

Elekta - Year end report

2013/14

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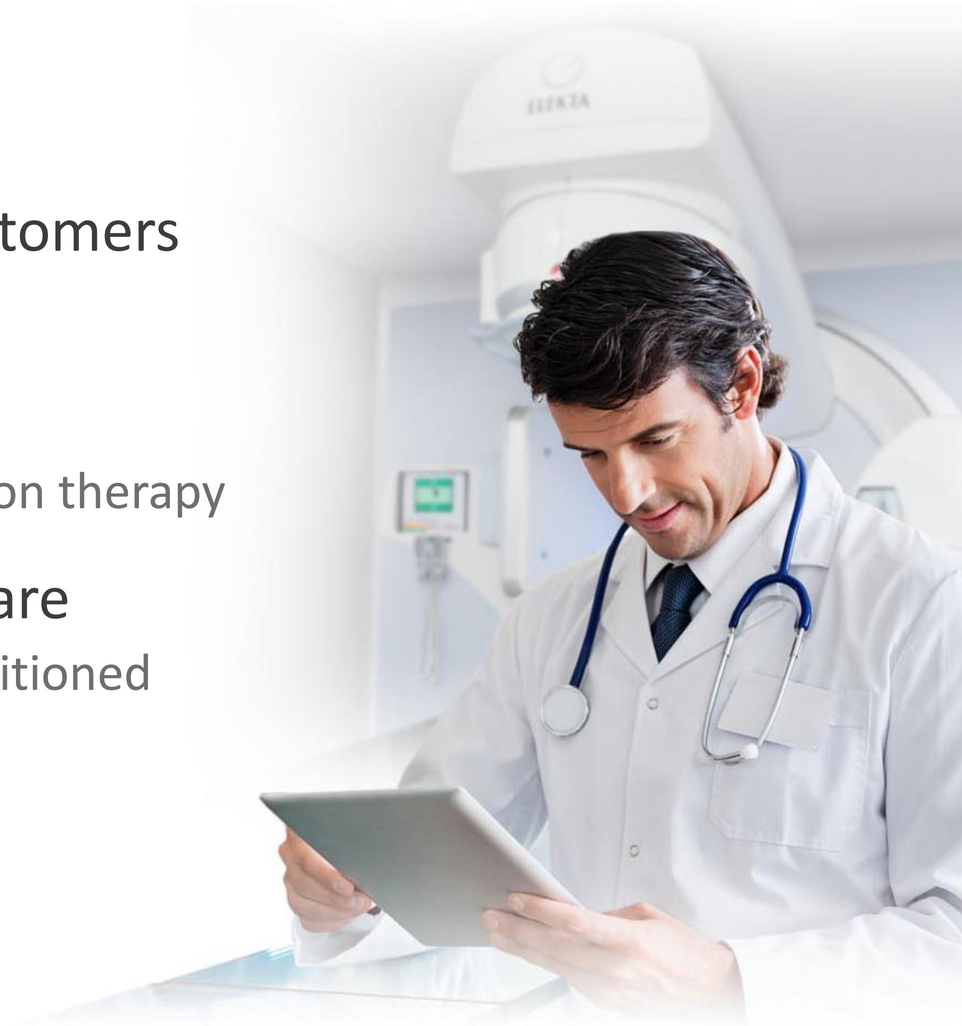
Niklas Savander
President and CEO

Elekta - strong foundation earned

Plenty of structural growth opportunities ahead



- Dedication to innovation, customers and patients
- Industry leading innovation
  - Versa HD™, MRI-guided radiation therapy
- Global challenges in cancer care
  - Radiation therapy very well positioned

Comment on Q4 and fiscal year

Achievements

- Delivered on revised guidance
- Sales in Q4 best ever
- Double digit order growth in US, China, EMEA
- Esteya and Monaco 5 launched
- MRI-guided radiation therapy project progresses as planned
- Versa HD™ huge success

Challenges

- Weak results in Russia, Latin America and India
- Working capital
- Uneven distribution of sales in the year

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Short-term measures

- Increased efficiency
- Program to further streamline the organization; charge of 100 MSEK in Q4
- Improved working capital efficiency: targeted cash conversion of 70%
- Strengthen emerging market teams

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Håkan Bergström

Chief Financial Officer

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Strong Q4 performance

Result in line with expectations

- Net sales up 7%* in fiscal year
  - Strong growth in Europe
  - Recovery of Leksell Gamma Knife® in Q4
- EBITA growth of 3%** to SEK 2,183*** M
- Order bookings up 5%* *(14%*)* in FY
  + Europe, China and North America
  – Brazil, Russia and India
- Cash flow below expectations
- Strong balance sheet. Dividend and extraordinary dividend of SEK 2.00 per share

**Based on unchanged exchange rates*
***Before non-recurring items and based on unchanged exchange rates*
**** Before non-recurring items*

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North and South America

Strong growth in US

- Order bookings up 4%* in FY
- North America
  - 9% order growth in US
  - Hospital consolidation continue to drive strategic partnerships built on comprehensive solutions
  - Good momentum on Versa HD™
  - Leksell Gamma Knife® recovered in Q4. Full year: lower volumes than last year
- South America
  - Latin America below expectations
  - Measures initiated to improve development

*Based on unchanged exchange rates

Europe, Middle East and Africa

Strong growth

- Strong order bookings, up 19%* in FY and 13%* in Q4
- Established markets
  - Strong growth in Southern and Northern Europe
  - Versa HD™ gaining share
- Emerging markets
  - Strong growth in Middle East
  - Large system wins in Iraq
  - Weak market in Russia

*Based on unchanged exchange rates

Asia Pacific

Mixed picture among markets

- Order bookings down 9%* in FY
- Strong development in China
  - Double digit growth in flat market
  - PLA and NHFPC tender wins
- Flat development in Japan
  - Currency effects from JPY
- Weak development in South-East Asia, especially India

*Based on unchanged exchange rates

Strong deliveries in Q4

Result in line with expectations

- Net sales increased 7%* in Q4 and 7%* YTD
- Gross margin at 43% *(46)*
  - Currency
  - Lower volumes of Leksell Gamma Knife®
- EBITA of SEK 2,183** M *(2,297**)*
  - R&D expenditures, before capitalization, increased to SEK 1,202 M *(894)* , due to MR linac
  - Currency effect SEK -175 M
  - Continue to leverage on SG&A, at 18.5% *(19.6)* for fiscal year
- Tax rate at 23% *(25%)*

*Based on constant exchange rates
** Before non-recurring items

Working capital at 14% of net sales

Working Capital *SEK M*	April 30, 2013	**April 30, 2014**	*Change*
Working capital assets			
Accounts receivable	*3 192*	**4 197**	*+1 005*
Accrued income	*1 861*	**1 699**	*-162*
Inventories	*850*	**1 078**	*+228*
Other operating receivables	*461*	**566**	*+105*
Sum working capital assets	*6 364*	**7 540**	
Working capital liabilities			
Customer advances	*1 292*	**1 686**	*+394*
Prepaid income	*1 034*	**1 200**	*+166*
Accrued expenses	*1 404*	**1 526**	*+122*
Accounts payable	*1 217*	**1 295**	*+78*
Other operating liabilities	*250*	**384**	*+134*
Sum working capital liabilities	*5 197*	**6 091**	
Net working capital	*1 167*	**1 449**	
% of 12 months rolling net sales	*11%*	**14%**	

- Net working capital ratio at year end:14% *(11%)*
  - I higher inventory due to the lower-than-planned shipments levels
  - Delay in receiving already secured payments of approximately 250 MSEK
  - Decrease in accrued income
- Target net working capital of 10% to net sales

Cash flow affected by continued R&D investments and higher working capital

Cash flow *(SEK M)*	12 months May - April 2012/13	12 months May - April 2013/14
Profit before tax	*1 800*	**1 502**
Amortization & Depreciation	*349*	**414**
Interest net	*159*	**180**
Other non-cash items	*66*	**111**
Interest received and paid	*-142*	**-162**
Income taxes paid	*-338*	**-353**
Operating cash flow	***1 894***	**1 692**
Change in working capital	*-24*	**-417**
Cash flow from operating activities	***1 870***	**1 275**
Continuous investments	*-578*	**-781**
Cash flow after continuous invest.	***1 292***	**494**

- Cash flow from operating activities SEK 1,275 M *(1,870)*
  - Lower operating result
  - Increased net working capital
- Cash flow after continuous investments SEK 494 M *(1,292)*
  - Increased investments to continue supporting future growth
    - R&D, MRI-guided radiation therapy

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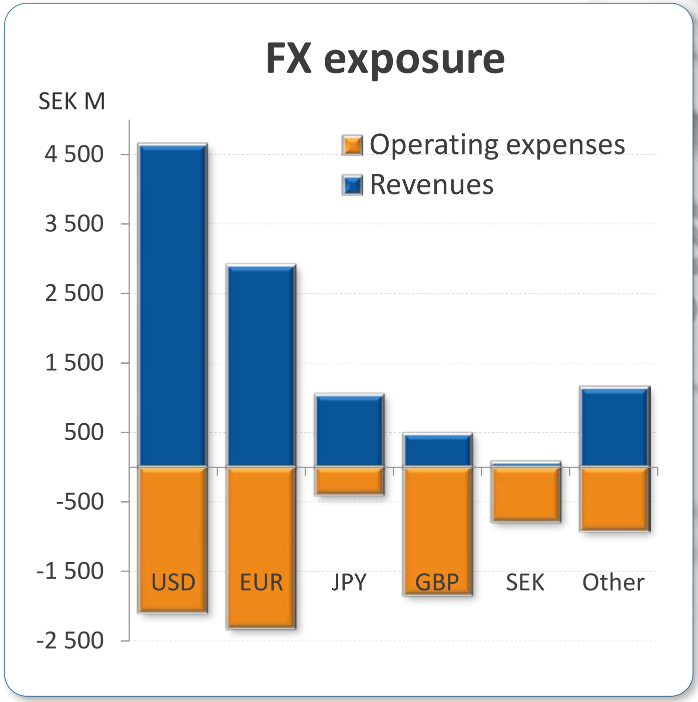
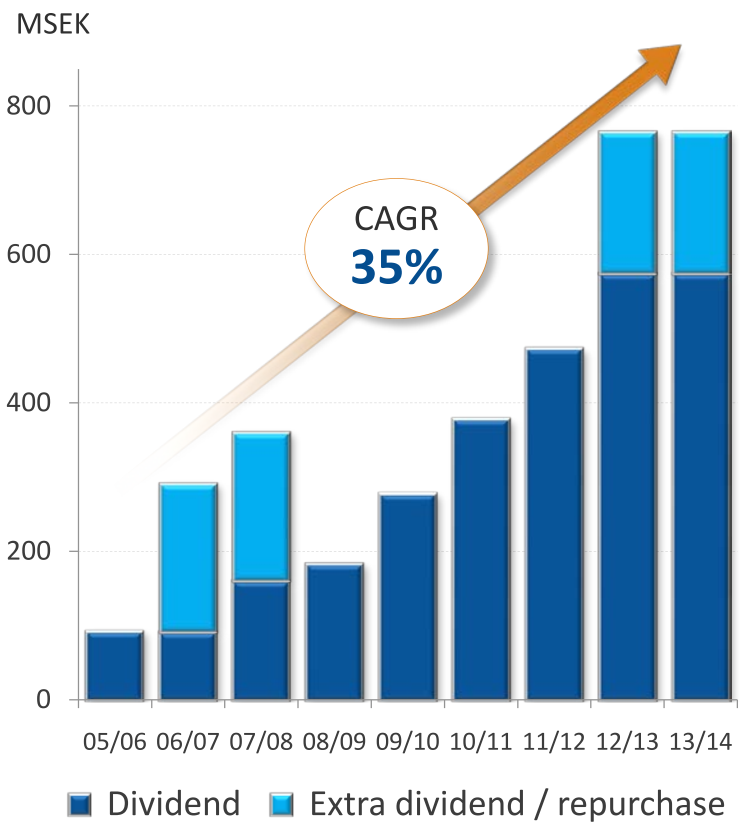
Volatile currency markets

Reported currency effect:

- EBITA: SEK -175 M. Q4: SEK -35 M
  - JPY, AUD, CAD, GBP, ZAR
- Estimated currency effect for 2014/15
  - Net sales: -1 percentage points
  - EBITA: -2 percentage points



Extra dividends proposed for second year



- Ordinary dividend of **SEK 1.50** per share
- Extraordinary dividend of **SEK 0.50** per share
- Proposal for share repurchase program

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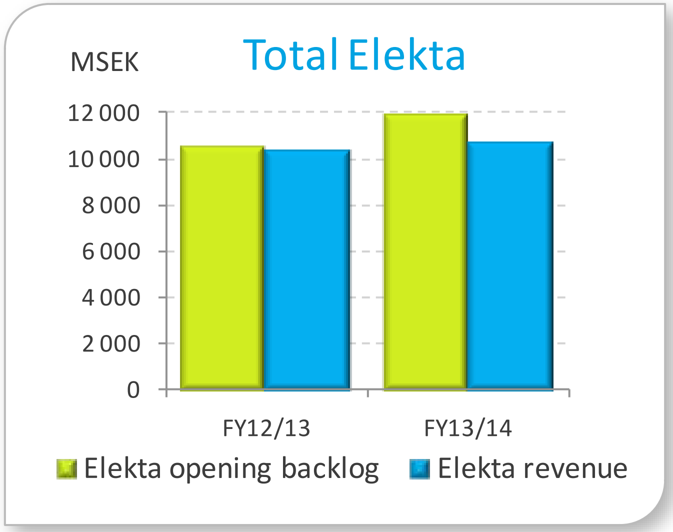
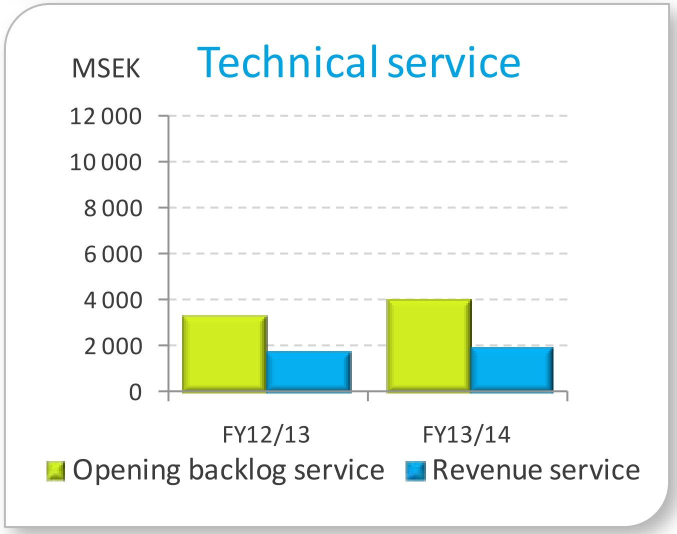
Opening backlog vs. revenue





- Elekta report net orders
  - Historic cancellations 2-3% annually
- Increase ageing in order backlog related to technical service
- Conservative in booking long-term service contracts going forward for commercial reasons



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Niklas Savander
President and CEO

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Guidance for 2014/15:

Growth in line with last year, continued margin expansion

	Guidance 2014/15	Financial objective
Net sales growth	~7-9%*	>10%*
EBITA growth	10% or more*	Exceed sales growth in SEK

*Based on constant exchange rates

Capital Markets Day

June 17, 2014
Clarion Sign Hotel,
Stockholm

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