

Nine-month report 2017/2018:

# Sectra tops customer satisfaction for fifth consecutive year

Presentation March 12, 2018

Torbjörn Kronander, CEO and President Sectra AB

Mats Franzén, CFO Sectra AB

# Highlights from Q3

Torbjörn Kronander, CEO and President

# RATED #1 IN CUSTOMER SATISFACTION

5 years and counting



PACS



PACS & GLOBAL  
(NON-US) PACS



PACS & GLOBAL  
(NON-US) PACS



PACS & GLOBAL  
(NON-US) PACS



PACS & GLOBAL  
(NON-US) PACS

“From their executive leadership down to their field engineers, Sectra is dedicated to helping us provide excellent patient care. Providing excellent patient care is the ultimate goal of every hospital. Sectra’s people are great all around.”

Manager, USA, December 2017  
on the KLAS website

# SECTRA

# Why does Sectra win Best in KLAS?

- The stability and usability of Sectra PACS—“high availability”
- The quality of implementation and training
- Effective integrations with EMRs and other systems
- Proactive service organization
- The knowledge and passion of our employees worldwide

“The advantages of Sectra PACS compared to other solutions are its performance, reliability, and user interface.”

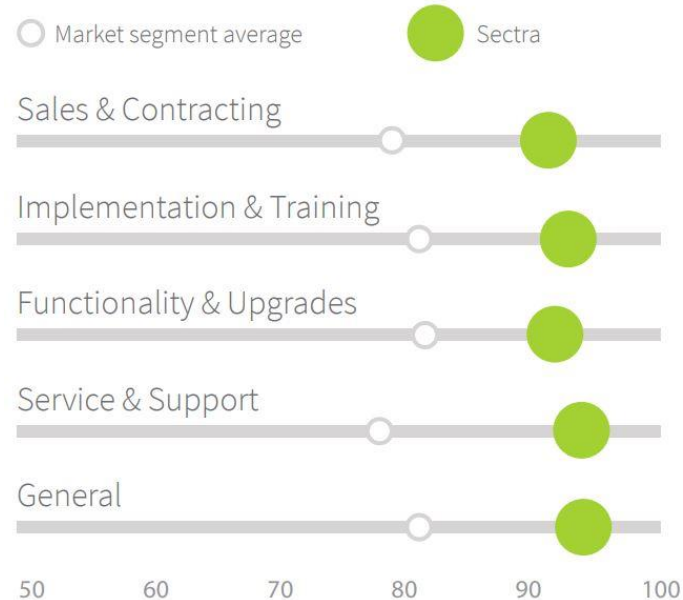
VP/Other Executive, December 2017  
on the KLAS website

# Sectra's KLAS 2018 scores; US



## How do they **score**?

In five key performance categories

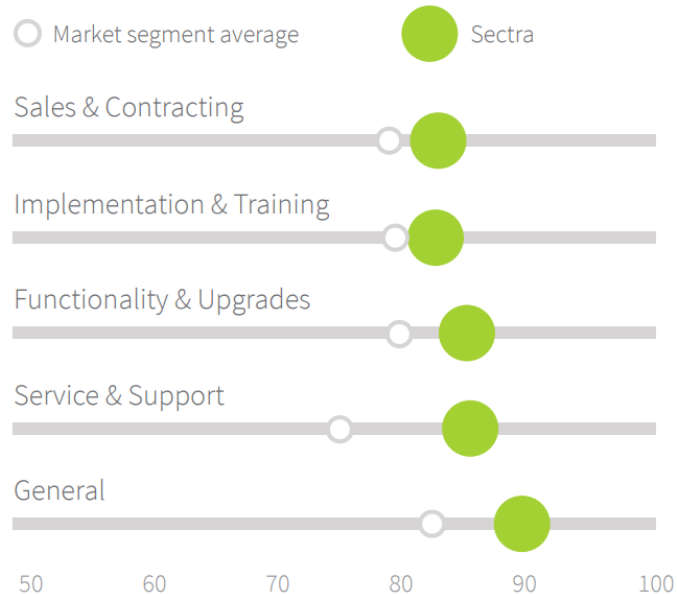


# Sectra's KLAS 2018 scores; Global



## How do they **score**?

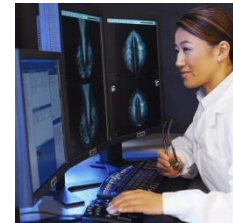
In five key performance categories



# Imaging IT Solutions

Growing customer base around the world,  
Q3 examples:

- **The Netherlands**
  - Zuyderland hospital (radiology)
- **France**
  - Imapôle Lyon-Villeurbanne (radiology)
- **Sweden**
  - Veterinary chain Evidensia Sweden (Cloud based radiology)



# Imaging IT Solutions/Research

Artificial intelligence (AI)/machine learning:

- Work in progress
- Increase the efficiency of physicians' daily work, not replace them
- Vendor-neutral integration of applications in Sectra's solution for managing medical images



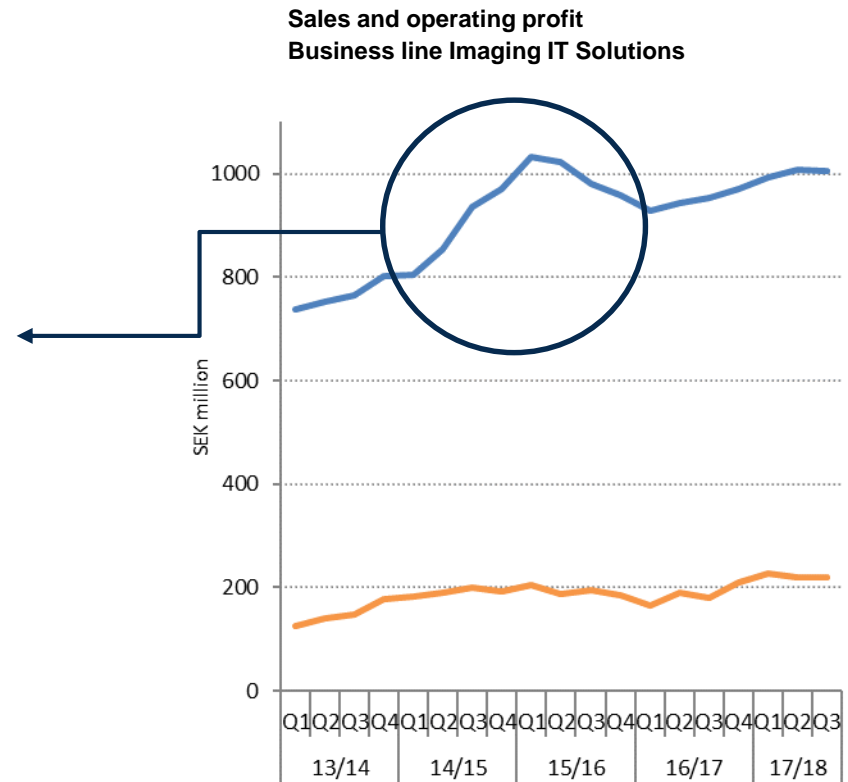
According to a new report, Sectra top a list of vendors ranked for their ability to set and deliver on expectations related to AI in medical imaging.

Artificial Intelligence in Imaging 2018,  
Klas Research



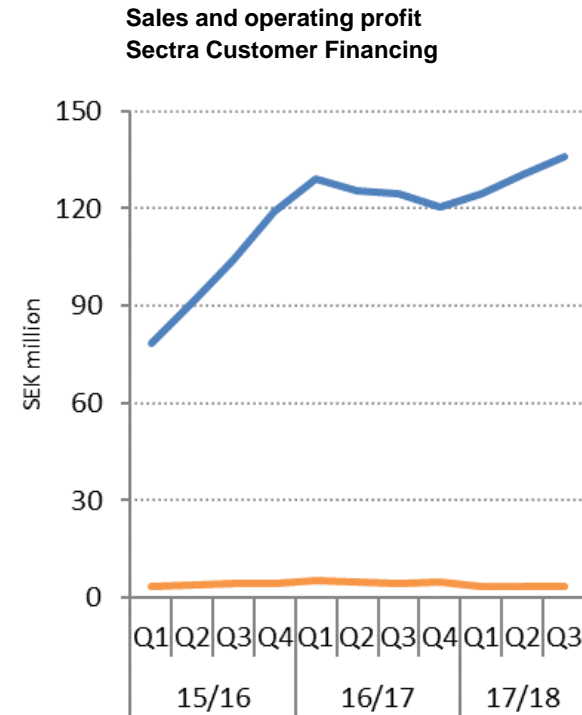
# Imaging IT Solutions

- Good trend
- 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



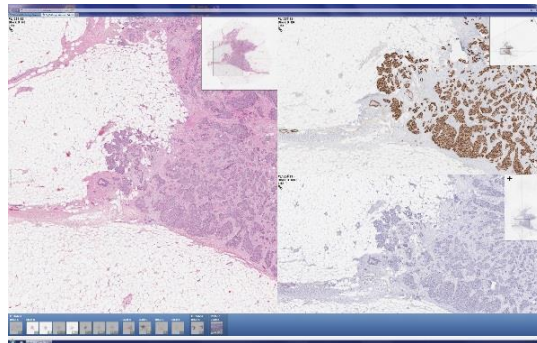
Research

## Secure Communications



IT security for  
critical infrastructure

## Imaging IT

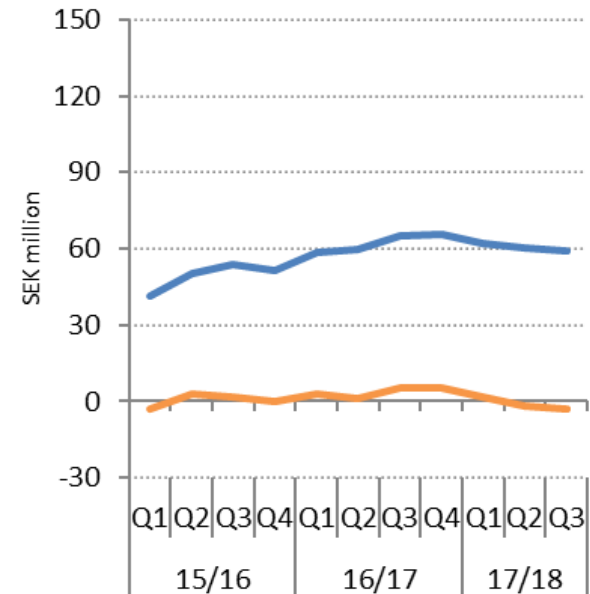


Digital pathology

# Business Innovation

- Products are undergoing a generational shift
- New areas within orthopaedics:
  - Visualization and planning for 3D trauma surgery (Pre OP)
  - Sectra Implant Movement Analysis (Post OP)
- Medical Education transition:
  - From device delivery to a Service including cloud-based content
- Research:
  - Machine learning, digital pathology and orthopaedics

Sales and operating profit  
Business Innovation



# Business Innovation

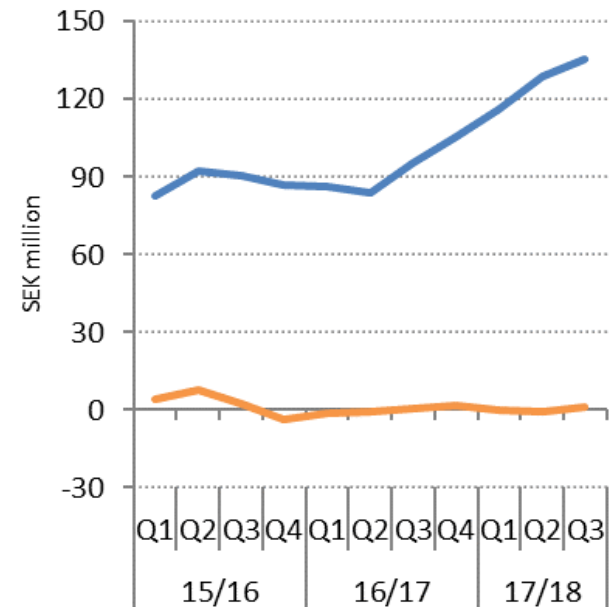
- Hospital for Special Surgery in the US ordered Sectra's 3D visualization and planning solution
- Telemedicine Clinic signed a partnership agreement to provide Swedish customers with access to the Sectra Implant Movement Analysis service.



# Secure Communications

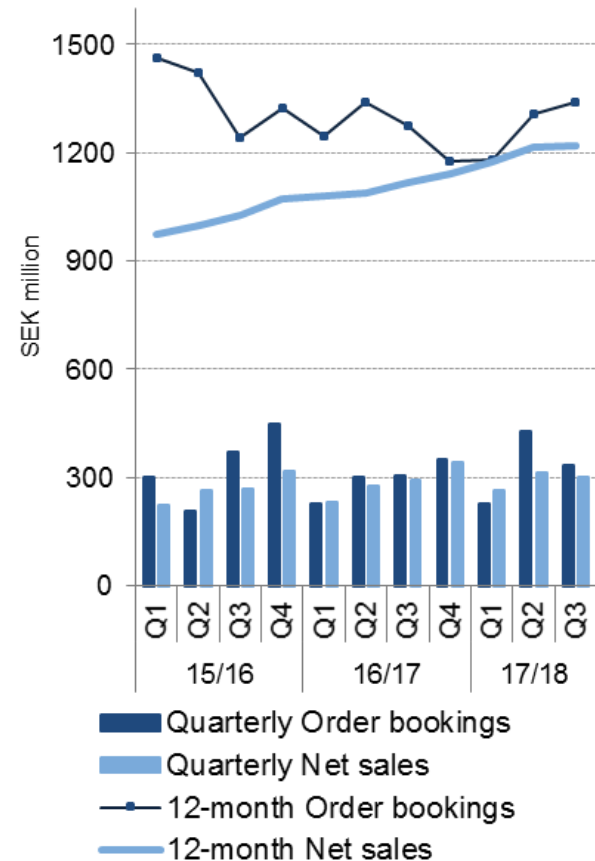
- Increasing interest in Sectra Tiger eco systems
- Increase in crypto development assignments
- Investments in Critical infrastructure and new geographic areas
- Good order intake and growth in Critical infrastructure

Sales and operating profit  
Secure Communications



# Order bookings for the Group

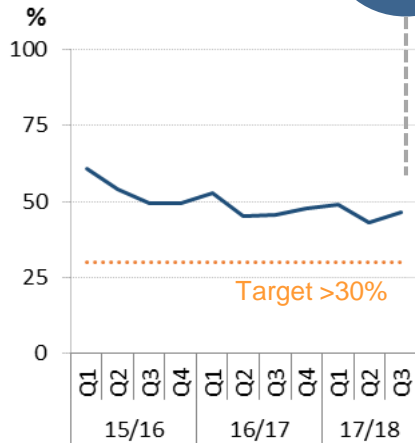
- All segments report Q3 improvements in order intake
- Large variation between quarters as orders sometimes are very large



# All financial targets for the Group fulfilled

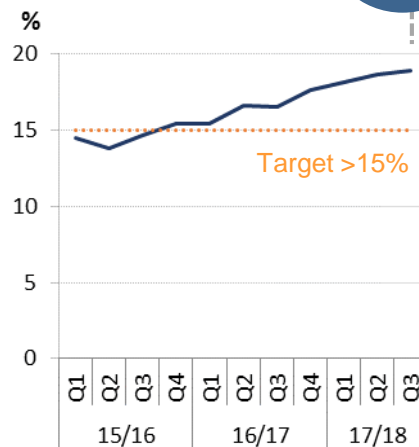
## Stability

Equity/Assets ratio  
%



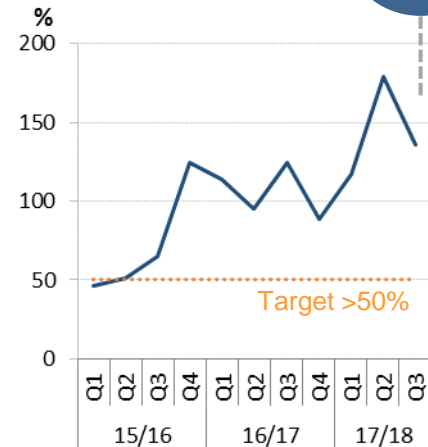
## Profitability

Operating margin  
%



## Growth

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



Priority



# Highlights after the period

Torbjörn Kronander, CEO and President

# Secure communications

- Major company in the energy sector orders Sectra's monitoring service for critical process systems.
- The agreement extends for five years and covers monitoring at several locations in Sweden.



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

# 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.

# Imaging IT Solutions

Integrated diagnostics solutions contribute to improved cancer care:

- Dalarna County Council in Sweden order Sectra's digital pathology solution

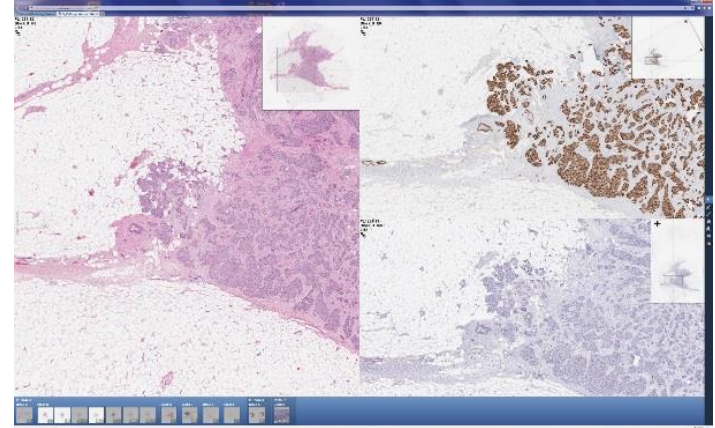


# Digital pathology @ Sectra

- Large market interest
- FDA application in process
- Several new orders in Sweden and abroad

## Growth strategy:

- Moved from Research to Imaging IT solutions.
- An open system that uses same IT back end system as radiology
- Expedite FDA submission as soon as possible



Digital pathology: The next wave in digitization of hospitals.

# Financial figures

Mats Franzén, CFO

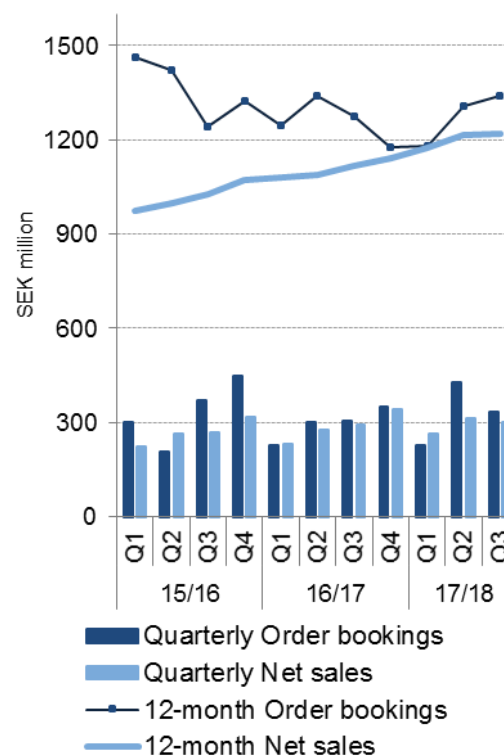
# Order bookings and net sales

Changes compared with the corresponding period previous fiscal year:

- Order intake up 19.8%
- Net sales increased 9.8%
  - Adjusted for currency fluctuations up 11.9%
- Stronger SEK impacts negatively

## Trend

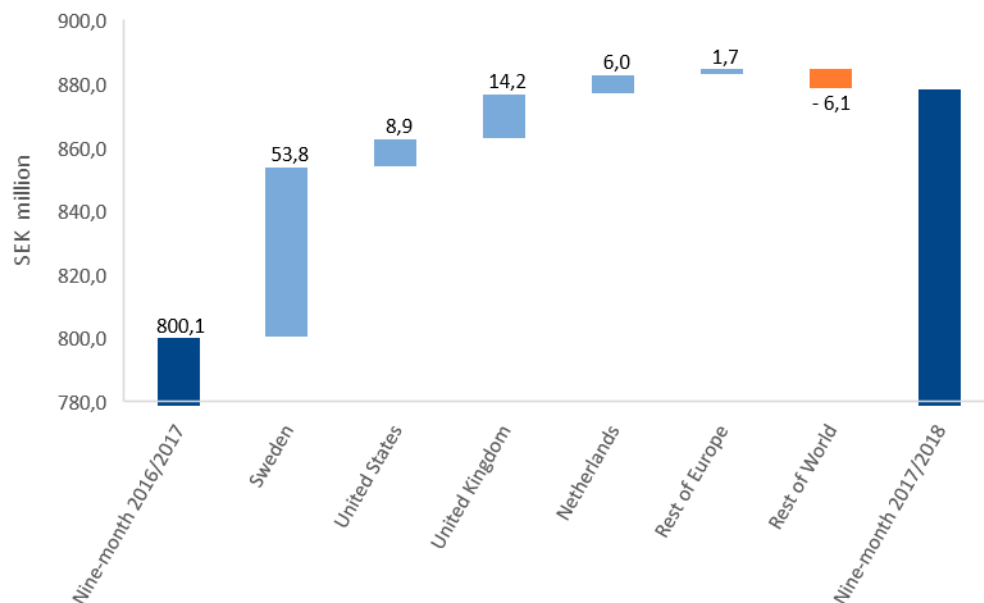
12 month rolling



# Sales trend by geographic market

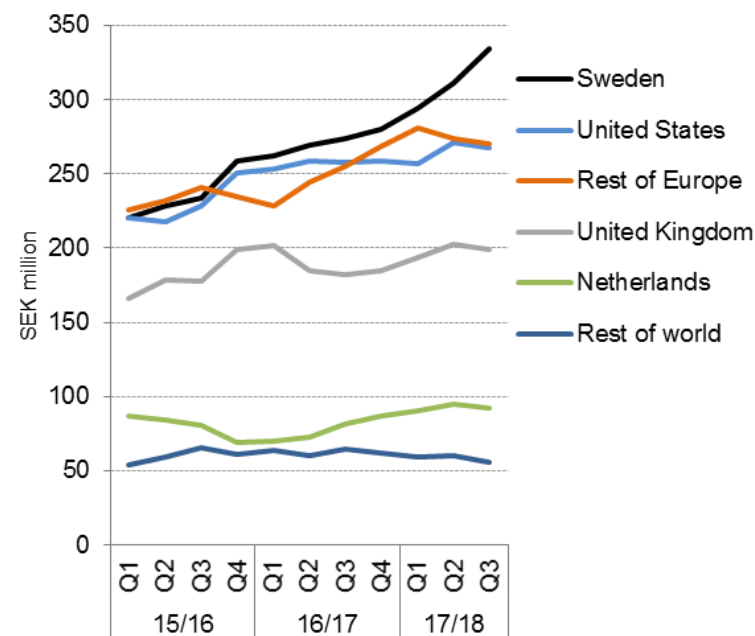
## By geographic market

Change compared to corresponding period previous year



## Trend

12 month rolling

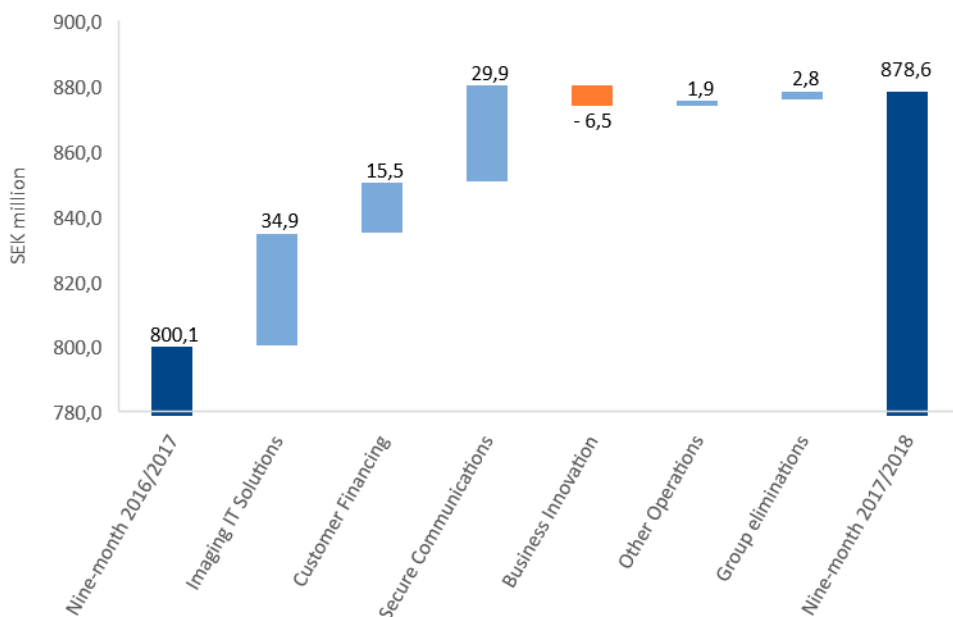




# Sales trend by business segment

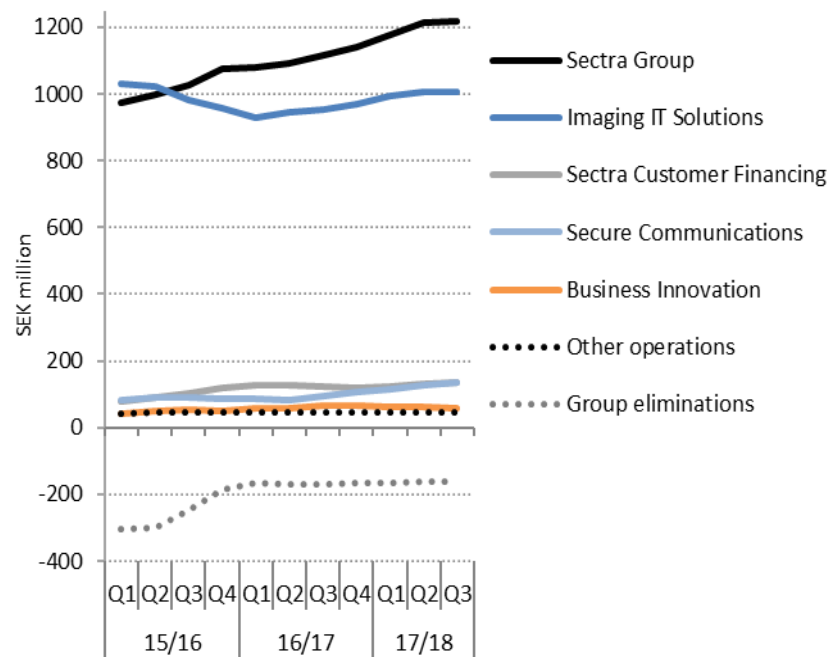
## By business segment

Change compared to corresponding period previous year



## Trend

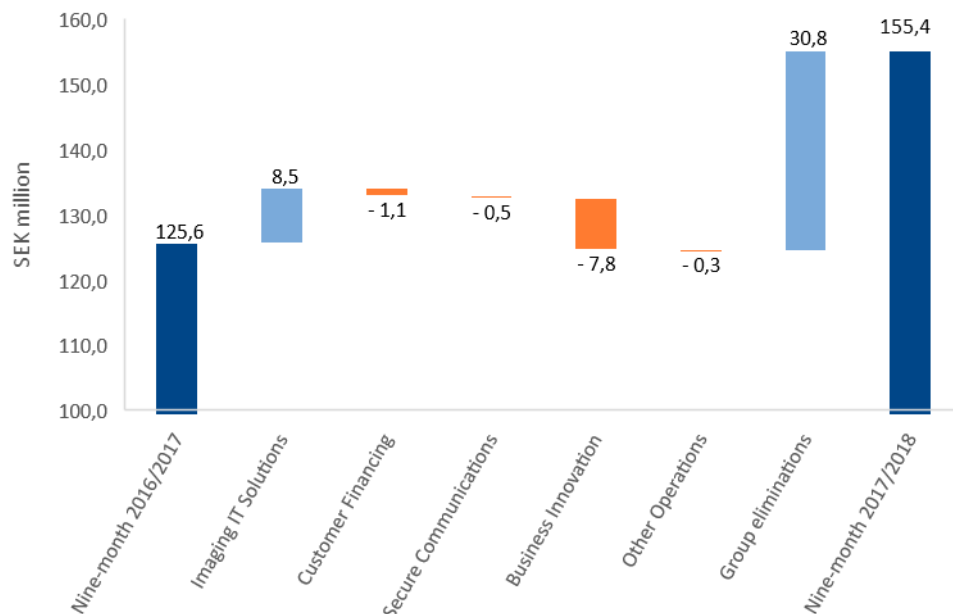
12 month rolling



# Operating earnings trend

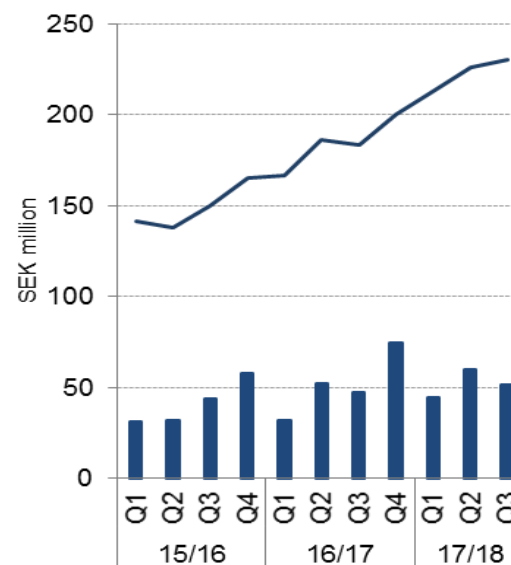
## By segment

Change compared to corresponding period previous year, MSEK



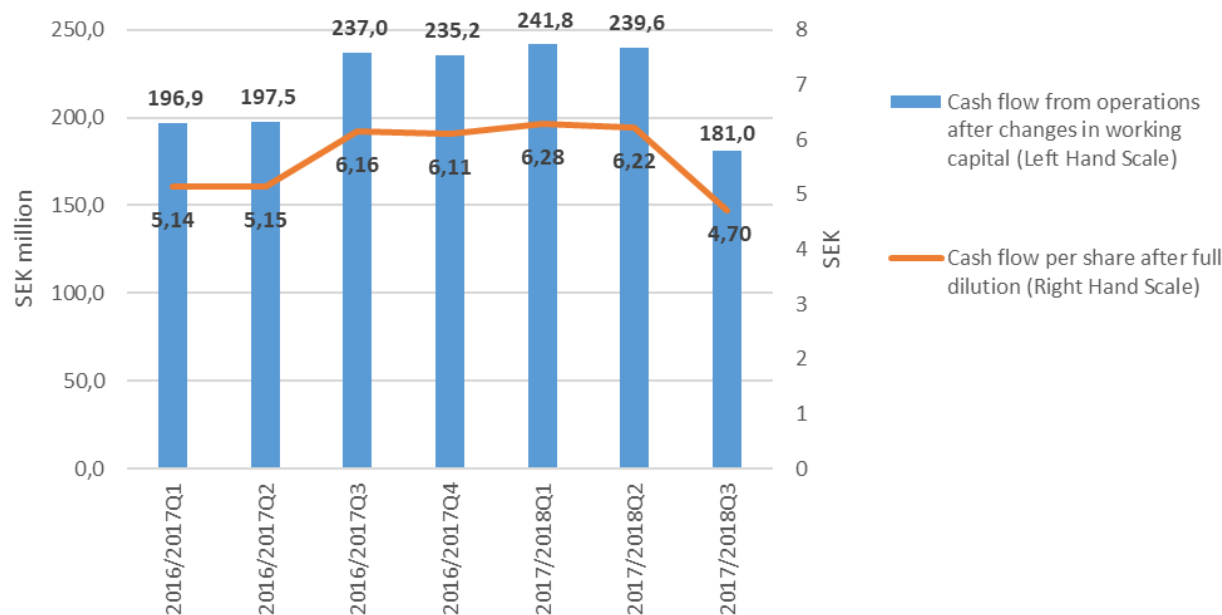
## Trend for the Group

12 month rolling



# Cash flow

- Several comprehensive, long-term contracts signed 17/18 – will tie up considerable capital during the installation 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"!



# Medical

- Customer satisfaction
- Outcomes/Cost
- Enterprise healthcare IT
- Machine learning
- Cybersecurity





# Cybersecurity

- Customer satisfaction
- Top of the line security
- Critical infrastructure
- Internationalization and growth

**SECTRA**

Knowledge and passion

# Focus forward

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- Maintain high customer satisfaction
- Reach financial targets
- Growth in EBIT/share
- Prioritize large market shares in a few geographies
  - Target is #1 or #2 in markets where we are present
  - Grow in the USA (Medical)





# Being a shareholder in Sectra

# Why Sectra?

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



# Upcoming financial report & AGM 2018

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- **May 29, 2018: Year-end report**
  - Public announcement 8:00 a.m.
  - Presentation in Stockholm 12:00 noon
- **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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