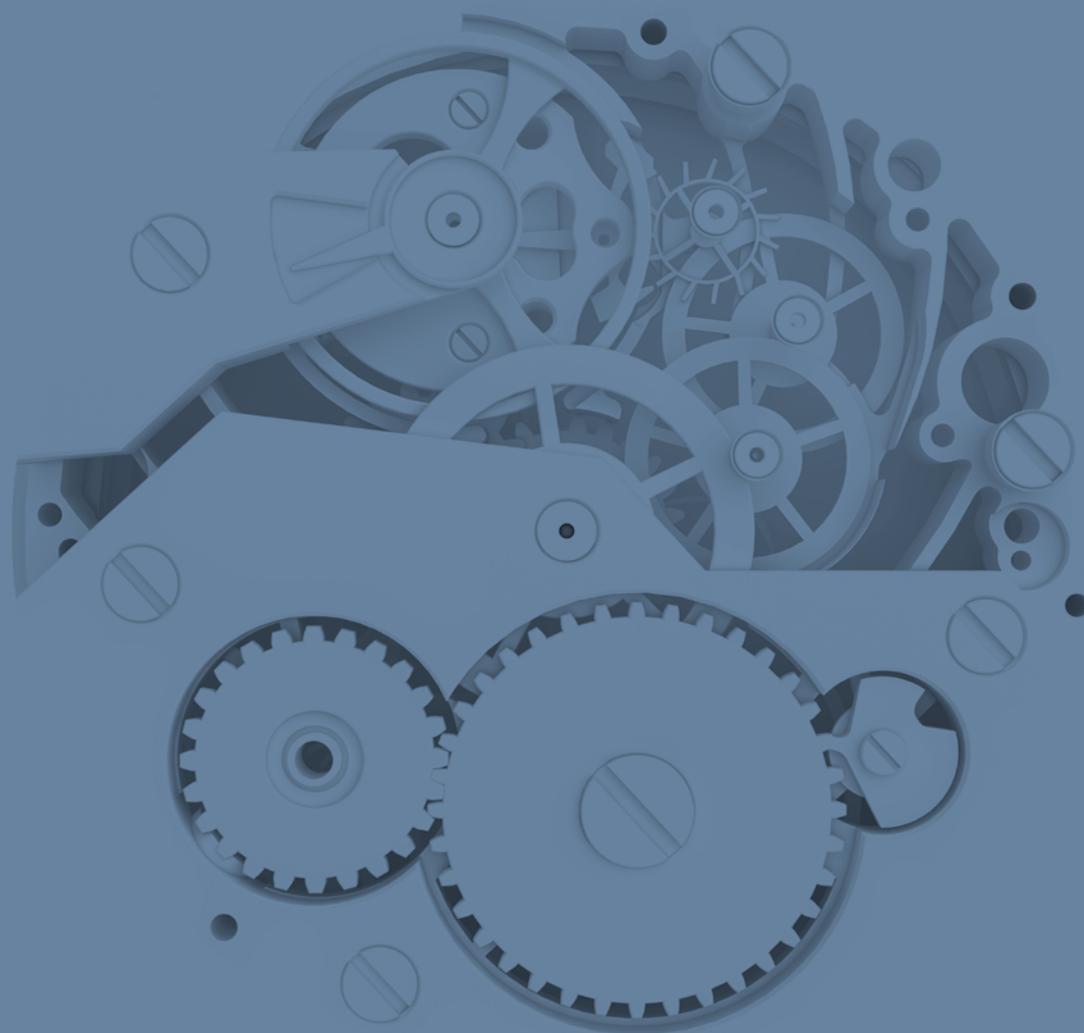


# YEAR-END REPORT 2014



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

## CONTACT INFORMATION

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

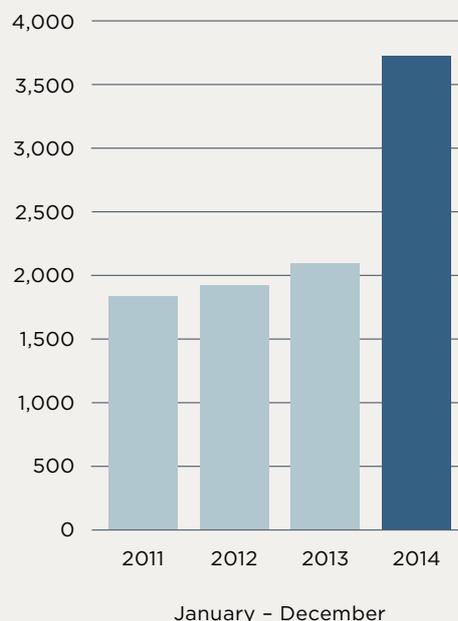
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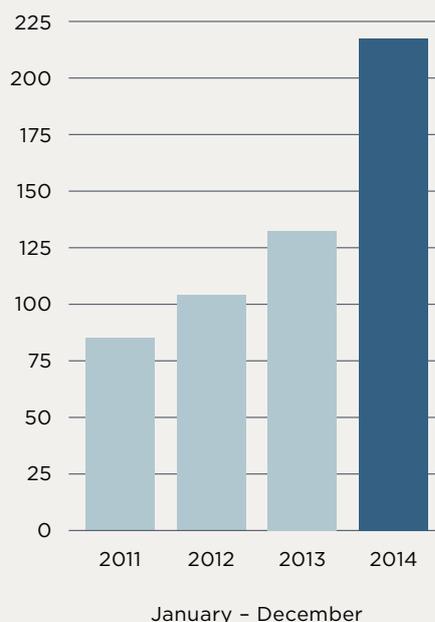
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## ■ NET SALES, MSEK



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



# January – December

- Net sales increased by 78% and amounted to MSEK 3,730 (2,096).
- The operating result excluding one-off items increased to MSEK 217 (132), which is an improvement of 64% over last year.
- The operating result including one-off items increased to MSEK 175 (131).
- The result before tax excluding one-off items increased to MSEK 182 (103), which is an improvement of 77% over last year.
- The result before tax including one-off items increased to MSEK 140 (102).
- The net result increased to MSEK 88 (70) or SEK 3.48 (2.99) per share.
- Operating cash flow was MSEK -38 (50). Excluding acquisitions operating cash flow amounted to MSEK 216 (153).
- The new issue which was carried out in the second quarter was oversubscribed and generated MSEK 121 after issue costs.
- The Board proposes a dividend increase of 38% compared to 2013 amounting to SEK 1.10 (0.80) per share.

# The fourth quarter

- Net sales increased by 84% to MSEK 1,099 (598).
- The operating result excluding one-off items increased to MSEK 108 (60), which is an improvement of 80% over the same period last year.
- The operating result including one-off items increased to MSEK 71 (54).
- The result before tax excluding one-off items increased to MSEK 100 (53), which is an improvement of 89% over the same period last year.
- The result before tax including one-off items amounted to MSEK 62 (47).
- The net result amounted to MSEK 45 (35) or SEK 1.70 (1.49) per share.
- Operating cash flow increased to MSEK 175 (104).

# Comments by the CEO

**W**e are very happy to once again be able to report a strong end of the year. Not including one-off items this fourth quarter was the best in Elanders' history and our earnings in the fourth quarter were as much as the first three quarters combined.

Not only that but the second half of December was even better than we expected which meant that we surpassed our forecasted result. All our business areas performed well. Supply Chain Solutions saw a continued increased demand from their customers and combined with synergies from our other business areas the result for the entire year in Supply Chain Solutions was much better than anticipated.

The end of the year was very good in a number of markets in business area Print & Packaging Solutions and, excluding the one-off items in Sweden, the business area generated a strong result in the fourth quarter. The result for the year is lower than in previous year due to lower demand in Sweden, the restructuring measures taken in the Swedish operations which charged the result for the year by nearly MSEK 42, of which MSEK 38 was in the fourth quarter, as well as a slightly lower demand from customers in Asia. Focus in 2015 will be on completing the initiated consolidation work in Sweden and further developing production synergies in Europe in order

to maximize utilization of our existing resources, in the form of both personnel and machinery.

The business area e-Commerce Solutions ended the year very well and the result of the fourth quarter was better than expected, primarily due to a substantial Christmas shopping. The result for the year is lower than previous year due to the fact that the business area's result in 2013 only contained myphotobook's most profitable quarter since the company was acquired at the end of September 2013. The coordination of myphotobook and fotokasten is now completed and we start 2015 with a streamlined organization that has a common technical platform for our brands. We will also be able to continue to place the majority of our production volumes with Print & Packaging in 2015.

Our focus on continuously consolidating our production capacity makes it possible for to keep our investment low. This, together with a good profit, creates the possibility for strong cash flow, which is reflected in the operative cash flow for the year that, excluding acquisitions, amounted to MSEK 216 (153).

We are full of confidence as we enter 2015.



Magnus Nilsson  
President and Chief Executive Officer

## ■ THREE YEAR OVERVIEW

MSEK	Full year			Fourth quarter		
	2014	2013	2012	2014	2013	2012
Net sales	3,730	2,096	1,924	1,099	598	527
Operating expenses	-3,555	-1,965	-1,805	-1,028	-544	-479
<b>Operating result</b>	<b>175</b>	<b>131</b>	<b>119</b>	<b>71</b>	<b>54</b>	<b>48</b>
Net financial items	-35	-29	-25	-8	-7	-6
<b>Result after financial items</b>	<b>140</b>	<b>102</b>	<b>93</b>	<b>62</b>	<b>47</b>	<b>41</b>

# Group

## NET SALES AND RESULT

Compared to last year net sales for the full year increased by MSEK 1,634 to MSEK 3,730, i.e. 78%. The new acquisitions, in particular Media Mentor, are responsible for the increase in revenue. Excluding these acquisitions and using constant exchange rates net sales decreased by 3% compared to the same period last year. In comparable units exchange rates have had a positive effect on the operating result of about MSEK 9 but since most of the interest costs are in USD and EUR this effect has been somewhat reduced in the net result. The operating result, excluding one-off costs, increased to MSEK 217 (132), corresponding to an operating margin of 6 (6)%. Restructuring the Swedish operations generated one-off costs totaling MSEK 42 in business area Print & Packaging,

of which MSEK 38 has charged the operating result during the fourth quarter. In 2013 the result for the year was charged with one-off items of MSEK 1 net for consultation costs in connection with acquisitions, revenue recognized from book VAT och structural costs related to operations in Sweden and Germany.

During the fourth quarter net sales increased by MSEK 501 to MSEK 1,099, i.e. 84%. The increase is primarily due to the new acquisitions. Excluding these acquisitions and using constant exchange rates net sales increased by 1% compared to the same period last year. The operating result for the quarter excluding the above one-off costs of MSEK 38 (6) amounted to MSEK 108 (60), corresponding to an operating margin of 10 (10)%.

## BUSINESS AREAS

Elanders Group has divided its business into three business areas;

### *Supply Chain Solutions*

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

Supply Chain Solutions	Full year		Fourth quarter	
	2014	2013	2014	2013
Net sales, MSEK	1,525.2	-	457.7	-
Operating result, MSEK	106.4	-	43.7	-
Operating margin, %	7.0	-	9.5	-
Average number of employees	1,506	-	1,535	-

The business area Supply Chain developed well during the period and exceeded expectations with organic growth through existing customers and by gaining new ones. There are a number of shared customer projects among the business areas Supply Chain, Print & Packaging and e-Commerce aimed at developing current business and creating new. This has resulted in, among other things, new printing volumes for business area Print & Packaging.

# GROUP

## Print & Packaging Solutions

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

Print & Packaging Solutions	Full year		Fourth quarter	
	2014	2013	2014	2013
Net sales, MSEK	2,029.5	1,963.7	563.7	503.3
Operating result, MSEK	71.2	132.2	9.9	35.7
Operating margin, %	3.5	6.7	1.8	7.1
Average number of employees	1,764	1,803	1,754	1,799

The market for business area Print & Packaging has continued to be characterized by a tough price press and contracting total volumes. This is one of the factors behind the organizational change which was carried out in Print & Packaging Europe during the second quarter when all the European units were gathered together under one leadership. The Swedish operations have gone through a major restructuring in which all digital production is concentrated to Stockholm without reducing production capacity in order to increase productivity and strengthen Elanders' competitiveness. The operating result for the year includes one-off items of MSEK -42 (-1) which refer to the restructuring mentioned above. Despite a shrinking market several units in Print & Packaging Europe showed a positive development with improved profitability and higher net sales.

Print & Packaging Americas continues to develop positively and has improved profitability although it still suffers from a low level of orders from industrial customers, particularly those operating in mining and civil engineering.

Print & Packaging Asia has had falling demand from one of its larger customers but nonetheless delivers an operating margin that is better than the Group's as a whole.

## e-Commerce Solutions

fotokasten, myphotobook and dlo|m are the Group's brands in e-Commerce. Through the technical solutions for e-commerce provided by dlo|m, fotokasten and myphotobook offer a broad range of photo products primarily to consumers.

e-Commerce Solutions	Full year		Fourth quarter	
	2014	2013	2014	2013
Net sales, MSEK	263.3	190.8	121.6	124.8
Operating result, MSEK	23.9	26.6	25.5	27.2
Operating margin, %	9.1	13.9	21.0	21.8
Average number of employees	81	51	69	107

The integration of myphotobook is completed and the synergies are expected to have full effect as of the beginning of 2015. For example, we now have a common technical platform for both our brands. The business area has substantial seasonal sales variations and the fourth quarter is by and far the strongest. Normally all earnings for the year occurs in this quarter. myphotobook was acquired in September 2013 and in the comparable figures for previous year only fourth quarter business was consolidated.

Although the business area is focused on sales to consumers (B2C) a large part of its technical development is used to create new business and technical platforms for Elanders' sales to other companies (B2B), primarily within the Supply Chain Solutions business area.

## IMPORTANT EVENTS DURING THE YEAR

### Acquisitions

In the beginning of the year Mentor Media Ltd. was acquired. The company is based in Singapore and has a strong foothold in Asia and is one of the leading companies in world in Global Supply Chain Management. Mentor Media has operations in eight countries,

the largest of which are China, Singapore, India and the USA. The company's net sales in 2013 amounted to MSUD 185 and the number of employees were 1,550. The purchase price was MUSUD 48 on a cash- and debt-free basis.

### *Steering and organizational changes*

In July 2014 Elanders put all European operations in Print & Packaging under the responsibility of Peter Sommer. This change in steering has improved Elanders' competitiveness by providing global and local customers with cost-effective and optimized production.

The change is a natural step in Elanders' strategy to offer global solutions in the three business areas Supply Chain, Print & Packaging and e-Commerce. By streamlining the way operations are steered Elanders will be able to offer more competitive solutions to its customers and at the same time geographically based management makes it possible to optimize capacity utilization of existing equipment, which will reduce investment needs in the future.

### *Management changes*

As a result of the reorganization of Elanders' European operations Åsa Severed left Group Management and her position as MD for Elanders' Swedish and Polish operations. Åsa Severed has implemented extensive changes during her tenure at Elanders and she has been a driving force in the work to coordinate our European operations. Gustaf Albèrt has been appointed new MD of Elanders Sverige AB.

Elanders Group Management consists of:

- Magnus Nilsson, President and CEO
- Andréas Wikner, Chief Financial Officer
- Peter Sommer, Print & Packaging Europe
- Thomas Sheehan, Print & Packaging Americas
- Per Brodin, Print & Packaging Asia
- Kok Khoon Lim, Supply Chain
- Martin Lux, e-Commerce

### *Capacity adjustment and notice of redundancy in Print & Packaging Europe*

On September 12 Elanders Sverige AB gave notice of redundancy to 120 employees, 90 of which were in Mölnlycke, 20 in Vällingby and 10 in Värnamo. Negotiations with personnel organizations have led to around 70 people leaving the company, some of which have already left. This led to one-off costs of MSEK 42 during the third and fourth quarter, of which MSEK 38 charged the fourth quarter. These measures are expected to generate annual savings in Swedish operations of close to MSEK 50, which is expected to have full effect as of the second half of 2015.

### *Book VAT*

From 2010 to 2012 Elanders submitted claims for VAT refunds to the Swedish Tax Agency pertaining to 2004-2007. In the years 2011 and 2012 the Swedish

Tax Agency made consequential amendments regarding many of Elanders' customers who have then demanded compensation from Elanders. It is Elanders' position that the Swedish Tax Agency cannot make consequential amendments. Several judgments from the Administrative Court of Appeals in Stockholm, Gothenburg and Jönköping have supported Elanders' position. The Swedish Tax Agency appealed some of the decisions and sought reconsideration by the Supreme Administrative Court. Their verdict was announced in February 2014 and was in favor of the Swedish Tax Agency. Several verdicts from the Supreme Administrative Court during the autumn have supported this line. However, these verdicts are not expected to have any significant effect on either Elanders' result or financial position. There is also a case where a customer demanded compensation for the VAT money from their printer and Svea Court of Appeals has rendered its decision. The customer lost their case.

During the third quarter the Swedish Tax Agency's tax reassessment of Elanders was changed regarding the claim the company made for a refund of outgoing VAT and which consequently resulted in a repayment of MSEK 16. The repayment had no effect on Elanders' result and only affected Group net debt.

## **INVESTMENTS AND DEPRECIATION**

### *January-December*

Net investments for the year totaled MSEK 296 (164), of which MSEK 254 (103) were acquisitions. Most of the period's other investments were replacement investments in production facilities. Depreciations amounted to MSEK 118 (98).

### *Fourth quarter*

Net investments for the period totaled MSEK 7 (13) and depreciations amounted to MSEK 30 (24).

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

Net debt on 31 December 2014 amounted to MSEK 895 (739). The increase is a result of purchase price of MUSD 48 for the acquisition of Mentor Media which was partly financed by external credits as well as changes in exchange rates, mainly USD and EUR, which increased net debt by MSEK 76. The new share issue which was carried out in the second quarter was oversubscribed and generated MSEK 121 after issue costs of MSEK 4.

Operating cash flow for the year was MSEK -38 (50), of which acquisitions were MSEK -254 (-103). For the fourth quarter operating cash flow was MSEK 175 (104).

## PERSONNEL

### *January-December*

The average number of employees during the period was 3,360 (1,864), of which 319 (391) were in Sweden. At the end of the period the Group had 3,320 (1,898) employees, of which 281 (367) in Sweden.

### *Fourth quarter*

The average number of employees during the period was 3,326 (1,906), of which 285 (362) were in Sweden.

# Parent company

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

employees during the period was 8 (9) and at the end of the year 8 (9).

# Other information

## OUR BUSINESS

Elanders Group offers global solutions in the business areas Supply Chain Solutions, Print & Packaging Solutions and e-Commerce Solutions. Elanders Group is a strategic partner for its customers in their work to streamline and develop their critical business processes. The class-B shares in Elanders AB are listed on NASDAQ OMX Stockholm, Small Cap.

## ELANDERS' VISION

Elanders' vision is to be one of the leading companies in the world in global solutions for supply chain, print & packaging and e-commerce. By leading we do not necessarily mean largest. We mean the company that best meets the customers' requirements 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.
- Broaden our customer base and product offer to lower sensitivity to fluctuations in the business cycle.

## RISKS AND UNCERTAINTIES

Elanders divides risks into circumstantial risks (the future of our products/services and business cycle sensitivity), financial risks (currency, interest, financing and credit risks) as well as business risks (customer concentration, operational risks, risks in operating expenses as well as contracts and disputes). These risks, together with a sensitivity analysis, are described in detail in the Annual Report 2013. Circumstances in the world around us since the Annual Report was published are not believed to have caused any significant risks or influenced the way in which the Group works with these compared to the description in the Annual Report 2013.

## SEASONAL VARIATIONS

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

## EVENTS AFTER THE BALANCE SHEET DATE

No significant events have occurred after the balance sheet day until the date this report was signed.

## FORECAST

No forecast is given for 2015.

## REVIEW AND ACCOUNTING PRINCIPLES

The company auditors have not reviewed this report. The quarterly report for the Group has been prepared

in accordance with the Annual Accounts Act and IAS 34 Interim Financial Reporting and for the parent company in accordance with the Annual Accounts Act.

As of the third quarter our three business areas are reported as reportable segments, since this is how the Group is governed. The President has been identified as the highest executive decision-maker and the units in each country or sometimes groups of countries are identified as operating segments. The operating segments have then been merged to create three reportable segments. The operations within each reportable segment have similar economic characteristics and resemble each other regarding the nature of their products and services, production processes and customer types.

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

## **NOMINATION COMMITTEE**

The nomination committee for the Annual General Meeting on 28 April 2015 is as follows:

Carl Bennet, Chair	Carl Bennet AB
Hans Hedström	Carnegie Funds
Britt-Marie Årenberg	representative for the smaller shareholders

## **FUTURE REPORTS FROM ELANDERS**

Q1 2015	28 April 2015
Q2 2015	14 July 2015
Q3 2015	22 October 2015
Q4 2015	27 January 2016

# CONSOLIDATED FINANCIAL STATEMENTS

## ■ INCOME STATEMENTS

MSEK	Full year		Fourth quarter	
	2014	2013	2014	2013
Net sales	3,730.1	2,096.3	1,098.8	597.9
Cost of products and services sold	-2,897.4	-1,591.4	-840.4	-423.2
<b>Gross profit</b>	<b>832.7</b>	<b>505.0</b>	<b>258.4</b>	<b>174.7</b>
Sales and administrative expenses	-679.8	-415.6	-192.3	-125.0
Other operating income	32.8	50.3	9.5	6.6
Other operating expenses	-11.1	-8.7	-5.1	-2.2
<b>Operating result</b>	<b>174.6</b>	<b>131.0</b>	<b>70.5</b>	<b>54.0</b>
Net financial items	-34.7	-29.5	-8.3	-7.5
<b>Result after financial items</b>	<b>139.9</b>	<b>101.5</b>	<b>62.2</b>	<b>46.5</b>
Income tax	-52.1	-31.5	-17.0	-11.7
<b>Result for the period</b>	<b>87.8</b>	<b>70.0</b>	<b>45.2</b>	<b>34.8</b>
<b>Result for the period attributable to:</b>				
- parent company shareholders	87.8	70.0	45.2	34.8
<i>Earnings per share, SEK <sup>1) 2) 3)</sup></i>	<i>3.48</i>	<i>2.99</i>	<i>1.70</i>	<i>1.49</i>
<i>Average number of shares, in thousands <sup>3)</sup></i>	<i>25,204</i>	<i>23,395</i>	<i>26,518</i>	<i>23,395</i>
<i>Outstanding shares at the end of the year, in thousands <sup>3)</sup></i>	<i>26,518</i>	<i>23,395</i>	<i>26,518</i>	<i>23,395</i>

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

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

<sup>3)</sup> Historic number of shares have been adjusted for the bonus issue element in the new share issue in 2014.

## ■ STATEMENTS OF COMPREHENSIVE INCOME

MSEK	Full year		Fourth quarter	
	2014	2013	2014	2013
<b>Result for the period</b>	<b>87.8</b>	<b>70.0</b>	<b>45.2</b>	<b>34.8</b>
Translation differences, net after tax	180.9	28.4	85.7	31.4
Cash flow hedges, net after tax	2.0	2.0	-0.6	0.0
Hedging of net investment abroad, net after tax	-64.5	-1.9	-27.3	-3.0
<b>Total items that may be reclassified to the income statement</b>	<b>118.4</b>	<b>28.5</b>	<b>57.8</b>	<b>28.4</b>
<b>Other comprehensive income</b>	<b>118.4</b>	<b>28.5</b>	<b>57.8</b>	<b>28.4</b>
<b>Total comprehensive income for the period</b>	<b>206.2</b>	<b>98.5</b>	<b>103.0</b>	<b>63.2</b>
<b>Total comprehensive income attributable to:</b>				
- parent company shareholders	206.2	98.5	103.0	63.2

## ■ STATEMENTS OF CASH FLOW

MSEK	Full year		Fourth quarter	
	2014	2013	2014	2013
<b>Result after financial items</b>	<b>139.9</b>	<b>101.5</b>	<b>62.2</b>	<b>46.5</b>
Adjustments for items not included in cash flow	172.2	80.6	78.4	14.5
Paid tax	-61.2	-56.9	-15.1	-9.7
Changes in working capital	-89.1	3.1	33.5	47.9
<b>Cash flow from operating activities</b>	<b>161.8</b>	<b>128.3</b>	<b>159.0</b>	<b>99.2</b>
Net investments in intangible and tangible assets	-43.7	-66.3	-7.7	-14.3
Acquisition of operations	-254.2	-102.7	-	-0.1
Payments received regarding long-term holdings	2.2	4.8	0.6	1.6
<b>Cash flow from investing activities</b>	<b>-295.7</b>	<b>-164.2</b>	<b>-7.1</b>	<b>-12.8</b>
Amortization of loans	-215.2	-43.1	-51.8	-22.1
Changes in long- and short-term borrowing	438.6	133.9	-6.3	28.1
New share issue	121.0	-	-	-
Dividend to parent company shareholders	-18.2	-13.6	-	-
<b>Cash flow from financing activities</b>	<b>326.2</b>	<b>77.2</b>	<b>-58.1</b>	<b>6.0</b>
<b>Cash flow for the period</b>	<b>192.3</b>	<b>41.3</b>	<b>93.8</b>	<b>92.4</b>
Liquid funds at the beginning of the period	215.3	168.0	337.5	116.6
Translation difference	49.0	6.1	25.3	6.3
<b>Liquid funds at the end of the period</b>	<b>456.7</b>	<b>215.3</b>	<b>456.7</b>	<b>215.3</b>
<b>Net debt at the beginning of the period</b>	<b>738.9</b>	<b>688.3</b>	<b>1,015.7</b>	<b>824.4</b>
Translation difference in net debt	76.4	-0.3	31.2	0.5
Net debt in acquired operations	-93.5	-17.7	-	-
Change in net debt	173.6	68.5	-151.5	-86.0
<b>Net debt at the end of the period</b>	<b>895.3</b>	<b>738.9</b>	<b>895.3</b>	<b>738.9</b>
<b>Operating cash flow</b>	<b>-38.0</b>	<b>50.5</b>	<b>175.4</b>	<b>103.6</b>

# CONSOLIDATED FINANCIAL STATEMENTS

## ■ STATEMENTS OF FINANCIAL POSITION

### ASSETS

	December 31	
MSEK	2014	2013
Intangible assets	1,296.7	1,156.4
Tangible assets	392.3	350.4
Other fixed assets	190.9	165.0
<b>Total fixed assets</b>	<b>1,879.8</b>	<b>1,671.7</b>
Inventories	253.5	107.2
Accounts receivable	843.8	387.4
Other current assets	136.0	82.3
Cash and cash equivalents	456.7	215.3
<b>Total current assets</b>	<b>1,690.0</b>	<b>792.2</b>
<b>Total assets</b>	<b>3,569.8</b>	<b>2,463.9</b>

### EQUITY AND LIABILITIES

	December 31	
MSEK	2014	2013
<b>Equity</b>	<b>1,347.7</b>	<b>1,038.6</b>
<b>Liabilities</b>		
Non-interest-bearing long-term liabilities	86.1	69.1
Interest-bearing long-term liabilities	25.0	432.4
<b>Total long-term liabilities</b>	<b>111.1</b>	<b>501.5</b>
Non-interest-bearing current liabilities	784.0	402.1
Interest-bearing current liabilities	1,327.1	521.8
<b>Total current liabilities</b>	<b>2,111.1</b>	<b>923.9</b>
<b>Total equity and liabilities</b>	<b>3,569.8</b>	<b>2,463.9</b>

As of 30 September 2014 loans from the Group's main banks are reported as interest-bearing current liabilities since the credit agreement expires as of 30 September 2015.

## ■ STATEMENTS OF CHANGES IN EQUITY

MSEK	Equity attributable to parent company share- holders	Total equity
<b>Opening balance on 1 Jan. 2013</b>	<b>953.8</b>	<b>953.8</b>
Dividend to parent company shareholders	-13.6	-13.6
Total comprehensive income for the year	98.5	98.5
<b>Closing balance on 31 Dec. 2013</b>	<b>1,038.6</b>	<b>1,038.6</b>
<b>Opening balance on 1 Jan. 2014</b>	<b>1,038.6</b>	<b>1,038.6</b>
Dividend to parent company shareholders	-18.2	-18.2
New share issue	121.0	121.0
Total comprehensive income for the year	206.2	206.2
<b>Closing balance on 31 Dec. 2014</b>	<b>1,347.7</b>	<b>1,347.7</b>

# CONSOLIDATED FINANCIAL STATEMENTS

## ■ SEGMENT REPORTING

The three business areas are reported as reportable segments, since this is how the Group is governed and the President has been identified as the highest executive decision-maker. The operations within the different business areas in each region are identified as operating segments and have then been merged to

create three reportable segments. The operations within each reportable segment have similar economic characteristics and resemble each other regarding the nature of their products and services, production processes and customer types.

### NET SALES

MSEK	Full year		Fourth quarter	
	2014	2013	2014	2013
Supply Chain Solutions	1,525.2	-	457.7	-
Print & Packaging Solutions	2,029.5	1,963.7	563.7	503.3
e-Commerce Solutions	263.3	190.8	121.6	124.8
Group functions	24.3	20.9	8.0	6.2
Eliminations	-112.2	-79.1	-52.2	-36.4
<b>Group net sales</b>	<b>3,730.1</b>	<b>2,096.3</b>	<b>1,098.8</b>	<b>597.9</b>

### OPERATING RESULT

MSEK	Full year		Fourth quarter	
	2014	2013	2014	2013
Supply Chain Solutions	106,4	-	43,7	-
Print & Packaging Solutions	71,2	132,2	9,9	35,7
e-Commerce Solutions	23,9	26,6	25,5	27,2
Group functions	-26,9	-27,8	-8,6	-8,9
<b>Group operating result</b>	<b>174,6</b>	<b>131,0</b>	<b>70,5</b>	<b>54,0</b>

## ■ FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

The financial instruments recognized at fair value in the Group's report on financial position are derivatives identified as hedging instruments. The derivatives consist of forward exchange contracts and interest rate swaps and are used for hedging purposes. Valuation at fair value of forward exchange contracts is based on published forward rates on an active market. Valuation at fair value of interest rate swaps is based on forward

interest rates derived from observable yield curves. All derivatives are therefore included in level 2 in the fair value hierarchy. Since all the financial instruments recognized at fair value are included in level 2 there have been no transfers between valuation levels. The table below presents fair value respective booked value per class of financial assets and liabilities, which are recorded gross.

MSEK	December 31	
	2014	2013
Other current assets - Derivative instruments in hedge accounting relationships	-	0.1
Non-interest-bearing current liabilities - Derivative instruments in hedge accounting relationships	-0.1	2.2

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

## ■ ACQUISITION OF OPERATIONS IN 2014

### SPECIFICATION OF ACQUISITIONS

Company	Acquisition date	Country	Number of employees
Mentor Media Ltd	Jan. 2014	Singapore	1,550

In January Elanders acquired all the shares in the Singapore based supply chain company Mentor Media Ltd. The company has operations in eight countries, the largest of which are China, Singapore, India and the USA and is also represented in Japan, Mexico, Taiwan and the Czech Republic. Mentor Media is specialized in the provision of value added services to companies in the electronics and computer industry with special focus on product and component flows with extremely short lead times and comprehensive statistics reporting to customers. Its operations are built up around sophisticated IT solutions and its range

of services includes sourcing, procuring components, warehousing and logistics management, customized manufacturing, order management and fulfilment, distribution, reverse logistics and repair services and e-Commerce solutions. The purchase price was approximately MSEK 312 on a cash- and debt-free basis and was financed through a combination of external debt and a new rights issue.

Besides the acquisition above a further amount of MSEK 5.4 has been paid in relation to the acquisition of myphotobook.

### ASSETS AND LIABILITIES IN ACQUISITIONS

MSEK	Recorded values in acquired operation	Adjustments to fair value	Recorded value in the Group
Fixed assets	57.0	34.9	91.9
Inventory	88.9	-	88.9
Accounts receivable	264.9	-	264.9
Other current assets	28.3	-	28.3
Cash and cash equivalents	141.5	-	141.5
Accounts payable	-129.5	-	-129.5
Other non-interest bearing liabilities	-69.1	-10.7	-79.8
Interest bearing liabilities	-48.0	-	-48.0
<b>Identifiable net assets</b>	<b>334.0</b>	<b>24.2</b>	<b>358.2</b>
Goodwill			37.5
<b>Total</b>			<b>395.7</b>
<b>Less:</b>			
Cash and cash equivalents in acquisitions			-141.5
<b>Negative effect on cash and cash equivalents for the Group</b>			<b>254.2</b>

The total sum above includes compensation for net cash in acquired operation.

# PARENT COMPANY'S FINANCIAL STATEMENTS

## ■ INCOME STATEMENTS

MSEK	Full year		Fourth quarter	
	2014	2013	2014	2013
Net sales	24.3	20.9	8.0	6.2
Operating expenses	-54.5	-52.1	-21.0	-15.0
<b>Operating result</b>	<b>-30.2</b>	<b>-31.2</b>	<b>-13.0</b>	<b>-8.8</b>
Net financial items	-19.1	38.8	-9.8	-7.6
<b>Result after financial items</b>	<b>-49.3</b>	<b>7.6</b>	<b>-22.8</b>	<b>-16.4</b>
Appropriations	-69.5	65.0	-69.5	65.0
Income tax	40.3	-6.2	25.8	-10.4
<b>Result for the period</b>	<b>-78.5</b>	<b>66.4</b>	<b>-66.5</b>	<b>38.2</b>

## ■ STATEMENTS OF COMPREHENSIVE INCOME

MSEK	Full year		Fourth quarter	
	2014	2013	2014	2013
<b>Result for the period</b>	<b>-78.5</b>	<b>66.4</b>	<b>-66.5</b>	<b>38.2</b>
Other comprehensive income	1.4	1.2	-	-0.1
<b>Total comprehensive income for the period</b>	<b>-77.1</b>	<b>67.6</b>	<b>-66.5</b>	<b>38.1</b>

## ■ BALANCE SHEETS

MSEK	December 31	
	2014	2013
<b>ASSETS</b>		
Fixed assets	2,078.9	1,444.6
Current assets	133.1	271.4
<b>Total assets</b>	<b>2,212.0</b>	<b>1,716.0</b>
<b>EQUITY, PROVISIONS AND LIABILITIES</b>		
Equity	861.7	836.1
Provisions	2.9	2.9
Long-term liabilities	70.6	357.1
Current liabilities	1,276.7	519.8
<b>Total equity and liabilities</b>	<b>2,212.0</b>	<b>1,716.0</b>

As of 30 September 2014 loans from the Group's main banks are reported as interest-bearing current liabilities since the credit agreement expires as of 30 September 2015.

## ■ STATEMENTS OF CHANGES IN EQUITY

MSEK	Share capital	Statutory reserve	Retained earnings and result for the period	Total equity
<b>Opening balance on 1 Jan. 2013</b>	<b>227.3</b>	<b>332.4</b>	<b>222.4</b>	<b>782.1</b>
Dividend	-	-	-13.6	-13.6
Total comprehensive income for the year	-	-	67.6	67.6
<b>Closing balance on 31 Dec. 2013</b>	<b>227.3</b>	<b>332.4</b>	<b>276.4</b>	<b>836.1</b>
<b>Opening balance on 1 Jan. 2014</b>	<b>227.3</b>	<b>332.4</b>	<b>276.4</b>	<b>836.1</b>
Dividend	-	-	-18.2	-18.2
New share issue	37.9	-	83.1	121.0
Total comprehensive income for the year	-	-	-77.1	-77.1
<b>Closing balance on 31 Dec. 2014</b>	<b>265.2</b>	<b>332.4</b>	<b>264.2</b>	<b>861.8</b>

# QUARTERLY DATA

## ■ QUARTERLY DATA

MSEK	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4
Net sales	1,099	870	910	850	598	493	512	493	527
Operating result	71	27	40	37	54	26	28	23	48
Operating margin, %	6.4	3.1	4.4	4.4	9.0	5.3	5.6	4.6	9.0
Result after financial items	62	18	32	28	46	19	21	16	41
Result after tax	45	11	15	16	35	13	12	11	8
Earnings per share, SEK <sup>1) 2)</sup>	1.70	0.43	0.61	0.69	1.49	0.55	0.50	0.45	0.35
Operating cash flow	175	-21	81	-273	104	-58	34	-30	-21
Cash flow per share, SEK <sup>2) 3)</sup>	6.00	-1.04	2.74	-1.55	4.24	0.66	1.75	-1.17	5.42
Depreciation	30	29	29	29	24	24	25	25	23
Net investments	7	8	10	270	13	92	26	34	161
Goodwill	1,205	1,168	1,150	1,127	1,090	1,073	1,011	984	977
Total assets	3,570	3,336	3,277	3,116	2,464	2,359	2,266	2,227	2,261
Equity	1,348	1,245	1,203	1,053	1,039	975	975	944	954
Equity per share, SEK <sup>2)</sup>	50.82	46.93	45.36	45.01	44.39	41.69	41.68	40.35	40.77
Net debt	895	1,016	949	1,107	739	824	754	745	688
Capital employed	2,243	2,260	2,151	2,161	1,777	1,800	1,729	1,689	1,642
Return on total assets, % <sup>4)</sup>	8.2	3.3	5.1	5.4	9.1	4.5	5.1	4.1	9.0
Return on equity, % <sup>4)</sup>	14.0	3.7	5.3	6.2	13.8	5.3	4.9	4.4	3.5
Return on capital employed, % <sup>4)</sup>	12.5	4.9	7.4	7.6	12.1	5.9	6.7	5.4	11.9
Debt/equity ratio	0.7	0.8	0.8	1.1	0.7	0.8	0.8	0.8	0.7
Equity ratio, %	37.8	37.3	36.7	33.8	42.2	41.3	43.0	42.4	42.2
Interest coverage ratio <sup>5)</sup>	5.0	4.6	5.1	5.2	5.3	5.3	5.0	5.7	5.6
Number of employees at the end of the period	3,320	3,327	3,389	3,372	1,898	1,905	1,882	1,843	1,780

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

<sup>2)</sup> Historic key ratios have been adjusted for the bonus issue element in the new share issue in 2014.

<sup>3)</sup> Cash flow per share refers to cash flow from operating activities.

<sup>4)</sup> Return ratios have been annualized.

<sup>5)</sup> Interest coverage ratio calculation is based on a moving 12 month period.

## ■ FIVE YEAR OVERVIEW - FULL YEAR

	2014	2013	2012	2011	2010
Net sales, MSEK	3,730	2,096	1,924	1,839	1,706
Result after financial items, MSEK	140	102	93	80	-105
Result after tax, MSEK	88	70	45	60	-84
Earnings per share, SEK <sup>1) 2)</sup>	3.48	2.99	1.99	3.00	-6.60
Cash flow from operating activities per share, SEK <sup>2)</sup>	6.42	5.48	9.64	4.20	-4.55
Equity per share, SEK <sup>2)</sup>	50.82	44.39	40.77	43.75	40.75
Dividends per share, SEK <sup>2)</sup>	1.10 <sup>3)</sup>	0.78	0.58	0.49	0.00
Operating margin, %	4.7	6.2	6.2	6.0	-4.5
Return on total assets, %	5.9	5.6	5.6	5.5	-3.2
Return on equity, %	7.4	7.0	4.8	7.1	-10.6
Return on capital employed, %	8.7	7.7	7.4	7.1	-4.8
Debt/equity ratio	0.7	0.7	0.7	0.8	0.9
Equity ratio, %	37.8	42.2	42.2	43.9	40.7
Average number of shares, in thousands <sup>2) 4)</sup>	25,204	23,395	22,279	20,102	12,703

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

<sup>2)</sup> Historic number of shares and historic key ratios have been adjusted for the bonus issue element in the new share issue in 2014.

<sup>3)</sup> Proposed by the board.

<sup>4)</sup> No adjustment of the historic number of shares has been made for the new share issues in 2010 and 2012 since they did not entail any bonus issue element.

## ■ FIVE YEAR OVERVIEW - FOURTH QUARTER

	Fourth quarter				
	2014	2013	2012	2011	2010
Net sales, MSEK	1,099	598	527	538	491
Result after tax, MSEK	45	35	8	37	-1
Earnings per share, SEK <sup>1) 2)</sup>	1.70	1.49	0.35	1.87	-0.07
Cash flow from operating activities per share, SEK <sup>2)</sup>	6.00	4.24	5.42	3.47	0.58
Equity per share, SEK <sup>2)</sup>	50.82	44.39	40.77	43.75	40.75
Return on equity, % <sup>3)</sup>	14.0	9.1	3.5	17.3	-0.06
Return on capital employed, % <sup>3)</sup>	12.5	13.8	11.9	14.5	1.4
Operating margin, %	6.4	9.0	9.0	10.6	1.1
Average number of shares, in thousands <sup>2) 4)</sup>	26,518	23,395	23,395	20,102	20,102

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

<sup>2)</sup> Historic number of shares and historic key ratios have been adjusted for the bonus issue element in the new share issue in 2014.

<sup>3)</sup> Return ratios have been annualized.

<sup>4)</sup> No adjustment of the historic number of shares has been made for the new share issues in 2010 and 2012 since they did not entail any bonus issue element.

# Economic definitions

## Cash flow from operating activities per share

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

## Capital employed

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

## Debt/equity ratio

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

## Earnings per share

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

## Equity per share

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

## Equity ratio

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

## Interest coverage ratio

Operating result plus interest income divided by interest costs.

## Operating cash flow

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

## Operating margin

Operating result in relation to net turnover.

## Return on capital employed

Operating result in relation to average capital employed.

## Return on equity

Result for the year in relation to average equity.

## Return on total assets

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

# Specific terms

## Commercial Print

Production of printed matter such as magazines, books, catalogues, manuals, marketing material etc. Production is made by both offset technique and digital print.

## Digital print and digital print technique

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

## e-Commerce

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

## 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.

## Packaging

A product manufactured to protect, handle, deliver and present an item.

## 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

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

## Supply chain

The movement and storage of goods and or information from point of origin to end-users. Supply chain management can be defined as the design, planning, execution, control and monitoring of activities with the objective of creating net value, building a competitive infrastructure, leveraging worldwide logistics, synchronizing supply with demand and measuring performance globally.

## Web-to-Print (W2P)

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

## White-labelling

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

# Elanders' offer & business areas

## SUPPLY CHAIN SOLUTIONS

The acquisition of Mentor Media means Elanders can offer completely new services to our global customers. Creating the business area Supply Chain Solutions opens the door to synergies with Print & Packaging and e-Commerce and will allow us to become an attractive partner to many e-commerce companies.

## // SUPPLY CHAIN BROADENS OUR OFFER. //

The company is focused on product and component flows with extremely short lead times and extensive statistic reporting to customers. Its offer, which is built up around sophisticated IT solutions, comprises the following services:

- Component procurement
- Order management
- Warehouse management
- Fulfilment
- Distribution
- E-commerce solutions
- After sales services (reverse logistic and repair services)
- Clean room for handling semiconductor components

Among our customers are some of the most prestigious companies in the PC and electronics industries. The demand for supply chain services has grown as companies outsource sections of their operations that aren't part of their core business. This is also a way to avoid tie up capital in facilities, personnel and various services obligations.

MENTOR MEDIA IS specialized in added value services, primarily in the electronics and computer trades. The company is

## PRINT & PACKAGING SOLUTIONS

Continued tough challenges for commercial print while demand for packaging and labels steadily grows. In order to meet both trends effectively Elanders has chosen to put all this work under one roof in the business area Print & Packaging Solutions.

## // PACKAGING LEADS THE WAY FORWARD. //

WITH ITS GRAPHIC expertise, advanced technological order platforms and global presence Elanders can offer customers comprehensive solutions that small and middle-sized printers have a hard time matching.

On the gigantic packaging market Elanders has invested its resources in a number of niche areas. This often consists of complex packaging solutions that can include personalized print.

Elanders is focused on three areas in packaging. The first is consumer electronics where in addition to the actual packaging we sometimes print a user manual that is packed together with the article and then sent to waiting customers.

The second specialized area is exclusive and, in some cases, handmade packaging in limited editions. These customers are often cosmetic companies or firms with luxury accessories connected to the fashion world. Automotives that want to create a premium feeling through select packaging for their manuals and service books are another group of customers.

The third area, which is showing strong growth, is personalized packaging. Among customers in this area are some of Europe's best known chocolate-makers.



### E-COMMERCE SOLUTIONS

E-commerce is expanding on nearly every market worldwide. Elanders is one of the companies that has embraced this development and via a number of acquisitions is on its way to becoming an influential actor in the e-commerce segment personalized printed matter. Our companies and work in this field come under the business area e-Commerce which is expected to further expand in the next few years.

AT THE SAME time the graphic industry has been going through an extensive restructuring and dealing with a hesitant economy

Elanders has in just a few years become one of the leading actors in Europe in the production and sales of personalized printed matter.

In 2012 two German companies were acquired, fotokasten and d|o|m, both primarily focused on their own domestic market. This provided Elanders with the competence and customer base necessary to further develop the business area. Since Elanders was already one of the leading companies in digital print this combination creates a recipe for success that includes smart, specially developed database solutions

## *// ELANDERS MAKES ITS MARK ON THE EUROPEAN E-COMMERCE MARKET. //*

connected to personified print. To consumers we first and foremost offer photo books, calendars, gift items and interior design products.

In 2013 we acquired another German company. This time it was myphotobook which was founded in 2004 and in less than ten years had become a leading European e-commerce company in personalized print sales to consumers. The acquisition of myphotobook opened the door to another 13 European countries. As

one of the three largest companies in Germany and the fourth in all of Europe in this segment, Elanders is a tony actor to reckon with.

The combination of myphotobook's geographic range and fotokasten's broad product portfolio provides Elanders with further opportunities to expand, particularly in photobooks which is a market that is increasing annually. Since 2010 the market has grown by 30 percent and is expected to continue to grow in the future. This is partially a result of the user-friendly solutions that Elanders and other companies launch on a regular basis that function on smart phones and tablets as well.



Elanders Group offers global solutions in the business areas Supply Chain Solutions, Print & Packaging Solutions and e-Commerce Solutions. Elanders Group is a strategic partner for its customers in their work to streamline and develop their critical business processes. The class-B shares in Elanders AB are listed on NASDAQ OMX Stockholm, Small Cap.

From 2014 Elanders Group has three business areas with a number of strong brands;

**Supply Chain Solutions**

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

**Print & Packaging Solutions**

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

**e-Commerce Solutions**

fotokasten, myphotobook and d|o|m are the Group's brands in e-Commerce. Through the technical solutions for e-commerce provided by d|o|m, fotokasten and myphotobook offer a broad range of photo products primarily to consumers.