

Interim report for the May 2014–January 2015 period: Increase in order bookings paves way for stable future

SEK million	The quarter			Nine-month period			12 months		
	Q3 2014/2015	Q3 2013/2014	Change %	Q1-2 2014/2015	Q1-2 2013/2014	Change %	Rolling 2013/2014	Change %	
Order bookings	549.4	256.5	114.2	1,181.8	661.1	78.8	1,446.4	925.7	56.2
Net sales	241.6	209.6	15.3	693.1	583.2	18.8	963.7	853.8	12.9
Operating profit (EBIT)	31.9	30.6	4.2	107.9	73.9	46.0	162.1	128.1	26.5
Operating margin, %	13.2	14.6	-	15.6	12.7	-	16.8	15.0	-
Profit before tax (EBT)	43.5	38.3	13.6	124.8	85.4	46.1	180.8	141.5	27.8
Profit margin, %	18.0	18.3	-	18.0	14.6	-	18.8	16.6	-
Profit after tax	28.4	28.8	-1.4	91.5	65.7	39.3	129.6	103.9	24.7
Earnings per share, SEK ¹	0.76	0.78	-2.6	2.46	1.77	39.0	3.48	2.80	24.3
Cash flow ²	-23.6	54.1	-143.6	32.1	104.3	-69.2	51.4	123.7	-58.4
Number of employees ³	563	538	4.6	563	538	4.6	563	536	5.0

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

CEO'S COMMENTS

I am truly delighted that for the second consecutive year Sectra has been rated top of the industry's most important customer satisfaction survey for IT systems in healthcare. The survey was performed by KLAS and our system for managing medical images, Sectra PACS, was ranked highest, both internationally and in the US. From the comments made in the customer assessments, it is clear that our employees and also the stability and easy-to-use nature of our system are to thank for Sectra's high ratings. The survey responses show that customers have great confidence in Sectra and that makes me very proud.

The fact that the customers trust Sectra is also reflected in our sales. Compared with the preceding year, we doubled our order bookings in the third quarter. However, order bookings can vary sharply from quarter to quarter due to a number of very large multiyear customer contracts. Sectra is showing growth in the US in particular, where we are beginning to note the effects of our high ranking in the preceding year's (2013) KLAS survey, and in the UK, where we nearly tripled our order bookings during the nine-month period. However, the situation in the UK largely reflects a transient local effect deriving from the fact that many hospitals feel compelled to acquire new systems or to renew their agreements before summer 2015. Accordingly, the level of orders we have recently seen in this market will not be repeated during the years ahead.

The Secure Communications business area has been a concern for some time. However, the area showed somewhat better earnings for the third quarter as a result of higher revenue from customers outside Sweden. This makes me cautiously positive, but I remain worried about the weak performance of encryption systems in Sweden.

Strategic choices

We are focusing primarily on increasing sales of software and IT services to existing and new customers in markets where we have an established position. In the Imaging IT Solutions area, many of the new customer contracts in the UK are long-term managed-service agreements, whereby Sectra supplies IT systems as a service. In recent months, we have also secured orders from procurements with Stockholm County Council and the Karolinska University Hospital, which are the first Swedish examples of customers acquiring Sectra systems for processing and archiving medical images as a service. The transition from sales of systems to sales of services has had short-term negative effects on the Group's growth, but adds favorable stability for the long term. For example, more than 50% of our sales currently comprises recurring revenue from long-term agreements.

Outlook

The past year's robust order bookings encompass a large number of new long-term agreements with major customers, which means that we have many sizeable customer projects in the installation phase. Initially, these projects are having an adverse impact on Sectra's cash flow and operating margin, but when the projects move into the maintenance and support phase, they will contribute to a stable trend for the Group. With the great confidence shown by customers, our dedicated employees and Sectra's strong financial position, we will continue our work to build success for our customers, which is what will ultimately make the greatest contribution to increasing Sectra's value.

Torbjörn Kronander, President and CEO



TELECONFERENCE

with President Torbjörn Kronander and CFO Simo Pykälistö on **March 10, 2015, 9:30 a.m. (CET)**.

The presentation will be held in English.

To participate, call:

Sweden +46 (0)8 856642691

UK +44 (0)2034281400

US +1 855 7532236

or follow online via:

<http://media.fronto.com/cloud/sectra/150310/>

Sectra AB (publ)

Teknikringen 20

SE-583 30 Linköping

Tel: +46 (0)13 23 52 00

info@sectra.se

www.sectra.se

VAT Reg. No.

SE556064830401

THE PERIOD IN BRIEF

Nine-month period

- The Sectra Group's order bookings increased 78.8% to SEK 1,181.8 million (661.1).
- Net sales rose 18.8% to SEK 693.1 million (583.2). Sales and licensing of patents in Business Innovation during the first quarter of the fiscal year had a positive impact of SEK 16.3 million on sales and operating profit. Excluding this nonrecurring item, net sales increased 16.0% to SEK 676.8 million.
- Operating profit rose 46.0% to SEK 107.9 million (73.9), corresponding to an operating margin of 15.6% (12.7). Excluding licensing and sales of patents, operating profit rose 24.0% to SEK 91.6 million, an operating margin of 13.5%.
- Cash flow after changes in working capital amounted to SEK 32.1 million (104.3). Several major long-term customer projects are in the installation phase, which is having an adverse impact on cash flow.

Third quarter

- Order bookings increased 114.2% to SEK 549.4 million (256.5).
- Net sales rose 15.3% to SEK 241.6 million (209.6).
- Operating profit rose 4.2% to SEK 31.9 million (30.6), corresponding to an operating margin of 13.2% (14.6).

Events during the third quarter



- For the second consecutive year, Sectra's medical IT system, Sectra PACS, topped the medtech industry's most important customer satisfaction survey in the US, "Best in KLAS 2014", which is compiled by the independent analyst company, KLAS. For the first time, KLAS conducted a corresponding survey outside the US, with Sectra ranked as the leading supplier of PACS in this one too. In the US, Sectra was also awarded "Category Leader" for both Community PACS (hospitals under 200 beds) and PACS Ambulatory (separate clinics and radiology chains not included in any hospital) for the first time.
- Sectra signed new, long-term agreements with several customers in the UK, including the large care providers, London North West NHS Trust and Kingston Hospital NHS Foundation Trust.
- Stockholm County Council ordered IT services from Sectra for the archiving of the region's radiology images. This is a multiyear agreement with an order value of SEK 85 million.
- The Atenor Orrego Private University in Peru invested in an IT solution for medical education, including five visualization tables from Sectra.
- The crypto product, Sectra Tiger/R, was launched for secure mobile telephony. This new product in Sectra's Tiger family enables organizations to have coherent infrastructure in which users can communicate with each other regardless of security level.

EVENTS AFTER THE END OF THE REPORTING PERIOD

- Sectra signed a new multiyear agreement with the Karolinska University Hospital, which is purchasing a service for efficient management of radiology images and patient information (PACS and RIS). The service is the first of its kind in Sweden for which the supplier takes turnkey responsibility for technology, administration and servicing of the radiological IT systems of hospitals. The order is worth SEK 207 million.

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 medical IT and secure communications.

Due to the demographic trend of a population that is living longer while birth rates are declining, there is a growing need for greater healthcare efficiency in order to provide care for more patients. Sectra develops and sells 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 treats 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.

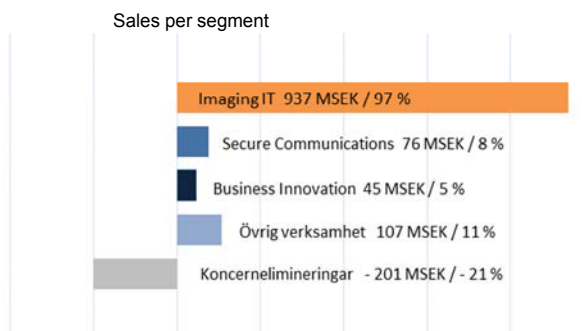
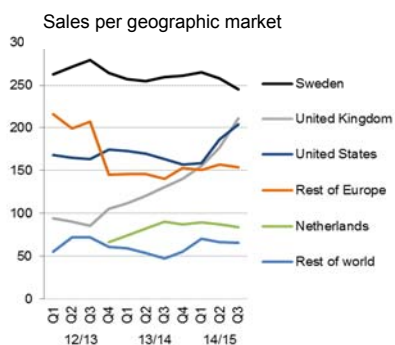
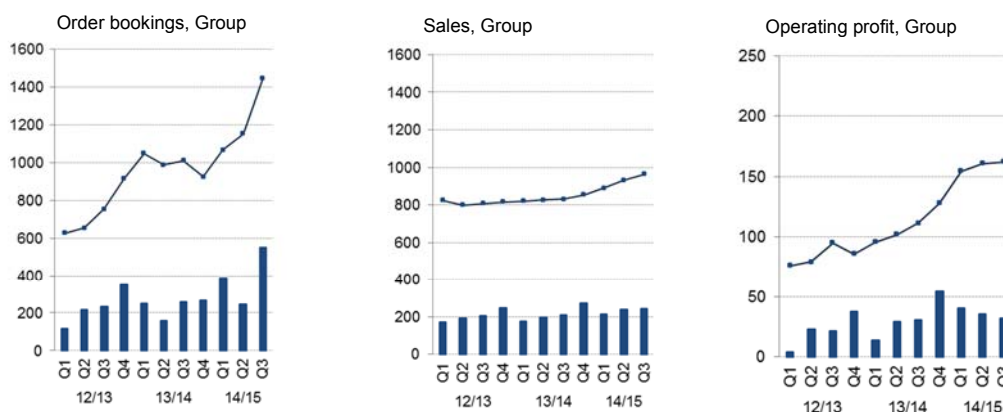
In terms of security, government agencies, defense organizations and the private sector are increasingly exposed to security risks and eavesdropping attempts. Heightened awareness of eavesdropping may contribute to greater interest in the type of security products offered by Sectra. Sectra is trusted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

GROUP

Order bookings, sales and earnings

Results in SEK million

Bar – per quarter Line – rolling 12 months



31 januari, 2015
12-mån rullande

* Before Q4 12/13, the Netherlands was included in Rest of Europe

Nine-month period

The Group's order bookings rose 78.8% year-on-year to SEK 1,181.8 million. All segments reported increased order bookings. Sectra's operation in the UK accounted for the largest individual increase and essentially tripled its order bookings. The Imaging IT Solutions business area showed the greatest sales successes.

Net sales rose 18.8% to SEK 693.1 million. During the first quarter, Sectra completed sales and licensing of patents in the Business Innovation area, with a positive impact of SEK 16.3 million on sales and operating profit. The sales pertained to patents resulting from research activities in the Business Innovation area that had not been utilized by Sectra itself. Excluding this item, net sales for the nine-month period rose 16.0%.

The UK and US operations showed the largest sales growth.

Geographically, Sectra's operations in the UK and the US showed the highest sales growth. Sales in Sweden declined due to lower sales in the Secure Communications business area.

The Group's operating profit increased 46.0% to SEK 107.9 million, corresponding to an operating margin of 15.6% (12.7). Excluding sales and licensing of patents, operating profit rose 24.0% to SEK 91.6 million, corresponding to an operating margin of 13.5%. Because many new major customer projects are in the installation phase, these projects are initially having an adverse impact on the Group's cash flow and operating margin. When the projects move into the maintenance and support phase, they will contribute to a stable trend for the Group.

The Group's net financial items rose to SEK 16.9 million (11.5). Exchange-rate changes had an impact of SEK 13.6 million (4.9) on the Group's financial items. Profit before tax totaled SEK 124.8 million (85.4), corresponding to a profit margin of 18.0% (14.6). Excluding sales and licensing of patents, profit before tax amounted to SEK 108.5 million, corresponding to a profit margin of 16.0%.

Third quarter

The Group's order bookings increased 114.2% to SEK 549.4 million. Net sales rose 15.3% year-on-year to SEK 241.6 million. Growth primarily pertains to the Imaging IT Solutions business area.

The Group's operating profit increased 4.2% to SEK 31.9 million, corresponding to an operating margin of 13.2% (14.6). Major customer projects are in the installation phase and an increased share of hardware sales in the product mix, caused by customer requirements for an integrated supplier of software and hardware in certain projects, had an adverse impact on the margin. The Group's net financial items amounted to SEK 11.6 million (7.7). Exchange-rate changes had an impact of SEK 8.9 million (3.9) on the Group's financial items. Profit before tax amounted to SEK 43.5 million (38.3), corresponding to a profit margin of 18.0% (18.3).

Seasonal variations

Large long-term managed-services agreements help to reduce 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 has diminished somewhat over the past year since long-term agreements based on payment per month or per use now account for a larger portion of sales. The equalization effect resulting from long-term managed-services agreements that are financed internally within the Group does not impact the business areas; instead it is essentially managed through the Parent Company's financing activities. The variation in order volumes during 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 for 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 56.7%. After adjustment for exchange-rate differences, the Group's cash and cash equivalents amounted to SEK 250.6 million. The Group's interest-bearing liabilities totaled SEK 55.9 million at period-end and pertained to convertible loans held by employees and Board members.

Cash flow is adversely affected by large customer projects during the installation phase.

Equity/assets ratio

56.7%

Operating margin (EBIT) rolling 12-month basis

16.8%

Average growth in operating profit per share, five-year period

10.9%

Pertains to outcome at period-end

The Group's cash flow from operations after changes in working capital amounted to SEK 32.1 million (104.3). The change was mainly due to assets attributable to long-term customer projects in the installation phase. Cash flow per share amounted to SEK 0.86 (2.81) for the period. Cash flow from investing activities was a negative SEK 56.2 million (neg: 32.8) for the period, with the change due partly to financial investment of surplus liquidity and increased investment in development projects. The Group's total cash flow was a negative SEK 178.4 million (neg: 85.7). During the period, Sectra distributed SEK 167.7 million (166.9) to shareholders through a share redemption program.

Sectra's financial goals

The purpose of Sectra's Group-wide goals and strategies is to build financially sound operations that provide Sectra with opportunities to create customer value and thereby contribute to long-term growth in shareholder value. The financial objectives are (in order of priority):

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.

Although all three objectives are being met at present, accumulated profit for the period includes the nonrecurring effect of the sale of patents and licensing during the first quarter. Without this nonrecurring item, the operating margin would be 15.4% and the average growth in operating profit per share would be 8.0% based on the outcome for rolling 12-month figures at period-end.

Investments, depreciation, amortization and impairment

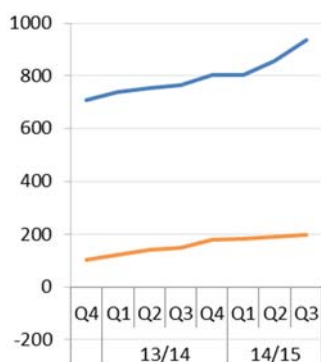
Group investments during the period amounted to SEK 56.2 million (32.8), of which the third quarter accounted for SEK 41.6 million (3.2). Investments primarily pertained to customer projects in the Group's financing activities and capitalized development costs. Depreciation/amortization during the period totaled SEK 33.0 million (34.2), of which the third quarter accounted for SEK 9.9 million (11.9). Of depreciation/amortization during the period, capitalized development projects accounted for SEK 11.7 million (13.4).

Investments in Group-financed customer projects during the period amounted to SEK 23.5 million (19.7), of which SEK 13.1 million (2.7) was attributable to the third quarter. This change for the period included exchange-rate differences of SEK 18.7 million. At the end of the period, the net carrying amount for Group-financed customer projects totaled SEK 67.1 million (35.2).

Capitalization of development costs during the period amounted to SEK 23.2 million (14.1), of which the third quarter accounted for SEK 12.0 million (1.3). At the close of the period, capitalized development costs totaled SEK 59.1 million (53.5), primarily pertaining 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, since these cater to eget customer segment. Business Innovation's digital pathology project, having reached an initial commercialization phase, was transferred to Imaging IT Solutions as of the same date. The comparative figures for the year-earlier period resulting from these changes have not been restated, since the impact on profit was marginal.



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

IMAGING IT SOLUTIONS

	Q3 Nov 2014 –Jan 2015	Q3 Nov 2013 –Jan 2014	Q1-3 May 2014 –Jan 2015	Q1-3 May 2013 –Jan 2014	12-month rolling basis	Full-year May-Apr 2013/2014
Net sales, SEK million	267.2	185.8	676.7	542.6	936.9	802.8
Operating profit, SEK million	44.8	36.5	120.4	100.2	198.8	178.6
Operating margin, %	16.8	19.6	17.8	18.5	21.2	22.2
Number of employees at end of period	420	412	420	412	420	409

Comparative figures have not been restated following the organizational changes implemented in May 2014.

Sales and earnings

Imaging IT Solutions' sales rose 24.7% to SEK 676.7 million. Operating profit increased 20.2% to SEK 120.4 million, corresponding to an operating margin of 17.8% (18.5). The operations in the UK and the US reported the largest year-on-year sales growth. Changes in the operating margin are mainly related to variations in the product mix between software and hardware.

Market

The market for medical IT systems and services continues to grow because of the major need for systems that enhance healthcare 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, as well as the management of radiology images (PACS) and patient information (RIS).

Most users of Sectra's medical IT systems are active in image-intensive fields, such as 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 to establish a commercial solution that would enable pathology departments to leverage the significant advantages offered by digital technology. At the same time, Sectra took a decision to assign special focus to medical imaging in cancer diagnosis, an area that is growing rapidly and will represent a key part of the business area's strategy for the future.

Top ranking in customer satisfaction for second consecutive year

The fact that customers are satisfied with Sectra as a supplier is being confirmed in both internal and external evaluations conducted around the world. During the third quarter, Sectra's IT system for managing medical images, Sectra PACS, achieved the top rating in an international customer satisfaction survey for 2014. The survey was arranged by KLAS, the foremost analyst company in the medtech industry, which specializes in surveys of customer satisfaction with the IT systems of hospitals. This was the first time that KLAS had performed a survey outside the US and Sectra was ranked highest in the global summary and in all PACS categories in the US:

- Global PACS (Best in KLAS). This category comprises major hospitals outside the US with more than 200 beds.
- PACS Acute care (Best in KLAS) for the second consecutive year. This category comprises major hospitals in the US with more than 200 beds.
- PACS Community hospitals. This category comprises major hospitals in the US with up to 199 beds.
- PACS Ambulatory. This category comprises separate radiology clinics, orthopaedic clinics and radiology chains not included in any hospital.

Read more about Sectra's high customer satisfaction ratings at sectra.com/klas.

Focus on expansion centered on radiology

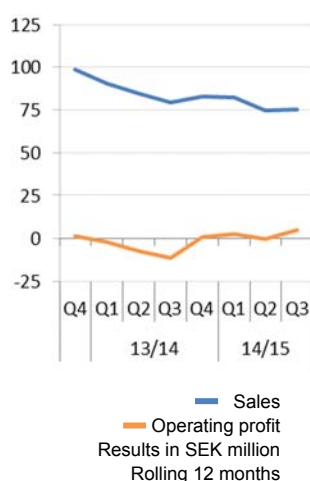
During 2014/2015, the business area will focus on:

- A sustained operating margin.
- Earnings growth by:
 - developing relationships with existing customers.
 - increasing investments in the largest field, radiology, 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, system stability and an efficient work flow are important.
- Further improving customer satisfaction.

Demand for the business area's product offering was favorable and order bookings continued to rise in the third quarter compared with the year-earlier period. During the nine-month period, the UK, Sweden, Norway and the US accounted for the largest increases in order bookings.

Several of the new orders are 5-10-year agreements applying to major customer projects delivered as a service, instead of as a product delivery. An internal sale of the long-term agreements within Sectra is usually implemented so that, in connection with delivery to a customer, Imaging IT Solutions sells the projects to Sectra AB's financing activities. During the third quarter, long-term agreements were signed with, among others, the large care providers London North West NHS Trust, Kingston Hospital NHS Foundation Trust and Stockholm County Council (SLL). The latter pertained to an order for an IT service for archiving the Stockholm region's entire stock of radiology images and this agreement replaces Sectra's maintenance and upgrade agreements for the existing Sectra-supplied archiving solutions in the region. The delivery not only includes software as a service, but also the hosting of software on external hardware in "the cloud". Accordingly, the business area will be making additional investments in a new platform for service sales, initially in the form of hardware and skills development in the service and supply organization. This supply model will eventually generate economies of scale and enable cost savings.

The transition to supplying cloud services will result in increased costs during a build-up phase.



SECURE COMMUNICATIONS

	Q3 Nov 2014–Jan 2015	Q3 Nov 2013– Jan 2014	Q1-3 May 2014– Jan 2015	Q1-3 May 2014– Jan 2014	12- month rolling basis	Full-year May-Apr 2013/2014
Net sales, SEK million	22.5	21.9	50.2	57.5	75.5	82.8
Operating profit, SEK million	4.4	-0.9	0.3	-4.1	5.3	0.9
Operating margin, %	19.5	-4.1	0.6	-7.1	7.0	1.0
Number of employees at end of period	55	53	55	53	55	53

Sales and earnings

For the third quarter, the Secure Communications business area reports an increase in sales and operating profit following a long period of weak performance. The improvement is a result of an increase in international sales and the capitalization of investments in development projects pertaining to Sectra's Tiger system. The uncertainty concerning the market trend for crypto products in Sweden remains.

Market

The market is driven by the fact that it is easier than ever to eavesdrop on telecommunications and data communications and by changes in various regulations governing the handling of classified information. A growing number of authorities are also choosing to protect previously unclassified information. Due to greater

collaboration between governments in European countries, customer requests for products that support cross-border cooperation have increased. Sectra offers products that are approved by the EU, NATO and several national security agencies.

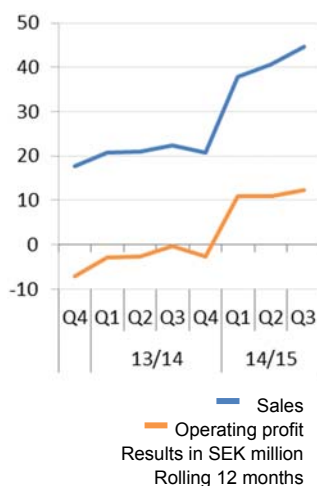
Sectra's security solutions are used by customers in most European countries, and in the EU and NATO organizations. Sweden and the Netherlands comprise Sectra's largest markets for secure communication systems. However, since Sectra is dependent in the short and medium-term on its relationships with authorities and defense customers in Sweden, the prevailing uncertainty as to when and how Swedish customers will decide on product orders continues to be decisive to the performance of the business area.

Focus on restoring profitability

During 2014/2015, the business area will focus on (in order of priority):

- Restoring the operation's profit levels, which will be achieved by.
 - securing orders from the principal customer in Sweden.
 - continuing to increase sales in the Netherlands and other parts of Europe based on new approvals for Sectra's products for secure telephony.
 - having satisfied users.
- Expanding the operations into new customer segments with a need for Sectra's high-tech expertise in security.

Demand for crypto products from customers outside Sweden is favorable. During the third quarter, Sectra Tiger/R, a new member of the Tiger system for secure mobile telephony, was launched. With the new product, Sectra creates an ecosystem that makes it possible for organizations to have users in different security classes in the same operating environment, whereby they can all communicate with each other.



BUSINESS INNOVATION

	Q3 Nov 2014– Jan 2015	Q3 Nov 2013– Jan 2014	Q1-3 May 2014– Jan 2015	Q1-3 May 2014– Jan 2014	12- month rolling basis	Full-year May-Apr 2013/2014
Net sales, SEK million	10.2	6.1	40.9	17.0	44.7	20.8
Operating profit/loss, SEK million	1.1	-0.2	14.6	-0.3	12.3	-2.6
Operating margin, %	10.8	-3.3	35.8	-1.6	27.5	-12.4
Number of employees at end of period	28	19	28	19	28	20

Comparative figures have not been restated following the organizational changes implemented in May 2014. Refer to page 5.

Sales and earnings

Business Innovation continued to increase its sales during the third quarter and sales for the nine-month period amounted to SEK 40.9 million. Sales and licensing of patents during the first quarter of the fiscal year had a positive impact of SEK 16.3 million on sales and operating profit. Since the patent transaction constituted a nonrecurring effect, it is unlikely to happen again. Excluding this item, sales for the period increased to SEK 24.6 million and an operating loss of SEK 1.7 million was reported.

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. Within this business line, 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. These solutions are used by students in medical and veterinary programs.

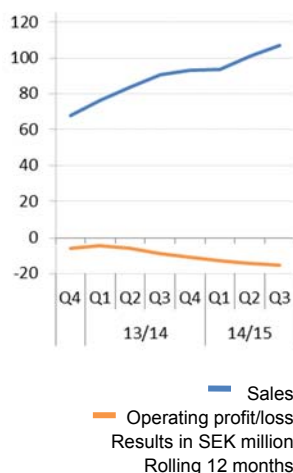
Focus 2014/2015

- Orthopaedics – collaboration with implant suppliers.
- Osteoporosis – growth in the private mammography clinics segment.
- Medical education – increase in training material in the library and expansion through distributors.
- Research – further progress in the digital pathology research project.

During the third quarter, Sectra signed agreements with, among others, Atenor Orrego Private University (UPAO) in Peru, which will be the first university in South America to use Sectra’s visualization table in medical education. With the aid of Sectra’s IT solution, students at UPAO will be provided with better understanding of the body’s anatomy and functions, the variation between individuals and better knowledge of more unusual illnesses.



The first order from South America for Sectra’s IT system for medical education comes from Atenor Orrego Private University in Peru.



OTHER OPERATIONS

	Q3 Nov 2014– Jan 2015	Q3 Nov 2013– Jan 2014	Q1-3 Nov 2014– Jan 2015	Q1-3 May 2013– Jan 2014	12- month rolling basis	Full-year May-Apr 2013/2014
Net sales, SEK million	30.2	24.0	83.7	69.9	107.1	93.3
Operating loss, SEK million	-2.9	-1.8	-7.8	-3.4	-15.3	-10.9
Operating margin, %	-9.6	-7.5	-9.3	-4.9	-14.3	-11.7
Number of employees at end of period	60	54	60	54	60	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

Sales from Other Operations rose 19.7% to SEK 83.7 million for the nine-month period. The rise derived from Sectra’s operations for the financing of major managed-services agreements with healthcare customers. An operating loss of SEK 7.8 million was reported for the period (loss: 3.4). Earnings were impacted by increased marketing costs and by investments in the Group’s IT infrastructure with the aim of enhancing Group efficiency.

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 18.

During the period, sales in the Parent Company totaled SEK 72.5 million (51.2), of which the third quarter accounted for SEK 21.9 million (16.7). Sales grew 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 for the period amounted to SEK 5.5 million (loss: 8.2), of which the third quarter accounted for a loss of SEK 2.1 million (loss: 3.8). Profit after net financial items amounted to SEK 15.7 million (7.0), of which SEK 3.8 million (2.6) pertained to the third quarter. Exchange-rate changes had an impact of SEK 2.9 million (2.5) on financial items during the nine-month period.

THE SHARE

Sectra's share redemption program 2014

During September and October 2014, Sectra carried out a share redemption program, whereby SEK 4.50 per share, a total of SEK 167.7 million, was distributed to shareholders through a 2:1 share split, combined with a mandatory redemption process and a bonus issue to restore the share capital. Payment was made on October 20, 2014.

The Swedish Tax Agency has provided its general recommendation the declaring tax returns for Sectra's redemption shares

For shareholders in Sweden, the redemption of Sectra's redemption shares for 2014 (designated SECT IL B) is to be declared as sales of shares on Form K4 for the 2014 tax assessment. According to the Swedish Tax Agency's general recommendations, 95.3% of the acquisition cost of an original Series A or B share in Sectra AB should be assigned to a remaining share and 4.7% to the redemption share. For further information and examples, refer to Sectra's website, sectra.com/deklarera2015.

Share-based incentive programs

During the second quarter, Sectra redeemed employee stock options (2011/2014 program) issued to employees in North America through a cash settlement. During the first quarter, Sectra employees redeemed convertibles totaling SEK 6.1 million (2010/2014 program), corresponding to 176,039 Class B shares.

The AGM, held on September 8, 2014, resolved to issue additional convertibles to the Group's employees and external Board members. The convertibles could be subscribed during the period November 3–11, 2014. Employees were allotted 120,581 convertibles and Board members 26,355 convertibles, corresponding to a total of 146,936 Class B shares at a combined nominal amount of SEK 18.5 million. The dilution effect of the two convertible programs is 0.4% of the share capital and 0.2% of the votes.

The conversion price for convertibles to employees is SEK 124.50, and the duration is from December 1, 2014 to December 30, 2017. Conversion is possible during December 11–15, 2017. The conversion price for convertibles to external Board members is SEK 132.80, and the duration is from December 1, 2014 to December 30, 2018. Conversion is possible during December 10–14, 2018.

The Board decided to recalculate conversion prices for outstanding convertibles and employee stock options due to Sectra's share redemption program for 2014. As a result of this recalculation, the financial compensation that the holders of convertibles will receive 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/corporate/investor/sectra_share/convertible_debentures.html

Authorization

The 2014 AGM authorized the Board, for the period until the next AGM, to decide on the new issue of not more than 3,700,000 Class B shares for consideration in the form of cash payment, offsetting of debt or contribution in kind, whereby offsetting of debt and contribution in kind may deviate from shareholders' preferential rights. If the authorization is fully exercised, the dilution effect will be approximately 10% of the share capital and approximately 6% of the voting rights.

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

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

NOMINATION COMMITTEE AND ANNUAL GENERAL MEETING

The 2014 AGM resolved to appoint a Nomination Committee comprising four members, one being the Chairman of the Board and three members representing the largest shareholders in the company based on the number of votes. The Nomination Committee is formed based on known shareholdings in the company at September 30, 2014. In accordance with an AGM resolution, the following Nomination Committee was elected:

- Carl-Erik Ridderstråle (Chairman of the Board)
- Torbjörn Kronander (largest shareholder and CEO)
- Jan-Olof Brüer (second-largest shareholder and Board member)
- Nils Bolmstrand (representing Nordea, Sectra's third-largest shareholder)

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

Annual General Meeting on September 7, 2015 in Linköping.

The AGM is scheduled for September 7, 2015 in Linköping. The Nomination Committee's proposals will be presented in the notice of the Annual General Meeting and will be available on the company's website. The Nomination Committee will prepare and submit proposals regarding the:

- Election of and fees to be paid to the Chairman of the Board and other Board members
- Election of and fees to be paid to auditors and deputy auditors
- Decisions regarding principles for appointing the Nomination Committee.
- Chairman of the General Meeting

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

FOR FURTHER INFORMATION

Contact Sectra's CEO Torbjörn Kronander, telephone +46 013 - 23 52 27 or e-mail info.investor@sectra.se.

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 March 10, 2015 at 09:30 a.m. (CET). The presentation will be held in English. To participate, please call:

Sweden +46 (0)8 856642691

UK +44 (0)2034281400

US +1 855 7532236

The presentation can be followed online via:
<http://media.fronto.com/cloud/sectra/150310/>

A recorded version will be available after the conference at:
www.sectra.com/irwebcast

Financial calendar

Year-end report	June 2, 2015, at 8:00 a.m. CET
2015 Annual General Meeting	September 7, 2015 in Linköping

ASSURANCE

The Board of Directors and the President of Sectra AB (publ) hereby provide their assurance that the interim report for the May 2014–January 2015 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.

Linköping, March 9, 2015

Torbjörn Kronander CEO, President and Board member	Carl-Erik Ridderstråle Chairman	Erika Söderberg Johnson Board member
Anders Persson Board member	Christer Nilsson Board member	Jakob Svärdröm Board member
Jan-Olof Brüer Board member	Per Elmhester Board member Employee representative	Fredrik Häll Board member Employee representative

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 March 10, 2015 at 08:00 a.m. (CET).

AUDITOR'S REVIEW REPORT

Introduction

We have reviewed the condensed interim financial information for Sectra AB (publ) 556064-8304 at January 31, 2015 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 9, 2015
Grant Thornton Sweden AB
Peter Bodin, Authorized Public Accountant

GROUP FINANCIAL SUMMARY

Consolidated income statements

SEK thousand	3 months Nov 2014– Jan 2015	3 months Nov 2013– Jan 2014	9 months May 2014– Jan 2015	9 months May 2013– Jan 2014	12-months Feb 2014 – –Jan 2015	Full-year May-Apr 2013/2014
Net sales	241,590	209,577	693,063	583,197	963,662	853,796
Capitalized work for own use	12,045	1,297	23,227	14,112	25,425	16,310
Reversal of contingent consideration	0	0	0	0	16,180	16,180
Goods for resale	-43,805	-23,671	-118,721	-80,809	-157,364	-119,452
Personnel costs	-123,727	-106,839	-343,020	-304,952	-458,057	-419,989
Other external costs	-44,299	-37,825	-113,678	-103,452	-164,437	-154,211
Depreciation/amortization and impairment	-9,864	-11,948	-32,951	-34,161	-63,352	-64,562
Operating profit	31,940	30,591	107,920	73,935	162,057	128,072
Net financial items	11,601	7,670	16,906	11,509	18,789	13,392
Profit after net financial items	43,541	38,261	124,826	85,444	180,846	141,464
Taxes	-15,203	-9,505	-33,363	-19,729	-51,240	-37,606
Profit for the period	28,338	28,756	91,463	65,715	129,606	103,858
Profit for the period attributable to:						
Parent Company owners	28,338	28,756	91,463	65,715	129,606	103,858
Non-controlling interest	0	0	0	0	0	0
Earnings per share						
Before dilution, SEK	0.76	0.78	2.46	1.77	3.48	2.80
After dilution, SEK	0.74	0.75	2.40	1.73	3.40	2.73
No. of shares						
Before dilution	37,271,017	37,094,978	37,271,017	37,094,978	37,271,017	37,094,978
After dilution ¹⁾	38,202,938	38,124,018	38,202,938	38,124,018	38,202,938	38,124,018
Average, before dilution	37,271,017	37,094,978	37,251,457	37,094,978	37,212,337	37,094,978
Average, after dilution	38,083,649	38,124,018	38,099,443	38,034,705	38,105,587	38,057,033

- 1) Dilution of the number of shares is based on the convertible programs issued in 2011/2012 (285,734), 2012/2013 (163,479), 2013/2014 (235,772) and 2014/2015 (146,936) as well as on employee stock options issued in 2012/2013 (100,000). On full conversion/exercise of convertibles and employee stock options, the number of shares will rise by 931,921.

Consolidated statement of comprehensive income

SEK thousand	3 months Nov 2014– Jan 2015	3 months Nov 2013– Jan 2014	9 months May 2014– Jan 2015	9 months May 2013– Jan 2014	12-months Feb 2014 – Jan 2015	Full-year May-Apr 2013/2014
Profit for the period	28,338	28,756	91,463	65,715	129,606	103,858
Items that will be reclassified to profit and loss						
Change in translation differences for the period from translating foreign subsidiaries	13,752	3,935	30,727	3,948	36,648	9,869
Total other comprehensive income for the period	13,752	3,935	30,727	3,948	36,648	9,869
Total comprehensive income for the period	42,090	32,691	122,190	69,663	166,254	113,727

Consolidated balance sheets

SEK thousand	Jan. 31 2015	Jan. 31 2014	Apr 30, 2014
Assets			
Intangible assets	123,034	125,032	104,859
Tangible assets	68,898	53,562	68,494
Financial assets	21,765	1,766	1,765
Deferred tax assets	19,112	14,353	19,920
Total fixed assets	232,809	194,713	195,038
Other current assets	518,956	341,055	371,058
Cash and cash equivalents	250,637	443,538	441,945
Total current assets	769,593	784,593	813,003
Total assets	1,002,402	979,306	1,008,041
Equity and liabilities			
Equity (incl. earnings for the period)	568,658	567,248	611,702
Provisions	6,417	18,446	6,000
Deferred tax liabilities	32,586	31,832	37,639
Long-term liabilities	46,941	37,397	37,397
Current liabilities	347,800	324,383	315,303
Total equity and liabilities	1,002,402	979,306	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	9 months May 2014 –Jan 2015	9 months May 2013 –Jan 2014	Full-year May-Apr 2013/2014
Equity at start of period	611,702	665,300	665,300
Comprehensive income for the period	122,190	69,663	113,727
Share-related payments	1,474	1,429	1,819
Dividend/redemption of shares	-167,720	-166,927	-166,927
Settlement of share-related payments	1,012	-2,217	-2,217
Equity at end of period	568,658	567,248	611,702

Consolidated cash-flow statements

SEK thousand	9 months May 2014 –Jan 2015	9 months May 2013 –Jan 2014	Full-year May-Apr 2013/2014
Cash flow from operations before changes in working capital	130,576	96,371	159,873
Cash flow from operations after changes in working capital	32,098	104,313	123,669
Investing activities	-56,195	-32,828	-54,633
Financing activities	-154,288	-157,219	-158,096
Cash flow for the period	-178,385	-85,734	-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	-12,923	-7,019	-5,286
Cash and cash equivalents, closing balance	250,637	443,538	441,945
Unutilized credit facilities	15,000	15,000	15,000

Key figures

	9 months Jan. 31 2015	9 months Jan. 31 2014	12-months Jan. 31 2015	Full-year Apr 30, 2014
Order bookings, SEK million	1,181.8	661.1	1,446.4	925.7
Operating margin, %	15.6	12.7	16.8	15.0
Profit margin, %	18.0	14.6	18.8	16.6
Average number of employees	544	523	539	523
Cash flow per share, SEK	0.86	2.81	1.38	3.33
Cash flow per share after full dilution, SEK	0.84	2.74	1.35	3.24
Value added, SEK million	450.9	378.9	620.1	548.1
P/E ratio, multiple	n/a	n/a	35.8	27.8
Share price at end of period, SEK	124.75	79.0	124.75	77.75
Return on equity, %	15.5	10.7	22.8	16.3
Return on capital employed, %	19.4	13.2	29.2	21.1
Return on total capital, %	12.5	8.4	18.4	13.7
Equity/assets ratio, %	56.7	57.9	56.7	60.7
Liquidity, multiple	2.3	2.5	2.3	2.7
Equity per share, SEK	15.28	15.29	15.28	16.49
Equity per share after full dilution, SEK	14.89	14.88	14.89	16.05

Quarterly consolidated income statement and key figures

	2014/2015			2013/2014				2012/2013		
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net sales	241.6	239.0	212.4	270.6	209.6	198.3	175.3	248.1	205.2	192.7
Capitalized work for own use	12.0	7.4	3.8	2.2	1.3	6.4	6.4	4.1	3.5	4.4
Reversal of contingent consideration	0	0	0	16.2						
Operating expenses	-211.8	-200.0	-163.5	-204.5	-168.4	-162.9	158.0	-203.5	-175.0	-163.1
Depreciation/amortization and impairment	-9.9	-10.9	-12.2	-30.4	-11.9	-12.4	-9.8	-11.1	-12.6	-11.0
Operating profit	31.9	35.5	40.5	54.1	30.6	29.4	13.9	37.6	21.1	23.0
Net financial items	11.6	1.8	3.5	1.9	7.7	2.7	1.1	3.6	-0.8	1.8
Profit after net financial items	43.5	37.3	44.0	56.0	38.3	32.1	15.0	41.2	20.3	24.8
Tax on earnings for the period	-15.2	-8.3	-9.9	-17.9	-9.5	-7.0	-3.2	-13.8	-2.5	-7.9
Profit for the period	28.3	29.0	34.1	38.1	28.8	25.1	11.8	27.4	17.8	16.9
Order bookings	549.4	244.3	388.1	264.6	256.5	156.9	247.7	350.0	232.9	217.0
Operating margin, %	13.2	14.9	19.0	20.0	14.6	14.8	7.9	15.2	10.3	11.9
Cash flow per share, SEK	-0.63	0.75	0.75	0.52	1.46	1.57	-0.22	1.72	1.61	0.10
Cash flow per share after full dilution, SEK	-0.62	0.73	0.74	0.51	1.42	1.53	-0.21	1.68	1.58	0.10
Earnings per share, SEK	0.76	0.78	0.92	1.03	0.78	0.68	0.32	0.74	0.48	0.46
Return on equity, %	4.8	5.1	5.3	6.0	4.7	4.2	1.8	4.2	2.8	2.4
Return on capital employed, %	6.8	6.1	6.5	8.4	5.9	5.1	2.2	6.1	3.2	3.4
Equity/assets ratio, %	56.7	57.0	65.8	60.7	57.9	59.4	65.2	61.4	63.8	64.7
Equity per share, SEK	15.28	14.27	17.86	16.49	15.29	14.40	18.23	17.94	17.13	16.94

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
Profit after net financial items, SEK million	141.5	86.6	127.9	70.2	113.0
Profit for the period 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/redemption program per share, SEK	4.50	4.50	5.00	5.00	0.00
Share price at end of year, 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 after tax, 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

Sales by business segment

SEK million	3 months Nov 2014–Jan 2015	3 months Nov 2013–Jan 2014	9 months May 2014– Jan 2015	9 months May 2013– Jan 2014	12-month rolling basis	Full-year May–Apr 2013/2014
Imaging IT Solutions	267.2	185.8	676.7	542.6	936.9	802.8
Secure Communications	22.5	21.9	50.2	57.5	75.5	82.8
Business Innovation	10.2	6.1	40.9	17.0	44.7	20.8
Other operations	30.2	24.0	83.7	69.9	107.1	93.3
Group eliminations	-88.5	-28.2	-158.4	-103.8	-200.5	-145.9
Total	241.6	209.6	693.1	583.2	963.7	853.8

Operating profit by business segment

SEK million	3 months Nov 2014–Jan 2015	3 months Nov 2013– Jan 2014	9 months May 2014–Jan 2015	9 months May 2013–Jan 2014	12-month rolling basis	Full-year May–Apr 2013/2014
Imaging IT Solutions	44.8	36.5	120.4	100.2	198.8	178.6
Secure Communications	4.4	-0.9	0.3	-4.1	5.3	0.9
Business Innovation	1.1	-0.2	14.6	-0.3	12.3	-2.6
Other operations	-2.9	-1.8	-7.8	-3.4	-15.3	-10.9
Group eliminations	-15.5	-3.0	-19.6	-18.5	-39.0	-37.9
Total	31.9	30.6	107.9	73.9	162.1	128.1

Sales by geographic market

(SEK million)	3 months Nov 2014– Jan 2015	3 months Nov 2013– Jan 2014	9 months May 2014–Jan 2015	9 months May 2013–Jan 2014	12-month rolling basis	Full-year May–Apr 2013/2014
Sweden	60.8	73.5	175.3	190.9	245.6	261.2
US	51.6	34.3	154.3	107.5	203.7	156.9
UK	72.3	37.8	171.7	100.6	210.9	139.8
Netherlands	21.5	23.2	55.4	58.5	84.1	87.2
Rest of Europe	26.9	30.9	93.3	92.5	153.9	153.1
Rest of world	8.5	9.9	43.1	33.2	65.5	55.6
Total	241.6	209.6	693.1	583.2	963.7	853.8

PARENT COMPANY

Parent Company income statements

SEK thousand	3 months Nov 2014– Jan 2015	3 months Nov 2013– Jan 2014	9 months May 2014– Jan 2015	9 months May 2013– Jan 2014	12-month Feb 2014 – –Jan 2015	Full-year May-Apr 2013/2014
Net sales	21,866	16,691	72,529	51,168	86,531	65,170
Capitalized work for own use	1,082	264	3,159	264	4,103	1,208
Personnel costs	-10,790	-9,941	-28,235	-30,148	-39,783	-41,696
Other external costs	-14,106	-10,722	-41,637	-29,199	-55,346	-42,908
Depreciation/amortization	-114	-98	-311	-275	-428	-392
Operating loss	-2,062	-3,806	5,505	-8,190	-4,923	-18,618
Net financial items	5,911	6,450	10,233	15,153	160,872	165,792
Profit after net financial items	3,849	2,644	15,738	6,963	155,949	147,174
Appropriations	0	0	0	0	-18,946	-18,946
Profit before tax	3,849	2,644	15,738	6,963	137,003	128,228
Tax on earnings for the period	-847	-651	-3,495	-1,601	-31,146	-29,252
Profit for the period	3,002	1,993	12,243	5,362	105,857	98,976

Parent Company statement of comprehensive income

SEK thousand	3 months Nov 2014– Jan 2015	3 months Nov 2013– Jan 2014	9 months May 2014– Jan 2015	9 months May 2013– Jan 2014	12-month Feb 2014 – –Jan 2015	Full-year May-Apr 2013/2014
Profit for the period	3,002	1,993	12,243	5,362	105,857	98,976
Other comprehensive income						
Fund for fair value	8,662	728	17,061	-1,162	19,950	1,727
Total other comprehensive income for the period	8,662	728	17,061	-1,162	19,950	1,727
Total comprehensive income for the period	11,664	2,721	29,304	4,200	125,807	100,703

Parent Company balance sheets

SEK thousand	Jan. 31 2015	Jan. 31 2014	Apr 30, 2014
Assets			
Intangible assets	4,367	264	1,208
Tangible assets	1,639	1,042	925
Financial assets	196,408	77,797	151,963
Total fixed assets	202,414	79,103	154,096
Other current assets	126,897	119,103	187,527
Cash and cash equivalents	208,324	335,842	336,016
Total current assets	335,221	454,945	523,543
Total assets	537,635	534,048	677,639
Equity and liabilities			
Equity (incl. profit for the period)	312,886	354,879	450,290
Untaxed reserves	131,112	112,165	131,112
Long-term liabilities	46,941	37,397	37,397
Current liabilities	46,696	29,607	58,840
Total equity and liabilities	537,635	534,048	677,639

Pledged assets and contingent liabilities

SEK thousand	Jan. 31 2015	Jan. 31 2014	Apr 30, 2014
Chattel mortgages	11,000	11,000	11,000
Total pledged assets	11,000	11,000	11,000
Guarantees on behalf of Group companies	350,231	254,993	248,525
Total contingent liabilities	350,231	254,993	248,525

Definition of key figures

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.
Equity per share	Adjusted equity divided by the number of shares at the end of the period.
Value added	Operating profit plus labor costs.
Adjusted equity	Reported shareholders' 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.
Liquidity	Current assets divided by current liabilities.
P/E ratio	Share price at the end of the period in relation to the 12-month period's earnings per share.
Operating margin	Operating profit after depreciation as a percentage of net sales.
Equity/assets ratio	Adjusted equity as a percentage of total assets.
Capital employed	Total assets reduced by non-interest-bearing liabilities.
Earnings per share	Profit/loss after tax divided by the average number of shares.
Profit margin	Earnings after net financial items as a percentage of net sales.

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.

Microscopy/Pathology

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

Cloud

From the English term, cloud computing. Entails 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.

Osteoporosis

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

PACS (Picture Archiving and Communication System)

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

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 and patient information at radiology clinics.

Smartphone

A combination of a mobile telephone and a computer that is used for telephone calls, internet services, managing e-mail, photography, etc.

Visualization table

Large interactive touch screen with an image viewing program that enables interaction with 3D images of human and animal bodies.

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 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](#).

Sectra AB (publ)

Teknikringen 20

SE-583 30 Linköping

Tel: +46 (0)13 23 52 00

info@sectra.se

www.sectra.se

VAT Reg. No.

SE556064830401