

Q3 report

March 2, 2018

Richard Hausmann

President and CEO

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CFO



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

We execute on our path towards long-term profitable growth

Order growth
and higher
margin

Operational
improvements

Installed base
and service
growth

Elekta Unity
on track

Advancing
with
Elekta Digital



Growth

Reach
>20%
EBITA margin

Net working
capital
<5%
to net sales

This fiscal year an EBITA margin of around 19 percent is expected

- Less favorable currency effects (SEK 40 M)
- Impact from the previously communicated delay of the Unity launch

Q3 financial highlights

Order intake +9% in Q3 and +3% YTD

Net sales grew +7% in Q3 and +13% YTD

- Strong delivery volumes for linacs and Leksell Gamma Knife®

EBITA margin improved 6 ppts to 18.3% in Q3

- Higher volumes and lower costs

Strong cash flow

- Cash flow more than doubled to SEK 479 M in Q3

Solid market development

- Emerging markets, Elekta Unity



**Focus where
it matters.**

Good momentum in China, Asia Pacific and North America

North and South America

- Continued improvement in North America
- Major order from Ottawa Hospital
- Major order in Bolivia after close of the quarter

↑ Orders: **+15%** (YTD 9%)
↑ Sales: **+5%** (YTD 1%)

Europe, Middle East and Africa

- Large order from NHS in UK
- Good momentum in Middle East and Africa
- Difficult comparison from last year

↔ Orders: **-5%** (YTD -5%)
↑ Sales: **+8%** (YTD 29%)

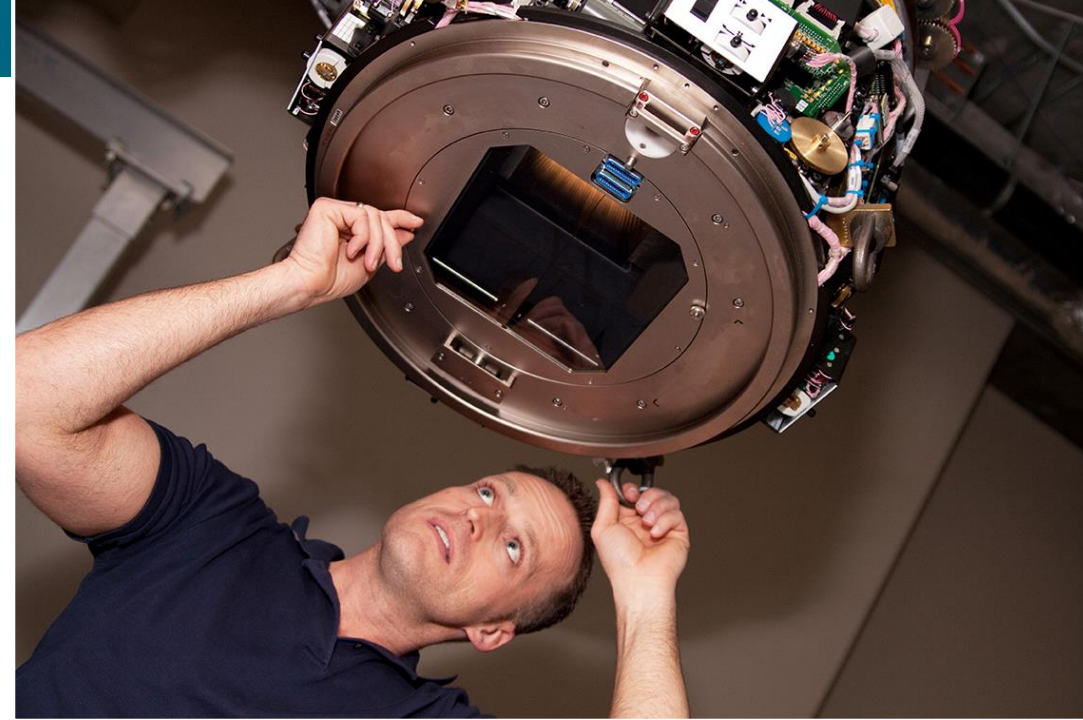
Asia Pacific

- Strong growth in China – strengthened market leadership
- Good momentum in service business
- Stabilization in Japan

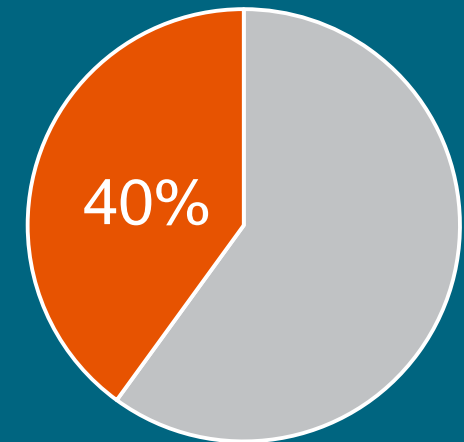
↑ Orders: **+33%** (YTD 8%)
↑ Sales: **+10%** (YTD 10%)

New focus on our services business

- Services accounted for 40% of revenues; growing at +6% (YTD). Installed base +6% Y/Y
- Trend of increased demand from emerging markets
- We are driving a global service excellence initiative for growth and efficiency
- Improving and aligning offering and processes



Services
share of
total net
sales



3 new Elekta Unity customers since last report

(Two was booked in Q3 and one will be booked in Q4)



21 customers, 7 installed systems and 3 under installation to date



New customers since last report

Founding member of Elekta MR-linac Consortium

Elekta Unity commercialization on track

- CE-mark on track for H1 2018
- Consortium is currently performing imaging on volunteers – comparable with diagnostic 1.5T MR
- Functional imaging at CE mark
- Odense and Uppsala installation started



PROFESSIONAL SERVICES

SOFTWARE SOLUTIONS

MOSAIQ Oncology Information System



MOSAIQ Oncology Analytics



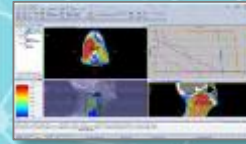
METRIQ/LGK Cancer Registries



Oncology Informatics



Plan of care



Monaco Adaptive planning Incl PT

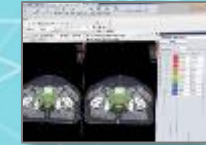
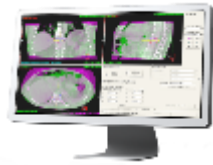


Image & Plan Review

Treatment pathway Management

SERVICE & SUPPORT

TREATMENT SOLUTIONS



Versa HD

Linac



Unity

MR Linac



Flexitron

Brachy



Leksell Gamma Knife Icon

Neuro



Proton

Welcome to ESTRO

Barcelona, Spain, April 20-24, 2018

- Lunch symposium, 21 April
- Evening event, 21 April
- Management meetings
- Exhibition area



Financial update

Gustaf Salford, CFO

Good volume growth and margin leverage

(SEK M)	Q3 2017/18	Q3 2016/17
Net sales	2,747	2,673
COGS	-1,595	-1,611
Gross margin (%)	42.0%	39.7%
Selling expenses	-277	-279
Administrative expenses	-244	-234
R&D expenses	-264	-261
Exchange rate differences	-2	-85
EBIT*	366	202
Amortization and bad debt	136	123
EBITA*	502	325
EBITA margin (%)	18.3%	12.2%

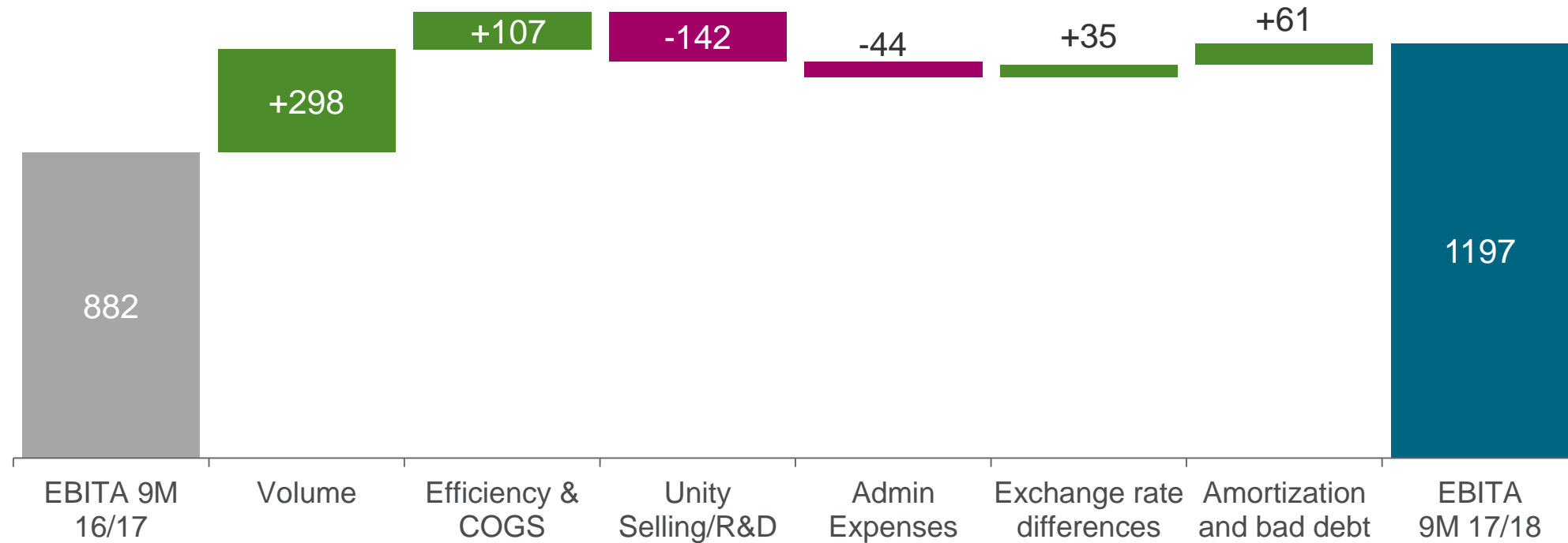
- Net sales +7% in Q3 and 13% YTD – growth in all regions
- Gross margin improved by 2.3 percentage points. Driven by higher volumes and COGS savings
- EBIT grew 81% and EBITA grew 54%
- EBITA-margin up 6.1 percentage points

**Before items affecting comparability and bad debt losses; **In local currency*

Operating costs are decreasing

SEK M	2017/18			2016/17	
	Q3	Q2	May-Jan	Q3	May-Jan
Selling expenses	-277	-300	-882	-279	-869
Administrative expenses	-244	-232	-724	-234	-680
R&D expenses	-264	-282	-862	-261	-733
TOTAL	-785	-814	-2,467	-774	-2,282

EBITA* bridge compared with last year (MSEK)



**Before items affecting comparability and bad debt losses*

Q3 tax rates and US tax reform

Elekta Q3 effects

- Lower US tax rate from January 1, 2018
- One-time positive effect due to US tax reform of SEK 50 M, mainly related to revaluation of deferred tax of capitalized R&D
- This resulted in a tax rate of 7.5% in Q3 and 16% YTD

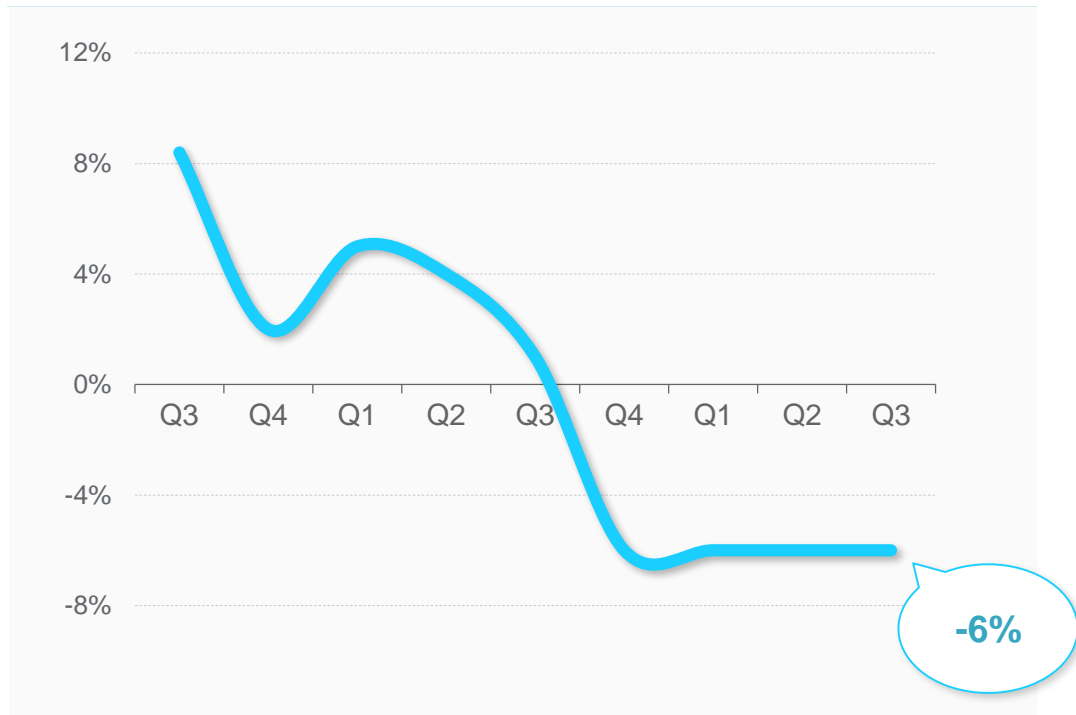
Elekta estimated tax rate for FY 2017/18 and FY 2018/19

- 2017/18 (incl. one-time effect) is ~20%
- 2018/19 is 21-22%

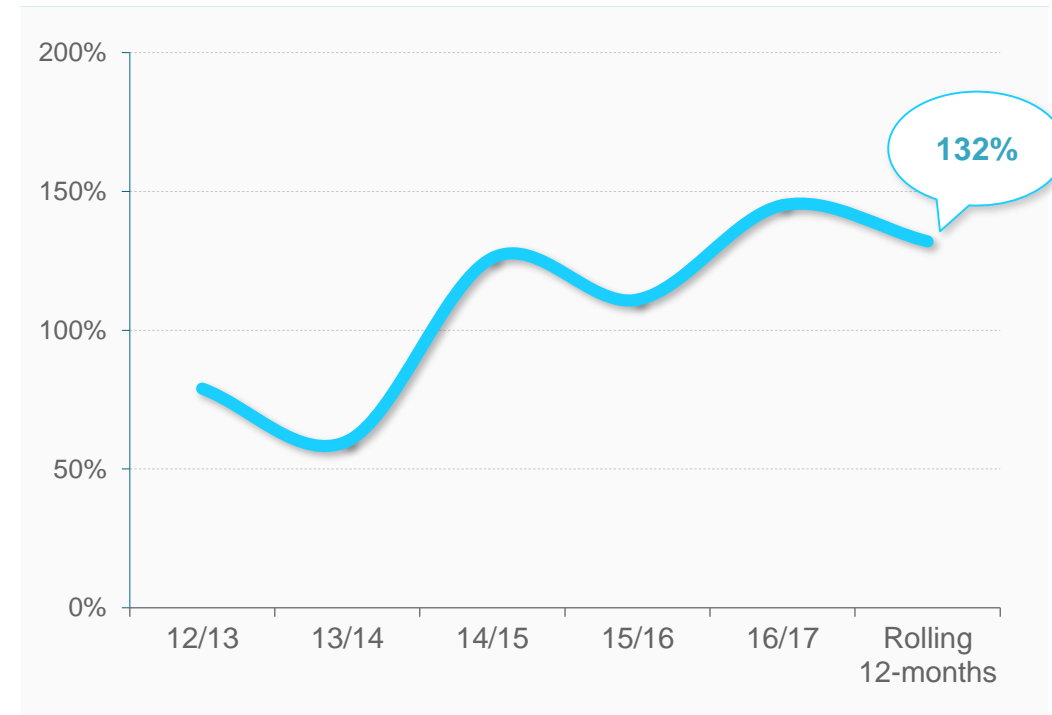


Good working capital management and cash conversion

Net working capital as % of net sales



Operational cash conversion



Note: *Cash flow from operating activities / EBITDA

SEK ~110 M in currency effect expected for FY 2017/18

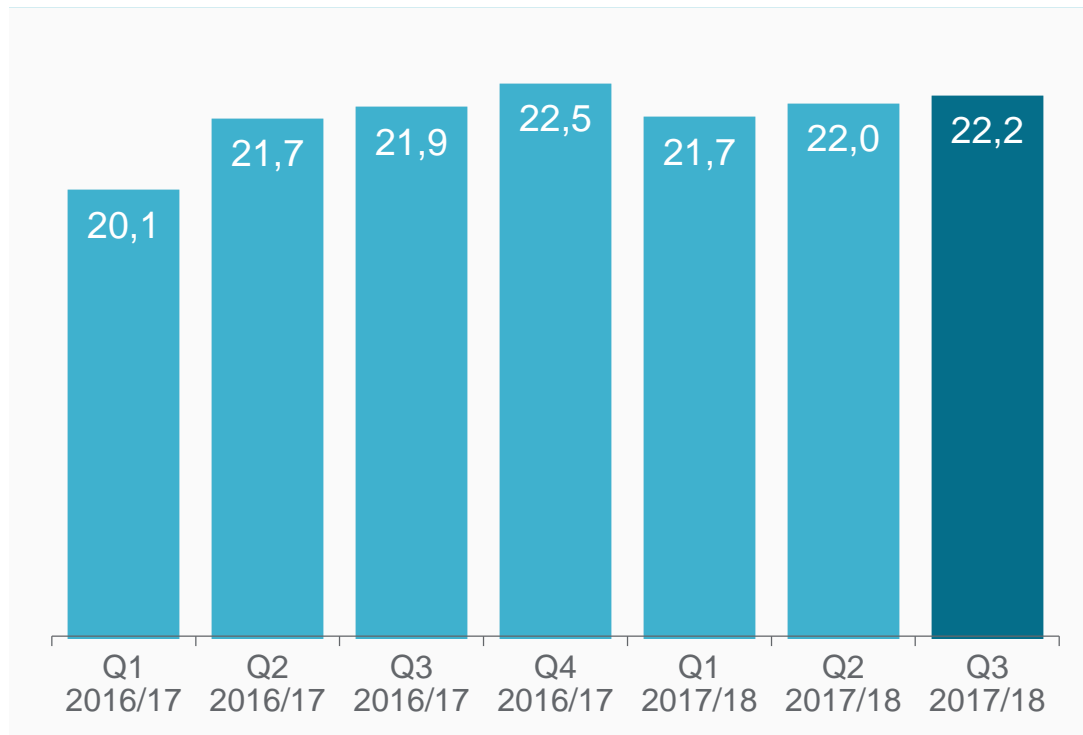
Currency effect first 9 months (SEK M, Y/Y)	
• Effect on net sales:	-155
• Effect on expenses	130
• Exchange rate differences:	-18
• Exchange differences last year (reversed):	-53
Effect on EBITA	+10

Estimated effect 2017/2018	(SEK M)
• Estimated effect on EBITA (Y/Y)	~110

Main currency rates vs. last year			
	Jan 2017	Jan 2018	Change
EUR/SEK	9,51	9,70	+2%
USD/SEK	8,63	8,32	-4%
GBP/SEK	11,37	10,96	-4%

Backlog position going into Q4

Order backlog (SEK bn)

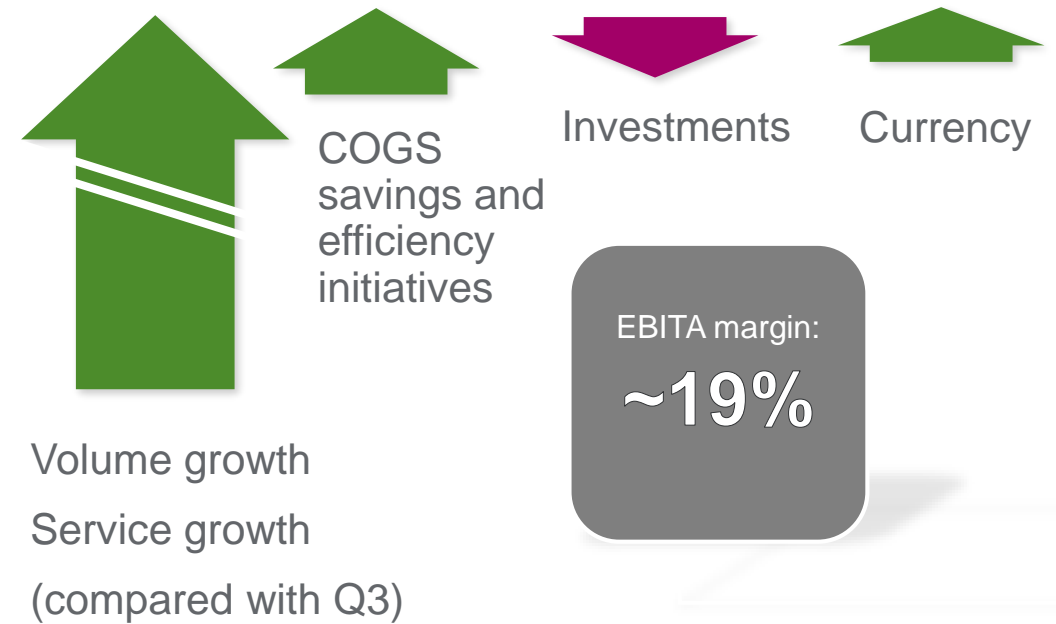
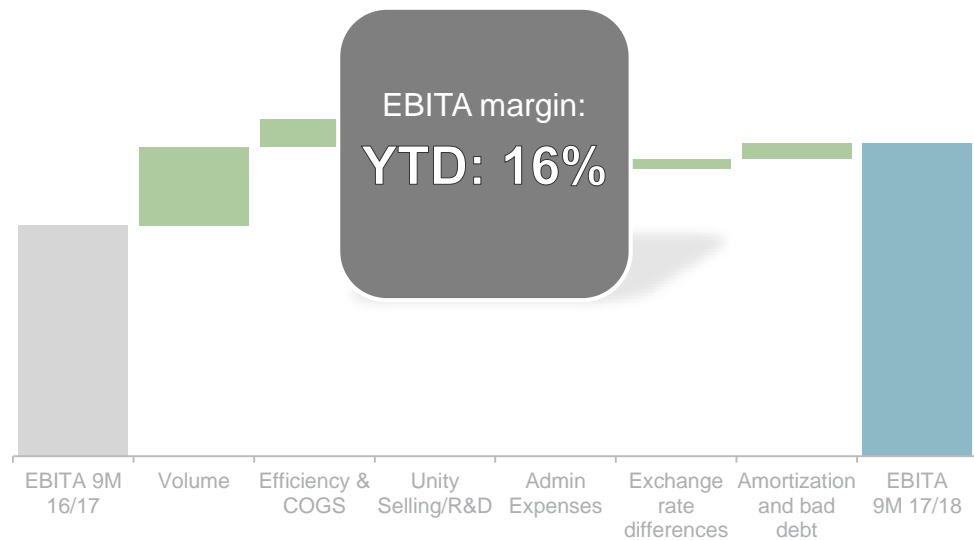


~15% or SEK **3.3 bn**
expected to be delivered
from backlog in Q4

Reach ~19% EBITA margin for FY 2017/18

Margin drivers Q4 2017/18 (indicative)

9M EBITA bridge (SEK M)



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