



**“A solid quarter with inspiring events and significant further improvement potential”**

Q2 report

*November 29, 2018*

Focus where it matters.



# Agenda.

1. Q2 in short
2. Financials
3. Key take-aways
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. Q2 in short.

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Agenda



# Launched strategy focused on thought leadership in Precision Radiation Medicine at Capital Markets Day.

Mid-term scenario 2022/2023

**8-10%** Net sales CAGR over the period  
(based on constant exchange rates)

**EBITA** with expansion of up to **200 BPS**  
**>20%** by the end of the period

Focus where it matters.



# Strong sales growth in Q2.

- **Order intake +12 percent** (+2 percent in constant currency)
  - Double digit order growth for treatment and software solutions
  - Service orders declined in some regions
  - Interest in Elekta Unity is strong. Sales funnel continues to grow, but no orders booked in Q2
- **Net sales up 15 percent in Q2** (+6 percent in constant currency)
- **Improved cash flow**



# Strong market and order intake first half year.

- Order intake **+14 percent** (+6 percent in constant currency)
  - Four Elekta Unity orders added to the backlog in H1
  - 2+2 Elekta Unity agreements in November
- Net sales **+14 percent** in the first six months, (+7 percent in constant currency)
- **EBITA margin** was 16 percent. Rolling 12-month EBITA margin was **19.2 percent**.
  - Significant further improvement potential in the second half



# Solid order growth in 2 out of 3 regions. U.S. disappointing in service orders

## North & South America

- 41% in Q2 ↓

- Weak service orders in the US.
- Installed base continues to grow overall.
- Large 21C order LY Q2
- Market conditions continued to be challenging in South America

## Europe, Middle East & Africa

+43% in Q2 ↑

- In Europe especially strong growth at the moment, particularly strong order intake in Italy, Spain and UK.
- Middle East and Africa also showed strong order growth.

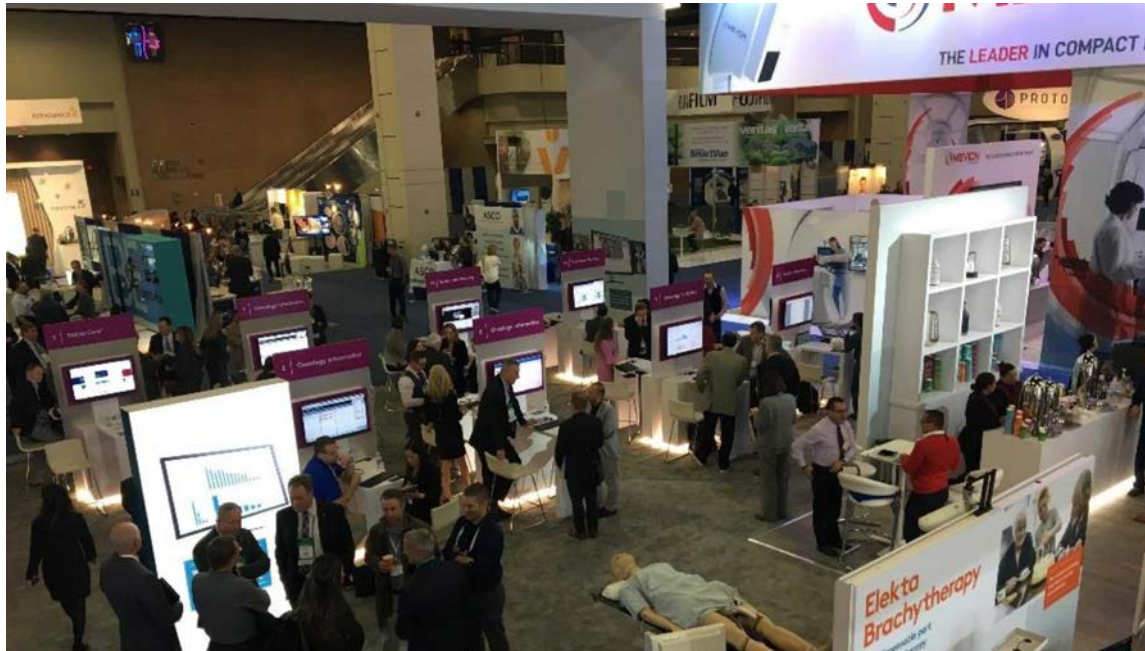
## Asia Pacific

+18% in Q2 ↑

- In China the MOH published a plan to invest substantially in radiation therapy over the next three years.
- In addition to China, South Korea and Vietnam show good growth.



# ASTRO 2018 manifested great interest in Elekta's solutions.



**More traffic and sales leads than ever before**



**Elekta Unity drew a lot of attention**

# China and CIIE

## Exciting opportunities

- **Chinese Ministry Of Health published plan on radiotherapy investment in 2018-2020**
  - ~1,400 linacs
- **China International Import Expo (CIIE)**
  - Elekta the only radiation therapy company invited
  - Large interest in Elekta's solutions by both government and healthcare community
  - Signed around 60 letters of intent about future cooperation worth >USD100 M





# Strengthening our GenesisCare partnership

- Linac MoU signed in November valued at approximately USD 60 million
- Agreement includes provisions for Elekta's MOSAIQ® oncology information system (OIS) and Monaco® treatment planning system
- Separate research agreement also signed
- Builds on previous agreements from 2016 and 2018

Focus where it matters.



# 3 new Elekta Unity handed over in the quarter.

Great feedback from customers on the performance of the system



**Elekta** @Elekta Following

Exciting news! Tübingen University Hospital has started treating patients with Elekta Unity.

**Simon Boeke** @BoekeSimon  
Today the first patient was successfully treated with @Elekta #Unity @UKaTee. Thanks to the whole team. Great working with you to improve #radiotherapy! #radonc #MRLinac

8:44 AM - 20 Sep 2018

6 Retweets 23 Likes

Tweet your reply



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## NEWS

### Health

# 'More cures, fewer side-effects' with pioneering radiotherapy machine

**Fergus Walsh**  
Medical correspondent  
@BBCFergusWalsh

24 September 2018



**Elekta**  
40,744 followers  
3w

Congratulations to the team at Odense University Hospital! Yesterday, they started treating cancer patients with our high-field magnetic resonance radiation therapy (MR/RT) system, Elekta Unity. See the television segment (starting at 16:09) here: <http://ow.ly/DmxP30mnU8c>

Photo: A group of hospital staff in white coats and blue scrubs standing in a clinical room next to the Elekta Unity machine.





# Elekta Unity – 36 systems in total as of November





**Gustaf Salford**  
CFO

## 2. Financials.

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Agenda

# Q2 – sales growth YTD and improved margins vs. Q1

(SEK M)	Q2 2018/19	Q1 2018/19	Q2 2017/18
<b>Net sales</b>	<b>3,330</b>	<b>2,819</b>	<b>2,903</b>
COGS	-1,953	-1,716	-1,644
<b>Gross margin (%)</b>	<b>41.4%</b>	<b>39.1%</b>	<b>43.4%</b>
Expenses	-760	-806	-680
Exchange diff and other	-17	89	-12
<b>EBITA</b>	<b>601</b>	<b>386</b>	<b>566</b>
<b>EBITA margin (%)</b>	<b>18.0%</b>	<b>13.7%</b>	<b>19.5%</b>
Amortization	-208	-148	-126
<b>EBIT</b>	<b>393</b>	<b>238</b>	<b>440</b>
Net financial items	-29	-25	-33
Income taxes	-80	-47	-102
<b>Net profit</b>	<b>284</b>	<b>166</b>	<b>305</b>
<b>EPS</b>	<b>0.75</b>	<b>0.43</b>	<b>0.80</b>

- Net sales up 6% in Q2
  - 7% YTD - growth in all regions
  - Unity installations contribute to growth
- Gross Margin increased to 41.4% from low level in Q1
  - 40.3% YTD
  - 41.5% R12
- EBITA at 18.0% in Q2
  - 16.0% YTD
  - 19.2% R12

# Continued focus on cost control in the quarter

Expenses (SEK M)	Q2 2018/19	Q1 2018/19	Growth* Q/Q	Q2 2017/18	Growth* Y/Y
<b>Selling</b>	-320	-324	 -5%	-300	0%
<b>Administrative</b>	-237	-265	 -14%	-224	-2%
<b>R&amp;D</b>	-411	-365	 +8%	-282	+34%
of which capitalization	104	129		146	
of which amortization	-176	-120		-90	
Gross R&D spend	-339	-373	 -13%	-338	-8%
<b>Total</b>	<b>-967</b>	<b>-953</b>	<b>-3%</b>	<b>-806</b>	<b>+11%</b>

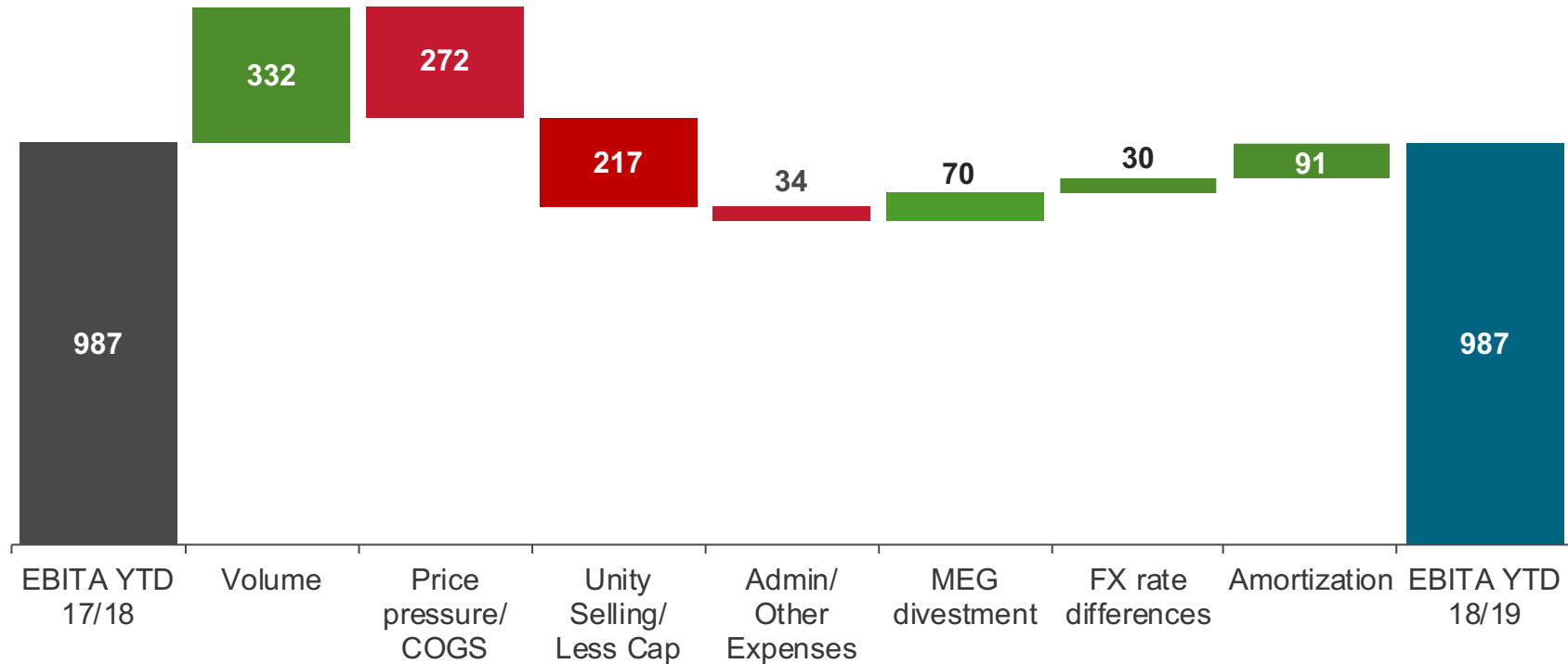
\*In constant currency

- Expenses% decrease vs. Q1 – good cost control
- Net R&D expense increase from higher amortization and less capitalization post Unity CE
- Gross R&D spend decrease both vs. Q1 and Q2 last year



# Unity commercialization, less capitalization and price pressure impacting EBITA% vs. last year

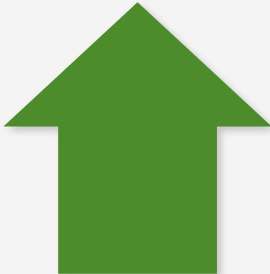




Q2 YTD - EBITA bridge (SEK M)



Currency effect Q2 YTD 2018/19 (SEK M, Y/Y)	
• Effect on net sales:	+380
• Effect on expenses	-341
• Exchange rate differences:	+30
<b>Effect on EBITA</b>	<b>+69</b>

# EBITA expected to improve in second half of FY18/19 – primarily from volume and positive market mix

## Margin drivers H2 2018/19 (indicative)

Revenue growth leverage	Market mix (mature markets)	R&D Capitalization	Investments in innovation & geographic expansion	Currency
				

EBITA FY  
~20%

FX EBITA effect +  
SEK175 M in  
2018/19

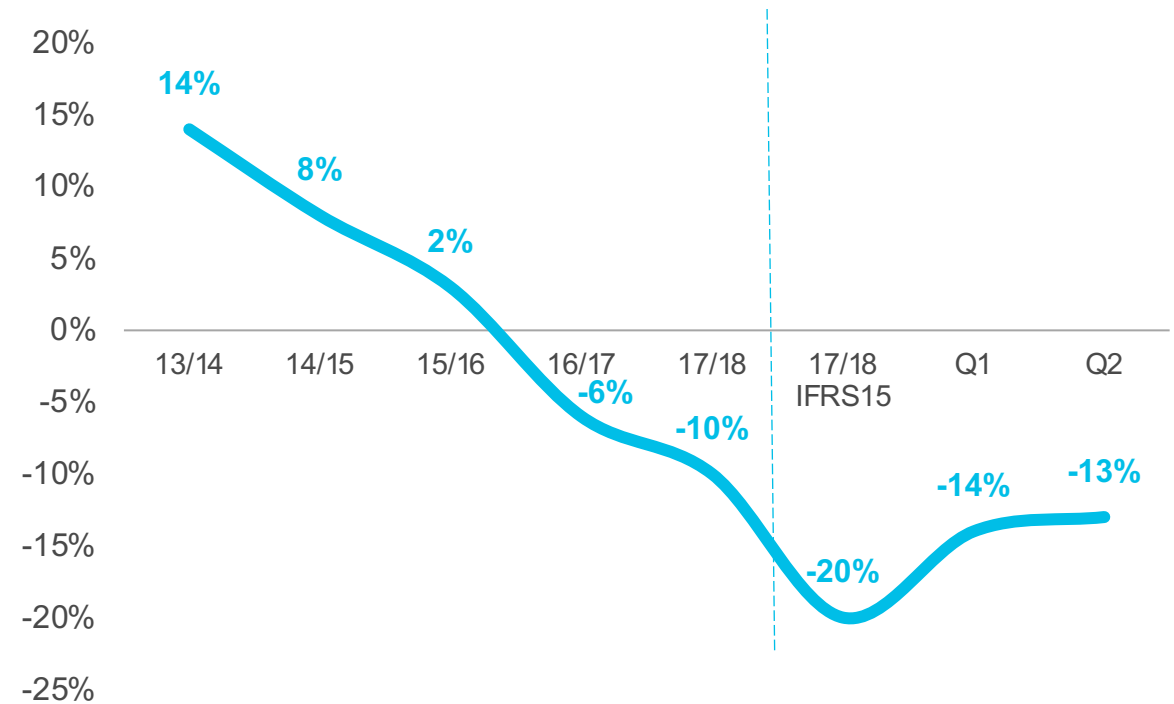
EBITA H1  
16%

# EBITDA growth improved cash flow in the quarter

## Cash Conversion bridge

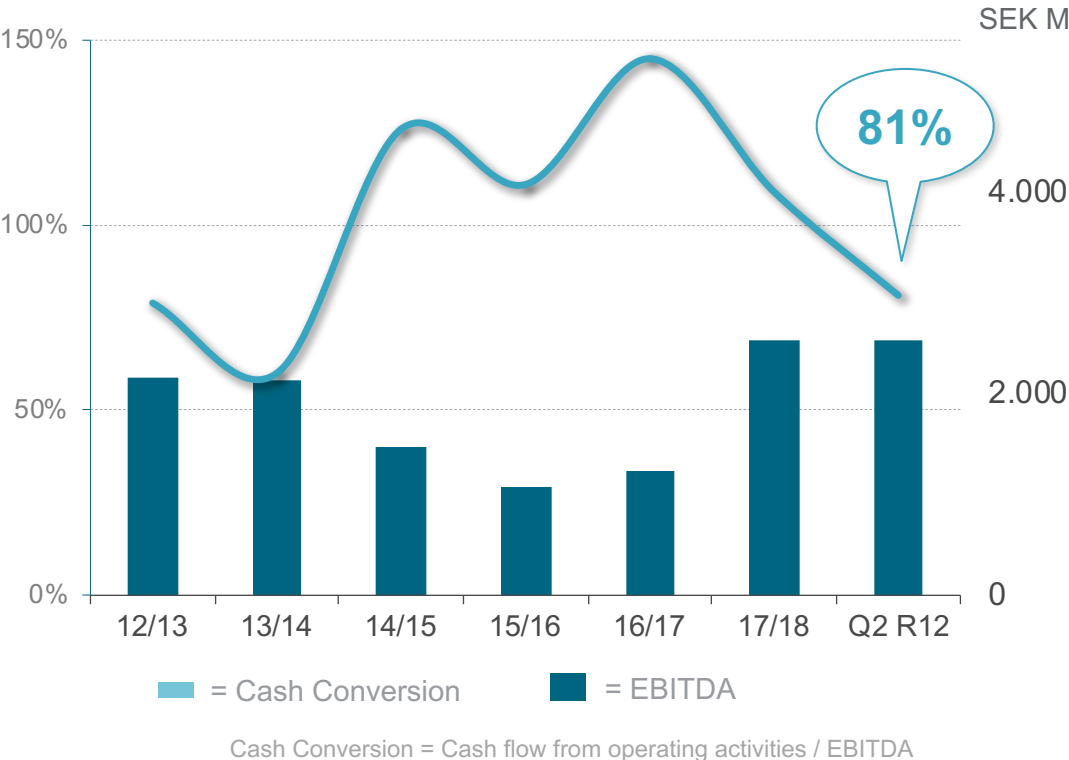
	Q1 2018/19	Q2 iso. 18/19
<b>EBITDA</b>	<b>427</b>	<b>639</b>
Working capital	-699	-81
Financial net	-25	-29
Paid tax	-21	-47
Other	-63	30
<b>Cash flow from operating activities</b>	<b>-381</b>	<b>512</b>
<b>Cash conversion</b>	<b>-89%</b>	<b>80%</b>

## Net working capital as % of net sales

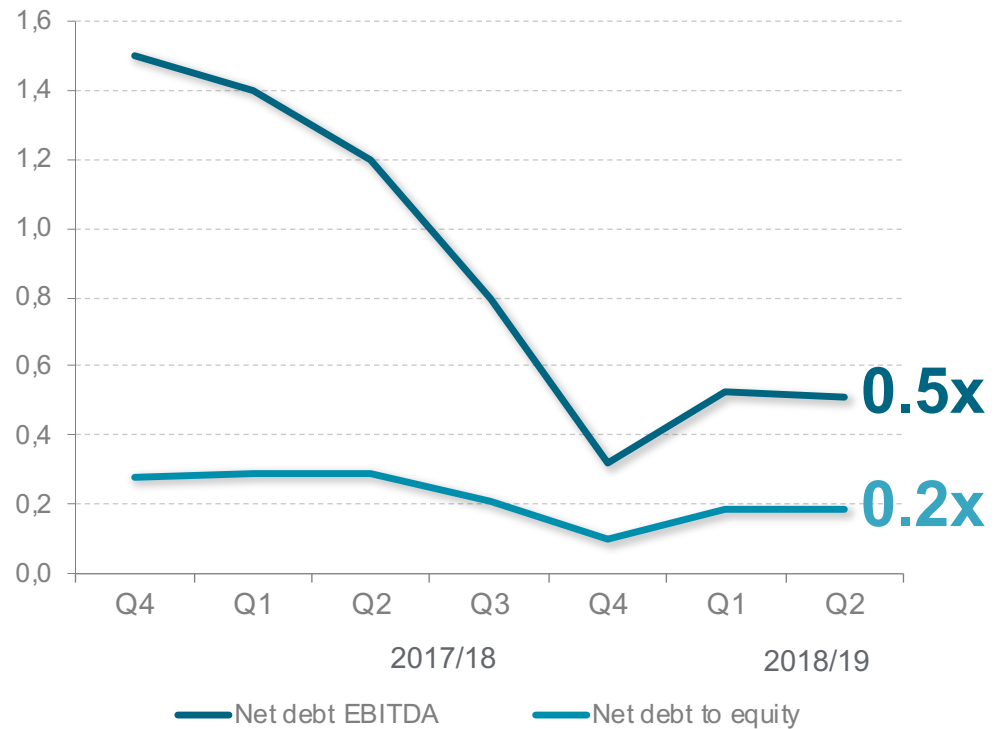


# Cash Conversion at 81% and maintained Net Debt/EBITDA at 0.5x

### Operational cash conversion and EBITDA



### Net debt / EBITDA and equity







**Richard Hausmann**  
President and CEO

## **3. Key take-aways.**

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Agenda

**Our strategic focus:**  
Thought leadership in

**Precision**

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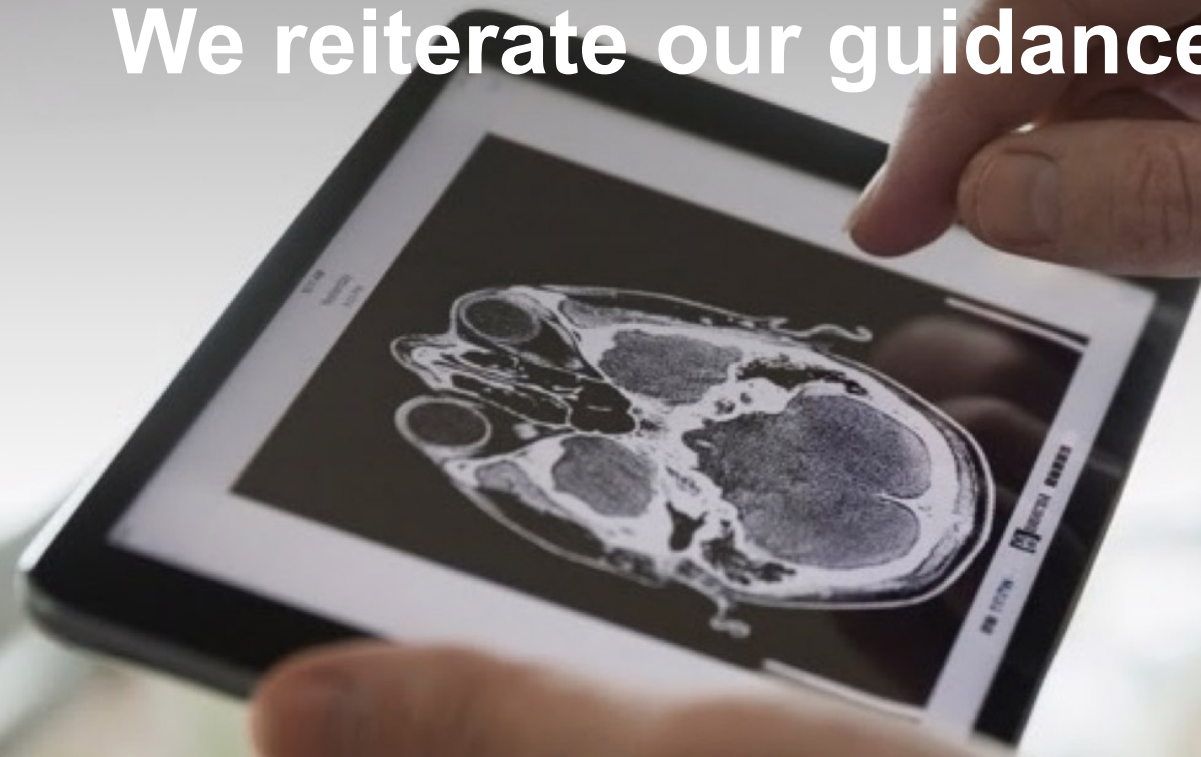
**Radiation**

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**Medicine**

It resonates well  
with our customers

We reiterate our guidance for 2018/19



~7%

Net sales  
growth

~20%

EBITA  
margin

# Q&A.

We now welcome any  
of your questions



**Richard Hausmann**  
President and CEO



**Gustaf Salford**  
CFO





# Thank you

**Next report Q3, 22 February 2019**



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**Focus where it matters.**