

QUARTERLY REPORT JANUARY-SEPTEMBER 2014



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

CONTACT INFORMATION

Further information can be found on Elanders' website www.elanders.com or requested via e-mail info@elanders.com.

Questions concerning this report can be addressed to:

Magnus Nilsson

President and CEO

Phone: +46 31 750 07 50

Andréas Wikner

Chief Financial Officer

Phone: +46 31 750 07 50

Elanders AB (publ)

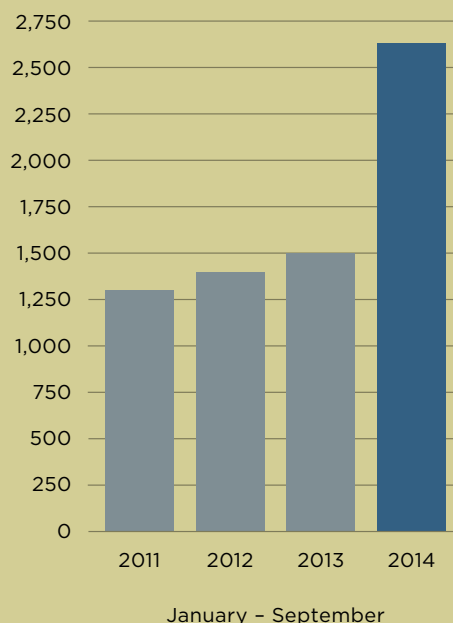
(Company ID 556008-1621)

P.O. Box 137

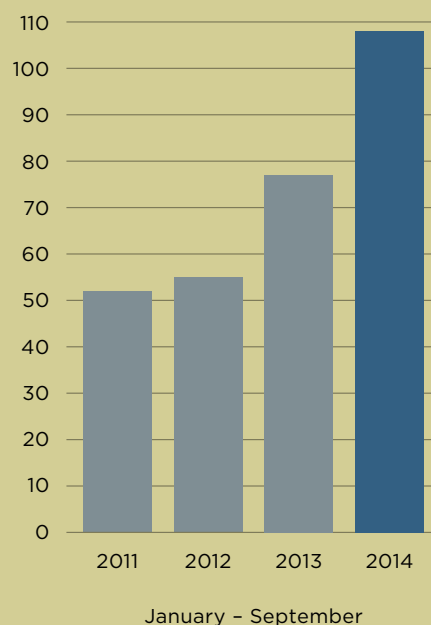
SE-435 23 Mölnlycke, Sweden

Phone: +46 31 750 00 00

■ NET SALES, MSEK



■ OPERATING RESULT EXCLUDING ONE-OFF ITEMS, MSEK



January – September

- Net sales increased by 76% and amounted to MSEK 2,631 (1,498).
- The operating result excluding one-off items increased to MSEK 108 (72), which is an improvement of 50% over last year.
- The operating result including one-off items increased to MSEK 104 (77).
- The result before tax excluding one-off items increased to MSEK 81 (50), which is an improvement of 62% over last year.
- The result before tax including one-off items increased to MSEK 78 (55).
- The net result increased to MSEK 43 (35) or SEK 1.72 (1.50) per share.
- Operating cash flow was MSEK -213 (-53), of which acquisitions were MSEK -254 (-103).
- The new issue which was carried out in the second quarter was oversubscribed and generated MSEK 121 after issue costs.
- The result before tax for the full year of 2014, including one-off items amounting to approximately MSEK 40, is forecasted to be on par with 2013.

The third quarter

- Net sales increased by 77% to MSEK 871 (493).
- The operating result excluding one-off items increased to MSEK 30 (21), which is an improvement of 43% over the same period last year.
- The operating result including one-off items increased to MSEK 27 (26).
- The result before tax excluding one-off items increased to MSEK 21 (14), which is an improvement of 50% over the same period last year.
- The result before tax including one-off items amounted to MSEK 18 (19).
- The net result amounted to MSEK 12 (13) or SEK 0.43 (0.56) per share.
- Operating cash flow was MSEK -21 (-58), of which acquisitions were MSEK 0 (-80).

Comments by the CEO

As of this report our operations will be divided into three business areas: Supply Chain Solutions, Print & Packaging Solutions and e-Commerce Solutions.

In order to clearly present the development of each business area we will report them as segments from now on.

With the exception of the Swedish operations in Print & Packaging Solutions developments in the third quarter were largely positive. The business area Supply Chain Solutions stood out and exceeded expectations during this quarter as well. Above all we are very pleased that we have been able to complement our graphic business with the closely associated Supply Chain Solutions business area in so short time. The acquisition of Mentor Media is key to this process and the foundation of a strong and global offer in this area which includes mounting, packing, purchase, print, logistics and in particular warehousing and after sales service. There is a clear trend to centralize purchasing and Elanders' broader offer and global presence is attractive for international companies. Global customers have increased in both numbers and volume and we see how the cooperation between Supply Chain and Print & Packaging generates customer synergies.

The business area e-Commerce provides the Group with important expertise in the supply chain for the growing e-commerce segment. In the first place we are looking to improve existing Internet platforms and develop new ones in the future. The objective is create the best offer on the market. In order to achieve this we continue to coordinate our operations in myphotobook with d|o|m / fotokasten. We expect these measures to have full effect as of 2015. Printing volumes from myphotobook have already been moved

to Elanders' production units with positive results.

During the second quarter we made an organizational change in Print & Packaging collecting all our operations in Europe under the leadership of Peter Sommer, who previously was responsible for the operations in Germany, Hungary and Italy. These measures further strengthen Elanders' competitiveness since they make it possible to optimize machinery capacity utilization and reduce investment needs in the future. As a consequence of the change 120 employees in Sweden were made redundant during the third quarter. Negotiations were concluded in the beginning of October and around 70 employees will leave Elanders. The annual savings in Swedish operations will amount to some MSEK 50 and is expected to reach full effect as of the second half-year of 2015.

The restructuring will generate one-off costs of MSEK 40 and therefore we will not achieve the results forecasted for 2014 in the half-year report. Most of the one-off costs will charge the fourth quarter. Our revised forecast for the entire year of 2014 is that the result before tax, including restructuring costs, will be on par with 2013. However, excluding restructuring costs, a significant improvement of the result before tax compared with 2013 is forecasted.

In conclusion 2014 has thus far been a mixed story. I am, however, fundamentally very positive to the strengthened competitive capacity of Print & Packaging and that our new business area Supply Chain has up to this point far exceeded our expectations.



Magnus Nilsson
President and Chief Executive Officer

■ THREE YEAR OVERVIEW

MSEK	January - September			Third quarter		
	2014	2013	2012	2014	2013	2012
Net sales	2,631	1,498	1,397	871	493	456
Operating expenses	-2,527	-1,421	-1,326	-844	-467	-443
Operating result	104	77	71	27	26	13
Net financial items	-26	-22	-19	-9	-7	-6
Result after financial items	78	55	52	18	19	7

Group

NET SALES AND RESULT

During the first nine months of 2014 net sales increased by MSEK 1,133 to MSEK 2,631 (1,498), i.e. 76%. The new acquisitions, in particular Mentor Media, are almost solely responsible for the increase in revenue. Excluding acquisitions and using constant exchange rates net sales decreased by 5% compared to the same period last year. With comparable units exchange rates have had a positive effect on profit of about MSEK 4. The operating result, excluding one-off costs, increased to MSEK 108 (72), corresponding to an operating margin of 4 (5)%. As previously announced restructuring of Swedish operations will

generate one-off costs totaling some MSEK 40 in business area Print & Packaging, of which MSEK 4 has charged the operating result during the quarter. The remaining part will charge the result in the fourth quarter.

During the third quarter net sales increased by MSEK 378 to MSEK 871 (493), i.e. 77%. The increase is primarily due to the new acquisitions. Excluding acquisitions and using constant exchange rates net sales decreased by 11% compared to the same period last year. The operating result excluding one-off items amounted to MSEK 30 (21), corresponding to an operating margin of 3 (4)%.

BUSINESS AREAS

Elanders Group has divided its business into three business areas;

Supply Chain Solutions

Through its latest acquisition Elanders Group has become one of the leading companies in the world in Global Supply Chain Management. Our services include taking responsibility for and optimizing customers' material and information flows, everything from sourcing and procurement combined with warehousing to after sales service.

Supply Chain Solutions	January - September		Third quarter		Last 9 months	Full year 2013
	2014	2013	2014	2013		
Net sales, MSEK	1,067.5	-	377.8	-	1,067.5	-
Operating result, MSEK	62.7	-	27.6	-	62.7	-
Operating margin, %	5.9	-	7.3	-	5.9	-
Average number of employees	1,508	-	1,524	-	1,508	-

The business area Supply Chain developed well during the period and to a certain extent exceeded expectations with organic growth through existing customers and by gaining new ones. There are a number of shared customer projects among the business areas Supply Chain, Print & Packaging and e-Commerce aimed at developing current business and creating new. This has resulted in, among other things, new printing volumes for business area Print & Packaging.

GROUP

Print & Packaging Solutions

Through its innovative force and global presence the business area Print & Packaging offers cost-effective solutions that can handle customer's local and global needs for printed material and packaging, often in combination with advanced order platforms on the Internet or just-in-time deliveries.

Print & Packaging Solutions	January - September		Third quarter		Last 12 months	Full year 2013
	2014	2013	2014	2013		
Net sales, MSEK	1,465.8	1,460.4	461.3	480.6	1,969.1	1,963.7
Operating result, MSEK	61.3	96.5	3.8	32.7	97.0	132.2
Operating margin, %	4.2	6.6	0.8	6.8	5.9	6.7
Average number of employees	1,767	1,808	1,749	1,816	1,773	1,803

The market for business area Print & Packaging has continued to be characterized by a tough price press and contracting total volumes. This is one of the factors behind the organizational change which was carried out in Print & Packaging Europe during the second quarter when all the European units were gathered together under one leadership. Now we are restructuring Swedish operations and concentrating all digital production in Stockholm but with the same production capacity in order to increase productivity and strengthen Elanders' competitiveness. The operating result includes one-off items of MSEK -4 (5) during the period. One-off items for the year refer to the restructuring mentioned above. Last year's one-off net income of MSEK 5 consisted of book VAT recognized as revenue and restructuring costs. Despite a shrinking market several units in Print & Packaging Europe are showing a positive development with improved profitability and higher net sales.

Print & Packaging Americas continues to develop positively and has improved profitability although it still suffers from a low level of orders from industrial customers, particularly those operating in mining and civil engineering.

Print & Packaging Asia has had falling demand from one of its larger customers but nonetheless delivers an operating margin that is better than the Group's as a whole.

e-Commerce Solutions

fotokasten, myphotobook and dlo!m are the Group's brands in e-Commerce. Through the technical solutions for e-commerce provided by dlo!m, fotokasten and myphotobook offer a broad range of photo products primarily to consumers.

e-Commerce Solutions	January - September		Third quarter		Last 12 months	Full year 2013
	2014	2013	2014	2013		
Net sales, MSEK	141.7	66.0	49.8	23.1	266.5	190.8
Operating result, MSEK	-1.6	-0.6	-0.5	-0.6	25.6	26.6
Operating margin, %	-1.1	-0.9	-1.0	-2.6	9.6	13.9
Average number of employees	84	33	72	33	90	51

The integration of myphotobook is more or less complete and the synergies are expected to be in full effect as of the start of 2015. The business area has substantial seasonal sales variations and the fourth quarter is by and far the strongest. Normally all earnings for the year occurs in this quarter. myphotobook was acquired in September 2013 and in the comparable figures for last year only fourth quarter business was consolidated.

Although the business area is focused on sales to consumers (B2C) a large part of its technological development is used to create new business and technical platforms for Elanders' sales to other companies (B2B).

IMPORTANT EVENTS DURING THE PERIOD

Steering and organizational changes

In July Elanders put all European operations in Print & Packaging under the responsibility of Peter Sommer. This change in steering has improved Elanders' competitiveness by providing global and local customers with cost-effective and optimized production.

The change is a natural step in Elanders' strategy to

offer global solutions in the three business areas Supply Chain, Print & Packaging and e-Commerce. By streamlining the way operations are steered Elanders will be able to offer more competitive solutions to its customers and at the same time geographically based management makes it possible to optimize capacity utilization of existing equipment, which will reduce investment needs in the future.

Management changes

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

Elanders Group Management consists of:

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

Capacity adjustment and notice of redundancy in Print & Packaging Europe

On 12 September Elanders Sverige AB gave notice of redundancy to 120 employees, 90 of which were in Mölnlycke, 20 in Vällingby and 10 in Värnamo.

Negotiations with personnel organizations have reached a point where Elanders can now conclude that around 70 people will have to leave the company. This will lead to one-off costs of around MSEK 40 during the third and fourth quarter, of which MSEK 4 during the third quarter. These measures are expected to generate annual savings in Swedish operations of close to MSEK 50, which is expected to have full effect as of the second half of 2015.

Book VAT

From 2010 to 2012 Elanders submitted claims for VAT refunds to the Swedish Tax Agency pertaining to 2004–2007. In the years 2011 and 2012 the Swedish Tax Agency made consequential amendments regarding many of Elanders' customers who have then demanded compensation from Elanders. It is Elanders' position that the Swedish Tax Agency cannot make consequential amendments. Several judgments from the Court of Appeals in Stockholm, Gothenburg and Jönköping have supported Elanders' position. The Swedish Tax Agency appealed some of the decisions and sought reconsideration by the Supreme Administrative Court. Their verdict was announced in February 2014 and was in favor of the Swedish Tax Agency. This verdict is not expected to have any significant effect on either Elanders' result or financial position.

There is also a case where a customer demanded compensation for the VAT money from their printer and Svea Court of Appeals has rendered its decision. The customer lost their case against the printer but Elanders is waiting for further cases to be settled before a final determination can be made.

During the third quarter Elanders received a repayment of MSEK 16 referring to a previous tax reassessment which refers to claim for refund of outgoing VAT. The repayment had no effect on Elanders' result and only affected Group net debt.

INVESTMENTS AND DEPRECIATION

January-September

Net investments for the period totaled MSEK 289 (151), of which MSEK 254 (103) were acquisitions. Most of the period's other investments were replacement investments in production facilities.

Third quarter

Net investments for the period totaled MSEK 8 (92), of which acquisitions were MSEK 0 (80).

FINANCIAL POSITION, CASH FLOW, EQUITY RATIO AND FINANCING

Group net debt on 30 September 2014 amounted to MSEK 1,016 (824) compared to MSEK 739 at the end of the year. The increase since year-end is primarily a result of the purchase price for the acquisition of Mentor Media, which was partly financed by external credits, as well as changes in exchange rates, mainly USD and EUR, which increased net debt by MSEK 45. The new issue which was carried out in the second quarter was oversubscribed and generated MSEK 121 after issue costs of MSEK 4.

Operating cash flow for the period January-September was MSEK -213 (-53), of which acquisitions were MSEK -254 (-103). Operating cash flow for the third quarter was MSEK -21 (-58), of which acquisitions were MSEK 0 (-80).

PERSONNEL

January-September

The average number of employees during the period was 3,369 (1,850), of which 327 (401) were in Sweden. At the end of the period the Group had 3,327 (1,905) employees.

Third quarter

The average number of employees during the period was 3,354 (1,859), of which 307 (389) were in Sweden.

Parent company

The parent company has provided joint Group services during the period. The average number of employees during the period was 8 (9) and at the end of the period 8 (9).

Other information

OUR BUSINESS

Elanders Group offers global solutions in the business areas Supply Chain, Print & Packaging and e-Commerce. Elanders Group is a strategic partner for its customers in their work to streamline and develop their critical business processes. The class-B shares in Elanders AB are listed on NASDAQ OMX Stockholm, Small Cap.

ELANDERS' VISION

Elanders' vision is to be one of the leading companies in the world in global solutions for supply chain, print & packaging and e-commerce. By leading we do not necessarily mean largest. We mean the company that best meets the customers' requirements on effectiveness and delivery capability.

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

- Develop local customers with global needs into global customers.
- Optimize use of the Group's global production and delivery capacity.
- Create uniform and automated processes in the Group.
- Develop products for future needs that can be used in our current business.
- Broaden our customer base and product offer to lower sensitivity to fluctuations in the business cycle.

RISKS AND UNCERTAINTIES

Elanders divides risks into circumstantial risks (the future of printed matter and business cycle sensitivity), financial risks (currency, interest, financing and credit

risks) as well as business risks (customer concentration, operational risks, risks in operating expenses as well as contracts and disputes). These risks, together with a sensitivity analysis, are described in detail in the Annual Report 2013. Circumstances in the world around us since the Annual Report was published are not believed to have caused any significant risks or influenced the way in which the Group works with these compared to the description in the Annual Report 2013.

SEASONAL VARIATIONS

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

EVENTS AFTER THE BALANCE SHEET DATE

In a press release on 10 October 2014 Elanders reported the consequences of the notice of redundancy in our Swedish operations and at the same time revised the forecast for the full year of 2014. During the third quarter Elanders Sverige AB gave notice of redundancy to 120 employees. When the press release was published negotiations with personnel organizations had reached a point where Elanders could conclude that around 70 people would have to leave the company. Streamlining Swedish operations will lead to one-off costs of around MSEK 40 during the third and fourth quarter, of which a lesser part occurred in the third quarter. These measures are expected to generate annual savings in Swedish operations of close to MSEK 50, which is expected to have full effect as of the second half of 2015.

As a result of the one-off costs Elanders does not

expect to achieve the forecast for 2014 presented in the half-year report for 2014. The previous forecast predicted a significant improvement in profit in 2014 compared to 2013. Elanders now estimates that the result before tax in 2014, including restructuring costs, will land on par with 2013. Excluding restructuring costs, a significant improvement in the result before tax compared to 2013 is still predicted for 2014.

Besides the above no significant events have occurred after the balance sheet day until the date this report was signed.

FORECAST

The result before tax for the full year of 2014, including one-off items, is forecasted to be on par with 2013.

REVIEW AND ACCOUNTING PRINCIPLES

The quarterly report for the Group has been prepared in accordance with the Annual Accounts Act and IAS 34 Interim Financial Reporting and for the parent company in accordance with the Annual Accounts Act.

As of the third quarter our three business areas are reported as reportable segments, since this is how the Group is governed. The President has been identified as the highest executive decision-maker and the units

in each country or sometimes groups of countries are identified as operating segments. The operating segments have then been merged to create three 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.

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

NOMINATION COMMITTEE

The nomination committee for the Annual General Meeting on 28 April 2015 is as follows:

Carl Bennet, Chair	Carl Bennet AB
Hans Hedström	Carnegie Fonder
Britt-Marie Årenberg	representative for the smaller shareholders

FUTURE REPORTS FROM ELANDERS

Q4 2014	27 January 2015
Q1 2015	28 April 2015
Q2 2015	14 July 2015

REPORT OF REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the condensed interim financial information (interim report) of Elanders AB (publ), 556008-1621, as of 30 September 2014 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards

in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Gothenburg, 22 October 2014
PricewaterhouseCoopers AB



Johan Rippe
Authorised Public Accountant

CONSOLIDATED FINANCIAL STATEMENTS

■ INCOME STATEMENTS

MSEK	January - September		Third quarter		Last 12 months	Full year 2013
	2014	2013	2014	2013		
Net sales	2,631.3	1,498.4	870.5	493.5	3,229.3	2,096.3
Cost of products and services sold	-2,057.1	-1,168.2	-686.4	-388.4	-2,480.3	-1,591.4
Gross profit	574.3	330.2	184.1	105.1	749.0	505.0
Sales and administrative expenses	-487.5	-290.6	-160.3	-106.0	-612.5	-415.6
Other operating income	23.2	43.8	6.3	28.7	29.8	50.3
Other operating expenses	-6.0	-6.5	-3.3	-1.8	-8.2	-8.7
Operating result	104.1	77.0	26.9	26.0	158.1	131.0
Net financial items	-26.3	-22.0	-8.9	-7.3	-33.9	-29.5
Result after financial items	77.7	55.0	17.9	18.7	124.2	101.5
Income tax	-35.1	-19.9	-6.4	-5.7	-46.7	-31.5
Result for the period	42.6	35.1	11.5	13.0	77.5	70.0
Result for the period attributable to:						
- parent company shareholders	42.6	35.1	11.5	13.0	77.5	70.0
<i>Earnings per share, SEK ^{1) 2) 3)}</i>	<i>1.72</i>	<i>1.50</i>	<i>0.43</i>	<i>0.56</i>	<i>3.17</i>	<i>2.99</i>
<i>Average number of shares, in thousands ³⁾</i>	<i>24,766</i>	<i>23,395</i>	<i>26,518</i>	<i>23,395</i>	<i>24,423</i>	<i>23,395</i>
<i>Outstanding shares at the end of the year, in thousands ³⁾</i>	<i>26,518</i>	<i>23,395</i>	<i>26,518</i>	<i>23,395</i>	<i>26,518</i>	<i>23,395</i>

¹⁾ Earnings per share before and after dilution.

²⁾ Earnings per share calculated by dividing the result for the year by the average number of outstanding shares during the year.

³⁾ Historic number of shares have been adjusted for the bonus issue element in the new share issue in 2014.

■ STATEMENTS OF COMPREHENSIVE INCOME

MSEK	January - September		Third quarter		Last 12 months	Full year 2013
	2014	2013	2014	2013		
Result for the period	42.6	35.1	11.5	13.0	77.5	70.0
Translation differences, net after tax	95.2	-3.0	62.8	-18.8	126.6	28.4
Cash flow hedges, net after tax	2.6	2.0	0.1	0.8	2.6	2.0
Hedging of net investment abroad, net after tax	-37.2	1.1	-32.5	5.4	-40.2	-1.9
Total items that may be reclassified to the income statement	60.6	0.1	30.4	-12.6	89.0	28.5
Other comprehensive income	60.6	0.1	30.4	-12.6	89.0	28.5
Total comprehensive income for the period	103.2	35.2	41.9	0.4	166.5	98.5
Total comprehensive income attributable to:						
- parent company shareholders	103.2	35.2	41.9	0.4	166.5	98.5

■ STATEMENTS OF CASH FLOW

MSEK	January - September		Third quarter		Last 12 months	Full year 2013
	2014	2013	2014	2013		
Result after financial items	77.7	55.0	17.9	18.7	124.2	101.5
Adjustments for items not included in cash flow	93.8	66.1	42.0	26.1	108.3	80.6
Paid tax	-46.1	-47.2	-5.6	-11.6	-55.8	-56.9
Changes in working capital	-122.6	-44.8	-82.0	-17.9	-74.7	3.1
Cash flow from operating activities	2.8	29.1	-27.7	15.4	102.0	128.3
Net investments in intangible and tangible assets	-36.0	-52.0	-8.6	-13.4	-50.3	-66.3
Acquisition of operations	-254.2	-102.6	-	-80.3	-254.2	-102.7
Payments received regarding long-term holdings	1.6	3.2	0.6	1.8	3.2	4.8
Cash flow from investing activities	-288.6	-151.4	-8.0	-91.8	-301.4	-164.2
Amortization of loans	-163.4	-21.0	-11.8	-3.3	-185.5	-43.1
Changes in long- and short-term borrowing	444.9	105.8	1.8	98.8	473.0	133.9
New share issue	121.0	-	-	-	121.0	-
Dividend to parent company shareholders	-18.2	-13.6	-	-	-18.2	-13.6
Cash flow from financing activities	384.3	71.2	-10.0	95.5	390.3	77.2
Cash flow for the period	98.5	-51.1	-45.7	19.0	190.9	41.3
Liquid funds at the beginning of the period	215.3	168.0	371.4	99.6	116.6	168.0
Translation difference	23.7	-0.2	11.9	-2.0	30.0	6.1
Liquid funds at the end of the period	337.5	116.6	337.5	116.6	337.5	215.3
Net debt at the beginning of the period	738.9	688.3	948.6	753.7	824.4	688.3
Translation difference in net debt	45.2	-0.8	31.2	-6.1	45.7	-0.3
Net debt in acquired operations	-93.5	-17.7	-	-10.9	-93.5	-17.7
Change in net debt	325.1	154.5	35.9	87.6	239.1	68.5
Net debt at the end of the period	1,015.7	824.4	1,015.7	824.4	1,015.7	738.9
Operating cash flow	-213.4	-53.1	-21.2	-57.6	-109.8	50.5

CONSOLIDATED FINANCIAL STATEMENTS

■ STATEMENTS OF FINANCIAL POSITION

ASSETS

MSEK	30 Sep.		31 Dec.
	2014	2013	2013
Intangible assets	1,260.6	1,140.9	1,156.4
Tangible assets	392.3	347.9	350.4
Other fixed assets	172.5	160.8	165.0
Total fixed assets	1,825.4	1,649.6	1,671.7
Inventories	256.2	110.8	107.2
Accounts receivable	764.7	391.4	387.4
Other current assets	152.3	90.6	82.3
Cash and cash equivalents	337.5	116.6	215.3
Total current assets	1,510.6	709.4	792.2
Total assets	3,336.0	2,359.0	2,463.9

EQUITY AND LIABILITIES

MSEK	30 Sep.		31 Dec.
	2014	2013	2013
Equity	1,244.6	975.4	1,038.6
Liabilities			
Non-interest-bearing long-term liabilities	82.8	64.5	69.1
Interest-bearing long-term liabilities	26.6	484.7	432.4
Total long-term liabilities	109.4	549.2	501.5
Non-interest-bearing current liabilities	655.4	378.0	402.1
Interest-bearing current liabilities	1,326.6	456.4	521.8
Total current liabilities	1,982.0	834.4	923.9
Total equity and liabilities	3,336.0	2,359.0	2,463.9

As of 30 September 2014 loans from the Group's main banks are reported as interest-bearing current liabilities since the credit agreement expires as of 30 September 2015.

■ STATEMENTS OF CHANGES IN EQUITY

MSEK	Equity attributable to parent company share- holders	Total equity
Opening balance on 1 Jan. 2013	953.8	953.8
Dividend to parent company shareholders	-13.6	-13.6
Total comprehensive income for the year	98.5	98.5
Closing balance on 31 Dec. 2013	1,038.6	1,038.6
Opening balance on 1 Jan. 2013	953.8	953.8
Dividend to parent company shareholders	-13.6	-13.6
Total comprehensive income for the period	35.2	35.2
Closing balance on 30 Sep. 2013	975.4	975.4
Opening balance on 1 Jan. 2014	1,038.6	1,038.6
Dividend to parent company shareholders	-18.2	-18.2
New share issue	121.0	121.0
Total comprehensive income for the period	103.2	103.2
Closing balance on 30 Sep. 2014	1,244.6	1,244.6

CONSOLIDATED FINANCIAL STATEMENTS

■ SEGMENT REPORTING

The three business areas are reported as reportable segments, since this is how the Group is governed. The President has been identified as the highest executive decision-maker and the units in each country or sometimes groups of countries are identified as operating segments. The operating segments have then

been merged to create three 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.

NET SALES

MSEK	January – September		Third quarter		Last 12 months	Full year 2013
	2014	2013	2014	2013		
Supply Chain Solutions ¹⁾	1,067.5	-	377.8	-	1,067.5	-
Print & Packaging Solutions	1,465.8	1,460.4	461.3	480.6	1,969.1	1,963.7
e-Commerce Solutions	141.7	66.0	49.8	23.1	266.5	190.8
Group functions	16.3	14.7	5.7	4.8	22.5	20.9
Eliminations	-60.0	-42.7	-24.1	-15.0	-96.3	-79.1
Group net sales	2,631.3	1,498.4	870.5	493.5	3,229.3	2,096.3

¹⁾ Only nine months included in Last 12 months.

OPERATING RESULT

MSEK	January – September		Third quarter		Last 12 months	Full year 2013
	2014	2013	2014	2013		
Supply Chain Solutions ¹⁾	62.7	-	27.6	-	62.7	-
Print & Packaging Solutions	61.3	96.5	3.8	32.7	97.0	132.2
e-Commerce Solutions	-1.6	-0.6	-0.5	-0.6	25.6	26.6
Group functions	-18.3	-18.9	-4.0	-6.1	-27.2	-27.8
Group operating result	104.1	77.0	26.9	26.0	158.1	131.0

¹⁾ Only nine months included in Last 12 months.

■ FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

The financial instruments recognized at fair value in the Group's report on financial position are derivatives identified as hedging instruments. The derivatives consist of forward exchange contracts and interest rate swaps and are used for hedging purposes. Valuation at fair value of forward exchange contracts is based on published forward rates on an active market. Valuation at fair value of interest rate swaps is based on forward

interest rates derived from observable yield curves. All derivatives are therefore included in level 2 in the fair value hierarchy. Since all the financial instruments recognized at fair value are included in level 2 there have been no transfers between valuation levels. The table below presents fair value respective booked value per class of financial assets and liabilities, which are recorded gross.

MSEK	30 Sep.		31 Dec. 2013
	2014	2013	
Other current assets – Derivative instruments in hedge accounting relationships	0,6	-	0,1
Non-interest-bearing current liabilities – Derivative instruments in hedge accounting relationships	-	2,7	2,2

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

■ ACQUISITION OF OPERATIONS IN 2014

SPECIFICATION OF ACQUISITIONS

Company	Acquisition date	Country	Number of employees
Mentor Media Ltd	Jan. 2014	Singapore	1,550

In January Elanders acquired all the shares in the Singapore based supply chain company Mentor Media Ltd. Mentor Media is specialized in the provision of value added services to companies in the electronics and computer industry with special focus on product and component flows with extremely short lead times and comprehensive statistics reporting to customers. Its operations are built up around sophisticated IT solutions and its range of services includes sourcing, procuring components,

warehousing and logistics management, customized manufacturing, order management and fulfilment, distribution, reverse logistics and repair services and e-Commerce solutions. The purchase price was approximately MSEK 312 on a cash- and debt-free basis and was financed through a combination of external debt and a new rights issue.

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

ASSETS AND LIABILITIES IN ACQUISITIONS

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

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

PARENT COMPANY'S FINANCIAL STATEMENTS

■ INCOME STATEMENTS

MSEK	January - September		Third quarter		Last 12 months	Full year 2013
	2014	2013	2014	2013		
Net sales	16.3	14.7	5.7	4.8	22.5	20.9
Operating expenses	-33.5	-37.1	-8.8	-14.2	-48.5	-52.1
Operating result	-17.2	-22.4	-3.1	-9.4	-26.0	-31.2
Net financial items	-9.3	46.4	-11.2	6.5	48.1	103.8
Result after financial items	-26.5	24.0	-14.3	-2.9	22.1	72.6
Income tax	14.5	4.2	9.6	0.5	4.1	-6.2
Result for the period	-12.0	28.2	-4.7	-2.4	26.2	66.4

■ STATEMENTS OF COMPREHENSIVE INCOME

MSEK	January - September		Third quarter		Last 12 months	Full year 2013
	2014	2013	2014	2013		
Result for the period	-12.0	28.2	-4.7	-2.4	26.2	66.4
Other comprehensive income	1.4	1.3	0.6	0.3	1.3	1.2
Total comprehensive income for the period	-10.6	29.5	-4.1	-2.1	27.5	67.6

■ BALANCE SHEETS

MSEK	30 Sep.		31 Dec. 2013
	2014	2013	
ASSETS			
Fixed assets	1,954.5	1,454.1	1,444.6
Current assets	256.3	248.8	271.4
Total assets	2,210.8	1,702.9	1,716.0
EQUITY, PROVISIONS AND LIABILITIES			
Equity	928.3	798.0	836.1
Provisions	2.9	2.9	2.9
Long-term liabilities	70.7	407.9	357.1
Current liabilities	1,208.9	494.1	519.8
Total equity and liabilities	2,210.8	1,702.9	1,716.0

As of 30 September 2014 loans from the Group's main banks are reported as interest-bearing current liabilities since the credit agreement expires as of 30 September 2015.

■ STATEMENTS OF CHANGES IN EQUITY

MSEK	Share capital	Statutory reserve	Retained earnings and result for the period	Total equity
Opening balance on 1 Jan. 2013	227.3	332.4	222.4	782.1
Dividend	-	-	-13.6	-13.6
Total comprehensive income for the year	-	-	67.6	67.6
Closing balance on 31 Dec. 2013	227.3	332.4	276.4	836.1
Opening balance on 1 Jan. 2013	227.3	332.4	222.4	782.1
Dividend	-	-	-13.6	-13.6
Total comprehensive income for the period	-	-	29.5	29.5
Closing balance on 30 Sep. 2013	227.3	332.4	238.3	798.0
Opening balance on 1 Jan. 2014	227.3	332.4	276.4	836.1
Dividend	-	-	-18.2	-18.2
New share issue	37.9	-	83.1	121.0
Total comprehensive income for the period	-	-	-10.6	-10.6
Closing balance on 30 Sep. 2014	265.2	332.4	330.7	928.3

QUARTERLY DATA

■ QUARTERLY DATA

MSEK	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3
Net sales	870	910	850	598	493	512	493	527	456
Operating result	27	40	37	54	26	28	23	48	13
Operating margin, %	3.1	4.4	4.4	9.0	5.3	5.6	4.6	9.0	2.8
Result after financial items	18	32	28	46	19	21	16	41	7
Result after tax	11	15	16	35	13	12	11	8	4
Earnings per share, SEK ^{1) 2)}	0.43	0.61	0.69	1.49	0.55	0.50	0.45	0.35	0.18
Operating cash flow	-21	81	-273	104	-58	34	-30	-21	18
Cash flow per share, SEK ^{2) 3)}	-1.04	2.74	-1.55	4.24	0.66	1.75	-1.17	5.42	0.98
Depreciation	29	29	29	24	24	25	25	23	23
Net investments	8	10	270	13	92	26	34	161	16
Goodwill	1,168	1,150	1,127	1,090	1,073	1,011	984	977	872
Total assets	3,336	3,277	3,116	2,464	2,359	2,266	2,227	2,261	2,086
Equity	1,245	1,203	1,053	1,039	975	975	944	954	936
Equity per share, SEK ²⁾	46.93	45.36	45.01	44.39	41.69	41.68	40.35	40.77	40.02
Net debt	1,016	949	1,107	739	824	754	745	688	627
Capital employed	2,260	2,151	2,161	1,777	1,800	1,729	1,689	1,642	1,563
Return on total assets, % ⁴⁾	3.3	5.1	5.4	9.1	4.5	5.1	4.1	9.0	2.5
Return on equity, % ⁴⁾	3.7	5.3	6.2	13.8	5.3	4.9	4.4	3.5	1.8
Return on capital employed, % ⁴⁾	4.9	7.4	7.6	12.1	5.9	6.7	5.4	11.9	3.2
Debt/equity ratio	0.8	0.8	1.1	0.7	0.8	0.8	0.8	0.7	0.7
Equity ratio, %	37.3	36.7	33.8	42.2	41.3	43.0	42.4	42.2	44.9
Interest coverage ratio ⁵⁾	4.6	5.1	5.2	5.3	5.3	5.0	5.7	5.6	5.8
Number of employees at the end of the period	3,327	3,389	3,372	1,898	1,905	1,882	1,843	1,780	1,600

¹⁾ There is no dilution.

²⁾ Historic key ratios have been adjusted for the bonus issue element in the new share issue in 2014.

³⁾ Cash flow per share refers to cash flow from operating activities.

⁴⁾ Return ratios have been annualized.

⁵⁾ Interest coverage ratio calculation is based on a moving 12 month period.

■ FIVE YEAR OVERVIEW - FULL YEAR

	2013	2012	2011	2010	2009
Net sales, MSEK	2,096	1,924	1,839	1,706	1,757
Result after financial items, MSEK	102	93	80	-105	-96
Result after tax, MSEK	70	45	60	-84	-74
Earnings per share, SEK ^{1) 2)}	2.99	1.99	3.00	-6.60	-7.35
Cash flow from operating activities per share, SEK ²⁾	5.48	9.64	4.20	-4.55	5.44
Equity per share, SEK ²⁾	44.39	40.77	43.75	40.75	76.11
Dividends per share, SEK ²⁾	0.78	0.58	0.49	0.00	0.00
Operating margin, %	6.2	6.2	6.0	-4.5	-3.4
Return on total assets, %	5.6	7.4	7.3	-3.2	-2.2
Return on equity, %	7.0	4.8	7.1	-10.6	-9.1
Return on capital employed, %	7.7	7.4	7.1	-4.8	-3.6
Debt/equity ratio	0.7	0.7	0.8	0.9	1.1
Equity ratio, %	42.2	42.2	43.9	40.7	36.2
Average number of shares, in thousands ^{2) 3)}	23,395	22,279	20,102	12,703	10,051

¹⁾ There is no dilution.

²⁾ Historic number of shares and historic key ratios have been adjusted for the bonus issue element in the new share issue in 2014.

³⁾ No adjustment of the historic number of shares has been made for the new share issues in 2010 and 2012 since they did not entail any bonus issue element.

■ FIVE YEAR OVERVIEW - JANUARY - SEPTEMBER

	January - September				
	2014	2013	2012	2011	2010
Net sales, MSEK	2,631	1,498	1,397	1,300	1,215
Result after tax, MSEK	43	35	36	23	-83
Earnings per share, SEK ^{1) 2)}	1.72	1.51	1.65	1.14	-8.05
Cash flow from operating activities per share, SEK ²⁾	0.11	1.24	4.01	0.73	-6.79
Equity per share, SEK ²⁾	46.93	41.69	40.02	42.51	41.04
Return on equity, % ³⁾	5.0	4.9	5.3	3.6	-13.8
Return on capital employed, % ³⁾	6.9	5.9	6.1	4.0	-6.9
Operating margin, %	4.0	5.1	5.1	4.0	-6.7
Average number of shares, in thousands ^{2) 4)}	24,766	23,395	21,908	20,102	10,237

¹⁾ There is no dilution.

²⁾ Historic number of shares and historic key ratios have been adjusted for the bonus issue element in the new share issue in 2014.

³⁾ Return ratios have been annualized.

⁴⁾ No adjustment of the historic number of shares has been made for the new share issues in 2010 and 2012 since they did not entail any bonus issue element.

FIVE YEAR OVERVIEW

■ FIVE YEAR OVERVIEW - THIRD QUARTER

	Third quarter				
	2014	2013	2012	2011	2010
Net sales, MSEK	870	493	456	423	406
Result after tax, MSEK	11	26	4	3	-52
Earnings per share, SEK ^{1) 2)}	0.43	0.55	0.18	0.15	-4.9
Cash flow from operating activities per share, SEK ²⁾	-1.04	0.66	0.98	-0.87	-0.23
Equity per share, SEK ²⁾	46.93	41.69	40.02	42.51	41.04
Return on equity, % ³⁾	3.3	5.3	1.8	1.4	-11.0
Return on capital employed, % ³⁾	3.7	5.9	3.2	3.2	-5.1
Operating margin, %	4.9	5.3	2.8	3.0	-15.2
Average number of shares, in thousands ^{2) 4)}	26,518	23,395	23,395	20,102	10,610

¹⁾ There is no dilution.

²⁾ Historic number of shares and historic key ratios have been adjusted for the bonus issue element in the new share issue in 2014.

³⁾ Return ratios have been annualized.

⁴⁾ No adjustment of the historic number of shares has been made for the new share issues in 2010 and 2012 since they did not entail any bonus issue element.

Economic definitions

Cash flow from operating activities per share

Cash flow from operating activities for the year divided by average number of shares.

Capital employed

Total assets less cash and cash equivalents and non-interest-bearing liabilities.

Debt/equity ratio

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

Earnings per share

Earning for the year divided by the average number of shares.

Equity per share

Equity divided by outstanding shares at the end of the year.

Equity ratio

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

Interest coverage ratio

Operating result plus interest income divided by interest costs.

Operating cash flow

Cash flow from operating activities and investing activities adjusted for paid taxes and net financial items.

Operating margin

Operating result in relation to net turnover.

Return on capital employed

Operating result in relation to average capital employed.

Return on equity

Result for the year in relation to average equity.

Return on total assets

Operating result plus financial income in relation to average total assets.

Specific terms

Commercial Print

Production of printed matter such as magazines, books, catalogues, manuals, marketing material etc. Production is made by both offset technique and digital print.

Digital print and digital print technique

The transfer of information to paper via a digital file that is then printed out with the help of a high-speed printer. This technique is a prerequisite for Print-on-Demand and makes quick deliveries in small editions possible. Offset technique is still more efficient for larger editions and four color production.

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.

Fulfilment

This term is increasingly used, particularly in the automotive industry, to describe a number of steps in the process between printing and distribution. They can include packaging for end customers, bar-coding, adding other objects such as plastic cards etc.

Just-in-time

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

Offset technique

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

One stop shopping

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

Outsourcing

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

Packaging

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

Premedia

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

Print-on-Demand

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

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-labelling

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.

Elanders' offer & business areas

SUPPLY CHAIN SOLUTIONS

The acquisition of Mentor Media means Elanders can offer completely new services to our global customers. Creating the business area Supply Chain Solutions opens the door to synergies with Print & Packaging and e-Commerce and will allow us to become an attractive partner to many e-commerce companies.

// SUPPLY CHAIN BROADENS OUR OFFER. //

The company is focused on product and component flows with extremely short lead times and extensive statistic reporting to customers. Its offer, which is built up around sophisticated IT solutions, comprises the following services:

- Component procurement
- Order management
- Warehouse management
- Fulfilment
- Distribution
- E-commerce solutions
- After sales services (reverse logistic and repair services)
- Clean room for handling semiconductor components

Among our customers are some of the most prestigious companies in the PC and electronics industries. The demand for supply chain services has grown as companies outsource sections of their operations that aren't part of their core business. This is also a way to avoid tie up capital in facilities, personnel and various services obligations.

MENTOR MEDIA IS specialized in added value services, primarily in the electronics and computer trades. The company is

PRINT & PACKAGING SOLUTIONS

Continued tough challenges for commercial print while demand for packaging and labels steadily grows. In order to meet both trends effectively Elanders has chosen to put all this work under one roof in the business area Print & Packaging Solutions.

// PACKAGING LEADS THE WAY FORWARD. //

WITH ITS GRAPHIC expertise, advanced technological order platforms and global presence Elanders can offer customers comprehensive solutions that small and middle-sized printers have a hard time matching.

On the gigantic packaging market Elanders has invested its resources in a number of niche areas. This often consists of complex packaging solutions that can include personalized print.

Elanders is focused on three areas in packaging. The first is consumer electronics where in addition to the actual packaging we sometimes print a user manual that is packed together with the article and then sent to waiting customers.

The second specialized area is exclusive and, in some cases, handmade packaging in limited editions. These customers are often cosmetic companies or firms with luxury accessories connected to the fashion world. Automotives that want to create a premium feeling through select packaging for their manuals and service books are another group of customers.

The third area, which is showing strong growth, is personalized packaging. Among customers in this area are some of Europe's best known chocolate-makers.



E-COMMERCE SOLUTIONS

E-commerce is expanding on nearly every market worldwide. Elanders is one of the companies that has embraced this development and via a number of acquisitions is on its way to becoming an influential actor in the e-commerce segment personalized printed matter. Our companies and work in this field come under the business area e-Commerce which is expected to further expand in the next few years.

AT THE SAME time the graphic industry has been going through an extensive restructuring and dealing with a hesitant economy

Elanders has in just a few years become one of the leading actors in Europe in the production and sales of personalized printed matter.

In 2012 two German companies were acquired, fotokasten and d|o|m, both primarily focused on their own domestic market. This provided Elanders with the competence and customer base necessary to further develop the business area. Since Elanders was already one of the leading companies in digital print this combination creates a recipe for success that includes smart, specially developed database solutions


connected to personified print. To consumers we first and foremost offer photo books, calendars, gift items and interior design products.

In 2013 we acquired another German company. This time it was myphotobook which was founded in 2004 and in less than ten years had become a leading European e-commerce company in personalized print sales to consumers. The acquisition of myphotobook opened the door to another 13 European countries. As

one of the three largest companies in Germany and the fourth in all of Europe in this segment, Elanders is a tony actor to reckon with.

The combination of myphotobook's geographic range and fotokasten's broad product portfolio provides Elanders with further opportunities to expand, particularly in photobooks which is a market that is increasing annually. Since 2010 the market has grown by 30 percent and is expected to continue to grow in the future. This is partially a result of the user-friendly solutions that Elanders and other companies launch on a regular basis that function on smart phones and tablets as well.

// ELANDERS MAKES ITS MARK ON THE EUROPEAN E-COMMERCE MARKET. //



Elanders Group offers global solutions in the business areas Supply Chain, Print & Packaging and e-Commerce. Elanders Group is a strategic partner for its customers in their work to streamline and develop their critical business processes. The class B-shares in Elanders AB are listed on NASDAQ OMX Stockholm, Small Cap.

From 2014 Elanders Group has three business areas with a number of strong brands;

Supply Chain

Mentor Media, Elanders Group's brand in Global Supply Chain Management, is one of the leading companies in the world in this field. The company takes responsibility for and optimizes their customers' material and information flows, everything from sourcing and procurement combined with warehousing to after sales service.

Print & Packaging

Elanders, the Group's brand in Print & Packaging, through its innovative force and global presence offers cost-effective solutions that can handle customer's local and global needs for printed material and packaging.

e-Commerce

fotokasten, myphotobook and d|o|m are the Group's brands in e-Commerce. Through the technical solutions for e-Commerce provided by d|o|m, fotokasten and myphotobook offer a broad range of photo products, primarily to consumers.