



“Strengthened innovation leadership and continued growth across our markets”

Elekta Q3 report

February 22, 2019

Focus where it matters.



Agenda.

1. Q3 in short
2. Financials
3. Key takeaways
4. Q & A



Richard Hausmann
President and CEO



Gustaf Salford
CFO

Important information.

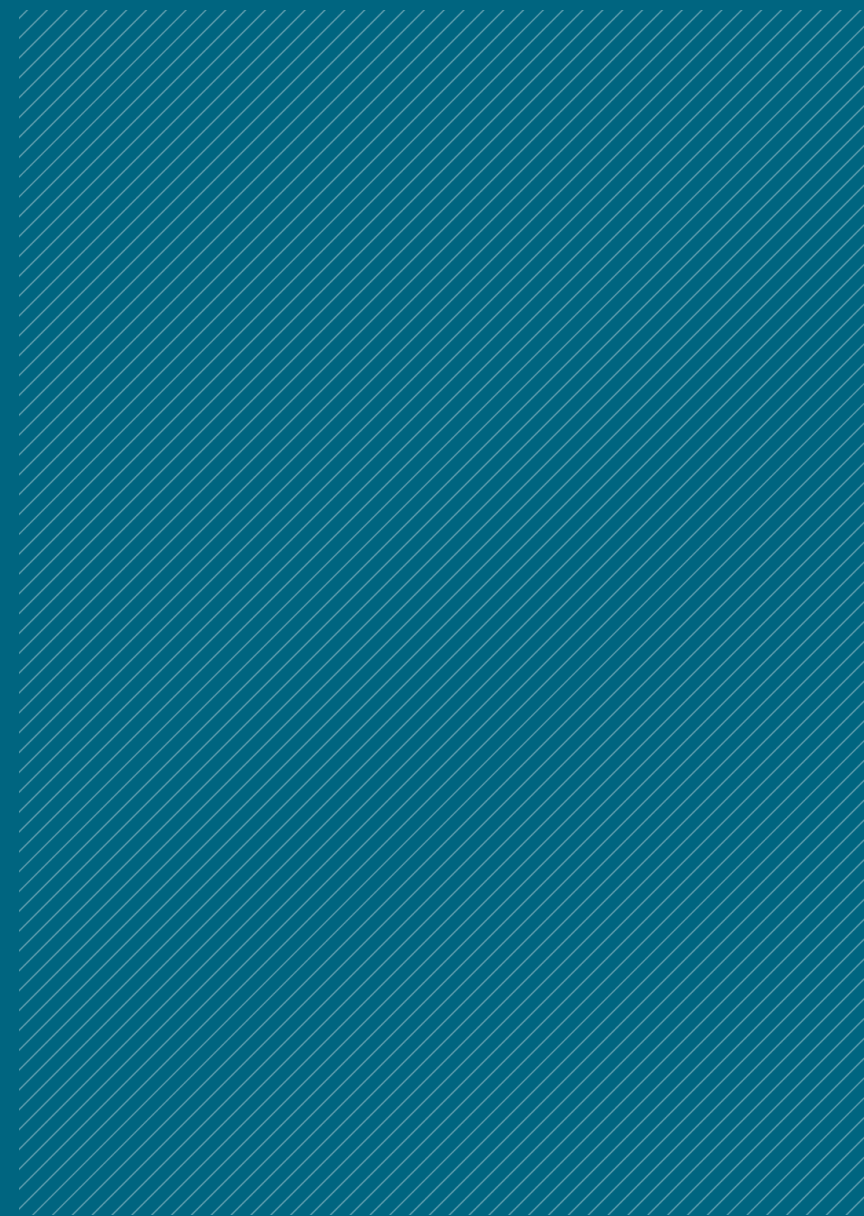
This presentation includes forward-looking statements including, but not limited to, statements relating to operational and financial performance, market conditions, and other similar matters. These forward-looking statements are based on current expectations about future events. Although the expectations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

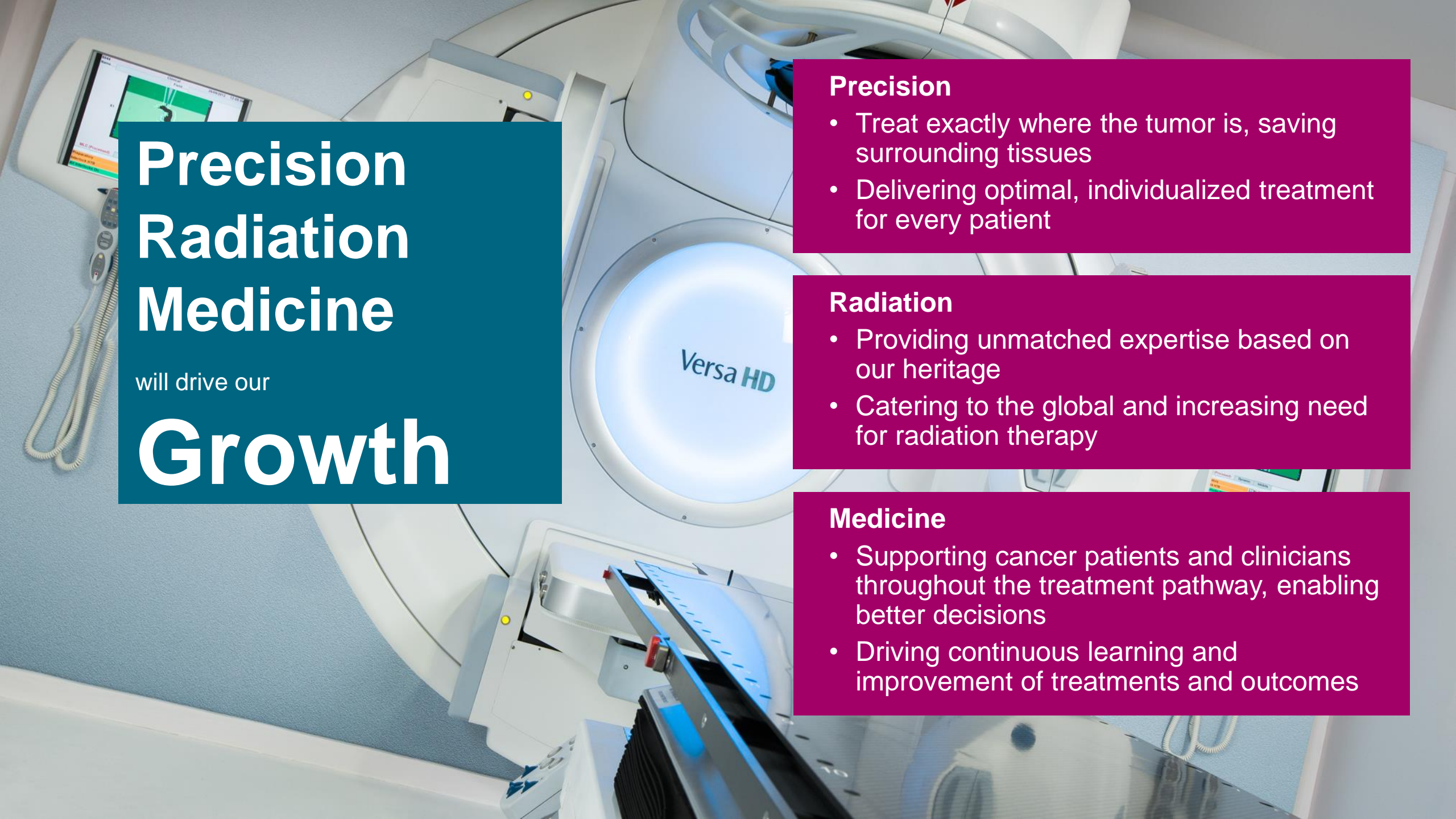
1. Q3 in short



We are Precision Radiation Medicine

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





Precision Radiation Medicine

will drive our

Growth

Precision

- Treat exactly where the tumor is, saving surrounding tissues
- Delivering optimal, individualized treatment for every patient

Radiation

- Providing unmatched expertise based on our heritage
- Catering to the global and increasing need for radiation therapy

Medicine

- Supporting cancer patients and clinicians throughout the treatment pathway, enabling better decisions
- Driving continuous learning and improvement of treatments and outcomes

Many highlights in the quarter – our strategy in action

Precision

Radiation

Medicine

GOOD
DESIGN



Double-digit growth in Q3 but unsatisfactory margins

Order intake
+12% (9% YTD)



Net sales growth
+14% (10% YTD)



Gross margin 40.8%
(40.5% YTD)



EBITA margin 15.2%
(15.8% YTD)



Updated guidance for 2018/19

FY18/19 guidance

Net sales ~7%

EBITA ~20%

Updated FY 18/19 guidance

Net sales ~8%

EBITA ~18%

Strong order growth in all regions

North & South America

+16% in Q3 

- Installed base continues to grow overall
- Positive contribution from South America although volatile market

Europe, Middle East & Africa

+5% in Q3 

- Fourth consecutive growth quarter
- Europe continues to show good growth momentum
- 5 new Elekta Unity orders in the region

Asia Pacific

+20% in Q 

- Asia Pacific showing very strong growth.
- China continues to grow with double digits

Increasing momentum for Elekta Unity

Launched MOMENTUM study

Regulatory cleared in over 30 countries

Launched Unity in China

First patients treated in the U.S.

7 new orders in the quarter

Over 1,000 online adaptations

16 minutes minimum fraction timing

Received FDA 510(k) clearance

Over 80 patients treated so far

6 months of clinical practice

Won Good Design[®] Award

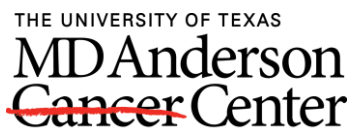
First order in the Middle East

Our Elekta Unity pioneers treating patients routinely

Great feedback from customers on the performance of the system



Focus where it matters.



Ref: Albert Koong, MD PhD, Chair, MD Anderson Department of Radiation Oncology



Ref: Froedtert Health, Inc., 2019



Elekta Unity – delivering on its promise



See clearly



Monitor motion



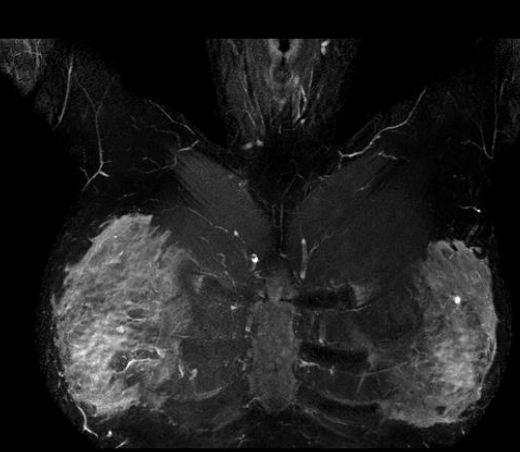
Adapt real time



Treat accurately



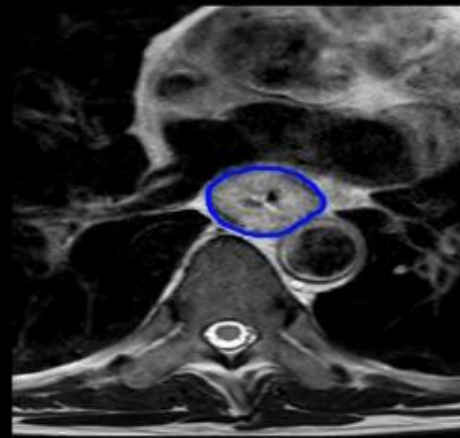
Assess response*



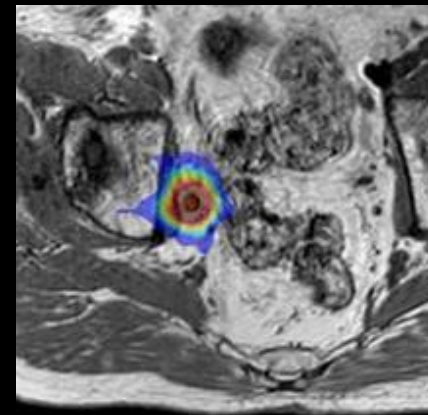
Submillimetric soft tissue visualization with 5 imaging contrasts



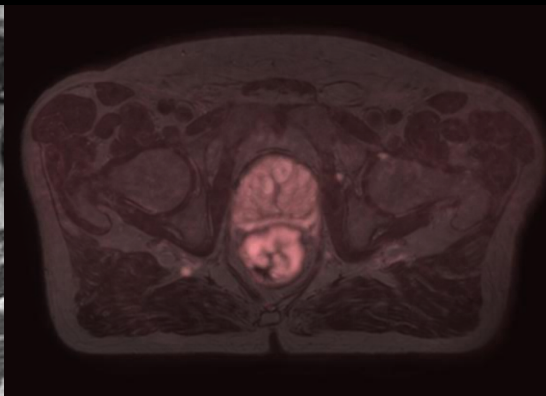
Live motion monitoring on 3 planes simultaneously



Online adaptation to daily changes in size and shape in 12 clicks



Highly conformal dose distribution with 1mm beam precision



Early response assessment with real-time biological MR

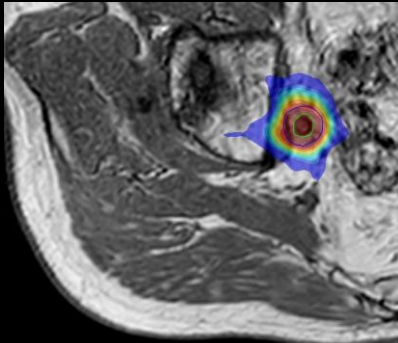
Focus where it matters.

Elekta Unity is CE and 510k approved. Not commercially available in all regions. Images courtesy of UMC Utrecht

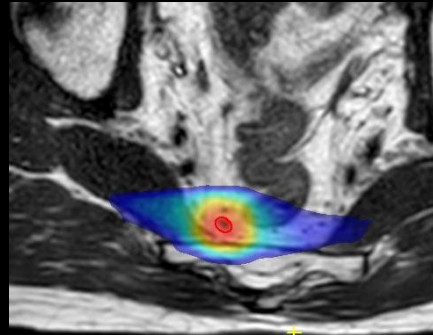
*DWI is not commercially available yet.

Unity clinical examples

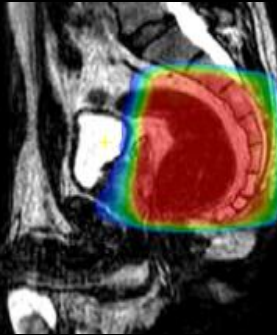
New cases from UMC Utrecht, University of Tübingen, Froedtert/MCW, NKI



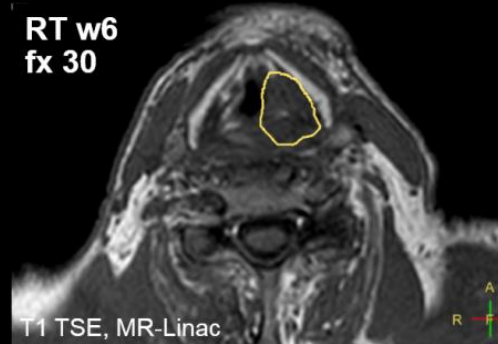
1st patient at UMC Utrecht:
Pelvic oligometastatic lymph node



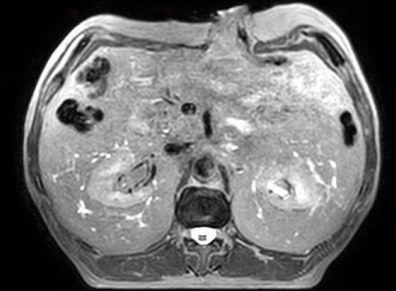
1st patient at Univ. Tübingen:
Pelvic oligometastatic lymph node



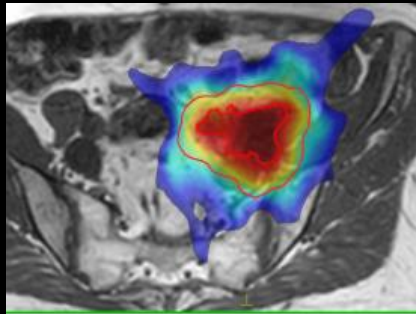
UMC Utrecht: Rectal cancer



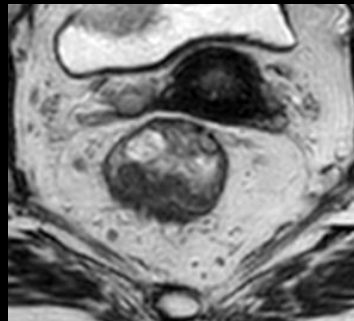
Univ. Tübingen: Head-Neck cancer



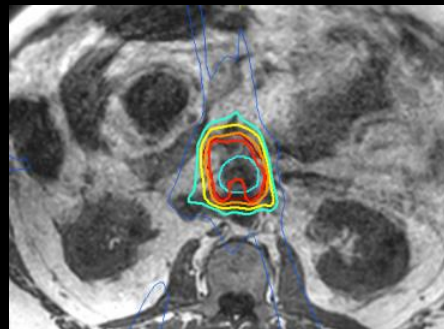
Univ. Tübingen: Liver met
(not treated yet)



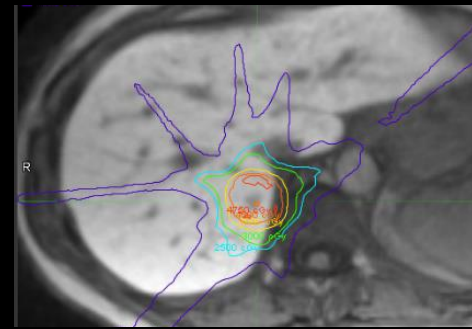
Univ. Tübingen:
Oligoprogressive ovarian cancer



Univ. Tübingen: Rectal cancer



Univ. Tübingen:
Oligoprogressive pancreatic cancer



MCW: Liver metastasis



NKI: Prostate (16min fraction)

Focus where it matters.

Elekta Unity is CE marked and 510k approved. Not commercially available in all regions.

Elekta Unity – 7 systems ordered in Q3, 39 in total



Successful Arab Health congress

- Signed first Elekta Unity order for the region – Bahrain's King Hamad University Hospital
- Signed reference site agreement with King Hussein Cancer Center in Jordan
- Orders for over USD 20 M signed with Iran, Egypt, Bahrain, Algeria and Jordan
- Great customer interaction and feedback

Focus where it matters.



Elekta Precision Radiation Summit in China

Launched Elekta RT Academy

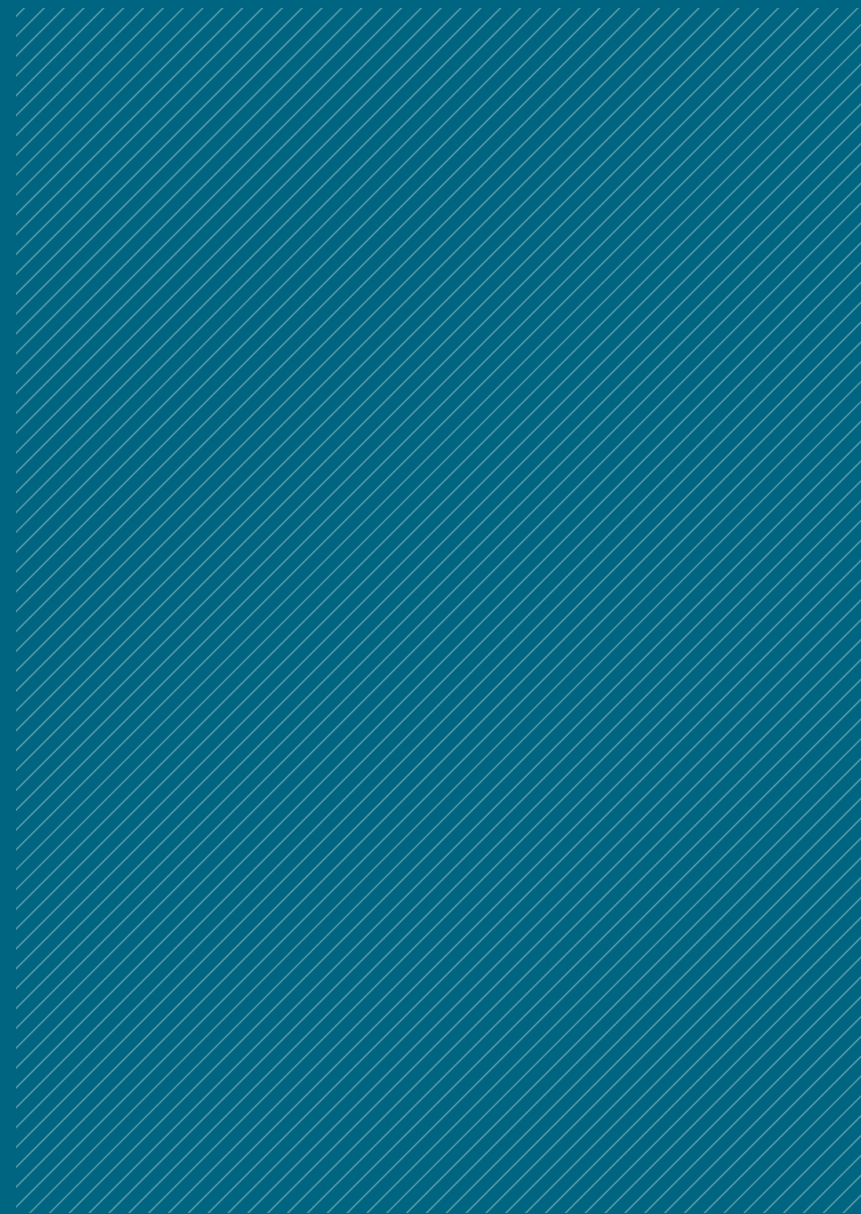
Launched Elekta Unity,
Leksell Gamma Knife® Icon™
and new Elekta Axesse™

Workshops focused on the
clinical application of Icon,
Elekta Unity, HDRS and QA



Gustaf Salford
CFO

2. Financials



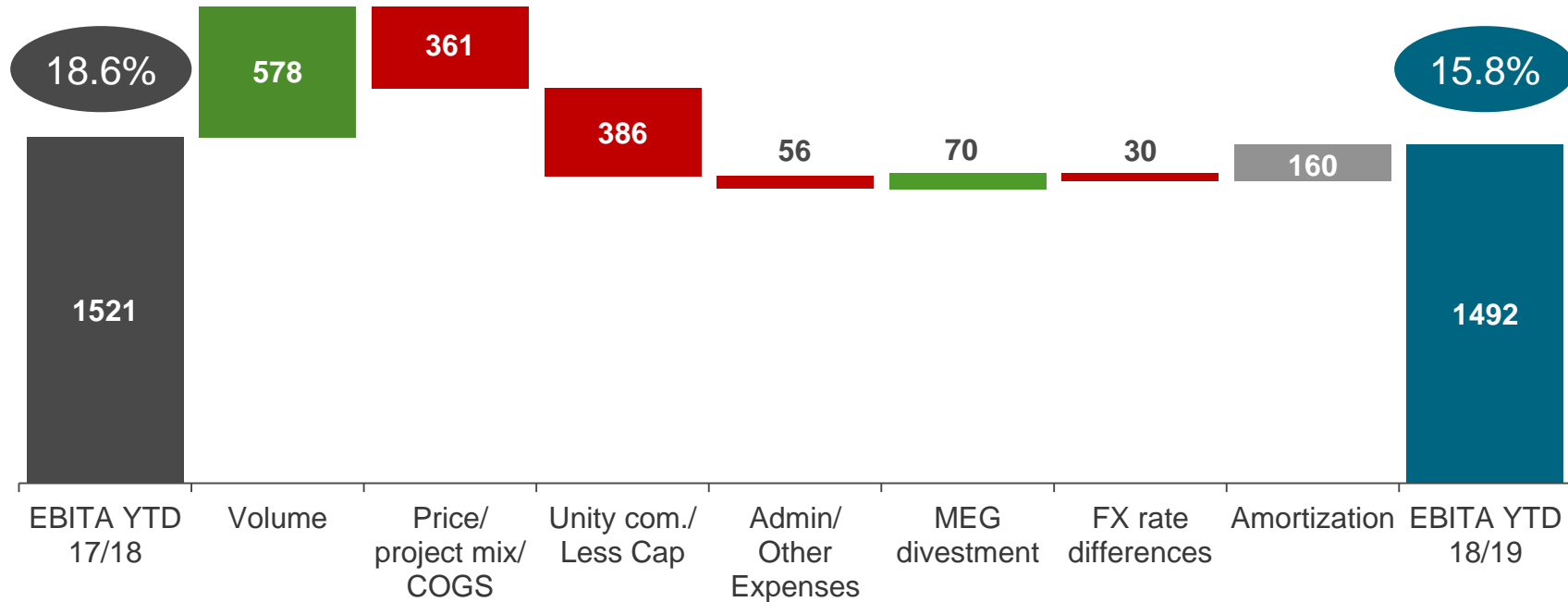
Strong net sales growth but weaker gross margin in the quarter

(SEK M)	Q3 2018/19	Q2 2018/19	Q1 2018/19	Q3 2017/18
Net sales	3,320	3,330	2,819	2,756
Solutions	2,049	2,054	1,582	1,629
Service	1,270	1,276	1,237	1,127
COGS	-1,967	-1,953	-1,716	-1,561
Gross margin (%)	40.8%	41.4%	39.1%	43.4%
Expenses	-763	-759	-806	-647
Exchange diff and other	-85	-17	89	-14
EBITA	505	601	386	534
EBITA margin (%)	15.2%	18.0%	13.7%	19.4%
Amortization	-194	-208	-148	-125
EBIT	311	393	238	409
Net financial items	-40	-29	-25	-35
Income taxes	-60	-80	-47	-34
Net profit	212	284	166	342
EPS	0.55	0.75	0.43	0.90

- Net sales up 14% in Q3
 - 10% YTD - growth in all regions
 - Solutions: 12% YTD - growth across all business lines
 - Service: 7% YTD
- Gross margin at 40.8%
 - Lower than plan due to unfavorable project mix and Unity ramp-up
 - 40.5% YTD and 40.9% R12
- EBITA at 15.2% in Q3
 - 15.8% YTD and 18.2% R12

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

Q3 YTD - EBITA bridge (SEK M)



Currency effect Q3 YTD 2018/19 (SEK M, Y/Y)	
• Effect on net sales:	+586
• Effect on expenses	-484
• Exchange rate differences:	-34
Effect on EBITA	+68

Expenses declined in Q3 compared to Q2

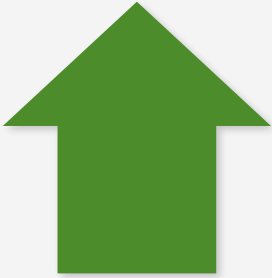




Expenses (SEK M)	Q3 2018/19	Q2 2018/19	Q1 2018/19	Growth* Q/Q	Q3 2017/18	Growth* Y/Y
Selling	-310	-320	-324	← -3%	-277	7%
Administrative	-247	-237	-265	← 3%	-232	0%
R&D	-400	-411	-365	← -1%	-264	45%
of which capitalization	97	104	128		161	
of which amortization	-166	-176	-120		-93	
Gross R&D spend	-331	-339	-373	← -1%	-332	-5%
Total	-957	-967	-953	-1%	-773	18%

- Continued focus on cost control
- Expenses decrease vs. Q2 in constant currencies
- Gross R&D spend decrease both vs. Q2 and vs. Q3 last year
- Gross R&D in relation to net sales at 11%

*In constant currency

EBITA expected to improve in Q4 reaching ~18% for the full year – change from previous ~20%

Margin drivers Q4 2018/19 (indicative)

Net sales growth leverage	Market mix	R&D Capitalization	Investments in innovation & geographic expansion	Currency
				
Scale and improved product mix	Increased mature market volume	Higher share of projects in capitalizable phase	Investments in growth markets	Estimated FX EBITA impact +115* SEK M in FY 18/19

EBITA FY
~18%

EBITA YTD
16%

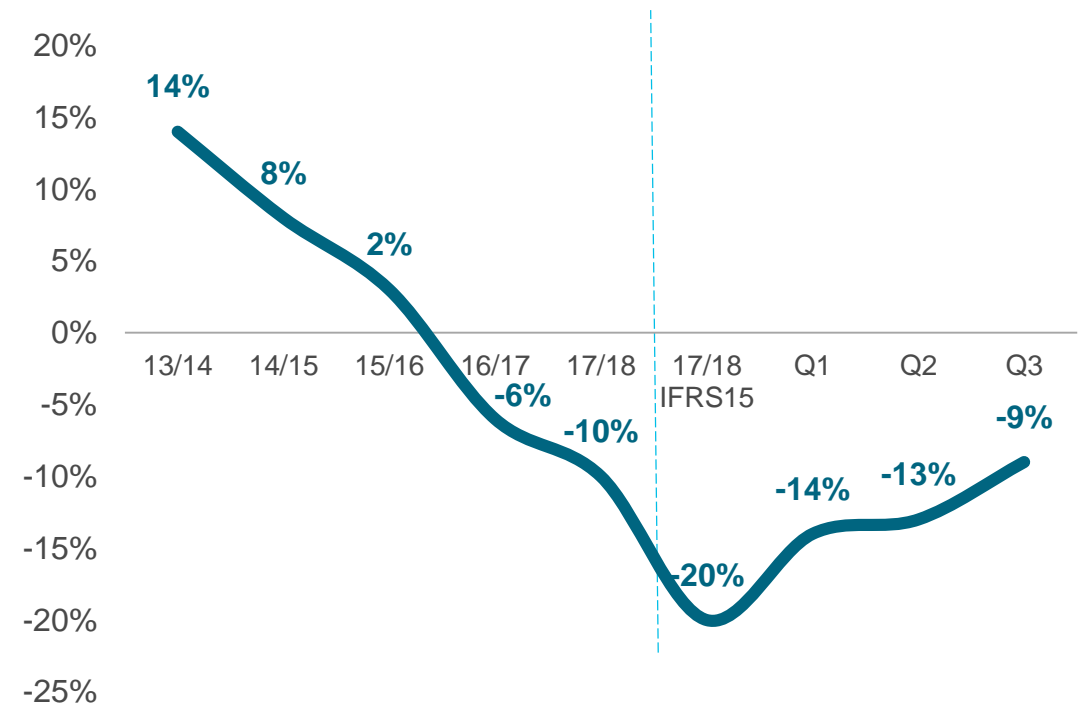
* 175 mSEK in Q2

Increase in working capital from Accounts Receivables

Net working capital change in the quarter



Net working capital as % of net sales

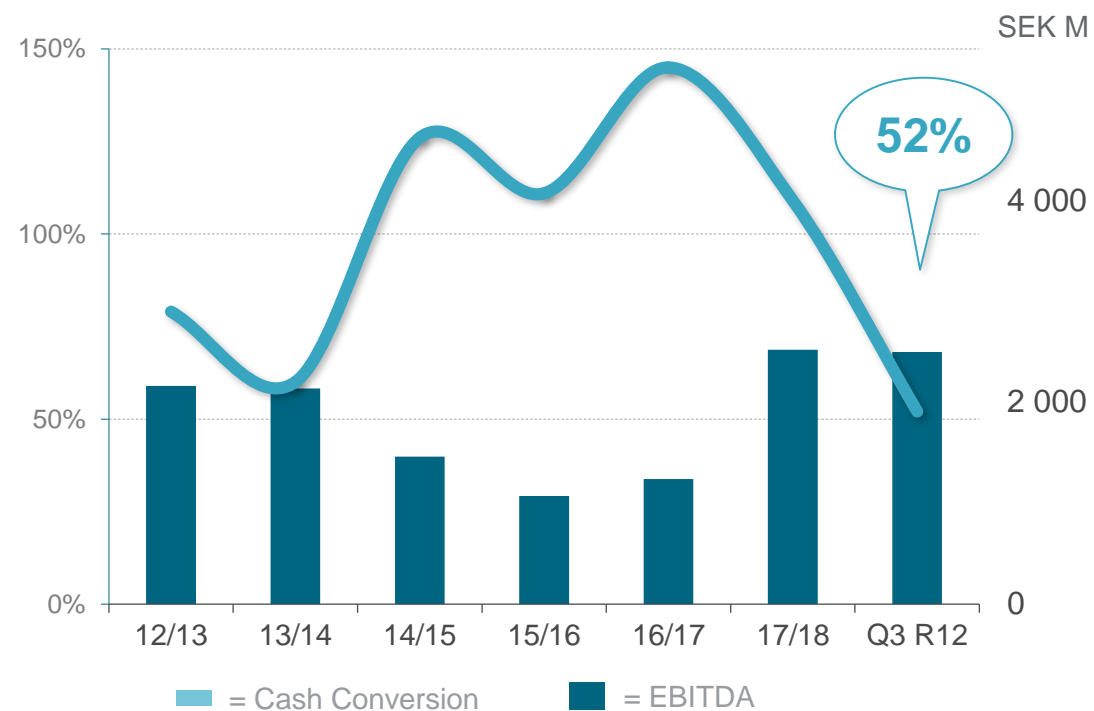


Decline in Cash Conversion mainly from increased working capital

Cash Conversion bridge

(SEK M)	Q3 2018/19	Q2 2018/19	Q1 2018/19
EBITDA	545	639	427
Working capital	-466	-81	-699
Financial net	-40	-29	-25
Paid tax	-98	-47	-21
Other	2	30	-63
Cash flow from operating activities	-57	512	-381
Cash conversion	-10%	80%	-89%

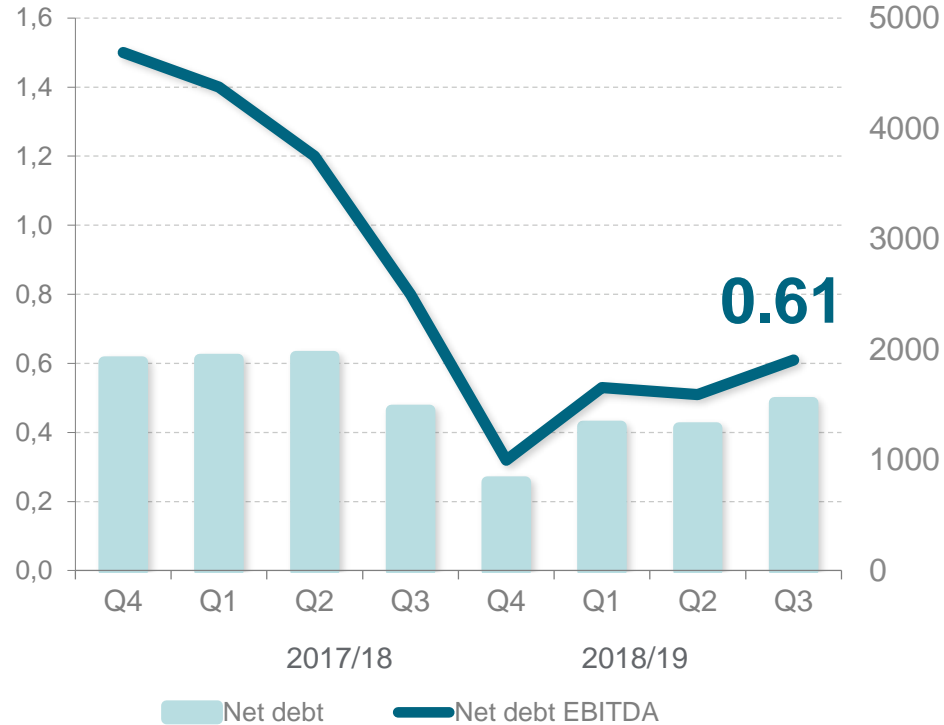
Operational cash conversion and EBITDA



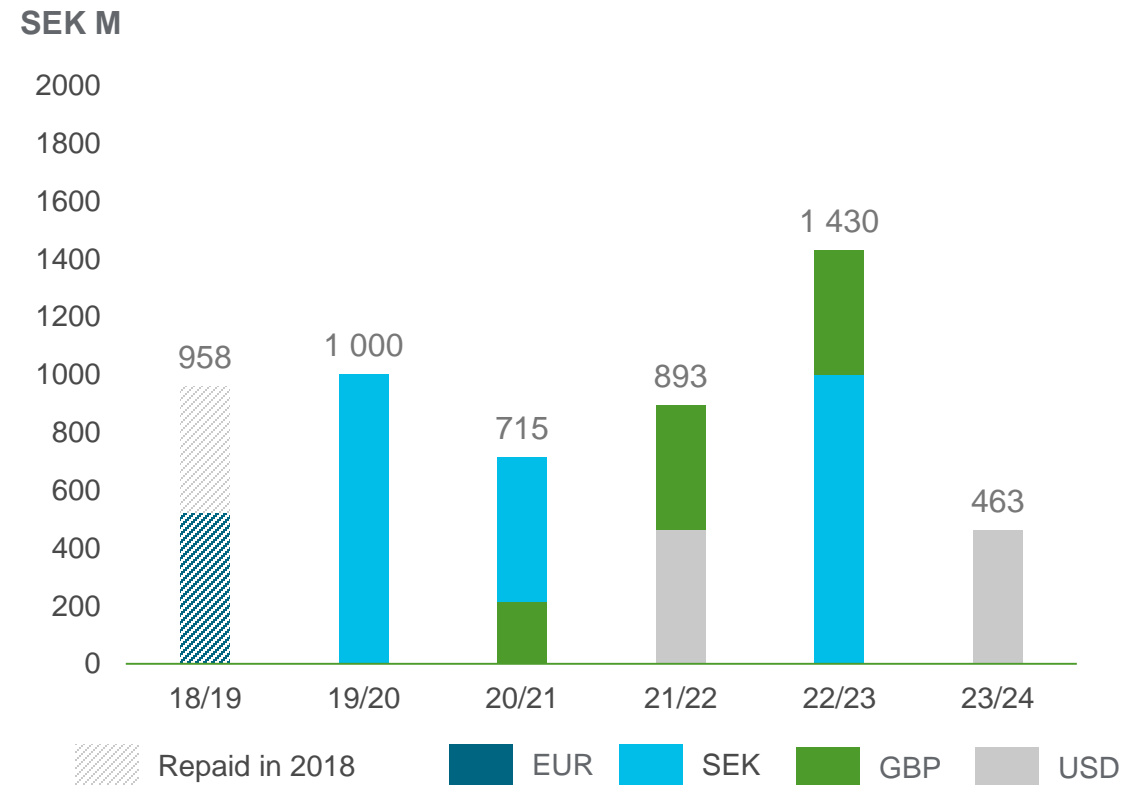
Cash Conversion = Cash flow from operating activities / EBITDA

Financial position: Net Debt/ EBITDA at 0.61 and an external debt of USD 50m with maturity 21/22 was repaid

Net debt / EBITDA



Maturity profile



Elekta is prepared for Brexit

Mitigation measures within supply chain, regulatory affairs and movement of people

New legal entity set up in Sweden to transfer regulatory and transactional activities from UK to EU

Continued ramp-up of production volumes in China

Focus where it matters.

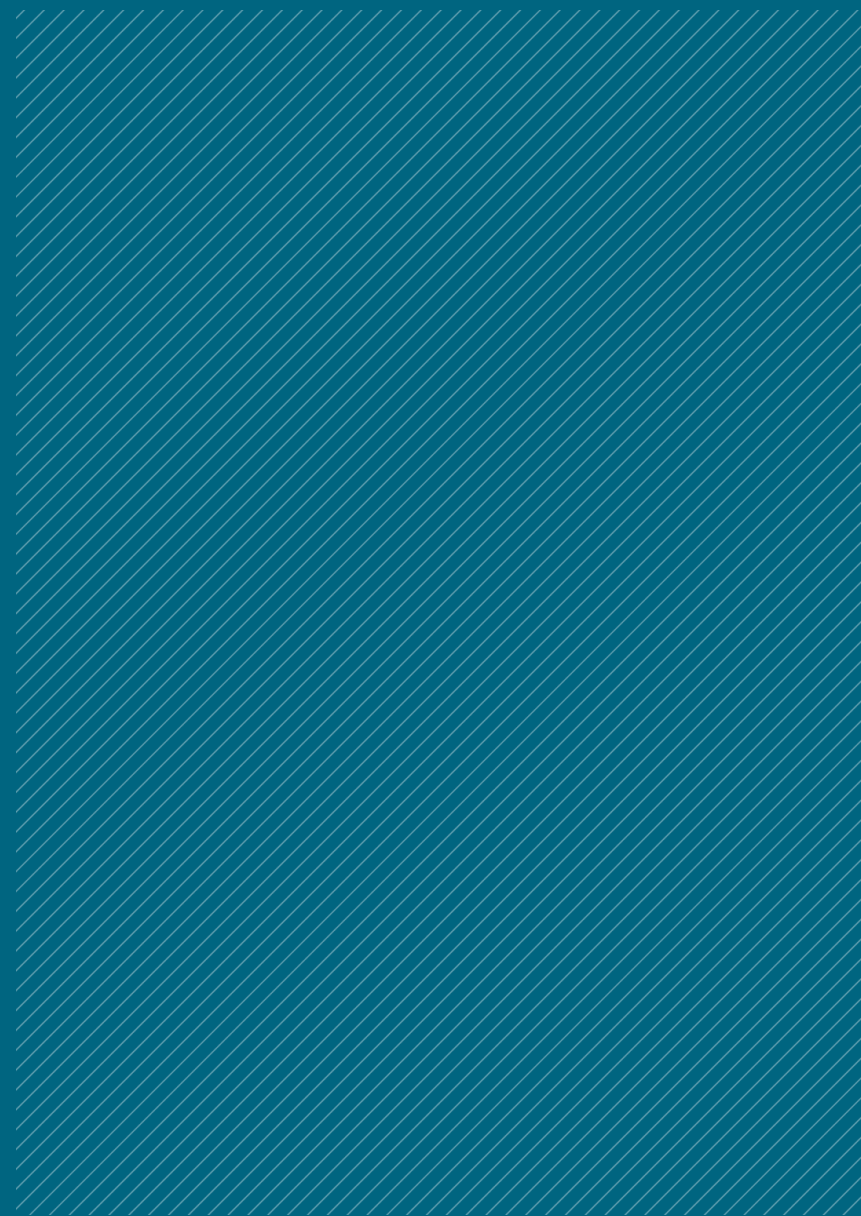
[Link to inventory increase on last slide](#)





Richard Hausmann
President and CEO

3. Key takeaways



In summary

- Double-digit order and net sales growth
- Strong Unity demand and great customer feedback
- Margins to improve
- Investment in innovation and market expansion
- Precision Radiation Medicine is the future



Updated guidance for 2018/19

FY18/19 guidance

Net sales ~7%

EBITA ~20%

Updated FY 18/19 guidance

Net sales ~8%

EBITA ~18%

Q&A

We now welcome any
of your questions



Richard Hausmann
President and CEO



Gustaf Salford
CFO

Thank you

Next report; Q4, May 29, 2019

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