

Q1 interim report 2016/2017:

Multiyear managed-services agreements contribute to Sectra's positive performance

Telephone conference September 5, 2016

Torbjörn Kronander, CEO and President

Simo Pykälistö, CFO and Executive Vice President

We contribute to a healthier and safer society.

SECTRA
Knowledge and passion

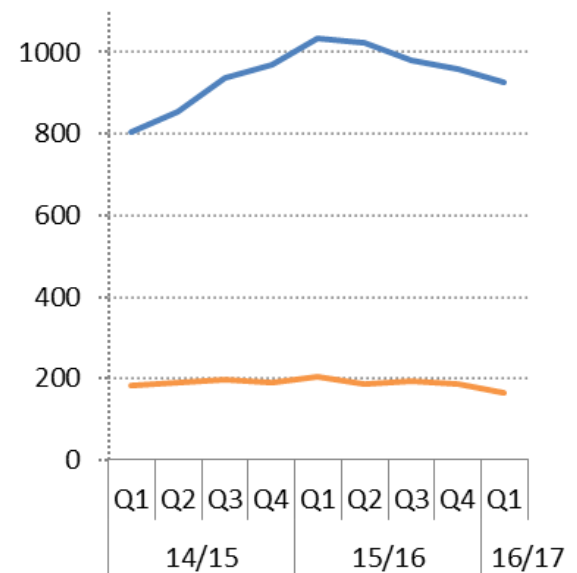
Q1 Highlights

Torbjörn Kronander, CEO and President Sectra AB

Imaging IT Solutions

- Decreased sales in “Rest of Europe”.
- The large demand boost in the UK is now passed.
- Negative impact of currency exchanges rates.
- Increasing focus on cancer diagnostics.
- Growing number of pilot installations in Digital pathology.

Net sales and operating profit
Business line Imaging IT Solutions



Long-term contract signed in the Netherlands

- Track record of 100% availability in radiology IT secures long-term Vendor Neutral Archive (VNA) contract with Dutch Alrijne Hospital.
- Consolidation and coordination of healthcare resources to increase cost efficiency.



peer60: “Hottest trends in Imaging IT in the UK”

- UK is a very important market for Sectra;
- peer60 report May 2016:
 - The number of imaging examinations conducted over the last ten years has increased by over 40%,
 - UK CAGR of 3.4% expected.
 - Digital pathology not included



Enabling more efficient cancer care

- Kuopio University hospital orders Sectra's solution for digital pathology.
- Kuopio is a previous Radiology PACS customer and the solution is part of Sectra's Integrated Diagnostics framework.

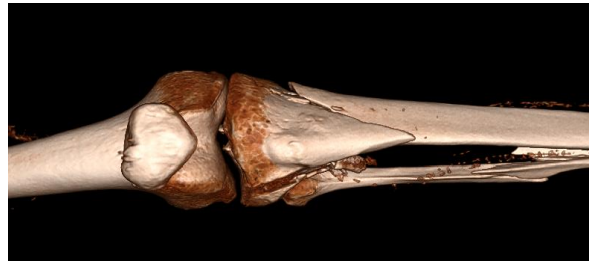


Future growth projects

Business Innovation



Medical education



Software systems for planning orthopedic surgery



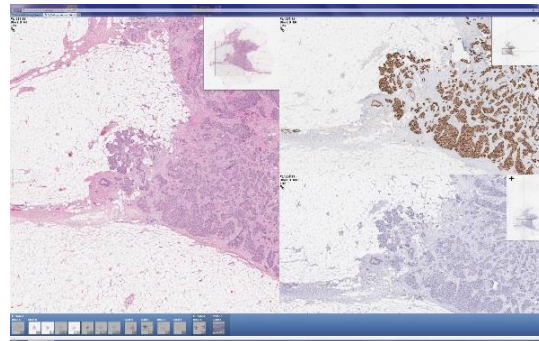
Research

Secure Communications



IT security for critical infrastructure

Imaging IT



Digital pathology

Research

- Special focus on the diseases related to aging:
 - cancer (incl. pathology)
 - skeletal
 - (circulatory)
 - (neurodegenerative)

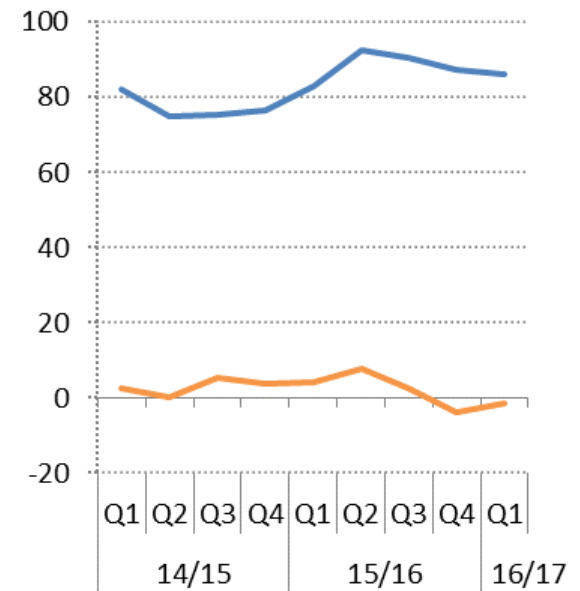


Some
10-15%
of net sales
is invested in
R&D
each year

Secure Communications

- Slight improvement over Q4.
Reported profit.
- Increasing interest outside Sweden
for Tiger-systems.
- Critical infrastructure; substantial
interest but a slow market

Net sales and operating profit
Business line Secure Communications



Long-term investments in Critical IT security

- Growth strategy:
 - Concentrate on energy sector.
 - Production and Distribution operators.
 - First customers now fully operational.
 - Expand into new geographic markets based on solid references in Sweden.



France office opened

- Part of our strategy to expand to new markets after careful evaluation.
- Similar healthcare structure as other Northern European markets.
- Market driven by consolidation and coordination of healthcare resources to increase cost efficiency.
- Very small Sectra presence.
- Extend sales and services to Sectra's entire medical IT portfolio.



Audrey Boulinguez
appointed as President
of Sectra France.

Local and global presence

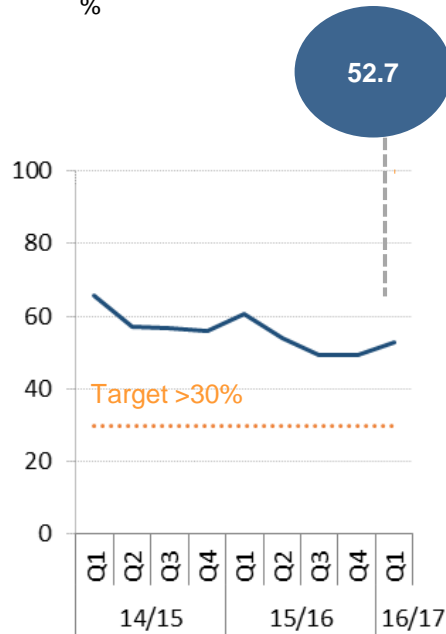
- Sectra subsidiaries in 14 countries.
 - France (Medical) and Finland (Communications) established 2015/2016.
- Partner sales in selected markets.
- Customers in > 60 countries.
- Sectra's largest markets are:
 - Scandinavia,
 - USA,
 - UK and
 - the Netherlands.



All financial targets for the Group fulfilled

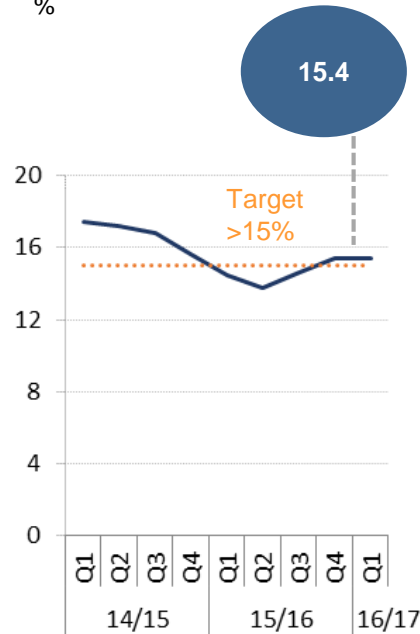
Stability

Equity/Assets ratio
%



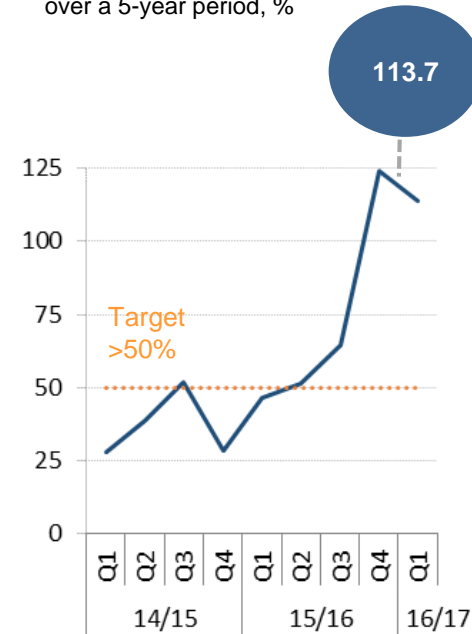
Profitability

Operating margin
%



Growth

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

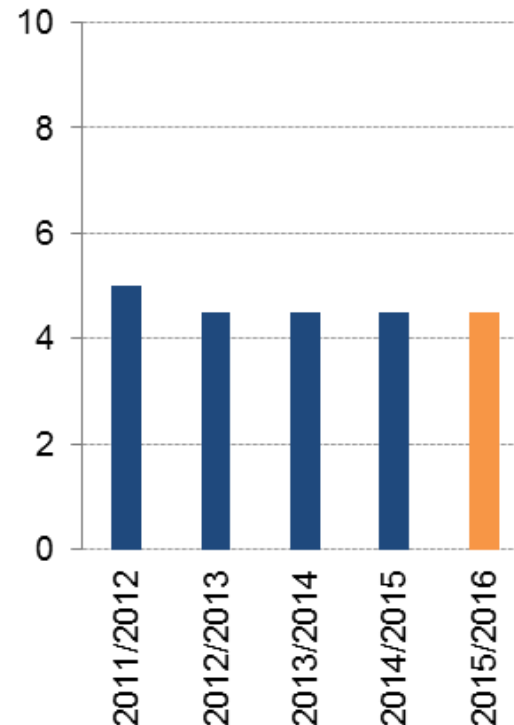


Priority

Proposed redemption program/dividend

- The Board proposes that SEK 4,50 per share is transferred to shareholders through a redemption program.
- No ordinary dividend is proposed.

Redemption/dividend per share



Financial figures

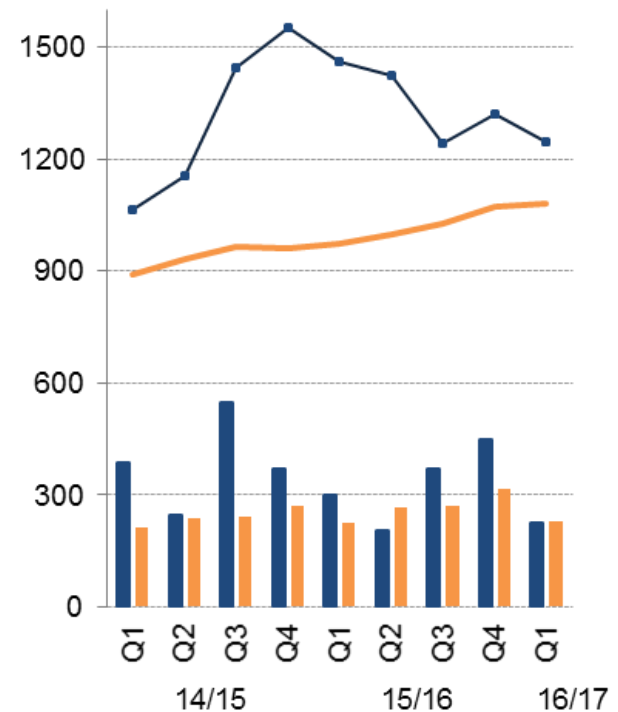
Simo Pykälistö, CFO & Executive Vice President Sectra AB

Order bookings and net sales

- Best order intake in US and Netherlands
- Unfavorable currency fluctuations, mainly GBP.
- Net sales increased 2.5%.
(Adjusted for currency fluctuations 5.6%)

Order bookings and net sales

SEK million



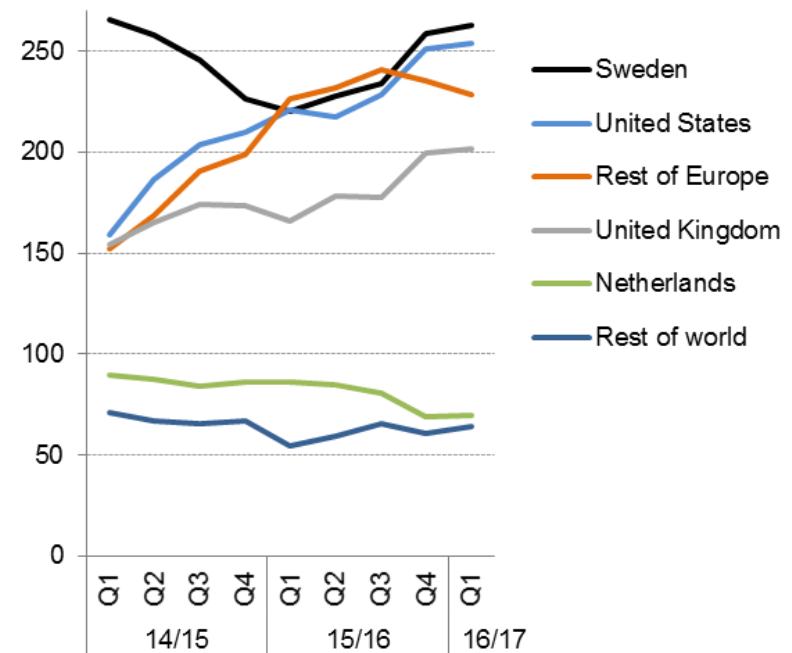
Sales growth by geographic market

Changes compared with the three-month period
previous fiscal year:

- Rest of World +31%.
- Sweden +7%.
- US + 6%.
- UK +6%.
- Netherlands +3%
- Rest of Europe -11%.

Sales by geographic market

SEK million 12 month rolling



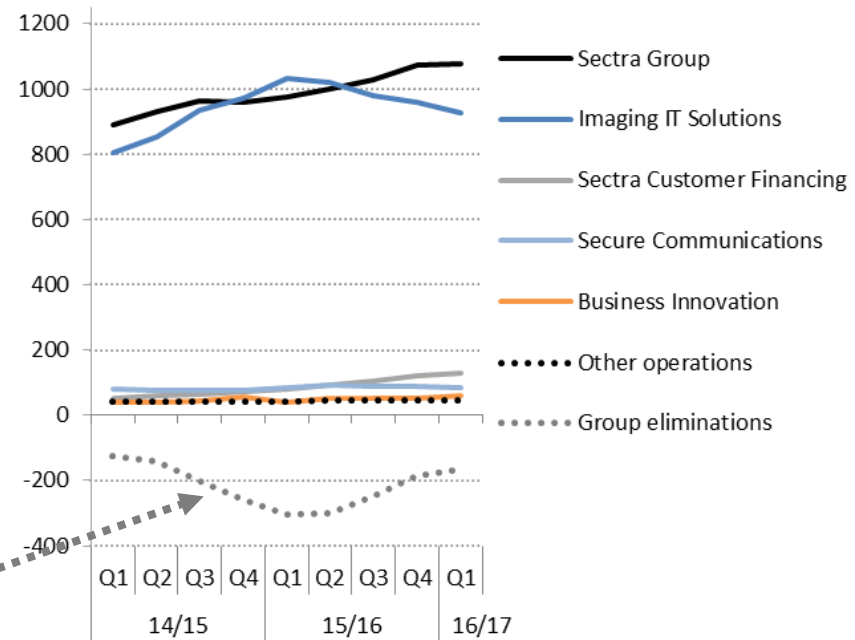
Sales growth by business segment

Changes compared with the three-month period previous fiscal year:

- Imaging IT Solutions -12%.
- Customer Financing +48%.
- Secure Communications -6%.
- Business Innovation +101%.
- Other operations +1%.

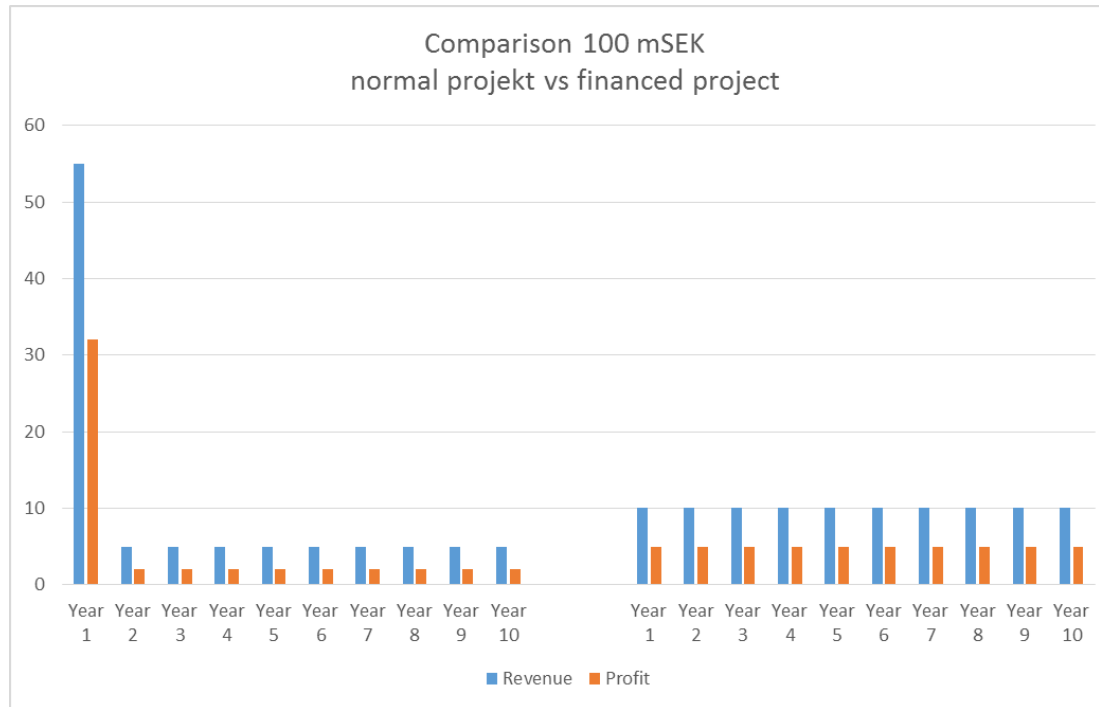
Sales by business segment

SEK million 12 month rolling



Eliminations mainly
Group-financed
large customer
contracts.

Group-financed customer projects



Group-financed customer contracts:

- Revenue and profit eliminated on the group level during the installation.
- Delayed revenue and profit recognition for the Group.
- Long term revenue and profitability improved.

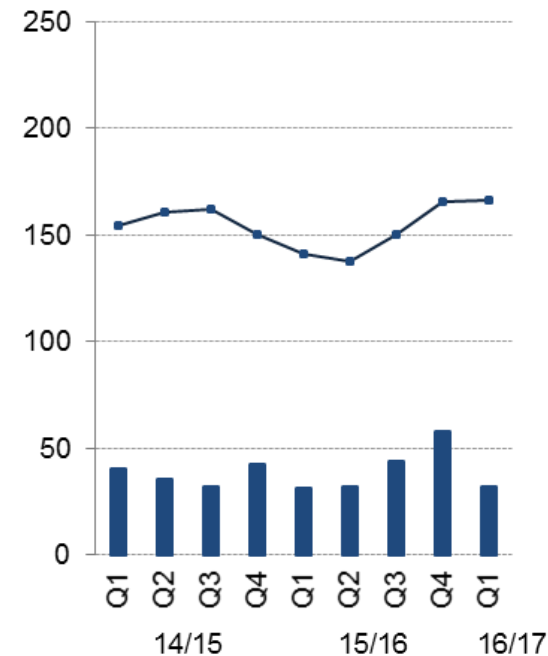
Operating profits

Changes compared with the three-month period previous fiscal year:

- Operating profit +2.2%.
- Adjusted for currency fluctuations +5.7%.
- Operating margin 13.9%.

Operating earnings

SEK million 12 month rolling



Increasing cash flow

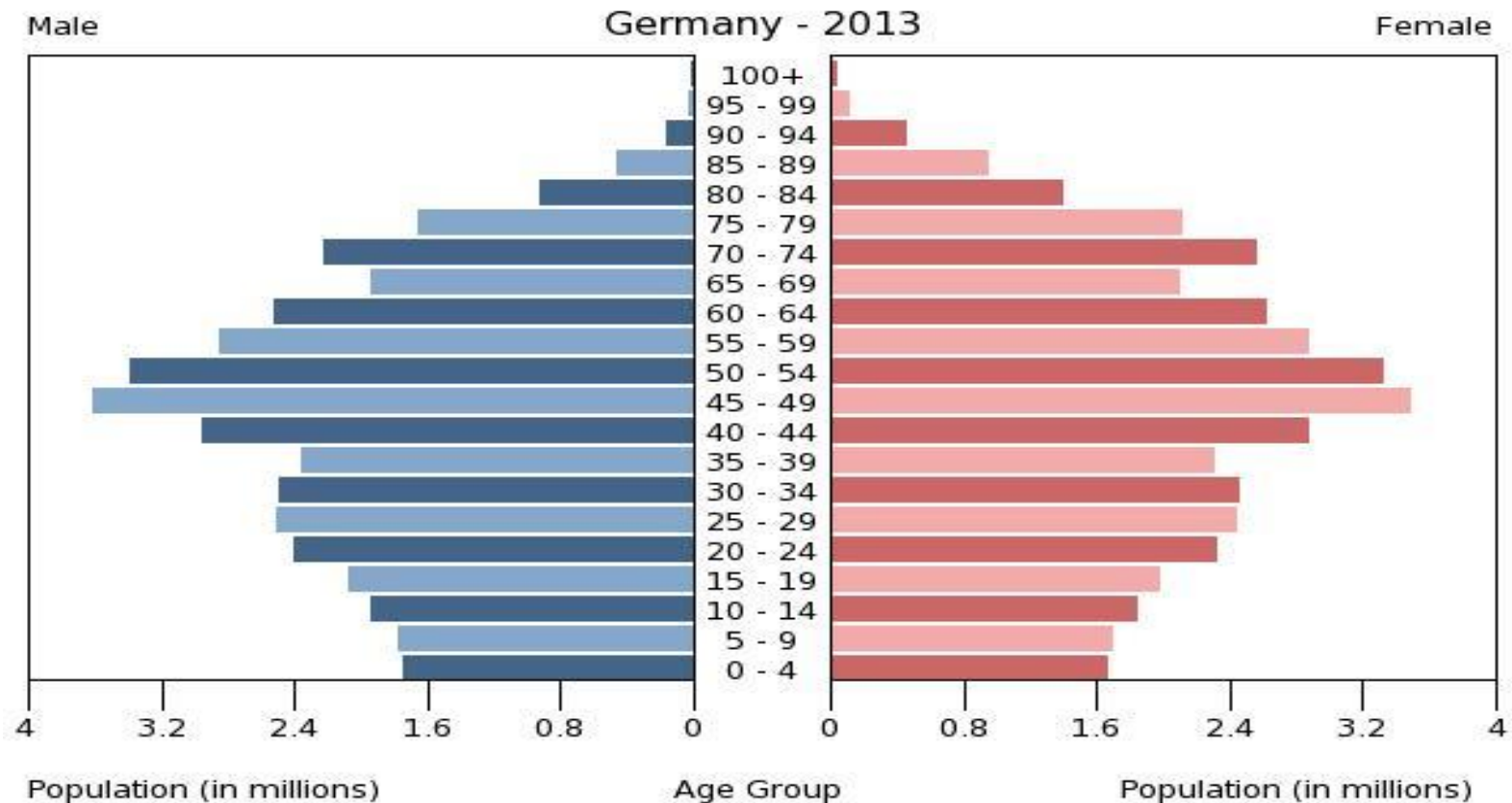
	July 31, 2016 Quarter 1	July 31, 2015 Quarter 1	July 31, 2016 12-month	July 31, 2015 12-month	2015/2016 Full year
Cash flow after changes in working capital, SEK Million	17.6	6.6	196.9	63.6	185.9
Cash flow/share after dilution, SEK	0.46	0.17	5.13	1.66	4.85

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

Sectra's way forward

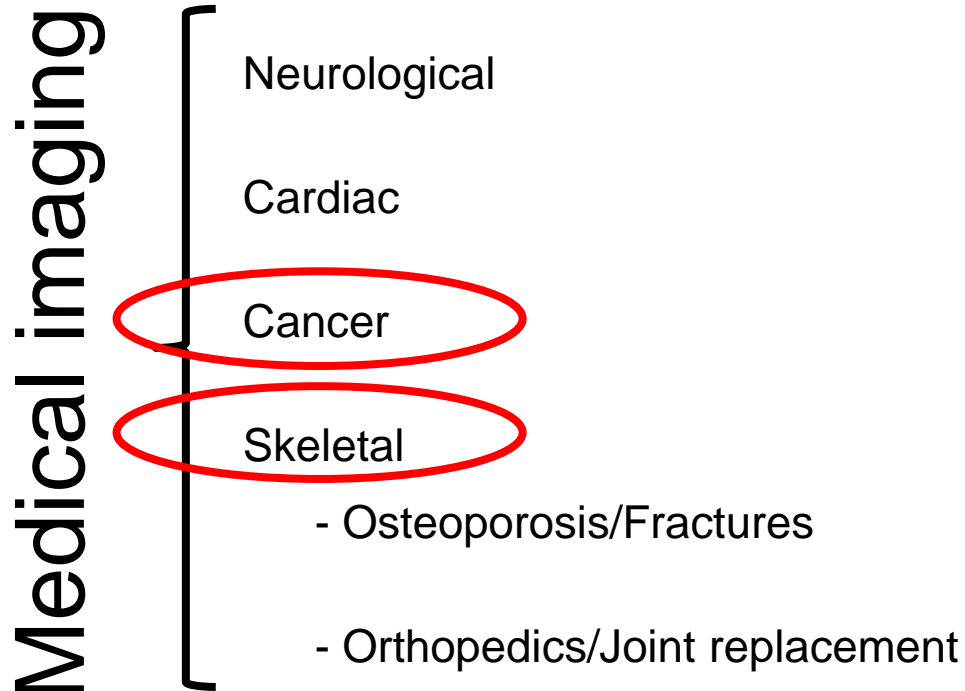
Torbjörn Kronander, CEO and President Sectra AB

Population in a typical European society



Growth areas in healthcare

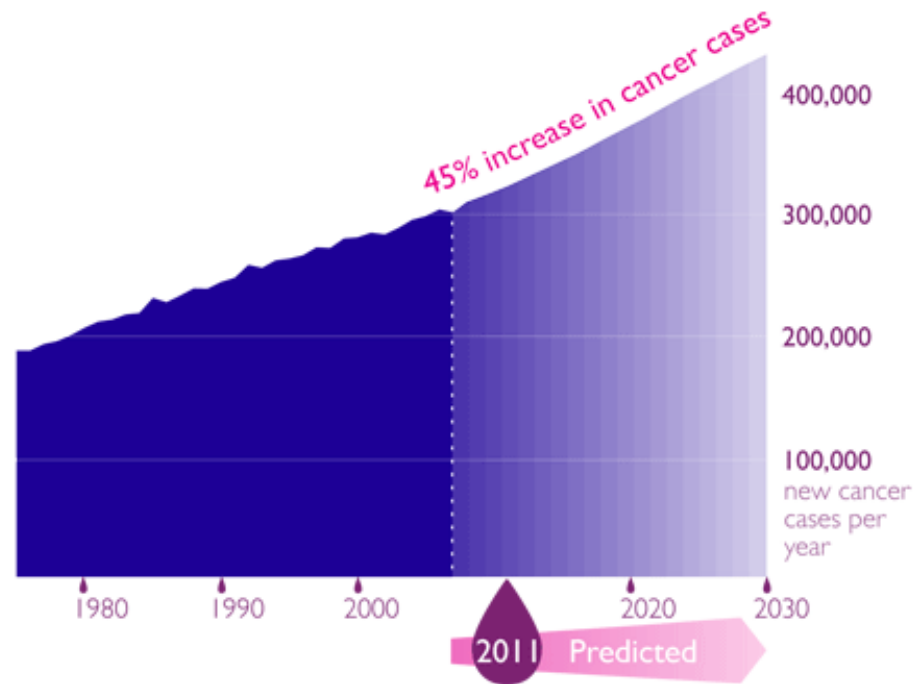
Areas related to the 'old people's disease':



Focus on cancer diagnostics

Increasing disease with older population and lifestyle

Cancer cases to continue rising



New methods are revolutionizing cancer survival

- Precision medicine diagnostics, including elaborate monitoring of treatment
- Integrated diagnostics
- Companion diagnostics
- Lifelong monitoring of survivors, driving market size.



Cancer is changing -
from a deadly disease
to a chronic disease.

Integrated diagnostics in cancer care

- A combination of radiological and pathology imaging for cancer diagnostics make a lot of sense.
- Sectra is unique with a unified solution that handles both of these as well as mammography.
- Significant interest in this area at last year's trade shows.





Cancer Care



SHARING AND COLLABORATION

RADIOLOGY



BREAST IMAGING



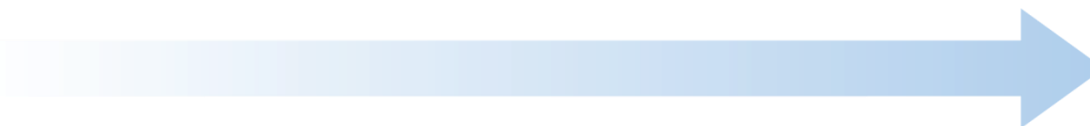
PATHOLOGY



IT Consolidation



ENTERPRISE IMAGE MANAGEMENT
Patient Centric Imaging Infrastructure



SECTRA

Secure Communication

- Improvement still needed.
- Continue to grow sales in rest of Europe.
 - Demand is driven by increasing general uncertainty in Europe.
- Opportunities:
 - Critical Infrastructure security.
- Very conservative market so change is slow.



Future growth projects

Business Innovation



Medical education



Software systems for planning orthopedic surgery



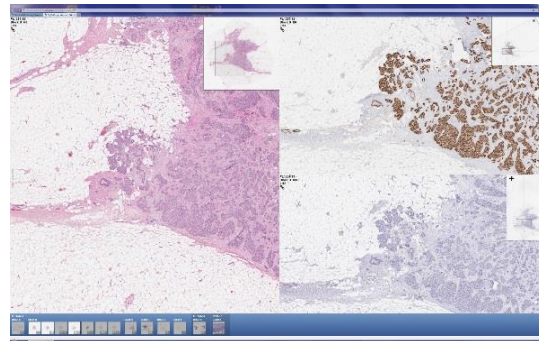
Research

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Imaging IT



Digital pathology and Integrated diagnostics

Focus forward

- Maintain high customer satisfaction ratings.
- Reach financial targets.
- Internal effectiveness.
Prioritize hosted solutions whenever possible.
- Prioritize large market share in a few geographies.
- Focused expansion, add new geographical markets carefully but decidedly.
- Focus on growth areas.



Opportunities in major segments

Imaging IT Solutions

- Be good in general imaging diagnostics, but
- Excel in Cancer Diagnostics
- Expand business with existing customers.
- Cloud services/hosted solutions whenever possible.



Opportunities in major segments

Secure Communications

- The political uncertainty drives security business throughout Europe.
- Use brand and knowledge to leverage in Critical Infrastructure.



Being a shareholder in Sectra

Torbjörn Kronander, CEO and President Sectra AB

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 IR events

- **September 6, 2016:**
 - Annual General Meeting in Linköping 4:00 p.m.
- **September 8, 2016:**
 - Investor meeting at Swedbank in Stockholm.
- **December 7, 2016:**
 - Public announcement of the six-month report 8:00 a.m.
 - Telephone conference for presentation of the report 10:00 a.m.

Your feedback is important!

Please let us know what you think at

sectra.com/irsurvey

Questions?

SECTRA

Knowledge and passion

Torbjörn Kronander, CEO and President

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