**Quarterly report January - March 2013**

**Press release from Elanders AB (publ)** **2013-05-07**

The first quarter

- Net sales increased by 7 % and amounted to MSEK 493 (460).
- The operating result increased by 15 % to MSEK 23 (20).
- The result before tax amounted to MSEK 16 (14).
- The net result was MSEK 11 (10) or SEK 0.46 (0.50) per share.
- Operating cash flow totaled MSEK -30 (27), of which acquisitions were MSEK -20 (0).
- The label printing company, McNaughtan's Printers in Glasgow, Scotland, was acquired during the quarter.

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## COMMENTS BY THE CEO

Elanders continues to increase the operating result compared to the same period last year. The improvement in the operating margin is primarily due to the measures taken in daily operations and the new acquisitions.

Demand on the Swedish and German markets in Commercial Print has continued to be hesitant during the quarter. The traditional demand for large volumes in offset is shifting to a growing demand for shorter series in digital print. This shows that the trend of generic print in long series being replaced by smaller editions with more niched and personalized information continues. The decline in offset volumes has led to lower net sales in both Sweden and Germany in the period. However, this has been compensated for in the Group by the newly acquired companies and the positive developments in several of our other foreign operations. An example of this is the continued success in our operations in China where volumes, primarily in packaging, have increased dramatically during the period.

In order to counter the contracting demand in Commercial Print and increase productivity we have intensified the process of consolidating our production units. During the first quarter and in the beginning of the second, decision was taken in Sweden to move operations in Västerås and Uppsala to Stockholm and also to shut down production in Falköping and move them to Gothenburg. Germany is going through the same process and by the beginning of the second half of the year all production will be under one roof. All these measures are expected to generate substantial savings in the coming years as well as reduce the total need for investments since production will be concentrated to fewer units and a higher degree of utilization can be achieved.

The integration of Midland in the US, which was acquired in the fourth quarter of 2012, has proceeded according to plan. This company is an important part of the puzzle of developing our role as a global supplier to global customers that need local deliveries in different parts of the world. We can already see several synergies between Midland and our other units, both in the USA and in Europe. Also, Midland's management has taken over responsibility for our operations in Atlanta.

The acquisition of McNaughtan's in Scotland in the beginning of this year opens the door to a completely new customer category and broadens our offer in packaging and labels

Magnus Nilsson
President and Chief Executive Officer

## Three year overview

| MSEK | 2013 | First quarter 2012 | 2011 |
|---|---|---|---|
| Net sales | 493 | 460 | 443 |
| Operating expenses | -470 | -440 | -424 |
| **Operating result** | **23** | **20** | **19** |
| Net financial items | -7 | -6 | -7 |
| **Result after financial items** | **16** | **14** | **12** |

| MSEK | 2012 | Full year 2011 | 2010 |
|---|---|---|---|
| Net sales | 1,924 | 1,839 | 1,706 |
| Operating expenses | -1,805 | -1,729 | -1,782 |
| **Operating result** | **119** | **110** | **-76** |
| Net financial items | -25 | -30 | -29 |
| **Result after financial items** | **93** | **80** | **-105** |

## GROUP

### Operations
Elanders is a global printing group with production units in nine countries on four continents. Our customers can handle all their printing logistics through a single contact at Elanders, no matter how extensive they are or where in the world their products are delivered. Elanders has developed global Web-based order interfaces to support this process.

Our product areas are Commercial Print, Packaging and *e*-Commerce. Elanders offers services in Web-to-Print (W2P), EDI, advanced premedia, fulfillment and logistics within these areas. Elanders also sells photo products directly to consumers primarily in Germany under the brand fotokasten.

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

### Net sales and results
Consolidated net sales for the year increased by 7 % to MSEK 493 (460). The increase is entirely due to the acquisitions made during 2013 and 2012. The strong Swedish crown affected net sales negatively by close to MSEK 16.

The Swedish and German operations have been affected by a decrease in demand, particularly in the production of long series. This has led to lower capacity utilization in our offset units at the same time more work has come in for smaller editions, which has entailed higher capacity utilization in our digital print facilities. Nonetheless net sales have shrunk in total on both of these markets. Most of our other businesses have, however, continued to develop positively in 2013.

To counter the diminishing demand in Commercial Print and increase productivity we have continued the process of consolidating our production units. During the first quarter and in the beginning of the second the decision was made in Sweden to move our operations in Västerås and Uppsala to Stockholm. We also decided to shut down production in Falköping and move it to Gothenburg. A similar process is taking place in Germany where all production after the second half of the year will be consolidated to one location. These measures are expected to generate significant savings in the coming years and reduce the total need for investments.

The operating result for the period increased to MSEK 23 (20), which is an operating margin of 5 (4) %. The operating result was affected negatively by close to MSEK 1 due to the strong Swedish crown. The result and margin has improved compared to the same period last year, even without the new acquisitions. Both of them, Midland and McNaughtan's, have contributed positively to net sales and the operating result this quarter. The label printer McNaughtan's was acquired by Elanders in February. The company has annual net sales of around MSEK 20 and several well known whiskey brands are customers. Their products are mainly labels with extremely high quality and a high level of enrichment.

The net result increased from MSEK 10 for the same period from last year to MSEK 11. Earnings per share were SEK 0.46 (0.50). The reduction in earnings per share is a result of the increase in shares due to the new issue in the second quarter of 2012.

From 2010 to 2012 Elanders submitted claims for VAT refunds to the Swedish Tax Agency pertaining to 2004 through 2007. In 2011 and 2012 the Swedish Tax Agency made consequential amendments regarding many of Elanders' customers who have then demanded compensation from Elanders. It is Elanders' position that the Swedish Tax Agency cannot make consequential amendments. Several judgments from the Court of Appeals in Stockholm, Gothenburg and Jönköping have supported Elanders' position. The Swedish Tax Agency has now appealed some of the decisions and sought reconsideration by the Supreme Administrative Court. Until this judgment has finally become legally binding Elanders believes there is still a great deal of uncertainty regarding the rest amounts for 2004 and 2007 and therefore it is difficult to assess what effect they will have on Elanders' result.

On 7 July 2011 the Swedish Tax Agency presented its position regarding income tax for graphic companies that have claimed a refund of outgoing VAT. The Swedish Tax Agency's position is that the graphic companies that have made a claim for the refund of outgoing VAT must recognize this revenue as income in the year the claim is made to the Swedish Tax Agency and not, as Elanders has applied, the year the refund has been paid or at least when payment can be reliably expected. As a result the Swedish Tax Agency has raised Elanders' taxable income for the fiscal year of 2010 by MSEK 70. Elanders is in the opinion that Elanders is right in this matter and it will be taken to the Administrative Court. The total exposure is around MSEK 16, since only some of the refund can be set off against the loss carry forwards Elanders has. During the first quarter the period of respite for these MSEK 16 ended and a payment for this amount was made. This did not have any effect on Group result since it is recompensed by an increase in loss carry forwards. However, it did have a negative effect on Elanders' cash flow and net debt for the period.

**Personnel**
The average number of employees during the period was 1,809 (1,556), of which 404 (400) were in Sweden. At the end of the period the Group had 1,843 (1,551) employees, of which 404 (398) were in Sweden.

**Investments and depreciation**
Investments for the period totaled MSEK 34 (14). Group depreciation and write-downs for the period amounted to MSEK 25 (22). Not counting acquisitions of operations for MSEK 20 (0) most of the investments during the period have been replacement investments.

**Financial position, cash flow, equity ratio and financing**
Group net debt on 31 March 2013 amounted to MSEK 745 (660). At the end of the year net debt was MSEK 688. The reasons behind the increase in the level of debt were a greater degree of tied up working capital, the acquisition of McNaughtan's and the effect of the payment of MSEK 16 in tax due to the Swedish Tax Agency's raise in Elanders' taxes.

Operating cash flow in the first three months was MSEK -30 (27) and not including acquisitions it amounted to MSEK -10 (27). The reduction in operating cash flow compared to the same period last year is almost entirely due to a greater degree of tied up working capital and higher investment levels.

## PARENT COMPANY
The Parent company has provided joint Group services during the period. The average number of employees during the year was 9 (8) and at the end of the period there were 9 (8) employees.

## OTHER INFORMATION

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

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

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

Historically the major part of Elanders' sales has been in the Commercial Print product area. The investments made in packaging, *e*-Commerce and personalized products are a conscious effort made to compensate for the inherent loss in volume in Commercial Print due to the tough competition traditional media is facing from digital media like tablets. The production units used for Commercial Print can also be used to produce packaging and personalized products such as photo products.

**Risks and uncertainties**

Elanders divides risks into circumstantial risks (the future of printed matter and business cycle sensitivity), financial risks (currency, interest, financing and credit risks) as well as business risks (customer concentration, operational risks, risks in operating expenses as well as contracts and disputes). These risks, together with a sensitivity analysis, are described in detail in the Annual Report 2012. Circumstances in the world around us since the Annual Report was published are not believed to have caused any significant risks or influenced the way in which the Group works with these compared to the description in the Annual Report 2012.

**Seasonal variations**

The Group's net sales, and thereby income, are affected by seasonal variations. Elanders normally has a strong fourth quarter.

**Events after the balance sheet date**

The decision was made in April to move production from Falköping to Gothenburg and notice of redundancy has been presented. Some of the employees will be offered employment in Gothenburg. This restructuring measure is expected to reduce costs in the future but the full effect will not be felt until the first quarter of 2014.

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

**Forecast**

The company will continue to rationalize, integrate acquired units and develop global business. The company anticipates continued positive developments in results.

**Review and accounting principles**

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

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

**Future reports from Elanders**

| | |
|---|---|
| Q2 2013 | 12 July 2013 |
| Q3 2013 | 23 October 2013 |
| Q4 2013 | 27 January 2014 |

Mölnlycke 7 May 2013

Magnus Nilsson
President and Chief Executive Officer

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

**GROUP**

**Group - Income statements**

| MSEK | First quarter 2013 | 2012 |
|---|---|---|
| Net sales | 493.4 | 459.8 |
| Cost of products and services sold | -383.4 | -376.1 |
| **Gross profit** | **110.0** | **83.7** |
| Sales and administrative expenses | -91.2 | -68.4 |
| Other operating income | 5.7 | 6.4 |
| Other operating expenses | -1.9 | -2.2 |
| **Operating result** | **22.6** | **19.5** |
| Net financial items | -6.9 | -5.8 |
| **Result after financial items** | **15.7** | **13.7** |
| Income tax | -5.2 | -3.7 |
| **Result for the period** | **10.5** | **10.0** |
| ***Result for the period attributable to:*** | | |
| - parent company shareholders | 10.5 | 9.8 |
| - non-controlling interests | - | 0.2 |
| *Earnings per share, SEK* [1) 2)] | *0.46* | *0.50* |
| *Average number of shares, in thousands* | *22,730* | *19,530* |
| *Outstanding shares at the end of the year, in thousands* | *22,730* | *19,530* |

| MSEK | Last 12 months | Full year 2012 |
|---|---|---|
| Net sales | 1,957.8 | 1,924.2 |
| Cost of products and services sold | -1,564.4 | -1,557.2 |
| **Gross profit** | **393.3** | **367.0** |
| Sales and administrative expenses | -336.6 | -313.9 |
| Other operating income | 77.7 | 78.5 |
| Other operating expenses | -12.8 | -13.1 |
| **Operating result** | **121.6** | **118.5** |
| Net financial items | -26.2 | -25.1 |
| **Result after financial items** | **95.4** | **93.4** |
| Income tax | -50.3 | -48.9 |
| **Result for the period** | **45.1** | **44.5** |
| ***Result for the period attributable to:*** | | |
| - parent company shareholders | 45.2 | 44.6 |
| - non-controlling interests | -0.1 | -0.1 |
| *Earnings per share, SEK* [1) 2)] | *2.02* | *2.05* |
| *Average number of shares, in thousands* | *22,446* | *21,646* |
| *Outstanding shares at the end of the period, in thousand* | *22,730* | *22,730* |

1) Earnings per share before and after dilution.
2) Earnings per share calculated by dividing the result for the year by the average number of outstanding shares during the year.

**Group - Statements of comprehensive income**

| MSEK | First quarter 2013 | 2012 |
|---|---|---|
| **Result for the period** | **10.5** | **10.0** |
| Translation differences, net after tax | -21.9 | -12.2 |
| Cash flow hedges, net after tax | -0.1 | 4.1 |
| Hedging of net investment abroad, net after tax | 1.7 | 0.6 |
| **Total items that may be reclassified to profit or loss** | **-20,3** | **-7.5** |
| **Other comprehensive income, net after tax** | **-20.3** | **-7.5** |
| **Total comprehensive income for the year** | **-9.8** | **2.5** |
| ***Total comprehensive income attributable to:*** | | |
| - parent company shareholders | -9.8 | 2.3 |
| - non-controlling interests | - | 0.2 |

| MSEK | Last 12 months | Full year 2012 |
|---|---|---|
| **Result for the period** | **45.1** | **44.5** |
| Translation differences, net after tax | -40.1 | -30.4 |
| Cash flow hedges, net after tax | -5.0 | -0.8 |
| Hedging of net investment abroad, net after tax | 3.0 | 1.9 |
| **Total items that may be reclassified to profit or loss** | **-42,1** | **-29.3** |
| **Other comprehensive income, net after tax** | **-42.1** | **-29.3** |
| **Total comprehensive income for the year** | **3.0** | **15.2** |
| ***Total comprehensive income attributable to:*** | | |
| - parent company shareholders | 3.1 | 15.3 |
| - non-controlling interests | -0.1 | -0.1 |

Since the Elanders' defined benefit plans that are accounted for in accordance with IAS 19 are not significant, the changes in IAS 19 that have come into effect do not have any material effect on Group results or financial position. The total pension obligations amounted to MSEK 15 at the end of the period. Therefore figures for the comparable year have not been adjusted and no actuarial calculation has been made per 31 March 2013.

**Group - Statements of cash flow**

| MSEK | First quarter 2013 | 2012 |
|---|---|---|
| **Result after financial items** | **15.7** | **13.7** |
| Adjustments for items not included in cash flow | 22.4 | 19.1 |
| Paid tax | -23.9 | -4.8 |
| Changes in working capital | -41.4 | 2.6 |
| **Cash flow from operating activities** | **-27.3** | **30.6** |
| Net investments in intangible and tangible assets | -14.5 | -14.8 |
| Acquisition of operations | -19.9 | - |
| Changes in long-term receivables | 0.9 | 0.6 |
| **Cash flow from investing activities** | **-33.5** | **-14.2** |
| Changes in long- and short-term borrowing | 5.4 | -7.9 |
| **Cash flow from financing activities** | **5.4** | **-7.9** |
| **Cash flow for the period** | **-55.4** | **8.5** |
| Liquid funds at the beginning of the year | 168.0 | 81.2 |
| Translation difference | -1.3 | -2.1 |
| **Liquid funds at the end of the period** | **111.3** | **87.6** |
| **Net debt at the beginning of the period** | **688.3** | **675.5** |
| Translation difference in net debt | -4.1 | 0.9 |
| Net debt in acquired operations | -6.8 | - |
| Change in net debt | 67.9 | -16.2 |
| **Net debt at the end of the period** | **745.3** | **660.2** |
| **Operating cash flow** | **-29.9** | **27.1** |

| MSEK | Last 12 months | Full year 2012 |
|---|---|---|
| **Result after financial items** | **95.4** | **93.4** |
| Adjustments for items not included in cash flow | 100.9 | 97.6 |
| Paid tax | -42.4 | -23.3 |
| Changes in working capital | 3.0 | 47.0 |
| **Cash flow from operating activities** | **156.8** | **214.7** |
| Net investments in intangible and tangible assets | -71.6 | -71.9 |
| Acquisition and disposal of operations | -146.1 | -126.3 |
| Changes in long-term receivables | 1.9 | 1.7 |
| **Cash flow from investing activities** | **-215.8** | **-196.5** |
| Changes in long- and short-term borrowing | 95.7 | 82.4 |
| Dividend to parent company share holders | -9.8 | -9.8 |
| **Cash flow from financing activities** | **85.9** | **72.6** |
| **Cash flow for the year** | **26.9** | **90.8** |
| Liquid funds at the beginning of the year | 87.6 | 81.2 |
| Translation difference | -3.2 | -4.0 |
| **Liquid funds at the end of the year** | **111.3** | **168.0** |
| **Net debt at the beginning of the year** | **660.2** | **675.5** |
| Translation difference in net debt | -8.6 | -3.6 |
| Net debt in acquired and disposed operations | -14.6 | -7.8 |
| Change in net debt | 108.3 | 24.2 |
| **Net debt at the end of the year** | **745.3** | **688.3** |
| **Operating cash flow** | **9.6** | **66.6** |

**Group - Statements of financial position**

***Assets***

| MSEK | 31 Mar. 2013 | 31 Mar. 2012 | 31 Dec. 2012 |
|---|---|---|---|
| Intangible assets | 1,037.9 | 860.6 | 1,031.3 |
| Tangible assets | 337.0 | 312.0 | 347.1 |
| Other fixed assets | 155.6 | 157.2 | 140.1 |
| **Total fixed assets** | **1,530.5** | **1,329.8** | **1,518.6** |
| Inventories | 117.6 | 125.4 | 115.7 |
| Accounts receivable | 397.8 | 364.2 | 392.5 |
| Other current assets | 70.1 | 72.1 | 66.4 |
| Cash and cash equivalents | 111.3 | 87.6 | 168.0 |
| **Total current assets** | **696.7** | **649.3** | **742.6** |
| **Total assets** | **2,227.2** | **1,979.1** | **2,261.2** |

***Equity and liabilities***

| MSEK | 31 Mar. 2013 | 31 Mar. 2012 | 31 Dec. 2012 |
|---|---|---|---|
| **Equity** | **944.0** | **882.0** | **953.8** |
| **Liabilities** | | | |
| Non-interest-bearing long-term liabilities | 60.0 | 39.7 | 56.5 |
| Interest-bearing long-term liabilities | 45.2 | 35.5 | 46.9 |
| **Total long-term liabilities** | **105.2** | **75.2** | **103.4** |
| Non-interest-bearing current liabilities | 366.5 | 309.6 | 394.6 |
| Interest-bearing current liabilities | 811.6 | 712.3 | 809.4 |
| **Total current liabilities** | **1,178.0** | **1,021.9** | **1,204.0** |
| **Total equity and liabilities** | **2,227.2** | **1,979.1** | **2,261.2** |

### Group - Statements of changes in equity

| MSEK | Equity attributable to parent company shareholders | Equity attributable to non-controlling interests | Total equity |
|---|---|---|---|
| **Opening balance on 1 Jan. 2012** | **879.5** | **0.1** | **879.6** |
| Dividend to parent company shareholders | -9.8 | - | -9.8 |
| New share issue | 68.8 | - | 68.8 |
| Total comprehensive income for the year | 15.3 | -0.1 | 15.2 |
| **Closing balance on 31 Dec. 2012** | **953.8** | **-** | **953.8** |
| | | | |
| **Opening balance on 1 Jan. 2012** | **879.5** | **0.1** | **879.6** |
| Total comprehensive income for the period | 2.3 | 0.2 | 2.5 |
| **Closing balance on 31 Mar. 2012** | **881.8** | **0.3** | **882.0** |
| | | | |
| **Opening balance on 1 Jan. 2013** | **953.8** | **-** | **953.8** |
| Total comprehensive income for the period | -9.8 | - | -9.8 |
| **Closing balance on 31 Mar. 2013** | **944.0** | **-** | **944.0** |

### Segment reporting

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

### Financial assets and liabilities measured at fair value

The financial instruments recognized at fair value in the Group's report on financial position are derivatives identified as hedging instruments. The derivatives consist of forward exchange contracts and interest rate swaps and are used for hedging purposes. Valuation at fair value of forward exchange contracts is based on published forward rates on an active market. Valuation at fair value of interest rate swaps is based on forward interest rates derived from observable yield curves. All derivates are therefore included in level 2 in the fair value hierarchy. Since all the financial instruments recognized at fair value are included in level 2 there have been no transfers between valuation levels. The table below presents fair value respective booked value per class of financial assets and liabilities, which are recorded gross.

| MSEK | 31 Mar. 2013 | 31 Mar. 2012 | 31 Dec. 2012 |
|---|---|---|---|
| Other current assets – Derivative instruments in hedge accounting relationships | - | 3,2 | - |
| Non-interest-bearing current liabilities – Derivative instruments in hedge accounting relationships | 5,4 | 0,4 | 4,2 |

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

## PARENT COMPANY

### Parent company – Income statements

| MSEK | First quarter 2013 | 2012 |
|---|---|---|
| Net sales | - | - |
| Cost of products and services sold | - | - |
| **Gross profit** | **-** | **-** |
| Operating expenses | -6.7 | -7.0 |
| **Operating result** | **-6.7** | **-7.0** |
| Net financial items | 14.5 | -2.9 |
| **Result after net financial items** | **7.8** | **-9.9** |
| Income tax | 1.7 | 2.4 |
| **Result for the period** | **9.5** | **-7.5** |

| MSEK | Last 12 months | Full year 2012 |
|---|---|---|
| Net sales | - | - |
| Cost of products and services sold | - | - |
| **Gross profit** | **-** | **-** |
| Operating expenses | -29.1 | -29.4 |
| **Operating result** | **-29.1** | **-29.4** |
| Net financial items | 86.3 | 68.9 |
| **Result after net financial items** | **57.2** | **39.5** |
| Income tax | -22.9 | -22.2 |
| **Result for the period** | **34.3** | **17.3** |

### Parent company - Statements of comprehensive income

| MSEK | First quarter 2013 | 2012 |
|---|---|---|
| **Result for the period** | **9.5** | **-7.5** |
| Other comprehensive income | 0.7 | -0.4 |
| **Total comprehensive income for the period** | **10.2** | **-7.9** |

| MSEK | Last 12 months | Full year 2012 |
|---|---|---|
| **Result for the period** | **34.3** | **17.3** |
| Other comprehensive income | -1.5 | -2.6 |
| **Total comprehensive income for the period** | **32.8** | **14.7** |

**Parent company - Balance sheets**

| MSEK | 31 Mar. 2013 | 31 Mar. 2012 | 31 Dec. 2012 |
|---|---|---|---|
| **Assets** | | | |
| Fixed assets | 1,437.0 | 1,229.9 | 1,442.1 |
| Current assets | 148.5 | 154.7 | 132.3 |
| **Total assets** | **1,585.5** | **1,384.6** | **1,574.4** |
| | | | |
| **Equity, provisions and liabilities** | | | |
| Equity | 792.3 | 700.5 | 782.1 |
| Provisions | 6.4 | 3.9 | 6.4 |
| Long-term liabilities | 70.7 | 65.1 | 70.7 |
| Current liabilities | 716.1 | 615.1 | 715.2 |
| **Total equity and liabilities** | **1,585.5** | **1,384.6** | **1,574.4** |

**Parent company - Statements of changes in equity**

| MSEK | Share capital | Statutory reserve | Retained earnings and result for the period | Total equity |
|---|---|---|---|---|
| **Opening balance on 1 Jan. 2012** | **195.3** | **332.4** | **180.7** | **708.4** |
| Dividend to parent company shareholders | - | - | -9.8 | -9.8 |
| New share issue | 32.0 | - | 36.8 | 68.8 |
| Total comprehensive income for the year | - | - | 14.7 | 14.7 |
| **Closing balance on 31 Dec. 2012** | **227.3** | **332.4** | **222.4** | **782.1** |
| | | | | |
| **Opening balance on 1 Jan. 2012** | **195.3** | **332.4** | **180.7** | **708.4** |
| Total comprehensive income for the period | - | - | -7.9 | -7.9 |
| **Closing balance on 31 Mar. 2012** | **195.3** | **332.4** | **172.8** | **700.5** |
| | | | | |
| **Opening balance on 1 Jan. 2013** | **227.3** | **332.4** | **222.4** | **782.1** |
| Total comprehensive income for the period | - | - | 10.2 | 10.2 |
| **Closing balance on 31 Mar. 2013** | **227.3** | **332.4** | **232.6** | **792.3** |

**QUARTERLY DATA**

| MSEK | 2013 Q1 | 2012 Q4 | 2012 Q3 | 2012 Q2 | 2012 Q1 | 2011 Q4 | 2011 Q3 | 2011 Q2 | 2011 Q1 |
|---|---|---|---|---|---|---|---|---|---|
| Net sales | 493 | 527 | 456 | 481 | 460 | 538 | 423 | 434 | 443 |
| Operating result | 23 | 48 | 13 | 39 | 20 | 57 | 13 | 21 | 19 |
| Operating margin, % | 4.6 | 9.0 | 2.8 | 8.0 | 4.2 | 10.6 | 3.0 | 4.8 | 4.3 |
| Result after financial items | 16 | 41 | 7 | 32 | 14 | 49 | 4 | 14 | 12 |
| Result after tax | 11 | 8 | 4 | 22 | 10 | 37 | 3 | 9 | 11 |
| Earnings per share, SEK [1)] | 0.46 | 0.36 | 0.19 | 1.03 | 0.50 | 1.92 | 0.15 | 0.44 | 0.58 |
| Operating cash flow | -30 | -21 | 18 | 42 | 27 | 76 | -12 | 12 | 18 |
| Cash flow per share, SEK [2)] | -1.20 | 5.58 | 1.01 | 1.59 | 1.57 | 3.57 | -0.90 | 0.49 | 1.15 |
| Depreciation | 25 | 23 | 23 | 23 | 22 | 22 | 22 | 22 | 21 |
| Net investments | 34 | 161 | 16 | 5 | 14 | 2 | 8 | 8 | 10 |
| Goodwill | 984 | 977 | 872 | 890 | 828 | 834 | 847 | 840 | 831 |
| Total assets | 2,227 | 2,261 | 2,086 | 2,049 | 1,979 | 2,005 | 2,037 | 1,952 | 1,956 |
| Equity | 944 | 954 | 936 | 964 | 882 | 880 | 854 | 831 | 811 |
| Equity per share, SEK | 41.53 | 41.96 | 41.19 | 42.42 | 45.15 | 45.03 | 43.75 | 42.55 | 41.53 |
| Net debt | 745 | 688 | 627 | 642 | 660 | 676 | 750 | 721 | 718 |
| Capital employed | 1,689 | 1,642 | 1,563 | 1,606 | 1,542 | 1,555 | 1,605 | 1,551 | 1,529 |
| Return on total assets, % [3)] | 4.1 | 9.0 | 2.5 | 10.2 | 4.8 | 14.0 | 4.0 | 5.8 | 5.5 |
| Return on equity, % [3)] | 4.4 | 3.5 | 1.8 | 9.7 | 4.4 | 17.3 | 1.4 | 4.2 | 5.5 |
| Return on capital employed, % [3)] | 5.4 | 11.9 | 3.2 | 9.8 | 5.0 | 14.5 | 3.2 | 5.4 | 4.9 |
| Debt/equity ratio | 0.8 | 0.7 | 0.7 | 0.7 | 0.7 | 0.8 | 0.9 | 0.9 | 0.9 |
| Equity ratio, % | 42.4 | 42.2 | 44.9 | 47.1 | 44.6 | 43.9 | 42.0 | 42.6 | 41.5 |
| Interest coverage ratio [4)] | 5.7 | 5.6 | 5.8 | 5.4 | 4.5 | 4.4 | 2.4 | neg. | neg. |
| Number of employees at the end of the period | 1,843 | 1,780 | 1,600 | 1,599 | 1,551 | 1,582 | 1,562 | 1,554 | 1,523 |

1) There is no dilution.
2) Cash flow per share refers to cash flow from operating activities.
3) Return ratios have been annualized.
4) Interest coverage ratio calculation is based on a moving 12 month period.

**FIVE YEAR OVERVIEW – FULL YEAR**

| | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|
| Net sales, MSEK | 1,924 | 1,839 | 1,706 | 1,757 | 2,191 |
| Result after financial items, MSEK | 93 | 80 | -105 | -96 | -34 |
| Result after tax, MSEK | 45 | 60 | -84 | -74 | -26 |
| Earnings per share, SEK [1)] | 2.05 | 3.09 | -6.79 | -7.57 | -2.62 |
| Cash flow from operating activities per share, SEK | 9.92 | 4.32 | -4.68 | 5.60 | 12.35 |
| Equity per share, SEK | 41.96 | 45.03 | 41.94 | 78.34 | 89.88 |
| Dividends per share, SEK | 0.60[2)] | 0.50 | 0.00 | 0.00 | 0.00 |
| Operating margin, % | 6.2 | 6.0 | -4.5 | -3.4 | 0.7 |
| Return on total assets, % | 7.4 | 7.3 | -3.2 | -2.2 | 1.7 |
| Return on equity, % | 4.8 | 7.1 | -10.6 | -9.1 | -3.0 |
| Return on capital employed, % | 7.4 | 7.1 | -4.8 | -3.6 | 0.9 |
| Debt/equity ratio | 0.7 | 0.8 | 0.9 | 1.1 | 1.0 |
| Equity ratio, % | 42.2 | 43.9 | 40.7 | 36.2 | 36.8 |
| Average number of shares, in thousands [3)] | 21,646 | 19,530 | 12,342 | 9,765 | 9,765 |

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

1) There is no dilution.
2) Proposed by the board.
3) No adjustment of the historic number of shares has been made since the new share issues in 2010 and 2012 did not entail any bonus issue element.

## FIVE YEAR OVERVIEW – FIRST QUARTER

| | 2013 Q1 | 2012 Q1 | 2011 Q1 | 2010 Q1 | 2009 Q1 |
|---|---|---|---|---|---|
| Net sales, MSEK | 493 | 460 | 443 | 401 | 477 |
| Result after tax, MSEK | 11 | 10 | 11 | -19 | 3 |
| Earnings per share, SEK [1)] | 0.46 | 0.50 | 0.58 | -1.92 | 0.34 |
| Cash flow from operating activities per share, SEK | -1.20 | 1.57 | 1.15 | -3.11 | 1.04 |
| Equity per share, SEK | 41.53 | 45.15 | 41.53 | 73.73 | 91.51 |
| Return on equity, % [2)] | 4.4 | 4.4 | 5.5 | -10.0 | 1.5 |
| Return on capital employed, % [2)] | 5.4 | 5.0 | 4.9 | -3.0 | 2.8 |
| Operating margin, % | 4.6 | 4.2 | 4.3 | -3.0 | 2.5 |
| Average number of shares, in thousands [3)] | 22,730 | 19,530 | 19,530 | 9,765 | 9,765 |

[4)] There is no dilution.
[5)] Return ratios have been annualized.
[1)] No adjustment of the historic number of shares has been made since the new share issues in 2010 and 2012 did not entail any bonus issue element.

## DEFINITIONS

| | |
|---|---|
| **Cash flow from operating activities per share** | Cash flow from operating activities for the year divided by average number of shares. |
| **Capital employed** | Total assets less cash and cash equivalents and non-interest-bearing liabilities. |
| **Debt/equity ratio** | Interest-bearing liabilities less cash and cash equivalents in relation to reported equity, including non-controlling interests. |
| **Earnings per share** | Earning for the year divided by the average number of shares. |
| **Equity per share** | Equity divided by outstanding shares at the end of the year. |
| **Equity ratio** | Equity, including non-controlling interests, in relation to total assets. |
| **Interest coverage ratio** | Operating result plus interest income divided by interest costs. |
| **Operating cash flow** | Cash flow from operating activities and investing activities adjusted for paid taxes and net financial items. |
| **Operating margin** | Operating result in relation to net turnover. |
| **Return on capital employed** | Operating result in relation to average capital employed. |
| **Return on equity** | Result for the year in relation to average equity. |
| **Return on total assets** | Operating result plus financial income in relation to total assets. |

## ELANDERS' OFFER & PRODUCT AREAS

*Elanders' offer is divided into three product areas: Commercial Print, Packaging and e-Commerce. The product areas have different circumstances and markets but one common denominator; they can all be combined with personalized information or print.*

**Commercial Print** is Elanders' origin and represents the lion's share of our range and net sales. Elanders has an advantage over several smaller competitors since the company can offer print in low-cost countries. Our ability to offer the customers the same print quality at a lower price has been successful.

Commercial Print includes magazines, books, catalogues and other information and marketing material. Manuals and product information are also included in this category and they have been Elanders' successful mainstay for many years.

Manuals, however, have gone through a transformation in recent years. They are simpler, thinner and part of the information that was previously printed is now delivered digitally. To compensate for this Elanders also offers printing of the packaging and fulfillment in combination with production of the manual.

The demand for customized and chassis unique manuals is on the rise in the automotive industry. Elanders has long and extensive experience in this area and a large number of leading, global car manufacturers are our customers.

**Packaging**, is becoming an increasingly important component in how companies nurture their brands or when they want to clinch a purchase as a customer walks through a store. Elanders offers an entire range from simple boxes to exclusive handmade packaging and everything from small to enormous editions. Another competitive advantage Elanders has is that we offer personalized print on packaging.

The strongest trend in packaging is that it is becoming more exclusive, expensive and requires more advanced technology to produce. In addition to the home and electronics industries, Elanders has in recent years won orders from pharmaceuticals and the food and cosmetics industries.

***e*-Commerce** is a relatively young product area for Elanders but it's growing quickly and its future is exciting. It's a prioritized development area where the personalization element is more tangible than in any other product area. This product area is characterized by the use of specially designed websites where customers can put in their orders and in some cases follow the entire process from order to delivered printed matter.

Our strategy is to serve Elanders' existing customers in the best way possible via order portals and to be the best global supplier for customers that are focused on W2P. Included in this strategy is continuing to develop our own technical solutions and use the experience that we have. Volumes have increased as more and more customers want to design their own personalized photo books, calendars and other printed material.