A Work Project, presented as part of the requirements for the Award of an International Master Degree in Finance from the NOVA School of Business and Economics

IC PAPER ON ELEKTA AB: APAC'S INFLUENCE IN THE FUTURE OF RADIOTHERAPY MARKET

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Abstract

The following Investment Committee paper focuses on a proposal for a leveraged buyout on Elekta AB, a key player in the global radiotherapy market. In fact, this paper develops a set of value creation strategies, with special focus on Buy-and-Build, reflecting those strategies in a detailed operating model. Subsequently, a capital structure is suggested by assessing past buyout transactions in the healthcare sector and by leveraging the bank case. Finally, the exit returns are estimated complying with industry threshold and a range of exit strategies are analyzed. Moreover, exit options are compiled in order to fully maximize ELEKTA's exit.

Keywords: APAC, Returns, Private Equity, LBO

Disclaimer: This Work Project was prepared by a group of students from Nova School of Business and Economics as the Master's Thesis for the Master in Finance Program. We, hereby, pledge on our honor that the work presented is ours and that none dishonest method was used in its execution. Furthermore, we declare that this Work Project is intended to be used for academic purposes only. Therefore, we restrain ourselves from taking any responsibility from the wrong usage of the content presented, namely any investment or legal action taken grounded on it.

This Work Project was developed using publicly available data and information provided by the company (i.e., annual reports, investor relations, presentations, etc.). The sources of the information are disclosed when appropriated.

This Work Project is divided into three complementary parts. For an integral analysis of the Work Project please see the remaining two parts named "Power of Proton Solutions in Radiotherapy Market" and "Mitigation of Structural Differences in Cancer Treatment "

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GROUP SECTION

Elekta seems to be an exciting investment opportunity yielding an investors' return of 3.14x

COMPANY PROFILE

Elekta AB is a Swedish manufacturer of radiotherapy medical equipment. Its products and aftermarket services are sold to both public and private sector;

Its product portfolio consists of linear accelerators, magnetic resonance imaging linear accelerators (MR-Linacs), brachytherapy, oncology informatic solutions (OIS) and neurosolutions;

Elekta provides a range of quality services that include maintenance, updates, training, among others;

With an emphasis in customization, Elekta has been one of the main leaders in the radiotherapy market.

Financials	2020	2021F	2022F	2023F	2024F	2025F
Organic Sales	14,601	14,722	19,506	22,571	24,214	26,390
% growth	-	1%	32%	16%	7%	9%
Org EBITDA	**2,921**	**3,088**	**4,170**	**4,814**	**5,280**	**5,886**
Inorg Sales	N/A	0	3,134	4,839	5,584	6,018
% growth	-	-	-	54%	15%	8%
HCG	0	0	3,134	3,302	3,887	4,144
IBA	0	0	0	1,537	1,697	1,874
Inorg EBITDA	**N/A**	**0**	**275**	**634**	**784**	**892**
EBITDA	**2,921**	**3,088**	**4,445**	**5,449**	**6,065**	**6,778**
% mg	20%	21%	20%	20%	20%	21%

DEAL RATIONALE

1 Acquisition history

Strategic value-adding acquisitions allowed Elekta to become a key player in radiotherapy market

2 Brand Prestige and Market Leadership

Elekta is distinguished by its efficiency and has reached a leading position in emerging markets

3 Sizeable and Growing Market

Optimistic industry growth prospects, since cancer incidence is increasing globally (underserved)

4 Strong Cash-Flow Generation

Free Cash Flow generated by the company is robust and has been stable over the past few years

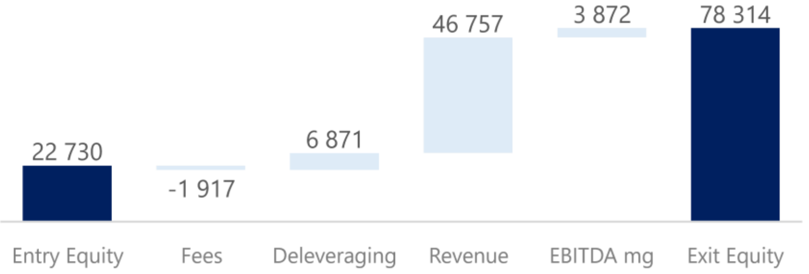
INDUSTRY PROFILE

Radiotherapy is one of the main types of cancer treatment. With cancer incidence expected to increase until 2040, significant investments have been made in the oncology market;

Accordingly, the radiotherapy market is expected to increase at a CAGR of 7.3% until 2029, from a $6.6B value in 2019;

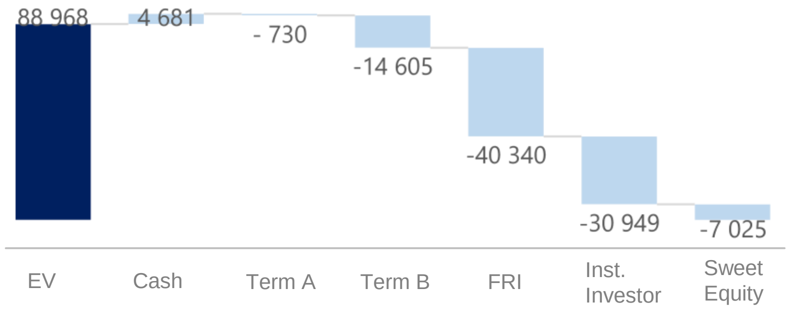
This growth will be mainly driven by innovations in the sector (namely MR-Linacs and OIS), and the increasing demand for radiotherapy, as 60% of cancer patients are expected to need it.

VALUE CREATION & EXIT AND RETURNS



- It is expected that the increase in revenues and the improvement of EBITDA margin, will create SEK 50,629M of value;
- With the deleveraging effect, the investment will generate SEK 57,500M of value.

- The fund will generate a combined return of 3.45x in five years (IRR of 28.07%);
- Institutional investors and managers will have returns of 3.14x and 136.1x respectively.



Elekta is one of the key players in the global radiotherapy market (radiation therapy & radiosurgery)

COMPANY PROFILE

- **Founded in 1972**, its headquarters are located in Stockholm, Sweden. It has been **listed in the OMX Nordic Exchange** since 1994 and currently **employs more than 4,000 people;**

- ELEKTA is one of the key players in the **global radiotherapy market**, providing radiotherapy equipment in order to treat different types of cancer and brain disorders;

- The company **sells both to the public and private sector** (hospitals, private clinics) in more than 120 countries;

- Elekta has a **wide range of suppliers** – 80% of sourced products/services come from approximately 450 suppliers. **In some specific products** (MR Linac–Image) **there is only one supplier,** which might increase the shortage risk;

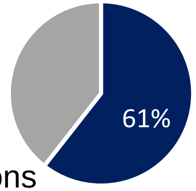
- Its **position in the value chain** is as a medical **equipment manufacturer and software provider**, that has been distinguished by its innovation and efficiency. It is also known by **customizing their products for each specific client.** The main activities of the production units are **assembly, testing and quality assurance**;

RANGE OF PRODUCTS

Solutions

Offers leading solutions in both radiotherapy treatment and oncology informatics systems.

% of revenues



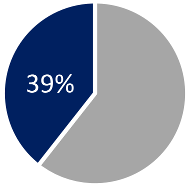
1) Oncology Informatics Solutions
2) Neuro Solutions
3) Brachy Solutions
4) Linac solutions
5) MR-Linac Solutions

Rank
% Margin

Services

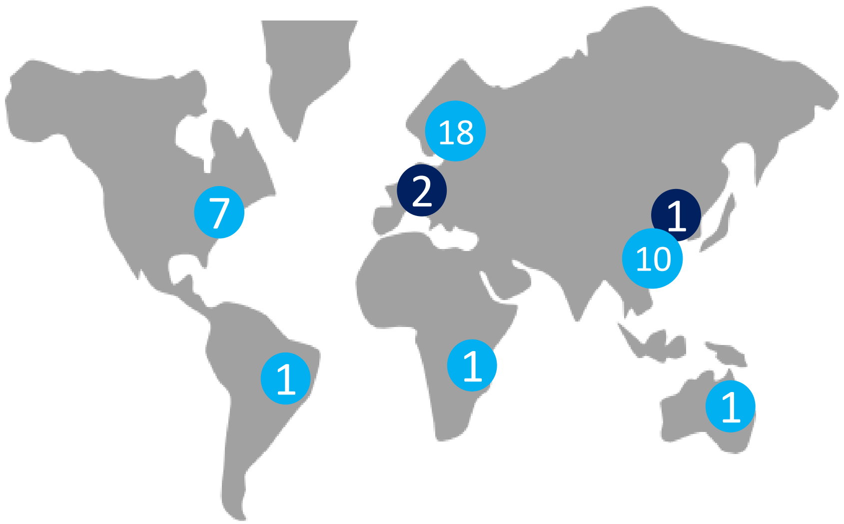
Delivers high quality aftermarket services with a global network, generating recurring revenues.

% of revenues



ELEKTA'S WORLDWIDE PRESENCE

Manufacturing Facilities **Business Offices**



PIONEERS IN PRECISION RADIATION MEDICINE

1972	2003	2008	2012	2015	2018
First to deliver radiosurgery with **Leksell Gamma Knife**	First to integrate **CBCT** and introduce **image-guided radiotherapy**	First **Monte Carlo** based treatment **planning system**	Introduction of **Agility**, the next-generation, high resolution beam shaping solution	First online adaptive radiosurgery system: **Leksell Gamma Knife Icon**	First high-field MR-Linac**:** **Elekta Unity**

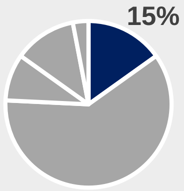
Sources: Elekta's Annual Report and Website

Elekta's diversified product portfolio enables this company to thrive in the radiotherapy market

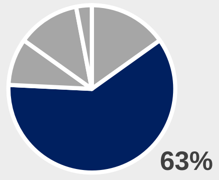
Elekta

% REVENUES

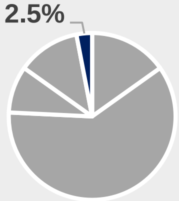
Oncology Informatics



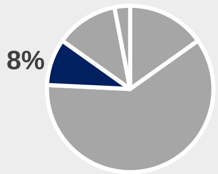
Linear Accelerators



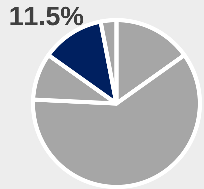
MR- Linear Accelerators



Brachytherapy



Stereotactic Radiosurgery



END MARKET

	Oncology Informatics	Linear Accelerators	MR- Linear Accelerators	Brachytherapy	Stereotactic Radiosurgery
END MARKET	Private/Public Sector: Hospitals, Clinics	Most Common Cancers: Prostate, Breast, Lung, Liver	Most Common Cancers: Prostate, Breast, Lung, Liver	Most Common Cancers: Prostate, Breast, Cervical, Skin	Most Common Cancers: Neurological disorders
MAIN COMPETITORS	varian, RaySearch Laboratories, McKESSON, Cerner, ACCURAY	varian, VIEWRAY, ACCURAY, SHINVA	VIEWRAY	varian, Eckert & Ziegler, isoray	varian, ACCURAY

ELEKTA'S INNOVATION HISTORY

- **1972** Elekta founded
- **1985** First digitally controlled linac
- **2003** Elekta Synergy
- **2005** IOS solutions
- **2006** Leksell Gamma Knife Perfexion
- **2008** VMAT
- **2013** Versa HD & Esteya
- **2017** Elekta Unity
- **2018** SmartClinic

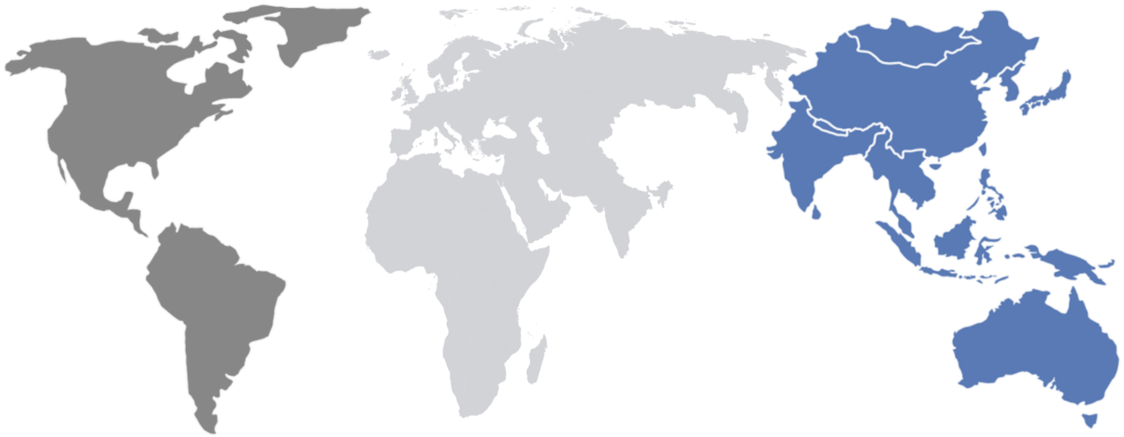
Sources: Elekta's Annual Report and Website; Investor Presentation 2018

Securing improved financial performance as well as operational excellence

PROFITABILITY DRIVERS

- **Expanding Product Portfolio** i.e Brachy Solutions and MRI Linacs gives access to more potential customers;
- **Market need for cost-efficient and digitalized cancer care** can be exploit by Elekta, since it is a key player which provides high-quality solutions and services;
- Its **Precision Radiation Medicine -** easier to use, improve patient experience, increase workflow **-** can lead to strong customer's relationship, increasing clients' long-term brand loyalty;
- **Gross Margin and SG&A margin improvement** by increasing the efficiency in internal processes. Elekta wants to replicate its *Harmony Solution* COGS reduction in the other innovative products already provided, in order to improve its gross margin. By sharing services and digitalization (remote assistance; remote conferences) it aims to reduce its SG&A costs (COVID also helped in reducing travel expenses);

North and South America | EMEA | APAC



North and South America
- Elekta's market share 21%
- Net Sales 31%
- Solutions 44%
- Services 56%

EMEA
- Elekta's market share 43%
- Net Sales 38%
- Solutions 64%
- Services 36%

APAC
- Elekta's market share 40%
- Net Sales 31%
- Solutions 72%
- Services 28%

ELEKTA'S ACQUISITION HISTORY

- **1972** – Elekta founded
- **1997** – Philips Radiation Therapy Division
- **2003** – Neuromag
- **2005** – IMPAC & Medical Intelligence
- **2006** – Beijing Medical Equipment Institute ($20M)
- **2008** – CMS ($75M)
- **2011** – Nucletron (€365M)
- **2014/15** – Distributors in Mexico and Poland
- **2018/20** – PalabraApps; ProKnow; and Kaiku Health (>SEK 178M)

Linear Accelerators; Oncology Informatics; Stereotactic Radiosurgery; Brachytherapy; MR–Linear Accelerators

60% of cancer patients need radiotherapy solutions, but only half of them have access to radiotherapy

RADIOTHERAPY MARKET AROUND THE WORLD

EMEA

- The market is steadily growing in Western Europe due to increasing capacity and renovation of equipment. Private Sector’s role plays an important role, but national programs are the main responsible for funding cancer treatments, care and research;
- In Eastern Europe there is still a lack of infrastructure, but national services have been developing;
- In Middle East and Africa there is still a considerable lack of resources. However, increasing awareness of the problems of cancer, the increasing demand in the Middle East and the emergence of Turkey as a fast-growing market, make MEA a long-term attractive region.

AMERICAS

- North America market is characterized by a prominence of private providers that have consolidated their position over the years, creating a competitive environment. 60% of North American patients are treated with radiotherapy and there is increasing demand to renew existent equipment;
- In South America there is a mix of public and private sector, existing inadequate accessibility to public services;
- Nevertheless, the emergence of healthcare groups which are investing in radiotherapy clinics and a need for modernization will drive the market forward in the next years.

APAC

- China is the most important market in the Asia-Pacific region, with the government incentivizing the expansion of radiotherapy, both in capacity and renewing equipment;
- Japan has one of the biggest growth potential, as 70% of cancer patients do not receive radiotherapy. Hong-Kong, Australia, Singapore and South Korea are also mature markets with adequate levels of investment in radiotherapy;
- India also expects a long-term growth in radiotherapy demand. Currently, radiotherapy is more prominent in the private-sector, but it in the long-term the public sector will increase its investment.

GLOBAL

$6.6 Billion
in 2019

CAGR of 7.3%
until 2029

Up to 60% of cancer patients need radiotherapy solutions. However, **around half of them are unable to access it**. The different states of development between regions are key determinants to access rates to radiotherapy solutions.

Market defined by **innovative procedures** that will continue to play a major role in cancer treatment.

Sources: Elekta’s Annual Report and Website; Grandviewresearch

Elekta's main competitor is Varian but emergent markets dominance could offset discrepancies

5 FORCES OF PORTER

Low Moderate High

1 Competition in the industry

- Competition based on R&D investment, cost-efficiency and after-market services;
- Only Varian has an overlap with Elekta's product portfolio but there are significant number of companies which address specific segments;

2 Potential of new entrants

- High capital needs, strong and consolidated companies within the market, existence of patents and regulation complexity could strongly harm the entrance of new competitors;

3 Power of suppliers

- In general, there is a wide range of suppliers which cover raw materials and principal components needs, implying lower bargaining power;
- However, some specific materials only provided by few suppliers (Elekta's MRI) increase their power;

4 Power of customers

- Prevalence of long-term contracts allied with high customization pattern enhances the importance of negotiation. Usually, the manufacturers have to adjust the given solution in order to fulfill the customer needs;

5 Threat of substitute products

- High investment in R&D could imply short product life-cycles, however long-term contracts secure customer loyalty, thus diminishing this threat.

Elekta	✓	✓	✓	✓	✓	
varian	✓		✓	✓	✓	✓
ACCURAY	✓		✓		✓	
Eckert & Ziegler				✓		
VIEWRAY		✓				
RaySearch Laboratories			✓			
PHILIPS			✓			

Notes: 1) More competitors' characteristics on *Appendix XIII* and *XIV*

PEER POSITIONING

MARKET COMPETITIVE DYNAMICS

Supremacy of service revenues as companies try to maximize clients' loyalty and recurrent revenues by ensuring maintenance and support services

Constant search for innovation (e.g., current pandemic enhanced the importance of remote monitoring and maintenance).

Attracting and retaining the most qualified employees

Companies must ensure that their products are reimbursed as much as possible.

Acquisitions and partnerships play a key role on differentiation and market share gains.

Pursuit of the best cost-effective solutions that could offset structural differences between countries and regions.

Papers, peer reviews and clinical data are important to attract customers

Protection of patients to maintain value creation of intellectual properties or technologies.

Elekta has a variety of compelling value creation strategies that can enhance its key player position

Elekta

DEAL RATIONALE

1 Acquisition history

- Elekta's history is highly influenced by strategic acquisitions that have allowed Elekta to widen its portfolio, differentiate its products from the competition and gain significant market share in emergent markets

2 Brand Prestige and Market Leadership

- Elekta is a key player of cancer treatment equipment distinguished by its efficiency
- The company has reached leading position in China and strong market share positions in **Americas (21%), EMEA (43%) and Asia Pacific (40%)**

3 Sizeable and Growing Market

- Optimistic radiotherapy industry growth prospects over the next 5 years, since cancer incidence is increasing all over the world, with most markets currently underserved
- Governments are willing to allocate more money in cancer care, as well as private sector

4 Strong Cash-Flow Generation

- Free Cash Flow generated by the company has been stable over the past few years
- Moreover, Cash Flow from Operating Activities has ranged in the last three years between **SEK 1000M and SEK 2400M**

VALUE CREATION STRATEGIES

Buy-and-Build

- Leverage competitive position by acquiring consolidated companies that broaden Elekta's product portfolio and are also in line the company's high standard of precision and efficiency. In line with internationalization, the acquisition of strategic distributors will play a key role in Elekta's short-term strategy. The company might also acquire start-ups that focus on software (if it is a quicker way to differentiate)

Software | Distributors | Proton Solutions

Internationalization

- **MEA and APAC** markets are currently underserved, and the trend does not favour them, since both will have the higher growths of cancer incidence (%) until 2040. This creates an **opportunity for ELEKTA to expand** and consolidate its leadership position in these regions: by taking advantage of its current brand reputation and by leveraging its geographic presence through the acquisition of an APAC distributor
- Elekta will try to consolidate its position in the remaining markets. The South American market is currently underserved, but its political and economical unstable climate are barriers to a short-term growth perspective

Accelerating Market Growth

- **MR-Linear Accelerators** are set to continue to revolutionize radiotherapy. Therefore, this market is expected to **grow 20% a year.** Elekta AB, being the major player in this segment is well positioned to capitalize on this growth. Moreover, Elekta's investment in R&D will be key to consolidate its market position, by offering customized products that are a key competitive advantage

Operational improvements

- Enhance transformation program pillars and exploit further improvement opportunities. Continue investment in R&D, reduce COGS and SG&A by leveraging on digitalization initiatives (remote services, cloud computing) and consolidate lower-cost manufacturing solutions (replicate Harmony's cost structure)

Sources: Interview with Investor Relations

Elekta's Buy & Build targets will contribute to strengthen Elekta's position

Elekta

	Healthcare Global Enterprises	Ion Beam Applications	Micropos[1]
DESCRIPTION	Founded in 1989, Healthcare Global Enterprises is **one of the largest cancer care provider in India**, having a network of over 20 cancer centers spread across India. Currently **employs almost 6,000 people.**	IBA (Ion Beam Applications) was founded in 1986, from the Catholic University of Louvain-la-Neuve's Cyclotron Research Center (Belgium). Although its primary emphasis started to be medical imaging, **the company moved its focus to proton therapy.**	Founded in 2003, Micropos develops medical devices for high precision 4D therapy. The company manufactures an accessory for radiation therapy machines to increase the precision and efficiency of prostate cancer treatment.
ACQUISITION RATIONALE	The acquisition of Healthcare Global Enterprises is a major **opportunity for Elekta's expansion in India and Africa**, as it is a key distributor in the market, since it already operates in both locations, enhancing Elekta's internationalization strategy. Confidence Level: **High**	By acquiring one of the key players in the proton therapy segment, Elekta will be well positioned to **capitalize on the proton therapy market's growth and consolidate its position** as a global leader in the radiotherapy segment. Confidence Level: **High**	Elekta would try to expand the 4D functionalities to other types of cancers and leverage hypofractionation (more precision, treatment in less sessions), which is line with APM and Elekta's ambitions. Confidence Level: **Medium**

FINANCIALS

Healthcare Global Enterprises

EBITDA 2019	SEK 154M
Entry Multiple	13.14x
Multiple post Synergies	11.64x
Exit Multiple	13.13x

Multiple Uplift: 1.49x

Ion Beam Applications

EBITDA 2020	SEK 189M
Entry Multiple	13.81x
Multiple post Synergies	11.92x
Exit Multiple	13.13x

Multiple Uplift: 1.21x

Micropos

Revenues 2019	SEK 3.97M
Operational Expenses	SEK -14.68M
EBITDA 2019	SEK -10.7M

The financials compromise the success of this acquisition thus it was excluded from our forecast.

EXPECTED OUTCOME

Healthcare Global Enterprises: **Sales growth** (across all Elekta's product portfolio); **Strengthen competitive position in APAC and in Africa regions** (more predominance in APAC).

Ion Beam Applications: **Sales growth** (proton solutions contributing with 23%); **Expand Elekta's portfolio** to cover all segments radiotherapy market; **Increase worldwide proton market share.**

Micropos: Implement this feature in Elekta´s different solutions portfolio in a medium/long term perspective – apply to different cancers.

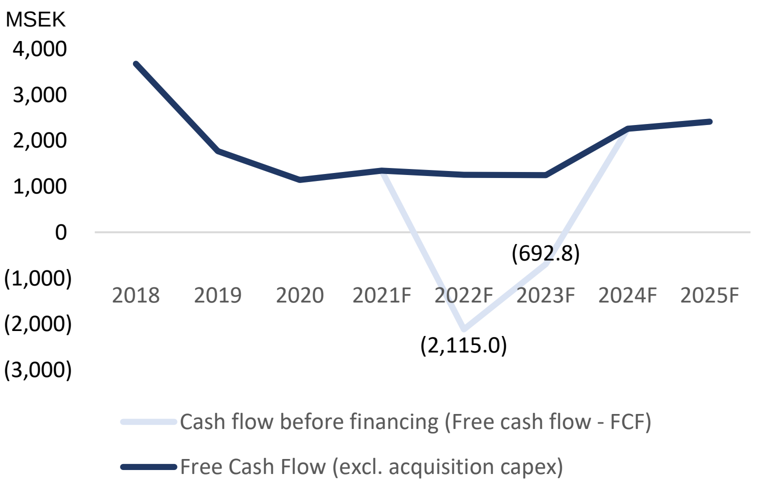
Notes:; **1)** Not included in Investment Case

Sources: HCG, IBA and Micropos' websites, Reuters

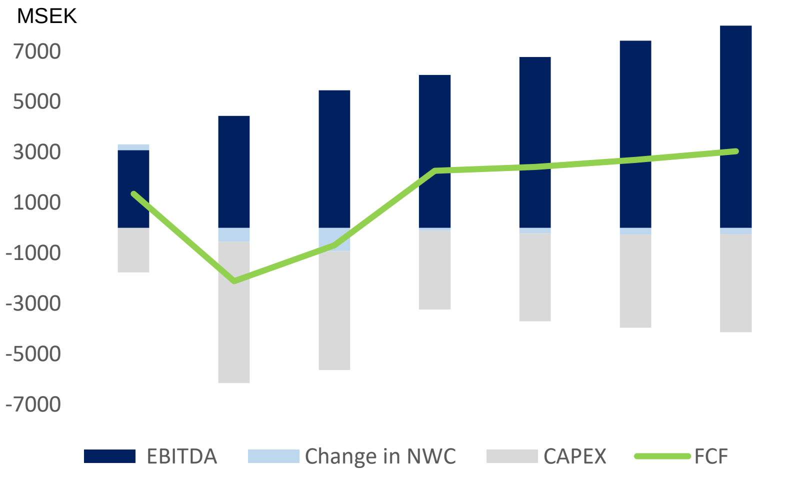
Robust cash flow generation driven by a solid EBITDA growth

Free Cash Flow (M SEK)	2018	2019	2020	2021F	2022F	2023F	2024F	2025F		CAGR 20-25F
EBITDA	**2,520**	**2,616**	**2,921**	**3,088**	**4,445**	**5,449**	**6,065**	**6,778**	1	**18.3%**
Adjustments:										
Change in Net Working Capital	1,665	-265	-1,212	218	-542	-920	-117	-216	2	
Tax	-203	-197	-184	-203	-409	-514	-574	-659	3	
Maintenance Capex	-816	-659	-762	-1,759	-2,238	-2,764	-3,116	-3,488	4	
%revenues	-7.1%	-4.9%	-5.2%	-11.9%	-9.9%	-10.1%	-10.5%	-10.8%		
Acquisition Capex	-	-	-	-	-3371	-1943	-	-	5	
Cash flow before financing (Free cash flow - FCF)	**3,166**	**1,495**	**763**	**1,345**	**(2,115)**	**(693)**	**2,258**	**2,415**		**25.9%**
%Growth		(53%)	(49%)	76%	(257%)	67%	426%	7%		
FCF (excl. acquisition capex)	**3,166**	**1,495**	**763**	**1,3445**	**1,256**	**1,250**	**2,258**	**2,415**	6	

FCF vs FCF excl Acquisition CAPEX



FCF Breakdown



GROWTH DRIVERS

1. Elekta's EBITDA will increase from SEK 2,921M in 2020 to SEK 6,778M in 2025, corresponding to a CAGR of 18.3%. Its main drivers were HCG and IBA acquisitions and organic growth;

2. Change in NWC will be positive in 2021F mainly because of Covid-19 effects (increased average payable/collection period). From this point onwards it will come back to 2019 and 2020 values (being less variable than it used to be);

3. Tax includes tax shields from D&A and deductible interest expenses assuming a 24% income tax.

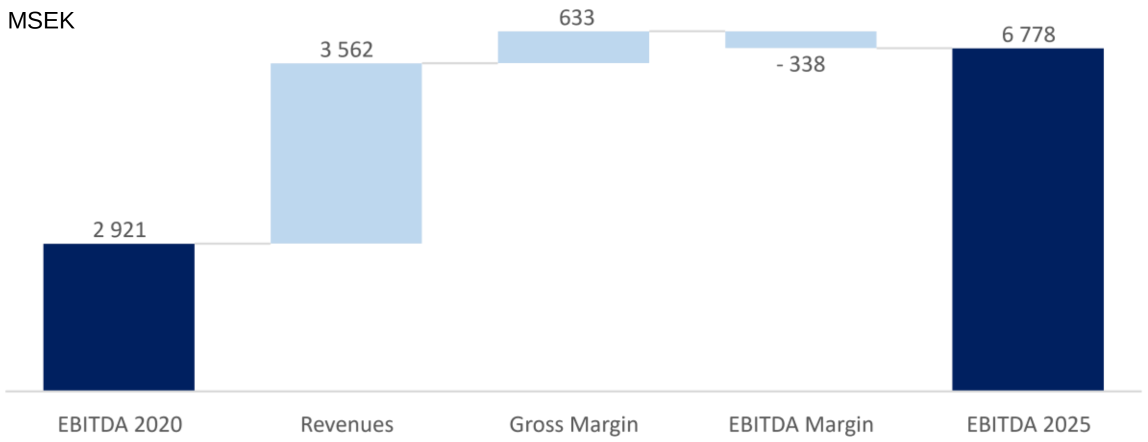
4. Maintenance Capex will range between 10-12% of revenues based on forecasted Total Fixed Assets and acquisitions of IBA and HCG.

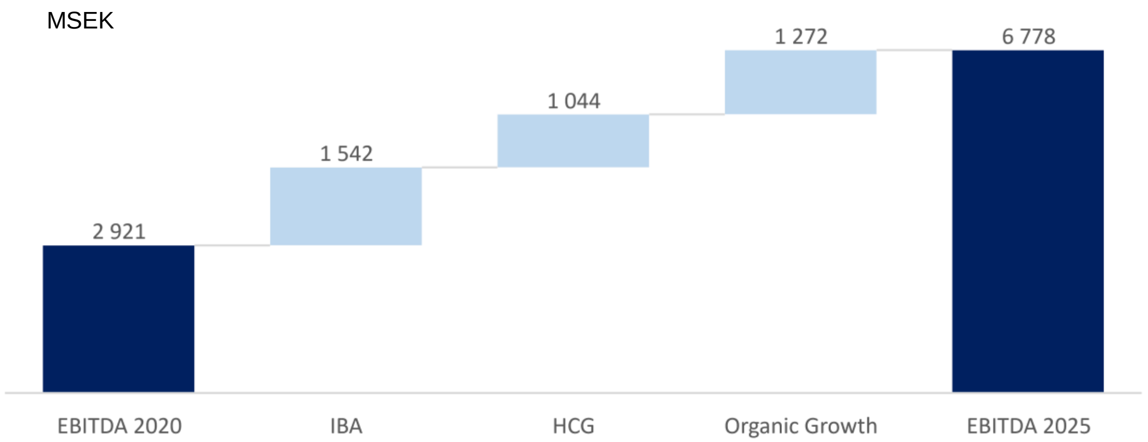
5. The acquisition of IBA and HCG in 2022F and 2023F respectively, represents a considerable cash outflow of SEK 5,314M;

6. FCF excluding acquisition capex strengthens from 2020 to 2025 – growing at a CAGR of 25.9% and reaching SEK 2,415M at exit. In 2022F and 2023F it decreased, mainly attributable to the acquisitions of IBA and HCG and variations of change in NWC;

EBITDA will double until 2025 due to an increase of revenues and improvement of margins

EBITDA GROWTH BRIDGE





EBITDA GROWTH DRIVERS[1]

Gross Profit

- The **Gross Profit can be divided into revenues growth and gross margin improvement;**
- **Revenues will increase over the investment period** from 14,601M to 32,408M due to the implementation of the value creation strategies**, leading to an impact of 3,562 in EBITDA;**
- **Gross margin will improve** from 42.6% (2020) to 44.6% (2025) due to economies of scale and the acquisition of HCG, **leading to an impact of 633M in EBITDA.**

EBITDA Margin

- The Covid-19 pandemic enhanced a **continuation of operational improvements** (digitalization, reduction of travelling) that **will drive the reduction of these costs' weights on revenues;**
- **The integration of HCG and IBA will somewhat offset these improvements**, as both companies have lower margins, compared to ELEKTA, **leading to a negative impact of EBITDA margin of 338M.**

IBA & HCG

- As the market leader of proton therapy, **IBA is expected to contribute with an additional SEK 1,542M to Elekta's EBITDA over four years,** helping Elekta consolidate its position as a leader in radiotherapy.
- The **acquisition of HCG** will help Elekta boost its revenues in all its radiotherapy solutions in APAC and some African regions. Consequently, it is projected that **Elekta's EBITDA is increased by SEK 1,044M.**

Organic Growth

- **Elekta will continue to develop and enhance all its radiotherapy solutions**, however, **MR-Linacs and OIS will have the most significant growths**, as their respective markets will increase significantly over the next years;
- As a result, **organic growth will add SEK 1,272M to Elekta's EBITDA.**

Management incentive package contains sweet equity, a bonus payment and a PSU's plan

MANAGEMENT PACKAGE

PARTICIPATION IN SWEET EQUITY 1

Managers will be required to invest twice its total annual salary in exchange for a **15% equity stake which will be vested** accordingly with the table.
The four members of the management team will have different equity stakes (accordingly with their salaries and positions):

- Gustaf Salford will invest **SEK 30.05M** and receive **58%** of sweet equity;
- Johan Adebäck will invest **SEK 9.80M** and receive **19%** of sweet equity;
- Paul Bergström and Jonas Bolander will invest **SEK 5.88M** each and receive **11%** of sweet equity.

BONUS PAYMENT 2

In 2021, an **immediate bonus payment** will be paid to management, equal to **25% of their fixed annual salary** amount. This payment will leverage management's motivation in the current pandemic context.

	Total Remuneration		Bonus Payment
Gustaf Salford	15027		2216
Johan Adebäck	4901	25%	875
Paul Bergström	2940		525
Jonas Bolander	2940		525
TOTAL	**25809**		**4141**

PSU'S PLAN 3

A **long-term incentive based on performance-vested shares** contingent upon achieving EBITDA and Gross Profit annual levels. The promised number of shares are **in line with the additional % of sweet equity** defined on the table to the right and will be split across management considering their entry equity - **if MM is lower than 2.50x they will not be rewarded.**

1 VESTING RULES	2021E	2022E	2023E	2024E	2025E
Final Sweet Equity Stake	**15.0%**				
% Sweet Equity Vested per year	**10%**	**25%**	**40%**	**80%**	**100%**
Vested Equity Stake	**1.50%**	**3.75%**	**6.00%**	**12.00%**	**15.00%**
Management proceeds	**74**	**658**	**1,638**	**4,175**	**6,681**
Gustaf Salford	43	383	954	2431	3890
Johan Adebäck	14	125	311	793	1269
Paul Bergström	8	75	187	476	761
Jonas Bolander	8	75	187	476	761

3 PSU'S PLAN	2021E	2022E	2023E	2024E	2025E
% of sweet equity	**0.50%**	**0.50%**	**0.75%**	**0.75%**	**1%**
If Gross Profit and EBITDA are met at 100%					
Gustaf Salford	0.27%	0.27%	0.40%	0.40%	0.54%
Johan Adebäck	0.11%	0.11%	0.16%	0.16%	0.21%
Paul Bergström	0.06%	0.06%	0.10%	0.10%	0.13%
Jonas Bolander	0.06%	0.06%	0.10%	0.10%	0.13%
If Gross Profit and EBITDA are met at 85%					
Gustaf Salford	0.16%	0.16%	0.24%	0.24%	0.32%
Johan Adebäck	0.06%	0.06%	0.10%	0.10%	0.13%
Paul Bergström	0.04%	0.04%	0.06%	0.06%	0.08%
Jonas Bolander	0.04%	0.04%	0.06%	0.06%	0.08%

Considering different methodologies, an EV/EBITDA of 13.13x and an EV of SEK 38,339M was arrived

ENTERPRISE VALUE (M SEK)

DCF – EXIT MULTIPLE METHOD (1)

- This DCF is based on a EV/EBITDA multiple of 13.13x used to compute the terminal value.
- To discount the FCF, it was used a WACC of 6.64%, which is decomposed on Appendix X
- This valuation **was not included in the final EV since it is a clear outlier.**

20.30x

THROUGH THE CYCLE (3)

- A **10-year cycle adjustment** was made for both multiples used in the comparables analysis **to eliminate one-time events**.
- In general, there has been a multiples' increase across the last 10 years.

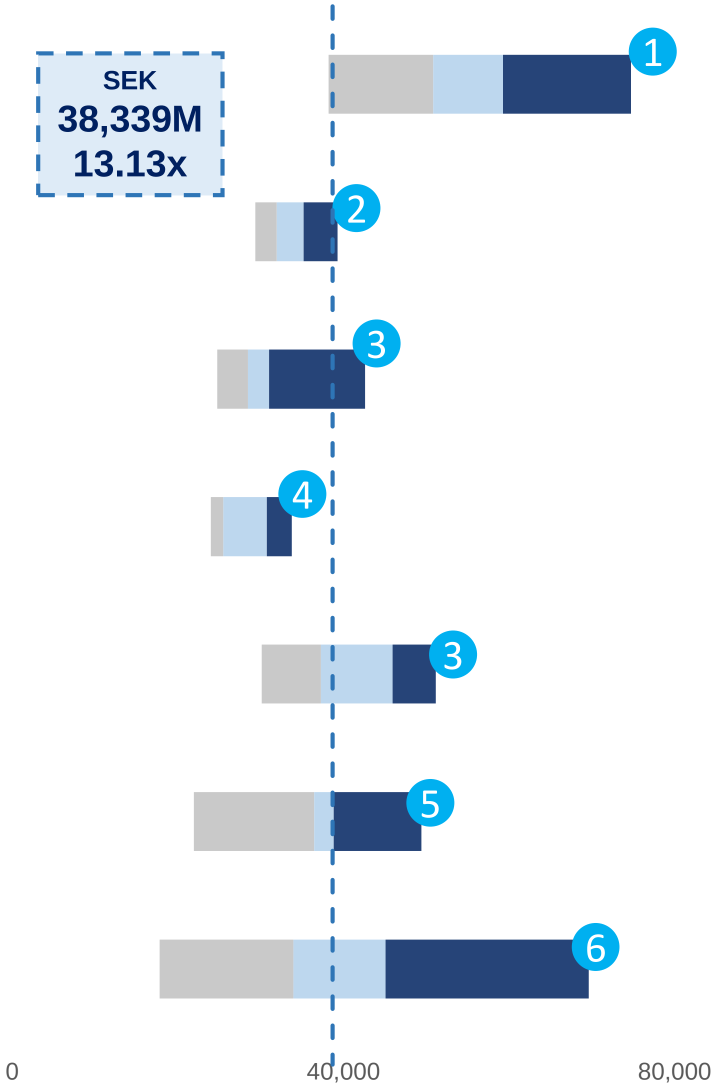
EV/EBITDA **15.73x**

P/E **29.35x**

EV/EBITDA (5)

- Considering the same list of 6 comparables, a valuation through one-year forward EV/EBITDA multiples was computed, arriving at a **minimum value of 7.51x and a maximum of 21.27x.**

13.30x



DCF – GORDON'S GROWTH (2)

- The DCF using Gordon's growth model was performed with a terminal growth rate (TGR) of 2.5% (in line with market prospects – e.g. increase of cancer incidence).
- It was **not included in the final EV as it is mainly explained by the terminal value** computed through the assumed TGR.

12.05x

PRICE/EARNINGS (4)

- Considering a qualitative and quantitative analysis (i.e. similar EBITDA margin and capital structure) it was possible to list 6 comparables.
- Using one-year forward P/E multiples, the **minimum value was 22.71x while the maximum was 36.01x.**

29.11x

PAST TRANSACTIONS (6)

- This valuation methodology was computed **based on past transactions in the cancer care industry.**
- It was possible to verify that there is recurring discrepancies in the multiples' value, ranging from 6.10x and 52.23x.

15.44x

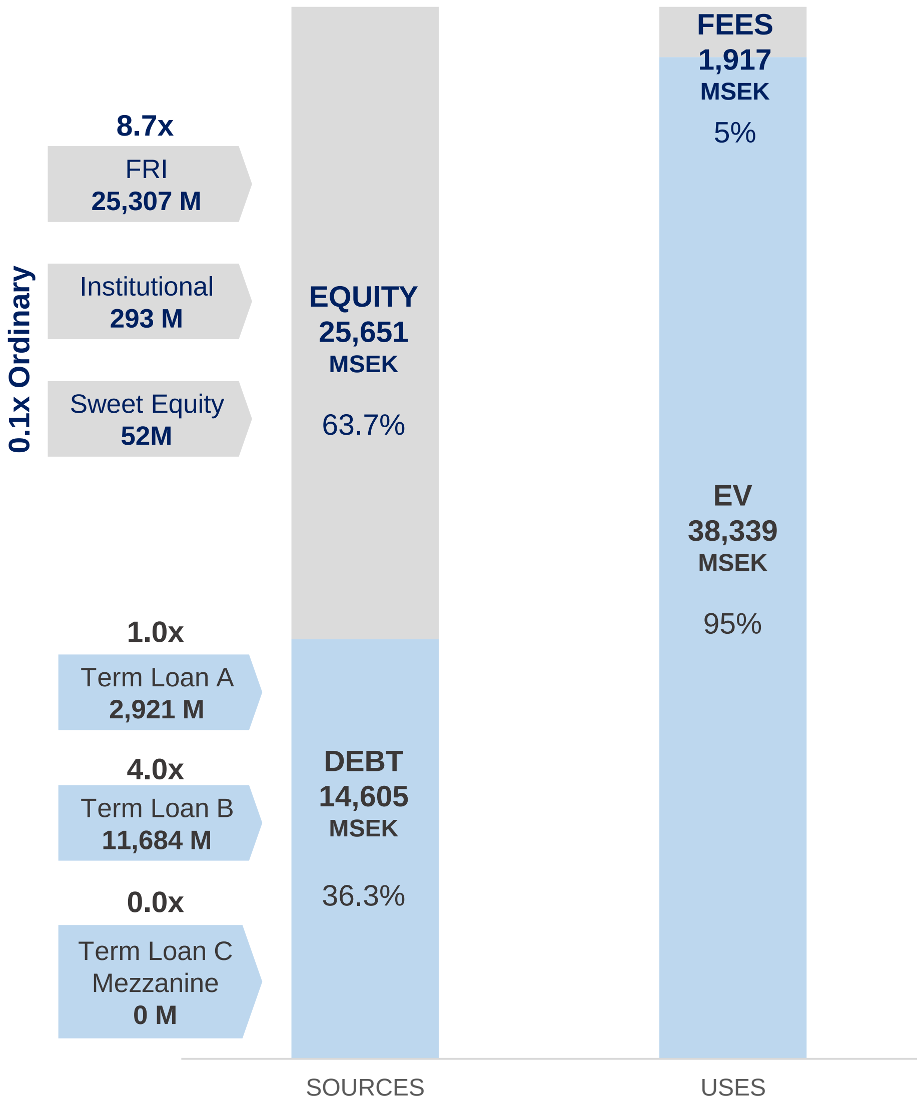
Sources of funds will be composed of 63.7% equity and 36.3% debt

SCENARIOS – CAPITAL STRUCTURE

SCENARIOS	1	2	3	9
Leverage	5.0x	6.0x	5.5x	4.5x
IRR	24.00%	25.74%	24.83%	23.23%
MM	2.93x	3.14x	3.03x	2.84x

				Cash Cover				
SCENARIOS	Term A	Term B	Term C	2021	2022	2023	2024	2025
1	1.0x	4.0x	0.0x	1.4x	1.5x	1.5x	2.1x	2.3x
2	1.0x	5.0x	0.0x	1.2x	1.4x	1.4x	1.9x	2.1x
3	1.0x	4.5x	0.0x	1.3x	1.4x	1.5x	2.0x	2.2x
9	1.0x	3.5x	0.0x	1.4x	1.6x	1.6x	2.2x	2.4x

SOURCES & USES OF FUNDS[1]



FINAL RATIONALE

Sources and Uses of Funds:

Sources of Funds

- They are distributed between Debt (5x EBITDA – 14,605M) and Equity (8.8x EBITDA – 25,651 M);
- Total Debt is allocated among two tranches (A and B) - Term A amortized senior Debt of 2,921M – 1x EBITDA and Term B bullet payment senior Debt of 11,684M – 4x EBITDA.
- Equity is divided in FRI (25,307M – 8.7x EBITDA) and Ordinary Equity (344M – 0.1x EBITDA).

Uses of Funds

- Total Uses of funds corresponds to SEK 40,256M, distributed into EV (38,339M – 95%) and Fees (1,917M – 5%);

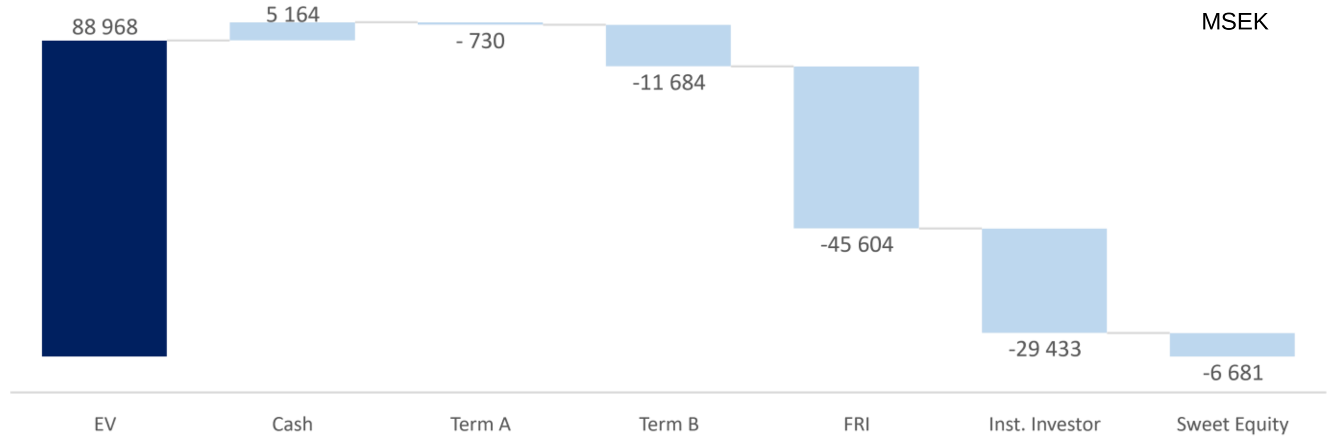
Scenarios – Capital Structure:

- Scenario 1 was chosen in favor of number 2 and 3, as it constitutes a more conservative approach (better Cash Cover, Interest Coverage and Debt/EBITDA), without compromising the minimum threshold of the investor's returns. In comparison with scenario 9, scenario 1 was chosen because it presents better returns for investors.

Notes: *1)* Including cash overfunding – used on acquisitions

The fund's investors will have a return of 3.14x, corresponding to an IRR of 25.7%

EXIT WATERFALL BRIDGE



Returns	2021F	2022F	2023F	2024F	2025F
Management Exit Proceeds	74	658	1,638	4,175	6,681
Management Entry Equity	52	52	52	52	52
Management Returns	**1.4x**	**12.7x**	**31.7x**	**80.9x**	**129.4x**
IRR	**164.5%**				
Returns Institutional Investor	32,491	45,842	56,384	65,139	75,037
Institutional Investor Equity	25,599	25,599	25,599	25,599	25,599
Institutional Returns	**1.27x**	**1.79x**	**2.20x**	**2.54x**	**2.93x**
IRR	**24.0%**				

In 2025, a **combined value** (EV + Cash) of **SEK 94,132M** will be **distributed** into **debt repayments, investors and managers.** At exit**, debt value** will be **SEK 12,414M,** since it is still left to **repay SEK 730M of Term Loan A** (amortized over 6 years) **and the total of Term Loan B** (because it is amortized only at year seven).

In 2025, **management** receives **proceeds** of **SEK 6,681M**, corresponding to a **MM of 129.4x** and an **IRR of 164.5%** (PSU Plan included); **Institutional investors** receive, in the exit year (2025), **SEK 75,037M**, which translates in a return of **2.93x (MM) and an IRR of 24.0%**

CREDIT STATISTICS

Summary Credit Stats	2021F	2022F	2023F	2024F	2025F
Cash Cover	**1.4x**	**1.5x**	**1.5x**	**2.1x**	**2.3x**
Cash Covenant	1.0x	1.0x	1.0x	1.0x	1.0x
Interest Cover	**7.2x**	**10.3x**	**11.9x**	**13.5x**	**16.5x**
Interest Covenant	6.4x	7.5x	8.7x	9.4x	10.8x
Debt / EBITDA	**4.6x**	**3.1x**	**2.5x**	**2.1x**	**1.8x**
Leverage Covenant	5.1x	4.5x	3.8x	3.4x	3.0x

The presented credit statistics imply that **all covenants will be respected (computed via conservative bank case)** under the predicted investment case scenario. Specifically, **Cash Cover (excluding acquisitions) and Interest Cover** will start with 1.4x and 7.2x multiple, respectively, and will increase over the investment period as the firm is more capable of paying debt obligations. **Debt/EBITDA will start at 4.6x in 2021** and will decrease to 1.8x at the year of exit due to Term Loan A amortization and EBITDA increase. The cash amount was excluded from this analysis since its value is abnormal due to overfunding.

A secondary sale is the privileged exit solution following market tendency

SECONDARY SALE

It has become more frequent following the PE sector increasing trend. The **Exit Value of Healthcare PE industry increased** in 2019 to $40.8B, compared with $31.6B in 2018, moreover, **secondary sale** transactions represented **53% in 2019**;

- ↑ **ELEKTA** is an **attractive buyout target** – healthy CF and room to become the market leader of radiotherapy industry (high growth potential);
- ↑ **Industry's strong returns** allied and **resilience** at any stage of the economic cycle. In addition, this strategy **is faster than the alternatives;**
- ↓ **Increasing interest from strategic buyers** lead to **higher entry valuations** which are **unattractive** to potential PE buyouts;

STRATEGIC SALE

A strategic sale implies that **another major player buys Elekta, gaining a competitive advantage;**

- ↑ Because **such acquisition would bring benefits for the acquirer** (i.e., synergies), it is likely that the **transaction value would include a premium**, increasing the returns for the fund;
- ↓ The feasibility of this option is highly dependent on finding a suitable target acquirer. In this particular case, because Elekta AB is one of the biggest players in radiotherapy, a **target buyer would probably have to come from another sector closely related to radiotherapy;**
- ↓ Moreover, a strategic sale is **usually slower** than a secondary sale. Furthermore, strategic sales are **losing popularity in this sector**, having decreased from 40% to 33% in 2018.

IPO

In the last years, PE exit through IPO's in healthcare industry were mainly linked to biopharma smaller-stage companies.

- ↑ **Access to capital markets**, increasing significantly the number of potential buyers comparing with the other exit solutions.
- ↓ **More expensive process** – High transaction costs (e.g. underwriter fees are the largest)
- ↓ **Dependent on market conditions and specific timings** that could harm fund's exit and returns.
- ↓ Typically, the **fund is not able to sell all its equity position**, thus increasing the overall risk of the exit (i.e. subject to post-IPO market reaction and loss of control)

BUYERS

Secondary sale: EQT, Bain Capital Private Equity, Cinven, Permira, Goldman Sachs, KKR, General Atlantic

Strategic sale: Hitachi, IBM, Philips, BD, Mitsubishi

IPO: NYSE, Nasdaq

Sources: Bain & Company Report "Healthcare Exits"

INDIVIDUAL SECTION

Inorganic sales will have an important role on achieving forecasted profitability levels

ORGANIC GROWTH DRIVERS

MR – Linac segment will grow at a CAGR of 29.73%, empowered by a **rise in demand** for MRI technology and by **Elekta's ability to capitalize** on this;

Linacs' revenues will increase more than SEK 2,000M, mostly due to the **closing of the gap of Linacs shortage** in countries where Elekta is already presented (i.e. most APAC countries) and **replacement of old equipment**;

OIS' revenues will more than double in only five years, as information solutions are **becoming more and more relevant** in the oncology market. Elekta will continue to develop OIS reinforcing its bet on **innovative and customized solutions that drive the fight against cancer forward**;

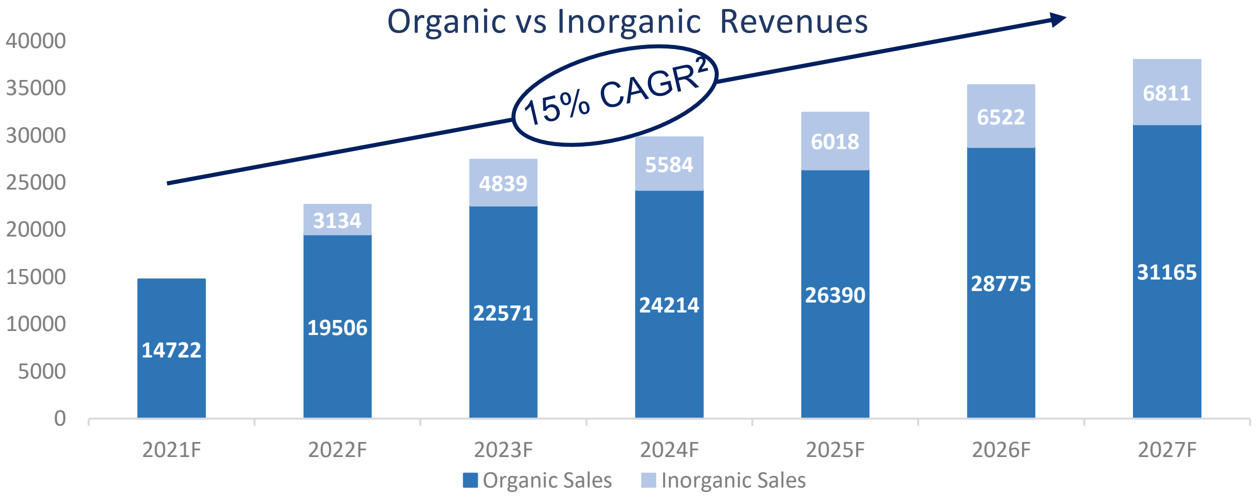
Internationalization (through existent distribution channels) and **quality aftermarket services** will also enhance Elekta's revenues among all segments.

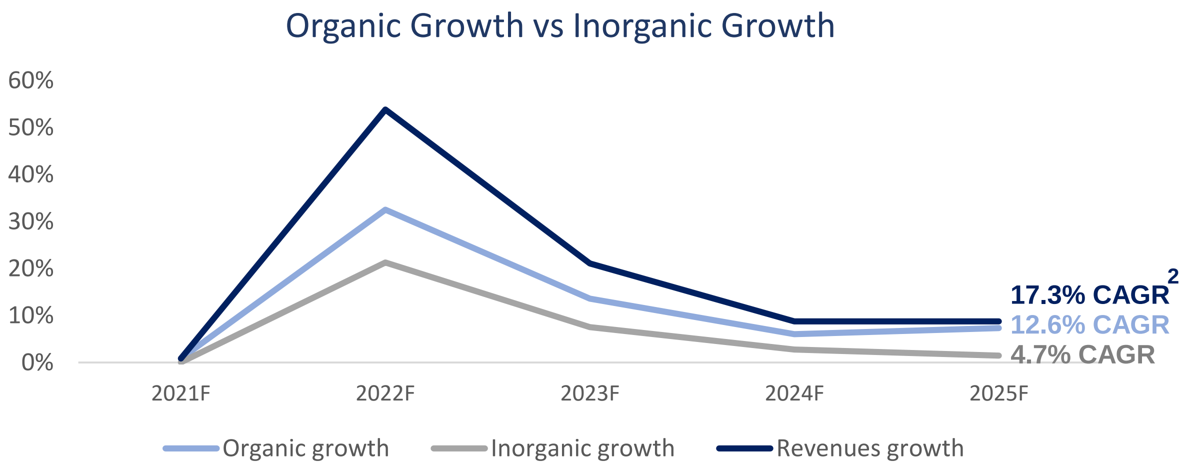
INORGANIC GROWTH DRIVERS

- **Acquisition of IBA will add SEK 3,134M of revenues in Proton Solutions** in 2021/22. The market for proton therapy has been growing and it is expected that this acquisition will be a significant factor for Elekta's success;
- **By acquiring HCG,** Elekta's revenues will rise in all segments with a particular focus on Linacs, MR-Linacs, OIS and Proton Solutions, specially by increasing its presence in India, China and Africa;
- Not only that, but also **there will be synergies from both acquisitions,** as **IBA's strategy will change to be more focused on proton solutions**, and **HCG's direct relationship with Elekta will be a key competitive advantage** relative to its main competitors in the Indian and Chinese oncology market.

HCG Synergies (23-25F) **SEK 192M**

IBA Synergies (22-25F) **SEK 580M**



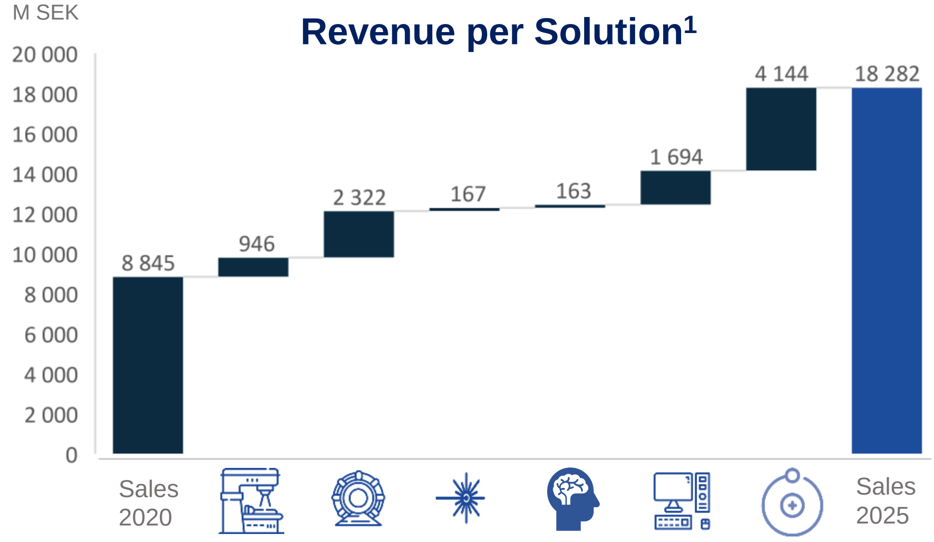


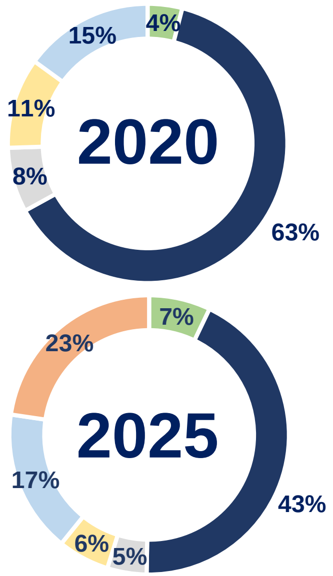
Sources: Elekta's Annual Report

Elekta

Revenues will more than double until 2025, mainly driven by Linacs, MR-Linac and Proton Solutions

Revenue Breakdown	2018	2019	2020	2021F	2022F	2023F	2024F	2025F		CAGR 20-25
SOLUTIONS	7,054	8,392	8,845	8,779	13,359	15,954	17,077	18,282		15.63%
MR-Linac	-	252	354	381	540	1,040	1,170	1,300	2	30%
Linac	4,585	5,371	5,572	5,294	6,130	7,430	7,523	7,894	3	7%
Brachytherapy	564	629	663	694	726	770	794	831	4	5%
Neuro Solutions	917	923	929	969	1,008	1,026	1,040	1,092		3%
OIS	988	1,217	1,327	1,441	1,821	2,386	2,663	3,021		18%
Proton Solutions	-	-	-	-	3,134	3,302	3,887	4,144	5	10%
SERVICES	4,519	5,163	5,756	5,943	9,282	11,456	12,721	14,127		19.67%
TOTAL REVENUES	**11,573**	**13,555**	**14,601**	**14,722**	**22,640**	**27,410**	**29,798**	**32,408**	1	**17.29%**
% Growth	8.1%	17.1%	7.7%	0.8%	53.8%	21.1%	8.7%	8.8%		





GROWTH DRIVERS

1 The acquisition of HCG in 2023, will drive the revenues forward (mostly, not exclusively, MR-Linacs and Linacs), in APAC and Africa, adding more than SEK 5,000M in three years to Elekta's revenue;

2 The demand for MR-Linacs is expected to grow significantly, as its image-guidance feature is a breakthrough innovation in the market. Elekta, being the market leader in this segment, possessing the infrastructure to increase its production, the agreement with ViewRay and the purchase of HCG, will boost its revenues at a CAGR of around 30%;

3 The global shortage of Linacs' supply, emergent markets in APAC and MEA, a constant need for equipment replacement and the acquisition of HCG are opportunities that Elekta will seize, growing at a CAGR of 7.21% in this segment.

4 Neuro Solutions and Brachytherapy will lose importance in Elekta's portfolio due to a shift in prioritized segments. On the other hand, OIS will grow;

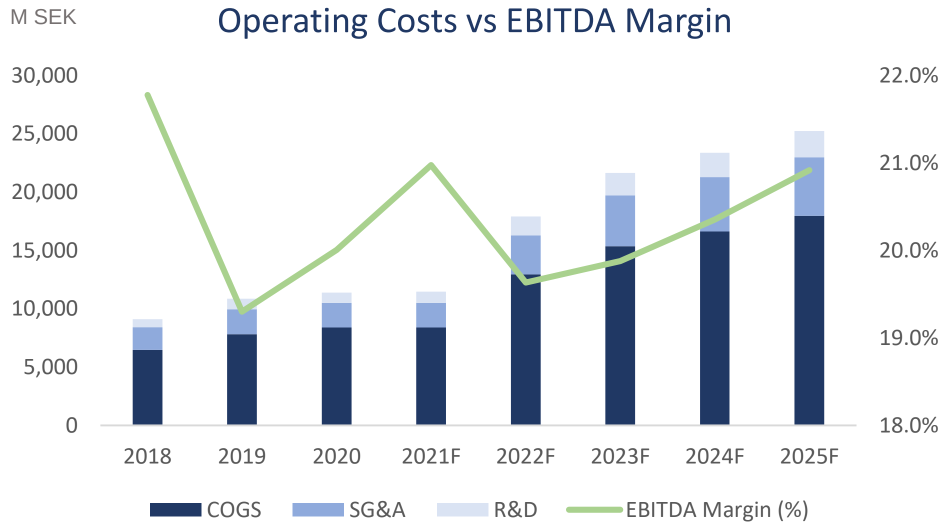
5 The acquisition of IBA in 2022 will generate SEK 14,500 M of revenues in four years, from proton solutions, dosimetry and other (nuclear) accelerators.

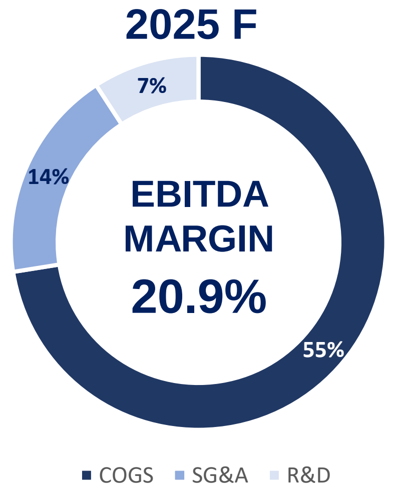
Notes: 1) M&A strategy's revenues are SEK 6,018M in 2025 (4,144M – proton therapy; 1,874M – distributed among the remaining solutions).

Sources: Elekta's Annual Report

EBITDA margin will increase, despite some fluctuations driven by lower EBITDA margin acquisitions

EXPENSES (MSEK)	2018	2019	2020	2021F	2022F	2023F	2024F	2025F	CAGR 20-25
Cost of products sold	-6,465	-7,829	-8,379	-8,392	-12,958	-15,367	-16,606	-17,965	
(% revenues)	55.9%	57.8%	57.4%	57.0%	56.5%	56.0%	55.6%	55.3%	
Gross Profit	**5,108**	**5,726**	**6,222**	**6,331**	**9,683**	**12,043**	**13,191**	**14,443**	**18.3%**
Gross Margin (%)	44.1%	42.2%	42.6%	43.0%	42.8%	43.9%	44.3%	44.6%	
Selling expenses	-1,071	-1,164	-1,290	-1,266	-1,861	-2,688	-2,874	-3,064	1
Administrative expenses	-887	-974	-843	-854	-1,470	-1,666	-1,804	-1,940	2
R&D expenses	-671	-892	-871	-957	-1,630	-1,908	-2,085	-2,266	3
Operational Costs (%)	22.7%	22.4%	20.6%	20.9%	21.9%	22.8%	22.7%	22.4%	
EBITDA	**2,520**	**2,616**	**2,921**	**3,088**	**4,445**	**5,449**	**6,065**	**6,778**	**18.3%**
EBITDA Margin (%)	21.8%	19.3%	20.0%	21.0%	19.6%	19.9%	20.4%	20.9%	





GROWTH DRIVERS

1 Elekta's gross margin is expected to reach 44.6% in 2025. Since IBA has lower margins, Elekta's total gross margin will decrease in 2022F - acquisition year. This will be offset by the optimization of manufacturing processes in Elekta (mainly in MR-Linacs and Linacs), the acquisition of HCG (which has better margins than Elekta) and the improvements in gross margins of both targets;

2 SG&A (both without D&A) will move in different directions. Even though Elekta's digitalization and transformation program will decrease its weights internally (% revenues), the acquisition of HCG will contribute to an increase of selling expenses from 2023 ownwards. Regarding administrative expenses, they will stabilize at 6.0%, as both HCG and IBA do not have significant related expenses as well;

3 R&D investment (without D&A) will stabilize at 7% of sales. This value is a consequence of the R&D investments that Elekta and IBA must make, offset by HCG's lack of need to invest in R&D.

Sources: Elekta's Annual Report

Past private equity deals in the healthcare sector were studied to project Elekta's debt structure

Elekta

COMPARABLE PRIVATE EQUITY DEALS

PE FIRM	ACQUIRED COMPANY	VALUE (M)	DEBT	D/VALUE	LEVERAGE MULTIPLE	CREDIT RATING (S&P)	CURRENCY | INDEX	TERM A		TERM B		REVOLVER (WC needs)	
								SIZE (M)	bps	SIZE	bps	SIZE	bps
CINVEN	SEBIA SA	800	340	42.50%	N/A	N/A	EUR | EURIBOR 3M	70	425	250	500	20	425
CINVEN	SYNLAB HOLDING	1200	250	20.83%	6.60x	BB+	EUR | EURIBOR 3M	-	-	-	-	250	300
BAIN CAPITAL PARTNERS	RENAL ADVANTAGE	850	415	48.82%	3.70x	B+	USD | USD LIBOR 3M	-	-	365	425	50	425
EQT	DELLNER COUPLERS	809	360	44.50%	5.00x	N/A	EUR | EURIBOR 3M	-	-	240	400	120	N/A
GOLDMAN SACHS (PE)	ICON CANCER CARE	N/A	370	N/A	4.50x	B+	AUD | BBSW 3M	93	400	278	425	-	-

MAIN OUTPUTS

From the displayed list above, which mainly includes private equity deals of healthcare companies (but not perfect comparables of Elekta), it is possible to conclude that:

- **Debt to Transaction Value** is usually around **40%**
- **Leverage multiple** ranges between **4.0x and 6.5x EBITDA**
- **Credit rating** of the transactions averaged **B+ or BB+**
- **Loans were priced** with a **spread** between **300 to 500 bps** over a **3 months LIBOR/EURIBOR rate**
- **Most predominant tranche** used is the **Term B** bullet payment loan, followed by **smaller tranches of Term A and Revolver.**

ELEKTA

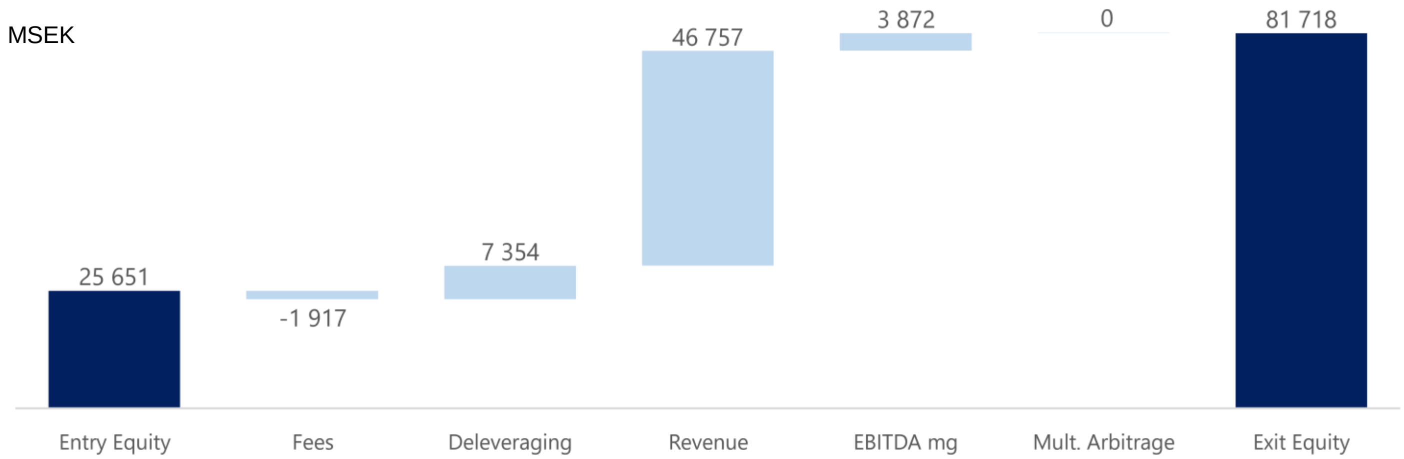
From these main outputs, it is possible to make some assumptions regarding Elekta's debt structure in this buyout:

Debt to Transaction Value	**36.3%**	**Conservative leverage on Bank Case[1]**
Leverage Multiple	**5.0x**	
Term A	**1.0x**	EURIBOR + 375 bps
Term B	**4.0x**	EURIBOR + 425 bps
Credit Rating	**BB+/BBB-**	Term A has seniority over Term B
Maturity	**6-7 years**	

Note: 1) This approach is in line with the sector's conservative trend and the COVID crisis. The value of 6.0x is a future possibility, since it corresponds to the estimated maximum leverage on Bank Case.

In 5 years, the investment will generate SEK 56,067M through Cash Generation and EBITDA growth

VALUE CREATION



	Entry	Fees	Deleveraging	EBITDA Growth	Multiple Arbitrage	Combined
Equity	**25,651**	**-1,917**	**7,354**	**50,629**	**0**	**81,718**
MM	**1.00x**	**-0.07x**	**0.29x**	**1.97x**	**0.00x**	**3.19x**
IRR						**26.08%**

The **IRR** of this investment is projected to be **26.08%**, corresponding to a **combined (investors + management) MM of 3.19x.**

DRIVERS

Entry Equity + Fees

- The value of entry equity will be SEK 25,651M, which will be distributed into Fixed Return Instruments and Ordinary Equity;
- Fixed Return Instruments will be valued SEK 25,307M at entry, while Ordinary Equity will be valued at SEK 344M. In total, Entry Equity will correspond to 63.7% of Total Sources;
- Fees are expected to cost SEK 1,917M, conforming 5% of Elekta's Enterprise Value.

Cash Generation

- The entry debt will be SEK 14,605M (accounting for the remaining 36.3% of Total sources) divided into Term Loan A and B, which will be amortized for six years and at the seventh year respectively;
- This amortization will generate SEK 7,354M of value through cash generation, as the value of net debt at exit will be SEK 7,251M;
- There will be no effect of multiple arbitrage at exit.

Revenue and EBITDA Margin

- Revenue growth and EBITDA margin improvement will be the main drivers of value creation;
- In line with the Investment Thesis, revenues will grow due to the Buy & Build and Internationalization strategies, creating SEK 46,757M of value;
- EBITDA margin will improve by 0.9%, as a result of the operational improvements that are intended to be implemented, generating SEK 3,872M in value.

Exit Equity

- As a result of these drivers, the value of equity at exit will be SEK 81,718M, corresponding to a total value creation of SEK 56,067M over five years;
- This value of exit equity will be divided into Fixed Return Instruments and Ordinary Equity (as it will be possible to see in the next slide);
- With a value of net debt at SEK 7,251M, Elekta's enterprise value (excluding cash) will be SEK 88,968M.

In most of the scenarios, returns threshold is verified but sensitive to exit year and exit multiple

Elekta

BASE SCENARIO[1]

Exit Multiple	Exit Year				
MM	2023F	2024F	2025F	2026F	2027F
11.07x	1.84x	2.14x	2.49x	2.83x	3.17x
11.70x	1.95x	2.27x	2.62x	2.98x	3.33x
12.30x	2.06x	2.38x	2.75x	3.12x	3.48x
13.13x	2.20x	2.54x	**2.93x**	3.31x	3.69x
14.30x	2.41x	2.77x	3.18x	3.59x	3.99x
15.60x	2.64x	3.03x	3.47x	3.90x	4.33x
16.89x	2.87x	3.28x	3.74x	4.20x	4.66x

Exit Multiple	Exit Year				
IRR	2023F	2024F	2025F	2026F	2027F
11.07x	23%	21%	20%	19%	18%
11.70x	25%	23%	21%	20%	19%
12.30x	27%	24%	22%	21%	20%
13.13x	30%	26%	**24.0%**	22%	21%
14.30x	34%	29%	26%	24%	22%
15.60x	38%	32%	28%	25%	23%
16.89x	42%	35%	30%	27%	25%

WITHOUT IBA'S ACQUISITION

Exit Multiple	Exit Year				
MM	2023F	2024F	2025F	2026F	2027F
11.07x	1.60x	1.83x	2.08x	2.36x	2.64x
11.70x	1.69x	1.93x	2.19x	2.48x	2.77x
12.30x	1.77x	2.02x	2.29x	2.59x	2.89x
13.13x	1.89x	2.15x	**2.43x**	2.75x	3.06x
14.30x	2.06x	2.34x	2.64x	2.97x	3.30x
15.60x	2.25x	2.54x	2.86x	3.22x	3.57x
16.89x	2.44x	2.75x	3.08x	3.46x	3.83x

Exit Multiple	Exit Year				
IRR	2023F	2024F	2025F	2026F	2027F
11.07x	17%	16%	16%	15%	15%
11.70x	19%	18%	17%	16%	16%
12.30x	21%	19%	18%	17%	16%
13.13x	24%	21%	**19.5%**	18%	17%
14.30x	27%	24%	21%	20%	19%
15.60x	31%	26%	23%	21%	20%
16.89x	35%	29%	25%	23%	21%

CHANGE IN PROJECTED REVENUE GROWTH

Revenue Growth Difference	Exit Year				
MM	2023F	2024F	2025F	2026F	2027F
-2%	2.09x	2.37x	2.69x	2.99x	3.28x
-1%	2.14x	2.46x	2.81x	3.15x	3.48x
0%	2.20x	2.54x	**2.93x**	3.31x	3.69x
1%	2.26x	2.64x	3.06x	3.49x	3.92x
2%	2.32x	2.73x	3.19x	3.67x	4.15x

Revenue Growth Difference	Exit Year				
IRR	2023F	2024F	2025F	2026F	2027F
-2%	28%	24%	22%	20%	19%
-1%	29%	25%	23%	21%	20%
0%	30%	26%	**24%**	22%	21%
1%	31%	27%	25%	23%	22%
2%	32%	29%	26%	24%	23%

CONCLUSIONS

- A **sensitivity analysis (on the MM and IRR)** was made for different scenarios: the base scenario, which evaluates the **impact of changing the Exit Multiple** (between 25% and 75% quartiles) and **Exit Year**; a scenario without IBA's acquisition; and a scenario where the projected revenue growth is changed;
- Regarding the base scenario, it is possible to conclude that **IRR and MM are inversely correlated** as the **Exit Year distances** itself (IRR decreases, MM increases), even though they are positively correlated in the same year. Also, the **impact of increasing Exit Multiple on IRR is diluted as Exit Year moves forward**;
- Without IBA's acquisition, returns decrease significantly, **reaching values below the threshold of 2.5x-3-0x** and, consequently, an IRR smaller than 20%-25% target;
- In the last scenario, **returns are slightly sensitive to changes in revenue growth**. Nevertheless, if the exit year is still 2025, a decrease in 2% of the revenue growth would not compromise the threshold of 20%-25% (IRR) – **the threshold would not be respected only if decrease is higher than 3.5%.**

Goldman Sachs and KKR are the more appropriate sponsors for secondary sale

Elekta

SECONDARY SALE

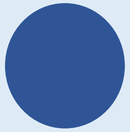
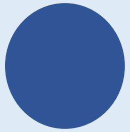
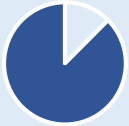
	Goldman Sachs	KKR	GENERAL ATLANTIC	EQT
DESCRIPTION	For around 30 years, Goldman Sachs has been investing in Private Equity Deals through the "Goldman Sachs Merchant Banking Division", making them a leading private equity firm globally.	Founded in 1976, KKR is a PE firm based in New York. It invests in all industries and may also co-invest. It is attracted by industry-leading franchises, and companies with significant improvement/growth opportunities.	Founded in 1980, General Atlantic is a PE firm based in New York that pioneered the concept of growth equity. The company has positions in 14 global locations covered by 183 investment professionals.	Founded in 1994, EQT is the largest Private Equity firm in Nordic Europe. It invests in mid and large cap companies in a variety of sectors and regions. It has invested more than € 62B.
AREAS	Consumer, Healthcare, FinTech, Enterprise	Healthcare, TMT, Consumer & Retail, Financial Services, Industrials	Healthcare, Consumer & Retail, Technology, Financial Services	Real Estate, Technology, TMT, Healthcare
KEY VALUES[1]: AUM	$140B	$230B	$40B	€46.5B
KEY VALUES[1]: Dry Powder	$20B	$58B	$10B	€14.75B
KEY VALUES[1]: Deals Completed	277 (122)	679 (118)	237 (134)	200 (60)
KEY VALUES[1]: Healthcare Comp	15 (7)	40 (15)	25 (13)	36 (11)
RATIONALE	Being one of largest private equity firms, Goldman Sachs has the capital to buy Elekta AB and the *know-how* to continue to strengthen Elekta's strong position in the radiotherapy	KKR is a leading PE firm with sufficient capital and know-how to create value and consolidate ELEKTA's position. They are disciplined investors, focused on long-term business fundamentals that partner with public companies to leverage industry expertise with operational capabilities.	As growth equity investors, General Atlantic seems to be not a potential buyer for Elekta in 2025F as there should not be potential for dramatic growth/changes in lifecycle.	Even though EQT has made considerable investments in the healthcare sector in Sweden, it does not usually invest more than € 1,000M per company.
Confidence Level	High	High	Medium	Medium

Notes: 1) Values in parentheses () correspond to ongoing deals

Sources: Goldman Sachs, KKR, General Atlantic and EQT's websites

Commercial, financial and legal analysis are key to confirm transaction' feasibility

Elekta

	DETERMINANT ASPECTS TO ANALYZE	POSSIBLE OUTCOMES	ASSESSMENT
COMMERCIAL	**(1) M&A** – Full diligence on acquisition targets: margins, synergies, growth drivers **(2) Competitive Position** – Detailed competitors' analysis & Siemens acquisition of Varian **(3) Market Growth & Trends –** Analysis of major trends during the next 5 years (special focus on APAC region, Proton and MR-Linacs Solutions) **(4) Customer Relationship –** Deep analysis of customers' contracts and its satisfaction level (reliability, quality, service)	(1) Difficulty to measure realistic synergies, difficult integration (2) Possible weak position in neuro and brachy solutions (3) Overestimation of positive outlook in key markets (4) Low customers' satisfaction level could harm defined expectations	
FINANCIAL	**(1) Financial Statements –** In depth analysis of cash flow drivers (i.e. NWC, maintenance CAPEX) in the historical performance and confirm whether the forecast of this captions was correctly inferred. **(2) Lack of data** - Assess the accuracy and solve lack of data given by Elekta on important captions (e.g. profitability for each type of products and customers)	(1) NWC and Maintenance Capex estimation could be skewed, thus affecting the overall LBO model and capital structure defined (2) Forecast drivers could be overestimated (e.g. prices per solution/service and number of systems)	
LEGAL	**(1) Reimbursements and Payment Models -** Check if Elekta's products are eligible for reimbursements by insurances and governments' programs & study the different payment models for cancer treatment in emerging markets **(2) ESG -** Assess if Elekta's products and manufacturing remain in compliance with each country's regulatory policies and follow environmental / ethical rules **(3) Legislation -** Study if governments will change significantly their healthcare policy	(1) Potential clients might lose interest in Elekta's products if they are not reimbursed & Emerging markets might not be attractive (cancer treatments might be expensive for the population) (2) Possible interdiction of Elekta's solutions (countries) (3) Possible suspension of sales of Elekta's solutions during adaptation (to new legislation) period	
OPERATIONS	**(1) R&D –** Assess the level of R&D needed in the MR-Linac segment and study the R&D investment of close competitors **(2) Value Chain** – Determine the dependence on specific suppliers and check if suppliers can meet increasing demand **(3) Cost Structure** – Determine the possibility of replicating Harmony's cost structure into other products and the feasibility of economies of scale in MR-Linacs' production	(1) Lose capacity to capitalize on MR-Linac's market growth and fail market consolidation. (2) Inability to increase production and implement internationalization (3) Inability to increase Gross Margin	
COVID	**(1) COVID-19 –** Study the probability and effects of restriction measures that negatively impact the access for cancer treatments	(1) Decrease in demand for new radiotherapies solutions in the short-term	

"All in all, it was a great experience, and I am thankful for working with two mind-blowing friends"

MASTER THESIS

The Private Equity challenge's format was, undoubtedly, an enriching experience which allowed me to enlarge my horizon, to gain key analytical skills, and to explore different perspectives about this fast-pacing, fascinating and incredibly relevant Financing area - being a strong possibility for my future working career.
During the thesis, I constantly applied the key concepts, learned at the PE course, in order to build a Leveraged Buyout model (company/market analysis, business forecasts, valuation methods, exit & returns, debt structuring scenarios) and an Investment Committee Paper, summarizing all the different above-mentioned subtopics.
This program enabled me to develop specific technical skills, such as analytics, excel modelling, LBO breakdown/returns, due diligence, critical & creative thinking, as well as to potentialize my soft skills: teamwork, communication, respectfulness, creativity, flexibility and cooperation – which are currently highly valued in the job market.
All in all, it was a great experience, and I am grateful for working with two mind-blowing friends / top future businessmen.

PRIVATE EQUITY – THE RELEVANCE OF APAC IN THE FUTURE OF THIS AREA

From the beginning of the PE course / Master Thesis program until now, it has become clear to me that the future of Private Equity might rely on the development of this area, as well as in its importance in the APAC market. Even though COVID-19 has significantly disturbed the current global PE industry - specially APAC, since it still does not have a solid and robust PE industry – the APAC market is still seen by many as the market with higher long-term growth prospects.
Since this is an emerging market that is becoming, year after year, more relevant and, at the same time, playing a bigger role, it is necessary to fully understand its characteristics / trends – Due Diligence – in order for PE funds to succeed / create opportunities to leverage its positions. Notwithstanding, it is very important to understand the mechanism behind the strong growth of this market prior to COVID-19, and to clarify what might have changed as a result of this pandemic. COVID-19 also helped to decrease firms' valuations (or at least slow down its increasing trend) and it might have created room for potential multiple arbitrage in the following years.
There are sectors that have reinforced its importance over the past years, like the healthcare – people in APAC started to have access to products (fast food, alcoholic drinks, cigars) which have deteriorated its healthy lifestyle, thus, leading to a stronger presence and importance of this sector - that can be seized and exploit by PE firms/funds, since more than 1/3 of the global population is eligible of being a potential customer (vaccines, cancer treatment, health plans, diseases). At the same time, I think, that by being more dependent on APAC, PE funds would need to establish strategic networks in order to take advantage of its APAC portfolio companies.
Moreover, while researching for the PE Challenge, I found out that countries like China and India are creating more partnerships (e.g. licensing agreements) with foreign companies from different sectors, in order to modernize and expand its existing infrastructure – ELEKTA AB (PE Challenge) has reached an agreement with both countries in the last 2 years to license its products' portfolio, expanding its geographical landscape. Like ELEKTA, there are many other examples of companies that are exploring the opportunity of "grabbing a slice" of this such important market, delivering high-quality products and services which positively impact IT industry. By letting their doors open to the world, they are creating opportunities for mature PE funds to capitalize on this positive investment trend.
Consequently, in-house (Chinese, Indian) PE funds will grow in the nearby future and will "fight" for the best opportunities along with the top PE funds that exist nowadays.
For the reasons above-mentioned, I think that the APAC market is the most relevant market for the growth of Private Equity industry.

Websites lead the path on finding information about ELEKTA / Radiotherapy Market

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