QUARTERLY REPORT

January - June 2019

July 16th, 2019

WE SUPPLY

THE WORLD

elanders GROUP

Highlights

	First six months			Second quarter			Last 12 months excl. IFRS 16 [1]	Full year 2018
	2019	2019 excl. IFRS 16 [1]	2018	2019	2019 excl. IFRS 16 [1]	2018		
Net sales, MSEK	5,525	5,525	5,035	2,719	2,719	2,613	11,232	10,742
EBITDA, MSEK	683	336	302	349	173	168	759	725
EBITA, MSEK [2]	255	237	199	132	122	116	561	523
EBITA margin, % [2]	4.6	4.3	4.0	4.8	4.5	4.4	5.0	4.9
Net debt, closing balance, MSEK	4,587	2,513	2,915	4,587	2,513	2,915	2,513	2,539
Net debt / EBITDA, ratio [3]	3.4	3.7	4.8	3.3	3.6	4.3	3.3	3.5
Operating cash-flow, MSEK	641	297	92	251	77	127	742	538
Return on capital employed, % [3]	6.9	8.0	6.4	6.5	8.3	7.3	9.4	8.5

1) Excluding the effect from the transition to IFRS 16, "Leases", i.e. the same accounting principles as in 2018 has been used.
2) EBITA equals the operating profit plus amortization of assets identified in conjunction with acquisitions.
3) The key ratios have been annualised

Highlights (cont.)

- Customer demand was strong in April and May, but decreased in June, mainly due to vacation period in Germany.
- Activity continues to be high regarding customers' request for quotes and information
- We managed to retain the majority of our existing business that was being tendered.
- Last year Easter was in the end of March, but this year in mid-April. This had a positive effect on the sales in the first quarter and a negative effect on the sales in the second quarter in comparison to last year, as some of our Automotive clients closed down their production for a few extra days during Easter.
- The organic growth was positive, but close to zero in Q2, 2019. The subscription box business within Print & Packaging Solutions was mainly driving the organic growth in the second quarter. The organic growth year to date was five per cent.
- In 2018 Elanders started to implement a factoring program without recourse. The factoring program had no significant effect on the cash-flow in the second quarter.

Sales by customer segments

MSEK	2019 Second quarter	2019 First quarter	2018 Fourth quarter	2018 Third quarter	2018 Second quarter	2018 First quarter
Customer segment						
Automotive	648	652	602	655	613	579
Electronics	857	958	1 042	967	813	698
Fashion & Lifestyle	512	469	506	488	431	401
Health Care & Life Science	65	73	61	68	73	62
Industrial	404	413	396	408	447	412
Other	234	241	284	231	235	270
Net sales	**2,719**	**2,806**	**2,890**	**2,817**	**2,613**	**2,422**

- Some of the historical numbers have been adjusted to make the quarters more comparable, as some customers have been moved between the segments.
- Automotive was growing in April and May, but had a downturn in June, mainly due to vacation period in Germany.
- Some of our Electronics customers states that they have had problems with their supply chain and the supply of certain components, which have affected their sales, and consequently also our sales, negatively the last two quarters.
- Fashion & Lifestyle showed a strong growth in the quarter.

January – June 2019

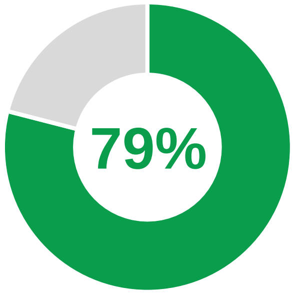
Supply Chain Solutions

	Q2, 2019	Q2, 2018 [1)]	Jan-Jun 2019	Jan-Jun 2018 [1)]
Net sales, MSEK	2,131	2,077	4,361	3,982
EBITA, MSEK	107	96	205	155
EBITA margin, %	5.0	4.6	4.7	3.9
Average no of employees	5,545	5,787	5,492	5,726

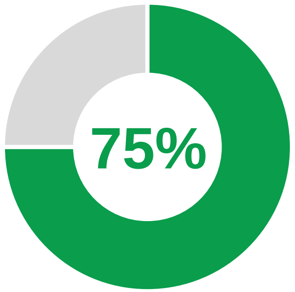
[1)] The figures for the comparison period have been adjusted to reflect the new structure of business areas. The figures for 2018 have not been adjusted for IFRS 16 since the transition to IFRS 16 has been based on the Modified retrospective approach.

- The growth in Supply Chain Solutions slowed down in Q2 for several reasons; Easter holiday, supply chain problems and lower sales for some of our customers etc.
- We will open up a new hub for a combined LGI / Mentor Media business in Shanghai, where we will manage the global distribution of luxury goods for one of our customers.
- Successful launch of our extended value recovery services for used IT equipment. We help our customers to maximize the value and minimize the environmental impact from the equipment during the entire life cycle.

Share of total sales (12 months)



Share of total EBITA (12 months)



January – June 2019

Print & Packaging Solutions

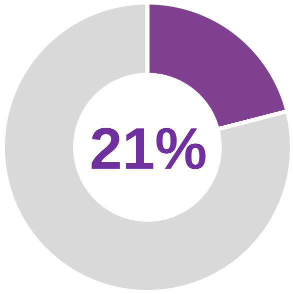
	Q2, 2019	Q2, 2018 1)	Jan-Jun 2019	Jan-Jun 2018 1)
Net sales, MSEK	605	544	1,205	1,067
EBITA, MSEK	33	28	66	54
EBITA margin, %	5.4	5.1	5.5	5.1
Average no of employees	1,198	1,354	1,202	1,364

1) The figures for the comparison period have been adjusted to reflect the new structure of business areas. The figures for 2018 have not been adjusted for IFRS 16 since the transition to IFRS 16 has been based on the Modified retrospective approach.

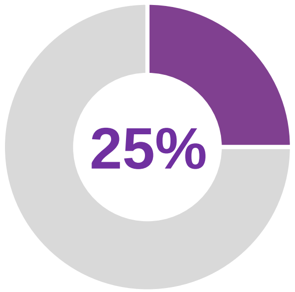
- The organic growth continues and is mainly due to increased market share in Germany and continued growth for the subscription box business in the USA. If the subscription box business is excluded the organic growth amounted to 4% in Q2.

- Our concept with a combination of high-output inkjet production in high cost countries and low cost production in Poland and Hungary is attractive to our customers.

Share of total sales (12 months)



Share of total EBITA (12 months)



Focus areas going forward

- Prioritize business with high added value, like sophisticated contract logistics, omni-channel solutions, value recovery and after sales services. This will over time help to improve margins and to increase return on capital employed.
- Our high organic growth makes it possible for us to be more selective when we acquire new business and prioritize margin instead. It is important that we dare to say no to low margin business with low return on capital employed.

Questions?

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