

Q2 interim report 2017/2018:

# Increased order bookings and stable earnings trend

Presentation December 8, 2017

Torbjörn Kronander, CEO and President Sectra AB

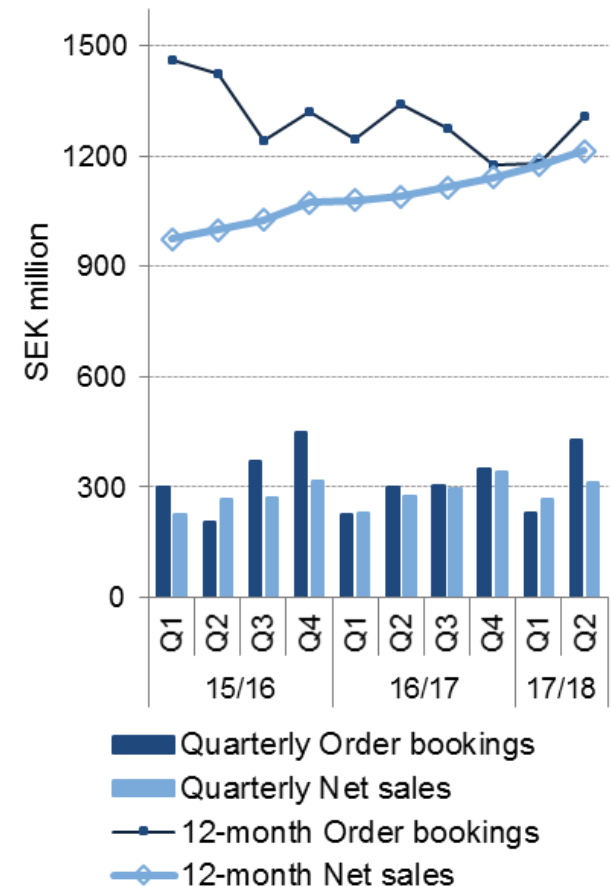
Mats Franzén, CFO Sectra AB

# Highlights from Q2

Torbjörn Kronander, CEO and President

# Order bookings for the Group

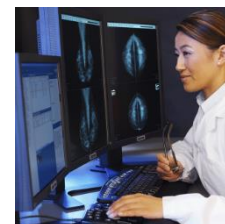
- Improvement in order intake
- Large variation between quarters as orders sometimes are very large
- New orders are mostly long term and will initially be charged to earnings
- Q2 improvement in both Imaging IT Solutions and Secure Communications



# Imaging IT Solutions

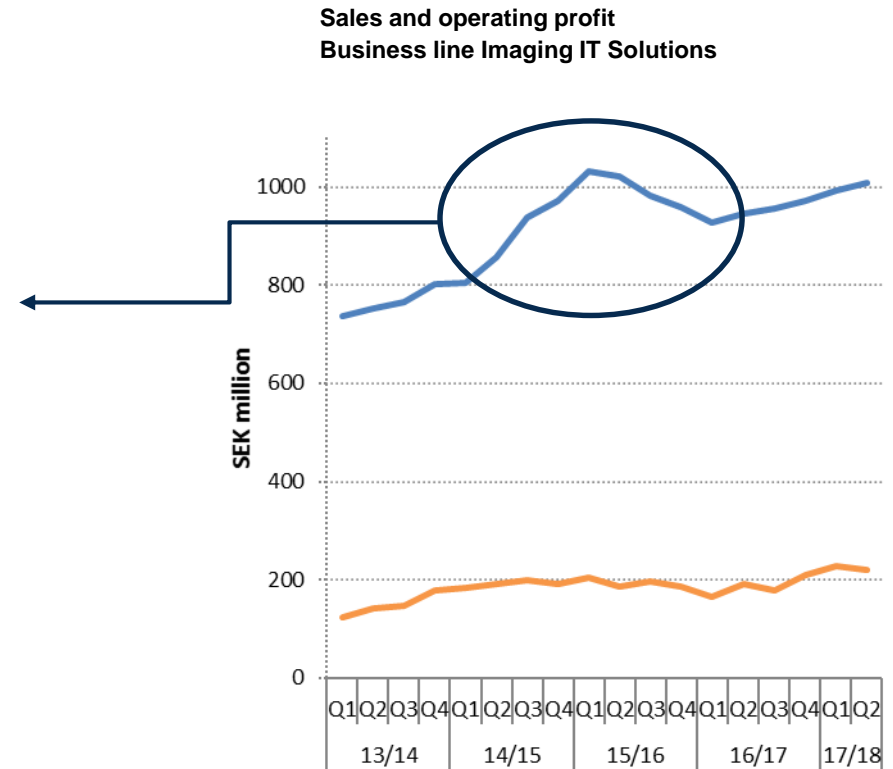
Growing customer base around the world,  
Q2 examples:

- **US:**
  - UC San Diego Medical Center (mammography)
  - Temple University Health System, Philadelphia (enterprise imaging)
- **The Netherlands:**
  - National breast screening organization FSB (mammography)
- **Australia:**
  - The Royal College of Pathologists of Australasia (digital pathology)



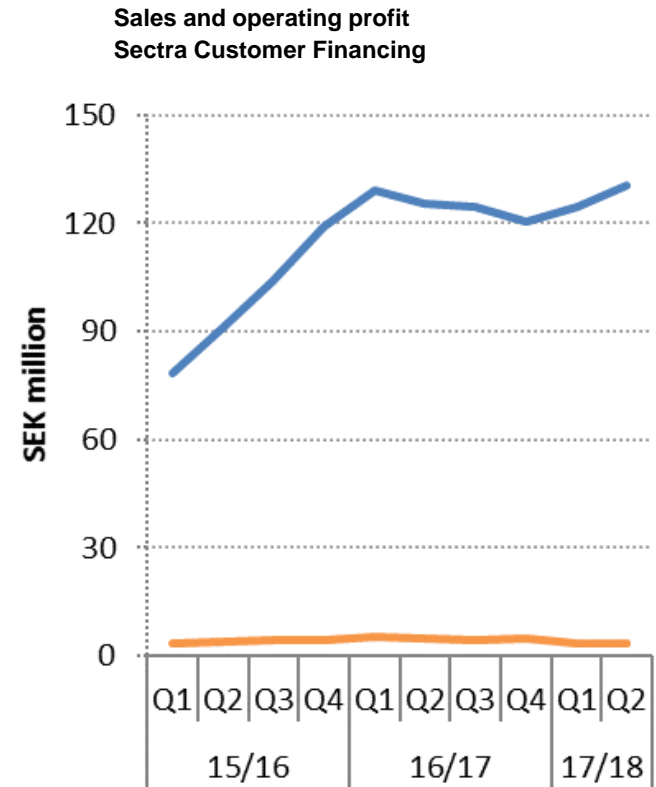
# Imaging IT Solutions

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



# 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

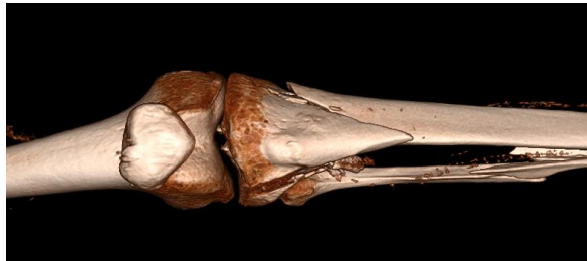


# Future growth projects

## Business Innovation



Medical education



Software tools for  
orthopedic surgery



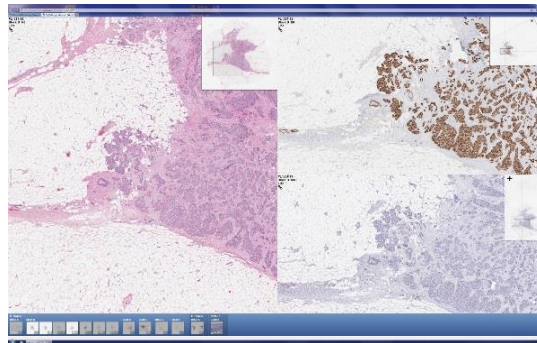
Research

## Secure Communications



IT security for  
critical infrastructure

## Imaging IT



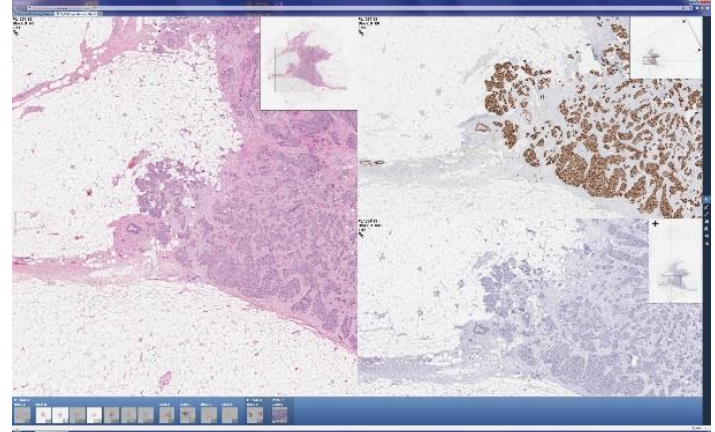
Digital pathology

# Digital pathology @ Sectra

- Very large interest
- FDA application in process
- Several new orders in Sweden and abroad

## Growth strategy:

- Included in the growth of Imaging IT solutions as it uses the same system
- Expedite FDA submission as soon as possible



Digital pathology: The next wave in digitization of hospitals.



# Critical infrastructure @ Sectra

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

## Growth strategy:

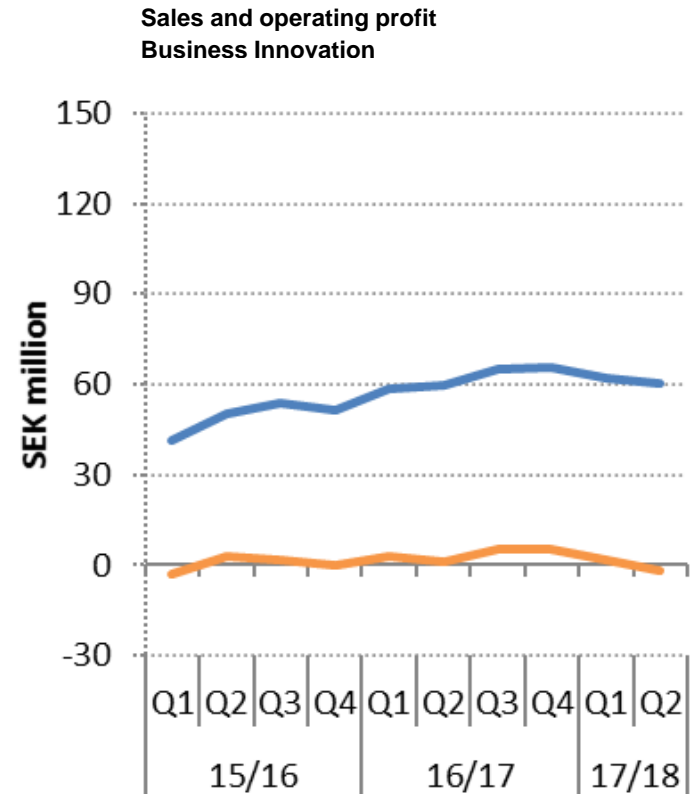
- Focus on the energy sector
- Expand into new geographic markets based on solid references in Scandinavia



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

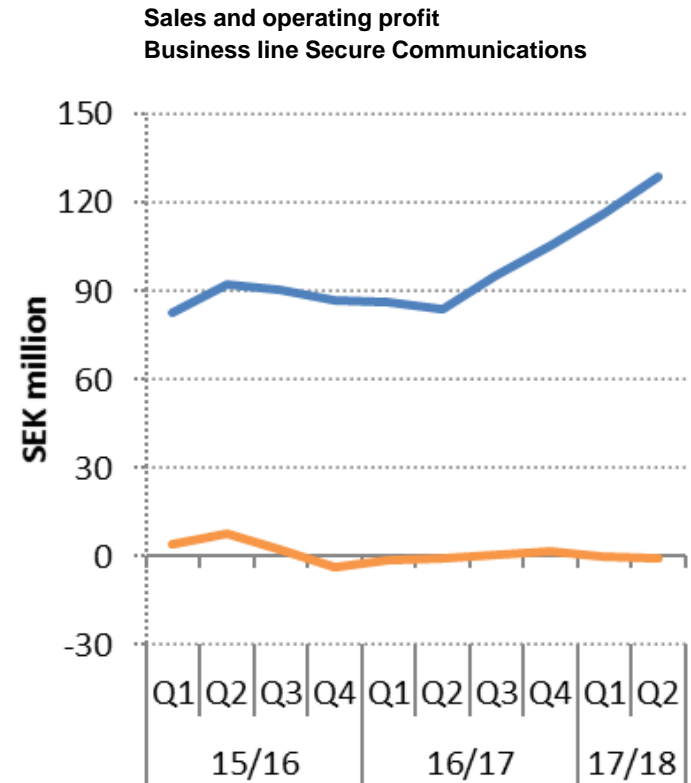
# Business Innovation

- Products are undergoing a generational shift
- New areas within orthopaedics:
  - Planning for 3D trauma surgery
  - Sectra Implant Movement Analysis
- Medical Education transition:
  - From device delivery to cloud-based content sales
- Research:
  - Machine learning, digital pathology and orthopaedics



# Secure Communications

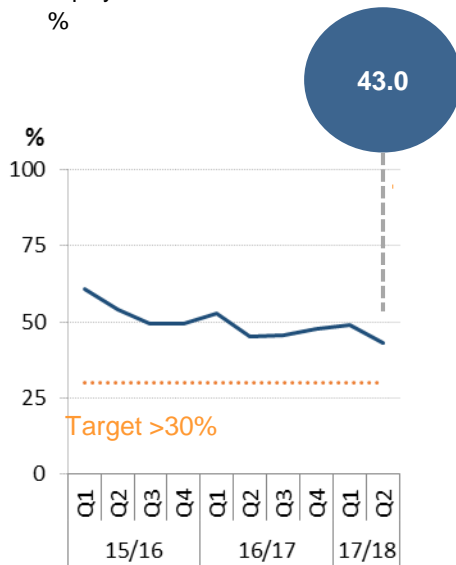
- Increasing interest in Sectra Tiger eco systems
- Increase in crypto development assignments
- Investments in critical infrastructure and new geographic areas
- Good order intake and growth in critical infrastructure



# All financial targets for the Group fulfilled

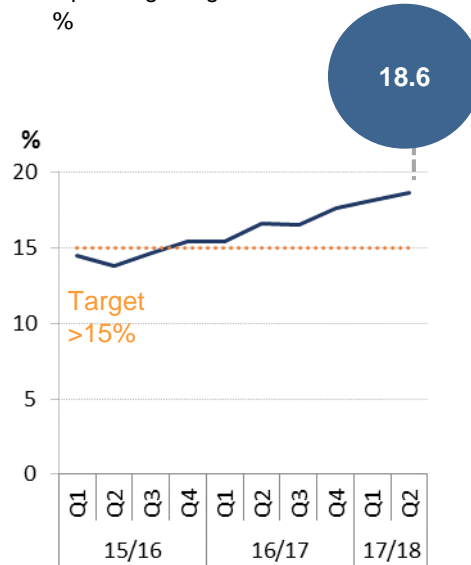
## Stability

Equity/Assets ratio  
%



## Profitability

Operating margin  
%



## Growth

EBIT/share growth  
over a 5-year period, %



Priority

# Highlights after the period

Torbjörn Kronander, CEO and President

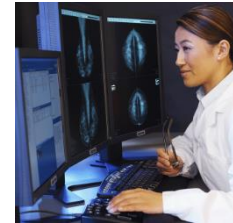
# Local and global presence

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- **Sectra subsidiaries now in 16 countries**
    - France (medical) and Finland (security) established 2015/2016, and Canada (medical) 2016/2017
  - **Imaging IT partner sales in select markets**
    - Initiated new partnership in the Philippine market 17/18 (medical)
    - New distribution partner in Saudi Arabia 17/18 (medical)
  - **Medical Education: Almost all sales through partners in various markets**
  - **Customers in > 60 countries**
  - **Sectra's largest markets are:**
    - Scandinavia
    - USA
    - UK
    - the Netherlands

# Imaging IT Solutions

Growing customer base around the world,  
Q3 examples:

- France:
  - Imapôle Lyon-Villeurbanne hospitals (radiology + mammography)
- The Netherlands:
  - Zuyderland hospital (radiology + nuclear medicine)



# Financial figures

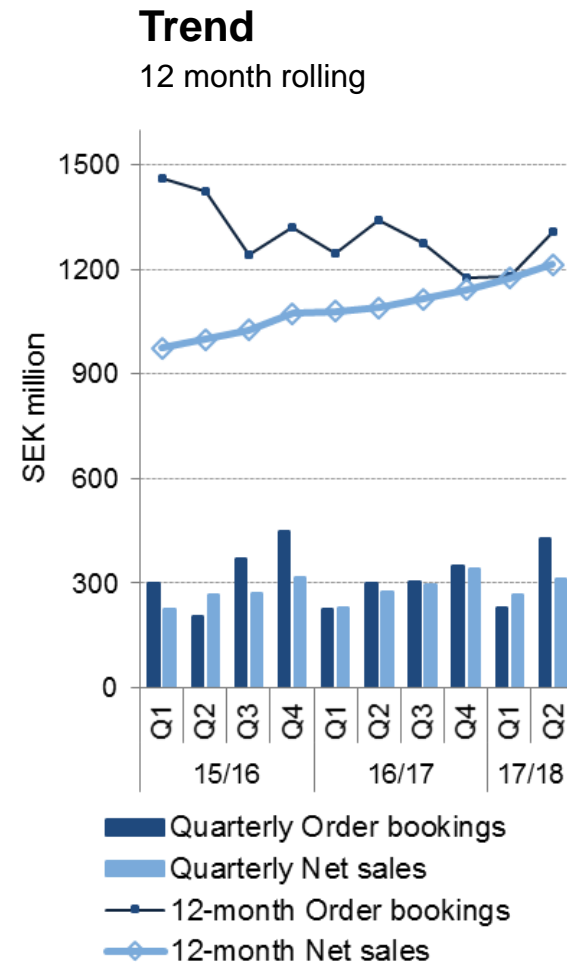
Mats Franzén, CFO



# Order bookings and net sales

Changes compared with the corresponding period previous fiscal year:

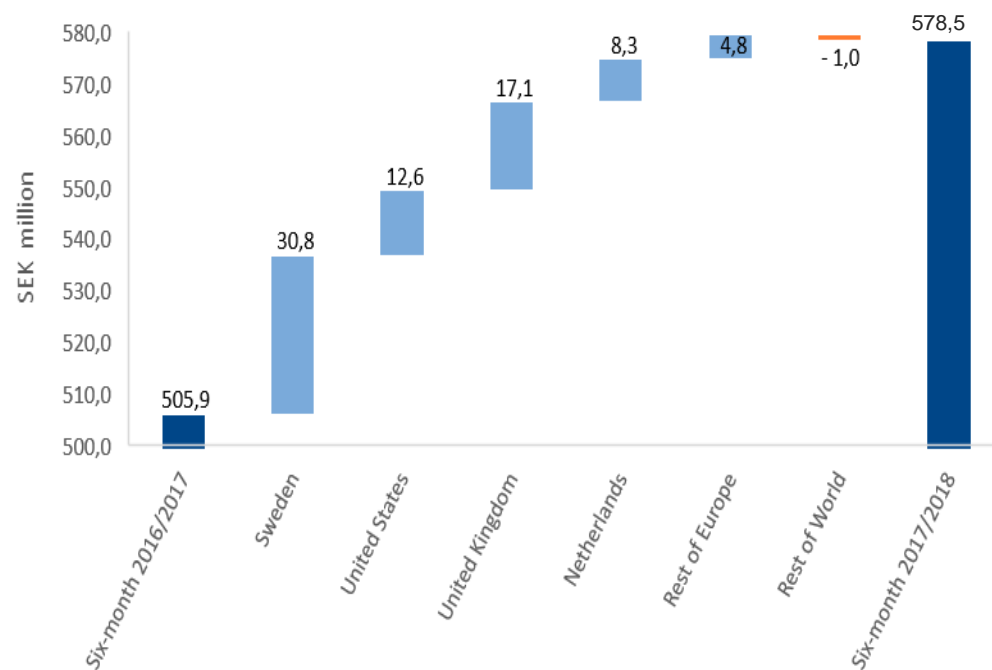
- Order intake up 24.6%
- Net sales increased 14.4%
  - Adjusted for currency fluctuations up 16.2%
- Stronger SEK impacts negatively



# Sales trend by geographic market

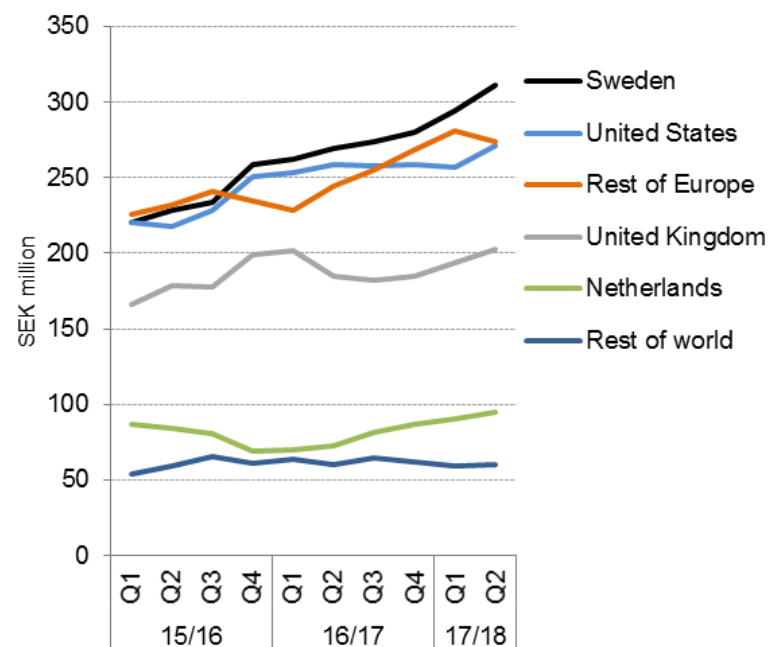
## By geographic market

Change compared to corresponding period previous year



## Trend

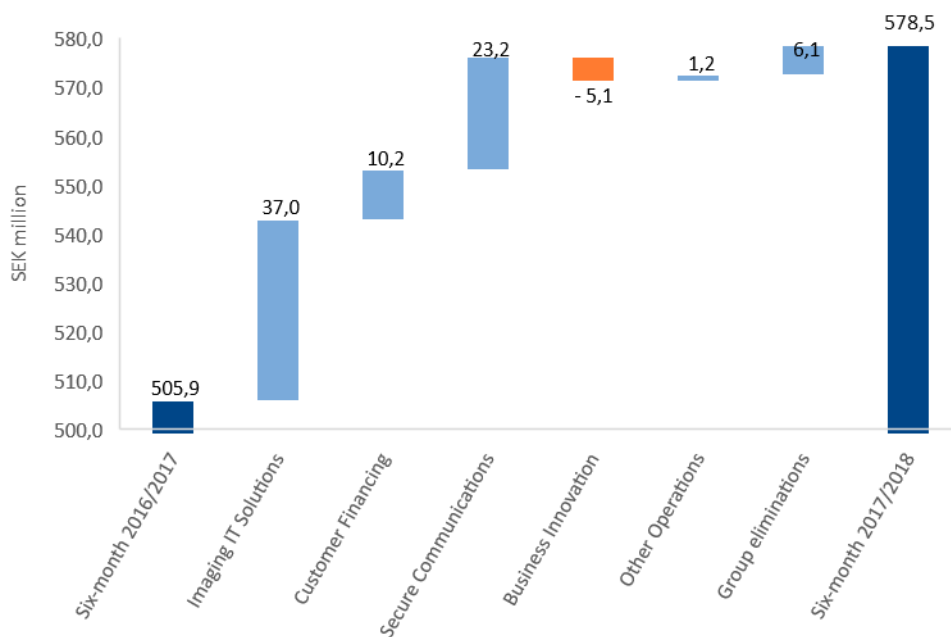
12 month rolling



# Sales trend by business segment

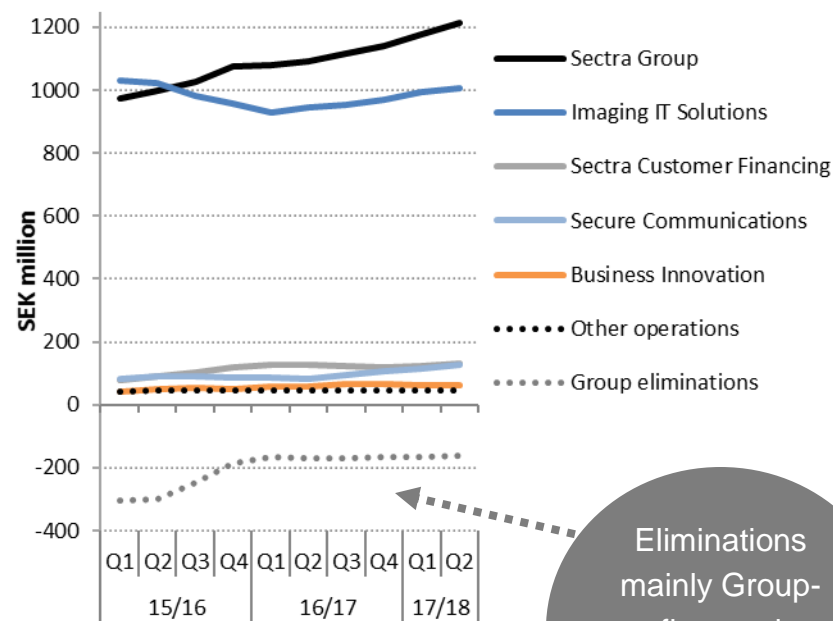
## By business segment

Change compared to corresponding period previous year



## Trend

12 month rolling

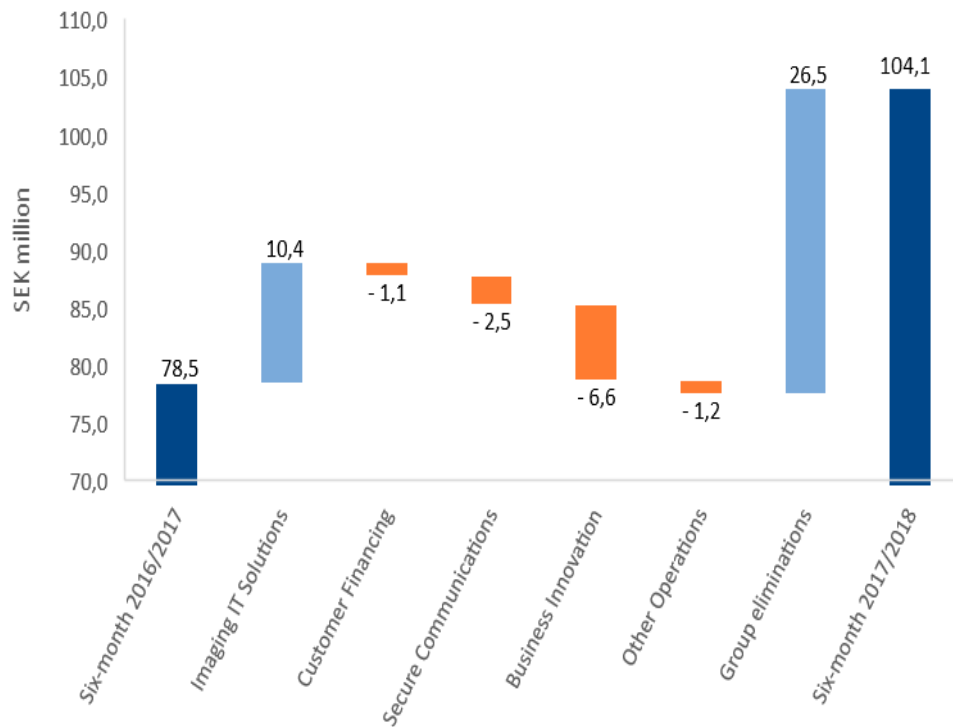


Eliminations  
mainly Group-  
financed  
customer  
contracts.

# Operating earnings trend

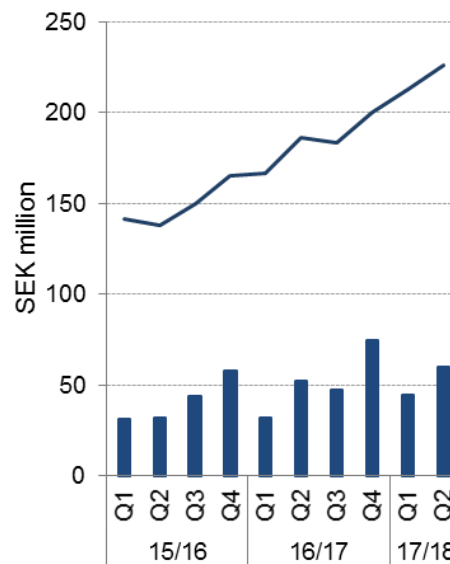
## By segment

Change compared to previous year, MSEK



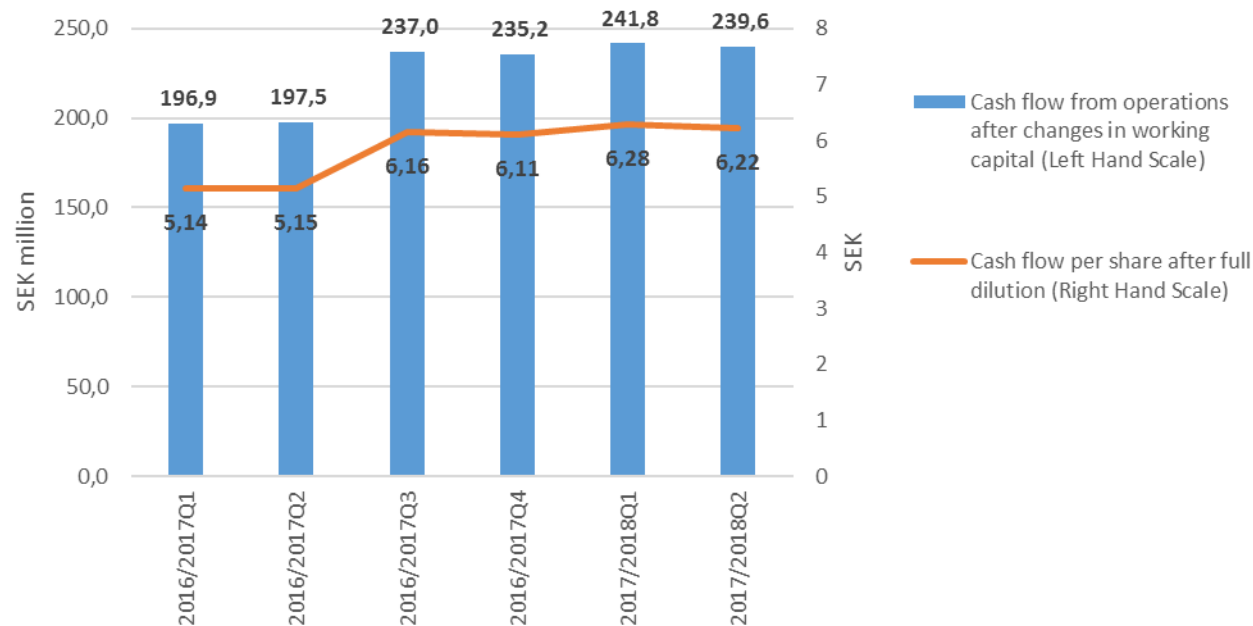
## Trend for the Group

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



# 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 one can have
- 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](http://izquotes.com)

**SECTRA**

Knowledge and passion



- 
- A glowing blue X-ray image of a human leg and foot, showing the skeletal structure. The leg is positioned diagonally across the frame, with the foot pointing towards the bottom left. The bones are highlighted in a bright blue color against a dark blue background.
- 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 shares in a few geographies
  - Target is #1 or #2 in markets where we are present
  - Focus on 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



# Upcoming financial reports & AGM 2018

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- **March 12, 2018: Nine-month report**
  - Public announcement 8:00 a.m.
  - Teleconference 10:00 a.m.
- **May 29, 2018: Year-end report**
  - Public announcement 8:00 a.m.
- **September 6, 2018: Annual General Meeting**
  - 3.30 p.m. in Linköping, Sweden

Your feedback is important!

Please let us know what you think at

[www.sectra.com/irsurvey](http://www.sectra.com/irsurvey)

# Questions?

If you follow online, please email your questions.



# SECTRA

*Knowledge and passion*

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