

Press Release

Linköping May 29, 2001

Sectra's preliminary earnings for the fiscal year May 2000 - April 2001:

The best results in Sectra's history

Sectra reports record earnings for fiscal year 2000/2001. Earnings before tax rose 63% to SEK 39.3 million (24.1). Sales are also the highest in the company's history, and increased by 52% to SEK 291.6 million (191.6). Order bookings amounted to SEK 310.5 million (433.5).

"We have had our best year of operations in Sectra's 22-year history," says Jan-Olof Brüer, Sectra AB's CEO and President. "Our three business areas have developed satisfactorily, especially our medical system operations that expanded substantially both in Sweden and internationally. We have established new offices in Europe and the products we launched during the year meet favorable market acceptance. Furthermore, our digital radiology workstation (PACS) was ranked number one in an international scientific survey in which all major PACS suppliers were evaluated."

During the fourth quarter, Sectra signed an agreement with the Norwegian Armed Forces for development of a NATO version of the Tiger™ eavesdrop-secure GSM telephone. The agreement involves further development of the national Norwegian version of the Tiger mobile telephone.

"The new agreement with the Norwegian Armed Forces has considerable strategic significance, since it means that the NATO Tiger can be sold to defense authorities and other public sector organizations in all NATO countries," Jan-Olof Brüer continues.

During the past year, Sectra noted growing interest from potential customers, the media and analysts, and the company experienced increased institutional ownership. The increased attention has strengthened Sectra's brand and improved the company's opportunities to gain the confidence of new customers in the international market.

"Sectra's strong position in the home market provides a good platform for continued international expansion. Our technically advanced products, skilled employees and solid financial position mean that we are well prepared to meet the growing demand," Jan-Olof Brüer concludes.

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Visit our website <http://www.sectra.com>

Sectra's operations

Sectra has its roots in Linköping Technical University and is one of Sweden's fastest growing high-tech companies in the IT area. Since the mid-1980s, Sectra has successfully conducted development and sales of high-technology medical IT and telecommunications products. Today, the business includes products in medical systems, secure communication systems and wireless information systems.

Business is conducted in six countries with a total of 185 employees. Sales for the fiscal year May 2000–April 2001 reached SEK 292 million. Since March 1999, Sectra's shares have been quoted on the O list of the OM Stockholm Exchange.

Preliminary Earnings Sectra AB (publ) for the period May 2000 – April 2001

Since the mid-1980s, Sectra AB has successfully conducted development and sales of high-technology medical IT and telecommunications products. Today, the business includes products in medical systems, secure communication systems and wireless information systems. Sectra's shares have been quoted on the O list of the OM Stockholm Exchange since March 3, 1999.

The period in brief (May 1999 – April 2000 in parentheses)

- Sales increased by 52 % to SEK 291.6 million (191.6).
- Earnings before tax rose 63 % to SEK 39.3 million (24.1).
- Earnings per share equaled SEK 0.85 (0.50).
- Order bookings amounted to SEK 310.5 million (433.5).

Significant events during the fourth quarter

- Sectra signed an agreement with the Norwegian Armed Forces covering further development of the Norwegian national version of the eavesdrop-secure GSM telephone Tiger™ into an international NATO version. This means that Tiger™ can be sold to defense authorities and other public sector organizations in all NATO countries.

The year 2000/2001 in brief

- Sectra's internationalization continued and new offices were established in Denmark and Italy in response to the increased demand.
- A digital mammography system, Sectra MicroDose Mammography™, was launched in collaboration with Mamea Imaging AB. The system is based on a new sensor technology that makes it possible to achieve the same high image quality as with today's film-based systems using one fifth of the radiation dose.
- Sectra also launched the mobile receiver CitySurfer™ for information services with stringent demands on real-time transmissions. In conjunction with the launch, CUE Corporation, ordered CitySurfer™ for message services and traffic information on the North American market. CUE is one of the world's largest network operators for transmission of data on FM.

Significant events after the fourth quarter

- Sectra received an order for development of crypto-modem from the Swedish Defense. Crypto-modem will ensure secure communication between both portable and stationary computers in the Defense's own and other networks.
- The County Council of Funen in Denmark ordered a radiology information system (RIS) from Sectra. The order represents an important step into the Danish market for digital radiology systems.
- The County Council of Vestfold in Norway ordered Sectra's digital radiology system to continue digitization of the county.

Market and product development

The markets for Sectra's three business areas have developed according to expectations during the year. The market for medical systems has entered a period of strong growth. An increasing number of hospitals are opting to improve the efficiency of their operations by introducing digital systems. The market for secure communication systems is characterized by the restructuring of the Swedish Defense in recent years, with low consequent investment levels. The market for wireless information systems remains in an early growth stage. Increased mobility among individuals is driving development within the communications field and demand for mobile information systems is growing.

In the field of **medical systems**, Sectra has enjoyed continued sales successes both in Sweden and internationally. Sectra perceives increased demand and operations have expanded significantly in Western Europe and the US.

A new digital mammography system, Sectra MicroDose Mammography™, was launched during the year in collaboration with Mamea Imaging AB. The system is based on a new sensor technology that makes it possible to achieve the same high image quality as with today's film-based systems using one fifth of the radiation dose. The purpose is to develop a complete system for digital mammography although the concept is, as yet, untested within the medical field. The system will undergo clinical trials during the autumn. On the expectation that trials turn out well, the first units will be available on the Swedish market during 2002.

In the field of **secure communications systems**, efforts focused on the Sectra Tiger™ have continued. During the fourth quarter, an agreement was signed with the Norwegian Armed Forces concerning further development of the Norwegian version into an international NATO-Tiger. In conjunction with this, Sectra initiated collaboration with Kongsberg Defence Communications AS for marketing and sales of Tiger™. Kongsberg is part of Norway's largest defense group and supplies encryption products to defense authorities throughout the world.

The Swedish Defense has recently ordered several new development projects, a clear sign that they are now increasing their investments in eavesdrop-secure IT systems.

In the field of **wireless information systems**, Sectra launched the mobile information receiver, CitySurfer™. With CitySurfer™, the user receives real-time information about, for example, share prices, news, maps, traffic messages and weather.

During the year, the Swedish Civil Aviation Administration has entrusted Sectra with the development of components for the next generation of flight communication systems. The development is based on the new world standard VDL Mode 4 for international air traffic. Using this new technology, it will be possible to increase flight capacity at airports and in the air. Sectra will be among the first in the world to deliver transponders based on the new world standard.

Sales and earnings

Net sales of the Group increased 52% to SEK 291.6 million (191.6), of which

SEK 100.2 million (58.0) concerns the fourth quarter. Earnings before tax rose 56% to SEK 39.3 million (24.1), resulting in earnings SEK 19.4 million (17.9) for the fourth quarter.

Order bookings amounted to SEK 310.5 million (433.5), of which SEK 42.3 M (286.3) pertains to the fourth quarter. Order bookings for the year imply a higher added value, even though the order volume is lower than the preceding year.

Net sales for the year are distributed by business area (SEK million) as follows:

	<u>2000/01</u>	<u>1999/00</u>
Medical systems	215.7	109.8
Secure communication systems	51.5	58.7
Wireless information systems	24.0	23.1

Financial position

Sectra enjoys a solid financial position. On April 30, 2001, the Company had an equity ratio of 54.1% (62.9) and a liquidity ratio of 3.3 (3.2). The Group's interest-bearing liabilities equaled SEK 38.0 million (9.1), of which 33.0 (5.5) refers to convertible debentures.

Investments

Group investments during the year amounted to SEK 10.3 million (31.5) of which SEK 3.1 million in the fourth quarter. The investments concern shares in the associated company Mamea Imaging AB, as well as computers and other equipment.

Employees

The number of employees increased by 8 during the fourth quarter. The total number of employees in Sectra as of April 30 was 185, which represents an increase of 19 individuals compared

with the previous year. Personnel turnover during the year was 9.7 % (9.8).

Associated companies

During the year, Sectra increased its ownership in the associated company Mamea Imaging AB from 20 to 38%.

Shareholders

During the fourth quarter, Sectra's ownership was strengthened by the international institutions Capital Group and Schrodgers Investment Management. These acquired 540,000 B shares from Sectra's main owners.

During the fiscal year, the number of shareholders increased by 38% to 4,571 (3,440). The institutional proportion of ownership rose to 17% (10). Sectra's ten largest owners represent 71% (74) of the share capital.

The share

Sectra's share capital amounted to SEK 32,760,945 distributed among 32,760,945 shares. Assuming full conversion and exercise of issued convertible debentures and personnel options, the number of shares would increase to 33,493,645.

During the year, a bonus issue and a 3:1 share split were carried through in accordance with a decision by the Annual General Meeting. The bonus issue, that raised the par value of the share from SEK 2.50 to SEK 3.00, resulted in an increase in share capital of SEK 5,460,157.50. The share split adjusted the par value of the share from SEK 3 to SEK 1. For each existing share, two new shares were issued.

Convertible debentures

During October 2000, convertible debentures was issued to employees in

the Sectra Group. Upon full conversion, Sectra would have an additional 327,700 B shares corresponding to 1.0% of the share capital and 0.6% of the votes. The convertible debentures mature on July 1, 2003, and have a conversion price of SEK 84.

Personnel options

During December 2000, employees in the US were offered to subscribe for personnel options. If all personnel options are fully exercised, the employees will acquire 90,000 B shares, corresponding to 0.3% of the share capital and 0.2% of the votes. The options can be exercised up to and including December 31, 2003, and have an exercise price of SEK 62.

Outlook

Sectra have a solid position in several high growth niche markets, both in Sweden and internationally. Based on this the Board of Directors expects that Sectra will continue to expand while maintaining profitability.

Annual General Meeting

The Annual General Meeting will be held on Friday, June 29, 2001 at 4 pm at the Collegium, Teknikringen 7, Linköping, Sweden.

Dividend

For fiscal year 2000/01, a dividend of SEK 0.30 per share is proposed. The proposed record date for the dividend is Wednesday, July 4, 2001. If the Annual General Meeting adopts the proposal, it is calculated that payment from VPC (Swedish Securities Register Center) will take place on July 9, 2001.

Annual report

The Annual Report will be available as of June 15, 2001. At that time it will

also be distributed to shareholders by mail. At the same time, it will be available via Sectra's website www.sectra.se and can be ordered from the following address:

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Future reports

Interim report May – July 2001:
September 4, 2001.

Interim report May – September 2001:
December 5, 2001.

Interim report May 2001 – January 2002:
March 5, 2001.

Preliminary Earnings 2000/2001:
May 22, 2002.

Summary Income Statement for the Group

SEK thousands	3 month Feb-Apr 2000/2001	3 month Feb-Apr 1999/2000	Full year May-Apr 2000/2001	Full year May-Apr 1999/2000
Net sales	100 234	54 018	291 643	191 567
Other operating income	80	262	80	846
Change in work in progress	- 18 517	7 467	- 26 734	20 193
Operating expenses	- 60 367	- 41 452	- 219 825	- 180 371
Depreciation	- 1 897	- 1 470	- 6 334	- 6 184
Operating profit ¹⁾	19 533	18 825	38 830	26 051
Net financial items	- 114	94	509	1 609
Earnings after financial items	19 419	18 919	39 339	27 660
Items affecting comparability ¹⁾	-	-	-	- 3 574
Earnings before tax	19 419	18 919	39 339	24 086
Tax on earnings for the period	- 5 840	- 6 300	-11 601	- 7 886
Net earnings	13 579	12 619	27 738	16 200
Profit per share after tax, SEK ²⁾				
Before dilution			0.85	0.50
Assuming full conversion			0.83	0.49

1) Non-recurring items refer to profits in Sectra Radisoft AB, subsidiary of Sectra Imtec AB, during part of the fiscal year, prior to December 13, 1999, when the company was not yet part of the Group.

2) Average number of shares adjusted for issues and split.

Summary Balance Sheet for the Group

SEK thousands	Full year April 30 2001	Full year April 30 2000
Assets		
Intangible assets	12 609	16 327
Tangible assets	29 405	14 087
Total fixed assets	42 014	30 414
Other current assets	119 431	102 052
Cash and bank balances	87 401	42 450
Total current assets	206 832	144 502
Total assets	248 846	174 916
Equity and liabilities		
Equity (including profit for the period)	134 702	109 923
Provisions	8 439	6 558
Long-term liabilities	37 966	9 134
Current liabilities	67 739	49 301
Total equity and liabilities	248 846	174 916

Summary Cash Flow Statement for the Group

SEK Thousands	Full year May-Apr 2000/2001	Full year May-Apr 1999/2000
Cash flow from operations before changes in working capital	34 072	24 425
Cash flow from operations after changes in working capital	37 012	13 305
Investing activities	- 10 341	- 24 612
Financing activities	18 280	20 841
Change in cash and bank balances	44 951	9 534
Cash and bank balances, opening balance	42 450	32 916
Cash and bank balances, closing balance	87 401	42 450

Key Figures

	Full year April 30 2001	Full year ¹⁾ April 30 2000
Solvency %	54.1	62.9
Liquidity, ratio	3.3	3.2
Profit margin %	13.5	12.6
Earning capacity of equity	22.7	22.1
Earning capacity of working capital	26.7	26.9
Average number of employees	182	156
No. of shares at end of period ²⁾	32 760 945	32 760 945
Average no. of shares ²⁾	32 760 945	32 130 472
Equity per share	4.12	3.36
Cash flow per share	1.04	0.75

1) Adjusted for share-split August 15, 2000.

2) Adjusted for dividends and issues.

Profit per share: Profit before tax reduced by actual tax divided by the average number of shares.

Solvency: Equity as a percentage of total assets.

Liquidity: Current assets divided by current liabilities.

Earning capacity of equity: Profit after tax as a percentage of average adjusted equity.

Capital employed: Total assets reduced by non interest-bearing debts.

Earning capacity of working capital: Profit before tax plus financial expenses as a percentage of average working capital.

Profit margin: Profit before tax as a percentage of sales.

Equity per share: Equity divided by the number of shares at the end of the period.

Cash flow per share: Cash flow divided by the number of shares at the end of the period.

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Linköping May 29, 2001

Sectra AB (publ)

Board of Directors

This report has been prepared in accordance with the accounting principles and calculation methods in the latest Annual report. The Company's auditor has not examined the report