

Product launches and Cost-reduction Initiative on track

Q2 report 2022/23

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Nov 24, 2022



Agenda

- Delivering on our strategy
- Q2 financials
- Outlook
- Q&A



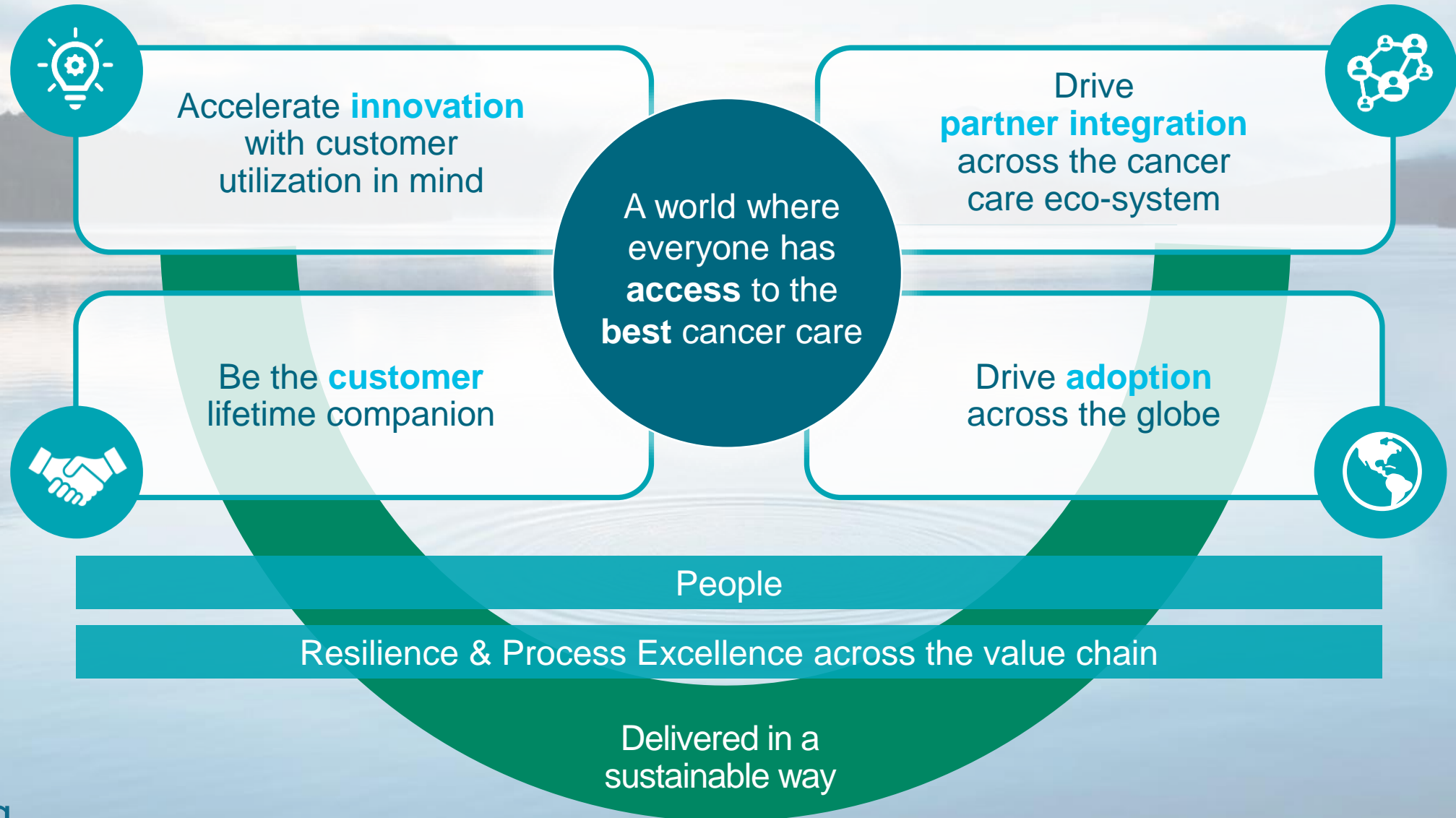
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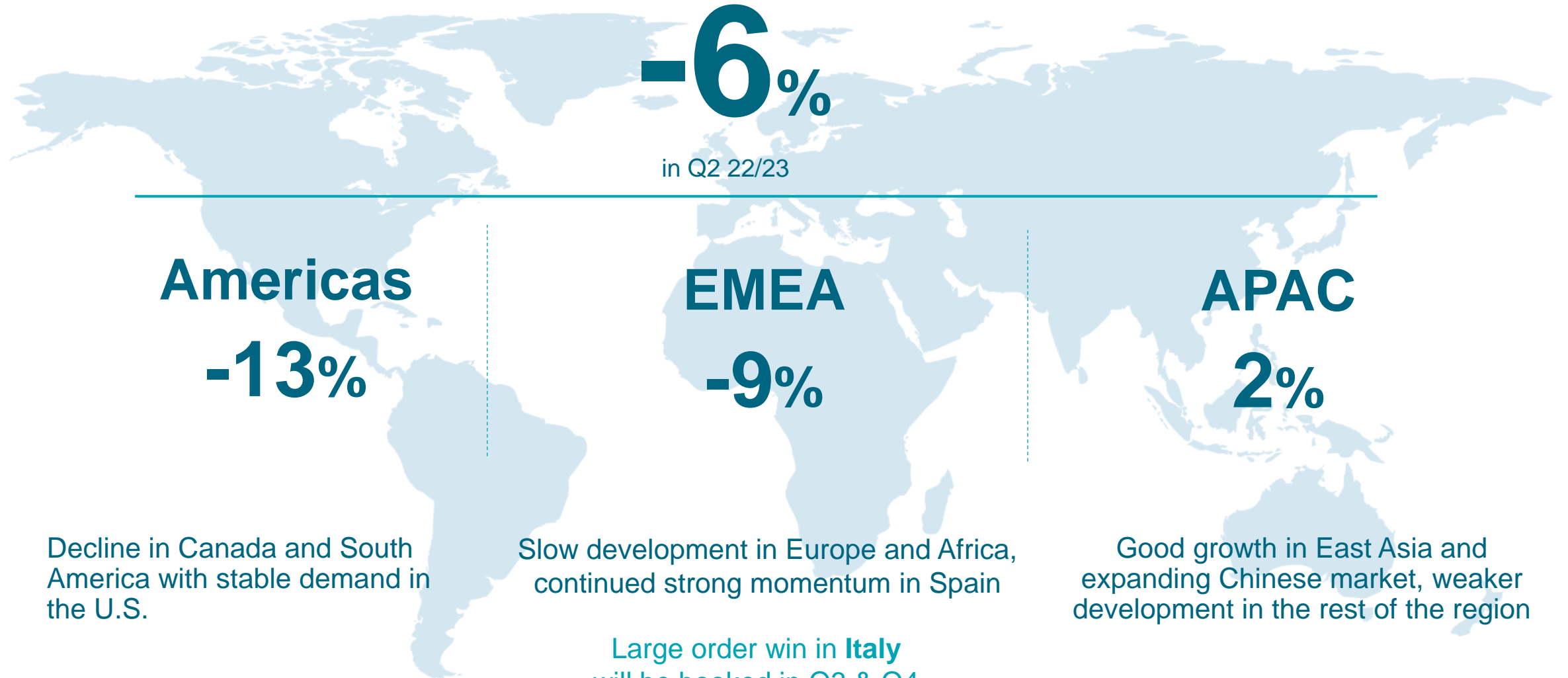
This presentation is intended for investors and analysts only. Some products are still in research and/or not cleared/approved in all markets. Cancer statistics are given to show the potential market in the respective area and does not mean that Elekta currently has products to treat these indications.

Delivering on our strategy

Delivering on our strategy ACCESS 2025



Orders impacted by global macroeconomic challenges



Solution revenue declined, service growing faster than installed base

-5%

in Q2 22/23

- Revenue negatively impacted by:
 - Supply chain disturbances
 - China lockdowns
 - Customer readiness
- Growth in the U.S. and Europe
- Service revenue growing faster than installed base

-13%

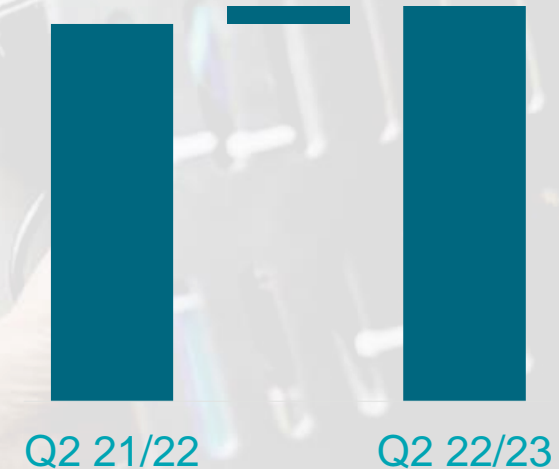
Solutions

7%

Service

Installed base

5%

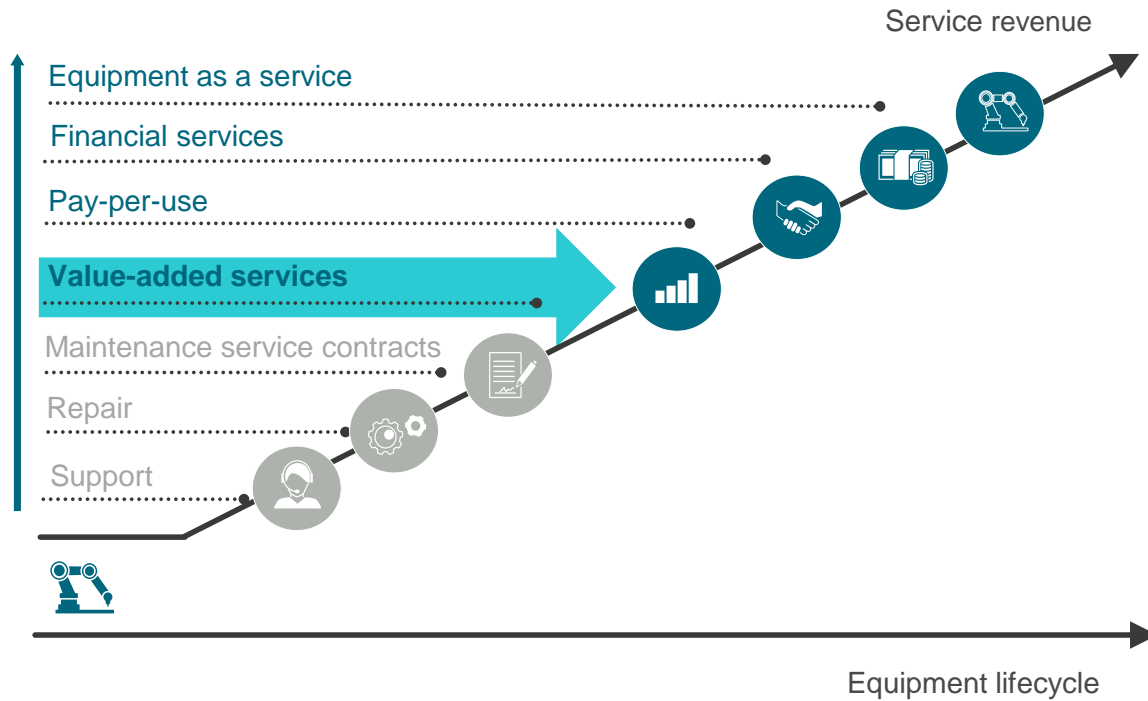


Strong order backlog of SEK 43 B supporting growth going forward

Customer lifetime companion: Launch of Elekta Care 360

Enhancing customers' clinical operations by faster, consistent and more efficient processes

Opportunities



Services for full line of solutions includes e.g.



Commissioning



Physics/Q/A start-up



Dosimetry start-up

Best-in-class experts improving efficiency and outcomes of customers' investments

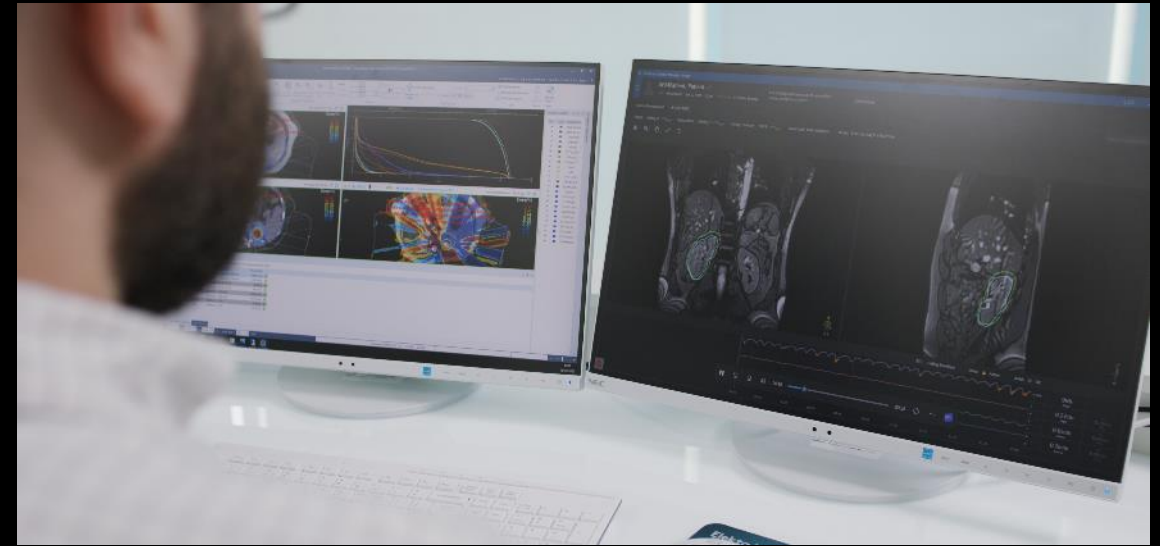
Release of Unity Comprehensive Motion Management (CMM)

- Freedom to choose the right motion management strategy for every patient
- More than simply automatic gating for precision treatments
- Seamlessly integrated workflow

CE mark:



FDA: submitted



CMM with True Tracking and automatic gating



U.S. launch of Esprit at ASTRO

Well received in the U.S. market

- Ease of use and better patient comfort
- Fast treatment plan with Lightning
- Superior visualization with Vantage

CE mark:



FDA clearance:



Q2 financials

Low revenue and supply chain challenges impacting margins

Net sales decreased by 5% y-o-y¹ with growth in the U.S. and Europe

- Solutions -13%
- Service +7%

Adj. gross margin declined due to lower net sales, supply chain challenges & inflation

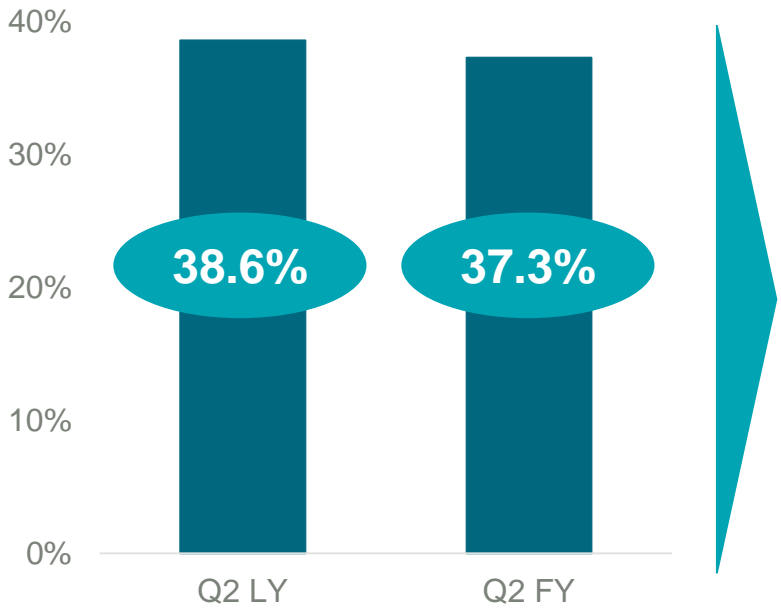
Slightly increased **opex** y-o-y but down sequentially

FX positive on a gross-margin level. Negative impact from currency hedges

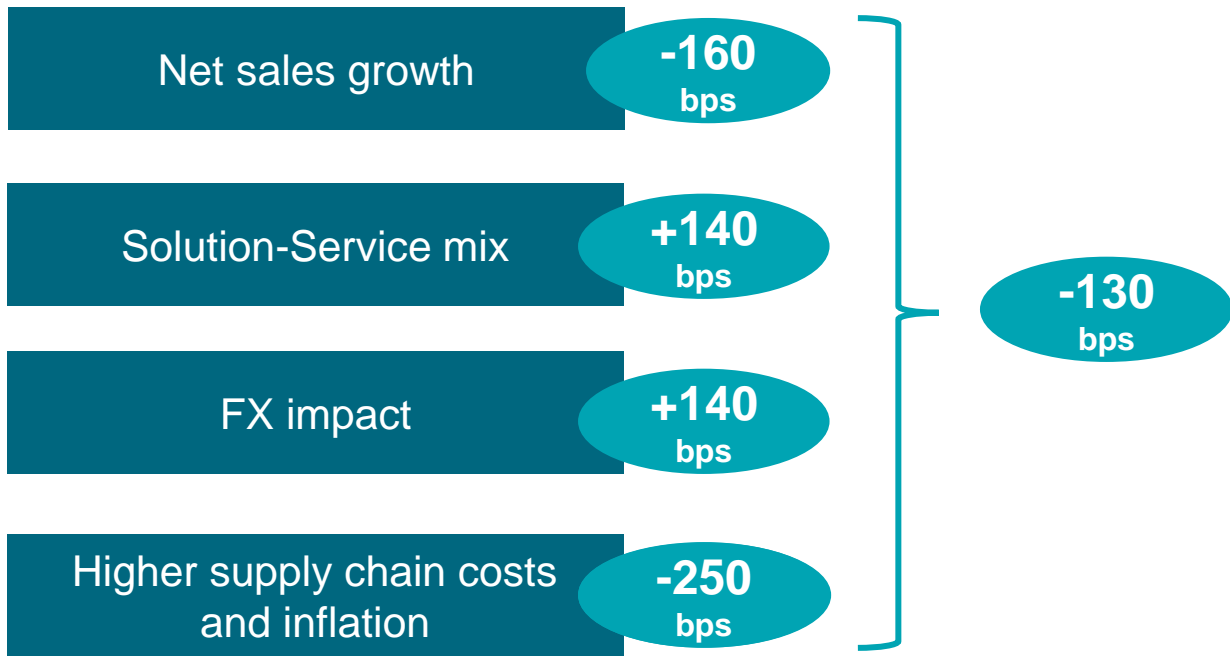
(SEK M)	Q2 22/23	Q2 21/22	Q1 22/23
Net sales	4,081	3,697	3,327
Solutions	2,322	2,254	1,706
Service	1,759	1,443	1,621
COGS ²	-2,557	-2,270	-2,032
Adj. gross margin	37.3%	38.6%	38.9%
Expenses ²	-1,050	-914	-1,088
Exchange rate diff and other	-157	20	-76
Adj. EBIT	316	533	132
Adj. EBIT margin	7.7%	14.4%	4.0%
EPS, SEK	0.32	1.00	0.16
Adj. EPS, SEK	0.55	1.00	0.19

Adjusted gross margin still heavily impacted by the supply chain and inflation

Adj. gross margin development



Impact vs. Q2 LY



Sequentially decreasing opex despite inflation pressure

Higher **selling expenses** y-o-y due to more in-person customer events, but sequentially declining

Administrative expenses flat y-o-y and declining sequentially

Net R&D expenses decreasing both y-o-y and sequentially

Quarterly expenses

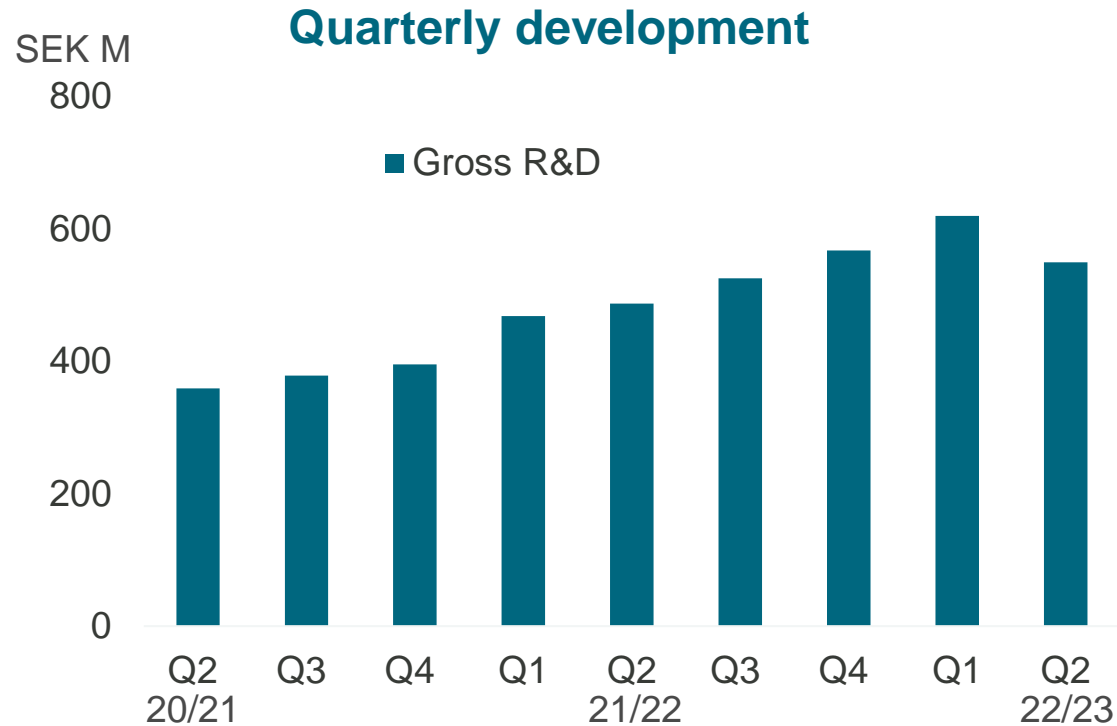
Expenses (SEK M)	Q2 ¹ 22/23	Q2 21/22	Growth ² Y/Y	Q1 ¹ 22/23	Growth ² Q/Q
Selling	-397	-317	➡ 13%	-390	➡ -2%
Administrative	-320	-287	➡ 0%	-317	➡ -3%
Net R&D	-333	-310	➡ -4%	-380	➡ -14%
Total	-1,050	-914	➡ 3%	-1,088	➡ -6%

Cost-reduction Initiative targeting SEK 450 M annual savings well on track with increasing impact in H2

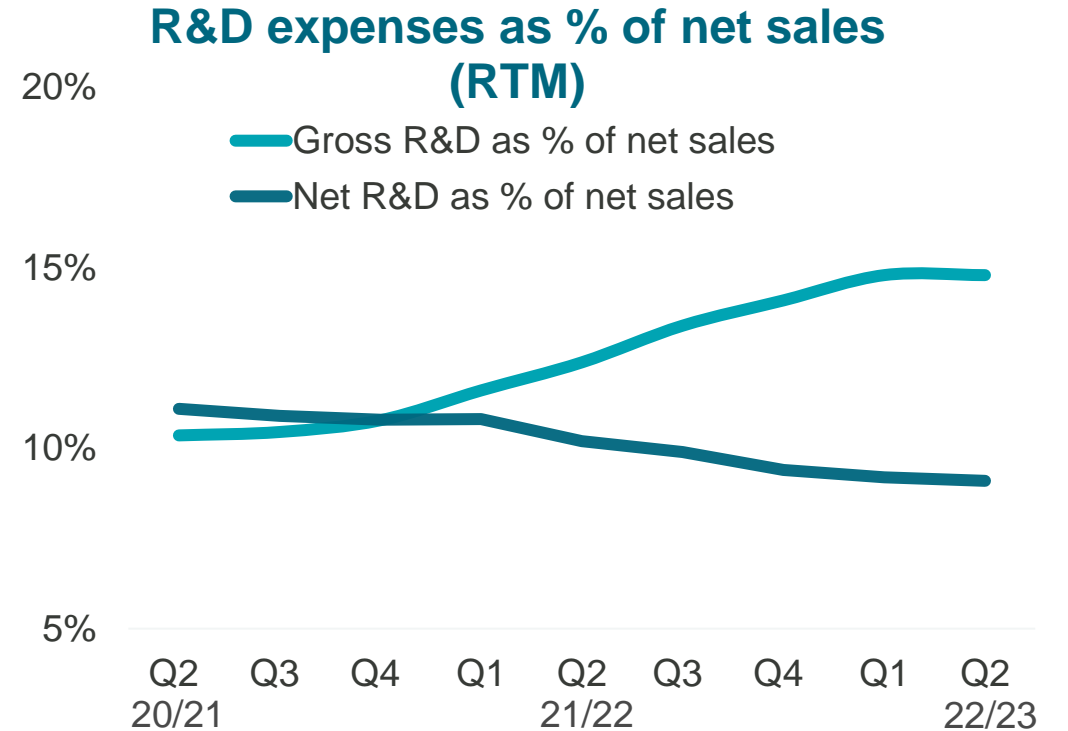
Estimated spend reduction, SEK M	Q2	2022/23E	Yearly run-rate reduction end of 2022/23E
Increase productivity in operations and service (COGS)	10	~50	~150
Optimize innovation pipeline and leverage global product organization (Gross R&D)	30	~110	~200
Drive efficiencies in selling and administration functions	10	~40	~100
Total	50	~200	~450

YTD implementation costs amounted to SEK 131 M, of which SEK 52 M on COGS. Total cost is estimated to amount to up to SEK ~400 M when fully implemented.

Decreasing gross R&D in relation to net sales



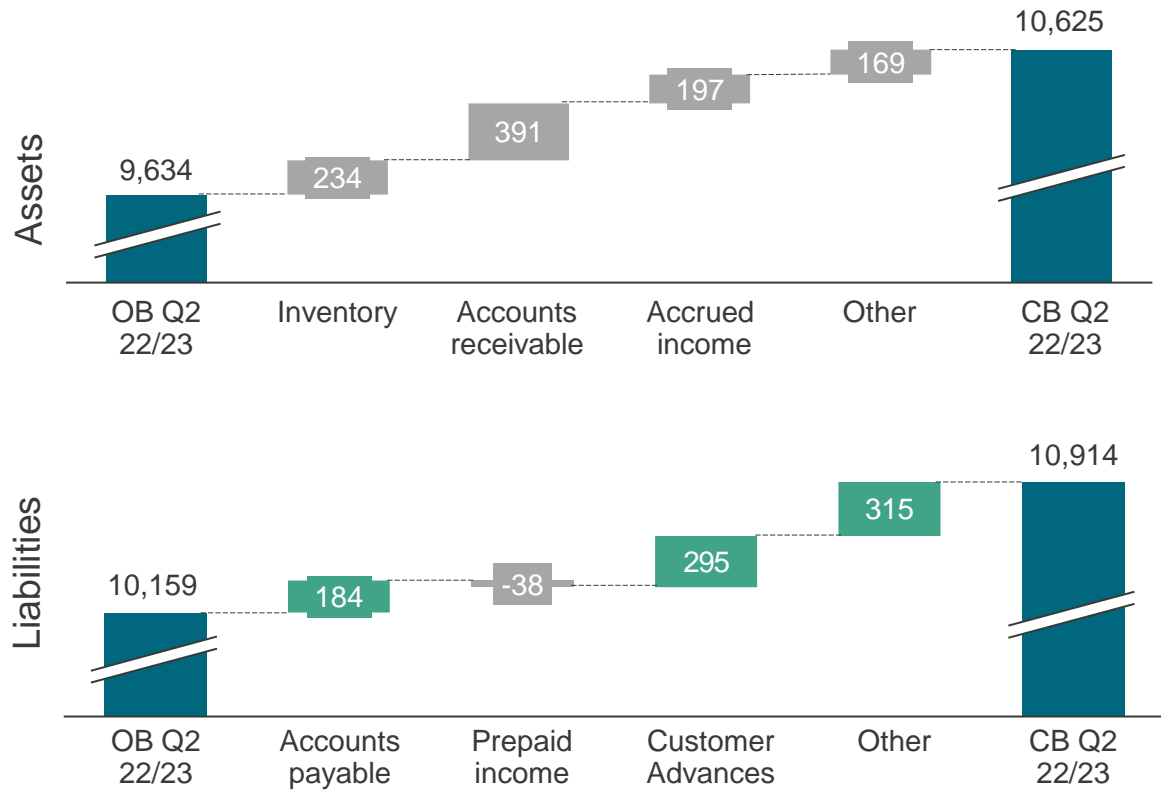
Decreased gross R&D in Q2 in accordance with plan



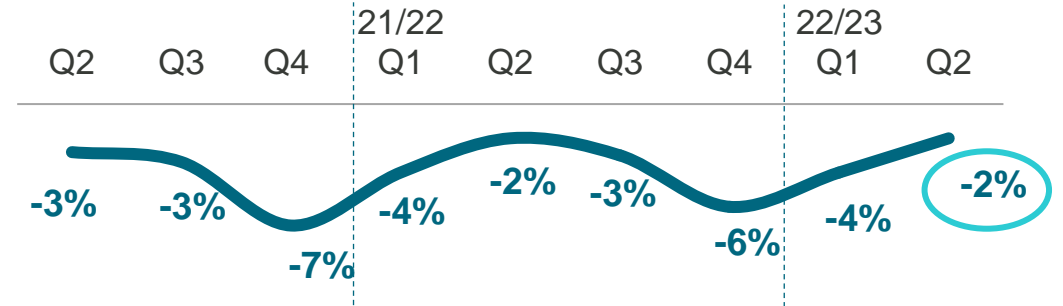
Gross R&D as % of net sales expected to decline during coming quarters. Gradually increase of amortizations throughout the year.

Seasonable stable net working capital (NWC) ratio

Q2 NWC changes (SEK M)



NWC as % of net sales (RTM)

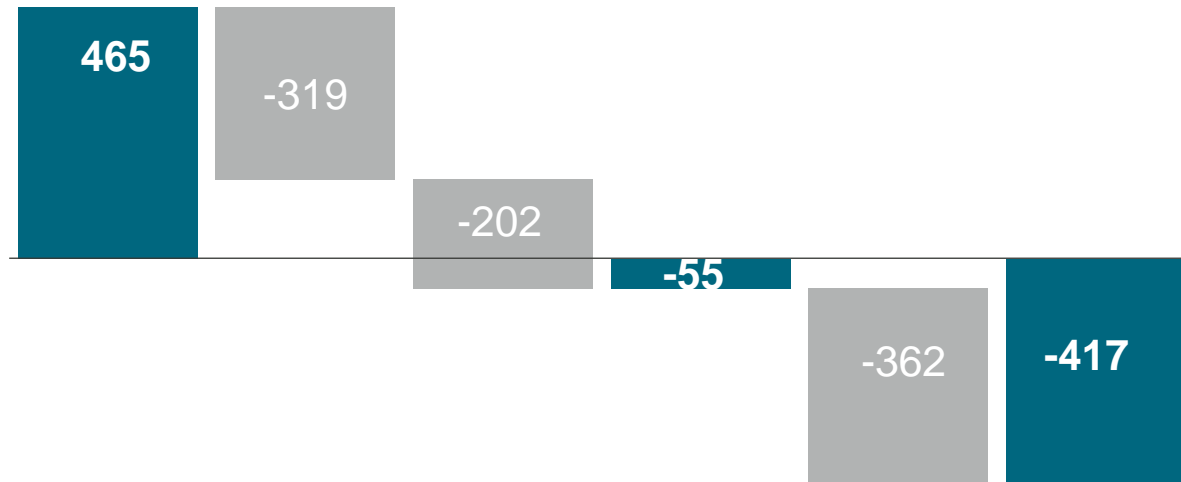


Higher **inventory** due to extended supply chain lead times and buildup for coming quarters

Receivables and **advances** increased as a result of higher level of shipments

Softer cash flow due to lower earnings

Q2 Cash flow (SEK M)



Lower **earnings** than last year

Continuous investments increased due to investments in innovation pipeline and strengthening of product offering

EBITDA

Taxes, interest net and other

Change in WC

Cash flow from operating activities

Continuous investments¹⁾

Cash flow after continuous investments

Continuous strong balance sheet and low refinancing risk

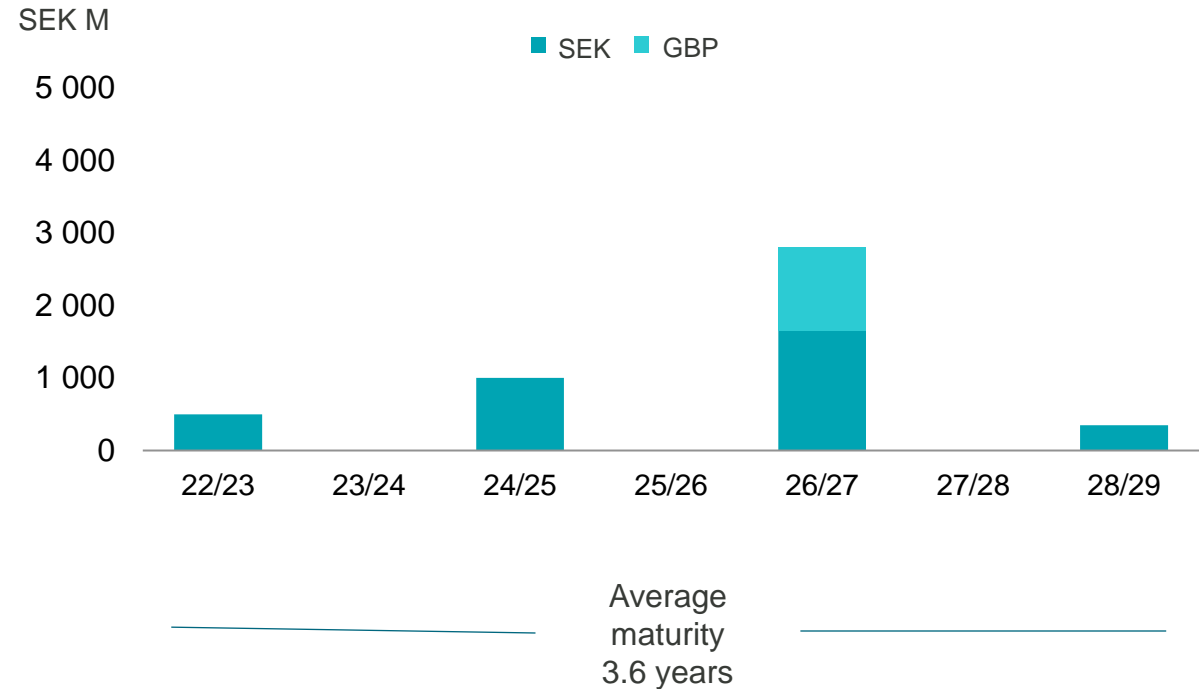
Net debt¹⁾/EBITDA ratio 1.38

Available funds²⁾ of more than SEK 3.5 bn

Low refinancing risk with SEK 500 M in maturities until March 2025

Average duration of 3.6 years on borrowings

Maturity profile



Outlook

Outlook

- Uncertain macroeconomic environment and supply chain challenges to continue to impact installations, costs and margins in Q3
- However, situation expected to gradually improve during Q4
- Long-term market trends to support growth and investment in high-end radiotherapy equipment and margin expansion



Midterm outlook until 2024/25 unchanged

Net sales

>7%
CAGR
over period

EBIT margin


expansion
over period

Dividend policy

≥50%
of annual
net income

Summary Q2

- Continued macroeconomic challenges impacted order, revenue and margins
- New launches and price improvements will contribute to revenue and margin growth
- Cost-reduction Initiative on track to expand margins



We don't just build
technology,
We build **hope.**



Q&A

