



## Interim report May – January 2013/14

- Order bookings amounted to SEK 8,352 M (8,080), equivalent to an increase of 8\* percent. In the third quarter order bookings increased 15\* percent.
- Net sales increased 7\* percent to SEK 6,740 M (6,608).
- EBITA amounted to SEK 895 M (1,053) before non-recurring items of SEK -61 M (-24). The decline is mainly related to lower than expected delivery volumes of Leksell Gamma Knife® and currency effects amounting to SEK -140 M. In the third quarter EBITA amounted to SEK 340 M (454) before non-recurring items.
- Net income amounted to SEK 333 M (504). Earnings per share amounted to SEK 0.87 (1.31) before dilution and SEK 0.87 (1.30) after dilution.
- Cash flow after continuous investments amounted to SEK -550 M (335). In the third quarter cash flow after continuous investments was SEK -27 M (112). A strong cash flow is expected in the fourth quarter.
- Due to lower-than-expected delivery volumes of Leksell Gamma Knife® and delays in expected deliveries to emerging markets, the outlook for the full-year has been revised.
  - In fiscal year 2013/14, net sales is expected to grow by approximately 7 percent in local currency compared to last year.
  - EBITA is expected to grow by approximately 3 percent in local currency compared with last year. Exchange rate movements are expected to have a negative impact of about approximately 5 percentage points on EBITA growth.

The prior outlook, published in the Q2 report, expected net sales to grow by more than 10 percent in local currency. EBITA was expected to grow by approximately 10 percent in local currency. Exchange rate movements were expected to have a negative impact of approximately 5 percentage points on EBITA growth.

Group summary	3 months	3 months	9 months	9 months	Change
	Nov - Jan 2013/14	Nov - Jan 2012/13	May - Jan 2013/14	May - Jan 2012/13	
SEK M					
Order bookings	3,224	2,856	8,352	8,080	8%*
Net sales	2,385	2,428	6,740	6,608	7%*
EBITA before non-recurring items	340	454	895	1,053	-15%
Operating result	260	386	610	849	-28%
Net income	150	231	333	504	-34%
Cash flow after continuous investments	-27	112	-550	335	—
Earnings per share after dilution, SEK	0.39	0.60	0.87	1.30	-33%

\* Compared to last fiscal year based on constant exchange rates.

This report 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. Some of these risks and uncertainties are described further in the 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.

## President and CEO comments

### Strong order bookings

Overall market development continues to be good and we are very pleased with our order booking trend. Order bookings rose 15\* percent in the third quarter, and 8\* percent during the first nine months. In North and South America, order bookings rose 40\* percent in the quarter. In the US, we see a consolidation of private cancer care with a market that is moving toward more long-term strategic partnerships and larger orders. The strong growth in Europe, Middle East and Africa continued, with order bookings rising 15\* percent in the quarter. Our growth in China continued, with order bookings growth during the quarter exceeding the market average. In Asia Pacific, as a whole, quarterly order bookings declined 9\* percent in relation to high order bookings last year. Weak currencies in some emerging markets have also affected order growth due to delayed investments.

### Weak deliveries in the third quarter affected EBITA

Net sales rose 1\* percent during the third quarter and 7\* percent during the first nine months. Our third quarter was significantly impacted by lower-than-expected delivery volumes of Leksell Gamma Knife®, primarily in North and South America and Asia Pacific. In addition, weaker currencies, particularly in some emerging markets, have affected volumes. EBITA before non-recurring items for the third quarter amounted to 340 (454) and to SEK 895 M (1,053) for the first nine months. Currency effects in the period amounted to SEK -140 M.

We are not satisfied with our third quarter results and particular not with our Leksell Gamma Knife® business. We have analyzed the prospects for the full year and initiated a number of corrective actions to ensure improved performance. Our long term prospects remains and we are confident that Leksell Gamma Knife® will be back on track with volumes starting to recover in the fourth quarter. At the same time we continue to invest in product development to further enhance our offering.

Cash flow from operating activities was SEK 153 M (258); cash flow after continuous investments was SEK -27 M in the third quarter. Compared with the second quarter, we have increased inventory by some SEK 250 M ahead of planned deliveries in the fourth quarter. We expect a strong cash flow in the fourth quarter.

### Favorable trend for Versa HD

Our most advanced linear accelerator, Versa HD™, was launched one year ago. Sales has exceeded our expectations and Versa HD™ now accounts for over 60 percent of our system sales in applicable markets in the US and Europe.

### Strategic partnerships for better cancer care

During the quarter, we secured a long-term partnership agreement with a US health network, McLaren Health Care. This type of comprehensive partnership will become increasingly important in our business. In addition to our leading hardware and software solutions, we will support and facilitate the development of more efficient and higher quality cancer care throughout McLaren's network.

### Adjusted outlook for the year

Lower-than-expected volumes of Leksell Gamma Knife® and delays in expected deliveries to emerging markets have led to a revised outlook for the full-year. Net sales growth has been adjusted from more than 10 percent to approximately 7 percent in local currency, and EBITA is expected to grow by approximately 3 percent in local currency, adjusted from 10 percent.

Our long-term strategy and objectives remain unchanged, as does the continued growing need and demand for Elekta's superior clinical solutions. Based on the company's unique market position, we will continue to pursue our commitment to the development of modern cancer care.

Tomas Puusepp,  
President and CEO

\* Compared with last fiscal year, based on constant exchange rates.

*Presented amounts refer to the nine-month period and amounts within parentheses indicate comparative values for the equivalent period last fiscal year unless otherwise stated.*

*In this report, details on balance sheet, working capital and cash flow have been added and will be disclosed going forward.*

### **Order bookings and order backlog**

Order bookings (net) increased 3 percent to SEK 8,352 M (8,080) and 8 percent based on constant exchange rates. Order bookings during the third quarter amounted to SEK 3,224 M (2,856), an increase of 15 percent based on constant exchange rates.

Order backlog was SEK 13,490 M, compared to SEK 11,942 M on April 30, 2013. Order backlog is converted at closing exchange rates. The translation of the backlog at exchange rates on January 31, 2014 compared to exchange rates on April 30, 2013 resulted in a positive translation difference of SEK 79 M.

<b>Order bookings</b>	3 months	3 months		9 months	9 months		12 months		12 months
SEK M	Nov - Jan	Nov - Jan	Change	May - Jan	May - Jan	Change	rolling	Change	May - Apr
	2013/14	2012/13		2013/14	2012/13		2013/14		2012/13
North and South America	1,269	929	37%	2,948	2,849	3%	4,569	5%	4,470
Europe, Middle East and Africa	1,154	984	17%	3,081	2,547	21%	4,412	22%	3,878
Asia Pacific	801	943	-15%	2,323	2,684	-13%	3,408	-9%	3,769
<b>Group</b>	<b>3,224</b>	<b>2,856</b>	<b>13%</b>	<b>8,352</b>	<b>8,080</b>	<b>3%</b>	<b>12,389</b>	<b>6%</b>	<b>12,117</b>

### **Market development**

#### *North and South America*

Order bookings rose 3 percent during the period, and 8 percent based on constant exchange rates. In the third quarter order bookings increased 40 percent based on constant exchange rates.

The North American market was robust and Elekta's order bookings were strong in the quarter with several large orders being won. Hospital consolidation continues in the health care industry across the US and is driving the market toward larger orders and more comprehensive solutions. Elekta's oncology treatment and management solutions support the demand for higher clinical efficiency and productivity across large integrated health care systems. A strategic partnership was signed with McLaren Health Care in the US, in which the integration of cancer care systems will be enhanced by Elekta's software and hardware in order to improve quality and efficiency of care.

Demand for Versa HD™ was strong and exceeded expectations. Versa HD™ accounted for 80 percent of Elekta's linear accelerators sold in the US during the third quarter. Volumes of Leksell Gamma Knife® were lower than anticipated but will start to recover in the fourth quarter.

Market development in Latin America was weak. Following the major procurement process in Brazil last autumn volumes to the public sector have been limited. The private sector was impacted by a weaker currency, which resulted in delayed orders and deliveries. The long-term growth outlook remains positive and demand is expected to be driven by the shortage of treatment capacity combined with a need for improved solutions for cancer care.

The contribution margin for the region was 30 percent (33). The decline is mainly attributable to product mix and lower net sales.

#### *Europe, Middle East and Africa*

Order bookings rose 21 percent during the period, and 22 percent based on constant exchange rates. In the third quarter order bookings increased 15 percent based on constant exchange rates.

Markets in Europe developed very well. Elekta's growth was strong during the period, particularly in Southern and Central Europe. The growing demand for advanced cancer care in established markets is driving the need to upgrade existing systems as well as the need for additional capacity.

The Middle East and Africa also showed strengthened growth. A structural expansion of radiation therapy capacity is taking place in emerging markets; examples of this are major orders that Elekta secured in Algeria and Iraq during the nine-month period.

Sales of Versa HD™ performed strongly in the third quarter and accounted for 40 percent of Elekta's linear accelerators sold on applicable markets in the region.

The contribution margin for the region amounted to 33 percent (32). The increase is attributable to higher net sales.

### *Asia Pacific*

Order bookings declined 13 percent during the period, and 3 percent based on constant exchange rates. In the third quarter order bookings decreased 9 percent based on constant exchange rates.

Conditions in the Asian markets were mixed. Elekta is the market leader in China, where the company's performance was good. A tender valued at USD 28 M was awarded from the People's Liberation Army during the quarter. For the remainder of the year the outlook for China is favorable.

Demand in Japan primarily comprises replacement investments as older linear accelerators are gradually replaced. The market is essentially unchanged, although Elekta has reported growth. Only 25-30 percent of cancer patients in Japan receive radiation therapy, compared with more than 60 percent in the US. There are favorable long-term prospects for a growing proportion of radiation therapy in cancer care.

Sales in India was weak, a result of private care providers postponing investments due to the weak currency. Versa HD™ has not yet received full regulatory approvals in China and Japan, but the interest from customers is strong. Approval in China and Japan is expected later in 2014. In the third quarter, volumes of Leksell Gamma Knife® were low in the region.

A continued focus on improving cancer care in the region provides good prospects for achieving long-term growth.

The contribution margin for the region was 22 percent (30). The decline is attributable to currency effects and product mix.

### **Net sales**

Net sales increased 2 percent to SEK 6,740 M (6,608), and 7 percent based on constant exchange rates. In the third quarter net sales increased 1 percent based on constant exchange rates. In Europe, Middle East and Africa, net sales grew with 18 percent, based on constant exchange rates and in Asia Pacific the growth was 8 percent. North and South America reported a decline of 4 percent, related to low deliveries of Leksell Gamma Knife® and weak performance in South America.

<b>Net sales</b>	3 months			9 months				12 months		12 months
	Nov - Jan 2013/14	Nov - Jan 2012/13	Change	May - Jan 2013/14	May - Jan 2012/13	Change	Change *	rolling 2013/14	Change	May - Apr 2012/13
SEK M										
North and South America	724	887	-18%	2,196	2,372	-7%	-4%	3,345	-1%	3,521
Europe, Middle East and Africa	918	781	18%	2,498	2,125	18%	18%	3,934	21%	3,561
Asia Pacific	743	760	-2%	2,046	2,111	-3%	8%	3,192	3%	3,257
<b>Group</b>	<b>2,385</b>	<b>2,428</b>	<b>-2%</b>	<b>6,740</b>	<b>6,608</b>	<b>2%</b>	<b>7%</b>	<b>10,471</b>	<b>8%</b>	<b>10,339</b>

\* Compared to last fiscal year based on constant exchange rates.

## Earnings

Gross margin was 42 percent (45) and approximately half of the decrease in gross margin is related to currency effects. In addition, low delivery volumes of Leksell Gamma Knife®, primarily related to North and South America and Asia Pacific, affected gross margin negatively.

Research and development expenditures, before capitalization of development costs, have increased according to plan and amounted to SEK 905 M (679) equal to 13 percent (10) of net sales. Capitalization and amortization of development costs in the R&D function amounted to a net of SEK 240 M (104).

The EBITA effect from changes in exchange rates was negative by approximately SEK 140 M, including hedges.

EBITA before non-recurring items amounted to SEK 895 M (1,053) for the first nine months. Operating result before non-recurring items was SEK 671 M (873). Operating margin, before non-recurring items, amounted to 10 percent (13). Non-recurring items amounted to SEK -61 M (-24) during the period and mainly consist of legal costs. Net financial items amounted to SEK -172 M (-159). The financial net was affected by participations in associates amounting to SEK -12 M (-23).

Profit before tax amounted to SEK 438 M (690). Tax amounted to SEK -105 M (-186). Net income amounted to SEK 333 M (504). Earnings per share amounted to SEK 0.87 (1.31) before dilution and SEK 0.87 (1.30) after dilution. Return on shareholders' equity amounted to 22 percent (22) and return on capital employed amounted to 18 percent (18).

## Investments and depreciation

Continuous investments amounted to SEK 594 M (360) whereof investments in intangible assets amounted to SEK 359 M (213). The increase in continuous investments is related to the R&D function, and the establishment of new advanced education and training centers. Amortization of intangible assets and depreciation of tangible fixed assets amounted to a total of SEK 310 M (259). Capitalization and amortization of development costs are presented in the table below.

Capitalized development costs SEK M	3 months		9 months		12 months	
	Nov - Jan 2013/14	Nov - Jan 2012/13	May - Jan 2013/14	May - Jan 2012/13	rolling 2013/14	May - Apr 2012/13
Capitalization of development costs	134	69	357	210	467	320
of which R&D	131	61	353	184	455	286
Amortization of capitalized development costs	-48	-27	-131	-80	-160	-109
of which R&D	-42	-27	-113	-80	-140	-107
<b>Capitalized development costs, net</b>	<b>86</b>	<b>42</b>	<b>226</b>	<b>130</b>	<b>307</b>	<b>211</b>
<b>of which R&amp;D</b>	<b>89</b>	<b>34</b>	<b>240</b>	<b>104</b>	<b>315</b>	<b>179</b>

## Cash flow and net debt

Cash flow after continuous investments amounted to SEK -550 M (335). The cash flow was affected by a lower operating result, higher continuous investments of SEK 594 M (360) and an increase in working capital, mainly inventories, of SEK 377 M (decrease SEK 30 M). Following the seasonal pattern Elekta expects a strong cash flow for the fourth quarter.

Cash flow (extract) SEK M	3 months		9 months		12 months	
	Nov - Jan 2013/14	Nov - Jan 2012/13	May - Jan 2013/14	May - Jan 2012/13	rolling 2013/14	May - Apr 2012/13
<b>Operating cash flow</b>	<b>254</b>	<b>399</b>	<b>421</b>	<b>665</b>	<b>1,650</b>	<b>1,894</b>
<i>Change in working capital</i>	-101	-141	-377	30	-431	-24
<b>Cash flow from operating activities</b>	<b>153</b>	<b>258</b>	<b>44</b>	<b>695</b>	<b>1,219</b>	<b>1,870</b>
<i>Continuous investments</i>	-180	-146	-594	-360	-812	-578
<b>Cashflow after continuous investments</b>	<b>-27</b>	<b>112</b>	<b>-550</b>	<b>335</b>	<b>407</b>	<b>1,292</b>
<i>Cash conversion*</i>	-10%	35%	-86%	44%	26%	76%

\* Cash conversion is calculated as cash flow after continuous investments divided by net income adjusted by depreciations and amortizations.

## Financial position

Cash and cash equivalents amounted to SEK 1,199 M (2,567 on April 30, 2013) and interest-bearing liabilities amounted to SEK 4,499 M (4,552 on April 30, 2013). Thus, net debt amounted to SEK 3,300 M (1,985 on April 30, 2013). Net debt/equity ratio was 0.62 (0.36 on April 30, 2013).

The change in unrealized exchange rate effects from cash flow hedges amounted to SEK 62 M (58) and is reported in other comprehensive income. Closing balance of unrealized exchange rate effects from cash flow hedges in shareholders' equity was SEK 130 M (68 on April 30, 2013) exclusive of tax.

## Working Capital

Net working capital amounted to SEK 1,520 M (1,451 in the previous quarter) corresponding to 15 (14) percent of net sales. The increase compared with the previous quarter is mainly related to higher inventories related to planned deliveries in the fourth quarter.

<b>Working Capital</b> SEK M	Jan 31, 2014	Oct 31, 2013	Apr 30, 2013	Jan 31, 2013
<b>Working capital assets</b>				
Inventories	1,368	1,097	850	940
Accounts receivable	3,241	3,253	3,192	2,810
Accrued income	1,454	1,568	1,861	1,460
Other operating receivables	697	613	461	665
<b>Sum working capital assets</b>	<b>6,760</b>	<b>6,531</b>	<b>6,364</b>	<b>5,875</b>
<b>Working capital liabilities</b>				
Accounts payable	1,098	1,132	1,217	721
Customer advances	1,391	1,363	1,292	1,363
Prepaid income	1,117	962	1,034	951
Accrued expenses	1,333	1,327	1,404	1,355
Other operating liabilities	301	296	250	316
<b>Sum working capital liabilities</b>	<b>5,240</b>	<b>5,080</b>	<b>5,197</b>	<b>4,706</b>
<b>Net working capital</b>	<b>1,520</b>	<b>1,451</b>	<b>1,167</b>	<b>1,169</b>
% of 12 months rolling net sales	15%	14%	11%	12%

## Significant events during the nine-month period

### *Lawsuit with Varian Medical Systems resolved*

The lawsuit with Varian Medical Systems, announced in August 2012, has been resolved by mutual agreement by the parties.

### *Acquisition of shares in BMEI*

Elekta has acquired the remaining 20 percent of shares in the Chinese subsidiary BMEI, and owns thereafter 100 percent. BMEI develops and manufactures the Elekta Compact™ linear accelerator, among other products.

### *Niklas Savander appointed as new President and CEO for Elekta*

Niklas Savander has been appointed as Elekta's next President and Chief Executive Officer, effective May 1, 2014. Niklas Savander will succeed Tomas Puusepp, who will continue within Elekta as a member of its Board of Directors.

## **Employees**

The average number of employees was 3,592 (3,292). The increase is mainly related to expansion of product development. The average number of employees in the Parent Company was 27 (25). The number of employees on January 31, 2014 totaled 3,731. On April 30, 2013, the number of employees in Elekta totaled 3,488.

## **Shares**

During the period 4,343 new B-shares were subscribed through conversion of convertibles. Total number of registered shares on January 31, 2014 was 382,828,359 divided between 14,250,000 A-shares and 368,578,359 B-shares. Fully diluted shares amount to 400,696,012. The effect is related to the Elekta 2012/17 convertible bond.

## **Outlook for fiscal year 2013/14**

Due to lower-than-expected delivery volumes of Leksell Gamma Knife® and delays in expected deliveries to emerging markets, the outlook for the full-year has been revised.

- In fiscal year 2013/14, net sales is expected to grow by approximately 7 percent in local currency compared to last year.
- EBITA is expected to grow by approximately 3 percent in local currency compared with last year. Exchange rate movements are expected to have a negative impact of about approximately 5 percentage points on EBITA growth.

The prior outlook, published in the Q2 report, expected net sales to grow by more than 10 percent in local currency. EBITA was expected to grow by approximately 10 percent in local currency. Exchange rate movements were expected to have a negative impact of approximately 5 percentage points on EBITA growth.

## **Risks and uncertainties**

Elekta's presence in a large number of geographical markets exposes the Group to political and economic risks on a global scale or in individual countries.

The competitive landscape for Elekta is continuously changing. The medical equipment industry is characterized by rapid technological developments and continuous improvements of industrial know-how, resulting in companies launching new products and improved methods for treatment. Elekta strives to be the leader in innovation and offer the most competitive product portfolio, developed in close collaboration with key research leaders in the field. To secure the proceeds of research investments, it is of importance that such new products and technology are protected from the risk of improper use by competitors. When possible and deemed appropriate, Elekta protects its intellectual property rights by way of patents, copyrights and trademark registrations.

Elekta sells solutions through its direct sales force and through an external network of agents and distributors. The Company's continued success is dependent on the ability to establish and maintain successful relationships with customers. Elekta is continuously evaluating how to enter new markets considering both the opportunities and the risks involved. There are regulatory registration requirements with each new market that potentially could delay product introductions and certifications. The stability of the political system in certain countries and the security situation for employees traveling to exposed areas are constantly evaluated. Corruption is a risk and an obstacle for development and growth in some countries. Elekta has implemented a specific anti-corruption policy to guide the business by aiming to be in line with national and international regulations and best practices against corruption.

Elekta's operations comprise several markets that expose the Group to a vast number of laws, regulations, policies and guidelines regarding, for example, health, security, environmental matters, trade restrictions, competition and delivery of products. Elekta's quality systems describes these requirements, which are reviewed and certified by external supervisory bodies and are regularly inspected by authorities in applicable countries, for example the US FDA. Non-compliance of, for example, safety regulations can

result in delayed or stopped deliveries of products. Changes in regulations and rules might also increase Elekta's costs and delay the development and introduction of new products.

Elekta depends also on the capability of producing advanced medical equipment, which requires highly qualified personnel. The Company's ability to attract and retain qualified personnel and management has a significant impact on the future success of the Group.

Weak economic development and high levels of public debt might, in some markets, mean less availability of financing for private customers and reduced future health care spending by governments. Political decisions that could impact the healthcare reimbursement systems also constitute a risk factor. Elekta's ability to commercialize products is dependent on the reimbursement level that hospitals and clinics can obtain for different types of treatments. Alterations in the existing reimbursement systems related to medical products, or implementation of new regulations, might impact future product mix in specific markets.

Elekta's ability to deliver treatment equipment relies largely on customers' readiness to receive the delivery at site. Depending on contractual payment terms a delay can result in postponed invoicing and also affect timing of revenue recognition. The Group's credit risks are normally limited since customer operations are, to a large extent, financed either directly or indirectly by public funds.

Elekta's production sites depend on a number of suppliers for components. There is a risk that those suppliers might change their terms, or that delivery difficulties might occur due to circumstances beyond the Company's control. Critical suppliers are regularly followed up regarding delivery precision and quality of components.

In its operations, Elekta is subject to a number of financial risks primarily related to exchange rate fluctuations. In the short-term, the effect of currency movements is reduced through forward contracts. Hedging is conducted on the basis of expected net sales over a period of up to 24 months. The scope of the hedging is determined by the Company's assessment of currency risks. Risk management is regulated through a financial policy established by the Board of Directors. Overall responsibility for handling the Group's financial risks, and developing methods and guidelines for dealing with financial risks, rests with executive management and the finance function. For more detailed information regarding these risks, please see Note 2 in the annual report 2012/13.

Stockholm, February 27, 2014

Tomas Puusepp  
President and CEO



*This report has not been reviewed by the Company's auditors.*

### **Conference call**

Elekta will host a telephone conference at 10:00 – 11:00 CET on February 27, with President and CEO Tomas Puusepp and CFO Håkan Bergström.

To take part in the conference call, please dial in about 5-10 minutes in advance and use the access code 941615.

Swedish dial-in number: +46 (0)8 5052 0110, UK dial-in number: +44 (0)20 7162 0077, US dial-in number: + 1 877 491 0064.

The telephone conference will also be broadcasted over the internet (listen only). Please use the link: [http://webevents.services.reg.meeting-stream.com/84836\\_elekta/](http://webevents.services.reg.meeting-stream.com/84836_elekta/)

### **Financial information**

Year-end report May – April 2013/14	May 28, 2014
Interim report May – July 2014/15	August 28, 2014
Annual General Meeting 2014	August 28, 2014
Interim report May – October 2014/15	November 27, 2014

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### **Elekta AB (publ)**

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The above information is such that Elekta AB (publ) shall make public in accordance with the Securities Market Act and/or the Financial Instruments Trading Act.

The information was published at 07:30 CET on February 27, 2014.

### Accounting principles

This interim report is prepared, with regard to the Group, according to IAS 34 and the Swedish Annual Accounts Act and, with regard to the Parent Company, according to the Swedish Annual Accounts Act and RFR 2. The accounting principles applied correspond to those presented in Note 1 of the Annual Report 2012/13 except effects from new/revised IFRS applied from 1 May, 2013:

#### *IAS 1 Presentation of Financial Statements*

The amendments to the standard require the items in other comprehensive income to be split into two categories: items that will not be reclassified to the income statement and items that subsequently may be reclassified to the income statement. Taxes are disclosed for each category.

#### *IAS 19 Employee Benefits*

The amendments to the standard mean, for Elekta, that revaluation of the net debt related to defined benefit pension plans is reported in other comprehensive income instead of in the income statement. Furthermore, interest expenses and expected return on plan assets are replaced by a net interest based on the discount rate and the net deficit or net surplus related to a defined-benefit plan.

#### *Other changes*

IFRS 13 Fair Value Measurement has brought about certain disclosures on financial instruments in the interim reports. Other amended standards, which are effective and applied from the fiscal year 2013/14, have been assessed as not having any material impact on the financial reports.

### Exchange rates

Country	Currency	Average rate			Closing rate		
		May - Jan 2013/14	May - Jan 2012/13	Change	Jan 31, 2014	Apr 30, 2013	Change
Euroland	1 EUR	8.746	8.637	1%	8.847	8.575	3%
Great Britain	1 GBP	10.343	10.736	-4%	10.749	10.162	6%
Japan	1 JPY	0.065	0.084	-22%	0.064	0.067	-5%
United States	1 USD	6.541	6.758	-3%	6.526	6.560	-1%

Regarding foreign group companies, order bookings and income statement are translated at average exchange rates for the reporting period while order backlog and balance sheet are translated at closing exchange rates.

## CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

SEK M	3 months Nov - Jan 2013/14	3 months Nov - Jan 2012/13	9 months May - Jan 2013/14	9 months May - Jan 2012/13	12 months rolling 2013/14	12 months May - Apr 2012/13
<b>INCOME STATEMENT</b>						
Net sales	2,385	2,428	6,740	6,608	10,471	10,339
Cost of products sold	-1,445	-1,341	-3,932	-3,624	-5,865	-5,557
<b>Gross income</b>	<b>940</b>	<b>1,087</b>	<b>2,808</b>	<b>2,984</b>	<b>4,606</b>	<b>4,782</b>
Selling expenses	-255	-284	-792	-882	-1,057	-1,147
Administrative expenses	-227	-227	-692	-663	-907	-878
R&D expenses	-225	-198	-665	-575	-805	-715
Exchange rate differences	27	15	12	9	19	16
<b>Operating result before non-recurring items</b>	<b>260</b>	<b>393</b>	<b>671</b>	<b>873</b>	<b>1,856</b>	<b>2,058</b>
Transaction and restructuring costs	—	0	—	0	0	0
Other non-recurring items	—	-7	-61	-24	-83	-46
<b>Operating result</b>	<b>260</b>	<b>386</b>	<b>610</b>	<b>849</b>	<b>1,773</b>	<b>2,012</b>
Result from participations in associates	-5	-15	-12	-23	-18	-29
Interest income	7	8	18	24	26	32
Interest expenses and similar items	-62	-63	-172	-159	-236	-223
Exchange rate differences	-3	0	-6	-1	3	8
<b>Profit before tax</b>	<b>197</b>	<b>316</b>	<b>438</b>	<b>690</b>	<b>1,548</b>	<b>1,800</b>
Income taxes	-47	-85	-105	-186	-368	-449
<b>Net income</b>	<b>150</b>	<b>231</b>	<b>333</b>	<b>504</b>	<b>1,180</b>	<b>1,351</b>
<i>Net income attributable to:</i>						
Parent Company shareholders	147	230	330	497	1,173	1,340
Non-controlling interests	3	1	3	7	7	11
Earnings per share before dilution, SEK	0.39	0.61	0.87	1.31	3.08	3.52
Earnings per share after dilution, SEK	0.39	0.60	0.87	1.30	3.09	3.52
<b>STATEMENT OF COMPREHENSIVE INCOME</b>						
Net income	150	231	333	504	1,180	1,351
<i>Other comprehensive income:</i>						
<i>Items that subsequently may be reclassified to the statement of income</i>						
Revaluation of cash flow hedges	25	19	62	62	34	34
Translation differences from foreign operations	84	-172	164	-353	164	-353
Tax	-5	-2	-14	-13	-6	-5
Total items that subsequently may be reclassified to the statement of income	104	-155	212	-304	192	-324
<i>Other comprehensive income for the period</i>	<i>104</i>	<i>-155</i>	<i>212</i>	<i>-304</i>	<i>192</i>	<i>-324</i>
<b>Comprehensive income for the period</b>	<b>254</b>	<b>76</b>	<b>545</b>	<b>200</b>	<b>1,372</b>	<b>1,027</b>
<i>Comprehensive income attributable to:</i>						
Parent Company shareholders	252	75	545	193	1,368	1,016
Non-controlling interests	2	1	0	7	4	11
<b>RESULT OVERVIEW</b>						
SEK M	3 months Nov - Jan 2013/14	3 months Nov - Jan 2012/13	9 months May - Jan 2013/14	9 months May - Jan 2012/13	12 months rolling 2013/14	12 months May - Apr 2012/13
<b>Operating result/EBIT before non-recurring items</b>	<b>260</b>	<b>393</b>	<b>671</b>	<b>873</b>	<b>1,856</b>	<b>2,058</b>
<i>Amortization:</i>						
capitalized development costs	48	27	131	80	160	109
acquisitions	32	34	93	100	123	130
<b>EBITA before non-recurring items</b>	<b>340</b>	<b>454</b>	<b>895</b>	<b>1,053</b>	<b>2,139</b>	<b>2,297</b>
Depreciation	29	27	86	79	117	110
<b>EBITDA before non-recurring items</b>	<b>369</b>	<b>481</b>	<b>981</b>	<b>1,132</b>	<b>2,256</b>	<b>2,407</b>

**CASH FLOW**

SEK M	3 months	3 months	9 months	9 months	12 months	12 months
	Nov -Jan 2013/14	Nov - Jan 2012/13	May - Jan 2013/14	May - Jan 2012/13	rolling 2013/14	May - Apr 2012/13
Profit before tax	197	316	438	690	1,548	1,800
Amortization & Depreciation	108	88	310	259	400	349
Interest net	48	45	133	108	184	159
Other non-cash items	12	65	30	2	94	66
Interest received and paid	-35	-32	-141	-95	-188	-142
Income taxes paid	-76	-83	-349	-299	-388	-338
<i>Operating cash flow</i>	<i>254</i>	<i>399</i>	<i>421</i>	<i>665</i>	<i>1,650</i>	<i>1,894</i>
Increase (-)/decrease (+) in inventories	-246	-69	-490	-249	-384	-143
Increase (-)/decrease (+) in operating receivables	68	-359	114	-53	-506	-673
Increase (-)/decrease (+) in operating liabilities	77	287	-1	332	459	792
<i>Change in working capital</i>	<i>- 101</i>	<i>- 141</i>	<i>- 377</i>	<i>30</i>	<i>-431</i>	<i>- 24</i>
<b>Cash flow from operating activities</b>	<b>153</b>	<b>258</b>	<b>44</b>	<b>695</b>	<b>1,219</b>	<b>1,870</b>
Investments intangible assets	-134	-70	-359	-213	-471	-325
Investments other assets	-46	-76	-235	-147	-341	-253
<i>Continuous investments</i>	<i>- 180</i>	<i>- 146</i>	<i>- 594</i>	<i>- 360</i>	<i>-812</i>	<i>- 578</i>
<b>Cash flow after continuous investments</b>	<b>-27</b>	<b>112</b>	<b>-550</b>	<b>335</b>	<b>407</b>	<b>1,292</b>
Business combinations and investments in associates	0	0	0	-77	-7	-84
<b>Cash flow after investments</b>	<b>-26</b>	<b>112</b>	<b>-550</b>	<b>258</b>	<b>400</b>	<b>1,208</b>
Cash flow from financing activities	31	-60	-859	-481	-758	-380
<b>Cash flow for the period</b>	<b>5</b>	<b>52</b>	<b>-1,409</b>	<b>-223</b>	<b>-358</b>	<b>828</b>
Exchange rate differences	21	-86	41	-117	2	-156
<b>Change in cash and cash equivalents for the period</b>	<b>26</b>	<b>-34</b>	<b>-1,368</b>	<b>-340</b>	<b>-356</b>	<b>672</b>

**CHANGES IN EQUITY**

SEK M	9 months	9 months	12 months
	May - Jan 2013/14	May - Jan 2012/13	May - Apr 2012/13
<b>Attributable to Elekta's owners</b>			
Opening balance	5,547	4,999	4,999
Comprehensive income for the period	545	193	1,016
Incentive programs including deferred tax	—	-21	-45
Exercise of warrants	—	53	51
Conversion of convertible loan	0	—	2
Acquisition of non-controlling interest	-33	—	—
Dividend	-763	-476	-476
Total	5,297	4,748	5,547
<b>Attributable to non-controlling interests</b>			
Opening balance	13	11	11
Comprehensive income for the period	0	7	11
Acquisition of non-controlling interest	0	—	—
Dividend	-7	-10	-9
Total	5	8	13
<b>Closing balance</b>	<b>5,302</b>	<b>4,756</b>	<b>5,560</b>

## CONSOLIDATED BALANCE SHEET

SEK M	Jan 31, 2014	Oct 31, 2013	Apr 30, 2013	Jan 31, 2013
<b>Non-current assets</b>				
Intangible assets	6,662	6,552	6,424	6,334
Tangible fixed assets	590	564	487	440
Financial assets	350	328	236	211
Deferred tax assets	102	100	92	114
<b>Total non-current assets</b>	<b>7,705</b>	<b>7,544</b>	<b>7,239</b>	<b>7,099</b>
<b>Current assets</b>				
Inventories	1,368	1,097	850	940
Accounts receivable	3,241	3,253	3,192	2,810
Accrued income	1,454	1,568	1,861	1,460
Current tax assets	101	72	21	54
Derivative financial instruments	113	97	116	129
Other current receivables	697	613	461	665
Cash and cash equivalents	1,199	1,173	2,567	1,554
<b>Total current assets</b>	<b>8,173</b>	<b>7,873</b>	<b>9,068</b>	<b>7,612</b>
<b>Total assets</b>	<b>15,878</b>	<b>15,417</b>	<b>16,307</b>	<b>14,711</b>
Elekta's owners' equity	5,297	5,045	5,547	4,748
Non-controlling interests	5	11	13	8
<b>Total equity</b>	<b>5,302</b>	<b>5,056</b>	<b>5,560</b>	<b>4,756</b>
<b>Non-current liabilities</b>				
Long-term interest-bearing liabilities	4,341	4,302	4,340	4,267
Deferred tax liabilities	660	625	582	568
Other long-term liabilities	130	136	148	149
<b>Total non-current liabilities</b>	<b>5,131</b>	<b>5,063</b>	<b>5,070</b>	<b>4,984</b>
<b>Current liabilities</b>				
Short-term interest-bearing liabilities	158	117	212	109
Accounts payable	1,098	1,132	1,217	721
Advances from customers	1,391	1,363	1,292	1,363
Prepaid income	1,117	962	1,034	951
Accrued expenses	1,333	1,327	1,404	1,355
Current tax liabilities	44	67	240	98
Derivative financial instruments	3	34	28	58
Other current liabilities	301	296	250	316
<b>Total current liabilities</b>	<b>5,445</b>	<b>5,298</b>	<b>5,677</b>	<b>4,971</b>
<b>Total equity and liabilities</b>	<b>15,878</b>	<b>15,417</b>	<b>16,307</b>	<b>14,711</b>
Assets pledged	10	3	3	4
Contingent liabilities	153	136	178	70

## Financial instruments

The table below shows the Group's financial instruments for which fair value is different than carrying value. The fair value of all other financial instruments is assumed to correspond to the carrying value.

SEK M	Jan 31, 2014		Apr 30, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term interest-bearing liabilities	4,341	4,488	4,340	4,557

The table below shows how the Group's financial assets and financial liabilities, which have been measured at fair value, have been categorized in the fair value hierarchy. The different levels are defined as follows:

- Level 1: Quoted prices on an active market for identical assets or liabilities
- Level 2: Other observable data than quoted prices included in Level 1, either directly (that is, price quotations) or indirectly (that is, obtained from price quotations)
- Level 3: Data not based on observable market data

Distribution by level when measured at fair value SEK M	Jan 31, 2014				Apr 30, 2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>FINANCIAL ASSETS</b>								
<b>Financial assets measured at fair value through profit or loss:</b>								
Derivative financial instruments – non-hedging	–	15	–	15	–	23	–	23
<b>Derivatives used for hedging purposes:</b>								
Derivative financial instruments – hedging	–	134	–	134	–	93	–	93
<b>Total financial assets</b>	–	149	–	149	–	116	–	116
<b>FINANCIAL LIABILITIES</b>								
<b>Financial liabilities at fair value through profit or loss:</b>								
Derivative financial instruments – non-hedging	–	1	–	1	–	4	–	4
<b>Derivatives used for hedging purposes:</b>								
Derivative financial instruments – hedging	–	3	–	3	–	24	–	24
<b>Total financial liabilities</b>	–	4	–	4	–	28	–	28

**KEY FIGURES**

	12 months May - Apr 2008/09	12 months May - Apr 2009/10	12 months May - Apr 2010/11	12 months May - Apr 2011/12	12 months May - Apr 2012/13	9 months May - Jan 2012/13	9 months May - Jan 2013/14
Order bookings, SEK M	7,656	8,757	9,061	10,815	12,117	8,080	8,352
Net sales, SEK M	6,689	7,392	7,904	9,048	10,339	6,608	6,740
Operating result, SEK M	830	1,232	1,502	1,849	2,012	849	610
Operating margin before non-recurring items, %	12	17	19	20	20	13	10
Operating margin, %	12	17	19	20	19	13	9
Profit margin, %	12	16	19	19	17	10	6
Shareholders' equity, SEK M	2,555	3,244	3,833	5,010	5,560	4,756	5,302
Capital employed, SEK M	4,182	4,283	4,714	9,540	10,112	9,132	9,801
Equity/assets ratio, %	32	38	43	33	34	32	33
Net debt/equity ratio	0.31	-0.04	-0.13	0.53	0.36	0.59	0.62
Return on shareholders' equity, %	27	30	30	29	27	22	22
Return on capital employed, %	24	30	35	28	21	18	18

**DATA PER SHARE**

	12 months May - Apr 2008/09	12 months May - Apr 2009/10	12 months May - Apr 2010/11	12 months May - Apr 2011/12	12 months May - Apr 2012/13	9 months May - Jan 2012/13	9 months May - Jan 2013/14
Earnings per share before dilution, SEK	1.50	2.27	2.76	3.26	3.52	1.31	0.87
after dilution, SEK	1.50	2.25	2.73	3.23	3.52	1.30	0.87
Cash flow per share before dilution, SEK	1.58	2.63	1.31	-7.07	3.17	0.68	-1.44
after dilution, SEK	1.58	2.60	1.30	-7.01	3.17	0.68	-1.37
Shareholders' equity per share before dilution, SEK	6.92	8.74	10.22	13.19	14.55	12.45	13.89
after dilution, SEK	6.92	9.38	10.61	13.31	14.55	12.42	17.94
Average number of shares before dilution, 000s	368,114	368,832	373,364	376,431	380,672	380,443	381,273
after dilution, 000s	368,114	371,780	378,028	380,125	380,672	381,435	400,682
Number of shares at closing before dilution, 000s	368,498	371,181	374,951 *)	378,991 *)	381,270 *)	381,237 *)	381,287 *)
after dilution, 000s	368,498	383,580	383,618	384,284	381,270	382,229	400,696

In September 2012 a 4:1 share split was conducted. The data per share and number of shares has been restated pro forma.

\*) Number of registered shares at closing excluding treasury shares (1,541,368 per January 31, 2014).

<b>Data per quarter</b>	Q1 2011/12	Q2 2011/12	Q3 2011/12	Q4 2011/12	Q1 2012/13	Q2 2012/13	Q3 2012/13	Q4 2012/13	Q1 2013/14	Q2 2013/14	Q3 2013/14
SEK M											
Order bookings	1,700	2,702	2,784	3,629	2,252	2,972	2,856	4,037	2,027	3,101	3,224
Net sales	1,428	1,936	2,565	3,119	1,695	2,485	2,428	3,731	1,912	2,443	2,385
EBITA before non-recurring items	133	302	682	925	131	468	453	1,244	148	407	340
Operating result	92	385	597	775	63	400	386	1,163	46	304	260
Cash flow from operating activities	215	154	315	251	-88	525	258	1,175	-391	282	153

<b>Order bookings growth based on unchanged exchange rates</b>	Q1 2011/12	Q2 *) 2011/12	Q3 *) 2011/12	Q4 *) 2011/12	Q1 *) 2012/13	Q2 *) 2012/13	Q3 2012/13	Q4 2012/13	Q1 2013/14	Q2 2013/14	Q3 2013/14
North and South America, %	9	8	1	20	28	13	-11	9	-26	8	40
Europe, Middle East and Africa, %	-24	31	34	-8	-3	4	-5	29	18	32	15
Asia Pacific, %	38	6	-4	19	11	17	53	9	8	-7	-9
<b>Group, %</b>	<b>2</b>	<b>14</b>	<b>11</b>	<b>11</b>	<b>13</b>	<b>11</b>	<b>6</b>	<b>15</b>	<b>-2</b>	<b>10</b>	<b>15</b>

\*) excluding Brachytherapy

## Segment reporting

Elekta applies geographical segmentation. Order bookings, net sales and contribution margin for respective region are reported to Elekta's CFO and CEO (chief operating decision makers). In the regions' operating expenses cost of products sold and expenses are directly attributable to the respective region reported. Global costs for R&D, marketing, management of product supply centers and Parent Company are not allocated per region. Currency exposure is concentrated to product supply centers. The majority of exchange differences in operations are reported in global costs.

### Segment reporting

#### May - Jan 2013/14

SEK M	North and South America	Europe, Middle East and Africa	Asia Pacific	Group total	% of net sales
Net sales	2,196	2,498	2,046	6,740	
Operating expenses	-1,540	-1,685	-1,601	-4,826	72%
<b>Contribution margin</b>	<b>656</b>	<b>813</b>	<b>445</b>	<b>1,914</b>	<b>28%</b>
Contribution margin, %	30%	33%	22%		
Global costs				-1,243	18%
<b>Operating result before non-recurring items</b>				<b>671</b>	<b>10%</b>
Non-recurring items				-61	
<b>Operating result</b>				<b>610</b>	<b>9%</b>
Net financial items				-172	
<b>Income before tax</b>				<b>438</b>	

#### May - Jan 2012/13

SEK M	North and South America	Europe, Middle East and Africa	Asia Pacific	Group total	% of net sales
Net sales	2,372	2,125	2,111	6,608	
Operating expenses	-1,578	-1,451	-1,482	-4,511	68%
<b>Contribution margin</b>	<b>794</b>	<b>674</b>	<b>629</b>	<b>2,097</b>	<b>32%</b>
Contribution margin, %	33%	32%	30%		
Global costs				-1,224	19%
<b>Operating result before non-recurring items</b>				<b>873</b>	<b>13%</b>
Non-recurring items				-24	
<b>Operating result</b>				<b>849</b>	<b>13%</b>
Net financial items				-159	
<b>Income before tax</b>				<b>690</b>	

#### May - Apr 2012/13

SEK M	North and South America	Europe, Middle East and Africa	Asia Pacific	Group total	% of net sales
Net sales	3,521	3,561	3,257	10,339	
Operating expenses	-2,277	-2,266	-2,210	-6,753	65%
<b>Contribution margin</b>	<b>1,244</b>	<b>1,295</b>	<b>1,047</b>	<b>3,586</b>	<b>35%</b>
Contribution margin, %	35%	36%	32%		
Global costs				-1,528	15%
<b>Operating result before non-recurring items</b>				<b>2,058</b>	<b>20%</b>
Non-recurring items				-46	
<b>Operating result</b>				<b>2,012</b>	<b>19%</b>
Net financial items				-212	
<b>Income before tax</b>				<b>1,800</b>	

#### Rolling 12 months Feb - Jan 2013/14

SEK M	North and South America	Europe, Middle East and Africa	Asia Pacific	Group total	% of net sales
Net sales	3,345	3,934	3,192	10,471	
Operating expenses	-2,239	-2,500	-2,329	-7,068	68%
<b>Contribution margin</b>	<b>1,106</b>	<b>1,434</b>	<b>863</b>	<b>3,403</b>	<b>32%</b>
Contribution margin, %	33%	36%	27%		
Global costs				-1,547	15%
<b>Operating result before non-recurring items</b>				<b>1,856</b>	<b>18%</b>
Non-recurring items				-83	
<b>Operating result</b>				<b>1,773</b>	<b>17%</b>
Net financial items				-225	
<b>Income before tax</b>				<b>1,548</b>	

Elekta's operations are characterized by significant quarterly variations in delivery volumes and product mix, which have a direct impact on net sales and profits. This is accentuated when the operation is split into segments as is the impact of currency fluctuations between the years.



## PARENT COMPANY

### INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

SEK M	9 months May - Jan 2013/14	9 months May - Jan 2012/13
Operating expenses	-90	-108
Financial items	-31	-5
<b>Income after financial items</b>	<b>-121</b>	<b>-113</b>
Tax	27	30
<b>Net income</b>	<b>-94</b>	<b>-83</b>
<b>Statement of comprehensive income</b>		
Net income	-94	-83
Other comprehensive income	4	-6
<b>Total comprehensive income</b>	<b>-90</b>	<b>-89</b>

### BALANCE SHEET

SEK M	Jan 31, 2014	Apr 30, 2013
<b>Non-current assets</b>		
Shares in subsidiaries	1,877	1,837
Receivables from subsidiaries	2,752	2,744
Other financial assets	74	64
Deferred tax assets	42	15
<b>Total non-current assets</b>	<b>4,745</b>	<b>4,660</b>
<b>Current assets</b>		
Receivables from subsidiaries	3,021	2,804
Other current receivables	26	27
Cash and cash equivalents	942	2,125
<b>Total current assets</b>	<b>3,989</b>	<b>4,956</b>
<b>Total assets</b>	<b>8,734</b>	<b>9,616</b>
Shareholders' equity	1,735	2,586
Untaxed reserves	27	27
<b>Non-current liabilities</b>		
Long-term interest-bearing liabilities	4,341	4,336
Long-term liabilities to Group companies	38	38
Long-term provisions	32	26
<b>Total non-current liabilities</b>	<b>4,411</b>	<b>4,400</b>
<b>Current liabilities</b>		
Short-term liabilities to Group companies	2,464	2,483
Accounts payable	6	9
Other current liabilities	91	111
<b>Total current liabilities</b>	<b>2,561</b>	<b>2,603</b>
<b>Total shareholders' equity and liabilities</b>	<b>8,734</b>	<b>9,616</b>
Assets pledged	—	—
Contingent liabilities	845	956