

Third quarter 2019

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CFO Per-Ola Holmström
23 October 2019



Medical
Solutions



Integrated
Solutions



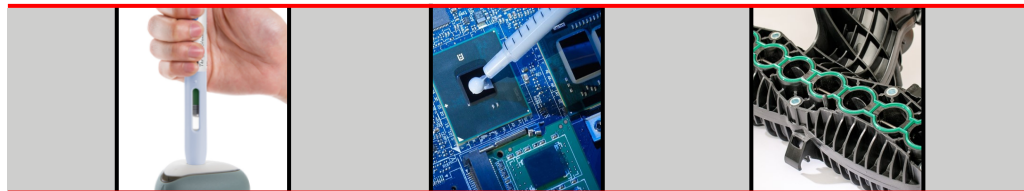
Industrial
Solutions

Q3 summary – Group

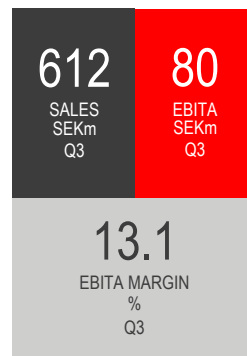
- Sales totalled SEK 1,980 million (1,980)
 - Adjusted for currency, sales decreased by 5%
 - Continued positive performance by Medical Solutions
 - Normalised inventory situation at Integrated Solutions
 - Stable volumes for Industrial Solutions
- Operating profit (EBITA) rose to SEK 238 million (SEK 222 million excl. non-recurring items of SEK –17 million)
 - Positive earnings performance by all business areas
- Strong EBITA margin of 12.0% (11.2% excl. non-recurring items)
- Cash flow after investments was SEK –4 million (SEK –68 million excl. a divestment)
- Continued solid financial position

One Group – three business areas

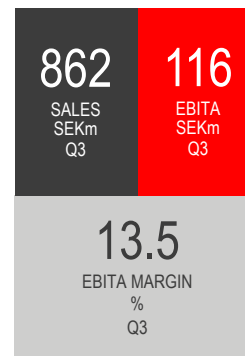
- Corporate responsibility
- Materials technology
- Solutions-oriented development partner
- Production technology



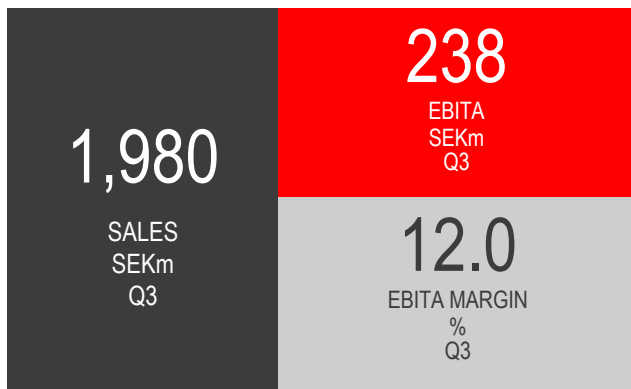
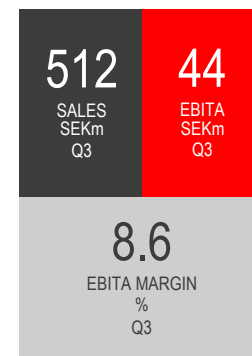
Medical Solutions



Integrated Solutions

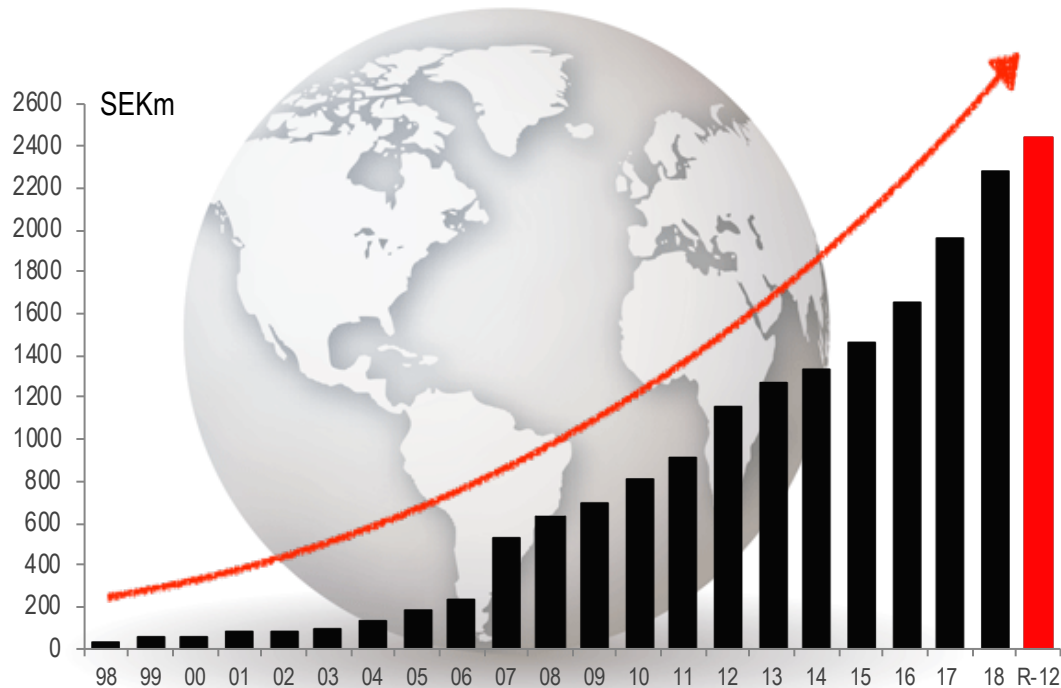


Industrial Solutions





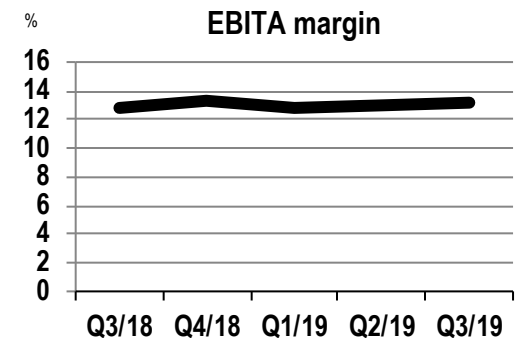
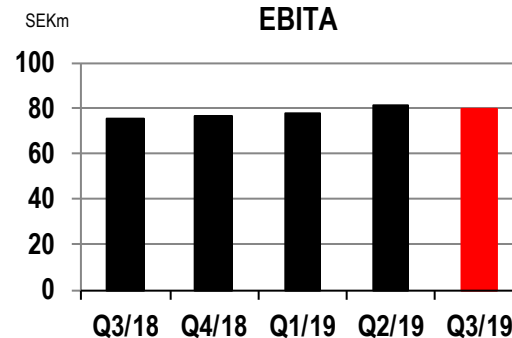
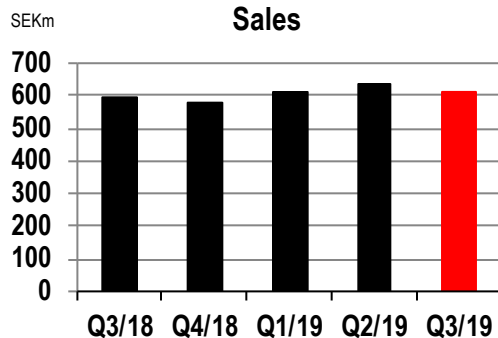
Global expansion



Medical Solutions – Q3

- 3% increase in sales
 - Unchanged, adjusted for currency
 - Last year contained high sales of development work and production equipment
 - Fourth-quarter growth expected to be affected by strong comparative quarter
- EBITA margin of 13.1% (12.8)
 - Sustained healthy margin
- Project activities within autoinjectors, insulin products and incontinence products

SEKm	Q3		Acc. 9 months	
	2019	2018	2019	2018
Sales	612	596	1,857	1,690
Operating profit (EBITA)	80	76	240	218
EBITA margin (%)	13.1	12.8	12.9	12.9
Operating profit (EBIT)	79	75	238	214



Medical Solutions

Medical
Devices



Pharma
Packaging



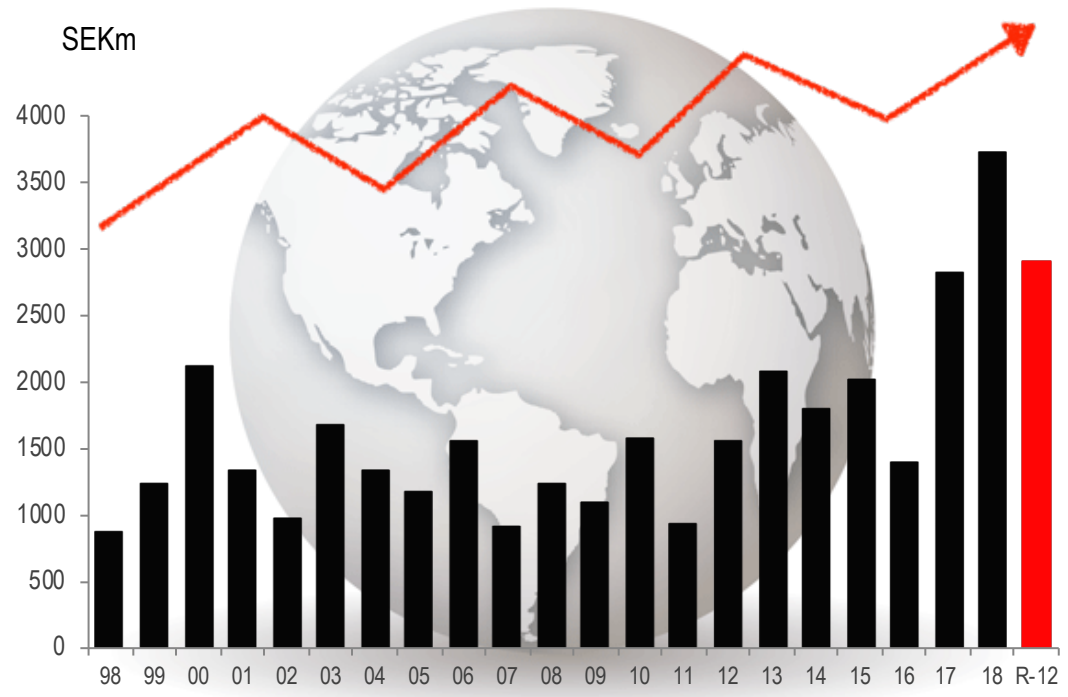


Q3

Integrated Solutions

862	
SALES SEKm	
116	EBITA SEKm
13.5	EBITA MARGIN %

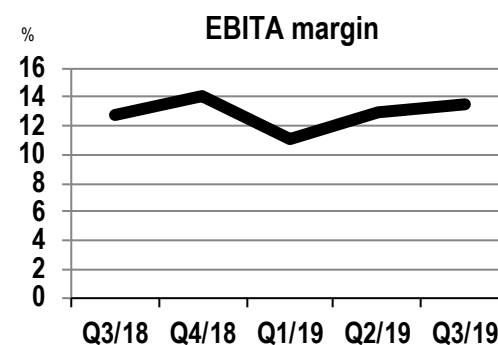
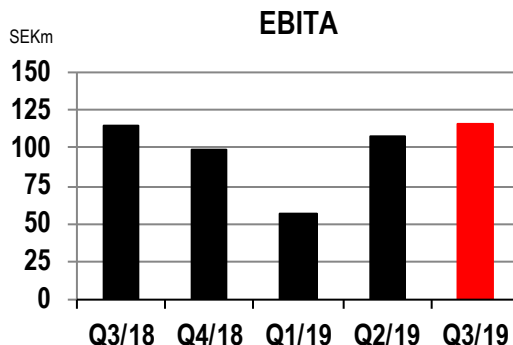
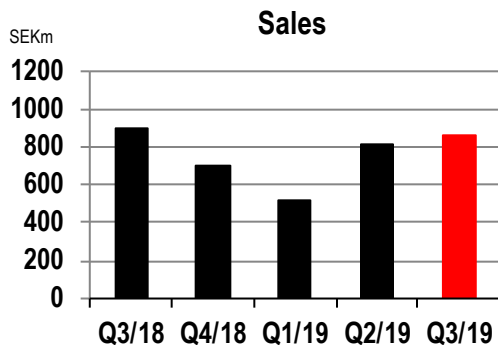
Expansion into new market segments



Integrated Solutions – Q3

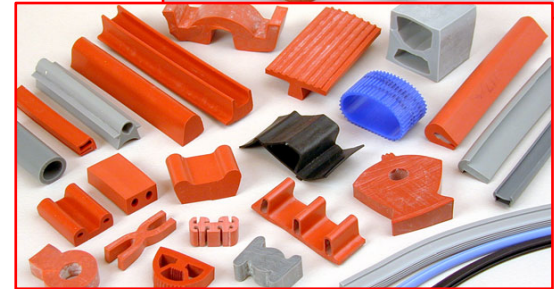
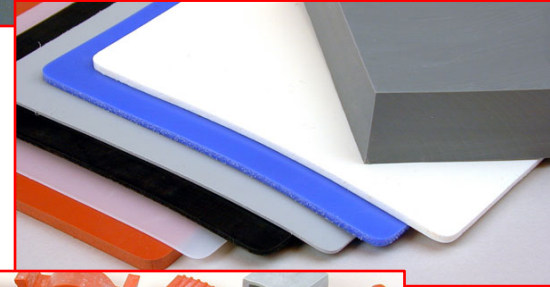
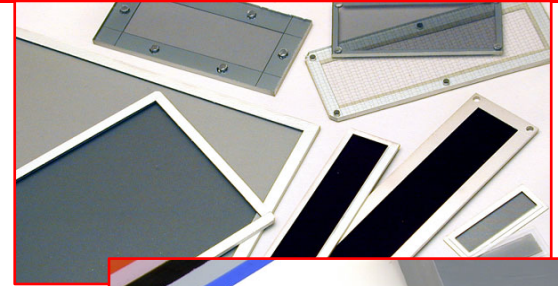
- 3% decrease in sales
 - Adjusted for currency, -12%
 - The inventory situation has normalised
 - Heating Devices delivered new product variants in the quarter
 - Weak growth for EMC, positive mobile phone performance
- EBITA margin of 13.5% (12.8)
 - High production efficiency, good capacity utilisation and currency effects
- Acquisition of US-based Ja-Bar

SEKm	Q3		Acc. 9 months	
	2019	2018	2019	2018
Sales	862	892	2,195	3,017
Operating profit (EBITA)	116	114	280	374
EBITA margin (%)	13.5	12.8	12.8	12.4
Operating profit (EBIT)	116	114	280	374



Ja-Bar Inc.

- Ja-Bar has a wide range of shielding products in electrically conductive materials, including gaskets, seals, ventilation panels, optical windows and mesh-reinforced materials
- The company has a very broad customer base with over 500 clients, including a number of world-leading operators in sectors such as aviation, automotive and medical technology
- It has annual sales equivalent to around SEK 150 million with good profitability
- The company has around 70 employees at its New Jersey plant in the United States
- No major cost synergies but provides Nolato with complementary production technologies, an expanded customer base and a stronger presence in the US, which will lead to market synergies within EMC
- The deal is expected to be completed in November, when the company will also be consolidated into the Group within Integrated Solutions
- Expected to have a marginal positive effect on Nolato's earnings per share for the current year
- The purchase price is approximately SEK 95 million (company is debt-free)



Integrated Solutions

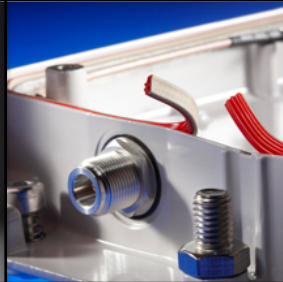
Consumer
Electronics



VHP



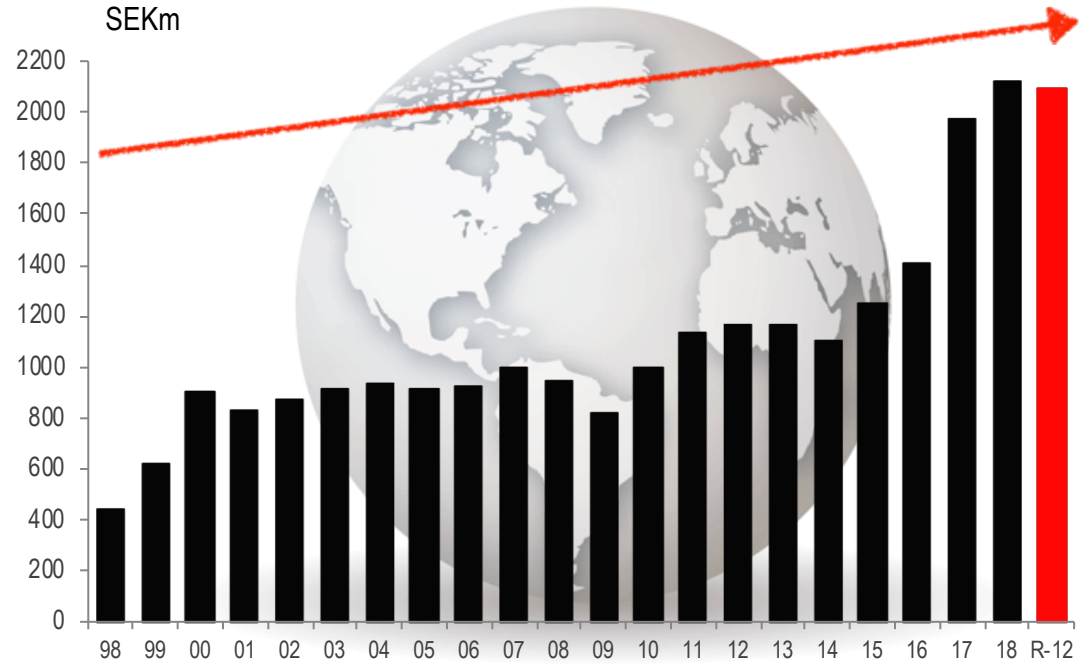
EMC/
Thermal





512 SALES SEKm	44 EBITA SEKm
	8.6 EBITA MARGIN %

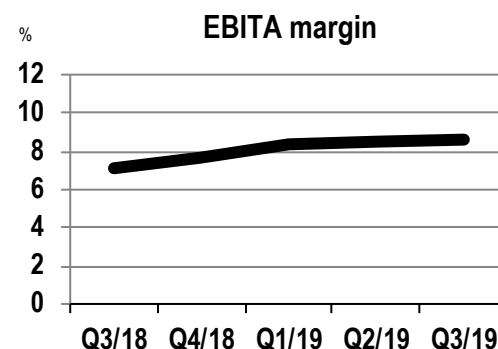
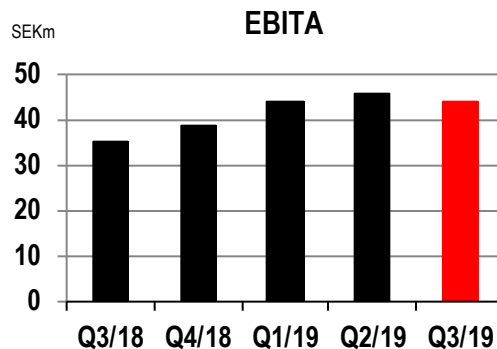
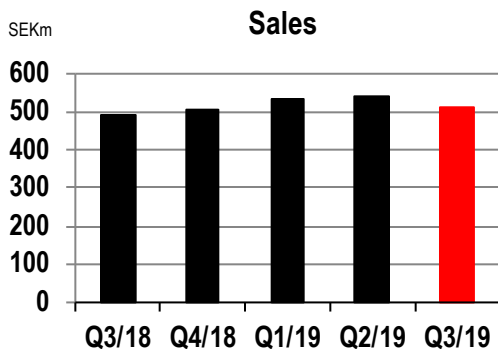
Technological and geographical expansion



Industrial Solutions – Q3

- 4% increase in sales
 - Adjusted for currency by 3%
 - Stable volumes
- EBITA margin of 8.6% (7.1)
 - Impact of unsatisfactory efficiency of one production facility; implemented and ongoing measure are having a gradual impact

SEKm	Q3		Acc. 9 months	
	2019	2018	2019	2018
Sales	512	492	1,586	1,614
Operating profit (EBITA)	44	35	134	147
EBITA margin (%)	8.6	7.1	8.4	9.1
Operating profit (EBIT)	43	34	131	144

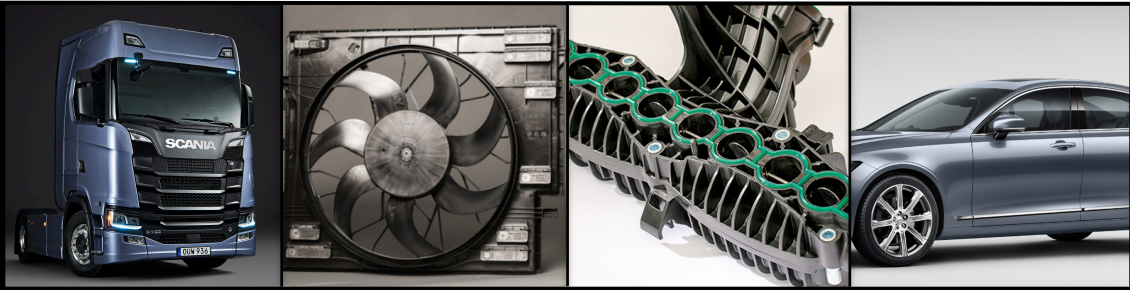


Industrial Solutions

General
Industry



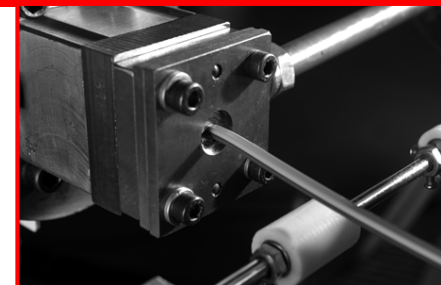
Automotive



Group financial highlights

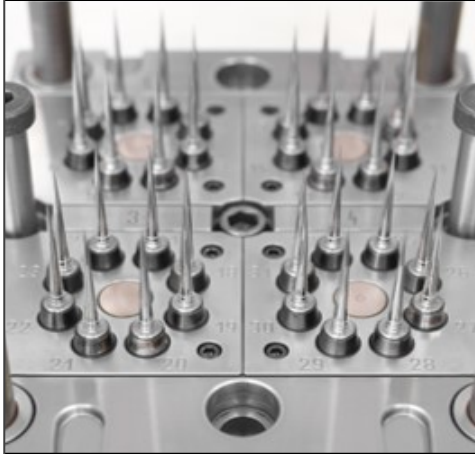
SEKm	Q3		Acc. 9 months		Full year	
	2019	2018*	2019	2018*	R-12	2018*
Net sales	1,980	1,980	5,623	6,321	7,404	8,102
Operating profit (EBITA)	238	205	646	735	860	949
EBITA margin (%)	12.0	10.4	11.5	11.6	11.6	11.7
Profit after financial income and expenses	232	198	621	711	831	921
Profit after tax	186	154	497	564	655	722
Effective tax (%)	19.8	22.2	20.0	20.7	21.2	21.6
Cash flow after investments, excl. acq. and disp.	-4	-68	199	471	321	593
Net investments, impact on cash flow	87	107	279	336	395	452
Earnings per share (SEK)	7.02	5.85	18.82	21.44	24.83	27.44
Adjusted earnings per share (SEK)	7.09	5.93	18.98	21.67	24.98	27.67
Equity/assets ratio (%)	47	46	47	46	47	50
Net financial assets (+)/net financial liabilities (-)	186	208	186	208	186	341
Return on capital employed (%)	23.4	31.2	23.4	31.2	23.4	29.7
Operating profit (EBIT)	236	203	641	728	854	941
Cash conversion (%)	-	-	-	-	38	60

*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



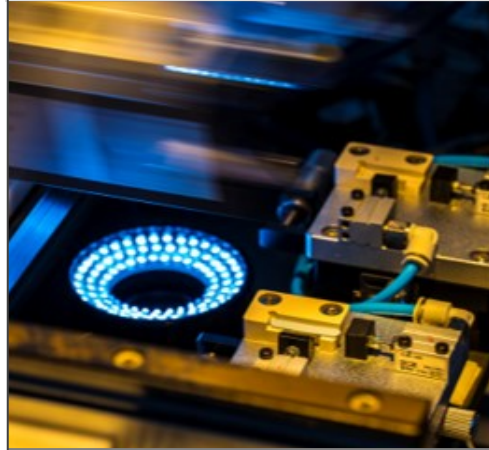
Current situation

Medical Solutions



- Maintained growth strategy
- Focus on innovation
- Strong customer relationships

Integrated Solutions



- Established position in new product areas
- Continued strong position within EMC
- Flexible production structure

Industrial Solutions



- Advanced market positions
- Efficiency measures taken and gradually having an effect
- Indications of slowdown in the economy but stable volumes

Thank you.

This presentation may contain forward-looking statements. When words such as “forecast”, “believe”, “estimate”, “expect”, “intend”, “plan” and “project” are used in this presentation, they are intended to indicate forward-looking statements. These statements may include risks and uncertainties regarding factors such as product demand, market acceptance, effects of economic conditions, impact of competing products and pricing, currency effects and other risks. These forward-looking statements reflect Nolato management’s view of future events at the time that the statements are made, but they are made with reservation for various risks and uncertainties. All of these forward-looking statements are based on Nolato management’s estimates and assumptions and are deemed to be reasonable, but they are by their nature uncertain and difficult to forecast. Actual outcomes and experiences may differ materially from the forward-looking statements. Nolato does not intend or undertake to update these forward-looking statements.

Lease-related effects of IFRS 16 (SEKm)

Third quarter

<u>Income statement</u>		<u>Balance sheet</u>		<u>Cash flow</u>	
Manufacturing overhead costs	+19	Non-current assets	+315	EBIT	+1
EBITDA	+19	Total assets	+315	Reversals amortisation/depreciation (not affecting cash flow)	+18
Depreciation/amortisation	-18	Shareholders' equity	-4	Interest expenses	-2
EBITA/EBIT	+1	Lease liability	+319	Cash flow from operations	+17
Interest expenses	-2	Total liabilities	+315	Working capital	+1
Profit after net financial income/expense	-1			Investment	-
Tax	-			Cash flow after investments	+18
Profit after tax	-1			Financing activities:	
				Amortisation	-18
EPS	-4 öre			Cash flow	0