

Q1 report

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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. Since 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 and uncertainties”. 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 regulations.

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

Highlights Q1 2017/18

Net sales grew +12% in local currency (+15% in SEK)

- Strong growth in China, Western Europe and emerging markets – delivery volumes are approaching satisfactory levels

Gross margin improved by 1.8 percentage points

- Higher volumes and leverage on process improvements

EBITA grew +13%; margin unchanged

- Investments in commercialization of Unity and Elekta Digital
- Further focus on continuous improvements and cost control

Cash flow improved over SEK 200 M

- Net working capital at -6% of net sales

Elekta Unity commercialization on track

- Two orders added to backlog in Q1

We do what we say

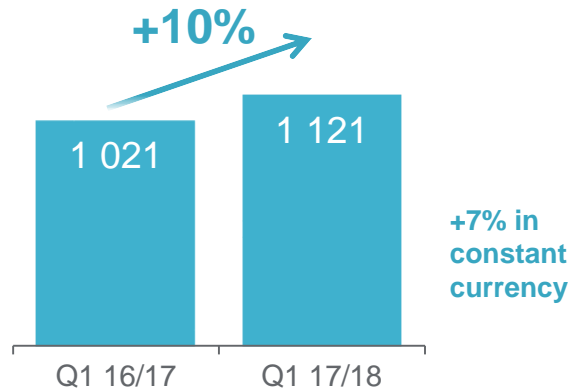
- No non-recurring items, improved business processes and produce-to-installation implemented



**Focus where
it matters.**

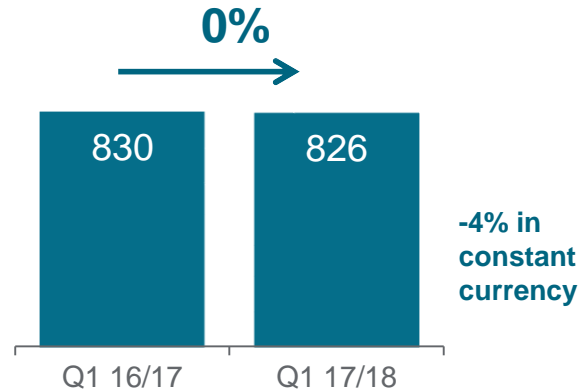
Unchanged order intake (+3% in SEK)

Asia Pacific



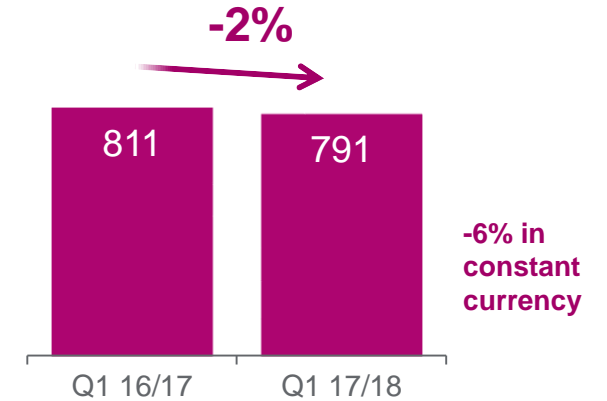
- Strong performance in Southeast Asia
- Continued growth in China
- Two Elekta Unity in Hong Kong added to backlog
- Japanese market at low levels

Europe, Middle East, and Africa



- Strong growth in Germany, Italy and Spain
- Good development in emerging markets
- Challenging comparison from last year – significant order in Austria (EUR 20 M)

North and South America



- North America - turnaround
- Ongoing improvement program
- Order intake grew 5% in North America (+8% in SEK)
- Stable market. Unchanged reimbursement proposed
- Low volumes in Latin America

Elekta Unity – will revolutionize radiation therapy

- Two systems added to the backlog



- Shipment of first serial produced system to Tübingen initiated
- Expanded consortium



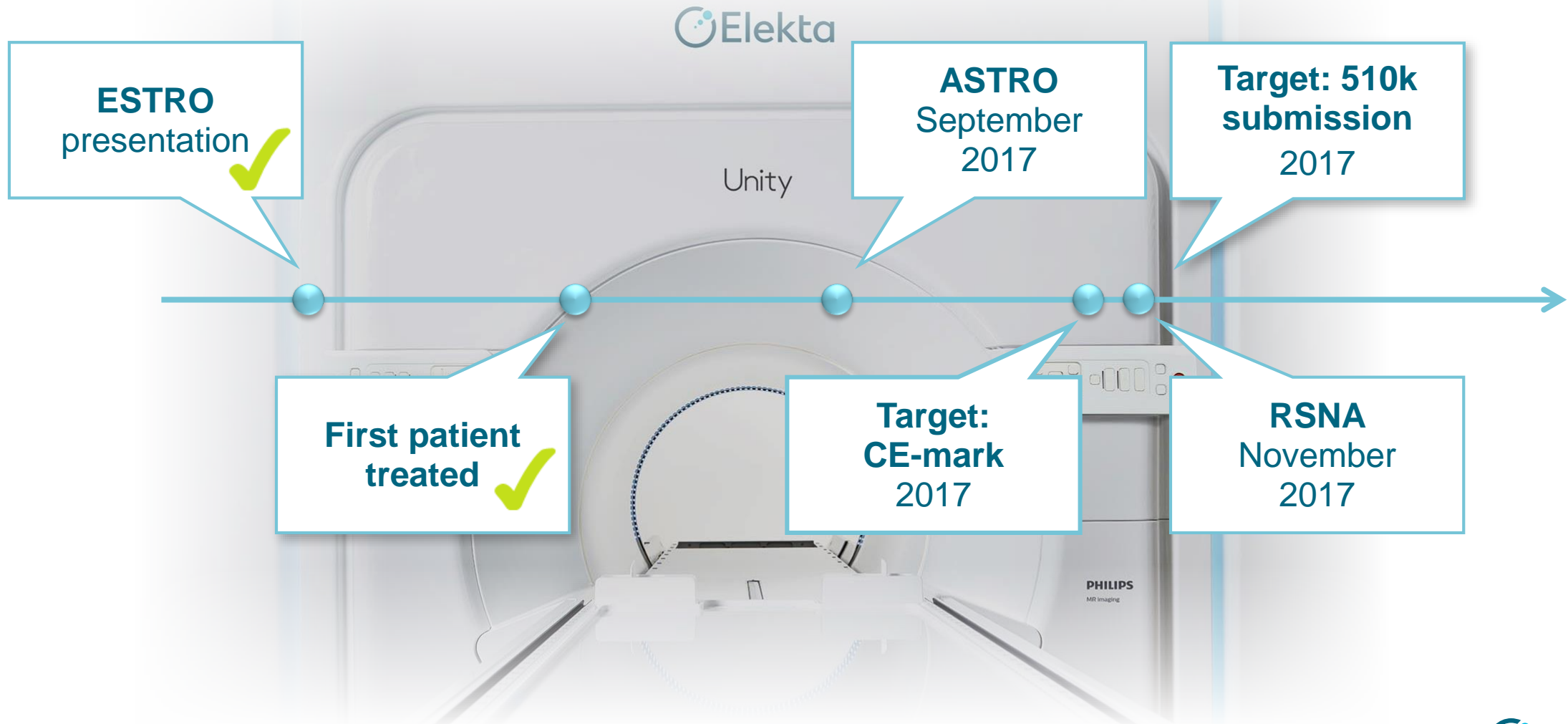
First patients treated and clinical study completed at UMC

*”Analysis of the first clinically
derived data shows that visibility of
the treatment target and
simultaneous radiation beam
accuracy is excellent and beyond
expectations*



University Medical Center
Utrecht

Commercialization on track



Long-term addressable market ~25% of current installed linacs

Phase 1 Academic driven phase

- High-profile clinics.
- ~300-400 units addressable market.

TARGET

75 orders
until 2019

16 orders
to date

Momentum project - Further clinical research and data - Financial reimbursement/support

Phase 2 Broad scale - clinical adoption driven phase

- Larger mainstream profile, guidelines driven.
- ~3 000 units addressable market.

Our way forward

2016/17

- Year of change and building the foundation for profitable growth
- Produce to order and ship to installation completed



2017/18

- Transformation delivers full effect
- Organization and management in place
- Culture of continuous improvements for lower costs
- Elekta Unity hits the market

2018/19

- Elekta Unity – growth driver
- Significant efficiency improvements
- Further product innovations based on Elekta Digital platform

Targets for 2017/18

Growth

Reach
>20%
EBITA-margin

Net working
capital
<5%
to net sales

Financial update

Gustaf Salford, CFO

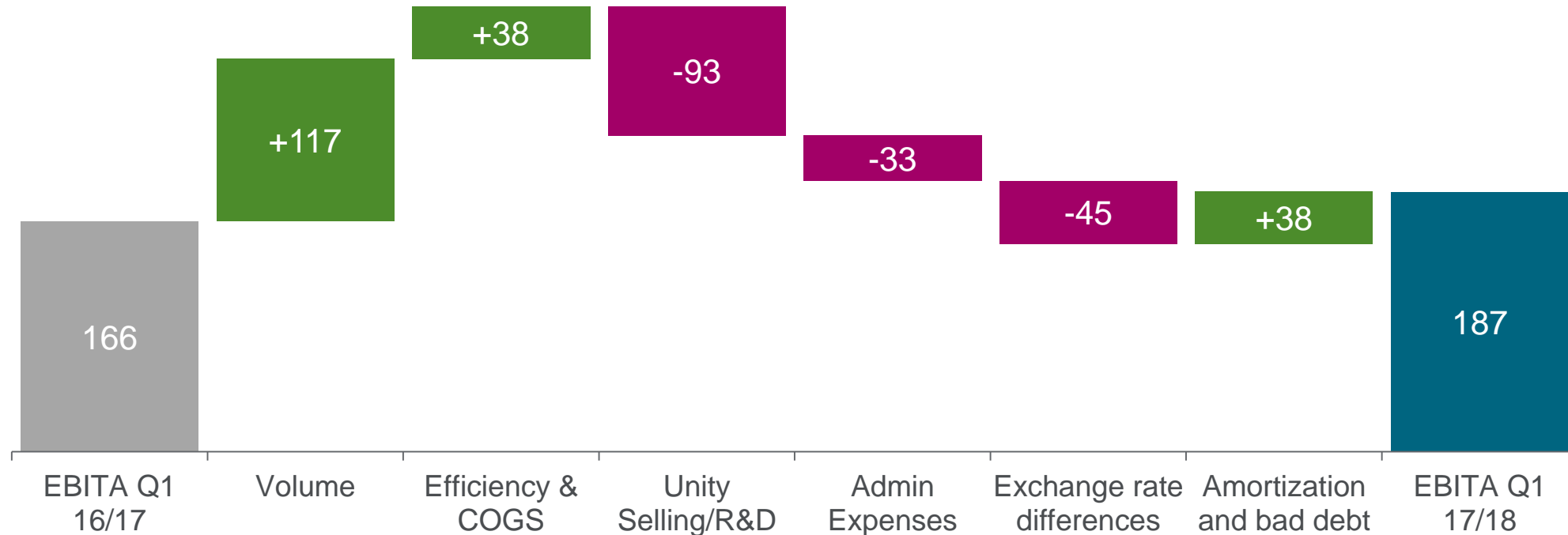
Income statement – Q1 2016/17

(SEK M)	Q1 2017/18	Q1 2016/17
Net sales	2,169	1,882
COGS	-1,250	-1,118
Gross margin (%)	42.4%	40.6%
Selling expenses	-305	-276
Administrative expenses	-248	-215
R&D expenses	-316	-251
Exchange rate differences	-12	33
EBIT*	38	55
Amortization	139	105
EBITA*	187	166
EBITA margin (%)	8.6%	8.8%

- Net sales +15%; China, Western Europe and emerging markets
- Gross margin +1.8 percentage points; volume
- Increase in R&D; up SEK 65 M from last year. Investments in Elekta Unity and Elekta Digital
- EBITA grew 13%, flat EBITA-margin; further savings through process excellence

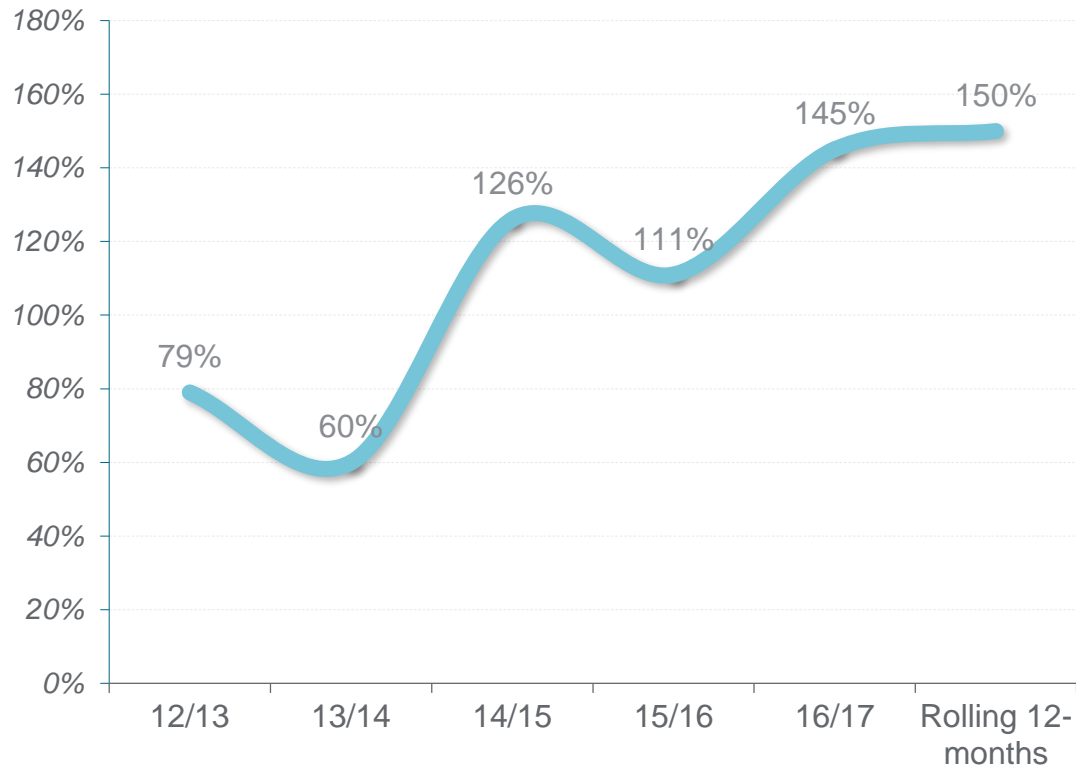
EBITA* bridge compared with last year

EBITA bridge (SEK M)



Strengthened cash flow and cash conversion

Cash conversion

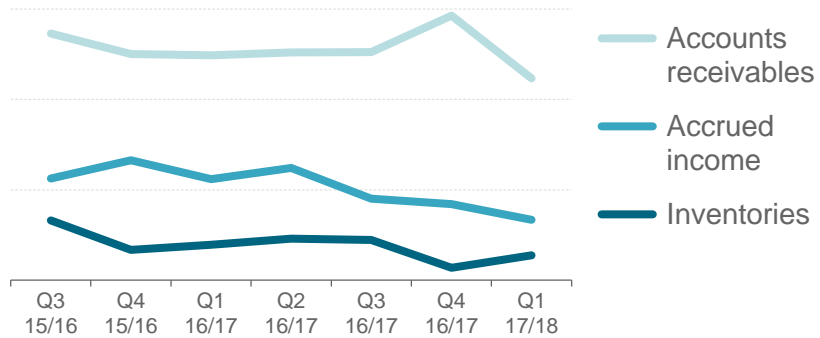


Cash Flow

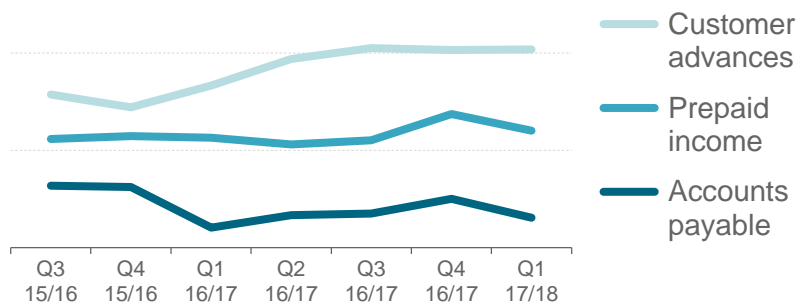
	Q1 16/17	Q1 17/18	R12
Operating cash flow	-37	64	868
Working Capital	-103	+12	+1 166
Cash Flow from operating activities	-139	76	2 034
Continuous investments	-169	-171	-776
Cash Flow after continuous investments	-308	-95	1 258
Operational cash Conversion*	-	35%	150%

Net working capital at -6% of sales

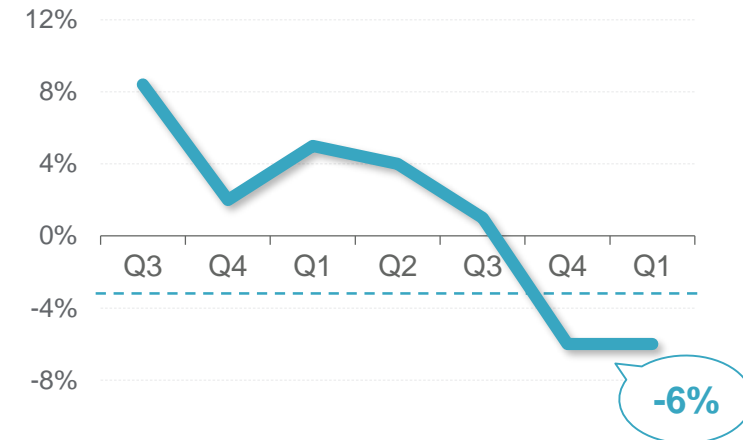
Key working capital assets



Key working capital liabilities



Net working capital as % of sales



- DSO at 9 days (47)
- Lower accrued income and accounts receivables

SEK ~100 M in currency effect expected for FY 2017/18

Currency effect in Q1 (SEK M, Y/Y)

- Effect on net sales: 60
- Effect on expenses: -10
- Exchange rate differences: -12
- Exc. differences last year (reversed): -33

Effect on EBITA **+5**

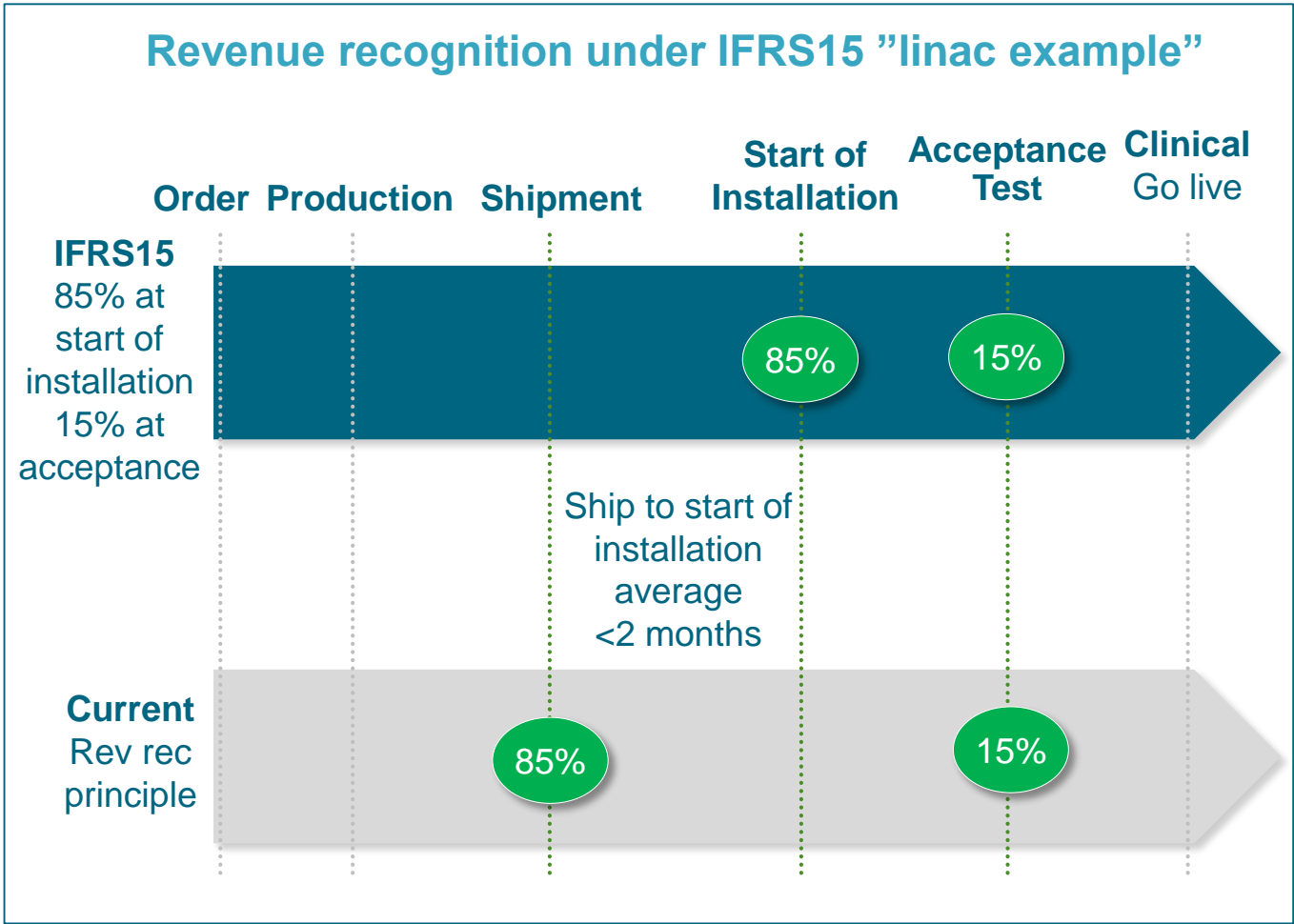
Estimated effect 2017/18 Y/Y (SEK M)

Estimated effect on EBITA (Y/Y) **~100**

Main currency rates vs. last year

	Jul 2016	Jul 2017	Change
EUR/SEK	9,32	9,68	+4%
USD/SEK	8,30	8,61	+4%
GBP/SEK	11,66	11,10	-5%

Implementation of IFRS 15 from fiscal year 2018/19



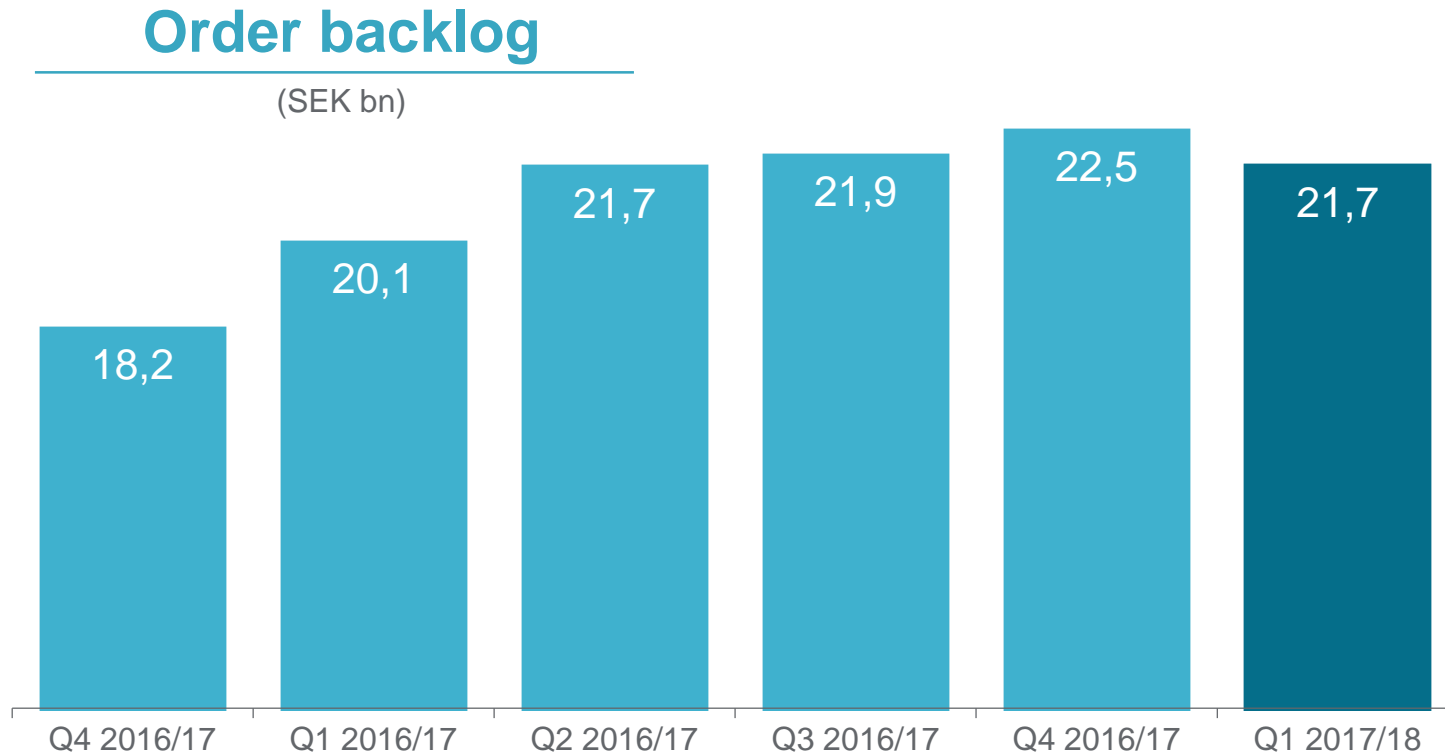
Income statement

- Solutions (60% of sales)
 - ~85% at start of installation
 - ~15% on acceptance test
- Timing difference compared with present criteria is estimated to less than 2 months
- No timing change for services (40% of sales)

Balance sheet – effects at year end 2017/18

- Accrued income – significantly reduced
- Inventory – increased
- Equity - reduced; but restored during FY 2018/19

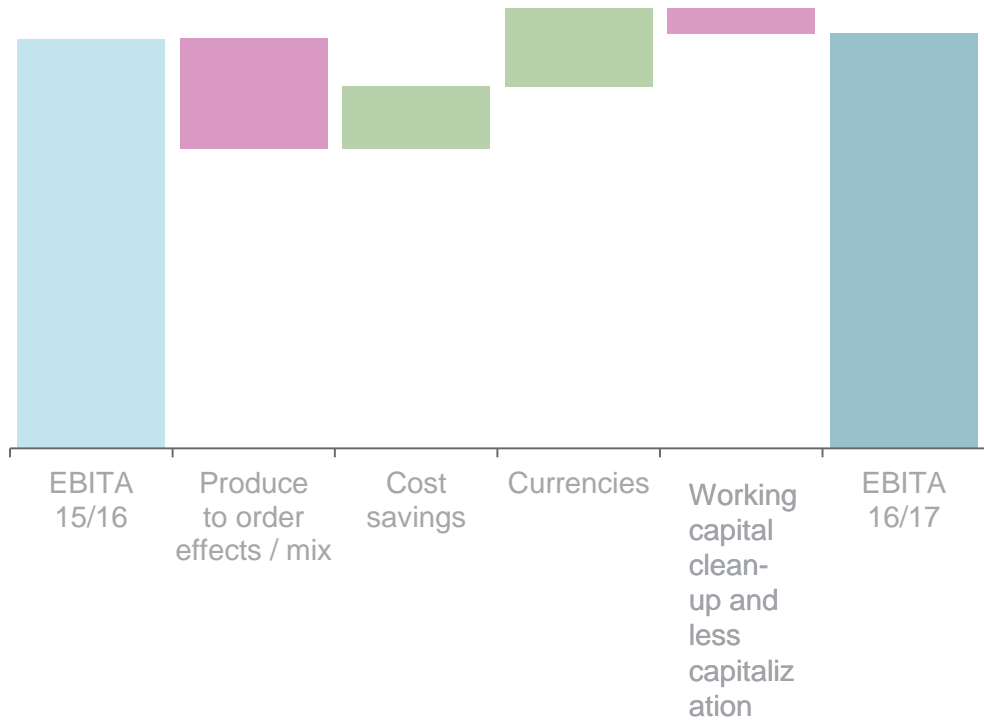
SEK 7 bn estimated to be delivered from backlog this fiscal year



- Recent backlog decline related to currency movements (SEK -1.3 bn)
- SEK ~7 bn expected to be delivered from backlog Q2-Q4

Margin drivers for 2017/18

EBITA bridge from last year (SEK M)



Margin drivers 2017/18 (indicative)



Reach
>20%
 EBITA
 margin

Focus where
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