Stable performance during Covid

Q2 report 2020/21
Gustaf Salford, President and CEO
Johan Adebäck, Acting CFO
Nov 26, 2020
Agenda

- Precision Radiation Medicine in 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.
Precision Radiation Medicine in Q2
Helping clinicians improve patients’ lives

We are Precision. Radiation. Medicine.
<table>
<thead>
<tr>
<th>Helping clinicians improve patients’ lives</th>
<th>Performing in challenging market conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Launched new linac Harmony</td>
<td>Outperforming market both on order and revenue</td>
</tr>
<tr>
<td>Received MDR approval for linac portfolio</td>
<td>Strong margin and cash flow</td>
</tr>
<tr>
<td>Strong momentum for MR-Linac</td>
<td></td>
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<tr>
<td>Clinical clearance for Unity in China</td>
<td></td>
</tr>
<tr>
<td>Securing continued high levels of machine utilization globally during Covid</td>
<td></td>
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</tbody>
</table>
Stable development during Covid but below historical levels and long-term potential

Order development
-2% in Q2 20/21

Revenue development
3% in Q2 20/21

Installed base
6% Q2 20/21

Order and revenue development based on constant currency.
Resilience from a growing service business

Service revenue and installed base growth

Service focus

Growth
Expanding across regions and business lines

Digitalization and new solutions
Innovating and implementing

Customer satisfaction
Continued improvement

Service revenue (RTM) vs. Installed base

- MSEK
- Devices
- Linacs connected: 80%

Elekta
Market development in the quarter still impacted by Covid

**North & South America**
- US patient volumes increased early autumn, but accelerating Covid situation at quarter end
- RO APM finally set to July 2021
- Digital ASTRO
- Tough South American market conditions throughout quarter

**Europe, Middle East & Africa**
- Emerging recovery in Europe until the end of the quarter
- Start to see impact from stimulus packages, e.g. Italy
- Increased demand for cancer treatments in East and North Africa
- EU working on Europe’s Beating Cancer Plan

**Asia Pacific**
- China continued at normal levels
- Large differences between regions and countries; challenges in emerging markets
Strong order recovery in Europe in the quarter, challenging in emerging markets

<table>
<thead>
<tr>
<th>Region</th>
<th>Change</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>North &amp; South America</td>
<td>-12%</td>
<td>- Systemwide ProKnow to Veteran’s Administration</td>
</tr>
<tr>
<td></td>
<td>H1:25%</td>
<td>- University of Florida ordered Unity</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Linac tender win Sao Paolo State</td>
</tr>
<tr>
<td>Europe, Middle East &amp; Africa</td>
<td>20%</td>
<td>- First two Harmony to France</td>
</tr>
<tr>
<td></td>
<td>H1:-3%</td>
<td>- Bundled deal with Italy including linacs, neuro and brachy</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>-12%</td>
<td>- First Chinese Unity order after clearance</td>
</tr>
<tr>
<td></td>
<td>H1:-12%</td>
<td>- Two Versa HD to private hospital chain in Thailand</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Versa HD to Severance Group in South Korea</td>
</tr>
</tbody>
</table>

Based on constant currency.
China almost back to normal levels, strong interest during recent China International Import Exhibition (CIIE)

1,000 installed linacs

Strong interest in Unity
Harmony – balancing great therapy precision with increased productivity

Versions

<table>
<thead>
<tr>
<th>Harmony</th>
<th>Harmony Pro</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greenfield market IGRT</td>
<td>Replacement market VMAT to SBRT</td>
</tr>
</tbody>
</table>

Regulatory clearance

- Launched Sept 20
- CE-Mark Nov 6
- FDA approval Beginning 21E
- NMPA approval Beginning 22E
Elekta Studio - a true 3D image guided adaptive therapy suite
Strong global momentum for Elekta Unity

Unity update

- >1,700 patients treated
- >30 different indications
- >20 clinical systems
- Momentum study 800+ patients

Ack. # of MR-Linac papers

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>398</td>
</tr>
<tr>
<td>2020</td>
<td>519</td>
</tr>
</tbody>
</table>

15th Elekta MR-Linac Consortium meeting

- 566 users from 48 sites and 18 countries
- 61 scientific and 27 clinical abstracts
Q2 financials
Showing resilience in light of Covid-19

Net sales & EBITA margin
rolling 12 months

MSEK

Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2

0 4 000 8 000 12 000 16 000

% 14 15 16 17 18 19 20 21

H1

Total net sales
-1%

Solution
-5%
Service
6%
EBITA margin
20.0%

Q2

Total net sales
3%

Solution
2%
Service
4%
EBITA margin
21.3%

Net sales growth based on constant currency.
**Improved margins through resilience initiatives**

<table>
<thead>
<tr>
<th>(SEK M)</th>
<th>Q2 20/21</th>
<th>Q2 19/20</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>3,534</td>
<td>3,709</td>
<td>3%</td>
</tr>
<tr>
<td>Solutions</td>
<td>2,136</td>
<td>2,249</td>
<td>2%</td>
</tr>
<tr>
<td>Service</td>
<td>1,398</td>
<td>1,460</td>
<td>4%</td>
</tr>
<tr>
<td>COGS</td>
<td>-2,089</td>
<td>-2,188</td>
<td>-4.5%</td>
</tr>
<tr>
<td>Gross margin (%)</td>
<td>40.9%</td>
<td>41.0%</td>
<td>-0.1 ppts</td>
</tr>
<tr>
<td>Expenses¹</td>
<td>-723</td>
<td>-848</td>
<td>-15%</td>
</tr>
<tr>
<td>Exchange diff and other</td>
<td>29</td>
<td>-133</td>
<td>n/a</td>
</tr>
<tr>
<td>EBITA</td>
<td>752</td>
<td>539</td>
<td>39%</td>
</tr>
<tr>
<td>EBITA margin (%)</td>
<td>21.3%</td>
<td>14.5%</td>
<td>6.7 ppts</td>
</tr>
<tr>
<td>Amortization</td>
<td>-193</td>
<td>-219</td>
<td>-12%</td>
</tr>
<tr>
<td>EBIT</td>
<td>559</td>
<td>321</td>
<td>74%</td>
</tr>
<tr>
<td>Net financial items</td>
<td>-68</td>
<td>-35</td>
<td>93%</td>
</tr>
<tr>
<td>Income taxes</td>
<td>-115</td>
<td>-64</td>
<td>80%</td>
</tr>
<tr>
<td>Net profit</td>
<td>375</td>
<td>221</td>
<td>70%</td>
</tr>
<tr>
<td>EPS</td>
<td>0.98</td>
<td>0.58</td>
<td>69%</td>
</tr>
</tbody>
</table>

Net sales up 3%
- North and South America: -16%
- Europe, Middle East and Africa: -4%
- Asia Pacific: 32%

Stable gross margin

Strong EBITA margin at 21.3%
- Resilience initiative paid off

Net profit growth of 70%
- Increase in financial costs and income taxes

¹) Excluding amortization.

Net sales growth based on constant currency.
Continued focus on cost control

Expenses Q2

<table>
<thead>
<tr>
<th>Expenses (SEK M)</th>
<th>Q2 2020/21</th>
<th>Q2 2019/20</th>
<th>Growth¹) Y/Y</th>
<th>Growth¹) Q/Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selling</td>
<td>-279</td>
<td>-360</td>
<td>-16%</td>
<td>+8%</td>
</tr>
<tr>
<td>Administrative</td>
<td>-259</td>
<td>-291</td>
<td>-8%</td>
<td>-4%</td>
</tr>
<tr>
<td>R&amp;D (Net)</td>
<td>-377</td>
<td>-416</td>
<td>-4%</td>
<td>+2%</td>
</tr>
<tr>
<td>Total</td>
<td>-916</td>
<td>-1,067</td>
<td>-9%</td>
<td>+2%</td>
</tr>
</tbody>
</table>

Selling expenses
- Significant lower selling expenses due to lower travel and marketing spend

Administrative expense
- Lower administrative expenses due to resilience initiatives

R&D expenses
- Net R&D expenses decreased in the quarter
- RTM gross R&D expenses increased and corresponded to 10.4% of net sales

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

H1 EBITA bridge, SEK M

- Lower volumes due to Covid-19
- Higher share of service revenue and Neuro
- Other includes cost for acquisitions/divestments
- FX rate differences had a positive EBITA impact of around 90 MSEK
Improved cash conversion

H1 Cash flow, SEK M

- EBITDA: 1497
- Other: 163
- Change in NWC: 588
- Cash flow from operating activities: 746
- Continuous investments: 358
- Cash flow after continuous investments: 389

Cash conversion, RTM

- Operational cash conversion: Red line
- Cash flow from operating activities, MSEK: Blue bars

1) Cash conversion = Cash flow from operating activities/EBITDA

Q1 18/19 Q2 18/19 Q3 18/19 Q4 18/19 Q1 19/20 Q2 19/20 Q3 19/20 Q4 19/20 Q1 20/21 Q2 20/21

Operational cash conversion: Red line
Cash flow from operating activities, MSEK: Blue bars
Outlook
Continuous resilience activities

Accelerate innovation

Drive service growth

Leverage on partnerships

Strategic priorities going forward
Outlook in Q3

• We expect the new wave of lockdown measures to affect us in the third quarter with continued uncertainty in order growth and increased risk for delayed installations

• We focus on resilience activities to control cost and prepare for getting back to growth

• We will further strengthen our investments in innovation to capture long-term growth trends
We will continue helping clinicians saving patients’ lives throughout the pandemic – and as long as it takes.
Join Elekta at
ESTRO 2020 Virtual Meeting
28 November–1 December
Q&A