



Elekta

Capital Markets Day
2021



Capital Markets Day

June 7, 2021

14:00	OPENING	Cecilia Ketels <i>Head of Investor Relations</i>
14:30	INTRODUCTION	Gustaf Salford <i>President & CEO</i>
	MARKET DYNAMICS	
	STRATEGY	
14:30	INNOVATION	Maurits Wolleswinkel <i>Chief Product Officer & President Linac Solutions</i>
	UNITY	Lionel Hadjadjeba <i>President MR-Linac Solutions</i>
		Thijs van Bommel <i>VP and Head of Marketing & Sales MR-Linac Solutions</i>
	SERVICE	Paul Bergström <i>EVP Global Services</i>
16:00	EMERGING MARKETS	Habib Nehme <i>EVP Middle East, Africa and India, APAC & Japan</i>
	FINANCIALS	Johan Adebäck <i>Chief Financial Officer</i>
16:15	Q&A AND CONCLUDING REMARKS	

Capital Markets Day
2021

Introduction

Gustaf Salford, President & CEO

A global organization...



Headquarter
in Stockholm



4,500
Employees globally...



40
...across 40 main
sites and expanding

...for a global business...



+2M
Patients treated every year
with an Elekta solution



+7,000
Hospitals with
Elekta equipment



+120
Countries with sales

...that keeps growing



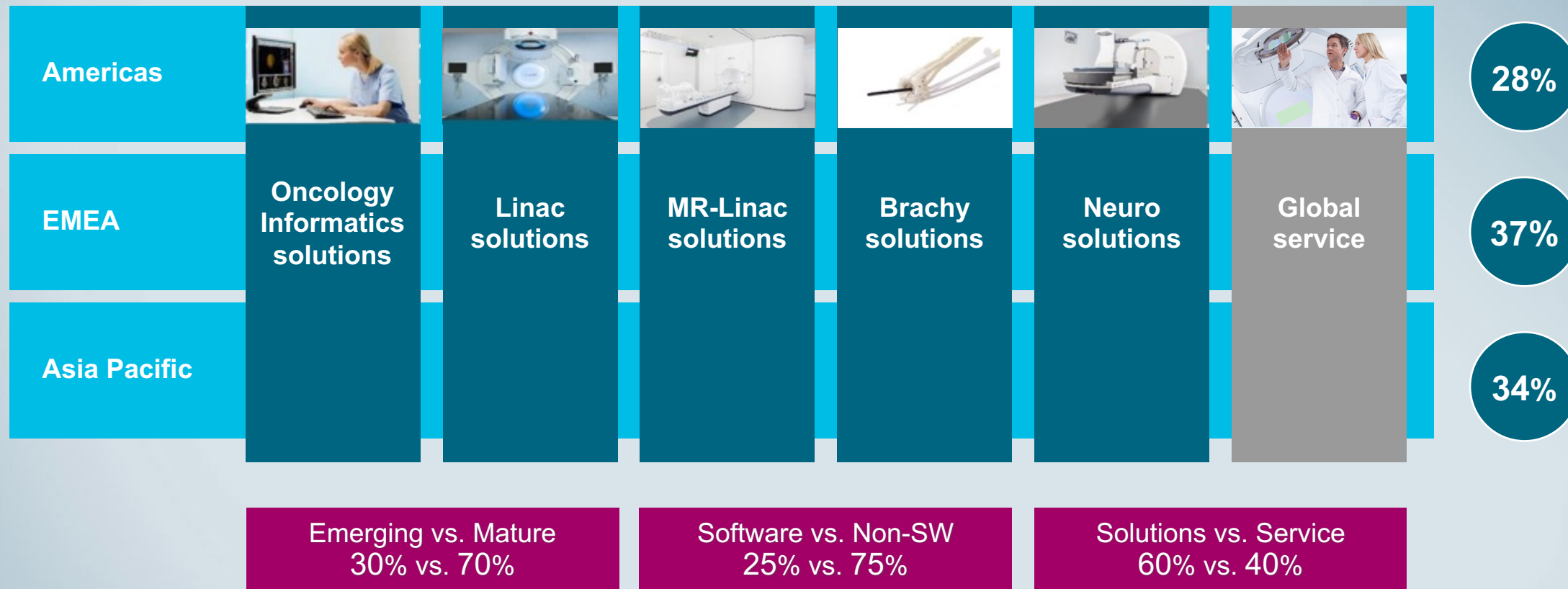
14,000
MSEK in annual sales



4,750
Units in Installed base

Our Business Lines, Regions, and Global Service are the key components of our organization

Business Lines



XX% = Share of total Elekta sales

Cancer impacts all of us

– the cancer burden will continue to grow

It's personal

One in five people
will develop cancer

People live longer with cancer

5-year survival rate from
49% to 70% since the 1970's

It's growing

Cancer is growing twice as fast as
other diseases and is likely to become
the leading cause of death globally in
a few decades

Source: WHO Report on Cancer, 2020; National Cancer Institute: Surveillance, Epidemiology
and End Results Program; IMHE Global Burden of Disease; Dagenais G, et al., Lancet, 2019

Our vision:

**A world where everyone has
access to the best cancer care**

Our mission:

**We improve
patient lives by
working
together with
our customers
and partners**

Our purpose:

**Hope for everyone
dealing with cancer**

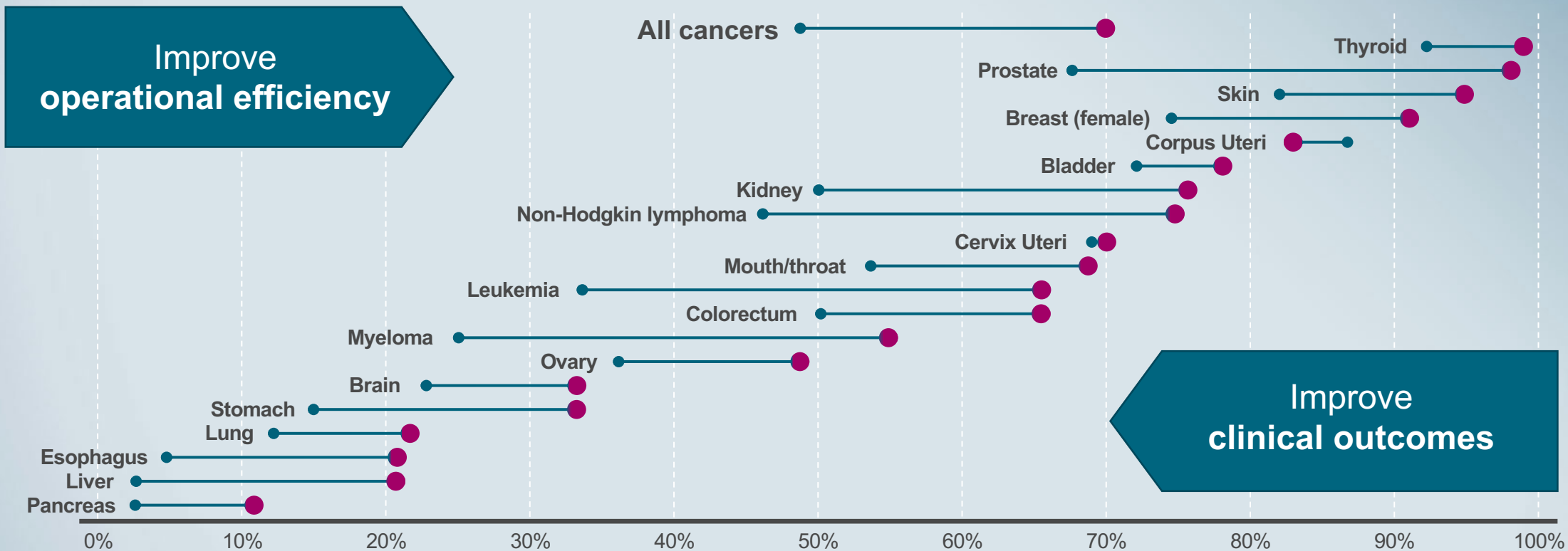
**Delivered in a
sustainable way**

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Market dynamics

Gustaf Salford, President & CEO

Improvements in cancer care over the past 40 years have increased survival rates

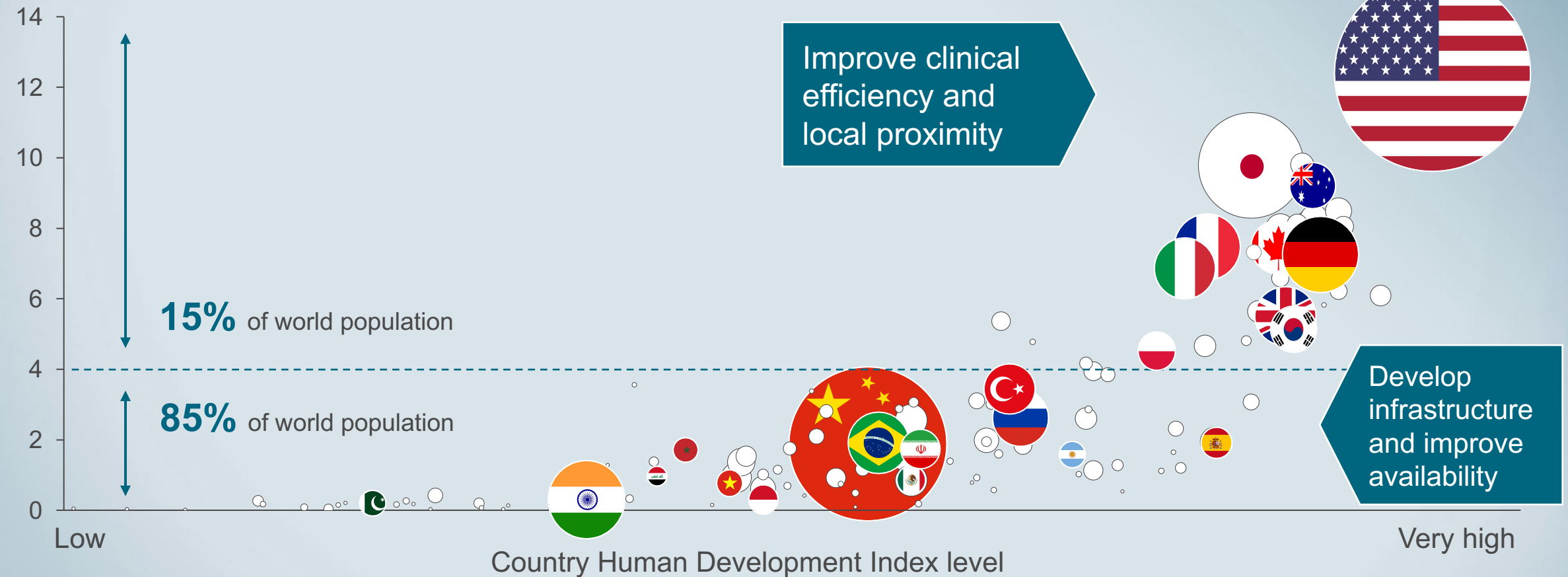


Average five-year survival rates from common cancer types in the United States, shown as the rate over the period 1970-77 [●] and over the period 2010-16 [●]:
1970-77 ● 2010-2016

This five-year interval indicates the percentage of people who live longer than five years following diagnosis.

Different geographical markets require different focus to close the current shortage of >15,000 Linacs globally

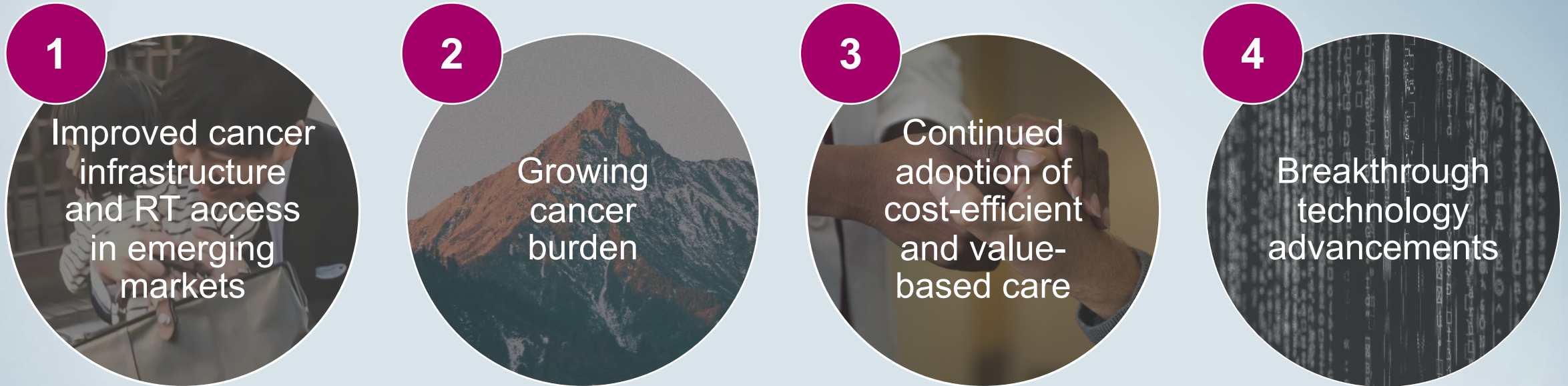
IB units per capita (million population) in 2021



○ Size of market installed base, 100 units

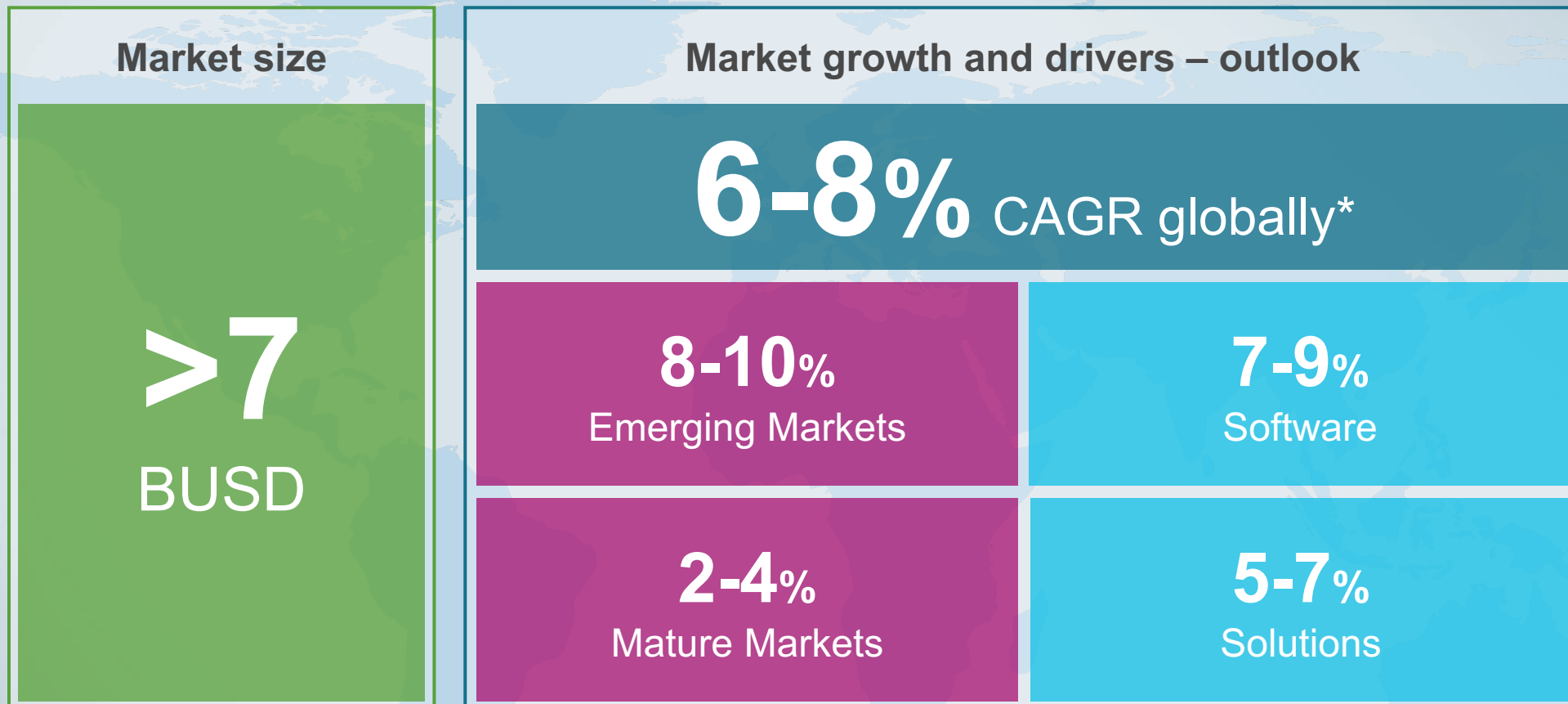
Source: Ferlay J, et al. Global Cancer Observatory: Cancer Tomorrow. Lyon: International Agency for Research on Cancer, 2020; UN World Population Prospects, 2019; International Atomic Energy Agency: DIRAC (Directory of Radiotherapy Centres), 2021

Underlying fundamentals support future RT market growth



Market collaboration across the cancer care eco-system increasingly important

Main future growth drivers are Emerging Markets & Software



*Underlying growth, Covid-19 recovery might impact short-term outlook
Source: Market reports; Elekta Business Intelligence

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Elekta's Strategy

Gustaf Salford, President & CEO

Our strategy

ACCESS 2025

TOWARDS A WORLD WHERE
EVERYONE HAS ACCESS
TO THE BEST CANCER CARE

What does *access to the best cancer care* mean to Elekta?

2025 MILESTONE

1

AVAILABILITY
OF CARE

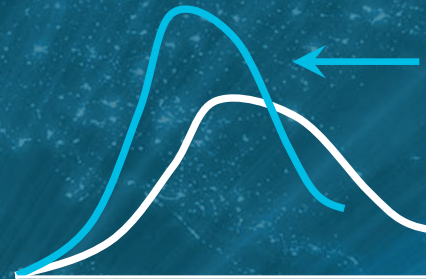


+300m people

to gain access to RT via 800 to 1000 additional Elekta Linacs in underserved markets

2

ELEVATION
OF CARE



2x to 4x

double the clinical usage of short course treatment (hypofractionation) and quadruple the usage of adaptive treatments among Elekta customers

3

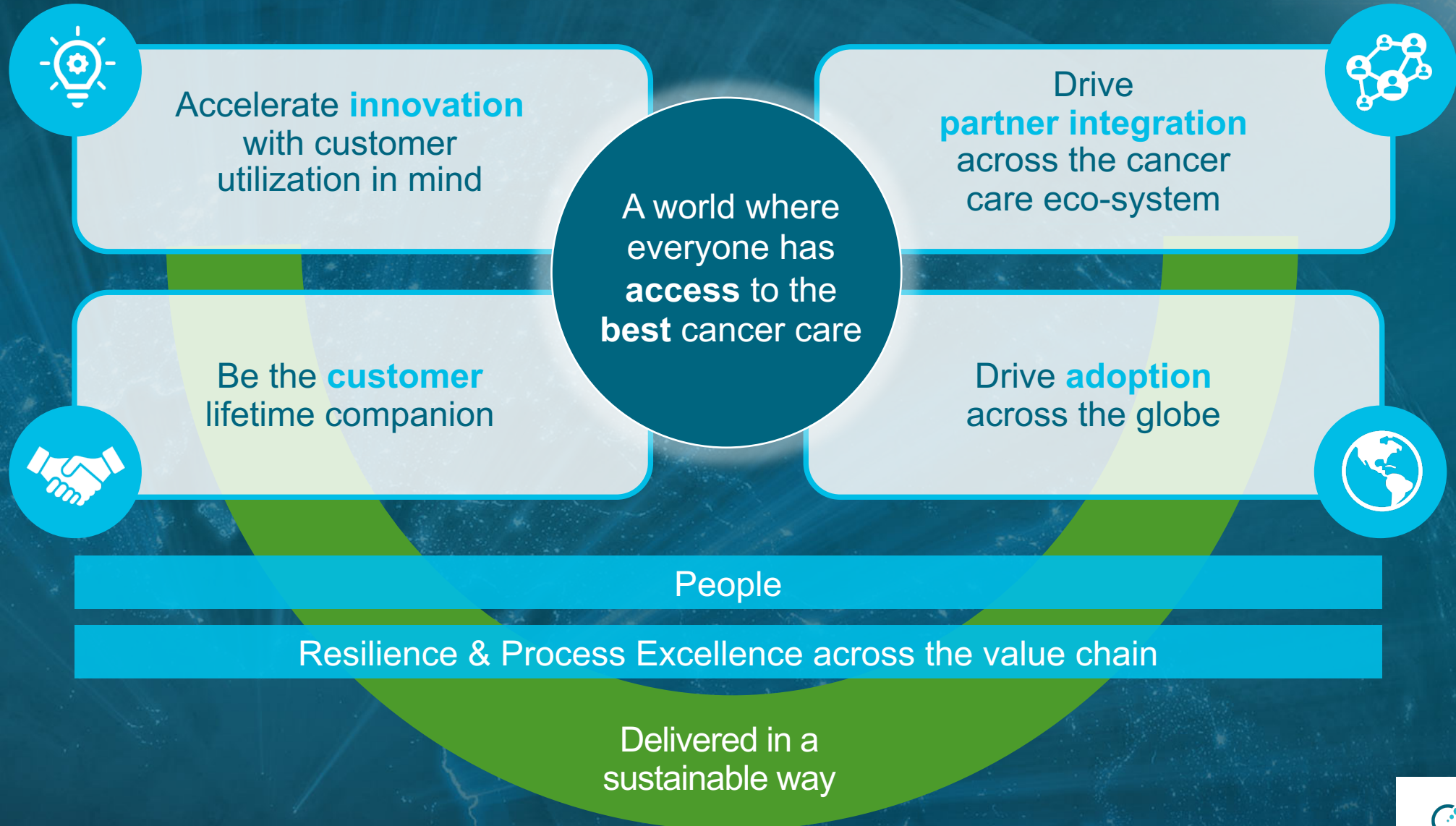
PARTICIPATION
IN CARE



+20%

of Elekta customers' patients are actively interacting with their own care journey (<1% today)

Our strategy



Our strategy

Our sustainability agenda – two sides of the same coin



Strategy operationalization well under way



Driver of market paradigm shift

Next generation treatment, workflows and customer engagement models to improved patient access to the best cancer care

FY 21/22 to FY 24/25

Sustainable profitable growth

- ✓ New software platform
- ✓ Acceleration of adaptive technology
- ✓ Deepening existing and form new partnerships
- ✓ Expand services offering
- ✓ Further optimize sales network, establish direct presence in key growth markets
- ✓ Operational leverage and efficiency gains
- ✓ Deliver on science-based sustainability metrics across value chain

FY 20/21
ACHIEVED MILESTONES

Adjusting to 'new normal'

- ✓ Harmony
- ✓ Software launches
- ✓ +100 Unity orders
- ✓ Deepened Philips partnership
- ✓ Strengthening direct sales network
- ✓ Resilience and digitalization across all processes

A COMPREHENSIVE PARTNERSHIP
FROM INNOVATION TO DISTRIBUTION



PHILIPS

Precision in Oncology
Two Companies
One Vision

ELEKTA-PHILIPS PARTNERSHIP VALUE



Breadth and Depth

End-to-End Cancer Care
Continuum coverage with
best-in-class solutions



Personalized Therapy

Streamlined Workflows for
Adaptive Therapy Delivery



Integrated Informatics

Open-architecture and
vendor-agnostic solutions



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Innovation

Maurits Wolleswinkel, Chief Product Officer & President Linac Solutions

Two distinct segments | Five product lines

Comprehensive Oncology Care Solutions

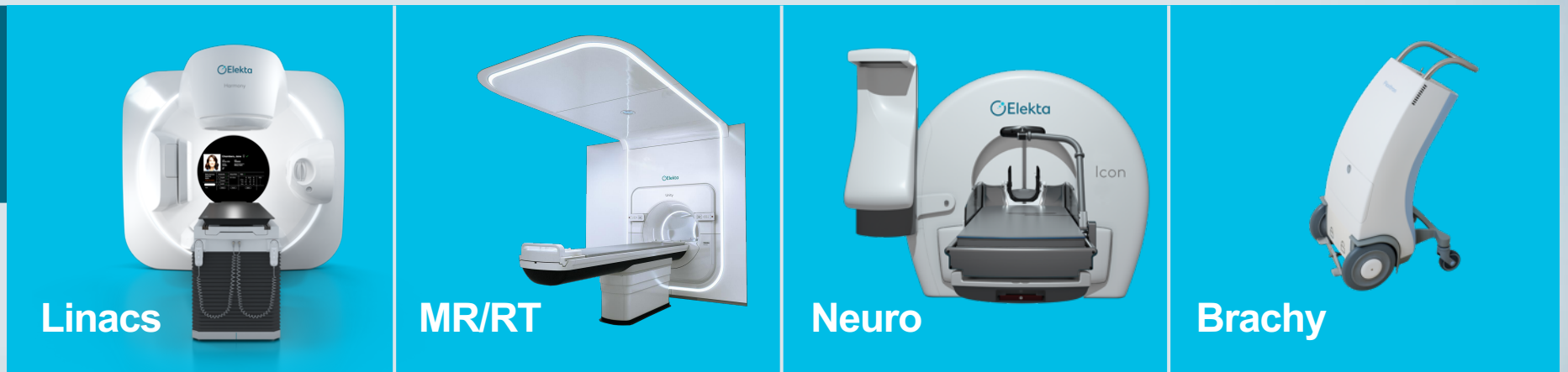
Software
Services



Oncology Informatics

RT Treatment Solutions

Devices
Software
Services



Linacs

MR/RT

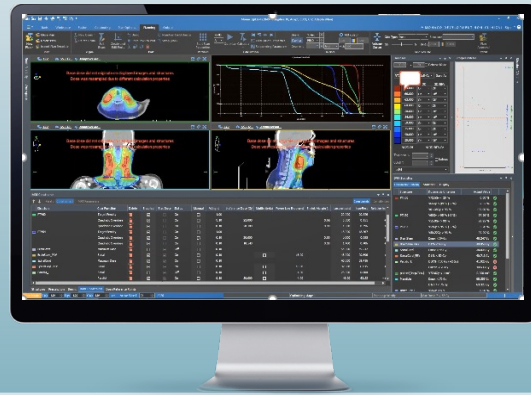
Neuro

Brachy

Amazing progress in past year



LGK Lightning



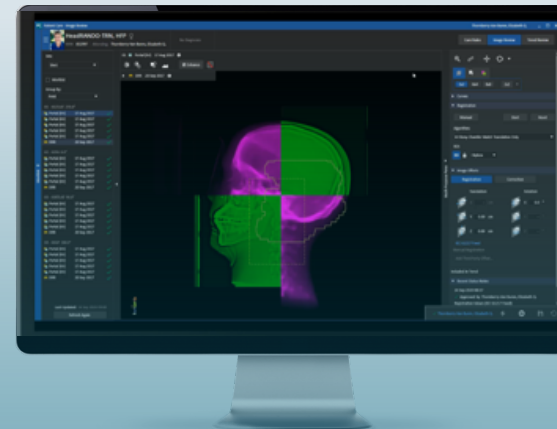
Monaco® 6.0



Elekta Studio



Harmony Linac



MOSAIQ® 3.0

“ACCESS 2025” drives priorities | Three focus areas

1 Personalized Precision

Comprehensive Oncology Care Solutions



Clinical decision support
Patient's role in
care pathway

2 Elevated Productivity



Resource optimization
Mobility of care

3

Integrated Informatics

RT Treatment Solutions



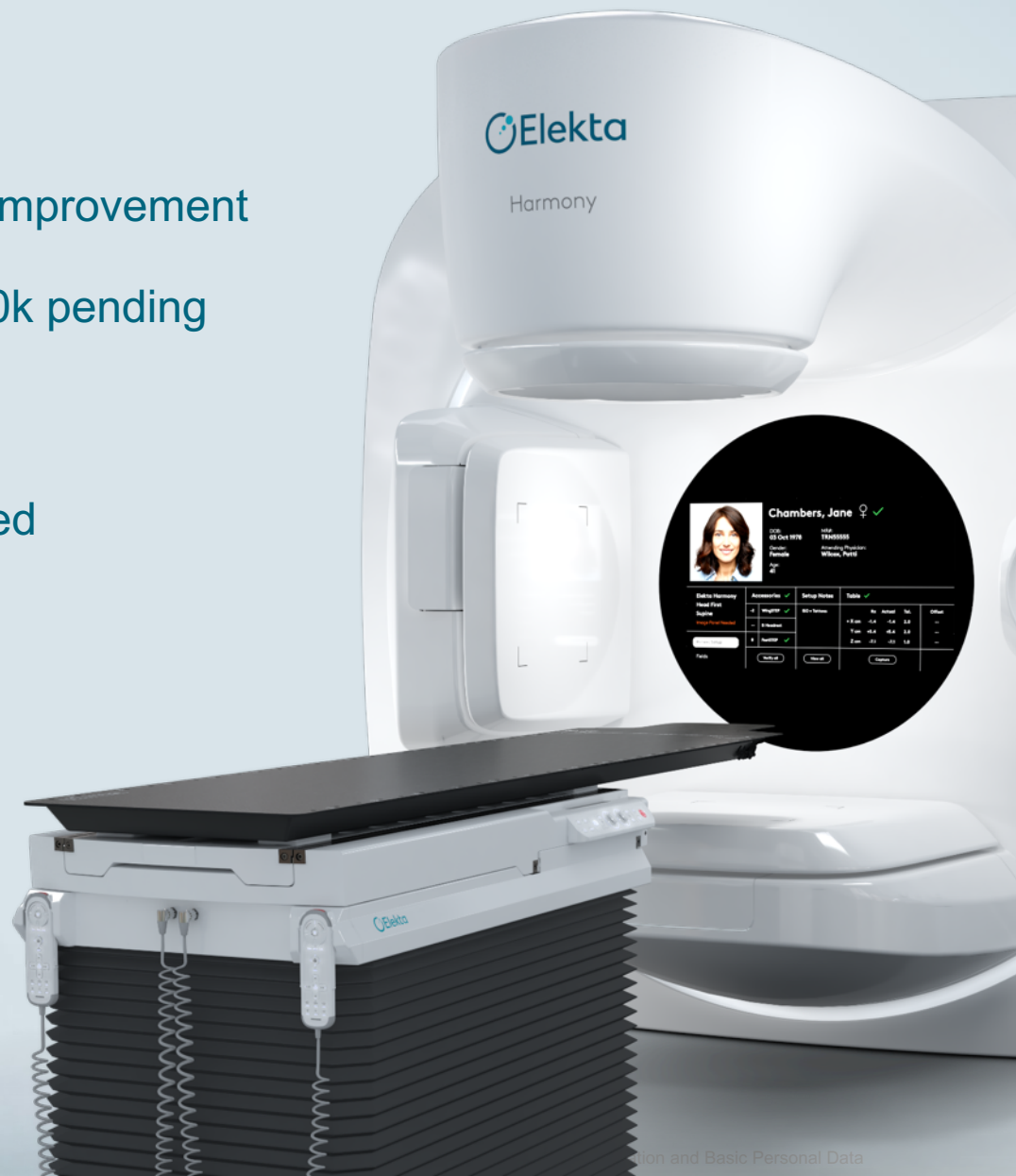
Integration and expansion
of imaging
Adaptive treatments







Workflow efficiency
and automation
Cost-effective devices

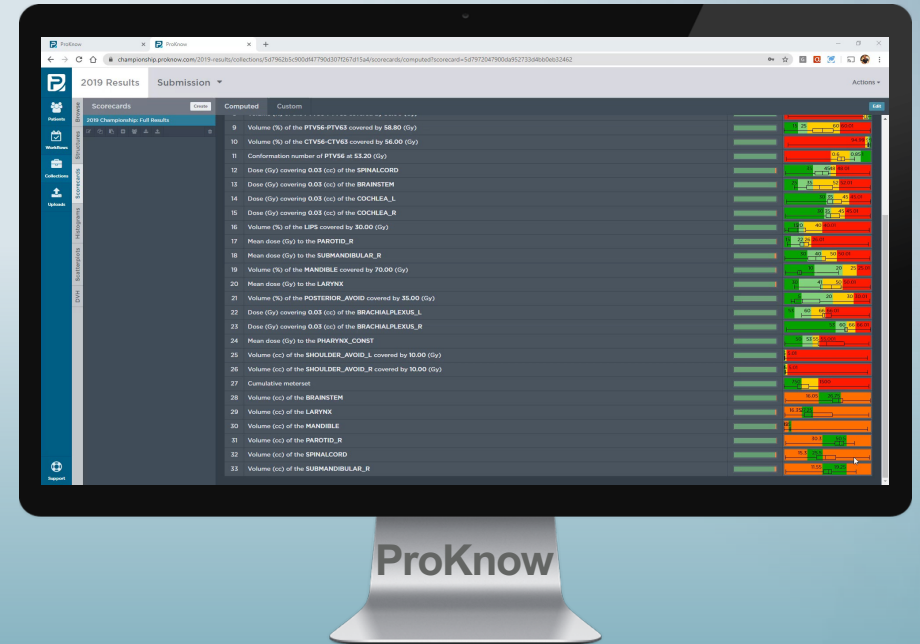
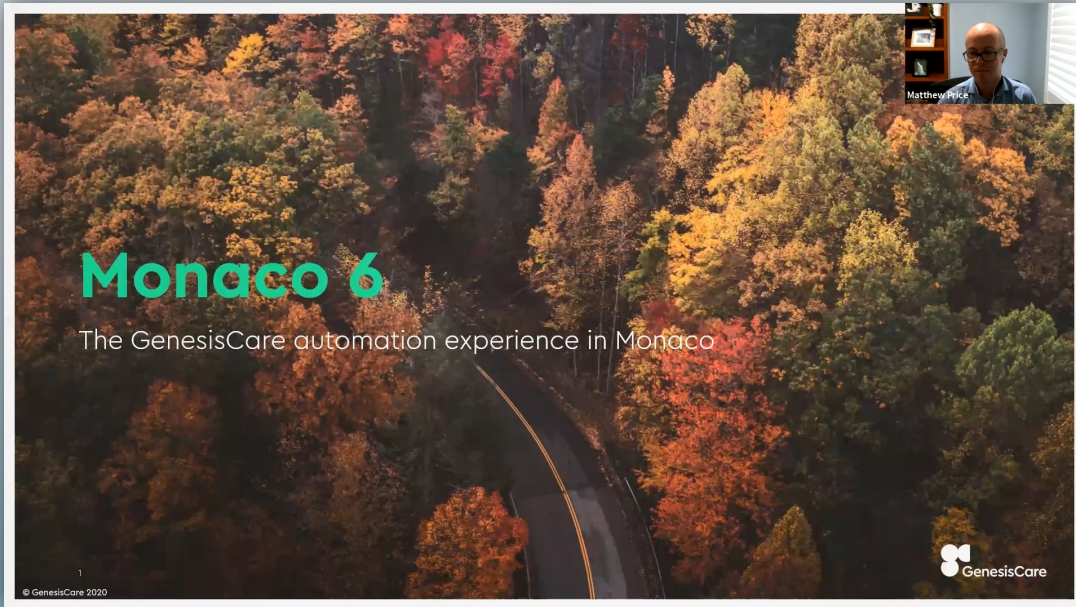
Harmony

- ▶ 25% productivity improvement
- ▶ CE approved, 510k pending
- ▶ 11 countries
- ▶ First patient treated
- ▶ Better profitability



<p>Unity</p>		<p>MR-Linac segment</p>
<p>Versa HD</p>		<p>Premium segment</p>
<p>Harmony Pro</p>		<p>Performance segment</p>
<p>Harmony</p>		<p>Value segment</p>

Evolving Treatment Management Software



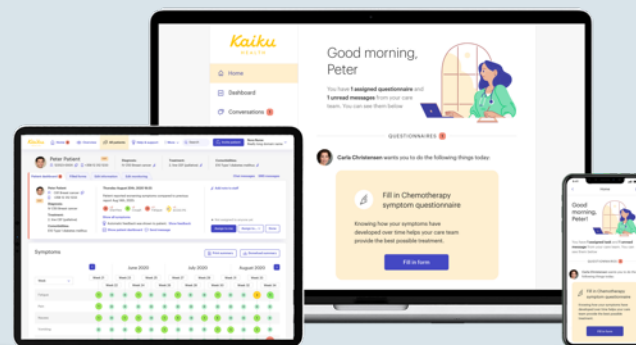
MOSAIQ® Plaza

Focus on ease of use and efficiency for the clinical staff...



MOSAIQ SmartClinic

... and adding AI-based PRO tools through Kaiku Health



Kaiku
HEALTH
A PART OF ELEKTA

The next part of the journey...

Elekta is accelerating innovation investments

1 Personalized Precision

- Embark on a **comprehensive Digital Software Transformation** program to future-proof our solutions and enable new capabilities and services

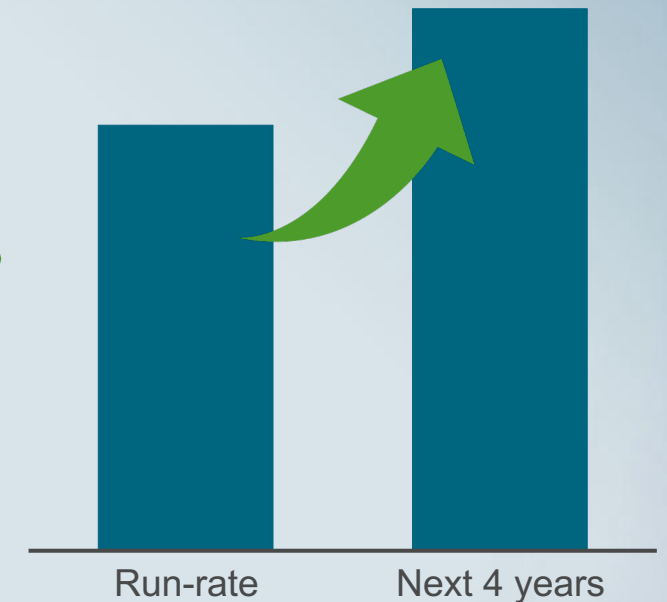
2 Elevated Productivity

- Form **strategic partnerships** while staying agile as a focused and independent cancer care company

3 Integrated Informatics

- Elevate our Innovation capacity and capabilities, including **doubling our AI efforts**

Innovation investment



Next-gen software will see traditional OIS role expanded



More multi-disciplinary decisions



Clinic productivity



Patients more actively participate

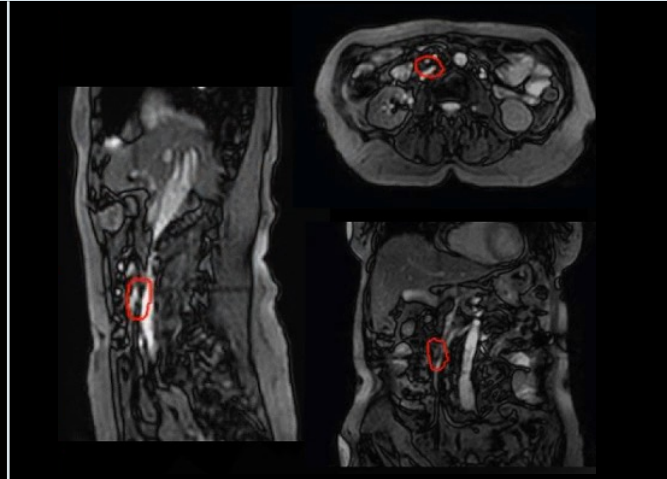


Interact anywhere and any time

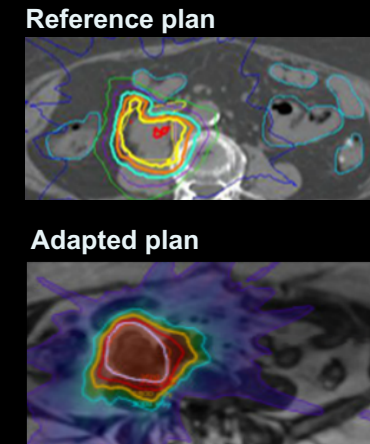
...and closer integration of treatment management software with the treatment device



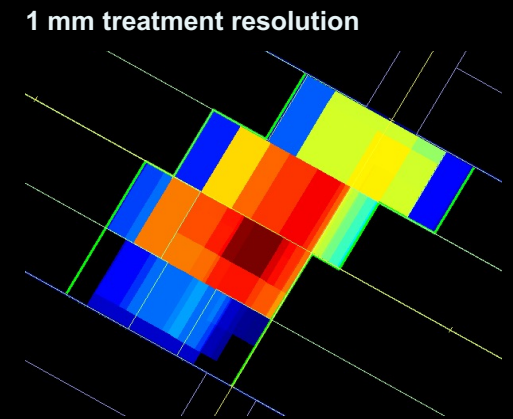
Image guidance
as standard



Real-time motion
management*



Act on anatomical
changes day-by-day



Device-specific treatment
management software

Digital transformation program



1
**FASTER
INNOVATION**



2
**SMOOTHER
UNIFIED UX**



3
**STREAMLINED
WORKFLOWS**

What we are doing

Central software platform team established,
and centrally driven SW transformation program

Software transformation
journey, started over a year
ago, currently involving

20% of our
Engineering Team

Elekta is expanding its
engineering base

>25% in next 2 years,
majority is
in software

Share a vision of Precision in Oncology



Jointly advancing comprehensive and personalized Oncology care



Magnetic Resonance Radiation Therapy



Integrated **Simulation–Planning–Treatment** workflow for adaptive and personalized therapy

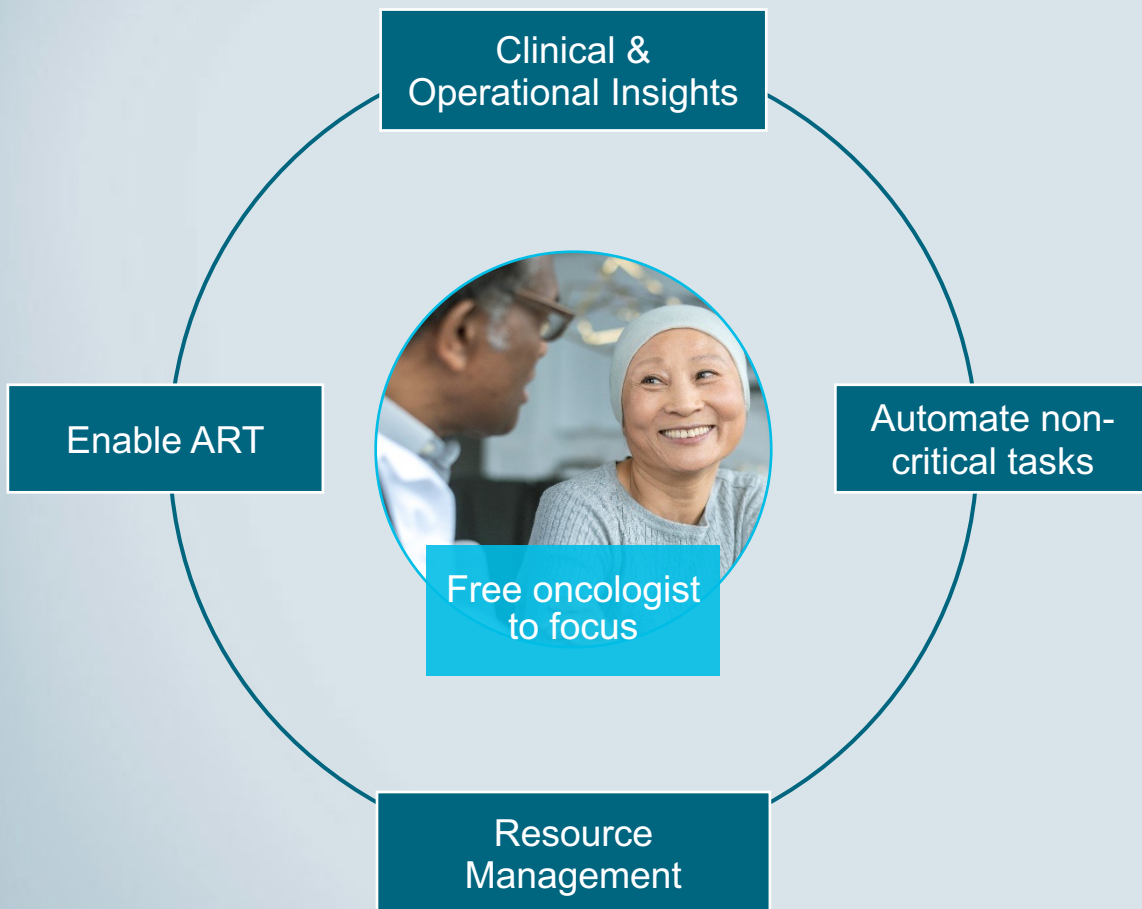


Expansion of integrated imaging and **image-guided** solutions for oncology treatment



Clinical decision support and seamless workflow from precision diagnostics into therapy and follow-up

Vision



Partners



Infrastructure

Industrial partners
50k RT-specific end-to-end data sets

Accelerating innovation | Single software foundation

Linacs

New linac systems include adaptive workflows



MR/RT

Further expand real-time capabilities



Neuro

Drive efficiency and (AI) automation



Brachy

Expand image guidance



Informatics

Patient, workflow and clinical decision support



Joint software foundation to streamline workflow, drive automation and productivity



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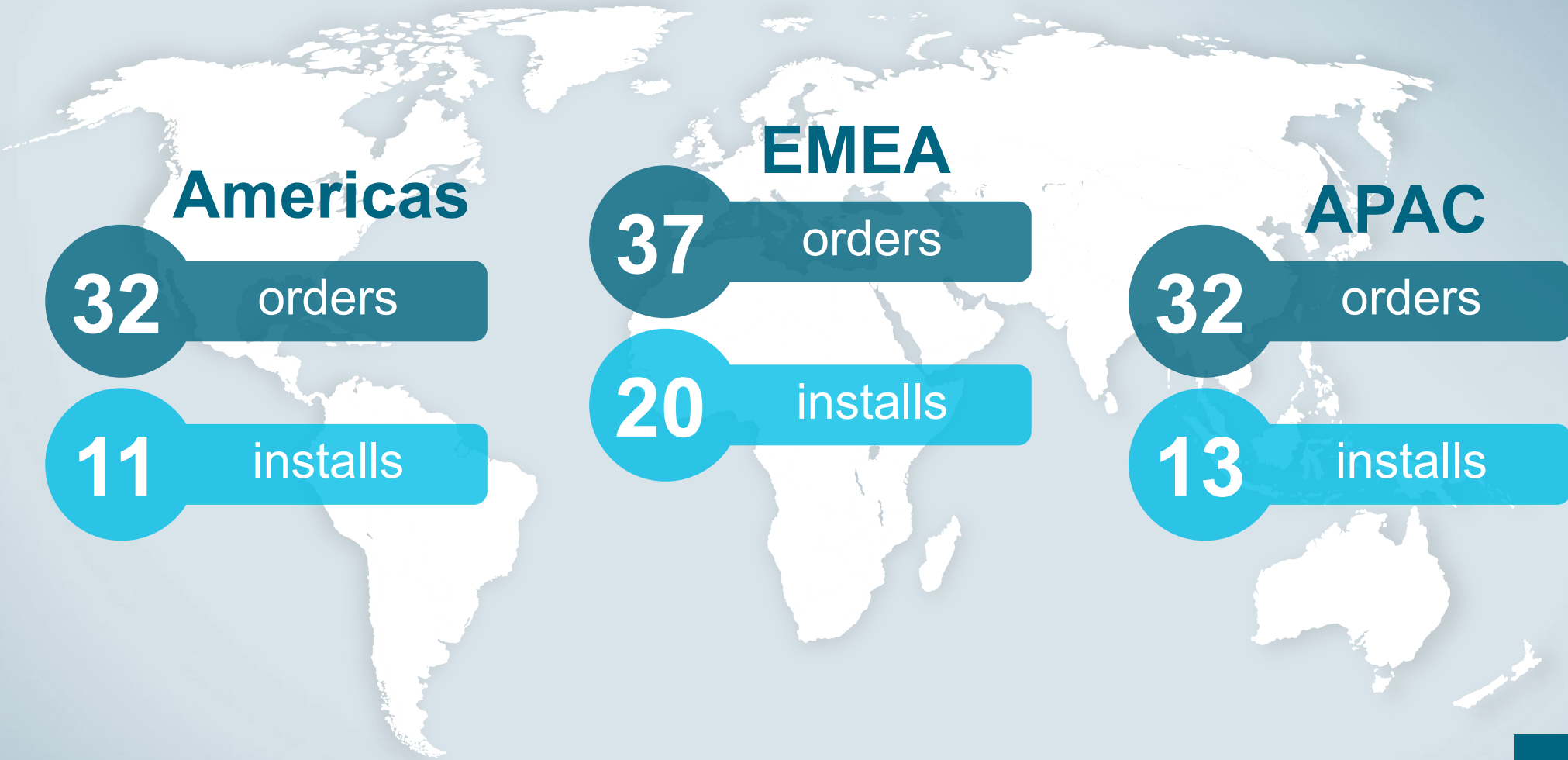
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MR-Linac

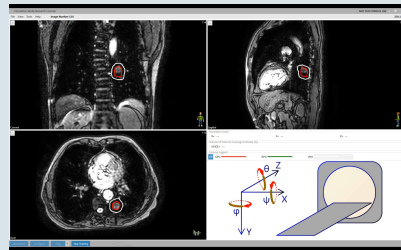
Lionel Hadjadjeba, President MR-Linac Solutions

Thijs van Bommel, VP and Head of Marketing & Sales MR-Linac Solutions

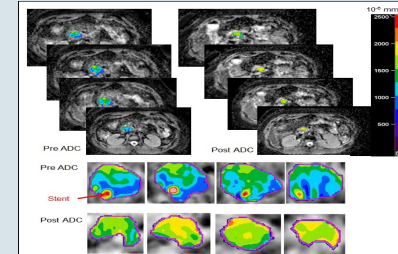
+100 | Unity systems ordered and 44 installs across the globe



Unity MR-Linac – the journey onwards

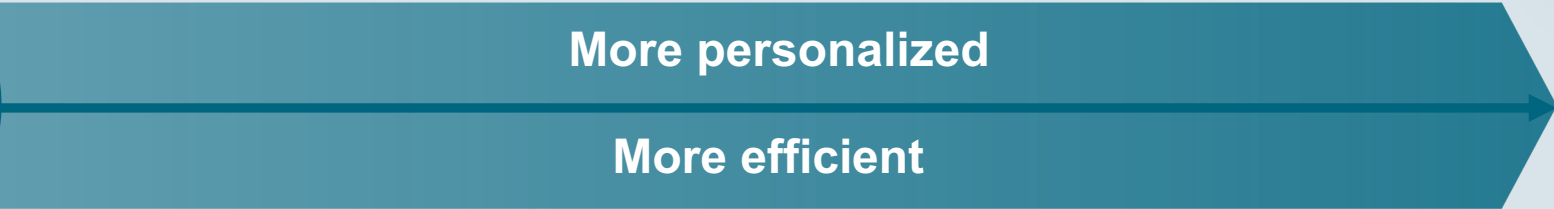


Motion Management



Response Adaptive

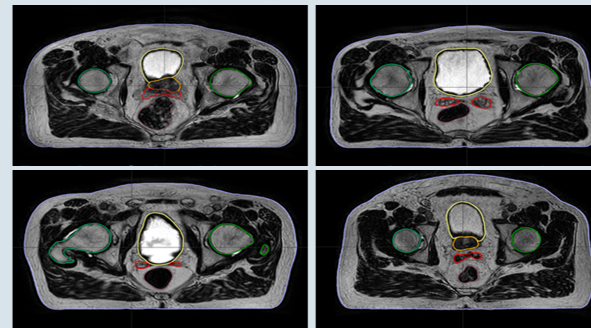
**Elekta
Unity**



**Elekta
Unity**
Standard in
Radiotherapy

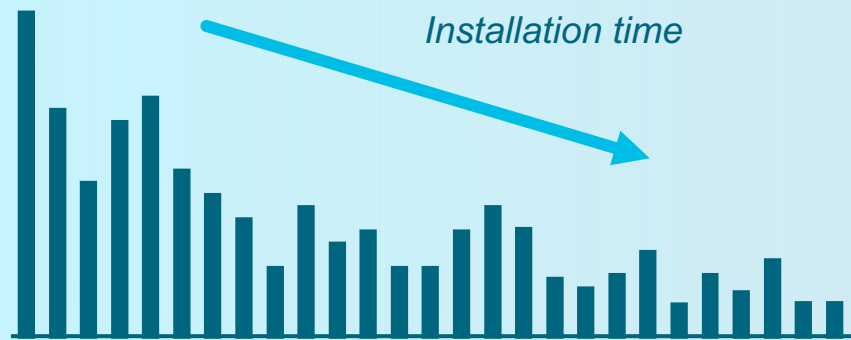
Workflow Optimization

- Treatment time reduction
- Auto segmentation



Margins set to increase following operational improvements and business maturity

Operational improvements driving cost down

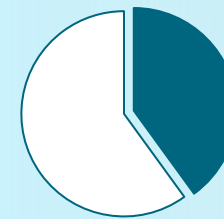


Installation times: From 37 weeks to 13 weeks
Average time reduced by 3 weeks FY 20/21

COGS: substantial cost savings in coming years

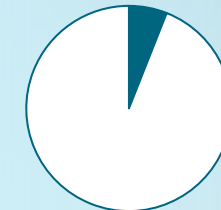
Sustainable
margin
improvement

Business maturity will enhance margin profile



Elekta group

% service revenue



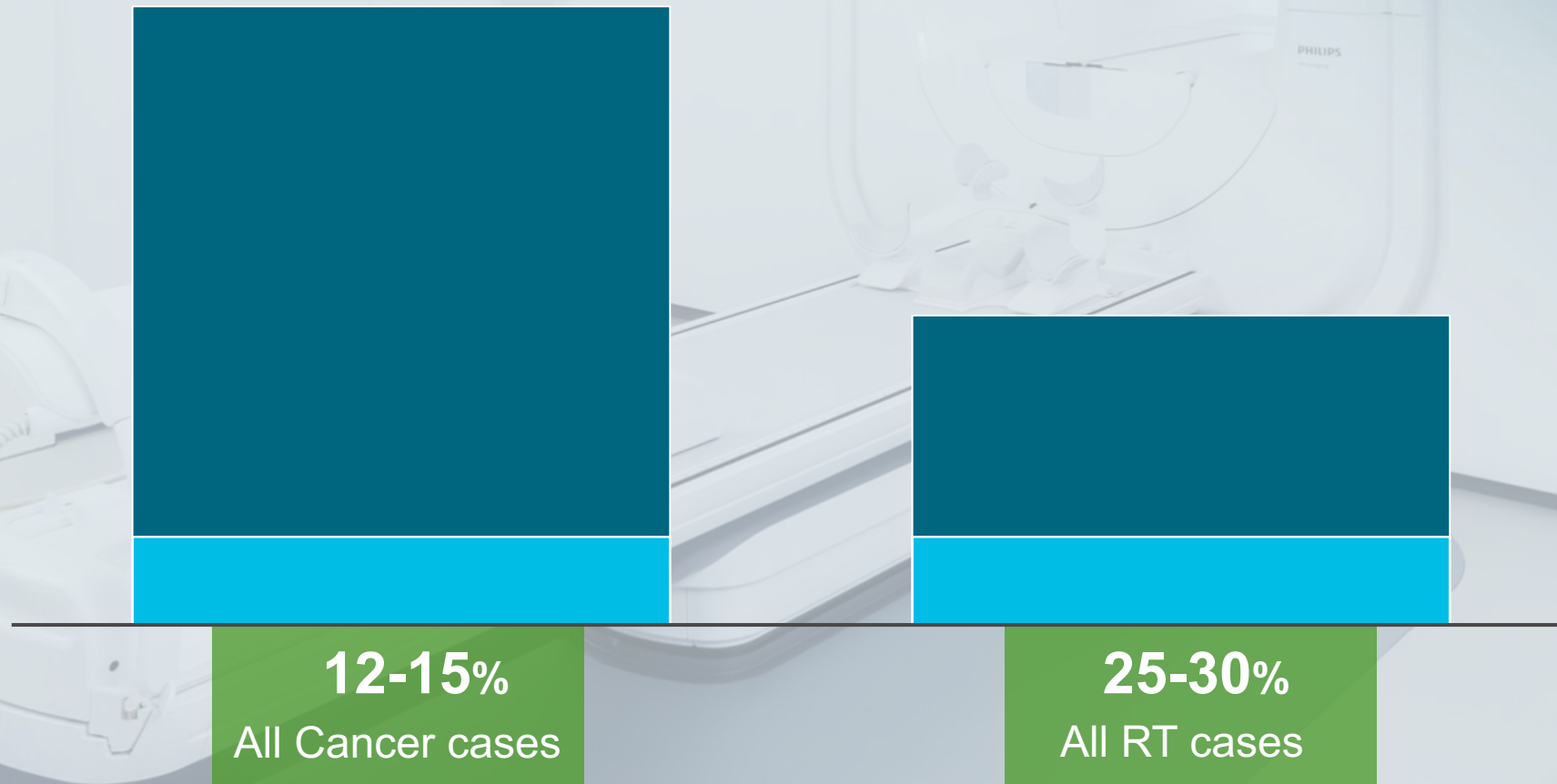
Unity Business

Service: to pick up in coming years
Currently **100%** of systems sold covered by contracts (after warranty)

Volume: Scale effect

Based on clinical analysis, MRL treatment would be beneficial to 25-30% of all RT patients in the future

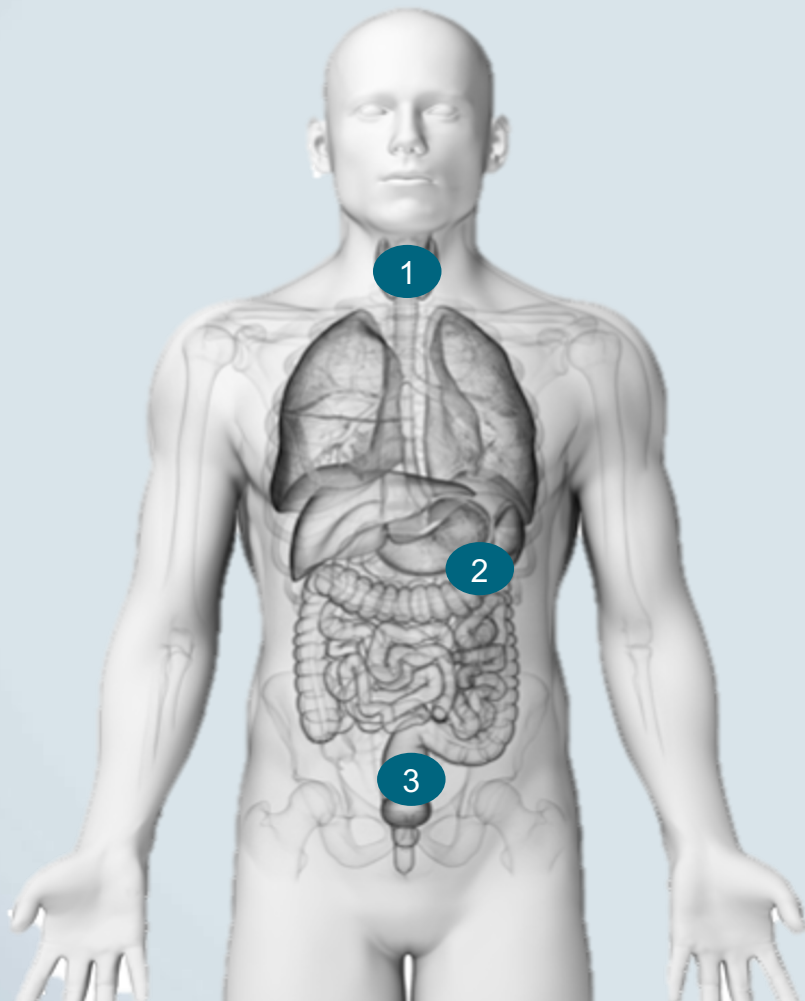
Clinical need for MRL



The Unity evidence development journey



Good progress in clinical evidence journey: New on-going clinical studies of interest



Cancer type:	Head and Neck Cancer¹
Intervention	Radiation + immunotherapy
Study question:	What is the highest radiation dose that can be given with Unity in patients receiving immunoTx?

Cancer type:	Kidney Cancer²
Intervention:	SBRT
Study question:	Can Unity be used to cure a kidney cancer and preserve function of the normal kidney?

Cancer type:	Rectal Cancer³
Intervention:	Radiation dose intensification
Study question:	How often are patients cured prior to surgery with dose escalation on Unity?

1. Institution: Froedtert & MCW. Study: Dose-Escalated Hypofractionated Adaptive Radiotherapy for Head and Neck Cancer (DEHART). NCT04477759

2. Institution: MD Anderson. MRI-Guided Radiation Therapy for the Treatment of Early-Stage Kidney Cancer, the MRI-MARK Trial. NCT04580836

3. Institution: Froedtert & MCW. Study: MRI-Guided Adaptive Radiation Therapy for Organ Preservation in Rectal Cancer. NCT04808323



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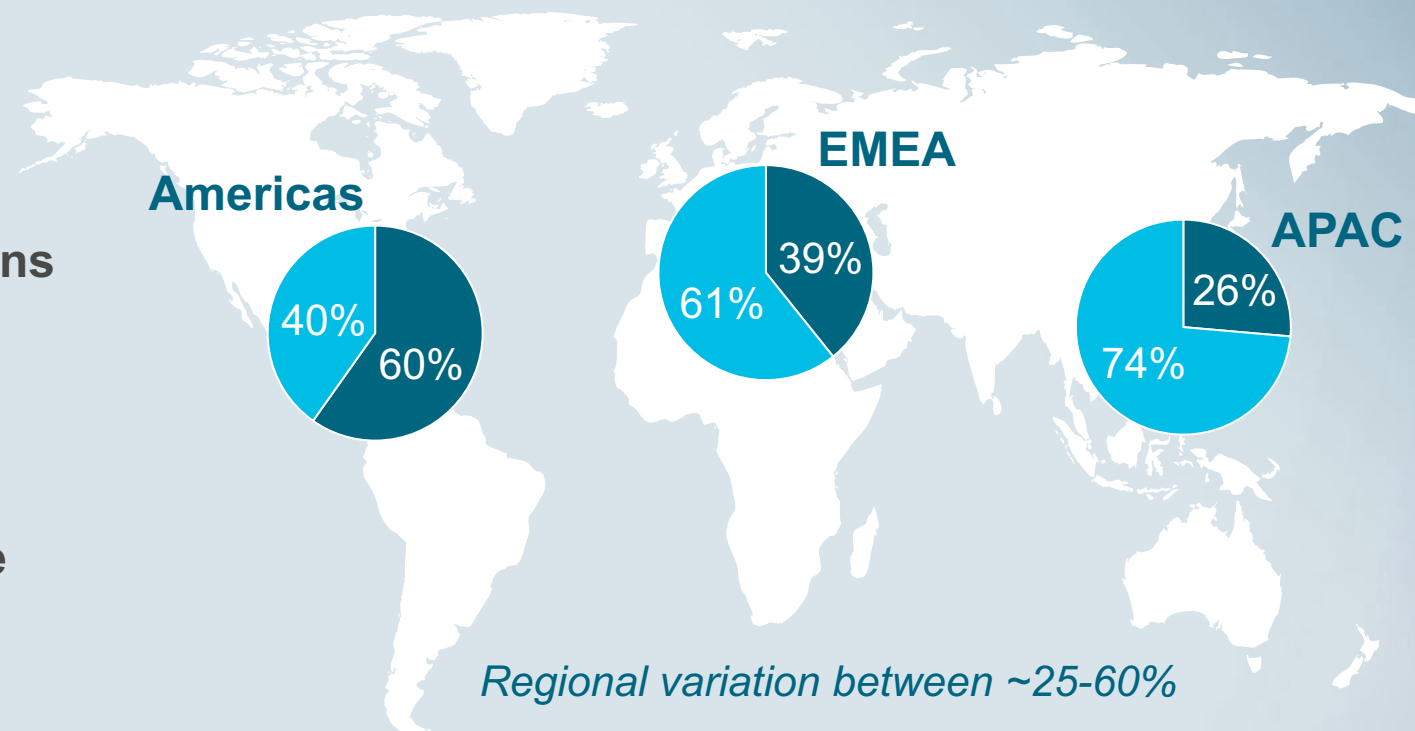
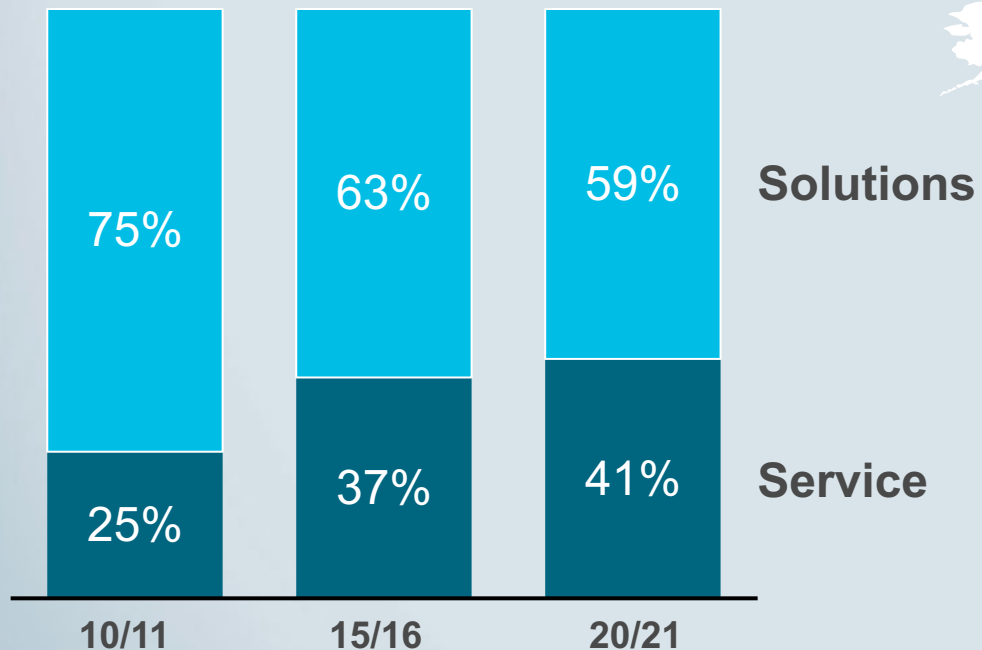
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Service

Paul Bergström, EVP Global Services

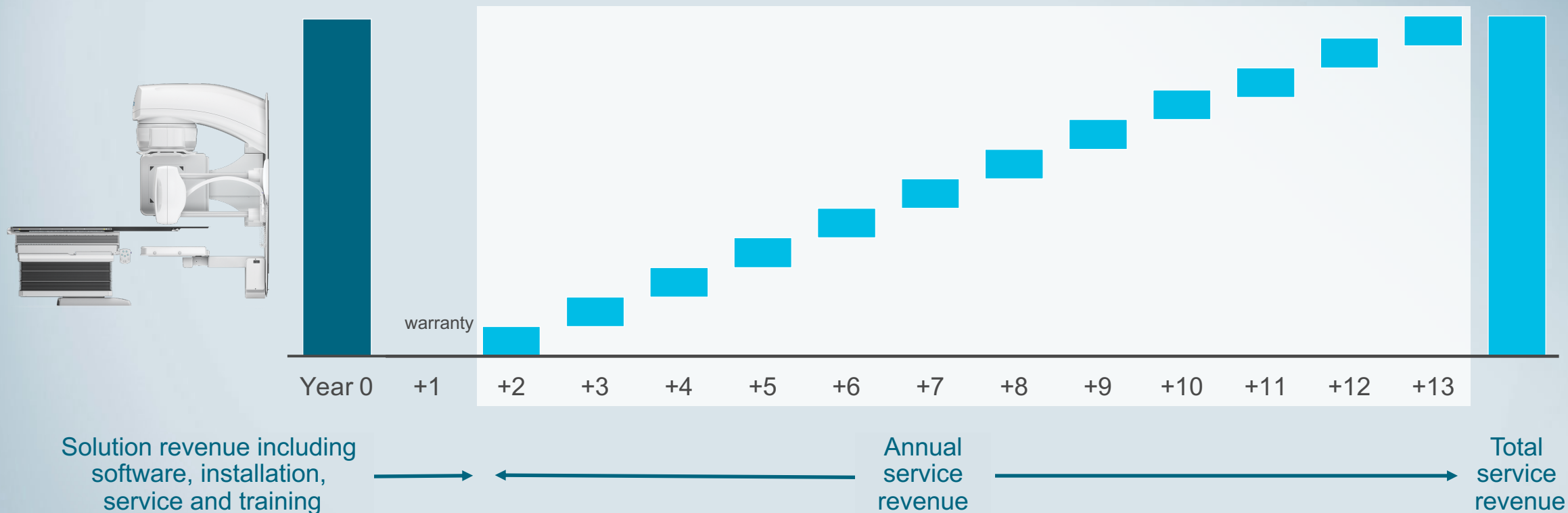
Recurrent service business is a substantial and growing share of Elekta revenues

Net sales per product type (% of total Elekta sales)



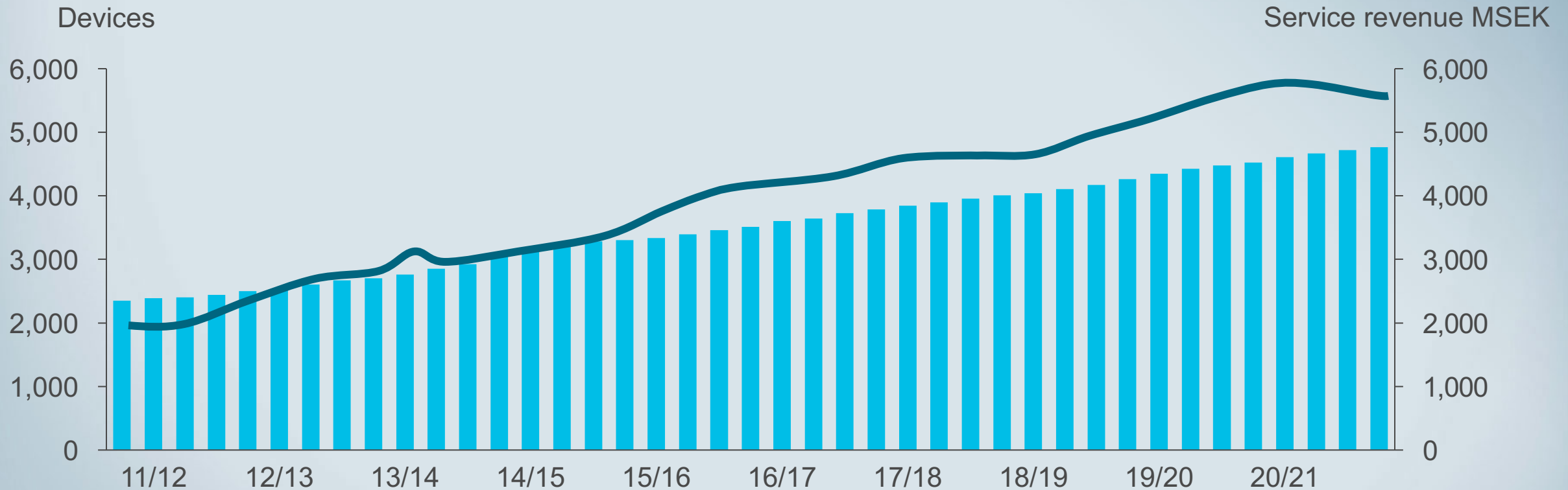
Service revenue is stable and recurring with majority of service revenue stemming from long term contracts

Lifecycle revenue, illustrative



Service revenue has outpaced installed base growth

Installed base and service revenue (quarterly rolling 12 months)



Strategic focus areas for Services

A proactive service model

Digitalization

innovating and implementing to be a forerunner

Growth

expanding with innovations and business models

People

developing competence and effectiveness

Process & Platforms

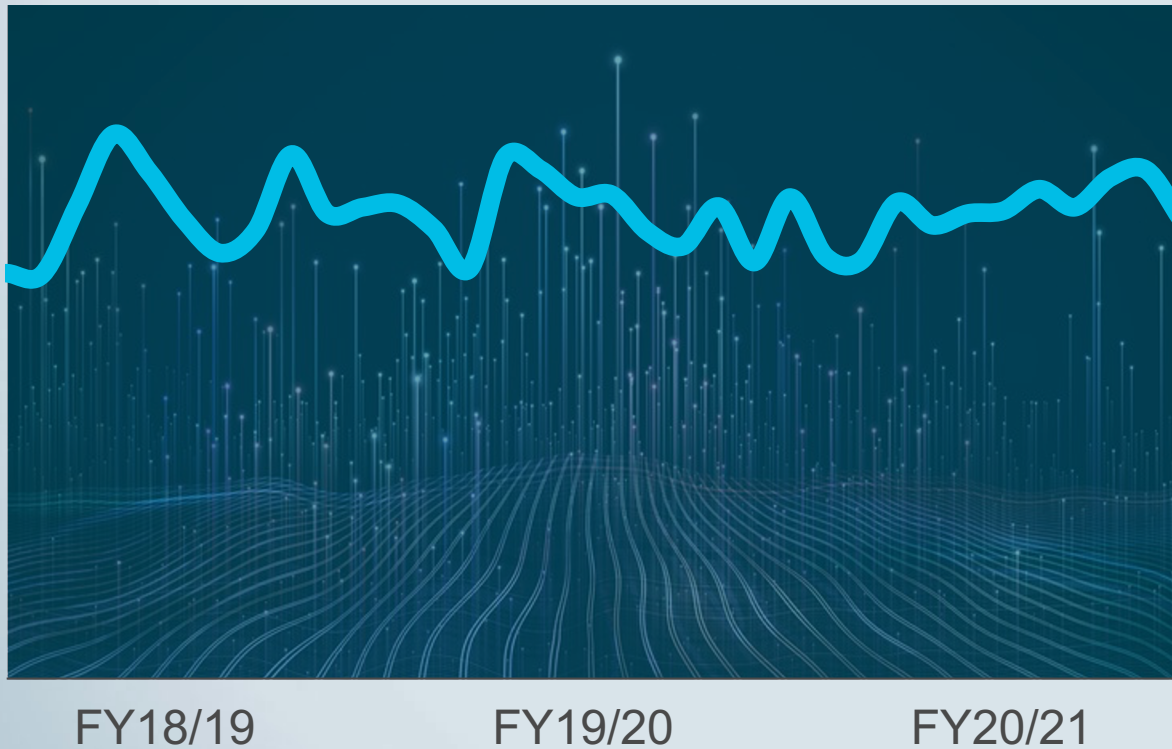
centralizing, standardizing, and automating

Main targets

- Increase already high customer satisfaction
- Drive revenue growth above the local installed base
- Improve response and resolution time to customer
- Widen service offering

Thanks to our digitalization efforts, we've been able to meet the challenges of the pandemic with minimal customer impact

Site down cases, FY18/19 – FY20/21

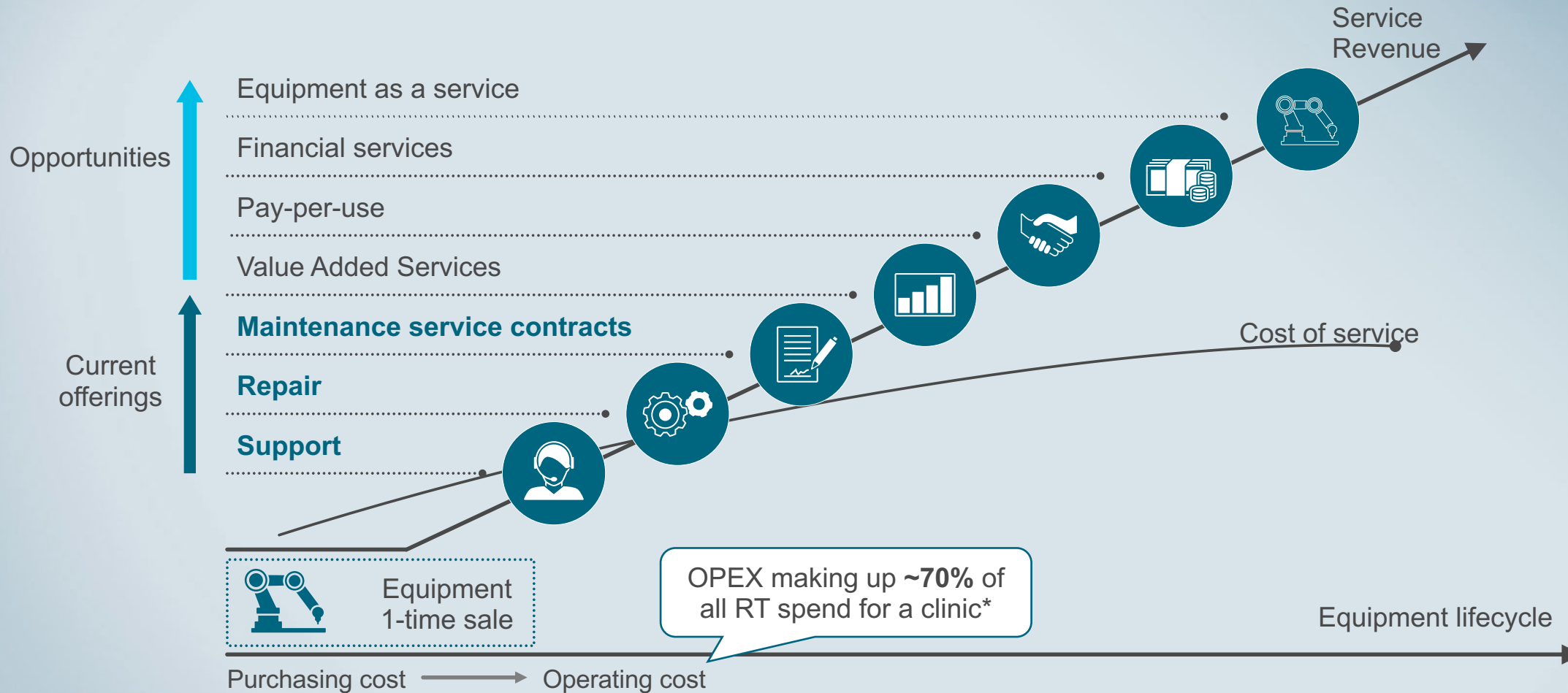


Remote assist rate



increased with maintained overall NSAT score of 80+

We plan to drive growth by expanding our services offering and moving towards new business models



In summary

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2021

- Stable recurring revenue business
- Growing faster than the installed base
- Industry leading remote technology
- Driving growth through innovation and digitalization
- Service strategy results in higher service quality, lower costs and increased customer satisfaction



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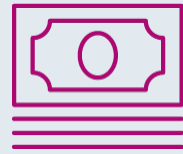
Emerging Markets

Habib Nehme, EVP Middle East, Africa and India, APAC & Japan

Emerging markets are underserved



155
countries



40%
of global GDP



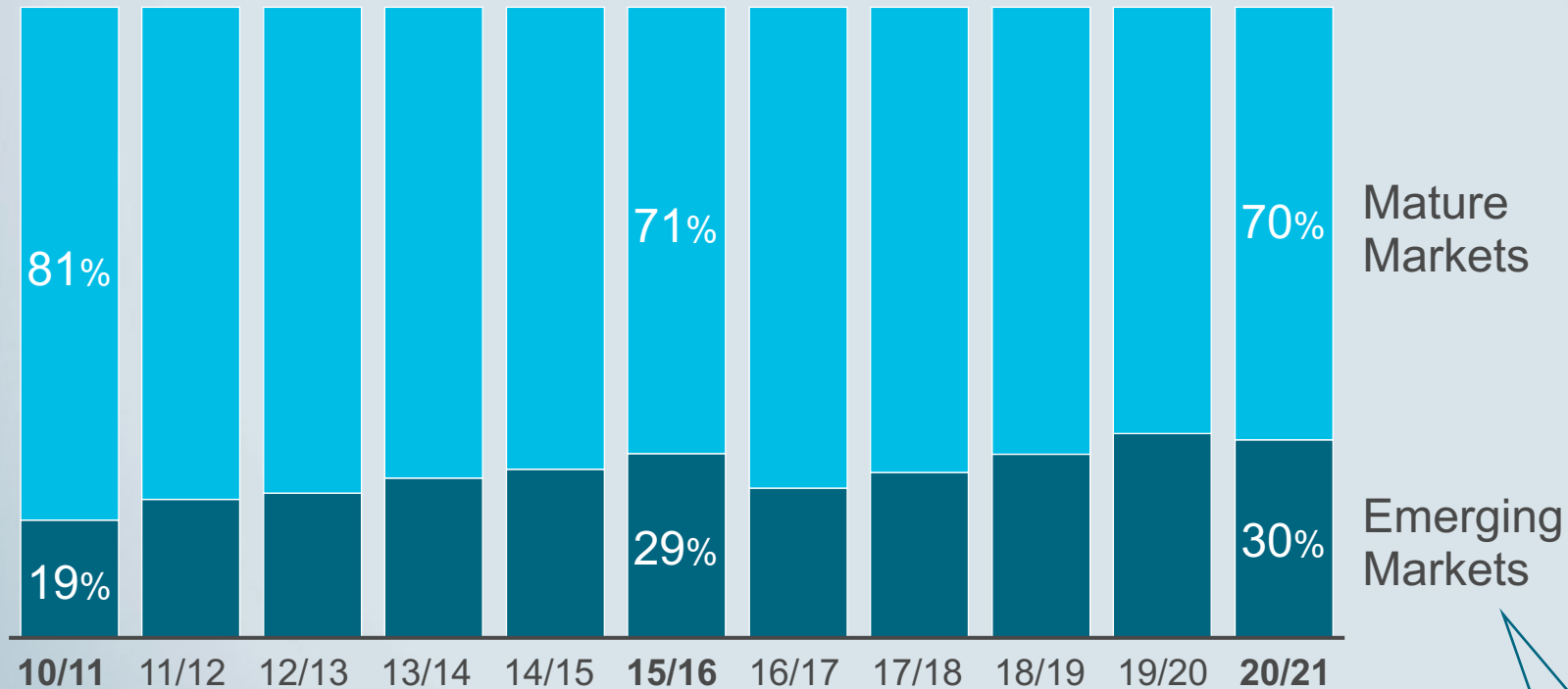
40%
of total RT
installed base



85%
of global
population

We have a strong position in these countries and keep growing the Emerging Market share of our total business

Net sales per market type (% of total Elekta sales)



Distributor sales
~1/4 in
Emerging Markets

Elekta market share
in Emerging Markets
(% of total market)



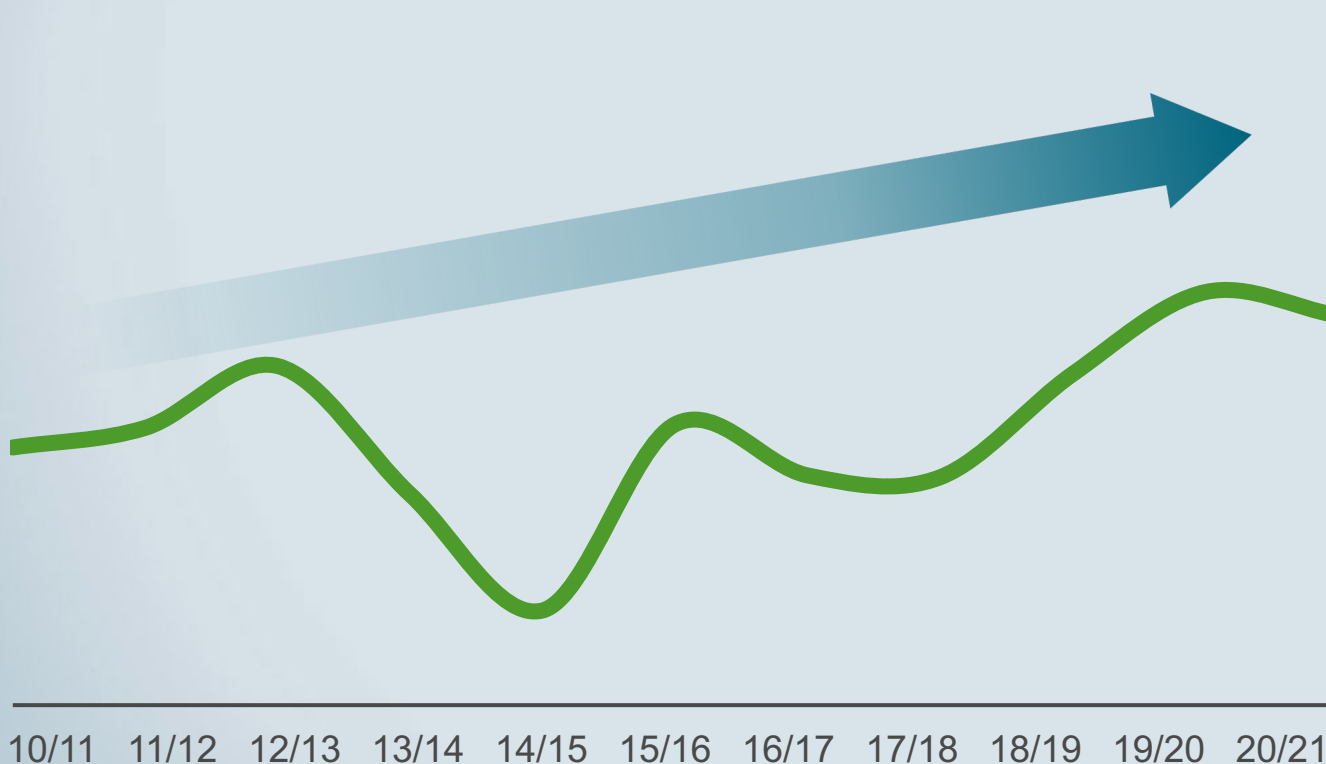
~50%
of new orders



~35%
of installed base

Emerging Markets margins are also increasing as our service and software offerings keep gaining attractiveness

Gross margin (%)



Operational drivers



Increased sales push on full Elekta offering, increasing Software and Service sales



Increased customer demand for full Elekta offering to meet productivity and competence needs

We work structurally to address the needs of emerging markets





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Financials

Johan Adebäck, Chief Financial Officer

Mid-term outlook until 24/25

Growth

>7%
net sales
CAGR

Margin

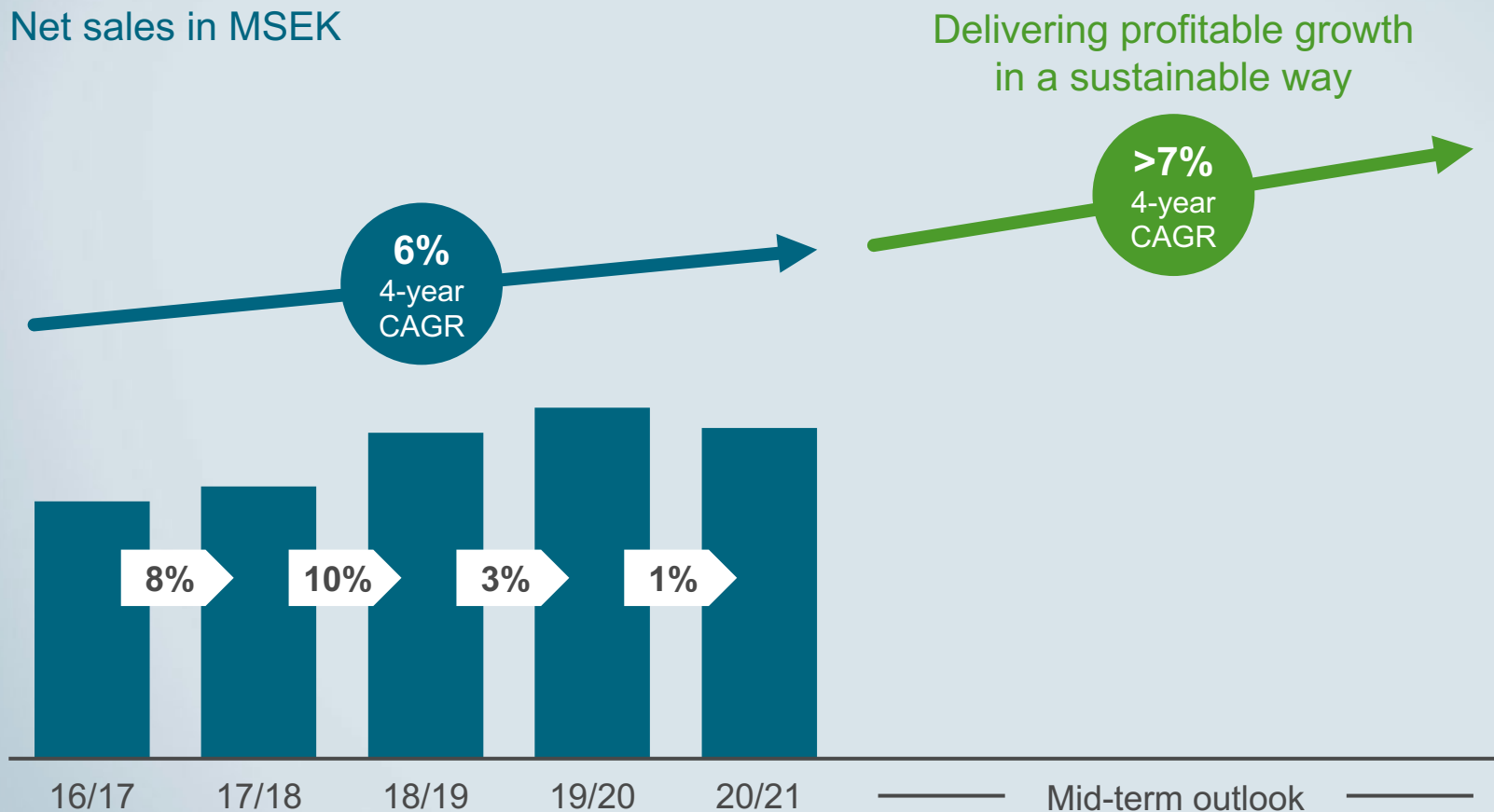
EBIT %
expansion
over period

Capital allocation



>50%
of annual net profit
in dividend

Innovation, partnerships and PRM adoption will drive strong top line growth in the next four years

Net sales in MSEK



Key drivers

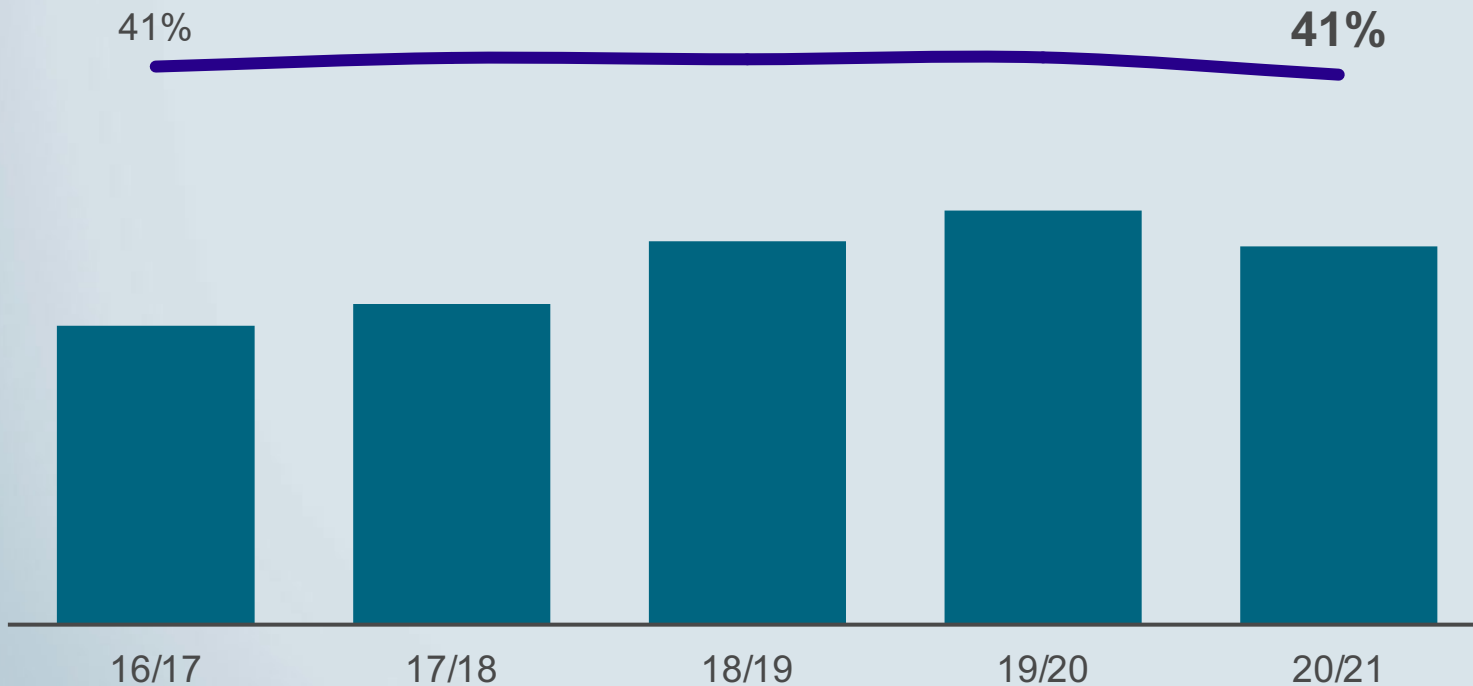
-  Unity
-  Emerging Markets
-  Software
-  Service
-  As-a-Service
-  New products

Continued EBIT margin improvement

FY 20/21 (MSEK)		Key components until 2024/25	
Net sales	13,763		
COGS	-59%		
Gross margin (%)	41%	Gross margin	<ul style="list-style-type: none"> • Stable Gross margin levels historically
SG&A expenses	-16%	SG&A	<ul style="list-style-type: none"> • Continued improvement of SGA leverage from efficiencies
Net R&D expenses	-11%	R&D	<ul style="list-style-type: none"> • Accelerated investments, Net R&D expenses more stable going forward
Other (FX, Other)	0%		
EBIT margin (%)	14%		

Stable Gross margin levels historically

Gross income in MSEK and Gross margin as % of sales



Key drivers



Unity



New products



Service & Software



COGS initiatives



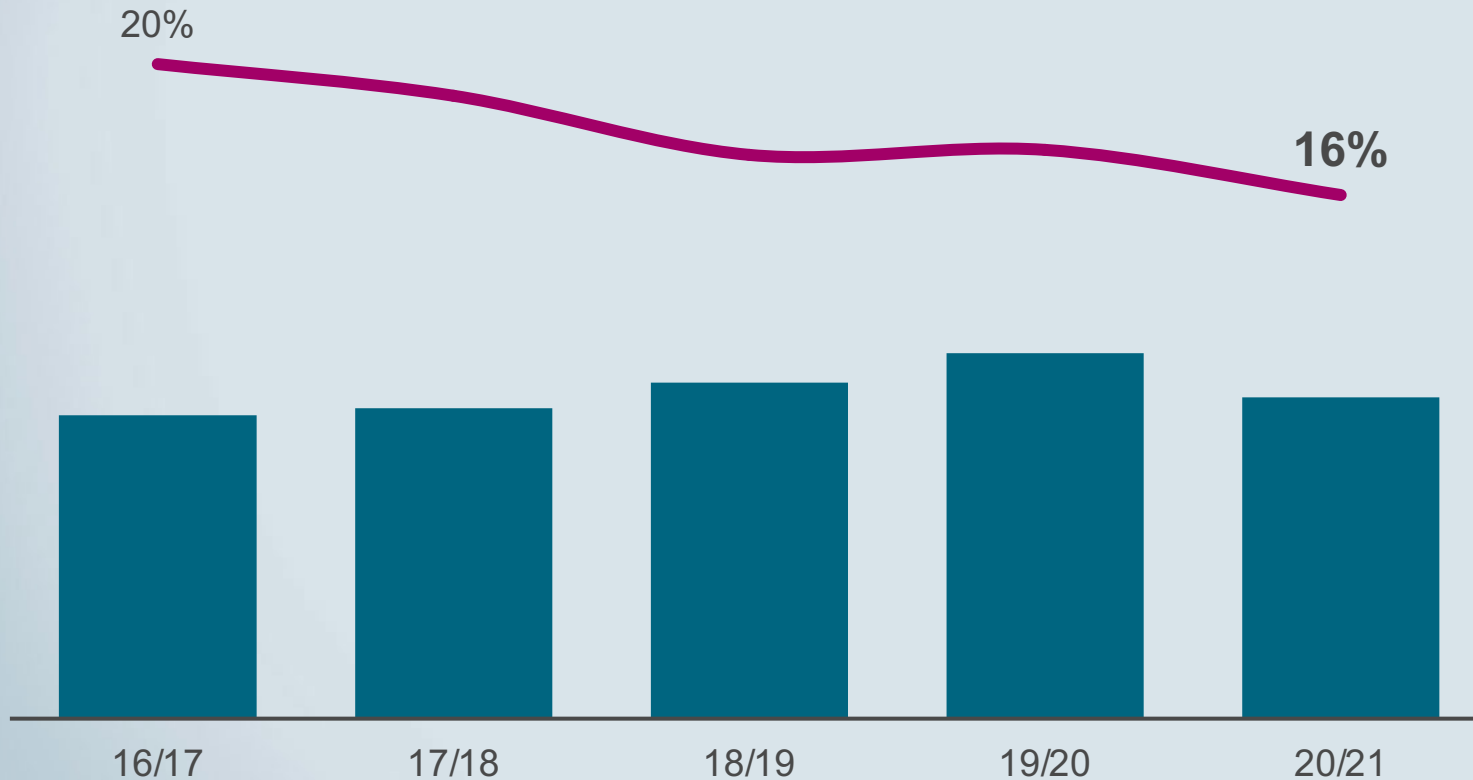
Price pressure on existing platforms



Emerging Markets

We will continue our journey of improved SG&A leverage by driving efficiencies

SG&A expenses in MSEK and as % of sales



Key drivers



Reduced T&E %



Digital Sales & Marketing



Process efficiencies



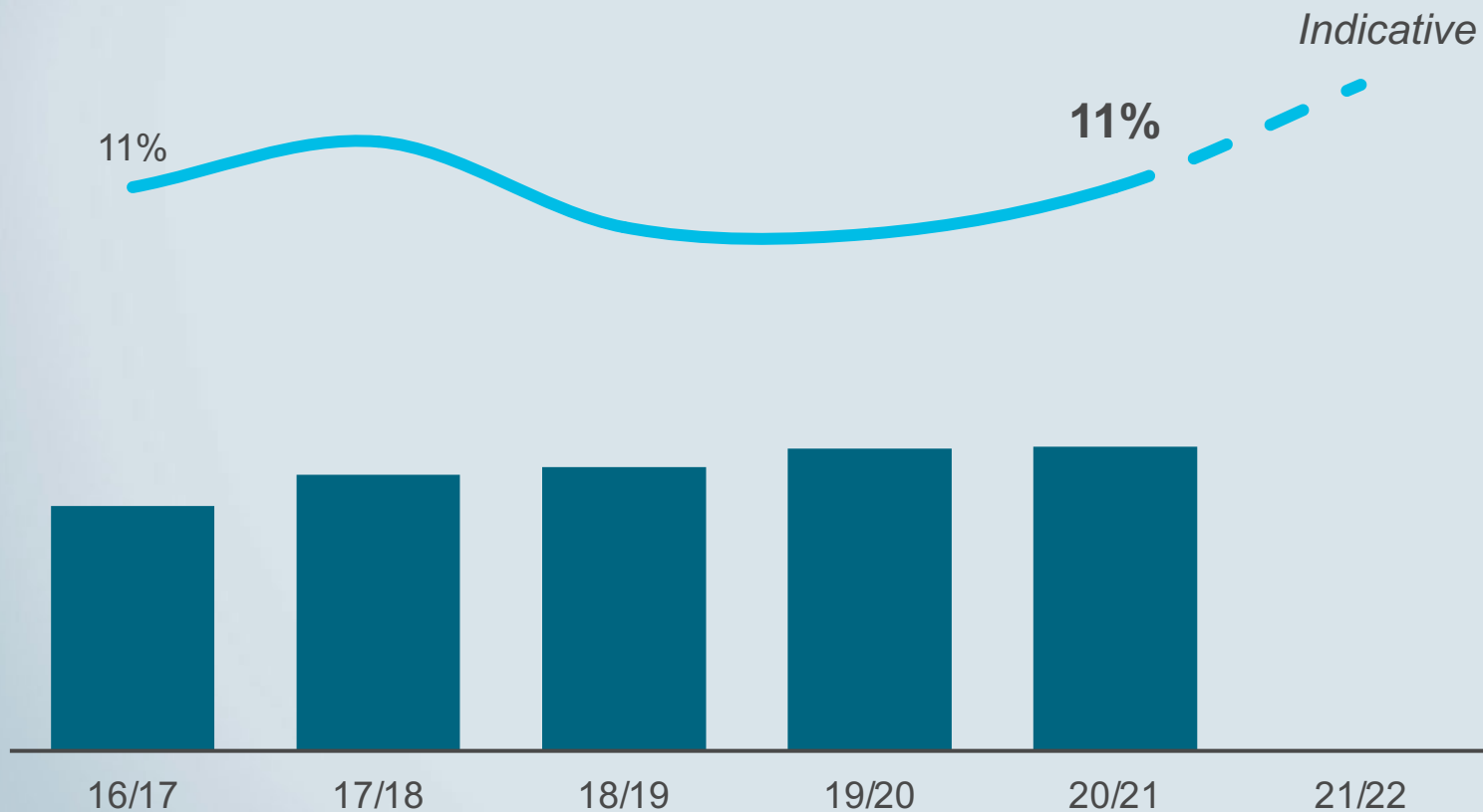
Digitalization



Centralization

Accelerated investments in innovation in the coming years to support growth

Gross R&D expenses in MSEK and as % of sales



Key drivers



Personalized precision



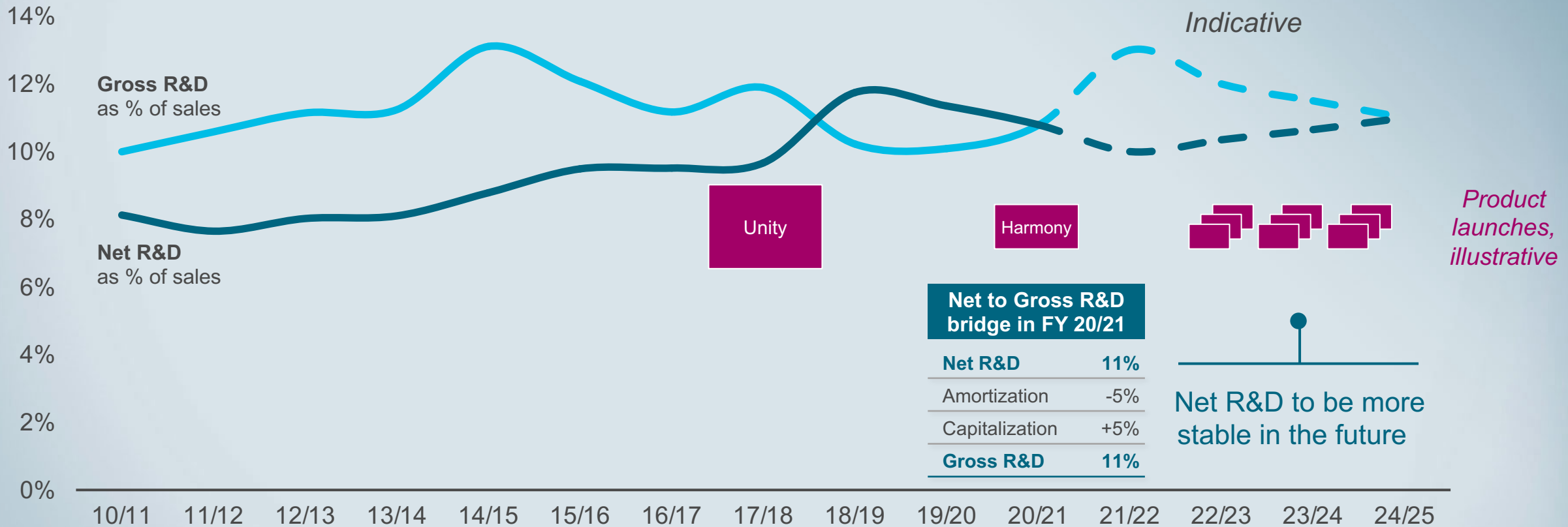
Elevated productivity



Integrated informatics

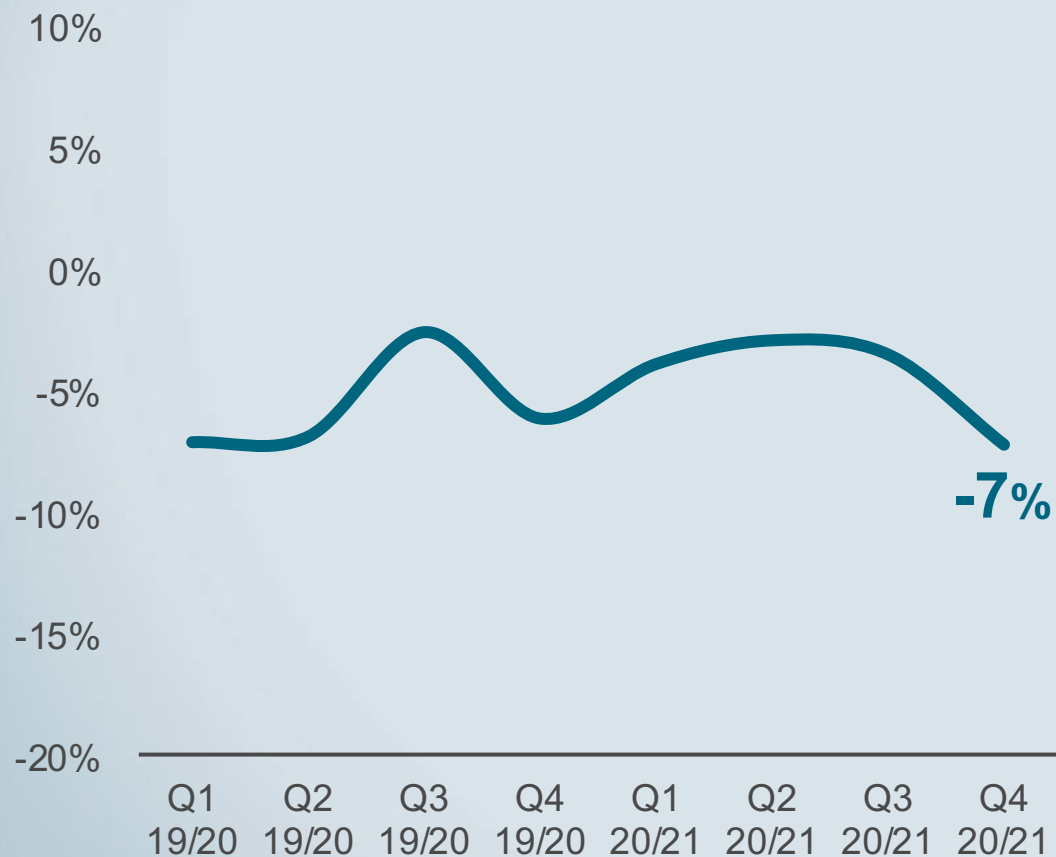
We are moving from EBITA to EBIT as Net R&D % will be more stable going forward

Gross and Net R&D expenses as % of sales

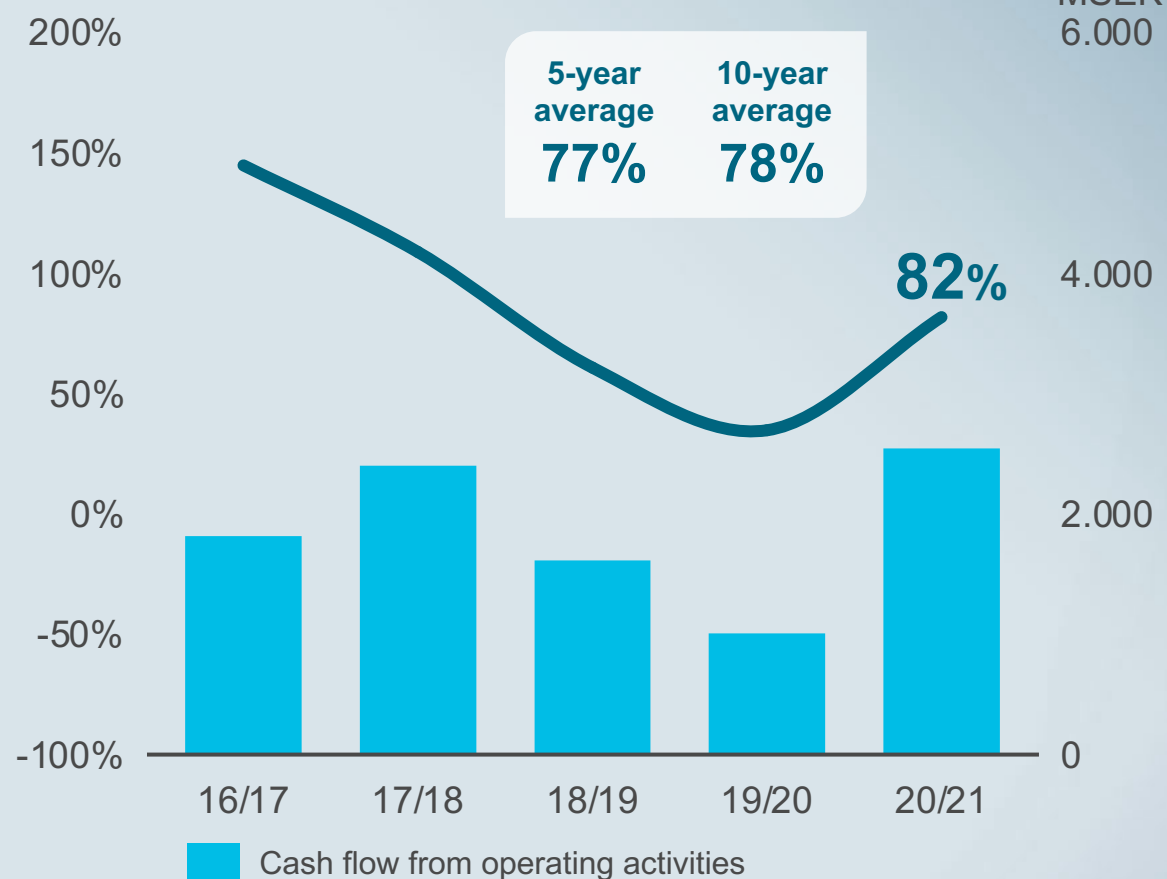


Stability in Working Capital and Cash flow over time

Net working capital as % of net sales

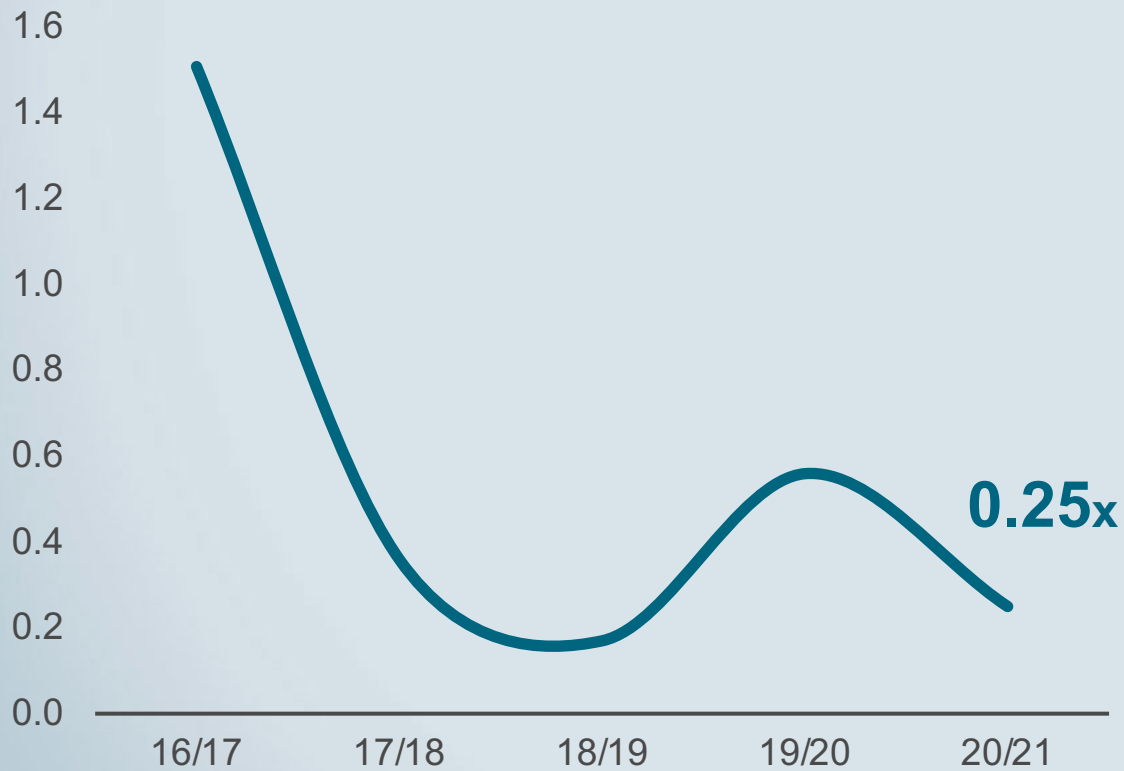


Operational cash conversion %

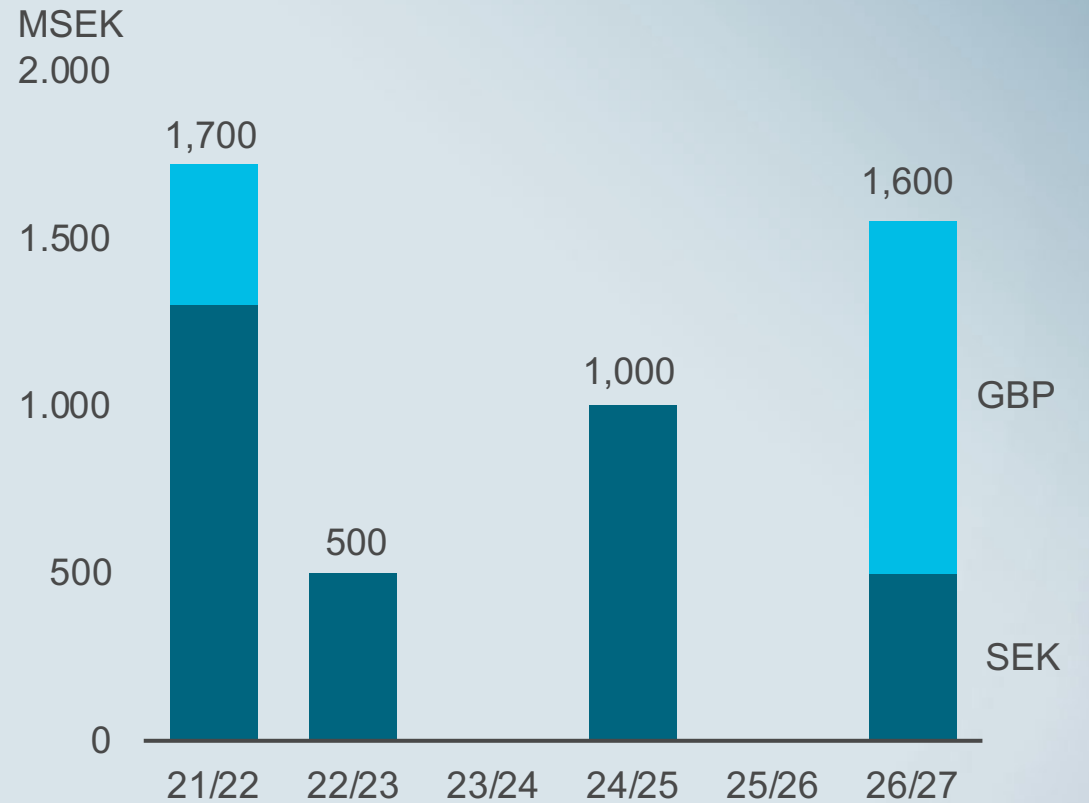


Strong balance sheet with low net debt supports our growth and innovation agenda

Net debt to EBITDA – Leverage Profile



Maturity Profile



Capital allocation going forward



Dividends

New policy: at least
50% of net income



Selective acquisitions/ investments

Expanding our portfolio
and offering



Geographic expansion

Increased footprint in
emerging markets

To summarize, we have an attractive value creation model supporting our plan for profitable growth in a sustainable way





Elekta

Capital Markets Day
2021

We don't just build technology
We build hope