



First quarter

- Covid-19 continued to have a negative effect on Elekta's business
- Gross order intake amounted to SEK 4,451 M (4,390), corresponding to a 4 percent growth in constant currency
- Net sales were SEK 2,981 M (3,228), corresponding to a 5 percent decrease in constant currency
- Gross margin amounted to 45.9 (42.6) percent
- EBITA increased by 23 percent to SEK 551 M (448), corresponding to an EBITA margin of 18.5 percent (13.9)
- Earnings per share was SEK 0.57 (0.38) before/after dilution
- Cash flow after continuous investments improved by SEK 810 M to SEK 26 M (-784)
- At today's AGM the Board of Directors proposes a dividend of SEK 0.90 (1.80) per share for the fiscal year 2019/20. The Board of Directors may call for an Extraordinary General Meeting to propose an additional dividend. This is dependent on the general economic outlook and how Covid-19 will affect Elekta and its markets going forward.

No significant events after the quarter

Group summary

SEK M	Q1			12 months			
	2020/21	2019/20	Δ	RTM	FY 2019/20	Δ	
Gross order intake	4,451	4,390	4%	17,796	17,735	-4%	
Net sales	2,981	3,228	-5%	14,354	14,601	0%	
Gross margin	45.9%	42.6%	3.3 ppts	42.7%	42.0%	0.7 ppts	
EBITA	551	448	23%	2,625	2,521	4%	
EBITA margin	18.5%	13.9%	4.6 ppts	18.3%	17.3%	1 ppts	
EBIT	335	236	42%	1,756	1,657	6%	
Cash flow ¹	26	-784	103%	1,063	252	321%	
Earnings per share, SEK ²	0.57	0.38	47%	3.02	2.84	6%	

¹ After continuous investments

² Before / after dilution

³ Based on constant currency

⁴ Compared to last rolling twelve months period Aug 2018 – Jul 2019 based on constant currency

This information is such that Elekta AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication by the below mentioned contact persons at 07:30 CET on August 26, 2020. (REGMAR)

Forward-looking information. This report included forward-looking statements including, but not limited to, statements relation 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 "Risk and uncertainties". Elekta undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, whether as a result of new information, future events or otherwise, except as required by law or stock exchange regulations.

First quarter

Showing resilience

The world is still impacted by the Covid-19 pandemic, our industry included. But Elekta's solid performance with positive order growth and increased profitability during the first quarter is a clear sign of our resilience and the strong underlying demand for our products. Elekta has a vital role to play for precision radiation medicine solutions – now in this time of transition and in a future situation when life will be normalized in our markets. We act forcefully to mitigate the short-term effects of the pandemic and continue to invest in innovation for long-term competitiveness.

Order growth and increased profitability

With an order growth for the first quarter we are showing a strong development in an overall weak radiotherapy market. A key driver was the GenesisCare partnership, which enabled us to show strong growth in the US market. Most other regions experienced a large decline in order volumes, especially EMEA where large parts of the healthcare systems were focusing on dealing with the pandemic. Our Unity business continued to show good momentum. In the quarter we booked several Unity orders, for example to NYU Medical Center and additional systems to Japan. We are now in the second stage of the commercialization of Elekta Unity, focusing on a wider market adoption and collecting clinical evidence from our customers to support the reimbursement of MR-Linacs.

Revenues were still affected by the restrictions leading to delayed installations. So far only China has returned to a normal level of installation with a strong double-digit revenue growth. Globally, we are pleased to see our recurring service revenues were growing by historical levels of around 7 percent.

We continue to prioritize cost control and emphasis on efficiency initiatives to stay resilient in these challenging times. We are especially focusing on digitalization and process improvements, which already had a positive impact on our expenses in the quarter. Together with less working capital build-up in the first quarter this resulted in a stronger cash flow.

Supporting our customers and driving efficiency

The radiotherapy market continued to be negatively impacted by the pandemic. On a global level we continue to see delays in procurement decisions, and we are doing our utmost to mitigate these effects. Getting access to customers to perform installations is still a challenge in most regions, especially for devices dependent on global installation teams like the Unity and Leksell Gamma Knife. Overall, we have a good position with our local presence to balance the safety of our employees with supporting our customers to secure that their patients can receive their treatments.

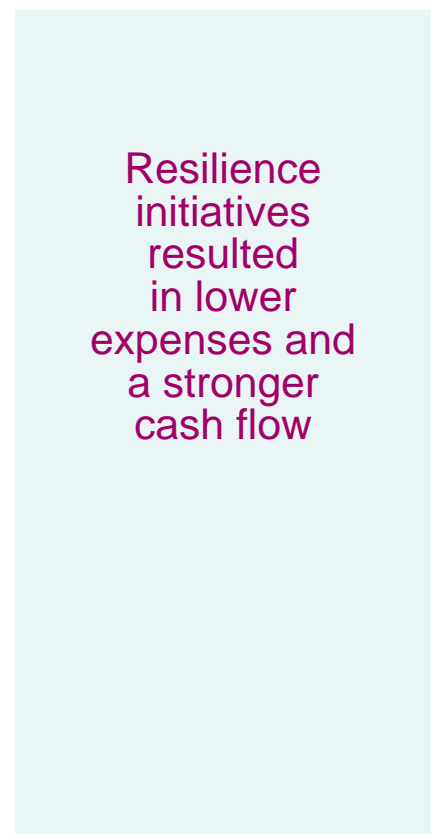
Elekta is supporting our customers in the areas of remote monitoring and maintenance of installed devices and digital applications to allow for customers to work remotely with improved digital solutions. In the first quarter we also acquired Kaiku Health, which strengthens our software portfolio and our strategy of enhanced cancer treatment process digitalization. Kaiku Health enables our solutions to digitally connect with patients, to personalize and more efficiently manage side-effects, and attain real-world patient-reported data. Simultaneously, we accelerate our innovation investments to continue to drive improvements both in software and platforms as the key for our long-term success.

Continued impact from Covid-19

With the uncertainty in order volumes and customer installation plans that the pandemic entails we refrain from giving a guidance at this moment. Our second quarter will continue to be negatively impacted by the pandemic and our key short-term commitment is to ensure that cancer treatments can continue during the crisis. In the longer term we are convinced that the underlying demand for our solutions will continue to grow due to the large need for radiotherapy solutions around the world. The recently announced consolidation in our industry indicates a strong belief in the radiotherapy market which validates our strategy of focusing on precision radiation medicine. As the remaining focused provider, we have a great opportunity and are confident that we will continue to accelerate our leadership.



Gustaf Salford
Acting President and CEO



Order intake and order backlog

Covid-19 continued to hamper order intake in the first quarter. Gross order intake increased by 1 percent to SEK 4,451 M (4,390) and 4 percent based on constant currency, driven by the growth in the U.S. market and a great contribution from Elekta Unity.

Order backlog was SEK 32,465 M, compared to SEK 34,689 M on the last quarter ended April 30, 2020. Order backlog is converted at closing exchange rates, which resulted in a negative translation difference of SEK 3,121 M.

Gross order intake

SEK M	Q1		Δ ¹	Δ	12 months	
	2020/21	2019/20			RTM	FY 2019/20
North and South America	1,728	1,064	66%	62%	5,688	5,024
Europe, Middle East and Africa	1,331	1,709	-20%	-22%	6,650	7,029
Asia Pacific	1,392	1,617	-12%	-14%	5,457	5,682
Group	4,451	4,390	4%	1%	17,796	17,735

¹ Based on constant currency

North and South America

In the first quarter Elekta had an order growth of 66 percent in North and South America based on constant currency. The key growth driver was Elekta's largest order ever, the order from GenesisCare, as they entered the U.S. market. The order included several linacs, software and service to a value of around USD 200 M in total, of which around USD 100 M were booked in the first quarter. South America also showed positive development in the quarter.

Europe, Middle East and Africa (EMEA)

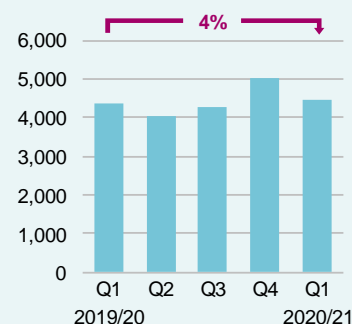
Order intake in Europe, Middle East and Africa had a negative development of 20 percent in the first quarter based on constant currency. Despite the low order activities overall and in large radiotherapy markets such as Germany and France, some countries e.g. the Netherlands, Italy and Russia reported increased order intake compared to the first quarter last year. Morocco also showed order growth, which included major agreements for multiple linacs, oncology informatics solutions and treatment planning systems.

Asia Pacific

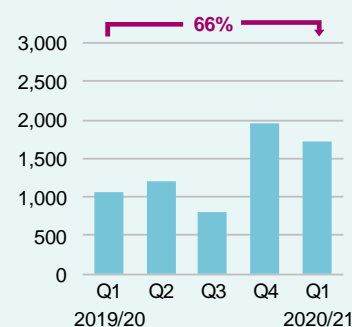
Asia Pacific reported an order intake decrease of 12 percent in constant currency in the first quarter. The Chinese order values were almost in line with the same quarter last year. Thailand reported a positive development together with Japan, which orderbook was driven by Elekta Unity orders from Chiba University Hospital and Osaka City University. Australia had a large decline in order intake, related to the high order value in the comparing quarter.

In India a large bundled deal was closed with one of the leading oncology service providers, HealthCare Global Enterprises (HCG), for various linacs and a large software package.

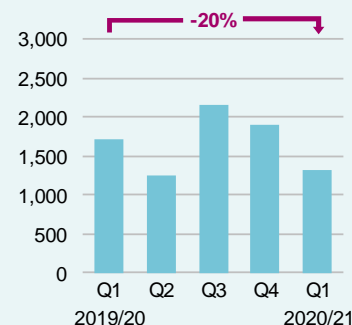
Gross order intake Group



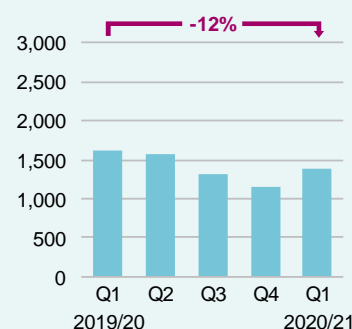
Gross order intake North and South America



Gross order intake Europe, Middle East and Africa



Gross order intake Asia Pacific



First quarter

Net sales

The pandemic continued to negatively affect net sales in the first quarter as travel restrictions as well as limited access to hospitals delayed installations. Net sales decreased to SEK 2,981 M (3,228) in the first quarter, representing a decline of 8 percent or 5 percent in constant currency. All three regions reported a negative development. On a rolling twelve months basis (RTM) net sales were stable in constant currencies.

Net sales per region

SEK M	Q1		Δ ¹	Δ	12 months	
	2020/21	2019/20			RTM	FY 2019/20
North and South America	945	1,010	-4%	-6%	4,417	4,482
Europe, Middle East and Africa	1,108	1,158	-1%	-4%	5,497	5,547
Asia Pacific	927	1,060	-11%	-13%	4,439	4,572
Group	2,981	3,228	-5%	-8%	14,354	14,601

¹ Based on constant currency

North and South America

In the first quarter North and South America had a negative net sales development of 4 percent based on constant currency. Revenue in the U.S. market had a slightly positive growth with some installations even possible in areas with high Covid-rates such as New York and California. Increased net sales were also reported in e.g. Mexico and Argentina, but the Brazilian market was very weak.

Europe, Middle East and Africa (EMEA)

In EMEA, net sales were rather stable with a small decline of 1 percent in constant currency. Growth was reported in European countries such as Italy, Germany and France, while normally solid radiotherapy markets such as U.K. and Spain had a negative development. In emerging markets growth was seen in Turkey, Saudi Arabia, South Africa and some western African countries.

Asia Pacific

Net sales in Asia Pacific decreased by 11 percent based on constant currency. Except from China, Taiwan and Bangladesh all countries in the region had lower revenue than in the same quarter last year. The Chinese market was back to a normal situation and reported a strong double-digit growth rate of 18 percent.

Solutions and service sales

Revenues in Solutions decreased by 14 percent, although with a positive development in Oncology Informatics Systems and Brachy. Service had a good performance in the quarter with a growth rate of 7 percent, with increased service revenues in all business lines. At the end of the quarter Elekta had an installed base of more than 6,400 devices, of which approximately 1,800 units were afterloaders.

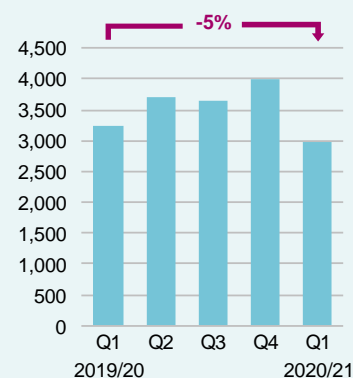
Net sales per product

SEK M	Q1		Δ ¹	Δ	12 months	
	2020/21	2019/20			RTM	FY 2019/20
Solutions	1,551	1,858	-14%	-17%	8,539	8,846
Service	1,430	1,371	7%	4%	5,814	5,755
Total	2,981	3,228	-5%	-8%	14,354	14,601

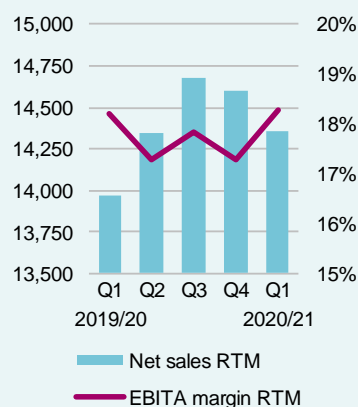
¹ Based on constant currency

-5%
net sales

Net sales by quarter



Net sales by RTM



Net sales growth in China of 18%

First quarter

Earnings

Gross margin was 45.9 percent (42.6) in the first quarter. The increase compared to Q1 last year was due to a favourable mix between solutions and service.

Operating expenses decreased by 11 percent in constant currencies. The decrease was driven by lower selling expenses due to Covid-19, but somewhat offset by higher administrative expenses as a result of IT-related costs. R&D expenditure, adjusted for the net of capitalization and amortization of R&D costs described below, amounted to SEK 351 M (350), equal to 12 percent (11) of net sales. On a rolling twelve months basis the R&D expenditure to net sales were 10 percent (10).

EBITA was SEK 551 M (448) representing a margin of 18.5 percent (13.9). The improvement in EBITA margin is explained by the stronger gross margin and lower selling expenses, but also from increased capitalization compared to last year from current R&D projects reaching a capitalizable phase. The effect from changes in exchange rates was SEK -55 M. Operating result (EBIT) was SEK 335 M (236).

Net financial items amounted to SEK -52 M (-46). The increase was mainly an effect of lower interest income due to lower interest rates, but also an effect from marginally increased interest expenses as a result of a higher level of gross debt. Profit before tax amounted to SEK 282 M (190) and tax amounted to SEK -66 M (-43), representing a tax rate of 23.5 percent (22.5).

Net income amounted to SEK 216 M (147) and earnings per share amounted to SEK 0.57 (0.38) before and after dilution. Return on shareholders' equity amounted to 14 percent (16) and return on capital employed was 12 percent (14).

Investments and amortization/depreciation

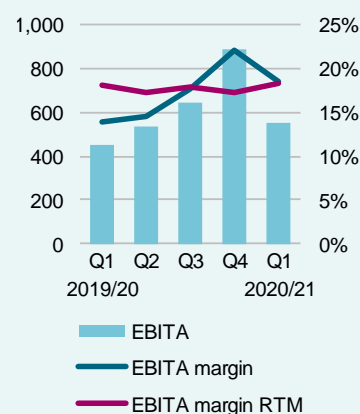
The net development costs in the R&D function decreased to SEK -35 M (-82). This was explained by higher capitalization levels due to progress in R&D projects compared to last year.

SEK M	Q1		12 months	
	2020/21	2019/20	RTM	FY 2019/20
R&D, net	-35	-82	-129	-176
Capitalization	149	101	604	555
Amortization	-184	-183	-733	-731
Other, net	-2	-1	-7	-7
Total, net	-37	-82	-137	-183

Investments in intangible assets amounted to SEK 150 M (102). The increase was mainly related to the acquisition of Kaiku Health. Investments in tangible assets were SEK 35 M (53). Amortization of intangible assets and depreciation of tangible fixed assets amounted to a total of SEK 316 M (306).

Improved
gross margin to
45.9%

EBITA



10%
R&D expenditure
of net sales, RTM

Cash flow

Cash flow from operating activities was SEK 211 M (-629). Cash flow after continuous investments was SEK 26 M (-784). The strong improvement in cash flow was mainly due to higher earnings and a lower increase in working capital compared to first quarter last year, see working capital section below.

Cash flow (extract)

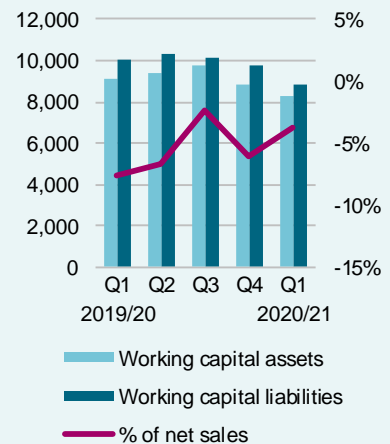
SEK M	Q1		12 months	
	2020/21	2019/20	RTM	FY 2019/20
Operating cash flow	530	394	2,662	2,526
Change in working capital	-319	-1,023	-808	-1,512
Cash flow from operating activities	211	-629	1,854	1,014
Continuous investments	-185	-155	-791	-761
Cashflow after continuous investments	26	-784	1,063	252
Operational cash conversion	32%	-116%	61%	35%

Working capital

Net working capital increased by SEK 336 M in the quarter to SEK -543 M (-972) corresponding to -4 (-7) percent of net sales on a rolling twelve months basis. Compared to last year's first quarter all major working capital items decreased, although liabilities more than assets. Payables decreased as a result of Covid-19 precautionary action to lower procurement and advances due to country mix. The positive impacts from accounts receivables as well as inventory were related to lower sales volumes and for the latter also a planned reduction of previous build-up. All individual working capital items were impacted by currency movements while the net effect on working capital from currencies was small. For more information, see page 24.

Positive cash flow after continuous investments

Working capital



Net working capital affected by Covid-19

First quarter

Financial position

Cash and cash equivalents and short-term investments amounted to SEK 5,846 M (3,349). Interest-bearing liabilities excluding lease liabilities amounted to SEK 7,848 M (4,519). Net debt amounted to SEK 2,002 M (1,170). Net debt in relation to EBITDA was 0.66 (0.56 per April 30, 2020). The average maturity of interest-bearing liabilities was 3.6 years.

Net debt

SEK M	Jul 31 2020	Jul 31 2019	Apr 30 2020
Long-term interest-bearing liabilities	6,953	3,504	7,101
Short-term interest-bearing liabilities	895	1,015	1,001
Cash and cash equivalents and short-term investments	-5,846	-3,349	-6,470
Net debt	2,002	1,170	1,632
Long-term lease liabilities	906	1,047	1,043
Short-term lease liabilities	187	214	213
Net debt including lease liabilities	3,094	2,430	2,888

The exchange rate effect from the translation of cash and cash equivalents amounted to SEK -368 M (45). The translation difference in interest-bearing liabilities amounted to SEK -248 M (-55).

Risk and uncertainties

Elekta's presence in a large number of geographical markets exposes the Group to political and economic risks on a global scale and/or in individual countries. For more details, please see Annual Report 2019/20, page 30.

Impact from Covid-19

Due to ongoing uncertainties related to the development of the Covid-19 pandemic, Elekta has not published an outlook for the fiscal year 2020/21. A guidance will be published when it is possible to further quantify the impact of Covid-19 on the radiation therapy market and the effect on Elekta's business.

So far Elekta has managed relatively well through the crisis, balancing the safety of employees with the commitments to customers and their patients. The treatment utilization rate in Elekta's installed base has been maintained at nearly normal levels. The production sites of linacs in Crawley, UK and Beijing, China are fully operational as are the production facilities of Brachy in the Netherlands and Neuro in Sweden. The continuity of Elekta supply chain has benefitted from a dual source strategy and the fact that Elekta and its suppliers being labelled essential business by relevant government authorities. There are no major short-term supply issues.

Strong liquidity
and long-term
financing

Find more detailed
information about
our policies in the
Annual Report
2019/20

First quarter

Significant events during the quarter

Dr Richard Hausmann resigns as President and CEO

In June, Dr Richard Hausmann, President and Chief Executive Officer, resigned for personal reasons. Elekta's Board of Directors has initiated a recruitment process and has appointed Gustaf Salford as Acting President and CEO. Johan Adebäck has been appointed Acting Chief Financial Officer.

Changes in Executive Management

In July, the interim positions of Andrew Wilson, President Oncology Informatics Solutions and Larry Biscotti, Executive Vice President, Region North and Central America, become permanent and they became members of Elekta's Executive Management. During the first quarter Oskar Bosson, EVP Corporate Communications and Public Affairs, left Elekta and Executive Management.

Acquisition of Kaiku Health strengthen Elekta Digital

In May, Elekta acquired Kaiku Health to further develop its focus on cancer care providers and their patients. Kaiku Health is best known for its app that monitors patient-reported outcomes, providing intelligent symptom tracking and management for healthcare providers in routine oncology care and studies.

GenesisCare makes major investment in Elekta cancer treatment equipment

In May, GenesisCare ordered several Elekta linear accelerators at a value of around USD 200 million (approx. SEK 2 bn) over the next five years, of which 11 are Elekta Unity MR-Linac systems. The order was made as GenesisCare entered the U.S. market.

Elekta launches Leksell Gamma Knife Lightning

In May, Leksell Gamma Knife® Lightning was launched, which is the next-generation treatment optimizer that represents a significant step forward in the already efficient workflows for the integrated Leksell Gamma Knife® stereotactic radiosurgery (SRS) system.

Legal disputes¹

humediQ

As previously reported humediQ GmbH (now Livian GmbH) has initiated an arbitration against Elekta group companies. The oral hearing in the arbitration was held in October 2019 and final submissions have been made. Elekta is of the opinion that all claims raised in the arbitration are unjustified and baseless. Elekta expects the arbitral award in the second quarter of Elekta's 2020/21 fiscal year.

¹ The material legal disputes reported here are either new cases or previous cases with changes in the interim period. For previous reported cases please see Elekta's Annual reports.

The logo for Kaiku Health, featuring the word "Kaiku" in a stylized orange font above the word "HEALTH" in a smaller, all-caps orange font.The logo for GenesisCare, featuring a green stylized icon of three overlapping circles to the left of the word "GenesisCare" in a green sans-serif font.

First quarter

Employees

The average number of employees during the period was 4,037 (3,942).
The average number of employees in the Parent Company was 42 (39).

Shares

Total number of registered shares on July 31, 2020 was 383,568,409
of which 14,980,769 were A-shares and 368,587,640 B-shares. On July
31, 2020 1,485,289 shares were treasury shares held by Elekta.

Stockholm, August 26, 2020

Gustaf Salford

Acting President and CEO

This report has not been reviewed by the Company's auditor

First quarter

Consolidated income statement – condensed

SEK M	Q1		12 months	
	2020/21	2019/20	RTM	FY 2019/20
Net sales	2,981	3,228	14,354	14,601
Cost of products sold	-1,614	-1,853	-8,224	-8,464
Gross income	1,367	1,375	6,129	6,138
Selling expenses	-271	-365	-1,350	-1,444
Administrative expenses	-280	-270	-1,103	-1,093
R&D expenses	-386	-431	-1,612	-1,657
Other operating income and expenses	-40	-11	-17	11
Exchange rate differences	-55	-61	-292	-298
Operating result	335	236	1,756	1,657
Financial items, net	-52	-46	-210	-203
Profit before tax	282	190	1,546	1,454
Income taxes	-66	-43	-393	-370
Net income	216	147	1,153	1,084
<i>Net income attributable to</i>				
Parent Company shareholders	216	147	1,153	1,084
Non-controlling interests	0	0	0	0
<i>Average number of shares</i>				
Before dilution, millions	382	382	382	382
After dilution, millions	382	382	382	382
<i>Earnings per share</i>				
Before dilution, SEK	0.57	0.38	3.02	2.84
After dilution, SEK	0.57	0.38	3.02	2.84

First quarter

Consolidated statement of comprehensive income

SEK M	Q1		12 months	
	2020/21	2019/20	RTM	FY 2019/20
Net income	216	147	1,153	1,084
Other comprehensive income:				
Items that will not be reclassified to the income statement:				
Remeasurements of defined benefit pension plans	-	-	-8	-8
Net gain/(loss) on equity instruments designated at fair value	44	-	-60	-104
Tax	-9	-	15	24
Total items that will not be reclassified to the income statement	34	-	-54	-88
Items that subsequently may be reclassified to the income statement:				
Revaluation of cash flow hedges	204	-101	342	37
Translation differences from foreign operations	-699	4	-673	30
Tax	-43	19	-68	-7
Total items that subsequently may be reclassified to the income statement	-537	-78	-399	60
Other comprehensive income for the period	-503	-78	-452	-27
Total comprehensive income for the period	-287	69	701	1,057
<i>Comprehensive income attributable to:</i>				
Parent Company shareholders	-287	69	701	1,057
Non-controlling interests	0	0	0	0

Result overview

SEK M	Q1		12 months	
	2020/21	2019/20	RTM	FY 2019/20
Operating result/EBIT	335	236	1,756	1,657
<i>Amortization:</i>				
Capitalized development costs	186	184	748	746
Assets relating to business combinations	30	28	121	119
EBITA	551	448	2,625	2,521

First quarter

Consolidated balance sheet statement – condensed

SEK M	Jul 31 2020	Jul 31 2019	Apr 30 2020
Non-current assets			
Intangible assets	8,990	9,183	9,469
Right-of-use assets	998	1,216	1,156
Other tangible fixed assets	887	941	968
Financial assets	785	517	748
Deferred tax assets	492	421	504
Total non-current assets	12,152	12,278	12,845
Current assets			
Inventories	2,516	2,780	2,748
Accounts receivable	3,220	3,576	3,379
Accrued income	1,483	1,440	1,526
Other current receivables	1,581	1,479	1,505
Cash and cash equivalents	5,846	3,302	6,407
Total current assets	14,646	12,577	15,566
Total assets	26,798	24,855	28,411
Equity attributable to Parent Company shareholders	7,828	7,848	8,113
Non-controlling interests	1	1	1
Total equity	7,828	7,849	8,113
Non-current liabilities			
Long-term interest-bearing liabilities	6,953	3,504	7,101
Long-term lease liabilities	906	1,047	1,043
Other long-term liabilities	865	778	853
Total non-current liabilities	8,724	5,329	8,997
Current liabilities			
Short-term interest-bearing liabilities	895	1,015	1,001
Short-term lease liabilities	187	214	213
Accounts payable	784	1,226	1,025
Advances from customers	3,875	4,652	4,103
Prepaid income	2,020	2,108	2,226
Accrued expenses	1,432	1,539	1,703
Other current liabilities	1,053	923	1,030
Total current liabilities	10,245	11,676	11,300
Total equity and liabilities	26,798	24,855	28,411

First quarter

Changes in consolidated equity – condensed

SEK M	May - Jul		May - Apr
	2020/21	2019/20	2019/20
Attributable to Parent Company shareholders			
Opening balance	8,113	7,778	7,778
Opening balance adjustment due to IFRS 16	-	-	-31
Comprehensive income for the period	-287	69	1,057
Incentive programs	2	1	-3
Dividend	-	-	-688
Total	7,828	7,848	8,113
Attributable to non-controlling interests			
Opening balance	1	1	1
Comprehensive income for the period	0	0	0
Total	1	1	1
Closing balance	7,828	7,849	8,113

First quarter

Consolidated cash flow statement – condensed

SEK M	Q1		12 months	
	2020/21	2019/20	RTM	FY 2019/20
Profit before tax	282	190	1,546	1,454
Amortization and depreciation	316	306	1,285	1,275
Interest net	40	25	166	150
Other non-cash items	19	-57	129	54
Interest received and paid	-40	-29	-156	-145
Income taxes paid	-88	-41	-308	-261
Operating cash flow	530	394	2,662	2,526
Changes in inventories	7	-233	124	-116
Changes in operating receivables	-224	-399	-259	-434
Changes in operating liabilities	-102	-391	-673	-962
Change in working capital	-319	-1,023	-808	-1,512
Cash flow from operating activities	211	-629	1,854	1,014
Investments intangible assets	-150	-102	-613	-566
Investments other assets	-35	-53	-178	-196
Continuous investments	-185	-155	-791	-761
Cash flow after continuous investments	26	-784	1,063	252
Changes in short-term investments	60	-2	36	-26
Business combinations, divestments and investments in other shares	-225	-	-736	-511
Cash flow after investments	-139	-786	363	-284
Dividends	-	-	-688	-688
Cash flow from other financing activities	-54	-30	3,287	3,311
Cash flow for the period	-193	-816	2,963	2,339
Change in cash and cash equivalents during the period				
Cash and cash equivalents at the beginning of the period	6,407	4,073	3,302	4,073
Cash flow for the period	-193	-816	2,963	2,339
Exchange rate differences	-368	45	-418	-5
Cash and cash equivalents at the end of the period	5,846	3,302	5,846	6,407

Parent company

Income statement and statement of comprehensive income - condensed

SEK M	Q1	
	2020/21	2019/20
Operating expenses	-79	-51
Financial net	3	13
Income after financial items	-76	-38
Tax	11	-2
Net income	-65	-40
Statement of comprehensive income		
Net income	-65	-40
Other comprehensive income	-	-
Total comprehensive income	-65	-40

Balance sheet - condensed

SEK M	Jul 31	Apr 30
	2020	2020
Non-current assets		
Intangible assets	51	53
Shares in subsidiaries	2,533	2,251
Receivables from subsidiaries	2,386	2,391
Other financial assets	367	326
Deferred tax assets	52	41
Total non-current assets	5,388	5,062
Current assets		
Receivables from subsidiaries	3,975	4,248
Other current receivables	145	81
Other short-term investments	-	-
Cash and cash equivalents	4,792	5,387
Total current assets	8,912	9,716
Total assets	14,300	14,778
Shareholders' equity	2,282	2,346
Untaxed reserves	-	-
Non-current liabilities		
Long-term interest-bearing liabilities	6,953	7,101
Long-term provisions	34	10
Total non-current liabilities	6,987	7,111
Current liabilities		
Short-term interest-bearing liabilities	842	942
Short-term liabilities to Group companies	4,013	4,283
Short-term provisions	73	1
Other current liabilities	104	95
Total current liabilities	5,032	5,321
Total shareholders' equity and liabilities	14,300	14,778

Accounting principles

This interim report is prepared, with regards to the Group, according to IAS 34 and the Swedish Annual Accounts Act and, with regards to the Parent Company, according to the Swedish Annual Accounts Act and RFR 2. The accounting principles applied are consistent with those presented in Note 1 of the Annual Report 2019/20.

New or revised standards and interpretations, not yet applied, are not considered to have a material impact on the Elekta Group's financial statements.

All figures are stated in SEK M and, accordingly, rounding differences can occur.

Related-party transactions

Significant related-party transactions are described in note 35 in the Annual Report for 2019/20. No material changes have taken place in relations or transactions with related parties companies compared with the description in the Annual report 2019/20.

Exchange rates

Country	Currency	Average rate			Closing rate					
		May - Jul		Δ^1	Jul 31		Apr 30		Δ^1	Δ^2
		2020/21	2019/20		2020	2019	2020			
Euroland	1 EUR	10.482	10.640	-1%	10.305	10.670	10.694	-3%	-4%	
Great Britain	1 GBP	11.691	12.006	-3%	11.374	11.630	12.278	-2%	-7%	
Japan	1 JPY	0.087	0.087	0%	0.083	0.088	0.092	-6%	-10%	
United States	1 USD	9.356	9.474	-1%	8.661	9.565	9.847	-9%	-12%	

¹ July 31, 2020 vs July 31, 2019

² July 31, 2020 vs Apr 30, 2020

For Group companies with a functional currency other than Swedish kronor, order intake and income statements are translated at average exchange rates for the reporting period, while order backlog and balance sheets are translated at closing exchange rates.

Segment reporting

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

Elekta's operations are characterized by significant quarterly variations in 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. Revenues from solutions are recognized at a point in time and revenues from services are recognized over time.

First quarter

Q1 2020/21

SEK M	North and South America	Europe, Middle East and Africa	Asia Pacific	Other / Group-wide	Group total	% of net sales
Net sales	945	1,108	927	-	2,981	
Regional expenses	-536	-678	-580	-	-1,794	60%
Contribution margin	409	430	347	-	1,186	40%
Contribution margin, %	43%	39%	37%			
Global costs	-	-	-	-852	-852	29%
Operating result	409	430	347	-852	335	11%
Net financial items	-	-	-	-52	-52	
Profit before tax	409	430	347	-904	282	

Q1 2019/20

SEK M	North and South America	Europe, Middle East and Africa	Asia Pacific	Other / Group-wide	Group total	% of net sales
Net sales	1,010	1,158	1,060	-	3,228	
Regional expenses	-643	-799	-714	-	-2,156	67%
Contribution margin	367	359	347	-	1,073	33%
Contribution margin, %	36%	31%	33%			
Global costs	-	-	-	-837	-837	26%
Operating result	367	359	347	-837	236	7%
Net financial items	-	-	-	-46	-46	
Profit before tax	367	359	347	-883	190	

Full year 2019/20

SEK M	North and South America	Europe, Middle East and Africa	Asia Pacific	Other / Group-wide	Group total	% of net sales
Net sales	4,482	5,547	4,572	-	14,601	
Regional expenses	-2,704	-3,786	-3,142	-	-9,633	66%
Contribution margin	1,778	1,760	1,430	-	4,968	34%
Contribution margin, %	40%	32%	31%			
Global costs	-	-	-	-3,312	-3,312	23%
Operating result	1,778	1,760	1,430	-3,312	1,657	11%
Net financial items	-	-	-	-203	-203	
Profit before tax	1,778	1,760	1,430	-3,515	1,454	

Rolling twelve months

SEK M	North and South America	Europe, Middle East and Africa	Asia Pacific	Other / Group-wide	Group total	% of net sales
Net sales	4,417	5,497	4,439	-	14,354	
Regional expenses	-2,598	-3,665	-3,009	-	-9,272	65%
Contribution margin	1,820	1,832	1,431	-	5,082	35%
Contribution margin, %	41%	33%	32%			
Global costs	-	-	-	-3,327	-3,327	23%
Operating result	1,820	1,832	1,431	-3,327	1,756	12%
Net financial items	-	-	-	-210	-210	
Profit before tax	1,820	1,832	1,431	-3,536	1,546	

First quarter

Net sales by product type

Q1 2020/21

SEK M	North and South America	Europe, Middle East and Africa	Asia Pacific	Other / Group-wide	Group total
Solutions	318	615	619	-	1,551
Service	628	493	309	-	1,430
Total	945	1,108	927	-	2,981

Q1 2019/20

SEK M	North and South America	Europe, Middle East and Africa	Asia Pacific	Other / Group-wide	Group total
Solutions	387	699	772	-	1,858
Service	623	459	289	-	1,371
Total	1,010	1,158	1,060	-	3,228

Full year 2019/20

SEK M	North and South America	Europe, Middle East and Africa	Asia Pacific	Other / Group-wide	Group total
Solutions	1,965	3,577	3,305	-	8,846
Service	2,518	1,970	1,268	-	5,755
Total	4,482	5,547	4,572	-	14,601

Rolling twelve months

SEK M	North and South America	Europe, Middle East and Africa	Asia Pacific	Other / Group-wide	Group total
Solutions	1,896	3,492	3,152	-	8,539
Service	2,522	2,005	1,288	-	5,814
Total	4,417	5,497	4,439	-	14,354

Financial instruments

The table below shows the fair value of 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	Jul 31, 2020		Jul 31, 2019		Apr 30, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Long-term interest-bearing liabilities	6,953	7,443	3,504	3,529	7,101	7,503
Long-term lease liabilities	906	906	1,047	1,047	1,043	1,043
Short-term interest-bearing liabilities	895	893	1,015	1,015	1,001	1,002
Short-term lease liabilities	187	187	214	214	213	213

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

Financial instruments measured at fair value

SEK M	Level	Jul 31, 2020	Jul 31, 2019	Apr 30, 2020
FINANCIAL ASSETS				
Financial assets measured at fair value through profit or loss:				
Derivative financial instruments – non-hedge accounting	2	162	24	81
Short-term investments	1	-	47	62
Short-term investments classified as cash equivalents	1	1,203	1,721	1,241
Equity instruments	1, 3	-	60	-
Financial assets measured at fair value through other comprehensive income:				
Equity instruments	1	341	-	297
Derivatives used for hedging purposes:				
Derivative financial instruments – hedge accounting	2	222	1	25
Total financial assets		1,928	1,853	1,707
FINANCIAL LIABILITIES				
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments – non-hedge accounting	2	78	84	55
Other liabilities (contingent considerations)	3	165	2	105
Derivatives used for hedging purposes:				
Derivative financial instruments – hedge accounting	2	51	167	58
Total financial liabilities		293	253	217

The fair value of accounts receivables, other current and non-current receivables, cash and cash equivalents, accounts payable and other current and non-current liabilities is estimated to be equal to their carrying amount.

Key figures and data

Key figures

	May - Apr ¹		May - Apr			May - Jul	May - Jul
	2015/16	2016/17	2017/18	2018/19	2019/20	2019/20	2020/21
Gross order intake, SEK M	13,821	14,064	14,493	16,796	17,735	4,390	4,451
Net sales, SEK M	11,221	10,704	11,573	13,555	14,601	3,228	2,981
Order backlog, SEK M	18,239	22,459	27,974	32,003	34,689	33,199	32,465
Operating result, SEK M	423	598	1,845	1,696	1,657	236	335
Operating margin, %	3.8	5.6	15.9	12.5	11.3	7.3	11.2
Shareholders' equity, SEK M	6,412	6,774	6,987	7,779	8,113	7,849	7,828
Return on shareholders' equity, %	2	2	22	17	14	16	14
Net debt, SEK M	2,677	1,889	803	439	1,632	1,170	2,002
Operational cash conversion, %	111	145	95	61	35	-116	32
Average number of employees	3,677	3,581	3,702	3,798	4,117	3,942	4,037

¹ Calculation based on IAS18

Data per share

	May - Apr ¹		May - Apr			May - Jul	May - Jul
	2015/16	2016/17	2017/18	2018/19	2019/20	2019/20	2020/21
Earnings per share							
before dilution, SEK	0.36	0.33	3.53	3.14	2.84	0.38	0.57
after dilution, SEK	0.36	0.33	3.53	3.14	2.84	0.38	0.57
Cash flow per share							
before dilution, SEK	1.00	2.69	3.79	2.48	-0.74	-2.06	-0.36
after dilution, SEK	1.00	2.69	3.79	2.48	-0.74	-2.06	-0.36
Shareholders' equity per share							
before dilution, SEK	16.79	17.73	18.29	20.36	21.23	20.54	20.49
after dilution, SEK	16.79	17.73	18.29	20.36	21.23	20.54	20.49
Average number of shares							
before dilution, 000s	381,288	381,306	382,027	382,027	382,062	382,027	382,083
after dilution, 000s	381,288	381,306	382,027	382,027	382,062	382,027	382,083
Number of shares at closing							
before dilution, 000s ²	381,288	382,027	382,027	382,027	382,083	382,027	382,083
after dilution, 000s	381,288	382,027	382,027	382,027	382,083	382,027	382,083

¹ Calculation based on IAS18

² Number of registered shares at closing excluding treasury shares (1,485,289 per July 31, 2020)

First quarter

Data per quarter

SEK M	2018/19				2019/20				2020/21
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Gross order intake	3,174	3,670	4,551	5,401	4,390	4,036	4,276	5,032	4,451
Net sales	2,819	3,330	3,320	4,086	3,228	3,709	3,656	4,008	2,981
EBITA	386	601	505	985	448	539	648	886	551
Operating result	238	393	311	755	236	321	443	658	335
Cash flow from operating activities	-381	512	-57	1,547	-629	419	-21	1,244	211

Order intake growth based on constant currency

	2018/19				2019/20				2020/21
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
North and South America, %	23	-41	16	9	0	29	-43	0	66
Europe, Middle East and Africa, %	15	43	5	18	64	-21	9	-17	-20
Asia Pacific, %	2	18	20	-8	31	23	-6	-13	-12
Group, %	12	2	12	8	32	5	-11	-10	4

No significant events after the quarter

Alternative performance measures

Alternative Performance Measures (APMs) are measures and key figures that Elekta's management and other stakeholders use when managing and analysing Elekta's business performance. These measures are not substitutes, but rather supplements to financial reporting measures prepared in accordance with IFRS. Key figures and other APMs used by Elekta are defined on www.elekta.com/investors/financials/definitions. Definitions and additional information on APMs can also be found on pages 143-146 in the Annual Report 2019/20.

Order and sales growth based on constant currency

Elekta's order intake and sales are, to a large extent, reported in subsidiaries with other functional currencies than SEK, which is the group reporting currency. In order to present order and sales growth on a more comparable basis and to show the impact of currency fluctuations, order and sales growth based on constant currency are presented. The schedules below present growth based on constant currency reconciled to the total growth reported in accordance with IFRS.

Change gross order intake

	North and South America		Europe, Middle East, and Africa		Asia Pacific		Group total	
	%	SEK M	%	SEK M	%	SEK M	%	SEK M
Q1 2020/21 vs. Q1 2019/20								
Change based on constant currency	66	701	-20	-345	-12	-198	4	158
Currency effects	-3	-36	-2	-34	-2	-26	-2	-97
Reported change	62	664	-22	-379	-14	-224	1	61
Q1 2019/20 vs. Q1 2018/19								
Change based on constant currency	0	-2	64	646	31	360	32	1,004
Currency effects	8	75	6	59	7	77	7	211
Reported change	7	74	70	705	37	437	38	1,216

Change net sales

	North and South America		Europe, Middle East, and Africa		Asia Pacific		Group total	
	%	SEK M	%	SEK M	%	SEK M	%	SEK M
Q1 2020/21 vs. Q1 2019/20								
Change based on constant currency	-4	-37	-1	-17	-11	-112	-5	-165
Currency effects	-3	-28	-3	-33	-2	-21	-3	-82
Reported change	-6	-65	-4	-50	-13	-133	-8	-248
Q1 2019/20 vs. Q1 2018/19								
Change based on constant currency	0	-3	13	131	14	126	9	254
Currency effects	8	76	2	24	6	55	6	156
Reported change	8	73	15	155	21	181	15	409

First quarter

EBITDA

EBITDA is used for the calculation of operational cash conversion and the net debt/EBITDA ratio.

SEK M	Q1 2019/20	Q2 2019/20	Q3 2019/20	Q4 2019/20	Q1 2020/21
Operating result/EBIT	236	321	443	658	335
<i>Amortization:</i>					
Capitalized development costs	184	187	176	199	186
Assets relating business combinations	28	32	30	29	30
Depreciation	95	95	99	121	100
EBITDA	542	634	747	1,008	651

Return on capital employed

Return on capital employed is a measure of the profitability after taking into account the amount of total capital used unrelated to type of financing. A higher return on capital employed indicates a more efficient use of capital. Capital employed represents the value of the balance sheet net assets that is the key driver of cash flow and capital required to run the business. It is also used in the calculation of return on capital employed.

SEK M	Jul 31, 2019	Oct 31, 2019	Jan 31, 2020	Apr 30, 2020	Jul 31, 2020
Profit before tax (12 months rolling)	1,558	1,478	1,604	1,454	1,546
Financial expenses (12 months rolling)	211	227	230	266	256
Profit before tax plus financial expenses	1,769	1,705	1,834	1,720	1,802
Total assets	24,855	25,239	25,234	28,411	26,798
Deferred tax liabilities	-574	-584	-596	-545	-559
Long-term provisions	-194	-211	-195	-235	-222
Other long-term liabilities	-10	-55	-55	-73	-83
Accounts payable	-1,226	-1,270	-961	-1,025	-784
Advances from customers	-4,652	-4,777	-4,601	-4,103	-3,875
Prepaid income	-2,108	-2,065	-2,288	-2,226	-2,020
Accrued expenses	-1,539	-1,732	-1,695	-1,703	-1,432
Current tax liabilities	-143	-184	-183	-246	-191
Short-term provisions	-184	-185	-182	-179	-182
Derivative financial instruments	-243	-108	-58	-105	-125
Other current liabilities	-354	-316	-377	-501	-555
Capital employed	13,629	13,752	14,044	17,472	16,769
Average capital employed (last five quarters)	12,269	12,680	13,103	14,247	15,133
Return on capital employed	14%	13%	14%	12%	12%

First quarter

Return on shareholders' equity

Return on shareholders' equity measures the return generated on shareholders' capital invested in the company.

SEK M	Q1 2019/20	Q2 2019/20	Q3 2019/20	Q4 2019/20	Q1 2020/21
Net income (12 months rolling)	1,180	1,116	1,213	1,084	1,153
Average shareholders' equity excluding non-controlling interests (last five quarters)	7,339	7,549	7,796	7,967	7,977
Return on shareholders' equity	16%	15%	16%	14%	14%

Operational cash conversion

Cash flow is a focus area for management. The operational cash conversion shows the relation between cash flow from operating activities and EBITDA.

SEK M	Q1 2019/20	Q2 2019/20	Q3 2019/20	Q4 2019/20	Q1 2020/21
Cash flow from operating activities	-629	419	-21	1,244	211
EBITDA	542	634	747	1,008	651
Operational cash conversion	-116%	66%	-3%	123%	32%

Working capital

In order to optimize cash generation, management focuses on working capital and reducing lead times between orders booked and cash received.

SEK M	Jul 31 2020	Jul 31 2019	Apr 30 2020
Working capital assets			
Inventories	2,516	2,780	2,748
Accounts receivable	3,220	3,576	3,379
Accrued income	1,483	1,440	1,526
Other operating receivables	1,085	1,295	1,202
Sum working capital assets	8,304	9,092	8,856
Working capital liabilities			
Accounts payable	784	1,226	1,025
Advances from customers	3,875	4,652	4,103
Prepaid income	2,020	2,108	2,226
Accrued expenses	1,432	1,539	1,703
Short-term provisions	182	184	179
Other current liabilities	555	354	501
Sum working capital liabilities	8,847	10,063	9,735
Net working capital	-543	-972	-879
% of 12 months net sales	-4%	-7%	-6%

Days Sales Outstanding

Days Sales Outstanding was negative 30 days at the end of July 31, 2020 (negative 36 days per April 30).

SEK M	Jul 31 2020	Jul 31 2019	Apr 30 2020
North and South America	-64	-64	-75
Europe, Middle East and Africa	36	15	37
Asia Pacific	-77	-98	-82
Group	-30	-46	-36

First quarter

Net debt and net debt/EBITDA ratio

Net debt is important for understanding the financial stability of the company. Net debt and net debt/EBITDA ratio are used by management to track the debt evolution, the refinancing need and the leverage for the Group.

SEK M	Jul 31, 2019	Oct 31, 2019	Jan 31, 2020	Apr 30, 2020	Jul 31, 2020
Long-term interest-bearing liabilities	3,504	3,137	2,649	7,101	6,953
Short-term interest-bearing liabilities	1,015	1,462	1,955	1,001	895
Cash and cash equivalents and short-term investments	-3,349	-3,090	-2,507	-6,470	-5,846
Net debt	1,170	1,510	2,096	1,632	2,002
EBITDA (12 months rolling)	2,754	2,750	2,951	2,931	3,040
Net debt/EBITDA ratio	0.42	0.55	0.71	0.56	0.66

First quarter

Shareholder information

Conference call

Elekta will host a web conference at 10:00-11:00 CET on Aug 26 with Acting President and CEO Gustaf Salford, and Acting CFO Johan Adebäck. To take part of the presentation please dial the numbers or watch via the web link below.

Swedish dial-in-no.: +46 8 505 583 55
UK dial-in no.: +44 333 300 9265
US dial-in no.: +1 833 526 8384

<https://elekta-qreports.creo.se/200826>

Financial calendar

Interim report, Q2, May-Oct 2020/21	Nov 26, 2020
Interim report, Q3, May-Jan 2020/21	Feb 25, 2021
Year-end report, May-Apr 2020/21	May 27, 2021

About Elekta

For almost five decades, Elekta has been a leader in precision radiation medicine. Our more than 4,000 employees worldwide are committed to ensuring everyone in the world with cancer has access to – and benefits from – more precise, personalized radiotherapy treatments. Headquartered in Stockholm, Sweden, Elekta is listed on NASDAQ Stockholm Exchange. Visit elekta.com or follow @Elekta on Twitter.

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