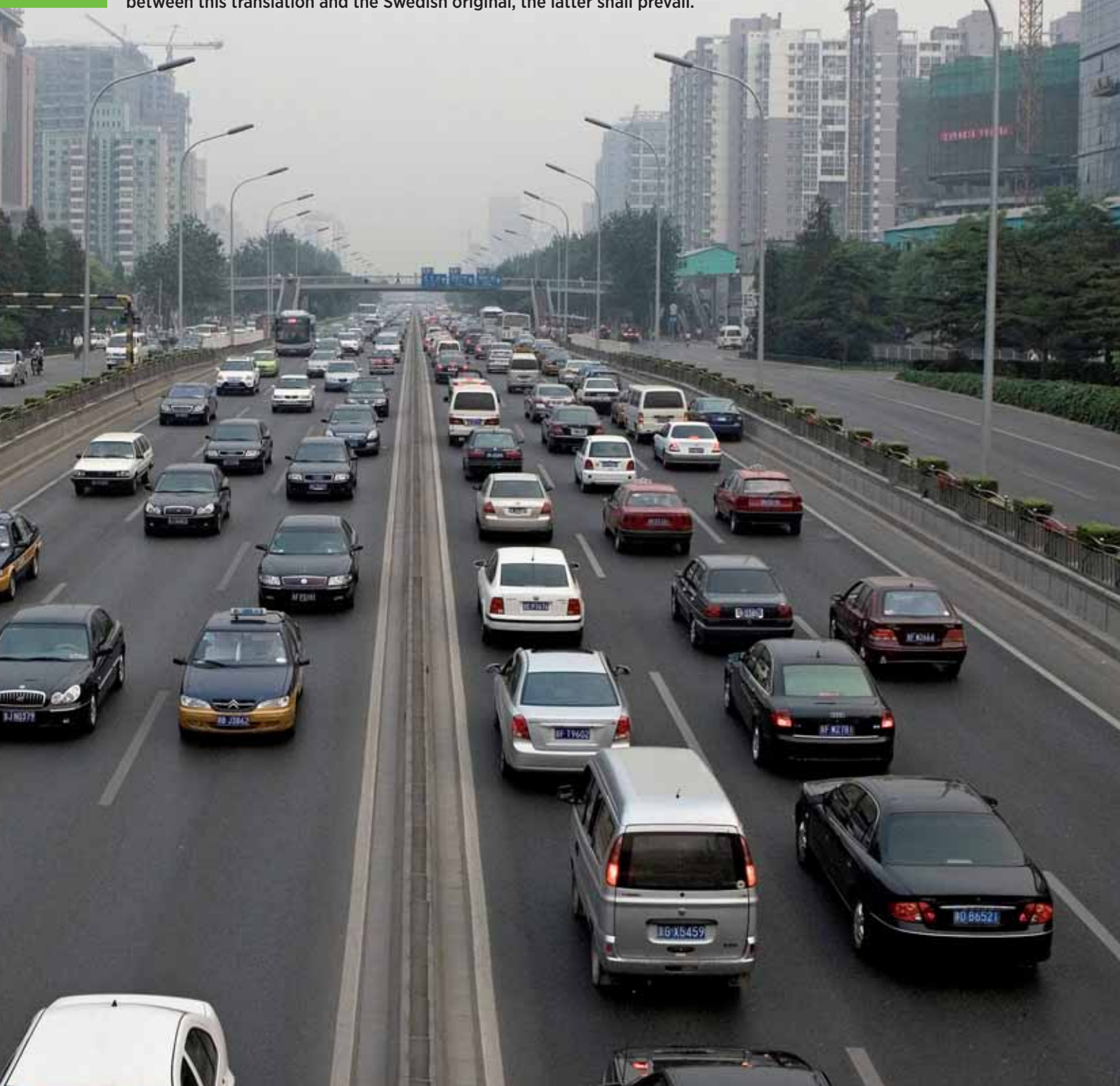


# Interim Report Jan – Sep 2010

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.





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## January-September:

- Net sales fell by 6.7 % totaling MSEK 1,215.0 (MSEK 1,302.0).
- Operating result amounted to MSEK -81.8 (MSEK -31.7), of which one-off items amounted to MSEK -39.7 (MSEK -16.4) net.
- Result before taxes was MSEK -104.1 (MSEK -56.5).
- Net result was MSEK -82.5 (MSEK -37.2) or SEK -8.29 per share (SEK -3.78 per share).<sup>1)</sup>
- Operating cash flow amounted to MSEK -85.5 (MSEK 34.0), of which acquisitions were MSEK -26.8 (MSEK 0.0).
- The new share issue with preferential rights has been carried out and raised MSEK 208.1 after issue expenses. The new share issue has strengthened Elanders' financial position.
- In July Elanders signed a contract to acquire the operations in the packaging printing plant Printpack in Germany with annual net sales of about MSEK 100.
- In September 55 persons were given notice of redundancy in Sweden. In connection to this structural costs of MSEK 58.5 have been charged to operating costs, primarily costs for staff reductions.
- At the end of September a new, two-year credit agreement was signed with the banks.
- The forecast for 2010 of a result before taxes of around MSEK -110 including costs of MSEK 80 for restructuring during the second half of the year remains unchanged. The forecast for 2011 is a positive result before taxes.

<sup>1)</sup> There was no dilution during the given periods.

# The third quarter:

- 
- Net sales increased by 6.6 % totaling MSEK 405.8 (MSEK 380.7).
- 
- Operating result amounted to MSEK -61.8 (MSEK -21.4), of which net one-off items amounted to MSEK -54.5 (MSEK 0.0).
- 
- Result before taxes was MSEK -70.5 (MSEK -27.8).
- 
- Net result amounted to MSEK -52.0 (MSEK -16.6) or SEK -5.04 per share (SEK -1.67 per share)<sup>1)</sup>
- 
- Operating cash flow amounted to MSEK -14.1 (MSEK -33.0), of which acquisitions were MSEK -23.6 (MSEK 0.0).

<sup>1)</sup> There was no dilution during the given periods.

### COMMENTS BY THE CEO

During the third quarter we could clearly see signs of recovery on the market, which was what we predicted at the end of the second quarter. The largest contribution to the increased sales during the third quarter is from industry and automotive customers. The trend of increasing demand for packaging, marketing material and personalized products and a lessening demand for traditional print such as user manuals, educational material and books is unmistakable. The changes that are presently being made in Elanders are completely in line with this trend.

A German packaging printing plant, Printpack, was acquired in the third quarter as a part of Group strategy to expand in packaging production. Printpack has been integrated far faster than expected and this has already generated synergies with Elanders' existing operations in Germany.

The new share issue which was decided during the quarter was carried out and raised about MSEK 208

after issue expenses. This capital will strengthen Elanders' financial position and create the prerequisites necessary for the continued expansion and development of the company.

The structural changes announced in the interim report for the second quarter, primarily concerning the Swedish operations, are now being implemented and are aimed at reducing the number of employees and optimize resource utilization in order to create a more competitive Elanders. In connection to this some production capacity has been moved from Western Europe to Eastern Europe and South America. This process will continue in the fourth quarter.



Magnus Nilsson  
President and Chief Executive Officer

### NET SALES AND RESULT

| MSEK                                | January - September |              |             |
|-------------------------------------|---------------------|--------------|-------------|
|                                     | 2010                | 2009         | 2008        |
| Net sales                           | 1,215.0             | 1,302.0      | 1,570.0     |
| Operating expenses                  | -1,296.8            | -1,333.7     | -1,523.3    |
| <b>Operating result</b>             | <b>-81.8</b>        | <b>-31.7</b> | <b>46.7</b> |
| Net financial items                 | -22.3               | -24.8        | -37.0       |
| <b>Result after financial items</b> | <b>-104.1</b>       | <b>-56.5</b> | <b>9.7</b>  |

| MSEK                                | July - September |              |              |
|-------------------------------------|------------------|--------------|--------------|
|                                     | 2010             | 2009         | 2008         |
| Net sales                           | 405.8            | 380.7        | 516.5        |
| Operating expenses                  | -467.6           | -402.1       | -526.0       |
| <b>Operating result</b>             | <b>-61.8</b>     | <b>-21.4</b> | <b>-9.5</b>  |
| Net financial items                 | -8.7             | -6.4         | -13.5        |
| <b>Result after financial items</b> | <b>-70.5</b>     | <b>-27.8</b> | <b>-23.0</b> |

## **PARENT COMPANY**

During the period the parent company has provided joint Group services. The average number of employees was 18 (11) and at the end of the period 14 (12).

## **GROUP**

### **Net sales and result**

#### *January-September*

Consolidated net sales fell by MSEK 87.0 to MSEK 1,215.0 (MSEK 1,302.0) or 6.7 %. The decrease was primarily due to reduced volumes for the most part in China and in Sweden as well as a stronger Swedish crown compared to the Euro and the British pound. If the currency rates had been the same as in this period the previous year, the reduction in net sales would have been around MSEK 26 or MSEK 43 in comparable units.

The operating result worsened by MSEK 50.1 to MSEK -81.8 (MSEK -31.7), mainly due to developments in the Chinese operations and the structural costs primarily in Sweden. One-off items of MSEK -39.7 (MSEK -16.4) are included in operating results.

In September 55 persons were given notice of redundancy in Sweden and in connection with this structural costs of MSEK 58.5 were charged to the operating result in the third quarter. These reductions in personnel in combination with previous notices of redundancy and people leaving of their own accord during the year reduced Swedish operations by about 80 people on a full year basis, compared to 2009.

#### *Third quarter*

Group net sales increased by MSEK 25.1 to MSEK 405.8 (MSEK 380.7) or 6.6 %. If the currency rates had been the same as in this period the previous year the increase would have been about MSEK 45, of which MSEK 28, i.e. 7.4 %, represents organic growth.

The operating result worsened by MSEK 40.4 to MSEK -61.8 (MSEK -21.4), of which MSEK -54.5 (MSEK 0.0) was one-off items, primarily attributable to restructuring the Swedish operations.

Cleared of one-off items the operations showed a better operating result in the third quarter compared to the same period last year and the reason is lower operating losses in the Swedish operations and generally positive developments in the Group's foreign operations.

### **Personnel**

#### *January-September*

The average number of employees during the period

was 1,506 (1,594), of which 454 (520) were in Sweden. At the end of the period the Group had 1,556 (1,541) employees. In June Jonas Brännerud took over as MD for the Swedish operations and is now a member of Group Management.

#### *Third quarter*

The average number of employees during the period was 1,544 (1,533), of which 439 (480) were in Sweden.

#### *After the end of the reporting period*

Andréas Wikner has been appointed Chief Financial Officer after having been acting Chief Financial Officer.

### **Investments and depreciation**

#### *January-September*

Investments for the period totalled MSEK 52.2 (MSEK 46.4), of which MSEK 26.8 (MSEK 0.0) was acquisitions, of which Printpack was MSEK 23.6 and the acquisition of the remaining minority in the Brazilian operations was MSEK 3.2. Operations in Printpack is consolidated from 1 August.

The Group's depreciations and write-downs for the period amounted to MSEK 76.5 (MSEK 76.9).

#### *Third quarter*

Investments for the period totalled MSEK 31.3 (MSEK 16.1), of which MSEK 23.6 (MSEK 0.0) were acquisitions. The Group's depreciations and write-downs amounted to MSEK 32.3 (MSEK 25.7).

### **Financial position, cash flow,**

#### **equity ratio and financing**

The Group's net debt amounted to MSEK 722.4 (MSEK 835.4) and operating cash flow for the first nine months amounted to MSEK -85.5 (MSEK 34.0) with MSEK -26.8 (MSEK 0.0) attributable to acquisitions. Operating cash flow for the third quarter amounted to MSEK -14.1 (MSEK -33.0), of which acquisitions were MSEK -23.6 (MSEK 0.0). Equity amounted to MSEK 825.3 (MSEK 786.6), which resulted in an equity ratio of 40.4 % (37.8 %).

At the end of September a new, two-year credit agreement was signed with the banks.

### **Risks and uncertainties**

Elanders divides risks into circumstantial risks (the future of printing, business cycles, structure and the competition), financial risks (currency, interest, financing and credit) as well as operational risks (customer concentration, operations, operating costs, contracts,

disputes, insurance and other risk management as well as other operational risks). These risks, together with a sensitivity analysis, are described in detail on pages 43-45 in the Annual Report 2009. No significant changes have occurred that have changed the risks as reported there.

#### *Seasonal variations*

The Group's net sales, and thereby income, are affected by the seasonal variations described on page 45 of the Annual Report 2009. Among other information found there is the fact that, historically, almost a third of the Group's net sales occur in the fourth quarter.

#### *Events after the balance sheet date*

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

#### *Forecast*

The forecast for 2010 of a result before taxes of around MSEK -110 including costs of about MSEK 80 for restructuring during the second half of the year remains unchanged. A positive result before taxes is expected in 2011.

#### *Accounting principles*

The interim 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.

A number of amendments of existing standards, new interpretations etc. have been made by Elanders starting 1 January 2010. Of them the IFRS 3 Business Combination (amended) has had a certain impact on some of our financial reports since new acquisitions must be dealt with according to this standard.

In all other aspects the same accounting principles and calculation methods as those in the last Annual Report have been used.

## **OTHER INFORMATION**

### *Nomination committee*

The following are members of the nomination committee for the Annual General Meeting on 5 May 2011:

|                        |                                       |
|------------------------|---------------------------------------|
| Carl Bennet (chairman) | Carl Bennet AB                        |
| Göran Erlandsson       | Representative for minor shareholders |
| Hans Hedström          | Carnegie Funds                        |
| Nils Petter Hollekim   | Odin Funds                            |
| Caroline af Ugglas     | Investment AB Latour/Skandia Liv      |

No changes have been made in the nomination committee since the Annual General Meeting on 26 April 2010. Please find the nomination committee's contact information on the company's website [www.elanders.com](http://www.elanders.com) under "Corporate Governance".

### **FUTURE REPORTS FROM ELANDERS**

|                                    |                 |
|------------------------------------|-----------------|
| Annual Accounts Report             | 28 Januari 2011 |
| Annual Report                      | 7 April 2011    |
| Interim report first quarter 2011  | 5 May 2011      |
| Interim report second quarter 2011 | 13 July 2011    |
| Interim report third quarter 2011  | 21 October 2011 |

Mölnlycke, 21 October 2010



Magnus Nilsson  
President and Chief Executive Officer

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## **CONTACTS**

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

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SE-435 23 Mölnlycke, Sweden  
Phone +46 31 750 00 00



# Review report

We have reviewed this report for the period 1 January to 30 September 2010 for Elanders AB (publ), company reg.no. 556008-1621. The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden, RS, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to

obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Gothenburg 21 October 2010

PricewaterhouseCoopers AB

Mikael Eriksson  
Authorised Public  
Accountant  
Auditor in charge

Johan Rippe  
Authorised Public  
Accountant

## GROUP – INCOME STATEMENTS

| MSEK   | Third quarter |              |
|--|---------------|--------------|
|  | 2010          | 2009         |
| Net sales  | 405.8         | 380.7        |
| Cost of products and services sold                               | -376.1        | -319.1       |
| <b>Gross profit</b>  | <b>29.7</b>   | <b>61.6</b>  |
| Sales and administrative expenses                                | -88.1         | -86.3        |
| Other operating income   | 27.4          | 10.3         |
| Other operating expenses   | -29.5         | -5.0         |
| Income from jointly controlled entities                          | -1.3          | -2.0         |
| <b>Operating result</b>  | <b>-61.8</b>  | <b>-21.4</b> |
| Net financial items  | -8.7          | -6.4         |
| <b>Result after financial items</b>                              | <b>-70.5</b>  | <b>-27.8</b> |
| Income taxes   | 18.5          | 11.2         |
| <b>Result for the period</b>                                     | <b>-52.0</b>  | <b>-16.6</b> |
| <b>Attributable to:</b>  |               |              |
| - parent company shareholders                                    | -52.0         | -16.3        |
| - minority interests   | -             | -0.3         |
| <b>Earnings per share, SEK <sup>1) 2)</sup></b>                  | <b>-5.04</b>  | <b>-1.67</b> |
| <b>Average number of shares, in thousands</b>                    | <b>10,308</b> | <b>9,765</b> |
| <b>Outstanding shares at the end of the period, in thousands</b> | <b>19,530</b> | <b>9,765</b> |


<sup>1)</sup> Earnings per share before and after dilution. No adjustment of the historic number of shares has been made since the new share issue in 2010 did not entail any bonus issue element.

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

| MSEK   | January – September |              |                   | Full year<br>2009 |
|--|---------------------|--------------|-------------------|-------------------|
|  | 2010                | 2009         | Last<br>12 months |                   |
| Net sales  | 1,215.0             | 1,302.0      | 1,669.7           | 1,756.7           |
| Cost of products and services sold                               | -1,058.2            | -1,063.7     | -1,424.1          | -1,429.6          |
| <b>Gross profit</b>  | <b>156.8</b>        | <b>238.3</b> | <b>245.6</b>      | <b>327.1</b>      |
| Sales and administrative expenses                                | -249.4              | -281.3       | -357.4            | -389.3            |
| Other operating income   | 52.3                | 29.6         | 62.0              | 39.3              |
| Other operating expenses   | -38.4               | -15.8        | -55.8             | -33.2             |
| Income from jointly controlled entities                          | -3.1                | -2.5         | -4.6              | -4.0              |
| <b>Operating result</b>  | <b>-81.8</b>        | <b>-31.7</b> | <b>-110.2</b>     | <b>-60.1</b>      |
| Net financial items  | -22.3               | -24.8        | -33.5             | -36.0             |
| <b>Result after financial items</b>                              | <b>-104.1</b>       | <b>-56.5</b> | <b>-143.7</b>     | <b>-96.1</b>      |
| Income taxes   | 21.6                | 19.3         | 24.0              | 21.7              |
| <b>Result for the period</b>                                     | <b>-82.5</b>        | <b>-37.2</b> | <b>-119.7</b>     | <b>-74.4</b>      |
| <b>Attributable to:</b>  |                     |              |                   |                   |
| - parent company shareholders                                    | -82.5               | -36.9        | -119.6            | -74.0             |
| - minority interests   | -                   | -0.3         | -0.1              | -0.4              |
| <b>Earnings per share, SEK <sup>1) 2)</sup></b>                  | <b>-8.29</b>        | <b>-3.78</b> | <b>-12.08</b>     | <b>-7.57</b>      |
| <b>Average number of shares, in thousands</b>                    | <b>9,946</b>        | <b>9,765</b> | <b>9,901</b>      | <b>9,765</b>      |
| <b>Outstanding shares at the end of the period, in thousands</b> | <b>19,530</b>       | <b>9,765</b> | <b>19,530</b>     | <b>9,765</b>      |


<sup>1)</sup> Earnings per share before and after dilution. No adjustment of the historic number of shares has been made since the new share issue in 2010 did not entail any bonus issue element.

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

 GROUP – STATEMENTS OF COMPREHENSIVE INCOME

| MSEK   | Third quarter |              |
|--|---------------|--------------|
|  | 2010          | 2009         |
| <b>Result for the period</b>                       | <b>-52.0</b>  | <b>-16.6</b> |
| <b>Other comprehensive income</b>                  |               |              |
| Translation differences, net after tax             | -47.6         | -58.1        |
| Cash flow hedges, net after tax                    | 0.1           | 0.0          |
| Hedging of net investment abroad, net after tax    | 1.5           | 0.9          |
| <b>Other comprehensive income, net after tax</b>   | <b>-46.0</b>  | <b>-57.2</b> |
| <b>Total comprehensive income for the period</b>   | <b>-98.0</b>  | <b>-73.8</b> |
| <b>Total comprehensive income attributable to:</b> |               |              |
| - parent company shareholders                      | -98.0         | -73.7        |
| - minority interests                               | -             | -0.1         |

| MSEK   | January – September |              | Last<br>12 months | Full year<br>2009 |
|--|---------------------|--------------|-------------------|-------------------|
|  | 2010                | 2009         |                   |                   |
| <b>Result for the period</b>                       | <b>-82.5</b>        | <b>-37.2</b> | <b>-119.7</b>     | <b>-74.4</b>      |
| <b>Other comprehensive income</b>                  |                     |              |                   |                   |
| Translation differences, net after tax             | -70.2               | -55.1        | -54.6             | -39.5             |
| Cash flow hedges, net after tax                    | 0.1                 | 0.1          | 0.5               | 0.5               |
| Hedging of net investment abroad, net after tax    | 5.3                 | 1.1          | 5.0               | 0.8               |
| <b>Other comprehensive income, net after tax</b>   | <b>-64.8</b>        | <b>-53.9</b> | <b>-49.1</b>      | <b>-38.2</b>      |
| <b>Total comprehensive income for the period</b>   | <b>-147.3</b>       | <b>-91.1</b> | <b>-168.8</b>     | <b>-112.6</b>     |
| <b>Total comprehensive income attributable to:</b> |                     |              |                   |                   |
| - parent company shareholders                      | -147.3              | -90.9        | -168.7            | -112.3            |
| - minority interests                               | -                   | -0.2         | -0.1              | -0.3              |

 GROUP – STATEMENTS OF CASH FLOW

| MSEK   | Third quarter |              | January – September |              | Last 12 months | Full year 2009 |
|--|---------------|--------------|---------------------|--------------|----------------|----------------|
|  | 2010          | 2009         | 2010                | 2009         |                |                |
| <b>Result after financial items</b>                | <b>-70.5</b>  | <b>-27.8</b> | <b>-104.1</b>       | <b>-56.5</b> | <b>-143.7</b>  | <b>-96.1</b>   |
| Adjustments for items not included in cash flow    | 70.5          | 17.1         | 93.6                | 50.2         | 130.2          | 86.8           |
| Paid taxes   | -1.1          | -3.5         | -8.8                | -14.1        | -2.6           | -7.9           |
| Changes in working capital                         | -1.4          | -16.5        | -50.2               | 43.8         | -22.2          | 71.8           |
| <b>Cash flow from operating activities</b>         | <b>-2.5</b>   | <b>-30.7</b> | <b>-69.5</b>        | <b>23.4</b>  | <b>-38.3</b>   | <b>54.6</b>    |
| <b>Cash flow from investing activities</b>         | <b>-21.4</b>  | <b>-12.2</b> | <b>-47.1</b>        | <b>-28.4</b> | <b>-70.9</b>   | <b>-52.2</b>   |
| Changes in long and short-term borrowing           | -136.4        | 25.7         | -74.5               | -50.1        | -84.0          | -59.6          |
| New share issue                                    | 208.1         | -            | 208.1               | -            | 208.1          | -              |
| <b>Cash flow from financing activities</b>         | <b>71.7</b>   | <b>25.7</b>  | <b>133.6</b>        | <b>-50.1</b> | <b>124.1</b>   | <b>-59.6</b>   |
| <b>Cash flow for the period</b>                    | <b>47.8</b>   | <b>-17.2</b> | <b>17.0</b>         | <b>-55.1</b> | <b>14.9</b>    | <b>-57.2</b>   |
| <b>Liquid funds at the beginning of the period</b> | <b>48.8</b>   | <b>104.2</b> | <b>78.9</b>         | <b>141.7</b> | <b>80.2</b>    | <b>141.7</b>   |
| Translation difference                             | -4.0          | -6.8         | -3.3                | -6.4         | -2.5           | -5.6           |
| <b>Liquid funds at the end of the period</b>       | <b>92.6</b>   | <b>80.2</b>  | <b>92.6</b>         | <b>80.2</b>  | <b>92.6</b>    | <b>78.9</b>    |
| <b>Net debt at the beginning of the period</b>     | <b>905.6</b>  | <b>806.4</b> | <b>837.4</b>        | <b>843.3</b> | <b>835.4</b>   | <b>843.3</b>   |
| Translation difference in net debt                 | -19.4         | -4.1         | -32.0               | -1.6         | -32.1          | -1.7           |
| Net debt in acquisitions                           | 8.6           | -            | 8.6                 | -            | 8.6            | -              |
| Change in net debt                                 | -172.4        | 33.1         | -91.6               | -6.3         | -89.5          | -4.2           |
| <b>Net debt at the end of the period</b>           | <b>722.4</b>  | <b>835.4</b> | <b>722.4</b>        | <b>835.4</b> | <b>722.4</b>   | <b>837.4</b>   |
| <b>Operating cash flow</b>                         | <b>-14.1</b>  | <b>-33.0</b> | <b>-85.5</b>        | <b>34.0</b>  | <b>-77.0</b>   | <b>42.1</b>    |

 GROUP – STATEMENTS OF FINANCIAL POSITION

| MSEK                                       | Sep. 30 2010   | Sep. 30 2009   | Dec. 31 2009   |
|--|----------------|----------------|----------------|
| <b>Assets</b>                              |                |                |                |
| Intangible assets                          | 887.7          | 940.9          | 953.0          |
| Tangible assets                            | 371.3          | 432.2          | 435.1          |
| Other fixed assets                         | 163.8          | 125.6          | 131.4          |
| <b>Total fixed assets</b>                  | <b>1,422.8</b> | <b>1,498.7</b> | <b>1,519.5</b> |
| Inventories                                | 113.1          | 103.0          | 95.1           |
| Accounts receivable                        | 335.1          | 316.5          | 351.5          |
| Other current assets                       | 77.5           | 85.0           | 68.8           |
| Cash and cash equivalents                  | 92.6           | 80.2           | 78.9           |
| <b>Total current assets</b>                | <b>618.3</b>   | <b>584.7</b>   | <b>594.3</b>   |
| <b>Total assets</b>                        | <b>2,041.1</b> | <b>2,083.4</b> | <b>2,113.8</b> |
| <b>Equity and liabilities</b>              |                |                |                |
| <b>Equity</b>                              | <b>825.3</b>   | <b>786.6</b>   | <b>765.1</b>   |
| <b>Liabilities</b>                         |                |                |                |
| Non-interest-bearing long-term liabilities | 38.6           | 47.3           | 42.7           |
| Interest-bearing long-term liabilities     | 326.4          | 94.1           | 87.6           |
| <b>Total long-term liabilities</b>         | <b>365.0</b>   | <b>141.4</b>   | <b>130.3</b>   |
| Non-interest-bearing current liabilities   | 362.2          | 333.8          | 389.7          |
| Interest-bearing current liabilities       | 488.6          | 821.6          | 828.7          |
| <b>Total current liabilities</b>           | <b>850.8</b>   | <b>1 155.4</b> | <b>1 218.4</b> |
| <b>Total equity and liabilities</b>        | <b>2,041.1</b> | <b>2,083.4</b> | <b>2,113.8</b> |

 GROUP – STATEMENTS OF CHANGES IN EQUITY

| MSEK   | Equity attributable<br>to parent company<br>shareholders | Equity attributable<br>to minority owners | Total<br>equity |
|--|--|---|-----------------|
| <b>Equity at year-end 2008</b>                     | <b>875.6</b>   | <b>2.1</b>                                | <b>877.7</b>    |
| Total comprehensive income for the year            | -112.3   | -0.3                                      | -112.6          |
| <b>Equity at year-end 2009</b>                     | <b>763.3</b>   | <b>1.8</b>                                | <b>765.1</b>    |
| <b>Equity at year-end 2008</b>                     | <b>875.6</b>   | <b>2.1</b>                                | <b>877.7</b>    |
| Total comprehensive income for the period          | -90.9  | -0.2                                      | -91.1           |
| <b>Equity at the end of the third quarter 2009</b> | <b>784.7</b>   | <b>1.9</b>                                | <b>786.6</b>    |
| <b>Equity at year-end 2009</b>                     | <b>763.3</b>   | <b>1.8</b>                                | <b>765.1</b>    |
| Transactions with minority owners                  | 1.2  | -1.8                                      | -0.6            |
| New share issue                                    | 208.1  | -   | 208.1           |
| Total comprehensive income for the period          | -147.3   | -   | -147.3          |
| <b>Equity at the end of the third quarter 2010</b> | <b>825.3</b>   | <b>-</b>                                  | <b>825.3</b>    |

**Segment reporting**

Effective the fourth quarter 2009 Group operations are reported as one reportable segment, since this is how the Group is now governed. This analysis identified the President as the highest decision-maker and the units in different countries were identified as operating segments. The operating segments were then merged to create a single operating 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. Regarding the financial information for the operating segment please see the consolidated income statements and the statement of financial position along with related notes.

# Parent company

## PARENT COMPANY – INCOME STATEMENTS


| MSEK                                    | Third quarter |             |
|---|---------------|-------------|
|   | 2010          | 2009        |
| Net sales                               | -             | -           |
| Cost of products and services sold      | -             | -           |
| <b>Gross profit</b>                     | -             | -           |
| Operating expenses                      | -10.5         | -6.4        |
| <b>Operating result</b>                 | <b>-10.5</b>  | <b>-6.4</b> |
| Net financial items                     | -2.2          | -1.7        |
| <b>Result after net financial items</b> | <b>-12.7</b>  | <b>-8.1</b> |
| Income taxes                            | 3.3           | 2.1         |
| <b>Result for the period</b>            | <b>-9.4</b>   | <b>-6.0</b> |

| MSEK                                    | January – September |              | Last<br>12 months | Full year<br>2009 |
|---|---------------------|--------------|-------------------|-------------------|
|   | 2010                | 2009         |                   |                   |
| Net sales                               | -                   | -            | -                 | -                 |
| Cost of products and services sold      | -                   | -            | -                 | -                 |
| <b>Gross profit</b>                     | -                   | -            | -                 | -                 |
| Operating expenses                      | -23.4               | -29.5        | -31.3             | -37.4             |
| <b>Operating result</b>                 | <b>-23.4</b>        | <b>-29.5</b> | <b>-31.3</b>      | <b>-37.4</b>      |
| Net financial items                     | 11.7                | 80.9         | 14.0              | 83.2              |
| <b>Result after net financial items</b> | <b>-11.7</b>        | <b>51.4</b>  | <b>-17.3</b>      | <b>45.8</b>       |
| Income taxes                            | 5.5                 | 10.8         | 8.5               | 13.8              |
| <b>Result for the period</b>            | <b>-6.2</b>         | <b>62.2</b>  | <b>-8.8</b>       | <b>59.6</b>       |

## PARENT COMPANY – STATEMENTS OF COMPREHENSIVE INCOME

| MSEK                              | Third quarter |             |
|-----------------------------------|---------------|-------------|
|                                   | 2010          | 2009        |
| <b>Result for the period</b>      | <b>-9.4</b>   | <b>-6.0</b> |
| Other comprehensive income        | -             | -           |
| <b>Total comprehensive income</b> | <b>-9.4</b>   | <b>-6.0</b> |

| MSEK                              | January – September |             | Last<br>12 months | Full year<br>2009 |
|-----------------------------------|---------------------|-------------|-------------------|-------------------|
|                                   | 2010                | 2009        |                   |                   |
| <b>Result for the period</b>      | <b>-6.2</b>         | <b>62.2</b> | <b>-8.8</b>       | <b>59.6</b>       |
| Other comprehensive income        | -                   | -           | -                 | -                 |
| <b>Total comprehensive income</b> | <b>-6.2</b>         | <b>62.2</b> | <b>-8.8</b>       | <b>59.6</b>       |

 PARENT COMPANY – BALANCE SHEETS

| MSEK                                      | Sep. 30<br>2010 | Sep. 30<br>2009 | Dec. 31<br>2009 |
|---|-----------------|-----------------|-----------------|
| <b>Assets</b>                             |                 |                 |                 |
| Fixed assets                              | 1,268.1         | 1,240.5         | 1,254.9         |
| Current assets                            | 163.5           | 66.9            | 61.4            |
| <b>Total assets</b>                       | <b>1,431.6</b>  | <b>1,307.4</b>  | <b>1,316.3</b>  |
| <b>Equity, provisions and liabilities</b> |                 |                 |                 |
| Equity                                    | 754.8           | 605.3           | 552.9           |
| Provisions                                | 3.9             | 6.3             | 3.9             |
| Long-term liabilities                     | 146.3           | 0.1             | 0.1             |
| Current liabilities                       | 526.6           | 695.7           | 759.4           |
| <b>Total equity and liabilities</b>       | <b>1,431.6</b>  | <b>1,307.4</b>  | <b>1,316.3</b>  |

 PARENT COMPANY – STATEMENTS OF CHANGES IN EQUITY

| MSEK   | Share capital | Statutory reserve | Retained earnings<br>and result for<br>the period | Total equity |
|--|---------------|-------------------|---|--------------|
| <b>Equity at year-end 2008</b>                     | <b>97.7</b>   | <b>332.4</b>      | <b>113.1</b>                                      | <b>543.2</b> |
| Total comprehensive income for the year            | -             | -                 | 59.5  | 59.5         |
| Paid group contribution, net                       | -             | -                 | -67.6   | -67.6        |
| Tax effect on paid group contribution, net         | -             | -                 | 17.8  | 17.8         |
| <b>Equity at year-end 2009</b>                     | <b>97.7</b>   | <b>332.4</b>      | <b>122.8</b>                                      | <b>552.9</b> |
| <b>Equity at year-end 2008</b>                     | <b>97.7</b>   | <b>332.4</b>      | <b>113.1</b>                                      | <b>543.2</b> |
| Total comprehensive income for the period          | -             | -                 | 62.2  | 62.2         |
| <b>Equity at the end of the third quarter 2009</b> | <b>97.7</b>   | <b>332.4</b>      | <b>175.2</b>                                      | <b>605.3</b> |
| <b>Equity at year-end 2009</b>                     | <b>97.7</b>   | <b>332.4</b>      | <b>122.8</b>                                      | <b>552.9</b> |
| New share issue                                    | 97.7          | -                 | 110.4   | 208.1        |
| Total comprehensive income for the period          | -             | -                 | -6.2  | -6.2         |
| <b>Equity at the end of the third quarter 2010</b> | <b>195.3</b>  | <b>332.4</b>      | <b>227.1</b>                                      | <b>754.8</b> |

# Key ratios – Group

## GROUP QUARTERLY DATA

| MSEK   | 2010<br>Q3 | 2010<br>Q2 | 2010<br>Q1 | 2009<br>Q4 | 2009<br>Q3 | 2009<br>Q2 | 2009<br>Q1 | 2008<br>Q4 | 2008<br>Q3 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Net sales                                    | 406        | 409        | 401        | 455        | 381        | 445        | 477        | 621        | 516        |
| Operating result                             | -62        | -8         | -12        | -28        | -21        | -22        | 12         | -31        | -9         |
| Operating margin, %                          | -15.2      | -2.0       | -3.0       | -6.2       | -5.6       | -4.9       | 2.5        | -5.0       | -1.7       |
| Result after financial items                 | -71        | -14        | -19        | -40        | -28        | -32        | 3          | -44        | -23        |
| Result after tax                             | -52        | -12        | -19        | -37        | -17        | -24        | 3          | -30        | -22        |
| Earnings per share, SEK                      | -5.04      | -1.21      | -1.92      | -3.79      | -1.67      | -2.46      | 0.34       | -3.03      | -2.25      |
| Operating cash flow                          | -14        | -37        | -34        | 8          | -33        | 45         | 22         | 126        | -37        |
| Net cash flow per share, SEK                 | 4.63       | 0.19       | -3.35      | -0.22      | -1.76      | -3.32      | -0.56      | 6.98       | 0.03       |
| Depreciation                                 | 33         | 22         | 22         | 24         | 26         | 24         | 27         | 31         | 27         |
| Net investments                              | 21         | 9          | 17         | 24         | 12         | 12         | 4          | -3         | 36         |
| Goodwill                                     | 843        | 863        | 868        | 895        | 889        | 920        | 923        | 918        | 866        |
| Total assets                                 | 2,041      | 2,032      | 2,020      | 2,114      | 2,083      | 2,203      | 2,342      | 2,387      | 2,290      |
| Equity                                       | 825        | 715        | 720        | 765        | 787        | 860        | 894        | 878        | 849        |
| Net debt                                     | 722        | 906        | 868        | 837        | 836        | 806        | 838        | 843        | 916        |
| Capital employed                             | 1,548      | 1,621      | 1,588      | 1,602      | 1,622      | 1,667      | 1,732      | 1,721      | 1,765      |
| Return on total assets, % <sup>1)</sup>      | -11.1      | -1.5       | -1.9       | -5.3       | -4.1       | -4.0       | 3.0        | -3.2       | -0.6       |
| Return on equity, % <sup>1)</sup>            | -27.0      | -6.6       | -10.0      | -19.3      | -8.1       | -10.9      | 1.5        | -13.9      | -10.4      |
| Return on capital employed, % <sup>1)</sup>  | -15.6      | -2.0       | -3.0       | -7.0       | -4.6       | -5.2       | 2.8        | -7.2       | -2.2       |
| Debt/equity ratio                            | 0.9        | 1.3        | 1.2        | 1.1        | 1.1        | 0.9        | 0.9        | 1.0        | 1.1        |
| Equity ratio, %                              | 40.4       | 35.2       | 35.6       | 36.2       | 37.8       | 39.0       | 38.2       | 36.8       | 37.1       |
| Interest coverage ratio <sup>2)</sup>        | -3.8       | -2.5       | -2.8       | -1.8       | -1.7       | -1.1       | 1.3        | 0.4        | 2.7        |
| Number of employees at the end of the period | 1,556      | 1,523      | 1,457      | 1,538      | 1,541      | 1,557      | 1,652      | 1,812      | 1,887      |

<sup>1)</sup> Return ratios have been annualized.

<sup>2)</sup> Interest coverage ratio calculation is based on a moving 12 month period.

## FIVE YEAR OVERVIEW – FULL YEAR

|                                    | 2009  | 2008  | 2007  | 2006  | 2005 |
|------------------------------------|-------|-------|-------|-------|------|
| Result after financial items, MSEK | -96   | -34   | 184   | -32   | 105  |
| Result after tax, MSEK             | -74   | -26   | 172   | -49   | 78   |
| Earnings per share, SEK            | -7.57 | -2.62 | 18.06 | -5.53 | 8.77 |
| Dividends per share, SEK           | -     | -     | 4.50  | 2.36  | 2.36 |
| Return on equity, %                | -9.1  | -3.0  | 24.2  | -8.2  | 13.2 |
| Return on total assets, %          | -2.2  | 1.7   | 12.0  | -0.3  | 7.5  |
| Return on capital employed, %      | -3.6  | 0.9   | 16.0  | -0.7  | 10.1 |
| Debt/equity ratio                  | 1.1   | 1.0   | 1.0   | 1.1   | 1.0  |
| Equity ratio, %                    | 36.2  | 36.8  | 38.9  | 33.9  | 35.3 |

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

## FIVE YEAR OVERVIEW – THIRD QUARTER

|   | 2010<br>Q3 | 2009<br>Q3 | 2008<br>Q3 | 2007<br>Q3 <sup>1)</sup> | 2006<br>Q3 <sup>1)</sup> |
|---|------------|------------|------------|--------------------------|--------------------------|
| Net sales, MSEK                             | 406        | 381        | 516        | 471                      | 432                      |
| Result after tax, MSEK                      | -52        | -17        | -22        | 54                       | 11                       |
| Earnings per share, SEK <sup>3)</sup>       | -5.04      | -1.67      | -2.25      | 5.54                     | 1.25                     |
| Return on equity, % <sup>2)</sup>           | -11.0      | -8.1       | -10.4      | 28.3                     | 7.1                      |
| Return on capital employed, % <sup>2)</sup> | -5.1       | -4.6       | -2.2       | 13.8                     | 6.6                      |
| Operating margin, %                         | -15.2      | -5.6       | -1.7       | 11.5                     | 4.9                      |
| Average number of shares, in thousands      | 10,308     | 9,765      | 9,765      | 9,765                    | 8,855                    |

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

<sup>2)</sup> Return valuations are annualized.

<sup>3)</sup> There is no dilution.



## FIVE YEAR OVERVIEW - JANUARY - SEPTEMBER

|   | 2010<br>Jan. – Sep. | 2009<br>Jan. – Sep. | 2008<br>Jan. – Sep. | 2007<br>Jan. – Sep. <sup>1)</sup> | 2006<br>Jan. – Sep. <sup>1)</sup> |
|---|---------------------|---------------------|---------------------|-----------------------------------|-----------------------------------|
| Net sales, MSEK                             | 1,215               | 1,302               | 1,571               | 1,449                             | 1,228                             |
| Result after tax, MSEK                      | -83                 | -37                 | 4                   | 109                               | 65                                |
| Earnings per share, SEK <sup>3)</sup>       | -8.29               | -3.78               | 0.41                | 11.50                             | 7.33                              |
| Return on equity, % <sup>2)</sup>           | -13.8               | -6.0                | 0.6                 | 20.4                              | 14.5                              |
| Return on capital employed, % <sup>2)</sup> | -6.9                | -2.5                | 3.8                 | 13.8                              | 11.6                              |
| Operating margin, %                         | -6.7                | -2.4                | 3.0                 | 9.8                               | 8.7                               |
| Average number of shares, in thousands      | 9,946               | 9,765               | 9,765               | 9,462                             | 8,855                             |

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

<sup>2)</sup> Return ratios are annualized.

<sup>3)</sup> There is no dilution.

## Notes

### Note 1. Acquisition of operations

#### SPECIFICATION OF ACQUISITIONS MADE IN 2010

| Acquisition date | Company             | Country | Number of employees |
|------------------|---------------------|---------|---------------------|
| 1 augusti 2010   | Printpack – CW GmbH | Germany | 44                  |

In August 2010 Elanders acquired the assets and liabilities in Printpack CW – GmbH in Stuttgart, Germany. The company is specialized in packaging production and has many international customers. The agreed purchase price amounted to MEUR 2.5 in addition to the transfer of a leasing debt of MEUR 0.9. The acquisition resulted in negative goodwill amounting to MEUR 0.4 that has been as accounted for as income.

#### ASSETS AND LIABILITIES IN ACQUISITIONS

| MSEK  | Recorded values in<br>acquired operations | Adjustment to<br>fair value | Recorded value<br>in the Group |
|---|---|-----------------------------|--------------------------------|
| Intangible assets                                   | -   | 4.7                         | 4.7                            |
| Tangible assets                                     | 21.4                                      | -                           | 21.4                           |
| Inventory   | 11.5                                      | -                           | 11.5                           |
| Non-interest bearing long-term liabilities          | -   | -1.5                        | -1.5                           |
| Interest bearing long-term liabilities              | -8.6                                      | -                           | -8.6                           |
| <b>Identifiable net assets</b>                      | <b>24.3</b>                               | <b>3.2</b>                  | <b>27.5</b>                    |
| Negative goodwill                                   |   |                             | -3.9                           |
| <b>Total purchase sums</b>                          |   |                             | <b>23.6</b>                    |
| Less:   |   |                             |                                |
| Unpaid purchase sums                                |   |                             | -                              |
| Cash and cash equivalents in acquisitions           |   |                             | -                              |
| <b>Negative effect on cash and cash equivalents</b> |   |                             | <b>23.6</b>                    |

In March 2010 the remaining minority in the subsidiary in Brazil was acquired. The purchase price amounted to MUSD 0.5.

## Definitions

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

## Elanders' offer

# A Global Printer

*Elanders handles customers' information and printed matter logistics via a single contact, no matter how voluminous the material or how many languages it is published in. Based on our customers' needs and competence Elanders shapes, processes, produces and then distributes information, directly to the recipient of the information when that is an advantage. We provide technical support for our customers' information management through a platform of systems that help to automate customers' information processes.*

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### ● SOME OF OUR PRODUCTS

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#### INFORMATION AND MARKETING MATERIAL

Internal and external information is combined with other media is often customized to the recipient's needs and interests. Elanders produces all kinds of information and marketing material – from a local ad to global campaigns, annual reports etc.




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#### PERIODICALS

The number of electronic newspapers is growing yet the number of printed periodicals has never been higher. Since tailoring material to a specific group has become more and more important, periodicals are being diversified to attract the right target group. Elanders produces periodicals in both large and small editions and varying qualities that range from simple local personnel newsletters to global customer magazines or magazines focused on a particular group.




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#### PACKAGING

Packaging is rapidly becoming a vital ingredient in helping a product stick out from the competition. Elanders has produced packaging for several years and is now taking it to the next level. Can your packaging also lead a double life? Elanders produces packaging in both Europe and Asia and we manufacture everything from plain boxes to exclusive handmade packaging in large and small editions.




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#### MANUALS AND PRODUCT INFORMATION

Manuals are changing form. They may be slimmed down and simplified but they are still an important service for customers that buy products and services. The way the manual is packed together with the product is important for creating just the right feeling. Elanders helps its customers with everything from production manuals and product information to the actual packaging and distribution.



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## PHOTO PRODUCTS

Today when we are all our own photographers and technology is pretty straightforward we order more and more personalized photobooks, paintings, calendars, wallpaper etc. Elanders produces these kinds of products for consumers and businesses that want to reach out to their customers or employees with a more personal touch.



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## BOOKS AND CATALOGUES

Book sales are actually on the rise and catalogue production has only changed in design and number of copies. Many catalogues are printed in the relevant language and only contain content that is interesting for that particular market or target group. Elanders offers a number of smart solutions to create unique catalogues for different focus groups at the best possible production price.



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## OFFICE MATERIAL

Office material is also a part of a brand. Elanders produces both small volumes of office material for small businesses and large volumes of the same kind of material for multinationals. The value of this is, among other things, that big or little the quality and brand of an item are ensured.



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## POINT OF SALES

Information and marketing material, packaging and other material for point of sales are increasingly part of a whole program. Elanders is helping its customers with separate parts or the whole concept, which means that information can easily be reused optimally for anything in the program.



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## SOME OF OUR SERVICES



**ONLINE SERVICES**  
Marketing and campaign planning, automated page production, Web shop etc.



**ARTS AND GRAPHICS SERVICES**  
Design, artwork, image enhancement etc.



**TRANSLATION**  
Reusable with a terminology database.



**PERSONALIZED PRINT**  
Target group customized information, assortment catalogue.



**GLOBAL PRINT**  
Produced locally.



**FULFILMENT**  
Pick & Pack.



**STORAGE AND DISTRIBUTION**  
Storage management, third party logistics etc.



**ORDER AND INVOICING**



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