



ELANDERS
INTERIM REPORT
.....
JANUARY – MARCH 2009

Elanders

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FIRST QUARTER JANUARY–MARCH 2009

- ▶ Net sales fell by 9 % totalling MSEK 477 (MSEK 522).
- ▶ Operating profit amounted to MSEK 12.1 (MSEK 31.3).
- ▶ Pre-tax profit amounted to MSEK 2.9 (MSEK 19.2).
- ▶ Net profit was MSEK 3.4 (MSEK 12.7) or SEK 0.34 per share (SEK 1.30 per share)¹⁾.
- ▶ Operating cash flow amounted to MSEK 22 (MSEK 111, of which MSEK 110 was attributable to the settlement from the property sales in 2007).

¹⁾There was no dilution during the given periods.

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COMMENTS BY THE PRESIDENT

The first quarter of the year turned out better than we dared to hope for at the beginning of the year despite the fact that orders from the automotive industry fell more sharply than we expected and the economic downturn was clearly noticeable in the other customer segments, particularly regarding mobile phones in Hungary. However, the measures we took last year have lowered costs in the Group, even though they will not reach full effect until the third quarter, when all terms of notice are over.

Business in China and Germany was even more successful than the same period in 2008, while business was worse in Sweden, Hungary and Great Britain compared to the first quarter 2008. Business in the other countries stood pretty much still compared with the previous year. Volumes in new sales were close to those budgeted but prices were lower than in the same period 2008. In order to handle this we are working intensively on cutting costs, increasing productivity and optimising the use of our facilities. We

cannot therefore rule out that further measures may have to be taken to adjust capacity and lower costs in our European operations.

The international business slump is driving structural changes in the graphic industry and motivating customers to find full-service publishing solutions and reduce the number of suppliers. At the same time it is also hastening the already ongoing restructuring whereby focus has shifted from traditionally ordered printing production in offset to the more flexible and customised digital print production and orders through Web-to-print solutions. Elanders is already well prepared for this structural change in terms of technology. The year 2009 will be characterised by continued offensives in marketing and adjustments to increase our competitive capacity and productivity.

Patrick Holm
President and Chief Executive Officer

JANUARY-MARCH – NET SALES AND PROFIT PER BUSINESS AREA

MSEK	Net sales			Income/loss		
	2009	2008	2007	2009	2008	2007
Infologistics	373	408	379	-4.7	14.9	22.1
User Manuals	104	114	87	16.8	16.4	17.9
Total	477	522	466	12.1	31.3	40.0
Net financial items				-9.2	-12.1	-8.2
Group	477	522	466	2.9	19.2	31.8

THE BUSINESS AREAS

INFOLOGISTICS

Business area operations

The business area has its platform in the Infomedia Centres in Mölnlycke (SE), Atlanta (US), Newcastle (GB) and Waiblingen (Stuttgart) (DE). Elanders' infomedia centres offer information structuring, advanced premedia, digital print, offset print and fulfilment services. There are digital print units in Oslo (NO), São Paulo (BR) Malmö and Stockholm and in-house at, among others, ABB in Västerås, Volvo in Gothenburg and Tetra Pak in Lund (SE) as well as for the automotive industry in Luton and Birmingham (GB). In addition, we have production units for premedia, offset print and fulfilment in Falköping (SE). There is a unit for sales, premedia and page production in Harrogate (GB).

Development during the period

Net sales fell by MSEK 35 or 9 % to MSEK 373 (MSEK 408) and operating profit for the period amounted to MSEK 4.7 (MSEK 14.9). The reduction in net sales is mainly due to the decline in demand from the automotive industry and the growing general price press resulting from the economic crisis. These same reasons have led to lower profits together with the fact that the personnel cut backs set in motion at the end of 2008 will not achieve full effect until the third quarter.

Almost all operations in the business area have been hit by weakening demand from automotives. Only Germany stood its ground, mainly by winning market shares in other segments. In Sweden alone volumes plunged by 60 percent compared with the first quarter of 2008. A similar development was noted in Great Britain. On the other hand, as always in an economic slump, there has been a notable rise in procurement procedures

and a trend to overhaul publishing activities in global industrial groups. This is advantageous for Elanders with its global organisation and good experience in this kind of work. There is also an increasing price press which Elanders can counter to a certain extent by offering production in low cost countries, in Elanders' own facilities or through our partners.

USER MANUALS

Business area operations

User Manuals is aimed at highly efficient deliveries of user information for mobile telephones and other consumer electronics. This business is chiefly printing production with extremely high demands on flexibility and short lead times. Geographical expansion will take place in relatively low cost countries in Eastern Europe and Asia.

User Manuals is comprised of the units in Beijing (CN), Płońsk (PL), Treviso (IT) and Budapest, Komárom and Zalaötvö (HU) and customers are primarily in the segment Industry & Trade. Production capacity is also used for deliveries to customers in Scandinavia, Great Britain and Germany in other segments and business areas when low costs are prioritised over short lead times

Development during the period

Net sales fell by 9 % to MSEK 104 (MSEK 114) and operating profit was MSEK 16.8 (MSEK 16.4). The reduction in net sales stems mainly from Hungary where primarily orders for mobile telephones have declined. Despite the negative developments in Hungary and continued losses in Italy, the business area has been able to maintain the same level of profit due to continued good performance in China.

Investments will be made in 2009 to expand operations in

Hungary to include packaging production.

Operations in China have continued to develop well through the powerful combination of packaging and graphic production and have surpassed the net sales and profit for the period in 2008. Further expansion drives will be carried out in 2009, particularly in marketing.

PARENT COMPANY

During the period the parent company has provided joint Group services. The average number of employees was 11 (14) and at the end of the period 12 (14). No external sales have taken place.

GROUP

NET SALES AND PROFIT

Group net sales decreased by MSEK 45 to MSEK 477 (MSEK 522) or 9 %, primarily due to lower volumes in Sweden and Hungary. Operating profit diminished by MSEK 19.2 to MSEK 12.1 (MSEK 31.3). The drop in profits stems primarily from developments in Sweden, Hungary and Italy.

PERSONNEL

The average number of employees during the period was 1,665 (1,733), of which 565 were in Sweden (639). At the end of the period the Group had 1,652 employees (1,796).

INVESTMENTS AND DEPRECIATION

During the period net capital expenditures totalled MSEK 13 (MSEK 35), of which MSEK 0 (MSEK 21) was acquisitions.

Group depreciation and write-downs amounted to MSEK 27 (MSEK 23).

FINANCIAL POSITION, CASH FLOW, EQUITY RATIO AND FINANCING

Group net debt amounted to MSEK 838 (MSEK 774) and operating cash flow for the period amounted to MSEK 22 (MSEK 110), of which MSEK 0 (MSEK -21) was attributable to acquisitions. Cash flow was recompensed during the first quarter of 2008 by MSEK 110 through the payment from the sales of the property in Kungsbacka the year before. Equity amounted to MSEK 891 (MSEK 862), which resulted in an equity ratio of 38.1 % (38.5 %).

The Group's principal credit agreements with our banks were renewed according to plan in February.

RISKS AND UNCERTAINTIES

Elanders divides risks into circumstantial risks (the future of printing, business cycles, structure and the competition), financial risks (currency, interest, financing and credit) as well as operational risks (customer concentration, operations, operating costs, contracts, disputes, insurance and other risk management as well as other operational risks). These risks together with a sensitivity analysis are described in detail on pages 42-45 in the Annual Report 2008. No significant changes have occurred that have changed the risks as reported there.

SEASONAL VARIATIONS

The Group's net sales, and thereby income, are affected by the seasonal variations described on page 45 of the Annual Report 2008. Among other information found there is the fact that, historically, almost a third of the Group's net sales occur in the fourth quarter.

FUTURE REPORTS FROM ELANDERS

Interim report January – June 14 July 2009
 Interim report January – September 22 October 2009
 The annual accounts report 2009 29 January 2010

REVIEW AND ACCOUNTING PRINCIPLES

The company auditors have not reviewed this report. The interim report for the Group has been prepared in accordance with the Annual Accounts Act and IAS 34 Interim Financial Reporting and the report for the parent company has been prepared in accordance with the Annual Accounts Act.

Many amendments of existing standards, new interpretations and a new standard (IFRS 8) have come into effect on 1 January 2009. Only IFRS 8 Operating Segments and the amendments in IAS 1 Presentation of Financial Statements are considered relevant for Elanders. The application of IFRS 8 has not changed the Group's reportable segments and therefore the accounting principles used here for segment reporting concur with those in the annual accounts for 2008. The amendment in IAS 1 has caused a change in the presentation of the financial reports. In accordance

with IAS 1 Elanders has chosen to present the Group's total earnings in two reports, one income statement and one statement of comprehensive income.

In all other aspects the same accounting principles and calculation methods as those in the latest annual accounts have been used.

Mölnlycke, 23 April 2009



Patrick Holm
President and Chief Executive Officer

This document is essentially a translation of the Swedish language version. In the event of any discrepancies between this translation and the original Swedish document, the latter shall be deemed correct.

CONTACT

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GROUP

CONSOLIDATED INCOME STATEMENTS

MSEK	First quarter		Last	Full year
	2009	2008	12 months	2008
Net turnover	476.6	522.0	2,145.7	2,191.1
Cost of products and services sold	-382.1	-394.5	-1,729.3	-1,741.7
Gross profit	94.5	127.5	416.4	449.4
Sales and administrative costs	-92.0	-99.2	-417.2	-424.4
Other operating income	13.7	5.6	38.7	30.6
Other operating costs	-5.4	-2.4	-42.7	-39.7
Income from jointly controlled entities	1.3	-0.2	1.6	0.1
Operating income/loss	12.1	31.3	-3.2	16.0
Net financial items	-9.2	-12.1	-47.4	-50.3
Income/loss after financial items	2.9	19.2	-50.6	-34.3
Taxes	0.5	-6.5	15.6	8.6
Income/loss for the period	3.4	12.7	-35.0	-25.7
Attributable to:				
Parent company shareholders	3.3	12.7	-34.9	-25.6
Minority interests	0.1	0.0	-0.1	-0.1
Income/loss per share¹⁾²⁾	0.34	1.30	-3.57	-2.62
Average number of shares, in thousands	9,765	9,765	9,765	9,765
Outstanding shares at the end of the period, in thousands	9,765	9,765	9,765	9,765

¹⁾Earnings per share before and after dilution.

²⁾Earnings per share calculated by dividing income/loss by the average number of outstanding shares during the period.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

MSEK	First quarter		Last	Full year
	2009	2008	12 months	2008
Income/loss for the period	3.4	12.7	-35.0	-25.7
Other comprehensive income				
Translation differences, net after tax	12.6	-15.3	119.2	91.3
Cash flow hedges, net after tax	0.0	-0.4	0.5	0.1
Hedging of net investment abroad, net after tax	-0.1	0.6	-9.4	-8.7
Other comprehensive income, net after tax	12.5	-15.1	110.3	82.7
Total comprehensive income	15.9	-2.4	75.3	57.0
Total comprehensive income attributable to:				
Parent company shareholders	15.8	-2.4	75.4	57.2
Minority interests	0.1	0.0	-0.1	-0.2

CONSOLIDATED STATEMENTS OF CASH FLOW

MSEK	First quarter		Last	Full year
	2009	2008	12 months	2008
Income/loss after net financial items	2.9	19.2	-50.6	-34.3
Adjustments for items not included in cash flow	3.9	20.7	117.6	134.4
Paid taxes	-6.8	-14.2	-24.3	-31.7
Changes in working capital	10.2	-17.1	79.5	52.2
Cash flow from operating activities	10.2	8.6	122.2	120.6
Cash flow from investing activities	-4.1	75.7	-65.3	14.5
Changes in long and short-term borrowing	-11.6	-24.1	-21.7	-34.2
Dividends	-	-	-43.9	-43.9
Cash flow from financing activities	-11.6	-24.1	-65.6	-78.1
Cash flow for the period	-5.5	60.2	-8.7	57.0
Liquid funds at the beginning of the period	141.7	65.2	123.6	65.2
Translation difference	4.7	-1.8	21.3	19.5
Liquid funds at the end of the period	140.9	123.6	136.2	141.7
Net debt at the beginning of the period	843.3	817.5	774.1	817.5
Translation difference in net debt	0.8	-4.4	16.2	11.0
Change in net debt	-5.9	-39.0	47.9	14.8
Net debt at the end of the period	838.2	774.1	838.2	843.3
Operating cash flow	22.1	110.7	120.9	217.2

CONSOLIDATED BALANCE SHEETS

MSEK	31/3	31/3	31/12
	2009	2008	2008
Assets			
Intangible assets	967.8	873.2	957.2
Tangible assets	502.0	469.4	513.4
Other fixed assets	110.6	81.1	107.6
Total fixed assets	1,580.4	1,423.7	1,578.2
Inventories	123.7	143.4	120.1
Accounts receivable	407.8	442.7	470.9
Other current assets	88.8	103.4	75.9
Cash and cash equivalents	140.9	123.6	141.7
Total current assets	761.2	813.1	808.6
Total assets	2,341.6	2,236.8	2,386.8
Equity and liabilities			
Equity	893.6	862.2	877.7
Liabilities			
Non-interest bearing long-term liabilities	53.3	61.0	52.5
Interest bearing long-term liabilities	117.8	285.6	122.3
Total long-term liabilities	171.1	346.6	174.8
Non-interest bearing current liabilities	415.6	415.9	471.6
Interest bearing current liabilities	861.3	612.1	862.7
Total current liabilities	1,276.9	1,028.0	1,334.3
Total equity and liabilities	2,341.6	2,236.8	2,386.8

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MSEK	Equity attributable to parent company shareholders	Equity attributable to minority owners	Total equity
Equity at year-end 2007	862.3	2.3	864.6
Dividends	-43.9	-	-43.9
Total profit for the year	57.2	-0.2	57.0
Equity at year-end 2008	875.6	2.1	877.7
Equity at year-end 2007	862.3	2.3	864.6
Total profit for the period	-2.4	0.0	-2.4
Equity at the end of the first quarter 2008	859.9	2.3	862.2
Equity at year-end 2008	875.6	2.1	877.7
Total profit for the period	15.8	0.1	15.9
Equity at the end of the first quarter 2009	891.4	2.2	893.6

OPERATING SEGMENTS
First quarter

MSEK	Infologistics		User Manuals		Other items		Group	
	2009	2008	2009	2008	2009	2008	2009	2008
External sales	373	408	104	114	-	-	477	522
Operating income/loss	-5	15	17	16	-	-	12	31
Income/loss after financial items ¹⁾	-5	15	17	16	-9	-12	3	19

¹⁾ Net financial items are not included in each segment. They are presented separately since external borrowing is shared and therefore cannot be divided in a meaningful way.

There has been no significant change in the segment's assets since the turn of the year, except that the operating assets have diminished somewhat as a result of the decrease in net sales compared to the previous year.

Full year 2008

MSEK	Infologistics	User Manuals	Other items	Group
External sales	1,697	494	-	2,191
Operating income/loss	-14	30	-	16
Income/loss after financial items	-14	30	-50	-34

PARENT COMPANY

SUMMARY PARENT COMPANY INCOME STATEMENT

MSEK	First quarter		Last	Full year
	2009	2008	12 month	2008
Net sales	-	-	0.0	0.0
Cost of products and services sold	-	-	0.0	0.0
Gross profit	-	-	0.0	0.0
Operating costs	-4.1	-8.8	-22.4	-27.1
Operating income/loss	-4.1	-8.8	-22.4	-27.1
Net financial items	-8.3	-4.3	-97.5	-93.5
Income/loss after financial items	-12.4	-13.1	-119.9	-120.6
Tax	2.3	3.6	17.1	18.4
Income/loss for the period	-10.1	-9.5	-102.8	-102.2

SUMMARY PARENT COMPANY BALANCE SHEETS

MSEK	31/3	31/3	31/12
	2009	2008	2008
Assets			
Fixed assets	1,304.1	1,345.8	1,301.4
Current assets	141.9	273.5	134.5
Total assets	1,446.0	1,619.3	1,435.9
Equity, provisions and liabilities			
Equity	533.1	719.8	543.2
Provisions	5.3	5.1	5.7
Long-term liabilities	0.1	157.9	0.1
Current liabilities	907.5	736.5	886.9
Total equity, provisions and liabilities	1,446.0	1,619.3	1,435.9

KEY RATIOS

GROUP QUARTERLY DATA INCLUDING DISCONTINUED OPERATIONS

MSEK	2009 Q1	2008 Q4	2008 Q3	2008 Q2	2008 Q1	2007 Q4	2007 Q3	2007 Q2	2007 Q1 ³⁾
Net sales	477	621	516	532	522	586	471	512	484
Operating income/loss	12	-31	-9	25	31	84	54	48	40
Operating margin, %	2.5	-5.0	-1.7	4.7	5.9	14.3	11.5	9.4	8.3
Income/loss after financial items	3	-44	-23	14	19	71	43	38	32
Income/loss after tax	3	-30	-22	13	13	63	54	30	25
Operating cash flow	22	126	-37	18	111	61	-78	7	-220
Depreciation	27	31	27	25	23	21	23	21	19
Net investments	4	-3	36	29	-76	27	69	44	263
Goodwill	923	918	866	856	852	845	826	829	831
Total assets	2,342	2,387	2,290	2,208	2,237	2,224	2,129	2,002	2,027
Equity	894	878	849	844	862	865	788	742	737
Net debt	838	843	916	840	774	817	838	769	737
Capital employed	1,732	1,721	1,765	1,684	1,636	1,594	1,626	1,511	1,473
Return on total assets, % ¹⁾	3.0	-3.2	-0.6	4.4	6.3	15.7	10.7	9.9	9.1
Return on equity, % ¹⁾	1.5	-13.9	-10.4	6.1	6.0	30.5	28.3	16.0	15.6
Return on capital employed, % ¹⁾	2.8	-7.2	-2.2	6.0	7.5	20.3	13.8	13.0	12.3
Debt/equity ratio	0.9	1.0	1.1	1.0	0.9	0.9	1.1	1.0	1.0
Equity ratio, %	38.2	36.8	37.1	38.2	38.5	38.9	37.0	37.1	36.4
Interest coverage ratio ²⁾	1.3	0.4	2.7	4.2	4.9	5.5	2.1	1.4	0.5
Number of employees at the end of the period	1,652	1,812	1,887	1,863	1,796	1,723	1,592	1,559	1,534

¹⁾ Return valuations are annualised.

²⁾ Interest coverage ratio is calculated on a rolling 12 month schedule

³⁾ The discontinued operations in Kungsbacka in Q 1, 2007 are included in the calculations of the key ratios.

QUARTERLY DATA FOR REMAINING OPERATIONS

MSEK	2009 Q1	2008 Q4	2008 Q3	2008 Q2	2008 Q1	2007 Q4	2007 Q3	2007 Q2	2007 Q1
Net sales	477	621	516	532	522	586	471	512	466
Operating income/loss	12	-31	-9	25	31	84	54	48	40
Income/loss after financial items	3	-44	-23	14	19	71	43	38	32
Income/loss after tax	3	-30	-22	13	13	63	54	30	25
Depreciation	27	31	27	25	23	21	23	21	19
Number of employees at the end of the period	1,652	1,812	1,887	1,863	1,796	1,723	1,592	1,559	1,534

FIVE YEAR OVERVIEW – FULL YEAR

	2008	2007	2006	2005	2004
Income/loss after financial items, MSEK ¹⁾	-34.3	184.1	-31.8	105.3	113.0
Income/loss after tax, MSEK ¹⁾	-25.7	172.2	-49.0	77.6	96.2
Earnings per share, SEK	-2.62	18.06	-5.53	8.77	10.86
Dividends per share, SEK	0.00 ³⁾	4.50	2.36	2.36	1.89
Return on equity, % ²⁾	-3.0	24.2	-8.2	13.2	18.9
Return on total capital, % ²⁾	1.7	12.0	-0.3	7.5	8.6
Return on capital employed, % ²⁾	0.9	16.0	-0.7	10.1	12.2
Debt/equity ratio	1.0	1.0	1.1	1.0	1.1
Equity ratio, %	36.8	38.9	33.9	35.3	33.7

¹⁾ Income/loss corresponds to that presented in the Annual Reports for each year.

²⁾ Return valuations are annualised.

³⁾ Board of Directors' proposal.

FIVE YEAR OVERVIEW - FIRST QUARTER

	2009 Q1	2008 Q1	2007 Q1 ¹⁾	2006 Q1 ¹⁾	2005 Q1 ¹⁾
Net sales MSEK	477	522	484	489	451
Income/loss after tax, MSEK	3	13	25	9	12
Earnings per share, SEK ³⁾	0.34	1.30	2.85	1.00	1.32
Return on equity, % ²⁾	1.5	6.0	15.6	5.6	8.0
Return on capital employed, % ²⁾	2.8	7.5	12.3	5.6	6.4
Operating margin, %	2.5	6.0	8.6	7.8	4.2
Average number of shares, in thousands	9,765	9,765	8,855	8,855	8,855

¹⁾ The figures include discontinued operations in Kungsbacka, i.e. directories production, that were discontinued in the first quarter 2007.

²⁾ Return valuations are annualised.

³⁾ There is no dilution.

DEFINITIONS

Equity ratio	Equity (including minority interests) in relation to total assets.
Capital employed	Total assets reduced by cash and cash equivalents and non-interest bearing liabilities.
Return on capital employed	Operating income/loss in relation to average capital employed.
Return on equity	Income/loss for the year in relation to average equity.
Return on total assets	Income/loss plus financial income in relation to total assets.
Debt/equity ratio	Interest-bearing liabilities reduced by cash and cash equivalents in relation to reported equity, including minority interests.
Operating cash flow	Cash flow from current operations and investing activities adjusted for paid taxes and net financial items.
Interest coverage ratio	Operating income/loss plus interest income divided by interest costs.



ELANDERS – A GLOBAL INFOMEDIA GROUP ORGANISED INTO TWO BUSINESS AREAS



INFOLOGISTICS

- ▶ Full-service solutions that meet customers' requirements for premedia services, print, fulfilment and logistics - Master Vendor®
- ▶ Database publishing and Cross Media Publishing of trade information in a variety of media such as printed matter, CD, the Web and e-commerce solutions.
- ▶ Page and advertisement production and image management.
- ▶ Business development, support and outsourcing services.
- ▶ Print in offset and digital print (print-on-demand).
- ▶ Product catalogues and manuals for industrial and commercial companies in several media.
- ▶ Educational material for schools and universities in Sweden and Great Britain, as well as public sector printing for the Swedish Parliament, the government, governmental departments etc.
- ▶ Production and sales in Falköping, Gothenburg, Lund, Malmö, Stockholm, Uppsala and Västerås (SE), Oslo (NO), Harrogate and Newcastle (GB), Waiblingen and Ostfildern (DE), Atlanta (US) and São Paulo (BR).



USER MANUALS

- ▶ Production of user information for mobile telephones and other consumer electronics with extremely short lead times.
- ▶ Production of printed matter with moderate lead times for publishing and industrial customers in Sweden and Great Britain.
- ▶ Premedia with advanced version management etc.
- ▶ Print in offset and digitally (print-on-demand). Production and sales in Beijing (CN), Płonsk (PL), Treviso (IT) and Budapest, Komárom and Zalaölöv (HU).

MASTER VENDOR® is the Group's comprehensive name for full-service solutions that, in addition to offset or digital print, provide customers with all other services connected to printing production such as information structuring in databases, translation, premedia services, fulfilment and logistics. Our Annual Report describes these concepts in greater detail and can be requested from our headquarters or downloaded from our website www.elanders.com.

Elanders