



Elekta – Q1 report 2015/16

Tomas Puusepp

President and CEO

Håkan Bergström

Chief Financial Officer



Important information

This presentation 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 Annual Report in section “Risks”. 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.

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.

Good performance in Q1 - highlights

- Growth: net sales increased +4*%
- Improved gross margin: 6 ppts to 40 %
- EBITA improved by SEK 79** M
- The launch of a comprehensive action program
 - New organization implemented
- Leksell Gamma Knife® Icon™
 - 510(k) clearance in the US



Priorities for short-, mid- and long-term

Priorities:

- Growth
- Profitability
- Cash flow

Favorable market for radiation therapy

- North America
 - Consolidation drives large and complex orders with long sales processes
 - Replacement market with growth potential in software and services
- Western Europe
 - Stable and growing in line with GDP
- Emerging markets
 - Increased risk in some markets due to political instability
- Asia Pacific
 - Continued good growth in China
 - Stable in Japan
 - Decline in Far East Asia
- Good growth opportunities within service and software

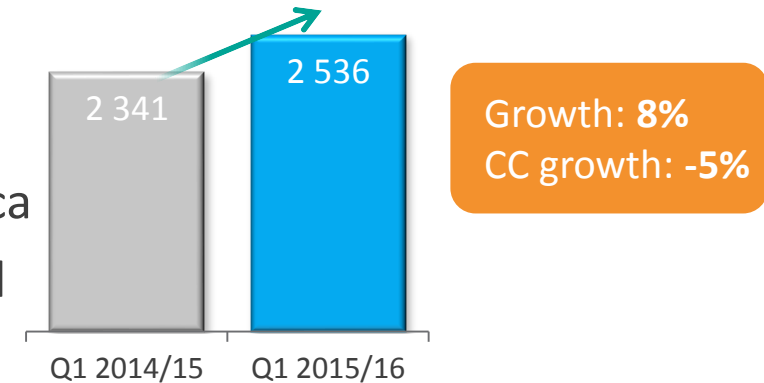
Current market
growth

3-5%

Net sales grew by 4%* in Q1

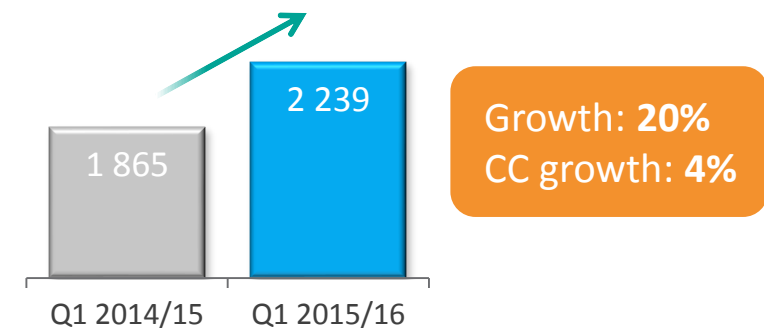
Order bookings

- Good growth in the US. Volatility expected to continue
- Strong performance in South America
- Challenging y/y comparison in Europe, Middle East and Africa
- Continued growth in China. Strong performance in India and Australia
- Decline in Far-East Asia



Net sales

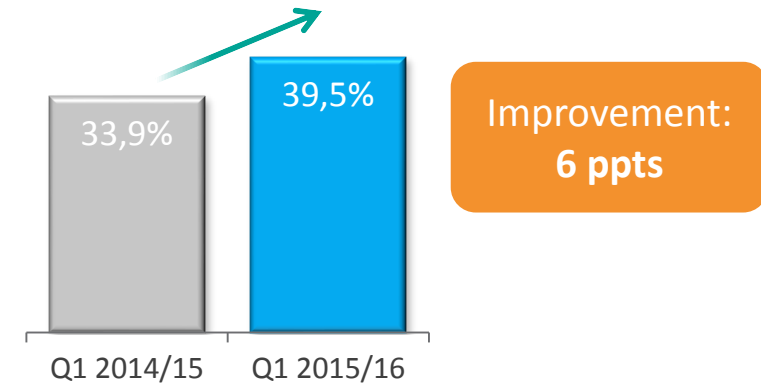
- Favorable growth in software and services
- Strong deliveries in Europe, Middle East and Africa and North and South America



Gross margin improved by 6 percentage points

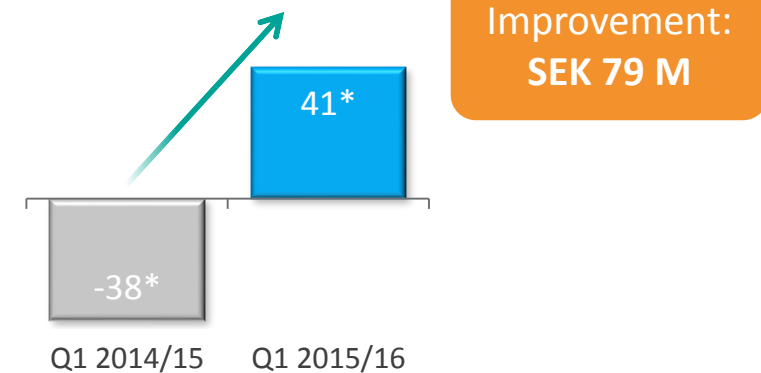
Gross margin

- Growth in software and services
- Improved product mix with higher share of Versa HD™



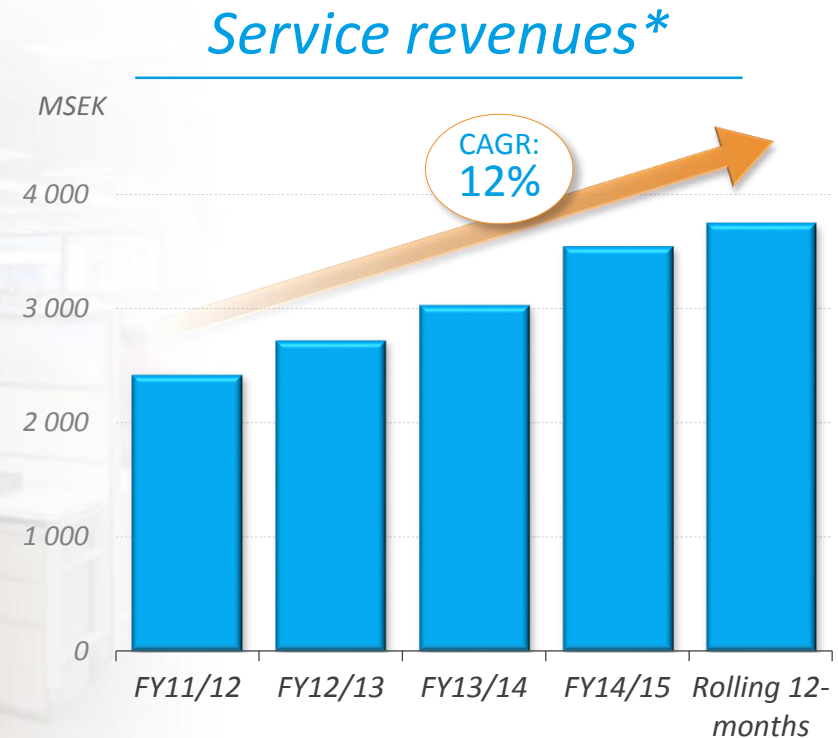
EBITA

- Increased volumes
- Currency effects of SEK -20 M
- Limited cost savings in Q1



Double-digit growth in service revenues

- Sales focused on existing customers
- Increased value in the customer offering
- Cost-efficient service concept through Elekta care
- Continuous upgrades in software and services



Atlantic – game changer in radiation therapy

- Treatment and MRI imaging in real time
- Opportunity for new indications
- Improved treatments

Atlantic status

- *Assembly and test of 12 systems over the next 10 months*
- *Delivery to all consortium members within 16 months*
- *Second system in installation*

Atlantic – launch and commercial orders from 2017



>700 MUSD
order
opportunity
until 2019

| <i>Planning</i> | <i>Ambition</i> |
|---|-----------------|
| Consortium orders – research systems | 8 |
| Regulatory approvals - CE Mark, 510(k) | During 2017 |
| Launch and taking commercial orders | 2017 |
| Total orders during ramp up (until 2019) | 75 |
| Expected market price | USD 8-10 M |

Leksell Gamma Knife® Icon™

Ultra-precise Microradiosurgery™ with Online Adaptive DoseControl™

- Significant interest from new customers
- Upgrade potential: 200 installed Leksell Gamma Knife® Perfexion™

Regulatory status:

- 510k clearance from FDA in August
- CE-mark in June
- Expected approval in China and Japan in 2016



>200 MUSD
upgrade
opportunity

Global action program to drive efficiency

- More efficient organization for rapid change in place
- Concrete two-year plan to achieve improved growth and profitability
- Several activities and actions launched
- In-depth study for value creation completed with the support from external consultants

TARGET

2-year cost reduction
program of

450 MSEK

TARGET

EBITA-margin
improvement of

6 ppt

until 2017/18

TARGET

Lowering net working
capital by

200 MSEK

with full effect 2016/17

Initiated actions for reduced costs and higher efficiency

1. Reduce costs and increase efficiency in administration
2. Increase efficiency and productivity in:
 - Marketing
 - Product development
 - Service operations
3. COGS - reduction of product costs
4. Reduce working capital
5. Consolidate sites and functions

Our financial ambitions

Short-term (2015/16)

- Return to growth in H2 2015/16*
- Improve EBITA margin
 - Cost reductions
 - Product mix and recurring revenue

Mid-term

(2016/17 – 2017/18)

- 3-5%* net sales growth per year
- Improve EBITA margin with more than 6** percentage points

Long-term

- >10%* net sales growth per year
- Growth in EBITA to exceed sales growth in SEK
- ROCE >20%
- Net debt / equity <0.5x



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Håkan Bergström
Chief Financial Officer

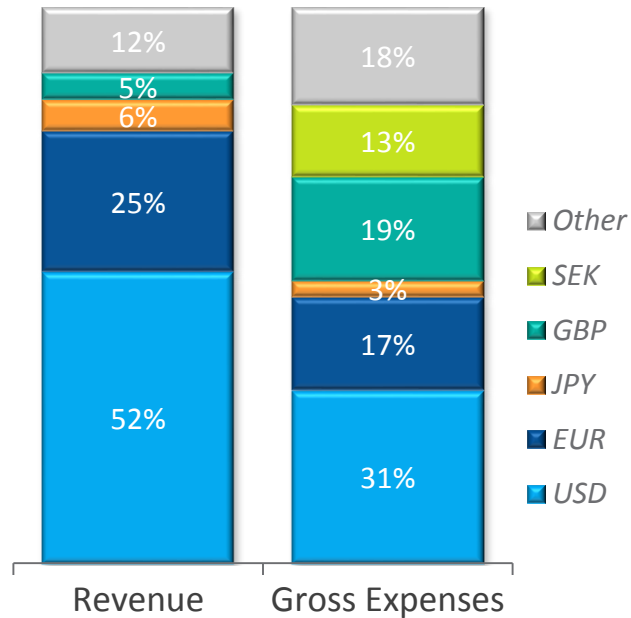


Financial performance - Q1 FY 2015/16

- EBITA: SEK 41* M (-38)
 - EBITA margin improved 4 percentage points to 2%
 - Costs related to comprehensive action program SEK 29 M
 - Bad debt loss SEK 27 M. Customers in Latin America. Bad debt provision at SEK 162 M
- R&D expenditures of SEK 362 M (349); 16% (19) of net sales
 - Amortization of capitalized R&D increased by SEK 21 M
- Net financial items SEK -72 M (-54)
 - Increase due to borrowings to be used to repay upcoming debt maturities
- EPS of SEK -0.34 (-0.36)
- Cash flow slightly better than previous year
 - Cash flow from operating activities improved by SEK 129 M to SEK -349 M
 - Cash flow after continuous investments SEK -564 M (-670)
 - Working capital reduction from SEK 1 807 M to SEK 1 235 M (Y/Y)

FY 15/16 - FX Impact – weakening of SEK

Currency Exposure Q1 FY15/16



Main currency rates vs. last year

| | Q1 LY | Q1 FY | Change |
|---------|-------|-------|--------|
| EUR/SEK | 9,12 | 9,32 | +2% |
| USD/SEK | 6,69 | 8,44 | +26% |
| GBP/SEK | 11,34 | 12,98 | +14% |
| JPY/SEK | 0,066 | 0,069 | +5% |

Currency effect YoY

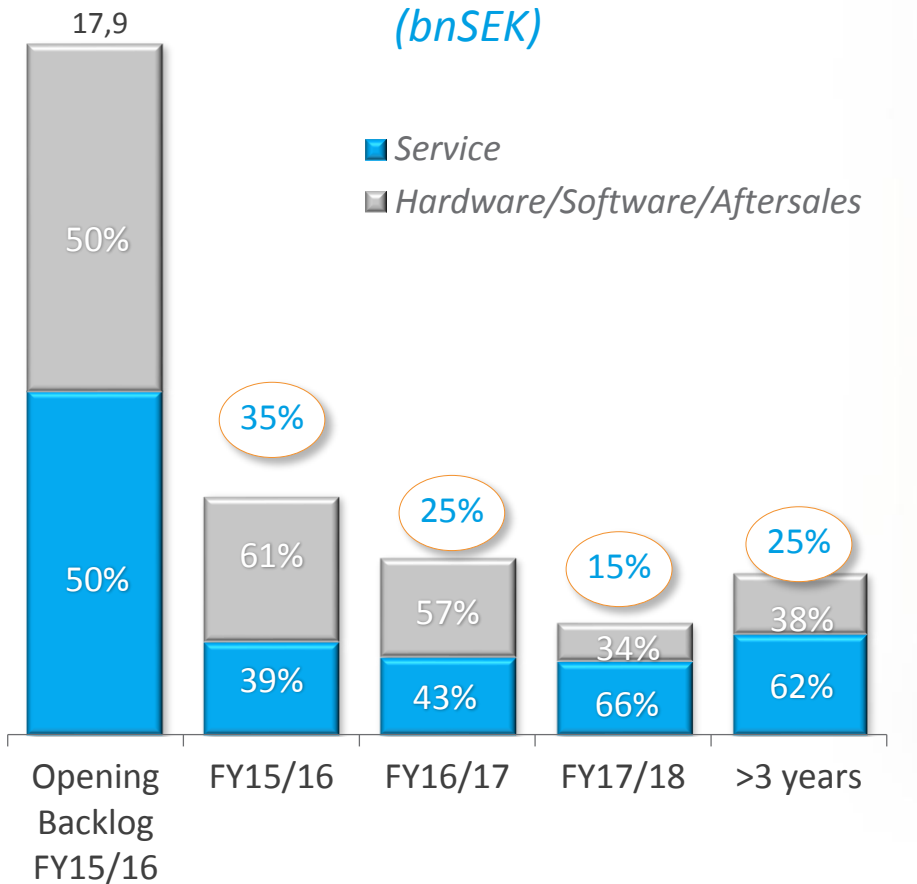
| | | SEK M |
|--------------------------|------|------------------|
| • Effect on revenue: | +16% | +290 |
| • Effect on COGS: | +12% | -140 |
| • Effect on Gross exp: | +14% | -110 |
| • Exchange differences | | <u>-60</u> |
| • Effect on EBITA | | SEK -20 M |

Positive effect in FY 2015/16 expected with current exchange rates:

- On net sales: +8 percentage points
- On EBITA: SEK +50 M
 - Exchange rate differences -100 M

Order backlog - visibility of future revenue

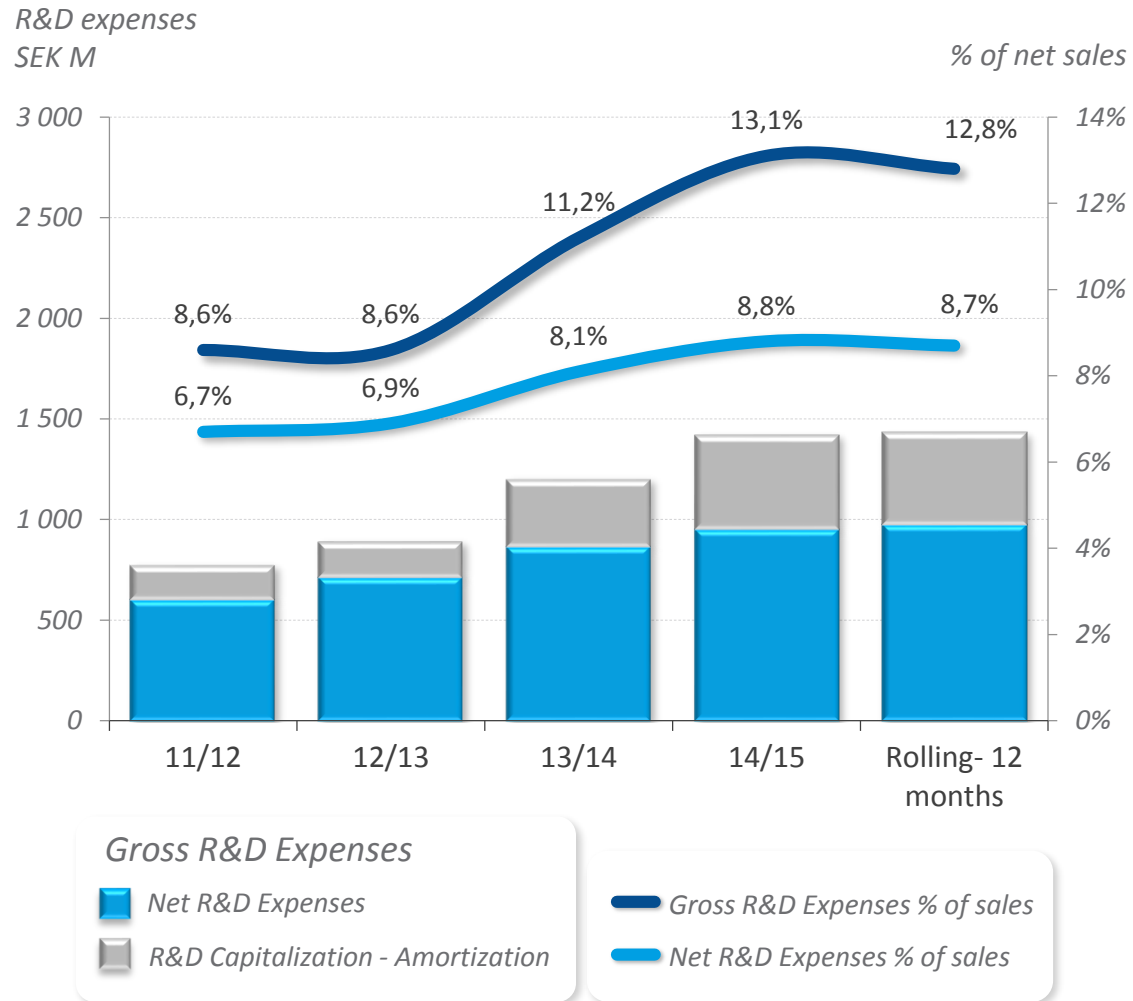
Order backlog maturity by year



Q1 Order backlog:

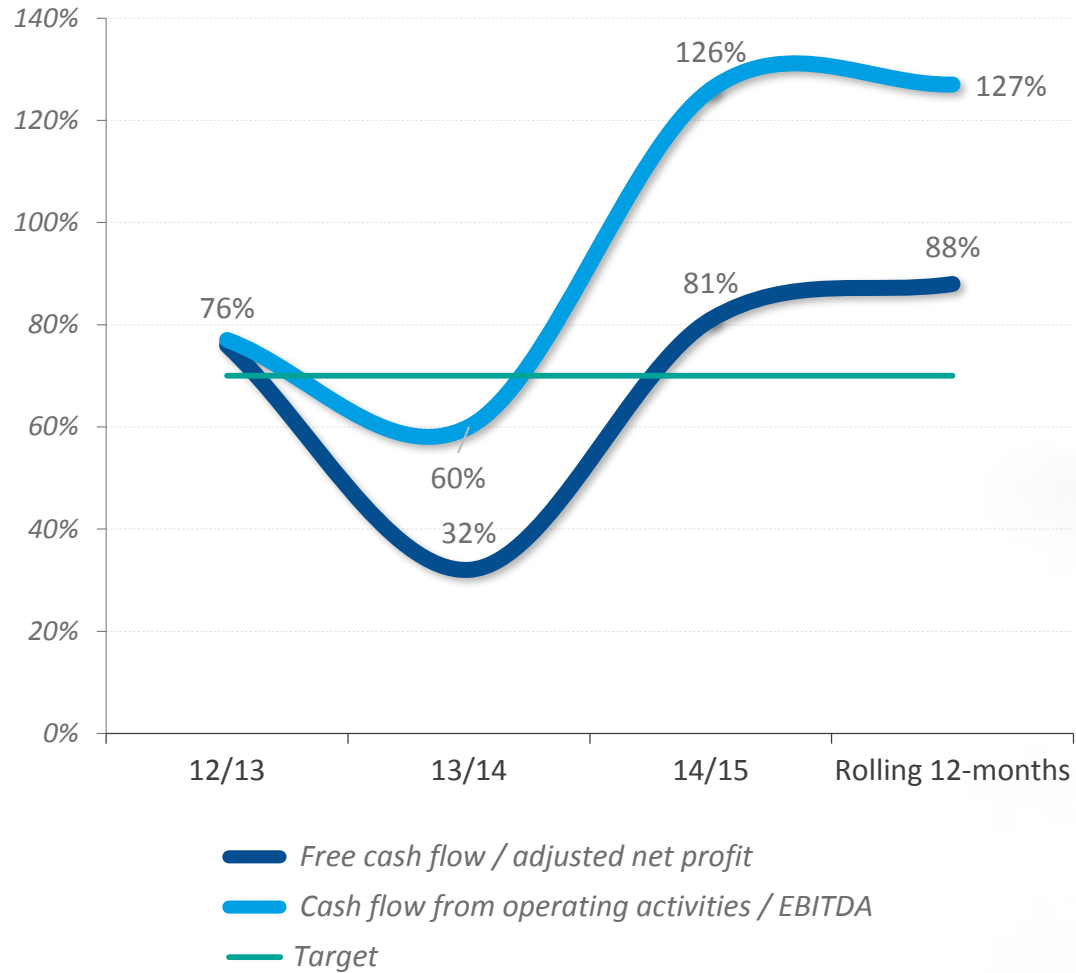
- SEK ~6,300 M from backlog expected as revenue in FY 2015/16
 - Maturity unchanged
- Significant currency effects in changes of backlog

R&D investments for future growth



- Gross R&D investments will normalize
- Net R&D trailing behind due to amortizations

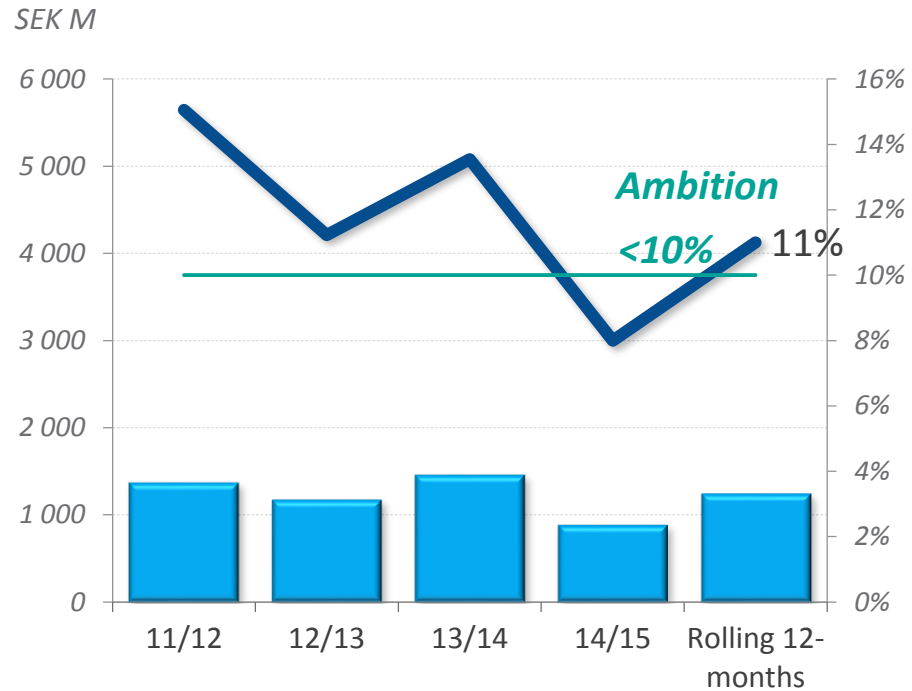
Cash conversion – ambition > 70%



- High period of investments, will decrease
- Working Capital <10% of sales

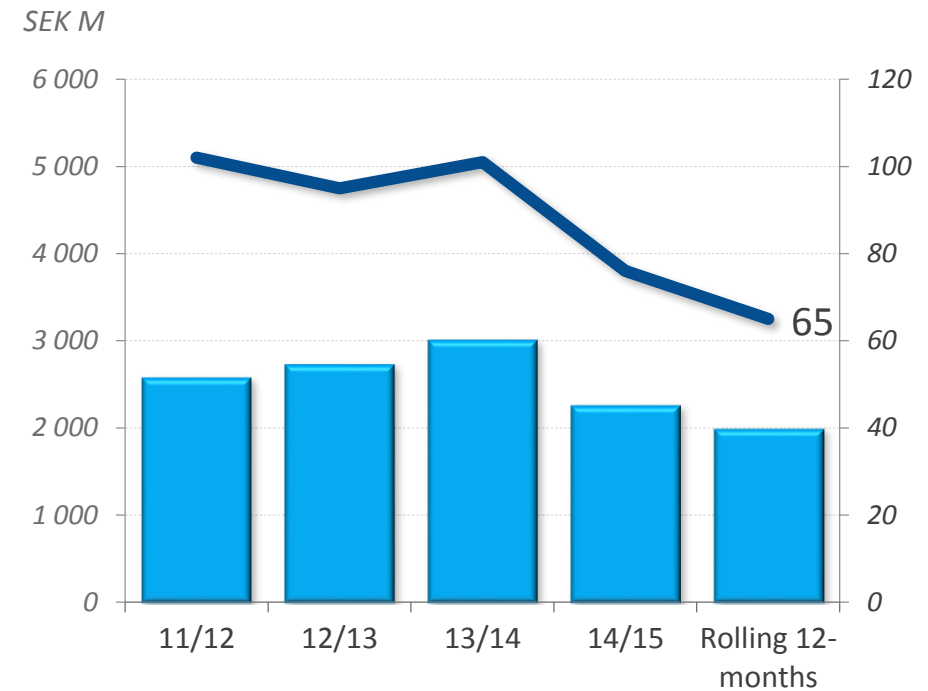
Net working capital at 11% of net sales

Net working capital / net sales



Inventory increase in Q1

DSO* development



Improvement in USA

Welcome to
Elekta's Capital Markets Presentation
at ASTRO

October 19 – San Antonio, Texas, USA

Q&A