

Unity

Strong finish to a successful year of proven Unity excellence and software innovations

Elekta Q4 and full-year report 2018/19

May 29, 2019



Focus where it matters.

Agenda.

1. Q4 and year-end results
2. Financials
3. Outlook
4. Q & A



Richard Hausmann
President and CEO



Gustaf Salford
CFO

Important information.

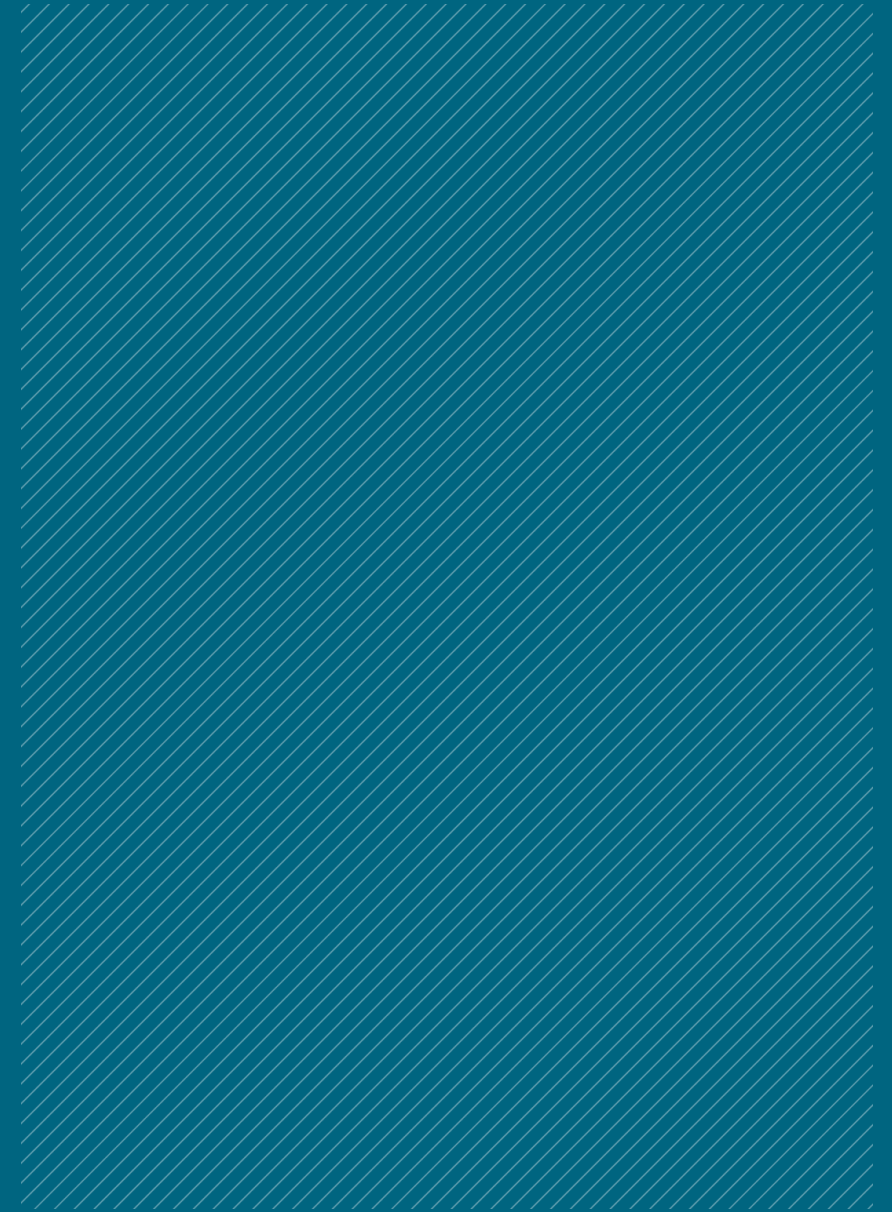
This presentation includes forward-looking statements including, but not limited to, statements relating to operational and financial performance, market conditions, and other similar matters. These forward-looking statements are based on current expectations about future events. Although the expectations 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

1. Q4 and full-year results



We are Precision Radiation Medicine

Everyone with cancer should have access to and benefit from precise, personalized radiotherapy



Q4 – a strong finish, delivering on all key figures

Precision Radiation Medicine



reddot design award
winner 2019



Key Q4 financials

- Order intake +8%
- Net sales growth +12%
- Gross margin 45.2%
- EBITA margin 24.1%
- Improved cashflow

Elekta Unity – 6 systems ordered in Q4, 45 in total

Reiterating 75 orders by mid-2020



10

23

12

?



9 months of clinical experience with Elekta Unity

From Aug 2018 until today

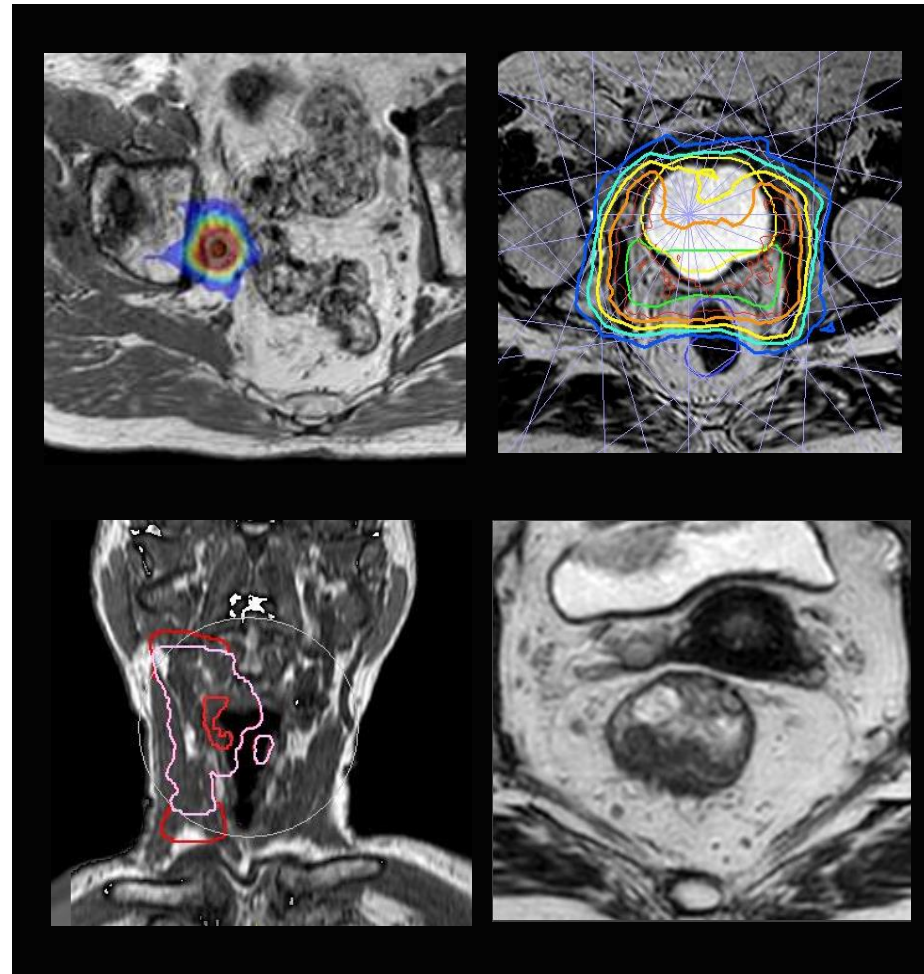
>190
patients
completed
treatment

>1,700
online
adaptations

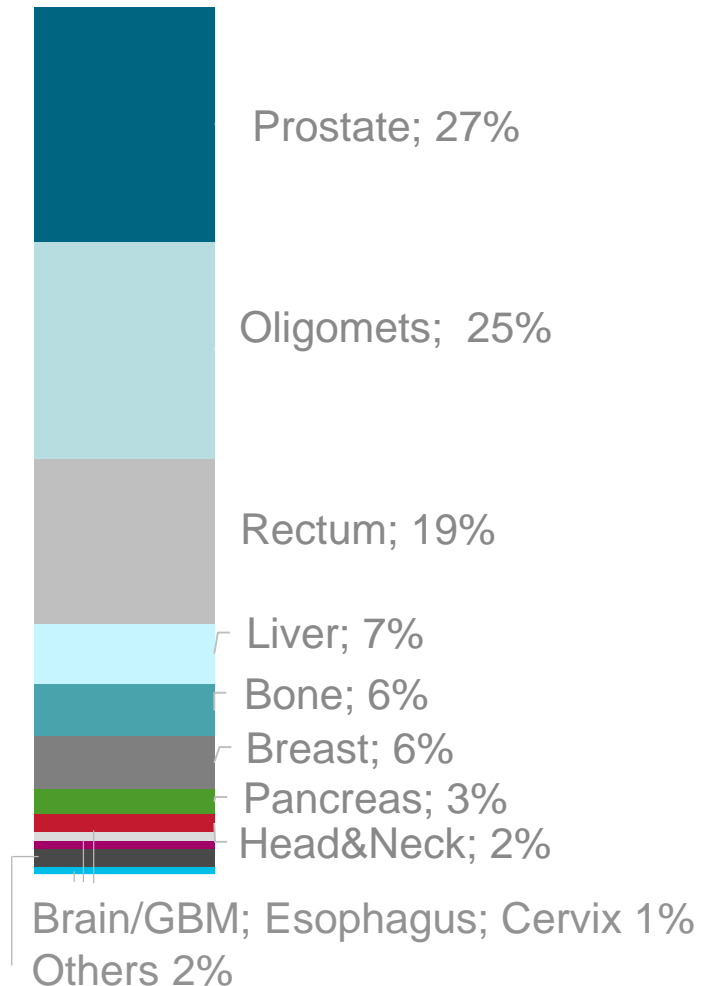
52%
SBRT
adoption

16 min
minimum
session time
(at AvL-NKI)

>12
different
cancer types treated

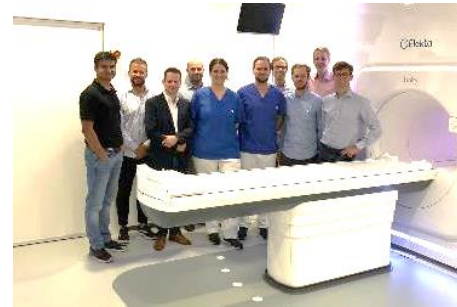


Treated cancer types



Our Elekta Unity pioneers treating patients routinely

10 of 21 installed Elekta Unities in use with great feedback on performance



Shandong Cancer Hospital & Institute



Hong Kong Sanatorium & Hospital

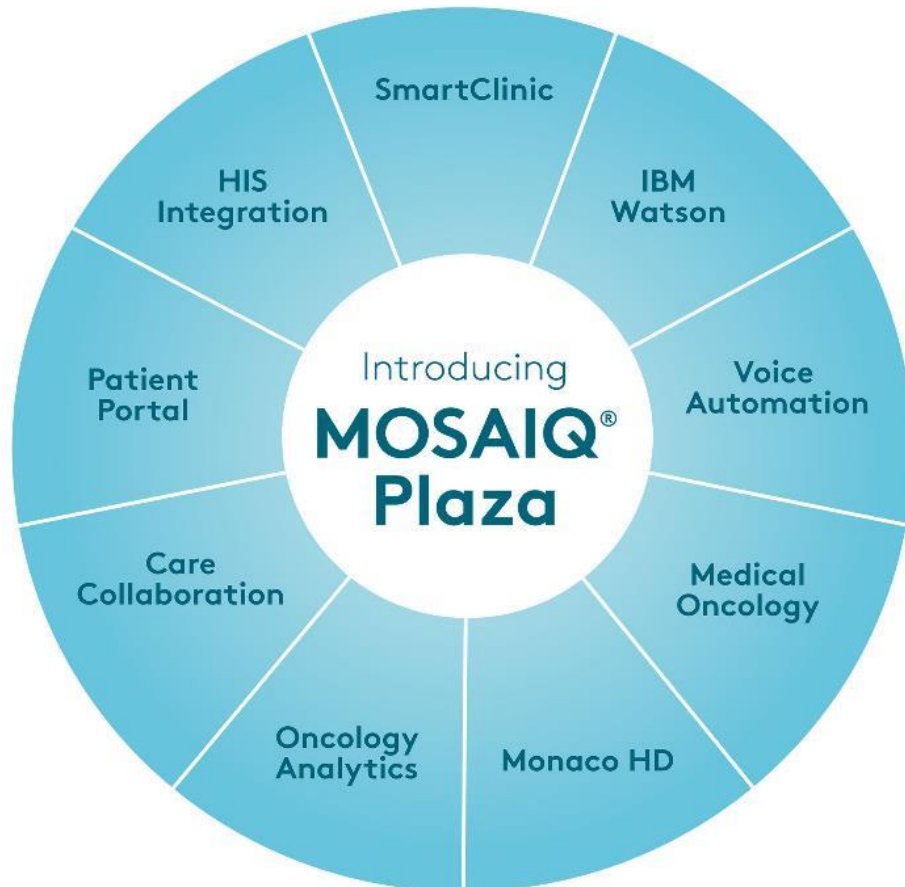


¹⁾ Original consortium members

Elekta at ESTRO – high attendance and great interests for new launches

ESTRO
38

Our most recent software: MOSAIQ® Plaza



Treatment solutions – Unity



Q4: Strong order growth in EMEA and North America

North & South America

+9% Q4

- Strong growth in North America, especially in software
- 2 new Elekta Unity orders

Europe, Middle East & Africa

+18% Q4

- Fifth consecutive growth quarter
- Strongest growth in Middle East and Africa
- Continued good trend in mature Western Europe
- 3 new Elekta Unity orders

Asia Pacific

-8% Q4

- Weak quarterly order intake
- Good order intake in Thailand, India and Japan
- 1 new Elekta Unity order

FY 18/19: EMEA strong order intake throughout the year

North & South America

-1% FY 18/19

- Strong development in North America in H2 more than compensated for Q2 drop
- Volatile South American market
- 3 new Elekta Unity orders

Europe, Middle East & Africa

+18% FY 18/19

- Good growth throughout the region
- Strong performance in southern Europe, the Netherlands, North and Sub-Saharan Africa
- 10 new Elekta Unity orders

Asia Pacific

+6% FY 18/19

- Good order intake
- Leading market share in China and high activity level
- 4 new Elekta Unity order

FY 18/19 – successful year of proven Unity excellence and software innovation

- Growth of installed base to ~ **4,300 units**
- Good base for service going forward. Services in the year grew by 7% accounting for ~40% of revenue
- Strong year for Leksell Gamma Knife®
- High interest for newly launched MOSAIQ® Plaza
- Increasing pipeline for Elekta Unity



FY 18/19: Strong growth – both order and sales

Order intake
+8%

Gross margin
41.9%

Net sales growth
+10%

EBITA margin
18.3%

**Guidance
fulfillment**

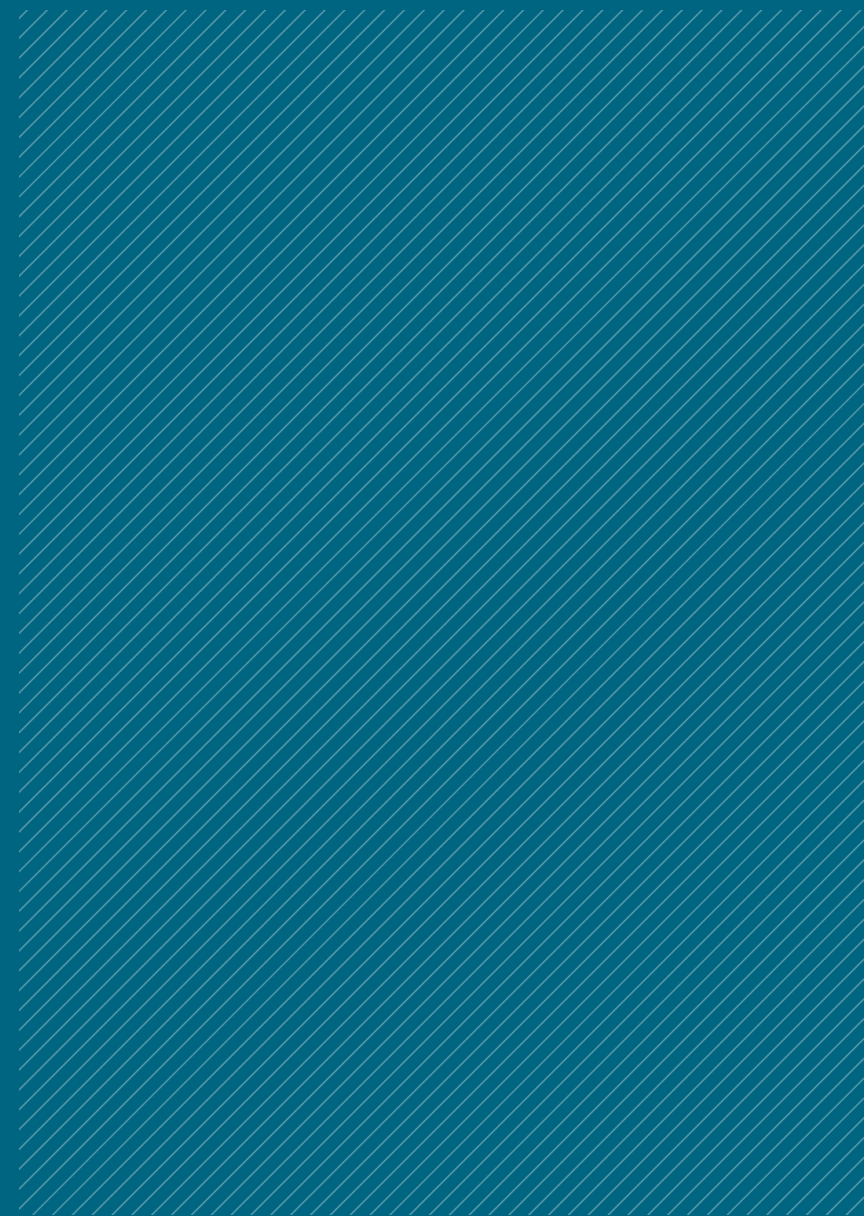


Based on unchanged exchange rates



Gustaf Salford
CFO

2. Financials



Strong net sales growth and gross margin in the quarter

(SEK M)	Q4 2018/19	Q3 2018/19	Q2 2018/19	Q1 2018/19	Q4 2017/18
Net sales	4,086	3,320	3,330	2,819	3,409
Solutions	2,708	2,049	2,054	1,582	2,235
Service	1,378	1,270	1,276	1,237	1,173
COGS	-2,240	-1,967	-1,953	-1,716	-1,969
Gross margin (%)	45.2%	40.8%	41.4%	39.1%	42.2%
Expenses	-819	-763	-759	-806	-676
Exchange diff and other	-43	-85	-17	89	85
EBITA	985	505	601	386	848
EBITA margin (%)	24.1%	15.2%	18.0%	13.7%	24.9%
Amortization	-231	-194	-208	-148	-133
EBIT	755	311	393	238	714
Net financial items	-23	-40	-29	-25	-59
Income taxes	-195	-60	-80	-47	-153
Net profit	536	212	284	166	502
EPS	1.40	0.55	0.75	0.43	1.31

- Net sales up 12% in Q4
 - North and South America: FY 9%
 - Europe Middle East and Africa: 3%
 - Asia Pacific: 29%
- Solutions: 13%
- Service: 9% - strong finish of year
- Gross margin at 45.2%
 - Volume and improved product mix
- EBITA at 24.1% in Q4

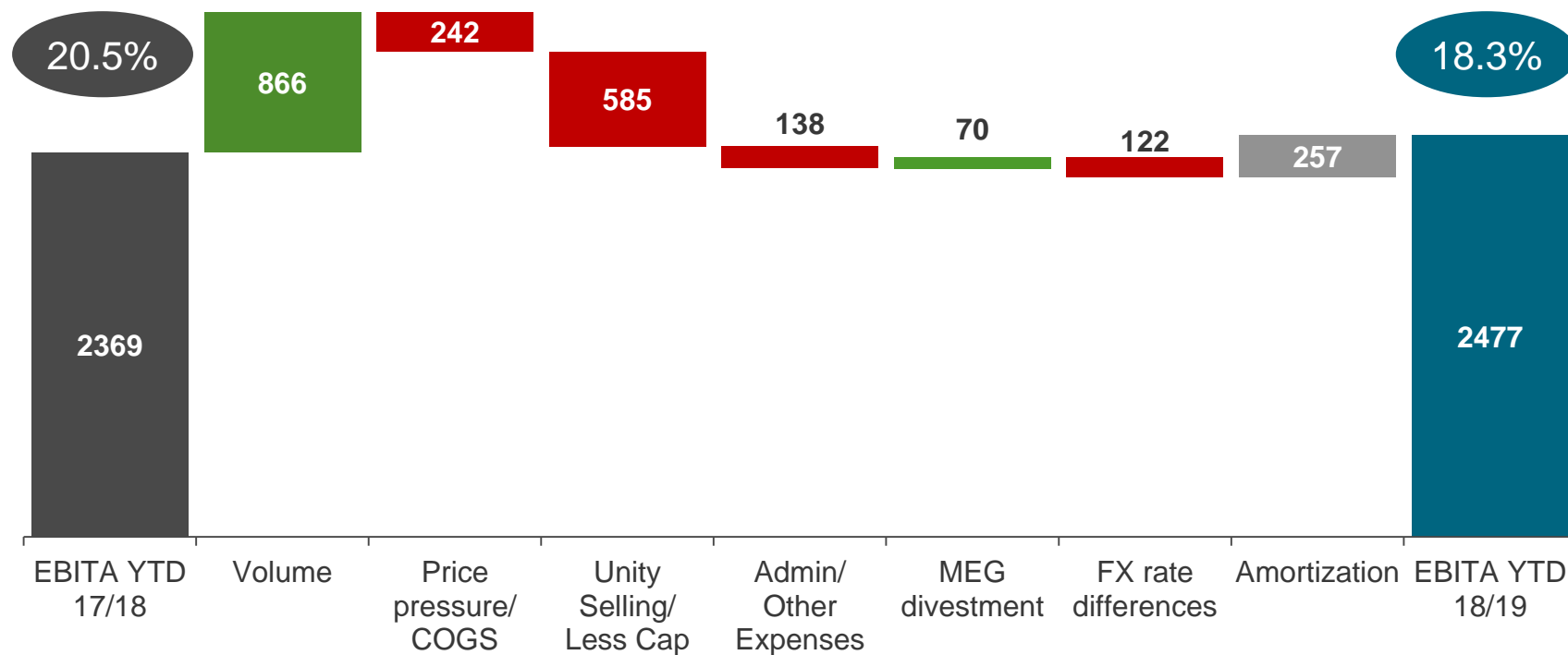
Full-year sales growth of 10% and EBITA margin of 18%

(SEK M)	FY 2018/19	FY 2017/18
Net sales	13,555	11,573
Solutions	8,394	7,054
Service	5,161	4,519
COGS	-7,875	-6,517
Gross margin (%)	41.9%	43.7%
Expenses	-3,145	-2,728
Exchange diff and other	-57	42
EBITA	2,477	2,369
EBITA margin (%)	18.3%	20.5%
Amortization	-782	-524
EBIT	1,696	1,845
Net financial items	-116	-164
Income taxes	-382	-333
Net profit	1,198	1,348
EPS	3.14	3.53

- Net sales up 10% for the full year – growth in all regions
 - North and South America: FY 8%
 - Europe Middle East and Africa: 9%
 - Asia Pacific: 16%
- Solutions: FY 12% - growth across all business lines
- Service: FY 7%
- Gross margin at 41.9% - Strong Q4 finish
- EBITA at 18.3% in line with revised guidance of 18%
- Tax rate 24% driven by product mix (increased software revenues)

EBITA% vs. last year impacted by price pressure, Unity commercialization and less capitalization

Q4 YTD - EBITA bridge (SEK M)



FX effect on EBITA +84 MSEK

Continued focus on cost control– however significant impact of less R&D capitalization and Unity amortization

Expenses (SEK M)	FY 2018/19	FY 2017/18	Growth* Y/Y	Q4 2018/19	Q4 2017/18	Growth* Y/Y
Selling	-1 296	-1 208	2%	-342	-326	-1%
Administrative	-1 039	-949	2%	-291	-249	5%
R&D	-1 592	-1 095	↖ 37%	-417	-234	↖ 68%
of which capitalization	453	637		124	207	
of which amortization	-660	-385		-197	-97	
Gross R&D spend	-1 386	-1 347	↖ -3%	-346	-339	↖ -5%
Total	-3 927	-3 252	14%	-1 050	-810	21%

- Continued focus on cost control
- Admin expense increase vs. Q4 LY in driven by increased regulatory requirements (Unity approvals and MDR)
- R&D expense increase driven by lower Capitalization and higher Amortization post Unity CE mark
- Gross R&D spend decrease both vs. Q4 and FY LY
- Gross R&D in relation to net sales at 10%

Expenses excl. Capitalization /Amortization:

+0%

-1%

Focus where it matters.

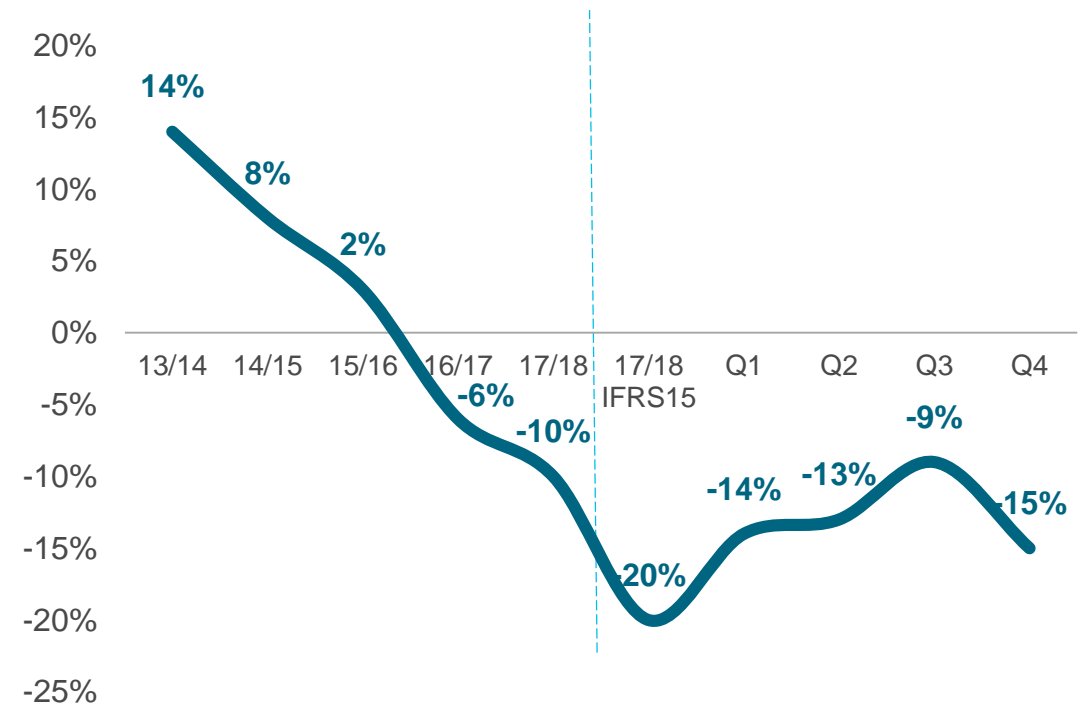
*In constant currency

Decrease in working capital from lower Accounts Receivables and higher Accounts Payable

Net working capital change in the quarter



Net working capital as % of net sales

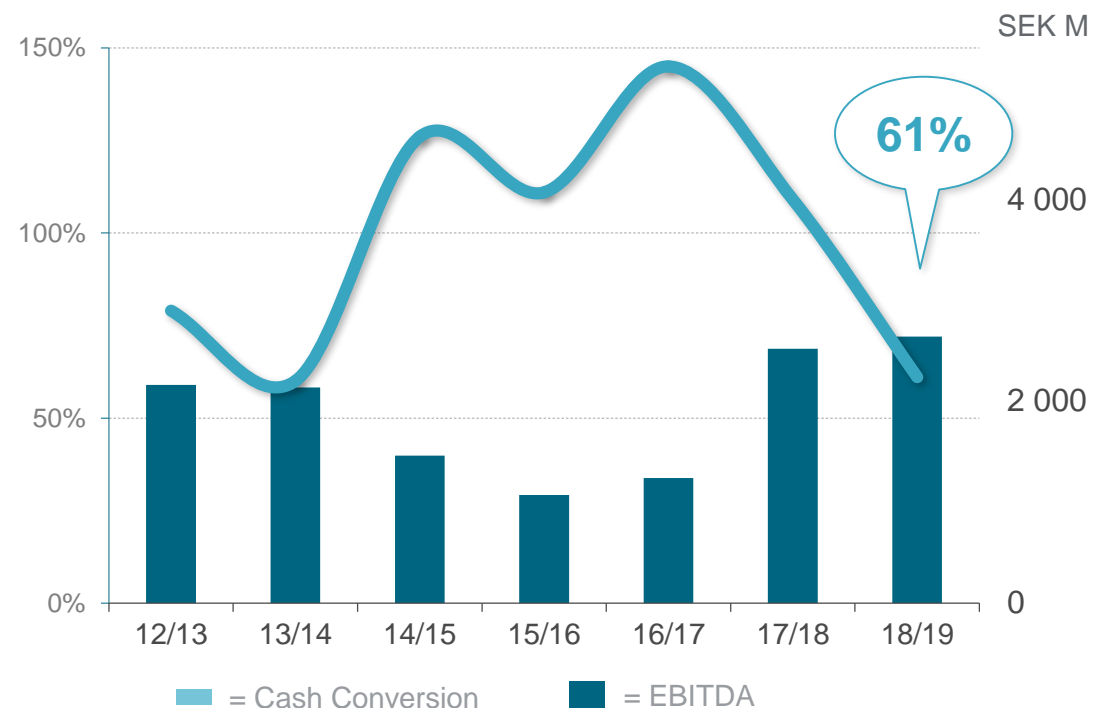


Strong Cash Conversion in the quarter driven by improved Working Capital

Cash Conversion bridge

(SEK M)	FY 18/19	FY 17/18	Q4 18/19	Q4 17/18
EBITDA	2 639	2 520	1 028	888
Working capital	-636	47	610	372
Financial net	-116	-164	-23	-59
Paid tax	-269	-250	-102	-75
Other	3	251	34	109
Cash flow from operating activities	1 621	2 404	1 547	1 235
Cash conversion	61%	95%	151%	139%

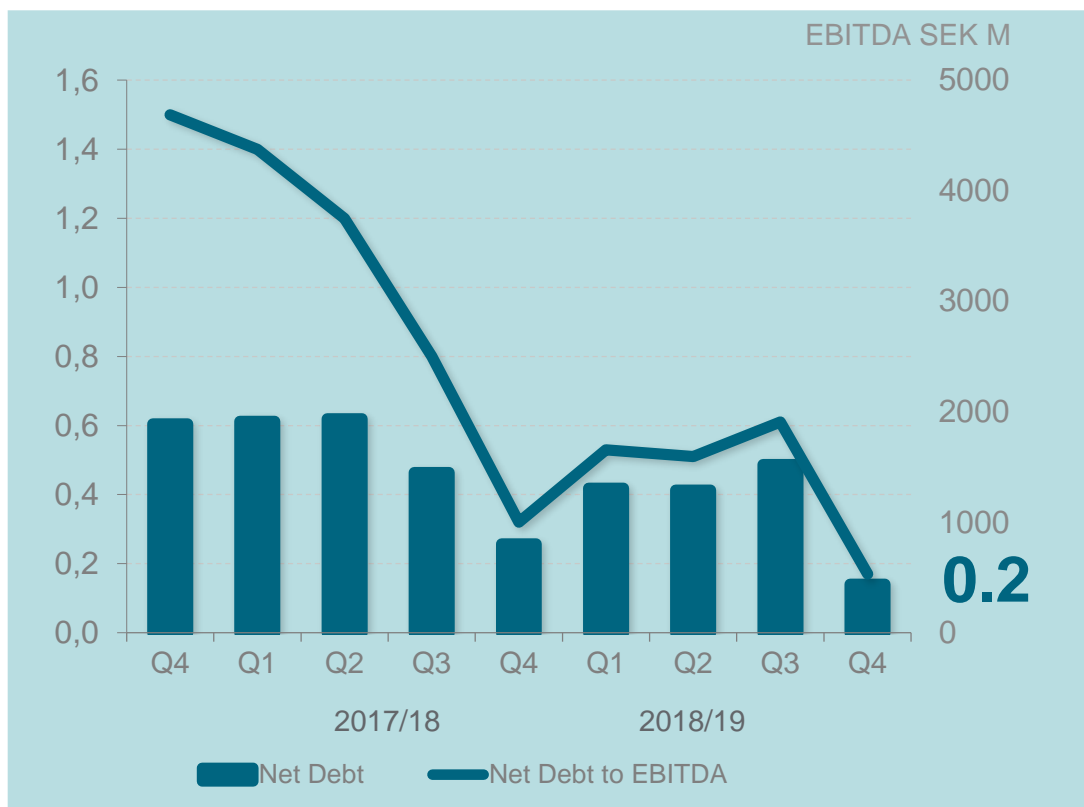
Operational cash conversion and EBITDA



Cash Conversion = Cash flow from operating activities / EBITDA

We have a strong balance sheet and during the year we have allocated capital in four key areas

Net Debt / EBITDA



Capital Allocation areas

Dividend

- Dividend policy of >30%
- 1.4 SEK/Share

Selective acquisitions

- Acquisition of Acumyn July 2018
- Investment in IRT April 2019

Geographic Expansion

- Increased footprint in emerging markets
- Investments in Middle East & Africa

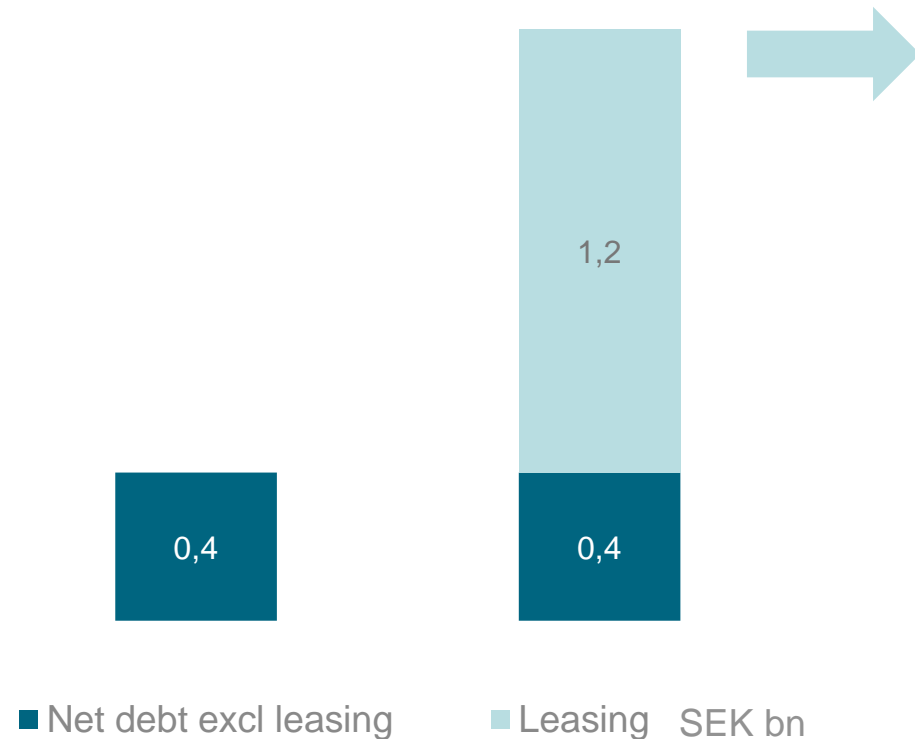
Maturing debt

- Debt payback to improve long-term financial net
- Repaid 50 mUSD in Q1 and 50 mUSD in Q3

Impact from reporting IFRS 16 from FY 2019/20

Modified retrospective approach

Applied as of May 1, 2019



Balance Sheet

- Additional SEK 1.2 bn in total assets (right of use assets vs lease liabilities)
- Financial leases (primarily site lease in Crawley) become liabilities/assets

Effect on P&L and Cash Flow

Effect on FY 2019/20

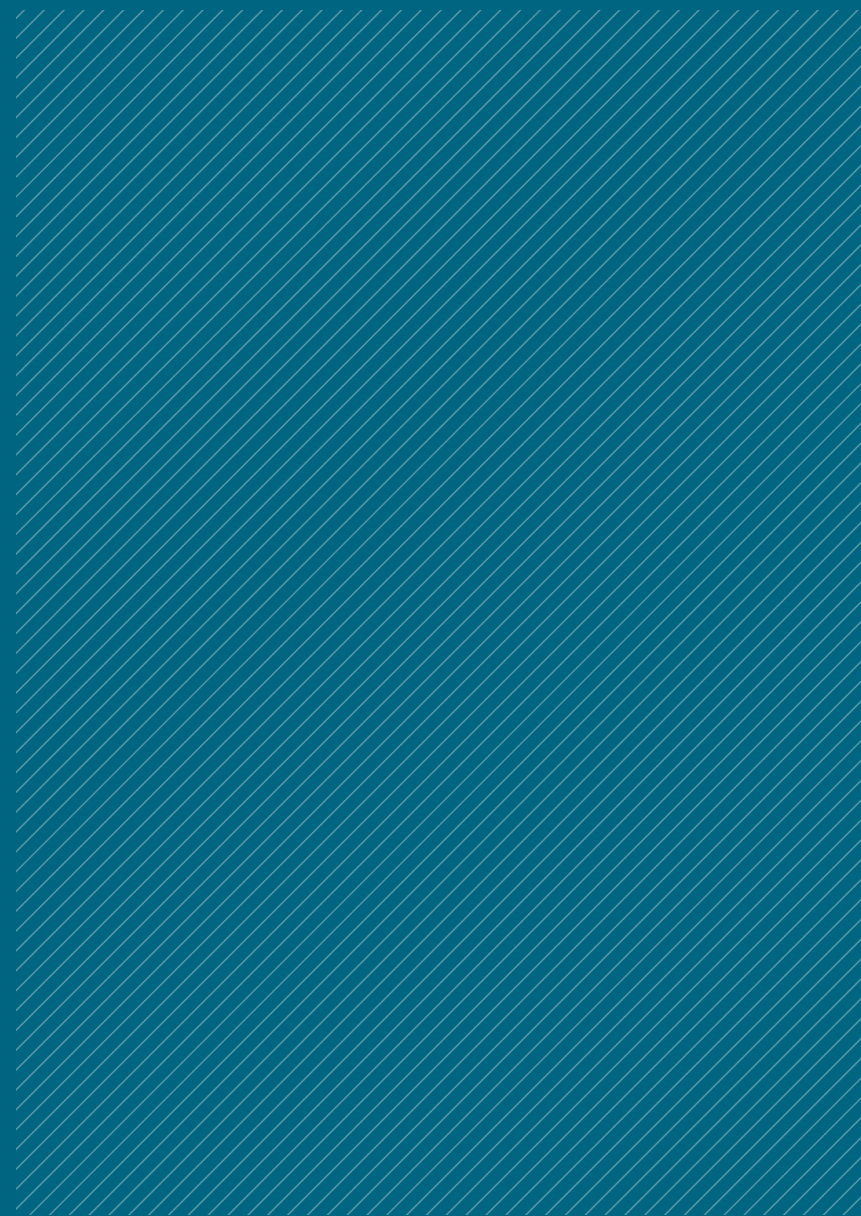
- EBITDA **++**
- EBITA/EBIT **+**
- Net income **-**
- Net cash flow **unchanged**

(Operating activities **+**/financing activities **-**)



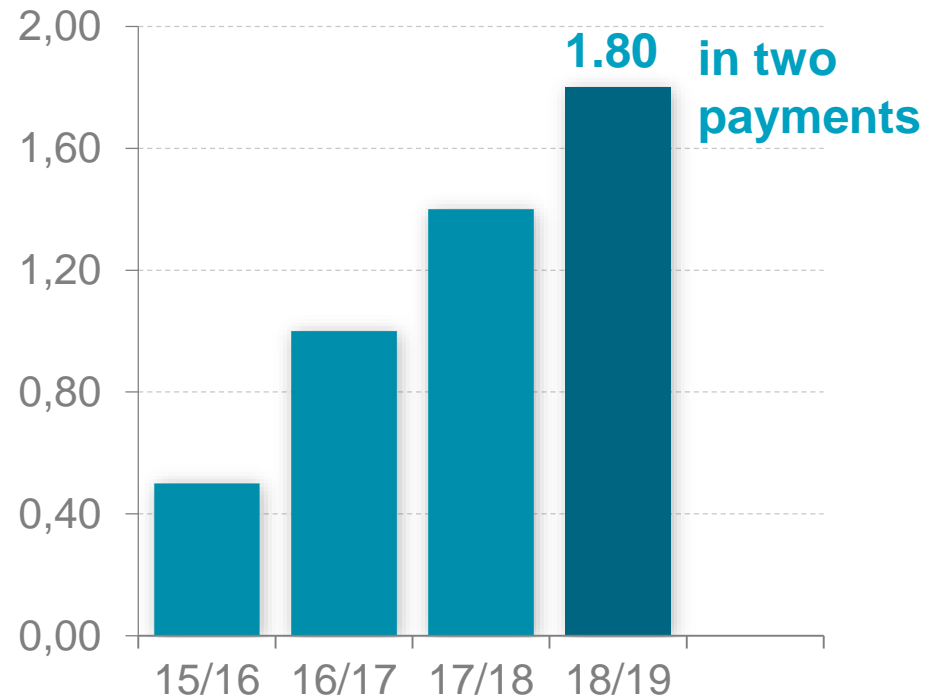
Richard Hausmann
President and CEO

3. Outlook



Proposed dividend for FY 2018/19

Dividend, SEK per share



■ Proposed by the Board

Pay-out ratio

57%
of net income

Guidance and priorities going forward

	Guidance FY 19/20	Scenario FY 20/21-22/23	Focus in FY 19/20
Net sales	8-10%	8-10%	<ul style="list-style-type: none">• Ramp-up of the commercialization of Elekta Unity, continuous development of Elekta Digital etc.• Growing installed base• Continued cost control• Focus on innovation
EBITA margin	~19%	>20% with expansion of up to 200 BPS in the end of the period	

In summary

- Good net sales and order growth
- Gross margin and EBITA pick up at year-end
- Strong financial position
- High interest for Unity and great customer feedback
- Good future prospects



Q&A.

We now welcome any
of your questions



Richard Hausmann
President and CEO



Gustaf Salford
CFO

Thank you

Next report, Q1: Aug 22, 2019

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