

Nolato AB (publ) six-month interim report 2017

Very strong sales and earnings performance by the Group

■ Second quarter of 2017 in brief

- Sales increased to SEK 1,675 million (1,037)
- Operating profit (EBITA) was SEK 178 million (110)
- EBITA margin of 10.6% (10.6)
- Profit after tax was SEK 131 million (79)
- Earnings per share were SEK 4.98 (3.00)
- Cash flow after investments was SEK 28 million (61)

■ First six months of 2017 in brief

- Sales increased to SEK 3,045 million (2,059)
- Operating profit (EBITA) was SEK 324 million (223)
- Earnings per share were SEK 9.09 (6.16)
- Cash flow after investments was SEK 31 million (91)
- Continued solid financial position

■ Group highlights

SEK million unless otherwise specified	Q2 2017	Q2 2016	Q1 - Q2 2017	Q1 - Q2 2016	Rolling 12 months	Full year 2016
Net sales	1,675	1,037	3,045	2,059	5,433	4,447
Operating profit (EBITDA) ¹⁾	232	152	431	307	760	636
Operating profit (EBITA) ²⁾	178	110	324	223	558	457
EBITA margin, %	10.6	10.6	10.6	10.8	10.3	10.3
Operating profit (EBIT) ³⁾	174	106	316	216	543	443
Profit after financial income and expense	170	103	308	212	534	438
Profit after tax	131	79	239	162	413	336
Earnings per share, basic and diluted, SEK *	4.98	3.00	9.09	6.16	15.70	12.77
Adjusted earnings per share, basic and diluted, SEK ⁴⁾ *	5.09	3.12	9.31	6.35	16.15	13.19
Cash flow after investments, excl. acquisitions and disposals	28	61	31	91	185	245
Net investments affecting cash flow, excl. acq. and disposals	75	52	139	115	245	221
Cash conversion, % ⁵⁾	—	—	—	—	34	55
Return on capital employed, %	22.3	24.8	22.3	24.8	22.3	20.6
Return on shareholders' equity, %	22.9	22.5	22.9	22.5	22.9	19.0
Equity/assets ratio, %	40	56	40	56	40	47
Net financial liabilities (–) / assets (+)	– 639	– 55	– 639	– 55	– 639	– 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.

Second quarter 2017

- Sales were SEK 1,675 million (1,037); adjusted for currency and acquisitions, sales grew by a strong 43%
- Strong performance by all business areas resulted in the best ever quarter for the Group
- Markedly higher volumes for Integrated Solutions, both for new segments and mobile phones
- Operating profit (EBITA) rose to SEK 178 million (110)
- EBITA margin of 10.6% (10.6)
- Increased working capital requirements, as a result of the strong growth, impacted cash flow, which after investments was SEK 28 million (61)

Sales

Consolidated sales rose by 62% to SEK 1,675 million (1,037). Adjusted for currency and acquisitions, sales rose by a strong 43%. Organic growth was strong for all business areas, but was exceptionally strong for Integrated Solutions.

Medical Solutions sales increased to SEK 498 million (397); adjusted for currency and acquisitions, this was a strong increase of 10%. Volumes grew particularly within Medical Devices, in which the ramp-up of new customer projects have contributed positively.

Integrated Solutions sales rose sharply and amounted to SEK 692 million (311); adjusted for currency, sales increased by a exceptionally strong 114%. Last year, volumes were low for the first six months. The focus on expanding this business area's customer and product base has gradually shown very positive development. High launch volumes in the smoking cessation/e-cigarette segment were delivered in the latter part of the quarter and mobile phone projects were produced in high volumes.

Industrial Solutions sales rose to SEK 489 million (331); adjusted for currency and acquisitions, sales increased by a very strong 16%. There was positive development of volumes in most segments, particularly automotive and hygiene.

Profit

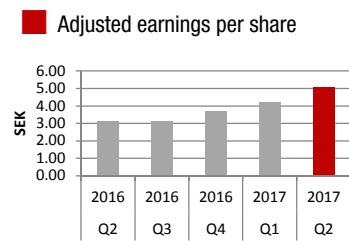
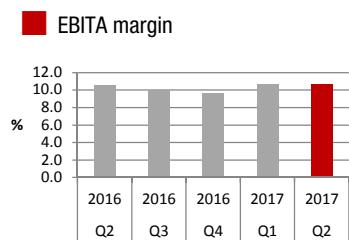
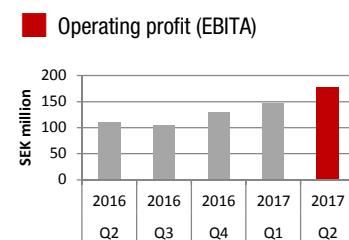
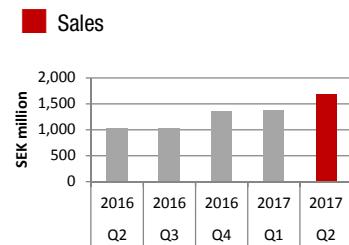
The Group's operating profit (EBITA) increased by a strong 62% to SEK 178 million (110).

Operating profit (EBITA) for Medical Solutions increased to SEK 64 million (53), to SEK 73 million (28) for Integrated Solutions and to SEK 48 million (34) for Industrial Solutions.

The EBITA margin for Medical Solutions was 12.9% (13.4). The margin was affected by a change in the product mix and some impact from acquisitions. For Integrated Solutions, the EBITA margin increased to 10.5% (9.0). High capacity utilisation had a positive effect on the margin. For Industrial Solutions, the margin was 9.8% (10.3). Higher costs associated with the start-up of new projects and fluctuating volumes had an impact. Overall, the consolidated EBITA margin was 10.6% (10.6).

Operating profit (EBIT) was SEK 174 million (106).

Profit after net financial income/expense was SEK 170 million (103). Net financial income/expense included exchange rate fluctuations affecting earnings by SEK -2 million (-2) in the second quarter.



Basic and diluted

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

SEK million	Sales Q2/2017	Sales Q2/2016	Op. Profit EBITA Q2/2017	Op. Profit EBITA Q2/2016	EBITA margin Q2/2017	EBITA margin Q2/2016
Medical Solutions	498	397	64	53	12.9%	13.4%
Integrated Solutions	692	311	73	28	10.5%	9.0%
Industrial Solutions	489	331	48	34	9.8%	10.3%
Intra-Group adj., Parent Co	– 4	– 2	– 7	– 5	—	—
Group total	1,675	1,037	178	110	10.6%	10.6%

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

Profit after tax was SEK 131 million (79). Earnings per share, basic and diluted, were SEK 4.98 (3.00). Adjusted earnings per share excluding amortisation of intangible assets arising from acquisitions were SEK 5.09 (3.12).

First six months 2017

■ Sales and earnings

Consolidated sales rose by 48% to SEK 3,045 million (2,059) for the first six months of 2017. Adjusted for currency and acquisitions, sales rose by a strong 30%.

Sales for Medical Solutions rose by 25% to SEK 985 million (787), for Integrated Solutions by 79% to 1,091 million (611) and for Industrial Solutions by 47% to SEK 977 million (665).

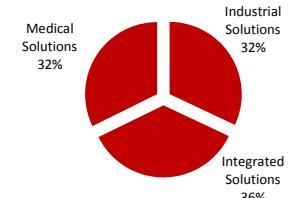
Consolidated operating profit (EBITA) increased to SEK 324 million (223) and the EBITA margin was 10.6% (10.8). Operating profit (EBIT) was SEK 316 million (216).

Profit after net financial income/expense was SEK 308 million (212).

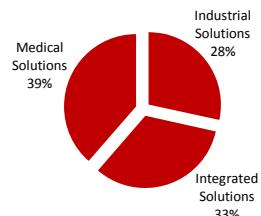
Profit after tax rose to SEK 239 million (162). Earnings per share, basic and diluted, were SEK 9.09 (6.16). Adjusted earnings per share excluding amortisation of intangible assets arising from acquisitions were SEK 9.31 (6.35). The effective tax rate was 22.4% (23.6).

The return on capital employed was 22.3% for the last twelve months (20.6% for the 2016 calendar year). Return on equity was 22.9% for the last 12 months (19.0% for the 2016 calendar year). Cash conversion for the last twelve months was 34% (55% for the 2016 calendar year) owing to working capital requirements and a higher level of investment.

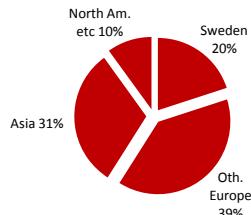
■ Business areas' share of sales



■ Business areas' share of operating profit (EBITA)



■ Sales by geographic markets



■ Medical Solutions

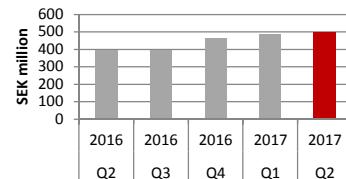
Sales and profit Q1-Q2 (SEK million)

	2017	2016
Sales	985	787
Operating profit (EBITA)	129	105
EBITA margin (%)	13.1	13.3
Operating profit (EBIT)	123	98

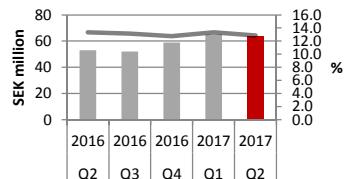
Medical Solutions sales increased to SEK 985 million (787); adjusted for currency and acquisitions, sales grew by a strong 10%. Volumes increased in both the Medical Devices and Pharma Packaging sectors, but especially in Medical Devices in which the ramp-up of new customer projects have contributed positively. In addition, the first half of the year was characterised by a high level of activity on the market and healthy project activity.

Operating profit (EBITA) rose to SEK 129 million (105) and the EBITA margin was 13.1% (13.3). Acquisitions are performing well and according to plan. Owing to the strong growth of recent years, Nolato will be expanding production capacity in Hungary and Sweden according to its previous decisions.

■ Medical Solutions sales



■ Medical Solutions operating profit (EBITA) & EBITA margin %



■ Integrated Solutions

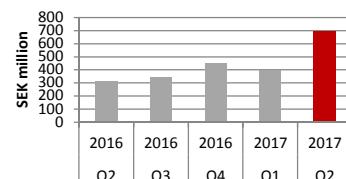
Sales and profit Q1-Q2 (SEK million)

	2017	2016
Sales	1,091	611
Operating profit (EBITA)	111	61
EBITA margin (%)	10.2	10.0
Operating profit (EBIT)	111	61

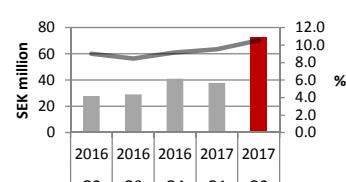
Integrated Solutions sales rose sharply to SEK 1,091 million (611); adjusted for currency, sales increased by a very strong 71%. Last year, volumes were low for the first six months. The focus on expanding this business area's customer and product base gradually showed highly positive development in the second quarter, particularly in the smoking cessation/e-cigarette segment. In addition, mobile phone projects produced high volumes.

Operating profit (EBITA) was SEK 111 million (61). The EBITA margin was 10.2% (10.0).

■ Integrated Solutions sales



■ Integrated Solutions operating profit (EBITA) & EBITA margin %



■ Industrial Solutions

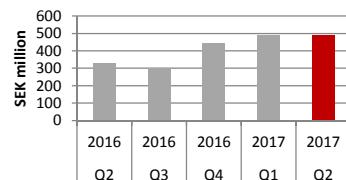
Sales and profit Q1-Q2 (SEK million)

	2017	2016
Sales	977	665
Operating profit (EBITA)	96	68
EBITA margin (%)	9.8	10.2
Operating profit (EBIT)	94	68

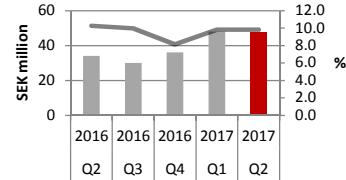
Industrial Solutions sales increased to SEK 977 million (665); adjusted for currency and acquisitions, sales grew by a strong 16%. There was positive development of volumes in most segments, particularly automotive and hygiene. Advanced market positions had a positive impact.

Operating profit (EBITA) increased to SEK 96 million (68), with an EBITA margin of 9.8% (10.2). Higher costs associated with the start-up of new projects and fluctuating volumes had an impact. The acquired business is performing well and according to plan.

■ Industrial Solutions sales



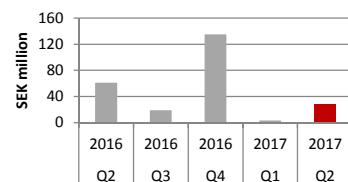
■ Industrial Solutions operating profit (EBITA) & EBITA margin %



■ Cash flow

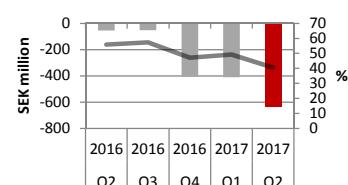
Higher activity and a sharp rise in sales resulted in increased working capital requirements in the second quarter. Despite higher profit, cash flow after investments consequently decreased to SEK 28 million (61). The change in working capital was a negative SEK 93 million (-21). Net investments affecting cash flow increased to SEK 75 million (52). Cash flow also decreased on an accumulated basis owing to increased activity, totalling SEK 31 million (91) after investments.

■ 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 380 million (250), and interest-bearing liabilities and provisions totalled SEK 1,019 million (305). In the second quarter, dividends totalling SEK 276 million (263) were paid out. Consequently, net debt amounted to SEK 639 million (55). Shareholders' equity was SEK 1,815 million (1,653). The equity/assets ratio was 40% (56).

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	Q2 2017	Q2 2016	Q1 - Q2 2017	Q1 - Q2 2016	Rolling 12 months	Full year 2016
Net sales	1,675	1,037	3,045	2,059	5,433	4,447
Gross profit excl. depreciation/amortisation	310	215	590	439	1,042	891
As a percentage of net sales	18.5	20.7	19.4	21.3	19.2	20.0
Costs	-78	-63	-159	-132	-282	-255
As a percentage of net sales	4.7	6.1	5.2	6.4	5.2	5.7
Operating profit (EBITDA)	232	152	431	307	760	636
As a percentage of net sales	13.9	14.7	14.2	14.9	14.0	14.3
Depreciation and amortisation	-54	-42	-107	-84	-202	-179
Operating profit (EBITA)	178	110	324	223	558	457
As a percentage of net sales	10.6	10.6	10.6	10.8	10.3	10.3
Amortisation of intangible assets arising from acquisitions	-4	-4	-8	-7	-15	-14
Operating profit (EBIT)	174	106	316	216	543	443
Financial income and expense	-4	-3	-8	-4	-9	-5
Profit after financial income and expense	170	103	308	212	534	438
Tax	-39	-24	-69	-50	-121	-102
As a percentage of profit after financial income and expense	22.9	23.3	22.4	23.6	22.7	23.3
Profit after tax	131	79	239	162	413	336

■ Financial position

SEK million	30/06/2017	30/06/2016	31/12/2016
Interest-bearing liabilities, credit institutions	-833	-175	-617
Interest-bearing pension liabilities	-186	-130	-202
Total borrowings	-1,019	-305	-819
Cash and bank	380	250	411
Net financial liabilities (-) / assets (+)	-639	-55	-408
Working capital	535	253	327
As a percentage of sales (avg.) (%)	7.3	5.2	5.9
Capital employed	2,836	1,958	2,668
Return on capital employed (avg.) (%)	22.3	24.8	20.6
Shareholders' equity	1,815	1,653	1,850
Return on shareholders' equity (avg.) (%)	22.9	22.5	19.0

■ Personnel

The average number of employees during the period was 6,930 (5,825). The increase in the number of employees is especially attributable to Integrated Solutions 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 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 12,712 shareholders at 30 June. The largest shareholders are the Jorlén family with 10%, the Boström family with 9%, Didner & Gerge Funds with 9%, the Hamrin family with 8%, Lannebo Funds with 5%, SEB Investment Management with 4% and Verdipapirfond Odin with 3%.

■ The Parent Company

Sales in the Parent Company, which is not an operating company, amounted to SEK 27 million (26). Profit after financial income and expense amounted to SEK 56 million (58). Contingent liabilities amounted to SEK 138 million (114).

■ 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.

■ 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 and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 14:30 CET on 19 July 2017.

■ Financial information schedule

■ Nine-month interim report 2017: 25 October 2017

The Board of Directors and the President give their assurance that this interim report provides a true and fair view of the operations, financial position and earnings of the company and the Group, and describe the significant risks and uncertainty factors faced by the company and the companies included in the Group.

Torekov 19 July 2017

*Fredrik Arp
Chairman of the Board*

*Dag Andersson
Board member*

*Sven Boström-Svensson
Board member*

*Lovisa Hamrin
Board member*

*Åsa Hedin
Board member*

*Henrik Jorlén
Board member*

*Lars-Åke Rydh
Board member*

*Jenny Sjödahl
Board member*

*Björn Jacobsson
Board member
Employee representative*

*Håkan Svensson
Board member
Employee representative*

*Christer Wahlquist
President and CEO*

■ Review report

Nolato AB, corporate identity number 556080-4592

Introduction

We have reviewed the condensed interim report for Nolato AB as at June 30, 2017 and for the six months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Torekov 19 July 2017

Ernst & Young AB
Stefan Engdahl
Authorised public accountant

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	Q2 2017	Q2 2016	Q1 - Q2 2017	Q1 - Q2 2016	Rolling 12 months	Full year 2016
Net sales	1,675	1,037	3,045	2,059	5,433	4,447
Cost of goods sold	– 1,418	– 864	– 2,559	– 1,704	– 4,588	– 3,733
Gross profit	257	173	486	355	845	714
Other operating income	5	4	5	4	19	18
Selling expenses	– 30	– 28	– 61	– 55	– 121	– 115
Administrative expenses	– 53	– 44	– 104	– 88	– 186	– 170
Other operating expenses	– 5	1	– 10	–	– 14	– 4
	– 83	– 67	– 170	– 139	– 302	– 271
Operating profit	174	106	316	216	543	443
Financial income and expense	– 4	– 3	– 8	– 4	– 9	– 5
Profit after financial income and expense	170	103	308	212	534	438
Tax	– 39	– 24	– 69	– 50	– 121	– 102
Profit after tax	131	79	239	162	413	336
All earnings are attrib. to the Parent Co.'s shareholders						
Depreciation/amortisation	58	46	115	91	217	193
Earnings per share, before dilution (SEK) *	4.98	3.00	9.09	6.16	15.70	12.77
Earnings per share, after dilution (SEK) *	4.98	3.00	9.09	6.16	15.70	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 *	26,307,999	26,307,408	26,307,999	26,307,408	26,307,999	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 *	26,307,999	26,307,408	26,307,605	26,307,408	26,307,605	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	Q2 2017	Q2 2016	Q1 - Q2 2017	Q1 - Q2 2016	Rolling 12 months	Full year 2016
Profit after tax	131	79	239	162	413	336
Other comprehensive income						
<i>Items that cannot be transferred to profit for the period</i>						
Revaluations of defined benefit pension plans	16	– 2	16	– 2	26	8
Tax attributable to items that cannot be transferred to profit for the period	– 3	–	– 3	–	– 5	– 2
	13	– 2	13	– 2	21	6
<i>Items that have been converted or can be converted into profit for the period</i>						
Translation differences for the period on transl. of foreign oper.	– 9	12	– 14	– 2	–	12
Changes in the fair value of cash flow hedges for the per. *	2	– 2	4	– 1	3	– 2
Tax attr. to changes in the fair value of cash flow hedges *	– 1	–	– 1	–	– 1	–
	– 8	10	– 11	– 3	2	10
Other comprehensive income, net of tax	5	8	2	– 5	23	16
Total comp. income for the period attributable to the Parent Co.'s shareholders	136	87	241	157	436	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	30/06/2017	30/06/2016	31/12/2016
Assets			
Non-current assets			
Intangible non-current assets	835	528	849
Property, plant and equipment	1,219	972	1,205
Non-current financial assets	2	2	2
Other non-current receivables	1	1	1
Deferred tax assets	43	43	46
Total fixed assets	2,100	1,546	2,103
Current assets			
Inventories	539	296	393
Accounts receivable	1,186	686	819
Other current assets * 2)	282	170	198
Cash and bank	380	250	411
Total current assets	2,387	1,402	1,821
Total assets	4,487	2,948	3,924
Shareholders' equity and liabilities			
Shareholders' equity			
	1,815	1,653	1,850
Long-term liabilities and provisions ¹⁾	785	161	803
Deferred tax liabilities ¹⁾	94	60	88
Current liabilities and provisions * ^{1) 3)}	1,793	1,074	1,183
Total liabilities and provisions	2,672	1,295	2,074
Total shareholders' equity and liabilities	4,487	2,948	3,924
¹⁾ Interest-bearing/non-interest-bearing liabilities and provisions:			
Interest-bearing liabilities and provisions	1,019	305	819
Non-interest-bearing liabilities and provisions	1,653	990	1,255
Total liabilities and provisions	2,672	1,295	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	26	10	10
³⁾ Derivative liabilities are included in current liabilities and provisions at	—	5	4

■ Changes in consolidated shareholders' equity (summary)

SEK million	Q1 - Q2 2017	Q1 - Q2 2016	Full year 2016
Shareholders' equity at the beginning of the period			
	1,850	1,759	1,759
Total comprehensive income for the period	241	157	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	1,815	1,653	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 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 cash flow statement (summary)

SEK million	Q2 2017	Q2 2016	Q1 - Q2 2017	Q1 - Q2 2016	Rolling 12 months	Full year 2016
Cash flow from op. activities bef. changes in work. cap.	196	134	364	245	626	507
Changes in working capital	- 93	- 21	- 194	- 39	- 196	- 41
Cash flow from operating activities	103	113	170	206	430	466
Cash flow from investment activities	- 75	- 52	- 139	- 115	- 643	- 619
Cash flow before financing activities	28	61	31	91	- 213	- 153
Cash flow from financing activities	48	- 208	- 52	- 242	347	157
Cash flow for the period	76	- 147	- 21	- 151	134	4
Liquid assets at the beginning of the period	311	391	411	403	—	403
Exchange rate difference in liquid assets	- 7	6	- 10	- 2	—	4
Liquid assets at the end of the period	380	250	380	250	—	411

■ Earnings per share

SEK million	Q2 2017	Q2 2016	Q1 - Q2 2017	Q1 - Q2 2016	Rolling 12 months	Full year 2016
Profit after tax	131	79	239	162	413	336
Adjusted earnings:						
Amortisation of intangible assets arising from acquis.	4	4	8	7	15	14
Tax on amortisation	- 1	- 1	- 2	- 2	- 3	- 3
Adjusted earnings	134	82	245	167	425	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 *	26,307,999	26,307,408	26,307,605	26,307,408	26,307,605	26,307,408
Earnings per share, before dilution (SEK) *	4.98	3.00	9.09	6.16	15.70	12.77
Earnings per share, after dilution (SEK) *	4.98	3.00	9.09	6.16	15.70	12.77
Adjusted earnings per share, before dilution (SEK) *	5.09	3.12	9.31	6.35	16.15	13.19
Adjusted earnings per share, after dilution (SEK) *	5.09	3.12	9.31	6.35	16.15	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, basic and diluted (SEK) *	12.77	15.97	13.84	11.94	7.68
Adjusted earnings per share, basic and diluted (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	—	—	—
	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	—	—	—
	2016	155	152	149	180	636
	2015	164	208	185	180	737
Operating profit (EBITA) (SEK million)	2017	146	178	—	—	—
	2016	113	110	104	130	457
	2015	123	167	142	138	570
EBITA margin (%)	2017	10.7	10.6	—	—	—
	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	—	—	—
	2016	110	106	101	126	443
	2015	119	163	139	135	556
Profit after financial income and expense (SEK million)	2017	138	170	—	—	—
	2016	109	103	101	125	438
	2015	121	162	137	135	555
Profit after tax (SEK million)	2017	108	131	—	—	—
	2016	83	79	79	95	336
	2015	93	125	105	97	420
Cash flow from operating activities (SEK million)	2017	67	103	—	—	—
	2016	93	113	70	190	466
	2015	217	9	153	153	532
Cash flow from operations per share basic and diluted (SEK) *	2017	2.55	3.92	—	—	—
	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	—	—	—
	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	—	—	—
	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 and diluted (SEK) *	2017	4.11	4.98	—	—	—
	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 and diluted (SEK) *	2017	4.22	5.09	—	—	—
	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 and diluted (SEK) *	2017	74	69	—	—	—
	2016	70	63	66	70	70
	2015	65	60	64	67	67
Return on total capital (%)	2017	14.0	14.8	—	—	—
	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	—	—	—
	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	—	—	—
	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	—	—	—
	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	—	—	—
	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	—	—
	2016	390	397	395	463 1,645
	2015	344	365	368	387 1,464
Integrated Solutions	2017	399	692	—	—
	2016	300	311	343	448 1,402
	2015	418	584	434	581 2,017
Industrial Solutions	2017	488	489	—	—
	2016	334	331	301	443 1,409
	2015	312	332	282	325 1,251
Group adjustments, Parent Company	2017	— 4	— 4	—	—
	2016	— 2	— 2	— 3	— 2 — 9
	2015	— 1	— 1	—	— 4 — 6
Group total	2017	1,370	1,675	—	—
	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	—	—
	EBITA margin (%)	13.3	12.9	—	—
	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	—	—
	EBITA margin (%)	9.5	10.5	—	—
	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	—	—
	EBITA margin (%)	9.8	9.8	—	—
	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	—	—
	2016	— 6	— 5	— 7	— 6 — 24
	2015	— 4	— 15	— 2	— 4 — 25
Group total	2017	146	178	—	—
	EBITA margin (%)	10.7	10.6	—	—
	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	—	—
	2016	22	22	23	25 92
	2015	20	22	22	22 86
Integrated Solutions	2017	9	8	—	—
	2016	9	9	9	9 36
	2015	11	11	10	10 42
Industrial Solutions	2017	21	22	—	—
	2016	14	15	16	20 65
	2015	14	12	14	13 53
Group adjustments, Parent Company	2017	—	1	—	—
Group total	2017	57	58	—	—
	2016	45	46	48	54 193
	2015	45	45	46	45 181

■ Group financial highlights

	Q2 2017	Q2 2016	Q1 - Q2 2017	Q1 - Q2 2016	Rolling 12 months	Full year 2016
Net sales (SEK million)	1,675	1,037	3,045	2,059	5,433	4,447
Sales growth (%)	62	-19	48	-12	23	-6
Percentage of sales outside Sweden (%)	82	75	80	75	78	76
Operating profit (EBITDA) (SEK million)	232	152	431	307	760	636
Operating profit (EBITA) (SEK million)	178	110	324	223	558	457
EBITA margin (%)	10.6	10.6	10.6	10.8	10.3	10.3
Profit after financial income and expense (SEK million)	170	103	308	212	534	438
Profit margin (%)	10.1	9.9	10.1	10.3	9.8	9.8
Profit after tax (SEK million)	131	79	239	162	413	336
Return on total capital (%)	14.8	16.0	14.8	16.0	14.8	13.7
Return on capital employed (%)	22.3	24.8	22.3	24.8	22.3	20.6
Return on operating capital (%)	25.7	28.9	25.7	28.9	25.7	24.4
Return on shareholders' equity (%)	22.9	22.5	22.9	22.5	22.9	19.0
Equity/assets ratio (%)	40	56	40	56	40	47
Debt/equity (%)	56	18	56	18	56	44
Interest coverage ratio (times)	60	75	59	86	58	67
Net investments affecting cash flow, excl. acq. and disposals (SEK million)	75	52	139	115	245	221
Cash flow after inv., excl. acq. and disp. (SEK million)	28	61	31	91	185	245
Cash conversion (%)	—	—	—	—	34	55
Net financial liabilities (–) / assets (+) (SEK million)	– 639	– 55	– 639	– 55	– 639	– 408
Earnings per share, basic and diluted (SEK) *	4.98	3.00	9.09	6.16	15.70	12.77
Adjusted earnings per share, basic and diluted (SEK) *	5.09	3.12	9.31	6.35	16.15	13.19
Cash flow from operations per share, basic and diluted (SEK) *	3.92	4.30	6.46	7.83	16.35	17.71
Cash flow per share, excl. acq. and disp., basic and diluted (SEK) *	1.06	2.32	1.18	3.46	7.03	9.31
Shareholders' equity per share, basic and diluted (SEK) *	—	—	69	63	—	70
Average number of employees	—	—	6,930	5,825	—	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 income before tax

SEK million	Q1 - Q2 2017	Q1 - Q2 2016	Rolling 12 months	Full year 2016
Operating profit (EBIT)				
Medical Solutions	123	98	228	203
Integrated Solutions	111	61	181	131
Industrial Solutions	94	68	159	133
Group adjustments, Parent Company	– 12	– 11	– 25	– 24
Consolidated operating profit (EBIT)	316	216	543	443
Financial income and expense (not distributed by business areas)	– 8	– 4	– 9	– 5
Consolidated profit before tax	308	212	534	438

■ Parent Company income statement (summary)

SEK million	Q2 2017	Q2 2016	Q1 - Q2 2017	Q1 - Q2 2016	Rolling 12 months	Full year 2016
Net sales	13	12	27	26	47	46
Selling expenses	-3	-1	-4	-2	-7	-5
Administrative expenses	-14	-9	-29	-23	-50	-44
Other operating income	2	—	2	1	3	2
Other operating expenses	-6	-6	-13	-13	-27	-27
Operating profit	-8	-4	-17	-11	-34	-28
Profit from participations in Group companies	77	63	77	63	106	92
Financial income	5	5	10	10	20	20
Financial expenses	-8	8	-14	-4	-24	-14
Profit after financial income and expense	66	72	56	58	68	70
Appropriations	—	—	—	—	241	241
Tax	—	—	—	1	-50	-49
Profit after tax	66	72	56	59	259	262
Depreciation/amortisation	1	—	1	—	1	—

■ Parent Company balance sheet (summary)

SEK million	30/06/2017	30/06/2016	31/12/2016
Assets			
Intangible fixed assets	3	—	—
Property, plant and equipment	1	1	1
Financial assets	1,642	1,143	1,653
Deferred tax assets	14	14	13
Total fixed assets	1,660	1,158	1,667
Other receivables	277	201	498
Cash and bank	47	81	75
Total current assets	324	282	573
Total assets	1,984	1,440	2,240
Shareholders' equity and liabilities			
Shareholders' equity	898	915	1,118
Untaxed reserves	163	129	163
Other provisions	13	12	13
Long-term liabilities	541	55	545
Current liabilities	369	329	401
Total shareholders' equity and liabilities	1,984	1,440	2,240

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-Jun 2017	27	-2	10	—	77	640	182
Subsidiary	Jan-Jun 2016	26	-2	10	—	63	576	200

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 taxes.

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.

