

**Press release from Elanders AB (publ)****2016-04-28****The first quarter**

- Net sales amounted to MSEK 998 (1,006).
  - The operating result before depreciation and write-downs (EBITDA) amounted to MSEK 85 (85).
  - The operating result (EBIT) increased to MSEK 56 (54), while the operating margin increased to 5.6 (5.4)%.
  - The result before tax increased to MSEK 51 (44), which is an improvement of 16%.
  - The net result increased to MSEK 36 (27), which is an improvement of 29%, corresponding to SEK 1.34 (1.04) per share.
  - Excluding acquisitions operating cash flow increased to MSEK 37 (16). Including acquisitions operating cash flow amounted to MSEK 3 (16).
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**COMMENTS BY THE CEO**

The first quarter was characterized by a somewhat uncertain market and it's difficult to discern a clear trend in the total market. Net sales in the first quarter declined slightly. However, the operating margin continued to improve as a result of the concentration and further development of our offer.

Supply Chain Solutions continues to be successful and margins improved compared to last year. Our efforts to determinedly focus on underlying cash flows and reducing net debt in order to thereby lower financial costs improved the result before tax. Our strong financial position contributes to our ability to make acquisitions that can develop Elanders' offer and create organic growth.

Our transformation in the Print & Packaging segment is ongoing. At the beginning of the year Schmid Druck, which offers advanced packaging and special print solutions for marketing material, was integrated into the Group. The year has begun well for Schmid Druck and the Group sales team and its geographic range create a good platform to develop the acquired company's niche.

A number of large, and for Elanders important, customer contracts were renewed during the quarter. In addition, there are a number of interesting discussions taking place with both existing and potential customers about our offer of supply chain and print management services. We are also working on communicating more clearly to our customers what our integrated offer involves. There is a great deal of promise if we succeed in providing our customers with all or some of Elanders' broad product and service range. We are in the process of coordinating our operations and geography to take better advantage of this potential.

Magnus Nilsson  
President and Chief Executive Officer

### THREE YEAR OVERVIEW

| MSEK                                | First quarter |           |           |            | Full year  |            |
|-------------------------------------|---------------|-----------|-----------|------------|------------|------------|
|                                     | 2016          | 2015      | 2014      | 2015       | 2014       | 2013       |
| Net sales                           | 998           | 1,006     | 850       | 4,236      | 3,730      | 2,096      |
| Operating expenses                  | -942          | -952      | -813      | -3,944     | -3,555     | -1,965     |
| <b>Operating result</b>             | <b>56</b>     | <b>54</b> | <b>37</b> | <b>292</b> | <b>175</b> | <b>131</b> |
| Net financial items                 | -6            | -10       | -9        | -33        | -35        | -29        |
| <b>Result after financial items</b> | <b>51</b>     | <b>44</b> | <b>28</b> | <b>259</b> | <b>140</b> | <b>102</b> |

### GROUP

#### Our business

Elanders is a global supplier of integrated solutions in the areas supply chain management, print & packaging and e-commerce. The Group operates in more than 15 countries on four continents. Our most important markets are China, Germany, Singapore, Sweden, United Kingdom and the USA. Our major customers are primarily automotive, consumer electronics or white goods manufacturers.

#### Net sales and result

Compared to the same period last year net sales decreased by MSEK 8 to MSEK 998 (1,006), i.e. 1%. Cleared of exchange rate changes and acquisitions net sales contracted by around 2%, of which acquisitions were 1.5%. The operating result increased slightly to MSEK 56 (54), corresponding to an operating margin of 5.6 (5.4)%. Exchange rates changes in relation to the Swedish krona had no significant effect on the result.

#### 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.*

| Supply Chain Solutions      | First quarter |       | Last      | Full year |
|-----------------------------|---------------|-------|-----------|-----------|
|                             | 2016          | 2015  | 12 months | 2015      |
| Net sales, MSEK             | 460.5         | 465.3 | 2,040.2   | 2,045.0   |
| Operating result, MSEK      | 36.6          | 29.1  | 189.4     | 181.9     |
| Operating margin, %         | 7.9           | 6.3   | 9.3       | 8.9       |
| ROCE (moving 12 months), %  | 43.4          | 25.9  | 43.4      | 42.1      |
| Average number of employees | 1,405         | 1,439 | 1,422     | 1,430     |

The positive trend from last year continued in business area Supply Chain Solutions. Margins clearly improved even though net sales diminished slightly in the business area during the quarter. Our highest priority is on developing current customers and creating new business with new and existing customers that includes services from all our business areas. It is also vital to broaden Supply Chain Solutions' customer base to include more companies outside of the consumer electronics trade and reduce Elanders' dependence on that industry. In addition, we continue to look for acquisitions that supplements existing operations.

### 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 | First quarter<br>2016 | 2015  | Last<br>12 months | Full year<br>2015 |
|-----------------------------|-----------------------|-------|-------------------|-------------------|
| Net sales, MSEK             | 511.6                 | 514.3 | 2,051.0           | 2,053.7           |
| Operating result, MSEK      | 24.6                  | 30.0  | 116.9             | 122.3             |
| Operating margin, %         | 4.8                   | 5.8   | 5.7               | 6.0               |
| ROCE (moving 12 months), %  | 7.4                   | 4.6   | 7.4               | 7.7               |
| Average number of employees | 1,720                 | 1,688 | 1,684             | 1,676             |

The market for business area Print & Packaging has continued to be characterized by tough price pressure, contracting total volumes and overcapacity. Print & Packaging Asia has continued to struggle with diminishing demand from one of its larger customers which has affected both net sales and the result negatively. The Brazilian operations are going through a transition from focus on printing to focus on supply chain.

### 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.

| e-Commerce Solutions        | First quarter<br>2016 | 2015 | Last<br>12 months | Full year<br>2015 |
|-----------------------------|-----------------------|------|-------------------|-------------------|
| Net sales, MSEK             | 43.3                  | 46.0 | 234.3             | 237.0             |
| Operating result, MSEK      | 0.6                   | 2.6  | 16.4              | 18.4              |
| Operating margin, %         | 1.4                   | 5.7  | 7.0               | 7.8               |
| ROCE (moving 12 months), %  | 10.8                  | 17.2 | 10.8              | 13.6              |
| Average number of employees | 64                    | 63   | 67                | 67                |

The business area has substantial seasonal sales variations and the fourth quarter is by and far the strongest. Generally all earnings for the year occurs in this quarter. Sales are just under last year's level and the result is lower as well. The reduction in the result compared with last year is primarily due to lower volumes from one of the Group's B2B customers as well as the periodizing of marketing campaigns. The campaign conducted in March this year was held in April last year.

### Important events during the period

#### Book VAT

In February 2010 the European Court of Justice handed down a decision in the so-called Graphic Procédé case. In Sweden this is of particular importance for the differentiating line between printing companies production of products (printed matter) and services as well as applying so-called book VAT, i.e. a VAT rate of six percent. From 2010 to 2012 Elanders submitted claims for VAT refunds to the Swedish Tax Agency pertaining to the period 2004 to 2007. The reason for this is that some of Elanders' net sales subject to VAT during that period pertained to products and not services according to the differentiating line now considered correct. At the same time in the years from 2011 to 2013 the Swedish Tax Agency made consequential amendments regarding many of Elanders' customers who have then demanded compensation from Elanders.

On 22 December 2015 the Supreme Court of Sweden rendered a judgement which stated that customers have the legal right to demand compensation from the printing company as a result of the consequential amendments made by the Swedish Tax Agency on them. Nonetheless, this verdict is not expected to have any negative effect on either Elanders' result or financial position. The sum Elanders can be required to pay to customers has already been reported as an interest-bearing liability and is included in net debt.

### **Acquisitions**

In December 2015 Elanders signed an agreement to acquire Schmid Druck, a niched packaging company in Germany. The business is consolidated into the Elanders Group as of 1 January 2016. In 2015 net sales in Schmid Druck were some MEUR 8.5 and the company reached an EBITDA level of MEUR 1.6 million. The acquisition is expected to contribute positively to Elanders' operating result already in 2016. The purchase price was EUR 4.5 million on a cash and debt-free basis and almost all of it has been settled in the beginning of January 2016. Acquisition costs were around MSEK 2 and charged the result in 2015.

### **Investments and depreciation**

Net investments for the period amounted to MSEK 44 (2) Mkr, investments in 2016 includes acquisitions amounting to MSEK 34. Depreciation and write-downs amounted to MSEK 29 (31).

### **Financial position, cash flow and financing**

Group net debt as of 31 March 2016 amounted to MSEK 750 compared to MSEK 738 at the beginning of the year. In the net change is an increase of MSEK 34 referring to payment of purchase sum for the acquisition of Schmid Druck. Operating cash flow, excluding acquisitions, for the period amounted to MSEK 37 (16).

Net debt in relation to rolling twelve month EBITDA increased to 1.8, compared to 1.7 at the beginning of the year.

At the end of June 2015 Elanders signed a new one-year contract for financing with our two principle banks. The contract contains an option for an extension of a another year. The facilities amounts to MEUR 30, MSEK 476 AND MUSD 75, i.e. a total of SEK 1.4 billion. All bank financing is recognized as short-term, even if it is long-term in its nature, since the duration of the agreement is only one year. At the beginning of April Elanders sought to use the option to extend the existing contract. However, an extension requires the approval of the banks.

### **Personnel**

The average number of employees during the period was 3,198 (3,198), of which 276 (273) were in Sweden. At the end of the period the Group had 3,173 (3,146) employees, of which 278 (275) in Sweden.

### **PARENT COMPANY**

The parent company has provided joint Group services during the period. The average number of employees during the period was 9 (7) and at the end of the year 9 (7).

### **OTHER INFORMATION**

#### **Elanders' offer**

Elanders offers global integrated solutions in the areas supply chain management, print & packaging and e-commerce. Elanders can take an overall responsibility for complex and global deliveries encompassing 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. In order to be successful we need to continuously develop our offer as technology and customer needs evolve. 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 2015. 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 2015.

### **Seasonal variations**

The Group's net sales, and thereby income, are affected by seasonal variations. Historically the fourth quarter has been the strongest.

### **Events after the balance sheet date**

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

### **Forecast**

No forecast is given for 2016.

### **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.

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

### **Future reports from Elanders**

|         |                 |
|---------|-----------------|
| Q2 2016 | 13 July 2016    |
| Q3 2016 | 20 October 2016 |
| Q4 2016 | 26 January 2017 |

**Conference call**

In connection to the issuing of the Quarterly Report for the first quarter 2016 Elanders will have a Press and Analysts conference call on 29 April 2016 at 9:30 a.m. CET, hosted by President and CEO Magnus Nilsson and CFO Andréas Wikner. Please see below details to join the conference:

Sweden: +46 8 5051 3793  
UK: +44 20 3427 1905  
USA: +1 212 44 0896

Participant passcode: 1614532

Agenda

09:20 Conference number is opened  
09:30 Review of the quarterly report  
09:50 Q&A  
10:30 End of the conference

During the telephone conference a presentation will be held. To access the presentation, please use this link:

<http://www.livemeeting.com/cc/premconfeurope/join?id=1614532&role=attend&pw=pw8168>

**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).

Questions concerning this report can be made to:

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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*

**GROUP**
**Group - Income Statements**

| MSEK   | First quarter |               | Last          | Full year     |
|--|---------------|---------------|---------------|---------------|
|  | 2016          | 2015          | 12 months     | 2015          |
| Net sales  | 998.1         | 1,005.7       | 4,228.5       | 4,236.1       |
| Cost of products and services sold                             | -782.0        | -778.6        | -3,255.1      | -3,252.0      |
| <b>Gross profit</b>  | <b>216.1</b>  | <b>227.2</b>  | <b>973.1</b>  | <b>984.1</b>  |
| Sales and administrative expenses                              | -173.5        | -186.6        | -704.4        | -717.6        |
| Other operating income   | 15.4          | 18.1          | 48.4          | 51.1          |
| Other operating expenses                                       | -2.0          | -4.8          | -22.9         | -25.7         |
| <b>Operating result</b>  | <b>56.1</b>   | <b>53.9</b>   | <b>294.1</b>  | <b>291.9</b>  |
| Net financial items  | -5.5          | -9.6          | -28.4         | -32.6         |
| <b>Result after financial items</b>                            | <b>50.6</b>   | <b>44.2</b>   | <b>265.7</b>  | <b>259.3</b>  |
| Income tax   | -15.1         | -16.8         | -83.1         | -84.8         |
| <b>Result for the period</b>                                   | <b>35.5</b>   | <b>27.5</b>   | <b>182.6</b>  | <b>174.5</b>  |
| <b>Result for the period attributable to:</b>                  |               |               |               |               |
| - parent company shareholders                                  | 35.5          | 27.5          | 182.6         | 174.5         |
| <i>Earnings per share, SEK <sup>1) 2)</sup></i>                | <i>1.34</i>   | <i>1.04</i>   | <i>6.88</i>   | <i>6.58</i>   |
| <i>Average number of shares, in thousands</i>                  | <i>26,518</i> | <i>26,518</i> | <i>26,518</i> | <i>26,518</i> |
| <i>Outstanding shares at the end of the year, in thousands</i> | <i>26,518</i> | <i>26,518</i> | <i>26,518</i> | <i>26,518</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.

**Group - Statements of Comprehensive Income**

| MSEK  | First quarter |             | Last         | Full year    |
|---|---------------|-------------|--------------|--------------|
|   | 2016          | 2015        | 12 months    | 2015         |
| <b>Result for the period</b>  | <b>35.5</b>   | <b>27.5</b> | <b>182.6</b> | <b>174.5</b> |
| Translation differences, net after tax                              | -31.5         | 111.9       | -104.7       | 38.7         |
| Cash flow hedges, net after tax                                     | 0.1           | 0.1         | 0.1          | 0.1          |
| Hedging of net investment abroad, net after tax                     | 13.0          | -54.3       | 23.4         | -43.9        |
| <b>Total items that may be reclassified to the income statement</b> | <b>-18.4</b>  | <b>57.7</b> | <b>-81.2</b> | <b>-5.1</b>  |
| <b>Other comprehensive income, net after tax</b>                    | <b>-18.4</b>  | <b>57.7</b> | <b>-81.2</b> | <b>-5.1</b>  |
| <b>Total comprehensive income for the period</b>                    | <b>17.1</b>   | <b>85.2</b> | <b>101.4</b> | <b>169.4</b> |
| <b>Total comprehensive income attributable to:</b>                  |               |             |              |              |
| - parent company shareholders                                       | 17.1          | 85.2        | 101.4        | 169.4        |

## Group - Statements of Cash Flow

| MSEK  | First quarter<br>2016 | 2015         | Last<br>12 months | Full year<br>2015 |
|---|-----------------------|--------------|-------------------|-------------------|
| <b>Result after financial items</b>               | <b>50.6</b>           | <b>44.2</b>  | <b>265.7</b>      | <b>259.3</b>      |
| Adjustments for items not included in cash flow   | 11.8                  | -10.2        | 123.6             | 101.6             |
| Paid tax  | -16.1                 | -27.1        | -73.9             | -84.9             |
| Changes in working capital                        | -21.1                 | -25.6        | -3.0              | -7.5              |
| <b>Cash flow from operating activities</b>        | <b>25.2</b>           | <b>-18.7</b> | <b>312.4</b>      | <b>268.5</b>      |
| Net investments in intangible and tangible assets | -10.2                 | -3.1         | -53.0             | -45.9             |
| Acquisition of operations                         | -33.7                 | -            | -33.7             | -                 |
| Payments received regarding long-term holdings    | 0.6                   | 1.0          | 3.9               | 4.3               |
| <b>Cash flow from investing activities</b>        | <b>-43.3</b>          | <b>-2.1</b>  | <b>-82.9</b>      | <b>-41.7</b>      |
| Amortization of loans                             | -25.4                 | -27.0        | -105.3            | -106.9            |
| Changes in long- and short-term borrowing         | 43.0                  | -39.1        | 63.8              | -18.2             |
| Dividend to parent company shareholders           | -                     | -            | -29.2             | -29.2             |
| <b>Cash flow from financing activities</b>        | <b>17.6</b>           | <b>-66.1</b> | <b>-70.7</b>      | <b>-154.3</b>     |
| <b>Cash flow for the period</b>                   | <b>-0.5</b>           | <b>-86.9</b> | <b>158.9</b>      | <b>72.5</b>       |
| Liquid funds at the beginning of the period       | 529.0                 | 456.7        | 401.3             | 456.7             |
| Translation difference                            | -6.3                  | 31.5         | -38.1             | -0.3              |
| <b>Liquid funds at the end of the period</b>      | <b>522.1</b>          | <b>401.3</b> | <b>522.1</b>      | <b>529.0</b>      |
| <b>Net debt at the beginning of the period</b>    | <b>737.7</b>          | <b>895.3</b> | <b>945.2</b>      | <b>895.3</b>      |
| Translation difference in net debt                | -4.2                  | 28.8         | 7.5               | 40.5              |
| Net debt in acquired operations                   | -3.1                  | -            | -3.1              | -                 |
| Change in net debt                                | 19.5                  | 21.1         | -199.7            | -198.1            |
| <b>Net debt at the end of the period</b>          | <b>750.0</b>          | <b>945.2</b> | <b>750.0</b>      | <b>737.7</b>      |
| <b>Operating cash flow</b>                        | <b>3.5</b>            | <b>15.9</b>  | <b>331.9</b>      | <b>344.3</b>      |

## Group – Statements of Financial Position

| MSEK                                       | 31 Mar<br>2016 | 31 Mar<br>2015 | 31 Dec<br>2015 |
|--|----------------|----------------|----------------|
| <b>Assets</b>                              |                |                |                |
| Intangible assets                          | 1,277.9        | 1,313.6        | 1,268.8        |
| Tangible assets                            | 329.9          | 395.9          | 333.9          |
| Other fixed assets                         | 195.6          | 205.2          | 199.0          |
| <b>Total fixed assets</b>                  | <b>1,803.4</b> | <b>1,914.8</b> | <b>1,801.6</b> |
| Inventories                                | 271.6          | 261.6          | 265.9          |
| Accounts receivable                        | 778.1          | 900.4          | 824.6          |
| Other current assets                       | 149.0          | 151.1          | 138.7          |
| Cash and cash equivalents                  | 522.1          | 401.3          | 529.0          |
| <b>Total current assets</b>                | <b>1,720.8</b> | <b>1,714.4</b> | <b>1,758.2</b> |
| <b>Total assets</b>                        | <b>3,524.2</b> | <b>3,629.2</b> | <b>3,559.8</b> |
| <b>Equity and liabilities</b>              |                |                |                |
| <b>Equity</b>                              | <b>1,505.1</b> | <b>1,432.9</b> | <b>1,488.0</b> |
| <b>Liabilities</b>                         |                |                |                |
| Non-interest-bearing long-term liabilities | 84.4           | 86.5           | 83.2           |
| Interest-bearing long-term liabilities     | 19.7           | 24.8           | 19.7           |
| <b>Total long-term liabilities</b>         | <b>104.1</b>   | <b>111.3</b>   | <b>102.9</b>   |
| Non-interest-bearing current liabilities   | 662.7          | 763.4          | 721.9          |
| Interest-bearing current liabilities       | 1,252.4        | 1,321.7        | 1,247.0        |
| <b>Total current liabilities</b>           | <b>1,915.1</b> | <b>2,085.1</b> | <b>1,968.9</b> |
| <b>Total equity and liabilities</b>        | <b>3,524.2</b> | <b>3,629.2</b> | <b>3,559.8</b> |

## Group – Statements of Changes in Equity

| MSEK                                      | Equity attributable<br>to parent company<br>shareholders | Total<br>equity |
|---|--|-----------------|
| <b>Opening balance on 1 Jan. 2015</b>     | <b>1,347.7</b>   | <b>1,347.7</b>  |
| Dividend to parent company shareholders   | -29.2  | -29.2           |
| Total comprehensive income for the year   | 169.4  | 169.4           |
| <b>Closing balance on 31 Dec. 2015</b>    | <b>1,488.0</b>   | <b>1,488.0</b>  |
| <b>Opening balance on 1 Jan. 2015</b>     | <b>1,347.7</b>   | <b>1,347.7</b>  |
| Total comprehensive income for the period | 85.2   | 85.2            |
| <b>Closing balance on 31 Mar. 2015</b>    | <b>1,432.9</b>   | <b>1,432.9</b>  |
| <b>Opening balance on 1 Jan. 2016</b>     | <b>1,488.0</b>   | <b>1,488.0</b>  |
| Total comprehensive income for the period | 17.1   | 17.1            |
| <b>Closing balance on 31 Mar. 2016</b>    | <b>1,505.1</b>   | <b>1,505.1</b>  |

### 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 business area Print & Packaging in each region are identified as operating segments. These have then been merged to create one reportable segment. In the other business areas the operating segments coincides with the 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. Sales between segments are made on markets terms.

#### Net sales

| MSEK                        | First quarter |                | Last           | Full year      |
|-----------------------------|---------------|----------------|----------------|----------------|
|                             | 2016          | 2015           | 12 months      | 2015           |
| Supply Chain Solutions      | 460.5         | 465.3          | 2,040.2        | 2,045.0        |
| Print & Packaging Solutions | 511.6         | 514.3          | 2,051.0        | 2,053.7        |
| e-Commerce Solutions        | 43.3          | 46.0           | 234.3          | 237.0          |
| Group functions             | 7.7           | 5.7            | 28.9           | 26.9           |
| Eliminations                | -25.0         | -25.6          | -125.9         | -126.5         |
| <b>Group net sales</b>      | <b>998.1</b>  | <b>1,005.7</b> | <b>4,228.5</b> | <b>4,236.1</b> |

#### Operating result

| MSEK                          | First quarter |             | Last         | Full year    |
|-------------------------------|---------------|-------------|--------------|--------------|
|                               | 2016          | 2015        | 12 months    | 2015         |
| Supply Chain Solutions        | 36.6          | 29.1        | 189.7        | 181.9        |
| Print & Packaging Solutions   | 24.6          | 30.0        | 116.9        | 122.3        |
| e-Commerce Solutions          | 0.6           | 2.6         | 16.4         | 18.4         |
| Group functions               | -5.7          | -7.8        | -28.6        | -30.7        |
| <b>Group operating result</b> | <b>56.1</b>   | <b>53.9</b> | <b>294.1</b> | <b>291.9</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 and are used for hedging purposes. Valuation at fair value of forward exchange contracts is based on published forward rates on an active market. 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  | 31 Mar | 31 Mar | 31 Dec |
|---|--------|--------|--------|
|   | 2016   | 2015   | 2015   |
| Other current assets – Derivative instruments in hedge accounting relationships | 0.2    | 0.1    | 0.1    |

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 2016**
**Specification of acquisitions**

| Company                    | Acquisition date | Country | Number of employees |
|----------------------------|------------------|---------|---------------------|
| Schmid Druck & Medien GmbH | January 2016     | Germany | 75                  |

In December 2015 Elanders signed an agreement to acquire Schmid Druck, a niched packaging company in Germany. The business is consolidated into the Elanders Group as of 1 January 2016. In 2015 net sales in Schmid Druck were some MEUR 8.5 and the company reached an EBITDA level of MEUR 1.6 million. The acquisition is expected to contribute positively to Elanders' operating result already in 2016. The purchase price was EUR 4.5 million on a cash and debt-free basis and almost all of it has been settled in the beginning of January 2016. Acquisition costs were around MSEK 2 and charged the result in 2015. During the first quarter 2016 Schmid Druck have contributed with MEUR 2.4 to the net sales and MEUR 0.2 to the operating result.

**Assets and liabilities in acquisitions**

| MSEK  | Recorded values in acquired operation | Adjustments to fair value | Recorded value in the Group |
|---|---------------------------------------|---------------------------|-----------------------------|
| Fixed assets  | 9.9                                   | 7.9                       | 17.8                        |
| Inventory   | 4.8                                   | -                         | 4.8                         |
| Accounts receivable   | 5.8                                   | -                         | 5.8                         |
| Other current assets  | 0.6                                   | -                         | 0.6                         |
| Cash and cash equivalents   | 3.1                                   | -                         | 3.1                         |
| Accounts payable  | -2.2                                  | -                         | -2.2                        |
| Other liabilities   | -5.0                                  | -1.4                      | -6.4                        |
| <b>Identifiable net assets</b>                                    | <b>17.0</b>                           | <b>6.5</b>                | <b>23.5</b>                 |
| Goodwill  |                                       |                           | 17.8                        |
| <b>Total</b>  |                                       |                           | <b>41.3</b>                 |
| <b>Less:</b>  |                                       |                           |                             |
| Unpaid purchase sums  |                                       |                           | -4.5                        |
| Cash and cash equivalents in acquisitions                         |                                       |                           | -3.1                        |
| <b>Negative effect on cash and cash equivalents for the Group</b> |                                       |                           | <b>33.7</b>                 |

**PARENT COMPANY**
**Parent Company – Income Statements**

| MSEK                                | First quarter<br>2016 | 2015         | Last<br>12 months | Full year<br>2015 |
|-------------------------------------|-----------------------|--------------|-------------------|-------------------|
| Net sales                           | 7.7                   | 5.7          | 28.4              | 26.4              |
| Operating expenses                  | -9.7                  | -12.6        | -52.8             | -55.7             |
| <b>Operating result</b>             | <b>-2.0</b>           | <b>-6.9</b>  | <b>-24.4</b>      | <b>-29.3</b>      |
| Net financial items                 | 14.0                  | -70.2        | 167.7             | 83.5              |
| <b>Result after financial items</b> | <b>12.0</b>           | <b>-77.1</b> | <b>143.3</b>      | <b>54.2</b>       |
| Income tax                          | -3.7                  | 16.9         | -5.3              | 15.3              |
| <b>Result for the period</b>        | <b>8.3</b>            | <b>-60.2</b> | <b>138.0</b>      | <b>69.5</b>       |

**Parent Company - Statements of Comprehensive Income**

| MSEK   | First quarter<br>2016 | 2015         | Last<br>12 months | Full year<br>2015 |
|--|-----------------------|--------------|-------------------|-------------------|
| <b>Result for the period</b>                     | <b>8.3</b>            | <b>-60.2</b> | <b>138.0</b>      | <b>69.5</b>       |
| Other comprehensive income                       | -                     | -            | -                 | -                 |
| <b>Total comprehensive income for the period</b> | <b>8.3</b>            | <b>-60.2</b> | <b>138.0</b>      | <b>69.5</b>       |

**Parent Company - Balance Sheets**

| MSEK  | 31 Mar<br>2016 | 31 Mar<br>2015  | 31 Dec<br>2015 |
|---|----------------|-----------------|----------------|
| <b>Assets</b>                                   |                |                 |                |
| Fixed assets                                    | 2,088.4        | 2,078.0         | 2,055.7        |
| Current assets                                  | 161.5          | 154.4           | 212.8          |
| <b>Total assets</b>                             | <b>2,249.9</b> | <b>2,232.25</b> | <b>2,268.5</b> |
| <b>Equity, provisions and liabilities</b>       |                |                 |                |
| Equity  | 910.3          | 801.5           | 902.0          |
| Provisions                                      | 2.9            | 2.9             | 2.9            |
| Long-term liabilities                           | 76.9           | 70.6            | 70.6           |
| Current liabilities                             | 1,259.7        | 1,357.5         | 1,293.0        |
| <b>Total equity, provisions and liabilities</b> | <b>2,249.9</b> | <b>2,232.5</b>  | <b>2,268.5</b> |

## Parent Company - Statements of Changes in Equity

| MSEK                                      | Share capital | Statutory reserve | Unrestricted equity | Total equity |
|---|---------------|-------------------|---------------------|--------------|
| <b>Opening balance on 1 Jan. 2015</b>     | <b>265.2</b>  | <b>332.4</b>      | <b>264.2</b>        | <b>861.8</b> |
| Dividend                                  | -             | -                 | -29.2               | -29.2        |
| Total comprehensive income for the year   | -             | -                 | 69.5                | 69.5         |
| <b>Closing balance on 31 Dec. 2015</b>    | <b>265.2</b>  | <b>332.4</b>      | <b>304.4</b>        | <b>902.0</b> |
| <b>Opening balance on 1 Jan. 2015</b>     | <b>265.2</b>  | <b>332.4</b>      | <b>264.2</b>        | <b>861.8</b> |
| Total comprehensive income for the period | -             | -                 | -60.2               | -60.2        |
| <b>Closing balance on 31 Mar. 2015</b>    | <b>265.2</b>  | <b>332.4</b>      | <b>204.0</b>        | <b>801.5</b> |
| <b>Opening balance on 1 Jan. 2016</b>     | <b>265.2</b>  | <b>332.4</b>      | <b>304.4</b>        | <b>902.0</b> |
| Total comprehensive income for the period | -             | -                 | 8.3                 | 8.3          |
| <b>Closing balance on 31 Mar. 2016</b>    | <b>265.2</b>  | <b>332.4</b>      | <b>312.7</b>        | <b>910.3</b> |

## QUARTERLY DATA

| MSEK   | 2016 Q1 | 2015 Q4 | 2015 Q3 | 2015 Q2 | 2015 Q1 | 2014 Q4 | 2014 Q3 | 2014 Q2 | 2014 Q1 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Net sales                                    | 998     | 1,124   | 1,041   | 1,066   | 1,006   | 1,099   | 870     | 910     | 850     |
| EBITDA                                       | 85      | 154     | 95      | 93      | 85      | 101     | 56      | 69      | 66      |
| Operating result                             | 56      | 111     | 64      | 63      | 54      | 71      | 27      | 40      | 37      |
| Operating margin, %                          | 5.6     | 9.9     | 6.2     | 5.9     | 5.4     | 6.4     | 3.1     | 4.4     | 4.4     |
| Result after financial items                 | 51      | 105     | 55      | 55      | 44      | 62      | 18      | 32      | 28      |
| Result after tax                             | 36      | 73      | 36      | 38      | 27      | 45      | 11      | 15      | 16      |
| Earnings per share, SEK <sup>1) 2)</sup>     | 1.34    | 2.77    | 1.35    | 1.43    | 1.04    | 1.70    | 0.43    | 0.61    | 0.69    |
| Operating cash flow                          | 3       | 237     | -24     | 116     | 16      | 175     | -21     | 81      | -273    |
| Cash flow per share, SEK <sup>2) 3)</sup>    | 0.95    | 8.86    | -1.99   | 3.96    | -0.71   | 6.00    | -1.04   | 2.74    | -1.55   |
| Depreciation and write-downs                 | 29      | 43      | 31      | 30      | 31      | 30      | 29      | 29      | 29      |
| Net investments                              | 43      | 14      | 7       | 19      | 2       | 7       | 8       | 10      | 270     |
| Goodwill                                     | 1,211   | 1,200   | 1,217   | 1,209   | 1,224   | 1,205   | 1,168   | 1,150   | 1,127   |
| Total assets                                 | 3,524   | 3,560   | 3,547   | 3,504   | 3,629   | 3,570   | 3,336   | 3,277   | 3,116   |
| Equity                                       | 1,505   | 1,488   | 1,445   | 1,409   | 1,433   | 1,348   | 1,245   | 1,203   | 1,053   |
| Equity per share, SEK <sup>2)</sup>          | 56.76   | 56.11   | 54.48   | 53.13   | 54.03   | 50.82   | 46.93   | 45.36   | 45.01   |
| Net debt                                     | 750     | 738     | 951     | 882     | 945     | 895     | 1,016   | 949     | 1,107   |
| Capital employed                             | 2,255   | 2,226   | 2,396   | 2,291   | 2,378   | 2,243   | 2,260   | 2,151   | 2,161   |
| Return on total assets, % <sup>4)</sup>      | 6.4     | 12.6    | 7.3     | 7.1     | 6.0     | 8.2     | 3.3     | 5.1     | 5.4     |
| Return on equity, % <sup>4)</sup>            | 9.5     | 20.0    | 10.0    | 10.7    | 7.9     | 14.0    | 3.7     | 5.3     | 6.2     |
| Return on capital employed, % <sup>4)</sup>  | 10.0    | 19.2    | 10.9    | 10.8    | 9.3     | 12.5    | 4.9     | 7.4     | 7.6     |
| Debt/equity ratio                            | 0.5     | 0.5     | 0.7     | 0.6     | 0.7     | 0.7     | 0.8     | 0.8     | 1.1     |
| Equity ratio, %                              | 42.7    | 42.0    | 40.7    | 40.2    | 39.5    | 37.8    | 37.3    | 36.7    | 33.8    |
| Interest coverage ratio <sup>5)</sup>        | 14.3    | 12.7    | 10.0    | 7.2     | 5.9     | 5.0     | 4.6     | 5.1     | 5.2     |
| Number of employees at the end of the period | 3,173   | 3,177   | 3,182   | 3,166   | 3,146   | 3,320   | 3,327   | 3,389   | 3,372   |

<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**

|  | 2015               | 2014   | 2013   | 2012   | 2011   |
|--|--------------------|--------|--------|--------|--------|
| Net sales, MSEK  | 4,236              | 3,730  | 2,096  | 1,924  | 1,839  |
| Result after financial items, MSEK                               | 259                | 140    | 102    | 93     | 80     |
| Result after tax, MSEK   | 175                | 88     | 70     | 45     | 60     |
| Earnings per share, SEK <sup>1) 2)</sup>                         | 6.58               | 3.48   | 2.99   | 1.99   | 3.00   |
| Cash flow from operating activities per share, SEK <sup>2)</sup> | 10.13              | 6.42   | 5.48   | 9.64   | 4.20   |
| Equity per share, SEK <sup>2)</sup>                              | 56.11              | 50.82  | 44.39  | 40.77  | 43.75  |
| Dividends per share, SEK <sup>2)</sup>                           | 2.20 <sup>3)</sup> | 1.10   | 0.78   | 0.58   | 0.49   |
| Operating margin, %  | 6.9                | 4.7    | 6.2    | 6.2    | 6.0    |
| Return on total assets, %  | 8.2                | 5.9    | 5.6    | 5.6    | 5.5    |
| Return on equity, %  | 12.1               | 7.4    | 7.0    | 4.8    | 7.1    |
| Return on capital employed, %                                    | 12.6               | 8.7    | 7.7    | 7.4    | 7.1    |
| Debt/equity ratio  | 0.5                | 0.7    | 0.7    | 0.7    | 0.8    |
| Equity ratio, %  | 42.0               | 37.8   | 42.2   | 42.2   | 43.9   |
| Average number of shares, in thousands <sup>2)</sup>             | 26,518             | 25,204 | 23,395 | 22,279 | 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. No adjustment of the historic number of shares has been made for the new share issue in 2012 since it did not entail any bonus issue element.

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

**FIVE YEAR OVERVIEW – THE FIRST QUARTER**

|  | 2016<br>Q1 | 2015<br>Q1 | 2014<br>Q1 | 2013<br>Q1 | 2012<br>Q1 |
|--|------------|------------|------------|------------|------------|
| Net sales, MSEK  | 998        | 1,006      | 850        | 493        | 460        |
| Result after tax, MSEK   | 36         | 27         | 16         | 11         | 10         |
| Earnings per share, SEK <sup>1) 2)</sup>                         | 1.34       | 1.04       | 0.69       | 0.45       | 0.49       |
| Cash flow from operating activities per share, SEK <sup>2)</sup> | 0.95       | -0.71      | -1.55      | -1.17      | 1.53       |
| Equity per share, SEK <sup>2)</sup>                              | 56.76      | 54.03      | 45.01      | 40.35      | 43.87      |
| Return on equity, % <sup>3)</sup>                                | 9.5        | 7.9        | 6.2        | 4.4        | 4.4        |
| Return on capital employed, % <sup>3)</sup>                      | 10.0       | 9.3        | 7.6        | 5.4        | 5.0        |
| Operating margin, %  | 5.6        | 5.4        | 4.4        | 4.6        | 4.2        |
| Average number of shares, in thousands <sup>2)</sup>             | 26,518     | 26,518     | 23,395     | 23,395     | 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. No adjustment of the historic number of shares has been made for the new share issue in 2012 since it did not entail any bonus issue element.

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

**DEFINITIONS**

|  |  |
|--|--|
| <b>Average number of employees</b>       | The number of employees at the end of each month divided number of months.   |
| <b>Average number of shares</b>          | Weighted average number of shares outstanding during the period.   |
| <b>Capital employed</b>                  | Total assets less liquid funds and non-interest bearing liabilities.   |
| <b>Debt/equity ratio</b>                 | Net debt in relation to reported equity, including non-controlling interests.  |
| <b>Earnings per share</b>                | Result for the year divided by the average number of shares.   |
| <b>EBIT</b>                              | Earnings before interest and taxes; operating result.  |
| <b>EBITDA</b>                            | Earnings before interest, taxes, depreciation and amortization; operating result plus depreciation, amortization and write-downs of intangible assets and tangible fixed assets. |
| <b>Equity ratio</b>                      | Equity, including non-controlling interests, in relation to total assets.  |
| <b>Interest coverage ratio</b>           | Operating result plus interest income divided by interest costs.   |
| <b>Net debt</b>                          | Interest bearing liabilities less liquid funds.  |
| <b>Operating cash flow</b>               | Cash flow from operating activities and investing activities, adjusted for paid taxes and financial items.   |
| <b>Operating margin</b>                  | Operating result in relation to net sales.   |
| <b>Return on capital employed (ROCE)</b> | Operating result in relation to average capital employed.  |
| <b>Return on equity</b>                  | Result for the year in relation to average equity.   |
| <b>Return on total assets</b>            | Operating result plus financial income in relation to average total assets.  |