



# Elekta – Q2 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 - highlights

Order bookings increased by 3\*% in Q2

Net sales grew 1\*% during H1

Improved gross margin by 2.3 ppts to 40.8%

EBITA increased 35\*\*%

Cash flow improved 80 MSEK

Transformation program on track



# Order bookings increased 3\*% in Q2

## Europe, Middle East and Africa

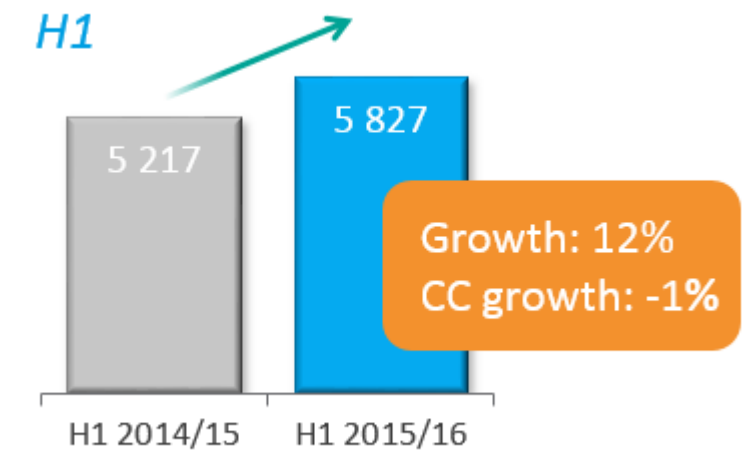
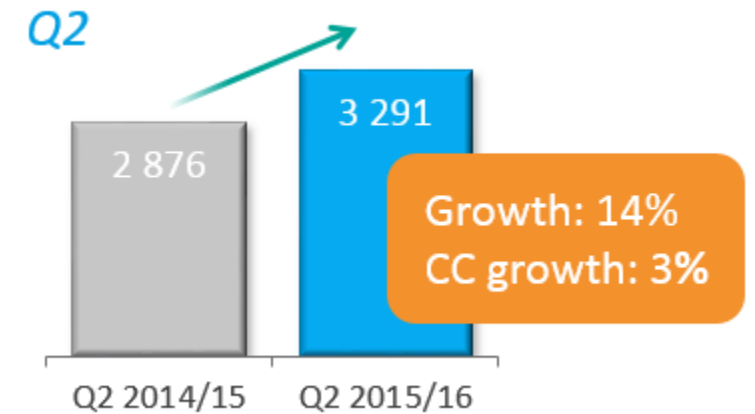
- Continued growth in Western Europe, improvements in emerging markets
- Amethyst Radiotherapy order signed in Q2

## North and South America

- Volatile development in the US with challenging comparison from last year
- Good growth in South America

## Asia Pacific

- Good development in Australia and China
- Low activity in Japan and Southeast Asia



# Transformation program to drive margin improvement

- Two-year plan for improved growth, profitability and cash flow
- Activities launched
- No. of employees reduced by 91 (end of Q2)

## TARGET

2-year cost reduction  
program of

**>450 MSEK**

## TARGET

EBITA-margin  
improvement of

**>6 ppts**

until 2017/18

## TARGET

Lowering net working  
capital by

**>200 MSEK**

with full effect 2016/17

# Transformation activities on track

- › Continue to invest in strategic R&D
- › Strengthen customer service network including customer training and education
- › Reduce costs – primarily in administration, supply chain and procurement
- › Drive aftermarket growth and profitability

# Strong product portfolio and R&D pipeline

## Atlantic

*Game changer in radiation therapy*

- On track for launch and commercial orders from 2017
- Second system installed at MD Anderson

## Software

*Treatment planning*

- Outstanding precision
- Improving the speed of calculation

## Leksell Gamma Knife® Icon™

*Ultra-precise Microradiosurgery™ with Online Adaptive DoseControl™*

- FDA clearance in August
- Nya Karolinska Solna and NKI-AvL after Q2



# Our financial ambitions

## Short-term

(2015/16)

- Growth in net sales to continue to be modest for FY 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





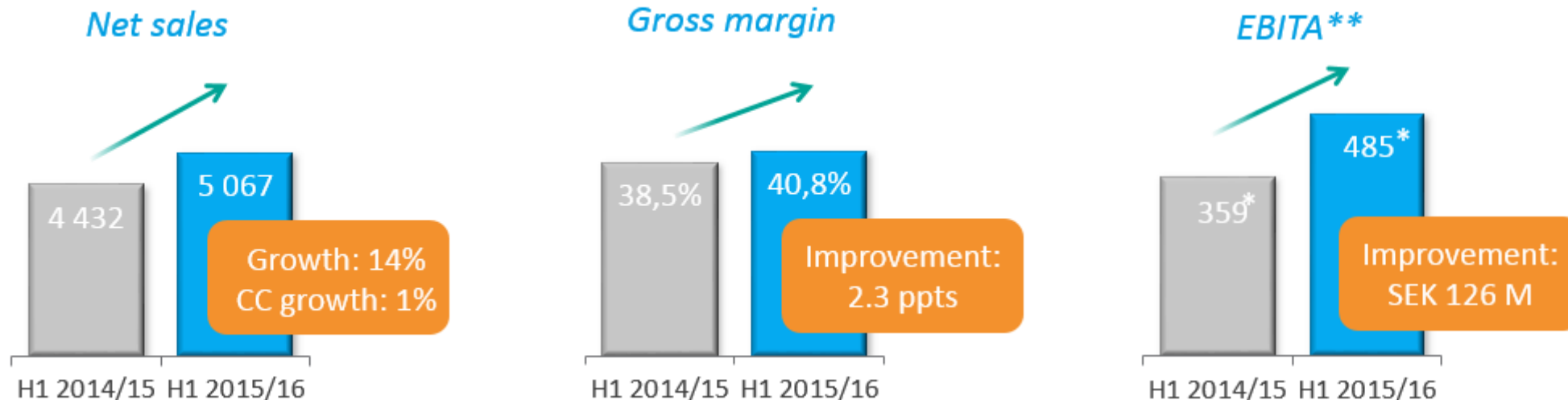
# Elekta – Q2 report 2015/16

Håkan Bergström  
*Chief Financial Officer*



# EBITA grew by 35\*% in the first half

- Favorable growth in services and aftermarket sales
- Higher gross margin
- Improved leverage on expenses\*\*
- Currency effects of SEK 30 M

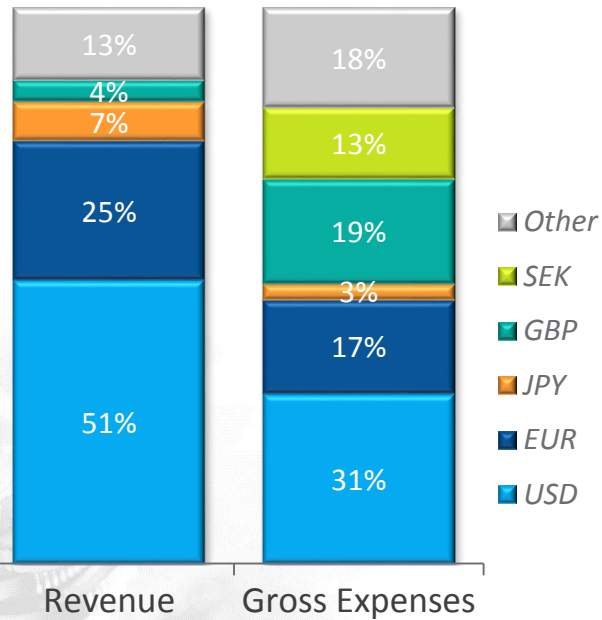


\* Adjusted for non-recurring items of -48 (-2) MSEK

\*\* Excluding amortizations and based on constant exchange rates

# FX Impact – weakening of SEK

## Currency Exposure Q2 FY15/16



## Main currency rates vs. last year

	Q2 LY	Q2 FY	Change
EUR/SEK	9,15	9,36	+2%
USD/SEK	6,89	8,43	+22%
GBP/SEK	11,47	12,98	+13%
JPY/SEK	0,066	0,069	+5%

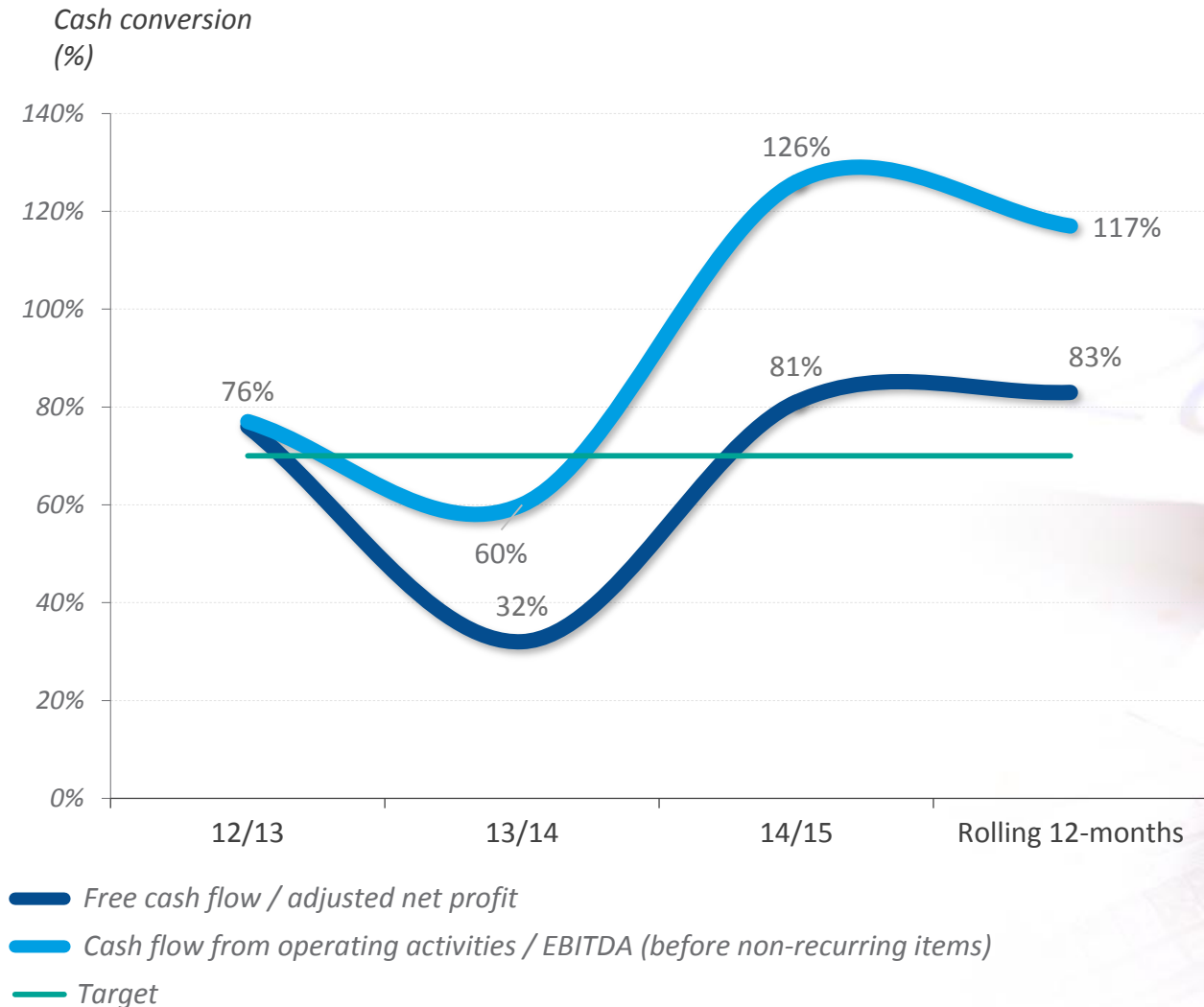
## Currency effect YoY

		SEK M
• Effect on revenue:	+13%	+570
• Effect on COGS:	+12%	-210
• Effect on Gross exp:	+13%	-270
• Exchange differences		<u>-60</u>
<b>• Effect on EBITA</b>		<b>SEK +30 M</b>

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

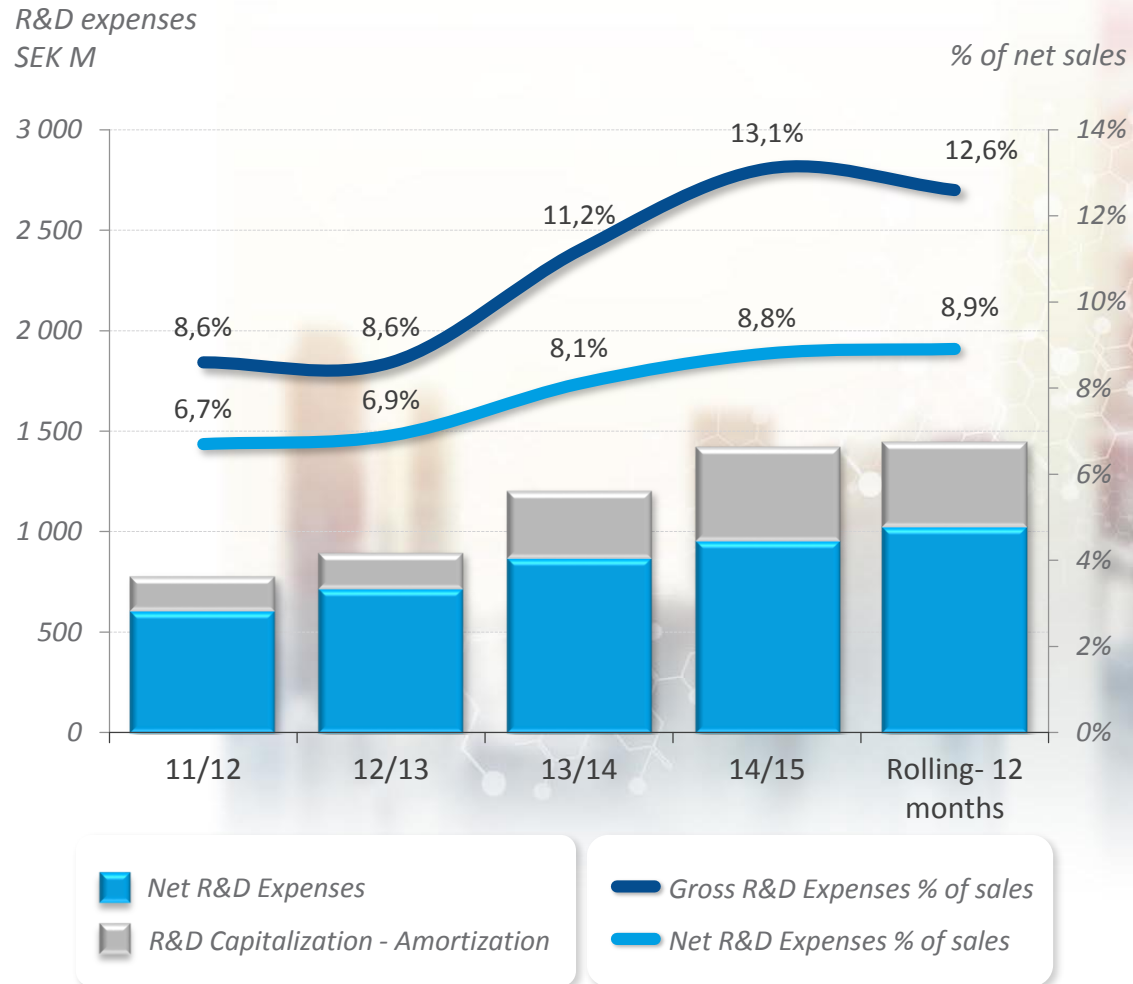
- On net sales: +8 percentage points
- On EBITA: SEK +70 M
  - Exchange rate differences SEK -120 M

# Cash conversion from operating activities. Target >70% for full year



- Working capital ambition <10% of sales
- Strong Q4 expected

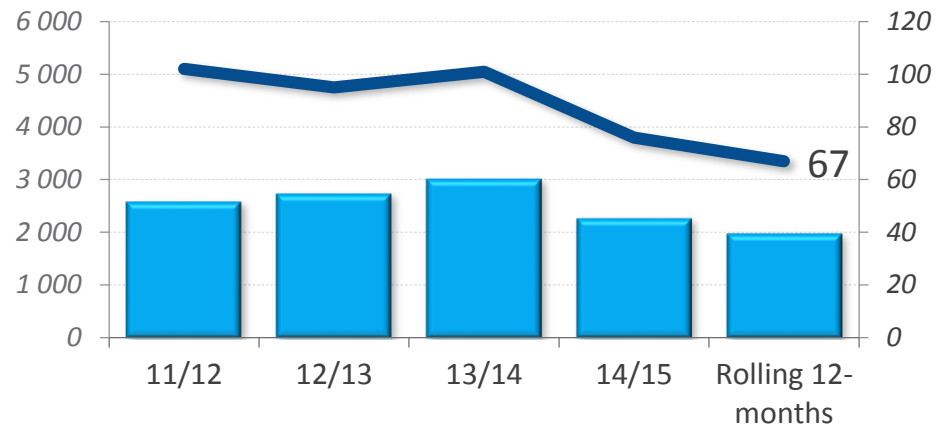
# R&D investments for future growth



- Investments and capitalization of development costs is expected to decline for the full fiscal year

# Net working capital to be further improved

DSO\* (Days)

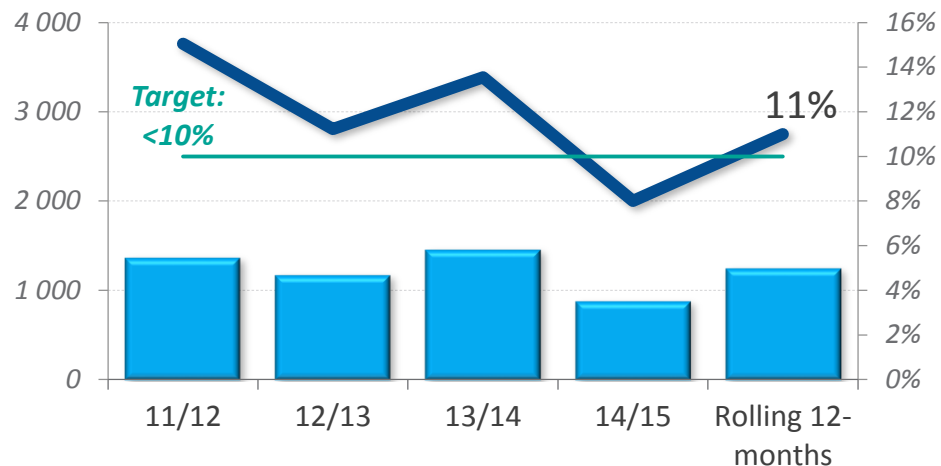


- DSO\* improved to 67 (84) days in first half

- **North and South America** - decrease in accounts receivable and accrued income
- **Europe, Middle East & Africa** - decrease in accounts receivable
- **Asia Pacific** - increase in accrued income in China

Net working capital (MSEK)

% of net sales



- Programs for improvement have been initiated

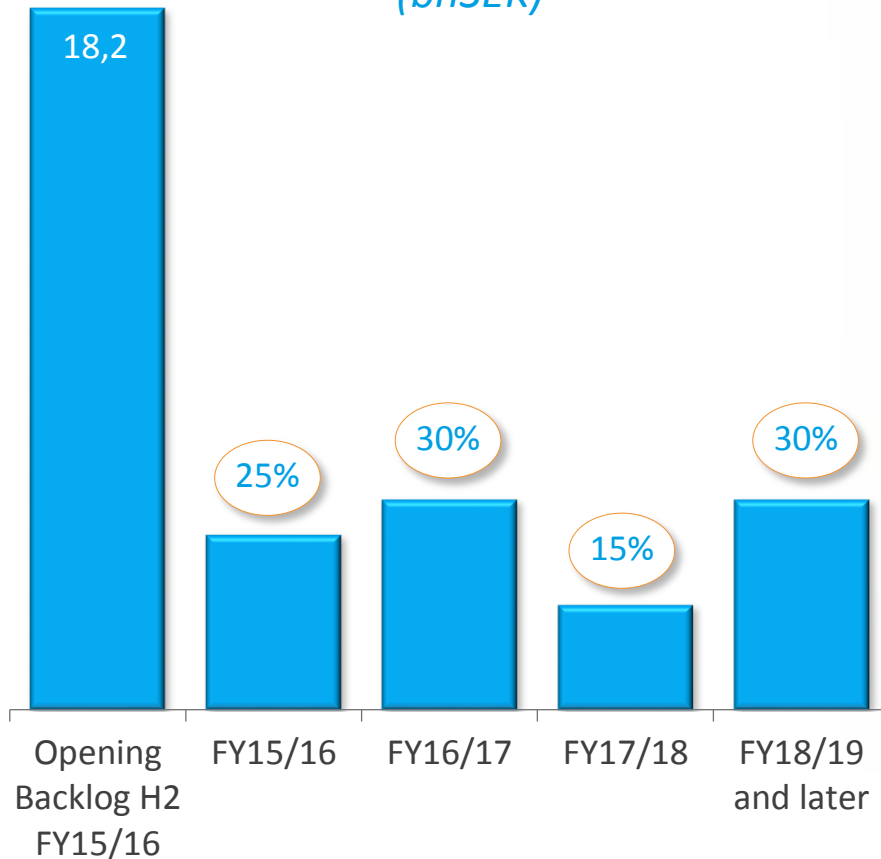
- **Inventory reduction**
- **Decrease project lead times**

# Order backlog

Visibility of future revenue

## Order backlog maturity by year

(bnSEK)



### Q2 Order backlog:

- SEK ~4.5 bn from backlog expected as revenue in H2
- Significant currency effects in changes of backlog

# Q&A