

# 6 Interim Report

SIX MONTHS  
ENDED OCTOBER 31, 2001

## 2001/02



Jan 2002



# Interim Report six months ended October 31, 2001

- Operating profit improved by SEK 102 M to SEK 80 M (loss: 22), and the operating margin increased to 6 percent (neg.: 2).
- The positive trend of order bookings continued in most markets, up 35 percent to SEK 1,344 M (995).
- Net sales rose 39 percent to SEK 1,232 M (884).
- Full-year earnings for fiscal year 2001/02 are expected to show a distinct improvement compared with the preceding fiscal year.

Elekta's strategy is to provide clinically effective and cost-efficient solutions and services for improved management of cancer and brain disorders aimed at enhanced quality of life.

## Market

Despite the worldwide economic downturn, the health-care market continued to invest in Elekta's clinically effective and cost-efficient treatment methods for cancer and brain disorders. Elekta has a sophisticated, high-technology product range based on precision radiation in both of these treatment areas.

The development of treatment methods for cancer is focusing increasingly on high-precision radiation treatment. Elekta is a leading supplier of solutions for high-precision radiation, such as intensity modulated radiation therapy (IMRT). IMRT enables the radiation dose to be more precisely adapted to the tumor's three-dimensional shape and specific radiation sensitivity, without healthy tissue being damaged, thereby improving the patient's treatment result and quality of life.

Demand for non-invasive radiosurgery is growing. Today, some 235 people out of every million suffer from brain disorders that are suitable for radiosurgery using Leksell Gamma Knife®. The areas of illness in which radiosurgery is rising sharply are certain tumors in the brain, and functional disorders. Radiosurgery using Leksell Gamma Knife is characterized by the quality of care and cost efficiency, as well as it being very patient-friendly.

## Order bookings and order backlog

Order bookings progressed favorably during the first six months, with an increase of 35 percent to SEK 1,344 M (995). Neurosurgery products rose 43 percent to SEK 486 M (339) and oncology products by 31 percent to SEK 858 M (656). The order bookings during the second quarter were influenced by the current uncertain world political situation.

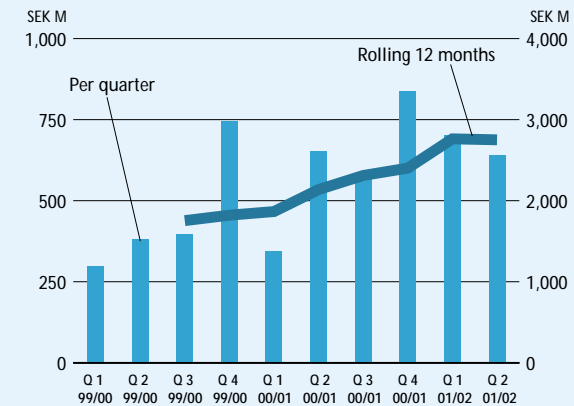
On a rolling 12-month basis, order bookings amounted to SEK 2,751 M, an increase of 29 percent.

Group order backlog rose 10 percent, and amounted to SEK 2,332 M at October 31, 2001 compared with SEK 2,112 M at April 30, 2001.

Steady order bookings in Europe

Order bookings in Europe during the first six months were up 6 percent to SEK 559 M (526). Considerable

## ORDER BOOKINGS PER QUARTER AND ROLLING 12 MONTHS



## ORDER BOOKINGS

SEK M	Q2 2001/02	Q2 2000/01	6 mon. 2001/02	6 mon. 2000/01	change %
Europe, Middle East, Africa	271	340	559	526	6
North & South America	228	127	480	246	95
Japan	103	102	114	115	-1
Asia excl Japan	39	83	191	108	77
Group	641	652	1,344	995	35
of which					
Oncology	378	405	858	656	31
Neurosurgery	263	247	486	339	43

investments are in progress, primarily in Italy and the Netherlands, in the development of cancer care. The investment rate in the UK has declined following substantial investments during the preceding fiscal year. This explains the reduction in order bookings during the second quarter compared with the second quarter a year earlier. The German market is characterized by a low investment rate in hospital care, pending the introduction of a new compensation system. Order bookings for neurosurgery products progressed favorably, although the trend started from a low level.

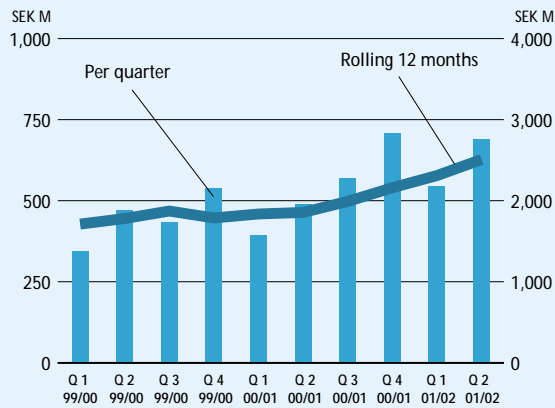
Positive trend in the US

Strong demand in the US, primarily for Leksell Gamma Knife, resulted in order bookings rising 95 percent, amounting to SEK 480 M (246). Order bookings for oncology products rose sharply compared with the preceding year. The aftermarket for both product areas also progressed favorably.

Weak Japanese economy

Order bookings in Japan totaled SEK 114 M (115). Investments in health care in Japan usually occur during the third and fourth quarter of Elekta's fiscal year. Elekta has received approval to distribute its new generation Leksell Gamma Knife C in Japan. The market reflects the sluggish economic trend in Japan.

**NET SALES PER QUARTER AND ROLLING 12 MONTHS**



**NET SALES**

SEK M	Q 2 2001/02	Q 2 2000/01	6 mon. 2001/02	6 mon. 2000/01	change %
Europe, Middle East, Africa	331	187	531	336	58
North & South America	198	206	373	380	-2
Japan	25	75	111	127	-13
Asien exkl Japan	134	22	217	41	429
<b>Group</b>	<b>688</b>	<b>490</b>	<b>1,232</b>	<b>884</b>	<b>39</b>
of which					
Oncology	483	314	843	571	48
Neurosurgery	205	176	389	313	24

Favorable demand in Asia

Demand for advanced cancer care in the region is increasing, giving rise to strong order bookings for oncology products, primarily in China and Taiwan. Order bookings in Asia rose 77 percent to SEK 191 M (108).

**Net sales**

Group net sales rose 39 percent to SEK 1,232 M (884). Exchange rate movements contributed to an 11-percent improvement in net sales. Net sales increased to SEK 389 M (313) for neurosurgery products and to SEK 843 M (571) for oncology products. Net sales of aftermarket products and services increased 24 percent to SEK 351 M (282), and represented 28 percent of Group net sales.

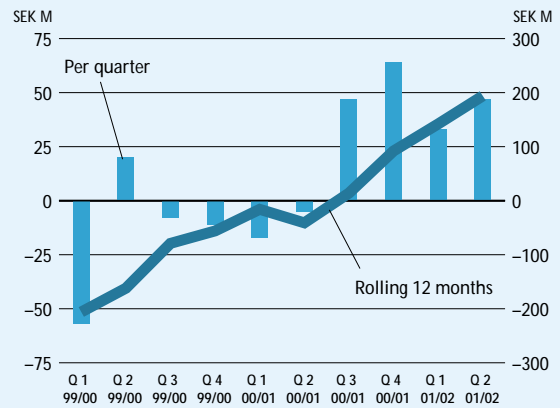
On a rolling 12-month basis, net sales totaled SEK 2,508 M, an increase of 35 percent.

**Result**

Operating profit improved by SEK 102 M to SEK 80 M (loss: 22). The improvement during the first six months was primarily attributable to larger volumes and product mix. Operating margin improved to 6 percent (neg.: 2).

Investments in research and development increased 16 percent, and amounted to SEK 64 M (55). These investments, which are expensed as incurred, corresponded to 5 percent (6) of net sales.

**OPERATING RESULT EXCL. ITEMS AFFECTING COMPARABILITY**



Net financial items amounted to income of SEK 6 M (expense: 2). This included net interest expenses of SEK 3 M (17), of which convertible debenture loans accounted for SEK 5 M (12). Earnings from participations in associated companies amounted to SEK 6 M (0), and foreign exchange differences totaled SEK 3 M (15).

Profit after net financial items amounted to SEK 86 M (loss: 24). Profit after taxes was SEK 59 M (loss: 13).

Earnings per share amounted to SEK 1.95 (loss: 0.47) for the first six months.

Return on equity amounted to 12 percent and return on capital employed was 18 percent (1).

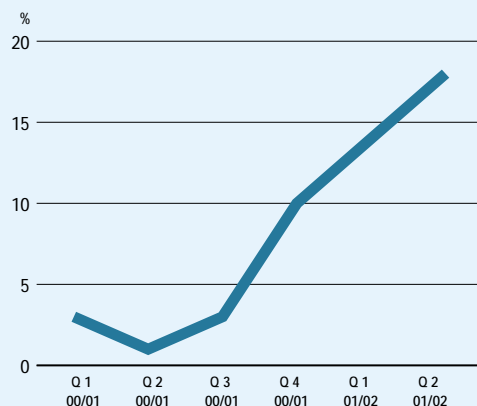
**Investments and depreciation**

Investments in intangible and tangible fixed assets amounted to SEK 12 M (24). Amortization/depreciation of intangible and tangible fixed assets totaled SEK 30 M (32).

**Liquidity and financial position**

Cash flow before investments amounted to SEK 12 M (neg. 7). Cash flow after investments and divestments amounted to SEK 4 M (neg. 29). Tied-up operating capital, primarily in accounts receivable, rose during the

**RETURN ON CAPITAL EMPLOYED**



### Change in accounting principles

The Swedish Financial Accounting Standards Council's new recommendation regarding income tax resulted in a change of accounting principles for Elekta. The income statements and balance sheets for preceding year were adjusted in accordance with the new principles. Loss carry-forwards and other temporary differences, totaling SEK 209 M at April 30, 2001, were reported as a deferred

tax receivable, resulting in a corresponding increase in shareholders' equity.

With this exception the same accounting principles have been applied as in Elekta's latest annual report. This interim report has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR 20, Interim reports.

## Income statement

SEK M	3 months Aug-Oct 2001/02	3 months Aug-Oct 2000/01	6 months May-Oct 2001/02	6 months May-Oct 2000/01	12 months Nov-Oct 2000/01	12 months May-April 2000/01
Net sales	688	490	1,232	884	2,508	2,160
Cost of products sold	-441	-332	-777	-609	-1,570	-1,402
Gross income	247	158	455	275	938	758
Selling expenses	-90	-84	-167	-150	-337	-320
Administrative expenses	-69	-56	-128	-109	-257	-238
R&D expenses	-34	-30	-64	-55	-136	-127
Exchange differences in operation	-7	7	-16	17	-14	19
Operating result	47	-5	80	-22	194	92
Financial net	4	-1	6	-2	-15	-23
Income after financial items	51	-6	86	-24	179	69
Taxes	-18	2	-33	10	-72	-29
Minority	3	1	6	1	7	2
Net income	36	-3	59	-13	114	42
Earnings per share, SEK	1.15	-0.11	1.95	-0.47	3.94	1.52

## Cash flow

Operating cash flow	59	16	113	13	240	140
Change in working capital	-100	-39	-101	-20	47	128
Cash flow before investments	-41	-23	12	-7	287	268
Investments and disposals	-1	-16	-8	-22	-28	-42
Cash flow after investments and disposals	-42	-39	4	-29	259	226

## Balance sheet

SEK M	Oct. 31, 2001	Oct. 31, 2000	April 30, 2001
Intangible fixed assets	406	429	415
Tangible fixed assets	95	90	94
Financial fixed assets	20	24	18
Inventories	278	248	224
Other current assets	1,107	1,022	1,086
Liquid assets	434	249	434
Total assets	2,340	2,062	2,271
Shareholders' equity	1,209	814	887
Minority	2	9	8
Provisions	71	73	76
Convertible debenture loan	3	221	226
Other interest-bearing liabilities	34	131	47
Interest-free liabilities	1,021	814	1,027
Total shareholders' equity, provisions and liabilities	2,340	2,062	2,271

## Changes in shareholders' equity

SEK M	Oct. 31, 2001	Oct. 31, 2000	April 30, 2001
Opening balance	678	576	576
Changed accounting principles	209	213	213
Conversion of debentures	229	—	—
Warrants premium	—	—	2
Translation differences	34	38	54
Net income	59	-13	42
Closing balance	1,209	814	887

second quarter as a result of substantial shipments and ongoing installations.

Liquid assets amounted to SEK 434 M on October 31, 2001, unchanged from April 30, 2001. Of the bank balances held, SEK 123 M was pledged, primarily as guarantees for customer advances received.

Convertible debenture loans in a nominal amount of SEK 229 M were converted. The outstanding SEK 4 M is due for repayment by December 31, 2001. The conversion resulted in 3,808,250 new Series B shares. The total number of shares amounts to 31,661,867.

Other interest-bearing liabilities decreased to SEK 34 M. The equity/assets ratio was 52 percent.

### Employees

The average number of employees in the Group rose 12 percent to 883 (787). The number of employees at the close of the period was 911, compared with 854 on April 30, 2001.

### Parent Company

Parent Company operations comprise Group management, joint Group functions and financial management.

The Parent Company's loss before net financial items amounted to SEK 21 M (0). The average number of employees was 13 (13).

### Future prospects

Despite the current uncertainty worldwide, net sales and operating profit for fiscal year 2001/02 as a whole are expected to be substantially better than in 2000/2001

### Financial information

The nine-month interim report will be issued on March 12, 2002.

STOCKHOLM, DECEMBER 12, 2001

ELEKTA AB (PUBL)



LAURENT LEKSELL  
President

*The Company's auditors have not reviewed this interim report.*

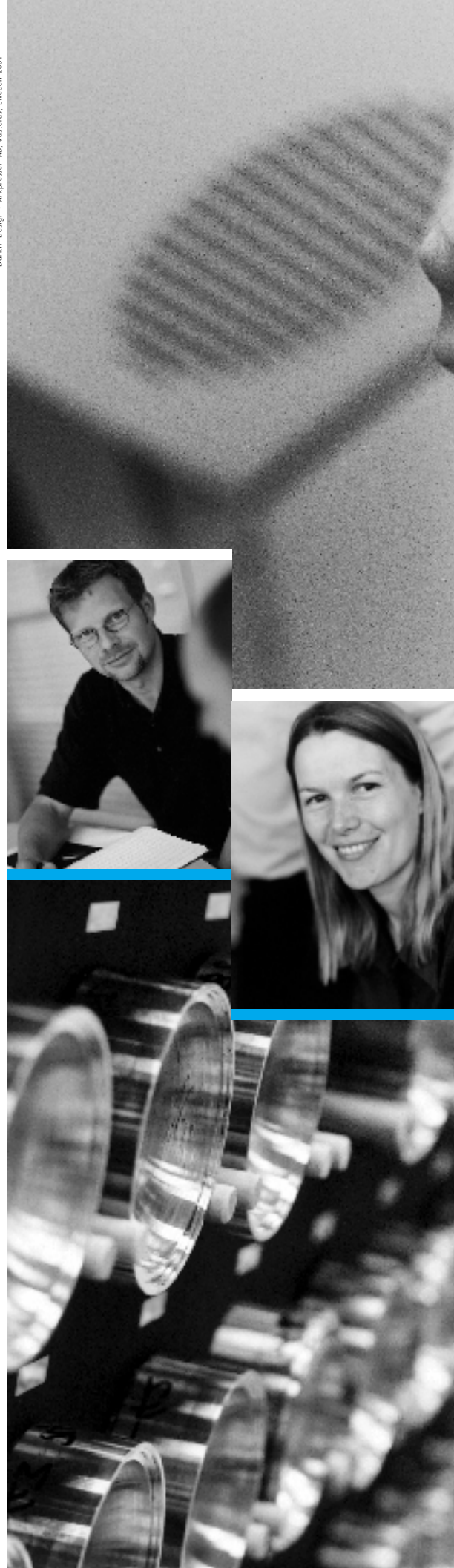
## Key figures

	12 months May–April 1998/99	12 months May–April 1999/2000	12 months May–April 2000/01	12 months* May–April 2000/01	6 months* May–Oct 2000/01	6 months May–Oct 2001/02
Net sales, SEK M	1,787	1,789	2,160	2,160	884	1,232
Items affecting comparability, SEK M	14	19	—	—	—	—
Operating result, SEK M	–208	–37	92	92	–22	80
Operating margin, %	–12	–2	4	4	–2	6
Profit margin, %	–14	–4	3	3	–3	7
Shareholders' equity, SEK M	313	576	678	897	814	1,209
Capital employed, SEK M	914	905	959	1,178	1,175	1,248
Equity/assets ratio, %	17	31	33	39	40	52
Return on shareholders' equity, % **	–56	–22	10	5	—	12
Return on capital employed, %**	–17	–3	12	10	1	18

## Per share data

	12 months 1998/99	12 months 1999/2000	12 months 2000/01	12 months* 2000/01	6 months* 2000/01	6 months 2001/02
Earnings per share before conversion, SEK	–17.09	–4.24	2.21	1.52	–0.47	1.95
Earnings per share after conversion, SEK	–8.13	–1.17	2.70	1.89	–0.14	1.98
Shareholders' equity per share						
before conversion, SEK	20.96	20.68	24.33	31.84	29.57	38.18
after conversion, SEK	28.19	24.90	28.43	35.03	32.99	38.18
Interest on converted debentures net after tax, SEK M	47	45	24	17	9	3
Average number of shares						
before conversion, 000s	14,957	18,263	27,854	27,854	27,854	30,392
after conversion, 000s	25,624	27,787	31,662	31,662	31,662	31,662
Number of shares at closing						
before conversion, 000s	14,957	27,854	27,854	27,854	27,854	31,662
after conversion, 000s	25,624	31,662	31,662	31,662	31,662	31,662

\* Restated for new accounting principles for taxes. \*\* Based on rolling 12 months. Earnings per share after conversion and full exercise of warrants is SEK 1.93 (1.89). No dilution in earlier fiscal years and equity per share increases in all periods.



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