

Q3 Report

March 1, 2017 - Stockholm

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Important information

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Q3: strong order intake and cash flow

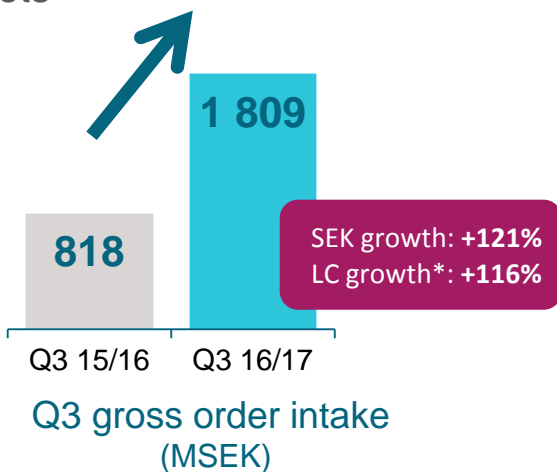
- › Order growth in Q3 +34% and +11% YTD
 - › Growth in all product areas
- › Net Sales in Q3: +5% in SEK and +1% in local currency
- › EBITA margin in Q3: at 12% (13)
 - › Rolling 12-months EBITA margin improved to 16 percent or +2 percentage points since last year
- › Transformation program on track - SEK 535 M in annualized savings
- › Cash flow improved SEK 650* M
 - › Net working capital at 1% to net sales
- › Strong order backlog going into Q4
- › MR-linac – 2 new customers



Strengthened market positions in Q3

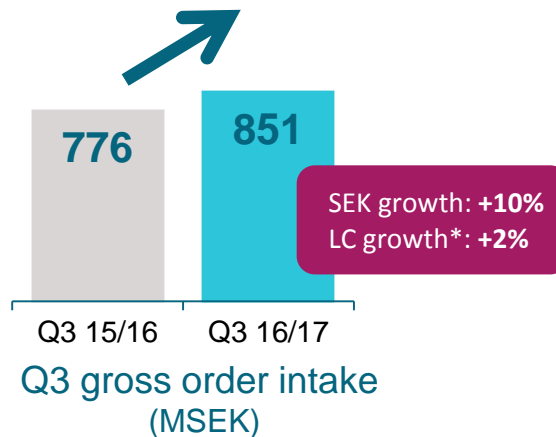
Europe, Middle East, and Africa

- Strong growth with important customer wins: New Karolinska, Greece and Spain etc.
- 2 MR-linacs, Tübingen and Odense
- Good development in Emerging Markets



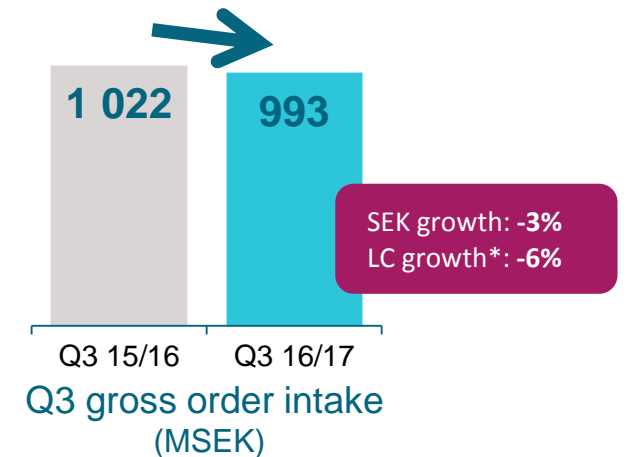
Asia Pacific

- Continued growth in the region
- Strong performance in China
- Japanese market at low levels



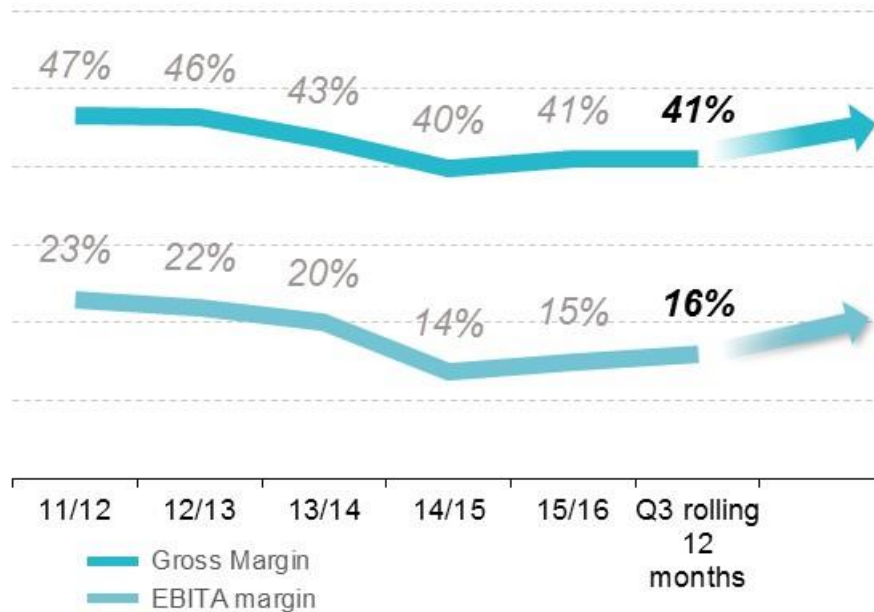
North and South America

- US - further actions for improvement are being implemented
- Challenging market conditions in Latin America



Our ambition is to improve EBITA margin to >20%

Margin development* (illustrative)



Transformation program 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	Produce-to-order process. One-off revenue effect was SEK 650 in H1 2016/17
Realized SEK 535 M as of Q3 ✓	Net working capital to sales at 1% ✓	Implemented ✓

7 consortium sites



The Christie
School of Oncology



5 commercial systems



香港中文大學
The Chinese University of Hong Kong



12 MR-linac customers to date

**Ambition:
75 orders
until 2019**

**Launch in
H2 calendar
year 2017**

Financial Update

Håkan Bergström

Chief Financial Officer



Income statement - first 9 months

Improved margins

- I. Net sales decreased by SEK 625 M
- “Produce-to-order” process implemented with a negative effect of SEK 650 M
- II. Gross margin at 40.8 (40.4) %
- Product mix and improved efficiency
- III. EBITA* margin at 12.6 (11.2) %
- 12-months rolling EBITA margin improved to 16 % or two percentage points
- Cost savings
- Less R&D capitalization SEK ~90 M
- Positive currency effect of SEK ~240 M

(SEK M)	YTD 2016/17	YTD 2015/16
Net sales	6,989	7,614
COGS	-4,138	-4,541
Gross margin (%)	40.8%	40.4%
OPEX	-2,170	-2,481
Capitalization	371	460
Exchange rate diff.	-53	-73
Depreciation	-117	-124
EBITA*	882	855
EBITA* margin (%)	12.6%	11.2%
Items affecting comparability (incl. bad debt)	-294	-246

Positive currency effect expected for FY 2016/17

Weakening of GBP have a positive effect on bottom line

EFFECT YTD Y/Y (MSEK)	
• Effect on net sales:	~2%
• Effect on EBITA:	220
• Exchange rate differences:	-53
• Result last year (reversed):	73
Effect on EBITA, TOT YTD	240
<i>Whereof EBITA Q1</i>	~115
<i>EBITA Q2</i>	~95
<i>EBITA Q3</i>	~30
Effect on EBITA, TOT YTD	240

EFFECT 2016/17 Y/Y (MSEK)	
• Effect on net sales:	~3%
• Estimated effect on EBITA (Y/Y)	~350

EFFECT 2017/18 Y/Y (MSEK)	
• Estimated effect on EBITA (Y/Y)	~200

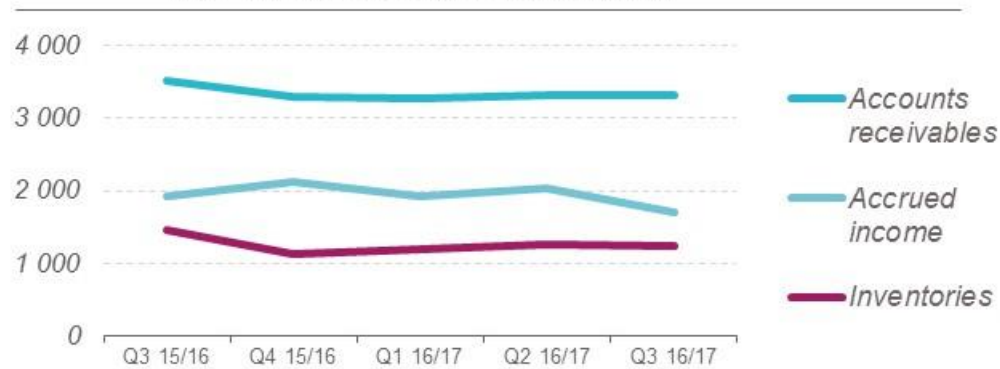
Cash flow improved by approx. SEK 650 M

- I. Improved working capital
 - Produce to order process
- II. Lower continuous investments
 - Lower R&D capitalization
- III. Items affecting comparability
SEK ~360 M
 - Transformation program: SEK 175 M
 - Legal costs: SEK 185 M

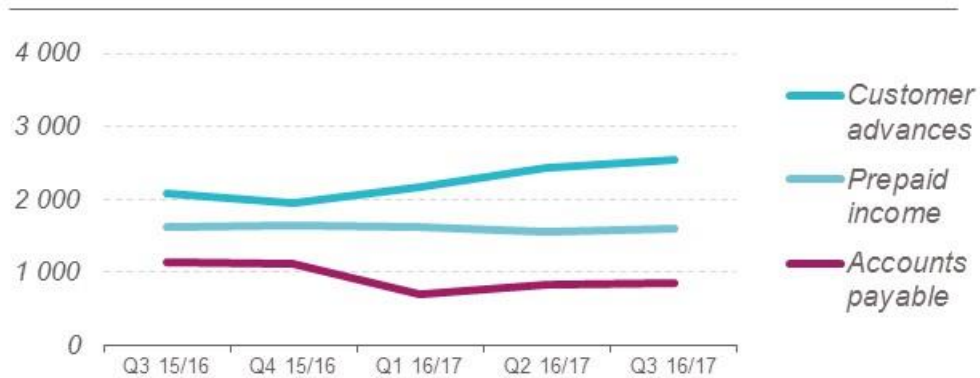
CASH FLOW (SEK M)	YTD 2016/17	YTD 2015/16
<i>Operating Cash Flow</i>	267	460
<i>Change in Working Capital</i>	329	-136
Cash flow from operating activities	596	324
<i>Continuous investments</i>	-568	-591
<i>Legal processes and transformation</i>	454	96
Cash flow after continuous investments	482	-171

Net working capital at 1% of net sales*

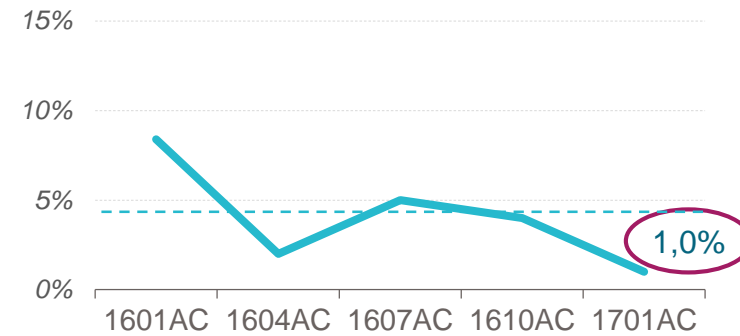
KEY WORKING CAPITAL ASSETS



KEY WORKING CAPITAL LIABILITIES



NET WORKING CAPITAL as % of SALES

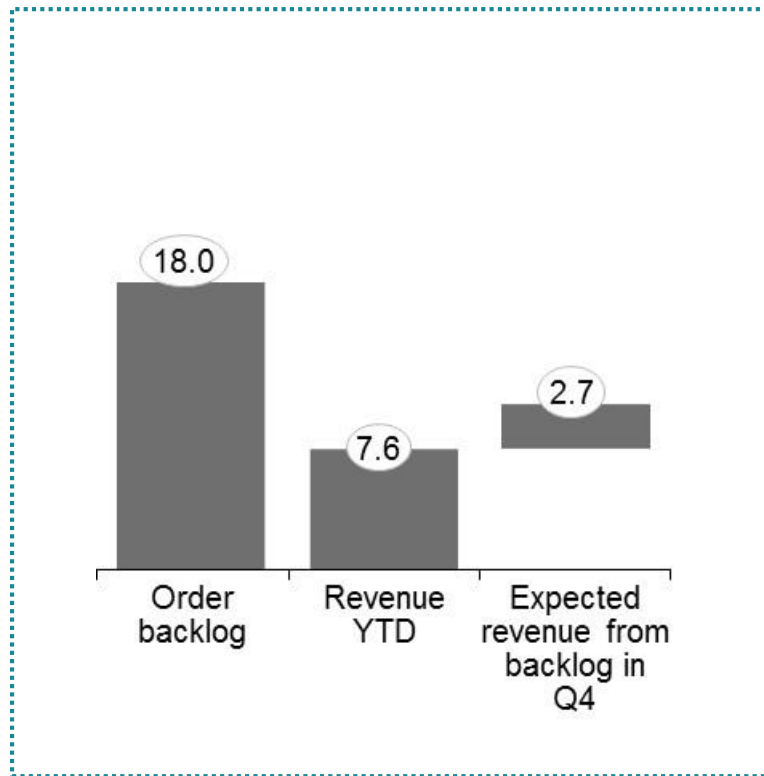


- DSO at 30 days (56)
- Lower accrued income
- Target to reduce inventories

Improved backlog position

Q3 2015/16

(SEK bn)



Q3 2016/17

(SEK bn)

