

# **Invitation to subscribe for shares in Elanders AB (publ)**

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



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## THE OFFER IN BRIEF

### *Pre-emptive rights*

One class A share entitles to subscription for one new class A share and one class B share entitles to subscription for one new class B share.

### *Subscription price*

SEK 22 per share. No commission is charged in the Offer.

### *Subscription period*

6-20 September 2010.

### *Trading in subscription rights*

6-15 September 2010.

### *Trading in interim shares ("BTA")*

6-approx. 30 September 2010.

### *Financial information from Elanders*

21 October 2010: Interim report January-September 2010.

28 January 2011: Year-end report for 2010.

### *Definitions*

In this prospectus (the "Prospectus") "Elanders", the "Group" or the "Company" refers to Elanders AB (publ), Reg. No. 556008-1621, or, depending on the context, the group of which Elanders AB (publ) is the parent company.

The "Offer" refers to the offer to subscribe for new shares in Elanders as described in this Prospectus. The part of the Offer that concerns class A shares is not subject to an obligation to prepare a prospectus.

## IMPORTANT INFORMATION

The Swedish version of this Prospectus has been approved and registered by the Swedish Financial Supervisory Authority pursuant to the provisions of Chapter 2, Sections 25 and 26 of the Swedish Financial Instruments Trading Act (1991:980). The approval and the registration does not imply that the Swedish Financial Supervisory Authority guarantees the correctness or completeness of the factual information contained in the Prospectus. In the event of any discrepancies between the Swedish and the English versions of this Prospectus, the Swedish language version shall prevail.

The Offer is not directed to shareholders or other investors domiciled in the United States, Canada, Japan or Australia, or in any other country where participation in the Offer would require additional prospectuses, registration or measures other than those pursuant to Swedish law or would conflict with regulations in such country. No shares, interim shares, subscription rights or other securities issued by Elanders have been or will be registered in accordance with the United States Securities Act of 1933, or in accordance with any securities legislation in any state of the United States or any province in Canada. Accordingly, no new shares, interim shares, subscription rights or other securities issued by Elanders may be transferred or offered for sale in the United States or Canada, other than in such exceptional cases that do not require registration. Neither this Prospectus nor any other documentation relating to the Offer may be distributed, directly or indirectly, in or into the United States, Canada, Japan or Australia, or any other country where such distribution would require additional prospectuses, registration or measures other than those pursuant to Swedish law or would conflict with regulations in such country. Application for subscription contravening the above may be deemed to be invalid.

Swedish law shall govern this Prospectus. Disputes concerning, or related to, the content of this Prospectus or pursuant legal relations shall be settled exclusively by Swedish courts.

Avanza Bank AB ("Avanza") acts as issuing agent in connection with the Offer. This does not, however, by itself entail that Avanza considers any person that subscribes for shares in the Offer to be a customer with Avanza in relation to the investment, except for such cases where the subscriber is a deposit customer with Avanza and has registered through Avanza's internet bank. The consequence of Avanza not considering the subscriber as a customer in relation to the investment is that the provisions on investor protection in the Swedish Securities Market Act (2007:528) will not apply to the investment. This entails, for example, that neither a so called customer categorization nor a so called suitability assessment will be made in relation to the investment. The subscriber is thereby by itself responsible to ensure that it has sufficient experience and knowledge in order to understand the risks associated with the investment.

## FORWARD-LOOKING STATEMENTS AND MARKET INFORMATION

This Prospectus contains forward-looking statements that reflect Elanders' current view on future events as well as financial and operational development. These forward-looking statements are only valid at the time of the Prospectus and Elanders does not commit to releasing updated or revised versions thereof due to new information, future events or similar. Although Elanders considers the expectations described in such forward-looking statements to be feasible there is no guarantee that they will be realized or prove to be correct and prospective investors should therefore not place undue weight on these or other forward-looking statements. In the section Risk factors a description, which is not comprehensive, is made of factors that may lead to the actual results or developments differing from the forward-looking statements.

The Prospectus contains information from third party sources. Such information has been correctly reproduced and, as far as Elanders is aware, no information has been omitted in such a way that would render the information presented false or misleading. Although Elanders considers these sources to be reliable, no independent verification has been made and therefore the completeness and accuracy of the information cannot be guaranteed.

Since the figures set forth in the Prospectus in certain cases have been rounded off, amounts in tables do not always tally.

# Summary

*The summary below shall be considered as an introduction to the Prospectus. The summary does not claim to be comprehensive. Any decision to invest in the Offer shall be based on an assessment of the entire Prospectus, including the documents incorporated in the Prospectus by reference. The summary shall be read in its entirety in light of the more detailed information and the Company's accounts with accompanying notes found elsewhere in this Prospectus or incorporated in the Prospectus by reference. An investor who initiates legal proceedings in a court of law pertaining to the information contained in this Prospectus may be forced to bear the costs of translating the Prospectus. A person may be made responsible for the information included in or missing from the summary below, or a translation thereof, only if the summary or the translation is misleading or inaccurate in relation to the other parts of the Prospectus.*

## THE OFFER IN BRIEF

The extraordinary general meeting of Elanders on 23 August 2010 resolved on a rights issue with pre-emptive rights for the shareholders. One class A share entitles to subscription for one new class A share and one class B share entitles to subscription for one new class B share at a subscription price of SEK 22 per share (primary pre-emptive rights). Subscription for new shares can also be made with subsidiary pre-emptive rights and without pre-emptive rights, see the section *Terms and conditions* for further information. The part of the Offer that concerns class A shares is not subject to an obligation to prepare a prospectus.

The rights issue is guaranteed in its entirety by Elanders' largest shareholder, Carl Bennet AB, which has undertaken to subscribe for its pre-emptive part of the Offer and to subscribe for any shares in the Offer not subscribed for by others. Accordingly, the rights issue provides the Company with approximately SEK 215 million before issue expenses.

The reasons for the rights issue at hand are to satisfy Elanders' working capital need, to strengthen Elanders' financial position and to build a strong platform in order to meet the expected recovery by Elanders' customers, and also to create a basis for continued growth and development of Elanders. The proceeds from the Offer, together with Elanders' current credit facilities and other working capital, enables Elanders to accelerate the comprehensive rationalization work initiated principally in Sweden, with the purpose of regaining profitability in the Company and to evaluate new acquisitions in strategically important areas, such as packaging.

## TERMS AND CONDITIONS IN BRIEF

### *Pre-emptive rights*

One class A share entitles to subscription for one new class A share and one class B share entitles to subscription for one new class B share.

### *Subscription price*

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### *Subscription period*

6-20 September 2010.

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6-15 September 2010.

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6-approx. 30 September 2010.

## SUMMARY OF ELANDERS' BUSINESS

### *Business operations*

Elanders is a global printing group with operative companies in 10 countries on four different continents. Production of printed matter and sales are carried out in all countries. Total net sales during 2009 amounted to SEK 1,757 million. Elanders' offer comprises structuring of information, advanced premedia, user-adapted digital print, offset print, logistics and fulfillment services. An important part of the business is highly effective deliveries of user information and packaging for mobile phones and other consumer electronics.

Industrial companies, publishers and the public sector are among the Group's most important customer categories. The largest customers are found within the automotive industry, consumer electronics, white goods and educational publishers.

### *Vision*

Elanders' vision is to become one of the leading graphic companies in the world. The word "leading" does not necessarily mean the largest, but rather the company that best meets customer demands on efficiency and ability to deliver. Elanders' vision is summarized in three core values: Effective, Innovative and Responsible.

### *Business idea*

Elanders helps its customers to take control of their communication processes. Elanders believes in the printed word, naturally in combination with new media. Elanders, one of the few printing companies that really can deliver global solutions for any kind of information, is determined to be the most effective company.

### *Financial goals*

- The operating margin for the Group shall be at least 7-10 per cent.
- The return on capital employed shall amount to approximately 10 per cent.
- The equity ratio shall be at least 30 per cent.
- The debt/equity ratio shall be less than 1.
- Over time, investments in production equipment shall not exceed the depreciation or 4 per cent of net sales.



- Sales and operating results shall increase annually with 5-10 per cent, and at least half of the expansion shall be through organic growth.

### Strategies

Elanders' strategies to meet the vision, support the business idea and achieve the goals are to:

- Create "One Elanders" with common systems and uniform processes. In order to achieve this it is a prerequisite that, among other things, all companies are unified under common brand and common processes for competence recruitment, measuring and steering.
- Develop local customers with global needs to global customers.
- Optimize the utilization of the Group's global production and delivery capacity.
- Create common and automated processes within the Group from the placing of orders to invoicing.
- Develop products for future needs with business benefits today.

### ORGANIZATION

#### Board of directors

Carl Bennet (chairman), Tore Åberg, Göran Johnsson, Cecilia Lager, Magnus Nilsson, Hans-Olov Olsson, Kerstin Paulsson, Johan Stern, Lilian Larnefeldt (employee representative), Tomas Svensson (employee representative), Lena Hassini (deputy employee representative) and Olof Zetterquist (deputy employee representative).

#### Management

Magnus Nilsson (President and CEO), Per Brodin,

Jonas Brännerud, Peter Sommer and Andréas Wikner (acting CFO).

#### Employees

At the end of 2009, the total number of employees in the Group amounted to 1,538, whereof 470 in Sweden.

#### Auditors

PricewaterhouseCoopers AB with the authorized public accountant Mikael Eriksson as auditor in charge.

#### Major shareholders

Carl Bennet AB, with approximately 23 per cent of the shares corresponding to approximately 50 per cent of the votes, and Investment AB Latour, with approximately 21 per cent of the shares corresponding to approximately 14 per cent of the votes.

### RISK FACTORS

An investment in Elanders' shares is associated with risks that entirely or partially are outside the Company's control and influence or may influence the value of the shares. Examples of risk factors that may have a significant influence on Elanders' operations, financial position and operating results are (not ranked in any order of priority) the future of the printed matter, business cycle sensitivity, disputes, key employees, financing risk, credit risk and share price and liquidity.

For a more detailed account of the risk factors that may have a significant influence on Elanders' operations, financial position and operating results, see the section *Risk factors*.

### FINANCIAL DEVELOPMENT IN BRIEF

The below summary covers the financial years 2007-2009 and the first six months 2009 and 2010. The accounts for the years 2007-2009 have been audited by the Company's auditors, but the figures for the first six months 2010 and 2009 have not been reviewed by the

Company auditors. The accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by the EU and the interpretations made by the International Financial Reporting Interpretations Committee (IFRIC).

#### Summary of income statements

MSEK	First six months		Full year		
	2010	2009	2009	2008	2007
Net sales	809.2	921.3	1,756.7	2,191.1	2,035.6
Operating expenses	-829.2	-931.6	-1,816.8	-2,175.1	-1,808.8
<b>Operating result</b>	<b>-20.0</b>	<b>-10.3</b>	<b>-60.1</b>	<b>16.0</b>	<b>226.8</b>
Net financial items	-13.5	-18.4	-36.0	-50.3	-42.7
<b>Result after financial items</b>	<b>-33.5</b>	<b>-28.7</b>	<b>-96.1</b>	<b>-34.3</b>	<b>184.1</b>
Taxes	3.0	8.1	21.7	8.6	-11.9
<b>Result for the period</b>	<b>-30.5</b>	<b>-20.6</b>	<b>-74.4</b>	<b>-25.7</b>	<b>172.2</b>
Earnings per share <sup>1) 2)</sup>	-3.13	-2.11	-7.57	-2.62	18.06
Average number of shares, in thousands	9,765	9,765	9,765	9,765	9,537
Outstanding shares at the end of the period, in thousands	9,765	9,765	9,765	9,765	9,765

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

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

### Summary of statements of cash flow

MSEK	First six months		Full year		
	2010	2009	2009	2008	2007
Cash flow from operating activities	-67.0	54.1	54.6	120.6	97.5
Cash flow from investing activities	-25.7	-16.2	-52.2	14.5	-402.5
Cash flow from financing activities	61.9	-75.8	-59.6	-78.1	293.2
<b>Cash flow for the period</b>	<b>-30.8</b>	<b>-37.9</b>	<b>-57.2</b>	<b>57.0</b>	<b>-11.8</b>
<b>Liquid funds at the beginning of the period</b>	<b>78.9</b>	<b>141.7</b>	<b>141.7</b>	<b>65.2</b>	<b>74.5</b>
Translation difference	0.7	0.4	-5.6	19.5	2.5
<b>Liquid funds at the end of the period</b>	<b>48.8</b>	<b>104.2</b>	<b>78.9</b>	<b>141.7</b>	<b>65.2</b>

### Summary of statements of financial position

MSEK	First six months		Full year		
	2010	2009	2009	2008	2007
<b>Assets</b>					
Fixed assets	1,460.0	1,566.7	1,519.5	1,578.2	1,391.4
Current assets	572.0	636.7	594.3	808.6	832.9
<b>Total assets</b>	<b>2,032.0</b>	<b>2,203.4</b>	<b>2,113.8</b>	<b>2,386.8</b>	<b>2,224.3</b>
<b>Equity and liabilities</b>					
<b>Equity</b>	<b>715.2</b>	<b>860.4</b>	<b>765.1</b>	<b>877.7</b>	<b>864.6</b>
<b>Liabilities</b>					
Long-term liabilities	111.8	167.8	130.3	174.8	336.8
Current liabilities	1,205.0	1,175.2	1,218.4	1,334.3	1,022.9
<b>Total equity and liabilities</b>	<b>2,032.0</b>	<b>2,203.4</b>	<b>2,113.8</b>	<b>2,386.8</b>	<b>2,224.3</b>

### Key ratios

	First six months		Full year		
	2010	2009	2009	2008	2007
Gross margin, %	15.7	19.2	18.6	20.5	26.6
Operating margin, %	-2.5	-1.1	-3.4	0.7	11.1
Profit margin, %	-4.1	-3.1	-5.5	-1.6	9.0
Return on capital employed, % <sup>1)</sup>	-2.5	-1.2	-3.6	0.9	16.0
Return on equity, % <sup>1)</sup>	-8.3	-4.8	-9.1	-3.0	24.2
Return on total assets, % <sup>1)</sup>	-1.7	-0.4	-2.2	1.7	12.0
Capital turnover rate, times	0.8	0.8	0.8	1.0	1.1
Equity ratio, %	35.2	39.0	36.2	36.8	38.9
Interest coverage ratio, times <sup>2)</sup>	-2.5	-1.1	-1.8	0.4	5.5
Debt/equity ratio, times	1.3	0.9	1.1	1.0	0.9
Number of employees at the end of the period	1,523	1,557	1,538	1,812	1,723

<sup>1)</sup> Return ratios have been annualized.

<sup>2)</sup> Interest coverage ration calculation is based on a moving 12 months period.

# Risk factors

*An investment in shares entails by nature that the value of the investment may increase as well as decrease. The different operations of a limited liability company is constantly subject to influence from factors from within the relevant company and factors that are outside the relevant company's reach, but which nevertheless may influence the operations and its prerequisites. Prior to an investor deciding on making an investment in Elanders, the investor should carefully consider the risk factors described below. Each of these risk factors may negatively influence the Company's operations, financial position and operating results and may consequently reduce the price of the Company's shares. Elanders' operations are subject to a number of risk factors that entirely or partially are outside the Company's control and hence influence or may influence the value of the shares. Below is set forth an account of risk factors that are deemed to have the greatest influence on Elanders' future development. The below account of risk factors does not claim to be comprehensive and is not made with any order of priority. Additional risks and uncertainties currently not known to Elanders, or that at present are deemed to be of less importance, may also prove to have a negative influence on Elanders' operations, financial position and operating results. An investor should also consider all other information described in this Prospectus in addition to the risk factors described below.*

## **RISKS RELATED TO THE COMPANY'S BUSINESS**

### ***The future of the printed matter***

The printed matter's importance as an information carrier is expected to continue to increase during the decades to come, however to a lesser degree as time passes. Elanders estimates that an increase at the rate of 2-4 per cent annually is plausible. A significant part of this increase is based on packaging and digital print. The supply of offset printing capacity in Western Europe and North America will exceed demand for a foreseeable future, which will keep prices for printed goods produced with offset technique at a low level, or even decrease such prices. The digital print's market share will continue to increase owing to its flexibility, possibilities to individualization (personalization) and natural links with web-to-print ("W2P"). New players are entering the arena to increase the content of their services, for example brokers of printing services, packaging manufacturers and logistics companies. The growth within offset printing is believed to occur primarily in Eastern Europe, Asia and Latin America, while the rest of Europe and North America will demonstrate a continued decline. In these parts of the world, digital print and packaging will be the primary growth drivers. In the event Elanders' assessments relating to the development of the printed matter and the growth on different geographical markets turn out to be wrong, there is a risk that the Company's operations are negatively affected. Further, the Company's operations may be negatively affected by the growth of new players that take market shares supported by new product and service offers that Elanders cannot compete with.

### ***Business cycle sensitivity***

The business cycle sensitivity is first and foremost present in the parts of Elanders' operations that deliver printed matter, packaging and other services to industrial customers, especially within the automotive and consumer electronics sectors. Also products that are financed by advertisement are relatively sensitive to business cycle fluctuations. The parts of the Company's operations that deliver to publishers of educational material and the public sector are relatively insensitive to business cycle fluctuations. An impairment of the economical situation in the markets in which Elanders operates may negatively influence the Company's operations, financial position and operating results.

### ***Structural sensitivity***

Increased competition from low cost countries is a structural threat to Elanders' operations. The competition on the offset market for conventional printed matter in Western Europe and the USA is severe, which makes continued streamlining and rationalizations necessary. The Company's increased opportunity to offer production in countries with lower costs is vital for the future business. However, it cannot be guaranteed that the Company is successful in this work. Instead the Company's financial position and operating results may be negatively affected by the increasing competition from low cost countries.

### ***Customer concentration***

During 2009, Elanders ten largest customers represented approximately 36 per cent of the net sales, and the 50 largest customers represented approximately 64 per cent of the net sales. The corresponding figures for

2008 were 37 per cent and 64 per cent. In the beginning of 2010, the Company had approximately 3,400 active customers. Although Elanders' customer base is well diversified, it cannot be excluded that a number of major customers entirely or partially choose to decrease their purchases from Elanders. In such event it cannot be guaranteed that the Company can procure new customers at the same rate, which could affect net sales and operating results negatively.

#### **Disputes**

To minimize the risk of legal disputes Elanders normally uses the standard agreements that have been prepared by the trade organizations, such as ALG 10 for printed matter and the IT & Telecom Industries' standard agreements. Some of Elanders' business relations are, however, not formalized in written agreements. When it comes to customer relations, Elanders sometimes rely on the practice between the parties, which often extend over a number of years back in time. The contents of such agreements might be difficult to make clear should the parties have dissenting opinions thereof, which in a worst case scenario could lead to deteriorated relations and costly legal procedures. This could entail negative effects on the Company's operations, financial position and operating results.

#### **Insurance**

Elanders' insurance program include, for example, a global liability insurance that comprises general liability, product liability, property loss in contractual relations and a limited protection for environmental damages. The Company has also entered a liability insurance program for the members of the board and the management team. Although Elanders believes that it has an adequate insurance cover for its present operations, the extent and refund amounts of the insurance program are limited.

#### **Key employees**

Elanders is dependant on certain key employees. Should Elanders fail to retain such key employees and/or fail to recruit such key employees, it may entail negative consequences for the Company's operations, financial positions and operating results.

#### **Relations with trade unions**

The greater part of Elanders' employees are members of and represented by different trade unions. The Company continuously works with maintaining the current good relations with its employees and the trade unions. Although the Company's relations with its employees and trade unions are good, it cannot be excluded that problems may arise in the future. If such problems result in strikes, lock outs or similar actions, this could entail production disturbances and a significantly negative impact on Elanders' operations.

#### **Permits**

Elanders currently holds all the requisite permits for its operations. The current applicable permits are mostly related to environmental matters. There is, however, no guarantee that these permits will be renewed in the future or that they will not be revoked or limited.

### **FINANCIAL RISKS**

#### **Exchange rate risk**

Elanders is exposed to an exchange rate risk, primarily through export sales (transaction exposure) in Europe and certain other countries and through conversion of net profits and net assets from foreign subsidiaries in Europe and China (translation exposure). Elanders' net inflow of foreign currency primarily consists of GBP and Euro. It can not be guaranteed that the forward exchange contracts entered by Elanders in order to limit the currency risks totally eliminate the Company's currency risks, whereby significant decreases in the value of any currency of which Elanders receive payments vis-à-vis the SEK could entail negative effects on the Company's operating results and financial position.

#### **Interest risk**

Interest risk is defined as the risk for a change in the markets interests affecting Elanders' operating results. The Company's financing is currently running with a floating interest, mainly in SEK. A change of the market interest rates up or down with one percentage unit affects the Group's operating results with approximately SEK 9 million during a twelve-month period.

#### **Financing risk**

Financing risk is defined as the risk of the financing of the Company's operations being difficult and/or expensive to procure. The board of Elanders believes that the Company, following completion of the Offer, together with available working capital, and provided that the Company receives the credit facility and the loan described in the section *Financial goals and other financial information* under the heading *Working capital*, will have a good financial position. It should be observed that the credit facility and the loan are conditional upon the Offer being completed and that Elanders thereby is provided with at least SEK 200 million. If the Company's development deviates from the existing strategy plan it can, however, not be excluded that a situation arises where the Company has to procure additional capital. It cannot be guaranteed that additional capital can be procured at terms and conditions beneficial to Elanders or that such capital contribution, if procured, is sufficient to fulfill the Company's strategy.

#### **Credit risk**

Elanders' credit risks are dealt with close to the customers in the respective subsidiary under the direct supervision of the Company's finance department. The main part of Elanders' customers is large and well reputed companies, authorities and organizations with good credit ratings. Moreover, Elanders' insurance program

covers large and unexpected credit losses. During 2009, the credit losses amounted to approximately SEK 3 million, but because of proceeds from claims that previously had been reserved for somewhat the same amount, the net credit losses were very low. It can, however, not be guaranteed that the credit losses in the future will not increase, which would negatively affect Elanders' operating results and financial position.

#### ***Paper costs***

Elanders' most important input goods is paper, which represents approximately 17 per cent (during 2009) of the Company's total costs. The Group consumed approximately 36,000 tons of paper during 2009. Any fluctuations in paper prices may entail increased costs for the Company's operations, which would have a negative effect on the Company's financial position and operating results.

#### ***Taxes***

Elanders conducts its business operations through subsidiaries in a vast number of countries. The business, including transactions between Group companies, is conducted in accordance with Elanders' interpretation of applicable tax laws, tax treaties and regulations in the applicable countries as well as the applicable tax agencies' demands. It can, however, not be excluded that Elanders' interpretation of applicable laws, tax treaties and regulations, as well as the relevant authorities' interpretation hereof or their administrative procedures, are incorrect or that such rules, interpretations and procedures are altered, potentially with a retroactive effect, which could change Elanders' situation from a tax perspective and have a negative effect on the Company's financial position and operating results.

### ***RISKS RELATED TO THE OFFER***

#### ***Share price and liquidity***

An investment in shares entails by nature that the value of the investment may increase as well as decrease. The different operations of a limited liability company is constantly subject to influence from factors from within the relevant company and factors that are outside the relevant company's reach, but which nevertheless may influence the operations and its prerequisites. A potential investor in Elanders' shares should consider that an investment in Elanders' shares is associated with certain risks. There is no guarantee as to the future

price trend for Elanders' shares. The Company's share price may fall following completion of the Offer due to, among other things, the increased number of shares in the Company. In addition thereto the share price may be negatively affected by shares being sold in the market in unusually great numbers, or by the expectation that such sales will take place, or otherwise as a consequence of or in relation to the Offer. In addition, limited liquidity in Elanders' shares can contribute to increased fluctuations in the Company's shares and entail difficulties for individual shareholders to sell their shares. There is no guarantee that shares in Elanders may be sold at an acceptable price for the holder.

#### ***Dividends***

Elanders' dividend policy is that dividends to the shareholders shall follow the long term development of results, and on average correspond to 30 per cent of the results after taxes. Elanders has, however, not made any dividends for the last two financial years, and it cannot be guaranteed that any dividends will be made in the future.

#### ***Owner with significant influence***

As of the date of this Prospectus, Carl Bennet AB holds approximately 23 per cent of the shares, corresponding to approximately 50 per cent of the votes, in Elanders. Carl Bennet AB's holdings in the Company may increase further in connection with the Offer as a result of the subscription commitment and the issue guarantee made by Carl Bennet AB. Consequently, Carl Bennet AB has the ability to exercise a significant influence in all matters that require shareholder approval in Elanders. Such ownership concentration may be a disadvantage for shareholders with interests that deviate from the majority shareholder's.

#### ***Risks related to subscription commitment and issue guarantee***

Elanders' major owner, Carl Bennet AB, has undertaken to subscribe for its pre-emptive part of the Offer. In addition thereto, Carl Bennet AB has undertaken to subscribe for any additional shares in the Offer that are not subscribed for by others. Carl Bennet AB's undertakings towards Elanders in relation hereto are not secured by way of pledge, escrow deposits or any similar arrangement (for further information, see the section *Legal matters* under the heading *Subscription commitment and issue guarantee*).



# Invitation to subscribe for shares

The extraordinary general meeting of Elanders on 23 August 2010 resolved on a rights issue with pre-emptive rights for the shareholders. One class A share entitles to subscription for one new class A share and one class B share entitles to subscription for one new class B share at a subscription price of SEK 22 per share (primary pre-emptive rights). Subscription for new shares can also be made with subsidiary pre-emptive rights and without pre-emptive rights, see the section *Terms and conditions* for further information.

The rights issue includes 583,333 new class A shares and 9,181,666 new class B shares, which entails that the Company's share capital is increased with SEK 97,649,990, from SEK 97,649,990 to SEK 195,299,980. The number of shares will amount to in total 19,529,998 following completion of the issue, whereof 1,166,666 class A shares and 18,363,332 class B shares.

The rights issue is guaranteed in its entirety by Elanders' largest shareholder, Carl Bennet AB, which has undertaken to subscribe for its pre-emptive part of the Offer and to subscribe for any shares in the Offer not subscribed for by others.<sup>1</sup> Accordingly, the Company will be provided with approximately SEK 215 million through the rights issue before issue expenses.<sup>2</sup>

Shareholders that choose not to participate in the Offer will have their ownership diluted with approximately 50 per cent, but can financially compensate themselves for the dilution by selling their subscription rights. For further information, see the section *Terms and conditions*.

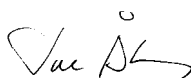
The shareholders of Elanders are hereby invited to subscribe for new shares in the Company with pre-emptive rights in accordance with the terms and conditions set forth in this Prospectus.

Mölnlycke, 25 August 2010

**Elanders AB (publ)**



Carl Bennet  
Chairman of the Board



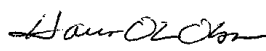
Tore Åberg  
Vice Chairman of the Board



Cecilia Lager



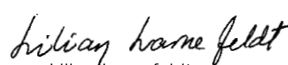
Göran Johnsson



Hans-Olov Olsson



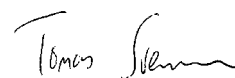
Kerstin Paulsson



Lilian Larnefeldt



Johan Stern



Tomas Svensson



Magnus Nilsson  
Chief Executive Officer

<sup>1)</sup> For further information, see the section *Legal matters* under the heading *Subscription commitment and issue guarantee*.

<sup>2)</sup> The issue expenses, including guarantee commission of approximately SEK 2.5 million, amount to approximately SEK 7.0 million.

# Background and reasons

The significant decline in the world economy since the autumn 2008 has entailed a change in the market conditions for Elanders. At the same time as volumes have declined, a severe downward pressure on prices has occurred on the market, which has affected Elanders' operating results and financial position negatively. However, during the second quarter 2010 Elanders has observed a certain recovery and a positive change in the order inflow in several of the Company's markets. Also in the Swedish market, Elanders has during the second quarter 2010 had a better occupancy rate and an increased order inflow from, for example, the automotive industry and the public sector.

The issue proceeds from the Offer will be used to satisfy Elanders' working capital need, to strengthen Elanders' financial position and to build a strong platform in order to meet the expected recovery by Elanders' customers and to create a basis for continued growth and development of Elanders. The Company's existing working capital is not sufficient for the current needs, but the proceeds from the Offer, together with Elanders' current credit facilities and other working capital, enables Elanders to accelerate the comprehensive rationalization work initiated principally in Sweden, with the purpose of regaining profitability in the Company and to evaluate new acquisitions in strategically important areas, such as packaging. Further, as a result of the Offer, Elanders' financial position will be strengthened by a lower indebtedness and reduced liquidity risk, whereby the financial freedom of action will be satisfying for the time to come. Accordingly, the board assesses that the Company's working capital, once the proceeds from the Offer have been provided to Elanders, will be sufficient for the future needs.

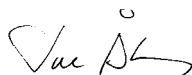
*In all other matters the board refers to the information in this Prospectus, which has been prepared by the board of Elanders in connection with the rights issue at hand. The board of Elanders is responsible for the information in this Prospectus. It is hereby assured that the board has taken every reasonable care to ensure that the information contained in this Prospectus, to the best of the board's knowledge, is in accordance with the actual facts and that no omissions have been made that are likely to affect its import.*

Mölnlycke, 25 August 2010

**Elanders AB (publ)**



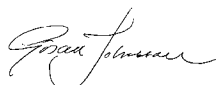
Carl Bennet  
Chairman of the Board



Tore Åberg  
Vice Chairman of the Board



Cecilia Lager



Göran Johnsson



Hans-Olov Olsson



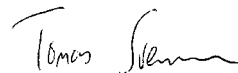
Kerstin Paulsson



Lillian Larnefeldt



Johan Stern



Tomas Svensson



Magnus Nilsson  
Chief Executive Officer

# Terms and conditions

## *THE OFFER*

Persons registered as shareholders in Elanders on the record date 30 August 2010 have pre-emptive rights to subscribe for new shares in the Offer. One class A share entitles to subscription for one new class A share and one class B share entitles to subscription for one new class B share (primary pre-emptive right).

## *SUBSCRIPTION PRICE*

The subscription price for the new shares is SEK 22 per share. No commission will be charged in the Offer.

## *RECORD DATE*

The record date at Euroclear Sweden AB (“Euroclear”) for the determination of which shareholders are entitled to subscribe for new shares in the Offer with pre-emptive rights is 30 August 2010. The final day for trading in the shares including the right to participate in the Offer is 25 August 2010. The shares are traded excluding the right to participate in the Offer as from 26 August 2010.

## *ISSUE STATEMENT TO DIRECTLY REGISTERED SHAREHOLDERS*

This Prospectus along with the pre-printed issue statement with an attached pre-printed payment note will be sent to all directly registered shareholders, or representatives for shareholders, in Elanders who, on the record date 30 August 2010, are registered in the share register maintained by Euroclear. The pre-printed issue statement shows, inter alia, the number of subscription rights received and the total number of shares that can be subscribed for in the Offer. No statement showing the registration of the subscription rights on the shareholders’ securities accounts will be distributed. Persons included on the separate list of pledge-holders and guardians, which accompany the Company’s share register, will not receive a Prospectus or an issue statement but will be notified separately.

## *HOLDINGS REGISTERED WITH A NOMINEE*

Shareholders whose holdings in Elanders are registered with a bank or other nominee will not receive a Prospectus or an issue statement in accordance with the above. Subscription and payment, with pre-emptive rights as well as without pre-emptive rights, shall instead be made in accordance with the nominee’s instructions. Any nominee deposit customer that wishes to subscribe for new shares in the Offer with secondary pre-emptive rights or without pre-emptive rights shall notify the respective nominee in accordance with such nominee’s instructions. Subscription for and payment of shares subscribed for without pre-emptive rights shall be made through the nominee.

## *SUBSCRIPTION RIGHTS*

For each class A share held in Elanders on the record date, one subscription right of class A is obtained, and for each class B share, one subscription right of class B.

Subscription for one new class A share requires one subscription right of class A and subscription for one new class B share requires one subscription right of class B.

## *TRADING IN SUBSCRIPTION RIGHTS*

Subscription rights of class B will be tradable on NASDAQ OMX Stockholm during the period 6-15 September 2010. Securities institutions with the necessary permits provide assistance with the sale and purchase of subscription rights. Upon sale of subscription rights both the primary and secondary pre-emptive rights are transferred to the new holder of the subscription right. The ISIN code for the subscription rights of class B is SE0003490994. No trading in subscription rights of class A will take place.

## *SUBSCRIPTION WITH PRIMARY PRE-EMPTIVE RIGHTS*

Subscription for shares shall be made during the period 6-20 September 2010. However, the board of directors is entitled to extend the subscription period. Any resolution to extend the subscription period will be made as soon as possible following the expiry of the subscription period on 20 September 2010 and will be announced through a press release from Elanders. After the end of the subscription period, unutilized subscription rights will become invalid. Unutilized subscription rights will be eliminated from the respective shareholder’s securities account without any notification from Euroclear.

## *Persons domiciled in Sweden*

Subscription for new shares based on subscription rights (primary pre-emptive right) is made through cash payment, either by utilizing the pre-printed payment note or the application form, according to one of the following alternatives.

*The payment note* shall be used if all subscription rights, designated as “equally divisible” on the issue statement from Euroclear, are to be utilized. The application form shall not be used in such case.

*The application form* shall be used only if subscription rights have been purchased, sold or transferred from another securities account, or if for any other reason a different number of subscription rights are to be utilized than what is set forth as “equally divisible” in the pre-printed issue statement. The payment note shall not be used in such case. The application form will be distributed together with the issue statement and will also be available on Elanders’ website, [www.elanders.com](http://www.elanders.com). Incomplete or incorrect application forms may be disregarded. Note that the application is binding. The completed application form shall, at the same time as payment is made in accordance with the instructions on the application form, be sent to Avanza on the address below. Application form and payment must be received by Avanza not later than 5:00 p.m., on 20 September 2010.

Avanza Bank AB  
Corporate Finance  
P.O. Box 1399  
SE-111 93 Stockholm

Visiting address: Klarabergsgatan 60  
Fax no: +46 8 562 251 21  
www.avanzabank.se/elanders

*Persons domiciled outside of Sweden*

Shareholders domiciled outside Sweden who are entitled to subscribe for new shares should contact Avanza on the above address/fax no. for information regarding subscription and payment and the restrictions that apply in certain countries.

*SUBSCRIPTION WITH SECONDARY PRE-EMPTIVE RIGHTS AND WITHOUT PRE-EMPTIVE RIGHTS*

Shares not subscribed for with primary pre-emptive rights are offered to all shareholders for subscription (secondary pre-emptive right). If the shares thus offered are not sufficient for the subscriptions made with secondary pre-emptive rights, the shares shall be allocated between the subscribers pro rata to the number of shares previously held (as of the record date) and, to the extent such allocation cannot be effected, by the drawing of lots. Shares not subscribed for neither with primary nor secondary pre-emptive rights shall be allocated to other persons that have subscribed without pre-emptive rights, whereby - in the event of over-subscription - allocation shall be made in relation to the number of shares set forth in the respective subscription form and, to the extent such allocation cannot be effected, by the drawing of lots. Any remaining shares shall be allocated to the guarantor Carl Bennet AB.

Subscription with secondary pre-emptive rights or without pre-emptive rights shall be made on special application forms during the period 6-20 September 2010. The special application forms can be obtained from Avanza at [www.avanzabank.se](http://www.avanzabank.se) and at the above address/fax no. and are also available on Elanders' website, [www.elanders.com](http://www.elanders.com). Incomplete or incorrect application forms may be disregarded. Note that the application is binding. The completed application form must be received by Avanza not later than 5:00 p.m. on 20 September 2010.

As confirmation of the allocation of shares subscribed for with secondary pre-emptive rights or without pre-emptive rights, an allotment notice will be sent to the subscriber. No notice will be sent to subscribers who have not been allocated any shares. Payment for allocated shares shall be made in cash in accordance

with the instructions on the allocation notice, however, not later than three business days following the receipt of the allocation notice. If payment is not duly effected, the allocated shares may be transferred to another party. The person that originally was allocated the shares may then be obliged to pay any price difference. In the event the amount paid by a subscriber is too large, the Company will see to that the surplus amount is repaid.

*INTERIM SHARES (BTA)*

After payment has been made, Euroclear will issue a statement confirming that interim shares have been registered on the respective shareholder's securities account. The thus booked shares are registered on the securities account as BTAs until the rights issue has been registered with the Swedish Companies Registration Office, which is expected to take place around 30 September 2010. Note that no notification will be sent to confirm the re-booking of BTAs to ordinary shares. The ISIN code for BTAs of class A is SE0003490986 and for BTAs of class B SE0003491000. Trading in BTAs of class B will take place on NASDAQ OMX Stockholm as from 6 September 2010 and will cease around 30 September 2010 in connection with the shares registered by the Swedish Companies Registration Office being booked on the shareholders' securities accounts.

*RIGHT TO DIVIDENDS*

The new shares entitle to dividends for the first time on the record date for dividends that occurs immediately following the registration of the new shares in the Company's share register.

*ANNOUNCEMENT OF SUBSCRIPTION RESULTS*

The subscription results in the Offer will be announced through a press release from Elanders around 24 September 2010.

*TRADING IN SHARES INCLUDED IN THE OFFER*

Elanders' class B shares are listed on NASDAQ OMX Stockholm, Small Cap. When the Swedish Companies Registration Office has registered the rights issue, the newly issued class B shares will also be traded on NASDAQ OMX Stockholm, Small Cap. Trading in the new class B shares is expected to commence around 30 September 2010. Elanders' class A shares are not listed. The ISIN code for the shares of class A is SE0000182123 and for the shares of class B SE0000119299.

In order not to lose the value of the subscription rights obtained the shareholder must either utilize the subscription rights for subscription of new shares in the Offer no later than 20 September 2010 or sell the subscription rights no later than 15 September 2010.



# How to subscribe

<b>Terms and conditions</b>	You receive one subscription right for each share in Elanders. One subscription right entitles to subscription for one new share in Elanders. Class A shares entitle to subscription rights of class A and class B shares entitle to subscription rights of class B.
<b>Subscription price</b>	SEK 22 per share..
<b>Record date for participation in the Offer</b>	30 August 2010.
<b>Subscription period</b>	6 September-20 September 2010.
<b>Trading in subscription rights of class B</b>	6 September-15 September 2010.

## Subscription for shares with primary pre-emptive rights

### 1. You obtain subscription rights

For each share in Elanders that you hold on 30 August 2010 you receive one subscription right.

1 share in Elanders



1 subscription right

### 2. How to utilize your subscription rights

For each subscription right + SEK 22 you receive one new share in Elanders.

1 subscription right + 22 SEK



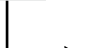
1 share in Elanders

### 3. Are you a directly registered shareholder or are your shares registered with a nominee?

You have a securities account (i.e. you are directly registered) and are domiciled in Sweden



If you utilize all subscription rights, use the pre-printed payment note from Euroclear.



If you have purchased, sold or transferred subscription rights to/from your securities account, complete the application form that is distributed with the issue statement and is available on Elanders' website. Payment is made in accordance with the instructions on the application form.

You have a securities account (i.e. you are directly registered) and are domiciled outside of Sweden



Contact Avanza for information on subscription and payment and the restrictions that apply in certain countries.

You have a deposit account (i.e. you have a nominee)



If your shares in Elanders are registered on one or several deposit accounts with a bank or other nominee you will receive information from your nominee(-s) on the number of subscription rights.



Follow the instructions from your nominee(-s).

## Subscription for shares with secondary pre-emptive rights and without pre-emptive rights (by shareholders and others)<sup>1</sup>

You have a securities account (i.e. you are directly registered) and are domiciled in Sweden



Use the specific application form, which can be obtained from Avanza and is available on Elanders' website.

You have a deposit account (i.e. you have a nominee)



Subscription for shares is made through the respective nominee.



Follow the instructions from your nominee(-s).

Please note that some nominees may have a shorter subscription period. Follow the instructions from the respective nominee.

<sup>1)</sup> Allocation will be made as set forth in the section *Terms and conditions* under the heading *Subscription with secondary pre-emptive rights and without pre-emptive rights*

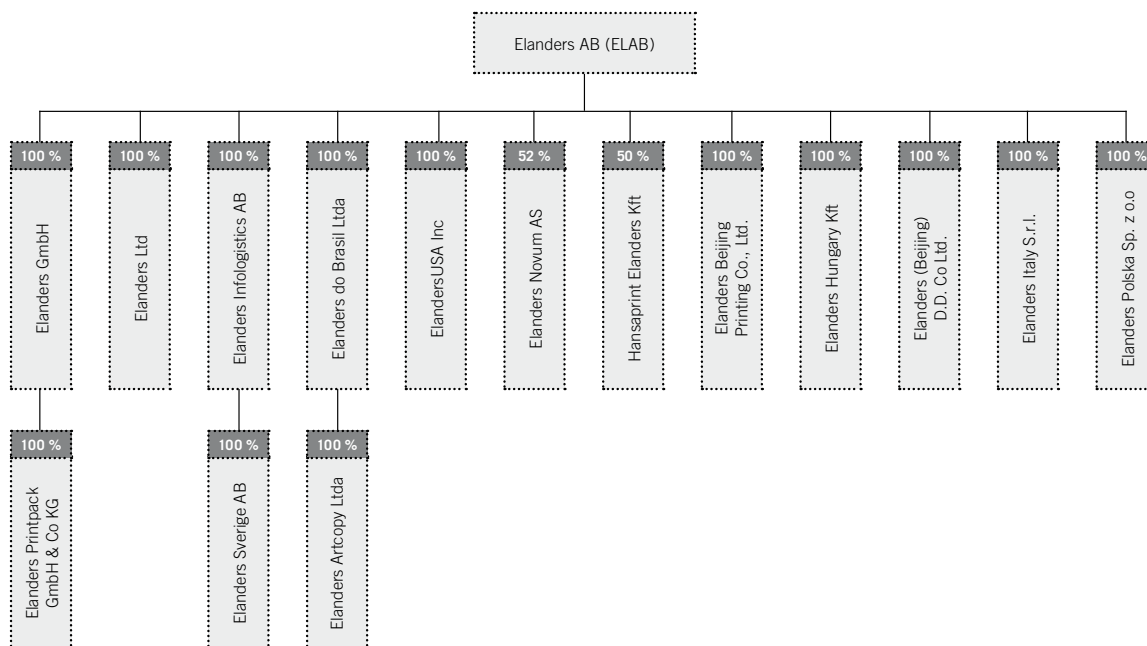
# Business operations and market overview

## BUSINESS OPERATIONS

Elanders offer\* comprises structuring of information, advanced premedia, user-adapted digital print, offset print, logistics and fulfillment services. An important part of the business is highly effective deliveries of user information and packaging for mobile phones and other consumer electronics. Industrial companies, publishers and the public sector are among the Group's most important customer categories. The largest customers are found within the automotive industry, consumer electronics, white goods and educational publishers.

At present, Elanders operates in 10 countries on

four continents. Production of printed matter and sales are carried out in all countries. Business operations are carried out in Sweden (Gothenburg, Mölnlycke, Falköping, Malmö, Uppsala, Vällingby, Västerås and Ludvika), Germany (Stuttgart), Great Britain (Newcastle and Harrogate), Brazil (São Paulo), China (Beijing), the USA (Atlanta), Poland (Płonsk), Norway (Oslo), Italy (Treviso) and Hungary (Zalalövö and Komárom, the latter being a 50/50 joint venture with Hansaprint Oy). The legal structure of the Group's active companies is set forth below:



## History

Important events in Elanders' development since the listing in 1989 are set forth below:

- 1991: Acquisition of Norwegian Fabritius A.S. that produces, for example, all telephone catalogues for the Norwegian public telephone company.
- 1992: The Elanders group is affected by a weak market development during the year. The subsidiary Wezäta is restructured and concentrates thereafter on its core business, to produce qualified four-color printing matters in roll offset.
- 1993: The Swedish recession affects Elanders' core business with full force, whereby a thorough rationalization is implemented.
- 1996: Elanders establishes in Poland.
- 1997-2000: Eleven companies are acquired in Sweden, whereby Elanders becomes the leading Nordic graphic group.
- 1999: Elanders acquires Hindson in Newcastle, Great Britain. Acquisitions within the business areas Infomedia and Technical Documentation accelerated the change of Elanders' profile towards IT/Media and internationalization.
- 2000: Thorough measures are taken within the

roll offset operations in order to increase the future competitiveness.

- 2001: Decreasing order inflow from the telecom sector, price pressure on the market for catalogues and periodicals, some of the reasons behind deteriorated results.
- 2002: Establishment in Hungary with a focus on production of manuals to world leading manufacturers of mobile phones.
- 2004: Elanders starts up new operations in Hungary together with Hansaprint for the production of manuals to mobile phones. Two additional companies acquired in Sweden.
- 2005: Elanders pursues its strategy and follows its customer Sony Ericsson to China.
- 2005-2006: Elanders operations in Kungsbäcka are affected by price pressure and decreasing volumes, a thorough reorganization of the Kungsbäcka operations is implemented.
- 2007: The business in Kungsbäcka is divested. Acquisition of Sommer Corporate Media in Germany and Artcopy in Brazil.
- 2008: Elanders establishes in the USA and acquires Seiz Printing in Atlanta. Elanders celebrates its centennial anniversary.

- 2009: Elanders is severely affected by the financial crisis and carries out staff reductions principally in Sweden and Hungary.
- 2010: Elanders acquires the German packaging printer Printpack.

#### VISION

Elanders' vision is to become one of the leading graphic companies in the world. The word "leading" does not necessarily mean the largest, but rather the company that best meets customer demands on efficiency and ability to deliver. Elanders shall be the company that is best at quickly adapting and automating its processes to the continuous changes in market demands and the company that is best at delivering at competitive prices wherever customers desire - anywhere in the world. Elanders' vision is summarized in three core values: Effective, Innovative and Responsible.

#### BUSINESS IDEA

Elanders helps its customers to take control of their communication processes. Elanders believes in the printed word, naturally in combination with new media. With Elanders' expertise in brand management tools, premedia, print, packaging and distribution, effective solutions can be ensured. Elanders knows that the time factor will be critical for the customers' businesses. Elanders, which is one of the few printing companies that can deliver real global solutions for any kind of information, is determined to be the most effective company.

Elanders' customers will always be local, but their needs may be local or global. Elanders' ambition is to make all customers more competitive through Elanders' global solutions.

#### GOALS

The externally communicated goals of Elanders are set forth in the section *Financial goals and other financial information*. In order to achieve the external goals, operations are governed by a number of internal goals comprising profitability, productivity as well as customer and employee satisfaction. Some of the most important internal performance indicators being used are:

- Sales and operating result per product type.
- Sales and operating result per customer category and product type.
- Added value and added value ratio.
- Capacity utilization.
- Number of sales days in accounts receivable and stock.
- Human capital index.
- Satisfied customer index.

#### STRATEGIES

Elanders' strategies to meet the vision, support the business idea and achieve the goals are to:

- Create "One Elanders".
- Develop local customers with global needs to become global customers.

- Optimize the utilization of the Group's global production and delivery capacity.
- Create common and automated processes within the Group from the placing of orders to invoicing.
- Develop products for future needs with business benefits today.

#### Create "One Elanders"

"One Elanders" is the Group's global and overriding program to ensure that the proper conditions exist to successfully carry out the other strategies. This entails speeding up the implementation of common systems and uniform processes as well as creating a common brand and common processes for competence recruitment, measuring and steering. This program is ongoing. The implementation of the Group's common business system has already come a long way in Sweden and a plan for the rest of the Group is being formed. Elanders is in the process of creating a new brand and graphic profile. The other sections of the program have also been initiated, among them preparations for the start-up of a unified customer order interface for the entire Group and the creation of uniform calculation models. The elimination of the previous business areas has helped to further smooth the way for the program. "One Elanders" unites the Group around a shared "language" that our customers will recognize no matter where in the world they work with Elanders. For instance, this is achieved by creating a homogenous terminology, which facilitates communication and sharing of information within the Group. Not least, this contributes to stimulating our employees and getting people involved. The program will run for the next three years.

#### Develop local customers with global needs to become global customers

Elanders has an unique position in the industry with presence in most of the world's interesting economic zones, which is a primary factor in why Elanders has so many multinational customers. Nonetheless, marketing in Group companies is largely based on identifying and fulfilling customers' local needs. However, local customers often have global needs as well. Elanders has not always prioritized finding ways for other companies in the Group to meet these needs. The methods previously used in the Group to measure and steer have more or less encouraged the individual companies to concentrate their efforts on services they can provide locally. Through establishing a global sales function, adapting the measurement parameters and compensation forms, and not least by improving the information flows, all the units in the Group will begin to chart the global needs of their local customers. Naturally this also includes services that can be offered locally through the capacity and competence in some other part of the Group. For example, most of the packaging capacity and competence the Group has in China and Eastern Europe have been used for local deliveries. This is an area where Elanders has major opportunities

to gain business in the already considerable customer portfolio as well as by working on new customers. This strategy is expected to take one or two years to implement.

***Optimize the utilization of the Group's global production and delivery capacity***

Most of the Group's units have similar equipment and know-how but there is still room to improve capacity utilization. This is achieved by developing the exchange of customers within the Group as well as by improving our calculation of available capacity and order stock, flexible pricing and organizational adaptations. Elanders' units in Sweden and Poland are now run under the same management, as are the units in Germany and Hungary, which significantly increases the ability for Sweden and Germany to offer high quality deliveries at competitive prices on their home markets. Creating a flatter organization by eliminating the previous business areas also facilitates using the Group's capacity and competence in Eastern Europe and China. Furthermore, current production equipment is transferred to the sites where capacity utilization is the highest. This has already been effected or is being effected. For instance, equipment was recently moved from Sweden and Germany to Poland and Hungary. The Group continually evaluates new technology (for example modern digital ink-jet equipment) but the investments will only be made where they, from a Group perspective, are the most profitable. Elanders will also take a closer look at increased specialization in the various units, thus raising quality and productivity. The opportunities to improve profitability by more efficient use of the current capacity are good. Elanders expects this strategy to be carried out within a year.

***Create common and automated processes within the Group from the placing of orders to invoicing***

For years, Elanders has worked with many of its large customers through order portals on the Internet. In most cases, these portals are customized order interfaces. The number of customers, particularly small businesses and consumers with relatively standardized needs, who order printed matter over the Internet, is rapidly increasing. This is usually called W2P (Web-to-print) and means that work currently being performed by the printer is now done by the customer who, via an order portal, decides on the design of the printed matter, pays for it and then creates print-ready material that goes directly into production. Customers can then follow the status of their orders as in most Web shops. Production and delivery is supported by a business system that handles the orders, print files and invoicing with the help of information that comes from the customer via the portal. In this context, a typical order is significantly smaller but the number of orders is vastly higher. Elanders is in the process of developing and integrating order portals with the business system in order to achieve the automation of order management needed to handle the amount of orders. Conventional

order and project management will continue to be important in the foreseeable future, particularly for customers that need tailor-made printing. But even when it comes to conventional management, fundamental processes must and will be successively automated. This is a crucial factor in our ability to remain competitive. Nonetheless Elanders believes W2P will become more and more important and sees excellent opportunities to develop in this area over the next couple of years.

***Develop products for future needs with business benefits today***

Customer-steered development of new offers has always been one of Elanders' strongest features and it has been one of the crucial factors in the Group's development from a local Swedish company into today's global printing Group. Sometimes the eagerness to fulfill customers' wishes has had a negative effect on short-term profitability due to the existing production capacity not being suited to supply the new services. Elanders will not slow down the pace of new product development. On the contrary, Elanders will raise the tempo but product development will, to a higher degree than previously, be based on the needs Elanders believes the customers will have in two or three years time and take into consideration our current capacity, competence and organization. Elanders product development must continually address the question of how to meet the needs the customers' will have a few years ahead and what changes will be required to do so. This does not mean, for example, that just because Elanders is not a cargo company and does not plan to become one, that Elanders will not handle the customers' transportation needs. There will always be certain acquired peripheral services that are included in Elanders' deliveries. However, Elanders primary services will always be based on the capacity and competence of the Group.

***BUSINESS MODEL AND SERVICES***

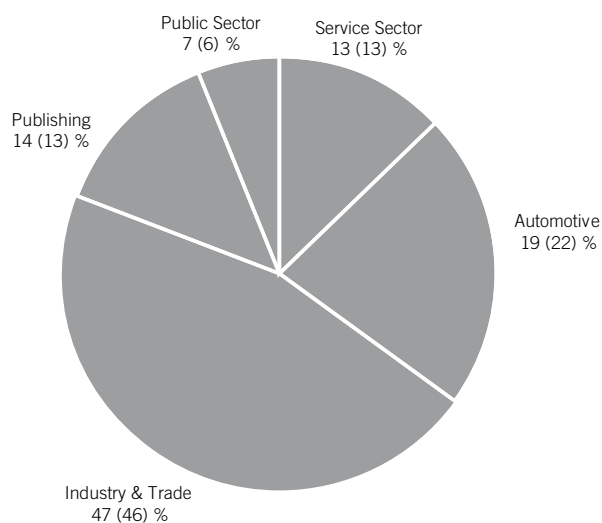
Elanders creates value for the customer by rationalizing and relieving parts of or the entire publishing process. Customer value is mainly created by producing printed matter and packaging along with related services. This means that the focal point is not only in the actual printing but also in the customer's processes in handling a publication, which comprises printed matter, packaging and distribution. The more of these processes Elanders handles, the more value can be created for the customers and for Elanders. Therefore it is important to form a relationship where Elanders progressively understands the customer's business and can identify new needs. This particularly applies to smaller companies and to consumers, areas in which Elanders plans to steadily increase its market share and broaden its offers.

***THE GROUP'S PRINCIPLE TYPE OF BUSINESSES***

The Group's business consists in part of single services such as the production of printed matter and packaging or database solutions and in part of a combination of services which almost always include printing. The lat-



## SALES PER CUSTOMER CATEGORY 2009



ter contains a varying number of services and involves an overall responsibility for printing with tailor-made related services that saves customers time and money.

Elanders helps the customer to deliver the right information to the right place at the right time. For the customer it means that through a single contact at Elanders, all its printed matter logistics will be taken care of, no matter how voluminous the material or in how many languages, in which media or in which part of the world the information will be delivered to or published in. Elanders develops Web-based order interfaces, one-to-one marketing solutions and handles all production and distribution in the most cost-effective way. Besides user information, Elanders also produces packaging in smaller, specialized series for manufacturers of, e.g., consumer electronics, thus saving another step in the purchasing process. In other words, it is one-stop shopping. Elanders also makes sure that deliveries are made to the place stipulated by the customer – in the right version and at the right time. Elanders will also store the printed matter not immediately delivered, for distribution at a later date. For e.g. a car-maker that needs an instruction manual, it is important to produce the different language versions in the right amount, to the right cars, in the right order and at the right time on the assembly line. Alternatively, the manual shall be sent to the local market so that the importer can equip it with locally adapted information. Elanders makes things simple, trouble-free and gives customers relief. This contributes to lower costs for information management. It also ensures quality by requiring fewer suppliers. In this way, Elanders becomes a strategic partner instead of a mere supplier.

### THE GROUP'S PRINCIPLE TYPE OF CUSTOMERS

So far Elanders has focused on five main customer categories: industry & trade, automotive, publishing, service sector, and public sector. Allocation of Group net sales between the customer categories is shown in the figure above.

For the customer categories that stand for the major part of Elanders' net sales, i.e. industry & trade, Automotive and service companies, the cost of producing printed items and packaging is usually minor in relation to the total costs for the products or services they provide. Among these customers for example major companies within the automotive industry, white goods industry, consumer electronics industry, engineering industry and bank and insurance industry. Although the procurement process is handled very professionally by the companies and organizations, purchasing printed matter and packaging is not part of their core operations but a necessary part of their publishing need in order to be able to communicate effectively with their customers. Many industrial and service companies need to publish and distribute a great deal of information externally and internally, but it is more efficient to let a professional supplier handle most of the publishing process. The customer comes with their requirements, ideas and ordering competence and the rest of the value chain is taken care of by specialized external players – preferably as few as possible. A large part of the Group's combined business is performed for this customer category, and it also offers the greatest growth opportunities for Elanders, particularly with regard to smaller companies and consumers. Through web-based order interfaces, more automated order management and its global organization, Elanders' goal is to offer competitive multi-language and multi-national deliveries of printed matter and packaging also to the latter group of customers.

Publishing customers are characterized by the fact that the cost of printing an item is a substantial part of the total production cost. Printed matter procurement is an essential part of a publisher's core operations and therefore they have highly specialized personnel that are very familiar with the graphic industry and printing prices. Thus, publishers have historically only been moderately interested in outsourcing more publication-related services. Recently, however, many

different publishers have shown a growing interest in such services. Still Elanders' deliveries to publishers are usually printed matter production only. Elanders' goal is to continue to develop affiliated services together with publishers but also to increasingly offer production in low-cost countries.

#### PRICING

Printing production as a sole service is basically a commodity under constant price pressure. It is hard to motivate a higher price with graphic quality when all the players in the industry have access to the same equipment and competence. Price differentiation must therefore be built on other things that are not strictly part of the printing process such as a multinational presence, delivery precision, uniform quality, flexibility and quality in our relationship with the customer. The price for a printed item in offset that is not too complicated is given based on the required amount of prepress work, paper quality, bulk (number of pages), number of colors, type of binding and number of copies. The price is usually given for the entire edition. Price per piece falls as the number of copies rises. For an experienced purchaser it is a relatively uncomplicated procurement where the bids are easy to compare with the current rates on a transparent market. Digital printed matter usually has a price per piece based on the cost per "click" in the often rented digital presses. The market for the combined services is a completely different story. Each job is unique in size and content. In such a case, it is more a matter of the customer analyzing all their publishing costs, including wages for their own personnel, storage and obsolescence and seeing how much they can save. In this regard, quality is speediness, coordination and simplification and reduction of time-to-market. Not only printing but any or all of the processes in the value chain can be included in the deal which may even include a customer outsourcing entire departments involved in publishing-related operations. The price is often given as price per piece for a publication that can be ordered as needed. In some cases the price per piece varies depending on the kind of transportation and packaging. If the product is not stored, the customer pays for each order made on the order interface on the Internet, extranet or intranet. The price per piece often reflects the cost of constructing databases for managing and structuring texts, images and other information along with the cost of actually producing the item. In some cases the Group provides databases or services in process management and logistics but it is not involved in the printing process. In such cases prices are based on the amount of time spent, licenses and maintenance, storage room, pallet space or the like.

Elanders' current business is moving increasingly in the direction of combined businesses with a rising level of service content. Although this business generates printing jobs, prices are usually based on the total

value created or the costs saved for customers and not only based on cost of printing per piece.

#### VOLUMES

In 2009, the Group handled about 106,000 orders (approximately 138,000 in 2008). The average value of an order was SEK 17,000 (approximately SEK 16,000). About 89 per cent (approximately 88 per cent) of Group revenue in 2009 was conventional print production, either as a sole product or part of a combined deal. Other services made up the rest.

#### MARKET

##### *Growth driven by packaging printing etc*

The global market for commercial printing<sup>1</sup> has had a fairly even development between 2004 and 2009 and this trend is expected to last in the years to come. The average annual growth rate is around 2.5 per cent. In 2009 the world market for graphic production was estimated to nearly USD 410 billion (about SEK 2,900 billion) and if the trend lasts it will amount to USD 445 billion (about SEK 3,200 billion) in 2012. Currently the market is divided into roughly equal thirds between Europe, Asia and the Americas. Growth is driven mainly by developments in Asia and by packaging print. In Europe and North America relatively little growth is predicted with the exception of digital print, while offset will probably decline. Of the total market for commercial printing about 40 per cent consists of sheet-fed offset and digital printing which are Elanders' main production methods. Almost two thirds of the global market consists of the kind of products that Elanders produces while the rest consists of news and magazine print. Considering the fact that the latter are mainly produced with other methods, it is reasonable to assume that about half of the global market is available to Elanders with its current capacity and competence.

Even if prerequisites for markets differ somewhat between different parts of the world, there are a number of clear global trends:

- Offshore production for Western Europe and the US in countries with lower cost-levels in Eastern Europe and Asia is on the rise.
- On-demand marketing through social media, search-word technology via the Internet and mobile applications underline the shift from mass communication to increasingly individual and recipient-oriented communication.
- Companies have an increasing need to communicate actively and personally with customers (so called one-to-one marketing), which creates a greater demand for personalized digital print connected to interactive web interfaces (W2P).
- Internet will continue to break down the geographical barriers making it easier for customers to choose suppliers based on a comparison of prices, speed and flexibility.

<sup>1</sup> Printing production provided by printers that only produces for external customers, i.e. not publisher or newspaper printers that produce in-house.

- Digital printing will have the fastest growth in Western Europe and the US, but will also grow in other parts of the world since it is the only production method where it is possible to use variable text and images at the same time.
- Digital printing will, together with offset print, be a norm rather than an interesting alternative and the convergence of these two technologies opens up unlimited possibilities for synergies in services to reduce time-to-market.
- With exception for Asia and Eastern Europe, offset production will not grow noticeably and it constitutes a diminishing part of the total printing production in the world.
- Interest in eco-friendly printing will increase.
- Short printing assignments (small editions) and packaging print are expected to have the best growth potential in the future.
- Purchasers of printed matter will become less and less interested in the choice of production technology – this will increasingly become an internal matter for the printers in which time, cost-efficiency and relevance will determine the choice of production method.
- The graphic industry's consolidation will accelerate towards large comprehensive and small niche players, while it will become increasingly difficult for middle-sized traditional printers to compete.

#### *Development on Elanders' markets*

In the markets in which the Group currently is active, all global trends are present. Yet more trends can be found with Elanders' larger customers:

- Fewer and larger suppliers are desired.
- Customers want to concentrate on their core operations.
- Purchasing decisions are being made higher up in organizations and have become management issues. The larger customers give their global purchasing departments more and more influence.
- Deliveries have to be just-in-time.
- Increasing demand for help with the entire supply chain for publishing, including packaging – one stop shopping.
- Risks are increasingly transferred to suppliers, who are expected to keep stocks, extend credit, etc.

#### *Sweden*

Since the top year 2000, annual consumption of commercial printed matter in Sweden in the customer categories in which Elanders is active has dropped by SEK 2 billion to around SEK 15 billion in 2009. Printed matter consumption is turning more and more towards four-color products suitable for sheet-fed offset and digital printing. Editions are shrinking but the bulk and publishing frequency of an item is increasing.

There are ongoing changes in the industry due to structural trends rather than economic fluctuations, while the present downturn in the economy hastens structural changes. The service content in graphic pro-

duction is growing and customers more frequently seek low-cost alternatives to printing. The industry's interest in rationalizing publishing processes and reducing the number of suppliers or outsourcing entire processes to an external party continues to be high.

#### *Europe*

The total European graphic market amounts to approximately SEK 1,500 billion and has according to Elanders' assessment a yearly average growth of less than 1 per cent. The growth can be found in packaging print, offset in Eastern Europe and digital printing, while offset printing is decreasing in Western Europe due to capacity-related drops in prices as well as actual volume reductions. Western Europe still represents almost 90 per cent of the European market. The largest Western European market is Germany (about 20 per cent of the European market) followed by Great Britain, France and Italy. The Eastern European market has a considerably higher growth rate than Western Europe but most of this growth originates from off-shore production for Western European countries. In the coming years, offset volumes in Eastern Europe will increase at the same rate as digital printing. A consolidation of the industry in Eastern Europe is probable, partly in the form of mergers and partly through companies being bought up by Western European players. In addition to being a vital low-cost alternative for Western Europe, Elanders' units in Eastern Europe and their integration are a source of good growth, both through captured market shares and due to fact that the markets in Eastern Europe are still growing. Digital printing is rapidly becoming the most important technology in the trade, putting pressure on conventional players and abetting the successive disappearance of offset equipment from the Western European market. The digital market shows an average annual growth rate of slightly more than 3 per cent. Companies have realized the importance of being able to communicate quickly and personally with their markets, which fans an increasing interest in digital print technology that makes quick, on-demand and personalized communication possible and therefore lessens the inconvenience of the evermore crucial factor time-to-market. Digital technology makes it possible to use variable text and images at the same time. A quality barrier still exists, but developments in digital print technology are moving forward more rapidly than in offset technology. It is, for instance, easier to control color management in digital print. Furthermore, digital printing is the only technology that enables efficient orders through a Web interface for products that are created by the customer in templates, such as office material, photo books, etc. The following trends have been noted in the European market:

- The European graphic industry is fragmented. With the exception of a few major players the trade is dominated by small companies and around 85 per cent of them have less than 20 employees. Even though the number of companies has diminished

considerably in the past few years, consolidation will continue in both east and west and possibly escalate. Many companies are led by owners about to retire. Passing companies on to the next generation will be a motivating force in structural changes in the next five years.

- Imports to Western Europe from low-cost countries in Eastern Europe and Asia have grown in the past years. Products with a relatively long time-to-market and which require a great deal of manual work are more frequently being imported. This is particularly true for products like children's books and second editions of other books. Many Western European customers are shifting their graphic production to low-cost countries, which will affect margins negatively for the players whose operations are limited to Western Europe.
- Printing of packages and labels is the single largest product area in the European market and represents almost a third of the total market. This area is considered to have the greatest growth potential in the coming years.
- Four-color production will grow at the cost of black and white, in offset as well as in digital printing.
- The graphic industry, primarily in Western Europe, is increasing its service content to meet customer demands.
- Next to printing packages, digital print is the fastest growing product area in the European market but it still only amounts to some 8 per cent of the total market. This means digital print has an excellent growth potential in the long run.
- Being able to make copies of photos and photo books from digital pictures through websites and so-called kiosks is expected to lead to a rapid increase in demand for digitally produced photos and printed matter.

Despite the low population growth in Europe, the number of households as well as the amount of income which is disposable for education and information is on the rise. This stimulates the demand for newspapers, magazines and books. Many graphic companies are not profitable, which opens the door to further structural measures and underlines the importance of size and finding a niche. The present downturn in the economy will probably increase structural changes. In conclusion, this is also a fight for market shares. For Elanders, its most important competitive advantages are the ability to offer global solutions through a customized combination of information structuring, digital and conventional printing production as well as distribution and the capacity to print packaging.

### *China*

The total graphic market in China is estimated to have an annual growth of 10 per cent during the next few years and it is expected to reach SEK 500 billion in a few years. Almost 75 per cent of the market is in southern and eastern China. The competition situation is fragmented and it is believed that there are close

to 200,000 printers in the country. However, in relation to the population, it does not seem like very many and it would appear that most of the Chinese printing production is focused on product information and trade dressing rather than newspapers, magazines and books. China's popularity with the Western graphic industry has grown and many establishments are made there while the Chinese players are concentrated on export. Everything suggests that China will be the world's leading offshore supplier of printed matter to Western Europe and North America. The attitude towards digital print is positive in China but growth has only been around 5 per cent annually. A clear trend is the development of franchise chains for digital printing. Otherwise, the country's infrastructure and limited access to the latest technology is a barrier, which can dampen growth during the next few years. However, digital print is expected to constitute around 14 per cent of the Chinese market in 2010.

Elanders' establishment in China creates good possibilities for the Group to gain a position in this market as well, which is believed to be the quickest growing market in the world during the next few years.

### *United States*

The graphic market in the USA is estimated at SEK 1,000 billion. The industry has been consolidating in this mature market for many years but it is still fragmented and the 50 largest players have no more than 30 per cent of the market share together. Digital print, which makes up 10 per cent of today's market, is rapidly growing and is expected to increase twice as fast as offset in the near future. Elanders' growth in the USA will primarily stem from deliveries to the Group's existing and potential global customers.

### *Latin America*

The Latin American market amounts to more than SEK 200 billion. The two largest markets are Brazil and Mexico, which together are estimated to represent 80 per cent of the entire Latin American market. Books amount to 60 per cent of the Latin American market but packaging print is driving the market as well. The market in Brazil is estimated at SEK 90 billion and this market is estimated to have the largest growth rate in the area. The development of Brazil and other Latin American countries creates a growing demand for educational material and magazines and the rising living standard keeps domestic consumption thriving and stabilizes the demand for vehicles and consumer electronics. Brazil's hosting of the 2014 FIFA World Cup and the Summer Olympics in 2016 are other positive driving forces. As a result of Brazil's total economic growth, the graphic industry is advancing towards distributed print where content is created and structured in the big cities and then transferred electronically to be digitally printed in remote places all over the country. Also the Latin American market is under consolidation and Elanders' growth is expected to come both from captured market shares and market growth.



### Overview of Elanders' geographical sales

During 2007-2009, Elanders' sales on the respective geographical markets were distributed in accordance with the below.

#### Total sales by geographical area

TSEK	2009	2008	2007
Sweden	632,922	839,347	939,159
Germany	435,187	453,315	296,654
Great Britain	191,344	248,088	283,109
China	130,430	165,533	97,428
USA	91,344	67,845	-
Poland	80,343	119,167	105,606
Hungary	55,868	141,451	190,150
Other countries	139,304	156,434	123,510
<b>Total</b>	<b>1,756,742</b>	<b>2,191,180</b>	<b>2,035,616</b>

### COMPETITION

The competition varies between different customer categories, geographical markets and types of production. It also varies with shifts in the value chain, upstream and downstream, arising in connection with Elanders' expansion. The graphic industry looks pretty much the same in most countries. There are thousands of small, family printers which, to a large extent, only offer conventional printing. There are just a few groups of the size of Elanders in each country. Several of them are not commercial printers, but publishers or newspapers with in-house printing that sell their overcapacity on the market.

In Sweden, Strålfors (The Swedish Post Office) is essentially the only company of the same size as Elanders. Elanders sometimes compete against them in bidding for big projects containing for example digital printing, so called smart cards, and document flows. Elanders has an advantage with a unique graphic expertise and access to efficient offset production. Elanders is the absolute leader in after sales information to major industrial, e.g. within the automotive industry.

In automotives abroad Elanders competition is usually customers' internal units for publishing and local, smaller printers. Elanders has a head start through size, capacity, technology and long experience. In educational material (publishing) Elanders runs into a number of commercial printers but Elanders is the market leader in the Nordic region. Elanders is leader

in Sweden within the public sector thanks to assignments from the Swedish Parliament and the government but competition is met from Edita and Intellecta. Once again capacity, technology and long experience are Elanders greatest competitive edge. Elanders is the only company in Sweden that can cross country borders to provide large companies with full-service solutions that contain both printed matter and packaging as well as other services. In the Nordic region we find Hansaprint and Edita/Citat in Finland. Hansaprint offers a highly modern production of magazines for publishers and manuals for the industry but it is also getting into W2P and one-to-one communication. Elanders has come a long way in its internationalization and can offer production in low-cost countries. In Great Britain Elanders meets competition from companies such as Pindar in industry and publishing and Wyndeham Westway in the automotive industry. In Germany, Elanders faces competition from companies like Infowerk, Victor Bück and Bosch Druck in the automotive industry and other industry. In the Nordic region and in Germany Elanders also face different W2P players specialized in consumers and smaller companies. In Elanders international expansion together with multinational industrial Groups, particularly in just-in-time production of manuals and other after sales information, Elanders compete with RR Donnelley and Xerox. However, the main competitors are an endless number of small printers, which on their own lack the capacity and knowledge required to handle the needs of global customers.

In Elanders' expansion upstream there are, among others, technical informers like Semcon, profile and advertising agencies, communication firms like Citat, translation companies, photo agencies, web firms and suppliers of business and publishing systems. Downstream there are mainly companies within packaging, logistics and supply chain management. Within process management, for example all the major management consultants and several IT companies can be found. Elanders possesses the advantages of its graphical competence and, with its broad customer base, Elanders covers the entire value chain. Within the packaging industry Elanders meets competition from, among others, Stora Enso, Frontpac, SCA and Inpac.

# The Group's financial development in summary

*The below summary refers to the financial years 2007-2009 and the first six months in 2009 and 2010. The accounts for the years 2007-2009 have been audited by the Company's auditors, but the information pertaining to the first six months 2010 and 2009 have not been reviewed by any auditors. The accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by the EU and the interpretations made by the International Financial Reporting Interpretations Committee (IFRIC). See the section Comments on the financial development. The information below shall be read together with the Company's accounts for the financial years 2007-2009 that are incorporated in this Prospectus by reference. For further information on the documents incorporated by reference, see the section Legal matters under the heading Incorporation by reference.*

## INCOME STATEMENTS

MSEK	First six months		Full year		
	2010	2009	2009	2008	2007
Net sales	809.2	921.3	1,756.7	2,191.1	2,035.6
Cost of products and services sold	-682.1	-744.6	-1,429.6	-1,741.7	-1,493.9
<b>Gross profit</b>	<b>127.1</b>	<b>176.7</b>	<b>327.1</b>	<b>449.4</b>	<b>541.7</b>
Selling and administrative expenses	-161.3	-195.0	-389.3	-424.4	-372.6
Other operating income	24.9	19.3	39.3	30.6	67.7
Other operating expenses	-8.9	-10.8	-33.2	-39.7	-10.5
Shares in result from jointly controlled entities	-1.8	-0.5	-4.0	0.1	0.5
<b>Operating result</b>	<b>-20.0</b>	<b>-10.3</b>	<b>-60.1</b>	<b>16.0</b>	<b>226.8</b>
Net financial items	-13.5	-18.4	-36.0	-50.3	-42.7
<b>Result after financial items</b>	<b>-33.5</b>	<b>-28.7</b>	<b>-96.1</b>	<b>-34.3</b>	<b>184.1</b>
Taxes	3.0	8.1	21.7	8.6	-11.9
<b>Result for the period</b>	<b>-30.5</b>	<b>-20.6</b>	<b>-74.4</b>	<b>-25.7</b>	<b>172.2</b>
Result for the period attributable to:					
-parent company shareholders	-30.5	-20.6	-74.0	-25.6	172.1
-minority shareholders	0.0	0.0	-0.4	-0.1	0.1
Earnings per share <sup>1) 2)</sup>	-3.13	-2.11	-7.57	-2.62	18.06
Average number of shares, in thousands	9,765	9,765	9,765	9,765	9,537
Outstanding shares at the end of the period, in thousands	9,765	9,765	9,765	9,765	9,765

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

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

## STATEMENT OF COMPREHENSIVE INCOME

MSEK	First six months		Full year		
	2010	2009	2009	2008	2007
<b>Result for the period</b>	<b>-30.5</b>	<b>-20.6</b>	<b>-74.4</b>	<b>-25.7</b>	<b>172.2</b>
<b>Other comprehensive income</b>					
Translation differences, net after tax	-22.6	3.0	-39.5	91.3	17.3
Cash flow hedges, net after tax	0.0	0.1	0.5	0.1	-0.6
Hedging of net investment abroad, net after tax	3.8	0.2	0.8	-8.7	-4.9
<b>Total other comprehensive income, net after tax</b>	<b>-18.8</b>	<b>3.3</b>	<b>-38.2</b>	<b>82.7</b>	<b>11.8</b>
<b>Total comprehensive income for the period</b>	<b>-49.3</b>	<b>-17.3</b>	<b>-112.6</b>	<b>57.0</b>	<b>184.0</b>
<b>Total comprehensive income attributable to:</b>					
- parent company shareholders	-49.3	-17.4	-112.3	57.2	183.9
- minority shareholders	0.0	0.1	-0.3	-0.2	0.1

## STATEMENT OF CASH FLOWS

MSEK	First six months		Full year		
	2010	2009	2009	2008	2007
<b>Result after financing items</b>	<b>-33.5</b>	<b>-28.7</b>	<b>-96.1</b>	<b>-34.3</b>	<b>184.1</b>
Adjustments for items not included in cash flow from operations	23.0	33.1	86.8	134.4	37.2
Paid taxes	-7.7	-10.6	-7.9	-31.7	-32.3
Changes in working capital	-48.8	60.3	71.8	52.2	-91.6
<b>Cash flow from operating activities</b>	<b>-67.0</b>	<b>54.1</b>	<b>54.6</b>	<b>120.6</b>	<b>97.5</b>
<b>Cash flow from investing activities</b>	<b>-25.7</b>	<b>-16.2</b>	<b>-52.2</b>	<b>14.5</b>	<b>-402.5</b>
Changes in long and short-term borrowing	61.9	-75.8	-59.6	-34.2	171.2
Rights issue	-	-	-	-	146.4
Dividends paid to parent company shareholders	-	-	-	-43.9	-24.4
<b>Cash flow from financing activities</b>	<b>61.9</b>	<b>-75.8</b>	<b>-59.6</b>	<b>-78.1</b>	<b>293.2</b>
<b>Cash flow for the period</b>	<b>-30.8</b>	<b>-37.9</b>	<b>-57.2</b>	<b>57.0</b>	<b>-11.8</b>
<b>Liquid funds at the beginning of the period</b>	<b>78.9</b>	<b>141.7</b>	<b>141.7</b>	<b>65.2</b>	<b>74.5</b>
Translation difference	0.7	0.4	-5.6	19.5	2.5
<b>Liquid funds at the end of the period</b>	<b>48.8</b>	<b>104.2</b>	<b>78.9</b>	<b>141.7</b>	<b>65.2</b>
<b>Net debt at the beginning of the period</b>	<b>837.4</b>	<b>843.3</b>	<b>843.3</b>	<b>817.5</b>	<b>594.1</b>
Net debt in disposed companies	-	-	-	-	-45.8
Net debt in acquired companies	-	-	-	-	44.0
Translation difference in net debt	-12.6	2.5	-1.7	11.0	1.2
Change in net debt	80.8	-39.4	-4.2	14.8	224.0
<b>Net debt at the end of the period</b>	<b>905.6</b>	<b>806.4</b>	<b>837.4</b>	<b>843.3</b>	<b>817.5</b>
<b>Operating cash flow</b>	<b>-71.4</b>	<b>67.0</b>	<b>42.1</b>	<b>217.2</b>	<b>-230.0</b>

## STATEMENT OF FINANCIAL POSITION

MSEK	June 30		December 31		
	2010	2009	2009	2008	2007
<b>Assets</b>					
Intangible assets	914.8	971.3	953.0	957.2	866.1
Tangible assets	397.8	475.4	435.1	513.4	445.0
Other fixed assets	147.4	120.0	131.4	107.6	80.3
<b>Total fixed assets</b>	<b>1,460.0</b>	<b>1,566.7</b>	<b>1,519.5</b>	<b>1,578.2</b>	<b>1,391.4</b>
Inventories	103.7	107.6	95.1	120.1	125.7
Accounts receivable	331.3	334.8	351.5	470.9	450.6
Other current assets	88.2	90.1	68.8	75.9	191.4
Cash and cash equivalents	48.8	104.2	78.9	141.7	65.2
<b>Total current assets</b>	<b>572.0</b>	<b>636.7</b>	<b>594.3</b>	<b>808.6</b>	<b>832.9</b>
<b>Total assets</b>	<b>2,032.0</b>	<b>2,203.4</b>	<b>2,113.8</b>	<b>2,386.8</b>	<b>2,224.3</b>
<b>Equity and liabilities</b>					
<b>Equity</b>	<b>715.2</b>	<b>860.4</b>	<b>765.1</b>	<b>877.7</b>	<b>864.6</b>
<b>Liabilities</b>					
Non-interest-bearing long-term liabilities	40.9	54.7	42.7	52.5	55.4
Interest-bearing long-term liabilities	70.9	113.1	87.6	122.3	281.4
<b>Total long-term liabilities</b>	<b>111.8</b>	<b>167.8</b>	<b>130.3</b>	<b>174.8</b>	<b>336.8</b>
Non-interest-bearing current liabilities	321.5	377.7	389.7	471.6	421.6
Interest-bearing current liabilities	883.5	797.5	828.7	862.7	601.3
<b>Total current liabilities</b>	<b>1,205.0</b>	<b>1,175.2</b>	<b>1,218.4</b>	<b>1,334.3</b>	<b>1,022.9</b>
<b>Total equity and liabilities</b>	<b>2,032.0</b>	<b>2,203.4</b>	<b>2,113.8</b>	<b>2,386.8</b>	<b>2,224.3</b>

## ● STATEMENTS OF CHANGES IN EQUITY

MSEK	Equity attributable to parent company shareholders	Equity attributable to minority shareholders	Total equity
<b>Closing balance on December 31, 2008</b>	<b>875.6</b>	<b>2.1</b>	<b>877.7</b>
Total comprehensive income for the year	-112.3	-0.3	-112.6
<b>Closing balance on December 31, 2009</b>	<b>763.3</b>	<b>1.8</b>	<b>765.1</b>
<b>Closing balance on December 31, 2008</b>	<b>875.6</b>	<b>2.1</b>	<b>877.7</b>
Total comprehensive income for the period	-17.4	0.1	-17.3
<b>Closing balance on June 30, 2009</b>	<b>858.2</b>	<b>2.2</b>	<b>860.4</b>
<b>Closing balance on December 31, 2009</b>	<b>763.3</b>	<b>1.8</b>	<b>765.1</b>
Transactions with minority shareholders	1.2	-1.8	-0.6
Total comprehensive income for the period	-49.3	-	-49.3
<b>Closing balance on June 30, 2010</b>	<b>715.2</b>	<b>-</b>	<b>715.2</b>

## ● KEY FIGURES

MSEK	First six months		Full year		
	2010	2009	2009	2008	2007
Net sales, MSEK	809	921	1,757	2,191	2,036
Operating result, MSEK	-20	-10	-60	16	227
Depreciations, MSEK	44	51	101	106	85
Investments, MSEK	26	16	-52	14	-402
Result after financial items, MSEK	-34	-29	-96	-34	184
Result after tax, MSEK	-30	-21	-74	-26	172
Capital employed, MSEK	1,621	1,667	1,602	1,721	1,682
Net debt, MSEK	906	806	837	843	817
Gross margin, %	15,7	19,2	18,6	20,5	26,6
Operating margin, %	-2,5	-1,1	-3,4	0,7	11,1
Profit margin, %	-4,1	-3,1	-5,5	-1,6	9,0
Return on capital employed, % <sup>1)</sup>	-2,5	-1,2	-3,6	0,9	16,0
Return on equity, % <sup>1)</sup>	-8,3	-4,8	-9,1	-3,0	24,2
Return on total assets, % <sup>1)</sup>	-1,7	-0,4	-2,2	1,7	12,0
Capital turnover rate, times	0,8	0,8	0,8	1,0	1,1
Equity ratio, %	35,2	39,0	36,2	36,8	38,9
Interest coverage ratio, times <sup>2)</sup>	-2,5	-1,1	-1,8	0,4	5,5
Debt/equity ratio, times	1,3	0,9	1,1	1,0	0,9
Number of employees at the end of the period	1,523	1,557	1,538	1,812	1,723

<sup>1)</sup> Return ratios have been annualized.

<sup>2)</sup> Interest coverage ratio calculation is based on a moving 12 months period.

## ● DATA PER SHARE

	First six months		Full year		
	2010	2009	2009	2008	2007
Net earnings before dilution, SEK	-3.13	-2.11	-7.57	-2.62	18.06
Net earnings after dilution, SEK	-3.13	-2.11	-7.57	-2.62	18.06
Net asset value, SEK	73.25	88.11	78.35	89.88	88.54
Cash flow from operating activities, SEK	-6.86	5.54	5.60	22.24	-24.12
Dividend paid, SEK <sup>1)</sup>	-	-	-	4.50	2.36

<sup>1)</sup> Dividend paid during the year.



## ● DEFINITIONS

**CAPITAL EMPLOYED** Total assets less liquid funds and non-interest bearing liabilities.

**CAPITAL TURNOVER RATE** Net turnover in relation to average total assets.

**DEBT/EQUITY RATIO** Interest bearing liabilities less liquid funds in relation to recorded equity, including minority interests.

**EARNINGS PER SHARE** Result for the year divided by the average number of shares.

**EQUITY RATIO** Equity (including minority shares) in relation to total assets.

**GROSS MARGIN** Net turnover minus cost of goods sold in relation to net turnover.

**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 turnover.

**OPERATING RESULT** Result before financial items; EBIT.

**PROFIT MARGIN** Result after financial items 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.

# Comments on the financial development

## *THE FIRST SIX MONTHS 2010 COMPARED TO THE FIRST SIX MONTHS 2009*

The Group's net sales fell by SEK 112 million to SEK 809 million (SEK 921 million during the first six months 2009) or 12 per cent. This was primarily due to lower volumes, particularly in China and Sweden, and a negative rate trend in Euro and GBP. The operating result worsened by SEK 9.7 million to SEK -20.0 million (SEK -10.3 million), which primarily is attributable to developments in the operations in China.

During the second quarter 2010, Elanders has observed a certain recovery and a positive change in the order inflow in several of the Company's markets. Especially in the later part of the quarter an improvement has been observed compared to the same period the previous year. Also in the Swedish market, the occupancy rate has been better and the order inflow has increased from, for example, the automotive industry and the public sector compared to the first quarter 2010.

### *Investments and depreciation*

Investments for the period amounted as of 30 June 2010 to SEK 21 million (SEK 30 million), of which SEK 3 million (SEK 0 million) was attributable to acquisitions. The Group's depreciation and write-downs amounted to SEK 44 million (SEK 51 million).

### *Financial position, cash flow and equity ratio*

The Group's net debt amounted as of 30 June 2010 to SEK 906 million (SEK 806 million). The operating cash flow for the first six months 2010 amounted to SEK -71 million (SEK 67 million), of which SEK -3 million (SEK 0 million) was attributable to acquisitions. The decreased cash flow was a result of a lower level of working capital during the first six months 2009 and an increase of the working capital during the same period 2010. The equity amounted to SEK 715 million (SEK 860 million), which resulted in an equity ratio of 35.2 per cent (39.0 per cent).

### *Personnel*

The average number of employees during the period was 1,487 (1,625), of which 461 (541) in Sweden. At

the end of the period the Group had 1,523 (1,557) employees. In June, Jonas Brännerud took over as managing director of Elanders Sverige AB and was appointed member of Elanders' management.

## *FINANCIAL YEAR 2009 COMPARED TO 2008*

The Group's net sales fell during 2009 with 20 per cent to SEK 1,757 million (SEK 2,191 million during 2008). This was primarily due to decreased demand from customers within the automotive and consumer electronics industries and an unfavorable price development on printed matter produced with offset as a result of capacity surplus in Europe. The year 2009 was characterized by a solid demand in Great Britain, Italy, Brazil and Poland, but the operations in Sweden, Norway, Germany, Hungary, China and the USA had a more difficult year. In these operations decreased volumes from customers within the automotive and consumer electronics industries entailed a non satisfactory profitability. During the year another thorough reorganization of the Swedish operations was implemented for the purpose of adapting the capacity to the market and to coordinate production and marketing. In Hungary measures were also taken to adjust the costs and to render the administration more effective. Further, the managing director and a couple of other members of the management team in Sweden were replaced. These measures rendered costs of in total SEK 35 million in 2009. All together, this meant that the Group's operating results fell by SEK 76.0 million to SEK -60.1 million (SEK 16.0 million). The Group's negative net financial income was improved due to lower interests and amounted to SEK -36.0 million (SEK -50.3 million). The Group's operating results pre-tax amounted to SEK -96.1 million (SEK -34.3 million). Results after tax amounted to SEK -74.4 million (SEK -25.7 million).

### *Investments and depreciation*

Investments during 2009 amounted to SEK 73 million (SEK 116 million), of which SEK 0 million (SEK 59 million) was attributable to acquisitions. The investments referred principally to production equipment and software to and adaptations of business

systems. The Group's depreciation amounted to SEK 101 million (SEK 103 million).

#### *Financial position, cash flow and equity ratio*

At the end of 2009 the Group's net debt amounted to SEK 837 million (SEK 843 million). Unutilized credits amounted to SEK 99 million (SEK 191 million). The operating cash flow amounted to SEK 42 million (SEK 107 million excluding sale of real estate of SEK 110 million). The decrease in cash flow was principally attributable to the decreased results from operations. The equity ratio as of the balance date 2009 amounted to 36.2 per cent (36.8 per cent).

#### *Personnel*

The average number of employees during 2009 was 1,581 (1,809), of which 506 (628) in Sweden. At the end of 2009 the Group had 1,538 (1,812) employees, of which 470 (585) in Sweden. The principal cuts in personnel during 2009 were made in Sweden, Germany and Hungary.

#### *FINANCIAL YEAR 2008 COMPARED TO 2007*

The Group's net sales increased during 2008 with 8 per cent to SEK 2,191 million (SEK 2,036 million during 2007). This was primarily due to acquired entities and the development in China. The year 2008 was characterized by a solid demand in China, Germany, Great Britain and Poland, but the operations in Sweden, Italy, Hungary and the USA had a more difficult year. In these operations decreased volumes from customers within the automotive, white goods and consumer electronics industries entailed a non satisfactory profitability. During 2008 a thorough restructuring of the Swedish operation was implemented with the purpose of adapting the capacity to the market and to coordinate production and marketing. In Hungary measures were also taken to adjust the costs and to render the administration more effective. These measures rendered costs of in total SEK 89 million, whereof SEK 65 million in the fourth quarter 2008. All together, this meant that the Group's operating results fell by SEK 210.8 million to SEK 16.0 million (SEK 226.8 million). The Group's negative net

financial income fell due to the acquisitions and high interests and amounted to SEK -50.3 million (SEK -42.7 million). The Group's operating results pre-tax amounted to SEK -34.3 million (SEK 184.1 million). Results after tax amounted to SEK -25.7 million (SEK 172.2 million).

#### *Investments and depreciation*

Investments during 2008 amounted to SEK 116 million (SEK 435 million), of which SEK 57 million (SEK 248 million) was attributable to acquisitions. The other investments of SEK 59 million were at a normal level and referred principally to production equipment in England, Sweden and Poland. The Group's depreciation amounted to SEK 103 million (SEK 84 million).

#### *Financial position, cash flow and equity ratio*

At the end of 2008 the Group's net debt amounted to SEK 843 million (SEK 817 million). Unutilized credits amounted to SEK 191 million (SEK 284 million). The operating cash flow increased to SEK 274 million (SEK 18 million) and was burdened by SEK -57 million (SEK -248 million) attributable to acquisitions. The increase in cash flow was principally attributable to the fact that payment for the real estates in Kungsbacka that were sold in 2007 for SEK 110 million was made during the first quarter and a general improvement of working capital and lower investment levels. The equity ratio as of the balance date 2008 amounted to 36.8 per cent (38.9 per cent).

#### *Personnel*

The average number of employees in the Group during 2008 was 1,809 (1,579), of which 628 (706) in Sweden. At the end of 2008 the Group had in total 1,812 (1,723) employees.

# Financial goals and other financial information

*Elanders has established certain goals for the long term financial development of the operations. Actual results may materially deviate from Elanders' goals. The financial information for the financial years 2007-2009 have been audited by Elanders' auditors.*

## ELANDERS' FINANCIAL GOALS

### Operating margin

The operating margin for the Group shall be 7-10 per cent.

### Return on capital employed

The return on capital employed shall amount to approximately 10 per cent.

### Equity ratio

The equity ratio shall be at least 30 per cent.

### Debt/equity ratio

The debt/equity ratio shall be less than 1.

### Investments

Over time, investments in production equipment shall not exceed the depreciation or 4 per cent of net sales.

### Growth goals

Net sales and operating result shall increase annually with 5-10 per cent and at least half of the increase shall be organical.

## OTHER FINANCIAL INFORMATION

### Net sales and operating expenses

#### Net sales

Revenues from sales are reported when all risks and rights pertaining to the ownership have passed to the buyer, which normally occurs when the products have been delivered to the customer, the price has been established and payment of the claim has been duly made.

#### Personnel costs

Personnel costs are mainly composed of salaries and therewith associated costs. During the financial years 2007-2009, personnel costs have amounted to between 32 and 33 per cent of the Company's total costs.

#### Paper costs

After personnel costs, paper costs are Elanders' biggest cost item. During 2009, the paper costs amounted to approximately 17 per cent of the Company's total costs. During 2008 and 2007 the corresponding figure was approximately 18 per cent of total costs.

## Investments

Apart from the business acquisitions made, the main investments during the period 2007-2009 were replacement investments in offset equipment in Germany and Hungary. The most significant business acquisitions are the following:

### 2007

- Sommer Corporate Media GmbH & Co KG (Germany)

### 2008

- Seiz Printing Inc. (USA)
- Mairs Graphische Betriebe GmbH & Co KG (Germany)

For further information on the business acquisitions, see the annual reports for the respective year. The Company's investments are primarily financed with existing working capital.

## Working capital

The single largest item in the balance sheet as of 30 June 2010 is composed of accounts receivables. The customers are normally invoiced upon delivery, with payment terms between 30-120 days, the different terms depending on country and customer. Inventories are the second largest item on the asset side of the working capital. The main parts of Elanders' purchases are made in SEK. On the liability side of the working capital, accounts payable are normally the largest item. Elanders is invoiced by its suppliers after each delivery. The working capital is normally positive for Elanders, meaning that non-interest bearing current assets are bigger than non-interest bearing short term debts. This entails that an expansion of the operations in general will give rise to an increased capital formation in the form of working capital. Due to seasonal variations in sales and other factors, the capital formation varies during the year.

Two Swedish banks have recently resolved to grant the Company a new credit facility of SEK 800 million, which replaces present working capital financing, and an additional loan of Euro 16 million. The terms and conditions for the credit facility and the loan are customary. The credit facility and the loan are conditional of the Offer being completed and that the Company thereby is provided with more than SEK 200 million.

The reasons for the rights issue at hand are to satisfy Elanders' working capital need, to strengthen Elanders' financial position and to build a strong platform in order to meet the expected recovery by

## ● INVESTMENTS

Period	Amount (MSEK)	Comment
2007	435	Acquisition of Sommer and investments in machinery in China, Hungary, England and Germany.
2008	116	Acquisition of Seiz Printing and Mairs and investments in machinery in England Sweden, and Poland.
2009	73	Investments in intangible assets and machinery in sweden, Germany and Hungary.
Jan-Jun 2010	21	Investments in machinery in Hungary.

Elanders' customers and to create a basis for continued growth and development of Elanders. The Company's existing working capital is not sufficient for the current needs during the twelve-month period to come. Without the proceeds from the Offer, and thereby without the credit facility and the loan as set out in the preceding paragraph, the existing working capital would according to the board's assessment be sufficient to continue the Company's operations for a few additional months, and Elanders would according to the board's assessment need to seek other funding in an amount corresponding to the credit facility and the loan and approximately half of the proceeds from the Offer in order to be able to continue operations for the twelve-month period to come. However, with the proceeds provided to the Company through the Offer, together with available credit facilities and current working capital, Elanders will be able to accelerate the comprehensive rationalization work initiated principally in Sweden with the purpose of regaining profitability in the Company and to evaluate new acquisitions in strategically important areas, such as packaging. Further, as a result of the Offer, Elanders' financial position will be strengthened by a lower indebtedness and reduced liquidity risk, whereby the financial freedom of action will be satisfying for the time to come. Accordingly, the board assesses that the Company's working capital, once the proceeds from the Offer have been provided to Elanders, will be sufficient for the future needs.

#### **Real estate**

Elanders conducts the main part of its operations in rented premises, but owns the real estates where operations are conducted in Falköping (Sweden), Plonsk (Poland) and Zalavölö (Hungary). The rental agreements run at varying length and, according to Elanders' assessment, at marketable terms.

#### **Goodwill**

The booked value for goodwill amounted to approximately SEK 863 million as of 30 June 2010. This amount is mainly attributable to the acquisitions of the different companies in Sweden, Germany and Great Britain. A write-down assessment is made at least once each year for the goodwill, which is based on the expected cash flows for the future. Write-down is made if deemed necessary. Any write-downs are accounted for in the income statement.

#### **Exchange rate effects**

The Group's exchange rate exposure mainly arises in connection with export sales (transaction exposure), recalculation of balance items in foreign currency and recalculation of the foreign subsidiaries' net results and net assets (translation exposure).

#### **Transaction exposure**

In accordance with Elanders' established finance policy, contracted payment flows, but normally not forecast and budgeted payment flows, shall be hedged against exchange rate changes. Contracted net flows within the coming twelve-month period are hedged to 100 per cent, but contracted new flows for longer periods are hedged to 80 per cent. Elanders uses exchange rate forward contracts when handling exchange rate exposures and applies secure accounting regarding contracted future payment flows and recalculation of financial assets and liabilities. Any rate differences on working receivables and working liabilities and on exchange rate forward contracts held for securing reasons are accounted for as other operating income or other operating costs. Rate differences on financial liabilities and claims are accounted for in net financial items.

#### **Translation exposure**

Financial assets and liabilities shall according to Elanders' established policy be exchange rate secured to 100 per cent, while recalculation differences attributable to net results are not exchange rate secured.

### **● PLEDGED ASSETS AND CONTINGENT LIABILITIES <sup>1)</sup>**

#### **Pledged assets**

TSEK	31 december		
	2009	2008	2007
Real estate mortgages	59 924	62 586	175 935
Floating charges	202 656	159 043	232 585
Other pledged assets	63 677	85 289	34 500
<b>Total</b>	<b>326 257</b>	<b>306 918</b>	<b>443 020</b>
<b>Whereof given to:</b>			
Credit institutions	326 257	306 918	443 020
<b>Total</b>	<b>326 257</b>	<b>306 918</b>	<b>443 020</b>

#### **Contingent liabilities**

TSEK	31 december		
	2009	2008	2007
Other contingent liabilities	7 119	18 031	33 889
<b>Total</b>	<b>7 119</b>	<b>18 031</b>	<b>33 889</b>

<sup>1)</sup> All information has been audited.



## ● FINANCIAL POSITION AS OF 30 JUNE 2010

### Equity and debts

MSEK	30 June 2010
<b>Total current debt</b>	<b>1,205.0</b>
Guaranteed	-
Secured	883.6
Unsecured	321.4
<b>Total non-current debt</b>	<b>111.8</b>
Guaranteed	-
Secured	57.5
Unsecured	54.3
<b>Shareholders' equity</b>	<b>715.2</b>
Share capital	97.6
Other reserves	617.6

### Net indebtedness

MSEK	30 June 2010
A. Cash	48.8
B. Cash equivalents	-
C. Trading securities	-
<b>D. Liquidity (A+B+C)</b>	<b>48.8</b>
E. Current bank debt	883.5
F. Current portion of non-current debt	-
G. Other current financial debt	-
<b>H. Current financial debt (E+F+G)</b>	<b>883.5</b>
<b>I. Net current financial indebtedness (H-D)</b>	<b>834.7</b>
J. Non-current bank loans	57.5
K. Bonds issued	-
L. Other non-current loans	13.4
<b>M. Non-current financial indebtedness</b>	<b>70.9</b>
<b>N. Net financial indebtedness</b>	<b>905.6</b>

### SIGNIFICANT EVENTS AFTER ANNOUNCEMENT OF THE INTERIM REPORT

No material changes have occurred as regards the Group's financial position or position on the market since the latest interim report for the first six months 2010 was announced.

### FORECAST FOR 2010

In the interim report for the first six months 2010 that was announced on 15 July 2010 it is stated that "The forecast for 2010 is a pre-tax result of around SEK -110 million including the restructuring costs in the second half of the year of about SEK 80 million. A positive pre-tax result is expected in 2011."

### Forecast regarding results before taxes

The forecast for the year-end 2010 result pre-tax is based on the outcome of the first six months and presumes a certain recovery in China. Costs of about SEK 80 million

are included in the forecast results, which are attributable to rationalizations that will be made in principally Western Europe and that are estimated to burden the results for the second six months 2010. The forecast for a positive pre-tax result during 2011 is based on the assumptions now made for the full year 2010 and with consideration taken to the savings that are estimated to be generated from the structural actions.

### Principal assumptions made in the above forecast

The following principal assumptions have been made as regards factors that are outside of Elanders' control.

### Exchange rate and interests

The below assumptions have been made as regards exchange rates;

Currency	Currency rate, SEK	
	2010	2011
BRL	4.06	4.32
CNY	1.06	1.15
EUR	9.84	9.60
GBP	11.19	11.35
NOK	1.22	1.21
PLN	2.48	2.36
SEK	1.00	1.00
USD	7.29	7.83

The borrowing interest is based on the FRA-interest.

### Paper costs

The prices for the paper quality that Elanders utilizes have been fairly stable during the preceding years, but the price trend has been rising during 2009 and 2010. It has been assumed that the paper prices for the remaining part of 2010 and 2011 are unchanged compared to the first six months 2010.

### Personnel costs

In the budget process, Elanders utilizes the expected outcomes from negotiations between the parties on the employment market. In Sweden and Western Europe, this is assumed to entail salary increases of 2-3 per cent, while the salary increases in Eastern Europe, South America and China often are subject to individual negotiations and have been assumed to become higher.

### Elanders' process for budget and forecasts

Elanders' process for the budget work is based on a thorough work within each Group company that starts in September each year. The starting points thereto are the local market positions, the Group's goals and assumptions of the kind described in the preceding section. The latter are established in cooperation with the Group's management. In November each year, the different companies present their budget proposals in the form of detailed income statements and balance sheets together with information on suitable investments and any assumptions made etc. These proposals are firstly evaluated for each company by the Group management and are thereafter compiled to a Group budget that also in-

cludes assessments on cash flows, financing needs, financing costs and costs for activities within the whole Group. Further, in November each year, the Group management meets for a budget meeting where the final proposal for a Group budget is established. This proposal is evaluated by the board that thereafter approve the final budget. The budget is followed up each month by the Group man-

agement and the board. Full-year forecasts for internal use are prepared on a quarterly basis or when otherwise needed, based on analyses of deviations from the original budget. Full-year forecasts that are communicated to the market are based on the same procedure as set forth above.

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*To the Board of Directors of Elanders AB (publ)*

**AUDITOR'S REPORT REGARDING FORECAST**

We have examined how the forecast set out on page 30 in Elanders AB's (publ) prospectus dated 25 August 2010 has been prepared.

***The Board of Directors' and the Managing Director's responsibility***

It is the Board of Directors' and the Managing Director's responsibility to prepare the forecast, together with the material assumptions upon which it is based, in accordance with the requirements of EU Regulation 809/2004/EC.

***The auditor's responsibility***

It is our responsibility to provide an opinion required by Annex I item 13.2 of EU Regulation 809/2004/EC. We are not required to, nor do we, express an opinion on the possibility of achievement of result or on the assumptions on which the preparation of the forecast is based. We do not accept any responsibility for any financial information previously reported on and used in the compilation of the forecast beyond that owed to those to whom any reports on that financial information were addressed by us at the dates of their issue.

***Work performed***

We performed our work in accordance with FAR SRS's Recommendation RevR 5 Examination of Prospectuses. Our work included an evaluation of the procedures undertaken by the Board of Directors and the Managing Director in compiling the forecast and the accounting policies used when compiling the forecast compared to those policies normally adopted by the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to obtain reasonable assurance that the forecast has been compiled based on the basis stated on pages 30-31.

Since the forecast and the assumptions on which it is based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the forecast. Differences may prove to be material.

***Opinion***

In our opinion the forecast has been compiled on the basis stated on pages 30-31 and in accordance with the accounting principles applied by the company.

Gothenburg, 25 August 2010

***PricewaterhouseCoopers AB***

Mikael Eriksson  
*Authorised public accountant  
Auditor in charge*

Johan Rippe  
*Authorised public accountant*

# Legal matters

## *SIGNIFICANT AGREEMENTS*

Elanders has a number of large customers that the Company has contracted for delivery of products and services and with whom the Company has close and long relationships. The customers include global companies within the automotive, consumer electronics, white goods and educational material industries as well as other industry and trade.

### *Supply agreements*

Elanders' major suppliers are found in the areas paper, transportation, printing plates and printing equipment (printing presses, printers and related equipment) as well as sub-contractors of bookbinding services etc. Elanders has general agreements on group level for the delivery of paper with Stora Enso, Papyrus and Holmen Paper. There is a contract with Posten Sverige for transportation. The Company also has so-called "click contracts", which in brief is a contract where payment is based on the numbers of prints produced, with HP, Fuji, Kodak and Océ for the delivery of digital printing presses, related equipment and printing plates. Similar agreements exist for the ark offset machines that are leased from Heidelberg and others.

### *Customer agreements*

The majority of Elanders' agreements with customers do not contain volume level obligations from the customers. Typically, they are instead different kinds of delivery-on-call contracts. For smaller orders the parties usually enter standard agreements prepared and adapted to the particular services such as ALG10 for graphic services and the IT & Telecom Industries' standard agreements.

## *PERMITS*

Elanders' operations require in certain circumstances permission to carry out environmentally hazardous operations, which is further described in the section *Environment* below. In addition, Elanders' operations in China require special permits regarding environmental impact and operations in general.

## *ENVIRONMENT*

In certain cases printing companies carry out environmental hazardous operations. Several of Elanders' subsidiaries are required to have permits or submit reports by environmental legislations in each respective country depending, among other things, on their consumption of solvents. The Group's operations mainly cause direct environmental impact through noise and emissions of solvents into air as well as some small emissions into water.

In connection with the divestiture of Elanders Tryckeri in February 2007 the Company agreed to compensate Elanders Tryckeri for any expenses that may arise due to certain ground pollution. The background hereto is that the Environmental Authority in Gothenburg ordered Elanders Tryckeri to take decontamination measures on the property Kallebäck

2:3 in Gothenburg, which is currently owned by AP Fastigheter AB and where Elanders has previously operated. The ground contamination is due to leaks in the drainage system previous to 1970 and mainly consists of heavy metals such as zinc, chrome and copper. Elanders appealed the Environmental Authority's decision to the County Council which rejected the appeal. Elanders thereafter appealed to the Environmental Court in Vänersborg which overturned the Environmental Authority's order in a decision in March 2004. The question of responsibility has consequently been under dispute. AP Fastigheter AB's demand for remuneration for the decontamination of Kallebäck 2:3 still remains. Elanders has not accepted responsibility but the parties agreed in the autumn of 2005 to let Golder Associates perform a ground investigation, which now has been carried out. Given the circumstances regarding responsibility and the limited scope of contamination Elanders believes that this matter does not constitute a material financial risk for the Group.

## *DISPUTES*

Elanders Sverige AB is currently discussing with a supplier of IT development services certain deficiencies in the development work performed by the supplier for Elanders Sverige AB. As a result hereof Elanders Sverige AB withholds payment of invoices from the supplier amounting to approximately SEK 2 million. In addition, Elanders Sverige AB has further claims towards the supplier due to the development work. No legal actions have been taken by either party.

Apart from what is set forth above, Elanders has not been party to any governmental, legal or arbitration proceedings during a period covering the previous 12 months which have had, or may have, significant effects on the Company's financial position or profitability.

## *TRANSACTIONS WITH RELATED PARTIES*

Peter Sommer, who is a member of the Group management and managing director of the German subsidiary, has certain interests in one of the customers to the German operations, dlo GmbH, Deutsche Online Medien GmbH. He owns 40 per cent of the shares in this company. During 2009 the sales to this company amounted to SEK 48.6 million. It is Elanders' assessment that the pricing has been made on market terms.

Related parties to Peter Sommer own a property in which Elanders GmbH conducts the main part of its operations. During 2009 Elanders GmbH paid rent for this property amounting to SEK 9.1 million, which is assessed to be market terms.

Further, in order to facilitate Elanders' liquidity provision until the issue proceeds from the Offer have been received, Carl Bennet AB has on couple of occasions during July and August 2010 provided Elanders with loans on terms which are assessed to be marketable, however, that Carl Bennet AB has refrained from requiring any security for its claims.

In addition thereto, Elanders' major owner, Carl Bennet AB, has undertaken to subscribe for its pre-

emptive part and any other shares not subscribed for by others in the Offer, see the section *Subscription commitment and issue guarantee* below.

In the below table all transactions with closely related parties during the financial years 2007-2009 are set forth.

#### Sales of products and services

SEK '000	2009	2008	2007
Carl Bennet with associated company <sup>1)</sup>	42	185	199
Jointly controlled entities	218	3,218	2,025
<b>Summa</b>	<b>260</b>	<b>3,403</b>	<b>2,224</b>

#### Purchase of products and services

Kkr	2009	2008	2007
Carl Bennet with associated company <sup>1)</sup>	535	559	329
Jointly controlled entities	9,021	4,620	2,035
<b>Summa</b>	<b>9,556</b>	<b>5,179</b>	<b>2,364</b>

<sup>1)</sup> The transactions with Carl Bennet primarily concern costs stemming from his role as Chairman of the Board in Elanders AB. Associated company refers to Carl Bennet AB.

#### INSURANCES

Elanders has a customary company insurance that, among other things, covers property and liability as well as business journeys. The insurance protection is subject to an ongoing evaluation. The board believes that the company insurance is adequate for the current extent of operations.

#### SUBSCRIPTION COMMITMENT AND ISSUE GUARANTEE

On 15 July 2010 the Company entered an agreement with the Company's largest shareholder, Carl Bennet AB, regarding subscription commitment and issue guarantee in connection with the Offer. Carl Bennet AB has thereby undertaken to subscribe for its pre-emptive part of the Offer, which corresponds to approximately 23 per cent of the total number of shares comprised by the Offer, corresponding to approximately SEK 49 million. In addition thereto, Carl Bennet AB has undertaken to subscribe for any additional shares in the Offer which are not subscribed for by others. Accordingly, the Offer is guaranteed in its entirety. Accord-

ing to the board's assessment Carl Bennet AB has a good credit worthiness and thus will be in a position to fulfill its undertakings in accordance with the above. However, the undertakings are not secured by way of pledge, escrow deposits or any similar arrangement.

For the part of Carl Bennet AB's undertaking that relates to subscription in excess of Carl Bennet AB's pre-emptive part of the Offer, Carl Bennet AB will receive guarantee provision of 1.5 per cent of the guaranteed amount, which corresponds to approximately SEK 2.5 million.

Carl Bennet AB's address is P.O. Box 7171, SE-402 33 Gothenburg, Sweden.

#### INTANGIBLE ASSETS

Elanders develops and owns the copyright to the softwares WebBase, M3 and AutoDoc, which also include certain third party software. Elanders' customers may either enter into licensing agreements to install the software with the customers or enter into servicing agreements in order to profit from the software's functions through the Internet. Elanders also provides the e-business solution WOLF which is based on third party software and to which Elanders, after requests from customers, makes amendments and adjustments.

#### DOCUMENTS AVAILABLE FOR INSPECTION

Elanders' articles of association together with all reports, historical financial information, valuations and expert opinions made on Elanders' request, and which to some extent are part of or are referred to in this Prospectus, are available at Elanders during the valid period of the Prospectus. Information regarding Elanders is also available on the Company's website [www.elanders.com](http://www.elanders.com).

#### INCORPORATION BY REFERENCE

Elanders accounts for the financial years 2007-2009 are part of this Prospectus and shall be read in connection herewith. The accounts are contained in the annual reports for each respective year. The accounts have been audited by the Company's auditor and the auditor's reports are attached to the annual reports. The annual reports are available on Elanders' website, [www.elanders.com](http://www.elanders.com), and are available from the Company, free of charge, during the valid period of the Prospectus.

# Share capital and ownership

## GENERAL

Elanders is a Swedish public limited liability company with registration number 556008-1621. The Company conducts its business activities in accordance with the laws of Sweden. The company was established on 7 March 1908 and its registered office is in Mölnlycke, Sweden.

## SHARE CAPITAL

The share capital of Elanders is expressed in SEK and is apportioned among the shares issued by the Company with a quotient value also expressed in SEK. The shares in Elanders have been issued in accordance with the laws of Sweden. The shareholders' rights, including the rights of the minority shareholders, related to the shares may only be amended in accordance with the procedures set forth in the Swedish Companies Act (Sw. Aktiebolagslagen (2005:551)).

At the extraordinary general meeting of shareholders of Elanders on 23 August 2010 it was resolved, in view of the Offer, to increase the limits for the share capital in the Company's articles of association to not less than SEK 90,000,000 and not more than SEK 360,000,000 and to increase the limits for the number of shares to not less than 9,000,000 shares and not more than 36,000,000 shares. As per the date of this Prospectus, Elanders share capital amounts to SEK 97,649,990, apportioned among 9,764,999 shares in total, whereof 583,333 class A shares and 9,181,666 class B shares. Thus, the quotient value of the share is 10 kronor.

The Offer comprises 583,333 class A shares and 9,181,666 class B shares, which means that the Com-

pany's share capital increases by SEK 97,649,990 from SEK 97,649,990 to SEK 195,299,980. After completion of the Offer, the number of shares will amount to 19,529,998 in total whereof 1,166,666 will be class A shares and 18,363,332 class B shares.

Elanders is a central securities depository company and its shares and share register are registered in electronic form with Euroclear Sweden AB (P.O. Box 7822, SE-103 97 Stockholm). Accordingly, no physical securities are issued, but instead all transactions with the Company's shares are effected electronically by way of registration in the Euroclear system.

Dividends are resolved upon by the general meeting and payments of dividends are effected through Euroclear. Right to receive dividends belong to shareholders that are registered as such in the share register maintained by Euroclear on the record date decided by the general meeting. Dividends are normally paid out as a cash amount per share, but it may also refer to other rights than cash payment. If dividends cannot be paid out to a certain shareholder such shareholder's claim towards the Company will remain and will only be limited by general rules regarding statutory limitation. In case of statutory limitation the full amount will accrue to Elanders. There are no restrictions or specific procedures as regards dividends to shareholders domiciled outside of Sweden.

## DEVELOPMENT OF THE SHARE CAPITAL

The table below shows the changes in Elanders' share capital since 1989 as well as the changes to come as a result of the Offer.

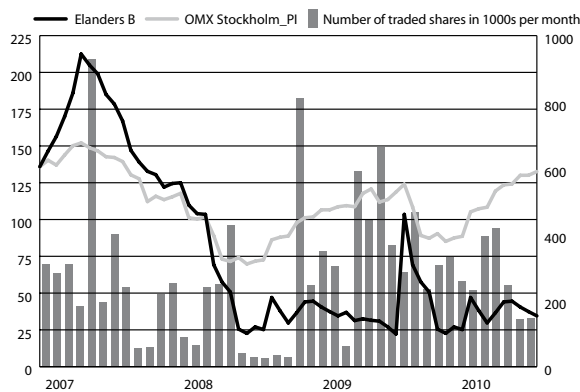
### ● Share capital development

	A shares	B shares	Accumulated shares	Share capital, SEK
At Stock Exchange introduction in 1989	200,000	1,380,000	1,580,000	15,800,000
1991 Directed share issue to acquire Fabritius A/S in Norway		252,000	1,832,000	18,320,000
1993 Bonus issue 1:1	200,000	1,632,000	3,664,000	36,640,000
1997 Directed share issue to acquire the Graphic Systems Group		650,000	4,314,000	43,140,000
1997 Directed share issue to acquire Skandinaviska Lithorex		250,000	4,564,000	45,640,000
1997 Directed share issue to acquire Gummessons		350,000	4,914,000	49,140,000
1997 Rights issue 1:4 in connection with the acquisition of the Minab Group	100,000	1,128,000	6,142,500	61,425,000
1998 Directed share issue to acquire the Skogs Group		1,287,500	7,430,000	74,300,000
2000 Directed share issue to acquire the shares in KåPe Group		450,000	7,880,000	78,800,000
2000 Directed share issue to acquire the shares in Novum Group		490,000	8,370,000	83,700,000
2007 Rights issue 1:6 in connection with the acquisition of the Sommer Corporate Media Group	83,333	1,311,666	9,764,999	97,649,990
2010 The Offer	583,333	9,181,666	9,764,999	97,649,990
<b>Total</b>	<b>1,166,666</b>	<b>18,363,332</b>	<b>19,529,998</b>	<b>195,299,980</b>



### DEVELOPMENT OF THE SHARE PRICE

Elanders' class B share is listed on NASDAQ OMX Stockholm, Small Cap under the trade name ELAN. The share was first listed on 9 January 1989 on the then existing Stockholmsbörsen. The below graph shows the performance of Elanders class B share during the period 1 July 2007 to 31 July 2010.



### MAJOR SHAREHOLDERS AND OWNERSHIP STRUCTURE

As of 31 July 2010 Elanders had 2,627 shareholders. The tables below set forth the Company's major shareholders and the Company's ownership structure as of 31 July 2010 adjusted to reflect all changes known by the Company which occurred thereafter. As of 31 July 2010 the foreign ownership in Elanders amounted to 12 per cent of the shares and 8 per cent of the votes.

### OTHER INFORMATION

As far as the Company is aware there exist no shareholders' agreements or similar arrangements with a view to exercising a joint influence over the Company. The board is not aware of any shareholders' agreements or similar arrangements which could lead to a change of control over the Company.

Elanders' shares are not subject to offers given as a consequence of mandatory bid rules, redemption rights or redemption obligations. Elanders' shares have not been subject to any public takeover bid.

### MAJOR SHAREHOLDERS 31 JULY 2010

Ownership structure 31 July 2010	A shares	B shares	Percent of share capital	Percent of votes
Carl Bennet AB	583,333	1,671,456	23.09%	49.98%
Investment AB Latour		2,030,841	20.80%	13.53%
HQ Funds		829,433	8.49%	5.52%
Odin Fonder, Norway		485,198	4.97%	3.23%
Avanza Pension Försäkring AB		431,840	4.42%	2.88%
MMW Consulting AB		244,836	2.51%	1.63%
Skandia Liv		231,973	2.38%	1.54%
Nordnet Pensionsförsäkring AB		174,705	1.79%	1.16%
Ålandsbanken funds		100,000	1.02%	0.67%
Staffan Ekström		54,675	0.56%	0.36%
Other shareholders		2,926,709	29.97%	19.49%
<b>Total</b>	<b>583,333</b>	<b>9,181,666</b>	<b>100.00%</b>	<b>100.00%</b>

### SHAREHOLDER STATISTICS PER 31 JULY 2010

Number of shares owned	Number of shareholders	Number of A Shares	Number of B Shares	Percent of share capital	Percent of votes
1 - 500	1,905		324,814	3.33%	2.16%
501 - 1,000	290		235,410	2.41%	1.57%
1,001 - 2,000	208		286,957	2.94%	1.91%
2,001 - 5,000	130		417,610	4.28%	2.78%
5,001 - 10,000	45		295,663	3.03%	1.97%
10,001 - 20,000	13		202,303	2.07%	1.35%
20,001 - 50,000	21		524,157	5.37%	3.49%
50,001 - 100,000	3		513,711	5.26%	3.42%
100,001 -	12	583,333	6,381,041	71.32%	81.35%
<b>Total</b>	<b>2,627</b>	<b>583,333</b>	<b>9,181,666</b>	<b>100.00%</b>	<b>100.00%</b>

Sources: SIS Ågarservice och Euroclear Sweden AB.

# The board of directors, management and auditors

## BOARD OF DIRECTORS

### **Carl Bennet, chairman of the board**

Born 1951. Board member and chairman of the board since 1997. BSc economics and Dr. technol. h.c. Chairman in the nomination committee and remuneration committee.

#### *Other appointments:*

Chairman of the board of Carl Bennet AB, Getinge AB and Lifco AB. Board member of Holmen AB, L E Lundbergföretagen AB and SSAB.

#### *Positions held over the past five years:*

Board member of Boliden AB and TeliaSonera AB.

#### *Shareholding:*

583,333 class A shares and 1,671,456 class B shares.

### **Tore Åberg, deputy chairman of the board**

Born 1942. Board member since 2001. BSc economics. Chairman of the auditing committee and member of the remuneration committee.

#### *Other appointments:*

Board member of Tellbe AB and Tellbe Vietnam Ltd Co.

#### *Positions held over the past five years:*

Chairman of the board of PM-Luft AB and PCS Fastighets AB. Board member and managing director of Nordiska Industriaktiebolaget and board member of Almedahls AB, Autotube AB, Camfil Luftfilter AB, C-H Metall AB, Farex AB, FOV Fodervävnader i Borås AB, Gamledahls AB, Helsingelin AB, HS Josephson AB, Hultafor AB, Latour Industrier AB, Latour Industries International AB, Aktiebolaget Sigfrid Stenberg, Specma Hydraulic AB and Swegon AB.

#### *Shareholding:*

7,000 class B shares.

### **Göran Johnsson**

Born 1945. Board member since 2006. Education within the labor union. Member of the auditing committee.

#### *Other appointments:*

Chairman of the board of Calmando AB and Union-skonsult i Rådhusgruppen AB and first deputy chairman of the Swedish Export Credits Guarantee Board. Board member of IQ-Initiativet AB, Sveriges Television AB and Umeå university. Deputy board

member of Stockholm Business Region AB.

#### *Positions held over the past five years:*

Board member of Swedbank AB and Stockholm Business Region AB.

#### *Shareholding:*

1,033 class B shares.

### **Cecilia Lager**

Born 1963. Board member since 2009. Economist. Member of the remuneration committee.

#### *Other appointments:*

Chairman of the board of Föreningen Enskilda Gymnasiet. Board member of Max Mathiessen Värdepapper AB, Kungl. Tennishallen AB and Kvinvest AB. Deputy board member of Färjkarlen Förvaltnings AB.

#### *Positions held over the past five years:*

Chairman of the board of Fondbolagens Förenings Service AB. Board member of Alecta Fond AB, Fondförsäkringsaktiebolaget SEB Trygg Liv and SEB Invest Management AB. Deputy board member of Lager & Partners AB. Managing director of SEB Nationella Fonder AB.

#### *Shareholding:*

800 class B shares.

### **Magnus Nilsson, president and CEO of Elanders**

Born 1966. Board member since 2010. Education in graphical techniques, design, business administration and marketing.

#### *Other appointments:*

None.

#### *Positions held over the past five years:*

None.

#### *Shareholding:*

8,400 class B shares.

### **Hans-Olov Olsson**

Born 1941. Board member since 2007. MSc political science and honorary doctor in economics at the Gothenburg school of business. Member of the remuneration committee.

#### *Other appointments:*

Chairman of the board of Chalmers Tekniska Högskola

AB. Deputy chairman of Volvo Personvagnar AB. Board member of Aktiebolaget SKF and Geely Sweden AB.

*Positions held over the past five years:*

Chairman of the board of Volvo Personvagnar AB. Board member of Ford VHC AB, Höganäs AB, IQ-Initiativet AB, Lindab AB, Vattenfall AB, Volvo Personvagnar Holding AB, Västsvenska Industri- och Handelskammaren Service AB, Ideella Föreningen Svenskt Näringsliv, Ideella Föreningen Teknikarbetsgivarna i Sverige and Ideella Föreningen Teknikföretagen i Sverige.

*Shareholding:*

850 class B shares.

**Kerstin Paulsson**

Born 1963. Board member since 2007. MSc engineering. Member of the auditing committee.

*Other appointments:*

Board member of the Swedish Defence Materiel Administration and the Swedish Agency for Economic and Regional Growth. Deputy board member and managing director of Netsoft Lund AB and Netsoft Lund Development AB. Deputy board member of Netsoft Lund Holding AB.

*Positions held over the past five years:*

Board member of Lifco AB, NUTEK and Blekinge Tekniska Högskola.

*Shareholding:*

500 class B shares.

**Johan Stern**

Born 1951. Board member since 1998. BSc economics. Member of the auditing committee.

*Other appointments:*

Chairman of the board of Fädriften Invest AB and HealthInvest Partners AB. Chairman of the foundation Harry Cullbergs fond. Board member of Carl Bennet AB, Getinge AB, Lifco AB, Rolling Optics AB, RP Ventures AB and Svensk Fastighetsfond AB.

*Positions held over the past five years:*

Chairman of the board of Fiddleledet Konsult AB and ViewServe AB. Board member of Strand Kapitalförvaltning AB.

*Shareholding:*

30,000 class B shares.

**Lillian Larnefeldt, employee representative**

Born 1950. Employee representative since 2009. Education within business administration.

*Other appointments:*

None.

*Positions held over the past five years:*

None.

*Shareholding:*

None.

**Tomas Svensson, employee representative**

Born 1957. Employee representative since 2007. Typographer.

*Other appointments:*

None.

*Positions held over the past five years:*

None.

*Shareholding:*

None.

**Lena Hassini, deputy employee representative**

Born 1961. Deputy employee representative since 2008.

*Other appointments:*

None.

*Positions held over the past five years:*

None.

*Shareholding:*

None.

**Olof Zetterquist, deputy employee representative**

Born 1964. Deputy employee representative since 2009. Graphical college education and journalist.

*Other appointments:*

None.

*Positions held over the past five years:*

None.

*Shareholding:*

100 class B shares.

## MANAGEMENT

### Magnus Nilsson

President and CEO of Elanders since 2009. Responsible for the operations in Great Britain and China.

#### *Background:*

Active within the graphical industry since 1987, started as business developer with Elanders in 1999. Head of production in Elanders operations in Hungary during 2002. Managing director of Elanders Berling Skogs Grafiska AB and Elanders Skogs Grafiska AB during 2003-2005. Managing director for the operations in China 2005-2009.

See above under the heading *Board of directors* for further information on Magnus Nilsson.

### Per Brodin

Director Global Business. Managing director of Elanders Polska Sp. z o.o.

Born 1961. Employed since 1998. Diploma from the Graphical Institute.

#### *Background:*

Active within the graphical industry since 1976. Joined Elanders in connection with the acquisition of the Skogs group in 1998. Managing director of Elanders Hungary Kft during 2002-2009.

#### *Other appointments:*

None.

#### *Positions held over the past five years:*

None.

#### *Shareholding:*

10,000 class B shares.

### Jonas Brännerud

Managing director of Elanders Sverige AB since 2010 and responsible for the operations in Brazil, Norway and Poland.

Born 1982. Employed since 2008. MSc economics.

#### *Background:*

Managing director of the operations in Brazil 2009-2010 and has previously been working within Elanders' units in China and Hungary.

#### *Other appointments:*

None.

#### *Positions held over the past five years:*

None.

#### *Shareholding:*

2,000 class B shares.

### Peter Sommer

Managing director of Elanders GmbH and Elanders Hungary Kft. Responsible for the operations in Germany, USA, Hungary and Italy.

Born 1957. Employed since 2007. Graphical engineer.

#### *Background:*

Sole founder of Sommer Corporate Media. Joined Elanders in connection with the acquisition of Sommer Corporate Media in 2007.

#### *Other appointments:*

None.

#### *Positions held over the past five years:*

None.

#### *Shareholding:*

None.

### Andréas Wikner

Acting CFO since 2010.

Born 1971. Employed since 2007. MSc economics (accounting and auditing).

#### *Background:*

Auditor during 1997-2007. Approved public accountant 2004. Authorized public accountant since 2005.

#### *Other appointments:*

None.

#### *Positions held over the past five years:*

None.

#### *Shareholding:*

500 class B shares.

## OTHER INFORMATION

None of the board members or members of the management named above has any close association with any other board member or member of the management. No conflicts of interest exist between the above board members' and members of the managements' obligations to Elanders and their private interests or other commitments. None of the board members or the members of the management has signed contracts or entered any other agreement with Elanders regarding benefits once their assignment has been concluded. None of the board members or the members of the management has been found guilty in any fraud related cases in the past five years or has been involved in any bankruptcy, liquidation or receivership as a member of a company's administration, management or controlling bodies in the past five years. During the past five years, no board member or member of the management team has been subject to official accusations or

sanctions by inspection or legislative bodies and none of them has been prohibited by a court of law to be active as member of a board or the management or in any other manner conduct business activities in the past five years.

The office address of the board members and members of the management is:

Elanders AB (publ)  
Designvägen 2  
SE-435 33 Mölnlycke, Sweden

The above information regarding shareholding includes companies and other associated parties.

#### AUDITORS

At the annual general meeting 2008 PricewaterhouseCoopers was appointed auditor of Elanders, with authorized public accountant Mikael Eriksson, born 1955,

as auditor in charge. Mikael Eriksson is a member of Far (the institute of the Swedish accounting profession).

Address:

PricewaterhouseCoopers AB  
Anna Lindhs plats 4, P.O. Box 4009, SE-203 11  
Malmö, Sweden

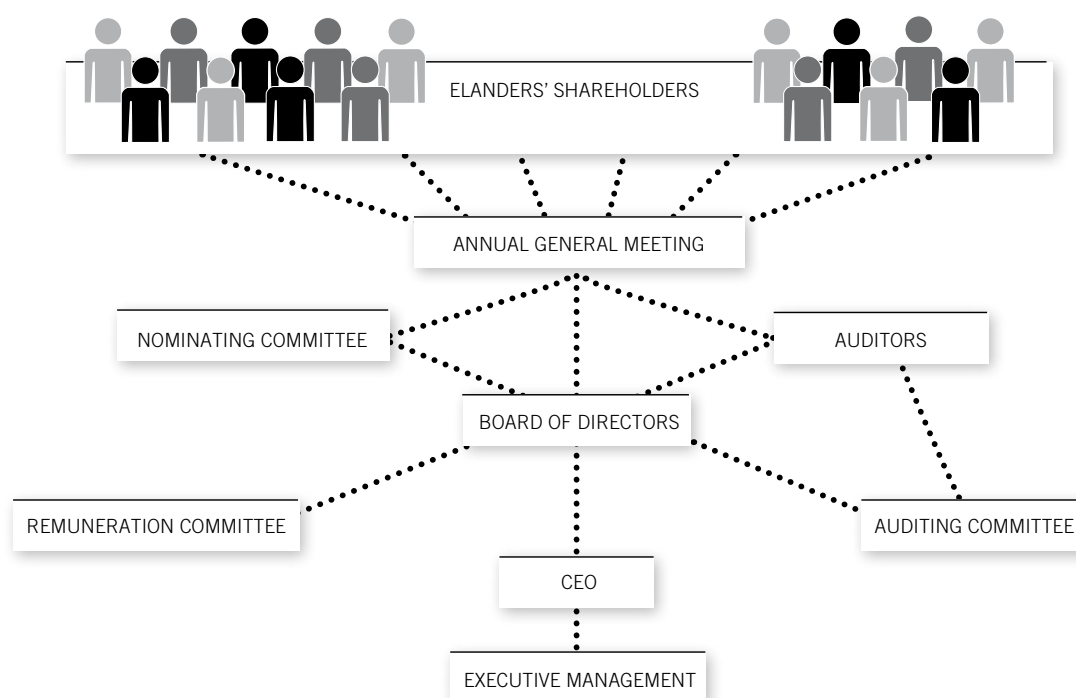
During the period 2004-2007 Deloitte AB was auditor in Elanders, with authorized public accountant Jan Nilsson, born 1962, as auditor in charge. Jan Nilsson is a member of Far.

Address:

Deloitte AB  
Södra Hamngatan 53, SE-401 20 Gothenburg, Sweden



# Corporate governance



## GENERAL

The corporate governance within Elanders is based on Swedish legislation, among others the regulations governing companies whose shares are admitted for trading on NASDAQ OMX Stockholm, which includes the Swedish Code on Corporate Governance (the "Code"). In general, the corporate governance within Elanders can be described as set forth above.

## GENERAL MEETING

The shareholders' rights to resolve on issues concerning Elanders' are exercised at the general meeting, which is Elanders' primary decision-making body. The general meeting resolves, for example, on allocation of the Company's results, appoints members of the board and chairman of the board and establishes guidelines for remuneration to the managing director and other members of the management. The annual general meeting normally takes place in April in Mölnlycke.

At general meetings, one class A share entitles to ten votes and one class B share entitles to one vote. All class A and B shares carry equal rights to the Company's assets and profits. At general meetings, each shareholder that is entitled to vote may vote for the full number of shares held and represented at the meeting, without any limitations. Elanders' class A shares are covered by a post transfer purchase clause in accordance with the articles of association.

## NOMINATION COMMITTEE

The nomination committee prepares proposals to the general meeting as regards, among other things, appointment of and remuneration to the members of the board and the chairman of the board. The nomination committee's proposals are presented in the notice convening the meeting and at the Company's website.

Individual shareholders may make proposals for new members of the board to the nomination committee.

At the annual general meeting in Elanders on 26 April 2010 it was resolved that the nomination committee to the annual general meeting in 2011 shall be composed of Carl Bennet (chairman of the board and representing Carl Bennet AB), Göran Erlandsson (representing the minor shareholders), Hans Hedström (HQ Fonder), Nils Petter Hollekim (Odin Fonder) and Caroline af Ugglas (Investment AB Latour and Skandia Liv). No remuneration is paid to the members of the nomination committee.

The Code states that the chairman of the board shall not be chairman of the nomination committee. However, Elanders has chosen not to follow that rule as it seems natural that the shareholder with the most votes also is chairman of the nomination committee as this person, nevertheless, has a decisive influence on the composition of the nomination committee through the voting majority at general meetings.

## BOARD OF DIRECTORS

### *The board's composition and work*

Pursuant to the articles of association, Elanders' board shall be composed of not less than three and not more than nine members elected by the general meeting, and not more than two deputies. At present the board is composed of eight members with no deputies. In addition thereto, two employee representatives and two deputy employee representatives are part of the board. For further information on the members of the board, see the section *The board of directors, management and auditors*.

The board is responsible for Elanders' operations being conducted in accordance with applicable legislation and the Company's articles of association and

that the resolutions made by the general meeting are effected. The board superintends the managing director's work and concurrently follows up on the development of the day-to-day management and the reliability of the Company's internal control. Further, the board resolves on major changes to the organization, investments and divestments and establishes budgets and the annual accounts. Elanders' board is in compliance with the provision of the Code regarding a majority of the members that are elected by the general meeting being independent of the Company, the management and the major shareholders.

### Remuneration to the board

At the annual general meeting of Elanders in April 2010, it was resolved that remuneration to the board for the time until the annual general meeting 2011 shall be paid with SEK 500,000 to the chairman of the board and with SEK 250,000 to the other members of the board that are not employed by the Company. In addition thereto, it was resolved that remuneration to the chairman of the auditing committee shall be paid with SEK 100,000 and with SEK 50,000 to the other members of the auditing committee and that remuneration shall be paid to the chairman of the remuneration committee with SEK 50,000 and with SEK 25,000 to the other members of the remuneration committee.

## MEMBERS OF THE BOARD, REMUNERATIONS, ATTENDANCE, ETC. 2009

Member	Board, attendance (number of meetings)	Remuneration Committee, presence (number of meetings)	Auditing Committee, attendance (number of meetings)	Remuneration (ThSEK), Board + Committee Work	Total attendance, %	Independent
<b>Members chosen by the AMG</b>						
Carl Bennet, Chairman	11 (11)	1 (1)	Not member	500+50	100	No, owner
Tore Åberg, Vice Chairman	11 (11)	1 (1)	3 (3)	250+125	100	No, owner <sup>5)</sup>
Ingegerd Gréen <sup>1)</sup>	3 (4)	1 (1)	Not member	250+25	80	Yes
Patrick Holm <sup>2)</sup>	5 (5)	Not member	Not member	Employee	100	No, company
Göran Johnsson	11 (11)	Not member	3 (3)	250+50	100	Yes
Cecilia Lager <sup>3)</sup>	7(7)	0 (0)	Not member	250+25	100	Yes
Magnus Nilsson <sup>4)</sup>	-	0 (0)	-	-	-	No, company
Hans-Olov Olsson	10 (11)	1 (1)	Not member	250+25	92	Yes
Kerstin Paulsson	11 (11)	Not member	3 (3)	250+50	100	Yes
Johan Stern	11 (11)	Not member	3 (3)	250+50	100	No, owner
<b>Employee representatives</b>						
Per Hansson	7 (7)	Not member	Not member	Employee	100	No, company
Lena Hassini	10 (10)	Not member	Not member	Employee	100	No, company
Lilian Larnefeldt	9 (9)	Not member	Not member	Employee	100	No, company
Tomas Svensson	10 (11)	Not member	Not member	Employee	91	No, company
Olle Zetterquist	3 (3)	Not member	Not member	Employee	100	No, company
<b>Total</b>					<b>98</b>	

<sup>1)</sup> Ingegerd Gréen declined re-election at the Annual General Meeting 2009-04-23.

<sup>2)</sup> Patrick Holm resigned 2009-06-29.

<sup>3)</sup> Cecilia Lager was elected at the Annual General Meeting 2009-04-23.

<sup>4)</sup> Magnus Nilsson was elected at the Annual General Meeting 2010-04-26.

<sup>5)</sup> Starting from 2010 Tore Åberg is regarded as independent.

## COMMITTEES OF THE BOARD OF DIRECTORS

### Remuneration committee

The remuneration committee is appointed within the board with regard taken to knowledge and experience in matters concerning remuneration. The committee deals with and resolves on matters concerning remunerations to the managing director and remuneration structure for managers that report directly to the managing director. The committee is composed of Carl Bennet (chairman), Cecilia Lager, Hans-Olov Olsson and Tore Åberg.

### Auditing committee

The auditing committee is appointed within the board with regard taken to knowledge and experience in matters concerning reporting, accounting and internal con-

trol. Its main objectives are to supervise the internal control, the routines for financial reporting, therewith adjacent laws and regulations and the auditing within the Group. The committee is composed of Tore Åberg (chairman), Göran Johnsson, Kerstin Paulsson and Johan Stern.

## GROUP MANAGEMENT

### The Group management's composition and work

Elanders managing director leads the Group's operations within the scope of the board's resolutions and is responsible for the board being provided with current reporting of the Group's results and position. He also prepares preparatory material for the resolutions to be made by the board.

The managing director leads the work performed by the Group's management. Apart from Elanders'

managing director Magnus Nilsson, the Company's management team is composed of Andréas Wikner, Per Brodin, Jonas Brännerud and Peter Sommer. For further information on the management team, see the section *The board of directors, management and auditors*.

#### **Remuneration to the Group management**

At the annual general meeting of Elanders in April 2010, it was resolved on guidelines for remuneration to the management team, pursuant to which the remuneration shall be composed of basic salary, flexible salary, other benefits and pension.

The basic salary shall consider the individual's areas of responsibility and experience. The relation between basic salary and flexible salary shall be proportionate to the manager's responsibility and authority. The flexible salary shall be based on the outcome of individually set targets. For the managing director the flexible salary shall amount to not more than 50 per cent of the basic salary. For other members of the management the flexible salary shall amount to not more than 40 per cent of the basic salary.

The members of the management may be awarded with other customary benefits, such as company car, company health care etc.

Pension provisions may correspond to not more than 35 per cent of the pension qualifying salary or, when applicable, not more than the costs for supplementary pension for salaried employees (Sw. ITP) plus any public pension fees or similar. Despite the guidelines, the board shall be entitled to renew already made agreements relating to pension on materially unchanged conditions. The pension qualifying salary shall be composed of the basic salary and an average of the flexible salary over the last three years.

Between the Company and the managing director, a notice period of 18 months shall apply if the employment is terminated by the Company. If the employment is terminated by the managing director, a notice period of 6 months shall apply. The notice period, if the employment is terminated by the Company, shall as regards other members of the management team normally be 3-18 months. Basic salary is paid during the notice period. No severance payment shall be paid.

### ● REMUNERATION TO CHIEF EXECUTIVE OFFICER AND OTHER SENIOR OFFICERS 2009

Kkr	Basic wage/ Board remuneration	Variable remuneration	Other benefits	Pension contributions	Total
Magnus Nilsson, Chief Executive Officer <sup>1)</sup>	1 650	-	21	578	2 249
Patrick Holm, Former Chief Executive Officer <sup>2)</sup>	4 932	-	72	1 743	6 747
Other senior officers (4,5 persons) <sup>3)</sup>	9 600	1 062	1 644	2 374	14 680
<b>Total remuneration to CEO and senior officers</b>	<b>16 182</b>	<b>1 062</b>	<b>1 737</b>	<b>4 695</b>	<b>23 676</b>

<sup>1)</sup> Remuneration for the position of President and CEO during 6 months. In addition, Magnus Nilsson has received remuneration for his role as a member of Executive Management, and as MD for the subsidiary in China before he was made President. This remuneration is included under Other senior officers.

<sup>2)</sup> Received remuneration for the year including a severance pay of 6 months wages. The period of notice for termination ends in December 2010 and the former CEO will receive remuneration the entire termination period.

<sup>3)</sup> In addition to his basic wage a person in Executive Management has invoiced 330 via his own company for consultancy fees. This amount is not included above.

# Tax considerations in Sweden

*Below is a summary of certain Swedish tax issues related to the Offer for private individuals and limited liability companies that are residents of Sweden for tax purposes (unless otherwise stated) and that hold shares of class B or subscription rights of class B in Elanders. The summary is based on current legislation and is intended to provide general information only regarding the shares of class B and the subscription rights of class B for the period during which the shares of class B and the subscription rights of class B, respectively, are admitted for trading on NASDAQ OMX Stockholm.*

The summary does not cover:

- shares, subscription rights and BTAs of class A in Elanders;
- situations where securities are held as current assets in business operations;
- situations where securities are held by a limited partnership or a partnership;
- the special rules regarding tax-free capital gains (including non-deductible capital losses) and dividends that may be applicable when the investor holds shares or subscription rights in Elanders that are deemed to be held for business purposes (for tax purposes);
- the special rules which in certain cases may be applicable to shares or subscription rights in companies which are or have been so-called close companies or to shares or subscription rights acquired by means of such shares or subscription rights;
- foreign companies conducting business through a permanent establishment in Sweden; or
- foreign companies that have been Swedish companies.

Further, special tax rules apply to certain categories of companies. The tax consequences for each individual security holder depend to some extent on the holder's particular circumstances. Each shareholder and holder of subscription rights is advised to consult an independent tax advisor as to the tax consequences relating to the holder's particular circumstances that could arise from the Offer, including the applicability and effect of foreign income tax legislation (including regulations) and provisions in tax treaties for the avoidance of double taxation.

## GENERAL INFORMATION

### **Private individuals**

For private individuals resident in Sweden for tax purposes, capital income such as interest income, dividends and capital gains is taxed in the capital income category. The tax rate in the capital income category is 30 per cent.

The capital gain or the capital loss is computed as the difference between the consideration, less selling expenses, and the acquisition value. The acquisition value for all shares of the same class and type shall be added together and computed collectively in accordance with the so-called average method (Sw. *genomsnittsmetoden*). In this context, it should be noted that shares of different classes in the same company are not regarded as being of the same class and type. Furthermore, BTAs of class B are not regarded as being of the same class and type as the existing shares of class B in

Elanders until the resolution on the new share issue has been registered with the Swedish Companies Registration Office. As an alternative, the so-called standard method (Sw. *schablonmetoden*) may be used at the disposal of listed shares. This method means that the acquisition value may be determined as 20 per cent of the consideration less selling expenses.

Capital losses on listed shares and other listed securities taxed as shares (such as subscription rights and BTAs) may be fully offset against taxable capital gains the same year on shares, as well as on listed securities taxed as shares (however not investment funds containing Swedish receivables only, Sw. *räntefonder*). Capital losses not absorbed by these set-off rules are deductible at 70 per cent in the capital income category.

Should a net loss arise in the capital income category, a reduction is granted of the tax on income from employment and business operations, as well as property tax. This tax reduction is granted at 30 per cent of the net loss that does not exceed SEK 100,000 and at 21 per cent of any remaining net loss. An excess net loss cannot be carried forward to future tax years.

For private individuals resident in Sweden for tax purposes, a preliminary tax of 30 per cent is withheld on dividends. The preliminary tax is normally withheld by Euroclear or, in respect of nominee-registered shares, by the nominee.

### **Limited liability companies**

For Swedish limited liability companies (Sw. *aktiebolag*) all income, including taxable capital gains and dividends, is taxed as income from business operations at a rate of 26.3 per cent. Capital gains and capital losses are calculated in the same way as described for private individuals above.

Deductible capital losses on shares and other securities taxed as shares may only be offset against taxable capital gains on shares and other securities taxed as shares. If a capital loss cannot be deducted by the company that has suffered the loss, it may be deducted the same year from another legal entity's taxable capital gains on shares and other securities taxed as shares, provided that the companies are entitled to tax consolidation (through so-called group contributions) and that both companies request this at the same year of assessment. A net capital loss on shares and other securities taxed as shares that cannot be utilized during the year of the loss, may be carried forward (by the limited liability company that has suffered the loss) and offset in future years against taxable capital gains on shares and other securities taxed as shares, without any limitation in time.

Special tax rules may apply to certain categories of

companies or certain legal persons, e.g. mutual funds and investment companies.

#### *EXERCISE OF RECEIVED SUBSCRIPTION RIGHTS*

If shareholders in Elanders exercise their received subscription rights to acquire new shares, no tax is levied.

#### *SALE OF RECEIVED SUBSCRIPTION RIGHTS*

Shareholders that do not wish to make use of their preferential right to participate in the new share issue can sell their subscription rights. At the disposal of subscription rights the taxable capital gain shall be calculated. Subscription rights deriving from the holding of shares in Elanders are deemed to be acquired for SEK 0. The standard method may not be used to determine the acquisition value in this situation. The entire consideration less selling expenses is thus liable to taxation. The acquisition value of the original shares is not affected. A subscription right that is not exercised or sold and therefore expires is deemed to be disposed of for SEK 0. Since subscription rights received in the way now described are deemed to be acquired for SEK 0, neither a capital gain nor a capital loss will arise.

#### *ACQUIRED SUBSCRIPTION RIGHTS*

The amount payable by anyone buying or similarly acquiring subscription rights in Elanders constitutes the acquisition value of the same. No tax is levied if these subscription rights are exercised to subscribe for new shares. The acquisition value of the subscription rights shall be included when calculating the acquisition value of the shares. If the subscription rights on the other hand are sold, capital gains taxation is triggered. The acquisition value for subscription rights is calculated in accordance with the average method. The standard method may be used for listed subscription rights acquired in the way now described. If the sub-

scription right is not exercised or sold and therefore expires, the subscription right is deemed to be disposed of for SEK 0.

#### *SHAREHOLDERS AND HOLDERS OF SUBSCRIPTION RIGHTS NOT RESIDENT IN SWEDEN FOR TAX PURPOSES*

For shareholders not resident in Sweden for tax purposes that receive dividends on shares in a Swedish limited liability company, Swedish withholding tax is normally withheld. The same withholding tax applies to certain other payments made by a Swedish limited liability company, for example payments as a result of redemption of shares and repurchase of shares through an offer directed to all shareholders or all holders of shares of a certain class. The tax rate is 30 per cent. The tax rate is, however, generally reduced through tax treaties for the avoidance of double taxation. In Sweden, withholding tax deductions are normally carried out by Euroclear or, in respect of nominee-registered shares, by the nominee.

Shareholders and holders of subscription rights not resident in Sweden for tax purposes – which are not conducting business through a permanent establishment in Sweden – are normally not liable for capital gains taxation in Sweden upon disposals of shares or subscription rights. Shareholders and holders of subscription rights, respectively, may however be subject to taxation in their state of residence.

According to a special rule, private individuals not resident in Sweden for tax purposes are, however, subject to Swedish capital gains taxation upon disposals of shares and subscription rights in Elanders, if they have been residents of Sweden or have had a habitual abode in Sweden at any time during the calendar year of disposal or the ten calendar years preceding the year of disposal. In a number of cases though, the applicability of this rule is limited by the applicable tax treaty for the avoidance of double taxation.



# Articles of association

## § 1

The Company is a company limited by shares with the business name Elanders AB (publ).

## § 2

The object of the Company is to pursue book printing and publishing, to acquire and manage property as well as other corresponding activities.

## § 3

Share capital may not be less than SEK 90,000,000 and not more than SEK 360,000,000.

## § 4

The number of shares may not be less than SEK 9,000,000 and not more than 36,000,000.

Shares shall be divided into two series, series A shares and series B shares. Series A shares may be issued in a number corresponding no more than half of the share capital and series B may be issued in a number corresponding no more than all of the share capital. Series A shares represent 10 votes and series B shares represent 1 vote.

## § 5

The legal domicile of the Company is Härryda municipality.

## § 6

The Board shall consist of no less than three members and no more than nine members with no more than two deputies.

## § 7

The Company shall have one or two auditors and no more than two deputy auditors. An authorised auditor or registered public accounting firm shall be appointed as auditor.

## § 8

The duration of the Company's financial year shall be 1 January – 31 December.

## § 9

The Annual General Meeting shall be held at the domicile of the Company or in Gothenburg or Mölnlycke.

At the Annual General Meeting the following business shall be transacted:

1. Election of the Chairman of the Annual General Meeting.
2. Establishment and approval of the voting list.
3. Election of two persons to verify the minutes.
4. Consideration of whether or not the Annual General Meeting has been duly called.
5. Approval of the agenda.
6. Presentation of the annual accounts, the auditors' report, the report of the Directors and comments on the annual accounts.
7. Decide the following:
  - a) to adopt the income statement and balance sheet as well as the consolidated income statement and consolidated balance sheet,
  - b) to allocate of the company's profit or loss according to the adopted balance sheet,
  - c) to grant discharge from responsibility to members of the Board of Directors and the Chief Executive Officer.
8. Adoption of the number of members on the Board of Directors as well as, when required, the number of auditors and deputy auditors.
9. Adoption of remuneration to the Board of Directors and, when required, to the auditors.
10. Election of the Board of Directors and, when required, the auditors.
11. Election of Nomination Committee.
12. The Board of Directors' proposal on resolution regarding guidelines for remuneration to Senior Executives.
13. Other matters for which the Annual General Meeting is responsible according to the Company Act or the Articles of Association.

## § 10

Notice of the Annual General Meeting and an extra General Meeting in which changes in the Articles of Association will be dealt with must be given at the earliest

six weeks and at the latest four weeks before the meeting. Notice of any other extra General Meeting must be given at the earliest six weeks and at the latest two weeks before the meeting. Notice of General Meetings shall be given through advertising in the Swedish Official Gazette as well as in Dagens Industri.

#### § 11

Shareholders that wish to participate in the Annual General Meeting must report their intent to participate to the Company no later than 1:00 p.m. the day given in the call to the Annual General Meeting. This may not be a Sunday, another general holiday, a Saturday, Midsummer Eve, Christmas or New Years' Eve nor be a weekday earlier than five weekdays before the Annual General Meeting. In the case that shareholders wish to bring an assistant (no more than two) to the Annual General Meeting shall the shareholders report this and the number as described above.

#### § 12

The company's shares shall be registered in a record day register according to the law (1998:1479) on recording financial instruments.

#### § 13

If series A shares have been transferred to persons not previously A shareholders in the Company, all other existing A shareholders have the right to redeem the share. The new A shareholder shall immediately notify the share transfer to the Board of Directors in the manner prescribed by the Company Act (right of redemption). Redemption may not be made for fewer shares than the right of redemption comprises. The Board of Directors shall immediately inform in writing each person with a right of redemption, whose address is known to the Company. The notice shall include the period during which their redemption claim must be presented. The Company must have received the redemption claim within two months from the date the Board of Directors received notice of the transfer of A shares. If several persons with a right of redemption make a claim the A shares shall, as far as possible, be divided evenly among those presenting redemption claims. The remaining shares shall be awarded by drawing lots, supervised by a Notary Public.

The redemption amount shall be, when legal acquisition has been through purchase, the purchase price. If the acquirer and the party that has presented a redemption claim cannot reach an agreement on an amount,

the party that has presented a redemption claim must start legal proceedings within two months from the date the Board of Directors received notice of the transfer of A shares. This dispute is settled by arbitration. The redemption amount shall be paid within a month from the date the redemption amount was decided.

#### § 14

If the Company decides to issue new series A and B shares through a cash or offset issue, the shareholders of series A and B shares own the preferential right to subscribe for new shares of the same kind they already own (primary preferential right). Shares not subscribed for through primary preferential right shall be offered to all shareholders (subsidiary preferential right). If there are not enough shares to cover subscription through subsidiary preferential right, the shares shall be divided between subscribers corresponding to the number of shares they already own and, in the case this is not possible, by drawing lots.

If the Company decides to issue series A and B shares through a cash or offset issue, all shareholders, no matter whether they own series A or B shares, own the preferential right to subscribe for new shares corresponding to the number of shares they already own.

If the Company decides to issue, through a cash or offset issue, warrants or convertibles, shareholders own the preferential right to subscribe for warrants as if the issue was for the shares that will be subscribed for because of the option rights respectively the preferential right to subscribe for convertibles as if the issue was for the shares that the convertibles can be exchanged for.

The above shall not signify any limitation in the possibility to decide on a cash or offset issue with deviations from shareholders' preferential right.

When increasing share capital through a bonus issue shall new shares of each series correspond to the number of shares of the same kind already in existence and thereby possession of old shares of a certain series entail the right to new shares of the same kind.

The above shall not signify any limitation in the possibility to, after making the necessary changes in the Articles of Association, issue shares of a new kind through a bonus issue.

#### § 15

The Board of Directors may gather powers of attorney at the Company's expense in accordance with the procedure stipulated in chapter 7 section 4 second paragraph of the Company Act.

## The first half-year

- Net sales fell by 12 % totaling MSEK 809 (MSEK 921).
- Operating result amounted to MSEK -20.0 (MSEK -10.3), of which one-off costs amounted to MSEK 14.8 (MSEK -13.1).
- Pre-tax result was MSEK -33.5 (MSEK -28.7).
- Net result was MSEK -30.5 (MSEK -20.6) or SEK -3.13 per share (SEK -2.11 per share)<sup>1)</sup>.
- Operating cash flow amounted to MSEK -71.4 (MSEK 67.0), of which acquisitions were MSEK -3 (MSEK 0).
- Restructuring will take place during the second half of 2010 primarily in Sweden and will charge earnings in 2010 by some MSEK 80. These measures are expected to reduce costs annually by the same amount with full effect already in 2011.
- As part of Group strategy to broaden our product range Elanders has signed a contract in July to acquire the packaging printing plant Printpack in Germany with net sales of some MSEK 100. This is expected to contribute positively to Elanders' result in 2011.
- The Board proposes a new issue of 1:1 with an issue price of SEK 22 which will provide the company with about MSEK 215 to use in implementing structural measures, financing the acquisition in Germany and strengthening Elanders financial position. The new issue is guaranteed in its entirety by Carl Bennet AB.
- The forecast for 2010 is a pre-tax result of around MSEK -110 including the costs for restructuring during the second half of the year. A positive pre-tax result is expected in 2011.

<sup>1)</sup> There was no dilution during the given periods.

# The second quarter

- Net sales fell by 8 % totaling MSEK 409 (MSEK 445).
- Operating result amounted to MSEK -8.1 (MSEK -22.4), of which one-off costs amounted to MSEK 4.5 (MSEK -13.1).
- Pre-tax result was MSEK -14.1 (MSEK -31.6).
- Net result was MSEK -11.8 (MSEK -24.0) or SEK -1.21 per share (SEK -2.46 per share)<sup>1)</sup>.
- Operating cash flow amounted to MSEK -37.2 (MSEK 45), of which acquisitions were MSEK 0 (MSEK 0).

<sup>1)</sup> There was no dilution during the given periods.

#### COMMENTS BY THE CEO

During the second quarter we saw signs of recovery on several of our markets and there were positive developments in order levels. This improvement was particularly noticeable in the latter half of the quarter compared to the previous year. Even the Swedish market has picked up and, compared to the first quarter, we have better utilized our production capacity and orders have increased from, among others, the automotive industry and public sector.

There is a clear trend in our product range and the market in general. Volumes are growing and will continue to grow in packaging and marketing material at the same time volumes in traditional print, such as books and user manuals, are shrinking slightly.

As part of Group strategy to broaden our offer, we will expand our product range, particularly in packaging production. For this reason Elanders has signed a contract in July to acquire Printpack, a German packaging printing plant with a number of international customers, some 40 employees and net sales of around MSEK 100. This acquisition will give Elanders a platform for continued expansion in packaging and we will

be able to offer customers in Western Europe both local and global production of packaging combined with accompanying information. The acquisition is expected to contribute positively to the Group's result already in 2011.

During the second half of 2010 we will escalate cost and production rationalizations, primarily in Sweden, in order to make Elanders more competitive. This will include moving production capacity from Western Europe to Eastern Europe and South America. The restructuring program will make it possible for Elanders to once again, in 2011, show a positive result.

The new issue proposed by the Board is absolutely vital to Elanders' continued expansion and development. With the funds from the new issue we will be able to bolster our balance sheet, build up a strong platform in anticipation of our customers' expected recovery and hasten necessary rationalizations.

*Magnus Nilsson*  
*President and Chief Executive Officer*

#### NET SALES AND RESULT

MSEK	January - June		
	2010	2009	2008
Net sales	809.2	921.3	1 054.0
Operating expenses	-829.2	-931.6	-997.8
<b>Operating result</b>	<b>-20.0</b>	<b>-10.3</b>	<b>56.2</b>
Net financial items	-13.5	-18.4	-23.5
<b>Result after net financial items</b>	<b>-33.5</b>	<b>-28.7</b>	<b>32.7</b>

MSEK	April - June		
	2010	2009	2008
Net sales	408.7	444.7	532.0
Operating expenses	-416.8	-467.1	-507.1
<b>Operating result</b>	<b>-8.1</b>	<b>-22.4</b>	<b>24.9</b>
Net financial items	-6.0	-9.2	-11.4
<b>Result after net financial items</b>	<b>-14.1</b>	<b>-31.6</b>	<b>13.5</b>

## GROUP

### Net sales and result

#### First half-year

Consolidated net sales fell by MSEK 112 to MSEK 809 (MSEK 921) or 12 %. This was primarily due to lower volumes, particularly in China and Sweden, as well as a negative rate trend in the Euro and the British pound. The operating result worsened by MSEK 9.7 to MSEK -20.0 (MSEK -10.3), which is primarily attributable to developments in China.

#### Second quarter

Consolidated net sales fell by MSEK 36 to MSEK 409 (MSEK 445) or 8 %. The drop was in part due to the unfavorable developments in the Euro and the British pound and in part because operations in China are still suffering from the decline in consumer electronics. The operating result improved by MSEK 14 to MSEK -8 (MSEK -22). The improvement was mainly attributable to lower operating losses, primarily in the Swedish operations.

### Personnel

#### First half-year

The average number of employees during the period was 1,487 (1,625), of which 461 (541) were in Sweden. At the end of the period the Group had 1,523 (1,557) employees.

Jonas Brännerud took over as MD for the Swedish operations in June and became a member of Executive Management.

#### Second quarter

The average number of employees during the period was 1,510 (1,586), of which 460 (517) were in Sweden.

### Investments and depreciation

#### First half-year

Investments for the period totaled MSEK 21 (MSEK 30), of which MSEK 3 (MSEK 0) were acquisitions. Group depreciation and write-downs amounted to MSEK 44 (MSEK 51).

#### Second quarter

Investments for the period totaled MSEK 4 (MSEK 17), of which MSEK 0 (MSEK 0) was acquisitions. Group depreciation and write-downs amounted to MSEK 22 (MSEK 24).

### Financial position, cash flow, equity ratio and financing

Group net debt amounted to MSEK 906 (MSEK 806) and operating cash flow for the second quarter amounted to MSEK -37 (MSEK 45) with MSEK 0 (MSEK 0) attributable to acquisitions. Operating cash flow for the first half-year amounted to MSEK -71 (MSEK 67), of which acquisitions were MSEK -3 (MSEK 0). Equity amounted to MSEK 715 (MSEK 860), which resulted in an equity ratio of 35.2 % (39.0 %).

## PARENT COMPANY

During the period the parent company has provided joint Group services. The average number of employees during the second quarter was 21 (11) and at the end of the period 21 (10). The increase in personnel is related to the development of a global sales organization.

## OTHER INFORMATION

### 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 43-45 in the Annual Report 2009. No significant changes have occurred that have changed the risks as reported there.

### Seasonal variations

The Group's net sales, and thereby income, are affected by the seasonal variations described on page 45 of the Annual Report 2009. Among other information found there is the fact that, historically, almost a third of the Group's net sales occur in the fourth quarter.

### Events after the balance sheet date

As part of Group strategy to broaden our range in packing production, Elanders has signed a contract in July to acquire a packaging printing plant, Printpack, in Germany with net sales of around MSEK 100. The purchase price is estimated at MSEK 25 and the acquisition is expected to contribute positively to Elanders' result in 2011.

No other significant events have taken place after the balance sheet date and the date this reports was signed.

### Forecast

The forecast for 2010 is a pre-tax result of around MSEK -110 including the restructuring costs in the second half of the year of about MSEK 80. A positive pre-tax result is expected 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.

A number of amendments of existing standards, new interpretations etc. have been made by Elanders starting 1 January 2010. Of them the IFRS 3 Business Combination (amended) has had a certain impact on some of our financial reports since new acquisitions



must be dealt with according to this standard.

In all other aspects the same accounting principles and calculation methods as those in the last Annual Report have been used.

#### *FUTURE REPORTS FROM ELANDERS*

Interim report third quarter 2010	21 Oct 2010
The Annual Accounts Report	28 Jan 2011
Annual Report	7 Apr 2011
Interim report first quarter 2011	5 May 2011

#### *DECLARATION AND CERTIFICATION*

The Board of Directors and Chief Executive Officer of Elanders AB (publ) declares that this half-year interim report provides a true and fair overview of the parent company's and Group's operations, their financial position and performance, and describes material risks and uncertainties facing the parent company and other companies in the Group.

*Mölnlycke, 15 July 2010*

Carl Bennet  
*Chairman*

Tore Åberg  
*Vice-chairman*

Göran Johnsson

Cecilia Lager

Hans-Olov Olsson

Kerstin Paulsson

Lilian Larnefeldt

Johan Stern

*Tomas Svensson*

Magnus Nilsson  
*President and Chief Executive Office*

*This document is essentially a translation of the Swedish language version. In the event of any discrepancies between this translation and the original Swedish document, the latter shall be deemed correct.*

#### CONTACTS

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

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**Andreas Wikner**  
Acting Chief Financial Officer  
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SE-435 23 Mölnlycke, Sweden  
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● GROUP – CONSOLIDATED INCOME STATEMENTS

MSEK	Second quarter	
	2010	2009
Net sales	408.7	444.7
Cost of products and services sold	-338.4	-362.5
<b>Gross profit</b>	<b>70.3</b>	<b>82.2</b>
Sales and administrative costs	-77.9	-103.0
Other operating income	4.6	5.6
Other operating costs	-4.2	-5.4
Income from jointly controlled entities	-0.9	-1.8
<b>Operating result</b>	<b>-8.1</b>	<b>-22.4</b>
Net financial items	-6.0	-9.2
<b>Result after financial items</b>	<b>-14.1</b>	<b>-31.6</b>
Tax	2.3	7.6
<b>Result for the period</b>	<b>-11.8</b>	<b>-24.0</b>
<i>Attributable to:</i>		
- parent company shareholders	-11.8	-24.0
- minority interests	0.0	0.0
<b>Earnings per share <sup>1) 2)</sup></b>	<b>-1.21</b>	<b>-2.46</b>
<b>Average number of shares, in thousands</b>	<b>9,765</b>	<b>9,765</b>
<b>Outstanding shares at the end of the period, in thousands</b>	<b>9,765</b>	<b>9,765</b>

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

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

MSEK	First six months		Last 12 months	Full year 2009
	2010	2009		
Net sales	809.2	921.3	1,644.6	1,756.7
Cost of products and services sold	-682.1	-744.6	-1,367.1	-1,429.6
<b>Gross profit</b>	<b>127.1</b>	<b>176.7</b>	<b>277.5</b>	<b>327.1</b>
Sales and administrative costs	-161.3	-195.0	-355.6	-389.3
Other operating income	24.9	19.3	44.9	39.3
Other operating costs	-8.9	-10.8	-31.3	-33.2
Income from jointly controlled entities	-1.8	-0.5	-5.3	-4.0
<b>Operating result</b>	<b>-20.0</b>	<b>-10.3</b>	<b>-69.8</b>	<b>-60.1</b>
Net financial items	-13.5	-18.4	-31.1	-36.0
<b>Result after financial items</b>	<b>-33.5</b>	<b>-28.7</b>	<b>-100.9</b>	<b>-96.1</b>
Tax	3.0	8.1	16.6	21.7
<b>Result for the period</b>	<b>-30.5</b>	<b>-20.6</b>	<b>-84.3</b>	<b>-74.4</b>
<i>Attributable to:</i>				
- parent company shareholders	-30.5	-20.6	-83.9	-74.0
- minority interests	0.0	0.0	-0.4	-0.4
<b>Earnings per share <sup>1) 2)</sup></b>	<b>-3.13</b>	<b>-2.11</b>	<b>-8.64</b>	<b>-7.57</b>
<b>Average number of shares, in thousands</b>	<b>9,765</b>	<b>9,765</b>	<b>9,765</b>	<b>9,765</b>
<b>Outstanding shares at the end of the period, in thousands</b>	<b>9,765</b>	<b>9,765</b>	<b>9,765</b>	<b>9,765</b>

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

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

● GROUP – CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

MSEK	Second quarter	
	2010	2009
<b>Result for the period</b>	<b>-11.8</b>	<b>-24.0</b>
<b>Other comprehensive income</b>		
Translation differences, net after tax	5.9	-9.7
Cash flow hedges, net after tax	0.0	0.1
Hedging of net investment abroad, net after tax	1.1	0.3
<b>Other comprehensive income, net after tax</b>	<b>7.0</b>	<b>-9.3</b>
<b>Total comprehensive income for the period</b>	<b>-4.8</b>	<b>-33.3</b>
<b>Total comprehensive income attributable to:</b>		
- parent company shareholders	-4.8	-33.3
- minority interests	0.0	0.0

● GROUP – CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

MSEK	First six months		Last 12 month	Full year 2009
	2010	2009		
<b>Result for the period</b>	<b>-30.5</b>	<b>-20.6</b>	<b>-84.3</b>	<b>-74.4</b>
<b>Other comprehensive income</b>				
Translation differences, net after tax	-22.6	3.0	65.7	-39.5
Cash flow hedges, net after tax	0.0	0.1	0.0	0.5
Hedging of net investment abroad, net after tax	3.8	0.2	-5.1	0.8
<b>Other comprehensive income, net after tax</b>	<b>-18.8</b>	<b>3.3</b>	<b>60.6</b>	<b>-38.2</b>
<b>Total comprehensive income for the period</b>	<b>-49.3</b>	<b>-17.3</b>	<b>-23.7</b>	<b>-112.6</b>
<b>Total comprehensive income attributable to:</b>				
- parent company shareholders	-49.3	-17.4	-23.4	-112.3
- minority interests	0.0	0.1	-0.3	-0.3

## GROUP – CONSOLIDATED STATEMENT OF CASH FLOW

MSEK	Second quarter		First six months		Full year 2009	Last 12 months
	2010	2009	2010	2009		
<b>Result after financial items</b>	<b>-14.1</b>	<b>-31.6</b>	<b>-33.5</b>	<b>-28.7</b>	<b>-96.1</b>	<b>-100.9</b>
Adjustments for items not included in cash flow	16.9	29.2	23.0	33.1	86.8	76.7
Paid taxes	-2.4	-3.8	-7.7	-10.6	-7.9	-5.0
Changes in working capital	-37.0	50.1	-48.8	60.3	71.8	-37.3
<b>Cash flow from operating activities</b>	<b>-36.6</b>	<b>43.9</b>	<b>-67.0</b>	<b>54.1</b>	<b>54.6</b>	<b>-66.5</b>
<b>Cash flow from investing activities</b>	<b>-9.2</b>	<b>-12.1</b>	<b>-25.7</b>	<b>-16.2</b>	<b>-52.2</b>	<b>-61.7</b>
Changes in long and short-term borrowing	47.7	-64.2	61.9	-75.8	-59.6	78.1
<b>Cash flow from financing activities</b>	<b>47.7</b>	<b>-64.2</b>	<b>61.9</b>	<b>-75.8</b>	<b>-59.6</b>	<b>78.1</b>
<b>Cash flow for the period</b>	<b>1.9</b>	<b>-32.4</b>	<b>-30.8</b>	<b>-37.9</b>	<b>-57.2</b>	<b>-50.1</b>
<b>Liquid funds at the beginning of the period</b>	<b>45.1</b>	<b>140.9</b>	<b>78.9</b>	<b>141.7</b>	<b>141.7</b>	<b>104.2</b>
Translation difference	1.8	-4.3	0.7	0.4	-5.6	-5.3
<b>Liquid funds at the end of the period</b>	<b>48.8</b>	<b>104.2</b>	<b>48.8</b>	<b>104.2</b>	<b>78.9</b>	<b>48.8</b>
<b>Net debt at the beginning of the period</b>	<b>868.1</b>	<b>838.2</b>	<b>837.4</b>	<b>843.3</b>	<b>843.3</b>	<b>806.4</b>
Translation difference in net debt	-4.3	1.7	-12.6	2.5	-1.7	-16.8
Change in net debt	41.8	-33.5	80.8	-39.4	-4.2	116.0
<b>Net debt at the end of the period</b>	<b>905.6</b>	<b>806.4</b>	<b>905.6</b>	<b>806.4</b>	<b>837.4</b>	<b>905.6</b>
<b>Operating cash flow</b>	<b>-37.2</b>	<b>44.9</b>	<b>-71.4</b>	<b>67.0</b>	<b>42.1</b>	<b>-95.9</b>

## GROUP – STATEMENT OF FINANCIAL POSITION

MSEK	Jun. 30, 2010	Jun. 30, 2009	Dec. 31, 2009
<b>Assets</b>			
Intangible assets	914.8	971.3	953.0
Tangible assets	397.8	475.4	435.1
Other fixed assets	147.4	120.0	131.4
<b>Total fixed assets</b>	<b>1,460.0</b>	<b>1,566.7</b>	<b>1,519.5</b>
Inventories	103.7	107.6	95.1
Accounts receivable	331.3	334.8	351.5
Other current assets	88.2	90.1	68.8
Cash and cash equivalents	48.8	104.2	78.9
<b>Total current assets</b>	<b>572.0</b>	<b>636.7</b>	<b>594.3</b>
<b>Total assets</b>	<b>2,032.0</b>	<b>2,203.4</b>	<b>2,113.8</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>715.2</b>	<b>860.4</b>	<b>765.1</b>
<b>Liabilities</b>			
Non-interest-bearing long-term liabilities	40.9	54.7	42.7
Interest-bearing long-term liabilities	70.9	113.1	87.6
<b>Total long-term liabilities</b>	<b>111.8</b>	<b>167.8</b>	<b>130.3</b>
Non-interest-bearing current liabilities	321.5	377.7	389.7
Interest-bearing current liabilities	883.5	797.5	828.7
<b>Total current liabilities</b>	<b>1,205.0</b>	<b>1,175.2</b>	<b>1,218.4</b>
<b>Total equity and liabilities</b>	<b>2,032.0</b>	<b>2,203.4</b>	<b>2,113.8</b>

● GROUP – CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MSEK	Equity attributable to parent company shareholders	Equity attributable to minority owners	Total equity
<b>Equity at year-end 2008</b>	<b>875.6</b>	<b>2.1</b>	<b>877.7</b>
Total result for the year	-112.3	-0.3	-112.6
<b>Equity at year-end 2009</b>	<b>763.3</b>	<b>1.8</b>	<b>765.1</b>
<b>Equity at year-end 2008</b>	<b>875.6</b>	<b>2.1</b>	<b>877.7</b>
Total result for the period	-17.4	0.1	-17.3
<b>Equity at the end of the first six months 2009</b>	<b>858.2</b>	<b>2.2</b>	<b>860.4</b>
<b>Equity at year-end 2009</b>	<b>763.3</b>	<b>1.8</b>	<b>765.1</b>
Transactions with minority owners	1.2	-1.8	-0.6
Total result for the period	-49.3	-	-49.3
<b>Equity at the end of the first six months 2010</b>	<b>715.2</b>	<b>-</b>	<b>715.2</b>

**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 operating 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 operating segment please see the consolidated income statements and the statement of financial position along with related notes.

## ● PARENT COMPANY – INCOME STATEMENTS

MSEK	Second quarter	
	2010	2009
Net sales	-	-
Cost of products and services sold	-	-
<b>Gross profit</b>	-	-
Operating costs	-17.7	-19.0
<b>Operating result</b>	<b>-17.7</b>	<b>-19.0</b>
Net financial items	-1.9	91.0
<b>Result after net financial items</b>	<b>-19.6</b>	<b>72.0</b>
Tax	3.5	6.3
<b>Result for the period</b>	<b>-16.1</b>	<b>78.3</b>

MSEK	Fisrt six months		Last 12 months	Full year 2009
	2010	2009		
Net sales	-	-	-	-
Cost of products and services sold	-	-	-	-
<b>Gross profit</b>	-	-	-	-
Operating costs	-12.9	-23.1	-27.2	-37.4
<b>Operating result</b>	<b>-12.9</b>	<b>-23.1</b>	<b>-27.2</b>	<b>-37.4</b>
Net financial items	13.9	82.6	14.5	83.2
<b>Result after net financial items</b>	<b>1.0</b>	<b>59.5</b>	<b>-12.7</b>	<b>45.8</b>
Tax	2.2	8.7	7.3	13.8
<b>Result for the period</b>	<b>3.2</b>	<b>68.2</b>	<b>-5.4</b>	<b>59.6</b>

## ● PARENT COMPANY – STATEMENT OF COMPREHENSIVE INCOME

MSEK	Second quarter	
	2010	2009
Result for the period	-16.1	78.3
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>-16.1</b>	<b>78.3</b>

MSEK	Fisrt six months		Senaste 12 mån	Heiár 2009
	2010	2009		
Result for the period	3.2	68.2	-5.4	59.6
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>3.2</b>	<b>68.2</b>	<b>-5.4</b>	<b>59.6</b>



● PARENT COMPANY – BALANCE SHEETS

MSEK	Jun. 30, 2010	Jun. 30, 2009	Dec. 31, 2009
<b>Assets</b>			
Fixed assets	1,261.9	1,267.8	1,254.9
Current assets	89.0	71.3	61.4
<b>Total assets</b>	<b>1,350.9</b>	<b>1,339.1</b>	<b>1,316.3</b>
<b>Equity, provisions and liabilities</b>			
Equity	556.1	611.4	552.9
Provisions	4.4	7.5	3.9
Long-term liabilities	0.1	0.1	0.1
Current liabilities	790.3	720.1	759.4
<b>Total equity and liabilities</b>	<b>1,350.9</b>	<b>1,339.1</b>	<b>1,316.3</b>

● PARENT COMPANY – STATEMENT OF CHANGES IN EQUITY

MSEK	Share capital	Statutory reserve	Retained earnings and result for the period	Total equity
<b>Equity at year-end 2008</b>	<b>97.7</b>	<b>332.4</b>	<b>113.1</b>	<b>543.2</b>
Total result for the year	-	-	59.5	59.5
Paid shareholders' contribution, net	-	-	-67.6	-67.6
Tax effect on paid group contribution, net	-	-	17.8	17.8
<b>Equity at year-end 2009</b>	<b>97.7</b>	<b>332.4</b>	<b>122.8</b>	<b>552.9</b>
<b>Equity at year-end 2008</b>	<b>97.7</b>	<b>332.4</b>	<b>113.1</b>	<b>543.2</b>
Total result for the period	-	-	68.2	68.2
<b>Equity at the end of the first six months 2009</b>	<b>97.7</b>	<b>332.4</b>	<b>181.3</b>	<b>611.4</b>
<b>Equity at year-end 2009</b>	<b>97.7</b>	<b>332.4</b>	<b>122.8</b>	<b>552.9</b>
Total result for the period	-	-	3.2	3.2
<b>Equity at the end of the first six months 2010</b>	<b>97.7</b>	<b>332.4</b>	<b>126.0</b>	<b>556.1</b>

# Key ratios

## GROUP QUARTERLY DATA INCLUDING DISCONTINUED OPERATIONS

MSEK	2010 Q2	2010 Q1	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Q4	2008 Q3	2008 Q2
Net sales	409	401	455	381	445	477	621	516	532
Operating result	-8	-12	-28	-21	-22	12	-31	-9	25
Operating margin, %	-2.0	-3.0	-6.2	-5.6	-4.9	2.5	-5.0	-1.7	4.7
Result after financial items	-14	-19	-40	-28	-32	3	-44	-23	14
Result after tax	-12	-19	-37	-17	-24	3	-30	-22	13
Earnings per share, SEK	-1.21	-1.92	-3.79	-1.67	-2.46	0.34	-3.03	-2.25	1.36
Operating cash flow	-37	-34	8	-33	45	22	126	-37	18
Net cash flow per share, SEK	0.19	-3.35	-0.22	-1.76	-3.32	-0.56	6.98	0.03	-7.34
Depreciation	22	22	24	26	24	27	31	27	25
Net investments	9	17	24	12	12	4	-3	36	29
Goodwill	863	868	895	889	920	923	918	866	856
Total assets	2,032	2,020	2,114	2,083	2,203	2,342	2,387	2,290	2,208
Equity	715	720	765	787	860	894	878	849	844
Net debt	906	868	837	836	806	838	843	916	840
Capital employed	1,621	1,588	1,602	1,622	1,667	1,732	1,721	1,765	1,684
Return on total assets, % <sup>1)</sup>	-1.5	-1.9	-5.3	-4.1	-4.0	3.0	-3.2	-0.6	4.4
Return on equity, % <sup>1)</sup>	-6.6	-10.0	-19.3	-8.1	-10.9	1.5	-13.9	-10.4	6.1
Return on capital employed, % <sup>1)</sup>	-2.0	-3.0	-7.0	-4.6	-5.2	2.8	-7.2	-2.2	6.0
Debt/equity ratio	1.3	1.2	1.1	1.1	0.9	0.9	1.0	1.1	1.0
Equity ratio, %	35.2	35.6	36.2	37.8	39.0	38.2	36.8	37.1	38.2
Interest coverage ratio <sup>2)</sup>	-2.5	-2.8	-1.8	-1.7	-1.1	1.3	0.4	2.7	4.2
Number of employees at the end of the period	1,523	1,457	1,538	1,541	1,557	1,652	1,812	1,887	1,863

<sup>1)</sup> Return ratios have been annualized.

<sup>2)</sup> Interest coverage ratio calculation is based on a moving 12 month period.

## FIVE YEAR OVERVIEW – FULL YEAR

	2009	2008	2007	2006	2005
Result after financial items, MSEK <sup>1)</sup>	-96.1	-34.3	184.1	-31.8	105.3
Result after tax, MSEK <sup>1)</sup>	-74.4	-25.7	172.2	-49.0	77.6
Earnings per share, SEK	-7.57	-2.62	18.06	-5.53	8.77
Dividends per share, SEK	0.00	0.00	4.50	2.36	2.36
Return on equity, % <sup>2)</sup>	-9.1	-3.0	24.2	-8.2	13.2
Return on total assets, % <sup>2)</sup>	-2.2	1.7	12.0	-0.3	7.5
Return on capital employed, % <sup>2)</sup>	-3.6	0.9	16.0	-0.7	10.1
Debt/equity ratio	1.1	1.0	1.0	1.1	1.0
Equity ratio, %	36.2	36.8	38.9	33.9	35.3

<sup>1)</sup> Results correspond to those presented in the annual accounts for each year.

<sup>2)</sup> Return valuations are annualized.

## FIVE YEAR OVERVIEW – SECOND QUARTER

	2010 Q2	2009 Q2	2008 Q2	2007 Q2 <sup>1)</sup>	2006 Q2 <sup>1)</sup>
Net sales, MSEK	409	445	532	512	490
Result after tax, MSEK	-12	24	13	30	11
Earnings per share, SEK <sup>3)</sup>	-1.21	-2.46	1.36	3.02	1.26
Return on equity, % <sup>2)</sup>	-6.6	-10.9	6.1	16.0	7.1
Return on capital employed, % <sup>2)</sup>	-2.0	-5.2	6.0	13.0	7.2
Operating margin, %	-2.0	-4.9	4.7	9.4	4.5
Average number of shares, in thousands	9,765	9,765	9,765	9,765	8,855

<sup>1)</sup> The figures include discontinued operations in Kungsbacka, i.e. directories production, that were discontinued in the first quarter 2007.

<sup>2)</sup> Return valuations are annualized.

<sup>3)</sup> There is no dilution.

## FIVE YEAR OVERVIEW – FIRST SIX MONTHS

	2010 Jan-Jun	2009 Jan-Jun	2008 Jan-Jun	2007 Jan-Jun <sup>1)</sup>	2006 Jan-Jun <sup>1)</sup>
Net sales, MSEK	809	921	1 054	978	835
Result after tax, MSEK	-30	-10	26	55	38
Earnings per share, SEK <sup>3)</sup>	-3.13	-2.11	2.66	5.88	4.28
Return on equity, % <sup>2)</sup>	-8.3	-4.8	6.1	14.9	6.3
Return on capital employed, % <sup>2)</sup>	-2.5	-1.2	6.8	11.8	6.4
Operating margin, %	-2.5	-1.1	5.3	9.0	7.7
Average number of shares, in thousands	9,765	9,765	9,765	9,310	8,855

<sup>1)</sup> The figures include the discontinued operations in Kungsbacka, i.e. directories production, that were discontinued in the first quarter 2007.

<sup>2)</sup> Return valuations are annualized.

<sup>3)</sup> There is no dilution.

## KEY RATIOS – DEFINITIONS

<b>Equity ratio</b>	Equity (including minority interests) in relation to total assets.
<b>Capital employed</b>	Total assets less cash and cash equivalents and non-interest-bearing liabilities.
<b>Return on capital employed</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>	Result plus financial income in relation to total assets.
<b>Debt/equity ratio</b>	Interest-bearing liabilities minus cash and cash equivalents in relation to reported equity, including minority interests.
<b>Operating cash flow</b>	Cash flow from current operations and investing activities adjusted for paid taxes and net financial items.
<b>Interest coverage ratio</b>	Operating result plus interest income divided by interest costs.

# Glossary

**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.

**DIRECT MARKETING, DM** is a target group oriented marketing method that provides the conditions for a high response frequency and measurable follow-up.

**DOCUMENTS AND DISTRIBUTION CENTRE, DDC** Unit that stores, distributes just-in-time and provides digital printing (see Print-on-Demand) for customers.

**ELECTRONIC DATA INTERCHANGE (EDI)** is the transfer of structured information following 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.

**JUST-IN-TIME** Delivery precision – delivery exactly when the need arises. The concept also entails that customers do not need to store their publications. Often includes digital printing, see Print-on-Demand.

**MASTER VENDOR®** Elanders' concept for a combination of services that cover the entire value chain in the publishing process, from idea/content to distribution. Customers can order their own special combination of services that includes all, some or just a few segments of the value chain.

**PARALLEL/MEDIA INDEPENDENT PUBLISHING** This entails publishing information in several media at the same time without reworking it. It's possible, for example, to publish an encyclopedia as a CD, via the Internet and as printed matter. This is also called parallel publishing.

**OFFSET TECHNIQUE** A printing method in which ink and water are spread out on a printing plate that is then pressed against a rubber blanket. This absorbs the ink and transfers it to the paper. The expression offset comes from the fact that the printing plate never touches the paper. For smaller editions (1,000 – 30,000) sheet-fed offset is used. In this process the paper is fed into the press page by page. Web offset is usually more efficient for larger editions (over 30,000). The press is fed from a roll of paper and the printed paper is then cut into sheets.

**ONE STOP SHOPPING** With a single contact you gain access to Elanders' entire global and broad product range and can easily order the products and services that you need.

**ONE-TO-ONE MARKETING** is a marketing method that addresses each customer individually through sales offers adapted specifically to the customer.

**OUTSOURCING** Companies or organizations choose to let an external part handle an activity or a process. This activity or process is then said to be outsourced.

**PREMEDIA** is our collective term for the work done before printing/publishing. The term includes layout, typography, image retouching and production of originals. In our world a few more steps 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.

**SUPPLY CHAIN MANAGEMENT** The term is used to describe managing and coordinating the activities in an entire supply chain of services and products that includes procurement, purchasing and logistics.

**TIME-TO-MARKET** Normally the time it takes between the moment a product or service is conceived until it reaches its recipient on the market. It can be expressed in time, in an exact schedule, in minimizing resources needed or in the flexibility to adapt to sudden fluctuations in the market.

**WEB-TO-PRINT** is 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.

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