ELANDERS 2014

ANNUAL REPORT 14

WELCOME

Elanders has been around for over 100 years and has grown from a local and family owned company to a listed global group with operations in more than 15 countries on four continents. The journey to becoming what Elanders is today has gone through establishing our own facilities and acquisitions, which in recent years have been aimed at finding new markets. Our goal has been to fundamentally rebuild and equip our business to take advantage of the business opportunities emerging from the wake of globalization and digitalization.

We currently offer everything from global supply chain solutions and advanced print solutions to personalized photo products. Our largest customers are automotive, consumer electronics and white goods manufacturers but we also sell directly to consumers. Sales are generated in our three business areas which, although they have different core competences, complement and balance each other. This Annual Report is focused on describing our broader offer and how we work strategically to develop and build a stronger Elanders.

Welcome to our world!

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This is Elanders

OUR BUSINESS
Elanders offers global solutions through its business areas Supply Chain Solutions, Print & Packaging Solutions and e-Commerce Solutions. The Group has operations in more than 15 countries on four continents. The most important markets are China, Germany, Singapore, Sweden, United Kingdom and the USA and the largest customers are automotive, consumer electronics and white goods manufacturers.

OUR OFFER
Our offer contains everything from producing photo products, marketing material, user information and packaging to taking an overall responsibility for complex and global deliveries encompassing procurement, configuration, picking, printing, packaging, distribution, payment solutions and after sales services.

The services are provided by business-oriented employees. They use their expertise and intelligent IT solutions to develop our customers' offers, which are often completely dependent on efficient product, component and service flows as well as traceability and information.

In addition to our offer to B2B markets Elanders also sells photo products directly to consumers through its own brands fotokasten and myphotobook.

OUR GOAL AND STRATEGY
Elanders shall be a world leading company in global solutions in supply chain, print & packaging and e-commerce. Our strategy is to work in niches in each business area where the company can attain a leading position on the market. We will achieve this goal by being best at meeting customers' demands for efficiency and delivery. In order to be successful we need to continuously develop our offer as technology and customer needs evolve. Acquisitions play an important role in our company's development and provide competence, broader product and service offers and enlarge our customer base.

OUR EMPLOYEES
The average number of employees in 2014 was 3,360 (1,864), of which 91 (79) percent were active outside of Sweden.

OWNER AND SHARE
Elanders' B share was listed on NASDAQ OMX January 1989. Since 1997 Carl Bennet AB has been the major shareholder and controls 62 percent of the shares and 74 percent of the votes.

HISTORY
From the time of its listing in 1989 Elanders has made a long journey from being purely a printer, mainly operating in Sweden, to becoming a global service company with business on four continents. We have worked hard to keep up with the tide of digitalization and globalization and the structural changes in the graphic industry. Along the road we have made acquisitions that have given us the opportunity to expand into new markets, customer segments and services.

THREE BUSINESS AREAS

SUPPLY CHAIN SOLUTIONS

Key ratios	2014	2013
Net sales, MSEK	1,526	–
Operating result, MSEK	106	–
Operating margin, %	7.0	–
Average number of employees	1,506	–

What?
The business area is specialized in effectively managing global product, component and service flows with very short lead times. A central part of the offer is the extensive statistic reports to our customers.

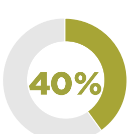
Where?
Brazil, China, the Czech Republic, India, Japan, Mexico, Singapore, Taiwan and the USA.

Who?
Our customers can mainly be found in the software and electronics industries.

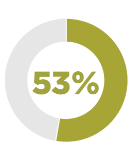
Value
We create customer value through efficient and intelligent flows of products, components and information.

Market and business conditions
- Market with long-term growth.
- Personnel intensive.
- Economy of scale advantages in IT platforms.
- Requires global presence.
- Long customer relationships.

Business model and profitability
- B2B – contract-based business model with demand driven call-off contracts per product or service.
- Large volumes and low margins.
- Stable profitability.
- High sensitivity to changes in the business cycle.



Share of net sales



Share of operating result

PRINT & PACKAGING SOLUTIONS

Key ratios	2014	2013
Net sales, MSEK	2,030	1,964
Operating result, MSEK	71	132
Operating margin, %	3.5	6.7
Average number of employees	1,762	1,803

What?
The business area offers cost-efficient and innovative solutions that meet the customers' needs for printed matter and packaging, both locally and globally. The business area has developed advanced, user friendly and Internet-based ordering platforms that makes the process from order to delivery more efficient and enables customized just-in-time deliveries.

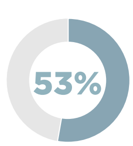
Where?
Brazil, China, Germany, Hungary, India, Italy, Poland, Sweden, United Kingdom and the USA.

Who?
The customers can mainly be found in manufacturing industries such as automotive, white goods, tools, etc.

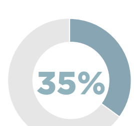
Value
Customer value is added through graphic expertise, efficient and globally available production, often in combination with advanced ordering platforms and just-in-time or sequence deliveries.

Market and business conditions
- Weak growth.
- Capital intensive.
- Overcapacity and consolidation.
- Economy of scale in capacity.

Business model and profitability
- B2B – product or call-based business model.
- Large volumes and low margins.
- Niches can have high margins depending on the product, complexity and market.
- Low profitability.
- High sensitivity to changes in the business cycle.
- Global presence is a competitive edge.



Share of net sales



Share of operating result

E-COMMERCE SOLUTIONS

Key ratios	2014	2013
Net sales, MSEK	263	191
Operating result, MSEK	24	27
Operating margin, %	9.1	13.9
Average number of employees	81	51

What?
The business area offers photo products, either through our own brands, fotokasten and myphotobook (B2C), or through different kinds of white label solutions (B2B2C). Our offer is based on advanced e-commerce platforms where customers can customize their own photo products.

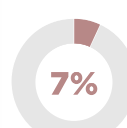
Where?
Two offices located in Germany. Sales take place on 16 markets in Europe.

Who?
The primary customers are consumers, but there is also sales to companies that offer the services using their own brand.

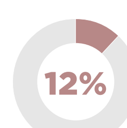
Value
Customer value through user friendly and intuitive platforms where the end customer can easily design and create their own personal photo memories.

Market and business conditions
- Strong growth.
- Consolidation.
- Difficult to start up due to IT systems and marketing costs.
- Knowledge and development intensive business.
- Short lifecycle for products.
- Technology intensive.

Business model and profitability
- B2C – e-commerce with direct payment.
- B2B2C – white-label solutions.
- High profitability for market leaders.
- Short series, sometimes only a single copy.
- Low sensitivity to changes in the business cycle.



Share of net sales

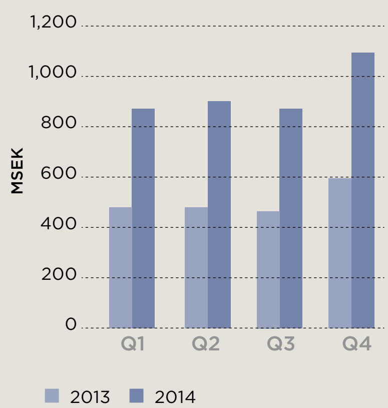


Share of operating result

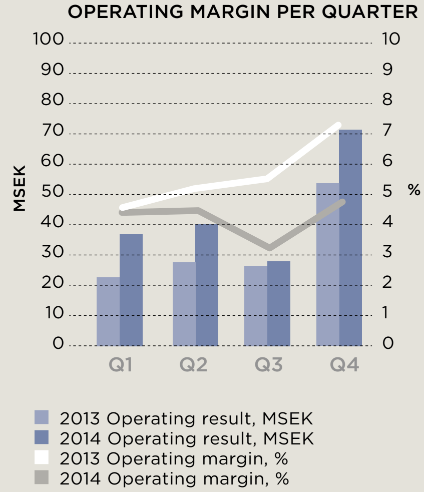
Summary 2014

With the latest acquisitions, particularly Mentor Media, the Group has taken a major step into the supply chain market and expanded both operations and global presence. Compared to the previous year net sales increased by 78 percent to MSEK 3,730 (2,096). The operating result excluding one-off items increased to MSEK 217 (132) and the operating margin was 6 (6) percent. The restructuring measures taken in the Swedish operations generated one-off costs totaling MSEK 42. In order to finance the acquisition of Mentor Media a new issue was made during the second quarter with preferential rights for existing shareholders and generated MSEK 121 after issue costs.

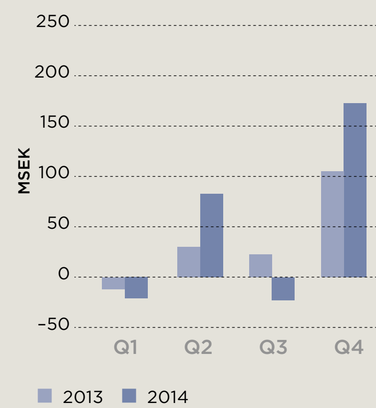
NET SALES PER QUARTER



OPERATING RESULT AND OPERATING MARGIN PER QUARTER



OPERATING CASH FLOW EXCLUDING ACQUISITIONS PER QUARTER



FIRST QUARTER

- The new acquisition Mentor Media was integrated into the new business area Supply Chain Solutions. It surpassed our expectations and both net sales and result increased substantially. The acquisition also strengthened the Group's market position in Asia.
- Business area Print & Packaging Solutions developed as expected and continued to consolidate its production units in Europe.
- Focus in e-Commerce Solutions was on integration and coordination of the operations in myphotobook with the existing operations in d|o|m / fotokasten.

SECOND QUARTER

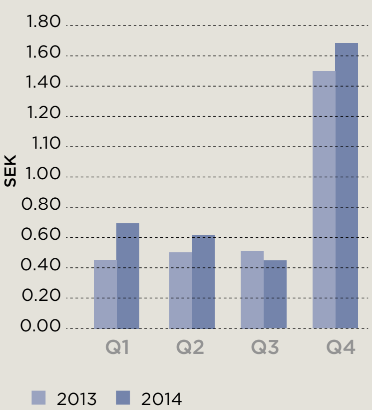
- The positive trend continued and Supply Chain delivered as expected. Otherwise the quarter was dominated by the integration of the newly acquired companies. Work continued according to plan and the Group was able to realize some customer synergies.
- Sales to global customers continued to develop positively in Print & Packaging at the same time the business area had to take measures in order to increase efficiency and consolidate in other areas.
- e-Commerce continued coordinating with Print & Packaging. One of the measures was transferring printing volumes from myphotobook to the Print & Packaging production units in Germany. Work was initiated to harmonize the Group's web-based ordering platforms.

THREE YEAR OVERVIEW

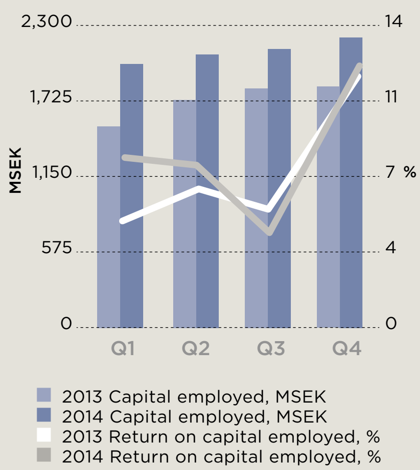
	2014	2013	2012
Net sales, MSEK	3,730	2,096	1,924
Result after financial items, MSEK	140	102	93
Result after tax, MSEK	88	70	44
Earnings per share, SEK	3.48	2.99	1.99
Cash flow from operating activities per share, SEK	6.42	5.48	9.64
Equity per share, SEK	50.82	44.39	40.77
Dividend per share, SEK	1.10 [1)]	0.78	0.58
Operating margin, %	4.7	6.2	6.2
Return on total assets, %	5.9	5.6	5.6
Return on equity, %	7.4	7.0	4.8
Return on capital employed, %	8.7	7.7	7.4
Debt/equity ratio, times	0.7	0.7	0.7
Equity ratio, %	37.8	42.2	42.2
Average number of outstanding shares, thousands	25,204	23,395	22,279

[1)] Proposed by the Board.

EARNINGS PER SHARE PER QUARTER



RETURN ON CAPITAL EMPLOYED PER QUARTER



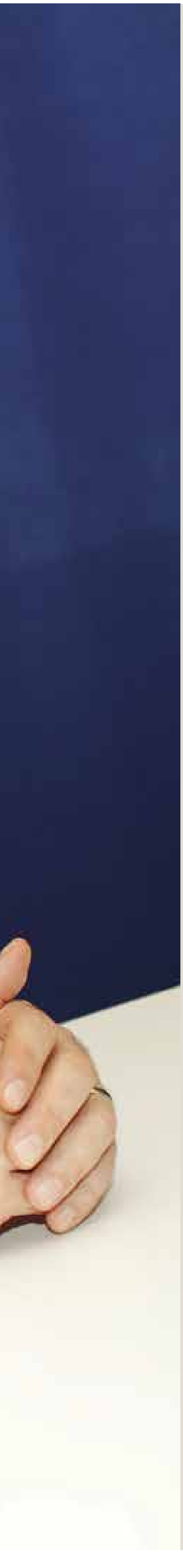
THIRD QUARTER

- The quarter was mostly positive. Business area Supply Chain was exceptional and surpassed expectations.
- Print & Packaging had a rough quarter with decreasing demand and weak profitability both in Europe and Asia. The European operations were put under the same management in order to in time optimize production and maximize the use of existing machines.
- A restructuring program was launched in Swedish operations. These measures generated one-off items of some MSEK 42 in the third and fourth quarter.

FOURTH QUARTER

- The quarter had a surprisingly strong finish and all business areas performed well. Supply Chain met an increased demand from its customers and this, in combination with synergy gains, contributed to a greatly improved result.
- With a few exceptions business area Print & Packaging had a strong finish. However, the result was weaker than the previous year due to lower demand in Sweden and Asia and because of the restructuring costs in the Swedish operations.
- Business area e-Commerce ended the year very well, primarily due by considerable Christmas sales.

CEO INTERVIEW
MAGNUS NILSSON



Continued global expansion

During 2014 Elanders successfully integrated its latest acquisitions and at the same time delivered a very good result.

"Our strong result is mainly due to Supply Chain Solutions surpassing our expectations, that several units in Print & Packaging Solutions surprised us positively and that e-Commerce Solutions finished the year on a very strong note," comments Magnus Nilsson, President and CEO of Elanders.

INTERVIEW JAN-OLOF EKELUND

Things are humming at Elanders. Several years of working to create a broader and more long-term attractive offer has paid off. The Group now has a stable base of three business areas that balance and complement each other, and this is reflected in the significantly improved result and record sales.

Magnus Nilsson was in 2009 given the task of turning the negative trend that resulted from the aftermath after the financial crisis. It was a huge challenge. Elanders was deeply in the red. The digital revolution had shaken the very foundation of the graphic industry and future prospects were uncertain. Six years later he can conclude that the transformation process has gone better than expected.

When did the idea to expand outside of the graphic industry evolve?

"We began our journey in earnest in 2010 when we decided that we had to reduce our exposure to regular printed matter. The first step was to develop our packaging offer. The next step was to further develop our offer in e-Commerce and follow the digital trend and the business opportunities emerging in a world where anyone can be their own designer or publisher. Investing in e-Commerce also gave us access to a whole new customer group of consumer."

"And when Mentor Media was available for sale, it provided Elanders with the opportunity to expand our value chain to include the supply chain market as well. In the blink of an eye the acquisition of Mentor Media gave us a strong position in Asia while almost doubling our business."

Supply chain services might be considered out of the realm of your core operations. Are there any synergies?

"There are some coordination advantages with Print & Packaging but the real potential lies on the customer side. We believe that our global customers ought to be interested in our supply chain services, particularly considering our strong position in Asia. With six production units in North and South America, 13 in Asia and 11 in Europe we can without a doubt offer global solutions combined with efficient deliveries."

In hindsight it's easy to see that the purchase of Mentor Media has surpassed expectations but →

//WE WILL ALSO BE OPEN TO FURTHER ACQUISITIONS. OUR HIGHEST PRIORITY IS AN ESTABLISHED SUPPLY CHAIN BUSINESS IN EUROPE.//

the transaction wasn't risk free and required a new issue. The unswerving support of Carl Bennet, Elanders' principle owner, paved the way and Magnus Nilsson's experience from his time as MD of Elanders' operations in China contributed to bringing the deal to fruition.

How do you handle the cultural differences within the Group?

"We think it's very important to maintain the entrepreneur spirit in our subsidiaries and we therefore work in a decentralized organization with incentives that clearly encourage our leaders to collaborate. We also accept the cultural differences in the company and are careful to respect everyone we meet regardless of their culture or nationality."

What were your priorities for 2014?

"Our main objective in 2014 was to focus not only on Mentor Media but also on integrating myphotobook which was acquired late in 2013. Integration has gone really well as has the creation of synergies within and between our three business areas, and this in turn led to a higher result in both e-Commerce and Print & Packaging."

The result turned out to be significantly better but there was also a profit warning during the year. Is it hard to predict profit levels?

"Seasons deeply affect Elanders and the lion's share of our earnings is in the fourth quarter. This year the effect was even stronger due to a number of factors that surprised us a bit. The year started according to plan and the first half of 2014 went well for all the business areas. However, in the third quarter demand dropped in Print & Packaging, primarily in Sweden as well as from one of our major customers in Asia. Our assessment was that the downturn was structural and we initiated an extensive savings plan for the Swedish operations. We announced the profit warning at a time when developments led us to believe we weren't going to reach our forecasted result."

"All the business areas contributed to the strong conclusion of the year. Supply Chain definitely delivered beyond expectations and certain units in Print & Packaging and e-Commerce ended the year very well. All told, the result before tax improved by 77 percent excluding one-off costs and landed at MSEK 182."

How has demand generally developed for Elanders? Are there any particular areas where you see potential for development?

"Demand continues to contract in Print & Packaging but the good part is that we have increased sales in several markets. Demand continues to be good in our e-Commerce areas even though some markets are waning. We have an attractive customer base and we are looking into different avenues to broaden our product offer."

"We see a great deal of potential for development in Supply Chain and hope that the positive trend from 2014 continues. Another prioritized area is deepening our relationships with our global customers. They have always been important to us and we ought to be able to further develop this customer segment by connecting our global offer to all our three business areas."

While we are talking about synergies, what others do you see in the short and long run?

"In the short run we see that Supply Chain and e-Commerce will continue to generate new printing volumes for Print & Packaging. A little farther ahead we think we can develop Print & Packaging customers into becoming Supply Chain and e-Commerce customers as well. Similar synergies can be created between customers in Supply Chain and e-Commerce. We have built up a solid expertise in e-Commerce and now we also have a common technical platform for both our brands, myphotobook and fotokasten."

"On top of that the reorganization we carried out in Print & Packaging will optimize capacity utilization now that it's easier to shift work between the various units. Greater capacity utilization also means we can continue to keep investments on, for the graphic industry, a low level."

What are the strategic priorities for 2015 and what are your expectations?

"Developing our current customers and attracting new ones has the highest priority in our day-to-day business in 2015. Collaboration between our three business areas is already up and running well and it will be exciting to see the effects of this. Concerning Print & Packaging Europe, we are winning market shares in a shrinking market and our ambition is to continue to do this with the same or improved profitability. We also aim at getting the Swedish operations profitable."

"On Group level I expect further acquisitions although it's hard to say when in time they will occur. Our highest priority is an established supply chain business in Europe, but we might acquire companies or operations that complement our current business areas. One example might be acquiring an e-commerce company that sells completely different products from those we currently market but has the same target group, which would open up for cross-selling."

"In summary, we feel very confident going into 2015. We have a strong and niched offer that provides our customers with excellent solutions. We also have professional, innovative and knowledgeable personnel from every corner of the world who contribute to a viable and global Elanders."

//GLOBAL CLIENTS MAKE UP AN IMPORTANT CUSTOMER GROUP FOR ELANDERS AND OUR STRATEGY HAS ALWAYS BEEN TO GROW IN THIS CUSTOMER SEGMENT.//

BUSINESS CONCEPT, GOALS AND STRATEGIES

Greater presence in Asia and a broader offer

Elanders will create lasting values for customers and shareholders. As a strategic partner the Group contributes to developing customers' business and increasing their competitiveness. The right conditions for growth and development are created by meeting our long-term financial goals. Clearly defined goals and strategies lead the way forward.

BUSINESS CONCEPT

Strategic partner in supply chain, print & packaging and e-commerce

Elanders' business concept is to be a global strategic partner to its customers in their work to streamline and develop their business critical processes. Elanders enables this through a broad range of services on both a local and global level.

GOALS

A leader in global solutions

Elanders' comprehensive goal is to be one of the leading companies in the world with global solutions in supply chain, print & packaging and e-commerce. By leading we do not necessarily mean largest. We mean we are going to be the company that best meets customer demands on efficiency and ability to deliver.

The business is permeated by our three core values: Effective, Innovative and Responsible.

- By ***Effective*** we mean that the Group will work cost efficiently focusing on the right things, such as work flow and processes that are crucial for our customers and our Group. One example is developing uniform and automated processes that follow the entire production chain from order and execution to delivery and invoicing.
- By ***Innovative*** we mean that we will offer solutions that suit the unique needs of each customer. Elanders offers competence and professionalism. Since we work in close contact with our customers we create innovative solutions and products that add value to our customers' end products or make the supply chain more efficient.
- By ***Responsible*** we mean that we always put the environment, people and our customers' needs first.

Our financial goals

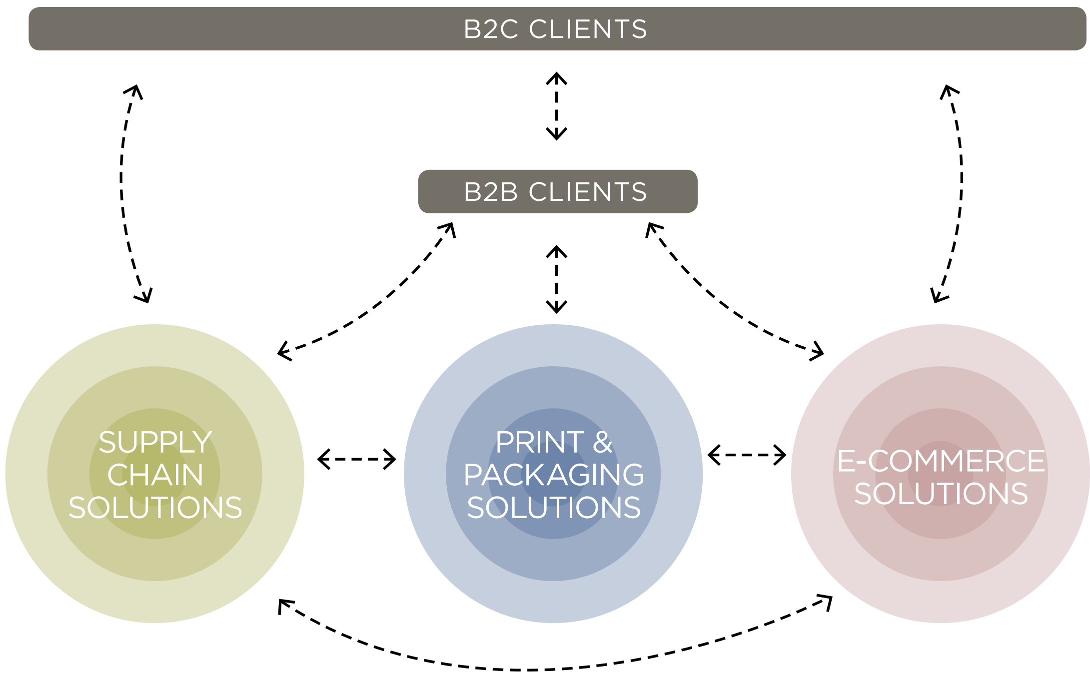
- Net sales growth of at least 10 percent per year, of which at least half organic.
- Operating result growth of at least 10 percent per year.
- Operating margin of at least 7 percent.
- Return on capital employed of at least 10 percent.
- Equity ratio of at least 30 percent.
- Debt/equity ratio of less than 1.

STRATEGIES

Elanders grows and develops with and for our customers

Elanders has the following strategies to achieve the Group's comprehensive goal to be one of the leading companies in the world with global solutions in supply chain, print & packaging and e-commerce.

BUSINESS CONCEPT, GOALS AND STRATEGIES



Elanders' three business areas offer different kinds of products and services needed for a product to reach the end consumer. Most products and services are B2B services including everything from producing photo products, marketing material, user information and packaging to a comprehensive responsibility for complex and global deliveries including purchases, configuration, picking, printing, packaging, distribution, payment solutions and after sales services. In addition to what we offer the B2B market the Group also sells photo products directly to consumers through our own brands fotokasten and myphotobook.

- Develop local customers with global needs into global customers.
- Optimize Group production and delivery capacity.
- Develop products for future needs that are useful for business today.
- Decentralized management with committed subsidiaries that maintain a spirit of entrepreneurship.
- Acquire operations that lead to additional sales, broaden our customer base and complement our offer.

Develop local customers with global needs into global customers

Elanders grows and develops with our customers. Our global business has often evolved by building up good relationships through providing good solutions for local needs that customers have then implemented globally. Each business area works systematically to develop the existing customer base to spot local customers with global needs.

In addition, Group business areas cooperate in sales and deliveries in order to augment cross-selling between our different operations. Our broader offer and greater presence in Asia should be attractive to many existing customers.

Optimize Group production and delivery capacity

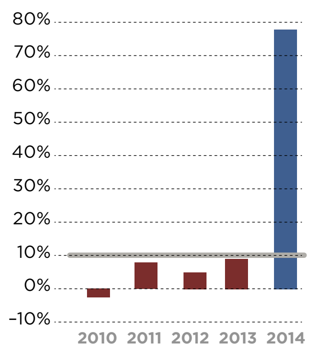
Elanders has operations and offices in many parts of the world. An important success factor is optimizing our capacity utilization in each business area. We will achieve this by better measuring available capacity and order stocks, flexible pricing and organizational adjustments.

Develop products for future needs that are useful for business today

Simultaneously with ongoing customer work we have a strategic business development program in which Elanders works to identify interesting market segments and operations that fit into Elanders' strategy. We find ideas for new products and services in our development work together with our customers and many of our solutions created for one customer have been developed into new products and services in other market segments.

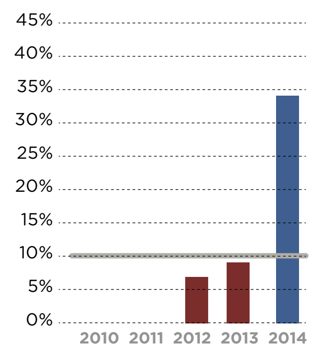
FINANCIAL GOALS – OUTCOME 2010–2014

NET SALES GROWTH



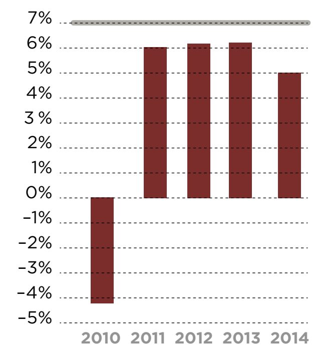
Net sales growth of at least 10 percent per year, of which at least half organic.

OPERATING RESULT GROWTH



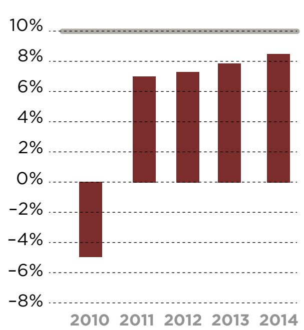
Operating result growth of at least 10 percent per year.

OPERATING MARGIN



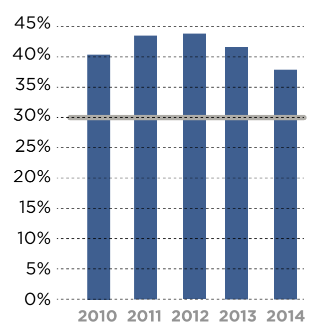
Operating margin of at least 7 percent.

RETURN ON CAPITAL EMPLOYED



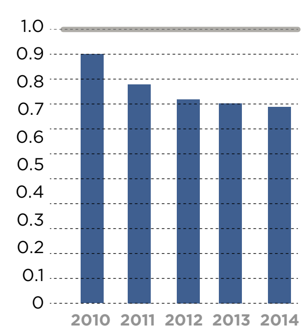
Return on capital employed of at least 10 percent.

EQUITY RATIO



Equity ratio of at least 30 percent.

DEBT/EQUITY RATIO



Debt/equity ratio of less than 1.

Decentralized management with committed subsidiaries that maintain a spirit of entrepreneurship

The Group has a clearly decentralized organization in which each subsidiary has a local management under the supervision of each business area manager. We have chosen this solution because the Group strives to maintain a spirit of local entrepreneurship in each organization. It is this concept that has made many of the acquired subsidiaries so successful.

Acquire operations that lead to additional sales, broaden our customer base and complement our offer

In addition to developing our existing business Elanders will continue to acquire new operations that increase sales, broaden our customer base and complement our offer.

Acquisitions are particularly prioritized in Supply Chain Solutions where we look to broaden our offer and in e-Commerce Solutions where we want to complement our offer.

Acquisitions for growth

The Elanders Group has grown into a worldwide company through a long series of acquisitions that have been the key to the transformation of the company from a Swedish printer to a global group with operations in three business areas: Supply Chain Solutions, Print & Packaging Solutions and e-Commerce Solutions.

Elanders has an industrial focus and acquisitions contribute to developing or complementing existing business with new customer segments, geographic markets and/or greater capacity. Lately Elanders has been on the look-out for acquisitions that broaden the Group's offer to new industries or markets.

As a result Elanders has supplemented our old business with two new business areas: Supply Chain Solutions with a strong position in consumer electronics and e-Commerce Solutions specialized in selling personalized photo products via Internet. Any further acquisitions in Supply Chain Solutions will most likely be made to broaden our customer base and/or enter new markets. A good example of this is a company that offers supply chain services for spare parts or the health and care sector. Particularly interesting are companies that are strong in Europe or America but whose customers need services in Asia, where Elanders has a strong foothold. The kind of acquisitions that can be interesting for e-Commerce Solutions are companies similar or close to the existing ones, where the primary customer segment is the same, which would enable cross-selling or other synergies. One example might be lifestyle or interior decorating companies that sell wallpaper with your own holiday pictures, paintings or jewelry via Internet and where a common factor would be personalization or uniqueness.

ACQUISITION CRITERIA

Acquisitions are important to achieve the Group's financial growth goal of ten percent annually. Around five percentage points will come from acquisitions and in order to structure the selection process Elanders has established the following acquisition criteria:

Acquisition prospects should as a general rule

- Give rise to new attractive customer segments or supplement the customer base with valuable, unique customers.
- Complement and strengthen existing business with new geographic markets.
- Add new offers, products and services.
- Be a good deal in the long-term on its own or generate material synergies.
- Increase profit per share pro forma.

Coordinating production is usually the most tangible synergy. At the same time an active information exchange in the Group opens up opportunities for long-term cross-selling, more profound customer relations and in the end a stronger brand.

POTENTIAL ACQUISITIONS

BUSINESS AREA	CUSTOMER SEGMENT/ OFFER	GEOGRAPHY	PRIORITY
Supply Chain Solutions	Strong customer base outside of consumer electronics	Europe North America	High
Print & Packaging Solutions	Strongly niched graphic companies with interesting customer segments	Europe North America	Low
e-Commerce Solutions	Companies with a business similar or close to our own whose primary customer groups are the same as our existing companies' and where customer synergies are obvious	Asia Europe North America	Medium

HISTORY – IMPORTANT ACQUISITIONS

1997–2003

In 1997 Carl Bennet became the new principle owner and an expansive period was launched to build a leading graphic group with an international offer and niched special competence. A great number of companies in Sweden were acquired during 1997–2003 and the business in Hungary was established. These acquisitions made Elanders one of the largest Nordic graphic groups.

Elanders Hungary Kft

2004–2009

The digital revolution, overcapacity and the global financial crisis put pressure on the graphic industry and the business was consolidated. During this time period Elanders started operations in China and one strategically important acquisition was made, Sommer Corporate Media, which was incorporated into the Group in 2007. With this acquisition the Group became one of the largest suppliers of printed matter to the German automotive industry while it also provided Elanders with valuable graphic specialist know-how.

sommer corporate media

Elanders 易兰德(北京)印务有限公司

2010

The crisis in the traditional graphic industry was an undeniable fact and Elanders decided to focus on new acquisitions to build up complementary lines of business. The acquisition of packaging printer Printpack gave Elanders a whole new platform for sales and production of packaging in Europe. The German company accessed important customer segments like the food, cosmetic and pharmaceutical industries.

2012

The search for complementary businesses continues and in 2012 two German e-commerce companies were acquired, fotokasten and d|o|m. The acquisitions provided strategically important expertise and the necessary customer base to further develop our e-commerce offer.

Print & Packaging further broadened its customer base with additional major global companies through the acquisition of Midland Information Resources in the USA. Elanders also got access to advanced technical solutions for Global Print Management.

fotokasten

d|o|m Deutsche Online Medien

Midland GLOBAL MEDIA SOLUTIONS. Simplified.

2013

The German company myphotobook, founded in 2004, was acquired in 2013. The company is a leading European e-commerce company in the sales of personalized photo products for consumers. Unlike fotokasten, which is primarily focused on German-speaking countries, myphotobook had a geographic proliferation with a presence in 16 countries.

myphotobook

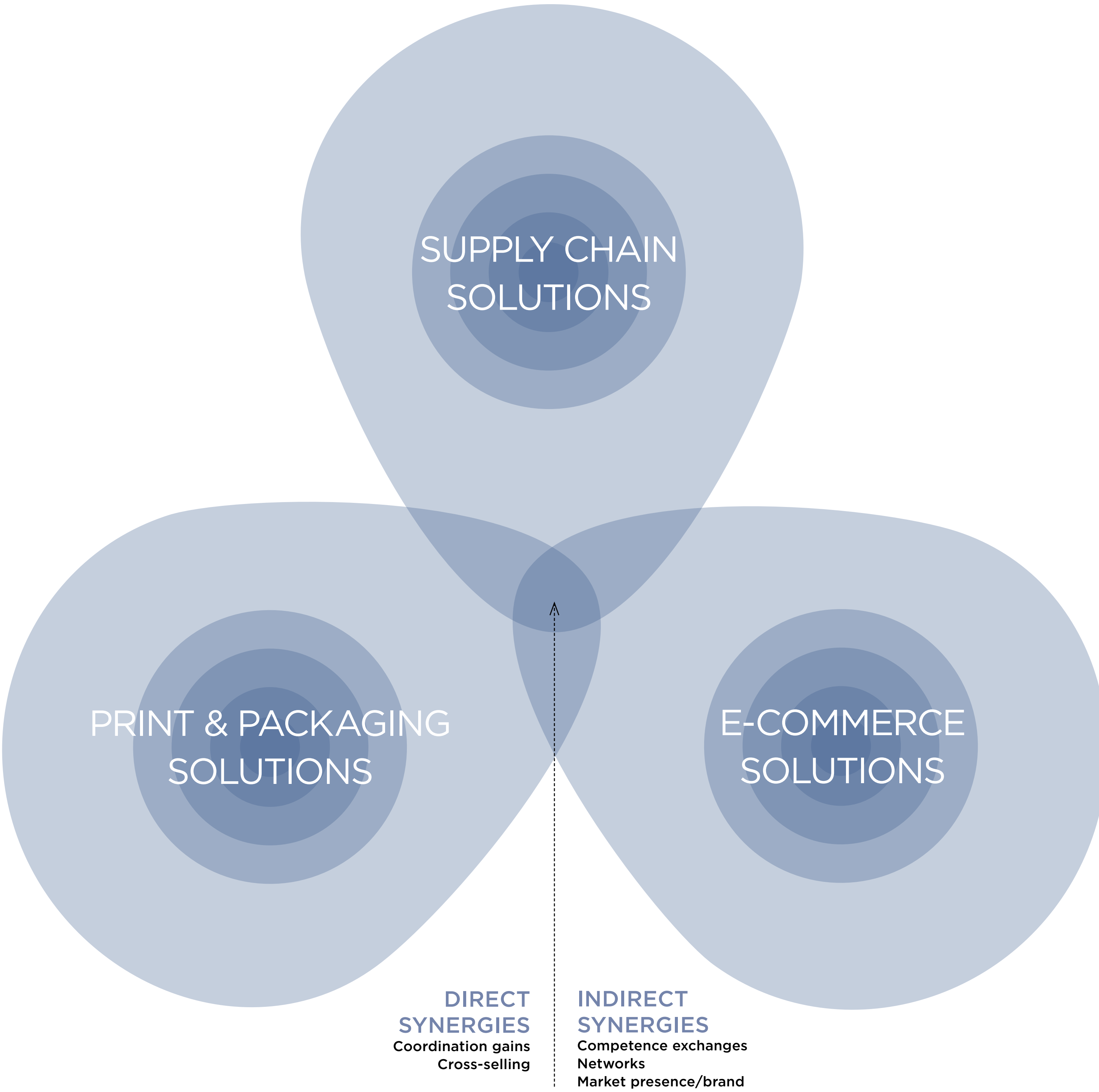
2014

The strategically important acquisition of Mentor Media in 2014 propelled Elanders into the supply chain market. The acquisition broadened the Group's offer and lifted Elanders up a step in the value chain. The new offer attracts global customers that are looking for broader supply chain solutions.

Mentor Media's strong position in Asia means that about 40 percent of Group sales will, in the future, stem from the growth markets in Asia. In addition to supply chain services Mentor Media is expected to bolster Elanders' e-commerce offer to both companies and consumers, and vice versa.

Mentor Media

THREE BUSINESS AREAS



Effective supply chain create competitive advantages

Elanders is at the beginning of a new era where globalization, growing e-commerce and digitalization are the strongest forces affecting market developments. In the past few years the Group has advanced its positions and become a leading player on the global supply chain market.

THREE RELATED BUSINESS AREAS THAT COMPLEMENT EACH OTHER

Elanders' sales are created in three business areas that have different core competences. Each business area is strong on its own markets. Together they are even stronger, not just financially. Certain services overlap each other and early on the Group began realizing synergies by, for example, coordinating production. In the next step additional synergies can be achieved through customer cooperation, cross-selling and collaborating on order platforms and IT solutions. Lastly, and probably the hardest gains to value and realize, are those that occur as a result of the fact that the business areas are part of a global group and therefore have access to the intangible values created through competence and experience exchanges, market presence, brand building and networks.

ENTREPRENEURSHIP AND INNOVATIONS

Entrepreneurship is important to Elanders. Decisions are made close to customers and personnel, and business areas are managed decentralized. Several of the acquired companies' leaders have remained and continue to develop the businesses within the Group. At the same time the business areas work together to take advantage of resources and know-how. There are several success stories of collaboration between the business areas such as the print volumes business areas e-Commerce and Supply Chain generate for Print & Packaging.

SUPPLY CHAIN MARKET

Supply chain comprises the workflow from order and purchase to delivery, i.e. the flow of goods, money and information between manufacturer and customer. Many different players collaborate directly or indirectly to deliver an order at the right time, to the right place and to the right customer. The flow encompasses handling everything, from order and payment flows, synchronizing offers with demand and aftersales service to global logistics solutions as well as handling discarded products.

Suppliers such as Elanders sell their products and services to brand owners who entirely or partially purchase external services that handle every- →

thing from purchasing and production to delivery. Consumer electronics is one of the industries that has pioneered in this development by outsourcing as much as possible of their operations.

Effective supply chains are a competitive advantage

In our current information society with an abundance of products many companies have to deal with fierce competition and more highly informed consumers. This means a customer's entire experience is decisive in how a product and brand is cared for and developed. It's impossible to sell products and services in the long run if deliveries and customer satisfaction don't live up to the purchasers' expectations. Correctly designed and performed well, effective supply chain create significant competitive advantages.

Just like the graphic industry the supply chain market has been strongly affected by access to Internet and the ability to transfer information electronically. A credible supply chain offer requires being able to transfer information electronically between the supply chain company's system and customers' ERP system. Supply chain has rapidly developed on the Asian market since so many products are manufactured there. Outsourced production has created the need for the coordination services provided by supply chain.

The supply chain market is driven by the need to cut costs and raise profits

The automotive and consumer electronics industry have long been leaders in developing supply chain. Due to intense competition, price pressure and shorter and shorter product lifecycles these companies have outsourced a significant part of their operations so that they can concentrate on product development, manufacturing and marketing.

The demand for supply chain solutions is expected to continue to grow. More stringent environmental demands, from both international and local decision-makers augment the complexity in the supply flow and the need for specialist knowledge. Growing labor and freight costs as well as sustainability issues counteract the trend to move production to typical low cost countries.

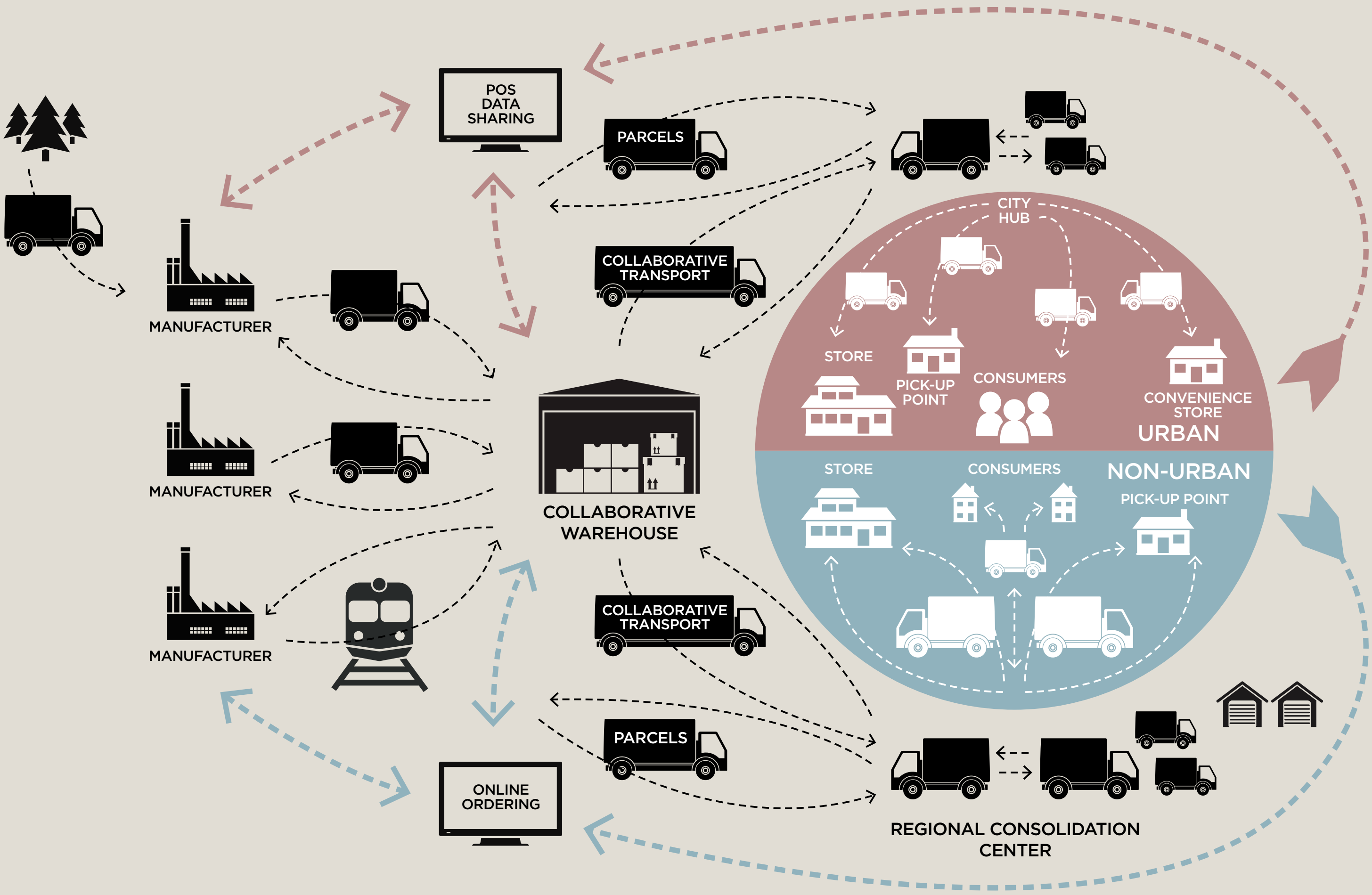
According to a study by PwC in 2013, companies which had early on invested in supply chain were twice as profitable and had a 17 percent higher level of delivery precision compared to those that had not. Their primary advantage was in delivery precision and minimizing distribution costs.

SUPPLY CHAIN IN THE FUTURE

The global challenges to create a sustainable society are enormous. A study carried out by the Board of The Global Commerce Initiative (GCI) in cooperation with Capgemini and Intel concluded that future supply chain must be fundamentally transformed in order to be sustainable. Development is currently driven by three factors: cost-efficiency, return on investment and delivery reliability. Higher demands on reduced emissions, lower energy consumption, traceability, recycling and less traffic congestion will soon put current flow structures to the test. Industries will be forced into far-reaching cooperation to meet the sustainability requirements. There will have to be more transparency between suppliers, customers and even competitors since a sustainable society requires co-production, co-storage, co-distribution and a much greater exchange of information. This, in turn, means that complexity in supply chain flows will greatly increase, which will put even higher demands on intelligent IT solutions, traceability and control.

How will the higher demands on supply chain affect Elanders? Elanders believes that demand for external supply chain solutions will grow due to more commerce and greater complexity.

SUPPLY CHAIN – INCREASINGLY STRATEGIC



INFORMATION EXCHANGE
Future supply chain require a higher level of information exchanges between all the important parties: consumers (originators of demand signals, either from their homes or a store), suppliers, manufacturers, logistics suppliers, distributors and retailers.

SHARED TRANSPORTATION AND STORAGE
After manufacturing the products will be delivered to a warehouse where several different manufacturers store their goods. Deliveries are then made with shared transportation from these joint warehouses to city nodes and regional warehouses.

EFFICIENT TRANSPORTATION TO FINAL DESTINATIONS
Warehouses on city outskirts will become nodes where goods are sorted for transportation to their final destination. There will be regional distribution centrals outside urban areas where products are sorted for shared final distribution. Deliveries to stores, delivery points and households will take place as efficiently as possible.

SUPPLY CHAIN SOLUTIONS

QUICK FACTS

Responsible
Kok Khoon Lim

Key ratios	2014	2013
Net sales, MSEK	1,526	–
Operating result, MSEK	106	–
Operating margin, %	7.0	–
Number of employees	1,506	–

Product/offer
Global supply chain services.

Geographic presence
China, the Czech Republic, India, Japan, Mexico, Singapore, Taiwan and the USA.

Success factors
→ Cost-efficiency.
→ Global presence.
→ Intelligent IT solutions.

Type of customers
Different companies in the consumer electronics industry.

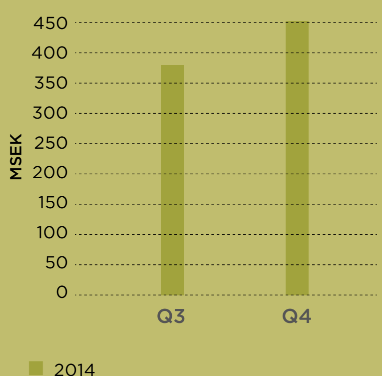
Competitors
Arvato Bertelsman (Germany), Moduslink (USA), RR Donnelley (USA).

Market developments
Growing e-commerce and urbanization is driving the need for supply chain services. A growing middle class worldwide is demanding more and more FMCG (fast-moving consumer goods).

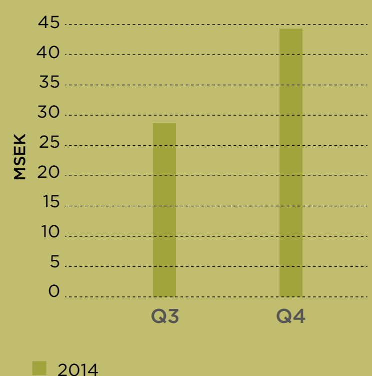
Strategic priorities 2014
→ Integration of Mentor Media.
→ Coordination with Print & Packaging.

Strategic priorities 2015
→ Further develop cooperation between business areas to realize more synergies.
→ Increase cross-selling.
→ Broaden our customer base to other customer groups.

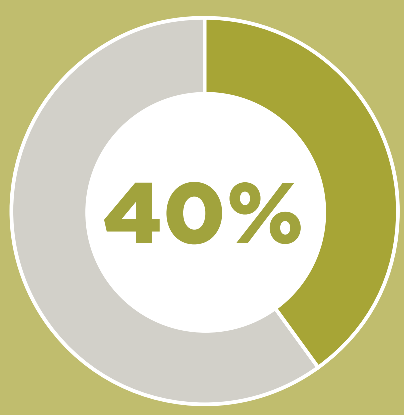
NET SALES PER QUARTER



OPERATING RESULT PER QUARTER



SHARE OF NET SALES



Elanders reports the three business areas as segments as of Q3 2014.
Here is only information presented that already have been published.

MARKET TRENDS

OUTSOURCING
The outsourcing trend has not abated and it generates a demand for efficient supply chain services. The automotive industry and global companies in consumer electronics have outsourced a large part of their operations for years in order to concentrate on product development, manufacturing and marketing. This is essential in a world where a product's lifestyle is growing shorter and shorter.

TRANSPARENCE
Shared EDI solutions and a continual exchange of information are linchpins in supply chain. Today's economies are characterized by the need to build networks and alliances. Partnership is strengthened by transparency and trust between the customer and the producer.

ENVIRONMENTAL BONUS
Manufacturers are required to reduce their environmental impact. These demands come from both politicians and consumers. Correctly performed supply chain contributes to lower energy consumption in both transportation and storage.

URBANIZATION
The ongoing urbanization in large parts of the world will affect manufacturing. Roads to and from city centers risk heavy congestion and laws, regulations and fees limit transportation in and out of major cities.

NEW GROWTH MARKETS
As production and freight costs increase in the BRIC countries (Brazil, Russia, India and China) manufacturers are looking for new alternatives. Other possibilities are Indonesia, Vietnam and several Latin American and African countries.

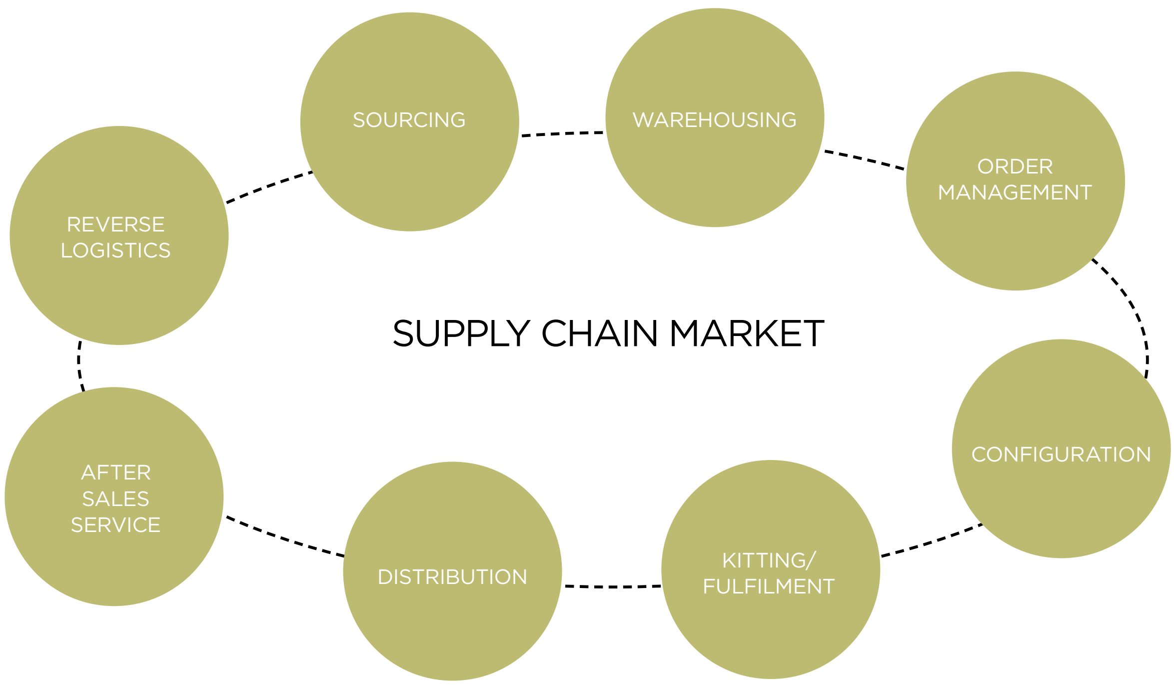
Global customers want comprehensive solutions

Elanders is one of the few companies that can offer global comprehensive solutions in supply chain. Growing e-commerce and urbanization is driving the need for these services. A growing middle class worldwide is demanding more and more fast-moving consumer goods.

A GLANCE AT THE BUSINESS AREA
Business area Supply Chain Solutions was established after the acquisition of Mentor Media in Singapore. The business area has a strong foothold in Asia and is one of the leading companies in the world in Global Supply Chain Management focused on consumer electronics. It has operations in eight countries, the largest of which are China, Singapore, India and the USA. The business area's services include responsibility for optimizing customer's material and information flows, everything from sourcing and procurement combined with storage to after sales service.

The business has built up advanced IT systems that makes it possible to create individual solutions to suit the various customer companies. The systems can be integrated with customers' business systems and can also be connected to e-commerce →

SUPPLY CHAIN SOLUTIONS



Supply chain management is all about managing and optimizing the flow of products, money and information between manufacturer and customer. The challenge is to deliver the right product, at the right time to the right place as well as handling payment flows and customer service. An efficient supply chain creates competitive advantages and is crucial to the survival of a business, particularly in a global economy.

platforms for handling customer and after sales service. Some of this offer consists of graphic services.

The demand for supply chain services is constantly on the rise as a result of a growing middle class and increased e-commerce and because an efficient supply chain flow has become a competitive advantage. By procuring these services brand owners can ensure delivery reliability and avoid tying up capital in facilities, personnel and service obligations.

Elanders is one of the few companies that can offer global comprehensive solutions in supply chain. The business area's largest competition still usually comes from the customers internal solutions where they build up their own operations locally or in low-cost countries. Some companies hire smaller and local firms that offer all or parts of the business area's offer. There are, however, a few competitors that can handle the kind of global comprehensive solutions Elanders offers. Arvato Bertelsman (Germany), Moduslink (USA) and RR Donnelley (USA) are examples.

DEVELOPMENTS IN THE BUSINESS AREA IN 2014

Net sales were MSEK 1,526 (–), which surpassed expectations set out at the beginning of the year. Sales developed better than expected throughout the year due to an increase in several of the business area's customers' sales, primarily during the fourth quarter. In addition, the business area attracted new customers who contributed to higher sales. The operating result amounted to MSEK 106, which is equal to an operating margin of 7 percent.

Several cross-selling projects have been launched together with the other business areas. The goal is to develop existing customer relations and generate new business. Up to now this cooperation has led to new print volumes for the business area Print & Packaging Solutions.

RENEWED/ UPDATED PRODUCTS

PRODUCTION:
Supply chain services

DESCRIPTION:
Almost like new. This was the result when a customer with several demonstration centers/showrooms around the world engaged Mentor Media to manage the logistics and asset recovery of the returned products. To be able to showcase the company's extensive product portfolio and the capacity of specific products it's essential to regularly update this hardware. It's a well-known fact that in only a few years enterprise systems become outdated and need to be refreshed.

Mentor Media was asked to manage the logistics, updating and asset recovery of the returned products. Mentor Media handled returns, testing, cleaning, wiping out old data, reconfiguring and supplying the reusable parts to be built into renewed systems based on clients' orders.

This procedure provides a number of advantages from both a financial and environmental perspective for Mentor Media's customer and their potential clients.

MEDICAL TECHNOLOGY

PRODUCTION:
Supply chain services

DESCRIPTION:
Mentor Media is specialized in providing added value services to businesses, particularly those in electronics and computers but pharmaceuticals are another important customer group.

Recently a pharmaceutical company required a rapid setup of a regional center to handle the labeling, packing and distribution of its medical consumable products.

The timeline was tight and Mentor Media had to comply with a series of regulatory and industry standards unique for the pharmaceutical trade as well. Mentor Media has developed a strong process and thorough IT knowledge which was very useful when handling a complete supply chain on such short notice.

The customer received a fully customized system that included managing, printing and labeling a diversity of medical consumable products that were then shipped directly to distribution centers in various countries.

PRINT & PACKAGING SOLUTIONS

QUICK FACTS

Responsible
Americas: Tom Sheehan
Asia: Kevin Rogers
Europe: Peter Sommer

Key ratios	2014	2013
Net sales, MSEK	2,030	1,964
Operating result, MSEK	71	132
Operating margin, %	3.5	6.7
Number of employees	1,762	1,803

Product/offer
User information, marketing material, books and packaging.

Geographic presence
Brazil, China, Germany, Hungary, India, Italy, Poland, Sweden, United Kingdom and the USA.

Success factors
Efficient processes, optimal capacity utilization, value-adding packaging solutions, personalized products.

Type of customers
Automotive and consumer electronics industries and other manufacturers, the public sector, publishers and e-commerce companies.

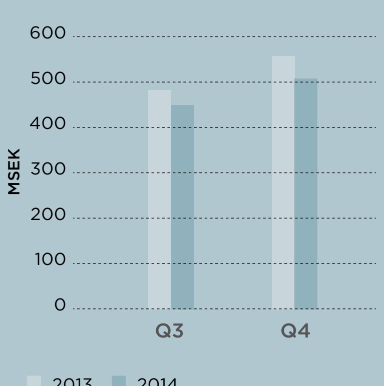
Competition
On a global level RR Donnelley. Otherwise local or regional players.

Market development
- Overcapacity.
- Price pressure.
- Consolidation.

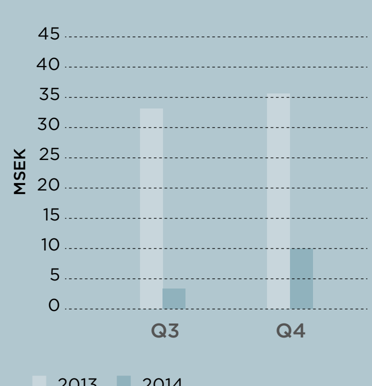
Strategic priorities 2014
- Coordination of our European operations.
- Handling and integrating new production volumes from e-Commerce (myphotobook).

Strategic priorities 2015
- Optimized production and capacity utilization.
- Cross-selling.
- Developing existing and attracting new global customers.

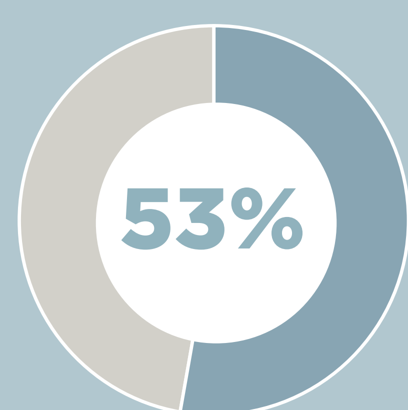
NET SALES PER QUARTER



OPERATING RESULT PER QUARTER



SHARE OF NET SALES



Elanders reports the three business areas as segments as of Q3 2014.
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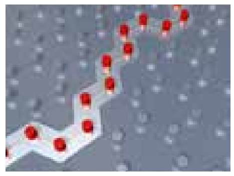
MARKET TRENDS

THE ENVIRONMENT
The right packaging can radically lower environmental impact. One example is the debate about discarded food. Considering all the resources required to produce all the food we throw away, better transportation, storage and packaging can really lower environmental impact.



INBUILT TRACEABILITY
Nanotechnology and electronic print are beginning to be used. Inbuilt traceability is starting to be a requirement out of a need for security, especially in industries like pharmaceuticals which have a problem with pirate copies. Even the food industry is interested in being able to show and trace the origin and authenticity of a product.

DIGITALIZATION AND MOBILITY
The industry is in the process of a radical transformation now that information is spread via Internet or other electronic alternatives. Printed editions are shrinking and at the same time the alternatives are increasing, which means that digital print is growing at the expense of offset.

OVERCAPACITY PRESSES PROFITABILITY
The paper industry and packaging print suffer from global overcapacity and all the players are looking for new customer segments. The use of packaging is on the rise but overcapacity in the industry is leading to price pressure.

MORE TRADE
More e-commerce means more packaging and transportation of products such as clothes, books and shoes to consumers. Urbanization and the growing number of small households puts new demands on sustainability and smaller packaging to handle the freight and storage of groceries and the like.

Product development is top priority to meet the price war

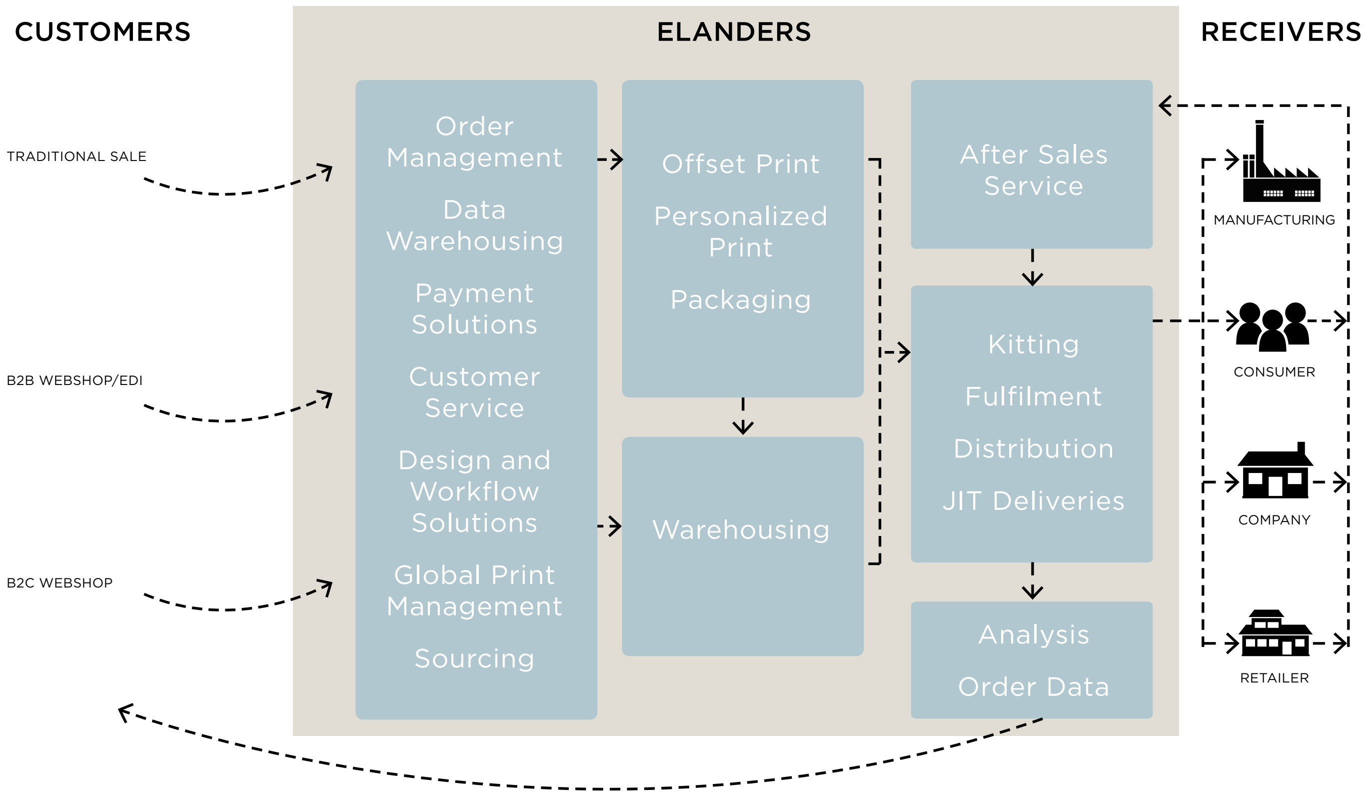
Just like the traditional graphic industry the packaging industry lives with a continual price war resulting in pressed margins. Product development and constant offer updates are vital to finding niches or business with better margins.

THE BUSINESS AREA AT A GLANCE
Business area Print & Packaging Solutions operates in the traditional graphic industry and offers cost-efficient and innovative solutions that meet customers' needs for printed material and packaging locally and globally. The business area has developed advanced, user friendly and Internet-based order platforms that streamline the process of order to delivery and enable customized just-in-time or sequenced deliveries.

Elanders is one of the few companies in the graphic industry that can follow multinational customers over country borders and offer comprehensive solutions that include printed matter, packaging and other related services such as kitting and packing or just-in-time and sequence deliveries. The facilities in Hungary and China are good examples of how Elanders has followed its customers out into the world.

Just like the traditional graphic industry the packaging industry lives with a continual price war resulting in pressed margins. This intense competition as well as product development is forcing the industry to make dramatic changes. There are, however, still →

PRINT & PACKAGING SOLUTIONS



profitable niches where there is less competition since the solutions require high capacity and expertise. Global solutions for just-in-time and sequence deliveries of manuals, chassis unique manuals or after sales information are an example of interesting niches. Another is personalized packaging for the confectionery industry and chassis unique packaging for the automotive industry.

DEVELOPMENTS IN THE BUSINESS AREA IN 2014

Net sales increased by 3 percent to MSEK 2,030 (1,964), which was primarily a result of the production volumes generated by business area e-Commerce through the acquisition of myphotobook. The operating result was MSEK 71 (132), which is equal to an operating margin of 3 (7) percent. One-off items totaling MSEK –42 (–1) charged the operating result during the year and were entirely attributable to the restructuring of the Swedish operations. Last year's one-off item of net MSEK –1 primarily referred to book VAT recognized as income and restructuring costs in the Swedish and German operations.

The global market for business area Print & Packaging has continued to be characterized by tough price pressure and lower total volumes, even if packaging volumes continue to grow. The reduction has mainly hit commercial print. The declining demand was what triggered the reorganization Print & Packaging Europe went through during the second quarter. All European units were gathered under the same management to increase efficiency. The change facilitates steering work so that free capacity is utilized wherever it is located. In a step to improve profitability, streamline and increase productivity the Swedish business was reorganized in late autumn so that all digital print production was concentrated to Stockholm and some 70 employees were forced to leave. Despite a contracting total market several units in Print & Packaging Europe continued to develop positively during the year with improved profitability and higher net sales. Print & Packaging Europe was also successful during the year in developing customer unique solutions for personalized printed matter and packaging.

Print & Packaging Americas continued to develop in a positive direction and has improved profitability. Orders received from their industrial customers are still on a low level since they are primarily active in mining and civil engineering.

Demand from one of Print & Packaging Asia's larger customers has waned during the year but it still delivered a better operating margin than the Group as a whole.

NANOFLOWCELL QUANT E-SPORT-LIMOUSINE

PRODUCTION:
Marketing material

DESCRIPTION:
The innovative QUANT e-Sportslimousine attracted a great deal of attention when it was presented at the Genfer Motorshow in March 2014. The electric car has completely newly developed technology that delivers 925 horsepower, making it a top class sports car.

The presentation was supported by a high quality brochure, produced at Elanders Germany. Many visitors were surprised by the design of the brochure and it was the perfect give-away from the launch. Elanders used three advanced finishes that reflected the model's futuristic car feeling: nano-matte foil lamination, blue hot foil stamping and a glossy UV-varnish in certain details.

The manufacturer nanoFLOWCELL in Lichtenstein has begun test-driving and planning for serial production. Flow cell technology works like fuel cell technology but uses salt water instead of hydrogen. When the water is pressed through a membrane an electric current is generated which is used to drive the car together with the electric motor placed next to every tire. It can travel as far as 60 miles.

JOY GLOBAL

PRODUCTION:
Owner's and Service Manuals

DESCRIPTION:
Joy Global manufactures and services some of the world's largest underground and surface mining machinery. Along with these highly sophisticated and complex machines come some of the most massive Owner's and Service Manuals Elanders Americas has ever produced. Some tip the scale at seven kilos or more, making maneuverability difficult in confined spaces found in some mines. Elanders looked at the needs of the user, combined with the environment the manuals were exposed to, and presented Joy Global with a total information distribution solution. To compensate for less than ideal conditions in a mining environment, Elanders produces Joy Global's manuals on a synthetic stock that is water resistant.

Production and distribution is handled on a global scale and everything is produced on-demand, eliminating inventory and waste.

Taking user accessibility one step further, Elanders' technology arm developed a custom Windows application. This application provides the most up-to-date product documentation and is viewable electronically by any user that has a subscription. As a mobile application, Joy Global's massive manuals can be taken anywhere a mobile device can go, providing quick access to urgent information.

BENRIACH

PRODUCTION:
Packaging

DESCRIPTION:
Elanders McNaughtans create cartons, labels, swing tags and tube wraps for a number of BenRiach's well-known brands, ensuring that the quality of the product is reflected in the packaging it is presented in. Everything from the traditional distilling methods, to the prestigiously finished cartons and labels helps create an identity that exudes quality.

The client, BenRiach Distillery Company Ltd was first established in 2004 with the purchase of the BenRiach Distillery, which dates back to the late 19th century. The company has expanded significantly in the last ten years, partly due to the acquisition of two distilleries, Glendronach (1826) and Glenglassaugh (1875), both from the Highlands in Scotland, as well as a bottling hall located in Newbridge Edinburgh close to the company's head office.

Since 2013, Elanders McNaughtans has been part of the Elanders Group. The company was acquired to support the process towards becoming an established producer of high-quality packaging materials.

E-COMMERCE SOLUTIONS

QUICK FACTS

Responsible
Martin Lux

Key ratios	2014	2013
Net sales, MSEK	263	191
Operating result, MSEK	24	27
Operating margin, %	9.1	13.9
Number of employees	81	51

Brands
fotokasten, myphotobook and d|o|m.

Products/offers
Different kinds of photo products (photobooks, calendars, cups, pillows etc.).

Geographic presence
Two offices in Germany. Sales in 16 markets in Europe.

Success factors
Brand recognition, modern and simple order platforms, customer satisfaction.

Type of customers
Consumers and companies with white-labeling needs for the sales of photo products via Internet.

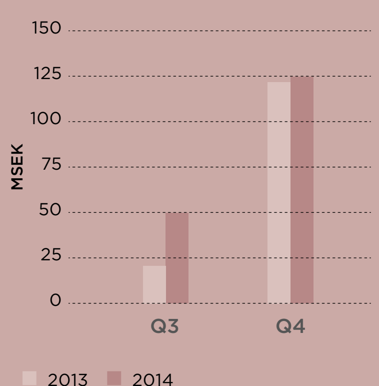
Competition
Apple, CeWe, Photobox, Shutterfly, Snapfish and Vistaprint (Albumprinter, Önskefoto etc.).

Market development
Low market penetration concerning photobooks and calendars. Competition from digital solutions.

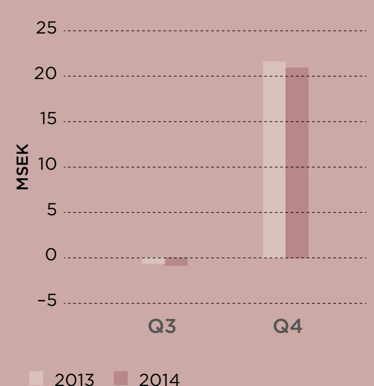
Strategic priorities 2014
- Integration of myphotobook's operations.
- Creating a common technical platform for the brands fotokasten and myphotobook.

Strategic priorities 2015
- Realizing synergies from integrating myphotobook.
- Building stronger brands.

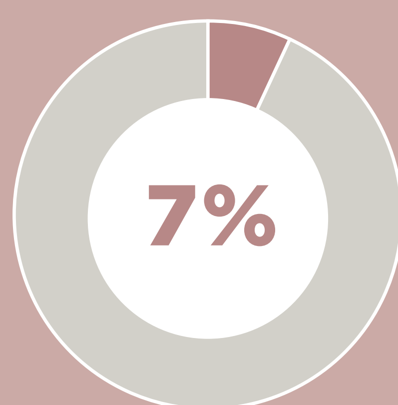
NET SALES PER QUARTER



OPERATING RESULT PER QUARTER



SHARE OF NET SALES

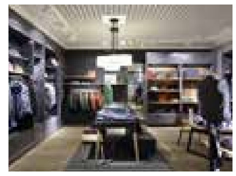


Elanders reports the three business areas as segments as of Q3 2014.
Here is only information presented that already have been published.

MARKET TRENDS

THE USE OF MOBILES AND AVAILABILITY
Consumers growing mobility has increased e-commerce and changed their behavior. More and more transactions take place on-the-go and are initiated via mobile phones or tablets away from home. Players on the e-commerce market must constantly work on their offers and be present in the channels relevant for their target groups.

BIG DATA
Big Data, i.e. control of the digital traces all consumers leave behind, is valuable for companies that want to communicate with their customers.



SHOWROOM
The role of the physical shop isn't over yet and shops will probably be around for the foreseeable future. The phenomenon with showrooms is already here and becoming more common when companies want to spotlight their own brand and products.

KEYWORD OPTIMIZATION
Many purchases involve a search over Internet. The survival of an e-commerce is utterly dependent on web visibility and being able to draw traffic to its website or app. Keyword optimization is a must for survival as are the Internet and search word ads.

Personalized photo products develop Elanders' e-commerce

Elanders has created its own position on the European e-commerce market. The Group has become one of the leading players in the sales of personalized photo products and is represented on 16 markets.

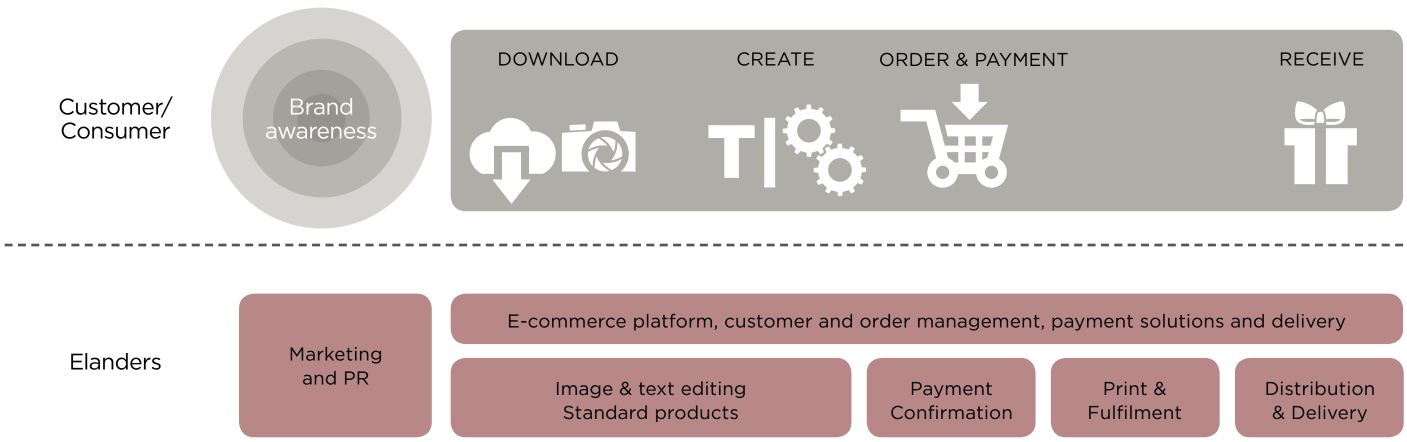
THE BUSINESS AREA AT A GLANCE
In just a few years Elanders' business area e-Commerce Solutions has become a leading player in Europe in the sales of personalized photo products. The business area has two offices in Germany, Berlin and Waiblingen, and sales on 16 markets.

The business area's services are marketed under the three brands: fotokasten, myphotobook and d|o|m. fotokasten and myphotobook are aimed primarily at consumers and with the aid of d|o|m's e-commerce solutions offer a broad range of photo products such as photobooks, calendars, giveaways and interior decorating details.

Although the business area primarily sells to consumers (B2C) we are investing in developing technical platforms suited for sales to other companies (B2B). For example, d|o|m offers white-label solutions to other companies that offer parts of the business area's range of photo products under their own brand. The business area handles the entire order flow, production process and deliveries while the brand owners are responsible for marketing and sales. One of our white label customers is a large European retail chain.

The market for personal photo products is expected to grow significantly since these services are not yet used by broad consumer groups. The market is driven

E-COMMERCE SOLUTIONS



Business area e-Commerce Solutions has an e-commerce platform for sales of photo products foremost to consumers. The business model requires considerable initial investments to build up a system and to market the service. The business model is suitable for white-labeling where other companies can take advantage of their own brand together with an established e-commerce solution with high delivery quality.

by the increased picture-taking with mobiles and the fact that the technology will be more accessible when, via apps, it is adapted to smartphones and tablets. The photobook market, for example, in Western Europe, the USA and Eastern Europe (Poland, Russia, the Czech Republic and Hungary) is estimated to 625, 979 and 37 million US dollars respectively during 2016.

In the past few years the market has been going through a consolidation phase and smaller, local companies have been bought up by larger, international players. Generally speaking there are currently six big players that dominate the industry. They are Apple, CeWe, Photobox, Shutterfly, Snapfish and Vistaprint. The tendency towards larger and larger companies is motivated by high marketing costs and the substantial investment and development costs involved in keeping platforms competitive. Decisive factors for success in the industry are brand recognition, modern and simple order platforms and customer satisfaction.

DEVELOPMENTS IN THE BUSINESS AREA IN 2014

The year ended with a very strong fourth quarter and net sales for the entire year increased by 38 percent to MSEK 263 (191). The increase was due mainly to the acquisition of myphotobook in September 2013. The operating result was MSEK 24 (27), which is equal to an operating margin of 9.1 (13.9) percent. There are considerable sales variations depending on the season and almost all earnings is generated in the fourth quarter. The reason the operating margin was lower in 2014 was that only myphotobook's best months were consolidated in 2013. Integration of myphotobook's operations has gone well and the synergies are expected to have full effect as of the beginning of 2015.

PAMPERS

PRODUCTION:
App for digital photo book

DESCRIPTION:
To stay ahead of rival brands, Pampers is always looking for innovations and events that can strengthen their relationship with customers. In collaboration with the innovation agency Nomads, they want to help parents collect their most memorable moments from their baby's first year.

To connect with parents in a natural way, Nomads created an application linked to Facebook – an arena where parents already spend a lot of their time. This Baby Book app makes it possible for parents to gather their baby pictures and memories in one place. All the comments and likes are automatically attached to each photo and users can easily share their creations with loved ones.

Creating a book of photos used to be a private process, but now the experience is much more participatory, involving friends and family. When the digital book is ready, Elanders can print a modern, high quality photo book to create a lasting memory from the baby's first year. Baby Book has helped Pampers to connect with parents on their terms in a creative and fun way.

STORCK/MERCI

PRODUCTION:
Personalized chocolate greeting

DESCRIPTION:
Storck has worked with Elanders for many years, focusing mainly on traditional business sectors. The "Send merci online" project successfully expanded this partnership into the e-commerce sector. The merci online shop was launched in the German market in April 2013. A quick and easy process allows visitors to design their own personal merci message and send it directly to their chosen recipient.

The merci website shows the available products, offering a selection of sizes and layout options. A packaging front, based on the format and design of the merci packaging, can be personalised with an individual message and photo. There is also a greeting card option for anyone wishing to compose a longer text.

An automated interface transfers each order directly to Elanders, which then processes it in its proprietary "Print Data Interface" (PDI) production system. Production takes place in optimal print quality using HP Indigo machines. The PDI barcode system then triggers preparation of the chocolate-packages and their transfer to the transport agent. Orders are therefore processed entirely at Elanders' premises. Thanks to highly automated systems, sophisticated processes and cutting-edge digital printing technology; most chocolate gifts are delivered to recipients just 48 to 72 hours after receipt of the order.

Building on the success of this concept, the first roll-outs were planned and developed over the course of 2014. The B2B activity was launched successfully in September of that same year. Targeted at corporate customers, this service allows businesses to feature their own logo on customised printed products as well as placing centralised orders.

SUSTAINABLE DEVELOPMENT – CSR

Every employee can contribute to our work with CSR

Elanders' initiative in CSR (Corporate Social Responsibility) has a prominent position. This is particularly true when it comes to how the Group affects society through sustainability and work environment issues.

Elanders contributes to the societal development in the 15 countries where it has operations. The company CSR guidelines explain how each company and employee can contribute to lower environmental impact, fair working conditions, equality and counteracting corruption.

A genuine environmental engagement has been the starting point for many companies to draw up guidelines for the much broader and extensive work with CSR. Even though saying that business plays a central role in developing society might seem like stating the obvious, it is nonetheless true. The way companies act can both contribute and hinder development in general. Therefore there are several ethical issues that are usually described in a Code of Conduct and which parallel the guidelines that make up CSR.

The transparency and rapid information flows that characterize the times we live in have magnified how these matters impact on how different brands are experienced and appreciated by customers and policymakers on various levels. For a company that says it works with CSR and does not deliver, goodwill can quickly shatter into badwill.

CSR work can include both big and small initiatives. An example of the latter is the annual report you are currently reading, a climate neutral report that is both Swan and FSC® ecolabeled.

A significantly more attention-getting initiative is The Gothenburg Award for Sustainable Development. It was founded in 2000 and Elanders is one of the companies that has supported it and contributed to the prize sum from the beginning. Some of the more well-known laureates are Gro Harlem Brundtland (2002), Al Gore (2007) and Kofi Annan (2011).

In 2014 it was awarded to the Dutchman Paul Polman. He became CEO of Unilever in 2009 and initiated a sweeping change in course towards a more sustainable way of doing business. The objective is to halve Unilever's environmental footprint by the year 2020, and to increase its positive influence on global health, prosperity and working and living conditions at the same time as the company grows. Paul Polman's perspective can be summarized in the following quote, "*You cannot grow a healthy business in an unhealthy society.*"

Another initiative worth mentioning is the visiting professorship Elanders is sponsoring at the University of Gothenburg School of Business Economics and Law. The goal of the Visiting Professor Programme is to support education, research and social development on an international level. Elanders has sponsored it from the start in 2009.

Paul Polman, CEO of Unilever, was awarded the Gothenburg Award 2014.

Entrepreneurship and common values

During the past few years Elanders has acquired a number of companies around the world. The traditional graphic industry has been going through an intensive restructuring and new business opportunities are emerging within e-commerce and supply chain. Elanders is characterized by business acumen and entrepreneurship where the challenge and opportunities lies in creating common values.

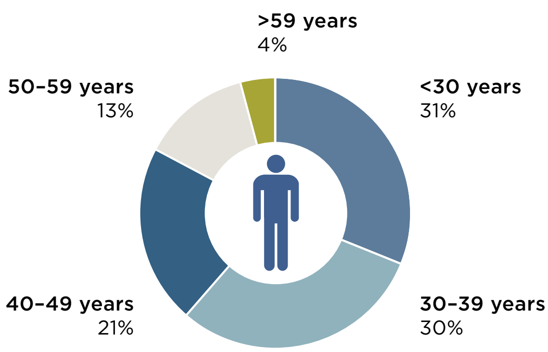
There have never been more people working at Elanders. At the end of the year there were just over 3,300 employees in a total of 15 countries on four continents.

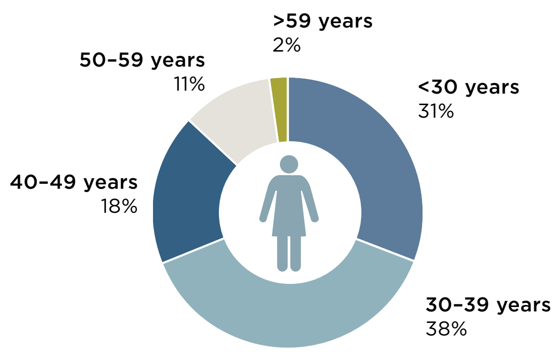
The primary factor behind this major bump in personnel is the acquisition of Mentor Media in the beginning of 2014. This increased the number of employees by close to 1,500 people. During the year Elanders also made an adjustment in the form of redundancies in Print & Packaging Europe caused by the ongoing struggle in the graphic industry with declining demand.

Customer demand and changed market conditions are the driving forces for employees and the entire organization. All Group employees are encouraged to assume responsibility and take initiatives. Entrepreneurship is an important part of our business culture. It's a good way to meet the tangible need for change in the graphic industry and a vital prerequisite for our capacity to adjust to ever-changing conditions.

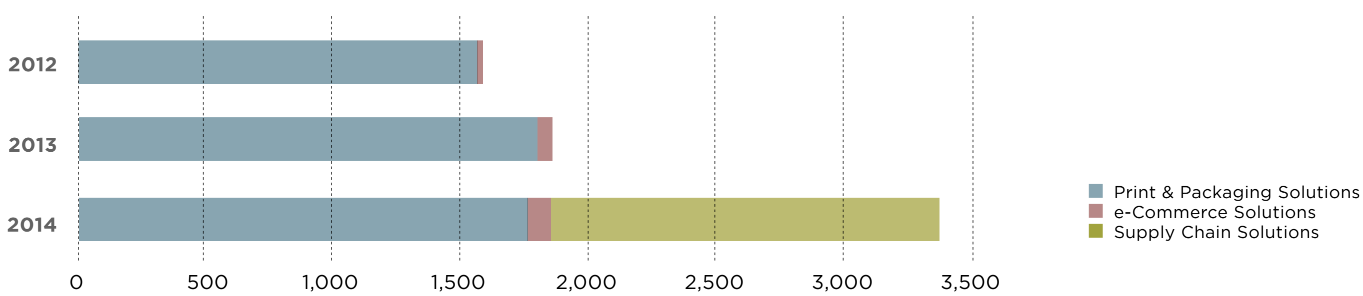
Employees can be active in many ways and one is by making improvement suggestions. Our employees feel pride in always doing their best and taking responsibility for customer deliveries. Another aspect of Elanders' work climate is absence

AGE DISTRIBUTION, EMPLOYEES





AVERAGE NUMBER OF EMPLOYEES PER BUSINESS AREA 2012–2014



due to sickness. Low absence is highly beneficial for both employees and the company.

”Our employees are the foundation of the company's success and we are always on the lookout for ways to improve the time our personnel spends at work and in private.” This is a quote from Laura Soderstrom, HR Director at Midland Information Resources which is part of Print & Packaging Americas.

The quote could have come from any one of Elanders' companies or business areas but the fact that we chose to quote Laura Soderstrom is no coincidence. For the 14th year in a row Midland Information Resources was named best workplace among the American graphic companies, an industry consisting of over 100,000 companies and a million employees.

The award "Best of the Best Workplace" was initiated in 2000. The jury judges companies based on eight criteria such as work environment, safety instructions, health programs and how well employees can puzzle the pieces of their lives together. Therefore it also judges how well employees can create a healthy balance between work and private life.

There are many examples of how the work environment is prioritized at Elanders. Supply Chain Solutions and Print & Packaging Solutions Asia has chosen to implement OHSAS 18001, a health and safety management system. This management system works well together with quality standard ISO 9001 and an environmental management system ISO 14001. One of several goals in OHSAS 18001 is to reduce absence due to illness and thereby improve quality and profitability. It also includes the capacity to analyze and prevent health problems, diseases and accidents.

In Elanders Code of Conduct is also a clear ban on child labor and discrimination associated with, among other things, race, gender, religion and ethnic background.

SUSTAINABLE DEVELOPMENT – ENVIRONMENT

Sustainable production is a must for global competitiveness

Elanders has had environmental goals to reduce its ecological footprint for years. These goals are often combined with extensive work on quality assurance in order to meet the demands made by our large global customers.

More and more companies and organizations see the connection between quality-managed production and lower environmental impact.

Demands from customers and authorities vary greatly in the different geographic markets Elanders is active in. Nonetheless the overriding trend is unmistakable. The ability to offer sustainable production from start to finish is becoming a prerequisite for being able to compete, especially on a global level.

It is also becoming more common for large global groups to have their own environmental and quality management systems in order to meet internal environmental goals. For example Sony can make a supplier a Green Partner. Already back in 2001 Sony Green Partner Standards was instituted and nowadays Sony requires that all its suppliers qualify for this international environmental standard. In addition, the certification is updated every other year. Elanders in China met the demands for Green Partner in the beginning of 2014.

One way to document and guarantee production with a lower environmental impact is through various kinds of ecolabeling. Elanders is certified for several different ecolabels for the operations involved in printing.

In many countries the graphic industry has been a pioneer with its proactive environmental work. The industry has also been able to show environmental improvements through reduced paper waste, less hazardous waste, lower energy use and less emissions of greenhouse gasses. Over time environmental consideration has come to encompass storage and distribution. Customers with far-reaching environmental demands take into account the entire lifecycle of the printed matter.

The demand for climate neutral production and printed matter increases every year. Different ecolabels are matter of course for many customers. One of the most demanded ecolabels is the global FSC® (Forest Stewardship Council) label, a certification guaranteeing responsible forestry.

One of Elanders' comprehensive goals is that all Group companies work actively to reduce their environmental impact and ecological footprint. During a year a number of initiatives are taken that may include lower energy use, less emissions of greenhouse gasses or less hazardous waste.

Each individual company is responsible for the environmental and quality work necessary to live up to local regulations as well as the quality and environmental revisions initiated by Elanders' customers.

Successful integration and greater global presence

The highlight of 2014 was the successful integration of the largest acquisition by Elanders so far. With the acquisition of the Singapore-based company Mentor Media our net sales, operating result and number of employees increased considerably. This allowed us to achieve one of our important goals, namely to build an Elanders with greater global presence and a broader offer. The Group now has a stable base with three business areas that both balance and complement each other.

KEY RATIOS

	2014	2013	2012	2011	2010
Operating margin, %	4.7	6.2	6.2	6.0	–4.5
Profit margin, %	3.8	4.8	4.9	4.3	–6.2
Gross profit/Added value, %	46.2	40.4	34.3	34.8	28.1
Capital turnover rate, times	1.2	0.9	0.9	0.9	0.8
Equity ratio, %	37.8	42.2	42.2	43.9	40.7
Risk capital ratio, %	40.1	44.8	44.4	45.6	42.1
Interest coverage ratio, times	5.0	5.3	5.6	4.4	neg.
Debt/equity ratio, times	0.7	0.7	0.7	0.8	0.9
Return on equity, %	7.4	7.0	4.8	7.1	–10.6
Return on capital employed, %	8.7	7.7	7.4	7.1	–4.8
Return on total assets, %	5.9	5.6	5.6	5.5	–3.2
EBIT-multiple	11.0	9.9	9.9	9.1	–14.1
Average number of employees	3,360	1,864	1,587	1,546	1,520
Net debt/EBITDA, times	3.1	3.2	3.3	3.4	28.4
Enterprise Value, MSEK	1,919	1,298	1,177	1,005	1,269
Risk capital, MSEK	1,431	1,104	1,004	915	848
Capital employed, MSEK	2,243	1,777	1,642	1,556	1,552
Net debt, MSEK	895	739	688	676	732

2013

2013 was a strong year for Elanders. We broadened our offer and increased both our result and net sales. The main factor behind the improved result is the fortuitous acquisitions of the past few years which have made a positive contribution to our result. Demand in Print & Packaging shrunk and Elanders decided to concentrate production facilities to fewer units in Sweden and Germany.

In the first quarter we acquired McNaughtan's in Scotland, a specialist in printing labels and exclusive packaging. The German company myphotobook GmbH was acquired in the third quarter which is one of Europe's leading e-commerce companies in the segment personalized photo products to consumers.

The fourth quarter saw a lot of activity, particularly the final negotiation of the Mentor Media acquisition. The operating result for the full year was MSEK 131 (119) of which one-off items were MSEK –1 (15).

2012

Uncertainty regarding the global economy characterized pretty much all of 2012 but Elanders did relatively well and the business grew with better profitability. In the first quarter all the shares in the German companies fotokasten GmbH and d|o|m Deutsche Online Medien GmbH were acquired. Through these acquisitions Elanders established itself on the e-commerce market for photo products. Both companies are forerunners when it comes to offering and developing advanced technical solutions.

Late in December the acquisition of the American company Midland Information Resources was made public. Through this acquisition Elanders continued its international expansion and increased its presence on the world's single largest graphic market.

The fourth quarter is usually Elanders' best and 2012 was no exception. The operating result for the full year was MSEK 119 (110), of which one-off items were MSEK 15 (25).

2011

The year started with a definite increase in net sales and result. Capacity utilization was especially higher in our Hungarian unit for German production and in our Polish unit for Swedish production. We acquired a couple of Swedish printers that contributed to broadening Elanders' product range with qualified illustrated books. Elanders' conscious investment to offer personalized print and develop new product concepts gave results.

The year ended with a ten percent increase in net sales in the fourth quarter. The operating result for the full year was MSEK 110 (–76), of which one-off items were MSEK 25 (–59).

2010

The year was characterized by recovery in many important markets. Demand increased from customers primarily in automotive and other industries. The Group received more orders for packaging, marketing materials and personalized products.

The operating result for the full year was a loss of MSEK 76, of which one-off items in connection to restructuring amounted to MSEK 75. Net sales for the full year were MSEK 1,706 (1,757), a reduction of 3 percent.

A new share issue in the third quarter strengthened Elanders' financial position and created a platform for continued expansion of the company, raising MSEK 208 for the Group after issue expenses. A good example of Elanders' desire to expand was the acquisition of the German packaging company Printpack.

INCOME STATEMENTS – SUMMARY

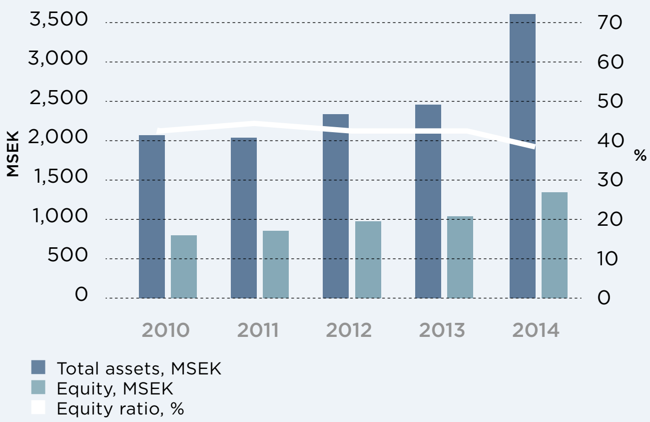
MSEK	2014	2013	2012	2011	2010
Net sales	3,730	2,096	1,924	1,839	1,706
Operating expenses	–3,555	–1,965	–1,806	–1,729	–1,782
EBIT	175	131	119	110	–76
Financial items	–35	–29	–25	–30	–29
Result after financial items	140	102	93	80	–105
Result for the year	88	70	45	60	–84
EBITDA	293	229	209	196	26

CASH FLOW – SUMMARY

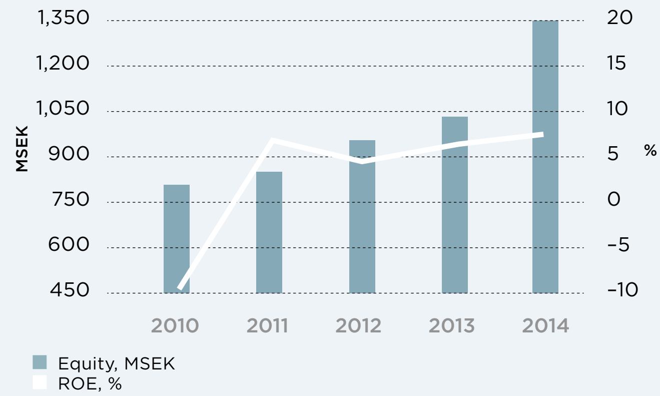
MSEK	2014	2013	2012	2011	2010
Cash flow from operating activities	162	128	215	84	–58
Paid taxes	–61	–57	–23	–7	–8
Investments	–296	–164	–197	–28	–69
Operating cash flow	–38	50	67	93	–90
Change in net debt	81	51	13	–57	–105

FIVE YEARS IN SUMMARY

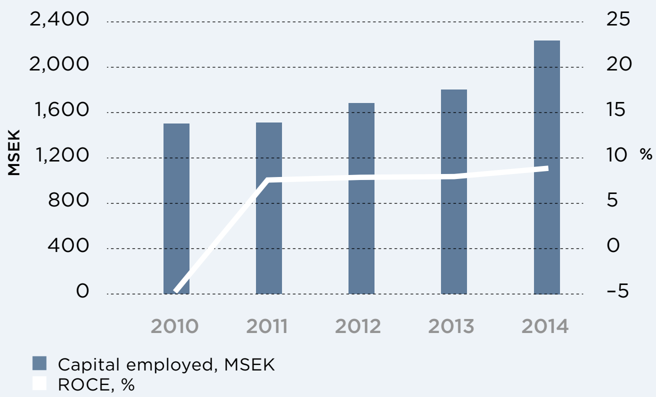
EQUITY RATIO



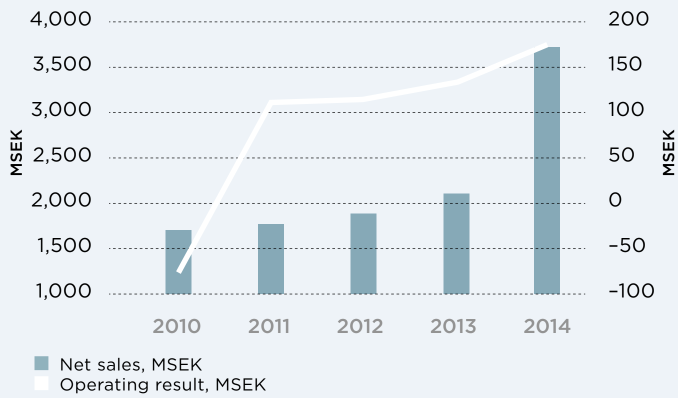
RETURN ON EQUITY



RETURN ON CAPITAL EMPLOYED



OPERATING RESULT



BALANCE SHEETS – SUMMARY

MSEK	2014	2013	2012	2011	2010
Goodwill	1,205	1,090	978	834	836
Other fixed assets	675	582	541	515	575
Inventory	253	107	116	126	119
Accounts receivable	844	387	393	385	365
Other current assets	136	82	66	64	67
Cash and cash equivalents	457	215	168	81	50
Equity	1,348	1,039	954	880	819
Interest-bearing liabilities	1,352	954	856	758	782
Non-interest-bearing liabilities	870	471	451	367	411
Total assets	3,570	2,464	2,261	2,005	2,012

The Elanders share developed strongly during the year

The Elanders share increased in value by 57 percent in 2014, but the development was volatile to say the least. The year got off to a strong start due to the acquisition of Mentor Media and the highest price for the year was SEK 48.40 on 17 February 2014. From there the market value fell to SEK 29.60 on 16 December, the day before Elanders released a reversed profit warning due to an exceptionally strong fourth quarter.

HISTORY

Elanders' B shares were first listed on the Stockholm Stock Exchange on 9 January 1989. On 31 December 2014 the company had 25,157,204 B shares listed on the NASDAQ OMX Nordic Exchange Small Cap list under the ELAN B symbol.

DEVELOPMENT DURING THE YEAR

The market value of B shares rose by 57 (14) percent during 2014, a development significantly stronger than the Stockholm Stock Exchange index OMX Stockholm PI which increased by 12 (20) percent during the same period. During 2014 a total of 6,864,270 (2,402,537) Elanders shares were traded, which is equivalent to an average trading rate of approximately 0.27 (0.11) times.

The lowest share price was SEK 24.80 on 2 January and the highest was SEK 48.40 on 17 February. The final share price in 2014 was SEK 38.60 (24.60), which means that Elanders' stock market value at year-end was approximately MSEK 1,023 (559).

SHARE CAPITAL, CLASS OF SHARES AND LIQUIDITY GUARANTEE

The new share issue in June gave Elanders SEK 37,833,160 in additional share capital totaling SEK 265,183,140. The number of shares increased by 3,788,316 and at the end of 2014 there were 1,361,110 (1,166,666) A shares and 25,157,204 (21,563,332) B shares issued. Each A share is worth ten votes and each B share one. The shares' quota value is SEK 10 and all shares are entitled to the same dividend. See the tables on the following page for share capital and voting disposition. The B share is covered by a liquidity guarantee and Remium AB is the guarantor.

DATA PER SHARE

	2014	2013	2012	2011	2010
Result, SEK	3.48	2.99	1.99	3.00	–6.60
Share price at year-end, SEK	38.60	24.60	21.50	16.80	27.50
P/E ratio	11.1	8.2	10.8	5.6	–4.2
P/S ratio	0.3	0.3	0.2	0.2	0.2
Dividend, SEK	1.10 [1]	0.78	0.58	0.49	–
Dividend yield, %	2.9	3.6	2.6	1.9	–
Share price/equity, times	0.8	0.6	0.5	0.4	0.7
Net asset value, SEK	50.82	44.39	40.77	43.75	40.75
Risk capital, SEK	53.97	47.18	37.86	45.52	42.19
EBITDA, SEK	11.61	9.75	9.39	9.76	2.03
Operating cash flow, SEK	–1.51	2.16	2.99	4.64	–7.12
Cash flow from operating activities, SEK	6.42	5.48	9.64	4.20	–4.55
Average number of outstanding shares, in thousands	25,204	23,395	22,279	20,102	12,703
Turnover rate	0.27	0.11	0.08	0.13	0.32

Historic number of shares and historic key ratios have been adjusted for the bonus issue element in the new share issue in 2014.

[1] Proposed by the Board.

SHARE INFORMATION AND OWNERSHIP STRUCTURE

SHARE ALLOCATION

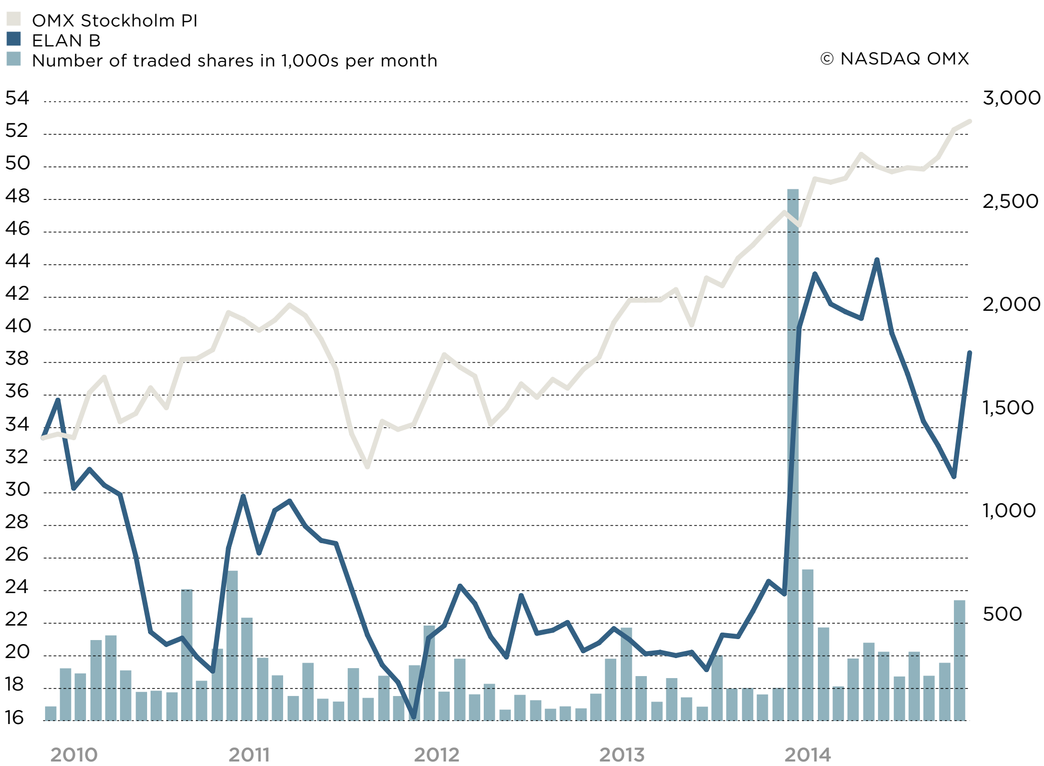
There were 2,468 (2,134) Elanders shareholders at year-end. The share of foreign shareholders amounted to 6 (6) percent of the capital. The allocation between shareholder type and share of capital is 11 percent private owners and 15 percent institutional owners.

DIVIDEND POLICY

Regarding the proposed dividend in years to come, the Board of Directors has taken into account the Group's development potential, its financial position and the adopted key ratio goals relating to debt/equity ratio, equity ratio and profitability. The objective is to have dividends follow the long-term profit trend and, on the average, represent approximately 30 percent of profit after tax.

MAJOR SHAREHOLDERS 31 DECEMBER 2014

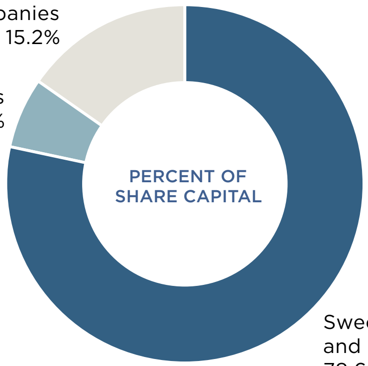
	Number of A shares	Number of B shares	Percent of votes	Percent of share capital
Carl Bennet AB	1,361,110	15,171,447	74.2	62.3
Carnegie Funds	–	2,121,535	5.5	8.0
Försäkringsaktiebolaget Avanza Pension	–	1,248,002	3.2	4.7
Peter Sommer	–	674,333	1.7	2.5
P-A Bendt AB	–	563,924	1.5	2.1
Skandinaviska Enskilda Banken S.A.	–	241,033	0.6	0.9
Dan Olsson	–	223,014	0.6	0.8
Nordnet Pensionsförsäkring AB	–	212,086	0.5	0.8
Danica Pension	–	210,919	0.5	0.8
BK Julius Baer & Co Sweden Main Ac	–	175,684	0.5	0.7
Other shareholders	–	4,315,227	11.1	16.3
Total	**1,361,110**	**25,157,204**	**100.0**	**100.0**

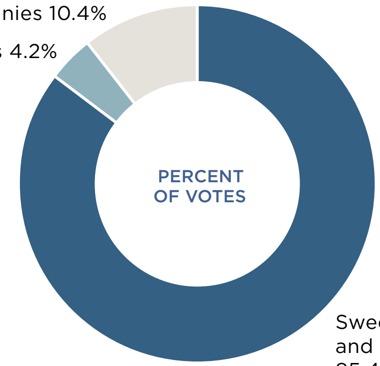


OTHER INFORMATION

Elanders' financial information can be found at the Group website www.elanders.com. Questions can also be asked to Elanders directly via e-mail at info@elanders.com. Annual Reports, quarterly reports and other information can be requested from Group headquarters at telephone number +46 31 750 00 00, our website or through the above e-mail address. We are also happy to provide information about the many occasions when we present Elanders at activities that are arranged by shareholder organizations, Swedish and foreign stockbrokers and banks. One analyst continuously monitors our development and regularly publishes analyses of Elanders: Remium AB Equity research Claes Vikbladh.

SHAREHOLDER CATEGORIES 31 DECEMBER 2014





SHAREHOLDER STATISTICS 31 DECEMBER 2014

Number of shares	Number of shareholders	Number of A shares	Number of B shares	Percent of share capital	Percent of votes
1–500	1,540	–	261,173	1.0	0.7
501–5,000	780	–	1,132,242	4.3	2.9
5,001–50,000	123	–	1,816,813	6.9	4.7
50,001–500,000	20	–	2,655,137	10.0	6.8
500,001–	5	1,361,110	19,291,839	77.9	84.9
Total	**2,468**	**1,361,110**	**25,157,204**	**100.0**	**100.0**

SHARE CAPITAL DEVELOPMENT

	Number of A shares	Number of B shares	Accumulated number of shares	Accumulated 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 New share 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 New share issue 1:6 in connection with the acquisition of Sommer Corporate Media	83,333	1,311,666	9,764,999	97,649,990
2010 New share issue 1:1	583,333	9,181,666	19,529,998	195,299,980
2012 Directed share issue to acquire d|o|m och fotokasten	–	3,200,000	22,729,998	227,299,980
2014 New share issue 1:6 in connection with the acquisition of Mentor Media	194,444	3,593,872	3,788,316	265,183,140
Outstanding shares and share capital on 31 December 2014	**1,361,110**	**25,157,204**	**26,518,314**	**265,183,140**

Source: Euroclear Sweden AB.

Expanded offer to reduce exposure

Structural changes and tough competition is most evident in almost all parts of industry and commerce. Conditions that Group Management must take into account, especially since the Group operates on a global market. Circumstantial risk, financial risk and business risk are among the most significant risks that Elanders has identified and are described on the following pages.

CIRCUMSTANTIAL RISK

The external factors that have the greatest impact on Elanders operations are global economy and the future for the group's products and services. Since these factors are outside of group control we continuously work to adjust operations to meet the new conditions.

Business cycle sensitivity

The most tangible business cycle sensitivity is in group operations that supply our customers in the manufacturing industry, particularly in automotive and consumer electronics. Sales to customers in food stuffs, cosmetics, pharmaceuticals and the public sector as well as to consumers are less affected by the general economic situation.

We work consciously to reduce the influence of business cycles by increasing sales to customers in less sensitive trades and customer groups as well as by increasing the geographic spread of sales.

The future of the products/services

The Group's offer consists of both products and services. Printed matter has gone, and continues to go through a shift from traditional demand in large volumes printed in offset to shorter editions in digital print, and from printed to digital media. These changes can be seen, for example, in fine paper consumption in Western Europe and North America which has shrunk year after year. Notwithstanding, printing volumes are increasing globally but a significant part of this growth is in packaging. This is primarily due to the demand from a burgeoning middle class in developing countries for more and more fast-moving consumer goods and where food is increasingly bought in stores and not in local farmer's markets. The market for packaging is growing in all the parts of the world where the Group operates and is expected to be highest in Asia.

Elanders' position as one of the leading digital printers in Europe and our competitive offset capacity in Eastern Europe and Asia along with our growing shift in production to more packaging concurs with this anticipated development. The Group's dependency on the future of printed matter has also decreased as a result of the acquisition of Mentor Media.

FINANCIAL RISK

The greatest financial risks for Elanders are currency risk, interest risk and financing risk.

Currency risk

The Group runs into currency risk through transactions in currencies other than the companies local currency (transaction exposure) or when converting net result and net assets from foreign subsidiaries (translation exposure).

The transaction risk is, in the face of the groups global operations, relatively low since most income and costs in the respective companies are in local currencies. In cases of transactions in other currencies this risk is hedged mainly by using forward exchange contracts.

Elanders' transaction exposure is primarily in USD, EUR, CNY and GBP. Exposure of net assets in foreign subsidiaries is mainly connected to USD and EUR and hedging has been made in part through taking loans in each currency. Apart from this hedging no other hedging has been made to counter the translation risk.

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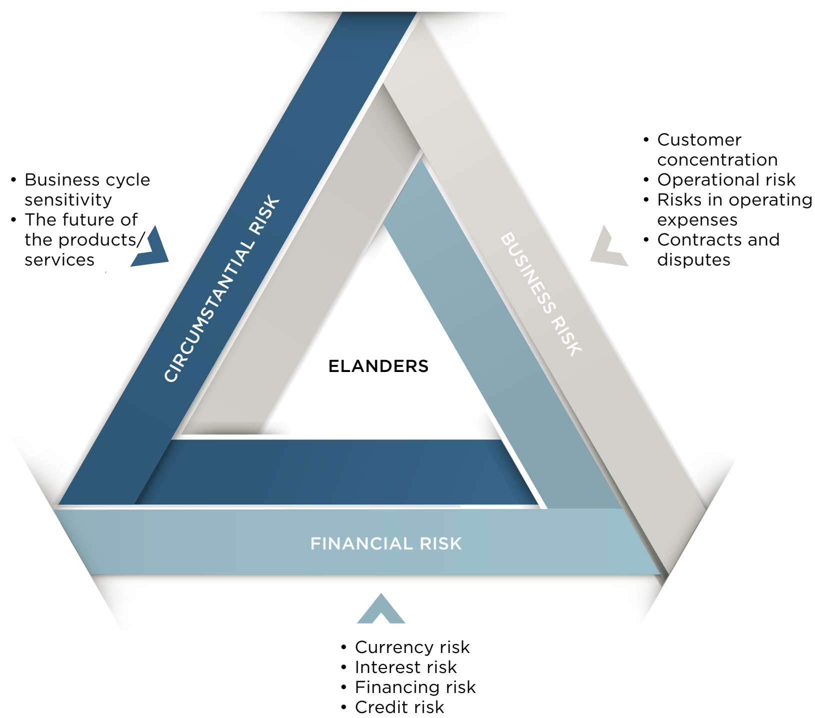
RISKS AND UNCERTAINTY FACTORS



Interest risk

Exposure in the form of changes in the interest rate stems mainly from group interest-bearing liabilities with floating interest. Outstanding liabilities are primarily in USD, EUR and SEK.

Elanders strives to achieve a balance between cost-effective financing and the risk exposure of a negative influence in the result if interest levels suddenly changed significantly. In light of the low interest rates expected by the market, no hedging have been made regarding interest rates. Elanders is following developments closely and may enter into hedging arrangements.

Financing risk

Elanders is dependent on obtaining financing from credit institutions. The Group's financing needs comprises current operations and preparedness for possible future investments. The availability of financing depends on factors such as the general availability of capital and Elanders' credit rating.

Elanders currently has a two year credit agreement with two Swedish banks regarding operational financing that expires 30 September 2015. Discussions with the banks have been initiated regarding a new agreement.

Credit risk

The Group is exposed to losses through the risk of a counterparty not meeting their obligations. Credit risk can be divided into financial credit risk and commercial credit risk where the financial risk primarily concerns investing surplus liquidity and trading exchange derivative instruments and the commercial risk concerns accounts receivable. Elanders' commercial credit risk is spread out over a large number of customers and at the same time a few customers represent a large part of the Group's accounts receivable.

The financial credit risk is limited and controlled by the fact that financial transactions may only be carried out with financial institutions that are approved of by Group Finance. The commercial credit risk is primarily handled by each subsidiary through external checks on credit ratings, regular communication with customers, monitoring their ability to pay and following up their financial reports.

BUSINESS RISK

Elanders encounters risks in operations daily and normally these are within the Group's control. Group Management's close collaboration with the different group operations is a key factor in controlling these risks.

Customer concentration

The Group's major customers are primarily active in the manufacturing industry and agreements with these customers normally run over two or three years. Elanders' ten largest customers represent 52 (38) percent of net sales in 2014. Sales to the Group's largest customer represent 25 percent of the total net sales. Sales to this customer is made to several of its divisions, on three continents and is based on multiple stand-alone agreements.

Elanders' strategy is not only to be a supplier to our larger customers but to be a strategic partner which builds the basis for long-term business relations. Elanders has worked together with several of the Group's largest customers for many years.

Operational risk

The risk that the Group will suffer a major stop in production is small. The Group's production units within the respective business area are largely compatible and can help each other if there are any hitches in production and it is rare that there are no alternative suppliers of input goods.

Elanders work to identify and prevent risks that can lead to disturbances in production. The work involves regular controls of the production sites where identified improvement areas are the basis for action plans. The Group also has business interruption insurance that covers the loss of margins for up to twelve months.

Risks in operating expenses

Elanders' main operating costs are cost for production material and personnel costs. These two categories represent 70 (61) percent of total operating costs.

The Group does not see any direct risk that any of these costs will rise in the near future to such a degree that that it would have a material effect on group results.

Contracts and disputes

In business daily operations can give rise to disputes.

In order to minimize the risk of disputes Elanders normally uses the contracts prepared by our trade organizations. Elanders is not aware of any dispute that may have any significant effect on the Group's financial position. The Group's insurance program contains global liability insurance that covers general liability, product liability, crime fidelity, business interruption and limited protection against environmental damage. The Group also has liability insurance for members of the Board and officers.

SENSITIVITY ANALYSIS

In note 18 to the consolidated financial statements there is a summarized analysis of how changes in the level of the variables described above would have affected group results after financial items.

Board of Directors' report

The Board of Directors and the President and Chief Executive Officer of Elanders AB (publ), corporate identity no 556008-1621, herewith present their annual report and the consolidated financial statements for 2014.

Elanders AB (publ) is the parent company of the Elanders Group and the company's B shares are listed on NASDAQ OMX Stockholm's Small Cap list. Elanders AB (publ) is a subsidiary to Carl Bennet AB, corporate identity no 556379-0715, registered in Gothenburg. Carl Bennet AB prepares consolidated financial statements that include Elanders.

OUR BUSINESS

Elanders offers global solutions through its business areas Print & Packaging Solutions, Supply Chain Solutions and e-Commerce Solutions. The Group has operations in more than 15 countries on four continents. The most important markets are China, Germany, Singapore, Sweden, United Kingdom and the USA and the largest customers are automotive, computers, consumer electronics and white goods manufacturers.

OUR OFFER

Our offer contains everything from producing photo products, marketing material, user information and packaging to an overall responsibility for complex and global deliveries comprising procurement, configuration, picking, printed matter, packaging, distribution, payment solutions and after sales services.

The services are provided by business-oriented employees. They use their expertise and our intelligent IT solutions to develop our customers' offers, which are often completely dependent on efficient product, component and service flows as well as traceability and information.

In addition to our offer to B2B markets the Group also sells photo products directly to consumers through its own brands fotokasten and myphotobook.

GROUP OPERATIVE LOCATIONS

In 2014 the Group had operations in 15 countries: Brazil (São Paulo), China (Beijing, Chengdu, Chongqing, Kunshan, Shanghai, Shenzhen, Songjiang, Suzhou and Xiamen), the Czech Republic (Brno), Germany (Berlin and Stuttgart), Hungary (Zalalövő and Jászberény), India (Chennai), Italy (Treviso), Japan (Tokyo) Mexico (Juarez), Poland (Płońsk), Singapore, Sweden (Gothenburg and Stockholm), Taiwan (Taipei), United Kingdom (Glasgow and Newcastle) and the USA (Atlanta, Davenport, Miami and Ontario). Elanders is also represented by sales offices and development divisions in a number of locations.

NET SALES AND RESULT

Compared to last year net sales for the full year increased by MSEK 1,634 to MSEK 3,730, i.e. 78 percent. The new acquisitions, in particular Media Mentor, was responsible for the increase in revenue. Excluding these acquisitions and using constant exchange rates net sales decreased by 3 percent compared to the same period last year. In comparable units exchange rates had a positive effect on the operating result of about MSEK 9 but since most of the interest costs are in USD and EUR this effect was somewhat reduced in the net result.

The operating result, excluding one-off costs, increased to MSEK 217 (132), corresponding to an operating margin of 6 (6) percent. Restructuring the Swedish operations generated one-off costs totaling MSEK 42 in business area Print & Packaging. In 2013 the result for the year was charged with one-off items of MSEK 1 net for consultation costs in connection with acquisitions, revenue recognized from book VAT och structural costs related to operations in Sweden and Germany.

SIGNIFICANT EVENTS DURING THE YEAR

Acquisitions

In the beginning of the year Mentor Media Ltd was acquired. The company is based in Singapore and has a strong foothold in Asia and is one of the leading companies in the world in Global Supply Chain Management. Mentor Media has operations in eight countries, of which the largest are China, Singapore, India and the USA. The company's net sales in 2013 amounted to MUSD 185 and the number of employees were 1,550. The purchase price was MUSD 48 on a cash- and debt-free basis.

Steering and organizational changes

In July 2014 Elanders put all European operations in Print & Packaging under the responsibility of Peter Sommer. The change is a natural step in Elanders' strategy to offer global solutions in the three business areas Supply Chain, Print & Packaging and e-Commerce. By streamlining the way operations are steered Elanders will be able to offer more competitive solutions to its customers and at the same time geographically based management makes it possible to optimize capacity utilization of existing equipment, which will reduce investment needs in the future.

Management changes

As a result of the reorganization of Elanders' European operations Åsa Severed left Group Management and her position as MD for Elanders' Swedish and Polish operations. Åsa Severed has implemented extensive changes during her tenure at Elanders and she has been a driving force in the work to coordinate our European operations. Gustaf Albèrt has been appointed new MD of Elanders Sverige AB.

Elanders Group Management consists of:

- Magnus Nilsson, President and CEO
- Andréas Wikner, Chief Financial Officer
- Peter Sommer, Print & Packaging Europe
- Thomas Sheehan, Print & Packaging Americas
- Kevin Rogers, Print & Packaging Asia
- Kok Khoon Lim, Supply Chain
- Martin Lux, e-Commerce

Capacity adjustment and notice of redundancy in Print & Packaging Europe

On 12 September Elanders Sverige AB gave notice of redundancy to 120 employees, 90 of which were in Mölnlycke, 20 in Vällingby and 10 in Värnamo. Negotiations with personnel organizations have led to around 70 people leaving the company, some of which have already left. This led to one-off costs of MSEK 42 during the third and fourth quarter, of which MSEK 38 charged the fourth quarter. These measures are expected to generate annual savings in Swedish operations of close to MSEK 50, which is expected to have full effect as of the second half of 2015.

Book VAT

From 2010 to 2012 Elanders submitted claims for VAT refunds to the Swedish Tax Agency pertaining to 2004–2007. In the years 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 Administrative Court of Appeals in Stockholm, Gothenburg and Jönköping have supported Elanders' position. The Swedish Tax Agency appealed some of the decisions and sought reconsideration by the Supreme Administrative Court. Their verdict was announced in February 2014 and was in favor of the Swedish Tax Agency. Several verdicts from the Supreme Administrative Court during the autumn have supported this line. However, these verdicts are not expected to have any significant effect on either Elanders' result or financial position. There is also a case where a customer demanded compensation for the VAT money from their printer and Svea Court of Appeals has rendered its decision. The customer lost their case.

During the third quarter the SwedishTax Agency's tax reassessment of Elanders was changed regarding the claim the company made for a refund of outgoing VAT and which consequently resulted in a repayment of MSEK 16. The repayment had no effect on Elanders' result and only affected Group net debt.

INVESTMENTS AND DEPRECIATION

During the year net investments amounted to MSEK 296 (164), of which MSEK 254 (103) were acquisitions. Most of the other investments were replacement investments in different production facilities. Depreciation amounted to MSEK 118 (98).

BOARD OF DIRECTORS' REPORT

FINANCIAL POSITION, CASH FLOW AND EQUITY RATIO

Net debt at year end amounted to MSEK 895 (739). The increase is a result of purchase price of MUSD 48 for the acquisition of Mentor Media which was partly financed by external credits as well as changes in exchange rates, mainly USD and EUR, which increased net debt by MSEK 76. The new share issue which was carried out in the second quarter was oversubscribed and generated MSEK 121 after issue costs of MSEK 4.

Operating cash flow for the year was MSEK –38 (50), of which acquisitions were MSEK –254 (–103).

RESEARCH AND DEVELOPMENT

The Group continuously develops different offers that are usually developed in connection with specific customer projects and consist of, for instance, order interfaces, image databases and other publication tools. Continuous development of order platforms takes place in our e-commerce business where costs for most of the work is recognized as they occur.

PERSONNEL

The average number of employees in the Group during the year was 3,360 (1,864). The total number of employees at year-end amounted to 3,320 (1,898). Further information concerning the number of employees, as well as salaries, remuneration and terms of employment is given in note 4 to the consolidated financial statements.

PARENT COMPANY

During the year the parent provided joint group services. No external sales took place. Investments in 2014 amounted to MSEK 0 (1). The average number of employees during the year was 8 (9) and the number at year-end amounted to 8 (9). Other information concerning the number of employees, salaries, remuneration and conditions of employment is given in note 4 to the consolidated financial statements.

ENVIRONMENTAL IMPACT

The Group is responsible for direct environmental impact primarily through noise and emissions of solvents into the air as well as some minor water emissions.

Legal requirements and incidents

The Group strictly follows legal requirements concerning the environment to avoid events that can result in considerable business risks and/or fines. We therefore put great store in guaranteeing compliance with the law in our regular environmental audits according to ISO 14001 and in the due diligence carried out before an acquisition. Under the Environmental Act in Sweden and equivalent legislature in other countries several printing sites are required to have permits or submit reports, depending on their total consumption of solvents.

In 2014 the Swedish organization had operations in Mölnlycke that required permits. Outside Sweden Elanders has operations in varying degrees in China, Germany, Hungary, Poland, United Kingdom and the USA that require permits. No significant accidents or incidents occurred in 2014.

In 1999 a limited area of ground contamination was discovered under a building in one of Elanders' previous locations. 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. The Environmental Court has on formal grounds sent the matter back to the Environmental Authority in Gothenburg for continued processing. The Environmental Authority in Gothenburg has deemed that, because of the location of the pollution, it does not present any risk to health or the environment. An investigation has been conducted to determine the cost of various decontamination measures and discussions are being held with the property owner on how to continue the process. Judging from the circumstances concerning responsibility and the limited scope of the contamination we believe that this matter will not result in any material financial risk for Elanders.

RISKS AND UNCERTAINTIES

Elanders divides risks into circumstantial risks (business cycle sensitivity and the future of the products/services), financial risks (currency, interest, financing and credit risk) as well as business risks (customer concentration, operational risk, risks in operating expenses, contracts and disputes). For more detailed information than given below, as well as a sensitivity analysis, please see note 18 in the consolidated financial statements.

Circumstantial risk

The most tangible business cycle sensitivity is in group operations that supply our customers in the manufacturing industry, particularly in automotive and consumer electronics. Sales to customers in food stuffs, cosmetics, pharmaceuticals and the public sector as well as to consumers are less affected by the general economic situation. We work consciously to reduce the influence of business cycles by increasing sales to customers in less sensitive trades and customer groups as well as by increasing the geographic spread of sales.

Printed matter has gone, and continues to go through a shift from traditional demand in big volumes in printed in offset to shorter editions in digital print, and from printed to digital media. The market for packaging is growing in all parts of the world where the Group operates and is expected to be highest in Asia.

Elanders' position as one of the leading digital printers in Europe and our competitive offset capacity in Eastern Europe and Asia along with our growing shift in production to more packaging concurs with this anticipated development. The Group's dependency on the future of printed matter has also decreased as a result of the acquisition of Mentor Media.

Financial risk

The exchange risk in the Group primarily comes from transactions in other currencies than the companies' local currency and the conversion of net results and net assets from our foreign subsidiaries. The Group handles currency risks by hedging transactions in foreign currency and partly net assets in USD and EUR. Elanders' net influx of foreign currency from the subsidiaries is not hedged and is mainly in USD, EUR, CNY and GBP.

Exposure regarding changes in interest levels stems from group interest-bearing liabilities with floating interest rates. Outstanding debt is mostly in USD, EUR and SEK.

Elanders is dependent on receiving financing via credit institutes. Elanders currently has a two year credit agreement with two Swedish banks regarding operational financing that expires September 30, 2015. Discussions with the bank have been initiated regarding a new agreement.

The Group is exposed to credit risks through the risk that a counterparty cannot meet its obligations. The most crucial financial credit risk for the Group arises when investing surplus liquidity and trading derivatives. This risk is limited through the sole usage of, by the parent company, approved financial institutions. Although the commercial credit risk is spread out over many different customers there is a concentration to a few.

Business risk

The Group's major customers are primarily active in the manufacturing industry and agreements with these customers normally run over two or three years. Elanders' ten largest customers represent 52 (38) percent of net sales in 2014. Sales to the Group's largest customer represent 25 percent of the total net sales. Sales to this customer is made to several of its divisions, on three continents and is based on multiple stand-alone agreements. Elanders' strategy is not only to be a supplier to our larger customers but to be a strategic partner which builds the basis for long-term business relations. Elanders has worked together with several of the Group's largest customers for many years.

The risk that the Group will suffer a major stop in production is small. The production units within each respective business area are largely compatible and can help each other if there are any hitches in production and it is rare that there are no alternative suppliers of input goods. Elanders work to identify and prevent risks that can lead to disturbances in production. The work involves regular controls of the production sites where identified improvement areas are the basis for action plans. The Group also has a business interruption insurance that covers losses caused by a stop in production of up to twelve months.

Elanders' main operating costs are cost for production material and personnel costs. These two categories represent 70 (61) percent of total operating costs. The Group does not see any direct risk that any of these costs will rise in the near future to such a degree that it would have a material effect on group results.

Elanders believes there are no disputes that will have any important consequences for the Group's financial position. The Group's insurance program contains global liability insurance, product liability, crime fidelity, business interruption and limited protection against environmental damage.

INFORMATION CONCERNING COMPANY SHARES

On 31 December 2014 there were 1,361,110 registered class-A shares and 25,157,204 registered class-B shares; in total 26,518,314 shares. The class-B shares are listed under the symbol ELAN B on the NASDAQ OMX Stockholm, Small Cap list. Each class-A share represents ten votes and each B share represents one vote. Shareholders may vote for all the shares they own or represent. All shares receive the same dividend. The Annual General Meeting has not given the Board any authority to purchase shares or issue shares. There are no bonus programs with dilution effects.

BOARD OF DIRECTORS' REPORT

Transferability

There are no restrictions in B shares transferability according to the articles of association or current legislation. The articles of association do contain a pre-emption clause concerning the company's A shares.

The company knows of no other agreements between shareholders that limit the transferability of the shares.

Shareholdings

The only direct or indirect shareholding exceeding a tenth of the votes in the company per 31 December 2014 was Carl Bennet AB with 74 (74) percent. No shares are owned by personnel through pension foundations or similar.

Contracts with clauses regarding ownership changes

The company has certain contracts that can be terminated if there is a change in ownership.

There are no contracts between the company and Board members or employees that prescribe remuneration if they terminate their contract, are made redundant without reasonable grounds or if their employment or assignment ceases to exist because of a public purchase offer.

GUIDELINES FOR REMUNERATION TO SENIOR OFFICERS

The company's guidelines for remuneration to senior officers were adopted by the Annual General Meeting on 6 May 2014. The Board proposes that the Annual General Meeting 2015 adopt guidelines that to all extents and purposes correspond to the present guidelines and are as follows:

Senior officers are persons who together with the Chief Executive Officer constitute Group Management. The guidelines are valid for employment contracts signed after the Annual General Meeting has adopted the guidelines as well as those cases in which changes are made in existing agreements after the decision by the Annual General Meeting.

The total compensation Elanders offers should be on par with market levels so that the company can recruit and keep qualified senior officers. Remuneration to senior officers will consist of a basic wage, variable remuneration, other benefits and a pension.

Basic wage

The basic wage will take into consideration the individual's responsibility and experience.

Variable remuneration

The division between basic wage and variable remuneration will be in proportion to the officer's responsibility and authority. The variable remuneration will be based on results in relationship to individual targets. Variable remuneration for the Chief Executive Officer and Chief Financial Officer may amount to, at most, 50 percent of the basic wage. For other senior officers variable remuneration may amount to, at most, 40 percent of the basic wage.

Other benefits

Senior officers have the right to other customary benefits such as company cars, company health care, etc.

Pension

Pension provisions may be no more than 35 percent of the basic wage or, if applicable, no more than the ITP cost and the legal general pension, or the equivalent. The Board has the right to renew already signed pension agreements with essentially unchanged conditions without the guidelines creating any hindrance. Salary pension is based on the basic wage.

Severance pay etc.

The period of notice for termination of the Chief Executive Officer by the company is 18 months. The period of notice from the Chief Executive Officer is 6 months. The period of notice for termination of other senior officers by the company normally varies between 3 to 18 months. Normal wages are paid during the period of notice. No severance pay is paid.

Deviation from guidelines

The Board has the right to deviate from the above mentioned guidelines if it believes an individual case warrants this.

OUTLOOK

Elanders continues to have a strong position among the global customers in the manufacturing industry and this is where the greatest opportunities for both long and short term expansion can be found. The new business area Supply Chain Solutions gives Elanders access to more global customers and significantly broadens our offer to existing and new customers. The undeniable trend is that a growing number of global companies are centralizing their purchasing processes while requesting local deliveries. This means that Elanders' market position and global presence are perfectly in tune with the times.

EVENTS AFTER THE BALANCE SHEET DATE

In the end of February 2015 Kevin Rogers was appointed Head of Print & Packaging Solutions Asia and member of Group Management. Since 2011, Kevin Rogers has been the Managing Director for Elanders UK.

Except the above no other important events took place after the balance sheet date until signing of this Annual Report.

APPROPRIATION OF PROFITS

The Board of Directors and Chief Executive Officer propose that the profit and other unreserved funds of SEK 264,182,452 in the parent company at the disposition of the Annual General Meeting should be dealt with accordingly:

- SEK 1.10 per share is distributed to the shareholders SEK 29,170,145
- the remaining balance is to be carried forward SEK 235,012,306

The Board of Directors believes that the proposed dividends are justifiable in relation to the demands that the business' nature, scope and risks make on group equity and on the Group's consolidation needs, liquidity and its position in general.

Corporate Governance report

This corporate governance report, a part of the Board of Director's report in the Annual Report, describes Elanders' corporate governance, which comprise the management and the administration of the company operations as well as internal control over financial reporting.

The role of corporate governance in Elanders is to create a good foundation for active and responsible ownership, a suitable distribution of responsibility between the different company bodies as well as good communication with all of the company's interested parties.

SWEDISH CODE OF CORPORATE GOVERNANCE

Elanders follows the Swedish Code of Corporate Governance ("the Code"). The code is based on the principle "follow or explain", meaning that a company following the code can deviate from certain rules, but then needs to explain why. The following deviations from the Code at Elanders are:

→ The Chairman of the Board is the Chairman of the nomination committee.

This deviation is further explained in the section on the nomination committee. More information about the Code can be found at www.corporategovernanceboard.se.

CORPORATE GOVERNANCE IN ELANDERS – A BRIEF OVERVIEW

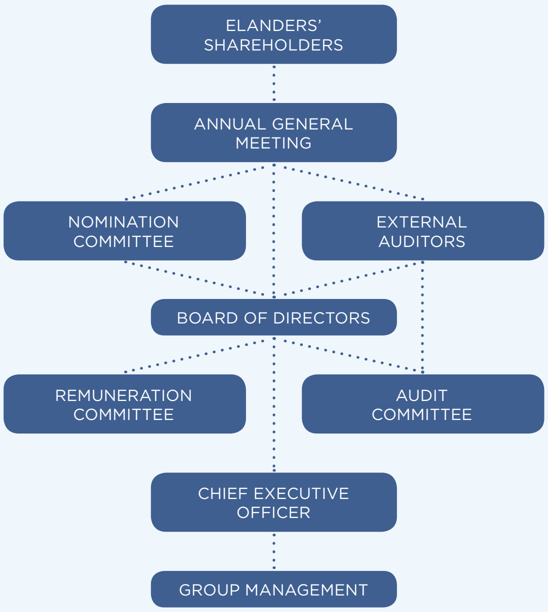
Corporate governance in Elanders is based on legal requirements (primarily the Companies Act and accounting regulations), the articles of association, NASDAQ OMX Stockholm's issuer rules, internal regulations, policies and the Code.

The Elanders Group's corporate governance, management and control are shared by the shareholders at the Annual General Meeting, the Board of Directors and the Chief Executive Officer in accordance with the Companies Act, the articles of association as well as the Group Management. Shareholders appoint the company's nomination committee, Board and external auditors at the Annual General Meeting.

SHAREHOLDERS

On 31 December 2014 there were 2,468 (2,134) shareholders. On 31 December 2014 foreign ownership in Elanders was 6 (6) percent of shares and 4 (4) percent of votes.

The only direct or indirect shareholding exceeding a tenth of the votes in the company per 31 December 2014 was Carl Bennet AB with 74 (74) percent. No shares are owned by personnel through pension foundations or the like.



ANNUAL GENERAL MEETING

Shareholders execute their influence at the Annual General Meeting, the company's highest decision-making body, see figure on previous page. All shareholders recorded in the share register that have declared their intention to participate in the Annual General Meeting within the stated time limit have the right to participate in the Meeting. Shareholders that cannot participate in person can elect a representative. At the Annual General Meeting an A share represents ten votes and a B share represents one vote. A shares and B shares have the same right to a share of company assets and profit. At the Annual General Meeting each person with voting rights is entitled to vote for their entire holding or represented holding without restrictions. Elanders' A shares are included in pre-emption as stated in the articles of association.

The Annual General Meeting decides on changes in the articles of association, chooses a Chairman, the Board and external auditors, adopts the annual accounts, decides on dividends if any and any other disposition of the result as well as discharges the Board from liability. Furthermore the Annual General Meeting decides on guidelines for salaries and other remuneration for leading senior officers, any new share issue and the manner in which the nomination committee is to be elected. Any shareholder with a matter they would like the Annual General Meeting to deal with should present their proposal to the Chairman of the Board or present any nomination proposal to the nomination committee. Minutes from Elanders' Annual General Meetings can be downloaded from www.elanders.com under Corporate Governance.

ANNUAL GENERAL MEETING 2014

The Annual General Meeting 6 May 2014 decided:

- to adopt the Annual Report for 2013,
- to distribute a dividend of SEK 0.80 per share for the financial year 2013,
- to discharge the members of the Board of Directors and the Chief Executive Officer from liability for 2013,
- to grant according to a proposal in the summons the Board and committee remuneration for a total of SEK 3,175,000 to be divided within the Board,
- to appoint the following Board Members:
  - Carl Bennet (re-elected)
  - Erik Gabrielson (re-elected)
  - Göran Johnsson (re-elected)
  - Linus Karlsson (new member)
  - Cecilia Lager (re-elected)
  - Anne Lenerius (new member)
  - Magnus Nilsson (CEO) (re-elected)
  - Kerstin Paulsson (re-elected)
  - Johan Stern (re-elected)
- to appoint Carl Bennet Chairman of the Board,
- to elect PricewaterhouseCoopers as company auditors until the next Annual General Meeting,
- to authorize the Chairman of the Board to summon the nomination committee before the Annual General Meeting 2015,
- to adopt regulations for the nomination committee work etc. as stated in the summons to the Annual General Meeting,
- to approve the Board's suggestion in the summons for remuneration to leading senior officers,
- to conduct a new share issue with preference for existing shareholders of some MSEK 125 as part of the financing for the acquisitions of Mentor Media.

ANNUAL GENERAL MEETING 2015

The next Annual General Meeting for shareholders in Elanders will take place at Gothia Towers, Mässans gata 24 in Gothenburg Tuesday 28 April 2015. Further information about the Annual General Meeting will be published at www.elanders.com.

NOMINATION COMMITTEE

The nomination committee prepares proposals for the Annual General Meeting concerning the election of, and remuneration to, the Chairman of the Board, Board members, committee members and external auditors, the latter having been proposed by the audit committee. The nomination committee meets as needed and at least once a year. The nomination committee met twice last year and discussed the work of the Board, the independence of Board members, Board members' evaluation of the work of the Board, the work of the committees, the audit and the composition of the nomination committee. This year the committee has consisted of Carl Bennet, Chairman (Carl Bennet AB), Hans Hedström (Carnegie Funds) and Britt-Marie Årenberg (representative for the smaller shareholders). No remuneration has been paid to the nomination committee. The members' contact information is found on page 111 in the Annual Report and on www.elanders.com.

The Chairman of the Board is also the chairman of the nomination committee, which is a deviation from the Code. Elanders believes it is reasonable that the shareholder with the largest number of votes be the chairman

BOARD OF DIRECTORS' REPORT

of the nomination committee since he ought to have a decisive influence on the composition of the nomination committee because he has a majority of the votes at the Annual General Meeting.

THE BOARD OF DIRECTORS AND ITS WORK IN 2014

The Board is elected by the Annual General Meeting and proposed by the nomination committee. The Board is ultimately responsible for the management of the company, monitoring the work of the Chief Executive Officer and continuously following developments in operations as well as the reliability of the company's internal control. The Board also decides on significant changes in the organization, investments and divestitures, adopts the budget and approves the annual accounts. The Board is ultimately responsible for ensuring that the Group has adequate systems for internal control, that the accounts are prepared and that they are reliable when published. The Group and its management have several methods to control the risks connected to operations. The Board supports Group Management by continually monitoring and identifying business risks in a structured manner as well as steering the work in the Group in how it handles the most significant risks. In conclusion this constitutes the Board's responsibility for corporate governance.

In accordance with Elanders' articles of association the Board of Directors should consist of at least three and no more than nine members with a maximum of two deputies. In 2014 the Board consisted of nine members without deputies: Carl Bennet, Chairman, Johan Stern, Vice Chairman, Erik Gabrielson, Göran Johnsson, Linus Karlsson, Cecilia Lager, Anne Lenerius, Magnus Nilsson and Kerstin Paulsson. In addition, employees were represented by

MEMBERS OF THE BOARD, REMUNERATION, ATTENDANCE, ETC.

Member	Board, attendance (number of meetings)	Remuneration Committee, attendance (number of meetings)	Audit Committee, attendance (number of meetings)	Total attendance, %	Remuneration Board + Committee work, SEK '000s	Shareholding [1]	Independent
Members chosen by the AGM							
Carl Bennet, Chairman	12 (12)	2 (2)	Not member	100	590 + 64	1,361,110 A 15,171,447 B	No, owner
Johan Stern, Vice Chairman	12 (12)	2 (2)	3 (3)	100	295 + 120 + 32	80,000 B	No, owner
Erik Gabrielson	10 (12)	2 (2)	Not member	86	295 + 32	–	Yes
Göran Johnsson	12 (12)	Not member	3 (3)	100	295 + 60	2,410 B	Yes
Linus Karlsson	6 (8)	2 (2)	Not member	80	295 + 32	–	Yes
Cecilia Lager	11 (12)	Not member	3 (3)	93	295 + 60	28,141 B	Yes
Anne Lenerius	7 (8)	Not member	2 (2)	90	295 + 60	4,666 B	No, owner
Magnus Nilsson, CEO	12 (12)	Not member	Not member	100	Employee	55,183 B	No, company
Kerstin Paulsson	12 (12)	Not member	3 (3)	100	295 + 60	2,333 B	Yes
Employee representatives							
Lena Hassini	12 (12)	Not member	Not member	100	Employee	–	No, company
Lilian Larnefeldt	12 (12)	Not member	Not member	100	Employee	–	No, company
Total				**94**	**3,175**		

[1] Shareholding per 31 December 2014.

Lena Hassini and Lilian Larnefeldt with Charlotte Trelde and Claes-Göran Vinberg as deputies to the employee representatives. From December 2014 Marcus Olsson has replaced Lena Hassini and Eija Persson and Martin Schubach are new deputies to the employee representatives. All the members of the Board elected by the Annual General Meeting have an independent relationship to the company except Magnus Nilsson. Erik Gabrielson, Göran Johnsson, Linus Karlsson, Cecilia Lager and Kerstin Paulsson are independent in relationship to the company's largest owner. Carl Bennet is dependent with regards to the shareholder Carl Bennet AB where he is Chairman of the Board and owner. Johan Stern and Anne Lenerius are also dependent in relation to Carl Bennet AB where they are member of the Board and CFO respectively.

The Board has produced and adopted a work plan that regulates the division of responsibility between the Board, its Chairman and the Chief Executive Officer. It also includes a general meeting plan and instructions on financial reports as well as the other matters that must be put before the Board. The work plan is revised once a year or as needed.

The Board has seven ordinary meetings per year; four of them in conjunction with the year-end report and quarterly reports, one meeting dedicated to strategic matters, one meeting to adopt the coming year's budget and one constitutional meeting following the Annual General Meeting. In addition, the Board is called to further meetings as needed. The Group's external auditors participate in the meeting that deals with the report for the first nine months of the year as well as the meeting regarding the year-end report to inform the Board in its entirety about the result of their audit.

The Board followed the meeting plan for the year. The Board also met on five occasions regarding, among other things, acquisitions, new share issue and prospectus as well as organizational issues.

At the constitutional meeting of the Board the work plan and instructions for the Chief Executive Officer are reviewed and the customary decisions concerning authorized signatories are taken. In addition, the work plans for the remuneration and audit committees are adopted and their members appointed. At the constitutional meeting of the Board after the Annual General Meeting 2014 Johan Stern was made Vice Chairman. The Board in its entirety was authorized to sign for the company as well as two of the following persons together: the Chairman of the Board, the Chief Executive Officer and the Chief Financial Officer. At the meeting concerning the financial statements the Board met the auditors without the presence of the Chief Executive Officer or any other member from Group Management. The Board travels as often as possible to visit and hold its meetings in one of the Group's subsidiaries. The Board members' remuneration and presence is presented in detail in the table on previous page.

THE CHAIRMAN OF THE BOARD

The Chairman leads and organizes the Board and is responsible for making sure the Board meets its responsibilities and that the members receive the information necessary to ensure the work done by the Board is of high quality and performed according to legal stipulations and the contract with the stock exchange. The Chairman of the Board must also make sure that during the year an evaluation of the Board's work is carried out and that the nomination committee is informed of the results. The evaluation is carried out annually in the form of a questionnaire and encompasses the Board's composition, remuneration, materials, administration, work methods, meeting content, reports from the committees and education. The evaluation is on a scale of 1–5, where the highest grade is 5. The average score in 2014 was 4.74 (4.75). In addition, the Chairman of the Board represents the company in ownership matters and communicates viewpoints from the owners to the Board. The Chairman of the Board is elected by the Annual General Meeting. Carl Bennet has been the Chairman of the Board since 1997.

REMUNERATION COMMITTEE

The remuneration committee is composed of Board members with the highest competence in this field. It deals with matters concerning remuneration to the Chief Executive Officer and officers that report directly to him. Decisions concerning remuneration to other employees in management positions in the Group are made by each individual's closest superior in consultation with their closest superior, also known as the "grandfather principle". During the year the remuneration committee held two meetings during which they adopted their work plan and prepared a proposal for remuneration. During the year the remuneration committee consisted of Carl Bennet, Chairman, Erik Gabrielson, Linus Karlsson and Johan Stern. The guidelines for remuneration to leading officers adopted at the Annual General Meeting 2014 can be found in note 4 in the formal financial statements and on the company's website, www.elanders.com under Corporate Governance. The guidelines for remuneration to leading officers for 2014 and the Board of Director's proposal for guidelines for 2015

BOARD OF DIRECTORS' REPORT

can be found on page 52 in the Annual Report 2014. The company has not issued, and will not issue any share-based payment obligation, or any similar incitement programs.

AUDIT COMMITTEE

The audit committee is appointed from within the Board based on members' experience of, and expertise in financial reporting, accounting and internal control. The committee follows a work plan adopted by the Board. Its primary task is monitoring internal control, procedures for financial reporting, compliance of related laws and regulations as well as the external audit in the Group. The committee also evaluates the external auditors' qualifications and independence. The audit committee reports their observations on a regular basis to the Board and provides, as needed, external auditor candidates to the nomination committee. The committee meets at least twice a year and as needed. The external auditors normally participate in committee meetings. The committee met three times in 2014. The auditors reported on the audit of the nine month report and the year-end report, the company's situation with the Code of Corporate Governance and internal control were discussed. The members of the audit committee in 2014 were Johan Stern, Chairman, Göran Johnsson, Cecilia Lager, Anne Lenerius and Kerstin Paulsson.

CHIEF EXECUTIVE OFFICER

The Chief Executive Officer is the President of the Group, a member of the Board and leads the Group's operations. The Chief Executive Officer's work is steered by the Companies Act, other laws and regulations, current laws for listed companies including the Code, the articles of association and the framework established by the Board in, among other things, the CEO instruction. The Chief Executive Officer is authorized to sign for the company in daily management in accordance with the Companies Act as well as sign for all subsidiaries. The Chief Executive Officer is responsible for providing the Board with continual reports on group results and financial position as well as the information the Board needs to make qualified decisions. The Chief Executive Officer also keeps the Chairman of the Board apprised of developments in operations. All the managing directors in the Group's subsidiaries receive written instructions. These instructions contain a division of responsibility between the Board and the managing director and guidelines the managing director must observe in the running of operations.

GROUP MANAGEMENT

The President and Chief Executive Officer lead the work performed by Group Management and make decisions in consultation with members of Group Management. Group Management is responsible for day-to-day financial and commercial management and follow-up in the Group. It also strives to continually achieve synergies, identify acquisition and structural opportunities as well as adapt group operations to market demands and short and long-term developments. Group Management makes sure that the competence and capacity of the Group is coordinated and adjusted to be as useful and profitable as possible in the short and long term. Group Management meets on a quarterly basis, often in conjunction with a visit to a unit within the Group. Elanders' Group Management consists of:

- Magnus Nilsson, President and Chief Executive Officer
- Andréas Wikner, Chief Financial Officer
- Peter Sommer, Print & Packaging Europe
- Thomas Sheehan, Print & Packaging Americas
- Kevin Rogers, Print & Packaging Asia
- Kok Khoon Lim, Supply Chain
- Martin Lux, e-Commerce

THE BOARD'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The purpose of internal control over financial reporting is to insure that it is reliable and that the financial reports follow generally accepted accounting principles and otherwise follow applicable laws and regulations concerning listed companies. According to the Swedish Companies Act and the Code of Corporate Governance the Board is ultimately responsible for an effective, functioning internal control in the Group. Internal control is based on the framework for internal control published by COSO (Committee of Sponsoring Organizations of the Treadway Commission) and which comprises the control environment, risk assessment, control activities, information, communication as well as follow-up. The Chief Executive Officer is responsible for an organization and processes that ensure the quality of financial reports to the Board and the market.

Control environment

The control environment at Elanders is characterized by the proximity between Group Management and the operating units. All members of Group Management, except the Chief Executive Officer and the Chief Financial Officer are also MDs in one or more of the larger operative units in the Group. The framework for internal control over financial reporting in Elanders consists of routines and distribution of responsibility that are clearly communicated in internal policies and different kinds of manuals. The Board has adopted a work plan that regulates the Board's responsibility and the manner in which work is done in committees. The Board also has an audit committee that is responsible for ensuring that established principles in financial reporting and internal control are complied with and developed. It also maintains regular contact with the external auditors. In order to maintain an effective control environment and good internal control the Board has delegated the practical responsibility to the Chief Executive Officer and established a CEO instruction which defines the division of responsibility between the Board and the Chief Executive Officer. From 2014 Elanders has an internal control function which reports to the CEO and the CFO. The internal control function performs audits of the entities within the Group. The procedures and processes in the entities are evaluated and testing performed regarding the entities' internal controls.

Risk assessment

It is the responsibility of the Board to identify and handle any major financial risks and the risk of mistakes in financial reporting. This includes identifying areas in financial reporting where the risk of making a crucial mistake is higher as well as developing control systems to prevent and discover these faults. This is primarily done by identifying situations in operations and events in the outside world that could have an impact on financial reporting.

Control procedures

The aim of the control procedures is to ensure that financial reporting is correct and complete and that it is based on the Group's requirements for internal control over financial reporting. Control procedures consist of general and detailed controls and can be both preventive and detective. For instance, the Board continuously follows developments in the operations through monthly reports containing detailed financial information as well as the Chief Executive Officer's comments on operations and result and financial position. Representatives from Group Finance or Group Internal Control regularly visit the entities within the Group and evaluate internal control and financial reporting. The MD in each subsidiary is responsible for making sure group governance regulations are implemented and followed and that any deviations are reported. Companies in the Elanders Group also make an annual self-assessment of how internal control functions in relation to the Group's goals.

Information and communication

In order to make Elanders employees aware of the Group's policies and manuals the information is available on the Group intranet. Information is also regularly communicated via internal newsletters. To ensure that information communicated externally is correct and complete the Board has adopted an Information policy that dictates what should be communicated, by whom and how the information should be released.

Follow-up

The Board follow-up of the internal control over financial reporting is first and foremost handled by the audit committee. The observations and potential areas of improvement in internal control that have been identified in the external audit are processed by the audit committee together with the external auditors and the Chief Financial Officer. The results from the audits performed by Group Internal Control and the annual self-assessment of internal control in the entities within the Group is reported to the audit committee and the external auditors.

EXTERNAL AUDIT

The Annual General Meeting 2014 chose the authorized public accounting company PricewaterhouseCoopers AB until the next Annual General Meeting. Head auditor is the authorized public accountant Johan Rippe. Once a year the auditors meet the Board in its entirety without the Chief Executive Officer or any other member of Group Management present, normally at the meeting that deals with the year-end report. The auditors also participate in the Board meeting dealing with the report for the first nine months of the year.

Group

INCOME STATEMENTS

SEK '000s	Note	2014	2013
Net sales	2	3,730,128	2,096,333
Cost of products and services sold		–2,897,450	–1,591,359
Gross profit		**832,678**	**504,974**
Selling expenses		–243,674	–167,309
Administrative expenses		–436,109	–248,291
Other operating income	3	32,768	50,326
Other operating expenses	3	–11,062	–8,709
Operating result	4, 5, 6, 7, 25	**174,601**	**130,991**
Financial income	8	65,954	15,179
Financial expenses	8	–100,638	–44,659
Result after financial items		**139,917**	**101,511**
Taxes	9	–52,087	–31,530
Result for the year		**87,830**	**69,981**
Result for the year attributable to			
– parent company shareholders		87,830	69,981
Earning per share, SEK[1]	10	3.48	2.99

[1] There have been no dilution effects.

STATEMENTS OF COMPREHENSIVE INCOME

SEK '000s	2014	2013
Result for the year	**87,830**	**69,981**
Translation differences	180,913	28,370
Change in value of cash-flow hedges, net	2,514	2,642
Tax effect on change in value of cash-flow hedges, net	–553	–581
Change in fair value of the hedge of the net investment abroad	–82,690	–2,459
Tax effect on the change in fair value of the hedge of net investments abroad	18,192	541
Total items that may be reclassified to the income statement	**118,376**	**28,513**
Other comprehensive income	**118,376**	**28,513**
Total comprehensive income for the year	**206,206**	**98,494**
Total comprehensive income attributable to		
– parent company shareholders	206,206	98,494

COMMENTS ON THE INCOME STATEMENT

Compared to last year net sales for the full year increased by MSEK 1,634 to MSEK 3,730, i.e. 78%. The new acquisitions, in particular Media Mentor, are responsible for the increase in revenue. Excluding these acquisitions and using constant exchange rates net sales decreased by 3% compared to the same period last year.

The operating result, excluding one-off costs, increased to MSEK 217 (132), corresponding to an operating margin of 6 (6)%. Restructuring the Swedish operations generated one-off costs totaling MSEK 42 in business area Print & Packaging.

STATEMENTS OF CASH FLOW

SEK '000s	Note	2014	2013
Operating activities			
Result after financial items		139,917	101,511
Adjustments for items not included in cash flow	11	172,210	80,597
Paid taxes	9	–61,182	–56,906
Cash flow from operating activities before changes in working capital		**250,945**	**125,202**
Cash flow from changes in working capital			
Increase (–)/decrease (+) in inventory		–49,828	10,558
Increase (–)/decrease (+) in operating receivables		–142,048	6,360
Increase (+)/decrease (–) in operating payables		102,778	–13,904
Cash flow from operating activities		**161,847**	**128,216**
Investing activities			
Investments in intangible and tangible assets	13, 14	–50,333	–92,068
Divestment of tangible assets	14	6,599	25,841
Acquisition of operations	26	–254,193	–102,737
Payments received regarding long-term holdings		2,223	4,830
Cash flow from investing activities		**–295,704**	**–164,134**
Financing activities			
Amortization of loans		–215,175	–43,116
New loans		351,454	91,095
Other changes in interest-bearing liabilities	11	87,082	42,857
New share issue		121,014	–
Dividend to parent company shareholders		–18,184	–13,638
Cash flow from financing activities		**326,191**	**77,198**
Cash flow for the year		**192,334**	**41,280**
Cash and cash equivalents at the beginning of the year		215,299	167,968
Translation difference in cash and cash equivalents		49,040	6,051
Cash and cash equivalents at year-end	17	**456,673**	**215,299**
Change in net debt			
Net debt at the beginning of the year		738,886	688,335
Net debt in acquired operations		–93,488	–17,710
Translation difference		76,383	–320
Change in interest-bearing liabilities and cash and cash equivalents		173,564	68,581
Net debt at year-end		**895,345**	**738,886**
Operating cash flow			
Cash flow from operating activities excl. financial items and paid tax		257,713	214,602
Net investments		–295,704	–164,134
Operating cash flow	12	**–37,991**	**50,468**

COMMENTS ON THE STATEMENT OF CASH FLOWS

Investments for the period totaled MSEK 296 of which MSEK 254 were acquisitions. Other investments foremost related to replacement investments in different production facilities. Notwithstanding the investments the net debt only increased by MSEK 156, of which MSEK 76 is related to changes in exchange rates, resulting in a debt/equity ratio of 0,7 times, which is on par with last year.

GROUP

STATEMENTS OF FINANCIAL POSITION

SEK '000s	Note	2014	2013
ASSETS			
Fixed assets			
Intangible assets	13	1,296,689	1,156,401
Tangible assets	14, 24	392,271	350,364
Deferred tax assets	9	181,979	153,869
Other financial assets		8,890	11,113
Total fixed assets	27	**1,879,829**	**1,671,747**
Current assets			
Inventory	15	253,496	107,219
Accounts receivable	18	843,807	387,356
Current tax receivables	9	9,579	7,513
Other receivables		89,852	43,733
Prepaid expenses and accrued income	16	36,590	31,072
Cash and cash equivalents	17	456,673	215,299
Total current assets		**1,689,997**	**792,192**
Total assets		**3,569,826**	**2,463,939**
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to parent company shareholders			
Share capital	19	265,183	227,300
Other contributed capital		585,862	585,862
Hedging reserves		–134	–2,095
Translation reserves		106,082	–10,333
Retained earnings		390,681	237,846
Total equity attributable to parent company shareholders		**1,347,674**	**1,038,580**
LIABILITIES			
Long-term liabilities			
Other interest-bearing liabilities	18, 20, 24	10,037	418,632
Provisions for post-employment benefits	21	15,029	13,872
Other provisions	22	2,623	3,677
Deferred tax liaiblities	9	83,399	65,309
Total long-term liabilities		**111,088**	**501,490**
Short-term liabilities			
Interest-bearing liabilties	18, 20, 24	1,327,055	521,784
Accounts payable	18	437,982	216,476
Current tax liabilities	9	30,957	17,482
Other liabilities		87,115	47,885
Accrued expenses and deferred income	23	184,533	111,812
Other provisions	22	43,422	8,430
Total current liabilities		**2,111,064**	**923,869**
Total equity and liabilities		**3,569,826**	**2,463,939**

STATEMENTS OF CHANGES IN EQUITY

SEK '000s	Share capital	Other contri-buted capital	Hedging reserve	Trans-lation reserve	Retained earnings	Total
	Equity attributable to parent company shareholders					
Opening balance on 1 Jan. 2013	**227,300**	**585,862**	**–4,156**	**–36,785**	**181,560**	**953,781**
Dividend to parent company shareholders	–	–	–	–	–13,638	–13,638
Total comprehensiveincome for the year	–	–	2,061	26,452	69,981	98,494
Closing balance on 31 Dec. 2013	**227,300**	**585,862**	**–2,095**	**–10,333**	**237,846**	**1,038,580**
Dividend to parent company shareholders	–	–	–	–	–18,184	–18,184
New share issue	37,883	–	–	–	83,131	121,014
Total comprehensive income for the year	–	–	1,961	116,415	87,830	206,206
Closing balance on 31 Dec. 2014	**265,183**	**585,862**	**–134**	**106,082**	**390,681**	**1,347,674**

COMMENTS ON THE STATEMENT OF FINANCIAL POSITION

Total assets increased by MSEK 1,106 and capital employed by MSEK 466. The increase in total assets is mainly an effect of acquisition of Mentor Media and fluctuations in exchange rates.

The credit agreement with the company's main banks ends on 30 September 2015. The loans that run for the period of the agreement are as of 30 September 2014 accounted for as short-term interest-bearing liabilities.

COMMENTS ON THE STATEMENT OF CHANGES IN EQUITY

Dividend to parent company shareholders amounted to SEK 18,184 thousands, which was an increase with 33 percent compared to 2013. During the year a new share issue was implemented, as part of the financing for the acquisition of Mentor Media, which generated MSEK 121 after issue costs of MSEK 4. Besides the result for the year also the other comprehensive income for the year was positive, due to currency effects from translation of equity in foreign subsidiaries.

GROUP

NOTE 1 ACCOUNTING PRINCIPLES

GENERAL INFORMATION

Elanders AB (publ.), corporate identity number 556008-1621, is a limited company registered in Sweden. The parent company is registered in Mölnlycke. Elanders is listed on NASDAQ OMX Stockholm, Small Cap. The company's primary business and its subsidiaries are described in the Board of Directors' Report in this Annual Report. The annual accounts for the financial year ending on 31 December 2014 were approved by the Board and will be presented to the Annual General Meeting on 28 April 2014 for adoption.

ACCOUNTING PRINCIPLES

Financial reporting

The Group has prepared the annual accounts according to the Annual Accounts Act, the EU approved International Financial Reporting Standards (IFRSs) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) endorsed by the European Union as of 31 December 2014. In addition, the Group follows the Swedish Financial Reporting Board Recommendation RFR 1 Supplemental Accounting Regulations for Groups, which specifies the additions to IFRSs information that are required according to the provisions in the Annual Accounts Act. In group accounting all items are valued at acquisition value, unless otherwise specified. The Group reports in Swedish kronor. All amounts are given in thousands of Swedish kronor, unless otherwise specified. The following is a description of the accounting principles considered elemental.

Consolidation

Group accounting comprises the parent company, Elanders AB, and companies in which Elanders AB directly or indirectly holds a controlling interest. Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. Equity in the Group is comprised of equity in the parent company and the part of the equity in subsidiaries generated after acquisition. All transactions and balances between group companies are eliminated in the consolidated accounts.

Business combinations

Subsidiaries are reported in accordance with the acquisition method. Acquired identifiable assets, liabilities and contingent liabilities are recorded at fair value based on the date of acquisition. The surplus arising from the difference between the cost of the shares in subsidiaries and the fair value of the acquired identifiable assets and liabilities is recorded as goodwill. Acquisition value is the fair value of the assets left as reimbursement to the seller as well as the liabilities taken over on the acquisition date. If the acquisition price is lower than the fair value of the acquired subsidiary's net assets, the difference is recorded directly in the income statement. Additional purchase sums are recorded as provisions until they are settled. All acquisition costs are expensed. Companies acquired in the current year are included in group accounting from the acquisition date. Divested companies are included in group accounting up until the divestiture date.

Revenue recognition

Revenue from products and services is reported on delivery if ownership has been transferred to the buyer. Net sales represent the sales value less VAT, returns and discounts. Service contracts are normally recognized when final delivery is made and whenever possible when contractual partial deliveries are made. Net sales include product and service sales. Since all services are essentially integrated parts of product deliveries, a split of revenues into products and services is not meaningful.

Lease agreements

A finance lease agreement involves a transfer of virtually all rights and obligations that normally characterize ownership from the lessor to the lessee. The leasing agreements that are not finance leases are classified as operating lease agreements. An asset possessed through a finance lease agreement is accounted for as a fixed asset in the balance sheet and an equivalent financial liability is entered as an interest bearing liability. The initial value of both of these items is the lowest of the asset's fair value or the current value of the minimum lease payments. The lease payments are divided into amortization according to plan and accrued interest on the amount of the liability and recognized so that each accounting period is charged with the fixed interest on the recorded liability for the respective period. Lease payments under an operating lease are expensed systematically over the leasing term.

Foreign currency

Items that are included in the financial reports from the various units in the Group are originally recognized in the currency used in the primary economical environment where the respective unit chiefly operates (functional currency). In the consolidated financial statements all amounts are translated to Swedish kronor, which is the parent company's functional and reporting currency.

Transactions and balance sheet items

Transactions in foreign currency are reported in each unit based on the unit's functional currency according to the transaction day exchange rate. Monetary assets and liabilities in foreign currency are translated to balance sheet date rates and translation differences are reported under the result for the period. Translation differences in operating receivables and payables are recorded under operating results while differences in financial assets and liabilities are reported under financial items.

Translation of foreign subsidiaries

When preparing the consolidated financial statements the balance sheets of foreign operations are translated to Swedish kronor with balance sheet date rates while income statements are translated to the average exchange rates for the period. Translation differences are recognized as translation reserves under equity. The accumulated translation differences are redistributed and reported as part of capital gains/losses in the event of a divestiture of a foreign operation. Goodwill and adjustments to fair value attributable to acquisitions with another functional currency than Swedish kronor are reported as assets and liabilities in the acquired unit's currency and translated to balance sheet date rates.

Remuneration to employees

Remuneration to employees in the form of wages, paid vacation and sick leave, pensions and so forth is reported as it is earned.

Pensions and other post-employment contributions are classified as defined contribution plans or defined benefit plans.

Defined contribution plans

In the case of defined contribution plans the company pays a fixed fee to a separate, independent legal entity and is not obligated to pay further fees. Group payments for defined contribution plans are recorded as an expense as they are earned, which is normally the same period the premium is paid.

Defined benefit plans

The liability reported in the balance sheet referring to defined benefit plans is equivalent to the defined benefit plan obligation on the balance sheet date less the fair value of plan assets. In the Elanders Group there are a number of employees that have defined benefit ITP plans in Alecta, which are classified as defined benefit multi-employer pension plan. This means that a company must report their proportional share of the defined benefit pension obligation and the plan assets and expenses that are connected to this pension plan. Since Alecta cannot provide the necessary information, these pension obligations are recognized as defined contribution pension plans according to point 34 in IAS 19.

Taxes

The period's tax expense or income consists of current tax and deferred tax. Current tax is based on the fiscal result for the year. The annual fiscal result differs from the result reported for the year due to adjustments for non-taxable and non-deductible items. Deferred tax is tax relating to taxable or tax deductible temporary differences that cause or reduce tax in the future. Deferred tax is calculated according to the balance sheet method based on temporary differences between recorded and fiscal values of assets and liabilities. Calculation of the amounts is based on how the temporary differences are expected to reverse using enacted tax rates or tax rates announced on the balance sheet date. Deferred tax liabilities that refer to tax deficits and deductible temporary differences are only reported in cases where it is probable that tax deficits can be recognized against tax surpluses in the future. Deferred tax is reported as an income or an expense in the income statement except in cases where it refers to a transaction that is recorded in other comprehensive income. Then the tax effect is recorded directly in other comprehensive income. Deferred tax assets and liabilities are offset against each other if they refer to income tax that is charged by the same tax authority and where the Group intends to pay the net amount in tax.

Earnings per share

Earnings per share is calculated by dividing the result for the year attributable to parent company shareholders with the average number of outstanding shares during the period. The average number of outstanding shares during the period is adjusted for all potential dilution of ordinary shares when calculating earnings per share after dilution.

Tangible assets

Tangible assets are reported at their acquisition value less accumulated depreciation and write-downs. Tangible assets are straight-line depreciated over the estimated useful life of the asset. Costs for repairs and maintenance are recorded as expenses. The following useful lives are used to calculate depreciation:

• Buildings	25–30 years
• Service facilities in buildings	5–15 years
• Land improvements	20 years
• Printing presses, offset	7–10 years
• Printing presses, digital	3–5 years
• Other mechanical equipment	7–10 years
• Computer equipment and systems	3–5 years
• Vehicles	5 years
• Other equipment	5–10 years

The residual value and useful life of assets are tested on every closing day. Capital gains/losses from the sale of tangible assets are recorded as Other operating income respectively Other operating expenses.

Intangible assets

Goodwill

Goodwill is the difference between the acquisition value and the Group's share of the fair value of the acquired subsidiary's, associated company's or jointly controlled entity's identifiable assets, liabilities or obligations on the date of acquisition. If at acquisition the fair value of the acquired assets, liabilities or obligations exceed the acquisition price the difference is recorded directly as income in the income statement. Goodwill has an undefined useful life and is recorded at acquisition value less accumulated write-downs. When a company is sold the portion of goodwill attributable to that company which has not been written-down is calculated in capital gains/losses.

Other intangible assets

Other intangible assets are customer relations, brands, favorable contracts identified at the time of an acquisition as well as the cost of purchasing and developing software. Internally created intangible assets are reported as an asset only in cases where an identifiable asset has been created, it is fairly certain that the asset will lead to financial gains and invested expenses for developments can be calculated reliably. If it is not possible to report an internally created intangible asset the costs for development are recorded as expenses in the period in which they occur. Other intangible assets are depreciated on a straight-line basis over a useful life period of 2–5 years.

Impairment losses

Group assets are assessed at every reporting date to determine whether or not there are a potential need for a write-down. Potential impairment losses relating to goodwill is, however, tested at least once a year. If there is an indication the recoverable amount of the asset is calculated. Goodwill is allocated to the smallest cash generating unit, which corresponds to group operating segments. The recoverable amount is the highest of the value in use or the net realizable value of the asset. The value in use is the current value of all in and out payments attributable to the asset during its estimated useful life together with the current net realizable value at the end of the assets useful life. If the calculated recoverable amount is lower than the book value a write-down is made equivalent to the asset's recoverable amount. Prior write-downs are recovered when a change occurs in the premises that were the basis for deciding the assets' recoverable amount when it was written-down and which entails that the write-down is no longer considered necessary. Recoveries of prior write-downs are tested individually and are recorded in the income statement.

NOTE 1 ACCOUNTING PRINCIPLES (CONT.)

Impairment losses relating to goodwill are not recovered in a following period.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is calculated in accordance with the First-in, First-out method (FIFO) or weighted average prices. Acquisition value includes the cost of materials, direct labor costs and overhead charges involved in production of the goods. Net realizable value is the calculated sales value less sales expenses.

Financial instruments

A financial asset or liability is recorded in the balance sheet when Elanders becomes a party in the instrument's contractual conditions. A financial asset is derecognized from the balance sheet when the rights in the contract are realized, have matured or the company loses control over them. A financial liability is derecognized from the balance sheet when the obligation in the contract is met or resolved in some other way. Financial instruments are valued the first time at fair value plus transaction costs, which applies to all financial assets and liabilities not recognized at fair value through the result. Financial assets and liabilities recognized at fair value through the result are valued the first time at fair value, while attributable transaction costs are valued through the result. Acquisitions and divestitures of financial assets are recorded on the date of business, which is the date the company pledges to acquire or sell the asset, except in cases where the company acquires or sells listed securities, in which case settlement date accounting is applied. Financial assets are controlled at every external reporting instance to determine whether or not there are objective indications that one or a group of financial assets should be written-down. Financial instruments are recorded at their amortized cost or fair value depending on the initial classification under IAS 39 (see below).

Calculation of fair value for financial instruments

Official quotations at year-end are used to determine the fair value of long-term derivative instruments. The market value of other financial assets and liabilities is determined by generally accepted methods such as discounting of future cash flows with the quoted interest rate corresponding to the period of the contract.

Amortized cost

Amortized cost is calculated with the help of the compound interest method, which means that premiums or discounts together with directly related expenses or income is recorded over the period the contract is valid with the help of the calculated compound interest. The amortized cost is the value generated from a present value calculation with the compound interest rate as the discount factor.

Offsetting financial assets and liabilities

Financial assets and liabilities are set off against each other and presented as net amount in the balance sheet where there exists a legal right to set off and where the intention is to settle the items with a net amount or realize the asset and liability at the same time.

Cash and cash equivalents

Cash and cash equivalents are cash in financial institutions and short-term liquid placements with a term of less than three months that run no real risk of fluctuations in value. They are reported as Loans and receivables.

Accounts receivable

Accounts receivable are categorized as Loans and receivables, which means they are recorded at amortized cost and are not discounted. Write-downs of accounts receivables are included in operating expenses.

Long-term receivables, current receivables and other receivables

The receivables above are categorized as Loans and receivables, which means they are recorded at amortized cost. In the case the term of a receivable is short it is recorded at its nominal value without a discount according to the method for amortized cost.

Derivative instruments

Derivative instruments are recorded at their fair value in the balance sheet. Changes in the value of cash flow hedges are reported in particular categories under other comprehensive results until the hedged item is recorded in the income statement. Any result on hedge instruments attributable to the effective part of the hedge are recorded as equity under hedge provisions. Any result on hedge instruments attributable to the ineffective part of the hedge are recorded in the income statement. Hedges of net investments in foreign subsidiaries are recorded in the same way as cash flow hedges, with the exception that any effects from the hedge is recorded in the translation reserve.

Accounts payable

Accounts payable are categorized as Other financial liabilities which means they are reported at amortized cost. Accounts payable are recorded at their nominal value without a discount due to their expected short-term.

Other financial liabilities

Liabilities to credit institutions are categorized as Other financial liabilities which means they are reported at amortized cost and directly related expenses such as arrangement fees are distributed throughout the period of the loan with the help of the compound interest method. Long-term liabilities mature after the period of one year while current liabilities fall due within one year.

Provisions

Provisions are recorded in the balance sheet when a company has a formal or informal obligation as a result of a past event and it is likely that an outflow of resources will be necessary to resolve the obligation and a reliable estimation of the amount can be made. Provisions for restructuring costs are reported when the Group has an established, detailed restructuring plan that has been announced to the parties concerned. Provisions are reconsidered every time an external report is made. No discounting is made regarding recorded provisions.

Reporting on segments

As of Q3 2014 the three business areas are reported as reportable segments, since this is how the Group is governed and the President has been identified as the highest executive decision-maker. The operations within the business area Print & Packaging in each region are identified as operating segments. These have then been merged to create one reportable segment. In the other business areas the operating segments coincides with the reportable segments. The operations within each reportable segment have similar economic characteristics and resemble each other regarding the nature of their products and services, production processes and customer types.

Standards, amendments and interpretations of existing standards that came into effect during 2014

During the year no interpretations or amendments of existing standards have come into effect and had a significant effect on Elanders' financial reports.

Standards, amendments and interpretations of existing standards that have not yet come into effect

International Accounting Standards Board (IASB) has issued the new and revised standards, such as IFRS 9 and IFRS 15, which have not yet come into effect. IFRS 9 "Financial Instruments" includes a model for classification, measurement and reporting of financial assets and liabilities and replaces IAS 39 regarding theses areas. IFRS 15 "Revenue from contracts with customers" specifies how and when revenue should be recognized. The principles that IFRS 15 is based on should give the user of the financial reports more information relating the company's revenues.

None of these, or other new or amended standards, are expected to have any significant effect on the Group financial reports the period they are applied for the first time.

IMPORTANT ESTIMATIONS AND ASSESSMENTS

When preparing the financial reports estimations and assumptions are made about the future that effect balance sheet and income statement items in the annual accounts. These assessments are based on historic experience and the various assumptions that Group Management and the Board of Directors consider plausible under existing circumstances. In cases where it is not possible to ascertain the book value of assets and liabilities through information from other sources these estimations and assumptions form the basis of the valuation. If other assumptions are made or other circumstances influence the matter the actual outcome can differ from these assessments. Individual assessments can have a particularly significant effect on Elanders' result and position in the areas of goodwill impairment testing, valuation of tax carry forwards, provisions for and book VAT.

Goodwill

Goodwill that has an infinite useful life is subject to impairment tests annually or when there is an indication that a write-down may be needed. Testing is performed on the lowest identified cash generating level, which for Elanders is the operating segment level. The impairment test contains a number of assumptions that can, according to different assessments, have a significant impact on the calculation of recoverable values such as:

- operating margins/results
- discount interest
- growth/inflation

Essential assumptions when testing the need for write-downs for goodwill and a description of the effect of plausible, possible changes in these assumptions that are basis of the calculations are found in note 13.

Valuation of tax loss carry forwards

Deferred tax assets concerning tax loss carry forwards reported by the Group amount to MSEK 149 (114) per 31 December 2014. The recorded value of these tax assets have been tested at year-end and it is deemed probable that these can be set off against taxable gains. The tax assets primarily refer to Swedish tax loss carry forwards that can be utilized for an unlimited amount of time. The Group's Swedish operations have historically been profitable and are expected to generate a substantial surplus in the future. Elanders therefore believes it is safe to say that it will be possible to set off the deficit deduction which the tax assets stem from, against future taxable surpluses.

Provisions

Provisions for restructuring contain estimations regarding when planned, future activities will take place and what they will cost. The estimations refer to expenses for redundancies or other obligations connected to terminating contracts or other costs for withdrawals. These estimations are based on the current situation in negotiations with other parties.

Book VAT

From 2010 to 2012 Elanders submitted claims for VAT refunds to the Swedish Tax Agency pertaining to 2004–2007. In the years 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 Administrative Court of Appeals in Stockholm, Gothenburg and Jönköping have supported Elanders' position. The Swedish Tax Agency appealed some of the decisions and sought reconsideration by the Supreme Administrative Court. Their verdict was announced in February 2014 and was in favor of the Swedish Tax Agency. Several verdicts from the Supreme Administrative Court during the autumn have supported this line. However, these verdicts are not expected to have any significant effect on either Elanders' result or financial position. There is also a case where a customer demanded compensation for the VAT money from their printer and Svea Court of Appeals has rendered its decision. The customer lost their case.

NOTE 2 SEGMENT REPORTING

As of Q3 2014 the three business areas are reported as reportable segments, since this is how the Group is governed and the President has been identified as the highest executive decision-maker. The operations within the business area Print & Packaging in each region are identified as operating segments. These have then been merged to create one reportable segment. In the other business areas the operating segments coincides with the reportable segments. The operations within each reportable segment have similar economic characteristics and resemble each other regarding the nature of their products and services, production processes and customer types. Sales between segments are made on markets terms.

NET SALES BY SEGMENT

SEK '000s	2014	2013
Supply Chain Solutions	1,525,179	–
Print & Packaging Solutions	2,029,468	1,963,714
e-Commerce Solutions	263,367	190,769
Group functions	24,321	20,929
Eliminations	–112,207	–79,079
Total	**3,730,128**	**2,096,333**

OPERATING RESULT BY SEGMENT

SEK '000s	2014	2013
Supply Chain Solutions	106,411	–
Print & Packaging Solutions	71,171	132,248
e-Commerce Solutions	23,925	26,590
Group functions	–26,906	–27,847
Total	**174,601**	**130,991**

INVESTMENTS BY SEGMENT

SEK '000s	2014	2013
Supply Chain Solutions	406,504	–
Print & Packaging Solutions	31,854	117,943
e-Commerce Solutions	7,733	94,477
Group functions	258	23
Total	**446,349**	**212,443**

Investments above are including acquisitions amounting to MSEK 395 (120).

DEPRECIATIONS BY SEGMENT

SEK '000s	2014	2013
Supply Chain Solutions	–21,506	–
Print & Packaging Solutions	–86,141	–90,102
e-Commerce Solutions	–9,242	–5,899
Group functions	–1,078	–1,663
Total	**–117,967**	**–97,664**

SALES BY GEOGRAPHIC AREA

SEK '000s	2014	2013
China	598,027	188,859
Singapore	595,079	–
Germany	593,679	538,233
Sweden	589,151	676,522
USA	324,068	158,057
United Kingdom	253,349	197,085
Poland	115,141	61,552
India	59,690	–
Italy	51,277	37,514
Other countries	550,667	238 511
Total	**3,730,128**	**2,096,333**

The classification above is based on the domicile for the customer.

FIXED ASSETS BY GEOGRAPHIC AREA

SEK '000s	2014	2013
China	90,145	69,387
Germany	79,845	91,055
USA	64,923	62,055
Hungary	60,376	64,989
Poland	53,695	62,872
Singapore	42,136	–
India	31,840	–
United Kingdom	27,360	27,981
Sweden	26,449	30,443
Other countries	6,864	8,455
Total	**483,633**	**417,237**

Fixed assets above include other intangible assets as well as tangible fixed assets. Goodwill of MSEK 1,205 (1,090) has not been divided geographically since it is based on operating segments.

INFORMATION CONCERNING THE GROUP'S LARGEST CUSTOMERS

In 2014 sales to the Group's largest customer represent 25 percent of the total net sales. Sales to this customer is made to several of its divisions, on three continents and is based on multiple stand-alone agreements. No other customer exceeded 10 percent of the total net sales. The Group's ten largest customers together represents 52 percent of the total net sales.

In 2013 the Group had no customer where sales exceeded 10 percent of the total net sales.

NOTE 3 OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

OTHER OPERATING INCOME

SEK '000s	2014	2013
Exchange rate gains	8,704	3,460
Capital gains from the sales of fixed assets	2,326	8,197
Income from sales of coupons	6,140	5,536
Other	15,598	33,133
Total	**32,768**	**50,326**

The item Other above consists mainly of income relating to VAT refund and sales of waste paper and used printing plates.

OTHER OPERATING EXPENSES

SEK '000s	2014	2013
Exchange rate losses	–6,949	–3,875
Other	–4,113	–4,834
Total	**–11,062**	**–8,709**

NOTE 4 PERSONNEL

AVERAGE NUMBER OF EMPLOYEES

	2014		2013	
	Total	Whereof men, %	Total	Whereof men, %
Parent company				
Sweden	8	63	9	67
Subsidiaries				
China	1,180	32	370	50
Singapore	472	54	–	–
Sweden	311	70	382	67
Germany	295	67	277	69
USA	242	54	228	57
Hungary	210	60	206	57
United Kingdom	191	74	185	75
Poland	182	65	158	63
India	146	88	–	–
Czech Republic	53	47	–	–
Brazil	36	56	35	54
Italy	14	29	14	29
Mexico	14	50	–	–
Taiwan	5	20	–	–
Japan	1	100	–	–
Total	**3,360**	**52**	**1,864**	**53**

NOTE 4 PERSONNEL (CONT.)

SALARIES AND OTHER REMUNERATION

	2014			2013		
	Board and CEO			Board and CEO		
SEK '000s	Basic wage incl. other benefits	Variable remune-ration	Other employees	Basic wage incl. other benefits	Variable remune-ration	Other employees
Parent company	8,668	1,000	12,118	6,589	1,915	10,001
Subsidiaries	23,222	8,875	713,769	15,922	3,862	476,640
Total	**31,890**	**9,875**	**725,887**	**22,511**	**5,777**	**486,641**

	2014			2013		
SEK '000s	Salaries and remunera-tion	Social security contribu-tions	Pension contribu-tions	Salaries and remunera-tion	Social security contribu-tions	Pension contribu-tions
Parent company	21,786	5,863	4,754	18,505	5,650	4,578
Subsidiaries	745,866	121,075	35,957	496,424	98,541	25,261
Total	**767,652**	**126,938**	**40,711**	**514,929**	**104,191**	**29,839**

DIVISION OF MEN AND WOMEN IN MANAGEMENT

	2014		2013	
	Total	Whereof men, %	Total	Whereof men, %
Board members	9	67	7	71
Group Management	7	100	6	83
Supervisors	220	65	118	68

REMUNERATION TO THE BOARD, CHIEF EXECUTIVE OFFICER AND OTHER SENIOR OFFICERS 2014

SEK '000s	Basic wage/ Board remunera-tion	Variable remunera-tion	Other benefits	Pension contribu-tions	Remunera-tion for committee work
Carl Bennet, Chairman	590	–	–	–	64
Johan Stern, Vice Chairman	295	–	–	–	152
Erik Gabrielson	295	–	–	–	32
Göran Johnsson	295	–	–	–	60
Linus Karlsson	295	–	–	–	32
Cecilia Lager	295	–	–	–	60
Anne Lenerius	295	–	–	–	60
Kerstin Paulsson	295	–	–	–	60
Total remuneration to the Board	**2,655**	**–**	**–**	**–**	**520**
Magnus Nilsson, Chief Executive Officer	5,493	1,000	77	1,910	–
Other senior officers (7 persons)	20,897	8,222	1,820	1,800	–
Total remuneration to CEO and senior officers	**26,390**	**9,222**	**1,897**	**3,710**	**–**
Total remuneration to the Board, CEO and senior officers	**29,045**	**9,222**	**1,897**	**3,710**	**520**

In the sum for Other senior officers are costs included for 7 months related to senior officer that has left during 2014.

REMUNERATION TO THE BOARD, CHIEF EXECUTIVE OFFICER AND OTHER SENIOR OFFICERS 2013

SEK '000s	Basic wage/ Board remunera- tion	Variable remunera- tion	Other benefits	Pension contribu- tions	Remunera- tion for committee work
Carl Bennet, Chairman	566	–	–	–	62
Johan Stern, Vice Chairman	283	–	–	–	145
Erik Gabrielson	283	–	–	–	31
Göran Johnsson	283	–	–	–	57
Cecilia Lager	283	–	–	–	57
Kerstin Paulsson	283	–	–	–	57
Total remuneration to the Board	**1,981**	**–**	**–**	**–**	**409**
Magnus Nilsson, Chief Executive Officer	4,199	1,915	67	1,464	–
Other senior officers (5 persons)	12,336	2,837	1,502	1,541	–
Total remuneration to CEO and senior officers	**16,535**	**4,752**	**1,569**	**3,005**	**–**
Total remuneration to the Board, CEO and senior officers	**18,516**	**4,752**	**1,569**	**3,005**	**409**

Basic wage/Board remuneration

The Chairman of the Board and Board members receive compensation for their participation on the Board and committee work from the total remuneration sum for the Board determined by the Annual General Meeting. Board members and deputies employed in the Group did not receive any fees or benefits in addition to those pertaining to their employment. The Chairman of the Board has not received any compensation other than Board and committee remuneration. Remuneration to the Chief Executive Officer, the former Chief Executive Officer and other senior officers consists of a basic salary, variable remuneration, other benefits and pension. Senior officers are the persons who, together with the Chief Executive Officer, comprised Group Management in 2014.

Variable remuneration

The proportion between basic salary and variable remuneration corresponds to the officer's responsibility and authority. For the Chief Executive Officer and the Chief Financial Officer variable remuneration may not exceed 50 percent of his annual salary. For the other senior officers variable remuneration may not exceed 40 percent of their annual salary. Variable remuneration is based on results in relation to individually targeted goals.

Pension benefits as well as other benefits to the Chief Executive Officer and senior officers are part of the total remuneration. Variable remuneration is carried as an expense for the financial year 2014 and paid out in 2015.

Bonus for the Chief Executive Officer is based on goals established by the Board. For other senior officers variable remuneration is based on goals established by the President together with the remuneration committee. No variable remuneration or any other kind of remuneration had a dilution effect.

Other benefits

Other benefits refers to housing, company cars etc.

Pensions

The Group has both defined benefit and defined contribution pension plans. Pension cost is the cost that affects the result for the year. One former employee and member of Group Management had defined benefit and defined contribution pension plans. The present value of the defined benefit obligation under those plans 31 December 2014 was MSEK 3.0 (2.8) on the balance sheet date. All pensions are fully vested, i.e. there is no dependency on future employment.

The current Chief Executive Officer only has a defined contribution pension corresponding to 35 percent of the salary pension. The salary pension is based on the basic wage. The retirement age is 65 years.

For the other senior officers the retirement age is 65 years. Pension provisions are no more than 35 percent of the basic wage or, if applicable, no more than the ITP cost and the legal general pension, or the equivalent.

Financial instruments

There is no compensation or benefits in the form of financial instruments.

Other remuneration

No other remunerations have been distributed.

Severance pay

The period of notice for termination of the Chief Executive Officer by the company is 18 months. The period of notice from the Chief Executive Officer is 6 months. The period of notice for termination of other senior officers is normally 12 months. Usually no severance pay is paid no matter which party gives notice. Normal wages are paid during the period of notice.

NOTE 4 PERSONNEL (CONT.)

Preparation and decision process

The remuneration committee has during the year presented the Board with recommendations concerning principles for the remuneration of senior officers. The recommendations have included proportions between fixed and variable remuneration as well as the size of possible raises. In addition, the remuneration committee has proposed criteria for deciding on variable remuneration as well as pension terms and severance pay. The Board has discussed the remuneration committee's proposals and made its decisions guided by their recommendations.

The Board has determined the remuneration for the Chief Executive Officer for the financial year of 2014 based on the remuneration committee's proposals. The Chief Executive Officer has determined the remuneration for other senior officers after consultation with the chairman of the remuneration committee.

Members of the remuneration committee during the year were Carl Bennet, Chairman, Erik Gabrielson, Linus Karlsson and Johan Stern. The remuneration committee meets when necessary but at least once a year to prepare proposals for the remuneration of the Chief Executive Officer and agree or disagree to his proposal for remuneration and conditions for senior officers who report directly to him. In addition, the remuneration committee draws up principles for salary levels and employment terms for Group Management. The remuneration committee proposes remuneration, terms and principles to the Board that then decides on these matters. The remuneration committee has met twice in 2014. The committee has been supported by external expertise in matters concerning compensation levels and structures.

NOTE 5 FEES TO THE AUDITORS

SEK '000s	2014	2013
PwC		
Audit assignment	4,193	2,837
Audit-related services	286	26
Tax advisory services	914	778
Other services	–	1,475
Other		
Audit assignment	553	235
Audit-related services	267	–
Tax advisory services	698	347
Other services	458	113
Total	**7,369**	**5,811**

Audit assignment is defined as the statutory audit, i.e. the work necessary to produce the auditors' report as well as so called audit consultation given in connection with the audit.

NOTE 6 EXPENSES ALLOCATED PER TYPE OF COST

SEK '000s	2014	2013
Material costs	1,181,763	193,433
Personnel costs	930,501	655,260
Paper costs	386,650	369,754
Other production costs	332,039	215,173
Cost of sub-contracted work	259,294	206,529
Depreciation and write-downs	117,967	97,664
Freight costs	100,228	83,330
Cost for advertising and marketing	87,566	75,159
Other costs	181,225	110,657
Total	**3,577,233**	**2,006,959**

The table shows the total cost for sold products and services, sales costs and administrative costs allocated per type of cost.

NOTE 7 OPERATING LEASE AGREEMENTS

	Annual cost		Future lease payments and rental costs		
SEK '000s	2014	2013	2015	2016–2019	2020–
Computer equipment	3,293	2,601	2,138	2,877	–
Machinery and other equipment	53,725	55,893	53,747	97,791	2,044
Rental contracts, premises	51,834	37,568	52,359	128,949	18,221
Total	**108,852**	**96,062**	**108,244**	**229,617**	**20,265**

Lease agreements for machines and equipment normally run for 3–8 years.

NOTE 8 FINANCIAL INCOME AND EXPENSES

FINANCIAL INCOME

SEK '000s	2014	2013
Interest income	1,392	1,556
Exchange rate gains	64,562	13,623
Total	**65,954**	**15,179**

FINANCIAL EXPENSES

SEK '000s	2014	2013
Interest expenses	–34,944	–24,963
Exchange rate losses	–61,941	–15,724
Other	–3,753	–3,972
Total	**–100,638**	**–44,659**

NOTE 9 TAXES

RECORDED TAX

SEK '000s	2014	2013
Current tax on the result for the year	–53,803	–39,140
Withholding tax on dividends and other taxes	–7,725	–4,543
Correction of previous years' current tax expense	2,481	–202
Deferred tax	6,960	12,355
Recorded tax	**–52,087**	**–31,530**

RECONCILIATION OF RECORDED TAX

SEK '000s	2014	2013
Result before taxes	139,917	101,511
Tax according to Swedish tax rate of 22%	–30,782	–22,332
Tax effect of:		
Differences in tax rates for foreign subsidiaries	–11,205	–3,254
Non-deductible costs	–1,033	–2,487
Change in unrecorded deferred tax assets	1,917	2,535
Tax losses carried forward not valued	–5,416	–815
Correction of previous years' tax expense	2,481	–202
Withholding tax on dividends and other taxes	–7,725	–4,543
Other	–324	–432
Recorded tax	**–52,087**	**–31,530**

DEFERRED TAX ASSETS AND LIABILITIES BY NATURE, NET

SEK '000s	2014	2013
Tax loss carryforwards	175,131	127,245
Restructuring reserves	8,245	1,853
Fixed assets	–48,470	–42,351
Other items	–10,531	14,689
	124,375	101,436
Less:		
Unrecorded deferred tax assets	–25,795	–12,876
Closing value, net	**98,580**	**88,560**

Unrecorded deferred tax assets refer to not valued tax loss carry-forwards and primarily stem from operations in Brazil and Italy. For information concerning the valuation of the tax loss carryforwards please see note 1, section Important estimations and assessments on page 67.

ALLOCATION OF DEFERRED TAX ASSETS AND LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION

SEK '000s	2014	2013
Deferred tax assets	181,979	153,869
Deferred tax liabilities	–83,399	–65,309
Closing value, net	**98,580**	**88,560**

CHANGE IN DEFERRED TAX

SEK '000s	2014	2013
Opening value, net	88,560	73,633
Acquisitions of operations	–7,616	–11,056
Recorded deferred tax on the result for the year	6,960	12,355
Tax items charged directly against other comprehensive income	17,639	–40
Effect from adjustment of previous years taxation	–8,095	13,110
Translation differences	1,132	558
Closing value, net	**98,580**	**88,560**

Tax items charged directly against other comprehensive income refer to the Group's hedge reserve and hedging of net investments abroad.

DUE DATE STRUCTURE – DEFERRED TAX ASSETS RELATING TO TAX LOSS CARRYFORWARDS

SEK '000s	2014	2013
Due after 10 years	5,828	12,163
No due date	169,303	115,082
Closing value	**175,131**	**127,245**

NOTE 10 EARNINGS PER SHARE

Earnings per share is calculated by dividing the result attributable to the parent company's shareholders with the average number of outstanding shares during the year.

	2014	2013
Result for the year attributable to shareholders, SEK´000s	87,830	69,981
Average number of outstanding shares, in thousands	25,204	23,395
Earnings per share, SEK[1)]	**3.48**	**2.99**

[1)] Earnings per share before and after dilution.

Number of shares 2013 have been adjusted for the bonus issue element in the new share issue 2014.

NOTE 11 SUPPLEMENTARY INFORMATION TO CASH FLOW STATEMENTS

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist primarily of cash and bank balances. Short-term placements are classified as cash and cash equivalents when:
– the risk of changes in their fair value is insignificant
– they are easily converted
– they mature in less than three months from the date they were acquired.

ADJUSTMENT FOR ITEMS NOT INCLUDED IN CASH FLOW

SEK '000s	2014	2013
Depreciation, amortization and write-downs of intangible and tangible assets	117,967	97,664
Depreciation of current assets	2,195	–
Changes in provisions that affect cash flow	34,192	–4,535
Unrealized exchange rate gains and losses	16,413	–4,437
Result from disposal of tangible assets	1,443	–8,095
Total	**172,210**	**80,597**

PAID AND RECEIVED INTEREST

SEK '000s	2014	2013
Paid interest	–35,017	–25,020
Received interest	1,392	1,556
Total	**–33,625**	**–23,464**

BANK OVERDRAFT

The item Other changes in interest-bearing liabilities mainly refers to changes stemming from the use of bank overdrafts.

NOTE 12 OPERATING CASH FLOW

Operating cash flow is defined as cash flow from operating activities, excluding financial items and paid taxes, and cash flow from investing activities.

SEK '000s	2014	2013
Cash flow from operating activities	161,847	128,216
Financial items	34,684	29,480
Paid taxes	61,182	56,906
Acquisitions and sales of operations	–254,193	–102,737
Other items included in cash flow from investing activities	–41,511	–61,397
Operating cash flow	**–37,991**	**50,468**

NOTE 13 INTANGIBLE ASSETS

	Goodwill		Other intangible assets		Total	
SEK '000s	2014	2013	2014	2013	2014	2013
Opening acquisition value	1,090,218	977,670	135,981	119,521	1,226,199	1,097,191
Investments	–	–	4,409	4,646	4,409	4,646
Acquired operations	37,475	94,675	36,007	28,073	73,482	122,748
Disposals	–	–	–2,024	–18,943	–2,024	–18,943
Translation difference	78,324	17,873	15,991	2,684	94,315	20,557
Closing acquisition value	**1,206,017**	**1,090,218**	**190,364**	**135,981**	**1,396,381**	**1,226,199**
Opening accumulated amortization	–	–	–63,370	–59,464	–63,370	–59,464
Accumulated amortization in acquired operations	–	–	–52	–	–52	–
Amortization for the year	–	–	–26,987	–21,669	–26,987	–21,669
Disposals	–	–	2,024	18,943	2,024	18,943
Translation difference	–	–	–4,879	–1,180	–4,879	–1,180
Closing accumulated amortization	**–**	**–**	**–93,264**	**–63,370**	**–93,264**	**–63,370**
Opening accumulated write-downs	–690	–690	–5,738	–5,738	–6,428	-6,428
Closing accumulated write-downs	**–690**	**–690**	**–5,738**	**–5,738**	**–6,428**	**–6,428**
Net residual value	**1,205,327**	**1,089,528**	**91,362**	**66,873**	**1,296,689**	**1,156,401**

Acquired Other intangible assets in 2014 and 2013 refers to customer relationships, trademark, software and leasehold.

NOTE 13 INTANGIBLE ASSETS (CONT.)

AMORTIZATION AND WRITE-DOWNS SPECIFIED PER FUNCTION IN THE INCOME STATEMENT

SEK '000s	2014	2013
Cost of products and services sold	–3,499	–4,118
Selling expenses	–18,307	–9,092
Administrative expenses	–5,181	–8,459
Total	**–26,987**	**–21,669**

IMPAIRMENT TEST ON GOODWILL

Goodwill is subjected to impairment tests annually and when there are indications that a write-down may be necessary. Normally tests are made on the cash generating unit connected to the goodwill.

The recoverable amount for cash generating units is based on a calculation of useful value. Impairment tests are performed on the lowest identified cash generating level, which for Elanders corresponds to operating segments.

Useful value of goodwill attributable to Elanders' cash generating units is based on discounted endless cash flows. Cash flows for the first three years are based on budgets and strategic plans. In the following period cash flows are assumed to have a growth rate corresponding to inflation of 2.0 (2.0) percent, which is below the company's expectations. The discount rate 10.5 (10.0) percent before tax has been used in all calculations, which was calculated based on the weighted average capital cost (WACC). Based on the assumptions given above the useful value exceeds the recorded value for all cash generating units.

GOODWILL WITH INFINITE USEFUL LIFE DIVIDED BY CASH GENERATING UNIT

SEK '000s	2014	2013
Supply Chain Solutions	38,418	–
Print & Packaging Solutions Americas	148,635	125,144
Print & Packaging Solutions Asia	89,223	75,005
Print & Packaging Solutions Europe	775,194	749,976
e-Commerce Solutions	153,857	139,403
Total	**1,205,327**	**1,089,528**

Sensitivity analysis

A number of sensitivity analyses have been made to evaluate whether or not feasible unfavorable changes could lead to write-downs. A reduction in the average growth rate or an increase in discount rate with one percentage unit would not imply any need for write-downs. A combination of these indicate need for write-down of MSEK 6 related to Print & Packaging Asia. An increased discount rate with percentage units indicates on need for write-downs of MSEK 2 to 11 related to Print & Packaging Americas and Asia. A reductions in growth rate with 2 percentage units indicates on need for write-down of MSEK 2 related to Print & Packaging Asia.

NOTE 14 TANGIBLE ASSETS

	Buildings and land 1)		Plant and machinery		Equipment, tools, fixtures and fittings	
SEK ’000s	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Opening acquisition value	114,344	110,069	744,427	696,624	124,373	118,681
Investments	–	1,100	18,144	73,041	11,959	8,004
Acquired operations	5,163	–	91,849	1,177	82,157	2,063
Disposals	–	–	–18,226	–58,023	–7,543	–5,446
Reclassification	500	1,497	12,668	20,243	–296	–398
Translation difference	12,438	1,678	96,556	11,365	27,942	1,469
Closing acquisition value	**132,445**	**114,344**	**945,418**	**744,427**	**238,592**	**124,373**
Opening accumulated depreciation and write-downs	–33,271	–28,690	–505,826	–478,136	–104,575	–99,141
Accumulated deprecation in acquired operations	–444	–	–73,780	–	–58,633	–
Depreciation for the year	–4,599	–4,228	–69,498	–61,980	–16,883	–9,787
Disposals	–	–	10,344	40,787	5,188	5,109
Translation difference	–4,489	–353	–72,125	–6,497	–22,523	–756
Closing accumulated depreciation and write-downs	**–42,803**	**–33,271**	**–710,885**	**–505,826**	**–197,426**	**–104,575**
Net residual value	**89,642**	**81,073**	**234,533**	**238,601**	**41,166**	**19,798**

1) Buildings and land include land with a book value of SEK 11,446 (9,599) thousands.

	Fixed assets under construction 2)		Total	
SEK ’000s	**2014**	**2013**	**2014**	**2013**
Opening acquisition value	10,892	27,735	994,036	953,109
Investments	15,911	5,277	46,014	87,422
Acquired operations	10,526	–	189,695	3,240
Disposals	–	–173	–25,769	–63,642
Reclassification	–12,872	–21,342	–	–
Translation difference	2,473	–605	139,409	13,907
Closing acquisition value	**26,930**	**10,892**	**1,343,385**	**994,036**
Opening accumulated depreciation and write-downs	–	–	–643,672	–605,967
Accumulated deprecation in acquired operations	–	–	–132 857	–
Depreciation for the year	–	–	–90,980	–75,995
Disposals	–	–	15,532	45,896
Translation difference	–	–	–99,137	–7,606
Closing accumulated depreciation and write-downs	**–**	**–**	**–951,114**	**–643,672**
Net residual value	**26,930**	**10,892**	**392,271**	**350,364**

2) Fixed assets under construction include advances related to tangible assets of SEK 5,376 (10,494) thousands.

NOTE 14 TANGIBLE ASSETS (CONT.)

DEPRECIATION SPECIFIED PER FUNCTION

SEK '000s	2014	2013
Cost of products and services sold	–80,899	–70,750
Selling expenses	–566	–387
Administrative expenses	–9,515	–4,858
Total	**–90,980**	**–75,995**

FINANCE LEASE AGREEMENTS

The net residual value of tangible assets possessed through finance leases is SEK 8,499 (11,631) thousands. All leasing objects are reported as plant and machinery.

FUTURE MINIMUM LEASE PAYMENTS FOR FINANCE LEASES

SEK '000s	2014	2013
Within 1 year	1,646	1,547
Between 1 and 5 years	5,757	6,189
More than 5 years	–	2,316
Total	**7,403**	**10,052**
Future interest expenses for finance leases	–599	–759
Current finance lease liability	**6,804**	**9,293**

NOTE 15 INVENTORY

SEK '000s	2014	2013
Raw materials and consumables	119,542	36,158
Work in process	30,685	25,153
Finished goods	103,269	45,908
Total	**253,496**	**107,219**

Costs relating to obsolescence expensed during the year amounted to SEK 8,561 (5,924) thousands and at year-end the obsolescence reserve was SEK 18,399 (5,364) thousands.

NOTE 16 PREPAID EXPENSES AND ACCRUED INCOME

SEK '000s	2014	2013
Machine rent paid in advance	5,732	3,505
Premise rent paid in advance	7,575	5,176
Other prepaid expenses and accrued income	23,283	22,391
Total	**36,590**	**31,072**

NOTE 17 CASH AND CASH EQUIVALENTS

SEK '000s	2014	2013
Cash and bank	456,673	215,299
Cash and cash equivalents	**456,673**	**215,299**

Translation differences in cash and cash equivalents for the year were SEK 49,040 (6,051) thousands.

NOTE 18 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

FINANCIAL GOALS REGARDING CAPITAL STRUCTURE

The major financial goal of Elanders is to create value for the owners of the company. The purpose of the goals regarding group capital structure are to ensure the company's ability to continue operations and generate returns to its shareholders as well as be useful to other interested parties. Achieving a good balance between equity and loan financing ensures the flexibility the Group needs in order to be able to invest in operations while maintaining control over the cost of capital. Dividends to shareholders, redemption of shares, issuing new shares or divesting assets are examples of measures the Group can use to adjust its capital structure.

Elanders' goal is a debt/equity ratio under 1 times and on 31 December 2014 it amounted to 0.7 (0.7) times. Elanders' goal is a return on employed capital of at least 10 percent long-term. In 2014 it amounted to 9 (8) percent. Elanders' goal is an equity ratio of at least 30 percent and on 31 December 2014 it amounted to 38 (42) percent.

FINANCIAL RISK MANAGEMENT

The major purpose of group financial risk management is to identify, control and minimize the Group's financial risks. Risk management is centralized to Group Finance. All current or future financial risks in the Group's subsidiaries are managed by Group Finance that acts as an internal bank. The exception is commercial credit risks, which are handled by each subsidiary. The financial policy adopted by the Board steers which currency risks are hedged as well as how interest, financing and liquidity risks are handled. The greatest financial risks the Group is exposed to are currency risk, interest risk, financing risk and credit risk.

Currency risk

Elanders runs into a currency risk primarily through transactions in another currency than that of the companies local currency (transaction exposure) and when converting net profit and net assets from foreign subsidiaries (translation exposure).

Transaction exposure

Actual receivables and payables along with contracted purchase and sales orders with payment flows within a twelve month period are hedged in their entirety. Orders with flows for longer periods are normally hedged at 80 percent since there is often room for volume deviations within the framework of the contract. Anticipated or budgeted flows are not hedged.

The Group uses forward exchange contracts to handle exchange risk exposure and hedge accounting for contracted future payment flows as well as translation of financial assets and liabilities. The hedge reserve for forward exchange contracts per 31 December 2014 amounted to MSEK –0.1 (0.1) and will be returned to the income statements in 2015.

Translation differences on operating receivables and payables as well as forward exchange contracts that are held for hedging purposes are reported as other operating income or expenses. Translation differences on financial liabilities and assets and the associated hedging instruments are reported under financial items.

Translation exposure

Financial assets and liabilities are hedged while exposure due to the translation of net results in foreign subsidiaries is not hedged. Elanders' net results from foreign subsidiaries in foreign currency consist primarily of USD, EUR, CNY and GBP. A change in the currency rates up or down by 5 percent in these currencies would affect profit by MSEK 13.6 (8.4).

In regards to net assets in foreign subsidiaries the exposure is primarily in USD, EUR and CNY. The German operations have been partly hedged and also the acquisitions of Midland, myphotobook and Mentor Media have been hedged through loans in EUR and USD. If the exchange rates in USD, EUR and CNY changed by 5 percent it would affect equity by MSEK 29.4 (28.8), including hedging effects.

Currency hedges

The table below shows a compilation over the Group's outstanding forward exchange contracts per 31 December 2014. All the contracts are due within a year.

Currencies	Nominal amount SEK '000s	Average hedging rate
SEK/GBP	3,648	12.16
SEK/USD	68,161	7.83
PLN/SEK	2,946	2.22
EUR/SEK	68,356	9.51
EUR/PLN	12,097	4.21
EUR/GBP	9,024	0.79

Interest risk

Interest risk is defined as the risk of lower profits caused by a change in interest rates. The Group strives to achieve a balance between cost efficient borrowing and the risk exposure if a sudden, substantial interest rate change should occur and negatively influence profits and cash flow. A change in market interest rates by one percentage unit affects group profit after financial items by MSEK 9.0 (4.4), calculated on the outgoing net debt less liabilities with a fixed interest rate. The table below presents the allocation of interest-bearing and noninterest-bearing financial assets and liabilities. Reserves for pensions have been included in interest-bearing liabilities. In the table regarding dividing financial instruments into categories farther down in this note they are included in non-financial liabilities.

	Interest-bearing		
SEK '000s	Fixed interest	Floating interest	Non-interest-bearing
Long-term receivables	3,590	–	3,498
Current receivables	–	–	898,683
Cash and bank	–	456,673	–
Long-term liabilities	–	–29,463	–103
Current liabilities	–	–1,327,055	–490,802
Total	**3,590**	**–899,845**	**411,276**

Financing risk

Financing risk is defined as the risk of not being able to meet payment obligations as a result of insufficient liquid funds or difficulties in finding financing. Currently the Group has credit agreement with two Swedish banks that cover operational financing and runs until September 2015. Discussions with the bank have been initiated regarding a new agreement. Related to the Group's interest bearing liabilities there are covenants from the credit institutions. As of 31 December 2014 all covenants were fulfilled. See page 84 concerning due date structure regarding financial liabilities.

Credit risk

Credit risk is defined as the risk of a counterparty not meeting their obligations. Credit risk can be divided into financial credit risk and commercial credit risk.

Financial credit risk

The most crucial financial credit risk for the Group arises when trading exchange derivative instruments and investing surplus liquidity. Hence, in order to reduce the risk, the financial policy stipulates that only approved financial institutions should be used. On 31 December 2014 total exposure regarding financial credit risks was MSEK 518.6 (246.5). The exposure is based on the recorded value of all financial assets except shareholdings and accounts receivable.

Commercial credit risk

The commercial credit risk consists of the payment ability of customers and is handled by the subsidiaries through careful monitoring of payment ability, follow up of customers' financial reports and good communication. The Group's total credit risk is spread out over many different companies. However, in actuality a few customers represent a large part of the Group's accounts receivable. These customers are for the most part large, listed companies that have been thoroughly investigated. The total commercial credit exposure is equivalent to the book value of accounts receivable and amounted to MSEK 843.8 (387.4) per 31 December 2014.

In 2014 credit losses amounted to MSEK 4.1 (3.2), of which MSEK 1.2 (0.4) were previously reserved.

HEDGE ACCOUNTING

Financial instruments used to hedge currency and interest risks in contracted cash flows as well as net investments abroad have been recorded, in accordance with IAS 39, at market value in the balance sheet.

The hedging reserve per 31 December 2014 amounted to MSEK –0.1 (–2.2) and will be returned to the income statements in 2015. The hedging reserve consists of forward exchange contracts.

OPERATIONAL RISKS

In addition to the financial risks above Elanders is exposed to risks tied to daily operations. Handling operational risks is part of the day-to-day work in our subsidiaries and in Group Management. In terms of responsibility all group operations are represented in Group Management which meets and communicates on a regular basis.

SENSITIVITY ANALYSIS

The table below presents how group results after net financial items would have been affected by a change of one percentage point in the variables connected to Elanders various operational risks. Each variable has been treated individually under the condition that the others remain constant. It is assumed that a change in net sales will affect the value added on the margin which thereafter will presumably fall straight through the income statement. A change in the cost of material is multiplied with total material costs. A change in personnel costs is multiplied with total personnel costs. The analysis does not pretend to be exact. It is merely indicative and aims to show the most relevant, measurable factors in this connection. The figures are presented in MSEK.

• Net sales	+/– 18
• Cost of material	+/– 16
• Personnel cost	+/– 9

NOTE 18 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT.)

CATEGORIZATION OF FINANCIAL INSTRUMENTS

The categorization of financial instruments in the balance sheets for 2014 and 2013 is presented in the tables below.

2014 ASSETS

SEK '000s	Derivative instruments in designated hedge accounting relationships	Loans and receivables	Available-for-sale financial assets	Non-financial assets	Total
Intangible assets	**–**	**–**	**–**	**1,296,689**	**1,296,689**
Tangible assets	**–**	**–**	**–**	**392,271**	**392,271**
Financial assets	**–**	**6,226**	**862**	**183,781[1)]**	**190,869**
CURRENT ASSETS					
Inventory	–	–	–	253,496	253,496
Accounts receivable	–	843,807	–	–	843,807
Current tax receivables	–	–	–	9,579	9,579
Other receivables	–	54,876	–	34,976	89,852
Prepaid expenses and deferred income	–	–	–	36,590	36,590
Cash and cash equivalents	–	456,673	–	–	456,673
Total current assets	**–**	**1,355,356**	**–**	**334,641**	**1,689,997**
Total assets	**–**	**1,361,582**	**862**	**2,207,382**	**3,569,826**

[1)] Mainly refers to deferred tax assets.

2014 LIABILITIES

SEK '000s	Derivative instruments in designated hedge accounting relationships	Other financial liabilities	Non-financial liabilities	Total
Long-term liabilities and provisions	**–**	**10,037**	**101,051**	**111,088**
CURRENT LIABILITIES AND PROVISIONS				
Interest-bearing liabilities	–	1,327,055	–	1,327,055
Accounts payable	–	437,982	–	437,982
Current tax liabilities	–	–	30,957	30,957
Other liabilities	134	52,686	34,295	87,115
Accrued expenses and prepaid income	–	–	184,533	184,533
Provisions	–	–	43,422	43,422
Total current liabilities and provisions	**134**	**1,817,723**	**293,207**	**2,111,064**
Total liabilities and provisions	**134**	**1,827,760**	**394,258**	**2,222,152**

2013 ASSETS

SEK ’000s	Derivative instruments in designated hedge accounting relationships	Loans and receivables	Available-for-sale financial assets	Non-financial assets	Total
Intangible assets	**–**	**–**	**–**	**1,156,401**	**1,156,401**
Tangible assets	**–**	**–**	**–**	**350,364**	**350,364**
Financial assets	**–**	**8,393**	**862**	**155,727**[1)]	**164,982**
CURRENT ASSETS					
Inventory	–	–	–	107,219	107,219
Accounts receivable	–	387,356	–	–	387,356
Current tax receivables	–	–	–	7,513	7,513
Other receivables	106	21,862	–	21,765	43,733
Prepaid expenses and deferred income	–	–	–	31,072	31,072
Cash and cash equivalents	–	215,299	–	–	215,299
Total current assets	**106**	**624,517**	**–**	**167,569**	**792,192**
Total assets	**106**	**632,910**	**862**	**1,830,061**	**2,463,939**

1) Mainly refers to deferred tax assets.

2013 LIABILITIES

SEK ’000s	Derivative instruments in designated hedge accounting relationships	Other financial liabilities	Non-financial liabilities	Total
Long-term liabilities and provisions	**–**	**418,632**	**82,858**	**501,490**
CURRENT LIABILITIES AND PROVISIONS				
Interest-bearing liabilities	–	521,784	–	521,784
Accounts payable	–	216,476	–	216,476
Current tax liabilities	–	–	17,482	17,482
Other liabilities	2,167	24,822	20,896	47,885
Accrued expenses and prepaid income	–	–	111,812	111,812
Provisions	–	–	8,430	8,430
Total current liabilities and provisions	**2,167**	**763,082**	**158,620**	**923,869**
Total liabilities and provisions	**2,167**	**1,181,714**	**241,478**	**1,425,359**

NOTE 18 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT.)

DUE DATE STRUCTURE REGARDING FINANCIAL LIABILITIES

Due date structure regarding financial liabilities including interest expenses, excluding utilized bank overdrafts, is presented in the table below. The credit agreement with the Group's main banks expires 30 September 2015.

SEK '000s	Jan.–Mar. 2015	Apr.–Dec. 2015	2016–2017	2018–2019	2020–
Borrowing debts	46,711	1,278,805	3,235	–	–
Finance lease liabilities	441	1,097	2,798	3,901	2,263
Accounts payable	437,982	–	–	–	–
Other financial liabilities	38,312	12,215	–	–	–
Interest	6,537	13,716	552	190	–
Total	**529,983**	**1,305,833**	**6,585**	**4,091**	**2,263**

FINANCIAL INSTRUMENTS – INITIAL ASSESSMENT

Financial instruments are valued the first time at fair value plus transaction costs, which applies to all financial assets and liabilities not recognized at fair value through profit or loss. Financial assets and liabilities recognized at fair value through profit or loss are valued the first time at fair value, while attributable transaction costs are valued through profit or loss.

RECEIVABLES OVERDUE BUT NOT WRITTEN-DOWN

SEK '000s	2014	2013
1–30 days overdue	97,819	46,035
31–60 days overdue	12,766	9,269
61–90 days overdue	2,980	1,663
91–120 days overdue	983	723
More than 120 days overdue	–	3,258
Total	**114,548**	**60,948**

Only accounts receivables are included in the table above. No other overdue receivables existed as of 31 December 2014 or 2013.

CHANGE IN PROVISION FOR DOUBTFUL RECEIVABLES

SEK '000s	2014	2013
Opening provision for doubtful receivables	–6,586	–6,247
Provision in acquired operations	–597	–
Reversal of provision from previous year	947	1,898
Confirmed losses	288	401
Provisions during the year	–2,823	–2,822
Translation difference	–100	184
Closing provision for doubtful receivables	**–8,871**	**–6,586**

INTEREST INCOME AND EXPENSES STEMMING FROM FINANCIAL ASSETS AND FINANCIAL LIABILITIES

SEK '000s	2014	2013
Interest income from financial assets	1,392	1,556
Interest expenses due to financial liabilities	–34,375	–24,610
Total	**–32,983**	**–23,054**

The reason the result is not the same as the interest result recorded under financial items is mainly due to the fact that financial items stemming from pensions have been excluded.

NET PROFIT/LOSS FOR FINANCIAL INSTRUMENTS RECORDED IN THE INCOME STATEMENT

The table below contains the following items that have been recorded in the income statement:
- Profits and losses stemming from exchange rate differences, including profits and losses attributable to hedge accounting.
- Profits and losses stemming from financial instruments where hedge accounting is applied.
- Profits and losses stemming from derivatives where hedge accounting is not applied.

SEK '000s	2014	2013
Loans and receivables	18,036	9,200
Other financial liabilities	–13,808	–11,002
Total	**4,228**	**–1,802**

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 are used for hedging purposes. Valuation at fair value of forward exchange contracts is based on published forward rates on an active market. All derivates are 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.

NOTE 18 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT.)

SEK '000s	2014	2013
Other current assets – Derivative instruments in hedge accounting relationships	–	106
Non-interest-bearing current liabilities – Derivative instruments in hedge accounting relationships	134	2,167

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

INEFFECTIVITY IN HEDGE ACCOUNTING

All hedging relations regarding cash flow and net investment hedging have been effective within a span of 80 percent to 125 percent. See the presentation of Other comprehensive income on page 60 for further information.

NOTE 19 SHARE CAPITAL

Number of registered shares in the parent company	2014	2013
Issued per 1 January	22,729,998	22,729,998
New share issue	3,788,316	–
Issued per 31 December	**26,518,314**	**22,729,998**

	Number of shares	Number of votes	Share capital, SEK
A shares	1,361,110	13,611,100	13,611,100
B shares	25,157,204	25,157,204	251,572,040
	26,518,314	**38,768,304**	**265,183,140**

All shares are completely paid for. No shares are reserved for transfer according to option agreements or other contracts.

NOTE 20 INTEREST-BEARING LIABILITIES

The Group had a total of MSEK 1,168 (1,360) per 31 December 2014 in credit facilities of which MSEK 50 (531) were unutilized. The facilities previous year included an acquisition credit for the acquisition of Mentor Media which was completed in the beginning of January 2014.

The financing cost is priced according to a fixed interest term and an agreed margin. The Group's average effective interest rate during the year was 2.7 (3.3) percent.

LONG-TERM LIABILITIES

SEK '000s	2014	2013
Finance lease liabilities	6,699	7,725
Borrowing debts	3,338	410,907
Total	**10,037**	**418,632**

CURRENT LIABILITIES

SEK '000s	2014	2013
Finance lease liabilities	1,538	1,568
Borrowing debts	1,325,516	520,216
Total	**1,327,054**	**521,784**

BANK OVERDRAFT FACILITIES

Utilized amounts and available credit in Group bank overdraft facilities are given below.

SEK '000s	2014	2013
Bank overdraft facilities, utilized amount	–	–
Bank overdraft facilities, granted amount	50,000	50,000
Unutilized amount	**50,000**	**50,000**

PLEDGED ASSETS

See note 24 for information on pledged assets.

NOTE 21 PROVISIONS FOR POST-EMPLOYMENT BENEFITS

DEFINED BENEFIT PENSION PLANS

Defined benefit pension plans mainly cover retirement pensions and widow pensions where the employer has an obligation to pay a lifelong pension corresponding to a certain guaranteed percentage of wages or a certain annual sum. Retirement pensions are based on the number of years a person is employed. The employee must be registered in the plan for a certain number of years in order to receive full retirement pension. For each year at work the employee earns an increasing right to pension, which is recorded as pension earned during the period as well as an increase in pension obligations. These plans are financed through payments made regularly by the employer.

The fair value of the plan assets in the Elanders' defined benefit pension plans amounted to MSEK 2.9 (2.6) as of 31 December 2014 and the present value of the pension obligations amounted to MSEK 17.9 (16.5).

DEFINED CONTRIBUTION PENSION PLANS

These plans mainly cover retirement, sick and family pensions. The premiums are paid regularly during the year by individual group companies to different insurance companies. The size of the premiums is based on wages. Pension costs for the period are included in the income statement and amount to MSEK 40.3 (27.1).

The obligations for retirement and sick pensions for white-collar workers for several of the Swedish companies have been safeguarded through insurance in Alecta. According to an opinion from the Swedish Financial Reporting Board, UFR 3, this is a defined benefit multi-employer plan. The Group has not had access to the information necessary to report these plans as defined benefit pension plans for the financial year 2014 since at the moment Alecta cannot provide specific defined benefit pension for those insured. Pension plans that are safeguarded through insurance in Alecta are therefore reported as a defined contribution plan. Fees for 2014 for pension insurance from Alecta totaled MSEK 3.5 (3.8).

NOTE 22 OTHER PROVISIONS

SEK '000s	2014	Provided for during the year	Utilized during the year	Translation difference	2013
PROVISIONS FOR RESTRUCTURING MEASURES					
Personnel	26,108	31,977	–14,299	–	8,430
Lease obligations	7,817	7,817	–	–	–
Other	1,640	1,640	–	–	–
OTHER PROVISIONS					
Other	10,480	7,530	–1,306	579	3,677
Total	**46,045**	**48,964**	**–15,605**	**579**	**12,107**
Of which current	43,422				8,430

Provisions for restructuring measures are primarily for cost adjustments and reorganizations.

NOTE 23 ACCRUED EXPENSES AND DEFERRED INCOME

SEK '000s	2014	2013
Holiday pay liability	28,573	26,243
Social security contributions	17,462	16,910
Accrued salaries and remuneration	56,078	10,359
Other accrued expenses and deferred income	82,420	58,300
Total	**184,533**	**111,812**

NOTE 24 PLEDGED ASSETS AND CONTINGENT LIABILITIES

PLEDGED ASSETS

SEK '000s	2014	2013
Real estate mortgages	46,190	45,421
Floating charges	194,850	194,850
Other pledged assets	425,227	366,962
Total	**666,267**	**607,233**
Pledged to:		
Credit institutions	666,267	607,233
Total	**666,267**	**607,233**

Other pledged assets refer primarily to collateral in the form of shares in subsidiaries. The item also includes assets held under a retention of title clause, such as financial leasing. See note 14 for further information.

CONTINGENT LIABILITIES

SEK '000s	2014	2013
Other contingent liabilities	2,100	1,772
Total	**2,100**	**1,772**

NOTE 25 TRANSACTIONS WITH RELATED PARTIES

The transactions between subsidiaries have taken place with normal business terms and at market prices. During the year intra-group sales of products and services amounted to MSEK 501 (416). Intra-group transactions and balances have been eliminated and are therefore not included in the figures below concerning the Group.

SALES OF PRODUCTS AND SERVICES

During 2014 and 2013 there have not been any sales of products and services to related parties.

PURCHASE OF PRODUCTS AND SERVICES

During the year purchases has been made from Carl Bennet AB amounting to MSEK 0.5 (0.5). The transactions primarily concern cost stemming from Carl Bennet's role as Chairman of the Board in Elanders AB. As of 31 December 2014 liabilites to Carl Bennet AB amounted to MSEK 0.2 (0.2). Erik Gabrielson, who is member of the Board, is partner in Vinge Law Firm that during the year has provided legal counsel and invoiced fees amounting to MSEK 2.1 (3.7).

Related parties to Peter Sommer, who is member of Group Management and MD of Elanders GmbH, own the property where Elanders GmbH runs most of its operations. During the year Elanders GmbH has paid MSEK 11.6 (11.1) in rent for this property, which is on par with the market.

No Board member or senior officer has or has had direct or indirect participation in any business transactions, between themselves or the Group that are or were of an unusual nature concerning the terms.

Remuneration to Board members and management is reported in note 4.

NOTE 26 ACQUISITIONS

2014

Mentor Media Ltd

In January Elanders acquired all the shares in the Singapore based supply chain company Mentor Media Ltd. The company has about 1,550 employees and operations in eight countries, the largest of which are China, Singapore, India and the USA.

Mentor Media is specialized in the provision of value added services to companies in the electronics and computer industry with special focus on product and component flows with extremely short lead times and comprehensive statistics reporting to customers. Its operations are built up around sophisticated IT solutions and its range of services includes sourcing, procuring components, warehousing and logistics management, customized manufacturing, order management and fulfilment, distribution, reverse logistics and repair services and e-Commerce solutions. The purchase price was approximately MSEK 312 on a cash- and debt-free basis and was financed through a combination of external debt and a new rights issue.

The acquisition costs amounted to some MSEK 4.5. The company has contributed with around MSEK 1,525 to the consolidated net sales.

myphotobook GmbH

Besides the aqcuisition of Mentor Media a further amount of MSEK 5.4 has been paid in relation to the acquisition of myphotobook.

2013

McNaughtan's Printers Ltd

Elanders acquired all the shares in the labeling company McNaughtan's Printers Ltd in Glasgow, Scotland in February. The company is specialized in the whisky trade and several well known whisky distilleries are customers. The purchase price was MGBP 2.8 and was financed with cash.

The acquisition costs amounted to some MSEK 0.5. The company has contributed with around MSEK 20 to the consolidated net sales.

myphotobook GmbH

In September Elanders acquired myphotobook GmbH, one of Europe's leading e-commerce companies in personalized photo products to consumers. myphotobook was founded in 2004 and the company's net sales were about MEUR 15 in 2012. Its headquarters are in Berlin and the company has about 70 employees. The purchase price was MEUR 10.5 on a cash and debt free basis and was financed through loans.

The acquisition costs amounted to some MSEK 2. The company has contributed with around MSEK 55 to the consolidated net sales.

SPECIFICATION OF FAIR VALUE ADJUSTMENTS 2014

MSEK	Recorded values in acquired operations	Adjust-ments to fair value	Recorded value in the Group
Fixed assets	57.0	34.9	91.9
Inventory	88.9	–	88.9
Accounts receivable	264.9	–	264.9
Other current assets	28.3	–	28.3
Cash and cash equivalents	141.5	–	141.5
Accounts payable	–129.5	–	–129.5
Other non-interest bearing liabilities	–69.1	–10.7	–79.8
Interest bearing liabilities	–48.0	–	–48.0
Identifiable net assets	**334.0**	**24.2**	**358.2**
Goodwill			37.5
Total purchase sum			**395.7**
Cash and cash equivalents in acquisitions			–141.5
Negative effect on cash and cash equivalents for the Group			**254.2**

The Total purchase sum above includes compensation for net cash in acquired operation.

SPECIFICATION OF FAIR VALUE ADJUSTMENTS 2013

MSEK	Recorded values in acquired operations	Adjust-ments to fair value	Recorded value in the Group
Fixed assets	17.3	27.9	45.2
Inventory	0.5	–	0.5
Accounts receivable	3.6	–	3.6
Other current assets	0.8	–	0.8
Cash and cash equivalents	17.7	–	17.7
Accounts payable	–5.4	–	–5.4
Other non-interest bearing liabilities	–14.8	–7.9	–22.7
Identifiable net assets	**19.7**	**19.9**	**39.6**
Goodwill			80.9
Total purchase sum			**120.5**
Cash and cash equivalents in acquisitions			–17.7
Negative effect on cash and cash equivalents for the Group			**102.7**

NOTE 27 INVESTMENT OBLIGATIONS

There were no significant investment obligations per 31 December 2014 or 31 December 2013.

NOTE 28 EVENTS AFTER THE BALANCE SHEET DATE

In the end of February 2015 Kevin Rogers was appointed Head of Print & Packaging Solutions Asia and member of Group Management. Since 2011, Kevin Rogers has been the Managing Director for Elanders UK. Except the above no other important events took place after the balance sheet date until signing of this Annual Report.

Parent company

INCOME STATEMENTS

SEK '000s	Note	2014	2013
Net sales		24,352	20,925
Administrative expenses	2, 8, 9	–55,177	–51,672
Other operating income	3	900	210
Other operating expenses	3	–293	–673
Operating result	4, 15	**–30,218**	**–31,210**
Result from shares in subsidiaries		66,070	53,712
Interest income		26,528	7,223
Other financial income		59,015	12,155
Interest expenses		–28,702	–18,691
Other financial expenses		–142,069	–15,611
Result after financial items	5, 15	**–49,376**	**7,578**
Appropriations	15	–69,500	65,000
Taxes	6	40,341	–6,245
Result for the year		**–78,535**	**66,333**

STATEMENTS OF COMPREHENSIVE INCOME

SEK '000s	2014	2013
Result for the year	**–78,535**	**66,333**
Change in value of cash-flow hedges	1,768	1,604
Tax effect on change in value of cash-flow hedges	–389	–353
Other comprehensive income	**1,379**	**1,251**
Total comprehensive income for the year	**–77,156**	**67,584**

CASH FLOW STATEMENTS

SEK ’000s	Note	2014	2013
Operating activities			
Result after financial items		–118,876	72,578
Adjustments for items not included in cash flow from operating activitites	14	115,931	–5,129
Paid taxes		–39	–1,689
Cash flow from operating activities before changes in working capital		**–2,984**	**65,760**
Cash flow from changes in working capital			
Increase (–)/decrease (+) in operating receivables		2,727	–4,362
Increase (+)/decrease (–) in operating liabilities		–196	–30
Cash flow from operating activities		**–453**	**61,368**
Investing activities			
Acquisition of tangible assets and intangible assets	8, 9	–258	–23
Investment in subsidiaries	7	–	–789
Received dividends from subsidiaries	14	66,070	53,712
Payments received regarding long-term holdings		2,429	3,812
Lending to and from subsidiaries		–317,399	–147,457
Cash flow from investing activities		**–249,158**	**–90,745**
Financing activities			
Amortization of loans		–210,880	–35,000
New loans		351,454	91,095
Other changes in interest-bearing liabilities		99,236	35,853
New share issue		121,014	–
Dividend to parent company shareholders		–18,184	–13,638
Cash flow from financing activities		**342,640**	**78,310**
Cash flow for the year		**93,029**	**48,933**
Cash and cash equivalents at the beginning of the year		62,730	13,797
Cash and cash equivalents at year-end		**156,126**	**62,730**

PARENT COMPANY

BALANCE SHEETS

SEK ’000s	Note	2014	2013
ASSETS			
Fixed assets			
Intangible assets	8	2,035	2,807
Tangible fixed assets	9	306	354
Shares in subsidiaries	7	1,246,548	1,246,548
Receivables from group companies	15	707,909	110,622
Deferred tax assets	6	114,951	74,959
Other financial assets		7,137	9,304
Total fixed assets		**2,078,886**	**1,444,594**
Current assets			
Accounts receivable		255	253
Receivables from group companies	15	94,994	255,829
Current tax receivables	6	35	21
Other receivables		4,473	5,047
Prepaid expenses and accrued income		7,653	9,822
Cash and bank balances		156,126	62,730
Total current assets		**263,536**	**333,702**
Total assets		**2,342,422**	**1,778,296**

SEK '000s	Note	2014	2013
EQUITY, PROVISIONS AND LIABILITIES			
EQUITY			
Restricted equity			
Share capital		265,183	227,300
Statutory reserve		332,383	332,383
Total restricted equity		**597,566**	**559,683**
Unrestricted equity			
Retained earnings		342,717	210,058
Result for the year		–78,535	66,333
Total unrestricted equity		**264,182**	**276,391**
Total equity		**861,748**	**836,074**
PROVISIONS			
Provisions for pensions and similar obligations		1,371	1,371
Other provisions	10	1,548	1,548
Total provisions		**2,919**	**2,919**
LIABILITIES			
Long-term liabilities			
Liabilities to credit institutions	11, 13	–	286,478
Liabilities to group companies		70,454	70,565
Other liabilities		103	103
Total long-term liabilities		**70,557**	**357,146**
Current liabilities			
Liabilities to credit institutions	11, 13	1,067,177	412,134
Accounts payable		3,876	6,570
Liabilities to group companies		312,507	142,360
Other liabilities		492	2,678
Accrued expenses and deferred income	12	23,146	18,415
Total current liabilities		**1,407,198**	**582,157**
Equity, provisions and liabilities		**2,342,422**	**1,778,296**
Pledged assets	13	**430,044**	**430,044**
Contingent liabilities	13	**211,815**	**209,272**

PARENT COMPANY

STATEMENTS OF CHANGES IN EQUITY

SEK ’000s	Share capital	Statutory reserve	Unrestricted equity	Total
Opening balance on 1 Jan. 2013	**227,300**	**332,383**	**222,445**	**782,128**
Dividend	–	-	–13,638	–13,638
Total comprehensive income for the year	–	-	67,584	67,584
Closing balance on 31 dec. 2013	**227,300**	**332,383**	**276,391**	**836,074**
Dividend	–	-	–18,184	–18,184
New share issue	37,883		83,131	121,014
Total comprehensive income for the year	-	-	–77,156	–77,156
Closing balance on 31 dec. 2014	**265,183**	**332,383**	**264,182**	**861,748**

NOTE 1 ACCOUNTING PRINCIPLES

A presentation of Elanders' accounting principles can be found in note 1 to Elanders' consolidated financial statements. The parent company has prepared its annual accounts according to the Annual Accounts Act and the Swedish Financial Reporting Board Recommendation RFR 2 Accounting for legal entities and where applicable statements made by the Swedish Financial Reporting Board. RFR 2 requires the parent company to, in the annual accounts for the legal entity, use all the EU approved IFRSs and interpretations as far as possible within the framework of the Annual Accounts Act and the Security Law, taking into consideration the connection between accounting and taxation. The parent company generally follows the same previously described principles as the Group. Differences between group and parent company accounting principles are presented below.

Taxes

Tax laws allow provisions for special reserves and funds that are reported separately in the parent company. This allows companies within limits to allocate and retain recorded results in operations without them being immediately taxed. The untaxed reserves are not subject to taxation until they are dissolved. If companies lose money the untaxed reserves can be used to cover the losses without being taxed.

Intangible assets

The parent company amortizes goodwill according to plan, which is not permitted for the Group. Goodwill is amortized on a straight-line basis over a twenty-year period since it relates to acquisitions of a strategic nature.

Shares in associated companies and jointly controlled entities

Shares in associated companies, jointly controlled entities and subsidiaries are reported in the parent company according to the acquisition method. Acquisition-related costs for subsidiaries, which are expensed in group accounting, are included as part of the acquisition value for participation in subsidiaries. Reported values are tested on every balance sheet date in order to determine if the need for write-downs is indicated.

Pensions

The parent company's pension obligations have been calculated and reported based on the Swedish Security Law. Application of the Swedish Security Law is a prerequisite for fiscal deductions.

Financial guarantee contracts

The parent company's financial guarantee contracts consist primarily of guarantees on behalf of subsidiaries. A financial guarantee contract is a contract in which the company has a commitment to reimburse the holder of a debt instrument for loss it incurs because a specified debtor fails to make payment when due according to the contract terms. The parent company applies RFR 2 p. 71 to account for financial guarantees, which is a relief compared to the rules in IAS 39 connected to reporting and taxation. The parent company recognizes financial guarantee contracts as a provision on the balance sheet when the company has a commitment.

Group and shareholder contributions

Group and shareholder contributions are as of 2014 recognized according to the alternative rule in the Swedish Financial Reporting Board Recommendation RFR 2. This means that received and paid group contributions are reported as appropriations. Shareholder contributions are activated in shares and participations, as long as write-downs are not required.

Financial instruments and hedge accounting

In view of the connection between accounting and taxation, the rules on financial instruments and hedge accounting in IAS 39 are not applied by the Parent Company as a legal entity.

In the Parent Company, financial assets are valued at cost, less any impairment and financial current assets at the lower value of cost or net realizable value. The acquisition cost for fixed-income instruments is adjusted for accrual difference between initial cost, less transaction costs, and the sum paid on the closing date (premiums and discounts).

Standards, amendments and interpretations of existing standards that have taken effect in 2014

No new standards, amendments or interpretations that have had significant affect on the companys' financial reports have come into effect during 2014.

NOTE 2 FEES TO THE AUDITORS

SEK '000s	2014	2013
PwC		
Audit assignment	517	466
Audit-related services	283	–
Tax advisory services	629	242
Other services	–	1,475
Total	**1,429**	**2,183**

No fees were paid to other auditing firms.

Audit assignment is defined as the statutory audit, i.e. the work necessary to produce the auditors' report as well as so called audit consultation given in connection with the audit.

PARENT COMPANY

NOTE 3 OTHER OPERATING INCOME AND EXPENSES

OTHER OPERATING INCOME

SEK '000s	2014	2013
Exchange rate gains	888	210
Other	12	–
Total	**900**	**210**

OTHER OPERATING EXPENSES

SEK '000s	2014	2013
Exchange rate losses	–293	–673
Total	**–293**	**–673**

NOTE 4 PERSONNEL

Please see note 4 to the consolidated financial statements for personnel related information.

NOTE 5 RESULT FROM FINANCIAL ITEMS

RESULT FROM SHARES IN SUBSIDIARIES

SEK '000s	2014	2013
Dividends from subsidiaries	66,070	53,712
Total	**66,070**	**53,712**

INTEREST INCOME

SEK '000s	2014	2013
Interest income, external	427	471
Interest income, subsidiaries	26,101	6,752
Total	**26,528**	**7,223**

OTHER FINANCIAL INCOME

SEK '000s	2014	2013
Exchange rate gains	58,344	8,626
Other	671	3,529
Total	**59,015**	**12,155**

INTEREST EXPENSES

SEK '000s	2014	2013
Interest expenses, external	–28,284	–18,061
Interest expenses, subsidiaries	–418	–630
Total	**–28,702**	**–18,691**

OTHER FINANCIAL EXPENSES

SEK '000s	2014	2013
Exchange rate losses	–138,565	–11,897
Other financial expenses	–3,504	–3,714
Total	**–142,069**	**–15,611**

NOTE 6 TAXES

TAX ON THE RESULT FOR THE YEAR

SEK '000s	2014	2013
Withholding tax on income from foreign subsidiaries	–39	–2,021
Deferred tax	40,380	–4,224
Total	**40,341**	**–6,245**

RECONCILIATION OF RECORDED TAX

SEK '000s	2014	2013
Result before taxes	–118,876	72,578
Tax according to Swedish tax rate of 22.0 (26.3)%	26,153	–15,967
Tax effect of:		
Withholding tax on income from foreign subsidiaries	–39	–2,021
Correction of previous year's current tax expense	–	1,579
Non-taxable dividends from subsidiaries	14,535	11,817
Contribution, representation and association costs	–76	–71
Non-deductible costs in relation to acquisitions of operations	–638	–1,270
Other	406	–312
Total	**40,341**	**–6,245**

DEFERRED TAX RECEIVABLES

SEK '000s	2014	2013
Tax loss carry forwards	111,265	70,471
Other	3,686	4,488
Total	**114,951**	**74,959**

NOTE 7 SHARES IN SUBSIDIARIES

SEK '000s	Identity no.	Registered office	Number of shares	Owned share in percent	Book value of holding
d|o|m Deutsche Online Medien GmbH	HRB265124	Waiblingen, Germany	–	100	23,835
myphotobook GmbH	HRB94377	Berlin, Germany	–	100	–
Elanders Anymedia AB	556559-5922	Stockholm, Sweden	6,000	100	13,614
Elanders (Beijing) Printing Company Ltd	77765103X	Beijing, China	–	100	186,564
Elanders (Beijing) Digital Development Ltd	110000450078296	Beijing, China	–	100	2,824
Elanders do Brasil Ltda	08.789.936/0001-55	São Paulo, Brazil	–	100	12,228
Elanders Reprodução de Imagens Ltda	08.849.405/0001-00	São Paulo, Brazil	–	100	9,360
Elanders GmbH	HRB722349	Waiblingen, Germany	–	100	108,576
Elanders International AB	556058-0622	Kungsbacka, Sweden	–	100	–
Mentor Media Ltd	199302450H	Singapore	–	100	–
Chengdu Mentor Media Co., Ltd	510100400032987	Chengdu, China	–	100	–
Mentor Infotech Pte Ltd	199606434D	Singapore	–	100	–
Mentor Internet Solution Pte Ltd	199508226M	Singapore	–	100	–
Mentor Media (Chongqing) Co., Ltd	500000400043355	Chongqing, China	–	100	–
Mentor Media (Kunshan) Co., Ltd	320583400027574	Kunshan, China	–	100	–
Mentor Media (Shenzhen) Co., Ltd	440301503229990	Shenzhen, China	–	100	–
Mentor Media (Songjiang) Co., Ltd	310000400385089	Songjiang, China	–	100	–
Mentor Media (Suzhou) Co., Ltd	320500400024026	Suzhou, China	–	100	–
Mentor Media (USA) Supply Chain Management Inc	C3095841	Ontario, USA	–	100	–
Mentor Media (Xiamen) Co., Ltd	350298400001789	Xiamen, China	–	100	–
Mentor Media CBZ (Chongqing) Co., Ltd	500000400065942	Chongqing, China	–	100	–
Mentor Media Czech s.r.o.	CZ27742270	Brno, Czech Republic	–	100	–
Mentor Media Japan Godogaisha	0100-03-017482	Tokyo, Japan	–	100	–
Mentor Media Juárez S.A. de C.V.	MMJ0810145N1	Juárez, Mexico	–	100	–
Mentor Media Logistics (Shenzhen) Co., Ltd	440301503351584	Shenzhen, China	–	100	–
Mentor Media Printing Pte Ltd	198400441M	Singapore	–	100	–
Mentor Printing and Logistics Private Limited	U72900TN2006PTC061596	Chennai, India	–	100	–
Shanghai Mentor Media Co., Ltd	310115400062371	Shanghai, China	–	100	–
Shanghai Mentor Media Printing Co., Ltd	310115400074709	Shanghai, China	–	100	–
Tristellar Graphic Sdn. Bhd.	64775T	Johor, Malaysia	–	100	–
Elanders Printpack GmbH & Co. KG	HRB211285	Waiblingen, Germany	–	100	–
Elanders Hungary Kft	20-09-065122	Zalalövő, Hungary	–	100	146,112
Elanders Infologistics AB	556121-8891	Gothenburg, Sweden	314,330	100	286,765
Elanders Sverige AB	556262-1689	Härryda, Sweden	–	100	–
Falköping Karlavagnen 6 AB	556832-7844	Härryda, Sweden	–	100	–

SEK '000s	Identity no.	Registered office	Number of shares	Owned share in percent	Book value of holding
Elanders NRS AB	556229-6938	Härryda, Sweden	1,000	100	100
Elanders FoH AB	556099-5663	Härryda, Sweden	30,000	100	50,342
Elanders Italy S.r.l.	5686620963	Ponzano Veneto, Italy	–	100	2,702
Elanders Ltd	GB 3788582	Newcastle, UK	–	100	31,403
McNaughtan's Printers Ltd	SC 135425	Glasgow, UK	–	100	–
Elanders Polska Sp. z o.o.	KRS 0000101815	Płońsk, Poland	–	100	89,869
Elanders Taiwan Co. Ltd	53729508	Taipei, Taiwan	200,000	100	470
Elanders UK Ltd	GB 2209256	Harrogate, UK	–	100	923
fotokasten GmbH	HRB24050	Waiblingen, Germany	–	100	57,824
Midland Information Resources Company	42-1468885	Davenport, USA	10,000	100	223,038
ElandersUSA, LLC	58-1448183	Atlanta, USA	–	100	–
Midland Press Corporation	42-1183862	Davenport, USA	–	100	–
Midland Digital Color, Inc.	42-1468961	Davenport, USA	–	100	–
Total					**1,246,548**

No book value is stated for the companies not directly owned by the parent company.

SEK '000s	2014	2013
Opening book value	1,246,548	1,245,915
Investment/subscription for new shares	–	789
Sale of subsidiaries	–	–156
Closing book value	**1,246,548**	**1,246,548**

NOTE 8 INTANGIBLE ASSETS

	Goodwill		Other intangible assets		Total	
SEK '000s	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Opening acquisition value	1,959	1,959	11,129	11,129	13,088	13,088
Acquisitions	–	–	258	–	258	–
Closing acquisition value	**1,959**	**1,959**	**11,387**	**11,129**	**13,346**	**13,088**
Opening accumulated amortization	–980	–882	–8,275	–6,792	–9,255	–7,674
Amortization for the year	–98	–98	–932	–1,483	–1,030	–1,581
Closing accumulated amortization	**–1,078**	**–980**	**–9,207**	**–8,275**	**–10,285**	**–9,255**
Opening accumulated write-downs	–	–	–1,026	–1,026	–1,026	–1,026
Closing accumulated write-downs	**–**	**–**	**–1,026**	**–1,026**	**–1,026**	**–1,026**
Net residual value	**881**	**979**	**1,154**	**1,828**	**2,035**	**2,807**

Amortization has been charged entirely to administrative expenses.

Other intangible assets refer to software.

NOTE 9 TANGIBLE FIXED ASSETS

	Equipment, tools, fixtures and fittings	
SEK '000s	**2014**	**2013**
Opening acquisition value	1,989	1,966
Acquisitions	–	23
Closing acquisition value	**1,989**	**1,989**
Opening accumulated depreciation	–1,635	–1,553
Depreciation for the year	–48	–82
Closing accumulated depreciation	**–1,683**	**–1,635**
Net residual value	**306**	**354**

Depreciation has been charged entirely to administrative expenses.

There has been no financial leasing.

NOTE 10 OTHER PROVISIONS

SEK '000s	2014	2013
Environmental obligations	1,500	1,500
Other	48	48
Total	**1,548**	**1,548**

Provisions for environmental obligations are based on any future obligations that were not yet completed on the balance sheet date.

Other provisions primarily refer to costs for any future financial obligations.

NOTE 11 LIABILITIES TO CREDIT INSTITUTIONS

All long-term liabilities are borrowing debts. Loans from Elanders' main banks follows the terms in the credit agreement and matuarity is in September 2015. Elanders AB has loans in USD, EUR, SEK and PLN. The interest rate on the loans per 31 December 2014 was in the interval 2.03–4.01 (2.20–4.30) percent.

Please see note 18 to the consolidated financial statements for information regarding financial risk management.

BANK OVERDRAFT FACILITIES

Utilized amounts and available credit in group bank overdraft facilities are given below.

SEK '000s	2014	2013
Bank overdraft facilities, utilized amount	–	–
Bank overdraft facilities, granted amount	50,000	50,000
Not utilized overdraft	**50,000**	**50,000**

NOTE 12 ACCRUED EXPENSES AND DEFERRED INCOME

SEK '000s	2014	2013
Salaries and holiday pay	5,801	4,101
Social security contributions	5,314	3,820
Interest	129	197
Other accrued expenses and deferred income	11,902	10,297
Total	**23,146**	**18,415**

NOTE 13 PLEDGED ASSETS AND CONTINGENT LIABILITIES

PLEDGED ASSETS

SEK '000s	2014	2013
Floating charges	3,300	3,300
Other pledged assets	426,744	426,744
Total	**430,044**	**430,044**
Given to:		
Credit institutions	430,044	430,044
Total	**430,044**	**430,044**

Other pledged assets primarily refer to collateral in the form of shares in subsidiaries.

CONTINGENT LIABILITIES

SEK '000s	2014	2013
Surety and contingent liabilities given for subsidiaries	211,815	209,272
Total	**211,815**	**209,272**

PARENT COMPANY

NOTE 14 SUPPLEMENTARY INFORMATION TO THE STATEMENTS OF CASH FLOW

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist primarily of cash and bank balances. Short-term investments are classified as cash and cash equivalents when:
- the risk for changes in their fair value is insignificant
- they are easily converted
- they mature in less than three months from the date they were acquired.

ADJUSTMENT FOR ITEMS NOT INCLUDED IN CASH FLOW FROM OPERATING ACTIVITIES

SEK '000s	2014	2013
Depreciation, amortization and write-downs of intangible and tangible assets	1,078	1,663
Dividends from subsidiaries	–15,087	–12,490
Unrealized exchange rates gains and losses	128,777	8,170
Other items	1,163	–2,472
Total	**115,931**	**–5,129**

PAID AND RECEIVED INTEREST

SEK '000s	2014	2013
Paid interest	–28,770	–18,719
Received interest	26,528	7,223
Total	**–2,242**	**–11,496**

DIVIDENDS RECEIVED FROM SUBSIDIARIES

SEK '000s	2014	2013
d|o|m Deutsche Online Medien GmbH	13,774	5,114
Elanders (Beijing) Printing Company Ltd	23,164	37,189
Elanders Hungary Kft	9,171	4,164
Elanders Ltd	8,007	–
Elanders Polska Sp.z o.o.	11,954	–
fotokasten GmbH	–	7,245
Total	**66,070**	**53,712**

NOTE 15 TRANSACTIONS WITH RELATED PARTIES

SALES OF PRODUCTS AND SERVICES

The parent company reimburse its subsidiaries for services mainly relating to marketing, IT, auditing, insurance, etc. Besides this there have been no sales of products or services to related parties.

PURCHASE OF PRODUCTS AND SERVICES

SEK '000s	2014	2013
Subsidiaries	3,480	6,567
Carl Bennet AB	531	517
Total	**4,011**	**7,084**

The transactions with Carl Bennet AB and Elanders primarily concern costs stemming from Carl Bennet's role as Chairman of the Board in Elanders AB. As of 31 December 2014 liabilites to Carl Bennet AB amounted to MSEK 0.2 (0.2). Erik Gabrielson, who is member of the Board, is partner in Vinge Law Firm that during the year has provided legal counsel and invoiced fees amounting to MSEK 2.1 (3.7).

No Board member or senior officer has or has had direct or indirect participation in any business transactions, between themselves or the company that are or were of an unusual nature concerning the terms.

Remuneration to Board members and Group Management is reported in note 4 to the consolidated financial statements.

GROUP CONTRIBUTIONS RECEIVED AND PAID

SEK '000s	2014	2013
Elanders Infologistics AB	500	25,000
Elanders Sverige AB	–70,000	40,000
Total	**–69,500**	**65,000**

RECEIVABLES FROM GROUP COMPANIES

The increase of receivables from group companies are foremost due to loan to subsidiary in relation to the acquisition of Mentor Media.

Proposed appropriation of profits

The Board of Directors and Chief Executive Officer hereby certify that the Annual Report has been prepared in accordance with good accounting practice in Sweden and that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), referred to in the European Parliament's and Council's directive 1606/2002 of 19 July 2002 regarding the application of International Financial Reporting Standards, and that they give a true and fair view of the parent company's and Group's financial position and result, and that the Board of Directors' Report provides a true and fair view of the development of the parent company's and Group's operations, financial position and result and describes significant risks and uncertainties that the parent company and the companies within the Group face.

The Board of Directors and Chief Executive Officer propose that the profit and other unreserved funds of SEK 264,182,452 in the parent company at the disposition of the Annual General Meeting should be dealt with accordingly:

- SEK 1.10 per share, a total of SEK 29,170,145 is distributed to the shareholders
- the remaining balance of SEK 235,012,306 is to be carried forward.

The Board of Directors believes that the proposed dividends are justifiable in relation to the demands that the business' nature, scope and risks make on Group equity and on the Group's consolidation needs, liquidity and its position in general.

This Annual Report will be presented at the Annual General Meeting 28 April 2015 for adoption.

Mölnlycke 6 March 2015

Carl Bennet
Chairman of the Board

Johan Stern
Vice Chairman of the Board

Erik Gabrielson

Linus Karlsson

Cecilia Lager

Göran Johnsson

Anne Lenerius

Kerstin Paulsson

Lilian Larnefeldt

Marcus Olsson

Magnus Nilsson
Chief Executive Officer

Our auditor's report was issued on 6 March 2015
PricewaterhouseCoopers AB

Johan Rippe
Authorized Public Accountant

Auditor's report

To the annual meeting of the shareholders of Elanders AB (publ), corporate identity number 556008-1621

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Elanders AB (publ) for the year 2014 except for the corporate governance statement on pages 54–59. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 48–103.

Responsibilities of the Board of Directors and the Chief Executive Officer for the annual accounts and consolidated accounts

The Board of Directors and the Chief Executive Officer are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Chief Executive Officer determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Chief Executive Officer, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 54–59. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Chief Executive Officer of Elanders AB (publ) for the year 2014. We have also conducted a statutory examination of the corporate governance statement.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Chief Executive Officer are responsible for administration under the Companies Act and that the corporate governance statement on pages 54–59 has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Chief Executive Officer is liable to the company. We also examined whether any member of the Board of Directors or the Chief Executive Officer has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and consolidated accounts.

Gothenburg 6 March 2015
PricewaterhouseCoopers AB

Johan Rippe
Authorized Public Accountant

FINANCIAL DEFINITIONS

Added value
Net turnover minus material costs and forward invoiced disbursements for outwork.

Added value ratio
Added value in relation to net turnover.

Average number of employees
The number of employees at the end of each month divided by twelve.

Average number of shares
The number of shares at the end of each month divided by twelve.

Capital employed
Total assets less liquid funds and non-interest bearing liabilities.

Capital turnover rate
Net sales in relation to average total assets.

Debt/equity ratio
Interest-bearing liabilities less cash and cash equivalents in relation to reported equity, including non-controlling interests.

Dividend yield
Dividends in relation to average share price.

Earnings per share
Result for the year divided by the average number of shares.

EBIT
Earnings before interest and taxes; operating result.

EBITDA
Earnings before interest, taxes, depreciation and amortization; operating result plus depreciation, amortization and write-downs of intangible assets and tangible assets.

EBIT-multiple
Enterprise value divided by operating result.

Enterprise value
Market value plus net debt and minority shares.

Equity ratio
Equity, including non-controlling interests, in relation to total assets.

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 sales.

Operating result
Earnings before financial items; EBIT.

P/CE ratio
Share price at year-end in relation to EBITDA per share.

P/E ratio
Share price at year-end in relation to earnings per share.

Profit margin
Result after financial items in relation to net turnover.

Proportion of risk capital
Risk capital in relation to total assets.

P/S ratio
Share price at year-end in relation to net turnover per share.

Return on capital employed (ROCE)
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.

Risk capital
Equity plus deferred tax liabilities.

SPECIFIC TERMS

After-sales
Provision of services, support and spare parts after making an initial sale. This occurs for example in the provision of products which requires regular upgrades.

Digital print
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.

e-Commerce
Orders are made via Web shop platforms by end customers themselves. This includes cases where Elanders sells directly to consumers and where we are subcontractors to e-Commerce companies.

FMCG
Fast Moving Consumer Goods are products that are sold quickly and at relatively low cost. Examples include non-durable goods such as soft drinks, toiletries, processed foods and other consumables. FMCG have a short shelf life, either as a result of high consumer demand or because the product deteriorates rapidly.

Fulfilment
This term used to describe a number of steps in the process between production and distribution. They can include assembly, configuration, barcoding, packaging for end customers.

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.

Offset print
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.

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.

Outsourcing
Companies or organizations choose to let an external party handle an activity or a process. This activity or process is then said to be outsourced.

Packaging
A product manufactured to protect, handle, deliver and present an item.

Premedia
Our collective term for the work done before printing/publishing. The term includes layout, typography, image retouching and production of originals. In our world even other services are included such as: advertisement management, file management, quality assurance, printing plate production as well as database solutions for digital material.

Print-on-demand
With the help of high-speed printers printed matter can be produced as needed and in very small editions.

Reverse logistics
Normally, logistics deal with events that bring the product towards the customer. In the case of reverse logistics, the product goes back in the supply chain. For instance, goods move from the customer back to the distributor or to the manufacturer. The reverse logistics process includes the management of surplus equipment, returns as well as defective products including testing, dismantling, repairing, recycling or disposing the product.

Supply chain
The movement and storage of goods and or information from point of origin to end-users. Supply chain management can be defined as the design, planning, execution, control and monitoring of activities with the objective of creating net value, building a competitive infrastructure, leveraging worldwide logistics, synchronizing supply with demand and measuring performance globally.

Web-to-print (W2P)
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.

White-labeling
This is a concept that is the equivalent of private labeling where retailers sell products under their own brand (for example Coop, ICA, Tesco) although the items are produced by a supplier to them. White-labeling is based on the suppliers' perspective when they provide this kind of service.

BOARD OF DIRECTORS

CARL BENNET

Chairman of the Board.

b. 1951.
Elected in: 1997.
Education: Bachelor of Science (Econ.) Dr. Technol. h.c.
Appointments on the Elanders Board: Chairman of the nomination committee and remuneration committee.
Current appointments: CEO of Carl Bennet AB. Chairman of the board of Getinge AB and Lifco AB. Member of the board of Holmen AB and L E Lundberg-företagen AB.
Previous appointments: President and CEO of Getinge AB.
Shareholding through companies: 1,361,110 class A shares and 15,171,447 class B shares.

JOHAN STERN

Deputy Chairman of the Board.

b. 1951.
Elected in: 1998.
Education: Bachelor of Science (Econ.).
Appointments on the Elanders Board: Chairman of the audit committee and member of the remuneration committee.
Current appointments: Chairman of the board of HealthInvest Partners AB, Fädriften Invest AB, Harry Cullbergs Fund Foundation and Skanör Falsterbo Kallbadhus AB. Member of the board of Carl Bennet AB, Getinge AB, Lifco AB, Rolling Optics AB, RP Ventures AB, Swedish-American Chamber of Commerce, Inc. and Estea AB.
Previous appointments: Active within SEB's operations in Sweden and the US.
Shareholding: 80,000 class B shares.

ERIK GABRIELSON

Member of the Board.

b. 1962.
Elected in: 2012.
Education: Master of Laws.
Appointments on the Elanders Board: Member of the remuneration committee.
Current appointments: Lawyer, partner and member of the board of the law firm Vinge. Member of the board of Generic Sweden AB, Lifco AB, Rosengård Invest AB and Storegate AB as well as deputy in Lamiflex International AB.
Shareholding: None.






LINUS KARLSSON

Member of the Board.

b. 1968.
Elected in: 2014.
Education: Berghs School of Communication.
Appointments on the Elanders Board: Member of the remuneration committee.
Current appointments: Creative Chairman at McCann Global Brand. Member of the Board of the World Childhood Foundation and the Swedish-American Chamber of Commerce, Inc.
Shareholding: None.

CECILIA LAGER

Member of the Board.

b. 1963.
Elected in: 2009.
Education: Business Administration.
Appointments on the Elanders Board: Member of the audit committee.
Current appointments: Chairman of the board of Max Matthiessen Värdepapper AB and Sherpani Advisors AB. Member of the board of Dibs Payment Services AB, Knowit AB, Cinnober Financial Technology AB and Oniva Online Group Europe AB.
Previous appointments: CEO SEB Funds, Marketing Director Alecta.
Shareholding: 28,141 class B shares.

KERSTIN PAULSSON

Member of the Board.

b. 1963.
Elected in: 2007.
Education: Master of Science in Engineering.
Appointments on the Elanders Board: Member of the audit committee.
Current appointments: Managing director of Netsoft Lund AB. Member of the board of the Swedish Agency for Economic and Regional Growth.
Previous appointments: Head of Research and Development Kockums AB.
Shareholding: 2,333 class B shares.

ANNE LENERIUS

Member of the Board.

b. 1956.
Elected in: 2014.
Education: Business Administration.
Appointments on the Elanders Board: Member of the audit committee.
Current appointments: Chief Financial Officer of Carl Bennet AB. Chairman of the Board of Entercircle Konfektion AB.
Previous appointments: Group Controller at Ernström Holding AB. Finance Manager at JMS/Q Systemhydraulik AB.
Shareholding: 4,666 class B shares.

GÖRAN JOHNSSON

Member of the Board.

b. 1945.
Elected in: 2006.
Education: Elementary school and education within the trade unions.
Appointments on the Elanders Board: Member of the audit committee.
Current appointments: Chairman of the board of Calmando AB and Rådhusgruppen City AB. Member of the board of IQ-Initiativet AB and Stockholm Business Region AB.
Previous appointments: Chairman of the board of Sveriges Television AB. Chairman of the Swedish Metal Workers' Union. Deputy chairman of EKN.
Shareholding: 2,410 class B shares.

LILIAN LARNEFELDT

Employee representative.

b. 1950.
Elected in: 2009.
Education: College Diploma in Business Administration from Vasa Handelsläroverk.
Work: Inventory/Distribution.
Shareholding: None.

MARCUS OLSSON

Employee representative.

b. 1971.
Elected in: 2014.
Education: Upper secondary education.
Work: Printer operator.
Shareholding: None.

MAGNUS NILSSON

Member of the Board. President and Chief Executive Officer.

b. 1966.
Elected in: 2010. Employed in Elanders since 1999.
Education: Education in Graphic Technology, Design, Business Administration and Marketing.
Shareholding: 55,183 class B shares.

EIJA PERSSON

Deputy employee representative.

b. 1959.
Elected in: 2014.
Education: Higher Education Diploma in Informatics.
Work: Project manager IT development.
Shareholding: None.

MARTIN SCHUBACH

Deputy employee representative.

b. 1974.
Elected in: 2015.
Education: Upper secondary education.
Work: Prepare/Automation.
Shareholding: 200 class B shares.

GROUP MANAGEMENT

MAGNUS NILSSON

President and CEO.

b. 1966.
Education and background:
Employed since 1999. Education in Graphic Technology, Design, Business Administration and Marketing. Active within the graphic industry since 1987. Head of production Elanders in Hungary 2002. MD Elanders Berlings Skogs 2003–2005 and Elanders in China 2005–2009.
Shareholding:
55,183 class B shares.

ANDRÉAS WIKNER

Chief Financial Officer.

b 1971.
Education and background:
Employed since 2007. Master of Science in Business Administration. Auditor during 1997–2007. Approved Public Accountant 2004. Authorized Public Accountant 2005.
Shareholding:
3,499 class B shares.

KOK KHOON LIM

Head of Supply Chain Solutions.

b. 1956.
Education and background:
Employed since 2014. Bachelor degree in Electrical & Electronics Engineering and Master of Science in Industrial Engineering. More than 30 years of experience in world-class multinational corporations. Joined Elanders in connection with the acquisition of Mentor Media in 2014, where he was CEO.
Shareholding: None.

MARTIN LUX

Head of e-Commerce Solutions.

b. 1964.
Education and background:
Employed since 2012. Master in Electrical Engineering. 20 years experience within IT and e-commerce. Joined Elanders in connection with the aquisition of d|o|m and fotokasten in 2012, where he was CEO.
Shareholding: None.

KEVIN ROGERS

Head of Print & Packaging Solutions Asia.

b. 1969.
Education and background:
Employed since 1999. Further education qualifications in; Mathematics, English, IT, Production planning and a member of the Chartered Institute of Marketing. More than 25 years' experience in digital print technologies, sales and marketing strategy, optimising workflow and effective leadership. Joined Elanders in connection with the acquisition of Hindson Print in 1999, where he was digital print manager.
Shareholding: None.

AUDITORS AND NOMINATION COMMITTEE

THOMAS SHEEHAN

Head of Print & Packaging Solutions Americas.

b. 1960.
Education and background: Employed since 2012. Master in Business Administration (MBA) from Colorado State University and Bachelor of Arts (BA) in Economics, Business Administration and Computer Science from Coe College. 30 years of experience in delivering IT and graphic arts solutions to multinational clients. Joined Elanders in connection with the acquisition of Midland Information Resources in 2012, where he was CEO.
Shareholding: None.

PETER SOMMER

Head of Print & Packaging Solutions Europe.

b. 1957.
Education and background: Employed since 2007. Graphic engineer. Sole founder of Sommer Corporate Media. Joined Elanders in connection with the acquisition of Sommer Corporate Media in 2007, where he was CEO.
Shareholding: 674,333 class B shares.

AUDITORS

PricewaterhouseCoopers AB with the authorized public accountant:

Johan Rippe, b. 1968
Company auditor since 2008

Other appointments:
AB Volvo, Collector AB, Stena AB and Stena Metall AB

THE NOMINATION COMMITTEE

Carl Bennet
Chairman and contact, represents Carl Bennet AB, telephone: +46 31 741 64 00

Hans Hedström
CEO and responsible for owner matters in Carnegie Funds, telephone: +46 8 696 17 00

Britt-Marie Årenberg
Representative for the smaller shareholders

Nomination committee questions can be submitted by e-mail or post mail to:

valberedning@elanders.com

Elanders AB
Att: Nomination Committee
Box 137
435 23 Mölnlycke
Sweden

CONTACT ELANDERS

HEAD OFFICE

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Chief Executive Officer:
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WELCOME TO THE ANNUAL GENERAL MEETING

Shareholders in Elanders AB (publ) are welcomed to the company's Annual General Meeting Tuesday 28 April 2015 at 3 p.m., Gothia Towers, Mässans gata 24, Gothenburg, Sweden.

Shareholders who wish to participate in the Annual General Meeting must be inscribed in the register of the shareholders held by Euroclear Sweden AB no later than Wednesday 22 April 2015. Intent to participate must be reported by Wednesday 22 April 2015.

Shareholders who have nominee registered their shares must, through the services of a nominee, register their shares in their own name with Euroclear Sweden AB. This reregistering, which may be temporary, must be carried out after having requested it from the nominee no later than Wednesday 22 April 2015. This means that the shareholder must notify the nominee of this well in advance of this day.

Intent of participation can be made in writing to Elanders AB (publ), Box 137, SE-435 23 Mölnlycke, Sweden and please write "Annual General Meeting" on the envelope. It is also possible to notify via telephone +46 31 750 07 21, via e-mail arsstamma@elanders.com, or via the company website www.elanders.com.

Please include name, personal or organization number, address and telephone number, number of shares and, if applicable, assistants (no more than two), that will assist at the Annual General Meeting.

The Annual General Meeting will handle the matters stipulated in the articles of association together will any other business named in a separate summons.

Calendar

- *annual general meeting* – 28 April 2015
- *quarterly report* Q1 – 28 April 2015
- *quarterly report* Q2 – 14 July 2015
- *quarterly report* Q3 – 22 October 2015
- *year-end report 2015* – 27 January 2016

Distribution policy

Elanders' Annual Report is distributed to all shareholders that have not actively declined to receive a printed version. New shareholders are welcomed with their own copy of the Annual Report but it is possible to unsubscribe from future printed reports via Elanders' website or via e-mail: arsredovisning@elanders.com

It is also possible to download the Annual Report both in Swedish and English from Elanders' website. Those interested can via the website read Elanders' Annual Reports from the last ten years and order printed Annual Reports five years back.

PRODUCTION FACTS

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CLIMATE NEUTRAL ANNUAL REPORT

There have been tremendous developments concerning the environment in the past few years and ecolabeled printed matter has become standard. Elanders makes every effort to further this development. We do it for the environment, for our customers, for ourselves and for the future. Naturally this Annual Report is both Swan ecolabeled and FSC® labeled. It is also a climate neutral product.

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August Storck: page 31.

TRANSLATION

Camille Forslund.

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.