

Nolato AB (publ) year-end report 2018

Strong financial position and proposed increase in dividend

■ Fourth quarter of 2018 in brief

- Sales amounted to SEK 1,781 million (1,926)
- Operating profit (EBITA) amounted to SEK 214 million (230)
- EBITA margin of 12.0% (11.9)
- Profit after tax was SEK 158 million (180)
- Basic earnings per share was SEK 6.01 (6.84)
- Cash flow after investments was SEK 122 million (157)

■ Full year 2018 in brief

- Sales increased to SEK 8,102 million (6,720)
- Operating profit (EBITA) increased to SEK 949 million (763)
- Basic earnings per share increased to SEK 27.44 (21.74)
- The equity/assets ratio was 50% (45) and net financial assets SEK 159 million (–153)
- The Board of Directors proposes an increased dividend with 12% of SEK 14.00 (12.50) per share

■ Group highlights

SEK million unless otherwise specified	Q4 2018	Q4 2017	Full year 2018*	Full year 2017
Net sales	1,781	1,926	8,102	6,720
Operating profit (EBITDA) ¹⁾	275	286	1,189	980
Operating profit (EBITA) ²⁾	214	230	949	763
EBITA margin, %	12.0	11.9	11.7	11.4
Operating profit (EBIT) ³⁾	213	227	941	749
Profit after financial income and expense	210	225	921	731
Profit after tax	158	180	722	572
Basic earnings per share, SEK	6.01	6.84	27.44	21.74
Diluted earnings per share, SEK	5.98	6.84	27.37	21.74
Basic adjusted earnings per share, SEK ⁴⁾	6.01	6.92	27.67	22.16
Diluted adjusted earnings per share, SEK ⁴⁾	5.98	6.91	27.59	22.15
Cash fl. after investments, excl. acquisitions and disposals	122	157	593	496
Net investments affecting cash fl., excl. acq. and dispos.	116	65	452	277
Cash conversion, % ⁵⁾	—	—	60	66
Return on capital employed, %	29.7	26.6	29.7	26.6
Return on shareholders' equity, %	30.4	29.4	30.4	29.4
Equity/assets ratio, %	50	45	50	45
Net financial assets (+) / liabilities (–)	159	– 153	159	– 153

* 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.

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.

Fourth quarter 2018

- Sales totalled SEK 1,781 million (1,926); adjusted for currency and Group structure, sales decreased by 12%
- Strong growth for Medical Solutions, while Integrated Solutions sales were negatively affected by announced VHP inventory adjustments
- Operating profit (EBITA) was SEK 214 million (230)
- The EBITA margin was a strong 12.0% (11.9), although this was boosted by compensation received from Chinese authorities

Sales

Consolidated sales totalled SEK 1,781 million (1,926). Adjusted for currency and Group structure, sales decreased by 12%.

Medical Solutions sales rose to SEK 580 million (511); adjusted for currency, sales grew by a strong 8%. Sales increased in both Medical Devices and Pharma Packaging, and most product areas experienced positive growth.

Integrated Solutions sales decreased to SEK 703 million (900); adjusted for currency, sales decreased by 27%. As announced, Vaporiser Heating Products (VHP) were negatively affected by inventory adjustments in Heating Devices. Nolato assesses that volumes will be at a markedly lower level for the first six months of 2019 (compared with the rate in the fourth quarter of 2018) pending the launch of new models. Nolato has received orders for the new models and retains a strong position with the customer. Mobile phone volumes were weak in the quarter, whereas the EMC area demonstrated good growth.

Industrial Solutions sales decreased to SEK 505 million (518); adjusted for currency and Group structure, sales decreased by 4%. Production volumes were at a similar level as the previous year taken over the entire quarter, while invoicing of development work and production equipment was slightly lower.

Profit

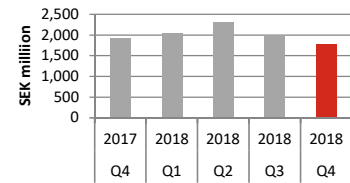
The Group's operating profit (EBITA) was SEK 214 million (230).

Operating profit (EBITA) increased to SEK 77 million (68) for Medical Solutions, but it decreased to SEK 99 million (116) for Integrated Solutions and it decreased to SEK 39 million (52) for Industrial Solutions.

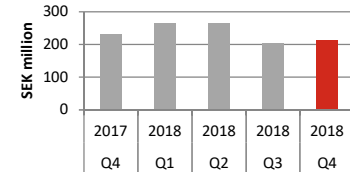
The EBITA margin for Medical Solutions was 13.3% (13.3). For Integrated Solutions, the EBITA margin was a very strong 14.1% (12.9). The margin was boosted by 2.0 percentage points as a result of the business area receiving compensation from Chinese authorities. The underlying margin was kept at a high level as a result of a consistent rate of production and a high margin in invoicing of development work and production equipment for the quarter. The EBITA margin for Industrial Solutions was 7.7% (10.0). The weak margin was due to continued unsatisfactory efficiency in automotive and low volumes prior to the Christmas break.

Overall, the consolidated EBITA margin was 12.0% (11.9), with a 0.8 percentage point boost from compensation received in China.

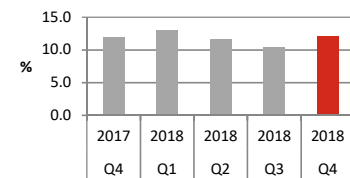
Sales



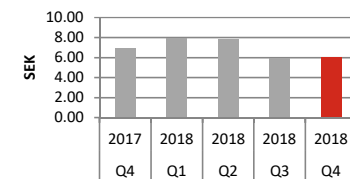
Operating profit (EBITA)



EBITA margin



Adjusted basic earnings per share



Including non-recurring items of SEK +20 million in Q1 2018 and SEK -17 million in Q3 2018

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

SEK million	Sales Q4/2018	Sales Q4/2017	Op. Profit EBITA Q4/2018	Op. Profit EBITA Q4/2017	EBITA margin Q4/2018	EBITA margin Q4/2017
Medical Solutions	580	511	77	68	13.3%	13.3%
Integrated Solutions	703	900	99	116	14.1%	12.9%
Industrial Solutions	505	518	39	52	7.7%	10.0%
Intra-Group adj., Parent Co	-7	-3	-1	-6	—	—
Group total	1,781	1,926	214	230	12.0%	11.9%

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

Operating profit (EBIT) was SEK 213 million (227).

Profit after net financial income/expense was SEK 210 million (225).

Profit after tax was SEK 158 million (180). Basic earnings per share were SEK 6.01 (6.84). Adjusted basic earnings per share excluding amortisation of intangible assets arising from acquisitions were SEK 6.01 (6.92).

Full year 2018

Sales and earnings

Consolidated sales rose by 21% to SEK 8,102 million (6,720) in 2018, which was the highest level of sales ever in Nolato's history. Adjusted for currency and Group structure, sales rose by an exceptionally strong 17%. Volumes showed very positive performance, particularly in the first half of the year.

Sales for Medical Solutions rose by 16% to SEK 2,270 million (1,955), for Integrated Solutions by 32% to SEK 3,720 million (2,810) and for Industrial Solutions by 8% to SEK 2,119 million (1,968).

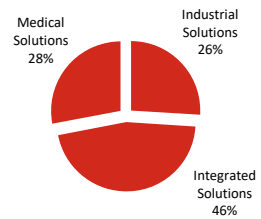
The Group's operating profit (EBITA) increased sharply to SEK 949 million (763). Excluding non-recurring items, profit amounted to SEK 946 million (763). In the first quarter, a distribution from the previous bankruptcy of a customer in 2006 was recognised, boosting earnings by SEK 20 million (0) and being recognised under other operating income. In the third quarter, a capital loss was recognised on the sale of a subsidiary, reducing earnings by SEK -17 million (0) and recognised under other operating expenses. These non-recurring items were recognised at Group level and have consequently not affected the profit of the business areas. The EBITA margin was a strong 11.7% (11.4). Operating profit (EBIT) was SEK 941 million (749).

Profit after net financial income/expense rose to SEK 921 million (731).

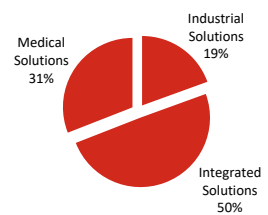
Profit after tax rose to SEK 722 million (572). Basic earnings per share increased to SEK 27.44 (21.74). Excluding non-recurring items, basic earnings per share amounted to SEK 27.18 (21.74). Adjusted basic earnings per share excluding amortisation of intangible assets arising from acquisitions were SEK 27.67 (22.16). The effective tax rate was 21.6% (21.8). Excluding non-recurring items and adjustment to a lower tax rate in Sweden, the tax rate was 22.1% (21.8).

The return on capital employed was 29.7% (26.6). Return on equity was 30.4% (29.4). Cash conversion was 60% (66). Cash conversion was negatively affected by continued high investments principally due to continued expansion efforts.

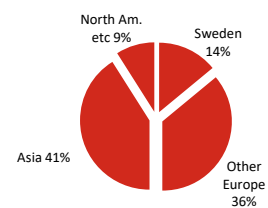
Business areas' share of sales



Business areas' share of operating profit (EBITA)



Sales by geographic markets



■ Medical Solutions

Sales and profit full year (SEK million)	2018	2017
Sales	2,270	1,955
Operating profit (EBITA)	295	257
EBITA margin (%)	13.0	13.1
Operating profit (EBIT)	291	247

Medical Solutions sales rose to SEK 2,270 million (1,955); adjusted for currency, sales grew by a strong 12%. 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. Activity remains high in Nolato's market, with project activity primarily in autoinjectors for biological medication, insulin products and incontinence products.

Operating profit (EBITA) rose to SEK 295 million (257) and the EBITA margin was 13.0% (13.1).

Strong growth has meant that, as per previously communicated decisions, Nolato expanded production capacity in Hungary, Sweden and Switzerland. The expansion work has been completed according to plan. The business area is also expanding production capacity in the US, which is expected to be complete in spring 2019.

■ Integrated Solutions

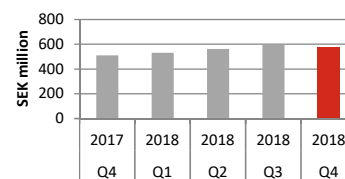
Sales and profit full year (SEK million)	2018	2017
Sales	3,720	2,810
Operating profit (EBITA)	473	332
EBITA margin (%)	12.7	11.8
Operating profit (EBIT)	473	332

Integrated Solutions sales rose by 32% to SEK 3,720 million (2,810); adjusted for currency, sales increased by an exceptionally strong 28%. Very high volumes were delivered by the Vaporiser Heating Products (VHP) product area. Heating Devices in particular enjoyed high launch volumes and inventory build-up over the first nine months of the year. Announced inventory adjustments of Heating Device products had a negative impact in the fourth quarter. Nolato assesses that volumes will be at a markedly lower level for the first six months of the year (compared with the rate in the fourth quarter of 2018) pending the launch of new models. Nolato has received orders for the new models and retains a strong position with the customer. Mobile phone volumes remained relatively weak, while the EMC area showed growth.

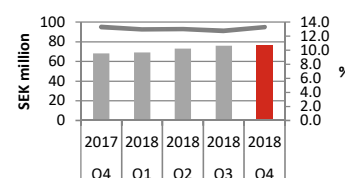
Operating profit (EBITA) rose sharply to SEK 473 million (332). The EBITA margin was a strong 12.7% (11.8).

The business area started 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. The business area's unit in Shenzhen, southern China, where we have had a sales/technology office, has also been expanded with production capacity for consumer electronics.

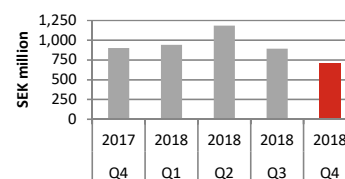
■ Medical Solutions sales



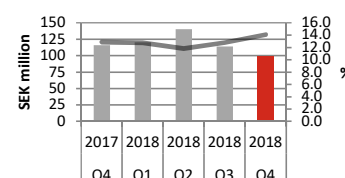
■ Medical Solutions operating profit (EBITA) & EBITA margin %



■ Integrated Solutions sales



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



Industrial Solutions

Sales and profit full year (SEK million)	2018	2017
Sales	2,119	1,968
Operating profit (EBITA)	186	195
EBITA margin (%)	8.8	9.9
Operating profit (EBIT)	182	191

Industrial Solutions sales amounted to SEK 2,119 million (1,968); adjusted for currency and Group structure, growth was a healthy 6%. There was positive development of volumes in almost all product areas, particularly automotive and hygiene. Advanced market positions contributed to the strong growth. The rate of growth decreased in the second half of the year, but volumes were stable in most product areas.

Operating profit (EBITA) totalled SEK 186 million (195), with an EBITA margin of 8.8% (9.9). The lower margin was affected by uneven capacity utilisation and unsatisfactory efficiency in the second half of the year within automotive. Efficiency measures have been taken to increase profitability.

The business area will begin production in the US in the first half of 2019. Production will take place in cooperation with our Medical Solutions unit in Wisconsin.

Cash flow

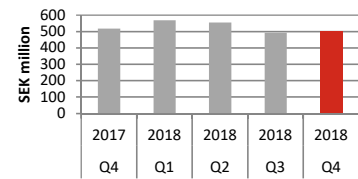
Cash flow after investments in the fourth quarter amounted to SEK 122 million (157). The change in working capital for the quarter was neutral.

Net investments affecting cash flow rose to SEK 116 million (65). Ongoing expansion of production facilities and investments in capacity in response to strong growth are resulting in increased investment.

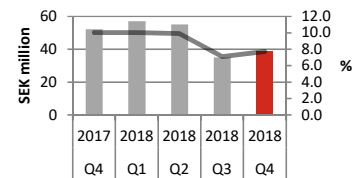
For the full year 2018 cash flow after investments grew to SEK 647 million (496) as a result of increased profit and lower working capital needs. Higher investment had a negative impact on cash flow. Excluding the divestment, cash flow was SEK 593 million (496). On an accumulated basis, net investment affecting cash flow totalled SEK 452 million (277), excluding the divestment.

A dividend totalling SEK 329 million (276) was paid to shareholders in the second quarter. Cash conversion for 2018 was 60% (66) and was negatively affected by the high level of investment.

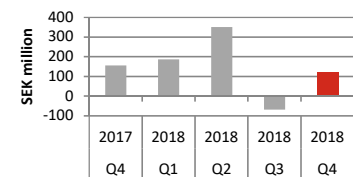
Industrial Solutions sales



Industrial Solutions operating profit (EBITA) & EBITA margin %



Cash flow after investments



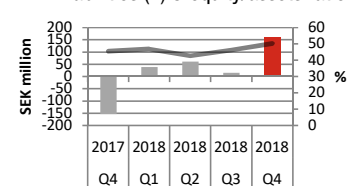
Excluding acquisitions and disposals

Financial position

Nolato's financial position remains good and debt decreased during the year as a result of the strong performance and positive cash flow. Interest-bearing assets increased to SEK 953 million (669), while interest-bearing liabilities and provisions declined to SEK 794 million (822). Net financial assets consequently totalled SEK 159 million (net financial liability of SEK –153 million). The strong cash flow of the last 12 months has eliminated the previous net debt. Shareholders' equity rose to SEK 2,592 million (2,159). The equity/assets ratio was 50% (45).

Nolato has long-term credit agreements totalling approximately SEK 1.1 billion. Short-term financial credit facilities of just over SEK 100 million are also available.

Net financial assets (+) & liabilities (-) & equity/assets ratio



Consolidated performance analysis

SEK million	Note	Q4 2018	Q4 2017	Full year 2018	Full year 2017
Net sales	1	1,781	1,926	8,102	6,720
Gross profit excl. depreciation/amortisation		347	366	1,493	1,291
<i>As a percentage of net sales</i>		19.5	19.0	18.4	19.2
Costs		-72	-80	-304	-311
<i>As a percentage of net sales</i>		4.0	4.2	3.8	4.6
Operating profit (EBITDA)		275	286	1,189	980
<i>As a percentage of net sales</i>		15.4	14.8	14.7	14.6
Depreciation and amortisation		-61	-56	-240	-217
Operating profit (EBIT)		214	230	949	763
<i>As a percentage of net sales</i>		12.0	11.9	11.7	11.4
Amortisation of intangible assets arising from acquisitions		-1	-3	-8	-14
Operating profit (EBIT)	2	213	227	941	749
Financial income and expense	2	-3	-2	-20	-18
Profit after financial income and expense	2	210	225	921	731
Tax		-52	-45	-199	-159
<i>As a percentage of profit after financial income and expense</i>		24.8	20.0	21.6	21.8
Profit after tax		158	180	722	572

Financial position

SEK million	31/12/2018	31/12/2017
Interest-bearing liabilities, credit institutions	-612	-638
Interest-bearing pension liabilities	-182	-184
Total borrowings	-794	-822
Cash and bank	953	669
Net financial assets (+) / liabilities (-)	159	-153
Working capital	228	390
<i>As a percentage of sales (avg.) (%)</i>	3.8	5.3
Capital employed	3,387	2,980
<i>Return on capital employed (avg.) (%)</i>	29.7	26.6
Shareholders' equity	2,592	2,159
<i>Return on shareholders' equity (avg.) (%)</i>	30.4	29.4

■ Personnel

The average number of employees during the year was 6,449 people (7,249). The decrease in the number of employees in the year is primarily attributable to Integrated Solutions's 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 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

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

■ Dividend

At the Annual General Meeting, the Board of Directors and the President and CEO will propose that the dividend be increased to SEK 14.00 per share (SEK 12.50), which corresponds to SEK 368 million (329). The pay-out ratio is 51% (57). The dividend yield was 3.8% in relation to the listed share price at 31 December 2018. Nolato's dividend policy is to propose a dividend that exceeds 50% of profit after tax, taking account of Nolato's long-term development opportunities, financial position and investment needs.

■ Ownership and legal structure

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

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

There were 12,052 shareholders at 31 December. The largest shareholders are the Jorlén family with 10%, the Boström family with 9%, the Hamrin family with 8%, Capital Group with 5%, Lannebo Funds with 5% and Didner & Gerge Funds with 3%, of the capital.

■ The Parent Company

For the parent company, which has no operating activities, sales amounted to SEK 63 million (50). Profit after financial income and expense increased to SEK 414 million (275), owing mainly to higher earnings from investments in group companies. Contingent liabilities amounted to 145 MSEK (116).

■ Contact:

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

■ Webcast conference call on 12 February:

In connection with the year-end report, Nolato will hold a webcast conference call in English at 3.30 p.m. CET. Nolato will be represented by President and CEO Christer Wahlquist and CFO Per-Ola Holmström, who will present the year-end report and answer questions. Information regarding telephone numbers and website is available at <https://financialhearings.com/event/11871>. The presentation will be available at www.nolato.com/ir after publication of the year-end report. The webcast will be available at the same address after the live broadcast.

This information is information that Nolato AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2:30 p.m. CET on 12 February 2019.

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

■ 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

The greatest impact of IFRS 16 will be on the consolidated balance sheet, with gross recognition of right-of-use assets and lease liabilities. Under the new standard, the lease expense will be replaced by amortisation and interest expense, which will affect consolidated operating profit and net financial income/expense. Total cash flow in the cash flow statement will be unchanged, but there will be a reclassification between cash flow from operating activities and cash flow from financing activities.

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.

■ Estimated impact on Group from IFRS 16 Leases

The following figures and key performance indicators are Nolato's preliminary estimates of the impact of the introduction of IFRS 16 on the full year 2019 and on the balance sheet at the start of 2019.

Consolidated income statement (summary)	Full year
SEK million	2019
Cost of goods sold (decrease of cost)	-75 to -85
EBITDA (increase of performance measure)	+75 to +85
Depreciation in cost of goods sold (increase of cost)	+70 to +80
EBITA/EBIT (increase of performance measure)	0 to +10
Interest expenses (increase of cost)	+8 to +12
Profit after financial income and expense (decrease of performance measure)	0 to -10
Tax (decrease of cost)	0 to -5
Profit after tax (decrease of performance measure)	0 to -5
Effect on basic earnings per share (SEK)	0.00 to -0.20

Consolidated balance sheet (summary)	01/01/2019
SEK million	
Property plant & equipment (increase of balance sheet item)	+350 to +370
Long-term lease liability (increase of balance sheet item)	+285 to +295
Short-term lease liability (increase of balance sheet item)	+65 to +75

Consolidated cash flow statement (summary)	Full year
SEK million	2019
EBIT (increase of performance measure)	0 to +10
Adjustment for depreciation (increase of cash flow item)	+70 to +80
Interest paid (increase of cash flow item)	+8 to +12
Cash flow from operating activities before changes in working capital (increase of cash flow item)	+65 to +75
Cash flow from financing activities (decrease of cash flow item)	-65 to -75
Cash flow for the year	—

Nolato makes the following estimates regarding certain selected key performance indicators that will be affected by the introduction of IFRS 16. These are preliminary estimates based on the above estimated impact in 2019 on income statements and balance sheets, but in relation to key performance indicator outcomes for the 2018 financial year. The impact (change) has been assessed as follows: Equity/assets ratio: -2 to -4 percentage points, return on capital employed: -2 to -4 percentage points, return on equity: 0 to -1 percentage point.

■ Annual General Meeting

The Annual General Meeting will be held at 4 p.m. on 8 May 2019 in Grevie, Sweden. 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.

■ Financial calendar

- 2018 Annual Report: Nolato's Annual Report will be published on the company's website, www.nolato.com, during week 14. A copy of the Annual Report will also be sent to those Nolato shareholders who have specifically requested such.
- Three-month interim report 2019: 8 May 2019
- 2019 Annual General Meeting: 8 May 2019
- Six-month interim report 2019: 18 July 2019
- Nine-month interim report 2019: 23 October 2019

Torekov, 12 February 2019

Nolato AB (publ)

The Board of Directors

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	Q4 2018	Q4 2017	Full year 2018	Full year 2017
Net sales	1	1,781	1,926	8,102	6,720
Cost of goods sold		- 1,494	- 1,616	- 6,845	- 5,642
Gross profit		287	310	1,257	1,078
Other operating income		10	4	37	12
Selling expenses		- 29	- 29	- 119	- 116
Administrative expenses		- 55	- 53	- 217	- 205
Other operating expenses		—	- 5	- 17	- 20
		- 74	- 83	- 316	- 329
Operating profit	2	213	227	941	749
Financial income and expense	2	- 3	- 2	- 20	- 18
Profit after financial income and expense	2	210	225	921	731
Tax		- 52	- 45	- 199	- 159
Profit after tax		158	180	722	572
All earnings are attrib. to the Parent Co.'s shareholders					
Depreciation/amortisation		62	59	248	231
Basic earnings per share, SEK*	3	6.01	6.84	27.44	21.74
Diluted earnings per share, SEK*	3	5.98	6.84	27.37	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
Number of shares at the end of the period, after dilution*		26,427,262	26,342,651	26,427,262	26,342,651
Average number of shares, before dilution*		26,307,408	26,307,408	26,307,408	26,307,408
Average number of shares, after dilution*		26,410,507	26,328,203	26,384,021	26,315,844

* 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. The programmes have been taken into account in calculating the number of shares after dilution. Upon full subscription, the programmes provide a maximum of 630,200 new class B shares.

■ Consolidated comprehensive income

SEK million	Q4 2018	Q4 2017	Full year 2018	Full year 2017
Profit after tax	158	180	722	572
Other comprehensive income				
<i>Items that cannot be transferred to profit for the period</i>				
Revaluations of defined benefit pension plans	3	- 1	3	16
Tax attributable to items that cannot be transferred to profit for the period	- 1	1	- 1	- 2
	2	—	2	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.	6	27	36	- 6
Changes in the fair val. of cash flow hedges for the period *	2	- 1	- 1	3
Tax attr. to changes in the fair value of cash flow hedges *	- 1	—	—	- 1
	7	26	35	- 4
Other comprehensive income, net of tax	9	26	37	10
Total comp. income for the period attributable to the Parent Co.'s shareholders	167	206	759	582

* 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	31/12/2018	31/12/2017
Assets		
Non-current assets		
Intangible non-current assets	780	813
Property, plant and equipment	1,518	1,243
Non-current financial assets	2	2
Other non-current receivables	1	1
Deferred tax assets	111	52
Total fixed assets	2,412	2,111
Current assets		
Inventories	566	530
Accounts receivable	949	1,128
Other current assets* ²⁾	276	314
Cash and bank	953	669
Total current assets	2,744	2,641
Total assets	5,156	4,752
Shareholders' equity and liabilities		
Shareholders' equity	2,592	2,159
Long-term liabilities and provisions ¹⁾	795	757
Deferred tax liabilities ¹⁾	116	103
Current liabilities and provisions* ^{1) 3)}	1,653	1,733
Total liabilities and provisions	2,564	2,593
Total shareholders' equity and liabilities	5,156	4,752
¹⁾ Interest-bearing/non-interest-bearing liabilities and provisions:		
Interest-bearing liabilities and provisions	794	822
Non-interest-bearing liabilities and provisions	1,770	1,771
Total liabilities and provisions	2,564	2,593
* 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	5	8
³⁾ Derivative liabilities are included in current liabilities and provisions at	4	—

■ Changes in consolidated shareholders' equity (summary)

SEK million	Full year 2018	Full year 2017
Shareholders' equity at the beginning of the period	2,159	1,850
Total comprehensive income for the period	759	582
Dividends	– 329	– 276
Share warrants included in incentive programmes	3	3
Shareholders' equity at the end of period attrib. to Parent Co's shareholders	2,592	2,159

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 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. The programmes have been taken into account in calculating the number of shares after dilution. Upon full subscription, the programmes provide a maximum of 630,200 new class B shares.

Consolidated cash flow statement (summary)

SEK million	Q4 2018	Q4 2017	Full year 2018	Full year 2017
Cash flow from op. activities bef. changes in working capital	238	310	960	899
Changes in working capital	—	– 88	85	– 126
Cash flow from operating activities	238	222	1,045	773
Cash flow from investment activities	– 116	– 65	– 398	– 277
Cash flow before financing activities	122	157	647	496
Cash flow from financing activities	2	– 68	– 393	– 222
Cash flow for the period	124	89	254	274
Cash and cash equivalents at the beginning of the period	818	561	669	411
Exchange rate difference in liquid assets	11	19	30	– 16
Cash and cash equivalents at the end of the period	953	669	953	669

Note 1 Revenue from contracts with customers

SEK million	Full year - 2018				Full year - 2017			
	Sum	Medical Sol.	Integr. Sol.	Indust. Sol.	Sum	Medical Sol.	Integr. Sol.	Indust. Sol.
Sweden	1,189	140	51	998	1,235	167	122	946
Other Europe	2,889	1,492	473	924	2,297	1,288	164	845
North America etc.	716	544	41	131	613	429	66	118
Asia	3,315	94	3,155	66	2,588	71	2,458	59
Elimination internal sales	– 7				– 13			
Tot. revenues fr. customer contracts	8,102	2,270	3,720	2,119	6,720	1,955	2,810	1,968

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

For the full year 2018, the Group recognised increased provision of previously impaired trade receivables and contract assets of SEK 10 million (4). Impairment losses are recognised in the cost of goods sold.

Note 2 Reconciliation of consolidated income before tax

SEK million	Full year 2018	Full year 2017
Operating profit (EBIT)		
Medical Solutions	291	247
Integrated Solutions	473	332
Industrial Solutions	182	191
Group adjustments, Parent Company*	– 5	– 21
Consolidated operating profit (EBIT)*	941	749
Financial income and expense (not distributed by business areas)	– 20	– 18
Consolidated profit before tax	921	731

* 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.

■ Note 3 Earnings per share (IFRS measures)

SEK million	Q4 2018	Q4 2017	Full year 2018	Full year 2017
Profit after tax	158	180	722	572
Average number of shares, before dilution	26,307,408	26,307,408	26,307,408	26,307,408
Basic earnings per share (SEK)	6.01	6.84	27.44	21.74
Non-recurring items	—	—	-7	—
Profit after tax excl. non-recurring items	158	180	715	572
Basic earnings per share excl. non-recurring items (SEK)	6.01	6.84	27.18	21.74
Dilutive shares from Series 1 incentive programme with exercise price SEK 296.30 per share; total 240,500 warrants	103,099	20,795	76,613	8,436
Dilutive shares from Series 2 incentive programme with exercise price SEK 485.10 per share; total 196,200 warrants	—	—	—	—
Dilutive shares from Series 3 incentive programme with exercise price SEK 502.00 per share; total 193,500 warrants	—	—	—	—
Average number of shares, after dilution	26,410,507	26,328,203	26,384,021	26,315,844
Diluted earnings per share (SEK)	5.98	6.84	27.37	21.74
Diluted earnings per share excl. non-recurring items (SEK)	5.98	6.84	27.10	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
Number of shares at the end of the period, after dilution	26,427,262	26,342,651	26,427,262	26,342,651

* 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. The programmes have been taken into account in calculating the number of shares after dilution. Upon full subscription, the programmes provide a maximum of 630,200 new class B shares.

■ Adjusted earnings per share (alternative performance measures)

SEK million	Q4 2018	Q4 2017	Full year 2018	Full year 2017
Profit after tax	158	180	722	572
Adjusted earnings:				
Amortisation of intangible assets arising from acquisitions	1	3	8	14
Tax on amortisation	-1	-1	-2	-3
Adjusted earnings	158	182	728	583
Average number of shares, before dilution	26,307,408	26,307,408	26,307,408	26,307,408
Adjusted basic earnings per share (SEK)	6.01	6.92	27.67	22.16
Non-recurring items	—	—	-7	—
Adjusted earnings after tax, excl. non-recurring items	158	182	721	583
Adj. basic earnings per share excl. non-recurring items (SEK)	6.01	6.92	27.41	22.16
Average number of shares, after dilution	26,410,507	26,328,203	26,384,021	26,315,844
Adjusted diluted earnings per share (SEK)	5.98	6.91	27.59	22.15
Adj. diluted earnings per share excl. non-recurring items (SEK)	5.98	6.91	27.33	22.15

■ 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 (-) (SEK million)	159	- 153	- 408	122	59
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 (2018 proposal) (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	2018	261	264	203	213	941
	2	2017	142	174	206	227	749
		2016	110	106	101	126	443
Basic earnings per share (SEK)	3	2018	7.83	7.75	5.85	6.01	27.44
	3	2017	4.11	4.98	5.82	6.84	21.74
		2016	3.16	3.00	3.00	3.61	12.77
Diluted earnings per share (SEK)	3	2018	7.80	7.70	5.81	5.98	27.30
	3	2017	4.11	4.98	5.82	6.84	21.74
		2016	3.16	3.00	3.00	3.61	12.77
Alternative performance measures							
Net sales (SEK million)	1	2018	2,039	2,302	1,980	1,781	8,102
	1	2017	1,370	1,675	1,749	1,926	6,720
		2016	1,022	1,037	1,036	1,352	4,447
Operating profit (EBITDA) (SEK million)		2018	322	325	267	275	1,189
		2017	199	232	263	286	980
		2016	155	152	149	180	636
Operating profit (EBITA) (SEK million)		2018	264	266	205	214	949
		2017	146	178	209	230	763
		2016	113	110	104	130	457
EBITA margin (%)		2018	12.9	11.6	10.4	12.0	11.7
		2017	10.7	10.6	11.9	11.9	11.4
		2016	11.1	10.6	10.0	9.6	10.3
Profit after financial income and expense (SEK million)	2	2018	256	257	198	210	921
	2	2017	138	170	198	225	731
		2016	109	103	101	125	438
Profit after tax (SEK million)		2018	206	204	154	158	722
		2017	108	131	153	180	572
		2016	83	79	79	95	336
Cash flow from operating activities (SEK million)		2018	296	472	39	238	1,045
		2017	67	103	381	222	773
		2016	93	113	70	190	466
Cash flow from operations per share before dilution (SEK)		2018	11.25	17.94	1.48	9.05	39.72
		2017	2.55	3.92	14.48	8.44	29.38
		2016	3.54	4.30	2.66	7.22	17.71
Cash flow after investments, excl. acq. and disp. (SEK million)		2018	187	352	-68	122	593
		2017	3	28	308	157	496
		2016	30	61	19	135	245
Cash fl. aft. inv., excl. acq. and disp. per sh. bef. dilut. (SEK)		2018	7.11	13.38	-2.58	4.64	22.54
		2017	0.11	1.06	11.71	5.97	18.85
		2016	1.14	2.32	0.72	5.13	9.31
Adjusted basic earnings per share (SEK)	3	2018	7.91	7.83	5.93	6.01	27.67
	3	2017	4.22	5.09	5.93	6.92	22.16
		2016	3.23	3.12	3.12	3.72	13.19
Shareholders' equity per share, before dilution (SEK)		2018	92	87	92	99	99
		2017	74	69	74	82	82
		2016	70	63	66	70	70
Return on total capital (%)		2018	18.8	19.6	19.1	18.4	18.4
		2017	14.0	14.8	16.1	17.1	17.1
		2016	17.8	16.0	14.7	13.7	13.7
Return on capital employed (%)		2018	29.8	32.0	31.2	29.7	29.7
		2017	20.8	22.3	24.7	26.6	26.6
		2016	27.2	24.8	22.4	20.6	20.6
Return on operating capital (%)		2018	36.8	41.1	41.1	40.0	40.0
		2017	24.3	25.7	29.1	32.1	32.1
		2016	34.2	28.9	26.1	24.4	24.4
Return on shareholders' equity (%)		2018	32.6	34.9	33.1	30.4	30.4
		2017	20.0	22.9	26.2	29.4	29.4
		2016	23.2	22.5	19.7	19.0	19.0
Closing share price Nolato B (Nasdaq Stockholm)		2018	609.00	723.00	548.00	366.50	366.50
		2017	267.00	316.50	393.00	539.00	539.00
		2016	227.50	221.50	263.00	263.00	263.00

* 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.

Quarterly data business areas

Alternative performance measures

Net sales (SEK million)	Note		Q1	Q2	Q3	Q4	Full year
Medical Solutions	1	2018	532	562	596	580	2,270
	1	2017	487	498	459	511	1,955
		2016	390	397	395	463	1,645
Integrated Solutions	1	2018	939	1,186	892	703	3,720
	1	2017	399	692	819	900	2,810
		2016	300	311	343	448	1,402
Industrial Solutions	1	2018	568	554	492	505	2,119
	1	2017	488	489	473	518	1,968
		2016	334	331	301	443	1,409
Group adjustments, Parent Company	1	2018	—	—	—	—7	—7
	1	2017	—4	—4	—2	—3	—13
		2016	—2	—2	—3	—2	—9
Group total	1	2018	2,039	2,302	1,980	1,781	8,102
	1	2017	1,370	1,675	1,749	1,926	6,720
		2016	1,022	1,037	1,036	1,352	4,447

Operating profit (EBITA) (SEK million)			Q1	Q2	Q3	Q4	Full year
Medical Solutions		2018	69	73	76	77	295
	<i>EBITA margin (%)</i>		<i>13.0</i>	<i>13.0</i>	<i>12.8</i>	<i>13.3</i>	<i>13.0</i>
		2017	65	64	60	68	257
Integrated Solutions	<i>EBITA margin (%)</i>		<i>13.3</i>	<i>12.9</i>	<i>13.1</i>	<i>13.3</i>	<i>13.1</i>
		2016	52	53	52	59	216
	<i>EBITA margin (%)</i>		<i>13.3</i>	<i>13.4</i>	<i>13.2</i>	<i>12.7</i>	<i>13.1</i>
Industrial Solutions		2018	120	140	114	99	473
	<i>EBITA margin (%)</i>		<i>12.8</i>	<i>11.8</i>	<i>12.8</i>	<i>14.1</i>	<i>12.7</i>
		2017	38	73	105	116	332
Group adjustments, Parent Company*	<i>EBITA margin (%)</i>		<i>9.5</i>	<i>10.5</i>	<i>12.8</i>	<i>12.9</i>	<i>11.8</i>
		2016	33	28	29	41	131
	<i>EBITA margin (%)</i>		<i>11.0</i>	<i>9.0</i>	<i>8.5</i>	<i>9.2</i>	<i>9.3</i>
Group total		2018	57	55	35	39	186
	<i>EBITA margin (%)</i>		<i>10.0</i>	<i>9.9</i>	<i>7.1</i>	<i>7.7</i>	<i>8.8</i>
		2017	48	48	47	52	195
Group total	<i>EBITA margin (%)</i>		<i>9.8</i>	<i>9.8</i>	<i>9.9</i>	<i>10.0</i>	<i>9.9</i>
		2016	34	34	30	36	134
	<i>EBITA margin (%)</i>		<i>10.2</i>	<i>10.3</i>	<i>10.0</i>	<i>8.1</i>	<i>9.5</i>
Group total		2018	18	—2	—20	—1	—5
		2017	—5	—7	—3	—6	—21
		2016	—6	—5	—7	—6	—24
Group total		2018	264	266	205	214	949
	<i>EBITA margin (%)</i>		<i>12.9</i>	<i>11.6</i>	<i>10.4</i>	<i>12.0</i>	<i>11.7</i>
		2017	146	178	209	230	763
Group total	<i>EBITA margin (%)</i>		<i>10.7</i>	<i>10.6</i>	<i>11.9</i>	<i>11.9</i>	<i>11.4</i>
		2016	113	110	104	130	457
	<i>EBITA margin (%)</i>		<i>11.1</i>	<i>10.6</i>	<i>10.0</i>	<i>9.6</i>	<i>10.3</i>

* 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.

Depreciation/amortisation (SEK million)			Q1	Q2	Q3	Q4	Full year
Medical Solutions		2018	28	28	28	28	112
		2017	27	27	27	27	108
		2016	22	22	23	25	92
Integrated Solutions		2018	8	8	8	7	31
		2017	9	8	8	8	33
		2016	9	9	9	9	36
Industrial Solutions		2018	25	25	28	26	104
		2017	21	22	23	24	90
		2016	14	15	16	20	65
Parent company		2018	—	—	—	1	1
		2017	—	—	—	—	—
		2016	—	—	—	—	—
Group total		2018	61	61	64	62	248
		2017	57	57	58	59	231
		2016	45	46	48	54	193

■ Group financial highlights

	Note	Q4 2018	Q4 2017	Full year 2018*	Full year 2017
IFRS measures					
Basic earnings per share (SEK)	3	6.01	6.84	27.44	21.74
Diluted earnings per share (SEK)	3	5.98	6.84	27.37	21.74
Alternative performance measures					
Net sales (SEK million)	1	1,781	1,926	8,102	6,720
Sales growth (%)		- 8	42	21	51
Percentage of sales outside Sweden (%)		84	83	86	82
Operating profit (EBITDA) (SEK million)		275	286	1,189	980
Operating profit (EBITA) (SEK million) ¹⁾		214	230	949	763
EBITA margin (%) ¹⁾		12.0	11.9	11.7	11.4
Profit after financial income and expense (SEK million)	2	210	225	921	731
Profit margin (%) ¹⁾		11.8	11.7	11.4	10.9
Profit after tax (SEK million)		158	180	722	572
Return on total capital (%) ¹⁾		18.4	17.1	18.4	17.1
Return on capital employed (%) ¹⁾		29.7	26.6	29.7	26.6
Return on operating capital (%) ¹⁾		40.0	32.1	40.0	32.1
Return on shareholders' equity (%) ¹⁾		30.4	29.4	30.4	29.4
Equity/assets ratio (%)		50	45	50	45
Debt/equity (%)		31	38	31	38
Interest coverage ratio (times)		47	54	40	56
Net investm. affecting cash fl., excl. acq. and disposals (SEK million)		116	65	452	277
Cash flow after investments, excl. acq. and disposals (SEK million)		122	157	593	496
Cash conversion (%) ¹⁾		—	—	60	66
Net financial assets (+) / liabilities (-) (SEK million)		159	- 153	159	- 153
Adjusted basic earnings per share (SEK)	3	6.01	6.92	27.67	22.16
Adjusted diluted earnings per share (SEK)	3	5.98	6.91	27.59	22.15
Cash flow from operations per share, before dilution (SEK)		9.05	8.44	39.72	29.38
Cash flow from operations per share, after dilution (SEK)		9.01	8.43	39.52	29.37
Cash flow after investments per share, excl. acquisitions and disposals, before dilution (SEK)		4.64	5.97	22.54	18.85
Cash flow after investments per share, excl. acquisitions and disposals, after dilution (SEK)		4.62	5.96	22.43	18.85
Shareholders' equity per share, before dilution (SEK)		—	—	99	82
Shareholders' equity per share, after dilution (SEK)		—	—	98	82
Average number of employees		—	—	6,449	7,249

* 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.

1) KPIs calculated as specified on page 22.

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, 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.

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	Q4 2018	Q4 2017	Full year 2018	Full year 2017
Operating profit (EBITDA)		275	286	1,189	980
Non-recurring items		—	—	-3	—
Adjusted operating profit (EBITDA)		275	286	1,186	980
Operating profit (EBIT)	2	213	227	941	749
Reversal of amortisation of intangible assets arising in connection with acquisitions		1	3	8	14
Operating profit (EBITA)		214	230	949	763
Non-recurring items		—	—	-3	—
Adjusted operating profit (EBITA)		214	230	946	763
EBITA margin (%)		12.0	11.9	11.7	11.4
Adjusted EBITA margin (%)		12.0	11.9	11.7	11.4
Profit after financial income and expense	2	210	225	921	731
Non-recurring items		—	—	-3	—
Adjusted profit after financial income and expense		210	225	918	731
Profit margin (%)		11.8	11.7	11.4	10.9
Adjusted profit margin (%)		11.8	11.7	11.3	10.9
Profit after tax		158	180	722	572
Non-recurring items		—	—	-3	—
Tax on non-recurring items		—	—	-4	—
Adjusted profit after tax		158	180	715	572
Cash fl. after investm., excl. acquis. and disposals		—	—	593	496
Non-recurring items (affecting cash flow)		—	—	-29	—
Adj. cash fl. after investm., excl. acquis. and disposals		—	—	564	496
Operating profit (EBIT)	2	—	—	941	749
Non-recurring items		—	—	-3	—
Adjusted operating profit (EBIT)		—	—	938	749
Cash conversion (%)		—	—	60	66

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	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
Profit after financial income and expense, rolling 12 months	921	936	936	849	731				
Financial expense, rolling 12 months	24	23	21	16	13				
Adjusted profit after financial income and exp., rolling 12 months	945	959	957	865	744				
Total capital, at the end of period	5,156	5,229	5,381	5,148	4,752	4,612	4,487	3,967	3,924
Average total capital, last 5 quarters	5,133	5,024	4,876	4,593	4,348				
Return on total capital (%)	18.4	19.1	19.6	18.8	17.1				
Adjusted profit after financial income and exp., rolling 12 months	945	959	957	865	744				
Capital employed, at the end of period	3,387	3,225	3,131	3,188	2,980	2,836	2,836	2,676	2,668
Average capital employed, last 5 quarters	3,182	3,072	2,994	2,903	2,799				
Return on capital employed (%)	29.7	31.2	32.0	29.8	26.6				
Operating profit (EBIT), rolling 12 months	941	955	958	868	749				
Capital employed, at the end of period	3,387	3,225	3,131	3,188	2,980	2,836	2,836	2,676	2,668
Cash and bank, at the end of period	-953	-818	-891	-817	-669	-561	-380	-311	-411
Operating capital, at the end of period	2,434	2,407	2,240	2,371	2,311	2,275	2,456	2,365	2,257
Average operating capital, latest 5 quarters	2,353	2,321	2,331	2,356	2,333				
Return on operating capital (%)	40.0	41.1	41.1	36.8	32.1				
Profit after tax, rolling 12 months	722	744	743	670	572				
Shareholders' equity, at the end of period	2,592	2,422	2,301	2,412	2,159	1,950	1,815	1,955	1,850
Average shareholders' equity, latest 5 quarters	2,377	2,249	2,127	2,058	1,946				
Return on shareholders' equity (%)	30.4	33.1	34.9	32.6	29.4				

■ Sale of Nolato Hertila AB

On 5 July 2018, the Nolato Group divested the subsidiary Nolato Hertila AB to Essentra International Limited, which is part of Essentra Plc. The sale price was SEK 58 million.

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 divestment is part of the Industrial Solutions business area's focus on developing and manufacturing customer-specific products for the automotive sector and general industry.

Nolato Hertila had 25 employees in Åstorp and annual sales of approximately SEK 40 million.

Net assets	Balance sheet at time of sale SEK million
Intangible non-current assets	63
Property, plant and equipment	6
Current assets	11
Cash and cash equivalents	1
Non-current liabilities	- 9
Net assets sold	72

Consolidated capital gains/losses	SEK million
Cash received, sales proceeds	58
Less selling expenses	- 3
Less net assets sold	- 72
Capital loss	- 17

Effects on consolidated cash flow	SEK million
Cash received, sales proceeds	58
Less selling expenses	- 3
Less cash and cash equivalents sold	- 1
Net cash flow from the sale	54

■ Parent Company income statement (summary)

SEK million	Q4 2018	Q4 2017	Full year 2018	Full year 2017
Net sales	14	10	63	50
Selling expenses	-2	-1	-7	-6
Administrative expenses	-13	-12	-49	-51
Other operating income	1	2	5	6
Other operating expenses	-12	-7	-47	-25
Operating profit	-12	-8	-35	-26
Profit from participations in Group companies	344	183	495	260
Financial income	4	25	14	46
Financial expenses	-23	-1	-60	-5
Profit after financial income and expense	313	199	414	275
Appropriations	252	244	252	244
Tax	-54	-66	-55	-66
Profit after tax	511	377	611	453
Depreciation/amortisation	1	—	1	—

■ Parent Company balance sheet (summary)

SEK million	31/12/2018	31/12/2017
Assets		
Intangible fixed assets	1	3
Property, plant and equipment	1	1
Financial assets	1,675	1,625
Deferred tax assets	—	5
Total fixed assets	1,677	1,634
Other receivables	903	705
Cash and bank	59	73
Total current assets	962	778
Total assets	2,639	2,412
Shareholders' equity and liabilities		
Shareholders' equity	1,577	1,295
Untaxed reserves	199	200
Deferred tax liabilities	6	—
Other provisions	12	13
Long-term liabilities	556	519
Current liabilities	289	385
Total shareholders' equity and liabilities	2,639	2,412

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	Full year 2018	63	-6	14	—	495	1,312	313
Subsidiary	Full year 2017	50	-5	20	—	260	1,086	346

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.

