

Continued investment and solid financial position

Today's report by Nolato for the third quarter of 2016 shows continued investment in acquisitions and capacity.

- Sales totalled SEK 1,036 million (1,084)
- Operating profit (EBITA) was SEK 104 million (142)
- The EBITA margin was 10.0% (13.1)
- Profit after tax was SEK 79 million (105)
- Earnings per share were SEK 3.00 (3.99)
- Swiss company Treff AG acquired after end of period

Nolato Medical's sales increased to SEK 395 million (368), which when adjusted for currency represents an increase of 11%. Operating profit (EBITA) totalled SEK 52 million (51), with an EBITA margin of 13.2% (13.9).

"Sales have increased primarily within Medical Devices as a result of strong volume growth and ramp-ups of new products," commented Christer Wahlquist.

Nolato Telecom's sales amounted to SEK 343 million (434), which when adjusted for currency is a drop of 21%. Operating profit (EBITA) totalled SEK 29 million (63), with an EBITA margin of 8.5% (14.5).

"Last year volumes were very strong for Nolato Telecom owing to high demand for customers' mobile phone models. Combined with a favourable product mix, this led to an exceptionally strong operating margin in the third quarter of 2015," said Christer Wahlquist. "Sales have increased compared with the second quarter 2016."

Nolato Industrial's sales amounted to SEK 301 million (282); adjusted for currency, sales increased by 6%. Operating profit totalled SEK 30 million (30), with an EBITA margin of 10.0% (10.6).

"Volumes in the automotive and hygiene segments showed positive performance," noted Christer Wahlquist. "However, higher costs linked to new project start-ups have had a negative impact on the margin."

Cash flow declined during the third quarter to SEK 19 million (120), excluding acquisitions. The fall is primarily due to increased working capital requirements and higher investments compared with the year-earlier period. The Group's financial position remains strong, with net debt of SEK 51 million (+16) and an equity/assets ratio of 58% (53).

In the third quarter, Nolato acquired Polish Grizzly Medical Sp. z o.o. and after the end of the period, Swiss company Treff AG, which has been previously announced. Grizzly Medical has annual sales of SEK 25 million, with healthy profitability. The purchase price was SEK 14 million. Treff has sales of just over SEK 450 million, with an EBITDA margin of around 11.5%. The purchase price was SEK 418 million. Further details of these acquisitions can be found at nolato.se.

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Nolato is a Swedish group with operations in Europe, Asia and North America. We develop and manufacture products in polymer materials such as plastic, silicone and TPE for leading customers within medical technology, pharmaceuticals, telecom, automotive, hygiene and other selected industrial sectors. Nolato's shares are listed on Nasdaq Stockholm in the Mid Cap segment, where they are included in the Industrials sector.

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