



Year-end report 2015/16

Tomas Puusepp

President and CEO

Håkan Bergström

Chief Financial Officer



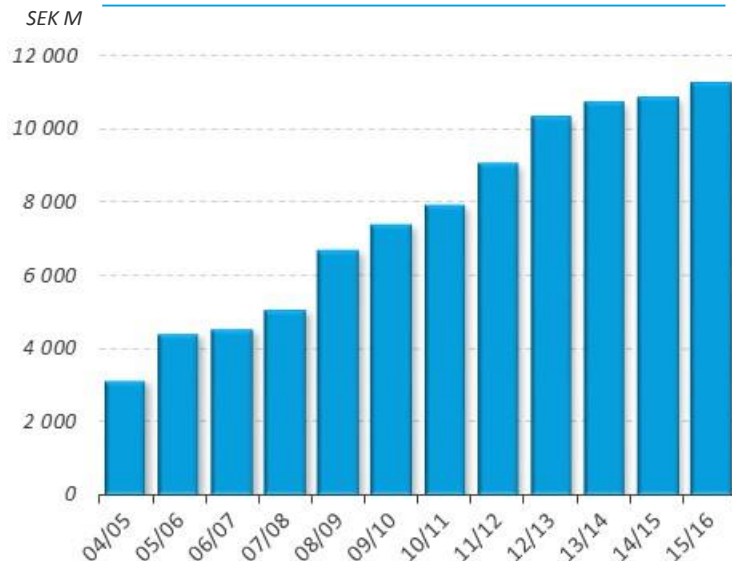
Important information

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.

Operational and financial improvements in a challenging market environment

Net Sales



Highlights 2015/16

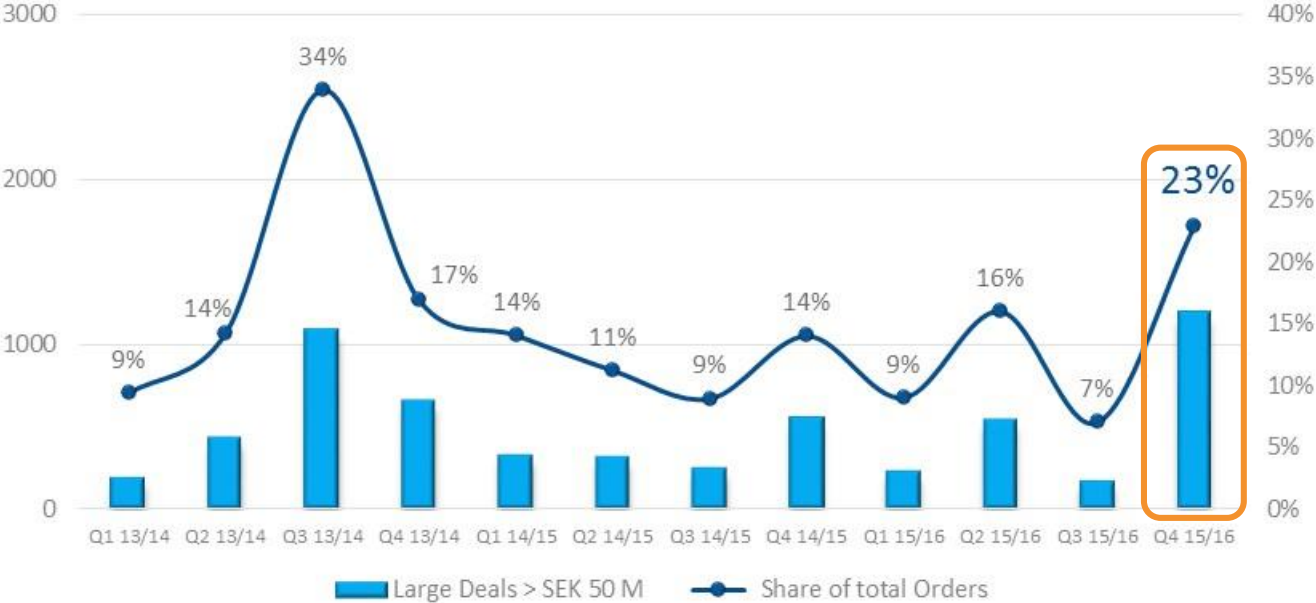
- › Large strategic wins in all regions
- › Positive order growth for the year
- › Improved margin – in a challenging market
- › Transformation program – in line with expectations
- › Solutions
 - MR-linac commercialization on track
 - Launch of Leksell Gamma Knife Icon
 - Release of Monaco 5.11
- › Richard Hausmann appointed President and CEO

Strong order bookings in Q4

- › **Strategic wins in all regions:** Q4 order bookings +16%*
- › **Full year gross and net order bookings:** +1%*
 - › Challenging market conditions particularly in emerging markets
- › **Net sales:** decreased 3%*
- › **EBITA:** increased by 11% to SEK 1,639** M
 - › Cost savings 2015/16: SEK 200 M
- › **Operational cash conversion was 111%**
- › **Proposed dividend:** SEK 0.50 (0.50), divided into two payments going forward



23% of order bookings in Q4 from large orders. Volatility between quarters will continue



Growth in all regions

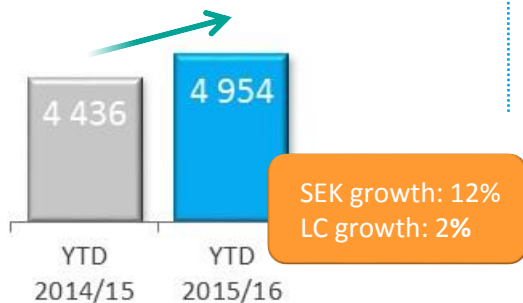
Gross order bookings

North and South America

Stable replacement market in USA driven by service

Latin America affected by weak economic development and FX

- Good momentum in Argentina
- Decline in Brazil

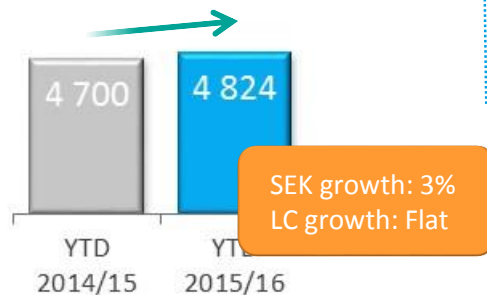


Europe, Middle East and Africa

Large wins – NHSSC and Leeds Cancer Centre in UK, Medicana in Turkey

Good growth in UK and France

Germany and Russia weak



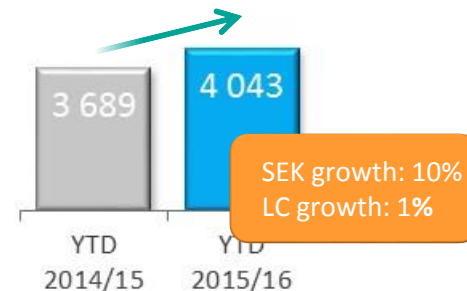
Asia Pacific

Large agreement with Genesis Care in Australia

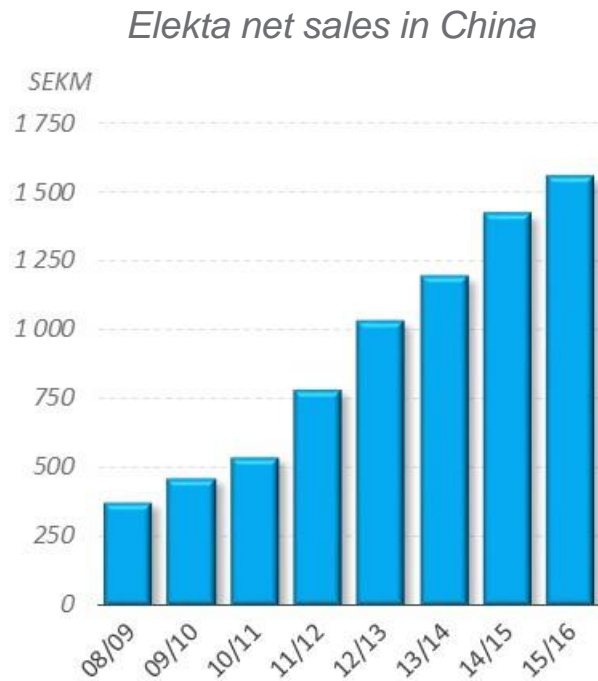
China was flat

Declining markets in Japan

Growth in Southeast Asia



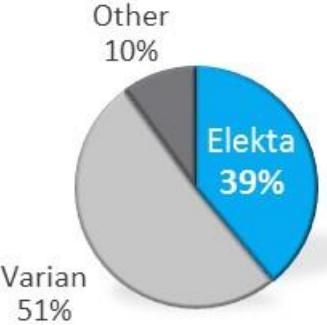
China – market growth has leveled off



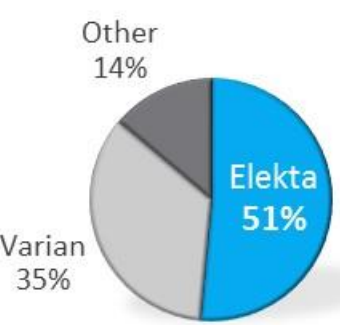
- › Elekta is the market and technology leader
 - Strong product portfolio and supply chain
 - Proven management team
- › Growth has leveled off
 - Growth in 2015/16 was FX driven
 - Opportunity in service
- › New regulatory requirements has temporarily affected the market
- › Market potential remains
 - Expansion of radiation therapy expected

Elekta's installed base continues to grow - Good momentum in winning new business

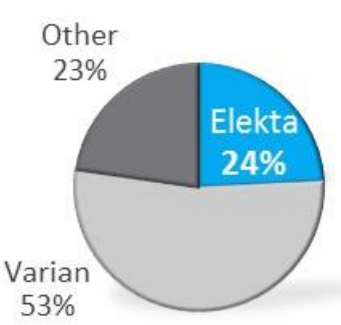
New orders



New sockets*



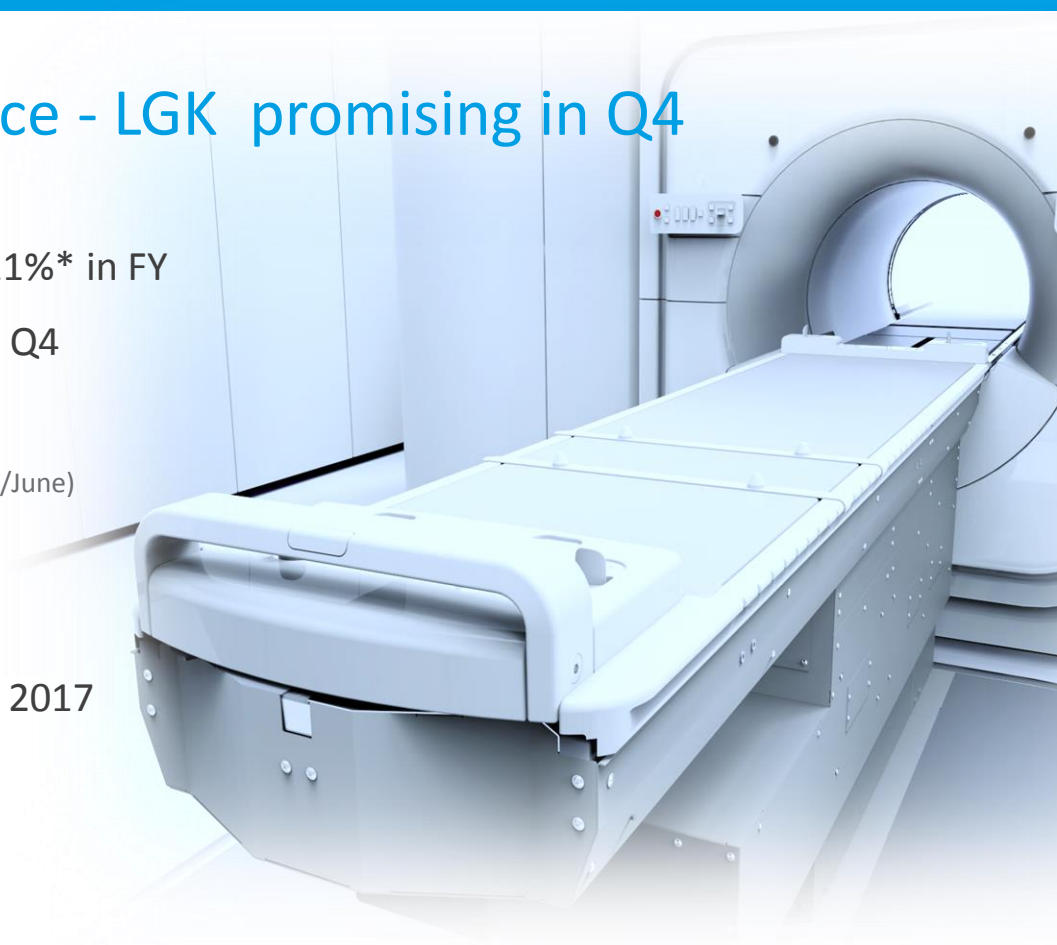
Installed base



Note: Order intake of linear accelerators in FY 2015/16
*New radiation therapy departments or expansion by new bunker

Strong performance in service - LGK promising in Q4

- › Net sales in the service business grew by 11%* in FY
- › Leksell Gamma Knife business improved in Q4
 - Excellent feedback from customers
 - Leksell Gamma Knife Society meeting in Amsterdam
 - Approval for Icon in Japan and NRC clearance in US (May/June)
- › Monaco 5.11 – new release
 - Up to 4 times faster calculation speed
 - Market-leading algorithm and precision
- › MR-linac on track for commercialization in 2017
 - 3 of 7 research systems installed
- › Streamlined innovation organization
 - CTO role established



Successful transformation program

- › Leaner and more efficient operations
- › Improved financial efficiency, higher margins and lower net working capital
- › Strengthened innovation and customer satisfaction
- › Realized cost savings: SEK 200 M
- › Net working capital ratio at 2% (8)
- › The produce-to-order process initiated



On track to reach the targets

EBITA margin of **20%** by 2017/18

Cost reductions of
SEK **700*** M
with full effect
2017/18

Net working capital
to sales below
5%
by 2016/17

One-off negative
revenue impact of
SEK **500** M
in H1 2016/17



Financial update

Håkan Bergström

CFO

Financial performance – fiscal year 2015/16

- › **Net sales:** SEK 11,221 M, -3%*
- › **EBITA: improved 11%** to SEK 1,639** M
 - Cost savings of SEK 200 M
- › **Gross margin: 41% (40)**
 - Higher share of service and positive impact from FX
- › **Expenses are trending down** - operating expenses reduced by 4%***
- › **R&D expenditures:** SEK 1,355 M (1,421)
 - Representing 12% (13) of net sales
 - Net capitalized R&D decreased by SEK 179 M to SEK 290 M
 - Non-recurring items of SEK -598 M (-3), restructuring and legal costs
 - Bad debt losses: SEK -149 M (-166); Russia and Latin America

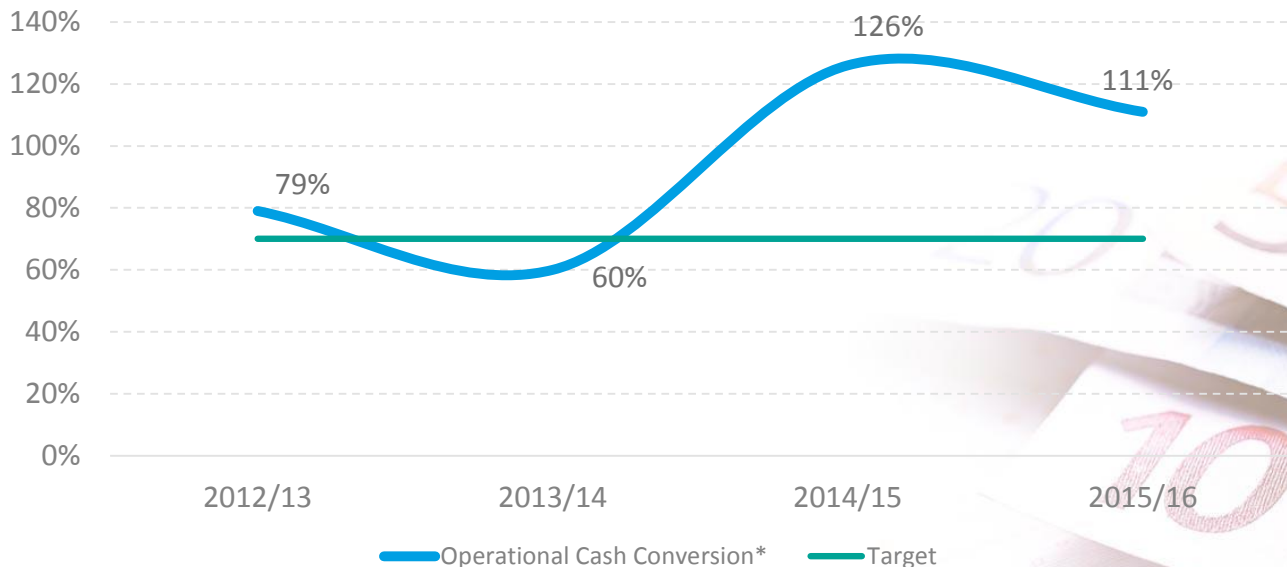
*Based on constant exchange rates

**Before non-recurring items of SEK -598 M (-3) and adjusted for bad debt losses of SEK -149 M (-166)

***Based on constant exchange rates and excluding amortizations and bad debt losses

Operational cash conversion at 111%

Cash conversion (%)



- › Working capital reduced by SEK ~600 M
- › Cash outflow in transformation SEK 250 M

*Cash flow from operating activities / EBITDA

Net working capital to sales target reached



DSO* improved to 60 (76) days (Y/Y)

North and South America -46 (-16)

- Favorable product mix

Europe, Middle East & Africa 112 (163)

- Decrease in accounts receivable

Asia Pacific 128 (95)

- Increase in accrued income (China)

Net working capital at 2% to sales (target <5%)

- Decreased inventory

Positive currency effect of SEK 150 M expected for 2016/17

(Based on today's currency rates)

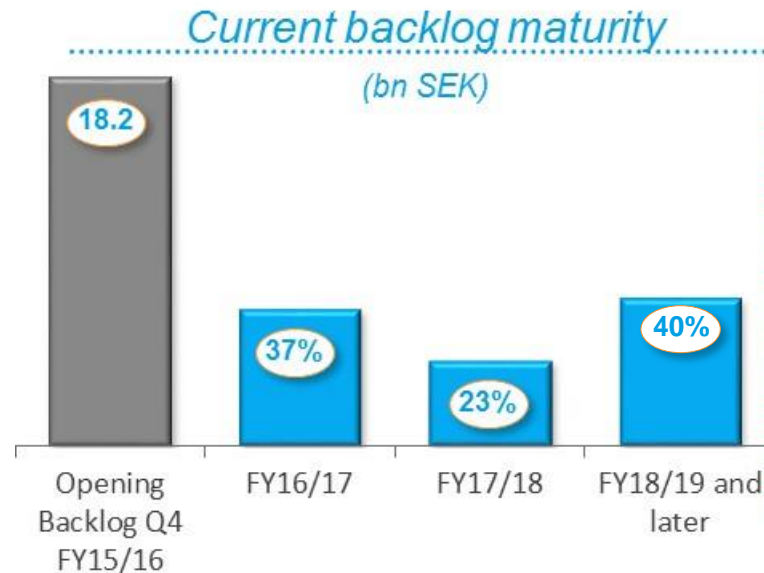
Currency effect for fiscal year 2016/17

- › Net sales -2 percentage points
- › EBITA: SEK +150 M
- › Exchange rate differences SEK 0 M
(vs SEK -165 M in FY 2015/16)



Visibility going forward – gross orders and backlog maturity

- › Industry benchmark: reflecting underlying market development
- › Backlog adjustments of 7%
- › Orders that are not expected to materialize as planned or cancelled are removed from the order backlog
- › Historic gross and net order numbers provided for FY 2015/16
- › 37% (or SEK 6.8 bn) of current backlog expected to be converted into sales in 2016/17
 - Whereof 44% service





Summary

Tomas Puusepp

CEO



Mix market dynamics - service grows in most markets



Market development (indication)

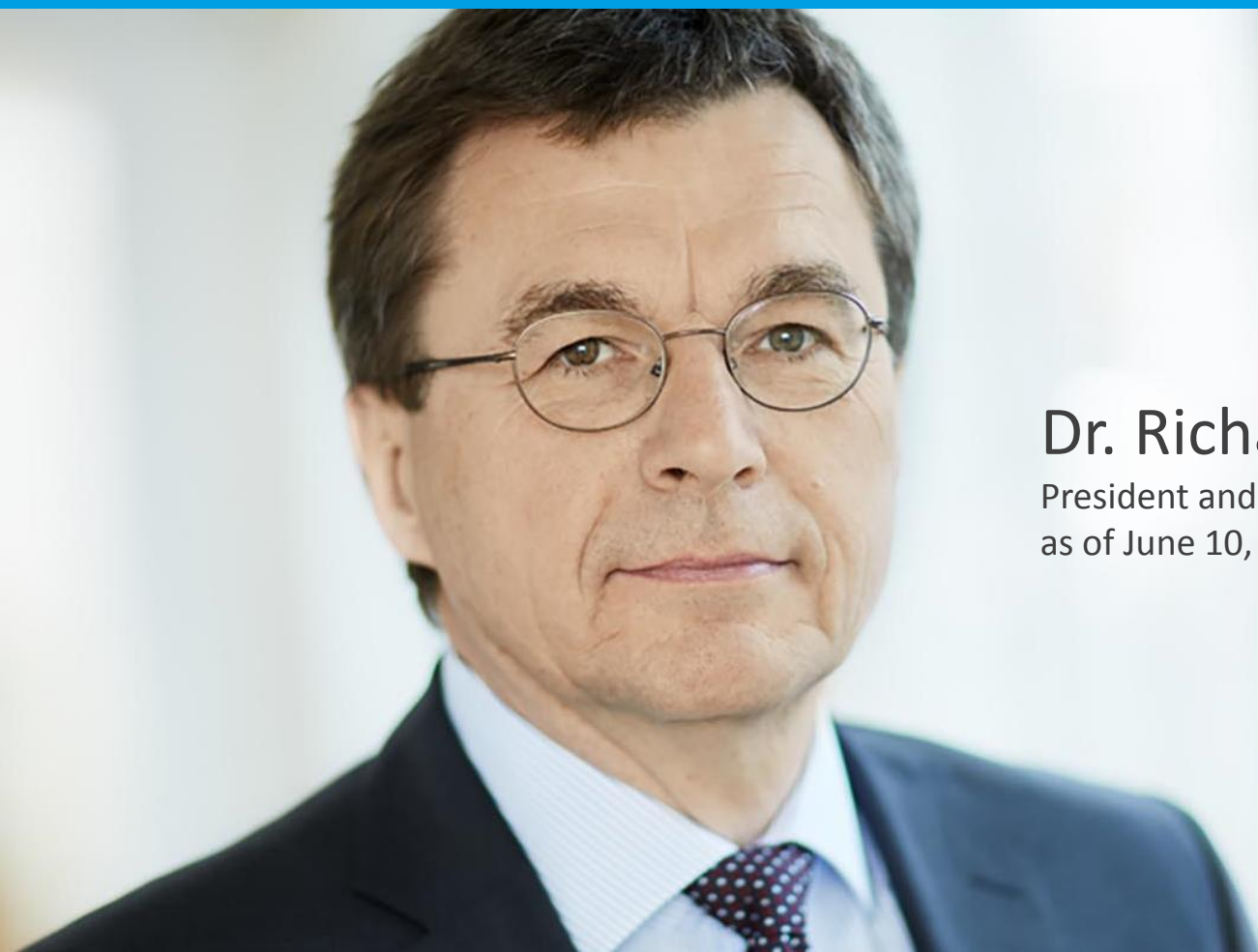
North America		<i>Replacement market. Hospital consolidation.</i>
South America		<i>Challenging conditions in Brazil.</i>
Western Europe		<i>Pent-up demand and private initiatives.</i>
Eastern Europe & Middle East		<i>Markets depending on the economy recovering.</i>
China		<i>Growth, but lower than historic levels.</i>
Japan		<i>Stabilization on relatively low levels.</i>
Asia Pacific		<i>Challenging market conditions in near term.</i>
Global service		<i>Good growth from increased installed base.</i>

Well positioned in attractive market

Unique position
in long-term
growing market

Strong product
offering and leading
R&D portfolio

Transformation
program on track
driving operational
excellence



Dr. Richard Hausmann

President and CEO of Elekta
as of June 10, 2016

Welcome to Elekta's Capital Markets Day on June 9 in Stockholm





ELEKTA