

ELANDERS Q3 2012

..... YOUR WORLDWIDE PRINTING PARTNER

INTERIM REPORT
JAN – SEP 2012

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



WE ARE PLEASED TO
SEE THAT THE **POSITIVE
GROWTH TREND HAS
CONTINUED** INTO THE
THIRD QUARTER.



4

IN SEPTEMBER 2012 FOTOKASTEN
LAUNCHED ITS SWEDISH WEBSITE
WWW.FOTOKASTEN.SE.



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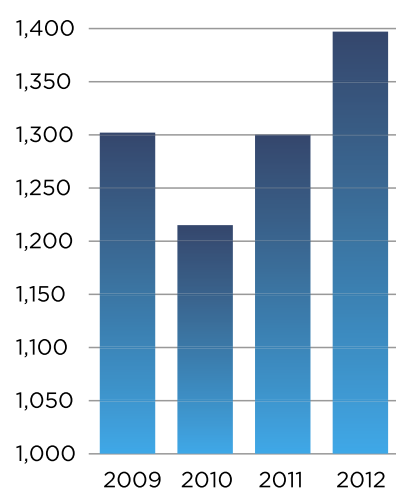
JANUARY – SEPTEMBER

- Net sales increased by 7 % totaling MSEK 1,397 (1,300), 2 % of which was organic growth.
- Operating result increased to MSEK 71 (52). The result included positive one-off items of MSEK 16 (0).
- Result before tax increased to MSEK 52 (31), which was an improvement of 16 % not including one-off items.
- Net result amounted to MSEK 36 (23) or SEK 1.70 (1.17) per share.
- Operating cash flow amounted to MSEK 87 (18), of which acquisitions were MSEK 1 (-6).
- The forecast for 2012 continues to be an increase in net sales and a better result before tax compared to last year. The result before tax in 2011 was MSEK 80.

THE THIRD QUARTER

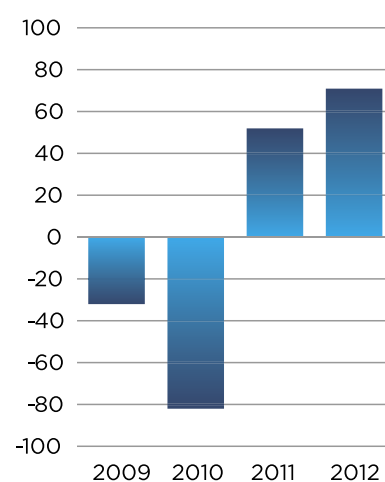
- Net sales increased by MSEK 456 (423) which was an increase of 8 %, 6 % of which was organic growth.
- Operating result amounted to MSEK 13 (13). The result included positive one-off items of MSEK 0 (0).
- Result before tax increased to MSEK 7 (4).
- Net result grew to MSEK 4 (3) or SEK 0.19 (0.15) per share.
- Operating cash flow increased to MSEK 18 (-12), of which acquisitions were MSEK -2 (-6).

NET SALES, MSEK



January - September

OPERATING RESULT, MSEK



January - September

COMMENTS BY THE CEO

We are pleased to see that the positive growth trend has continued into the third quarter. The third quarter is usually the weakest for Elanders because so many customers take a summer break. Our operations on the German, Chinese and British markets continue to develop positively as they have all year, winning market shares and increasing sales. A disappointment is our business in the US, which has not developed the way we expected, but several measures are in the works to improve that situation. The good recovery in China has generated greater volumes which will most likely require investing in more production capacity in 2013. Capacity utilization in our Eastern European units continues to be high where production for the German and Swedish markets is steadily growing month after month, in both proportion and volume.

The operating result for the quarter was approximately the same as the third quarter last year. However, the result before tax improved due to lower financial costs.

The German acquisitions, fotokasten and dlom, a part of Elanders' strategy to grow in production area Web2Business, are performing as expected. Volumes in both businesses are highly seasonal with a considerable peak in the fourth quarter. The Swedish fotokasten website, www.fotokasten.se was launched during the third quarter and sells photo products directly to consumers. A number of marketing activities took place at the Book and Library Fair in Gothenburg in connection with this.

The market for commercial printed matter continues to shrink and although a consolidation is taking place, through a natural elimination of unprofitable companies all over the world, overcapacity and an intense price press will continue to affect this segment in the foreseeable future. It is therefore positive that under these market circumstance Elanders continues to grow organically and win market shares.



Magnus Nilsson
President and Chief Executive Officer

■ THREE YEAR OVERVIEW

MSEK	January - September		
	2012	2011	2010
Net sales	1,397	1,300	1,215
Operating expenses	-1,326	-1,248	-1,297
OPERATING RESULT	71	52	-82
Net financial items	-19	-21	-22
RESULT AFTER FINANCIAL ITEMS	52	31	-104

MSEK	Third quarter		
	2012	2011	2010
Net sales	456	423	406
Operating expenses	-443	-410	-468
OPERATING RESULT	13	13	-62
Net financial items	-6	-8	-9
RESULT AFTER FINANCIAL ITEMS	7	4	-71

GROUP

OPERATIONS

Elanders is a global printing group with production units in ten countries on four continents. Our product areas are Commercial Print, Packaging and Web2Business (W2B). Elanders also offers services in Web-to-Print (W2P), EDI, advanced premedia,

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

NET SALES AND RESULT*January-September*

Consolidated net sales for the first nine months increased by 7 % to MSEK 1,397 (1,300). With comparable units and the same exchange rate as this period last year organic growth was 6 %. This is primarily due to the positive developments in our operations on the Swedish, German, Chinese and British markets where we have won market shares and increased sales. The first half-year started with a somewhat hesitant demand from customers but capacity utilization has been good during most of the first and second quarters while the third quarter was affected by the summer slowdown in production at most of our customers.

The operating result amounted to MSEK 71 (52), corresponding to an operating margin of 5 (4) %. Positive one-off items of MSEK 16 (0) attributable to book VAT recorded as income are included in the result. During the period some adjustments to cost conditions were made in the US operations, affecting the result and productivity in this unit negatively. The operating result was also charged with transaction costs of about MSEK 2 in connection to the acquisition of fotokasten and dlolm.

In 2010 and 2011 Elanders submitted claims for VAT refund pertaining to 2004 and 2005 to the Swedish Tax Agency. In 2011 Elanders received a refund of MSEK 70. During the current year Elanders has received a refund of MSEK 60 for 2005. In September 2012 Elanders submitted a claim for a VAT refund pertaining to 2006 and 2007, which is a part of our total claim for these years. The Swedish Tax Agency has not yet rendered a decision on 2006 and 2007. During the fourth quarter 2011, MSEK 25 attributable to 2004 was recorded as income and MSEK 16 pertaining to 2005 was recorded as income in the second quarter of 2012. In 2011 and 2012 the Swedish Tax Agency made a consequential amendment regarding many of Elanders' customers who have then demanded compensation from Elanders. It is Elanders position that the Swedish Tax Agency cannot make a consequential amendment and a judgment on May 16th 2012 from the Court of Appeals in Stockholm supported that position.

This came after several decisions by the Administrative Court in favor of the Swedish Tax Agency. It has now appealed the Court of Appeals decision and sought reconsideration by the Supreme Administrative Court. Until this judgment has become legally binding Elanders believes there is still a great deal of uncertainty regarding the rest of the 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 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 believes, the year the refund has been paid or at least when payment 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 it will be taken to the Administrative Court. The total exposure is around MSEK 16, since only some of the refund can be set off against the loss carry forwards Elanders has. Elanders has not made any provisions for this amount.

Third quarter

During the third quarter net sales increased by MSEK 33 to MSEK 456 (423), i.e. an increase of 8 %, 5 % of which was organic growth. The operating result was on the same level as last year and amounted to MSEK 13 (13), which corresponded to an operating margin of 3 (3) %. The result before tax improved from MSEK 4 to 7 due to lower interest costs because of lower net debt.

IMPORTANT EVENTS IN THE THIRD QUARTER

During the third quarter a new credit contract was signed for a one year period. This contract does not entail any significantly raised borrowing costs.

PERSONNEL*January-September*

The average number of employees during the period was 1,584 (1,539), of which 403 (392) were in Sweden. At the end of the period the Group had 1,600 (1,562) employees.

Third quarter

The average number of employees during the period was 1,594 (1,546), of which 402 (394) were in Sweden.

INVESTMENTS AND DEPRECIATION*January-September*

Investments for the period totaled MSEK 36 (26). In addition to this a non-cash issue was implemented in connection with the acquisition of fotokasten and dlolm where shares for a value of MSEK 70.4 were issued. Group depreciation and write-downs for the period amounted to MSEK 67 (64). Most of the investments for the period have been made in production equipment located in Eastern Europe in order to handle growing volumes in Sweden and Germany.

Third quarter

Investments for the period totaled MSEK 16 (8). Group depreciation and write-downs for the period amounted to MSEK 23 (22). Most of the investments for the period have been made in production equipment located in Eastern Europe in order to handle growing volumes in Sweden and Germany.

FINANCIAL POSITION, CASH FLOW, EQUITY RATIO AND FINANCING

Group net debt on 30 September 2012 amounted to MSEK 627 (750) and operating cash flow for

the first nine months increased to MSEK 87 (18), of which acquisitions were MSEK 1 (-6). The positive development in the operating cash flow is a result of lower payments in the rationalization program that was implemented in previous years and which had a greater negative effect on cash flow last year, improved profitability and a low level of investments.

Operating cash flow in the third quarter was MSEK 18 (-12). At the end of the period equity was MSEK 936 (854), which resulted in an equity ratio of 45 % (42 %). The increase in equity is primarily a result of the non-cash issue implemented during the second quarter that contributed MSEK 68.8 after issue expenses. Issue expenses amounted to around MSEK 1.6.

During the third quarter a new credit contract was signed for a one year period. Elanders chose the alternative that gave the best price, which explains the short contract period. This contract does not entail any significantly raised borrowing costs.

PARENT COMPANY

The Parent company has provided joint Group services. The average number of employees in the third quarter was 8 (8) and at the end of the period 8 (8).

OTHER INFORMATION

THE GROUP AT A GLANCE

Elanders is a global printing group with production units in ten countries on four continents. Product areas are Commercial Print, Packaging and Web2Business (W2B). Elanders also offers services in Web-to-Print (W2P), EDI, advanced premedia, fulfillment and logistics within these areas.

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.

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, Web2Business and personalized products are a conscious effort made to compensate for the inherent loss in volume in Commercial Print due to the tough competition printed media is facing from digital media. 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 printing, business cycles, structure and the competition), financial risks (currency, interest, financing and credit) as well as operational risks (customer concentration, operations, operating costs as well as contracts and disputes). These risks, together with a sensitivity analysis, are described in detail on pages 62-65 and 96-98 in the Annual Report 2011. Circumstances in the world around us since the Annual Report was published are not believed to have caused any new significant risks or influenced the way in which the Group works with these compared to the description in the Annual Report 2011.

The Swedish government has included a proposal to lower company tax from the current 26.3 % to 22 % in the budget proposition for 2013. This reduction in company tax would have a significant effect on Elanders' result and financial position since Elanders has substantial deferred tax assets that stem from loss carry forwards in Sweden. If the Parliament decides to reduce company tax, the new 22 % tax rate will be valid as of 1 January 2013 for companies that have the calendar year as their financial year. However, this also means that the deferred tax assets must be valued per 31 December 2012 at the new tax rate. That would affect the tax cost for the fourth quarter and according to Elanders' assessment it would reduce the result after tax by about MSEK 20-25.

SEASONAL VARIATIONS

The Group's net sales, and thereby income, are affected by the seasonal variations described in the Annual Report 2011. 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 forecast for 2012 continues to be an increase in net sales and a better result before tax compared to last year. The result before tax in 2011 was MSEK 80.

REVIEW AND 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.

The same accounting principles and calculation methods as those in the last Annual Report have been used.

Elanders does not expect the amendments in IAS 19 "Employee Benefits", which will be applied from 1 January 2013, to have any significant effect on Elanders' financial position.

REPORT OF REVIEW OF INTERIM FINANCIAL INFORMATION*Introduction*

We have reviewed this report for the period 1 January 2012 to 30 September 2012 for Elanders AB (publ), company ID 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.

Scope of 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 International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The

NOMINATION COMMITTEE

The nomination committee for the Annual General Meeting on 7 May 2013 is as follows:

Carl Bennet (Chair)	Carl Bennet AB
Hans Hedström	Carnegie Funds
Göran Erlandsson	Representative for the smaller shareholders

Contact information for the nomination committee can be found at www.elanders.com under "Corporate Governance".

FUTURE REPORTS FROM ELANDERS

Q4 2012	28 January 2013
Q1 2013	7 May 2013
Q2 2013	11 July 2013
Q3 2013	23 October 2013

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.

Conclusion

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 22 October 2012
PricewaterhouseCoopers AB



Johan Rippe
Authorised Public Accountant

CONTACT INFORMATION

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

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CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENTS

MSEK	January - September	
	2012	2011
Net sales	1,396.9	1,300.4
Cost of products and services sold	-1,131.5	-1,059.2
GROSS PROFIT	265.4	241.2
Sales and administrative expenses	-220.5	-202.0
Other operating income	33.9	18.7
Other operating expenses	-8.0	-5.4
OPERATING RESULT	70.9	52.5
Net financial items	-18.7	-21.4
RESULT AFTER FINANCIAL ITEMS	52.2	31.1
Income tax	-16.0	-8.2
RESULT FOR THE PERIOD	36.3	22.9
Result for the period attributable to:		
- parent company shareholders	36.4	22.9
- non-controlling interests	-0.1	-
<i>Earnings per share, SEK ^{1) 2)}</i>	<i>1.70</i>	<i>1.17</i>
<i>Average number of shares, in thousands</i>	<i>21,285</i>	<i>19,530</i>
<i>Outstanding shares at the end of the period, in thousands</i>	<i>22,730</i>	<i>19,530</i>

MSEK	Third quarter		Last 12 months	Full year 2011
	2012	2011		
Net sales	455.9	422.7	1,935.4	1,838.8
Cost of products and services sold	-366.7	-346.9	-1,558.6	-1,486.3
GROSS PROFIT	89.2	75.8	376.7	352.5
Sales and administrative expenses	-77.4	-66.0	-303.2	-284.7
Other operating income	4.0	4.9	69.2	54.0
Other operating expenses	-3.2	-2.2	-14.6	-12.0
OPERATING RESULT	12.6	12.5	128.2	109.8
Net financial items	-6.1	-8.1	-27.1	-29.8
RESULT AFTER FINANCIAL ITEMS	6.5	4.4	101.1	80.0
Income tax	-2.3	-1.5	-27.4	-19.6
RESULT FOR THE PERIOD	4.2	2.9	73.7	60.3
Periodens resultat hänförligt till:				
- parent company shareholders	4.2	2.9	73.7	60.2
- non-controlling interests	-	-	-	0.1
<i>Earnings per share, SEK ^{1) 2)}</i>	<i>0.19</i>	<i>0.15</i>	<i>3.53</i>	<i>3.09</i>
<i>Average number of shares, in thousands</i>	<i>22,730</i>	<i>19,530</i>	<i>20,846</i>	<i>19,530</i>
<i>Outstanding shares at the end of the period, in thousands</i>	<i>22,730</i>	<i>19,530</i>	<i>22,730</i>	<i>19,530</i>

¹⁾ Earnings per share before and after dilution.

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

■ STATEMENTS OF COMPREHENSIVE INCOME

MSEK	January - September	
	2012	2011
RESULT FOR THE PERIOD	36.3	22.9
Other comprehensive income		
Translation differences, net after tax	-41.2	13.9
Cash flow hedges, net after tax	-0.4	0.1
Hedging of net investment abroad, net after tax	3.0	-1.7
OTHER COMPREHENSIVE INCOME	-38.6	12.3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-2.3	35.2
Total comprehensive income attributable to:		
- parent company shareholders	-2.2	35.2
- non-controlling interests	-0.1	-

MSEK	Third quarter		Last 12 months	Full year 2011
	2012	2011		
RESULT FOR THE PERIOD	4.2	2.9	73.7	60.3
Other comprehensive income				
Translation differences, net after tax	-32.3	21.6	-52.2	2.9
Cash flow hedges, net after tax	-2.0	-0.2	-3.6	-3.1
Hedging of net investment abroad, net after tax	2.0	-0.7	4.9	0.2
OTHER COMPREHENSIVE INCOME	-32.3	20.7	-50.9	0.0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-28.1	23.6	22.8	60.3
Total comprehensive income attributable to:				
- parent company shareholders	-28.1	23.6	22.8	60.2
- non-controlling interests	-	-	-	0.1

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENTS OF CASH FLOW

MSEK	January - September	
	2012	2011
RESULT AFTER FINANCIAL ITEMS	52.2	31.1
Adjustments for items not included in cash flow	62.3	37.6
Paid tax	-16.2	-7.3
Changes in working capital	-10.4	-46.8
CASH FLOW FROM OPERATING ACTIVITIES	87.9	14.6
CASH FLOW FROM INVESTING ACTIVITIES	-35.6	-25.5
Changes in long- and short-term borrowing	26.9	25.5
Dividend to parent company shareholders	-9.8	-
CASH FLOW FROM FINANCING ACTIVITIES	17.1	25.5
CASH FLOW FOR THE PERIOD	69.4	14.6
Liquid funds at the beginning of the period	81.2	50.1
Translation difference	-4.2	1.6
LIQUID FUNDS AT THE END OF THE PERIOD	146.4	66.3
NET DEBT AT THE BEGINNING OF THE PERIOD	675.5	732.2
Translation difference in net debt	-6.8	7.2
Net debt in acquisitions	-8.2	-
Change in net debt	-34.0	11.0
NET DEBT AT THE END OF THE PERIOD	626.5	750.4
OPERATING CASH FLOW	87.1	17.8

MSEK	Third quarter		Last 12 months	Full year 2011
	2012	2011		
RESULT AFTER FINANCIAL ITEMS	6.5	4.4	101.1	80.0
Adjustments for items not included in cash flow	17.4	20.4	83.4	58.7
Paid tax	-4.7	-4.3	-15.7	-6.8
Changes in working capital	3.8	-38.0	-11.2	-47.6
CASH FLOW FROM OPERATING ACTIVITIES	23.0	-17.5	157.6	84.3
CASH FLOW FROM INVESTING ACTIVITIES	-16.0	-7.5	-37.7	-27.6
Changes in long- and short-term borrowing	63.0	30.3	-26.2	-27.6
Dividend to parent company shareholders	-	-	-9.8	-
CASH FLOW FROM FINANCING ACTIVITIES	63.0	30.3	-36.0	-27.6
CASH FLOW FOR THE PERIOD	70.0	5.3	83.9	29.1
Liquid funds at the beginning of the period	80.3	58.5	66.3	50.1
Translation difference	-3.9	2.5	-3.8	2.0
LIQUID FUNDS AT THE END OF THE PERIOD	146.4	66.3	146.4	81.2
NET DEBT AT THE BEGINNING OF THE PERIOD	641.8	720.6	750.4	732.2
Translation difference in net debt	-8.4	4.5	-14.2	-0.2
Net debt in acquisitions	-	-	-8.2	-
Change in net debt	-6.9	25.3	-101.5	-56.5
NET DEBT AT THE END OF THE PERIOD	626.5	750.4	626.5	675.5
OPERATING CASH FLOW	17.7	-12.5	162.6	93.3

■ STATEMENTS OF FINANCIAL POSITION

ASSETS

MSEK	30 Sep. 2012	30 Sep. 2011	31 Dec. 2011
Intangible assets	914.8	887.2	869.5
Tangible assets	289.0	340.7	320.3
Other fixed assets	157.1	164.7	159.1
TOTAL FIXED ASSETS	1,360.9	1,392.6	1,348.9
Inventories	128.2	143.2	125.6
Accounts receivable	368.1	362.7	385.3
Other current assets	82.9	71.9	63.6
Cash and cash equivalents	146.4	66.3	81.2
TOTAL CURRENT ASSETS	725.6	644.1	655.7
TOTAL ASSETS	2,086.4	2,036.7	2,004.6

EQUITY AND LIABILITIES

MSEK	30 Sep. 2012	30 Sep. 2011	31 Dec. 2011
EQUITY	936.2	854.5	879.6
LIABILITIES			
Non-interest-bearing long-term liabilities	31.8	40.5	40.3
Interest-bearing long-term liabilities	44.7	41.1	36.3
TOTAL LONG-TERM LIABILITIES	76.5	81.6	76.6
Non-interest-bearing current liabilities	332.6	324.9	327.9
Interest-bearing current liabilities	741.1	775.7	720.5
TOTAL CURRENT LIABILITIES	1,073.7	1,100.6	1,048.4
TOTAL EQUITY AND LIABILITIES	2,086.4	2,036.7	2,004.6

■ STATEMENTS OF CHANGES IN EQUITY

MSEK	Equity attributable to parent company shareholders	Equity attributable to non-controlling interests	Total equity
OPENING BALANCE ON 1 JAN. 2011	819.3	-	819.3
Total comprehensive income for the year	60.2	0.1	60.3
CLOSING BALANCE ON 31 DEC. 2011	879.5	0.1	879.6
OPENING BALANCE ON 1 JAN. 2011	819.3	-	819.3
Total comprehensive income for the period	35.2	-	35.2
CLOSING BALANCE ON 30 SEP. 2011	854.5	-	854.5
OPENING BALANCE ON 1 JAN. 2012	879.5	0.1	879.6
Dividend to parent company shareholders	-9.8	-	-9.8
New share issue	68.8	-	68.8
Total comprehensive income for the period	-2.2	-0.1	-2.3
CLOSING BALANCE ON 30 SEP. 2012	936.2	-	936.2

CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS – ACQUISITION OF OPERATIONS IN 2012

SPECIFICATION OF ACQUISITIONS

Company	Acquisition date	Country	Number of employees
fotokasten GmbH	3 May 2012	Germany	4
d olm Deutsche Online Medien GmbH	3 May 2012	Germany	28

In May 2012 Elanders acquired all the shares in d|olm Deutsche Online Medien GmbH ("d|olm") and fotokasten GmbH ("fotokasten"), both located outside Stuttgart in Germany. d|olm develops technical solutions for digital photo and print services. fotokasten is a strong and well known brand on the growing German market in personalized consumer photo products such as photo books and calendars. The acquisitions have been made through a preferential new share issue of 3.2 million class B shares in Elanders AB. A smaller additional purchase price may also be paid.

ASSETS AND LIABILITIES IN ACQUISITIONS

MSEK	Recorded values in acquired operations	Adjustments to fair value	Recorded value in the Group
Intangible assets	12.8	9.0	21.8
Tangible assets	0.7	-	0.7
Accounts receivable	12.5	-	12.5
Other current assets	8.8	-	8.8
Cash and cash equivalents	8.2	-	8.2
Non-interest bearing short-term liabilities	-32.3	-2.6	-34.9
IDENTIFIABLE NET ASSETS	10.7	6.4	17.1
Goodwill			64.5
TOTAL PURCHASE SUMS			81.6
Less:			
Non-cash issue			70.4
Unpaid purchase sums			3.5
Cash and cash equivalents in acquisitions			8.2
TOTAL DEDUCTIBLE ITEMS			82.1
POSITIVE EFFECT ON CASH AND CASH EQUIVALENTS FOR THE GROUP			0.5

PARENT COMPANY'S FINANCIAL STATEMENTS

INCOME STATEMENTS

MSEK	January - September	
	2012	2011
Net sales	-	-
Cost of products and services sold	-	-
GROSS PROFIT	-	-
Operating expenses	-19.6	-14.3
OPERATING RESULT	-19.6	-14.3
Net financial items	10.6	-5.9
RESULT AFTER NET FINANCIAL ITEMS	-9.0	-20.2
Income tax	5.3	6.4
RESULT FOR THE PERIOD	-3.7	-13.8

MSEK	Third quarter		Last 12 months	Full year 2011
	2012	2011		
Net sales	-	-	-	-
Cost of products and services sold	-	-	-	-
GROSS PROFIT	-	-	-	-
Operating expenses	-5.3	-6.6	-31.3	-26.0
OPERATING RESULT	-5.3	-6.6	-31.3	-26.0
Net financial items	-0.4	-3.6	84.5	68.0
RESULT AFTER NET FINANCIAL ITEMS	-5.7	-10.2	53.2	42.0
Income tax	1.4	2.7	-35.4	-34.3
RESULT FOR THE PERIOD	-4.3	-7.5	17.8	7.7

STATEMENTS OF COMPREHENSIVE INCOME

MSEK	January - September	
	2012	2011
Result for the period	-3.7	-13.8
Other comprehensive income	-2.3	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-6.0	-13.8

MSEK	Third quarter		Last 12 months	Full year 2011
	2012	2011		
Result for the period	-4.3	-7.5	17.8	7.7
Other comprehensive income	-1.2	-	-2.3	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-5.5	-7.5	15.5	7.7

PARENT COMPANY'S FINANCIAL STATEMENTS

BALANCE SHEETS

MSEK	30 Sep. 2012	30 Sep. 2011	31 Dec. 2011
ASSETS			
Fixed assets	1,309.9	1,279.0	1,222.5
Current assets	187.1	64.0	106.0
TOTAL ASSETS	1,497.0	1,343.0	1,328.6
EQUITY, PROVISIONS AND LIABILITIES			
Equity	761.4	686.9	708.4
Provisions	7.4	3.7	3.9
Long-term liabilities	70.6	0.1	65.1
Current liabilities	657.6	652.3	551.2
TOTAL EQUITY, PROVISIONS AND LIABILITIES	1,497.0	1,343.0	1,328.6

STATEMENTS OF CHANGES IN EQUITY

MSEK	Share capital	Statutory reserve	Retained earnings and result for the period	Total equity
OPENING BALANCE ON 1 JAN. 2011	195.3	332.4	173.0	700.7
Total comprehensive income for the year	-	-	7.7	7.7
CLOSING BALANCE ON 31 DEC. 2011	195.3	332.4	180.7	708.4
OPENING BALANCE ON 1 JAN. 2011	195.3	332.4	173.0	700.7
Total comprehensive income for the period	-	-	-13.8	-13.8
CLOSING BALANCE ON 30 SEP. 2011	195.3	332.4	159.2	686.9
OPENING BALANCE ON 1 JAN. 2012	195.3	332.4	180.7	708.4
Dividend to shareholders	-	-	-9.8	-9.8
New share issue	32.0	-	36.8	68.8
Total comprehensive income for the period	-	-	-6.0	-6.0
CLOSING BALANCE ON 30 SEP. 2012	227.3	332.4	201.7	761.4

■ QUARTERLY DATA

MSEK	2012 Q3	2012 Q2	2012 Q1	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4	2010 Q3
Net sales	456	481	460	538	423	434	443	491	406
Operating result	13	39	20	57	13	21	19	6	-62
Operating margin, %	2.8	8.0	4.2	10.6	3.0	4.8	4.3	1.1	-15.2
Result after financial items	7	32	14	49	4	14	12	-1	-71
Result after tax	4	22	10	37	3	9	11	-1	-52
Earnings per share, SEK ¹⁾	0.19	1.03	0.50	1.92	0.15	0.44	0.58	-0.07	-5.04
Operating cash flow	18	42	27	76	-12	12	18	-5	-14
Cash flow per share, SEK ²⁾	1.01	1.59	1.57	3.57	-0.90	0.49	1.15	0.60	-0.24
Depreciation	23	23	22	22	22	22	21	25	33
Net investments	16	5	14	2	8	8	10	22	21
Goodwill	872	890	828	834	847	840	831	836	843
Total assets	2,086	2,049	1,979	2,005	2,037	1,952	1,956	2,012	2,041
Equity	936	964	882	880	854	831	811	819	825
Equity per share, SEK	41.19	42.42	45.15	45.03	43.75	42.55	41.53	41.94	42.24
Net debt	627	642	660	676	750	721	718	732	722
Capital employed	1,563	1,606	1,542	1,555	1,605	1,551	1,529	1,552	1,548
Return on total assets, % ³⁾	2.5	10.2	4.8	14.0	4.0	5.8	5.5	1.7	-11.1
Return on equity, % ³⁾	1.8	9.7	4.4	17.3	1.4	4.2	5.5	-0.6	-27.0
Return on capital employed, % ³⁾	3.2	9.8	5.0	14.5	3.2	5.4	4.9	1.4	-15.6
Debt/equity ratio	0.7	0.7	0.7	0.8	0.9	0.9	0.9	0.9	0.9
Equity ratio, %	44.9	47.1	44.6	43.9	42.0	42.6	41.5	40.7	40.4
Interest coverage ratio ⁴⁾	5.8	5.4	4.5	4.4	2.4	neg.	neg.	neg.	neg.
Number of employees at the end of the period	1,600	1,599	1,551	1,582	1,562	1,554	1,523	1,564	1,556

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

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

■ FIVE YEAR OVERVIEW - FULL YEAR

	2011	2010	2009	2008	2007
Net sales, MSEK	1,839	1,706	1,757	2,191	2,036
Result after financial items, MSEK	80	-105	-96	-34	184
Result after tax, MSEK	60	-84	-74	-26	172
Earnings per share, SEK ¹⁾	3.09	-6.79	-7.57	-2.62	18.06
Cash flow from operating activities per share, SEK	4.32	-4.68	5.60	12.35	10.22
Equity per share, SEK	45.03	41.94	78.34	89.88	88.54
Dividends per share, SEK	0.50	0.00	0.00	0.00	4.50
Operating margin, %	6.0	-4.5	-3.4	0.7	11.1
Return on total assets, %	7.3	-3.2	-2.2	1.7	12.0
Return on equity, %	7.1	-10.6	-9.1	-3.0	24.2
Return on capital employed, %	7.1	-4.8	-3.6	0.9	16.0
Debt/equity ratio	0.8	0.9	1.1	1.0	0.9
Equity ratio, %	43.9	40.7	36.2	36.8	38.9
Average number of shares, in thousands ²⁾	19,530	12,342	9,765	9,765	9,537

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

¹⁾ There is no dilution.

²⁾ 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.

FIVE YEAR OVERVIEW

FIVE YEAR OVERVIEW – JANUARY – SEPTEMBER

	2012 Jan. – Sep.	2011 Jan. – Sep.	2010 Jan. – Sep.	2009 Jan. – Sep.	2008 Jan. – Sep.
Net sales, MSEK	1,397	1,300	1,215	1,302	1,571
Result after tax, MSEK	36	23	-83	-37	4
Earnings per share, SEK ¹⁾	1.70	1.17	-8.29	-3.78	0.41
Cash flow from operating activities per share, SEK	4.13	0.75	-6.99	2.40	1.27
Equity per share, SEK	41.19	43.75	42.24	80.59	86.97
Return on equity, % ²⁾	5.3	3.6	-13.8	-6.0	0.6
Return on capital employed, % ²⁾	6.1	4.4	-6.9	-2.5	3.8
Operating margin, %	5.1	4.0	-6.7	-2.4	3.0
Average number of shares, in thousands ³⁾	21,285	19,530	9,946	9,765	9,765

FIVE YEAR OVERVIEW – THIRD QUARTER

	2012 Q3	2011 Q3	2010 Q3	2009 Q3	2008 Q3
Net sales, MSEK	456	423	406	381	516
Result after tax, MSEK	4	3	-52	-17	-22
Earnings per share, SEK ¹⁾	0.19	0.15	-5.04	-1.67	-2.25
Cash flow from operating activities per share, SEK	1.01	-0.90	-0.24	-3.14	-2.69
Equity per share, SEK	41.19	43.75	42.24	80.59	86.97
Return on equity, % ²⁾	1.8	1.4	-11.0	-8.1	-10.4
Return on capital employed, % ²⁾	3.2	3.2	-5.1	-4.6	-2.2
Operating margin, %	2.8	3.0	-15.2	-5.6	-1.7
Average number of shares, in thousands ³⁾	22,730	19,530	10,308	9,765	9,765

¹⁾ There is no dilution.

²⁾ Return ratios have been annualized.

³⁾ 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.

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.

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.

ELECTRONIC DATA INTERCHANGE (EDI) | The transfer of structured information according to an agreed-upon format. The acronym EDI refers often, but not always, to the transfer of information such as stock balances, catalogue information, orders, order confirmation, delivery notification and invoices between companies.

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.

JUST-IN-TIME | Delivery precision – delivery exactly when the need arises. The concept also entails that customers do not need to store their publications. Often includes digital printing, see Print-on-Demand.

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.

OUTSOURCING | Companies or organizations choose to let an external party handle an activity or a process. This activity or process is then said to be outsourced.

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-BUSINESS (W2B) | When the order is placed directly by the end customer using e-commerce platforms. Contains both when Elanders is selling direct to consumers and as supplier to e-commerce companies.

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.

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.

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.

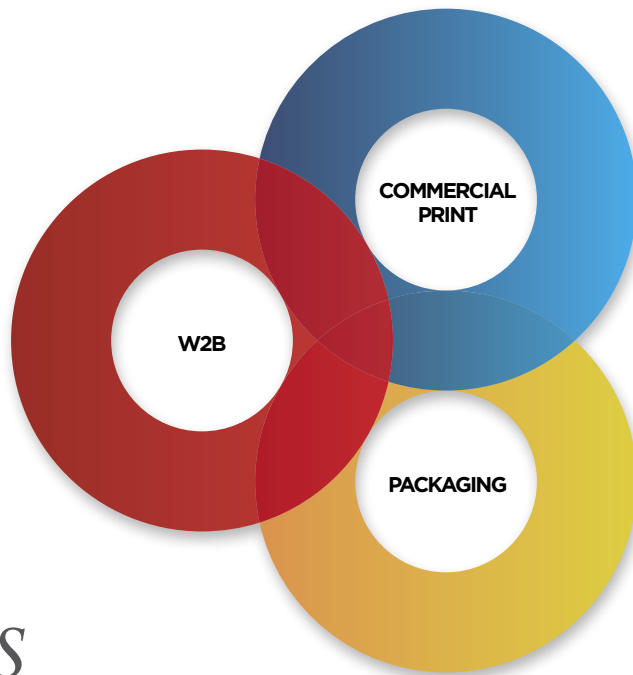
OPERATING CASH FLOW | Cash flow from operating activities and investing activities adjusted for paid taxes and net financial items.

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 average total assets.



ELANDERS' OFFER & PRODUCT AREAS

Elanders' offer is divided into three product areas: Commercial Print, Packaging and W2B. The product areas have different circumstances and markets but one common denominator; they can all be combined with personalized information or print.

COMMERCIAL PRINT is Elanders' origin and represents the lion's share of our range and net sales. Elanders has an advantage over several smaller competitors since the company can offer print in low-cost countries. Our ability to offer the customers the same print quality at a lower price has been successful.

Commercial Print includes magazines, books, catalogues and other information and marketing material. Manuals and product information are also included in this category and they have been Elanders' successful mainstay for many years.

Manuals, however, have gone through a transformation in recent years. They are simpler, thinner and part of the information that was previously printed is now delivered digitally. To compensate for this Elanders also offers printing of the packaging and fulfillment in combination with production of the manual.

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 car manufacturers are our customers.

PACKAGING is becoming an increasingly important component in how companies nurture their brands or when they want to clinch a purchase as a customer walks through a store. Elanders offers an entire range from simple boxes to exclusive hand-

made packaging and everything from small to enormous editions. Another competitive advantage Elanders has is that we offer personalized print on packaging.

The strongest trend in packaging is that it is becoming more exclusive, expensive and requires more advanced technology to produce. In addition to the home and electronics industries, Elanders has in recent years won orders from pharmaceuticals and the food and cosmetics industries.

WEB2BUSINESS (W2B) is a relatively young product area for Elanders but it's growing quickly and its future is exciting. It's a prioritized development area where the personalization element is more tangible than in any other product area. This product area is characterized by the use of specially designed websites where customers can put in their orders and in some cases follow the entire process from order to delivered printed matter.

Our strategy is to serve Elanders' existing customers in the best way possible via order portals and to be the best global supplier for customers that are focused on W2P. Included in this strategy is continuing to develop our own technical solutions and use the experience that we have. Volumes have increased as more and more customers want to design their own personalized photo books, calendars and other printed material.

LAMMHULTS/ PUBLISHER ARENA

PRODUCT:

Book & packaging

PRODUCTION:

Elanders in Sweden and China

DESCRIPTION:

The book *Gunilla Allard – Designer, Scenograf* is written by Hedvig Hedqvist and is the result of cooperation between the designer Mats Fredriksson, the publisher Arena and the furniture company Lamnhults where Gunilla Allard has been active since the end of the 1980s. The book is produced in Sweden and was launched at the Book Fair 2011 in Gothenburg in becoming handmade packaging from Elanders in China.



SVENSKA CELLULOSA AKTIEBOLAGET, SCA

PRODUCT:

Annual and Sustainability Reports

PRODUCTION:

Elanders in Sweden

DESCRIPTION:

Every year Elanders produces and distributes Annual and Sustainability Reports for more than 100 Swedish companies. One of these is Svenska Cellulosa Aktiebolaget SCA, a global hygiene and paper company which provides essential products that improve the quality of everyday life. Their Annual and Sustainability Reports are printed on paper certified by both the Swedish ecolabel the Swan and FSC®, and are climate neutral.



FOTOKASTEN

PRODUCT:

Photo books and other personalized consumer products

PRODUCTION:

Elanders in Germany regarding photo books, calendars and similar

DESCRIPTION:

Fotokasten is since May 2012 a part of the Elanders Group and is one of the leading players on the German market in photo books and other personalized consumer products. In September 2012 fotokasten launched its Swedish website www.fotokasten.se. Via the company's web portals customers can transform their personal photographs to memorable albums, calendars, postcards, posters or photos printed on canvas and follow the entire process from the production, right up to the moment the product is delivered.





YOUR WORLDWIDE PRINTING PARTNER

Elanders is a global printing group with production units in ten countries on four continents. Our product areas are Commercial Print, Packaging and Web2Business (W2B). Elanders also offers services in Web-to-Print (W2P), EDI, advanced premedia, fulfilment and logistics within these areas. Elanders has approximately 1,600 employees and net sales of more than SEK 1.8 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), Norway (Oslo), Poland (Płońsk), Great Britain (Newcastle), Sweden (Falköping, Gothenburg, Malmö and Stockholm), Germany (Stuttgart), Hungary (Zalalövő and Jászberény) as well as the USA (Atlanta). Elanders is also represented through sales offices in a number of other locations.