QUARTERLY REPORT JANUARY – MARCH 2019

elanders
GROUP

Contents

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

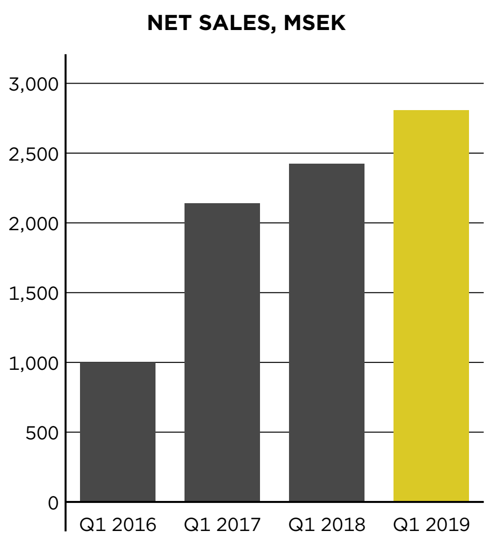
Further information can be found on Elanders' website www.elanders.com or requested via e-mail info@elanders.com.

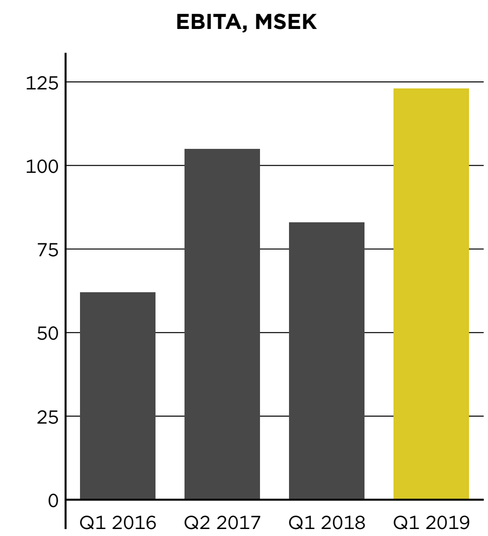
Questions concerning this report can be addressed to:

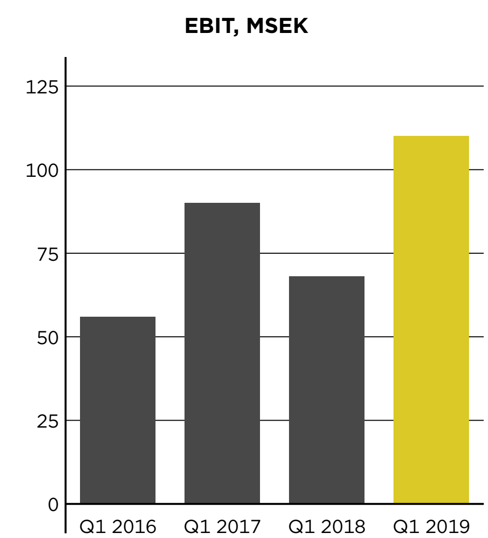
Magnus Nilsson
President and CEO
Phone: +46 31 750 07 50

Andréas Wikner
Chief Financial Officer
Phone: +46 31 750 07 50

Elanders AB (publ)
(Company ID 556008-1621)
Flöjelbergsgatan 1 C
431 35 Mölndal, Sweden
Phone: +46 31 750 00 00







First Quarter

- Net sales increased by 16 percent to MSEK 2,806 (2,422), of which 9 percentage points were organic growth.
- EBITA increased to MSEK 123 (83), which corresponded to an EBITA margin of 4.4 (3.4) percent. Excluding the effects of implementing IFRS 16, EBITA increased to 114 (83) which corresponds to an EBITA margin of 4.1 (3.4) percent and an improvement in the result of 37 percent.
- The operating result increased to MSEK 110 (68). Excluding the effects of implementing IFRS 16, the operating result increased to MSEK 101 (68).
- The result before tax increased to MSEK 73 (46). Excluding the effects of implementing IFRS 16, the result before tax increased to MSEK 81 (46).
- The net result increased to MSEK 50 (34) or SEK 1.40 (0.95) per share. Excluding the effects of implementing IFRS 16, the net result increased to MSEK 56 (34) which corresponds to SEK 1.57 (0.95) per share.
- Operating cash flow increased to MSEK 390 (–34). Excluding the effects of implementing IFRS 16, operating cash flow increased to MSEK 220 (–34). Cash flow for the period includes a positive one-off effect of MSEK 47 (0) from sales of accounts receivable, i.e. factoring.
- The Group's long-term financial goals are being reviewed due to the implementation of IFRS 16, as this new standard affects some of the financial goals. New financial goals will be presented later in 2019.

Financial Overview

	First quarter				
	2019	2019 excl. IFRS 16 [1]	2018	Last 12 months excl. IFRS 16 [1]	Full year 2018
Net sales, MSEK	2,806	2,806	2,422	11,126	10,742
EBITDA, MSEK	334	163	134	754	725
EBITA, MSEK	123	114	83	553	523
Operating result, MSEK	110	101	68	492	459
Net debt at the end of the period, MSEK	4,358	2,398	2,834	2,398	2,539
Net debt/EBITDA ratio [2]	3.3	3.7	5.2	3.2	3.5
EBITA-margin, %	4.4	4.1	3.4	5.0	4.9
Return on capital employed, % [2]	6.1	7.7	5.2	9.2	8.5

[1] Excluding the effect from the transition to IFRS 16, which means that the same accounting principles as 2018 have been used. IFRS 16 is effective from 1 January 2019 and has affected the accounting of the Group's lease agreements. For more details, see page 12.

[2] Return ratios have been annualized (the result has been recalculated to correspond to the result for a 12-month period).

Comments by the CEO

The positive trend from the last three quarters continued into the first quarter. At the same time, customer demand remained stable in both our business areas. The improvement in the result is primarily due to the fact that the problematic projects in previous years are now in balance. These projects still had a negative effect on the result during the first quarter of last year but during the second quarter the negative effect on the result was much slighter after adjustments in prices to customers and other streamlining measures came into effect. The fact that Easter was in April this year instead of March like last year also had a positive effect on the result.

The strong cash flow in the fourth quarter continued during the first quarter. As a result, we have further strengthened our financial position and, excluding effects from the introduction of IFRS 16, the Group's net debt decreased during the quarter.

The business area Supply Chain Solutions continued to drive organic growth, which amounted to nine percent during the quarter. Order intake, from among other segments Automotive, continued to be good despite some signs for concern at the start of the quarter. However, at the beginning of the second quarter one of our major Automotive customers closed down its production in Germany for a week and a half in connection with Easter. In Singapore we started two new customer projects in Electronics and the implementation of these went according to plan. One of our customers in Fashion & Lifestyle commissioned us to develop a complete e-commerce solution for end customers. The e-commerce platform was launched during the quarter and we are responsible for development and operations, including all payment and logistics services. Otherwise activity continues to be high regarding customers and we have won new business in both Europe and Asia, but at the same time some of our existing business is being tendered.

In business area Print & Packaging Solutions the combined print and supply chain business in the USA with subscription boxes continues to show strong growth. Even without this the business area had organic growth of nearly two percent, which is a result of new business. Another positive is the extension of a contract with one of our major customers in the business area. The new contract runs for five years with annual net sales of MSEK 120–140. The growing number of printing company bankruptcies in the German market has opened the door to a higher share of volumes from Automotive customers for us, and combined with developing new customers within publishing, has resulted in good organic growth in our German operations. We have also been commissioned to develop and manage a solution for digital user manuals for a large vehicle manufacturer. The digital driver's manual will be chassis unique and available in the infotainment center in the vehicle.

We also continue the work to develop our offer and create innovations. For instance, during the quarter we began making deliveries to the Porsche plant with an eTruck from MAN. The eTruck is one of the first of its kind to be used in daily operations on public roads in Germany and will make the around 19 km trip 5–6 times a day between our warehouse and Porsche's plant.

Magnus Nilsson
President and Chief Executive Officer

Group

Our business

Elanders is a global supplier with a broad range of services of integrated solutions in supply chain management. The business is run through two business areas, Supply Chain Solutions and Print & Packaging Solutions. The Group has almost 7,000 employees and operates in some 20 countries on four continents. Our most important markets are China, Singapore, the United Kingdom, Sweden, Germany and the USA. Our major customers are active in the areas Automotive, Electronics, Fashion & Lifestyle, Industrial and Health Care & Life Science.

Net sales and result

Net sales increased by 16 percent to 2,806 (2,422) compared to the same period last year. Cleared of exchange rate fluctuations and effects from acquisitions and divestures of operations, net sales grew organically by 9 percent, mainly in Supply Chain Solutions. EBITA, i.e. the operating result adjusted for amortization on assets identified upon acquisition, increased to MSEK 123 (83), which corresponded to an EBITA margin of 4.4 (3.4) percent. Excluding the effects of implementing IFRS 16, EBITA increased to MSEK 114 (83) and the EBITA margin to 4.1 (3.4) percent. When results in foreign subsidiaries were converted into Swedish krona changes in exchange rates affected EBITA positively by MSEK 7.

The improved result compared to last year is in part due to the fact that previously problematic customer projects in Supply Chain Solutions are now in balance, and in part due to the effects of implementing IFRS 16, where the interest component of rental and leasing costs is now recognized in net financial items instead of as previously in the operating result. The problematic customer projects had a substantial negative effect on the result in the third and fourth quarters of 2017 as well as the first quarter of 2018.

The result before tax increased to MSEK 73 (46). Excluding the effects of implementing IFRS 16, the result before tax increased to MSEK 81 (46), which was an improvement in the result of 76 percent. The improvement came from both operations and lower financial costs.

Supply Chain Solutions

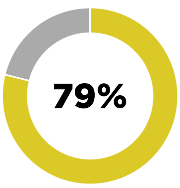
Elanders is one of the leading companies in the world in Global Supply Chain Management. Our services include taking responsibility for and optimizing customers' material and information flows, everything from sourcing and procurement combined with warehousing to after sales service.

	First quarter		Full year
	2019	2018 [1)]	2018 [1)]
Net sales, MSEK	2,231	1,906	8,525
EBITDA, MSEK	272	95	540
EBITA, MSEK	98	59	401
EBITA-margin, %	4.4	3.1	4.7
Operating result, MSEK	87	46	346
Operating margin, %	3.9	2.4	4.1
Average number of employees	5,438	5,665	5,815

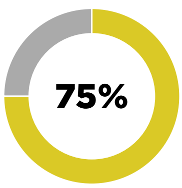
[1)] The figures for the comparison period have been adjusted to reflect the new structure of business areas. The figures for 2018 have not been adjusted for IFRS 16 since the transition to IFRS 16 have been based on the Modified retrospective approach.

The positive trend with strong organic growth and higher earnings continued in business area Supply Chain Solutions since the comparable period still contained some negative effects on the result from previous problematic projects. Several new customer projects were launched in both Electronics and Fashion & Lifestyle during the period and implementation went completely according to plan. Despite some signs for concern in the beginning of the quarter, the level of orders received from Automotive continues to be good. Elanders' exposure in customer segment Automotive is primarily on the European market.

Excluding the effects of implementing IFRS 16, EBITA increased during the quarter by MSEK 31 to MSEK 91 (59) and the EBITA margin to 4.1 (3.1) percent. At the same time, EBITDA increased to MSEK 125 (95).



Share of net sales
(12 months)



Share of EBITA
(12 months)

Print & Packaging Solutions

Through its innovative force and global presence the business area Print & Packaging offers cost-effective solutions that can handle customers' local and global needs for printed material and packaging, often in combination with advanced order platforms on the Internet or just-in-time deliveries.

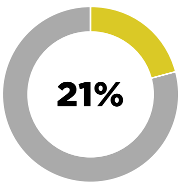
	First quarter		Full year
	2019	2018 [1]	2018 [1]
Net sales, MSEK	599	523	2,243
EBITDA, MSEK	69	42	205
EBITA, MSEK	33	27	142
EBITA-margin, %	5.5	5.1	6.3
Operating result, MSEK	31	24	133
Operating margin, %	5.2	4.6	5.9
Average number of employees	1,206	1,305	1,270

[1] The figures for the comparison period have been adjusted to reflect the new structure of business areas. The figures for 2018 have not been adjusted for IFRS 16 since the transition to IFRS 16 have been based on the Modified retrospective approach.

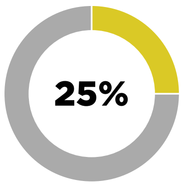
In business area Print & Packaging Solutions the combined print and supply chain business in the USA with subscription boxes continued to show strong growth. Even without it the business area had organic growth of nearly two percent, which is a result of new business.

During the quarter a contract with one of the business area's major customers was extended. The new contract runs for five years with annual net sales of MSEK 120–140. The growing number of printing company bankruptcies in the German market has opened the door to a higher share of print volumes from some of our Automotive customers, and combined with developing new customers within publishing, has resulted in good organic growth in our German operations. Elanders has also been commissioned to develop and manage a solution for digital user manuals for a large vehicle manufacturer. The digital driver's manual will be chassis unique and available in the infotainment center in the vehicle.

Excluding the effects of implementing IFRS 16, EBITA increased during the quarter by MSEK 5 to MSEK 32 (27) and the EBITA margin to 5.3 (5.1) percent. At the same time, EBITDA increased to MSEK 47 (42).



Share of net sales (12 months)



Share of EBITA (12 months)

Important events during the period

Factoring

Since the fourth quarter 2018 Elanders has used factoring, i.e. sales of our accounts receivable, as part of our long-term financing. Working together with one of the Group's principle banks factoring is applied without recourse and comprises some of our business in Germany. The entire facility amounts to MEUR 50, of which at least 70 percent, i.e. MEUR 35, will probably be utilized. The financial terms for factoring are better than the rest of our financing.

When factoring is implemented, which in part took place in the fourth quarter of 2018 and the first quarter of 2019 but which will also take place in the second quarter of 2019, it has a material effect on the company's financial key ratios. It has a positive one-off effect on cash flow from daily operations for the same amount as the level of utilization. At the same time it reduces receivables and net debt as well as improves the ratio of net debt/EBITDA. At the end of the first quarter MEUR 13 had been utilized of the total facility, of which MEUR 4.5 during the quarter.

Changes in Group Management

In a press release on 15 January 2019 Elanders announced the expansion of Group Management to include Bernd Schwenger from LGI. Because Andreas Bunz has announced he will be stepping down Bernd Schwenger will take over responsibility for the LGI Group later on in 2019.

Bernd Schwenger, who is currently responsible for business areas Automotive and Electronics in LGI, was previously in charge of building up Amazon Logistics operations in Germany. He has also held a number of management positions at HP.

Kevin Rogers, who was previously one of the representatives in Group Management for business area Print & Packaging Solutions, has temporarily left Group Management in order to lead Elanders' previous operations in Beijing during the period of transition after its divestment to Edelmann GmbH.

After these changes Elanders Group Management consists of the following members:

- Magnus Nilsson, President and CEO
- Andréas Wikner, CFO
- Andreas Bunz, responsible for Supply Chain Solutions (LGI)
- Eckhard Busch, representative for Supply Chain Solutions (LGI)
- Bernd Schwenger, representative for Supply Chain Solutions (LGI)
- Lim Kok Khoon, responsible for Supply Chain Solutions (Mentor Media)
- Peter Sommer, responsible for Print & Packaging Solutions

Three business areas become two
As of 1 January 2019, Elanders has only two business areas, Supply Chain Solutions and Print & Packaging Solutions since e-Commerce Solutions was integrated into Print & Packaging Solutions.

Investments and depreciation
For the quarter net investments amounted to MSEK 28 (38) and was mainly related to production equipment. Depreciation and amortization amounted to MSEK 224 (67).

Excluding the effects from IFRS 16, depreciation and amortization amounted 62 (67) MSEK.

Financial position, cash flow and financing
Net debt increased to MSEK 4,358 compared to MSEK 2,539 at the end of the year. The change in net debt includes an increase of MSEK 2,043 attributable to the implementation of IFRS 16 and refers to adjustment of the opening balance. In addition to this, debt has increased by MSEK 70 due to changes in exchange rates since a large part of loans and leasing liabilities are in euros and a lesser amount in USD, which have both strengthened against the Swedish krona. Changes during the period also include a reduction of net debt of around MSEK 47 due to further utilization of factoring, i.e. the sales of accounts receivable.

The operating cash flow increased to MSEK 390 (–34), of which the effects of implementing IFRS 16 were MSEK 170. The effect of IFRS 16 on operating cash flow refers primarily to the amortized portion of leasing fees that were previously included in the operating cash flow. This amortization is now included in the financing activities in cash flow.

Excluding the effects of implementing IFRS 16, net debt contracted to MSEK 2,398 compared to MSEK 2,539 at the end of the year. Leverage, i.e. net debt / EBITDA for a rolling 12-month period, excluding IFRS 16 effects, is now down to 3.20 (5.20). Excluding IFRS 16 effects, operating cash flow increased to MSEK 220 (–34).

Personnel
The average number of employees during the first quarter was 6,655 (7,051), whereof 149 (200) in Sweden. At the end of the period the Group had 6,788 (7,085) employees, whereof 148 (197) in Sweden.

Parent Company

The parent company has provided intragroup services. The average number of employees during the period was 10 (11) and at the end of the period 10 (11).

Other Information

Elanders' offer
Elanders offers integrated and customized solutions for handling all or part of our customers' supply chain. The Group can take complete responsibility for complex and global deliveries that may include purchasing, storage, configuration, production and distribution. We also offer managing ordering solutions, payment flows and aftermarket services for our customers.

The services are provided by business-minded employees who, with their expertise and aided by intelligent IT solutions, contribute to developing our customers' offers which are often totally dependent on efficient product, component and service flows as well as traceability and information.
In addition to our offer to the B2B market the Group sells photo products directly to consumers via our own brands, fotokasten and myphotobook.

Goal and strategy

Elanders' overall goal is to be a leader in global solutions in supply chain management with a world class integrated offer. Our strategy is to work in niches in each business area where the company can attain a leading position in the market. We will achieve this goal by being best at meeting customers' demands for efficiency and delivery. Acquisitions play an important role in our company's development and provide competence, broader product and service offers and enlarge our customer base.

Risks and uncertainties

Elanders divides risks into circumstantial risk (the future of our products/services and business cycle sensitivity), financial risk (currency, interest, financing and credit risks) as well as business risk (customer concentration, operational risks, risks in operating expenses as well as contracts and disputes). These risks, together with a sensitivity analysis, are described in detail in the Annual Report 2018. Circumstances in the world around us since the Annual Report was published are not believed to have caused any significant risks or influenced the way in which the Group works with these compared to the description in the Annual Report 2018.

Seasonal variations

The Group's net sales, and thereby income, are affected by seasonal variations. Historically the fourth quarter has been the strongest for Elanders before the acquisition of LGI. Nowadays the seasonal variations are not as high as before.

Transaction with related parties

The following significant transactions with related parties have occurred during the period:

- One of the members of the Board, Erik Gabrielson, is a partner in the law firm Vinge, which provides the company with legal services.
- Related parties to Peter Sommer, a member of Group Management and Managing Director of Elanders GmbH, own shares in a property where Elanders GmbH runs most of its operations.

Remuneration is considered on par with the market for all of these transactions.

Events after the balance sheet date

No major events have taken place between the balance sheet date and the date this report was signed.

Forecast

No forecast is given for 2019.

Accounting principles

The quarterly report for the Group has been prepared in accordance with the Annual Accounts Act and IAS 34 Interim Financial Reporting and for the parent company in accordance with the Annual Accounts Act. The same accounting principles and calculation methods as those in the last Annual Report have been used, except for the standards with mandatory effective date 1 January 2019, where the significant differences for the Group are presented below.

Leases

International Accounting Standards Boards (IASB) has issued a new standard, IFRS 16 "Leases", which is effective from 1 January 2019. The standard concerns the accounting of lease agreements where the Group has large commitments in terms of rental contracts for premises and leasing of machinery and equipment as well as vehicles. The transition to IFRS 16 has been based on the Modified retrospective approach, which means that the comparison periods have not been adjusted for IFRS 16. The standard has had a significant effect on the Group's total assets and liabilities and the effects on opening balances as of 1 January 2019 are presented on page 12 in this report. Furthermore, the above application means that the figures for the current year will not be fully comparable with previous years.

The new accounting principles in short; The leases are recognized as a right-of-use asset with a corresponding lease liability. Short-term leases and leases for which the underlying asset is of low value are exempted. Each lease payment is divided into amortization and financial cost. The financial cost is allocated over the lease term, so that each reporting period is charged with an amount corresponding to a fixed interest rate for the liability recognized under each period. The Group's lease liabilities are recognized at the present value of the future lease payments. Discounting of the future lease payments are made with the interest rate implicit in the lease, if this rate can easily be determined. Otherwise, the Group's incremental borrowing rate is applied.

The Group's right-of-use assets are recognized at cost, and initially comprise the present value of the lease liability, adjusted for lease payments made at or before the commencement date. Restoration costs are included in the asset if a corresponding provision for restoration costs exist. The right-of-use asset is depreciated on a straight-line basis over the asset's useful life or the lease term, whichever is the shortest.

Review by the company auditors

The company auditors have not reviewed this report.

Nomination committee for the Annual General Meeting 2019

The nomination committee for the Annual General Meeting on 29 April 2019 is as follows:

Carl Bennet, Chair	Carl Bennet AB
Hans Hedström	Carnegie Funds
Carl Gustafsson	Didner & Gerge Funds
Göran Espelund	Lannebo Funds
Sophie Nachemson-Ekwall	Representative from the smaller shareholders

Financial calendar

Annual General Meeting 2019	29 April 2019
Q2 2019	16 July 2019
Q3 2019	21 October 2019
Q2 2019	28 January 2020

Income Statements

MSEK	First quarter 2019	First quarter 2018	Full year 2018
Net sales	2,806	2,422	10,742
Cost of products and services sold	–2,422	–2,122	–9,330
Gross profit	**384**	**300**	**1,412**
Sales and administrative expenses	–278	–251	–1,034
Other operating income	11	30	111
Other operating expenses	–7	–11	–30
Operating result	**110**	**68**	**459**
Net financial items	–37	–22	–93
Result after financial items	**73**	**46**	**366**
Income tax	–23	–12	–108
Result for the period	**50**	**34**	**259**
Result for the period attributable to:			
– parent company shareholders	49	33	254
– non-controlling interests	1	1	5
Earnings per share, SEK [1) 2)]	*1.40*	*0.95*	*7.18*
Average number of shares, in thousands	*35,358*	*35,358*	*35,358*
Outstanding shares at the end of the year, in thousands	*35,358*	*35,358*	*35,358*

1) Earnings per share before and after dilution.

2) Earnings per share calculated by dividing the result for the period attributable to parent company shareholders by the average number of outstanding shares during the period.

Statements of Comprehensive Income

MSEK	First quarter 2019	First quarter 2018	Full year 2018
Result for the period	**50**	**34**	**259**
Items that will not be reclassified to the income statement			
Actuarial gains/losses on defined benefit pensions plans, after tax	0	0	1
Items that will be reclassified to the income statement			
Translation differences, after tax	70	78	121
Hedging of net investment abroad, after tax	–9	–6	–33
Other comprehensive income	**61**	**72**	**88**
Total comprehensive income for the period	**111**	**106**	**347**
Total comprehensive income attributable to:			
– parent company shareholders	110	105	342
– non-controlling interests	1	1	5

Statements of Cash Flow

MSEK	First quarter 2019	First quarter 2018	Full year 2018
Result after financial items	**73**	**46**	**366**
Adjustments for items not included in cash flow	224	20	213
Paid tax	–25	–23	–127
Changes in working capital	84	–84	3
Cash flow from operating activities	**355**	**–41**	**455**
Net investments in intangible and tangible assets	–23	–38	–161
Acquired and divested operations	–5	–	–24
Change in long-term receivables	–	0	–1
Cash flow from investing activities	**–28**	**–38**	**–137**
Amortization of loans	–186	–39	–159
Other changes in long- and short-term borrowing	–158	–40	–66
Dividend to shareholders	–	–	–93
Cash flow from financing activities	**–344**	**–79**	**–318**
Cash flow for the period	**–16**	**–158**	**0**
Liquid funds at the beginning of the period	722	679	679
Translation difference	24	31	43
Liquid funds at the end of the period	**731**	**552**	**722**
Net debt at the beginning of the period	**2,539**	**2,665**	**2,665**
Effect of applying IFRS 16 on net debt at the beginning of the period	2,043	–	–
Translation difference in net debt	70	98	121
Net debt in acquired and divested operations	–	–	41
Change in net debt	–294	71	–288
Net debt at the end of the period	**4,358**	**2,834**	**2,539**
Operating cash flow	**390**	**–34**	**538**

Statements of Financial Position

MSEK	31 Mar. 2019	31 Mar. 2018	31 Dec. 2018
ASSETS			
Intangible assets	3,252	3,247	3,218
Tangible assets	2,733	850	789
Other fixed assets	272	260	267
Total fixed assets	**6,257**	**4,357**	**4,274**
Inventories	415	406	468
Accounts receivable	1,789	2,042	1,762
Other current assets	557	327	511
Cash and cash equivalents	731	552	722
Total current assets	**3,492**	**3,327**	**3,463**
Total assets	**9,749**	**7,684**	**7,737**
EQUITY AND LIABILITIES			
EQUITY	**2,818**	**2,559**	**2,707**
Liabilities			
Non-interest-bearing long-term liabilities	200	211	199
Interest-bearing long-term liabilities	3,833	2,559	2,442
Total long-term liabilities	**4,033**	**2,770**	**2,642**
Non-interest-bearing short-term liabilities	1,642	1,529	1,569
Interest-bearing short-term liabilities	1,256	826	819
Total short-term liabilities	**2,898**	**2,355**	**2,388**
Total equity and liabilities	**9,749**	**7,684**	**7,737**

Statements of Changes in Equity

MSEK	First quarter 2019	First quarter 2018	Full year 2018
Opening balance	**2,707**	**2,453**	**2,453**
Dividend to shareholders	–	–	–93
Total comprehensive income for the period	111	106	347
Closing balance	**2,818**	**2,559**	**2,707**
Equity attributable to			
– parent company shareholders	2,807	2,552	2,697
– non-controlling interests	11	7	10

Effect of applying IFRS 16

IFRS 16 “Leases” is effective from 1 January 2019 and affect the accounting of the Group’s lease agreements where there are large commitments in terms of rental contracts for premises and leasing of machinery and equipment. The transition to IFRS 16 is based on the Modified retrospective approach. The standard has a significant effect on the Group’s total assets and liabilities and the effects on opening balances 1 January 2019, income statement first quarter 2019 and a reconciliation of reported operating lease obligations are presented below. The effect of applying IFRS 16 deviate from the preliminary effects presented in the annual report related to some minor adjustments in the assumptions.

MSEK	Closing balance 31 December 2018	Effect IFRS 16	Opening balance 1 January 2019
Fixed assets	4,274	2,043	6,317
Current assets	3,463	-	3,463
Fixed assets	**7,737**	**2,043**	**9,780**
Equity	**2,707**	**–**	**2,707**
Long-term liabilities	2,642	1,444	4,085
Short-term liabilities	2,388	599	2,987
Total equity and liabilities	**7,737**	**2,043**	**9,780**

MSEK	First quarter 2019	Effect IFRS 16	First quarter 2019 excl. effect IFRS 16	First quarter 2018
Net sales	2,806	–	2,806	2,422
EBITDA	334	–171	163	134
Operating result	110	–9	101	68
Result after financial items	73	8	81	46
Result for the period	**50**	**6**	**56**	**34**

MSEK	Reconciliation leases from IAS 17 to IFRS 16
Operating lease obligations as of 31 December 2018	2,046
Discounting effect to net present value	–190
Short term and assets of low value exceptions	–81
Effect from extension options	268
Effect on the lease liability as of 1 January 2019	**2,043**
Finance leases per 31 December 2018	147
Lease liability according to IFRS 16 as of 1 January 2019	**2,190**

The Group’s average discount rate used for transition is 3.1 percent. The discount rate for the various agreements is in the range of 2.5 to 7.35 percent and is dependent on the currency, jurisdiction and the contract length.

Segment Reporting

The two business areas are reported as reportable segments, since this is how the Group is governed and the President has been identified as the highest executive decision-maker. The operations within each reportable segment have similar economic characteristics and resemble each other regarding the nature of their products and services, production processes and customer types. Sales between segments are made on market terms.

Until 31 December 2018 Elanders had three business areas, Supply Chain Solutions, Print & Packaging Solutions and e-Commerce Solutions. As of 1 January 2019, e-Commerce Solutions was integrated into Print & Packaging Solutions and the Swedish operations that was earlier included in Print & Packaging Solutions is now included in Supply Chain Solutions. In 2018, the Swedish operations had net sales of MSEK 398.

The comparison periods have been adjusted to reflect the current segments.

NET SALES PER SEGMENT

MSEK	First quarter 2019	First quarter 2018	Last 12 months	Full year 2018
Supply Chain Solutions	2,231	1,906	8,851	8,525
Print & Packaging Solutions	599	523	2,319	2,243
Group functions	10	11	44	46
Eliminations	–34	–18	–88	–73
Group net sales	**2,806**	**2,422**	**11,126**	**10,742**

OPERATING RESULT PER SEGMENT

MSEK	First quarter 2019	First quarter 2018	Last 12 months	Full year 2018
Supply Chain Solutions	87	46	387	346
Print & Packaging Solutions	31	24	140	133
Group functions	–8	–3	–26	–21
Group operating result	**110**	**68**	**501**	**459**

RECALCULATED QUARTERS 2018 – NET SALES PER SEGMENT

MSEK	First quarter	Second quarter	Third quarter	Fourth quarter	Full year
Supply Chain Solutions	1,906	2,077	2,274	2,269	8,525
Print & Packaging Solutions	523	544	551	626	2,243
Group functions	11	12	12	12	46
Eliminations	–18	–20	–20	–17	–73
Group net sales	**2,422**	**2,613**	**2,817**	**2,890**	**10,742**

RECALCULATED QUARTERS 2018 – OPERATING RESULT PER SEGMENT

MSEK	First quarter	Second quarter	Third quarter	Fourth quarter	Full year
Supply Chain Solutions	46	82	116	102	346
Print & Packaging Solutions	24	25	24	59	133
Group functions	–3	–7	–2	–8	–21
Group operating result	**68**	**100**	**138**	**153**	**459**

Disaggregation of Revenue

Revenue has been divided into geographic markets, main revenue streams and customer segments since these are the categories the Group uses to present and analyze revenue in other contexts. Income for each category is presented per reportable segment. The Group's customer contracts are easy to identify and products and services in a contract are largely connected and dependent on each other, and therefore part of an integrated offer.

Main revenue streams are presented based on the internal names used in the Group. Sourcing & Procurement services refer to the purchase and procurement of products for customers as well as handling the flows connected to these products. Freight and transportation services refer to revenue from freight and transportation with our own trucks as well as pure freight forwarding. Other supply chain services such as fulfilment, kitting, warehousing, assembly and after sales services are presented under Other contract logistics services. Other work/services refer to pure print services and other services that do not fit into any of the first three categories.

Intra-group invoicing regarding group functions is reported net in net sales to group companies.

FIRST QUARTER

	Supply Chain Solutions		Print & Packaging Solutions		Total	
MSEK	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Total net sales	2,231	1,906	599	523	2,830	2,429
Less: net sales to group companies	–5	–4	–19	–3	–24	–7
Net sales	**2,226**	**1,901**	**580**	**521**	**2,806**	**2,422**

	Supply Chain Solutions		Print & Packaging Solutions		Total	
MSEK	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Customer segments						
Automotive	564	520	88	84	652	604
Electronics	947	687	11	26	958	714
Fashion & Lifestyle	299	286	171	85	470	371
Health Care & Life Science	57	51	16	12	73	62
Industrial	250	240	163	155	413	396
Other	110	117	131	158	240	275
Net sales	**2,226**	**1,901**	**580**	**521**	**2,806**	**2,422**
Main revenue streams						
Sourcing and procurement services	640	495	–	–	640	495
Freight and transportation services	624	629	98	61	722	689
Other contract logistics services	887	609	91	83	978	692
Other work/services	75	169	391	377	466	546
Net sales	**2,226**	**1,901**	**580**	**521**	**2,806**	**2,422**
Geographic markets						
Europe	1,396	1,284	380	349	1,776	1,634
Asia	731	520	4	19	735	539
North and South America	97	75	195	144	292	219
Other	2	22	1	8	3	30
Net sales	**2,226**	**1,901**	**580**	**521**	**2,806**	**2,422**

Disaggregation of Revenue (cont.)

LAST 12 MONTHS AND FULL YEAR 2018

	Supply Chain Solutions		Print & Packaging Solutions		Total	
MSEK	Last 12 months	Full year 2018	Last 12 months	Full year 2018	Last 12 months	Full year 2018
Total net sales	8,851	8,525	2,319	2,243	11,170	10,768
Less: net sales to group companies	–18	–17	–26	–9	–44	–26
Net sales	**8,833**	**8,508**	**2,293**	**2,234**	**11,126**	**10,742**

	Supply Chain Solutions		Print & Packaging Solutions		Total	
MSEK	Last 12 months	Full year 2018	Last 12 months	Full year 2018	Last 12 months	Full year 2018
Customer segments						
Automotive	2,190	2,145	337	333	2,527	2,479
Electronics	3,714	3,455	50	65	3,764	3,520
Fashion & Lifestyle	1,173	1,161	511	425	1,684	1,586
Health Care & Life Science	218	212	187	183	405	395
Industrial	970	960	660	652	1,630	1,612
Other	567	575	548	576	1,116	1,150
Net sales	**8,833**	**8,508**	**2,293**	**2,234**	**11,126**	**10,742**
Main revenue streams						
Sourcing and procurement services	2,537	2,391	20	20	2,557	2,411
Freight and transportation services	2,665	2,670	331	294	2,996	2,964
Other contract logistics services	3,056	2,778	340	333	3,397	3,111
Other work/services	574	668	1,602	1,587	2,176	2,256
Net sales	**8,833**	**8,508**	**2,293**	**2,234**	**11,126**	**10,742**
Geographic markets						
Europe	5,579	5,467	1,520	1,490	7,099	6,957
Asia	2,825	2,614	45	60	2,870	2,674
North and South America	396	374	698	648	1,094	1,022
Other	33	53	30	37	63	89
Net sales	**8,833**	**8,508**	**2,293**	**2,234**	**11,126**	**10,742**

Financial Assets and Liabilities Measured at Fair Value

The financial instruments recognized at fair value in the Group's report on financial position are derivatives identified as hedging instruments. The derivatives consist of forward contracts and are used for hedging purposes. Valuation at fair value of forward contracts is based on published forward rates on an active market. All derivates are therefore included in level 2 in the fair value hierarchy. Since all the financial instruments recognized at fair value are included in level 2 there have been no transfers between valuation levels.

Derivative instruments in hedge accounting relationships recognized at fair value is presented under other current assets and non-interest bearing short-term liabilities. These items gross are below MSEK 1 both per 31 March 2018 and the comparison periods.

The fair value of other financial assets and liabilities valued at their amortized purchase price is estimated to be equivalent to their book value.

Divestiture of Operations in 2018

In October 2018 Elanders signed a contract with the Edelmann Group to transfer its Beijing, China operations in Print & Packaging Solutions to Edelmann. This unit had nearly 170 employees and annual net sales of around MSEK 80. The deal was concluded in the fourth quarter and had a positive effect on cash flow of about MSEK 23 and a minor negative effect on the operating result.

In November 2018 Elanders' subsidiary LGI signed a contract with Adecco for the divestiture of 51% of the shares in Logworks, Elanders' staffing services in Germany that employs around 500 people. The sales had a positive effect on cash flow of MSEK 1 and a minor positive effect on the result, and the deal was concluded in the fourth quarter.

ASSETS AND LIABILITIES IN DIVESTMENTS

MSEK	Book value in the Group
Intangible assets	0
Tangible assets	–17
Inventory	–6
Accounts receivable	–33
Other current assets	–6
Cash and cash equivalents	–41
Accounts payable	15
Other non-interest bearing liabilities	–24
Total	**–64**
Cash and cash equivalents received	65
Effect on cash and cash equivalents for the group	**24**

Income Statements

MSEK	First quarter 2019	First quarter 2018	Full year 2018
Net sales	9	11	41
Operating expenses	–18	–18	–60
Operating result	**–9**	**–7**	**–19**
Net financial items	4	5	18
Result after financial items	**–5**	**–2**	**–1**
Income tax	0	0	-6
Result for the period	**–5**	**–2**	**–7**

Statements of Comprehensive Income

MSEK	First quarter 2019	First quarter 2018	Full year 2018
Result for the period	**–5**	**–2**	**–7**
Other comprehensive income	–	–	–
Total comprehensive income for the period	**–5**	**–2**	**–7**

Balance Sheets

MSEK	31 Mar. 2019	31 Mar. 2018	31 Dec. 2018
ASSETS			
Fixed assets	4,531	4,507	4,423
Current assets	266	425	508
Total assets	**4,797**	**4,932**	**4,930**
EQUITY, PROVISIONS AND LIABILITIES			
Equity	1,643	1,746	1,649
Provisions	3	3	3
Long-term liabilities	2,326	2,239	2,187
Short-term liabilities	824	944	1,092
Total equity, provisions and liabilities	**4,797**	**4,932**	**4,930**

Statements of Changes in Equity

MSEK	First quarter 2019	First quarter 2018	Full year 2018
Opening balance	**1,649**	**1,747**	**1,747**
Dividend	–	–	–92
Total comprehensive income for the period	–5	–2	–7
Closing balance	**1,643**	**1,746**	**1,649**

Quarterly Data

	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1
Net sales, MSEK	2,806	2,890	2,817	2,613	2,422	2,584	2,355	2,264	2,139
EBITDA, MSEK	334	217	206	168	134	151	104	155	152
EBITA, MSEK	123	169	154	116	83	103	55	108	105
EBITA-margin, %	4.4	5.9	5.5	4.4	3.4	4.0	2.3	4.8	4.9
Operating result, MSEK	110	153	138	100	68	86	40	93	90
Operating margin, %	3.9	5.3	4.9	3.8	2.8	3.3	1.7	4.1	4.2
Result after financial items, MSEK	73	132	114	74	46	68	20	73	69
Result after tax, MSEK	50	108	75	42	34	45	14	54	53
Earnings per share, SEK [1]	1.40	3.01	2.07	1.15	0.95	1.24	0.39	1.52	1.49
Operating cash flow, MSEK	390	393	52	127	–34	5	–6	47	–161
Cash flow per share, SEK [2]	10.05	10.27	0.94	2.85	–1.17	2.14	0.23	1.12	–5.31
Depreciation and write-downs, MSEK	224	64	68	68	67	65	64	63	63
Net investments, MSEK	28	17	41	41	38	104	54	73	31
Goodwill, MSEK	2,476	2,439	2,440	2,466	2,429	2,337	2,261	2,269	2,264
Total assets, MSEK	9,749	7,737	7,896	7,850	7,684	7,409	7,085	7,058	7,064
Equity, MSEK	2,818	2,707	2,596	2,554	2,559	2,453	2,365	2,382	2,454
Equity per share, SEK	79.38	76.28	73.16	72.02	72.17	69.21	66.88	67.38	69.39
Net debt at the end of the period, MSEK	4,358	2,539	2,890	2,915	2,834	2,665	2,597	2,580	2,437
Capital employed, MSEK	7,176	5,246	5,486	5,469	5,392	5,118	4,961	4,962	4,890
Return on total assets, % [3]	5.3	8.0	7.0	6.3	5.1	4.8	2.3	5.3	5.2
Return on equity, % [3]	7.2	16.1	11.4	6.4	5.4	7.3	2.3	8.9	8.7
Return on capital employed, % [3]	6.1	11.4	10.1	7.3	5.2	6.8	3.2	7.5	7.5
Debt/equity ratio	1.6	0.9	1.1	1.1	1.1	1.1	1.1	1.1	1.0
Equity ratio, %	28.9	35.0	32.9	32.5	33.3	33.1	33.4	33.8	34.7
Interest coverage ratio [4]	3.1	5.3	4.7	3.7	3.8	4.1	4.5	5.5	6.4
Number of employees at the end of the period	6,788	6,652	7,246	7,170	7,085	6,997	6,708	6,589	6,501

[1] There is no dilution.
[2] Cash flow per share refers to cash flow from operating activities.
[3] Return ratios have been annualized (the result has been recalculated to correspond to the result for a 12 month period).
[4] Interest coverage ratio calculation is based on a moving 12 month period.

Five Year Overview – First Quarter

	2019	2018	2017	2016	2015
Net sales, MSEK	2,806	2,422	2,139	998	1,006
EBITA, MSEK	123	83	105	62	59
Result after tax, MSEK	50	34	53	36	27
Earnings per share, SEK [1) 2)]	1.40	0.95	1.49	1.26	0.98
Cash flow from operating activities per share, SEK [2)]	10.05	–1.17	–5.31	0.89	–0.67
Equity per share, SEK [2)]	79.38	72.17	69.39	53.33	50.77
Return on equity, % [3)]	7.2	5.4	8.7	9.5	7.9
Return on capital employed, % [3)]	6.1	5.2	7.5	10.0	9.3
EBITA-margin, %	4.4	3.4	4.9	6.2	5.9
Operating margin, %	3.9	2.8	4.2	5.6	5.4
Average number of shares, in thousands [2)]	35,358	35,358	35,358	28,224	28,224

1) There is no dilution.
2) Historic number of shares and historic key ratios have been adjusted for the bonus issue element in the new share issue in 2016.
3) Return ratios have been annualized (the result has been recalculated to correspond to the result for a 12 month period).

Five Year Overview – Full Year

	2018	2017	2016	2015	2014
Net sales, MSEK	10,742	9,342	6,285	4,236	3,730
EBITDA, MSEK	725	563	516	428	292
EBITA, MSEK	523	371	384	313	194
Result after financial items, MSEK	366	230	300	259	140
Result after tax, MSEK	259	165	217	175	88
Earnings per share, SEK [1) 2)]	7.18	4.65	7.35	6.18	3.27
Cash flow from operating activities per share, SEK [2)]	12.88	–1.81	11.19	9.52	6.03
Equity per share, SEK [2)]	76.28	69.21	68.19	52.72	47.75
Dividends per share, SEK [2)]	2.90 [3)]	2.60	2.60	2.07	1.03
EBITA-margin, %	4.9	4.0	6.1	7.4	5.2
Return on total assets, %	6.6	4.3	6.7	8.2	5.9
Return on equity, %	9.8	6.8	12.4	12.1	7.4
Return on capital employed, %	8.5	6.2	10.0	12.6	8.7
Net debt/EBITDA ratio	3.5	4.7	4.3	1.7	3.1
Debt/equity ratio	0.9	1.1	0.9	0.5	0.7
Equity ratio, %	35.0	33.1	35.6	42.0	37.8
Average number of shares, in thousands [2)]	35,358	35,358	29,555	28,224	26,825

1) There is no dilution.
2) Historic number of shares and historic key ratios have been adjusted for the bonus issue element in the new share issues in 2014 and 2016.
3) Proposed by the board.

Reconciliation Alternative Performance Measures – Quarterly Data

MSEK	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1
Operating result	110	153	138	100	68	86	40	93	90
Depreciation, amortization and write-downs	224	64	68	68	67	65	64	63	63
EBITDA	**334**	**217**	**206**	**168**	**134**	**151**	**104**	**155**	**152**
Operating result	110	153	138	100	68	86	40	93	90
Amortization of assets identified in conjunction with acquisitions	13	16	16	16	16	17	15	16	15
EBITA	**123**	**169**	**154**	**116**	**83**	**103**	**55**	**108**	**105**
Cash flow from operating activities	355	363	33	101	–41	76	8	40	–188
Net financial items	37	21	24	26	22	19	20	20	22
Paid tax	26	26	36	42	23	14	21	61	37
Net investments	–28	–17	–41	–41	–38	–104	–54	–73	–31
Operating cash flow	**390**	**393**	**52**	**127**	**–34**	**5**	**–6**	**47**	**–161**
Average total assets	9,764	7,817	7,873	7,767	7,547	7,247	7,072	7,061	6,923
Average cash and cash equivalents	–726	–616	–552	–574	–616	–620	–581	–657	–682
Average non-interest-bearing liabilities	–1,805	–1,835	–1,844	–1,763	–1,676	–1,587	–1,529	–1,478	–1,478
Average capital employed	**7,233**	**5,366**	**5,477**	**5,430**	**5,255**	**5,040**	**4,962**	**4,926**	**4,763**
Annualized operating result	438	614	552	399	271	344	159	371	359
Return on capital employed, %	**6,1**	**11.4**	**10.1**	**7.3**	**5.2**	**6.8**	**3.2**	**7.5**	**7.5**
Interest-bearing long-term liabilities	3,833	2,442	186	2,575	2,559	2,504	2,477	2,563	2,595
Interest-bearing short-term liabilities	1,256	819	3,213	935	826	840	681	618	555
Cash and cash equivalents	–731	–722	–509	–596	–552	–679	–561	–601	–713
Net debt at the end of the period	**4,358**	**2,539**	**2,890**	**2,915**	**2,834**	**2,665**	**2,597**	**2,580**	**2,437**

Reconciliation Alternative Performance Measures – First Quarter

MSEK	2019	2018	2017	2016	2015
Operating result	110	68	90	56	54
Amortization of assets identified in conjunction with acquisitions	13	16	15	6	5
EBITA	**123**	**83**	**105**	**62**	**59**
Average total assets	9,764	7,547	6,923	3,542	3,600
Average cash and cash equivalents	–726	–616	–682	–526	–429
Average non-interest-bearing liabilities	–1,805	–1,676	–1,478	–776	–860
Average capital employed	**7,233**	**5,255**	**4,763**	**2,240**	**2,311**
Annualized operating result	438	271	359	224	216
Return on capital employed, %	**6.1**	**5.2**	**7.5**	**10.0**	**9.3**

Reconciliation Alternative Performance Measures – Full Year

MSEK	2018	2017	2016	2015	2014
Operating result	459	308	344	292	175
Depreciation, amortization and write-downs	266	255	172	136	117
EBITDA	**725**	**563**	**516**	**428**	**292**
Operating result	459	308	344	292	175
Amortization of assets identified in conjunction with acquisitions	64	63	40	21	19
EBITA	**523**	**371**	**384**	**313**	**194**
Average total assets	7,792	7,154	5,132	3,559	3,017
Average cash and cash equivalents	–595	–639	–573	–418	–336
Average non-interest-bearing liabilities	–1,799	–1,532	–1,131	–816	–671
Average capital employed	**5,398**	**4,983**	**3,428**	**2,325**	**2,010**
Operating result	459	308	344	292	175
Return on capital employed, %	**8.5**	**6.2**	**10.0**	**12.6**	**8.7**

Financial Definitions

Average number of employees
The number of employees at the end of each month divided number of months.

Average number of shares
Weighted average number of shares outstanding during the period.

Capital employed
Total assets less liquid funds and non-interest bearing liabilities.

Debt/equity ratio
Net debt in relation to reported equity, including non-controlling interests.

Earnings per share
Result for the period attributable to parent company shareholders divided by the average number of shares.

EBIT
Earnings before interest and taxes; operating result.

EBITA
Earnings before interest, taxes and amortization; operating result plus amortization of assets identified in conjunction with acquisitions.

EBITDA
Earnings before interest, taxes, depreciation and amortization; operating result plus depreciation, amortization and write-downs of intangible assets and tangible fixed assets.

Equity ratio
Equity, including non-controlling interests, in relation to total assets.

Interest coverage ratio
Operating result plus interest income divided by interest costs.

Net debt
Interest bearing liabilities less liquid funds.

Operating cash flow
Cash flow from operating activities and investing activities, adjusted for paid taxes and financial items.

Operating margin
Operating result in relation to net sales.

Return on capital employed (ROCE)
Operating result in relation to average capital employed.

Return on equity
Result for the year in relation to average equity.

Return on total assets
Operating result plus financial income in relation to average total assets.

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