



3 Interim Report

THREE MONTHS ENDED
JULY 31, 2003

2003/04



ELEKTA

Interim Report

Three months ended July 31, 2003

- **Operating profit declined to SEK 53 M (64) and operating margin to 9 (10) percent, mainly as an effect of currency changes.**
- **Profit after taxes amounted to SEK 41 M (43). Earnings per share, after dilution, amounted to SEK 1.24 (1.33).**
- **Cash flow after investments was negative at SEK 24 M (pos: 27).**
- **Order bookings rose 20 percent to SEK 835 M (697) and at fixed exchange rates by 35 percent. Based on a rolling 12-month period, order bookings increased 14 percent.**
- **The order backlog amounted to SEK 2,625 M (2,411), the highest ever.**
- **Net sales declined 7 percent to SEK 615 M (662). At fixed exchange rates, net sales rose 4 percent.**

Despite the generally weak economic conditions, Elekta is continuing to develop favorably. The global market for Elekta's products and treatment methods for cancer and neurological disorders continues to develop positively. Elekta is well positioned to benefit and contribute to future growth in these markets.

Today, Elekta is the world leader in equipment for radiosurgery treatment of brain disorders and the world's second-largest supplier of radiation equipment for the treatment of cancer.

Cancer is a disease that is increasing sharply and affects every third person at some stage of their lives. Every second cancer patient requires radiation therapy at some time in order to cure or control the disease. Radiation treatment is also a cost-efficient therapy, compared with the other methods available for curing or slowing the progress of cancer.

Elekta Synergy™ for image-guided radiation therapy

Elekta is a leading supplier of equipment for high-precision radiation therapy of cancer (Intensity Modulated Radiation Therapy, IMRT).

Elekta is also leading the development of image-guided radiation therapy (IGRT). The company is the first and only supplier with IGRT systems in operation. These systems improve the possibilities to localize both tumors and critical organs with high reliability during radiation treatment.

The development of Elekta Synergy™, a system for the image-guided radiation therapy of cancer, is continuing. The system expands opportunities to use radiation treatment of cancer by exactly localizing the tumor with the help of a new integrated system for three-dimensional high-resolution X-ray images (X-ray Volume Imaging). In July, CE certification was obtained for vital components and Elekta Synergy™ was launched for clinical use in Europe. During the same month, the first patients were treated at the Netherlands Cancer Institute attached to the Antoni van Leeuwenhoek Hospital in Amsterdam.

In August and September, Elekta secured a number of orders for the complete Elekta Synergy™ system, including equipment for X-ray Volume Imaging. One order came from the Würzburg University in Germany.

Approximately half of the orders received by Elekta during the first three months of the fiscal year for cancer radiation treatment equipment related to Elekta Synergy™ Platform, the linear accelerator that it is intended will be upgraded with IGRT equipment. The complete system is expected to be available for delivery during 2004.

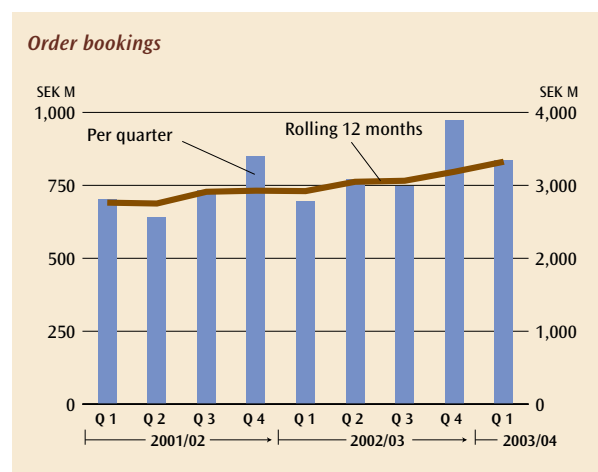
Clinical progress within neurosurgery

The need for non-invasive radiosurgery is growing. Today, some 240 people out of every million suffer from the type of brain disorders that is suitable for radiosurgery using Leksell Gamma Knife®. The trend is steadily toward expanded areas of application for Leksell Gamma Knife®. In addition to vascular malformations and tumors, major interest is now focusing on the radiosurgical treatment of functional disorders. Radiosurgery treatment using Leksell Gamma Knife® is characterized by the high quality of care provided and its cost-efficiency, as well as being very gentle on the patient.

The market is showing substantial interest in Elekta Neuromag™, Elekta's equipment for registration of nerve cell activity with the help of magnetoencephalography (MEG). Among other applications, this technology is used to map the brain's function and activity prior to neurosurgery and for localizing epileptic foci. The value of this form of mapping is clinically established and the method has already been assigned reimbursement levels in the US. In July, Elekta received an order for Elekta Neuromag™ from the medical faculty at the University of Kyoto, an institution with long experience of both research and the clinical application of MEG systems.

Order bookings and order backlog

Order bookings increased 20 percent, to SEK 835 M (697). At fixed exchange rates, order bookings rose



Order bookings

SEK M	3 months 2003/04	3 months 2002/03	Change %	Rolling 12 months	Change %
Europe, Middle East, Africa	367	293	25	1,384	24
North and South America	283	274	3	1,150	-9
Japan	89	84	6	333	15
Asia excl. Japan	96	46	109	457	83
Group	835	697	20	3,324	14
of which					
Oncology	592	484	22	2,251	18
Neurosurgery	243	213	14	1,073	6

35 percent. Calculated on a rolling 12-month basis, the increase was 14 percent. Orders for oncology products rose by 22 percent to SEK 592 M (484) and for neurosurgery products by 14 percent to SEK 243 M (213).

The order backlog on July 31 amounted to SEK 2,625 M, the highest ever, compared with SEK 2,411 M on April 30, 2003.

Market comments

Increasing market volumes in Europe

Order bookings in the Europe region, including the Middle East and Africa, rose 25 percent during the period to SEK 367 M (293). At fixed exchange rates, order bookings for this region increased 29 percent. Order bookings for oncology products were up 30 percent.

The market for Elekta's products remained strong during the period. Several countries, including the Netherlands, the UK and France, are continuing their investment programs for improved cancer care. Despite Germany's economic problems, the purchase of equipment for radiation treatment of cancer is increasing after several years of low volumes. Demand for Elekta's products in Italy remains favorable.

The radiosurgery market in Europe continues to show slow development. However, during the period France's second Leksell Gamma Knife® unit was installed at the university hospital in Lille.

Expanding market in North America

Order bookings in North and South America rose by 3 percent during the period and amounted to SEK 283 M (274). At fixed exchange rates, order bookings in the region increased 26 percent. Order bookings for oncology products increased by 27 percent in local currencies, while neurosurgery products were up 24 percent.

Elekta is active in two of the most profitable and growing therapy areas in the US healthcare market. One large financial provider, servicing the healthcare sector, is under severe financial strain. This affects the current capacity for equipment financing in the US.

IMRT is continuing to drive the trend toward technological upgrades in the market. A proposal has been

submitted for reduced reimbursements for IMRT treatment. A decision is expected in November. Nevertheless, the economical and clinical incentives for upgrading to IMRT remain.

There is also major interest among leading cancer clinics in the US in the opportunities for improved treatment that will be generated in future through Elekta Synergy™.

Treatment methods based on radiosurgery are already well established in the American market. Elekta's products within both radiosurgery and stereotaxy have a high reputation in the US and there is major interest in the clinical application of Elekta's magnetoencephalography (MEG) equipment. This method has already been assigned reasonable reimbursement levels.

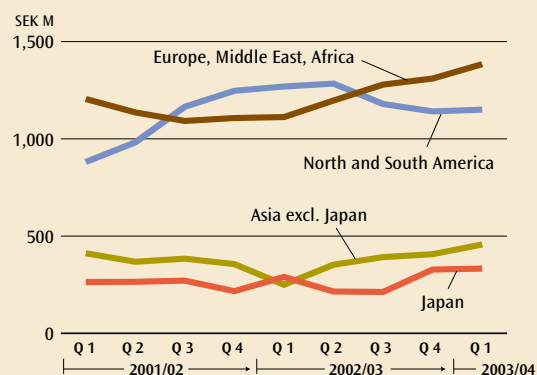
The agreement recently signed between Elekta and HealthTrust Purchasing Group (HPG) for stereotactic radiosurgery and associated neuroscience products is expected to have a positive effect on order bookings in future years.

Stable development in Japan

Order bookings in Japan rose 6 percent to SEK 89 M (84). At fixed exchange rates, order bookings were up 23 percent.

The Japanese market continues to be characterized by the country's continued weak economic development.

Order bookings rolling 12 months per marknad



Net sales

SEK M	3 months 2003/04	3 months 2002/03	Change %	Rolling 12 months
Europe, Middle East, Africa	273	248	10	1,019
North and South America	209	305	-31	1,160
Japan	46	21	119	224
Asia excl. Japan	87	88	-1	378
Group	615	662	-7	2,781
of which				
Oncology	414	490	-16	1,937
Neurosurgery	201	172	17	844

Financial problems in the healthcare sector are resulting in structural changes and revision of financing forms and reimbursement levels, although the market for medical technology equipment is strong, primarily due to the pressure exerted by a population with an increasing number of elderly persons.

Demand remains favorable within radiosurgery in terms of new Leksell Gamma Knife® units as well as in terms of upgrades and reloads.

Expressed in Japanese yen, order bookings for oncology products during the first quarter were at the same level as a year earlier.

Interest in equipment for magnetoencephalography is high in Japan, with a number of leading research centers working on developing clinical methods and routines. A total of 17 MEGs from Elekta have been installed in Japan and during the first quarter an order was secured for an additional MEG system.

Continued favorable demand in Asia

Order bookings in Asia during the period amounted to SEK 96 M (46), up 109 percent compared with the low year-earlier level. At fixed exchange rates, order bookings rose 149 percent.

The effects of the SARS epidemic, which had a strong impact on the economic climate as a whole and the healthcare sector in particular, are now beginning to recede. However, some delay remains in purchasing decisions, deliveries and installations.

In the Asian market for equipment for radiation therapy of cancer, Elekta is noting successes. Demand for Elekta's equipment for radiosurgery has also developed positively, with major interest shown by countries with strong economies in the region. There is widespread need for additional equipment for the treatment of tumors throughout Asia as a whole and Elekta holds a strong position in the region.

Net sales

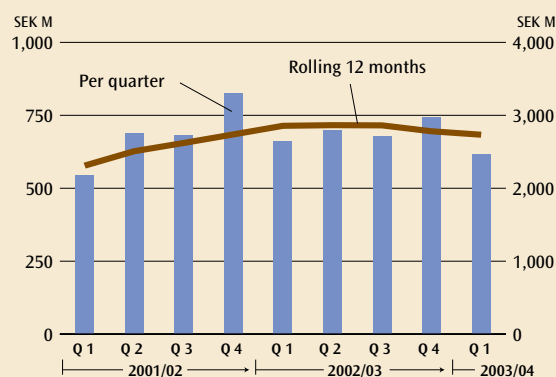
Consolidated net sales declined 7 percent to SEK 615 M (662). At fixed exchange rates between years, net sales rose 4 percent.

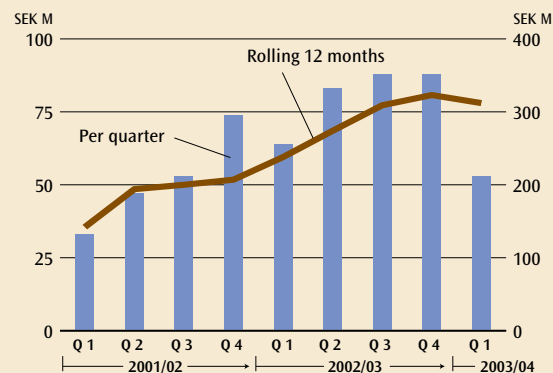
Net sales was affected adversely by currency, mainly the weakening of the USD compared to the SEK. Also certain deliveries has been delayed due to delay of third party financing.

Net sales of oncology products declined 16 percent to SEK 414 M (490) due to lower delivery volumes. Net sales increased 17 percent for neurosurgery products to SEK 201 M (172), in spite of the unfavorable exchange rate changes.

Net sales of after-market products and services increased 14 percent to SEK 225 M (197), and represented 37 percent (30) of consolidated net sales.

Net sales



Operating result**Result**

Operating profit declined by SEK 11 M to SEK 53 M (64). The operating margin narrowed to 9 percent (10). The deterioration in earnings between the comparable quarters was due to movements in currency exchange rates between the quarters.

Gross margin improved due to favorable changes in product and geographical mix.

The movements in exchange rates compared with the corresponding period of the preceding fiscal year impacted operating profit negatively in an amount of approximately SEK 14 M. Elekta hedges contracted net flows and part of expected net flows through forward contracts over a rolling 18-month period.

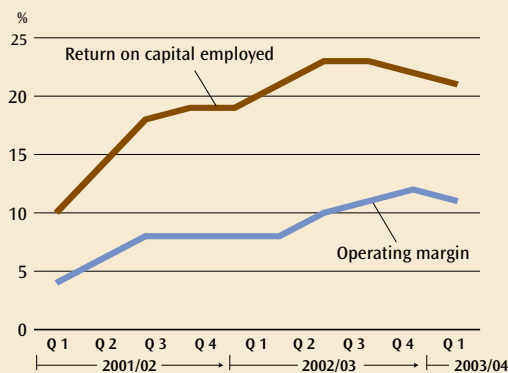
Investments in research and development rose 18 percent to SEK 45 M (38), corresponding to 7 percent (6) of net sales. In accordance with RR15, SEK 5 M (10), SEK 3 M (10) after depreciation, was capitalized for certain specific projects, while the remainder was expensed.

Net financial items amounted to income of SEK 9 M (expense: 3). Net interest was income of SEK 4 M (expense: 2). Income from participations in associated companies amounted to SEK 5 M (1), and exchange-rate differences totaled SEK 0 M (loss: 2), mainly due to short-term loans within the Group.

Profit after net financial items totaled SEK 62 M (61). Tax expenses have been calculated at SEK 21 M, corresponding to a rate of 34 percent. Profit after taxes amounted to SEK 41 M (43).

Earnings per share amounted to SEK 1.26 (1.37) before dilution and SEK 1.24 (1.33) after dilution.

Return on equity amounted to 17 percent (13) and the return on capital employed was 21 percent (21).

Operating margin and return on capital employed rolling 12 months**Investments and depreciation**

Investments in intangible and tangible fixed assets amounted to SEK 18 M (13). Amortization/depreciation of intangible and tangible fixed assets totaled SEK 18 M (15).

Liquidity and financial position

Cash flow before investments was negative and amounted to SEK 14 M (pos: 28). There has been an inventory building-up of oncology products for delivery during the second quarter of 2003/04. Cash flow after investments and divestments was negative at SEK 24 M (27).

Liquid assets amounted to SEK 1,068 M, compared with SEK 1,087 M on April 30, 2003. Of the bank balances held, SEK 105 M was pledged, primarily in the form of guarantees for customer advances received.

Interest-bearing liabilities amounted to SEK 248 M, compared with SEK 252 M at the beginning of the fiscal year.

The equity/assets ratio was 51 percent.

During Elekta's first quarter, 298,525 new Series B shares were subscribed through the exercise of allotted warrants within the framework of the established warrants program. Total number of shares at September 22 was 32,953,967.

Income statement

SEK M	3 months May-July 2003/04	3 months May-July 2002/03	12 months Aug-July 2002/03	12 months May-Apr 2002/03
Net sales	615	662	2,734	2,781
Cost of products sold	-387	-440	-1,705	-1,758
Gross income	228	222	1,029	1,023
Selling expenses	-82	-78	-360	-356
Administrative expenses	-59	-59	-285	-285
R&D expenses	-42	-28	-162	-148
Exchange differences in operation	8	7	90	89
Operating result	53	64	312	323
Result from participations in associated companies	5	1	15	11
Interest income	7	2	27	22
Interest expenses	-3	-4	-14	-15
Financial exchange differences	0	-2	-22	-24
Income after financial items	62	61	318	317
Taxes	-21	-22	-87	-88
Minority	0	4	1	5
Net income	41	43	232	234
Earnings per share before dilution	1.26	1.37	7.18	7.29
Earnings per share after dilution	1.24	1.33	7.05	7.14

Cash flow

Operating cash flow	70	63	322	315
Change in working capital	-84	-35	-3	46
Cash flow before investments	-14	28	319	361
Investments and disposals	-10	-1	-82	-73
Cash flow after investments and disposals	-24	27	237	288
External financing	7	6	232	231
Change in liquid assets	-19	26	506	551

Balance sheet

SEK M	July 31, 2003	July 31, 2002	April 30, 2003
Intangible fixed assets	402	389	408
Tangible fixed assets	89	84	83
Financial fixed assets	17	19	16
Inventories	292	281	258
Receivables	1,084	1,156	1,110
Liquid assets	1,068	562	1,087
Total assets	2,952	2,491	2,962
Shareholders' equity	1,496	1,301	1,445
Minority	0	5	0
Provisions	70	90	110
Other interest-bearing liabilities	248	32	252
Interest-free liabilities	1,138	1,063	1,155
Total shareholders' equity, provisions & liabilities	2,952	2,491	2,962

Changes in shareholders' equity

SEK M	July 31, 2003	July 31, 2002	April 30, 2003
Opening balance	1,445	1,272	1,272
Option premiums and warrants exercised	11	6	22
Translation differences	-1	-20	-83
Net income	41	43	234
Closing balance	1,496	1,301	1,445

Key figures

	12 months* May-Apr 2000/01	12 months May-Apr 2001/02	12 months May-Apr 2002/03	3 months May-July 2002/03	3 months May-July 2003/04
Order bookings, SEK M	2,402	2,927	3,186	697	835
Net sales, SEK M	2,160	2,738	2,781	662	615
Operating result, SEK M	92	207	323	64	53
Operating margin, %	4	8	12	10	9
Profit margin, %	3	8	11	9	10
Shareholders' equity, SEK M	887	1,272	1,445	1,301	1,496
Capital employed, SEK M	1,178	1,313	1,697	1,338	1,744
Equity/assets ratio, %	39	50	49	52	51
Return on shareholders' equity, % **	5	13	17	13	17
Return on capital employed, % **	10	19	22	21	21

* Restated for new accounting principles for taxes. ** Based on rolling 12 months.

Data per share

	12 months* May-Apr 2000/01	12 months May-Apr 2001/02	12 months May-Apr 2002/03	3 months May-July 2002/03	3 months May-July 2003/04
Earnings per share					
before dilution, SEK	1.52	4.66	7.29	1.37	1.26
after dilution, SEK	1.89	4.56	7.14	1.33	1.24
Cash flow per share					
before dilution, SEK	8.11	3.64	8.99	0.85	-0.74
after dilution, SEK	7.90	3.63	8.81	0.83	-0.73
Shareholders' equity					
before dilution, SEK	31.84	40.03	44.79	40.82	45.95
after dilution, SEK	35.03	39.89	44.58	40.74	45.84
Interest on converted debentures, net after tax, SEK M	17	3	—	—	—
Average number of shares,					
before dilution, 000s	27,854	31,048	32,019	31,807	32,354
after dilution, 000s	31,662	32,504	32,694	32,604	32,811
Number of shares at closing,					
before dilution, 000s	27,854	31,765	32,256	31,880	32,554
after dilution, 000s	31,662	33,084	32,988	33,084	32,954

* Restated for new accounting principles for taxes.

Exchange rates

Country	Currency	Average rate			Closing rate		
		May-July 2003/04	May-July 2002/03	Change %	July 31, 2003	April 30, 2003	Change %
Europe	1 EUR	9.155	9.204	-1	9.183	9.115	1
Great Britain	1 GBP	12.982	14.452	-10	13.070	13.050	0
Japan	100 JPY	6.725	7.870	-15	6.740	6.860	-2
United States	1 USD	7.938	9.650	-18	8.103	8.195	-1

Patent dispute

In the ongoing patent dispute in the US, Elekta has appealed the ruling in the lower court and posted a surety bond of USD 25 M, corresponding to the damages awarded in the first instance. The parties' presentations in the higher court are now complete and the parties are awaiting the higher court ruling. No time limit has been given, but in the worst case it could be a year or more before a final ruling is announced. Elekta's opinion of the possibilities of a ruling in Elekta's favor in the higher court remains unchanged.

In the event Elekta's appeal is rejected, the whole of the damages will be charged against earnings at the time. Any damages will be reported in the balance sheet as interest-bearing liabilities reduced by the amount pledged as a financial facility, with an upper limit of USD 20 M.

During the appeal process, the surety bond will be reported as a contingent liability.

If the higher court approves Elekta's appeal, Elekta can choose to reduce the amount pledged as a financial facility.

Employees

The average number of employees in the Group amounted to 1,085 (989). The number of employees at the end of the period was 1,094, compared with 1,073 on April 30, 2003.

Parent Company

Parent Company operations comprise Group management, joint Group functions and financial management. After net financial items, the Parent Company posted a loss of SEK 4 M (loss: 6). The average number of employees was 16 (15).

Redovisningsprinciper

This report has been prepared in accordance with Sweden's Annual Accounts Act and Recommendation RR20 on Interim Reports, issued by the Swedish Financial Accounting Standards Council. The accounting principles and calculation methods applied are the same as those used in the most recent Elekta Annual report.

As of 2003, Elekta applies the Swedish Financial Accounting Standards Council's Recommendation RR 25 on segment accounting. Elekta's business operations are confined to a single operating segment, namely treatment methods for cancer and brain disorders, and reference is therefore made to the income statement and balance sheet in regard to primary segment accounting.

Future prospects

Demand remains favorable for Elekta's products and services. Order backlog is the highest ever. While order volumes remain healthy, delivery volumes, and thus net sales, are expected to be lower in the first half than in the second half of 2003/04 due to customer requirements.

As a result of mainly the weakening of the USD against the SEK, Elekta's earnings growth will be adversely affected. The financial objectives for fiscal years 2001/02 to 2003/04 remain unchanged, with a sales growth of 10-15 percent in local currencies and an operating margin of 8-10 percent on a rolling 12-month basis. The operating margin for individual quarters can deviate from this objective. The return on capital employed is to exceed 15 percent and the equity/assets ratio is to exceed 40 percent.

Financial information

The six-month interim report will be published on December 8, 2003.

STOCKHOLM, SEPTEMBER 22, 2003

ELEKTA AB (PUBL)



Laurent Leksell,
President

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



Elekta AB (publ)

P.O. Box 7593 • SE-103 93 Stockholm, Sweden
Tel +46-8-587 254 00 • Fax +46-8-587 255 00 • E-mail: info@elekta.com

For additional information, please contact:
Peter Ejemyr, Vice President, Corporate Communications, Elekta AB (publ)
Tel +46-8-587 254 00 or +46-733- 61 10 00

Additional information is available at: www.elekta.com