



Gradual market recovery

Q2 report 2021/22

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Agenda

- Towards improved access to the best cancer care, Q2
- Q2 financials
- Outlook
- Q&A



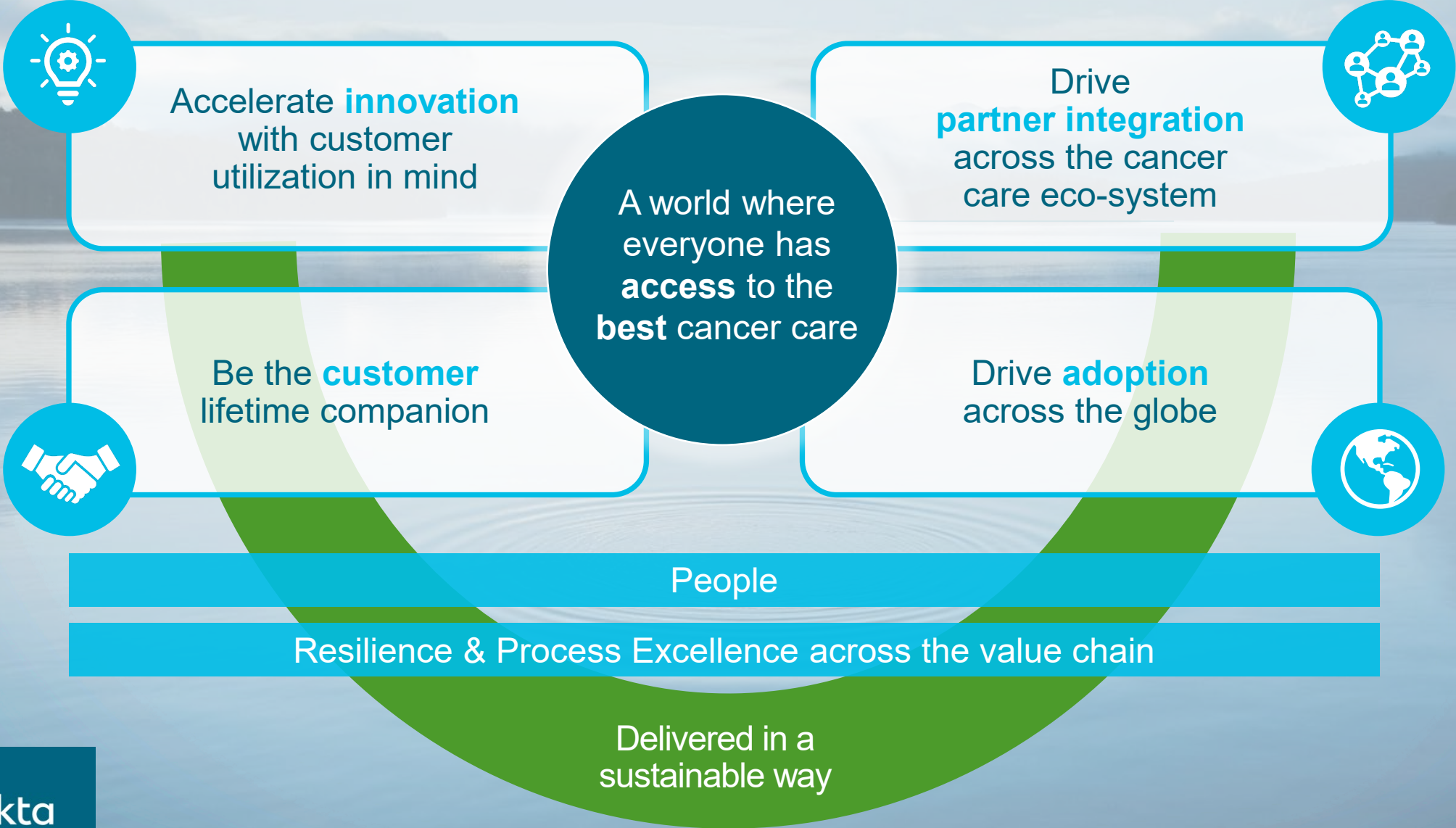
Important information

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.

Towards improved access to the best cancer care, Q2

Our strategy – ACCESS 2025



Delivering on our strategy ACCESS 2025 in Q2

Accelerate innovation

- Increased innovation investment, focus on software
- Elekta Unity - towards motion management
- 510k clearance of AI auto contouring

Be the customer companion

- ESTRO ASTRO
- Continued build up of value added services
- Strengthening service organization and digitalization of service offering

Drive partner integration

- Spin-off from collaboration with Philips – acquired key workflow IP
- Kaiku partnering with cancer center in the Netherlands

Drive adoption

- Acquiring Turkish Neuro distributor
- First presentation of Harmony at ASTRO and CIIE¹⁾ with great interest

Resilience in our supply chain enables Q2 delivery

Sustainability-linked bond framework established

Overall good growth in both Solutions and Service, and margins improved vs. Q1

Order development

12%

in Q2 21/22

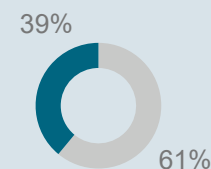
3%

in H1 21/22

Revenue development

7%

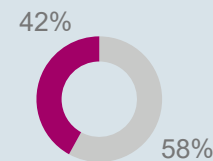
in Q2 21/22



■ Solutions
■ Service

7%

in H1 21/22



■ Solutions
■ Service

Margin development

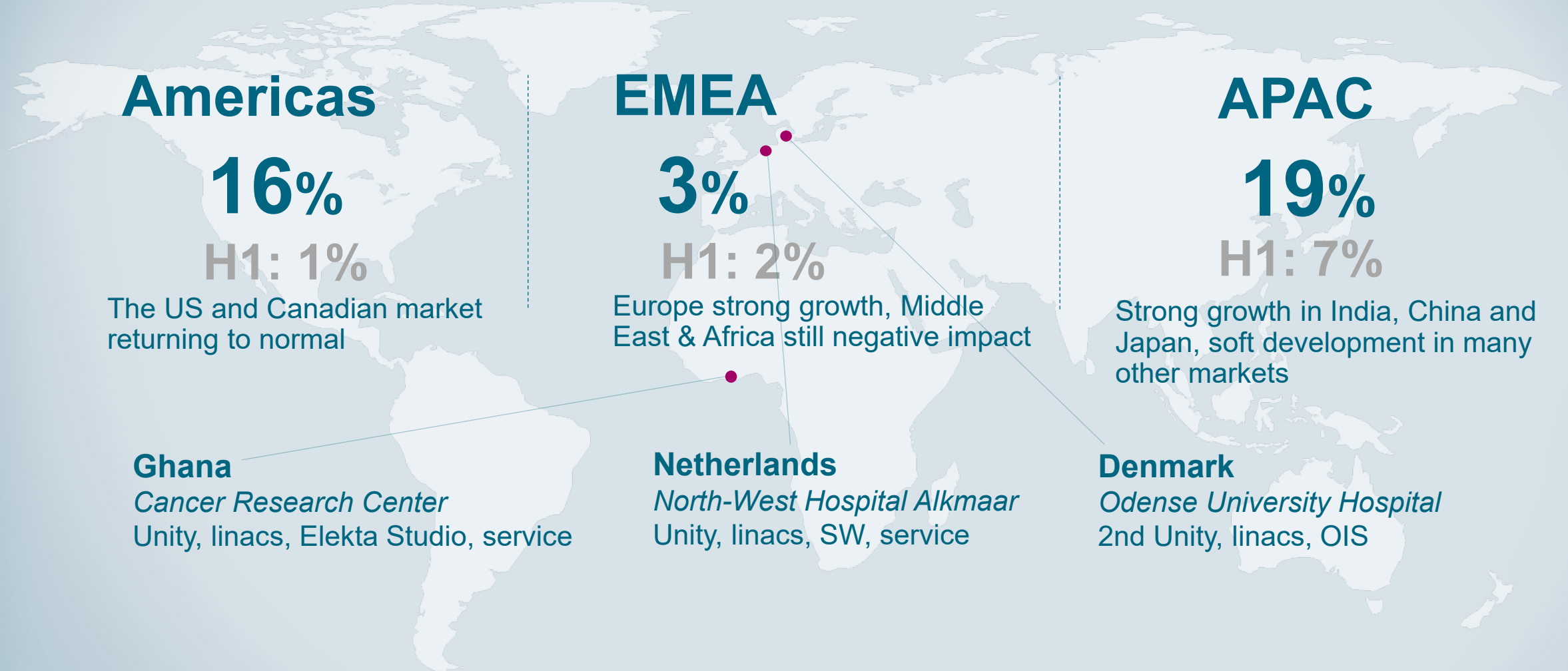
Gross margin

38.6%

EBIT margin

14.4%

Strong order growth in mature markets and India and China, emerging markets still impacted by the pandemic



Ghana

Cancer Research Center
Unity, linacs, Elekta Studio, service

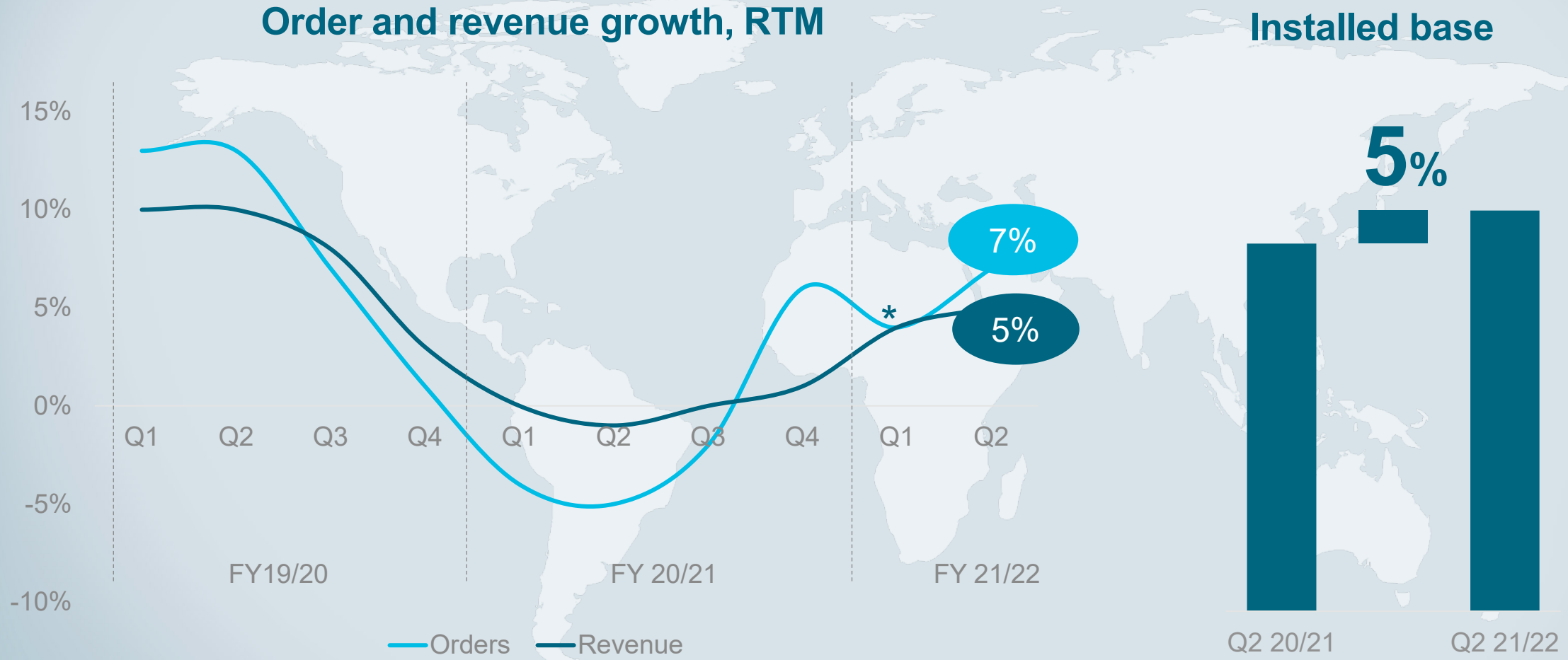
Netherlands

North-West Hospital Alkmaar
Unity, linacs, SW, service

Denmark

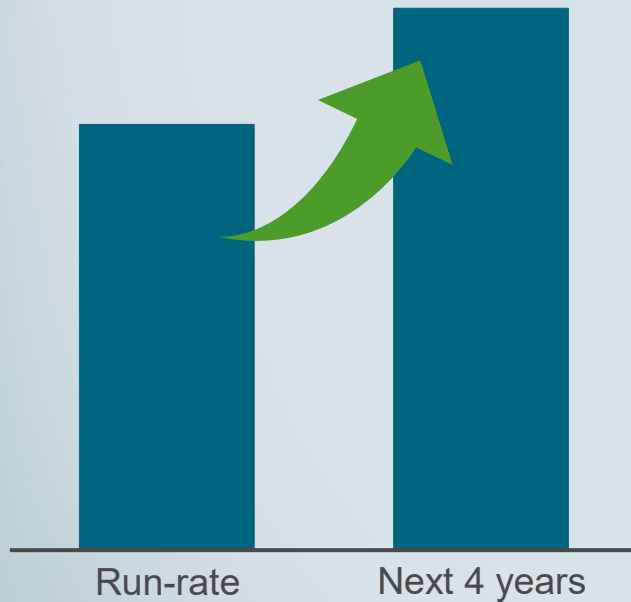
Odense University Hospital
2nd Unity, linacs, OIS

The recovery continues towards pre-pandemic growth levels



Accelerating innovation investments focused on software

Innovation investment



1 Personalized Precision

Acceleration of innovation projects

- Software
- Family of linacs
- Unity platform

2 Elevated Productivity

Innovation from partnership

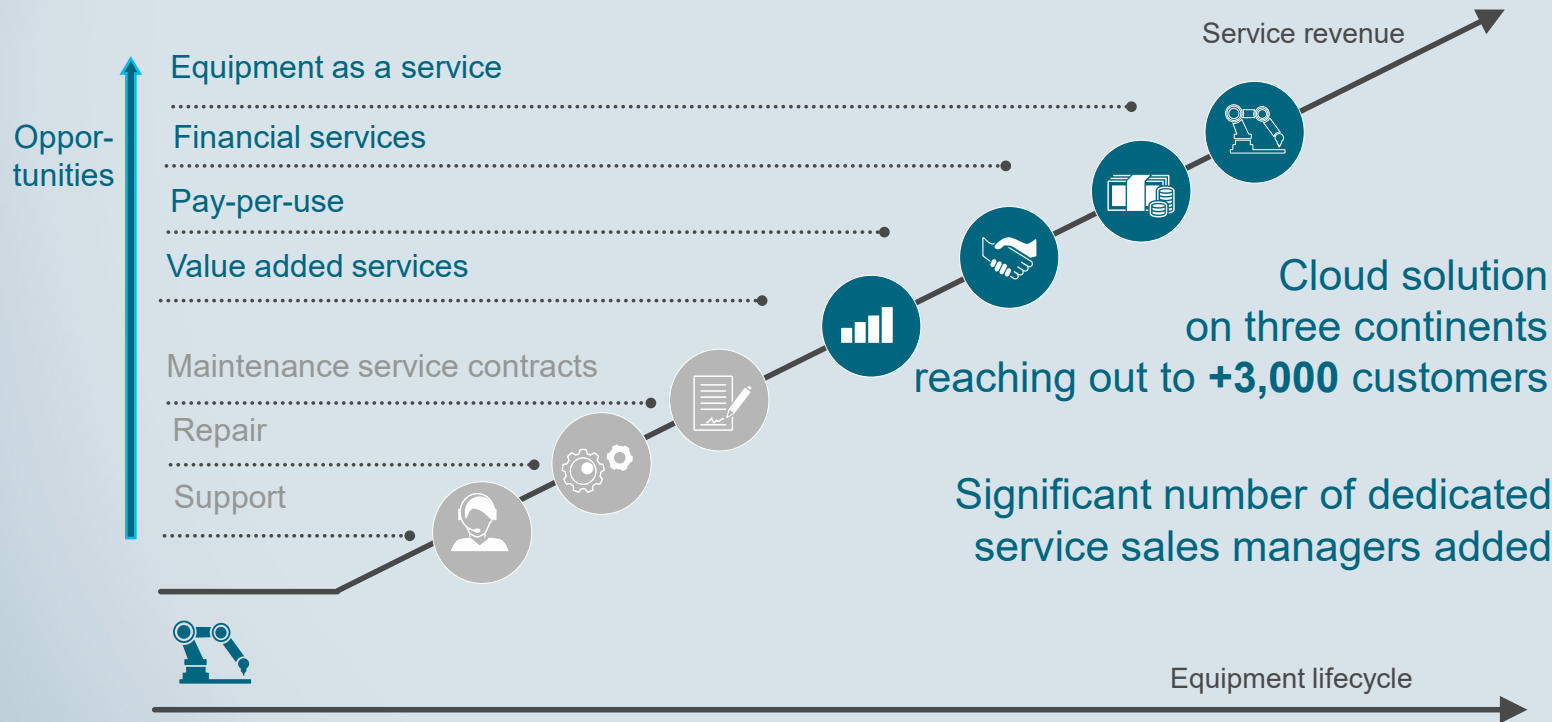
- Acquisition of **key workflow IP**
- Designed to streamline and accelerate radiation oncology workflow

3 Integrated Informatics

Artificial Intelligence 510k clearance

- Software module: **AI auto contouring**

Increased focus on service and roll-out of cloud and SaaS solutions



Customer examples

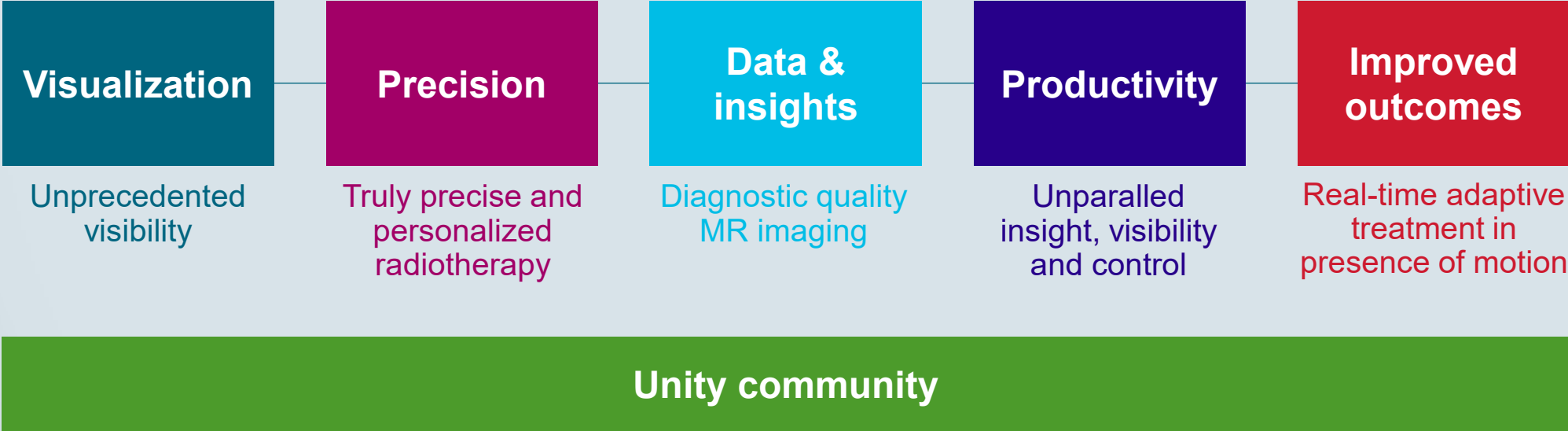
US	
Europe	
Asia	

Elekta Unity. See the difference.

How Elekta Unity helps the clinicians

100+
order

50+
installations



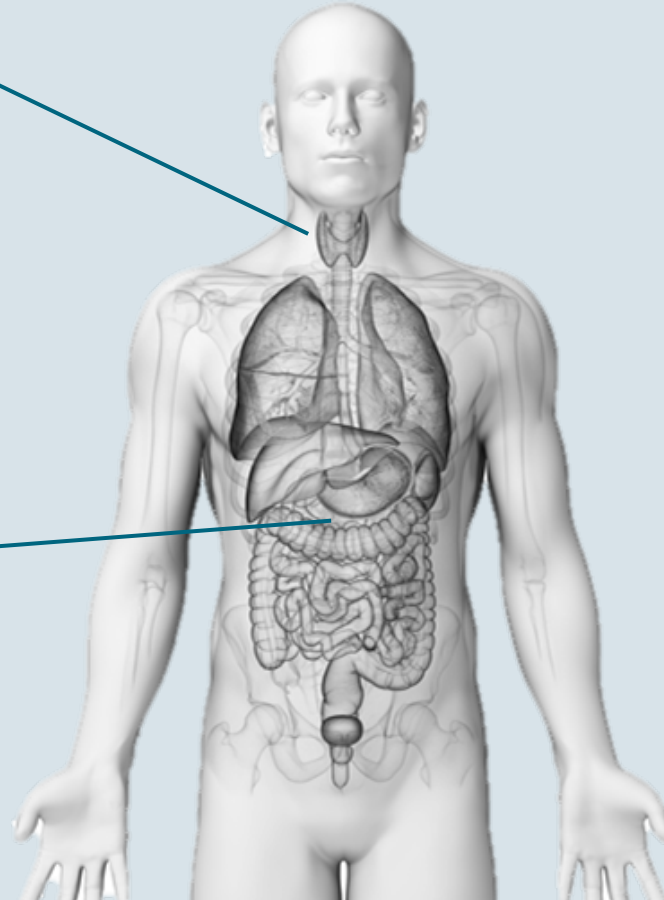
Unique approach to innovation with hundreds of clinical partners



Steady progress in clinical evidence journey

Cancer type:	Head and Neck Cancer¹
Fraction:	28-33 (Dose: 63-69Gy)
Outcome:	Daily adaptive RT is safe and clinically feasible using an online workflow

Cancer type:	Pancreas²
Fraction:	5 (Dose: 50Gy)
Outcome:	MR-guided adaptive RT enables delivery of curative dose to pancreatic tumors



Cancer type:	39 indications in the MRL Consortium MOMENTUM Study³
Fraction:	Median fraction 5 Range 1-35 (Dose: 34-71Gy)
Outcome:	943 patients enrolled, the study representing the largest MRgRT cohort in the literature Acute radiation toxicity experience was encouraging

- McDonald, BA., Vedam, S., Yang, J. *et al.* Initial Feasibility and Clinical Implementation of Daily MR-Guided Adaptive Head and Neck Cancer Radiation Therapy on a 1.5T MR-Linac System: Prospective R-IDEAL 2a/2b Systematic Clinical Evaluation of Technical Innovation. *Int J Radiation Oncol Biol Phys* 109, 5 (2020) <https://doi.org/10.1016/j.ijrobp.2020.12.015>
- Tyagi, N., Liang, J., Burleson, S. *et al.* ASTRO 3171 Feasibility of Ablative SBRT Treatment of Pancreas Patients on an MR-Linac. *Annual Meeting 2021 (core-apps.com)*
- De Mol van Otterloo, SR., Christodouleas, JP., Blezer ELA. *et al.* Patterns of Care, Tolerability, and Safety of the First Cohort of Patients Treated on a Novel High-Field MR-Linac Within the MOMENTUM Study: Initial Results From a Prospective Multi-Institutional Registry. *Int J Radiation Oncol Biol Phys* (2021) <https://doi.org/10.1016/j.ijrobp.2021.07.003>

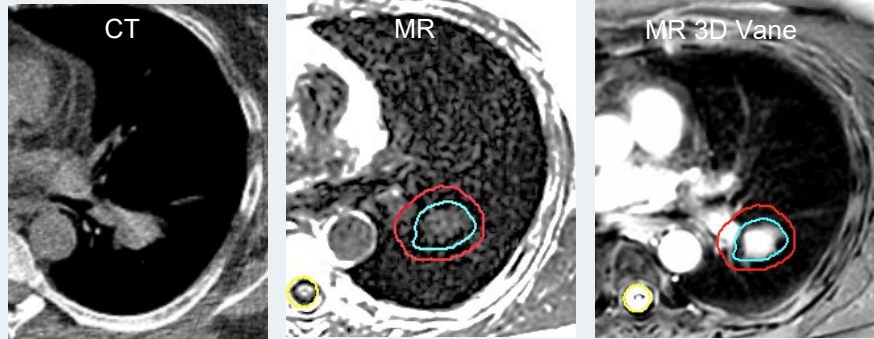
Unity release at ASTRO: adding 3 more imaging options

Total 14 options helping to personalize treatments

Visualisation

Sharper imaging during motion

Important step in Comprehensive Motion Management



Free breathing imaging that reduces motion impact

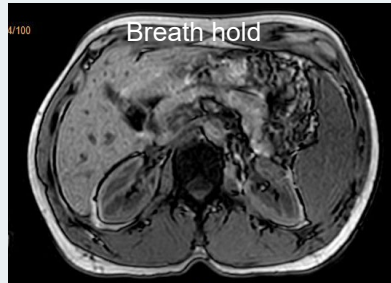
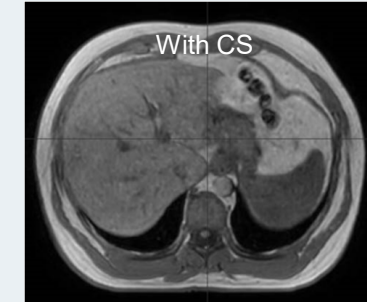


Image by freezing motion during a breath hold

Productivity

Faster imaging



Technology accelerates image acquisition by 30%

Enhanced sustainable focus

Access to health care

Strategic milestone 2024/25:

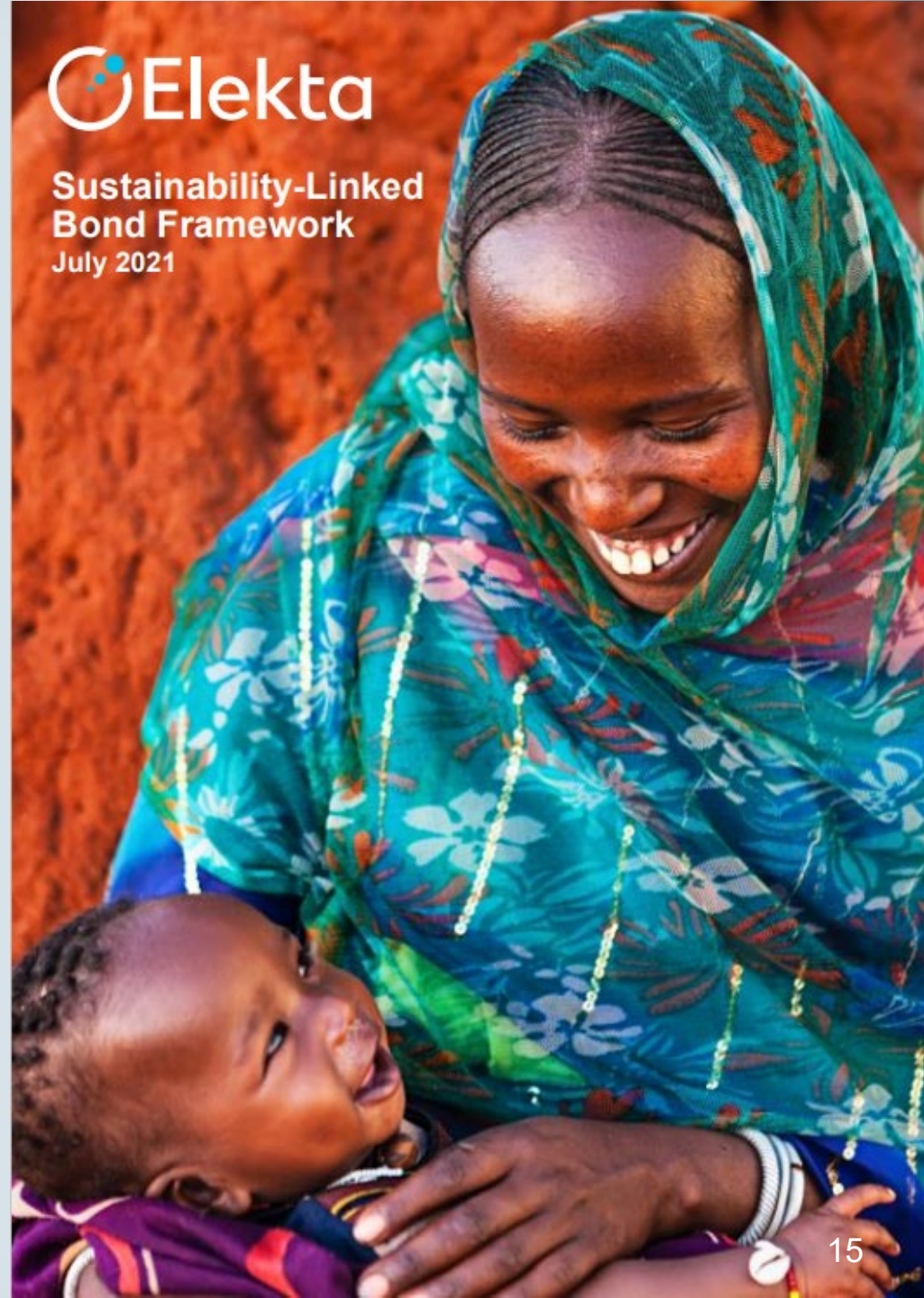
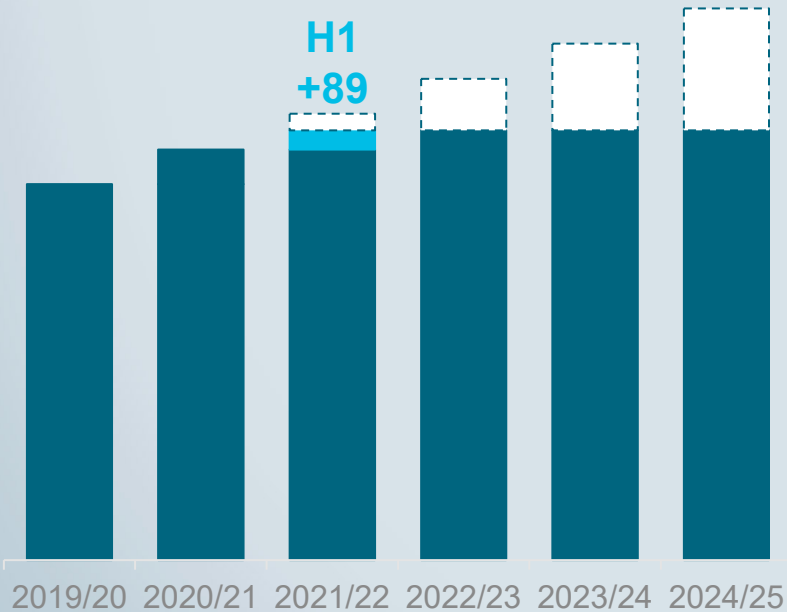
+300 million people in underserved markets to get **access** via Elekta's installed linac base



Sustainability-Linked Bond Framework

Target

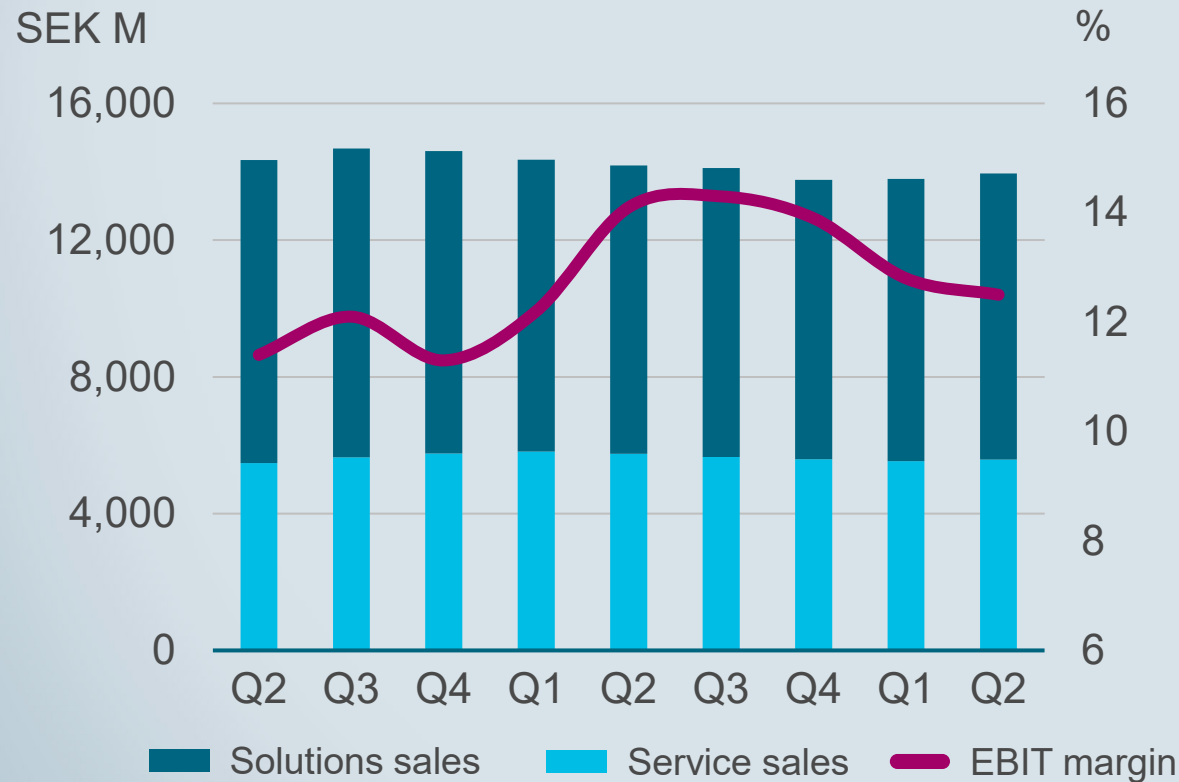
Increase the installed net base of linacs in underserved markets with **825** units until April 30, 2025



Q2 financials

Continued good revenue growth in Q2 with improved margins

Rolling 12 months (RTM) development



H1

Q2

Total net sales 7%		Total net sales 7%	
Solutions 10%	Service 4%	Solutions 8%	Service 5%
EBIT margin 10.9%		EBIT margin 14.4%	

Margins still lower than previous year but improved vs Q1

(SEK M)	Q2 21/22	Q2 20/21	Δ	Q1 21/22
Net sales	3,697	3,534	7%	3,009
Solutions	2,254	2,136	8%	1,631
Service	1,443	1,398	5%	1,378
COGS	-2,270	-2,089	9%	-1,894
Gross margin (%)	38.6%	40.9%	-2.3 pts	37.1%
Expenses	-913	-916	0%	-981
Exchange diff and other	19	29	-35%	66
EBIT	533	559	-5%	201
EBIT margin (%)	14.4%	15.8%	-1.3 pts	6.7%
Net financial items	-30	-68	-55%	-36
Income taxes	-121	-115	5%	-40
Net profit	382	375	2%	126
EPS, SEK	1.00	0.98	2%	0.33

Net sales up 7%

- Americas: 24%
- EMEA: 6%
- APAC: -2%

Mixed effect on gross margin

- High supply-chain, logistics and service costs ~300 bps
- Negative FX impact ~100 bps
- Positive impact by volume and project mix

EBIT margin benefitted from stable opex

Lower financial net contributed to increased EPS

Increased selling activities as the business recovers

Quarterly expenses

Expenses (SEK M)	Q2 2021/22	Q2 2020/21	Growth ¹⁾ Y/Y	Q1 2021/22	Growth ¹⁾ Q/Q
Selling	-317	-279	↗ 14%	-316	↔ -2%
Administrative	-287	-259	↗ 8%	-274	↗ 3%
R&D (Net)	-310	-377	↘ -19%	-391	↘ -24%
Total	-913	-916	↗ -1%	-981	↘ -9%

Selling expenses

Increased due to more travelling and marketing activities compared to Q2 last year.

Stable vs Q1

Administrative expenses

Higher spending in Q2 mainly from one-off costs related to projects.

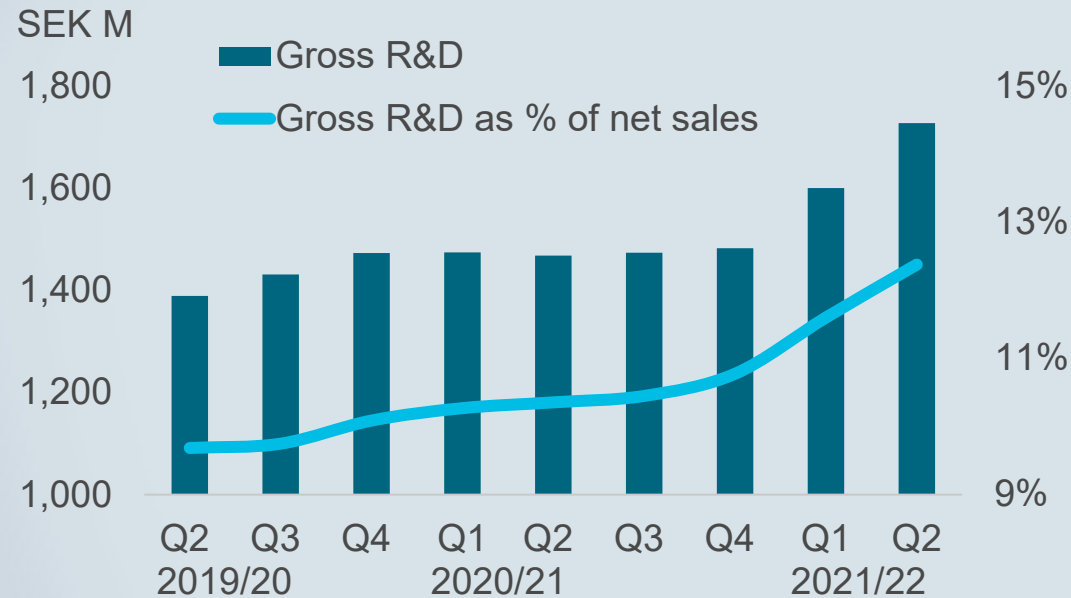
Increase vs Q1

R&D expenses (RTM)

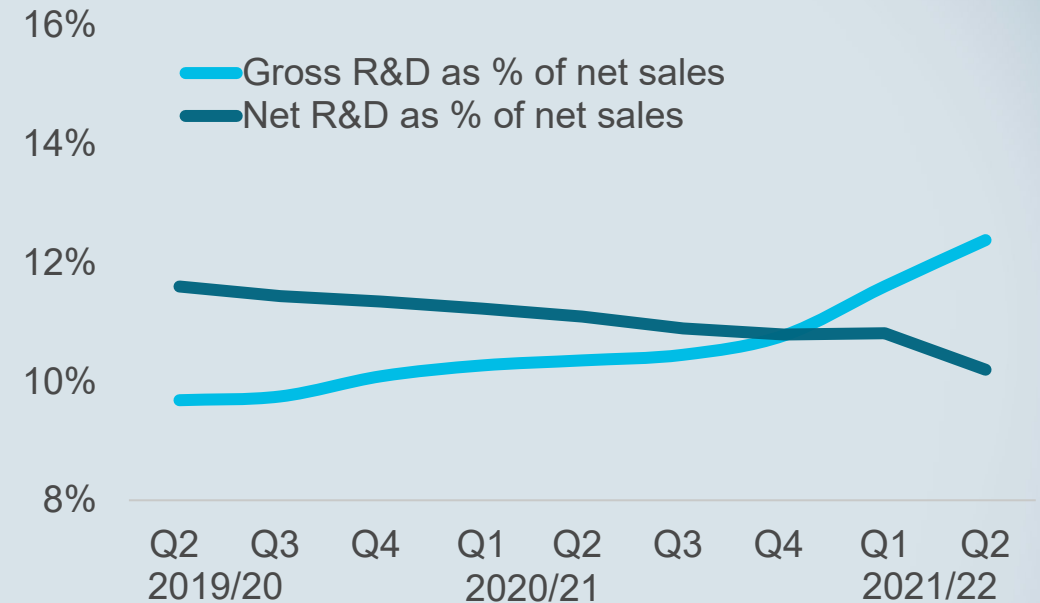
Lower net R&D expenses in Q2 both compared to last year and Q1

Accelerated R&D investments forming future growth

Rolling 12 months (RTM)



R&D expenses as % of sales (RTM)

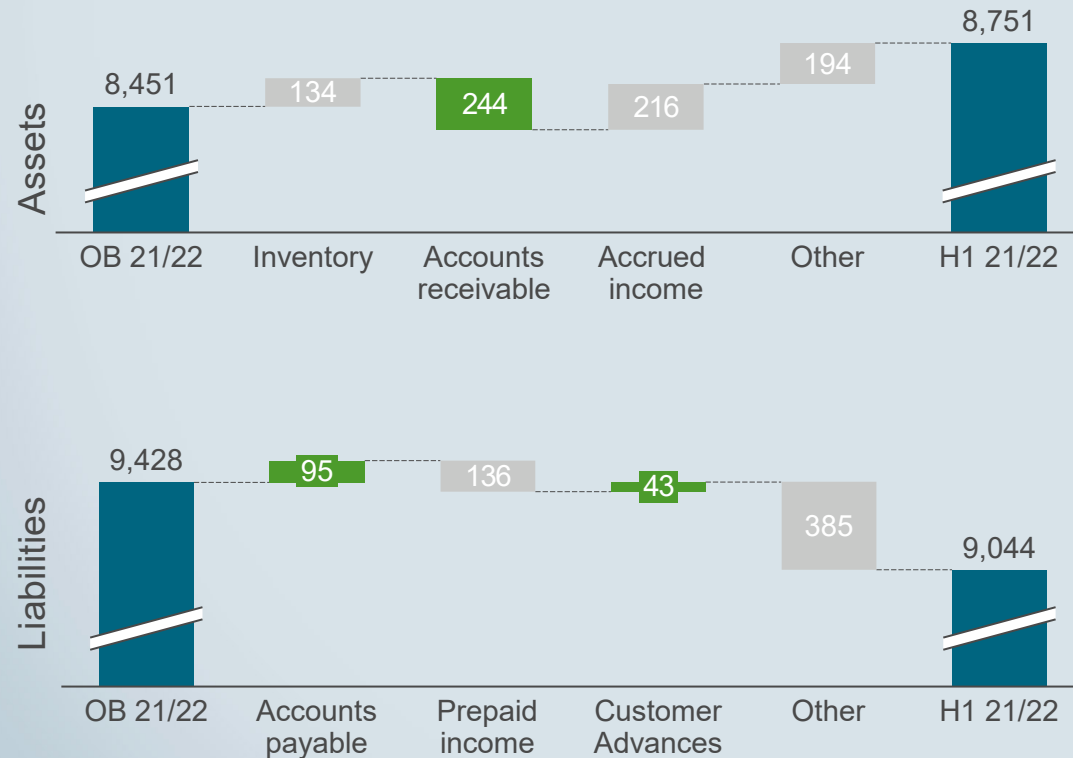


- Higher gross R&D due to accelerated investments
- Gross R&D corresponded to 12% of net sales in Q2

- Lower net R&D as
 - Unity amortization plan (SW) stepped down in Q2
 - several R&D projects reached capitalization phase

NWC negatively impacted by accrued income, inventory and reductions in other liabilities

Net working capital changes (SEK M)

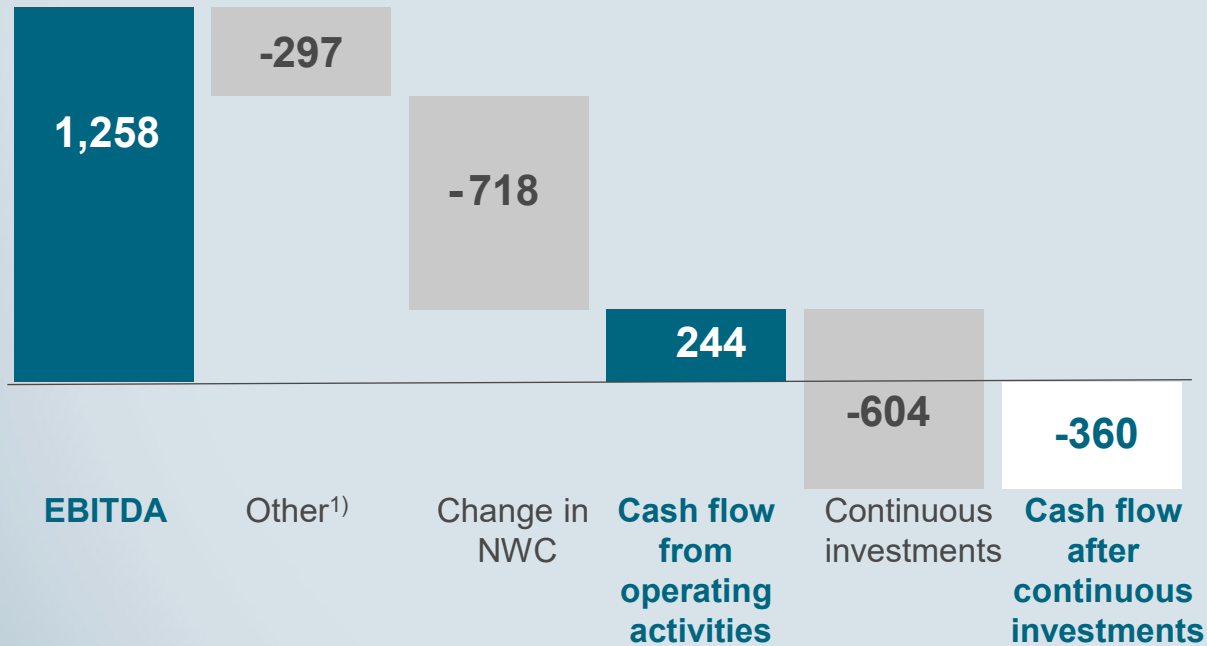


Net working capital as % of net sales

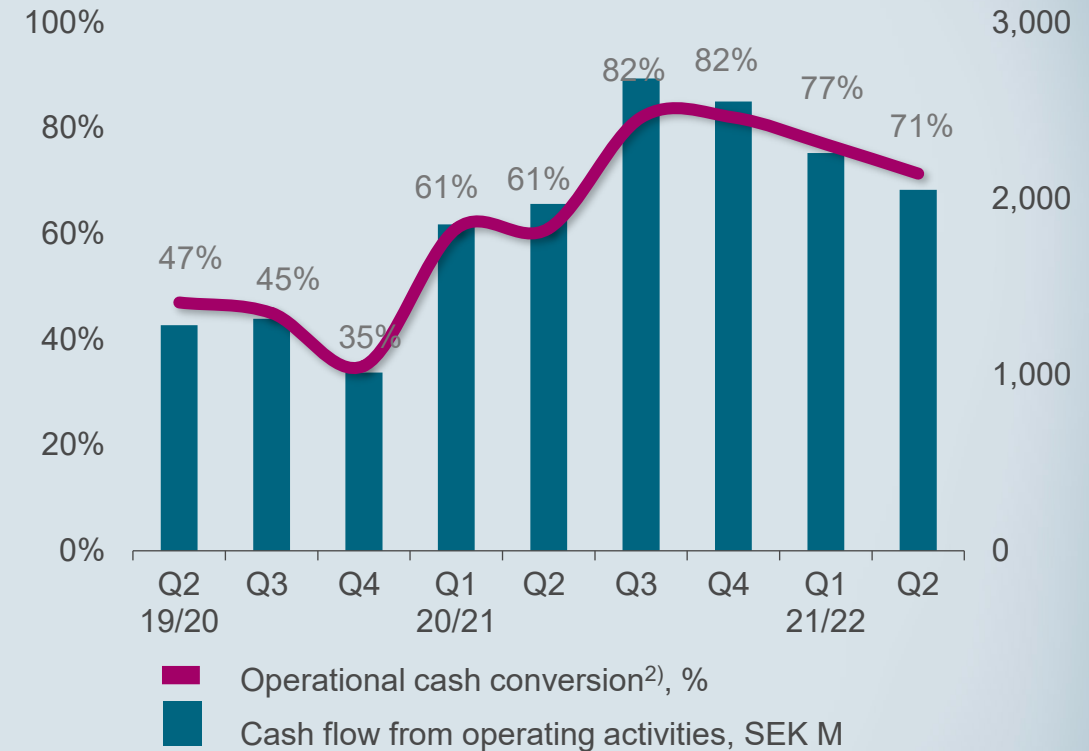


Cash conversion continued on good levels

H1 Cash flow (SEK M)



Operational cash conversion, RTM



¹⁾ Other = Income tax paid, interest net, interest received and paid, other non-cash items

²⁾ Cash conversion = Cash flow from operating activities/EBITDA and Basic Personal Data

Outlook – Q3 and mid-term

Outlook in Q3

- Market recovery leading to continued strong demand
- Supply chain challenges continue to impact revenue and margins
- Increased risk of component shortages
- Long-term market trends to support growth and investment in high-end RT equipment and margin expansion



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

Summary Q2

- Strong order growth throughout the business in a recovering market mainly driven by mature markets
- Installations continued on more normalized level driving growth, especially in North America, Europe and China
- Progress in innovation and collaborations, focus on software and Comprehensive Motion Management for Unity
- Improved gross margin from Q1 due to volume increase and improved project mix

We don't just build technology

We build hope





Q&A

