



Nolato AB (publ) nine-month interim report 2016

Continued investment and solid financial position

■ Third quarter of 2016 in brief

- Sales totalled SEK 1,036 million (1,084)
- Operating profit (EBITA) was SEK 104 million (142)
- EBITA margin of 10.0% (13.1)
- Profit after tax was SEK 79 million (105)
- Earnings per share were SEK 3.00 (3.99)
- Cash flow after investments was SEK 19 million (120), excl. acquisitions
- Acquisition of Swiss company Treff AG after end of period

■ First nine months of 2016 in brief

- Sales totalled SEK 3,095 million (3,437)
- Operating profit (EBITA) was SEK 327 million (432)
- Earnings per share were SEK 9.16 (12.28)
- Cash flow after investments was SEK 110 million (172), excl. acquisitions

■ Group highlights

SEK million unless otherwise specified	Q3 2016	Q3 2015	Q1 - Q3 2016	Q1 - Q3 2015	Rolling 12 months	Full year 2015
Net sales	1,036	1,084	3,095	3,437	4,384	4,726
Operating profit (EBITDA) ¹⁾	149	185	456	557	636	737
Operating profit (EBITA) ²⁾	104	142	327	432	465	570
EBITA margin, %	10.0	13.1	10.6	12.6	10.6	12.1
Operating profit (EBIT) ³⁾	101	139	317	421	452	556
Profit after financial income and expense	101	137	313	420	448	555
Profit after tax	79	105	241	323	338	420
Earnings per share, basic and diluted, SEK *	3.00	3.99	9.16	12.28	12.85	15.97
Adjusted earnings per share, SEK ⁴⁾ *	3.12	4.07	9.47	12.58	13.24	16.35
Cash flow after investments, excl. acquisitions and disp.	19	120	110	172	226	288
Net investm. affecting cash flow, excl. acq. and disp.	51	33	166	207	203	244
Cash conversion, % ⁵⁾	—	—	—	—	50	52
Return on capital employed, %	22.4	32.0	22.4	32.0	22.4	29.6
Return on shareholders' equity, %	19.7	29.6	19.7	29.6	19.7	25.3
Equity/assets ratio, %	58	53	58	53	58	54
Net financial liabilities (-) / assets (+)	- 51	16	- 51	16	- 51	122

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

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

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

³⁾ Operating profit (EBIT): Earnings before financial income and expense and taxes.

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

⁵⁾ 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 2016

- Sales totalled SEK 1,036 million (1,084)
- Operating income (EBITA) was SEK 104 million (142)
- Acquisition of Swiss company Treff AG after end of period
- Continued healthy financial position with net debt of SEK 51 million (+16), pro forma net debt after acquisition of SEK 469 million and equity/assets ratio of 47%

■ Sales

Consolidated sales totalled SEK 1,036 million (1,084). Adjusted for currency, sales decreased by 3%, which was fully attributable to Nolato Telecom.

Nolato Medical's sales increased to SEK 395 million (368); adjusted for currency, sales grew by 11%. Sales have increased primarily within the Medical Devices sector as a result of strong volume growth and ramp-ups of new products.

Nolato Telecom's sales amounted to SEK 343 million (434); adjusted for currency, sales decreased by 21%. In the previous year, volumes were strong owing to high demand for customers' handsets on the consumer market. Sequentially, sales increased during the quarter.

Nolato Industrial's sales amounted to SEK 301 million (282); adjusted for currency, sales increased by 6%. Volumes in the automotive and hygiene segments showed positive performance.

■ Profit

The Group's operating profit (EBITA) was SEK 104 million (142).

Nolato Medical's operating profit (EBITA) totalled SEK 52 million (51), Nolato Telecom's decreased to SEK 29 million (63) and Nolato Industrial's was unchanged at SEK 30 million (30).

The EBITA margin for Nolato Medical dropped to 13.2%, which can be compared with the very strong 13.9% in the same quarter last year. Nolato Telecom's EBITA margin declined, amounting to 8.5% (14.5). Last year the margin was exceptionally strong due to high volumes and a favourable product mix. Nolato Industrial's EBITA margin was 10.0% (10.6). Higher costs associated with new project start-ups have had a negative impact on the margin.

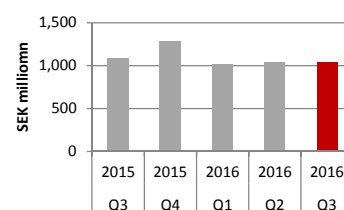
Overall, the Group's EBITA margin was 10.0% (13.1%).

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

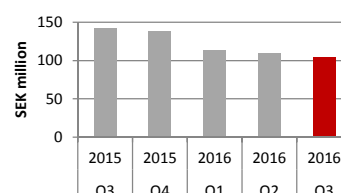
SEK million	Sales Q3/2016	Sales Q3/2015	Op. profit EBITA Q3/2016	Op. profit EBITA Q3/2015	EBITA margin Q3/2016	EBITA margin Q3/2015
Nolato Medical	395	368	52	51	13.2%	13.9%
Nolato Telecom	343	434	29	63	8.5%	14.5%
Nolato Industrial	301	282	30	30	10.0%	10.6%
Intra-Group adj., Parent Co	-3	—	-7	-2	—	—
Group total	1,036	1,084	104	142	10.0%	13.1%

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

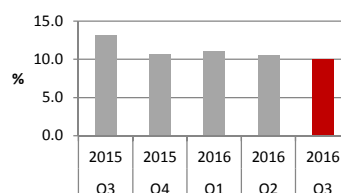
■ Sales



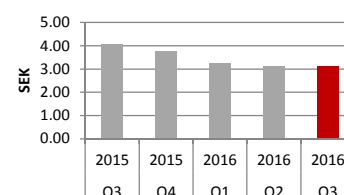
■ Operating profit (EBITA)



■ EBITA margin



■ Adjusted earnings per share



Operating profit (EBIT) was SEK 101 million (139).

Profit after net financial income/expense was SEK 101 million (137). Net financial income/expense included exchange rate fluctuations affecting earnings by SEK +1 million (-1).

Profit after tax was SEK 79 million (105). Earnings per share, basic and diluted, stood at SEK 3.00 (3.99). Adjusted earnings per share excluding amortisation of intangible assets arising from acquisitions were SEK 3.12 (4.07).

First nine months 2016

Sales and earnings

Consolidated sales rose to SEK 3,095 million (3,437) in the first nine months of 2016. Adjusted for currency, sales decreased by 9%.

Nolato Medical's sales rose by 10% to SEK 1,182 million (1,077), Nolato Telecom's sales fell by 34% to SEK 954 million (1,436) and Nolato Industrial's sales rose by 4% to SEK 966 million (926).

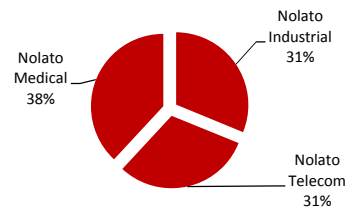
Consolidated operating profit (EBITA) amounted to SEK 327 million (432) and the EBITA margin was 10.6% (12.6). Operating profit (EBIT) was SEK 317 million (421).

Profit after net financial income/expense was SEK 313 million (420).

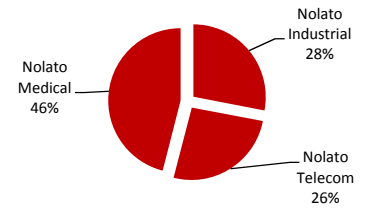
Profit after tax was SEK 241 million (323). Earnings per share, basic and diluted, were SEK 9.16 (12.28). Adjusted earnings per share excluding amortisation of intangible assets arising from acquisitions were SEK 9.47 (12.58). The effective tax rate was 23% (23).

The return on capital employed was 22.4% for the last twelve months (29.6% for the 2015 calendar year). Return on equity was 19.7% for the last 12 months (25.3% for the 2015 calendar year). Cash conversion for the last twelve months was 50% (52% for the 2015 calendar year).

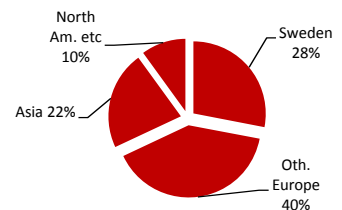
Business areas' share of sales



Business areas' share of operating profit (EBITA)



Sales by geographic markets



Nolato Medical

Sales and profit Q1-Q3 (SEK million)	2016	2015
Sales	1,182	1,077
Operating profit (EBITA)	157	144
EBITA margin (%)	13.3	13.4
Operating profit (EBIT)	147	134

Nolato Medical's sales were SEK 1,182 million (1,077); adjusted for currency, sales grew by a strong 12%. Volumes increased in both the Medical Devices and Pharma Packaging sectors and most customer segments experienced positive growth. The period was characterised by a high level of activity on the market and healthy project activity.

Operating profit (EBITA) rose to SEK 157 million (144). The EBITA margin was 13.3% (13.4).

The third quarter saw the acquisition of Polish Grizzly Medical, which operates within assembly, post-processing and quality assurance of medical device components and systems. The company has annual sales of approximately SEK 25 million with good profitability, and the purchase price amounted to SEK 14 million. The acquisition is being consolidated as of 1 September.

Nolato Telecom

Sales and profit Q1-Q3 (SEK million)	2016	2015
Sales	954	1,436
Operating profit (EBITA)	90	211
EBITA margin (%)	9.4	14.7
Operating profit (EBIT)	90	211

Nolato Telecom's sales amounted to SEK 954 million (1,436); adjusted for currency, sales decreased by 32%. Last year, volumes were very strong owing to extremely high demand for customers' handsets on the consumer market. Product changeovers took place as planned during the period. Activity in the EMC (electromagnetic compatibility) area continued to develop well.

Operating profit (EBITA) was SEK 90 million (211). The EBITA margin was 9.4% (14.7). Last year the margin was exceptionally strong due to very high volumes and a favourable product mix.

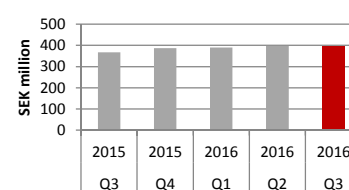
Nolato Industrial

Sales and profit Q1-Q3 (SEK million)	2016	2015
Sales	966	926
Operating profit (EBITA)	98	98
EBITA margin (%)	10.1	10.6
Operating profit (EBIT)	98	97

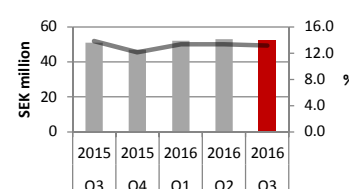
Nolato Industrial's sales rose to SEK 966 million (926); adjusted for currency, sales increased by 4%. Volumes in primarily the automotive and hygiene segments showed positive performance. Increased market share has had a beneficial effect on production volumes within most customer segments, while project revenue was somewhat lower.

Operating profit (EBITA) was unchanged at SEK 98 million (98), with an EBITA margin of 10.1% (10.6). New product start-ups had a slightly negative effect on the margin compared with last year.

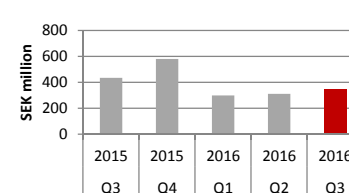
Nolato Medical sales



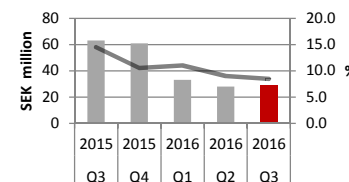
Nolato Medical operating profit (EBITA) & EBITA margin %



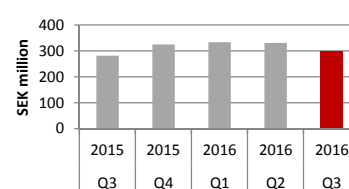
Nolato Telecom sales



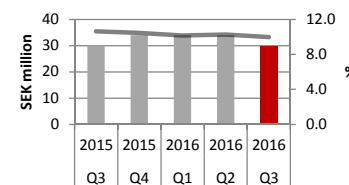
Nolato Telecom operating profit (EBITA) & EBITA margin %



Nolato Industrial sales



Nolato Industrial operating profit (EBITA) & EBITA margin %



Cash flow

Cash flow after investments declined during the third quarter to SEK 19 million (120), excluding acquisitions. Cash flow has mainly been negatively affected by working capital requirements and higher investments compared with the year-earlier period. The acquisition in Poland had a negative impact on cash flow in the amount of SEK 16 million. Even accumulated in the first nine months, cash flow after investments decreased, amounting to SEK 110 million (172), excluding acquisitions. Cash flow declined primarily through working capital requirements, while investments were lower than for the year-earlier period. Investments affecting cash flow totalled SEK 166 million (207), excluding acquisitions. Including acquisitions, investments affecting cash flow totalled SEK 182 million (207). Accumulated and including acquisitions, cash flow after investments was SEK 94 million (172).

Financial position

Interest-bearing assets totalled SEK 240 million (362), and interest-bearing liabilities and provisions totalled SEK 291 million (346). Consequently, financial net debt amounted to SEK 51 million (+16). Shareholders' equity was SEK 1,741 million (1,685). The equity/assets ratio was 58% (53). In the second quarter of the year, dividends totalling SEK 263 million (224) were paid out.

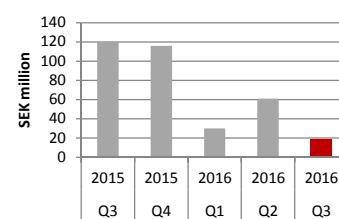
Consolidated performance analysis

SEK million	Q3 2016	Q3 2015	Q1 - Q3 2016	Q1 - Q3 2015	Rolling 12 months	Full year 2015
Net sales	1,036	1,084	3,095	3,437	4,384	4,726
Gross profit excl. depreciation/amortisation	210	227	649	738	897	986
<i>As a percentage of net sales</i>	20.3	20.9	21.0	21.5	20.5	20.9
Costs	-61	-42	-193	-181	-261	-249
<i>As a percentage of net sales</i>	5.9	3.9	6.2	5.3	6.0	5.3
Operating profit (EBITDA)	149	185	456	557	636	737
<i>As a percentage of net sales</i>	14.4	17.1	14.7	16.2	14.5	15.6
Depreciation and amortisation	-45	-43	-129	-125	-171	-167
Operating profit (EBITA)	104	142	327	432	465	570
<i>As a percentage of net sales</i>	10.0	13.1	10.6	12.6	10.6	12.1
Amortisation of intangible assets arising from acquisitions	-3	-3	-10	-11	-13	-14
Operating profit (EBIT)	101	139	317	421	452	556
Financial income and expense	—	-2	-4	-1	-4	-1
Profit after financial income and expense	101	137	313	420	448	555
Tax	-22	-32	-72	-97	-110	-135
<i>As a percentage of profit after financial income and expense</i>	21.8	23.4	23.0	23.1	24.6	24.3
Profit after tax	79	105	241	323	338	420

Financial position

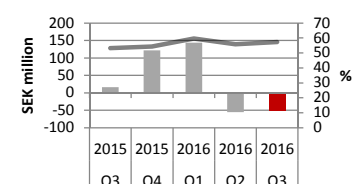
SEK million	30/09/2016	30/09/2015	31/12/2015
Interest-bearing liabilities, credit institutions	-160	-218	-154
Interest-bearing pension liabilities	-131	-128	-127
Total borrowings	-291	-346	-281
Cash and bank	240	362	403
Net financial liabilities (-) / assets (+)	-51	16	122
Working capital	308	210	196
<i>As a percentage of sales (avg.) (%)</i>	5.9	3.5	3.2
Capital employed	2,033	2,029	2,039
<i>Return on capital employed (avg.) (%)</i>	22.4	32.0	29.6
Shareholders' equity	1,741	1,685	1,759
<i>Return on shareholders' equity (avg.) (%)</i>	19.7	29.6	25.3

Cash flow after investments



Excluding acquisitions and disposals

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



■ Personnel

The average number of employees during the period was 6,062 (7,590). The decrease in the number of employees is primarily attributable to Nolato Telecom 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 2015 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

On 3 October, Nolato concluded the acquisition of Swiss company Treff AG. The final purchase price for the company amounts to SEK 418 million, which will be paid in the fourth quarter. Treff is expected to have sales of just over SEK 450 million in 2016, with an EBITDA margin of around 11.5%. The EBITDA multiple consequently amounts to around 7.5 – 8.0 times.

The company is being consolidated as of 3 October. Around two thirds of Nolato Treff's operations will be reported within Nolato Industrial, and one third within Nolato Medical. The transaction is expected to have a marginal positive effect on Nolato's earnings per share for the current year.

The acquisition will be financed using existing credit agreements. Nolato will continue to enjoy a strong financial position following the acquisition.

No other 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 11,942 shareholders at 30 September. The largest shareholders are the Jorlén family with 10%, the Boström family with 9%, Didner & Gerge Funds with 8%, Swedbank Robur Funds with 6%, Herenco, DnB Carlson Funds and SEB Investment Management with 3% of the capital each.

■ The Parent Company

For the Parent Company, which has no operational activities, sales amounted to SEK 28 million (24). Profit after financial income and expense increased to SEK 67 million (15), mainly through increased dividends from subsidiaries. Contingent liabilities amounted to 129 MSEK (124).

■ 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 2015 Annual Report on pages 56 – 58.

The new or revised IFRS standards or IFRIC interpretations, which came into effect on 1 January 2016, 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

In accordance with a decision at Nolato's AGM on 28 April 2016, the five largest shareholders in terms of the number of votes at the end of September 2016 have appointed the following individuals to be included in Nolato's Nomination Committee ahead of the 2017 AGM: Henrik Jorlén (chairman), Gun Boström, Lovisa Hamrin (Herenco), Carl Gustafsson (Didner & Gerge Fonder) and Bo Lundgren (Swedbank Robur Fonder).

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 or by post at Kommendörsgatan 4, 269 77 Torekov, Sweden.

■ Annual General Meeting

The Annual General Meeting will be held on 26 April 2017.

■ Financial calendar

- 2016 year-end report: 8 February 2017
- Three-month interim report 2017: 26 April 2017
- 2017 Annual General Meeting: 26 April 2017
- Six-month interim report 2017: 19 July 2017
- Nine-month interim report 2017: 25 October 2017

Torekov, 25 October 2016

Nolato AB (publ)

Christer Wahlquist, President and CEO

■ 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 make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 14:30 CET on 25 October 2016.

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

THE COMPANY IN BRIEF

■ Nolato's business

Nolato develops and manufactures products in polymer materials such as plastic, silicone and TPE for customers within medical technology, pharmaceuticals, 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

SEASONAL EFFECTS

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

■ Consolidated income statement (summary)

SEK million	Q3 2016	Q3 2015	Q1 - Q3 2016	Q1 - Q3 2015	Rolling 12 months	Full year 2015
Net sales	1,036	1,084	3,095	3,437	4,384	4,726
Cost of goods sold	- 869	- 899	- 2,573	- 2,821	- 3,656	- 3,904
Gross profit	167	185	522	616	728	822
Other operating income	—	10	4	12	5	13
Selling expenses	- 27	- 25	- 82	- 81	- 110	- 109
Administrative expenses	- 39	- 32	- 127	- 126	- 171	- 170
Other operating expenses	—	1	—	—	—	—
	- 66	- 46	- 205	- 195	- 276	- 266
Operating profit	101	139	317	421	452	556
Financial income and expense	—	- 2	- 4	- 1	- 4	- 1
Profit after financial income and expense	101	137	313	420	448	555
Tax	- 22	- 32	- 72	- 97	- 110	- 135
Profit after tax	79	105	241	323	338	420
All earnings are attrib. to the Parent Co.'s shareholders						
Depreciation/amortisation	48	46	139	136	184	181
Earnings per share, basic and diluted (SEK)	3.00	3.99	9.16	12.28	12.85	15.97
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	Q3 2016	Q3 2015	Q1 - Q3 2016	Q1 - Q3 2015	Rolling 12 months	Full year 2015
Profit after tax	79	105	241	323	338	420
Other comprehensive income						
<i>Items that cannot be transferred to profit for the period</i>						
Revaluations of defined benefit pension plans	—	—	- 2	—	- 1	1
Tax attributable to items that cannot be transferred to profit for the period	—	—	—	—	—	—
	—	—	- 2	—	- 1	1
<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.	9	1	7	17	- 17	- 7
Changes in the fair val. of cash flow hedges for the per. *	—	1	- 1	3	- 1	3
Tax attr. to changes in the fair val. of cash flow hedges *	—	—	—	- 1	—	- 1
	9	2	6	19	- 18	- 5
Other comprehensive income, net of tax	9	2	4	19	- 19	- 4
Total comp. income for the period attributable to the Parent Co.'s shareholders	88	107	245	342	319	416

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

■ Reconciliation of consolidated profit before tax

SEK million	Q1 - Q3 2016	Q1 - Q3 2015	Rolling 12 months	Full year 2015
Operating profit (EBIT)				
Nolato Medical	147	134	191	178
Nolato Telecom	90	211	151	272
Nolato Industrial	98	97	132	131
Group adjustments, Parent Company	- 18	- 21	- 22	- 25
Consolidated operating profit (EBIT)	317	421	452	556
Financial income and expense (not distributed by business areas)	- 4	- 1	- 4	- 1
Consolidated profit before tax	313	420	448	555

■ Consolidated balance sheet (summary)

SEK million	30/09/2016	30/09/2015	31/12/2015
Assets			
Non-current assets			
Intangible non-current assets	534	549	543
Property, plant and equipment	993	945	952
Non-current financial assets	2	2	2
Other non-current receivables	1	1	1
Deferred tax assets	44	48	44
Total fixed assets	1,574	1,545	1,542
Current assets			
Inventories	302	321	279
Accounts receivable	717	755	874
Other current assets * 2)	192	179	135
Cash and bank	240	362	403
Total current assets	1,451	1,617	1,691
Total assets	3,025	3,162	3,233
Shareholders' equity and liabilities			
Shareholders' equity	1,741	1,685	1,759
Long-term liabilities and provisions ¹⁾	162	159	159
Deferred tax liabilities ¹⁾	59	55	69
Current liabilities and provisions * ^{1) 3)}	1,063	1,263	1,246
Total liabilities and provisions	1,284	1,477	1,474
Total shareholders' equity and liabilities	3,025	3,162	3,233
¹⁾ Interest-bearing/non-interest-bearing liabilities and provisions:			
Interest-bearing liabilities and provisions	291	346	281
Non-interest-bearing liabilities and provisions	993	1,131	1,193
Total liabilities and provisions	1,284	1,477	1,474
* Financial instruments are measured at fair value in the statement of financial position, pursuant to measurement hierarchy Level 2.			
²⁾ Derivative assets are included in other current assets at	12	1	7
³⁾ Derivative liabilities are included in current liabilities and provisions at	9	26	1

■ Changes in consolidated shareholders' equity (summary)

SEK million	Q1 - Q3 2016	Q1 - Q3 2015	Full year 2015
Shareholders' equity at the beginning of the period	1,759	1,567	1,567
Total comprehensive income for the period	245	342	416
Dividends	- 263	- 224	- 224
Shareholders' equity at the end of period attrib. to Parent Co's shareholders	1,741	1,685	1,759

In 2016, a dividend totalling SEK 263 million was paid to the Parent Company's shareholders, corresponding to a dividend of SEK 10.00 per share. The Group does not have any incentive programmes resulting in a dilutive effect on the number of shares.

Consolidated cash flow statement (summary)

SEK million	Q3 2016	Q3 2015	Q1 - Q3 2016	Q1 - Q3 2015	Rolling 12 months	Full year 2015
Cash flow from op. activities bef. changes in work. cap.	122	150	367	423	496	552
Changes in working capital	- 52	3	- 91	- 44	- 67	- 20
Cash flow from operating activities	70	153	276	379	429	532
Cash flow from investment activities	- 67	- 33	- 182	- 207	- 219	- 244
Cash flow before financing activities	3	120	94	172	210	288
Cash flow from financing activities	- 15	- 72	- 257	- 74	- 321	- 138
Cash flow for the period	- 12	48	- 163	98	- 111	150
Liquid assets at the beginning of the period	250	317	403	256	—	256
Exchange rate difference in liquid assets	2	- 3	—	8	—	- 3
Liquid assets at the end of the period	240	362	240	362	—	403

Earnings per share

SEK million	Q3 2016	Q3 2015	Q1 - Q3 2016	Q1 - Q3 2015	Rolling 12 months	Full year 2015
Profit after tax	79	105	241	323	338	420
Adjusted earnings:						
Amortisation of intangible assets arising from acquis.	3	3	10	11	13	14
Tax on amortisation	—	- 1	- 2	- 3	- 3	- 4
Adjusted earnings	82	107	249	331	348	430
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) *	3.00	3.99	9.16	12.28	12.85	15.97
Adjusted earnings per share (SEK) *	3.12	4.07	9.47	12.58	13.24	16.35

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

Five-year overview

	2015	2014	2013	2012	2011
Net sales (SEK million)	4,726	4,234	4,522	3,874	2,977
Operating profit (EBITA) (SEK million)	570	470	427	303	199
EBITA margin (%)	12.1	11.1	9.4	7.8	6.7
Operating profit (EBIT) (SEK million)	556	454	411	287	190
Profit after financial income and expense (SEK million)	555	462	403	272	183
Profit after tax (SEK million)	420	364	314	202	132
Cash flow after investments, excl. acq. and disposals (SEK million)	288	127	362	317	112
Cash conversion (%)	52	28	82	111	45
Return on capital employed (%)	29.6	28.4	26.7	19.4	13.9
Return on shareholders' equity (%)	25.3	25.0	24.9	17.7	11.6
Net financial assets (+) liabilities (-) (SEK million)	122	59	122	- 113	- 119
Equity/assets ratio (%)	54	54	52	44	52
Earnings per share (SEK)	15.97	13.84	11.94	7.68	5.02
Adjusted earnings per share (SEK)	16.35	14.29	12.39	8.13	5.28
Dividend per share (SEK)	10.00	8.50	8.00	6.00	5.00
Average number of employees	7,759	8,020	9,357	8,421	5,496

■ Quarterly data (summary)

		Q1	Q2	Q3	Q4	Full year
Net sales (SEK million)	2016	1,022	1,037	1,036	—	—
	2015	1,073	1,280	1,084	1,289	4,726
	2014	932	965	1,095	1,242	4,234
Operating profit (EBITDA) (SEK million)	2016	155	152	149	—	—
	2015	164	208	185	180	737
	2014	129	135	149	206	619
Operating profit (EBITA) (SEK million)	2016	113	110	104	—	—
	2015	123	167	142	138	570
	2014	94	100	112	164	470
EBITA margin (%)	2016	11.1	10.6	10.0	—	—
	2015	11.5	13.0	13.1	10.7	12.1
	2014	10.1	10.4	10.2	13.2	11.1
Operating profit (EBIT) (SEK million)	2016	110	106	101	—	—
	2015	119	163	139	135	556
	2014	90	96	108	160	454
Profit after financial income and expense (SEK million)	2016	109	103	101	—	—
	2015	121	162	137	135	555
	2014	88	104	108	162	462
Profit after tax (SEK million)	2016	83	79	79	—	—
	2015	93	125	105	97	420
	2014	67	81	83	133	364
Cash flow from operating activities (SEK million)	2016	93	113	70	—	—
	2015	217	9	153	153	532
	2014	61	92	39	138	330
Cash flow from operating activities per share (SEK)	2016	3.54	4.30	2.66	—	—
	2015	8.25	0.34	5.82	5.82	20.22
	2014	2.32	3.50	1.48	5.25	12.54
Cash flow after investments, excl. acq. and disp. (SEK million)	2016	30	61	19	—	—
	2015	104	- 52	120	116	288
	2014	17	33	- 13	90	127
Cash flow after investm., excl. acq. and disp. per share (SEK)	2016	1.14	2.32	0.72	—	—
	2015	3.95	- 1.98	4.56	4.41	10.95
	2014	0.65	1.25	- 0.49	3.42	4.83
Earnings per share, basic and diluted (SEK)	2016	3.16	3.00	3.00	—	—
	2015	3.54	4.75	3.99	3.69	15.97
	2014	2.55	3.08	3.15	5.06	13.84
Adjusted earnings per share (SEK)	2016	3.23	3.12	3.12	—	—
	2015	3.65	4.86	4.07	3.77	16.35
	2014	2.66	3.19	3.27	5.17	14.29
Shareholders' equity per share (SEK)	2016	70	63	66	—	—
	2015	65	60	64	67	67
	2014	53	49	53	60	60
Return on total capital (%)	2016	17.8	16.0	14.7	—	—
	2015	17.6	19.5	19.8	18.3	18.3
	2014	14.3	14.3	14.3	17.1	17.1
Return on capital employed (%)	2016	27.2	24.8	22.4	—	—
	2015	28.5	31.6	32.0	29.6	29.6
	2014	24.7	24.1	24.6	28.4	28.4
Return on operating capital (%)	2016	34.2	28.9	26.1	—	—
	2015	34.7	36.4	37.3	35.3	35.3
	2014	29.1	28.0	27.4	33.0	33.0
Return on shareholders' equity (%)	2016	23.2	22.5	19.7	—	—
	2015	25.1	30.1	29.6	25.3	25.3
	2014	22.3	24.0	23.2	25.0	25.0
Closing share price Nolato B (Nasdaq Stockholm)	2016	227.5	221.5	263.0	—	—
	2015	208.5	189.5	210.0	257.5	257.5
	2014	163.0	152.0	163.5	178.0	178.0

■ Quarterly data business areas

Net sales (SEK million)		Q1	Q2	Q3	Q4	Full year
Nolato Medical	2016	390	397	395	—	—
	2015	344	365	368	387	1,464
	2014	326	343	330	334	1,333
Nolato Telecom	2016	300	311	343	—	—
	2015	418	584	434	581	2,017
	2014	320	344	502	633	1,799
Nolato Industrial	2016	334	331	301	—	—
	2015	312	332	282	325	1,251
	2014	286	279	264	277	1,106
Group adjustments, Parent Company	2016	-2	-2	-3	—	—
	2015	-1	-1	—	-4	-6
	2014	—	-1	-1	-2	-4
Group total	2016	1,022	1,037	1,036	—	—
	2015	1,073	1,280	1,084	1,289	4,726
	2014	932	965	1,095	1,242	4,234

Operating profit (EBITA) (SEK million)		Q1	Q2	Q3	Q4	Full year
Nolato Medical	2016	52	53	52	—	—
	<i>EBITA margin (%)</i>	<i>13.3</i>	<i>13.4</i>	<i>13.2</i>	—	—
	2015	46	47	51	47	191
<i>EBITA margin (%)</i>	<i>13.4</i>	<i>12.9</i>	<i>13.9</i>	<i>12.1</i>	<i>13.0</i>	
2014	45	46	42	43	176	
	<i>EBITA margin (%)</i>	<i>13.8</i>	<i>13.4</i>	<i>12.7</i>	<i>12.9</i>	<i>13.2</i>
	Nolato Telecom	2016	33	28	29	—
<i>EBITA margin (%)</i>		<i>11.0</i>	<i>9.0</i>	<i>8.5</i>	—	—
2015		47	101	63	61	272
<i>EBITA margin (%)</i>	<i>11.2</i>	<i>17.3</i>	<i>14.5</i>	<i>10.5</i>	<i>13.5</i>	
2014	23	30	48	98	199	
	<i>EBITA margin (%)</i>	<i>7.2</i>	<i>8.7</i>	<i>9.6</i>	<i>15.5</i>	<i>11.1</i>
	Nolato Industrial	2016	34	34	30	—
<i>EBITA margin (%)</i>		<i>10.2</i>	<i>10.3</i>	<i>10.0</i>	—	—
2015		34	34	30	34	132
<i>EBITA margin (%)</i>	<i>10.9</i>	<i>10.2</i>	<i>10.6</i>	<i>10.5</i>	<i>10.6</i>	
2014	31	30	28	29	118	
	<i>EBITA margin (%)</i>	<i>10.8</i>	<i>10.8</i>	<i>10.6</i>	<i>10.5</i>	<i>10.7</i>
	Group adjustments, Parent Company	2016	-6	-5	-7	—
2015		-4	-15	-2	-4	-25
2014		-5	-6	-6	-6	-23
Group total	2016	113	110	104	—	—
	<i>EBITA margin (%)</i>	<i>11.1</i>	<i>10.6</i>	<i>10.0</i>	—	—
	2015	123	167	142	138	570
<i>EBITA margin (%)</i>	<i>11.5</i>	<i>13.0</i>	<i>13.1</i>	<i>10.7</i>	<i>12.1</i>	
2014	94	100	112	164	470	
	<i>EBITA margin (%)</i>	<i>10.1</i>	<i>10.4</i>	<i>10.2</i>	<i>13.2</i>	<i>11.1</i>

Depreciation/amortisation (SEK million)		Q1	Q2	Q3	Q4	Full year
Nolato Medical	2016	22	22	23	—	—
	2015	20	22	22	22	86
	2014	18	19	19	20	76
Nolato Telecom	2016	9	9	9	—	—
	2015	11	11	10	10	42
	2014	10	10	11	14	45
Nolato Industrial	2016	14	15	16	—	—
	2015	14	12	14	13	53
	2014	11	10	11	12	44
Group total	2016	45	46	48	—	—
	2015	45	45	46	45	181
	2014	39	39	41	46	165

■ Group financial highlights

	Q3 2016	Q3 2015	Q1 - Q3 2016	Q1 - Q3 2015	Rolling 12 months	Full year 2015
Net sales (SEK million)	1,036	1,084	3,095	3,437	4,384	4,726
Sales growth (%)	- 4	- 1	- 10	15	- 6	12
Percentage of sales outside Sweden (%)	67	75	72	78	73	77
Operating profit (EBITDA) (SEK million)	149	185	456	557	636	737
Operating profit (EBITA) (SEK million)	104	142	327	432	465	570
EBITA margin (%)	10.0	13.1	10.6	12.6	10.6	12.1
Profit after financial income and expense (SEK million)	101	137	313	420	448	555
Profit margin (%)	9.7	12.6	10.1	12.2	10.2	11.7
Profit after tax (SEK million)	79	105	241	323	338	420
Return on total capital (%)	14.7	19.8	14.7	19.8	14.7	18.3
Return on capital employed (%)	22.4	32.0	22.4	32.0	22.4	29.6
Return on operating capital (%)	26.1	37.3	26.1	37.3	26.1	35.3
Return on shareholders' equity (%)	19.7	29.6	19.7	29.6	19.7	25.3
Equity/assets ratio (%)	58	53	58	53	58	54
Debt/equity (%)	17	21	17	21	17	16
Interest coverage ratio (times)	68	82	79	87	70	78
Net investments affecting cash flow, excl. acq. and disposals (SEK million)	51	33	166	207	203	244
Cash flow after inv., excl. acq. and disp. (SEK million)	19	120	110	172	226	288
Cash conversion (%)	—	—	—	—	50	52
Net financial liabilities (-) / assets (+) (SEK million)	- 51	16	- 51	16	- 51	122
Earnings per share, basic and diluted (SEK)	3.00	3.99	9.16	12.28	12.85	15.97
Adjusted earnings per share (SEK)	3.12	4.07	9.47	12.58	13.24	16.35
Cash flow from operating activities per share (SEK)	2.66	5.82	10.49	14.41	16.31	20.22
Cash flow per share, excl. acq. and disposals (SEK)	0.72	4.56	4.18	6.54	8.59	10.95
Shareholders' equity per share (SEK)	—	—	66	64	—	67
Average number of employees	—	—	6,062	7,590	—	7,759

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 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.

Earnings per share

Profit after tax, divided by the 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 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.

Operating profit (EBIT)

Earnings before financial income and expense 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.

■ Acquisition of Treff AG

Description of the acquisition

Nolato has acquired the Swiss company Treff AG. The company will strengthen the customer base and geographical expansion of both Nolato Medical and Nolato Industrial.

Treff manufacturers supply products for medical and self-care diagnostics (in-vitro diagnostics, IVD), as well as technically advanced precision components for various industrial segments. The company's sales for 2016 are estimated at just over SEK 450 million, with an EBITDA margin of around 11.5%.

Nolato acquired 100 percent of the shares in Treff AG, and obtained controlling influence. The company was acquired on 3 October and was consolidated by Nolato as of 3 October. The acquisition was reported using the acquisition method, with the total purchase price being allocated among the assets acquired and liabilities assumed based on their fair values. Fair value was determined using generally accepted principles and methods. The purchase price comprises a cash payment. The transaction is expected to have a marginal positive effect on Nolato's earnings per share for the current year. Around two thirds of Treff's operations will be reported within Nolato Industrial in future, and one third within Nolato Medical. The acquisition analysis of the company is, in its entirety, still preliminary and may be changed according to IFRS regulations.

Acquisition value, goodwill and cash flow effects (provisional)

Acquisition value

Purchase sum	485
Deduction of fair value of acquired net assets (in accordance with itemisation below)	– 298
Goodwill	187

Goodwill arising in connection with the transaction consists of synergies that are expected to be achieved primarily as a result of increased sales volumes for the Nolato Group's customers in Europe and for customers of the acquired company from other companies within the Nolato Group. But also partly by means of lower costs through better purchasing terms from external suppliers, and other involvement at different levels in the Nolato Medical and Nolato Industrial business areas.

Net assets	Balance sheet at time of acquisition	Adjustment to fair value	Fair value
Intangible non-current assets	—	59	59
Property, plant and equipment	131	63	194
Current assets	149	—	149
Cash and bank balances	103	—	103
Provisions	– 72	19	– 53
Non-current financial liabilities	– 27	—	– 27
Deferred tax liabilities	—	– 26	– 26
Current liabilities	– 101	—	– 101
Acquired net assets	183	115	298

Intangible non-current assets in the form of customer relationships are estimated to amount to SEK 59 million and will be depreciated for accounting purposes over a period of 10 years.

Cash flow effects

Cash paid acquisition value	485
Deduction of acquired cash and bank balances	– 103
Net cash flow from the acquisition	382

■ Parent Company income statement (summary)

SEK million	Q3 2016	Q3 2015	Q1 - Q3 2016	Q1 - Q3 2015	Rolling 12 months	Full year 2015
Net sales	10	8	28	24	35	31
Selling expenses	-3	-3	-9	-9	-11	-11
Administrative expenses	-10	-5	-32	-33	-52	-53
Other operating income	1	—	2	—	2	—
Other operating expenses	-1	-3	-3	-15	-5	-17
Operating profit	-3	-3	-14	-33	-31	-50
Profit from participations in Group companies	5	—	68	18	196	146
Financial income	5	6	15	32	4	21
Financial expenses	2	-1	-2	-2	-16	-16
Profit after financial income and expense	9	2	67	15	153	101
Appropriations	—	—	—	—	262	262
Tax	—	1	1	2	-54	-53
Profit after tax	9	3	68	17	361	310
Depreciation/amortisation	—	—	—	—	—	—

■ Parent Company balance sheet (summary)

SEK million	30/09/2016	30/09/2015	31/12/2015
Assets			
Property, plant and equipment	1	1	1
Financial assets	1,163	1,151	1,151
Deferred tax assets	14	11	7
Total fixed assets	1,178	1,163	1,159
Other receivables	255	233	520
Cash and bank	37	—	37
Total current assets	292	233	557
Total assets	1,470	1,396	1,716
Shareholders' equity and liabilities			
Shareholders' equity	924	827	1,119
Untaxed reserves	129	161	129
Other provisions	12	10	11
Long-term liabilities	55	55	55
Current liabilities	350	343	402
Total shareholders' equity and liabilities	1,470	1,396	1,716

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 2016	28	-3	15	—	68	635	227
Subsidiary	Jan-Sep 2015	24	-3	15	—	18	614	178

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.

