Showing resilience

Q1 report 2020/21
Gustaf Salford, Acting President and CEO
Johan Adebäck, Acting CFO; Aug 26, 2020
Agenda

- Precision Radiation Medicine in Q1
- 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.
Precision Radiation Medicine in Q1
We are Precision. Radiation. Medicine.

Everyone with cancer should have access to and benefit from precise, personalized radiotherapy.
Q1 highlights

• Solid performance with positive order growth, increased profitability, and improved cash flow

• Driving efficiency initiatives to stay resilient

• Supporting customers in remote monitoring with new and improved digital solutions

• Entered second commercialization stage of Elekta Unity including approval for the Chinese market

• Strengthening Elekta Digital by acquiring Kaiku

• Consolidation of industry provides good opportunity to accelerate our leadership in Precision Radiation Medicine and focus on innovation investments to drive long-term success
Showing resilience in light of Covid-19

Orders
rolling 12 months

Net sales & EBITA margin
rolling 12 months

Q1 iso.
+4%

Q1 iso.
-5%
Succeeded in delivering a positive order growth of 4 percent

North & South America

66%

- Elekta’s largest deal ever – several linacs, software and service – with GenesisCare as they enters the US market
- Among other clinics in Q1, NYU Medical Center ordered Elekta Unity
- Linac and software to new cancer center in Dourados Brazil

Europe, Middle East & Africa (EMEA)

-20%

- Bundled deal with Brescia Unity/Italy including Elekta Unity
- Major agreement for multiple linacs, and software package in Morocco
- Large multi-unit deal with LGK in Uzbekistan

Asia Pacific

-12%

- Multiple linacs to one of India’s largest oncology service provider, HCG, including MOSAIQ connecting the Group’s current 27 centers
- Various solutions to Shandong Medical University Hospital and Hunan Tumor hospital, China
- 2nd and 3rd Elekta Unity to Japan and Chiba University Hospital and Osaka City University
- China back at normal levels. Rest of Asia Pacific situation still challenging

Covid status

- Lockdown still impacting business and capex investments, but improved access to clinics in the US
- Pandemic effect slowing down, and business resumes gradually to normal

Rest of Asia Pacific situation still challenging
Elekta Unity – good progress into the second phase of commercialization

- Strong Unity order quarter
- Great clinical evidence from an increasing customer base
- Research advantage for Elekta Unity
- Approval from China’s National Medical Products Administration on Aug 21

### Elekta Unity Growth Phases

<table>
<thead>
<tr>
<th>Phase</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase I</td>
<td>Early adopters 75 orders</td>
</tr>
<tr>
<td>Mid-2020</td>
<td></td>
</tr>
<tr>
<td>Phase II</td>
<td>Growth phase from broad based market and gradual reimbursement</td>
</tr>
<tr>
<td>2020-22</td>
<td></td>
</tr>
<tr>
<td>Phase III</td>
<td>Volume driven by clinical evidence and new reimbursement</td>
</tr>
<tr>
<td>2022 onwards</td>
<td></td>
</tr>
</tbody>
</table>

### Publications on MR-Linacs

- **Elekta** 2019: 70, 2020 to May: 22
- **Competition** 2019: 54, 2020 to May: 13
In the new industry landscape Elekta will be the key global provider focusing on Precision Radiation Medicine

**Accelerate** leadership in treatment solutions

**Expand** the role of Precision Radiation Medicine

**Drive** digital solutions for value-based care

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HPL – new platform

Unity

Elekta Digital

[Images of Elekta equipment and solutions]
Financials
Improved margins through resilience initiatives

<table>
<thead>
<tr>
<th>(SEK M)</th>
<th>Q1 20/21</th>
<th>Q1 19/20</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>2,981</td>
<td>3,228</td>
<td>-5%</td>
</tr>
<tr>
<td>Solutions</td>
<td>1,551</td>
<td>1,858</td>
<td>-14%</td>
</tr>
<tr>
<td>Service</td>
<td>1,430</td>
<td>1,371</td>
<td>7%</td>
</tr>
<tr>
<td>COGS</td>
<td>-1,614</td>
<td>-1,853</td>
<td>-13%</td>
</tr>
<tr>
<td>Gross margin (%)</td>
<td>45.9%</td>
<td>42.6%</td>
<td>3.3 ppts</td>
</tr>
<tr>
<td>Expenses1)</td>
<td>-721</td>
<td>-854</td>
<td>-16%</td>
</tr>
<tr>
<td>Exchange diff and other</td>
<td>-95</td>
<td>-72</td>
<td>32%</td>
</tr>
<tr>
<td>EBITA</td>
<td>551</td>
<td>448</td>
<td>23%</td>
</tr>
<tr>
<td>EBITA margin (%)</td>
<td>18.5%</td>
<td>13.9%</td>
<td>4.6 ppts</td>
</tr>
<tr>
<td>Amortization</td>
<td>216</td>
<td>212</td>
<td>2%</td>
</tr>
<tr>
<td>EBIT</td>
<td>335</td>
<td>236</td>
<td>42%</td>
</tr>
<tr>
<td>Net financial items</td>
<td>-52</td>
<td>-46</td>
<td>13%</td>
</tr>
<tr>
<td>Income taxes</td>
<td>-66</td>
<td>-43</td>
<td>53%</td>
</tr>
<tr>
<td>Net profit</td>
<td>216</td>
<td>147</td>
<td>47%</td>
</tr>
<tr>
<td>EPS</td>
<td>0.57</td>
<td>0.38</td>
<td>47%</td>
</tr>
</tbody>
</table>

• Net sales down 5%2)
  – Solutions -14% and Service 7%
  – North and South America: -4%
  – Europe Middle East and Africa: -1%
  – Asia Pacific: -11%

• Gross margin up more than 3 ppts
  • High service sales share (48%)

• EBITA margin at 18.5%
  • Resilience initiative payed off

• Increase in financial costs and income taxes

1) Excluding amortization
2) Based on constant currency
Accelerating initiatives to strengthen our resilience – good progress in Q1

**Short-term adjustments & behavior change**
- Flexible staffing and reduced consultants
- Digital marketing and service
- Reduced travelling

**Simplification through digitalization**
- Digitalization of internal processes
- Improved service and marketing & sales processes
- Centralized administrative processes

**Continuing focus on COGS improvement**
Continued focus on cost control

Expenses Q1

<table>
<thead>
<tr>
<th>Expenses (SEK M)</th>
<th>Q1 2020/21</th>
<th>Q1 2019/20</th>
<th>Growth 1) Y/Y</th>
<th>Q4 2019/20</th>
<th>Growth 1) Q/Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selling</td>
<td>-271</td>
<td>-365</td>
<td>-23%</td>
<td>-380</td>
<td>-24%</td>
</tr>
<tr>
<td>Administrative</td>
<td>-280</td>
<td>-270</td>
<td>4%</td>
<td>-250</td>
<td>20%</td>
</tr>
<tr>
<td>R&amp;D (net)</td>
<td>-386</td>
<td>-431</td>
<td>-9%</td>
<td>-395</td>
<td>4%</td>
</tr>
<tr>
<td>Total</td>
<td>-936</td>
<td>-1 067</td>
<td>-11%</td>
<td>-1 025</td>
<td>-3%</td>
</tr>
</tbody>
</table>

Selling expenses
- Significant lower selling expenses driven by resilience initiatives

Administrative expense
- Higher administrative expenses for IT-related cost due to remote work

R&D expenses
- Gross R&D RTM in relation to net sales at 10%
- Net R&D decreased vs Q1 last year due to higher capitalization driven by late-stage R&D projects

1) Based on constant currency
EBITA driven by reduced spend and a high service share

Q1 EBITA bridge (MSEK)

- Lower volumes due to Covid-19
- Higher share of service revenue
- Other includes cost for acquisitions/divestments
- FX rate differences had a negative EBITA impact of -3 MSEK
Improved cash conversion

Q1 Cash flow, SEK M

<table>
<thead>
<tr>
<th>EBITDA</th>
<th>Other</th>
<th>Change in NWC</th>
<th>Cash Flow from operating activities</th>
<th>Continuous investments</th>
<th>Cash flow after continuous investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>651</td>
<td></td>
<td>319</td>
<td>211</td>
<td>185</td>
<td>26</td>
</tr>
</tbody>
</table>

Cash conversion, RTM

Cash conversion = Cash flow from operating activities/EBITDA

1) Cash conversion = Cash flow from operating activities/EBITDA
Outlook
Proposed dividend for FY 19/20 at today’s AGM

Dividend, SEK per share

Pay-out ratio

• Board of Directors may call for an EGM to propose an additional dividend
• Dependent on the general economic outlook and how Covid-19 will affect Elekta and its markets going forward
Outlook and priorities Q2

- Expect continued negative impact from current market situation; refrain from guidance at the moment
- Order situation still impacted
- Strong backlog supporting revenue – but continued challenges to access customers
- Focus on cost control and stabilizing cash flow from resilience initiatives
- Longer term convinced of continued growth due to underlying demand for our solutions since large global need for radiotherapy
- Recent consolidation of our industry provides good opportunities for Elekta going forward
Launch of Elekta’s new linac

Sept 15, 2020

Invitation to follow