Good overall growth with one-offs affecting profitability

Q2 report 2019/20

November 28, 2019
Agenda

1. Q2 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. Q2 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.
Successful launch of Elekta Unity at Jastro

JASTRO 2019: Nagoya

Great interest in and excitement about Elekta Unity
Strong responses for Elekta’s innovative solutions

CIIE 2019: Shanghai

• Signed ~30 tentative purchase agreements

• Collaboration agreements between Elekta RT Academy and universities & research institutions
Taking the next step in Russia

Linear accelerator equipment plan until 2024
(137 linacs)
External recognition for our innovations and customer services
Creating value by innovation and thought leadership

**Net sales**
rolling 12 months

<table>
<thead>
<tr>
<th>Year</th>
<th>Orders</th>
<th>Net sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>16/17</td>
<td>8,000</td>
<td>12,000</td>
</tr>
<tr>
<td>17/18</td>
<td>12,000</td>
<td>16,000</td>
</tr>
<tr>
<td>18/19</td>
<td>16,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Q219/20</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**EBITA margin**
rolling 12 months

<table>
<thead>
<tr>
<th>Year</th>
<th>2016/17</th>
<th>2017/18</th>
<th>2018/19</th>
<th>2019/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders</td>
<td>0%</td>
<td>5%</td>
<td>10%</td>
<td>15%</td>
</tr>
<tr>
<td>Net sales</td>
<td>0%</td>
<td>5%</td>
<td>10%</td>
<td>15%</td>
</tr>
</tbody>
</table>

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Elekta
Q2 – fx and delayed installations affecting profitability

Key Q2 financials

• Organic order intake +5%
• Organic net sales +7%
• Gross margin 41.0% (41.4)
• EBITA margin 14.5% (18.0)
Q2 – fx and delayed installations affecting profitability

Key Q2 financials

- Organic order intake +5%
- Organic net sales +7%
- Gross margin 41.0% (41.4)
- EBITA margin 14.5% (18.0)

H1 – good overall business

First six months

- Organic order intake +17%
- Organic net sales +8%
- Gross margin 41.7% (40.3)
- EBITA margin 14.2% (16.0)
Q2: Very strong order growth except in Europe

North & South America
+29%
- Very strong development
- Good contribution from Canada and Mexico and Colombia on the South American market
- Agreement with Premier in Q2
- 2 new Elekta Unity orders

Europe, Middle East & Africa (EMEA)
-21%
- Weak quarter in Europe
- Good growth in emerging markets’, e.g. Saudi Arabia, Morocco, South Africa and Bulgaria
- 1 new Elekta Unity order

Asia Pacific
+23%
- Good order intake
- Good development in India, Singapore, Malaysia and Taiwan
- Continuing gaining market shares in China
- 3 new Elekta Unity orders

Based on constant exchange rates
H1: Double-digit order growth in all regions – especially strong growth in Asia Pacific

North & South America: +13%
Europe, Middle East & Africa (EMEA): +12%
Asia Pacific: +26%

Based on constant exchange rates
Elekta Unity – 64 systems ordered as of today
Reiterating 75 orders by mid-2020

North & South America: +2 (Total: 14)
Europe, Middle East & Africa (EMEA): +1 (Total: 29)
Asia Pacific: +3 (Total: 21)
First Elekta Unity in Sweden – at Uppsala University Hospital

"It is really a step into the future"

Zahra Taheri-Kadkhoda, Chief Physician and Section Manager for Radiotherapy

Translation:
Unique method for radiation therapy
Adapt to the anatomy of the day

SBRT 35 Gy / 5 Fx / 1 week

Adapt to shape

16 Field mBEAM IMRT = VMAT equivalent
Our Elekta Unity pioneers treating patients routinely
18 installed Elekta Unitys in clinical use with great feedback on performance

1) Original consortium members
2. Financials

Gustaf Salford
CFO
Good revenue growth but weak EBITA development

- **Net sales up 7% for the quarter**
  - Solutions +6% and Service +8%
  - North and South America: +1%
  - Europe Middle East and Africa: +8%
  - Asia Pacific: +13%
- **EBITA at 14.5%**
  - 200 bps negative impact from FX
  - 150 bps from delayed installations

<table>
<thead>
<tr>
<th>(SEK M)</th>
<th>Q2 2019/20</th>
<th>Q2 2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>3,709</td>
<td>3,330</td>
</tr>
<tr>
<td><strong>Solutions</strong></td>
<td>2,249</td>
<td>2,054</td>
</tr>
<tr>
<td><strong>Service</strong></td>
<td>1,460</td>
<td>1,276</td>
</tr>
<tr>
<td><strong>COGS</strong></td>
<td>-2,188</td>
<td>-1,953</td>
</tr>
<tr>
<td><strong>Gross margin (%)</strong></td>
<td><strong>41.0%</strong></td>
<td><strong>41.4%</strong></td>
</tr>
<tr>
<td><strong>Expenses</strong>*</td>
<td>-848</td>
<td>-760</td>
</tr>
<tr>
<td><strong>Exchange diff and other</strong></td>
<td>-133</td>
<td>-17</td>
</tr>
<tr>
<td><strong>EBITA</strong></td>
<td>539</td>
<td>601</td>
</tr>
<tr>
<td><strong>EBITA margin (%)</strong></td>
<td><strong>14.5%</strong></td>
<td><strong>18.0%</strong></td>
</tr>
<tr>
<td><strong>Amortization</strong></td>
<td>-219</td>
<td>-208</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>321</td>
<td>393</td>
</tr>
<tr>
<td><strong>Net financial items</strong></td>
<td>-36</td>
<td>-28</td>
</tr>
<tr>
<td><strong>Income taxes</strong></td>
<td>-64</td>
<td>-80</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>221</td>
<td>284</td>
</tr>
<tr>
<td><strong>EPS</strong></td>
<td>0.58</td>
<td>0.75</td>
</tr>
</tbody>
</table>

* Excluding amortization
### Main currency movements in Q2

<table>
<thead>
<tr>
<th>Exchange rate</th>
<th>Change Q2</th>
<th>Share of revenue</th>
<th>Share of costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR/SEK</td>
<td>+0.8%</td>
<td>~25%</td>
<td>~22%</td>
</tr>
<tr>
<td>USD/SEK</td>
<td>+0.7%</td>
<td>~50%</td>
<td>~20%</td>
</tr>
<tr>
<td>GBP/SEK</td>
<td>+7.0%</td>
<td>~5%</td>
<td>~25%</td>
</tr>
</tbody>
</table>

- Large share of Elekta’s expenses in GBP
- GBP strengthened due to delay of Brexit in Q2

### EBITA Impact

<table>
<thead>
<tr>
<th>FX impact</th>
<th>Change Q2</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fx effect on Revenue</td>
<td></td>
<td>Weak SEK vs. USD and EUR</td>
</tr>
<tr>
<td>FX effect on COGS &amp; Expenses</td>
<td></td>
<td>Strengthened GBP</td>
</tr>
<tr>
<td>FX difference in P&amp;L</td>
<td></td>
<td>CF/BS hedges and unhedged smaller FX (TRY, ZAR, INR)</td>
</tr>
<tr>
<td>Reverse of LY FX difference in P&amp;L</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SEK -50 M
Sales resources and IT projects driving expenses in Q2

- Increased selling expenses to capture market growth and Unity opportunities as well as Elekta Digital
- Administrative expense increase driven by investments in IT solutions and litigation costs

<table>
<thead>
<tr>
<th>Expenses (SEK M)</th>
<th>Q2 2019/20</th>
<th>vs. LY</th>
<th>vs. Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selling</td>
<td>-360</td>
<td>7%</td>
<td>-2%</td>
</tr>
<tr>
<td>Administrative</td>
<td>-291</td>
<td>18%</td>
<td>7%</td>
</tr>
<tr>
<td>R&amp;D (Net)</td>
<td>-416</td>
<td>-3%</td>
<td>-4%</td>
</tr>
<tr>
<td>Total</td>
<td>-1,067</td>
<td>6%</td>
<td>0%</td>
</tr>
</tbody>
</table>

- Net R&D decreased as capitalization increased more than amortization vs LY
- Capitalization in the quarter driven by Elekta Digital and Value Linac
- Gross R&D in relation to net sales at 10%
Strong contribution from volume and project mix on YTD EBITA but negative FX impact

Q2 YTD - EBITA bridge (SEK M)

- Strong contribution from volume and project mix
- In YTD FY18/19 the MEG divestment contributed 1.1 ppts to EBITA
Increased inventory off-set by accrued income and customer advances

**Net working capital change in the quarter**

<table>
<thead>
<tr>
<th>Assets</th>
<th>Q1 19/20</th>
<th>Inventory</th>
<th>Accounts receivable</th>
<th>Accrued income</th>
<th>Other</th>
<th>Q2 19/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 19/20</td>
<td>9,092</td>
<td>268</td>
<td>85</td>
<td>146</td>
<td></td>
<td>9,374</td>
</tr>
<tr>
<td>Liabilities</td>
<td>Q1 19/20</td>
<td>10,063</td>
<td>126</td>
<td>47</td>
<td>43</td>
<td>155</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>10,345</td>
</tr>
</tbody>
</table>

**Net Working Capital as % of net sales**

<table>
<thead>
<tr>
<th></th>
<th>Q1 18/19</th>
<th>Q2 18/19</th>
<th>Q3 18/19</th>
<th>Q4 18/19</th>
<th>Q1 19/20</th>
<th>Q2 19/20</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-14%</td>
<td>-13%</td>
<td>-9%</td>
<td>-15%</td>
<td>-7%</td>
<td>-7%</td>
</tr>
</tbody>
</table>

**Key focus areas coming quarters**

- Get rid of Brexit inventory
- Continue to improve invoicing and collection processes
3. Outlook

Dr. Richard Hausmann
President and CEO
Measures to improve profitability and cash flow in H2

- **Profitability Drivers**
  - COGS improvements kick in
  - Drive strong installations

- **Cash Flow improvement areas**
  - Get rid of Brexit inventory
  - Continue improvement in invoicing and collection process

- **Clear accountability through new Business Line focus**
Accountability through business line organization

- Empower ownership
- Clear identification
- Increased customer focus
- More agile

Business lines

Oncology informatics

Treatment Solutions

Oncology Informatics Solutions
MR-Linac Solutions
Linac Solutions
Neuro Solutions
Brachy Solutions
Guidance and priorities going forward

**Net sales**
- Guidance FY 19/20: 8-10%
- Scenario FY 20/21-22/23: 8-10%
- Focus in FY 19/20:
  - Continue the success of Elekta Unity
  - Harvesting MOSAIQ Plaza platform
  - Execution of COGS reduction program
  - Secure installation pipeline
  - Continued cost control

**EBITA margin**
- Updated Nov 15
- Guidance FY 19/20: ~18%
- Scenario FY 20/21-22/23: >20%
  - with expansion of up to 200 BPS in the end of the period

Updated Nov 15
In summary

• Accelerating the MR-Linac paradigm shift with Elekta Unity
• Very good order growth in emerging markets
• Profitability impacted by one-offs
• Good underlying business, with strong outlook for total product portfolio
Attending a live Elekta Unity treatment

Overview

November 29
2019

University Hospital Tübingen & Hotel Krone