

Nolato AB (publ) nine-month interim report 2019

Positive earnings performance by all business areas

■ Third quarter of 2019 in brief

- Sales totalled SEK 1,980 million (1,980)
- Operating profit (EBITA) rose to SEK 238 million (SEK 222 million excl. a negative non-recurring item of SEK –17 million)
- EBITA margin of 12.0% (11.2% excl. non-recurring items)
- Profit after tax increased to SEK 186 million (154)
- Basic earnings per share rose to SEK 7.02 (SEK 6.50 excl. non-recurring items)
- Cash flow after investments was SEK –4 million (SEK –68 million excl. a divestment)

■ First nine months of 2019 in brief

- Sales totalled SEK 5,623 million (6,321)
- Operating profit (EBITA) was SEK 646 million (735)
- Basic earnings per share totalled SEK 18.82 (21.44)
- Cash flow after investments was SEK 199 million (SEK 471 million excl. a divestment)

■ Group highlights

SEK million unless otherwise specified	Note	Q3 2019	Q3 2018*	Q1 - Q3 2019	Q1 - Q3 2018*	Rolling 12 months	Full year 2018*
Net sales	1	1,980	1,980	5,623	6,321	7,404	8,102
Operating profit (EBITDA) ¹⁾		326	267	906	914	1,181	1,189
Operating profit (EBITA) ²⁾		238	205	646	735	860	949
EBITA margin, %		12.0	10.4	11.5	11.6	11.6	11.7
Operating profit (EBIT) ³⁾	2	236	203	641	728	854	941
Profit after financial income and expense	2	232	198	621	711	831	921
Profit after tax		186	154	497	564	655	722
Basic earnings per share, SEK	3	7.02	5.85	18.82	21.44	24.83	27.44
Diluted earnings per share, SEK	3	7.01	5.81	18.79	21.33	24.82	27.37
Basic adjusted earnings per share, SEK ⁴⁾	3	7.09	5.93	18.98	21.67	24.98	27.67
Diluted adjusted earnings per share, SEK ⁴⁾	3	7.09	5.89	18.94	21.56	24.97	27.59
Cash flow after investm., excl. acquisitions and disposals		– 4	– 68	199	471	321	593
Net investm. affecting cash fl., excl. acquis. and disposals		87	107	279	336	395	452
Cash conversion, % ⁵⁾		—	—	—	—	38	60
Return on capital employed, %		23.4	31.2	23.4	31.2	23.4	29.7
Return on shareholders' equity, %		24.7	33.1	24.7	33.1	24.7	30.4
Equity/assets ratio, %		47	46	47	46	47	50
Net financial assets excl. pension- & lease liabilities		186	208	186	208	186	341

* Including non-recurring items of SEK +20 million in Q1 2018 and SEK –17 million in Q3 2018, which affected operating profit by a net amount of SEK +3 million in full year 2018.

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

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

³⁾ Operating profit (EBIT): Earnings before financial income and expense and taxes.

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

⁵⁾ Cash conversion: Cash flow after investments, excl. acquisitions and disposals, divided by operating profit (EBIT). Cash flow and operating profit have been adjusted by non-recurring items, if any.

This document is a translation from Swedish. In the event of any difference between this version and the Swedish original, the latter shall prevail.

Third quarter 2019

- Sales totalled SEK 1,980 million (1,980); adjusted for currency, sales decreased by 5%
- Operating profit (EBITA) rose to SEK 238 million (SEK 222 million excl. non-recurring items)
- Positive earnings performance by all business areas
- Strong EBITA margin of 12.0% (11.2% excl. non-recurring items)

Sales

Consolidated sales totalled SEK 1,980 million (1,980). Adjusted for currency, this was a decrease of 5%.

Medical Solutions sales rose to SEK 612 million (596); adjusted for currency, sales were unchanged. The second half of last year included very high development sales and additional billing of production equipment, which is also expected to have an effect on growth in the fourth quarter.

Integrated Solutions sales totalled SEK 862 million (892). Following inventory adjustments in Vaporiser Heating Products (VHP) late last year and in the first quarter of this year, the inventory situation has now normalised and sales have risen sequentially. Heating Devices started delivering new product variants in the third quarter. Growth in the EMC area was impacted by a cautious Asian market at the end of the quarter, while mobile phone volumes performed well. Adjusted for currency, sales decreased by 12%.

Industrial Solutions sales amounted to SEK 512 million (492); adjusted for currency, sales increased by 3%. Volumes were stable in most product areas.

Profit

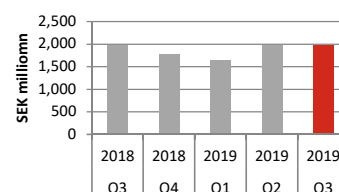
The Group's operating profit (EBITA) increased to SEK 238 million (SEK 222 million excluding non-recurring items).

Operating profit (EBITA) increased to SEK 80 million (76) for Medical Solutions, to SEK 116 million (114) for Integrated Solutions and to SEK 44 million (35) for Industrial Solutions.

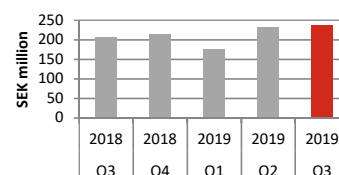
The EBITA margin for Medical Solutions was 13.1% (12.8). Last year the margin was negatively affected by higher billing of production equipment with lower margins. The EBITA margin for Integrated Solutions was a very strong 13.5% (12.8). Good volumes of older products in Vaporiser Heating Products (VHP) with high production efficiency, good capacity utilisation in mobile phones and currency effects had a positive impact on the margin. The EBITA margin for Industrial Solutions was 8.6% (7.1). Measures implemented to enhance efficiency are gradually leading to an improvement in the margin.

Overall, the Group's EBITA margin was a strong 12.0% (11.2% excluding non-recurring items).

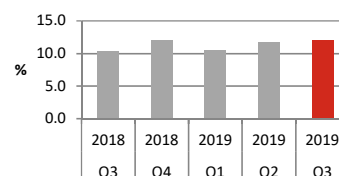
Sales



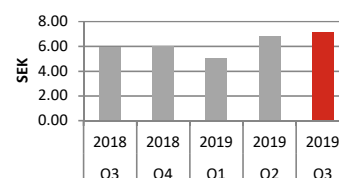
Operating profit (EBITA)



EBITA margin



Adjusted basic earnings per share



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

SEK million	Sales Q3/2019	Sales Q3/2018	Operating profit EBITA Q3/2019	Operating profit EBITA Q3/2018	EBITA margin Q3/2019	EBITA margin Q3/2018
Medical Solutions	612	596	80	76	13.1%	12.8%
Integrated Solutions	862	892	116	114	13.5%	12.8%
Industrial Solutions	512	492	44	35	8.6%	7.1%
Intra-Group adj., Parent Company*	-6	—	-2	-20	—	—
Group total	1,980	1,980	238	205	12.0%	10.4%

* Including a non-recurring item of SEK -17 million in Q3 2018, which had a negative impact on operating profit.

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

Operating profit (EBIT) rose to SEK 236 million (SEK 220 million excluding non-recurring items).

Profit after net financial income/expense was SEK 232 million (198).

Profit after tax was SEK 186 million (154). Basic earnings per share rose to SEK 7.02 (SEK 6.50 excluding non-recurring items). Adjusted basic earnings per share excluding amortisation of intangible assets arising from acquisitions amounted to SEK 7.09 (5.93).

First nine months 2019

Sales and earnings

Consolidated sales amounted to SEK 5,623 million (6,321) in the first nine months of 2019. Adjusted for currency and Group structure, this was a decrease of 15%.

Sales for Medical Solutions rose by 10% to SEK 1,857 million (1,690), while for Integrated Solutions they decreased by 27% to SEK 2,195 million (3,017) and declined for Industrial Solutions by 2% to SEK 1,586 million (1,614).

The Group's operating profit (EBITA) was SEK 646 million (SEK 732 million excluding non-recurring items). Overall, the Group's EBITA margin was a strong 11.5% (11.6).

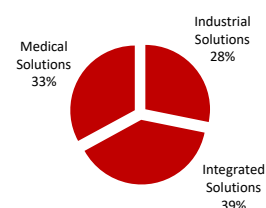
Operating profit (EBIT) amounted to SEK 641 million (SEK 725 million excluding non-recurring items).

Profit after net financial income/expense was SEK 621 million (711). Last year, there was a positive impact on profit of SEK 20 million as a result of a distribution from a customer bankruptcy in 2006, under other operating income. Last year also included the sale of a subsidiary. The sale price was SEK 58 million, resulting in a consolidated capital loss of SEK 17 million, which was recognised under other operating expenses. These non-recurring items were recognised at Group level and did not impact the business areas' profit.

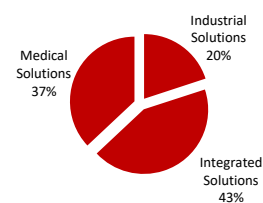
Profit after tax was SEK 497 million (564). Basic earnings per share were SEK 18.82 (SEK 21.17 excluding non-recurring items). Adjusted basic earnings per share excluding amortisation of intangible assets arising from acquisitions amounted to SEK 18.98 (21.67). The effective tax rate was 20.0% (20.7).

The return on capital employed was 23.4% for the last 12 months (29.7% for the 2018 calendar year). Return on equity was 24.7% for the last 12 months (30.4% for the 2018 calendar year).

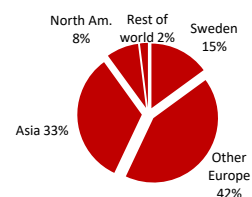
Business areas' share of sales



Business areas' share of operating profit (EBITA)



Sales by geographic markets



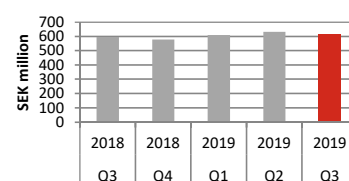
Medical Solutions

Sales and profit Q1-Q3 (SEK million)	2019	2018
Sales	1,857	1,690
Operating profit (EBITA)	240	218
EBITA margin (%)	12.9	12.9
Operating profit (EBIT)	238	214

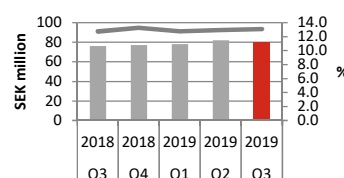
Medical Solutions sales rose to SEK 1,857 million (1,690); adjusted for currency, sales grew by a strong 6%. Sales increased in both Medical Devices and Pharma Packaging, and most product areas experienced good growth. Growth in the fourth quarter is expected to be affected by a strong quarter last year, which contained very high development sales and billing of production equipment.

Operating profit (EBITA) rose to SEK 240 million (218). The EBITA margin was 12.9% (12.9).

Medical Solutions sales



Medical Solutions operating profit (EBITA) & EBITA margin %



Integrated Solutions

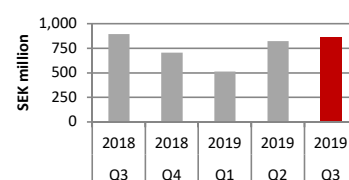
Sales and profit Q1-Q3 (SEK million)	2019	2018
Sales	2,195	3,017
Operating profit (EBITA)	280	374
EBITA margin (%)	12.8	12.4
Operating profit (EBIT)	280	374

Integrated Solutions sales decreased to SEK 2,195 million (3,017); adjusted for currency, sales declined by 33%. Following inventory adjustments in Vaporiser Heating Products (VHP) late last year and in the first quarter of this year, the inventory situation has now normalised. As a result of this the first quarter began with low volumes, but these grew sequentially in the second and third quarters. Heating Devices started delivering new product variants in the third quarter. Volumes in the EMC area were stable over the period, while mobile phones have been weak but performed well in the third quarter.

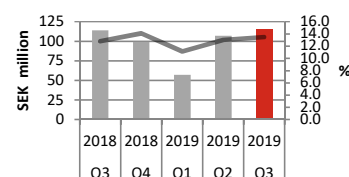
Operating profit (EBITA) was SEK 280 million (374). The EBITA margin was a strong 12.8% (12.4).

During the quarter Nolato entered into an agreement to acquire US-based Ja-Bar Silicone, with annual sales equivalent to approximately SEK 150 million and good profitability within EMC. The acquisition provides Nolato with complementary production technologies, an expanded customer base and a stronger presence on the American continent. The transaction is expected to be completed in November, when the company will also be consolidated into the Group. The purchase price is approximately SEK 95 million (debt-free basis) and the acquisition will be funded by using existing credit agreements.

Integrated Solutions sales



Integrated Solutions operating profit (EBITA) & EBITA margin %



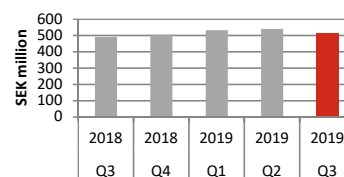
Industrial Solutions

Sales and profit Q1-Q3 (SEK million)	2019	2018
Sales	1,586	1,614
Operating profit (EBITA)	134	147
EBITA margin (%)	8.4	9.1
Operating profit (EBIT)	131	144

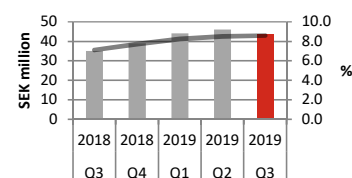
Industrial Solutions sales totalled SEK 1,586 million (1,614); adjusted for currency and Group structure, sales decreased by 3%. Inventory adjustments in the hygiene area in the first half of the year had a negative effect. Volumes were stable in most other product areas.

Operating profit (EBITA) totalled SEK 134 million (147), with an EBITA margin of 8.4% (9.1). The lower margin was due to the continued unsatisfactory efficiency of one production facility, combined with lower volumes. Implemented and ongoing efficiency improvements are gradually having an effect.

Industrial Solutions sales



Industrial Solutions operating profit (EBITA) & EBITA margin %



Cash flow

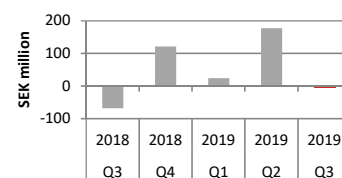
Cash flow after investments in the third quarter amounted to SEK –4 million (SEK –68 million excluding a divestment). Improved profit and lower investments had a positive impact. As was the case last year, increased sales at the end of the quarter are driving working capital requirements.

Net investment affecting cash flow totalled SEK 87 million (107).

On an accumulated nine month-basis, cash flow after investments decreased to SEK 199 million (SEK 471 million excluding non-recurring items) as a result of lower profit and, in particular, a negative change in working capital. On an accumulated basis, investment affecting cash flow totalled SEK 279 million (SEK 336 million excluding a divestment).

Cash conversion for the last 12 months was 38% (60% for the 2018 calendar year).

Cash flow after investments

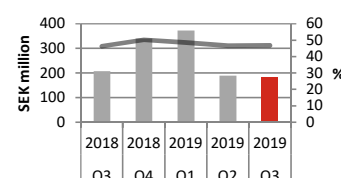


Excluding acquisitions and disposals

Financial position

Interest-bearing assets amounted to SEK 851 million (818), and interest-bearing financial liabilities were SEK 665 million (610). Net financial assets consequently totalled SEK 186 million (208). There are also interest-bearing pension liabilities of SEK 208 million (192) and interest-bearing lease liabilities of SEK 317 million (0). Shareholders' equity rose to SEK 2,833 million (2,422). A dividend totalling SEK 368 million (329) was paid to shareholders in the second quarter. The equity/assets ratio increased to 47% (46).

Net financial assets & equity/assets ratio



Financial position

SEK million	30/09/2019	30/09/2018	31/12/2018
Interest-bearing liabilities, credit institutions	- 665	- 610	- 612
Cash and bank	851	818	953
Net financial assets	186	208	341
Interest-bearing pension liabilities	- 208	- 192	- 182
Net financial liabilities (-) / assets (+) incl. pension liabilities	- 22	16	159
Lease liabilities	- 317	—	—
Net financial liabilities (-) / assets (+) incl. pension- & lease liabilities	- 339	16	159
Working capital	558	279	228
<i>As a percentage of sales (avg.) (%)</i>	<i>5.7</i>	<i>4.1</i>	<i>3.8</i>
Capital employed	4,022	3,225	3,387
<i>Return on capital employed (avg.) (%)</i>	<i>23.4</i>	<i>31.2</i>	<i>29.7</i>
Shareholders' equity	2,833	2,422	2,592
<i>Return on shareholders' equity (avg.) (%)</i>	<i>24.7</i>	<i>33.1</i>	<i>30.4</i>

Consolidated performance analysis

SEK million	Note	Q3 2019	Q3 2018	Q1 - Q3 2019	Q1 - Q3 2018	Rolling 12 months	Full year 2018
Net sales	1	1,980	1,980	5,623	6,321	7,404	8,102
Gross profit excl. depreciation/amortisation		403	354	1,158	1,146	1,505	1,493
<i>As a percentage of net sales</i>		20.4	17.9	20.6	18.1	20.3	18.4
Costs		- 77	- 87	- 252	- 232	- 324	- 304
<i>As a percentage of net sales</i>		3.9	4.4	4.5	3.7	4.4	3.8
Operating profit (EBITDA)		326	267	906	914	1,181	1,189
<i>As a percentage of net sales</i>		16.5	13.5	16.1	14.5	16.0	14.7
Depreciation and amortisation		- 88	- 62	- 260	- 179	- 321	- 240
Operating profit (EBITA)		238	205	646	735	860	949
<i>As a percentage of net sales</i>		12.0	10.4	11.5	11.6	11.6	11.7
Amortisation of intangible assets arising from acquisitions		- 2	- 2	- 5	- 7	- 6	- 8
Operating profit (EBIT)	2	236	203	641	728	854	941
Financial income and expense	2	- 4	- 5	- 20	- 17	- 23	- 20
Profit after financial income and expense	2	232	198	621	711	831	921
Tax		- 46	- 44	- 124	- 147	- 176	- 199
<i>As a percentage of profit after financial income and expense</i>		19.8	22.2	20.0	20.7	21.2	21.6
Profit after tax		186	154	497	564	655	722

Personnel

The average number of employees during the period was 5,716 people (6,376). The decrease in the number of employees is mainly attributable to Integrated Solutions' operations 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 2018 Annual Report on pages 53 – 55, and in Note 30 on pages 79 – 82.

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 Large Cap segment, where they are included in the Industrials sector.

There were 12,023 shareholders at 30 September. The largest shareholders are the Jorlén family with 10%, the Boström family and the Hamrin family with 9% each, Capital Group with 7%, Lannebo Funds with 6%, Didner & Gerge Funds with 4%, Handelsbanken Funds with 3%, of the capital.

Contact:

- Christer Wahlquist, President and CEO, tel. +46 705 804848
- Per-Ola Holmström, CFO, tel. +46 705 763340

Webcast conference call on 23 October:

In connection with the interim report, Nolato will hold a webcast conference call in English at 3.00 p.m. CET. Nolato will be represented by President and CEO Christer Wahlquist and CFO Per-Ola Holmström, who will present the interim report and answer questions. Information regarding telephone numbers and website is available at <https://financialhearings.com/event/11898>. The presentation will be available at www.nolato.com/ir after publication of the interim report. The webcast will be available at the same address after the live broadcast.

■ The Parent Company

For the Parent Company, which has no operational activities, sales amounted to SEK 49 million (49). Profit after financial income and expense amounted to SEK 115 million (101). Contingent liabilities amounted to SEK 102 million (134).

■ 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 2018 Annual Report.

Of the new or revised IFRS standards or IFRIC interpretations, which came into effect on 1 January 2019, only IFRS 16 Leases have had a 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.

Prior to publication this information constituted inside information that Nolato AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the above contact persons, at 2:00 p.m. CET on 23 October 2019.

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

■ IFRS 16 Leases

In transitioning to IFRS 16 on 1 January 2019 the Group has used a modified retrospective method, meaning that the 2018 financial year is not recalculated. The lease liability is the sum of the net present value of all future lease payments. The simplification rule, that a right-of-use asset (prior to adjustments for any advance payments) should correspond to the lease liability, was applied at transition. All components, with the exception of property tax in Sweden, have been deemed to be a lease component. Exemptions to not recognise short-term leases and low-value assets have also been applied.

The discount rate is based on high-quality mortgage bond yields in Sweden, with reference to the term of leases, which for foreign companies are then adjusted for differences between 10-year government bond yields of Sweden and foreign countries.

The largest asset class for leases is property, such as production plants and offices.

■ Impact on Group from IFRS 16 Leases

The following figures and key performance indicators are Nolato's impact of IFRS 16.

Impact on consolidated balance sheet of IFRS 16	Before transition	Adjustment due	Adj. open. bal.
SEK million	31/12/2018	to transition	01/01/2019
Property, plant & equipment	1,518	362	1,880
Total fixed assets (increase of balance sheet item)	1,518	362	1,880
Long-term liabilities and provisions (interest-bearing)	704	292	996
Current liabilities and provisions (interest-bearing)	90	70	160
Total interest-bearing liabilities and provisions (increase of balance sheet item)	794	362	1,156

Impact on consolidated income statement of IFRS 16	Q3	Q3	Q1 - Q3	Q1 - Q3	Rolling	Full year
SEK million	2019	2018	2019	2018	12 months	2018
Cost of goods sold	19	—	59	—	59	—
EBITDA (increase of performance measure)	19	—	59	—	59	—
Depreciation in cost of goods sold	— 18	—	— 56	—	— 56	—
EBITA/EBIT (increase of performance measure)	1	—	3	—	3	—
Interest expenses	— 2	—	— 8	—	— 8	—
Profit after financial income and expense (decrease of performance measure)	— 1	—	— 5	—	— 5	—
Tax	—	—	1	—	1	—
Profit after tax (decrease of performance measure)	— 1	—	— 4	—	— 4	—
Effect on basic earnings per share (SEK)	— 0.04	—	— 0.15	—	— 0.15	—

Impact on consolidated balance sheet of IFRS 16	30/09/2019	30/09/2018	31/12/2018
SEK million			
Property, plant & equipment	315	—	—
Deferred tax assets	1	—	—
Total fixed assets	316	—	—
Other current assets	— 1	—	—
Total current assets	— 1	—	—
Total assets (increase of balance sheet item)	315	—	—
Shareholders' equity	— 4	—	—
Long-term liabilities and provisions (interest-bearing)	248	—	—
Current liabilities and provisions (interest-bearing)	69	—	—
Current liabilities and provisions (non-interest-bearing)	2	—	—
Total liabilities and provisions	319	—	—
Total shareholders' equity and liabilities (increase of balance sheet item)	315	—	—

Impact on consolidated cash flow statement of IFRS 16	Q3	Q3	Q1 - Q3	Q1 - Q3	Rolling	Full year
SEK million	2019	2018	2019	2018	12 months	2018
Operating profit	1	—	3	—	3	—
<i>Adjustments for items not included in cash flow:</i>						
Depreciation	18	—	56	—	56	—
Interest paid	— 2	—	— 8	—	— 8	—
Cash flow from oper. act. before changes in working capital	17	—	51	—	51	—
Other changes in working capital	1	—	3	—	3	—
Cash flow from operating activities	18	—	54	—	54	—
Cash flow from financing activities	— 18	—	— 54	—	— 54	—
Cash flow for the period	—	—	—	—	—	—

■ Nomination Committee

In accordance with a decision at Nolato's AGM on 8 May 2019, the five largest shareholders in terms of the number of votes at the end of September 2019 have appointed the following individuals to be included in Nolato's Nomination Committee ahead of the 2020 AGM: Henrik Jorlén, chairman (Jorlén family), Gun Boström (Boström family), Lovisa Hamrin (Hamrin family) and Johan Ståhl (Lannebo Funds).

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

■ Annual General Meeting

The Annual General Meeting will be held on 4 May 2020.

■ Financial calendar

- 2019 year-end report: 10 February 2020
- Three-month interim report 2020: 4 May 2020
- 2020 Annual General Meeting: 4 May 2020
- Six-month interim report 2020: 17 July 2020
- Nine-month interim report 2020: 23 October 2020
- 2020 year-end report: 10 February 2021

Torekov, 23 October 2019

Nolato AB (publ)

Christer Wahlquist, President and CEO

The company in brief

■ Nolato's business

Nolato is a global, advanced high-tech cooperation partner and manufacturer of polymer products and systems for leading customers in well-defined market areas such as medical technology, pharmaceuticals, consumer electronics, telecom, automotive and other selected industrial sectors.

With its many years of experience, in-depth materials and processes expertise, early involvement in customer projects, advanced project management and detailed knowledge of each customer's specific requirements, Nolato is an effective and innovative partner.

■ Nolato's business model

Our business model is based on three decentralised business areas, which with their own decision-making and shared ambitions endeavour to fulfil our vision and financial targets.

The sharing of experience between our business areas, leading-edge technology, wide-ranging development and design know-how, advanced project management and efficient production allow us to establish long-term, innovative cooperation with our customers and partners and generate added value for both them and our shareholders.

Our shared values of being professional, well organised and responsible are reflected in everything we do.

■ 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	Q3 2019	Q3 2018	Q1 - Q3 2019	Q1 - Q3 2018	Rolling 12 months	Full year 2018
Net sales	1	1,980	1,980	5,623	6,321	7,404	8,102
Cost of goods sold		- 1,665	- 1,687	- 4,722	- 5,351	- 6,216	- 6,845
Gross profit		315	293	901	970	1,188	1,257
Other operating income		7	5	8	27	18	37
Selling expenses		- 31	- 29	- 94	- 90	- 123	- 119
Administrative expenses		- 55	- 53	- 174	- 162	- 229	- 217
Other operating expenses		—	- 13	—	- 17	—	- 17
		- 79	- 90	- 260	- 242	- 334	- 316
Operating profit	2	236	203	641	728	854	941
Financial income and expense	2	- 4	- 5	- 20	- 17	- 23	- 20
Profit after financial income and expense	2	232	198	621	711	831	921
Tax		- 46	- 44	- 124	- 147	- 176	- 199
Profit after tax		186	154	497	564	655	722
All earnings are attrib. to the Parent Co.'s shareholders							
Depreciation/amortisation regarding non-current assets		90	64	265	186	327	248
Basic earnings per share, SEK*	3	7.02	5.85	18.82	21.44	24.83	27.44
Diluted earnings per share, SEK*	3	7.01	5.81	18.79	21.33	24.82	27.37
Number of shares at the end of the period, before dilution*		26,539,548	26,307,408	26,539,548	26,307,408	26,539,548	26,307,408
Number of shares at the end of the period, after dilution*		26,542,660	26,485,487	26,542,660	26,485,487	26,542,660	26,427,262
Average number of shares, before dilution*		26,498,103	26,307,408	26,402,756	26,307,408	26,383,686	26,307,408
Average number of shares, after dilution*		26,534,668	26,500,451	26,456,251	26,439,691	26,391,809	26,384,021

* At the end of the period the Group had three share warrant programmes, Series 1, Series 2 and Series 3. Series 1 has redemptions from 01/05/2019 to 15/12/2019, Series 2 from 01/05/2020 to 15/12/2020 and Series 3 from 01/05/2021 to 15/12/2021. The subscription price is SEK 296.30 for Series 1, SEK 485.10 for Series 2 and SEK 502.00 for Series 3. Accumulated after nine months 232,140 class B shares were subscribed for under Series 1 and 8,360 class B shares remain to be redeemed. Upon full subscription, the programmes provide a maximum of additional 398,060 new class B shares. The programmes have been taken into account in calculating the number of shares after dilution.

Consolidated comprehensive income

SEK million	Q3 2019	Q3 2018	Q1 - Q3 2019	Q1 - Q3 2018	Rolling 12 months	Full year 2018
Profit after tax	186	154	497	564	655	722
Other comprehensive income						
<i>Items that cannot be transferred to profit for the period</i>						
Revaluations of defined benefit pension plans	- 11	—	- 21	—	- 18	3
Tax attributable to items that cannot be transferred to profit for the period	3	—	5	—	4	- 1
	- 8	—	- 16	—	- 14	2
<i>Items that have been converted or can be converted into profit for the period</i>						
Translation diff. for the period on transl. of foreign operations	28	- 34	61	30	67	36
Changes in the fair val. of cash flow hedges for the period*	- 2	1	- 2	- 3	—	- 1
Tax attr. to changes in the fair val. of cash flow hedges*	—	—	—	1	- 1	—
	26	- 33	59	28	66	35
Other comprehensive income, net of tax	18	- 33	43	28	52	37
Total comp. income for the period attributable to the Parent Co.'s shareholders	204	121	540	592	707	759

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

Consolidated balance sheet (summary)

SEK million	30/09/2019	30/09/2018	31/12/2018
Assets			
Non-current assets			
Intangible non-current assets	818	780	780
Property, plant and equipment	1,902	1,471	1,518
Non-current financial assets	2	2	2
Other non-current receivables	1	1	1
Deferred tax assets	77	51	111
Total fixed assets	2,800	2,305	2,412
Current assets			
Inventories	700	742	566
Accounts receivable	1,351	1,012	949
Other current assets* ²⁾	349	351	276
Cash and bank	851	818	953
Total current assets	3,251	2,923	2,744
Total assets	6,051	5,228	5,156
Shareholders' equity and liabilities			
Shareholders' equity	2,833	2,422	2,592
Long-term liabilities and provisions ¹⁾	1,117	806	795
Deferred tax liabilities ¹⁾	91	87	116
Current liabilities and provisions* ^{1) 3)}	2,010	1,913	1,653
Total liabilities and provisions	3,218	2,806	2,564
Total shareholders' equity and liabilities	6,051	5,228	5,156
¹⁾ Interest-bearing/non-interest-bearing liabilities and provisions:			
Interest-bearing liabilities and provisions	1,190	802	794
Non-interest-bearing liabilities and provisions	2,028	2,004	1,770
Total liabilities and provisions	3,218	2,806	2,564
* 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	1	—	5
³⁾ Derivative liabilities are included in current liabilities and provisions at	33	18	4

Changes in consolidated shareholders' equity (summary)

SEK million	Q1 - Q3 2019	Q1 - Q3 2018	Full year 2018
Shareholders' equity at the beginning of the period	2,592	2,159	2,159
Total comprehensive income for the period	540	592	759
Dividends	– 368	– 329	– 329
Share warrants included in incentive programme	—	—	3
Exercise of warrants included in incentive programme	69	—	—
Shareholders' equity at the end of period attrib. to Parent Co's shareholders	2,833	2,422	2,592

In 2019, a dividend totalling SEK 368 million was paid to the Parent Company's shareholders, corresponding to a dividend of SEK 14.00 per share. At the end of the period the Group had three share warrant programmes, Series 1, Series 2 and Series 3. Series 1 has redemptions from 01/05/2019 to 15/12/2019, Series 2 from 01/05/2020 to 15/12/2020 and Series 3 from 01/05/2021 to 15/12/2021. The subscription price is SEK 296.30 for Series 1, SEK 485.10 for Series 2 and SEK 502.00 for Series 3. Accumulated after nine months 232,140 class B shares were subscribed for under Series 1 and 8,360 class B shares remain to be redeemed. Upon full subscription, the programmes provide a maximum of additional 398,060 new class B shares. The programmes have been taken into account in calculating the number of shares after dilution.

Consolidated cash flow statement (summary)

SEK million	Q3 2019	Q3 2018	Q1 - Q3 2019	Q1 - Q3 2018	Rolling 12 months	Full year 2018
Cash flow from operating activities bef. changes in working capital	282	220	677	722	915	960
Changes in working capital	- 199	- 181	- 199	85	- 199	85
Cash flow from operating activities	83	39	478	807	716	1,045
Cash flow from investment activities	- 87	- 53	- 279	- 282	- 395	- 398
Cash flow before financing activities	- 4	- 14	199	525	321	647
Cash flow from financing activities	11	- 27	- 351	- 395	- 349	- 393
Cash flow for the period	7	- 41	- 152	130	- 28	254
Cash and cash equivalents at the beginning of the period	828	891	953	669	—	669
Exchange rate difference in liquid assets	16	- 32	50	19	—	30
Cash and cash equivalents at the end of the period	851	818	851	818	—	953

Note 1 Revenue

SEK million	Q1 - Q3 - 2019				Q1 - Q3 - 2018				Full year - 2018			
	Sum	Medical Sol.	Integr. Sol.	Indust. Sol.	Sum	Medical Sol.	Integr. Sol.	Indust. Sol.	Sum	Medical Sol.	Integr. Sol.	Indust. Sol.
Sweden	858	116	31	711	894	106	40	748	1,189	140	51	998
Other Europe	2,374	1,222	422	730	2,100	1,104	279	717	2,889	1,492	473	924
North America etc.	566	449	20	97	531	411	25	95	716	544	41	131
Asia	1,840	70	1,722	48	2,796	69	2,673	54	3,315	94	3,155	66
Elimination internal sales	- 15				—				- 7			
Tot. revenues fr. customer contr.	5,623	1,857	2,195	1,586	6,321	1,690	3,017	1,614	8,102	2,270	3,720	2,119

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

For the first 9 months, the Group has a provision for anticipated credit losses on trade receivables and contract assets, with SEK 6 million (10) among the cost of goods sold.

Note 2 Reconciliation of consolidated income before tax

SEK million	Q1 - Q3 2019	Q1 - Q3 2018	Rolling 12 months	Full year 2018
Operating profit (EBIT)				
Medical Solutions	238	214	315	291
Integrated Solutions	280	374	379	473
Industrial Solutions	131	144	169	182
Group adjustments, Parent Company*	- 8	- 4	- 9	- 5
Consolidated operating profit (EBIT)*	641	728	854	941
Financial income and expense (not distributed by business areas)	- 20	- 17	- 23	- 20
Consolidated profit before tax	621	711	831	921

* Including non-recurring items of SEK +20 million in Q1 2018 and SEK -17 million in Q3 2018, which affected operating profit by a net amount of SEK +3 million in full year 2018.

■ Note 3 Earnings per share (IFRS measures)

SEK million	Q3 2019	Q3 2018	Q1 - Q3 2019	Q1 - Q3 2018	Rolling 12 months	Full year 2018
Profit after tax	186	154	497	564	655	722
Average number of shares, before dilution	26,498,103	26,307,408	26,402,756	26,307,408	26,383,686	26,307,408
Basic earnings per share (SEK)	7.02	5.85	18.82	21.44	24.83	27.44
Non-recurring items	—	17	—	— 7	—	— 7
Profit after tax excl. non-recurring items	186	171	497	557	655	715
Basic earnings per share excl. non-recurring items (SEK)	7.02	6.50	18.82	21.17	24.83	27.18
Dilutive shares from Series 1 incentive programme with exercise price SEK 296.30 per share; total 240,500 warrants	18,711	136,178	53,495	101,820	8,123	76,613
Dilutive shares from Series 2 incentive programme with exercise price SEK 485.10 per share; total 196,200 warrants	10,504	56,865	—	30,463	—	—
Dilutive shares from Series 3 incentive programme with exercise price SEK 502.00 per share; total 193,500 warrants	7,350	—	—	—	—	—
Average number of shares, after dilution	26,534,668	26,500,451	26,456,251	26,439,691	26,391,809	26,384,021
Diluted earnings per share (SEK)	7.01	5.81	18.79	21.33	24.82	27.37
Diluted earnings per share excl. non-recurring items (SEK)	7.01	6.45	18.79	21.07	24.82	27.10
Number of shares at the end of the period, before dilution	26,539,548	26,307,408	26,539,548	26,307,408	26,539,548	26,307,408
Number of shares at the end of the period, after dilution	26,542,660	26,485,487	26,542,660	26,485,487	26,542,660	26,427,262

At the end of the period the Group had three share warrant programmes, Series 1, Series 2 and Series 3. Series 1 has redemptions from 01/05/2019 to 15/12/2019, Series 2 from 01/05/2020 to 15/12/2020 and Series 3 from 01/05/2021 to 15/12/2021. The subscription price is SEK 296.30 for Series 1, SEK 485.10 for Series 2 and SEK 502.00 for Series 3. Accumulated after nine months 232,140 class B shares were subscribed for under Series 1 and 8,360 class B shares remain to be redeemed. Upon full subscription, the programmes provide a maximum of additional 398,060 new class B shares. The programmes have been taken into account in calculating the number of shares after dilution.

■ Adjusted earnings per share (alternative performance measures)

SEK million	Q3 2019	Q3 2018	Q1 - Q3 2019	Q1 - Q3 2018	Rolling 12 months	Full year 2018
Profit after tax	186	154	497	564	655	722
Adjusted earnings:						
Amortisation of intangible assets arising from acquisitions	2	2	5	7	6	8
Tax on amortisation	—	—	— 1	— 1	— 2	— 2
Adjusted earnings	188	156	501	570	659	728
Average number of shares, before dilution	26,498,103	26,307,408	26,402,756	26,307,408	26,383,686	26,307,408
Adjusted basic earnings per share (SEK)	7.09	5.93	18.98	21.67	24.98	27.67
Non-recurring items	—	17	—	— 7	—	— 7
Adjusted earnings after tax, excl. non-recurring items	188	173	501	563	659	721
Adj. basic earnings per share excl. non-recurring items (SEK)	7.09	6.58	18.98	21.40	24.98	27.41
Average number of shares, after dilution	26,534,668	26,500,451	26,456,251	26,439,691	26,391,809	26,384,021
Adjusted diluted earnings per share (SEK)	7.09	5.89	18.94	21.56	24.97	27.59
Adj. diluted earnings per share excl. non-recurring items (SEK)	7.09	6.53	18.94	21.29	24.97	27.33

■ Five-year overview

IFRS measures	2018	2017	2016	2015	2014
Operating profit (EBIT) (SEK million)	941	749	443	556	454
Basic earnings per share (SEK)	27.44	21.74	12.77	15.97	13.84
Diluted earnings per share (SEK)	27.37	21.74	12.77	15.97	13.84
Alternative performance measures					
Net sales (SEK million)	8,102	6,720	4,447	4,726	4,234
Operating profit (EBITA) (SEK million)	949	763	457	570	470
EBITA margin (%)	11.7	11.4	10.3	12.1	11.1
Profit after financial income and expense (SEK million)	921	731	438	555	462
Profit after tax (SEK million)	722	572	336	420	364
Cash flow after investments, excl. acq. and disposals (SEK million)	593	496	245	288	127
Cash conversion (%)	60	66	55	52	28
Return on capital employed (%)	29.7	26.6	20.6	29.6	28.4
Return on shareholders' equity (%)	30.4	29.4	19.0	25.3	25.0
Net financial assets (+) liabilities (–), excl. pension- & lease liab. (SEK million)	341	31	– 206	249	187
Equity/assets ratio (%)	50	45	47	54	54
Adjusted basic earnings per share (SEK)	27.67	22.16	13.19	16.35	14.29
Adjusted diluted earnings per share (SEK)	27.59	22.15	13.19	16.35	14.29
Dividend per share (SEK)	14.00	12.50	10.50	10.00	8.50
Average number of employees	6,449	7,249	6,418	7,759	8,020

Including any non-recurring items.

Quarterly data (summary)

IFRS measures	Note		Q1	Q2	Q3	Q4	Full year
Operating profit (EBIT) (SEK million)	2	2019	173	232	236	—	—
	2	2018	261	264	203	213	941
		2017	142	174	206	227	749
Basic earnings per share (SEK)	3	2019	4.98	6.82	7.02	—	—
	3	2018	7.83	7.75	5.85	6.01	27.44
		2017	4.11	4.98	5.82	6.84	21.74
Diluted earnings per share (SEK)	3	2019	4.97	6.81	7.01	—	—
	3	2018	7.80	7.70	5.81	5.98	27.30
		2017	4.11	4.98	5.82	6.84	21.74
Alternative performance measures							
Net sales (SEK million)	1	2019	1,656	1,987	1,980	—	—
	1	2018	2,039	2,302	1,980	1,781	8,102
		2017	1,370	1,675	1,749	1,926	6,720
Operating profit (EBITDA) (SEK million)		2019	259	321	326	—	—
		2018	322	325	267	275	1,189
		2017	199	232	263	286	980
Operating profit (EBITA) (SEK million)		2019	175	233	238	—	—
		2018	264	266	205	214	949
		2017	146	178	209	230	763
EBITA margin (%)		2019	10.6	11.7	12.0	—	—
		2018	12.9	11.6	10.4	12.0	11.7
		2017	10.7	10.6	11.9	11.9	11.4
Profit after financial income and expense (SEK million)	2	2019	166	223	232	—	—
	2	2018	256	257	198	210	921
		2017	138	170	198	225	731
Profit after tax (SEK million)		2019	131	180	186	—	—
		2018	206	204	154	158	722
		2017	108	131	153	180	572
Cash flow from operating activities (SEK million)		2019	130	265	83	—	—
		2018	296	472	39	238	1,045
		2017	67	103	381	222	773
Cash flow from operations per share before dilution (SEK)		2019	4.94	10.04	3.13	—	—
		2018	11.25	17.94	1.48	9.05	39.72
		2017	2.55	3.92	14.48	8.44	29.38
Cash flow after investments, excl. acq. and disp. (SEK million)		2019	25	178	– 4	—	—
		2018	187	352	– 68	122	593
		2017	3	28	308	157	496
Cash fl. aft. inv., excl. acq. and disp. per sh. bef. dilut. (SEK)		2019	0.95	6.75	– 0.15	—	—
		2018	7.11	13.38	– 2.58	4.64	22.54
		2017	0.11	1.06	11.71	5.97	18.85
Adjusted basic earnings per share (SEK)	3	2019	5.06	6.82	7.09	—	—
	3	2018	7.91	7.83	5.93	6.01	27.67
		2017	4.22	5.09	5.93	6.92	22.16
Shareholders' equity per share, before dilution (SEK)		2019	106	98	107	—	—
		2018	92	87	92	99	99
		2017	74	69	74	82	82
Return on total capital (%)		2019	16.1	15.2	15.5	—	—
		2018	18.8	19.6	19.1	18.4	18.4
		2017	14.0	14.8	16.1	17.1	17.1
Return on capital employed (%)		2019	25.3	23.6	23.4	—	—
		2018	29.8	32.0	31.2	29.7	29.7
		2017	20.8	22.3	24.7	26.6	26.6
Return on operating capital (%)		2019	34.4	31.6	30.7	—	—
		2018	36.8	41.1	41.1	40.0	40.0
		2017	24.3	25.7	29.1	32.1	32.1
Return on shareholders' equity (%)		2019	25.9	24.5	24.7	—	—
		2018	32.6	34.9	33.1	30.4	30.4
		2017	20.0	22.9	26.2	29.4	29.4
Closing share price Nolato B (Nasdaq Stockholm)		2019	386.50	566.50	525.50	—	—
		2018	609.00	723.00	548.00	366.50	366.50
		2017	267.00	316.50	393.00	539.00	539.00

Including non-recurring items of SEK +20 million in Q1 2018 and SEK –17 million in Q3 2018, which affected operating profit by a net amount of SEK +3 million in full year 2018.

Quarterly data business areas

Alternative performance measures

Net sales (SEK million)	Note		Q1	Q2	Q3	Q4	Full year
Medical Solutions	1	2019	611	634	612	—	—
	1	2018	532	562	596	580	2,270
		2017	487	498	459	511	1,955
Integrated Solutions	1	2019	512	821	862	—	—
	1	2018	939	1,186	892	703	3,720
		2017	399	692	819	900	2,810
Industrial Solutions	1	2019	533	541	512	—	—
	1	2018	568	554	492	505	2,119
		2017	488	489	473	518	1,968
Group adjustments, Parent Company	1	2019	—	– 9	– 6	—	—
	1	2018	—	—	—	– 7	– 7
		2017	– 4	– 4	– 2	– 3	– 13
Group total	1	2019	1,656	1,987	1,980	—	—
	1	2018	2,039	2,302	1,980	1,781	8,102
		2017	1,370	1,675	1,749	1,926	6,720

Operating profit (EBITA) (SEK million)			Q1	Q2	Q3	Q4	Full year
Medical Solutions		2019	78	82	80	—	—
	EBITA margin (%)		12.8	12.9	13.1	—	—
		2018	69	73	76	77	295
	EBITA margin (%)		13.0	13.0	12.8	13.3	13.0
		2017	65	64	60	68	257
	EBITA margin (%)		13.3	12.9	13.1	13.3	13.1
Integrated Solutions		2019	57	107	116	—	—
	EBITA margin (%)		11.1	13.0	13.5	—	—
		2018	120	140	114	99	473
	EBITA margin (%)		12.8	11.8	12.8	14.1	12.7
		2017	38	73	105	116	332
	EBITA margin (%)		9.5	10.5	12.8	12.9	11.8
Industrial Solutions		2019	44	46	44	—	—
	EBITA margin (%)		8.3	8.5	8.6	—	—
		2018	57	55	35	39	186
	EBITA margin (%)		10.0	9.9	7.1	7.7	8.8
		2017	48	48	47	52	195
	EBITA margin (%)		9.8	9.8	9.9	10.0	9.9
Group adjustments, Parent Company*		2019	– 4	– 2	– 2	—	—
		2018	18	– 2	– 20	– 1	– 5
		2017	– 5	– 7	– 3	– 6	– 21
Group total		2019	175	233	238	—	—
	EBITA margin (%)		10.6	11.7	12.0	—	—
		2018	264	266	205	214	949
	EBITA margin (%)		12.9	11.6	10.4	12.0	11.7
		2017	146	178	209	230	763
	EBITA margin (%)		10.7	10.6	11.9	11.9	11.4

* Including non-recurring items of SEK +20 million in Q1 2018 and SEK –17 million in Q3 2018, which affected operating profit by a net amount of SEK +3 million in full year 2018.

Depreciation/amortisation (SEK million)			Q1	Q2	Q3	Q4	Full year
Medical Solutions		2019	39	40	40	—	—
		2018	28	28	28	28	112
		2017	27	27	27	27	108
Integrated Solutions		2019	17	17	16	—	—
		2018	8	8	8	7	31
		2017	9	8	8	8	33
Industrial Solutions		2019	30	32	34	—	—
		2018	25	25	28	26	104
		2017	21	22	23	24	90
Parent Company		2019	—	—	—	—	—
		2018	—	—	—	1	1
		2017	—	—	—	—	—
Group total		2019	86	89	90	—	—
		2018	61	61	64	62	248
		2017	57	57	58	59	231

Group financial highlights

	Note	Q3 2019	Q3 2018*	Q1 - Q3 2019	Q1 - Q3 2018*	Rolling 12 months	Full year 2018*
IFRS measures							
Basic earnings per share (SEK)	3	7.02	5.85	18.82	21.44	24.83	27.44
Diluted earnings per share (SEK)	3	7.01	5.81	18.79	21.33	24.82	27.37
Alternative performance measures							
Net sales (SEK million)	1	1,980	1,980	5,623	6,321	7,404	8,102
Sales growth (%)		—	13	– 11	32	– 10	21
Percentage of sales outside Sweden (%)		87	88	85	86	85	86
Operating profit (EBITDA) (SEK million)		326	267	906	914	1,181	1,189
Operating profit (EBITA) (SEK million) ¹⁾		238	205	646	735	860	949
EBITA margin (%) ¹⁾		12.0	10.4	11.5	11.6	11.6	11.7
Profit after financial income and expense (SEK million)	2	232	198	621	711	831	921
Profit margin (%) ¹⁾		11.7	10.0	11.0	11.2	11.2	11.4
Profit after tax (SEK million)		186	154	497	564	655	722
Return on total capital (%) ¹⁾		15.5	19.1	15.5	19.1	15.5	18.4
Return on capital employed (%) ¹⁾		23.4	31.2	23.4	31.2	23.4	29.7
Return on operating capital (%) ¹⁾		30.7	41.1	30.7	41.1	30.7	40.0
Return on shareholders' equity (%) ¹⁾		24.7	33.1	24.7	33.1	24.7	30.4
Equity/assets ratio (%)		47	46	47	46	47	50
Debt/equity (%)		42	33	42	33	42	31
Interest coverage ratio (times)		31	33	25	38	29	40
Net investm. affecting cash flow, excl. acq. and disposals (SEK million)		87	107	279	336	395	452
Cash flow after investments, excl. acq. and disposals (SEK million)		– 4	– 68	199	471	321	593
Cash conversion (%) ¹⁾		—	—	—	—	38	60
Net fin. assets, excl. pension- & lease liab. (SEK million)		186	208	186	208	186	341
Adjusted basic earnings per share (SEK)	3	7.09	5.93	18.98	21.67	24.98	27.67
Adjusted diluted earnings per share (SEK)	3	7.09	5.89	18.94	21.56	24.97	27.59
Cash flow from operations per share, before dilution (SEK)		3.13	1.48	18.12	30.68	27.17	39.72
Cash flow from operations per share, after dilution (SEK)		3.13	1.47	18.08	30.51	27.13	39.52
Cash flow after investments excluding acquisitions and disposals, per share, before dilution (SEK)		– 0.15	– 2.58	7.55	17.90	12.18	22.54
Cash flow after investments excluding acquisitions and disposals, per share, after dilution (SEK)		– 0.15	– 2.57	7.53	17.81	12.16	22.43
Shareholders' equity per share, before dilution (SEK)		—	—	107	92	—	99
Shareholders' equity per share, after dilution (SEK)		—	—	107	91	—	98
Average number of employees		—	—	5,716	6,376	—	6,449

* Including non-recurring items of SEK +20 million in Q1 2018 and SEK –17 million in Q3 2018, which affected operating profit by a net amount of SEK +3 million in full year 2018.

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.

Adjusted earnings per share

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

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, if they are in-the-money, but only insofar as the average listed share price for the period exceeds the subscription price of the warrants.

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.

Cash flow after inv. act. excl. acq. and disposals, per share

Cash flow after investing activities excl. acquisitions and disposals, 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.

Debt/equity ratio

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

EBITA margin

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

Equity/assets ratio

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

Interest coverage ratio

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

Net financial assets (+) / liabilities (–)

Interest-bearing liabilities from credit institutions less interest-bearing assets.

Operating profit (EBITA)

Earnings before financial income and expense, taxes and amortisation of intangible assets arising from acquisitions.

Operating profit (EBITDA)

Earnings before financial income and expense, taxes and depreciation/amortisation.

Profit margin

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

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.

Return on total capital

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

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	Q3 2019	Q3 2018	Q1 - Q3 2019	Q1 - Q3 2018	Rolling 12 months	Full year 2018
Operating profit (EBITDA)		326	267	906	914	1,181	1,189
Non-recurring items		—	17	—	— 3	—	— 3
Adjusted operating profit (EBITDA)		326	284	906	911	1,181	1,186
Operating profit (EBIT)	2	236	203	641	728	854	941
Reversal of amortisation of intangible assets arising in connection with acquisitions		2	2	5	7	6	8
Operating profit (EBITA)		238	205	646	735	860	949
Non-recurring items		—	17	—	— 3	—	— 3
Adjusted operating profit (EBITA)		238	222	646	732	860	946
EBITA margin (%)		12.0	10.4	11.5	11.6	11.6	11.7
Adjusted EBITA margin (%)		12.0	11.2	11.5	11.6	11.6	11.7
Profit after financial income and expense	2	232	198	621	711	831	921
Non-recurring items		—	17	—	— 3	—	— 3
Adjusted profit after financial income and expense		232	215	621	708	831	918
Profit margin (%)		11.7	10.0	11.0	11.2	11.2	11.4
Adjusted profit margin (%)		11.7	10.9	11.0	11.2	11.2	11.3
Profit after tax		186	154	497	564	655	722
Non-recurring items		—	17	—	— 3	—	— 3
Tax on non-recurring items		—	—	—	— 4	—	— 4
Adjusted profit after tax		186	171	497	557	655	715
Cash flow after investm., excl. acquisitions and disposals		—	—	—	—	321	593
Non-recurring items (affecting cash flow)		—	—	—	—	—	— 29
Adjusted cash fl. after investm., excl. acq. and disposals		—	—	—	—	321	564
Operating profit (EBIT)	2	—	—	—	—	854	941
Non-recurring items		—	—	—	—	—	— 3
Adjusted operating profit (EBIT)		—	—	—	—	854	938
Cash conversion (%)		—	—	—	—	38	60

Non-recurring items consist of a distribution from the previous bankruptcy of a customer in 2006 and a capital loss on a divested business. The dividend in Q1 2018 had a positive effect on operating profit of SEK +20 million (0) within other operating income and the capital loss in Q3 2018 had a negative impact on operating profit of SEK -17 million (0) within other operating expenses. These non-recurring items have been recognised at Group level and have consequently not affected the profit of the business areas.

SEK million unless otherwise specified	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Profit after financial income and expense, rolling 12 months	831	797	831	921	936				
Financial expense, rolling 12 months	30	29	26	24	23				
Adjusted profit after financial income and exp., rolling 12 months	861	826	857	945	959				
Total capital, at the end of period	6,051	5,593	5,733	5,156	5,229	5,381	5,148	4,752	4,612
Average total capital, last 5 quarters	5,552	5,418	5,329	5,133	5,024				
Return on total capital (%)	15.5	15.2	16.1	18.4	19.1				
Adjusted profit after financial income and exp., rolling 12 months	861	826	857	945	959				
Capital employed, at the end of period	4,022	3,771	3,982	3,387	3,225	3,131	3,188	2,980	2,836
Average capital employed, last 5 quarters	3,677	3,499	3,383	3,182	3,072				
Return on capital employed (%)	23.4	23.6	25.3	29.7	31.2				
Operating profit (EBIT), rolling 12 months	855	821	853	941	955				
Capital employed, at the end of period	4,022	3,771	3,982	3,387	3,225	3,131	3,188	2,980	2,836
Cash and bank, at the end of period	— 851	— 828	— 1,034	— 953	— 818	— 891	— 817	— 669	— 561
Operating capital, at the end of period	3,171	2,943	2,948	2,434	2,407	2,240	2,371	2,311	2,275
Average operating capital, latest 5 quarters	2,781	2,594	2,480	2,353	2,321				
Return on operating capital (%)	30.7	31.6	34.4	40.0	41.1				
Profit after tax, rolling 12 months	655	623	647	722	744				
Shareholders' equity, at the end of period	2,833	2,604	2,783	2,592	2,422	2,301	2,412	2,159	1,950
Average shareholders' equity, latest 5 quarters	2,647	2,540	2,502	2,377	2,249				
Return on shareholders' equity (%)	24.7	24.5	25.9	30.4	33.1				

■ Parent Company income statement (summary)

SEK million	Q3 2019	Q3 2018	Q1 - Q3 2019	Q1 - Q3 2018	Rolling 12 months	Full year 2018
Net sales	14	18	49	49	63	63
Selling expenses	- 2	- 2	- 6	- 5	- 8	- 7
Administrative expenses	- 11	- 11	- 36	- 36	- 49	- 49
Other operating income	—	—	2	4	3	5
Other operating expenses	- 11	- 13	- 36	- 35	- 48	- 47
Operating profit	- 10	- 8	- 27	- 23	- 39	- 35
Profit from participations in Group companies	—	14	182	151	526	495
Financial income	4	3	12	10	16	14
Financial expenses	- 22	- 9	- 52	- 37	- 75	- 60
Profit after financial income and expense	- 28	—	115	101	428	414
Appropriations	—	—	—	—	252	252
Tax	4	—	6	- 1	- 48	- 55
Profit after tax	- 24	—	121	100	632	611
Depreciation/amortisation	—	—	—	—	1	1

■ Parent Company balance sheet (summary)

SEK million	30/09/2019	30/09/2018	31/12/2018
Assets			
Intangible fixed assets	1	1	1
Property, plant and equipment	1	1	1
Financial assets	1,756	1,626	1,675
Deferred tax assets	18	14	—
Total fixed assets	1,776	1,642	1,677
Other receivables	507	360	903
Cash and bank	100	40	59
Total current assets	607	400	962
Total assets	2,383	2,042	2,639
Shareholders' equity and liabilities			
Shareholders' equity	1,398	1,066	1,577
Untaxed reserves	199	200	199
Deferred tax liabilities	—	—	6
Other provisions	14	15	12
Long-term liabilities	599	554	556
Current liabilities	173	207	289
Total shareholders' equity and liabilities	2,383	2,042	2,639

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-Sep 2019	49	- 6	12	—	182	948	170
Subsidiary	Jan-Sep 2018	49	- 5	10	—	151	735	232

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.

