

Interim report for the May–July 2014 period:

Sectra reports increased profit and order bookings

SEK million	The quarter			12 months		
	Q1 2014/2015	Q1 2013/2014	Change %	Rolling	Fiscal year 2013/2014	Change %
Order bookings	388.1	247.7	56.7	1,066.1	925.7	15.2
Net sales	212.4	175.3	21.2	890.9	853.8	4.3
Operating profit (EBIT)	40.5	13.9	191.4	154.7	128.1	20.7
Operating margin, %	19.0	7.9		17.4	15.0	
Profit before tax (EBT)	44.0	15.0	193.3	170.4	141.5	20.4
Profit margin, %	20.7	8.6		19.1	16.6	
Profit after tax	34.1	11.8	189.0	126.1	103.9	21.4
Earnings per share, SEK ¹	0.92	0.32	185.7	3.40	2.80	21.4
Cash flow ²	28.0	-8.0	450.0	159.7	123.7	29.2
Number of employees ³	534	525		534	536	

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



TELECONFERENCE

with President Torbjörn Kronander and CFO Simo Pykälistö **September 8, 2014, 2:00 p.m. (CET)**. The presentation will be held in English.

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CEO'S COMMENTS

The Sectra Group entered the 2014/2015 fiscal year with increased profit, sales and order bookings compared with the year-earlier period. Several long-term customer contracts with major healthcare suppliers in the US, UK and Scandinavia, for example, contributed to the increase in order bookings.

Seasonally, this is usually a weak quarter for Sectra, but the variation between quarters declined slightly due to the increased proportion of long-term customer contracts. The first quarter was better than usual this year, due to high order bookings and a year-on-year increase in profit. However, the outcome includes a positive nonrecurring effect of SEK 16.3 million from the sale and licensing of patents.

Strategic choices

Sectra is focused on controlled growth and on being a leader in markets where the company already operates, as well as growing in a few carefully selected emerging markets through partners. There is still considerable scope for growth in Sectra's niche areas, which was confirmed by the increase in order bookings reported by all business areas during the first quarter. However, not all operations or individual markets developed at the pace we desire. I am mainly referring to partner sales in some emerging markets and to the Secure Communications business area, which despite improved operational efficiency, still requires greater numbers of customers.

Outlook

Sectra has a high level of customer satisfaction and a considerable portion of long-term customer contracts. This provides the Group with stability and enables long-term investments in products and services which, in turn, creates additional value for customers. Based on these conditions, I believe that Sectra has the potential to continue driving the development of efficient solutions that can improve quality of life, reduce society's healthcare costs and contribute to a more secure society.

Sectra's profitability remains favorable. The target margin for the Group is 15%. Including the nonrecurring effect from the patent transaction, we reported an operating margin of 17.4% for the most recent rolling 12-month period. Excluding the nonrecurring effect from the patent transaction, the profitability ratio was 15.8%. This means that our financial focus will now concentrate on growing operating profit, while maintaining our operating margin. Growth will be achieved through the development of partnerships with existing customers, increased sales of software and cloud services, and new products and services in segments related to, or within, existing areas.

Torbjörn Kronander, President and CEO

THE PERIOD IN BRIEF

First quarter

- The Sectra Group's order bookings increased 56.7% to SEK 388.1 million (247.7).
- Net sales rose 21.2% to SEK 212.4 million (175.3).
- Operating profit rose 191.4% to SEK 40.5 million (13.9), corresponding to an operating margin of 19.0% (7.9).
- The sale and licensing of patents in Business Innovation had a positive impact of SEK 16.3 million on sales and operating profit. Excluding this item, net sales rose 11.9% to SEK 196.1 million and operating profit rose 74.1% to SEK 24.2 million, corresponding to an operating margin of 12.3%.
- Cash flow after changes in working capital amounted to SEK 28.0 million (neg: 8.0).

Events during the quarter

- The Board and President proposed that the 2014 AGM resolves to distribute SEK 4.50 per share to shareholders through a share redemption program. This is in line with the preceding year. No ordinary dividend is proposed.
- University Hospitals in Cleveland, one of Sectra's largest customers in the US and a key research partner, signed a maintenance agreement and ordered Sectra's dose monitoring service.
- Region Skåne signed a multi-year agreement with Sectra valued at SEK 114 million.
- The Dutch healthcare group, Zorggroep Leveste Middenveld, ordered Sectra's region-wide IT solution for managing medical images and patient information.
- The Council of the European Union in Brussels extended its framework agreement with Sectra for secure telephony until 2018.

OUTLOOK

The world needs more efficient healthcare and more reliable communications. Both of these areas offer major scope for expansion. Sectra plays a key role in meeting these needs by offering products and services in the areas of medical IT and secure communications.

There is a growing need for greater efficiency in healthcare in order to provide care for more patients, due to the demographic trend of an aging population that is living longer while birth rates are declining. Sectra develops and sells systems and services for medical diagnostic imaging, which help to develop the healthcare sector while making it more efficient. Society also needs to improve how it takes care of age-related diseases. Sectra has several products and services that can contribute to more efficient healthcare and treatment of some of the most costly age-related diseases.

In terms of security, government agencies, defense organizations and the private sector are increasingly exposed to security risks and eavesdropping attempts. Heightened awareness of eavesdropping may contribute to greater interest in the type of security products offered by Sectra. Sectra is trusted to deliver products that protect classified information at the very highest levels and our encrypted products are approved by the EU, NATO and several national security agencies.



In the "2013 Best in KLAS: Software and Services report," customers ranked Sectra Number 1 in the Picture Archiving and Communication System (PACS) category in a US customer satisfaction survey compiled by independent market research company KLAS. Over the past quarter, US customers have continued to submit positive reviews of Sectra.

"Sectra has a great partnership with our organization. They are probably one of our favorites here. They are an example of what we would like all our vendor relationships to be. They are very engaged and provide solutions for us. We just extended our contract with them. They don't nickel and dime us. We are always aware of the fair price they represent, and they pretty much stick to the original cost agreement."

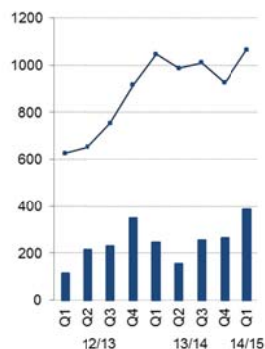
Vice President/Other Executive at US customer July 2014
Source: KLAS, www.klasresearch.com

GROUP

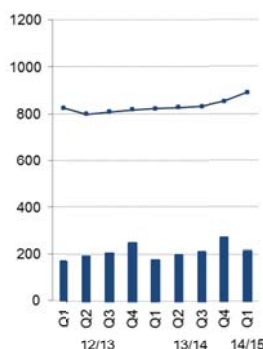
Order bookings, sales and earnings

Results in SEK million Bar – per quarter Line – rolling 12 months

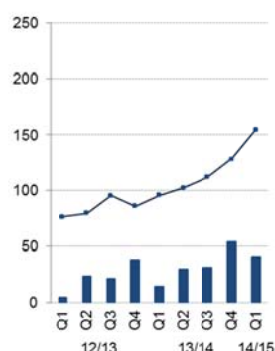
Order bookings, Group



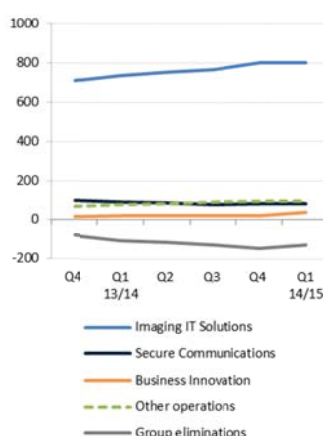
Sales, Group



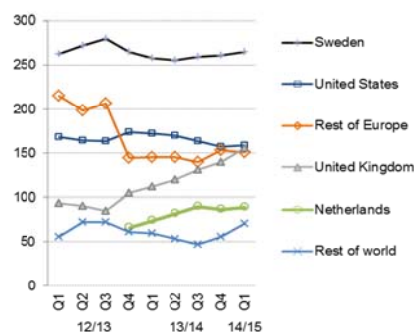
Operating profit, Group



Sales per segment



Sales per geographic market



Prior to Q4 12/13, the Netherlands was included in Rest of Europe

First quarter, 2014/2015

The Group's order bookings amounted to SEK 388.1 million, corresponding to a year-on-year increase of 56.7%. All business areas reported increased order bookings during the quarter.

Net sales rose 21.2% to SEK 212.4 million. The increase is partly due to the fact that a higher portion of Group-financed customer contracts in Imaging IT Solutions have now reached the operational phase, and partly to Sectra's sale and licensing of patents in the Business Innovation area. The sale applies to patents resulting from research activities in the Business Innovation area, which Sectra itself does not utilize.

The Group's operating profit increased 191.4% to SEK 40.5 million, corresponding to an operating margin of 19.0% (7.9). The sale/licensing of patents in Business Innovation had a positive impact of SEK 16.3 million on sales and operating profit. Excluding this item, sales amounted to SEK 196.1 million and operating profit to SEK 24.2 million, corresponding to an operating margin of 12.3%.

The Group's net financial items rose to SEK 3.5 million (1.1). Exchange-rate changes had a positive impact of SEK 2.7 million (neg: 0.6) on the Group's financial items. Profit before tax totaled SEK 44.0 million (15.0), corresponding to a profit margin of 20.7% (8.6).

Seasonal variations

Sectra is affected by seasonal variations, whereby most invoicing and earnings are traditionally generated at the end of the fiscal year. However, the seasonal variation declined somewhat over the past year as a major portion of sales are generated by long-term agreements with payment per month or per use. The equalization effect, due to long-term managed-services agreements that are financed internally within the Group, does not impact the business areas. The varying order volumes in terms of individual quarters can be substantial, since Sectra has many major customers that sign extensive, multi-year agreements with the company for medical IT projects, for example, or the development of encryption systems.

Financial position

Sectra has a strong cash balance and balance sheet. At the end of the period, the equity/assets ratio was 65.8%. After adjustment for exchange-rate differences, the Group's cash and cash equivalents amounted to SEK 462.9 million. The Group's interest-bearing liabilities totaled SEK 37.4 million at the end of the period and pertained to convertible debentures to employees and Board members.

Cash flow per share amounted to SEK 0.75 for the quarter. The Group's cash flow from operations after changes in working capital amounted to SEK 28.0 million (neg: 8.0) for the period. The completion date for customer projects has a major impact on cash flow and the variation between individual quarters is therefore substantial. Cash flow from investing activities was a negative SEK 5.8 million (neg: 14.7) for the period. The Group's total cash flow for the period was SEK 22.3 million (neg: 22.7).

Financial goals

Equity/assets ratio
65.8%

Operating margin (EBIT)
rolling 12-month basis
17.4%

Average growth for operating
profit per share,
five-year period
9.1%

At the end of the period

Sectra's financial goals

Sectra's Group-wide goals and strategies are aimed at building financially sound operations that enable Sectra to create customer value and thereby contribute to long-term growth in shareholder value.

1. Stability: The equity/assets ratio is to be at least 30%
2. Profitability: The operating margin (EBIT) is to be at least 15%
3. Growth: Operating profit (EBIT) per share is to grow 10% per year, on average, over a five-year period

Investments, depreciation, amortization and impairment

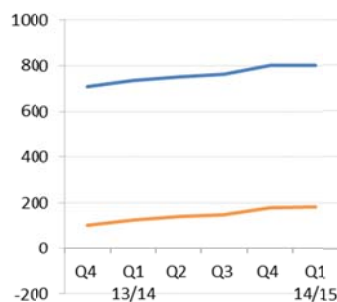
During the period, Group investments amounted to SEK 5.8 million (14.7). Investments primarily pertain to customer projects in the Group's financing activities and capitalized development costs. Depreciation amounted to SEK 12.2 million (9.8) during the period. Of the total depreciation and amortization for the period, SEK 5.3 million (4.3) was attributable to capitalized development projects.

Investments in Group-financed customer projects amounted to SEK 7.2 million (9.5) during the period. At the end of the period, the Group's carrying amount for Group-financed customer projects totaled SEK 56.3 million (42.3).

Capitalization of development costs during the period amounted to SEK 3.8 million (6.4). At the close of the period, capitalized development costs totaled SEK 46.1 million (54.6) and primarily pertained to development projects in Imaging IT Solutions.

Organizational changes in May 2014

The medical education operations previously conducted by Imaging IT Solutions were transferred to Business Innovation as of May 1, 2014, as these cater to a separate customer segment. At the same time, Business Innovation's development project in digital pathology was transferred to Imaging IT Solutions as of the same date, since this project has now reached an initial commercialization phase. The comparative figures for the year-earlier period have not been restated due to these changes.



— Sales
— Operating profit/loss
 Results in SEK million
 Rolling 12 months

IMAGING IT SOLUTIONS

	Q1 May-July 2014	Q1 May-July 2013	Rolling 12 months	Full-year May-April 2013/2014
Sales, SEK million	178.6	177.2	804.2	802.8
Operating profit, SEK million	30.6	25.9	183.3	178.6
Operating margin, %	17.1	14.6	22.8	22.2
Number of employees at end of period	404	397	404	409

The implemented organizational changes did not give rise to a restatement of the comparative figures, see page 4.

Sales and earnings

Imaging IT Solutions' sales rose 0.8% to SEK 178.6 million for the quarter. Operating profit increased 18.1% to SEK 30.6 million, corresponding to an operating margin of 17.1%. The proportion of sales from the completion of new customer projects was lower compared with the year-earlier period. The earnings improvement was mainly due to higher sales of software in completed customer projects.

Market

The market for medical IT systems and services continues to grow due to the major need for systems that enhance efficiency, and the increased use of medical images in healthcare. Sectra's largest markets are Scandinavia, the US, the UK and the Netherlands. In the domestic market in Scandinavia, Sectra is by far the largest provider of IT systems for efficient and secure communication, and the management of radiology images (PACS) and patient information (RIS).

Most users of Sectra's medical IT systems are active in the image-intensive areas of radiology and mammography. In conjunction with the transfer of the company's digital pathology research project from Business Innovation to Imaging IT Solutions, Sectra initiated a new development project for the commercialization of this technology. This gives special focus to medical imaging in cancer diagnosis, an area that is growing rapidly. Cancer diagnostics will be a key part of the business area's strategy for the future.

Focus 2014/2015 – expansion with a focus on radiology

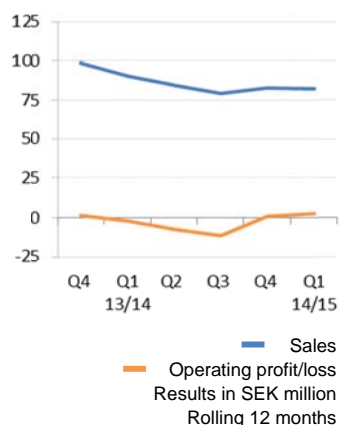
The business area will focus on:

- Retained profit margin.
- Earnings growth by:
 - developing relationships with existing customers.
 - increasing investments in radiology, the business area's largest field, in markets where Sectra has a strong position and in selected emerging markets through partners.
 - broadening the product offering to new, adjacent segments. Primarily pathology, but also other types of image-intensive operations in which cancer diagnosis, integration and work flow are important.
- Further improved level of customer satisfaction.

The business area's order bookings increased compared with the corresponding quarter in the preceding year, primarily due to long-term agreements with major healthcare suppliers in the US, UK and Scandinavia. A comprehensive multi-year contract was signed with Region Skåne, for example, valued at SEK 114 million. In the Netherlands, one of the markets in which the business area grew most during the preceding fiscal year, Sectra's sales success continued in the first quarter. The Dutch healthcare group, Zorggroep Leveste Middenveld, ordered Sectra's IT solution for managing medical images and patient information.

The business area also implemented changes in the product development organization during the quarter. These changes will optimize the use of available development resources and enable employees to increase their detailed knowledge and clinical expertise. This is a key component of the business area's strategy in order to retain a high level of customer satisfaction, enhance customers' productivity and become a market leader in total medical imaging solutions.

SECURE COMMUNICATIONS



	Q1 May-July 2014	Q1 May-July 2013	Rolling 12 months	Full-year May-April 2013/2014
Sales, SEK million	12.9	13.4	82.3	82.8
Operating profit/loss, SEK million	-0.8	-2.5	2.6	0.9
Operating margin, %	-6.2	-18.7	3.2	1.0
Number of employees at end of period	52	61	52	53

Sales and earnings

Secure Communications' sales amounted to SEK 12.9 million for the quarter, down 3.7% compared with the preceding fiscal year. Despite lower sales, the business area's operating loss improved to SEK 0.8 million (loss: 2.5) due to more efficient operations.

Market

The market is driven by the fact that it is easier than ever to eavesdrop on telecommunications, by changes to various regulatory frameworks for the handling of classified information, and by the growing number of authorities that want to protect their confidential, although not classified, information. Due to increased collaboration between authorities in European countries, customer demand for products that support cross-border cooperation has increased. Sectra offers products that are approved by both the EU and NATO, as well as several national security agencies.

Sectra's security solutions are used by customers in most European countries, and in the EU and NATO organizations. Sweden and the Netherlands comprise Sectra's largest markets for secure communication systems.

Focus 2014/2015 – restore profitability

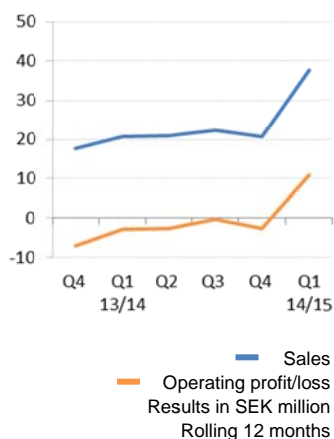
The business area will focus on:

- Restoring the operations' profit levels. This will be a top priority. Key features will be:
 - orders from Swedish customers for new, customer-financed development projects and deliveries of Sectra's TETRA Crypto solution for mobile communications for fire and rescue and other blue-light emergency services.
 - to continue increasing sales in the Netherlands and other parts of Europe, made possible by new approvals for the secure telephony products Sectra Tiger 7401 and Sectra Panthon, as well as satisfied users.
- Expanding the operations into new customer segments with a demand for Sectra's high-tech expertise in security, primarily to customers in critical infrastructure and private businesses.

This business area, which made a strong recovery during the preceding fiscal year, extended its framework agreement with the Council of the European Union in Brussels until 2018 during the first quarter. The agreement comprises support and maintenance for the Tiger products used by the Council of the European Union, the European External Action Service (EEAS) and leading ministers in EU member states. Sectra also

secured a number of minor orders for EU-approved security products. Swedish authorities placed orders in ongoing development projects, including the Ternety project for secure, high-speed network communication. However, the business area continues to be impacted by protracted approval processes by authorities in the Swedish market. Users have already had to wait considerably longer than planned for the new security products which, when delivery commences, will help to restore profitability in the business area.

BUSINESS INNOVATION



	Q1 May-July 2014	Q1 May-July 2013	Rolling 12 months	Full-year May-April 2013/2014
Sales, SEK million	23.6	6.6	37.8	20.8
Operating profit/loss, SEK million	15.4	1.9	10.9	-2.6
Operating margin, %	65.3	28.8	28.8	-12.4
Number of employees at end of period	24	19	24	20

The implemented organizational changes did not give rise to a restatement of the comparative figures, see page 4.

Market

Business Innovation is Sectra's incubator for early-stage business lines, projects and ideas that are not yet large enough to become independent business areas. This segment includes services and products that contribute to more efficient and effective care for osteoporosis and IT systems for planning and monitoring orthopaedic surgery and research projects. Sectra's patent portfolio is also managed and developed in this segment.

Since May 2014, Business Innovation has also included medical education products. In this business unit, Sectra offers products and services that enable interaction with 3D images of the human body using various image display systems, such as visualization tables, tablets, projectors and 3D printers. The offering also includes access to a cloud-based library of anatomical images. The solutions are used for training healthcare personnel and veterinary surgeons.

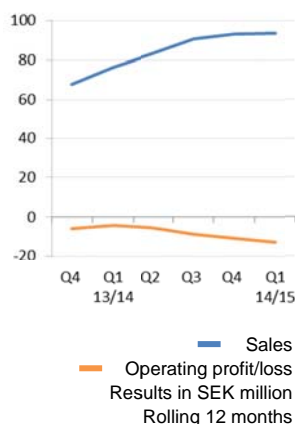
Sales and earnings

Sales in Business Innovation rose to SEK 23.6 million. Operating profit amounted to SEK 15.4 million. The sale and licensing of patents had a positive impact of SEK 16.3 million on sales and operating profit. The patent transaction was a nonrecurring effect and cannot be expected to recur. Excluding this item, sales increased to SEK 7.3 million and an operating loss of SEK 0.9 million was reported.

Focus 2014/2015

- Orthopaedics – to collaborate with implant suppliers.
- Osteoporosis – to grow in the private mammography clinics segment.
- Medical education – to increase training material in the library and expand through distributors.
- Research – to achieve further progress in the digital pathology research project.

In the first quarter, the business operations sales in countries such as Denmark and the UK were highly successful. In Denmark, an agreement was signed with Nørmark privathospital, a care provider outside Copenhagen. This will be the first clinic in Denmark to offer bone density measurements with Sectra OneScreen in order to identify patients in need of further examination. In the UK, care provider Whittington Health chose to invest in Sectra's solution for medical education. Whittington Health is the first public care provider in the UK to use Sectra's visualization table for medical education.



OTHER OPERATIONS

	Q1 May-July 2014	Q1 May-July 2013	Rolling 12 months	Full-year May-April 2013/2014
Sales, SEK million	23.4	22.9	93.8	93.3
Operating loss, SEK million	-2.3	-0.4	-12.8	-10.9
Operating margin, %	-9.8	-1.7	-13.6	-11.7
Number of employees at end of period	54	48	54	54

Other operations pertain to Sectra's operations for the financing of customer projects and asset management, as well as joint functions for administration, Group finances, marketing communication, IT, regulatory affairs and investor relations activities.

Sales and earnings

During the period, sales from Other Operations rose 2.2% to SEK 23.4 million. This increase was attributable to Sectra's operations for financing customer projects. An operating loss of SEK 2.3 million (loss: 0.4) was reported for the period.

THE PARENT COMPANY SECTRA AB

The Parent Company includes the head office's functions for Group finances, marketing communication, IT, regulatory affairs, investor relations activities and the Business Innovation operating segment. The Parent Company's income statement and balance sheet are reported on page 15.

During the quarter, the Parent Company's sales amounted to SEK 33.4 million (20.1). Sales increased due to the patent transaction in Business Innovation, which had a positive impact of SEK 16.3 million on sales and operating profit. Operating profit amounted to SEK 12.8 million (loss: 0.2) for the quarter. Profit after net financial items was SEK 15.1 million (5.8). Exchange-rate changes had a positive impact of SEK 0.4 million (neg: 0.5) on financial items for the fiscal year.

THE SHARE

Share-based incentive programs

During the first quarter, Sectra employees redeemed convertible debentures totaling SEK 6.1 million (2010/2014 program), corresponding to 176,039 Class B shares. Sectra's share capital thereafter amounts to SEK 37,271,017, distributed between 37,271,017 shares.

Authorization

The 2013 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 these possibilities.

The 2014 Annual General Meeting and proposals for the share redemption program/dividend

The Annual General Meeting will be held on at 3:30 p.m. on September 8, 2014 at Collegium, Teknikringen 7 in Linköping, Sweden. Documents and full proposals are available on the company's website, at sectra.com/AGM2014

Proposal for the share redemption program is SEK 4.50 per share.

For the 2013/2014 fiscal year, the Board and the President propose that the AGM resolves to distribute SEK 4.50 per share to the shareholders through a 2:1 share split in combination with a mandatory redemption process. No ordinary dividend is proposed. For further information about the share redemption program, refer to sectra.com/redemption2014.

The proposal is in line with Sectra's dividend policy. At the end of the fiscal year, the Group's equity/assets ratio was 60.7%. The dividend policy and Sectra's financial goals state that the equity/assets ratio is to exceed 30%, and it will continue to do so, by a healthy margin, following a resolution in favor of the Board's proposed redemption process. The Board deems that the company's current balance sheet and cash flow are of adequate strength to secure the development of the business, while providing the shareholders with a high return.

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 2013/2014 Annual Report. New policies and amendments that have come into effect as of the 2014/2015 fiscal year have not had any material impact on the financial statements.

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. In addition, Sectra is 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, is provided in the Group's Annual Report for the 2013/2014 fiscal year, Note 30, page 54. No significant events have occurred that would alter the conditions reported therein.

EVENTS AFTER THE END OF THE REPORTING PERIOD

- The major Norwegian care provider, Helse Vest, ordered a medical media archive from Sectra to gain more efficient management of the region's medical imaging materials. The order is valued at about SEK 19 million.

FOR FURTHER INFORMATION

Contact Sectra's CEO Torbjörn Kronander, tel: +46 (0)13 23 52 27

Presentation of the interim report

A teleconference will be held with Torbjörn Kronander, CEO and President of Sectra AB, and Simo Pykälistö, CFO and Executive Vice President of Sectra AB, on September 8, 2014 at 2:00 p.m. (CET). The presentation will be held in English. To participate, please call:

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The presentation can be followed live online via

<http://media.fronto.com/cloud/sectra/140908/>

and a recorded version will be available on www.sectra.com/irwebcast after the conference.

Financial calendar

Six-month report December 9, 2014, at 8:00 a.m.

Nine-month report March 10, 2015, at 8:00 a.m.

Year-end report June 3, 2015, at 8:00 a.m.

ASSURANCE

The Board of Directors and the President of Sectra AB (publ) hereby assure that the interim report for the May-July 2014 period 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.

This interim report has not been reviewed by the company's auditors.

Linköping, September 8, 2014

The President and Board of Sectra AB (publ)

The information in this report is such that Sectra AB (publ) is obligated to disclose in compliance with the Securities and Clearing Operations Act and/or the Financial Instruments Trading Act. The information was submitted to the media for publication on September 8, 2014 at 1:00 p.m. (CET).

GROUP FINANCIAL SUMMARY

Consolidated income statements

SEK thousand	3 months May – July 2014	3 months May – July 2013	12 months Aug 2013 – July 2014	Full-year May-Apr 2013/2014
Net sales	212,438	175,343	890,891	853,796
Capitalized work for own use	3,801	6,417	13,694	16,310
Other revenue	0	0	16,180	16,180
Goods for resale	-27,267	-28,884	-117,835	-119,452
Personnel costs	-102,844	-96,731	-426,102	-419,989
Other external costs	-33,481	-32,425	-155,267	-154,211
Depreciation/amortization	-12,185	-9,804	-66,943	-64,562
Operating profit	40,462	13,916	154,618	128,072
Net financial items	3,500	1,124	15,768	13,392
Profit after net financial items	43,962	15,040	170,386	141,464
Taxes	-9,884	-3,226	-44,264	-37,606
Earnings for the period	34,078	11,814	126,122	103,858
Earnings/loss for the period attributable to:				
Parent Company owners	34,078	11,814	126,122	103,858
Non-controlling interest	0	0	0	0
Earnings per share				
Before dilution, SEK	0.92	0.32	3.40	2.80
After dilution, SEK	0.89	0.31	3.31	2.73
No. of shares				
Before dilution	37,271,017	37,094,978	37,271,017	37,094,978
After dilution ¹⁾	38,124,005	37,951,746	38,124,005	38,124,018
Average, before dilution	37,212,337	37,094,978	37,124,318	37,094,978
Average, after dilution	38,124,009	37,951,746	38,124,009	38,057,033

- 1) Dilution of the number of shares is based on the convertible debentures programs issued in 2011/2012 (272,363), 2012/2013 (155,895) and 2013/2014 (224,730) and on employee stock options issued in 2011/2012 (100,000), and 2012/2013 (100,000). On full conversion/exercise of convertible debentures and employee stock options, the number of shares will rise by 852,988.

Consolidated Statement of Comprehensive Income

SEK thousand	3 months May – July 2014	3 months May – July 2013	12 months Aug 2013 – July 2014	Full-year May-Apr 2013/2014
Earnings for the period	34,078	11,814	126,122	103,858
Items that will be reclassified to profit and loss				
Change in translation differences from translating foreign subsidiaries	12,467	-1,256	23,592	9,869
Total other comprehensive income for the period	12,467	-1,256	23,592	9,869
Total comprehensive income for the period	46,545	10,558	149,714	113,727

Consolidated Balance Sheets

SEK thousand	July 31, 2014	July 31, 2013	Apr 30, 2014
Assets			
Intangible assets	106,389	123,303	104,859
Tangible assets	67,014	54,034	68,494
Financial assets	1,765	1,924	1,765
Deferred tax assets	15,697	13,137	19,920
Total fixed assets	190,865	192,398	195,038
Other current assets	357,106	331,443	371,058
Cash and cash equivalents	462,887	513,008	441,945
Total current assets	819,993	844,451	813,003
Total assets	1,010,858	1,036,849	1,008,041
Equity and liabilities			
Equity (including total comprehensive income for the period)	664,814	676,379	611,702
Provisions	6,743	18,895	6,000
Deferred tax liabilities	32,576	31,767	37,639
Long-term liabilities	28,429	20,412	37,397
Current liabilities	278,296	289,396	315,303
Total equity and liabilities	1,010,858	1,036,849	1,008,041

No changes have occurred in pledged assets and contingent liabilities since the 2013/2014 Annual Report.

Consolidated Statement of Changes in Equity

SEK thousand	3 months May - July 2014	3 months May - July 2013	Full-year May - Apr 2013/2014
Equity at start of period	611,702	665,300	665,300
Comprehensive income for the period	46,545	10,558	113,727
Share-related payments	476	521	1,819
Redemption of shares	0	0	-166,927
Settlement of share-related payments	6,091	0	-2,217
Equity at the end of the period	664,814	676,379	611,702

Consolidated Cash-flow Statements

SEK thousand	3 months May - July 2014	3 months May - July 2013	Full-year May - Apr 2013/2014
Cash flow from operations before changes in working capital	51,844	17,660	159,873
Cash flow from operations after changes in working capital	28,038	-8,024	123,669
Investing activities	-5,776	-14,678	-54,633
Financing activities	0	0	-158,096
Cash flow for the period	22,262	-22,702	-89,060
Change in cash and cash equivalents			
Cash and cash equivalents, opening balance	441,945	536,291	536,291
Exchange-rate difference in cash and cash equivalents	-1,320	-581	-5,286
Cash and cash equivalents, closing balance	462,887	513,008	441,945
Unutilized credit facilities	15,000	15,000	15,000

Key figures

	3 months July 31, 2014	3 months July 31, 2013	12 months July 31, 2014	Full-year Apr 30, 2014
Order bookings, SEK million	388.1	247.7	1,066.1	925.7
Operating margin, %	19.0	7.9	17.4	15.0
Profit margin, %	20.7	8.6	19.1	16.6
Average number of employees	534	520	527	523
Cash flow per share, SEK	1.39	0.48	5.21	4.31
Cash flow per share after full dilution, SEK	1.36	0.47	5.09	4.19
Value added, SEK million	143.3	110.6	580.7	548.1
P/E ratio, multiple	n/a	n/a	27.8	27.8
Share price at end of period, SEK	94.50	53.00	94.50	77.75
Return on equity, %	5.3	1.8	18.8	16.3
Return on capital employed, %	6.5	2.2	24.4	21.1
Return on total capital, %	4.4	1.4	16.8	13.7
Equity/assets ratio, %	65.8	65.2	65.8	60.7
Liquidity, multiple	3.0	3.0	3.0	2.7
Equity per share, SEK	17.86	18.23	17.86	16.49
Equity per share after full dilution, SEK	17.44	17.82	17.44	16.05

Quarterly consolidated income statement and key figures

SEK million	2014/2015			2013/2014		2012/2013			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	212.4	270.6	209.6	198.3	175.3	248.1	205.2	192.7	171.0
Capitalized work for own use	3.8	2.2	1.3	6.4	6.4	4.1	3.5	4.4	0.3
Other revenue	0	16.2							
Operating expenses	-163.5	-204.5	-168.4	-162.9	-158.0	-203.5	-175.0	-163.1	-155.9
Depreciation/amortization	-12.2	-30.4	-11.9	-12.4	-9.8	-11.1	-12.6	-11.0	-11.3
Operating profit	40.5	54.1	30.6	29.4	13.9	37.6	21.1	23.0	4.1
Net financial items	3.5	1.9	7.7	2.7	1.1	3.6	-0.8	1.8	-3.8
Earnings after net financial items	44.0	56.0	38.3	32.1	15.0	41.2	20.3	24.8	0.3
Tax on earnings for the period	-9.9	-17.9	-9.5	-7.0	-3.2	-13.8	-2.5	-7.9	-0.1
Earnings for the period	34.1	38.1	28.8	25.1	11.8	27.4	17.8	16.9	0.2
Order bookings, SEK million	388.1	264.6	256.5	156.9	247.7	350.0	232.9	217.0	116.2
Operating margin, %	19.0	20.0	14.6	14.8	7.9	15.2	10.3	11.9	2.4
Cash flow per share, SEK	1.39	1.71	1.19	0.93	0.48	1.20	1.23	0.65	0.52
Cash flow per share after full dilution, SEK	1.36	1.67	1.16	0.90	0.47	1.18	1.19	0.64	0.51
Earnings per share, SEK	0.92	1.03	0.78	0.68	0.32	0.74	0.48	0.46	0.01
Return on equity, %	5.3	6.0	4.7	4.2	1.8	4.2	2.8	2.4	0.0
Return on capital employed, %	6.5	8.4	5.9	5.1	2.2	6.1	3.2	3.4	0.1
Equity/assets ratio, %	65.8	60.7	57.9	59.4	65.2	61.4	63.8	64.7	71.2
Equity per share, SEK	17.86	16.49	15.29	14.40	18.23	17.94	17.13	16.94	21.54

Five-year summary

	2013/2014	2012/2013	2011/2012	2010/2011	2009/2010
Order bookings, SEK million	925.7	916.0	701.1	631.0	766.7
Net sales, SEK million	853.8	817.0	823.1	783.7	753.9
Operating profit, SEK million	128.1	85.9	103.5	72.5	115.7
Earnings after net financial items, SEK million	141.5	86.6	127.9	70.2	113.0
Earnings after tax from remaining operations, SEK million	103.9	62.2	92.8	48.3	84.0
Operating margin, %	15.0	10.5	12.6	9.3	15.3
Profit margin, %	16.6	10.6	15.5	9.0	15.0
Earnings per share before dilution, SEK	2.80	1.68	2.52	1.31	2.28
Earnings per share after dilution, SEK	2.73	1.64	2.46	1.29	2.24
Dividend per share, SEK	4.50	4.50	5.00	5.00	0.00
Share price at year end, SEK	77.75	53.0	43.0	34.0	37.3
P/E ratio, multiple	27.8	31.5	17.1	26.0	16.4
Including discontinued operations:					
Earnings for the period, SEK million	103.9	62.2	385.8	-9.6	17.2
Return on equity, %	16.3	8.6	58.0	-1.6	2.9
Return on capital employed, %	21.1	11.6	59.7	-1.1	3.9
Return on total capital, %	13.7	7.9	40.8	-0.7	2.5
Equity per share before dilution, SEK	16.49	17.94	21.37	15.46	16.36
Equity per share after dilution, SEK	16.05	17.53	20.77	15.13	16.11
Equity/assets ratio, %	60.7	61.4	69.4	61.0	62.2

OPERATING SEGMENTS

Net sales by segment

(SEK million)	3 months May - July 2014	3 months May - July 2013	12 months rolling	Full-year May - Apr 2013/2014
Imaging IT Solutions	178.6	177.2	804.2	802.8
Secure Communications	12.9	13.4	82.3	82.8
Business Innovation	23.6	6.6	37.8	20.8
Other operations	23.4	22.9	93.8	93.3
Eliminations	-26.1	-44.8	-127.2	-145.9
Total	212.4	175.3	890.9	853.8

Operating earnings by segment

(SEK million)	3 months May - July 2014	3 months May - July 2013	12 months rolling	Full-year May - Apr 2013/2014
Imaging IT Solutions	30.6	25.9	183.3	178.6
Secure Communications	-0.8	-2.5	2.6	0.9
Business Innovation	15.4	1.9	10.9	-2.6
Other operations	-2.3	-0.4	-12.8	-10.9
Eliminations	-2.4	-11.0	-29.4	-37.9
Total	40.5	13.9	154.6	128.1

Net sales by geography

(SEK million)	3 months May - July 2014	3 months May - July 2013	12 months rolling	Full-year May - Apr 2013/2014
Sweden	59.6	52.9	265.2	261.2
US	39.5	39.2	158.8	156.9
UK	43.8	28.9	155.5	139.8
Netherlands	14.5	12.7	89.8	87.2
Rest of Europe	31.5	33.1	150.8	153.1
Rest of world	23.5	8.5	70.8	55.6
Total	212.4	175.3	890.9	853.8

PARENT COMPANY

Parent Company Income Statement

SEK thousand	3 months May – July 2014	3 months May – July 2013	12 months Aug 2013 – July 2014	Full-year May-Apr 2013/2014
Net sales	33,403	20,114	78,459	65,170
Capitalized work for own use	702	0	1,910	1,208
Personnel costs	-7,477	-11,567	-37,606	-41,696
Operating expenses	-13,776	-8,630	-48,054	-42,908
Depreciation/amortization	-93	-133	-352	-392
Operating profit	12,759	-216	-5,643	-18,618
Net financial items	2,306	6,011	162,087	165,792
Profit after net financial items	15,065	5,795	156,444	147,174
Appropriations	0	0	-18,946	-18,946
Profit before tax	15,065	5,795	137,498	128,228
Tax on earnings for the period	-3,689	-1,275	-31,666	-29,252
Earnings for the period	11,376	4,520	105,832	98,976

Parent Company Statement of Comprehensive Income

SEK thousand	3 months May – July 2014	3 months May – July 2013	12 months Aug 2013 – July 2014	Full-year May-Apr 2013/2014
Earnings for the period	11,376	4,520	105,832	98,976
Other comprehensive income				
Fund for fair value	5,749	-884	8,360	1,727
Total other comprehensive income for the period	5,749	-884	8,360	1,727
Total comprehensive income for the period	17,125	3,636	114,192	100,703

Parent Company Balance Sheets

SEK thousand	July 31, 2014	July 31, 2013	Apr 30, 2014
Assets			
Intangible assets	1,910	0	1,208
Tangible assets	1,420	635	925
Financial assets	129,235	80,825	151,963
Total fixed assets	132,565	81,460	154,096
Other current assets	192,238	167,581	187,527
Cash and cash equivalents	366,607	437,919	336,016
Total current assets	558,845	605,500	523,543
Total assets	691,410	686,960	677,639
Equity and liabilities			
Equity (including earnings for the period)	473,507	523,461	450,290
Deferred tax liabilities	131,112	112,166	131,112
Long-term liabilities	28,429	20,412	37,397
Current liabilities	58,362	30,921	58,840
Total equity and liabilities	691,410	686,960	677,639

Pledged assets and contingent liabilities

SEK thousand	July 31, 2014	July 31, 2013	Apr 30, 2014
Pledged assets	11,000	11,000	11,000
Total pledged assets	11,000	11,000	11,000
Guarantees on behalf of Group companies	247,004	264,714	248,525
Total contingent liabilities	247,004	264,714	248,525

Definition 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 current operations after changes in working capital divided by the number of shares at the end of the period.
Earnings per share	Profit/loss after tax divided by the average number of shares.
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.
Liquidity	Current assets divided by current liabilities.
Operating margin	Operating profit after depreciation as a percentage of sales.
P/E ratio per share	Share price at the end of the period in relation to the 12-month period's earnings
Profit margin	Profit after net financial items as a percentage of net sales.
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	Profit after net financial items plus financial expenses as a percentage of average total assets.
Value added	Operating profit plus labor costs

Glossary

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.

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.

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 and archiving digital radiology images.

Pathology

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.

Rheumatology

A medical specialty that focuses on treating diseases of the joints and muscles.

RIS (Radiology Information System)

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

Smartphone

A mobile telephone with PC-like functionality that offers higher memory capacity than normal mobile telephones and is used for Internet services, handling e-mail and other purposes.

The cloud

Cloud computing, or "the cloud", means that computing resources are shared over the Internet or an enterprise-specific Intranet rather than, as previously, being saved on individual computers.

Visualization table

Large interactive touch screen with an image viewing program that enables interaction with 3D images of the human body.

ABOUT SECTRA

Are you a Sectra shareholder?

We would like to know why you chose to buy shares in Sectra and what you think of your investment and the company. We would like to thank you for taking the time to answer eight questions in Sectra's shareholder survey at www.sectra.com/shareholder2014. Your views are important for Sectra!

Sectra's vision

To be beneficial for humanity

Sectra's mission statement

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

To deliver approved and efficient security solutions to authorities, defense departments and other critical infrastructure organizations.

Sectra has grown from a small group of researchers and postgraduates in 1978 to an international company with more than 500 employees in 12 countries. Long-term and close collaboration with customers has been key to the company's success, combined with innovation, technological excellence, and each employee's dedication to using their knowledge to solve customer problems. The Group's operations currently comprise the following niche areas.

Imaging IT Solutions helps healthcare providers care for more patients, while retaining the same, or higher, level of quality through efficient image management. Increased use of medical images and ageing 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. The main area today is radiology, but there is also rapidly rising interest from other diagnostic imaging areas in the healthcare sector.

Secure Communications helps authorities, companies and defense organizations throughout Europe to communicate securely. Eavesdropping on phone calls and messages is relatively easy, and represents a security threat for many organizations. Sectra's solutions and services protect the most sensitive and confidential information handled by its customers. The products are approved by the EU, NATO and several 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 osteoporosis and the effects of osteoarthritis, which are some of society's most costly diseases, and medical education.

Group-wide strategies

- International expansion in areas and regions where Sectra has an established position. Primarily organic growth, supplemented by smaller acquisitions that also strengthen the Group's organic growth.
- Partnerships to reach a broader geographic market and to offer a wider range of products and services to customers.
- Close relationships with demanding customers to ensure that Sectra's solutions meet market demands for quality, functionality and usability. Customer satisfaction is essential for continued successful development.
- A strong, innovative corporate culture to attract and retain talented employees with the ability to solve our customers' problems and meet or exceed their expectations.
- Close collaboration with universities and researchers in order to capture ideas and new product areas that Sectra's customers may find useful.

Why Sectra?

The world needs more efficient healthcare and more reliable communications. Sectra plays a key role in meeting these needs by offering products and services in the areas of medical IT and secure communication. Conditions for the company's continued growth are:

- High level of customer satisfaction.
- A stable, profitable company with a strong cash flow and a high proportion of long-term customer contracts.
- Established position in growing niche markets, and global reach.
- Self-financed portfolio of future projects with major growth potential.
- Products and services that contribute to improved quality of life and a more secure society.
- Unique cutting-edge expertise in medical IT and encryption.
- Dedicated and experienced employees with a strong drive to solve customer challenges.
- Management and employees are shareholders.

For further information about Sectra's operations, refer to [Sectra's 2013/2014 Annual Report](#).

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