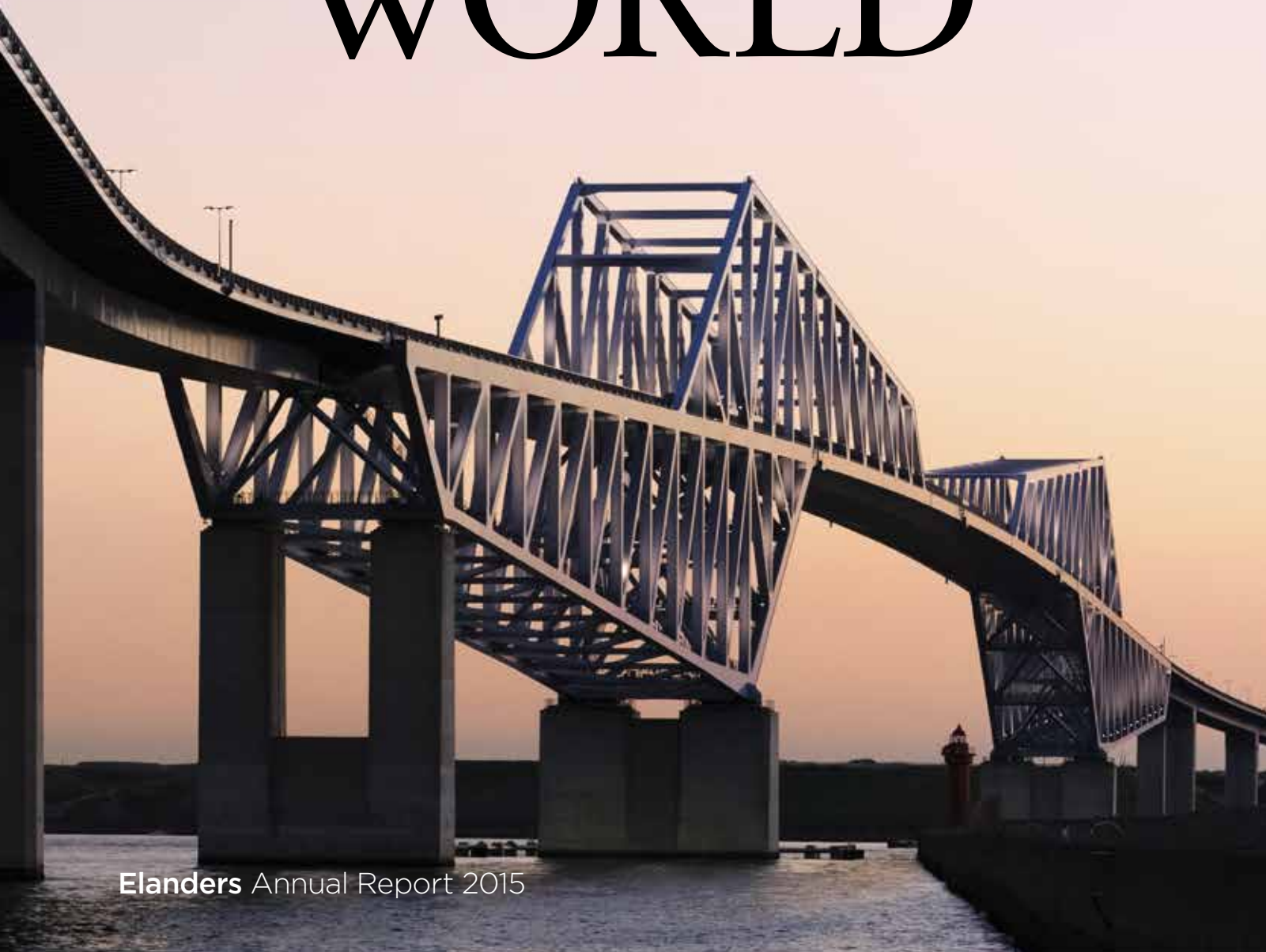


# WE SUPPLY THE WORLD



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USA

 **240** employees

 **4** locations

MEXICO

 **15** employees

 **1** location

BRAZIL

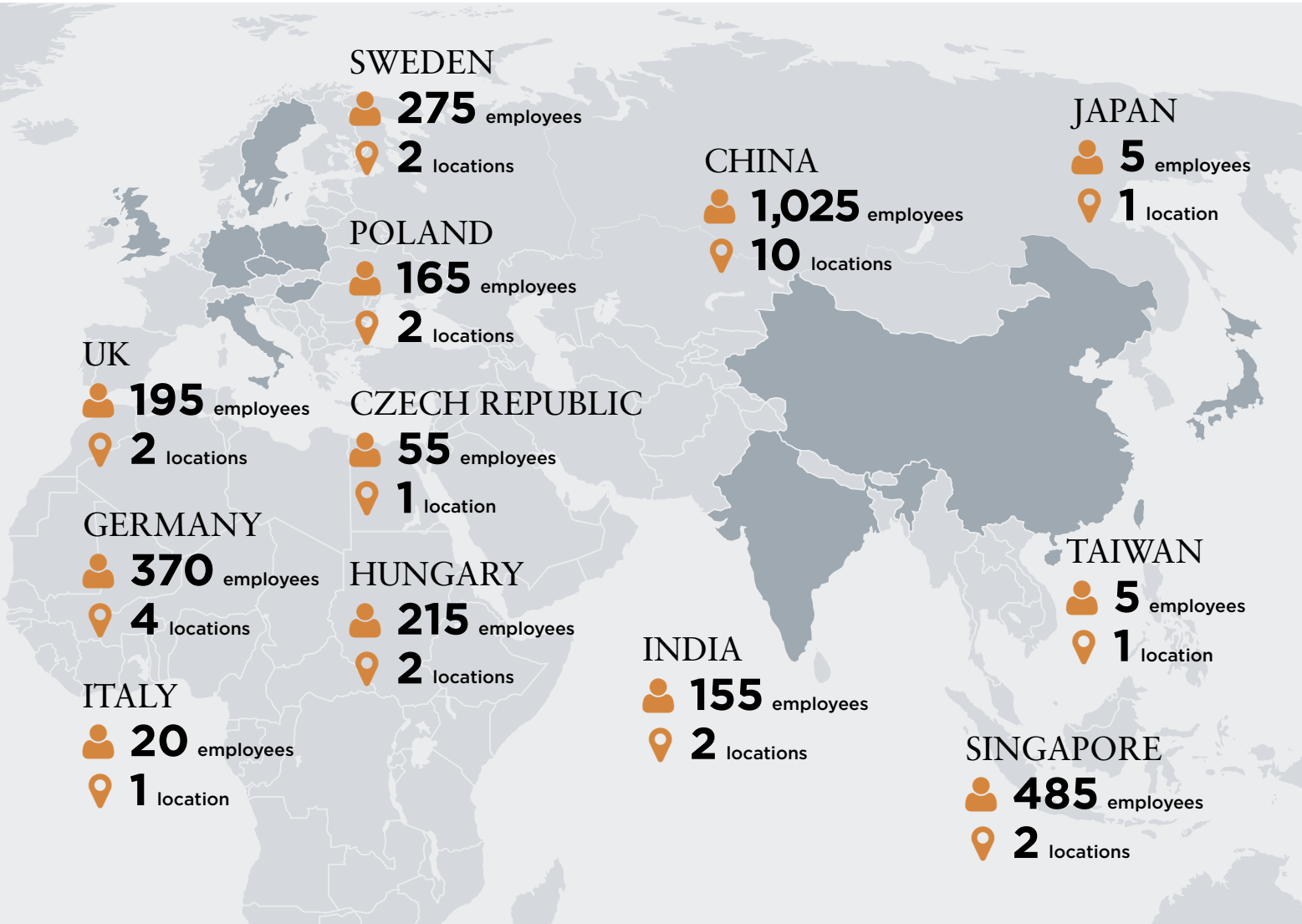
 **40** employees

 **1** location

*This is Elanders*

# GLOBAL SOLUTIONS

Elanders offers global integrated solutions in the areas supply chain management, print & packaging and e-commerce. Elanders can take an overall responsibility for complex and global deliveries encompassing procurement, warehousing, configuration, production and distribution. Our offer also includes order management, payment solutions and after sales services for our clients. Elanders' major customers are companies in the automotive, consumer electronics and white goods industries.



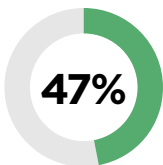
## OUR INTEGRATED OFFER



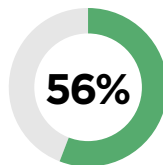
### SUPPLY CHAIN SOLUTIONS

Elanders is specialized in effectively managing global product, component and service flows with very short lead times. Payment solutions, real time information and detailed statistic reports are a central part of our offer.

Share of net sales



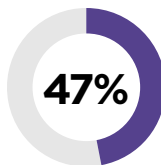
Share of operating result



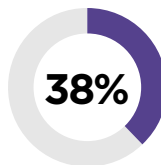
### PRINT & PACKAGING SOLUTIONS

Elanders offers cost-efficient and innovative solutions that meet our customers' needs for printed matter and packaging, both locally and globally. The company has developed advanced ordering platforms that make the process from order to delivery more efficient and enable customized delivery alternatives.

Share of net sales



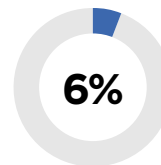
Share of operating result



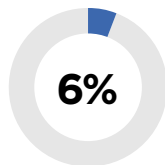
### E-COMMERCE SOLUTIONS

Elanders has gained a significant position on the European e-commerce market and is one of the leading players in photo books and personalized photo products. Our business is run through both our own brands in direct contact with end customers and through different kinds of white label solutions for other brands.

Share of net sales



Share of operating result



**SERVICES** • Global Order Management • Sourcing & Procurement • Custom Configuration & Management • Warehouse & Inventory Management • Print • Packaging • Fulfillment & Distribution • Returns Management & Refurbishment • e-Commerce

# 2015 IN SUMMARY

In 2015 we gained new success for our integrated offer with organic growth of close to nine percent in Supply Chain Solutions. Despite lower volumes in general on the market Print & Packaging Solutions reported a definite improvement compared to last year in its result and margin. Our third business area, e-Commerce Solutions, ended the year with a strong fourth quarter after three relatively weak ones.

Compared to the same period last year net sales increased by MSEK 506 to MSEK 4,236, i.e. 14 percent. The increase is primarily due to the development of the US dollar. If constant exchange rates were used net sales decreased by one percent. Sales in business area Print & Packaging Solutions decreased by six percent but this was compensated by organic growth of nearly nine percent in Supply Chain Solutions.

The operating result increased to MSEK 292 (175), corresponding to an operating margin of 6.9 (4.7) percent. Exchange rates have had a positive impact on profit of about MSEK 43 but since most of our interest costs are in USD and EUR this effect has been somewhat reduced in the net result. The operating result was charged with one-off items of MSEK -16 (-42) primarily due to write-downs of unused machines in Asia as well as the acquisition of Schmid Druck, a niched packaging company in Germany. One-off items in 2014 refer primarily to the cost of restructuring the Swedish operations of Print & Packaging Solutions.

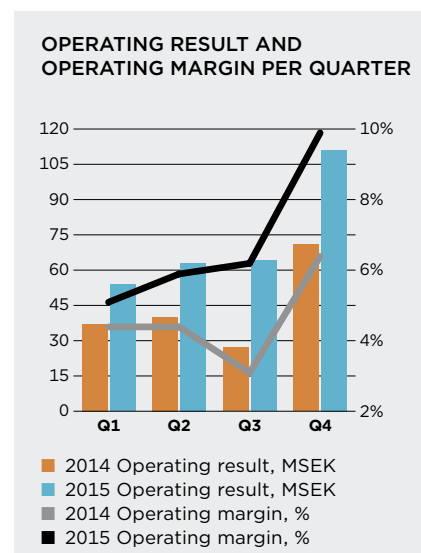
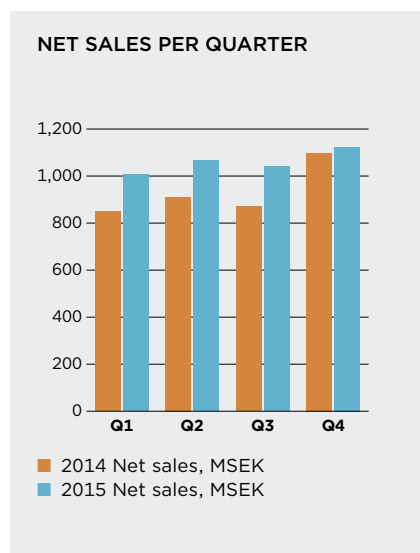
# 14%

Net sales increased by 14% in 2015.

## THREE YEAR OVERVIEW

	2015	2014	2013
Net sales, MSEK	4,236	3,730	2,096
Result after financial items, MSEK	259	140	102
Result after tax, MSEK	175	88	70
Earnings per share, SEK	6.58	3.48	2.99
Cash flow from operating activities per share, SEK	10.13	6.42	5.48
Equity per share, SEK	56.11	50.82	44.39
Dividend per share, SEK	2.20 <sup>1)</sup>	1.10	0.78
Operating margin, %	6.9	4.7	6.2
Return on total assets, %	8.2	5.9	5.6
Return on equity, %	12.1	7.4	7.0
Return on capital employed, %	12.6	8.7	7.7
Debt/equity ratio, times	0.5	0.7	0.7
Equity ratio, %	42.0	37.8	42.2
Average number of outstanding shares, thousands	26,518	25,204	23,395

<sup>1)</sup> Proposed by the Board.



## BUSINESS AREA DEVELOPMENT IN 2015

### SUPPLY CHAIN SOLUTIONS



The positive trend has continued in business area Supply Chain Solutions. The business area grew organically in 2015 and the operating margin improved as well. The operating result for the business area during the period was boosted by a strong dollar against the Swedish krona as most of its business is conducted in this currency. Otherwise focus has been on developing relations with current customers and creating new business with both new and existing customers that includes services from all our business areas.

### PRINT & PACKAGING SOLUTIONS



As in previous years the market for business area Print & Packaging has been characterized by tough price pressure, contracting total volumes and overcapacity. Some of the Group's largest customers are active in mining and construction and fewer orders from these industries has also had a negative effect on sales. Despite this, several units in the business area produced significantly better numbers, particularly Print & Packaging Europe. The effects of the structural measures taken during the fourth quarter of 2014 in the Swedish operations are apparent in the result. In combination with carefully selected volumes this has led to a noticeable improvement in the result and margin. Print & Packaging Asia has continued to struggle with diminishing demand from one of its larger customers which has had a negative effect on net sales and the result.

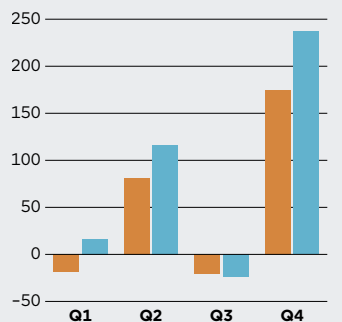
### E-COMMERCE SOLUTIONS



The business area has substantial seasonal sales variations and the fourth quarter is by and far the strongest. Normally nearly all revenue for the year occurs in this quarter which was the case this year as well. After three relatively weak quarters a very strong recovery in the fourth quarter led to a good result for the entire year of 2015.

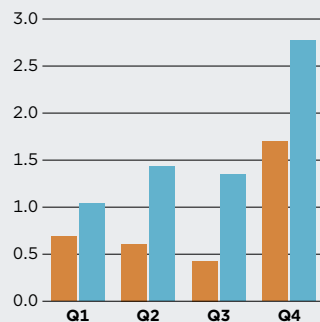
A substantial consolidation has occurred on the European market in 2015 and several players have been bought up. The competitors Cimpress (Vistaprint) and Photobox are two players that have taken an active role in this consolidation.

OPERATING CASH FLOW EXCLUDING ACQUISITIONS PER QUARTER



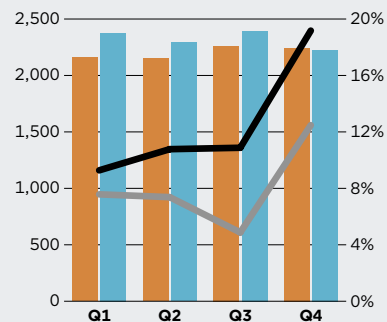
■ 2014 Operating cash flow, MSEK  
■ 2015 Operating cash flow, MSEK

EARNINGS PER SHARE PER QUARTER



■ 2014 Earnings per share, SEK  
■ 2015 Earnings per share, SEK

RETURN ON CAPITAL EMPLOYED PER QUARTER



■ 2014 Capital employed, MSEK  
■ 2015 Capital employed, MSEK  
■ 2014 Return on capital employed, %  
■ 2015 Return on capital employed, %



*CEO interview:  
Magnus Nilsson*



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“

We continued to develop our global business and today almost all our operations in the countries where Elanders is represented offer our complete range of services.

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# AN INTEGRATED OFFER PROVIDES GOOD GROWTH OPPORTUNITIES

Elanders' success in business area Supply Chain Solutions continued and once again the business area reported a strong result that clearly exceeded expectations. e-Commerce Solutions made a good recovery in the fourth quarter and Print & Packaging Solutions improved its result in a shrinking market after the extensive savings plan implemented in 2014. Elanders has further strengthened its position through consolidation and acquisitions as an integrated, comprehensive supplier on the world market.

**Q Magnus Nilsson, CEO of Elanders, how would you summarize the year for the Group?**

**A** "2015 was another strong year for Elanders. Net sales went up, cash flow continued to be strong and our result clearly exceeded expectations. We continued to develop our global business and today almost all our operations in the countries where Elanders is represented offer our complete range of services. The structural measures we took last year had the expected result and we have continued optimizing operations."

**Q During just a few short years Elanders made a major transition from global graphic company to one of the world's foremost supply chain management companies. What does your global business look like now?**

**A** "Thanks to the acquisition of Mentor Media at the beginning of 2014 we currently have a strong position in

Asia with our supply chain management services. Print & Packaging Solutions is our main business area in Europe and we have a better mix of all of our services in North and South America."

"In 2015 we have, among other things, made changes in our operations in São Paulo, Brazil. The former print and packaging facility will also offer supply chain management services and we have thereby strengthened our integrated offer in South America as well."

**Q The Group result for the year exceeded expectations reporting an operating result that was clearly better than last year. What do you think about that?**

**A** "Once again Supply Chain Solutions had a very positive development with organic growth and a substantially better result than last year. We continue to grow with our existing customers. This, combined with accelerating new sales, is the driving force behind the good develop-

## ABOUT MAGNUS NILSSON

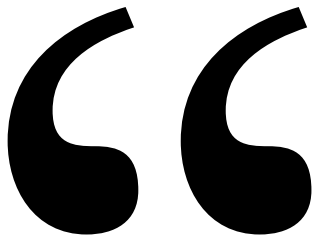
**Age:** 49.

**Family:** Wife and three children.

**Education:** Graphic technology, design, business administration and marketing.

**Career:** Active within the graphic industry since 1987. Started at Elanders as a business developer in 1999. Head of Production at Elanders in Hungary 2002. MD of Elanders Berlings Skogs 2003-2005 and Elanders in China 2005-2009. President and CEO of Elanders since June 2009.

**Leisure time:** Prioritizes his family, likes to exercise and often reads books.



**When we control the whole supply chain we make things simple for our customers and provide an extremely competitive service.**

ment in our result. Print & Packaging also bettered its result from last year as a consequence of the structural measures we took in Swedish operations in 2014. We were successful in winning market shares and expanding our customer offer, which is quite a feat considering the shrinking demand for printed matter. During the first three quarters e-Commerce Solutions had a somewhat lower result than in previous years but it recovered well in the fourth.”

“All in all the operating result for the Group improved by 67 percent and landed at MSEK 292. Our operating cash flow was strong during the year. This is something we have worked actively to achieve in the past few years, among other things, by optimizing our investments and consolidating our production capacity. We have also succeeded in reaching our long-term goal of maintaining the ratio of net debt in relation to a rolling twelve-month EBITDA under 3.0 percent. At the end of the year the ratio was 1.7 percent. This is very positive considering the size of the Mentor Media acquisition in 2014.”

“With a 13 percent return on capital employed in 2015 we even exceeded our strategic goal of at least a 10 percent yield.”

**Q Elanders deliver solutions that cover a variety of services in many different countries. Are there any clear synergy effects and how important are they for the company?**

**A** “The synergy effects are evident to both us and our customers. Naturally there is the advantage of size where larger volumes mean better terms for customers but being able to coordinate production and develop new services is also a plus. Elanders’ integrated offer makes it easier to create organic growth and save money for our customers since it is a comprehensive offer that combines advanced supply chain management services with the production of packaging and other printed matter. When we control the whole supply chain we make things simple for our customers and provide an extremely competitive service.”

**Q Acquisitions are an important part of your growth strategy. What is your perspective on this in times of a weaker global economy?**

**A** “We have a clear idea about how we want to grow and develop, both organically and through acquisitions. We are always on the lookout for companies that might be able to accelerate the development of our integrated offer but at the same time we are careful and wait for the right opportunity. We acquired the German niched packaging company Schmid Druck in December 2015. We expect to make further acquisitions in supply chain, preferably a well-established business in Europe or North America.”

**Q What has highest priority in 2016?**

**A** “We are definitely going to continue our work to establish our integrated offer globally and create added value business in order to grow organically.”

“One measure we have taken to achieve this is the creation of a special team whose job is to sell and develop our integrated solutions that include all Elanders’ three business areas. Although this is primarily intended to boost expansion of our current offer to customers we already have, it can lead to creating completely new business and open up for new segments. Most of our customers are in the consumer electronics and automotive industries or in some other kind of manufacturing but during the year we worked

with projects in, for example, Life Science. In 2015 we initiated a number of meetings with customers which resulted in several ongoing projects based on our integrated offer.”

“Selling our integrated offer requires senior resources and I myself along with the business area managers are very involved participants. The sales cycle for this kind of project is long and usually takes longer than expected but in 2015 we started up several strategic discussions which we look forward to continuing in 2016.”

**Q What do you think is needed to strengthen your integrated offer in 2016?**

**A** “A strategic acquisition in supply chain management in Europe or the US would make it possible to speed up our development and further strengthen us. We are going to make some offensive investments that will create a platform for organic growth. As far as traditional investments in production equipment are concerned we will continue to be disciplined and keep them on the current low level. I believe we can maintain our rate of development by continuing to optimize and consolidate production units and thereby confine this kind of investments as in previous years.”

**Q How do you see Elanders today and what do you hope for in 2016?**

**A** “Elanders has a completely different position today than it had six years ago when 95 percent of our business was printed matter on a declining market. We have successfully transformed into a global supplier of integrated solutions.”

“We have also dramatically expanded our customer base and initiated a large number of strategic discussions while increasing our global business.”

“I am very pleased with the performance of all our employees in 2015 which has led to a very good result. My hope is that several of our ongoing discussions with customers will result in new business in 2016. I am confident we are well-equipped to continue our work on developing a global, integrated Elanders in 2016.”



# GLOBAL STRATEGIC PARTNER



Elanders contributes to developing our customers' business and improving their competitive power. The Group's overall goal is to be a leader in global solutions in supply chain, print & packaging and e-commerce with a world class integrated offer. We ensure this by continuously developing our existing business and complementing it with strategic acquisitions. By fulfilling the long-term financial goals of the Group we create the prerequisites for growth and development.

## STRATEGIES

Elanders' strategies help the Group to accomplish its overall goal to be a worldwide leading partner with an integrated offer for global solutions in supply chain, print & packaging and e-commerce.

### DEVELOP LOCAL CUSTOMERS WITH GLOBAL NEEDS TO GLOBAL CUSTOMERS

Elanders grows and develops with our customers. Our global business often evolves by building up good relationships through providing good solutions for local needs that customers then implement globally. In order to increase global solution sales Elanders will work systematically with developing our existing customer base in each segment and spot local customer with global needs. The Group's global customers may also have local needs that we should identify and develop to augment local deliveries.

### 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, joint product planning, flexible pricing and making organizational adjustments.

### ACQUIRE BUSINESSES 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 businesses that have the potential to increase sales, broaden our customer base and complement our offer. Acquisitions are particularly prioritized in supply chain where we look to broaden our range and in e-commerce where we would like to complement our offer.

## BUSINESS CONCEPT

**Elanders' business concept is to be a global strategic partner to its customers in their work to streamline and develop their business critical processes.**

# 10%

Return on capital employed of at least 10 percent.

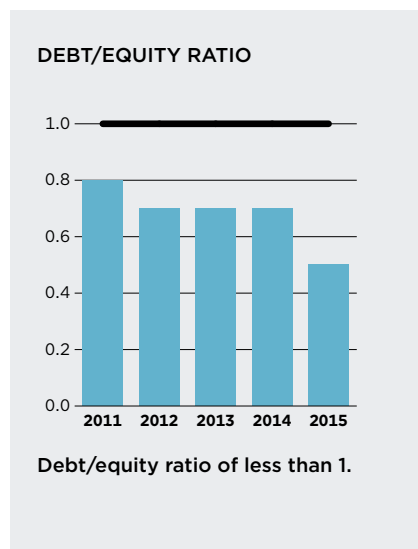
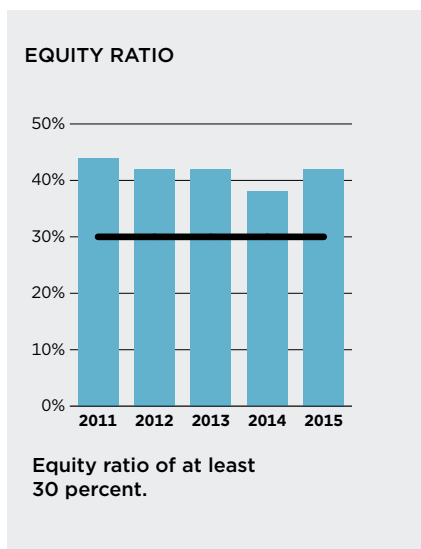
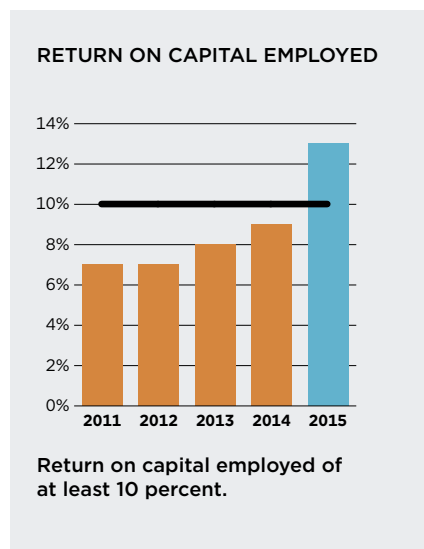
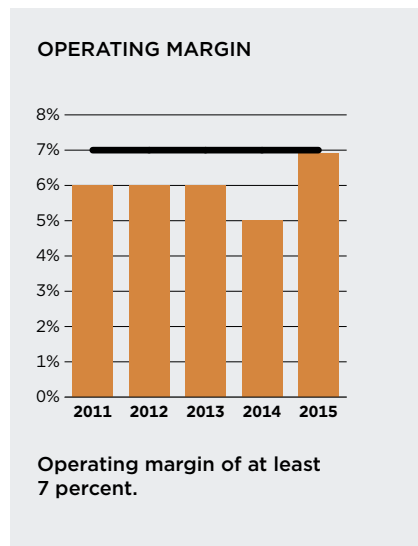
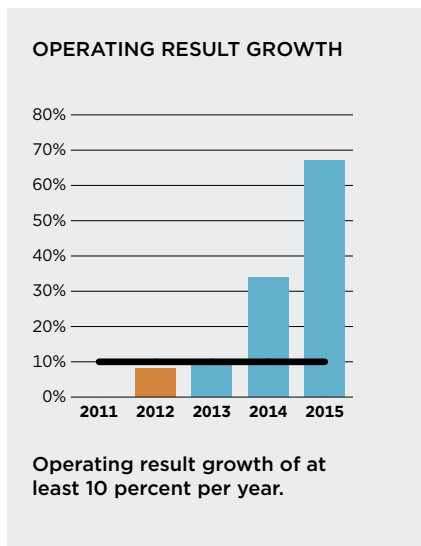
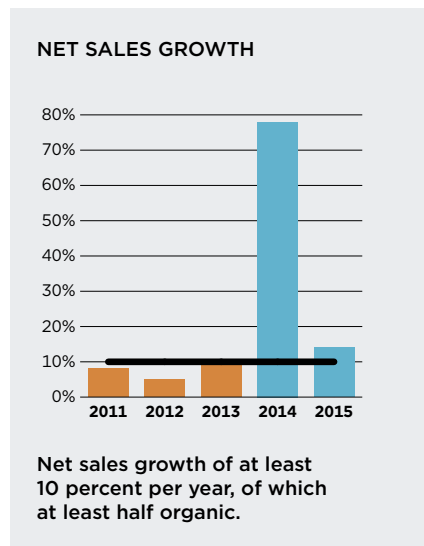
# 30%

Equity ratio of at least 30 percent.

# <1

Debt/equity ratio of less than 1.

## FINANCIAL GOALS



# GROWTH THROUGH ACQUISITIONS

The Elanders Group has grown into a worldwide company through a long series of acquisitions and our strategy to grow through acquisitions continues to be a high priority. Our focus is on finding acquisitions that can help to strengthen our integrated offer and branch out into new industries and markets.

In the last 20 years Elanders has made a number of strategic acquisitions of companies that all contribute to developing or complementing existing operations through new customer groups, geographic markets or greater capacity. In the past few years our acquisition activities have been primarily focused on strengthening our integrated offer and branching out by including new industries and marketing areas as well as by growing in particular segments such as specialized packaging.

We will probably make further acquisitions in supply chain areas to broaden our customer base and reach new markets. We are particularly interested in companies with established operations that strengthen and complement Elanders' global offer,

mainly in Europe and Northern America, and that have customers that need a partner in Asia. Our highest priority is on companies with a strong customer base outside of the consumer electronics industry in order to lessen Elanders' dependence on it.

#### **Synergy effects with acquisitions**

The most obvious synergy is often the coordination of common functions and productions in acquired objects. At the same time an active information exchange in the Group can lead to long-term cross-sales, more profound customer relations and, as a result, a stronger brand.



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#### **ACQUISITION CRITERIA**

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

- Adds new attractive customer segments or supplements the customer base with valuable, unique customers.
- Complements and strengthens existing business with new geographic markets.
- Adds new offers, products and services.
- Is a good deal in the long-term on its own or generates material synergies.
- Increases profit per share pro forma.





# OUTSOURCING INCREASES DEMAND FOR ELANDERS' SERVICES

The market is at the dawn of a new era where globalization, increased e-commerce and digitalization strongly impact developments. Intense competition, price pressure and shorter product life cycles have forced companies to outsource major parts of their production and supply chain to external players in order to focus on their core operations.

#### **Effective supply chain creates competitive advantages**

With the enormous range of products available many companies active in today's information society are encountering both tougher competition and more knowledgeable and well-informed consumers. As a result the total customer experience has become a crucial element in protecting and developing products and brands. The marketing message concerning products and services cannot be realized unless deliveries and customer satisfaction live up to the purchaser's expectations. Properly designed and executed well, efficient supply chain services can create decisive competitive advantages and have therefore become an important competitive tool.

#### **A growing market**

Just like the graphic industry the supply chain market has been strongly influenced by access to the Internet and the ability to send information electronically. The demand for supply chain services grows steadily, mainly because there is a growing middle class that demands more mobile consumption goods which means expanding e-commerce. By outsourcing these services companies can better guarantee

deliveries while not having to tie up capital in plants, personnel and systems. It also lets them concentrate more on their core business processes like product development, production and marketing.

Supply chain has developed rapidly, particularly on the Asian market where most of production takes place today. The high number of outsourced production units in the region has created a need for the coordination services that Elanders offers. The consumer electronics and automotive industries have been on the forefront of this development for a long time and they are now the leaders. Many companies in these industries outsource large parts of their operations.

#### **The future supply chain is sustainable**

The global challenges that come with creating a sustainable society are enormous. Higher demands on reduced emissions, lower energy consumption, traceability, recycling and reduced traffic on roads will soon bring the problems with our present structures to a head and future supply flows must change from the ground up to comply with sustainability demands. Industries will be forced into far-reaching cooperation to meet sustainability demands. The transparency between

suppliers, customers and even competitors has to grow since a sustainable society needs coordinated production and storage, joint distribution and a much greater exchange of information. These demands will vastly increase the complexity in supply chains and this will require even more of intelligent IT solutions, traceability and control.

A reasonable conclusion is that as the focus on sustainable development increases in the future the demand for external supply chain solutions will grow as well.

### Competition

The greatest competition in supply chain is still in the customers' own solutions where the companies themselves develop operations locally or in low cost countries. There are also some that use local companies that offer parts of an integrated supply chain solution. Only a few of our competitors can offer comprehensive global solutions, such as Arvato Bertelsman in Germany and ModusLink as well as RR Donnelley in the USA.

### Printed products – product development in order to counter the price war

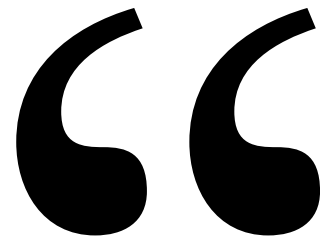
Volumes continue to shrink on the global market for printed products even if packaging volumes have risen somewhat.

Product development and continuous development of offers around print and packaging are essential to finding niches or business with better margins. Profitable niches with less competition can be found in areas where there are high demands on capacity and know-how, or where solutions are a part of an integrated offer. Interesting market segments are, for instance, in comprehensive global solutions for chassis unique manuals in the automotive industry, personalized packaging for the candy industry, luxury packaging and after sales information in the home electronics market.

### Photo products – growing market that faces changes

The market for personalized photo products is expected to continue to grow since the use of these services has not yet reached broad consumer groups or all markets. The market is mainly driven by the growing use of mobile phones for photography and by the fact that the technology is more accessible when it is adapted to smart phones and tablets through apps. The photo book markets in Europe and the USA are estimated to amount to USD 662 and 979 million in 2016.

In the past few years the market has gone through a consolidation phase.



**Properly designed and executed well, efficient supply chain services can create decisive competitive advantages and have therefore become an important competitive tool.**

Smaller local companies have been acquired by a few larger international players that dominate the business such as Cimpres, Photobox and Shutterfly. This is due to high marketing costs and the large investments required to keep the platforms competitive.

## MARKET TRENDS

### SUPPLY CHAIN



**Outsourcing** Increased outsourcing creates a demand for efficient supply chain services. The automotive industry and global companies in the consumer electronics industry have been outsourcing a large part of their operations for a long time in order to focus more on product development, production and marketing and other industries are following in their footsteps.

**Environment** Demands for manufacturers to reduce their environmental impact are being made from all sides. Effectively managing supply chains contributes to lower consumption of resources and energy, both in 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.

### PRINT & PACKAGING



**Environment** Even if packaging is often seen as harmful when it comes to the environment the right packaging can reduce environmental impact. For instance, better packaging can contribute to discarding less food. This, in turn, reduces the need of food production and this is good for the environment.

**Inbuilt traceability** Nanotechnology and electronic print are growing as inbuilt traceability becomes a requirement, especially in pharmaceuticals to fight pirate copies. Even the food industry is interested in being able to show and trace the origin and authenticity of a product.

**Digitalization** The industry is in the process of a radical transformation now that information has become electronic. Printed offset editions decrease while personalization and digital print are on the rise.

**More commerce** More e-commerce means a greater need for packaging goods to consumers.

### E-COMMERCE



**The use of mobiles** Consumers' growing mobility has changed buying patterns and had a positive effect on e-commerce. More and more transactions are initiated via a mobile or tablet outside of the home. Players on the e-commerce market must constantly work on their offers and be present in the channels relevant for their target groups.

**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.



*Our integrated offer*



# INTEGRATED OFFER

Elanders offers different products and services necessary for a product to reach the end consumer. Our offer comprises everything from a comprehensive responsibility for complex and global deliveries including purchasing, configuration, production, picking, distribution, payment solutions and after sales services to producing single printed matter and packaging. In addition to the B2B offer the Group also sells photo products directly to consumers via our own brands fotokasten and myphotobook.

## SERVICES

### Global Order Management

Elanders' global network of fulfillment and distribution hubs enables our clients to deliver a variety of B2B and B2C products in the most time sensitive and cost effective manner. Our global fulfillment services are strategically located to take advantage of product postponement opportunities in region with the ability to focus on manufacturing areas for distribution.

### Sourcing & Procurement

Elanders provides a collaborative solution for its customers that place a total supply chain perspective in their procurement processes. Our cross functional collaboration with clients and suppliers will produce an effective sourcing strategy that results in substantial cost savings while also achieving lean manufacturing or inventory management goals.

### Custom Configuration & Manufacturing

The new supply chain paradigms that are emerging globally require regional capabilities that include various final touch manufacturing services. We are equipped to undertake all manufacturing processes, from simple packaging of semi-finished products, to complicated testing and assembling of high-technology products.

### Warehouse & Inventory Management

Elanders help customers identify where costly inventory and warehouse space can be reduced. We are able to provide optimum solutions by managing both components and finished goods according to each customer's individual requirement.

### Print

We offer cost-efficient and innovative solutions that meet customers' needs for printed material both locally and globally. Elanders has developed advanced, user friendly and Internet-based order platforms that streamline the process of order to delivery and enable print-on-demand, sequenced and just-in-time deliveries.

### Packaging

The management of packaging in the supply chain has always been a critical component in the ability to achieve a lean manufacturing process. From high end rigid board boxes for luxury packaging to cost effective CPG needs for direct retail distribution, Elanders offers are a perfect fit across all industries.

### Fulfillment & Distribution

Through our global network of fulfillment and distribution hubs we are able to offer our customers an efficient and fast way to markets around the world. We offer both simple Pick, Pack & Ship solutions as well as highly complex fulfillment services.

### Returns Management & Refurbishment

Elanders' Returns Management Solution streamlines the process for manufacturers and distributors to increase the efficiencies and increase the value of returned assets. Elanders' solution covers all parts of the returns process from receipt, inspection, testing, potential refurbishment and ultimate disposition of the assets per individual program requirements.

### e-Commerce

E-Business is a vital element and key driver in all aspects of supply chain services. Elanders provides a custom solution that enables it clients to gain global visibility across their extended network of trading partners and help them respond quickly to a range of variables, from customer demand to resource shortages.

# AN INTEGRATED OFFER GENERATES SYNERGY GAINS

Elanders is one of the leading companies worldwide in global comprehensive solutions in supply chain focused on consumer electronics. Our business developed after the acquisition of Mentor Media in Singapore 2014 which provided the Group a solid platform in Asia. Our operations are run on four continents with several large distribution hubs located strategically in countries such as China, Singapore, India and the USA.

### **The complex supply chain**

Supply chain management is managing and optimizing the flow of goods, money and information between manufacturer and end customer. Supply chain is a channel for flows of supplies or flow economy which is the flow of everything from raw material and components to money, goods or information from supplier to end customer linking every step in production. Many different players work together directly or indirectly to deliver an ordered product.

Elanders offers its customers comprehensive global solutions in supply chain. They include the handling of everything from receiving orders, procurement, purchasing and inventory management to configuration, manufacture and delivery. Elanders also handles payment flows, synchronizing purchasing and inventory with demand and after sales service for global logistics solutions, as well as handling returned or damaged goods. Elanders often works within a tight timeframe but still must meet industrial standards and regulations. In addition, more and more stringent environmental demands heighten the complexity of the support chain which, in turn, requires more specialist knowledge.

Efficient management of supply chain involves an extensive exchange of information between all interested parties: consumers, suppliers, manufacturers, logistics service suppliers, distributors and retailers. A credible offer in supply chain management has to include advanced solutions for electronic data interchange (EDI) between the supply chain management company and customers' business systems.

Elanders has developed advanced IT systems that enable individual solutions adapted to the unique needs of each customer. The systems can be integrated with the customers' business systems and be linked to e-commerce platforms for handling customer service and after sales service.

An effective supply chain is a competitive edge and crucial to the survival of any company in production, particularly in a global economy.

Graphic services such as printing manuals, labels and packaging for the products and components that customers produce are an essential part of a supply chain management offer.

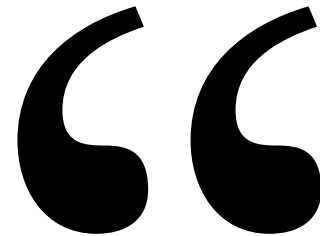
### **Innovative printing services and customized packaging**

Elanders has been active in the traditional graphic industry for over 100 years. Today the Group offers cost-efficient and innovative solutions that fulfill customers' needs for printed material and packaging, locally and globally. Elanders has developed advanced, user-friendly and internet-based ordering platforms that streamline the process from order to delivery and enable customized just-in-time or sequence deliveries.

Elanders is one of the few companies in the graphic industry that can offer multinational customers comprehensive global solutions that include printed matter, packaging and other related services such as kitting and packaging.

### **E-commerce solutions for photo products**

In just a few years Elanders has become one of the leading European players in the personalized photo products market. The services are marketed under three brands: fotokasten, myphotobook and dlolm. fotokasten and myphotobook are primarily aimed at consumers and with the help of dlolm's e-commerce solutions they provide a broad selection of photo products such as photo books, calendars, presents and interior design items. At present most of Elanders' sales are to consumers. To increase the number of business customers substantial investments are being put into developing technical platforms for sales to other companies. For instance, dlolm also offers so-called white label solutions allowing other companies to sell parts of Elanders' range of photo products under their own brand. Elanders is responsible for the entire order flow, the production process and the delivery while the brand owner is responsible for marketing and sales. One of the largest retail chains in Europe is among our white label customers.



**An effective supply chain is a competitive edge and crucial to the survival of any company in production, particularly in a global economy.**

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### **Synergies in practice**

Elanders' sales are generated in several different areas on many markets around the world. Each business area is strong in itself but together they are formidable, and not only financially. Some services overlap and when we coordinate things like production we gain from synergies. Shared customer care, cross sales and working together on ordering platforms and IT solutions are also evident synergies. One very apparent and significant synergy is the printing volumes that the two other business areas generate in Print & Packaging Solutions. Synergy gains are also generated from the fact that our operations can profit from immaterial values that are created in the exchange of skills and experience, marketing presence, branding and the network that come with being part of a global group.



## NOTES



We are well-equipped to continue our work on developing a global, integrated Elanders in 2016.

Magnus Nilsson, CEO



### PRAISED PHOTO BOOK SITE

Elanders' photo book site fotokasten is one of the leading brands on the German market. In 2016 fotokasten won the award for one of the best e-commerce sites from the German institute for service quality and also won the category "Independent photo retailer".

### PROFITABILITY X 2

According to a PwC survey, companies that early on invested in developing their supply chain are twice as profitable compared to companies that did not.

Source: PwC, "Management of distribution chains", 2012



# 1,066,568

In 2015 Elanders produced 1,066,568 photo books/calendars.

### ZALALÖVŐ, HUNGARY

Today Elanders' company in Hungary has 215 employees and is one of the most modern plants of its kind in Eastern Europe.



### HIGH DEMANDS ON PACKAGING FOR MOBILE ACCESSORIES

Elanders has global brand customers such as mobile accessory manufacturers with products that require high quality packaging and seals to meet retailers' standards.

Elanders offers Blister Packaging and Clam Shell Packaging with serial number to guarantee the traceability of each product as well as Radio Frequency sealing.

The goods are packaged as finished products ready to be sold in stores. The plant in Chennai, India, has the capacity to produce 10 million packages annually.

# 1,641,000,000

The value of the photo book market in 2016 in Europe and the USA is estimated at USD 1,6 billion.





Elanders' integrated offer makes it easier to create organic growth and save money for our customers since it is a comprehensive offer that combines advanced supply chain management services with the production of packaging and other printed matter.

Magnus Nilsson, CEO



**127** Elanders delivers to 127 countries from our hubs in Orlando (USA), Brno (the Czech Republic), Shanghai (China) and Singapore.

**35,000** Around 35,000 pallets are handled every month at Elanders' distribution center in Singapore.



**A BIG IMPRESSION WITH SMALL DEPRESSION**

Elanders offers both eco-labeled and climate neutral printed matter.

**BEIJING, CHINA**

The business in Beijing started in 2005 when Elanders, as supplier, chose to follow one of our major customers when they moved their production from Europe to China. Today it has more than 300 employees.



**CENTRAL COLLEGE NOTTINGHAM**

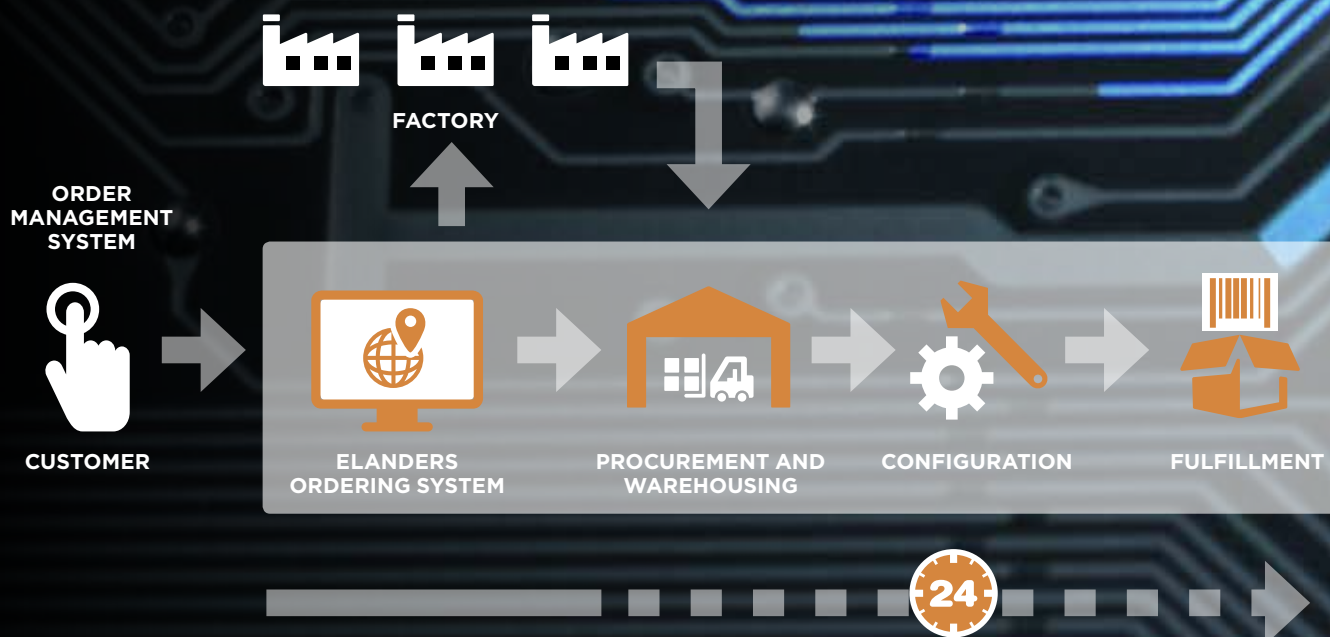
When you want more concrete results and be able to measure the effect of your printed matter digital print is the ideal solution. Since it enables data collection the effect of the printed item becomes measurable and that is how Elanders helped Central College Nottingham. With the use of specially designed software in combination with state-of-the-art digital print presses the college changed its generic course guides to personalized prospectus and this, in turn, enabled a more structured and completely customized recruitment process for each individual.

**30,000**

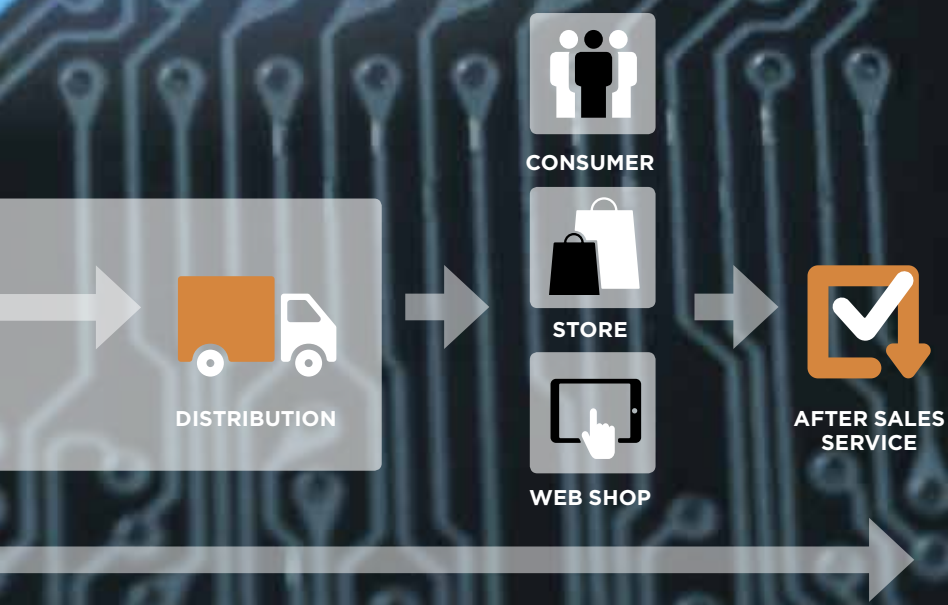
Each year Supply Chain Solutions handles about 30,000 different product groups.

# FROM ORDER TO END CUSTOMER

Each month Elanders' distribution center in Singapore handles over a million products. Our primary customers are global companies in home electronics. Elanders receives a constant order flow through a customer's business systems and e-commerce platforms that generates orders to different product and component manufacturers. Updated information is sent in real time to the customer. Before they are sent to the orderer Elanders configures and assembles the products and packs them together with accessories tailor-made for each country along with printed manuals in the correct language. All this within 24 hours.





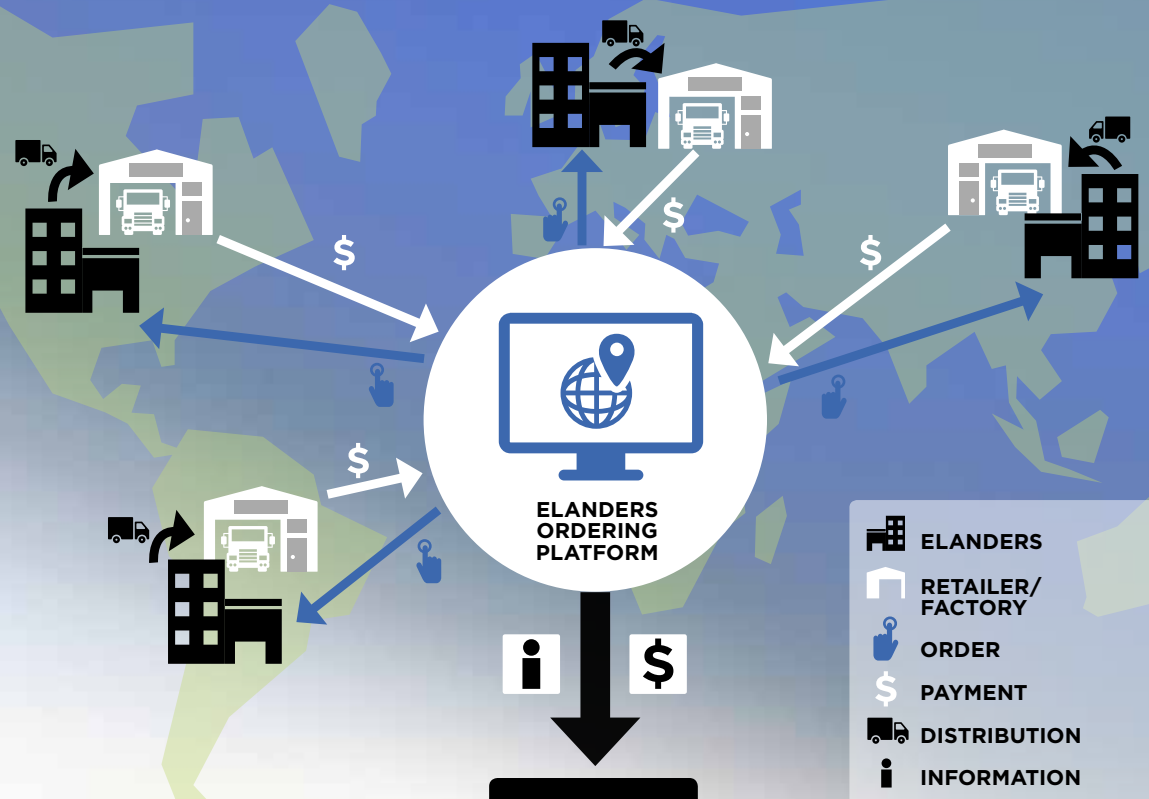


- ### SERVICES
- Global Order Management
  - Sourcing & Procurement
  - Custom Configuration & Management
  - Warehouse & Inventory Management
    - » VMI (Vendor Managed Inventory)
  - Print
    - » Print-on-demand
  - Fulfillment & Distribution
  - Returns Management & Refurbishment
  - e-Commerce
    - » EDI

*Our integrated offer*

# GLOBAL ORDERING LOCAL PRODUCTION

Elanders' global ordering platform supplies 6,000 different retailers of construction machines with sales material such as manuals, marketing material and drawings on behalf of the manufacturer. Elanders also handles all payment flows through electronic billing. Production is located at the Elanders facility closest to the end customer in order to shorten delivery times, reduce environmental impact and reduce logistics costs. The benefit for customers is complete control over costs, a unified graphic profile on all material and significantly reduced administration. The sustainability benefits are just part of the deal.

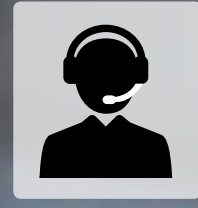


- ### SERVICES
- Global Order Management
  - Sourcing & Procurement
  - Custom Configuration & Management
  - Warehouse & Inventory Management
  - Print
    - » Print-on-demand
  - Fulfillment & Distribution
    - » Subscription management
  - e-Commerce
    - » EDI

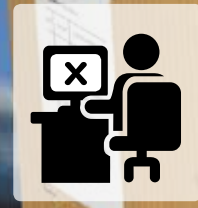


# GLOBAL AFTER SALES MARKET

The after sales market for a business can be both costly and time-consuming, particularly if it has to be worldwide. Elanders has an efficient process for handling the after sales market and already helps a number of global home electronics companies with this process. When private customers order recovery media for home computers Elanders provides the order platform and handles all payment flows. The computer and geographic position of the orderer is identified based on the unique serial number. The correct software in the correct language is downloaded on the desired medium, a DVD or a USB flash drive, and sent to the customer. Some of the advantages of outsourcing all after sales market management are greater customer satisfaction and better cost-efficiency.



CALL CENTER



CUSTOMER



- ### SERVICES
- Global Order Management
  - Sourcing & Procurement
  - Custom Configuration & Management
  - Warehouse & Inventory Management
    - » Data management
  - Fulfillment & Distribution
  - e-Commerce



**DISTRIBUTION**





*Sustainable development*

# CORPORATE RESPONSIBILITY

The demands on corporate responsibility are growing by the day. The standards valid for large, multinational companies are just as relevant for their suppliers and partners. But sustainability is not only demands on companies. It also creates opportunities and sustainable long-term value. Everyone in the Group has a responsibility to reduce the impact on the environment, improve working conditions and equality as well as counter corruption. Elanders follows guidelines for corporate responsibility and aims at contributing to societal development in the 15 countries where the Group has operations.



## ENVIRONMENT

Elanders has ambitious environmental goals to reduce its ecological footprint. These goals are realized through quality assurance work in order to meet the demands made by our large global customers.

The connection between quality-managed production and less environmental impact is becoming clearer for more and more companies. The environmental demands from customers and authorities vary depending on the geographic markets Elanders operates in but the general trend is clear. The ability to offer sustainable production from start to finish is becoming a prerequisite for being able to compete, especially on a global level.

### Customer demands govern work

Many multinational groups have high internal goals for their work with the environment and sustainability. Their own environmental and quality management systems set the standards their suppliers must meet. Because of this Elanders' sustainability work is mainly based on the high demands dictated by our global customers.

Sony Green Partner Standards, for instance, was instituted already back in 2001 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.

Sustainability work does not just entail demands, it offers opportunities as well. Actively working with sustainability provides the opportunity to create value. Active sustainability work can contribute to improved profitability through, for example, better use of resources and lower costs for raw material, energy, travel, etc.

Elanders has a number of environmental certificates in our operations such as the Swan, FSC® responsible forestry and Climate neutral company. 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 requirements take into account the entire lifecycle of a product.

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.

### SOME OF OUR ENVIRONMENTAL CERTIFICATIONS

- Climate neutral company in Sweden
- Swan certification in Poland and Sweden
- Sony Green partner in China
- Environmentally certified in most Chinese operations as well as in Poland, Singapore, Great Britain, Sweden, the Czech Republic, Germany and Hungary
- Climate neutral printed matter in Sweden and Germany
- FSC® for printed matter such as this annual report



Mölnlycke, Sweden

## SOCIAL RESPONSIBILITY

Elanders has many social responsibility projects in the different companies in the Group. At Elanders Americas employees can use 40 work hours per year to do volunteer work of their choice. Many charity projects are carried out each year and funds are donated to organizations such as the mentor programs Big Sister and Big Brother. Elanders supports Médecins Sans Frontières as an annual field partner and with special efforts when needed. Elanders also continuously supports Save the Children and the Red Cross.

### Awards and professorships

One acclaimed initiative is The Gothenburg Award for Sustainable Development where Elanders is one of eleven companies that contribute to the prize sum. Some of the more well-known laureates are

Gro Harlem Brundtland (2002), Al Gore (2008) and Kofi Annan (2011).

In 2015 it was awarded to Jeremy Leggett for his contributions to solar energy and photovoltaic cells. Peter Hennicke also received an award for his research in energy efficiency and Beate Weber-Schuerholz received one as the mayor in Heidelberg where CO<sub>2</sub> emissions were reduced by 30 percent in the last 15 years.

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 Program is to support education, research and social development on an international level. Elanders has sponsored it from the start in 2009.

### SELECTED CSR PROJECTS

- Médecins Sans Frontières
- Save the Children
- The Red Cross
- Bigs for Littles
- Domestic Violence Sheltering Services
- Blood donor projects
- Visiting Professorship at University of Gothenburg School of Business Economics and Law
- The Gothenburg Award for Sustainable Development

## COMMON VALUES AND INDEPENDENT WORK

Elanders has acquired a number of companies around the world and our workforce has almost doubled in a few years. Ahead of us are exciting challenges and great opportunities as we create common values for the entire Group.

The Elanders Group has never before had so many employees as today. At the end of the year there were almost 3,200 employees in a total of 15 countries on four continents. The greatest increase in employees came with the acquisition of Mentor Media in 2014, making for exciting and challenging development in our organization.

### Independent companies have their own values

Elanders' business areas and certain companies are highly independent and follow the rules and regulations in their regions. This also applies to their role as employer. This makes it doubly important for the Group to have a set of common values for their employees. Some of these are: responsibility for your own work, a willingness to make changes and take initiative. In the Group employees are encouraged to take responsibility, initiative and to be active, for instance by submitting suggestions for improvements. Employees should also take pride in always doing their best and taking responsibility for their own customer deliveries.

Another important aspect of Elanders' work climate is absence due to sickness. Low absence is highly beneficial for both employees and the company. Because of this Elanders continuously work on improving in this area.

### Prized work environment

There are many good examples of how the working environment is prioritized by the Group. Midland Information Resources, a part of Elanders Americas, was named best workplace among the American graphic companies for the 15th year in a row. The award "Best of the Best Workplace" is awarded to the best workplace in an industry that consists of over 100,000 companies. 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.

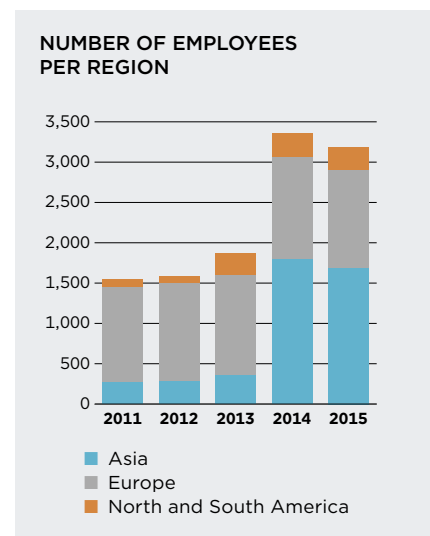
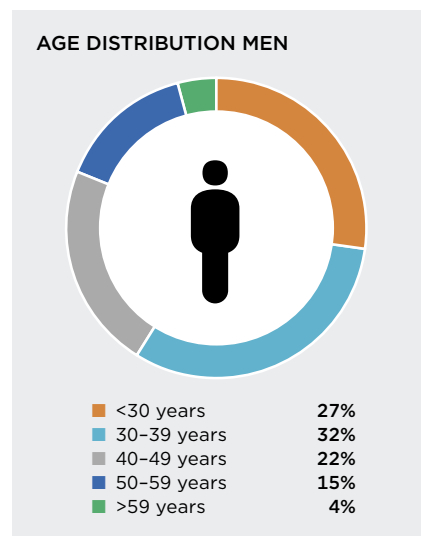
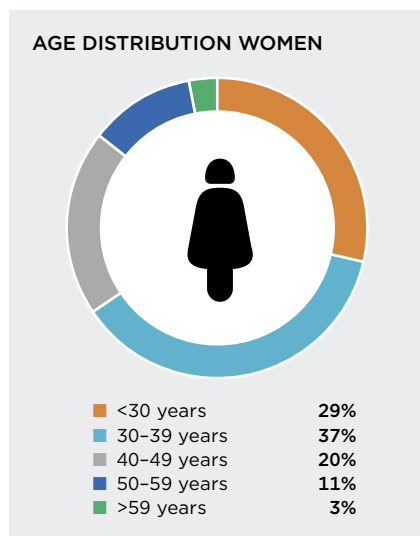
Elanders (Beijing) Printing Co., Ltd has implemented OHSAS 18001, a health and safety management system. This management system works well together with the quality standard ISO 9001 and the environmental management system ISO 14001. One of several goals in OHSAS 18001 is to reduce absence due to illness and thereby improve quality and profitability. Another area is being able to analyze and prevent health problems, diseases and accidents.

### CODE OF CONDUCT

Elanders has developed a code of conduct that governs actions in every part of the organization. Elanders' Code of Conduct contains clear-cut bans on child labor and any kind of discrimination based on, for example, race, gender, religion or ethnic background. It also includes anti-corruption and safety guidelines.

# 3,200

Elanders has 3,200 employees in 15 countries.







Ma Ying works at Elanders' department for hard boxes in Beijing. The production of the boxes is semi-automatic combined with certain manual steps.

# AN INTEGRATED OFFER AND CONTINUED GLOBAL EXPANSION

The past few years have been truly eventful and Elanders gone through a major transformation. From being a distinguished Swedish printer with a 100 year-old history Elanders has become a supplier of integrated comprehensive solutions in supply chain on a global market.

## 2015

2015 was the best year ever in Elanders' history. The business area Supply Chain Solutions continued to grow. In spite of increased profitability business area Print & Packaging Solutions reported negative growth as printing volumes in general continued to decrease. Operations in the German company Schmid Druck were acquired in December and it will be consolidated from 1 January 2016.

Our focus in 2015 was on finding new business, increasing cross-sales between business areas, optimizing investments and consolidating production capacity. The operating result for the full year was MSEK 292 (175), of which one-off items were MSEK -16 (-42).

## 2014

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 rests on a stable platform with three business areas that both balance and complement each other. The operating result for the full year was MSEK 175 (131) of which one-off items were MSEK -42 (1).

## 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, which is one of Europe's leading e-commerce companies in the segment personalized photo products to consumers, was acquired in the third quarter. 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. All the shares in the German companies fotokasten GmbH and d|o|m Deutsche Online Medien GmbH were acquired in the first quarter. 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 produced 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).



Singapore



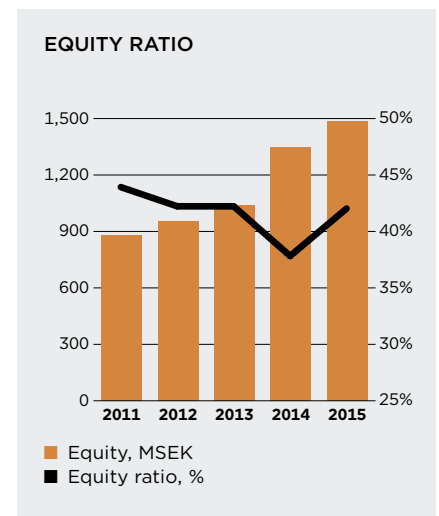
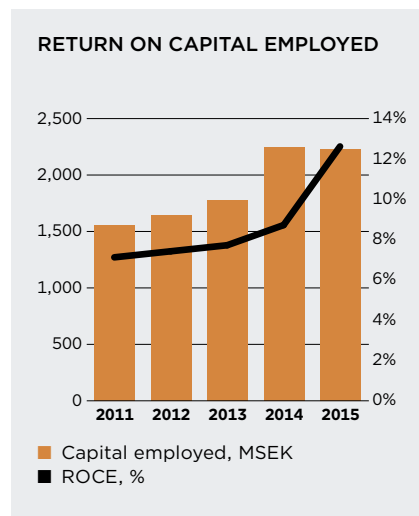
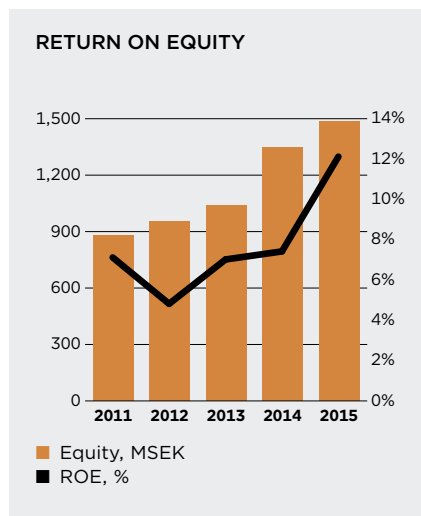
Davenport, USA



Stuttgart, Germany

## KEY RATIOS

	2015	2014	2013	2012	2011
Operating margin, %	6.9	4.7	6.2	6.2	6.0
Profit margin, %	6.1	3.8	4.8	4.9	4.3
Gross profit/Added value, %	49.6	46.2	40.4	34.3	34.8
Capital turnover rate, times	1.2	1.2	0.9	0.9	0.9
Equity ratio, %	42.0	37.8	42.2	42.2	43.9
Risk capital ratio, %	44.1	40.1	44.8	44.4	45.6
Interest coverage ratio, times	12.7	5.0	5.3	5.6	4.4
Debt/equity ratio, times	0.5	0.7	0.7	0.7	0.8
Return on equity, %	12.1	7.4	7.0	4.8	7.1
Return on capital employed, %	12.6	8.7	7.7	7.4	7.1
Return on total assets, %	8.2	5.9	5.6	5.6	5.5
EBIT-multiple	8.8	11.0	9.9	9.9	9.1
Average number of employees	3,182	3,360	1,864	1,587	1,546
Net debt/EBITDA, times	1.7	3.1	3.2	3.3	3.4
Enterprise Value, MSEK	2,555	1,919	1,298	1,177	1,005
Risk capital, MSEK	1,568	1,431	1,104	1,004	915
Capital employed, MSEK	2,226	2,243	1,777	1,642	1,556
Net debt, MSEK	738	895	739	688	676



**INCOME STATEMENTS - SUMMARY**

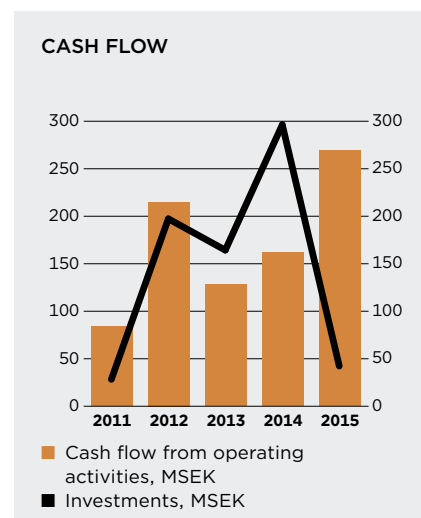
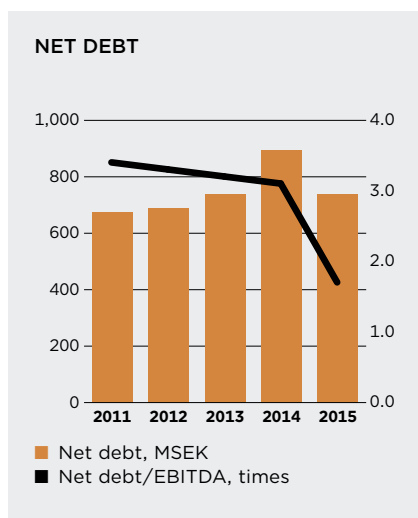
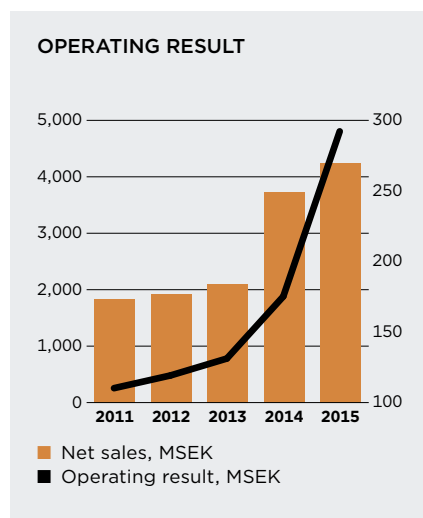
MSEK	2015	2014	2013	2012	2011
Net sales	4,236	3,730	2,096	1,924	1,839
Operating expenses	-3,944	-3,555	-1,965	-1,806	-1,729
EBIT	292	175	131	119	110
Financial items	-33	-35	-29	-25	-30
Result after financial items	259	140	102	93	80
Result for the year	175	88	70	45	60
EBITDA	428	292	229	209	196

**CASH FLOW - SUMMARY**

MSEK	2015	2014	2013	2012	2011
Cash flow from operating activities	269	162	128	215	84
Paid taxes	-85	-61	-57	-23	-7
Investments	-42	-296	-164	-197	-28
Operating cash flow	344	-38	50	67	93
Change in net debt	-198	174	69	24	-57

**BALANCE SHEETS - SUMMARY**

MSEK	2015	2014	2013	2012	2011
Goodwill	1,200	1,205	1,090	978	834
Other fixed assets	602	675	582	541	515
Inventory	266	253	107	116	126
Accounts receivable	825	844	387	393	385
Other current assets	139	136	82	66	64
Cash and cash equivalents	529	457	215	168	81
Equity	1,488	1,348	1,039	954	880
Interest-bearing liabilities	1,267	1,352	954	856	758
Non-interest-bearing liabilities	805	870	471	451	367
Total assets	3,560	3,570	2,464	2,261	2,005





# ELANDERS' SHARE SHOWED GOOD VALUE GROWTH

The Elanders share increased dramatically in value in 2015 after some good reports and Elanders' best year ever in terms of profitability and net sales. The greatest growth was in the fourth quarter and it peaked on 2 December.

## History

Elanders' B shares were first listed on the Stockholm Stock Exchange on 9 January 1989. On 31 December 2015 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 78 (57) percent during 2015, a development significantly stronger than the Stockholm Stock Exchange index OMX Stockholm PI which increased by 6 (12) percent during the same period. During 2015 a total of 5,368,759 (6,864,270) Elanders shares were traded, which is

equivalent to an average trading rate of approximately 0.20 (0.27) times.

The lowest share price was SEK 38.60 on 7 January and the highest was SEK 70.00 on 2 December. The final share price in 2015 was SEK 68.50 (38.60), which means that Elanders' stock market value at year-end was approximately MSEK 1,816 (1,023).

## Share capital, class of shares and liquidity guarantee

At the end of 2015 there were 1,361,110 (1,361,110) A shares and 25,157,204 (25,157,204) B shares issued. 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.

## Share allocation

There were 2,743 (2,468) Elanders shareholders at year-end. The share of foreign shareholders amounted to 7 (6) percent of the capital. The allocation between shareholder type and share of capital is 11 (11) percent private owners and 14 (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 30–50 percent of profit after tax.

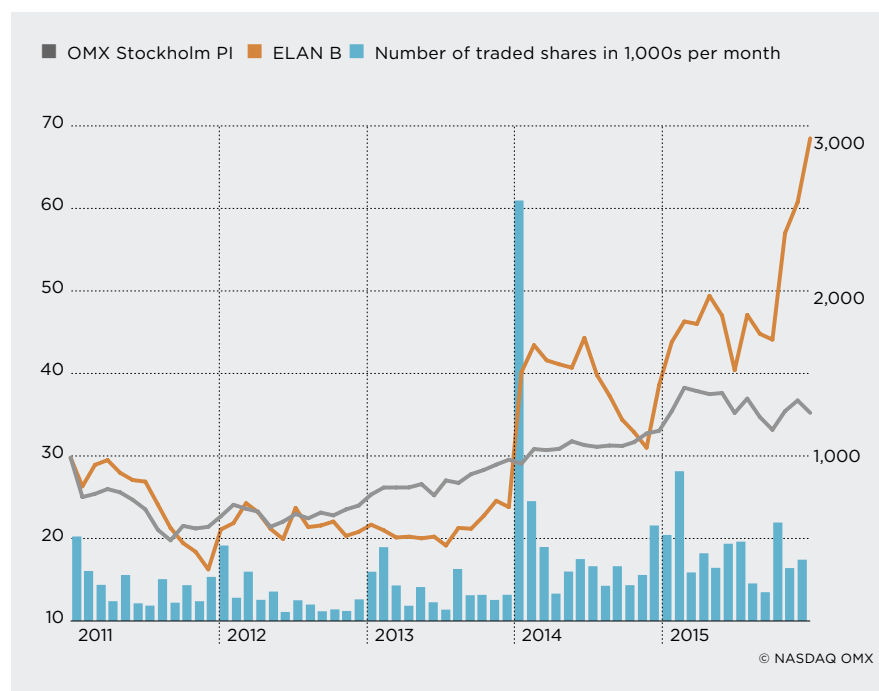
## DATA PER SHARE

	2015	2014	2013	2012	2011
Result, SEK	6.58	3.48	2.99	1.99	3.00
Share price at year-end, SEK	68.50	38.60	24.60	21.50	16.80
P/E ratio	10.4	11.1	8.2	10.8	5.6
P/S ratio	0.4	0.3	0.3	0.2	0.2
Dividend, SEK	2.20 <sup>1)</sup>	1.10	0.78	0.58	0.49
Dividend yield, %	4.5	2.9	3.6	2.6	1.9
Share price/equity, times	1.2	0.8	0.6	0.5	0.4
Net asset value, SEK	56.11	50.82	44.39	40.77	43.75
Risk capital, SEK	59.14	53.97	47.18	37.86	45.52
EBITDA, SEK	16.12	11.61	9.75	9.39	9.76
Operating cash flow, SEK	12.98	-1.51	2.16	2.99	4.64
Cash flow from operating activities, SEK	10.13	6.42	5.48	9.64	4.20
Average number of outstanding shares, in thousands	26,518	25,204	23,395	22,279	20,102
Turnover rate	0.20	0.27	0.11	0.08	0.13

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

<sup>1)</sup> Proposed by the Board.

DEVELOPMENT OF THE ELANDERS SHARE



OTHER INFORMATION

Elanders' financial information can be found at the Group website [www.elanders.com](http://www.elanders.com), under the section Investors.

Questions can also be asked to Elanders directly via e-mail at [info@elanders.com](mailto: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.

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 K&Pe 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
<b>Outstanding shares and share capital on 31 December 2015</b>	<b>1,361,110</b>	<b>25,157,204</b>	<b>26,518,314</b>	<b>265,183,140</b>

Source: Euroclear Sweden AB.

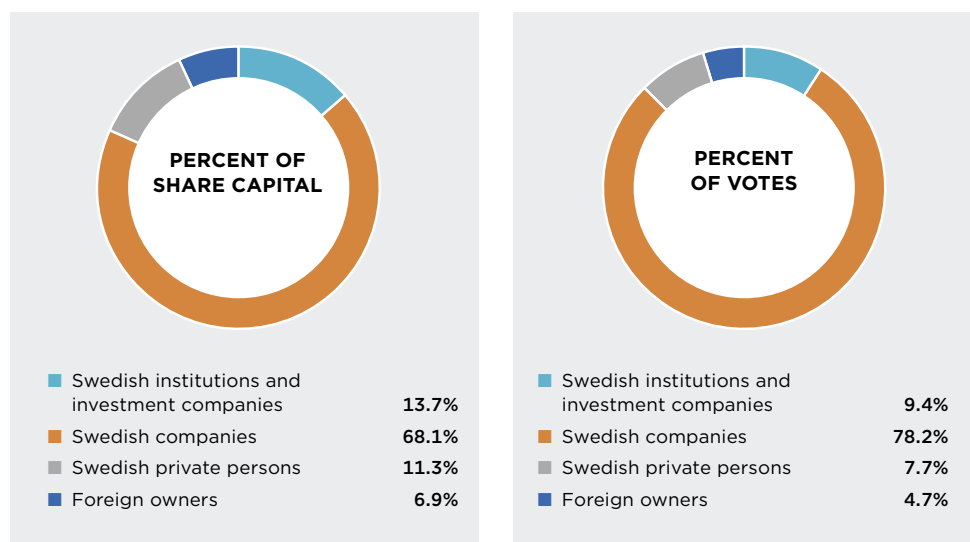
## MAJOR SHAREHOLDERS 31 DECEMBER 2015

	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	-	2,335,368	6.0	8.8
Peter Sommer	-	674,333	1.7	2.5
P-A Bendt AB	-	515,000	1.3	1.9
Försäkringsaktiebolaget Avanza Pension	-	396,656	1.0	1.5
Ejderholmen AB	-	368,312	1.0	1.4
Danica Pension	-	360,760	0.9	1.4
Dan Olsson	-	223,014	0.6	0.8
JPM Chase	-	220,226	0.6	0.8
Försäkringsaktiebolaget Skandia	-	171,146	0.4	0.6
Other shareholders	-	4,720,942	12.2	17.8
<b>Total</b>	<b>1,361,110</b>	<b>25,157,204</b>	<b>100.0</b>	<b>100.0</b>

## SHAREHOLDER STATISTICS 31 DECEMBER 2015

Number of shares	Number of shareholders	Number of A shares	Number of B shares	Percent of share capital	Percent of votes
1-500	1,827	-	299,058	1.1	0.8
501-5,000	771	-	1,197,953	4.5	3.1
5,001-50,000	117	-	1,614,137	6.5	4.2
50,001-500,000	24	-	3,349,908	13.1	8.6
500,001-	4	1 361 110	18,696,148	74.8	83.3
<b>Total</b>	<b>2,743</b>	<b>1 361 110</b>	<b>25,157,204</b>	<b>100.0</b>	<b>100.0</b>

## SHAREHOLDER CATEGORIES 31 DECEMBER 2015



# 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 2015.

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

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

Elanders offers global integrated solutions in the areas supply chain management, print & packaging and e-commerce. Elanders can take an overall responsibility for complex and global deliveries encompassing procurement, warehousing, configuration, production and distribution. Our offer also includes order management, payment solutions and after sales services for our clients.

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

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

## Group operative locations

In 2015 the Group had operations in 15 countries: Brazil (São Paulo), China (Beijing, Chengdu, Chongqing, Kunshan, Shanghai, Shenzhen, Songjiang and Xiamen), the Czech Republic (Brno), Germany (Berlin and Stuttgart), Hungary (Zalalövő and Jászberény), India (Chennai), Italy (Treviso), Japan (Tokyo), Mexico (Juarez), Poland (Płońsk and Wrocław), 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 increased by MSEK 506 to MSEK 4,236, i.e. 14 percent. The increase is primarily due to the development of the US dollar. If constant exchange rates were used net sales decreased by one percent. Sales in business area Print & Packaging Solutions decreased by six percent but this was compensated by organic growth of nine percent in Supply Chain Solutions.

The operating result increased to MSEK 292 (175), corresponding to an operating margin of 6.9 (4.7)%. Exchange rates have had a positive effect on operating result of about MSEK 43 but since most of our interest costs are in USD and EUR this effect has been somewhat reduced in the net result. The operating result was charged with one-off items of MSEK -16 (-42) primarily due to write-downs of unused machines in Asia as well as the acquisition of Schmid Druck, a niched packaging company in Germany. One-off items in 2014 were primarily the cost of restructuring the Swedish operations of Print & Packaging Solutions.

## Significant events during the year

### Book VAT

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

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

### Acquisitions

In December 2015 Elanders signed an agreement to acquire Schmid Druck, a niched packaging company in Germany. The business is consolidated into the Elanders Group as of 1 January 2016. In 2015 net sales in Schmid Druck were some MEUR 8.5 and the company reached an EBITDA level of MEUR 1.6.



The acquisition is expected to contribute positively to Elanders' operating result already in 2016. The purchase price was MEUR 4.5 on a cash and debt-free basis and almost all of it has been settled in the beginning of January 2016. Acquisition costs were around MSEK 2 and charged the result in 2015.

### **Investments and depreciation**

During the year net investments amounted to MSEK 42 (296), of which MSEK 0 (254) were acquisitions. Most of the investments were replacement investments in different production facilities. Depreciation amounted to MSEK 136 (118).

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

Net debt per 31 December 2015 was MSEK 738 compared to MSEK 895 at the beginning of the year. In the net change is an increase of MSEK 40 due to a weakening of the Swedish crown against primarily the US dollar. Operating cash flow, excluding acquisitions, for the year amounted to MSEK 344 (216).

Net debt in relation to rolling twelve month EBITDA decreased to 1.7 compared to 3.1 at the beginning of the year.

At the end of June Elanders signed a new one-year agreement concerning financing with our two Swedish main banks. There is an option in the contracts for a one year extension. The facilities in the agreement are MEUR 30, MSEK 476 and MUSD 75, i.e. a total of SEK 1.4 billion. Due to the fact that the contract only lasts one year all bank financing will be reported as current in the balance sheet, even if it is long-term in its nature.

### **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 during the year was 3,182 (3,360), of which 276 (319) were in Sweden. At the end of the period the Group had 3,177 (3,320) employees, of which 277 (281) in Sweden. 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 company provided joint group services. No external sales took place. Investments amounted to MSEK 0 (0). The average number of employees during the year was 9 (8) and the number at year-end amounted to 9 (8). 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 2015 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 2015.

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.

### **Information concerning company shares**

On 31 December 2015 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 class-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.

### **Transferability**

There are no restrictions in class-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 class-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 2015 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 28 April 2015. The Board proposes that the Annual General Meeting 2016 adopt guidelines that to all extents and purposes correspond to the present guidelines, except for a minor change regarding the variable remuneration to the Chief Executive Officer where the limitation is changed from 50 to 60 percent of the basic wage.

The new proposal is 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, 60 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 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**

No significant 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 304,464,578 in the parent company at the disposition of the Annual General Meeting should be dealt with accordingly:

- SEK 2.20 per share is distributed to the shareholders SEK 58,340,291
- the remaining balance is to be carried forward SEK 246,124,287

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.

## RISKS AND UNCERTAINTY FACTORS

*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 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

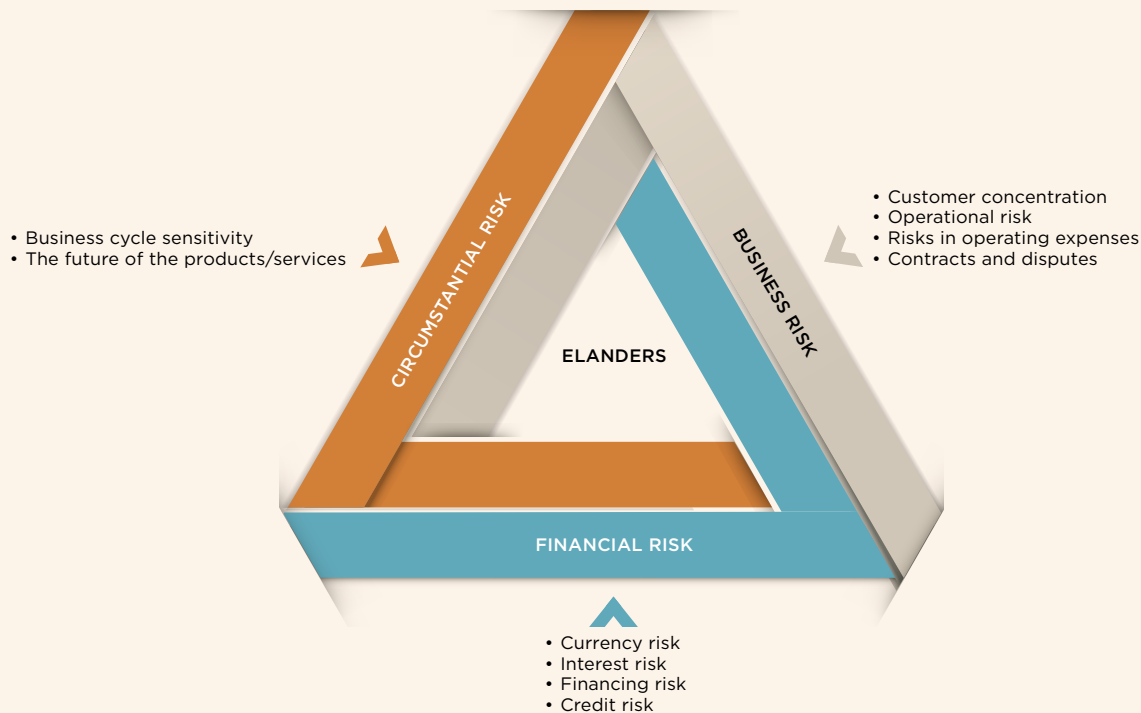
The most tangible business cycle sensitivity is in group operations that supply our customers in the manufacturing industry, particularly in automotive and consumer electronics. Sales to customers in food stuffs, cosmetics, pharmaceuticals and the public sector as well as to consumers are less affected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

Increased outsourcing generates a demand for effective supply chain solutions. The automotive industry and global companies in consumer electronics have long outsourced a large part of their operations in order to focus on product development, production and marketing and other industries are following. Printed matter is going through a transition from traditional demand for large editions in offset print to shorter series in digital print and from printed to digital media. These changes are apparent in the use of fine paper that has decreased year after year in Western Europe and North America. Despite this printing volumes are rising globally but most of this growth is in packaging. The packaging markets everywhere in the world the Group is active continue to grow and the highest growth is expected in Asia.

Elanders' position as a supplier of global solutions in supply chain management, print & packaging and e-commerce balances the challenges that occur in certain sections of the Group's markets, both geographically as well as for some Group products and services.



### 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 the respective companies' functional currency.

In cases of transactions in other currencies, receivables and liabilities as well as purchase and sales orders are hedged mainly by using forward exchange contracts.

Elanders' translation exposure is primarily in USD and EUR. Exposure of net assets in foreign subsidiaries is mainly connected to USD, EUR and CNY 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.

#### 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. The Group currently has a one year credit agreement with two Swedish banks regarding operational financing that expires 30 June 2016. In the agreement there is an option for a one year extension.

#### 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 60 (52) percent of net sales in 2015. Sales to the Group's largest customer represent (21) 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 goods for resale and personnel costs. These two categories represent 59 (55) 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.



# 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](http://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.

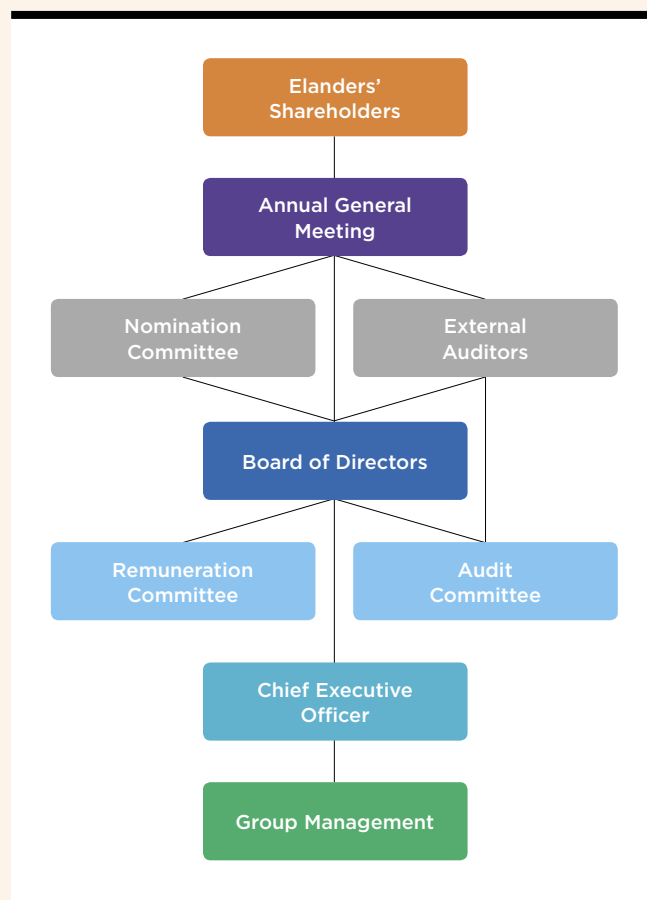
## Shareholders

On 31 December 2015 there were 2,743 (2,468) shareholders. The foreign ownership in Elanders was 7 (6) percent of shares and 5 (4) percent of votes.

The only direct or indirect shareholding exceeding a tenth of the votes in the company per 31 December 2015 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 above. 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 a class-A share represents ten votes and a class-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' class-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](http://www.elanders.com) under Corporate Governance.

### Annual General Meeting 2015

The Annual General Meeting 28 April 2015 decided:

- to adopt the Annual Report for 2014,
- to distribute a dividend of SEK 1.10 per share for the financial year 2014,
- to discharge the members of the Board of Directors and the Chief Executive Officer from liability for 2014,
- to grant according to a proposal in the summons the Board and committee remuneration for a total of SEK 3,644,000 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 (re-elected)
  - Cecilia Lager (re-elected)
  - Anne Lenerius (re-elected)
  - Magnus Nilsson (CEO) (re-elected)
  - Kerstin Paulsson (re-elected)
  - Johan Stern (re-elected)
  - Caroline Sundewall (new member)

- 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 2016,
- 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.

### Annual General Meeting 2016

The next Annual General Meeting for shareholders in Elanders will take place at Gothia Towers, Mässans gata 24 in Gothenburg Thursday 28 April 2016. Further information about the Annual General Meeting will be published at [www.elanders.com](http://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

## 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 <sup>1)</sup>	Independent
<b>Members chosen by the AGM</b>							
Carl Bennet, Chairman	8 (8)	1 (1)	Not member	100	610 + 64	1,361,110 A 15,171,447 B	No, owner
Johan Stern, Vice Chairman	8 (8)	1 (1)	3 (3)	100	305 + 124 + 32	80,000 B	No, owner
Erik Gabrielson	8 (8)	1 (1)	Not member	100	305 + 32	-	Yes
Göran Johnsson	8 (8)	Not member	3 (3)	100	305 + 62	2,410 B	Yes
Linus Karlsson	6 (8)	1 (1)	Not member	78	305 + 32	-	Yes
Cecilia Lager	8 (8)	Not member	2 (3)	91	305 + 62	28,141 B	Yes
Anne Lenerius	8 (8)	Not member	3 (3)	100	305 + 62	4,666 B	No, owner
Magnus Nilsson, CEO	8 (8)	Not member	Not member	100	Employee	55,183 B	No, company
Kerstin Paulsson	8 (8)	Not member	3 (3)	100	305 + 62	2,333 B	Yes
Caroline Sundewall	6 (6)	Not member	2 (2)	100	305 + 62	5,000 B	Yes
<b>Employee representatives</b>							
Lilian Larnefeldt	7 (7)	Not member	Not member	100	Employee	-	No, company
Marcus Olsson	5 (7)	Not member	Not member	71	Employee	-	No, company
<b>Total</b>				<b>96</b>	<b>3,644</b>		

<sup>1)</sup> Shareholding per 31 December 2015.

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 91 in the Annual Report and on [www.elanders.com](http://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 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 2015**

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 ten members with a maximum of two deputies. In 2015 the Board consisted of ten members without deputies: Carl Bennet, Chairman, Johan Stern, Vice Chairman, Erik Gabrielson, Göran Johnsson, Linus Karlsson, Cecilia Lager, Anne Lenerius, Magnus Nilsson, Kerstin Paulsson and Caroline Sundewall. In addition, employees were represented by Lilian Larnefeldt and Marcus Olsson with Eija Persson and Martin Schubach as 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, Kerstin Paulsson and Caroline Sundewall 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 one occasion relating to financing decisions.

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 2015 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 year-end report 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 2015 was 4.70 (4.74). 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 one meeting 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 2015 can be found in note 4 in the formal financial statements and on the company's website, [www.elanders.com](http://www.elanders.com) under Corporate

Governance. The guidelines for remuneration to leading officers for 2015 and the Board of Director's proposal for guidelines for 2016 can be found on page 38 in the Annual Report 2015. 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 2015. 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 were Johan Stern, Chairman, Göran Johnsson, Cecilia Lager, Anne Lenerius, Kerstin Paulsson and Caroline Sundewall.

#### **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 Solutions Europe
- Thomas Sheehan, Print & Packaging Solutions Americas
- Kevin Rogers, Print & Packaging Solutions Asia
- Kok Khoon Lim, Supply Chain Solutions
- Martin Lux, e-Commerce Solutions

#### **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 communicated yearly, and when changes are made, to all affected employees within the Group. 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 2015 chose the authorized public accounting company PricewaterhouseCoopers AB until the next Annual General Meeting. Head auditor is the authorized public accountant Magnus Willfors. 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.

## INCOME STATEMENTS

SEK '000s	Note	2015	2014
Net sales	2	4,236,118	3,730,128
Cost of products and services sold		-3,252,006	-2,897,450
<b>Gross profit</b>		<b>984,112</b>	<b>832,678</b>
Selling expenses		-259,996	-243,674
Administrative expenses		-457,577	-436,109
Other operating income	3	51,059	32,768
Other operating expenses	3	-25,736	-11,062
<b>Operating result</b>	4, 5, 6, 7, 25	<b>291,862</b>	<b>174,601</b>
Financial income	8	11,270	65,954
Financial expenses	8	-43,822	-100,638
<b>Result after financial items</b>		<b>259,310</b>	<b>139,917</b>
Taxes	9	-84,803	-52,087
<b>Result for the year</b>		<b>174,507</b>	<b>87,830</b>
Result for the year attributable to			
- parent company shareholders		174,507	87,830
Earning per share, SEK, <sup>1)</sup>	10	6.58	3.48

<sup>1)</sup> There have been no dilution effects.

## STATEMENTS OF COMPREHENSIVE INCOME

SEK '000s	2015	2014
<b>Result for the year</b>	<b>174,507</b>	<b>87,830</b>
Translation differences	38,727	180,913
Change in value of cash-flow hedges, net	165	2,514
Tax effect on change in value of cash-flow hedges, net	-36	-553
Change in fair value of the hedge of the net investment abroad	-56,262	-82,690
Tax effect on the change in fair value of the hedge of net investments abroad	12,378	18,192
<b>Total items that may be reclassified to the income statement</b>	<b>-5,028</b>	<b>118,376</b>
<b>Other comprehensive income</b>	<b>-5,028</b>	<b>118,376</b>
<b>Total comprehensive income for the year</b>	<b>169,479</b>	<b>206,206</b>
Total comprehensive income attributable to		
- parent company shareholders	169,479	206,206

## STATEMENTS OF CASH FLOW

SEK '000s	Note	2015	2014
<b>Operating activities</b>			
Result after financial items		259,310	139,917
Adjustments for items not included in cash flow	12	101,604	172,210
Paid taxes	9	-84,854	-61,182
<b>Cash flow from operating activities before changes in working capital</b>		<b>276,060</b>	<b>250,945</b>
<b>Cash flow from changes in working capital</b>			
Increase (-)/decrease (+) in inventory		-5,269	-49,828
Increase (-)/decrease (+) in operating receivables		32,017	-142,048
Increase (+)/decrease (-) in operating payables		-34,259	102,778
<b>Cash flow from operating activities</b>		<b>268,549</b>	<b>161,847</b>
<b>Investing activities</b>			
Investments in intangible and tangible assets	13, 14	-54,517	-50,333
Divestment of tangible assets	14	8,575	6,599
Acquisition of operations	26	-	-254,193
Payments received regarding long-term holdings		4,261	2,223
<b>Cash flow from investing activities</b>		<b>-41,681</b>	<b>-295,704</b>
<b>Financing activities</b>			
Amortization of loans		-106,933	-215,175
New loans		-	351,454
Other changes in interest-bearing liabilities	12	-18,212	87,082
New share issue		-	121,014
Dividend to parent company shareholders		-29,170	-18,184
<b>Cash flow from financing activities</b>		<b>-154,315</b>	<b>326,191</b>
<b>Cash flow for the year</b>		<b>72,553</b>	<b>192,334</b>
Cash and cash equivalents at the beginning of the year		456,673	215,299
Translation difference in cash and cash equivalents		-265	49,040
<b>Cash and cash equivalents at year-end</b>	17	<b>528,961</b>	<b>456,673</b>
<b>Change in net debt</b>			
Net debt at the beginning of the year		895,345	738,886
Net debt in acquired operations		-	-93,488
Translation difference		40,466	76,383
Change in interest-bearing liabilities and cash and cash equivalents		-198,105	173,564
<b>Net debt at year-end</b>		<b>737,706</b>	<b>895,345</b>
<b>Operating cash flow</b>			
Cash flow from operating activities excl. financial items and paid tax		385,955	257,713
Net investments		-41,681	-295,704
<b>Operating cash flow</b>	11	<b>344,274</b>	<b>-37,991</b>

## STATEMENTS OF FINANCIAL POSITION

SEK '000s	Note	2015	2014
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets	13	1,268,761	1,296,689
Tangible assets	14, 24	333,880	392,271
Deferred tax assets	9	194,334	181,979
Other financial assets		4,629	8,890
<b>Total fixed assets</b>	27	<b>1,801,604</b>	<b>1,879,829</b>
<b>Current assets</b>			
Inventory	15	265,853	253,496
Accounts receivable	18	824,603	843,807
Current tax receivables	9	6,535	9,579
Other receivables		80,784	71,467
Prepaid expenses and accrued income	16	51,420	54,975
Cash and cash equivalents	17	528,961	456,673
<b>Total current assets</b>		<b>1,758,156</b>	<b>1,689,997</b>
<b>Total assets</b>		<b>3,559,760</b>	<b>3,569,826</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Equity attributable to parent company shareholders</b>			
Share capital	19	265,183	265,183
Other contributed capital		585,862	585,862
Hedging reserves		-5	-134
Translation reserves		100,925	106,082
Retained earnings		536,018	390,681
<b>Total equity attributable to parent company shareholders</b>		<b>1,487,983</b>	<b>1,347,674</b>
<b>LIABILITIES</b>			
<b>Long-term liabilities</b>			
Other interest-bearing liabilities	18, 20, 24	5,219	10,037
Provisions for post-employment benefits	21	14,561	15,029
Other provisions	22	2,726	2,623
Deferred tax liabilities	9	80,414	83,399
<b>Total long-term liabilities</b>		<b>102,920</b>	<b>111,088</b>
<b>Short-term liabilities</b>			
Interest-bearing liabilities	18, 20, 24	1,246,990	1,327,055
Accounts payable	18	396,482	437,982
Current tax liabilities	9	28,081	30,957
Other liabilities		74,071	87,115
Accrued expenses and deferred income	23	215,344	184,533
Other provisions	22	7,889	43,422
<b>Total current liabilities</b>		<b>1,968,857</b>	<b>2,111,064</b>
<b>Total equity and liabilities</b>		<b>3,559,760</b>	<b>3,569,826</b>



## STATEMENTS OF CHANGES IN EQUITY

SEK '000s	Equity attributable to parent company shareholders					
	Share capital	Other contributed capital	Hedging reserve	Translation reserve	Retained earnings	Total
<b>Opening balance on 1 Jan. 2014</b>	<b>227,300</b>	<b>585,862</b>	<b>-2,095</b>	<b>-10,333</b>	<b>237,846</b>	<b>1,038,580</b>
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
<b>Closing balance on 31 Dec. 2014</b>	<b>265,183</b>	<b>585,862</b>	<b>-134</b>	<b>106,082</b>	<b>390,681</b>	<b>1,347,674</b>
Dividend to parent company shareholders	-	-	-	-	-29,170	-29,170
Total comprehensive income for the year	-	-	129	-5,157	174,507	169,479
<b>Closing balance on 31 Dec. 2015</b>	<b>265,183</b>	<b>585,862</b>	<b>-5</b>	<b>100,925</b>	<b>536,018</b>	<b>1,487,983</b>

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## 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 2015 were approved by the Board and will be presented to the Annual General Meeting on 28 April 2016 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 2015. 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 economic 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.

## NOTE 1. Accounting principles (cont.)

### *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. 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

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## NOTE 1. Accounting principles (cont.)

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

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. When presenting geographical sales the customer's location has determined which geographic area sales are allocated to.



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## NOTE 1. Accounting principles (cont.)

### **Standards, amendments and interpretations of existing standards that came into effect during 2015**

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 new and revised standards, such as IFRS 9, IFRS 15 and IFRS 16. IFRS 9 Financial Instruments includes a model for classification, measurement and reporting of financial assets and liabilities and replaces IAS 39 regarding these areas. The mandatory effective date is 1 January 2018 and is not expected to have any significant effect on the Group financial reports the period it is applied for the first time. 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 to the company's revenues. The increased disclosure requirements results in that information the nature, timing, uncertainties of revenue and cash flow arising from contracts with customers should be disclosed. Revenue should according to IFRS 15 be recognized when the customer receive control over the goods or services and has the possibility to use and receive the benefit from the goods or service. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction contracts. The mandatory effective date is 1 January 2018. The Group has not yet assessed the impact of the new standard. IFRS 16 Leases will replace IAS 17 Leases. The standard requires assets and liabilities arising from all leases, with some exceptions, to be recognized on the balance sheet. This model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. The mandatory effective date is 1 January 2019. The EU has not yet adopted the standard. The Group has not yet assessed the impact of the new standard.

### **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 192 (175) per 31 December 2015. 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**

In February 2010 the European Court of Justice handed down a decision in the so-called Graphic Procédé case. In Sweden this is of particular importance for the differentiating line between printing companies production of products (printed matter) and services as well as applying so-called book VAT, i.e. a VAT rate of six percent. From 2010 to 2012 Elanders submitted claims for VAT refunds to the Swedish Tax Agency pertaining to the period 2004 to 2007. The reason for this is that some of Elanders' net sales subject to VAT during that period pertained to products and not services according to the differentiating line now considered correct. At the same time in the years from 2011 to 2013 the Swedish Tax Agency made consequential amendments regarding many of Elanders' customers who have then demanded compensation from Elanders. On 22 December 2015 the Supreme Court of Sweden rendered a judgement which stated that customers have the legal right to demand compensation from the printing company as a result of the consequential amendments made by the Swedish Tax Agency on them. Nonetheless, this verdict is not expected to have any negative effect on either Elanders' result or financial position. The sum Elanders can be required to pay to customers has already been reported as an interest-bearing liability and is included in net debt.

## NOTE 2. Segment reporting

### NET SALES BY SEGMENT

SEK '000s	2015	2014
Supply Chain Solutions	2,044,953	1,525,179
Print & Packaging Solutions	2,053,661	2,029,468
e-Commerce Solutions	237,049	263,367
Group functions	26,932	24,321
Eliminations	-126,457	-112,207
<b>Total</b>	<b>4,236,138</b>	<b>3,730,128</b>

### OPERATING RESULT BY SEGMENT

SEK '000s	2015	2014
Supply Chain Solutions	181,929	106,411
Print & Packaging Solutions	122,285	71,171
e-Commerce Solutions	18,376	23,925
Group functions	-30,728	-26,906
<b>Total</b>	<b>291,862</b>	<b>174,601</b>

### INVESTMENTS BY SEGMENT

SEK '000s	2015	2014
Supply Chain Solutions	12,694	406,504
Print & Packaging Solutions	38,891	31,854
e-Commerce Solutions	2,882	7,733
Group functions	50	258
<b>Total</b>	<b>54,517</b>	<b>446,349</b>

Investments 2014 are including acquisitions amounting to MSEK 395.

### DEPRECIATION AND WRITE-DOWNS BY SEGMENT

SEK '000s	2015	2014
Supply Chain Solutions	-32,067	-21,506
Print & Packaging Solutions	-92,623	-86,141
e-Commerce Solutions	-9,908	-9,242
Group functions	-1,017	-1,078
<b>Total</b>	<b>-135,615</b>	<b>-117,967</b>

### SALES BY GEOGRAPHIC AREA

SEK '000s	2015	2014
Singapore	1,129,523	749,008
China	685,580	598,027
Germany	621,103	593,679
Sweden	477,986	589,151
USA	407,653	324,068
United Kingdom	296,416	253,349
Poland	109,772	115,141
Italy	67,384	51,277
India	66,579	59,690
Other countries	374,122	396,738
<b>Total</b>	<b>4,236,118</b>	<b>3,730,128</b>

### FIXED ASSETS BY GEOGRAPHIC AREA

SEK '000s	2015	2014
Germany	63,899	79,845
USA	60,712	64,923
China	56,883	90,145
Poland	47,033	53,695
Hungary	45,929	60,376
United Kingdom	35,835	27,360
Singapore	35,289	42,136
India	28,749	31,840
Sweden	21,734	26,449
Other countries	6,962	6,864
<b>Total</b>	<b>403,025</b>	<b>483,633</b>

Fixed assets above include other intangible assets as well as tangible fixed assets. Goodwill of MSEK 1,200 (1,205) has not been divided geographically since it is based on operating segments.

### Information concerning the Group's largest customers

In 2015 sales to the Group's largest customer represent 21 (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. One other customer exceeded 10 percent of the total net sales. The Group's ten largest customers together represents 60 (52) percent of the total net sales.

## NOTE 3. Other operating income and other operating expenses

### OTHER OPERATING INCOME

SEK '000s	2015	2014
Exchange rate gains	16,602	8,704
Capital gains from the sales of fixed assets	9,961	2,326
Income from sales of coupons	7,036	6,140
Other	17,460	15,598
<b>Total</b>	<b>51,059</b>	<b>32,768</b>

### OTHER OPERATING EXPENSES

SEK '000s	2015	2014
Exchange rate losses	-11,911	-6,949
Capital losses from the sales of fixed assets	-4,524	-
Other	-9,301	-4,113
<b>Total</b>	<b>-25,736</b>	<b>-11,062</b>

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

## NOTE 4. Personnel

### AVERAGE NUMBER OF EMPLOYEES

	Women		Men		Total	
	2015	2014	2015	2014	2015	2014
<b>Parent company</b>						
Sweden	4	3	5	5	9	8
<b>Subsidiaries</b>						
China	714	802	326	378	1,040	1,180
Singapore	223	216	260	256	483	472
Germany	93	97	190	198	283	295
Sweden	76	93	191	218	267	311
USA	103	112	134	130	237	242
Hungary	91	85	124	125	215	210
United Kingdom	49	49	146	142	195	191
Poland	51	64	115	118	166	182
India	24	17	133	129	157	146
Czech Republic	29	28	25	25	54	53
Brazil	20	16	18	20	38	36
Italy	13	10	5	4	18	14
Mexico	7	7	7	7	14	14
Taiwan	4	4	1	1	5	5
Japan	-	-	1	1	1	1
<b>Total</b>	<b>1,501</b>	<b>1,603</b>	<b>1,681</b>	<b>1,757</b>	<b>3,182</b>	<b>3,360</b>

### DIVISION OF MEN AND WOMEN IN MANAGEMENT

	Women		Men		Total	
	2015	2014	2015	2014	2015	2014
Board members	4	3	6	6	10	9
Group Management	-	-	7	7	7	7
Supervisors	66	78	118	142	184	220

## NOTE 4. Personnel (cont.)

## REMUNERATION TO THE BOARD, CHIEF EXECUTIVE OFFICER AND OTHER SENIOR OFFICERS 2015

SEK '000s	Basic wage/ Board- remuneration	Variable remuneration	Other benefits	Pension contributions	Remunera- tion for committee work
Carl Bennet, Chairman	610	-	-	-	64
Johan Stern, Vice Chairman	305	-	-	-	156
Erik Gabrielson	305	-	-	-	32
Göran Johnsson	305	-	-	-	62
Linus Karlsson	305	-	-	-	32
Cecilia Lager	305	-	-	-	62
Anne Lenerius	305	-	-	-	62
Kerstin Paulsson	305	-	-	-	62
Caroline Sundewall	305	-	-	-	62
<b>Total remuneration to the Board</b>	<b>3,050</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>594</b>
Magnus Nilsson, Chief Executive Officer	5,714	2,808	79	1,997	-
Other senior officers (6 persons)	23,368	12,249	1,881	1,126	-
<b>Total remuneration to CEO and senior officers</b>	<b>29,082</b>	<b>15,057</b>	<b>1,960</b>	<b>3,123</b>	<b>-</b>
<b>Total remuneration to the Board, CEO and senior officers</b>	<b>32,132</b>	<b>15,057</b>	<b>1,960</b>	<b>3,123</b>	<b>594</b>

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

SEK '000s	Basic wage/ Board- remuneration	Variable remuneration	Other benefits	Pension contributions	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
<b>Total remuneration to the Board</b>	<b>2,655</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>520</b>
Magnus Nilsson, Chief Executive Officer	5,493	1,000	77	1,910	-
Other senior officers (6 persons)	20,897	8,222	1,820	1,800	-
<b>Total remuneration to CEO and senior officers</b>	<b>26,390</b>	<b>9,222</b>	<b>1,897</b>	<b>3,710</b>	<b>-</b>
<b>Total remuneration to the Board, CEO and senior officers</b>	<b>29,045</b>	<b>9,222</b>	<b>1,897</b>	<b>3,710</b>	<b>520</b>

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



## NOTE 4. Personnel (cont.)

### SALARIES AND OTHER REMUNERATION

SEK '000s	Board and CEO					
	Basic wage incl. other benefits		Variable remuneration		Other employees	
	2015	2014	2015	2014	2015	2014
Parent company	9,358	8,668	2,808	1,000	8,291	7,172
Subsidiaries	27,237	23,222	12,852	8,875	704,296	713,769
<b>Total</b>	<b>36,595</b>	<b>31,890</b>	<b>15,660</b>	<b>9,875</b>	<b>712,587</b>	<b>720,941</b>

SEK '000s	Salaries and remuneration		Social security contributions		Pension contributions	
	2015	2014	2015	2014	2015	2014
Parent company	20,457	16,840	3,358	2,844	4,985	4,754
Subsidiaries	744,385	745,866	124,862	121,075	34,429	35,957
<b>Total</b>	<b>764,842</b>	<b>762,706</b>	<b>128,220</b>	<b>123,919</b>	<b>39,414</b>	<b>40,711</b>

#### 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 2015.

#### 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 2015 and paid out in 2016.

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 2015 was MSEK 3.1 (3.0)

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.

#### Deviations from the guidelines

The Board is entitled to deviate from the above guidelines if the Board determines that there is special reasons that in specific cases can justify this. The Board has during the year deviated from the guidelines for one of the senior officers regarding the variable remuneration and the limitation at 40 percent of the basic wage.

#### 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.

## NOTE 4. Personnel (cont.)

The Board has determined the remuneration for the Chief Executive Officer for the financial year of 2015 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 once in 2015. The committee has been supported by external expertise in matters concerning compensation levels and structures.

## NOTE 5. Fees to the auditors

SEK '000s	2015	2014
<b>PWC</b>		
Audit assignment	4,601	4,193
Audit-related services	64	286
Tax advisory services	406	914
Other services	510	-
<b>Other</b>		
Audit assignment	1,008	553
Audit-related services	623	267
Tax advisory services	904	698
Other services	-	458
<b>Total</b>	<b>8,116</b>	<b>7,369</b>

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	2015	2014
Goods for resale	1,386,183	1,020,433
Personnel costs	959,011	930,501
Paper costs	392,881	386,650
Other production costs	335,234	332,039
Cost of sub-contracted work	232,552	259,294
Other production material	151,354	161,330
Depreciation and write-downs	135,615	117,967
Freight costs	94,311	100,228
Cost for advertising and marketing	91,146	87,566
Other costs	191,292	181,225
<b>Total</b>	<b>3,969,579</b>	<b>3,577,233</b>

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

SEK '000s	Annual cost		Future lease payments and rental costs		
	2015	2014	2016	2017-2020	2021-
Computer equipment	1,649	3,293	1,649	1,679	-
Machinery and other equipment	59,387	53,725	51,217	73,096	3,319
Rental contracts, premises	49,795	51,834	47,922	119,980	17,735
<b>Total</b>	<b>110,831</b>	<b>108,852</b>	<b>100,788</b>	<b>194,755</b>	<b>21,054</b>

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

## NOTE 8. Financial income and expenses

### FINANCIAL INCOME

SEK '000s	2015	2014
Interest income	967	1,392
Exchange rate gains	10,303	64,562
<b>Total</b>	<b>11,270</b>	<b>65,954</b>

### FINANCIAL EXPENSES

SEK '000s	2015	2014
Interest expenses	-23,034	-34,944
Exchange rate losses	-14,072	-61,941
Other	-6,716	-3,753
<b>Total</b>	<b>-43,822</b>	<b>-100,638</b>

## NOTE 9. Taxes

### RECORDED TAX

SEK '000s	2015	2014
Current tax on the result for the year	-70,529	-53,803
Withholding tax on dividends and other taxes	-14,325	-7,725
Correction of previous years' current tax expense	96	2,481
Deferred tax	-45	6,960
<b>Recorded tax</b>	<b>-84,803</b>	<b>-52,087</b>

### RECONCILIATION OF RECORDED TAX

SEK '000s	2015	2014
Result before taxes	259,310	139,917
Tax according to Swedish tax rate of 22%	-57,048	-30,782
Tax effect of:		
Differences in tax rates for foreign subsidiaries	-9,421	-11,205
Non-deductible costs	-3,343	-1,033
Change in unrecorded deferred tax assets	5,711	1,917
Tax losses carried forward not valued	-6,837	-5,416
Correction of previous years' tax expense	96	2,481
Withholding tax on dividends and other taxes	-14,325	-7,725
Other	364	-324
<b>Recorded tax</b>	<b>-84,803</b>	<b>-52,087</b>

### DUE DATE STRUCTURE - DEFERRED TAX ASSETS RELATING TO TAX LOSS CARRYFORWARDS

SEK '000s	2015	2014
Due after 10 years	-	5,828
No due date	191,649	169,303
<b>Closing value</b>	<b>191,649</b>	<b>175,131</b>

### DEFERRED TAX ASSETS AND LIABILITIES BY NATURE, NET

SEK '000s	2015	2014
Tax loss carryforwards	191,649	175,131
Restructuring reserves	337	8,245
Fixed assets	-54,558	-48,470
Other items	-5,889	-10,531
	131,539	124,375
Less:		
Unrecorded deferred tax assets	-17,619	-25,795
<b>Closing value, net</b>	<b>113,920</b>	<b>98,580</b>

Unrecorded deferred tax assets refer to not valued tax loss carryforwards. For information concerning the valuation of the tax loss carryforwards please see note 1, section Important estimations and assessments on page 53.

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

SEK '000s	2015	2014
Deferred tax assets	194,334	181,979
Deferred tax liabilities	-80,414	-83,399
<b>Closing value, net</b>	<b>113,920</b>	<b>98,580</b>

### CHANGE IN DEFERRED TAX

SEK '000s	2015	2014
Opening value, net	98,580	88,560
Acquisitions of operations	-	-7,616
Recorded deferred tax on the result for the year	-45	6,960
Tax items charged directly against other comprehensive income	12,342	17,639
Effect from adjustment of previous years taxation	2,286	-8,095
Translation differences	757	1,132
<b>Closing value, net</b>	<b>113,920</b>	<b>98,580</b>

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

## 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.

	2015	2014
Result for the year attributable to shareholders, SEK '000s	174,507	87,830
Average number of outstanding shares, in thousands	26,518	25,204
<b>Earnings per share, SEK<sup>1)</sup></b>	<b>6.58</b>	<b>3.48</b>

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

## NOTE 11. 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	2015	2014
Cash flow from operating activities	268,549	161,847
Financial items	32,552	34,684
Paid taxes	84,854	61,182
Acquisitions and sales of operations	-	-254,193
Other items included in cash flow from investing activities	-41,681	-41,511
<b>Operating cash flow</b>	<b>344,274</b>	<b>-37,991</b>

## NOTE 12. 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.

### Other changes in interest-bearing liabilities

The item mainly refers to changes stemming from utilization of revolving credits.

### ADJUSTMENT FOR ITEMS NOT INCLUDED IN CASH FLOW

SEK '000s	2015	2014
Depreciation, amortization and write-downs of intangible and tangible assets	135,615	117,967
Depreciation of current assets	-	2,195
Changes in provisions that affect cash flow	-36,202	34,192
Unrealized exchange rate gains and losses	7,752	16,413
Result from disposal of tangible assets	-5,561	1,443
<b>Total</b>	<b>101,604</b>	<b>172,210</b>

### PAID AND RECEIVED INTEREST

SEK '000s	2015	2014
Paid interest	-23,012	-35,017
Received interest	967	1,392
<b>Total</b>	<b>-22,045</b>	<b>-33,625</b>



## NOTE 13. Intangible assets

SEK '000s	Goodwill		Other intangible assets		Total	
	2015	2014	2015	2014	2015	2014
Opening acquisition value	1,206,017	1,090,218	190,364	135,981	1,396,381	1,226,199
Investments	-	-	3,557	4,409	3,557	4,409
Acquired operations	-	37,475	-	36,007	-	73,482
Disposals	-	-	-	-2,024	-	-2,024
Translation difference	-5,711	78,324	1,274	15,991	-4,437	94,315
<b>Closing acquisition value</b>	<b>1,200,306</b>	<b>1,206,017</b>	<b>195,195</b>	<b>190,364</b>	<b>1,395,501</b>	<b>1,396,381</b>
Opening accumulated amortization	-	-	-93,264	-63,370	-93,264	-63,370
Accumulated amortization in acquired operations	-	-	-	-52	-	-52
Amortization for the year	-	-	-27,918	-26,987	-27,918	-26,987
Disposals	-	-	-	2,024	-	2,024
Translation difference	-	-	870	-4,879	870	-4,879
<b>Closing accumulated amortization</b>	<b>-</b>	<b>-</b>	<b>-120,312</b>	<b>-93,264</b>	<b>-120,312</b>	<b>-93,264</b>
Opening accumulated write-downs	-690	-690	-5,738	-5,738	-6,428	-6,428
<b>Closing accumulated write-downs</b>	<b>-690</b>	<b>-690</b>	<b>-5,738</b>	<b>-5,738</b>	<b>-6,428</b>	<b>-6,428</b>
<b>Net residual value</b>	<b>1,199,616</b>	<b>1,205,327</b>	<b>69,145</b>	<b>91,362</b>	<b>1,268,761</b>	<b>1,296,689</b>

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

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

SEK '000s	2015	2014
Cost of products and services sold	-2,389	-3,499
Selling expenses	-23,013	-18,307
Administrative expenses	-2,516	-5,181
<b>Total</b>	<b>-27,918</b>	<b>-26,987</b>

### 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. Significant variables in the tests are for example growth rate, operating margin and investment level. 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. This year differentiated discount rates have been used for the business areas, this to take the different required rate of returns into account. For the impairment test a discount rate before tax has been calculated based on the weighted average capital cost (WACC).

• Supply Chain Solutions	10.6%
• Print & Packaging Solutions	10.1%
• e-Commerce Solutions	12.0%

Last year a WACC of 10.5 percent was used for all business areas. 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	2015	2014
Supply Chain Solutions	41,077	38,418
Print & Packaging Solutions Americas	156,624	148,635
Print & Packaging Solutions Asia	89,895	89,223
Print & Packaging Solutions Europe	764,201	775,194
e-Commerce Solutions	147,819	153,857
<b>Total</b>	<b>1,199,616</b>	<b>1,205,327</b>

### 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 operating margin together with an increase in discount rate with two percentage units would not imply any need for write-downs. Neither a combination of these indicate need for write-down.

## NOTE 14. Tangible assets

SEK '000s	Buildings and land <sup>1)</sup>		Plant and machinery		Equipment, tools, fixtures and fittings	
	2015	2014	2015	2014	2015	2014
Opening acquisition value	132,445	114,344	945,418	744,427	238,592	124,373
Investments	167	-	25,880	18,144	17,653	11,959
Acquired operations	-	5,163	-	91,849	-	82,157
Disposals	-	-	-46,293	-18,226	-10,187	-7,543
Reclassification	21,874	500	18,939	12,668	-16,071	-296
Translation difference	-65	12,438	6,587	96,556	3,078	27,942
<b>Closing acquisition value</b>	<b>154,421</b>	<b>132,445</b>	<b>950,531</b>	<b>945,418</b>	<b>233,065</b>	<b>238,592</b>
Opening accumulated depreciation and write-downs	-42,803	-33,271	-710,885	-505,826	-197,426	-104,575
Accumulated depreciation in acquired operations	-	-444	-	-73,780	-	-58,633
Depreciation and write-downs for the year	-5,447	-4,599	-85,337	-69,498	-16,913	-16,883
Disposals	-	-	43,655	10,344	9,811	5,188
Reclassification	-	-	-9,648	-	9,648	-
Translation difference	-769	-4,489	-6,357	-72,125	-2,962	-22,523
<b>Closing accumulated depreciation and write-downs</b>	<b>-49,019</b>	<b>-42,803</b>	<b>-768,572</b>	<b>-710,885</b>	<b>-197,842</b>	<b>-197,426</b>
<b>Net residual value</b>	<b>105,402</b>	<b>89,642</b>	<b>181,959</b>	<b>234,533</b>	<b>35,223</b>	<b>41,166</b>

SEK '000s	Fixed assets under construction <sup>2)</sup>		Total	
	2015	2014	2015	2014
Opening acquisition value	26,930	10,892	1,343,385	994,036
Investments	7,241	15,911	50,941	46,014
Acquired operations	-	10,526	-	189,695
Disposals	-	-	-56,480	-25,769
Reclassification	-24,742	-12,872	-	-
Translation difference	1,867	2,473	11,467	139,409
<b>Closing acquisition value</b>	<b>11,296</b>	<b>26,930</b>	<b>1,349,313</b>	<b>1,343,385</b>
Opening accumulated depreciation and write-downs	-	-	-951,114	-643,672
Accumulated depreciation in acquired operations	-	-	-	-132,857
Depreciation and write-downs for the year	-	-	-107,697	-90,980
Disposals	-	-	53,466	15,532
Reclassification	-	-	-	-
Translation difference	-	-	-10,088	-99,137
<b>Closing accumulated depreciation and write-downs</b>	<b>-</b>	<b>-</b>	<b>-1,015,433</b>	<b>-951,114</b>
<b>Net residual value</b>	<b>11,296</b>	<b>26,930</b>	<b>333,880</b>	<b>392,271</b>

<sup>1)</sup> Buildings and land include land with a book value of SEK 12,187 (11,446) thousands.

<sup>2)</sup> Fixed assets under construction include advances related to tangible assets of SEK 7,514 (5,376) thousands.

## DEPRECIATION AND WRITE-DOWNS SPECIFIED BY FUNCTION

SEK '000s	2015	2014
Cost of products and services sold	-96,067	-80,899
Selling expenses	-425	-566
Administrative expenses	-11,205	-9,515
<b>Total</b>	<b>-107,697</b>	<b>-90,980</b>

## Finance lease agreements

The net residual value of tangible assets possessed through finance leases is SEK 5,974 (8,499) thousands. All leasing objects are reported as plant and machinery.

## NOTE 14. Tangible assets (cont.)

### FUTURE MINIMUM LEASE PAYMENTS FOR FINANCE LEASES

SEK '000s	2015	2014
Within 1 year	1,580	1,646
Between 1 and 5 years	3,946	5,757
<b>Total</b>	<b>5,526</b>	<b>7,403</b>
Future interest expenses for finance leases	-447	-599
<b>Current finance lease liability</b>	<b>5,079</b>	<b>6,804</b>

## NOTE 15. Inventory

SEK '000s	2015	2014
Raw materials and consumables	127,929	119,542
Work in process	28,916	30,685
Finished goods	109,008	103,269
<b>Total</b>	<b>265,853</b>	<b>253,496</b>

Costs relating to obsolescence expensed during the year amounted to SEK 13,293 (8,561) thousands and at year-end the obsolescence reserve was SEK 17,147 (18,399) thousands.

## NOTE 16. Prepaid expenses and accrued income

SEK '000s	2015	2014
Machine rent paid in advance	5,948	5,732
Premise rent paid in advance	7,680	7,575
Other prepaid expenses	16,583	19,050
Accrued income	21,209	22,618
<b>Total</b>	<b>51,420</b>	<b>54,975</b>

## NOTE 17. Cash and cash equivalents

SEK '000s	2015	2014
Cash and bank	528,961	456,673
<b>Cash and cash equivalents</b>	<b>528,961</b>	<b>456,673</b>

Translation differences in cash and cash equivalents for the year were SEK -265 (49,040) 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 2015 it amounted to 0.5 (0.7) times. Elanders' goal is a return on employed capital of at least 10 percent long-term. In 2015 it amounted to 13 (9) percent. Elanders' goal is an equity ratio of at least 30 percent and on 31 December 2015 it amounted to 42 (38) 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 2015 amounted to MSEK -0.0 (-0.1) and will be returned to the income statements in 2016.

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.

## NOTE 18. Financial instruments and financial risk management (cont.)

### Translation exposure

Elanders' results from foreign subsidiaries in foreign currency consist primarily of USD and EUR and the Group result is sensitive to fluctuation in these currencies. Below is an analysis of how a positive or negative change of ten percent of the average exchange rates on these currencies should have affected the Group net sales and operating result in 2015:

MSEK	Estimated effect on net sales	Estimated effect on operating result
USD	+/- 235	+/- 20
EUR	+/- 119	+/- 9
USD & EUR	+/- 354	+/- 29

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 44.6 (29.4), including hedging effects.

### Currency hedges

The table below shows a compilation over the Group's outstanding forward exchange contracts per 31 December 2015. All the contracts are due within a year.

Currencies	Nominal amount SEK '000s	Average hedging rate
SEK/GBP	6,829	12.42
SEK/USD	14,406	8.71
PLN/SEK	11,253	2.16
EUR/SEK	130,323	9.23
EUR/PLN	20,810	4.29
EUR/GBP	6,414	0.74
USD/PLN	6,531	3.88
GBP/PLN	4,715	5.98

### 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 7.4 (9.0), calculated on the outgoing net debt less liabilities with a fixed interest rate. The following table 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.

SEK '000s	Interest-bearing		Non-interest-bearing
	Fixed interest	Floating interest	
Long-term receivables	2,413	-	-
Current receivables	-	-	871,377
Cash and bank	-	528,961	-
Long-term liabilities	-	5,219	5
Current liabilities	-	1,246,990	438,374
<b>Total</b>	<b>2,413</b>	<b>723,248</b>	<b>432,998</b>

### 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 30 June 2016. There is an option in the contracts for a one year extension. Related to the Group's interest bearing liabilities there are covenants from the credit institutions. As of 31 December 2015 all covenants were fulfilled. See page 67 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 2015 total exposure regarding financial credit risks was MSEK 578.1 (518.6). 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 824.6 (843.8) per 31 December 2015.

In 2015 credit losses amounted to MSEK 3.8 (4.1, of which MSEK 0.7 (1.2) 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 2015 amounted to MSEK -0.0 (-0.1) and will be returned to the income statements in 2016. The hedging reserve consists of forward exchange contracts.



## NOTE 18. Financial instruments and financial risk management (cont.)

### 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 +/- 20
- Cost of material +/- 19
- Personnel cost +/- 10

### 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	2015	2014
1-30 days overdue	54,047	97,819
31-60 days overdue	11,498	12,766
61-90 days overdue	3,944	2,980
More than 90 days overdue	1,134	983
<b>Total</b>	<b>70,623</b>	<b>114,548</b>

Only accounts receivables are included in the table above. No other overdue receivables existed as of 31 December 2015 or 2014.

### CHANGE IN PROVISION FOR DOUBTFUL RECEIVABLES

SEK '000s	2015	2014
Opening provision for doubtful receivables	-8,871	-6,586
Provision in acquired operations	-	-597
Reversal of provision from previous year	1,885	947
Confirmed losses	717	288
Provisions during the year	-2,375	-2,823
Translation difference	-125	-100
<b>Closing provision for doubtful receivables</b>	<b>-8,769</b>	<b>-8,871</b>

### INTEREST INCOME AND EXPENSES STEMMING FROM FINANCIAL ASSETS AND FINANCIAL LIABILITIES

SEK '000s	2015	2014
Interest income from financial assets	967	1,392
Interest expenses due to financial liabilities	-22,550	-34,375
<b>Total</b>	<b>-21,583</b>	<b>-32,983</b>

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	2015	2014
Loans and receivables	17,136	18,036
Other financial liabilities	-16,214	-13,808
<b>Total</b>	<b>922</b>	<b>4,228</b>

### Financial assets and liabilities measured at fair value

The financial instruments recognized at fair value in the Group's report on financial position are derivatives identified as hedging instruments. The derivatives consist of forward exchange 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 derivatives 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.

SEK '000s	2015	2014
Other current assets - Derivative instruments in hedge accounting relationships	-	-
Non-interest-bearing current liabilities - Derivative instruments in hedge accounting relationships	5	134

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 46 for further information.

## NOTE 18. Financial instruments and financial risk management (cont.)

### CATEGORIZATION OF FINANCIAL INSTRUMENTS

The categorization of financial instruments in the balance sheets for 2015 and 2014 is presented in the tables below.

#### ASSETS 2015

SEK '000s	Loans and receivables	Available-for-sale financial assets	Non-financial assets	Total
<b>Intangible assets</b>	-	-	1,268,761	1,268,761
<b>Tangible assets</b>	-	-	333,880	333,880
<b>Financial assets</b>	2,413	-	196,550 <sup>1)</sup>	198,963
<b>CURRENT ASSETS</b>				
Inventory	-	-	265,853	265,853
Accounts receivable	824,603	-	-	824,603
Current tax receivables	-	-	6,535	6,535
Other receivables	46,734	-	34,050	80,784
Prepaid expenses and deferred income	-	-	51,420	51,420
Cash and cash equivalents	528,961	-	-	528,961
<b>Total current assets</b>	<b>1,400,298</b>	<b>-</b>	<b>357,858</b>	<b>1,758,156</b>
<b>Total assets</b>	<b>1,402,711</b>	<b>-</b>	<b>2,157,049</b>	<b>3,559,760</b>

<sup>1)</sup> Mainly refers to deferred tax assets.

#### LIABILITIES 2015

SEK '000s	Derivative instruments in designated hedge accounting relationships	Other financial liabilities	Non-financial assets	Total
<b>Long-term liabilities and provisions</b>	-	5,219	97,701	102,920
<b>CURRENT LIABILITIES AND PROVISIONS</b>				
Interest-bearing liabilities	-	1,246,990	-	1,246,990
Accounts payable	-	396,482	-	396,482
Current tax liabilities	-	-	28,081	28,081
Other liabilities	5	41,892	32,174	74,071
Accrued expenses and prepaid income	-	-	215,344	215,344
Provisions	-	-	7,889	7,889
<b>Total current liabilities and provisions</b>	<b>5</b>	<b>1,685,364</b>	<b>283,488</b>	<b>1,968,857</b>
<b>Total liabilities and provisions</b>	<b>5</b>	<b>1,690,583</b>	<b>381,189</b>	<b>2,071,777</b>

## NOTE 18. Financial instruments and financial risk management (cont.)

### ASSETS 2014

SEK '000s	Loans and receivables	Available-for-sale financial assets	Non-financial assets	Total
<b>Intangible assets</b>	-	-	1,296,689	1,296,689
<b>Tangible assets</b>	-	-	392,271	392,271
<b>Financial assets</b>	6,226	862	183,781 <sup>3)</sup>	190,869
<b>CURRENT ASSETS</b>				
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
<b>Total current assets</b>	<b>1,355,356</b>	<b>-</b>	<b>334,641</b>	<b>1,689,997</b>
<b>Total assets</b>	<b>1,361,582</b>	<b>862</b>	<b>2,207,382</b>	<b>3,569,826</b>

<sup>3)</sup> Mainly refers to deferred tax assets.

### LIABILITIES 2014

SEK '000s	Derivative instruments in designated hedge accounting relationships	Other financial liabilities	Non-financial assets	Total
<b>Long-term liabilities and provisions</b>	-	10,037	101,051	111,088
<b>CURRENT LIABILITIES AND PROVISIONS</b>				
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
<b>Total current liabilities and provisions</b>	<b>134</b>	<b>1,817,723</b>	<b>293,207</b>	<b>2,111,064</b>
<b>Total liabilities and provisions</b>	<b>134</b>	<b>1,827,760</b>	<b>394,258</b>	<b>2,222,152</b>

### 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 June 2016.

SEK '000s	Jan.-Mar. 2016	Apr.-Dec. 2016	2017-2018	2019-2020	2021-
Borrowing debts	25,455	1,220,219	-	-	-
Finance lease liabilities	329	987	2,917	2,302	-
Accounts payable	396,482	-	-	-	-
Other financial liabilities	37,809	4,083	-	-	-
Interest	411	621	347	46	-
<b>Total</b>	<b>460,486</b>	<b>1,225,910</b>	<b>3,264</b>	<b>2,348</b>	<b>-</b>

## NOTE 19. Share capital

Number of registered shares in the parent company	2015	2014
Issued per 1 January	26,518,314	22,729,998
New share issue	-	3,788,316
<b>Issued per 31 December</b>	<b>26,518,314</b>	<b>26,518,314</b>

2015	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
	<b>26,518,314</b>	<b>38,768,304</b>	<b>265,183,140</b>

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 1,385 (1,168) per 31 December 2015 in credit facilities of which MSEK 136 (50) were unutilized.

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 1.8 (2.7) percent.

### LONG-TERM LIABILITIES

SEK '000s	2015	2014
Finance lease liabilities	5,219	6,699
Borrowing debts	-	3,338
<b>Total</b>	<b>5,219</b>	<b>10,037</b>

### CURRENT LIABILITIES

SEK '000s	2015	2014
Finance lease liabilities	1,316	1,538
Borrowing debts	1,245,674	1,325,516
<b>Total</b>	<b>1,246,990</b>	<b>1,327,054</b>

### BANK OVERDRAFT FACILITIES

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

SEK '000s	2015	2014
Bank overdraft facilities, utilized amount	4,945	-
Bank overdraft facilities, granted amount	50,000	50,000
<b>Unutilized amount</b>	<b>45,055</b>	<b>50,000</b>

### 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 3.5 (2.9) as of 31 December 2015 and the present value of the pension obligations amounted to MSEK 18.0 (17.9).

### 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 27.1 (40.3).

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 2015 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 2015 for pension insurance from Alecta totaled MSEK 2.9 (3.5). For 2016 no significant changes are expected regarding the total costs for pension insurance from Alecta.



## NOTE 22. Other provisions

SEK '000s	2015	Provided for during the year	Utilized during the year	Translation difference	2014
<b>PROVISIONS FOR RESTRUCTURING MEASURES</b>					
Personnel	1,248	-	-24,860	-	26,108
Lease obligations	53	-	-7,764	-	7,817
Other	234	-	-1,406	-	1,640
<b>OTHER PROVISIONS</b>					
Other	9,080	460	-1,258	-970	10,480
<b>Total</b>	<b>10,615</b>	<b>460</b>	<b>-35,288</b>	<b>-970</b>	<b>46,045</b>
Of which current	7,889				43,422

## NOTE 23. Accrued expenses and deferred income

SEK '000s	2015	2014
Holiday pay liability	25,517	28,573
Social security contributions	14,950	17,462
Accrued salaries and remuneration	77,865	56,078
Other accrued expenses and deferred income	97,012	82,420
<b>Total</b>	<b>215,344</b>	<b>184,533</b>

## NOTE 24. Pledged assets and contingent liabilities

<b>PLEGDED ASSETS</b>		
SEK '000s	2015	2014
Real estate mortgages	41,756	46 190
Floating charges	194,850	194 850
Other pledged assets	544,247	425 227
<b>Total</b>	<b>780,853</b>	<b>666 267</b>
Pledged to:		
Credit institutions	780,853	666 267
<b>Total</b>	<b>780,853</b>	<b>666 267</b>

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	2015	2014
Other contingent liabilities	147	2,100
<b>Total</b>	<b>147</b>	<b>2,100</b>

## 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 516 (501). 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 2015 and 2014 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 0.6 (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 2015 liabilities to

Carl Bennet AB amounted to MSEK 0.0 (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 1.1 (2.1).

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 12.0 (11.6) 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

No acquisitions have been made during 2015. During 2014 the acquisitions below were made:

### 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 fulfillment, 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 acquisition of Mentor Media a further amount of MSEK 5.4 has been paid in relation to the acquisition of myphotobook.

### SPECIFICATION OF FAIR VALUE ADJUSTMENTS 2014

SEK '000s	Recorded values in acquired operations	Adjustments to fair value	Recorded value in the Group
Fixed assets	57,035	34,913	91,948
Inventory	88,927	-	88,927
Accounts receivable	264,926	-	264,926
Other current assets	28,324	-	28,324
Cash and cash equivalents	141,523	-	141,523
Accounts payable	-129,526	-	-129,526
Other non-interest bearing liabilities	-69,135	-10,731	-79,866
Interest bearing liabilities	-48,046	-	-48,046
<b>Identifiable net assets</b>	<b>334,028</b>	<b>24,182</b>	<b>358,210</b>
Goodwill			37,532
<b>Total purchase sum</b>			<b>395,742</b>
Cash and cash equivalents in acquisitions			-141,523
<b>Negative effect on cash and cash equivalents for the Group</b>			<b>254,219</b>

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

## NOTE 27. Investment obligations

There were no significant investment obligations per 31 December 2015 or 31 December 2014.

## NOTE 28. Events after the balance sheet date

In December 2015 Elanders signed an agreement contract to acquire Schmid Druck, a niched packaging company in Germany. The business was consolidated into the Elanders Group as of 1 January 2016. In 2015 net sales in Schmid Druck were some MEUR 8.5 and the company reached an EBITDA level of MEUR 1.6 million. The acquisition is expected to contribute positively to Elanders' operating result already in 2016.

The purchase price was EUR 4.5 million on a cash and debt-free basis and almost all of it has been settled in the beginning of January 2016. Acquisition costs were around MSEK 2 and charged the result in 2015.

The schedule below shows preliminary assessment of the fair values in the company.

### SPECIFICATION OF FAIR VALUE ADJUSTMENTS

SEK '000s	Recorded values in acquired operations	Adjustments to fair value	Recorded value in the Group
Fixed assets	12,502	7,461	19,963
Inventory	4,761	-	4,761
Accounts receivable	5,810	-	5,810
Other current assets	613	-	613
Cash and cash equivalents	3,100	-	3,100
Accounts payable	-2,181	-	-2,181
Other non-interest bearing liabilities	-3,462	-1,420	-4,882
Interest bearing liabilities	-14,877	-	-14,877
<b>Identifiable net assets</b>	<b>6,266</b>	<b>6,041</b>	<b>12,307</b>
Goodwill			15,813
<b>Total purchase sum</b>			<b>28,120</b>
Unpaid purchase sums			-4,502
Cash and cash equivalents in acquisition			-3,100
<b>Total deductible items</b>			<b>-7,602</b>
<b>Negative effect on cash and cash equivalents for the Group</b>			<b>20,518</b>

## Parent company

### INCOME STATEMENTS

SEK '000s	Note	2015	2014
Net sales		26,353	24,352
Administrative expenses	2, 10, 11	-57,291	-55,177
Other operating income	3	2,194	900
Other operating expenses	3	-556	-293
<b>Operating result</b>	4, 7	<b>-29,300</b>	<b>-30,218</b>
Result from shares in subsidiaries		139,286	66,070
Interest income		27,145	26,528
Other financial income		1,533	59,015
Interest expenses		-20,312	-28,702
Other financial expenses		-64,183	-142,069
<b>Result after financial items</b>	5, 7	<b>54,169</b>	<b>-49,376</b>
Appropriations	7	-	-69,500
Taxes	6	15,283	40,341
<b>Result for the year</b>		<b>69,452</b>	<b>-78,535</b>

### STATEMENTS OF COMPREHENSIVE INCOME

SEK '000s	2015	2014
<b>Result for the year</b>	<b>69,452</b>	<b>-78,535</b>
Change in value of cash-flow hedges	-	1,768
Tax effect on change in value of cash-flow hedges	-	-389
<b>Other comprehensive income</b>	<b>-</b>	<b>1,379</b>
<b>Total comprehensive income for the year</b>	<b>69,452</b>	<b>-77,156</b>

## CASH FLOW STATEMENTS

SEK '000s	Note	2015	2014
<b>Operating activities</b>			
Result after financial items		54,169	-118,876
Adjustments for items not included in cash flow from operating activities	15	-110,276	115,931
Paid taxes		-1,833	-39
<b>Cash flow from operating activities before changes in working capital</b>		<b>-57,940</b>	<b>-2,984</b>
<b>Cash flow from changes in working capital</b>			
Increase (-)/decrease (+) in operating receivables		1,941	2,727
Increase (+)/decrease (-) in operating liabilities		3,908	-196
<b>Cash flow from operating activities</b>		<b>-52,091</b>	<b>-453</b>
<b>Investing activities</b>			
Acquisition of tangible assets and intangible assets	10, 11	-50	-258
Received dividends from subsidiaries	15	139,286	66,070
Payments received regarding long-term holdings		3,462	2,429
Lending to and from subsidiaries		260	-317,399
<b>Cash flow from investing activities</b>		<b>142,958</b>	<b>-249,158</b>
<b>Financing activities</b>			
Amortization of loans		-106,933	-210,880
New loans		-	351,454
Other changes in interest-bearing liabilities		61,701	99,236
New share issue		-	121,014
Dividend to parent company shareholders		-29,170	-18,184
<b>Cash flow from financing activities</b>		<b>-74,402</b>	<b>342,640</b>
<b>Cash flow for the year</b>		<b>16,465</b>	<b>93,029</b>
Cash and cash equivalents at the beginning of the year		156,126	62,730
<b>Cash and cash equivalents at year-end</b>		<b>172,591</b>	<b>156,126</b>



## BALANCE SHEETS

SEK '000s	Note	2015	2014
<b>Assets</b>			
<b>Fixed assets</b>			
Intangible assets	10	1,041	2,035
Tangible fixed assets	11	331	306
Shares in subsidiaries	8	1,246,548	1,246,548
Receivables from group companies	7	673,204	707,909
Deferred tax assets	6	132,067	114,951
Other financial assets		2,471	7,137
<b>Total fixed assets</b>		<b>2,055,662</b>	<b>2,078,886</b>
<b>Current assets</b>			
Accounts receivable		254	255
Receivables from group companies	7	122,327	94,994
Current tax receivables	6	-	35
Other receivables		4,879	4,473
Prepaid expenses and accrued income		5,659	7,653
Cash and bank balances		172,591	156,126
<b>Total current assets</b>		<b>305,710</b>	<b>263,536</b>
<b>Total assets</b>		<b>2,361,372</b>	<b>2,342,422</b>

## BALANCE SHEETS (CONT.)

SEK '000s	Note	2015	2014
<b>EQUITY, PROVISIONS AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Restricted equity</b>			
Share capital		265,183	265,183
Statutory reserve		332,383	332,383
<b>Total restricted equity</b>		<b>597,566</b>	<b>597,566</b>
<b>Unrestricted equity</b>			
Retained earnings		235,012	342,717
Result for the year		69,452	-78,535
<b>Total unrestricted equity</b>		<b>304,464</b>	<b>264,182</b>
<b>Total equity</b>		<b>902,030</b>	<b>861,748</b>
<b>PROVISIONS</b>			
Provisions for pensions and similar obligations		1 371	1,371
Other provisions	9	1 548	1,548
<b>Total provisions</b>		<b>2 919</b>	<b>2,919</b>
<b>LIABILITIES</b>			
<b>Long-term liabilities</b>			
Liabilities to group companies		70 454	70,454
Other liabilities		103	103
<b>Total long-term liabilities</b>		<b>70 557</b>	<b>70,557</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	12, 14	1,048,920	1,067,177
Accounts payable		2,754	3,876
Liabilities to group companies		305,395	312,507
Current tax liabilities		14	-
Other liabilities		1,658	492
Accrued expenses and deferred income	13	27,125	23,146
<b>Total current liabilities</b>		<b>1,385,866</b>	<b>1,407,198</b>
<b>Equity, provisions and liabilities</b>		<b>2,361,372</b>	<b>2,342,422</b>
<b>Pledged assets</b>	14	<b>290,065</b>	<b>430,044</b>
<b>Contingent liabilities</b>	14	<b>172,526</b>	<b>211,815</b>

## STATEMENTS OF CHANGES IN EQUITY

SEK '000s	Share capital	Statutory reserve	Unrestricted equity	Total
<b>Opening balance on 1 Jan. 2014</b>	<b>227,300</b>	<b>332 383</b>	<b>276,391</b>	<b>836,074</b>
Dividend	-	-	-18,184	-18,184
New share issue	37,883	-	83,131	121,014
Total comprehensive income for the year	-	-	-77,156	-77,156
<b>Closing balance on 31 dec. 2014</b>	<b>265,183</b>	<b>332 383</b>	<b>264,182</b>	<b>861,748</b>
Dividend	-	-	-29,170	-29,170
Total comprehensive income for the year	-	-	69,452	69,452
<b>Closing balance on 31 dec. 2015</b>	<b>265,183</b>	<b>332 383</b>	<b>304,464</b>	<b>902,030</b>

## 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.

The parent company will issue a guarantee under section 479(C) of the UK Companies Act 2006 for the year ended 31 December 2015 in respect of the subsidiaries registered in the United Kingdom, listed in note 8. The parent company guarantees all outstanding liabilities to which the subsidiary companies are subject to at 31 December 2015, until they are satisfied in full and the guarantee is enforceable against the company by any person to whom the subsidiary companies are liable in respect of those liabilities. The subsidiaries have taken advantage of the exemption from audit by virtue of Section 479(A) of the Companies Act 2006.

### 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 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 2015

No new standards, amendments or interpretations that have had significant affect on the company's financial reports have come into effect during 2015.

## NOTE 2. Fees to the auditors

SEK '000s	2015	2014
<b>PwC</b>		
Audit assignment	861	517
Audit-related services	-	283
Tax advisory services	406	629
Other services	510	-
<b>Total</b>	<b>1,777</b>	<b>1,429</b>

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.

## NOTE 3. Other operating income and expenses

### OTHER OPERATING INCOME

SEK '000s	2015	2014
Exchange rate gains	1,151	888
Other	1,043	12
<b>Total</b>	<b>2,194</b>	<b>900</b>

### OTHER OPERATING EXPENSES

SEK '000s	2015	2014
Exchange rate losses	-556	-293
<b>Total</b>	<b>-556</b>	<b>-293</b>

## 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	2015	2014
Dividends from subsidiaries	139,286	66,070
<b>Total</b>	<b>139,286</b>	<b>66,070</b>

### INTEREST INCOME

SEK '000s	2015	2014
Interest income, external	194	427
Interest income, subsidiaries	26,951	26,101
<b>Total</b>	<b>27,145</b>	<b>26,528</b>

### OTHER FINANCIAL INCOME

SEK '000s	2015	2014
Exchange rate gains	1,533	58,344
Other	-	671
<b>Total</b>	<b>1,533</b>	<b>59,015</b>

### INTEREST EXPENSES

SEK '000s	2015	2014
Interest expenses, external	-20,201	-28,284
Interest expenses, subsidiaries	-111	-418
<b>Total</b>	<b>-20,312</b>	<b>-28,702</b>

### OTHER FINANCIAL EXPENSES

SEK '000s	2015	2014
Exchange rate losses	-57,714	-138,565
Other financial expenses	-6,469	-3,504
<b>Total</b>	<b>-64,183</b>	<b>-142,069</b>



## NOTE 6. Taxes

### TAX ON THE RESULT FOR THE YEAR

SEK '000s	2015	2014
Withholding tax on income from foreign subsidiaries	-1,833	-39
Deferred tax	17,116	40,380
<b>Total</b>	<b>15,283</b>	<b>40,341</b>

### RECONCILIATION OF RECORDED TAX

SEK '000s	2015	2014
Result before taxes	54,169	-118,876
Tax according to Swedish tax rate of 22%	-11,917	26,153
Tax effect of:		
Withholding tax on income from foreign subsidiaries	-1,833	-39
Correction of previous year's current tax expense	-751	-
Non-taxable dividends from subsidiaries	30,643	14,535
Contribution, representation and association costs	-81	-76
Non-deductible costs in relation to acquisitions of operations	-440	-638
Other	-338	406
<b>Total</b>	<b>15,283</b>	<b>40,341</b>

### DEFERRED TAX RECEIVABLES

SEK '000s	2015	2014
Tax loss carry forwards	126,289	111,265
Other	5,778	3,686
<b>Total</b>	<b>132,067</b>	<b>114,951</b>

## NOTE 7. 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	2015	2014
Subsidiaries	4,058	3,480
Carl Bennet AB	600	531
<b>Total</b>	<b>4,658</b>	<b>4,011</b>

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 2015 liabilities to Carl Bennet AB amounted to MSEK 0.0 (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 1.1 (2.1).

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	2015	2014
Elanders Infologistics AB	-	500
Elanders Sverige AB	-	-70,000
<b>Total</b>	<b>-</b>	<b>-69,500</b>

## NOTE 8. Shares in subsidiaries

	Identity no.	Registered office	Number of shares	Book value of holding, SEK '000s
d o m Deutsche Online Medien GmbH	HRB265124	Waiblingen, Germany	-	23,835
myphotobook GmbH	HRB94377	Berlin, Germany	-	-
Elanders Anymedia AB	556559-5922	Stockholm, Sweden	6,000	13,614
Elanders (Beijing) Printing Company Ltd	77765103X	Beijing, China	-	186,564
Elanders (Beijing) Digital Development Ltd	110000450078296	Beijing, China	-	2,824
Elanders do Brasil Ltda	08.789.936/0001-55	São Paulo, Brazil	-	12,228
Elanders Reprodução de Imagens Ltda	08.849.405/0001-00	São Paulo, Brazil	-	9,360
Elanders GmbH	HRB722349	Waiblingen, Germany	-	108,576
Elanders International AB	556058-0622	Kungsbacka, Sweden	-	-
Mentor Media Ltd	199302450H	Singapore	-	-
Chengdu Mentor Media Co., Ltd	510100400032987	Chengdu, China	-	-
Mentor Infotech Pte Ltd	199606434D	Singapore	-	-
Mentor Internet Solution Pte Ltd	199508226M	Singapore	-	-
Mentor Media (Chongqing) Co., Ltd	500000400043355	Chongqing, China	-	-
Mentor Media (Kunshan) Co., Ltd	320583400027574	Kunshan, China	-	-
Mentor Media (Shenzhen) Co., Ltd	440301503229990	Shenzhen, China	-	-
Mentor Media (Songjiang) Co., Ltd	310000400385089	Songjiang, China	-	-
Mentor Media (Suzhou) Co., Ltd	320500400024026	Suzhou, China	-	-
Mentor Media (USA) Supply Chain Management Inc	C3095841	Ontario, USA	-	-
Mentor Media (Xiamen) Co., Ltd	350298400001789	Xiamen, China	-	-
Mentor Media CBZ (Chongqing) Co., Ltd	500000400065942	Chongqing, China	-	-
Mentor Media Czech s.r.o.	CZ27742270	Brno, Czech Republic	-	-
Mentor Media Japan Godogaisha	0100-03-017482	Tokyo, Japan	-	-
Mentor Media Juárez S.A. de C.V.	MMJ0810145N1	Juárez, Mexico	-	-
Mentor Media Logistics (Shenzhen) Co., Ltd	440301503351584	Shenzhen, China	-	-
Mentor Media Printing Pte Ltd	198400441M	Singapore	-	-
Mentor Printing and Logistics Private Limited	U72900TN2006PTC061596	Chennai, India	-	-
Mentor Shanghai Trading Co., Ltd	310000400765289	Shanghai, China	-	-
Shanghai Mentor Media Co., Ltd	310115400062371	Shanghai, China	-	-
Shanghai Mentor Media Printing Co., Ltd	310115400074709	Shanghai, China	-	-
Tristellar Graphic Sdn. Bhd.	64775T	Johor, Malaysia	-	-
Elanders Hungary Kft	20-09-065122	Zalalövő, Hungary	-	146,112
Elanders Infologistics AB	556121-8891	Göteborg, Sweden	314,330	286,765
Elanders Sverige AB	556262-1689	Härryda, Sweden	-	-
Falköping Karlavagnen 6 AB	556832-7844	Härryda, Sweden	-	-
Elanders NRS AB	556229-6938	Härryda, Sweden	1,000	100
Elanders FoH AB	556099-5663	Härryda, Sweden	30,000	50,342
Elanders Italy S.r.l.	5686620963	Ponzano Veneto, Italy	-	2,702
Elanders Ltd	GB 3788582	Newcastle, UK	-	31,403
McNaughtan's Printers Ltd	SC 135425	Glasgow, UK	-	-
Elanders Polska Sp. z o.o.	KRS 0000101815	Płońsk, Poland	-	89,869
Elanders Taiwan Co. Ltd	53729508	Taipei, Taiwan	200,000	470
Elanders UK Ltd	GB 2209256	Harrogate, UK	-	923
fotokasten GmbH	HRB24050	Waiblingen, Germany	-	57,824
Midland Information Resources Company	42-1468885	Davenport, USA	10,000	223,038
ElandersUSA, LLC	58-1448183	Atlanta, USA	-	-
<b>Total</b>				<b>1,246,548</b>

## NOTE 8. Shares in subsidiaries (cont.)

The parent company's ownership amounts to 100% for all group companies. No book value is stated for the companies not directly owned by the parent company.

SEK '000s	2015	2014
Opening book value	1,246,548	1,246,548
Closing book value	1,246,548	1,246,548

## NOTE 9. Other provisions

SEK '000s	2015	2014
Environmental obligations	1,500	1,500
Other	48	48
<b>Total</b>	<b>1,548</b>	<b>1,548</b>

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 10. Intangible assets

SEK '000s	Goodwill		Other intangible assets		Total	
	2015	2014	2015	2014	2015	2014
Opening acquisition value	1,959	1,959	11,387	11,129	13,346	13,088
Acquisitions	-	-	1	258	1	258
Closing acquisition value	1,959	1,959	11,388	11,387	13,347	13,346
Opening accumulated amortization	-1,078	-980	-9,207	-8,275	-10,285	-9,255
Amortization for the year	-98	-98	-897	-932	-995	-1,030
Closing accumulated amortization	-1,176	-1,078	-10,104	-9,207	-11,280	-10,285
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	783	881	258	1,154	1,041	2,035

Amortization has been charged entirely to administrative expenses. Other intangible assets refer to software.

## NOTE 11. Tangible fixed assets

SEK '000s	Equipment, tools, fixtures and fittings	
	2015	2014
Opening acquisition value	1,989	1,989
Acquisitions	49	-
Disposals	-4	-
Closing acquisition value	2,034	1,989
Opening accumulated depreciation	-1,683	-1,635
Depreciation for the year	-22	-48
Disposals	2	-
Closing accumulated depreciation	-1,703	-1,683
Net residual value	331	306

Depreciation has been charged entirely to administrative expenses.

There has been no financial leasing.

## NOTE 12. Liabilities to credit institutions

All liabilities to credit institutions are borrowing debts. Loans from Elanders' main banks follows the terms in the credit agreement and maturity is in June 2016. Elanders AB has loans in USD, EUR, SEK and PLN. The interest rate on the loans per 31 December 2015 was in the interval 1.25-2.77 (2.03-4.01) 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	2015	2014
Bank overdraft facilities, utilized amount	4,945	-
Bank overdraft facilities, granted amount	50,000	50,000
<b>Not utilized overdraft</b>	<b>45,055</b>	<b>50,000</b>

## NOTE 13. Accrued expenses and deferred income

SEK '000s	2015	2014
Salaries and holiday pay	5,990	5,801
Social security contributions	5,609	5,314
Interest	-	129
Other accrued expenses and deferred income	15,526	11,902
<b>Total</b>	<b>27,125</b>	<b>23,146</b>

## NOTE 14. Pledged assets and contingent liabilities

### PLEGDED ASSETS

SEK '000s	2015	2014
Floating charges	3,300	3,300
Other pledged assets	286,765	426,744
<b>Total</b>	<b>290,065</b>	<b>430,044</b>
Given to:		
Credit institutions	290,065	430,044
<b>Total</b>	<b>290,065</b>	<b>430,044</b>

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

### CONTINGENT LIABILITIES

SEK '000s	2015	2014
Surety and contingent liabilities given for subsidiaries	172,526	211,815
<b>Total</b>	<b>172,526</b>	<b>211,815</b>

## NOTE 15. 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	2015	2014
Depreciation, amortization and write-downs of intangible and tangible assets	1,017	1,078
Dividends from subsidiaries	-139,286	-15,087
Unrealized exchange rates gains and losses	27,195	128,777
Other items	798	1,163
<b>Total</b>	<b>-110,276</b>	<b>115,931</b>

### PAID AND RECEIVED INTEREST

SEK '000s	2015	2014
Paid interest	-20,441	-28,770
Received interest	27,144	26,528
<b>Total</b>	<b>6,703</b>	<b>-2,242</b>

### DIVIDENDS RECEIVED FROM SUBSIDIARIES

SEK '000s	2015	2014
d o m Deutsche Online Medien GmbH	-	13,774
Elanders (Beijing) Printing Company Ltd	33,519	23,164
Elanders GmbH	83,800	-
Elanders Hungary Kft	16,278	9,171
Elanders Ltd	-	8,007
Elanders Polska Sp.z o.o.	5,689	11,954
<b>Total</b>	<b>139,286</b>	<b>66,070</b>

# 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 304,464,578

in the parent company at the disposition of the Annual General Meeting should be dealt with accordingly:

- SEK 2.20 per share, a total of SEK 58,340,291 is distributed to the shareholders
- the remaining balance of SEK 246,124,287 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 2016 for adoption.

Mölnlycke 29 February 2016

Carl Bennet  
Chairman of the Board

Johan Stern  
Vice Chairman of the Board

Erik Gabrielson

Göran Johnsson

Linus Karlsson

Cecilia Lager

Anne Lenerius

Kerstin Paulsson

Caroline Sundewall

Lilian Larnefeldt

Marcus Olsson

Magnus Nilsson  
Chief Executive Officer

Our auditor's report was issued on 29 February 2016  
PricewaterhouseCoopers AB

Magnus Willfors  
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 2015, except for the corporate governance statement on pages 41–45. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 36–83.

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

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the 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 Managing Director 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 Managing Director, 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 2015 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 2015 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 41–45. 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 Managing Director of Elanders AB (publ) for the year 2015. 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 Managing Director are responsible for administration under the Companies Act and that the corporate governance statement 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 Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director 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 a 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 Managing Director 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 29 February 2016  
PricewaterhouseCoopers AB

Magnus Willfors  
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 number of months.

**Average number of shares**

Weighted average number of shares outstanding during the period.

**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**

Net debt 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 fixed assets.

**EBIT-multiple**

Enterprise value divided by operating result.

**Enterprise value**

Market value plus net debt and non-controlling interests.

**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/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 average 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.

## **Business-to-business (B2B)**

Sale of goods and services between businesses, such as between a manufacturer and a wholesaler, or between a wholesaler and a retailer.

## **Business-to-consumer (B2C)**

Sale of goods and services between a company and consumers.

## **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.

## **Fulfillment**

This term used to describe a number of steps in the process between production and distribution. They can include assembly, configuration, bar-coding, 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/production of originals. 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.  
 Born: 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.  
 Born: 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.  
 Born: 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 board member in Lamiflex International AB.  
**Shareholding:** None.



## GÖRAN JOHANSSON

Member of the Board.  
 Born: 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.  
**Previous appointments:** Chairman of the board of Sveriges Television AB. Chairman of the Swedish Metal Workers' Union. Deputy chairman of EKN. Member of the board of Stockholm Business Region AB.  
**Shareholding:** 2,410 class B shares.

## LINUS KARLSSON

Member of the Board.  
 Born: 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.  
 Born: 1963.  
 Elected in: 2009.  
 Education: Business Administration.  
**Appointments on the Elanders Board:** Member of the audit committee.  
**Current appointments:** Chairman of the board of Navigera AB. Member of the board of Altor Fund Manager AB, Cinnober Financial Technology AB, Eniro AB, Intellecta AB, Knowit AB, Oniva Online Group AB and Vardia Insurance Group ASA.  
**Previous appointments:** CEO SEB Funds, Marketing Director Alecta.  
**Shareholding:** 28,141 class B shares.

## ANNE LENERIUS

Member of the Board.  
 Born: 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.





**MAGNUS NILSSON**

Member of the Board.  
 President and Chief Executive Officer.  
 Born: 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.

**KERSTIN PAULSSON**

Member of the Board.  
 Born: 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.

**CAROLINE SUNDEWALL**

Member of the Board.  
 Born: 1958.  
 Elected in: 2015.  
 Education: Master of Science in Business Administration, Stockholm School of Economics.  
 Appointments on the Elanders Board: Member of the audit committee.  
 Current appointments: Chairman of the board of Cloetta and the Streber Cup Foundation. Member of the board and CEO of Caroline Sundewall AB. Member of the board of Cramo (Finland), Hemfosa and Mertzig Asset Management.  
 Previous appointments: Member of the Board of Svolder, TeliaSonera, Electrolux, Lifco, Haldex, Pågen, Ahlsell and Södra Skogsägarna.  
 Shareholding: 5,000 class B shares.



**LILIAN LARNEFELDT**

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

**MARCUS OLSSON**

Employee representative.  
 Born: 1971.  
 Elected in: 2014.  
 Education: Upper secondary education.  
 Work: Printer operator.  
 Shareholding: None.

**EIJA PERSSON**

Deputy employee representative.  
 Born: 1959.  
 Elected in: 2014.  
 Education: Higher Education Diploma in Informatics.  
 Work: Project manager IT development.  
 Shareholding: None.

**MARTIN SCHUBACH**

Deputy employee representative.  
 Born: 1974.  
 Elected in: 2015.  
 Education: Upper secondary education.  
 Work: Prepare/Automation.  
 Shareholding: 200 class B shares.

*Group Management, Auditors  
and Nomination Committee*

**GROUP  
MANAGEMENT**



**MAGNUS NILSSON**

President and Chief Executive Officer.

Born: 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.

Born: 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.

Born: 1956.

**Education and background:** Employed since 2014. Bachelor degree in Electrical & Electronics Engineering and Master of Science (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.

Born: 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 acquisition of d|o|m and fotokasten in 2012, where he was CEO.

**Shareholding:** None.

**KEVIN ROGERS**

Head of Print & Packaging Solutions Asia.  
Born: 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.

**THOMAS SHEEHAN**

Head of Print & Packaging Solutions Americas.  
Born: 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.  
Born: 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 AND NOMINATION COMMITTEE****Auditors**

PricewaterhouseCoopers AB with the authorized public accountant:

**Magnus Willfors**

Born: 1963.

Company auditor since 2015.

**Other appointments:** Carl Bennet AB, Lifco AB, Midway Holding AB, Arise AB and E.ON Sverige AB.

**The Nomination Committee****Carl Bennet**

Chairman and contact, represents Carl Bennet AB, telephone: +46 31 74164 00.

**Hans Hedström**

CEO and responsible for owner matters in Carnegie Funds, telephone: +46 8 69617 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  
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## Annual General Meeting and Calendar

# WELCOME TO THE ANNUAL GENERAL MEETING



Shareholders in Elanders AB (publ) are welcomed to the company's Annual General Meeting Thursday 28 April 2016 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 Friday 22 April 2016. Intent to participate must be reported by Friday 22 April 2016.

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 Friday 22 April 2016. This means that the shareholder must notify the nominee of this well in advance of this day.

Intent of participation can be made via the company website [www.elanders.com](http://www.elanders.com). Alternatively via e-mail [arsstamma@elanders.com](mailto:arsstamma@elanders.com), in writing to Elanders AB (publ), Annual General Meeting, Box 137, SE-435 23 Mölnlycke, Sweden or via telephone +46 31 750 07 21.

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 with any other business named in a separate summons.

## CALENDAR

→ Annual General Meeting	28 April 2016
→ Quarterly Report Q1	28 April 2016
→ Quarterly Report Q2	13 juli 2016
→ Quarterly Report Q3	20 October 2016
→ Year-end Report 2016	26 January 2017

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## 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](mailto: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.

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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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## PRODUCTION FACTS

**Design:** Narva.

**Production:** Elanders AB in collaboration with Narva.

**Paper:** Cover: Ensocoat 275 g. Insert: MultiDesign Smooth white 115 g.

Net sales and other statistics for the industry have been provided by the market research company Smithers Pira Ltd and the interest organization Packbridge.

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## PHOTO

Elanders: pages 18–19, 27, 29, 31.  
Getty Images: pages 16, 22–23.  
Gothia Towers: page 94.  
Mikael Göthage: pages 6, 88–91.  
Shutterstock: pages 11–12, 19–21, 24–26.

Cover: Getty Images. Tokyo Gate Bridge is a bridge across Tokyo Bay in Kōtō, Tokyo, Japan. It opened on 12 February 2012.

## 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.

