



Showing resilience

Q1 report 2020/21

Gustaf Salford, Acting President and CEO

Johan Adebäck, Acting CFO; Aug 26, 2020

Agenda

- **Precision Radiation Medicine in Q1**
- **Financials**
- **Outlook**
- **Q&A**



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.

Precision Radiation Medicine in Q1

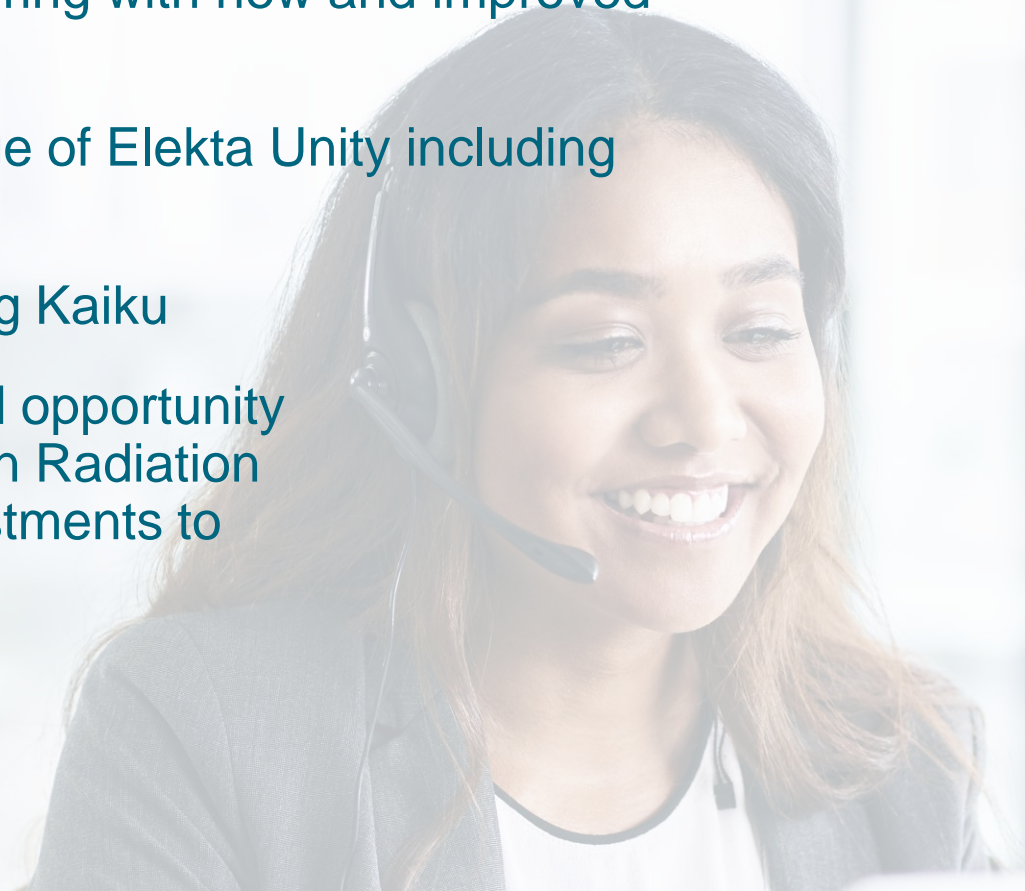
We are Precision. Radiation. Medicine.

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



Q1 highlights

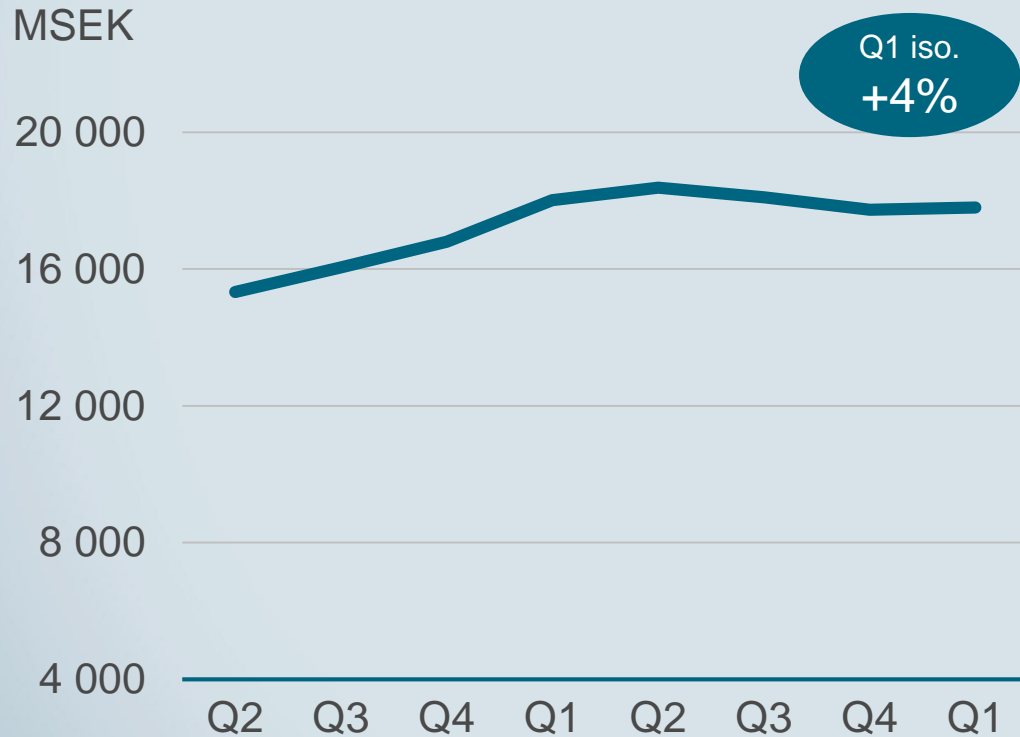
- Solid performance with positive order growth, increased profitability, and improved cash flow
- Driving efficiency initiatives to stay resilient
- Supporting customers in remote monitoring with new and improved digital solutions
- Entered second commercialization stage of Elekta Unity including approval for the Chinese market
- Strengthening Elekta Digital by acquiring Kaiku
- Consolidation of industry provides good opportunity to accelerate our leadership in Precision Radiation Medicine and focus on innovation investments to drive long-term success



Showing resilience in light of Covid-19

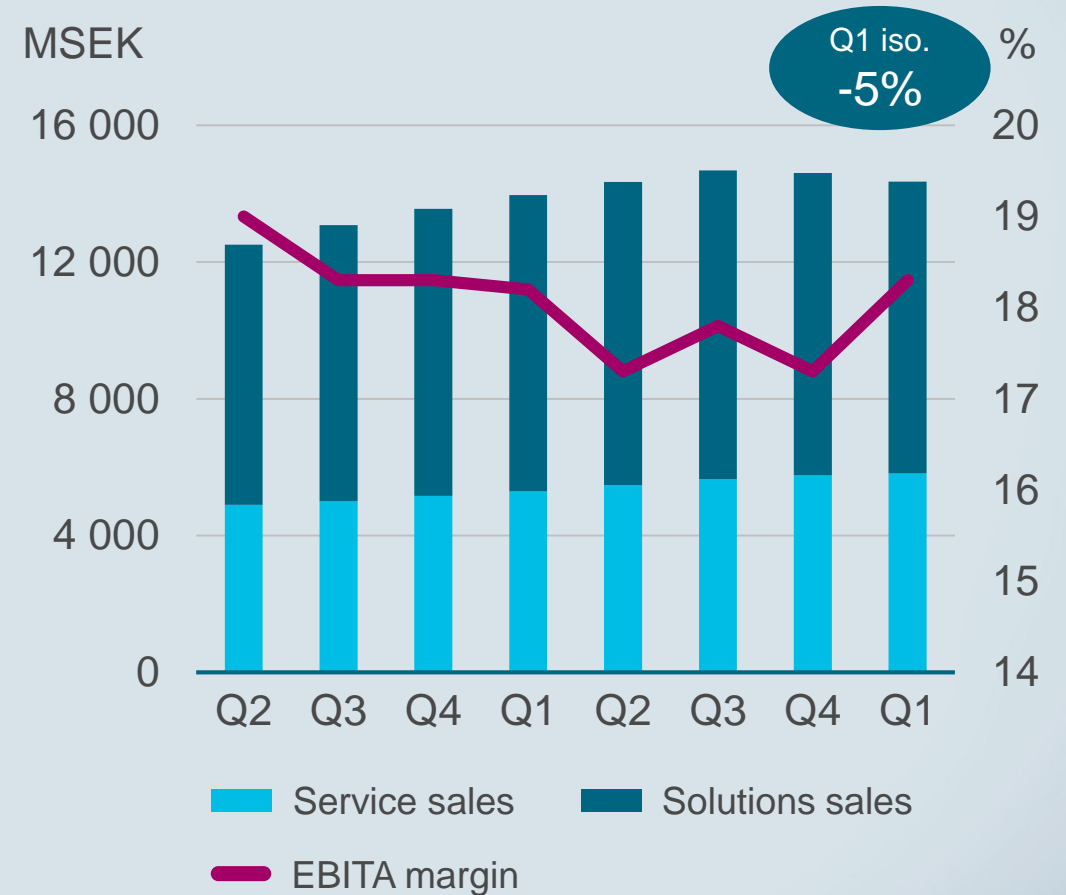
Orders

rolling 12 months



Net sales & EBITA margin

rolling 12 months



Succeeded in delivering a positive order growth of 4 percent

North & South America

66%

- Elekta's largest deal ever – several linacs, software and service – with GenesisCare as they enters the US market
- Among other clinics in Q1, NYU Medical Center ordered Elekta Unity
- Linac and software to new cancer center in Dourados Brazil

Europe, Middle East & Africa (EMEA)

-20%

- Bundled deal with Brescia Unity/Italy including Elekta Unity
- Major agreement for multiple linacs, and software package in Morocco
- Large multi-unit deal with LGK in Uzbekistan

Asia Pacific

-12%

- Multiple linacs to one of India's largest oncology service provider, HCG, including MOSAIQ connecting the Groups current 27 centers
- Various solutions to Shandong Medical University Hospital and Hunan Tumor hospital, China
- 2nd and 3rd Elekta Unity to Japan and Chiba University Hospital and Osaka City University

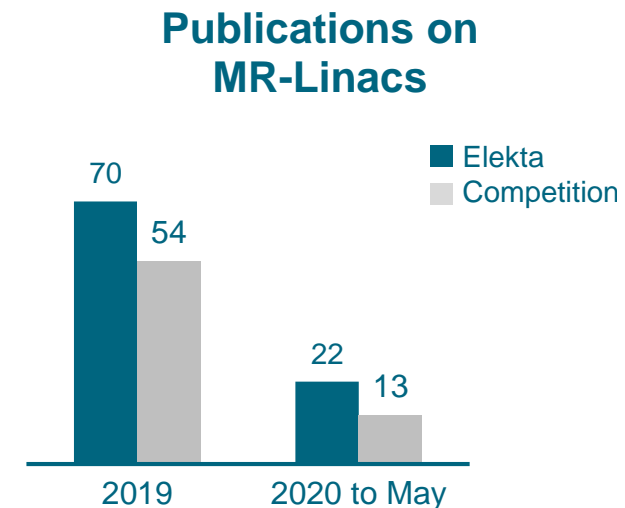
Covid status

- Lockdown still impacting business and capex investments, but improved access to clinics in the US
- Pandemic effect slowing down, and business resumes gradually to normal
- China back at normal levels. Rest of Asia Pacific situation still challenging

Elekta Unity – good progress into the second phase of commercialization

- Strong Unity order quarter
- Great clinical evidence from an increasing customer base
- Research advantage for Elekta Unity
- Approval from from China’s National Medical Products Administration on Aug 21

Phase III	Volume driven by clinical evidence and new reimbursement
2022 onwards	
Phase II	Growth phase from broad based market and gradual reimbursement
2020-22	
Phase I	Early adopters
Mid-2020	75 orders



In the new industry landscape Elekta will be the key global provider focusing on Precision Radiation Medicine

Accelerate leadership in treatment solutions

Expand the role of Precision Radiation Medicine

Drive digital solutions for value-based care

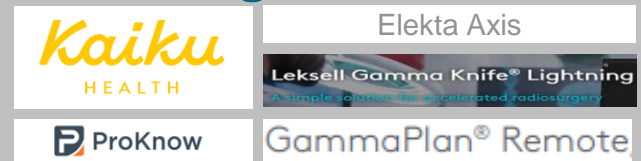
HPL – new platform



Unity



Elekta Digital



Financials

Improved margins through resilience initiatives

(SEK M)	Q1 20/21	Q1 19/20	Δ
Net sales	2 981	3 228	-5%²⁾
Solutions	1,551	1,858	-14%
Service	1,430	1,371	7%
COGS	-1,614	-1,853	-13%
Gross margin (%)	45.9%	42.6%	3.3 pts
Expenses ¹⁾	-721	-854	-16%
Exchange diff and other	-95	-72	32%
EBITA	551	448	23%
EBITA margin (%)	18.5%	13.9%	4.6 pts
Amortization	216	212	2%
EBIT	335	236	42%
Net financial items	-52	-46	13%
Income taxes	-66	-43	53%
Net profit	216	147	47%
EPS	0.57	0.38	47%

- **Net sales down 5%²⁾**
 - Solutions -14% and Service 7%
 - North and South America: -4%
 - Europe Middle East and Africa: -1%
 - Asia Pacific: -11%
- **Gross margin up more than 3 pts**
 - High service sales share (48%)
- **EBITA margin at 18.5%**
 - Resilience initiative payed off
- **Increase in financial costs and income taxes**

Accelerating initiatives to strengthen our resilience – good progress in Q1

Short-term adjustments & behavior change

- Flexible staffing and reduced consultants
- Digital marketing and service
- Reduced travelling

Simplification through digitalization

- Digitalization of internal processes
- Improved service and marketing & sales processes
- Centralized administrative processes

Continuing focus on COGS improvement



Continued focus on cost control

Expenses Q1

Expenses (SEK M)	Q1 2020/21	Q1 2019/20	Growth ¹⁾ Y/Y	Q4 2019/20	Growth ¹⁾ Q/Q
Selling	-271	-365	↙ -23%	-380	↙ -24%
Administrative	-280	-270	↙ 4%	-250	↙ 20%
R&D (net)	-386	-431	↙ -9%	-395	↙ 4%
Total	-936	-1 067	↖ -11%	-1 025	↖ -3%

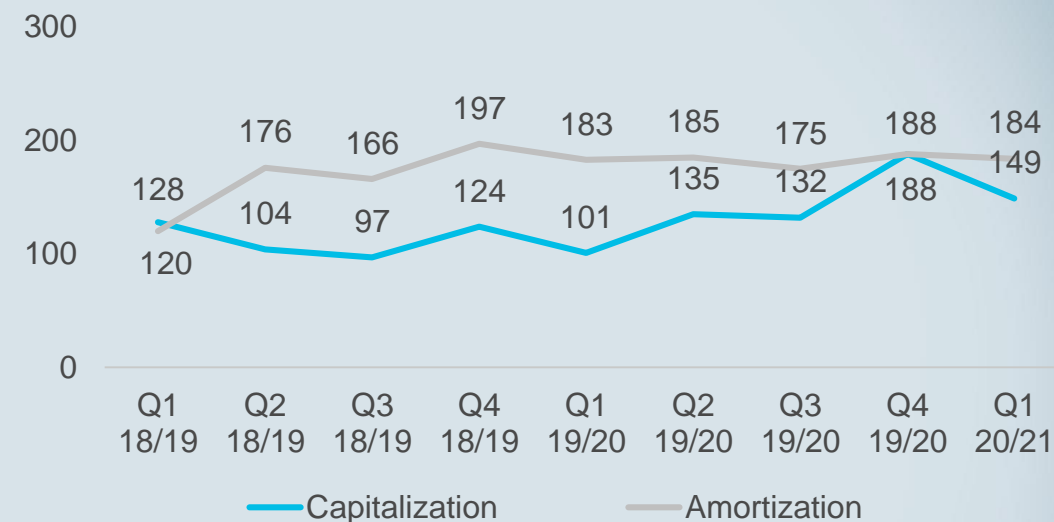
Selling expenses

- Significant lower selling expenses driven by resilience initiatives

Administrative expense

- Higher administrative expenses for IT-related cost due to remote work

R&D expenses

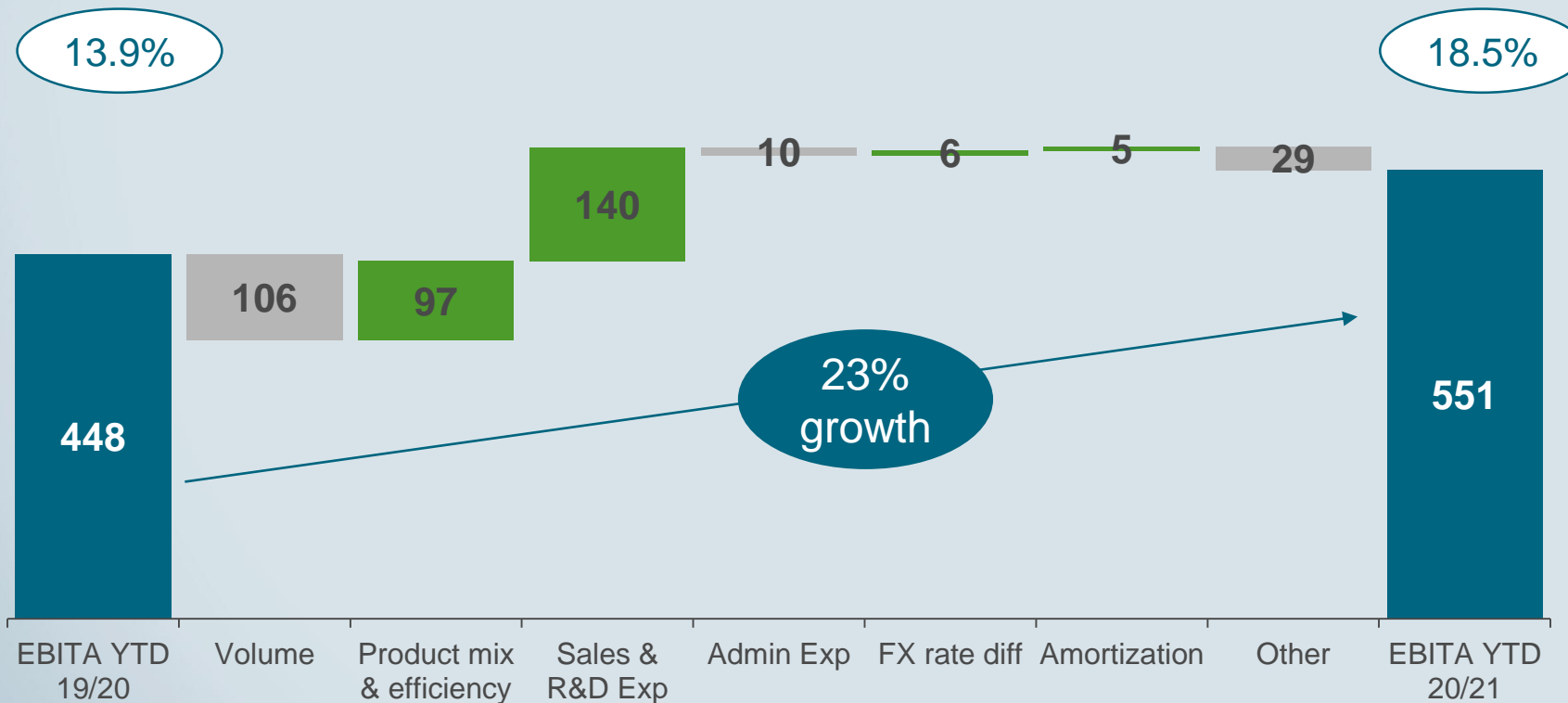


R&D expenses

- Gross R&D RTM in relation to net sales at 10%
- Net R&D decreased vs Q1 last year due to higher capitalization driven by late-stage R&D projects

EBITA driven by reduced spend and a high service share

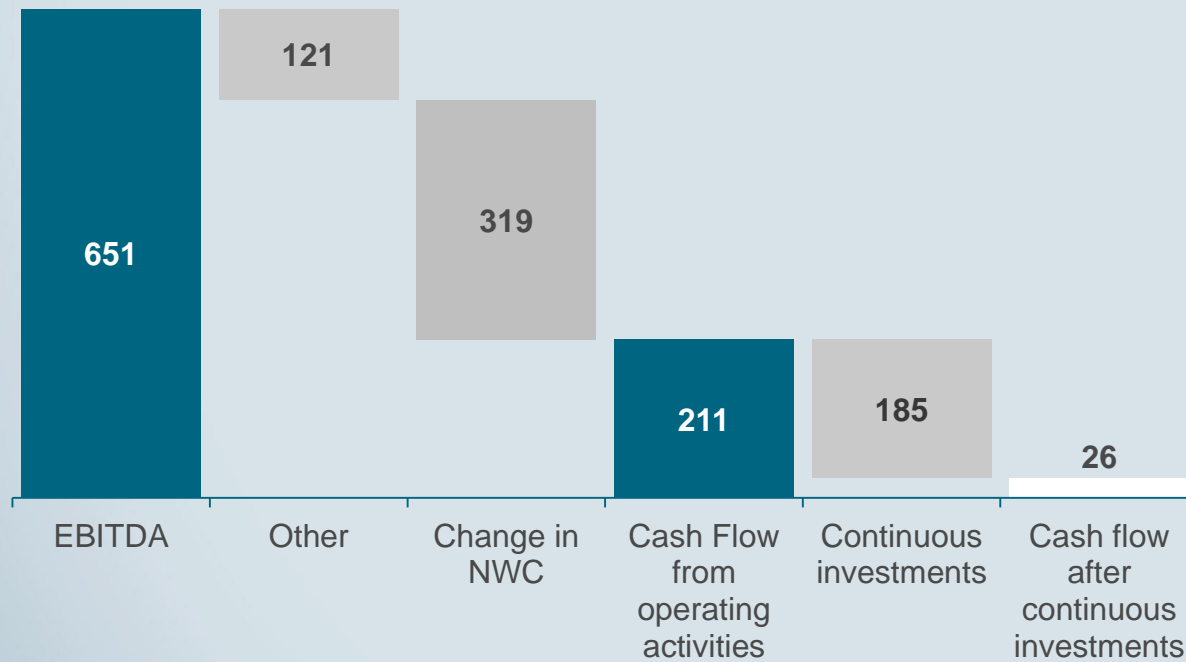
Q1 EBITA bridge (MSEK)



- Lower volumes due to Covid-19
- Higher share of service revenue
- Other includes cost for acquisitions/divestments
- FX rate differences had a negative EBITA impact of -3 MSEK

Improved cash conversion

Q1 Cash flow, SEK M



Cash conversion, RTM

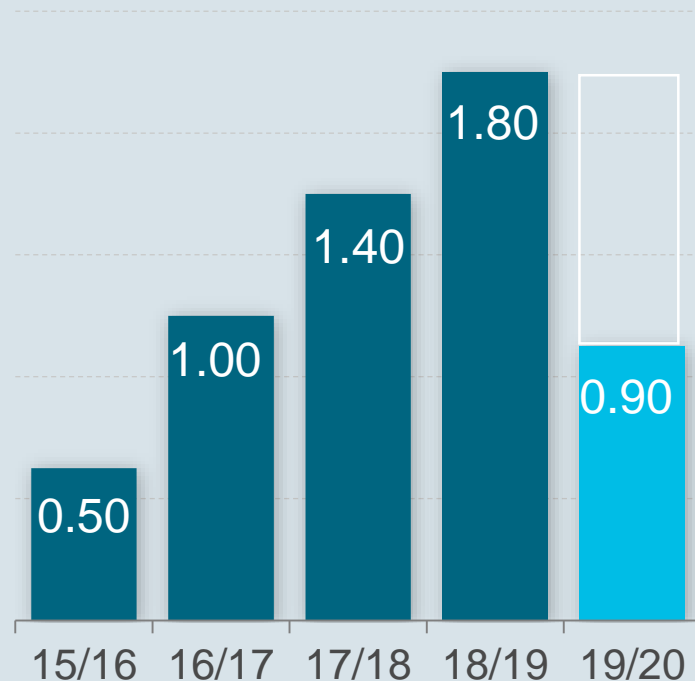


¹⁾ Cash conversion = Cash flow from operating activities/EBITDA

Outlook

Proposed dividend for FY 19/20 at today's AGM

Dividend, SEK per share



Pay-out ratio

32%
of net profit

- Board of Directors may call for an EGM to propose an additional dividend
- Dependent on the general economic outlook and how Covid-19 will affect Elekta and its markets going forward

Outlook and priorities Q2

- Expect continued negative impact from current market situation; refrain from guidance at the moment
- Order situation still impacted
- Strong backlog supporting revenue – but continued challenges to access customers
- Focus on cost control and stabilizing cash flow from resilience initiatives
- Longer term convinced of continued growth due to underlying demand for our solutions since large global need for radiotherapy
- Recent consolidation of our industry provides good opportunities for Elekta going forward





Launch of Elekta's new linac

Sept 15, 2020

Invitation to follow



Q&A