



Philips to Acquire Sectra MicroDose Mammography



Sectra and Royal Philips Electronics have signed an agreement under which Philips will acquire Sectra's mammography modality operations. The cash purchase consideration amounts to EUR 57.5 million on cash and debt-free basis. The agreement also includes an additional possible earn-out EUR 12.5 million in accordance with specially agreed terms and conditions.

"This is an excellent transaction for all parties. Sectra will free up resources and funds that can be used to develop and expand our operations in medical imaging IT, in which we are among the major companies in the world for products for the management of digital radiology images," says Jan-Olof Br uer, President and CEO of Sectra AB. "Philips will acquire a unique and competitive product and technology. The MicroDose modality operations and customers will benefit from the resources and knowledge that Philips, one of the world's leading suppliers of radiology equipment, will bring to the development of the product offering."

Sectra has developed and brought the MicroDose Mammography modality to the market. "Our MicroDose technology will now save even more women lives, since it will be much faster spread around the globe through Philips' vast distribution network", adds Jan-Olof Br uer.

The transaction comprises Sectra's mammography modality operations worldwide, except for Australia and New Zealand where Sectra will continue to sell and service Sectra MicroDose Mammography under a separate distribution agreement with Philips.

The mammography modality operations include the legal entity Sectra Mamea AB and modality operations in Sectra's sales and service organizations. Approximately 110 employees are expected to transfer with the business. Sectra Mamea AB had sales in the most recent financial year of SEK 127 million. This transaction will have a positive impact on the Sectra Group's operating profit for the current financial year and the transaction, excluding the possible earn-out, is estimated to generate a capital gain in terms of earnings for Sectra of about SEK 300 million after tax.

The additional possible earn-out based purchase consideration will become due if specially agreed terms and conditions are achieved over a period of five years from the first calendar quarter after the date of closing. The transaction is subject to certain contractual and other closing conditions. The completion of the transaction is expected to occur during the third calendar quarter of 2011.

Sectra's Medical Systems business area has about 530 employees and reported sales of SEK 831 million for the financial year 2010/2011. Radiology IT, which is Medical Systems' largest product area, represented 85 percent of sales.

“Through this transaction, we will gain a more distinct approach toward medical imaging IT, the area in which we have our core competence. We will continue to work with what we are best at: providing our customers with IT solutions that enhance the efficiency of medical care, optimize production and contribute to improved quality of care,” says Torbjörn Kronander, President of Sectra’s Medical Systems business area.

Medical Systems will focus on continued profitable growth in medical imaging IT, in which IT systems for the management of mammography images, Sectra Breast Imaging PACS, will remain one of the core areas.

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