2013. The Nomination Committee for the 2014 Annual General Meeting comprises:

- Laurent Leksell, Chairman – appointed by the Leksell family, representing the family's direct and indirect shareholdings, and as Chairman of the Board
- Åsa Nisell – appointed by Swedbank Robur funds
- Anders Oscarsson – appointed by AMF and AMF Funds
- Peter Rudman – appointed by Nordea Funds
- Erik Sjöström – appointed by Skandia

The Nomination Committee appointed Laurent Leksell as Chairman. The Nomination Committee has further resolved to co-opt Caroline Leksell Cooke without voting rights to the Nomination Committee.

The assignment period is valid until a new Nomination Committee is constituted. Members of the Nomination Committee receive no remuneration.

### Preparation for the 2014 Annual General Meeting

The Nomination Committee held four meetings prior to the 2014 Annual General Meeting. During the year, the Nomination Committee's Chairman, Laurent Leksell, commenced a thorough evaluation of the Board. The Board's work, expertise, composition and independence of its members were evaluated. A written evaluation of each Board member was conducted. The Chairman also conducted private interviews with each Board member, partly to assess the preceding year, but also to identify areas for development of the Board's work. Other members of the Nomination Committee have conducted individual meetings with a selection of Board members.

The role of the Nomination Committee is to produce proposals for decisions by the Annual General Meeting in relation to the following:

- Chairman of the meeting
- Board members and Chairman of the Board
- Board fees broken down into amounts for the Chairman of the Board and other Board members and as remuneration for committee work
- Auditor and auditors' fees

The Nomination Committee's complete proposals for the 2014 Annual General Meeting and reasoned statement will be published in the notice convening the 2014 Annual General Meeting.

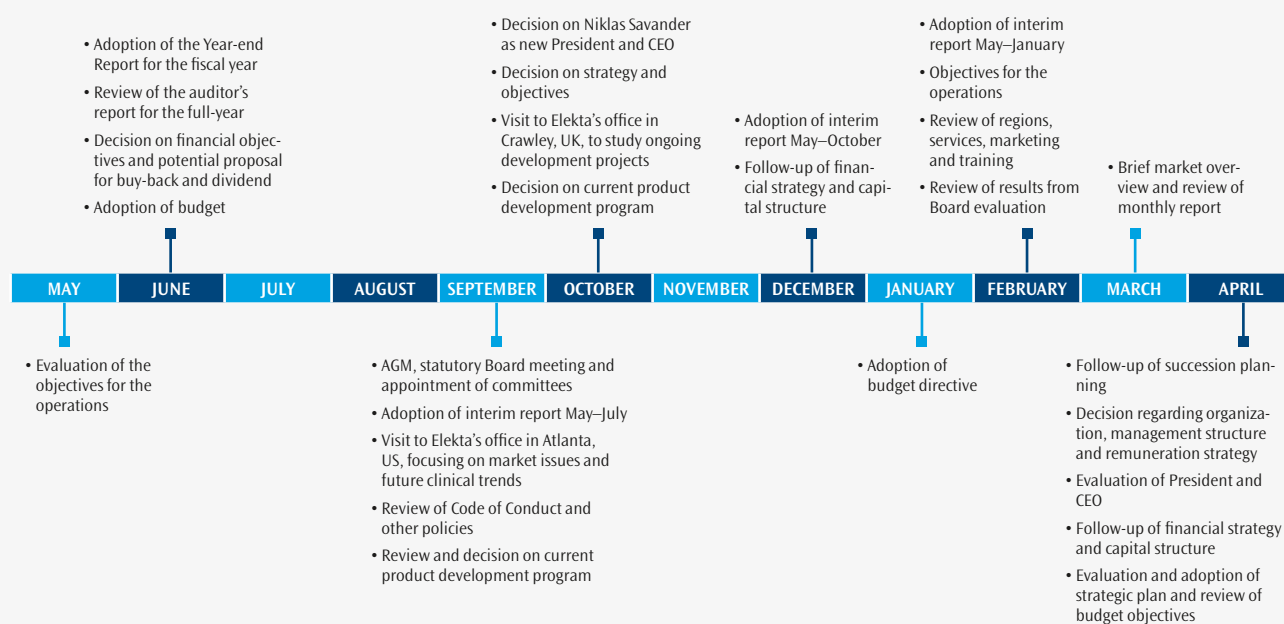
## BOARD OF DIRECTORS

The Board is responsible for the management of Elekta's operations. The Board appoints a President and CEO who is responsible for the day-to-day operations in accordance with the Board's guidelines. The President and CEO keep the Board informed of significant issues including information about Elekta's performance, earnings and financial position. Elekta's Board of Directors is appointed by the Annual General Meeting for a period until the end of the next Annual General Meeting. According to the Articles of Association, Elekta's Board of Directors is to have between three and ten members. There are no other rules in the Articles of Association concerning the appointment or removal of Board members.

### Composition of the Board

The Board of Directors comprises eight members who were elected by the 2013 Annual General Meeting for the period until the next Annual General Meeting: Laurent Leksell (Chairman), Hans Barella, Luciano Cattani, Siauou-Sze Lien, Tomas Puusepp, Wolfgang Reim, Jan Secher and Birgitta Stymne Göransson.

## The Board's work and important issues in 2013/14



## Board of Directors

			
<b>LAURENT LEKSELL<sup>1)</sup></b>	<b>HANS BARELLA</b>	<b>LUCIANO CATTANI</b>	<b>SIAOU-SZE LIEN</b>
<b>First elected:</b> 1972 ■ Board chairman ■ Chairman of the Compensation & Capability Committee <b>Attendance:</b> ■ 12/12 ■ 3/5 <b>Total fees:</b> ■ 1,000,000 ■ 70,000	<b>First elected:</b> 2003 ■ Member of the Board ■ Chairman of the Audit Committee <b>Attendance:</b> ■ 12/12 ■ 4/4 <b>Total fees:</b> ■ 425,000 ■ 175,000	<b>First elected:</b> 2008 ■ Member of the Board ■ Chairman of the Compensation & Capability Committee <b>Attendance:</b> ■ 12/12 ■ 5/5 <b>Total fees:</b> ■ 425,000 ■ 35,000	<b>First elected:</b> 2011 ■ Member of the Board ■ Member of the Compensation & Capability Committee <b>Attendance:</b> ■ 12/12 ■ 5/5 <b>Total fees:</b> ■ 425,000 ■ 35,000
<b>Year of birth:</b> 1952	<b>Year of birth:</b> 1943	<b>Year of birth:</b> 1945	<b>Year of birth:</b> 1950
<b>Education:</b> MBA and PhD from Stockholm School of Economics	<b>Education:</b> Master of Science in Electrical Engineering/Business Administration from the Technical University in Eindhoven, the Netherlands	<b>Education:</b> Master of Science in Economics from the University of Rome	<b>Education:</b> Bachelor of Science in Physics from Nanyang University and an Master of Science in Computer Science from Imperial College in London
<b>Independence:</b> Not independent in relation to the Company or the executive management and, being the Company's largest shareholder, not independent in relation to major shareholders	<b>Independence:</b> Independent of the Company and the executive management and independent of the major shareholders	<b>Independence:</b> Independent of the Company and the executive management and independent of the major shareholders	<b>Independence:</b> Independent of the Company and the executive management and independent of the major shareholders
<b>Other Board assignments:</b> Board chairman: Stockholm City Mission and Leksell Social Ventures Board member: International Chamber of Commerce (ICC)	<b>Other Board assignments:</b> Board chairman: Sapiens GmbH and Super Sonic Imagine SA	<b>Other Board assignments:</b> Board member: Sorin SpA	<b>Other Board assignments:</b> Board member: Luvata Holding, Nanyang Technological University (NTU), NTU's Confucius Institute and Japfa Ltd
<b>Holdings in Elekta:</b> 14,250,000 A-shares, 8,856,624 B-shares, 3,562,500 A-convertibles and 2,500,681 B-convertibles	<b>Holdings in Elekta:</b> 2,000 B-shares	<b>Holdings in Elekta:</b> 10,000 B-shares and 1,000 B-convertibles	<b>Holdings in Elekta:</b> 1,000 B-shares
<b>Principal work experience and other information:</b> Founder of Elekta and Executive Director, from 2005 to 2013. Former President and CEO of Elekta during the years from 1972 to 2005.  Among other things, Assistant Professor and Faculty member of Stockholm School of Economics, IFL and Insead Fontainebleau	<b>Principal work experience and other information:</b> President and CEO at Philips Medical Systems and member of the Group Management Committee of Royal Philips from 1997 to 2002.  Former Board chairman of COCIR, European Coordination Committee of the Radiological, Electromedical and Healthcare IT Industry	<b>Principal work experience and other information:</b> President for EMEA at Stryker Corporation from 2001 to 2004, Group President International at Stryker Corporation from 2005 to 2008 and Executive Vice President International Public Affairs at Stryker Corporation from 2008 to 2010	<b>Principal work experience and other information:</b> Senior Executive Coach at Mobley Group Pacific Ltd after a 28-year career at Hewlett-Packard. Until 2006, Senior Vice President, Hewlett-Packard Services for the Asia-Pacific & Japan region

<sup>1)</sup> Appointed to the compensation committee in connection with the 2013 annual general meeting and has participated in three of three committee meetings thereafter.

**TOMAS PUUSEPP<sup>2)</sup>****First elected:** 2013■ *Executive Director of the Board***Attendance:** ■ 9/12**Total fees:** ■ –**Year of birth:** 1955**Education:**

Electrical Engineer, studies in Physics at the Royal Institute of Technology in Stockholm and at the University of Stockholm and Management (IEP) at IMD in Lausanne

**Independence:**

Not independent in relation to the company and the management but is independent in relation to the company's major shareholders

**Other Board assignments:**

Board member: The Swedish-American Chamber of Commerce in New York and American Chamber of Commerce in Stockholm

**Holdings in Elekta:**

600,000 B-shares and  
150,000 B-convertibles

**Principal work experience and other information:**

Various positions at the Research Institute for Nuclear Physics, Scanditronix and Ericsson before being employed by Elekta in 1988. Since then, he has held various management positions within the Company, including head of Elekta's neurosurgery operations, President of Elekta's subsidiary in North America, global head of Elekta's sales, marketing and service operations and President and CEO of Elekta during fiscal years 2005/06 to 2013/14

**WOLFGANG REIM****First elected:** 2011■ *Member of the Board***Attendance:** ■ 12/12**Total fees:** ■ 425,000**Year of birth:** 1956**Education:**

Master in Natural Sciences and PhD in Physics from the Federal Institute of Technology ETH in Zürich

**Independence:**

Independent of the Company and the executive management and independent of the major shareholders

**Other Board assignments:**

Board chairman: Ondal Medical Systems GmbH since November 2012  
Board member: Carl Zeiss Meditec AG until March 2014, GN Store Nord A/S, Klingel GmbH from December 2012 and Medlumics S.L. from January 2013

**Holdings in Elekta:**

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**Principal work experience and other information:**

Independent consultant focusing on the medical technology industry. Until end of 2006 CEO of Dräger Medical AG. He started to work for Siemens in 1986 and was the CEO of the Siemens Ultrasound Division from 1997 to 2000 and President of the Special Products Division from 1995 to 1997

**JAN SECHER****First elected:** 2010■ *Member of the Board*  
■ *Member of the Audit Committee***Attendance:** ■ 12/12 ■ 4/4**Total fees:** ■ 425,000 ■ 70,000**Year of birth:** 1957**Education:**

Master of Science in Industrial Engineering and Management from Linköping University in Sweden

**Independence:**

Independent of the Company and the executive management and independent of the major shareholders

**Other Board assignments:**

Board chairman: Peak Management AG

**Holdings in Elekta:**

8,800 B-shares and  
2,340 B-convertibles

**Principal work experience and other information:**

President and CEO of Perstorp AB from September 2013. Previous President and CEO of Ferrostaal AG from 2010 to 2012, operating partner of the US private equity fund Apollo in London from 2009 to 2010, CEO of Clariant AG in Basel from 2006 to 2008 and CEO of SICPA in Lausanne from 2003 to 2005. Before he held various leading positions in the ABB Group during the years from 1982 to 2002

**BIRGITTA STYMNE GÖRANSSON****First elected:** 2005■ *Member of the Board*  
■ *Member of the Audit Committee***Attendance:** ■ 11/12 ■ 4/4**Total fees:** ■ 425,000 ■ 70,000**Year of birth:** 1957**Education:**

MBA from Harvard Business School and Master of Science in Chemical Engineering and Biotechnology from the Royal Institute of Technology in Stockholm

**Independence:**

Independent of the Company and the executive management and independent of the major shareholders

**Other Board assignments:**

Board chairman: Medivir AB, Stiftelsen Stockholms Sjukhem and Fryshuset Foundation  
Board member: HL Display AB, Rhenman & Partners Asset Management AB and Stockholm Chamber of Commerce and Sophiahemmet

**Holdings in Elekta:**

6,100 B-shares and  
1,900 B-convertibles

**Principal work experience and other information:**

President and CEO of Memira Group 2010 to 2013. CEO of Semantix Group 2005 to 2009 and COO/CFD of Telefon 2001 to 2005. Before that several management positions including CFO at Åhléns AB, Corporate Controller at KF, product manager at Gambro and senior management consultant at McKinsey & Company

<sup>2)</sup> Appointed to the board in connection with the 2013 annual general meeting and has participated in nine of nine board meetings thereafter.

Laurent Leksell was elected new Chairman at the 2013 Annual General Meeting since Akbar Seddigh, the previous Chairman, declined reelection. Elekta's previous President and CEO, Tomas Puusepp, who became an Executive Director on May 1, 2014, was also newly elected.

There are no employee representatives on the Board.

#### Independence of the Board

The composition of the Board meets applicable independence requirements as six of the eight Board members have been deemed independent in relation to the Company, the management and major shareholders. These six members are Hans Barella, Luciano Cattani, Siaou-Sze Lien, Wolfgang Reim, Jan Secher and Birgitta Stymne Göransson.

#### Delegation of responsibility

The Board's work is regulated by the Swedish Companies Act, the Articles of Association, the Code and the Rules of Procedure for the Board. The Rules of Procedure establish that the Board is to:

- Hold at least seven ordinary meetings per year
- Determine finance and currency policies
- Approve budgets and long-term plans, including investment budgets
- Approve investments and similar amounts of more than SEK 5 M if these fall outside approved investment budgets
- Decide on acquisitions of real property, shares or other companies
- Decide on the establishment and capitalization of subsidiaries
- Determine the conditions of employment for the CEO
- Adopt annual and interim reports

Within the Board of Directors, there is no special distribution of responsibilities among Board members in addition to the duties that the Board has delegated to the Executive Compensation & Capability Committee and the Audit Committee.

#### The Board's work

During the 2013/14 fiscal year, the Board held a total of 12 minuted meetings. Attendance at Board meetings is shown in the table on pages 84–85. These meetings are normally held at the Group's head office in Stockholm, but on a few occasions per year, the Board visits some of Elekta's offices and facilities around the world. Representatives from the Executive Management and other senior personnel regularly attended Board meetings to report on matters within their respective areas.

For ordinary Board meetings, an agenda with decision support is always sent out in advance and the following matters are normally addressed at each meeting:

- Report on the Company's operations, including financial management
- Report on extraordinary measures or events
- The development of large, ongoing projects and expected business events
- Report on existing or potential disputes
- Market evaluations – outcomes, trends and potential for new establishments

## D EXECUTIVE COMPENSATION & CAPABILITY COMMITTEE

#### Composition

The Executive Compensation & Capability Committee (ECCC) consists of three members appointed by the Board for a term of one year in connection with the Annual General Meeting 2013: Laurent Leksell (Chairman of the Committee), Luciano Cattani and Siaou-Sze Lien.

The President and CEO also attended the Committee's meetings and the Group VP Human Resources service as secretary.

#### Objectives

The objective of the ECCC is to ensure a fair and reasonable structure and scope of compensation and remuneration for managers at Elekta. Remuneration is to contribute to generating maximum value for shareholders and customers without diminishing the Group's competitiveness. This applies to senior executives in Executive Management and other compensation systems for Elekta managers.

#### Work during the year

During the fiscal year, the ECCC held five minuted meetings. Attendance at committee meetings is shown in the table on pages 84–85. The most important matters discussed at the meetings were:

- Evaluation of Elekta's Performance Share Plan and preparations for a potential, new, long-term incentive plan for 2014
- Succession planning and reviews of management succession plans for senior management levels and other Group-critical positions
- Recruitment of the new President and CEO and recommendations of remuneration for the President and CEO
- Evaluation of the Company's compliance with the Code regarding remuneration to senior executives
- Follow-up of compliance with the principles for remuneration to senior executives and production of recommendations to the Board for the next Annual General Meeting

## E AUDIT COMMITTEE

#### Composition

The Audit Committee consisted of three members appointed by the Board for a term of one year in connection with the Annual General Meeting 2013: Hans Barella (Chairman of the Committee), Jan Secher and Birgitta Stymne Göransson. Attendance at committee meetings is shown in the table on pages 84–85.

The President and CEO and the CFO also attended the Committee's meetings.

#### Objectives

The objective of the Audit Committee is to ensure that the Group's financial reporting and management of financial risks are handled in accordance with laws, regulations and established financial principles. The Committee works in accordance with guidelines adopted by the Board. The Committee keeps the Board regularly informed and refers matters to the Board for decision as necessary.



### Work during the year

During the fiscal year, the Audit Committee held 4 minutes meetings. The most important matters discussed at the meetings were:

- Performance of the Company's internal control
- Preparation of internal audit and compliance functions to work with internal control and regulatory compliance in the Group
- Examination and evaluation of the external auditors and their work
- Examination of the quality of Elekta's financial reporting and control of each interim report
- Follow-up of financial key figures
- Planning of audit work for the year
- Analysis of Elekta's financial risks and examination of the Group's risk management

### F PRESIDENT AND CEO

The Board appoints Elekta's President and CEO, who is responsible for the ongoing operational management of the Company in accordance with the Board's guidelines and instructions, and external regulations. The President and CEO also represents the Group in various contexts, leads the work of Executive Management and makes decisions in consultation with the members of Executive Management.

Tomas Puusepp served as President and CEO of Elekta from May 1, 2005 until April 30, 2014. He was also elected a member of the Elekta's Board of Directors at the 2013 Annual General Meeting. During the fiscal year, Tomas Puusepp did not have any significant assignments outside Elekta and had no shareholdings or ownership interests in companies with significant business relations with Elekta. More information about Tomas Puusepp is provided in the presentation of the Board of Directors on page 85. The remuneration paid to the President and CEO is described in Note 5.

### Appointment of a new President and CEO

A new President and CEO was recruited during the fiscal year and Elekta announced in October 2013 that Niklas Savander had been appointed the new President and CEO. He joined Elekta on January 1, 2014 in order to prepare for his new role and he took office as President and CEO on May 1, 2014.

Niklas Savander was born in 1962 and holds a Master of Science in International Marketing and National Economics from Helsinki Swedish School of Economics, and a Master of Science in Mechanical Engineering and Production Planning from Helsinki University of Technology, Finland.

### G EXECUTIVE MANAGEMENT

#### Composition

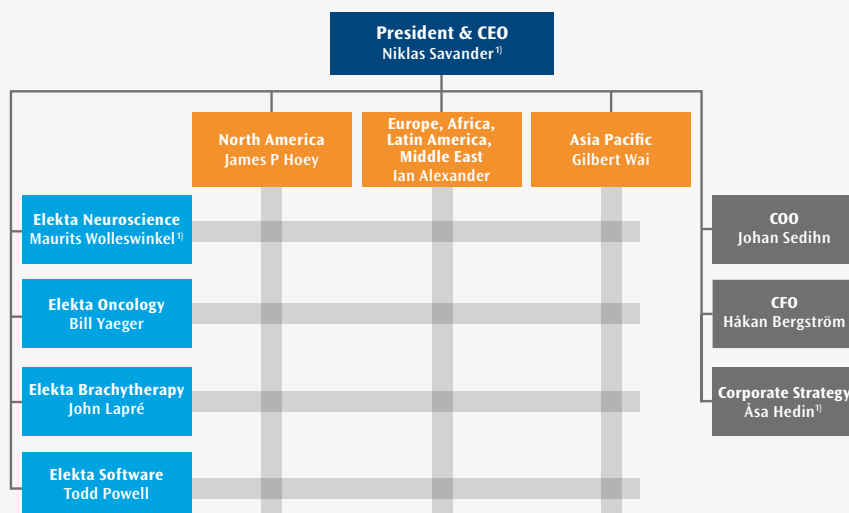
During the fiscal year, Elekta's Executive Management consisted of the President and CEO, the Chief Financial Officer, the Chief Operating Officer, the Executive Vice Presidents of the four product areas and the three regions. On May 1, 2014, the Group also established a new function, Corporate Strategy, which is also part of Executive Management. Åsa Hedin moved from her role as EVP Elekta Neuroscience to head this new function. Maurits Wolleswinkel was appointed EVP Elekta Neuroscience and will assume his position on August 1, 2014. The composition of Executive Management reflects Elekta's matrix organization with geographical regions and product areas.

A presentation of the Executive Management is provided on page 88. Remuneration paid to the Executive Management is described in Note 5.

#### Responsibilities

The President and CEO is responsible for and leads the work and meetings of Executive Management. Executive Management makes joint decisions following consultation with various parts of the Group. The Executive Vice Presidents of the regions and product areas have the same responsibilities and decision-making authorities at the meetings.

### Elekta's organization



<sup>1)</sup> Niklas Savander succeeded Tomas Puusepp on May 1, 2014. Åsa Hedin became the head of Corporate Strategy on May 1, 2014 and Maurits Wolleswinkel assumed his position from August 1, 2014.

## Executive Management



**NIKLAS SAVANDER**

**Year of birth:** 1962

**Role:** President and CEO

**Employed since:** 2014

**Holdings:** –

**Education:** MSc in International Marketing and National Economics from Helsinki Swedish School of Economics, and MSc in Mechanical Engineering and Production Planning from Helsinki University of Technology



**IAN ALEXANDER**

**Year of birth:** 1958

**Role:** EVP Region Europe, Africa, Latin America, Middle East

**Employed since:** 2008–2011 and since 2012

**Holdings:** 1,332 B-shares



**HÅKAN BERGSTRÖM**

**Year of birth:** 1956

**Role:** CFO

**Employed since:** 2001

**Holdings:** 140,052 B-shares and 35,013 B-convertibles

**Education:** Bachelor Degree in Economics from Umeå University



**ÅSA HEDIN**

**Year of birth:** 1962

**Role:** EVP Corporate Strategy

**Employed since:** 1994–2000 and since 2007

**Holdings:** 6,970 B-shares and 6,540 B-convertibles

**Education:** MSc in Biophysics from University of Minnesota



**JAMES P HOEY**

**Year of birth:** 1958

**Role:** EVP Region North America

**Employed since:** 2005 (founded IMPAC 1990)

**Holdings:** 14,000 B-shares

**Education:** Bachelor Degree in Biomedical Engineering from Yale University, and MBA from Santa Clara University



**JOHN LAPRÉ**

**Year of birth:** 1964

**Role:** EVP Elekta Brachytherapy

**Employed since:** 2011 (Nucletron 2009)

**Holdings:** 2,500 B-shares

**Education:** MSc in Human Nutrition and Physiology, and PhD in Toxicology from Wageningen University



**TODD POWELL**

**Year of birth:** 1965

**Role:** EVP Elekta Software

**Employed since:** 2005 (IMPAC 1992)

**Holdings:** –

**Education:** BSc Hons in High Energy Physics, Mathematics from California State University. Emphasis in Finance, Mergers and Acquisitions, and Strategies for Stable Innovation from Stanford Graduate School of Business



**JOHAN SEDIÑH**

**Year of birth:** 1965

**Role:** COO

**Employed since:** 1993

**Holdings:** 79,462 B-shares and 20,203 B-convertibles

**Education:** MSc in Industrial Engineering and Management from Linköping University



**GILBERT WAI**

**Year of birth:** 1953

**Role:** EVP Region Asia Pacific

**Employed since:** 1998

**Holdings:** 250,000 B-shares

**Education:** MBA from Chinese University of Hong Kong



**MAURITS WOLLESWINKEL**

**Year of birth:** 1971

**Role:** EVP Elekta Neuroscience

**Employed since:** 2011

**Holdings:** –

**Education:** MSc in Mechanical Engineering from Delft University of Technology, and MSc in General Management from Nyenrode University



**BILL YAEGER**

**Year of birth:** 1961

**Role:** EVP Elekta Oncology

**Employed since:** 2000–2008 and since 2011

**Holdings:** 4,200 B-shares

**Education:** BSc in Electrical Engineering from University of Connecticut, MSc in Computer Engineering, and MBA from Syracuse University

### Work during the year

Executive Management meetings are held one or two days each month, and are often held in conjunction with visits to the Group's various offices and facilities. Elekta's General Counsel participates at the meetings as secretary.

During the 2013/14 fiscal year, a total of 16 minuted meetings were held. Topics discussed at these meetings include such strategic and operational issues as product development, acquisitions/divestments, business plans, investments, market development, organization and monthly and quarterly follow-ups.

### H AUDITOR

The 2013 Annual General Meeting elected PwC as audit firm until the 2014 Annual General Meeting, with Johan Engstam as Auditor in Charge. PwC has been the auditor of Elekta since the 2012 Annual General Meeting.

#### Auditor in Charge

Johan Engstam was born in 1966 and is an Authorized Public Accountant. During the year, he was also the Auditor in Charge of Transmode AB. He has no assignments in any other company that affect his independence as the auditor of Elekta.

### Work during the year

During the year, PwC examined the Company's Annual Report and accounts, the administration of the Board and President and CEO, and the consolidated financial statements, which are part of PwC's standard assignment as auditor.

In addition, Elekta engaged PwC for certain audit-related assignments. PwC has been engaged as tax adviser for several years, but Elekta is in the process of phasing out this partnership to minimize the risk of a situation whereby the auditor's independence could be called into question. Only a few minor tax advisory projects were performed during the 2013/14 fiscal year. PwC was also engaged during the fiscal year as a consultant in a time-limited internal control project.

The auditors' fees during the period are reported in Note 8.

### I INTERNAL AUDIT

During the 2013/14 fiscal year, Elekta decided to introduce an internal audit function tasked with evaluating and examining the Group's corporate governance, risk management and internal control. The function will be implemented during the 2014/15 fiscal year.

### J COMPLIANCE

During the 2013/14 fiscal year, Elekta decided to introduce a compliance function tasked with evaluating, training and providing advice on Elekta's regulatory compliance and assuming responsibility for ensuring that Elekta has an effective whistle-blower function. The function will be implemented during the 2014/15 fiscal year.

### RISK MANAGEMENT, INTERNAL GOVERNANCE AND INTERNAL CONTROL Overall aims and responsibilities

Risk management, internal governance and internal control are key components of Elekta's strategy and management processes. Elekta's Board of Directors assumes the overall responsibility for establishing an efficient risk management, internal governance and internal control system. The responsibility for maintaining the system is delegated to the President and CEO, who is assisted by Executive Management and specifically established committees, functions and employees.

The overall aim of risk management, internal governance and internal control is to ensure:

- Efficient and productive operations that achieve the Group's long-term and short-term targets
- Reliable financial accounting and reporting that are prepared in accordance with applicable laws, accounting norms and other requirements for listed companies
- Compliance with laws, rules, guidelines and norms, both external and internal

A condition for achieving this is that an efficient internal control environment, reliable risk assessments and established control activities are in place, and that monitoring, information and communication function correctly.

A project was carried out during the year with the aim of further developing and improving the Group's work on corporate governance, risk management and internal control. The project focused on the detailed governance and follow-up of a number of selected global processes.

#### External and internal laws, rules and guidelines

##### External:

- Swedish Companies Act
- OMX Nordic's Rule Book for Issuers
- Swedish Corporate Governance Code
- Requirements and standards from supervisory authorities in the field of medical technology

##### Internal:

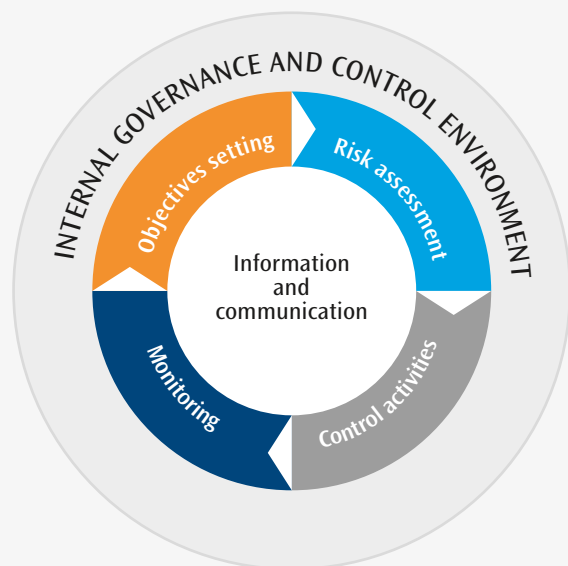
- Articles of Association
- Rules of procedure for the Board
- Code of Conduct
- Vision and values
- Objectives and strategies
- The Group's business management system with policies, procedures, processes and work instructions
- Directive for the President and CEO
- Job descriptions

#### Framework

Elekta bases its work on risk management and internal governance and control on the principles and definitions established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in the Internal Control Integrated Framework.

This work is based on five components: internal governance and control environment, risk assessment, control activities, monitoring and information and communication.

### Elekta's process for risk management, internal governance and internal control



#### Internal governance and control environment

Elekta's internal environment for governance and control is based on the Group's vision, mission and business concept and is characterized by organizational structure, a division of responsibilities, culture, values, norms and working methods. To govern and control the operations, minimize risks and ensure that the Group complies with applicable laws, requirements and standards, Elekta has established a Business Management System that includes documented policies, procedures, processes and work instructions that are communicated to all relevant employees in the organization. The most important elements of this system are:

- Elekta's Mission, Vision and Values
- Elekta's Code of Conduct serves as an overall policy to ensure that all employees act responsibly regarding business ethics and behavior in the areas of social, environmental and economic responsibility
- Policies, procedures and instructions on, for example, quality, environment, purchasing, sales, IT, information and financial reporting
- Elekta's Financial Guide, which includes instructions on authorization rights, accounting policies and reporting instructions
- Processes, for example, the strategy and management processes, the main business processes (Time to Market, Time to Customer and Installed Base Management), as well as supporting processes such as purchasing, logistics, customer feedback and human resources
- The organizational structure with defined responsibilities and authorities is documented in job descriptions on all levels in the Group
- Rules of procedure for the Board of Directors, the Audit Committee, the Executive Compensation & Capability Committee, the President and CEO as well as instructions regarding financial reporting for the Board of Directors

#### Objectives setting

As part of Elekta's strategy and management processes, the Company establishes both long-term and short-term objectives. Long-term strategies and business plans are produced and revised every year. More short-term business plans and budgets are produced every year. These are adjusted based on estimated risks and changes in the external environment.

#### Risk assessment and risk management

Elekta's risk work focuses on assessing and managing strategic risks, operating risks, legal and regulatory risks, market and external risks and financial risks.

A risk assessment is performed once a year in connection with the strategy process in order to identify the risks related to the achievement of established objectives, compliance with laws and regulations, and the financial reporting. The risks are documented in the Group's risk map. The risk map is also updated on other occasions during the year, as necessary. Risk assessments are performed by Elekta evaluating the risk level from two different perspectives: the degree of impact the risk would have if it occur, and the probability of the risk occurring. Appropriate measures are subsequently defined for managing the risks and a risk owner is appointed to assume responsibility for risk management.

Elekta has policies and procedures to ensure that the risk responses are effectively carried out. Examples of measures that may need to be implemented to manage risk are:

- Changing the business model to avoid risks
- Accepting actual risk levels and secure monitoring of changes
- Improving business processes to reduce risks
- Sharing risks between units
- Transferring risks to external parties as appropriate

Read more about Elekta's risks and risk management on pages 76–77 and 107–110.

#### Control activities

Control activities are integrated in Elekta's processes, procedures and routines, and are designed to prevent, detect and correct errors and deviations in the operations and to reduce risks of objectives not being achieved or non-compliance with laws and rules. Control activities comprise a range of manual activities, such as approval of business transactions, authorizations, verifications, reconciliations, analyses and reviews carried out at several different levels in the Group, as well as automated controls built into Elekta's IT system. Checks are also performed to ensure that the IT systems are reliable.

The aim of Elekta's control activities pertaining to accounting and the financial reporting is to ensure the Group's compliance with laws, applicable accounting norms and other requirements for listed companies. The activities are integrated in such processes as the closing of the accounts, revenue recognition, booking orders, inventory management and payroll management, and also include analyses and follow-ups of outcomes and results.

#### Monitoring

The monitoring of risk management and internal control processes to ensure that the efficiency of and compliance with the processes is conducted at several different levels in the Group. Monitoring includes the following activities:

- Reviewing monthly business and financial reports
- Quarterly business reviews, including overall Company risks
- Monthly reviews of order bookings
- Follow-up of internal quality audit reports related to, for example, product quality, product development and manufacturing
- Audits and reports from external auditors
- Quarterly summaries of the status of prioritized risks and reporting such summaries to the Audit Committee and Board of Directors

## Information and communication

### Internal communication

Elekta has several different communication channels within the Group including, for example, an intranet, information letters and regular meetings. The aim is to ensure that essential information is always available internally and is given to relevant employees.

Long-term objectives, strategies and operational plans are communicated to the Group as a basis for governance and follow-up in the organization. The documents found in Elekta's Business Management System, which includes policies, procedures, processes and work instructions, are communicated so that the operations can be conducted correctly and efficiently.

Based on information and reports containing operational and financial information, management at different levels in the organization can make decisions that are implemented in the organization and are in line with overall strategies, plans and policies.

Any suspicion of breach of the Code of Conduct, improprieties and other improper behavior may be reported anonymously as well as directly to the Group's Compliance Officer or in accordance with the Group's whistle-blower procedure.

### Financial reporting and information

Elekta provides the financial market and other stakeholders with continuous information regarding the Group's and Parent Company's performance and financial position in accordance with the guidelines specified in Elekta's Communications Policy established by the Board.

Financial information is published regularly in the form of:

- Interim reports
- The Annual Report
- Press releases on news and events that may significantly affect the Company's valuation and the Group's future prospects. As a general rule, Elekta is to publish a press release for new orders with a value exceeding USD 10 M
- Presentations and telephone conferences for financial analysts, investors and media
- Capital markets days arranged by the Group at one of its major units or in conjunction with major scientific conferences
- Information on the Elekta website: [www.elekta.com](http://www.elekta.com)

Elekta observes a silent period prior to each quarterly report.

## Control activities regarding financial accounting and reporting

Control function	Level in Group	Control activity	Frequency	Responsible for follow-up
CEO, CFO	Group	Approval of budget and follow-up on consolidated income statement and balance sheet	Quarterly	Board, Audit Committee
CFO	Group	Budget draw-up and analysis/follow-up of actual financial outcome	Monthly/ Continuously	Executive Management
CFO	Group	Define the Group's framework for financial governance and internal control	Continuously	Audit Committee
Internal Control	Group	Identify and report on financial risks	Continuously	Audit Committee, CFO
Controller	Regions, product areas and global functions	Budget draw-up and analysis/follow-up of actual financial outcome	Monthly	Executive Management
Managing director, Finance manager	Subsidiaries	Ensure quality and timeliness of financial information	Monthly	CFO
Managing director, Finance manager	Subsidiaries	Ensure compliance with the Group's framework for financial governance and internal control	Continuously	Internal Control, Internal Audit

## Consolidated income statement

SEK M	Note	2013/14	2012/13
Net sales	4	10,694	10,339
Cost of products sold		-6,047	-5,557
<b>Gross profit</b>		<b>4,647</b>	<b>4,782</b>
Selling expenses		-1,056	-1,147
Administrative expenses		-918	-878
R&D expenses		-866	-715
Exchange rate differences		81	16
<b>Operating result before non-recurring items</b>		<b>1,888</b>	<b>2,058</b>
Transaction and restructuring costs		-100	0
Other non-recurring items		-61	-46
<b>Operating result</b>	4-9	<b>1,727</b>	<b>2,012</b>
Income from participations in associates	11	-15	-29
Financial income	11	23	32
Financial expenses	11	-231	-223
Exchange rate differences	11	-2	8
<b>Profit before tax</b>		<b>1,502</b>	<b>1,800</b>
Income taxes	14	-350	-449
<b>Profit for the year</b>		<b>1,152</b>	<b>1,351</b>
<b>Profit attributable to:</b>			
Parent Company shareholders		1,148	1,340
Non-controlling interests		4	11
<b>Earnings per share:</b>			
Earnings per share before dilution, SEK		3.01	3.52
Earnings per share after dilution, SEK		3.00	3.52
Average number of shares before dilution, thousands		381,277	380,672
Average number of shares after dilution, thousands		400,686	380,672

## Consolidated statement of comprehensive income

SEK M	2013/14	2012/13
<b>Profit for the year</b>	<b>1,152</b>	<b>1,351</b>
<b>Other comprehensive income:</b>		
<i>Items that will not be reclassified to the statement of income</i>		
Remeasurements of defined benefit pension plans	-3	-
Tax	1	-
<b>Total items that will not be reclassified to the statement of income</b>	<b>-2</b>	<b>-</b>
<i>Items that subsequently may be reclassified to the statement of income</i>		
Revaluation of cash flow hedges	-9	34
Translation differences from foreign operations	360	-353
Tax	-1	-5
<b>Total items that subsequently may be reclassified to the statement of income</b>	<b>350</b>	<b>-324</b>
<b>Other comprehensive income, net</b>	<b>348</b>	<b>-324</b>
<b>Total comprehensive income</b>	<b>1,500</b>	<b>1,027</b>
<b>Comprehensive income attributable to:</b>		
Parent Company shareholders	1,498	1,016
Non-controlling interests	2	11

## COMMENTS ON THE CONSOLIDATED INCOME STATEMENT

In the income statement presented on the previous page non-recurring items have been separately recognized. The table below presents the income statement down to operating result before and after non-recurring items with non-recurring items allocated by function.

SEK M	Note	2013/14			2012/13			
		Excluding non-recurring items	Restructuring costs	Legal costs	Including non-recurring items	Excluding non-recurring items	Legal costs	Including non-recurring items
Net sales	4	10,694	–	–	10,694	10,339	–	10,339
Cost of products sold		–6,047	–49	–	–6,096	–5,557	–	–5,557
<b>Gross profit</b>		<b>4,647</b>	<b>–49</b>	<b>–</b>	<b>4,598</b>	<b>4,782</b>	<b>–</b>	<b>4,782</b>
Selling expenses		–1,056	–22	–	–1,078	–1,147	–	–1,147
Administrative expenses		–918	–5	–61	–984	–878	–46	–924
R&D expenses		–866	–24	–	–890	–715	–	–715
Other operating income		–	–	–	–	0	–	0
Exchange rate differences		81	–	–	81	16	–	16
<b>Operating result</b>	4–9	<b>1,888</b>	<b>–100</b>	<b>–61</b>	<b>1,727</b>	<b>2,058</b>	<b>–46</b>	<b>2,012</b>

## Net sales

Net sales rose 3 percent to SEK 10,694 M (10,339) equivalent to 7 percent based on constant exchange rates.

	Net sales, SEK M	Change, %	Operating profit, SEK M	Change, %
Q1	1,912	13	46	–27
Q2	2,443	–2	304	–24
Q3	2,385	–2	260	–33
Q4	3,954	6	1,117	–4
<b>Full year 2013/14</b>	<b>10,694</b>	<b>3</b>	<b>1,727</b>	<b>–14</b>

## Earnings

Operating result before non-recurring items decreased by 8 percent and amounted to SEK 1,888 M (2,058). The effect from changes in exchange rates was negative SEK 175 M.

Gross margin amounted to 43 percent (46) and operating margin was 16 percent (19).

The purchase of products, materials and consumables comprises the largest single cost item, accounting for 44 percent (45) of the group's total operating expenses. The second largest item is personnel costs at 32 percent (32).

Research and development expenditures before capitalization of development costs rose 34 percent to SEK 1,202 M (894) equal to 11 percent (9) of net sales. Capitalization of development costs and amortization of capitalized development costs amounted to net SEK 317 M (211), of which SEK 335 M (179) relates to the R&D function. Capitalization within the R&D function amounted to SEK 484 M (286) and amortization to SEK 149 M (107).

The change in unrealized exchange rate effects from cash flow hedges amounted to SEK –9 M (34) and is reported in other comprehensive income. Closing balance of unrealized exchange rate effects from cash flow hedges in shareholders' equity was SEK 62 M (68) exclusive of tax. According to Elekta's currency hedging policy, anticipated sales in foreign currency may be hedged up to 24 months.

Net financial items amounted to SEK –225 M (–212).

Income before tax amounted to SEK 1,502 M (1,800). Tax expense amounted to SEK –350 M (–449) or 23 percent (25). Profit after tax amounted to SEK 1,152 M (1,351).

## Result overview

SEK M	2013/14	2012/13
<b>Operating result/EBIT before non-recurring items</b>	<b>1,888</b>	<b>2,058</b>
<i>Amortization:</i>		
Capitalized development costs	172	109
Acquisitions	123	130
<b>EBITA before non-recurring items</b>	<b>2,183</b>	<b>2,297</b>
Depreciation	118	110
<b>EBITDA before non-recurring items</b>	<b>2,301</b>	<b>2,407</b>

## Consolidated balance sheet

SEK M	Note	April 30, 2014	April 30, 2013
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	15	6,845	6,424
Tangible fixed assets	16	624	487
Shares in associated companies	18	5	25
Other financial assets	19	354	211
Deferred tax assets	14	143	92
<b>Total non-current assets</b>		<b>7,971</b>	<b>7,239</b>
<b>Current assets</b>			
Inventories	20	1,078	850
Accounts receivable	21	4,197	3,192
Accrued income		1,699	1,861
Current tax assets	14	31	21
Derivative financial instruments	2	103	116
Other current receivables	22	566	461
Cash and cash equivalents	23	2,247	2,567
<b>Total current assets</b>		<b>9,921</b>	<b>9,068</b>
<b>Total assets</b>		<b>17,892</b>	<b>16,307</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Parent Company shareholders:</i>			
Share capital	24	192	192
Contributed funds		740	740
Reserves		-209	-562
Retained earnings		5,526	5,177
<i>Parent Company shareholders, total</i>		<i>6,249</i>	<i>5,547</i>
<i>Non-controlling interests</i>		<i>8</i>	<i>13</i>
<b>Total equity</b>		<b>6,257</b>	<b>5,560</b>
<b>Non-current liabilities</b>			
Long-term interest-bearing liabilities	25	4,361	4,340
Deferred tax liabilities	14	687	582
Long-term provisions	26	131	121
Other long-term liabilities		8	27
<b>Total long-term liabilities</b>		<b>5,187</b>	<b>5,070</b>
<b>Current liabilities</b>			
Short-term interest-bearing liabilities	25	125	212
Accounts payable		1,295	1,217
Advances from customers		1,686	1,292
Prepaid income	27	1,200	1,034
Accrued expenses	28	1,526	1,404
Current tax liabilities	14	219	240
Short-term provisions	26	169	68
Derivative financial instruments	2	13	28
Other current liabilities		215	182
<b>Total current liabilities</b>		<b>6,448</b>	<b>5,677</b>
<b>Total equity and liabilities</b>		<b>17,892</b>	<b>16,307</b>
Assets pledged	30	9	3
Contingent liabilities	31	55	178



## COMMENTS ON THE CONSOLIDATED BALANCE SHEET

**Assets and capital employed**

The Group's total assets increased by SEK 1,585 M to SEK 17,892 M (16,307). Fixed assets totaled SEK 7,971 M (7,239) of which goodwill amounted to SEK 4,549 M (4,411).

Current assets, excluding cash and cash equivalents, increased by SEK 1,173 M to SEK 7,674 M (6,501). Accounts receivable, accrued income and inventories increased by 18 percent (9). Inventory value in relation to net sales was 10 percent (8).

Cash and cash equivalents decreased by SEK 320 M to SEK 2,247 M (2,567) at year-end, totaling 13 percent (16) of total assets. Of total bank balances SEK 9 M (3) were pledged primarily for commercial guarantees.

The Group's capital employed increased to SEK 10,743 M (10,112). Capital turnover ratio was 0.7 (0.7).

**Liabilities and shareholders' equity**

Interest-free liabilities and provisions increased with 954 to SEK 7,149 M (6,195). Interest-bearing liabilities totaled SEK 4,486 M (4,552) on April 30, 2014. Net debt amounted to SEK 2,239 M (1,985). Total equity was SEK 6,257 M (5,560). Return on shareholders' equity was 21 percent (27) and return on capital employed totaled 17 percent (21). Net debt/equity ratio was 0.36 (0.36) and equity/assets ratio was 35 percent (34).

**Working capital**

Elekta's project-based operations affect working capital and cash flow. Payment flows from projects generally occur in connection with order receipt, delivery and acceptance, generating fluctuations in working capital levels. Thus, movements in working capital are depending on the progress of projects and the timing of certain events in relation to terms in the contract. Invoicing and payments from the customer occur in accordance with the terms of the contract while revenue is recognized based on accounting standards. Therefore cash flow from projects does not always coincide with the recognition of revenue and may result in either an asset (accrued income) or a liability (customer advances). Accrued income exists for projects for which revenue recognized exceeds invoiced amounts. Customer advances are reported for projects for which invoiced amounts exceed revenue recognized.

**Working capital**

SEK M	April 30, 2014	April 30, 2013
<b>Working capital assets</b>		
Inventories	1,078	850
Accounts receivable	4,197	3,192
Accrued income	1,699	1,861
Other operating receivables	566	461
<b>Sum working capital assets</b>	<b>7,540</b>	<b>6,364</b>
<b>Working capital liabilities</b>		
Accounts payable	1,295	1,217
Customer advances	1,686	1,292
Prepaid income	1,200	1,034
Accrued expenses	1,526	1,404
Other operating liabilities	384	250
<b>Sum working capital liabilities</b>	<b>6,091</b>	<b>5,197</b>
<b>Net working capital</b>	<b>1,449</b>	<b>1,167</b>
Percent of 12 months net sales	14%	11%

Net working capital amounted to SEK 1,449 M (1,167) at year-end, corresponding to 14 (11) percent of net sales. The increase compared with previous year is mainly explained by higher inventory due to the lower-than-planned shipment levels and increase in accounts receivable due to delays in receiving already secured payments of approximately SEK 250 M.

## Changes in consolidated equity

SEK M	Note	Share capital	Other contributed capital	Translation reserve	Hedge reserve	Retained earnings	ElektA AB's owners, total	Non-controlling interests	Total equity
Opening balance May 1, 2012		191	688	-262	24	4,357	4,999	11	5,010
Profit for the year						1,340	1,340	11	1,351
<i>Revaluation of cash-flow hedges</i>		-	-	-	34	-	34	-	34
<i>Translation differences from foreign operations</i>		-	-	-353	-	-	-353	-	-353
<i>Tax relating to components of other comprehensive income</i>	14	-	-	1	-6	-	-5	-	-5
Other comprehensive income		0	0	-352	28	0	1,016	11	1,027
<b>Total comprehensive income</b>		<b>0</b>	<b>0</b>	<b>-352</b>	<b>28</b>	<b>1,340</b>	<b>1,016</b>	<b>11</b>	<b>1,027</b>
Acquisition		-	-	-	-	-	-	-	-
Dividend		-	-	-	-	-476	-476	-9	-485
Incentive programs		-	-	-	-	-15	-15	-	-15
Tax effect incentive programs		-	-	-	-	-30	-30	-	-30
Exercise of warrants		1	50	-	-	-	51	-	51
Conversion of convertible loan		0	2	-	-	-	2	-	2
<b>Transactions with the shareholders, total</b>		<b>1</b>	<b>52</b>	<b>-</b>	<b>-</b>	<b>-521</b>	<b>-468</b>	<b>-9</b>	<b>-477</b>
<b>Closing balance April 30, 2013</b>		<b>192</b>	<b>740</b>	<b>-614</b>	<b>52</b>	<b>5,177</b>	<b>5,547</b>	<b>13</b>	<b>5,560</b>
Opening balance May 1, 2013		192	740	-614	52	5,177	5,547	13	5,560
Profit for the year						1,148	1,148	4	1,152
<i>Remeasurements of defined benefit pensions plans</i>		-	-	-	-	-3	-3	-	-3
<i>Revaluation of cash-flow hedges</i>		-	-	-	-9	-	-9	-	-9
<i>Translation differences from foreign operations</i>		-	-	362	-	-	362	-2	360
<i>Tax relating to components of other comprehensive income</i>	14	-	-	-2	1	1	0	-	0
Other comprehensive income		0	0	360	-8	-2	350	-2	348
<b>Total comprehensive income</b>		<b>0</b>	<b>0</b>	<b>360</b>	<b>-8</b>	<b>1,146</b>	<b>1,498</b>	<b>2</b>	<b>1,500</b>
Acquisition of non-controlling interest	34	-	-	-	-	-33	-33	0	-33
Dividend		-	-	-	-	-763	-763	-7	-770
Conversion of convertible loan		0	0	-	-	-	0	-	0
<b>Transactions with the shareholders, total</b>		<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-796</b>	<b>-796</b>	<b>-7</b>	<b>-803</b>
<b>Closing balance April 30, 2014</b>		<b>192</b>	<b>740</b>	<b>-254</b>	<b>45</b>	<b>5,526</b>	<b>6,249</b>	<b>8</b>	<b>6,257</b>

COMMENTS ON CHANGES IN CONSOLIDATED EQUITY

In 2013 Elekta paid a total dividend of SEK 763 M. The dividend payment has affected equity through a reduction of retained earnings.

During 2013/14, a number of 4,568 new B-shares were subscribed through conversion of convertibles, which have affected equity by increases in share capital and contributed funds, by SEK 445 T in total.

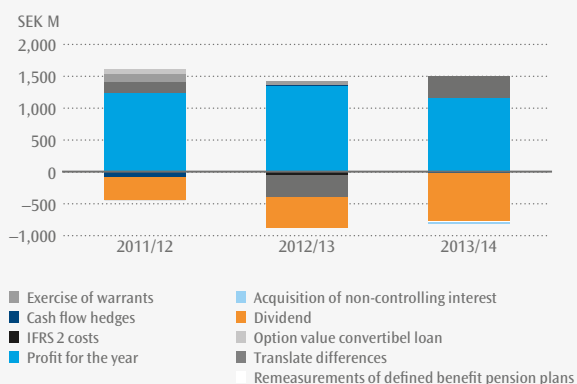
The total number of shares in Elekta as of April 30, 2014, amounted to 382,828,584 of which 14,250,000 A-shares and 368,578,584 B-shares. See Note 24 for more information on share capital.

Total equity includes equity of foreign subsidiaries. Translation is performed at closing rate and the translation difference is reported in the translation reserve via other comprehensive income. The translation difference amounted to SEK 362 M (-353) in 2013/14. Shareholders' equity in foreign currency is hedged when it is deemed appropriate in individual cases. The translation reserve includes all exchange rate differences arising in conjunction with the translation of foreign operations that have prepared their financial reports in a currency other than that used in the

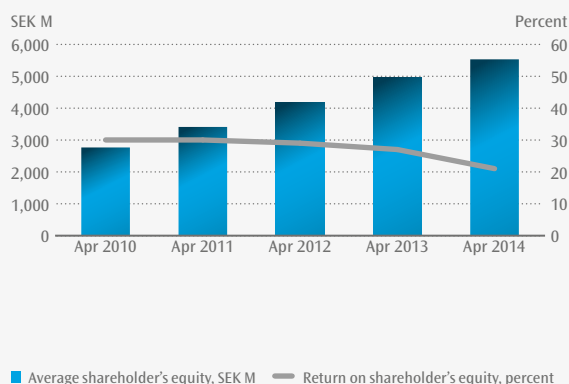
group's financial reports. In addition, the translation reserve consists of exchange rate differences arising from the translation of liabilities raised as a hedging instrument for a net investment in foreign operations. The translation reserve amounted to SEK -254 M (-614) at year end.

Cash flow hedges are reported in the hedge reserve via other comprehensive income. Elekta hedges its currency risk in line with the policy established by the Board. The scope of this hedging is determined by the Company's currency risk assessment. Currency hedging is defined on the basis of the expected sales in foreign currency over up to 24 months. Hedging is done to reduce the effects of short-term fluctuations on the currency markets. The hedge reserve includes the effective portion of the accumulated net change in the fair value of cash flow hedging instruments attributable to hedging transactions that have not yet occurred. During 2013/14 the change in the hedge reserve was SEK -8 M (28) after tax and the closing balance of the hedge reserve was SEK 45 M (52).

Changes in consolidated equity



Consolidated equity and return



## Consolidated cash flow statement

SEK M	Note	2013/14	2012/13
<b>Operating activities</b>			
Profit before tax		1,502	1,800
Depreciation	6, 15, 16	414	349
Interest net	32	180	159
Provision for restructuring		100	–
Other non-cash items etc.	32	11	66
<i>Operating cash flow before interest and tax</i>		2,207	2,374
Interest received		22	29
Interest paid		–184	–171
Income taxes paid	14	–353	–338
<i>Operating cash flow</i>		1,692	1,894
Increase (–)/decrease (+) in inventories		–189	–143
Increase (–)/decrease (+) in operating receivables		–843	–673
Increase (–)/decrease (+) in operating liabilities		615	792
<i>Change in working capital</i>		–417	–24
<b>Cash flow from operating activities</b>		<b>1,275</b>	<b>1,870</b>
<b>Investing activities</b>			
Investments in intangible assets	15	–492	–325
Investments in machinery and equipment	16	–234	–219
Sale of fixed assets		1	0
Increase in long-term receivables		–63	–34
Decrease in long-term receivables		7	–
<i>Continuous investments</i>		–781	–578
<b>Cash flow after continuous investments</b>		<b>494</b>	<b>1,292</b>
Business combinations	34	–	–67
Investments in other shares	18	0	–17
Repayments from partnerships	18	4	0
<b>Cash flow from investing activities</b>		<b>–777</b>	<b>–662</b>
<b>Cash flow after investments</b>		<b>498</b>	<b>1,208</b>
<b>Financing activities</b>			
Borrowings		12	102
Repayment of debt		–97	–39
Borrowing costs		–	–9
Acquisition of non-controlling interest		–33	–
Exercise of warrants		–	51
Dividend		–770	–485
<b>Cash flow from financing activities</b>		<b>–888</b>	<b>–380</b>
<b>Cash flow for the year</b>		<b>–390</b>	<b>828</b>
<b>Change in cash and cash equivalents during the year</b>			
Cash and cash equivalents at the beginning of the year		2,567	1,895
Cash flow for the year		–390	828
Exchange rate differences		70	–156
<b>Cash and cash equivalents at the end of the year</b>	23	<b>2,247</b>	<b>2,567</b>

COMMENTS ON THE CONSOLIDATED CASH FLOW STATEMENT

The cash flow statement describes the ability of the operations to generate cash and cash equivalents. Elekta's cash flow is used primarily to finance market growth, strategic research projects and investments. Based on the income statement and balance sheet translated at the average exchange rate, the statement shows the Group's net flows during the year.

Elekta's project-based operations affect cash flow through movements in working capital. Payment flows from projects generally occur in connection with order receipt, delivery and acceptance – mostly not coinciding with revenue recognition – thus generating fluctuations in working capital levels. See also comments on working capital on page 95.

The operating cash flow (cash flow from operating activities exclusive of change in working capital) amounted to SEK 1,692 M (1,894), a change of SEK –202 M compared with the preceding year.

Cash flow from operating activities amounted to SEK 1,275 M (1,870), affected by a change in working capital of –417 (–24).

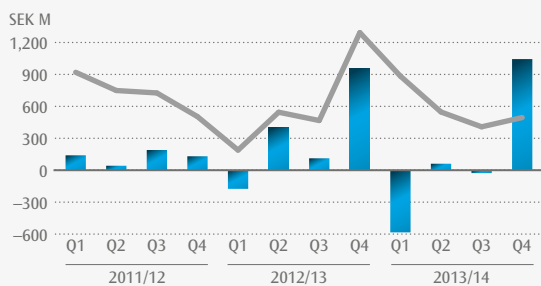
Cash flow from investing activities amounted to SEK –777 M (–578) affected by investments in intangible assets of SEK –492 (–325).

Cash flow after continuous investments was SEK 494 M (1,292). Key drivers of the significant reduction in cash flow after continuous investments compared to last year was lower operating result, increase in working capital, and an increase in investments. The increase in working capital came mostly from an increase in inventory, as an effect of the lower-than-planned shipment levels, and an increase in accounts receivable due to a number of shipments under Letter of Credits where the cash flow was received after year-end. Investment levels rose mostly from significant investments in the MRI-guided linear accelerator project.

Cash flow after investments amounted to SEK 498 M (1,208), including business combinations of SEK – M (–67).

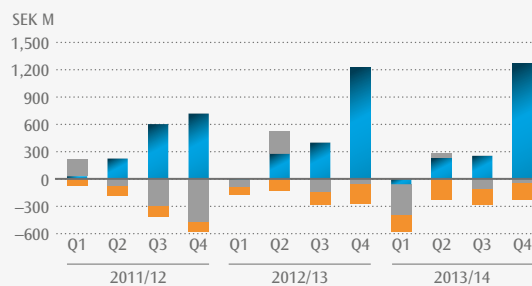
Cash flow from financing activities amounted to SEK –888 (–380) M and mainly relates to paid dividends of SEK 770 (485) M.

Cash flow after continuous investments



■ Per quarter — Rolling 12 months

Specification of cash flow after continuous investments



■ Investments  
■ Changes in working capital  
■ Operating cash flow

## Financial statements – Parent Company

### INCOME STATEMENT – PARENT COMPANY

SEK M	Note	2013/14	2012/13
Administrative expenses		-56	-104
<b>Operating result</b>	5, 7, 8	<b>-56</b>	<b>-104</b>
Income from participations in Group companies	10	678	865
Income from participations in associated		-	-40
Interest income and similar items	12	174	176
Interest expenses and similar items	12	-209	-194
Exchange rate differences		5	8
Appropriations	13	1	3
<b>Profit before tax</b>		<b>593</b>	<b>714</b>
Income taxes	14	-9	-2
<b>Profit for the year</b>		<b>584</b>	<b>712</b>

### STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

SEK M	2013/14	2012/13
<b>Profit for the year</b>	<b>584</b>	<b>712</b>
<b>Other comprehensive income:</b>		
<i>Items that subsequently may be reclassified to the statement of income</i>		
Hedge of net investment	8	-8
Tax	-2	1
<b>Other comprehensive income, net</b>	<b>6</b>	<b>-7</b>
<b>Total comprehensive income</b>	<b>590</b>	<b>705</b>

### CASH FLOW STATEMENT – PARENT COMPANY

SEK M	Note	2013/14	2012/13
<b>Operating activities</b>			
Profit before tax		593	714
Interest net	32	26	12
Other non-cash items etc.	32	36	38
Interest received		173	175
Interest paid		-200	-138
Income taxes paid	14	-2	-6
<i>Operating cash flow</i>		<i>626</i>	<i>795</i>
Increase (-)/decrease (+) in operating receivables		-262	-157
Increase (-)/decrease (+) in operating liabilities		2	-34
<i>Change in working capital</i>		<i>-260</i>	<i>-191</i>
<b>Cash flow from operating activities</b>		<b>366</b>	<b>604</b>
<b>Investing activities</b>			
Investments in subsidiaries	17	-40	-73
Investments in other shares	18	-	-17
Increase in long-term receivables		-13	-33
<b>Cash flow from investing activities</b>		<b>-53</b>	<b>-123</b>
<b>Cash flow after investments</b>		<b>313</b>	<b>481</b>
<b>Financing activities</b>			
Borrowings		181	796
Repayment of debt		-	-53
Borrowing costs		-	-9
Exercise of warrants		-	51
Dividend		-763	-476
<b>Cash flow from financing activities</b>		<b>-582</b>	<b>309</b>
<b>Cash flow for the year</b>		<b>-269</b>	<b>790</b>
<b>Change in cash and cash equivalents during the year</b>			
Cash and cash equivalents at the beginning of the year		2,125	1,347
Cash flow for the year		-269	790
Exchange rate differences		-63	-12
<b>Cash and cash equivalents at the end of the year</b>	23	<b>1,793</b>	<b>2,125</b>

## BALANCE SHEET – PARENT COMPANY

SEK M	Note	April 30, 2014	April 30, 2013
<b>ASSETS</b>			
<b>Non-current assets</b>			
Shares in subsidiaries	17	1,877	1,837
Shares in associated companies	18	27	27
Receivables from subsidiaries		2,755	2,744
Other financial assets	19	54	37
Deferred tax assets	14	9	15
<b>Total non-current assets</b>		<b>4,722</b>	<b>4,660</b>
<b>Current assets</b>			
Receivables from subsidiaries		3,110	2,804
Other current receivables	22	48	27
Cash and cash equivalents	23	1,793	2,125
<b>Total current assets</b>		<b>4,951</b>	<b>4,956</b>
<b>Total assets</b>		<b>9,673</b>	<b>9,616</b>

SEK M	Note	April 30, 2014	April 30, 2013
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	24	192	192
Statutory reserve		156	156
<i>Restricted equity</i>		<i>348</i>	<i>348</i>
Premium reserve		585	584
Retained earnings		1,481	1,654
<i>Unrestricted equity</i>		<i>2,066</i>	<i>2,238</i>
<b>Total equity</b>		<b>2,414</b>	<b>2,586</b>
<b>Untaxed reserves</b>	13	<b>26</b>	<b>27</b>
<b>Long-term provisions</b>	26	<b>30</b>	<b>26</b>
<b>Non-current liabilities</b>			
Long-term interest-bearing liabilities	25	4,360	4,336
Long-term liabilities to Group companies	25	38	38
<b>Total long-term liabilities</b>		<b>4,398</b>	<b>4,374</b>
<b>Current liabilities</b>			
Short-term liabilities to Group companies	25	2,688	2,483
Other current liabilities	29	117	120
<b>Total current liabilities</b>		<b>2,805</b>	<b>2,603</b>
<b>Total equity and liabilities</b>		<b>9,673</b>	<b>9,616</b>
Assets pledged		–	–
Contingent liabilities	31	1,004	956

## CHANGES IN EQUITY – PARENT COMPANY

SEK M	Restricted equity		Unrestricted equity		Total equity
	Share capital	Statutory reserve	Premium reserve	Retained earnings	
Opening balance May 1, 2012	191	156	532	1,425	2,304
Profit for the year	–	–	–	712	712
<i>Exchange difference on net investment in subsidiary</i>	–	–	–	–8	–8
<i>Tax relating to components of other comprehensive income (Note 14)</i>	–	–	–	1	1
Other comprehensive income	–	–	–	–7	–7
<b>Total comprehensive income</b>	–	–	–	<b>705</b>	<b>705</b>
Dividend	–	–	–	–476	–476
Exercise of warrants	1	–	50	–	51
Conversion of convertible loan	0	–	2	–	2
<b>Transactions with the shareholders, total</b>	<b>1</b>	<b>–</b>	<b>52</b>	<b>–476</b>	<b>–423</b>
<b>Closing balance April 30, 2013</b>	<b>192</b>	<b>156</b>	<b>584</b>	<b>1,654</b>	<b>2,586</b>
Opening balance May 1, 2013	192	156	584	1,654	2,586
Profit for the year	–	–	–	584	584
<i>Exchange difference on net investment in subsidiary</i>	–	–	–	8	8
<i>Tax relating to components of other comprehensive income (Note 14)</i>	–	–	–	–2	–2
Other comprehensive income	–	–	–	6	6
<b>Total comprehensive income</b>	–	–	–	<b>590</b>	<b>590</b>
Dividend	–	–	–	–763	–763
Conversion of convertible loan	0	–	0	–	0
<b>Transactions with the shareholders, total</b>	<b>0</b>	<b>–</b>	<b>0</b>	<b>–763</b>	<b>–762</b>
<b>Closing balance April 30, 2014</b>	<b>192</b>	<b>156</b>	<b>585</b>	<b>1,481</b>	<b>2,414</b>

## Notes

### Note 1 Accounting principles

Elekta AB, with corporate registration number 556170-4015, is a Swedish public company with its registered office in Stockholm. The address to the head office is Elekta AB, Box 7593, SE-103 93 Stockholm.

This Annual Report, including the consolidated financial statements, was signed and approved for publication by the Board of Directors of Elekta AB on July 22, 2014. The statements of income and the balance sheets, for the Parent Company and the Group, included in the Annual Report and the consolidated financial statements, are subject to adoption by the Annual General Meeting on August 28, 2014.

The most important accounting principles applied in the preparation of the financial reports are set out below. Mainly, the same principles are applied for the Parent Company and the Group. The Parent Company's accounting principles deviating from those applied by the Group, or considered important to describe, are stated under a separate heading at the end of this note.

#### BASIS FOR PREPARATION

Elekta's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) on April 30, 2014, the Swedish Annual Accounts Act and standard RFR 1 of the Swedish Financial Reporting Board. The Parent Company's financial reports have been prepared in accordance with the Swedish Annual Accounts Act and standard RFR 2 of the Swedish Financial Reporting Board.

#### Measurement basis

Assets and liabilities are recognized at historical cost apart from financial assets and liabilities that are derivatives and recognized at fair value.

#### NEW AND REVISED IFRS APPLIED FROM 1 MAY, 2013

The following new and amended standards have been applied from 1 May, 2013.

- IFRS 7 Financial Instruments: Disclosures. Effective 1 January 2013
- IFRS 13 Fair Value Measurement. Effective 1 January 2013
- IAS 1 Presentation of Financial Statements. Effective 1 July 2012
- IAS 19 Employee Benefits. Effective 1 January 2013
- Improvements to IFRS (May 2012). Effective 1 January, 2013

None of the new and revised standards above have had a material impact on the financial reports. However, the changes to IAS 1 and IAS 19 have affected principles and/or presentation as summarized below.

#### IAS 1 Presentation of Financial Statements

The amendments to the standard require the items in other comprehensive income to be split into two categories: items that will not be reclassified to the income statement and items that subsequently may be reclassified to the income statement. Taxes are disclosed for each category.

#### IAS 19 Employee Benefits

The amendments to the standard mean, for Elekta, that revaluation of the net debt related to defined benefit pension plans is reported in other comprehensive income instead of in the income statement. Furthermore, interest expenses and expected return on plan assets are replaced by a net interest based on the discount rate and the net deficit or net surplus related to a defined benefit plan.

#### NEW AND REVISED IFRS NOT YET APPLIED

The following new and amended standards and interpretations are not yet applied. Based on an initial assessment none of these will have a material impact on future financial reports except IFRS 15 regarding which the effects are being investigated.

- IFRS 9 Financial Instruments. Effective 1 January 2015. Not yet endorsed by the EU
- IFRS 10 Consolidated Financial Statements. Effective 1 January 2014
- IFRS 12 Disclosure of Interests in Other Entities. Effective 1 January 2014
- IFRS 15 Revenue from Contracts with Customers. Effective 1 January 2017. Not yet endorsed by the EU
- IAS 19 Employee Benefits. Effective 1 July 2014. Not yet endorsed by the EU
- IAS 28 Investments in Associates and Joint Ventures. Effective 1 January 2014
- IAS 32 Financial instruments: Presentation. Effective 1 January 2014
- Improvements to IFRS (December 2013). Effective 1 July, 2014. Not yet endorsed by the EU
- Investment Entities. Amendments to IFRS 10, IFRS 12 and IAS 27 Effective 1 January 2014
- IFRIC 21 Levies. Effective 1 January, 2014

#### CONSOLIDATED ACCOUNTS

The consolidated accounts include Elekta AB (the Parent Company) and companies in which the Parent Company held, directly or indirectly, more than 50 percent of the voting rights at the end of the period, as well as companies in which the Group otherwise has a controlling interest. Controlling interest means having a right to formulate the strategies for a company in order to obtain economic benefits. A subsidiary is included in the consolidated accounts from the point in time when the controlling interest is obtained until the point in time when the controlling interest ceases. Intra-group transactions, balance sheet items and unrealized intra-group profits are eliminated in the consolidated accounts.

#### The acquisition method

The consolidated accounts have been prepared in accordance with the acquisition method, which means that the cost of shares in subsidiaries is eliminated against their equity at the time of acquisition. Acquisition related transaction costs are not included in the cost of the shares but expensed as incurred. The equity in a subsidiary is determined on the basis of the fair value of assets, liabilities and contingent liabilities at the acquisition date. Thus, only the part of the subsidiary's equity which has arisen after the acquisition date is included in the consolidated accounts. In business combinations, where the sum of (i) the cost of shares in subsidiaries, (ii) the value of non-controlling interest and (iii) the fair value of previously held equity interest, exceeds the fair value of the Group's share of acquired identifiable net assets at acquisition, the difference is reported as goodwill. A negative difference, negative goodwill, is recognized immediately as an income in the income statement.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts are reported for the items for which the accounting is incomplete. Such amounts may be adjusted during the measurement period, or new assets or liabilities may be recognized, to reflect new information obtained about facts and circumstances that existed as of



the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date.

#### Non-controlling interests

In connection with acquisitions of less than 100 percent, when a controlling influence is achieved, non-controlling interests are determined either as a proportional share of the fair value of identifiable net assets excluding goodwill or at fair value. Non-controlling interests are recognized as a separate item in the Group's equity. The Group's profit or loss and every component of other comprehensive income are attributable to the shareholders of the Parent and to non-controlling interests. Losses attributable to non-controlling interests are recognized even if this results in a negative balance. Subsequent acquisitions up to 100 percent and divestments of participations in a subsidiary that do not lead to a loss of controlling influence are recognized as equity transactions.

#### Translation of foreign subsidiaries

The Group companies prepare their financial statements in their functional currency, i.e. the currency used in the primary economic environment in which they mainly operate. These reports provide the basis for the consolidated accounts which are prepared in Swedish kronor (SEK), which is the functional currency of the Parent Company and the presentation currency. The income statements and balance sheets of foreign subsidiaries have been translated, from their respective functional currency, to the presentation currency of the Group. All items in the income statements have been translated at the average rate for the reporting period, while assets and liabilities in the balance sheets have been translated at the closing rate. Translation differences are reported in Group equity as other comprehensive income.

Certain long-term financing related to subsidiaries, where a settlement is not considered to take place in the foreseeable future, is considered as an increase in the Parent Company's net investment in the subsidiaries. Taking the tax effect into consideration, exchange gains and losses are reported in Group equity as other comprehensive income.

#### Associates

Associates are companies which are not subsidiaries but in which the Group has a significant, but not controlling, interest. This normally means companies in which the holding represents more than 20 percent but less than 50 percent of the voting rights. Associates are reported by use of the equity method. Holdings in associates are initially recognized at cost in the consolidated balance sheet. The carrying amount is adjusted for the share of associates' earnings after the acquisition date. Dividends from associates are reported as a reduction of the carrying amount. Income from participations in associates is a separate line in the income statement.

#### SEGMENT REPORTING

Operating segments are reported in accordance with management reporting as reported to the chief operating decision-maker. The chief operating decision-maker is the function that is responsible for allocation of resources and assessment of the operating segments' performance. In Elekta, this function has been identified as the President and CEO who is responsible for and deals with the continuous administration of the Group based on the Board's guidelines and instructions. To his aid, he has the Executive Management. Elekta's President and CEO evaluates business performance from both geographic and product based perspectives. The geographic follow-up is however the main perspective and the

product based perspective constitutes a complement to the geographic monitoring and control. It is from the geographic perspective that the business activity is conducted and managed. Evaluation of financial performance is executed for three geographic regions which are Elekta's operating segments:

- North and South America
- Europe, Middle East and Africa
- Asia Pacific

The same accounting principles are applied in the segment reporting as for the Group.

#### REVENUE RECOGNITION

Elekta's revenue is derived primarily from the sales of hardware and software products, as well as service contracts and services to these products. Elekta recognizes its revenue at the fair value of the consideration received or receivable, net of value added tax, sales tax and sales discounts.

Revenue from the sale of products is recognized when all of the following conditions are satisfied:

- The risk and rewards of ownership of the goods has been transferred to the buyer
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- The amount of revenue and the related costs can be measured reliably
- It is probable that the economic benefits associated with the transaction will flow to the entity

The above implies that each contract requires an examination of any circumstances, terms and conditions affecting the transaction.

Revenue from the rendering of service is recognized when the outcome can be estimated reliably and it is probable that the economic benefits associated with the transaction will flow to the entity. When the service is performed by an undetermined number of acts over the specified service period, revenue is recognized on a straight-line basis over the service period.

Bundled deals, where hardware, software products and service may be included in the same deal, are very common. A bundled deal is treated as a project and is supported by a project team that coordinates the delivery and implementation of the products, which can occur at different stages. For bundled deals the total revenue is allocated to its different parts based on their relative fair values. As explained below, methods for revenue recognition are different between hardware products, software products and services.

The timing of revenue recognition often does not coincide with invoicing and payments from customers. Payment terms or conditions for projects differ between regions. In some markets, partial payments will be due upon certain events such as order receipt, delivery and acceptance. In other markets, the entire payment is due upon completion of implementation or acceptance. Amounts invoiced are reported as accounts receivable while revenue recognized amounts not yet invoiced are reported as accrued income.

#### Hardware products

The risk and rewards related to hardware products are usually transferred to the customer upon shipment or delivery depending on the contracted shipment terms. The hardware products are delivered to comply with the

delivery date contracted with the customer. At this point the customer has invested heavily in preparing an appropriate environment in which to accommodate the equipment and will be firmly committed to embarking upon the final stages of the project such as installation and training and this is normally the point in time where the main part of revenue is recognized. Once technical acceptance has been received from the customer the last part of revenue is recognized. Hardware products include integrated software components required for the product's essential functionality.

#### Software products

After completing the implementation of software, or a part thereof, the customer will be presented with a certificate detailing the products delivered which is then signed by the customer. When the customer has signed the certificate, fully or partly, it serves as proof of acceptance. By signing it the customer confirms that the products, services and training have been provided in accordance with the agreement and that the software has been handed over to the customer for clinical use. When Elekta receives the signed certificate revenue will be recognized given that all conditions for revenue recognition have been met. Many times, the acceptance procedure is performed in steps which also leads to a gradual recognition of revenue.

#### Service contracts

Service revenue is recognized on a straight-line basis over the contractual term of the arrangement or the expected period during which those specified services will be performed. Maintenance and support agreements on software products are generally renewed on an annual basis. The revenue for maintenance and support will be deferred and amortized over the length of the contract.

#### EMPLOYEE BENEFITS

Remuneration paid to employees in the form of wages/salary, paid vacation, etcetera is accounted for as it is earned. Pensions are reported either as defined contribution plans or as defined benefit plans.

#### Pensions

Most of Elekta's pension commitments are met through ongoing payments to authorities or other independent organizations that administer the pension plans. For these defined contribution pension plans, a pension cost is reported on a continuous basis as the benefits are earned, which normally coincides with the date on which the fees are paid.

Elekta has defined benefit pension plans for certain employees in a few countries. Independent actuaries calculate the magnitude of the obligations in each plan and revalue the obligations of the pension plans each year. The pension costs are estimated using the so-called Projected Unit Credit Method in a way that distributes the costs over the employee's working life. These obligations are valued at the present value of the expected future payments. Actuarial gains and losses are reported in other comprehensive income in the period during which they arise.

#### Share-based compensation

Ongoing share programs are reported according to IFRS 2 Share-based payments and are mainly equity-settled. The conditions of the share programs state that they may be settled in other ways than through shares. This possibility is only applied to a very limited extent and neither cost nor obligation are material amounts.

Accounting for equity-settled share-based compensation programs entails that the instrument's fair value at grant date is recognized in the income statement over the vesting period, with a corresponding adjust-

ment to equity. This leads to an estimated cost, corresponding to the earned portion of the estimated share value at allotment, being charged to profit and loss over the vesting period. At each closing in the vesting period the expected number of vested shares is revised and the impact of any changes over the original estimates are recognized in the income statement, with a corresponding adjustment to equity. In addition, provisions are made for estimated employer contributions related to the share programs.

Calculations are based on a theoretical market valuation where the market value is calculated using Black & Scholes based on the share price on the closing date. For allotted shares, social security expenses are paid on the basis of the market value on the allotment date.

#### TAXES

The tax expense in the income statement includes all tax that is to be paid or received for the current year, adjustments relating to previous years' current tax, and changes in deferred tax. Deferred tax is calculated and reported in accordance with the balance sheet method. In accordance with this method, deferred tax is calculated on the basis of the temporary differences between the tax bases and the carrying amounts of assets and liabilities. Deferred tax assets relating to loss carry-forwards and other future tax credits are recognized to the extent it is probable that deductions can be made against future profits. Valuation is based on nominal amounts based on the tax rules prevailing in each country and the anticipated tax rate for the following year in each country. Deferred taxes relating to temporary differences attributable to investments in subsidiaries are not recognized in the consolidated financial statements since Elekta AB, in all cases, can control the time of reversal of the temporary differences and it is not considered probable that such a reversal will occur in the foreseeable future. Deferred tax assets and deferred tax liabilities are offset when there is a legal right to do so and when the deferred tax amounts concern the same tax authority. For items recognized in profit or loss, the related tax effects are also recognized in profit or loss. For items recognized in equity under other comprehensive income, related tax effects are also recognized in equity under other comprehensive income.

#### INTANGIBLE ASSETS

Intangible assets contain goodwill, capitalized development costs, customer relationships and other intangible assets. Other intangible assets mainly consist of acquired technology.

#### Goodwill

Goodwill comprises the positive amount by which the sum of (i) the cost of shares in subsidiaries, (ii) the value of non-controlling interest and (iii) the fair value of previously held equity interest exceeds the fair value of the Group's share of acquired identifiable net assets at acquisition. Goodwill is carried at cost less accumulated impairment losses. Goodwill is tested for impairment on an annual basis, or more frequently if indicated. See also section Impairment.

#### Research and development

Research costs are expensed as they are incurred. In those instances in which it is difficult to distinguish between the research phase and the development phase in a project, the entire project is considered as research and is expensed as incurred. Identifiable costs for the development of new products are capitalized to the extent that these are considered to provide future economic benefits. In other instances, development expenditures are expensed as they are incurred. Costs for development once reported in the income statement are never capitalized in

future periods. Capitalized expenditures are amortized on a straight-line basis from the time when the asset begins to be used or is produced commercially and during the estimated useful life of the asset. The amortization period is 3–5 years.

#### Customer relations and other intangible assets

Intangible assets also include technology, brands, customer relations, etcetera. In conjunction with the acquisition of such assets, the acquisition values are reported as assets, which are amortized on a straight line basis over the estimated useful life. Surplus value in acquired order backlog is also reported as other intangible assets.

Technology	5–11 years
Brands	6–10 years
Customer relations	15–20 years
Order backlog	0.5–1 year

#### TANGIBLE ASSETS

Tangible assets acquired by Group companies are reported at cost, less accumulated depreciation and any write-downs. Assets in acquired companies are reported at fair value on the acquisition date after deduction of subsequent accumulated depreciation. Machinery and equipment is depreciated on a straight-line basis during its economic life of between 3 and 5 years. Installations and improvements on third party property are depreciated over the period of the lease agreement.

The residual value of assets and their useful economic lives are reviewed annually and adjusted as required.

#### IMPAIRMENT

The carrying amount of a depreciated asset is tested for impairment whenever there are indications that the carrying amount might not be recoverable. If there are indications of impairment, the asset's recoverable amount is calculated. The recoverable amount consists of the higher of the value in use of the asset in operations and the value that would be received if the asset was sold to a third party, the net realizable value. Value in use consists of all incoming and outgoing payments attributable to the asset during the period it is expected to be used in operations, plus the net realizable value at the end of the useful life. If the calculated recoverable amount is less than the carrying amount, impairment is made to the asset's recoverable amount. An impairment loss recognized in previous periods is reversed if the reasons for the impairment no longer exist. However, a reversal will not be higher than the carrying amount would have been if an impairment loss had not been recognized in previous periods.

Goodwill is subject to annual impairment testing even if there are no indications of impairment. The carrying amount of goodwill is allocated to cash generating units. When testing for impairment of goodwill, the assets are grouped in cash-generating units and assessments are made on the basis of these units' future cash flows. Impairment losses on goodwill are not reversed.

All impairment losses, and any reversals of the same, are recognized in the income statement.

#### LEASING

The leasing of tangible assets, for which the Group is essentially responsible for the same risks and benefits as it would be in the case of direct ownership, is classified as financial leasing. The leased asset is reported as a fixed asset and the corresponding obligation to pay a leasing fee is reported as an interest-bearing liability. The leasing payments are distributed between amortization of the liability and financial expense, so that

each reporting period is charged with an interest amount corresponding to a fixed interest rate on the reported liability during each period. The leased asset is depreciated in accordance with the same principles that apply to owned assets of the same type. If any uncertainty exists about whether the asset will be taken over at the end of the leasing period, the asset is depreciated over the leasing period, if this is shorter.

Leasing of assets, for which the lessor, for all practical purposes, is considered the owner, is classified as operational leasing. The leasing fee is expensed on a straight-line basis over the leasing period.

#### INVENTORIES

Inventories are valued in accordance with the 'first in, first out' principle and at the lower of cost and net realizable value. Internal profits arising from deliveries between Group companies are eliminated upon consolidation.

#### TRANSACTIONS AND BALANCES IN FOREIGN CURRENCY

Transactions in foreign currency are translated to the respective Group Company's functional currency by use of the currency rate prevailing on the transaction date. Monetary receivables and liabilities in foreign currency are similarly translated by use of the closing day rate. Exchange rate differences arising upon translation, and upon payment of the transaction, are reported in the income statement with the exception of those related to qualified hedge transactions, related to cash flows or net investments, which are recognized in equity under other comprehensive income. Exchange rate gains and losses on operating balance sheet items are recognized in the operating result. Exchange rate gains and losses on loans and investments are recognized as financial items. Non-monetary assets and liabilities carried at historical cost are translated at the exchange rate prevailing on the transaction date.

#### FINANCIAL INSTRUMENTS

A financial asset or a financial liability is reported in the balance sheet when the Company becomes party to the contractual terms and conditions of the instrument. A financial asset is removed from the balance sheet when the contractual rights are realized, fall due, or the Company loses control of them. Spot acquisitions or sales of financial assets are reported on the settlement date, which is the date on which the asset is delivered. Accounts receivable are reported in the balance sheet when the invoice is dispatched.

The fair value of quoted financial assets corresponds to the asset's listed bid price on the closing date. In the absence of such information, a valuation is carried out using generally accepted methods such as the discounting of future cash flows at the quoted market interest rate for the particular maturity.

For short-term loans and investments, the fair value is deemed to comply with the carrying amount in view of the fact that a change in market rate of interest does not have a material effect on the market value.

Financial assets and liabilities are off-set and reported at a net amount in the balance sheet when there is a legal right to net and when the intention is to settle the items using a net amount or simultaneously realize the assets and settle the liability.

Financial assets and liabilities are divided into the following categories in accordance with IAS 39.

#### Financial assets measured at fair value through profit or loss

Assets are classified in this category when the intention is to sell in the short term. Derivatives with a positive market value are classified in this category unless they are used for hedge accounting. Assets in this cate-

category are recognized at fair value and changes in value are recognized in the income statement. Only financial derivatives were assigned to this category during the year.

#### Loan receivables and accounts receivable

Loan receivables and accounts receivable are financial assets, which are not derivatives, with fixed or determinable payments, which are not quoted in an active market. The receivables arise when money, goods or services are provided directly to another party without any intention of trading in the receivables. Assets in this category are measured at amortized cost less any provision for impairment. The category include for example accounts receivable as well as cash and cash equivalents.

#### Accounts receivable

Since the anticipated life of accounts receivable is short, reporting is based on the amounts expected to be received, based on individual assessment of any bad debts, without discounting in accordance with the method for amortized cost. Impairment loss on accounts receivable is recognized in operating profit.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances with financial institutions and short-term investments with an original maturity of less than three months. Cash and cash equivalents are reported at nominal value.

#### Financial liabilities at fair value through profit or loss

This category includes derivatives with negative fair values that are not used for hedge accounting. Financial liabilities held for trading are also included. Liabilities in this category are continuously measured at fair value with changes in that value recognized in the income statement. Only derivatives were classified in this category during the year.

#### Financial liabilities measured at amortized cost

This category includes financial liabilities that are not held for trading, for example loans and accounts payable. These are recognized initially at fair value, net after transaction costs, and subsequently at amortized cost according to the effective interest method.

#### Loan liabilities

Loan liabilities are initially reported at fair value, net of transaction costs, and subsequently at amortized cost according to the effective interest method. Loan liabilities carrying a fixed rate of interest that are reported under hedge accounting in line with the method for fair value hedging are valued at market in respect of the interest component. Changes in market value are off-set with changes in value of the hedge instrument in net financial items.

A convertible loan is recognized as a compound financial instrument divided into a liability component and an equity component. Upon initial recognition of the convertible bond, the fair value of the liability component is determined based on the present value of the contractually determined stream of cash flows based on a discount rate determined from the market rate of comparable instruments without the conversion option. Subsequent to initial recognition, the liability component is measured based on its amortized cost, using the effective interest method. The carrying value of the liability component gradually approaches the nominal value of the convertible loan. The gradual increase in the liability component is recognized in the income statement as interest expense and the total interest expense of the convertible loan therefore includes the gradual increase in the liability component as well as the cash coupon.

The equity component is calculated as the difference between the nominal value of the convertible loan and the initially recognized liability component. The equity component is carried at a fixed value in shareholders' equity. Transaction costs related to the issue of the convertible loan are distributed between the liability and equity component in proportion to the distribution of the issue proceeds. The transaction costs are included in the calculation of amortized cost, using the effective interest method, and are expensed over the term of the convertible loan.

#### Hedging of net investments

Loans in foreign currency are reported at closing rate. Exchange rate differences for loans in connection with hedging of net investments in foreign operations are reported in other comprehensive income, with tax effects taken into account, and are thus off-set against the translation differences that arise when translating the subsidiaries' balance sheets into SEK.

#### Accounts payable

The valuation principle for accounts payable is the amortized cost principle. The expected lifetime for accounts payable is short and thus the payables are reported at nominal value without discounting.

#### Accounting for derivatives used for hedging purposes

All derivatives are initially and continuously recognized at fair value in the balance sheet. Gains and losses on remeasurement of derivatives used for hedging purposes are recognized as follows. Changes in value relating to cash flow hedges are reported in other comprehensive income and are taken to the income statement as the hedged cash flow affects the income statement. Any ineffective portion of the change in value is reported directly in the income statement.

The result of a revaluation of derivatives used to hedge fair value is reported in the income statement along with changes in the fair value of the receivable or liability exposed to the hedged risk.

#### PROVISIONS

Provisions are reported when the Group has, or is considered to have, an obligation resulting from an event that has occurred and for which payments are likely to meet the obligation. A further condition is that it is possible to make a reliable estimate of the amount to be paid.

#### Warranty reserves

Estimated costs for product guarantees are charged against operating costs in conjunction with the income recognition of the products. The estimated costs are established using historic statistics, with known changes taken into account regarding product quality, repair costs etcetera.

#### CASH FLOW STATEMENT

The cash flow statement is prepared according to the indirect method.

#### THE PARENT COMPANY

The Group's Parent Company, Elekta AB, carries out group management and provides joint group functions and financial management. The Parent Company's revenues consist mainly of dividends from subsidiaries. The most material balance sheet items are shares in subsidiaries, intra-group balances and external loans.

The Parent Company's annual accounts have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and standard RFR 2 of the Swedish Financial Reporting Board. RFR 2 requires the Parent Company, in its annual accounts, to apply all the International Financial Reporting Standards (IFRS) as endorsed by the EU in so far as this is possible within the framework of the Annual Accounts Act and

with regard to the relationship between accounting and taxation. RFR 2 states what exceptions from, and additions to, IFRS should be made.

### Revenues

The Parent Company's revenues consist mainly of dividends from subsidiaries. Dividends are recognized when the right to receive payment is judged to be firm.

### Shares in subsidiaries and shares in associates

Shares in subsidiaries and shares in associates are accounted for at cost less any accumulated impairment losses. Acquisition-related transaction costs are included in the cost of the shares. The recoverable amount of shares in subsidiaries or shares in associates is calculated whenever there is an indication of a reduction in value. Impairment is performed if the recoverable amount is lower than the carrying value. Impairment losses are recognized in the financial net in the income statement.

### Financial instruments

Derivative financial instruments are accounted for at fair value. Changes in the fair values of derivative financial instruments are reported in the income statement with the exception of exchange differences related to a monetary item that forms part of a net investment in a foreign subsidiary. Such value changes are recognized in equity under other comprehensive income.

### Group contributions

Group contributions are reported in accordance with RFR 2. Group contributions received and given are recognized as income from participations in Group companies and increase of shares in subsidiaries respectively. The tax effect of group contributions is recognized in the income statement in accordance with IAS 12.

### Exchange rates

Country	Currency	Average rate			Closing rate		
		2013/14	2012/13	Change	April 30, 2014	April 30, 2013	Change
Australia	AUD	6.029	6.887	-12%	6.098	6.791	-10%
Canada	CAD	6.159	6.655	-7%	5.995	6.480	-7%
China	CNY	1.066	1.063	0%	1.049	1.064	-1%
Euroland	EUR	8.791	8.586	2%	9.067	8.575	6%
United Kingdom	GBP	10.454	10.510	-1%	11.043	10.162	9%
Hong Kong	HKD	0.842	0.861	-2%	0.847	0.845	0%
Japan	JPY	0.065	0.080	-19%	0.064	0.067	-4%
USA	USD	6.527	6.676	-2%	6.569	6.560	0%

## Note 2 Objectives and policy for management of capital and risk

Financial risks are handled within the framework of a finance policy established by the Board of Directors. The Group's financial risks are compiled and followed-up continuously to ensure compliance with the finance policy.

### CAPITAL MANAGEMENT

The primary objective for Elekta's capital management is to maintain high creditworthiness and well balanced capital structure with the aim of generating return to shareholders and benefit for other stakeholders, and to keep the costs of capital down. The capital structure objective is a net debt/equity ratio that does not exceed 0.5. On April 30, 2014 shareholders' equity in Elekta amounted to SEK 6,257 (5,560) M and net debt/equity ratio was 0.36 (0.36).

### EXCHANGE RATE RISK

As a result of its international operations and structure, Elekta has considerable exposure to exchange rate fluctuations. This pertains to currency flows in different currencies, i.e. transaction exposure, and the translation of foreign subsidiaries' profits and net assets into SEK, i.e. translation exposure.

### Transaction exposure

Transaction exposure is generated mainly through net expenses in SEK and GBP and net revenue in USD, EUR and JPY. The sales companies'

mainly have revenues and expenses in local currencies. Invoiced sales in other currencies than SEK exceed 99 percent (99) of the Group's total invoicing.

Elekta's policy is to hedge the exchange rate risk using forwards or options, the extent of which is determined by the Group's estimation of the exchange rate risk and in accordance with the Group's established policy. Hedging is conducted on the basis of expected net sales over a period up to 24 months. Hedging is carried out in order to reduce the effects of short-term fluctuations in currency markets.

### Translation exposure

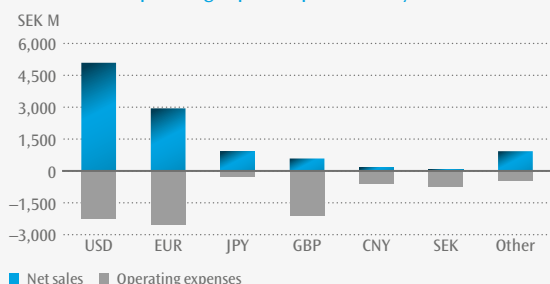
The Group's consolidated earnings and shareholders' equity are affected by translation exposure. Consolidated earnings are normally not hedged. Shareholders' equity in foreign currency is hedged when deemed appropriate, following individual assessment.

### Exposure affecting Group profit

Based on the year's income, expense and currency structure a general change of one percentage point in the SEK exchange rate against other currencies would affect Group operating profit by approximately +/- SEK 22 (27) M. Currency hedging limits the short-term effect of exchange rate movements. The Group's net sales and operating expenses by currency for 2013/14 are shown in the following diagram.

## Note 2 Objectives and policy for management of capital and risk, cont.

### Net sales and operating expenses per currency 2013/14



The table below shows the impact on operating income of a 1 percent weakening of the Swedish krona (SEK) in relation to the major currencies.

### Impact on operating result of a 1 percent weakening of SEK, SEK M

Currency	April 30, 2014	April 30, 2013
USD	28	26
EUR	4	6
JPY	6	7
GBP	-15	-13
CNY	-4	-4

### INTEREST RATE RISK

Interest rate risk pertains to the risk that changes in interest rates will adversely affect Elekta's earnings.

At year-end, cash and cash equivalents accounted for 13 percent (16) of the Group's total assets. Cash and cash equivalents were invested so as to obtain a return equivalent to the short-term market rate for each currency.

On April 30, 2014, interest-bearing liabilities totaled SEK 4,486 M (4,552), of which SEK 2 M (3) pertained to financial leasing. The average fixed interest term was 3.3 years (4.4) and the weighted average interest rate taking interest rate derivatives into account was 3.8 percent (3.6). See Note 25 for more information on interest-bearing loans.

Based on the balance sheet structure at year end a general change of one percentage point in the interest rate on borrowings and investments would effect Group profit before tax by approximately +/- SEK 11 M (22).

### LIQUIDITY AND FINANCING RISK

The liquidity and financing risk pertains to the risk not to be able to cover payment obligations due to insufficient cash and cash equivalents or difficulties in obtaining external financing.

The table below shows the Group's liquidity risk through a maturity analysis regarding financial liabilities (including interest payments) and derivatives reported as financial liabilities.

### Maturity analysis: financial liabilities

SEK M	April 30, 2014					April 30, 2013				
	< 1 yr	> 1 yrs < 3 yrs	> 3 yrs < 5 yrs	> 5 yrs	Total	< 1 yr	> 1 yrs < 3 yrs	> 3 yrs < 5 yrs	> 5 yrs	Total
Loans (note 25)	292	3,310	484	1,141	5,227	382	1,529	2,029	1,523	5,463
Finance leases (note 25)	1	1	–	–	2	1	2	–	–	3
Accounts payable	1,295	–	–	–	1,295	1,217	–	–	–	1,217
Derivative financial instruments – outgoing, gross	1,216	18	–	–	1,234	1,617	–	–	–	1,617
Derivative financial instruments – inflow, gross	-1,202	-18	–	–	-1,220	-1,589	–	–	–	-1,589
Other liabilities	215	–	–	–	215	182	–	–	–	182
<b>Total</b>	<b>1,817</b>	<b>3,311</b>	<b>484</b>	<b>1,141</b>	<b>6,753</b>	<b>1,810</b>	<b>1,531</b>	<b>2,029</b>	<b>1,523</b>	<b>6,893</b>

In order to reduce the liquidity risk, Elekta endeavors to maintain readily available funds equal to at least 10 percent of net sales. On April 30, 2014, available cash and cash equivalents amounted to SEK 2,238 M (2,564), or 21 percent (25) of net sales. In addition, Elekta had SEK 1,887 M (1,801) in unutilized credit facilities.

### CREDIT RISK

#### Financial credit risk

Exposure to financial credit risk occurs when surplus liquidity is invested, and in the handling of the Group's financial risks.

Elekta's finance policy includes special counterparty regulations in which the maximum credit exposure and the lowest credit rating for

various counterparties are specified. One objective is that counterparties should have a minimum credit rating from Standard & Poor's of A (long) and A1+ (short). Elekta solely invests its liquidity in liquid instruments with a low credit risk and with creditworthy banks.

#### Credit risk in accounts receivable

Elekta's credit risks are limited since customer operations are, to a large extent, financed either directly or indirectly by public funds. No single customer accounts for 10 percent or more of Elekta's net sales. Elekta's credit losses have historically been low. See Note 21 for an analysis of credit exposure in accounts receivable and provision for bad debts.

**FINANCIAL INSTRUMENTS: CARRYING AMOUNT AND FAIR VALUE**

The table below presents the group's financial assets and financial liabilities by measurement category with carrying amount and fair value per item. Fair value for long-term interest-bearing liabilities has been established by discounting future payment flows at current market interest rate and then converting to SEK at the current exchange rate. For other financial instruments the fair value is estimated to agree with the carrying amount.

## Financial instruments per category

SEK M	Note	April 30, 2014		April 30, 2013	
		Carrying amount	Fair value	Carrying amount	Fair value
<b>FINANCIAL ASSETS</b>					
<b>Financial assets measured at fair value through profit or loss:</b>					
Derivative financial instruments – non-hedging		40	40	23	23
<b>Loan receivables and accounts receivable:</b>					
Other financial assets	19	350	350	211	211
Accounts receivable	21	4,197	4,197	3,192	3,192
Other receivables	22	232	232	205	205
Cash and cash equivalents	23	2,247	2,247	2,567	2,567
<b>Derivatives used for hedging purposes:</b>					
Derivative financial instruments – hedging		67	67	93	93
<b>FINANCIAL LIABILITIES</b>					
<b>Financial liabilities at fair value through profit or loss:</b>					
Derivative financial instruments – non-hedging		9	9	4	4
<b>Financial liabilities measured at amortized cost:</b>					
Long-term interest-bearing liabilities	25	4,361	4,614	4,340	4,557
Short-term interest-bearing liabilities	25	125	125	212	212
Accounts payable		1,295	1,295	1,217	1,217
Other liabilities		215	215	182	182
<b>Derivatives used for hedging purposes:</b>					
Derivative financial instruments – hedging		5	5	24	24

The table below shows how the Group's financial assets and financial liabilities, which are carried 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

## Distribution by level when measured at fair value

SEK M	April 30, 2014				April 30, 2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>FINANCIAL ASSETS</b>								
<b>Financial assets measured at fair value through profit or loss:</b>								
Derivative financial instruments – non-hedging	–	40	–	40	–	23	–	23
<b>Derivatives used for hedging purposes:</b>								
Derivative financial instruments – hedging	–	67	–	67	–	93	–	93
<b>Total financial assets</b>	<b>–</b>	<b>107</b>	<b>–</b>	<b>107</b>	<b>–</b>	<b>116</b>	<b>–</b>	<b>116</b>
<b>FINANCIAL LIABILITIES</b>								
<b>Financial liabilities at fair value through profit or loss:</b>								
Derivative financial instruments – non-hedging	–	9	–	9	–	4	–	4
<b>Derivatives used for hedging purposes:</b>								
Derivative financial instruments – hedging	–	5	–	5	–	24	–	24
<b>Total financial liabilities</b>	<b>–</b>	<b>14</b>	<b>–</b>	<b>14</b>	<b>–</b>	<b>28</b>	<b>–</b>	<b>28</b>

## Note 2 Objectives and policy for management of capital and risk, cont.

### DERIVATIVE FINANCIAL INSTRUMENTS

The Group's derivative financial instruments outstanding at April 30 are presented with nominal amounts and fair values in the table below. The total amount of fair values of assets and liabilities respectively are equivalent to the carrying values reported in the balance sheet.

#### Derivatives outstanding

SEK M	April 30, 2014				April 30, 2013			
	Nominal	Asset	Liability	Hedge reserve after tax	Nominal	Asset	Liability	Hedge reserve after tax
<b>Currency derivatives:</b>								
Cash flow hedges	1,553	67	5	45	2,745	93	24	52
Non-hedging	3,814	39	9	–	2,076	23	4	–
<b>Currency derivatives, total</b>	<b>5,367</b>	<b>106</b>	<b>14</b>	<b>45</b>	<b>4,821</b>	<b>116</b>	<b>28</b>	<b>52</b>
<b>Interest rate derivatives:</b>								
Non-hedging	66	1	–	–	–	–	–	–
<b>Interest rate derivatives, total</b>	<b>66</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Derivatives, total</b>	<b>5,433</b>	<b>107</b>	<b>14</b>	<b>45</b>	<b>4,821</b>	<b>116</b>	<b>28</b>	<b>52</b>

#### Cash flow hedges outstanding

Currencies	April 30, 2014				April 30, 2013			
	Currency	Amount	Term	Exchange rate	Currency	Amount	Term	Exchange rate
USD/SEK	USD	40 M	3–12 mon	6.666 USD/SEK	USD	58 M	3–24 mon	6.740 USD/SEK
USD/GBP	USD	62 M	3–12 mon	0.643 USD/GBP	USD	110 M	3–23 mon	0.642 USD/GBP
EUR/SEK	EUR	32 M	6–24 mon	8.990 EUR/SEK	EUR	28 M	3–24 mon	8.908 EUR/SEK
EUR/GBP	EUR	42 M	3–21 mon	0.866 EUR/GBP	EUR	96 M	3–22 mon	0.847 EUR/GBP
JPY/SEK	JPY	2,100 M	3–23 mon	0.068 JPY/SEK	JPY	2,600 M	3–15 mon	0.086 JPY/SEK
JPY/GBP	JPY	1,200 M	6–12 mon	0.006 JPY/GBP	JPY	1,600 M	3–12 mon	0.008 JPY/GBP

#### Offsetting of financial assets and liabilities

SEK M	2013/2014					2012/2013				
	Gross amount	Amounts set off in the balance sheet	Net amounts in the balance sheet	Amounts covered by netting agreements but not set off	Net amount	Gross amount	Amounts set off in the balance sheet	Net amounts in the balance sheet	Amounts covered by netting agreements but not set off	Net amount
Financial assets	107	–	107	–14	93	116	–	116	–28	88
Financial liabilities	14	–	14	–14	–	28	–	28	–28	–

Financial assets and financial liabilities set off only consist of derivative financial instruments.



## Note 3 Estimates and assessments

The preparation of financial statements and application of accounting standards require that management use estimates and assessments. Therefore, they make certain assumptions which are considered reasonable under the prevailing circumstances. Thus, estimates and assessments affect the financial reports and they are frequently based on experience as well as other factors, including expectations of future events. Using other assumptions than those actually applied in the preparation of the financial reports the result can be different and the actual outcome seldom complies with the anticipated result. Estimates and assessments are particularly important in revenue recognition, valuation of accounts receivable, calculation of deferred taxes and pension provisions and impairment testing of goodwill. Estimates and assessments are continually reassessed. Amounts below refer to 30 April 2014 (2013) unless otherwise stated.

### REVENUE RECOGNITION

One of the conditions for revenue recognition is that revenue from the sale of products is recognized when the risks and rewards of ownership of the goods has been transferred to the buyer. The assessment of when these risks and rewards are transferred requires that each contract is examined of the circumstances affecting the transaction. The risk and rewards related to hardware products are usually taken as transferred to the customer upon shipment or delivery depending on the contracted shipment terms. Thus, the main part of revenue is normally recognized upon either shipment or delivery. The timing of revenue recognition often does not coincide with invoicing and payments from customers. Therefore, the assessment of the conditions for revenue recognition being satisfied often forms the basis for amounts recognized as either accounts receivable or accrued income. Amounts invoiced are reported as accounts receivable while revenue recognized amounts not yet invoiced are reported as accrued income. Net sales for the year amounted to SEK 10,694 M (10,339). Accrued income amounted to SEK 1,699 M (1,861). Accounts receivable amounted to SEK 4,197 M (3,192). For more information on accounts receivable see below.

### VALUATION OF ACCOUNTS RECEIVABLE

Accounts receivable is one of the most significant items in the balance sheet and is carried at nominal value net after provisions for bad debts. Thus, the provision for bad debts is subject to estimates and assessments. The provision is relatively low which is explained by the fact that the Group's credit risk is low and credit losses have historically been low. Accounts receivable amounted to SEK 4,197 M (3,192) including bad debt provisions of SEK 44 M (64). See Note 2 for further information regarding the credit risk in accounts receivable and Note 21 for more information on accounts receivable and the provision for bad debts.

### CALCULATION OF DEFERRED TAXES

Deferred tax assets and deferred tax liabilities are balance sheet items which are subject to estimates and assessments. Deferred tax is calculated on temporary differences between the carrying amounts and the tax values of assets and liabilities. Estimates and assessments affect the recognized deferred tax amounts in the determination of the carrying amounts of the different assets and liabilities, and also through forecasts regarding future taxable profits in those cases where a future utilization of deferred tax assets depends on future taxable profits. Deferred taxes amounted to a net liability of SEK 544 M (490), whereof assets SEK 143 M (92) and liabilities SEK 687 M (582). See Note 14 for more information on deferred taxes.

### CALCULATION OF PENSION PROVISIONS

Calculations of defined benefit pension provisions normally include several assumptions regarding the future. Actuarial calculations are required since the payment to the employee mostly will occur several years into the future. Such calculations are based on assumptions regarding economic variables such as discount rate, salary increases, inflation rate, pension increases but also on demographic variables such as expected life. The Group has relatively limited obligations regarding defined benefit pension plans. The net provision in the balance sheet amounted to SEK 66 M (73). See Note 26 for more information on pension provisions.

### IMPAIRMENT TESTING OF GOODWILL

For the Group, the most significant estimates and assumptions are those relating to impairment testing of goodwill. This means that the effect on the financial reports may be considerable if the estimates and assessments made would prove to deviate significantly from the actual outcome. In connection with impairment testing of goodwill the carrying amount is compared with the recoverable amount. The recoverable amount is determined by the higher of an asset's net realizable value and its value in use. Normally, it is not possible to determine the net realizable value. Therefore, the value in use is normally the value being compared with the carrying amount. Thus, each cash generating unit's value in use is calculated in assessing any impairment of goodwill. Calculations are performed through discounting future estimated cash flows. In order to perform the calculations a number of assumptions concerning future circumstances and estimates of parameters are made, e. g. growth and discount rate. Any adjustments of the assumptions made could have an effect on the carrying amount of the goodwill. Assuming a lower growth rate would lead to a lower recoverable amount. A higher discount rate would also lead to a lower recoverable amount. Goodwill amounted to SEK 4,549 M (4,411). Refer to Note 15 for more information on goodwill and for a description of the impairment test performed, major assumptions made as well as the effects of likely changes to them.

## Note 4 Segment reporting

2013/14 SEK M	North and South America	Europe, Middle East and Africa	Asia Pacific	Group total	% of net sales
Net sales	3,328	4,220	3,146	10,694	
Operating expenses	-2,246	-2,785	-2,308	-7,339	69%
<b>Contribution margin</b>	<b>1,082</b>	<b>1,435</b>	<b>838</b>	<b>3,355</b>	<b>31%</b>
Contribution margin, %	33%	34%	27%		
Non-recurring items				-161	
Global costs				-1,467	14%
<b>Operating result</b>				<b>1,727</b>	<b>16%</b>
Income from participations in associated companies				-15	
Financial income				23	
Financial expenses				-231	
Exchange rate differences				-2	
<b>Income before tax</b>				<b>1,502</b>	
Income tax				-350	
<b>Profit for the year</b>				<b>1,152</b>	
<b>Net sales per product type</b>					
Hardware	1,371	2,518	1,985	5,874	
Software/Service	1,957	1,702	1,161	4,820	
<b>Total</b>	<b>3,328</b>	<b>4,220</b>	<b>3,146</b>	<b>10,694</b>	
Depreciation/Amortization	-154	-228	-32	-414	
Investments	186	482	58	726	

2012/13 SEK M	North and South America	Europe, Middle East and Africa	Asia Pacific	Group total	% of net sales
Net sales	3,521	3,561	3,257	10,339	
Operating expenses	-2,277	-2,266	-2,210	-6,753	65%
<b>Contribution margin</b>	<b>1,244</b>	<b>1,295</b>	<b>1,047</b>	<b>3,586</b>	<b>35%</b>
Contribution margin, %	35%	36%	32%		
Non-recurring items				-46	
Global costs				-1,528	15%
<b>Operating result</b>				<b>2,012</b>	<b>20%</b>
Income from participations in associated companies				-29	
Financial income				32	
Financial expenses				-223	
Exchange rate differences				8	
<b>Income before tax</b>				<b>1,800</b>	
Income tax				-449	
<b>Profit for the year</b>				<b>1,351</b>	
<b>Net sales per product type</b>					
Hardware	1,640	2,033	2,217	5,890	
Software/Service	1,881	1,528	1,040	4,449	
<b>Total</b>	<b>3,521</b>	<b>3,561</b>	<b>3,257</b>	<b>10,339</b>	
Depreciation/Amortization	-127	-202	-20	-349	
Investments	213	278	53	544	

## Net sales per country

SEK M	2013/14	2012/13
Sweden	59	74
USA	2,727	2,605
China	1,195	1,057
Japan	904	1,057
Germany	619	562
United Kingdom	537	445
Italy	390	366
Australia	318	402
France	309	272
India	205	250
Canada	193	358
Russia	174	296
Other countries	3,064	2,595
<b>Total</b>	<b>10,694</b>	<b>10,339</b>

The accounting principles applied in the segment reporting are the same as in the group accounts. Net sales per country is based on sales to customers in the respective country. There is no individual customer representing more than 10 percent of net sales.

## Tangible fixed assets per country

SEK M	2013/14	2012/13
Sweden	64	59
United Kingdom	192	96
USA	110	110
China	106	75
Netherlands	90	81
Other countries	62	66
<b>Total</b>	<b>624</b>	<b>487</b>

Information on other non-current assets (intangible assets) per country cannot be disclosed as the necessary information is not available. See note 15 for information on goodwill per region.

## Note 5 Salaries, other remuneration and social security costs

SEK M	Group		Parent Company	
	2013/14	2012/13	2013/14	2012/13
<b>Salaries, other remuneration and social security costs:</b>				
Board and Managing director	94	89	10	9
Other employees	2,238	2,050	33	27
<b>Total salaries and other remunerations</b>	<b>2,332</b>	<b>2,139</b>	<b>43</b>	<b>36</b>
Pension costs	175	174	6	10
Other social security costs	281	283	14	21
<b>Total social security costs</b>	<b>456</b>	<b>457</b>	<b>20</b>	<b>31</b>
<b>Total salaries, other remuneration and social security costs</b>	<b>2,788</b>	<b>2,596</b>	<b>63</b>	<b>67</b>

Bonuses included in the above salaries and other remunerations paid to the Boards and the Managing directors of subsidiaries amounted to SEK 20 M (19), and SEK 1 M (1) in the Parent Company. Total pension costs amounted to SEK 175 M (174) of which SEK 11 M (22) concern defined benefit pension plans. Total pension cost in the Parent Company amounted to SEK 6 M (10) of which SEK –2 M (4) concern defined benefit pensions plans. For further information regarding the defined benefit pension plans see note 26.

### REMUNERATION TO THE BOARD OF DIRECTORS

According to the resolution by the AGM, fees totaling SEK 4,005,000 (3,220,000) were paid, of which SEK 1,000,000 (750,000) to the Chairman of the Board, SEK 2,550,000 (2,040,000) to external Board members, committee fees of SEK 70,000 (70,000) to the Chairman of the Remuneration Committee and SEK 35,000 (35,000) to each of the other external Board members in the Remuneration Committee, as well as SEK 175,000 (150,000) to the Chairman and SEK 70,000 (70,000) to each of the other external Board members of the Audit Committee. See pages 84–85 for remuneration per Board member.

### REMUNERATION TO EXECUTIVE MANAGEMENT

The guidelines for remuneration to the Executive Management, which are proposed by the Board of Directors for the AGM on August 28, 2014, are presented on pages 78–79. The proposed guidelines are unchanged

compared to those proposed by the Board of Directors and approved by the AGM on September 3, 2013. The Executive Management for 2013/2014 was comprised of a total of ten people, of whom three are located in Sweden and the other seven in China, the Netherlands, the UK and the US. The tables below display remunerations and other benefits to the Executive Management in 2013/14 and 2012/13 respectively.

One member of Elekta's Executive Management team has been offered, and has accepted, to participate in an individual performance based incentive scheme extending to 2016/2017. The requirements for fulfilling the objectives for the scheme, and the related progressive payouts, are regulated in an agreement that has been approved by Elekta's Executive Compensation & Capability Committee, ECCC. No costs have been charged to the income statement of the year.

## Note 5 Salaries, wages, other remuneration and social security costs, cont.

### Remuneration and other benefits to executive management during the year 2013/14

Thousands	Fixed remuneration	Variable remuneration	Share-based compensation	Other benefits	Pension costs	Total
President and CEO	4,520	1,301	–	70	1,564	7,455
Other senior executives resident in Sweden (2)	4,538	905	–	180	1,379	7,002
Other senior executives resident abroad (7)	22,163	5,986	–	1,573	1,971	31,693
<b>Total senior executives</b>	<b>31,221</b>	<b>8,192</b>	<b>–</b>	<b>1,823</b>	<b>4,914</b>	<b>46,150</b>
Executive Director of the Board/Previous President and CEO	1,653	764	–	54	196 <sup>1)</sup>	2,667
<i>of which after end of employment</i>	<i>590</i>	<i>236</i>	<i>–</i>	<i>20</i>	<i>–</i>	<i>846</i>

<sup>1)</sup> The pension obligation amounts to SEK 51 M whereof 30 M is covered by a capital redemption policy. See also note 26.

### Remuneration and other benefits to executive management during the year 2012/13

Thousands	Fixed remuneration	Variable remuneration	Share-based compensation	Other benefits	Pension costs	Total
President and CEO	4,311	1,379	–458	82	1,544	6,859
Other senior executives resident in Sweden (2)	4,197	1,639	–526	1,388	1,012	7,711
Other senior executives resident abroad (7)	20,588	7,696	–1,174	3,208	1,218	31,537
<b>Total senior executives</b>	<b>29,096</b>	<b>10,715</b>	<b>–2,158</b>	<b>4,678</b>	<b>3,774</b>	<b>46,106</b>
Executive Director of the Board/Previous President and CEO	3,493	1,461	–	73	415	5,442

Variable remuneration pertains to the bonus for the 2013/14 and 2012/13 fiscal years respectively, partly paid quarterly during each fiscal year and partly paid in the year after.

#### SHARE BASED PAYMENT

As per April 30, 2014, Elekta has three outstanding share programs. The share program Performance Share Plan 2010/13, which was outstanding as per April 30, 2013, has been concluded during the year.

The total number of shares that may be allotted under the share programs is 2,624,923 (2,444,220) B-shares. There is no dilutive effect from the share programs since they are secured by delivery of shares already held or repurchased by Elekta and, consequently, no new shares will be issued under the share programs.

The share-related incentive programs are reported in accordance with IFRS 2 Share-based payments. The recognized amounts related to the share programs amounted to SEK – M (15), whereof social security costs amounted to SEK – M (6).

#### SHARE PROGRAMS

The AGM in the years 2009–2013 have resolved to adopt share programs, called Performance Share Plans. Performance Share Plan 2010/13, resolved by the AGM in 2010, was concluded during the year. For information on the program see the annual report 2012/13 page 103. Outstanding programs as per April 30 2014 were Performance Share Plan 2011/14, 2012/15 and 2013/16 respectively. The Performance Share Plans cover approximately 120, 150 and 150 key employees of the Group respectively. The Performance Share Plans entitle the participants to obtain, free of charge, B-shares in Elekta upon fulfillment of certain performance requirements. The main terms of the Performance Share Programs are that (i) a performance share award shall entitle a participant to receive, subject to the terms and conditions set forth in the Performance Share Plans 2011, 2012 and 2013 and applicable award agreements, a number of B-shares based upon the attainment of performance targets over a three year performance period, (ii) each performance share award shall be subject to forfeiture in the event of termination of

employment due to a reason other than death, disability or retirement or failure to attain performance targets over the applicable performance period, (iii) performance share awards shall be settled through the delivery of shares unless otherwise decided by the Board, (iv) the number of shares to be allotted will depend on the degree of fulfillment of financial targets defined as average annual percentage growth rate in earnings per share (EPS) during the fiscal years 2011/12, 2012/13 and 2013/14 respectively, until the fiscal years 2013/14, 2014/15 and 2013/16 respectively, versus EPS for the fiscal years 2010/11, 2011/12 and 2012/13 respectively, (v) under Performance Share Plan 2011/14 the maximum number of shares will be allotted if the annual average EPS growth is at or exceeds 18 percent, no allotment of shares will occur if the annual average EPS growth is below 13 percent and allotment of shares between annual average EPS growth 13 and 18 percent is linear.

Under Performance Share Plan 2012/15 the maximum number of shares will be allotted if the annual average EPS growth is at or exceeds 22 percent, no allotment of shares will occur if the annual average EPS growth is below 15 percent and allotment of shares between annual average EPS growth 15 and 22 percent is linear. Under Performance Share Plan 2013/16 the maximum number of shares will be allotted if the annual average EPS growth is at or exceeds 16 percent, no allotment of shares will occur if the annual average EPS growth is below 9 percent and allotment of shares between annual average EPS growth 9 and 16 percent is linear, (vi) the performance targets may be adjusted should an event occur that affects the operations of the Company or the number of outstanding Elekta shares or otherwise affecting the performance targets and deemed relevant by the Board, (vii) the performance targets will be finally evaluated at the end of the applicable performance period and each participant will receive the number of shares he/she is entitled to according to the participant's award agreement depending on the attainment of the applicable performance targets over the performance

period, (viii) the value that a participant can receive in settlement of the performance share award is maximized at 400 percent of the value of the shares at the date of grant of the performance share award. Potential allotments of shares will take place November 14, 2014, September 4, 2015 and September 13, 2016 respectively. Participants shall at allotment of shares receive compensation for any cash dividends paid during the respective three year performance period.

Before the number of shares to be allotted is finally determined, the Board shall examine whether the allotment is reasonable, taking into consideration the Company's financial results and position, conditions

on the stock market and other circumstances, and if not, as determined by the Board, reduce the number of shares to be allotted to the lower number of shares deemed appropriate by the Board. Delivery of shares and dividend compensation in settlement of the Performance Share Award shall be made as soon as practicable following the lapse of the performance period.

The conditions of the share programs state that the right to Performance Share Awards may be settled in other ways than through the delivery of shares. As per April 30, 2014, there were no material obligations to settle in any other way than through shares.

#### Share program

SEK M	2010/13	2011/14	2012/15	2013/16
Originally designated number of shares	332,264	877,216	1,043,040	773,000
Theoretical value at time of issue, SEK	21,475,000	66,306,468	78,228,000	93,960,000
Allotment of shares	2013-10-01	2014-11-14	2015-09-04	2016-09-13
Number of shares as of April 30, 2013	305,184	861,476	1,043,040	–
Granted during the year	–	–	–	773,000
Cancelled/Expired during the year	–305,184	–15,892	–25,116	–11,585
Released during the year	–	–	–	–
<b>Number of share as of April 30, 2014</b>	<b>–</b>	<b>845,584</b>	<b>1,017,924</b>	<b>761,415</b>

#### Note 6 Depreciation/amortization

SEK M	Group	
	2013/14	2012/13
Cost of products sold	72	80
Selling expenses	91	89
Administrative expenses	54	52
R&D expenses	197	128
<b>Total</b>	<b>414</b>	<b>349</b>

#### Note 7 Operating leases

SEK M	Group	
	2013/14	2012/13
Leasing fees paid during the year	138	138
<b>Nominal value of agreed future leasing fees:</b>		
Due for payment within 1 year	132	128
Due for payment after 1 year but within 5 years	346	275
Due for payment after more than 5 years	259	203
<b>Total</b>	<b>737</b>	<b>606</b>

Leasing fees paid by the Parent Company during the year amounted to SEK 198 K (237). Future leasing fees due for payment within one year amount to SEK 264 K (157), after 1 year but within 5 years SEK 290 K (157).

#### Note 8 Remunerations to auditors

SEK M	Group		Parent Company	
	2013/14	2012/13	2013/14	2012/13
<b>Group auditor (PwC)</b>				
Audit engagements	10	9	4	4
Audit-related services	0	0	0	0
Tax consultancy	8	12	1	4
Other services	2	2	2	1
<b>Total group auditor</b>	<b>21</b>	<b>23</b>	<b>7</b>	<b>9</b>
<b>Other auditors</b>				
Audit engagements	0	0	–	–
Audit-related services	0	0	–	–
Tax consultancy	1	0	–	–
Other services	1	0	–	–
<b>Total other auditors</b>	<b>2</b>	<b>1</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>23</b>	<b>24</b>	<b>7</b>	<b>9</b>

Audit engagements refers to remuneration to auditors for work related to the statutory audit, including audit of the annual report and the accounting records, the administration of the Board of Directors and the CEO as well as audit consultancy work directly linked to the audit assignment. Audit-related services comprises quality assurance services, including consultancy work driven by observations made in the audit engagement. Other services refers to other services/consultancy work which are not covered by any of the other categories above, e.g consultancy work related to acquisitions and other legal services.

**Note 9** Expenses by nature

In the income statement costs are broken down by function. The sum of cost of goods sold, selling expenses, administrative expenses and R&D costs amounts in total to SEK 8,887 M (8,297). Below, these costs are broken down by nature:

SEK M	Group	
	2013/14	2012/13
Purchase of products, materials and consumables	4,036	3,770
Salaries, wages and other remuneration (Note 5)	2,332	2,139
Social security costs (Note 5)	456	491
Depreciation and amortization (Notes 6, 15 and 16)	414	349
Operating leasing fees (Note 7)	138	138
Other expenses	1,511	1,410
<b>Total</b>	<b>8,887</b>	<b>8,297</b>

**Note 10** Income from participations in Group companies

SEK M	Parent Company	
	2013/14	2012/13
Dividends from subsidiaries	588	705
Group contribution received	90	160
<b>Total</b>	<b>678</b>	<b>865</b>

**Note 11** Net financial items

SEK M	Group	
	2013/14	2012/13
<b>Income from participations in associates</b>	<b>-15</b>	<b>-29</b>
Interest income, external	22	29
Other financial income	1	3
<b>Financial income</b>	<b>23</b>	<b>32</b>
Interest expenses, convertible loan	-69	-70
Interest expenses, external	-133	-118
Other financial expenses	-29	-35
<b>Financial expenses</b>	<b>-231</b>	<b>-223</b>
<b>Exchange rate differences on financial instruments</b>	<b>-2</b>	<b>8</b>
<b>Net financial items</b>	<b>-225</b>	<b>-212</b>

**Note 12** Interest income, interest expense and similar items

SEK M	Parent Company	
	2013/14	2012/13
Interest income from subsidiaries	165	163
Interest income, external	9	13
<b>Interest income and similar items</b>	<b>174</b>	<b>176</b>
Interest expenses to subsidiaries	-14	-17
Interest expenses, convertible loan	-69	-70
Interest expenses, external	-117	-100
Other financial expenses	-9	-7
<b>Interest expenses and similar items</b>	<b>-209</b>	<b>-194</b>

**Note 13** Appropriations and untaxed reserves

SEK M	Parent Company			
	Appropriations		Untaxed reserves	
	2013/14	2012/13	2013/14	2012/13
Tax allocation reserve	1	3	26	27
<b>Total</b>	<b>1</b>	<b>3</b>	<b>26</b>	<b>27</b>

**Note 14** Taxes

## Income taxes

SEK M	Group		Parent Company	
	2013/14	2012/13	2013/14	2012/13
Current taxes	-348	-444	-3	-2
Adjustments for prior years	30	22	-1	0
Deferred taxes	-31	-28	-5	0
Participations in taxes of associates	-1	1	-	-
<b>Total</b>	<b>-350</b>	<b>-449</b>	<b>-9</b>	<b>-2</b>
Swedish tax	22%	26%		
Effect of other tax rates for foreign companies	3%	1%		
Changes in tax legislation	-	-1%		
Tax related to prior years	-2%	-1%		
Other	0%	0%		
<b>Tax rate</b>	<b>23%</b>	<b>25%</b>		

## Current tax (liability +/receivable –)

SEK M	Group		Parent Company	
	2013/14	2012/13	2013/14	2012/13
Opening balance, May 1	219	143	-5	-1
Business combination	–	0	–	–
Reclassifications	–	1	–	–
Adjustment for prior years	-30	-22	1	0
Current tax for the year	348	444	3	2
Paid taxes	-353	-338	-2	-6
Translation differences	4	-9	–	–
<b>Closing balance, April 30</b>	<b>188</b>	<b>219</b>	<b>-3</b>	<b>-5</b>

## DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets/liabilities in the balance sheet are attributable to the following:

Group SEK M	Assets (+)		Liabilities (-)		Net	
	April 30, 2014	April 30, 2013	April 30, 2014	April 30, 2013	April 30, 2014	April 30, 2013
Loss carry-forwards	33	39	–	–	33	39
Untaxed reserves	–	–	-75	-76	-75	-76
Intangible assets	–	–	-633	-562	-633	-562
Tangible fixed assets	12	11	-19	-24	-7	-13
Financial assets	–	–	-16	-14	-16	-14
Other assets	95	73	-14	-8	81	65
Operating liabilities/Provisions	80	73	-7	-2	73	71
<b>Deferred tax assets/tax liabilities</b>	<b>220</b>	<b>196</b>	<b>-764</b>	<b>-686</b>	<b>-544</b>	<b>-490</b>
Offsetting	-77	-104	77	104	–	–
<b>Net deferred tax assets/tax liabilities</b>	<b>143</b>	<b>92</b>	<b>-687</b>	<b>-582</b>	<b>-544</b>	<b>-490</b>

## Deferred tax assets (+)/liabilities (-), net

SEK M	Group, net	Parent Company, net
Opening balance May 1, 2012	-442	15
Deferred taxes for the year	-28	0
Deferred taxes charged against shareholders' equity	-35	1
Translation differences	15	–
<b>Closing balance April 30, 2013</b>	<b>-490</b>	<b>15</b>
Adjustment for prior years	-2	–
Deferred taxes for the year	-29	-5
Deferred taxes charged against shareholders' equity	0	-2
Translation differences	-23	–
<b>Closing balance April 30, 2014</b>	<b>-544</b>	<b>9</b>

The Group has tax loss carry forwards of approximately SEK 400 M for which deferred tax assets have not been recognized based on the assessment that it is not probable that deductions can be made against future profits.

## Tax relating to components of other comprehensive income

SEK M	Group		Parent Company	
	2013/14	2012/13	2013/14	2012/13
Revaluation of defined benefit pension plans	1	–	–	–
Revaluation of cash-flow hedges	1	-6	–	–
Exchange difference on net investment in foreign operations	-2	1	-2	1
<b>Total</b>	<b>0</b>	<b>-5</b>	<b>-2</b>	<b>1</b>

## Note 15 Intangible assets

SEK M	Goodwill	Capitalized development costs	Customer relationships	Other intangible assets	Total
Accumulated acquisition value May 1, 2013	4,411	1,136	1,151	747	7,445
Purchases/Capitalization	–	489	–	3	492
Translation differences	138	44	51	17	250
<b>Accumulated acquisition value April 30, 2014</b>	<b>4,549</b>	<b>1,669</b>	<b>1,202</b>	<b>767</b>	<b>8,187</b>
Accumulated amortization May 1, 2013	–	–457	–157	–407	–1,021
Amortization for the year	–	–172	–61	–62	–295
Translation differences	–	–13	–5	–8	–26
<b>Accumulated amortization April 30, 2014</b>	<b>–</b>	<b>–642</b>	<b>–223</b>	<b>–477</b>	<b>–1,342</b>
<b>Carrying amount April 30, 2014</b>	<b>4,549</b>	<b>1,027</b>	<b>979</b>	<b>290</b>	<b>6,845</b>
Accumulated acquisition value May 1, 2012	4,482	845	1,171	764	7,262
Reclassifications	–	–	–	3	3
Business combinations	66	–	20	–	86
Adjustment of business combinations in previous year	4	–	–	–	4
Purchases/Capitalization	–	320	–	5	325
Translation differences	–141	–29	–40	–25	–235
<b>Accumulated acquisition value April 30, 2013</b>	<b>4,411</b>	<b>1,136</b>	<b>1,151</b>	<b>747</b>	<b>7,445</b>
Accumulated amortization May 1, 2012	–	–357	–100	–348	–805
Reclassifications	–	–	–	0	0
Amortization for the year	–	–109	–60	–70	–239
Translation differences	–	9	3	11	23
<b>Accumulated amortization April 30, 2013</b>	<b>–</b>	<b>–457</b>	<b>–157</b>	<b>–407</b>	<b>–1,021</b>
<b>Carrying amount April 30, 2013</b>	<b>4,411</b>	<b>679</b>	<b>994</b>	<b>340</b>	<b>6,424</b>

Other intangible assets mainly relates to technology acquired through business combinations. Capitalized development costs comprise capitalized expenditure for research and development as well as other capitalized development costs such as Software. Total capitalized development costs amounted to SEK 489 M (320) for the year whereof capitalization of development costs within R&D amounted to SEK 484 M (286).

### IMPAIRMENT TESTING

Goodwill is tested for impairment every year. The recoverable amounts for the Group's cash-generating units with goodwill are tested annually by calculating the value in use for each unit. The model used for impairment testing was revised in 2012/13 for the testing to be based on Elekta's segments. Allocation of goodwill to segments was based on each segment's share of total sales in 2011/12. Goodwill from business combinations after April 30, 2012 has been directly allocated to the related segment.

#### Goodwill by segment

SEK M	April 30, 2014	April 30, 2013
North and South America	1,585	1,543
Europe, Middle East and Africa	1,527	1,478
Asia Pacific	1,437	1,390
<b>Total</b>	<b>4,549</b>	<b>4,411</b>

### Impairment testing goodwill 2014

The 2014 test showed that there is no impairment. The calculation of the value in use for each unit was conducted by estimating future cash flows based on assumptions such as growth and margin development. These estimates are based on financial budgets for the next fiscal year and expected future growth up to five years. For periods after five years, the extrapolation of expected cash flow has been assumed to be a prudent 2 percent, which is considerably lower than the anticipated industry growth. The cash flow has been discounted using a pre-tax interest rate in line with the Elekta Group's weighted capital cost (9 percent). Discounted cash flow is compared with capital employed for each cash-generating unit. The impairment test is performed in April/May after the budget and business plans have been set by management. Sensitivity analyses have been carried out with regard to the discount rate (risk) and long-term growth with a general reduction in the growth rate after five years of 2 percentage points (zero growth) and a general increase in the weighted capital cost of 3 percentage points. The sensitivity analyses did not demonstrate any impairment.



**Impairment testing goodwill 2013**

The 2013 test showed that there was no impairment. The calculation of the value in use for each unit was conducted by estimating future cash flows based on assumptions such as growth and margin development. These estimates were based on financial budgets for the next fiscal year and expected future growth up to five years. For periods after five years, the extrapolation of expected cash flow has been assumed to be a prudent 2 percent, which is considerably lower than the anticipated industry growth. The cash flow was discounted using a pre-tax interest rate in line

with the Elekta Group's weighted capital cost (9 percent). Discounted cash flow was compared with capital employed for each cash-generating unit. The impairment test was performed in April/May after the budget and business plans had been set by management. Sensitivity analyses were carried out with regard to the discount rate (risk) and long-term growth with a general reduction in the growth rate after five years of 1 percentage point and a general increase in the weighted capital cost of 2 percentage points. The sensitivity analyses did not demonstrate any impairment.

**Note 16** Tangible fixed assets

SEK M	Machinery etc for production	Equipment, tools and installations	Finance lease equipment	Buildings	Total
Accumulated acquisition value May 1, 2013	134	984	9	129	1,256
Reclassifications	–	16	–	–1	15
Purchases	12	143	–	79	234
Divestments/Disposals	–40	–188	–1	–	–229
Translation differences	6	25	–1	6	36
<b>Accumulated acquisition value April 30, 2014</b>	<b>112</b>	<b>980</b>	<b>7</b>	<b>213</b>	<b>1,312</b>
Accumulated depreciation May 1, 2013	–91	–660	–5	–13	–769
Reclassifications	–	–4	–	–	–4
Divestments/Disposals	40	184	1	–	225
Depreciation for the year	–7	–104	–1	–7	–119
Translation differences	–3	–18	0	0	–21
<b>Accumulated depreciation April 30, 2014</b>	<b>–61</b>	<b>–602</b>	<b>–5</b>	<b>–20</b>	<b>–688</b>
<b>Carrying amount April 30, 2014</b>	<b>51</b>	<b>378</b>	<b>2</b>	<b>193</b>	<b>624</b>
Accumulated acquisition value May 1, 2012	141	854	6	120	1,121
Reclassifications	–2	2	0	0	0
Business combinations	–	0	1	–	1
Adjustment of business combinations in previous year	–	–4	–	–	–4
Purchases	3	200	3	13	219
Divestments/Disposals	–1	–26	0	–1	–28
Translation differences	–7	–42	–1	–3	–53
<b>Accumulated acquisition value April 30, 2013</b>	<b>134</b>	<b>984</b>	<b>9</b>	<b>129</b>	<b>1,256</b>
Accumulated depreciation May 1, 2012	–91	–610	–4	–9	–714
Reclassifications	1	0	0	0	1
Divestments/Disposals	1	19	0	0	20
Depreciation for the year	–7	–97	–1	–5	–110
Translation differences	5	28	0	1	34
<b>Accumulated depreciation April 30, 2013</b>	<b>–91</b>	<b>–660</b>	<b>–5</b>	<b>–13</b>	<b>–769</b>
<b>Carrying amount April 30, 2013</b>	<b>43</b>	<b>324</b>	<b>4</b>	<b>116</b>	<b>487</b>

## Note 17 Shares in subsidiaries

SEK M	Parent Company
Opening balance May 1, 2012	1,764
Investments	73
<b>Closing balance April 30, 2013</b>	<b>1,837</b>
Investments	40
<b>Closing balance April 30, 2014</b>	<b>1,877</b>

Company	Corp. id. no.	Domicile	No. of shares	Interest, %	Carrying amount, SEK M
Elekta Instrument AB	556492-0949	Stockholm, Sweden	1,000,000	100.0	50
Leksell Institute AB	556942-6314	Stockholm, Sweden	50,000	100.0	0
Elekta Neuromag Oy	0756256-7	Helsinki, Finland	1,832	100.0	44
Elekta KK	65 820	Tokyo, Japan	2,000	100.0	36
Elekta Holding Limited	2699176	Crawley, England	22,810,695	100.0	494
Elekta Holdings US Inc.	58-1876545	Norcross, USA	6,020	100.0	433
Elekta Canada Inc.	R889657862	Toronto, Canada	1	100.0	229
Elekta Asia Ltd	502 493	Hongkong, S.A.R.	81,022,160	100.0	13
Elekta Instrument (Shanghai) Ltd		Shanghai, China		100.0	2
Elekta Beijing Medical Systems Co., Ltd.		Beijing, China		100.0	230
Elekta Pty Limited	ACN 109 006 966	Sydney, Australia	1	100.0	1
Elekta Medical System India Private Limited	U33112DL2005PTC139794	New Delhi, India	10,000	100.0	31
Elekta SA	B 414 404 913	Paris, France	2,500	100.0	4
Elekta Medical SA	A-818 867 31	Madrid, Spain	10,000	100.0	3
Elekta GmbH	HRB 63500	Hamburg, Germany		100.0	0
Medical Intelligence Medizintechnik GmbH	HRB 14835	Schwabmünchen, Germany		100.0	145
Elekta Kft.		Budapest, Hungary		100.0	3
Elekta GmbH	FN 166018w	Innsbruck, Austria	1	100.0	3
Elekta Hellas EPE	998 569 196	Aten, Greece		100.0	0
Elekta S.A./N.V.	HRB 613 484	Zaventem, Belgium	250	100.0	1
Elekta BV	17 097 384	Best, The Netherlands	40	100.0	0
Elekta S.p.A.	02723670960	Agrate Brianza (MI), Italy	500,000	100.0	34
3D Line Research and Development S.r.l.		Milan, Italy		100.0	32
Elekta Medical Systems Comercio e Prestacao de Servicos para Radiologia, Radiocirurgia e Radioterapia Ltda		Sao Paulo, Brazil		100.0	73
Elekta (Pty) Ltd	2000/018814/07	Pretoria, South Africa	1	100.0	0
Elekta Pte Ltd	20090927AZ	Singapore, Singapore	10,000	100.0	0
Elekta Limited, Korea	1311111-0259	Seongnam-si, South Korea	473,879	100.0	15
Elekta Services S.R.O	292 80 095	Brno, Czech Republik		100.0	0
<b>Total</b>					<b>1,877</b>

## Note 18 Shares in associates

SEK M	Group		Parent Company	
	2013/14	2012/13	2013/14	2012/13
Opening balance, May 1	25	4	27	15
Conversion of loan receivable	–	35	–	35
Investments	0	17	–	17
Participations in income of associates (Note 11)	–15	–29	–	–
Dividends etcetera	–4	0	–	–
Write-down	–	–	–	–40
Translation differences	0	–2	–	–
<b>Closing balance, April 30</b>	<b>5</b>	<b>25</b>	<b>27</b>	<b>27</b>

The Parent Company's 2012/13 investment of SEK 17 M relates to Global Medical Investments GMI AB. In 2012/13 a long-term receivable of SEK 35 M was converted to a shareholder contribution in GMI AB.

As of April 30, 2014, the carrying amount of the Parent Company's holding in Global Medical Investments GMI AB was SEK 27 M and the Group's holding in Global Medical investments GMI AB was SEK 2 M.

## Note 19 Other financial assets

SEK M	Group		Parent Company	
	April 30, 2014	April 30, 2013	April 30, 2014	April 30, 2013
Participations in other companies	6	6	–	–
Derivative financial instruments	4	–	1	–
Loan receivables	110	72	30	33
Contractual receivables	194	105	–	–
Other non-current receivables	40	28	24	4
<b>Total</b>	<b>354</b>	<b>211</b>	<b>54</b>	<b>37</b>

## Note 20 Inventories

SEK M	Group	
	April 30, 2014	April 30, 2013
Components	213	213
Work in progress	125	138
Finished goods	740	499
<b>Total</b>	<b>1,078</b>	<b>850</b>

Impairment of inventories amounted to SEK 27 M (30).

## Note 21 Accounts receivable

SEK M	Group	
	April 30, 2014	April 30, 2013
Accounts receivable, gross	4,241	3,256
Provision for bad debts	–44	–64
<b>Carrying amount</b>	<b>4,197</b>	<b>3,192</b>
<b>Credit risk analysis of accounts receivable</b>	<b>April 30, 2014</b>	<b>April 30, 2013</b>
Not due	3,560	2,080
Overdue 1–30 days	205	304
Overdue 31–60 days	84	146
Overdue 61–90 days	52	140
Overdue > 90 days	296	522
<b>Total accounts receivables, net</b>	<b>4,197</b>	<b>3,192</b>
<b>Provision for bad debts</b>	<b>2013/14</b>	<b>2012/13</b>
Opening balance, May 1	–64	–65
Provisions	–32	–20
Reversals	6	9
Realized loss	48	10
Translation differences	–2	2
<b>Closing balance, April 30</b>	<b>–44</b>	<b>–64</b>

The relatively low bad debt provision is due to the fact that Elekta's credit risks are limited and that credit losses historically have been low. See Note 2 for more information on the Group's credit risks.

**Note 22** Other current assets

SEK M	Group		SEK M	Parent Company	
	April 30, 2014	April 30, 2013		April 30, 2014	April 30, 2013
Prepayments to suppliers	67	35	Derivative financial instruments	29	7
Other receivables	232	205	Current tax assets	3	5
Prepaid expenses	267	221	Other receivables	3	2
<b>Total</b>	<b>566</b>	<b>461</b>	Prepaid expenses	13	13
			<b>Total</b>	<b>48</b>	<b>27</b>

**Note 23** Cash and cash equivalents

SEK M	Group		Parent Company	
	April 30, 2014	April 30, 2013	April 30, 2014	April 30, 2013
Current investments	1,054	1,313	1,054	1,313
Cash and bank	1,193	1,254	739	812
<b>Total</b>	<b>2,247</b>	<b>2,567</b>	<b>1,793</b>	<b>2,125</b>

**Note 24** Share capital

Number of shares in Elekta AB (publ)	Series A	Series B	Total	Share capital
Number of shares May 1, 2012	3,562,500	91,687,316	95,249,816	190,499,632
Exercise of warrants	–	451,854	451,854	903,708
Share split 4:1	10,687,500	276,417,510	287,105,010	–
Conversion of convertible loan	–	17,336	17,336	8,668
<b>Number of shares April 30, 2013</b>	<b>14,250,000</b>	<b>368,574,016</b>	<b>382,824,016</b>	<b>191,412,008</b>
of which treasury shares	–	1,554,288	1,554,288	
Number of shares May 1, 2013	14,250,000	368,574,016	382,824,016	191,412,008
Conversion of convertible loan	–	4,568	4,568	2,284
<b>Number of shares April 30, 2014</b>	<b>14,250,000</b>	<b>368,578,584</b>	<b>382,828,584</b>	<b>191,414,292</b>
of which treasury shares	–	1,541,368	1,541,368	

In September 2012 a 4:1 share split was conducted and comparative information has therefore been restated proforma.

All shares have a par value of SEK 0.50 and provide the holders with equal rights to the Company's assets and earnings. All shares are entitled to dividends subsequently issued. One Series A-share entitles the holder to 10 votes and one Series B-share to one vote. In accordance with section 12 of the Articles of Association, Series A-shares are subject to right of first refusal. All Series A-shares are currently owned by Laurent Leksell via company. The dividend paid out during the financial year amounted to a total sum of SEK 763 M, corresponding to SEK 2.00 per share. At the AGM on 28 August, 2014, a dividend of SEK 2.00 per share for the year 2013/14 – a total sum of approximately SEK 763 M will be proposed. The proposed dividend consists of an ordinary dividend of SEK 1.50 per share and an extraordinary dividend of SEK 0.50 per share.

The average number of shares during the year, to the nearest thousand, was 381,277 thousand (380,672). The average number of shares after full dilution, similarly rounded, was 400,686 thousand (380,172). The number of repurchased shares on April 30, 2014, totaled 1,541,368 (1,554,288) B-shares. For more information on the Elekta share, see pages 69–71.

## Note 25 Interest-bearing liabilities

SEK M	Group		Parent Company	
	April 30, 2014	April 30, 2013	April 30, 2014	April 30, 2013
Bond loan	2,128	2,123	2,128	2,123
Convertible loan	1,832	1,813	1,832	1,813
Liabilities to credit institutions	524	613	400	400
Liabilities to Group companies	–	–	2,726	2,521
Finance lease liabilities	2	3	–	–
<b>Total</b>	<b>4,486</b>	<b>4,552</b>	<b>7,086</b>	<b>6,857</b>

### Maturity term structure, external loans

	Group	Parent Company
	April 30, 2014	April 30, 2013
< 1 year	125	212
> 1 year < 3 years	3,054	1,223
> 3 year < 5 years	327	1,813
> 5 years	980	1,304
<b>Total</b>	<b>4,486</b>	<b>4,552</b>

### Specification by currency

Currency	Amount		SEK M	
	April 30, 2014	April 30, 2013	April 30, 2014	April 30, 2013
Swedish kronor, SEK M	2,232	2,213	2,232	2,213
US dollars, USD M	325	325	2,130	2,126
Japanese yen, JPY M	43	1,508	3	101
Chinese yuan, CNY M	116	105	121	112
<b>Total</b>			<b>4,486</b>	<b>4,552</b>

### Fixed interest term including effects of derivatives

	April 30, 2014	April 30, 2013
< 1 year	591	614
> 1 year < 3 years	2,654	821
> 1 year < 5 years	327	1,813
> 5 years	914	1,304
<b>Total</b>	<b>4,486</b>	<b>4,552</b>

## Note 26 Provisions

SEK M	Group		Parent Company	
	April 30, 2014	April 30, 2013	April 30, 2014	April 30, 2013
Restructuring reserve	93	–	–	–
Warranty provisions	76	68	–	–
<b>Short-term provisions</b>	<b>169</b>	<b>68</b>	–	–
Provision for pensions	87	73	21	18
Other provisions	44	48	9	8
<b>Long-term provisions</b>	<b>131</b>	<b>121</b>	<b>30</b>	<b>26</b>

### PENSION PLANS

Elektas has defined benefit pension plans for certain employees in a few countries. Most common is however defined contribution plans. The pension plan in the Parent Company relates to the Chairman of the Board and has been changed from defined benefit to defined contribution during the year. The gross obligation amounts to SEK 51 M whereof SEK 30 M is covered by a capital redemption policy. The reported net pension provision in the Parent Company amounted to SEK 21 M and thus relates to a defined contribution plan. Total pension costs for the Group amounted to SEK 175 M (174) of which SEK 164 M (152) relate to defined contribution pension plans (see Note 5).

#### Pension costs, defined benefit pension plans

SEK M	Group		Parent Company	
	2013/14	2012/13	2013/14	2012/13
Current service cost	–9	–8	0	–1
Interest expense	–4	–4	–2	–2
Interest income	2	2	1	1
Actuarial gains (+) and losses (-)	–3	–11	0	–2
Past service cost	–	–1	–	–
Curtailments/Settlements	3	–	3	–
<b>Total pension costs defined benefit plans</b>	<b>–11</b>	<b>–22</b>	<b>2</b>	<b>–4</b>
whereof reported in:				
the income statement	–8	–22	2	–4
other comprehensive income	–3	–	0	–

#### Defined benefit pension plans

SEK M	Group		Parent Company	
	April 30, 2014	April 30, 2013	April 30, 2014	April 30, 2013
Defined benefit obligation, funded plans	72	115	–	51
Fair value of plan assets	–46	–75	–	–33
<b>Provision for pensions, funded plans</b>	<b>26</b>	<b>40</b>	–	<b>18</b>
Defined benefit obligation, unfunded plans	40	33	–	–
<b>Provision for pensions, unfunded plans</b>	<b>40</b>	<b>33</b>	–	–
<b>Pension provision for defined benefit plans, net</b>	<b>66</b>	<b>73</b>	–	<b>18</b>

#### Movement in provision for pensions

SEK M	Group		Parent Company	
	2013/14	2012/13	2013/14	2012/13
<b>Opening balance:</b>				
Defined benefit obligation	148	130	51	46
Fair value of plan assets	–75	–69	–33	–32
<b>Provision for pensions, May 1</b>	<b>73</b>	<b>61</b>	<b>18</b>	<b>14</b>
Pension costs	11	22	–2	4
Contributions/Repayments	3	–3	5	0
Benefit payments	–2	–2	–	–
Curtailments/Settlements	–21	–	–21	–
Translation differences	2	–5	–	–
<b>Closing balance:</b>				
Defined benefit obligation	112	148	–	51
Fair value of plan assets	–46	–75	–	–33
<b>Provision for pensions, April 30</b>	<b>66</b>	<b>73</b>	–	<b>18</b>

## Main actuarial assumptions (weighted average)

	Group	
	April 30, 2014	April 30, 2013
Discount rate	2.8%	2.9%
Future salary increases	1.6%	2.2%

## Change in provisions

SEK M	Group			Parent Company
	Restructuring reserve	Warranty provisions	Other provisions	Other provisions
Opening balance May 1, 2012	–	63	120	8
Provisions	–	55	36	0
Reversals	–	–28	–25	–
Provisions released during the year	–	–20	–83	–
Translation differences	–	–2	0	–
<b>Closing balance April 30, 2013</b>	–	<b>68</b>	<b>48</b>	<b>8</b>
Provisions	100	54	6	0
Reversals	–	–23	–2	–
Provisions released during the year	–7	–24	–9	–
Translation differences	0	1	1	–
<b>Closing balance April 30, 2014</b>	<b>93</b>	<b>76</b>	<b>44</b>	<b>9</b>

## Note 27 Prepaid income

SEK M	Group	
	April 30, 2014	April 30, 2013
Prepaid service income	1,080	959
Other prepaid income	120	74
<b>Total</b>	<b>1,200</b>	<b>1,034</b>

## Note 28 Accrued expenses

SEK M	Group	
	April 30, 2014	April 30, 2013
Reserve for additional project costs	501	529
Accrued commission costs	154	121
Accrued vacation pay liability	142	133
Accrued social costs	34	25
Accrued interest expenses	80	79
Other items	615	518
<b>Total</b>	<b>1,526</b>	<b>1,404</b>

## Note 29 Other current liabilities

SEK M	Parent Company	
	April 30, 2014	April 30, 2013
Accounts payable	9	9
Accrued expenses and prepaid income (see below)	98	106
Derivative financial instruments	6	0
Other liabilities	4	4
<b>Total</b>	<b>117</b>	<b>120</b>

## Accrued expenses

Accrued vacation pay liability	6	6
Accrued social costs	0	0
Accrued interest expenses	76	76
Other items	16	24
<b>Total</b>	<b>98</b>	<b>106</b>

## Note 30 Assets pledged

## Collateral pledged for contingent liabilities

SEK M	Group	
	April 30, 2014	April 30, 2013
Bank balances	9	3
<b>Total</b>	<b>9</b>	<b>3</b>

## Note 31 Contingent liabilities

SEK M	Group		Parent Company	
	April 30, 2014	April 30, 2013	April 30, 2014	April 30, 2013
Guarantees	55	178	1,004	956
<b>Total</b>	<b>55</b>	<b>178</b>	<b>1,004</b>	<b>956</b>

## Note 32 Cash flow statement

SEK M	Group		Parent Company	
	2013/14	2012/13	2013/14	2012/13
<b>Interest net</b>				
Interest income	-22	-29	-174	-175
Interest expenses	202	188	200	187
<b>Total</b>	<b>180</b>	<b>159</b>	<b>26</b>	<b>12</b>
<b>Other non-cash items</b>				
Participation in profit/loss of associated companies, after tax	15	29	-	-
Write-down of shares in associates	-	-	-	40
Result from divestments/disposals of fixed assets	4	8	-	-
Cost of incentive programs	-	-38	-	-
Appropriations	-	-	-1	-3
Unrealized exchange rate effects etc	2	110	16	2
Other items	-10	-43	21	-1
<b>Total</b>	<b>11</b>	<b>66</b>	<b>36</b>	<b>38</b>
<b>Business combinations</b>				
Purchase price	-	89		
Acquired cash and cash equivalents	-	-1		
Unpaid part of purchase price	-	-20		
<b>Total</b>	<b>-</b>	<b>67</b>		

No acquisitions have taken place in 2013/14. More information on business combinations is presented in Note 34.

## Note 33 Related party transactions

Transactions between Elekta AB and its subsidiaries are shown in notes 10, 12, 19 and 25. These transactions are eliminated upon consolidation. Sales to associated companies amounted to SEK 25 M (49) and receivables from associated companies amounted to SEK 15 M (12).

None of the Board members or any of the senior executives has, or has had, any direct or indirect involvement in any business transactions between themselves and Elekta. In addition to this, no other transactions with related parties have occurred. Remunerations and benefits to key personnel in management positions are presented in Note 5.



## Note 34 Business combinations

### 2013/14

In 2013/14 no acquisitions have been performed. However, Elekta has acquired the remaining 20 percent of shares in the Chinese subsidiary Elekta BMS (former BMEI) and owns thereafter 100 percent. The non-controlling interest held a carrying value of SEK 0 M thus the total acquisition amount of SEK 33 M has affected shareholders' equity.

### 2012/13

In 2012/13 the acquisition of Radon, Brazil, was performed.

### Radon

On June 19, 2012, Elekta acquired 100 percent of shares and votes in Radon Ltda, the leading linear accelerator service company in Brazil. Most of the service contracts held by the Company are with clinics that use equipment delivered by Siemens. The acquisition significantly strengthens Elekta's market position, making it the leading organization for installation, service and aftermarket services. Through the acquisition, Elekta's customer base has increased with 25 percent in Brazil. The acquisition price consists of one fixed amount of SEK 69 M (BRL 21 M) and one variable amount of SEK 20 M (BRL 6 M). Elekta has consolidated Radon from June 19, 2012. Goodwill and identifiable intangible assets amount to approximately SEK 86 M (BRL 26 M). Recognized goodwill is mainly related to synergies and other intangible assets not qualifying for separate recognition. Transaction costs related to the acquisition have been expensed as incurred and amount to less than SEK 1 M. Radon Ltda has added to Elekta's net sales by approximately SEK 15 M during 2012/13. From the date of acquisition Radon Ltda has contributed with an operating result of SEK -1 M.

SEK M	2013/14	2012/13
<b>Purchase price and goodwill:</b>		
Cash paid	–	69
Unpaid part of purchase price	–	20
<b>Total purchase price</b>	<b>–</b>	<b>89</b>
Fair value of acquired net assets	–	–23
<b>Goodwill</b>	<b>–</b>	<b>66</b>
<b>Acquired assets and liabilities according to purchase price allocations:</b>		
Intangible assets	–	20
Other non-current assets	–	1
Inventories	–	1
Receivables	–	2
Cash and cash equivalents	–	1
Other liabilities	–	–2
<b>Acquired net assets at fair value</b>	<b>–</b>	<b>23</b>

The fair value of acquired receivables was at the time of acquisition SEK – M (2) inclusive of trade receivables amounting to SEK – M (1). The gross amount of overdue trade receivables was SEK – M (0), of which SEK – M (0) were not expected to be collected.

SEK M	2013/14	2012/13
<b>Effect on cash and cash equivalents:</b>		
Purchase price settled in cash	–	–69
Cash and cash equivalents in acquired operations	–	1
<b>Total effect on Group cash and cash equivalents</b>	<b>–</b>	<b>–67</b>

Transaction costs for the year amounted to SEK – M (0) and are reported as administrative expenses in the Group's income statement.

SEK M	2013/14	2012/13
<b>Sales and income in acquired entities:</b>		
Net sales 1 May – 30 April	–	18
Net income 1 May – 30 April	–	–2
Net sales from time of acquisition	–	15
EBIT from time of acquisition	–	–1
Net income from time of acquisition	–	–1

## Note 35 Average number of employees

	Men		Women		Total	
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
Parent Company	18	14	14	11	32	25
<b>Subsidiaries:</b>						
Sweden	180	152	92	81	272	233
USA	604	588	330	318	934	906
Great Britain	539	469	150	115	689	584
China	358	319	157	132	515	451
The Netherlands	191	181	49	46	240	227
Germany	150	141	44	43	194	184
Japan	87	83	25	26	112	109
India	102	92	3	5	105	97
Italy	57	56	18	19	75	75
Canada	55	56	17	14	72	70
Brazil	53	53	12	15	65	68
France	47	49	17	14	64	63
Australia	32	30	13	11	45	41
Spain	31	33	11	10	42	43
Hong Kong	24	23	15	12	39	35
Finland	26	25	6	6	32	31
Austria	16	16	6	5	22	21
Singapore	11	9	6	3	17	12
Czech Republic	11	10	3	3	14	13
Greece	10	11	3	3	13	14
South Korea	10	7	2	3	12	10
Belgium	7	7	1	1	8	8
South Africa	7	6	1	2	8	8
New Zealand (branch)	3	3	1	–	4	3
Switzerland (branch)	3	3	1	–	4	3
Poland	1	1	1	1	2	2
<b>Total average number of employees</b>	<b>2,633</b>	<b>2,437</b>	<b>998</b>	<b>899</b>	<b>3,631</b>	<b>3,336</b>

### SPECIFICATION MEN/WOMEN AMONG BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE

During the financial year, the Board of Directors of Elekta AB consisted of 75 (75) percent men. The Executive Committee consisted of 90 (90) percent men.

The Board of Directors and the President and CEO certify that the annual financial report has been prepared in accordance with generally accepted accounting principles and that the consolidated accounts have been prepared in accordance with the international set of accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, and give a true and fair view of the position and profit or loss of the Parent Company and the Group, and that the management report gives a fair review of the development and performance of the business, position and profit or loss of the Parent Company and the Group, and describes the principal risks and uncertainties that the Parent Company and the companies in the Group face.

Stockholm, July 22, 2014

Laurent Leksell  
*Chairman of the Board*

Hans Barella  
*Member of the Board*

Luciano Cattani  
*Member of the Board*

Siaou-Sze Lien  
*Member of the Board*

Tomas Puusepp  
*Member of the Board*

Wolfgang Reim  
*Member of the Board*

Jan Secher  
*Member of the Board*

Birgitta Stymne Göransson  
*Member of the Board*

Niklas Savander  
*President and CEO*

Our audit report was submitted on July 22, 2014

PricewaterhouseCoopers AB

Johan Engstam  
*Authorized Public Accountant*

## Auditor's report

To the annual meeting of the shareholders of Elekta AB (publ), corporate identity number 556170-4015

### REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Elekta AB (publ) for the year the financial year 1 May, 2013 – 30, April 2014. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 74–129.

### Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of 30 April 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 30 April, 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act.

A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the Parent Company and the group.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Elekta AB (publ) for the year the financial year 1 May, 2013 – 30 April, 2014.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

### Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the Company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the Company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm 22 July, 2014

PricewaterhouseCoopers AB

Johan Engstam  
*Authorized Public Accountant*

## Glossary

### Arteriovenous Malformation (AVM)

In the brain it appears as a tangle of abnormal arteries and veins that usually is present already from birth. When they present symptoms it is via headaches or seizures. In serious cases, the blood vessels rupture, causing bleeding in the brain.

### Acoustic neuroma (vestibular schwannomas)

Benign tumors that typically arise from the vestibular portion of the eighth cranial nerve. Most common presenting symptoms are unilateral loss of hearing, tinnitus and imbalance.

### Benign

The term benign is used when describing tumors or growths that do not threaten the health of an individual. Benign is the opposite of malignant.

### Brachytherapy

Is also called internal radiation treatment and involves placing a radiation source in or near the treatment area. It allows very high tumor doses to be achieved while limiting the impact on the surrounding organs.

### Cancer

Uncontrolled, abnormal growth of cells.

### Chemotherapy

Treatment of cancer diseases with the aid of chemicals that eliminate diseased cells.

### Computerized tomography (CT)

A radiological method of producing anatomical structures by means of layering, using computer technology.

### Deep Brain Stimulation (DBS)

A brain 'pacemaker' is implanted to stimulate brain activity and block signals that cause unwanted symptoms present in functional neurological disorders, for example tremor.

### Electronic brachytherapy

Type of brachytherapy that uses an X-ray tube to induce radiation. It can deliver radiation to the tumor with a high degree of precision whilst minimizing damage to healthy surrounding tissue. Due to the source of radiation used, electronic brachytherapy can be performed in a room with minimal shielding.

### Epilepsy

Disorder characterized by repeated, sudden disturbances of brain function.

### Fraction

Part of the total radiation dose, delivered at a daily treatment.

### Food and Drug Administration (FDA)

Is an agency of the US Department of Health and Human Services. The FDA is responsible for protecting and promoting public health through the regulation and supervision of for example medical devices.

### Functional disorders

Diseases in the central nervous system.

### Gamma Knife® radiosurgery

Stereotactic radiosurgery with Leksell Gamma Knife®.

### Glioblastoma

The most common and most aggressive malignant primary brain tumor. They are usually highly malignant as a large number of tumor cells are reproducing at any given time and are supported by a large network of blood vessels. Glioblastoma often infiltrate with normal healthy brain tissue.

### Image Guided Radiation Therapy (IGRT)

Image guided radiation therapy of cancer, where high precision and accuracy is achieved using high resolution three-dimensional X-ray images of the patient's soft tissues at the time of treatment.

### Intensity Modulated Radiation Therapy (IMRT)

Intensity modulated radiation therapy of cancer, where instead of being treated with a single, large, uniform beam, the patient is treated with many very small beams; each of which can have a different intensity.

### Incidence

Incidence is the number of new cancer cases arising in a given period in a specified population.

### Invasive

A technique that penetrates the skin, skull, etcetera. The opposite of non-invasive (bloodless).

### LINC

Elekta's two Learning and Innovation Centers in Atlanta, USA and in Beijing, China. The LINC:s are state-of-the-art facilities that provide Elekta users and employees with an ideal environment for learning.

### Linear accelerator

Equipment for generating and directing ionizing radiation for treatment of cancer.

### Magnetoencephalograph (MEG)

Equipment for real time mapping of the function in different parts of the brain, by measuring the magnetic field generated by brain cells activity.

### Magnetic resonance imaging (MRI)

Technology used to visualize and differentiate organs and anatomical structures inside the body. It uses non-ionizing radiation and is thus harmless to the patient.

### Malignant

Refers to cancerous cells that usually have the ability to aggressively spread, invade and destroy tissue. Opposite to benign.

### Meningioma

A type of tumor that develops from the meninges, the membrane that surrounds the brain and spinal cord. Meningiomas are the most common type of primary brain tumors and are often benign.

### Metastases

Secondary malignant tumors originating from primary cancer tumors in other parts of the body.

### Multileaf collimator

An accessory to the linear accelerator, working like an aperture. With a large number of individually adjustable metal leaves, the treatment beam can be shaped to the size and shape of the target volume.

### Neurology

The study of the nervous system and its disorders.

### Neurosurgery

Surgery of the brain or other parts of the central nervous system.

**Oncology**

The study of tumor diseases.

**Parkinson's disease**

Paralysis, with trembling and shaking as well as muscular rigidity, with a change in movements and posture by the patient.

**Prevalence**

The prevalence of a particular cancer can be defined as the number of persons in a defined population who have been diagnosed with that type of cancer, and who are still alive at the end of a given year, the survivors.

Prevalence of cancers based on cases diagnosed within one, three and five years are presented as they are likely to be of relevance to the different stages of cancer therapy, namely, initial treatment (one year), clinical follow-up (three years) and cure (five years). Patients who are still alive five years after diagnosis are usually considered cured since the death rates of such patients are similar to those in the general population.

**Radiation therapy**

Fractionated ionizing radiation treatment of cancer.

**Radiosurgery**

Non-invasive surgery in which a high, single dose of precise ionizing radiation replaces surgical instruments.

**Stereotactic Body Radiation Therapy (SBRT)**

Is a technique that enables a beam to precisely target a tumor in the body and minimizes radiation to normal surrounding tissue.

**Stereotactic Radiation Therapy (SRT)**

Radiation therapy of cancer, where high precision and accuracy is achieved by delivering the radiation based on an external fixed-coordinate system.

**Stereotaxy**

A technique in which a fixed-coordinate system can determine the location of a point by specifying the coordinates in terms of height, depth and laterally.

**Trigeminal neuralgia**

A disorder of the trigeminal nerve, which carries sensation from your face to your brain. Episodes of severe, stabbing pain affect the cheek, lips, gums, teeth or chin.

**Volumetric Modulated Arc Therapy (VMAT)**

Dynamic conformal delivery technique in which both collimator leaves and gantry move during radiotherapy.

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The people at the black and white portraits and environmental pictures in the annual report are not patients. Photo: iStock, Johnér, Shutterstock and Mats Lundqvist.



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