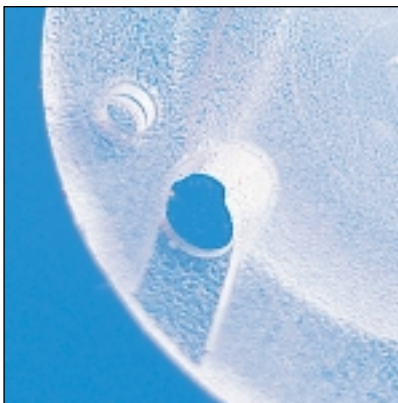
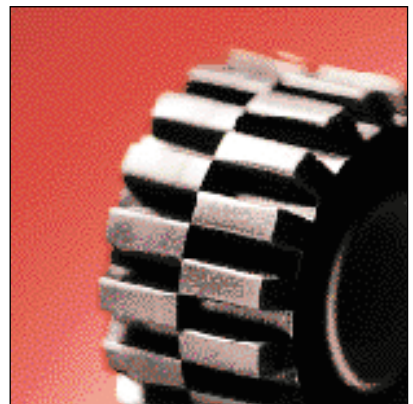


## Annual Report 1998



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## FINANCIAL INFORMATION

Nolato will publish the following reports on its operations in 1999:

Three-month interim report: April 26.

Six-month interim report: August 11.

Nine-month interim report: October 27.

These reports will be available in Swedish at our Web site, [www.nolato.se](http://www.nolato.se), immediately following their release to the Stockholm Stock Exchange. The English translation will follow with some hours' delay.



Complete fronts for the new Ericsson T28.



Complete fronts for the new Ericsson R380.

## This is Nolato.

The Nolato Group is listed on the Stockholm Stock Exchange. The Group consists of companies that supply plastic and rubber components mainly to customers in the telecom and automotive industries, medical technology and other industrial sectors. It also includes a number of companies that work with proprietary products in the fields of thermoplastic elastomers (TPE); plumbing and working environment.

### CUSTOMER ORIENTATION

Today the Group consists of 18 companies, divided into five customer-oriented business areas. The organization is characterized by close collaboration between companies in the various business areas. In this way, all Group companies enjoy the resources they need to be strategic partners to their customers, offering both design expertise and unique manufacturing resources.

Nolato companies are also increasingly becoming systems suppliers, which assume total responsibility for deliveries of fully assembled components directly into their customers' final assembly lines.

### GOOD PROFITABILITY

The Nolato Group's guiding principle is systematic investment in quality and expertise. When the Group was floated on the Stockholm Stock Exchange 15 years ago, it consisted of four companies with 175 employees and sales of approximately SEK 90 M. Today the Group consists of 18 companies with 1,800 employees and sales of SEK 1.9 billion.

However, what is of most interest is not that we have grown, but that we have succeeded in doing so while maintaining good profitability. None of the 60 years that have passed since the first cornerstone for today's Group was laid has been a loss-making year.

The reason, of course, is that the companies that have become part of our Group have been well-run and open to development. In addition, we have stuck to our original commitment to invest solely in companies in a few closely related sectors.

Ever since 1938.

### INFORMATION ON THE INTERNET

Up-to-date information about Nolato is available at <http://www.nolato.com>



Plastic components for Flextronics/Ericsson.



Plastic components for Electrolux.



Plastic and rubber components for Volvo.

## The year in brief.

■ Income after financial items for 1998 was SEK 166 M, which is nearly the same as the previous year. Sales increased by 21 percent to SEK 1,888 M.

■ Most of this sales increase occurred in the Mobile Communication business area, which has projects underway in collaboration with several leading manufacturers of mobile telephones, most notably Ericsson and Nokia.

■ During the autumn, Nolato established manufacturing operations in the U.S., by building a plant in Fort Worth, Texas. The plant, part of the internationalization of the Mobile

Communications business area, is developing as planned. Production for the first customer started early in 1999.

■ During the autumn, Tomas Sjölin was selected to become the new President and CEO of Nolato, succeeding Krister Jorlén, who retired at the end of 1998. Mr. Sjölin was most recently Technical Director at the London-based Oriflame International, and before that he was a senior executive at the Swedish-based PLM Group.

Tomas Sjölin became President and CEO of the Nolato Group on January 1, 1999.



Shielded gaskets for the Nokia 5110.



Mobile telephone antennas for Allgon.

### GROUP FINANCIAL HIGHLIGHTS

	1998	1997
Sales	<b>SEK 1,888 M</b>	SEK 1,558 M
Income after financial items	<b>SEK 166 M</b>	SEK 165 M
Return on shareholders' equity after tax	<b>21%</b>	24%
Operating margin	<b>10%</b>	11%
Equity/assets ratio	<b>47%</b>	44%
Earnings per share after full tax	<b>SEK 6.30</b>	SEK 5.90
Cash flow from operations	<b>SEK 207 M</b>	SEK 134 M
Cash flow before investment activities	<b>SEK 42 M</b>	SEK -257 M



Inhalation chambers.

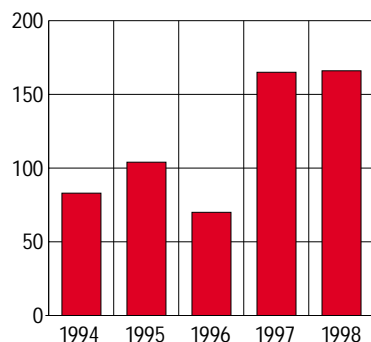
# A year of consolidation following rapid expansion. But also the kick-off for the internationalization of the Group.



Tomas Sjölin, President and CEO.

## INCOME AFTER FINANCIAL ITEMS

SEK M



To a great extent, 1998 has been a year of consolidation for Nolato. After more than a doubling of both sales and the number of employees during 1997, we have now focused on further consolidating the Group's position as a large, experienced supplier of plastic and rubber components to customers in export-oriented industries, both in Sweden and abroad.

The expansion of the past few years has made us one of the largest companies on the OTC list of the Stockholm Stock Exchange. Thanks to good management and knowledgeable, dedicated employees, we have been able to cope with this major expansion while maintaining good profitability.

It has, admittedly, been a hectic period for many people in the Group, but we now see good potential for a good return on the Group's steady growth.

## INTERNATIONALIZATION

But 1998 was not only a year of consolidation. It also marked a breakthrough for the internationalization of the Group.

In August 1998, the Board of Directors authorized the establishment of a new plant in Fort Worth, Texas, U.S.A. This new plant is an important step in our strategy of supporting and accompanying our customers in their inter-

national operations. The first customers of the new factory are Nokia and Allgon, which are our customers in Sweden as well. But we also see great potential for recruiting new American customers in the mobile telephony sector who are attracted by our commitment to high technology, systems solutions, quality and in-house development expertise.

The establishment of the new plant proceeded smoothly and deliveries of mobile telephone components started early in 1999, only six months after the Board's formal decision. We regard our Texas operations as our first big step outside Sweden, a step that will be followed by others. But at the same time, we understand how important it is to respect the difficulties inherent in establishing and running operations abroad. We know that success in Sweden does not automatically lead to success in other countries, and we will behave accordingly.

For this reason, we will carefully plan the necessary resources and make sure that we have a base of existing customers when we establish additional manufacturing facilities outside Sweden. In order to increase our expertise, we also intend to acquire manufacturing companies outside Sweden as well as broaden and expand our operations in Fort Worth.





Rotary stamping of display covers.



Manufacturing sizzler pans for Whirlpool.



Automated assembly of mobile telephones.

#### NEW ORGANIZATION

The new organizational structure with its customer-oriented business areas that Nolato introduced on January 1, 1998 has proved correct for our operations. To an even greater extent than before, we have been able to show our customers that we are guided by their needs for systems solutions, not by what materials the components are made of.

During 1998, we began to strengthen our resources at the business area level, primarily in the Mobile Communication business area, which is oriented toward customers in the mobile telephone field. The foremost reasons for doing so are to prepare for expansion both in Sweden and abroad, to enable us to strengthen our contacts with our largest customers and to ensure sufficient resources to support our customers' projects.

During 1999 we will also strengthen our Groupwide units in order to achieve even greater cost-effectiveness, mainly by coordinating our purchases and redoubling our financial management resources.

#### YEAR 2000 READINESS DISCLOSURE

During 1998, Nolato completed a review of potential computer problems that the millennium shift may bring. All measures required to ensure that

there will be no problems are scheduled to be in place by the end of June 1999. Some of our customers, for example in the automotive industry, have already conducted audits of various subsidiaries that supply them and have concluded that they are a "green risk," i.e. the supplier is considered to be well prepared and to have eliminated Y2K risks.

#### CHANGES IN THE BOARD OF DIRECTORS

Fredrik Arp, who was elected to Nolato's Board of Directors at the annual shareholders' meeting in 1998, has informed us that due to his appointment as President and CEO of Trelleborg AB, he will resign from the Board at the annual meeting on April 26, 1999. Mr. Per Slettengren, who has made many valuable contributions during his nearly 25 years on the Board of Directors, has also submitted his resignation.

#### NEW GROUP CEO

At the end of 1998, Nolato's President and CEO Krister Jorlén retired, after 45 years with Nolato, including 31 as President.

Krister Jorlén can look back at a period when the Group made continuous strong progress, sometimes at a furious pace.

At the same time, Mr. Jorlén has

made sure that Nolato never lost its footing but has stuck to what it does best, always guided by down-to-earth, seemingly self-evident basic principles. We who now have the privilege of guiding Nolato into the new millennium thank Mr. Jorlén for his fine contributions throughout these years. To me, as his successor, it is a challenge to take over from this dynamic veteran executive. I therefore want to thank Mr. Jorlén for the exemplary way he has passed the baton to me.

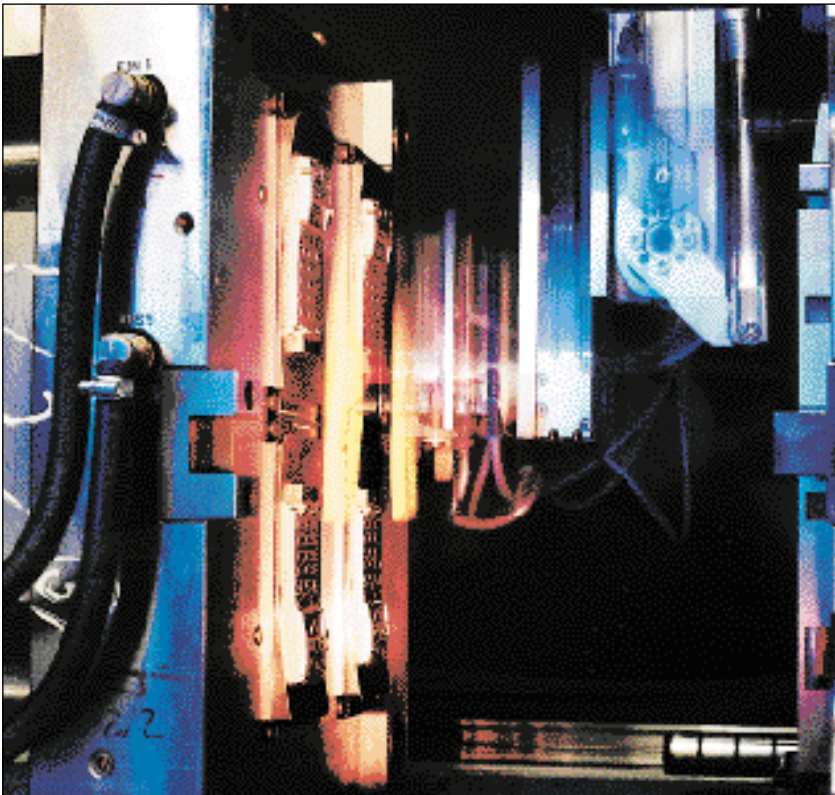
Krister Jorlén will continue to share his knowledge of Nolato's operations as an important Board member.

#### 1998 SALES AND EARNINGS

Income for the year is in line with the consolidation I mentioned in the introduction to this commentary. Following the large increase between 1996 and 1997, earnings for the year remained at the same level as in the previous year.

Sales rose by 21 percent, an increase that occurred mostly in the Mobile Communication business area. Due to productivity-raising measures, this business area still has available capacity, resulting from its 1997 and 1998 capital expenditures on automation technology and increased capacity.

A review of the organization in this business area began early in 1999.



Advanced injection moulding of mobile telephone fronts.

This review is expected to result in further reductions in the number of employees in Kristianstad, in accordance with the advance notice issued late in 1998.

#### NOLATO SHARE DATA

Nolato's share price fluctuated sharply during 1998. On three occasions, the price hovered around SEK 120 (adjusted for the May stock dividend, when shareholders received one new share for each old one). At other times, the price was significantly lower. The lowest price of the year was recorded during the general decline early in the autumn, when it fell by nearly half compared to the level in early July.

In part, the decline in Nolato's share price can be viewed as a correction of the very sharp increase that occurred when the company bought

Ericsson's plastics plant in Kristianstad in 1997. In that year, Nolato's shares were among the fastest-rising issues on the Stockholm Stock Exchange.

#### DEVELOPMENTS DURING 1999

As discussed in a separate article on pages 18–19, mobile telephony and other products in the telecom sector have become increasingly important to Nolato. Of our sales, about 60 per cent are directly related to the telecom and mobile telephony industries. For example, we have three of the world's five largest mobile telephony companies as our customers: Ericsson, Nokia and Siemens. We are also suppliers and partners to several of the largest systems suppliers, such as Allgon, Flextronics and Salcomp.

This means that we support our customers in their effort to reduce

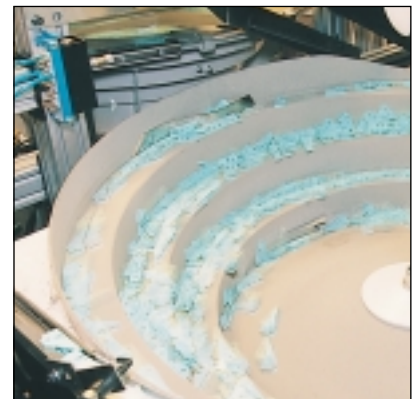
time-to-market, the period between the day a product begins development until it is available in the market. We do this by means of greater developmental resources and more cost-effective production, thereby benefiting the entire Group and making us more competitive.

#### FORECAST FOR 1999

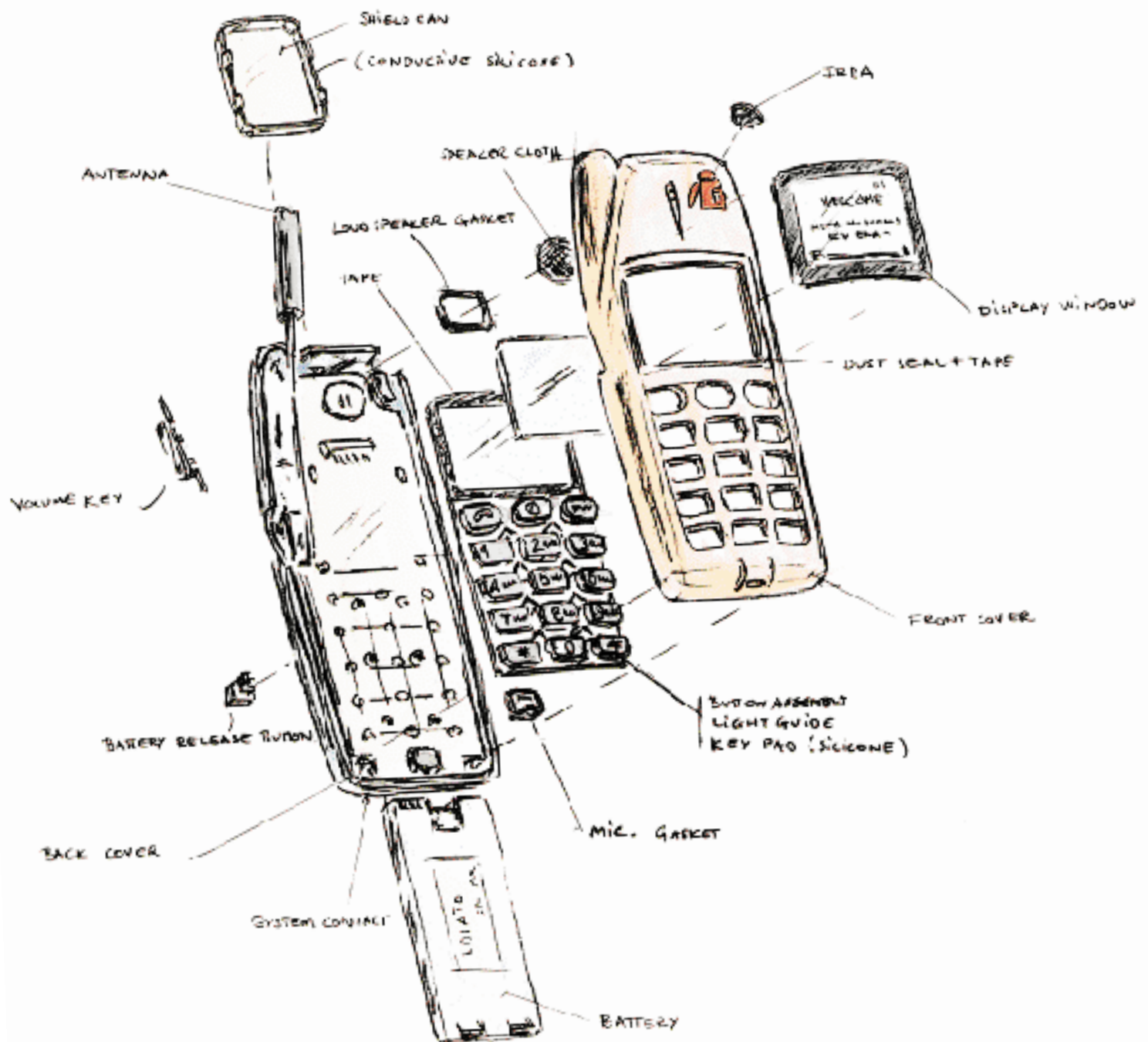
The accelerating pace of change among our customers and our connection to their successes are generating larger fluctuations in our earnings from quarter to quarter, while the underlying trend remains consistently positive.

We estimate that net income for the first quarter of 1999 will exceed income for the corresponding period in 1998 (SEK 18 M) and should double to about SEK 35 M. This improvement during the first quarter should thus lead to improved income for the first six months compared to 1998. Due to a changed product mix, earnings for the second half of 1999 are expected to be lower than for the corresponding period during 1998. Earnings for the full year 1999 are expected to be somewhat better than for 1998. ■

*Torekov, Sweden, March 1999  
Tomas Sjölin, President and CEO*



Assembly of circuit board levers.



As systems suppliers to the mobile telephone industry, we can offer our customers total plastic and rubber component solutions. They are delivered fully assembled – just-in-time – to our customers' final assembly plants.



# INDUSTRIAL COMPONENTS

## *Business Area*

*The Industrial Components business area consists of five companies working with the development, manufacture and assembly of plastic and rubber components, principally for export-oriented industrial enterprises.*

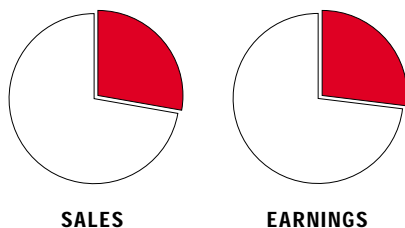
*The business area includes Nolato Alpha in Kristianstad, Nolato Plastteknik in Gothenburg, Nolato Polymer in Torekov, Nolato STG in Lönsboda and Nolato Termoform in Ängelholm.*

*In 1998 these companies, with 482 employees altogether, reported total sales of SEK 524 M.*



We develop and manufacture plastic components for Electrolux vacuum cleaners, such as the new Oxygen.

The business area's share of Group sales and earnings 1998



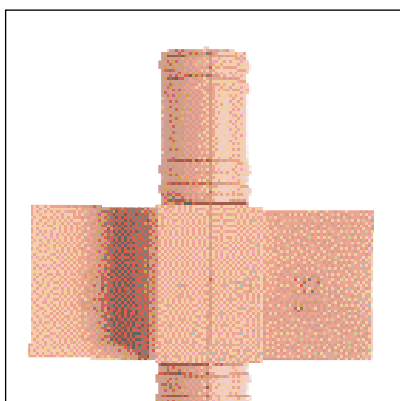
The companies in this business area develop and manufacture components made of plastic, thermoplastic elastomer (TPE) and rubber for such products as vacuum cleaners (Electrolux), microwave ovens (Whirlpool), power saws (Husqvarna), bathroom fixtures (Ifö), telephones (Flextronics/Ericsson), fireproof conduit entries (Lycab), refrigerator fittings (Electrolux) and antennas (Allgon).

### **NOLATO ALPHA AB**

The company had its first full year of operations in 1998 following the formation of Nolato Kristianstad, i.e. the former Ericsson's plastics plant in Kristianstad.

The company develops and injection-moulds plastic products for companies in the telecommunications and electronics industries. Its customers include FCI/Bergs, Ericsson,

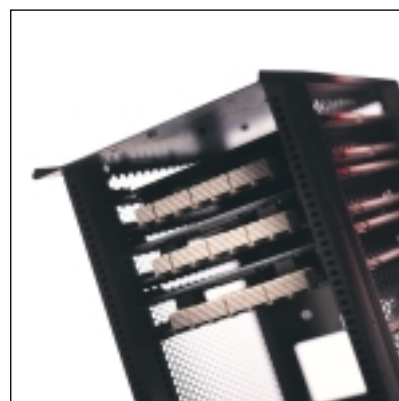




Fire-proof cable entry for Lycab.



Toilet flushing mechanism for Ifö.



Circuit board subrack for Ericsson's AXE.

Segerström & Svensson, Nokia, Flextronics and Chattham.

Company sales in 1998 were SEK 197 M (249). There were 171 employees (175). A review of the organization was conducted during 1998. Due to a changed product mix, higher productivity and lower volume, 60 people received notices of termination at the end of 1998.

#### **NOLATO PLASTTEKNIK AB**

Nolato Plastteknik manufactures and assembles plastic components for industry. Its customers include companies such as Swedish Match, Ifö, Electrolux, Ericsson Microwave, Hydro Raufoss, Saab and Flexlink.

In 1998, the company reported sales of SEK 127 M (118). It had 126 employees (127).

#### **NOLATO POLYMER AB**

Nolato Polymer develops and manufactures rubber components for industrial enterprises. Its customers include Whirlpool, Lycab, Lindab, Electrolux and Husqvarna.

During 1998, the company implemented several measures that further strengthened its competitiveness. It was also a year when the company focused strongly on a small number of key customers that account for a large percentage of sales.

In 1998, the company reported sales of SEK 112 M (102). It had 96 employees (97).

#### **NOLATO STG AB**

Nolato STG manufactures surface-sensitive and automatically post-processed thermoplastic products, such as telephone casings and vacuum cleaners. Its customers include companies such as Flextronics, Electrolux, Whirlpool, Ericsson and Ifö.

In 1998, the company reported sales of SEK 66 M (50). It had 55 employees (47).

#### **NOLATO TERMOFORM AB**

Nolato Termoform develops and manufactures injection-moulded plastic products for industrial enterprises. Metal casting is a specialty area. Its customers include such companies as Allgon, Electrolux, Ifö and Hemocue.

In 1998, the company reported sales of SEK 40 M (28). It had 34 employees (29).

#### **DEVELOPMENT WORK**

In 1998, for the first time the companies in the business area introduced a structured system of collaboration in dealing with customers. The goal is to land contracts for major projects undertaken by such strategic customers as Electrolux, Ericsson, Whirlpool and Sanitec.

As a result of this development work, we will be included at a much earlier stage in our customers' major projects and will also support our customers in their international operations.

One consequence of this will be that over the next few years, we will probably also be establishing manufacturing units outside Sweden. ■

#### **BUSINESS AREA EARNINGS ETC.**

	1998	1997 <sup>*)</sup>
Sales outside the Nolato Group	SEK 524 M	SEK 527 M
Income after financial items	SEK 51 M	SEK 53 M
Capital expenditures	SEK 32 M	SEK 41 M
Return on capital employed before tax	25%	26%
Number of employees	482	475

<sup>\*)</sup> See Note 2 on page 27 for comments on comparative figures for 1997.

# MOBILE COMMUNICATION

## *Business Area*

*The Mobile Communication business area consists of four companies involved in the development, manufacture and assembly of plastic and silicon rubber components, mainly for the mobile telephone industry.*

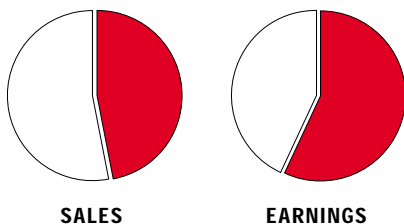
*The business area includes Nolato Mobile in Kristianstad, Nolato Gejde in Lomma, Nolato Silikonteknik in Hallsberg and Nolato Texas in Fort Worth, Texas, U.S.A.*

*In 1998 these companies reported sales of SEK 878 M and employed 875 people.*



We have developed and manufacture complete fronts for mobile phones, such as Ericsson T28.

The business area's share of Group sales and earnings 1998



Companies in the business area develop, manufacture and assemble plastic components and shielding systems for mobile telephony. Its customers include such global leaders in mobile telephone manufacture as Ericsson, Nokia and Siemens and such systems suppliers as Allgon and Salcomp.

### **NOLATO MOBILE AB**

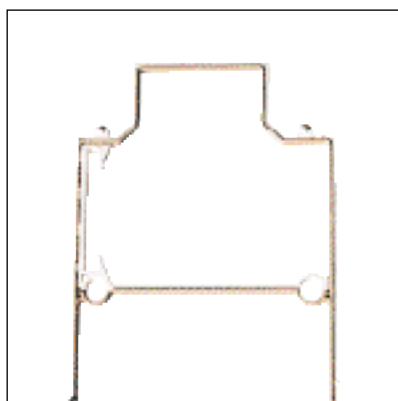
This company, which has factories in

Kristianstad and Norrköping, focuses on developing, manufacturing and assembling high-quality plastic components for the global mobile telecommunications industry. The main product is complete mobile telephone front covers, which are delivered directly to the customer's assembly plants.

During 1998, the company's first full year of operations as a separate



Complete fronts for the Ericsson SH888.



Shielded gasket for the Siemens S10.



Shielded gasket for the Nokia 5110.

entity, work focused on changing the company from a unit of Ericsson to an independent enterprise. Sales rose by 26 percent to SEK 549 M (434), but there is still excess capacity, resulting from the capital expenditures that were made during 1997. These investments also increased productivity, and for this reason the work force has been reduced. During 1998, the company had an average of 655 employees (664). As of April 1999 the company has 535 employees.

#### **NOLATO GEJDE AB**

This company mainly produces plastic components for industrial use, such as for mobile telephones, but it also manufactures medical technology components that meet high sanitary standards. Sales in 1998 were SEK 108 M (76), an increase of 42 percent compared to the previous year. Most of the increase came from customers in the mobile telephony sector. The number of employees was 78 (69).

#### **NOLATO SILIKONTEKNIK AB**

This company develops and manufactures silicon rubber components. It specializes primarily in shielding systems for mobile telephones.

Operations grew sharply during 1998, mostly due to large orders from Nokia. Sales increased by almost 500

percent to SEK 260 M (53). The number of employees increased as well, from 79 to 141.

#### **NOLATO TEXAS INC.**

Nolato Texas is a new company that will be developing, manufacturing and assembling plastic and silicon rubber components, mainly for the mobile telephone industry. Its goal is to be one of the leading U.S. suppliers of high quality plastic components for the mobile telephone industry.

Operations started during the autumn of 1998 with the recruitment of personnel and construction of a new factory. The manufacture of shielded frames for Nokia started in February 1999 and the company will start production of antennas for mobile telephones during the spring for Allgon.

Sales in 1999 are projected at about

SEK 60 M and the company will have 30 employees.

#### **DEVELOPMENT WORK**

Mobile telephony is a rapidly expanding sector, with very short product cycles. This places special demands on our expertise in design and development work as well as in production. To a growing extent, we are becoming involved at an early stage of our customers' projects and accepting extensive responsibility for entire systems, not just individual components.

Today we are well established among such world market leaders as Ericsson and Nokia. Meanwhile we are activating our contacts with other leading manufacturers. Because our strategy calls for us to accompany our customers globally, we intend to continue the internationalization of the business area's operations. ■

#### **BUSINESS AREA EARNINGS ETC.**

	1998	1997 <sup>*)</sup>
Sales outside the Nolato Group	SEK 878 M	SEK 556 M
Income after financial items	SEK 110 M	SEK 81 M
Capital expenditures	SEK 100 M	SEK 184 M
Return on capital employed before tax	33%	31%
Number of employees	875	812

<sup>\*)</sup> See Note 2 on page 27 for comments on comparative figures for 1997.



# AUTOMOTIVE COMPONENTS

## *Business Area*

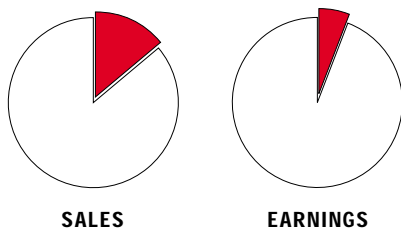
*The Automotive Components business area consists of three companies that work with the development, manufacture and assembly of plastic and rubber components, mainly for the European vehicle industry.*

*The business area includes Nolato Sunnex in Sunne, Nolato Lövepac in Skånes Fagerhult, and Nolato Autec in Kristianstad. In 1998, the companies in the business area reported sales of SEK 266 M and employed 262 people.*



Battery cover, starter box and connection box for the new Volvo S80.

The business area's share of Group sales and earnings 1998



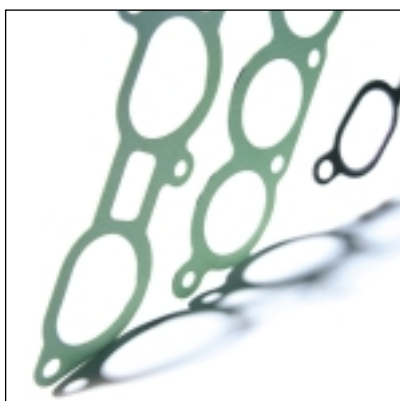
Companies in this business area develop, manufacture and assemble plastic and rubber components for the vehicle industry in Sweden and elsewhere in Europe.

Its customers include such companies as Volvo Cars, Volvo Trucks, Saab, Opel, Mercedes, Nedcar, Renault and their strategic systems suppliers.

### **NOLATO SUNNEX AB**

Nolato Sunnex manufactures rubber parts for the automotive and engineering industries. Its specialties include manufacturing parts containing material combinations such as rubber/metal and rubber/plastic. Major customers, in addition to Volvo and Saab, include Husqvarna, Electrolux and AlfaLaval.

In 1998, the company reported



Engine gaskets for the Volvo S80.



Vibration isolators for the Volvo S80 radiator.



Completely leak-proof fuel hose for Saab.

sales of SEK 115 M (115). It had 145 employees (135).

One reason for the company's unchanged sales is that the launch of new car models, including the Volvo S80, occurred later than expected. Now that these models are available in the market, sales and income will be affected in a positive direction.

#### **NOLATO LÖVEPAC AB**

Nolato Lövepac AB is Scandinavia's leading manufacturer of gaskets and components made from thin materials. Its customers include Volvo, Opel, Nedcar and Whirlpool. In 1998, the company reported sales of SEK 72 M (79) and had 43 employees (48).

During 1998, the company started a project with the goal of supplementing its current production with the manufacture of stamped components for the mobile telephone industry. It obtained a number of reference orders in collaboration with the Mobile Communication business area and expects production volume in this sector to increase sharply over the next few years.

#### **NOLATO AUTEC AB**

Nolato Autec focuses completely on being a systems supplier to the European vehicle industry. The company develops, manufactures and assembles

plastic components and electrical and air distribution subsystems. Its customers include Volvo Cars, Volvo Trucks, Mercedes and Autoliv.

Nolato Autec's first full year of operations as an independent company was dominated by the transition from being part of the Ericsson factory in Kristianstad to being an independent Nolato company in its own factory and with its own marketing. Sales in 1998 were SEK 87 M (68) and the number of employees 74 (62).

Taken as a whole, 1998 was a good year in the market, and the company is well equipped for 1999.

#### **DEVELOPMENT WORK**

The companies in this business area do not have the same close natural collaboration as do the companies in the Mobile Communication business

area. One of the three companies, Nolato Sunnex, has extensive operations outside the automotive industry as well, while Nolato Lövepac has begun a concerted effort to enlarge its customer base to include companies in the field of mobile telephony. In addition, companies outside the business area such as Nolato Plasttechnik have good contacts in the automotive industry. The only company whose operations focus entirely on the business area's actual customer category is Nolato Autec.

For this reason, a review of the business area's future direction has been started and will be presented to the Group's Board of Directors during the spring of 1999. ■

#### **BUSINESS AREA EARNINGS ETC.**

	1998	1997 <sup>*)</sup>
Sales outside the Nolato Group	SEK 266 M	SEK 256 M
Income after financial items	SEK 12 M	SEK 18 M
Capital expenditures	SEK 9 M	SEK 20 M
Return on capital employed before tax	11%	17%
Number of employees	262	245

<sup>\*)</sup> See Note 2 on page 27 for comments on comparative figures for 1997.

# BRANDED PRODUCTS

## *Business Area*

*The Branded Products business area consists of five companies that manufacture and market products developed in-house.*

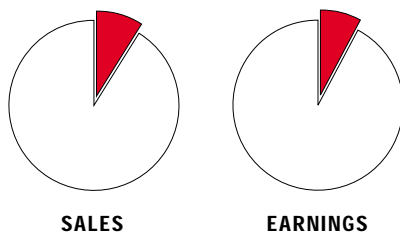
*The business area includes Nolato Elastoteknik in Åmål, Nolato Sunnex Equipment in Sunne, Sunnex Inc. in the U.S., Sunnex Equipement in France and Nolato VVS in Lönsboda.*

*In 1998, the companies in this business area reported sales of SEK 175 M and had 99 employees.*



Nolato Sunnex Equipment develops and markets machinery mounts, among other items.

The business area's share of Group sales and earnings 1998



The companies in the business area have as their common denominator that they market proprietary products.

### **NOLATO ELASTOTEKNIK AB**

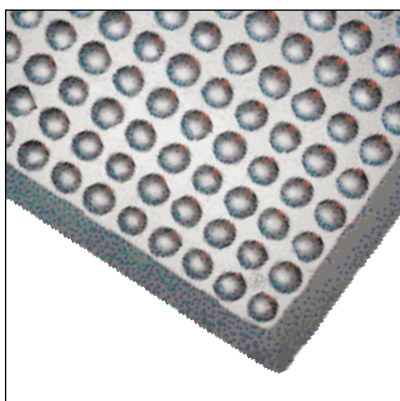
Nolato Elastoteknik AB is one of Europe's leading manufacturers of thermoplastic elastomer (TPE) materials, which are sold in granulated form under the Dryflex® label. The trade-

mark is registered throughout the European Union.

TPE is an elastic polymer material that combines the features of rubber with plastic's ease of handling. Unlike rubber, this material is recyclable.

Nolato Elastoteknik develops this material in close collaboration with its customers, which are plastic and rubber manufacturers in Europe. Its product line includes adhesive materials,





Ergonomic rubber workstation pad.



Workplace lighting for tough environments.



TPE in granulated form can replace rubber.

attenuating materials, medical applications, moulded technical items and applications for sports, households, vehicles, and toys. The company had 1998 sales of SEK 72 M (70) and 30 employees (27).

During 1998, capital expenditures continued in an effort to raise quality and productivity further. This included both new technical equipment and a large-scale expansion of the factory. Together with a strengthened organization, this means that the company is well equipped for the expansion that we foresee over the next few years.

#### **NOLATO SUNNEX EQUIPMENT AB**

Nolato Sunnex Equipment AB develops, assembles and markets machinery mounts ("feet" made of metal and rubber that support large machines) and workplace lighting for industry and other heavy-duty applications, under the Sunnex label.

The company has its own sales companies in France and the U.S., in addition to distributors worldwide. Manufacture is undertaken by sub-contractors, largely outside the Nolato Group.

The Nolato Sunnex group of companies reported 1998 sales of SEK 77 M (84) and had 59 employees (55). Lars-Arne Lundholm has assumed the position of President of the U.S. sub-

sidiary, succeeding Sven-Olof Emilson, who retired on December 31, 1998.

An aggressive investment program totaling SEK 30 M is being carried out during the period 1997-99. The goal is improved distribution channels, more effective agents and a new, broadened product line. In keeping with the accounting principles that the Nolato Group follows, costs for 1998 of SEK 10 M were expensed directly. This had an adverse short-term effect on earnings.

#### **NOLATO VVS AB**

Nolato VVS develops and markets indoor heating, plumbing and sanitation products for installation firms in the Nordic countries. Sales take place under the banner "Snyggt jobbat" (Neat job) and the trademarks Correc-

to (for bathroom equipment) and Flix (for drain traps).

Nolato VVS has shown positive growth since the company started operations in the fall of 1997.

In 1998, the company reported sales of SEK 26 M and had 10 employees. ■

#### **BUSINESS AREA EARNINGS ETC.**

	1998	1997 <sup>*)</sup>
Sales outside the Nolato Group	SEK 175 M	SEK 176 M
Income after financial items	SEK 16 M	SEK 25 M
Capital expenditures	SEK 26 M	SEK 9 M
Return on capital employed before tax	21%	39%
Number of employees	99	92

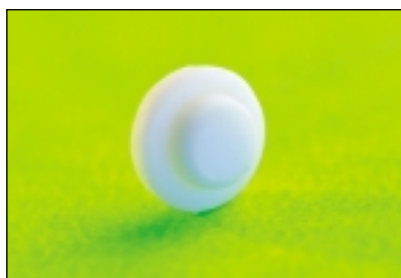
<sup>\*)</sup> See Note 2 on page 27 for comments on comparative figures for 1997.

# MEDICAL COMPONENTS

## Business Area

*The Medical Components business area consists of one company, Nolato Medical, which develops, manufactures and assembles rubber components for use in medical technology.*

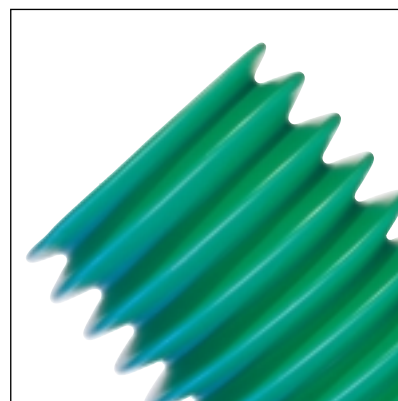
*In 1998, the company reported sales of SEK 40 m and had 53 employees.*



Penetration membrane.



Silicon parts for the pacemaker industry.



Respiration bellows.

### NOLATO MEDICAL AB

Nolato Medical develops and manufactures rubber components for medical technology applications. Manufacturing takes place in clean rooms in order to meet the stringent requirements that apply to components that will be surgically implanted in people, for example.

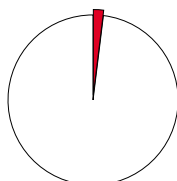
The company's customers include such companies as Ambu, Siemens Elema, Pacesetter, Astra, Maersk,

Dräger, Medtronic and Mölnlycke. Two thirds of sales occur outside Sweden.

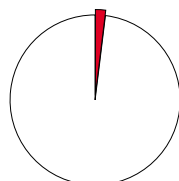
The company works closely with the Medical Division of Nolato Gejde, which manufactures medical technology components from plastics. Among other things, joint marketing activities have been carried out both in Europe and the U.S.

Nolato Medical, with 1998 sales of SEK 40 M, had 53 employees. ■

The business area's share of Group sales and earnings 1998



SALES



EARNINGS

### BUSINESS AREA EARNINGS ETC.

	1998	1997 <sup>*)</sup>
Sales outside the Nolato Group	SEK 40 M	SEK 31 M
Income after financial items	SEK 3 M	SEK 0 M
Capital expenditures	SEK 5 M	SEK 1 M
Return on capital employed before tax	25%	0%
Number of employees	53	35

<sup>\*)</sup> See Note 2 on page 27 for comments on comparative figures for 1997.

# Manufacturing for the mobile phone industry in the U.S. – a first step toward internationalization of the Group.

During the autumn of 1998, Nolato took its first genuine step toward internationalization by establishing manufacturing operations in the U.S. and forming Nolato Texas Inc.

In fact, the Group was already operating outside Sweden through Nolato Sunnex Equipement Sarl in southern France and Sunnex Inc. outside Boston on the U.S. East Coast. But these companies do not have their own manufacturing facilities. They are pure sales companies that are part of Nolato Sunnex Equipment.

So now that Nolato Texas is ramping up production early in 1999 as a manufacturer of plastic components for the mobile telephone industry, this marks a milestone in the Group's history.

## **ACCOMPANY AND SUPPORT CUSTOMERS**

To operate where its customers are located is a clearly enunciated strategy at Nolato. Tough competition demands that we be close to our customers' own manufacturing sites. Especially in the mobile telephony sector, where product lifecycles are extremely short, the effort to shorten lead-times (i.e. the period from design until the product is available in the market) is becoming more and more important.

In this situation it makes no difference to a U.S. manufacturer, for example, that a supplier of plastic components with a reputation for quality and speed is available in Sweden. Sim-



ply put, the distance is too great for collaboration to be considered. At least in the long run.

Because we want to be part of this market, we have no choice. We must accompany and support our customers.

When we started planning to establish manufacturing operations in the U.S., there were a number of possible sites. But considering the fact that there were customers that had expressed an explicit preference for a plant in the Dallas region, the final choice was rather easy to make.

Besides, the region is very hot, and not only due to its desert climate. It is also the center of a rapidly expanding telecom industry.

## **AMERICANS AND SWEDES**

Nolato Texas will be a Swedish-owned company operating on American terms. Torsten Nilson, a Swede with solid industrial experience in the U.S. and familiarity with American corpo-

rate culture, started as President of Nolato Texas in the autumn of 1998. Otherwise, the company will primarily have American employees. During the first few years, a few experienced employees from Nolato companies in Sweden will help build up operations.

## **RAPID GROWTH**

Nolato Texas is part of the Nolato Group's Mobile Communication business area. The only real difference between it and the other companies in the business area is that it is physically located on the other side of the globe – and that its product range will be a little more varied than that of Nolato's rather specialized Swedish companies. Other than that, the idea is that Nolato Texas will be structured just like any other Nolato company – but be American.

Annual sales are expected to reach about USD 25 to 35 million within three years. ■



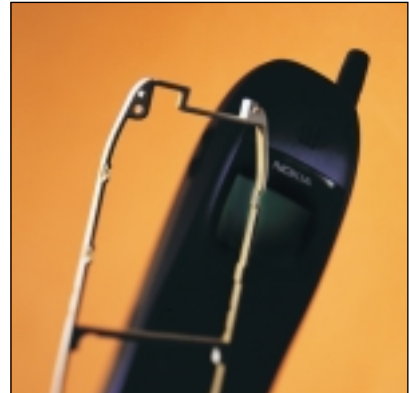
# Nolato has a broad, deep commitment to the telecom industry.



Complete fronts for the new Ericsson T28.



Complete fronts for Ericsson's new A1018.



Shielded gasket for the Nokia 6110.



Mobile telephone antennas for Allgon.



Levers for Ericsson's AXE exchanges.

Our society faces major changes. Some have likened it to a new revolution as all-encompassing as Sweden's industrialization one century ago. The information society has emerged. Such terms as Internet, digital TV and wireless communication are now a part of our everyday life.

This trend affects most markets, but is especially clear in the telecom sector. All these new inventions require an updated infrastructure, in which telephony in various forms may well be the most important element.

Technical developments are continuously creating new opportunities that must quickly be transformed into new products for an expanding market. This places tough demands on the companies that supply today's people with tomorrow's products. The life cycle of new projects is short indeed, and this means that the process from idea to market must be very fast. For some time, Nolato has delivered

parts and systems to the telecom sector, a commitment that has grown dramatically in recent years. With the acquisition of Ericsson's Kristianstad plant in 1997, we began a journey that now is moving along at high speed.

Today, about 60 percent of our sales are directly related to customers in the telecom sector. Nolato Mobile, Nolato Alpha, Nolato Gejde, Nolato Silikonteknik, Nolato Lövepac, Nolato STG, Nolato Termoform and Nolato Texas are good examples of companies that are involved in our contacts with telecom customers.

## **BROAD, DEEP COMMITMENT**

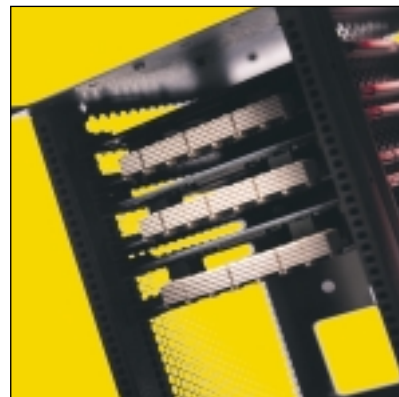
Today Nolato's commitment to the telecom industry is thus both broad and deep. We have customers in both fixed and mobile telephony – both large telecom companies and their suppliers. We have begun close collaboration with our customers. This means that we are no longer “merely”



Complete fronts for the Ericsson T18.



Housings etc. for Flextronics/Ericsson.



Circuit board subrack for Ericsson's AXE.

suppliers of individual plastic components, but are also close development partners and systems suppliers. We have been involved at a very early stage in several of the new mobile phones that Ericsson unveiled early in 1999 and that will be available in the market during the year, for example the T28, R380 and A1018.

#### OVERALL RESPONSIBILITY

The role of systems supplier can be described as taking responsibility for a whole unit consisting of several different components. We are now delivering complete, assembled fronts for mobile telephones to Ericsson's plants in Kumla and Linköping, ready to move "just-in-time" directly into their final assembly line.

Such a front may contain twenty different components, ranging from plastic components we manufacture ourselves to items we purchase from suppliers. Thanks to advanced

automation with vision technology, robots and computer controlled assembly lines, we are able to maintain the continuous high quality and low costs that our customers demand.

#### BROAD CUSTOMER BASE

Although Ericsson has become very important to us because of our purchase of operations in Kristianstad, we are continuously broadening our customer base. For example, we have large-scale orders from Nokia. We manufacture a unique shielded gasket for their mobile telephones, including the 5110 and 6110. This is a plastic frame fitted with electromagnetically shielded silicon rubber in a proprietary process. We have developed a similar solution for Siemens. We also manufacture antennas for Allgon and housings for the Finnish battery charger manufacturer Salcomp.

And so on.

We also supply Ericsson with con-

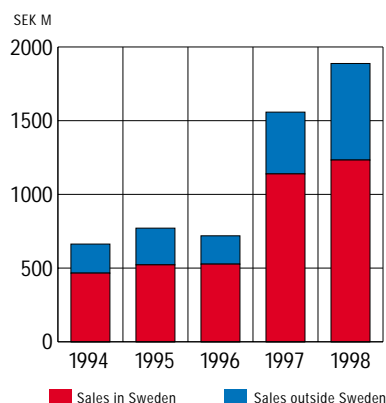
nectors and circuit board holders for the new AXE 10 exchange BYB 501, plastic components for DECT telephones and, as subcontractors to Flextronics, all plastic parts for Ericsson's Private Branch Exchange (PBX) systems telephones.

#### LIVING UP TO HIGH STANDARDS

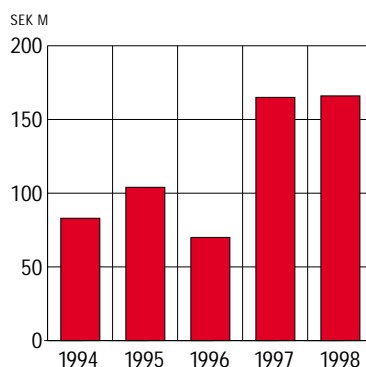
Rapid developments in the telecom field have caused us to change. As a supplier, we must live up to high standards of speed, flexibility and quality. In addition, our evolution toward being a supplier to the telecom and mobile telephony industries entails a purely geographic expansion. Our customers want their systems suppliers close to their own production and development facilities. This was the direct reason for establishing Noloto Texas and building a plant in Fort Worth during the autumn of 1998. An overseas manufacturing plant that is certain to be followed by others. ■

# NOLATO IN FIGURES

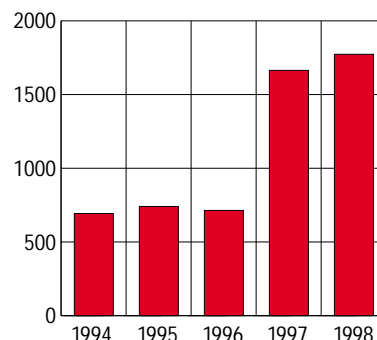
## SALES



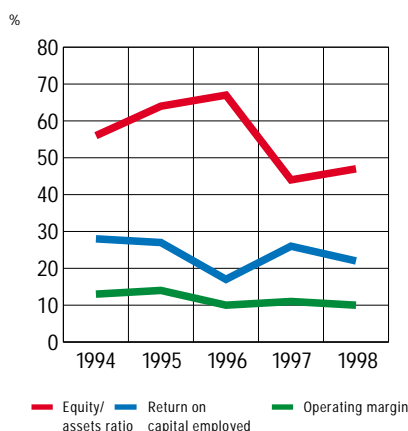
## EARNINGS



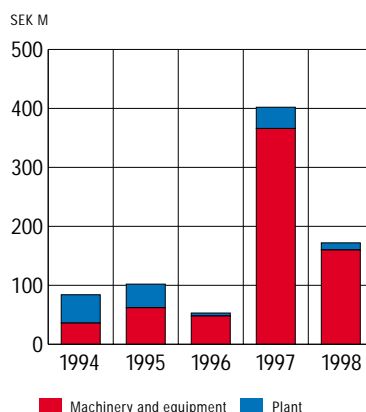
## NUMBER OF EMPLOYEES



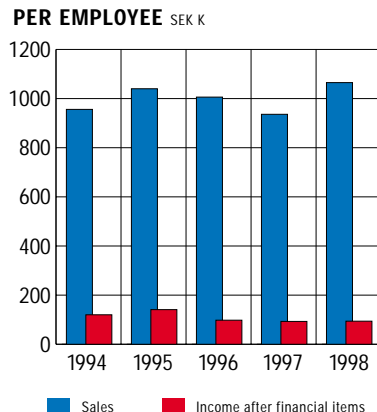
## KEY FINANCIAL RATIOS



## CAPITAL EXPENDITURE



## SALES AND EARNINGS PER EMPLOYEE



## NOLATO SHARE DATA

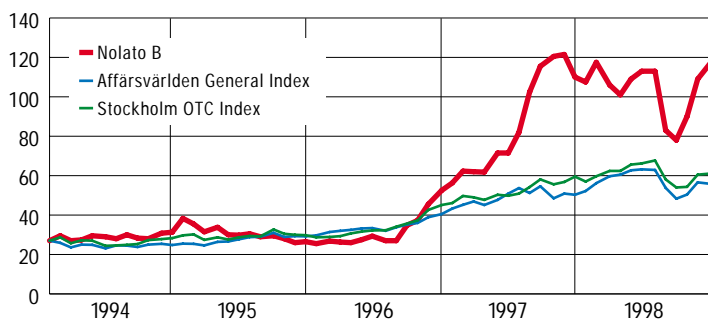
Nolato AB's Class B shares have been listed on the Stockholm Stock Exchange's OTC list since 1984. At the end of January 1999, the number of shareholders was 7,987. Managed funds and other institutional investors owned shares representing 33 percent of capital, while foreign investors accounted for 5 percent. The total number of shares is 18,791,006, of which 1,971,000 are Class A shares, with 10 votes each, and 16,820,006 are Class B shares, with one vote each. The Company's market capitalization was SEK 2,199 M on December 29, 1998.

Nolato AB's Extraordinary Meeting of Shareholders on December 17, 1997, approved an issue of convertible promissory notes to employees of the Nolato Group. The debenture loan totals approximately SEK 60 M, running from February 16, 1998, through February 14, 2003. The loan carries an annual interest rate corresponding to 12-month STIBOR minus 0.5 percentage points. The notes can be converted into series B shares from February 17, 2001, through January 31, 2003. The conversion price is SEK 169.50. Full conversion will add 354,000 shares to current shares on issues, diluting the number of shares by 1.85 percent and the number of votes by 0.96 percent.

## DIVIDEND POLICY

The Board's goal is to increase the dividend at the same pace as the Company's growth. For fiscal 1998, a dividend of SEK 1.80 (1.50) per share is proposed, corresponding to 29 percent (26) of earnings per share after full tax.

## SHARE PRICE, 1994-1998



## OWNERSHIP STRUCTURE on January 29, 1999

	Total shares	Class B shares	Class A shares	% of shares	% of votes
Jorlén family	3,005,300	2,169,800	835,500	16.0	28.8
Boström family	2,529,250	1,693,750	835,500	13.5	27.5
Nordbanken mutual funds	1,839,200	1,839,200	0	9.8	5.1
SEB mutual funds	836,500	836,500	0	4.5	2.3
National Pension Insurance	680,000	680,000	0	3.6	1.9
Skandia	563,800	563,800	0	3.0	1.5
Handelsbanken mutual funds	523,800	523,800	0	2.8	1.4
SEB pension fund	375,000	375,000	0	2.0	1.0
Carlson Small Cap funds	350,000	350,000	0	1.9	1.0
E&M Paulsson family & comp.	308,850	8,850	300,000	1.6	8.2
Sw. Build. Workers., pension fund	263,000	263,000	0	1.4	0.7
Robur mutual funds	200,000	200,000	0	1.1	0.5
Federated mutual funds	151,500	151,500	0	0.8	0.4
Others	7,164,806	7,164,806	0	38.0	19.7
	18,791,006	16,820,006	1,971,000	100.0	100.0



## FIVE-YEAR REVIEW

### GROUP FINANCIAL HIGHLIGHTS

(SEK M)	1998	1997	1996	1995	1994
<b>Sales and earnings</b>					
Sales	1,888	1,558	718	771	663
Proportion outside Sweden, %	35	27	27	32	30
Operating income before depreciation	317	265	122	153	130
Depreciation	- 137	- 90	- 50	- 46	- 45
Operating income	180	175	72	107	85
Net financial items	- 14	- 10	- 2	- 3	- 2
Income after financial items	166	165	70	104	83
Income after tax	118	110	47	72	54
<b>Financial position</b>					
Total assets	1,292	1,172	614	589	551
Shareholders' equity	603	513	412	379	311
Interest-bearing assets	16	12	65	37	41
Interest-bearing liabilities	248	256	40	45	72
Net liabilities	232	244	- 25	8	31
Equity/assets ratio <sup>1</sup> , %	47	44	67	64	56
Liquidity <sup>2</sup> , %	163	148	218	194	185
<b>Cash flow</b>					
Cash flow from ongoing operations	207	134	102	112	79
Investment activities	- 165	- 391	- 57	- 91	- 158
Cash flow after investment activities	42	- 257	45	21	- 79
<b>Profitability</b>					
Return on total assets before tax <sup>3</sup> , %	15	17 *	12	19	19
Return on capital employed before tax <sup>4</sup> , %	22	26 *	17	27	28
Return on shareholders' equity after tax <sup>5</sup> , %	21	24 *	12	21	20
Operating margin <sup>6</sup> , %	10	11	10	14	13
Interest coverage ratio <sup>7</sup> , times	12	15	17	19	13
<b>Personnel</b>					
Number of employees	1,778	1,664	714	741	693
Sales per employee, SEK K	1,062	936	1,006	1,040	956
Income per employee before tax, SEK K	93	99	98	141	120
<b>Per share data</b>					
<i>Adjusted for new issues</i>					
Earnings per share after full tax <sup>8</sup> , SEK	6.30	5.90	2.50	3.80	2.90
Earnings per share after full tax and conversion <sup>9</sup> , SEK	6.20	—	—	—	2.80
Shareholders' equity per share after full tax <sup>10</sup> , SEK	32	27	22	20	16
Share price at December 31, SEK	117	110	52	26	31
Price/earnings ratio <sup>11</sup> , times	19	19	21	7	11
Proposed dividend, SEK	1.80	1.50	0.75	0.75	0.60
Return <sup>12</sup> , %	1.5	1.4	1.4	2.8	2.0
Dividend as a percentage of earnings per share	29	26	30	20	22

### DEFINITIONS

- Shareholders' equity as a percentage of total assets in the balance sheet.
- Total current assets divided by total current liabilities.
- Income after financial items, plus financial expense, as a percentage of average total capital in the balance sheet.
- Income after financial items, plus financial expense, as a percentage of average capital employed. Capital employed consists of total assets less non-interest-bearing liabilities and provisions.
- Income after tax as a percentage of average shareholders' equity.
- Operating income after depreciation, as a percentage of sales.
- Income after financial items, plus financial expense, divided by financial expense.

- Income after tax divided by the number of shares.
- Income after tax divided by the number of shares after full conversion.
- Reported shareholders' equity divided by the number of shares after full conversion.
- Quoted share price at December 31 divided by earnings per share after full tax and full conversion.
- Dividend for the year divided by the share price quoted at December 31 of that year.

\* Calculated for 1997 as if the Kristianstad operations had been acquired at December 31, 1996.

# REPORT OF THE DIRECTORS

## OPERATIONS IN BRIEF

Nolato is an OTC-listed group with subsidiaries that are principally suppliers of plastic and rubber components. The operating group consisted of 18 companies organized into the following business areas: Industrial Components, Mobile Communication, Automotive Components, Medical Components and Branded Products.

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On January 1, 1998, the organization of Nolato changed due to a restructuring of the Group's business areas. The purpose of this is to lead to a more pronounced market orientation and even closer cooperation between companies targeting the same customer groups. The new business areas are listed above.

Since January 1, 1998, the operations in Kristianstad that were acquired in 1997 have been divided up and operate through the independent companies Nolato Mobile AB, Nolato Alpha AB and Nolato Autec AB.

In August 1998, the Board of Directors authorized the establishment of a new plant in Fort Worth, Texas. The plant, which is part of the internationalization of the Mobile Communications business area, is going according to plan. Manufacturing begins during the first quarter of 1999.

## SIGNIFICANT EVENTS

### AFTER THE END OF THE FINANCIAL YEAR

Effective January 1, Tomas Sjölin was appointed President and CEO. He succeeds Krister Jorlén, who retired after 31 years as President and CEO of the Nolato Group.

## FUTURE DEVELOPMENTS

We estimate that net income for the first quarter of 1999 will clearly exceed the earnings for the corresponding period in 1998 (SEK 18 M) and should double to about SEK 35 M. This improvement during the first quarter should thus lead to higher earnings for the first six months compared to 1998. Due to a changed product mix, earnings for the second half of 1999 are expected to be lower than for the corresponding period during 1998. Earnings for the full year 1999 are expected to be somewhat better than for 1998.

## RESEARCH AND DEVELOPMENT

The Group's research and development expenses equaled approximately 10 (9) percent of net sales. These costs are almost entirely made up of development expenses in conjunction with project and product development undertaken in partnership with Group customers. They include development of tools, materials, designs and technology.

## PROPOSED TREATMENT OF UNAPPROPRIATED EARNINGS

The earnings at the disposal of the Annual General Meeting are as follows.

(SEK M)

Retained earnings	127.3
Earnings for the year	34.2
	161.5

The Board of Directors proposes that these earnings be distributed as follows:

Dividend of SEK 1.80 per share to shareholders	33.8
To be carried forward	127.7
	161.5

## THE GROUP

According to the consolidated balance sheet, non-restricted equity totals SEK 319.8 M. The sum of SEK 1.2 M is to be allocated to restricted equity.

# INCOME STATEMENTS

(SEK M)	Group		Parent Company	
	1998	1997	1998	1997
Net sales (Note 2)	<b>1,888.0</b>	1,558.0	<b>7.3</b>	5.1
Costs of goods and services sold	<b>- 1,492.6</b>	- 1,201.3	<b>—</b>	- 0.4
<b>Gross income</b>	<b>395.4</b>	356.7	<b>7.3</b>	4.7
Sales expenses	<b>- 61.1</b>	- 57.8	<b>—</b>	—
Administration expenses	<b>- 148.2</b>	- 121.9	<b>- 18.0</b>	- 14.9
Items affecting comparability (Note 5)	<b>—</b>	4.5	<b>—</b>	5.3
Other operating expenses	<b>- 6.1</b>	- 6.5	<b>—</b>	—
	<b>- 215.4</b>	- 181.7	<b>- 18.0</b>	- 9.6
<b>Operating income</b>	<b>180.0</b>	175.0	<b>- 10.7</b>	- 4.9
Financial items				
Dividends from subsidiaries	<b>—</b>	—	<b>41.9</b>	37.0
Interest revenue and similar income items	<b>0.7</b>	1.7	<b>15.6</b>	10.4
Interest expense and similar expense items	<b>- 14.6</b>	- 11.7	<b>- 15.2</b>	- 10.5
	<b>- 13.9</b>	- 10.0	<b>42.3</b>	36.9
<b>Income after financial items</b>	<b>166.1</b>	165.0	<b>31.6</b>	32.0
Appropriations (Note 7)	<b>—</b>	—	<b>0.4</b>	8.3
Tax on earnings for the year (Note 8)	<b>- 48.2</b>	- 54.7	<b>2.2</b>	- 1.4
<b>Earnings for the year</b>	<b>117.9</b>	110.3	<b>34.2</b>	38.9

## BALANCE SHEETS

ASSETS (SEK M)	1998	Group 1997	1998	Parent Company 1997
<b>Fixed assets</b>				
<b>Intangible fixed assets</b> (Note 9)				
Expenses brought forward	3.8	—	1.3	—
Leaseholds and similar rights	0.2	0.2	—	—
Goodwill	20.3	26.4	—	—
	<u>24.3</u>	<u>26.6</u>	<u>1.3</u>	<u>—</u>
<b>Tangible fixed assets</b> (Note 10)				
Buildings and land	175.2	179.5	—	—
Machinery and other technical facilities	449.8	434.6	—	—
Equipment, tools, fixtures and fittings	42.5	38.1	0.5	0.5
Construction in progress and advances on tangible fixed assets	18.3	1.7	—	—
	<u>685.8</u>	<u>653.9</u>	<u>0.5</u>	<u>0.5</u>
<b>Financial fixed assets</b>				
Shares in Group companies (Note 11)	—	—	215.6	215.6
Receivables from Group companies	—	—	10.0	112.3
Holdings in associated companies (Notes 12)	0.4	0.4	—	—
Other long-term receivables	0.1	0.1	—	—
	<u>0.5</u>	<u>0.5</u>	<u>225.6</u>	<u>327.9</u>
<b>Total fixed assets</b>	<b>710.6</b>	681.0	<b>227.4</b>	328.4
<b>Current assets</b>				
<b>Inventory etc.</b>				
Raw materials and supplies	82.0	73.0	—	—
Products in process	19.1	25.7	—	—
Finished goods and goods for resale	46.4	54.4	—	—
Work in progress on subcontract	52.9	34.4	—	—
Advances to suppliers	1.1	3.3	—	—
	<u>201.5</u>	<u>190.8</u>	<u>—</u>	<u>—</u>
<b>Current receivables</b>				
Receivable from Group companies	332.9	270.5	—	—
Accounts receivable	—	—	323.7	215.5
Other receivables	15.7	3.1	—	0.4
Prepayments and accrued income	14.1	13.4	1.5	1.6
	<u>362.7</u>	<u>287.0</u>	<u>325.2</u>	<u>217.5</u>
<b>Short-term investments</b>	—	1.0	—	1.0
<b>Cash and bank balances</b>	16.7	12.1	9.9	0.2
<b>Total current assets</b>	<b>580.9</b>	490.9	<b>335.1</b>	218.7
<b>Total assets</b>	<b>1,291.5</b>	1,171.9	<b>562.5</b>	547.1



## BALANCE SHEETS

SHAREHOLDERS' EQUITY AND LIABILITIES (SEK M)	1998	Group 1997	1998	Parent Company 1997
<b>Shareholders' equity</b> (Notes 13, 14)				
<b>Restricted equity</b>				
Share capital (18,791,006 shares with a par value of SEK 5 each)	94.0	47.0	94.0	47.0
Restricted reserves/Statutory reserve	189.7	222.8	19.3	66.3
	<u>283.7</u>	<u>269.8</u>	<u>113.3</u>	<u>113.3</u>
<b>Non-restricted equity</b>				
Earnings brought forward	201.9	132.9	127.3	109.9
Earnings for the year	117.9	110.3	34.2	38.9
	<u>319.8</u>	<u>243.2</u>	<u>161.5</u>	<u>148.8</u>
<b>Total shareholders' equity</b>	<b>603.5</b>	513.0	<b>274.8</b>	262.1
<b>Untaxed reserves</b> (Note 15)	—	—	4.3	4.7
<b>Provisions</b>				
Provisions for pensions	28.0	25.7	—	—
Provisions for taxes (Note 16)	95.9	84.4	—	—
<b>Total provisions</b>	<b>123.9</b>	110.1	—	—
<b>Long-term liabilities</b>				
Convertible loan (Note 17)	50.0	—	60.0	—
Overdraft facilities utilized (Note 18)	58.8	107.6	58.7	107.6
Long-term liabilities to financial institutions	97.5	110.3	97.5	110.0
Long-term liabilities to Group companies	—	—	0.1	0.1
Other long-term liabilities	1.1	1.2	—	—
<b>Total long-term liabilities</b>	<b>207.4</b>	219.1	<b>216.3</b>	217.7
<b>Current liabilities</b>				
Current liabilities to financial institutions	12.5	12.6	12.5	12.5
Advances from customers	1.4	1.5	—	—
Accounts payable	159.1	147.8	2.1	1.3
Liabilities to Group companies	—	—	42.8	43.2
Tax liabilities	9.4	7.4	0.4	0.6
Other current liabilities	31.5	40.7	2.0	0.2
Accrued expenses and prepayments (Note 19)	142.8	119.7	7.3	4.8
<b>Total short-term liabilities</b>	<b>356.7</b>	329.7	<b>67.1</b>	62.6
<b>Total shareholders' equity and liabilities</b>	<b>1,291.5</b>	1,171.9	<b>562.5</b>	547.1
<b>Collateral pledged</b> (Note 20)	5.7	5.5	—	—
<b>Contingent liabilities</b> (Note 21)	2.9	1.4	27.7	25.4

# STATEMENTS OF CHANGES IN FINANCIAL POSITION

(SEK M)	1998	Group 1997	1998	Parent Company 1997
<b>Operations</b>				
Operating income/loss	180.0	175.0	- 10.7	- 4.9
Adjustments for items not affecting cash flow				
Depreciation	137.2	90.3	0.3	0.6
Capital gains	- 0.5	- 4.6	- 0.5	- 5.3
	<u>316.7</u>	<u>260.7</u>	<u>- 10.9</u>	<u>- 9.6</u>
Dividends from subsidiaries	—	—	41.9	37.0
Interest received	0.7	1.7	15.6	10.4
Interest paid	- 12.4	- 13.5	- 13.0	- 10.7
Income tax paid	- 34.7	- 18.8	- 0.5	2.3
<b>Cash flow from operations</b>				
<b>before changes in working capital</b>	<b>270.3</b>	<b>230.1</b>	<b>33.1</b>	<b>29.4</b>
<b>Changes in working capital</b>				
Increase in inventory	- 10.7	- 122.2	—	—
Increase in accounts receivable	- 62.4	- 182.0	—	—
Increase in accounts payable	11.3	99.9	0.8	—
Other changes in working capital	- 1.6	107.8	- 11.4	5.5
<b>Cash flow from operations</b>	<b>206.9</b>	<b>133.6</b>	<b>22.5</b>	<b>34.9</b>
<b>Investment activities</b>				
Acquisition of intangible fixed assets	- 3.8	- 0.5	- 1.3	—
Acquisition of tangible fixed assets	- 168.3	- 402.2	- 0.3	- 0.1
Acquisition of financial fixed assets	—	—	—	- 20.0
Sale of tangible fixed assets	6.7	12.0	—	20.0
<b>Cash flow from investment activities</b>	<b>- 165.4</b>	<b>- 390.7</b>	<b>- 1.6</b>	<b>- 0.1</b>
<b>Cash flow before financing activities</b>	<b>41.5</b>	<b>- 257.1</b>	<b>20.9</b>	<b>34.8</b>
<b>Financing activities</b>				
Loans raised	50.0	205.9	60.0	217.6
Payments of loan principal	- 61.7	—	- 61.4	—
Changes in other long-term liabilities and provisions	2.2	8.1	—	- 9.7
Changes in receivables from Group companies	—	—	9.2	- 289.5
Dividends paid	- 28.2	- 14.1	- 28.2	- 14.1
Net Group contributions received	—	—	9.2	3.5
<b>Cash flow from financing activities</b>	<b>- 37.7</b>	<b>199.9</b>	<b>- 11.2</b>	<b>- 92.2</b>
<b>Other changes</b>				
Translation differences	0.8	1.1	—	—
Other changes, shareholders' equity	—	3.3	—	—
<b>Increase/decrease in liquid funds</b>	<b>4.6</b>	<b>- 52.8</b>	<b>9.7</b>	<b>- 57.4</b>
<b>Liquid funds at January 1</b>	<b>12.1</b>	<b>64.9</b>	<b>0.2</b>	<b>57.6</b>
<b>Liquid funds at December 31</b>	<b>16.7</b>	<b>12.1</b>	<b>9.9</b>	<b>0.2</b>

### Note 1. ACCOUNTING AND VALUATION PRINCIPLES

The accounting and valuation principles used in this report conform to the Swedish Annual Accounts Act as well as recommendations and opinions issued by the Swedish Financial Accounting Standards Council, the Swedish Accounting Standards Board, and the Swedish Institute of Authorized Public Accountants (FAR).

### CONSOLIDATED ACCOUNTS

The consolidated financial statements have been drawn up in compliance with the recommendation of the Swedish Financial Accounting Standards Council regarding consolidated financial statements and using the acquisition method.

The accounts of subsidiaries outside Sweden are translated into Swedish kronor employing the current method. This means that all items in the balance sheet are translated using the rate prevailing on the closing date, while the average rate for the year is applied for all items in the income statement. Any resulting translation differences in the shareholders' equity of subsidiaries are not reported in the income statement but directly affect the Group's non-restricted equity.

### DEPRECIATION

Depreciation has been calculated on the basis of original acquisition value and applied on a straight-line basis throughout the technical and economic life of the assets.

Goodwill	10 years
Buildings	25 years
Land improvements	20–27 years
Machinery and other technical facilities	3–10 years
Equipment, tools, fixtures and fittings	3–10 years

Extensive 1997 and 1998 capital expenditures (roughly SEK 140 M) on automatic equipment for the manufacture of mobile telephone cases is being depreciated at 33 percent annually.

### INTANGIBLE AND TANGIBLE FIXED ASSETS

Fixed assets are reported at acquisition value less accumulated depreciation. Goodwill relating to acquired subsidiaries is reported as a fixed asset and is written off over its expected economic life. Goodwill acquired to date is estimated to have an economic life of 10 years.

### INVENTORY

Inventory is valued at acquisition value or actual value, whichever is lower. The Company applies the FIFO (first in, first out) principle.

### RECEIVABLES AND LIABILITIES IN FOREIGN CURRENCIES

Receivables and liabilities in foreign currencies are appraised and reported at rates prevailing on the closing date. Earnings and losses on operating receivables and liabilities are reported as revenue or charged to earnings, respectively.

### UNTAXED RESERVES

The proportion of untaxed reserves attributable to shareholders' equity equals 72 percent of restricted reserves. The proportion of untaxed reserves attributable to tax is reported under provisions as deferred provisions for tax at a rate of 28 percent.

### Note 2. DISTRIBUTION OF NET SALES AND INCOME AFTER FINANCIAL ITEMS

Net sales and income after financial items were distributed among business areas as follows.

(SEK M)	Net sales		Income after financial items.	
	1998	1997	1998	1997
Industrial Components	524.3	527.4	50.8	52.6
Mobile Communication	878.5	555.8	110.1	81.4
Automotive Components	266.1	255.5	12.3	18.1
Medical Components	39.6	31.3	2.8	– 0.3
Branded Products	175.2	175.6	16.1	24.8
Intra-Group adjustments and Parent Company	4.3	12.4	– 26.0	– 11.6
Total	1,888.0	1,558.0	166.1	65.0

In the 1997 Annual Report, this note provided information regarding the previous organizational structure of the Nolato Group's business areas. Information was provided elsewhere regarding a pro forma statement for 1997 for the new business area organization that went into effect of January 1, 1998. The comparative figures for 1997 (pro forma) have been changed in the 1998 Annual Report, compared to the previously stated figures for 1997, due to a change in accounting principles regarding the division of the acquired operations in Kristianstad, which were restructured into three companies as of January 1, 1998. The changed accounting principle provides a better comparison to the final organization and to the outcome for 1998.

Net sales were distributed among geographic markets as follows:

(SEK M)	Net sales	
	1998	1997
Nordic region	1,390.6	1,224.6
Europe excl. Nordic region	318.0	241.2
North America	116.9	75.8
Other markets	62.5	16.4
Total	1,888.0	1,558.0

## NOTES

### Note 3. AVERAGE NUMBER OF EMPLOYEES

Name	1998		1997	
	Number of employees	Of whom men	Number of employees	Of whom men
<b>Parent Company</b>				
Nolato AB, Torekov	7	100%	5	100%
<b>Subsidiaries</b>				
Nolato Polymer AB, Torekov	96	78%	97	73%
Nolato STG AB, Lönsboda	55	71%	47	73%
Nolato Termoform AB, Ängelholm	34	48%	29	48%
Nolato Alpha AB, Kristianstad	171	70%	175	66%
Nolato Plastteknik AB, Göteborg	126	36%	127	36%
Nolato Mobile AB, Kristianstad	655	64%	664	62%
Nolato Silikonteknik AB, Hallsberg	141	69%	79	61%
Nolato Gejde AB, Lomma	78	74%	69	70%
Nolato Texas Inc., U.S.A.	1	100%	—	—
Nolato Autec AB, Kristianstad	74	63%	62	60%
Nolato Sunnex AB, Sunne	145	74%	135	72%
Nolato Lövepac AB, Skånes Fagerhult	43	61%	48	65%
Nolato Medical AB, Torekov	53	46%	35	49%
Nolato Elastoteknik AB, Åmål	30	80%	27	81%
Nolato VVS AB, Lönsboda	10	90%	10	90%
Nolato Sunnex Equipment AB, Sunne	27	70%	24	71%
Sunnex Inc., U.S.A.	23	60%	22	55%
Sunnex Equipement Sarl, France	9	67%	9	56%
Group total	1,778	65%	1,664	62%

### Note 4. SALARIES, OTHER REMUNERATION AND EMPLOYER PAYROLL FEES

(SEK M)	1998		1997	
	Salaries and other remuneration	Employer payroll fee (of which, non-statutory pension expenses)	Salaries and other remuneration	Employer payroll fee (of which, non-statutory pension expenses)
Parent Company	7.8	4.1 (1.4)*	4.6	2.5 (1.0)*
Subsidiaries	437.4	176.4 (27.3)**	376.1	152.1 (21.1)**
Group total	445.2	180.5 (28.7)	380.7	154.6 (22.1)

\*Of the Parent Company's non-statutory pension expenses, SEK 321 K (previous year 342) pertains to the category "Board of Directors and President."

\*\*Of the Group's non-statutory pension expenses, SEK 4,138 K (2,687) pertains to the category "Board of Directors and President."

### Salaries and other remuneration

(SEK M)	1998		1997	
	Board and President	Other employees	Board and President	Other employees
Parent Company	2.6 *	5.2	1.9 *	2.7
Subsidiaries	14.3	423.1	10.4	365.7
Group total	16.9	428.3	12.3	368.4

\*Of the Parent Company's salaries and other remuneration, SEK 2,317 K (1,604) was for the CEO's salary.

Total remuneration to the Board was SEK 280 K (270), of which 100 (90) was paid to the Chairman.

The members of the Group Executive Management and the management teams of subsidiaries receive customary pension benefits, within the framework of public sector pension plans. In case of termination by the Company, they are entitled to notice periods of no more than two years.

### Note 5. ITEMS AFFECTING COMPARABILITY

(SEK M)	Group		Parent Company	
	1998	1997	1998	1997
Capital gain on fixed assets sold	—	5.3	—	5.3
Capital loss on real estate sold	—	— 0.8	—	—
Total	—	4.5	—	5.3

### Note 6. DEPRECIATION

Depreciation is included in operating expenses as follows.

(SEK M)	Group		Parent Company	
	1998	1997	1998	1997
Goodwill	6.1	7.0	—	—
Buildings and land	9.4	9.2	—	—
Machinery and equipment etc.	121.8	74.1	0.3	0.6
Total	137.3	90.3	0.3	0.6

Depreciation has been distributed according to use as follows:

(SEK M)	Group		Parent Company	
	1998	1997	1998	1997
Cost of goods and services sold	123.2	76.6	—	—
Selling expenses	2.0	1.8	—	—
Administration expenses	6.0	5.4	0.3	0.6
Other operating expenses	6.1	6.5	—	—
Total	137.3	90.3	0.3	0.6



## NOTES

### Note 7. APPROPRIATIONS, PARENT COMPANY

(SEK M)	1998	1997
Provision to tax allocation reserve	—	– 0.1
Withdrawal of unappropriated pension funds	0.4	0.4
Withdrawal of extra depreciation on the sale of fixed assets	—	8.0
<b>Total</b>	<b>0.4</b>	<b>8.3</b>

### Note 8. TAX ON EARNINGS FOR THE YEAR

(SEK M)	1998	Group 1997	Parent Company 1998	1997
Tax paid	36.7	32.4	0.4	0.6
Deferred tax	11.5	22.3	—	—
Tax on Group contributions	—	—	– 2.6	0.8
<b>Total</b>	<b>48.2</b>	<b>54.7</b>	<b>– 2.2</b>	<b>1.4</b>

In connection with acquisitions during 1997, a restructuring reserve was set aside. SEK 16.6 M was reversed to taxation during 1997, which caused extra tax payments that year. For 1998, the majority of the reserve has been reversed and has therefore reduced tax payments.

### Note 9. INTANGIBLE FIXED ASSETS

#### Expenses brought forward

Expenses brought forward apply to expenses incurred in conjunction with the establishment of a subsidiary in Texas, U.S.A.

(SEK M)	1998	Group 1997
<b>Goodwill</b>		
Acquisition value on January 1	75.2	74.7
Purchases	—	0.5
Acquisition value on December 31	75.2	75.2
 Depreciation on January 1	 48.8	 41.8
Depreciation for the year	6.1	7.0
Depreciation on December 31	54.9	48.8
 Residual value on December 31	 20.3	 26.4

### Note 10. TANGIBLE FIXED ASSETS

(SEK M)	1998	Group 1997
<b>Buildings and land</b>		
Acquisition value on January 1	246.1	212.1
Purchases	4.8	36.2
Divestments and disposals	—	– 2.2
Reclassifications	0.3	—
Acquisition value on December 31	251.2	246.1
 Depreciation on January 1	 66.6	 57.7
Divestments and disposals	—	– 0.3
Depreciation for the year	9.4	9.2
Depreciation on December 31	76.0	66.6
 Residual value on December 31	 175.2	 179.5
Tax assessment value of properties	115.1	109.4

(SEK M)	1998	Group 1997
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#### Machinery and other technical facilities

Acquisition value on January 1	805.1	368.7
Purchases	127.3	439.2
Divestments and disposals	– 36.1	– 9.0
Reclassifications	1.4	6.2
Acquisition value on December 31	897.7	805.1

Depreciation on January 1	370.5	214.2
Divestments and disposals	– 29.2	– 7.5
Depreciation assumed upon acquisition	—	99.9
Depreciation for the year	106.6	63.9
Depreciation on December 31	447.9	370.5

Residual value on December 31	449.8	434.6
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#### Equipment, tools, fixtures and fittings

Acquisition value on January 1	92.7	83.8
Purchases	17.9	44.5
Divestments and disposals	– 5.2	– 35.7
Reclassifications	—	0.1
Acquisition value on December 31	105.4	92.7

Depreciation on January 1	54.6	56.5
Divestments and disposals	– 6.9	– 32.5
Depreciation assumed upon acquisition	—	20.5
Depreciation for the year	15.2	10.1
Depreciation on December 31	62.9	54.6

Residual value on December 31	42.5	38.1
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#### Construction in progress and advances on tangible fixed assets

Acquisition value on January 1	1.7	6.1
Purchases	18.3	1.7
Reclassifications	– 1.7	– 6.1
Acquisition value on December 31	18.3	1.7

Residual value on December 31	18.3	1.7
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(SEK M)	Parent Company 1998	1997
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#### Equipment

Acquisition value on January 1	0.8	34.1
Purchases	0.3	0.1
Divestments and disposals	—	– 33.4
Acquisition value on December 31	1.1	0.8

Depreciation on January 1	0.3	30.1
Divestments and disposals	—	– 30.4
Depreciation for the year	0.3	0.6
Depreciation on December 31	0.6	0.3

Residual value on December 31	0.5	0.5
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## NOTES

### Note 11. SHARES IN GROUP COMPANIES

(SEK M)	Proportion of capital	Proportion of votes	Book value
<b>Parent Company</b>			
Nolato Polymer AB	100%	100%	5.0
Nolato STG AB	100%	100%	4.4
Nolato Termoform AB	100%	100%	6.0
Nolato Alpha AB	100%	100%	5.0
Nolato Plastteknik AB	100%	100%	61.5
Nolato Mobile AB	100%	100%	12.0
Nolato Silikonteknik AB	100%	100%	19.1
Nolato Gejde AB	100%	100%	7.1
Nolato Autec AB	100%	100%	3.0
Nolato Sunnex AB	100%	100%	35.2
Nolato Lövepac AB	100%	100%	10.0
Nolato Medical AB	100%	100%	3.0
Nolato Elastoteknik AB	100%	100%	7.0
Nolato VVS AB	100%	100%	1.0
Nolato Sunnex Equipment AB	100%	100%	15.0
Sunnex Inc., U.S.A.	100%	100%	10.3
Sunnex Equipement Sarl, France	100%	100%	4.4
Nolato i Göteborg AB	100%	100%	6.5
Nolato Kristianstad AB	100%	100%	0.1

Total **215.6**

#### Subsidiary

Nolato Texas Inc., U.S.A.	100%	100%	—
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Information on subsidiaries' corporate identity numbers and registered offices:

	Corp. ID no.	Reg. office
<b>Parent Company</b>		
Nolato Polymer AB	556380-2890	Torekov
Nolato STG AB	556098-4584	Lönsboda
Nolato Termoform AB	556135-9695	Ängelholm
Nolato Alpha AB	556207-0036	Kristianstad
Nolato Plastteknik AB	556198-4385	Göteborg
Nolato Mobile AB	556164-1050	Kristianstad
Nolato Silikonteknik AB	556137-5873	Hallsberg
Nolato Gejde AB	556077-6766	Lomma
Nolato Autec AB	556205-2406	Kristianstad
Nolato Sunnex AB	556101-2922	Sunne
Nolato Lövepac AB	556120-6052	Skånes Fagerhult
Nolato Medical AB	556309-0678	Torekov
Nolato Elastoteknik AB	556191-5777	Ämål
Nolato VVS AB	556545-5549	Lönsboda
Nolato Sunnex Equipment AB	556147-1177	Sunne
Sunnex Inc.	—	Boston, U.S.A.
Sunnex Equipement Sarl	—	Aix, France
Nolato i Göteborg AB	556042-2858	Göteborg
Nolato Kristianstad AB	556542-7845	Kristianstad

#### Subsidiary

Nolato Texas Inc.	—	Texas, U.S.A.
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### Note 12. HOLDINGS IN ASSOCIATED COMPANIES

(SEK M)	Group 1998	Parent Company 1998
Acquisition value at January 1	<b>0.4</b>	—
Acquisition value at December 31	<b>0.4</b>	—
Residual value at December 31	<b>0.4</b>	—

(SEK M)	Proportion of equity	Proportion of votes	Number of shares	Book value
Curver Scandinavia AB	20%	20%	4,000	0.4
Associated companies' corporate identity numbers and registered offices:				
	Corp. ID no.		Reg. office	
Curver Scandinavia AB	556309-0694		Gothenburg	

### Note 13. CHANGE IN SHAREHOLDERS' EQUITY, GROUP

(SEK M)	Share capital	Restricted reserves	Non- restricted reserves	Earnings for the year
Amount on January 1	47.0	222.8	132.9	110.3
Stock dividend	47.0	– 47.0	—	—
Transfers between restricted and non-restricted reserves	—	13.9	68.2	– 82.1
Dividends	—	—	—	– 28.2
Translation differences	—	—	0.8	—
Earnings for the year	—	—	—	117.9
Amount on December 31	94.0	189.7	201.9	117.9

### Note 14. CHANGE IN SHAREHOLDERS' EQUITY, PARENT COMPANY

(SEK M)	Share capital	Statutory reserve	Retained earnings	Earnings for the year
Amount on January 1	47.0	66.3	109.9	38.9
Stock dividend	47.0	– 47.0	—	—
Allocated to earnings brought forward	—	—	10.7	– 10.7
Dividends	—	—	—	– 28.2
Group contribution	—	—	6.7	—
Earnings for the year	—	—	—	34.2
Amount on December 31	94.0	19.3	127.3	34.2

### Note 15. UNTAXED RESERVES, PARENT COMPANY

(SEK M)	1998	1997
Tax equalization reserve, 1995	<b>0.6</b>	0.6
Tax equalization reserve, 1996	<b>3.6</b>	3.6
Tax equalization reserve, 1998	<b>0.1</b>	0.1
Unappropriated pension funds	—	0.4
Total	<b>4.3</b>	4.7

# NOTES

## Note 16. DEFERRED TAX, GROUP

(SEK M)	1998	1997
Amount at January 1	84.4	62.0
Appropriations for the year	11.7	22.8
Other changes	- 0.2	- 0.4
Total	95.9	84.4

## Note 17. CONVERTIBLE LOAN

The convertible loan is in the amount of SEK 60.0 M. Of this amount, SEK 10.0 M has been deposited with a subsidiary for the purpose of future subscriptions by senior executives. The loan runs from February 16, 1998 to February 14, 2003. The conversion period runs from February 17, 2001 to January 31, 2003. The conversion price is SEK 169.50 and the loan carries an interest rate set at the Stockholm Interbank Offered Rate (STIBOR) less 0.5 percent.

## Note 18. OVERDRAFT FACILITIES UTILIZED

The maximum permissible overdraft is SEK 120 (220) M.

## Note 19. ACCRUED EXPENSES AND PREPAYMENTS

(SEK M)	Group 1998	1997	Parent Company 1998	1997
Salary liabilities	68.9	59.0	1.5	1.0
Employer payroll fees	41.4	36.0	1.1	0.6
Other items	32.5	24.7	4.7	3.2
Total accrued expenses	142.8	119.7	7.3	4.8

## Note 20. COLLATERAL PLEDGED FOR OWN LIABILITIES AND PROVISIONS

(SEK M)	Group 1998	1997	Parent Company 1998	1997
Chattel mortgages	2.7	2.5	—	—
Real estate mortgages	3.0	3.0	—	—
Total collateral pledged	5.7	5.5	—	—

## Note 21. CONTINGENT LIABILITIES

(SEK M)	Group 1998	1997	Parent Company 1998	1997
Guarantees on behalf of subsidiaries	—	—	27.7	25.4
Other contingent liabilities	2.9	1.4	—	—
Total contingent liabilities	2.9	1.4	27.7	25.4

TOREKOV, SWEDEN, MARCH 5, 1999

Bo C E Ramfors  
*Chairman of the Board*

Fredrik Arp

Krister Jorlén

Gun Boström-Svensson

Henrik Jorlén

Tomas Sjölin  
*President*

Göran Hellström  
*Employee representative*

Magnus Bergqvist  
*Employee representative*

Mats Engvie  
*Employee representative*

We submitted our auditors' report on March 5, 1999

Ernst & Young AB

Sven Santesson  
*Chief Auditor and Authorized Public Accountant*

Lars-Bertil Nilsson  
*Authorized Public Accountant*

## AUDITORS' REPORT

We have audited the parent company and the consolidated financial statements, the accounts and the administration of the Board of Directors and the President of Nolato AB (publ) for 1998. These accounts and the administration of the Company are the responsibility of the Board of Directors and the President. Our responsibility is to express an opinion on the financial statements and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President, as well as evaluating the overall presentation of information in the financial statements. We examined significant decisions, actions taken and circumstances of the Com-

pany in order to be able to determine the possible liability to the Company of any Board member or the President or whether they have in some other way acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

In our opinion, the Parent Company and consolidated financial statements have been prepared in accordance with the Annual Accounts Act, and we consequently recommend

- that the income statements and balance sheets for the Parent Company and the Group be adopted, and
- that the profit in the Parent Company be dealt with in accordance with the proposal in the Report of the Directors.

In our opinion, the Board members and the President have not committed any act or been guilty of any omission that could give rise to any liability to the Company. We therefore recommend that the members of the Board of Directors and the President be discharged from liability for the financial year.

March 5, 1999

Ernst & Young AB

Sven Santesson

*Chief Auditor and Authorized Public Accountant*

Lars-Bertil Nilsson

*Authorized Public Accountant*



## BOARD OF DIRECTORS AND AUDITORS



Bo C E Ramfors



Fredrik Arp



Gun Boström-Svensson



Krister Jorlén



Henrik Jorlén



Magnus Bergqvist



Göran Hellström



Mats Engvie



Tomas Sjölin

### ■ BOARD OF DIRECTORS

#### **BO C E RAMFORS**

##### *Chairman*

Born 1936, Göteborg  
Shareholding in Nolato: 2,000  
Board member since 1984  
Other directorships:  
Svenska Mässans Stiftelse  
SinterCast AB  
Bure Vård och Omsorg  
Ruben Rausing Foundation  
Gothia Hotel AB  
Data Nätverk AB  
Väst kustens Skogs Holding AB

#### **FREDRIK ARP**

Born 1953, Malmö  
CEO, Trelleborg AB  
Shareholding in Nolato: 1,000  
Board member since 1998  
Other directorships:  
PLM AB  
Getinge AB  
Association of Swedish Engineering  
Industries  
Federation of Swedish Industries

#### **GUN BOSTRÖM-SVENSSON**

Born 1942, Torekov  
Engineer  
Shareholding in Nolato including family  
holdings: 1,208,120  
Board member since 1971

#### **KRISTER JORLÉN**

Born 1933, Torekov  
Shareholding in Nolato, including family  
holdings: 537,260  
Convertibles corresponding to 2,950 shares  
Board member since 1969

#### **HENRIK JORLÉN**

Born 1948, Torekov  
Head of business area, Nolato AB  
Shareholding incl. family holdings: 645,250  
Convertibles corresponding to 2,950 shares  
Board member since 1974

#### **MAGNUS BERGQVIST**

Born 1955, Sunne  
Employee Representative, LO\*),  
Nolato Sunnex AB  
Shareholding in Nolato: 0  
Board member since 1990

#### **GÖRAN HELLSTRÖM**

Born 1949, Kristianstad  
Employee Representative, SIF\*\*),  
Nolato Mobile AB  
Shareholding in Nolato: 0  
Board member since 1997

#### **MATS ENGVIE**

Born 1964, Kristianstad  
Employee Representative, LO,  
Nolato Mobile AB  
Shareholding in Nolato, including family  
holdings: 600.  
Board member since 1997

#### **TOMAS SJÖLIN**

Born 1949, Malmö  
President and CEO as of January 1, 1999  
Joined Nolato on December 1, 1998  
Shareholding in Nolato, including family  
holdings: 1,000  
Nominated for election to the Board of  
Directors by the 1999 Annual General  
Meeting

### ■ DEPUTY MEMBERS

#### **EWA NORRMAN**

Born 1951, Göteborg  
Employee Representative, SIF\*\*),  
Nolato Plastteknik AB  
Shareholding in Nolato: 0.  
Board member since 1997

#### **REGINA HÖGBERG**

Born 1955, Skånes Fagerhult  
Employee Representative, LO\*),  
Nolato Termoform AB  
Shareholding in Nolato: 0  
Board member since 1998

#### **PETER LANN**

Born 1968, Skånes Fagerhult  
Employee Representative, LO\*),  
Nolato Lövepac AB  
Shareholding in Nolato: 0  
Board member since 1998

### ■ AUDITORS

#### **ERNST & YOUNG AB**

##### *Chief Auditor*

#### **SVEN SANTESSON**

Born 1936, Helsingborg  
Authorized Public Accountant

#### **LARS-BERTIL NILSSON**

Born 1953, Helsingborg  
Authorized Public Accountant

\*) Swedish Trade Union Confederation (LO)

\*\*) Swedish Union of Clerical Employees in Industry (SIF)



Standing from left: Jörgen Brandt, Per-Ola Holmström, Thomas Håkansson. Seated from left: Carl-Gustav Gejde, Tomas Sjölín, Henrik Jorlén.

### ■ EXECUTIVE MANAGEMENT

#### **TOMAS SJÖLIN**

President and CEO of the Nolato Group since January 1, 1999. Joined Nolato on December 1, 1998.  
Born 1949.  
Shareholding in Nolato including family holdings: 1,000.

#### **CARL-GUSTAV GEJDE**

Executive Vice President, Mobile Communication Business Area, since 1998. Joined Nolato in 1986.  
Born 1949.  
Shareholding in Nolato: 71,980.  
Convertibles corresponding to 2,950 shares.

#### **HENRIK JORLÉN**

Executive Vice President, Industrial Components Business Area, since 1998. Joined Nolato in 1968.  
Born 1948.  
Shareholding in Nolato including family holdings: 645,250.  
Convertibles corresponding to 2,950 shares.

#### **PER-OLA HOLMSTRÖM**

Chief Financial Officer, Nolato AB, since 1995. Joined Nolato in 1995.  
Born 1964.  
Shareholding in Nolato: 460.  
Convertibles corresponding to 1,476 shares.

#### **THOMAS HÅKANSSON**

Director of Marketing and Business Development, Mobile Communication Business Area, since 1998. Joined Nolato in 1988.  
Born 1959.  
Shareholding in Nolato: 0.  
Convertibles corresponding to 2,950 shares.

#### **JÖRGEN BRANDT**

Director of Marketing and Business Development, Industrial Components Business Area, since 1998. Joined Nolato in 1989.  
Born 1962.  
Shareholding in Nolato: 2,000.  
Convertibles corresponding to 1,476 shares.

## ADDRESSES

### **NOLATO AB**

Nolato AB  
SE-260 93 Torekov  
Street address: Nolatovägen  
Phone: +46 431 44 22 90  
Fax: +46 431 44 22 91  
Internet: [www.nolato.com](http://www.nolato.com)  
President and CEO: Tomas Sjölin

### **INDUSTRIAL COMPONENTS**

#### *Business Area*

Nolato AB  
Industrial Components Business Area  
SE-260 93 Torekov  
Street address: Nolatovägen  
Phone: +46 431 44 22 90  
Fax: +46 431 44 22 91  
Head of business area: Henrik Jorlén

Nolato Alpha AB  
Box 2107, SE-291 02 Kristianstad  
Street address: Tegelbruksvägen 15  
Phone: +46 44 20 51 00  
Fax: +46 44 20 51 02  
President: Torleif Hansson

Nolato Plastteknik AB  
Box 4123, SE-422 04 Hisings Backa  
Street address: Exportgatan 59  
Phone: +46 31 58 84 00  
Fax: +46 31 52 69 82  
President: Leif Thörneby

Nolato Polymer AB  
SE-260 93 Torekov  
Street address: Nolatovägen  
Phone: +46 431 44 22 00  
Fax: +46 431 44 22 01  
President: Peter Krikström

Nolato STG AB  
Box 44, SE-280 70 Lönsboda  
Street address: Hammarvägen  
Phone: +46 479 252 00  
Fax: +46 479 252 10  
President: Håkan Hillqvist

Nolato Termoform AB  
Framtidsgatan 6, SE-262 73 Ängelholm  
Phone: +46 431 44 90 50  
Fax: +46 431 44 90 51  
President: Christer Landgren

### **MOBILE COMMUNICATION**

#### *Business Area*

Nolato AB  
Mobile Communication Business Area  
Box 6, SE-234 21 Lomma  
Street address: Tenngatan 2  
Phone: +46 40 41 00 41  
Fax: +46 40 41 00 48  
Head of business area: Carl-Gustav Gejde

Nolato Mobile AB  
Box 2072, SE-291 02 Kristianstad  
Street address: Tegelbruksvägen 15  
Phone: +46 44 18 60 00  
Fax: +46 44 12 70 80  
President: Tommy Johansson

Nolato Gejde AB  
Box 5, SE-234 21 Lomma  
Street address: Koppargatan 13  
Phone: +46 40 41 97 70  
Fax: +46 40 41 97 95  
President: Bjarne Lindblad

Nolato Silikonteknik AB  
Bergsmansvägen 4, SE-694 91 Hallsberg  
Phone: +46 582 885 00  
Fax: +46 582 100 88  
President: Jan-Erik Lans

Nolato Texas Inc.  
15001 Peterson Court  
Alliance Commerce Center 2  
Fort Worth, TX 76177, U.S.A.  
Phone: +1 817 430 4744  
Fax: +1 817 430 2889  
President: Torsten Nilson

### **AUTOMOTIVE COMPONENTS**

#### *Business Area*

Nolato AB  
Automotive Components Business Area  
SE-260 93 Torekov  
Street address: Nolatovägen  
Phone: +46 431 44 22 90  
Fax: +46 431 44 22 91  
Acting Head of business area:  
Carl-Gustav Gejde

Nolato Sunnex AB  
Box 116, SE-686 23 Sunne  
Street address: Bråruds Industriområde  
Phone: +46 565 173 00  
Fax: +46 565 173 73  
President: Ulf Hilding

Nolato Lövepac AB  
Ringvägen 5, SE-280 40 Skånes Fagerhult  
Phone: +46 433 323 00  
Fax: +46 433 323 02  
President: Glenn Schmidinger

Nolato Autec AB  
Box 9044, SE-291 09 Kristianstad  
Street address: Estrids väg 9, Öllsjö  
Phone: +46 44 28 13 00  
Fax: +46 44 28 13 01  
President: Björn Sundgren

### **BRANDED PRODUCTS**

#### *Business Area*

Nolato AB  
Branded Products Business Area  
SE-260 93 Torekov  
Street address: Nolatovägen  
Phone: +46 431 44 22 90  
Fax: +46 431 44 22 91  
Head of business area: Tomas Sjölin

Nolato Elastoteknik AB  
Box 51, SE-662 22 Ämål  
Street address: Gamla Örnäsgratan 15  
Phone: +46 532 60 75 00  
Fax: +46 532 60 75 99  
President: Per G Hellberg

Nolato Sunnex Equipment AB  
Box 555, SE-686 28 Sunne  
Street address: Smidesvägen 7  
Phone: +46 565 177 00  
Fax: +46 565 107 00  
President: Lars Backman

Sunnex Equipement Sarl  
6 Allée des Banquiers  
Actimart  
Z I les Milles BP 15400  
F-13794 AIX Cedex 3  
France  
Phone: +33 4 42 39 78 96  
Fax: +33 4 42 39 78 77  
President: Gilles de Vautibault

Sunnex Inc.  
3 Huron Drive  
Natick, MA 01760-1314 U.S.A.  
Phone: +1 508 651 0009  
Fax: +1 508 651 0099  
President: Lars-Arne Lundholm

Nolato VVS AB  
Box 38, SE-280 70 Lönsboda  
Street address: Gjutaregatan 5  
Phone: +46 479 251 00  
Fax: +46 479 251 01  
President: Anders Jidorf

### **MEDICAL COMPONENTS**

#### *Business Area*

Nolato AB  
Medical Components Business Area  
SE-260 93 Torekov  
Street address: Nolatovägen  
Phone: +46 431 44 22 60  
Fax: +46 431 44 22 61  
Head of business area: Henrik Jorlén

Nolato Medical AB  
SE-260 93 Torekov  
Street address: Nolatovägen  
Phone: +46 431 44 22 60  
Fax: +46 431 44 22 61  
President: Peter Stahl

