Very strong order intake kick-starts the year

Q1 report 2019/20

August 22, 2019
Agenda

1. Q1 performance
2. Financials
3. Outlook
4. 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.
1. Q1 performance

Dr. Richard Hausmann
President and CEO
We are Precision. Radiation. Medicine.

Everyone with cancer should have access to and benefit from precise, personalized radiotherapy.
Creating value by innovation and thought leadership

**Net sales**
rolling 12 months

<table>
<thead>
<tr>
<th></th>
<th>16/17</th>
<th>17/18</th>
<th>18/19</th>
<th>19/20</th>
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<tbody>
<tr>
<td>Solutions</td>
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<tr>
<td>Services</td>
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<tr>
<td>Total</td>
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**EBITA margin**
rolling 12 months

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Q1 – historically high order intake

Key Q1 financials

- Organic order intake +32%
- Organic net sales +9%
- Gross margin 42.6% (39.1)
- EBITA margin 13.9% (13.7)
Q1: Very strong order growth in EMEA and Asia Pacific

**North & South America**
+0%
- Stable development overall
- Good growth in Solutions in North America
- 2 new Elekta Unity orders

**Europe, Middle East & Africa (EMEA)**
+64%
- Historically high growth
- Especially strong growth in Germany, Italy and Africa
- 5 new Elekta Unity orders

**Asia Pacific**
+31%
- Strong order intake
- Good development in China, India, Indonesia and Australia
- 6 new Elekta Unity orders

Based on constant exchange rates
Highlights so far FY 19/20

Precision Radiation Medicine
Ordering 9 Elekta Unity (July 2019)
• Order value USD 58 M plus service agreement
• Sites in Australia, southeast Asia and Europe

Extended strategic cooperation
• Collection agreement of real-world treatment data
• Further enhance Elekta Unity workflows

*GenesicsCare*

Dan Collins, CEO at GenesisCare states
“This innovative technology represents a new era in radiotherapy…”
Elekta Unity – 60 systems ordered as of today – approvals coming in
Reiterating 75 orders by mid-2020

- FDA clearance in Dec 2018
- Canadian clearance for clinical use in Jul 2019
- European CE mark in Jun 2018
- Brazilian approval in Jul 2019
- Japanese approval in May 2019
- CE mark for Australia in Jun 2018
- Ongoing approval process in Russia
- Ongoing registration process in Korea
- Ongoing CFDA process in China

14
28
18

Elekta Unity – 60 systems ordered as of today – approvals coming in
Reiterating 75 orders by mid-2020
1000\textsuperscript{th} fraction treated at University Hospital Tubingen in less than 1 year of operation
Elekta Unity clinical cases: >350 patients
Potential to treat more challenging cases

Planning CT

Navigated T2

DWI*

IV CT

Navigated T2 Cor reformat

DWI* Sag reformat

Beam-on monitoring (Sagittal plane)

*DWI is CE marked for brain applications only. Not commercially available in all markets. Intended for imaging use only.
Our Elekta Unity pioneers treating patients routinely

11 installed Elekta Unitys in use with great feedback on performance

1) Original consortium members
Clinical experience with Elekta Unity
From Aug 2018 until today

>350 patients completed treatment

>50% SBRT adoption

16 min Minimum session time (at AvL-NKI)

>18 different cancer types treated

Treated cancer types

- Prostate
- Oligomets
- Rectum
- Liver
- Bone
- Breast
- Pancreas
- Head&Neck
- Brain/GBM; Esophagus; Cervix; Others

Brain/GBM; Esophagus; Cervix; Others
The US radiation oncology alternative payment model

Supports our strategy Precision Radiation Medicine

Focus on outcome and cost of care:

• Increasing hypofractionation and SBRT
• Enhancing efficient work flows and staffing
• Optimizing equipment mix with sites/departments, opportunities for analytics tools e.g. MOSAIQ® Oncology Analytics

Unity perfectly aligned with the alternative payment model principles
2. Financials

Gustaf Salford
CFO
Revenue growth and Gross margin improvement in the quarter

<table>
<thead>
<tr>
<th>(SEK M)</th>
<th>Q1 2019/20</th>
<th>Q1 2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>3,228</td>
<td>2,819</td>
</tr>
<tr>
<td>Solutions</td>
<td>1,858</td>
<td>1,582</td>
</tr>
<tr>
<td>Service</td>
<td>1,371</td>
<td>1,237</td>
</tr>
<tr>
<td>COGS</td>
<td>-1,853</td>
<td>-1,716</td>
</tr>
<tr>
<td><strong>Gross margin (%)</strong></td>
<td>42.6%</td>
<td>39.1%</td>
</tr>
<tr>
<td>Expenses</td>
<td>-854</td>
<td>-806</td>
</tr>
<tr>
<td>Exchange diff and other</td>
<td>-72</td>
<td>89</td>
</tr>
<tr>
<td><strong>EBITA</strong></td>
<td>448</td>
<td>386</td>
</tr>
<tr>
<td><strong>EBITA margin (%)</strong></td>
<td>13.9%</td>
<td>13.7%</td>
</tr>
<tr>
<td>Amortization</td>
<td>-212</td>
<td>-148</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>236</td>
<td>238</td>
</tr>
<tr>
<td>Net financial items</td>
<td>-46</td>
<td>-25</td>
</tr>
<tr>
<td>Income taxes</td>
<td>-43</td>
<td>-47</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>147</td>
<td>166</td>
</tr>
<tr>
<td><strong>EPS</strong></td>
<td>0.38</td>
<td>0.43</td>
</tr>
</tbody>
</table>

- **Net sales up 9% for the quarter**
  - North and South America: 0%
  - Europe Middle East and Africa: 13%
  - Asia Pacific: 14%
- **Gross margin at 42.6% - significant improvement vs. LY**
  - Software growth and improved project margins
- **EBITA at 13.9%**
- **Net financial items increased**
  - IFRS16 leasing reporting key driver
EBITA% improvement vs. last year driven by higher volume and positive project mix

**Q1 YTD - EBITA bridge (SEK M)**

- Small increase in EBITA%
- Strong contribution from volume and project mix
- FX effect on EBITA: -50 MSEK
- In Q1 FY18/19 the MEG divestment contributed 2.7% ppts to EBITA
Continued good cost control in Q1

<table>
<thead>
<tr>
<th>Expenses (SEK M)</th>
<th>Q1 2019/20</th>
<th>Q1 2018/19</th>
<th>Growth* Y/Y</th>
<th>Q4 2018/19</th>
<th>Growth* Q/Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selling</td>
<td>-365</td>
<td>-324</td>
<td>8%</td>
<td>-342</td>
<td>9%</td>
</tr>
<tr>
<td>Administrative</td>
<td>-270</td>
<td>-265</td>
<td>-2%</td>
<td>-291</td>
<td>-1%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>-431</td>
<td>-365</td>
<td>14%</td>
<td>-417</td>
<td>6%</td>
</tr>
<tr>
<td>of which capitalization</td>
<td>101</td>
<td>128</td>
<td></td>
<td>124</td>
<td></td>
</tr>
<tr>
<td>of which amortization</td>
<td>-183</td>
<td>-120</td>
<td></td>
<td>-197</td>
<td></td>
</tr>
<tr>
<td>Gross R&amp;D spend</td>
<td>-349</td>
<td>-372</td>
<td>-10%</td>
<td>-346</td>
<td>3%</td>
</tr>
<tr>
<td>Total</td>
<td>-1,066</td>
<td>-954</td>
<td>7%</td>
<td>-1,050</td>
<td>5%</td>
</tr>
</tbody>
</table>

*In constant currency

- Continued focus on cost control
- Selling expense increase related to investments in the sales organization to capture market growth and Unity opportunities
- Admin expense decrease vs Q4 and vs Q1 LY
- R&D expense increase driven by lower capitalization and higher amortization, Gross R&D spend decreased vs Q4 and Q1 LY
- Gross R&D in relation to net sales at 10%
- Total Expenses excl. Capitalization and Amortization at -2% vs LY
Cash conversion weak in the quarter due to increased working capital

### Cash conversion bridge

<table>
<thead>
<tr>
<th>(SEK M)</th>
<th>Q1 19/20</th>
<th>Q1 18/19</th>
<th>Rolling 12 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>542</td>
<td>427</td>
<td>2,754</td>
</tr>
<tr>
<td>Working capital</td>
<td>-1,023</td>
<td>-699</td>
<td>-960</td>
</tr>
<tr>
<td>Financial net</td>
<td>-46</td>
<td>-25</td>
<td>-136</td>
</tr>
<tr>
<td>Paid tax</td>
<td>-41</td>
<td>-21</td>
<td>-289</td>
</tr>
<tr>
<td>Other</td>
<td>-61</td>
<td>-63</td>
<td>4</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>-629</td>
<td>-381</td>
<td>1,373</td>
</tr>
<tr>
<td>Cash conversion</td>
<td>-116%</td>
<td>-89%</td>
<td>50%</td>
</tr>
</tbody>
</table>

### Operational cash conversion and EBITDA

Cash Conversion = Cash flow from operating activities / EBITDA

Cash Conversion = 50%

![Cash Conversion Chart](chart.png)
Net working capital increase from higher inventory, lower collections and higher outgoing payments

Main Drivers for increase of working capital in Q1:
- Inventory build up due to ramp-up of Unity installations
- Brexit preparations for October
- Less collections in the quarter
Continued strong financial position

Net debt* / EBITDA

<table>
<thead>
<tr>
<th>(SEK M)</th>
<th>Q1 19/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long term interest bearing liabilities</td>
<td>3,504</td>
</tr>
<tr>
<td>Short term interest bearing liabilities</td>
<td>1,015</td>
</tr>
<tr>
<td>Cash and cash equivalents and short-term investments</td>
<td>-3,349</td>
</tr>
<tr>
<td>Net debt*</td>
<td>1,170</td>
</tr>
<tr>
<td>LT leasing liabilities (from IFRS16)*</td>
<td>1,047</td>
</tr>
<tr>
<td>ST leasing liabilities (from IFRS16)*</td>
<td>214</td>
</tr>
<tr>
<td>Net debt including leasing liabilities</td>
<td>2,430</td>
</tr>
</tbody>
</table>

* Leasing liabilities not included in Elekta’s net debt definition
3. Outlook

Dr. Richard Hausmann
President and CEO
New members in executive management team

Sukhveer Singh  
Habib Nehme  
Lionel Hadjadjeba  
Verena Schiller
**Guidance and priorities going forward**

<table>
<thead>
<tr>
<th></th>
<th>Guidance FY 19/20</th>
<th>Scenario FY 20/21-22/23</th>
<th>Focus in FY 19/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>8-10%</td>
<td>8-10%</td>
<td></td>
</tr>
<tr>
<td>EBITA margin</td>
<td>~19%</td>
<td>&gt;20%</td>
<td></td>
</tr>
</tbody>
</table>

- Continue the success of Elekta Unity, Ramp-up development of Elekta Digital etc.
- Growing installed base
- Continued cost control
- Focus on innovation

With expansion of up to **200 BPS** in the end of the period.
In summary

- New technology driving the market
- Increasing interest in Unity
- Very good order growth
- Gross margin and EBITA pick up
- Positive outlook
Elekta Investor Meeting

16 September 2019
09:00 - 11:00
Central Time

Register Now

Hilton Chicago
720 South Michigan Avenue
Chicago, Illinois 78205
USA