



Nolato AB (publ) nine-month interim report 2018

## Very strong quarter for Medical Solutions

### ■ Third quarter of 2018 in brief

- Sales increased to SEK 1,980 million (1,749)
- Operating profit (EBITA) rose to SEK 222 million (209) excl. a negative non-recurring item of SEK –17 million (0)
- EBITA margin of 11.2% (11.9) excl. non-recurring items
- Profit after tax was SEK 154 million (153)
- Basic earnings per share increased to SEK 6.50 (5.82), excl. non-recurring items
- Cash flow after investments was SEK –68 million (308) excl. a divestment, SEK –14 million incl. a divestment (308)

### ■ First nine months of 2018 in brief

- Sales increased to SEK 6,321 million (4,794)
- Operating profit (EBITA) was SEK 735 million (533)
- Basic earnings per share increased to SEK 21.44 (14.90)
- Cash flow after investments was SEK 471 million (339) excl. a divestment, SEK 525 million incl. a divestment (339)

### ■ Group highlights

SEK million unless otherwise specified	Note	Q3 2018*	Q3 2017	Q1 - Q3 2018*	Q1 - Q3 2017	Rolling 12 months*	Full year 2017
Net sales	1	1,980	1,749	6,321	4,794	8,247	6,720
Operating profit (EBITDA) <sup>1)</sup>		267	263	914	694	1,200	980
Operating profit (EBITA) <sup>2)</sup>		205	209	735	533	965	763
EBITA margin, %		10.4	11.9	11.6	11.1	11.7	11.4
Operating profit (EBIT) <sup>3)</sup>	2	203	206	728	522	955	749
Profit after financial income and expense	2	198	198	711	506	936	731
Profit after tax		154	153	564	392	744	572
Basic earnings per share, SEK	3	5.85	5.82	21.44	14.90	28.28	21.74
Diluted earnings per share, SEK	3	5.81	5.82	21.33	14.90	28.19	21.74
Basic adjusted earnings per share, SEK <sup>4)</sup>	3	5.93	5.93	21.67	15.24	28.59	22.16
Diluted adjusted earnings per share, SEK <sup>4)</sup>	3	5.89	5.93	21.56	15.24	28.49	22.15
Cash flow after investm., excl. acquisitions and disposals		– 68	308	471	339	628	496
Net investm. affecting cash fl., excl. acquis. and disposals		107	73	336	212	401	277
Cash conversion, % <sup>5)</sup>		—	—	—	—	63	66
Return on capital employed, %		31.2	24.7	31.2	24.7	31.2	26.6
Return on shareholders' equity, %		33.1	26.2	33.1	26.2	33.1	29.4
Equity/assets ratio, %		46	42	46	42	46	45
Net financial assets (+) / liabilities (–)		16	– 324	16	– 324	16	– 153

\* Including non-recurring items of SEK +20 million in Q1 2018 and SEK –17 million in Q3 2018, which affected operating profit by a net amount of SEK +3 million.

<sup>1)</sup> Operating profit (EBITDA): Earnings before financial income and expense, taxes and depreciation/amortisation.

<sup>2)</sup> Operating profit (EBITA): Earnings before financial income and expense, taxes and amortisation of intangible assets arising from acquisitions.

<sup>3)</sup> Operating profit (EBIT): Earnings before financial income and expense and taxes.

<sup>4)</sup> Adjusted earnings per share: Profit after tax, excluding amortisation of intangible assets arising from acquisitions, divided by the average number of shares.

<sup>5)</sup> Cash conversion: Cash flow after investments, excl. acquisitions and disposals, divided by operating profit (EBIT). Cash flow and operating profit have been adjusted by non-recurring items, if any.

This document is a translation from Swedish. In the event of any difference between this version and the Swedish original, the latter shall prevail.

## Third quarter 2018

- Sales rose to SEK 1,980 million (1,749); adjusted for currency and a divestment, sales increased by 4%
- Strong growth for Medical Solutions
- Operating profit (EBITA) rose to SEK 222 million (209) excl. non-recurring items
- EBITA margin of 11.2% (11.9), excl. non-recurring items
- Non-recurring item of SEK –17 million from the divestment of a subsidiary

### Sales

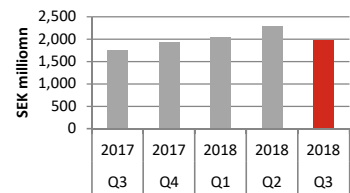
Consolidated sales rose by 13% to SEK 1,980 million (1,749). Adjusted for currency and a divestment sales growth was 4%.

Medical Solutions sales rose to SEK 596 million (459); adjusted for currency, sales grew by a strong 22%. Volumes have grown in both the Medical Devices and Pharma Packaging sectors. Continued high sales from development work and additional invoicing of production equipment amounting to SEK 35 million have contributed to the strong growth. The business area is expanding production capacity in the US in the second half of the year.

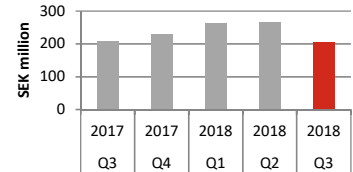
Integrated Solutions sales rose to SEK 892 million (819); adjusted for currency, sales decreased by 6%. High volumes of Heating Device products continued to be delivered for the Vaporiser Heating Products (VHP) area during the quarter. The percentage of launch volumes has decreased compared with previously. Total volumes have so far continued at a similar level in the fourth quarter. Nolato assesses, however, that overall fourth-quarter sales will be lower than for the third quarter owing to temporary inventory adjustments. Mobile phone volumes were weak in the quarter, while the EMC area demonstrated good growth.

Industrial Solutions sales rose to SEK 492 million (473); adjusted for currency and a divestment, sales increased by 2%. Volumes were stable in most product areas. The business area will begin production in the US in the first half of 2019. Production will take place in cooperation with our Medical Solutions unit in Wisconsin.

### Sales

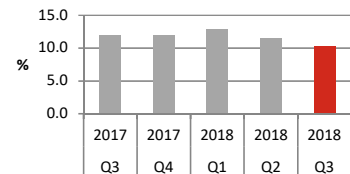


### Operating profit (EBITA)



Including non-recurring items of SEK +20 million in Q1 2018 and SEK –17 million in Q3 2018

### EBITA margin



## Profit

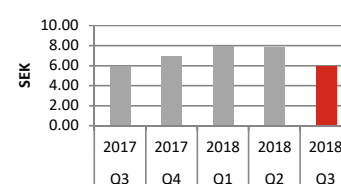
The Group's operating profit (EBITA) increased to SEK 222 million (209) excluding non-recurring items. Including non-recurring items, profit amounted to SEK 205 million (209).

Operating profit (EBITA) increased to SEK 76 million (60) for Medical Solutions and to SEK 114 million (105) for Integrated Solutions. Industrial Solutions operating profit decreased to SEK 35 million (47).

The EBITA margin for Medical Solutions was 12.8% (13.1). The margin has been temporarily affected by higher invoicing of production equipment with a lower margin. The EBITA margin for Integrated Solutions was unchanged at a very strong 12.8% (12.8). The higher margin than in the second quarter of the year, which had a margin of 11.8 %, was due to more even capacity utilisation in the third quarter. The EBITA margin for Industrial Solutions was 7.1% (9.9). The weak margin is due to uneven capacity utilisation and unsatisfactory efficiency in the automotive area.

Overall, the Group's EBITA margin was 11.2% (11.9) excluding non-recurring items. Including non-recurring items, the margin was 10.4% (11.9).

## Basic adjusted earnings per share



Including non-recurring items of SEK +20 million in Q1 2018 and SEK -17 million in Q3 2018

## Sales, operating profit (EBITA) and EBITA margin by business area

SEK million	Sales Q3/2018	Sales Q3/2017	Op. profit EBITA Q3/2018	Op. profit EBITA Q3/2017	EBITA margin Q3/2018	EBITA margin Q3/2017
Medical Solutions	596	459	76	60	12.8%	13.1%
Integrated Solutions	892	819	114	105	12.8%	12.8%
Industrial Solutions	492	473	35	47	7.1%	9.9%
Intra-Group adj., Parent Company*	—	-2	-20	-3	—	—
<b>Group total</b>	<b>1,980</b>	<b>1,749</b>	<b>205</b>	<b>209</b>	<b>10.4%</b>	<b>11.9%</b>

\* Including a non-recurring item of SEK -17 million in Q3 2018, which had a negative impact on operating profit.

Operating profit (EBITA): Earnings before financial income and expense, taxes and amortisation of intangible assets arising from acquisitions.

Operating profit (EBIT) rose to SEK 220 million (206) excluding non-recurring items. Including non-recurring items, profit amounted to SEK 203 million (206).

Profit after net financial income/expense was SEK 198 million (198). Net financial income/expense included currency exchange rate fluctuations affecting earnings by SEK -2 million (-4).

During the quarter, on 5 July the subsidiary Nolato Hertila AB was sold to Essentra International AB, which is part of Essentra Plc. The sale was reported as an event after the balance sheet date in the second-quarter interim report. The sale price was SEK 58 million, resulting in a consolidated capital loss of SEK 17 million, which was recognised under other operating expenses. This non-recurring item has been recognised at Group level and has consequently not affected the profit of the business areas. Profit after tax was SEK 154 million (153). Basic earnings per share increased to SEK 5.85 (5.82). Excluding non-recurring items, basic earnings per share amounted to SEK 6.50 (5.82). Adjusted basic earnings per share excluding amortisation of intangible assets arising from acquisitions were SEK 5.93 (5.93).

## First nine months 2018

### Sales and earnings

Consolidated sales rose by 32% to SEK 6,321 million (4,794) in the first nine months of 2018. Adjusted for currency and a divestment, sales rose by a strong 29%.

Sales for Medical Solutions rose by 17% to SEK 1,690 million (1,444), for Integrated Solutions by 58% to SEK 3,017 million (1,910) and for Industrial Solutions by 11% to SEK 1,614 million (1,450).

The Group's operating profit (EBITA) increased sharply to SEK 735 million (533). Excluding non-recurring items, profit amounted to SEK 732 million (533). In the first quarter, a distribution from the previous bankruptcy of a customer in 2006 was recognised, boosting earnings by SEK 20 million (0) and being recognised under other operating income. In the third quarter, a capital loss was recognised for the sale of a subsidiary, reducing earnings by SEK -17 million (0) and being recognised under other operating expenses. These non-recurring items have been recognised at Group level and have consequently not affected the profit of the business areas. The EBITA margin was a strong 11.6% (11.1).

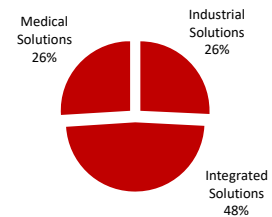
Operating profit (EBIT) was SEK 728 million (522); excluding non-recurring items, profit increased to SEK 725 million (522).

Profit after net financial income/expense was SEK 711 million (506).

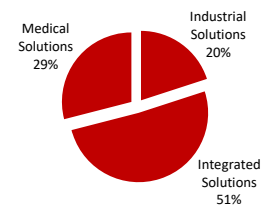
Profit after tax rose to SEK 564 million (392). Basic earnings per share increased to SEK 21.44 (14.90). Excluding non-recurring items, basic earnings per share amounted to SEK 21.17 (14.90). Adjusted basic earnings per share excluding amortisation of intangible assets arising from acquisitions were SEK 21.67 (15.24). The effective tax rate was 20.7% (22.5). Excluding non-recurring items and adjustment to a lower tax rate in Sweden, the tax rate was 21.3% (22.5).

The return on capital employed was 31.2% for the last 12 months (26.6% for the 2017 calendar year). Return on equity was 33.1% for the last 12 months (29.4% for the 2017 calendar year).

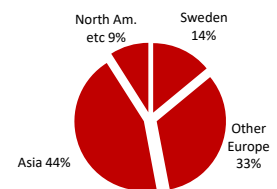
#### Business areas' share of sales



#### Business areas' share of operating profit (EBITA)



#### Sales by geographic markets



## Medical Solutions

Sales and profit Q1-Q3 (SEK million)	2018	2017
Sales	1,690	1,444
Operating profit (EBITA)	218	189
EBITA margin (%)	12.9	13.1
Operating profit (EBIT)	214	181

Medical Solutions sales rose to SEK 1,690 million (1,444); adjusted for currency, sales grew by a strong 14%. Volumes increased in both the Medical Devices and Pharma Packaging sectors, but especially in Medical Devices in which the ramp-up of new customer projects made a positive contribution. Activity remains high in Nolato's market, with project activity primarily in autoinjectors for biological medication, insulin products and incontinence products.

Operating profit (EBITA) rose to SEK 218 million (189) and the EBITA margin was 12.9% (13.1).

Strong growth has meant that, as per previously communicated decisions, Nolato is expanding production capacity in Hungary, Sweden and Switzerland. This work is proceeding according to plan and is estimated to be complete around year-end. The business area is also expanding production capacity in the US, which is expected to be complete in spring 2019.

## Integrated Solutions

Sales and profit Q1-Q3 (SEK million)	2018	2017
Sales	3,017	1,910
Operating profit (EBITA)	374	216
EBITA margin (%)	12.4	11.3
Operating profit (EBIT)	374	216

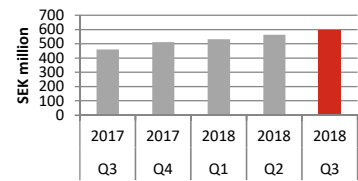
Integrated Solutions sales rose by 58% to SEK 3,017 million (1,910); adjusted for currency, sales increased by an exceptionally strong 54%. Very high volumes were delivered for the vaporiser heating products (VHP) product area. Heating Devices in particular enjoyed high launch volumes and inventory build-up at customers.

For the remainder of 2018, end-customer demand is expected to account for the majority of volumes, still at a high level but lower than in the third quarter owing to temporary inventory adjustments. Mobile phone volumes remained relatively weak, while the EMC area showed growth.

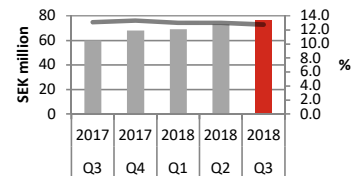
Operating profit (EBITA) rose sharply to SEK 374 million (216). The EBITA margin was a strong 12.4% (11.3).

The business area is starting to launch production in Suzhou in the second half of the year in order to transfer parts of production from Beijing. The new establishment will broaden our geographical presence, and help the company gain greater flexibility and diversification. The business area's unit in Shenzhen, southern China, where we have had a sales/technology office, is also being expanded with production capacity for consumer electronics.

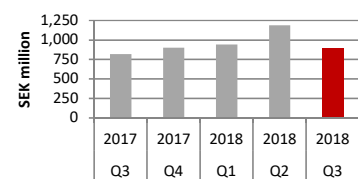
### Medical Solutions sales



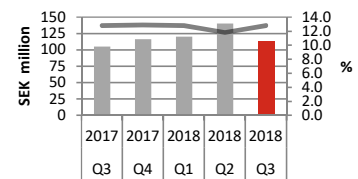
### Medical Solutions operating profit (EBITA) & EBITA margin %



### Integrated Solutions sales



### Integrated Solutions operating profit (EBITA) & EBITA margin %



## Industrial Solutions

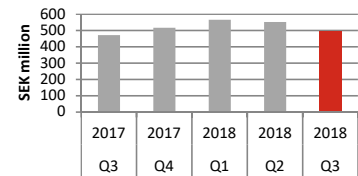
Sales and profit Q1-Q3 (SEK million)	2018	2017
Sales	1,614	1,450
Operating profit (EBITA)	147	143
EBITA margin (%)	9.1	9.9
Operating profit (EBIT)	144	140

Industrial Solutions sales amounted to SEK 1,614 million (1,450); adjusted for currency and a divestment, sales increased by a strong 10%. There was positive development of volumes in almost all product areas, particularly automotive and hygiene. Advanced market positions and a sustained high level of invoicing for development work and production equipment contributed to the robust growth.

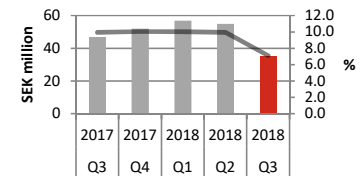
Operating profit (EBITA) increased to SEK 147 million (143), with an EBITA margin of 9.1% (9.9). The lower margin has been affected by uneven capacity utilisation and unsatisfactory efficiency in the third quarter.

The business area will begin production in the US in the first half of 2019. Production will take place in cooperation with our Medical Solutions unit in Wisconsin.

### Industrial Solutions sales



### Industrial Solutions operating profit (EBITA) & EBITA margin %



## Cash flow

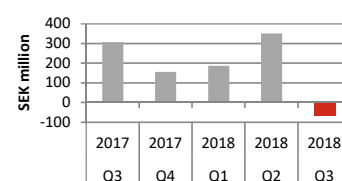
Cash flow after investments in the third quarter amounted to SEK –14 million (308). The change in working capital for the quarter was negative.

Net investment affecting cash flow rose to SEK 107 million (73), excluding the divestment of a subsidiary. Ongoing expansion of production facilities and investment in capacity in response to strong growth are resulting in increased investment. Including the effect of the divestment, net investment affecting cash flow amounted to SEK 53 million (73).

On an accumulated basis for the first nine months, cash flow after investment rose to SEK 525 million (339), through increased profit and improved working capital. Excluding the divestment, cash flow was SEK 471 million (339). On an accumulated basis, net investment affecting cash flow totalled SEK 336 million (212), excluding the divestment.

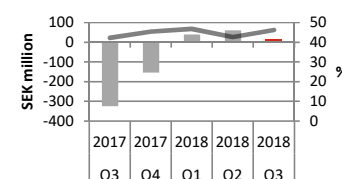
A dividend totalling SEK 329 million (276) was paid to shareholders in the second quarter. Cash conversion for the last 12 months was 63% (66% for the 2017 calendar year).

## Cash flow after investments



Excluding acquisitions and disposals

## Net financial assets (+) & liabilities (-) & equity/assets ratio



## Financial position

Interest-bearing assets increased to SEK 818 million (561), while interest-bearing liabilities and provisions declined to SEK 802 million (885). Net financial assets consequently totalled SEK 16 million (net financial liability of SEK –324 million). The strong cash flow of the last 12 months has eliminated the previous net debt. Shareholders' equity rose to SEK 2,422 million (1,950). The equity/assets ratio was 46% (42).

## Consolidated performance analysis

SEK million	Note	Q3 2018	Q3 2017	Q1 - Q3 2018	Q1 - Q3 2017	Rolling 12 months	Full year 2017
Net sales	1	1,980	1,749	6,321	4,794	8,247	6,720
Gross profit excl. depreciation/amortisation		354	335	1,146	925	1,512	1,291
<i>As a percentage of net sales</i>		17.9	19.2	18.1	19.3	18.3	19.2
Costs		-87	-72	-232	-231	-312	-311
<i>As a percentage of net sales</i>		4.4	4.1	3.7	4.8	3.8	4.6
Operating profit (EBITDA)		267	263	914	694	1,200	980
<i>As a percentage of net sales</i>		13.5	15.0	14.5	14.5	14.6	14.6
Depreciation and amortisation		-62	-54	-179	-161	-235	-217
Operating profit (EBITA)		205	209	735	533	965	763
<i>As a percentage of net sales</i>		10.4	11.9	11.6	11.1	11.7	11.4
Amortisation of intangible assets arising from acquisitions		-2	-3	-7	-11	-10	-14
Operating profit (EBIT)	2	203	206	728	522	955	749
Financial income and expense	2	-5	-8	-17	-16	-19	-18
Profit after financial income and expense	2	198	198	711	506	936	731
Tax		-44	-45	-147	-114	-192	-159
<i>As a percentage of profit after financial income and expense</i>		22.2	22.7	20.7	22.5	20.5	21.8
Profit after tax		154	153	564	392	744	572

## ■ Financial position

SEK million	30/09/2018	30/09/2017	31/12/2017
Interest-bearing liabilities, credit institutions	- 610	- 703	- 638
Interest-bearing pension liabilities	- 192	- 182	- 184
<b>Total borrowings</b>	<b>- 802</b>	<b>- 885</b>	<b>- 822</b>
Cash and bank	818	561	669
<b>Net financial assets (+) / liabilities (-)</b>	<b>16</b>	<b>- 324</b>	<b>- 153</b>
Working capital	279	391	390
<i>As a percentage of sales (avg.) (%)</i>	<i>4.1</i>	<i>5.7</i>	<i>5.3</i>
Capital employed	3,225	2,836	2,980
<i>Return on capital employed (avg.) (%)</i>	<i>31.2</i>	<i>24.7</i>	<i>26.6</i>
Shareholders' equity	2,422	1,950	2,159
<i>Return on shareholders' equity (avg.) (%)</i>	<i>33.1</i>	<i>26.2</i>	<i>29.4</i>

## ■ Personnel

The average number of employees during the period was 6,376 people (7,283). The decrease in the number of employees is mainly attributable to Integrated Solutions' operations in China.

## ■ Significant risks and uncertainty factors

The business risks and risk management of the Group and the Parent Company, along with the management of financial risks, are described in the 2017 Annual Report on pages 52 – 53, and in Note 28 on pages 75 – 77.

No significant events have occurred during the period that would significantly affect or change these descriptions of the Group's and the Parent Company's risks or the management thereof.

### ■ Seasonal effects

Nolato does not experience any significant seasonal variations. However, in the third quarter sales within Industrial Solutions, and to a certain degree Medical Solutions, can be negatively affected by the fact that the holiday period falls in this quarter both for Nolato and its customers.

## ■ Events after the balance sheet date

No significant events have occurred since the end of the period.

## ■ Ownership and legal structure

Nolato AB (publ), Swedish corporate identity number 556080-4592, is the Parent Company of the Nolato Group.

Nolato's Class B shares are listed on the Nasdaq Stockholm exchange in the Mid Cap segment, where they are included in the Industrials sector.

There were 12,773 shareholders at 30 September. The largest shareholders are the Jorlén family with 10%, the Boström family with 9%, the Hamrin family with 8%, Capital Group with 5%, Lannebo Funds with 4% and Didner & Gerge Funds with 2%, of the capital.

## ■ Contact:

- Christer Wahlquist, President and CEO, tel. +46705 804848
- Per-Ola Holmström, CFO, tel. +46705 763340

*This information is information that Nolato AB is obliged to publish pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the above contact persons, at 2:30 p.m. CET on 24 October 2018.*

*This report has not been audited by the Company's auditors.*



## ■ The Parent Company

For the Parent Company, which has no operational activities, sales amounted to SEK 49 million (40). Profit after financial income and expense amounted to SEK 101 million (76). Contingent liabilities amounted to 134 MSEK (110).

## ■ Accounting and valuation principles

Nolato's consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU.

The consolidated year-end report has been prepared in accordance with IAS 34 (Interim Financial Reporting) and the applicable provisions of the Swedish Annual Accounts Act. The Swedish Securities Market Act has been applied in relation to publication of this interim report.

The consolidated accounts have been prepared in accordance with the same principles as those applied in the most recent Annual Report, which are described in the 2017 Annual Report.

The new or revised IFRS standards or IFRIC interpretations, which came into effect on 1 January 2018, have not had any material effect on the consolidated income statement or balance sheet.

The interim report for the Parent Company was prepared in accordance with Chapter 9 of the Swedish Annual Accounts Act.

## ■ IFRS 16 Leases

IFRS 16 Leases replaces IAS 17 as of 1 January 2019. The standard removes the requirement in IAS 17 for the lessee to classify leases as either operating or finance leases, and instead introduces a collective model for all leases. In this model the lessee must recognise (a) assets and liabilities for all leases with a lease term of more than 12 months, with the exception of assets with a low value; and (b) depreciation of leased assets separately from debt interest on leases in the income statement.

Details will be provided in the next year-end report about how IFRS 16 Leases will affect consolidated financial statements.

## ■ Nomination Committee

In accordance with a decision at Nolato's AGM on 24 April 2018, the five largest shareholders in terms of the number of votes at the end of September 2018 have appointed the following individuals to be included in Nolato's Nomination Committee ahead of the 2019 AGM: Henrik Jorlén (chairman), Gun Boström, Lovisa Hamrin, and Johan Ståhl (Lannebo Funds).

Shareholders who would like to submit proposals to the Nomination Committee can contact the chairman of the Nomination Committee, Henrik Jorlén, by email at [henrik.jorlen@gmail.com](mailto:henrik.jorlen@gmail.com) or by post at Kommendörsgatan 4, 269 77 Torekov, Sweden.

## ■ Annual General Meeting

The Annual General Meeting will be held on 8 May 2019.

## ■ Financial calendar

- 2018 year-end report: 12 February 2019
- Three-month interim report 2019: 8 May 2019
- 2019 Annual General Meeting: 8 May 2019
- Six-month interim report 2019: 18 July 2019
- Nine-month interim report 2019: 23 October 2019

*Torekov, 24 October 2018*

*Nolato AB (publ)*

*Christer Wahlquist, President and CEO*

## The company in brief

### ■ Nolato's business

Nolato develops and manufactures products in polymer materials such as plastic, silicone and TPE for leading customers within medical technology, pharmaceuticals, consumer electronics, telecom, automotive and other selected industrial sectors.

Operations encompass everything from individual components, which the customer assembles in its own product, to complete products that are ready for delivery to a customer's client.

Nolato also develops and manufactures its own products, such as pharmaceutical packaging.

### ■ Nolato's business model

Nolato's business model is based on close, long-term, innovative collaboration with our customers. By being part of their process at an early stage and providing support during both the development and production phases, Nolato helps its customers create a product that is as competitive as possible.

Nolato creates added value for its customers and owners through progressive, leading technology, extensive expertise in development and design, advanced project management and highly efficient production.

### ■ Nolato's strategies

- Early involvement in customers' development processes
- Close and long-term collaboration/partnerships with our customers
- Innovative, integrated and high-tech solutions
- High productivity/Lean manufacturing
- Advancing up the value chain/Greater added value
- Global presence
- Responsible business practice

## ■ Consolidated income statement (summary)

SEK million	Note	Q3 2018	Q3 2017	Q1 - Q3 2018	Q1 - Q3 2017	Rolling 12 months	Full year 2017
Net sales	1	1,980	1,749	6,321	4,794	8,247	6,720
Cost of goods sold		- 1,687	- 1,467	- 5,351	- 4,026	- 6,967	- 5,642
<b>Gross profit</b>		<b>293</b>	<b>282</b>	<b>970</b>	<b>768</b>	<b>1,280</b>	<b>1,078</b>
Other operating income		5	3	27	8	31	12
Selling expenses		- 29	- 26	- 90	- 87	- 119	- 116
Administrative expenses		- 53	- 48	- 162	- 152	- 215	- 205
Other operating expenses		- 13	- 5	- 17	- 15	- 22	- 20
		- 90	- 76	- 242	- 246	- 325	- 329
<b>Operating profit</b>	2	<b>203</b>	<b>206</b>	<b>728</b>	<b>522</b>	<b>955</b>	<b>749</b>
Financial income and expense	2	- 5	- 8	- 17	- 16	- 19	- 18
<b>Profit after financial income and expense</b>	2	<b>198</b>	<b>198</b>	<b>711</b>	<b>506</b>	<b>936</b>	<b>731</b>
Tax		- 44	- 45	- 147	- 114	- 192	- 159
<b>Profit after tax</b>		<b>154</b>	<b>153</b>	<b>564</b>	<b>392</b>	<b>744</b>	<b>572</b>
All earnings are attrib. to the Parent Co.'s shareholders							
Depreciation/amortisation		64	57	186	172	245	231
Basic earnings per share, SEK*	3	5.85	5.82	21.44	14.90	28.28	21.74
Diluted earnings per share, SEK*	3	5.81	5.82	21.33	14.90	28.19	21.74
Number of shares at the end of the period, before dilution*		26,307,408	26,307,408	26,307,408	26,307,408	26,307,408	26,307,408
Number of shares at the end of the period, after dilution*		26,485,487	26,313,754	26,485,487	26,313,754	26,485,487	26,342,651
Average number of shares, before dilution*		26,307,408	26,307,408	26,307,408	26,307,408	26,307,408	26,307,408
Average number of shares, after dilution*		26,500,451	26,310,877	26,439,691	26,309,142	26,393,746	26,315,844

\* At the end of the period the Group had two share warrant programmes, Series 1 and Series 2. Series 1 has redemptions from 01/05/2019 to 15/12/2019 and Series 2 from 01/05/2020 to 15/12/2020. The subscription price is SEK 296.30 for Series 1 and SEK 485.10 for Series 2. The programmes have been taken into account in calculating the number of shares after dilution. Upon full subscription, the programmes provide a maximum of 436,700 new class B shares.

## ■ Consolidated comprehensive income

SEK million		Q3 2018	Q3 2017	Q1 - Q3 2018	Q1 - Q3 2017	Rolling 12 months	Full year 2017
<b>Profit after tax</b>		<b>154</b>	<b>153</b>	<b>564</b>	<b>392</b>	<b>744</b>	<b>572</b>
<b>Other comprehensive income</b>							
<i>Items that cannot be transferred to profit for the period</i>							
Revaluations of defined benefit pension plans		—	1	—	17	- 1	16
Tax attributable to items that cannot be transferred to profit for the period		—	—	—	- 3	1	- 2
		—	1	—	14	—	14
<i>Items that have been converted or can be converted into profit for the period</i>							
Translation diff. for the period on transl. of foreign operations		- 34	- 19	30	- 33	57	- 6
Changes in the fair val. of cash flow hedges for the period*		1	—	- 3	4	- 4	3
Tax attr. to changes in the fair val. of cash flow hedges*		—	—	1	- 1	1	- 1
		- 33	- 19	28	- 30	54	- 4
<b>Other comprehensive income, net of tax</b>		<b>- 33</b>	<b>- 18</b>	<b>28</b>	<b>- 16</b>	<b>54</b>	<b>10</b>
<b>Total comp. income for the period attributable to the Parent Co.'s shareholders</b>		<b>121</b>	<b>135</b>	<b>592</b>	<b>376</b>	<b>798</b>	<b>582</b>

\* Financial instruments are measured at fair value in the statement of financial position, pursuant to measurement hierarchy Level 2.

## Consolidated balance sheet (summary)

SEK million	30/09/2018	30/09/2017	31/12/2017
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible non-current assets	780	810	813
Property, plant and equipment	1,471	1,205	1,243
Non-current financial assets	2	2	2
Other non-current receivables	1	1	1
Deferred tax assets	51	42	52
<b>Total fixed assets</b>	<b>2,305</b>	<b>2,060</b>	<b>2,111</b>
<b>Current assets</b>			
Inventories	742	534	530
Accounts receivable	1,012	1,109	1,128
Other current assets* <sup>2)</sup>	351	348	314
Cash and bank	818	561	669
<b>Total current assets</b>	<b>2,923</b>	<b>2,552</b>	<b>2,641</b>
<b>Total assets</b>	<b>5,228</b>	<b>4,612</b>	<b>4,752</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>	<b>2,422</b>	<b>1,950</b>	<b>2,159</b>
Long-term liabilities and provisions <sup>1)</sup>	806	750	757
Deferred tax liabilities <sup>1)</sup>	87	93	103
Current liabilities and provisions* <sup>1) 3)</sup>	1,913	1,819	1,733
<b>Total liabilities and provisions</b>	<b>2,806</b>	<b>2,662</b>	<b>2,593</b>
<b>Total shareholders' equity and liabilities</b>	<b>5,228</b>	<b>4,612</b>	<b>4,752</b>
<sup>1)</sup> Interest-bearing/non-interest-bearing liabilities and provisions:			
Interest-bearing liabilities and provisions	802	885	822
Non-interest-bearing liabilities and provisions	2,004	1,777	1,771
<b>Total liabilities and provisions</b>	<b>2,806</b>	<b>2,662</b>	<b>2,593</b>
* Financial instruments are measured at fair value in the statement of financial position, pursuant to measurement hierarchy Level 2.			
<sup>2)</sup> Derivative assets are included in other current assets at	—	31	8
<sup>3)</sup> Derivative liabilities are included in current liabilities and provisions at	18	—	—

## Changes in consolidated shareholders' equity (summary)

SEK million	Q1 - Q3 2018	Q1 - Q3 2017	Full year 2017
<b>Shareholders' equity at the beginning of the period</b>	<b>2,159</b>	<b>1,850</b>	<b>1,850</b>
Total comprehensive income for the period	592	376	582
Dividends	- 329	- 276	- 276
Share warrants included in incentive programme	—	—	3
<b>Shareholders' equity at the end of period attrib. to Parent Co's shareholders</b>	<b>2,422</b>	<b>1,950</b>	<b>2,159</b>

In 2018, a dividend totalling SEK 329 million was paid to the Parent Company's shareholders, corresponding to a dividend of SEK 12.50 per share. At the end of the period the Group had two share warrant programmes, Series 1 and Series 2. Series 1 has redemptions from 01/05/2019 to 15/12/2019 and Series 2 from 01/05/2020 to 15/12/2020. The subscription price is SEK 296.30 for Series 1 and SEK 485.10 for Series 2. The programmes have been taken into account in calculating the number of shares after dilution. Upon full subscription, the programmes provide a maximum of 436,700 new class B shares.

## Consolidated cash flow statement (summary)

SEK million	Q3 2018	Q3 2017	Q1 - Q3 2018	Q1 - Q3 2017	Rolling 12 months	Full year 2017
Cash flow from operating activities bef. changes in working capital	220	225	722	589	1,032	899
Changes in working capital	- 181	156	85	- 38	- 3	- 126
<b>Cash flow from operating activities</b>	<b>39</b>	<b>381</b>	<b>807</b>	<b>551</b>	<b>1,029</b>	<b>773</b>
Cash flow from investment activities	- 53	- 73	- 282	- 212	- 347	- 277
<b>Cash flow before financing activities</b>	<b>- 14</b>	<b>308</b>	<b>525</b>	<b>339</b>	<b>682</b>	<b>496</b>
Cash flow from financing activities	- 27	- 102	- 395	- 154	- 463	- 222
<b>Cash flow for the period</b>	<b>- 41</b>	<b>206</b>	<b>130</b>	<b>185</b>	<b>219</b>	<b>274</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>891</b>	<b>380</b>	<b>669</b>	<b>411</b>	<b>—</b>	<b>411</b>
Exchange rate difference in liquid assets	- 32	- 25	19	- 35	—	- 16
<b>Cash and cash equivalents at the end of the period</b>	<b>818</b>	<b>561</b>	<b>818</b>	<b>561</b>	<b>—</b>	<b>669</b>

## Note 1 Revenue from contracts with customers

SEK million	Q1 - Q3 - 2018				Q1 - Q3 - 2017				Full year - 2017			
	Sum	Medical Sol.	Integr. Sol.	Indust. Sol.	Sum	Medical Sol.	Integr. Sol.	Indust. Sol.	Sum	Medical Sol.	Integr. Sol.	Indust. Sol.
Sweden	894	106	40	748	911	123	106	682	1,235	167	122	946
Other Europe	2,100	1,104	279	717	1,696	947	110	639	2,297	1,288	164	845
North America etc.	531	411	25	95	459	324	49	86	613	429	66	118
Asia	2,796	69	2,673	54	1,738	50	1,645	43	2,588	71	2,458	59
Elimination internal sales	—	—	—	—	- 10	—	—	—	- 13	—	—	—
<b>Tot. revenues fr. customer contr.</b>	<b>6,321</b>	<b>1,690</b>	<b>3,017</b>	<b>1,614</b>	<b>4,794</b>	<b>1,444</b>	<b>1,910</b>	<b>1,450</b>	<b>6,720</b>	<b>1,955</b>	<b>2,810</b>	<b>1,968</b>

The above table essentially covers products transferred at a specific date.

For the first 9 months, the Group has an increased provision for anticipated credit losses on trade receivables and contract assets, with SEK 10 million (1) among the cost of goods sold.

## Note 2 Reconciliation of consolidated income before tax

SEK million	Q1 - Q3 2018	Q1 - Q3 2017	Rolling 12 months	Full year 2017
<b>Operating profit (EBIT)</b>				
Medical Solutions	214	181	280	247
Integrated Solutions	374	216	490	332
Industrial Solutions	144	140	195	191
Group adjustments, Parent Company*	- 4	- 15	- 10	- 21
<b>Consolidated operating profit (EBIT)*</b>	<b>728</b>	<b>522</b>	<b>955</b>	<b>749</b>
Financial income and expense (not distributed by business areas)	- 17	- 16	- 19	- 18
<b>Consolidated profit before tax</b>	<b>711</b>	<b>506</b>	<b>936</b>	<b>731</b>

\* Including non-recurring items of SEK +20 million in Q1 2018 and SEK -17 million in Q3 2018, which affected operating profit by a net amount of SEK +3 million.

### Note 3 Earnings per share (IFRS measures)

SEK million	Q3 2018	Q3 2017	Q1 - Q3 2018	Q1 - Q3 2017	Rolling 12 months	Full year 2017
Profit after tax	154	153	564	392	744	572
Average number of shares, before dilution	26,307,408	26,307,408	26,307,408	26,307,408	26,307,408	26,307,408
<b>Basic earnings per share (SEK)</b>	<b>5.85</b>	<b>5.82</b>	<b>21.44</b>	<b>14.90</b>	<b>28.28</b>	<b>21.74</b>
Non-recurring items	17	—	-7	—	-7	—
Profit after tax excl. non-recurring items	171	153	557	392	737	572
<b>Basic earnings per share excl. non-recurring items (SEK)</b>	<b>6.50</b>	<b>5.82</b>	<b>21.17</b>	<b>14.90</b>	<b>28.01</b>	<b>21.74</b>
Dilutive shares from Series 1 incentive programme with exercise price SEK 296.30 per share; total 240,500 warrants	136,178	3,469	101,820	1,734	55,875	8,436
Dilutive shares from Series 2 incentive programme with exercise price SEK 485.10 per share; total 196,200 warrants	56,865	—	30,463	—	30,463	—
Average number of shares, after dilution	26,500,451	26,310,877	26,439,691	26,309,142	26,393,746	26,315,844
<b>Diluted earnings per share (SEK)</b>	<b>5.81</b>	<b>5.82</b>	<b>21.33</b>	<b>14.90</b>	<b>28.19</b>	<b>21.74</b>
<b>Diluted earnings per share excl. non-recurring items (SEK)</b>	<b>6.45</b>	<b>5.82</b>	<b>21.07</b>	<b>14.90</b>	<b>27.92</b>	<b>21.74</b>
Number of shares at the end of the period, before dilution	26,307,408	26,307,408	26,307,408	26,307,408	26,307,408	26,307,408
Number of shares at the end of the period, after dilution	26,485,487	26,313,754	26,485,487	26,313,754	26,485,487	26,342,651

At the end of the period the Group had two share warrant programmes, Series 1 and Series 2. Series 1 has redemptions from 01/05/2019 to 15/12/2019 and Series 2 from 01/05/2020 to 15/12/2020. The subscription price is SEK 296.30 for Series 1 and SEK 485.10 for Series 2. The programmes have been taken into account in calculating the number of shares after dilution. Upon full subscription, the programmes provide a maximum of 436,700 new class B shares.

### Adjusted earnings per share (alternative performance measures)

SEK million	Q3 2018	Q3 2017	Q1 - Q3 2018	Q1 - Q3 2017	Rolling 12 months	Full year 2017
Profit after tax	154	153	564	392	744	572
Adjusted earnings:						
Amortisation of intangible assets arising from acquisitions	2	3	7	11	10	14
Tax on amortisation	—	—	-1	-2	-2	-3
<b>Adjusted earnings</b>	<b>156</b>	<b>156</b>	<b>570</b>	<b>401</b>	<b>752</b>	<b>583</b>
Average number of shares, before dilution	26,307,408	26,307,408	26,307,408	26,307,408	26,307,408	26,307,408
<b>Basic adjusted earnings per share (SEK)</b>	<b>5.93</b>	<b>5.93</b>	<b>21.67</b>	<b>15.24</b>	<b>28.59</b>	<b>22.16</b>
Non-recurring items	17	—	-7	—	-7	—
Adjusted earnings after tax, excl. non-recurring items	173	156	563	401	745	583
<b>Basic adjusted earn. per share excl. non-recurring items (SEK)</b>	<b>6.58</b>	<b>5.93</b>	<b>21.40</b>	<b>15.24</b>	<b>28.32</b>	<b>22.16</b>
Average number of shares, after dilution	26,500,451	26,310,877	26,439,691	26,309,142	26,393,746	26,315,844
<b>Diluted adjusted earnings per share (SEK)</b>	<b>5.89</b>	<b>5.93</b>	<b>21.56</b>	<b>15.24</b>	<b>28.49</b>	<b>22.15</b>
<b>Diluted adjust. earn. per share excl. non-recurring items (SEK)</b>	<b>6.53</b>	<b>5.93</b>	<b>21.29</b>	<b>15.24</b>	<b>28.23</b>	<b>22.15</b>

### Five-year overview

IFRS measures	2017	2016	2015	2014	2013
Operating profit (EBIT) (SEK million)	749	443	556	454	411
Earnings per share, before and after dilution (SEK)	21.74	12.77	15.97	13.84	11.94
<b>Alternative performance measures</b>					
Net sales (SEK million)	6,720	4,447	4,726	4,234	4,522
Operating profit (EBITA) (SEK million)	763	457	570	470	427
EBITA margin (%)	11.4	10.3	12.1	11.1	9.4
Profit after financial income and expense (SEK million)	731	438	555	462	403
Profit after tax (SEK million)	572	336	420	364	314
Cash flow after investments, excl. acq. and disposals (SEK million)	496	245	288	127	362
Cash conversion (%)	66	55	52	28	82
Return on capital employed (%)	26.6	20.6	29.6	28.4	26.7
Return on shareholders' equity (%)	29.4	19.0	25.3	25.0	24.9
Net financial liabilities (-) assets (+) (SEK million)	-153	-408	122	59	122
Equity/assets ratio (%)	45	47	54	54	52
Basic adjusted earnings per share (SEK)	22.16	13.19	16.35	14.29	12.39
Dividend per share (SEK)	12.50	10.50	10.00	8.50	8.00
Average number of employees	7,249	6,418	7,759	8,020	9,357

Including any non-recurring items.

## Quarterly data (summary)

IFRS measures	Note		Q1*	Q2	Q3*	Q4	Full year
Operating profit (EBIT) (SEK million)	2	2018	261	264	203	—	—
	2	2017	142	174	206	227	749
		2016	110	106	101	126	443
Basic earnings per share (SEK)	3	2018	7.83	7.75	5.85	—	—
	3	2017	4.11	4.98	5.82	6.84	21.74
		2016	3.16	3.00	3.00	3.61	12.77
Diluted earnings per share (SEK)	3	2018	7.80	7.70	5.81	—	—
	3	2017	4.11	4.98	5.82	6.84	21.74
		2016	3.16	3.00	3.00	3.61	12.77
<b>Alternative performance measures</b>							
Net sales (SEK million)	1	2018	2,039	2,302	1,980	—	—
	1	2017	1,370	1,675	1,749	1,926	6,720
		2016	1,022	1,037	1,036	1,352	4,447
Operating profit (EBITDA) (SEK million)		2018	322	325	267	—	—
		2017	199	232	263	286	980
		2016	155	152	149	180	636
Operating profit (EBITA) (SEK million)		2018	264	266	205	—	—
		2017	146	178	209	230	763
		2016	113	110	104	130	457
EBITA margin (%)		2018	12.9	11.6	10.4	—	—
		2017	10.7	10.6	11.9	11.9	11.4
		2016	11.1	10.6	10.0	9.6	10.3
Profit after financial income and expense (SEK million)	2	2018	256	257	198	—	—
	2	2017	138	170	198	225	731
		2016	109	103	101	125	438
Profit after tax (SEK million)		2018	206	204	154	—	—
		2017	108	131	153	180	572
		2016	83	79	79	95	336
Cash flow from operating activities (SEK million)		2018	296	472	39	—	—
		2017	67	103	381	222	773
		2016	93	113	70	190	466
Cash flow from operations per share before dilution (SEK)		2018	11.25	17.94	1.48	—	—
		2017	2.55	3.92	14.48	8.44	29.38
		2016	3.54	4.30	2.66	7.22	17.71
Cash flow after investments, excl. acq. and disp. (SEK million)		2018	187	352	-68	—	—
		2017	3	28	308	157	496
		2016	30	61	19	135	245
Cash fl. aft. inv., excl. acq. and disp. per sh. bef. dilut. (SEK)		2018	7.11	13.38	-2.58	—	—
		2017	0.11	1.06	11.71	5.97	18.85
		2016	1.14	2.32	0.72	5.13	9.31
Basic adjusted earnings per share (SEK)	3	2018	7.91	7.83	5.93	—	—
	3	2017	4.22	5.09	5.93	6.92	22.16
		2016	3.23	3.12	3.12	3.72	13.19
Shareholders' equity per share, before dilution (SEK)		2018	92	87	92	—	—
		2017	74	69	74	82	82
		2016	70	63	66	70	70
Return on total capital (%)		2018	18.8	19.6	19.1	—	—
		2017	14.0	14.8	16.1	17.1	17.1
		2016	17.8	16.0	14.7	13.7	13.7
Return on capital employed (%)		2018	29.8	32.0	31.2	—	—
		2017	20.8	22.3	24.7	26.6	26.6
		2016	27.2	24.8	22.4	20.6	20.6
Return on operating capital (%)		2018	36.8	41.1	41.1	—	—
		2017	24.3	25.7	29.1	32.1	32.1
		2016	34.2	28.9	26.1	24.4	24.4
Return on shareholders' equity (%)		2018	32.6	34.9	33.1	—	—
		2017	20.0	22.9	26.2	29.4	29.4
		2016	23.2	22.5	19.7	19.0	19.0
Closing share price Nolato B (Nasdaq Stockholm)		2018	609.00	723.00	548.00	—	—
		2017	267.00	316.50	393.00	539.00	539.00
		2016	227.50	221.50	263.00	263.00	263.00

\* Including non-recurring items of SEK +20 million in Q1 2018 and SEK -17 million in Q3 2018, which affected operating profit by a net amount of SEK +3 million.

## Quarterly data business areas

### Alternative performance measures

Net sales (SEK million)	Note		Q1	Q2	Q3	Q4	Full year
Medical Solutions	1	2018	532	562	596	—	—
	1	2017	487	498	459	511	1,955
		2016	390	397	395	463	1,645
Integrated Solutions	1	2018	939	1,186	892	—	—
	1	2017	399	692	819	900	2,810
		2016	300	311	343	448	1,402
Industrial Solutions	1	2018	568	554	492	—	—
	1	2017	488	489	473	518	1,968
		2016	334	331	301	443	1,409
Group adjustments, Parent Company	1	2018	—	—	—	—	—
	1	2017	-4	-4	-2	-3	-13
		2016	-2	-2	-3	-2	-9
Group total	1	2018	2,039	2,302	1,980	—	—
	1	2017	1,370	1,675	1,749	1,926	6,720
		2016	1,022	1,037	1,036	1,352	4,447

Operating profit (EBITA) (SEK million)			Q1	Q2	Q3	Q4	Full year
Medical Solutions		2018	69	73	76	—	—
	<i>EBITA margin (%)</i>		<i>13.0</i>	<i>13.0</i>	<i>12.8</i>	—	—
		2017	65	64	60	68	257
	<i>EBITA margin (%)</i>		<i>13.3</i>	<i>12.9</i>	<i>13.1</i>	<i>13.3</i>	<i>13.1</i>
		2016	52	53	52	59	216
	<i>EBITA margin (%)</i>		<i>13.3</i>	<i>13.4</i>	<i>13.2</i>	<i>12.7</i>	<i>13.1</i>
Integrated Solutions		2018	120	140	114	—	—
	<i>EBITA margin (%)</i>		<i>12.8</i>	<i>11.8</i>	<i>12.8</i>	—	—
		2017	38	73	105	116	332
	<i>EBITA margin (%)</i>		<i>9.5</i>	<i>10.5</i>	<i>12.8</i>	<i>12.9</i>	<i>11.8</i>
		2016	33	28	29	41	131
	<i>EBITA margin (%)</i>		<i>11.0</i>	<i>9.0</i>	<i>8.5</i>	<i>9.2</i>	<i>9.3</i>
Industrial Solutions		2018	57	55	35	—	—
	<i>EBITA margin (%)</i>		<i>10.0</i>	<i>9.9</i>	<i>7.1</i>	—	—
		2017	48	48	47	52	195
	<i>EBITA margin (%)</i>		<i>9.8</i>	<i>9.8</i>	<i>9.9</i>	<i>10.0</i>	<i>9.9</i>
		2016	34	34	30	36	134
	<i>EBITA margin (%)</i>		<i>10.2</i>	<i>10.3</i>	<i>10.0</i>	<i>8.1</i>	<i>9.5</i>
Group adjustments, Parent Company*		2018	18	-2	-20	—	—
		2017	-5	-7	-3	-6	-21
		2016	-6	-5	-7	-6	-24
Group total		2018	264	266	205	—	—
	<i>EBITA margin (%)</i>		<i>12.9</i>	<i>11.6</i>	<i>10.4</i>	—	—
		2017	146	178	209	230	763
	<i>EBITA margin (%)</i>		<i>10.7</i>	<i>10.6</i>	<i>11.9</i>	<i>11.9</i>	<i>11.4</i>
		2016	113	110	104	130	457
	<i>EBITA margin (%)</i>		<i>11.1</i>	<i>10.6</i>	<i>10.0</i>	<i>9.6</i>	<i>10.3</i>

\* Including non-recurring items of SEK +20 million in Q1 2018 and SEK -17 million in Q3 2018, which affected operating profit by a net amount of SEK +3 million.

Depreciation/amortisation (SEK million)			Q1	Q2	Q3	Q4	Full year
Medical Solutions		2018	28	28	28	—	—
		2017	27	27	27	27	108
		2016	22	22	23	25	92
Integrated Solutions		2018	8	8	8	—	—
		2017	9	9	8	8	34
		2016	9	9	9	9	36
Industrial Solutions		2018	25	25	28	—	—
		2017	21	22	22	24	89
		2016	14	15	16	20	65
Group total		2018	61	61	64	—	—
		2017	57	58	57	59	231
		2016	45	46	48	54	193



## ■ Group financial highlights

	Note	Q3 2018*	Q3 2017	Q1 - Q3 2018*	Q1 - Q3 2017	Rolling 12 months*	Full year 2017
<b>IFRS measures</b>							
Basic earnings per share (SEK)	3	5.85	5.82	21.44	14.90	28.28	21.74
Diluted earnings per share (SEK)	3	5.81	5.82	21.33	14.90	28.19	21.74
<b>Alternative performance measures</b>							
Net sales (SEK million)	1	1,980	1,749	6,321	4,794	8,247	6,720
Sales growth (%)		13	69	32	55	34	51
Percentage of sales outside Sweden (%)		88	84	86	81	85	82
Operating profit (EBITDA) (SEK million)		267	263	914	694	1,200	980
Operating profit (EBITA) (SEK million) <sup>1)</sup>		205	209	735	533	965	763
EBITA margin (%) <sup>1)</sup>		10.4	11.9	11.6	11.1	11.7	11.4
Profit after financial income and expense (SEK million)	2	198	198	711	506	936	731
Profit margin (%) <sup>1)</sup>		10.0	11.3	11.2	10.6	11.3	10.9
Profit after tax (SEK million)		154	153	564	392	744	572
Return on total capital (%) <sup>1)</sup>		19.1	16.1	19.1	16.1	19.1	17.1
Return on capital employed (%) <sup>1)</sup>		31.2	24.7	31.2	24.7	31.2	26.6
Return on operating capital (%) <sup>1)</sup>		41.1	29.1	41.1	29.1	41.1	32.1
Return on shareholders' equity (%) <sup>1)</sup>		33.1	26.2	33.1	26.2	33.1	29.4
Equity/assets ratio (%)		46	42	46	42	46	45
Debt/equity (%)		33	45	33	45	33	38
Interest coverage ratio (times)		33	52	38	56	41	56
Net investm. affecting cash flow, excl. acq. and disposals (SEK million)		107	73	336	212	401	277
Cash flow after investments, excl. acq. and disposals (SEK million)		- 68	308	471	339	628	496
Cash conversion (%) <sup>1)</sup>		—	—	—	—	63	66
Net financial assets (+) / liabilities (-) (SEK million)		16	- 324	16	- 324	16	- 153
Basic adjusted earnings per share (SEK)	3	5.93	5.93	21.67	15.24	28.59	22.16
Diluted adjusted earnings per share (SEK)	3	5.89	5.93	21.56	15.24	28.49	22.15
Cash flow from operations per share, before dilution (SEK)		1.48	14.48	30.68	20.94	39.11	29.38
Cash flow from operations per share, after dilution (SEK)		1.47	14.48	30.51	20.94	38.99	29.37
Cash flow after investments per share, excl. acquisitions and disposals, before dilution (SEK)		- 2.58	11.71	17.90	12.89	23.87	18.85
Cash flow after investments per share, excl. acquisitions and disposals, after dilution (SEK)		- 2.57	11.71	17.81	12.88	25.84	18.85
Shareholders' equity per share, before dilution (SEK)		—	—	92	74	—	82
Shareholders' equity per share, after dilution (SEK)		—	—	91	74	—	82
Average number of employees		—	—	6,376	7,283	—	7,249

\* Including non-recurring items of SEK +20 million in Q1 2018 and SEK -17 million in Q3 2018, which affected operating profit by a net amount of SEK +3 million.

1) KPIs calculated as specified on page 19.

## Definitions - IFRS measures

### Earnings per share

Earnings for the period that are attributable to the parent company's owners divided by the average number of outstanding shares.

### Operating profit (EBIT)

Earnings before financial income and expense and taxes.

## Definitions - Alternative performance measures

Nolato presents certain financial measures in this report that are not defined according to IFRS. Nolato considers that these measures provide valuable supplementary information for investors and company management, as they enable an assessment of trends and the company's performance. Since not all companies calculate financial measures in the same way, these are not always comparable to measures used by other companies. These financial measures should not therefore be regarded as substitutes for measures defined according to IFRS.

### Return on total capital

Profit after financial income and expense, plus financial expenses as a percentage of average total capital in the balance sheet.

### Return on capital employed

Profit after financial income and expense, plus financial expenses as a percentage of average capital employed. Capital employed consists of total capital less non-interest-bearing liabilities and provisions.

### Return on operating capital

Operating profit as a percentage of average operating capital. Operating capital consists of total capital less non-interest-bearing liabilities and provisions, less interest-bearing assets.

### Return on shareholders' equity

Profit after tax as a percentage of average shareholders' equity.

### EBITA margin

Operating profit (EBITA) as a percentage of net sales.

### Average number of shares

The average basic number of shares comprises the parent company's weighted average number of outstanding shares during the period. After dilution, a weighted average of the shares that may be issued under the ongoing share warrant programme is added, but only insofar as the average listed share price for the period exceeds the subscription price of the warrants.

### Adjusted earnings per share

Profit after tax, excluding amortisation of intangible assets arising from acquisitions, divided by the average number of shares.

### Cash flow from operating activities per share

Cash flow from operating activities, divided by the average number of shares.

### Cash flow per share, excl. acq. and disposals

Cash flow before financing activities, divided by the average number of shares.

### Cash conversion

Cash flow after investments, excl. acquisitions and disposals, divided by operating profit (EBIT). Cash flow and operating profit have been adjusted by non-recurring items, if any.

### Net debt

Interest-bearing liabilities and provisions less interest-bearing assets.

### Interest coverage ratio

Profit after financial income and expense, plus financial expenses, divided by financial expenses.

### Operating profit (EBITDA)

Earnings before financial income and expense, taxes and depreciation/amortisation.

### Operating profit (EBITA)

Earnings before financial income and expense, taxes and amortisation of intangible assets arising from acquisitions.

### Debt/equity ratio

Interest-bearing liabilities and provisions divided by shareholders' equity.

### Equity/assets ratio

Shareholders' equity as a percentage of total capital in the balance sheet.

### Profit margin

Profit after financial income and expense as a percentage of net sales.

## Forward-looking information

Some of the items reported relate to future events and actual outcomes may differ materially. In addition to those factors explicitly commented on, other factors may also materially affect the actual outcome, such as economic conditions, exchange rates and interest rate levels, political risks, competition and pricing, product development, commercialisation and technical difficulties, supply problems and customer credit losses.

## Alternative performance measures

SEK million unless otherwise specified	Note	Q3 2018	Q3 2017	Q1 - Q3 2018	Q1 - Q3 2017	Rolling 12 months	Full year 2017
Operating profit (EBITDA)		267	263	914	694	1,200	980
Non-recurring items		17	—	-3	—	-3	—
<b>Adjusted operating profit (EBITDA)</b>		<b>284</b>	<b>263</b>	<b>911</b>	<b>694</b>	<b>1,197</b>	<b>980</b>
Operating profit (EBIT)	2	203	206	728	522	955	749
Reversal of amortisation of intangible assets arising in connection with acquisitions		2	3	7	11	10	14
Operating profit (EBITA)		205	209	735	533	965	763
Non-recurring items		17	—	-3	—	-3	—
<b>Adjusted operating profit (EBITA)</b>		<b>222</b>	<b>209</b>	<b>732</b>	<b>533</b>	<b>962</b>	<b>763</b>
EBITA margin (%)		10.4	11.9	11.6	11.1	11.7	11.4
<b>Adjusted EBITA margin (%)</b>		<b>11.2</b>	<b>11.9</b>	<b>11.6</b>	<b>11.1</b>	<b>11.7</b>	<b>11.4</b>
Profit after financial income and expense	2	198	198	711	506	936	731
Non-recurring items		17	—	-3	—	-3	—
<b>Adjusted profit after financial income and expense</b>		<b>215</b>	<b>198</b>	<b>708</b>	<b>506</b>	<b>933</b>	<b>731</b>
Profit margin (%)		10.0	11.3	11.2	10.6	11.3	10.9
<b>Adjusted profit margin (%)</b>		<b>10.9</b>	<b>11.3</b>	<b>11.2</b>	<b>10.6</b>	<b>11.3</b>	<b>10.9</b>
Profit after tax		154	153	564	392	744	572
Non-recurring items		17	—	-3	—	-3	—
Tax on non-recurring items		—	—	-4	—	-4	—
<b>Adjusted profit after tax</b>		<b>171</b>	<b>153</b>	<b>557</b>	<b>392</b>	<b>737</b>	<b>572</b>
Cash flow after investm., excl. acquisitions and disposals		—	—	—	—	628	496
Non-recurring items (affecting cash flow)		—	—	—	—	-29	—
Adjusted cash fl. after investm., excl. acq. and disposals		—	—	—	—	599	496
Operating profit (EBIT)	2	—	—	—	—	955	749
Non-recurring items		—	—	—	—	-3	—
Adjusted operating profit (EBIT)		—	—	—	—	952	749
<b>Cash conversion (%)</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>63</b>	<b>66</b>

Non-recurring items consist of a distribution from the previous bankruptcy of a customer in 2006 and a capital loss on a divested business. The dividend in Q1 2018 had a positive effect on operating profit of SEK +20 million (0) within other operating income and the capital loss in Q3 2018 had a negative impact on operating profit of SEK -17 million (0) within other operating expenses. These non-recurring items have been recognised at Group level and have consequently not affected the profit of the business areas.

SEK million unless otherwise specified	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Profit after financial income and expense, rolling 12 months	936	936	849	731	631				
Financial expense, rolling 12 months	23	21	16	13	13				
Adjusted profit after financial income and exp., rolling 12 months	959	957	865	744	644				
Total capital, at the end of period	5,229	5,381	5,148	4,752	4,612	4,487	3,967	3,924	3,025
Average total capital, last 5 quarters	5,024	4,876	4,593	4,348	4,003				
<b>Return on total capital (%)</b>	<b>19.1</b>	<b>19.6</b>	<b>18.8</b>	<b>17.1</b>	<b>16.1</b>				
Adjusted profit after financial income and exp., rolling 12 months	959	957	865	744	644				
Capital employed, at the end of period	3,225	3,131	3,188	2,980	2,836	2,836	2,676	2,668	2,033
Average capital employed, last 5 quarters	3,072	2,994	2,903	2,799	2,610				
<b>Return on capital employed (%)</b>	<b>31.2</b>	<b>32.0</b>	<b>29.8</b>	<b>26.6</b>	<b>24.7</b>				
Operating profit (EBIT), rolling 12 months	955	958	868	749	648				
Capital employed, at the end of period	3,225	3,131	3,188	2,980	2,836	2,836	2,676	2,668	2,033
Cash and bank, at the end of period	-818	-891	-817	-669	-561	-380	-311	-411	-240
Operating capital, at the end of period	2,407	2,240	2,371	2,311	2,275	2,456	2,365	2,257	1,793
Average operating capital, latest 5 quarters	2,321	2,331	2,356	2,333	2,229				
<b>Return on operating capital (%)</b>	<b>41.1</b>	<b>41.1</b>	<b>36.8</b>	<b>32.1</b>	<b>29.1</b>				
Profit after tax, rolling 12 months	744	743	670	572	487				
Shareholders' equity, at the end of period	2,422	2,301	2,412	2,159	1,950	1,815	1,955	1,850	1,741
Average shareholders' equity, latest 5 quarters	2,249	2,127	2,058	1,946	1,862				
<b>Return on shareholders' equity (%)</b>	<b>33.1</b>	<b>34.9</b>	<b>32.6</b>	<b>29.4</b>	<b>26.2</b>				

## ■ Sale of Nolato Hertila AB

On 5 July 2018, the Nolato Group divested the subsidiary Nolato Hertila AB to Essentra International Limited, which is part of Essentra Plc. The sale price was SEK 58 million.

Nolato Hertila is focused on the production and sale of standard products that provide protection during painting, assembly and transportation, and it was the only company of this kind in the Group. The divestment is part of the Industrial Solutions business area's focus on developing and manufacturing customer-specific products for the automotive sector and general industry.

Nolato Hertila had 25 employees in Åstorp and annual sales of approximately SEK 40 million.

<b>Net assets</b>	Balance sheet at time of sale SEK million
Intangible non-current assets	63
Property, plant and equipment	6
Current assets	11
Cash and cash equivalents	1
Non-current liabilities	- 9
<b>Net assets sold</b>	<b>72</b>

<b>Consolidated capital gains/losses</b>	SEK million
Cash received, sales proceeds	58
Less selling expenses	- 3
Less net assets sold	- 72
<b>Capital loss</b>	<b>- 17</b>

<b>Effects on consolidated cash flow</b>	SEK million
Cash received, sales proceeds	58
Less selling expenses	- 3
Less cash and cash equivalents sold	- 1
<b>Net cash flow from the sale</b>	<b>54</b>

## ■ Parent Company income statement (summary)

SEK million	Q3 2018	Q3 2017	Q1 - Q3 2018	Q1 - Q3 2017	Rolling 12 months	Full year 2017
Net sales	18	13	49	40	59	50
Selling expenses	-2	-1	-5	-5	-6	-6
Administrative expenses	-11	-10	-36	-39	-48	-51
Other operating income	—	2	4	4	6	6
Other operating expenses	-13	-5	-35	-18	-42	-25
<b>Operating profit</b>	<b>-8</b>	<b>-1</b>	<b>-23</b>	<b>-18</b>	<b>-31</b>	<b>-26</b>
Profit from participations in Group companies	14	—	151	77	334	260
Financial income	3	11	10	21	35	46
Financial expenses	-9	10	-37	-4	-38	-5
<b>Profit after financial income and expense</b>	<b>—</b>	<b>20</b>	<b>101</b>	<b>76</b>	<b>300</b>	<b>275</b>
Appropriations	—	—	—	—	244	244
Tax	—	—	-1	—	-67	-66
<b>Profit after tax</b>	<b>—</b>	<b>20</b>	<b>100</b>	<b>76</b>	<b>477</b>	<b>453</b>
Depreciation/amortisation	—	—	—	1	-1	—

## ■ Parent Company balance sheet (summary)

SEK million	30/09/2018	30/09/2017	31/12/2017
<b>Assets</b>			
Intangible fixed assets	1	4	3
Property, plant and equipment	1	1	1
Financial assets	1,626	1,634	1,625
Deferred tax assets	14	14	5
<b>Total fixed assets</b>	<b>1,642</b>	<b>1,653</b>	<b>1,634</b>
Other receivables	360	309	705
Cash and bank	40	—	73
<b>Total current assets</b>	<b>400</b>	<b>309</b>	<b>778</b>
<b>Total assets</b>	<b>2,042</b>	<b>1,962</b>	<b>2,412</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	1,066	917	1,295
Untaxed reserves	200	163	200
Other provisions	15	13	13
Long-term liabilities	554	514	519
Current liabilities	207	355	385
<b>Total shareholders' equity and liabilities</b>	<b>2,042</b>	<b>1,962</b>	<b>2,412</b>

### Transactions with related parties:

SEK million	Period	Services sold	Services bought	Interest income	Interest expenses	Res. from shares in Group comp.	Rec. fr. rel. part. on bal. sh. date	Liab. to rel. part. on bal. sh. date
Related party								
Subsidiary	Jan-Sep 2018	49	-5	10	—	151	735	232
Subsidiary	Jan-Sep 2017	40	-4	15	—	77	646	253

None of the company's Board members or senior executives currently have, or have previously had, any direct or indirect involvement in any business transaction with the company which is, or was, of an unusual character in terms of its conditions. Nor has the Group issued any loans, pledged any guarantees or entered into any surety arrangements for any of the company's Board members or senior executives.

