



## Nolato AB (publ) nine-month interim report 2014

## Strong earnings and high margin

### ■ Third quarter of 2014 in brief

- Sales stood at SEK 1,095 million (1,119)
- Operating profit (EBITA) rose by 9% to SEK 112 million (103)
- Profit after tax was SEK 83 million (74)
- Earnings per share increased to SEK 3.15 (2.81)
- Cash flow after investments was SEK -13 million (61)

### ■ First nine months of 2014 in brief

- Sales stood at SEK 2,992 million (3,537)
- Operating profit (EBITA) was SEK 306 million (336)
- Earnings per share were SEK 8.78 (9.01)
- Cash flow after investments was SEK 37 million (197)
- Reduced net debt of SEK 43 million (75)

### ■ Group highlights

SEK million unless otherwise specified	Q3 2014	Q3 2013	Q1 - Q3 2014	Q1 - Q3 2013	Rolling 12 months	Full year 2013
Net sales	1,095	1,119	2,992	3,537	3,977	4,522
Operating profit (EBITDA) <sup>1)</sup>	149	136	413	440	541	568
Operating profit (EBITA) <sup>2)</sup>	112	103	306	336	397	427
EBITA margin, %	10.2	9.2	10.2	9.5	10.0	9.4
Operating profit (EBIT) <sup>3)</sup>	108	99	294	324	381	411
Profit after financial income and expense <sup>4)</sup>	108	97	300	315	388	403
Profit after tax <sup>4)</sup>	83	74	231	237	308	314
Earnings per share, basic and diluted, SEK <sup>5)</sup> *	3.15	2.81	8.78	9.01	11.71	11.94
Adjusted earnings per share, SEK <sup>5) 6)</sup> *	3.27	2.93	9.12	9.35	12.16	12.39
Cash flow after investments, excl. acquisitions and disp.	-13	61	37	197	202	362
Net investm. affecting cash flow, excl. acq. and disp.	52	31	155	92	213	150
Cash conversion, % <sup>7)</sup>	—	—	—	—	46	82
Return on capital employed, %	24.6	25.5	24.6	25.5	24.6	26.7
Return on shareholders' equity, %	23.2	25.2	23.2	25.2	23.2	24.9
Equity/assets ratio, %	50	45	50	45	50	52
Net financial liabilities (-) / assets (+)	-43	-75	-43	-75	-43	122

\*The company does not have any financial instrument programmes which involve any dilution in the number of shares.

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

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

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

<sup>4)</sup> Including non-recurring items of 8 SEKm (0) in Q1-Q3 current year and rolling 12 months.

<sup>5)</sup> Including non-recurring items of 0.30 SEK (0) in Q1-Q3 current year and rolling 12 months.

<sup>6)</sup> Adjusted earnings per share: Profit after tax, excluding amortisation of intangible assets arising from acquisitions, divided by the average number of shares.

<sup>7)</sup> Cash conversion: Cash flow after investments, excl. acquisitions and disposals, divided with operating profit (EBIT). Cash flow and operating profit have been adjusted with non-recurring items.

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 2014

- Strong earnings and high margin
- Sales decreased by 4% adjusted for currency and sale of company, and amounted to SEK 1,095 million (1,119)
- Operating income (EBITA) increased by 9% to SEK 112 million (103)
- Continued good financial position

### Sales

The Group's sales amounted to SEK 1,095 million (1,119). Adjusted for currency and sale of company, sales decreased by 4%.

Nolato Medical's sales amounted to SEK 330 million (310), adjusted for currency, sales were unchanged. Sales were affected negatively by delays in certain new projects within packaging, while volumes within other segments have been positive.

Nolato Telecom's sales amounted to SEK 502 million (516), adjusted for currency, sales decreased by 7%. Sequentially sales increased for the second quarter in a row. Sales of new products have been good. Operations within the EMC area, electromagnetic shielding, have developed very strongly.

Nolato Industrial's sales amounted to SEK 264 million (293), adjusted for currency and sale of company, sales decreased by 1%. The volumes have been stable, but were lower during the holiday period than the corresponding period of last year. Temporary stock adjustments by certain customers within the area of hygiene have also affected sales negatively. Demand within the automotive industry has continued to be good.

### Profit

The Group's operating income (EBITA) increased by 9% to SEK 112 million (103). The earnings trend for Nolato Telecom has primarily had a positive impact.

Operating income (EBITA) for Nolato Medical amounted to SEK 42 million (41), for Nolato Telecom earnings increased to SEK 48 million (35) and for Nolato Industrial earnings decreased to SEK 28 million (33).

The EBITA margin for Nolato Medical decreased to 12.7% (13.2). The EBITA margin for Nolato Telecom increased and amounted to a strong 9.6% (6.8). Gradually improved capacity utilisation, a renewed product portfolio along with a very strong development for the EMC area has impacted the margin positively. The EBITA margin for Nolato Industrial amounted to 10.6% (11.3). Capacity utilisation during the holiday period was lower compared to the corresponding period of last year, which impacted the margin negatively.

Overall, the Group's EBITA margin was 10.2% (9.2).

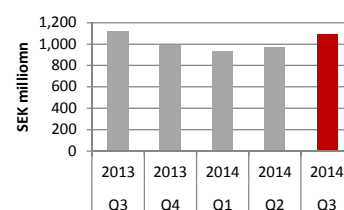
The margin increase within Nolato Telecom has primarily had a positive impact.

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

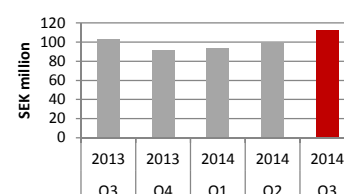
SEK million	Sales Q3/2014	Sales Q3/2013	Op. profit EBITA Q3/2014	Op. profit EBITA Q3/2013	EBITA margin Q3/2014	EBITA margin Q3/2013
Nolato Medical	330	310	42	41	12.7%	13.2%
Nolato Telecom	502	516	48	35	9.6%	6.8%
Nolato Industrial	264	293	28	33	10.6%	11.3%
Intra-Group adj., Parent Co	- 1	—	- 6	- 6	—	—
<b>Group total</b>	<b>1,095</b>	<b>1,119</b>	<b>112</b>	<b>103</b>	<b>10.2%</b>	<b>9.2%</b>

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

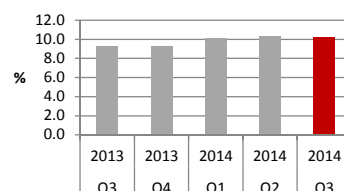
### Sales



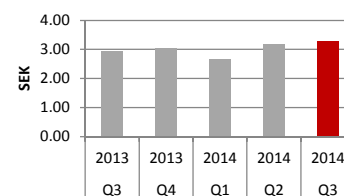
### Operating profit (EBITA)



### EBITA margin



### Adjusted earnings per share



Operating income (EBIT) increased to SEK 108 million (99).

Income after net financial items amounted to SEK 108 million (97). Net financial items included SEK +1 million (0) in currency exchange rate difference effects.

Profit after tax increased to SEK 83 million (74). Earnings per share, before and after dilution, increased to SEK 3.15 (2.81). Adjusted earnings per share, excluding amortisation of intangible assets arising from acquisitions were SEK 3.27 (2.93).

## First nine months 2014

### Sales and earnings

The Group's sales amounted to SEK 2,992 million (3,537) during the first nine months of 2014. Adjusted for currency and sale of company, sales declined by 15%.

Nolato Medical's sales increased by 4% to SEK 999 million (961). Nolato Telecom's sales decreased by 31% to SEK 1,166 million (1,684) and Nolato Industrial's sales increased by 4% adjusted for sale of company, to SEK 829 million (892).

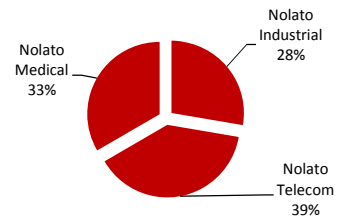
The Group's operating income (EBITA) amounted to SEK 306 million (336) and the EBITA margin increased to 10.2% (9.5). Operating income (EBIT) was SEK 294 million (324).

Income after financial items amounted to SEK 300 million (315). Net financial items include a positive non-recurring item of SEK 8 million (0).

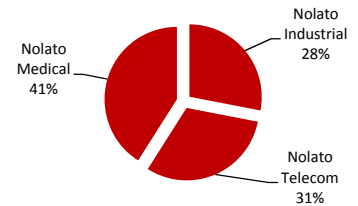
Profit after tax was SEK 231 million (237). Excluding the non-recurring item, earnings amounted to SEK 223 million (237). Earnings per share, both before and after dilution, were SEK 8.78 (9.01). Excluding the non-recurrent effect, earnings per share amounted to SEK 8.48 (9.01). Adjusted earnings per share, excluding amortisation of intangible assets arising from acquisitions were SEK 9.12 (9.35). Excluding the non-recurrent effect, adjusted earnings per share amounted to SEK 8.82 (9.35). The effective tax rate was 23% (25).

The return on capital employed was 24.6% for the most recent 12-month period (26.7% for the 2013 calendar year). The return on shareholders' equity was 23.2% for the most recent 12-month period (24.9% for the 2013 calendar year). Cash conversion for the most recent 12-month period amounted to 46% (82% for the calendar year 2013). Cash conversion has been affected negatively by the working capital demand during the year and temporarily higher investments.

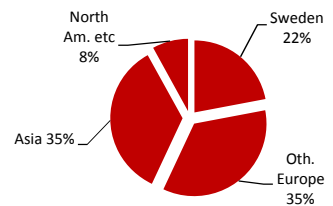
#### Business areas' share of sales



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



#### Sales by geographic markets



### Nolato Medical

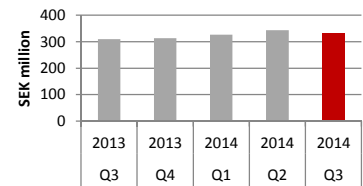
Sales and profit Q1-Q3 (SEK million)	2014	2013
Sales	999	961
Operating profit (EBITA)	133	126
EBITA margin (%)	13.3	13.1
Operating profit (EBIT)	123	116

Nolato Medical's sales amounted to SEK 999 million (961), adjusted for currency, sales were unchanged.

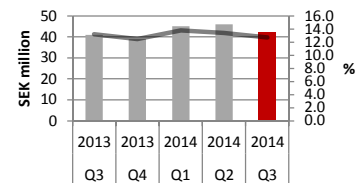
Operating income (EBITA) rose to SEK 133 million (126). The EBITA margin amounted to a strong 13.3% (13.1).

The extension of the Hungarian factory is complete. Increased capacity has thereby been supplied both in China and Hungary for future growth within Nolato Medical.

### Nolato Medical sales



### Nolato Medical operating profit (EBITA) & EBITA margin



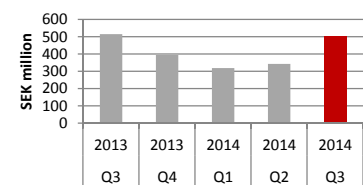
### Nolato Telecom

Sales and profit Q1-Q3 (SEK million)	2014	2013
Sales	1,166	1,684
Operating profit (EBITA)	101	135
EBITA margin (%)	8.7	8.0
Operating profit (EBIT)	101	135

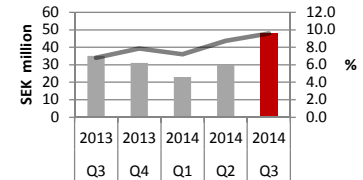
Nolato Telecom's sales amounted to SEK 1,166 million (1,684), adjusted for currency, sales decreased by 32%. As communicated in the year-end report, the strong demand in the consumer market for a number of models which contributed to the very high sales in 2013, has not been repeated in the current year. At the same time the business area has been impacted negatively by the trend of a North American customer. Operations within the EMC area, electromagnetic shielding, have developed very strongly. Sales for the business area have sequentially increased during the year.

Operating income (EBITA) amounted to SEK 101 million (135). The EBITA margin increased to 8.7% (8.0). By means of the flexible cost structure, gradually improved capacity utilisation and increased share of EMC, the margin has improved despite the lower sales.

### Nolato Telecom sales



### Nolato Telecom operating profit (EBITA) & EBITA margin



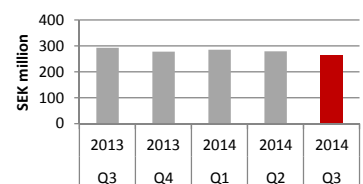
### Nolato Industrial

Sales and profit Q1-Q3 (SEK million)	2014	2013
Sales	829	892
Operating profit (EBITA)	89	92
EBITA margin (%)	10.7	10.3
Operating profit (EBIT)	87	90

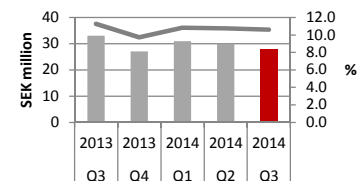
Nolato Industrial's sales amounted to SEK 829 million (892). Adjusted for currency and sale of company, sales increased by 3%. Demand in the automotive segment has been good while the majority of other segments have been stable. Increased market shares have positive effects.

Operating income (EBITA) amounted to SEK 89 million (92), with a strong EBITA margin of 10.7% (10.3). Successful lean work has had a positive margin effect.

### Nolato Industrial sales



### Nolato Industrial operating profit (EBITA) & EBITA margin



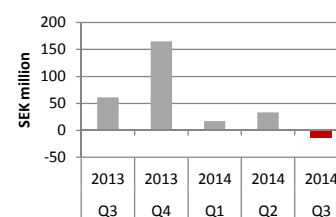
## Cash flow

Greater activity and a positive sales trend during the third quarter entailed higher receivables during the period. Along with higher investments compared to the same period of last year, this has entailed that the cash flow after investments decreased to SEK 37 million (197). The change in working capital was negative by SEK 145 million (-42). Investments affecting cash flow increased to SEK 155 million (92). The expansion in China, Hungary and Malaysia together with greater machine capacity entails temporarily higher investments.

## Financial position

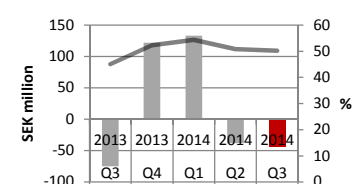
Interest-bearing assets totalled SEK 206 million (256) and interest-bearing liabilities and provisions totalled SEK 249 million (331). Net debt thus totalled SEK 43 million (75). Shareholders' equity amounted to SEK 1,401 million (1,250). The equity/assets ratio was 50% (45). During the second quarter of the year, dividends totalling SEK 210 million (158) were paid.

## Cash flow after investments



Excluding acquisitions and disposals

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



## Consolidated performance analysis

SEK million	Q3 2014	Q3 2013	Q1 - Q3 2014	Q1 - Q3 2013	Rolling 12 months	Full year 2013
Net sales	1,095	1,119	2,992	3,537	3,977	4,522
Gross profit excl. depreciation/amortisation	205	193	587	608	769	790
<i>As a percentage of net sales</i>	18.7	17.2	19.6	17.2	19.3	17.5
Costs	-56	-57	-174	-168	-228	-222
<i>As a percentage of net sales</i>	5.1	5.1	5.8	4.8	5.7	4.9
Operating profit (EBITDA)	149	136	413	440	541	568
<i>As a percentage of net sales</i>	13.6	12.2	13.8	12.4	13.6	12.6
Depreciation and amortisation	-37	-33	-107	-104	-144	-141
Operating profit (EBITA)	112	103	306	336	397	427
<i>As a percentage of net sales</i>	10.2	9.2	10.2	9.5	10.0	9.4
Amortisation of intang. assets arising from acquisitions	-4	-4	-12	-12	-16	-16
Operating profit (EBIT)	108	99	294	324	381	411
Financial income and expense	—	-2	6	-9	7	-8
Profit after financial income and expense	108	97	300	315	388	403
Tax	-25	-23	-69	-78	-80	-89
<i>As a percentage of Profit after financial income and expense</i>	23.1	23.7	23.0	24.8	20.6	22.1
Profit after tax	83	74	231	237	308	314

## Financial position

SEK million	30/09/2014	30/09/2013	31/12/2013
Interest-bearing liabilities, credit institutions	-130	-200	-85
Interest-bearing pension liabilities	-119	-131	-111
<b>Total borrowings</b>	<b>-249</b>	<b>-331</b>	<b>-196</b>
Cash and bank	206	256	318
<b>Net financial liabilities (-) / assets (+)</b>	<b>-43</b>	<b>-75</b>	<b>122</b>
Working capital	121	145	29
<i>As a percentage of sales (avg.) (%)</i>	3.3	4.4	1.3
Capital employed	1,650	1,581	1,544
<i>Return on capital employed (avg.) (%)</i>	24.6	25.5	26.7
Shareholders' equity	1,401	1,250	1,348
<i>Return on shareholders' equity (avg.) (%)</i>	23.2	25.2	24.9

## ■ Personnel

The average number of employees during the period was 7,084 (10,085). The decrease in the number of employees is primarily attributable to Nolato Telecom in China and arose as a result of lower volumes.

## ■ 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 2013 Annual Report on pages 14, 48 – 49, and in Note 4 on pages 59 – 60.

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.

## ■ 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 B shares have been listed on the NASDAQ OMX Nordic Exchange in the Stockholm Mid Cap segment, where they are included under the Industrials sector.

The number of shareholders totalled 8,876 as of 30 September. The largest shareholders were the Jorlén family with 10%, the Boström family with 9%, Odin Fonder with 4%, Skandia Fonder with 3%, Svolder with 3% and the Paulsson family with 3% of the share capital.

## ■ The Parent Company

For the Parent Company, which has no operational activities, sales amounted to SEK 22 million (20). Profit after financial income and expense amounted to SEK 36 million (6). The higher earnings was primarily due to improved net financial income.

## ■ 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 2013 Annual Report on pages 56 – 58.

The new or revised IFRS standards or IFRIC interpretations, which came into effect on 1 January 2014, 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.

## ■ Nomination Committee

At the end of September 2014, in accordance with a decision at Nolato's annual general meeting on 28 April 2014, the five largest shareholders in terms of votes have appointed the following persons to be a part of Nolato's nomination committee ahead of the annual general meeting of 2015: Henrik Jorlén (Chairman), Gun Boström, Erik Paulsson and Annelie Enquist (Skandia).

Shareholders who would like to submit proposals to the nomination committee can contact the Chairman of the nomination committee, Henrik Jorlén, e-mail [henrik.jorlen@gmail.com](mailto:henrik.jorlen@gmail.com) or through regular post Kommendörsgatan 4, 269 77 Torekov.

## ■ Annual General Meeting

The Annual General Meeting will be held on 29 April 2015.

## ■ Financial calendar

- 2014 year-end report: 5 February 2015
- Three-month interim report 2015: 29 April 2015
- 2015 Annual General Meeting: 29 April 2015
- Six-month interim report 2015: 21 July 2015
- Nine-month interim report 2015: 28 October 2015

*Torekov, 28 October 2014*

*Nolato AB (publ)*

*Hans Porat, President and CEO*

## ■ Contact:

- Hans Porat, President and CEO, tel. +4670 5517550.
- Per-Ola Holmström, CFO, tel. +4670 5763340.

*The information contained in this interim report is the information which Nolato is obliged to make public in accordance with the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. This information was made public on 28 October 2014 at 14:30.*

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

## ■ Consolidated income statement (summary)

SEK million	Q3 2014	Q3 2013	Q1 - Q3 2014	Q1 - Q3 2013	Rolling 12 months	Full year 2013
Net sales	1,095	1,119	2,992	3,537	3,977	4,522
Cost of goods sold	- 926	- 958	- 2,509	- 3,030	- 3,347	- 3,868
<b>Gross profit</b>	<b>169</b>	<b>161</b>	<b>483</b>	<b>507</b>	<b>630</b>	<b>654</b>
Other operating income	—	- 1	5	4	20	19
Selling expenses	- 23	- 23	- 73	- 66	- 96	- 89
Administrative expenses	- 38	- 38	- 121	- 121	- 165	- 165
Other operating expenses	—	—	—	—	- 8	- 8
	- 61	- 62	- 189	- 183	- 249	- 243
<b>Operating profit</b>	<b>108</b>	<b>99</b>	<b>294</b>	<b>324</b>	<b>381</b>	<b>411</b>
Financial income and expense	—	- 2	6	- 9	7	- 8
<b>Profit after financial income and expense</b>	<b>108</b>	<b>97</b>	<b>300</b>	<b>315</b>	<b>388</b>	<b>403</b>
Tax	- 25	- 23	- 69	- 78	- 80	- 89
<b>Profit after tax</b>	<b>83</b>	<b>74</b>	<b>231</b>	<b>237</b>	<b>308</b>	<b>314</b>
All earnings are attrib. to the Parent Co.'s shareholders						
Depreciation/amortisation	41	37	119	116	160	157
Earnings per share, basic and diluted (SEK)	3.15	2.81	8.78	9.01	11.71	11.94
Number of shares at the end of the period	26,307,408	26,307,408	26,307,408	26,307,408	26,307,408	26,307,408
Average number of shares	26,307,408	26,307,408	26,307,408	26,307,408	26,307,408	26,307,408

## ■ Consolidated comprehensive income

SEK million	Note	Q3 2014	Q3 2013	Q1 - Q3 2014	Q1 - Q3 2013	Rolling 12 months	Full year 2013
<b>Profit after tax</b>		<b>83</b>	<b>74</b>	<b>231</b>	<b>237</b>	<b>308</b>	<b>314</b>
<b>Other comprehensive income</b>							
<i>Items that cannot be transferred to profit for the period</i>							
Revaluations of defined benefit pension plans		- 9	—	- 9	—	—	9
Tax attributable to items that cannot be transferred to profit for the period		2	—	2	—	—	- 2
		- 7	—	- 7	—	—	7
<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 oper.		25	- 14	41	—	56	15
Changes in the fair val. of cash flow hedges for the per.	1	- 2	2	- 3	1	- 4	—
Tax attr. to changes in the fair val. of cash flow hedges	1	1	—	1	—	1	—
		24	- 12	39	1	53	15
<b>Other comprehensive income, net of tax</b>		<b>17</b>	<b>- 12</b>	<b>32</b>	<b>1</b>	<b>53</b>	<b>22</b>
<b>Total comp. income for the period attributable to the Parent Co.'s shareholders</b>		<b>100</b>	<b>62</b>	<b>263</b>	<b>238</b>	<b>361</b>	<b>336</b>



## ■ Reconciliation of consolidated profit before tax

SEK million	Q1 - Q3 2014	Q1 - Q3 2013	Rolling 12 months	Full year 2013
<b>Operating profit (EBIT)</b>				
Nolato Medical	123	116	159	152
Nolato Telecom	101	135	132	166
Nolato Industrial	87	90	113	116
Group adjustments, Parent Company	- 17	- 17	- 23	- 23
<b>Consolidated operating profit (EBIT)</b>	<b>294</b>	<b>324</b>	<b>381</b>	<b>411</b>
Financial income and expense (not distributed by business areas)	6	- 9	7	- 8
<b>Consolidated profit before tax</b>	<b>300</b>	<b>315</b>	<b>388</b>	<b>403</b>

## ■ Consolidated balance sheet (summary)

SEK million	Note	30/09/2014	30/09/2013	31/12/2013
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible non-current assets		544	537	538
Property, plant and equipment		829	718	733
Non-current financial assets		2	2	2
Other non-current receivables		2	2	2
Deferred tax assets		36	35	36
<b>Total fixed assets</b>		<b>1,413</b>	<b>1,294</b>	<b>1,311</b>
<b>Current assets</b>				
Inventories		280	277	259
Accounts receivable		752	850	598
Other current assets	1	141	91	87
Cash and bank		206	256	318
<b>Total current assets</b>		<b>1,379</b>	<b>1,474</b>	<b>1,262</b>
<b>Total assets</b>		<b>2,792</b>	<b>2,768</b>	<b>2,573</b>
<b>Shareholders' equity and liabilities</b>				
<b>Shareholders' equity</b>				
		<b>1,401</b>	<b>1,250</b>	<b>1,348</b>
Long-term liabilities and provisions <sup>1)</sup>		146	164	141
Deferred tax liabilities <sup>1)</sup>		63	81	84
Current liabilities and provisions <sup>1)</sup>	1	1,182	1,273	1,000
<b>Total liabilities and provisions</b>		<b>1,391</b>	<b>1,518</b>	<b>1,225</b>
<b>Total shareholders' equity and liabilities</b>		<b>2,792</b>	<b>2,768</b>	<b>2,573</b>
<sup>1)</sup> Interest-bearing/non-interest-bearing liabilities and provisions:				
Interest-bearing liabilities and provisions		249	331	196
Non-interest-bearing liabilities and provisions		1,142	1,187	1,029
<b>Total liabilities and provisions</b>		<b>1,391</b>	<b>1,518</b>	<b>1,225</b>

## ■ Changes in consolidated shareholders' equity (summary)

SEK million	Q1 - Q3 2014	Q1 - Q3 2013	Full year 2013
<b>Shareholders' equity at the beginning of the period</b>	<b>1,348</b>	<b>1,170</b>	<b>1,170</b>
Total comprehensive income for the period	263	238	336
Dividends	- 210	- 158	- 158
<b>Shareholders' equity at the end of period attrib. to Parent Co's shareholders</b>	<b>1,401</b>	<b>1,250</b>	<b>1,348</b>

In 2014, a dividend totalling SEK 210 million was paid to the Parent Company's shareholders, corresponding to an ordinary dividend of SEK 4.00 and extraordinary dividend of SEK 4.00, totalling SEK 8.00 per share. The Group does not have any incentive programmes resulting in a dilutive effect in the number of shares.

## Consolidated cash flow statement (summary)

SEK million	Q3 2014	Q3 2013	Q1 - Q3 2014	Q1 - Q3 2013	Rolling 12 months	Full year 2013
Cash flow from op. activities bef. changes in work. cap.	122	113	337	331	457	451
Changes in working capital	- 83	- 21	- 145	- 42	- 42	61
<b>Cash flow from operating activities</b>	<b>39</b>	<b>92</b>	<b>192</b>	<b>289</b>	<b>415</b>	<b>512</b>
Cash flow from investment activities	- 52	- 31	- 155	- 92	- 207	- 144
<b>Cash flow before financing activities</b>	<b>- 13</b>	<b>61</b>	<b>37</b>	<b>197</b>	<b>208</b>	<b>368</b>
Cash flow from financing activities	- 8	- 143	- 165	- 212	- 280	- 327
<b>Cash flow for the period</b>	<b>- 21</b>	<b>- 82</b>	<b>- 128</b>	<b>- 15</b>	<b>- 72</b>	<b>41</b>
<b>Liquid assets at the beginning of the period</b>	<b>212</b>	<b>346</b>	<b>318</b>	<b>272</b>	<b>—</b>	<b>272</b>
Exchange rate difference in liquid assets	15	- 8	16	- 1	—	5
<b>Liquid assets at the end of the period</b>	<b>206</b>	<b>256</b>	<b>206</b>	<b>256</b>	<b>—</b>	<b>318</b>

## Earnings per share

SEK million	Q3 2014	Q3 2013	Q1 - Q3 2014	Q1 - Q3 2013	Rolling 12 months	Full year 2013
<b>Profit after tax</b>	<b>83</b>	<b>74</b>	<b>231</b>	<b>237</b>	<b>308</b>	<b>314</b>
Adjusted earnings:						
Amortisation of intangible assets arising from acquis.	4	4	12	12	16	16
Tax on amortisation	- 1	- 1	- 3	- 3	- 4	- 4
<b>Adjusted earnings</b>	<b>86</b>	<b>77</b>	<b>240</b>	<b>246</b>	<b>320</b>	<b>326</b>
Average number of shares *	26,307,408	26,307,408	26,307,408	26,307,408	26,307,408	26,307,408
Earnings per share, basic and diluted (SEK) *	3.15	2.81	8.78	9.01	11.71	11.94
Adjusted earnings per share (SEK) *	3.27	2.93	9.12	9.35	12.16	12.39

\* The company does not have any ongoing financial instrument programmes that involve any dilution in the number of shares.

## Five-year overview

	2013	2012	2011	2010	2009
Net sales (SEK million)	4,522	3,874	2,977	3,375	2,602
Operating profit (EBITA) (SEK million)	427	303	199	262	166
EBITA margin (%)	9.4	7.8	6.7	7.8	6.4
Operating profit (EBIT) (SEK million)	411	287	190	253	158
Profit after financial income and expense (SEK million)	403	272	183	243	148
Profit after tax (SEK million)	314	202	132	187	123
Cash flow after investments, excl. acq. and disposals (SEK million)	362	317	112	230	139
Return on capital employed (%) *	26.7	19.4	13.9	18.4	12.1
Return on shareholders' equity (%) *	24.9	17.7	11.6	16.5	11.5
Net financial assets (+) liabilities (-) (SEK million) *	122	- 113	- 119	- 34	- 40
Equity/assets ratio (%) *	52	44	52	50	51
Earnings per share (SEK)	11.94	7.68	5.02	7.11	4.68
Adjusted earnings per share (SEK)	12.39	8.13	5.28	7.37	4.90
Dividend per share (SEK)	8.00	6.00	5.00	6.00	3.00
Average number of employees	9,357	8,421	5,496	7,563	4,308

\* The years 2009 - 2010 have not been restated for the amendment of pension provisions in IAS 19, which means that the corridor method to even out actuarial gains / losses no longer applies.

## ■ Quarterly data (summary)

		Q1	Q2	Q3	Q4	Full year
Net sales (SEK million)	2014	932	965	1,095	—	—
	2013	1,254	1,164	1,119	985	4,522
	2012	837	1,046	999	992	3,874
Operating profit (EBITDA) (SEK million)	2014	129	135	149	—	—
	2013	157	147	136	128	568
	2012	91	117	118	118	444
Operating profit (EBITA) (SEK million)	2014	94	100	112	—	—
	2013	122	111	103	91	427
	2012	57	81	84	81	303
EBITA margin (%)	2014	10.1	10.4	10.2	—	—
	2013	9.7	9.5	9.2	9.2	9.4
	2012	6.8	7.7	8.4	8.2	7.8
Operating profit (EBIT) (SEK million)	2014	90	96	108	—	—
	2013	118	107	99	87	411
	2012	55	77	79	76	287
Profit after financial income and expense (SEK million)	2014	88	104	108	—	—
	2013	113	105	97	88	403
	2012	51	74	74	73	272
Profit after tax (SEK million)	2014	67	81	83	—	—
	2013	85	78	74	77	314
	2012	37	54	52	59	202
Cash flow after inv., excl. acq. and disp. (SEK million)	2014	17	33	- 13	—	—
	2013	16	120	61	165	362
	2012	- 32	56	83	210	317
Earnings per share, basic and diluted (SEK)	2014	2.55	3.08	3.15	—	—
	2013	3.23	2.97	2.81	2.93	11.94
	2012	1.41	2.05	1.98	2.24	7.68
Adjusted earnings per share (SEK)	2014	2.66	3.19	3.27	—	—
	2013	3.35	3.07	2.93	3.04	12.39
	2012	1.44	2.17	2.13	2.39	8.13
Shareholders' equity per share (SEK)	2014	53	49	53	—	—
	2013	47	45	48	51	51
	2012	43	41	42	44	44
Return on total capital (%)	2014	14.3	14.3	14.3	—	—
	2013	13.6	13.7	15.0	15.9	15.9
	2012	9.4	9.8	10.9	11.9	11.9
Return on capital employed (%)	2014	24.7	24.1	24.6	—	—
	2013	23.3	23.0	25.5	26.7	26.7
	2012	15.2	15.9	17.8	19.4	19.4
Return on operating capital (%)	2014	29.1	28.0	27.4	—	—
	2013	26.3	26.9	28.8	32.6	32.6
	2012	16.9	17.2	19.6	22.6	22.6
Return on shareholders' equity (%)	2014	22.3	24.0	23.2	—	—
	2013	20.9	24.2	25.2	24.9	24.9
	2012	12.3	15.2	15.9	17.7	17.7

## ■ Quarterly data business areas

<b>Net sales</b> (SEK million)		Q1	Q2	Q3	Q4	Full year
Nolato Medical	2014	326	343	330	—	—
	2013	328	323	310	313	1,274
	2012	246	315	288	310	1,159
Nolato Telecom	2014	320	344	502	—	—
	2013	627	541	516	395	2,079
	2012	287	423	444	394	1,548
Nolato Industrial	2014	286	279	264	—	—
	2013	299	300	293	278	1,170
	2012	304	309	268	289	1,170
Group adjustments, Parent Company	2014	—	-1	-1	—	—
	2013	—	—	—	-1	-1
	2012	—	-1	-1	-1	-3
Group total	2014	932	965	1,095	—	—
	2013	1,254	1,164	1,119	985	4,522
	2012	837	1,046	999	992	3,874

<b>Operating profit (EBITA)</b> (SEK million)		Q1	Q2	Q3	Q4	Full year
Nolato Medical	2014	45	46	42	—	—
	<i>EBITA margin (%)</i>	<i>13.8</i>	<i>13.4</i>	<i>12.7</i>	—	—
	2013	43	42	41	39	165
	<i>EBITA margin (%)</i>	<i>13.1</i>	<i>13.0</i>	<i>13.2</i>	<i>12.5</i>	<i>13.0</i>
	2012	31	36	32	34	133
	<i>EBITA margin (%)</i>	<i>12.6</i>	<i>11.4</i>	<i>11.1</i>	<i>11.0</i>	<i>11.5</i>
Nolato Telecom	2014	23	30	48	—	—
	<i>EBITA margin (%)</i>	<i>7.2</i>	<i>8.7</i>	<i>9.6</i>	—	—
	2013	57	43	35	31	166
	<i>EBITA margin (%)</i>	<i>9.1</i>	<i>7.9</i>	<i>6.8</i>	<i>7.8</i>	<i>8.0</i>
	2012	7	21	35	33	96
	<i>EBITA margin (%)</i>	<i>2.4</i>	<i>5.0</i>	<i>7.9</i>	<i>8.4</i>	<i>6.2</i>
Nolato Industrial	2014	31	30	28	—	—
	<i>EBITA margin (%)</i>	<i>10.8</i>	<i>10.8</i>	<i>10.6</i>	—	—
	2013	29	30	33	27	119
	<i>EBITA margin (%)</i>	<i>9.7</i>	<i>10.0</i>	<i>11.3</i>	<i>9.7</i>	<i>10.2</i>
	2012	28	29	24	24	105
	<i>EBITA margin (%)</i>	<i>9.2</i>	<i>9.4</i>	<i>9.0</i>	<i>8.3</i>	<i>9.0</i>
Group adjustments, Parent Company	2014	-5	-6	-6	—	—
	2013	-7	-4	-6	-6	-23
	2012	-9	-5	-7	-10	-31
Group total	2014	94	100	112	—	—
	<i>EBITA margin (%)</i>	<i>10.1</i>	<i>10.4</i>	<i>10.2</i>	—	—
	2013	122	111	103	91	427
	<i>EBITA margin (%)</i>	<i>9.7</i>	<i>9.5</i>	<i>9.2</i>	<i>9.2</i>	<i>9.4</i>
	2012	57	81	84	81	303
	<i>EBITA margin (%)</i>	<i>6.8</i>	<i>7.7</i>	<i>8.4</i>	<i>8.2</i>	<i>7.8</i>

<b>Depreciation/amortisation</b> (SEK million)		Q1	Q2	Q3	Q4	Full year
Nolato Medical	2014	18	19	19	—	—
	2013	18	20	18	19	75
	2012	15	18	19	20	72
Nolato Telecom	2014	10	10	11	—	—
	2013	10	10	9	10	39
	2012	10	10	10	11	41
Nolato Industrial	2014	11	10	11	—	—
	2013	11	10	10	12	43
	2012	11	12	10	11	44
Group total	2014	39	39	41	—	—
	2013	39	40	37	41	157
	2012	36	40	39	42	157

## ■ Group financial highlights

	Q3 2014	Q3 2013	Q1 - Q3 2014	Q1 - Q3 2013	Rolling 12 months	Full year 2013
Net sales (SEK million)	1,095	1,119	2,992	3,537	3,977	4,522
Sales growth (%)	- 2	12	- 15	23	- 12	17
Percentage of sales outside Sweden (%)	80	81	78	81	77	80
Operating profit (EBITDA) (SEK million)	149	136	413	440	541	568
Operating profit (EBITA) (SEK million)	112	103	306	336	397	427
EBITA margin (%)	10.2	9.2	10.2	9.5	10.0	9.4
Profit after financial income and expense (SEK million)	108	97	300	315	388	403
Profit margin (%)	9.9	8.7	10.0	8.9	9.8	8.9
Profit after tax (SEK million)	83	74	231	237	308	314
Return on total capital (%)	14.3	15.0	14.3	15.0	14.3	15.9
Return on capital employed (%)	24.6	25.5	24.6	25.5	24.6	26.7
Return on operating capital (%)	27.4	28.8	27.4	28.8	27.4	32.6
Return on shareholders' equity (%)	23.2	25.2	23.2	25.2	23.2	24.9
Equity/assets ratio (%)	50	45	50	45	50	52
Debt/equity (%)	18	26	18	26	18	15
Interest coverage ratio (times)	48	41	44	37	44	37
Net investments affecting cash flow, excl. acq. and disposals (SEK million)	52	31	155	92	213	150
Cash flow after inv., excl. acq. and disp. (SEK million)	- 13	61	37	197	202	362
Cash conversion (%)	—	—	—	—	46	82
Net financial liabilities (-) / assets (+) (SEK million)	- 43	- 75	- 43	- 75	- 43	122
Earnings per share, basic and diluted (SEK)	3.15	2.81	8.78	9.01	11.71	11.94
Adjusted earnings per share (SEK)	3.27	2.93	9.12	9.35	12.16	12.39
Cash flow per share, excl. acq. and disposals (SEK)	- 0.49	2.32	1.41	7.49	7.68	13.76
Shareholders' equity per share (SEK)	—	—	53	48	—	51
Average number of employees	—	—	7,084	10,085	—	9,357

## Definitions

### 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.

### Adjusted earnings per share

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

### Cash flow per share

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

### Cash conversion

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

### Net debt

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

### Earnings per share

Profit after tax, divided by average number of shares.

### Interest coverage ratio

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

### Operating profit (EBITDA)

Earnings before interest, taxes and depreciation/amortisation.

### Operating profit (EBITA)

Earnings before interest, taxes and amortisation of intangible assets arising from acquisitions.

### Operating profit (EBIT)

Earnings before interest and taxes.

### 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.

## ■ Parent Company income statement (summary)

SEK million	Q3 2014	Q3 2013	Q1 - Q3 2014	Q1 - Q3 2013	Rolling 12 months	Full year 2013
Net sales	7	7	22	20	25	23
Other operating income	—	—	1	2	1	2
Selling expenses	-4	-2	-9	-6	-11	-8
Administrative expenses	-12	-10	-36	-33	-51	-48
<b>Operating profit</b>	<b>-9</b>	<b>-5</b>	<b>-22</b>	<b>-17</b>	<b>-36</b>	<b>-31</b>
Profit from participations in Group companies	—	6	17	13	117	113
Financial income	20	4	44	16	50	22
Financial expenses	-1	-2	-3	-6	-16	-19
<b>Profit after financial income and expense</b>	<b>10</b>	<b>3</b>	<b>36</b>	<b>6</b>	<b>115</b>	<b>85</b>
Appropriations	—	—	—	—	157	157
Tax	—	—	1	-10	-37	-48
<b>Profit after tax</b>	<b>10</b>	<b>3</b>	<b>37</b>	<b>-4</b>	<b>235</b>	<b>194</b>
Depreciation/amortisation	—	—	—	—	—	—

## ■ Parent Company balance sheet (summary)

SEK million	30/09/2014	30/09/2013	31/12/2013
<b>Assets</b>			
Intangible fixed assets	—	1	1
Property, plant and equipment	1	—	—
Financial assets	1,014	966	1,030
Deferred tax assets	10	8	4
<b>Total fixed assets</b>	<b>1,025</b>	<b>975</b>	<b>1,035</b>
Other receivables	201	236	349
Cash and bank	47	60	40
<b>Total current assets</b>	<b>248</b>	<b>296</b>	<b>389</b>
<b>Total assets</b>	<b>1,273</b>	<b>1,271</b>	<b>1,424</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	763	736	935
Untaxed reserves	181	179	181
Other provisions	8	6	6
Current liabilities	321	350	302
<b>Total shareholders' equity and liabilities</b>	<b>1,273</b>	<b>1,271</b>	<b>1,424</b>
Pledged assets	—	—	—
Contingent liabilities	132	107	98

### 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 2014	22	-3	14	—	17	565	171
Subsidiary	Jan-Sep 2013	20	-3	17	—	13	623	126

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.



## NOTES

### Note 1 Financial instruments

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

SEK million	30/09/2014	30/09/2013	31/12/2013
<b>Other receivables</b>			
Derivative assets	—	3	3
<b>Other liabilities</b>			
Derivative liabilities	28	1	—