

## Nolato AB (publ) six-month interim report 2018

## Very strong quarter for all business areas

## ■ Second quarter of 2018 in brief

- Sales increased to SEK 2,302 million (1,675)
- Operating profit (EBITA) was SEK 266 million (178)
- EBITA margin of 11.6% (10.6)
- Profit after tax increased to SEK 204 million (131)
- Basic earnings per share were SEK 7.75 (4.98)
- Cash flow after investments was SEK 352 million (28)

## ■ First six months of 2018 in brief

- Sales increased to SEK 4,341 million (3,045)
- Operating profit (EBITA) was SEK 530 million (324) incl. non-recurring items of SEK 20 million (0)
- Basic earnings per share were SEK 15.59 (9.09)
- Cash flow after investments was SEK 539 million (31)
- Continued solid financial position

## ■ Group highlights

SEK million unless otherwise specified	Note	Q2 2018	Q2 2017	Q1 - Q2 2018*	Q1 - Q2 2017	Rolling 12 months*	Full year 2017
Net sales	1	2,302	1,675	4,341	3,045	8,016	6,720
Operating profit (EBITDA) <sup>1)</sup>		325	232	647	431	1,196	980
Operating profit (EBITA) <sup>2)</sup>		266	178	530	324	969	763
EBITA margin, %		11.6	10.6	12.2	10.6	12.1	11.4
Operating profit (EBIT) <sup>3)</sup>	2	264	174	525	316	958	749
Profit after financial income and expense	2	257	170	513	308	936	731
Profit after tax		204	131	410	239	743	572
Basic earnings per share, SEK	3	7.75	4.98	15.59	9.09	28.23	21.74
Diluted earnings per share, SEK	3	7.70	4.98	15.52	9.09	28.16	21.74
Basic adjusted earnings per share, SEK <sup>4)</sup>	3	7.83	5.09	15.74	9.31	28.58	22.16
Diluted adjusted earnings per share, SEK <sup>4)</sup>	3	7.78	5.09	15.67	9.31	28.50	22.15
Cash flow after investm., excl. acquisitions and disposals		352	28	539	31	1,004	496
Net investm. affecting cash fl., excl. acquis. and disposals		120	75	229	139	367	277
Cash conversion, % <sup>5)</sup>		—	—	—	—	104	66
Return on capital employed, %		32.0	22.3	32.0	22.3	32.0	26.6
Return on shareholders' equity, %		34.9	22.9	34.9	22.9	34.9	29.4
Equity/assets ratio, %		43	40	43	40	43	45
Net financial assets (+) / liabilities (-)		62	- 639	62	- 639	62	- 153

\* Including non-recurring items of SEK 20 million in Q1 2018 that had a positive impact on earnings.

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

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

<sup>3)</sup> Operating profit (EBIT): Earnings before financial income and expense and taxes.

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

<sup>5)</sup> 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 2018

- Sales were SEK 2,302 million (1,675); adjusted for currency, sales grew by a very strong 34%
- Robust growth and increased earnings across all business areas
- Extremely high volumes for Integrated Solutions in new product areas, fuelled by launch volumes and inventory build-up
- Operating profit (EBITA) rose to SEK 266 million (178)
- EBITA margin increased to 11.6% (10.6)
- Strong cash flow after investments of SEK 352 million (28)

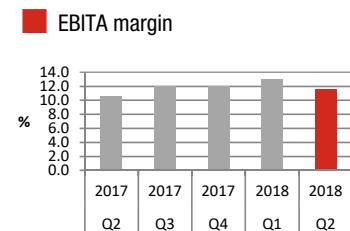
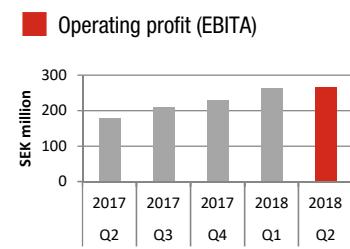
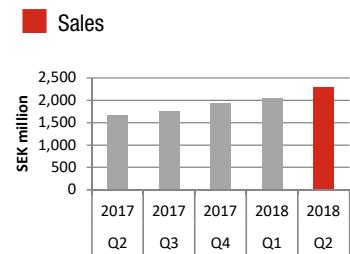
### Sales

Consolidated sales rose by 37% to SEK 2,302 million (1,675). Adjusted for currency, sales increased by a very strong 34%. Organic growth was strong for all business areas, but was exceptionally high for Integrated Solutions.

Medical Solutions sales increased to SEK 562 million (498); adjusted for currency, this was a robust increase of 10%. Volumes have grown in both the Medical Devices and Pharma Packaging sectors.

Integrated Solutions sales rose by 71%, amounting to SEK 1,186 million (692); adjusted for currency, sales increased by an exceptionally strong 66%. Very high volumes were delivered for the vaporiser heating products (VHP) product area during the quarter. Heating devices in particular enjoyed high launch volumes and inventory build-up at customers. In the second half of 2018, end-customer demand is expected to account for the majority of volumes at a persistently high level, although lower than in the second quarter, which was positively affected by both launches and inventory build-up. Mobile phone volumes remained relatively weak in the quarter. The business area is set to launch production in Suzhou in the second half of the year in order to transfer parts of production from Beijing. The new establishment will broaden our geographical presence, and help the company gain greater flexibility and diversification.

Industrial Solutions sales amounted to SEK 554 million (489); adjusted for currency, sales increased by a very strong 12%. There was positive development of volumes in almost all product areas, particularly automotive and hygiene.



## ■ Profit

The Group's operating profit (EBITA) increased by a healthy 49% to SEK 266 million (178) in the second quarter.

Operating profit (EBITA) increased to SEK 73 million (64) for Medical Solutions, to SEK 140 million (73) for Integrated Solutions and to SEK 55 million (48) for Industrial Solutions.

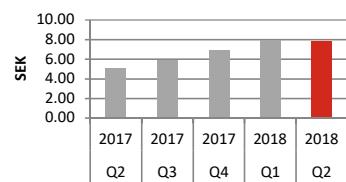
The EBITA margin for Medical Solutions was 13.0% (12.9). For Integrated Solutions, the EBITA margin rose to a very strong 11.8% (10.5). Extremely high volumes have had a positive impact on the margin compared with the same quarter last year. The lower margin compared with the first quarter of this year is attributable to a more favourable and balanced capacity utilisation during the first quarter. The EBITA margin for Industrial Solutions was 9.9% (9.8). Overall, the Group's EBITA margin grew to a healthy 11.6% (10.6).

Operating profit (EBIT) was SEK 264 million (174).

Profit after net financial income/expense was SEK 257 million (170). Net financial income/expense included exchange rate fluctuations affecting earnings by SEK -2 million (-2) in the second quarter.

Profit after tax rose to SEK 204 million (131). Basic earnings per share were SEK 7.75 (4.98). Adjusted basic earnings per share excluding amortisation of intangible assets arising from acquisitions increased to SEK 7.83 (5.09).

## ■ Basic adjusted earnings per share



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

SEK million	Sales Q2/2018	Sales Q2/2017	Op. Profit EBITA Q2/2018	Op. Profit EBITA Q2/2017	EBITA margin Q2/2018	EBITA margin Q2/2017
Medical Solutions	562	498	73	64	13.0%	12.9%
Integrated Solutions	1,186	692	140	73	11.8%	10.5%
Industrial Solutions	554	489	55	48	9.9%	9.8%
Intra-Group adj., Parent Co	—	- 4	- 2	- 7	—	—
<b>Group total</b>	<b>2,302</b>	<b>1,675</b>	<b>266</b>	<b>178</b>	<b>11.6%</b>	<b>10.6%</b>

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

## First six months 2018

### Sales and earnings

Consolidated sales rose by 43% to SEK 4,341 million (3,045) for the first six months of 2018. Adjusted for currency, sales increased by a very strong 43%.

Sales for Medical Solutions rose by 11% to SEK 1,094 million (985), for Integrated Solutions by 95% to SEK 2,125 million (1,091) and for Industrial Solutions by 15% to SEK 1,122 million (977).

The Group's operating profit (EBITA) increased sharply to SEK 530 million (324). Excluding non-recurring items, profit amounted to SEK 510 million (324). During the first quarter, a distribution from the previous bankruptcy of a customer in 2006 was recognised, boosting earnings by SEK 20 million (0) in other operating income. This non-recurring item has been recognised at Group level and has consequently not affected the profit of the business areas. The EBITA margin was 12.2% (10.6). Excluding non-recurring items, the margin rose to a strong 11.7% (10.6).

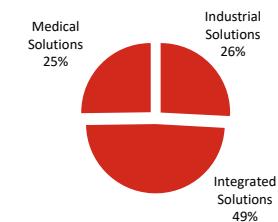
Operating profit (EBIT) was SEK 525 million (316); excluding non-recurring items, profit increased to SEK 505 million (316).

Profit after net financial income/expense was SEK 513 million (308).

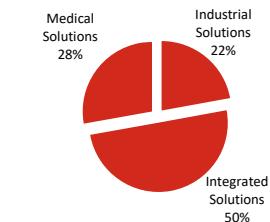
Profit after tax rose to SEK 410 million (239). Basic earnings per share increased to SEK 15.59 (9.09). Excluding non-recurring items, basic earnings per share amounted to SEK 14.67 (9.09). Adjusted basic earnings per share excluding amortisation of intangible assets arising from acquisitions were SEK 15.74 (9.31). The effective tax rate was 20.1% (22.4). Excluding non-recurring items comprising the bankruptcy payment, and adjustment to a lower tax rate in Sweden, the tax rate was 21.7% (22.4).

The return on capital employed was 32.0% for the last twelve months (26.6% for the 2017 calendar year). Return on equity was 34.9% for the last 12 months (29.4% for the 2017 calendar year).

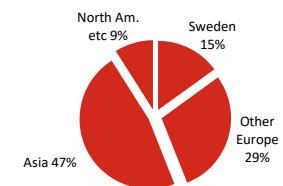
### Business areas' share of sales



### Business areas' share of operating profit (EBITA)



### Sales by geographic markets



## ■ Medical Solutions

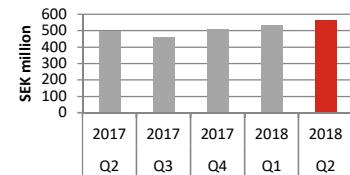
Sales and profit Q1-Q2 (SEK million)	2018	2017
Sales	1,094	985
Operating profit (EBITA)	142	129
EBITA margin (%)	13.0	13.1
Operating profit (EBIT)	139	123

Medical Solutions sales rose to SEK 1,094 million (985); adjusted for currency, 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 made a positive contribution. Nolato's market continues to be dominated by high activity.

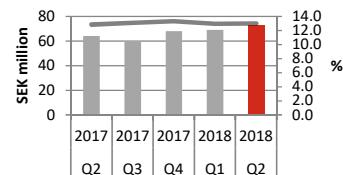
Operating profit (EBITA) rose to SEK 142 million (129) and the EBITA margin was 13.0% (13.1).

Strong growth has meant that, as per previously communicated decisions, Nolato is expanding production capacity in Hungary, Sweden and Switzerland. This work is proceeding according to plan and is estimated to be complete around year-end.

### ■ Medical Solutions sales



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



## ■ Integrated Solutions

Sales and profit Q1-Q2 (SEK million)	2018	2017
Sales	2,125	1,091
Operating profit (EBITA)	260	111
EBITA margin (%)	12.2	10.2
Operating profit (EBIT)	260	111

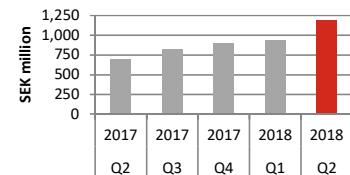
Integrated Solutions sales rose by 95% to SEK 2,125 million (1,091); adjusted for currency, sales increased by an exceptionally strong 99%. Very high volumes continued to be delivered for the vaporiser heating products (VHP) product area. Heating devices in particular enjoyed high launch volumes and inventory build-up at customers.

In the second half of 2018, end-customer demand is expected to account for the majority of volumes at a persistently high level, although lower than in the second quarter, which was positively affected by both launches and inventory build-up. Mobile phone volumes remained relatively weak.

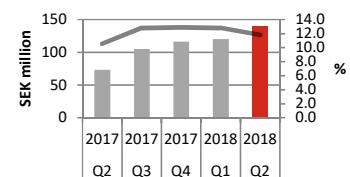
Operating profit (EBITA) rose sharply to SEK 260 million (111). The EBITA margin was 12.2% (10.2).

The business area is set to launch production in Suzhou in the second half of the year in order to transfer parts of production from Beijing. The new establishment will broaden our geographical presence, and help the company gain greater flexibility and diversification.

### ■ Integrated Solutions sales



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



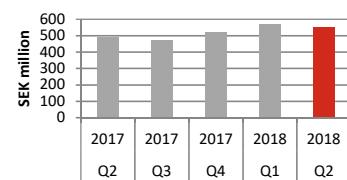
## ■ Industrial Solutions

Sales and profit Q1-Q2 (SEK million)	2018	2017
Sales	1,122	977
Operating profit (EBITA)	112	96
EBITA margin (%)	10.0	9.8
Operating profit (EBIT)	110	94

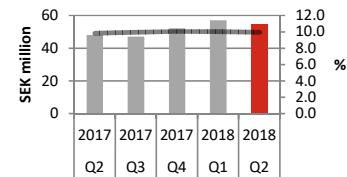
Industrial Solutions sales amounted to SEK 1,122 million (977); adjusted for currency, sales grew by a strong 14%. There was positive development of volumes in almost all product areas, particularly automotive and hygiene. Advanced market positions and a sustained high level of invoicing for development work and production equipment contributed to the robust growth.

Operating profit (EBITA) rose to SEK 112 million (96), with an EBITA margin of 10.0% (9.8).

### ■ Industrial Solutions sales



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



## ■ Cash flow

Cash flow after investments in the second quarter increased to SEK 352 million (28). The sharp increase in profit has made a positive contribution. The change in working capital was very positive in the quarter despite the high growth, as a result of continued use of supplier finance programmes by the Group's customers.

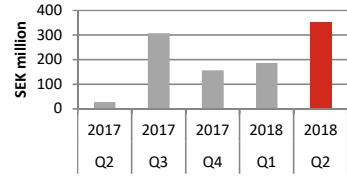
Net investments affecting cash flow rose to SEK 120 million (75). Ongoing expansion of production facilities and investments in capacity in response to strong growth are resulting in increased investment.

Dividends totalling SEK 329 million (276) were paid to shareholders in the second quarter.

Cash flow after investments for the first six months also grew, to SEK 539 million (31), through increased profit and improved working capital. Excluding non-recurring items, cash flow amounted to SEK 510 million (31). Accumulated, investments affecting cash flow totalled SEK 229 million (139).

Cash conversion for the last twelve months was 104% (66% for the 2017 calendar year).

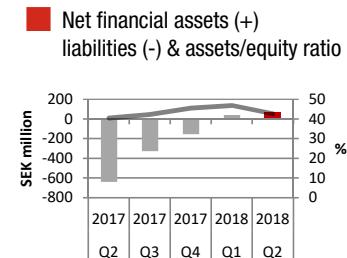
### ■ Cash flow after investments



Excluding acquisitions and disposals

## ■ Financial position

Interest-bearing assets increased to SEK 891 million (380), while interest-bearing liabilities and provisions declined to SEK 829 million (1,019). Net financial assets consequently totalled SEK 62 million (net financial liability of SEK -639 million). The strong cash flow of the last 12 months has eliminated the previous net debt. Shareholders' equity rose to SEK 2,301 million (1,815). The equity/assets ratio was 43% (40).



## ■ Consolidated performance analysis

SEK million	Note	Q2 2018	Q2 2017	Q1 - Q2 2018	Q1 - Q2 2017	Rolling 12 months	Full year 2017
Net sales	1	2,302	1,675	4,341	3,045	8,016	6,720
Gross profit excl. depreciation/amortisation		395	310	792	590	1,493	1,291
As a percentage of net sales		17.2	18.5	18.2	19.4	18.6	19.2
Costs		-70	-78	-145	-159	-297	-311
As a percentage of net sales		3.0	4.7	3.3	5.2	3.7	4.6
Operating profit (EBITDA)		325	232	647	431	1,196	980
As a percentage of net sales		14.1	13.9	14.9	14.2	14.9	14.6
Depreciation and amortisation		-59	-54	-117	-107	-227	-217
Operating profit (EBITA)		266	178	530	324	969	763
As a percentage of net sales		11.6	10.6	12.2	10.6	12.1	11.4
Amortisation of intangible assets arising from acquisitions		-2	-4	-5	-8	-11	-14
Operating profit (EBIT)	2	264	174	525	316	958	749
Financial income and expense	2	-7	-4	-12	-8	-22	-18
Profit after financial income and expense	2	257	170	513	308	936	731
Tax		-53	-39	-103	-69	-193	-159
As a percentage of profit after financial income and exp.		20.6	22.9	20.1	22.4	20.6	21.8
Profit after tax		204	131	410	239	743	572

## ■ Financial position

SEK million	30/06/2018	30/06/2017	31/12/2017
Interest-bearing liabilities, credit institutions	-638	-833	-638
Interest-bearing pension liabilities	-191	-186	-184
<b>Total borrowings</b>	<b>-829</b>	<b>-1,019</b>	<b>-822</b>
Cash and bank	891	380	669
<b>Net financial assets (+) / liabilities (-)</b>	<b>62</b>	<b>-639</b>	<b>-153</b>
Working capital	101	535	390
As a percentage of sales (avg.) (%)	4.0	7.3	5.3
Capital employed	3,131	2,836	2,980
Return on capital employed (avg.) (%)	32.0	22.3	26.6
Shareholders' equity	2,301	1,815	2,159
Return on shareholders' equity (avg.) (%)	34.9	22.9	29.4

## ■ Personnel

The average number of employees during the period was 6,612 (6,930). The decrease 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 2017 Annual Report on pages 52 – 53, and in Note 28 on pages 75 – 77.

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

On 5 July, the subsidiary Nolato Hertila AB was sold to Essentra International AB, which is part of Essentra Plc. Nolato Hertila is focused on the production and sale of standard products that provide protection during painting, assembly and transportation, and it was the only company of this kind in the Group. The company has 25 employees and annual sales of around SEK 40 million, with a marginal positive impact on earnings per share.

The purchase price totalled SEK 58 million. The sale will be recognised in the third quarter and is expected to result in a minor capital loss for the Group.

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

## ■ Ownership and legal structure

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

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

There were 14,033 shareholders at 30 June. The largest shareholders are the Jorlén family with 10%, the Boström family with 9%, the Hamrin family with 8%, Lannebo Funds and SSB Client Omnibus with 5% each and Didner & Gerge Funds with 3%, of the capital.

## ■ The Parent Company

Sales in the Parent Company, which is not an operating company, amounted to SEK 31 million (27). Profit after financial income and expense amounted to SEK 101 million (56). Contingent liabilities amounted to SEK 106 million (138).

## ■ Contact:

■ Christer Wahlquist, President and CEO, tel. +46705 804848

■ Per-Ola Holmström, CFO, tel. +46705 763340.

## ■ Telephone conference July 19th:

Nolato invites to a telephone conference on July 19th at 15:30 CET. CEO Christer Wahlquist and CFO Per-Ola Holmström will comment the interim report. The telephone number for participation is +46 8 22 90 90 and the code is 963459.

*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 2018.*

## ■ 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 2017 Annual Report .

The new or revised IFRS standards or IFRIC interpretations, which came into effect on 1 January 2018, 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 16 Leases

IFRS 16 Leases replaces IAS 17 as of 1 January 2019. The standard removes the requirement in IAS 17 for the lessee to classify leases as either operating or finance leases, and instead introduces a collective model for all leases. In this model the lessee must recognise (a) assets and liabilities for all leases with a lease term of more than 12 months, with the exception of assets with a low value; and (b) depreciation of leased assets separately from debt interest on leases in the income statement.

Details will be provided in the next year-end report about how IFRS 16 Leases will affect consolidated financial statements.

## ■ Financial information schedule

■ Nine-month interim report 2018: 24 October 2018

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 2018

*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, 2018 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 2018

Ernst & Young AB  
Joakim Falck  
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 leading customers within medical technology, pharmaceuticals, consumer electronics, 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	Note	Q2 2018	Q2 2017	Q1 - Q2 2018	Q1 - Q2 2017	Rolling 12 months	Full year 2017
Net sales	1	2,302	1,675	4,341	3,045	8,016	6,720
Cost of goods sold		- 1,966	- 1,418	- 3,664	- 2,559	- 6,747	- 5,642
<b>Gross profit</b>		<b>336</b>	<b>257</b>	<b>677</b>	<b>486</b>	<b>1,269</b>	<b>1,078</b>
Other operating income	2	5	22	5	29	12	
Selling expenses		- 30	- 30	- 61	- 61	- 116	- 116
Administrative expenses		- 59	- 53	- 109	- 104	- 210	- 205
Other operating expenses		15	- 5	- 4	- 10	- 14	- 20
		- 72	- 83	- 152	- 170	- 311	- 329
<b>Operating profit</b>	<b>2</b>	<b>264</b>	<b>174</b>	<b>525</b>	<b>316</b>	<b>958</b>	<b>749</b>
Financial income and expense	2	- 7	- 4	- 12	- 8	- 22	- 18
<b>Profit after financial income and expense</b>	<b>2</b>	<b>257</b>	<b>170</b>	<b>513</b>	<b>308</b>	<b>936</b>	<b>731</b>
Tax		- 53	- 39	- 103	- 69	- 193	- 159
<b>Profit after tax</b>		<b>204</b>	<b>131</b>	<b>410</b>	<b>239</b>	<b>743</b>	<b>572</b>
All earnings are attrib. to the Parent Co.'s shareholders							
Depreciation/amortisation		61	58	122	115	238	231
Basic earnings per share, SEK*	3	7.75	4.98	15.59	9.09	28.23	21.74
Diluted earnings per share, SEK*	3	7.70	4.98	15.52	9.09	28.16	21.74
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*		26,480,767	26,307,999	26,480,767	26,307,999	26,480,767	26,342,651
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*		26,478,393	26,307,999	26,424,425	26,307,605	26,367,472	26,315,844

\* At the end of the period the Group had two share warrant programmes, Series 1 and Series 2. Series 1 has redemptions from 01/05/2019 to 15/12/2019 and Series 2 from 01/05/2020 to 15/12/2020. The subscription price is SEK 296.30 for Series 1 and SEK 485.10 for Series 2. The programmes have been taken into account in calculating the number of shares after dilution. Upon full subscription, the programmes provide a maximum of 436,700 new class B shares.

## ■ Consolidated comprehensive income

SEK million		Q2 2018	Q2 2017	Q1 - Q2 2018	Q1 - Q2 2017	Rolling 12 months	Full year 2017
<b>Profit after tax</b>		<b>204</b>	<b>131</b>	<b>410</b>	<b>239</b>	<b>743</b>	<b>572</b>
<b>Other comprehensive income</b>							
<i>Items that cannot be transferred to profit for the period</i>							
Revaluations of defined benefit pension plans		—	16	—	16	—	16
Tax attributable to items that cannot be transferred to profit for the period		—	- 3	—	- 3	1	- 2
		—	13	—	13	1	14
<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.		17	- 9	64	- 14	72	- 6
Changes in the fair value of cash flow hedges for the period*		- 4	2	- 4	4	- 5	3
Tax attr. to changes in the fair value of cash flow hedges*		1	- 1	1	- 1	1	- 1
		14	- 8	61	- 11	68	- 4
<b>Other comprehensive income, net of tax</b>		<b>14</b>	<b>5</b>	<b>61</b>	<b>2</b>	<b>69</b>	<b>10</b>
<b>Total comp. income for the period attributable to the Parent Co.'s shareholders</b>		<b>218</b>	<b>136</b>	<b>471</b>	<b>241</b>	<b>812</b>	<b>582</b>

\* 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	30/06/2018	30/06/2017	31/12/2017
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible non-current assets	845	835	813
Property, plant and equipment	1,410	1,219	1,243
Non-current financial assets	2	2	2
Other non-current receivables	1	1	1
Deferred tax assets	56	43	52
<b>Total fixed assets</b>	<b>2,314</b>	<b>2,100</b>	<b>2,111</b>
<b>Current assets</b>			
Inventories	769	539	530
Accounts receivable	974	1,186	1,128
Other current assets* <sup>2)</sup>	433	282	314
Cash and bank	891	380	669
<b>Total current assets</b>	<b>3,067</b>	<b>2,387</b>	<b>2,641</b>
<b>Total assets</b>	<b>5,381</b>	<b>4,487</b>	<b>4,752</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>	<b>2,301</b>	<b>1,815</b>	<b>2,159</b>
Long-term liabilities and provisions <sup>1)</sup>	802	785	757
Deferred tax liabilities <sup>1)</sup>	85	94	103
Current liabilities and provisions* <sup>1,3)</sup>	2,193	1,793	1,733
<b>Total liabilities and provisions</b>	<b>3,080</b>	<b>2,672</b>	<b>2,593</b>
<b>Total shareholders' equity and liabilities</b>	<b>5,381</b>	<b>4,487</b>	<b>4,752</b>
<sup>1)</sup> Interest-bearing/non-interest-bearing liabilities and provisions:			
Interest-bearing liabilities and provisions	829	1,019	822
Non-interest-bearing liabilities and provisions	2,251	1,653	1,771
<b>Total liabilities and provisions</b>	<b>3,080</b>	<b>2,672</b>	<b>2,593</b>

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

<sup>2)</sup> Derivative assets are included in other current assets at

<sup>3)</sup> Derivative liabilities are included in current liabilities and provisions at

—	26	8
22	—	—

## ■ Changes in consolidated shareholders' equity (summary)

SEK million	Q1 - Q2 2018	Q1 - Q2 2017	Full year 2017
<b>Shareholders' equity at the beginning of the period</b>	<b>2,159</b>	<b>1,850</b>	<b>1,850</b>
Total comprehensive income for the period	471	241	582
Dividends	– 329	– 276	– 276
Share warrants included in incentive programme	—	—	3
<b>Shareholders' equity at the end of period attrib. to Parent Co's shareholders</b>	<b>2,301</b>	<b>1,815</b>	<b>2,159</b>

In 2018, a dividend totalling SEK 329 million was paid to the Parent Company's shareholders, corresponding to a dividend of SEK 12.50 per share. At the end of the period the Group had two share warrant programmes, Series 1 and Series 2. Series 1 has redemptions from 01/05/2019 to 15/12/2019 and Series 2 from 01/05/2020 to 15/12/2020. The subscription price is SEK 296.30 for Series 1 and SEK 485.10 for Series 2. The programmes have been taken into account in calculating the number of shares after dilution. Upon full subscription, the programmes provide a maximum of 436,700 new class B shares.

## ■ Consolidated cash flow statement (summary)

SEK million	Q2 2018	Q2 2017	Q1 - Q2 2018	Q1 - Q2 2017	Rolling 12 months	Full year 2017
Cash flow from op. activities bef. changes in work. cap.	215	196	502	364	1,037	899
Changes in working capital	257	-93	266	-194	334	-126
<b>Cash flow from operating activities</b>	<b>472</b>	<b>103</b>	<b>768</b>	<b>170</b>	<b>1,371</b>	<b>773</b>
Cash flow from investment activities	-120	-75	-229	-139	-367	-277
<b>Cash flow before financing activities</b>	<b>352</b>	<b>28</b>	<b>539</b>	<b>31</b>	<b>1,004</b>	<b>496</b>
Cash flow from financing activities	-295	48	-368	-52	-538	-222
<b>Cash flow for the period</b>	<b>57</b>	<b>76</b>	<b>171</b>	<b>-21</b>	<b>466</b>	<b>274</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>817</b>	<b>311</b>	<b>669</b>	<b>411</b>	<b>—</b>	<b>411</b>
Exchange rate difference in liquid assets	17	-7	51	-10	—	-16
<b>Cash and cash equivalents at the end of the period</b>	<b>891</b>	<b>380</b>	<b>891</b>	<b>380</b>	<b>—</b>	<b>669</b>

## ■ Note 1 Revenue from contracts with customers

SEK million	Q1 - Q2 - 2018				Q1 - Q2 - 2017				Full year - 2017			
	Sum	Medical	Integr.	Indust.	Sum	Medical	Integr.	Indust.	Sum	Medical	Integr.	Indust.
Sweden	650	75	34	541	630	86	84	460	1,235	167	122	946
Other Europe	1,291	722	100	469	1,166	651	81	434	2,297	1,288	164	845
North America etc.	346	255	17	74	310	216	40	54	613	429	66	118
Asia	2,054	42	1,974	38	947	32	886	29	2,588	71	2,458	59
Elimination internal sales	—				-8				-13			
<b>Tot. revenues fr. customer contracts</b>	<b>4,341</b>	<b>1,094</b>	<b>2,125</b>	<b>1,122</b>	<b>3,045</b>	<b>985</b>	<b>1,091</b>	<b>977</b>	<b>6,720</b>	<b>1,955</b>	<b>2,810</b>	<b>1,968</b>

The above table essentially covers products transferred at a specific date.

For the first six months of the year, the Group recognised additional impairment of trade receivables and contract assets of SEK 11 million, recognised in cost of goods sold (last year additional impairment of SEK 1 million, recognised in net sales).

## ■ Note 2 Reconciliation of consolidated income before tax

SEK million	Q1 - Q2 2018	Q1 - Q2 2017	Rolling 12 months	Full year 2017
<b>Operating profit (EBIT)</b>				
Medical Solutions	139	123	263	247
Integrated Solutions	260	111	481	332
Industrial Solutions	110	94	207	191
Group adjustments, Parent Company*	16	-12	7	-21
<b>Consolidated operating profit (EBIT)*</b>	<b>525</b>	<b>316</b>	<b>958</b>	<b>749</b>
Financial income and expense (not distributed by business areas)	-12	-8	-22	-18
<b>Consolidated profit before tax*</b>	<b>513</b>	<b>308</b>	<b>936</b>	<b>731</b>

\* Including non-recurring items of SEK 20 million in Q1 2018 that had a positive impact on earnings.

### ■ Note 3 Earnings per share (IFRS measures)

SEK million	Q2 2018	Q2 2017	Q1 - Q2 2018	Q1 - Q2 2017	Rolling 12 months	Full year 2017
Profit after tax	204	131	410	239	743	572
Average number of shares, before dilution	26,307,408	26,307,408	26,307,408	26,307,408	26,307,408	26,307,408
<b>Basic earnings per share (SEK)</b>	<b>7.75</b>	<b>4.98</b>	<b>15.59</b>	<b>9.09</b>	<b>28.23</b>	<b>21.74</b>
Non-recurring items	– 3	—	– 24	—	– 24	—
Profit after tax excl. non-recurring items	201	131	386	239	719	572
<b>Basic earnings per share excl. non-recurring items (SEK)</b>	<b>7.64</b>	<b>4.98</b>	<b>14.67</b>	<b>9.09</b>	<b>27.32</b>	<b>21.74</b>
Dilutive shares from Series 1 incentive programme with exercise price SEK 296.30 per share; total 240,500 warrants	126,734	591	92,503	197	35,550	8,436
Dilutive shares from Series 2 incentive programme with exercise price SEK 485.10 per share; total 196,200 warrants	44,251	—	24,514	—	24,514	—
Average number of shares, after dilution	26,478,393	26,307,999	26,424,425	26,307,605	26,367,472	26,315,844
<b>Diluted earnings per share (SEK)</b>	<b>7.70</b>	<b>4.98</b>	<b>15.52</b>	<b>9.09</b>	<b>28.16</b>	<b>21.74</b>
<b>Diluted earnings per share excl. non-recurring items (SEK)</b>	<b>7.59</b>	<b>4.98</b>	<b>14.61</b>	<b>9.09</b>	<b>27.25</b>	<b>21.74</b>
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	26,480,767	26,307,999	26,480,767	26,307,999	26,480,767	26,342,651

At the end of the period the Group had two share warrant programmes, Series 1 and Series 2. Series 1 has redemptions from 01/05/2019 to 15/12/2019 and Series 2 from 01/05/2020 to 15/12/2020. The subscription price is SEK 296.30 for Series 1 and SEK 485.10 for Series 2. The programmes have been taken into account in calculating the number of shares after dilution. Upon full subscription, the programmes provide a maximum of 436,700 new class B shares.

### ■ Adjusted earnings per share (alternative performance measures)

SEK million	Q2 2018	Q2 2017	Q1 - Q2 2018	Q1 - Q2 2017	Rolling 12 months	Full year 2017
Profit after tax	204	131	410	239	743	572
Adjusted earnings:						
Amortisation of intangible assets arising from acquisitions	2	4	5	8	11	14
Tax on amortisation	—	– 1	– 1	– 2	– 2	– 3
<b>Adjusted earnings</b>	<b>206</b>	<b>134</b>	<b>414</b>	<b>245</b>	<b>752</b>	<b>583</b>
Average number of shares, before dilution	26,307,408	26,307,408	26,307,408	26,307,408	26,307,408	26,307,408
<b>Basic adjusted earnings per share (SEK)</b>	<b>7.83</b>	<b>5.09</b>	<b>15.74</b>	<b>9.31</b>	<b>28.58</b>	<b>22.16</b>
Non-recurring items	– 3	—	– 24	—	– 24	—
Adjusted earnings after tax, excl. non-recurring items	203	134	390	245	728	583
<b>Basic adjusted earnings per share excl. non-rec. items (SEK)</b>	<b>7.72</b>	<b>5.09</b>	<b>14.82</b>	<b>9.31</b>	<b>27.67</b>	<b>22.16</b>
Average number of shares, after dilution	26,478,393	26,307,999	26,424,425	26,307,605	26,367,472	26,315,844
<b>Diluted adjusted earnings per share (SEK)</b>	<b>7.78</b>	<b>5.09</b>	<b>15.67</b>	<b>9.31</b>	<b>28.50</b>	<b>22.15</b>
<b>Diluted adjusted earnings per share excl. non-rec. items (SEK)</b>	<b>7.67</b>	<b>5.09</b>	<b>14.76</b>	<b>9.31</b>	<b>27.60</b>	<b>22.15</b>

### ■ Five-year overview

IFRS measures	2017	2016	2015	2014	2013
Operating profit (EBIT) (SEK million)	749	443	556	454	411
Earnings per share, before and after dilution (SEK)	21.74	12.77	15.97	13.84	11.94
Alternative performance measures					
Net sales (SEK million)	6,720	4,447	4,726	4,234	4,522
Operating profit (EBITA) (SEK million)	763	457	570	470	427
EBITA margin (%)	11.4	10.3	12.1	11.1	9.4
Profit after financial income and expense (SEK million)	731	438	555	462	403
Profit after tax (SEK million)	572	336	420	364	314
Cash flow after investments, excl. acq. and disposals (SEK million)	496	245	288	127	362
Cash conversion (%)	66	55	52	28	82
Return on capital employed (%)	26.6	20.6	29.6	28.4	26.7
Return on shareholders' equity (%)	29.4	19.0	25.3	25.0	24.9
Net financial liabilities (–) assets (+) (SEK million)	– 153	– 408	122	59	122
Equity/assets ratio (%)	45	47	54	54	52
Basic adjusted earnings per share (SEK)	22.16	13.19	16.35	14.29	12.39
Dividend per share (SEK)	12.50	10.50	10.00	8.50	8.00
Average number of employees	7,249	6,418	7,759	8,020	9,357

Including any non-recurring items.

## ■ Quarterly data (summary)

IFRS measures	Note	Q1*	Q2	Q3	Q4	Full year
Operating profit (EBIT) (SEK million)	2	2018	261	264	—	—
	2	2017	142	174	206	227
		2016	110	106	101	126
Basic earnings per share (SEK)	3	2018	7.83	7.75	—	—
	3	2017	4.11	4.98	5.82	6.84
		2016	3.16	3.00	3.00	3.61
Diluted earnings per share (SEK)	3	2018	7.80	7.70	—	—
	3	2017	4.11	4.98	5.82	6.84
		2016	3.16	3.00	3.00	3.61
Alternative performance measures						
Net sales (SEK million)	1	2018	2,039	2,302	—	—
	1	2017	1,370	1,675	1,749	1,926
		2016	1,022	1,037	1,036	1,352
Operating profit (EBITDA) (SEK million)		2018	322	325	—	—
		2017	199	232	263	286
		2016	155	152	149	180
Operating profit (EBITA) (SEK million)		2018	264	266	—	—
		2017	146	178	209	230
		2016	113	110	104	130
EBITA margin (%)		2018	12.9	11.6	—	—
		2017	10.7	10.6	11.9	11.9
		2016	11.1	10.6	10.0	9.6
Profit after financial income and expense (SEK million)	2	2018	256	257	—	—
	2	2017	138	170	198	225
		2016	109	103	101	125
Profit after tax (SEK million)		2018	206	204	—	—
		2017	108	131	153	180
		2016	83	79	79	95
Cash flow from operating activities (SEK million)		2018	296	472	—	—
		2017	67	103	381	222
		2016	93	113	70	190
Cash flow from operations per share before dilution (SEK)		2018	11.25	17.94	—	—
		2017	2.55	3.92	14.48	8.44
		2016	3.54	4.30	2.66	7.22
Cash flow after investments, excl. acq. and disp. (SEK million)		2018	187	352	—	—
		2017	3	28	308	157
		2016	30	61	19	135
Cash fl. aft. inv., excl. acq. and disp. per sh. bef. dilut. (SEK)		2018	7.11	13.38	—	—
		2017	0.11	1.06	11.71	5.97
		2016	1.14	2.32	0.72	5.13
Basic adjusted earnings per share (SEK)	3	2018	7.91	7.83	—	—
	3	2017	4.22	5.09	5.93	6.92
		2016	3.23	3.12	3.12	3.72
Shareholders' equity per share, before dilution (SEK)		2018	92	87	—	—
		2017	74	69	74	82
		2016	70	63	66	70
Return on total capital (%)		2018	18.8	19.6	—	—
		2017	14.0	14.8	16.1	17.1
		2016	17.8	16.0	14.7	13.7
Return on capital employed (%)		2018	29.8	32.0	—	—
		2017	20.8	22.3	24.7	26.6
		2016	27.2	24.8	22.4	20.6
Return on operating capital (%)		2018	36.8	41.1	—	—
		2017	24.3	25.7	29.1	32.1
		2016	34.2	28.9	26.1	24.4
Return on shareholders' equity (%)		2018	32.6	34.9	—	—
		2017	20.0	22.9	26.2	29.4
		2016	23.2	22.5	19.7	19.0
Closing share price Nolato B (Nasdaq Stockholm)		2018	609.00	723.00	—	—
		2017	267.00	316.50	393.00	539.00
		2016	227.50	221.50	263.00	263.00

\* Including non-recurring items of SEK 20 million in Q1 2018 that had a positive impact on earnings.

## ■ Quarterly data business areas

### Alternative performance measures

	Note	Q1	Q2	Q3	Q4	Full year
<b>Net sales (SEK million)</b>						
Medical Solutions	1	2018	532	562	—	—
	1	2017	487	498	459	511
		2016	390	397	395	463
Integrated Solutions	1	2018	939	1,186	—	—
	1	2017	399	692	819	900
		2016	300	311	343	448
Industrial Solutions	1	2018	568	554	—	—
	1	2017	488	489	473	518
		2016	334	331	301	443
Group adjustments, Parent Company	1	2018	—	—	—	—
	1	2017	− 4	− 4	− 2	− 3
		2016	− 2	− 2	− 3	− 2
Group total	1	2018	2,039	2,302	—	—
	1	2017	1,370	1,675	1,749	1,926
		2016	1,022	1,037	1,036	1,352
						4,447
<b>Operating profit (EBITA) (SEK million)</b>		Q1	Q2	Q3	Q4	Full year
Medical Solutions	2018	69	73	—	—	—
	EBITA margin (%)	13.0	13.0	—	—	—
	2017	65	64	60	68	257
	EBITA margin (%)	13.3	12.9	13.1	13.3	13.1
	2016	52	53	52	59	216
	EBITA margin (%)	13.3	13.4	13.2	12.7	13.1
Integrated Solutions	2018	120	140	—	—	—
	EBITA margin (%)	12.8	11.8	—	—	—
	2017	38	73	105	116	332
	EBITA margin (%)	9.5	10.5	12.8	12.9	11.8
	2016	33	28	29	41	131
	EBITA margin (%)	11.0	9.0	8.5	9.2	9.3
Industrial Solutions	2018	57	55	—	—	—
	EBITA margin (%)	10.0	9.9	—	—	—
	2017	48	48	47	52	195
	EBITA margin (%)	9.8	9.8	9.9	10.0	9.9
	2016	34	34	30	36	134
	EBITA margin (%)	10.2	10.3	10.0	8.1	9.5
Group adjustments, Parent Company*	2018	18	− 2	—	—	—
	2017	− 5	− 7	− 3	− 6	− 21
	2016	− 6	− 5	− 7	− 6	− 24
Group total	2018	264	266	—	—	—
	EBITA margin (%)	12.9	11.6	—	—	—
	2017	146	178	209	230	763
	EBITA margin (%)	10.7	10.6	11.9	11.9	11.4
	2016	113	110	104	130	457
	EBITA margin (%)	11.1	10.6	10.0	9.6	10.3

\* Including non-recurring items of SEK 20 million in Q1 2018 that had a positive impact on earnings.

<b>Depreciation/amortisation (SEK million)</b>	Q1	Q2	Q3	Q4	Full year
Medical Solutions	2018	28	28	—	—
	2017	27	27	27	27
	2016	22	22	23	25
Integrated Solutions	2018	8	8	—	—
	2017	9	8	8	8
	2016	9	9	9	9
Industrial Solutions	2018	25	25	—	—
	2017	21	22	23	24
	2016	14	15	16	20
Group total	2018	61	61	—	—
	2017	57	57	58	59
	2016	45	46	48	54
					193

## ■ Group financial highlights

IFRS measures	Note	Q2 2018	Q2 2017	Q1 - Q2 2018*	Q1 - Q2 2017	Rolling 12 months*	Full year 2017
Basic earnings per share (SEK)	3	7.75	4.98	15.59	9.09	28.23	21.74
Diluted earnings per share (SEK)	3	7.70	4.98	15.52	9.09	28.16	21.74
<b>Alternative performance measures</b>							
Net sales (SEK million)	1	2,302	1,675	4,341	3,045	8,016	6,720
Sales growth (%)		37	62	43	48	48	51
Percentage of sales outside Sweden (%)		86	82	85	80	84	82
Operating profit (EBITDA) (SEK million)		325	232	647	431	1,196	980
Operating profit (EBITA) (SEK million) <sup>1)</sup>		266	178	530	324	969	763
EBITA margin (%) <sup>1)</sup>		11.6	10.6	12.2	10.6	12.1	11.4
Profit after financial income and expense (SEK million)	2	257	170	513	308	936	731
Profit margin (%) <sup>1)</sup>		11.2	10.1	11.8	10.1	11.7	10.9
Profit after tax (SEK million)		204	131	410	239	743	572
Return on total capital (%) <sup>1)</sup>		19.6	14.8	19.6	14.8	19.6	17.1
Return on capital employed (%) <sup>1)</sup>		32.0	22.3	32.0	22.3	32.0	26.6
Return on operating capital (%) <sup>1)</sup>		41.1	25.7	41.1	25.7	41.1	32.1
Return on shareholders' equity (%) <sup>1)</sup>		34.9	22.9	34.9	22.9	34.9	29.4
Equity/assets ratio (%)		43	40	43	40	43	45
Debt/equity (%)		36	56	36	56	36	38
Interest coverage ratio (times)		35	60	41	59	46	56
Net investm. affecting cash flow, excl. acquisitions and disposals (SEK million)		120	75	229	139	367	277
Cash flow after investments, excl. acquisitions and disposals (SEK million)		352	28	539	31	1,004	496
Cash conversion (%) <sup>1)</sup>		—	—	—	—	104	66
Net financial assets (+) / liabilities (-) (SEK million)		62	− 639	62	− 639	62	− 153
Basic adjusted earnings per share (SEK)	3	7.83	5.09	15.74	9.31	28.58	22.16
Diluted adjusted earnings per share (SEK)	3	7.78	5.09	15.67	9.31	28.50	22.15
Cash flow from operations per share, before dilution (SEK)		17.94	3.92	29.19	6.46	52.11	29.38
Cash flow from operations per share, after dilution (SEK)		17.83	3.92	29.04	6.46	52.00	29.37
Cash flow after investments per share, excl. acquisitions and disposals, before dilution (SEK)		13.38	1.06	20.49	1.18	38.16	18.85
Cash flow after investments per share, excl. acquisitions and disposals, after dilution (SEK)		13.29	1.06	20.38	1.18	38.08	18.85
Shareholders' equity per share, basic and diluted (SEK)		—	—	87	69	—	82
Average number of employees		—	—	6,612	6,930	—	7,249

\* Including non-recurring items of SEK 20 million in Q1 2018 that had a positive impact on earnings.

1) KPIs calculated as specified on page 21.

## 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.

## ■ Alternative performance measures

SEK million unless otherwise specified	Note	Q2 2018	Q2 2017	Q1 - Q2 2018	Q1 - Q2 2017	Rolling 12 months	Full year 2017
Operating profit (EBITDA)		325	232	647	431	1,196	980
Non-recurring items	—	—	—	—20	—	—20	—
<b>Adjusted operating profit (EBITDA)</b>		<b>325</b>	<b>232</b>	<b>627</b>	<b>431</b>	<b>1,176</b>	<b>980</b>
Operating profit (EBIT)	2	264	174	525	316	958	749
Reversal of amortisation of intangible assets arising in connection with acquisitions	2	4	5	8	11	14	
Operating profit (EBITA)		266	178	530	324	969	763
Non-recurring items	—	—	—20	—	—20	—	—
<b>Adjusted operating profit (EBITA)</b>		<b>266</b>	<b>178</b>	<b>510</b>	<b>324</b>	<b>949</b>	<b>763</b>
EBITA margin (%)		11.6	10.6	12.2	10.6	12.1	11.4
<b>Adjusted EBITA margin (%)</b>		<b>11.6</b>	<b>10.6</b>	<b>11.7</b>	<b>10.6</b>	<b>11.8</b>	<b>11.4</b>
Profit after financial income and expense	2	257	170	513	308	936	731
Non-recurring items	—	—	—20	—	—20	—	—
<b>Adjusted profit after financial income and expense</b>		<b>257</b>	<b>170</b>	<b>493</b>	<b>308</b>	<b>916</b>	<b>731</b>
Profit margin (%)		11.2	10.1	11.8	10.1	11.7	10.9
<b>Adjusted profit margin (%)</b>		<b>11.2</b>	<b>10.1</b>	<b>11.4</b>	<b>10.1</b>	<b>11.4</b>	<b>10.9</b>
Profit after tax		204	131	410	239	743	572
Non-recurring items	—	—	—20	—	—20	—	—
Tax on non-recurring items	—3	—	—4	—	—4	—	—
<b>Adjusted profit after tax</b>		<b>201</b>	<b>131</b>	<b>386</b>	<b>239</b>	<b>719</b>	<b>572</b>
Cash flow after investm., excl. acquisitions and disposals		—	—	—	—	1,004	496
Non-recurring items (affecting cash flow)	—	—	—	—	—	—29	—
Adjusted cash fl. after investm., excl. acq. and disposals		—	—	—	—	975	496
Operating profit (EBIT)	2	—	—	—	—	958	749
Non-recurring items	—	—	—	—	—	—20	—
Adjusted operating profit (EBIT)		—	—	—	—	938	749
<b>Cash conversion (%)</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>104</b>	<b>66</b>

Non-recurring items consist of a distribution from the previous bankruptcy of a customer in 2006. This boosted earnings by SEK 20 million (0) in other operating income. This non-recurring item has been recognised at Group level and has consequently not affected the profit of the business areas.

SEK million unless otherwise specified	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Profit after financial income and expense, rolling 12 months	936	849	731	631	534				
Financial expense, rolling 12 months	21	16	13	13	9				
Adjusted profit after financial income and exp., rolling 12 months	957	865	744	644	543				
Total capital, accumulated for the period	5,381	5,148	4,752	4,612	4,487	3,967	3,924	3,025	2,948
Average total capital, last 5 quarters	4,876	4,593	4,348	4,003	3,670				
<b>Return on total capital (%)</b>	<b>19.6</b>	<b>18.8</b>	<b>17.1</b>	<b>16.1</b>	<b>14.8</b>				
Adjusted profit after financial income and exp., rolling 12 months	957	865	744	644	543				
Capital employed, accumulated for the period	3,131	3,188	2,980	2,836	2,836	2,676	2,668	2,033	1,958
Average capital employed, last 5 quarters	2,994	2,903	2,799	2,610	2,434				
<b>Return on capital employed (%)</b>	<b>32.0</b>	<b>29.8</b>	<b>26.6</b>	<b>24.7</b>	<b>22.3</b>				
Operating profit (EBIT), rolling 12 months	958	868	749	648	543				
Capital employed, accumulated for the period	3,131	3,188	2,980	2,836	2,836	2,676	2,668	2,033	1,958
Cash and bank	—891	—817	—669	—561	—380	—311	—411	—240	—250
Operating capital, accumulated for the period	2,240	2,371	2,311	2,275	2,456	2,365	2,257	1,793	1,708
Average operating capital, latest 5 quarters	2,331	2,356	2,333	2,229	2,116				
<b>Return on operating capital (%)</b>	<b>41.1</b>	<b>36.8</b>	<b>32.1</b>	<b>29.1</b>	<b>25.7</b>				
Profit after tax, rolling 12 months	743	670	572	487	413				
Shareholders' equity, accumulated for the period	2,301	2,412	2,159	1,950	1,815	1,955	1,850	1,741	1,653
Average shareholders' equity, latest 5 quarters	2,127	2,058	1,946	1,862	1,803				
<b>Return on shareholders' equity (%)</b>	<b>34.9</b>	<b>32.6</b>	<b>29.4</b>	<b>26.2</b>	<b>22.9</b>				

## ■ Parent Company income statement (summary)

SEK million	Q2 2018	Q2 2017	Q1 - Q2 2018	Q1 - Q2 2017	Rolling 12 months	Full year 2017
Net sales	15	13	31	27	54	50
Selling expenses	- 1	- 3	- 3	- 4	- 5	- 6
Administrative expenses	- 13	- 14	- 25	- 29	- 47	- 51
Other operating income	1	2	4	2	8	6
Other operating expenses	- 13	- 6	- 22	- 13	- 34	- 25
<b>Operating profit</b>	<b>- 11</b>	<b>- 8</b>	<b>- 15</b>	<b>- 17</b>	<b>- 24</b>	<b>- 26</b>
Profit from participations in Group companies	58	77	137	77	320	260
Financial income	3	5	7	10	43	46
Financial expenses	- 16	- 8	- 28	- 14	- 19	- 5
<b>Profit after financial income and expense</b>	<b>34</b>	<b>66</b>	<b>101</b>	<b>56</b>	<b>320</b>	<b>275</b>
Appropriations	—	—	—	—	244	244
Tax	- 1	—	- 1	—	- 67	- 66
<b>Profit after tax</b>	<b>33</b>	<b>66</b>	<b>100</b>	<b>56</b>	<b>497</b>	<b>453</b>
Depreciation/amortisation	—	1	—	1	- 1	—

## ■ Parent Company balance sheet (summary)

SEK million	30/06/2018	30/06/2017	31/12/2017
<b>Assets</b>			
Intangible fixed assets	3	3	3
Property, plant and equipment	1	1	1
Financial assets	1,637	1,642	1,625
Deferred tax assets	14	14	5
<b>Total fixed assets</b>	<b>1,655</b>	<b>1,660</b>	<b>1,634</b>
Other receivables	305	277	705
Cash and bank	—	47	73
<b>Total current assets</b>	<b>305</b>	<b>324</b>	<b>778</b>
<b>Total assets</b>	<b>1,960</b>	<b>1,984</b>	<b>2,412</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	1,065	898	1,295
Untaxed reserves	200	163	200
Other provisions	14	13	13
Long-term liabilities	550	541	519
Current liabilities	131	369	385
<b>Total shareholders' equity and liabilities</b>	<b>1,960</b>	<b>1,984</b>	<b>2,412</b>

### 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 2018	31	- 3	7	—	137	703	185
Subsidiary	Jan-Jun 2017	27	- 2	10	—	77	640	182

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.

