



# Stable performance during Covid

**Q2 report 2020/21**

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Nov 26, 2020

# Agenda

- Precision Radiation Medicine in Q2
- Q2 financials
- Outlook
- Q&A



# Important information

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# Precision Radiation Medicine in Q2

**Helping  
clinicians  
improve  
patients'  
lives**



***We are  
Precision.  
Radiation.  
Medicine.***

# Q2 highlights

## Helping clinicians improve patients' lives

Launched new linac Harmony

Received MDR approval for linac portfolio

Strong momentum for MR-Linac

Clinical clearance for Unity in China

Securing continued high levels of machine utilization globally during Covid

## Performing in challenging market conditions

Outperforming market both on order and revenue

Strong margin and cash flow

# Stable development during Covid but below historical levels and long-term potential

## Order development

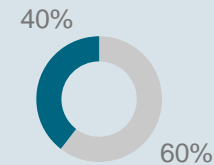
**-2%**

in Q2 20/21

## Revenue development

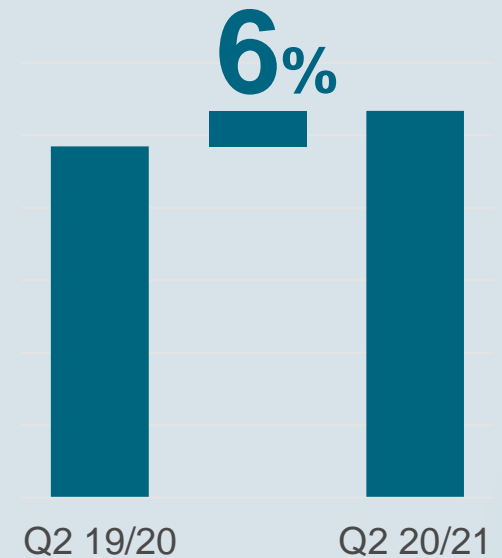
**3%**

in Q2 20/21



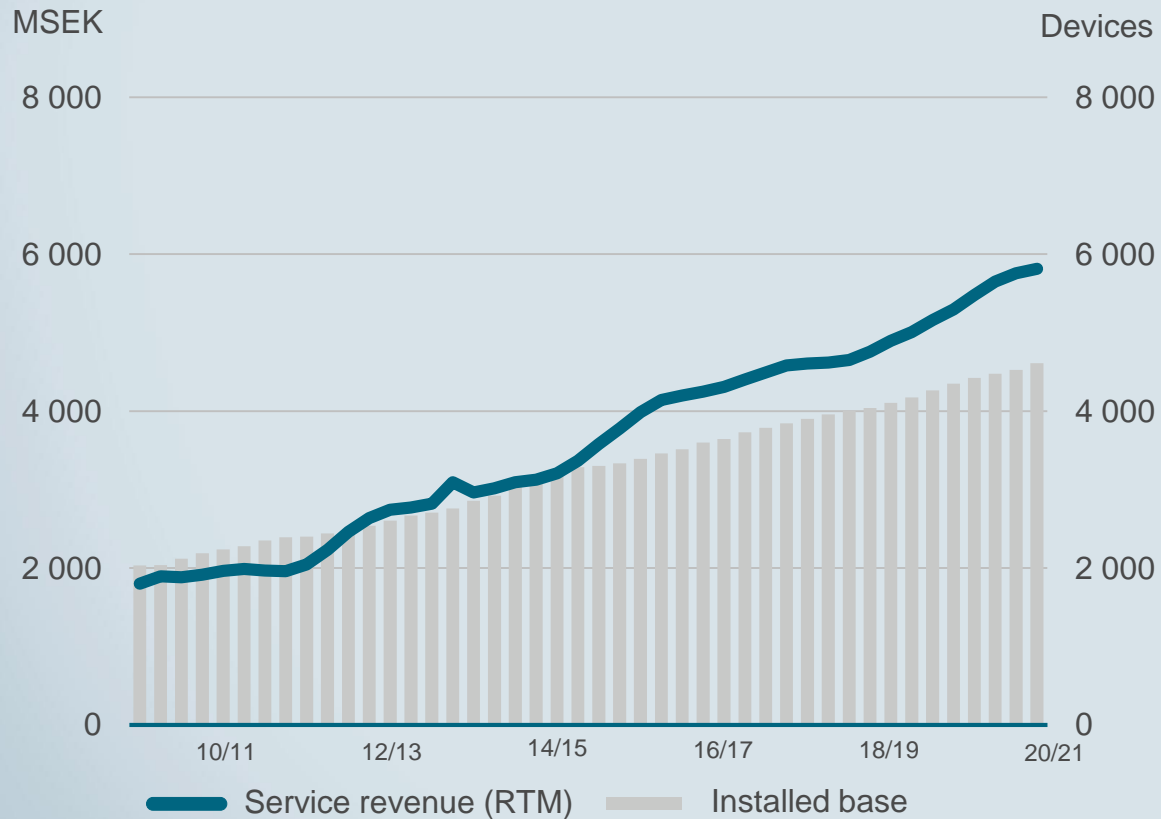
■ Solutions  
■ Service

## Installed base



# Resilience from a growing service business

## Service revenue and installed base growth



## Service focus

### Growth

Expanding across regions and business lines

### Digitalization and new solutions

Innovating and implementing

**80%**  **linacs connected**

### Customer satisfaction

Continued improvement



# Market development in the quarter still impacted by Covid

## North & South America

- US patient volumes increased early autumn, but accelerating Covid situation at quarter end
- RO APM finally set to July 2021
- Digital ASTRO
- Tough South American market conditions throughout quarter

## Europe, Middle East & Africa

- Emerging recovery in Europe until the end of the quarter
- Start to see impact from stimulus packages, e.g. Italy
- Increased demand for cancer treatments in East and North Africa
- EU working on Europe's Beating Cancer Plan

## Asia Pacific

- China continued at normal levels
- Large differences between regions and countries; challenges in emerging markets

# Strong order recovery in Europe in the quarter, challenging in emerging markets

## North & South America

**-12%**  
H1:25%

- Systemwide ProKnow to Veteran's Administration
- University of Florida ordered Unity
- Linac tender win Sao Paulo State

## Europe, Middle East & Africa

**20%**  
H1:-3%

- First two Harmony to France
- Bundled deal with Italy including linacs, neuro and brachy
- Bundled deal with linacs and brachy to cancer centers in Sub-Saharan Africa

## Asia Pacific

**-12%**  
H1:-12%

- First Chinese Unity order after clearance
- Two Versa HD to private hospital chain in Thailand
- Versa HD to Severance Group in South Korea

# China almost back to normal levels, strong interest during recent China International Import Exhibition (CIIE)



**1,000** installed linacs

Strong interest in **Unity**



# Harmony – balancing great therapy precision with increased productivity

## Versions

|                           |
|---------------------------|
| Harmony                   |
| Greenfield market<br>IGRT |

|                                    |
|------------------------------------|
| Harmony Pro                        |
| Replacement market<br>VMAT to SBRT |

## Regulatory clearance



Launched  
Sept 20



CE-Mark  
Nov 6



FDA approval  
Beginning 21E



NMPA approval  
Beginning 22E



# Elekta Studio - a true 3D image guided adaptive therapy suite



# Elekta Studio

Unleash the full potential of interventional radiotherapy

# Strong global momentum for Elekta Unity

## Unity update

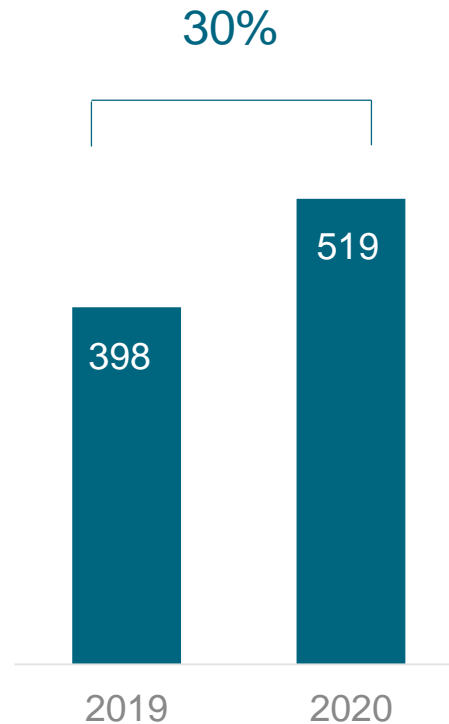
>1,700 patients treated

>30 different indications

>20 clinical systems

Momentum study  
800+ patients

## Ack. # of MR-Linac papers



## 15<sup>th</sup> Elekta MR-Linac Consortium meeting

**566** users from 48 sites and 18 countries

**61** scientific and **27** clinical abstracts

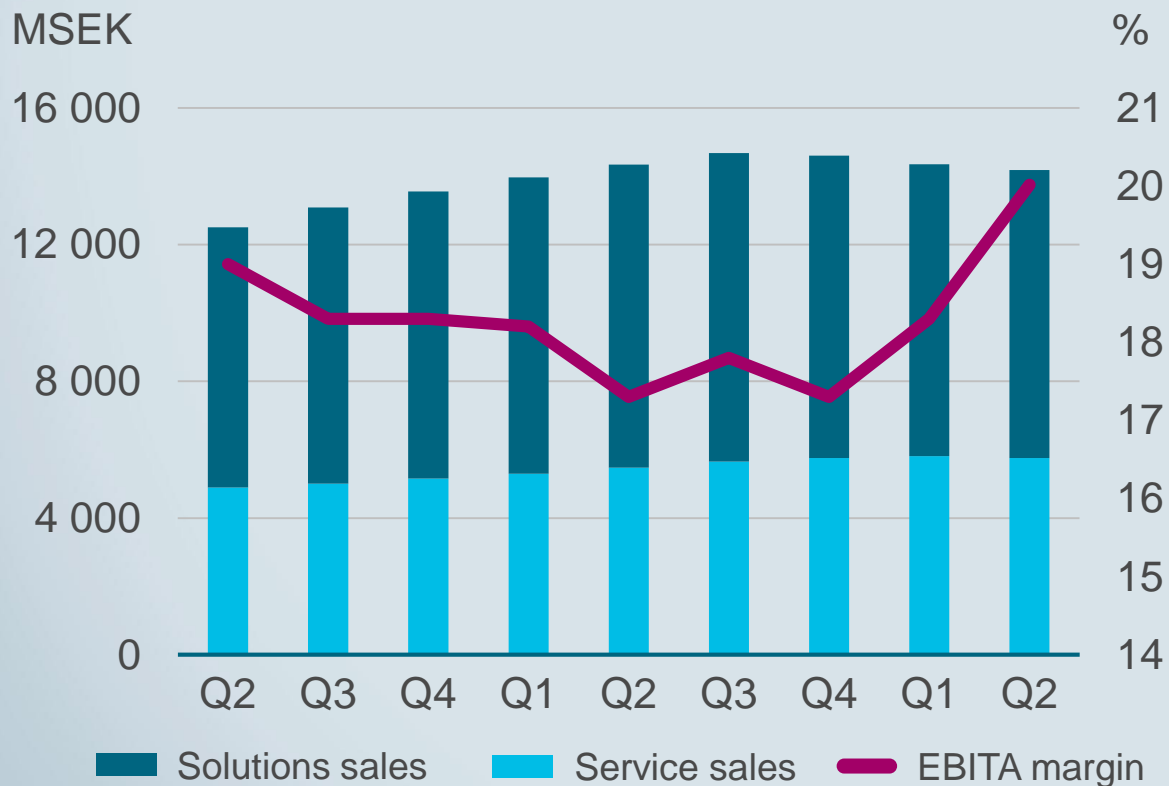


# Q2 financials

# Showing resilience in light of Covid-19

## Net sales & EBITA margin

rolling 12 months



| H1                     |               | Q2                    |               |
|------------------------|---------------|-----------------------|---------------|
| Total net sales<br>-1% |               | Total net sales<br>3% |               |
| Solution<br>-5%        | Service<br>6% | Solution<br>2%        | Service<br>4% |
| EBITA margin<br>20.0%  |               | EBITA margin<br>21.3% |               |



# Improved margins through resilience initiatives

| (SEK M)                 | Q2 20/21     | Q2 19/20     | Δ               |
|-------------------------|--------------|--------------|-----------------|
| <b>Net sales</b>        | <b>3,534</b> | <b>3,709</b> | <b>3%</b>       |
| Solutions               | 2,136        | 2,249        | 2%              |
| Service                 | 1,398        | 1,460        | 4%              |
| COGS                    | -2,089       | -2,188       | -4.5%           |
| <b>Gross margin (%)</b> | <b>40.9%</b> | <b>41.0%</b> | <b>-0.1 pts</b> |
| Expenses <sup>1)</sup>  | -723         | -848         | -15%            |
| Exchange diff and other | 29           | -133         | n/a             |
| <b>EBITA</b>            | <b>752</b>   | <b>539</b>   | <b>39%</b>      |
| <b>EBITA margin (%)</b> | <b>21.3%</b> | <b>14.5%</b> | <b>6.7 pts</b>  |
| Amortization            | -193         | -219         | -12%            |
| <b>EBIT</b>             | <b>559</b>   | <b>321</b>   | <b>74%</b>      |
| Net financial items     | -68          | -35          | 93%             |
| Income taxes            | -115         | -64          | 80%             |
| <b>Net profit</b>       | <b>375</b>   | <b>221</b>   | <b>70%</b>      |
| <b>EPS</b>              | <b>0.98</b>  | <b>0.58</b>  | <b>69%</b>      |

## Net sales up 3%

- North and South America: -16%
- Europe, Middle East and Africa: -4%
- Asia Pacific: 32%

## Stable gross margin

## Strong EBITA margin at 21.3%

- Resilience initiative paid off

## Net profit growth of 70%

- Increase in financial costs and income taxes

# Continued focus on cost control

## Expenses Q2

| Expenses (SEK M) | Q2 2020/21  | Q2 2019/20    | Growth <sup>1)</sup> Y/Y | Growth <sup>1)</sup> Q/Q |
|------------------|-------------|---------------|--------------------------|--------------------------|
| Selling          | -279        | -360          | ↙ -16%                   | ↙ +8%                    |
| Administrative   | -259        | -291          | ↙ -8%                    | ↙ -4%                    |
| R&D (Net)        | -377        | -416          | ↙ -4%                    | ↙ +2%                    |
| <b>Total</b>     | <b>-916</b> | <b>-1,067</b> | <b>-9%</b>               | <b>+2%</b>               |

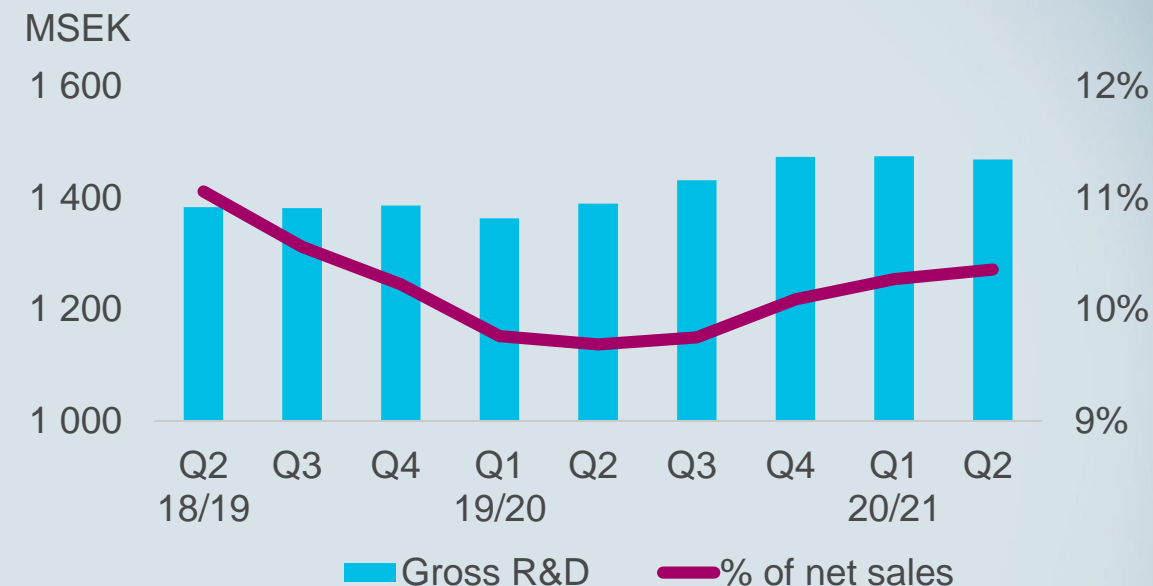
### Selling expenses

- Significant lower selling expenses due to lower travel and marketing spend

### Administrative expense

- Lower administrative expenses due to resilience initiatives

## Gross R&D expenses, RTM

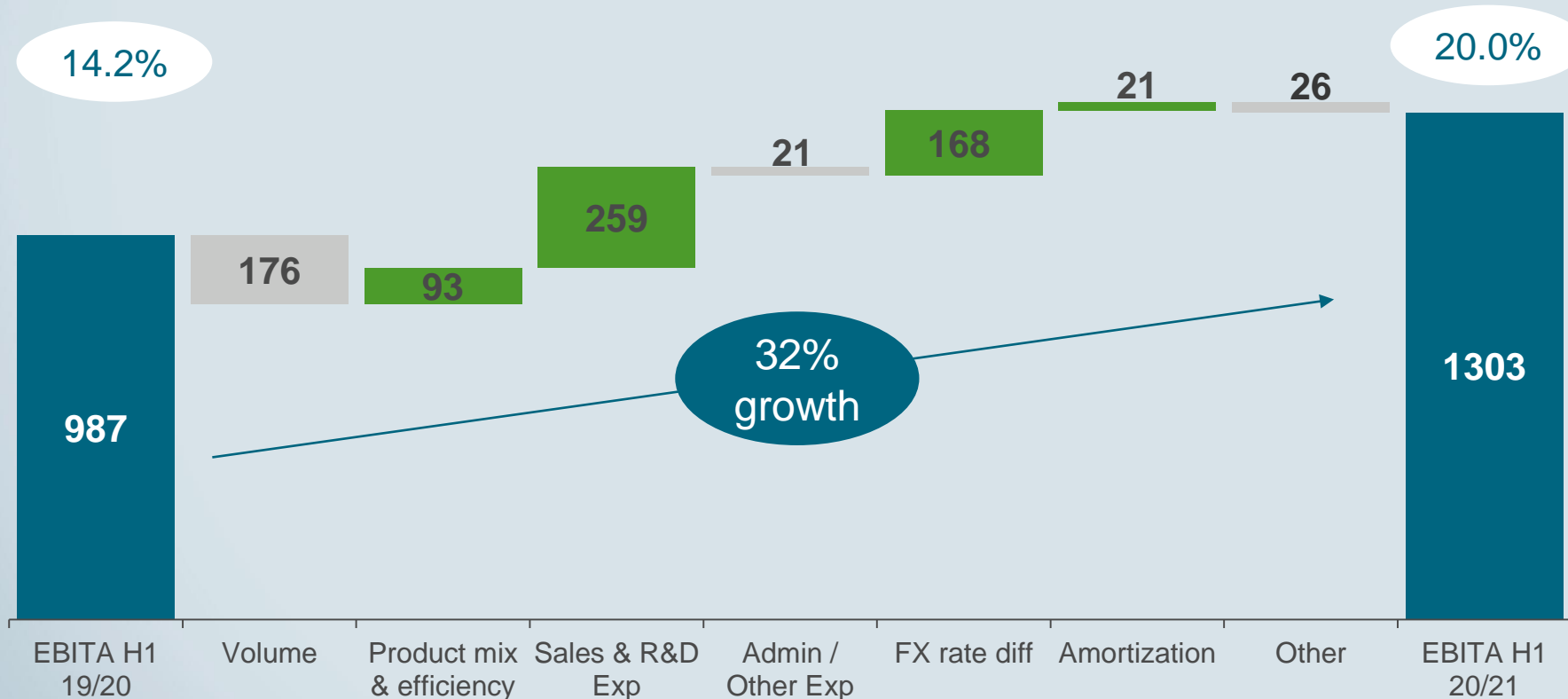


### R&D expenses

- Net R&D expenses decreased in the quarter
- RTM gross R&D expenses increased and corresponded to 10.4% of net sales

# EBITA driven by reduced spend and a high service share

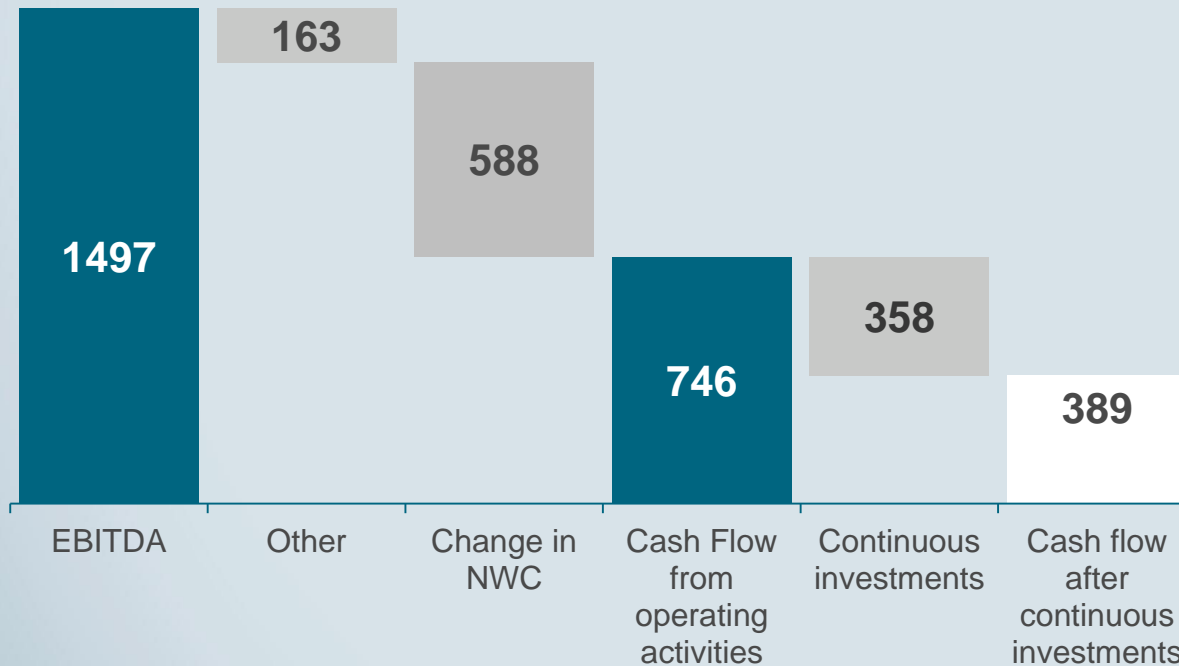
H1 EBITA bridge, SEK M



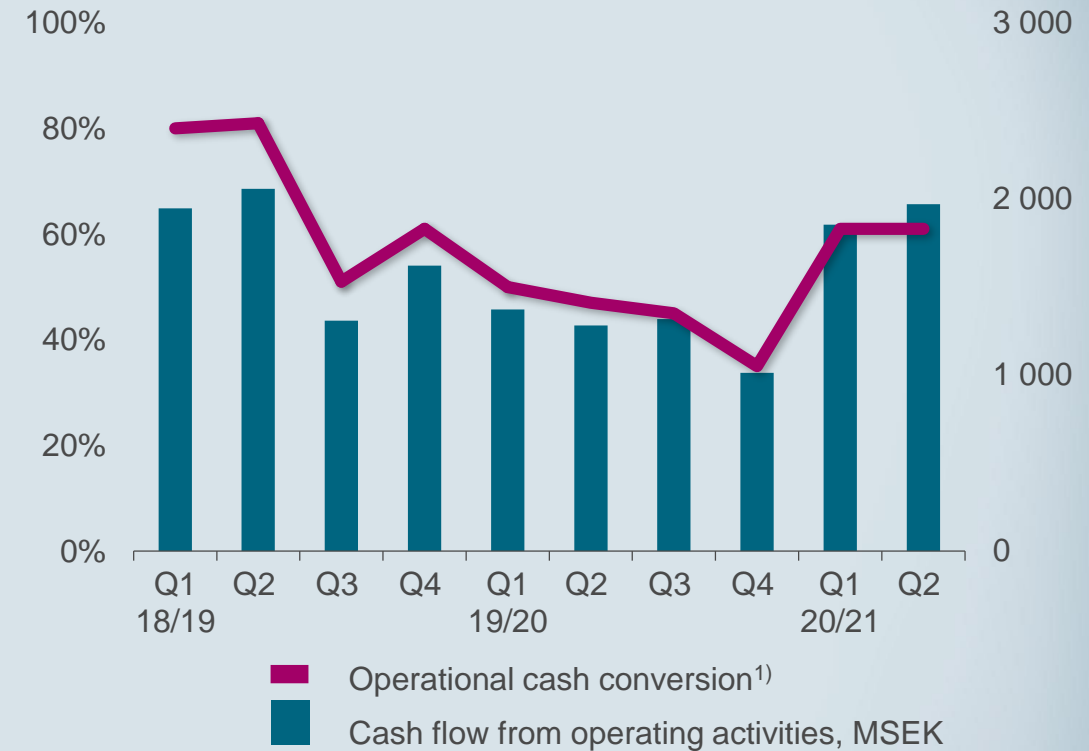
- Lower volumes due to Covid-19
- Higher share of service revenue and Neuro
- Other includes cost for acquisitions/divestments
- FX rate differences had a positive EBITA impact of around 90 MSEK

# Improved cash conversion

## H1 Cash flow, SEK M



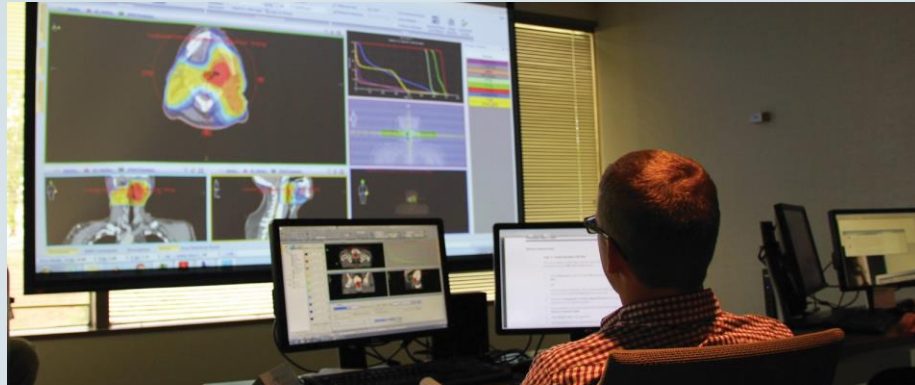
## Cash conversion, RTM



<sup>1)</sup> Cash conversion = Cash flow from operating activities/EBITDA

# Outlook

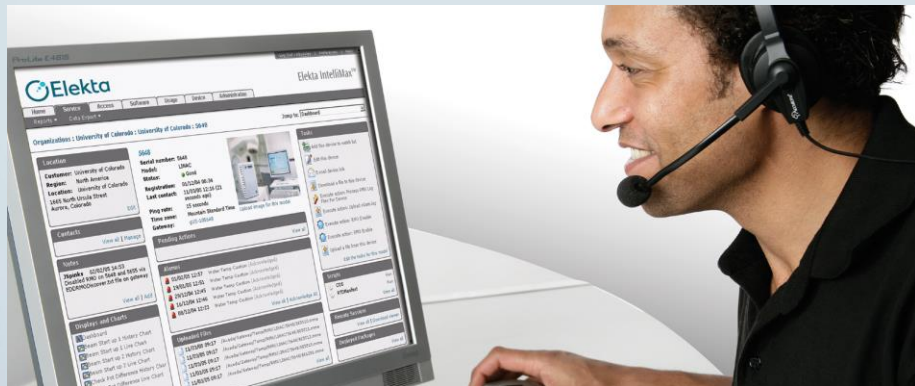
# Strategic priorities going forward



**Continuous resilience activities**



**Accelerate innovation**



**Drive service growth**



**Leverage on partnerships**

# Outlook in Q3

- We expect the new wave of lockdown measures to affect us in the third quarter with continued uncertainty in order growth and increased risk for delayed installations
- We focus on resilience activities to control cost and prepare for getting back to growth
- We will further strengthen our investments in innovation to capture long-term growth trends



**We will continue helping clinicians saving patients' lives throughout the pandemic – and as long as it takes**







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# **ESTRO 2020** Virtual Meeting

28 November–1 December



Q&A