

# Elekta Carnegie Healthcare Seminar 2017

Richard Hausmann, President and CEO

*March 16, 2017*

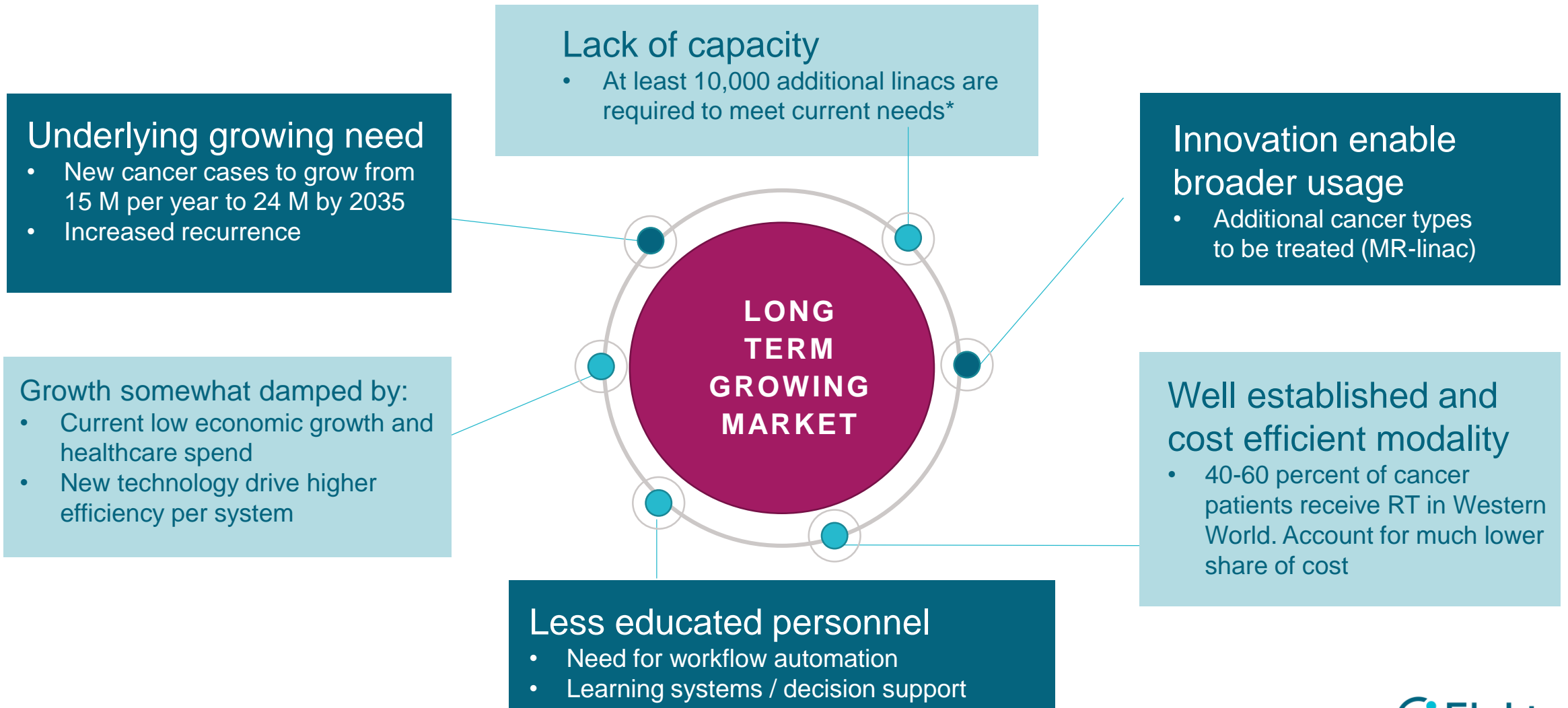




# Elekta – global leader in radiation therapy

- One of the two major global companies in radiation therapy
- Active on 120 markets globally
- ~40% global market share; leader in Asia Pacific and Europe
- Over 1 M treatments per year
- 3,700 installed systems
- 3,600 employees worldwide
- Net sales SEK 10.6 bn
- Listed on the Nasdaq OMX Nordic Exchange since 1994

# Radiation therapy – underlying growth potential



# ONCOLOGY INFORMATICS

Treatment pathway centric  
Vendor & therapy agnostic  
Localized to markets

SURGERY

RADIATION & MEDICAL ONCOLOGY

EMR

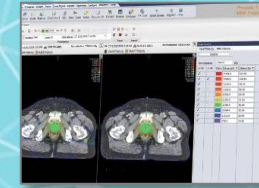
PARTIAL THERAPY



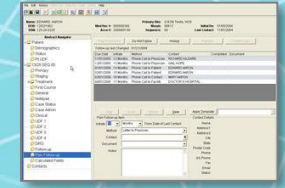
MOSAIQ  
Oncology specific EMR



MOSAIQ  
Oncology Analytics



MOSAIQ  
Image & Plan Review



METRIC/LGK  
Cancer Registries

Oncology Informatics Portfolio

# TREATMENT SOLUTIONS

Precise & Efficient  
Imaging centric  
Adaptive workflows



Linacs  
Portfolio



Neuro  
Portfolio

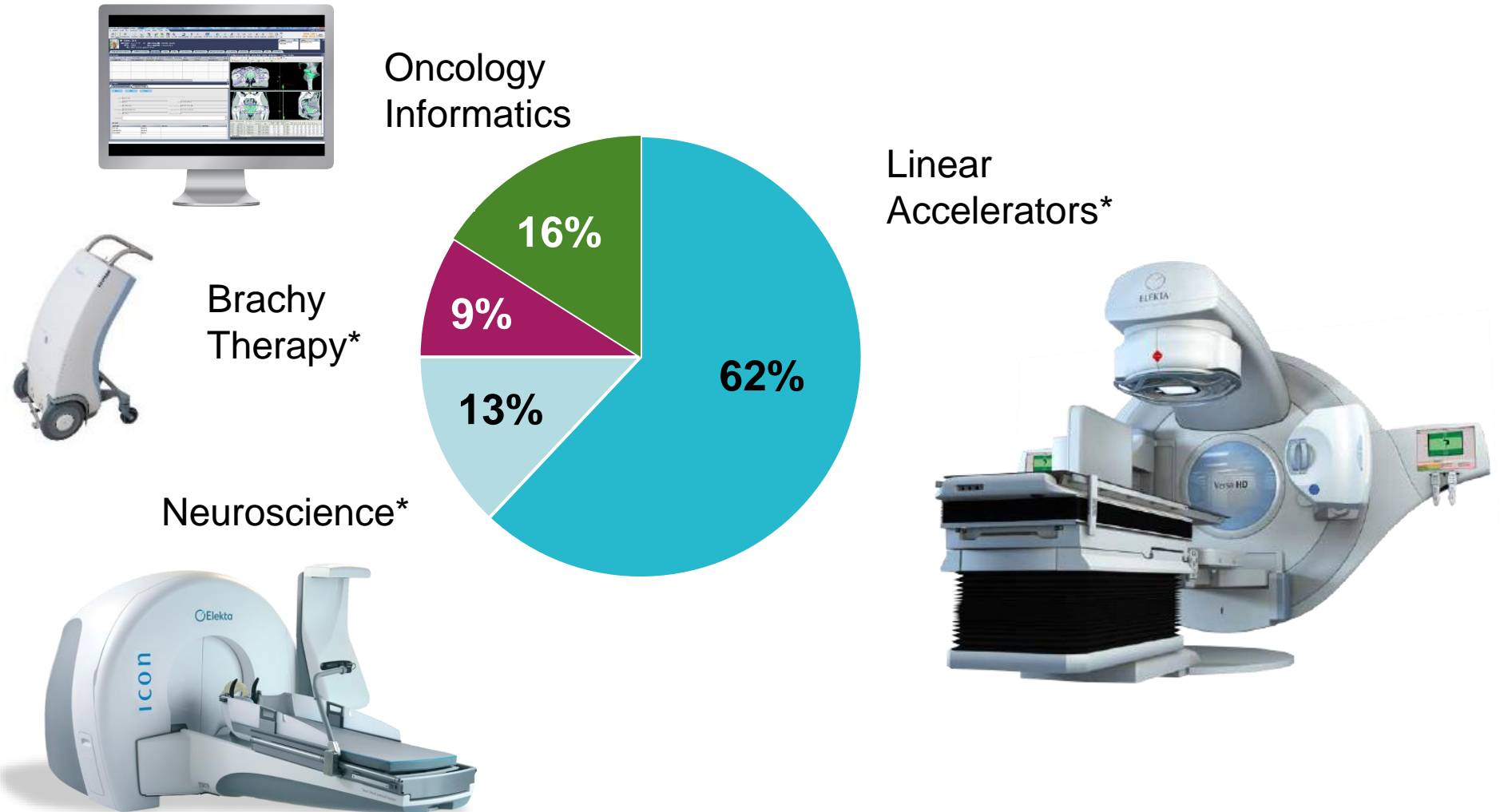


Brachy  
Portfolio



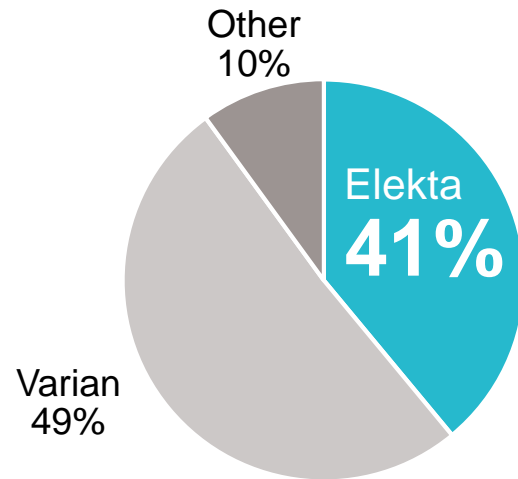
MR-Linac  
(Research)

# Elekta's revenue base (rolling 12 months)

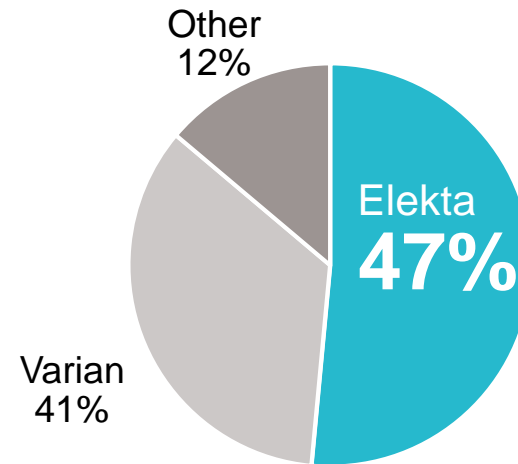


# Market position in linear accelerators

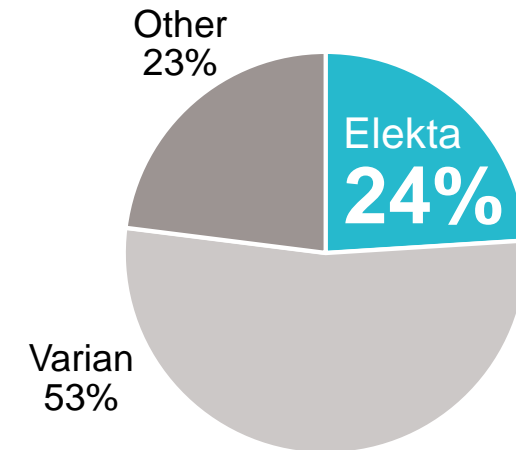
## NEW ORDERS\*



## NEW SOCKETS\*\*



## INSTALLED BASE



\*Order intake of linear accelerators last twelve months

\*\*New radiation therapy departments or expansion by new bunker

# Focus areas:

1. Innovation

2. Transformation



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1. Innovation

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“To create the possible we have  
to constantly try the impossible”

*Hermann Hesse*



# The innovation opportunities for radiotherapy

More outcome and focus where it matters

## Image guidance

- High field MR as the ultimate soft tissue imaging tool
- Adaptive workflows to save healthy tissue by reducing margins!

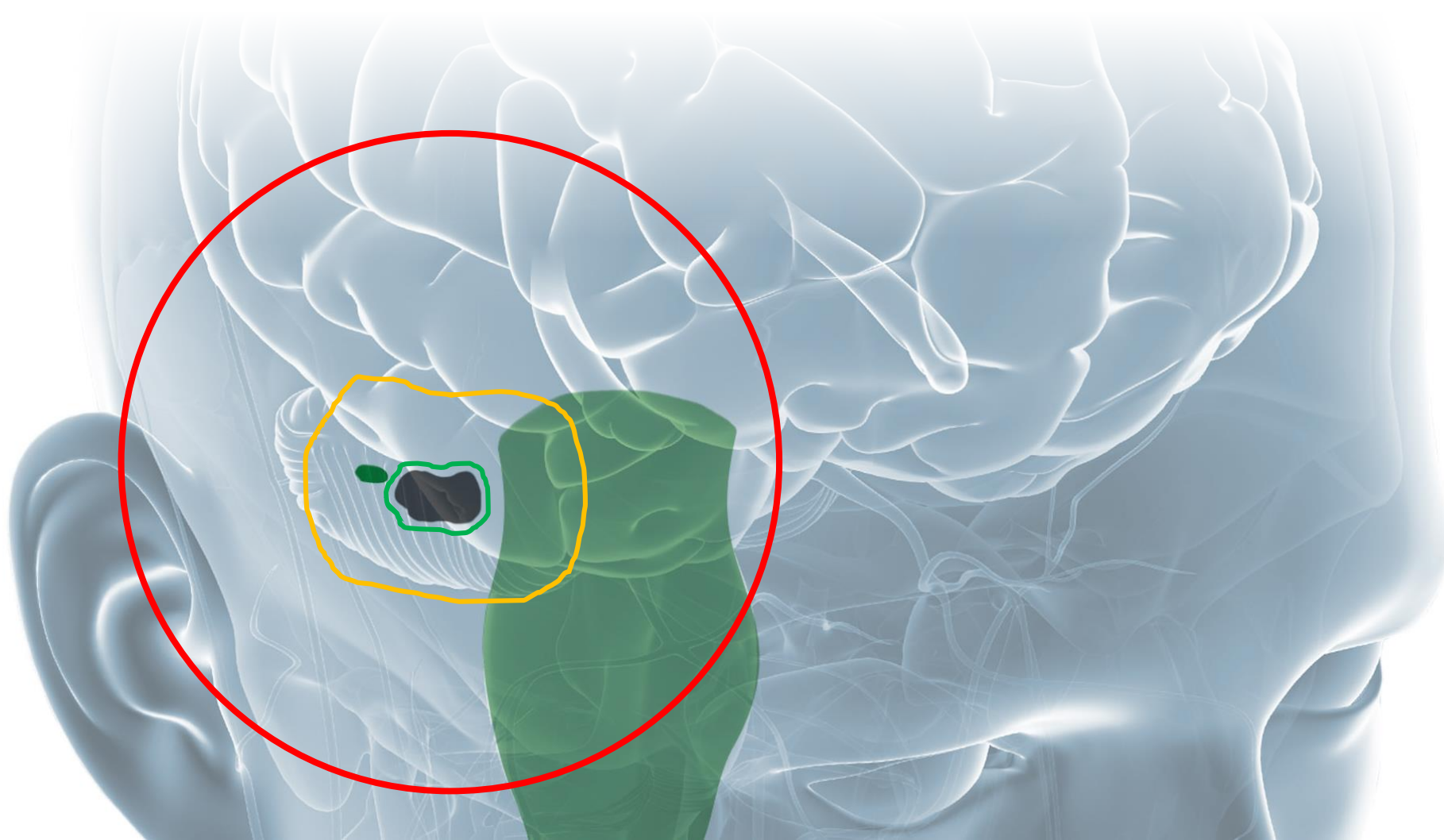
## Workflow

- Integrated and automated workflows on treatment units
- Seamless integration of alternative treatments on OIS level

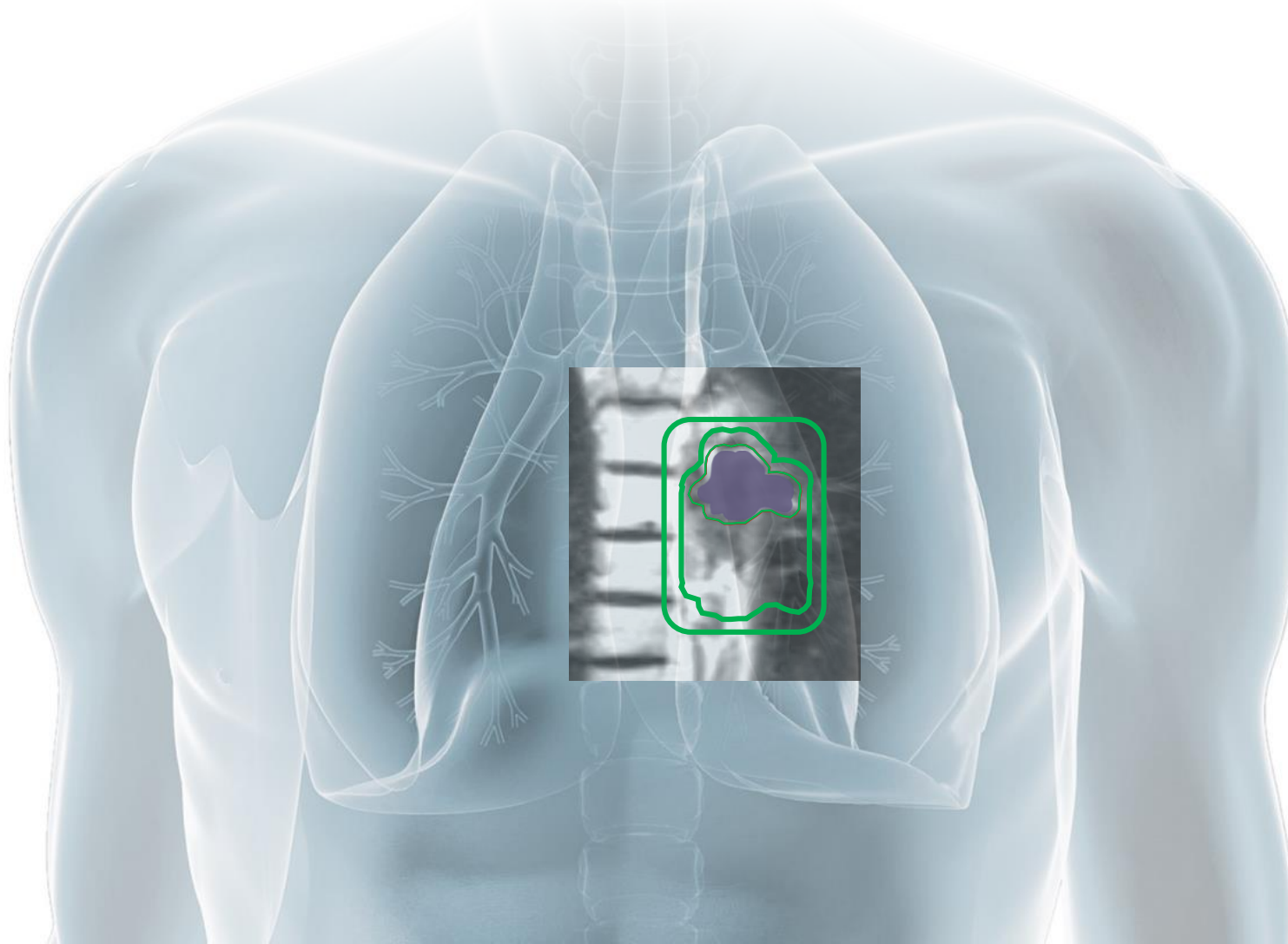
## Automation

- Big data applications
- Decision support with self learning
- Analytics for efficiency improvements and patient outcomes

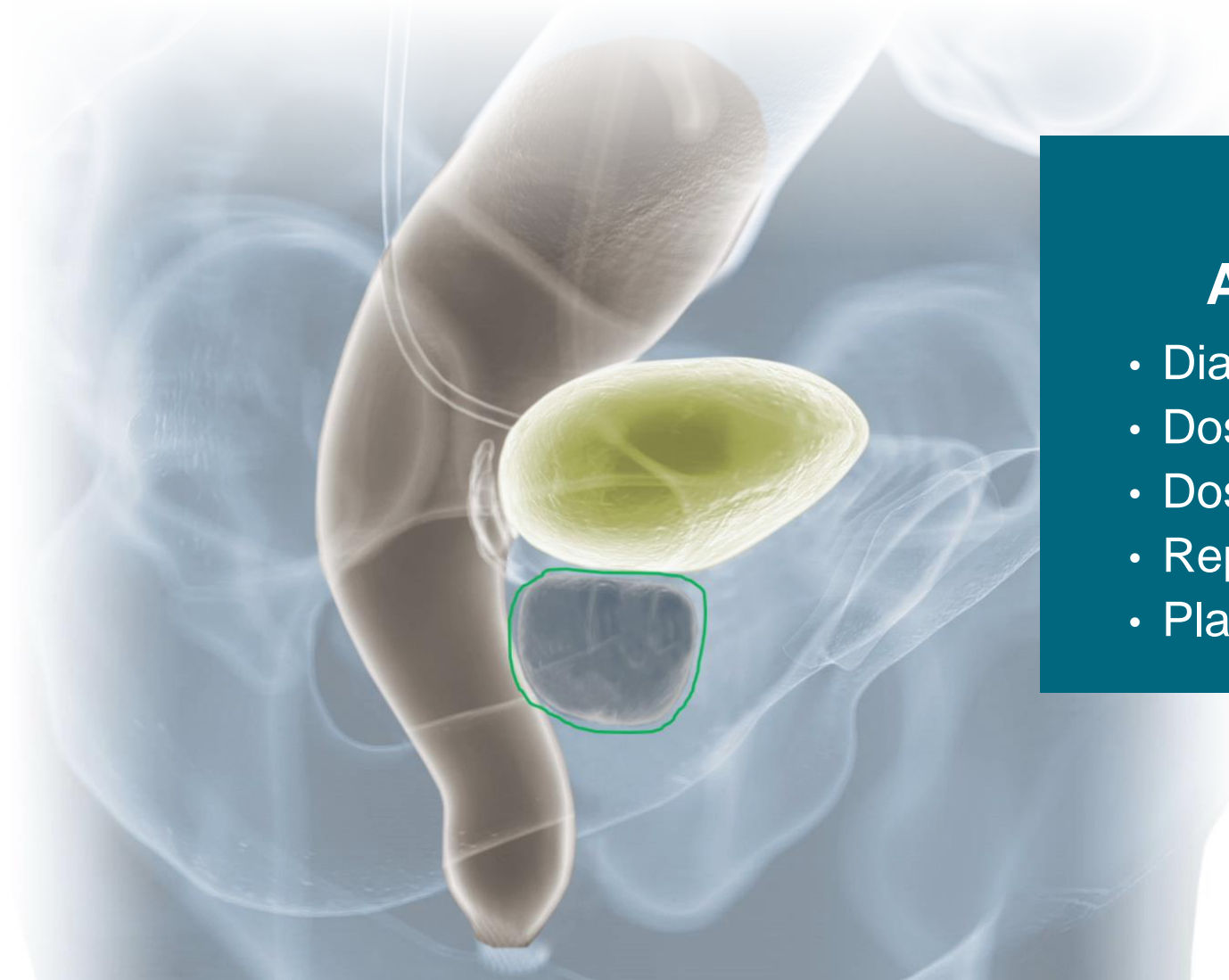
**Wrapping high dose as tight as possible to a target is sufficient in static situations...**



**...but targets often move and only advanced imaging helps reduce margins and further limit dose to healthy tissue...**



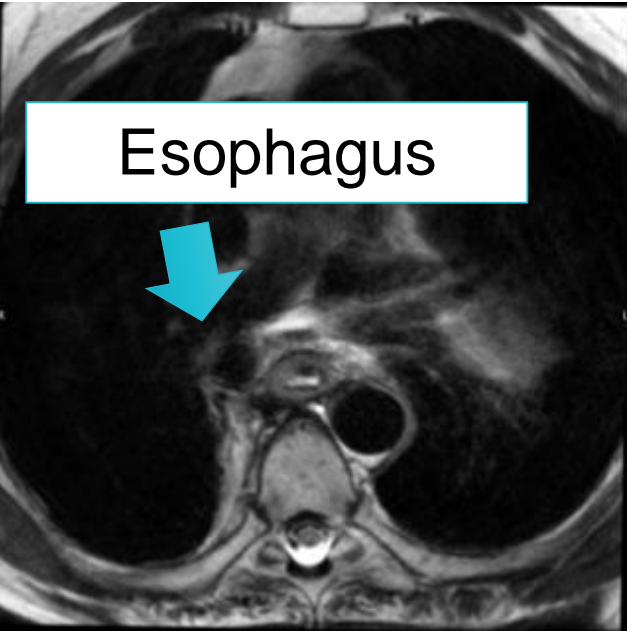
...and for day-to-day changes of shape and position, seamless and on-line plan adaptation is vital.



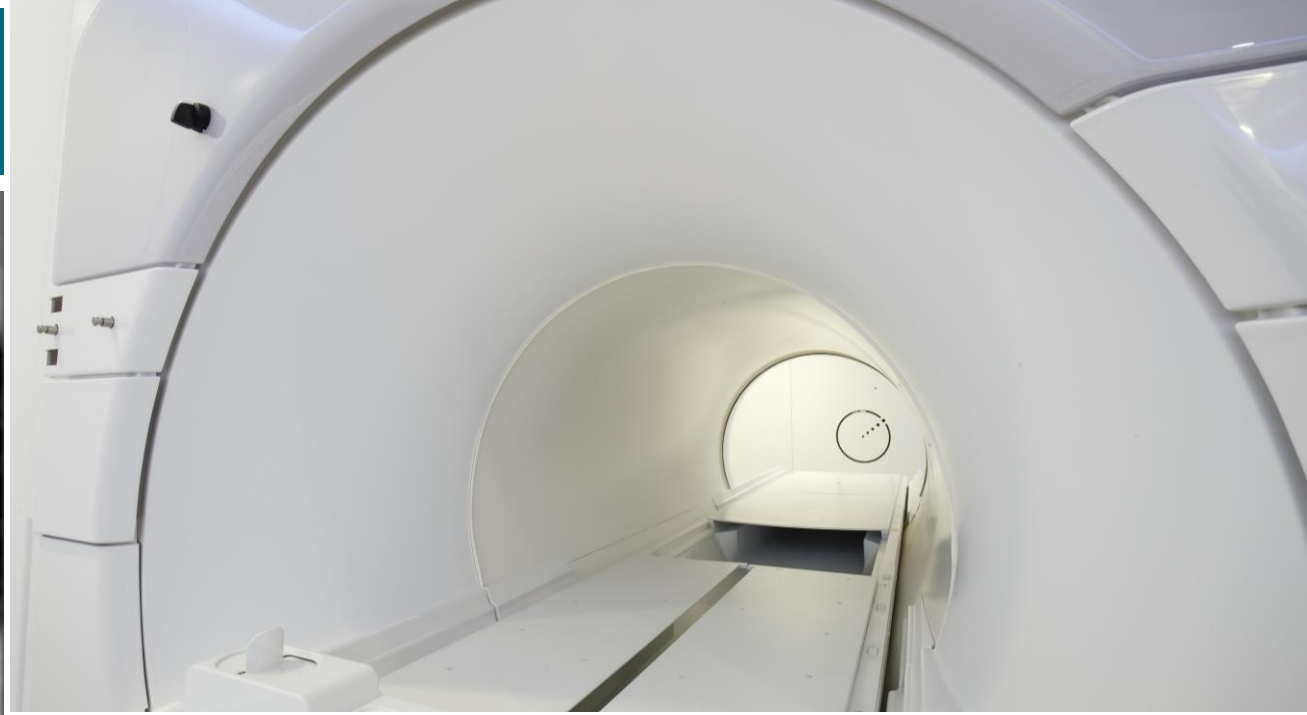
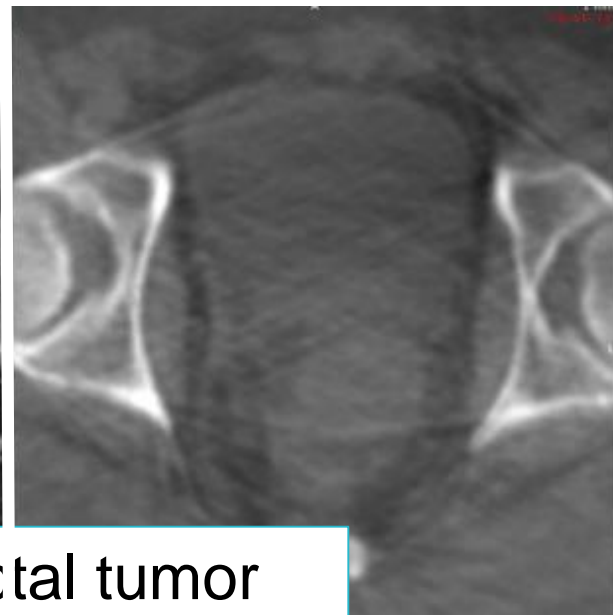
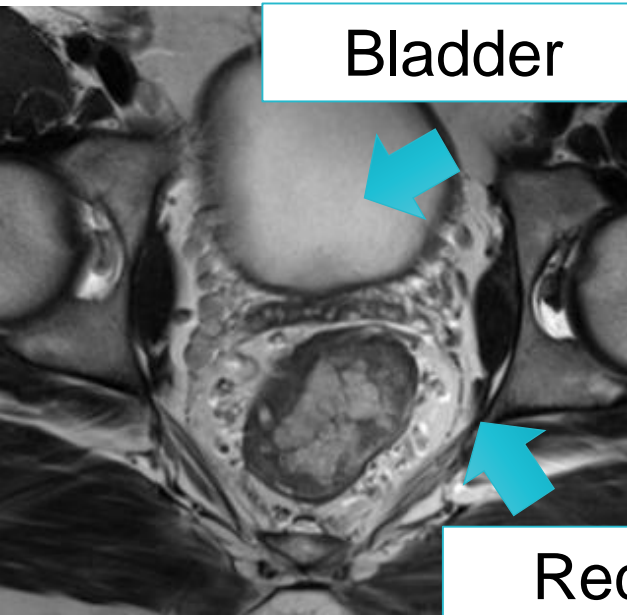
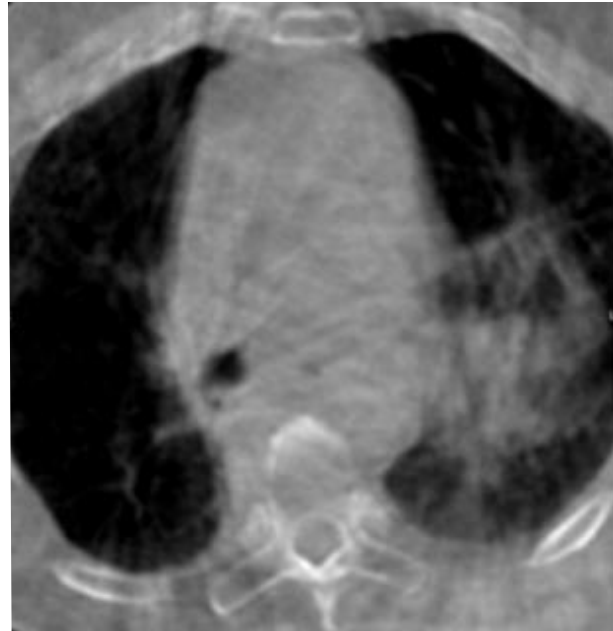
## ONLINE ADAPTIVE

- Diagnostic Imaging
- Dose Calculation
- Dose Adjustment
- Repositioning
- Plan Adaptation

MR-Linac  
(New)



Cone Beam IGRT  
(Today)



## MR-Linac

Brings together the capability of high-field diagnostic MR imaging, the highest standard of precision radiation therapy delivery and sophisticated adaptive workflow software **for the first time.**

# How to navigate in today's RT-world

Plan dose



Anatomical changes



Patient moves

Arrive at actual delivered dose



Adaptive navigation provides *actual* information to decide how to best reach destination

No harm to healthy tissue



IGRT added navigation

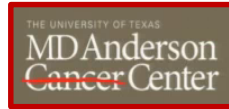


Faster cars

## 7 consortium sites



The Christie  
School of Oncology



## 5 commercial systems



# 12 MR-linac customers to date

**Ambition:  
75 orders  
until 2019**

**Launch in  
H2 calendar  
year 2017**

# Focus areas:

1. Innovation

2. Transformation





# Transformation for profitable growth on track

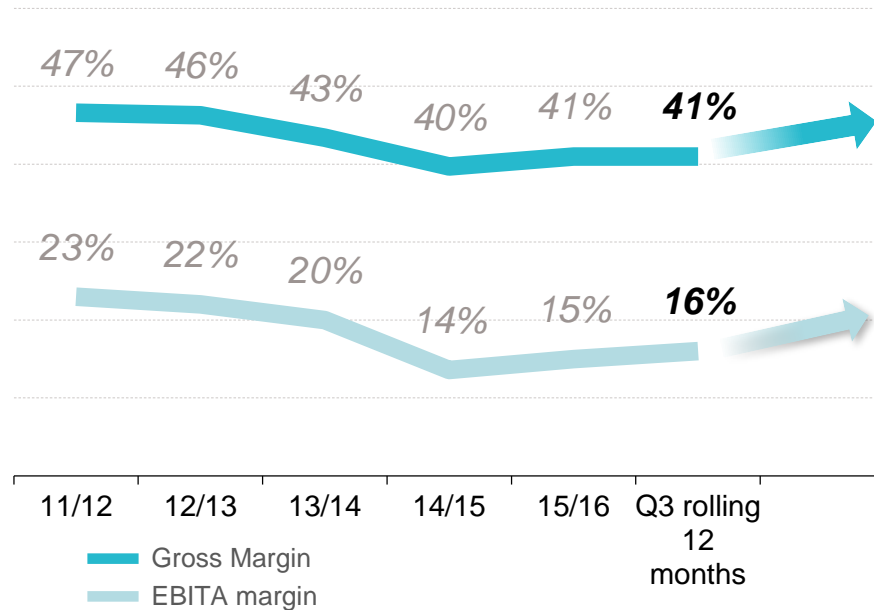
## Objectives

- Improve processes and structure
- Reduce cost and restore profitability
- Strengthen cash flow and reduce working capital
- Improve customer experience and drive excellence in product development



# Ambition is to improve EBITA margin to >20%

Margin development\* (illustrative)

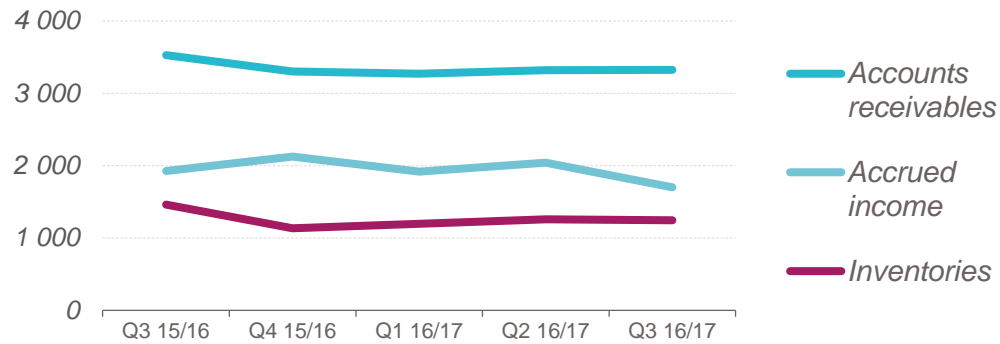


Transformation program targets

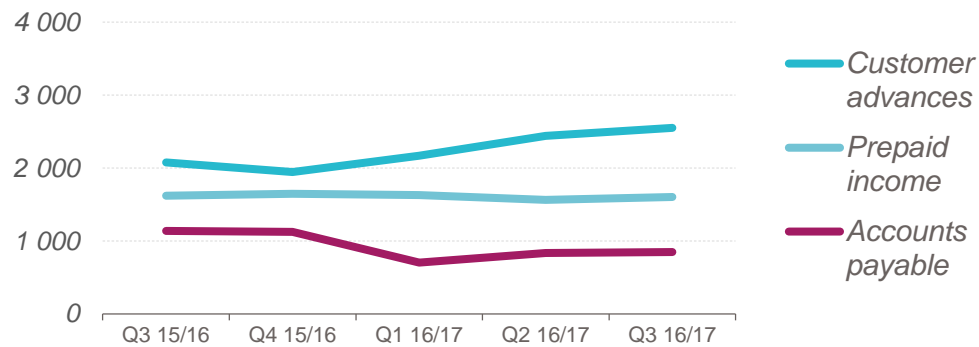
EBITA margin of <b>&gt;20%</b> by 2017/18		
Cost reductions of SEK <b>700**</b> M with full effect 2017/18	Net working capital to sales below <b>5%</b> by 2016/17	<b>Produce-to-order process.</b> One-off revenue effect was SEK 650 in H1 2016/17
Realized <b>SEK 535 M</b> as of Q3 ✓	Net working capital to sales at <b>1%</b> ✓	<b>Implemented</b> ✓

# Net working capital at 1% of net sales\*

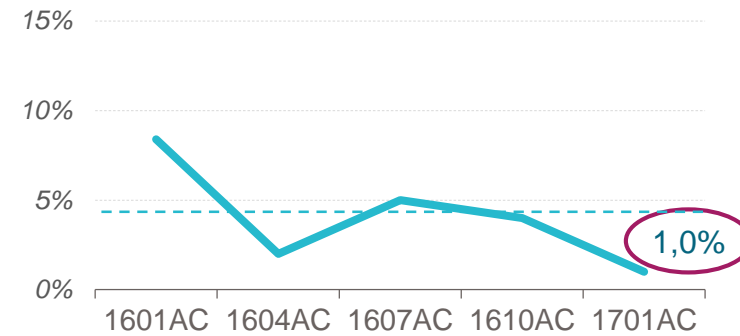
## KEY WORKING CAPITAL ASSETS



## KEY WORKING CAPITAL LIABILITIES



## NET WORKING CAPITAL as % of SALES



- DSO at 30 days (56)
- Lower accrued income
- Target to reduce inventories

# Q3 update: strong order intake and cash flow

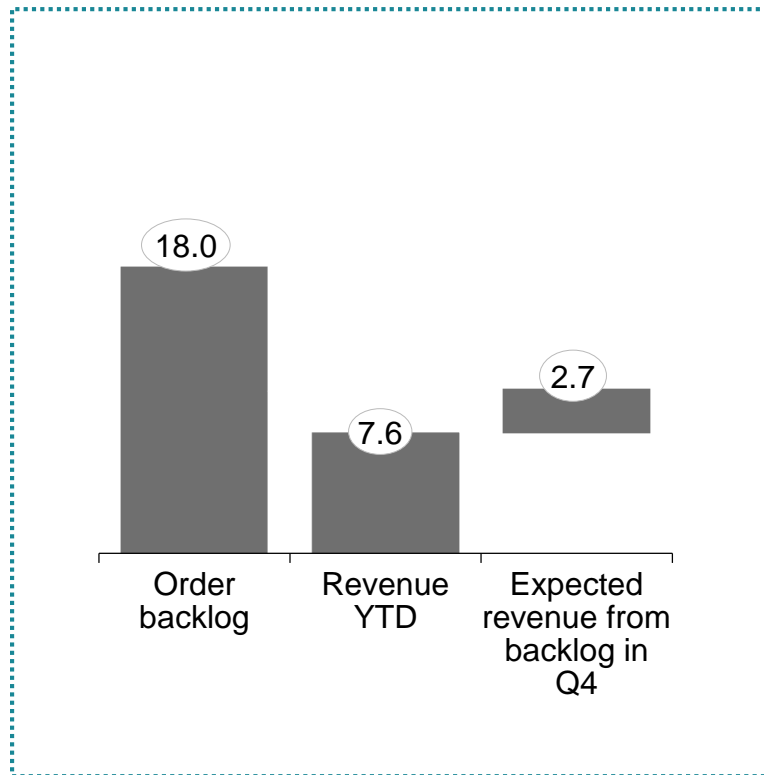
- › **Order growth** in Q3 +34% and +11% YTD
  - › Growth in all product areas
- › **Net Sales in Q3:** +5% in SEK and +1% in local currency
- › **EBITA margin in Q3:** at 12% (13)
  - › Rolling 12-months EBITA margin improved to 16 percent or +2 percentage points since last year
- › **Transformation program** on track - SEK 535 M in annualized savings
- › **Cash flow** improved SEK 650\* M
  - › Net working capital at 1% to net sales
- › **MR-linac** – 2 new customers



# Improved backlog position going into Q4

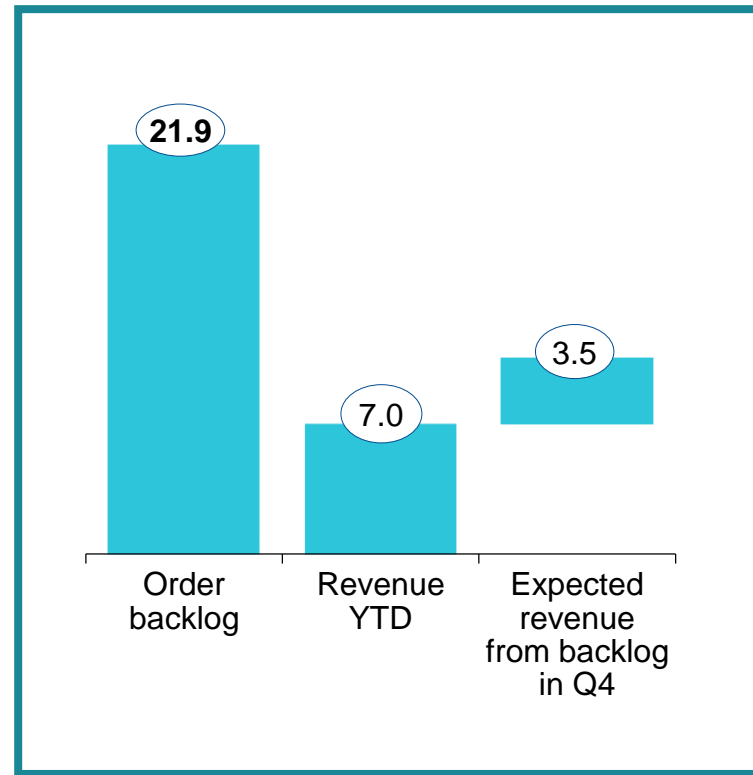
Q3 2015/16

(SEK bn)



Q3 2016/17

(SEK bn)

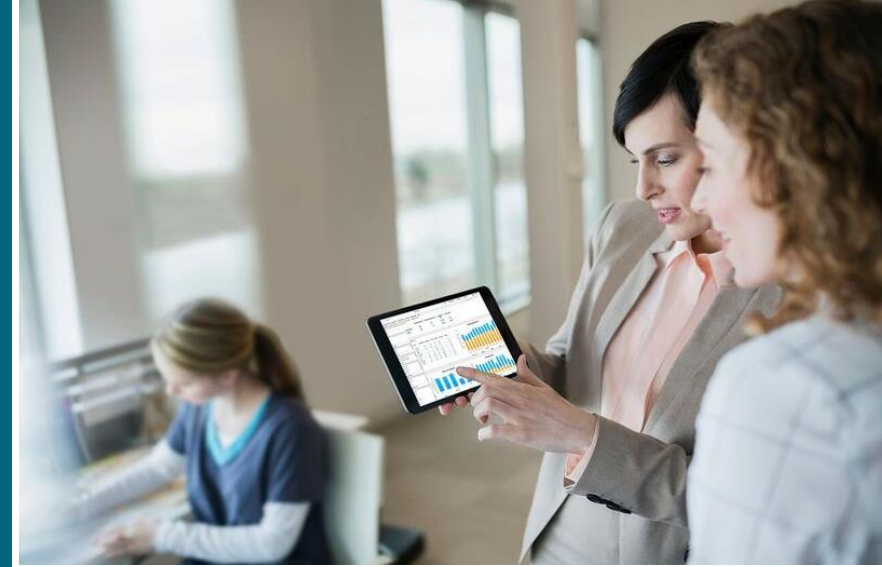




**UNIQUE POSITION**  
in long-term growing market

**STRONG PRODUCT OFFERING**  
and leading R&D portfolio

**TRANSFORMATION ON TRACK**  
for operational excellence and profitable growth



Focus where  
it matters.

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