

## Nolato AB (publ) nine-month interim report 2010

# Strong quarter for all business areas US acquisition consolidated within Nolato Medical

### ■ Third quarter of 2010 in brief

- Sales rose by 36% to SEK 887 million (653)
- Operating income (EBITA) rose to SEK 67 million (48)
- Net income was SEK 47 million (33)
- Earnings per share were SEK 1.78 (1.26)
- Cash flow after investments was SEK 4 million (–31), excluding acquisitions

### ■ First nine months of 2010 in brief

- Sales rose by 38% to SEK 2,511 million (1,816)
- Operating income (EBITA) was SEK 199 million (103)
- Earnings per share were SEK 5.47 (2.51)
- Continued strong financial position

### ■ Group highlights

SEK millions unless otherwise specified	Q3 2010	Q3 2009	Q1-Q3 2010	Q1-Q3 2009	Rolling 12 months	Full year 2009
Net sales	887	653	2,511	1,816	3,297	2,602
Operating income (EBITDA) <sup>1)</sup>	103	84	308	217	434	343
Operating income (EBITA) <sup>2)</sup>	67	48	199	103	262	166
EBITA margin, %	7.6	7.4	7.9	5.7	7.9	6.4
Income after financial items	60	42	182	90	240	148
Net income	47	33	144	66	201	123
Earnings per share before and after dilution, SEK*	1.78	1.26	5.47	2.51	7.64	4.68
Adjusted earnings per share, SEK* <sup>3)</sup>	1.83	1.29	5.63	2.66	7.87	4.90
Cash flow after investments, excl. acquisitions and disposals	4	–31	75	60	154	139
Net investments affecting cash flow, excl. acquisitions and disposals	28	49	97	80	135	118
Return on capital employed, %	—	—	—	—	18.6	12.1
Return on shareholders' equity, %	—	—	—	—	18.6	11.5
Equity/assets ratio, %	—	—	48	52	—	51
Net debt	—	—	199	120	—	40

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

1) Operating income (EBITDA): Earnings before interest, taxes, depreciation and amortisation.

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

3) Adjusted earnings per share: Net income, excluding amortisation of intangible assets arising from acquisitions, divided by the average number of shares.

## Third quarter 2010

- Sales rose by 36% to SEK 887 million (653)
- Operating income (EBITA) was SEK 67 million (48)
- Acquisition carried out in the US within the Nolato Medical business area

### Sales

The Group's sales totalled SEK 887 million (653), representing an increase of 36% compared with the corresponding period during the previous year. The acquired unit within Nolato Medical accounted for SEK 37 million of this figure. Currency exchange rate differences had an adverse impact on sales of around 1%.

Nolato Medical's sales rose by 27% to SEK 202 million (159). Organic growth was 4% including currency effects. Excluding currency conversion effects, sales rose by 6%.

Nolato Telecom's sales rose by 44% to SEK 444 million (309). Currency conversion effects did not affect sales during the quarter. Volumes have remained good for most customers. Onward sales of components (touchscreens) also contributed approximately SEK 60 million in additional sales. The normal seasonal variation, involving a weaker first six months, has not applied this year, since volumes were high during the first six months as a result of customers building up stocks in connection with product launches.

Nolato Industrial's sales rose by 30% to SEK 241 million (185). Demand from most customer segments remained high, particularly within the automotive and hygiene segments. At the same time, a number of new, previously received products has led to a rise in sales.

### Income

The Group's operating income (EBITA) was SEK 67 million (48).

Nolato Medical's operating income (EBITA) was SEK 25 million (20), Nolato Telecom's was SEK 32 million (24) and Nolato Industrial's was SEK 21 million (9).

Nolato Medical's EBITA margin was 12.4% (12.6), and Nolato Telecom's was 7.2% (7.8). Nolato Industrial's EBITA margin rose to a strong 8.7% (4.9) thanks to high levels of capacity utilisation, new products and lower costs.

Overall, the Group's EBITA margin was 7.6% (7.4).

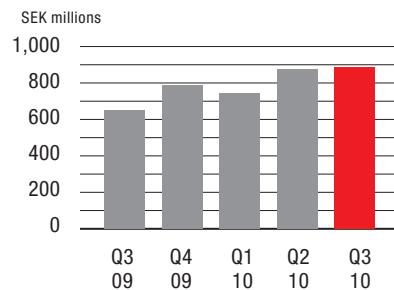
Currency effects had a negative impact of around SEK -1 million (-4).

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

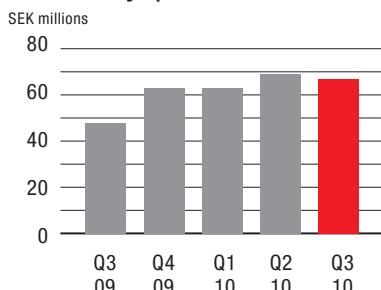
SEK millions	Sales Q3/2010	Sales Q3/2009	Op. income (EBITA) Q3/2010	Op. income (EBITA) Q3/2009	EBITA margin Q3/2010	EBITA margin Q3/2009
Nolato Medical	202	159	25	20	12.4%	12.6%
Nolato Telecom	444	309	32	24	7.2%	7.8%
Nolato Industrial	241	185	21	9	8.7%	4.9%
Intra-Group adj.. Parent Co	0	0	-11	-5	—	—
Group total	887	653	67	48	7.6%	7.4%

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

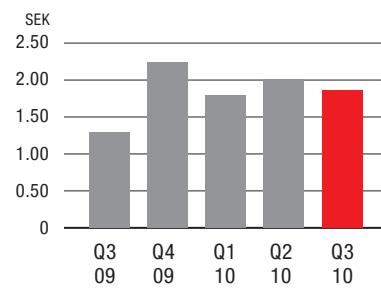
### Sales by quarter



### EBITA by quarter



### Adjusted earnings per share by quarter



These currency effects consist of transaction effects charged to the income statement at SEK 1 million and currency conversion effects of SEK 0 million compared with the corresponding period during the previous year.

Operating income (EBIT) was SEK 65 million (46).

Income after net financial items was SEK 60 million (42). These net financial items include currency exchange rate effects of SEK -3 million (0) during the third quarter.

Net income was SEK 47 million (33). Earnings per share before and after dilution stood at SEK 1.78 (1.26). Adjusted earnings per share excluding amortisation of intangible assets arising from acquisitions were SEK 1.83 (1.29). The effective tax rate was 22% (21).

## First nine months 2010

### Sales and income

The Group's sales totalled SEK 2,511 million (1,816) during the first nine months of 2010, representing an increase of 38% compared with the corresponding period during the previous year. Currency effects had a negative impact of around 5% on sales.

Nolato Medical's sales rose by 11% to SEK 573 million (514), of which SEK 37 million is attributable to the completed acquisition. Nolato Telecom's sales rose by 67% to SEK 1,198 million (718) and Nolato Industrial's sales rose by 26% to SEK 741 million (588).

The Group's operating income (EBITA) was SEK 199 million (103). The EBITA margin was 7.9% (4.6 excluding and 5.7 including non-recurring items).

Operating income (EBIT) was SEK 193 million (97).

Income after net financial items was SEK 182 million (90). These net financial items included currency exchange rate effects of SEK -4 million (0).

Net income was SEK 144 million (66). Earnings per share before and after dilution stood at SEK 5.47 (2.51). Adjusted earnings per share excluding amortisation of intangible assets arising from acquisitions were SEK 5.63 (2.66). The effective tax rate was 21% (27).

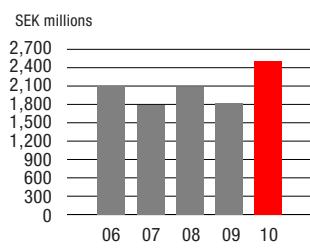
The return on capital employed was 18.6% for the last twelve months (12.1% for the 2009 calendar year). The return on operating capital was 20.5% for the last twelve months (13.9% for the 2009 calendar year).

### Nolato Medical

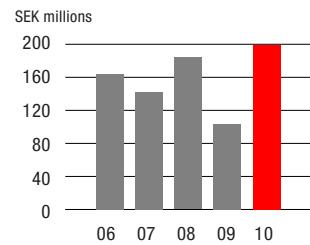
Sales and income 9 months (SEK millions)	2010	2009
Sales	573	514
Operating income (EBITA)	72	67
EBITA margin (%)	12.6	13.0
Operating income (EBIT)	68	63

As previously announced, Nolato has acquired – and, as at 23 July, consolidated – the US company Contour Plastics. The purchase price was SEK 165 million. Contour Plastics, which has changed its name to Nolato Contour, has 180 employees. Its customers include a number of large US medical technology companies, and the acquisition will also make it possible to offer European customers production in North America. Nolato Contour

### Sales 9 months 2006 – 2010



### EBITA 9 months 2006 – 2010



is expected to record sales for 2010 of around SEK 165 million, with a pro forma EBITDA margin of approximately 13 %. The acquisition brought an additional SEK 37 million in sales during the third quarter, and is expected to have a marginal positive effect on Nolato's earnings per share during 2010.

Nolato Medical saw sales rise to SEK 573 million (514), corresponding to growth of 11 %. Organic growth was 4 %. Excluding currency conversion effects and acquisition effects, growth was 7 %. Operations have developed in line with market growth.

Operating income (EBITA) rose to SEK 72 million (67). The EBITA margin was 12.6 % (13.0). This margin was affected by continued investments in project resources and technical resources.

As previously announced, capacity is being increased in Hörby by 3,700 m<sup>2</sup> in order to create the optimum production structure. This work is running according to plan, and the extension is expected to be brought into use during the first quarter of 2011. The premises are rented from the municipal property company Hörby Industrifastigheter, which is also responsible for the enlargement work.

## ■ Nolato Telecom

Sales and income 9 months (SEK millions)	2010	2009
Sales	1,198	718
Operating income (EBITA)	98	56
EBITA margin (%)	8.2	7.8
Operating income (EBIT)	98	56

Nolato Telecom's sales rose by 67 % to SEK 1,198 million (718). Excluding currency conversion effects, sales rose by 77 %. A higher proportion of components (touchscreens) has resulted in sales rising by approximately SEK 110 million. Volumes were high as a result of customers building up stocks in connection with product launches, particularly during the first six months. This has meant that the normal seasonal variation, involving a weaker first six months, does not apply this year.

Operating income (EBITA) rose to SEK 98 million (56). The EBITA margin was 8.2 % (2.9 excluding non-recurring items). An almost entirely new product mix and high levels of capacity utilisation have had a positive impact on the margin, while a higher proportion of components has had the opposite effect.

During the second quarter, Nolato Lovepac Converting moved its operations in southern China and is now also moving its Beijing operations to new, more suitable production premises.

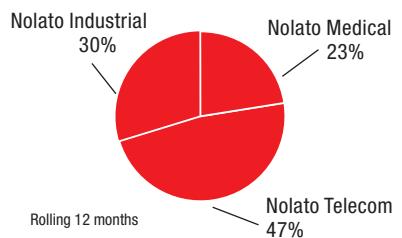
## ■ Nolato Industrial

Sales and income 9 months (SEK millions)	2010	2009
Sales	741	588
Operating income (EBITA)	61	1
EBITA margin (%)	8.2	0.2
Operating income (EBIT)	59	-1

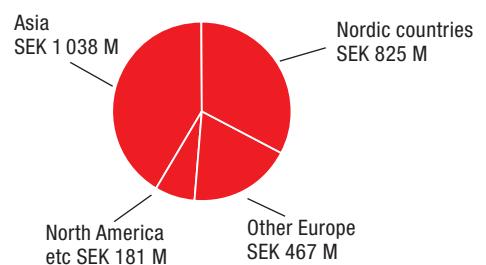
Nolato Industrial's sales rose by 26 % to SEK 741 million (588). Demand has risen within most customer segments, albeit from very low levels in the corresponding period during the previous year. A focus on increasing market shares has led to new projects being received, resulting in a rise in sales.

Operating income (EBITA) was SEK 61 million (13 excluding non-recur-

## ■ Business areas' share of sales



## ■ Sales by geographic markets Q1–Q3 2010

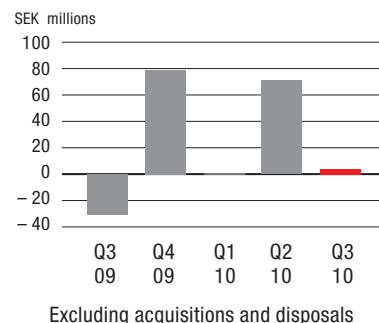


ring items), with an EBITA margin of 8.2% (2.2 excluding non-recurring items). High levels of capacity utilisation, new products and the full effect of earlier restructuring measures have had a positive impact on the margin.

## ■ Cash flow

Cash flow before investments totalled SEK 172 million (140). The change in working capital was a negative SEK -69 million (-11). A sharp rise in sales has resulted in a greater need for working capital. Cash flow after investments was SEK -89 million (60), including acquisitions. Excluding acquisitions, the cash flow was SEK 75 million (60). Net investments affecting cash flow totalled SEK 261 million (80), of which the acquisition of Contour Plastics accounted for SEK 164 million.

## ■ Cash flow after investments per quarter



## ■ Financial position

Interest-bearing assets totalled SEK 131 million (83), and interest-bearing liabilities and provisions totalled SEK 330 million (203). Net debt thus totalled SEK 199 million (120). Shareholders' equity stood at SEK 1,133 million (1,027). The equity/assets ratio was 48% (52). During the second quarter, dividends totalling SEK 79 million were paid to shareholders.

## ■ Consolidated performance analysis

SEK millions	Q3 2010	Q3 2009	Q1 – Q3 2010	Q1 – Q3 2009	Rolling 12 months	Full year 2009
Net sales	887	653	2,511	1,816	3,297	2,602
Gross income excl. depreciation/amortisation	157	126	477	331	647	501
<i>As a percentage of net sales</i>	17.7	19.3	19.0	18.2	19.6	19.3
Costs	-54	-42	-169	-114	-213	-158
<i>As a percentage of net sales</i>	6.1	6.4	6.7	6.3	6.5	6.1
Operating income (EBITDA)	103	84	308	217	434	343
<i>As a percentage of net sales</i>	11.6	12.9	12.3	11.9	13.2	13.2
Depreciation and amortisation	-36	-36	-109	-114	-172	-177
Operating income (EBITA)	67	48	199	103	262	166
<i>As a percentage of net sales</i>	7.6	7.4	7.9	5.7	7.9	6.4
Amortisation of intang. assets arising from acquisitions	-2	-2	-6	-6	-8	-8
Operating income (EBIT)	65	46	193	97	254	158
Financial items	-5	-4	-11	-7	-14	-10
Income after financial items	60	42	182	90	240	148
Tax	-13	-9	-38	-24	-39	-25
<i>As a percentage of income after financial items</i>	21.7	21.4	20.9	26.7	16.3	16.9
Net income	47	33	144	66	201	123

## ■ Financial position

SEK millions	30/09/2010	30/09/2009	31/12/2009
Interest-bearing liabilities, credit institutions	238	113	120
Interest-bearing pension liabilities	92	90	92
<b>Total borrowings</b>	<b>330</b>	<b>203</b>	<b>212</b>
Cash and bank	-131	-83	-172
<b>Net debt</b>	<b>199</b>	<b>120</b>	<b>40</b>
Working capital	252	125	133
<i>As a percentage of sales (avg.) (%)</i>	5.7	6.1	4.5
Capital employed	1,463	1,230	1,298
<i>Return on capital employed (avg.) (%)</i>	18.6	11.3	12.1
Shareholders' equity	1,133	1,027	1,086
<i>Return on shareholders' equity (avg.) (%)</i>	18.6	11.2	11.5

## ■ Personnel

The average number of employees during the period was 7,616 (4,478). The significant increase is due mainly to high demand for staff in connection with mobile phone project start-ups 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 2009 Annual Report on pages 32–33, and in Note 4 on pages 50–51.

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 are listed on the NASDAQ OMX Nordic Exchange in the Stockholm Small Cap segment, where they are included in the information technology sector.

The number of shareholders has risen by 16%, totalling 7,679 on 30 September. The largest shareholders were the Paulsson family with 12% of the share capital, the Jorlén family with 10%, and the Boström family with 9%. The ten largest shareholders include financial institutions which own an additional 28% of the share capital, with Lannebo Fonder, Svolder and If Skadeförsäkring being the largest. The ten largest shareholders hold 59% of the share capital and 79% of the votes.

## ■ The Parent Company

Sales totalled SEK 18 million (17). The increase in sales is a result of higher costs levied on subsidiaries. Income after financial items was SEK 44 million (58). This drop is mainly due to lower dividends from subsidiaries.

## ■ 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 accounts have been prepared in accordance with the same principles as those applied to the Annual Report, which are described in the 2009 Annual Report on pages 45–49.

The consolidated interim report has been prepared in accordance with IAS 34 (Interim Financial Reporting). The applicable provisions of the Swedish Annual Accounts Act and the Swedish Securities Market Act have also been applied.

The Parent Company interim report has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Securities Market Act, in line with the provisions of RFR 2.2, Accounting for Legal Entities.

The new or revised IFRS standards or IFRIC interpretations that entered into force on 1 January 2010 have not had any material effect on the Group's income statements or balance sheets.

## ■ Nomination Committee

It was resolved at Nolato's Annual General Meeting on 28 April 2010 that the Company should have a Nomination Committee consisting of one representative for each of the five largest shareholders in terms of number of votes as at the end of September.

Following discussions with the five largest shareholders, the following have been elected to Nolato's Nomination Committee ahead of the 2011 Annual General Meeting:

- Henrik Jorlén, chairman, representing the Jorlén family
- Gun Boström, representing the Boström family
- Erik Paulsson, representing the Paulsson family
- Johan Lannebo, representing Lannebo Fonder
- Magnus Molin, representing Svolder

## ■ Annual General Meeting

The Annual General Meeting will be held on 27 April 2011. Any shareholders who wish to submit proposals to the Nomination Committee can contact one of the Nomination Committee representatives by e-mail:

- henrik.jorlen@gmail.com
- gunbostrom@gmail.com
- erik.paulsson@hansan.se
- johan.lannebo@lannebofonder.se
- magnus.molin@svolder.se

## ■ Financial calendar

- 2010 year-end report: 1 February 2011
- Three-month interim report 2011: 27 April 2011
- 2011 Annual General Meeting: 27 April 2011
- Six-month interim report 2011: 20 July 2011
- Nine-month interim report 2011: 26 October 2011

*Torekov, 26 October 2010*

*Nolato AB (publ)*

*Hans Porat*

*President and CEO*

## ■ Contact:

- Hans Porat, President and CEO, +46 431 442294
- Per-Ola Holmström, Executive Vice President and CFO, +46 431 442293

---

*The information contained in this interim report is the information which Nolato must make public in accordance with the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. This information was made public on 26 October 2010 at 14:00.*

*The report has not been reviewed by the company's auditor.*

## ■ Consolidated income statement (summary)

SEK millions	Q3 2010	Q3 2009	Q1–Q3 2010	Q1–Q3 2009	Rolling 12 months	Full year 2009
Net sales	887	653	2,511	1,816	3,297	2,602
Cost of goods sold	– 764	– 562	– 2,139	– 1,596	– 2,816	– 2,273
<b>Gross profit</b>	<b>123</b>	<b>91</b>	<b>372</b>	<b>220</b>	<b>481</b>	<b>329</b>
Other operating income	0	0	1	36	6	41
Selling expenses	– 18	– 13	– 55	– 54	– 72	– 71
Administrative expenses	– 40	– 28	– 122	– 93	– 161	– 132
Other operating expenses	0	– 4	– 3	– 12	0	– 9
	– 58	– 45	– 179	– 123	– 227	– 171
<b>Operating income</b>	<b>65</b>	<b>46</b>	<b>193</b>	<b>97</b>	<b>254</b>	<b>158</b>
Financial items	– 5	– 4	– 11	– 7	– 14	– 10
<b>Income after financial items</b>	<b>60</b>	<b>42</b>	<b>182</b>	<b>90</b>	<b>240</b>	<b>148</b>
Tax	– 13	– 9	– 38	– 24	– 39	– 25
<b>Net income</b>	<b>47</b>	<b>33</b>	<b>144</b>	<b>66</b>	<b>201</b>	<b>123</b>
All earnings are attrib. to the Parent Co.'s shareholders						
Depreciation/amortisation/writedowns	38	38	115	120	179	185
Earnings per share before and after dilution (SEK)	1.78	1.26	5.47	2.51	7.64	4.68
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 millions	Q3 2010	Q3 2009	Q1–Q3 2010	Q1–Q3 2009	Rolling 12 months	Full year 2009
<b>Net income</b>	<b>47</b>	<b>33</b>	<b>144</b>	<b>66</b>	<b>201</b>	<b>123</b>
<b>Other comprehensive income</b>						
Translation differences for the period	– 44	– 27	– 23	– 28	– 20	– 25
Cash flow hedges	7	3	7	4	6	3
Tax attributable to cash flow hedges	– 2	– 1	– 2	– 1	– 2	– 1
<b>Other comprehensive income, net of tax</b>	<b>– 39</b>	<b>– 25</b>	<b>– 18</b>	<b>– 25</b>	<b>– 16</b>	<b>– 23</b>
<b>Total comp. inc. for the period attrib. to the Parent Co.'s shareholders</b>	<b>8</b>	<b>8</b>	<b>126</b>	<b>41</b>	<b>185</b>	<b>100</b>

## ■ Consolidated balance sheet (summary)

SEK millions	30/09/2010	30/09/2009	31/12/2009
<b>Assets</b>			
<b>Fixed assets</b>			
Intangible fixed assets	442	373	373
Tangible fixed assets	723	727	702
Other securities held as fixed assets	2	2	2
Other long-term receivables	1	1	1
Deferred tax assets	29	28	25
<b>Total fixed assets</b>	<b>1,197</b>	<b>1,131</b>	<b>1,103</b>
<b>Current assets</b>			
Inventories	251	223	215
Accounts receivable	674	498	573
Other current assets	102	57	50
Cash and bank	131	83	172
<b>Total current assets</b>	<b>1,158</b>	<b>861</b>	<b>1,010</b>
<b>Total assets</b>	<b>2,355</b>	<b>1,992</b>	<b>2,113</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>	<b>1,133</b>	<b>1,027</b>	<b>1,086</b>
Long-term liabilities and provisions <sup>1)</sup>	200	201	202
Short-term liabilities and provisions <sup>1)</sup>	1,022	764	825
<b>Total liabilities and provisions</b>	<b>1,222</b>	<b>965</b>	<b>1,027</b>
<b>Total shareholders' equity and liabilities</b>	<b>2,355</b>	<b>1,992</b>	<b>2,113</b>
<sup>1)</sup> Interest-bearing/non-interest-bearing liabilities and provisions:			
Interest-bearing liabilities and provisions	330	203	212
Non-interest-bearing liabilities and provisions	892	762	815
<b>Total liabilities and provisions</b>	<b>1,222</b>	<b>965</b>	<b>1,027</b>

## ■ Changes in consolidated shareholders' equity

SEK millions	Q1 – Q3 2010	Q1 – Q3 2009	Full year 2009
<b>Shareholders' equity at the beginning of the period</b>			
Total comprehensive income for the period	126	41	100
Dividends	– 79	– 72	– 72
<b>Shareholders' equity at end of period attrib. to Parent Co's shareholders</b>	<b>1,133</b>	<b>1,027</b>	<b>1,086</b>

During 2010 a dividend totalling SEK 79 million (72), was paid to the Parent Company's shareholders, corresponding to SEK 3.00 per share (2.75). The Group does not have any incentive programmes resulting in a dilutive effect.

## ■ Consolidated cash flow statement (summary)

SEK millions	Q3 2010	Q3 2009	Q1–Q3 2010	Q1–Q3 2009	Rolling 12 months	Full year 2009
Cash flow from op. activities before changes in working cap.	75	65	241	151	354	264
Changes in working capital	–43	–47	–69	–11	–65	–7
<b>Cash flow from operations</b>	<b>32</b>	<b>18</b>	<b>172</b>	<b>140</b>	<b>289</b>	<b>257</b>
Cash flow from investment activities	–192	–49	–261	–80	–299	–118
<b>Cash flow before financing activities</b>	<b>–160</b>	<b>–31</b>	<b>–89</b>	<b>60</b>	<b>–10</b>	<b>139</b>
Cash flow from financing activities	116	48	53	–136	59	–130
<b>Cash flow for the period</b>	<b>–44</b>	<b>17</b>	<b>–36</b>	<b>–76</b>	<b>49</b>	<b>9</b>
<b>Liquid funds at the beginning of the period</b>	<b>186</b>	<b>75</b>	<b>172</b>	<b>168</b>		<b>168</b>
Exchange rate difference in liquid funds	–11	–9	–5	–9		–5
<b>Liquid funds at the end of the period</b>	<b>131</b>	<b>83</b>	<b>131</b>	<b>83</b>		<b>172</b>

## ■ Earnings per share

SEK millions	Q3 2010	Q3 2009	Q1–Q3 2010	Q1–Q3 2009	Rolling 12 months	Full year 2009
<b>Net income</b>	<b>47</b>	<b>33</b>	<b>144</b>	<b>66</b>	<b>201</b>	<b>123</b>
Adjusted earnings:						
Amortisation of intangible assets arising from acquisitions	2	2	6	6	8	8
Tax on amortisation	–1	–1	–2	–2	–2	–2
<b>Adjusted earnings</b>	<b>48</b>	<b>34</b>	<b>148</b>	<b>70</b>	<b>207</b>	<b>129</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 before and after dilution (SEK)*	1.78	1.26	5.47	2.51	7.64	4.68
Adjusted earnings per share (SEK)*	1.83	1.29	5.63	2.66	7.87	4.90

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

## ■ Five-year overview

	2009	2008	2007	2006	2005
Net sales (SEK millions)	2,602	2,824	2,421	2,702	2,256
Operating income (EBITA) (SEK millions)	166	240	197	79	221
EBITA margin (%)	6.4	8.5	8.1	2.9	9.8
Operating income (EBIT) (SEK millions)	158	232	190	78	221
Income after financial items (SEK millions)	148	216	171	69	208
Net income (SEK millions)	123	178	150	48	181
Return on capital employed (%)	12.1	18.4	16.3	7.4	21.0
Return on shareholders' equity (%)	11.5	18.4	18.0	5.9	24.2
Equity/assets ratio (%)	51	50	46	46	50
Earnings per share (SEK)	4.68	6.77	5.70	1.82	6.88
Adjusted earnings per share (SEK)	4.90	6.99	5.32	6.08	6.31

## ■ Quarterly data (summary)

	Q1	Q2	Q3	Q4	Full year
Net sales (SEK millions)	<b>2010</b>	<b>746</b>	<b>878</b>	<b>887</b>	
2009	606	557	653	786	2,602
2008	690	694	693	747	2,824
Operating income (EBITDA) (SEK millions)	<b>2010</b>	<b>100</b>	<b>105</b>	<b>103</b>	
2009	56	77	84	126	343
2008	100	103	101	95	399
Operating income (EBITA) (SEK millions)	<b>2010</b>	<b>63</b>	<b>69</b>	<b>67</b>	
2009	16	39	48	63	166
2008	59	61	64	56	240
EBITA margin (%)	<b>2010</b>	<b>8.4</b>	<b>7.9</b>	<b>7.6</b>	
2009	2.6	7.0	7.4	8.0	6.4
2008	8.6	8.8	9.2	7.5	8.5
Operating income (EBIT) (SEK millions)	<b>2010</b>	<b>61</b>	<b>67</b>	<b>65</b>	
2009	14	37	46	61	158
2008	57	59	62	54	232
Income after financial items (SEK millions)	<b>2010</b>	<b>57</b>	<b>65</b>	<b>60</b>	
2009	6	42	42	58	148
2008	53	59	57	47	216
Net income (SEK millions)	<b>2010</b>	<b>45</b>	<b>52</b>	<b>47</b>	
2009	4	29	33	57	123
2008	41	46	45	46	178
Cash flow after inv., excl. acq. and disp. (SEK millions)	<b>2010</b>	<b>0</b>	<b>71</b>	<b>4</b>	
2009	56	35	- 31	79	139
2008	47	19	78	152	296
Earnings per share before and after dilution (SEK)	<b>2010</b>	<b>1.71</b>	<b>1.98</b>	<b>1.78</b>	
2009	0.15	1.10	1.26	2.17	4.68
2008	1.56	1.75	1.71	1.75	6.77
Adjusted earnings per share (SEK)	<b>2010</b>	<b>1.79</b>	<b>2.01</b>	<b>1.83</b>	
2009	0.23	1.14	1.29	2.24	4.90
2008	1.63	1.79	1.75	1.82	6.99
Return on total capital (%)	<b>2010</b>	<b>10.2</b>	<b>11.3</b>	<b>11.5</b>	
2009	9.4	8.8	7.1	7.5	7.5
2008	11.0	12.0	12.1	11.8	11.8
Return on capital employed (%)	<b>2010</b>	<b>16.1</b>	<b>18.4</b>	<b>18.6</b>	
2009	14.7	13.7	11.3	12.1	12.1
2008	16.7	18.5	18.7	18.4	18.4
Return on operating capital (%)	<b>2010</b>	<b>18.0</b>	<b>20.8</b>	<b>20.5</b>	
2009	16.5	14.4	12.7	13.9	13.9
2008	17.5	18.9	19.8	19.7	19.7
Return on shareholders' equity (%)	<b>2010</b>	<b>14.9</b>	<b>17.5</b>	<b>18.6</b>	
2009	14.2	13.0	11.2	11.5	11.5
2008	20.4	22.4	22.0	18.4	18.4

## ■ Quarterly data business areas

Net sales (SEK millions)	Q1	Q2	Q3	Q4	Full year
Nolato Medical	<b>2010</b>	<b>186</b>	<b>185</b>	<b>202</b>	
	2009	178	177	159	178
	2008	147	158	156	171
Nolato Telecom	<b>2010</b>	<b>320</b>	<b>434</b>	<b>444</b>	
	2009	226	183	309	372
	2008	284	277	318	364
Nolato Industrial	<b>2010</b>	<b>241</b>	<b>259</b>	<b>241</b>	
	2009	206	197	185	236
	2008	260	259	219	212
Group adjustments, Parent Company	<b>2010</b>	<b>-1</b>	<b>0</b>	<b>0</b>	
	2009	-4	0	0	0
	2008	-1	0	0	0
Group total	<b>2010</b>	<b>746</b>	<b>878</b>	<b>887</b>	
	2009	606	557	653	786
	2008	690	694	693	747
					2,602
					2,824
Operating income (EBITA) (SEK millions)	Q1	Q2	Q3	Q4	Full year
Nolato Medical	<b>2010</b>	<b>23</b>	<b>24</b>	<b>25</b>	
	<i>EBITA margin (%)</i>	<b>12.4</b>	<b>13.0</b>	<b>12.4</b>	
	2009	24	23	20	22
	<i>EBITA margin (%)</i>	13.5	13.0	12.6	12.4
	2008	21	21	20	27
	<i>EBITA margin (%)</i>	14.3	13.3	12.8	15.8
Nolato Telecom	<b>2010</b>	<b>32</b>	<b>34</b>	<b>32</b>	
	<i>EBITA margin (%)</i>	<b>10.0</b>	<b>7.8</b>	<b>7.2</b>	
	2009	0	32	24	30
	<i>EBITA margin (%)</i>	0.0	17.5	7.8	8.1
	2008	25	22	35	32
	<i>EBITA margin (%)</i>	8.8	7.9	11.0	8.8
Nolato Industrial	<b>2010</b>	<b>17</b>	<b>23</b>	<b>21</b>	
	<i>EBITA margin (%)</i>	<b>7.1</b>	<b>8.9</b>	<b>8.7</b>	
	2009	-1	-7	9	18
	<i>EBITA margin (%)</i>	-0.5	-3.6	4.9	7.6
	2008	19	21	15	0
	<i>EBITA margin (%)</i>	7.3	8.1	6.8	0.0
Group adjustments, Parent Company	<b>2010</b>	<b>-9</b>	<b>-12</b>	<b>-11</b>	
	2009	-7	-9	-5	-7
	2008	-6	-3	-6	-3
Group total	<b>2010</b>	<b>63</b>	<b>69</b>	<b>67</b>	
	<i>EBITA margin (%)</i>	<b>8.4</b>	<b>7.9</b>	<b>7.6</b>	
	2009	16	39	48	63
	<i>EBITA margin (%)</i>	2.6	7.0	7.4	8.0
	2008	59	61	64	56
	<i>EBITA margin (%)</i>	8.6	8.8	9.2	7.5
					166
					240
					8.5
Depreciation/amortisation (SEK millions)	Q1	Q2	Q3	Q4	Full year
Nolato Medical	<b>2010</b>	<b>12</b>	<b>12</b>	<b>13</b>	
	2009	11	11	11	12
	2008	10	10	10	11
Nolato Telecom	<b>2010</b>	<b>16</b>	<b>14</b>	<b>14</b>	
	2009	18	16	15	40
	2008	19	20	16	17
Nolato Industrial	<b>2010</b>	<b>11</b>	<b>12</b>	<b>11</b>	
	2009	13	13	12	13
	2008	14	14	13	13
Group total	<b>2010</b>	<b>39</b>	<b>38</b>	<b>38</b>	
	2009	42	40	38	65
	2008	43	44	39	41
					185
					167

## ■ Group financial highlights

	Q3 2010	Q3 2009	Q1–Q3 2010	Q1–Q3 2009	Rolling 12 months	Full year 2009
Net sales (SEK millions)	887	653	2,511	1,816	3,297	2,602
Sales growth (%)	36	– 6	38	– 13	29	– 8
Percentage of sales outside Sweden (%)	80	77	77	72	76	73
Operating income (EBITDA) (SEK millions)	103	84	308	217	434	343
Operating income (EBITA) (SEK millions)	67	48	199	103	262	166
EBITA margin (%)	7.6	7.4	7.9	5.7	7.9	6.4
Income after financial items (SEK millions)	60	42	182	90	240	148
Profit margin (%)	6.8	6.4	7.2	5.0	7.3	5.7
Net income (SEK millions)	47	33	144	66	201	123
Return on total capital (%)	—	—	—	—	11.5	7.5
Return on capital employed (%)	—	—	—	—	18.6	12.1
Return on operating capital (%)	—	—	—	—	20.5	13.9
Return on shareholders' equity (%)	—	—	—	—	18.6	11.5
Equity/assets ratio (%)	—	—	48	52	—	51
Debt/equity ratio (%)	—	—	29	20	—	20
Interest coverage ratio (times)	21	12	24	13	23	14
Net investm. affecting cash flow, excl. acq. and disposals (SEK millions)	28	49	97	80	135	118
Cash flow after investments, excl. acq. and disposals (SEK millions)	4	– 31	75	60	154	139
Net debt (SEK millions)	—	—	199	120	—	40
Earnings per share before and after dilution (SEK)	1.78	1.26	5.47	2.51	7.64	4.68
Adjusted earnings per share (SEK)	1.83	1.29	5.63	2.66	7.87	4.90
Cash flow per share (SEK)	0.15	– 1.18	2.85	2.28	5.85	5.28
Shareholders' equity per share (SEK)	—	—	43	39	—	41
Average number of employees	—	—	7,616	4,478	—	4,308

## Definitions

### Adjusted earnings per share

Net income, 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.

### Debt/equity ratio

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

### EBITA margin

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

### Earnings per share

Net income, divided by average number of shares.

### Equity/assets ratio

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

### Interest coverage ratio

Income after financial items plus financial expenses, divided by financial expenses.

### Net debt

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

### Operating income (EBITDA)

Earnings before interest, taxes and depreciation/amortisation.

### Operating income (EBITA)

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

### Operating income (EBIT)

Income before tax, financial income and expenses.

### Profit margin

Income after financial items as a percentage of net sales.

### Return on total capital

Income after financial items plus financial expenses as a percentage of average total capital in the balance sheet.

### Return on capital employed

Income after financial items 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 income 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

Net income as a percentage of average shareholders' equity.

## ■ Acquisition of Contour Plastics Inc.

### Description of the acquisition

The company has annual sales of approximately SEK 165 million. Its customers include a number of large medical technology companies, most of which are American. It has 180 employees, and the previous management will continue to manage the company following the acquisition. The company is located in Baldwin, Wisconsin, at the heart of an American medical technology cluster, and has changed its name to Nolato Contour Inc. Its certified production plant is 9,000 m<sup>2</sup> in size, with clean rooms accounting for 700 m<sup>2</sup>. The acquisition gives Nolato an excellent base for production in the US, and thereby a stronger offering in terms of geographical expansion.

### Description of the acquisition

On 23 July, Nolato acquired 100% of the shares in Contour Plastics Inc. Controlling influence was thereby obtained. No additional purchase price will be paid, as agreed. 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 following generally accepted accounting principles and methods. The purchase price consists entirely of cash. The acquisition has contributed approximately SEK 37 million to the Nolato Group's income during the third quarter, and has had a marginal positive impact on the Group's earnings per share. If the acquisition had taken place as at 1 January 2010, it would have contributed SEK 138 million to the Nolato Group's income and had a marginal positive impact on the Group's earnings per share.

### Acquisition value, goodwill and cash flow effects (preliminary)

#### Acquisition value

Purchase price	165
Less fair value of net assets acquired (as detailed below)	– 97
<b>Goodwill</b>	<b>68</b>

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 the USA and for customers of the acquired company from other companies within the Nolato Group, and – to some extent – as a result of lower costs through better purchasing terms from external suppliers and coordination at various levels within the Nolato Medical business area. This goodwill is tax deductible in accordance with US tax rules over a period of 15 years.

Net assets	Balance sheet at the time of the acquisition	Adjustment to fair value	Fair value
Intangible fixed assets	0	13	13
Tangible fixed assets	61	0	61
Current assets	47	– 1	46
Liquid funds	1	0	1
Provisions	0	– 5	– 5
Current liabilities	– 19	0	– 19
<b>Net assets acquired</b>	<b>90</b>	<b>7</b>	<b>97</b>

Gross value, fair value and the value expected to be settled on for the balance sheet item 'Accounts receivable' are all SEK 25 million.

Acquisition expenses of SEK 5 million have been charged to expenses as administrative expenses.

#### Cash flow effects

Cash paid acquisition value	165
Less liquid funds acquired	– 1
<b>Net cash flow from the acquisition</b>	<b>164</b>

## ■ Parent Company income statement

SEK millions	Q3 2010	Q3 2009	Q1–Q3 2010	Q1–Q3 2009	Rolling 12 months	Full year 2009
Net sales	6	4	18	17	22	21
Other operating income	0	0	0	0	0	0
Selling expenses	-3	-2	0	-8	-12	-11
Administrative expenses	-10	-8	-37	-26	-53	-42
Other operating expenses	—	-1	—	-5	-19	-24
<b>Operating income</b>	<b>-7</b>	<b>-7</b>	<b>-28</b>	<b>-22</b>	<b>-62</b>	<b>-56</b>
Result from shares in Group companies	53	13	74	79	74	79
Financial income	3	2	7	5	9	7
Financial expenses	-6	-2	-9	-4	-9	-4
<b>Income after financial items</b>	<b>43</b>	<b>6</b>	<b>44</b>	<b>58</b>	<b>12</b>	<b>26</b>
Appropriations	—	—	—	—	-21	-21
Tax	3	2	9	6	22	19
<b>Net income</b>	<b>46</b>	<b>8</b>	<b>53</b>	<b>64</b>	<b>13</b>	<b>24</b>
Depreciation/amortisation	0	0	0	0	0	0

## ■ Parent Company balance sheet (summary)

SEK millions	30/09/2010	30/09/2009	31/12/2009
<b>Assets</b>			
Financial fixed assets	943	851	949
Deferred tax assets	5	3	4
<b>Total fixed assets</b>	<b>948</b>	<b>854</b>	<b>953</b>
Other receivables	89	42	201
Cash and bank	7	21	74
<b>Total current assets</b>	<b>96</b>	<b>63</b>	<b>275</b>
<b>Total assets</b>	<b>1,044</b>	<b>917</b>	<b>1,228</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	733	704	759
Untaxed reserves	93	72	93
Other provisions	5	2	2
Long-term liabilities	17	20	18
Current liabilities	196	119	356
<b>Total shareholders' equity and liabilities</b>	<b>1,044</b>	<b>917</b>	<b>1,228</b>
Collateral pledged	—	—	—
Contingent liabilities	92	96	99

### Transactions with related parties:

Related party	Period	Services sold	Services purchased	Interest income	Interest expenses	Result from shares in Group companies	Rec. from related parties on the bal. sheet date	Liab. to related parties on the bal. sheet date
Subsidiary	Jan–Sep 2010	18	-11	7	0	74	270	133
Subsidiary	Jan–Sep 2009	17	-11	5	0	79	173	70

None of the company's Board members or senior executives currently has, or has 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.

