

Interim report for the May 2017–January 2018 period:

Sectra tops customer satisfaction for fifth consecutive year

SEK million	The quarter			The period			12 months		
	Q3	Q3	Change	Q1–3	Q1–3	Change	Rolling	Full-year	Change
	2017/2018	2016/2017	%	2017/2018	2016/2017	%	12 months	2016/2017	%
Order bookings	337.9	302.9	11.6	992.3	828.1	19.8	1,341.9	1,177.7	13.9
Net sales	300.1	294.2	2.0	878.6	800.1	9.8	1,219.5	1,140.9	6.9
Operating profit (EBIT)	51.3	47.1	8.9	155.4	125.6	23.7	230.2	200.4	14.9
Operating margin, %	17.1	16.0	-	17.7	15.7	-	18.9	17.6	-
Profit before tax (EBT)	45.0	45.8	-1.7	135.7	121.3	11.9	214.4	200.0	7.2
Profit margin, %	15.0	15.6	-	15.4	15.2	-	17.6	17.5	-
Profit after tax	35.1	35.0	0.3	107.4	93.9	14.4	166.3	152.8	8.8
Earnings per share, SEK ¹	0.92	0.92	0.0	2.83	2.49	13.7	4.38	4.04	8.4
Cash flow ²	46.1	104.7	-56.0	120.8	174.9	-30.9	181.1	235.2	-23.0
Cash flow per share ²	1.21	2.76	-56.2	3.18	4.64	-31.5	4.77	6.21	-23.2
Average no. of employees	639	620	3.1	640	615	4.1	636	616	3.2

¹ Prior to dilution. ² Cash flow from operations after changes in working capital.

CEO'S COMMENTS

Sectra continued to deliver positive trends in terms of sales, order bookings, and profitability. The most significant sales growth during the period was reported in Sweden, primarily as a result of increased sales in the Secure Communications operating area. Within Imaging IT Solutions, we are growing in the Netherlands, the UK, and the US.

The increase in order bookings is attributable to several comprehensive, long-term customer contracts in both Secure Communications and Imaging IT Solutions. A significant portion of our expenditures arise in the early stages of the multiyear projects, while revenue and profit recognition are distributed over the entire duration of the customer contract. Accordingly, several of the new orders will tie up considerable capital during the installation phase, which will place a greater burden on cash flow.

With all of our financial goals achieved, we aim to continue growing in the long term. Our focus will be on growth initiatives that can contribute to a long-term and stable earnings trend, including cybersecurity for critical infrastructure and solutions for integrated cancer diagnostics. We are also investing in new geographic markets—including Canada and France, where we opened offices over the past year—and in increasing our market shares in countries where we are already established but are not yet the market leader.

Highest customer satisfaction

For a company such as Sectra, which competes with some of the largest companies in the world, it is extremely important to have satisfied, long-standing customers. Our success in this area is confirmed by the recognition of Sectra's medical IT system (PACS) for having the highest customer satisfaction in the US for the fifth consecutive year, and globally for the fourth year straight. This is mainly the result of our corporate culture, where the needs and problems of our customers always come first. I am proud of the positive feedback we continue to receive from users across the globe and of our employees, who truly care about and assume responsibility for our customers.

Outlook

Sectra's customers operate in some of society's most critical functions. Trust is particularly important in these functions as is a strong brand, which is something Sectra has focused on throughout its existence. Our job is to help our customers become more efficient and give them the tools to—in turn—make people's lives healthier, safer, and more secure. By following our vision, this is how we create value for our customers, our society, and our shareholders.

Healthcare and cybersecurity are growing and rapidly changing markets, where numerous opportunities are being created for companies such as Sectra. We are well positioned in these areas, with stable solutions, a long-term future focus, and high customer satisfaction. I am therefore optimistic when it comes to our ability to continue this positive trend going forward.

Torbjörn Kronander, President and CEO



Report presentation

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

Time: March 12, 2018, at 10:00 a.m. (CET)

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THE PERIOD IN BRIEF

Figures in parentheses pertain to the corresponding period/quarter in the preceding year.

Nine-month period

- Order bookings increased 19.8% to SEK 992.3 million (828.1).
- Net sales rose 9.8% to SEK 878.6 million (800.1). Adjusted for currency fluctuations, sales increased 11.9%.
- Operating profit rose 23.7% to SEK 155.4 million (125.6), corresponding to an operating margin of 17.7% (15.7). Adjusted for currency fluctuations, operating profit increased 27.3%.
- Cash flow after changes in working capital amounted to SEK 120.8 million (174.9).

Third quarter

- Order bookings increased 11.6% to SEK 337.9 million (302.9).
- Net sales rose 2.0% to SEK 300.1 million (294.2). Adjusted for currency fluctuations, sales increased 4.7%.
- Operating profit rose 8.9% to SEK 51.3 million (47.1), corresponding to an operating margin of 17.1% (16.0). Adjusted for currency fluctuations, operating profit increased 13.5%.
- Cash flow after changes in working capital amounted to SEK 46.1 million (104.7).

Events during the third quarter

- Sectra won the “Best in KLAS” award for customer satisfaction among US healthcare providers for the fifth consecutive year and among global healthcare providers for the fourth year straight. The award was given to Sectra’s IT system for managing radiology images, Sectra PACS.
- The veterinary chain Evidensia Sweden ordered Sectra PACS in order to increase efficiency and simplify collaboration across 54 hospitals and clinics.
- The Dutch hospital Zuyderland ordered Sectra’s IT solution for reviewing medical images, Sectra PACS, as part of a process to consolidate its IT systems.
- The French healthcare provider Imapôle Lyon-Villeurbanne ordered Sectra PACS in connection with the merger of two clinics, which will now replace their previous image management systems.
- Sectra launched a vendor-neutral integration of applications based on artificial intelligence (AI)/machine learning in Sectra’s solution for managing medical images.
- Sectra initiated a partnership with Medical One Corporation in the Philippines, which will distribute Sectra’s medical IT systems in the Philippine market.
- Sectra initiated a distribution partnership with El Seif Development Company in Saudi Arabia.
- Hospital for Special Surgery (HSS), a prominent orthopaedic hospital in the US, ordered Sectra’s 3D visualization and planning solution for complex orthopaedic surgeries.
- The global teleradiology company Telemedicine Clinic (TMC) signed a partnership agreement with Sectra. The partnership will provide Swedish customers with access to Sectra Implant Movement Analysis, a new service that enables orthopaedists to understand why a patient is experiencing post-operative chronic pain.
- The Dutch Ministry of the Interior renewed and expanded its contract for secure communications with Sectra. The contract comprises Sectra’s Tiger solutions for secure communications. The solutions are delivered as a service, with Sectra assuming overall responsibility for the system’s operation and function.



Most satisfied customers in the industry

Sectra earned a top ranking in the most important customer satisfaction survey in the medical technology industry—“Best in KLAS”—for the fifth consecutive year. The award was given to Sectra PACS by the US market research company KLAS, which conducts annual customer satisfaction surveys in the area of healthcare IT systems. The results of the survey are a strong contributing factor to Sectra’s success in the US market, where the distinction helps to open new doors.

“From their executive leadership down to their field engineers, Sectra is dedicated to helping us provide excellent patient care. Providing excellent patient care is the ultimate goal of every hospital. Sectra’s people are great all around,” says US Manager

Comment on Sectra PACS taken from KLAS, December 2017.
www.klasresearch.com

EVENTS AFTER THE END OF THE REPORTING PERIOD

- A major company in critical infrastructure ordered Sectra's service for monitoring network traffic in critical process systems. The agreement extends for five years and covers system monitoring at several locations in Sweden.
- Dalarna County Council in Sweden selected Sectra's IT solution for reviewing pathology images in order to achieve more efficient integrated diagnostics and more patient-centered cancer care.

THE FUTURE

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 areas, which also offer significant scope for expansion.

IT support for more efficient care

To maintain a high quality of care despite today's population development, the healthcare sector is being forced to accomplish more with the same or fewer resources. With IT solutions and services for medical diagnostic imaging, Sectra is helping the healthcare sector to increase its efficiency, consolidate patient information, and facilitate cooperation between various healthcare providers. Sectra also helps to raise the quality of medical education by providing solutions for sharing and interacting with medical images.

Society also needs to improve how it takes care of age-related diseases. Sectra offers several products and services that enhance the efficiency of care for some of the most costly diseases primarily affecting older people. For example, the company's offering facilitates cancer diagnostics as well as planning and follow-up of orthopaedic surgeries. Sectra's work enables hospitals across the world to become more efficient, and thus take care of more patients and save more lives.

IT solutions for a more stable and safer society

The secure transfer of information plays a key role in maintaining the stability of many of society's functions. Sectra develops products and services that increase cybersecurity by protecting some of society's most sensitive information and communications. The offering includes secure voice and data communications, with solutions certified at national levels and by the EU and NATO. For the past two years, Sectra has also offered cybersecurity for critical IT and process systems used in the energy sector, including the production and supply of energy and water. 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.

Unless otherwise stated, the results shown in the following diagrams refer to amounts restated in SEK million, bars refer to the result per quarter, and lines refer to rolling 12 months.

GROUP

Order bookings, sales and earnings

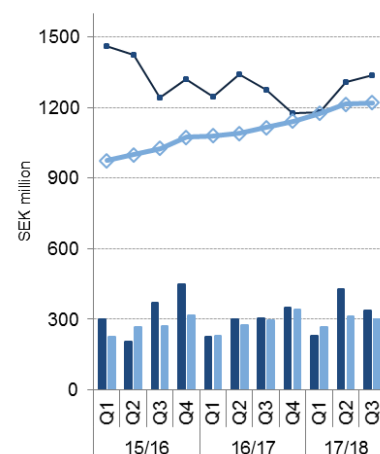
The period

The trend in order bookings has improved as a result of Sectra entering into several comprehensive, long-term agreements over the past two quarters. The Group's order bookings totaled SEK 992.3 million, up 19.8% from the comparative period. Both Imaging IT Solutions and Secure Communications reported increased order bookings, while Business Innovation did not reach the desired level. The increase in order bookings was mainly attributable to Sectra's operations in the Netherlands and Sweden. Several of the new orders will tie up considerable capital during the installation phase, which will place a greater burden on cash flow.

Net sales rose 9.8% to SEK 878.6 million. Adjusted for currency fluctuations, the increase was 11.9%. All segments except Business Innovation reported growth. Sales-related Group eliminations amounted to a negative SEK 126.6 million (neg: 129.4), and mainly pertained to ongoing internal sales and Group-financed managed-services agreements with customers. At the Group level, sales from

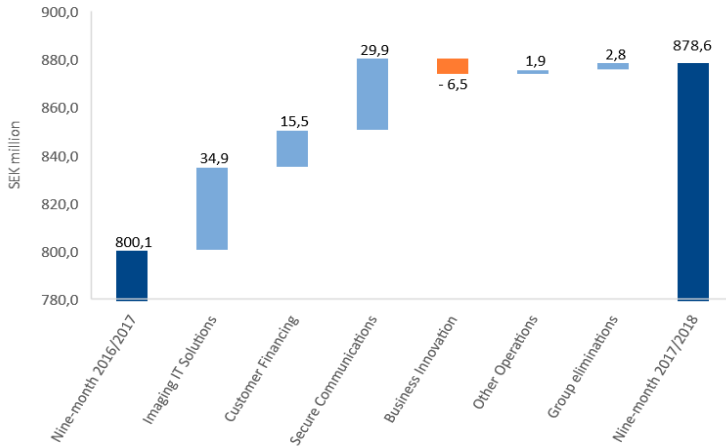
TRENDS

- Order bookings, Group
- Net sales

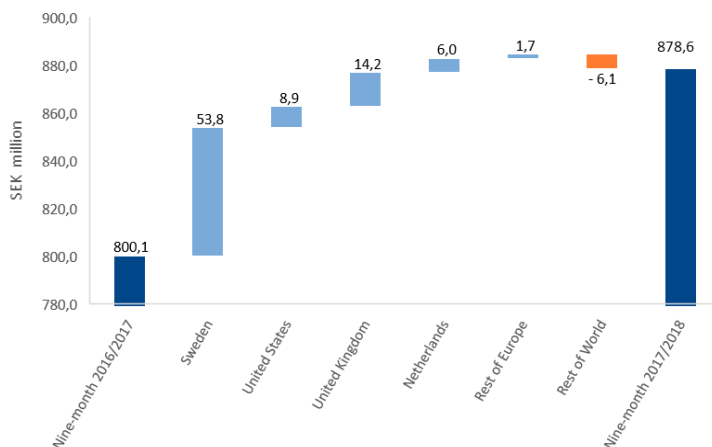


these agreements will be recognized as revenue over the duration of the agreements, which is normally between five and ten years.

Sales trend per operating area compared with the corresponding period in the preceding fiscal year

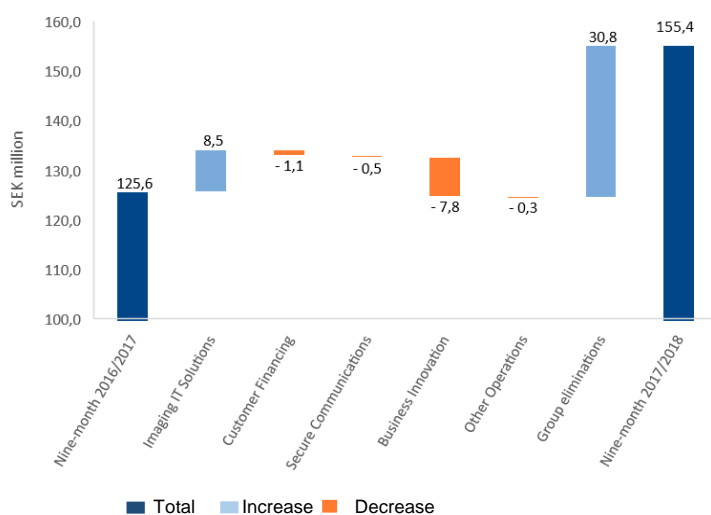


Sales trend per geographic market compared with the corresponding period in the preceding fiscal year



Geographically, Sectra displayed sales growth in essentially all markets, with the largest increases reported in Sweden, the UK, and the US.

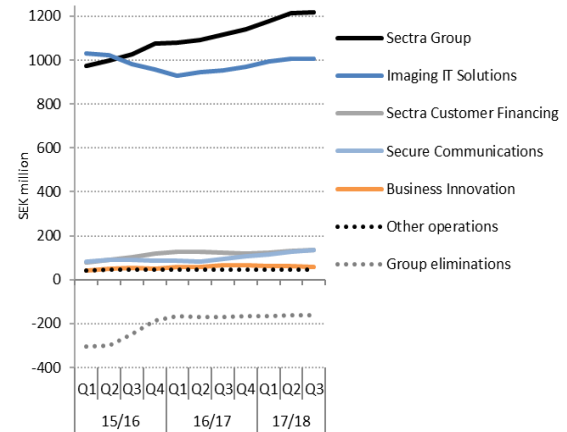
Operating profit trend per operating area compared with the corresponding period in the preceding fiscal year



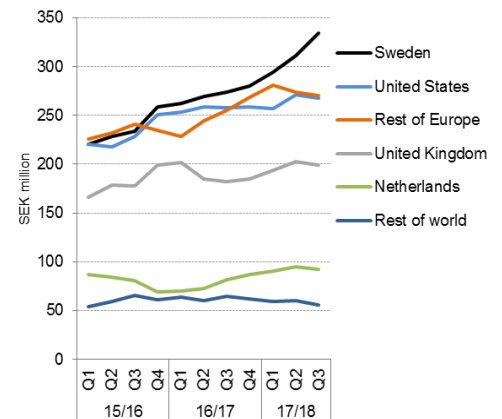
■ Total ■ Increase ■ Decrease

TRENDS

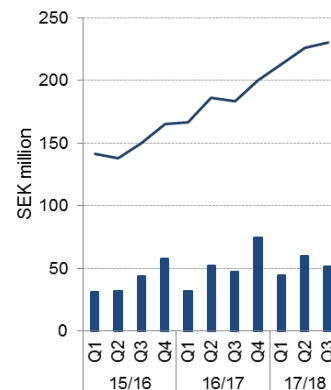
Sales per operating area



Sales per geographic market



Operating profit, Group



The Group's operating profit rose 23.7% to SEK 155.4 million. Adjusted for currency fluctuations, operating profit increased 27.3%. The operating margin rose 2.0 percentage points to 17.7%, which exceeded Sectra's financial goal of 15%. This positive earnings trend was largely attributable to Imaging IT Solutions (refer to page 7) combined with a Group-level reversal of previously eliminated intra-Group profit from ongoing customer contracts. The net change in eliminations related to operating profit amounted to SEK 34.8 million (3.8) and was partly attributable to Group-financed managed-services agreements.

The Group's net financial items declined SEK 15.4 million to an expense of SEK 19.7 million. Currency fluctuations had a negative impact of SEK 18.7 million (neg: 3.9) on the Group's financial items. Changes in the USD and GBP (refer to page 19) accounted for the largest currency effects. Sectra does not hedge its operations, and currency fluctuations therefore have an immediate impact on financial figures rather than over time.

Profit after net financial items increased 11.9% to SEK 135.7 million, corresponding to a profit margin of 15.4%. Earnings per share totaled SEK 2.83 (2.49).

Third quarter

Order bookings for the third quarter amounted to SEK 337.9 million, up 11.6% from the comparative quarter. All segments reported increased order bookings for the quarter. Imaging IT Solutions' operations in Sweden reported the largest increase compared with the corresponding quarter in the preceding year.

Net sales rose 2.0% to SEK 300.1 million. Adjusted for currency fluctuations, the increase was 4.7%. Secure Communications and Sectra Customer Financing contributed to this increase. Geographically, Sectra experienced particularly strong sales growth in Sweden and the UK during the quarter.

Sales-related Group eliminations amounted to a negative SEK 38.5 million (neg: 35.0). Eliminations primarily pertain to future revenue related to Group-financed managed-services agreements with healthcare customers.

The Group's operating profit rose 8.9% to SEK 51.3 million. Adjusted for currency fluctuations, operating profit increased 13.5%. The net change in eliminations related to operating profit amounted to SEK 8.7 million (4.4). The operating margin increased 1.1 percentage points to 17.1%.

The Group's net financial items declined SEK 5.0 million to an expense of SEK 6.3 million. Currency fluctuations had an impact of SEK 6.1 million (neg: 1.1) on the Group's financial items. Changes in the USD and GBP accounted for the largest currency effects.

Profit after net financial items increased 1.7% to SEK 45.0 million, corresponding to a profit margin of 15.0%. Earnings per share totaled SEK 0.92 (0.92).

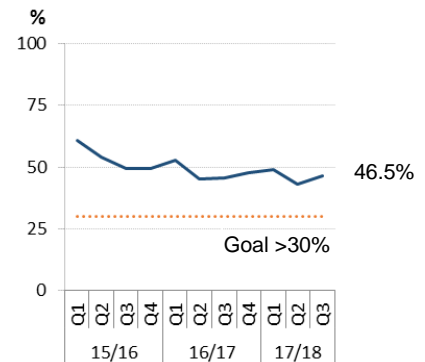
Seasonal variations

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 in recent years since a major portion of sales is derived from pay-per-use or pay-by-month agreements with long durations. In many cases, the equalization effect resulting from long-term managed-services agreements that are financed internally within the Group does not impact the individual operating 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 encryption systems.

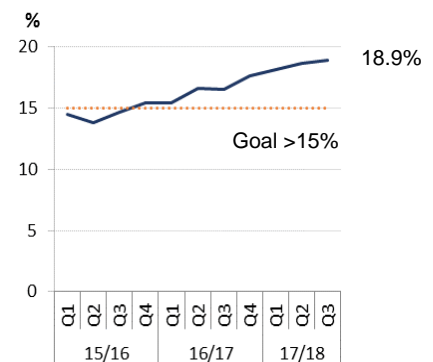
SECTRA'S FINANCIAL GOALS

All of the financial goals have been achieved. Goals in order of priority:

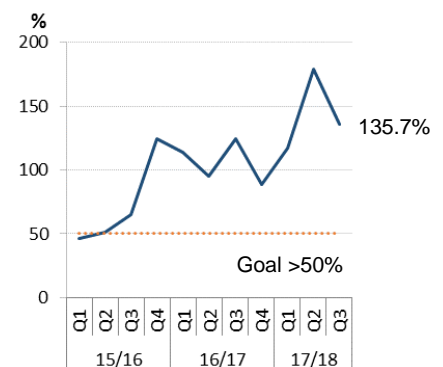
1. Equity/assets ratio



2. Operating margin



3. Growth in operating profit per share



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 195.8 million (221.6). During the second quarter, Sectra distributed SEK 170.8 million (169.6) to its shareholders through a share redemption program.

The Group's debt/equity ratio was 0.11 (0.16). Interest-bearing liabilities amounted to SEK 56.6 million (77.6) and pertained to convertible loans held by employees and Board members. Convertible loans totaling SEK 2.5 million were converted to shares during the first quarter and convertible loans totaling SEK 18.5 million were converted during the third quarter (refer to "Share-based incentive programs" on page 12).

The Group's cash flow from operations after changes in working capital amounted to SEK 120.7 million (174.9). This change was primarily the result of an increase in capital tied up in operational receivables. Cash flow per share amounted to SEK 3.18 (4.64) for the period.

Cash flow from investing activities was a negative SEK 32.9 million (neg: 47.1) for the period. These investments mainly pertained to assets in long-term Group-financed customer projects and development projects.

The Group's total cash flow amounted to a negative SEK 84.7 million (neg: 18.2), of which SEK 33.9 million (114.6) pertained to the third quarter. This result includes the share redemption program for shareholders. Excluding the share redemption program, total cash flow increased to SEK 86.0 million (151.3). During the comparative period, Sectra issued SEK 25 million in convertible loans to employees/Board members, which did not happen during the current year.

Investments and depreciation/amortization

Group investments during the period amounted to SEK 32.9 million (47.1), of which SEK 11.8 million (13.6) 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 47.6 million (43.7), of which SEK 14.6 million (14.8) pertained to the third quarter.

Hardware-related investments in Group-financed customer projects during the period totaled SEK 1.5 million (12.1), of which a negative SEK 9.0 million (neg: 6.6) 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 134.1 million (133.5).

Capitalization of development costs during the period amounted to SEK 20.5 million (23.2), of which SEK 11.1 million (8.1) pertained to the third quarter. Amortization of capitalized development projects during the period amounted to SEK 15.7 million (12.7), of which SEK 6.0 million (4.3) pertained to the third quarter. At the end of the period, capitalized development costs totaled SEK 102.9 million (95.9).

IMAGING IT SOLUTIONS

	Q3 Nov 2017– Jan 2018	Q3 Nov 2016– Jan 2017	Change %	Q1–3 May 2017– Jan 2018	Q1–3 May 2016– Jan 2017	Change %	Rolling 12 months	Full-year May–Apr 2016/2017	Change %
Net sales, SEK million	234.9	237.0	-0.9	719.6	684.7	5.1	1,005.4	970.5	3.6
Operating profit, SEK million	39.4	41.3	-4.6	126.4	117.9	7.2	219.1	210.6	4.0
Operating margin, %	16.8	17.4	-	17.6	17.2	-	21.8	21.7	-
Average no. of employees	472	465	1.5	474	464	2.2	471	464	1.5

Sales and earnings

Imaging IT Solutions' customer base is growing, which is contributing to a stable trend in terms of the operating area's sales and profitability. Sales and earnings in the second quarter were charged with a negative contract adjustment of SEK 8.0 million in the UK. The earnings effect of the adjustment at the Group level amounted to SEK 0.7 million and was attributable to the reversal of a Group-wide reserve.

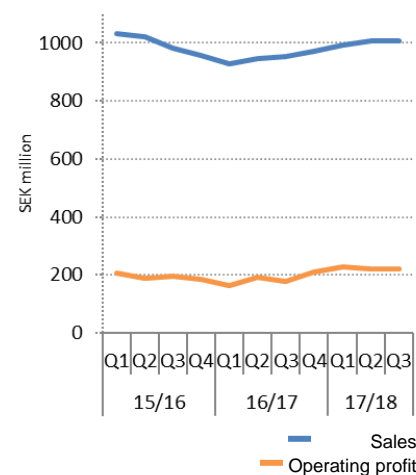
The operating area is implementing long-term growth initiatives in new product areas, such as digital pathology, and an expansion into additional geographic markets through the establishment of its own operations and through new distributors. These activities were charged to operating profit but have the potential to contribute to an ongoing positive performance moving forward.

Market

Sectra's market segment in the area of IT systems and services for medical image management is continuing to grow. Factors contributing to this growth include the population trend, the consolidation of healthcare resources and patient data, the increased use of medical diagnostic imaging, and an expanded product portfolio. To enable healthcare providers to provide better, faster and more patient-centered care, Sectra offers systems and services for the management, archiving and communication of all types of medical images, including non-radiology images. The operations mainly focus on large diagnostic imaging units, such as radiology, mammography, pathology, and cardiology, but also other departments where medical images are used. Since the components are built on the same technical platform, customers can easily extend a departmental solution to create a multimedia archive (VNA) that supports all image management (enterprise imaging). A key component of the operating area's growth strategy is medical imaging management in cancer diagnostics, a field of diagnostics expected to grow rapidly in the future.

More than 1,700 healthcare providers worldwide use Sectra's medical systems and services, with customers including some of the largest healthcare providers in the world. The operating area holds a strong position in IT systems for managing radiology images. During the third quarter, Sectra was named "Best in KLAS" for its Sectra PACS. Sectra has now won the industry's most prestigious award for customer satisfaction for five consecutive years in this product segment, in which the operating area currently holds a market-leading position in the Netherlands, Norway, Portugal and Sweden. Sectra is also the market leader in other countries in the niche of breast imaging. In the UK, where Sectra is now the second-largest player after securing several major long-term customer contracts in recent years, the current market is relatively stagnant. This is because most healthcare providers procured new systems in 2014–2016 when their previous agreements expired.

In a few countries, Sectra commands such a large market share that its growth in certain product segments is limited. However, this is not the case in the US, where the market share to date is relatively small. In recent years, the operating area has started to reap the benefits of its focus on customer satisfaction in the form of orders from strategic new customers in the US.



The way forward

Offering customers stable, efficient, and future-proof solutions for managing, archiving, and communicating all types of medical images. Examples of the operating area's focus activities:

- Maintain high customer satisfaction by continuously measuring and monitoring customer opinions about Sectra's products and support.
- Grow within radiology and other areas of medical imaging by adding new customers in regions where Sectra already has an established customer base. This includes an increased focus on the US. During 2017/2018, Sectra has entered into agreements with several new large and prestigious customers, for example, in the US and the Netherlands.
- Develop partnerships with existing customers through which Sectra's existing products and services can contribute to further efficiency enhancements. For example, sales of solutions for digital pathology, cardiology, and multimedia archives (VNA).
- Contribute to greater efficiency for customers by responding to demand for deliveries of IT solutions via the cloud, primarily in the form of software as a service (SaaS). During 2017/2018, for example, Sectra has deployed a cloud service for Danderyd Hospital in Sweden.
- Continued product development and broadening of the product portfolio. Special focus on medical imaging in cancer diagnostics, not least through expanded integration of radiology, mammography, and digital histopathology.
- Greater internal efficiency. Partly by establishing a service-oriented organization that can support the sales of cloud solutions, and partly through increased centralization and globalization to ensure optimal utilization of Sectra's specialist expertise.
- Continued growth in new and established markets.

Sectra holds a strong position in IT systems for managing medical images. Sectra has won the industry's most prestigious award for customer satisfaction—"Best in KLAS"—in the PACS product segment for five consecutive years.

SECURE COMMUNICATIONS

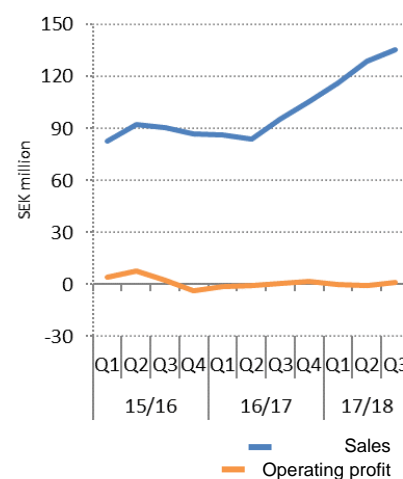
	Q3 Nov 2017– Jan 2018	Q3 Nov 2016– Jan 2017	Change %	Q1–3 May 2017– Jan 2018	Q1–3 May 2016– Jan 2017	Change %	Rolling 12 months	Full-year May–Apr 2016/2017	Change %
Net sales, SEK million	38.5	31.7	21.5	101.9	72.0	41.5	135.6	105.7	28.3
Operating profit, SEK million	2.5	0.4	525.0	2.8	3.3	-15.2	1.2	1.7	-29.4
Operating margin, %	6.5	1.3	-	2.7	4.6	-	0.9	1.6	-
Average number of employees	76	63	20.6	76	63	20.6	74	64	15.6

Sales and earnings

Secure Communications reported a positive sales trend. The operating area's increase in sales was mainly attributable to products and development assignments in the secure communications product area. Operating profit was charged with ongoing growth initiatives to broaden the operating area's offering to the critical infrastructure product segment, to further strengthen the offering in the secure communications segment, and to expand into additional geographic markets.

Market

The ability to safely and efficiently transmit sensitive information is central to the stability and security of society. Sectra has extensive experience of protecting society's most critical communications, and is a strong brand in the area of encryption and secure mobile communications. IT developments in society, political instability in the world, and the growth of cybercrime are creating a greater need for Sectra's expertise and product offerings. The operating area's growth strategy includes activities to expand into new geographic markets and broaden its offering to the cybersecurity for critical infrastructure customer



segment. Sectra's services in critical infrastructure have been well received in the Nordic market and the number of customers is gradually increasing. The critical infrastructure operations were introduced in the 2015/2016 fiscal year and are currently in an establishment phase, but show considerable long-term potential.

Sweden and the Netherlands comprise the operating area's largest markets. Sectra's products for secure mobile communications are used in most European countries, and by the EU and NATO. This success is the result of close and long-lasting partnerships with customers as well as national security authorities in many countries. Being trusted to protect a nation's most sensitive information requires that the customer has a high degree of confidence in Sectra as a provider.

During the period, the Dutch Ministry of the Interior decided to renew and expand its contract for secure communications with Sectra. The contract extends over four years and comprises Sectra's Tiger solutions for secure communications, which will be delivered as a service in which Sectra assumes overall responsibility for the system.

The way forward

Offering customers stable, accessible, and easy-to-use solutions for ultra-secure communications and critical IT security. Examples of the operating area's focus activities:

- Increased sales of security-approved communication solutions in the Nordic region, the Baltic countries, the Netherlands, and the rest of Europe. This will be facilitated by offering a complete system concept with solutions for various security levels. The system can handle multiple security domains (groups of users with a regulatory right to access classified information) in a single unit, making it easier for both system administrators and users.
- International partnership with the Korean company 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.
- Growth in the area of critical infrastructure by offering security and threat analyses and system monitoring services for critical operating and control systems. Primarily focusing on the energy sector and critical process industry in the Nordic region and other areas of Northern Europe.



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

BUSINESS INNOVATION

	Q3 Nov 2017– Jan 2018	Q3 Nov 2016– Jan 2017	Change %	Q1–3 May 2017– Jan 2018	Q1–3 May 2016– Jan 2017	Change %	Rolling 12 months	Full-year May–Apr 2016/2017	Change %
Net sales, SEK million	17.4	18.8	-7.4	43.7	50.2	-12.9	58.9	65.4	-9.9
Operating profit/loss, SEK million	2.7	3.9	-30.8	-0.1	7.7	-101.3	-2.8	5.0	-156.0
Operating margin, %	15.5	20.7	-	neg	15.3	-	neg	7.7	-
Average no. of employees	37	35	5.7	36	33	9.1	36	34	5.9

Business Innovation is Sectra's incubator for early-stage business units, projects and ideas that are not yet large enough to become independent operating areas or are not a natural match with the existing areas. Within Business Innovation, the company evaluates and utilizes opportunities to:

- Commercialize new technologies and new segments in the Group's core and related areas.
- Participate 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 segment comprises the smaller Medical Education and Orthopaedics business units as well as Sectra's research department. Sectra's patent portfolio is also managed and developed within Business Innovation.

Sales and earnings

The performance of Business Innovation's two business units can vary significantly between quarters and periods. Sectra's offerings in both business units are currently undergoing a generational shift, which has impacted the financial results. However, both segments are attracting considerable market attention, and new managers were appointed during the period, who are now working to accelerate the development and launch of the new products.

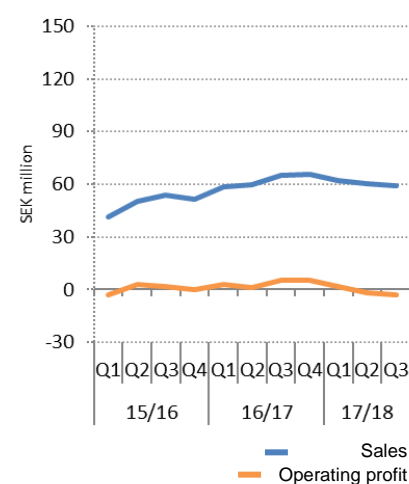
New management in Orthopaedics and Medical Education

Gustaf Schwang was appointed General Manager of the Orthopaedics business unit on September 1, 2017. Gustaf joined Sectra from the medical technology company Elekta and has extensive experience of sales and international business development. Sofia Bertling was appointed General Manager of the Medical Education business unit on February 1, 2018. She previously served as CEO of the medical technology company Hermes Medical Solutions and is experienced in leading strong growth companies in a global market.

Segments and market

The **Orthopaedics** business unit offers IT systems for image-based planning and follow-up of orthopaedic surgery in 2D and 3D—for example, hip, knee, spine, and trauma surgery. The business unit has developed several new and interesting products based on visualization and image analysis that can be used for pre-operative planning and post-operative follow-up of patients experiencing pain potentially caused by a loose implant. These new products are designed to help customers reduce the number of unnecessary repeat surgeries.

One of the new products is the Sectra Implant Movement Analysis service, which is positioned to have a major impact on patient care, since performing repeat surgery on surgically inserted implants is a growing problem that entails significant costs and patient risk. Sectra's orthopaedics customers can gain access to the service through a partnership entered into with the global teleradiology company Telemedicine Clinic (TMC) during the third quarter. The service will initially be available for orthopaedists in Sweden.



In the orthopaedics segment, Sectra is currently the market leader in Scandinavia in its niche and commands a strong market position in several other countries, including the Netherlands and the UK. The business unit is also advancing its position in the US, where Sectra received an order from the prominent Hospital for Special Surgery (HSS) during the third quarter. The customer ordered Sectra's 3D preoperative planning solution.

The **Medical Education** business unit delivers products and services for basic and specialist training of medical students, healthcare personnel and veterinarians. The offering comprises a cloud-based education portal, and presentation and teaching aids (Sectra Table and Sectra Board). For a monthly subscription fee, portal users receive access to images from actual patient cases from other customers, such as universities, training centers and hospitals using Sectra's solution for medical education. The business unit is currently transitioning from supplying visualization devices for a one-time fee to the subscription model with a greater focus on content. Sales are mainly carried out through distribution partners in more than 40 countries in Africa, Europe, the Middle East, China, North America, South America, and South-East Asia.

Sectra's **research department** is currently participating in approximately ten research projects, including projects in orthopaedic surgery, digital pathology, and AI/machine learning.

The way forward

Examples of focus activities in Business Innovation:

- Orthopaedics—grow in the countries where the business unit has its own sales organization, increase sales of cloud-based and local services for planning joint replacement surgeries through collaboration with implant suppliers, grow in the trauma segment through sales of a solution for 3D image planning of acute surgical procedures, and contribute to further cost-efficiency and patient benefits through the new product for analyzing implant movement.
- Medical Education—grow in key markets, such as China and the US, and expand into new markets through distributors. Generate more recurring and long-term revenue through increased focus on subscription services for cloud-based content.
- Research—projects in product areas and technologies with the potential to generate business within three to five years, and research partnerships with universities and colleges. Particular focus on the area of AI/machine learning.



One possibility for the future is to increase the efficiency of physicians' daily work using tools based on machine learning.

SECTRA CUSTOMER FINANCING

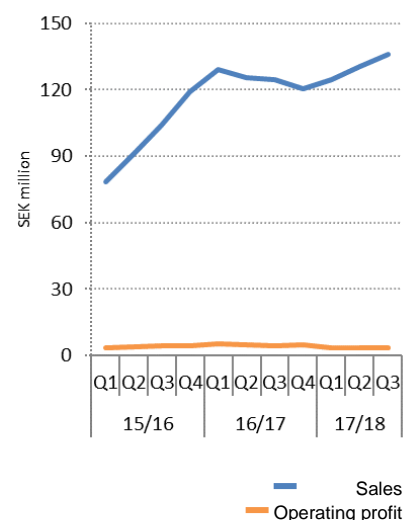
	Q3 Nov 2017– Jan 2018	Q3 Nov 2016– Jan 2017	Change %	Q1–3 May 2017– Jan 2018	Q1–3 May 2016– Jan 2017	Change %	Rolling 12 months	Full-year May–Apr 2016/2017	Change %
Net sales, SEK million	35.6	30.3	17.5	104.9	89.4	17.3	135.8	120.3	12.9
Operating profit, SEK million	0.6	0.6	0.0	2.3	3.4	-32.4	3.5	4.7	-25.5
Operating margin, %	1.7	2.0	-	2.2	3.8	-	2.6	3.9	-
Average no. of employees	0	0	0.0	0	0	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

The segment reported continued sales growth. Adjusted for currency fluctuations, sales growth amounted to 17.7% during the quarter. The majority of sales come from multiyear customer contracts with healthcare providers in the UK. Accordingly, the segment has a significant currency exposure to the GBP, which has had a negative impact on its results since Brexit in 2016. This also means that the movement of the GBP in relation to the SEK also has a major impact on the operating area's forecast revenue.

The rapid growth of the area in recent years is linked to Imaging IT Solutions' successful sales of multiyear managed-services agreements for medical IT systems, particularly in the UK in 2014–2016. Financing of major managed-services agreements 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. For more information, visit www.sectra.com/customerfinancing.



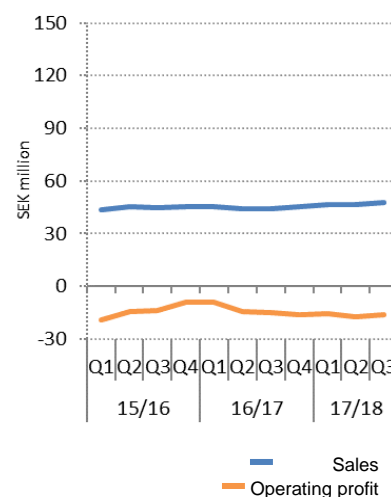
OTHER OPERATIONS

	Q3 Nov 2017– Jan 2018	Q3 Nov 2016– Jan 2017	Change %	Q1–3 May 2017– Jan 2018	Q1–3 May 2016– Jan 2017	Change %	Rolling 12 months	Full-year May–Apr 2016/2017	Change %
Net sales, SEK million	12.2	11.4	7.0	35.1	33.2	5.7	47.4	45.5	4.2
Operating loss, SEK million	-2.6	-3.5	25.7	-10.8	-10.5	-2.9	-16.5	-16.1	-2.5
Operating margin, %	neg	neg	-	neg	neg	-	neg	neg	-
Average number of employees	54	58	-6.9	55	56	-1.8	55	54	1.9

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

Sales and earnings

The results from Other Operations were essentially on par with the comparative period. Earnings were charged with increased expenses for internal IT security, including expenses linked to the new General Data Protection Regulation (GDPR), and recruitment.



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 communications, and investor relations activities. The Parent Company's income statement and balance sheet are reported on page 21.

THE SHARE

Sectra's 2017 share redemption program and recalculation of conversion prices

During October 2017, Sectra carried out a share redemption program, whereby SEK 4.50 per share, a total of SEK 170.7 million, was distributed to the 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 20, 2017.

In your Swedish tax assessment, a redemption or sale of redemption shares (designated SECT IL A and SECT IL B) is to be declared as a sale of shares on Form K4. The calculation of the acquisition fees for redemption shares can be carried out in one of two ways:

- According to the general advice issued by the Swedish Tax Agency, which entails that you allot a certain portion of the relevant acquisition fees for the original shares to redemption shares.
- Alternatively, the standard rule can be applied if the transaction pertains to Class B redemption shares.

According to the general advice issued by the Swedish Tax Agency regarding the redemption program, 96.8% of the acquisition fees for an original Class A or Class B share in Sectra AB should be attributed to remaining shares and 3.2% to redemption shares of the respective class. For more information, visit www.sectra.com/redemption.

Due to the share redemption program for 2017, the Board decided to recalculate the conversion prices for outstanding convertible programs. This 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](http://www.sectra.com).

Share-related incentive programs

On the balance-sheet date, Sectra's share capital totaled SEK 38,119,669, distributed between 38,119,669 shares. Of these shares, 2,620,692 are Class A shares and 35,498,977 are Class B shares. These figures include new share issues as a result of the exercise of the following convertible programs:

- 2012/2017 during the first quarter at an amount of SEK 2.5 million, corresponding to 44,916 Class B shares.
- 2013/2017 and 2014/2017 during the third quarter at an amount of SEK 18.5 million, corresponding to 184,668 Class B shares.

As of the publication date of this report, on full exercise of outstanding convertibles, the number of Class B shares will increase by 395,881, corresponding to 1.0% of the share capital and 0.6% of the voting rights in the company.

Authorization

The 2017 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.

How to declare
Sectra redemption
shares.

Increased share
capital after
conversion of
convertibles.

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.

NOMINATION COMMITTEE AND 2018 AGM

The 2017 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, 2017. 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 Investment Funds, the fourth-largest shareholder)

Jan-Olof Brüer, who is the company's second-largest shareholder in terms of votes, was 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 6, 2018 in Linköping. The Nomination Committee's proposals will be presented in the notice of the AGM and be available on the company's website not earlier than six weeks and not later than four weeks prior to the Meeting date.

The Nomination Committee will prepare and submit proposals regarding:

- election of and fees to the Chairman of the Board and other Board members, and fees for committee work
- 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 email: 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. The 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 email: info.investor@sectra.se, 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 accounting policies and calculation methods remain unchanged compared with those applied in the [2016/2017 Annual Report](#). IFRS 9 and IFRS 15 will be applied as of May 1, 2018. Disclosures concerning transition methods and the impact of applying these two standards will be presented in the year-end report for 2017/2018.

The Group 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) and must therefore be explained in the financial statements. In accordance with these guidelines, the Group's alternative performance measures are defined on page 22 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 2016/2017 fiscal year and in Note 30 on page 69. No significant events have occurred that would alter the conditions reported therein.

FOR FURTHER INFORMATION

Contact Sectra's CEO Torbjörn Kronander, telephone +46 13 23 52 27 or email 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 12, 2018 at 10:00 a.m. (CET)

To participate, call:

SE: +46 856642665

UK: +44 2030089807

US: +1 8558315944

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

Financial calendar and AGM

Year-end report 2017/2018	May 29, 2018 at 8:00 a.m. (CET)
Three-month interim report	September 4, 2018 at 8:00 a.m. (CET)
2018 AGM	September 6, 2018 at 3:30 p.m. in Linköping
Six-month interim report	December 7, 2018 at 8:15 a.m. (CET)

For other IR events, visit: <http://www.sectra.com/investor/calendar/>

ASSURANCE

The Board of Directors and the President of Sectra AB (publ) hereby assure that the interim report for the period May 2017 to January 2018 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, Sweden, March 12, 2018

Torbjörn Kronander
President, CEO and Board member

Carl-Erik Ridderstråle
Chairman

Ulrika Hagdahl
Board member

Anders Persson
Board member

Christer Nilsson
Board member

Jakob Svärdström
Board member

Jan-Olof Brüer
Board member

Tomas Puusepp
Board member

Deborah Capello
Board member and
employee representative

Bengt Hellman
Board member and
employee representative

AUDITOR'S REVIEW REPORT

Introduction

We have reviewed the condensed interim financial information for Sectra AB (publ) 556064-8304 at January 31, 2018 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 12, 2018

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 12, 2018.

GROUP FINANCIAL SUMMARY

Consolidated income statements

SEK thousand	3 months Nov 2017– Jan 2018	3 months Nov 2016– Jan 2017	9 months May 2017– Jan 2018	9 months May 2016– Jan 2017	12 months Feb 2017– Jan 2018	Full-year May–Apr 2016/2017
Net sales	300,113	294,210	878,640	800,083	1,219,479	1,140,922
Capitalized work for own use	11,054	8,050	20,514	23,153	26,730	29,369
Reversal of contingent consideration	0	12,355	0	12,355	0	12,355
Other operating income	1,466	1,057	2,837	1,563	3,672	2,398
Goods for resale	-34,782	-44,566	-118,330	-118,039	-166,640	-166,349
Personnel costs	-146,588	-142,482	-425,225	-400,156	-567,533	-542,464
Other external costs	-63,213	-54,366	-155,412	-137,385	-223,278	-205,251
Depreciation/amortization and impairment	-16,731	-27,145	-47,635	-55,969	-62,241	-70,575
Operating profit	51,319	47,113	155,389	125,605	230,189	200,405
Net financial items	-6,292	-1,310	-19,665	-4,286	-15,783	-404
Profit after net financial items	45,027	45,803	135,724	121,319	214,406	200,001
Taxes	-9,936	-10,769	-28,292	-27,382	-48,125	-47,215
Profit for the period	35,091	35,034	107,432	93,937	166,281	152,786
Profit for the period attributable to:						
Parent Company owners	35,091	35,034	107,432	93,937	166,281	152,786
Non-controlling interest	0	0	0	0	0	0
Earnings per share						
Before dilution, SEK	0.92	0.92	2.83	2.49	4.38	4.04
After dilution, SEK	0.91	0.91	2.79	2.45	4.32	3.98
No. of shares						
Before dilution	38,119,669	37,890,085	38,119,669	37,890,085	38,119,669	37,890,085
After dilution ¹	38,515,550	38,499,139	38,515,550	38,499,139	38,515,550	38,499,137
Average, before dilution	38,075,119	37,890,085	37,976,716	37,733,791	37,955,058	37,772,864
Average, after dilution	38,510,590	38,499,139	38,502,955	38,394,210	38,502,001	38,420,443

¹ Dilution of the number of shares is based on the convertible programs issued in 2014/2015 (21,190), 2015/2016 (226,150) and 2016/2017 (140,541). On full exercise of convertibles, the number of shares will increase by 395,881.

Consolidated statement of comprehensive income

SEK thousand	3 months Nov 2017– Jan 2018	3 months Nov 2016– Jan 2017	9 months May 2017– Jan 2018	9 months May 2016– Jan 2017	12 months Feb 2017– Jan 2018	Full-year May–Apr 2016/2017
Profit for the period	35,091	35,034	107,432	93,937	166,281	152,786
Change in translation differences for the period from translating foreign subsidiaries	-1,065	-2,745	-11,251	-4,620	-3,375	3,256
Total other comprehensive income for the period	-1,065	-2,745	-11,251	-4,620	-3,375	3,256
Total comprehensive income for the period	34,026	32,289	96,181	89,317	162,906	156,042

Consolidated balance sheets

SEK thousand	Jan 31, 2018	Jan 31, 2017	Apr 30, 2017
Assets			
Intangible assets	181,767	178,152	182,053
Tangible assets	86,240	104,761	103,205
Financial assets	1,799	1,799	1,799
Deferred tax assets	19,428	35,403	30,283
Total fixed assets	289,234	320,115	317,340
Other current assets	593,065	524,123	571,903
Cash and cash equivalents	195,779	221,642	273,216
Total current assets	788,844	745,765	845,119
Total assets	1,078,078	1,065,880	1,162,460
Equity and liabilities			
Equity (incl. profit for the period)	500,971	487,790	554,515
Provisions	19,031	26,280	30,318
Deferred tax liabilities	25,899	45,221	45,720
Long-term liabilities	28,528	56,611	56,611
Current liabilities	503,649	449,978	475,296
Total equity and liabilities	1,078,078	1,065,880	1,162,460

No material changes have occurred in pledged assets and contingent liabilities since the 2016/2017 Annual Report.

Consolidated statement of changes in equity

SEK thousand	9 months May 2017– Jan 2018	9 months May 2016– Jan 2017	Full-year May–Apr 2016/2017
Equity at start of period	554,515	545,603	545,603
Comprehensive income for the period	96,181	89,317	156,042
Dividend/redemption of shares	-170,707	-169,588	-169,588
Settlement of share-related payments	20,983	22,458	22,458
Equity at end of period	500,972	487,790	554,515

Consolidated cash-flow statements

SEK thousand	9 months May 2017– Jan 2018	9 months May 2016– Jan 2017	Full-year May–Apr 2016/2017
Cash flow from operations before changes in working capital	136,753	116,637	221,058
Cash flow from operations after changes in working capital	120,773	174,944	235,185
Investing activities	-32,900	-47,088	-59,553
Financing activities	-172,604	-146,084	-146,084
Total cash flow for the period	-84,731	-18,228	29,548
Change in cash and cash equivalents			
Cash and cash equivalents, opening balance	273,216	239,768	239,768
Exchange-rate difference in cash and cash equivalents	7,294	102	3,900
Cash and cash equivalents, closing balance	195,779	221,642	273,216
Unutilized credit facilities	15,000	15,000	15,000

Alternative performance measures for the period and full-year

	9 months Jan 31, 2018	9 months Jan 31, 2017	12 months Jan 31, 2018	Full-year Apr 30, 2017
Order bookings, SEK million	992.3	828.1	1,341.9	1,177.7
Operating margin, %	17.7	15.7	18.9	17.6
Profit margin, %	15.4	15.2	17.6	17.5
Average number of employees	640	615	636	616
Cash flow per share, SEK	3.18	4.64	4.77	6.21
Cash flow per share after full dilution, SEK	3.14	4.54	4.70	6.11
Value added, SEK million	580.6	525.8	651.1	742.9
P/E ratio, multiple	n/a	n/a	43.2	40.2
Share price at end of period, SEK	189.4	153.0	189.4	162.5
Return on equity, %	20.4	18.2	31.5	27.8
Return on capital employed, %	23.0	20.7	36.3	32.2
Return on total capital, %	12.2	11.3	19.3	17.8
Equity/assets ratio, %	46.5	45.8	46.2	47.7
Liquidity, multiple	1.6	1.7	1.6	1.8
Equity per share, SEK	13.14	12.87	13.14	14.63
Equity per share after full dilution, SEK	13.01	12.67	13.01	14.40

Exchange rates

Currency	Average rates in SEK			Closing rates in SEK		
	Q1-3 2017/2018	Q1-3 2016/2017	Change	Jan 31, 2018	Jan 31, 2017	Change
US dollar, 1 USD	8.20	8.71	-5.9%	7.79	8.78	-11.3%
Euro, 1 EUR	9.65	9.54	1.2%	9.70	9.43	2.9%
British pound, 1 GBP	10.88	11.28	-3.5%	11.06	10.98	0.7%

Quarterly consolidated income statement and alternative performance measures

SEK million	2017/2018			2016/2017				2015/2016			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	300.1	313.4	265.1	340.8	294.2	275.4	230.5	315.1	268.9	264.7	224.9
Capitalized work for own use	11.1	5.6	3.9	6.2	8.0	9.4	5.7	10.8	12.8	5.4	4.8
Reversal of contingent consideration	0	0	0	0	12.4	0	0	0	0	0	0
Other operating income	1.5	0.5	0.9	0.8	1.1	0.1	0.4	1.5	0.4	0.4	1.0
Operating expenses	-244.7	-243.6	-210.8	-258.4	-241.3	-224.1	-190.1	-254.7	-224.4	-225.1	-189.5
Depreciation/amortization and impairment	-16.7	-16.1	-14.8	-14.6	-27.1	-14.4	-14.4	-14.7	-13.7	-13.3	-9.8
Operating profit	51.3	59.8	44.3	74.8	47.1	46.4	32.1	58.0	44.0	32.1	31.4
Net financial items	-6.3	2.1	-15.5	3.9	-1.3	-2.0	-0.9	-9.3	-7.1	2.5	3.1
Profit after net financial items	45.0	61.9	28.8	78.7	45.8	44.4	31.2	48.7	36.9	34.6	34.5
Tax on earnings for the period	-9.9	-12.1	-6.3	-19.8	-10.8	-9.8	-6.9	-5.4	-8.1	-7.8	-7.8
Profit for the period	35.1	49.8	22.5	58.8	35.0	34.6	24.3	43.3	28.8	26.8	26.7
Order bookings, SEK million	337.9	426.8	227.6	349.6	302.9	299.6	225.5	447.8	369.0	205.3	299.9
Operating margin, %	17.1	19.1	16.7	21.9	16.0	16.8	13.9	18.4	16.4	12.1	14.0
Cash flow per share, SEK	1.21	1.33	0.64	1.59	2.76	1.40	0.47	1.65	1.74	1.39	0.18
Cash flow per share after full dilution, SEK	1.20	1.31	0.63	1.56	2.72	1.37	0.46	1.62	1.70	1.36	0.17
Earnings per share, SEK	0.92	1.31	0.59	1.55	0.92	0.92	0.65	1.15	0.77	0.72	0.71
Return on equity, %	6.6	10.0	4.0	10.7	6.8	7.0	4.1	7.5	5.1	4.8	4.2
Return on capital employed, %	7.6	10.8	4.6	12.6	7.8	7.9	4.8	7.7	5.9	5.7	5.1
Equity/assets ratio, %	46.5	43.0	49.1	47.7	45.8	45.4	52.7	49.5	49.5	54.1	60.8
Equity per share, SEK	13.14	11.76	14.80	14.63	12.87	11.73	15.37	14.55	13.74	13.61	17.68
Share price at end of period, SEK	189.4	164.00	152.50	162.50	153.00	139.50	133.00	110.75	105.75	105.00	119.00

Five-year summary

2016/2017	2015/2016	2014/2015	2013/2014	2012/2013
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Order bookings, SEK million	1,177.7	1,322.0	1,471.5	925.7	916.0
Net sales, SEK million	1,140.9	1,073.6	961.4	853.8	817.0
Operating profit, SEK million	200.4	165.5	150.3	128.1	85.9
Profit after net financial items, SEK million	200.0	154.8	164.4	141.5	86.6
Profit for the period after tax, SEK million	152.8	125.7	126.1	103.9	62.2
Operating margin, %	17.6	15.4	15.6	15.0	10.5
Profit margin, %	17.5	14.4	17.1	16.6	10.6
Earnings per share before dilution, SEK	4.04	3.35	3.38	2.80	1.68
Earnings per share after dilution, SEK	3.98	3.29	3.31	2.73	1.64
Dividend/redemption program per share, SEK	4.50	4.50	4.50	4.50	4.50
Share price at end of year, SEK	162.50	110.75	119.50	77.75	53.00
P/E ratio, multiple	40.2	33.0	35.3	27.8	31.5
Return on equity, %	27.8	21.7	20.6	16.3	8.6
Return on capital employed, %	32.2	24.2	25.1	21.1	11.6
Return on total capital, %	17.8	14.2	15.8	13.7	7.9
Equity per share before dilution, SEK	14.63	14.55	16.44	16.49	17.94
Equity per share after dilution, SEK	14.40	14.23	16.01	16.05	17.53
Equity/assets ratio, %	47.7	49.5	56.1	60.7	61.4

OPERATING SEGMENTS

Sales by business segment

SEK million	3 months Nov 2017– Jan 2018	3 months Nov 2016– Jan 2017	9 months May 2017– Jan 2018	9 months May 2016– Jan 2017	Rolling 12 months	Full-year May–Apr 2016/2017
Imaging IT Solutions	234.9	237.0	719.6	684.7	1,005.4	970.5
Sectra Customer Financing	35.6	30.3	104.9	89.4	135.8	120.3
Secure Communications	38.5	31.7	101.9	72.0	135.6	105.7
Business Innovation	17.4	18.8	43.7	50.2	58.9	65.4
Other Operations	12.2	11.4	35.1	33.2	47.4	45.5
Group eliminations	-38.5	-35.0	-126.6	-129.4	-163.6	-166.5
Total	300.1	294.2	878.6	800.1	1,219.5	1,140.9

Operating profit by business segment

SEK million	3 months Nov 2017– Jan 2018	3 months Nov 2016– Jan 2017	9 months May 2017– Jan 2018	9 months May 2016– Jan 2017	Rolling 12 months	Full-year May–Apr 2016/2017
Imaging IT Solutions	39.4	41.3	126.4	117.9	219.1	210.6
Sectra Customer Financing	0.6	0.6	2.3	3.4	3.5	4.7
Secure Communications	2.5	0.4	2.8	3.3	1.2	1.7
Business Innovation	2.7	3.9	-0.1	7.7	-2.8	5.0
Other Operations	-2.6	-3.5	-10.8	-10.5	-16.5	-16.1
Group eliminations	8.7	4.4	34.8	3.8	25.7	-5.5
Total	51.3	47.1	155.4	125.6	230.2	200.4

Sales by geographic market

SEK million	3 months Nov 2017– Jan 2018	3 months Nov 2016– Jan 2017	9 months May 2017– Jan 2018	9 months May 2016– Jan 2017	Rolling 12 months	Full-year May–Apr 2016/2017
Sweden	93.3	71.4	251.7	197.9	334.5	280.5
US	56.0	60.7	188.2	179.3	267.5	258.6
UK	48.9	43.6	136.8	122.6	198.8	184.8
Netherlands	23.9	26.2	68.5	62.5	92.6	86.6
Rest of Europe	65.1	73.1	194.2	192.5	270.7	268.9
Rest of World	12.9	19.2	39.2	45.3	55.4	61.5
Total	300.1	294.2	878.6	800.1	1,219.5	1,140.9

PARENT COMPANY

Parent Company income statements

SEK thousand	3 months Nov 2017– Jan 2018	3 months Nov 2016– Jan 2017	9 months May 2017– Jan 2018	9 months May 2016– Jan 2017	12 months Feb 2017– Jan 2018	Full-year May–Apr 2016/2017
Net sales	30,695	26,506	81,648	79,971	110,505	108,828
Capitalized work for own use	3,343	742	4,441	2,616	6,230	4,405
Other operating income	1,531	850	2,277	1,350	2,763	1,836
Goods for resale	-3,649	-4,007	-10,237	-12,676	-13,795	-16,234
Personnel costs	-12,249	-12,868	-38,245	-34,620	-52,877	-49,251
Other external costs	-15,872	-12,121	-40,311	-35,963	-57,459	-53,112
Depreciation/amortization	-2,074	-1,275	-5,476	-3,320	-6,852	-4,696
Operating profit/loss	1,725	-2,173	-5,903	-2,642	-11,485	-8,224
Net financial items	-496	-1,044	-9,838	1,872	-1,697	10,013
Profit/loss after net financial items	1,229	-3,217	-15,741	-770	-13,182	1,789
Appropriations	0	0	0	0	204,339	204,339
Profit/loss before tax	1,229	-3,217	-15,741	-770	191,157	206,128
Tax on earnings for the period	-270	-1,140	3,463	-1,679	-38,784	-43,926
Profit/loss for the period	959	-4,357	-12,278	-2,449	152,373	162,202
Comprehensive income for the period	959	-4,357	-12,278	-2,449	152,373	162,202

Parent Company balance sheets

SEK thousand	Jan 31, 2018	Jan 31, 2017	Apr 30, 2017
Assets			
Intangible assets	13,574	9,348	10,765
Tangible assets	19,158	15,994	15,477
Financial assets	241,887	286,805	285,663
Total fixed assets	274,619	312,147	311,905
Other current assets	342,758	364,433	423,799
Cash and cash equivalents	127,395	163,822	221,099
Total current assets	470,153	528,255	644,898
Total assets	744,772	840,402	956,803
Equity and liabilities			
Equity (incl. profit for the period)	289,092	286,443	451,095
Untaxed reserves	87,629	168,351	87,629
Long-term liabilities	28,528	56,611	56,611
Current liabilities	339,523	328,997	361,468
Total equity and liabilities	744,772	840,402	956,803

Pledged assets and contingent liabilities

SEK thousand	Jan 31, 2018	Jan 31, 2017	Apr 30, 2017
Chattel mortgages	11,000	11,000	11,000
Total pledged assets	11,000	11,000	11,000
Guarantees on behalf of Group companies	147,308	198,519	190,948
Total contingent liabilities	142,308	198,519	190,948

DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES

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.
Value added	Operating profit plus labor costs.
Adjusted equity	Recognized equity plus 78% of untaxed reserves.
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.
Liquidity	Current assets divided by current liabilities.
Average number of employees	Average number of full-time employees during the period.
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 12-month period's earnings per share.
Return on equity	Profit after tax as a percentage of average adjusted equity.
Return on capital employed (ROCE)	Profit before tax plus financial expenses as a percentage of average capital employed.
Return on total capital	Earnings after net financial items plus financial expenses as a percentage of average total assets.
Operating profit	Profit before net financial items and income tax.
Operating margin	Operating profit after depreciation/amortization as a percentage of net sales.
Debt/equity ratio	Interest-bearing liabilities divided by equity.
Equity/assets ratio	Adjusted equity as a percentage of total assets.
Capital employed	Total assets reduced by non-interest-bearing liabilities.
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.
Earnings per share	Profit/loss after tax divided by the average number of shares. This performance measure is defined in accordance with IFRS.
Earnings per share before dilution	Profit/loss after tax divided by the average number of shares at the end of the period.
Earnings per share after dilution	Profit/loss after tax divided by the average number of shares at the end of the period after dilution.
Profit margin	Earnings after net financial items as a percentage of net sales.

GLOSSARY

Artificial intelligence (AI)

A collective term for the scientific field that studies the creation of machines and computer programs that display intelligent behavior. AI research encompasses numerous disciplines, including everything from studying philosophical issues to developing tangible technological solutions in such areas as medical diagnostics.

Integrated diagnostics

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

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. To read encrypted information, the recipient must have the correct key and algorithm.

Critical infrastructure

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

Machine learning

A discipline within artificial intelligence (see above) where algorithms (computer programs) learn to solve tasks using analyzed data. One example involves allowing a program to train on a large sampling of test images, where information is provided about which images show healthy or sick patients, after which the program can also make accurate predictions regarding unfamiliar images.

Mammography

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

Cloud

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

Orthopaedics

A surgical specialty for disorders affecting the musculoskeletal system.

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.

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.

About Sectra

Vision:

To contribute to a healthier and safer society.

Mission statements

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.

Operating areas/business models

Imaging IT Solutions helps hospitals across the world to become more efficient, enabling them to care for more patients and save more lives. Increased use of medical images and aging populations that are living longer pose huge challenges to healthcare. Sectra's IT solutions and services for medical diagnostic imaging enable greater efficiency 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, government officials and diplomats to use modern technology to exchange information securely, thereby contributing to a stable and secure society. Sectra's solutions and services increase cybersecurity by protecting some of society's most sensitive information and communications. 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.

Sectra Customer Financing is where the company's strong financial position is used to finance major managed-services agreements with healthcare customers.

Group-wide strategies

- Customers and customer satisfaction are always assigned top priority 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 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—and in many cases, exceed—their expectations.
- Close collaboration with universities and research institutions to capture ideas and new product areas that Sectra's customers may find useful.

For more information, visit www.sectra.com/investor



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.

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/irsurvey.