

The Annual Accounts Report 2011

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



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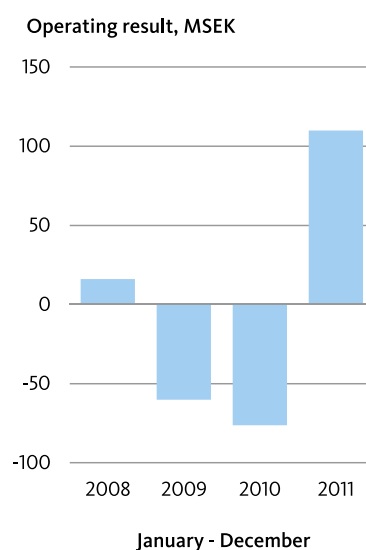
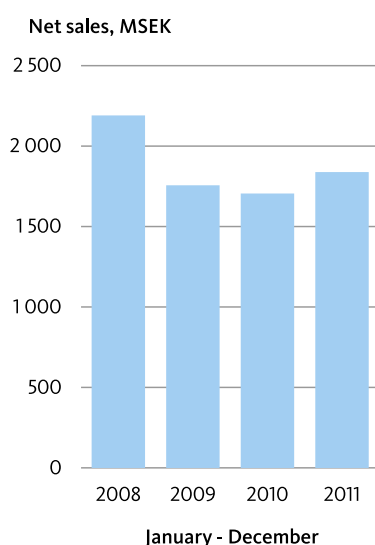
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January – December

- Net sales increased by 8 % totaling MSEK 1,839 (MSEK 1,706).
- Operating result amounted to MSEK 110 (–76). The result was affected by one-off items of MSEK 25 (–59).
- Result before tax was MSEK 80 (–105).
- Net result amounted to MSEK 60 (–84) or SEK 3.09 (–6.79) per share.
- Operating cash flow amounted to MSEK 93 (–90), of which acquisitions were MSEK –10 (–27).
- The Board of Directors is proposing a dividend of SEK 0,50 (0) per share.
- The forecast for 2012 is an increase in net sales and a better result before tax, not including the MSEK 25 in positive one-off items posted in 2011.

The fourth quarter

- Net sales increased by 10 % totaling MSEK 538 (MSEK 491).
- Operating result amounted to MSEK 57 (6). The result was affected by one-off items of MSEK 25 (–19).
- Result before tax was MSEK 49 (–1).
- Net result amounted to MSEK 37 (–1) or SEK 1.92 (–0,07) per share.
- Operating cash flow amounted to MSEK 75 (–5), of which acquisitions were MSEK 4 (0).



Comments by the CEO



Elanders finished the year with a strong fourth quarter that showed higher net sales and a better result compared to the same period the previous year. Net sales increased by 10 % during the quarter and with unchanged exchange rates the increase was 12 %, a sign of strength in an industry with negative growth in many markets.

Elanders was quite successful in two of its most important markets, Sweden and Germany, growing organically in 2011 by 5 % and 10 % respectively in local currencies.

Summing up the year Elanders increased net sales by 8 %, or 12 % taking exchange rates into consideration, compared to the previous year. The result before tax greatly improved to MSEK 80 compared to MSEK -105 in 2010. Excluding one-off items this entails an improvement of MSEK 101 in operating profit, primarily due to better use of existing production capacity, cost reductions and success on the German and Swedish markets. Operating cash flow was also positive in the final quarter as a result of good profitability and good capacity utilization.

The positive development verifies that Elanders' strategic choices have been fruitful. We also broadened our customer base and deepened our relationship with many of our existing customers during the year. In 2012 we will continue to work on consolidating and optimizing our production units and intensify the development of new products and services. This will create a better foundation to build a stable platform for long lasting profitability.

The consolidation so important to the industry has continued. In 2011 Elanders contributed by taking over parts of the operations in the Swedish sheet-fed printers Fälv & Hässler and NRS Tryckeri and their integration is proceeding according to plan.

Magnus Nilsson
President and Chief Executive Officer

Three year overview

MSEK	Full year		
	2011	2010	2009
Net sales	1,839	1,706	1,757
Operating expenses	-1,729	-1,782	-1,817
Operating result	110	-76	-60
Net financial items	-30	-29	-36
Result after financial items	80	-105	-96

MSEK	Fourth quarter		
	2011	2010	2009
Net sales	538	491	455
Operating expenses	-481	-485	-483
Operating result	57	6	-28
Net financial items	-8	-7	-12
Result after financial items	49	-1	-40

Group

Operations

Elanders is a global printing group with production units in ten countries on four continents. In 2011 our product areas were books & magazines, photo products, packaging, information & marketing material as well as manuals & product information. In 2012 these will be replaced by three new product areas: Commercial Print, Packaging and Web-to-Business (W2B). Elanders also offers services in Web-to-Print (W2P), EDI, advanced premedia, fulfilment and logistics within these areas.

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

Net sales and result

JANUARY – DECEMBER

Consolidated net sales increased by MSEK 133 to MSEK 1,839 (1,706), i.e. 8 %. If exchange rates were unchanged compared to the same period last year the increase would have been MSEK 213, i.e. 12 %, of which MSEK 128 or 8 % is organic growth. The positive development is mainly due to success in Poland, Sweden, Germany and Hungary.

The operating result improved by MSEK 185 to MSEK 110 (–76). Compared to the previous year and excluding one-off items the operating result improved by MSEK 101. This year's operating result was affected positively by one-off items of MSEK 25 relating to the so called book VAT. The improvement from the previous year, excluding one-off items, comes from an increase in net sales, cost reductions made primarily in the Swedish operations as well as from continued success on the German market.

The necessary consolidation in the industry has continued. In 2011 Elanders took over parts of the operations in the Swedish sheet-fed printers Fälv & Hässler and NRS Tryckeri and their integration is proceeding according to plan.

At the end of December 2010 Elanders submitted a claim for a VAT refund to the Swedish Tax Agency pertaining to 2004. A decision in this matter was taken in April 2011 and Elanders received a refund of MSEK 70. In the fourth quarter, MSEK 25 attributable to 2004 was posted as income but there is still a great deal of uncertainty surrounding the remaining amount. Elanders has also submitted a claim for a VAT refund of MSEK 67 pertaining to 2005. Due to a number of uncertain factors it is difficult at this time to assess what effect this will have on Elanders' result and therefore the sum for 2005 has not,

in full or partly, yet been posted as income. Elanders also intends to apply for a reassessment of the fiscal years 2006 and 2007.

FOURTH QUARTER

In the fourth quarter net sales increased by MSEK 48 to MSEK 538 (491) or 10 %. With comparable units and unchanged exchange rates from the same period last year the increase would have been MSEK 43, i.e. 9 %.

The operating result improved by MSEK 51 to MSEK 57 (6) compared to the same period the previous year and excluding one-off items the operating result improved by MSEK 7.

Events in the fourth quarter

No significant events beside those described above have taken place in the last quarter of the year.

Personnel

JANUARY – DECEMBER

The average number of employees during the period was 1,546 (1,520), of which 395 (445) were in Sweden. At the end of the period the Group had 1,582 (1,564) employees.

FOURTH QUARTER

The average number of employees during the period was 1,570 (1,560), of which 404 (419) were in Sweden.

Investments and depreciation

JANUARY – DECEMBER

Investments for the year totaled MSEK 43 (76), of which MSEK 10 (27) referred to acquisitions. Group depreciation and write-downs amounted to MSEK 86 (102). Most of the investments have been in production equipment, primarily in Eastern Europe.

FOURTH QUARTER

Investments for the period totaled MSEK 10 (23), of which MSEK 4 (0) referred to acquisitions. Group depreciation and write-downs for the period amounted to MSEK 22 (25).

Financial position, cash flow, equity ratio and financing

Group net debt on 31 December 2011 amounted to MSEK 676 (732) and operating cash flow for the year was MSEK 93 (–90), of which acquisitions were MSEK –10 (–27). Operating cash flow for the fourth quarter amounted to MSEK 75 (–5), of which MSEK –4 (0) are attributable to acquisitions. At the end of the year equity was MSEK 880 (819), which resulted in an equity ratio of 44 % (41 %).

Group cont.

- ▶ As of 30 September 2011 loans from the Group's main banks are reported as interest-bearing current liabilities since the credit agreement expires 30 September 2012. Negotiations regarding new credit agreements are

expected to start during spring 2012. In the fourth quarter the Group signed agreements regarding interest swaps for MSEK 300 of Group debt. As a result the interest level for these debts has been hedged until 30 September 2014.

Parent company

The Parent company has provided joint Group services. The average number of employees in the fourth quarter was 8 (10) and at the end of the period 8 (10).

Other information

Elanders at a glance

Elanders is a global printing group with production units in ten countries on four continents. In 2011 our product areas were books & magazines, photo products, packaging, information & marketing material as well as manuals & product information. In 2012 these will be replaced by three new product areas: Commercial Print, Packaging and Web-to-Business (W2B). In these areas Elanders offers services in Web-to-Print (W2P), EDI, advanced premedia, fulfilment and logistics.

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

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

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

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

Risks and uncertainties

Elanders divides risks into circumstantial risks (the future of printing, business cycles, structure and the competition), financial risks (currency, interest, financing and credit) as well as operational risks (customer concentration, operations, operating costs, contracts, disputes, insurance and other risk management as well as other operational risks). These risks, together with a sensitivity analysis, are described in detail on pages 44-47 in the Annual Report 2010. 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 2010.

Seasonal variations

The Group's net sales, and thereby income, are affected by the seasonal variations described in the Annual Report 2010. Elanders normally has a strong fourth quarter.

Events after the balance sheet date

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

Forecast

The forecast for 2012 is an increase in net sales and a better result before tax, not including the MSEK 25 in positive one-off items posted in 2011.

Review and accounting principles

The company auditors have not reviewed this report. The interim report for the Group has been prepared in accordance with the Annual Accounts Act and IAS 34 Interim Financial Reporting and for the parent company in accordance with the Annual Accounts Act.

Except for the effects in parent company reporting due to the withdrawal of UFR 2 which concerns the presenta-

tion of group contributions and shareholder contributions the same accounting principles and calculation methods as those in the last Annual Report have been used.

Nomination committee

The following are members of the nomination committee for the Annual General Meeting on 3 May 2012:

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

Please find the nomination committee's contact information on the company's website www.elanders.com under "Corporate Governance".

Future reports from Elanders

Interim report first quarter 2012	3 May 2012
Interim report second quarter 2012	12 July 2012
Interim report third quarter 2012	22 October 2012
Annual accounts report 2012	28 January 2013

Mölnlycke 27 January 2012



Magnus Nilsson
President and Chief Executive Officer

Contact information

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Income statements

MSEK	Full year	
	2011	2010
Net sales	1,838.8	1,705.9
Cost of products and services sold	-1,486.3	-1,450.3
Gross profit	352.5	255.6
Sales and administrative expenses	-284.7	-334.6
Other operating income	54.0	49.7
Other operating expenses	-12.0	-40.6
Income from jointly controlled entities	-	-6.3
Operating result	109.8	-76.2
Net financial items	-29.8	-29.0
Result after financial items	80.0	-105.2
Income tax	-19.6	21.4
Result for the year	60.3	-83.7
<i>Result for the year attributable to:</i>		
– parent company shareholders	60.2	-83.7
– non-controlling interests	0.1	-
Earnings per share, SEK ^{1) 2)}	3.09	-6.79
Average number of shares, in thousands ³⁾	19,530	12,342
Outstanding shares at the end of the year, in thousands ³⁾	19,530	19,530

MSEK	Fourth quarter	
	2011	2010
Net sales	538.4	490.9
Cost of products and services sold	-427.1	-392.1
Gross profit	111.3	98.8
Sales and administrative expenses	-82.7	-85.2
Other operating income	35.3	4.4
Other operating expenses	-6.6	-9.2
Income from jointly controlled entities	-	-3.2
Operating result	57.3	5.6
Net financial items	-8.4	-6.7
Result after financial items	48.9	-1.1
Income tax	-11.4	-0.2
Result for the period	37.5	-1.3
<i>Result for the period attributable to:</i>		
– parent company shareholders	37.4	-1.3
– non-controlling interests	0.1	-
Earnings per share, SEK ^{1) 2)}	1.92	-0.07
Average number of shares, in thousands ³⁾	19,530	19,530
Outstanding shares at the end of the period, in thousands ³⁾	19,530	19,530

¹⁾ Earnings per share before and after dilution.

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

³⁾ No adjustment of the historic number of shares has been made since the new share issue in 2010 did not entail any bonus issue element.

Statements of comprehensive income

MSEK	Full year	
	2011	2010
Result for the year	60.3	-83.7
<i>Other comprehensive income</i>		
Translation differences, net after tax	2.9	-75.9
Cash flow hedges, net after tax	-3.1	-0.3
Hedging of net investment abroad, net after tax	0.2	6.6
Other comprehensive income, net after tax	0.0	-69.6
Total comprehensive income for the year	60.3	-153.3
<i>Total comprehensive income attributable to:</i>		
– parent company shareholders	60.2	-153.3
– non-controlling interests	0.1	-

MSEK	Fourth quarter	
	2011	2010
Result for the period	37.5	-1.3
<i>Other comprehensive income</i>		
Translation differences, net after tax	-11.0	-5.7
Cash flow hedges, net after tax	-3.2	-0.3
Hedging of net investment abroad, net after tax	1.9	1.3
Other comprehensive income, net after tax	-12.3	-4.7
Total comprehensive income for the period	25.2	-6.0
<i>Total comprehensive income attributable to:</i>		
– parent company shareholders	25.1	-6.0
– non-controlling interests	0.1	-

Statements of cash flow

MSEK	Full year	
	2011	2010
Result after financial items	80.0	-105.2
Adjustments for items not included in cash flow	58.7	119.1
Paid tax	-6.8	-7.6
Changes in working capital	-47.6	-64.1
Cash flow from operating activities	84.3	-57.8
Cash flow from investing activities	-27.6	-69.2
Changes in long- and short-term borrowing	-27.6	-106.0
New share issue	-	208.1
Cash flow from financing activities	-27.6	102.1
Cash flow for the year	29.1	-24.9
Liquid funds at the beginning of the year	50.1	78.9
Translation difference	2.0	-3.8
Liquid funds at the end of the year	81.2	50.1
Net debt at the beginning of the year	732.2	837.4
Translation difference in net debt	-0.2	-16.9
Net debt in acquisitions	-	8.6
Change in net debt	-56.5	-96.9
Net debt at the end of the year	675.5	732.2
Operating cash flow	93.3	-90.4

MSEK	Fourth quarter	
	2011	2010
Result after financial items	48.9	-1.1
Adjustments for items not included in cash flow	21.1	25.5
Paid tax	0.5	1.2
Changes in working capital	-0.8	-13.9
Cash flow from operating activities	69.7	11.7
Cash flow from investing activities	-2.1	-22.1
Changes in long- and short-term borrowing	-53.1	-31.5
Cash flow from financing activities	-53.1	-31.5
Cash flow for the period	14.5	-41.9
Liquid funds at the beginning of the period	66.3	92.7
Translation difference	0.4	-0.6
Liquid funds at the end of the period	81.2	50.2
Net debt at the beginning of the period	750.4	722.4
Translation difference in net debt	-7.4	15.1
Change in net debt	-67.5	-5.3
Net debt at the end of the period	675.5	732.2
Operating cash flow	75.5	-4.9

Statements of financial position

MSEK	Dec. 31 2011	Dec. 31 2010
Assets		
Intangible assets	869.5	875.2
Tangible assets	320.3	371.7
Other fixed assets	159.1	164.6
Total fixed assets	1,348.9	1,411.5
Inventories	125.6	118.7
Accounts receivable	385.3	365.0
Other current assets	63.6	67.0
Cash and cash equivalents	81.2	50.1
Total current assets	655.7	600.8
Total assets	2,004.6	2,012.3
Equity and liabilities		
Equity	879.6	819.3
Liabilities		
Non-interest-bearing long-term liabilities	40.3	36.1
Interest-bearing long-term liabilities	36.3	434.8
Total long-term liabilities	76.6	470.9
Non-interest-bearing current liabilities	327.9	374.6
Interest-bearing current liabilities	720.5	347.5
Total current liabilities	1,048.4	722.1
Total equity and liabilities	2,004.6	2,012.3

In 2011 loans from the Group's main banks are reported as interest-bearing current liabilities since the credit agreement expires within one year.

Statements of changes in equity

MSEK	Equity attributable to parent company shareholders	Equity attributable to non-controlling interests	Total equity
Equity at year-end 2009	763.3	1.8	765.1
Transactions with shareholders with non-controlling interest	1.2	-1.8	-0.6
New share issue	208.1	-	208.1
Total comprehensive income for the year	-153.3	-	-153.3
Equity at year-end 2010	819.3	-	819.3
Equity at year-end 2010	819.3	-	819.3
Total comprehensive income for the year	60.2	0.1	60.3
Equity at year-end 2011	879.5	0.1	879.6

Segment reporting

Effective the fourth quarter 2009 Group operations are reported as one reportable segment, since this is how the Group is now governed. This analysis identified the President as the highest decision-maker and the units in different countries were identified as operating segments. The operating segments were then merged to create a single reportable segment, consisting of the entire Group, since the units have similar economic characteristics and resemble each other regarding the nature of their products and services, production processes, customer types etc. Regarding the financial information for the reportable segment please see the consolidated income statements and the statements of financial position along with related notes.

Parent company

Income statements

MSEK	Full year	
	2011	2010
Net sales	–	–
Cost of products and services sold	–	–
Gross profit	–	–
Operating expenses	–26.0	–29.4
Operating result	–26.0	–29.4
Net financial items	68.0	–56.2
Result after net financial items	42.0	–85.6
Income tax	–34.3	25.3
Result for the year	7.7	–60.3

A reversal of MSEK 14.7 of a previous reserve for a guarantee commitment is included in operating costs for 2010. As an effect of the withdrawal by the Swedish Financial Reporting Board of UFR 2 Group contributions and shareholder contributions the presentation of group contributions for 2010 of MSEK 70.0 has been adjusted compared to previous reports so that they are now included in Financial items.

MSEK	Fourth quarter	
	2011	2010
Net sales	–	–
Cost of products and services sold	–	–
Gross profit	–	–
Operating expenses	–11.7	–6.0
Operating result	–11.7	–6.0
Net financial items	73.9	–67.9
Result after net financial items	62.2	–73.9
Income tax	–40.7	19.8
Result for the period	21.5	–54.1

Statements of comprehensive income

MSEK	Full year	
	2011	2010
Result for the year	7.7	–60.3
Other comprehensive income	–	–
Total comprehensive income for the year	7.7	–60.3

MSEK	Fourth quarter	
	2011	2010
Result for the period	21.5	–54.1
Other comprehensive income	–	–
Total comprehensive income for the period	21.5	–54.1

Balance sheets

MSEK	Dec. 31 2011	Dec. 31 2010
Assets		
Fixed assets	1,322.9	1,272.4
Current assets	51.6	76.6
Total assets	1,374.5	1,349.0
Equity, provisions and liabilities		
Equity	708.4	700.7
Provisions	3.9	3.8
Long-term liabilities	0.1	238.2
Current liabilities	662.1	406.3
Total equity and liabilities	1,374.5	1,349.0

In 2011 loans from the Group's main banks are reported as current liabilities since the credit agreement expires within one year.

Statements of changes in equity

MSEK	Share capital	Statutory reserve	Retained earnings and result for the period	Total equity
Equity at year-end 2009	97.7	332.4	122.8	552.9
New share issue	97.7	–	110.4	208.1
Total comprehensive income for the year	–	–	–60.3	–60.3
Equity at year-end 2010	195.3	332.4	173.0	700.7
Equity at year-end 2010	195.3	332.4	173.0	700.7
Total comprehensive income for the year	–	–	7.7	7.7
Equity at year-end 2011	195.3	332.4	180.7	708.4

Key ratios

Quarterly data

MSEK	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4	2010 Q3	2010 Q2	2010 Q1	2009 Q4
Net sales	538	423	434	443	491	406	409	401	455
Operating result	57	13	21	19	6	-62	-8	-12	-28
Operating margin, %	10.6	3.0	4.8	4.3	1.1	-15.2	-2.0	-3.0	-6.2
Result after financial items	49	4	14	12	-1	-71	-14	-19	-40
Result after tax	37	3	9	11	-1	-52	-12	-19	-37
Earnings per share, SEK ¹⁾	1.92	0.15	0.44	0.58	-0.07	-5.04	-1.21	-1.92	-3.79
Operating cash flow	76	-12	12	18	-5	-14	-37	-34	8
Cash flow per share, SEK ²⁾	3.57	-0.90	0.49	1.15	0.60	-0.24	-3.75	-3.11	3.22
Depreciation	22	22	22	21	25	33	22	22	24
Net investments	2	8	8	10	22	21	9	17	24
Goodwill	834	847	840	831	836	843	863	868	895
Total assets	2,005	2,037	1,952	1,956	2,012	2,041	2,032	2,020	2,114
Equity	880	854	831	811	819	825	715	720	765
Equity per share, SEK	45.03	43.75	42.55	41.53	41.94	42.24	73.22	73.73	78.34
Net debt	676	750	721	718	732	722	906	868	837
Capital employed	1,555	1,605	1,551	1,529	1,552	1,548	1,621	1,588	1,602
Return on total assets, % ³⁾	14.0	4.0	5.8	5.5	1.7	-11.1	-1.5	-1.9	-5.3
Return on equity, % ³⁾	17.3	1.4	4.2	5.5	-0.6	-27.0	-6.6	-10.0	-19.3
Return on capital employed, % ³⁾	14.5	3.2	5.4	4.9	1.4	-15.6	-2.0	-3.0	-7.0
Debt/equity ratio	0.8	0.9	0.9	0.9	0.9	0.9	1.3	1.2	1.1
Equity ratio, %	43.9	42.0	42.6	41.5	40.7	40.4	35.2	35.6	36.2
Interest coverage ratio ⁴⁾	4.4	2.4	neg.	neg.	neg.	neg.	neg.	neg.	neg.
Number of employees at the end of the period	1,582	1,562	1,554	1,523	1,564	1,556	1,523	1,457	1,538

¹⁾ There is no dilution.

²⁾ Cash flow from operating activities per share, SEK.

³⁾ Return ratios have been annualized.

⁴⁾ Interest coverage ratio calculation is based on a moving 12 month period.

Five year overview – full year

	2011	2010	2009	2008	2007
Net sales, MSEK	1,839	1,706	1,757	2,191	2,036
Result after financial items, MSEK	80	-105	-96	-34	184
Result after tax, MSEK	60	-84	-74	-26	172
Earnings per share, SEK ¹⁾	3.09	-6.79	-7.57	-2.62	18.06
Cash flow from operating activities per share, SEK	4.32	-4.68	5.60	12.35	10.22
Equity per share, SEK	45.03	41.94	78.34	89.88	88.54
Dividends per share, SEK	0.50 ²⁾	0.00	0.00	0.00	4.50
Operating margin, %	6.0	-4.5	-3.4	0.7	11.1
Return on total assets, %	7.3	-3.2	-2.2	1.7	12.0
Return on equity, %	7.1	-10.6	-9.1	-3.0	24.2
Return on capital employed, %	7.1	-4.8	-3.6	0.9	16.0
Debt/equity ratio	0.8	0.9	1.1	1.0	0.9
Equity ratio, %	43.9	40.7	36.2	36.8	38.9
Average number of shares, in thousands ³⁾	19,530	12,342	9,765	9,765	9,537

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

¹⁾ There is no dilution.

²⁾ Proposed by the board.

³⁾ No adjustment of the historic number of shares has been made since the new share issue in 2010 did not entail any bonus issue element.

Five year overview – fourth quarter

	2011 Q4	2010 Q4	2009 Q4	2008 Q4	2007 Q4
Net sales, MSEK	538	491	455	621	586
Result after tax, MSEK	37	-1	-37	-30	63
Earnings per share, SEK ¹⁾	1.92	-0.07	-3.79	-3.03	6.49
Cash flow from operating activities per share, SEK	3.57	0.60	3.22	11.08	6.53
Equity per share, SEK	45.03	41.94	78.34	89.88	88.54
Return on equity, % ²⁾	17.3	-0.06	-19.3	-13.9	30.5
Return on capital employed, % ²⁾	14.5	1.4	-7.0	-7.2	20.3
Operating margin, %	10.6	1.1	-6.2	-5.0	14.3
Average number of shares, in thousands ³⁾	19,530	19,530	9,765	9,765	9,765

¹⁾ There is no dilution.

²⁾ Return ratios have been annualized.

³⁾ No adjustment of the historic number of shares has been made since the new share issue in 2010 did not entail any bonus issue element.

Specific terms

Commercial printing	Printing production provided by printers that only produce for external customers as opposed to publishing and newspaper printers that produce their own material.
Digital print and digital print technique	The transfer of information to paper via a digital file that is then printed out with the help of a high-speed printer. This technique is a prerequisite for Print-on-Demand and makes quick deliveries in small editions possible. Offset technique is still more efficient for larger editions and four color production.
Electronic Data Interchange (EDI)	The transfer of structured information according to an agreed-upon format. The acronym EDI refers often, but not always, to the transfer of information such as stock balances, catalogue information, orders, order confirmation, delivery notification and invoices between companies.
Fulfilment	This term is increasingly used, particularly in the automotive industry, to describe a number of steps in the process between printing and distribution. They can include packaging for end customers, bar-coding, adding other objects such as plastic cards etc.
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.
Premedia	Our collective term for the work done before printing/publishing. The term includes layout, typography, image retouching and production of originals. In our world even other services are included such as: advertisement management, file management, quality assurance, printing plate production as well as database solutions for digital material.
Print-on-Demand (POD)	With the help of high-speed printers printed matter can be produced as needed and in very small editions.
Web-to-print (W2P)	A Web-based order interface where the production and distribution of information and marketing material can easily be ordered and made accessible for editing and ordering via the Internet.

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 minority interests.
Equity per share	Equity divided by outstanding shares at the end of the year.
Equity ratio	Equity (including minority 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 profit/loss in relation to net turnover.
Return on capital employed	Operating result in relation to average capital employed.
Return on equity	Result for the year in relation to average equity.
Return on total assets	Operating result plus financial income in relation to total assets.

Elanders' offer and product areas 2011

Elanders is a spot on example of how technological development and the way modern society communicates and spreads information impacts a company. In Elanders' case this has led us to make changes in the services and products we offer.

The circumstances for everyone active in the communication industry have changed radically in the past few years, especially for graphic companies.

From a national printer for telephone directories Elanders has grown into a global player with operations in ten countries on four continents. As an international printing group we have a broad spectrum of services in offset, digital and special print and we can produce wherever it works out best economical, for our customers and for Elanders.

We are often problem solvers for customers that need to communicate on one or several markets simultaneously. In some cases we have unique information and technical solutions which we have developed for our customers. A common denominator in many of our assignments is that we can use our global resources to create great logistics solutions that are competitive and environmentally smart.

We have a host of multinational companies as customers but we are increasing our scope to include marketing and communication bureaus. We have a special team called the PM Group in Sweden aimed at further developing our relationships with bureaus.



Books & magazines

In these digitalized times sales show that there is still a high demand for books and new sales channels in addition to traditional book stores. When it comes to printing books Elanders can deliver the most exclusive books with advanced quality demands. Our customers include famous auction houses and editors specialized in high quality cookbooks.

Publishers of educational material are still an important customer group for Elanders. We primarily deliver printed educational material but we intend to offer more related services.

We also produce books and educational material in low-cost countries, especially the second or third editions after the first edition of a book has been printed.

Packaging

A trend that has been growing the past couple of years is that more and more of our customers are putting higher demands on packaging design. When a customer in a store is about to decide which product to choose, an attractive packaging can be the deciding factor. Elanders offers an entire range of boxes from simple to exclusive handmade packages and from very small to really large editions. And thanks to our experience we can offer personalized packaging as well.

Elanders can handle the entire chain from design and manufacturing to distribution. Advanced finishing techniques guarantee high quality results, which is highly valued by many companies with strong brands.





Photo products

Digital technology has made it easier for everyone to express their personality or surprise with gifts that they have designed themselves. Today everybody is their own photographer, which has led to an increase in the orders for personalized photo books, canvases, almanacs and wallpaper. At Elanders both companies and indirectly consumers are our customers on a rapidly growing market.

Information & marketing material

Information and marketing material are a big part of the work Elanders does. One rapidly growing sector is recipient-oriented information containing customized solutions for different target groups all the way down to individuals.

The product area information & marketing material comprises magazines, catalogues, annual reports, fund reports and in-store material.

The demand for specifically targeted information has led to more and more specialized products. This trend is the answer to why the number of magazine and book titles is on the rise. When it comes to in-store material Elanders offers comprehensive solutions including design, production and delivery of finished sets to individual stores.



Manuals & product information

One of Elanders' specialties is manuals and other product information. Manuals are going through a metamorphosis. They are getting slimmer and more simplified but they are still an important service to customers buying a product. The way a manual is packaged together with a product is vital to creating the right feeling for the product and it contributes to strengthening the customer's own brand.

There is also an increase in demand from the automotive industry for customized and chassis specific manuals designed so that they harmonize with the extra features chosen by the end customer.

Our services

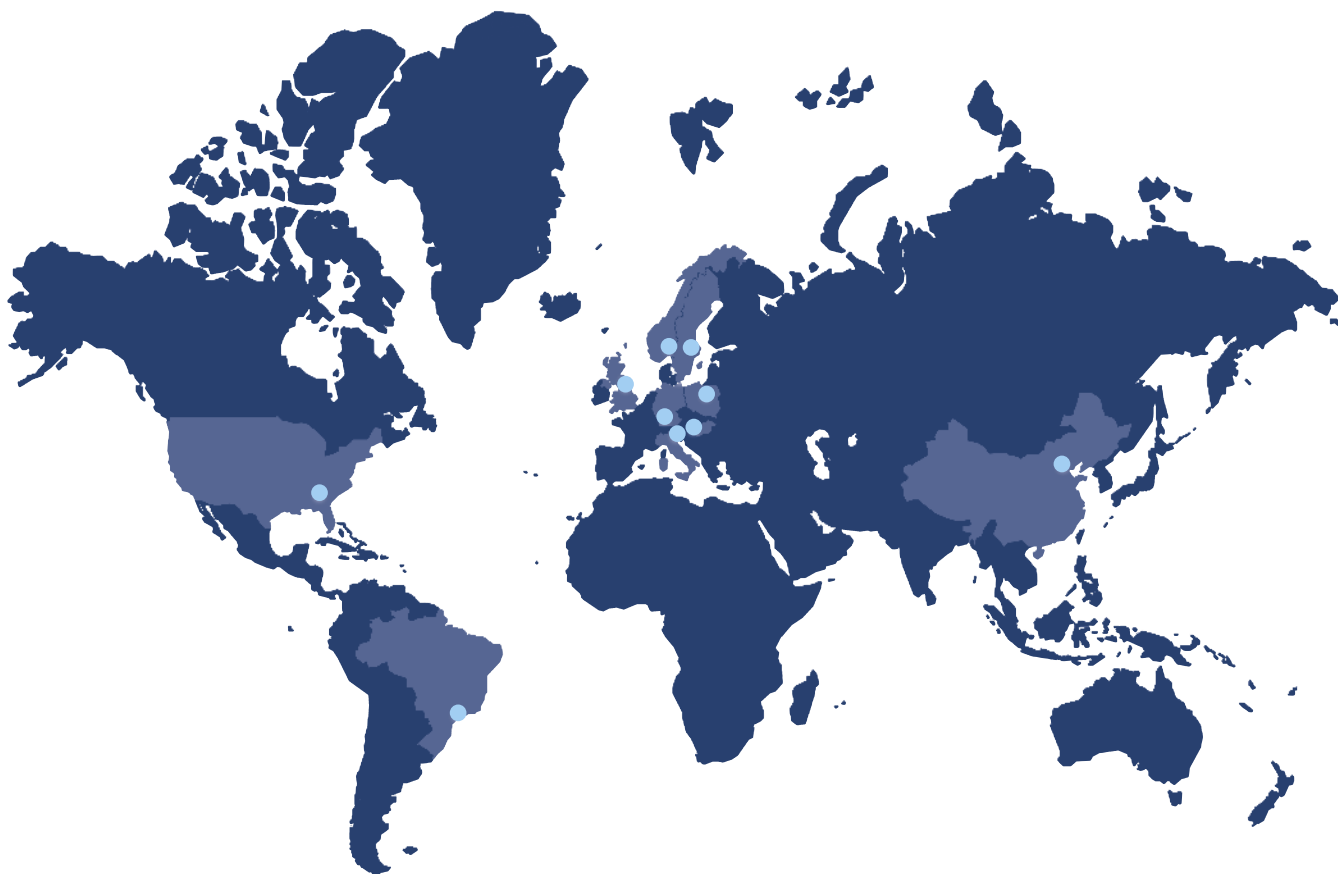
Several of the services that Elanders offers are included in the term Premedia and comprise the stages that come before printing and publishing. Some examples of arts and graphics services are layout, typography, image retouching and production of originals.

Our Premedia personnel all have years of experience and are all dedicated to achieving excellent results. Elanders also offers advanced just-in-time deliveries with different picking and packing solutions along with the storage and distribution of printed material.

Elanders' considerable investment in Web-to-print (W2P) goes hand-in-hand with the increased demand for print-on-demand solutions. This service is mainly intended for businesses but we are increasingly supplying consumers as well.

your worldwide printing partner

BRAZIL CHINA GERMANY GREAT BRITAIN HUNGARY ITALY NORWAY POLAND SWEDEN USA



Elanders is a global printing group with production units in ten countries on four continents

Our product areas are books & magazines, photo products, packaging, information & marketing material as well as manuals & product information. In combination with these products Elanders also offers services in web-to-print (W2P), EDI, advanced premedia, fulfilment and logistics. Elanders has approximately 1,600 employees and net sales of more than SEK 1.8 billion. The Elanders share is listed on the NASDAQ OMX Stockholm, Small Cap. The Group's production units are located in Brazil (São Paulo), Italy (Treviso), China (Beijing), Norway (Oslo), Poland (Płońsk), Great Britain (Newcastle), Sweden (Falköping, Gothenburg, Malmö and Stockholm), Germany (Stuttgart), Hungary (Zalalövö and Jászberény) as well as the USA (Atlanta). Elanders is also represented through sales offices in a number of locations.

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