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QUARTERLY REPORT JANUARY - JUNE

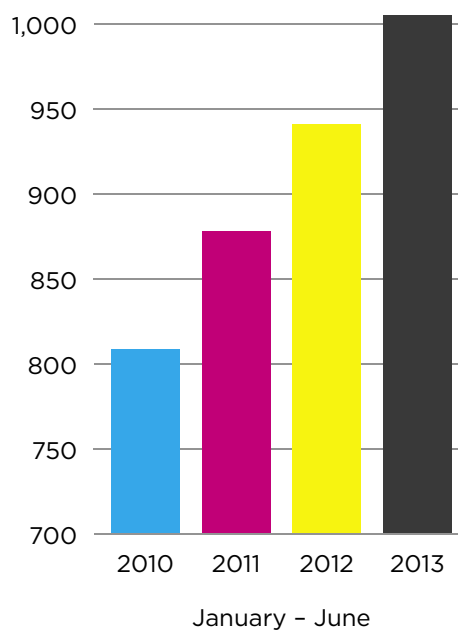
ELANDERS<sup>13</sup>

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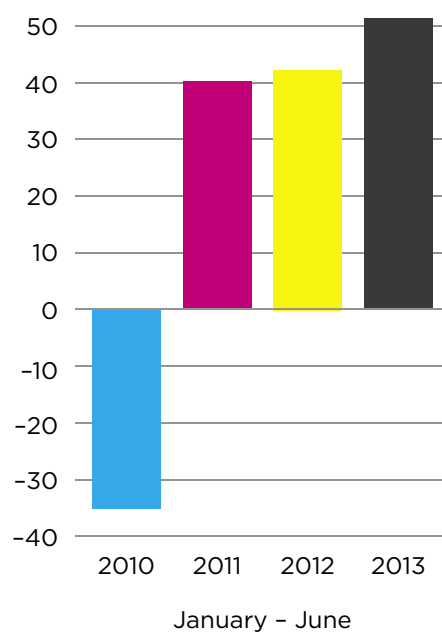
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*This document is a translation of the Swedish original. In the event of any discrepancies between this translation and the Swedish original, the latter shall prevail.*

### ■ NET SALES, MSEK



### ■ OPERATING RESULT EXCLUDING ONE OFF ITEMS, MSEK



## THE FIRST SIX MONTHS

- Net sales increased by 7% totaling MSEK 1,005 (941).
- The operating result, not including one-off items, increased to MSEK 51 (42), an improvement of 21% over the same period last year.
- The operating result, including one-off items, amounted to MSEK 51 (58).
- The result before tax, not including one-off items, increased to MSEK 36 (30), an improvement of 23%.
- The result before tax, including one-off items, amounted to MSEK 36 (46).
- The net result amounted to MSEK 22 (32) or SEK 0.98 (1.56) per share.
- Operating cash flow amounted to MSEK 4 (69), of which acquisitions were MSEK -22 (3).

## THE SECOND QUARTER

- Net sales increased by 6% to MSEK 512 (481).
- The operating result, not including one-off items, increased to MSEK 28 (23), an improvement of 25% over the same period last year.
- The operating result, including one-off items, amounted to MSEK 28 (39).
- The result before tax, not including one-off items, increased to MSEK 21 (16), an improvement of 29%.
- The result before tax, including one-off items, increased to MSEK 21 (32).
- The net result amounted to MSEK 12 (22) or SEK 0.51 (1.03) per share.
- Operating cash flow amounted to MSEK 34 (42), of which acquisitions were MSEK -2 (3).


## COMMENTS BY THE CEO

*It is very positive that Elanders once again improved the operating result and margin if one-off items are not included. Two factors driving this are the continued success of our operations in China and positive contributions from the newly acquired Midland and McNaughtan's.*

DESPITE THE IMPROVED operating result we noticed that demand from our customers in the manufacturing industry mainly in Western Europe and North America, contracted during the quarter. This does not seem to be structurally related but rather due to a slowdown in the business cycle.

Consolidation of our production units in Sweden and Germany continues according to plan. As of the third quarter all production in Germany will be under the same roof. Relocating offset production in Falköping to Gothenburg should be completed during the fourth quarter. These measures are expected to increase productivity, save money and reduce the need for investments, which means Elanders will be more competitive on these markets.

Our global business continues to grow in relationship to our total net sales. This development is on target with our strategy to be a global supplier to customers that have both global and local needs. Along this vein, the number of jobs produced in Poland and Hungary for the Swedish respective German markets has increased over the same period last year by close to 40%, and this makes us more competitive on a price-pressed market.



Magnus Nilsson  
President and Chief Executive Officer



## THREE YEAR OVERVIEW

MSEK	First six months		
	2013	2012	2011
Net sales	1,005	941	878
Operating expenses	-954	-883	-838
<b>OPERATING RESULT</b>	<b>51</b>	<b>58</b>	<b>40</b>
Net financial items	-15	-12	-13
<b>RESULT AFTER FINANCIAL ITEMS</b>	<b>36</b>	<b>46</b>	<b>27</b>

MSEK	Second quarter		
	2013	2012	2011
Net sales	512	481	434
Operating expenses	-484	-443	-413
<b>OPERATING RESULT</b>	<b>28</b>	<b>38</b>	<b>21</b>
Net financial items	-8	-6	-7
<b>RESULT AFTER FINANCIAL ITEMS</b>	<b>21</b>	<b>32</b>	<b>14</b>

# GROUP

## OPERATIONS

Elanders is a global printing group with production units in nine countries on four continents. Our customers can handle all their printing logistics through a single contact at Elanders, no matter how extensive they are or where in the world their products are delivered. Elanders has developed global Web-based order interfaces to support this process.

Our product areas are Commercial Print, Packaging and e-Commerce. Elanders offers services in Web-to-Print (W2P), EDI, advanced premedia, fulfilment and logistics within these areas. Elanders also sells photo products directly to consumers primarily in Germany under the brand fotokasten.

The Group's production units are located in Brazil (São Paulo), Italy (Treviso), China (Beijing), Poland (Płońsk), Great Britain (Glasgow and Newcastle), Sweden (Falköping, Gothenburg, Malmö and Stockholm), Germany (Stuttgart), Hungary (Zalalövő and Jászberény) as well as the USA (Atlanta and Davenport).

Elanders is also represented through sales offices in a number of other locations.

## NET SALES AND RESULTS

### First six months

Consolidated net sales increased by MSEK 64 to MSEK 1,005 (941), i.e. 7% in the first six months. This is primarily due the newly acquired Midland's contribution to net sales. Our operations in China have also continued to develop positively but at the same time we have seen a decline in demand in the second quarter from customers in the manufacturing industry, primarily in Western Europe and North America. Excluding new acquisitions and using constant exchange rates net sales would have dropped 3% compared to the same period last year.

The operating result, excluding one-off items, increased to MSEK 51 (42), corresponding to an operating margin of 5 (4)%. Including one-off items the operating result for the period was MSEK 51 (58). The one-off items reported last year were attributable to book VAT recognized as revenue.

From 2010 to 2012 Elanders submitted claims for VAT refunds to the Swedish Tax Agency pertaining to 2004 through 2007. In 2011 and 2012 the Swedish Tax Agency made consequential amendments regarding many of Elanders' customers who have then demanded compensation from Elanders. It is Elanders' position that the Swedish Tax Agency cannot make consequential amendments. Several judgments from the Court of Appeals in Stockholm, Gothenburg and Jönköping have supported Elanders' position. The Swedish Tax Agency has appealed some of the decisions and sought reconsideration by the Supreme Administrative Court. Reconsideration has now been granted however it is uncertain when the case will be heard. Until the Supreme Administrative Court has rendered its decision Elanders believes there is still a great deal of uncertainty regarding the rest amounts for 2004 and 2007 and therefore it is difficult to assess what effect they will have on Elanders' result.

On 7 July 2011 the Swedish Tax Agency presented its position regarding income tax for graphic companies that have claimed a refund of outgoing VAT. The Swedish Tax Agency's position is that the graphic companies that have made a claim for the refund of outgoing VAT must recognize this revenue as income in the year the claim is made to the Swedish Tax Agency and not, as Elanders has applied, the year the refund has been paid or at least when the income can be reliably expected. As a result the Swedish Tax Agency has raised Elanders' taxable income for the fiscal year of 2010 by MSEK 70. Elanders is in the opinion that Elanders is right in this matter and has contested this decision. Our total exposure is around MSEK 16, since we can only set off some of the refund against the loss carry-forwards Elanders has. During the first quarter the period of respite for these MSEK 16 ended and a payment for this amount was made. This did not have any effect on Group result since it is recompensed by an increase in loss carry-forwards. However, it did have a negative effect on Elanders' cash flow and net debt for the period.

#### *Second quarter*

Consolidated net sales increased during the second quarter by MSEK 31 to MSEK 512 (481),

i.e. 6%. The operating result, excluding one-off items, improved and amounted to MSEK 28 (23), corresponding to an operating margin of 6 (5)%. Including one-off items, the operating result for the period was MSEK 28 (39). In the result reported for the period last year were positive one-off items of MSEK 16 attributable to book VAT recognized as revenue.

### **PERSONNEL**

#### *First six months*

The average number of employees during the period was 1,846 (1,579), of which 407 (403) were in Sweden. At the end of the period the Group had 1,882 (1,599) employees.

#### *Second quarter*

The average number of employees during the period was 1,880 (1,582), of which 406 (406) were in Sweden.

### **INVESTMENTS AND DEPRECIATION**

#### *First six months*

Investments for the period totaled MSEK 60 (20), of which MSEK 22 (-3) referred to acquisitions. Most of the investments for the period were for replacements in production equipment.

#### *Second quarter*

Investments for the period totaled MSEK 26 (5).

### **FINANCIAL POSITION, CASH FLOW, EQUITY RATIO AND FINANCING**

Net debt on 30 June 2013 amounted to MSEK 754 (642). At the end of the year net debt was MSEK 688. The reasons behind the increase is a greater degree of tied up working capital, the acquisition of McNaughtan's and the effect of the payment of MSEK 16 in tax due to the Swedish Tax Agency's raise in Elanders' taxes.

Operating cash flow in the first six months 2013 was MSEK 4 (69), of which acquisitions were MSEK -22 (3). The reduction in operating cash flow compared to the same period last year is almost entirely due to a greater degree of tied up working capital, a lower result and higher investment levels. Operating cash flow in the second quarter was MSEK 34 (42), of which acquisitions were MSEK -2 (3).

The existing credit agreement with Elanders'



main banks expires 30 September 2013. Negotiations regarding an agreement for two years are going according to plan and are in its final stage.

The new agreement is not expected to entail any significantly increased financing costs.

## PARENT COMPANY

The Parent company has provided joint Group services during the period. The average number

of employees in the third quarter was 9 (8) and at the end of the period 9 (8).

## OTHER INFORMATION

### ELANDERS' VISION

Elanders' vision is to be one of the leading graphic companies in the world. By leading we do not necessarily mean largest. We mean a company that best meets customer demands on effectiveness and delivery capability.

Elanders' strategies to fulfill our vision and support our business concept are:

- Develop local customers with global needs into global customers.
- Optimize use of the Group's global production and delivery capacity.
- Create uniform and automated processes in the Group.
- Develop products for future needs that can be used in our current business.
- Continue developing Web-to-Print (W2P) and EDI solutions.
- Strong expansion in packaging and solutions for personalized products.
- Broaden our customer base and product offer to lower sensitivity to fluctuations in the business cycle.

Historically the major part of Elanders' sales has been in the Commercial Print product area. The investments made in Packaging, e-Commerce and personalized products are a conscious effort made to compensate for the inherent loss in volume in Commercial Print due to the tough competition traditional media is facing from

digital media like tablets. The production units used for Commercial Print can also be used to produce packaging and personalized products such as photo products.

### RISKS AND UNCERTAINTIES

Elanders divides risks into circumstantial risks (the future of printed matter and business cycle sensitivity), financial risks (currency, interest, financing and credit risks) as well as business risks (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 2012. 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 2012.

### SEASONAL VARIATIONS

The Group's net sales, and thereby income, are affected by seasonal variations. Elanders normally has a strong fourth quarter.

### EVENTS AFTER THE BALANCE SHEET DATE

No significant events have taken place after the balance sheet date up to the date this report was signed.

### FORECAST

The company will continue to rationalize, inte-

grate acquired units and develop global business. The company anticipates continued positive developments in results.

#### **FUTURE REPORTS FROM ELANDERS**

Q3 2013 23 October 2013  
Q4 2013 27 January 2014  
Q1 2014 24 April 2014

#### **REVIEW AND ACCOUNTING PRINCIPLES**

The company auditors have not reviewed this report. 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.

#### **DECLARATION BY THE BOARD**

The Board of Directors of Elanders AB (publ) hereby declares that this half-year report gives a fair and true view of the parent company's and Group's operations, financial position and result and describes significant risks and uncertainties that the parent company and companies within the Group face.

Mölnlycke, 12 July 2013

Carl Bennet  
*Chairman*

Johan Stern  
*Vice chairman*

Magnus Nilsson  
*President and CEO*

Erik Gabrielson

Lena Hassini

Göran Johnsson

Cecilia Lager

Lilian Larnefeldt

Kerstin Paulsson

#### **CONTACT INFORMATION**

Further information can be found on Elanders' website [www.elanders.com](http://www.elanders.com) or requested via e-mail [info@elanders.com](mailto:info@elanders.com).

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## INCOME STATEMENTS

MSEK	First six months	
	2013	2012
Net sales	1,004.9	941.1
Cost of products and services sold	-779.8	-764.8
<b>GROSS PROFIT</b>	<b>225.1</b>	<b>176.3</b>
Sales and administrative expenses	-184.6	-143.1
Other operating income	15.1	29.9
Other operating expenses	-4.6	-4.8
<b>OPERATING RESULT</b>	<b>51.0</b>	<b>58.3</b>
Net financial items	-14.6	-12.6
<b>RESULT AFTER FINANCIAL ITEMS</b>	<b>36.4</b>	<b>45.7</b>
Income tax	-14.2	-13.7
<b>RESULT FOR THE PERIOD</b>	<b>22.2</b>	<b>32.0</b>
<b>Result for the period attributable to:</b>		
- parent company shareholders	22.2	32.1
- non-controlling interests	-	-0.1
<i>Earnings per share, SEK <sup>1) 2)</sup></i>	<i>0.98</i>	<i>1.56</i>
<i>Average number of shares, in thousands</i>	<i>22,730</i>	<i>20,562</i>
<i>Outstanding shares at the end of the year, in thousands</i>	<i>22,730</i>	<i>22,730</i>

MSEK	Second quarter		Last 12 months	Full year 2012
	2013	2012		
Net sales	511.5	481.2	1,988.1	1,924.2
Cost of products and services sold	-396.4	-388.7	-1,572.1	-1,557.2
<b>GROSS PROFIT</b>	<b>115.1</b>	<b>92.5</b>	<b>416.0</b>	<b>367.0</b>
Sales and administrative expenses	-93.4	-74.7	-355.4	-313.9
Other operating income	9.4	23.5	63.6	78.5
Other operating expenses	-2.7	-2.6	-12.9	-13.1
<b>OPERATING RESULT</b>	<b>28.4</b>	<b>38.7</b>	<b>111.3</b>	<b>118.5</b>
Net financial items	-7.7	-6.7	-27.2	-25.1
<b>RESULT AFTER FINANCIAL ITEMS</b>	<b>20.7</b>	<b>32.0</b>	<b>84.1</b>	<b>93.4</b>
Income tax	-9.0	-10.0	-49.4	-48.9
<b>RESULT FOR THE PERIOD</b>	<b>11.7</b>	<b>22.0</b>	<b>34.6</b>	<b>44.5</b>
<b>Result for the period attributable to:</b>				
- parent company shareholders	11.7	22.2	34.8	44.6
- non-controlling interests	-	-0.3	-0.2	-0.1
<i>Earnings per share, SEK <sup>1) 2)</sup></i>	<i>0.51</i>	<i>1.03</i>	<i>1.25</i>	<i>2.05</i>
<i>Average number of shares, in thousands</i>	<i>22,730</i>	<i>21,595</i>	<i>22,730</i>	<i>21,646</i>
<i>Outstanding shares at the end of the year, in thousands</i>	<i>22,730</i>	<i>22,730</i>	<i>22,730</i>	<i>22,730</i>

<sup>1)</sup> Earnings per share before and after dilution.

<sup>2)</sup> Earnings per share calculated by dividing the result for the year by the average number of outstanding shares during the year.

## ■ STATEMENTS OF COMPREHENSIVE INCOME

MEK	First six months	
	2013	2012
<b>RESULT FOR THE PERIOD</b>	<b>22.2</b>	<b>32.0</b>
Translation differences, net after tax	15.8	-8.9
Cash flow hedges, net after tax	1.3	1.6
Hedging of net investment abroad, net after tax	-4.3	1.0
<b>TOTAL ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS</b>	<b>12.8</b>	<b>-6.3</b>
<b>OTHER COMPREHENSIVE INCOME, NET AFTER TAX</b>	<b>12.8</b>	<b>-6.3</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>35.0</b>	<b>25.7</b>
<b>Total comprehensive income attributable to:</b>		
- parent company shareholders	35.0	25.8
- non-controlling interests	-	-0.1

MSEK	Second quarter		Last 12 months	Full year 2012
	2013	2012		
<b>RESULT FOR THE PERIOD</b>	<b>11.7</b>	<b>22.0</b>	<b>34.6</b>	<b>44.5</b>
Translation differences, net after tax	37.7	3.3	-5.7	-30.4
Cash flow hedges, net after tax	1.4	-2.5	-1.1	-0.8
Hedging of net investment abroad, net after tax	-6.0	0.4	-3.5	1.9
<b>TOTAL ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS</b>	<b>33.1</b>	<b>1.2</b>	<b>-10.3</b>	<b>-29.3</b>
<b>OTHER COMPREHENSIVE INCOME, NET AFTER TAX</b>	<b>33.1</b>	<b>1.2</b>	<b>-10.3</b>	<b>-29.3</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>44.8</b>	<b>23.2</b>	<b>24.4</b>	<b>15.2</b>
<b>Total comprehensive income attributable to:</b>				
- parent company shareholders	44.8	23.5	24.6	15.3
- non-controlling interests	-	-0.3	-0.2	-0.1

Since the Elanders' defined benefit plans that are accounted for in accordance with IAS 19 are not significant, the changes in IAS 19 that have come into effect do not have any material effect on Group results or financial position. The total pension obligations amounted to MSEK 15 at the end of the period. Therefore figures for the comparable year have not been adjusted and no actuarial calculation has been made per 30 June 2013.

## STATEMENTS OF CASH FLOW

MSEK	First six months	
	2013	2012
<b>RESULT AFTER FINANCIAL ITEMS</b>	<b>36.4</b>	<b>45.7</b>
Adjustments for items not included in cash flow	40.0	44.9
Paid tax	-35.9	-11.5
Changes in working capital	-26.9	-14.2
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>13.8</b>	<b>64.9</b>
Net investments in intangible and tangible assets	-38.6	-23.4
Acquisition of operations	-22.3	2.6
Changes in long-term receivables	1.4	1.2
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-59.6</b>	<b>-19.6</b>
Changes in long- and short-term borrowing	-10.7	-36.1
Dividend to parent company shareholders	-13.6	-9.8
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-24.3</b>	<b>-45.9</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>-70.1</b>	<b>-0.6</b>
Liquid funds at the beginning of the period	168.0	81.2
Translation difference	1.8	-0.3
<b>LIQUID FUNDS AT THE END OF THE PERIOD</b>	<b>99.6</b>	<b>80.3</b>
<b>NET DEBT AT THE BEGINNING OF THE PERIOD</b>	<b>688.3</b>	<b>675.5</b>
Translation difference in net debt	5.3	1.6
Net debt in acquired operations	-6.8	-8.2
Change in net debt	66.9	-27.1
<b>NET DEBT AT THE END OF THE PERIOD</b>	<b>753.7</b>	<b>641.8</b>
<b>OPERATING CASH FLOW</b>	<b>4.5</b>	<b>69.4</b>

MSEK	Second quarter		Last 12 months	Full year 2012
	2013	2012		
<b>RESULT AFTER FINANCIAL ITEMS</b>	<b>20.7</b>	<b>32.0</b>	<b>84.1</b>	<b>93.4</b>
Adjustments for items not included in cash flow	17.6	25.8	92.7	97.6
Paid tax	-11.7	-6.7	-47.4	-23.3
Changes in working capital	14.4	-16.8	34.3	47.0
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>41.0</b>	<b>34.3</b>	<b>163.6</b>	<b>214.7</b>
Net investments in intangible and tangible assets	-24.1	-8.6	-87.1	-71.9
Acquisition and disposal of operations	-2.4	2.6	-151.2	-126.3
Changes in long-term receivables	0.4	0.6	1.9	1.7
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-26.1</b>	<b>-5.4</b>	<b>-236.5</b>	<b>-196.5</b>
Changes in long- and short-term borrowing	-16.1	-28.2	107.8	82.4
Dividend to parent company shareholders	-13.6	-9.8	-13.6	-9.8
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-29.7</b>	<b>-38.0</b>	<b>94.2</b>	<b>72.6</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>-14.8</b>	<b>-9.1</b>	<b>21.2</b>	<b>90.8</b>
Liquid funds at the beginning of the period	111.3	87.6	80.3	81.2
Translation difference	3.1	1.8	-1.9	-4.0
<b>LIQUID FUNDS AT THE END OF THE PERIOD</b>	<b>99.6</b>	<b>80.3</b>	<b>99.6</b>	<b>168.0</b>
<b>NET DEBT AT THE BEGINNING OF THE PERIOD</b>	<b>745.3</b>	<b>660.2</b>	<b>641.8</b>	<b>675.5</b>
Translation difference in net debt	9.4	0.7	0.1	-3.6
Net debt in acquired and disposed operations	-	-8.2	-6.4	-7.8
Change in net debt	-1.0	-10.9	118.2	24.2
<b>NET DEBT AT THE END OF THE PERIOD</b>	<b>753.7</b>	<b>641.8</b>	<b>753.7</b>	<b>688.3</b>
<b>OPERATING CASH FLOW</b>	<b>34.4</b>	<b>42.3</b>	<b>1.6</b>	<b>66.6</b>

## ■ STATEMENTS OF FINANCIAL POSITION

### ASSETS

MSEK	30 Jun. 2013	30 Jun. 2012	31 Dec. 2012
Intangible assets	1,062.2	938.8	1,031.3
Tangible assets	355.0	303.7	347.1
Other fixed assets	159.3	152.9	140.1
<b>TOTAL FIXED ASSETS</b>	<b>1,576.6</b>	<b>1,395.4</b>	<b>1,518.6</b>
Inventories	120.0	127.3	115.7
Accounts receivable	389.8	359.0	392.5
Other current assets	80.4	87.0	66.4
Cash and cash equivalents	99.6	80.3	168.0
<b>TOTAL CURRENT ASSETS</b>	<b>689.8</b>	<b>653.6</b>	<b>742.6</b>
<b>TOTAL ASSETS</b>	<b>2,266.4</b>	<b>2,049.0</b>	<b>2,261.2</b>

### EQUITY AND LIABILITIES

MSEK	30 Jun. 2013	30 Jun. 2012	31 Dec. 2012
<b>EQUITY</b>	<b>975.2</b>	<b>964.3</b>	<b>953.8</b>
<b>LIABILITIES</b>			
Non-interest-bearing long-term liabilities	63.2	45.5	56.5
Interest-bearing long-term liabilities	36.7	34.7	46.9
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>99.9</b>	<b>80.2</b>	<b>103.4</b>
Non-interest-bearing current liabilities	374.7	317.1	394.6
Interest-bearing current liabilities	816.6	687.4	809.4
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,191.3</b>	<b>1,004.5</b>	<b>1,204.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,266.4</b>	<b>2,049.0</b>	<b>2,261.2</b>

## ■ STATEMENTS OF CHANGES IN EQUITY

MSEK	Equity attributable to parent company shareholders	Equity attributable to non-controlling interests	Total equity
<b>OPENING BALANCE ON 1 JAN. 2012</b>	<b>879.5</b>	<b>0.1</b>	<b>879.6</b>
Dividend to parent company shareholders	-9.8	-	-9.8
New share issue	68.8	-	68.8
Total comprehensive income for the year	15.3	-0.1	15.2
<b>CLOSING BALANCE ON 31 DEC. 2012</b>	<b>953.8</b>	<b>-</b>	<b>953.8</b>
<b>OPENING BALANCE ON 1 JAN. 2012</b>	<b>879.5</b>	<b>0.1</b>	<b>879.6</b>
Dividend to parent company shareholders	-9.8	-	-9.8
New share issue	68.8	-	68.8
Total comprehensive income for the period	25.8	-0.1	25.7
<b>CLOSING BALANCE ON 30 JUN. 2012</b>	<b>964.3</b>	<b>-</b>	<b>964.3</b>
<b>OPENING BALANCE ON 1 JAN. 2013</b>	<b>953.8</b>	<b>-</b>	<b>953.8</b>
Dividend to parent company shareholders	-13.6	-	-13.6
Total comprehensive income for the period	35.0	-	35.0
<b>CLOSING BALANCE ON 30 JUN. 2013</b>	<b>975.2</b>	<b>-</b>	<b>975.2</b>

## ■ SEGMENT REPORTING

Group operations are reported as one reportable segment, since this is how the Group is governed. The units in each country or sometimes groups of countries are identified as operating segments. The operating segments have then been merged to create a single reportable segment, consisting of the entire Group, since the units have similar economic characteristics and resemble each other regarding the nature of their

products and services, production processes, customer types etc. The President has been identified as the highest executive decision-maker. Regarding the financial information for the reportable segment please see the consolidated income statements and the statements of financial position along with related notes.

## ■ 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 exchange contracts and interest rate swaps and are used for hedging purposes. Valuation at fair value of forward exchange contracts is based on published forward rates on an active market. Valuation at fair value of interest rate swaps is

based on forward interest rates derived from observable yield curves. All derivatives 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. The table below presents fair value respective booked value per class of financial assets and liabilities, which are recorded gross.

MSEK	30 Jun. 2013	30 Jun. 2012	31 Dec. 2012
Non-interest-bearing current liabilities – Derivative instruments in hedge accounting relationships	3.7	2.0	4.2

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

## INCOME STATEMENTS

MSEK	First six months	
	2013	2012
Net sales	-	-
Cost of products and services sold	-	-
<b>GROSS PROFIT</b>	-	-
Operating expenses	-13.0	-14.3
<b>OPERATING RESULT</b>	<b>-13.0</b>	<b>-14.3</b>
Net financial items	39.9	11.0
<b>RESULT AFTER NET FINANCIAL ITEMS</b>	<b>26.9</b>	<b>-3.3</b>
Income tax	3.7	3.9
<b>RESULT FOR THE PERIOD</b>	<b>30.6</b>	<b>0.6</b>

MSEK	Second quarter		Last 12 months	Full year 2012
	2013	2012		
Net sales	-	-	-	-
Cost of products and services sold	-	-	-	-
<b>GROSS PROFIT</b>	-	-	-	-
Operating expenses	-6.3	-7.3	-28.1	-29.4
<b>OPERATING RESULT</b>	<b>-6.3</b>	<b>-7.3</b>	<b>-28.1</b>	<b>-29.4</b>
Net financial items	25.4	13.9	97.8	68.9
<b>RESULT AFTER NET FINANCIAL ITEMS</b>	<b>19.1</b>	<b>6.6</b>	<b>69.7</b>	<b>39.5</b>
Income tax	2.0	1.5	-22.4	-22.2
<b>RESULT FOR THE PERIOD</b>	<b>21.1</b>	<b>8.1</b>	<b>47.3</b>	<b>17.3</b>

## STATEMENTS OF COMPREHENSIVE INCOME

MSEK	First six months	
	2013	2012
<b>RESULT FOR THE PERIOD</b>	<b>30.6</b>	<b>0.6</b>
Other comprehensive income	1.0	-1.1
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>31.6</b>	<b>-0.5</b>

MSEK	Second quarter		Last 12 months	Full year 2012
	2013	2012		
<b>RESULT FOR THE PERIOD</b>	<b>21.1</b>	<b>8.1</b>	<b>47.3</b>	<b>17.3</b>
Other comprehensive income	0.3	-0.7	-0.5	-2.6
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>21.4</b>	<b>7.4</b>	<b>46.8</b>	<b>14.7</b>

## ■ BALANCE SHEETS

MSEK	30 Jun. 2013	30 Jun. 2012	31 Dec. 2012
<b>ASSETS</b>			
Fixed assets	1,444.2	1,312.3	1,442.1
Current assets	163.6	153.7	132.3
<b>TOTAL ASSETS</b>	<b>1,607.8</b>	<b>1,466.0</b>	<b>1,574.4</b>
<b>EQUITY, PROVISIONS AND LIABILITIES</b>			
Equity	800.1	766.8	782.1
Provisions	6.4	7.4	6.4
Long-term liabilities	70.7	65.1	70.7
Current liabilities	730.6	626.7	715.2
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,607.8</b>	<b>1,466.0</b>	<b>1,574.4</b>

## ■ STATEMENTS OF CHANGES IN EQUITY

MSEK	Share capital	Statutory reserve	Retained earnings and result for the period	Total equity
<b>OPENING BALANCE ON 1 JAN. 2012</b>	<b>195.3</b>	<b>332.4</b>	<b>180.7</b>	<b>708.4</b>
Dividend to shareholders	-	-	-9.8	-9.8
New share issue	32.0	-	36.8	68.8
Total comprehensive income for the year	-	-	14.7	14.7
<b>CLOSING BALANCE ON 31 DEC. 2012</b>	<b>227.3</b>	<b>332.4</b>	<b>222.4</b>	<b>782.1</b>
<b>OPENING BALANCE ON 1 JAN. 2012</b>	<b>195.3</b>	<b>332.4</b>	<b>180.7</b>	<b>708.4</b>
Dividend to shareholders	-	-	-9.8	-9.8
New share issue	32.0	-	36.8	68.8
Total comprehensive income for the period	-	-	-0.5	-0.5
<b>CLOSING BALANCE ON 30 JUN. 2012</b>	<b>227.3</b>	<b>332.4</b>	<b>207.1</b>	<b>766.8</b>
<b>OPENING BALANCE ON 1 JAN. 2013</b>	<b>227.3</b>	<b>332.4</b>	<b>222.4</b>	<b>782.1</b>
Dividend to shareholders	-	-	-13.6	-13.6
Total comprehensive income for the period	-	-	31.6	31.6
<b>CLOSING BALANCE ON 30 JUN. 2013</b>	<b>227.3</b>	<b>332.4</b>	<b>240.4</b>	<b>800.1</b>



## ■ QUARTERLY DATA

MSEK	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2012 Q1	2011 Q4	2011 Q3	2011 Q2
Net sales	512	493	527	456	481	460	538	423	434
Operating result	28	23	48	13	39	20	57	13	21
Operating margin, %	5.6	4.6	9.0	2.8	8.0	4.2	10.6	3.0	4.8
Result after financial items	21	16	41	7	32	14	49	4	14
Result after tax	12	11	8	4	22	10	37	3	9
Earnings per share, SEK <sup>1)</sup>	0.51	0.46	0.36	0.19	1.03	0.50	1.92	0.15	0.44
Operating cash flow	34	-30	-21	18	42	27	76	-12	12
Cash flow per share, SEK <sup>2)</sup>	1.80	-1.20	5.58	1.01	1.59	1.57	3.57	-0.90	0.49
Depreciation	25	25	23	23	23	22	22	22	22
Net investments	26	34	161	16	5	14	2	8	8
Goodwill	1 011	984	977	872	890	828	834	847	840
Total assets	2,266	2,227	2,261	2,086	2,049	1,979	2,005	2,037	1,952
Equity	975	944	954	936	964	882	880	854	831
Equity per share, SEK	42.90	41.53	41.96	41.19	42.42	45.15	45.03	43.75	42.55
Net debt	754	745	688	627	642	660	676	750	721
Capital employed	1,729	1,689	1,642	1,563	1,606	1,542	1,555	1,605	1,551
Return on total assets, % <sup>3)</sup>	5.1	4.1	9.0	2.5	10.2	4.8	14.0	4.0	5.8
Return on equity, % <sup>3)</sup>	4.9	4.4	3.5	1.8	9.7	4.4	17.3	1.4	4.2
Return on capital employed, % <sup>3)</sup>	6.7	5.4	11.9	3.2	9.8	5.0	14.5	3.2	5.4
Debt/equity ratio	0.8	0.8	0.7	0.7	0.7	0.7	0.8	0.9	0.9
Equity ratio, %	43.0	42.4	42.2	44.9	47.1	44.6	43.9	42.0	42.6
Interest coverage ratio <sup>4)</sup>	5.0	5.7	5.6	5.8	5.4	4.5	4.4	2.4	neg.
Number of employees at the end of the period	1,882	1,843	1,780	1,600	1,599	1,551	1,582	1,562	1,554

<sup>1)</sup> There is no dilution. <sup>2)</sup> Cash flow per share refers to cash flow from operating activities.

<sup>3)</sup> Return ratios have been annualized. <sup>4)</sup> Interest coverage ratio calculation is based on a moving 12 month period.

## ■ FIVE YEAR OVERVIEW - FULL YEAR

	2012	2011	2010	2009	2008
Net sales, MSEK	1,924	1,839	1,706	1,757	2,191
Result after financial items, MSEK	93	80	-105	-96	-34
Result after tax, MSEK	45	60	-84	-74	-26
Earnings per share, SEK <sup>1)</sup>	2.05	3.09	-6.79	-7.57	-2.62
Cash flow from operating activities per share, SEK	9.92	4.32	-4.68	5.60	12.35
Equity per share, SEK	41.96	45.03	41.94	78.34	89.88
Dividends per share, SEK	0.60	0.50	0.00	0.00	0.00
Operating margin, %	6.2	6.0	-4.5	-3.4	0.7
Return on total assets, %	7.4	7.3	-3.2	-2.2	1.7
Return on equity, %	4.8	7.1	-10.6	-9.1	-3.0
Return on capital employed, %	7.4	7.1	-4.8	-3.6	0.9
Debt/equity ratio	0.7	0.8	0.9	1.1	1.0
Equity ratio, %	42.2	43.9	40.7	36.2	36.8
Average number of shares, in thousands <sup>2)</sup>	21,646	19,530	12,342	9,765	9,765

Key ratios correspond to those presented in the Annual Report for each year.

<sup>1)</sup> There is no dilution. <sup>2)</sup> No adjustment of the historic number of shares has been made since the new share issues in 2010 and 2012 did not entail any bonus issue element.

## ■ FIVE YEAR OVERVIEW – FIRST SIX MONTHS

	2013 Jan. - Jun.	2012 Jan. - Jun.	2011 Jan. - Jun.	2010 Jan. - Jun.	2009 Jan. - Jun.
Net sales, MSEK	1,005	941	878	809	921
Result after tax, MSEK	22	32	20	-30	-10
Earnings per share, SEK <sup>1)</sup>	0.98	1.56	1.02	-3.13	-2.11
Cash flow from operating activities per share, SEK	0.60	3.15	1.64	-3.75	-6.86
Equity per share, SEK	42.90	42.42	42.55	73.22	88.11
Return on equity, % <sup>2)</sup>	4.6	7.0	4.8	-8.3	-4.8
Return on capital employed, % <sup>2)</sup>	6.1	7.4	5.1	-2.5	-1.2
Operating margin, %	5.1	6.2	4.5	-2.5	-1.1
Average number of shares, in thousands <sup>3)</sup>	22,730	20,562	19,530	9,765	9,765

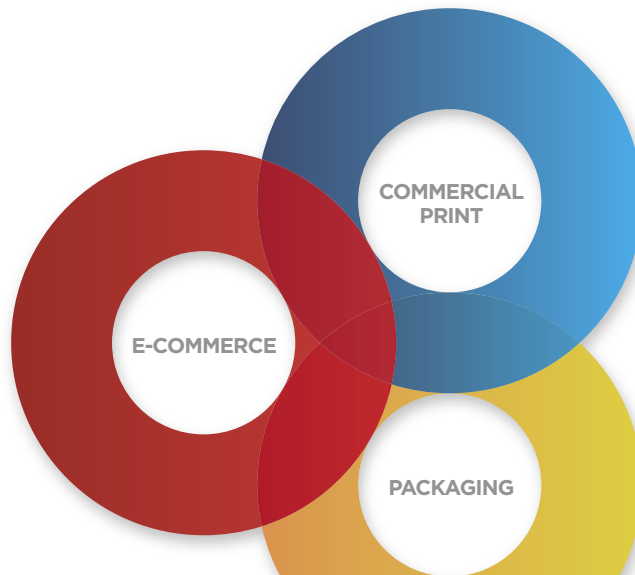
## ■ FIVE YEAR OVERVIEW – SECOND QUARTER

	2013 Q2	2012 Q2	2011 Q2	2010 Q2	2009 Q2
Net sales, MSEK	512	481	434	409	445
Result after tax, MSEK	28	22	9	-12	24
Earnings per share, SEK <sup>1)</sup>	0.51	1.03	0.44	-1.21	-2.46
Cash flow from operating activities per share, SEK	1.80	1.59	0.49	-3.75	4.50
Equity per share, SEK	42.90	42.42	42.55	73.22	88.11
Return on equity, % <sup>2)</sup>	4.9	9.7	4.2	-6.6	-10.9
Return on capital employed, % <sup>2)</sup>	6.7	9.8	5.4	-2.0	-5.2
Operating margin, %	5.6	8.0	4.8	-2.0	-4.9
Average number of shares, in thousands <sup>3)</sup>	22,730	21,595	19,530	9,765	9,765

<sup>1)</sup> There is no dilution.

<sup>2)</sup> Return ratios have been annualized.

<sup>3)</sup> No adjustment of the historic number of shares has been made since the new share issues in 2010 and 2012 did not entail any bonus issue element.



## ELANDERS' OFFER & PRODUCT AREAS

*Elanders operates on global market and has three product areas: Commercial Print, Packaging and e-Commerce. With production in nine countries on four continents Elanders is one of the few suppliers that can offer global solutions for all kinds of printed information.*

COMMERCIAL PRINT comprises magazines, books, catalogues, information and marketing material. Manuals and product information are also included in this category and the entire product area represents close to 80 percent of Elanders' net sales.

Elanders is a global player that can offer and deliver tailor-made solutions to global customers that are often in the automotive industry or manufacture consumer electronics. Mid-sized companies, organizations and authorities are also prioritized customer groups. A line of business Elanders aims for in the future is to serve small companies that place online orders and cut manual handling to a minimum.

The competition in Commercial Print is fierce on pretty much every market in the world. However, thanks to its size and global resources Elanders has been able to shift printing from the high-cost countries Germany and Sweden to the low-cost countries Poland and Hungary. Since 2009 these printing volumes have quadrupled and it appears this trend will hold over the next few years.

Developments in Western Europe have been very difficult for printing companies that have not been able to move production like Elanders has. The graphic industry has been going

through structural changes for years in the West and this accelerated after the economic crisis in 2008. There is an ongoing natural elimination of unprofitable players and this has opened up new opportunities for Elanders to make strategic acquisitions and take market shares.

Despite the weakening market, primarily in Europe and the US, Elanders has succeeded in meeting the new situation by giving customers greater added value in the form of logistic solutions, personalized printing and more.

A good example of this is the demand for manuals in the automotive industry. The manuals have become simpler and thinner and part of the information that was previously printed is now delivered digitally.

Elanders can provide a customer further added value by also offering packaging print and packing together with the manuals. The same trend can be found among producers of home appliances where Elanders often becomes a comprehensive print supplier that offers just-in-time deliveries and storage.

The demand for customized and chassis unique manuals is on the rise in the automotive industry. Elanders has long and extensive experience in this area and a large number of leading, global vehicle manufacturers are our customers.



PACKAGING is the section of the graphic industry with the largest volumes and everything points to continued growth in this product area in the near future. Demand is stable in Western Europe and the US and increasing slightly in Latin America. Packaging is expected to grow in Asia by around 35 percent from 2012 to 2016.

In the past few years Elanders has singled out and acquired companies that will help us grow in this area. Elanders offers an entire range from simple boxes to exclusive handmade packaging in everything from small to enormous editions.

Elanders can also offer personalized print on packaging and this segment is growing stronger every year. Packaging print is getting more complex technically to produce, requiring special machines and skilled workers with experience.

The importance of a company's brand is escalating and this is driving developments towards packaging that gets attention and sticks out on shop shelves. And when it's a matter of premium quality, the packaging also needs to tell you have made the right choice. Although this is particularly obvious in home electronics you can also see it in other areas like cosmetics, pharmaceuticals and food.

E-COMMERCE is a prioritized product area for Elanders which in just a few short years has grown to represent ten percent of the Group net sales. The acquisition of fotokasten and dlo!m has given Elanders hundreds of thousands of consumer customers.

Technical developments are fast in this product area and consumers' purchase patterns are constantly changing. *e-Commerce* is growing in both the US and Western Europe and Elanders specialization in personalization is more often the rule rather than the exception. Customers can put in their orders for photo books, calendars and other printed material on specially designed websites and in some cases even follow the entire process from order to delivered printed matter.

In addition to the volumes, delivery speed is also impressive. Within 48 hours customers can receive their photo books, calendars or whatever they have ordered. The technical solutions are such that it only takes a few minutes to prepare a photo book for print.

Elanders' strategy in *e-Commerce* is to serve our existing customers in the best way possible via order portals but also to be the obvious choice for customers that are focused on end consumers where Elanders can even offer white labeling solutions.

# CUSTOMER BENEFITS IN EVERYTHING WE DO

*During a year Elanders produces thousands of deliveries for customers in nine countries and on four continents. On the next three pages we have chosen to describe a few examples to illustrate the breadth, complexity and benefits in Elanders' offer. The cases demonstrate how well digital developments can work together with an innovative graphic industry.*



## SVENSKA SPEL

**COMMERCIAL PRINT:**  
All printed retail marketing information

**PRODUCTION:**  
Elanders in Sweden

**DESCRIPTION:**  
Svenska Spel is the largest gaming company in Sweden with several strong and well known brands. Elanders won a very comprehensive, complex procurement of printing suppliers for retail marketing information. Since the company is owned by the Swedish government requirements were particularly high. It was especially important that the printing supplier worked seriously to reduce its environmental impact. The contract covers retail marketing information for all Svenska Spel products, among them Triss which is the most sold scratch-off lottery ticket in Sweden and one of Sweden's most popular lotteries. Thanks to Elanders Svenska Spel has improved the work process between printer and orders and at the same time cut costs.

## FRIEND- CALENDAR. COM

**E-COMMERCE:**  
Facebook application and  
personalized calendars

**PRODUCTION:**  
d|o|m and Elanders  
in Germany

**DESCRIPTION:**  
In the autumn of 2012 Friend-Calendar.com launched a Facebook application where the user can create a photo calendar with pictures of their best friends – one for each month and three images per friend. The application has a built-in algorithm which automatically chooses which friends end up in the pictures based on the number of "likes", comments and other kinds of interaction.







## FOTOKASTEN

**PACKAGING  
AND E-COMMERCE:**  
Christmas and  
Photo Calendars

**PRODUCTION:**  
Elanders in Germany

**DESCRIPTION:**  
Through fotokasten, Elanders' brand for selling personalized photo products on the Internet, anyone can quickly and easily create their own customized Christmas Calendar. The customer can choose between 24 of their own pictures or personal messages that are hidden behind delicious chocolate hearts from world leading chocolate-maker Lindt.

## PRINTSY POSTCARDS

**E-COMMERCE:**  
iPhone application and  
personalized postcards

**PRODUCTION:**  
d|o|m and Elanders  
in Germany

**DESCRIPTION:**  
Printsy Postcards makes it possible for owners of iPhones, iPads and iPod touches to send personalized postcards directly from their devices. Unlike other such applications Printsy isn't limited by national borders. The physical cards can therefore be sent to anywhere in the world with fast deliveries. Printsy Postcards is Elanders' first application based on a number of ideas about how people can use their mobile pictures in better and more fun ways. The application has been developed by d|o|m and the postcards are produced in Germany.



## **GUNNEBO SLOTT**

**COMMERCIAL PRINT  
AND PACKAGING:**  
Book and present box

**PRODUCTION:**  
The book:  
Elanders in Sweden  
(Fälth & Hässler)  
Present box:  
Elanders in China

**DESCRIPTION:**  
Gunnebo House and Gardens is one of Sweden's foremost 18th century facilities and is beautifully situated in Mölndal, just south of Gothenburg. In order to generate more interest in the facility Gunnebo House and Gardens produced a book about the palace, gardens and horticulture that also includes their ecological philosophy on food. The book is printed with Elanders' own developed HD technology which produces brilliant definition and printed images even on uncoated paper. Since the book will often be used by the city and local companies as a present and marketing material for special guests its exclusive present box is a fitting part of the delivery.



## **VOLVO TRUCK CORPORATION**

**COMMERCIAL PRINT  
AND E-COMMERCE:**  
Company calendars

**PRODUCTION:**  
Elanders in Sweden

**DESCRIPTION:**  
Elanders produces three different calendars for Volvo Truck Corporation. Around 300 dealers can get their calendars customized and printed with their own logo. The dealers can order the number of calendars they want through a web portal and based on those orders Elanders sets up an optimal and cost-effective production plan. Before they are delivered the calendars are packed in specially produced packaging.



# DEFINITIONS

## CASH FLOW FROM OPERATING ACTIVITIES PER SHARE

Cash flow from operating activities for the year divided by average number of shares.

## CAPITAL EMPLOYED

Total assets less cash and cash equivalents and non-interest-bearing liabilities.

## DEBT/EQUITY RATIO

Interest-bearing liabilities less cash and cash equivalents in relation to reported equity, including non-controlling interests.

## EARNINGS PER SHARE

Earning for the year divided by the average number of shares.

## EQUITY PER SHARE

Equity divided by outstanding shares at the end of the year.

## EQUITY RATIO

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

## INTEREST COVERAGE RATIO

Operating result plus interest income divided by interest costs.

## OPERATING CASH FLOW

Cash flow from operating activities and investing activities adjusted for paid taxes and net financial items.

## OPERATING MARGIN

Operating result in relation to net turnover.

## RETURN ON CAPITAL EMPLOYED

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 total assets.

# SPECIFIC TERMS

## COMMERCIAL PRINT

Production of printed matter such as magazines, books, catalogues, manuals, marketing material etc. Production is made by both offset technique and digital print. Commercial Print is a product area at Elanders.

## DIGITAL PRINT AND DIGITAL PRINT TECHNIQUE

The transfer of information to paper via a digital file that is then printed out with the help of a high-speed printer. This technique is a prerequisite for Print-on-Demand and makes quick deliveries in small editions possible. Offset technique is still more efficient for larger editions and four color production.

## E-COMMERCE

Orders are made via Web shop platforms by end customers themselves. This includes cases where Elanders sells directly to consumers and where we are subcontractors to e-commerce companies. e-Commerce is a product area at Elanders.

## FULFILMENT

This term is increasingly used, particularly in the automotive industry, to describe a number of steps in the process between printing and distribution. They can include packaging for end customers, bar-coding, adding other objects such as plastic cards etc.

## OFFSET TECHNIQUE

A printing method in which ink and water are spread out on a printing plate that is then pressed against a rubber blanket. This absorbs the ink and transfers it to the paper. The expression offset comes from the fact that the printing plate never touches the paper. For smaller editions (1,000–30,000) sheet-fed offset is used. In this process the paper is fed into the press page by page. Web offset is usually more efficient for larger editions (over 30,000). The press is fed from a roll of paper and the printed paper is then cut into sheets.

## ONE STOP SHOPPING

With a single contact you gain access to Elanders' entire global and broad product range and can easily order the products and services that you need.

## PACKAGING

A product manufactured to protect, handle, deliver and present an item. Packaging is a product area at Elanders.

## PREMEDIA

Our collective term for the work done before printing/publishing. The term includes layout, typography, image retouching and production of originals. In our world even other services are included such as: advertisement management, file management, quality assurance, printing plate production as well as database solutions for digital material.

## PRINT-ON-DEMAND (POD)

With the help of high-speed printers printed matter can be produced as needed and in very small editions.

## WEB-TO-PRINT (W2P)

A web-based order interface where the production and distribution of information and marketing material can easily be ordered and made accessible for editing and ordering via the Internet.

## WHITE-LABELLING

This is a concept that is the equivalent of private labeling where retailers sell products under their own brand (for example Coop, ICA, Tesco) although the items are produced by a supplier to them. White-labeling is based on the suppliers' perspective when they provide this kind of service.



## YOUR WORLDWIDE PRINTING PARTNER

Elanders is a global printing group with production units in nine countries on four continents. Our product areas are Commercial Print, Packaging and e-Commerce. Elanders also offers services in Web-to-Print (W2P), EDI, advanced premedia, fulfilment and logistics within these areas. Elanders also sells photo products directly to consumers primarily in Germany under the brand fotokasten. Elanders has approximately 1,800 employees and net sales of more than

SEK 1.9 billion. The Elanders share is listed on the NASDAQ OMX Stockholm, Small Cap.

The Group's production units are located in Brazil (São Paulo), Italy (Treviso), China (Beijing), Poland (Płońsk), Great Britain (Glasgow and Newcastle), Sweden (Falköping, Gothenburg, Malmö and Stockholm), Germany (Stuttgart), Ungern (Zalalövő and Jászberény) as well as the USA (Atlanta and Davenport). Elanders is also represented through sales offices in a number of other locations.