elanders GROUP

Year-end Report

2017

Q4

WE SUPPLY THE WORLD

CONTENTS

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

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

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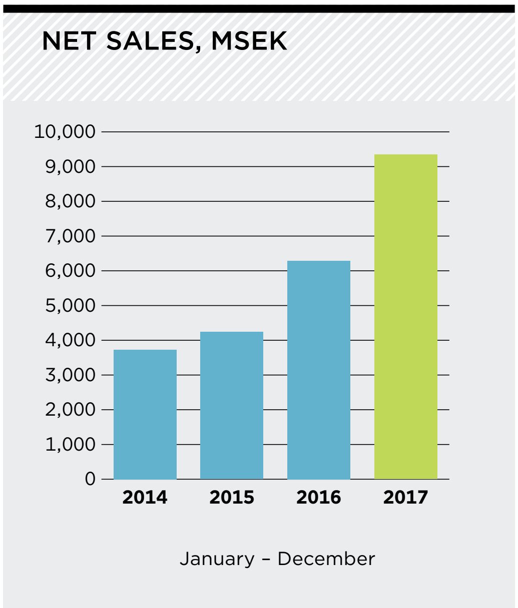
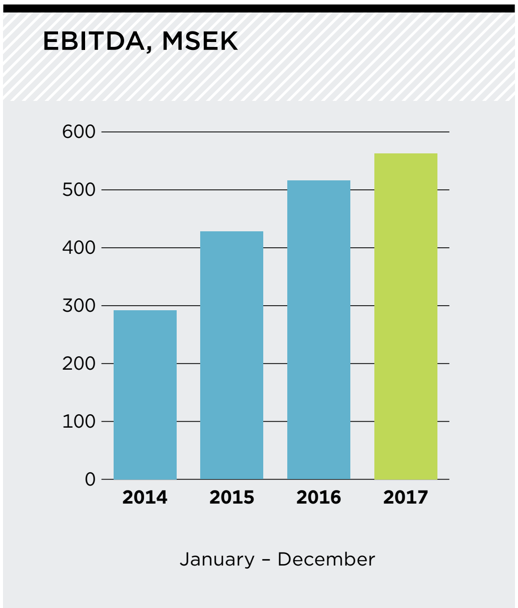
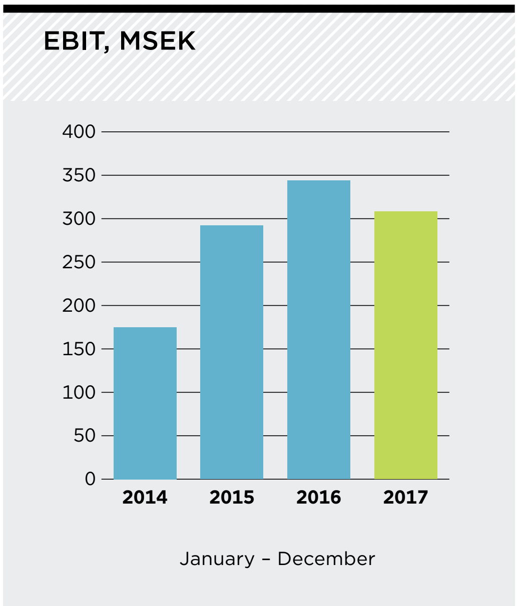






JANUARY – DECEMBER

- Net sales increased by 49 percent to MSEK 9,342 (6,285). Based on comparable units and constant exchange rates organic growth was 6 percent.
- EBITA, not including one-off items, was MSEK 399 (422). Including one-off items EBITA was MSEK 371 (384).
- The operating result, not including one-off items, was MSEK 366 (382). Including one-off items the operating result was MSEK 308 (344).
- The result before tax, not including one-off items, was MSEK 258 (342). Including one-off items the result before tax was MSEK 230 (300).
- The net result was MSEK 165 (217) or SEK 4.65 (7.35) per share.
- Not including the purchase price of acquisitions, operating cash flow amounted to MSEK –48 (368), and including the purchase price of acquisitions, operating cash flow amounted to MSEK –115 (–1,428), of which –262 (0) consisted of greater working capital in the form of accounts receivable due to the settlement of a factoring debt during the first quarter.
- The increase in net sales is primarily due to the acquisition of LGI, which was consolidated into the Elanders Group at the end of July 2016.
- The operating result includes one-off items of MSEK –28 (–38) attributable mainly to redundancy costs.
- The Board proposes a dividend of SEK 2.60 (2.60) per share for 2017.

FOURTH QUARTER

- Net sales increased to MSEK 2,584 (2,330), which was an increase of 11 percent. Based on comparable units and constant exchange rates organic growth was 12 percent.
- EBITA, not including one-off items, was MSEK 103 (169). Including one-off items EBITA was MSEK 103 (139).
- The operating result, not including one-off items, was MSEK 86 (153). Including one-off items the operating result was MSEK 86 (123).
- The result before tax, not including one-off items, was MSEK 68 (133). Including one-off items the result before tax was MSEK 68 (103).
- The net result was MSEK 45 (79) or SEK 1.24 (2.37) per share.
- Not including the purchase price of acquisitions, operating cash flow amounted to MSEK 49 (65), and including acquisitions to MSEK 5 (69).

COMMENTS BY THE CEO

This has been a challenging year, characterized by strong organic growth for the Group but which also came with some growing pains. Our largest business area, Supply Chain Solutions, reported almost 14% organic growth in the fourth quarter, primarily in Asia and Europe. This organic growth demonstrates that there is stable, underlying growth in the supply chain market. Our growth, which is mostly derived from new customer projects and business, has put a certain amount of pressure on our organization and the company, both in terms of resources and financially, which is also apparent in the result for the period. Implementing new customer projects has been more extensive than we anticipated. This has led to extra start-up costs, which affected the result negatively. Among these were costs for temporary personnel since we needed double crews, consultants etc. During the second half-year we also had extra costs for moving and consolidating our units in Singapore as well as the establishment of new units in Germany and the US, which had a negative effect on the result in the third and fourth quarters.

Volumes in business area Print & Packaging Solutions continue to fall as the entire market shrinks together with an increased pressure on prices. And even though the reduction in volumes was only marginal in the fourth quarter the trend is clear. Our response is to continue to consolidate our production capacity in conventional printing. The development of some of our printing operations so that they can offer supply chain services as well is proceeding, which we have done successfully in Brazil and the US. This is the section that is growing in the business area, especially the service area we offer in the US concerning subscription boxes which entail print, packing and transportation services. This area has expanded from almost zero to 18 million dollars in annual sales in the past few years. In 2018 our Swedish printing operations will also begin offering this kind of combined services.

As expected, the fourth quarter was also the best quarter for e-Commerce Solutions and the business area reported SEK 100 million in net sales and an operating result of SEK 17 million. Most of the photo products are Christmas presents, which is why almost all of the business area's sales take place in the fourth quarter.

There continues to be a great deal of activity around customers and we have many interesting tender requests, which shows how attractive our offer is to customers. Even though 2017 has been a challenging year for Elanders we enter 2018 with confidence that we will reap the rewards of the combination of our strong organic growth and the measures we have taken.

Magnus Nilsson
President and Chief Executive Officer

FINANCIAL OVERVIEW

	Full year			Fourth quarter		
MSEK	**2017**	**2016**	**2015**	**2017**	**2016**	**2015**
Net sales	9,342	6,285	4,236	2,584	2,330	1,124
Operating expenses	–9,034	–5,941	–3,944	–2,498	–2,207	–1,013
Operating result	**308**	**344**	**292**	**86**	**123**	**111**
Net financial items	–78	–44	–33	–19	–20	–6
Result before tax	**230**	**300**	**259**	**68**	**103**	**105**

GROUP

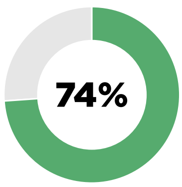
Our Business
Elanders is a global supplier of integrated solutions in supply chain management, print & packaging and e-commerce. The Group has close to 7,000 employees and operates in some 20 countries on four continents. Our most important markets are China, Germany, Singapore, Sweden, the United Kingdom and the USA.
Our major customers are active in the branches Automotive, Electronics, Fashion & Lifestyle, Industrial and Health Care & Life Science. The business is conducted mainly through three business areas, Supply Chain Solutions, Print & Packaging Solutions and e-commerce Solutions, which are all more or less independent businesses, but together they form a whole that few companies can compete with.

Net sales and result

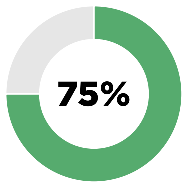
Full year
Net sales increased by MSEK 3,057 to MSEK 9,342 (6,285) compared to the same period last year. This increase is primarily due to the acquisition LGI which has been consolidated into the Elanders Group since the end of July 2016. Cleared of exchange rate fluctuations and effects of the acquisition of LGI and other businesses, net sales grew by 6%, mainly in Supply Chain Solutions. EBITA, i.e. the operating result adjusted for amortization on assets identified in conjunction with acquisitions, increased to MSEK 371 (384), which corresponded to an EBITA margin of 4.0 (6.1)%. The decrease in the EBITA margin stems primarily from consolidating LGI which historically has largely had a lower operating margin than Elanders. The reason for this is that in addition to contract logistics LGI also offers transportation and freight services, areas where margins are lower. One-off items affecting comparability that affected EBITA negatively during the year amounted to MSEK 28 (38), most of which pertained to restructuring the Swedish operations in Print & Packaging Solutions.

Fourth quarter
Net sales during the quarter increased by MSEK 254 to MSEK 2,584 (2,330) compared to the same period last year. Cleared of exchange rate fluctuations and effects of acquisitions, organic growth was 12%, mainly in business area Supply Chain Solutions. EBITA, i.e. the operating result adjusted for amortization on assets identified in conjunction with acquisitions, was MSEK 103 (139), which corresponded to an EBITA margin of 4.0 (6.0)%. One-off items affecting comparability that affected EBITA negatively were MSEK 0 (30).

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



Share of net sales (12 months)



Share of EBITA (12 months)

	Full year		Fourth quarter	
	2017	2016	2017	2016
Net sales, MSEK	7,007	3,998	1,899	1,659
EBITA, MSEK	302	283	55	107
EBITA-margin, %	4.3	7.1	2.9	6.4
Operating result, MSEK	253	258	42	95
Operating margin, %	3.6	6.4	2.2	5.7
Average number of employees	5,055	2,832	5,362	4,830

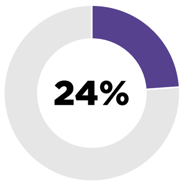
The positive trend regarding net sales growth continued in business area Supply Chain Solutions and it grew organically by 7% during the year and close to 14% during the fourth quarter. There was growth in both Asia and Europe. Several new, large customers in the customer segments Automotive and Electronics have also expanded the business area's customer base.

Costs for initiating several of the new, major customer projects that started up during the year have been higher than expected. Most of them have been extra resources, in the form of extra personnel, consultants and transportation, that were needed to get the projects going. The majority of these projects are now up and running. The result was also charged by costs to broaden our customer base to include other segments in order to reduce dependency on Automotive and Electronics as well as by the move and consolidation of our units in Singapore.

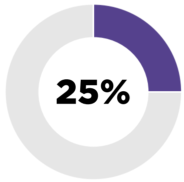
Group

Print & Packaging Solutions

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



Share of net sales (12 months)



Share of EBITA (12 months)

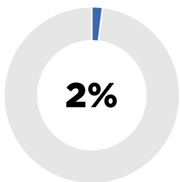
	Full year		Fourth quarter	
	2017	**2016**	**2017**	**2016**
Net sales, MSEK	2,220	2,146	628	599
EBITA, MSEK	103	137	36	48
EBITA-margin, %	4.6	6.4	5.7	8.1
Operating result, MSEK	92	127	33	46
Operating margin, %	4.2	5.9	5.3	7.7
Average number of employees	1,525	1,632	1,526	1,577

The market for Print & Packaging Solutions continues to be characterized by tough price pressure and overcapacity. Lower net sales in Europe and Asia were partially compensated by organic growth in the US where conversion of parts of the American operations into combined print and supply chain management facilities has increased sales. This supply chain section of the business in the US is still included in Print & Packaging Solutions and is the underlying factor in the rise in sales. It has increased from nearly zero to 18 million dollars in net sales over the past two years. Excluding this section from the business area, organic net sales contracted.

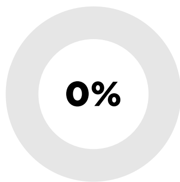
During the third quarter 50 employees in Swedish Print & Packaging Solutions were given notice. This is part of the continuous process of streamlining and consolidation necessary for the Group to adjust to shrinking volumes in mainly conventional printing.

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.



Share of net sales (12 months)



Share of EBITA (12 months)

	Full year		Fourth quarter	
	2017	**2016**	**2017**	**2016**
Net sales, MSEK	208	227	101	107
EBITA, MSEK	–1	24	18	25
EBITA-margin, %	–0.6	10.5	18.1	23.6
Operating result, MSEK	–5	19	17	24
Operating margin, %	–2.5	8.4	17.3	22.4
Average number of employees	67	63	68	64

The business area has substantial seasonal sales variations and the fourth quarter is normally by far the strongest, and this year was no exception.

A change in management was made during the third quarter and a review of the operations is in progress. At the same time several measures regarding costs reductions have been implemented. The change in management created one-off costs of around MSEK 5 and they are included in the full-year figures. The fourth quarter was not charged with any one-off costs.

Investments and depreciation

Full year

Net investments for the period amounted to MSEK 262 (1,907), of which acquisitions amounted to MSEK 67 (1,796). Depreciation and amortization amounted to MSEK 255 (171).

Fourth quarter

For the quarter net investments amounted to MSEK 104 (79), of which acquisitions amounted to MSEK 45 (–4). Depreciation and amortization amounted to MSEK 65 (65).

Financial position, cash flow and financing

The net debt per 31 December 2017 was MSEK 2,665 compared to MSEK 2,224 at the start of the year. Included in the net change is an increase of MEUR 27.5, equal to MSEK 262, which refers to a repayment of a factoring debt. A subsidiary previously used factoring as a finance form by transferring accounts receivable to a finance institute. This factoring debt has now been replaced with conventional bank credits. As a result of this repayment accounts receivable and net debt grew in equal amounts, which had a negative effect on cash flow from operating activities. Cleared of this item and exchange rate effects net debt increased by MSEK 163 during the period, foremost due to increased working capital, high level of investments and the purchase price of acquisitions.

Operating cash flow for the year, excluding acquisitions amounted to MSEK –48 (368) and MSEK–115 (–1,428) including acquisitions, of which –262 (0) consisted of increased working capital in the form of accounts receivable due to a repayment of a factoring debt. Cleared of this one-off effect and the purchase price of acquisitions, operating cash flow was MSEK 214 (368). For the fourth quarter, operating cash flow, excluding acquisitions amounted to MSEK 49 (65) and MSEK 5 (69) including acquisitions.

Personnel

Full year

The average number of employees during the period was 6,658 (4,536), whereof 241 (270) in Sweden. At the end of the period the Group had 6,997 (6,444) employees, whereof 224 (250) in Sweden.

Fourth quarter

The average number of employees during the quarter was 6,966 (6,480), whereof 230 (256) in Sweden.

Important events during the period and after the balance sheet day

Redundancies in Sweden

During the third quarter 50 employees in Swedish Print & Packaging Solutions were given notice. This is part of the process of streamlining and consolidation necessary for the Group to adjust to shrinking volumes, mainly in conventional printing.

Acquisition of Asiapack and result for the third quarter

A press release on 10 October 2017 flagged a lower result in the third quarter. At the same time a contract to acquire 80% of the shares in the Hong Kong-based company Asiapack Limited (Asiapack), along with the option to buy the rest of the shares in 2020, was announced. The acquisition is a complement to Elanders' existing operations in Asia, Mentor Media, and will provide new customer segments as well as broaden our range. Asiapack has specialized in value-adding services such as product configuration, consolidation and packing. Asiapack has annual net sales of around MHKD 70 and slightly more than 200 employees. Asiapack will become part of the business area Supply Chain Solutions and is expected to contribute positively to earnings per share as of 1 January 2018, as well as improve the business area's operating margin somewhat. The purchase price for the shares was around MHKD 45 on a debt-free basis and the acquisition will be financed through cash and loans.

No other important events have occurred after the balance sheet day up to the day this report was signed.

PARENT COMPANY

The parent company has provided intragroup services during the period. The average number of employees during the period was 11 (9) and at the end of the period 10 (9).

OTHER INFORMATION

Elanders' offer

Elanders offers global integrated solutions in supply chain management, print & packaging and e-commerce. Elanders can take an overall responsibility for complex and global deliveries comprising procurement, warehousing, configuration, production and distribution. Our offer also includes order management, payment solutions and after sales services for our clients.

The services are provided by business-oriented employees. They use their expertise and our intelligent IT solutions to develop our customers' offers, which are often completely dependent on efficient product, component and service flows as well as traceability and information.

In addition to our offer to B2B markets the Group also sells photo products directly to consumers through its own brands fotokasten and myphotobook.

Goal and strategy

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

Risks and uncertainties

Elanders divides risks into circumstantial risk (the future of our products/services and business cycle sensitivity), financial risk (currency, interest, financing and credit risks) as well as business risk (customer concentration, operational risks, risks in operating expenses as well as contracts and disputes). These risks, together with a sensitivity analysis, are described in detail in the Annual Report 2016. 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 2016.

Seasonal variations

The Group's net sales, and thereby income, are affected by seasonal variations. Historically the fourth quarter has been the strongest for Elanders before the acquisition of LGI.

Transaction with related parties

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

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

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

Forecast

No forecast is given for 2018.

Review and accounting principles

The quarterly report for the Group has been prepared in accordance with the Annual Accounts Act and IAS 34 Interim Financial Reporting and for the parent company in accordance with the Annual Accounts Act. The same accounting principles and calculation methods as those in the last Annual Report have been used.

The primary alternative performance measures that are presented in this report are EBITDA, EBITA, return on capital employed, net debt and operating cash flow. Definitions of these performance measures are found on page 22 along with a reconciliation with financial information in accordance with IFRS on pages 20–21 in this report.

International Accounting Standards Boards (IASB) has issued new and revised standards, such as IFRS 9, IFRS 15, and IFRS 16. IFRS 9 "Financial Instruments" has a mandatory effective date 1 January 2018 and is not expected to have any significant effect on the Group financial reports.

IFRS 15 "Revenue from Contracts with Customers" has a mandatory effective date 1 January 2018.

Management's assessment is that the standard will not entail any material impact on net sales and cost of products and services sold. Furthermore, management's analysis of the impact of the standard on the financial reports shows that there are costs related to fulfilling contracts that in the future may be capitalized, instead of, as current principles, being expensed. However, the assessment is that the effect of costs for fulfilling contracts only will be material in exceptional cases, on very large projects, and that no effects of the transition exist. Otherwise, management's assessment is that the standard will primarily affect the disclosures presented in the financial statements. The transition to IFRS 15 will be based on the Modified Retrospective Approach.

IFRS 16 "Leases" has a mandatory effective date 1 January 2019. The new standard will affect primarily the accounting for the group's operating lease agreements where there are large commitments in terms of rental contracts for premises and leasing of machinery and equipment. Both types of agreements often have an agreement period between 3–10 years. The current assessment by the company's management is that the new standard will have a significant effect on the Group's total assets and liabilities, but there is currently no exact calculation. The future commitments regarding operating leases as of 31 December 2017 are under development. To give an idea of the extent, these commitments amounted to close to 1.5 billion Swedish kronor as of 31 December 2016, including rental contracts for premises.

Review by the company auditors

The company auditors have not reviewed this report.

Nomination committee for the Annual General Meeting 2018
The nomination committee for the Annual General Meeting on 27 April 2018 is as follows:

Carl Bennet, Chair
Carl Bennet AB

Hans Hedström
Carnegie Funds

Carl Gustafsson
Didner & Gerge Funds

Göran Espelund
Lannebo Funds

Sophie Nachemson-Ekwall
Representative for the smaller shareholders

Please note that Göran Espelund has replaced Claes Murander as representative for Lannebo Funds.

Shareholders who would like to submit proposals to Elanders' 2018 Nomination Committee, can contact the Nomination Committee by e-mail at valberedning@elanders.com or by mail: Elanders AB, Att: Nomination Committee, Box 137, SE-435 23 Mölnlycke, Sweden.

Annual General Meeting 2018
Elanders AB's Annual General Meeting will be held on April 27, 2018, Gothia Towers, Mässans gata 24, Gothenburg, Sweden. Shareholders wishing to have a matter addressed at the Annual General Meeting on April 27, 2018 can submit their proposal to Elanders' Board Chairman by e-mail: arsstamma@elanders.com, or by mail: Elanders AB, Box 137, SE-435 23 Mölnlycke, Sweden. To ensure inclusion in the notice and thus in the Annual General Meeting's agenda, proposals must be received by the company not later than February 27, 2018.

Financial calendar

- Annual Report 2017, 23 March 2018
- Q1 2018, 27 April 2018
- Annual General Meeting 2018, 27 April 2018
- Q2 2018, 13 July 2018
- Q3 2018, 19 October 2018

INCOME STATEMENTS

	Full year		Fourth quarter	
MSEK	**2017**	**2016**	**2017**	**2016**
Net sales	9,342	6,285	2,584	2,330
Cost of products and services sold	–8,008	–5,091	–2,240	–1,893
Gross profit	**1,334**	**1,194**	**343**	**436**
Sales and administrative expenses	–1,067	–882	–265	–292
Other operating income	79	100	15	41
Other operating expenses	–38	–68	–8	–62
Operating result	**308**	**344**	**86**	**123**
Net financial items	–78	–44	–19	–20
Result after financial items	**230**	**300**	**68**	**103**
Income tax	–65	–83	–23	–23
Result for the period	**165**	**217**	**45**	**79**
Result for the period attributable to:				
– parent company shareholders	164	217	44	79
– non-controlling interests	1	–	1	–
Earnings per share, SEK [1) 2) 3)]	*4.65*	*7.35*	*1.24*	*2.37*
Average number of shares, in thousands [3)]	*35,358*	*29,555*	*35,358*	*33,549*
Outstanding shares at the end of the year, in thousands [3)]	*35,358*	*35,358*	*35,358*	*35,358*

1) Earnings per share before and after dilution.
2) Earnings per share calculated by dividing the result for the period attributable to parent company shareholders by the average number of outstanding shares during the period.
3) Historic number of shares have been adjusted for the bonus issue element in the new share issue in 2016.

STATEMENTS OF COMPREHENSIVE INCOME

	Full year		Fourth quarter	
MSEK	**2017**	**2016**	**2017**	**2016**
Result for the period	**165**	**217**	**45**	**79**
Items that will not be reclassified to the income statement				
Actuarial gains/losses on defined benefit pensions plans, net after tax	–1	5	0	5
Items that will be reclassified to the income statement				
Translation differences, net after tax	–73	90	44	48
Cash flow hedges, net after tax	1	–1	1	–1
Hedging of net investment abroad, net after tax	37	–25	–5	–23
Other comprehensive income, net after tax	**–36**	**69**	**40**	**29**
Total comprehensive income for the period	**129**	**286**	**85**	**108**
Total comprehensive income attributable to:				
– parent company shareholders	128	286	84	108
– non-controlling interests	1	–	1	–

STATEMENTS OF CASH FLOW

MSEK	Full year 2017	Full year 2016	Fourth quarter 2017	Fourth quarter 2016
Result after financial items	**230**	**300**	**68**	**103**
Adjustments for items not included in cash flow	258	148	89	81
Paid tax	–134	–104	–14	–34
Changes in working capital	–418	–13	–66	–55
Cash flow from operating activities	**–64**	**331**	**76**	**95**
Net investments in intangible and tangible assets	–196	–113	–60	–84
Acquisition of operations	–67	–1,796	–45	4
Payments received regarding long-term holdings	1	2	0	1
Cash flow from investing activities	**–262**	**–1,907**	**–104**	**–79**
Amortization of loans	–106	–692	–27	–639
New loans	326	1,911	64	–
Other changes in long- and short-term borrowing	243	–190	94	–60
New share issue	–	695	–	695
Dividend to parent company shareholders	–92	–58	–	–
Cash flow from financing activities	**371**	**1,666**	**131**	**–4**
Cash flow for the period	**45**	**90**	**103**	**12**
Liquid funds at the beginning of the period	651	529	561	628
Translation difference	–17	32	15	11
Liquid funds at the end of the period	**679**	**651**	**679**	**651**
Net debt at the beginning of the period	**2,224**	**738**	**2,597**	**2,921**
Translation difference in net debt	16	40	39	–2
Net debt in acquired operations	–13	462	–14	–
Change in net debt	438	983	43	–695
Net debt at the end of the period	**2,665**	**2,224**	**2,665**	**2,224**
Operating cash flow	**–115**	**–1,428**	**5**	**69**

STATEMENTS OF FINANCIAL POSITION

MSEK	31 Dec. 2017	2016
ASSETS		
Intangible assets	3,136	3,081
Tangible assets	828	806
Other fixed assets	247	241
Total fixed assets	**4,211**	**4,128**
Inventories	390	295
Accounts receivable	1,795	1,396
Other current assets	333	312
Cash and cash equivalents	679	651
Total current assets	**3,198**	**2,654**
Total assets	**7,409**	**6,782**
EQUITY AND LIABILITIES		
EQUITY	**2,453**	**2,411**
Liabilities		
Non-interest-bearing long-term liabilities	208	233
Interest-bearing long-term liabilities	2,504	2,646
Total long-term liabilities	**2,712**	**2,879**
Non-interest-bearing short-term liabilities	1,403	1,263
Interest-bearing short-term liabilities	840	228
Total short-term liabilities	**2,243**	**1,492**
Total equity and liabilities	**7,409**	**6,782**

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. 2016	**1,488**	**–**	**1,488**
New share issue	695	–	695
Dividend to parent company shareholders	–58	–	–58
Total comprehensive income for the period	286	–	286
Closing balance on 31 Dec. 2016	**2,411**	**–**	**2,411**
Opening balance on 1 Jan. 2017	**2,411**	**–**	**2,411**
Dividend to parent company shareholders	–92	–	–92
Change in non-controlling interests	–	5	5
Total comprehensive income for the period	128	1	129
Closing balance on 31 Dec. 2017	**2,447**	**6**	**2,453**

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 each reportable segment have similar economic characteristics and resemble each other regarding the nature of their products and services, production processes and customer types. Sales between segments are made on market terms.

NET SALES

	Full year		Fourth quarter	
MSEK	**2017**	**2016**	**2017**	**2016**
Supply Chain Solutions	7,007	3,998	1,899	1,659
Print & Packaging Solutions	2,220	2,146	628	599
e-Commerce Solutions	208	227	101	107
Group functions	35	27	6	6
Eliminations	–128	–113	–50	–40
Group net sales	**9,342**	**6,285**	**2,584**	**2,330**

OPERATING RESULT

	Full year		Fourth quarter	
MSEK	**2017**	**2016**	**2017**	**2016**
Supply Chain Solutions	253	258	42	95
Print & Packaging Solutions	92	127	33	46
e-Commerce Solutions	–5	19	17	24
Group functions	–32	–60	–7	–41
Group operating result	**308**	**344**	**86**	**123**

During 2017 the operating result has been charged with one-off items amounting to MSEK 28, of which MSEK 5 within Supply Chain Solutions, MSEK 16 within Print & Packaging Solutions, MSEK 5 within e-Commerce and MSEK 2 within Group functions. The one-off items in 2017 primarily refer to redundancy costs.

During 2016 the operating result in Group functions has been charged with one-off items attributable to acquisitions, book VAT recognized as revenue and provision for settlement costs for a dispute in the US amounting to net MSEK 38.

FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

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

Derivative instruments in hedge accounting relationships recognized at fair value is presented under other current assets and non-interest bearing short-term liabilities. These items gross are below MSEK 1 both per 31 December 2017 and the comparison periods.

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

ACQUISITION OF OPERATIONS IN 2017

In July Elanders signed an agreement to acquire Spreckley Limited, a niched packaging company in the UK. The business is consolidated into the Elanders Group as of August 2017. For the 12 months period that ended on March 31, 2017, Spreckley reported net sales of approximately MGBP 2. The company employs around 20 people and is consolidated in the business area Print & Packaging Solutions. The purchase price was MGBP 2, where 85% is paid at the time for the acquisition and 15% 18 months after the acquisition, if certain conditions are met. Goodwill related to the acquisition amounted to MGBP 2 and other identified amortizable intangible assets amounted to MGBP 1. The acquisition's effect on the group's liquid funds was MSEK –22.

In October Elanders signed an agreement for the acquisition of 80% of the shares in the Hong Kong-based company Asiapack Limited. The business is consolidated into the Elanders Group as of October 2017. Asiapack is expected to generate net sales of around MHKD 70 in 2017 and currently has some 220 employees. Asiapack will become part of the business area Supply Chain Solutions and is expected to contribute positively to earnings per share as of 1 January 2018. The purchase price for the shares is around MHKD 45 on a debt-free basis and the acquisition will be financed through cash and loans. Elanders has an option to purchase the rest of the shares in 2020. Goodwill in connections to the acquisition amounted to MHKD 24 and identified amortizable intangible assets amounted to MHKD 14. The acquisition's effect on the group's liquid funds was MSEK –45.

ASSETS AND LIABILITIES IN ACQUISITIONS

MSEK	Recorded values in acquired operations	Adjustments to fair value	Recorded value in the Group
Intangible assets	–	26	26
Tangible assets	3	–	3
Inventory	3	–	3
Accounts receivable	18	–	18
Other current assets	5	–	5
Cash and cash equivalents	16	–	16
Equity attributable to non-controlling interests	–6	–	–6
Accounts payable	–5	–	–5
Other non-interest bearing liabilities	–9	–5	–14
Interest bearing liabilities	–3	–	–3
Identifiable net assets	**22**	**21**	**43**
Goodwill			44
Total			**87**
Less:			
Unpaid purchase sums			–4
Cash and cash equivalents in acquisitions			–16
Negative effect on cash and cash equivalents for the Group			**67**

Parent Company's Financial Statements

INCOME STATEMENTS

	Full year		Fourth quarter	
MSEK	**2017**	**2016**	**2017**	**2016**
Net sales	35	28	7	5
Operating expenses	–67	–68	–13	–18
Operating result	**–32**	**–40**	**–6**	**–13**
Net financial items	249	135	96	91
Result after financial items	**217**	**95**	**90**	**78**
Income tax	–18	7	–1	6
Result for the period	**199**	**101**	**89**	**83**

STATEMENTS OF COMPREHENSIVE INCOME

	Full year		Fourth quarter	
MSEK	**2017**	**2016**	**2017**	**2016**
Result for the period	**199**	**101**	**89**	**83**
Other comprehensive income	–	–	–	–
Total comprehensive income for the period	**199**	**101**	**89**	**83**

BALANCE SHEETS

	31 Dec.	
MSEK	**2017**	**2016**
ASSETS		
Fixed assets	4,461	4,046
Current assets	471	421
Total assets	**4,932**	**4,467**
EQUITY, PROVISIONS AND LIABILITIES		
Equity	1,747	1,640
Provisions	3	3
Long-term liabilities	2,184	2,362
Short-term liabilities	998	462
Total equity, provisions and liabilities	**4,932**	**4,467**

STATEMENTS OF CHANGES IN EQUITY

MSEK	Share capital	Statutory reserve	Unrestricted equity	Total equity
Opening balance on 1 Jan. 2016	**265**	**332**	**304**	**902**
New share issue	88	–	606	695
Dividend	–	–	–58	–58
Total comprehensive income for the period	–	–	101	101
Closing balance on 31 Dec. 2016	**354**	**332**	**953**	**1,640**
Opening balance on 1 Jan. 2017	**354**	**332**	**953**	**1,640**
Dividend	–	–	–92	–92
Total comprehensive income for the period	–	–	199	199
Closing balance on 31 Dec. 2017	**354**	**332**	**1,061**	**1,747**

Quarterly Data

QUARTERLY DATA

MSEK	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4
Net sales	2,584	2,355	2,264	2,139	2,330	1,878	1,079	998	1,124
EBITDA	151	104	155	152	187	152	92	85	154
EBITA	103	55	108	105	139	112	72	62	116
EBITA-margin, %	4.0	2.3	4.8	4.9	6.0	6.0	6.7	6.2	10.3
Operating result	86	40	93	90	123	100	66	56	111
Operating margin, %	3.3	1.7	4.1	4.2	5.3	5.3	6.1	5.6	9.9
Result after financial items	68	20	73	69	103	86	61	51	105
Result after tax	45	14	54	53	79	58	45	36	73
Earnings per share, SEK [1)] [2)]	1.24	0.39	1.52	1.49	2.37	2.04	1.59	1.26	2.60
Operating cash flow	5	–6	47	–161	69	–1,565	64	3	237
Cash flow per share, SEK [2)] [3)]	2.14	0.23	1.12	–5.31	2.83	6.30	1.16	0.89	8.32
Depreciation and write-downs	65	64	63	63	65	52	26	29	43
Net investments	104	54	73	31	79	1,787	–3	43	14
Goodwill	2,337	2,261	2,269	2,264	2,272	2,274	1,228	1,211	1,200
Total assets	7,409	7,085	7,058	7,064	6,782	6,713	3,510	3,524	3,560
Equity	2,453	2,365	2,382	2,454	2,411	1,607	1,512	1,505	1,488
Equity per share, SEK [2)]	69.21	66.88	67.38	69.39	71.87	56.93	53.58	53.33	52.72
Net debt	2,665	2,597	2,580	2,437	2,224	2,921	785	750	738
Capital employed	5,118	4,961	4,962	4,890	4,635	4,528	2,297	2,255	2,226
Return on total assets, % [4)]	4.8	2.3	5.3	5.2	7.3	7.8	7.5	6.4	12.6
Return on equity, % [4)]	7.3	2.3	8.9	8.7	15.8	14.8	11.8	9.5	20.0
Return on capital employed, % [4)]	6.8	3.2	7.5	7.5	10.7	11.7	11.6	10.0	19.2
Debt/equity ratio	1.1	1.1	1.1	1.0	0.9	1.8	0.5	0.5	0.5
Equity ratio, %	33.1	33.4	33.8	34.7	35.6	23.9	43.1	42.7	42.0
Interest coverage ratio [5)]	4.1	4.5	5.5	6.4	7.8	11.0	16.1	14.3	12.7
Number of employees at the end of the period	6,997	6,708	6,589	6,501	6,444	6,472	3,101	3,173	3,177

[1)] There is no dilution.
[2)] Historic number of shares have been adjusted for the bonus issue element in the new share issue in 2016.
[3)] Cash flow per share refers to cash flow from operating activities.
[4)] Return ratios have been annualized (the result has been recalculated to correspond to the result for a 12 month period).
[5)] Interest coverage ratio calculation is based on a moving 12 month period.

FIVE YEAR OVERVIEW – FULL YEAR

	2017	2016	2015	2014	2013
Net sales, MSEK	9,342	6,285	4,236	3,730	2,096
EBITDA, MSEK	563	516	428	292	229
Operating result, MSEK	308	344	292	175	131
Result after financial items, MSEK	230	300	259	140	102
Result after tax, MSEK	165	217	175	88	70
Earnings per share, SEK [1) 2)]	4.65	7.35	6.18	3.27	2.81
Cash flow from operating activities per share, SEK [2)]	–1.81	11.19	9.52	6.03	5.15
Equity per share, SEK [2)]	69.21	81.58	52.72	47.75	41.71
Dividends per share, SEK [2)]	2.60 [3)]	2.60	2.07	1.03	0.73
Operating margin, %	3.3	5.5	6.9	4.7	6.2
Return on total assets, %	4.3	6.7	8.2	5.9	5.6
Return on equity, %	6.8	12.4	12.1	7.4	7.0
Return on capital employed, %	6.2	10.0	12.6	8.7	7.7
Net debt/EBITDA ratio	4.7	4.3	1.7	3.1	3.2
Debt/equity ratio	1.1	0.9	0.5	0.7	0.7
Equity ratio, %	33.1	35.6	42.0	37.8	42.2
Average number of shares, in thousands [2)]	35,358	29,555	28,224	26,825	24,900

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

FIVE YEAR OVERVIEW – FOURTH QUARTER

	2017	2016	2015	2014	2013
Net sales, MSEK	2,584	2,330	1,124	1,099	598
Result after tax, MSEK	45	79	73	45	35
Earnings per share, SEK [1) 2)]	1.24	2.37	2.60	1.60	1.40
Cash flow from operating activities per share, SEK [2)]	2.14	2.83	8.32	5.64	3.98
Equity per share, SEK [2)]	69.21	71.87	52.72	47.75	41.71
Return on equity, % [3)]	7.3	15.8	20.0	14.0	9.1
Return on capital employed, % [3)]	6.8	10.7	19.2	12.5	12.1
Operating margin, %	3.3	5.3	9.9	6.4	9.0
Average number of shares, in thousands [2)]	35,358	33,549	28,224	28,224	24,900

[1)] There is no dilution.
[2)] Historic number of shares and historic key ratios have been adjusted for the bonus issue element in the new share issues in 2014 and 2016.
[3)] Return ratios have been annualized (the result has been recalculated to correspond to the result for a 12 month period).

RECONCILIATION ALTERNATIVE PERFORMANCE MEASURES – QUARTERLY DATA

MSEK	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4
Operating result	86	40	93	90	123	100	66	56	111
Depreciation, amortization and write-downs	65	64	63	63	65	52	26	29	43
EBITDA	**151**	**104**	**155**	**152**	**187**	**152**	**92**	**85**	**154**
Operating result	86	40	93	90	123	100	66	56	111
Amortization of assets identified in conjunction with acquisitions	17	15	16	15	16	12	6	6	5
EBITA	**103**	**55**	**108**	**105**	**139**	**112**	**72**	**62**	**116**
Cash flow from operating activities	76	8	40	–188	95	178	33	25	235
Net financial items	19	20	20	22	20	14	5	6	6
Paid tax	14	21	61	37	34	30	24	16	9
Net investments	–104	–54	–73	–31	–79	–1,787	3	–43	–14
Operating cash flow	**5**	**–6**	**47**	**–161**	**69**	**–1,565**	**64**	**3**	**237**
Average total assets	7,247	7,072	7,061	6,923	6,748	5,112	3,517	3,542	3,543
Average cash and cash equivalents	–620	–581	–657	–682	–639	–558	–505	–526	–451
Average non-interest-bearing liabilities	–1,587	–1,529	–1,478	–1,478	–1,527	–1,141	–736	–776	–782
Average capital employed	**5,040**	**4,962**	**4,926**	**4,763**	**4,581**	**3,412**	**2,276**	**2,240**	**2,311**
Annualized operating result	344	159	371	359	490	398	263	224	444
Return on capital employed, %	**6.8**	**3.2**	**7.5**	**7.5**	**10.7**	**11.7**	**11.6**	**10.0**	**19.2**
Interest-bearing long-term liabilities	2,504	2,477	2,563	2,595	2,647	2,666	20	20	20
Interest-bearing short-term liabilities	840	681	618	555	228	883	1,254	1,252	1,247
Cash and cash equivalents	–679	–561	–601	–713	–651	–628	–489	–522	–529
Net debt	**2,665**	**2,597**	**2,580**	**2,437**	**2,224**	**2,921**	**785**	**750**	**738**

RECONCILIATION ALTERNATIVE PERFORMANCE MEASURES – FULL YEAR

MSEK	2017	2016	2015	2014	2013
Operating result	308	344	292	175	131
Depreciation, amortization and write-downs	255	172	136	117	98
EBITDA	**563**	**516**	**428**	**292**	**229**
Average total assets	7,154	5,132	3,559	3,017	2,363
Average cash and cash equivalents	-639	–573	–418	–336	–192
Average non-interest-bearing liabilities	–1,532	–1,131	–816	–671	–461
Average capital employed	**4,983**	**3,428**	**2,325**	**2,010**	**1,710**
Operating result	308	344	292	175	131
Return on capital employed, %	**6.2**	**10.0**	**12.6**	**8.7**	**7.7**

RECONCILIATION ALTERNATIVE PERFORMANCE MEASURES – FOURTH QUARTER

MSEK	2017	2016	2015	2014	2013
Average total assets	7,247	6,748	3,543	3,453	2,411
Average cash and cash equivalents	–620	–639	–451	–397	–166
Average non-interest-bearing liabilities	–1,587	–1,527	–782	–804	–457
Average capital employed	**5,040**	**4,581**	**2,311**	**2,252**	**1,789**
Annualized operating result	344	490	444	282	216
Return on capital employed, %	**6.8**	**10.7**	**19.2**	**12.5**	**12.1**

FINANCIAL DEFINITIONS

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

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

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

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

Earnings per share
Result for the year divided by the average number of shares.

EBIT
Earnings before interest and taxes; operating result.

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

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

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

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

Net debt
Interest bearing liabilities less liquid funds.

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

Operating margin
Operating result in relation to net sales.

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

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

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

The acquisition of Asiapack Limited is part of our strategy to build a stable platform for continued strong organic growth in Supply Chain Solutions. Asiapack is based in Hong Kong and has a subsidiary in Shenzhen, China. The company's customers are international corporations that purchase large volumes in China. Asiapack has specialized in added-value services such as product configuration, consolidation and fulfillment. Scan the QR-code and see the video clip about Asiapack. Cover image: Shutterstock.