



## Nolato AB (publ) three-month interim report 2014

# Strong margin and new financial targets

### ■ First quarter of 2014 in brief

- Sales totalled SEK 932 million (1,254)
- Operating profit (EBITDA) was SEK 94 million (122)
- Strong EBITA margin of 10.1% (9.7), contributed by good margins for Nolato Medical and Nolato Industrial
- Profit after tax declined to SEK 67 million (85)
- Earnings per share amounted to SEK 2.55 (3.23)
- Cash flow after investments totalled SEK 17 million (16)
- The Board of Directors has set new financial targets and revised the dividend policy

### ■ Group highlights

SEK million unless otherwise specified	Q1 2014	Q1 2013	Rolling 12 months	Full year 2013
Net sales	932	1,254	4,200	4,522
Operating profit (EBITDA) <sup>1)</sup>	129	157	540	568
Operating profit (EBITA) <sup>2)</sup>	94	122	399	427
EBITA margin, %	10.1	9.7	9.5	9.4
Operating profit (EBIT) <sup>3)</sup>	90	118	383	411
Profit after financial income and expense	88	113	378	403
Profit after tax	67	85	296	314
Earnings per share, basic and diluted, SEK*	2.55	3.23	11.25	11.94
Adjusted earnings per share, SEK <sup>4)</sup> *	2.66	3.35	11.70	12.39
Cash flow after investments, excl. acquisitions and disposals	17	16	363	362
Net investm. affecting cash flow, excl. acquisitions and disposals	44	24	170	150
Cash conversion, % <sup>5)</sup>	—	—	88	82
Return on capital employed, %	24.7	23.3	24.7	26.7
Return on shareholders' equity, %	22.3	20.9	22.3	24.9
Equity/assets ratio, %	54	44	54	52
Net financial assets (+) / liabilities (-)	133	- 100	133	122

\*The company does not have any financial instrument programmes which involve any dilution in the number of shares.

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

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

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

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

<sup>5)</sup> Cash conversion: Cash flow after investments, excl. acquisitions and disposals, divided with operating profit (EBIT). Cash flow and operating profit have been adjusted with non-recurring items.

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

## First quarter 2014

- Sales declined by 25%, adjusted for currency and companies disposed of, to SEK 932 million (1,254)
- Operating profit (EBITA) totalled SEK 94 million (122)
- Strong EBITA margin of 10.1% (9.7)
- The Board of Directors has set new financial targets and revised the dividend policy

### Sales

Group sales totalled SEK 932 million (1,254). Adjusted for currency and companies disposed of, sales declined by 25%.

Nolato Medical's sales totalled SEK 326 million (328) which, adjusted for currency, was a decline of 2%. Volumes were solid during February and March, while January was weaker than last year's strong January.

Nolato Telecom's sales totalled SEK 320 million (627) which, adjusted for currency, was a decline of 50%. As announced in the year-end report, the very strong demand in the consumer market for a number of models which contributed to the very high sales in 2013, has not been repeated this quarter. At the same time, the business area has been negatively affected by developments for a North American customer. Operations within the EMC area, electromagnetic screening, have developed positively during the quarter.

Nolato Industrial's sales totalled SEK 286 million (299) which, adjusted for currency and companies disposed of, was an increase of a full 6%.

Demand within the automotive segment has been satisfactory, at the same time as increased market shares have delivered a positive effect.

### Profit

Consolidated operating profit (EBITA) totalled SEK 94 million (122). The decline in sales has resulted in lower earnings.

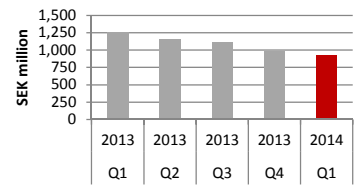
Nolato Medical's operating profit (EBITA) rose to SEK 45 million (43), Nolato Telecom's earnings declined to SEK 23 million (57) and Nolato Industrial's amounted to SEK 31 million (29).

Overall, the Group's EBITA margin was 10.1% (9.7). Strong margins for Nolato Medical and Nolato Industrial contributed to the good Group margin. The flexible cost structure in Asia has at the same time enabled the margin to be kept at a satisfactory level for Nolato Telecom despite lower sales.

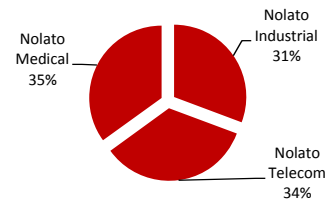
Operating profit (EBIT) totalled SEK 90 million (118).

Profit after net financial income/expense was SEK 88 million (113). Net financial income/expense included exchange rate fluctuations affecting earnings by SEK -1 million (-3).

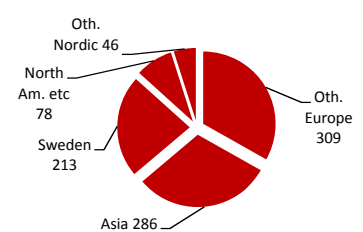
### Sales



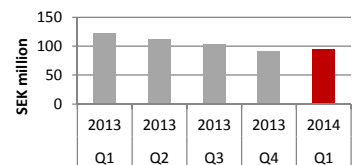
### Business areas' share of sales



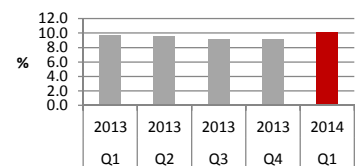
### Sales by geographic markets



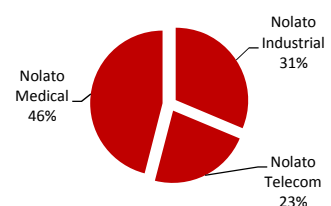
### Operating profit (EBITA)



### EBITA margin

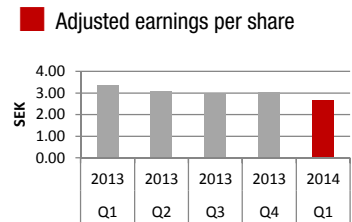


### Business areas' share of operating profit (EBITA)



Profit after tax amounted to SEK 67 million (85). Earnings per share, basic and diluted, stood at SEK 2.55 (3.23). Adjusted earnings per share excluding amortisation of intangible assets arising from acquisitions were SEK 2.66 SEK (3.35). The effective tax rate was 24% (25).

Return on capital employed was 24.7% for the last twelve months (26.7% for the 2013 calendar year). Return on equity was 22.3% for the last twelve months (24.9% for the 2013 calendar year).



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

SEK million	Sales Q1/2014	Sales Q1/2013	Op. Profit EBITA Q1/2014	Op. Profit EBITA Q1/2013	EBITA margin Q1/2014	EBITA margin Q1/2013
Nolato Medical	326	328	45	43	13.8%	13.1%
Nolato Telecom	320	627	23	57	7.2%	9.1%
Nolato Industrial	286	299	31	29	10.8%	9.7%
Intra-Group adj., Parent Co	—	—	- 5	- 7	—	—
<b>Group total</b>	<b>932</b>	<b>1,254</b>	<b>94</b>	<b>122</b>	<b>10.1%</b>	<b>9.7%</b>

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

### Nolato Medical

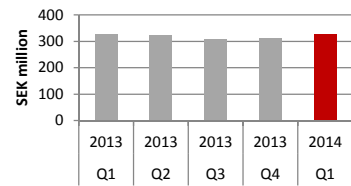
Sales and profit Q1 (SEK million)	2014	2013
Sales	326	328
Operating profit (EBITA)	45	43
EBITA margin (%)	13.8	13.1
Operating profit (EBIT)	42	40

Nolato Medical's sales totalled SEK 326 million (328) which, adjusted for currency, was a decline of 2%. Volumes were solid during February and March, while January was weaker than the last year's strong January.

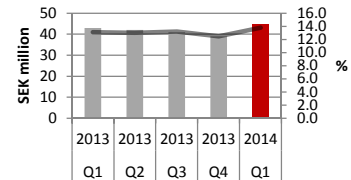
Operating profit (EBITA) rose to SEK 45 million (43). The EBITA margin was a solid 13.8% (13.1). The margin was positively impacted by high productivity and favorable product mix.

The enlargement of the Chinese factory has been completed and work on the Hungarian factory is proceeding according to plan.

#### Nolato Medical sales



#### Nolato Medical operating profit (EBITA) & EBITA margin



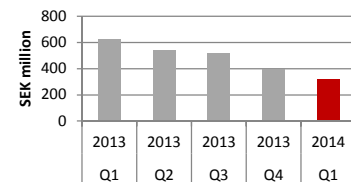
### Nolato Telecom

Sales and profit Q1 (SEK million)	2014	2013
Sales	320	627
Operating profit (EBITA)	23	57
EBITA margin (%)	7.2	9.1
Operating profit (EBIT)	23	57

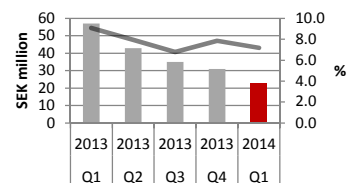
Nolato Telecom's sales totalled SEK 320 million (627) which, adjusted for currency, was a fall of 50%. As announced in the year-end report, the very strong demand in the consumer market for a number of models which contributed to the very high sales in 2013, has not been repeated this quarter. At the same time the business area has been negatively affected by developments for a North American customer. Operations within the EMC area, electromagnetic screening, have developed positively during the quarter.

Operating profit (EBITA) declined to SEK 23 million (57). The EBITA margin was 7.2% (9.1). The flexible cost structure in Asia, along with the increased proportion of EMC, has enabled the margin to be kept at a satisfactory level despite the lower sales.

#### Nolato Telecom sales



#### Nolato Telecom operating profit (EBITA) & EBITA margin



### Nolato Industrial

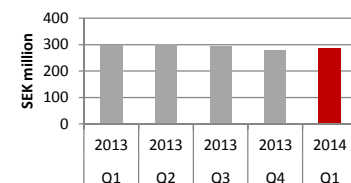
Sales and profit Q1 (SEK million)	2014	2013
Sales	286	299
Operating profit (EBITA)	31	29
EBITA margin (%)	10.8	9.7
Operating profit (EBIT)	30	28

Nolato Industrial's sales totalled SEK 286 million (299) which, adjusted for currency and companies disposed of, was an increase of a full 6%.

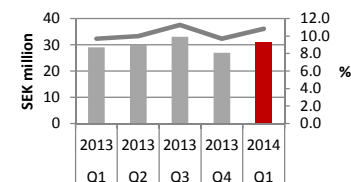
Demand within the automotive segment has been good, at the same time as increased market shares have delivered a positive effect.

Operating profit (EBITA) rose to SEK 31 million (29), with a strong EBITA margin of 10.8% (9.7). Successful lean work and a favourable product mix had a positive impact on the margin.

#### Nolato Industrial sales



#### Nolato Industrial operating profit (EBITA) & EBITA margin



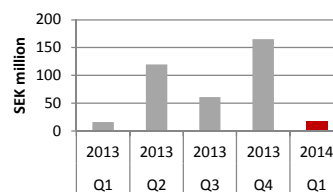
## ■ Cash flow

The lower requirement for working capital compared with the corresponding period of the previous year led cash flow before investments to rise to SEK 61 million (40). However, increased sales and activity during the quarter compared with late 2013, which was affected by the long Christmas holiday, led to an increased requirement for working capital. The change in working capital was a negative SEK 44 million (-72). Cash flow after investment activities was SEK 17 million (16). Net investments affecting cash flow totalled SEK 44 million (24).

## ■ Financial position

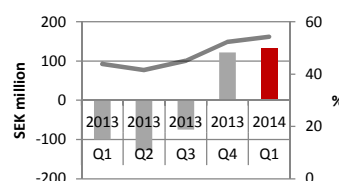
Interest-bearing assets totalled SEK 283 million (238) and interest-bearing liabilities and provisions totalled SEK 150 million (338). The financial net assets thus totalled SEK 133 million (-100). Equity amounted to SEK 1,407 million (1,247). The equity/assets ratio was 54% (44). Adjusted for the proposed dividend of SEK 210 million, the equity/assets ratio was 50% (41).

## ■ Cash flow after investments



Excluding acquisitions and disposals.

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



## ■ Consolidated performance analysis

SEK million	Q1 2014	Q1 2013	Full year 2013
Net sales	932	1,254	4,522
Gross profit excl. depreciation/amortisation	194	214	790
<i>As a percentage of net sales</i>	20.8	17.1	17.5
Costs	-65	-57	-222
<i>As a percentage of net sales</i>	7.0	4.5	4.9
Operating profit (EBITDA)	129	157	568
<i>As a percentage of net sales</i>	13.8	12.5	12.6
Depreciation and amortisation	-35	-35	-141
Operating profit (EBITA)	94	122	427
<i>As a percentage of net sales</i>	10.1	9.7	9.4
Amortisation of intang. assets arising from acquisitions	-4	-4	-16
Operating profit (EBIT)	90	118	411
Financial income and expense	-2	-5	-8
Profit after financial income and expense	88	113	403
Tax	-21	-28	-89
<i>As a percentage of Profit after financial income and expense</i>	23.9	24.8	22.1
Profit after tax	67	85	314

## ■ Financial position

SEK million	31/03/2014	31/03/2013	31/12/2013
Interest-bearing liabilities, credit institutions	-38	-207	-85
Interest-bearing pension liabilities	-112	-131	-111
<b>Total borrowings</b>	<b>-150</b>	<b>-338</b>	<b>-196</b>
Cash and bank	283	238	318
<b>Net financial assets (+) / liabilities (-)</b>	<b>133</b>	<b>-100</b>	<b>122</b>
Working capital	43	177	29
<i>As a percentage of sales (avg.) (%)</i>	2.6	4.9	1.3
Capital employed	1,557	1,585	1,544
<i>Return on capital employed (avg.) (%)</i>	24.7	23.3	26.7
Shareholders' equity	1,407	1,247	1,348
<i>Return on shareholders' equity (avg.) (%)</i>	22.3	20.9	24.9

## ■ Personnel

The average number of employees during the period was 6,039 (11,418). The decrease in the number of employees is attributable to Nolato Telecom in China and arose as a result of lower volumes.

## ■ 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 2013 Annual Report on pages 14, 48 – 49, and in Note 4 on pages 59 – 60.

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.

## ■ Events after the balance sheet date

The Board of Directors has set new financial targets for the Nolato Group, and also revised the dividend policy. The new targets mean that the Group will be managed in respect of good earnings, capacity to generate cash flow and a sound level of financial risk. The change should be viewed in the light of today's balanced group structure with three business areas and more prominent market positions. The new financial targets are a better reflection of this strategic focus, and simultaneously provide financial freedom with regard to new acquisitions and/or good potential for dividends for the shareholders.

The new financial targets, which should be viewed over a business cycle, are as follows:

- To achieve an operating margin (EBITA) in excess of 10% (an increase compared with the previous target of a minimum of 8%).
- To achieve cash conversion in excess of 75% of EBIT profit, measured as a ratio of cash flow after investments and the EBIT profit. Cash flow after investments is debited with financial expenses and tax plus investments, but not acquisitions or disposal. Cash conversion is a new target which includes possibilities for self-financing acquisitions and/or dividends to shareholders with internally generated funds.
- To achieve an equity/assets ratio in excess of 35% (unchanged).

In addition, the Board of Directors intends to propose an annual dividend which exceeds 50% of profits after tax, taking into account Nolato's long-term development potential, financial position and investment requirements. (An increase compared with the previous policy of a minimum of 35%).

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

## ■ Ownership and legal structure

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

Nolato's B shares are listed on the NASDAQ OMX Nordic Exchange in the Stockholm Mid Cap segment, where they are included under the Industrials sector.

The number of shareholders totalled 8,932 as of 31 March. The largest shareholders were the Jorlén family with 10%, the Boström family with 9%, Odin Fonder with 4%, Skandia Fonder with 4%, Svolder with 3% and the Paulsson family with 3% of the share capital.

## ■ Contact:

- Hans Porat, President and CEO, tel. +46705 517550.
- Per-Ola Holmström, CFO, tel. +46705 763340.

*The information contained in this interim report is the information which Nolato is obliged to make public in accordance with the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. This information was made public on 28 April 2014 at 14:30.*

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

## ■ The Parent Company

Sales totalled SEK 8 million (7). Income after financial items was SEK -2 million (-6).

## ■ 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 2013 Annual Report on pages 56 – 58.

The new or revised IFRS standards or IFRIC interpretations, which came into effect on 1 January 2014, 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.

## ■ Financial information schedule

- Six-month interim report 2014: 21 July 2014
- Nine-month interim report 2014: 28 October 2014

*Torekov, 28 April 2014*

*Nolato AB (publ)*

*Hans Porat, President and CEO*

## ■ Consolidated income statement (summary)

SEK million	Q1 2014	Q1 2013	Rolling 12 months	Full year 2013
Net sales	932	1,254	4,200	4,522
Cost of goods sold	- 773	- 1,076	- 3,565	- 3,868
<b>Gross profit</b>	<b>159</b>	<b>178</b>	<b>635</b>	<b>654</b>
Other operating income	2	2	19	19
Selling expenses	- 28	- 20	- 97	- 89
Administrative expenses	- 43	- 42	- 166	- 165
Other operating expenses	—	—	- 8	- 8
	- 69	- 60	- 252	- 243
<b>Operating profit</b>	<b>90</b>	<b>118</b>	<b>383</b>	<b>411</b>
Financial income and expense	- 2	- 5	- 5	- 8
<b>Profit after financial income and expense</b>	<b>88</b>	<b>113</b>	<b>378</b>	<b>403</b>
Tax	- 21	- 28	- 82	- 89
<b>Profit after tax</b>	<b>67</b>	<b>85</b>	<b>296</b>	<b>314</b>
All earnings are attrib. to the Parent Co.'s shareholders				
Depreciation/amortisation	39	39	157	157
Earnings per share, basic and diluted (SEK)	2.55	3.23	11.25	11.94
Number of shares at the end of the period	26,307,408	26,307,408	26,307,408	26,307,408
Average number of shares	26,307,408	26,307,408	26,307,408	26,307,408

## ■ Consolidated comprehensive income

SEK million	Note	Q1 2014	Q1 2013	Rolling 12 months	Full year 2013
<b>Profit after tax</b>		<b>67</b>	<b>85</b>	<b>296</b>	<b>314</b>
<b>Other comprehensive income</b>					
<i>Items that cannot be transferred to profit for the period</i>					
Revaluations of defined benefit pension plans		—	—	9	9
Tax attributable to items that cannot be transferred to profit for the period		—	—	- 2	- 2
		—	—	7	7
<i>Items that have been converted or can be converted into profit for the period</i>					
Translation differences for the period on translation of foreign operations		- 7	- 7	15	15
Changes in the fair value of cash flow hedges for the period	1	- 1	- 1	—	—
		- 8	- 8	15	15
<b>Other comprehensive income, net of tax</b>		<b>- 8</b>	<b>- 8</b>	<b>22</b>	<b>22</b>
<b>Total comp. income for the period attributable to the Parent Co.'s shareholders</b>		<b>59</b>	<b>77</b>	<b>318</b>	<b>336</b>

## ■ Reconciliation of consolidated income before tax

SEK million	Q1 2014	Q1 2013	Rolling 12 months	Full year 2013
<b>Operating profit (EBIT)</b>				
Nolato Medical	42	40	154	152
Nolato Telecom	23	57	132	166
Nolato Industrial	30	28	118	116
Group adjustments, Parent Company	- 5	- 7	- 21	- 23
<b>Consolidated operating profit (EBIT)</b>	<b>90</b>	<b>118</b>	<b>383</b>	<b>411</b>
Financial income and expense (not distributed by business areas)	- 2	- 5	- 5	- 8
<b>Consolidated profit before tax</b>	<b>88</b>	<b>113</b>	<b>378</b>	<b>403</b>

## ■ Consolidated balance sheet (summary)

SEK million	Note	31/03/2014	31/03/2013	31/12/2013
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible non-current assets		534	541	538
Property, plant and equipment		766	712	733
Non-current financial assets		2	2	2
Other non-current receivables		30	2	2
Deferred tax assets		35	35	36
<b>Total fixed assets</b>		<b>1,367</b>	<b>1,292</b>	<b>1,311</b>
<b>Current assets</b>				
Inventories		251	284	259
Accounts receivable		577	927	598
Other current assets	1	109	98	87
Cash and bank		283	238	318
<b>Total current assets</b>		<b>1,220</b>	<b>1,547</b>	<b>1,262</b>
<b>Total assets</b>		<b>2,587</b>	<b>2,839</b>	<b>2,573</b>
<b>Shareholders' equity and liabilities</b>				
<b>Shareholders' equity</b>				
Long-term liabilities and provisions <sup>1)</sup>		170	169	141
Deferred tax liabilities <sup>1)</sup>		78	84	84
Current liabilities and provisions <sup>1)</sup>	1	932	1,339	1,000
<b>Total liabilities and provisions</b>		<b>1,180</b>	<b>1,592</b>	<b>1,225</b>
<b>Total shareholders' equity and liabilities</b>		<b>2,587</b>	<b>2,839</b>	<b>2,573</b>
<sup>1)</sup> Interest-bearing/non-interest-bearing liabilities and provisions:				
Interest-bearing liabilities and provisions		150	338	196
Non-interest-bearing liabilities and provisions		1,030	1,254	1,029
<b>Total liabilities and provisions</b>		<b>1,180</b>	<b>1,592</b>	<b>1,225</b>

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

SEK million	Q1 2014	Q1 2013	Full year 2013
<b>Shareholders' equity at the beginning of the period</b>	<b>1,348</b>	<b>1,170</b>	<b>1,170</b>
Total comprehensive income for the period	59	77	336
Dividends	—	—	– 158
<b>Shareholders' equity at the end of period attrib. to Parent Co's shareholders</b>	<b>1,407</b>	<b>1,247</b>	<b>1,348</b>

During 2013, a dividend totalling SEK 158 million was paid to the Parent Company's shareholders, corresponding to an ordinary of SEK 3.50 and extra of SEK 2.50, totalling SEK 6.00 per share. The proposed dividend to be decided on at the Annual General Meeting on 28 April 2014 is SEK 210 million, corresponding to an ordinary of SEK 4.00 and extra of SEK 4.00, totalling SEK 8.00 per share. The Group does not have any incentive programmes resulting in a dilutive effect in the number of shares.

## ■ Consolidated cash flow statement (summary)

SEK million	Q1 2014	Q1 2013	Rolling 12 months	Full year 2013
Cash flow from operating activities before changes in working capital	105	112	444	451
Changes in working capital	- 44	- 72	89	61
<b>Cash flow from operating activities</b>	<b>61</b>	<b>40</b>	<b>533</b>	<b>512</b>
Cash flow from investment activities	- 44	- 24	- 164	- 144
<b>Cash flow before financing activities</b>	<b>17</b>	<b>16</b>	<b>369</b>	<b>368</b>
Cash flow from financing activities	- 46	- 48	- 325	- 327
<b>Cash flow for the period</b>	<b>- 29</b>	<b>- 32</b>	<b>44</b>	<b>41</b>
<b>Liquid assets at the beginning of the period</b>	<b>318</b>	<b>272</b>	<b>—</b>	<b>272</b>
Exchange rate difference in liquid assets	- 6	- 2	—	5
<b>Liquid assets at the end of the period</b>	<b>283</b>	<b>238</b>	<b>—</b>	<b>318</b>

## ■ Earnings per share

SEK million	Q1 2014	Q1 2013	Rolling 12 months	Full year 2013
<b>Profit after tax</b>	<b>67</b>	<b>85</b>	<b>296</b>	<b>314</b>
Adjusted earnings:				
Amortisation of intangible assets arising from acquisitions	4	4	16	16
Tax on amortisation	- 1	- 1	- 4	- 4
<b>Adjusted earnings</b>	<b>70</b>	<b>88</b>	<b>308</b>	<b>326</b>
Average number of shares *	26,307,408	26,307,408	26,307,408	26,307,408
Earnings per share, basic and diluted (SEK) *	2.55	3.23	11.25	11.94
Adjusted earnings per share (SEK) *	2.66	3.35	11.70	12.39

\* The company does not have any ongoing financial instrument programmes which involve any dilution in the number of shares.

## ■ Five-year overview

	2013	2012	2011	2010	2009
Net sales (SEK million)	4,522	3,874	2,977	3,375	2,602
Operating profit (EBITA) (SEK million)	427	303	199	262	166
EBITA margin (%)	9.4	7.8	6.7	7.8	6.4
Operating profit (EBIT) (SEK million)	411	287	190	253	158
Profit after financial income and expense (SEK million)	403	272	183	243	148
Profit after tax (SEK million)	314	202	132	187	123
Cash flow after investments, excl. acq. and disposals (SEK million)	362	317	112	230	139
Return on capital employed (%) *	26.7	19.4	13.9	18.4	12.1
Return on shareholders' equity (%) *	24.9	17.7	11.6	16.5	11.5
Net financial assets (+) liabilities (-) (SEK million) *	122	- 113	- 119	- 34	- 40
Equity/assets ratio (%) *	52	44	52	50	51
Earnings per share (SEK)	11.94	7.68	5.02	7.11	4.68
Adjusted earnings per share (SEK)	12.39	8.13	5.28	7.37	4.90
Dividend per share (2013 proposal) (SEK)	8.00	6.00	5.00	6.00	3.00
Average number of employees	9,357	8,421	5,496	7,563	4,308

\* The years 2009 - 2010 have not been restated for the amendment of pension provisions in IAS 19, which means that the corridor method to even out actuarial gains / losses no longer applies.

## ■ Quarterly data (summary)

	Note	Q1	Q2	Q3	Q4	Full year
Net sales (SEK million)	2014	932	—	—	—	—
	2013	1,254	1,164	1,119	985	4,522
	2012	837	1,046	999	992	3,874
Operating profit (EBITDA) (SEK million)	2014	129	—	—	—	—
	2013	157	147	136	128	568
	2012	91	117	118	118	444
Operating profit (EBITA) (SEK million)	2014	94	—	—	—	—
	2013	122	111	103	91	427
	2012	57	81	84	81	303
EBITA margin (%)	2014	10.1	—	—	—	—
	2013	9.7	9.5	9.2	9.2	9.4
	2012	6.8	7.7	8.4	8.2	7.8
Operating profit (EBIT) (SEK million)	2014	90	—	—	—	—
	2013	118	107	99	87	411
	2012	55	77	79	76	287
Profit after financial income and expense (SEK million)	2014	88	—	—	—	—
	2013	113	105	97	88	403
	2012	51	74	74	73	272
Profit after tax (SEK million)	2014	67	—	—	—	—
	2013	85	78	74	77	314
	2012	37	54	52	59	202
Cash flow after inv., excl. acq. and disp. (SEK million)	2014	17	—	—	—	—
	2013	16	120	61	165	362
	2012	-32	56	83	210	317
Earnings per share, basic and diluted (SEK)	2014	2.55	—	—	—	—
	2013	3.23	2.97	2.81	2.93	11.94
	2012	1.41	2.05	1.98	2.24	7.68
Adjusted earnings per share (SEK)	2014	2.66	—	—	—	—
	2013	3.35	3.07	2.93	3.04	12.39
	2012	1.44	2.17	2.13	2.39	8.13
Shareholders' equity per share (SEK)	2014	53	—	—	—	—
	2013	47	45	48	51	51
	2012	43	41	42	44	44
Return on total capital (%)	2014	14.3	—	—	—	—
	2013	13.6	13.7	15.0	15.9	15.9
	2012	9.4	9.8	10.9	11.9	11.9
Return on capital employed (%)	2014	24.7	—	—	—	—
	2013	23.3	23.0	25.5	26.7	26.7
	2012	15.2	15.9	17.8	19.4	19.4
Return on operating capital (%)	2014	29.1	—	—	—	—
	2013	26.3	26.9	28.8	32.6	32.6
	2012	16.9	17.2	19.6	22.6	22.6
Return on shareholders' equity (%)	2014	22.3	—	—	—	—
	2013	20.9	24.2	25.2	24.9	24.9
	2012	12.3	15.2	15.9	17.7	17.7

## ■ Quarterly data business areas

<b>Net sales</b> (SEK million)		Q1	Q2	Q3	Q4	Full year
Nolato Medical	2014	326	—	—	—	—
	2013	328	323	310	313	1,274
	2012	246	315	288	310	1,159
Nolato Telecom	2014	320	—	—	—	—
	2013	627	541	516	395	2,079
	2012	287	423	444	394	1,548
Nolato Industrial	2014	286	—	—	—	—
	2013	299	300	293	278	1,170
	2012	304	309	268	289	1,170
Group adjustments, Parent Company	2014	—	—	—	—	—
	2013	—	—	—	-1	-1
	2012	—	-1	-1	-1	-3
Group total	2014	932	—	—	—	—
	2013	1,254	1,164	1,119	985	4,522
	2012	837	1,046	999	992	3,874

<b>Operating profit (EBITA)</b> (SEK million)		Q1	Q2	Q3	Q4	Full year
Nolato Medical	2014	45	—	—	—	—
	<i>EBITA margin (%)</i>	<i>13.8</i>	—	—	—	—
	2013	43	42	41	39	165
<i>EBITA margin (%)</i>	<i>13.1</i>	<i>13.0</i>	<i>13.2</i>	<i>12.5</i>	<i>13.0</i>	
2012	31	36	32	34	133	
<i>EBITA margin (%)</i>	<i>12.6</i>	<i>11.4</i>	<i>11.1</i>	<i>11.0</i>	<i>11.5</i>	
Nolato Telecom	2014	23	—	—	—	—
	<i>EBITA margin (%)</i>	<i>7.2</i>	—	—	—	—
	2013	57	43	35	31	166
<i>EBITA margin (%)</i>	<i>9.1</i>	<i>7.9</i>	<i>6.8</i>	<i>7.8</i>	<i>8.0</i>	
2012	7	21	35	33	96	
<i>EBITA margin (%)</i>	<i>2.4</i>	<i>5.0</i>	<i>7.9</i>	<i>8.4</i>	<i>6.2</i>	
Nolato Industrial	2014	31	—	—	—	—
	<i>EBITA margin (%)</i>	<i>10.8</i>	—	—	—	—
	2013	29	30	33	27	119
<i>EBITA margin (%)</i>	<i>9.7</i>	<i>10.0</i>	<i>11.3</i>	<i>9.7</i>	<i>10.2</i>	
2012	28	29	24	24	105	
<i>EBITA margin (%)</i>	<i>9.2</i>	<i>9.4</i>	<i>9.0</i>	<i>8.3</i>	<i>9.0</i>	
Group adjustments, Parent Company	2014	-5	—	—	—	—
	2013	-7	-4	-6	-6	-23
	2012	-9	-5	-7	-10	-31
Group total	2014	94	—	—	—	—
	<i>EBITA margin (%)</i>	<i>10.1</i>	—	—	—	—
	2013	122	111	103	91	427
<i>EBITA margin (%)</i>	<i>9.7</i>	<i>9.5</i>	<i>9.2</i>	<i>9.2</i>	<i>9.4</i>	
2012	57	81	84	81	303	
<i>EBITA margin (%)</i>	<i>6.8</i>	<i>7.7</i>	<i>8.4</i>	<i>8.2</i>	<i>7.8</i>	

<b>Depreciation/amortisation</b> (SEK million)		Q1	Q2	Q3	Q4	Full year
Nolato Medical	2014	18	—	—	—	—
	2013	18	20	18	19	75
	2012	15	18	19	20	72
Nolato Telecom	2014	10	—	—	—	—
	2013	10	10	9	10	39
	2012	10	10	10	11	41
Nolato Industrial	2014	11	—	—	—	—
	2013	11	10	10	12	43
	2012	11	12	10	11	44
Group total	2014	39	—	—	—	—
	2013	39	40	37	41	157
	2012	36	40	39	42	157

## ■ Group financial highlights

	Q1 2014	Q1 2013	Rolling 12 months	Full year 2013
Net sales (SEK million)	932	1,254	4,200	4,522
Sales growth (%)	- 26	50	- 2	17
Percentage of sales outside Sweden (%)	77	82	79	80
Operating profit (EBITDA) (SEK million)	129	157	540	568
Operating profit (EBITA) (SEK million)	94	122	399	427
EBITA margin (%)	10.1	9.7	9.5	9.4
Profit after financial income and expense (SEK million)	88	113	378	403
Profit margin (%)	9.4	9.0	9.0	8.9
Profit after tax (SEK million)	67	85	296	314
Return on total capital (%)	14.3	13.6	14.3	15.9
Return on capital employed (%)	24.7	23.3	24.7	26.7
Return on operating capital (%)	29.1	26.3	29.1	32.6
Return on shareholders' equity (%)	22.3	20.9	22.3	24.9
Equity/assets ratio (%)	54	44	54	52
Debt/equity (%)	11	27	11	15
Interest coverage ratio (times)	43	34	40	37
Net investments affecting cash flow, excl. acq. and disposals (SEK million)	44	24	170	150
Cash flow after investments, excl. acq. and disposals (SEK million)	17	16	363	362
Cash conversion (%)	—	—	88	82
Net financial assets (+) / liabilities (-) (SEK million)	133	- 100	133	122
Earnings per share, basic and diluted (SEK)	2.55	3.23	11.25	11.94
Adjusted earnings per share (SEK)	2.66	3.35	11.70	12.39
Cash flow per share, excl. acq. and disposals (SEK)	0.65	0.61	13.80	13.76
Shareholders' equity per share (SEK)	53	47	53	51
Average number of employees	6,039	11,418	—	9,357

### Definitions

#### 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.

#### Adjusted earnings per share

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

#### Cash flow per share

Cash flow before financing activities, divided by average number of shares.

#### Cash conversion

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

#### Net debt

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

#### Earnings per share

Profit after tax, divided by average number of shares.

#### Interest coverage ratio

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

#### Operating profit (EBITDA)

Earnings before interest, taxes and depreciation/amortisation.

#### Operating profit (EBITA)

Earnings before interest, taxes and amortisation of intangible assets arising from acquisitions.

#### Operating profit (EBIT)

Earnings before interest and taxes.

#### 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.

## ■ Parent Company income statement (summary)

SEK million	Q1 2014	Q1 2013	Rolling 12 months	Full year 2013
Net sales	8	7	24	23
Other operating income	—	1	1	2
Selling expenses	-2	-2	-8	-8
Administrative expenses	-11	-12	-47	-48
<b>Operating profit</b>	<b>-5</b>	<b>-6</b>	<b>-30</b>	<b>-31</b>
Profit from participations in Group companies	—	1	112	113
Financial income	5	5	22	22
Financial expenses	-2	-6	-15	-19
<b>Profit after financial income and expense</b>	<b>-2</b>	<b>-6</b>	<b>89</b>	<b>85</b>
Appropriations	—	—	157	157
Tax	1	-12	-35	-48
<b>Profit after tax</b>	<b>-1</b>	<b>-18</b>	<b>211</b>	<b>194</b>
Depreciation/amortisation	—	—	—	—

## ■ Parent Company balance sheet (summary)

SEK million	31/03/2014	31/03/2013	31/12/2013
<b>Assets</b>			
Intangible fixed assets	1	1	1
Financial assets	1,023	987	1,030
Deferred tax assets	4	7	4
<b>Total fixed assets</b>	<b>1,028</b>	<b>995</b>	<b>1,035</b>
Other receivables	369	421	349
Cash and bank	—	40	40
<b>Total current assets</b>	<b>369</b>	<b>461</b>	<b>389</b>
<b>Total assets</b>	<b>1,397</b>	<b>1,456</b>	<b>1,424</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	934	881	935
Untaxed reserves	181	179	181
Other provisions	6	5	6
Long-term liabilities	—	17	—
Current liabilities	276	374	302
<b>Total shareholders' equity and liabilities</b>	<b>1,397</b>	<b>1,456</b>	<b>1,424</b>
Pledged assets	—	—	—
Contingent liabilities	123	107	98

### Transactions with related parties:

Related party	Period	Services sold	Services bought	Interest income	Interest expenses	Res. from shares in Group comp.	Rec. fr. rel. part. on bal. sh. date	Liab. to rel. part. on bal. sh. date
Subsidiary	Q1 2014	8	-1	5	—	—	770	227
Subsidiary	Q1 2013	7	-1	5	—	1	847	161

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.



**NOTES****Note 1 Financial instruments**

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

SEK million	31/03/2014	31/03/2013	31/12/2013
<b>Other receivables</b>			
Derivative assets	4	4	3
<b>Other liabilities</b>			
Derivative liabilities	1	3	—