

Preliminary Earnings Sectra AB (publ) for the period May 1999–April 2000

Since the mid-1980s, Sectra AB has successfully conducted development and sales of high-technology IT and telecommunications products. Today, the business includes products in medical imaging systems, secure communication systems and wireless information systems. Sectra collaborates with customers in each of these markets to develop commercially robust, user-friendly products embodying high technical quality. Sectra's shares have been quoted on the O list of the OM Stockholm Exchange since March 3, 1999.

Sectra traditionally experiences seasonal variations as slow sales at the start of each new fiscal year. The majority of invoicing and profit often comes in the spring. This pattern has repeated itself through the past five fiscal years.

Full Year 1999/2000 (May 1998–April 1999 in parentheses)

- Sales reached SEK 191.6 (182.9) million, up 4.7%.
- Earnings before tax rose 18.0%, to SEK 25.1 (21.3) million.
- Earnings per share equaled SEK 1,58 (1.61).
- All time high orders received totaled SEK 433.5 (156.8) million.

Significant events in the fourth quarter

- Sectra introduced the world's first digital radiology system for orthopedics.
- Sectra received large orders for digital x-ray systems from the county councils for Värmland and Östergötland, Sweden, and from the Stockholm Söder Hospital. These orders are worth some SEK 217 million altogether.
- Sectra received the first orders from international clients outside the armed forces for its Tiger mobile phone.

Significant events after the end of the period

- Sectra received an order from the Swedish armed forces for secure broadband communication. The order is valued at more than SEK 11.6 million.
- Sectra received an order to develop and supply a next-generation cutting-edge radio system for aviation communication. The order is worth about SEK 20 million.
- Working with Philips Medical Systems, Sectra secured its biggest order to date for PACS in the United States. The client is a hospital chain in New York.

Markets and product development

Sectra's **medical imaging systems** attracted intense interest in Sweden and abroad in fiscal 1999/2000. The Company won several key orders and conducted projects in Norway, Germany, the United States, the Netherlands, and other countries. Sectra launched a new generation of its PACS and introduced the world's first digital x-ray system for orthopedics.

In the fourth quarter, Sectra received large orders for digital x-ray systems from the county councils for Värmland and Östergötland and from the Stockholm Söder Hospital. The total value of these orders was about SEK 217 million.

During the year, Sectra's **secure communication systems** business entered two new markets. From the Norwegian armed forces, Sectra received its first export order for the military version of the Tiger phone. Sectra has noted heightened interest in sophisticated security products in the civilian market and in October launched a version of Tiger aimed at non-military users.

In the fourth quarter, the company received its first orders from civilian clients outside Sweden for the Sectra Tiger phone.

In the field of **wireless information systems**, Sectra enjoyed rising demand in fiscal 1999/2000. The company won a key strategic order from Switzerland for DARC infrastructure and receivers for financial information. Sectra supplied a prototype series of a new generation of radio system for the aircraft positioning system of the future.

Sales and earnings

Consolidated net sales for 1999/2000 were up 4.7%, at SEK 191.6 (182.9) million. Consolidated earnings before tax reached SEK 25.1 (21.3) million, an improvement of 18% from the preceding year. Orders received totaled SEK 433.5 (156.8) million.

Breakdown of sales by business area (SEK million):

Medical imaging systems	109.8
Secure communication systems	58.7
Wireless information systems	23.1

Parent Company revenues reached SEK 16.8 (11.3) million. The Parent Company reported a loss before tax of SEK 2.0 (7.2) million.

Financial position

Sectra enjoys a solid financial position. The Company has financed growth with internally generated funds. At April 30, 2000, the Company had an equity ratio of 63.1% (58.1), and liquidity ratio of 3.2 (2.9). The Company's interest-bearing liabilities equaled SEK 9.1 (4.1) million.

Investments

The Company gross invested a total of SEK 31.5 (3.0) million, including SEK 24.0 million in shares in subsidiaries, SEK 3.0 million in shares in associated companies, and SEK 1.8 million in other equities. Other investments were mainly in computers and other equipment.

Acquisitions

In December 1999, Sectra acquired RadiSoft AB. The Company is a leader in the Scandinavian market for radiology information systems (RIS) and administrative IT systems for mammography screening. The acquisition strengthened Sectra's range of products for medical image processing systems. The acquisition price was SEK 21 million, and consideration was paid as 420,315 new B shares in Sectra AB.

Associated companies

In fiscal 1999/2000, Sectra acquired a stake in Mamea Imaging AB. The company develops digital radiology sensors based on new technology that makes it possible to combine extremely high image quality with minimal radiation dosage. The aim is to integrate Mamea's products with Sectra's PACS to create solutions for entirely film-free mammography.

Commit; Oy, Finland's No. 1 supplier of IT systems for healthcare, bought Sectra Imtec's stake in the associated company Sectra Commit Oy during the year. Sectra Imtec simultaneously acquired 15% of Commit; Oy to bolster its position in Finland.

Convertible debentures

During October 1999, 105,000 convertible debentures were issued to employees in the Sectra Group. The program was fully subscribed. Upon full conversion, Sectra would have an additional 105,000 B shares on issue, corresponding to no more than 1.0% of the share capital and 0.6% of the number of votes. The convertible debentures mature on July 1, 2002, and have a conversion price of SEK 52.

Outlook

Sectra have a very solid position in several high growth niche markets. We have a strong domestic market position within niches where Sweden leads the technical development. Based on this the Board of Directors expects that the Company will continue to expand while maintaining profitability.

Dividend

For fiscal 1999/2000, the Board has proposed a dividend of SEK 0.60 per share. The proposed record date for the dividend is Monday July 10, 2000. If the shareholders' meeting adopts the proposal, VPC is expected to pay the dividend on July 13, 2000.

Annual meeting

The general meeting of shareholders in Sectra AB (publ) will be held at 4:00 PM on July 5 at Collegium in Linköping, Sweden.

Future reports

The 1999/2000 annual report will be distributed to shareholders in the end of June 2000.

Interim Report May–July 2000:
September 11, 2000

Interim Report May–October 2000:
December 11, 2000

Interim Report May 2000–January 2001:
March 5, 2001

Preliminary Earnings for 2000/2001:
May 28, 2001

Summary Income Statement for the Group

SEK thousands	February-April 3 month 1999/2000	May - April Full year 1999/2000	May - April Full year 1998/1999
Net sales	54 018	191 567	182 923
Other operating income	262	846	960
Change in work in progress	7 467	21 193	- 5 791
Operating expenses	- 41 452	- 180 371	- 154 333
Depreciation	- 1 470	- 6 184	- 3 491
Operating profit	18 825	27 051	20 268
Net financial items	94	1 609	991
Earnings after financial items	18 919	28 660	21 259
Items affecting comparability ¹⁾	-	- 3 574	-
Earnings before tax	18 919	25 086	21 259
Tax on earnings for the period	- 6 300	- 8 166	- 4 789
Net earnings	12 619	16 920	16 470

¹⁾ Non-recurring items refer to profits in the subsidiary RadiSoft AB during part of the fiscal year, prior to December 13, 1999, when the company was not yet part of the Group.

Summary Balance Sheet for the Group

SEK thousands	April 30, 2000 Full year	April 30, 1999 Full year
Assets		
Intangible assets	16 327	-
Tangible assets	14 087	12 093
Total fixed assets	30 414	12 093
Other current assets	102 052	87 996
Cash and bank balances	42 450	32 916
Total current assets	144 502	120 912
Total assets	174 916	133 005
Equity and liabilities		
Equity (including profit for the period)	109 923	77 238
Provisions	6 558	4 623
Long-term liabilities	9 134	4 059
Current liabilities	49 301	47 085
Total equity and liabilities	174 916	133 005

Summary Cash Flow Statement for the Group

SEK Thousands	April 30, 2000 Full year	April 30, 1999 Full year
Cash flow from operations before changes in working capital	25 145	20 774
Cash flow from operations after changes in working capital	13 305	13 055
Investing activities	- 24 612	- 3 006
Financing activities	20 841	9 716
Change in cash and bank balances	9 534	19 765
Cash and bank balances, opening balance	32 916	13 151
Cash and bank balances, closing balance	42 450	32 916

Key Figures

	April 30, 2000 Full year	April 30, 1999 Full year
Solvency %	62.9	58.1
Liquidity, ratio	3.2	2.9
Profit margin %	13.1	11.6
Earning capacity of working capital, %	24.6	30.9
Earning capacity of equity, %	19.1	27.4
Average number of employees	156	123
Profit per share after tax, SEK ¹⁾	1.58	1.61
Equity per share	10.07	7.36
Cash flow per share	2.3	1.98
No. of shares at end of period ²⁾	10 920 315	10 500 000

¹⁾ Based on the average number of shares and standard tax

²⁾ Adjusted for dividends and bonus issues

Solvency: Equity as a percentage of total assets.
Liquidity: Current assets divided by current liabilities.

Earning capacity of equity: Profit before tax reduced by actual tax as a percentage of average adjusted equity.

Earning capacity of working capital: Profit before tax plus financial expenses as a percentage of average working capital.

Profit margin: Profit before tax as a percentage of sales.

Equity per share: Equity divided by the number of shares at the end of the period.

Profit per share: Profit before tax reduced by actual tax divided by the number of shares.

Cash flow per share: Cash flow divided by the number of shares at the end of the period.

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Linköping June 5, 2000
Sectra AB (publ)

Board of Directors

This report has not been examined
by the Company's auditor.