

# Cutting-edge solutions in expansive niche segments



## Half-year interim report

December 7, 2004

Dr. Jan-Olof Brüer, President and CEO Sectra AB



# What is Sectra?

- We develop and sell high tech products,
- in niche segments with a large global potential,
- and where we can obtain and maintain a very strong position in our home market
- in order to use this base to obtain global leadership.

# Expansive niche segments

Business in expanding markets that will multiply in volume during the next 10 years



Medical systems

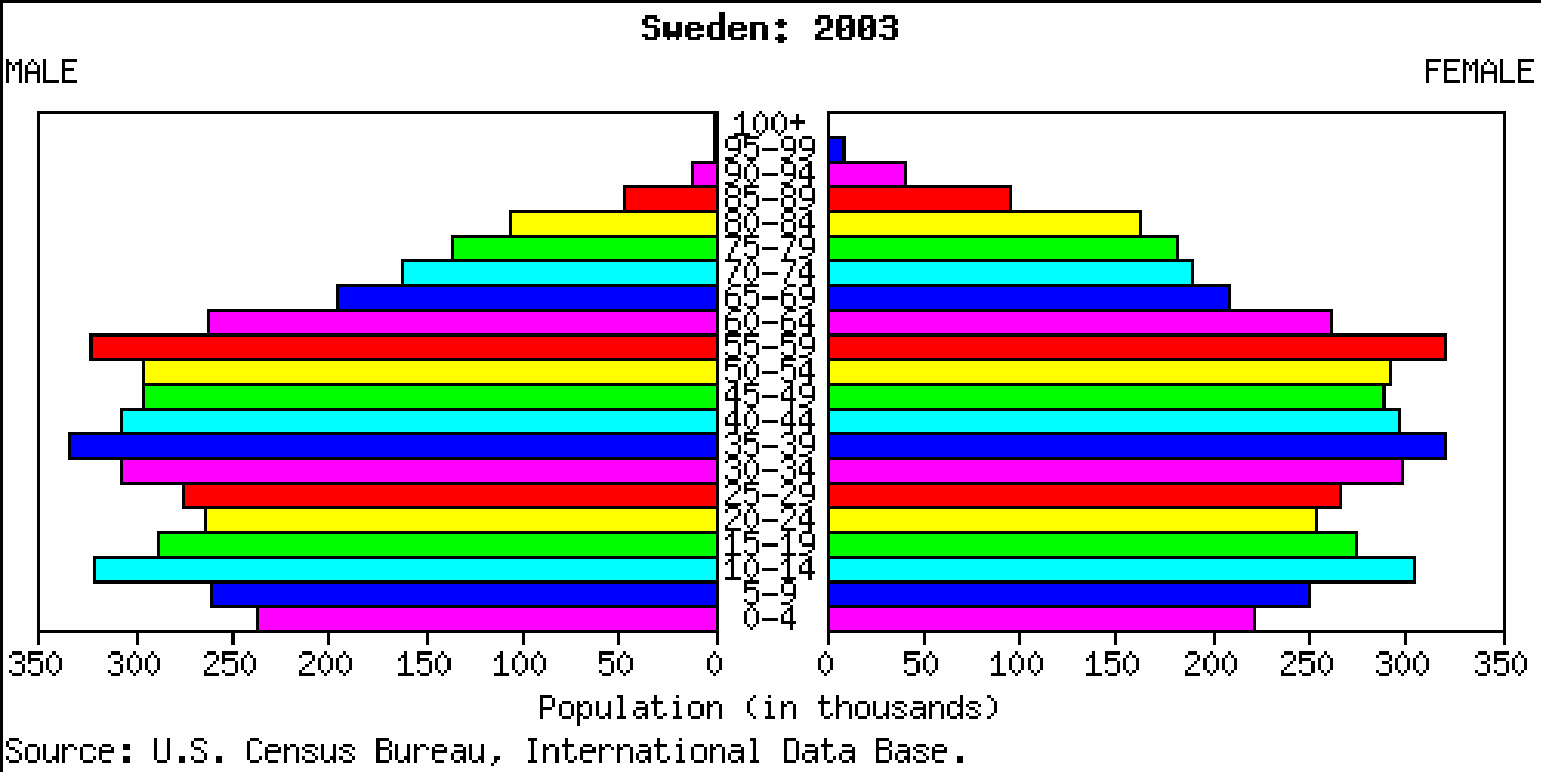
- The population pyramid



Secure communication systems

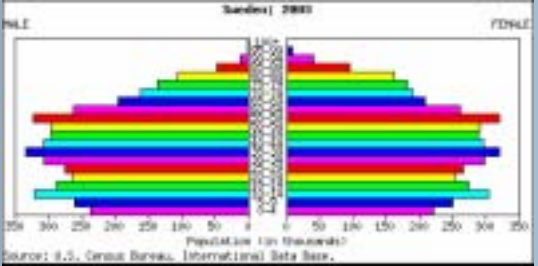
- Vulnerability of the IT community

# Population pyramid Sweden 2003

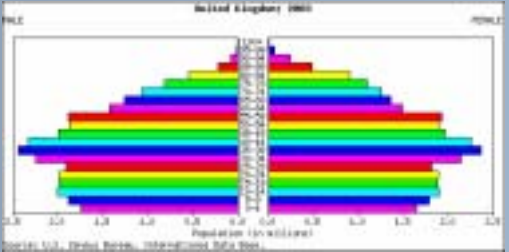


# Population pyramids 2003

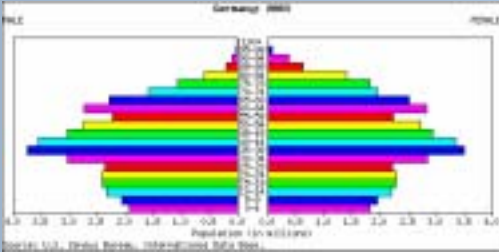
Sweden



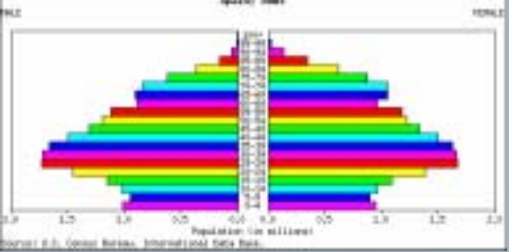
UK



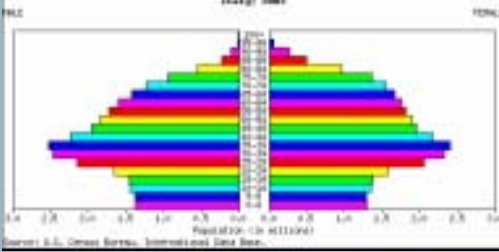
Germany



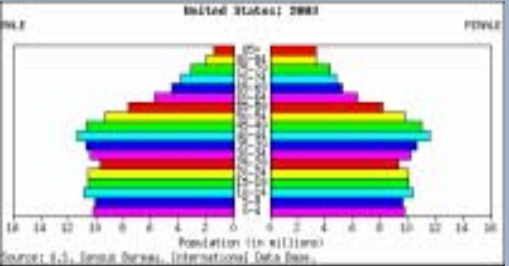
Spain



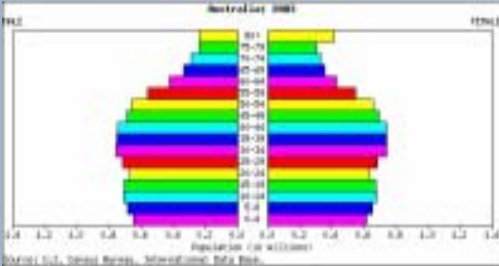
Italy



USA



Australia



# Examples of Sectra products



Sectra PACS™



Sectra Tiger® XS

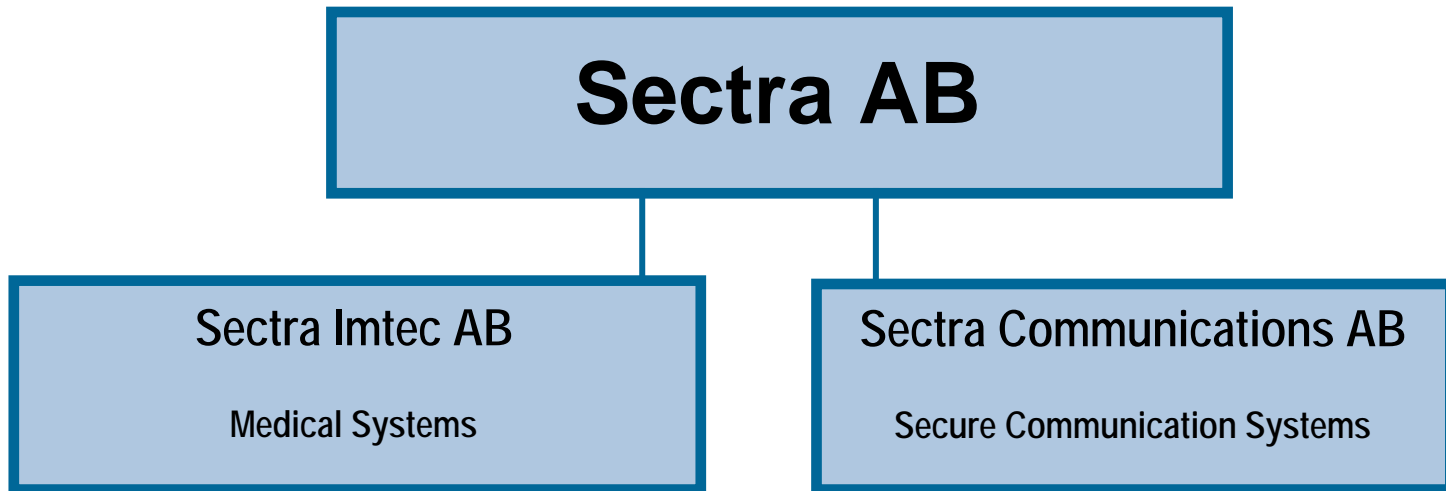




- 358 employees in eight countries.
- High intellectual capital.
  - 90% of the employees have academic education
  - Operations benefit from 20 Ph.D:s and 4 professors
- Large market shares in Sweden, 50 - 80%.
- Ongoing internationalization.



# Legal structure



# Sectra offices around the world



# Sales strategy

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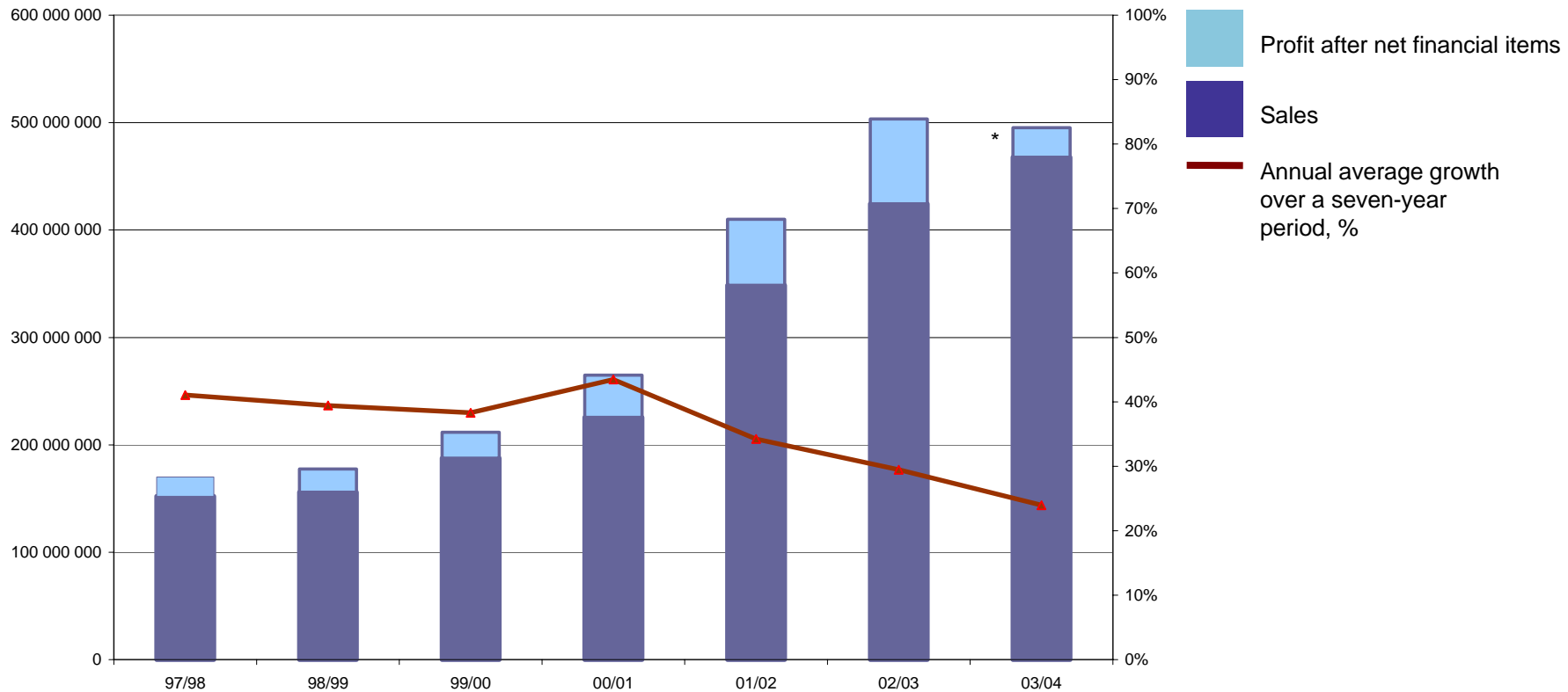
- Direct sales in Scandinavia and other selected markets and segments.
- Strategic partnerships with companies having world-wide or national sales organizations.
- Local establishment of offices, mainly to support sales through partners.

# Economic objectives

- To have an average annual growth of more than 30% over a seven-year period.
- To achieve a profit margin of 10%.
- To have a solid financial position.



Sectra AB is among the 2% of Swedish companies that command Dun & Bradstreet's highest credit rating.



\*) The financial figures for 2003/2004 includes a nonrecurring write-down of SEK 70,9 million of capitalized development costs in Mamea Imaging AB.

# Six month interim report



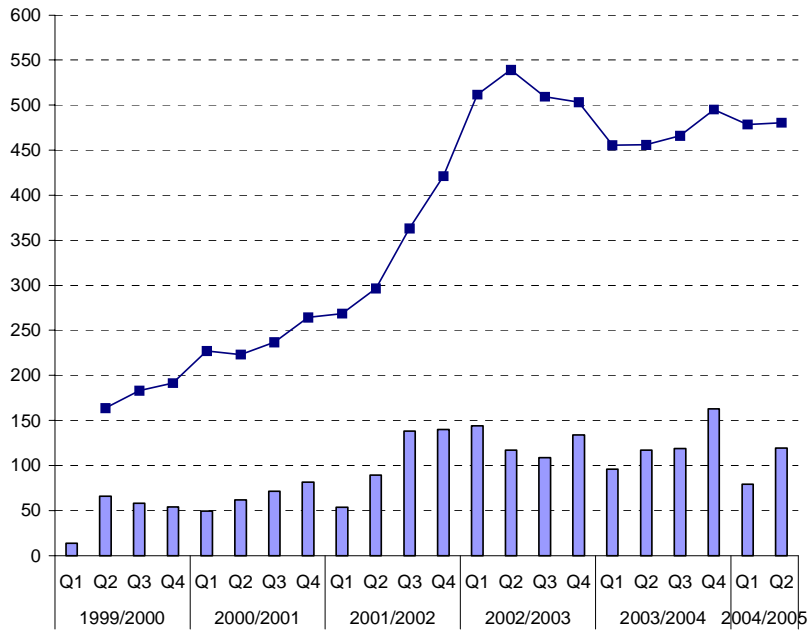
SEK millions	3 month Aug-Oct 2004	3 month Aug-Oct 2003	6 month May-Oct 2004	6 month May-Oct 2003	12 month Nov 2003 - Oct 2004	Full year May - Apr 2003/2004
Orders recieved	145.8	80.4	205.3	152.5	428.0	375.1
Net sales	119.3	117.3	198.6	213.3	480.7	495.3
Earnings after financial items	29.8	24.1	33.2	36.3	24.5	27.6

- Q2 order intake up 81%. Order intake for the first six month rose 35%.
- Strong Q2 net sales.
- Q2 profit after financial items increased by 24%. Profit for the six month period in line with figures for the corresponding period prior year.
- Profit margin for the six month period 16.7% (17.0).
- Comparable profit after financial items for the six month period amounted to SEK 48.5 M (36.3) and for Q2 to 37.1 M (24.1).
- Sales and earnings are affected by the continual changes in the price of USD in relation to SEK.

# Net sales and earnings

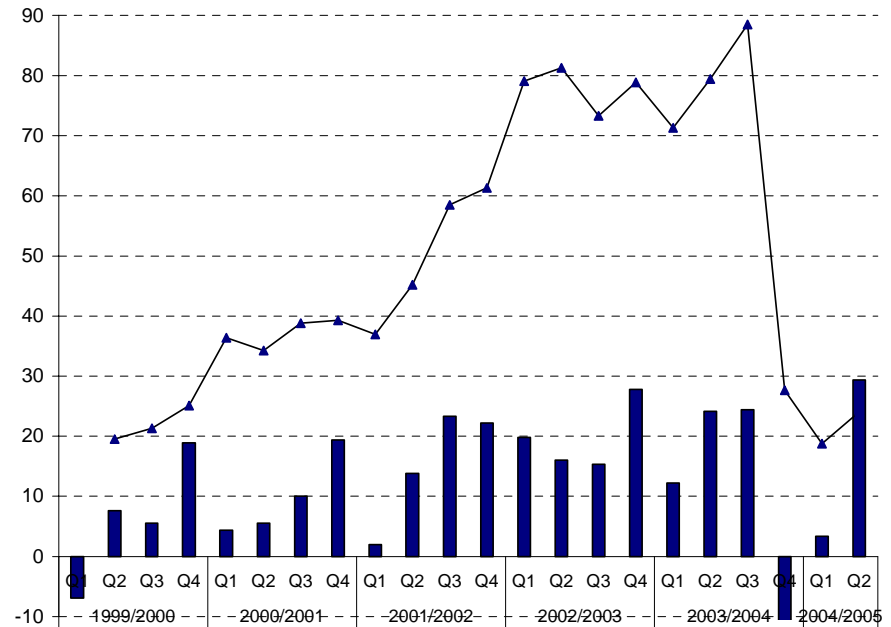


## Net sales



The bars show quarterly net sales and the line 12 month net sales.

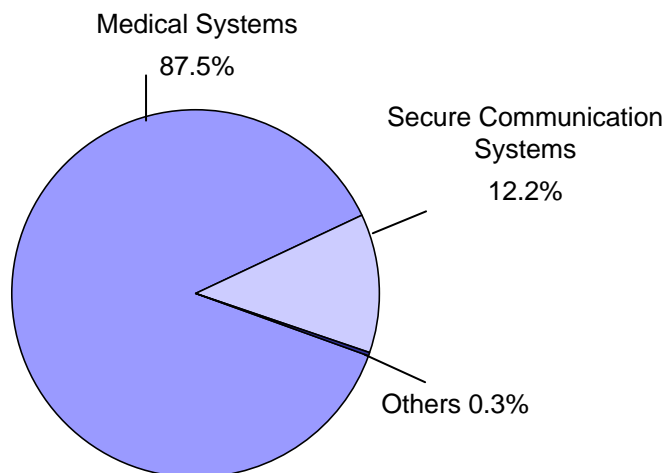
## Earnings after financial items



The bars show quarterly earnings and the line 12 month earnings after financial items.

# Interim report six month ended October 31, 2004

## Net sales and profit by segment



**Net sales by  
business segment  
12 month rolling**

### Net sales by business segment

(SEK million)	3 month	6 month	12 month	Full-year
	Aug - Oct 2004	May - Oct 2004	Nov 2003 - Oct 2004	May - Apr 2003/04
Medical systems	101.0	173.2	420.8	418.4
Secure communication systems	18.2	25.1	58.4	72.5
Other	14.8	26.4	70.7	57.5
Group eliminations	-14.7	-26.1	-69.2	-53.1
<b>Total</b>	<b>119.3</b>	<b>198.6</b>	<b>480.7</b>	<b>495.3</b>

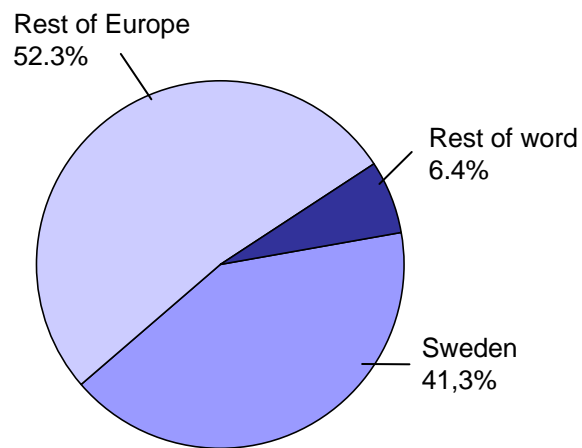
### Operation profit by business segment

(SEK million)	3 month	6 month	Full year
	Aug - Oct 2004	May - Oct 2004	May-Apr 2003/04
Medical systems <sup>1)</sup>	21.3	25.1	0.0
Secure communication systems	-1.5	-8.4	0.2
Other	10.2	13.8	19.4
Group eliminations	-0.6	-0.8	0.0
<b>Total</b>	<b>29.4</b>	<b>29.7</b>	<b>19.6</b>

1) A non-recurring write-down of capitalized development costs within Mamea Imaging AB had a negative effect of SEK 70.9 million on operating profit for full-year 2003/2004.



# Net sales by geographic market



**Net sales by geographic market, 12 month rolling**

## Net sales by geographic market

(SEK million)	3 month	6 month	12 month	Full-year
	Aug - Oct	May - Oct	Nov 2003 - Oct 2004	May-Apr
	2004	2004	- Oct 2004	2003/04
Sweden	39.9	72.9	198.5	201.7
Rest of Europe <sup>1)</sup>	71.2	113.8	251.5	271.0
Rest of world	8.2	11.9	30.7	22.6
<b>Total</b>	<b>119.3</b>	<b>198.6</b>	<b>480.7</b>	<b>495.3</b>

1) Philips Medical Systems' deliveries of Sectra's digital radiology systems on a global basis are invoiced Philips in the Netherlands and are reported under sales in the Rest of Europe.

# Secure Communication Systems

- Considerable order intake Q2:
  - further development of crypto-modem from the Swedish Defense Forces.
  - development and series delivery of new mobile tactical voice encryption system, the Tiger MTT, from the Swedish Defense Forces.
  - Dutch authorities first customer to order national adaptation of Sectra's Tiger XS security terminal.
  - UK security authorities ordered Sectra's new security pouch for mobile telephones.



**Tiger XS**  
**Secure communication with**  
**world-leading security design**

Interim report six month ended October 31, 2004

# Secure Communication Systems

- The Swedish defense market impacted by the defense decision in December.
- Continued focus on international growth.



**Sectra Radio Blocker**  
Secure communication with  
world-leading security design

# Medical Systems

- In Scandinavia, Rikshospitalet in Norway ordered a radiology information system from Sectra.
- Internationally, strong Q2 sales through partners.
- The fluctuations in the USD rate contribute to reductions in the price of the company's products.

Sectra Intec AB selected as the  
"Medical imaging company  
of the year 2004"



**Enhancing radiology efficiencies**

# Medical Systems - Mammography

- Sectra Mamea AB = Mammography product division within Sectra Imtec AB merged with the Mamea Imaging AB.
- Two orders for Sectra MicroDose Mammography from private clinics in Germany.
- New product offering: Osteoporosis testing integrated with Sectra MicroDose Mammography.
- Transition to new healthcare technology is slow, but replacement is expected to be rapid when it starts.



**Sectra MicroDose Mammography™** combines high image quality with a five-fold reduction in the radiation dose compared to film-based systems.

# The Future



## **Sectra is positioned in growing, future billion dollar markets**

- Something must be done in the exploding cost of health care. Efficient data management provides a key !
- The worlds' governments, defense forces and large corporations invest in efficiency-enhancing and secure IT systems !

# SECTRA



More than just a handshake