

Q2 report 2015/2016:

Growth and strong cash flow

Financial presentation, December 8, 2015

Torbjörn Kronander, CEO and President

Simo Pykälistö, CFO and Executive Vice President

EFFICIENT HEALTHCARE | SECURE COMMUNICATION

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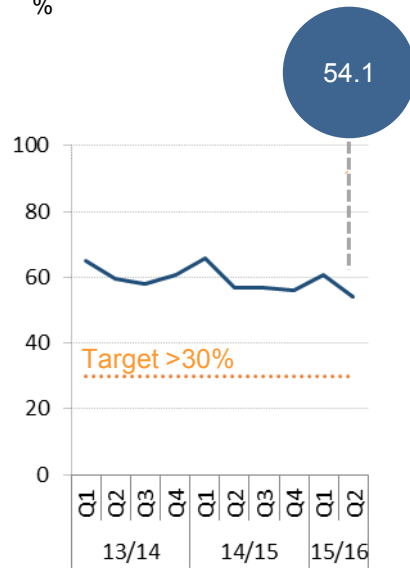
Q2 Highlights

Torbjörn Kronander, CEO and President Sectra AB

Financial targets for the Group

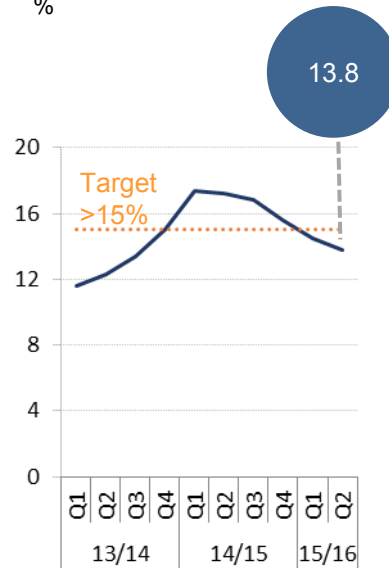
Stability

Equity/Assets ratio
%



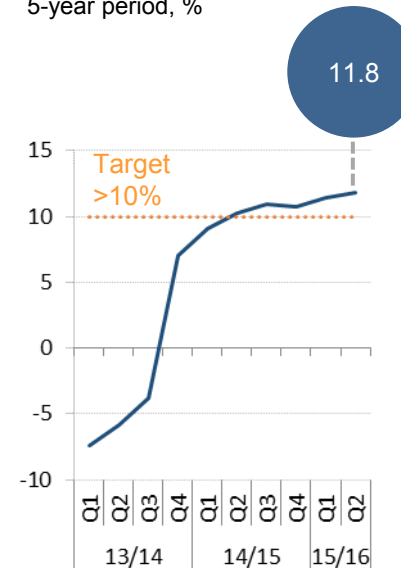
Profitability

Operating margin
%



Growth

Average operating profit/share over a
5-year period, %



Priority

Acquisition in Finland

- Security consulting company
EXP Analytics Oy.
- Cash consideration
0.9 MSEK.
- Contingent consideration
10.9 MSEK.
- Goodwill 10.7 MSEK.



4

Employees



1

Million in
Annual sales

Acquisitions to support organic growth

5-year acquisitions (A) and divestments (D)		Country	Business area	Year
EXP Analytics Oy	A	Finland	Secure Comm	2015
it mark ApS	A	Denmark	Imaging IT	2015
Burnbank Systems Ltd.	A	UK	Imaging IT	2012
Product rights dose monitoring s/w	A	Sweden	Imaging IT	2012
Business area MicroDose Mammography Modality	D	Sweden	Medical systems	2011

Local and global presence

- Sectra active subsidiaries in 13 countries.
 - Finland (Communications) established 2015.
- Partner sales in selected markets.
- Customers in > 60 countries.
- Sectra's largest markets are Scandinavia, USA, UK and the Netherlands
 - Fastest-growing in Norway, USA and UK.

Secure smartphone for European governments

- Technical cooperation with Samsung Electronics Co. Ltd.
- Combining Sectra encryption with Samsung's security platform Knox improves user experience.



More about
Tiger/R and the
Samsung cooperation at:

sectra.se/securesmartphone

Add-on sales to existing customers

- University Hospitals of Cleveland order large image archive.
 - 16 hospitals (and growing)
 - > 30 outpatient facilities
 - Health care services throughout 15 counties within Northeast Ohio



Export award

- Export Hermes Award
- the Swedish Fund for Export Development highlights exceptional export success, thereby contributing to Sweden's prosperity.



Highlights after the report period

Torbjörn Kronander, CEO and President Sectra AB

Continued success in breast imaging IT

Orders from:

- Kentucky Breast Care (USA).
- Breast Center of Acadiana (USA)
- Region Jönköping (Sweden).



Enabling more efficient cancer care

- Swedish university hospital in Linköping orders Sectras solution for digital pathology.
- The pathology solution is part of Sectra's integrated diagnostics framework.



Research and development

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



Some
10-14%
of net sales
is invested in
R&D
each year

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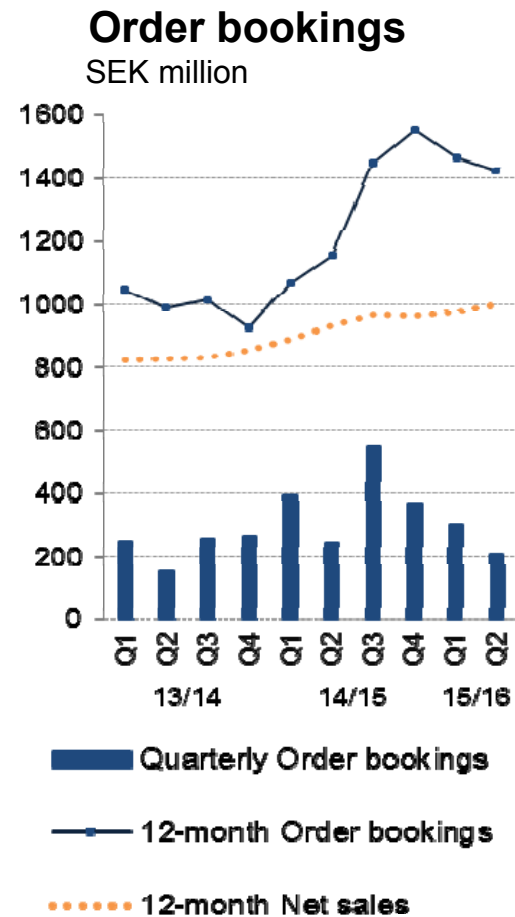
Financial figures

Simo Pykälistö, CFO & Executive Vice President Sectra AB

Six-month order bookings

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

- Down 20% to SEK 505.2 M.
- As expected - decrease in UK as many hospitals were forced to buy before summer 2015.
- Large variations between quarters.

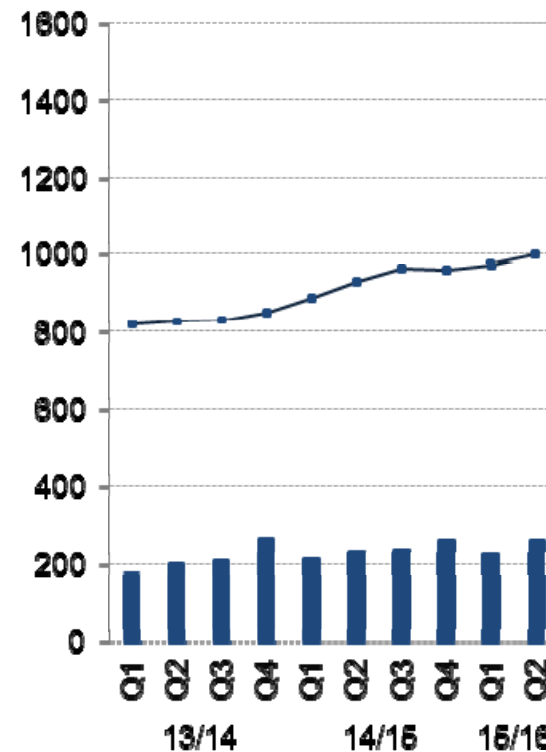


Long-term contracts support solid growth

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

- Net sales up 8% to SEK 489.5 M.
 - Excl. one time item 14/15 up 13%.
- All segments increased Q2 sales.
- Positive effect of currency changes.

Net sales for the Group
SEK million



Six-month sales growth by market

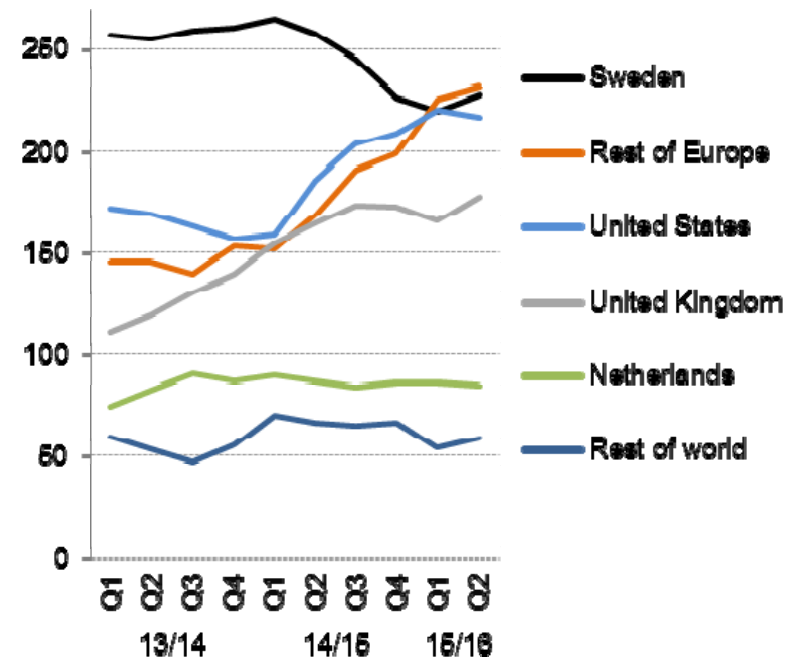
Changes compared with the six-month period previous fiscal year:

- Rest of Europe 43%.
 - Sweden 1%.
 - US 7%.
 - UK 6%.
-
- Netherlands neg. 4%.
 - Rest of World neg. 22%.
 - Excl. one time item 14/15 up 47%.

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Net sales by geographic market
 SEK million 12 month rolling



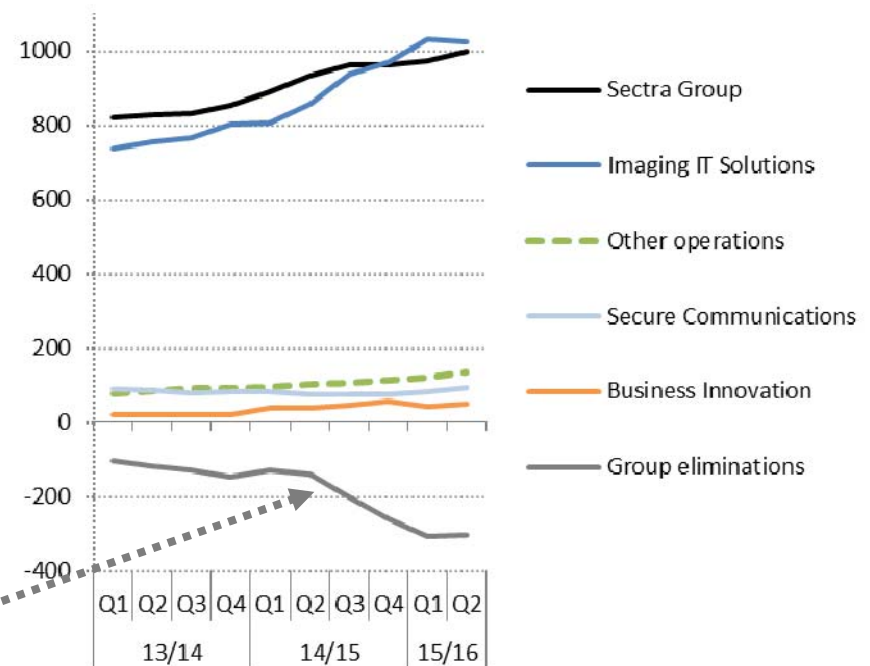
Six-month sales growth by business segment

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

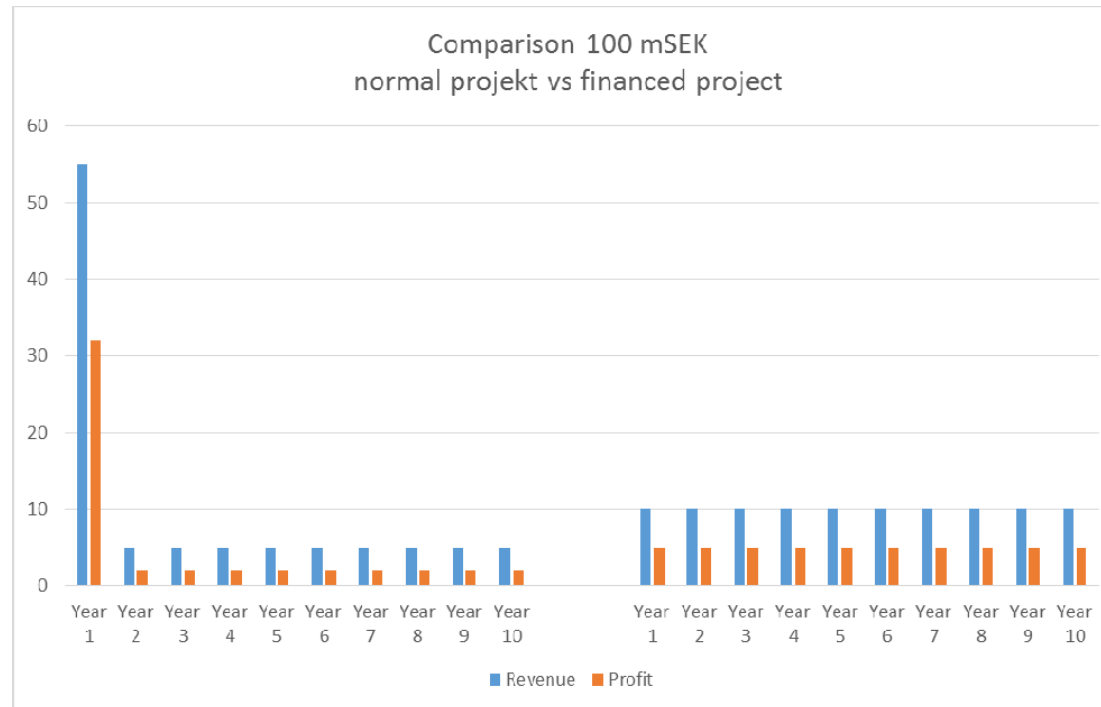
- Imaging IT up 13%.
- Secure Communications up 57%.
- Business Innovation down, but
 - excl. one time item up 60%.
- Other operations up 41%.

Increase in eliminations due to large customer projects in installation phase.

Net sales by business segment
SEK million 12 month rolling



Group-financed customer projects



Group-financed projects:

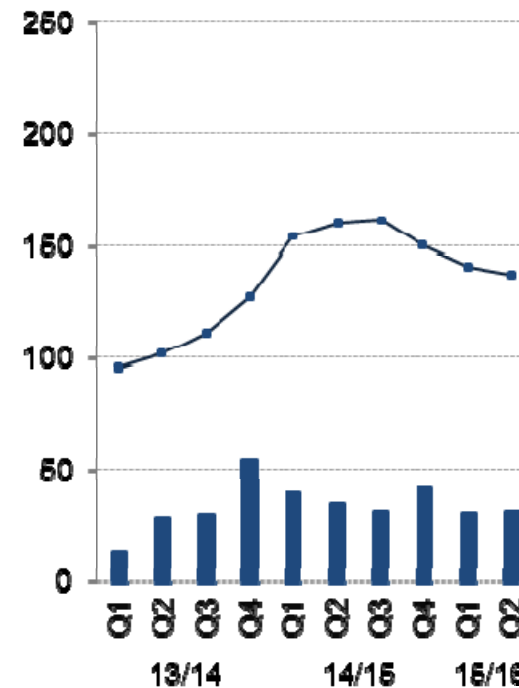
- Revenue and profit eliminated on the group level during the installation.
- Delayed revenue and profit recognition for the Group.
- Long term revenue and profitability improved.

Six-month operating profits

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

- Operating profit down 16% to SEK 63.5 M
 - excluding one time item operating profit was up 6%.
- Operating margin 13.0%.
- Positive effect of currency changes.

Operating earnings
SEK million 12 month rolling



Cash flow

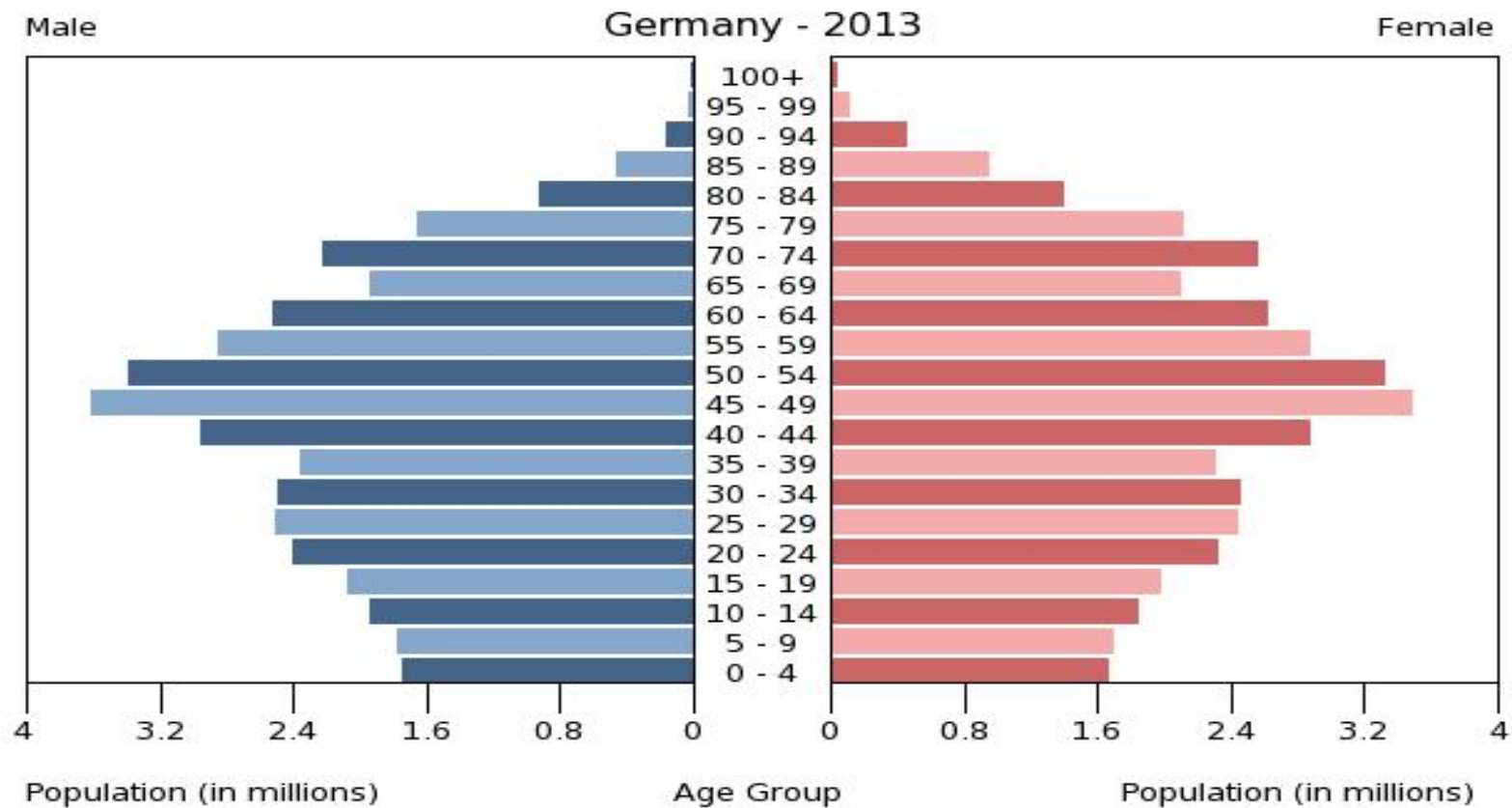
	2015/2016 Six-month	2014/2015 Six-month
Cash flow after changes in working capital	SEK 58.6 M	SEK 55.7 M
Cash flow/share	SEK 1.56	SEK 1.50

- Impacted by ongoing deployment of large long-term customer contracts.
- 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':

Medical imaging

Neurological

Cardiac

Cancer

Skeletal

- Osteoporosis/Fractures

- Orthopedics/Joint replacement



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Integrated diagnostics in cancer care

- Especially in cancer care a combination of radiological and pathology imaging diagnostics make a lot of sense.
- Today Sectra is unique in offering a unified solution that handles both of these as well as mammography.



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Secure Communication

- Swedish situation stabilized, not yet improved.
- Continue to grow sales in rest of Europe.
 - Demand is driven by increasing general uncertainty in Europe.
- Opportunities:
 - Security for a broader market.
- Very conservative market so change is slow.



Business Innovation



Online services for analyzing osteoporosis and other analyses



Medical education



Online services for planning orthopedic surgery



Research

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Focus forward

- Maintain high customer satisfaction ratings.
- Reach financial targets.
- Internal effectiveness.
Prioritize hosted solutions if possible.
- Prioritize large market share in a few markets.
- Focused expansion, select new markets carefully.



Opportunities in major segments

- Imaging IT solutions:

- Evaluate one or two new direct sales markets.
- Expand offering to existing customers.
 - E.g. Integrated diagnostics, Pathology, More clinical content etc.
- Cloud services/hosted solutions.
- Broaden product offering to new, related segments.

- Communications:

- The political uncertainty drives security business throughout Europe.
- Use brand and knowledge to leverage in other areas where security is important.



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 and exciting future opportunities.



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Upcoming IR events

- Aktiespararna Lidingö
December 9, 2015
- Roadshow London
December 11, 2015
- Nine-month report
March 8, 2016
- Year-end report
May 31, 2016
- Annual General Meeting
September 6, 2016

Your feedback is important!

Please let us know what you think at

sectra.com/2015Q2

Questions?

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Knowledge and passion

Torbjörn Kronander, CEO and President

Simo Pykälistö, CFO and Executive Vice President

Sectra AB

Ph +46 13 23 52 00

info.investor@sectra.se