Nolato AB (publ) nine-month interim report 2017

Very strong performance by the Group

Third quarter of 2017 in brief

- Sales increased to SEK 1,749 million (1,036)
- Operating profit (EBITA) doubled to SEK 209 million (104)
- EBITA margin of 11.9% (10.0)
- Profit after tax was SEK 153 million (79)
- Earnings per share increased to SEK 5.82 (3.00)
- Cash flow after investments was SEK 308 million (19, excl. acquisitions)

First nine months of 2017 in brief

- Sales increased to SEK 4,794 million (3,095)
- Operating profit (EBITA) was SEK 533 million (327)
- Earnings per share increased to SEK 14.90 (9.16)
- Cash flow after investments was SEK 339 million (110, excl. acquisitions)

Group highlights

SEK million unless otherwise specified	Q3 2017	Q3 2016	Q1 - Q3 2017	Q1 - Q3 2016	Rolling 12 months	Full year 2016
Net sales	1,749	1,036	4,794	3,095	6,146	4,447
Operating profit (EBITDA) [1]	263	149	694	456	874	636
Operating profit (EBITA) [2]	209	104	533	327	663	457
EBITA margin, %	11.9	10.0	11.1	10.6	10.8	10.3
Operating profit (EBIT) [3]	206	101	522	317	648	443
Profit after financial income and expense	198	101	506	313	631	438
Profit after tax	153	79	392	241	487	336
Earnings per share, basic and diluted, SEK *	5.82	3.00	14.90	9.16	18.51	12.77
Adjusted earnings per share, basic and diluted, SEK [4] *	5.93	3.12	15.24	9.47	18.96	13.19
Cash flow after investments, excl. acquisitions and disp.	308	19	339	110	474	245
Net investm. affecting cash flow, excl. acq. and disp.	73	51	212	166	267	221
Cash conversion, % [5]	—	—	—	—	73	55
Return on capital employed, %	24.7	22.4	24.7	22.4	24.7	20.6
Return on shareholders' equity, %	26.2	19.7	26.2	19.7	26.2	19.0
Equity/assets ratio, %	42	58	42	58	42	47
Net financial liabilities (–)	– 324	– 51	– 324	– 51	– 324	– 408

* At the end of the period the Group had a share warrant programme (Series 1). The programme is from 2016 with redemption from 1 May 2019 to 15 December 2019. The subscription price is SEK 296.30. The programme has been taken into account in calculating the number of shares after dilution. Upon full subscription, the programme provides a maximum of 240,500 new class B 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 2017

- Sales were SEK 1,749 million (1,036); adjusted for currency and acquisitions, sales grew by a very strong 57%
- Considerably higher volumes for Integrated Solutions in new segments, and this has continued into the fourth quarter
- Operating profit (EBITA) doubled to SEK 209 million (104)
- Strong EBITA margin of 11.9% (10.0)

Sales

Consolidated sales rose by 69% to SEK 1,749 million (1,036). Adjusted for currency and acquisitions, sales growth was a very strong 57%. Organic growth was strong for all business areas, but was exceptionally strong for Integrated Solutions.

Medical Solutions sales rose to SEK 459 million (395); adjusted for currency and acquisitions, sales increased by 6%. Sales increased in both Medical Devices and Pharma Packaging and most customer segments experienced positive growth.

Integrated Solutions sales rose to SEK 819 million (343); adjusted for currency, sales increased by an exceptionally strong 143%. Launch Vaporiser Heating Products (VHP) volumes, within the e-cigarette segment, remained very high in the quarter. These volumes have been sustained into the fourth quarter.

Industrial Solutions sales amounted to SEK 473 million (301); adjusted for currency and acquisitions, sales increased by a very strong 27%. There was positive development of volumes in almost all segments, particularly automotive and hygiene. Invoicing of development work and production equipment for forthcoming production contributed to the strong growth in the quarter.

Profit

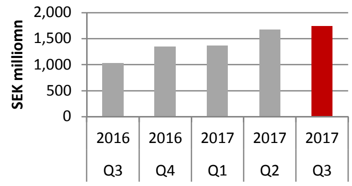
The Group's operating profit (EBITA) doubled to SEK 209 million (104).

Operating profit (EBITA) increased to SEK 60 million (52) for Medical Solutions, to SEK 105 million (29) for Integrated Solutions and to SEK 47 million (30) for Industrial Solutions.

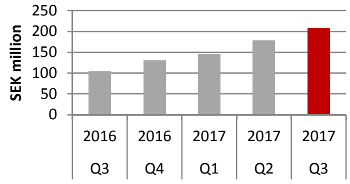
The EBITA margin for Medical Solutions was 13.1% (13.2). The EBITA margin for Integrated Solutions rose to a very strong 12.8% (8.5). Very high volumes and consequent high capacity utilisation had a positive effect on the margin. The EBITA margin for Industrial Solutions was 9.9% (10.0).

Overall, the Group's EBITA margin was a very strong 11.9% (10.0).

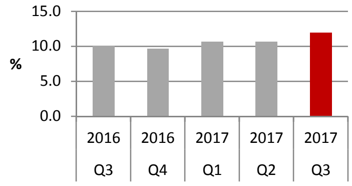
Sales



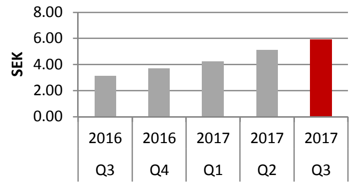
Operating profit (EBITA)



EBITA margin



Adjusted earnings per share



Basic and diluted

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

SEK million	Sales Q3/2017	Sales Q3/2016	Op. profit EBITA Q3/2017	Op. profit EBITA Q3/2016	EBITA margin Q3/2017	EBITA margin Q3/2016
Medical Solutions	459	395	60	52	13.1%	13.2%
Integrated Solutions	819	343	105	29	12.8%	8.5%
Industrial Solutions	473	301	47	30	9.9%	10.0%
Intra-Group adj., Parent Co	– 2	– 3	– 3	– 7	—	—
Group total	**1,749**	**1,036**	**209**	**104**	**11.9%**	**10.0%**

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

Operating profit (EBIT) more than doubled to SEK 206 million (101).

Profit after net financial income/expense was SEK 198 million (101). Net financial income/expense included currency exchange rate fluctuations affecting earnings by SEK –4 million (+1).

Profit after tax rose to SEK 153 million (79). Earnings per share, basic and diluted, stood at SEK 5.82 (3.00). Adjusted earnings per share excluding amortisation of intangible assets arising from acquisitions were SEK 5.93 (3.12).

First nine months 2017

Sales and earnings

Consolidated sales rose by 55% to SEK 4,794 million (3,095) in the first nine months of 2017. Adjusted for currency and acquisitions, sales rose by a strong 39%.

Sales for Medical Solutions rose by 22% to SEK 1,444 million (1,182), for Integrated Solutions by 100% to 1,910 million (954) and for Industrial Solutions by 50% to SEK 1,450 million (966).

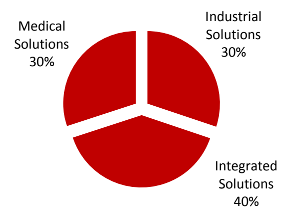
Consolidated operating profit (EBITA) amounted to SEK 533 million (327) and the EBITA margin was 11.1% (10.6). Operating profit (EBIT) was SEK 522 million (317).

Profit after net financial income/expense rose to SEK 506 million (313).

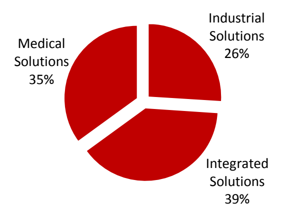
Profit after tax was SEK 392 million (241). Earnings per share, basic and diluted, were SEK 14.90 (9.16). Adjusted earnings per share excluding amortisation of intangible assets arising from acquisitions increased to SEK 15.24 (9.47). The effective tax rate was 22.5% (23.0).

The return on capital employed was 24.7% for the last twelve months (20.6% for the 2016 calendar year). Return on equity was 26.2% for the last 12 months (19.0% for the 2016 calendar year). Cash conversion for the last twelve months was 73% (55% for the 2016 calendar year).

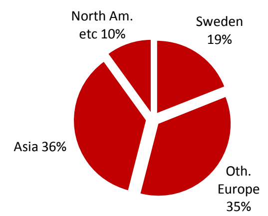
Business areas' share of sales



Business areas' share of operating profit (EBITA)



Sales by geographic markets



Medical Solutions

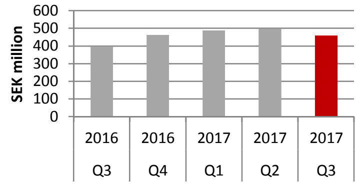
Sales and profit Q1-Q3 (SEK million)	2017	2016
Sales	1,444	1,182
Operating profit (EBITA)	189	157
EBITA margin (%)	13.1	13.3
Operating profit (EBIT)	181	147

Medical Solutions sales rose to SEK 1,444 million (1,182); adjusted for currency and acquisitions, sales growth was a strong 9%. Volumes increased in both the Medical Devices and Pharma Packaging sectors, but especially in Medical Devices in which the ramp-up of new customer projects made a positive contribution.

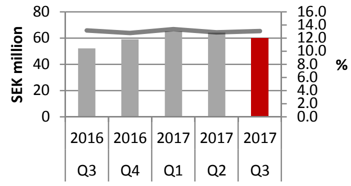
Operating profit (EBITA) rose to SEK 189 million (157). The EBITA margin was 13.1% (13.3).

The businesses acquired last year are performing well and according to plan. Owing to the strong growth of recent years, Nolato will be expanding production capacity in Hungary, Sweden and Switzerland.

Medical Solutions sales



Medical Solutions operating profit (EBITA) & EBITA margin %



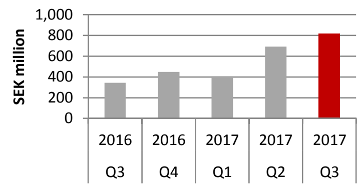
Integrated Solutions

Sales and profit Q1-Q3 (SEK million)	2017	2016
Sales	1,910	954
Operating profit (EBITA)	216	90
EBITA margin (%)	11.3	9.4
Operating profit (EBIT)	216	90

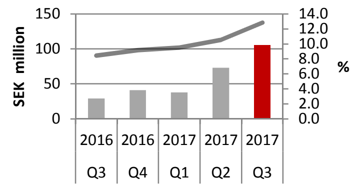
Integrated Solutions sales rose sharply to SEK 1,910 million (954); adjusted for currency, sales growth was an exceptionally strong 97%. Last year, volumes were low for the first six months. The focus on expanding this business area's customer and product base showed highly positive development in the second and third quarters, particularly for VHP, within the e-cigarette segment. In addition, mobile phone projects produced good volumes.

Operating profit (EBITA) increased very sharply to SEK 216 million (90). The EBITA margin was a strong 11.3% (9.4). High volumes and consequent high capacity utilisation had an effect on the margin.

Integrated Solutions sales



Integrated Solutions operating profit (EBITA) & EBITA margin %



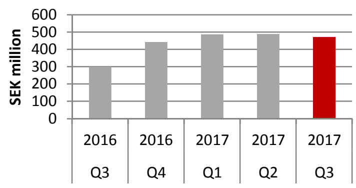
Industrial Solutions

Sales and profit Q1-Q3 (SEK million)	2017	2016
Sales	1,450	966
Operating profit (EBITA)	143	98
EBITA margin (%)	9.9	10.1
Operating profit (EBIT)	140	98

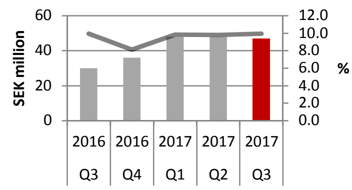
Industrial Solutions sales increased to SEK 1,450 million (966); adjusted for currency and acquisitions, sales growth was a strong 20%. There was positive development of volumes in most segments, particularly automotive and hygiene. Advanced market positions and a high level of invoicing for development work and production equipment for forthcoming production contributed to the strong growth.

Operating profit (EBITA) increased to SEK 143 million (98), with an EBITA margin of 9.9% (10.1). The acquisition made last year is performing well and according to plan.

Industrial Solutions sales



Industrial Solutions operating profit (EBITA) & EBITA margin %

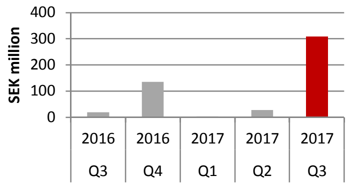


Cash flow

Significantly higher earnings have resulted in strong cash flow after investments. On an accumulated basis for the nine-month period, it amounted to SEK 339 million (SEK 110 million excluding acquisitions, SEK 94 million including acquisitions). The change in working capital was a negative SEK 38 million (–91). Net investments affecting cash flow increased to SEK 212 million (SEK 166 million excluding acquisitions). Including acquisitions last year, net investments amounted to SEK 212 million (182).

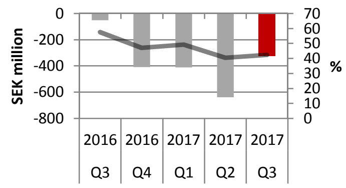
Cash flow after investments for the third quarter increased to SEK 308 million (SEK 19 million excluding acquisitions). The sharp increase in earnings contributed to this, and there was a significant positive change in working capital in the quarter. The strong need for working capital during the second quarter's considerable increase in sales was reduced in the third quarter through increased trade payables and reduced trade receivables. Trade receivables were reduced despite increasing sales through the use of supplier finance among the Group's customers and sales of more trade receivables than before.

Cash flow after investments



Excluding acquisitions and disposals

Net financial liabilities (–) & assets/equity ratio



Financial position

Nolato's financial position remains solid, but debt has increased as a result of higher activity and growth. Interest-bearing assets totalled SEK 561 million (240), and interest-bearing liabilities and provisions totalled SEK 885 million (291).

In the second quarter, dividends totalling SEK 276 million (263) were paid out. Consequently, net debt amounted to SEK 324 million (51). Shareholders' equity was SEK 1,950 million (1,741). The equity/assets ratio was 42% (58).

One of the Group's credit agreements was extended and increased in the second quarter. Consequently, Nolato has long-term credit agreements between four and five years totalling approximately SEK 1.1 billion. It also has short-term bank overdraft and similar facilities of approximately SEK 100 million.

Consolidated performance analysis

SEK million	Q3 2017	Q3 2016	Q1 - Q3 2017	Q1 - Q3 2016	Rolling 12 months	Full year 2016
Net sales	1,749	1,036	4,794	3,095	6,146	4,447
Gross profit excl. depreciation/amortisation	335	210	925	649	1,167	891
As a percentage of net sales	*19.2*	*20.3*	*19.3*	*21.0*	*19.0*	*20.0*
Costs	– 72	– 61	– 231	– 193	– 293	– 255
As a percentage of net sales	*4.1*	*5.9*	*4.8*	*6.2*	*4.8*	*5.7*
Operating profit (EBITDA)	263	149	694	456	874	636
As a percentage of net sales	*15.0*	*14.4*	*14.5*	*14.7*	*14.2*	*14.3*
Depreciation and amortisation	– 54	– 45	– 161	– 129	– 211	– 179
Operating profit (EBITA)	209	104	533	327	663	457
As a percentage of net sales	*11.9*	*10.0*	*11.1*	*10.6*	*10.8*	*10.3*
Amortisation of intangible assets arising from acquisitions	– 3	– 3	– 11	– 10	– 15	– 14
Operating profit (EBIT)	206	101	522	317	648	443
Financial income and expense	– 8	—	– 16	– 4	– 17	– 5
Profit after financial income and expense	198	101	506	313	631	438
Tax	– 45	– 22	– 114	– 72	– 144	– 102
As a percentage of profit after financial income and expense	*22.7*	*21.8*	*22.5*	*23.0*	*22.8*	*23.3*
Profit after tax	153	79	392	241	487	336

Financial position

SEK million	30/09/2017	30/09/2016	31/12/2016
Interest-bearing liabilities, credit institutions	– 703	– 160	– 617
Interest-bearing pension liabilities	– 182	– 131	– 202
Total borrowings	**– 885**	**– 291**	**– 819**
Cash and bank	561	240	411
Net financial liabilities (–)	**– 324**	**– 51**	**– 408**
Working capital	391	308	327
As a percentage of sales (avg.) (%)	*5.7*	*5.9*	*5.9*
Capital employed	2,836	2,033	2,668
Return on capital employed (avg.) (%)	*24.7*	*22.4*	*20.6*
Shareholders' equity	1,950	1,741	1,850
Return on shareholders' equity (avg.) (%)	*26.2*	*19.7*	*19.0*

Personnel

The average number of employees during the period was 7,283 people (6,062). The increase in the number of employees is mainly attributable to Integrated Solutions' operations in China and personnel from acquired businesses.

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 2016 Annual Report on pages 21, 56 – 57, and in Note 4 on pages 67 – 68.

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

Seasonal effects

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

Events after the balance sheet date

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

Ownership and legal structure

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

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

There were 13,177 shareholders at 30 September. The largest shareholders are the Jorlén family with 10%, the Boström family, the Hamrin family and Didner & Gerge Funds with 9% each, Lannebo Funds with 8% and SEB Investment Management with 3% of the capital.

Contact:

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

This information is information that Nolato AB is obliged to publish pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the above contact persons, at 2:30 p.m. CET on 25 October 2017.

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

The Parent Company

For the Parent Company, which has no operational activities, sales amounted to SEK 40 million (40). Profit after financial income and expense amounted to SEK 76 million (67). Contingent liabilities amounted to 110 MSEK (129).

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 2016 Annual Report on pages 64 – 66.

The new or revised IFRS standards or IFRIC interpretations, which came into effect on 1 January 2017, have not had any material effect on the consolidated income statement or balance sheet.

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

IFRS 9 Financial Instruments

IFRS 9 will be applied from 1 January 2018 but it is assessed that it will not have any material quantitative effect on the Group's accounting of financial instruments.

In qualitative terms, the new standard will affect Nolato's accounting and valuation policies in the next annual accounts with regard to financial instruments. Disclosures about the application of hedge accounting will also be updated.

IFRS 15 Revenue from Contracts with Customers

In 2016, Nolato carried out a detailed analysis of major customer contracts within the Group's three business areas; Medical Solutions, Integrated Solutions and Industrial Solutions. Nolato's analysis reviewed the performance obligations included in such contracts and how they are fulfilled. Nolato has valued and established transaction prices, including an allocation for performance obligations.

This analysis has not been assessed to result in any need to amend current policies for the accounting of revenue from contracts with customers.

In qualitative terms, the standard will affect Nolato's accounting and valuation policies in the next annual accounts with regard to revenue recognition.

Nomination Committee

In accordance with a decision at Nolato's AGM on 26 April 2017, the five largest shareholders in terms of the number of votes at the end of September 2017 have appointed the following individuals to be included in Nolato's Nomination Committee ahead of the 2018 AGM: Henrik Jorlén (chairman), Gun Boström, Lovisa Hamrin, Carl Gustafsson (Didner & Gerge Funds) and Johan Ståhl (Lannebo Funds).

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

Annual General Meeting

The Annual General Meeting will be held on 24 April 2018.

Financial calendar

- 2017 year-end report: 7 February 2018
- Three-month interim report 2018: 24 April 2018
- 2018 Annual General Meeting: 24 April 2018
- Six-month interim report 2018: 19 July 2018
- Nine-month interim report 2018: 24 October 2018

Torekov, 25 October 2017
Nolato AB (publ)
Christer Wahlquist, President and CEO

THE COMPANY IN BRIEF

Nolato's business

Nolato develops and manufactures products in polymer materials such as plastic, silicone and TPE for 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

Consolidated income statement (summary)

SEK million	Q3 2017	Q3 2016	Q1 - Q3 2017	Q1 - Q3 2016	Rolling 12 months	Full year 2016
Net sales	1,749	1,036	4,794	3,095	6,146	4,447
Cost of goods sold	– 1,467	– 869	– 4,026	– 2,573	– 5,186	– 3,733
Gross profit	**282**	**167**	**768**	**522**	**960**	**714**
Other operating income	3	—	8	4	22	18
Selling expenses	– 26	– 27	– 87	– 82	– 120	– 115
Administrative expenses	– 48	– 39	– 152	– 127	– 195	– 170
Other operating expenses	– 5	—	– 15	—	– 19	– 4
	– 76	– 66	– 246	– 205	– 312	– 271
Operating profit	**206**	**101**	**522**	**317**	**648**	**443**
Financial income and expense	– 8	—	– 16	– 4	– 17	– 5
Profit after financial income and expense	**198**	**101**	**506**	**313**	**631**	**438**
Tax	– 45	– 22	– 114	– 72	– 144	– 102
Profit after tax	**153**	**79**	**392**	**241**	**487**	**336**
All earnings are attrib. to the Parent Co.'s shareholders						
Depreciation/amortisation	57	48	172	139	226	193
Earnings per share, before dilution (SEK) *	5.82	3.00	14.90	9.16	18.51	12.77
Earnings per share, after dilution (SEK) *	5.82	3.00	14.90	9.16	18.51	12.77
Number of shares at the end of the period, before dilution *	26,307,408	26,307,408	26,307,408	26,307,408	26,307,408	26,307,408
Number of shares at the end of the period, after dilution *	26,313,754	26,307,408	26,313,754	26,307,408	26,313,754	26,307,408
Average number of shares, before dilution *	26,307,408	26,307,408	26,307,408	26,307,408	26,307,408	26,307,408
Average number of shares, after dilution *	26,310,877	26,307,408	26,309,142	26,307,408	26,309,142	26,307,408

* At the end of the period the Group had a share warrant programme (Series 1). The programme is from 2016 with redemption from 1 May 2019 to 15 December 2019. The subscription price is SEK 296.30. The programme has been taken into account in calculating the number of shares after dilution. Upon full subscription, the programme provides a maximum of 240,500 new class B shares.

Consolidated comprehensive income

SEK million	Q3 2017	Q3 2016	Q1 - Q3 2017	Q1 - Q3 2016	Rolling 12 months	Full year 2016
Profit after tax	**153**	**79**	**392**	**241**	**487**	**336**
Other comprehensive income						
Items that cannot be transferred to profit for the period						
Revaluations of defined benefit pension plans	1	—	17	– 2	27	8
Tax attributable to items that cannot be transferred to profit for the period	—	—	– 3	—	– 5	– 2
	1	—	14	– 2	22	6
Items that have been converted or can be converted into profit for the period						
Translation diff. for the period on transl. of foreign oper.	– 19	9	– 33	7	– 28	12
Changes in the fair val. of cash flow hedges for the per. *	—	—	4	– 1	3	– 2
Tax attr. to changes in the fair val. of cash flow hedges *	—	—	– 1	—	– 1	—
	– 19	9	– 30	6	– 26	10
Other comprehensive income, net of tax	**– 18**	**9**	**– 16**	**4**	**– 4**	**16**
Total comp. income for the period attributable to the Parent Co.'s shareholders	**135**	**88**	**376**	**245**	**483**	**352**

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

Consolidated balance sheet (summary)

SEK million	30/09/2017	30/09/2016	31/12/2016
Assets			
Non-current assets			
Intangible non-current assets	810	534	849
Property, plant and equipment	1,205	993	1,205
Non-current financial assets	2	2	2
Other non-current receivables	1	1	1
Deferred tax assets	42	44	46
Total fixed assets	**2,060**	**1,574**	**2,103**
Current assets			
Inventories	534	302	393
Accounts receivable	1,109	717	819
Other current assets * [2]	348	192	198
Cash and bank	561	240	411
Total current assets	**2,552**	**1,451**	**1,821**
Total assets	**4,612**	**3,025**	**3,924**
Shareholders' equity and liabilities			
Shareholders' equity	**1,950**	**1,741**	**1,850**
Long-term liabilities and provisions [1]	750	162	803
Deferred tax liabilities [1]	93	59	88
Current liabilities and provisions * [1] [3]	1,819	1,063	1,183
Total liabilities and provisions	**2,662**	**1,284**	**2,074**
Total shareholders' equity and liabilities	**4,612**	**3,025**	**3,924**
[1] Interest-bearing/non-interest-bearing liabilities and provisions:			
Interest-bearing liabilities and provisions	885	291	819
Non-interest-bearing liabilities and provisions	1,777	993	1,255
Total liabilities and provisions	**2,662**	**1,284**	**2,074**

* 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	31	12	10
[3] Derivative liabilities are included in current liabilities and provisions at	—	9	4

Changes in consolidated shareholders' equity (summary)

SEK million	Q1 - Q3 2017	Q1 - Q3 2016	Full year 2016
Shareholders' equity at the beginning of the period	**1,850**	**1,759**	**1,759**
Total comprehensive income for the period	376	245	352
Dividends	– 276	– 263	– 263
Share warrants included in incentive programme (Series 1)	—	—	2
Shareholders' equity at the end of period attrib. to Parent Co's shareholders	**1,950**	**1,741**	**1,850**

In 2017, a dividend totalling SEK 276 million was paid to the Parent Company's shareholders, corresponding to a dividend of SEK 10.50 per share. At the end of the period the Group had a share warrant programme (Series 1). The programme is from 2016 with redemption from 1 May 2019 to15 December 2019. The subscription price is SEK 296.30. The programme has been taken into account in calculating the number of shares after dilution. Upon full subscription, the programme provides a maximum of 240,500 new class B shares.

Consolidated cash flow statement (summary)

SEK million	Q3 2017	Q3 2016	Q1 - Q3 2017	Q1 - Q3 2016	Rolling 12 months	Full year 2016
Cash flow from op. activities bef. changes in work. cap.	225	122	589	367	729	507
Changes in working capital	156	– 52	– 38	– 91	12	– 41
Cash flow from operating activities	**381**	**70**	**551**	**276**	**741**	**466**
Cash flow from investment activities	– 73	– 67	– 212	– 182	– 649	– 619
Cash flow before financing activities	**308**	**3**	**339**	**94**	**92**	**– 153**
Cash flow from financing activities	– 102	– 15	– 154	– 257	260	157
Cash flow for the period	**206**	**– 12**	**185**	**– 163**	**352**	**4**
Cash and cash equivalents at the beginning of the period	**380**	**250**	**411**	**403**	**—**	**403**
Exchange rate difference in liquid assets	– 25	2	– 35	—	—	4
Cash and cash equivalents at the end of the period	**561**	**240**	**561**	**240**	**—**	**411**

Earnings per share

SEK million	Q3 2017	Q3 2016	Q1 - Q3 2017	Q1 - Q3 2016	Rolling 12 months	Full year 2016
Profit after tax	**153**	**79**	**392**	**241**	**487**	**336**
Adjusted earnings:						
Amortisation of intangible assets arising from acquis.	3	3	11	10	15	14
Tax on amortisation	—	—	– 2	– 2	– 3	– 3
Adjusted earnings	**156**	**82**	**401**	**249**	**499**	**347**
Average number of shares, before dilution *	26,307,408	26,307,408	26,307,408	26,307,408	26,307,408	26,307,408
Average number of shares, after dilution *	26,310,877	26,307,408	26,309,142	26,307,408	26,309,142	26,307,408
Earnings per share, before dilution (SEK) *	5.82	3.00	14.90	9.16	18.51	12.77
Earnings per share, after dilution (SEK) *	5.82	3.00	14.90	9.16	18.51	12.77
Adjusted earnings per share, before dilution (SEK) *	5.93	3.12	15.24	9.47	18.96	13.19
Adjusted earnings per share, after dilution (SEK) *	5.93	3.12	15.24	9.47	18.96	13.19

Five-year overview

	2016	2015	2014	2013	2012
Net sales (SEK million)	4,447	4,726	4,234	4,522	3,874
Operating profit (EBITA) (SEK million)	457	570	470	427	303
EBITA margin (%)	10.3	12.1	11.1	9.4	7.8
Operating profit (EBIT) (SEK million)	443	556	454	411	287
Profit after financial income and expense (SEK million)	438	555	462	403	272
Profit after tax (SEK million)	336	420	364	314	202
Cash flow after investments, excl. acq. and disposals (SEK million)	245	288	127	362	317
Cash conversion (%)	55	52	28	82	111
Return on capital employed (%)	20.6	29.6	28.4	26.7	19.4
Return on shareholders' equity (%)	19.0	25.3	25.0	24.9	17.7
Net financial liabilities (–) assets (+) (SEK million)	– 408	122	59	122	– 113
Equity/assets ratio (%)	47	54	54	52	44
Earnings per share, before and after dilution (SEK) *	12.77	15.97	13.84	11.94	7.68
Adjusted earnings per share, before and after dilution (SEK) *	13.19	16.35	14.29	12.39	8.13
Dividend per share (SEK)	10.50	10.00	8.50	8.00	6.00
Average number of employees	6,418	7,759	8,020	9,357	8,421

* At the end of the period the Group had a share warrant programme (Series 1). The programme is from 2016 with redemption from 1 May 2019 to 15 December 2019. The subscription price is SEK 296.30. The programme has been taken into account in calculating the number of shares after dilution. Upon full subscription, the programme provides a maximum of 240,500 new class B shares.

Quarterly data (summary)

		Q1	Q2	Q3	Q4	Full year
Net sales (SEK million)	2017	1,370	1,675	1,749	—	—
	2016	1,022	1,037	1,036	1,352	4,447
	2015	1,073	1,280	1,084	1,289	4,726
Operating profit (EBITDA) (SEK million)	2017	199	232	263	—	—
	2016	155	152	149	180	636
	2015	164	208	185	180	737
Operating profit (EBITA) (SEK million)	2017	146	178	209	—	—
	2016	113	110	104	130	457
	2015	123	167	142	138	570
EBITA margin (%)	2017	10.7	10.6	11.9	—	—
	2016	11.1	10.6	10.0	9.6	10.3
	2015	11.5	13.0	13.1	10.7	12.1
Operating profit (EBIT) (SEK million)	2017	142	174	206	—	—
	2016	110	106	101	126	443
	2015	119	163	139	135	556
Profit after financial income and expense (SEK million)	2017	138	170	198	—	—
	2016	109	103	101	125	438
	2015	121	162	137	135	555
Profit after tax (SEK million)	2017	108	131	153	—	—
	2016	83	79	79	95	336
	2015	93	125	105	97	420
Cash flow from operating activities (SEK million)	2017	67	103	381	—	—
	2016	93	113	70	190	466
	2015	217	9	153	153	532
Cash flow from operations per share basic & diluted (SEK) *	2017	2.55	3.92	14.48	—	—
	2016	3.54	4.30	2.66	7.22	17.71
	2015	8.25	0.34	5.82	5.82	20.22
Cash flow after investments, excl. acq. and disp. (SEK million)	2017	3	28	308	—	—
	2016	30	61	19	135	245
	2015	104	– 52	120	116	288
Cash fl. aft. inv., excl. acq. and disp. per sh. bas. and dil. (SEK) *	2017	0.11	1.06	11.71	—	—
	2016	1.14	2.32	0.72	5.13	9.31
	2015	3.95	– 1.98	4.56	4.41	10.95
Earnings per share, basic & diluted (SEK) *	2017	4.11	4.98	5.82	—	—
	2016	3.16	3.00	3.00	3.61	12.77
	2015	3.54	4.75	3.99	3.69	15.97
Adjusted earnings per share, basic & diluted (SEK) *	2017	4.22	5.09	5.93	—	—
	2016	3.23	3.12	3.12	3.72	13.19
	2015	3.65	4.86	4.07	3.77	16.35
Shareholders' equity per share, basic & diluted (SEK) *	2017	74	69	74	—	—
	2016	70	63	66	70	70
	2015	65	60	64	67	67
Return on total capital (%)	2017	14.0	14.8	16.1	—	—
	2016	17.8	16.0	14.7	13.7	13.7
	2015	17.6	19.5	19.8	18.3	18.3
Return on capital employed (%)	2017	20.8	22.3	24.7	—	—
	2016	27.2	24.8	22.4	20.6	20.6
	2015	28.5	31.6	32.0	29.6	29.6
Return on operating capital (%)	2017	24.3	25.7	29.1	—	—
	2016	34.2	28.9	26.1	24.4	24.4
	2015	34.7	36.4	37.3	35.3	35.3
Return on shareholders' equity (%)	2017	20.0	22.9	26.2	—	—
	2016	23.2	22.5	19.7	19.0	19.0
	2015	25.1	30.1	29.6	25.3	25.3
Closing share price Nolato B (Nasdaq Stockholm)	2017	267.00	316.50	393.00	—	—
	2016	227.50	221.50	263.00	263.00	263.00
	2015	208.50	189.50	210.00	257.50	257.50

* At the end of the period the Group had a share warrant programme (Series 1). The programme is from 2016 with redemption from 1 May 2019 to 15 December 2019. The subscription price is SEK 296.30. The programme has been taken into account in calculating the number of shares after dilution. Upon full subscription, the programme provides a maximum of 240,500 new class B shares.

Quarterly data business areas

Net sales (SEK million)			Q1	Q2	Q3	Q4	Full year
Medical Solutions		2017	487	498	459	—	—
		2016	390	397	395	463	1,645
		2015	344	365	368	387	1,464
Integrated Solutions		2017	399	692	819	—	—
		2016	300	311	343	448	1,402
		2015	418	584	434	581	2,017
Industrial Solutions		2017	488	489	473	—	—
		2016	334	331	301	443	1,409
		2015	312	332	282	325	1,251
Group adjustments, Parent Company		2017	– 4	– 4	– 2	—	—
		2016	– 2	– 2	– 3	– 2	– 9
		2015	– 1	– 1	—	– 4	– 6
Group total		2017	1,370	1,675	1,749	—	—
		2016	1,022	1,037	1,036	1,352	4,447
		2015	1,073	1,280	1,084	1,289	4,726

Operating profit (EBITA) (SEK million)			Q1	Q2	Q3	Q4	Full year
Medical Solutions		2017	65	64	60	—	—
	EBITA margin (%)		*13.3*	*12.9*	*13.1*	—	—
		2016	52	53	52	59	216
	EBITA margin (%)		*13.3*	*13.4*	*13.2*	*12.7*	*13.1*
		2015	46	47	51	47	191
	EBITA margin (%)		*13.4*	*12.9*	*13.9*	*12.1*	*13.0*
Integrated Solutions		2017	38	73	105	—	—
	EBITA margin (%)		*9.5*	*10.5*	*12.8*	—	—
		2016	33	28	29	41	131
	EBITA margin (%)		*11.0*	*9.0*	*8.5*	*9.2*	*9.3*
		2015	47	101	63	61	272
	EBITA margin (%)		*11.2*	*17.3*	*14.5*	*10.5*	*13.5*
Industrial Solutions		2017	48	48	47	—	—
	EBITA margin (%)		*9.8*	*9.8*	*9.9*	—	—
		2016	34	34	30	36	134
	EBITA margin (%)		*10.2*	*10.3*	*10.0*	*8.1*	*9.5*
		2015	34	34	30	34	132
	EBITA margin (%)		*10.9*	*10.2*	*10.6*	*10.5*	*10.6*
Group adjustments, Parent Company		2017	– 5	– 7	– 3	—	—
		2016	– 6	– 5	– 7	– 6	– 24
		2015	– 4	– 15	– 2	– 4	– 25
Group total		2017	146	178	209	—	—
	EBITA margin (%)		*10.7*	*10.6*	*11.9*	—	—
		2016	113	110	104	130	457
	EBITA margin (%)		*11.1*	*10.6*	*10.0*	*9.6*	*10.3*
		2015	123	167	142	138	570
	EBITA margin (%)		*11.5*	*13.0*	*13.1*	*10.7*	*12.1*

Depreciation/amortisation (SEK million)		Q1	Q2	Q3	Q4	Full year
Medical Solutions	2017	27	27	27	—	—
	2016	22	22	23	25	92
	2015	20	22	22	22	86
Integrated Solutions	2017	9	8	8	—	—
	2016	9	9	9	9	36
	2015	11	11	10	10	42
Industrial Solutions	2017	21	22	23	—	—
	2016	14	15	16	20	65
	2015	14	12	14	13	53
Group total	2017	57	57	58	—	—
	2016	45	46	48	54	193
	2015	45	45	46	45	181

Group financial highlights

	Q3 2017	Q3 2016	Q1 - Q3 2017	Q1 - Q3 2016	Rolling 12 months	Full year 2016
Net sales (SEK million)	1,749	1,036	4,794	3,095	6,146	4,447
Sales growth (%)	69	– 4	55	– 10	40	– 6
Percentage of sales outside Sweden (%)	84	67	81	72	82	76
Operating profit (EBITDA) (SEK million)	263	149	694	456	874	636
Operating profit (EBITA) (SEK million)	209	104	533	327	663	457
EBITA margin (%)	11.9	10.0	11.1	10.6	10.8	10.3
Profit after financial income and expense (SEK million)	198	101	506	313	631	438
Profit margin (%)	11.3	9.7	10.6	10.1	10.3	9.8
Profit after tax (SEK million)	153	79	392	241	487	336
Return on total capital (%)	16.1	14.7	16.1	14.7	16.1	13.7
Return on capital employed (%)	24.7	22.4	24.7	22.4	24.7	20.6
Return on operating capital (%)	29.1	26.1	29.1	26.1	29.1	24.4
Return on shareholders' equity (%)	26.2	19.7	26.2	19.7	26.2	19.0
Equity/assets ratio (%)	42	58	42	58	42	47
Debt/equity (%)	45	17	45	17	45	44
Interest coverage ratio (times)	52	68	56	79	55	67
Net investments affecting cash flow, excl. acq. and disposals (SEK million)	73	51	212	166	267	221
Cash flow after inv., excl. acq. and disp. (SEK million)	308	19	339	110	474	245
Cash conversion (%)	—	—	—	—	73	55
Net financial liabilities (–)	– 324	– 51	– 324	– 51	– 324	– 408
Earnings per share, basic and diluted (SEK) *	5.82	3.00	14.90	9.16	18.51	12.77
Adjusted earnings per share, basic and diluted (SEK) *	5.93	3.12	15.24	9.47	18.96	13.19
Cash flow from operations per share, basic and diluted (SEK) *	14.48	2.66	20.94	10.49	28.17	17.71
Cash flow per share, excl. acq. and disp., basic and diluted (SEK) *	11.71	0.72	12.89	4.18	18.02	9.31
Shareholders' equity per share, basic and diluted (SEK) *	—	—	74	66	—	70
Average number of employees	—	—	7,283	6,062	—	6,418

* At the end of the period the Group had a share warrant programme (Series 1). The programme is from 2016 with redemption from 1 May 2019 to 15 December 2019. The subscription price is SEK 296.30. The programme has been taken into account in calculating the number of shares after dilution. Upon full subscription, the programme provides a maximum of 240,500 new class B shares.

Reconciliation of consolidated profit before tax

SEK million	Q1 - Q3 2017	Q1 - Q3 2016	Rolling 12 months	Full year 2016
Operating profit (EBIT)				
Medical Solutions	181	147	237	203
Integrated Solutions	216	90	257	131
Industrial Solutions	140	98	175	133
Group adjustments, Parent Company	– 15	– 18	– 21	– 24
Consolidated operating profit (EBIT)	**522**	**317**	**648**	**443**
Financial income and expense (not distributed by business areas)	– 16	– 4	– 17	– 5
Consolidated profit before tax	**506**	**313**	**631**	**438**

Parent Company income statement (summary)

SEK million	Q3 2017	Q3 2016	Q1 - Q3 2017	Q1 - Q3 2016	Rolling 12 months	Full year 2016
Net sales	13	14	40	40	46	46
Selling expenses	– 1	– 1	– 5	– 3	– 7	– 5
Administrative expenses	– 10	– 11	– 39	– 34	– 49	– 44
Other operating income	2	1	4	2	4	2
Other operating expenses	– 5	– 6	– 18	– 19	– 26	– 27
Operating profit	**– 1**	**– 3**	**– 18**	**– 14**	**– 32**	**– 28**
Profit from participations in Group companies	—	5	77	68	101	92
Financial income	11	5	21	15	26	20
Financial expenses	10	2	– 4	– 2	– 16	– 14
Profit after financial income and expense	**20**	**9**	**76**	**67**	**79**	**70**
Appropriations	—	—	—	—	241	241
Tax	—	—	—	1	– 50	– 49
Profit after tax	**20**	**9**	**76**	**68**	**270**	**262**
Depreciation/amortisation	—	—	1	—	1	—

Parent Company balance sheet (summary)

SEK million	30/09/2017	30/09/2016	31/12/2016
Assets			
Intangible fixed assets	4	—	—
Property, plant and equipment	1	1	1
Financial assets	1,634	1,163	1,653
Deferred tax assets	14	14	13
Total fixed assets	**1,653**	**1,178**	**1,667**
Other receivables	309	255	498
Cash and bank	—	37	75
Total current assets	**309**	**292**	**573**
Total assets	**1,962**	**1,470**	**2,240**
Shareholders' equity and liabilities			
Shareholders' equity	917	924	1,118
Untaxed reserves	163	129	163
Other provisions	13	12	13
Long-term liabilities	514	55	545
Current liabilities	355	350	401
Total shareholders' equity and liabilities	**1,962**	**1,470**	**2,240**

Transactions with related parties:

SEK million Related party	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
Subsidiary	Jan-Sep 2017	40	– 4	15	—	77	646	253
Subsidiary	Jan-Sep 2016	40	– 3	15	—	68	635	227

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.

Definitions - IFRS measures

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

Operating profit (EBIT)
Earnings before financial income and expense and tax.

Definitions - Alternative performance measures

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

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

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

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

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

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

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

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

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

Cash flow per share, excl. acq. and disposals
Cash flow before financing activities, divided by the average number of shares.

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

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

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

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

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

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

Equity/assets ratio
Shareholders' equity as a percentage of total capital in the balance sheet.

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

Forward-looking information

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

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