

Q1 interim report 2017/2018:

Growth and increased operating profit

Presentation September 12, 2017

Torbjörn Kronander, CEO and President Sectra AB

Mats Franzén, CFO Sectra AB

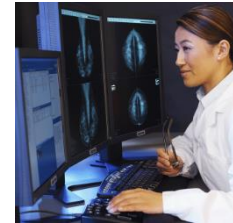
Q1 Highlights

Torbjörn Kronander, CEO and President

Imaging IT Solutions

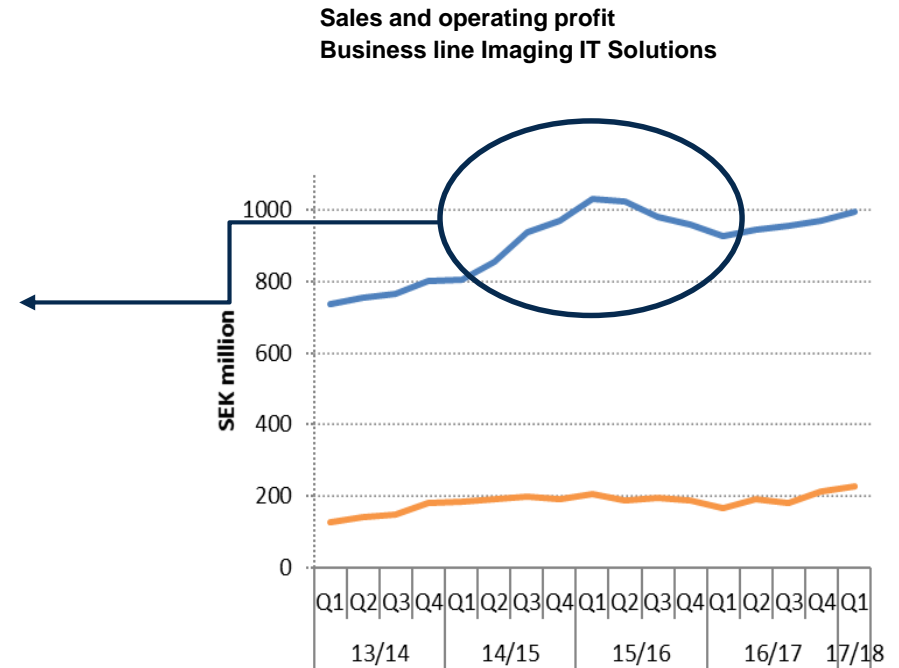
Growing customer base around the world, Q1 examples:

- Sweden
 - Västernorrland County Council (digital pathology)
- Belgium
 - AZ Delta (enterprise imaging)



Imaging IT Solutions

- Better start of the year than in the comparative quarter.
- Boost 2014-2015 based on UK demand is over.
- Investments in growth areas and new geographic markets.





introducing

Sectra Canada

Fall of 2017

" 550 lbs 2 oz

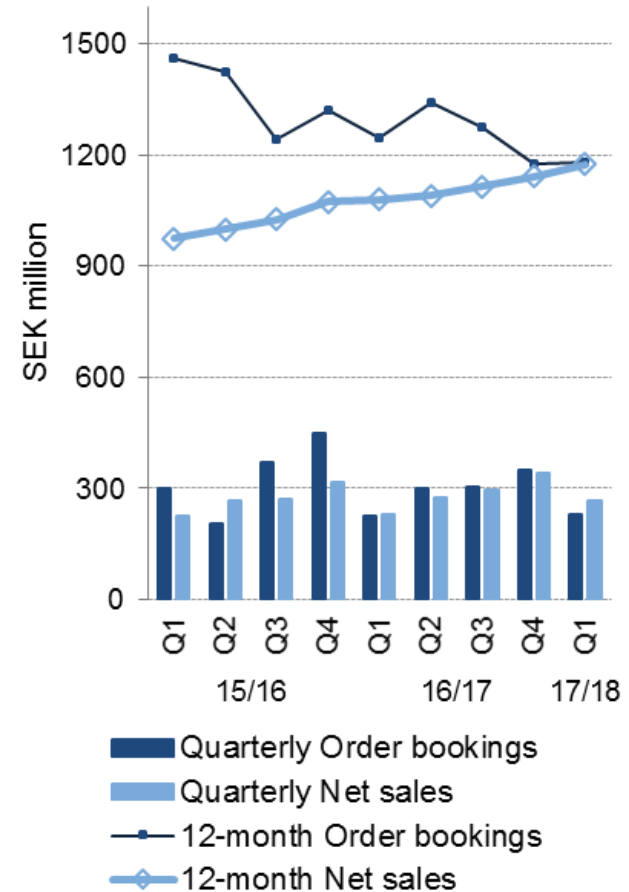
*Sweden and
US Sectra*

Local and global presence

- Sectra subsidiaries now in 15 countries.
 - France (Medical) and Finland (Communications) established 2015/2016 and Canada (Medical) 2016/2017.
- Partner sales in selected markets.
- Customers in > 60 countries.
- Sectra's largest markets are:
 - Scandinavia
 - USA
 - UK
 - Netherlands

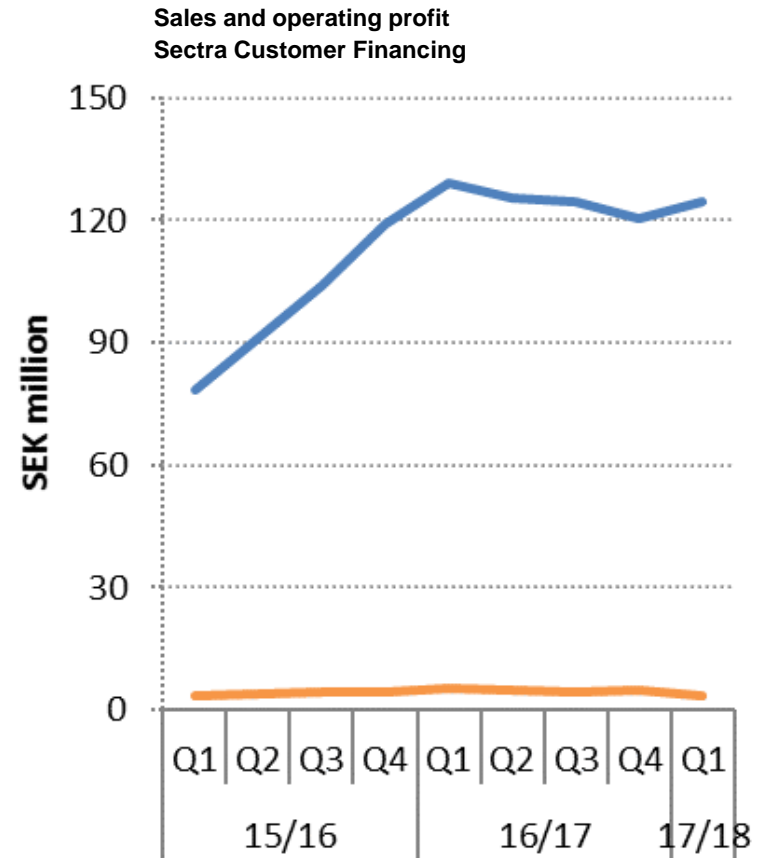
Order bookings for the Group

- Large variation between quarters as orders sometimes are very large.
- Decrease is to some extent based on changing order mix as customer financed projects tend to be longer in time.
- But improvement in order intake is prioritized.



Sectra Customer Financing

- Main income from multiyear contracts in the UK.
- Significant exposure to the GBP, which had a negative impact on performance 16/17.

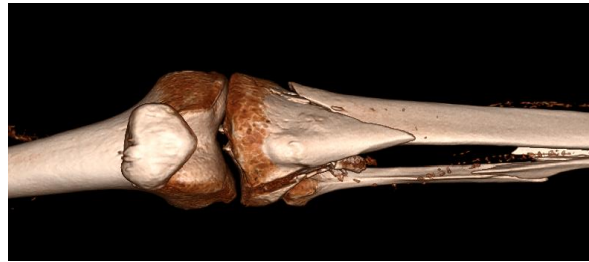


Future growth projects

Business Innovation



Medical education



Software tools for
orthopedic surgery



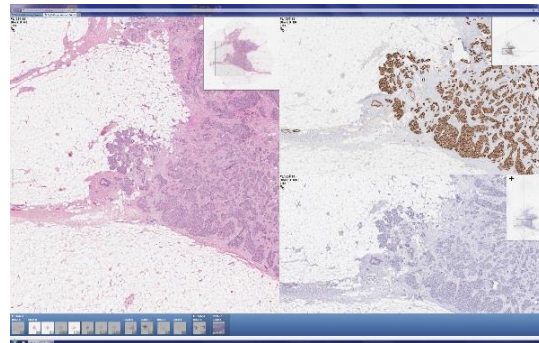
Research

Secure Communications



IT security for
critical infrastructure

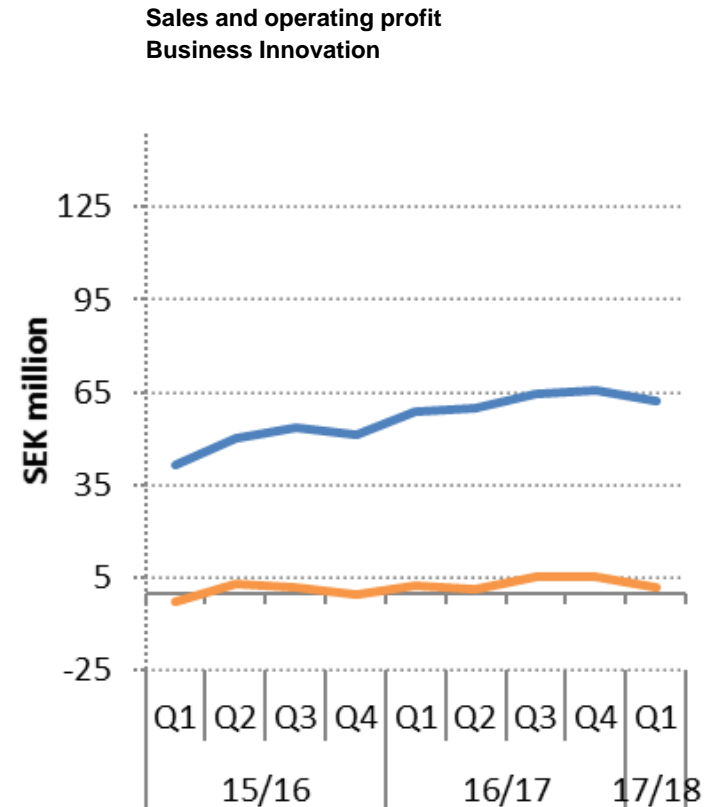
Imaging IT



Digital pathology

Business Innovation

- Planning for 3D trauma surgery is a new area within orthopaedics.
- Medical Education now in more than 40 countries.
- Research –
Machine Learning
Digital pathology, Orthopaedics.
- New management for Orthopaedics;
Gustaf Schwang.



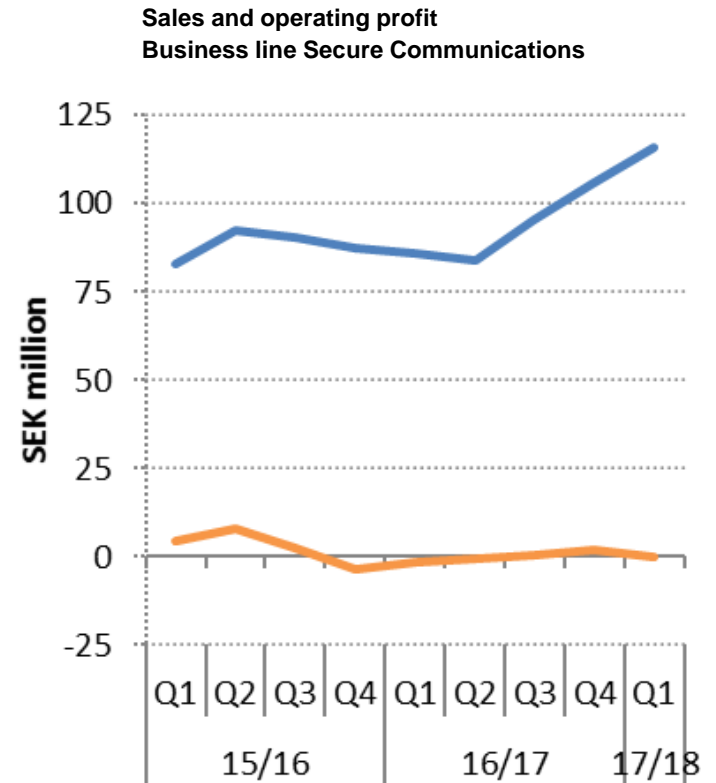
Secure Communications

- Deliveries of secure mobile telephony to the Norwegian Defense Forces.
- Norway has been using an earlier generation of Sectra Tiger since 2002, specially developed for Norway.
- Units currently in use will be replaced by the latest version of standardized Sectra Tiger/S.



Secure Communications

- Increasing interest in Sectra Tiger eco systems.
- Investments in critical infrastructure and new geographic areas.



IT security in Critical Infrastructure

- Substantial interest, but by its nature a slow market.
- First customers fully operational.

Growth strategy:

- Focus on the energy sector.
- Expand into new geographic markets based on solid references in Scandinavia.



IT security solutions for the energy sector - a fast-growing market.

Increasing number of attacks

In the news:

Russian hackers infiltrate energy companies in Europe and North America.

Av: Simon Campanello 2017-09-06 14:05

Hackare har infiltrerat elnätet i flera länder – "kan ta kontroll bara de vill"



Den ryska hackergruppen Dragonfly har under flera års tid kartlagt elnätsföretag i Europa och Nordamerika. Nu slår Symantec larm om att gruppen kan ha tagit sig in på elnätet i flera länder.

[Dela på Facebook](#) [Tweets](#) [in](#) [161](#)



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ÖB: Ryska cyberattacker mot Sverige varje dag

REVINGE TOPPDELAG Ryssland utsätter dagligen Sverige för cyberattacker och informationsoperationer.

Ett komplext hybridkrig i syfte att sprida osäkerhet.

– Vi följer Ryssland nära. Det finns goda skäl, säger ÖB Micael Bydén i en intervju med HD och Sydsvenskan.

f DELA

858

TWEETA

MEJLA

Text: Olie Lönnaeus



Increasing synergies

Hospitals

NHS trust cancels operations after computer virus hits IT system

North Lincolnshire and Goole trust shuts down most of its network and cancels appointments and routine surgery at three hospitals

Matthew Taylor

Monday 31 October 2016
18.49 GMT



Shares

44



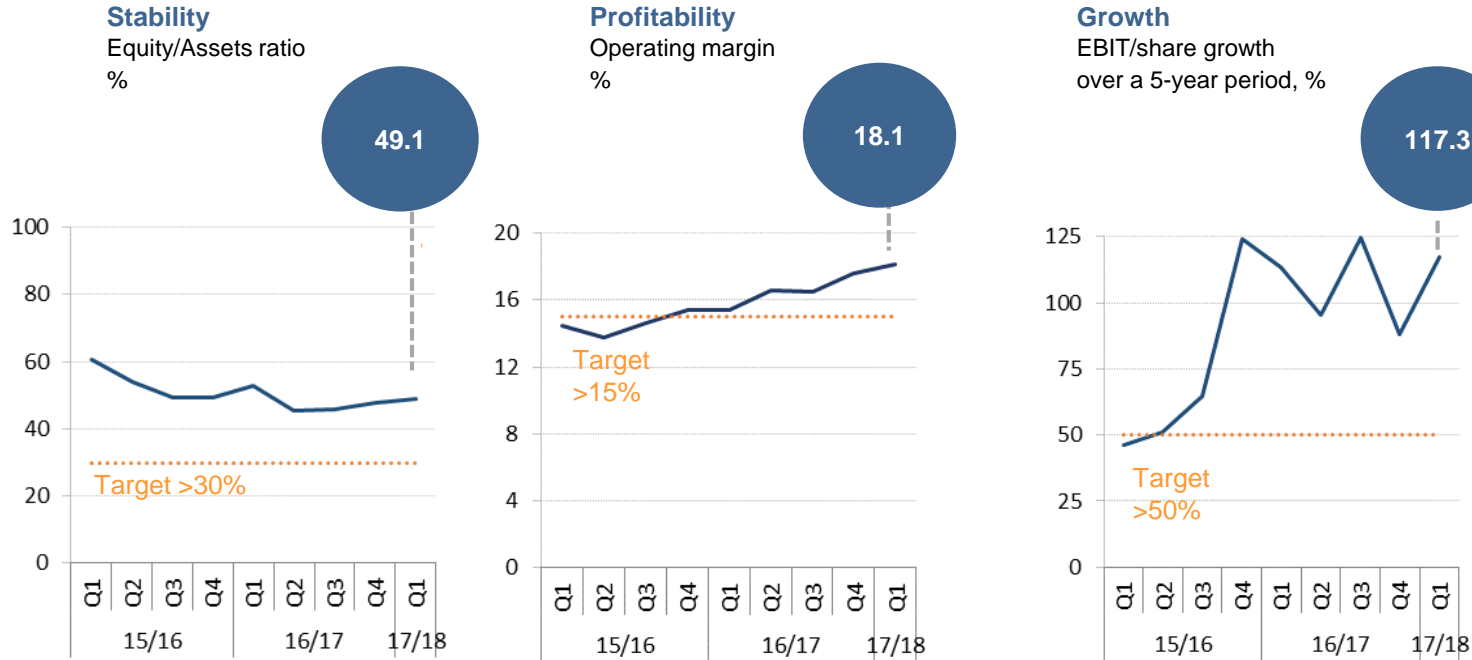
Save for later



Emergency cases are being redirected to neighbouring hospitals. Photograph: Christopher Furlong/Getty Images

All appointments and routine operations have been cancelled at three hospitals after a computer virus attacked critical systems.

All financial targets for the Group fulfilled



Priority

Financial figures

Mats Franzén, CFO

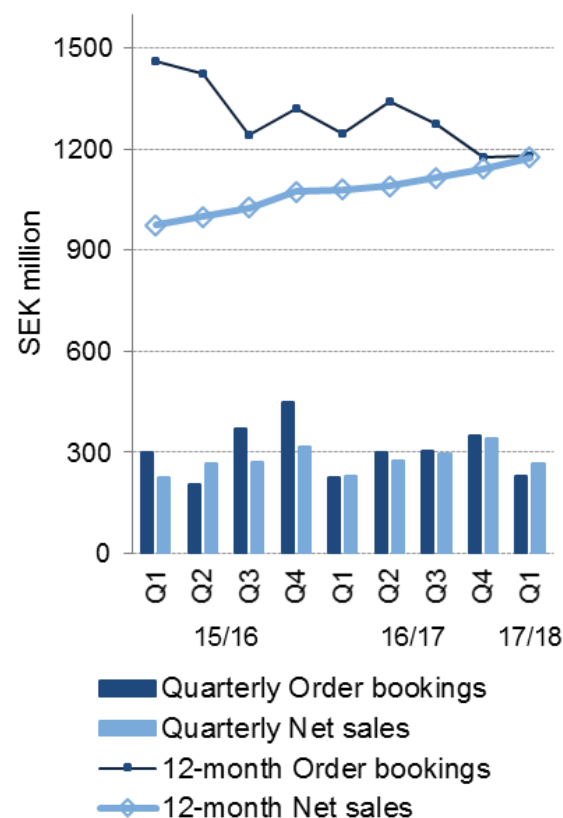
Order bookings and net sales

Changes compared with the corresponding period previous fiscal year:

- Secure Communications reports order increase.
- Strong currency fluctuations, but small effect on the group in Q1.
- Net sales increased 15.0%.
 - Adjusted for currency fluctuations up 15.4%.

Trend

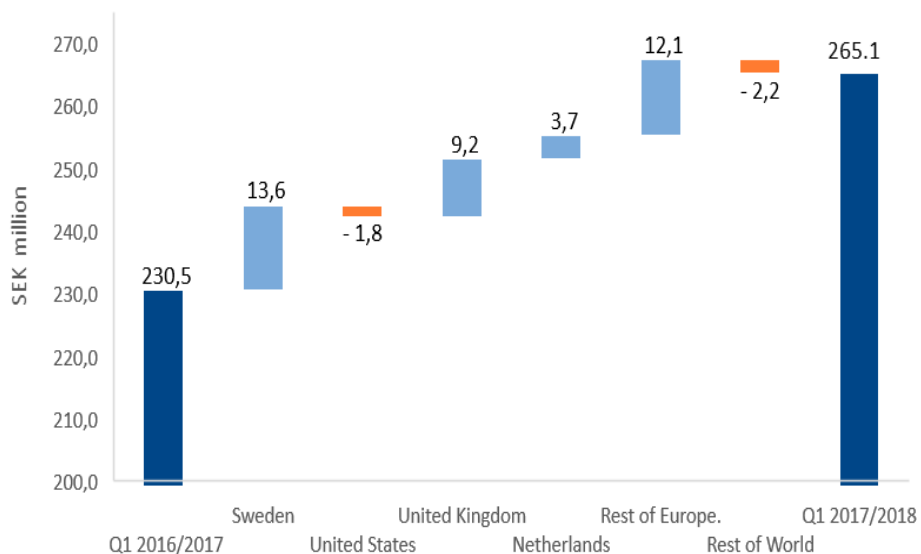
12 month rolling



Sales trend by geographic market

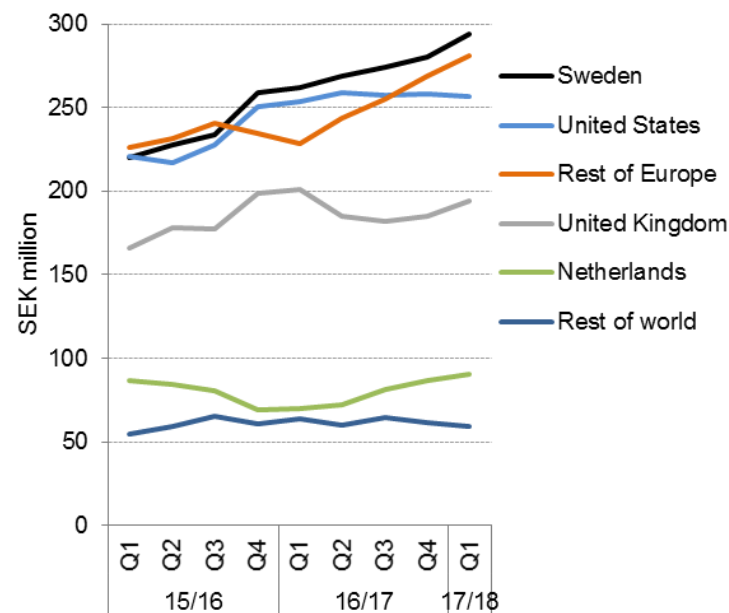
By geographic market

Change compared to corresponding period previous year



Trend

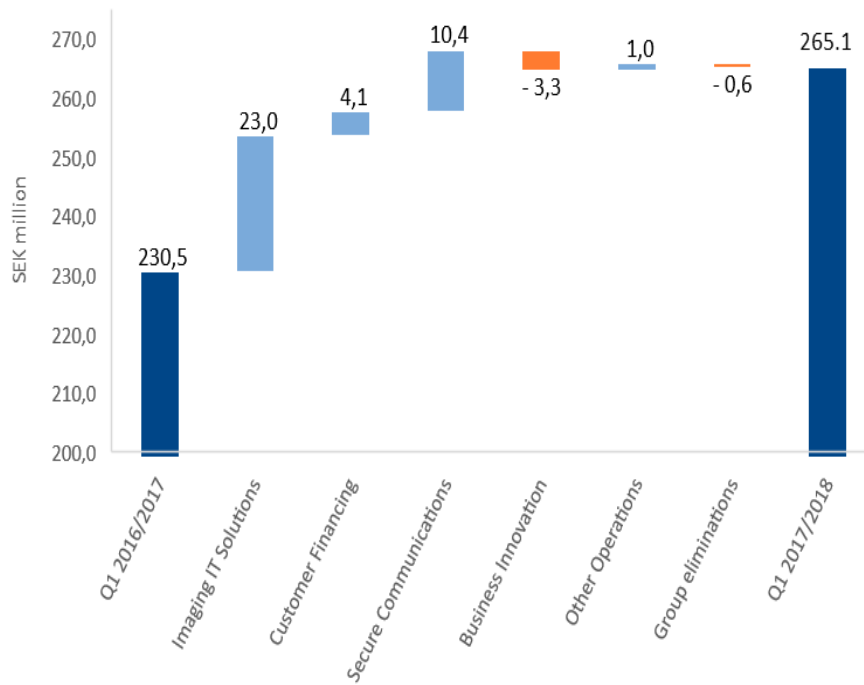
12 month rolling



Sales trend by business segment

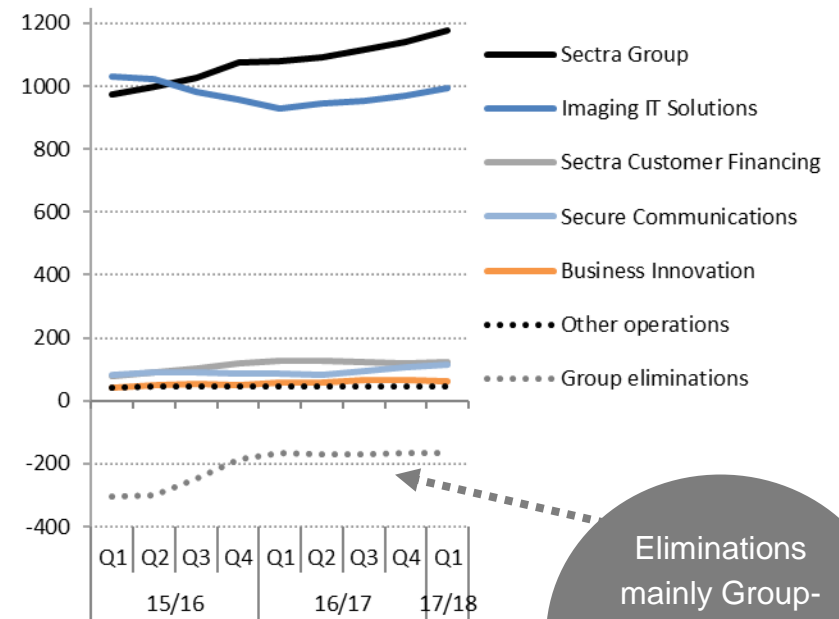
By business segment

Change compared to corresponding period previous year



Trend

12 month rolling

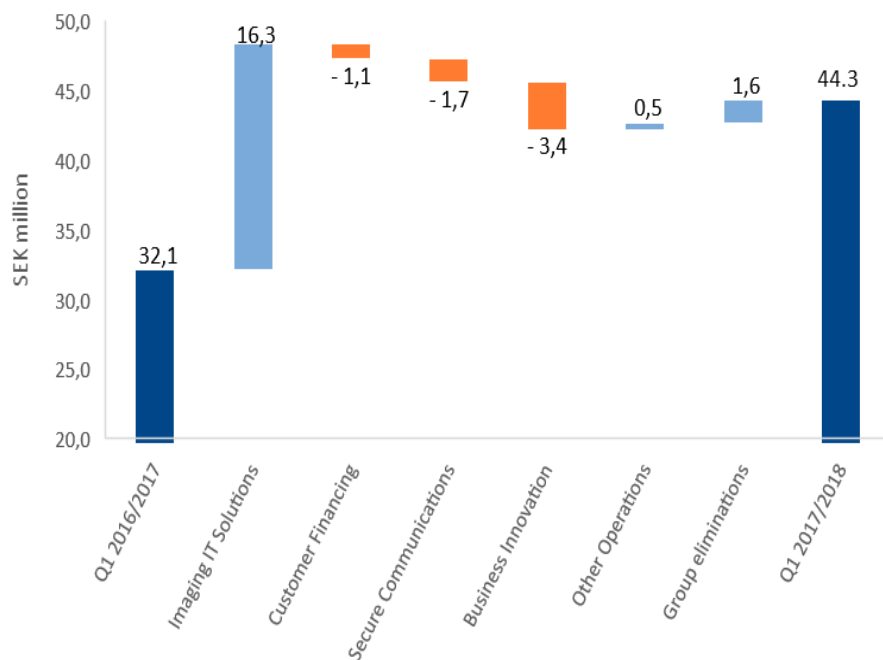


Eliminations mainly Group-financed customer contracts.

Operating earnings trend

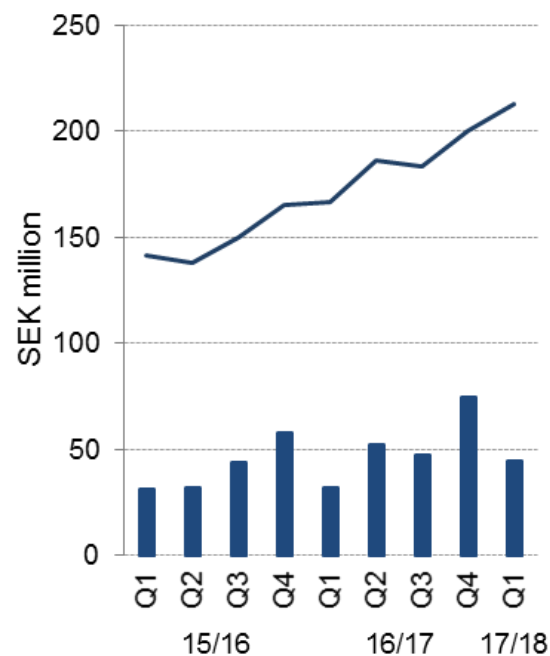
By segment

Change compared to previous year, MSEK



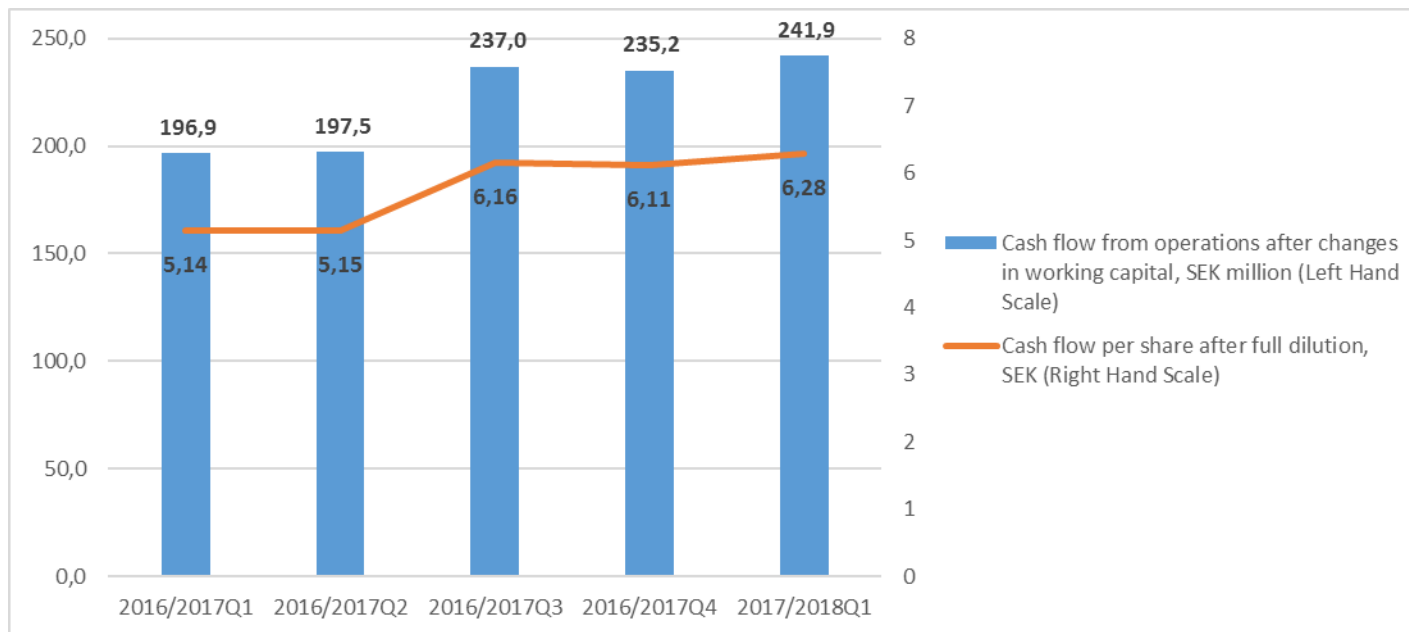
Trend for the Group

12 month rolling



Increasing cash flow

- A number of orders received previous year for imaging IT solutions have reached operational phase.
- Long-term, the contracts will contribute to a solid future for the Sectra Group.



Highlights after Q1

Torbjörn Kronander, CEO and President

New US customers

- **UC San Diego Medical Center**
Sectra PACS for breast imaging
- **Temple University Health System**
Sectra PACS for radiology & breast imaging, advanced visualization and orthopedic procedures planning tools.



Sectra's way forward

Torbjörn Kronander, CEO and President

Philosophy – Customers

RATED #1 IN CUSTOMER SATISFACTION



PACS



PACS



PACS



PACS



GLOBAL
PACS



GLOBAL
PACS



GLOBAL
PACS

- Quality is profitable
- Customer satisfaction is the best marketing.
- In addition it boosts morale and creates "flow"!



Profit in business comes from repeat customers,
customers that boast about your project or service,
and that bring friends with them.

(W. Edwards Deming)


izquotes.com

SECTRA

Knowledge and passion

New tools in a rapid changing market



- 
- A glowing blue X-ray image of a human leg and foot, showing the skeletal structure. The leg is positioned diagonally, with the foot pointing towards the bottom left. The bones are clearly visible, including the tibia, fibula, and the bones of the foot. The image has a futuristic, high-tech feel.
- Customer satisfaction
 - Outcomes/Cost
 - Enterprise healthcare IT
 - Machine learning
 - Cybersecurity

Focus forward

- Maintain high customer satisfaction.
- Reach financial targets.
 - Increase order intake
- Internal effectiveness.
- Prioritize large market share in a few geographies.
 - Target is #1 or #2 in markets where we are present.
 - Focus USA.



Being a shareholder in Sectra

Why Sectra?

- High customer satisfaction.
- Positioned in growing niche markets.
- A strong brand in markets where trust is critical.
- Management owns shares.
- Substantial and increasing recurring revenue.
- Profitable, strong cash flow and a solid balance sheet.
- Sustainable investments in R&D with exciting future opportunities.



AGM and upcoming financial reports

- **September 13, 2017 - Annual General Meeting**
 - In Linköping, Sweden 3.30 p.m.
- **December 8, 2017 - Six-month report**
 - Public announcement 8:00 a.m.
 - Teleconference 10:00 a.m.

Your feedback is important!

Please let us know what you think at

www.sectra.com/irsurvey

Questions?

If you follow online, please e-mail any questions.

SECTRA

Knowledge and passion

Torbjörn Kronander, CEO and President

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