

Q2 report

November 30, 2017

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President and CEO

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Important information

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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.

Richard Hausmann

President and CEO

Strong financial performance

Net sales grew by +19%

- Strong growth in China, Western Europe and in emerging markets – overcompensating the produce-to-order effect from last year

EBITA (adj.) increased +30% to SEK 509 M

- Sales growth and direct cost savings
- Lower operating costs and stabilization of R&D spend

Improved cash flow

- Net working capital at -6% of net sales

Flat order intake

Elekta Unity

- Two new customers – total now of 18
- Successful introduction at ASTRO and RSNA
- CE mark expected in H1 2018. Target of 75 orders as of H1 2020



**Focus where
it matters.**

Good order intake in USA and China and net sales grew in all regions

North and South America

- US is improving and picking up nicely
- Major order from 21st Century
- Improvement in Latin America

↑ **Orders: 14%** (YTD 6%)

➔ **Sales: 2%** (YTD 0%)

Europe, Middle East and Africa

- New Elekta Unity customer in Italy
- Good growth in Central Europe
- A quarter of low activity

➔ **Orders: -5%** (YTD -5%)

↑ **Sales: 54%** (YTD 45%)

Asia Pacific

- Strong growth China, driven by private sector - Elekta is the clear market leader
- Good development in Korea, Australia and New Zealand
- Challenging comparison in India, slow market in Japan

↓ **Orders: -11%** (YTD -2%)

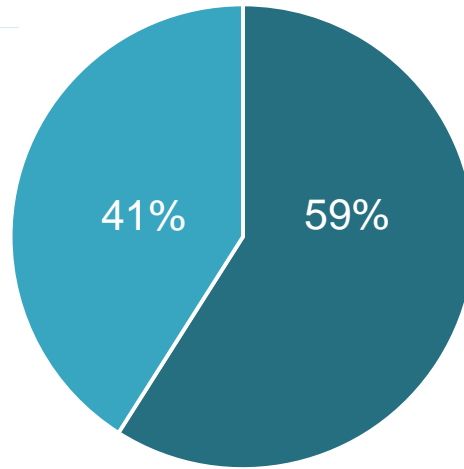
↑ **Sales: 7%** (YTD 10%)

Good progress in our product portfolio – highlights

Net sales split (rolling 12 months)

Services

- Stable recurring revenue stream
- New head of global services appointed
- Focus on enhancing offering and efficiency



Solutions

- Solid growth in linac business
- Treatment planning software Monaco[®] picking up nicely
- Good performance with Leksell Gamma Knife[®]

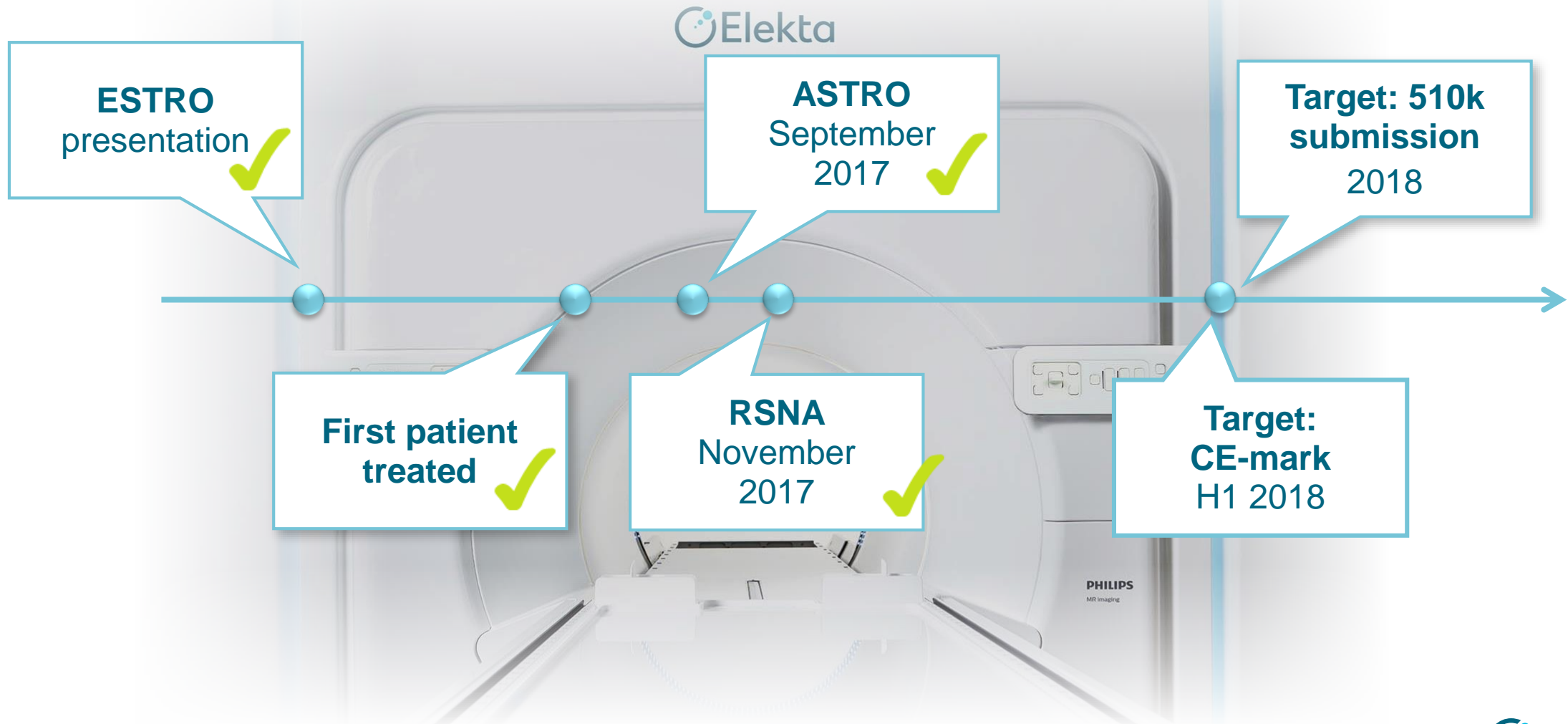


Progress of Elekta Unity

- ✓ High-field imaging validated – in line with 1.5T diagnostic imaging
- ✓ Radiation delivery validated – in line with Versa HD™
- ✓ On-line adaptive treatments
- ✓ Performance in a clinical setting demonstrated
- ✓ Linac control system validation in final stage
- ✓ Functional imaging available from start



Unity timeline



Worlds leading cancer centers as customers



18 customers and 6 installed systems to date

Financial update

Gustaf Salford, CFO

Good volume growth and cost leverage

(SEK M)	Q2 2017/18	Q2 2016/17
Net sales	2,802	2,434
COGS	-1,620	-1,409
Gross margin (%)	42.2%	42.1%
Selling expenses	-300	-314
Administrative expenses	-232	-231
R&D expenses	-282	-222
Exchange rate differences	-4	-1
EBIT*	365	257
Amortization	126	111
EBITA*	509	391
EBITA margin (%)	18.2%	16.1%

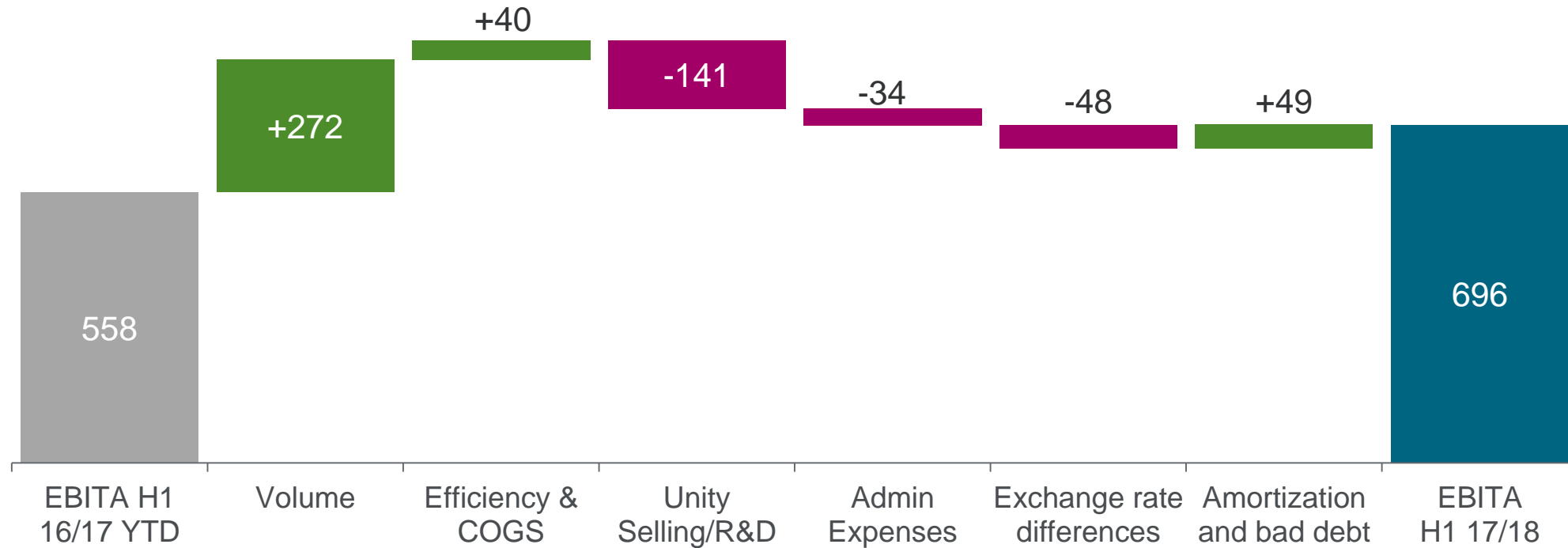
- Net sales +19%
 - Good development in China, Western Europe and emerging markets
 - Overcompensating the effect from produce-to-order implementation last year
- Gross margin up slightly driven by linac volumes
- Total selling and administration costs down.
- R&D up SEK 60 M from last year due to investments in Elekta Unity and Elekta Digital
- EBITA grew 30% and EBITA-margin up 2.1 percentage points

Operating costs are decreasing

SEK M	2017/18			2016/17	
	Q2	Q1	May-Oct	Q2	May-Oct
Selling expenses	-300	-305	-605	-314	-590
Administrative expenses	-232	-248	-480	-231	-446
R&D expenses	-282	-316	-598	-222	-472
TOTAL	-814	-869	-1,682		

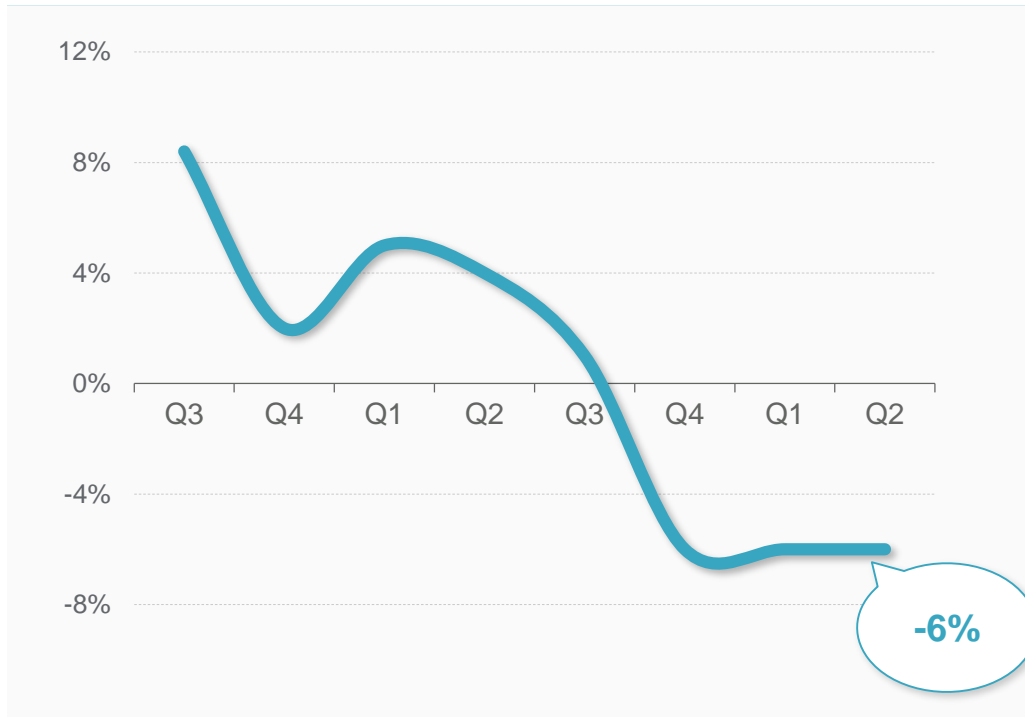
1. Selling and administrative expenses down compared with Q1
2. R&D expenses down compared with Q1. Increased capitalization related to Elekta Unity

EBITA* bridge compared with last year (MSEK)

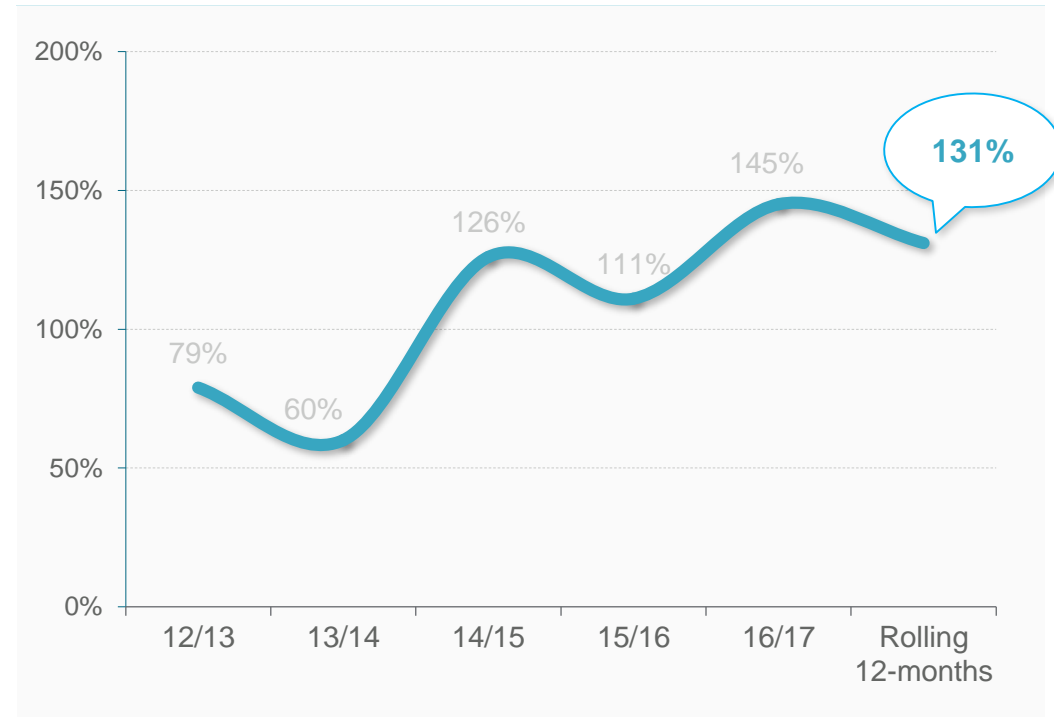


Good working capital management and cash conversion

Net working capital as % of net sales



Operational cash conversion



SEK ~150 M in currency effect expected for FY 2017/18

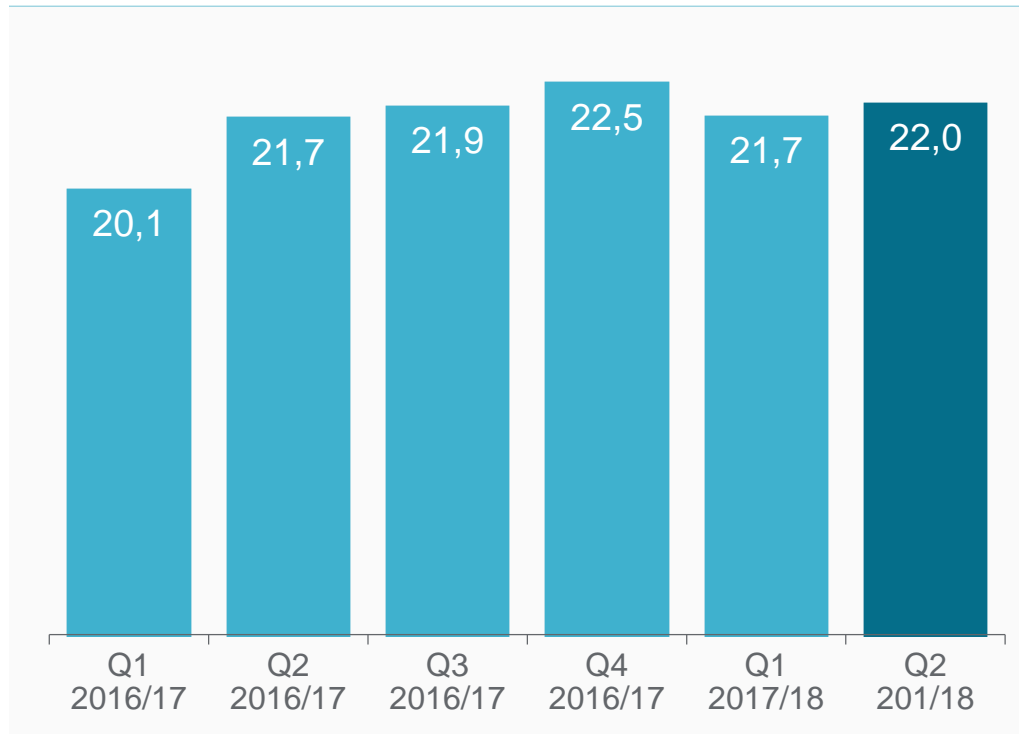
Currency effect in first half	(SEK M, Y/Y)
• Effect on net sales:	-30
• Effect on expenses	58
• Exchange rate differences:	-17
• Exchange differences last year (reversed):	-32
Effect on EBITA	-20

Estimated effect 2017/2018	(SEK M)
• Estimated effect on EBITA (Y/Y)	~150

Main currency rates vs. last year			
	Oct 2016	Oct 2017	Change
EUR/SEK	9,44	9,62	+2%
USD/SEK	8,43	8,35	-1%
GBP/SEK	11,40	10,87	-5%

Strong backlog position despite recent one-off adjustments

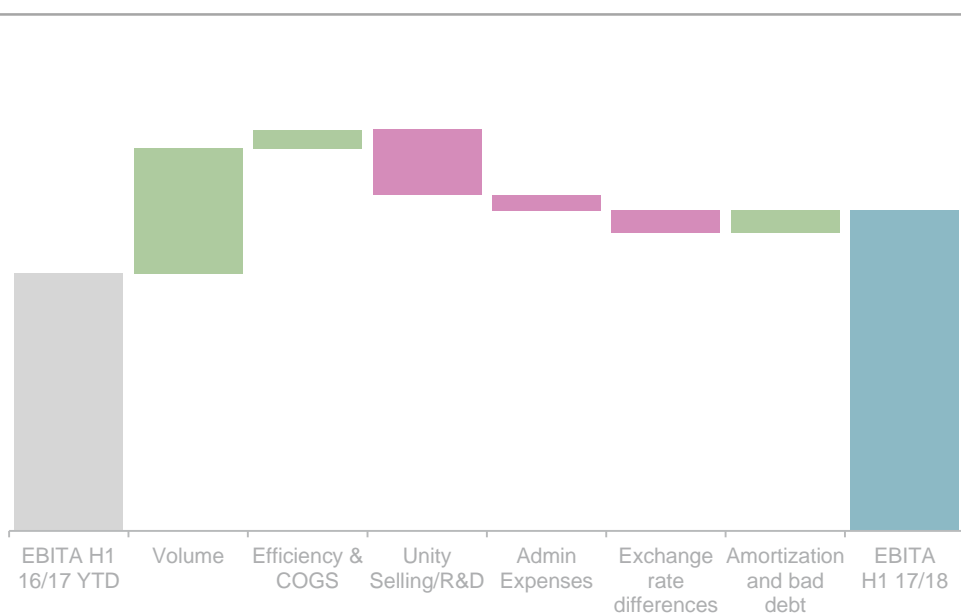
Order backlog (SEK bn)



- SEK 5.3 bn expected to be delivered from backlog in H2
- McLaren one-off backlog adjustment in Q2

Margin drivers for 2017/18

H1 EBITA bridge (SEK M)



Margin drivers 2017/18 (indicative)



Reach
>20%
 EBITA-margin

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President and CEO

Targets for 2017/18

Growth

Reach
>20%
EBITA-margin

Net working
capital
<5%
to net sales

Focus where
it matters.

