

# Continued profitable growth

Q2 report 2023/24

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Nov 30, 2023



# Agenda

- Delivering on our strategy
- 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.

# Delivering on our strategy

# Delivering on our strategy ACCESS 2025 in Q2



Focus on driving shareholder value

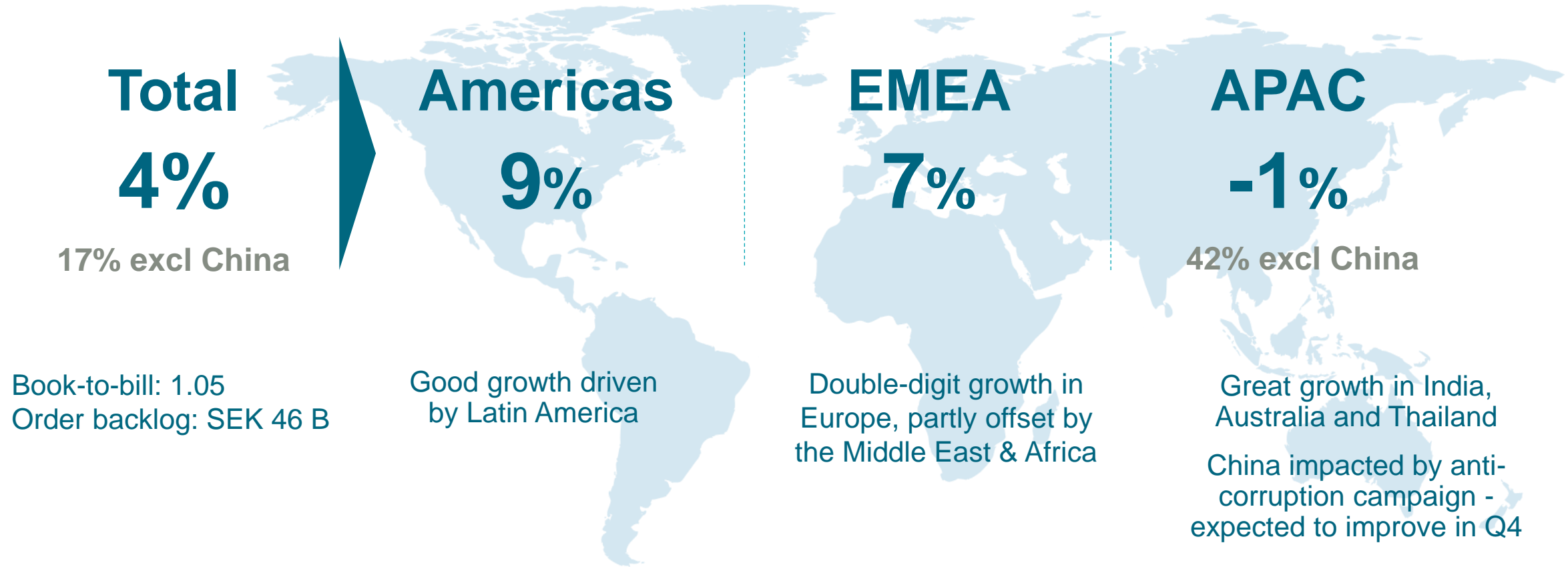
>7% net sales growth

EBIT margin expansion

>50% annual net profit in dividend



# Strong order backlog and order growth in Q2



# Key deals by region

## Americas

Contributing to Panama as leader in Central America



- Cuidad de la Salud Panamá
- Social Security Fund in Panama support cancer treatment technology
- Unity, Versa HD linacs, Brachy suite, software

## EMEA

Enabling Ukrainians access to modern RT devices



- To be placed in half of Ukraine's provinces and the National Cancer Institute in Kyiv
- Harmony linacs

## APAC

Providing cutting-edge technology to India



- Krishna Institute of Medical Sciences (KIMS) network of 12 hospitals across India
- Unity systems, Esprit/LGK Versa HD, Brachy, Elekta One

# Fourth consecutive quarter of good revenue growth

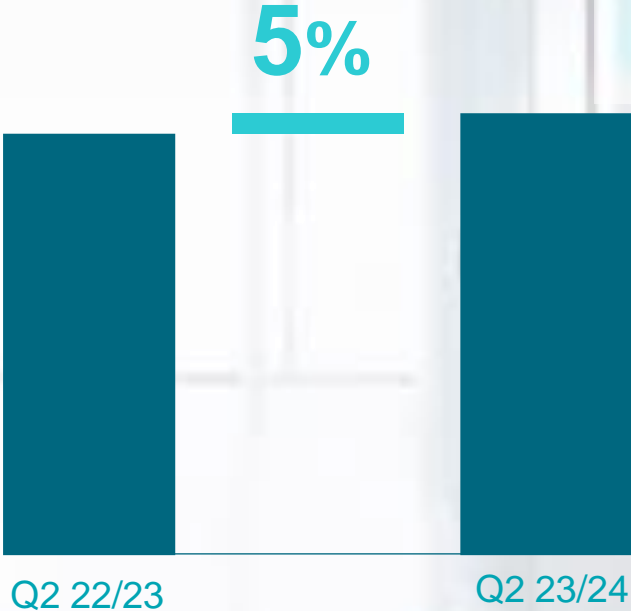
**10%**

in Q2 H1:9%

- Good backlog conversion
- Growth in all regions
- Double-digit growth in EMEA and APAC

	Q2	H1
Solutions	15%	13%
Service	4%	6%

Installed base





# Acquisition of eBx provides perfect fit with Elekta's brachy business



Installed base: ~100 Xoft systems

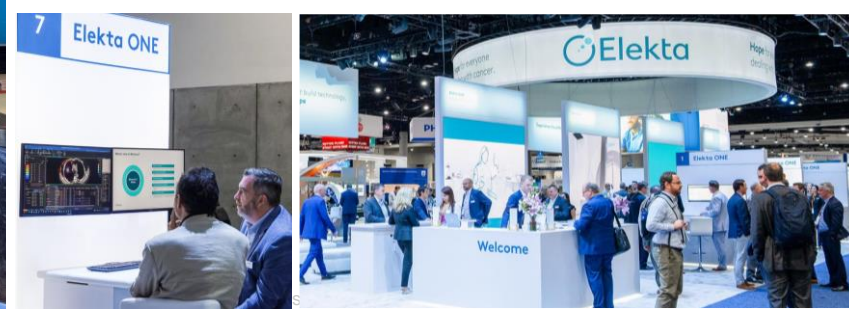
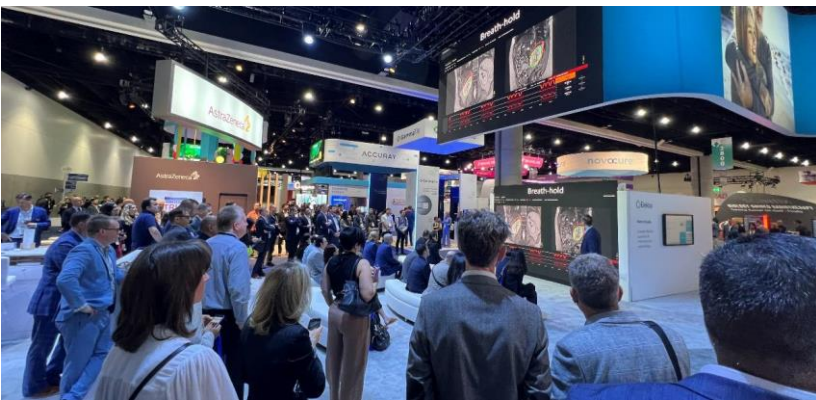
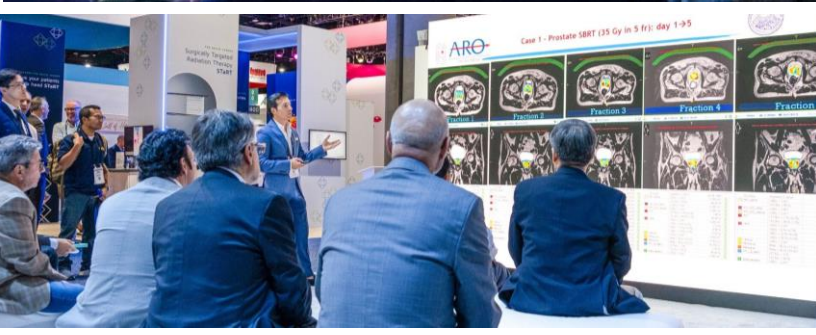
## Acquisition rationale

- Expand the brachy portfolio with different technology - electronic brachytherapy – i.e. miniaturized low energy X-ray source
- Grow adoption through greater access - limited shielding and no bunker needed
- Expand to new clinical treatments - intraoperative treatment (IORT)
- Solid profitability contribution, accretive to Elekta Group margin

## Synergies

- Top line growth leverage on Elekta's sales network and client base
- Efficiency in manufacturing of applicators in Veenendaal

# ASTRO – great momentum for Unity and Elekta One



- Building momentum in the U.S. market
- ~40% more activity in booth compared to ASTRO 2022
- Great interest for clinical experience of **Unity Comprehensive Motion Management**
- U.S. Launch of our **Elekta One software suite**

# Q2 financials

# Continued strong revenue growth and improved EBIT

## Net sales increased by 10%<sup>1)</sup>

- Double-digit growth in EMEA and APAC
- Americas turned to growth
- Good growth in both emerging and mature markets

## Adj gross margin of 36.0% (37.3%)

- Impact from Solution-Service mix and inflation

## Continued strong EBIT margin expansion

- Adj EBIT margin improved by 370 bp

## Adj earnings per share up about 70%

(SEK M)	Q2 23/24	Q2 22/23	Q1 23/24
<b>Net sales</b>	<b>4,732</b>	<b>4,081</b>	<b>3,828</b>
Solutions	2,836	2,322	1,995
Service	1,896	1,759	1,833
COGS <sup>2</sup>	-3,029	-2,557	-2,237
<b>Adj. gross margin</b>	<b>36.0%</b>	<b>37.3%</b>	<b>41.6%</b>
Expenses <sup>2</sup>	-1,084	-1,050	-1,121
Exchange rate diff and other	-77	-157	-44
<b>Adj. EBIT</b>	<b>542</b>	<b>316</b>	<b>427</b>
<b>Adj. EBIT margin</b>	<b>11.5%</b>	<b>7.7%</b>	<b>11.2%</b>
Financial items, net	-83	-40	-107
Income tax	-97	-38	-67
<b>EPS<sup>3</sup>, SEK</b>	<b>0.90</b>	<b>0.32</b>	<b>0.62</b>
<b>Adj. EPS<sup>3</sup>, SEK</b>	<b>0.94</b>	<b>0.55</b>	<b>0.65</b>

<sup>1</sup> Based on constant exchange rates.

<sup>2</sup> Excluding items affecting comparability (IAC) in Q2 2023/24 of SEK 17 M (117), of which SEK 8 M (45) is related to COGS, and in Q1 2022/23 of SEK 14 M (14), of which SEK 1 M (7) is related to COGS.

<sup>3</sup> Before/after dilution



# Leverage on EBIT margin from high revenue growth and improved operational productivity

## Operational drivers to the adjusted gross margin

- + Leverage from high revenue growth and successful cost reduction
- Relatively higher growth in Solutions (15%) compared to Service (4%)
- Continued inflationary pressure on materials and salaries

## Additional operational drivers to the adjusted EBIT margin

- + Further leverage from high revenue growth and improved operational productivity

	Q2 23/24	Operations	FX	Q2 22/23
Net sales	4,732	420	231	4,081
<i>Growth, %</i>	16%	10%	6%	-
Adj. gross income	1,703	124	55	1,524
<i>Adj. gross margin</i>	36.0%			37.3%
<i>Margin impact, ppts</i>	-1.3	-0.9	-0.4	
Adj. EBIT	542	121	105	316
<i>Adj. EBIT margin</i>	11.5%			7.7%
<i>Margin impact, ppts</i>	3.8	2.0	1.8	-

# Cost control with selected increase in customer events

## Y-o-Y comparison

**Continued positive impact** from last year's Cost-reduction initiative despite inflationary pressure

**Selling expenses<sup>2</sup> increased** due to more customer events

**Administrative expenses<sup>2</sup> declined** driven by cost reductions

**Net R&D expenses<sup>2</sup> decreased** due to lower gross R&D (-4%) partly offset by higher amortizations

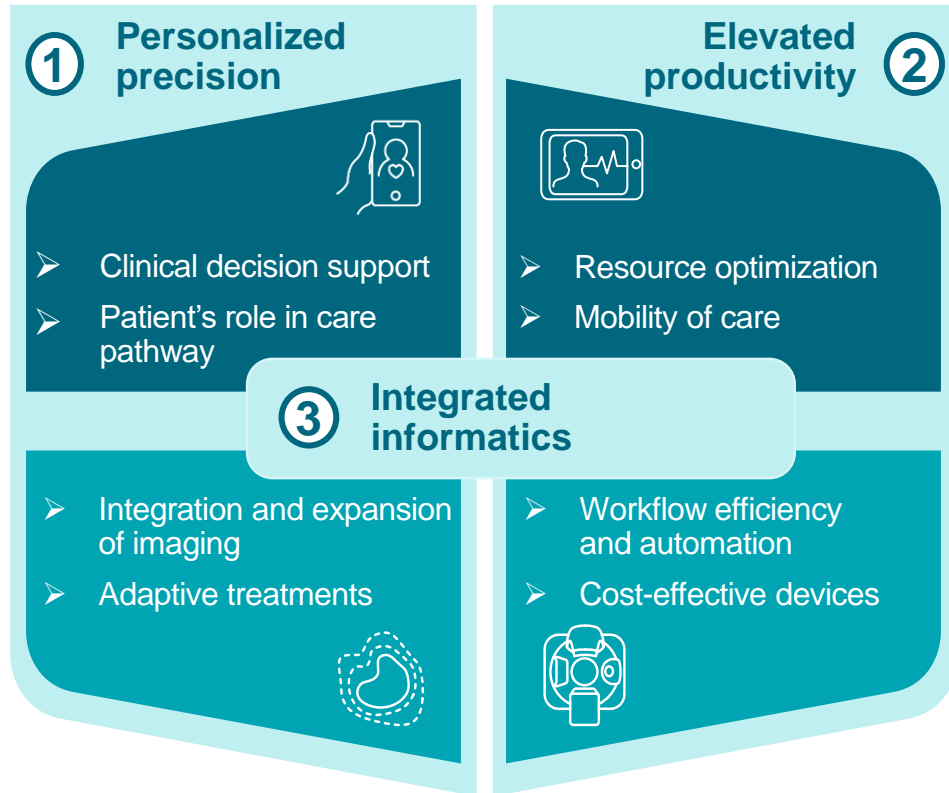
## Quarterly expenses

Expenses (SEK M)	Q2 <sup>1</sup> 23/24	Q2 22/23	Growth <sup>2</sup> Y/Y	Q1 <sup>1</sup> 23/24	Growth <sup>2</sup> Q/Q
<b>Selling</b>	-422	-397	➔ 4%	425	➔ -2%
<b>Administrative</b>	-339	-320	➔ -2%	309	➔ 7%
<b>Net R&amp;D</b>	-323	-333	➔ -6%	386	➔ -18%
<b>Total</b>	<b>-1,083</b>	<b>-1,050</b>	<b>-1%</b>	<b>1,121</b>	<b>-5%</b>



# Continued focus on investments for future growth

## Accelerated innovation program

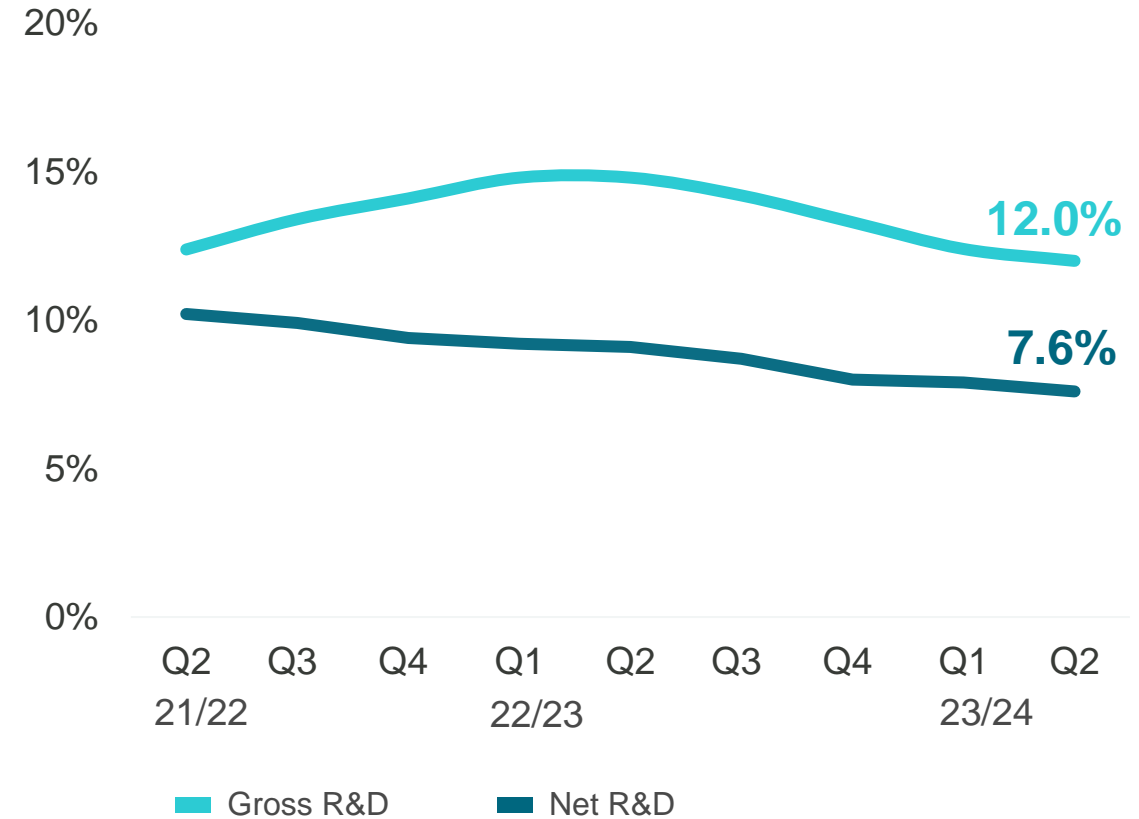


**①** Towards **routine personalization of every treatment** from CMM, online adaptive and PROs

**②** Towards **50% cost reduction per treatment** from automation in workflow, planning & delivery

**③** Towards **integrated decision support** and data-driven care management from real-world-outcomes portfolio

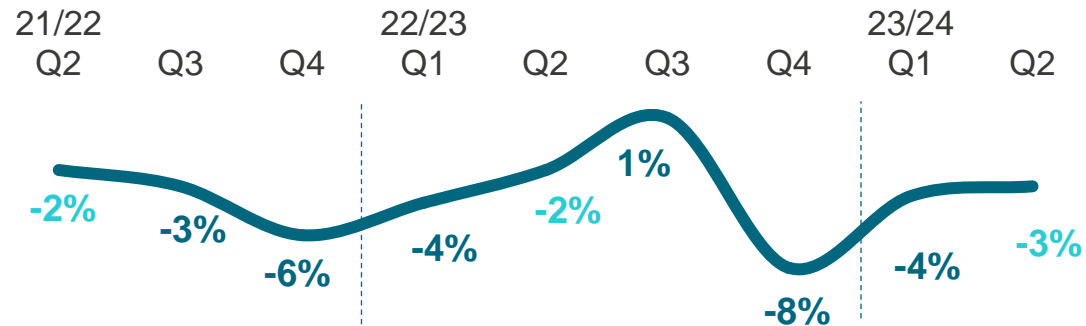
## R&D expenses<sup>1</sup> as % of net sales (RTM)



<sup>1</sup> Excluding items affecting comparability (IAC).

# Improvement in net working capital

## NWC as % of net sales (RTM)



Lower net working capital (NWC) as share of net compared to Q2 in last two years

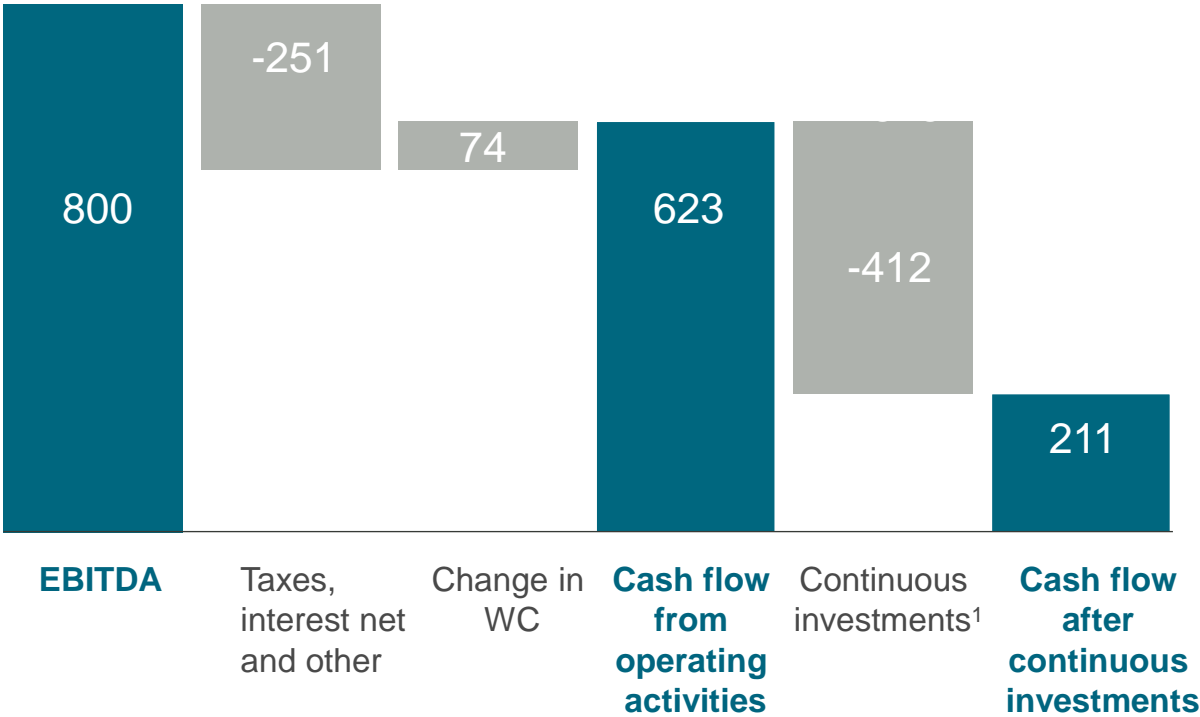
Higher **customer advances** driven by increased shipments and order intake

Remained high **accrued income** due to a larger share of installations in Southern Europe with longer billing terms

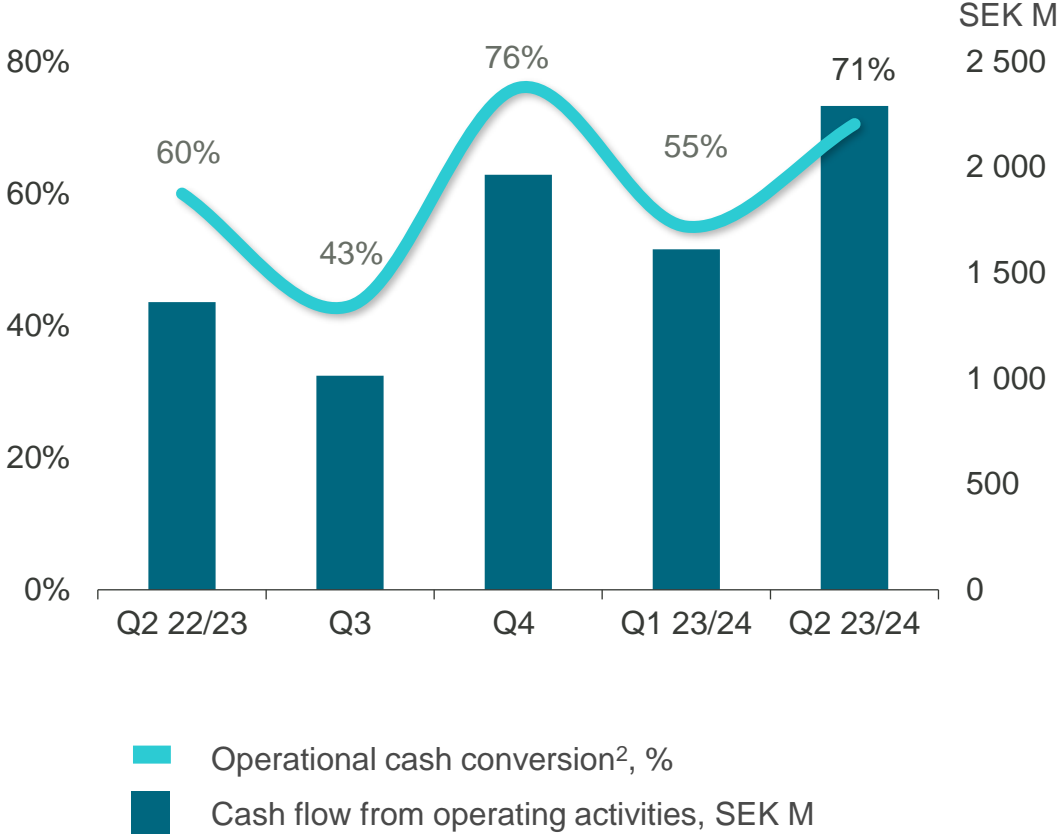
Continued high **inventory** to secure future installations

# Cash conversion increased to above 70 percent driven by increased earnings and improved working capital

Q2 Cash flow (SEK M)



Operational cash conversion, RTM



¹ Of which SEK 367 M related to investments in innovations  
 ² Cash conversion = Cash flow from operating activities/EBITDA

# Outlook

# Outlook until 2024/25

Net sales



EBIT margin



Dividend policy



Focus on driving shareholder value

# Outlook

- Revenue growth and EBIT margin expansion expected to continue into next quarter, however, at slower pace
- Continued inflationary pressure
- Long-term market trends to support growth and investment in high-end radiotherapy equipment and margin expansion





# Summary Q2

- Very strong order growth excluding China
- Fourth consecutive quarter with revenue growth and expanded EBIT margin
- Improved working capital and cash flow
- Great momentum with market-leading product portfolio, especially with Unity and Elekta One
- Attractive acquisition for expansion into Brachytherapy using miniaturized X-ray source



We don't just build technology,  
**we build hope**



# Q&A

