

Interim report for the May 2016–January 2017 period:

Sectra earns top ranking in customer satisfaction and performance shows that quality is profitable

SEK million	The quarter			9 months			12 months		
	Q3	Q3	Change	Q1-3	Q1-3	Change	Rolling	2015/2016	Change
	2016/2017	2015/2016	%	2016/2017	2015/2016	%			%
Order bookings	302.9	369.0	-17.9	828.1	874.2	-5.3	1,275.9	1,322.0	-3.5
Net sales	294.2	268.9	9.4	800.1	758.4	5.5	1,115.2	1,073.6	3.9
Operating profit (EBIT)	47.1	44.0	7.0	125.6	107.5	16.8	183.6	165.5	10.9
Operating margin, %	16.0	16.4	-	15.7	14.2	-	16.5	15.4	-
Profit before tax (EBT)	45.8	36.9	24.1	121.3	106.0	14.4	170.0	154.8	9.8
Profit margin, %	15.6	13.7	-	15.2	14.0	-	15.2	14.4	-
Profit after tax	35.0	28.8	21.5	93.9	82.4	14.0	137.2	125.7	9.1
Earnings per share, SEK ¹	0.92	0.77	19.5	2.49	2.20	13.2	3.64	3.35	8.7
Cash flow ²	104.7	65.3	60.3	174.9	123.8	41.3	237.0	185.9	27.5
Number of employees ³	634	618	2.6	634	618	2.6	634	625	1.4

¹ Prior to dilution. ² Ongoing operations after changes in working capital. ³ At the end of the period.

CEO'S COMMENTS



REPORT PRESENTATION

by telephone with President Torbjörn Kronander and CFO Mats Franzén. The presentation will be held in English.

Time: March 7, 2017 at 10:00 a.m. (CET)

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Sectra's financial performance during the third quarter reflected positive trends with respect to the Group's sales, operating profit and cash flow. While order bookings in Scandinavia were lower than in the comparative quarter, we doubled out order bookings in the Netherlands, the UK and the US. However, we must ensure a higher growth rate for the Group's total order bookings if we are to achieve Sectra's financial goals in the long term.

The US is one of the markets where our largest business area, Imaging IT Solutions, is growing and capturing market shares with its medical IT systems. Over the past three years, the US operations have reported average sales growth in excess of 20% per year. I recently returned from the US, where we once again received the prestigious award of "Best in KLAS" for our top ranking in customer satisfaction. This is the fourth consecutive year that Sectra's system for managing medical images has received this award in the US, and the third year globally. In my opinion, the fact that we have won this award for so many years in a row is directly attributable to our close cooperation with customers, our strong corporate culture and our outstanding employees.

Within the Secure Communications business area, we have turned a loss into a profit. With new security approvals from NATO and the Netherlands, the business area has begun delivering the latest generation of Sectra's Tiger products – products that protect phone calls and data communications from eavesdropping. While the business area's focus on the growth of the new critical infrastructure product area will hamper its earnings trend in the short term, it will ultimately contribute to continued expansion.

Strategic choices

Sectra is well positioned in a number of niches, with strong global potential and favorable underlying market growth. We compete on the basis of high-tech products, highly motivated and talented employees and, above all, superior quality resulting in outstanding customer satisfaction. Both internal and external customer satisfaction surveys confirm that our customers appreciate our efforts. The positive feedback we receive from our users across the globe is a testament to our outstanding employees and the fact that we offer high-quality solutions, regardless of where in the world or in what areas our customers operate.

Our basic view is that it is better to be big in a few countries than to be small in many. Our goal is to be the largest or second largest supplier in the countries where we have subsidiaries. Just as we began operating in France last year, we plan to open offices in one or two additional countries during the coming year.

Outlook

With a vision of contributing to a healthier and safer society, Sectra delivers stable solutions with a high level of availability for some of society's most critical functions. This high level of customer satisfaction and long-term future focus is helping to strengthen our position in Sectra's niche areas. Given our high level of quality and customer satisfaction, long-term customer relationships, dedicated employees, innovative products and strong financial position, I believe we have the right prerequisites to continue performing well going forward.

Torbjörn Kronander, President and CEO

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THE PERIOD IN BRIEF

Nine-month period

- Order bookings amounted to SEK 828.1 million (874.2). Order bookings for the rolling 12-month period were 14.4% higher than net sales for the same period.
- Net sales totaled SEK 800.1 million (758.4), up 5.5%. Adjusted for currency fluctuations, sales increased 6.2%.
- Operating profit rose 16.8% to SEK 125.6 million (107.5), corresponding to an operating margin of 15.7% (14.2). Adjusted for currency fluctuations, operating profit increased 15.0%.
- Nonrecurring items during the third quarter (refer to page 5) had a positive impact of SEK 12.4 million attributable to the reversal of a contingent consideration and a negative impact of SEK 12.3 million attributable to depreciation, amortization and impairment. The items had a net effect of SEK 0.04 million on operating profit.
- Cash flow after changes in working capital increased to SEK 174.9 million (123.8).

Third quarter

- Order bookings amounted to SEK 302.9 million (369.0).
- Net sales totaled SEK 294.2 million (268.9), up 9.4%. Adjusted for currency fluctuations, sales increased 8.3%.
- Operating profit rose 7.0% to SEK 47.1 million (44.0), corresponding to an operating margin of 16.0% (16.4). Currency fluctuations contributed to a positive earnings trend, partly due to large purchases in GBP during the period. Adjusted for currency fluctuations, operating profit decreased 11.8%.
- Cash flow after changes in working capital increased to SEK 104.7 million (65.3).

Events during the third quarter

- Multiyear agreements were signed with new and existing US customers who chose to invest in Sectra's IT solutions for managing medical images, including Women's Imaging Associates radiology clinic and the healthcare provider ProMedica.
- More general hospitals in Wales went live with Sectra's Image Exchange Portal (IEP) service for rapid and secure sharing of medical images, including medical reports. The solution is used in hospitals across the UK and allows a globally unique collaboration between care providers across the country.
- The German hospital group Gesundheit Nordhessen ordered Sectra's IT solution (PACS and VNA) for managing medical images.
- Blekinge County Council in Sweden introduced a total solution for managing all medical images within the region by extending the functionality of its existing IT solution for radiology image management (PACS) to also include a multimedia archive (VNA) from Sectra.
- Sectra and Samsung's partnership concerning a secure smartphone resulted in Sectra Tiger/R being approved at the RESTRICTED level. The product was approved for communicating information at this high security level by the Dutch security authorities.



Awards for top customer satisfaction across the globe for several consecutive years. The results of the customer survey conducted by the analyst company KLAS are presented in the report "2017 Best in KLAS: Software and Services". Read more at: www.sectra.com/klas

EVENTS AFTER THE END OF THE REPORTING PERIOD

- Sectra topped the PACS category, with the highest customer satisfaction in the US for the fourth consecutive year and globally for the third year. In addition to these prestigious awards, Sectra was also named “Category Leader” in the subcategories PACS in Europe and PACS Ambulatory in the US.
- Orders were received for medical IT systems from several new customers in the US, including John Muir Health, Northwestern Memorial Hospital and Cascade Medical Imaging, LLC.
- Isala Hospital in the Netherlands signed a ten-year contract with Sectra. The order comprises Sectra's IT solution for reviewing diagnostic images.
- An agreement was signed with the organization Pathology Projects (SPP) regarding the implementation of Sectra's unique telepathology solution in the Netherlands. All 50 pathology labs in the country will be given an opportunity to connect to the nationwide solution, allowing them to efficiently share pathology images. This is the first pathology project of its kind in the world.
- Västerbotten County Council in Sweden is investing in Sectra's IT solution for storing, viewing and sharing digital pathology images. The solution will also be used by pathologists in the nearby region of Jämtland Härjedalen.
- Partnerships were initiated with new distributors of Sectra's digital pathology solution in Russia and Poland.
- The South African radiology group Dr's De Beer and De Jager ordered Sectra's solution for managing radiology images. This is Sectra's first order in the South African market since entering the African healthcare market in the second quarter through its partnership with the distributor Tecmed Africa.
- NATO approved the secure mobile phone Sectra Tiger/S for use at the NATO SECRET level and the smartphone solution Sectra Tiger/R for use at the RESTRICTED level. Sectra Tiger/S has already been approved by the EU for use at the EU SECRET level, thus increasing the potential for a secure pan-European dialog, for example, with respect to crisis preparedness.

OUTLOOK

The world needs more efficient healthcare and increased security in society's communication and IT systems. Sectra plays a key role in meeting the needs in both of these areas, which also offer significant scope for expansion.

Offering for more efficient care

Due to the demographic trend of a population that is living longer while birth rates are declining, there is a growing need for greater healthcare efficiency in order to provide care for more patients. Sectra develops and sells IT solutions and services for medical diagnostic imaging and medical education that help to develop the healthcare sector while also making it more efficient. Society also needs to improve how it takes care of age-related diseases. Sectra offers several products and solutions that enhance the efficiency of care pathways for some of the most costly diseases primarily affecting older people. For example, the company's offering facilitates cancer diagnostics and planning and monitoring of orthopaedic surgery. Sectra's work enables hospitals across the world to become more efficient, and thus take care of more patients and save more lives.

Offering for a safer society

Growing use of IT, global mobility and the connection of IT systems to the Internet are contributing to efficiency enhancements in society and simplifying everyday life. These developments also entail an increased risk of eavesdropping and unauthorized data access and mean that disruptions to critical IT systems could result in serious negative consequences for society and the individual. Sectra expanded its market during the preceding fiscal year through the launch of products and monitoring services for society's critical functions, such as electricity and water distribution. Sectra has developed IT solutions and services for secure voice and data communications for many years. Sectra has been entrusted to deliver products that protect classified information at the very highest levels. Several of its products have been approved by the EU, NATO and national security authorities. By helping customers to provide increased security for society's most critical communication and control systems, Sectra contributes to a more stable and safer society.

Sectra's vision –
To contribute to a
healthier and
safer society.

GROUP

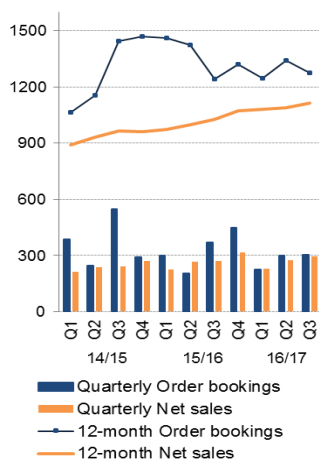
Order bookings, sales and earnings

Results in SEK million

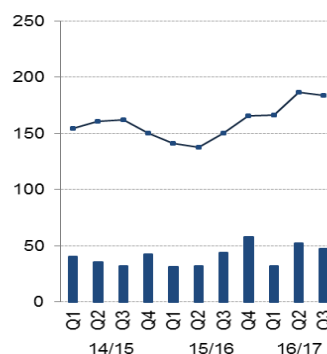
Bar – per quarter

Line – rolling 12 months

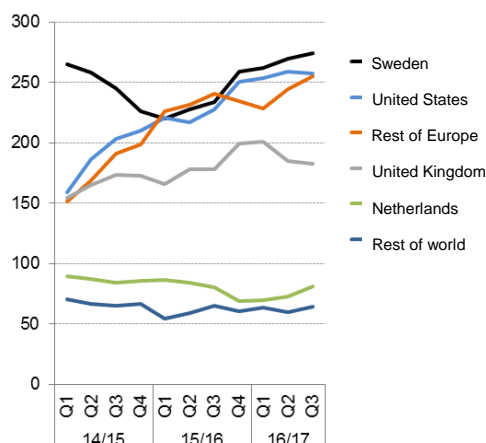
Order bookings and sales, Group



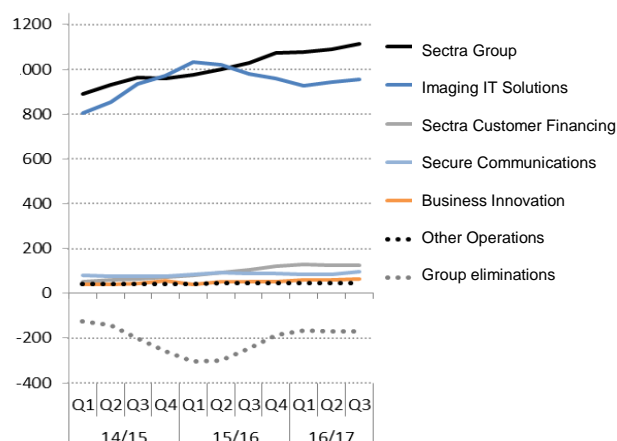
Operating profit, Group



Sales trend per geographic market



Sales trend per segment



The outcome in the UK was impacted by currency effects.

Nine-month period

The Group's order bookings for the period totaled SEK 828.1 million, down 5.3% from the comparative period. The Secure Communications and Business Innovation segments reported increased order bookings. Within Imaging IT Solutions, order bookings in Scandinavia were lower than in the comparative period while order bookings from customers in the Netherlands, the UK and the US, for example, rose more than 10%. The Group's order bookings for the rolling 12-month period were 14.4% higher than net sales for the same period.

Net sales rose 5.5% to SEK 800.1 million. Adjusted for currency fluctuations, net sales increased 6.2%. Sectra reported growth in all geographic regions except the UK, where the outcome was adversely impacted by major currency fluctuations in the British pound (GBP).

Sales-related Group eliminations declined SEK 19.1 million to SEK 129.4 million due to a lower percentage of completed managed-services agreements than in the comparative period. Eliminations mainly pertain to Group-financed managed-services agreements with customers in the Imaging IT Solutions business area. Within this business area, most of the revenue and earnings from managed-services agreements are recognized in conjunction with installation and deployment at the customer's site. At the same time, these agreements are eliminated at the Group level, with external revenue and earnings instead recognized over the duration of the managed-services agreements, which is normally five to ten years. As projects move to the operational phase, they are taken over by Sectra Customer Financing and contribute to a stable long-term trend.

The Group's operating profit rose 16.8% to SEK 125.6 million. Adjusted for currency fluctuations, operating profit increased 15.0%. The operating margin rose 1.5 percentage points to

Managed-services agreements generate stable invoicing for many years.

Reversal of contingent consideration and impairment of goodwill.

Order bookings in the Netherlands, the UK and the US doubled compared with the third quarter of the preceding year.

15.7%, which is in line with Sectra's financial goals. Operating profit includes the reversal of a contingent consideration amounting to SEK 12.4 million and impairment of goodwill and other intangible assets totaling a negative SEK 12.3 million. These items had a net effect of SEK 0.04 million on operating profit. The items pertain to the third quarter and are attributable to Sectra's acquisition of RxEye in 2015. Due to changes in the local strategy within the product segment where Sectra offers services for cooperation and information sharing within the healthcare sector, the previously anticipated synergy effects from the acquisitions have been reduced and the assumptions regarding the growth rate have been revised.

The Group's net financial items declined SEK 2.8 million to an expense of SEK 4.3 million. Currency fluctuations had a negative impact of SEK 3.9 million (neg: 1.4) on the Group's financial items. Changes in the GBP accounted for the largest currency effects. Profit after net financial items increased SEK 15.3 million to SEK 121.3 million, corresponding to a profit margin of 15.2%. Earnings per share totaled SEK 2.49.

Third quarter

There are major variations in order bookings between the quarters. The Group's order bookings for the quarter totaled SEK 302.9 million, down 17.9% from the comparative period. The decrease was primarily attributable to Norway, where procurements of medical IT systems were not on the same scale as in the comparative quarter. However, Sectra's order bookings in the Netherlands, the UK and the US doubled compared with year-earlier period, mainly through multiyear managed-services agreement, which will contribute to a stable long-term trend.

Net sales rose 9.4% to SEK 294.2 million. Adjusted for currency fluctuations, sales increased 8.3%. Imaging IT Solutions, Secure Communications and Business Innovation contributed to the increase. Due to negative currency effects in the GBP, Sectra Customer Financing reported weaker sales than in the comparative period. Sales-related Group eliminations increased SEK 0.1 million to a negative SEK 35.0 million.

The Group's operating profit rose 7.0% to SEK 47.1 million. The operating margin fell 0.4 percentage points to 16.0%. Currency fluctuations contributed to a positive earnings trend, partly due to large purchases in GBP during the period. Adjusted for currency fluctuations, operating profit decreased 11.8%. The reversal of a contingent consideration and impairment of goodwill and other intangible assets had an impact of SEK 0.04 million on operating profit.

The Group's net financial items increased SEK 5.7 million to an expense of SEK 1.3 million. Currency fluctuations had a negative impact of SEK 1.1 million (neg: 6.8) on the Group's financial items. Changes in the GBP accounted for the largest currency effects. Profit before tax increased SEK 8.8 million to SEK 45.8 million, corresponding to a profit margin of 15.6% and earnings per share of SEK 0.92.

Sectra's financial goals

The purpose of Sectra's Group-wide goals and strategies is to build financially sound operations that provide the company with opportunities to create customer value and thereby contribute to long-term growth in shareholder value. Sectra's financial focus is to increase its operating profit per share, while maintaining its operating margin.

All of the financial goals had been achieved as of the balance-sheet date. The financial goals are (in order of priority):

Equity/assets ratio

45.8%

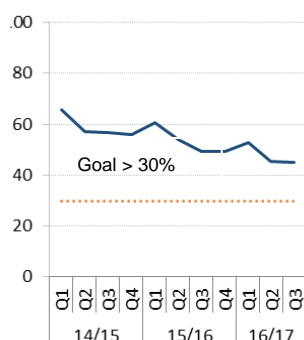
Operating margin (EBIT), rolling 12-month basis

16.5%

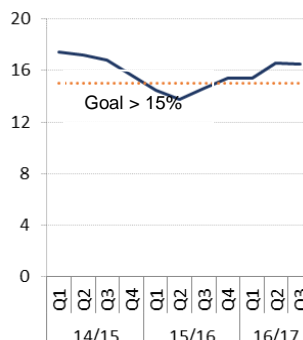
Growth in operating profit per share over a five-year period

124.6%

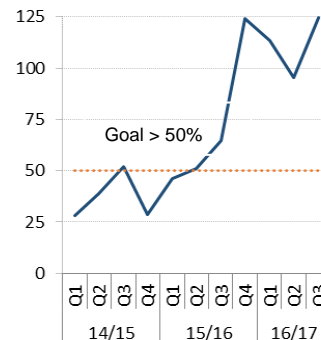
1. Equity/assets ratio, % per share



2. Operating margin, %



3. Growth in operating profit over a five-year period, %



Focus on expanding
Sectra's presence in
the French healthcare
market.

Office opened in France

During the first quarter, Sectra opened a direct sales office in France. Sectra has been active in the French market via a partner since 2006 and already has a large number of minor installations of IT systems for mammography throughout the country. The establishment of the office will allow Sectra to extend its sales of medical IT solutions in the French market to include most of the company's portfolio of medical products and services.

Financial position

Sectra has a strong cash balance and balance sheet. After adjustment for exchange-rate differences, the Group's cash and cash equivalents at the end of the reporting period amounted to SEK 221.6 million (199.2). The equity/assets ratio was 45.8% (49.5). During the second quarter, Sectra distributed SEK 169.6 million (168.8) to shareholders through a redemption program.

The Group's debt/equity ratio was 0.16 (0.15). Interest-bearing liabilities amounted to SEK 77.6 million (75.0) and pertained to convertible loans held by employees and Board members. During the third quarter, convertible loans totaling SEK 13.5 million were converted to shares and new convertible loans amounting to SEK 25.0 million were raised (refer to page 13).

The Group's cash flow from operations after changes in working capital amounted to SEK 174.9 million (123.8). This change was primarily the result of improved cash flow from accounts receivable. Cash flow per share increased to SEK 4.62 (3.30) for the period.

Cash flow from investing activities was a negative SEK 47.1 million (neg: 80.4) for the period. These investments mainly pertained to assets in long-term Group-financed customer projects and development projects. The change was primarily attributable to lower investments in Group-financed customer projects compared with the preceding year, when Sectra deployed a larger number of customer projects. The Group's total cash flow amounted to a negative SEK 18.2 million (neg: 102.7), of which SEK 114.6 million (68.5) pertained to the third quarter. The trend in working capital and lower investments in customer-financed projects contributed to this improvement.

Investments, depreciation and amortization

Group investments during the period amounted to SEK 47.1 million (80.4), of which SEK 13.6 million (20.6) was attributable to the third quarter. Investments primarily pertained to customer projects in the Group's financing activities and capitalized development costs. Depreciation/amortization for the period amounted to SEK 43.7 million (36.8), of which SEK 14.8 million (13.7) pertained to the third quarter.

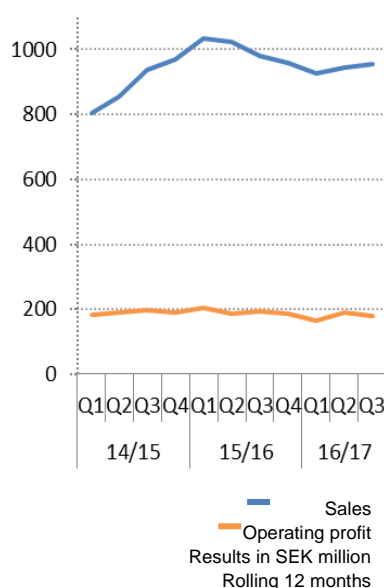
Hardware-related investments in Group-financed customer projects during the period totaled SEK 12.1 million (44.5), of which a negative SEK 6.6 million (neg: 7.5) was attributable to the impact of currency fluctuations on the size of the investment amounts. At the end of the period, the net carrying amount for Group-financed customer projects totaled SEK 133.5 million (134.2).

Capitalization of development costs during the period amounted to SEK 23.2 million (23.0), of which SEK 8.1 million (12.8) pertained to the third quarter. Amortization of capitalized development projects during the period amounted to SEK 12.7 million (10.5), of which SEK 4.3 million (4.0) pertained to the third quarter. At the end of the period, capitalized development costs totaled SEK 95.9 million (77.8).

Seasonal variations

Sectra's seasonal variations entail that most of the company's invoicing and earnings are traditionally generated at the end of the fiscal year. However, these seasonal variations have diminished somewhat in recent years since a major portion of sales is derived from pay-per-use or pay-by-month agreements with long durations. The equalization effect resulting from long-term managed-services agreements that are financed internally within the Group does not impact the business areas; instead it is essentially managed through the Parent Company's financing activities. The variations in order volumes in individual quarters can be substantial when customers sign extensive, multiyear agreements with the company, for example, for medical IT projects or for the development of encryption systems.

Large long-term
managed-services
agreements help to
reduce seasonal
variations.



IMAGING IT SOLUTIONS

	Q3 Nov 2016- Jan 2017	Q3 Nov 2015- Jan 2016	Q1-3 May 2016- Jan 2017	Q1-3 May 2015-Jan 2016	Rolling 12 months	Full-year May-Apr 2015/2016
Sales, SEK million	237.0	226.6	684.7	687.7	954.8	957.8
Operating profit, SEK million	41.3	53.0	117.9	124.0	179.3	185.4
Operating margin, %	17.4	23.4	17.2	18.0	18.8	19.4
Number of employees at end of period	470	465	470	465	470	470

Sales and earnings

Imaging IT Solutions' sales for the nine-month period were on par with the comparative period. The business area reported growth in most of its markets. However, in accordance with Sectra's expectations, the outcome in the UK was lower than in the comparative period. During the early quarters of 2015/2016 and the preceding year, the business area reported strong growth in the UK market, where healthcare providers procured new multiyear managed-services agreements for medical IT systems as their previous contracts expired during this period. Accordingly, the effect was nonrecurring in nature.

The change in operating profit compared with the year-earlier period was partly attributable to currency fluctuations. The business area's earnings were also charged with long-term growth initiatives in new product areas, such as digital pathology, and an expansion into additional geographic markets through the establishment of its own operations and through new distributors. These activities could contribute to the ongoing positive performance of the business area going forward.

Market

The market for medical IT systems and services is continuing to grow as a result of the population trend and the increased use of medical diagnostic imaging. To enable healthcare providers to provide better, faster and more patient-centered care, Sectra offers systems and services for the management and archiving of all types of medical images. Medical imaging management in cancer diagnosis is a key part of the business area's strategy for the future. Most users are currently active in the fields of radiology and mammography, areas that make extensive use of medical images. The use of medical images in other areas, such as pathology, is growing, partly as a result of more customers implementing systems for consolidated imaging management for integrated diagnostics.

More than 1,700 healthcare providers worldwide use Sectra's systems and services, and the company is one of the world's leading suppliers of IT systems for managing medical images (PACS) and patient information (RIS). Sectra commands a market-leading position in these product segments in Sweden, Norway, the Netherlands and Portugal, and is growing rapidly in the UK and the US. Sectra is also the market leader in a number of other countries in the niche of mammography imaging management.

Growth potential in the US

In recent years, Sectra's medical systems have received a top ranking in numerous customer satisfaction surveys conducted by various survey institutions. Satisfied customers drive demand and create customer loyalty. Most of the surveys focused on the US and, combined with Sectra's low market share in the US, this suggests that there is room for the business area's medical IT offering to grow. During the third quarter, Sectra signed agreements with several new US customers, including John Muir Health, Northwestern Memorial Hospital and Cascade Medical Imaging, LLC.

According to estimates from the analysis company Frost & Sullivan, the number of diagnostic imaging procedures in the US has increased an average of 2.2% per year over the past two years. A comparison with the number of examinations conducted by Sectra's US customers in the same period shows that the business area's growth has exceeded the market as a whole by a factor of four.

The way forward

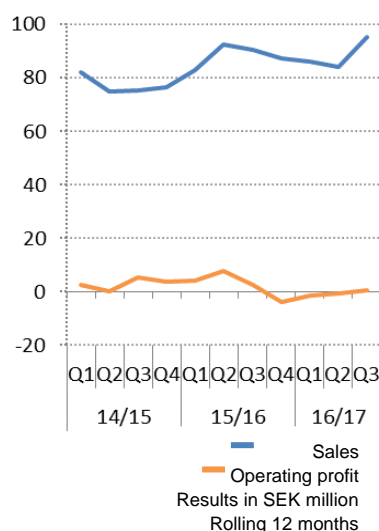
The business area is focusing on offering customers stable, efficient and future-proof solutions for managing and communicating all types of medical images. Examples of focus activities:

- Grow within radiology and other areas of medical imaging management by adding new customers in regions where Sectra already has an established presence. This includes an increased focus on the US and Germany, where Sectra has a very high level of customer satisfaction, but a relatively small market share.
- Assess individual new markets for direct sales, such as France, where Sectra initiated direct sales during the first quarter.

The business area is growing and capturing market shares in the US.

- Develop partnerships with existing customers through which Sectra's existing products and services can contribute to further efficiency enhancements. For example, sales of the solution for digital pathology.
- Continued product development and broadening of the product portfolio. Special focus on medical imaging management in cancer diagnosis, an area that is a key part of the business area's strategy for the future.
- Greater internal efficiency. Partly by establishing a service-oriented organization that can support the sale of cloud solutions and increased centralization to ensure optimal utilization of specialist expertise.
- Increased customer satisfaction by continuously measuring and monitoring customer opinions about Sectra's support and products.
- Cooperation with partners in regions where Sectra does not conduct direct sales and partnerships with new distributors in regions with development potential. For example, the business area has entered into new partnerships in South Africa, Poland and Russia.

SECURE COMMUNICATIONS



	Q3 Nov 2016- Jan 2017	Q3 Nov 2015- Jan 2016	Q1-3 May 2016- Jan 2017	Q1-3 May 2015- Jan 2016	Rolling 12 months	Full-year May-Apr 2015/2016
Sales, SEK million	31.7	20.6	72.0	64.0	95.2	87.2
Operating profit/loss, SEK million	0.4	-0.8	3.3	-0.9	0.5	-3.7
Operating margin, %	1.3	-3.9	4.6	-1.4	0.5	-4.2
Number of employees at end of period	67	64	67	64	67	64

Sales and earnings

Secure Communications delivered a cautiously positive trend and turned a loss in the comparative period into profit. This sales increase was largely linked to deliveries of Tiger products after the business area obtained security approvals in the EU and the Netherlands earlier in the fiscal year. The results were charged with ongoing growth initiatives to broaden the business area's offering to include new customer segments and expand into additional geographic markets.

Market

The ability to safely and efficiently transmit sensitive information is central to the stability and security of society, particularly when it comes to critical social functions and infrastructure, government contacts or national security. Sectra has extensive experience of protecting society's most critical communication and is a strong brand in the area of encryption and secure mobile communication. In the preceding fiscal year, the business area entered the fast-growing market for IT security for customers in the area of critical infrastructure. Sectra's critical infrastructure operations are still in the establishment phase but show considerable long-term potential.

Customers include government authorities, companies in critical social sectors and defense organizations. Sweden and the Netherlands comprise the business area's largest markets. As a result of the business area's close, long-lasting partnerships with customers as well as national security authorities in many countries, its products for secure mobile communication are used in most European countries, and by the EU and NATO. Being trusted to protect a nation's most sensitive information requires that the customer have a high degree of confidence in Sectra as a provider.

The business area's growth strategy includes activities to broaden its offering to additional customer segments, mainly in the area of critical infrastructure, and expand into new geographic markets. One such market is Finland, where Sectra opened subsidiaries and acquired the security consulting company EXP Analytics Oy in the preceding fiscal year.

The way forward

The business area is focusing on offering customers stable, accessible and easy-to-use IT security solutions for control systems and communication systems for sensitive information. Examples of the business area's focus activities:

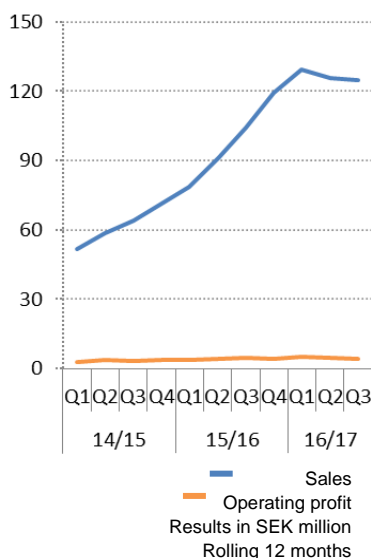
- Increase sales of security-approved communication solutions in the Netherlands, Finland and the rest of Europe. This is facilitated by the company's offering of a complete system concept with solutions for various security levels able to handle multiple security domains (groups of users with a regulatory right to access classified information) in a single unit, which simplifies user management.

Future focus on
security analysis and
monitoring services for
the energy sector.



- Partnership with Samsung to further develop the Sectra Tiger/R secure mobile telephony solution and enable the company's operations to be expanded into new customer segments for government authorities, critical infrastructure and private businesses.
- Grow in the area of critical infrastructure by offering security analyses and system monitoring services for operating and control systems. Primarily focusing on the energy sector in the Nordic region and other areas of Northern Europe.

BUSINESS INNOVATION



	Q3 Nov 2016- Jan 2017	Q3 Nov 2015- Jan 2016	Q1-3 May 2016-Jan 2017	Q1-3 May 2015- Jan 2016	Rolling 12 months	Full-year May-Apr 2015/2016
Sales, SEK million	18.8	13.7	50.2	36.8	64.7	51.3
Operating profit/loss, SEK million	3.9	0.0	7.7	2.4	5.0	-0.3
Operating margin, %	20.7	0.0	15.3	6.5	7.7	-0.6
Number of employees at end of period	35	29	35	29	35	29

The Business Innovation segment comprises the Medical Education and Orthopaedics business units as well as Sectra's research department. Sectra's patent portfolio is managed and developed within Business Innovation.

Sales and earnings

The Orthopaedics and Medical Education business units continued to grow. Business Innovation's sales for the period rose 36.4% to SEK 50.2 million. Operating profit increased 220.8% to SEK 7.7 million.

Reorganization

On May 1, 2016, a reorganization was carried out within Business Innovation, incorporating the Osteoporosis business unit into the Orthopaedics business unit. Accordingly, a single business unit was formed for products and services related to skeletal diseases and injuries, which is expected to generate certain synergy effects.

Market

Business Innovation is Sectra's incubator for early-stage business units, projects and ideas that are not yet large enough to become independent business areas. This is where Sectra evaluates and utilizes opportunities to commercialize new technologies and new segments in the Group's main and related areas. Through Business Innovation, Sectra participates in research that can lead to a better quality of life for the individual, increased customer value and cost savings for healthcare and society.

The way forward

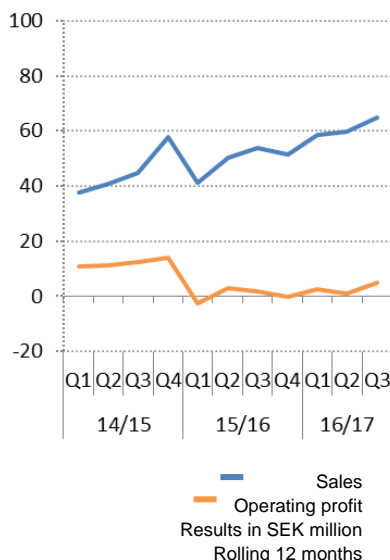
Examples of focus activities in Business Innovation:

- *Medical education* – grow in key markets, such as the US and China, and expand into new markets. Essentially all sales outside Sweden are conducted through distributors.
- *Orthopaedics* – grow in the countries where the business unit has its own sales organization, increase sales of cloud-based services for planning joint replacement surgeries through collaboration with implant suppliers, and grow in the trauma segment through sales of new solutions for 3D image planning of acute surgical procedures. An increasing proportion of deliveries take place through cloud-based solutions.
- *Research* – responsible for research projects in product areas and technology with the potential to generate sales within three to five years. The team is also responsible for key research partnerships with universities and colleges.

Every year, 10–15%
of the Group's sales
are invested in R&D



SECTRA CUSTOMER FINANCING



	Q3 Nov 2016- Jan 2017	Q3 Nov 2015- Jan 2016	Q1-3 May 2016- Jan 2017	Q1-3 May 2015- Jan 2016	Rolling 12 months	Full-year May-Apr 2015/2016
Sales, SEK million	30.3	31.1	89.4	84.0	124.6	119.2
Operating profit, SEK million	0.6	1.2	3.4	3.5	4.2	4.3
Operating margin, %	2.0	3.9	3.8	4.2	3.4	3.6
Number of employees at end of period	0	0	0	0	0	0

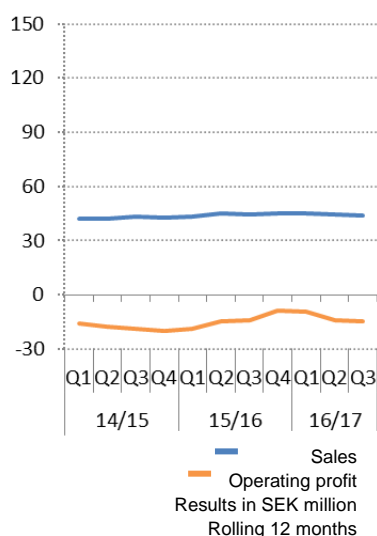
Sectra Customer Financing is Sectra's unit for the financing of major managed-services agreements with healthcare customers and asset management.

Sales and earnings

This segment has a significant exposure to the GBP. Despite negative currency effects, the unit's sales for the period increased 6.4% to SEK 89.4 million.

The growth in the unit is linked to Imaging IT Solutions' successful sales of multiyear managed-services agreements for medical IT systems in recent years. The financing of extensive managed-services agreement is usually handled by Sectra Customer Financing, which takes over projects after deployment and thereafter recognizes revenue and earnings over the duration of the managed-services agreement. Within Imaging IT Solutions, most of the revenue and expenses for managed-services agreements are recognized in conjunction with installation and deployment at the customer's site, which are then eliminated at the Group level.

OTHER OPERATIONS



	Q3 Nov 2016- Jan 2017	Q3 Nov 2015- Jan 2016	Q1-3 May 2016- Jan 2017	Q1-3 May 2015- Jan 2016	Rolling 12 months	Full-year May-Apr 2015/2016
Sales, SEK million	11.4	11.8	33.2	34.4	44.0	45.2
Operating loss, SEK million	-3.5	-3.0	-10.5	-4.6	-14.9	-9.0
Operating margin, %	-30.7	-25.4	-31.6	-13.4	-33.9	-20.0
Number of employees at end of period	62	60	62	60	62	62

Other Operations pertain to Sectra's joint functions for administration, Group finances, IT, regulatory affairs, marketing communication and investor relations activities.

Sales and earnings

Sales from Other Operations were essentially on par with the comparative period. The earnings trend was impacted by an increase in international Group-wide initiatives and investments in IT security.

PARENT COMPANY

The Parent Company, Sectra AB, includes the operating segments Business Innovation and Sectra Customer Financing as well as the head office's functions for Group finances, IT, regulatory affairs, marketing communication and investor relations activities. The Parent Company's income statement and balance sheet are reported on page 21.

During the period, sales in the Parent Company amounted to SEK 80.0 million (70.7), of which SEK 26.5 million (24.6) was attributable to the third quarter. The Parent Company posted an operating loss of SEK 2.6 million (loss: 0.1), of which negative SEK 2.2 million (neg: 3.2) pertained to the third quarter. The loss after net financial items amounted to SEK 0.8 million (profit: 18.9), of which negative SEK 3.2 million (9.9) pertained to the third quarter. Currency fluctuations had a negative impact of SEK 3.0 million (neg 3.6 on financial items for the period, of which negative SEK 2.7 million (neg: 10.7) pertained to the third quarter.

THE SHARE

Sectra's share redemption program 2016

During October 2016, Sectra carried out a share redemption program, whereby SEK 4.50 per share, a total of SEK 169.6 million, was distributed to shareholders through a 2:1 share split, combined with a mandatory redemption process and a bonus issue to restore the share capital. Payment was made on October 24, 2016.

Help with your
Swedish tax return.

In the 2017 Swedish tax assessment, the redemption of Sectra's redemption shares (designated SECT IL A and SECT IL B) is to be declared as a sale of shares on Form K4. According to the Swedish Tax Agency's general recommendations, 96.9% of the acquisition cost of an original Class A or B share in Sectra AB should be assigned to a remaining share and 3.1% to the redemption share. Help with your Swedish tax return: www.sectra.com/redemption

Due to Sectra's share redemption program for 2016, the Board decided to recalculate conversion prices for outstanding convertibles and employee stock option programs. The recalculation means that the financial compensation to the holders of convertibles in relation to the shareholders is reasonable. For dilution effects and current conversion prices after the recalculation, refer to the information on Sectra's website: www.sectra.com/shareprograms

Increased share
capital after
conversion of
convertibles.

Share-based incentive programs

On the balance-sheet date, Sectra's share capital totaled SEK 37,890,085, distributed between 37,890,085 shares. Of these shares, 2,620,692 are Class A shares and 35,269,393 are Class B shares. On full exercise of outstanding convertibles, the number of Class B shares will increase by 609,054, corresponding to 1.6% of the share capital and 1.0% of the voting rights in the company. These figures include the redemption of convertibles (2011/2016 and 2012/2016 programs) during the first and third quarters totaling SEK 22.5 million, corresponding to 386,705 Class B shares.

The AGM, held on September 6, 2016, resolved to issue additional convertibles to the Group's employees and external Board members. The convertibles could be subscribed during the period November 7-11, 2016. Employees were subsequently allocated 118,419 convertibles and external Board members were allocated 18,181 convertibles, corresponding to a total of 136,600 Class B shares at a combined nominal amount of SEK 25.0 million. The dilution effect of the two convertible programs is 0.4% of the share capital and 0.2% of the voting rights. The conversion price for convertibles to employees is SEK 181.80, and the duration is December 1, 2016-December 31, 2019. Conversion is possible December 9-13, 2019. The conversion price for convertibles to external Board members is SEK 192.50, and the duration is December 1, 2016-December 31, 2020. Conversion is possible December 10-16, 2020.

Authorization

The 2016 AGM authorized the Board, for the period until the next AGM, to decide on the new issue of not more than 3,700,000 Class B shares for consideration in the form of cash payment, offsetting of debt or contribution in kind whereby offsetting of debt and contribution in kind may deviate from shareholders' preferential rights. If the authorization is fully exercised, the dilution effect will be approximately 10% of the share capital and approximately 6% of the voting rights.

The AGM also resolved to authorize the Board, on one or more occasions, during the period until the next AGM, to make decisions on the acquisition and transfer of Class B treasury shares. A condition for the authorization is that the company's holding of treasury shares at no time exceeds 10% of all shares in the company.

At the time of publication of this interim report, the Board had not utilized this authorization.

AGM 2017 AND NOMINATION COMMITTEE

The 2016 AGM resolved to appoint a Nomination Committee comprising four members, one of whom is the Chairman of the Board and three of whom represent the largest shareholders in the company based on the number of votes. The Nomination Committee was formed based on known shareholdings in the company on October 31, 2016.

In accordance with the resolution of the AGM, the following Nomination Committee was appointed:

- Carl-Erik Ridderstråle (Chairman of the Board)
- Torbjörn Kronander (largest shareholder and CEO)
- Jan-Olof Brüer (second-largest shareholder and Board member)
- Jan Särilvik (representing Nordea, the fourth-largest shareholder)

Jan-Olof Brüer, who is the company's second-largest shareholder in terms of votes, has been appointed Chairman of the Nomination Committee. Torbjörn Kronander, the company's largest shareholder in terms of votes, decided to abstain from the chairmanship due to his role as CEO of Sectra AB.

The AGM is scheduled for September 13, 2017 in Linköping. The Nomination Committee's proposals will be presented in the notice of the AGM. The Nomination Committee will prepare and submit proposals regarding:

- election of and fees to the Chairman of the Board and other Board members
- election of and fees to the auditors and deputy auditors
- resolution on principles governing the composition of the Nomination Committee
- Chairman of the AGM

Shareholders who wish to submit proposals to the Nomination Committee may do so in writing by e-mail: info.investor@sectra.com, or by mail: Sectra AB, Attn. Nomination Committee, Teknikringen 20, SE-583 30 Linköping, Sweden.

Shareholders are entitled to have a matter addressed by the AGM. Notice of the AGM is to be issued not earlier than six weeks and not later than four weeks prior to the AGM. To ensure that the company has time to include matters in the notice, requests for matters to be addressed by the AGM must be received by the company not later than seven weeks before the AGM.

Requests to have matters addressed by the AGM are to be submitted to the Board in writing via e-mail: info.investor@sectra.com, or by mail: Sectra AB, Attn. Board of Directors, Teknikringen 20, SE-583 30 Linköping, Sweden.

FINANCIAL STATEMENTS

Accounting policies

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, the Swedish Annual Accounts Act and the Swedish Securities Markets Act. The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) and statements from the International Financial Reporting Interpretations Committee (IFRIC) as approved by the EU Commission for application within the EU.

The Parent Company applies the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. The Swedish Financial Reporting Board has amended RFR 2 in respect of the application of IAS 21. This amendment entails that exchange-rate differences arising on monetary items comprising part of a net investment in a foreign operation are to be recognized in profit and loss and not in other comprehensive income as they were in the past. The amendment applies to fiscal years starting January 1, 2016 or later. The amendment impacts financial income and expenses in the Parent Company. The 2015/2016 comparative year has been restated due to this amendment. As in the past, exchange-rate differences in the consolidated financial statements are recognized in the translation reserve under equity.

The new rule in the Swedish Annual Accounts Act concerning the capitalization of development costs will impact the Parent Company and other Swedish legal entities in the Group as of the fiscal year starting May 1, 2016. The rule entails that when development costs are capitalized, the corresponding amount must be transferred from unrestricted equity to restricted equity under the "Development expenses fund," and is to be recognized separately in the balance sheet. In all other respects, the accounting policies and calculation methods remain unchanged compared with those applied in the 2015/2016 Annual Report. Any other new policies and amendments that have come into effect as of the 2016/2017 fiscal year have not had any material impact on the financial statements.

As of July 3, 2016, the Swedish Financial Supervisory Authority applies the European Securities and Markets Authority (ESMA) Guidelines on Alternative Performance Measures. An alternative performance measure is a financial measure that is not defined or stipulated in applicable rules for financial reporting (such as IFRS or the Swedish Annual Accounts Act). Accordingly, alternative performance measures are to be explained in the financial reports. In accordance with these guidelines, the Group's alternative performance measures are defined on

page 20 of the interim report. The Group applies alternative performance measures since the company believes they provide valuable supplementary information for management and investors given that they play a central role when it comes to understanding and evaluating the Group's operations.

Risks and uncertainties

Through its operations, Sectra is exposed to such business risks as dependence on major customers and partners, the effect of exchange rates on pricing in the markets in which the Group is active, and property and liability risks. Sectra is also exposed to various types of financial risks such as currency, interest-rate, credit and liquidity risks. A detailed description of the risks and uncertainties as well as Sectra's strategies and tactics for minimizing risk exposure and limiting adverse effects are provided in the Administration Report in the Group's Annual Report for the 2015/2016 fiscal year and in Note 30 on page 67. No significant events have occurred that would alter the conditions reported therein.

FOR FURTHER INFORMATION

Contact Sectra's CEO Torbjörn Kronander, telephone +46 (0)13 23 52 27 or e-mail info.investor@sectra.se.

Presentation of the interim report

A teleconference will be held by Torbjörn Kronander, President and CEO of Sectra AB, and Mats Franzén, CFO of Sectra AB. The presentation will be held in English.

Time: March 7, 2017 at 10:00 a.m. (CET)

To participate, call:

SE: +46 856642691

UK: +44 2030089810

US: +1 8557532235

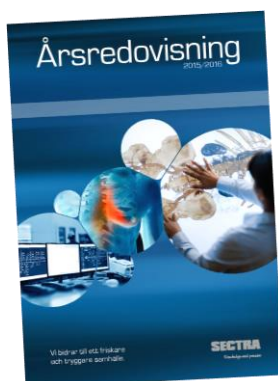
The report presentation can also be followed live online: www.sectra.com/irwebcast. You can also click on this link to listen to a recorded version after the conference.

Financial calendar and AGM

Year-end report 2016/2017	May 30, 2017 at 8:00 a.m. (CET)
Three-month interim report	September 12, 2017 at 8:00 a.m. (CET)
2017 AGM	September 13, 2017 at 3:30 p.m. (CET) in Linköping
Six-month interim report	December 8, 2017 at 8:00 a.m. (CET)
Nine-month interim report	March 6, 2018 at 8:00 a.m. (CET)
Year-end report 2017/2018	May 29, 2018 at 8:00 a.m. (CET)

For information on Sectra's financial reports and events, visit:

<http://www.sectra.com/investor/calendar/>



Did you miss Sectra's 2015/2016 Annual Report?

Download the report by clicking on the following link:

www.sectra.com/annualreport

Fill in your name and e-mail address at the following link to subscribe to news from Sectra:

www.sectra.com/subscribe

ASSURANCE

The Board of Directors and the President of Sectra AB (publ) hereby assure that the interim report for the period May 2016 to January 2017 provides a true and fair view of the Parent Company's and Group's operations, financial position and earnings and describes the significant risks and uncertainties facing the Parent Company and other companies in the Group.

Linköping, March 6, 2017

Torbjörn Kronander
President, CEO
and Board member

Carl-Erik Ridderstråle
Chairman

Erika Söderberg Johnson
Board member

Anders Persson
Board member

Christer Nilsson
Board member

Jakob Svärdröm
Board member

Jan-Olof Brüer
Board member

Deborah Capello
Board member,
employee representative

Fredrik Häll
Board member,
employee representative

AUDITOR'S REVIEW REPORT

Introduction

We have reviewed the condensed interim financial information for Sectra AB (publ) 556064-8304 at January 31, 2017 and for the nine-month period ended on that date. The Board of Directors and the President are responsible for the preparation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express an opinion on the interim financial information based on our review.

Focus and scope of the review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different direction and is substantially more limited in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the opinion expressed on the basis of a review does not provide the same level of assurance as an opinion expressed on the basis of an audit.

Opinion

Based on our review, nothing has come to our attention that causes us to believe that the interim report has not, in all material aspects, been compiled for the Group in accordance with IAS 34 Interim Reporting and the Swedish Annual Accounts Act and for the Parent Company, in accordance with the Swedish Annual Accounts Act.

Stockholm, March 6, 2017

Grant Thornton Sweden AB

Mia Rutenius, Authorized Public Accountant

This information constitutes information that Sectra AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and/or the Swedish Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 8:00 a.m. (CET) on March 7, 2017.

GROUP FINANCIAL SUMMARY

Consolidated income statements

SEK thousand	3 months Nov 2016- Jan 2017	3 months Nov 2015- Jan 2016	9 months May 2016- Jan 2017	9 months May 2015- Jan 2016	12 months Feb 2016- Jan 2017	Full-year May-Apr 2015/2016
Net sales	294,210	268,921	800,083	758,442	1,115,201	1,073,560
Capitalized work for own use	8,050	12,804	23,153	23,029	33,960	33,836
Reversal of contingent consideration	12,355	0	12,355	0	12,355	0
Other operating income	1,057	437	1,563	1,912	3,103	3,452
Goods for resale	-44,566	-30,606	-118,039	-99,154	-172,683	-153,798
Personnel costs	-142,482	-130,305	-400,156	-382,946	-539,065	-521,855
Other external costs	-54,366	-63,553	-137,385	-156,953	-198,617	-218,185
Depreciation/amortization and impairment	-27,145	-13,721	-55,969	-36,827	-70,635	-51,493
Operating profit	47,113	43,977	125,605	107,503	183,619	165,517
Net financial items	-1,310	-7,059	-4,286	-1,482	-13,553	-10,749
Profit after net financial items	45,803	36,918	121,319	106,021	170,066	154,768
Taxes	-10,769	-8,087	-27,382	-23,636	-32,817	-29,071
Profit for the period	35,034	28,831	93,937	82,385	137,249	125,697
Profit for the period attributable to:						
Parent Company owners	35,034	28,831	93,937	82,385	137,249	125,697
Non-controlling interest	0	0	0	0	0	0
Earnings per share						
Before dilution, SEK	0.92	0.77	2.49	2.20	3.64	3.35
After dilution, SEK	0.91	0.75	2.45	2.16	3.58	3.29
No. of shares						
Before dilution	37,890,085	37,503,335	37,890,085	37,503,335	37,890,085	37,503,335
After dilution ¹	38,499,139	38,341,746	38,499,139	38,341,746	38,499,139	38,341,746
Average, before dilution	37,890,085	37,503,335	37,733,791	37,477,522	37,676,177	37,483,975
Average, after dilution	38,499,139	38,249,200	38,394,210	38,218,353	38,381,094	38,249,201

¹ Dilution of the number of shares is based on the convertible programs issued in 2012/2013 (44,918), 2013/2014 (49,574), 2014/2015 (158,226), 2015/2016 (219,736) and 2016/2017 (136,600). On full exercise of convertibles, the number of shares will increase by 609,054.

Consolidated statement of comprehensive income

SEK thousand	3 months Nov 2016- Jan 2017	3 months Nov 2015- Jan 2016	9 months May 2016- Jan 2017	9 months May 2015- Jan 2016	12 months Feb 2016- Jan 2017	Full-year May-Apr 2015/2016
Profit for the period	35,034	28,831	93,937	82,385	137,249	125,697
Items that may be reclassified to profit and loss						
Change in translation differences for the period from translating foreign subsidiaries	-2,745	-18,381	-4,620	-13,622	-17,734	-26,736
Total other comprehensive income for the period	-2,745	-18,381	-4,620	-13,622	-17,734	-26,736
Total comprehensive income for the period	32,289	10,450	89,317	68,763	119,515	98,961

Consolidated balance sheets

SEK thousand	Jan 31, 2017	Jan 31, 2016	Apr 30, 2016
Assets			
Intangible assets	178,152	183,060	187,439
Tangible assets	104,761	109,709	112,565
Financial assets	1,799	1,798	1,798
Deferred tax assets	35,403	30,128	36,489
Total fixed assets	320,115	324,695	338,291
Other current assets	524,123	516,414	524,789
Cash and cash equivalents	221,642	199,204	239,768
Total current assets	745,765	715,618	764,557
Total assets	1,065,880	1,040,313	1,102,848
Equity and liabilities			
Equity (incl. profit for the period)	487,790	515,404	545,603
Provisions	26,280	35,998	49,140
Deferred tax liabilities	45,221	40,673	45,906
Long-term liabilities	56,611	52,565	52,565
Current liabilities	449,978	395,673	409,634
Total equity and liabilities	1,065,880	1,040,313	1,102,848

No changes have occurred in pledged assets and contingent liabilities since the 2015/2016 Annual Report.

Consolidated statement of changes in equity

SEK thousand	9 months May 2016- Jan 2017	9 months May 2015- Jan 2016	Full-year May-Apr 2015/2016
Equity at start of period	545,603	611,775	611,775
Comprehensive income for the period	89,317	68,763	98,961
Share-related payments	0	139	140
Dividend/redemption of shares	-169,588	-168,765	-168,765
Settlement of share-related payments	22,458	3,492	3,492
Equity at end of period	487,790	515,404	545,603

Consolidated cash-flow statements

SEK thousand	9 months May 2016- Jan 2017	9 months May 2015- Jan 2016	Full-year May-Apr 2015/2016
Cash flow from operations before changes in working capital	116,637	117,525	163,838
Cash flow from operations after changes in working capital	174,944	123,843	185,853
Investing activities	-47,088	-80,425	-108,668
Financing activities	-146,084	-146,156	-146,626
Total cash flow for the period	-18,228	-102,738	-69,441
Change in cash and cash equivalents			
Cash and cash equivalents, opening balance	239,768	307,076	307,076
Exchange-rate difference in cash and cash equivalents	102	-5,134	2,133
Cash and cash equivalents, closing balance	221,642	199,204	239,768
Unutilized credit facilities	15,000	15,000	15,000

Key figures for the period and full-year

	9 months Jan 31, 2017	9 months Jan 31, 2016	12 months Jan 31, 2017	Full-year Apr 30, 2016
Order bookings, SEK million	828.1	874.2	1,275.9	1,322.0
Operating margin, %	15.7	14.2	16.5	15.4
Profit margin, %	15.2	14.0	15.2	14.4
Average number of employees	614	580	612	587
Cash flow per share, SEK	4.62	3.30	6.25	4.96
Cash flow per share after full dilution, SEK	4.54	3.23	6.15	4.85
Value added, SEK million	525.8	490.4	722.7	687.4
P/E ratio, multiple	n/a	n/a	42.0	33.0
Share price at end of period, SEK	153.0	105.75	153.0	110.75
Return on equity, %	18.2	14.6	27.4	21.7
Return on capital employed, %	20.7	17.0	29.7	24.2
Return on total capital, %	11.3	10.0	16.3	14.2
Equity/assets ratio, %	45.8	49.5	45.8	49.5
Liquidity, multiple	1.7	1.8	1.7	1.9
Equity per share, SEK	12.87	13.74	12.87	14.55
Equity per share after full dilution, SEK	12.67	13.44	12.67	14.23

Exchange rates for the period and full-year

Currency	Average rates in SEK			Closing rates in SEK				
	Q1-3 2016/2017	Q1-3 2015/2016	Change 12 months	Jan 31, 2017	Jan 31, 2016	Change 12 months	Apr 30, 2016	Change 9 months
US dollar, 1 USD	8.71	8.45	3.1%	8.78	8.48	3.5%	8.01	9.6%
Euro, 1 EUR	9.54	9.31	2.5%	9.43	9.26	1.8%	9.15	2.5%
British pound, 1 GBP	11.28	12.83	-12.1%	10.98	12.19	-9.9%	11.74	-6.5%

Quarterly consolidated income statement and key figures

SEK million	2016/2017			2015/2016				2014/2015			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4 ¹	Q3	Q2	Q1
Net sales	294.2	275.4	230.5	315.1	268.9	264.7	224.9	268.3	241.6	239.0	212.4
Capitalized work for own use	8.0	9.4	5.7	10.8	12.8	5.4	4.8	9.0	12.0	7.4	3.8
Reversal of contingent consideration	12.4	0	0	0	0	0	0	0	0	0	0
Other operating income	1.1	0.1	0.4	1.5	0.4	0.4	1.0	0	0	0	0
Operating expenses	-241.3	-224.1	-190.1	-254.7	-224.4	-225.1	-189.5	-225.5	-211.8	-200.0	-163.5
Depreciation/amortization and impairment	-27.1	-14.4	-14.4	-14.7	-13.7	-13.3	-9.8	-9.4	-9.9	-10.9	-12.2
Operating profit	47.1	46.4	32.1	58.0	44.0	32.1	31.4	42.4	31.9	35.5	40.5
Net financial items	-1.3	-2.0	-0.9	-9.3	-7.1	2.5	3.1	-2.8	11.6	1.8	3.5
Profit after net financial items	45.8	44.4	31.2	48.7	36.9	34.6	34.5	39.6	43.5	37.3	44.0
Tax on earnings for the period	-10.8	-9.8	-6.9	-5.4	-8.1	-7.8	-7.8	-5.0	-15.2	-8.3	-9.9
Profit for the period	35.0	34.6	24.3	43.3	28.8	26.8	26.7	34.6	28.3	29.0	34.1
Order bookings, SEK million	302.9	299.6	225.5	447.8	369.0	205.3	299.9	289.7	549.4	244.3	388.1
Operating margin, %	16.0	16.8	13.9	18.4	16.4	12.1	14.0	15.8	13.2	14.9	19.0
Cash flow per share, SEK	2.76	1.40	0.47	1.65	1.74	1.39	0.18	1.42	-0.63	0.75	0.75
Cash flow per share after full dilution, SEK	2.72	1.37	0.46	1.62	1.70	1.36	0.17	1.39	-0.62	0.73	0.74
Earnings per share, SEK	0.92	0.92	0.65	1.15	0.77	0.72	0.71	0.93	0.76	0.78	0.92
Return on equity, %	6.8	7.0	4.1	7.5	5.1	4.8	4.2	5.7	4.8	5.1	5.3
Return on capital employed, %	7.8	7.9	4.8	7.7	5.9	5.7	5.1	6.0	6.8	6.1	6.5
Equity/assets ratio, %	45.8	45.4	52.7	49.5	49.5	54.1	60.8	56.1	56.7	57.0	65.8
Equity per share, SEK	12.87	11.73	15.37	14.55	13.74	13.61	17.68	16.44	15.28	14.27	17.86

¹ During 2016/2017, Sectra made a retroactive adjustment of negative SEK 78.9 million to order bookings for the quarter due to the renegotiation of a multiyear customer contract.

Five-year summary

	2015/2016	2014/2015	2013/2014	2012/2013	2011/2012
Order bookings, SEK million	1,322.0	1,471.5	925.7	916.0	701.1
Net sales, SEK million	1,073.6	961.4	853.8	817.0	823.1
Operating profit, SEK million	165.5	150.3	128.1	85.9	103.5
Profit after net financial items, SEK million	154.8	164.4	141.5	86.6	127.9
Profit for the period after tax from remaining operations, SEK million	125.7	126.1	103.9	62.2	92.8
Operating margin, %	15.4	15.6	15.0	10.5	12.6
Profit margin, %	14.4	17.1	16.6	10.6	15.5
Earnings per share before dilution, SEK	3.35	3.38	2.80	1.68	2.52
Earnings per share after dilution, SEK	3.29	3.31	2.73	1.64	2.46
Dividend/redemption program per share, SEK	4.50	4.50	4.50	4.50	5.00
Share price at end of year, SEK	110.75	119.5	77.75	53.0	43.0
P/E ratio, multiple	33.0	35.3	27.8	31.5	17.1

Including discontinued operations

Profit for the period after tax, SEK million	125.7	126.1	103.9	62.2	385.8
Return on equity, %	21.7	20.6	16.3	8.6	58.0
Return on capital employed, %	24.2	25.1	21.1	11.6	59.7
Return on total capital, %	14.2	15.8	13.7	7.9	40.8
Equity per share before dilution, SEK	14.55	16.44	16.49	17.94	21.37
Equity per share after dilution, SEK	14.23	16.01	16.05	17.53	20.77
Equity/assets ratio, %	49.5	56.1	60.7	61.4	69.4

OPERATING SEGMENTS

Sales by business segment

SEK million	3 months Nov 2016- Jan 2017	3 months Nov 2015- Jan 2016	9 months May 2016- Jan 2017	9 months May 2015- Jan 2016	Rolling 12 months	Full-year May-Apr 2015/2016
Imaging IT Solutions	237.0	226.6	684.7	687.7	954.8	957.8
Sectra Customer Financing	30.3	31.1	89.4	84.0	124.6	119.2
Secure Communications	31.7	20.6	72.0	64.0	95.2	87.2
Business Innovation	18.8	13.7	50.2	36.8	64.7	51.3
Other Operations	11.4	11.8	33.2	34.4	44.0	45.2
Group eliminations	-35.0	-34.9	-129.4	-148.5	-168.1	-187.1
Total	294.2	268.9	800.1	758.4	1,115.2	1,073.6

Operating profit by business segment

SEK million	3 months Nov 2016- Jan 2017	3 months Nov 2015- Jan 2016	9 months May 2016- Jan 2017	9 months May 2015- Jan 2016	Rolling 12 months	Full-year May-Apr 2015/2016
Imaging IT Solutions	41.3	53.0	117.9	124.0	179.3	185.4
Sectra Customer Financing	0.6	1.2	3.4	3.5	4.2	4.3
Secure Communications	0.4	-0.8	3.3	-0.9	0.5	-3.7
Business Innovation	3.9	0.0	7.7	2.4	5.0	-0.3
Other Operations	-3.5	-3.0	-10.5	-4.6	-14.9	-9.0
Group eliminations	4.4	-6.4	3.8	-16.9	9.5	-11.2
Total	47.1	44.0	125.6	107.5	183.6	165.5

Sales by geographic market

SEK million	3 months Nov 2016- Jan 2017	3 months Nov 2015- Jan 2016	9 months May 2016- Jan 2017	9 months May 2015- Jan 2016	Rolling 12 months	Full-year May-Apr 2015/2016
Sweden	71.4	66.5	197.9	182.5	274.2	258.9
US	60.7	62.3	179.3	172.5	257.5	250.7
UK	43.6	46.2	122.6	139.4	182.4	199.2
Netherlands	26.2	17.2	62.5	50.2	81.5	69.2
Rest of Europe	73.1	62.1	192.5	172.3	255.2	235.0
Rest of world	19.2	14.6	45.3	41.5	64.4	60.6
Total	294.2	268.9	800.1	758.4	1,115.2	1,073.6

PARENT COMPANY

Parent Company income statements

SEK thousand	3 months Nov 2016- Jan 2017	3 months Nov 2015- Jan 2016	9 months May 2016- Jan 2017	9 months May 2015- Jan 2016	Rolling Feb 2016- Jan 2017	Full-year May-Apr 2015/2016
Net sales	26,506	24,591	79,971	70,667	104,918	95,614
Capitalized work for own use	742	691	2,616	2,268	3,972	3,624
Other operating income	850	344	1,350	823	1,562	1,035
Personnel costs	-12,868	-10,678	-34,620	-24,795	-48,709	-38,884
Other external costs	-16,128	-17,496	-48,639	-47,713	-67,193	-66,267
Depreciation/amortization	-1,275	-609	-3,320	-1,308	-4,019	-2,007
Operating loss	-2,173	-3,157	-2,642	-58	-9,469	-6,885
Net financial items ¹	-1,044	3,154	1,872	13,507	40,492	52,127
Profit/loss after net financial items	-3,217	-3	-770	13,449	31,023	45,242
Appropriations	0	0	0	0	88,097	88,097
Profit/loss before tax	-3,217	-3	-770	13,449	119,120	133,339
Tax on earnings for the period	-1,140	-2,224	-1,679	-4,250	-16,859	-19,430
Profit/loss for the period	-4,357	-2,227	-2,449	9,199	102,261	113,909
Comprehensive income for the period	-4,357	-2,227	-2,449	9,199	102,261	113,909

¹ Comparative figures have been restated due to an amendment of the accounting policies in RFR 2 with respect to IAS 21. This amendment had a negative impact of SEK 5,443 thousand on net financial items and profit for the period for May 2015-January 2016, of which negative SEK 9,889 thousand pertained to the quarter November 2015-January 2016 and negative SEK 15,577 thousand to full-year May 2015-April 2016. Refer to "Accounting policies" on page 14.

Parent Company balance sheets

SEK thousand	Jan 31, 2017	Jan 31, 2016	Apr 30, 2016
Assets			
Intangible assets	9,348	6,575	7,692
Tangible assets	15,994	7,660	9,627
Financial assets	286,805	297,379	285,591
Total fixed assets	312,147	311,614	302,910
Other current assets	364,433	356,202	474,223
Cash and cash equivalents	163,822	157,805	202,177
Total current assets	528,255	514,007	676,400
Total assets	840,402	825,621	979,310
Equity and liabilities			
Equity (incl. profit for the period)	286,443	331,237	436,021
Untaxed reserves	168,351	149,505	168,351
Long-term liabilities	56,611	52,565	52,565
Current liabilities	328,997	292,314	322,373
Total equity and liabilities	840,402	825,621	979,310

Pledged assets and contingent liabilities

SEK thousand	Jan 31, 2017	Jan 31, 2016	Apr 30, 2016
Chattel mortgages	11,000	11,000	11,000
Total pledged assets	11,000	11,000	11,000
Guarantees on behalf of Group companies	198,519	319,547	321,544
Total contingent liabilities	198,519	319,547	321,544

DEFINITIONS OF KEY FIGURES

Adjusted equity	Reported shareholders' equity plus 78% of untaxed reserves.
Capital employed	Total assets reduced by non-interest-bearing liabilities.
Cash flow per share	Cash flow from operations after changes in working capital divided by the number of shares at the end of the period.
Cash flow per share after full dilution	Cash flow from operations after changes in working capital divided by the number of shares after full dilution.
Debt/equity ratio	Interest-bearing liabilities divided by equity.
Earnings per share	Profit after tax divided by the average number of shares.
Earnings per share after dilution	Profit after tax divided by the average number of shares at the end of the period after dilution.
Earnings per share before dilution	Profit after tax divided by the average number of shares at the end of the period.
Equity/assets ratio	Adjusted equity as a percentage of total assets.
Equity per share	Adjusted equity divided by the number of shares at the end of the period.
Equity per share after full dilution	Adjusted equity divided by the number of shares after full dilution.
Growth in operating profit per share over a five-year period	Operating profit per share on the balance-sheet date less operating profit per share on the balance-sheet date five years earlier divided by operating profit per share on the balance-sheet date five years earlier.
Liquidity	Current assets divided by current liabilities.
Operating margin	Operating profit after depreciation as a percentage of net sales.
Operating profit	Profit before net financial items and income tax.
Order bookings	Value of new orders received or changes to earlier orders during the reporting period.
P/E ratio	Share price at the end of the period in relation to the latest 12-month period's earnings per share.
Profit margin	Profit after net financial items as a percentage of net sales.
Return on capital employed (ROCE)	Profit before tax plus financial expenses as a percentage of average capital employed.
Return on equity	Profit after tax as a percentage of average adjusted equity.
Return on total capital	Profit after net financial items plus financial expenses as a percentage of average total assets.
Value added	Operating profit plus labor costs.

GLOSSARY

Cloud

From the term cloud computing, meaning that computer power is distributed over the Internet or company-specific intranets and not on individual computers.

Critical infrastructure

Basic infrastructure that is essential for the functioning of society, such as roads, bridges and electricity and water supply.

Crypto

Equipment that uses mathematical manipulations (algorithms and keys) to encrypt information, so that it can be interpreted or read only by the intended recipient. In order to read encrypted information, the recipient must have the correct key and algorithm.

Integrated diagnostics

Diagnostic collaboration between different medical specialties, for example, between pathologists and radiologists for diagnosing, treating and monitoring cancer patients.

Mammography

Mammography is an examination procedure used to detect breast cancer at an early stage in asymptomatic women.

Orthopaedics

A surgical specialty for disorders affecting the musculoskeletal system.

Osteoarthritis

Also referred to as arthrosis. A disease resulting from the breakdown (degeneration) of joint cartilage, primarily affecting older and overweight individuals. Strain and movement causes pain. Most commonly affects the wrist, hip, knee and toe joints. Common cause of joint replacement surgery.

Osteoporosis

Commonly referred to as "brittle bone disease," a skeletal disease that causes increased brittleness of the bones and a risk for fractures.

PACS (Picture Archiving and Communication System)

A system for managing medical images, primarily digital radiology images.

Pathology/histopathology/microscopy

A specialized medical area that uses tissues and body fluids for diagnostic purposes.

Radiology

A health science discipline and medical specialty that uses technologies for imaging the human body, such as X-ray, magnetic resonance imaging (MRI) and ultrasound.

RIS (Radiology Information System)

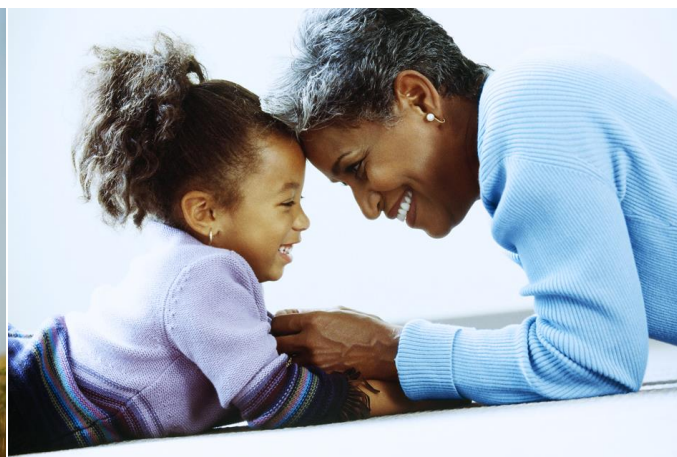
An IT system for managing radiology patient data, such as appointment bookings and patient information at radiology clinics.

VNA (Vendor-Neutral Archive)

IT solution for managing and archiving files such as medical images, audio files and film sequences in a shared multimedia archive.



Vision:
To contribute to
a healthier and
safer society.



ABOUT SECTRA

Mission statement

To increase the effectiveness of healthcare, while maintaining or increasing the quality of care.

To strengthen the stability and efficiency of society's most important functions through solutions for critical IT security.

Niche areas

Imaging IT Solutions helps healthcare providers care for more patients, while retaining the same, or higher, level of quality though efficient image management. Increased use of medical images and aging populations that are living longer pose huge challenges to healthcare. Sectra's IT solutions and services enable greater efficiency throughout the entire care chain and contribute to healthcare advancements. Sectra has more than 1,700 installations of medical IT systems, and customers include some of the largest healthcare providers in the world.

Secure Communications helps society's critical functions safely and efficiently transmit sensitive information. Sectra's solutions and services protect the most sensitive and confidential information handled by its customers. Several of the business area's products are approved by the EU, NATO and national security authorities.

Business Innovation gathers smaller activities that could eventually lead to major growth in Sectra's main areas or related niches. This area includes methods and products that contribute to more efficient and effective care for the effects of osteoarthritis, one of society's most costly diseases, and medical education.

Are you a Sectra shareholder?

Your feedback is important to us! Please take the time to answer nine questions in Sectra's shareholder survey at:
www.sectra.com/shareholder2016.

Group-wide strategies

- Customers and customer satisfaction are always assigned top priority in order to enable long-term growth.
- International expansion mainly in areas and regions where Sectra holds an established position. This will primarily be achieved through organic growth, supplemented by acquisitions that also strengthen the Group's organic growth.
- Expansion into new geographic markets following thorough analysis and at a controlled pace as Sectra achieves a strong position in existing markets.
- Close relationships with demanding customers to ensure that Sectra's solutions meet market demands for quality, functionality and usability.
- A strong, innovative corporate culture to attract and retain talented employees with the ability to solve our customers' problems and meet—in many cases, to exceed—their expectations.
- Close collaboration with universities and research institutions to capture ideas and new product areas that

Ten good reasons to invest in Sectra

- Growth potential in the healthcare, secure communications and critical infrastructure sectors.
- Established brand in niche areas, where customer confidence is a critical success factor.
- Stable, profitable company, with more than 50% of sales comprising recurring revenue from long-term customer contracts.
- Multinational reach and thousands of customers worldwide.
- High level of customer satisfaction and the aim to make customers even more satisfied.
- Products and services that contribute to improved quality of life and a safer society.
- Self-financed portfolio of exciting innovation projects with reported and controlled costs. While some of these projects are unlikely to succeed, a single success story would be sufficient to add significant value.
- Members of management are shareholders.
- Principal owner dedicated to the long-term development of the company.
- A very strong corporate culture based on the employees' expertise and attitudes and their drive to solve customer problems.