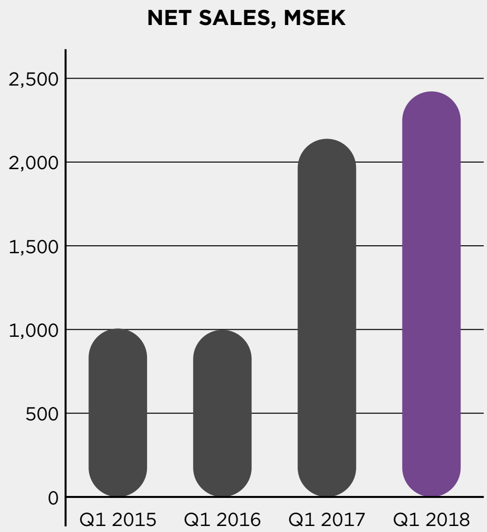
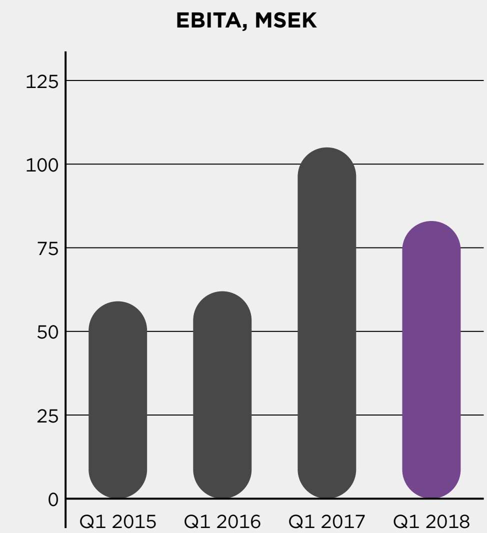
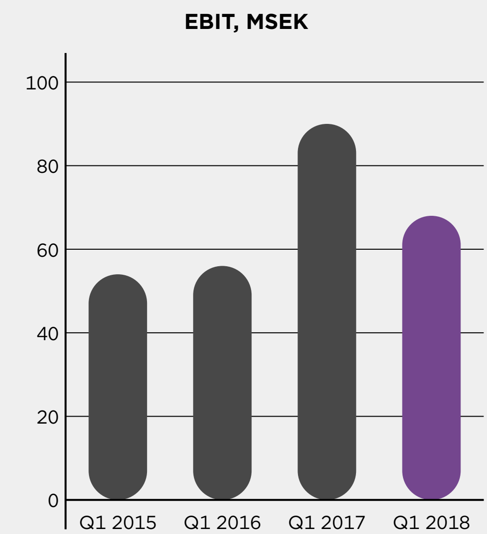
Elanders AB (publ) | Quarterly Report January – March 2018

elanders GROUP

CONTENTS







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.

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

FIRST QUARTER

- Net sales increased to MSEK 2,422 (2,139), which was an increase of 13 percent. Based on comparable units and constant exchange rates organic growth was 12 percent.
- EBITA amounted to MSEK 83 (105).
- The operating result amounted to MSEK 68 (90).
- The result before tax amounted to MSEK 46 (69).
- The net result amounted to MSEK 34 (53) or SEK 0.95 (1.49) per share.
- Operating cash flow amounted to MSEK –34 (–161).
- As communicated in a press release earlier in April 2018 some seventy employees in business area Print & Packaging Solutions have been given notice of redundancy in connection with the decision to close down the last of Elanders' offset operations in Sweden. The redundancies are not expected to generate any significant costs.

COMMENTS BY THE CEO

The strong organic growth we saw during the second half of 2017 has continued. It amounted to 12 percent in the first quarter and is generated by both new business with new customers and greater demand from existing ones. Business area Supply Chain Solutions is behind most of the increase although the combined print and supply chain business in the US concerning subscription boxes is also displaying strong growth. However, the result continues to be burdened by more extensive costs than we had planned for in some of our new customer projects and we expect that they will have a negative effect on the second quarter result as well.

As communicated in a press release in April we decided to close our last offset operations in Sweden. In connection with this around 70 employees were given notice. We do not expect this to generate any significant costs since the winding up will take place progressively over a period from the second to the fourth quarters. Parallel to this, the Swedish operation invests in supply chain to create a stable platform for organic growth.

Business area Supply Chain Solutions continues to show strong organic growth, 13 percent in the first quarter. During the second half of 2018 we will begin to provide services for two completely new customers, Panasonic and a large, international football club. The agreement with the football club is a significant breakthrough for Elanders in the area of omni-channel solutions. We will be handling their deliveries to consumers (B2C) as well as retailers and supporter shops (B2B) all over Europe. This is in line with our strategy to work directly with strong brands and not indirectly through other channels. In the case of Panasonic we will take over existing operations including personnel, which will facilitate integration of this business into our existing operations.

The sales in business area Print & Packaging Solutions dropped organically by four percent in the first quarter, disregarding subscription boxes in the US which continues to grow rapidly. This business had close to 18 million dollars in net sales in 2017 and we expect this figure to double in 2018. It is an excellent example of a combined print and supply chain unit. We help our customers with everything from picking and packing to print, packaging and transportation services. Here print services make up just a small portion of the net sales.

In e-Commerce Solutions the positive trend that began in the fourth quarter continued with a better result for the first quarter and sales in line with last year.

Our focus going forward will be on continuing to develop our business with a larger portion of service where we take higher degree of responsibility for our customers' value chain. We will also be more selective in terms of our offer so that we can successively increase our margins as well as work to improve cash flow and reduce the amount of capital we have tied up.

Magnus Nilsson
President and Chief Executive Officer

FINANCIAL OVERVIEW

	First quarter			Full year		
MSEK	**2018**	**2017**	**2016**	**2017**	**2016**	**2015**
Net sales	2,422	2,139	998	9,342	6,285	4,236
Operating expenses	–2,354	–2,050	–942	–9,034	–5,941	–3,944
Operating result	**68**	**90**	**56**	**308**	**344**	**292**
Net financial items	–22	–21	–5	–78	–44	–33
Result before tax	**46**	**69**	**51**	**230**	**300**	**259**

GROUP

Our Business

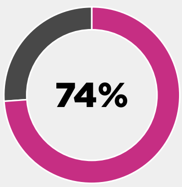
Elanders is a global supplier of integrated solutions in supply chain management, print & packaging and e-commerce. The Group has over 7,000 employees and operates in some 20 countries on four continents. Our most important markets are China, Germany, Singapore, Sweden, the United Kingdom and the USA. Our major customers are active in the branches Automotive, Electronics, Fashion & Lifestyle, Industrial and Health Care & Life Science. The business is conducted mainly through three business areas, Supply Chain Solutions, Print & Packaging Solutions and e Commerce Solutions, which are all more or less independent businesses, but together they form a whole that few companies can compete with.

Net sales and result

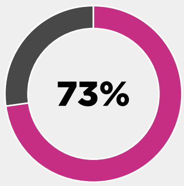
During the quarter net sales increased by MSEK 283 to MSEK 2,422 (2,139) compared to the same period last year. Cleared of exchange rate fluctuations and effects of acquisitions, net sales grew organically by 12%, mainly in Supply Chain Solutions. EBITA, i.e. the operating result adjusted for amortization on assets identified in conjunction with acquisition, was MSEK 83 (105), which corresponded to an EBITA margin of 3.4 (4.9)%. The decrease in the EBITA result and margin stems primarily from the complexity in the implementation of a couple of customer projects that were launched during the second half of 2017 in Supply Chain Solutions.

Supply Chain Solutions

Elanders is 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.



Share of net sales (12 months)



Share of EBITA (12 months)

	First quarter		Last 12	Full year
	2018	2017	months	2017
Net sales, MSEK	1,797	1,578	7,226	7,007
EBITA, MSEK	54	80	276	302
EBITA-margin, %	3.0	5.1	3.8	4.3
Operating result, MSEK	41	68	226	253
Operating margin, %	2.3	4.3	3.1	3.6
Average number of employees	5,479	4,875	5,206	5,055

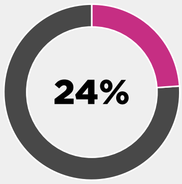
The positive trend continued in business area Supply Chain Solutions with organic net sales growth of 13% for the quarter. There was growth in both Asia and Europe. The customer base has also expanded in the past twelve months with several new, large customers in the customer segments Automotive and Electronics.

Costs for initiating a couple of the new, major customer projects that started up during the second half of 2017 have been higher than expected. Most of these costs have been for extra resources, in the form of extra personnel, consultants and transportation, that were needed to get the projects going. These costs are the primary source of the lower result and these initiating costs will most likely also have a negative effect on the second quarter result.

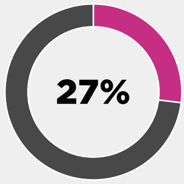
Group

Print & Packaging Solutions

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



Share of net sales (12 months)



Share of EBITA (12 months)

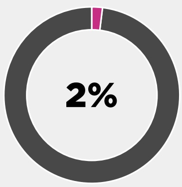
	First quarter 2018	First quarter 2017	Last 12 months	Full year 2017
Net sales, MSEK	605	539	2,286	2,220
EBITA, MSEK	35	38	100	103
EBITA-margin, %	5.8	7.1	4.4	4.6
Operating result, MSEK	33	36	89	92
Operating margin, %	5.5	6.7	3.9	4.2
Average number of employees	1,491	1,522	1,518	1,525

The market for Print & Packaging Solutions continues to be characterized by tough price pressure and overcapacity. Lower net sales in Europe and Asia were compensated by organic growth in North America where there has been a noticeable improvement in the result compared to previous year. This improvement can be found in both the existing print business and the part of the operations that has been transformed into a combined print and supply chain management unit. The supply chain section of the business is still included in Print & Packaging Solutions and is the underlying factor in the increase in net sales in the business as a whole. This supply chain service has skyrocketed from nearly zero to 18 million dollars in net sales over the past two years and this figure will most likely more than double in 2018. During the first quarter of 2018 the sales from this business amounted to just over 10 million dollars.

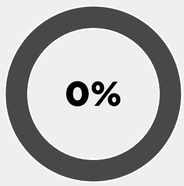
Consolidation of our production units continues and in April 2018 employees were given notices of redundancy as a result of the decision to close down Elanders' last offset operations in Sweden. Some of the existing offset volumes will be moved to other units in Europe, which will improve capacity utilization and creates an opportunity to improve margins.

e-Commerce Solutions

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.



Share of net sales (12 months)



Share of EBITA (12 months)

	First quarter 2018	First quarter 2017	Last 12 months	Full year 2017
Net sales, MSEK	39	39	208	208
EBITA, MSEK	–3	–5	1	–1
EBITA-margin, %	–6.5	–12.3	0.3	–0.6
Operating result, MSEK	–3	–6	–2	–5
Operating margin, %	–8.7	–15.4	–1.4	–2.5
Average number of employees	69	64	69	67

The business area has substantial seasonal sales variations and the fourth quarter is normally by far the strongest. A strategic review of the operations is in progress at the same time several measures regarding marketing and costs have been implemented.

Investments and depreciation

Net investments for the quarter amounted to MSEK 38 (31). No acquisitions have affected the investments, either for the first quarter this year or the same period previous year. Depreciation and amortization amounted to MSEK 67 (63).

Financial position, cash flow and financing

The net debt as of 31 March 2018 was MSEK 2,834 compared to MSEK 2,665 at the beginning of the year. Of the total increase of MSEK 169, MSEK 98 was related to changes in currency rates, where the Swedish krona has weakened against the euro.

Operating cash flow for the period amounted to MSEK –34 (–161). The comparison figure includes a one-off effect of MSEK –262 related to a repayment of a factoring debt which increased the accounts receivable.

Personnel

The average number of employees during the period was 7,051 (6,470), whereof 200 (246) in Sweden. At the end of the period the Group had 7,085 (6,501) employees, whereof 197 (243) in Sweden.

Important events during the period and after the balance sheet day

Redundancies in Sweden

In April 2018 employees in Swedish Print & Packaging Solutions were given notice as a result of the decision to close down Elanders' last offset operations in Sweden. In total, some 70 employees have been given notice of redundancy. This is not expected to generate any significant costs and is part of the streamlining and consolidation process in the Group necessary to adjust to decreasing total volumes, mainly in conventional printing.

Corporate income tax in Sweden

If the new tax proposal, which was presented by the Swedish government during the first quarter 2018, becomes law it would have a negative effect on the net result of about MSEK 12 when the tax loss carry forwards in Sweden are reevaluated to the new tax rate. The proposal from the Swedish government is that the corporate income tax rate would be lowered from 22.0 to 20.6%.

PARENT COMPANY

The parent company has provided intragroup services during the period. The average number of employees during the period was 11 (11) and at the end of the period 11 (11).

OTHER INFORMATION

Elanders' offer

Elanders offers global integrated solutions in supply chain management, print & packaging and e-commerce. Elanders can take an overall responsibility for complex and global deliveries comprising 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 the own brands fotokasten and myphotobook.

Goal and strategy

Elanders' overall goal is to be a leader in global solutions in supply chain management, print & packaging and e-commerce with a world class integrated offer. Our strategy is to work in niches in each business area where the company can attain a leading position in the market. We will achieve this goal by being best at meeting customers' demands for efficiency and delivery. Acquisitions play an important role in our company's development and provide competence, broader product and service offers and enlarge our customer base.

Risks and uncertainties

Elanders divides risks into circumstantial risk (the future of our products/services and business cycle sensitivity), financial risk (currency, interest, financing and

Other Information

credit risks) as well as business risk (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 2017. 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 2017.

Seasonal variations

The Group's net sales, and thereby income, are affected by seasonal variations. Historically the fourth quarter has been the strongest for Elanders before the acquisition of LGI. Nowadays the seasonal variations are not as pronounced as before.

Transaction with related parties

The following significant transactions with related parties have occurred during the period:

– One of the members of the Board, Erik Gabrielson, is a partner in the law firm Vinge, which provides the company with legal services.
– Related parties to Peter Sommer, a member of Group Management and Managing Director of Elanders GmbH, own shares in a property where Elanders GmbH runs most of its operations.

Remuneration is considered on par with the market for all of these transactions.

Forecast

No forecast is given for 2018.

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. The same accounting principles and calculation methods as those in the last Annual Report have been used, except for the standards with mandatory effective date 1 January 2018, where the significant differences for the Group are presented below.

IFRS 9 "Financial Instruments" had mandatory effective date 1 January 2018. The standard includes a model for classification, measurement and reporting of financial assets and liabilities. IFRS 9 introduces a new write-down model based on expected credit losses and considering forward information. The use of the new model has not had any significant effect on the Group and recalculation of comparative figures for 2017 has therefore not been considered necessary. Furthermore, the new rules in the standard regarding hedge accounting have not had any significant impact on the Group.

IFRS 15 "Revenue from Contracts with Customers" had mandatory effective date 1 January 2018. The standard has not entailed any material impact on the Group's net sales and cost of products and services sold. In accordance with IFRS 15 revenue is recognized when the customer receives control over the goods or services and has the possibility to use and receive the benefit from the goods or services. The Group's revenues from service contracts are normally recognized when final delivery is made, or when contractual partial deliveries are made. The increased disclosure requirements according to IFRS 15 have been considered and disclosures related to disaggregation of revenue are presented on page 14. The transition to IFRS 15 has been based on the Modified retrospective approach.

International Accounting Standards Boards (IASB) has also issued new and revised standards that have not yet come into effect and the most significant one for Elanders is IFRS 16 "Leases". It has mandatory effective date 1 January 2019 and will affect primarily the accounting of the Group's operating lease agreements where there are large commitments in terms of rental contracts for premises and leasing of machinery and equipment. Both types of agreements often have an agreement period between 3–10 years. The current assessment by the company's management is that the new standard will have a significant effect on the Group's total assets and liabilities, but there is currently no exact calculation. The future commitments related to operating leases amounted to close to 1.4 billion Swedish kronor as of 31 December 2017, including rental contracts for premises.

Review by the company auditors

The company auditors have not reviewed this report.

Financial calendar

- Q2 2018, 13 July 2018
- Q3 2018, 19 October 2018
- Q4 2018, 29 January 2019
- Annual Report 2018, 27 March 2019
- Q1 2019, 29 April 2019
- Annual General Meeting 2019, 29 April 2019

INCOME STATEMENTS

MSEK	First quarter 2018	First quarter 2017	Last 12 months	Full year 2017
Net sales	2,422	2,139	9,625	9,342
Cost of products and services sold	–2,122	–1,798	–8,332	–8,008
Gross profit	**300**	**341**	**1,293**	**1,334**
Sales and administrative expenses	–251	–269	–1,049	–1,067
Other operating income	30	24	85	79
Other operating expenses	–11	–7	–42	–38
Operating result	**68**	**90**	**286**	**308**
Net financial items	–22	–21	–79	–78
Result after financial items	**46**	**69**	**207**	**230**
Income tax	–12	–16	–61	–65
Result for the period	**34**	**53**	**146**	**165**
Result for the period attributable to:				
– parent company shareholders	33	53	145	164
– non-controlling interests	1	–	1	1
Earnings per share, SEK [1] [2]	*0.95*	*1.49*	*4.11*	*4.65*
Average number of shares, in thousands	*35,358*	*35,358*	*35,358*	*35,358*
Outstanding shares at the end of the year, in thousands	*35,358*	*35,358*	*35,358*	*35,358*

[1] Earnings per share before and after dilution.
[2] Earnings per share calculated by dividing the result for the period attributable to parent company shareholders by the average number of outstanding shares during the period.

STATEMENTS OF COMPREHENSIVE INCOME

MSEK	First quarter 2018	First quarter 2017	Last 12 months	Full year 2017
Result for the period	**34**	**53**	**146**	**165**
Items that will not be reclassified to the income statement				
Actuarial gains/losses on defined benefit pensions plans, net after tax	0	0	–1	–1
Items that will be reclassified to the income statement				
Translation differences, net after tax	78	–18	23	–73
Cash flow hedges, net after tax	0	1	0	1
Hedging of net investment abroad, net after tax	–6	7	24	37
Other comprehensive income, net after tax	**72**	**–10**	**46**	**–36**
Total comprehensive income for the period	**106**	**43**	**192**	**129**
Total comprehensive income attributable to:				
– parent company shareholders	105	43	190	128
– non-controlling interests	1	–	2	1

STATEMENTS OF CASH FLOW

MSEK	First quarter 2018	First quarter 2017	Last 12 months	Full year 2017
Result after financial items	**46**	**69**	**207**	**230**
Adjustments for items not included in cash flow	20	50	228	258
Paid tax	–23	–37	–120	–134
Changes in working capital	–84	–270	–232	–418
Cash flow from operating activities	**–41**	**–188**	**83**	**–64**
Net investments in intangible and tangible assets	–38	–31	–203	–196
Acquisition of operations	–	–	–67	–67
Payments received regarding long-term holdings	0	0	1	1
Cash flow from investing activities	**–38**	**–31**	**–269**	**–262**
Amortization of loans	–39	–27	–118	–106
New loans	0	262	64	326
Other changes in long- and short-term borrowing	–40	51	152	243
Dividend to parent company shareholders	–	–	–92	–92
Cash flow from financing activities	**–79**	**286**	**6**	**371**
Cash flow for the period	**–158**	**68**	**–181**	**45**
Liquid funds at the beginning of the period	679	651	713	651
Translation difference	31	–6	20	–17
Liquid funds at the end of the period	**552**	**713**	**552**	**679**
Net debt at the beginning of the period	**2,665**	**2,224**	**2,437**	**2,224**
Translation difference in net debt	98	–8	122	16
Net debt in acquired operations	–	–	–13	–13
Change in net debt	71	221	288	438
Net debt at the end of the period	**2,834**	**2,437**	**2,834**	**2,665**
Operating cash flow	**–34**	**–161**	**12**	**–115**

STATEMENTS OF FINANCIAL POSITION

MSEK	31 Mar. 2018	31 Mar. 2017	31 Dec. 2017
ASSETS			
Intangible assets	3,247	3,054	3,136
Tangible assets	850	793	828
Other fixed assets	260	239	247
Total fixed assets	**4,357**	**4,085**	**4,211**
Inventories	406	326	390
Accounts receivable	2,042	1,662	1,795
Other current assets	327	278	333
Cash and cash equivalents	552	713	679
Total current assets	**3,327**	**2,979**	**3,198**
Total assets	**7,684**	**7,064**	**7,409**
EQUITY AND LIABILITIES			
EQUITY	**2,559**	**2,454**	**2,453**
Liabilities			
Non-interest-bearing long-term liabilities	211	217	208
Interest-bearing long-term liabilities	2,559	2,595	2,504
Total long-term liabilities	**2,770**	**2,812**	**2,712**
Non-interest-bearing short-term liabilities	1,529	1,244	1,403
Interest-bearing short-term liabilities	826	555	840
Total short-term liabilities	**2,355**	**1,798**	**2,243**
Total equity and liabilities	**7,684**	**7,064**	**7,409**

STATEMENTS OF CHANGES IN EQUITY

MSEK	Equity attributable to parent company shareholders	Equity attributable to non-controlling interests	Total equity
Opening balance on 1 Jan. 2017	**2,411**	**–**	**2,411**
Dividend to parent company shareholders	–92	–	–92
Change in non-controlling interests	–	5	5
Total comprehensive income for the period	128	1	129
Closing balance on 31 Dec. 2017	**2,447**	**6**	**2,453**
Opening balance on 1 Jan. 2017	**2,411**	**–**	**2,411**
Total comprehensive income for the period	43	–	43
Closing balance on 31 Mar. 2017	**2,454**	**–**	**2,454**
Opening balance on 1 Jan. 2018	**2,447**	**6**	**2,453**
Total comprehensive income for the period	105	1	106
Closing balance on 31 Mar. 2018	**2,552**	**7**	**2,559**

SEGMENT REPORTING

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 decisionmaker. 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 market terms.

NET SALES

MSEK	First quarter 2018	First quarter 2017	Last 12 months	Full year 2017
Supply Chain Solutions	1,797	1,578	7,226	7,007
Print & Packaging Solutions	605	539	2,286	2,220
e-Commerce Solutions	39	39	208	208
Group functions	11	9	37	35
Eliminations	–30	–26	–132	–128
Group net sales	**2,422**	**2,139**	**9,625**	**9,342**

OPERATING RESULT

MSEK	First quarter 2018	First quarter 2017	Last 12 months	Full year 2017
Supply Chain Solutions	41	68	226	253
Print & Packaging Solutions	33	36	89	92
e-Commerce Solutions	–3	–6	–2	–5
Group functions	–3	–8	–27	–32
Group operating result	**68**	**90**	**286**	**308**

For the full year 2017, the operating result has been charged with one-off items of MSEK 28 primarily referring to redundancy costs, of which MSEK 5 within Supply Chain Solutions, MSEK 16 within Print & Packaging Solutions, MSEK 5 within e-Commerce Solutions and MSEK 2 within Group functions.

DISAGGREGATION OF REVENUE

Revenue has been divided into geographic markets, main revenue streams and customer segments since these are the categories the Group uses to present and analyze revenue in other contexts. Income for each category is presented per reportable segment. The Group's customer contracts are easy to identify and products and services in a contract are largely connected and dependent on each other, and therefore part of an integrated offer.

Main revenue streams are presented based on the internal names used in the Group. Sourcing & Procurement services refer to the purchase and procurement of products for customers as well as handling the flows connected to these products. Freight and transportation services refer to revenue from freight and transportation with our own trucks as well as pure freight forwarding. Other supply chain services such as fulfilment, kitting, warehousing, assembly and after sales services are presented under Other contract logistics services. Other work/services refer to pure print services and other services that do not fit into any of the first three categories.

DISAGGREGATION OF REVENUE, FIRST QUARTER

MSEK	Supply Chain Solutions	Print & Packaging Solutions	e-Commerce Solutions	Total
Total net sales	1,797	605	39	2,441
Less: net sales to group companies	–3	–16	–	–19
Net sales	**1,794**	**589**	**39**	**2,422**

MSEK	Supply Chain Solutions	Print & Packaging Solutions	e-Commerce Solutions	Group
Geographic markets				
Europe	1,184	411	39	1,634
Asia	514	19	–	534
North and South America	75	145	0	219
Other	21	14	0	35
Net sales	**1,794**	**589**	**39**	**2,422**
Main revenue streams				
Sourcing and procurement services	495	–	–	495
Freight and transportation services	629	61	–	690
Other contract logistics services	609	83	–	692
Other work/services	61	445	39	545
Net sales	**1,794**	**589**	**39**	**2,422**
Customer segments				
Automotive	499	105	–	604
Electronics	683	30	–	713
Fashion & Lifestyle	287	85	–	372
Health Care & Life Science	47	15	–	62
Industrial	206	189	–	395
Other	72	165	39	276
Net sales	**1,794**	**589**	**39**	**2,422**

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 contracts and are used for hedging purposes. Valuation at fair value of forward contracts is based on published forward rates on an active market. All derivates are therefore included in level 2 in the fair value hierarchy. Since all the financial instruments recognized at fair value are included in level 2 there have been no transfers between valuation levels.

Derivative instruments in hedge accounting relationships recognized at fair value is presented under other current assets and non-interest bearing short-term liabilities. These items gross are below MSEK 1 both per 31 March 2018 and the comparison periods.

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

Parent Company's Financial Statements

INCOME STATEMENTS

MSEK	First quarter 2018	First quarter 2017	Last 12 months	Full year 2017
Net sales	11	9	37	35
Operating expenses	–18	–17	–68	–67
Operating result	**–7**	**–8**	**–31**	**–32**
Net financial items	5	43	211	249
Result after financial items	**–2**	**35**	**180**	**217**
Income tax	0	–3	–15	–18
Result for the period	**–2**	**33**	**165**	**199**

STATEMENTS OF COMPREHENSIVE INCOME

MSEK	First quarter 2018	First quarter 2017	Last 12 months	Full year 2017
Result for the period	**–2**	**33**	**165**	**199**
Other comprehensive income	–	–	–	–
Total comprehensive income for the period	**–2**	**33**	**165**	**199**

BALANCE SHEETS

MSEK	31 Mar. 2018	31 Mar. 2017	31 Dec. 2017
ASSETS			
Fixed assets	4,507	4,296	4,461
Current assets	425	347	471
Total assets	**4,932**	**4,643**	**4,932**
EQUITY, PROVISIONS AND LIABILITIES			
Equity	1,746	1,673	1,747
Provisions	3	3	3
Long-term liabilities	2,239	2,322	2,184
Short-term liabilities	944	645	998
Total equity, provisions and liabilities	**4,932**	**4,643**	**4,932**

STATEMENTS OF CHANGES IN EQUITY

MSEK	Share capital	Statutory reserve	Unrestricted equity	Total equity
Opening balance on 1 Jan. 2017	**354**	**332**	**953**	**1,640**
Dividend	–	–	–92	–92
Total comprehensive income for the period	–	–	199	199
Closing balance on 31 Dec. 2017	**354**	**332**	**1,061**	**1,747**
Opening balance on 1 Jan. 2017	**354**	**332**	**953**	**1,640**
Total comprehensive income for the period	–	–	33	33
Closing balance on 31 Mar. 2017	**354**	**332**	**986**	**1,673**
Opening balance on 1 Jan. 2018	**354**	**332**	**1,061**	**1,747**
Total comprehensive income for the period	–	–	–2	–2
Closing balance on 31 Mar. 2018	**354**	**332**	**1,059**	**1,746**

Quarterly Data

QUARTERLY DATA

MSEK	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1
Net sales	2,422	2,584	2,355	2,264	2,139	2,330	1,878	1,079	998
EBITDA	134	151	104	155	152	187	152	92	85
EBITA	83	103	55	108	105	139	112	72	62
EBITA-margin, %	3.4	4.0	2.3	4.8	4.9	6.0	6.0	6.7	6.2
Operating result	68	86	40	93	90	123	100	66	56
Operating margin, %	2.8	3.3	1.7	4.1	4.2	5.3	5.3	6.1	5.6
Result after financial items	46	68	20	73	69	103	86	61	51
Result after tax	34	45	14	54	53	79	58	45	36
Earnings per share, SEK [1) 2)]	0.95	1.24	0.39	1.52	1.49	2.37	2.04	1.59	1.26
Operating cash flow	–34	5	–6	47	–161	69	–1,565	64	3
Cash flow per share, SEK [2) 3)]	–1.17	2.14	0.23	1.12	–5.31	2.83	6.30	1.16	0.89
Depreciation and write-downs	67	65	64	63	63	65	52	26	29
Net investments	38	104	54	73	31	79	1,787	–3	43
Goodwill	2,429	2,337	2,261	2,269	2,264	2,272	2,274	1,228	1,211
Total assets	7,684	7,409	7,085	7,058	7,064	6,782	6,713	3,510	3,524
Equity	2,559	2,453	2,365	2,382	2,454	2,411	1,607	1,512	1,505
Equity per share, SEK [2)]	72.17	69.21	66.88	67.38	69.39	71.87	56.93	53.58	53.33
Net debt	2,834	2,665	2,597	2,580	2,437	2,224	2,921	785	750
Capital employed	5,392	5,118	4,961	4,962	4,890	4,635	4,528	2,297	2,255
Return on total assets, % [4)]	5.1	4.8	2.3	5.3	5.2	7.3	7.8	7.5	6.4
Return on equity, % [4)]	5.4	7.3	2.3	8.9	8.7	15.8	14.8	11.8	9.5
Return on capital employed, % [4)]	5.2	6.8	3.2	7.5	7.5	10.7	11.7	11.6	10.0
Debt/equity ratio	1.1	1.1	1.1	1.1	1.0	0.9	1.8	0.5	0.5
Equity ratio, %	33.3	33.1	33.4	33.8	34.7	35.6	23.9	43.1	42.7
Interest coverage ratio [5)]	3.8	4.1	4.5	5.5	6.4	7.8	11.0	16.1	14.3
Number of employees at the end of the period	7,085	6,997	6,708	6,589	6,501	6,444	6,472	3,101	3,173

1) There is no dilution.
2) Historic number of shares have been adjusted for the bonus issue element in the new share issue in 2016.
3) Cash flow per share refers to cash flow from operating activities.
4) Return ratios have been annualized (the result has been recalculated to correspond to the result for a 12 month period).
5) Interest coverage ratio calculation is based on a moving 12 month period.

FIVE YEAR OVERVIEW – FIRST QUARTER

	2018	2017	2016	2015	2014
Net sales, MSEK	2,422	2,139	998	1,006	850
EBITA, MSEK	83	105	62	59	42
Result after tax, MSEK	34	53	36	27	16
Earnings per share, SEK [1) 2)]	0.95	1.49	1.26	0.98	0.65
Cash flow from operating activities per share, SEK [2)]	–1.17	–5.31	0.89	–0.67	–1.46
Equity per share, SEK [2)]	72.17	69.39	53.33	50.77	42.29
Return on equity, % [3)]	5.4	8.7	9.5	7.9	6.2
Return on capital employed, % [3)]	5.2	7.5	10.0	9.3	7.6
EBITA-margin, %	3.4	4.9	6.2	5.9	4.9
Operating margin, %	2.8	4.2	5.6	5.4	4.4
Average number of shares, in thousands [2)]	35,358	35,358	28,224	28,224	24,900

[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 issues in 2014 and 2016.
[3)] Return ratios have been annualized (the result has been recalculated to correspond to the result for a 12 month period).

FIVE YEAR OVERVIEW – FULL YEAR

	2017	2016	2015	2014	2013
Net sales, MSEK	9,342	6,285	4,236	3,730	2,096
EBITDA, MSEK	563	516	428	292	229
EBITA, MSEK	371	384	313	194	139
Result after financial items, MSEK	230	300	259	140	102
Result after tax, MSEK	165	217	175	88	70
Earnings per share, SEK [1) 2)]	4.65	7.35	6.18	3.27	2.81
Cash flow from operating activities per share, SEK [2)]	-1.81	11.19	9.52	6.03	5.15
Equity per share, SEK [2)]	69.21	68.19	52.72	47.75	42.93
Dividends per share, SEK [2)]	2.60 [3)]	2.60	2.07	1.03	0.73
EBITA-margin, %	4.0	6.1	7.4	5.2	6.6
Return on total assets, %	4.3	6.7	8.2	5.9	5.6
Return on equity, %	6.8	12.4	12.1	7.4	7.0
Return on capital employed, %	6.2	10.0	12.6	8.7	7.7
Net debt/EBITDA ratio	4.7	4.3	1.7	3.1	3.2
Debt/equity ratio	1.1	0.9	0.5	0.7	0.7
Equity ratio, %	33.1	35.6	42.0	37.8	42.2
Average number of shares, in thousands [2)]	35,358	29,555	28,224	26,825	24,900

[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 issues in 2014 and 2016.
[3)] Proposed by the board.

RECONCILIATION ALTERNATIVE PERFORMANCE MEASURES – QUARTERLY DATA

MSEK	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1
Operating result	68	86	40	93	90	123	100	66	56
Depreciation, amortization and write-downs	67	65	64	63	63	65	52	26	29
EBITDA	**134**	**151**	**104**	**155**	**152**	**187**	**152**	**92**	**85**
Operating result	68	86	40	93	90	123	100	66	56
Amortization of assets identified in conjunction with acquisitions	16	17	15	16	15	16	12	6	6
EBITA	**83**	**103**	**55**	**108**	**105**	**139**	**112**	**72**	**62**
Cash flow from operating activities	–41	76	8	40	–188	95	178	33	25
Net financial items	22	19	20	20	22	20	14	5	6
Paid tax	23	14	21	61	37	34	30	24	16
Net investments	–38	–104	–54	–73	–31	–79	–1,787	3	–43
Operating cash flow	**–34**	**5**	**–6**	**47**	**–161**	**69**	**–1,565**	**64**	**3**
Average total assets	7,547	7,247	7,072	7,061	6,923	6,748	5,112	3,517	3,542
Average cash and cash equivalents	–616	–620	–581	–657	–682	–639	–558	–505	–526
Average non-interest-bearing liabilities	–1,676	–1,587	–1,529	–1,478	–1,478	–1,527	–1,141	–736	–776
Average capital employed	**5,255**	**5,040**	**4,962**	**4,926**	**4,763**	**4,581**	**3,412**	**2,276**	**2,240**
Annualized operating result	271	344	159	371	359	490	398	263	224
Return on capital employed, %	**5.2**	**6.8**	**3.2**	**7.5**	**7.5**	**10.7**	**11.7**	**11.6**	**10.0**
Interest-bearing long-term liabilities	2,559	2,504	2,477	2,563	2,595	2,647	2,666	20	20
Interest-bearing short-term liabilities	826	840	681	618	555	228	883	1,254	1,252
Cash and cash equivalents	–552	–679	–561	–601	–713	–651	–628	–489	–522
Net debt	**2,834**	**2,665**	**2,597**	**2,580**	**2,437**	**2,224**	**2,921**	**785**	**750**

RECONCILIATION ALTERNATIVE PERFORMANCE MEASURES – FIRST QUARTER

MSEK	2018	2017	2016	2015	2014
Operating result	68	90	56	54	37
Amortization of assets identified in conjunction with acquisitions	16	15	6	5	5
EBITA	**83**	**105**	**62**	**59**	**42**
Average total assets	7,547	6,923	3,542	3,600	2,790
Average cash and cash equivalents	–616	–682	–526	–429	–244
Average non-interest-bearing liabilities	–1,676	–1,478	–776	–860	–577
Average capital employed	**5,255**	**4,763**	**2,240**	**2,311**	**1,969**
Annualized operating result	271	359	224	216	150
Return on capital employed, %	**5.2**	**7.5**	**10.0**	**9.3**	**7.6**

RECONCILIATION ALTERNATIVE PERFORMANCE MEASURES – FULL YEAR

MSEK	2017	2016	2015	2014	2013
Operating result	308	344	292	175	131
Depreciation, amortization and write-downs	255	172	136	117	98
EBITDA	**563**	**516**	**428**	**292**	**229**
Operating result	308	344	292	175	131
Amortization of assets identified in conjunction with acquisitions	63	40	21	19	8
EBITA	**371**	**384**	**313**	**194**	**139**
Average total assets	7,154	5,132	3,559	3,017	2,363
Average cash and cash equivalents	–639	–573	–418	–336	–192
Average non-interest-bearing liabilities	–1,532	–1,131	–816	–671	–461
Average capital employed	**4,983**	**3,428**	**2,325**	**2,010**	**1,710**
Operating result	308	344	292	175	131
Return on capital employed, %	**6.2**	**10.0**	**12.6**	**8.7**	**7.7**

FINANCIAL DEFINITIONS

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.

Debt/equity ratio
Net debt in relation to reported equity, including non-controlling interests.

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

EBIT
Earnings before interest and taxes; operating result.

EBITA
Earnings before interest, taxes and amortization; operating result plus amortization of assets identified in conjunction with acquisitions.

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

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.

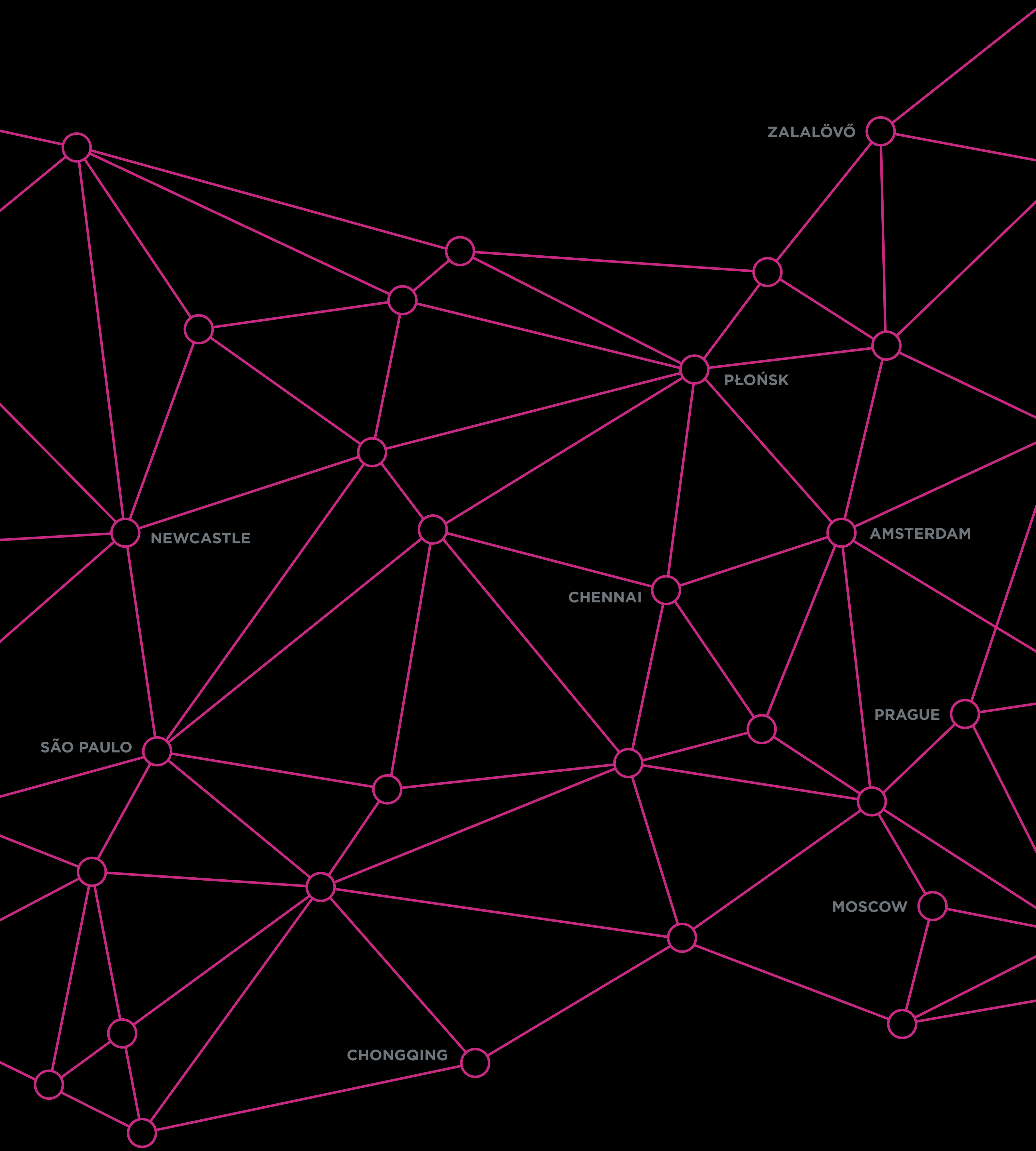
Operating cash flow
Cash flow from operating activities and investing activities, adjusted for paid taxes and financial items.

Operating margin
Operating result in relation to net sales.

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.


ZALALÖVŐ
PŁOŃSK
NEWCASTLE
AMSTERDAM
CHENNAI
PRAGUE
SÃO PAULO
MOSCOW
CHONGQING