

Q2 report 2019/2020

# Sectra Imaging IT Solutions' order bookings exceed SEK 2 billion rolling 12

Presentation November 29, 2019

Torbjörn Kronander, CEO and President Sectra AB

Mats Franzén, CFO Sectra AB

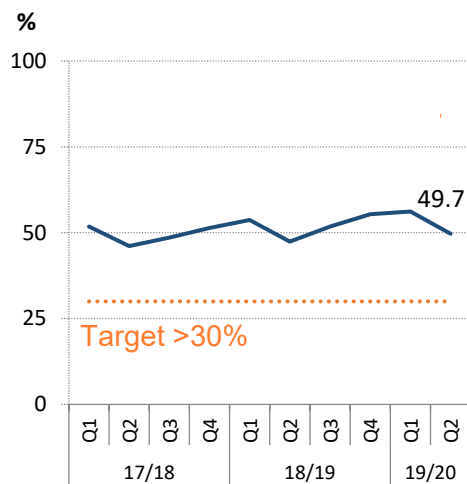
# Highlights and trends

Torbjörn Kronander, CEO and President

# Financial targets for the Group

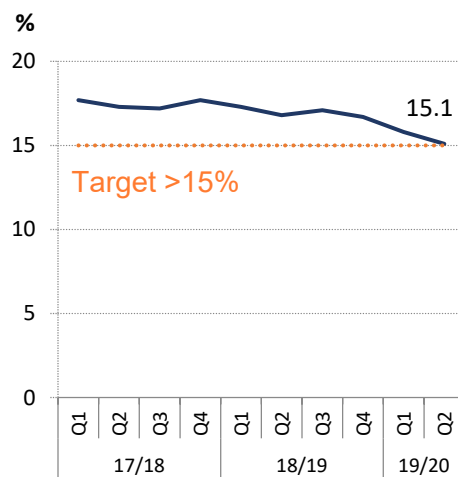
## 1. Stability

Equity/Assets ratio



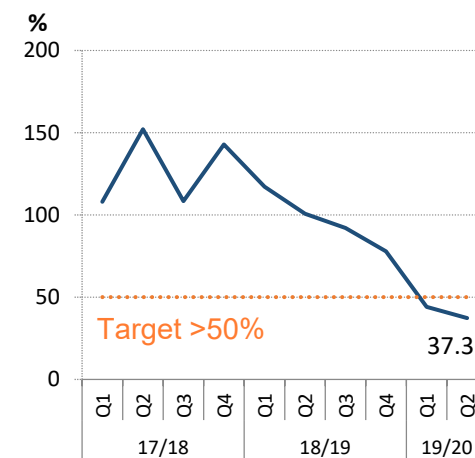
## 2. Profitability

Operating margin



## 3. Growth

EBIT/share growth over a 5-year period



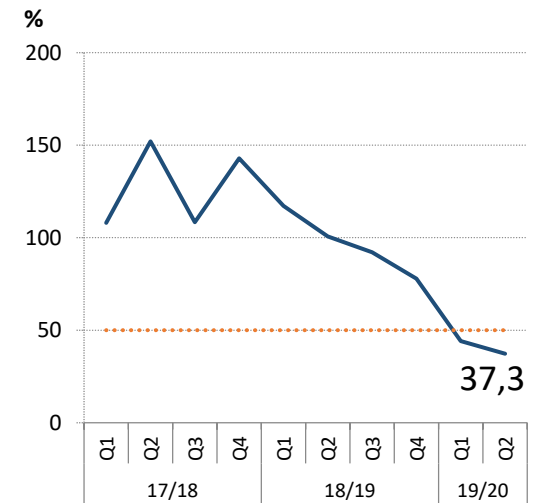
Priority

# Growth target is not fulfilled, why and what happens now?

- Many new customers and large long-term projects requires investments
- Will gradually shift to increased revenue and margin during second half of 19/20
- We keep the goal as is and goals should be met

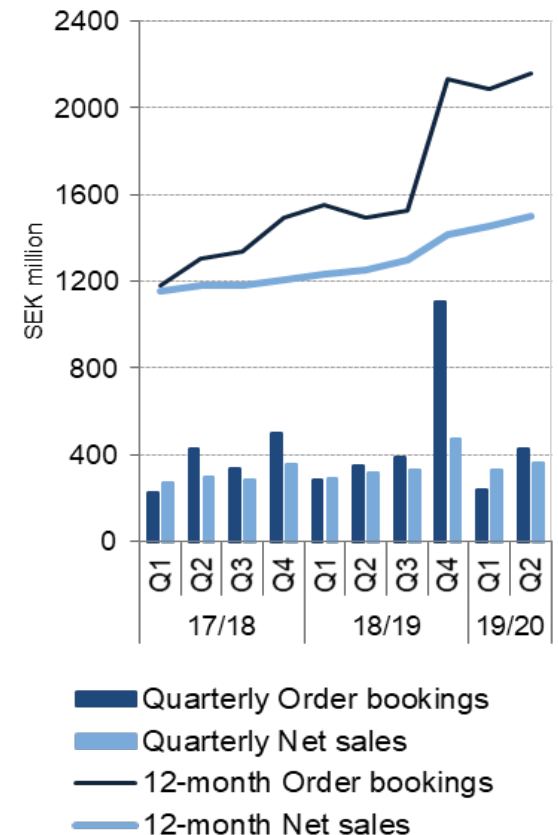
## Growth

EBIT/share growth over a 5-year period



# Order bookings for the Group

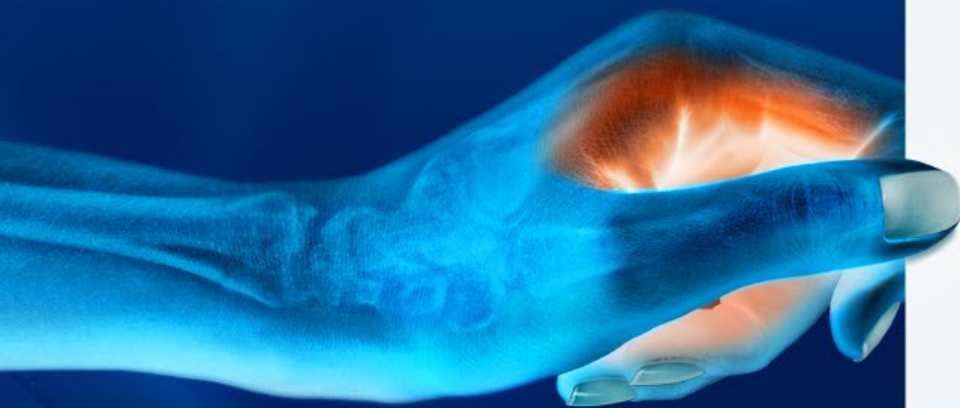
- Record-high 18/19 order booking is in deployment phase
- Historically large variation between quarters has increased further with some very large orders



# Local and multi-national presence

- Direct sales in 19 countries
  - » France (medical) and Finland (security) established 2015/2016
  - » Canada (medical) 2016/2017
- Partner sales in select markets and business units
- Customers in > 60 countries
- Sectra's largest markets are:
  - » USA
  - » Scandinavia
  - » UK
  - » Netherlands





# Secure Communications

# Quantum secure product receive national security approval

Latest version Sectra Tiger/S approved by the Dutch national security agency for use up to and including the Geheim (SECRET) security level.



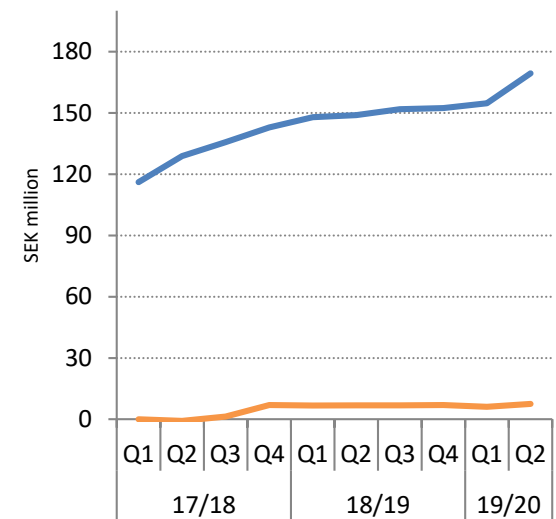
**SECTRA**



# Trend

- Expanding secure mobile communications offering
- Growth in critical infrastructure
- Growth initiatives:
  - Critical infrastructure product area
  - Mobile secure ecosystems
  - New geographic areas, active sales now also for CI in Finland and Norway

Sales and operating profit  
Secure Communications



# Acquisition of Columbitech assets Q1

Part of our investment in products for highly secure mobile workplaces.

Broadens portfolio with a world leading mobile VPN.

Adds USA to the markets for Secure Communications.





# Imaging IT Solutions

**SECTRA**

# Dutch hospitals chose Sectra

New orders from:

- » The University Medical Center Groningen
- » Ziekenhuis Gelderse Vallei
- » Maastricht University Medical Center



# Large US customers chose Sectra

New orders from:

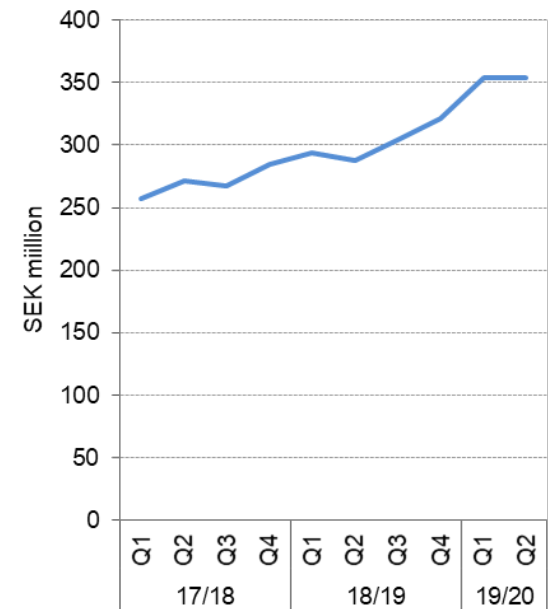
- » Grady Memorial Hospital
- » Marshfield Clinic Health System



# Trend in the US

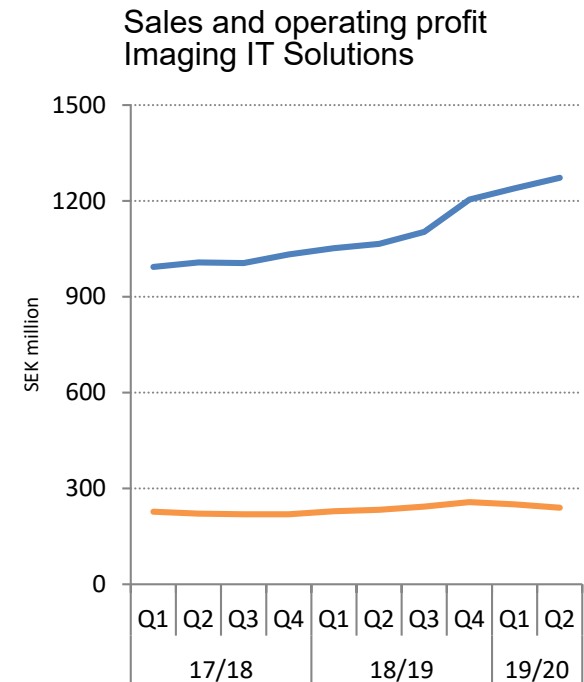
- Special focus area
- Recent orders from luminary customers strengthen Sectra's market position
- Opportunities:
  - The world's largest market
  - Sectra tops customer satisfaction
  - Small, but growing, market share

Revenue trend  
in the US market



# Trend in Imaging IT solutions

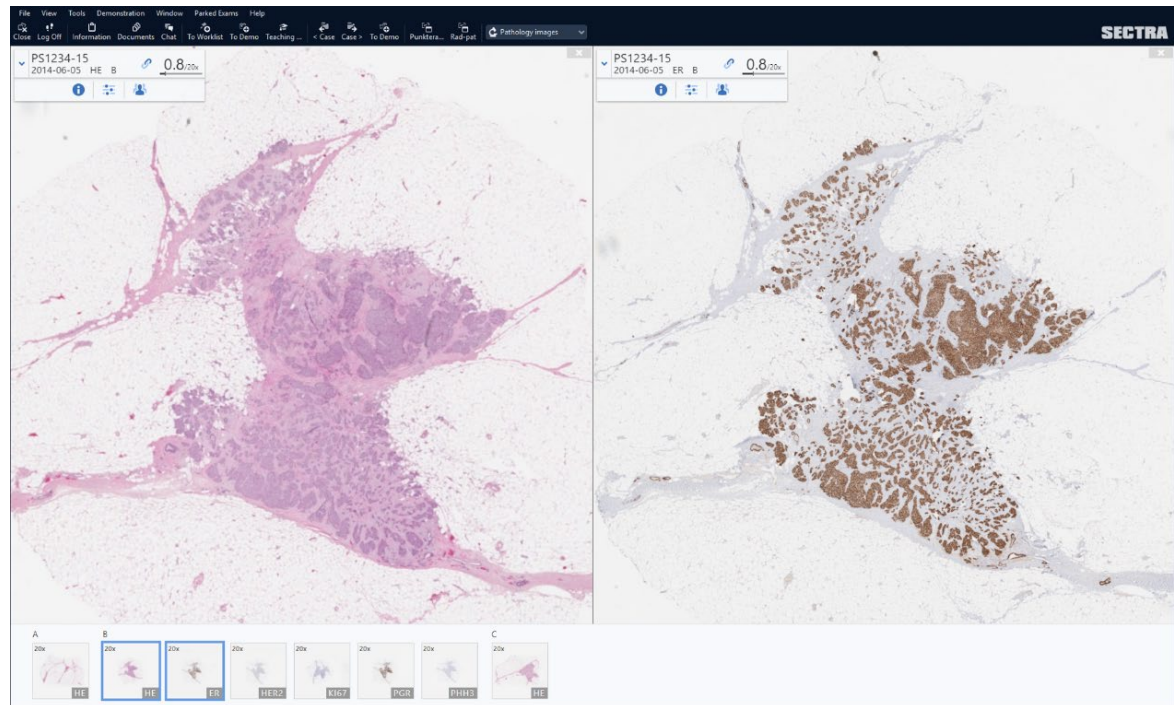
- Adding new customers
- Extending and increasing contracts with existing customers
- Strengthened delivery capacity
- Example of growth initiatives:
  - Focus US
  - Digital pathology & integrated diagnostics
  - Cardiology
  - New markets, direct and indirect





# Digital pathology @ Sectra

The next  
wave in  
digitization  
of hospitals





# Digital pathology @ Sectra

## Status

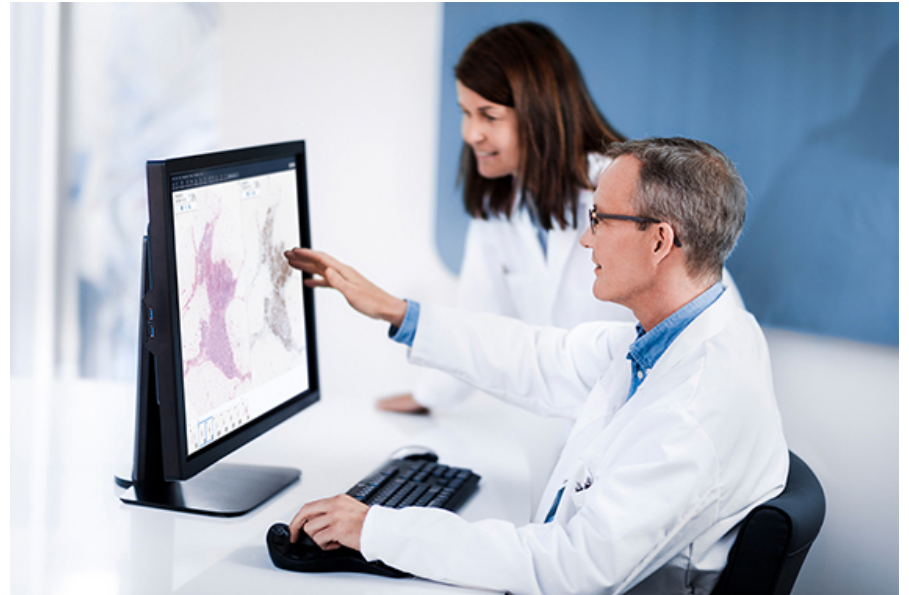
- The last frontier in digitization of medical images
- Large synergies with Radiology
- Sweden is world leading in digital pathology penetration
- Sectra has a dominant market share in Sweden
- Nationwide telepathology solution in the Netherlands
- Increasing sales in the UK

## Growth strategy

- A single system for Pathology, Radiology and Cardiology Imaging
- Integrated diagnostics
- FDA application filed

# Digital pathology application submitted to FDA

Application in  
combination with Leica  
Biosystem's market  
leading and already-  
approved scanner.



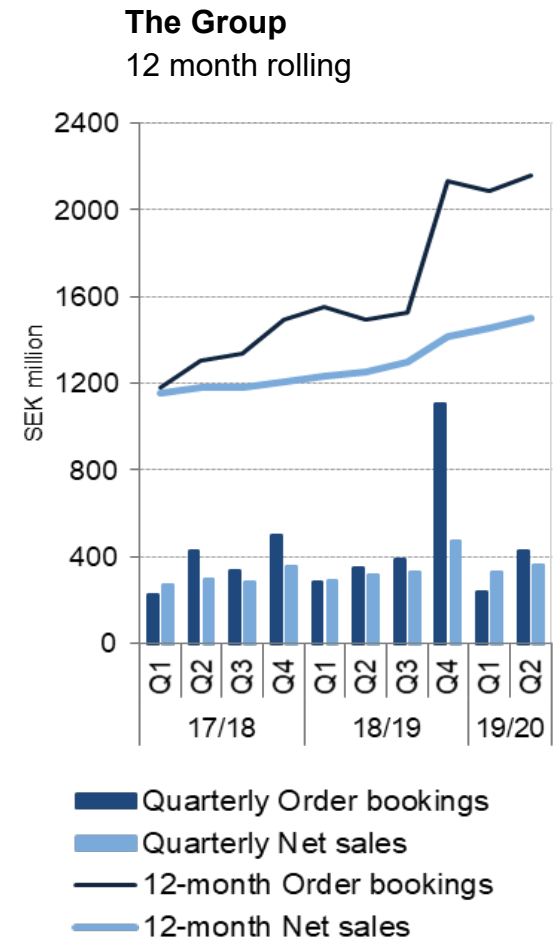
# Financial figures

Mats Franzén, CFO

# Trend in order bookings and net sales

- Order intake +4.3%
- Net sales +14.1%
  - Adjusted for currency fluctuations up 11.3%
- Weaker SEK
  - USD 7,6%
  - EUR 2,8%
  - GBP 2,6%

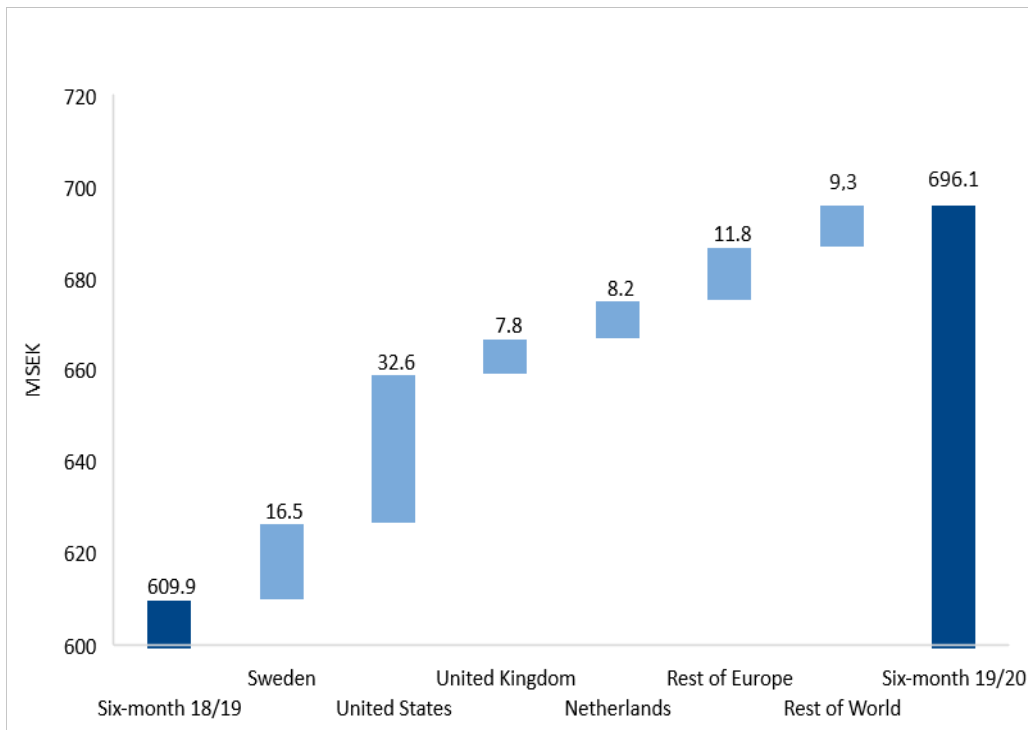
Changes compared with the corresponding period the preceding fiscal year.



# Sales trend by geographic market

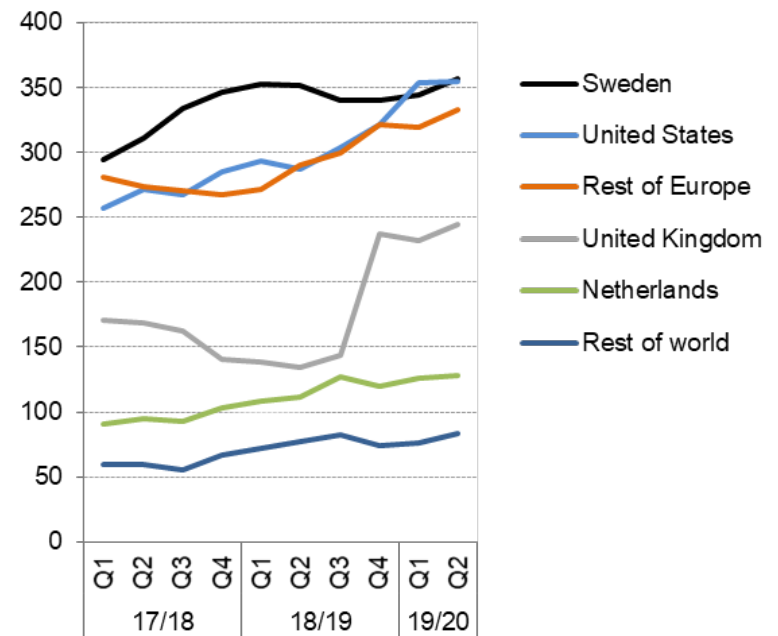
## – all areas are growing

By geographic market



Trend

12 month rolling

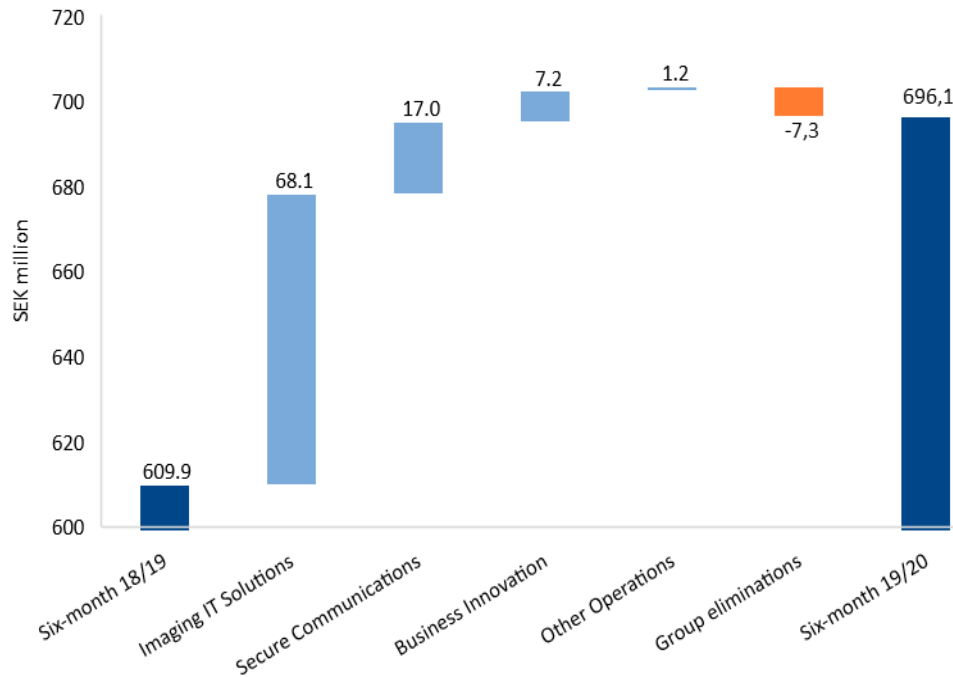


Changes compared with the corresponding period the preceding fiscal year.

# Sales trend by business segment

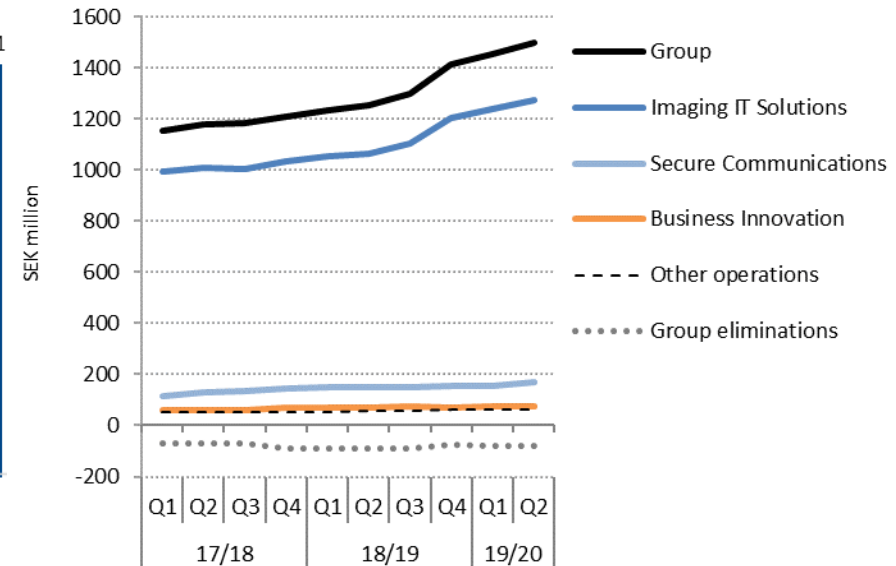
## – all business segments are growing

By business segment



Trend

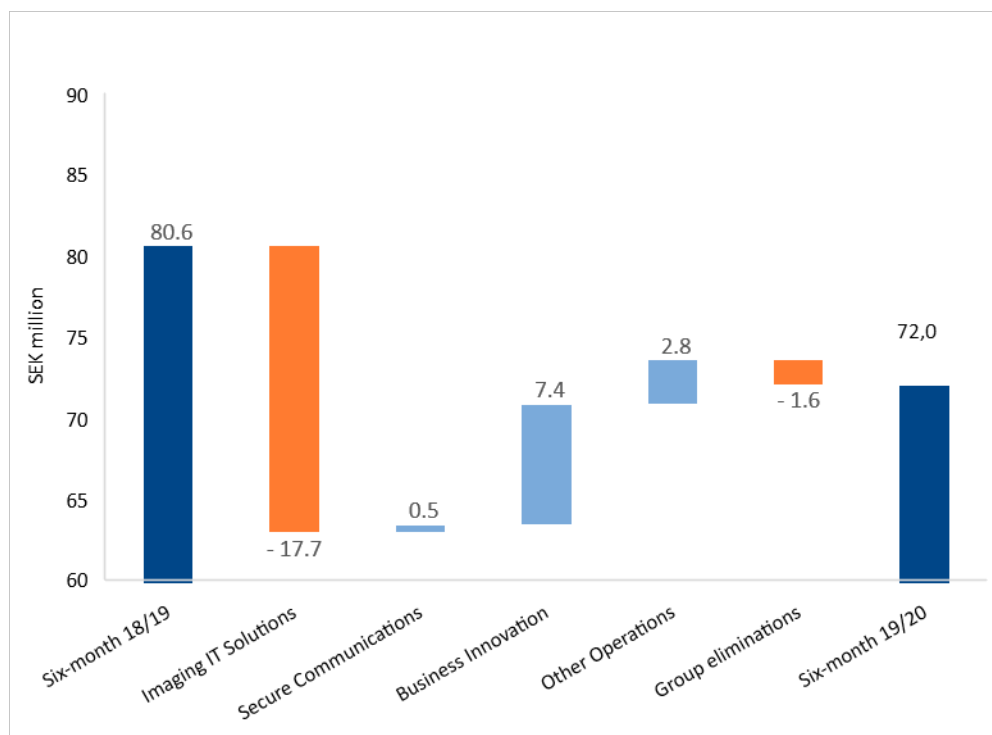
12 month rolling



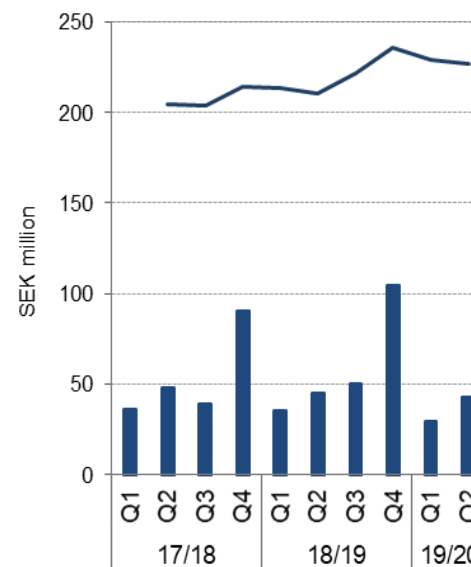
Changes compared with the corresponding period the preceding fiscal year.

# Operating earnings trend – investments in Imaging IT

By segment



Trend for the Group

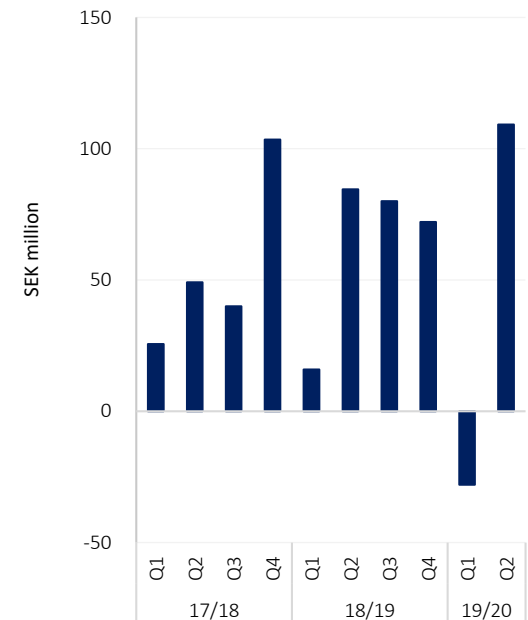


Changes compared with the corresponding period the preceding fiscal year.

# Cash flow

- Several large contracts signed 18/19 ties up considerable capital and resources during the installation phase
- Starting in the second half year, the contracts will contribute to a solid future

Cash flow after changes in working capital





# Sectra's way forward

Torbjörn Kronander, CEO and President

# Sectra's markets

- Sectra is positioned in healthcare IT and cyber security – markets where society dynamics mandates growth
- Growth is easier in growing markets



# #1 in customer satisfaction – 6 years straight



# Philosophy – Keep staff happy



#3

**Sectra**

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Sweden's Best Employers 2019



**SECTRA**

# Philosophy - Shareholders

If you have

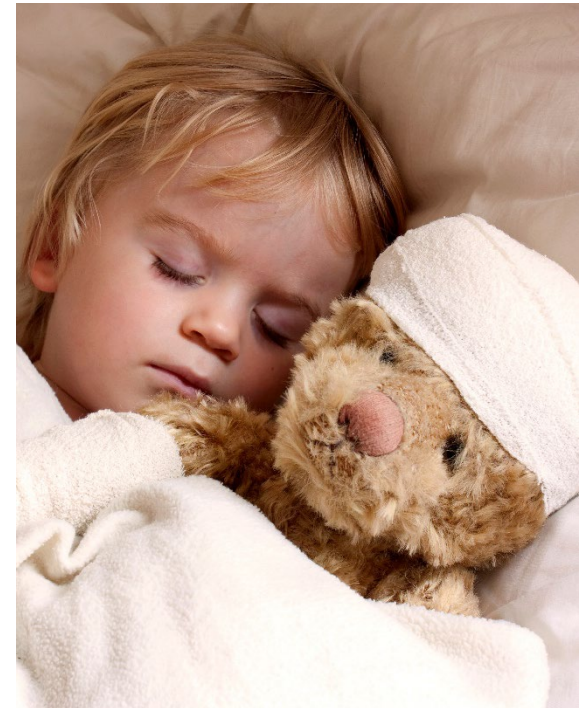
- Happy customers
- Happy employees
- Perseverance and reasonable cost control
- A good position in growing markets
- Then shareholders WILL be happy



# Being a shareholder in Sectra

# Why Sectra?

- High customer satisfaction
- High employee 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 niche markets with substantial underlying growth
- Management owns shares
- Sustainable investments in R&D with exciting future opportunities



# Upcoming AGM, financial report & CMD

- March 4, 2020: Nine- interim report and presentation
- June 3, 2020 Year-end report and presentation
- September 8, 2020 AGM in Linköping



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Knowledge and passion

# Questions?

If you follow online, please use the email button or  
send questions to: [info.investor@sectra.com](mailto:info.investor@sectra.com)

# SECTRA

*Knowledge and passion*

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