



INTERIM REPORT JANUARY – JUNE 2015

CONTINUED GOOD DEVELOPMENT IN SECOND QUARTER OF 2015 WITH POSITIVE IMPACT FROM THE ACQUISITION

Quarter 2

- Net sales amounted to 125.8 MEUR (99.3).
- Operating profit excluding non-recurring items was 10.5 MEUR (6.4) with an operating margin of 8.3 % (6.5).
- Operating profit was 3.6 MEUR (6.0) and the operating margin was 2.9 % (6.0).
- Net profit was 0.6 MEUR (1.8).
- Earnings per share were 0.06 (0.18).
- Cash flow from operations was 12.1 MEUR (7.0).

January - June

- Net sales amounted to 225.2 MEUR (200.6).
- Operating profit excluding non-recurring items was 17.9 MEUR (12.1) with an operating margin of 8.0 % (6.0).
- Operating profit was 10.6 MEUR (11.0) and the operating margin was 4.7 % (5.5).
- Net profit was 5.8 MEUR (3.7).
- Earnings per share were 0.58 (0.37).
- Cash flow from operations was 20.2 MEUR (11.5).

CEO comments

AR Packaging continues to show good development also in the second quarter of 2015. The actual EBITDA increased by almost 50 % compared to the same period in 2014. The EBITDA margin for the second quarter increased to 12.0 % compared to 10.3 % in the same quarter of 2014. For the period January-June the EBITDA margin is 11.7%. The acquired business is contributing positively to the overall profitability.

Total net sales in the second quarter for the Group increased with 27 % to 125.8 MEUR (99.3) mainly attributable to the acquired business which is included since May 1st with a sales value of 25.9 MEUR. Sales for the period January-June of 225.2 MEUR is 12 % above the same period last year.

Despite the challenging market environment we have so far been able to develop well, but we foresee tougher market conditions moving forward in general and for the Tobacco business uncertainty relating to impact from new regulations on EU level.

The acquired business from MeadWestvaco Corporation (MWV), which was successfully completed on April 30, is currently developing above expectations and the integration proceeds well.

Harald Schulz, CEO



Key figures, Group

TEUR	1 Apr - 30 Jun 2015	1 Apr - 30 Jun 2014	1 Jan - 30 Jun 2015	1 Jan - 30 Jun 2014	12 months Jul - Jun 14/15	Full Year 2014
Net sales	125 755	99 279	225 204	200 614	428 920	404 330
EBITDA *	15 094	10 198	26 350	19 794	49 051	42 495
EBITDA margin %	12,0%	10,3%	11,7%	9,9%	11,4%	10,5%
Operating profit (EBIT I) *	10 461	6 444	17 905	12 124	33 169	27 388
Operating margin %	8,3%	6,5%	8,0%	6,0%	7,7%	6,8%
Net profit	572	1 828	5 796	3 743	17 649	15 596
Earnings per share, EUR	0,06	0,18	0,58	0,37	1,77	1,56
Equity ratio %	22,6%	25,9%	22,6%	25,9%	22,6%	28,4%
Return on Equity in %					20,7%	19,6%
Return on capital employed in %					12,1%	13,4%
Net debt	131 649	102 571	131 649	102 571	131 649	87 131
Net debt/EBITDA	2,7	2,3	2,7	2,3	2,7	2,1
Gearing ratio %	154,1%	146,4%	154,1%	146,0%	154,1%	110,0%

* Non recurring items excluded

For financial definitions see page 10.

Sales

Net sales amounted to 125.8 MEUR (99.3) for the second quarter of 2015, which is an increase of 27% to the same period previous year. The main reason for this is that the acquired business is included since May 1st 2015 which gives a positive impact of 25.9 MEUR. Sales YTD June ended at 225.2 MEUR (200.6) which is an increase of 12%. The new business added is included in the operating segment report under BA Central Europe (former BA Germany) and BA Russia.

Operating profit

The operating profit for the period April-June was 3.6 MEUR (6.0). In the second quarter a one off write down of around 5 MEUR for certain fixed assets was made which had no cash impact. Adjusted for non-recurring items, the operating profit was 10.5 MEUR (6.4) with an operating margin of 8.3% (6.5). Operating Profit YTD June excluding non-recurring items was 17.9 MEUR (12.1) with an operating margin of 8.0% (6.0). EBITDA for the period January-June was 26.4 MEUR (19.8) and the EBITDA margin was 11.7% (9.9).

Cash flow

The Group's operating cash flow for the second quarter 2015 was positive with 12.1 MEUR (7.0). Operating cash flow YTD June was 20.2 MEUR (11.5). Cash used for capital expenditures for the period January-June was net 4.9 MEUR (4.7).

Financial net

The financial net for the period April-June was -2.1 MEUR (-3.1). YTD June the financial net was -3.4 MEUR (-5.2). Translation effects have been positive in the period January-June with 0.6 MEUR compared to -1.2 MEUR for the same period last year.



Taxes

The total reported tax expense for the period April-June was -0.9 MEUR (-1.1). Tax expenses January-June was -1.4 MEUR (-2.1). The impact from changes in deferred taxes in the period January-June is positive by 0.9 MEUR.

Earnings per share

Earnings per share for the second quarter was 0.06 EUR (0.18) and for the first 6 months of the year 0,58 EUR (0,37).

Shareholders

As per June 30, 2015 the shareholding in ÅR Packaging Group AB is divided as follows;

Ahlström Capital	64 %
Accent Equity	34 %
Management	2 %

The total number of issued shares is 10 000 100 and the quota value is 0.50 EUR per share.

Personnel

The total number of employees within AR Packaging was 2 231 as per June 30, 2015 (1 594 as per December 31, 2014).

Financial risk management

The management of financial risks is in all essential aspects the same as 2014 and which is described in the consolidated financial statements for 2014.

Transactions with related parties

No transactions with related parties have taken place during the first 6 months of 2015.

Major events during the quarter

AR Packaging has on April 30, 2015 announced the closing of the acquisition of the European tobacco and general packaging operations of MeadWestvaco Corporation. The final cash settlement related to working capital changes will be done during the third quarter. For more info please see under Note 3.

With this acquisition the company has further underlined its strategy to grow in selected market segments, in this case mainly Branded products. As a consequence of this increased focus in this area we have made an assessment of certain fixed assets related to development projects in our non-core business which has led to a write down in the size of 5 MEUR in the quarter. This amount is treated as non-recurring and has a material impact in the quarterly result reported, but no cash flow effect.

Significant events after the reporting period

No major events have occurred after the reporting period.

Parent company

The parent company, ÅR Packaging Group AB (publ), is a holding company which provides some administrative services like general management and financing of the Group. The net result for the second quarter was -1.0 MEUR (-0.8) and for the period January – June 2015 -2.2 MEUR (- 1.5).



Accounting principles

The year-end report for the Group is prepared in accordance with IAS 34, Interim Financial Reporting and the Swedish Annual Accounts Act. The parent company's reporting is prepared in accordance with RFR 2 Reporting for legal entities and the Swedish Annual Reports Act. The accounting principles have been applied in the same way as in the consolidated financial statements for 2014 in accordance with IFRS. New standards and interpretations effective from January 1st, 2015 have had no impact on the financial reporting.

Dates for publication of financial information

Quarter 3, 2015	23 October 2015 (08.00) (reviewed by the Company's auditors)
Quarter 4, 2015	18 February 2016 (08.00)
Annual report	April 2016

Information in the report

The information is such that ÅR Packaging Group AB is to publish in accordance with the Swedish Securities Market Act and or the Financial Instruments Trading Act. The information was submitted for publication on August 11, 2015 at 08.00 AM CET.

This report has not been subject to review by the company's auditors.

Report from the Board of directors and the CEO

The Board of directors and the CEO certify that this interim report provides a true and fair view of the parent company and the Group's financial position and results and describes the major risks and uncertainties facing the parent company and the Group.

Lund, August 11 2015

Hans Pettersson
Chairman of the board

Panu Routila
Member of the board

Jan Ohlsson
Member of the board

Sebastian Burmeister
Member of the board

Marcus Jennekvist
Member of the board

Walter Ahlström
Member of the board

Ewa Malmqvist
Union representative

Eddie Erman
Union representative

Harald Schulz
CEO and member of the board



ÅR PACKAGING

Additional information is provided by:

Harald Schulz, President and CEO, +49 172 671 88 95

Niclas Nyström, CFO, +46 701 44 56 64

For further information, see our website: www.ar-packaging.com

ÅR Packaging Group AB (publ)

Box 177

221 00 Lund, Sweden

Telephone: +46 46 287 33 00

Registration no: 556702-3006



Condensed consolidated income statement

TEUR	Note	1 Apr - 30 Jun 2015	1 Apr - 30 Jun 2014	1 Jan - 30 Jun 2015	1 Jan - 30 Jun 2014
Net sales	1	125 755	99 279	225 204	200 614
Cost of goods sold		-108 865	-84 452	-192 126	-171 368
Gross margin		16 890	14 827	33 078	29 246
Selling expenses		-3 656	-3 037	-6 608	-5 810
Administrative expenses		-7 456	-5 423	-12 843	-10 951
Research and development expenses		-368	-369	-732	-726
Other operating income/expenses		-1 836	15	-2 308	-743
Operating profit (EBIT)¹	1	3 574	6 013	10 587	11 016
Financial net		-2 129	-3 098	-3 382	-5 196
Profit before tax		1 445	2 915	7 205	5 820
Income tax expense		-873	-1 087	-1 409	-2 077
Net profit for the period		572	1 828	5 796	3 743
Attributable to:					
Shareholders of the parent company		490	1 750	5 717	3 652
Non-controlling interests		82	78	79	91
		572	1 828	5 796	3 743
1 Of which non-recurring items		-6 887	-431	-7 318	-1 108
Earnings per share					
Net profit for the period attributable to shareholders of the parent company:					
Before and after dilution. EUR		0,06	0,18	0,58	0,37

Condensed Consolidated statement of other comprehensive income

TEUR	1 Apr - 30 Jun 2015	1 Apr - 30 Jun 2014	1 Jan - 30 Jun 2015	1 Jan - 30 Jun 2014
Net profit for the period	572	1 828	5 796	3 743
Other comprehensive income:				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	-795	-185	219	-189
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Re-measurement gains (losses) on defined benefit plans, net of tax	0	-1 997	0	-1 997
Other comprehensive income for the period, net of tax	-795	-2 182	219	-2 186
Total comprehensive income for the year, net of tax	-223	-354	6 015	1 557
Attributable to:				
Shareholders of the parent company	-319	-445	5 900	1 449
Non-controlling interests	96	91	115	108
	-223	-354	6 015	1 557



Condensed consolidated balance sheet

TEUR	30 June 2015	30 June 2014	31 December 2014
ASSETS			
Goodwill	38 488	38 244	37 390
Other intangible assets	5 435	3 160	3 033
Property, plant and equipment	109 541	79 713	76 346
Other non-current assets	17 917	11 352	15 556
Total non-current assets	171 381	132 469	132 325
Inventories	66 354	49 802	46 009
Trade receivables	72 913	53 892	51 178
Other current assets	18 688	8 887	12 203
Cash and cash equivalents	48 350	26 001	37 899
Total current assets	206 305	138 582	147 289
TOTAL ASSETS	377 686	271 051	279 614
EQUITY	85 427	70 082	79 412
LIABILITIES			
Interest-bearing loans and borrowings	134 756	87 371	86 875
Deferred tax liabilities	3 833	2 691	3 009
Provisions for defined benefit pensions	36 217	29 025	30 630
Total non-current liabilities	174 806	119 087	120 514
Interest-bearing loans and borrowings	9 026	12 176	7 525
Trade payables	57 459	42 124	38 311
Other liabilities	50 968	27 582	33 852
Total current liabilities	117 453	81 882	79 688
TOTAL LIABILITIES	292 259	200 969	200 202
TOTAL EQUITY AND LIABILITIES	377 686	271 051	279 614



Consolidated statement of changes in equity

TEUR	Share capital	Additional paid-in capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
1 January 2014	4 999	51 672	-1 720	13 273	68 224	301	68 525
Profit for the period				3 652	3 652	91	3 743
Other comprehensive income			-206	-1 997	-2 203	17	-2 186
30 June 2014	4 999	51 672	-1 926	14 928	69 673	409	70 082
Profit for the period				11 871	11 871	-18	11 853
Other comprehensive income			-904	-1 567	-2 471	-52	-2 523
31 December 2014	4 999	51 672	-2 830	25 232	79 073	339	79 412
Profit for the period				5 717	5 717	79	5 796
Other comprehensive income			183	0	183	36	219
30 June 2015	4 999	51 672	-2 647	30 949	84 973	454	85 427

Condensed consolidated cash flow statement

TEUR	1 Apr - 30 Jun 2015	1 Apr - 30 Jun 2014	1 Jan - 30 Jun 2015	1 Jan - 30 Jun 2014
Continuing operations:				
Profit before tax from continuing operations	1 445	2 915	7 205	5 820
Profit before tax	1 445	2 915	7 205	5 820
Non-cash items	13 556	5 434	16 925	10 865
Working capital changes	863	-184	417	-3 550
Income tax paid	-3 722	-1 172	-4 361	-1 634
Net cash flows from operating activities	12 142	6 993	20 186	11 501
Net cash flows from investing activities	-69 867	-2 933	-72 113	-4 661
Net cash flows from financing activities	22 908	-4 242	57 400	-7 413
Net cash flow for the period	-34 817	-182	5 473	-573
Cash and cash equivalents at beginning of period	78 482	26 463	37 899	26 854
Acquired cash and cash equivalents	4 488	0	4 488	0
Net foreign exchange differences	197	-280	490	-280
Cash and cash equivalents at end of period	48 350	26 001	48 350	26 001



Condensed Parent Company income statement

TEUR	1 Apr - 30 Jun 2015	1 Apr - 30 Jun 2014	1 Jan - 30 Jun 2015	1 Jan - 30 Jun 2014
Administrative expenses	-142	-399	-842	-738
Operating profit (EBIT)	-142	-399	-842	-738
Financial income	1 161	972	2 023	1 870
Financial expenses	-2 003	-1 327	-3 404	-2 647
Result before taxes	-984	-754	-2 223	-1 515
Income tax revenue	0	0	0	0
Net result for the period	-984	-754	-2 223	-1 515
Attributable to:				
Shareholders of the parent company	-984	-754	-2 223	-1 515

There is no other comprehensive income to report for the Parent Company.

Condensed Parent Company balance sheet

TEUR	30 June 2015	30 June 2014	31 December 2014
ASSETS			
Non-current financial assets	180 554	129 096	130 534
Total non-current assets	180 554	129 096	130 534
Trade receivables	0	142	1 280
Other receivables	554	459	31
Cash and cash equivalents	1 892	3 425	1 874
Total current assets	2 446	4 026	3 185
TOTAL ASSETS	183 000	133 122	133 719
EQUITY	51 130	53 116	53 353
LIABILITIES			
Interest-bearing loans and borrowings	129 069	78 789	79 092
Total non-current liabilities	129 069	78 789	79 092
Other liabilities	2 801	1 217	1 274
Total current liabilities	2 801	1 217	1 274
TOTAL LIABILITIES	131 870	80 006	80 366
TOTAL EQUITY AND LIABILITIES	183 000	133 122	133 719



NOTES

Note 1 Operating segment reporting

Operating segments

April - June 2015	BA Sweden	BA Central Europe	BA Russia	BA France	BA Nordic	Other, eliminations	Group total
Net sales:							
External customers	37 883	47 759	21 496	11 216	7 041	360	125 755
Inter-segment	2 588	685	49	9	2 364	-5 695	0
Total net sales	40 471	48 444	21 545	11 225	9 405	-5 335	125 755
Net operating expenses	-36 866	-43 236	-20 189	-10 976	-8 944	4 917	-115 294
whereof depreciation and amortisation	-1 023	-1 640	-1 034	-538	-234	-164	-4 633
Operating profit (EBIT I) *	3 605	5 208	1 356	249	461	-418	10 461
Non-recurring items	-1 296	-3 762	-746	0	0	-1 083	-6 887
Operating profit (EBIT)	2 309	1 446	610	249	461	-1 501	3 574

Operating segments

April - June 2014	BA Sweden	BA Central Europe	BA Russia	BA France	BA Nordic	Other, eliminations	Group total
Net sales:							
External customers	35 445	25 536	18 422	12 360	6 866	650	99 279
Inter-segment	2 469	608	0	0	3 176	-6 253	0
Total net sales	37 914	26 144	18 422	12 360	10 042	-5 603	99 279
Net operating expenses	-35 251	-24 070	-17 737	-11 928	-9 315	5 466	-92 835
whereof depreciation and amortisation	-1 082	-960	-916	-511	-237	-48	-3 754
Operating profit (EBIT I) *	2 663	2 074	685	432	727	-137	6 444
Non-recurring items	-149	302	0	-43	-18	-523	-431
Operating profit (EBIT)	2 514	2 376	685	389	709	-660	6 013

Operating segments

January - June 2015	BA Sweden	BA Central Europe	BA Russia	BA France	BA Nordic	Other, eliminations	Group total
Net sales:							
External customers	76 099	73 485	38 095	22 370	14 734	421	225 204
Inter-segment	5 292	1 360	49	9	5 012	-11 722	0
Total net sales	81 391	74 845	38 144	22 379	19 746	-11 301	225 204
Net operating expenses	-73 812	-67 737	-36 044	-21 888	-18 426	10 608	-207 299
whereof depreciation and amortisation	-2 044	-2 639	-1 946	-1 063	-467	-286	-8 445
Operating profit (EBIT I) *	7 579	7 108	2 100	491	1 320	-693	17 905
Non-recurring items	-1 114	-3 782	-750	0	0	-1 672	-7 318
Operating profit (EBIT)	6 465	3 326	1 350	491	1 320	-2 365	10 587

Operating segments

January - June 2014	BA Sweden	BA Central Europe	BA Russia	BA France	BA Nordic	Other, eliminations	Group total
Net sales:							
External customers	71 267	51 035	36 944	25 989	14 679	700	200 614
Inter-segment	5 317	1 090	0	28	6 148	-12 583	0
Total net sales	76 584	52 125	36 944	26 017	20 827	-11 883	200 614
Net operating expenses	-71 697	-48 092	-36 080	-25 073	-19 181	11 633	-188 490
whereof depreciation and amortisation	-2 158	-1 956	-1 867	-1 021	-482	-186	-7 670
Operating profit (EBIT I) *	4 887	4 033	864	944	1 646	-250	12 124
Non-recurring items	-396	296	0	-78	-34	-896	-1 108
Operating profit (EBIT)	4 491	4 329	864	866	1 612	-1 146	11 016

* Non-recurring items excluded

** BA Central Europe (former BA Germany)



Note 2 Fair values of financial assets and liabilities

In all material aspects fair value coincides with the carrying amount in the balance sheet for financial assets and liabilities except from the bond loan which has a carrying amount of 114.1 MEUR and a fair value of 118.7 MEUR. The assessment of the fair value of financial assets has been carried out in accordance with level 2, with exception of cash and equivalents, which are valued in accordance with level 1. For additional information, see Note 36 in the consolidated financial statements for 2014. No material changes have taken place in relation to the valuation as per December 31.

Note 3 Business combinations

On 30 April 2015 the group acquired 100% of the share capital of the European tobacco, chocolate confectionary and general packaging operations from MeadWestvaco Corporation for 75 807 TEUR and obtained control. The consideration was paid in cash. The acquired operation includes three plants in Graz (Austria), Krakow (Poland) and Moscow (Russia), and certain additional carton business and related machinery in Svitavy (Czech Republic) which will be operated under the A&R Carton brand. The acquisition is a good fit to ARP's existing operations and it provides strong growth opportunities. The acquisition is expected to yield substantial synergies related to the market position, purchasing opportunities, manufacturing rationalization and administration costs cutting. The net sales included in the consolidated income statement since 30 April 2015 contributed by the acquired operation was 25 921 TEUR. The operation also contributed net profit of 2 662 TEUR over the same period. Had the operation been consolidated from 1 January 2015, executive management estimates that the consolidated income statement would show pro-forma net sales of 73 600 TEUR and operating profit of around 7 100 TEUR.

Effects from acquisition 2015

Recognized amounts of identifiable assets acquired and liabilities assumed:

TEUR

Intangible assets	2 701
Property, plant & equipment	41 156
Inventory	17 824
Trade and other receivables	31 536
Cash and cash equivalents	4 489
Trade and other payables	-21 071
Deferred tax liabilities	-1 355
Total identifiable net assets	75 280
Goodwill	527
Total consideration transferred	75 807

Goodwill

The goodwill of 527 TEUR arising from the acquisition is attributable to expected synergies, non-separable intangible assets such as assembled workforce and the strategic value associated with expansion of ARP's market presence. None of the goodwill recognized is expected to be deductible for income tax purposes.

Acquisition-related costs

Acquisition-related costs, consultancy fees for due diligence, of 1 508 TEUR have been charged to administrative expenses in the consolidated income statement for the period ended 30 June 2015.



Acquired receivables

The fair value of trade receivables is 24 116 TEUR. The gross contractual amount for trade receivables is 24 157 TEUR, of which 41 TEUR is provided for as uncertain.

The PPA is to be considered preliminary with regards to the consideration transferred, furthermore the values of the acquired intangible assets and thus the deferred tax linked to such assets, are preliminary pending the final valuation outcome.

FINANCIAL DEFINITIONS

Capital employed

Total assets less non-interest bearing liabilities.

Earnings per share

Net earnings, excluding non-controlling interests, divided by average number of shares.

EBITDA

Operating profit excluding non-recurring items and amortisation and depreciation of fixed assets.

Equity ratio

Shareholders' equity including non-controlling interests as a percentage of total assets.

Gearing ratio

Net debt as a percentage of total equity.

Net debt

Total interest bearing liabilities (including pension liability) less cash and cash equivalents.

Operating profit (EBIT 1)

Operating profit excluding non-recurring items.

Operating margin

Operating profit (EBIT 1) as a percentage of net sales for the year.

Return on capital employed

Twelve months to end of period profit after financial items, excluding non-recurring items, plus financial expenses as a percentage of twelve months to end of period average capital employed.

Return on equity

Twelve months to end of period net profit excluding non-controlling interests as a percentage of twelve months to end of period average shareholders' equity excluding non-controlling interests.